Filed & Received on 3/28/24.-AEL-3/28/24

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
PECO ENERGY COMPANY - GAS DIVISION

DOCKET NO. R-2024-3046932

VOLUME VI OF VI

Supplemental Data Responses
Rate of Return (ROR) cont.

Supplemental Data Responses
Revenue Requirements (RR)

March 28, 2024

Supplemental Data Responses

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

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2023
or

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

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
001-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
001-01839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 10 South Dearborn Street Chicago, Illinois 60603-2300 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
001-01910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068-0001 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068-001 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702-5440 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702-5440 (202) 872-2000	21-0398280

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
EXELON CORPORATION:		
Common stock, without par value	EXC	The Nasdaq Stock Market LLC
PECO ENERGY COMPANY:		
Trust Receipts of PECO Energy Capital Trust III, each representing a 7.38% Cumulative Preferred Security, Series D, $25 stated value, issued by PECO Energy Capital, L.P. and unconditionally guaranteed by PECO Energy Company	EXC/28	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Exelon Corporation	Large Accelerated Filer ☒	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐
Commonwealth Edison Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☐	Emerging Growth Company ☐
PECO Energy Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☐	Emerging Growth Company ☐
Baltimore Gas and Electric Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☐	Emerging Growth Company ☐
Pepco Holdings LLC	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☐	Emerging Growth Company ☐
Potomac Electric Power Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☐	Emerging Growth Company ☐
Delmarva Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☐	Emerging Growth Company ☐
Atlantic City Electric Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer ☒	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant’s common stock as of March 31, 2023 was:

Exelon Corporation Common Stock, without par value	994,568,998
Commonwealth Edison Company Common Stock, $12.50 par value	127,021,394
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $0.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

TABLE OF CONTENTS

		Page No.
GLOSSARY OF TERMS AND ABBREVIATIONS		4
FILING FORMAT		7
CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION		7
WHERE TO FIND MORE INFORMATION		7
PART I.	FINANCIAL INFORMATION	8
ITEM 1.	FINANCIAL STATEMENTS	8
	Exelon Corporation	
	Consolidated Statements of Operations and Comprehensive Income	9
	Consolidated Statements of Cash Flows	10
	Consolidated Balance Sheets	11
	Consolidated Statements of Changes in Shareholders' Equity	13
	Commonwealth Edison Company	
	Consolidated Statements of Operations and Comprehensive Income	14
	Consolidated Statements of Cash Flows	15
	Consolidated Balance Sheets	16
	Consolidated Statements of Changes in Shareholders' Equity	18
	PECO Energy Company	
	Consolidated Statements of Operations and Comprehensive Income	19
	Consolidated Statements of Cash Flows	20
	Consolidated Balance Sheets	21
	Consolidated Statements of Changes in Shareholder's Equity	23
	Baltimore Gas and Electric Company	
	Statements of Operations and Comprehensive Income	24
	Statements of Cash Flows	25
	Balance Sheets	26
	Statements of Changes in Shareholder's Equity	28
	Pepco Holdings LLC	
	Consolidated Statements of Operations and Comprehensive Income	29
	Consolidated Statements of Cash Flows	30
	Consolidated Balance Sheets	31
	Consolidated Statements of Changes in Member's Equity	33

	Page No.
Potomac Electric Power Company	
Statements of Operations and Comprehensive Income	34
Statements of Cash Flows	35
Balance Sheets	36
Statements of Changes in Shareholder's Equity	38
Delmarva Power & Light Company	
Statements of Operations and Comprehensive Income	39
Statements of Cash Flows	40
Balance Sheets	41
Statements of Changes in Shareholder's Equity	43
Atlantic City Electric Company	
Consolidated Statements of Operations and Comprehensive Income	44
Consolidated Statements of Cash Flows	45
Consolidated Balance Sheets	46
Consolidated Statements of Changes in Shareholder's Equity	48
Combined Notes to Consolidated Financial Statements	
1. Significant Accounting Policies	49
2. Discontinued Operations	50
3. Regulatory Matters	53
4. Revenue from Contracts with Customers	60
5. Segment Information	61
6. Accounts Receivable	66
7. Income Taxes	68
8. Retirement Benefits	70
9. Derivative Financial Instruments	71
10. Debt and Credit Agreements	75
11. Fair Value of Financial Assets and Liabilities	77
12. Commitments and Contingencies	83
13. Shareholders' Equity	90
14. Changes in Accumulated Other Comprehensive Income	90
15. Supplemental Financial Information	91
16. Related Party Transactions	95

		Page No.
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	98
	Exelon Corporation	98
	Executive Overview	98
	Financial Results of Operations	98
	Significant 2023 Transactions and Developments	100
	Other Key Business Drivers and Management Strategies	103
	Critical Accounting Policies and Estimates	104
	Results of Operations By Registrant	105
	Commonwealth Edison Company	105
	PECO Energy Company	108
	Baltimore Gas and Electric Company	112
	Pepco Holdings LLC	115
	Potomac Electric Power Company	116
	Delmarva Power & Light Company	119
	Atlantic City Electric Company	123
	Liquidity and Capital Resources	126
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	134
ITEM 4.	CONTROLS AND PROCEDURES	135
PART II.	OTHER INFORMATION	135
ITEM 1.	LEGAL PROCEEDINGS	135
ITEM 1A.	RISK FACTORS	136
ITEM 5.	OTHER INFORMATION	136
ITEM 6.	EXHIBITS	136
SIGNATURES		139
	Exelon Corporation	139
	Commonwealth Edison Company	140
	PECO Energy Company	141
	Baltimore Gas and Electric Company	142
	Pepco Holdings LLC	143
	Potomac Electric Power Company	144
	Delmarva Power & Light Company	145
	Atlantic City Electric Company	146

GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities	
Exelon	Exelon Corporation
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC
Pepco	Potomac Electric Power Company
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
Registrants	Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL, and ACE, collectively
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
PCI	Potomac Capital Investment Corporation and its subsidiaries
PECO Trust III	PECO Energy Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PHI Corporate	PHI in its corporate capacity as a holding company
PHISCO	PHI Service Company
Former Related Entities	
Constellation	Constellation Energy Corporation
Generation	Constellation Energy Generation, LLC (formerly Exelon Generation Company, LLC, a subsidiary of Exelon prior to separation on February 1, 2022)

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

Note - of the 2022 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2022 Annual Report on Form 10-K
ABO	Accumulated Benefit Obligation
AECs	Alternative Energy Credits that are issued for each megawatt hour of generation from a qualified alternative energy source
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset Retirement Obligation
BGS	Basic Generation Service
BSA	Bill Stabilization Adjustment
CEJA	Climate and Equitable Jobs Act; Illinois Public Act 102-0662 signed into law on September 15, 2021
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended
CIP	Conservation Incentive Program
CMC	Carbon Mitigation Credit
CODMs	Chief Operating Decision Maker(s)
DC PLUG	District of Columbia Power Line Undergrounding Initiative
DCPSC	Public Service Commission of the District of Columbia
DEPSC	Delaware Public Service Commission
DOEE	District of Columbia Department of Energy & Environment
DPA	Deferred Prosecution Agreement
DPP	Deferred Purchase Price
DSIC	Distribution System Improvement Charge
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
ERP	Enterprise Resource Program
ETAC	Energy Transition Assistance Charge
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GSA	Generation Supply Adjustment
GWhs	Gigawatt hours
ICC	Illinois Commerce Commission
IIJA	Infrastructure Investment and Jobs Act
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
IPA	Illinois Power Agency
IRA	Inflation Reduction Act
IRC	Internal Revenue Code
IRS	Internal Revenue Service
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

mmcf	Million Cubic Feet
MMG	Middle Mile Grant
MRP	Multi-Year Rate Plan
MWh	Megawatt hour
N/A	Not applicable
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NJBPU	New Jersey Board of Public Utilities
NPNS	Normal Purchase Normal Sale scope exception
NPS	National Park Service
NRD	Natural Resources Damages
OCI	Other Comprehensive Income
OPEB	Other Postretirement Employee Benefits
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
PPA	Power Purchase Agreement
PP&E	Property, plant, and equipment
PRPs	Potentially Responsible Parties
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
ROE	Return on equity
ROU	Right-of-use
RPS	Renewable Energy Portfolio Standards
RTO	Regional Transmission Organization
SEC	United States Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
SOS	Standard Offer Service
STRIDE	Maryland Strategic Infrastructure Development and Enhancement Program
TCJA	Tax Cuts and Jobs Act
ZEC	Zero Emission Credit or Zero Emission Certificate

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. Words such as “could,” “may,” “expects,” “anticipates,” “will,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “predicts,” "should," and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic, and financial performance, are intended to identify such forward-looking statements.

The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the 2022 Form 10-K in (a) Part I, ITEM 1A. Risk Factors, (b) Part II, ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part II, ITEM 8. Financial Statements and Supplementary Data: Note 18, Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, ITEM 1A. Risk Factors, (b) Part I, ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part I, ITEM 1. Financial Statements: Note 12, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants.

Investors are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information that the Registrants file electronically with the SEC. These documents are also available to the public from commercial document retrieval services and the Registrants' website at www.exeloncorp.com. Information contained on the Registrants' website shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended March 31, 2023	2022
Operating revenues		
Electric operating revenues	$ 4,462	$ 4,481
Natural gas operating revenues	822	817
Revenues from alternative revenue programs	279	29
Total operating revenues	5,563	5,327
Operating expenses		
Purchased power	1,733	1,581
Purchased fuel	358	338
Purchased power and fuel from affiliates	—	159
Operating and maintenance	1,151	1,178
Depreciation and amortization	860	817
Taxes other than income taxes	355	354
Total operating expenses	4,457	4,427
Operating income	1,106	900
Other income and (deductions)		
Interest expense, net	(406)	(332)
Interest expense to affiliates	(6)	(6)
Other, net	109	137
Total other income and (deductions)	(303)	(201)
Income from continuing operations before income taxes	803	699
Income taxes	134	218
Net income from continuing operations after income taxes	669	481
Net income from discontinued operations after income taxes (Note 2)	—	117
Net income	669	598
Net income attributable to noncontrolling interests	—	1
Net income attributable to common shareholders	$ 669	$ 597
Amounts attributable to common shareholders:		
Net income from continuing operations	669	481
Net income from discontinued operations	—	116
Net income attributable to common shareholders	$ 669	$ 597
Comprehensive income, net of income taxes		
Net income	$ 669	$ 598
Other comprehensive income (loss), net of income taxes		
Pension and non-pension postretirement benefit plans:		
Actuarial loss reclassified to periodic benefit cost	3	14
Pension and non-pension postretirement benefit plan valuation adjustment	(10)	—
Unrealized gain on cash flow hedges	6	—
Other comprehensive (loss) income	(1)	14
Comprehensive income	668	612
Comprehensive income attributable to noncontrolling interests	—	1
Comprehensive income attributable to common shareholders	$ 668	$ 611
Average shares of common stock outstanding:		
Basic	995	981
Assumed exercise and/or distributions of stock-based awards	1	—
Diluted	996	981
Earnings per average common share from continuing operations		
Basic	$ 0.67	$ 0.49
Diluted	$ 0.67	$ 0.49
Earnings per average common share from discontinued operations		
Basic	$ —	$ 0.12
Diluted	$ —	$ 0.12

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31, 2023	2022
Cash flows from operating activities		
Net income	$ 669	$ 598
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, and accretion, including nuclear fuel and energy contract amortization	860	1,024
Gain on sales of assets and businesses	—	(10)
Deferred income taxes and amortization of investment tax credits	113	110
Net fair value changes related to derivatives	—	(59)
Net realized and unrealized losses on NDT funds	—	205
Net unrealized losses on equity investments	—	16
Other non-cash operating activities	(138)	232
Changes in assets and liabilities:		
Accounts receivable	106	(711)
Inventories	102	125
Accounts payable and accrued expenses	(482)	291
Option premiums paid, net	—	(39)
Collateral (paid) received, net	(214)	1,142
Income taxes	23	77
Regulatory assets and liabilities, net	(324)	(31)
Pension and non-pension postretirement benefit contributions	(44)	(574)
Other assets and liabilities	(187)	(614)
Net cash flows provided by operating activities	484	1,782
Cash flows from investing activities		
Capital expenditures	(1,881)	(1,922)
Proceeds from NDT fund sales	—	488
Investment in NDT funds	—	(516)
Collection of DPP	—	169
Proceeds from sales of assets and businesses	—	16
Other investing activities	10	(54)
Net cash flows used in investing activities	(1,871)	(1,819)
Cash flows from financing activities		
Changes in short-term borrowings	(1,130)	(700)
Proceeds from short-term borrowings with maturities greater than 90 days	—	1,150
Repayments on short-term borrowings with maturities greater than 90 days	(150)	(350)
Issuance of long-term debt	3,925	4,301
Retirement of long-term debt	(857)	(6)
Dividends paid on common stock	(358)	(332)
Proceeds from employee stock plans	10	9
Transfer of cash, restricted cash, and cash equivalents to Constellation	—	(2,594)
Other financing activities	(60)	(62)
Net cash flows provided by financing activities	1,380	1,416
(Decrease) increase in cash, restricted cash, and cash equivalents	(7)	1,379
Cash, restricted cash, and cash equivalents at beginning of period	1,090	1,619
Cash, restricted cash, and cash equivalents at end of period	$ 1,083	$ 2,998
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (201)	$ (322)
Increase in DPP	—	348
Decrease in PP&E related to ARO update	—	(335)

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 522	$ 407
Restricted cash and cash equivalents	381	566
Accounts receivable		
Customer accounts receivable	2,493	2,544
Customer allowance for credit losses	(389)	(327)
Customer accounts receivable, net	2,104	2,217
Other accounts receivable	1,346	1,426
Other allowance for credit losses	(91)	(82)
Other accounts receivable, net	1,255	1,344
Inventories, net		
Fossil fuel	70	208
Materials and supplies	582	547
Regulatory assets	2,386	1,641
Other	477	406
Total current assets	7,777	7,336
Property, plant, and equipment (net of accumulated depreciation and amortization of $16,384 and $15,930 as of March 31, 2023 and December 31, 2022, respectively)	70,117	69,076
Deferred debits and other assets		
Regulatory assets	7,878	8,037
Goodwill	6,630	6,630
Receivable related to Regulatory Agreement Units	3,069	2,897
Investments	234	232
Other	1,220	1,141
Total deferred debits and other assets	19,031	18,937
Total assets	$ 96,925	$ 95,349

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 1,306	$ 2,586
Long-term debt due within one year	1,356	1,802
Accounts payable	2,762	3,382
Accrued expenses	1,183	1,226
Payables to affiliates	5	5
Regulatory liabilities	472	437
Mark-to-market derivative liabilities	23	8
Unamortized energy contract liabilities	9	10
Other	976	1,155
Total current liabilities	8,092	10,611
Long-term debt	38,732	35,272
Long-term debt to financing trusts	390	390
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,483	11,250
Regulatory liabilities	9,307	9,112
Pension obligations	1,101	1,109
Non-pension postretirement benefit obligations	506	507
Asset retirement obligations	270	269
Mark-to-market derivative liabilities	77	83
Unamortized energy contract liabilities	32	35
Other	1,869	1,967
Total deferred credits and other liabilities	24,645	24,332
Total liabilities	71,859	70,605
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 994 shares outstanding as of March 31, 2023 and December 31, 2022)	20,921	20,908
Treasury stock, at cost (2 shares as of March 31, 2023 and December 31, 2022)	(123)	(123)
Retained earnings	4,907	4,597
Accumulated other comprehensive loss, net	(639)	(638)
Total shareholders' equity	25,066	24,744
Total liabilities and shareholders' equity	$ 96,925	$ 95,349

See the Combined Notes to Consolidated Financial Statements

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

	Three Months Ended March 31, 2023						
(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2022	995,830	$ 20,908	$ (123)	$ 4,597	$ (638)	$ —	$ 24,744
Net income	—	—	—	669	—	—	669
Long-term incentive plan activity	306	1	—	—	—	—	1
Employee stock purchase plan issuances	266	12	—	—	—	—	12
Common stock dividends ($0.36/common share)	—	—	—	(359)		—	(359)
Other comprehensive loss, net of income taxes	—	—	—	—	(1)	—	(1)
Balance, March 31, 2023	996,402	$ 20,921	$ (123)	$ 4,907	$ (639)	$ —	$ 25,066

	Three Months Ended March 31, 2022						
(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2021	981,291	$ 20,324	$ (123)	$ 16,942	$ (2,750)	$ 402	$ 34,795
Net income	—	—	—	597	—	1	598
Long-term incentive plan activity	540	(13)	—	—	—	—	(13)
Employee stock purchase plan issuances	211	9	—	—	—	—	9
Changes in equity of noncontrolling interests	—	—	—	—	—	(7)	(7)
Distribution of Constellation (Note 2)	—	(21)	—	(13,179)	2,023	(396)	(11,573)
Common stock dividends ($0.34/common share)	—	—	—	(332)	—	—	(332)
Other comprehensive income, net of income taxes	—	—	—	—	14	—	14
Balance, March 31, 2022	982,042	$ 20,299	$ (123)	$ 4,028	$ (713)	$ —	$ 23,491

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31, 2023	2022
Operating revenues		
Electric operating revenues	$ 1,511	$ 1,688
Revenues from alternative revenue programs	153	40
Operating revenues from affiliates	3	6
Total operating revenues	1,667	1,734
Operating expenses		
Purchased power	488	579
Purchased power from affiliate	—	59
Operating and maintenance	254	266
Operating and maintenance from affiliates	83	85
Depreciation and amortization	338	321
Taxes other than income taxes	93	96
Total operating expenses	1,256	1,406
Operating income	411	328
Other income and (deductions)		
Interest expense, net	(114)	(97)
Interest expense to affiliates	(3)	(3)
Other, net	18	12
Total other income and (deductions)	(99)	(88)
Income before income taxes	312	240
Income taxes	71	52
Net income	$ 241	$ 188
Comprehensive income	$ 241	$ 188

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31, 2023	2022
Cash flows from operating activities		
Net income	$ 241	$ 188
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	338	321
Deferred income taxes and amortization of investment tax credits	55	54
Other non-cash operating activities	(153)	(9)
Changes in assets and liabilities:		
Accounts receivable	96	(45)
Receivables from and payables to affiliates, net	10	(42)
Inventories	(21)	3
Accounts payable and accrued expenses	(306)	(154)
Collateral (paid) received, net	(4)	43
Income taxes	15	(2)
Regulatory assets and liabilities, net	(338)	(8)
Pension and non-pension postretirement benefit contributions	(23)	(176)
Other assets and liabilities	(22)	(29)
Net cash flows (used in) provided by operating activities	(112)	144
Cash flows from investing activities		
Capital expenditures	(617)	(617)
Other investing activities	1	7
Net cash flows used in investing activities	(616)	(610)
Cash flows from financing activities		
Changes in short-term borrowings	(18)	—
Repayments on short-term borrowings with maturities greater than 90 days	(150)	—
Issuance of long-term debt	975	750
Dividends paid on common stock	(187)	(144)
Contributions from parent	186	167
Other financing activities	(11)	(10)
Net cash flows provided by financing activities	795	763
Increase in cash, restricted cash, and cash equivalents	67	297
Cash, restricted cash, and cash equivalents at beginning of period	511	384
Cash, restricted cash, and cash equivalents at end of period	$ 578	$ 681
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (35)	$ (50)

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 75	$ 67
Restricted cash and cash equivalents	323	327
Accounts receivable		
Customer accounts receivable	674	558
Customer allowance for credit losses	(74)	(59)
Customer accounts receivable, net	600	499
Other accounts receivable	233	441
Other allowance for credit losses	(18)	(17)
Other accounts receivable, net	215	424
Receivables from affiliates	3	3
Inventories, net	216	196
Regulatory assets	1,472	775
Other	102	92
Total current assets	3,006	2,383
Property, plant, and equipment (net of accumulated depreciation and amortization of $6,838 and $6,673 as of March 31, 2023 and December 31, 2022, respectively)	27,858	27,513
Deferred debits and other assets		
Regulatory assets	2,517	2,667
Goodwill	2,625	2,625
Receivable related to Regulatory Agreement Units	2,804	2,660
Investments	6	6
Prepaid pension asset	1,225	1,206
Other	679	601
Total deferred debits and other assets	9,856	9,765
Total assets	$ 40,720	$ 39,661

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 409	$ 577
Accounts payable	801	1,010
Accrued expenses	305	415
Payables to affiliates	84	74
Customer deposits	109	108
Regulatory liabilities	233	226
Mark-to-market derivative liabilities	22	5
Other	189	191
Total current liabilities	2,152	2,606
Long-term debt	11,480	10,518
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,100	5,021
Regulatory liabilities	7,143	6,913
Asset retirement obligations	149	148
Non-pension postretirement benefits obligations	167	165
Mark-to-market derivative liabilities	76	79
Other	644	642
Total deferred credits and other liabilities	13,279	12,968
Total liabilities	27,116	26,297
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	9,932	9,746
Retained earnings	2,084	2,030
Total shareholders' equity	13,604	13,364
Total liabilities and shareholders' equity	$ 40,720	$ 39,661

See the Combined Notes to Consolidated Financial Statements

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

	Three Months Ended March 31, 2023			
(In millions)	Common Stock	Other Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2022	$ 1,588	$ 9,746	$ 2,030	$ 13,364
Net income	—	—	241	241
Common stock dividends	—	—	(187)	(187)
Contributions from parent	—	186	—	186
Balance, March 31, 2023	$ 1,588	$ 9,932	$ 2,084	$ 13,604

	Three Months Ended March 31, 2022			
(In millions)	Common Stock	Other Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2021	$ 1,588	$ 9,076	$ 1,691	$ 12,355
Net income	—	—	188	188
Common stock dividends	—	—	(144)	(144)
Contributions from parent	—	167	—	167
Balance, March 31, 2022	$ 1,588	$ 9,243	$ 1,735	$ 12,566

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31, 2023	2022
Operating revenues		
Electric operating revenues	$ 798	$ 734
Natural gas operating revenues	316	306
Revenues from alternative revenue programs	(4)	6
Operating revenues from affiliates	2	1
Total operating revenues	1,112	1,047
Operating expenses		
Purchased power	330	229
Purchased fuel	154	145
Purchased power from affiliate	—	33
Operating and maintenance	219	196
Operating and maintenance from affiliates	51	51
Depreciation and amortization	98	92
Taxes other than income taxes	50	47
Total operating expenses	902	793
Operating income	210	254
Other income and (deductions)		
Interest expense, net	(45)	(38)
Interest expense to affiliates	(3)	(3)
Other, net	8	7
Total other income and (deductions)	(40)	(34)
Income before income taxes	170	220
Income taxes	4	14
Net income	$ 166	$ 206
Comprehensive income	$ 166	$ 206

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31, 2023	2022
Cash flows from operating activities		
Net income	$ 166	$ 206
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	98	92
Deferred income taxes and amortization of investment tax credits	(16)	14
Other non-cash operating activities	32	15
Changes in assets and liabilities:		
Accounts receivable	36	(40)
Receivables from and payables to affiliates, net	8	(31)
Inventories	60	27
Accounts payable and accrued expenses	(176)	(24)
Income taxes	20	—
Regulatory assets and liabilities, net	15	(4)
Pension and non-pension postretirement benefit contributions	—	(12)
Other assets and liabilities	(75)	(102)
Net cash flows provided by operating activities	168	141
Cash flows from investing activities		
Capital expenditures	(335)	(344)
Other investing activities	—	2
Net cash flows used in investing activities	(335)	(342)
Cash flows from financing activities		
Changes in short-term borrowings	(94)	—
Changes in Exelon intercompany money pool	—	65
Dividends paid on common stock	(101)	(100)
Contributions from parent	330	227
Other financing activities	—	(1)
Net cash flows provided by financing activities	135	191
Decrease in cash, restricted cash, and cash equivalents	(32)	(10)
Cash, restricted cash, and cash equivalents at beginning of period	68	44
Cash, restricted cash, and cash equivalents at end of period	$ 36	$ 34
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (9)	$ (41)

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 27	$ 59
Restricted cash and cash equivalents	9	9
Accounts receivable		
Customer accounts receivable	588	635
Customer allowance for credit losses	(130)	(105)
Customer accounts receivable, net	458	530
Other accounts receivable	147	153
Other allowance for credit losses	(11)	(9)
Other accounts receivable, net	136	144
Receivables from affiliates	2	4
Inventories, net		
Fossil fuel	41	99
Materials and supplies	50	52
Prepaid utility taxes	100	—
Regulatory assets	83	80
Other	43	38
Total current assets	949	1,015
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,135 and $4,078 as of March 31, 2023 and December 31, 2022, respectively)	12,359	12,125
Deferred debits and other assets		
Regulatory assets	693	652
Receivable related to Regulatory Agreement Units	265	237
Investments	31	30
Prepaid pension asset	417	413
Other	24	30
Total deferred debits and other assets	1,430	1,362
Total assets	$ 14,738	$ 14,502

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	March 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 145	$ 239
Long-term debt due within one year	50	50
Accounts payable	543	668
Accrued expenses	95	142
Payables to affiliates	48	42
Customer deposits	66	63
Regulatory liabilities	95	75
Other	50	32
Total current liabilities	1,092	1,311
Long-term debt	4,563	4,562
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,245	2,213
Regulatory liabilities	295	270
Asset retirement obligations	28	28
Non-pension postretirement benefits obligations	286	286
Other	87	85
Total deferred credits and other liabilities	2,941	2,882
Total liabilities	8,780	8,939
Commitments and contingencies		
Shareholder’s equity		
Common stock	4,032	3,702
Retained earnings	1,926	1,861
Total shareholder’s equity	5,958	5,563
Total liabilities and shareholder's equity	$ 14,738	$ 14,502

See the Combined Notes to Consolidated Financial Statements

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

	Three Months Ended March 31, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2022	$ 3,702	$ 1,861	$ 5,563
Net income	—	166	166
Common stock dividends	—	(101)	(101)
Contributions from parent	330	—	330
Balance, March 31, 2023	$ 4,032	$ 1,926	$ 5,958

	Three Months Ended March 31, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2021	$ 3,428	$ 1,684	$ 5,112
Net income	—	206	206
Common stock dividends	—	(100)	(100)
Contributions from parent	227	—	227
Balance, March 31, 2022	$ 3,655	$ 1,790	$ 5,445

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31, 2023	2022
Operating revenues		
Electric operating revenues	$ 780	$ 735
Natural gas operating revenues	409	424
Revenues from alternative revenue programs	65	(12)
Operating revenues from affiliates	3	7
Total operating revenues	1,257	1,154
Operating expenses		
Purchased power	343	285
Purchased fuel	149	151
Purchased power from affiliate	—	18
Operating and maintenance	168	167
Operating and maintenance from affiliates	54	51
Depreciation and amortization	167	171
Taxes other than income taxes	83	76
Total operating expenses	964	919
Operating income	293	235
Other income and (deductions)		
Interest expense, net	(44)	(35)
Other, net	3	7
Total other income and (deductions)	(41)	(28)
Income before income taxes	252	207
Income taxes	52	9
Net income	$ 200	$ 198
Comprehensive income	$ 200	$ 198

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2023	2022
Cash flows from operating activities		
Net income	$ 200	$ 198
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	167	171
Deferred income taxes and amortization of investment tax credits	24	5
Other non-cash operating activities	(32)	44
Changes in assets and liabilities:		
Accounts receivable	43	(80)
Receivables from and payables to affiliates, net	(3)	(2)
Inventories	62	32
Accounts payable and accrued expenses	(96)	(30)
Collateral (paid) received, net	(22)	30
Income taxes	29	4
Regulatory assets and liabilities, net	(31)	(8)
Pension and non-pension postretirement benefit contributions	(8)	(56)
Other assets and liabilities	(24)	(31)
Net cash flows provided by operating activities	309	277
Cash flows from investing activities		
Capital expenditures	(350)	(303)
Other investing activities	3	3
Net cash flows used in investing activities	(347)	(300)
Cash flows from financing activities		
Changes in short-term borrowings	(165)	120
Dividends paid on common stock	(80)	(76)
Contributions from parent	237	—
Other financing activities	—	(1)
Net cash flows (used in) provided by financing activities	(8)	43
(Decrease) increase in cash, restricted cash, and cash equivalents	(46)	20
Cash, restricted cash, and cash equivalents at beginning of period	67	55
Cash, restricted cash, and cash equivalents at end of period	$ 21	$ 75
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (70)	$ (32)

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 20	$ 43
Restricted cash and cash equivalents	1	24
Accounts receivable		
Customer accounts receivable	581	617
Customer allowance for credit losses	(73)	(54)
Customer accounts receivable, net	508	563
Other accounts receivable	128	132
Other allowance for credit losses	(12)	(10)
Other accounts receivable, net	116	122
Inventories, net		
Fossil fuel	23	91
Materials and supplies	71	65
Prepaid utility taxes	49	52
Regulatory assets	237	177
Other	13	13
Total current assets	1,038	1,150
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,658 and $4,583 as of March 31, 2023 and December 31, 2022, respectively)	11,493	11,338
Deferred debits and other assets		
Regulatory assets	533	527
Investments	9	7
Prepaid pension asset	280	291
Other	58	37
Total deferred debits and other assets	880	862
Total assets	$ 13,411	$ 13,350

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 243	$ 408
Long-term debt due within one year	300	300
Accounts payable	310	462
Accrued expenses	174	159
Payables to affiliates	37	39
Customer deposits	107	105
Regulatory liabilities	61	47
Other	34	55
Total current liabilities	1,266	1,575
Long-term debt	3,908	3,907
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,878	1,832
Regulatory liabilities	791	816
Asset retirement obligations	30	30
Non-pension postretirement benefits obligations	161	166
Other	84	88
Total deferred credits and other liabilities	2,944	2,932
Total liabilities	8,118	8,414
Commitments and contingencies		
Shareholder's equity		
Common stock	3,098	2,861
Retained earnings	2,195	2,075
Total shareholder's equity	5,293	4,936
Total liabilities and shareholder's equity	$ 13,411	$ 13,350

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Three Months Ended March 31, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2022	$ 2,861	$ 2,075	$ 4,936
Net income	—	200	200
Common stock dividends	—	(80)	(80)
Contributions from parent	237	—	237
Balance, March 31, 2023	$ 3,098	$ 2,195	$ 5,293

	Three Months Ended March 31, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2021	$ 2,575	$ 1,995	$ 4,570
Net income	—	198	198
Common stock dividends	—	(76)	(76)
Balance, March 31, 2022	$ 2,575	$ 2,117	$ 4,692

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2023	2022
Operating revenues		
Electric operating revenues	$ 1,371	$ 1,323
Natural gas operating revenues	97	83
Revenues from alternative revenue programs	65	(5)
Operating revenues from affiliates	3	3
Total operating revenues	1,536	1,404
Operating expenses		
Purchased power	572	487
Purchased fuel	55	42
Purchased power from affiliate	—	50
Operating and maintenance	267	248
Operating and maintenance from affiliates	42	51
Depreciation and amortization	241	218
Taxes other than income taxes	120	119
Total operating expenses	1,297	1,215
Operating income	239	189
Other income and (deductions)		
Interest expense, net	(76)	(69)
Other, net	26	17
Total other income and (deductions)	(50)	(52)
Income before income taxes	189	137
Income taxes	34	7
Net income	$ 155	$ 130
Comprehensive income	$ 155	$ 130

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2023	2022
Cash flows from operating activities		
Net income	$ 155	$ 130
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	241	218
Deferred income taxes and amortization of investment tax credits	13	2
Other non-cash operating activities	(7)	35
Changes in assets and liabilities:		
Accounts receivable	98	(21)
Receivables from and payables to affiliates, net	—	(51)
Inventories	4	7
Accounts payable and accrued expenses	(88)	(23)
Collateral (paid) received, net	(189)	37
Income taxes	20	5
Regulatory assets and liabilities, net	27	(18)
Pension and non-pension postretirement benefit contributions	(7)	(67)
Other assets and liabilities	(11)	(22)
Net cash flows provided by operating activities	256	232
Cash flows from investing activities		
Capital expenditures	(561)	(409)
Other investing activities	8	2
Net cash flows used in investing activities	(553)	(407)
Cash flows from financing activities		
Changes in short-term borrowings	(414)	(468)
Issuance of long-term debt	450	700
Changes in Exelon intercompany money pool	8	39
Distributions to member	(112)	(102)
Contributions from member	405	704
Other financing activities	(17)	(9)
Net cash flows provided by financing activities	320	864
Increase in cash, restricted cash, and cash equivalents	23	689
Cash, restricted cash, and cash equivalents at beginning of period	373	213
Cash, restricted cash, and cash equivalents at end of period	$ 396	$ 902
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (76)	$ (55)

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 367	$ 198
Restricted cash and cash equivalents	29	175
Accounts receivable		
Customer accounts receivable	650	734
Customer allowance for credit losses	(112)	(109)
Customer accounts receivable, net	538	625
Other accounts receivable	280	300
Other allowance for credit losses	(50)	(46)
Other accounts receivable, net	230	254
Receivables from affiliates	2	2
Inventories, net		
Fossil fuel	5	18
Materials and supplies	245	236
Regulatory assets	439	455
Other	68	96
Total current assets	1,923	2,059
Property, plant, and equipment (net of accumulated depreciation and amortization of $2,757 and $2,618 as of March 31, 2023 and December 31, 2022, respectively)	18,003	17,686
Deferred debits and other assets		
Regulatory assets	1,579	1,610
Goodwill	4,005	4,005
Investments	139	138
Prepaid pension asset	332	353
Other	227	231
Total deferred debits and other assets	6,282	6,337
Total assets	$ 26,208	$ 26,082

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 414
Long-term debt due within one year	998	591
Accounts payable	634	771
Accrued expenses	252	260
Payables to affiliates	66	66
Borrowings from Exelon intercompany money pool	52	44
Customer deposits	92	88
Regulatory liabilities	69	76
Unamortized energy contract liabilities	9	10
PPA termination obligation	87	87
Other	149	330
Total current liabilities	2,408	2,737
Long-term debt	7,555	7,529
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,934	2,895
Regulatory liabilities	976	1,011
Asset retirement obligations	59	59
Non-pension postretirement benefit obligations	46	50
Unamortized energy contract liabilities	32	35
Other	520	536
Total deferred credits and other liabilities	4,567	4,586
Total liabilities	14,530	14,852
Commitments and contingencies		
Member's equity		
Membership interest	11,987	11,582
Undistributed losses	(309)	(352)
Total member's equity	11,678	11,230
Total liabilities and member's equity	$ 26,208	$ 26,082

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(Unaudited)

	Three Months Ended March 31, 2023		
(In millions)	Membership Interest	Undistributed (Losses)/Gains	Total Member's Equity
Balance, December 31, 2022	$ 11,582	$ (352)	$ 11,230
Net income	—	155	155
Distributions to member	—	(112)	(112)
Contributions from member	405	—	405
Balance, March 31, 2023	$ 11,987	$ (309)	$ 11,678

	Three Months Ended March 31, 2022		
(In millions)	Membership Interest	Undistributed (Losses)/Gains	Total Member's Equity
Balance, December 31, 2021	$ 10,795	$ (210)	$ 10,585
Net income	—	130	130
Distributions to member	—	(102)	(102)
Contributions from member	704	—	704
Balance, March 31, 2022	$ 11,499	$ (182)	$ 11,317

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2023	2022
Operating revenues		
Electric operating revenues	$ 670	$ 620
Revenues from alternative revenue programs	39	(7)
Operating revenues from affiliates	1	1
Total operating revenues	710	614
Operating expenses		
Purchased power	258	174
Purchased power from affiliate	—	39
Operating and maintenance	93	73
Operating and maintenance from affiliates	57	58
Depreciation and amortization	108	108
Taxes other than income taxes	94	95
Total operating expenses	610	547
Operating income	100	67
Other income and (deductions)		
Interest expense, net	(39)	(36)
Other, net	16	13
Total other income and (deductions)	(23)	(23)
Income before income taxes	77	44
Income taxes	12	(2)
Net income	$ 65	$ 46
Comprehensive income	$ 65	$ 46

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2023	2022
Cash flows from operating activities		
Net income	$ 65	$ 46
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	108	108
Deferred income taxes and amortization of investment tax credits	3	(2)
Other non-cash operating activities	(10)	12
Changes in assets and liabilities:		
Accounts receivable	52	(2)
Receivables from and payables to affiliates, net	3	(25)
Inventories	(3)	—
Accounts payable and accrued expenses	(27)	5
Collateral (paid) received, net	(25)	1
Income taxes	8	1
Regulatory assets and liabilities, net	(3)	(7)
Pension and non-pension postretirement benefit contributions	(4)	(5)
Other assets and liabilities	11	(12)
Net cash flows provided by operating activities	178	120
Cash flows from investing activities		
Capital expenditures	(264)	(218)
Other investing activities	8	1
Net cash flows used in investing activities	(256)	(217)
Cash flows from financing activities		
Changes in short-term borrowings	(299)	(175)
Issuance of long-term debt	250	400
Dividends paid on common stock	(48)	(42)
Contributions from parent	243	387
Other financing activities	(14)	(5)
Net cash flows provided by financing activities	132	565
Increase in cash, restricted cash, and cash equivalents	54	468
Cash, restricted cash, and cash equivalents at beginning of period	99	68
Cash, restricted cash, and cash equivalents at end of period	$ 153	$ 536
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (43)	$ (36)

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 126	$ 45
Restricted cash and cash equivalents	27	54
Accounts receivable		
Customer accounts receivable	312	351
Customer allowance for credit losses	(49)	(47)
Customer accounts receivable, net	263	304
Other accounts receivable	166	180
Other allowance for credit losses	(28)	(25)
Other accounts receivable, net	138	155
Receivables from affiliates	1	—
Inventories, net	138	135
Regulatory assets	248	235
Other	33	53
Total current assets	974	981
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,118 and $4,067 as of March 31, 2023 and December 31, 2022, respectively)	8,955	8,794
Deferred debits and other assets		
Regulatory assets	424	437
Investments	121	119
Prepaid pension asset	266	273
Other	55	53
Total deferred debits and other assets	866	882
Total assets	$ 10,795	$ 10,657

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 299
Long-term debt due within one year	405	4
Accounts payable	311	382
Accrued expenses	131	125
Payables to affiliates	38	34
Customer deposits	41	39
Regulatory liabilities	5	6
Merger related obligation	25	26
Other	75	93
Total current liabilities	1,031	1,008
Long-term debt	3,590	3,747
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,398	1,382
Regulatory liabilities	435	455
Asset retirement obligations	39	39
Other	260	244
Total deferred credits and other liabilities	2,132	2,120
Total liabilities	6,753	6,875
Commitments and contingencies		
Shareholder's equity		
Common stock	3,010	2,767
Retained earnings	1,032	1,015
Total shareholder's equity	4,042	3,782
Total liabilities and shareholder's equity	$ 10,795	$ 10,657

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Three Months Ended March 31, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2022	$ 2,767	$ 1,015	$ 3,782
Net income	—	65	65
Common stock dividends	—	(48)	(48)
Contributions from parent	243	—	243
Balance, March 31, 2023	$ 3,010	$ 1,032	$ 4,042

	Three Months Ended March 31, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2021	$ 2,302	$ 1,173	$ 3,475
Net income	—	46	46
Common stock dividends	—	(42)	(42)
Contributions from parent	387	—	387
Balance, March 31, 2022	$ 2,689	$ 1,177	$ 3,866

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2023	2022
Operating revenues		
Electric operating revenues	$ 366	$ 348
Natural gas operating revenues	97	83
Revenues from alternative revenue programs	9	(1)
Operating revenues from affiliates	2	1
Total operating revenues	474	431
Operating expenses		
Purchased power	166	137
Purchased fuel	55	42
Purchased power from affiliate	—	10
Operating and maintenance	46	51
Operating and maintenance from affiliates	41	42
Depreciation and amortization	60	57
Taxes other than income taxes	20	18
Total operating expenses	388	357
Operating income	86	74
Other income and (deductions)		
Interest expense, net	(17)	(16)
Other, net	3	2
Total other income and (deductions)	(14)	(14)
Income before income taxes	72	60
Income taxes	12	4
Net income	$ 60	$ 56
Comprehensive income	$ 60	$ 56

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2023	2022
Cash flows from operating activities		
Net income	$ 60	$ 56
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	60	57
Deferred income taxes and amortization of investment tax credits	3	5
Other non-cash operating activities	(1)	9
Changes in assets and liabilities:		
Accounts receivable	23	(17)
Receivables from and payables to affiliates, net	4	(17)
Inventories	10	8
Accounts payable and accrued expenses	(16)	15
Collateral (paid) received, net	(120)	30
Income taxes	9	(1)
Regulatory assets and liabilities, net	27	—
Pension and non-pension postretirement benefit contributions	—	(1)
Other assets and liabilities	1	3
Net cash flows provided by operating activities	60	147
Cash flows from investing activities		
Capital expenditures	(134)	(103)
Other investing activities	—	1
Net cash flows used in investing activities	(134)	(102)
Cash flows from financing activities		
Changes in short-term borrowings	(115)	(149)
Issuance of long-term debt	125	125
Dividends paid on common stock	(42)	(41)
Contributions from parent	99	144
Other financing activities	(2)	(2)
Net cash flows provided by financing activities	65	77
(Decrease) increase in cash, restricted cash, and cash equivalents	(9)	122
Cash, restricted cash, and cash equivalents at beginning of period	152	71
Cash, restricted cash, and cash equivalents at end of period	$ 143	$ 193
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (3)	$ (8)

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 142	$ 31
Restricted cash and cash equivalents	1	121
Accounts receivable		
Customer accounts receivable	182	204
Customer allowance for credit losses	(26)	(21)
Customer accounts receivable, net	156	183
Other accounts receivable	48	52
Other allowance for credit losses	(8)	(7)
Other accounts receivable, net	40	45
Inventories, net		
Fossil fuel	5	18
Materials and supplies	61	58
Regulatory assets	63	80
Other	30	37
Total current assets	498	573
Property, plant, and equipment (net of accumulated depreciation and amortization of $1,811 and $1,772 as of March 31, 2023 and December 31, 2022, respectively)	4,902	4,820
Deferred debits and other assets		
Regulatory assets	202	202
Prepaid pension asset	148	153
Other	54	54
Total deferred debits and other assets	404	409
Total assets	$ 5,804	$ 5,802

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 115
Long-term debt due within one year	584	584
Accounts payable	148	172
Accrued expenses	51	41
Payables to affiliates	26	22
Customer deposits	30	29
Regulatory liabilities	49	44
Other	17	136
Total current liabilities	905	1,143
Long-term debt	1,477	1,354
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	882	869
Regulatory liabilities	374	380
Asset retirement obligations	13	13
Non-pension postretirement benefits obligations	9	9
Other	77	84
Total deferred credits and other liabilities	1,355	1,355
Total liabilities	3,737	3,852
Commitments and contingencies		
Shareholder's equity		
Common stock	1,455	1,356
Retained earnings	612	594
Total shareholder's equity	2,067	1,950
Total liabilities and shareholder's equity	$ 5,804	$ 5,802

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Three Months Ended March 31, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2022	$ 1,356	$ 594	$ 1,950
Net income	—	60	60
Common stock dividends	—	(42)	(42)
Contributions from parent	99	—	99
Balance, March 31, 2023	$ 1,455	$ 612	$ 2,067

	Three Months Ended March 31, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2021	$ 1,209	$ 568	$ 1,777
Net income	—	56	56
Common stock dividends	—	(41)	(41)
Contributions from parent	144	—	144
Balance, March 31, 2022	$ 1,353	$ 583	$ 1,936

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended March 31, 2023	2022
Operating revenues		
Electric operating revenues	$ 335	$ 345
Revenues from alternative revenue programs	17	3
Operating revenues from affiliates	1	1
Total operating revenues	353	349
Operating expenses		
Purchased power	148	176
Purchased power from affiliate	—	2
Operating and maintenance	44	47
Operating and maintenance from affiliates	37	37
Depreciation and amortization	67	47
Taxes other than income taxes	2	2
Total operating expenses	298	311
Operating income	55	38
Other income and (deductions)		
Interest expense, net	(16)	(14)
Other, net	5	3
Total other income and (deductions)	(11)	(11)
Income before income taxes	44	27
Income taxes	11	1
Net income	$ 33	$ 26
Comprehensive income	$ 33	$ 26

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2023	2022
Cash flows from operating activities		
Net income	$ 33	$ 26
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	67	47
Deferred income taxes and amortization of investment tax credits	6	1
Other non-cash operating activities	(9)	2
Changes in assets and liabilities:		
Accounts receivable	24	(1)
Receivables from and payables to affiliates, net	(1)	(6)
Inventories	(3)	(1)
Accounts payable and accrued expenses	(15)	(17)
Collateral paid, net	(44)	(3)
Income taxes	5	—
Regulatory assets and liabilities, net	3	(3)
Pension and non-pension postretirement benefit contributions	(1)	(7)
Other assets and liabilities	(21)	6
Net cash flows provided by operating activities	44	44
Cash flows from investing activities		
Capital expenditures	(161)	(87)
Net cash flows used in investing activities	(161)	(87)
Cash flows from financing activities		
Changes in short-term borrowings	—	(144)
Issuance of long-term debt	75	175
Dividends paid on common stock	(21)	(19)
Contributions from parent	63	173
Other financing activities	(1)	(3)
Net cash flows provided by financing activities	116	182
(Decrease) increase in cash and cash equivalents	(1)	139
Cash and cash equivalents at beginning of period	72	29
Cash and cash equivalents at end of period	$ 71	$ 168
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (30)	$ (10)

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 71	$ 72
Accounts receivable		
Customer accounts receivable	156	179
Customer allowance for credit losses	(37)	(41)
Customer accounts receivable, net	119	138
Other accounts receivable	64	70
Other allowance for credit losses	(14)	(14)
Other accounts receivable, net	50	56
Receivables from affiliates	2	1
Inventories, net	46	43
Regulatory assets	114	130
Other	5	3
Total current assets	407	443
Property, plant, and equipment (net of accumulated depreciation and amortization of $1,583 and $1,551 as of March 31, 2023 and December 31, 2022, respectively)	4,067	3,990
Deferred debits and other assets		
Regulatory assets	492	494
Prepaid pension asset	14	18
Other	33	34
Total deferred debits and other assets	539	546
Total assets	$ 5,013	$ 4,979

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 3	$ 3
Accounts payable	167	206
Accrued expenses	46	47
Payables to affiliates	26	26
Customer deposits	21	21
Regulatory liabilities	15	26
PPA termination obligation	87	87
Other	12	58
Total current liabilities	377	474
Long-term debt	1,828	1,754
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	742	734
Regulatory liabilities	148	156
Non-pension postretirement benefit obligations	7	8
Other	83	100
Total deferred credits and other liabilities	980	998
Total liabilities	3,185	3,226
Commitments and contingencies		
Shareholder's equity		
Common stock	1,828	1,765
Retained earnings (deficit)	—	(12)
Total shareholder's equity	1,828	1,753
Total liabilities and shareholder's equity	$ 5,013	$ 4,979

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Three Months Ended March 31, 2023		
(In millions)	Common Stock	Retained (Deficit) Earnings	Total Shareholder's Equity
Balance, December 31, 2022	$ 1,765	$ (12)	$ 1,753
Net income	—	33	33
Common stock dividends	—	(21)	(21)
Contributions from parent	63	—	63
Balance, March 31, 2023	$ 1,828	$ —	$ 1,828

	Three Months Ended March 31, 2022		
(In millions)	Common Stock	Retained Deficit	Total Shareholder's Equity
Balance, December 31, 2021	$ 1,590	$ (15)	$ 1,575
Net income	—	26	26
Common stock dividends	—	(19)	(19)
Contributions from parent	173	—	173
Balance, March 31, 2022	$ 1,763	$ (8)	$ 1,755

See the Combined Notes to Consolidated Financial Statements

1. Significant Accounting Policies (All Registrants)

Description of Business

Exelon is a utility services holding company engaged in the energy transmission and distribution businesses through ComEd, PECO, BGE, Pepco, DPL, and ACE.

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation. The separation was completed on February 1, 2022, creating two publicly traded companies, Exelon and Constellation. See Note 2 — Discontinued Operations for additional information.

Name of Registrant	Business	Service Territories
Commonwealth Edison Company	Purchase and regulated retail sale of electricity	Northern Illinois, including the City of Chicago
	Transmission and distribution of electricity to retail customers	
PECO Energy Company	Purchase and regulated retail sale of electricity and natural gas	Southeastern Pennsylvania, including the City of Philadelphia (electricity)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	Pennsylvania counties surrounding the City of Philadelphia (natural gas)
Baltimore Gas and Electric Company	Purchase and regulated retail sale of electricity and natural gas	Central Maryland, including the City of Baltimore (electricity and natural gas)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	
Pepco Holdings LLC	Utility services holding company engaged, through its reportable segments Pepco, DPL, and ACE	Service Territories of Pepco, DPL, and ACE
Potomac Electric Power Company	Purchase and regulated retail sale of electricity	District of Columbia, and major portions of Montgomery and Prince George's Counties, Maryland
	Transmission and distribution of electricity to retail customers	
Delmarva Power & Light Company	Purchase and regulated retail sale of electricity and natural gas	Portions of Delaware and Maryland (electricity)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	Portions of New Castle County, Delaware (natural gas)
Atlantic City Electric Company	Purchase and regulated retail sale of electricity	Portions of Southern New Jersey
	Transmission and distribution of electricity to retail customers	

Basis of Presentation

This is a combined quarterly report of all Registrants. The Notes to the Consolidated Financial Statements apply to the Registrants as indicated parenthetically next to each corresponding disclosure. When appropriate, the Registrants are named specifically for their related activities and disclosures. Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated, except for the historical transactions between the Utility Registrants and Generation for the purposes of presenting discontinued operations in all periods presented in the Consolidated Statements of Operations and Comprehensive Income.

Through its business services subsidiary, BSC, Exelon provides its subsidiaries with a variety of support services at cost, including legal, human resources, financial, information technology, and supply management services. PHI also has a business services subsidiary, PHISCO, which provides a variety of support services at cost, including legal, finance, engineering, customer operations, distribution and transmission planning, asset management, system operations, and power procurement, to PHI operating companies. The costs of BSC and PHISCO are directly charged or allocated to the applicable subsidiaries. The results of Exelon's corporate operations are presented as "Other" in the consolidated financial statements and include intercompany eliminations unless otherwise disclosed.

The accompanying consolidated financial statements as of March 31, 2023 and for the three months ended March 31, 2023 and 2022 are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2022 Consolidated Balance Sheets were derived from audited financial statements. The interim financial statements are to be read in conjunction with prior annual financial statements and notes. Additionally, financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2023. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

The separation of Constellation, including Generation and its subsidiaries, met the criteria for discontinued operations and as such, results of operations are presented as discontinued operations and have been excluded from continuing operations for all periods presented. Accounting rules require that certain BSC costs previously allocated to Generation be presented as part of Exelon's continuing operations as these costs do not qualify as expenses of the discontinued operations. Comprehensive income, shareholders' equity, and cash flows related to Constellation have not been segregated and are included in the Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Changes in Shareholders' Equity, and Consolidated Statements of Cash Flows, respectively, for the three months ended March 31, 2022. See Note 2 — Discontinued Operations for additional information.

2. Discontinued Operations (Exelon)

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation, creating two publicly traded companies ("the separation"). Exelon completed the separation on February 1, 2022. Constellation was newly formed and incorporated in Pennsylvania on June 15, 2021 for the purposes of separation and holds Generation (including Generation's subsidiaries). Pursuant to the separation, Exelon contributed its equity ownership interest in Generation to Constellation. Exelon no longer retains any equity ownership interest in Generation or Constellation. See Note 2 — Discontinued Operations of the 2022 Form 10-K for additional information.

Continuing Involvement

In order to govern the ongoing relationships between Exelon and Constellation after the separation, and to facilitate an orderly transition, Exelon and Constellation have entered into several agreements, including the following:

- Separation Agreement – governs the rights and obligations between Exelon and Constellation regarding certain actions to be taken in connection with the separation, among others, including the allocation of assets and liabilities between Exelon and Constellation.
- Transition Services Agreement (TSA) – governs the terms and conditions of the services that Exelon will provide to Constellation and Constellation will provide to Exelon for an expected period of two years, provided that certain services may be longer than the term and services may be extended with approval from both parties. The services include specified accounting, finance, information technology, human resources, employee benefits and other services that have historically been provided on a centralized basis by BSC. For the three months ended March 31, 2023, the amounts Exelon billed Constellation and Constellation billed Exelon for these services were $50 million recorded in Other income, net and $6 million recorded in Operating and maintenance expense, respectively. For the period from February 1, 2022 to March 31, 2022, the amounts Exelon billed Constellation and Constellation billed Exelon for these services were $56 million recorded in Other income, net and $9 million recorded in Operating and maintenance expense, respectively.
- Tax Matters Agreement (TMA) – governs the respective rights, responsibilities and obligations of Exelon and Constellation with respect to all tax matters, including tax liabilities and benefits, tax attributes, tax returns, tax contests and other tax sharing regarding U.S. federal, state, local and foreign income taxes, other tax matters and related tax returns. See Note 7 — Income Taxes for additional information.

In addition, the Utility Registrants will continue to incur expenses from transactions with Constellation after the separation. Prior to the separation, such expenses were primarily recorded as Purchased power from affiliates and an immaterial amount recorded as Operating and maintenance expense from affiliates at the Utility Registrants. After the separation, such expenses are primarily recorded as Purchased power and an immaterial amount recorded as Operating and maintenance expense at the Utility Registrants.

- ComEd had an ICC-approved RFP contract with Constellation to provide a portion of ComEd's electric supply requirements. ComEd also purchased RECs and ZECs from Constellation.
- PECO received electric supply from Constellation under contracts executed through PECO's competitive procurement process. In addition, PECO had a ten-year agreement with Constellation to sell solar AECs.
- BGE received a portion of its energy requirements from Constellation under its MDPSC-approved market-based SOS and gas commodity programs.
- Pepco received electric supply from Constellation under contracts executed through Pepco's competitive procurement process approved by the MDPSC and DCPSC.
- DPL received a portion of its energy requirements from Constellation under its MDPSC and DEPSC approved market-based SOS commodity programs.
- ACE received electric supply from Constellation under contracts executed through ACE's competitive procurement process approved by the NJBPU.

ComEd and PECO also have receivables with Constellation for estimated excess funds at the end of decommissioning the Regulatory Agreement Units, such amounts are due back to ComEd and PECO, as applicable, for payment to their respective customers. See Note 3 — Regulatory Matters and Note 23 — Related Party Transactions of the 2022 Form 10-K for additional information.

Discontinued Operations

The separation represented a strategic shift that would have a major effect on Exelon's operations and financial results. Accordingly, the separation meets the criteria for discontinued operations.

There were no results from discontinued operations for the three months ended March 31, 2023. The following table presents the results of Constellation that have been reclassified from continuing operations and included in discontinued operations within Exelon's Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2022.

These results are primarily Generation, which is comprised of Exelon's Mid-Atlantic, Midwest, New York, ERCOT, and Other Power Regions reportable segments, and include the impact of transaction costs, certain BSC costs, including any transition costs, that were historically allocated and directly attributable to Generation, transactions between Generation and the Utility Registrants, and tax-related adjustments. Transaction costs include costs for external bankers, accountants, appraisers, lawyers, external counsels and other advisors, among others, who are involved in the negotiation, appraisal, due diligence and regulatory approval of the separation. Transition costs are primarily employee-related costs such as recruitment expenses, costs to establish certain stand-alone functions and information technology systems, professional services fees and other separation-related costs during the transition to separate Generation. For the purposes of reporting discontinued operations, these results also include transactions between Generation and the Utility Registrants that were historically eliminated within Exelon's Consolidated Statements of Operations as these transactions will be ongoing after the separation. Certain BSC costs that were historically allocated to Generation are presented as part of continuing operations in Exelon's Consolidated Statements of Operations as these costs do not qualify as expenses of the discontinued operations per the accounting rules.

Note 2 — Discontinued Operations

	Three Months Ended March 31, 2022
Operating revenues	
Competitive business revenues	$ 1,855
Competitive business revenues from affiliates	161
Total operating revenues	2,016
Operating expenses	
Competitive businesses purchased power and fuel	1,138
Operating and maintenance[(a)]	371
Depreciation and amortization	94
Taxes other than income taxes	44
Total operating expenses	1,647
Gain on sales of assets and businesses	10
Operating income	379
Other income and (deductions)	
Interest expense, net	(20)
Other, net	(281)
Total other (deductions) and income	(301)
Income before income taxes	78
Income taxes	(40)
Equity in losses of unconsolidated affiliates	(1)
Net income	117
Net income attributable to noncontrolling interests	1
Net income from discontinued operations	$ 116

(a) Includes transaction and transition costs related to the separation of $52 million for the three months ended March 31, 2022.

There were no assets or liabilities of discontinued operations included in Exelon's Consolidated Balance Sheet as of March 31, 2023 and December 31, 2022. Constellation had net assets of $11,573 million that separated on February 1, 2022 that resulted in a reduction to Exelon's equity during the year ended December 31, 2022. Refer to the Distribution of Constellation line in Exelon's Consolidated Statement of Changes in Shareholders' Equity for further information.

There were no discontinued operations included within Exelon’s Consolidated Statements of Cash Flows for the three months ended March 31, 2023. The following table presents selected financial information regarding cash flows of the discontinued operations that are included within Exelon’s Consolidated Statements of Cash Flows for the three months ended March 31, 2022.

Note 2 — Discontinued Operations

	Three Months Ended March 31, 2022
Non-cash items included in net income from discontinued operations:	
Depreciation, amortization, and accretion, including nuclear fuel and energy contract amortization	$ 207
Loss on sales of assets and businesses	9
Deferred income taxes and amortization of investment tax credits	(143)
Net fair value changes related to derivatives	(59)
Net realized and unrealized losses on NDT fund investments	205
Net unrealized losses on equity investments	16
Other decommissioning-related activity	36
Cash flows from investing activities:	
Capital expenditures	(227)
Collection of DPP	169
Supplemental cash flow information:	
Decrease in capital expenditures not paid	(128)
Increase in DPP	348
Increase in PP&E related to ARO update	335

3. Regulatory Matters (All Registrants)

As discussed in Note 3 — Regulatory Matters of the 2022 Form 10-K, the Registrants are involved in rate and regulatory proceedings at FERC and their state commissions. The following discusses developments in 2023 and updates to the 2022 Form 10-K.

Distribution Base Rate Case Proceedings

The following tables show the completed and pending distribution base rate case proceedings in 2023.

Completed Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Approved Revenue Requirement Increase	Approved ROE	Approval Date	Rate Effective Date
ComEd - Illinois[a]	April 15, 2022	Electric	$ 199	$ 199	7.85 %	November 17, 2022	January 1, 2023
PECO - Pennsylvania	March 31, 2022	Natural Gas	82	55	N/A[b]	October 27, 2022	January 1, 2023
BGE - Maryland[c]	May 15, 2020 (amended September 11, 2020)	Electric	203	140	9.50 %	December 16, 2020	January 1, 2021
		Natural Gas	108	74	9.65 %		
Pepco - Maryland[d]	October 26, 2020 (amended March 31, 2021)	Electric	104	52	9.55 %	June 28, 2021	June 28, 2021
DPL - Maryland[e]	May 19, 2022	Electric	38	29	9.60 %	December 14, 2022	January 1, 2023

(a) ComEd's 2023 approved revenue requirement above reflects an increase of $144 million for the initial year revenue requirement for 2023 and an increase of $55 million related to the annual reconciliation for 2021. The revenue requirement for 2023 provides for a weighted average debt and equity return on distribution rate base of 5.94%, inclusive of an allowed ROE of 7.85%, reflecting the monthly average yields for 30-year treasury bonds plus 580 basis points. The reconciliation revenue requirement for 2021 provides for a weighted average debt and equity return on distribution rate base of 5.91%, inclusive of an allowed ROE of 7.78%, reflecting the monthly yields on 30-year treasury bonds plus 580 basis points less a performance metrics penalty of 7 basis points. This is ComEd's last performance-based electric distribution formula rate update filing under EIMA. See discussion of CEJA below for details on the transition away from the electric distribution formula rate.

(b) The PECO natural gas base rate case proceeding was resolved through a settlement agreement, which did not specify an approved ROE.

(c) Reflects a three-year cumulative multi-year plan for 2021 through 2023. BGE proposed to use certain tax benefits to fully offset the increases in 2021 and 2022 and partially offset the increase in 2023. The MDPSC awarded BGE electric revenue requirement increases of $59 million, $39 million, and $42 million, before offsets, in 2021, 2022, and 2023, respectively, and natural gas revenue requirement increases of $53 million, $11 million, and $10 million, before offsets, in 2021, 2022, and 2023, respectively. However, the MDPSC utilized the tax benefits to fully offset the increases in 2021 and January 2022 such that customer rates remained unchanged. For the remainder of 2022, the MDPSC chose to offset only 25% of the cumulative 2021 and 2022 electric revenue requirement increases and 50% of the cumulative gas revenue requirement increases. In 2021, the MDPSC deferred a decision on whether to use certain tax benefits to offset the revenue requirement increases in 2023 and directed BGE to make another proposal at the end of 2022. In September 2022 BGE proposed that tax benefits not be used to offset the 2023 revenue requirement increases. On October 26, 2022, the MDPSC accepted BGE's recommendation to not use tax benefits to offset the 2023 revenue requirement increases.

(d) Reflects a three-year cumulative multi-year plan for April 1, 2021 through March 31, 2024. The MDPSC awarded Pepco electric incremental revenue requirement increases of $21 million, $16 million, and $15 million, before offsets, for the 12-month periods ending March 31, 2022, 2023, and 2024, respectively. Pepco proposed to utilize certain tax benefits to fully offset the increase through 2023 and partially offset customer rate increases in 2024. However, the MDPSC only utilized the acceleration of refunds for certain tax benefits to fully offset the increases such that customer rates remain unchanged through March 31, 2022. On February 23, 2022, the MDPSC chose to offset 25% of the cumulative revenue requirement increase for the 12-month period ending March 31, 2023. Whether certain tax benefits will be used to offset the customer rate increases for the 12-month period ending March 31, 2024 has not been decided, and Pepco cannot predict the outcome.

(e) Reflects a three-year cumulative multi-year plan for January 1, 2023 through December 31, 2025. The MDPSC awarded DPL electric incremental revenue requirement increases of $17 million, $6 million, and $6 million for 2023, 2024, and 2025, respectively.

Pending Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Requested ROE	Expected Approval Timing
ComEd - Illinois[(a)]	January 17, 2023	Electric	$ 1,472	10.50% to 10.65%	Fourth quarter of 2023
ComEd - Illinois[(b)]	April 21, 2023	Electric	247	8.91%	Fourth quarter of 2023
BGE - Maryland[(c)]	February 17, 2023	Electric	313	10.40%	Fourth quarter of 2023
		Natural Gas	289	10.40%	
Pepco - District of Columbia[(d)]	April 13, 2023	Electric	191	10.50%	First quarter of 2024
DPL - Delaware[(e)]	December 15, 2022 (amended February 28, 2023)	Electric	48	10.50%	Second quarter of 2024
ACE - New Jersey[(f)]	February 15, 2023	Electric	105	10.50%	First quarter of 2024

(a) Reflects a four-year cumulative MRP for January 1, 2024 to December 31, 2027 and total requested revenue requirement increases of $877 million effective January 1, 2024, $175 million effective January 1, 2025, $217 million effective January 1, 2026, and $203 million effective January 1, 2027, based on forecasted revenue requirements. The revenue requirement will provide for a weighted average debt and equity return on distribution rate base of 7.43% in 2024, 7.50% in 2025, 7.62% in 2026, and 7.70% in 2027, inclusive of an allowed ROE of 10.50% in 2024, 10.55% in 2025, 10.60% in 2026, and 10.65% in 2027. The requested revenue requirements are based on capital structures that reflect between 50.58% and 51.19% common equity. ComEd's MRP also includes a proposed rate phase-in to defer approximately $307 million of the $877 million year-over-year increase for 2024 revenue from 2024 to 2026.

(b) On April 21, 2023, ComEd filed its proposed Delivery Reconciliation Amount of $247 million under Rider Delivery Service Pricing Reconciliation (Rider DSPR) which allows for the reconciliation of the revenue requirement in effect in the final years in which formula rates are determined and until such time as new rates are established under ComEd's approved MRP. The 2023 filing reconciles the delivery service rates in effect in 2022 with the actual delivery service costs incurred in 2022. Final order is expected by December 2023, and the reconciliation amount will be in customer rates beginning January 1, 2024.

(c) Reflects a three-year cumulative multi-year plan for January 1, 2024 through December 31, 2026 submitted to the MDPSC. Inclusive of the proposed acceleration of remaining electric tax benefits in 2024 and 2025, and remaining gas tax benefits in 2024, BGE requested total electric revenue requirement increases of $85 million, $103 million, and $125 million in 2024, 2025, and 2026, respectively, and natural gas revenue requirement increases of $158 million, $77 million, and $54 million in 2024, 2025, and 2026, respectively. Requested revenue requirement increases will be used to recover capital investments designed to increase the resilience of the electric and gas distribution systems and support Maryland's climate and regulatory initiatives. The 2021 and 2022 reconciliation amounts are not included in the requested revenue requirement increase, as BGE is proposing that these amounts be recovered through the separate electric and gas riders in 2024. The 2021 reconciliation amounts are $11 million and $7 million for electric and gas, respectively, and the 2022 reconciliation amounts are $44 million and $15 million for electric and gas, respectively.

(d) Reflects a three-year cumulative multi-year plan for January 1, 2024 through December 31, 2026 submitted to the DCPSC. Pepco requested total electric revenue requirement increases of $117 million, $37 million, and $37 million in 2024, 2025, and 2026, respectively. Requested revenue requirement increases will be used to recover capital investments designed to advance system-readiness and support the District of Columbia's climate and clean energy goals.

(e) The rates will go into effect on July 15, 2023, subject to refund.

(f) Requested increases are before New Jersey sales and use tax. ACE intends to put rates into effect on November 17, 2023, subject to refund.

Transmission Formula Rates

The Utility Registrants' transmission rates are each established based on a FERC-approved formula. ComEd, BGE, Pepco, DPL, and ACE are required to file an annual update to the FERC-approved formula on or before May 15, and PECO is required to file on or before May 31, with the resulting rates effective on June 1 of the same year. The annual update for BGE is based on prior year actual costs and current year projected capital additions, accumulated depreciation, depreciation and amortization expense, and accumulated deferred income

taxes. The update for BGE also reconciles any differences between the actual costs and actual revenues for the calendar year (annual reconciliation).

For 2023, the following increases/(decreases) were included in BGE's annual electric transmission formula rate updates. ComEd, PECO, Pepco, DPL, and ACE intend to file by the required deadline for the annual update.

Registrant[a]	Initial Revenue Requirement Increase	Annual Reconciliation Decrease	Total Revenue Requirement Increase	Allowed Return on Rate Base[b]	Allowed ROE[c]
BGE	$ 19	$ (12)	$ 4 [d]	7.34 %	10.50 %

(a) All rates are effective June 1, 2023 - May 31, 2024, subject to review by interested parties pursuant to review protocols of tariffs.
(b) Represents the weighted average debt and equity return on transmission rate bases.
(c) The rate of return on common equity includes a 50-basis-point incentive adder for being a member of a RTO.
(d) The increase in BGE's transmission revenue requirement includes a $3 million reduction related to a FERC-approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.

Other State Regulatory Matters

Illinois Regulatory Matters

CEJA (Exelon and ComEd). On September 15, 2021, the Governor of Illinois signed into law CEJA. CEJA includes, among other features, (1) procurement of CMCs from qualifying nuclear-powered generating facilities, (2) a requirement to file a general rate case or a new four-year MRP no later than January 20, 2023 to establish rates effective after ComEd's existing performance-based distribution formula rate sunsets, (3) an extension of and certain adjustments to ComEd's energy efficiency MWh savings goals, (4) revisions to the Illinois RPS requirements, including expanded charges for the procurement of RECs from wind and solar generation, (5) a requirement to accelerate amortization of ComEd's unprotected excess deferred income taxes (EDIT) that ComEd was previously directed by the ICC to amortize using the average rate assumption method which equates to approximately 39.5 years, and (6) requirements that ComEd and the ICC initiate and conduct various regulatory proceedings on subjects including ethics, spending, grid investments, and performance metrics. Regulatory or legal challenges regarding the validity or implementation of CEJA are possible and Exelon and ComEd cannot reasonably predict the outcome of any such challenges.

ComEd Electric Distribution Rates

ComEd filed, and received approval for, its last performance-based electric distribution formula rate update filing under EIMA in 2022; those rates are in effect throughout 2023.

On February 3, 2022, the ICC approved a tariff that establishes the process under which ComEd will reconcile its 2022 and 2023 rate year revenue requirements with actual costs. Those reconciliation amounts will be determined using the same process as were used for prior reconciliations under the performance-based electric distribution formula rate. Using that process, for the rate years 2022 and 2023 ComEd will ultimately collect revenues from customers reflecting each year's actual recoverable costs, year-end rate base, and a weighted average debt and equity return on distribution rate base, with the ROE component based on the annual average of the monthly yields of the 30-year U.S. Treasury bonds plus 580 basis points. In April 2023, ComEd filed its first petition with the ICC to reconcile its 2022 actual costs with the approved revenue requirement that was in effect in 2022. The rate year 2023 reconciliation will be filed in 2024.

Beginning in 2024, ComEd will recover from retail customers, subject to certain exceptions, the costs it incurs to provide electric delivery services either through its electric distribution rate or other recovery mechanisms authorized by CEJA. On January 17, 2023, ComEd filed a petition with the ICC seeking approval of a MRP for 2024-2027. The MRP supports a multi-year grid plan (Grid Plan), also filed on January 17, covering planned investments on the electric distribution system within ComEd's service area through 2027. Costs incurred during each year of the MRP are subject to ICC review and the plan's revenue requirement for each year will be reconciled with the actual costs that the ICC determines are prudently and reasonably incurred for that year. The reconciliation is subject to adjustment for certain costs, including a limitation on recovery of costs that are more than 105% of certain costs in the previously approved MRP revenue requirement, absent a modification of the

rate plan itself. Thus, for example, the rate adjustments necessary to reconcile 2024 revenues to ComEd's actual 2024 costs incurred would take effect in January 2026 after the ICC's review during 2025. The ICC must issue its decision on both the MRP and Grid Plan by mid-December 2023, for rates to begin with the January 2024 billing cycle.

In January 2022, ComEd filed a request with the ICC proposing performance metrics that would be used in determining ROE incentives and penalties in the event ComEd filed a MRP in January 2023. On September 27, 2022, the ICC issued a final order approving seven performance metrics that provide symmetrical performance adjustments of 32 total basis points to ComEd's rate of return on common equity based on the extent to which ComEd achieves the annual performance goals. On November 10, 2022, the ICC granted ComEd's application for rehearing, in part. On April 5, the ICC issued its final order on rehearing for the performance and tracking metrics proceeding, in which the ICC declined to adopt ComEd's proposed modifications to the reliability and peak load reduction performance metrics. ComEd is determining how to implement the performance metrics, which take effect on January 1, 2024. ComEd will make its initial filing in 2025 to assess performance achieved under the metrics in 2024, and to determine any ROE adjustment, which would take effect in 2026.

Carbon Mitigation Credit

CEJA establishes decarbonization requirements for Illinois as well as programs to support the retention and development of emissions-free sources of electricity. ComEd is required to purchase CMCs from participating nuclear-powered generating facilities between June 1, 2022 and May 31, 2027. The price to be paid for each CMC was established through a competitive bidding process that included consumer-protection measures that capped the maximum acceptable bid amount and a formula that reduces CMC prices by an energy price index, the base residual auction capacity price in the ComEd zone of PJM, and the monetized value of any federal tax credit or other subsidy if applicable. The consumer protection measures contained in CEJA will result in net payments to ComEd ratepayers if the energy index, the capacity price and applicable federal tax credits or subsidy exceed the CMC contract price. ComEd began issuing credits to its retail customers under its new CMC rider in the June 2022 billing period and recorded a regulatory asset of $1,118 million as of March 31, 2023 for the difference between customer credits issued and the credit to be received from the participating nuclear-powered generating facilities.

Under CEJA, the costs of procuring CMCs, including carrying costs, will be recovered through a rider, the Rider Carbon-Free Resource Adjustment (Rider CFRA). The Rider CFRA provides for an annual reconciliation and true-up to actual costs incurred or credits received by ComEd to purchase CMCs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods. The difference between the net payments to (or receivables from) ComEd ratepayers and the credits received by ComEd to purchase CMCs is recorded to Purchased Power expense with an offset to the regulatory asset (or regulatory liability). On December 21, 2022, ComEd filed a supplemental statement to the Rider CFRA proposing that the company recover costs or provide credits faster than the tariff allows, implement monthly reconciliations, and allow the Company to adjust Rider CFRA rates based not only on anticipated differences but also past payments or credits. The ICC approved the proposal on January 19, 2023.

Beneficial Electrification Plan

On July 1, 2022, ComEd filed a proposed plan to promote beneficial electrification efforts in its Northern Illinois service area with the ICC as required by CEJA. ComEd's plan is designed to meaningfully reduce barriers to beneficial electrification, including those related to electric vehicles (EV), such as upfront technology adoption costs, charging costs, and charging availability; promote equity and environmental justice; reduce carbon emissions and surface-level pollutants; and support customer education and awareness of electrification options. As proposed, ComEd could expend approximately $300 million in total over the three-year period 2023 through 2025. The beneficial electrification plan requests recovery of all those costs through a rider mechanism, under which certain of the costs would be amortized over ten years with a return on the unrecovered balance. On November 10, 2022, in responses to a Staff motion, the ICC approved an interim order dismissing from ComEd's Beneficial Electrification Plan certain rebates (rebates to support residential customers' purchase of EVs; and rebates to ComEd's commercial and industrial customers to support the installation of EV chargers). However, the ICC found that building electrification measures were properly within the scope of beneficial electrification, in line with ComEd's proposal. The ICC also adopted ComEd's position regarding the rate impact of spending associated with EV related infrastructure. On November 21, 2022, ComEd filed an application for rehearing of the interim order, which the ICC denied. On December 9, 2022, the Office of the Illinois Attorney General (AG) also

sought rehearing. On December 15, 2022, ComEd filed an appeal of the ICC's interim order and the denial of rehearing with the Illinois Appellate Court. That appeal has been stayed pending the ICC's disposition of the case. Also on December 15, 2022, the ICC denied the AG's application for rehearing and the AG subsequently filed an appeal.

On March 23, 2023, the ICC issued its final order in the beneficial electrification plan docket. The order adopts the beneficial electrification plan with modifications and directs ComEd to seek cost recovery through the multi-year rate plan filing for 2024 and 2025, and the final formula rate reconciliation docket for 2023, rather than through a new rider beneficial electrification as ComEd had proposed. The order also rejects ComEd's request for a regulatory asset. The order approves an overall annual budget of $77 million per year for each of the three years in the plan (2023 through 2025), with flexibility to roll forward unused funds to future years within the same plan period. The final order also made specific reductions to the proposed $100 million per year budget, reducing the proposed customer education and awareness budget; the portfolio budget for cross-cutting administrative support; and the light, medium, and heavy-duty EV rebate programs. The order dedicates funds for rebates related to the installation of heat pumps and the promotion of home electrification for low-income customers and those in Environmental Justice and Restore, Reinvest, and Renew designated communities. The order also requires ComEd to propose methods to minimize or exempt low-income ratepayers from the impact of its beneficial electrification plan, possibly through ComEd's next rate design investigation. On April 18, 2023, ComEd filed an application for rehearing concerning aspects of the ICC's order, including the approved budgets. The ICC must act on that application by May 8, 2023. On April 21, 2023 the Chicago Transit Authority and city of Chicago jointly filed an application for rehearing requesting the ICC modify the final order so the transit agencies do not pay the cost of make-ready infrastructure and to exempt transit agencies from paying the required deposit or providing a letter of credit to ComEd for the cost of make-ready infrastructure. On April 24, 2023, the AG also filed an application for rehearing on several topics, including the budget, rebate levels, retail rate cap, types of programs included in the beneficial electrification plan, compliance with the EV Act, benefit-to-cost analysis, and rate-related issues. On April 27, 2023, ICC staff filed a motion for clarification of the order's language regarding the annual budget. The ICC will likely rule on all of the applications for rehearing and staff's motion at their regularly scheduled May 4, 2023 regular open meeting. If the ICC denies rehearing, parties have 35 days to appeal arguments raised in their rehearing applications.

New Jersey Regulatory Matters

Termination of Energy Procurement Provisions of PPAs (Exelon, PHI, and ACE).

On December 22, 2021, ACE filed with the NJBPU a petition to terminate the provisions in the PPAs to purchase electricity from two coal-powered generation facilities located in the state of New Jersey. The petition was approved by the NJBPU on March 23, 2022. Upon closing of the transaction on March 31, 2022, ACE recognized a liability of $203 million for the contract termination fee, which is to be paid by the end of 2024, and recognized a corresponding regulatory asset of $203 million.

As of March 31, 2023, the $118 million liability for the contract termination fee consists of $87 million and $31 million included in Other current liabilities and Other deferred credits and other liabilities, respectively, in Exelon's Consolidated Balance Sheet. The current and noncurrent liabilities are included in PPA termination obligation and Other deferred credits and other liabilities, respectively, in PHI's and ACE's Consolidated Balance Sheets. For the three months ended March 31, 2023, ACE has paid $19 million of the liability, which is recorded in Changes in Other assets and liabilities in Exelon's, PHI's, and ACE's Consolidated Statements of Cash Flows.

Other Federal Regulatory Matters

FERC Audit (Exelon and ComEd). The Utility Registrants are subject to periodic audits by FERC. FERC's Division of Audits and Accounting initiated a nonpublic audit of ComEd in May 2021 evaluating ComEd's compliance with (1) approved terms, rates and conditions of its federally regulated service; (2) accounting requirements of the Uniform System of Accounts; (3) reporting requirements of the FERC Form 1; and (4) the requirements for record retention. The audit covered the period from January 1, 2017 through August 31, 2022. On January 17 and February 21, 2023, ComEd was provided with information on a series of potential findings, including concerning ComEd's methodology regarding the allocation of certain overhead costs to capital under FERC regulations. As of March 31, 2023, ComEd has continued discussions with FERC staff and determined that a loss is probable and has recorded a liability that reflects management's best estimate. The final outcome and resolution of the findings or of the audit itself cannot be predicted and the results could be material to the Exelon and ComEd financial statements.

Regulatory Assets and Liabilities

The Utility Registrants' regulatory assets and liabilities have not changed materially since December 31, 2022, unless noted below. See Note 3 — Regulatory Matters of the 2022 Form 10-K for additional information on the specific regulatory assets and liabilities.

ComEd. Regulatory assets increased $547 million primarily due to increases of $275 million in the CMC regulatory asset, as discussed in CEJA above, and $143 million in the Electric Distribution Formula Rate Annual Reconciliations regulatory asset.

PECO. Regulatory assets increased $44 million primarily due to an increase of $48 million in the Deferred Income Taxes regulatory asset. Regulatory liabilities increased $45 million primarily due to increases of $31 million in the Electric Energy and Natural Gas Costs regulatory liability and $28 million in the Decommissioning the Regulatory Agreement Units regulatory liability.

BGE. Regulatory assets increased $66 million primarily due to an increase of $54 million in the Under-Recovered Revenue Decoupling regulatory asset.

DPL. Regulatory assets decreased $17 million primarily due to a decrease of $18 million in the Electric Energy and Natural Gas Costs regulatory asset.

ACE. Regulatory assets decreased $18 million primarily due to a decrease of $35 million in the Electric Energy Costs regulatory asset as a result of the PPA termination. Regulatory liabilities decreased $19 million primarily due to a $9 million decrease in the Over-Recovered Revenue Decoupling regulatory liability.

Capitalized Ratemaking Amounts Not Recognized

The following table presents authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment that are not recognized for financial reporting purposes in the Registrants' Consolidated Balance Sheets. These amounts will be recognized as revenues in the related Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to the Utility Registrants' customers. PECO had no related amounts as of March 31, 2023 and December 31, 2022.

	Exelon	ComEd[(a)]	BGE[(b)]	PHI	Pepco[(c)]	DPL[(c)]	ACE[(b)]
March 31, 2023	$ 53	$ 13	$ 26	$ 14	$ 11	$ 2	$ 1
December 31, 2022	57	8	28	21	18	2	1

(a) Reflects ComEd's unrecognized equity returns earned for ratemaking purposes on its electric distribution formula rate regulatory assets.
(b) BGE's and ACE's authorized amounts capitalized for ratemaking purposes primarily relate to earnings on shareholder's investment on their respective AMI programs.
(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholder's investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs, and for Pepco District of Columbia revenue decoupling program. The earnings on energy efficiency are on Pepco District of Columbia and DPL Delaware programs only.

4. Revenue from Contracts with Customers (All Registrants)

The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers at an amount that the entities expect to be entitled to in exchange for those goods or services. The primary sources of revenue include regulated electric and gas tariff sales, distribution, and transmission services.

See Note 4 — Revenue from Contracts with Customers of the 2022 Form 10-K for additional information regarding the primary sources of revenue for the Registrants.

Contract Liabilities

The Registrants record contract liabilities when consideration is received or due prior to the satisfaction of the performance obligations. The Registrants record contract liabilities in Other current liabilities and Other noncurrent deferred credits and other liabilities in their Consolidated Balance Sheets.

For PHI, Pepco, DPL, and ACE these contract liabilities primarily relate to upfront consideration received in the third quarter of 2020 for a collaborative arrangement with an unrelated owner and manager of communication infrastructure. The revenue attributable to this arrangement will be recognized as operating revenue over the 35 years under the collaborative arrangement.

The following table provides a rollforward of the contract liabilities reflected in Exelon's, PHI's, Pepco's, DPL's, and ACE's Consolidated Balance Sheets for the three months ended March 31, 2023 and 2022. As of March 31, 2023 and December 31, 2022, ComEd's, PECO's, and BGE's contract liabilities were immaterial.

	Exelon[(a)]	PHI[(a)]	Pepco[(a)]	DPL	ACE
Balance as of December 31, 2022	$ 101	$ 101	$ 81	$ 10	$ 10
Revenues recognized	(1)	(1)	(1)	—	—
Balance as of March 31, 2023	$ 100	$ 100	$ 80	$ 10	$ 10

	Exelon[(a)]	PHI[(a)]	Pepco[(a)]	DPL	ACE
Balance as of December 31, 2021	$ 109	$ 109	$ 87	$ 11	$ 11
Revenues recognized	(2)	(2)	(2)	—	—
Balance as of March 31, 2022	$ 107	$ 107	$ 85	$ 11	$ 11

(a) Revenues recognized in the three months ended March 31, 2023 and 2022, were included in the contract liabilities at December 31, 2022 and 2021, respectively.

Transaction Price Allocated to Remaining Performance Obligations

The following table shows the amounts of future revenues expected to be recorded in each year for performance obligations that are unsatisfied or partially unsatisfied as of March 31, 2023. This disclosure only includes contracts for which the total consideration is fixed and determinable at contract inception. The average contract term varies by customer type and commodity but ranges from one month to several years.

This disclosure excludes the Utility Registrants' gas and electric tariff sales contracts and transmission revenue contracts as they generally have an original expected duration of one year or less and, therefore, do not contain any future, unsatisfied performance obligations to be included in this disclosure.

Year	Exelon	PHI	Pepco	DPL	ACE
2023	$ 7	$ 7	$ 5	$ 1	$ 1
2024	6	6	5	—	1
2025	5	5	5	—	—
2026	5	5	5	—	—
2027 and thereafter	77	77	60	9	8
Total	$ 100	$ 100	$ 80	$ 10	$ 10

Revenue Disaggregation

The Registrants disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. See Note 5 — Segment Information for the presentation of the Registrants' revenue disaggregation.

5. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the CODMs in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has six reportable segments, which include ComEd, PECO, BGE, and PHI's three reportable segments consisting of Pepco, DPL, and ACE. ComEd, PECO, BGE, Pepco, DPL, and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL, and ACE's CODMs evaluate the performance of and allocate resources to the segments based on net income.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three months ended March 31, 2023 and 2022 is as follows:

	ComEd	PECO	BGE	PHI	Other[a]	Intersegment Eliminations	Exelon
Operating revenues[b]:							
2023							
Electric revenues	$ 1,667	$ 795	$ 814	$ 1,436	$ —	$ (5)	$ 4,707
Natural gas revenues	—	317	443	97	—	(1)	856
Shared service and other revenues	—	—	—	3	437	(440)	—
Total operating revenues	$ 1,667	$ 1,112	$ 1,257	$ 1,536	$ 437	$ (446)	$ 5,563
2022							
Electric revenues	$ 1,734	$ 741	$ 736	$ 1,318	$ —	$ (7)	$ 4,522
Natural gas revenues	—	306	418	83	—	(2)	805
Shared service and other revenues	—	—	—	3	576	(579)	—
Total operating revenues	$ 1,734	$ 1,047	$ 1,154	$ 1,404	$ 576	$ (588)	$ 5,327
Intersegment revenues[c]:							
2023	$ 3	$ 2	$ 3	$ 3	$ 434	$ (445)	$ —
2022	6	1	7	3	576	(587)	6
Depreciation and amortization:							
2023	$ 338	$ 98	$ 167	$ 241	$ 16	$ —	$ 860
2022	321	92	171	218	15	—	817
Operating expenses:							
2023	$ 1,256	$ 902	$ 964	$ 1,297	$ 485	$ (447)	$ 4,457
2022	1,406	793	919	1,215	625	(531)	4,427
Interest expense, net:							
2023	$ 117	$ 48	$ 44	$ 76	$ 127	$ —	$ 412
2022	100	41	35	69	93	—	338
Income (loss) from continuing operations before income taxes:							
2023	$ 312	$ 170	$ 252	$ 189	$ (120)	$ —	$ 803
2022	240	220	207	137	(62)	(43)	699
Income taxes:							
2023	$ 71	$ 4	$ 52	$ 34	$ (27)	$ —	$ 134
2022	52	14	9	7	146	(10)	218
Net income (loss) from continuing operations:							
2023	$ 241	$ 166	$ 200	$ 155	$ (93)	$ —	$ 669
2022	188	206	198	130	(208)	(33)	481
Capital expenditures:							
2023	$ 617	$ 335	$ 350	$ 561	$ 18	$ —	$ 1,881
2022	617	344	303	409	22	—	1,695
Total assets:							
March 31, 2023	$ 40,720	$ 14,738	$ 13,411	$ 26,208	$ 6,042	$ (4,194)	$ 96,925
December 31, 2022	39,661	14,502	13,350	26,082	6,014	(4,260)	95,349

(a) Other primarily includes Exelon's corporate operations, shared service entities, and other financing and investment activities.

(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.
(c) See Note 16 — Related Party Transactions for additional information on intersegment revenues.

PHI:

	Pepco	DPL	ACE	Other[a]	Intersegment Eliminations	PHI
Operating revenues[b]:						
2023						
Electric revenues	$ 710	$ 377	$ 353	$ —	$ (4)	$ 1,436
Natural gas revenues	—	97	—	—	—	97
Shared service and other revenues	—	—	—	102	(99)	3
Total operating revenues	$ 710	$ 474	$ 353	$ 102	$ (103)	$ 1,536
2022						
Electric revenues	$ 614	$ 348	$ 349	$ —	$ 7	$ 1,318
Natural gas revenues	—	83	—	—	—	83
Shared service and other revenues	—	—	—	107	(104)	3
Total operating revenues	$ 614	$ 431	$ 349	$ 107	$ (97)	$ 1,404
Intersegment revenues[c]:						
2023	$ 1	$ 2	$ 1	$ 102	$ (103)	$ 3
2022	1	1	1	97	(97)	3
Depreciation and amortization:						
2023	$ 108	$ 60	$ 67	$ 6	$ —	$ 241
2022	108	57	47	6	—	218
Operating expenses:						
2023	$ 610	$ 388	$ 298	$ 104	$ (103)	$ 1,297
2022	547	357	311	97	(97)	1,215
Interest expense, net:						
2023	$ 39	$ 17	$ 16	$ 4	$ —	$ 76
2022	36	16	14	3	—	69
Income (loss) before income taxes:						
2023	$ 77	$ 72	$ 44	$ (4)	$ —	$ 189
2022	44	60	27	6	—	137
Income taxes:						
2023	$ 12	$ 12	$ 11	$ (1)	$ —	$ 34
2022	(2)	4	1	4	—	7
Net income (loss):						
2023	$ 65	$ 60	$ 33	$ (3)	$ —	$ 155
2022	46	56	26	2	—	130
Capital expenditures:						
2023	$ 264	$ 134	$ 161	$ 2	$ —	$ 561
2022	218	103	87	1	—	409
Total assets:						
March 31, 2023	$ 10,795	$ 5,804	$ 5,013	$ 4,638	$ (42)	$ 26,208
December 31, 2022	10,657	5,802	4,979	4,677	(33)	26,082

(a) Other primarily includes PHI's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.

(c) Includes intersegment revenues with ComEd, BGE, and PECO, which are eliminated at Exelon.

Electric and Gas Revenue by Customer Class (Utility Registrants):

The following tables disaggregate the Registrants' revenues recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of electric sales and natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with the Utility Registrants, but exclude any intercompany revenues.

	Three Months Ended March 31, 2023						
Revenues from contracts with customers	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Electric revenues							
Residential	$ 836	$ 519	$ 434	$ 639	$ 283	$ 210	$ 146
Small commercial & industrial	361	135	92	160	39	62	59
Large commercial & industrial	84	65	149	378	282	33	63
Public authorities & electric railroads	10	8	7	17	8	4	5
Other[a]	217	68	96	176	56	58	63
Total electric revenues[b]	$ 1,508	$ 795	$ 778	$ 1,370	$ 668	$ 367	$ 336
Natural gas revenues							
Residential	$ —	$ 223	$ 278	$ 60	$ —	$ 60	$ —
Small commercial & industrial	—	75	41	26	—	26	—
Large commercial & industrial	—	1	70	1	—	1	—
Transportation	—	8	—	4	—	4	—
Other[c]	—	9	19	6	—	6	—
Total natural gas revenues[d]	$ —	$ 316	$ 408	$ 97	$ —	$ 97	$ —
Total revenues from contracts with customers	$ 1,508	$ 1,111	$ 1,186	$ 1,467	$ 668	$ 464	$ 336
Other revenues							
Revenues from alternative revenue programs	$ 153	$ (4)	$ 65	$ 65	$ 39	$ 9	$ 17
Other electric revenues[e]	6	4	4	4	3	1	—
Other natural gas revenues[e]	—	1	2	—	—	—	—
Total other revenues	$ 159	$ 1	$ 71	$ 69	$ 42	$ 10	$ 17
Total revenues for reportable segments	$ 1,667	$ 1,112	$ 1,257	$ 1,536	$ 710	$ 474	$ 353

Note 5 — Segment Information

Revenues from contracts with customers	Three Months Ended March 31, 2022						
	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Electric revenues							
Residential	$ 857	$ 487	$ 417	$ 652	$ 275	$ 207	$ 170
Small commercial & industrial	423	111	81	141	38	56	47
Large commercial & industrial	153	64	131	323	253	26	44
Public authorities & electric railroads	14	8	7	16	8	4	4
Other[a]	239	62	97	193	46	56	81
Total electric revenues[b]	$ 1,686	$ 732	$ 733	$ 1,325	$ 620	$ 349	$ 346
Natural gas revenues							
Residential	$ —	$ 218	$ 282	$ 51	$ —	$ 51	$ —
Small commercial & industrial	—	76	45	21	—	21	—
Large commercial & industrial	—	—	65	3	—	3	—
Transportation	—	8	—	4	—	4	—
Other[c]	—	3	35	4	—	4	—
Total natural gas revenues[d]	$ —	$ 305	$ 427	$ 83	$ —	$ 83	$ —
Total revenues from contracts with customers	$ 1,686	$ 1,037	$ 1,160	$ 1,408	$ 620	$ 432	$ 346
Other revenues							
Revenues from alternative revenue programs	$ 40	$ 6	$ (12)	$ (5)	$ (7)	$ (1)	$ 3
Other electric revenues[e]	8	3	4	1	1	—	—
Other natural gas revenues[e]	—	1	2	—	—	—	—
Total other revenues	$ 48	$ 10	$ (6)	$ (4)	$ (6)	$ (1)	$ 3
Total revenues for reportable segments	$ 1,734	$ 1,047	$ 1,154	$ 1,404	$ 614	$ 431	$ 349

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates in 2023 and 2022 respectively of:
- $3 million, $6 million at ComEd
- $1 million, $1 million at PECO
- $2 million, $2 million at BGE
- $3 million, $3 million at PHI
- $1 million, $1 million at Pepco
- $2 million, $2 million at DPL
- $1 million, $1 million at ACE

(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates in 2023 and 2022 respectively of:
- $1 million, less than a $1 million at PECO
- $1 million, $6 million at BGE

(e) Includes late payment charge revenues.

6. Accounts Receivable (All Registrants)

Allowance for Credit Losses on Accounts Receivable

The following tables present the rollforward of Allowance for Credit Losses on Customer Accounts Receivable.

	Three Months Ended March 31, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of December 31, 2022	$ 327	$ 59	$ 105	$ 54	$ 109	$ 47	$ 21	$ 41
Plus: Current period provision for expected credit losses[(a)]	108	22	39	30	17	9	7	1
Less: Write-offs, net of recoveries[(b)]	46	7	14	11	14	7	2	5
Balance as of March 31, 2023	$ 389	$ 74	$ 130	$ 73	$ 112	$ 49	$ 26	$ 37

	Three Months Ended March 31, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of December 31, 2021	$ 320	$ 73	$ 105	$ 38	$ 104	$ 37	$ 18	$ 49
Plus: Current period provision for expected credit losses	110	26	31	26	27	11	7	9
Less: Write-offs, net of recoveries	41	7	11	5	18	8	1	9
Balance as of March 31, 2022	$ 389	$ 92	$ 125	$ 59	$ 113	$ 40	$ 24	$ 49

(a) For PECO and BGE, the change in current period provision for expected credit losses is primarily a result of increased aging of receivables.
(b) Recoveries were not material to the Registrants.

The following tables present the rollforward of Allowance for Credit Losses on Other Accounts Receivable.

	Three Months Ended March 31, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of December 31, 2022	$ 82	$ 17	$ 9	$ 10	$ 46	$ 25	$ 7	$ 14
Plus: Current period provision for expected credit losses	14	2	3	4	5	3	1	1
Less: Write-offs, net of recoveries[(a)]	5	1	1	2	1	—	—	1
Balance as of March 31, 2023	$ 91	$ 18	$ 11	$ 12	$ 50	$ 28	$ 8	$ 14

	Three Months Ended March 31, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance as of December 31, 2021	$ 72	$ 17	$ 7	$ 9	$ 39	$ 16	$ 8	$ 15
Plus: Current period provision for expected credit losses	14	4	3	3	4	2	1	1
Less: Write-offs, net of recoveries	5	1	1	1	2	—	—	2
Balance as of March 31, 2022	$ 81	$ 20	$ 9	$ 11	$ 41	$ 18	$ 9	$ 14

(a) Recoveries were not material to the Registrants.

Unbilled Customer Revenue

The following table provides additional information about unbilled customer revenues recorded in the Registrants' Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022.

	Unbilled customer revenues[a]							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
March 31, 2023	$ 709	$ 237	$ 149	$ 149	$ 174	$ 74	$ 49	$ 51
December 31, 2022	912	223	219	247	223	103	74	46

(a) Unbilled customer revenues are classified in Customer accounts receivable, net in the Registrants' Consolidated Balance Sheets.

Other Purchases of Customer and Other Accounts Receivables

The Utility Registrants are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia, Delaware, and New Jersey, to purchase certain receivables from alternative retail electric and, as applicable, natural gas suppliers that participate in the utilities' consolidated billing. The following table presents the total receivables purchased.

	Total receivables purchased							
	Exelon[a]	ComEd	PECO	BGE[a]	PHI	Pepco	DPL	ACE
Three months ended March 31, 2023	$ 1,108	$ 240	$ 309	$ 245	$ 314	$ 210	$ 56	$ 48
Three months ended March 31, 2022	1,044	248	292	222	282	174	57	51

(a) Includes $4 million of receivables purchased from Generation prior to the separation on February 1, 2022 for the three months ended March 31, 2022.

7. Income Taxes (All Registrants)

Rate Reconciliation

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

	Three Months Ended March 31, 2023[a]							
	Exelon	ComEd	PECO[b]	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
Increase (decrease) due to:								
State income taxes, net of Federal income tax benefit	6.0	7.9	(1.4)	6.4	6.0	5.4	6.3	6.9
Plant basis differences	(4.0)	(0.3)	(15.2)	(0.7)	(1.8)	(2.5)	(1.0)	(0.9)
Excess deferred tax amortization	(6.3)	(5.7)	(2.4)	(5.4)	(7.0)	(8.4)	(8.8)	(2.0)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.1)	(0.1)	—	(0.1)	(0.1)
Tax credits	(0.5)	(0.3)	—	(0.5)	(0.4)	(0.4)	(0.4)	(0.3)
Other	0.6	0.3	0.4	(0.1)	0.3	0.5	(0.3)	0.4
Effective income tax rate	16.7 %	22.8 %	2.4 %	20.6 %	18.0 %	15.6 %	16.7 %	25.0 %

	Three Months Ended March 31, 2022[a]							
	Exelon	ComEd	PECO[c]	BGE[c]	PHI	Pepco[c]	DPL	ACE[c]
U.S. Federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
Increase (decrease) due to:								
State income taxes, net of Federal income tax benefit[d]	21.1	8.0	(0.1)	2.4	3.7	(4.5)	6.2	6.8
Plant basis differences	(3.6)	(0.6)	(11.3)	(0.9)	(1.6)	(2.6)	(0.7)	(1.3)
Excess deferred tax amortization	(11.5)	(6.3)	(3.2)	(17.6)	(17.7)	(17.4)	(19.4)	(22.2)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.1)	(0.1)	—	(0.2)	(0.2)
Tax credits[e]	1.7	(0.3)	—	(0.4)	(0.4)	(0.4)	(0.3)	(0.3)
Other[f]	2.6	—	—	(0.1)	0.2	(0.6)	0.1	(0.1)
Effective income tax rate	31.2 %	21.7 %	6.4 %	4.3 %	5.1 %	(4.5)%	6.7 %	3.7 %

(a) Positive percentages represent income tax expense. Negative percentages represent income tax benefit.
(b) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions.
(c) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions. For BGE, the lower effective tax rate is primarily due to the Maryland multi-year plan which resulted in the acceleration of certain income tax benefits. For Pepco, the income tax benefit is primarily due to the Maryland and Washington, D.C. multi-year plans which resulted in the acceleration of certain income tax benefits. For ACE, the lower effective tax rate is primarily related to the acceleration of certain income tax benefits due to distribution rate case settlements.
(d) For Exelon, the higher state income taxes, net of federal income tax benefit, is primarily due to the long-term marginal state income tax rate change of approximately $67 million and the recognition of a valuation allowance of approximately $40 million against the net deferred tax asset position for certain standalone state filing jurisdiction as a result of the separation.
(e) For Exelon, reflects the income tax expense related to the write-off of federal tax credits subject to recapture of approximately $15 million as a result of the separation.
(f) For Exelon, primarily reflects the nondeductible transaction costs of approximately $19 million arising as part of the separation.

Unrecognized Tax Benefits

Exelon, PHI and ACE have the following unrecognized tax benefits as of March 31, 2023 and December 31, 2022. ComEd's, PECO's, BGE's, Pepco's, and DPL's amounts are not material.

	Exelon[a]	PHI	ACE
March 31, 2023	$ 148	$ 59	$ 17
December 31, 2022	148	59	17

(a) As of March 31, 2023 and December 31, 2022, Exelon recorded a receivable of $50 million in Other deferred debits and other assets in the Consolidated Balance Sheet for Constellation's share of unrecognized tax benefits for periods prior to the separation.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

As of March 31, 2023, ACE has $14 million of unrecognized state tax benefits that could significantly decrease within the 12 months after the reporting date based on the outcome of pending court cases involving other taxpayers. The unrecognized tax benefit, if recognized, may be included in future base rates and that portion would have no impact to the effective tax rate.

Other Tax Matters

Tax Matters Agreement (Exelon)

In connection with the separation, Exelon entered into a TMA with Constellation. The TMA governs the respective rights, responsibilities, and obligations between Exelon and Constellation after the separation with respect to tax liabilities, refunds and attributes for open tax years that Constellation was part of Exelon's consolidated group for U.S. federal, state, and local tax purposes.

Indemnification for Taxes. As a former subsidiary of Exelon, Constellation has joint and several liability with Exelon to the IRS and certain state jurisdictions relating to the taxable periods prior to the separation. The TMA specifies that Constellation is liable for their share of taxes required to be paid by Exelon with respect to taxable periods prior to the separation to the extent Constellation would have been responsible for such taxes under the existing Exelon tax sharing agreement. As of March 31, 2023, Exelon recorded a payable of $18 million in Other current liabilities that is due to Constellation.

Tax Refunds. The TMA specifies that Constellation is entitled to their share of any future tax refunds claimed by Exelon with respect to taxable periods prior to the separation to the extent that Constellation would have received such tax refunds under the existing Exelon tax sharing agreement.

Tax Attributes. At the date of separation certain tax attributes, primarily pre-closing tax credit carryforwards, that were generated by Constellation were required by law to be allocated to Exelon. The TMA provides that Exelon will reimburse Constellation when those allocated tax credit carryforwards are utilized. As of March 31, 2023, Exelon recorded a payable of $212 million and $319 million in Other current liabilities and Other deferred credits and other liabilities, respectively, in the Consolidated Balance Sheet for tax attribute carryforwards that are expected to be utilized and reimbursed to Constellation.

Corporate Alternative Minimum Tax (All Registrants)

On August 16, 2022, the IRA was signed into law and implements a new corporate alternative minimum tax (CAMT) that imposes a 15.0% tax on modified GAAP net income. Corporations are entitled to a tax credit (minimum tax credit) to the extent the CAMT liability exceeds the regular tax liability. This amount can be carried forward indefinitely and used in future years when regular tax exceeds the CAMT.

Beginning in 2023, Exelon and each of the Utility Registrants will be subject to and will report the CAMT on a separate Registrant basis in the Consolidated Statements of Operations and Comprehensive Income and the Consolidated Balance Sheets. The deferred tax asset related to the minimum tax credit carryforward will be realized to the extent Exelon's consolidated deferred tax liabilities exceed the minimum tax credit carryforward. Exelon's deferred tax liabilities are expected to exceed the minimum tax credit carryforward for the foreseeable future and thus no valuation allowance is required. Exelon is continuing to assess the financial statement impacts of the IRA and will update estimates based on future guidance issued by the U.S. Treasury.

8. Retirement Benefits (All Registrants)

Defined Benefit Pension and OPEB

The majority of the 2023 pension benefit cost for the Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 5.53%. The majority of the 2023 OPEB cost is calculated using an expected long-term rate of return on plan assets of 6.50% for funded plans and a discount rate of 5.51%.

During the first quarter of 2023, Exelon received an updated valuation of its pension and OPEB to reflect actual census data as of January 1, 2023. This valuation resulted in an increase to the pension obligation of $27 million and an increase to the OPEB obligation of $2 million. Additionally, AOCI increased by $10 million (after-tax) and regulatory assets and liabilities increased by $18 million and $1 million, respectively.

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three months ended March 31, 2023 and 2022.

	Pension Benefits		OPEB	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2023	2022	2023	2022
Components of net periodic benefit cost:				
Service cost	$ 39	$ 61	$ 6	$ 10
Interest cost	145	110	25	19
Expected return on assets	(189)	(209)	(21)	(25)
Amortization of:				
Prior service cost (credit)	1	1	(2)	(5)
Actuarial loss	41	76	—	4
Net periodic benefit cost	$ 37	$ 39	$ 8	$ 3

The amounts below represent the Registrants' allocated pension and OPEB costs. For Exelon, the service cost component is included in Operating and maintenance expense and Property, plant, and equipment, net while the non-service cost components are included in Other, net and Regulatory assets. For the Utility Registrants, which apply multi-employer accounting, the service cost and non-service cost components are included in Operating and maintenance expense and Property, plant, and equipment, net in their consolidated financial statements.

Pension and OPEB Costs (Benefit)	Three Months Ended March 31, 2023	2022
Exelon	$ 45	$ 42
ComEd	6	16
PECO	(3)	(2)
BGE	14	11
PHI	24	13
Pepco	8	2
DPL	4	1
ACE	4	3

Defined Contribution Savings Plan

The Registrants participate in a 401(k) defined contribution savings plan that is sponsored by Exelon. The plan is qualified under applicable sections of the IRC and allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the employer contributions and employer matching contributions to the savings plan for the three months ended March 31, 2023 and 2022.

Savings Plan Employer Contributions	Three Months Ended March 31, 2023	2022
Exelon	$ 21	$ 20
ComEd	9	8
PECO	3	3
BGE	2	2
PHI	3	3
Pepco	1	1
DPL	1	1
ACE	—	—

9. Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations. The Registrants do not execute derivatives for speculative or proprietary trading purposes.

Authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include NPNS, cash flow hedges, and fair value hedges. At ComEd, derivative economic hedges related to commodities are recorded at fair value and offset by a corresponding regulatory asset or liability. At Exelon, derivative economic hedges related to interest rates are recorded at fair value and offsets are recorded to Electric operating revenues or Interest expense based on the activity the transaction is economically hedging. For all NPNS derivative instruments, accounts receivable or accounts payable are recorded when derivatives settle and revenue or expense is recognized in earnings as the underlying physical commodity is sold or consumed. At Exelon, derivative hedges that qualify and are designated as cash flow hedges are recorded at fair value and offsets are recorded to AOCI.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade. Cash collateral held by PECO, BGE, Pepco, DPL, and ACE must be deposited in an unaffiliated major U.S. commercial bank or foreign bank with a U.S. branch office that meets certain qualifications.

Commodity Price Risk

The Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, which are either determined to be non-derivative or classified as economic hedges. The Utility Registrants procure electric and natural gas supply through a competitive procurement process approved by each of the respective state utility commissions. The Utility Registrants' hedging programs are intended to reduce exposure to energy and natural gas price volatility and have no direct earnings impact as the costs are fully recovered from customers through regulatory-approved recovery mechanisms. The following table provides a summary of the Utility Registrants' primary derivative hedging instruments, listed by commodity and accounting treatment.

Registrant	Commodity	Accounting Treatment	Hedging Instrument
ComEd	Electricity	NPNS	Fixed price contracts based on all requirements in the IPA procurement plans.
	Electricity	Changes in fair value of economic hedge recorded to an offsetting regulatory asset or liability[(a)]	20-year floating-to-fixed energy swap contracts beginning June 2012 based on the renewable energy resource procurement requirements in the Illinois Settlement Legislation of approximately 1.3 million MWhs per year.
PECO	Electricity	NPNS	Fixed price contracts for default supply requirements through full requirements contracts.
	Gas	NPNS	Fixed price contracts to cover about 10% of planned natural gas purchases in support of projected firm sales.
BGE	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
	Gas	NPNS	Fixed price contracts for between 10-20% of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period.
Pepco	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
DPL	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
	Gas	NPNS	Fixed and index priced contracts through full requirements contracts.
	Gas	Changes in fair value of economic hedge recorded to an offsetting regulatory asset or liability[(b)]	Exchange traded future contracts for up to 50% of estimated monthly purchase requirements each month, including purchases for storage injections.
ACE	Electricity	NPNS	Fixed price contracts for all BGS requirements through full requirements contracts.

(a) See Note 3 — Regulatory Matters of the 2022 Form 10-K for additional information.
(b) The fair value of the DPL economic hedge is not material as of March 31, 2023 and December 31, 2022.

The fair value of derivative economic hedges is presented in Other current assets and current and noncurrent Mark-to-market derivative liabilities in Exelon's and ComEd's Consolidated Balance Sheets.

Interest Rate and Other Risk (Exelon)

Exelon Corporate uses a combination of fixed-rate and variable-rate debt to manage interest rate exposure. Exelon Corporate may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. In addition, Exelon Corporate may also utilize interest rate swaps to manage interest rate exposure and manage potential fluctuations in Electric operating revenues at the corporate level in consolidation, which are directly correlated to yields on U.S. Treasury bonds under ComEd's distribution formula rate. These interest rate swaps are accounted for as economic hedges. A hypothetical 50

basis point change in the interest rates associated with Exelon's interest rate swaps as of March 31, 2023 would result in an immaterial impact to Exelon's Consolidated Net Income.

Below is a summary of the interest rate hedge balances as of March 31, 2023 and December 31, 2022.

	March 31, 2023		
	Derivatives Designated as Hedging Instruments	Economic Hedges	Total
Other deferred debits (noncurrent assets)	$ —	$ 3	$ 3
Total derivative assets	—	3	3
Mark-to-market derivative liabilities (current liabilities)	—	(1)	(1)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1)	—	(1)
Total mark-to-market derivative liabilities	(1)	(1)	(2)
Total mark-to-market derivative net assets	$ (1)	$ 2	$ 1

	December 31, 2022		
	Derivatives Designated as Hedging Instruments	Economic Hedges	Total
Other deferred debits (noncurrent assets)	$ 6	$ 5	$ 11
Total derivative assets	6	5	11
Mark-to-market derivative liabilities (current liabilities)	—	(3)	(3)
Mark-to-market derivative liabilities (noncurrent liabilities)	(4)	—	(4)
Total mark-to-market derivative liabilities	(4)	(3)	(7)
Total mark-to-market derivative net assets	$ 2	$ 2	$ 4

Cash Flow Hedges (Interest Rate Risk)

For derivative instruments that qualify and are designated as cash flow hedges, the changes in fair value each period are initially recorded in AOCI and reclassified into earnings when the underlying transaction affects earnings. The total notional of the swaps issued as of December 31, 2022 was $1.27 billion. In January 2023, Exelon Corporate entered into $115 million notional of 5-year maturity floating-to-fixed swaps and $115 million notional of 10-year maturity floating-to-fixed swaps, for a total of $230 million designated as cash flow hedges. In February 2023, Exelon terminated the previously issued floating-to-fixed swaps with a total notional of $1.5 billion upon issuance of $2.5 billion of debt. See Note 10 – Debt and Credit Agreements for additional information on the debt issuance. Prior to the termination, the AOCI derivative gain was $7 million (net of tax). The settlements resulted in a cash receipt of $10 million, which will be amortized into Interest expense in Exelon's Consolidated Statement of Operations and Comprehensive Income over the terms of the swaps. See Note 14 – Changes in Accumulated Other Comprehensive Income (Loss) for additional information.

In March 2023, Exelon Corporate entered into $65 million notional of 5-year maturity floating-to-fixed swaps and $65 million 10-year maturity floating-to-fixed swaps, for a total of $130 million designated as cash flow hedges. The related AOCI derivative gain for the three months ended as of March 31, 2023 was immaterial.

Economic Hedges (Interest Rate and Other Risk)

Exelon Corporate executes derivative instruments to mitigate exposure to fluctuations in interest rates but for which the fair value or cash flow hedge elections were not made. For derivatives intended to serve as economic hedges, fair value is recorded on the balance sheet and changes in fair value each period are recognized in earnings or as a regulatory asset or liability, if regulatory requirements are met, each period.

Exelon Corporate enters into floating-to-fixed interest rate cap swaps to manage a portion of interest rate exposure in connection with existing borrowings. In the fourth quarter of 2022, Exelon Corporate entered into $1

billion notional of 18-month maturity floating-to-fixed interest rate cap swaps and $850 million notional of 6-month maturity floating-to-fixed interest rate cap swaps, for a total of $1.85 billion notional of floating-to-fixed interest rate cap swaps as of December 31, 2022. The 6-month maturity floating-to-fixed interest rate cap swaps of $850 million notional matured in March 2023. The total remaining notional of the swaps was $1 billion as of March 31, 2023.

Additionally, to manage potential fluctuations in Electric operating revenues related to ComEd's distribution formula rate, Exelon Corporate enters into 30-year constant maturity treasury interest rate (Corporate 30-year treasury) swaps. In the first quarter of 2023, Exelon Corporate entered into a total of $3.6 billion notional of calendar year 2023 Corporate 30-year treasury swaps. The total notional of the swaps issued was $4.1 billion and $500 million as of March 31, 2023 and December 31, 2022, respectively.

For the three months ended March 31, 2023, Exelon Corporate recognized the following net pre-tax mark-to-market gains (losses) which are also recognized in Net fair value changes related to derivatives in Exelon's Consolidated Statements of Cash Flows. Exelon had no swaps for the three months ended March 31, 2022.

	Gain (Loss)
Income Statement Location	2023
Electric operating revenues	$ 1
Interest expense	(1)
Total	$ —

Credit Risk

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. The Utility Registrants have contracts to procure electric and natural gas supply that provide suppliers with a certain amount of unsecured credit. If the exposure on the supply contract exceeds the amount of unsecured credit, the suppliers may be required to post collateral. The net credit exposure is mitigated primarily by the ability to recover procurement costs through customer rates. The amount of cash collateral received from external counterparties decreased as of March 31, 2023 due to decreasing energy prices. The amount of cash collateral for PECO was immaterial as of March 31, 2023 and December 31, 2022. The following table reflects the Registrants' cash collateral held with external counterparties, which is recorded in Other current liabilities on their respective Consolidated Balance Sheets, as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Exelon	$ 81	$ 297
ComEd	73	77
BGE	1	23
PHI	8	197
Pepco	1	26
DPL	1	121
ACE	6	50

The Utility Registrants’ electric supply procurement contracts do not contain provisions that would require them to post collateral. PECO’s, BGE’s, and DPL’s natural gas procurement contracts contain provisions that could require PECO, BGE, and DPL to post collateral in the form of cash or credit support, which vary by contract and counterparty, with thresholds contingent upon PECO’s, BGE's, and DPL’s credit rating. As of March 31, 2023, PECO, BGE, and DPL were not required to post collateral for any of these agreements. If PECO, BGE, or DPL lost their investment grade credit rating as of March 31, 2023, they could have been required to post collateral to their counterparties of $39 million, $73 million, and $14 million, respectively.

10. Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon Corporate, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. PECO meets their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. Pepco, DPL, and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the PHI intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and borrowings from the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

Commercial Paper

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements as of March 31, 2023 and December 31, 2022. As of March 31, 2023 and December 31, 2022, ACE had no commercial paper borrowings:

	Outstanding Commercial Paper as of		Average Interest Rate on Commercial Paper Borrowings as of	
Commercial Paper Issuer	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Exelon[(a)]	$ 807	$ 1,938	5.12 %	4.77 %
ComEd	409	427	5.09 %	4.71 %
PECO	145	239	5.04 %	4.71 %
BGE	243	409	5.24 %	4.81 %
PHI[(b)]	—	414	— %	4.78 %
Pepco	—	299	— %	4.79 %
DPL	—	115	— %	4.76 %

(a) Exelon Corporate had $10 million and $449 million in outstanding commercial paper borrowings as of March 31, 2023 and December 31, 2022, respectively.
(b) Represents the consolidated amounts of Pepco, DPL, and ACE.

Revolving Credit Agreements

Exelon Corporate and the Utility Registrants each have a 5-year revolving credit facility. The following table reflects the credit agreements:

Borrower	Aggregate Bank Commitment	Interest Rate
Exelon Corporate	$ 900	SOFR plus 1.275 %
ComEd	1,000	SOFR plus 1.000 %
PECO	600	SOFR plus 0.900 %
BGE	600	SOFR plus 0.900 %
Pepco	300	SOFR plus 1.075 %
DPL	300	SOFR plus 1.000 %
ACE	300	SOFR plus 1.075 %

Exelon Corporate and the Utility Registrants had no outstanding amounts on the revolving credit facilities as of March 31, 2023.

The Utility Registrants have credit facility agreements, arranged at minority and community banks, which are solely utilized to issue letters of credit. The new facility agreements have aggregate commitments of $40 million, $40 million, $15 million, $15 million, $15 million, and $15 million, at ComEd, PECO, BGE, Pepco, DPL, and ACE, respectively. These facilities expire on October 6, 2023.

See Note 16 — Debt and Credit Agreements of the 2022 Form 10-K for additional information on the Registrants' credit facilities.

Short-Term Loan Agreements

On March 23, 2017, Exelon Corporate entered into a term loan agreement for $500 million. The loan agreement was renewed in the first quarter of 2023 and was bifurcated into two tranches of $300 million on March 14, 2023 and $200 million on March 24, 2023. The agreements will expire on March 14, 2024 and March 22, 2024, respectively. Pursuant to the loan agreements, loans made thereunder bear interest at a variable rate equal to SOFR plus 0.90% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's Consolidated Balance Sheets within Short-term borrowings.

On October 4, 2022, ComEd entered into a 364-day term loan agreement for $150 million with a variable rate equal to SOFR plus 0.75% and an expiration date of October 3, 2023. The proceeds from this loan were used to repay outstanding commercial paper obligations. The balance of the loan was repaid on January 13, 2023 in conjunction with the $400 million and $575 million First Mortgage Bond agreements that were entered into on January 3, 2023. Refer to the Issuance of Long-Term Debt table below for further information.

Long-Term Debt

Issuance of Long-Term Debt

During the three months ended March 31, 2023, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon	Notes	5.15%	March 15, 2028	$1,000	Repay existing indebtedness and for general corporate purposes.
Exelon	Notes	5.30%	March 15, 2033	850	Repay existing indebtedness and for general corporate purposes.
Exelon	Notes	5.60%	March 15, 2053	650	Repay existing indebtedness and for general corporate purposes.
ComEd	First Mortgage Bonds, Series 134	4.90%	February 1, 2033	400	Repay outstanding commercial paper obligations and to fund other general corporate purposes.
ComEd	First Mortgage Bonds Series 135	5.30%	February 1, 2053	575	Repay outstanding commercial paper obligations and to fund other general corporate purposes.
Pepco[(a)]	First Mortgage Bonds	5.30%	March 15, 2033	85	Repay existing indebtedness and for general corporate purposes.
Pepco	First Mortgage Bonds	5.40%	March 15, 2038	40	Repay existing indebtedness and for general corporate purposes.
Pepco	First Mortgage Bonds	5.57%	March 15, 2053	125	Repay existing indebtedness and for general corporate purposes.
DPL[(b)]	First Mortgage Bonds	5.30%	March 15, 2033	60	Repay existing indebtedness and for general corporate purposes.
DPL	First Mortgage Bonds	5.57%	March 15, 2053	65	Repay existing indebtedness and for general corporate purposes.
ACE	First Mortgage Bonds	5.57%	March 15, 2053	75	Repay existing indebtedness and for general corporate purposes.

(a) On March 15, 2023, Pepco entered into a purchase agreement of First Mortgage Bonds of $100 million at 5.35% due on September 13, 2033. The closing date of the issuance is expected to occur in September 2023.

(b) On March 15, 2023, DPL entered into a purchase agreement of First Mortgage Bonds of $340 million, $75 million, and $110 million at 5.45%, 5.55% and 5.72% due on November 8, 2033, November 8, 2038, and November 8, 2053, respectively. The closing date of the issuance is expected to occur in November 2023.

Debt Covenants

As of March 31, 2023, the Registrants are in compliance with debt covenants.

11. Fair Value of Financial Assets and Liabilities (All Registrants)

Exelon measures and classifies fair value measurements in accordance with the hierarchy as defined by GAAP. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

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

Fair Value of Financial Liabilities Recorded at Amortized Cost

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of March 31, 2023 and December 31, 2022. The Registrants have no financial liabilities classified as Level 1 or measured using the NAV practical expedient.

The carrying amounts of the Registrants' short-term liabilities as presented in their Consolidated Balance Sheets are representative of their fair value (Level 2) because of the short-term nature of these instruments.

	March 31, 2023				December 31, 2022			
		Fair Value				Fair Value		
	Carrying Amount	Level 2	Level 3	Total	Carrying Amount	Level 2	Level 3	Total
Long-Term Debt, including amounts due within one year[(a)]								
Exelon	$ 40,088	$ 33,224	$ 2,870	$ 36,094	$ 37,074	$ 29,902	$ 2,327	$ 32,229
ComEd	11,480	10,236	—	10,236	10,518	9,006	—	9,006
PECO	4,613	3,946	50	3,996	4,612	3,864	50	3,914
BGE	4,208	3,685	—	3,685	4,207	3,613	—	3,613
PHI	8,553	4,632	2,820	7,452	8,120	4,507	2,277	6,784
Pepco	3,995	2,295	1,507	3,802	3,751	2,229	1,205	3,434
DPL	2,061	1,183	604	1,787	1,938	1,164	458	1,622
ACE	1,831	935	709	1,644	1,757	909	614	1,523
Long-Term Debt to Financing Trusts								
Exelon	$ 390	$ —	$ 392	$ 392	$ 390	$ —	$ 384	$ 384
ComEd	205	—	207	207	205	—	204	204
PECO	184	—	185	185	184	—	180	180

(a) Includes unamortized debt issuance costs, unamortized debt discount and premium, net, purchase accounting fair value adjustments, and finance lease liabilities which are not fair valued. Refer to Note 16 — Debt and Credit Agreements of the 2022 Form 10-K for unamortized debt issuance costs, unamortized debt discount and premium, net, and purchase accounting fair value adjustments and Note 10 — Leases of the 2022 Form 10-K for finance lease liabilities.

Recurring Fair Value Measurements

The following tables present assets and liabilities measured and recorded at fair value in the Registrants' Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2023 and December 31, 2022. The Registrants have no financial assets or liabilities measured using the NAV practical expedient:

Exelon

	As of March 31, 2023				As of December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents[(a)]	$ 523	$ —	$ —	$ 523	$ 664	$ —	$ —	$ 664
Rabbi trust investments								
Cash equivalents	65	—	—	65	62	—	—	62
Mutual funds	49	—	—	49	49	—	—	49
Fixed income	—	7	—	7	—	7	—	7
Life insurance contracts	—	56	41	97	—	58	40	98
Rabbi trust investments subtotal	114	63	41	218	111	65	40	216
Interest rate derivative assets								
Derivatives designated as hedging instruments	—	—	—	—	—	6	—	6
Economic hedges	—	3	—	3	—	5	—	5
Interest rate derivative assets subtotal	—	3	—	3	—	11	—	11
Total assets	637	66	41	744	775	76	40	891
Liabilities								
Mark-to-market derivative liabilities	—	—	(98)	(98)	—	—	(84)	(84)
Interest rate derivative liabilities								
Derivatives designated as hedging instruments	—	(1)	—	(1)	—	(4)	—	(4)
Economic hedges	—	(1)	—	(1)	—	(3)	—	(3)
Interest rate derivative liabilities subtotal	—	(2)	—	(2)	—	(7)	—	(7)
Deferred compensation obligation	—	(75)	—	(75)	—	(75)	—	(75)
Total liabilities	—	(77)	(98)	(175)	—	(82)	(84)	(166)
Total net assets (liabilities)	$ 637	$ (11)	$ (57)	$ 569	$ 775	$ (6)	$ (44)	$ 725

(a) Exelon excludes cash of $482 million and $345 million as of March 31, 2023 and December 31, 2022, respectively, and restricted cash of $78 million and $81 million as of March 31, 2023 and December 31, 2022, respectively, and includes long-term restricted cash of $180 million and $117 million as of March 31, 2023 and December 31, 2022, respectively, which is reported in Other deferred debits and other assets in the Consolidated Balance Sheets.

ComEd, PECO, and BGE

	ComEd				PECO				BGE			
As of March 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[a]	$ 454	$ —	$ —	$ 454	$ 11	$ —	$ —	$ 11	$ 1	$ —	$ —	$ 1
Rabbi trust investments												
Mutual funds	—	—	—	—	8	—	—	8	9	—	—	9
Life insurance contracts	—	—	—	—	—	15	—	15	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	8	15	—	23	9	—	—	9
Total assets	454	—	—	454	19	15	—	34	10	—	—	10
Liabilities												
Mark-to-market derivative liabilities[b]	—	—	(98)	(98)	—	—	—	—	—	—	—	—
Deferred compensation obligation	—	(8)	—	(8)	—	(8)	—	(8)	—	(4)	—	(4)
Total liabilities	—	(8)	(98)	(106)	—	(8)	—	(8)	—	(4)	—	(4)
Total net assets (liabilities)	$ 454	$ (8)	$ (98)	$ 348	$ 19	$ 7	$ —	$ 26	$ 10	$ (4)	$ —	$ 6

	ComEd				PECO				BGE			
As of December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[a]	$ 392	$ —	$ —	$ 392	$ 10	$ —	$ —	$ 10	$ 23	$ —	$ —	$ 23
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	7	—	—	7
Life insurance contracts	—	—	—	—	—	15	—	15	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	15	—	22	7	—	—	7
Total assets	392	—	—	392	17	15	—	32	30	—	—	30
Liabilities												
Mark-to-market derivative liabilities[b]	—	—	(84)	(84)	—	—	—	—	—	—	—	—
Deferred compensation obligation	—	(8)	—	(8)	—	(7)	—	(7)	—	(4)	—	(4)
Total liabilities	—	(8)	(84)	(92)	—	(7)	—	(7)	—	(4)	—	(4)
Total net assets (liabilities)	$ 392	$ (8)	$ (84)	$ 300	$ 17	$ 8	$ —	$ 25	$ 30	$ (4)	$ —	$ 26

(a) ComEd excludes cash of $51 million and $42 million as of March 31, 2023 and December 31, 2022, respectively, and restricted cash of $73 million and $77 million as of March 31, 2023 and December 31, 2022, respectively, and includes long-term restricted cash of $180 million and $117 million as of March 31, 2023 and December 31, 2022, respectively, which is reported in Other deferred debits and other assets in the Consolidated Balance Sheets. PECO excludes cash of $25 million and $58 million as of March 31, 2023 and December 31, 2022, respectively. BGE excludes cash of $19 million and $43 million as of March 31, 2023 and December 31, 2022, respectively, and restricted cash of $1 million and $1 million as of March 31, 2023 and December 31, 2022, respectively.

(b) The Level 3 balance consists of the current and noncurrent liability of $22 million and $76 million, respectively, as of March 31, 2023 and $5 million and $79 million, respectively, as of December 31, 2022 related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

PHI, Pepco, DPL, and ACE

	As of March 31, 2023				As of December 31, 2022			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents[(a)]	$ 35	$ —	$ —	$ 35	$ 205	$ —	$ —	$ 205
Rabbi trust investments								
Cash equivalents	62	—	—	62	59	—	—	59
Mutual funds	10	—	—	10	11	—	—	11
Fixed income	—	7	—	7	—	7	—	7
Life insurance contracts	—	20	39	59	—	22	39	61
Rabbi trust investments subtotal	72	27	39	138	70	29	39	138
Total assets	107	27	39	173	275	29	39	343
Liabilities								
Deferred compensation obligation	—	(13)	—	(13)	—	(14)	—	(14)
Total liabilities	—	(13)	—	(13)	—	(14)	—	(14)
Total net assets	$ 107	$ 14	$ 39	$ 160	$ 275	$ 15	$ 39	$ 329

	Pepco				DPL				ACE			
As of March 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 26	$ —	$ —	$ 26	$ 1	$ —	$ —	$ 1	$ 1	$ —	$ —	$ 1
Rabbi trust investments												
Cash equivalents	61	—	—	61	—	—	—	—	—	—	—	—
Life insurance contracts	—	20	39	59	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	61	20	39	120	—	—	—	—	—	—	—	—
Total assets	87	20	39	146	1	—	—	1	1	—	—	1
Liabilities												
Deferred compensation obligation	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total liabilities	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total net assets	$ 87	$ 19	$ 39	$ 145	$ 1	$ —	$ —	$ 1	$ 1	$ —	$ —	$ 1

Note 11 — Fair Value of Financial Assets and Liabilities

	Pepco				DPL				ACE			
As of December 31, 2022	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents[(a)]	$ 51	$ —	$ —	$ 51	$ 121	$ —	$ —	$ 121	$ 1	$ —	$ —	$ 1
Rabbi trust investments												
Cash equivalents	59	—	—	59	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	38	60	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	59	22	38	119	—	—	—	—	—	—	—	—
Total assets	110	22	38	170	121	—	—	121	1	—	—	1
Liabilities												
Deferred compensation obligation	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total liabilities	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total net assets	$ 110	$ 21	$ 38	$ 169	$ 121	$ —	$ —	$ 121	$ 1	$ —	$ —	$ 1

(a) PHI excludes cash of $358 million and $165 million as of March 31, 2023 and December 31, 2022, respectively, and restricted cash of $3 million and $3 million as of March 31, 2023 and December 31, 2022, respectively. Pepco excludes cash of $124 million and $45 million as of March 31, 2023 and December 31, 2022, respectively, and restricted cash of $3 million and $3 million as of March 31, 2023 and December 31, 2022, respectively. DPL excludes cash of $142 million and $31 million as of March 31, 2023 and December 31, 2022, respectively. ACE excludes cash of $70 million and $71 million as of March 31, 2023 and December 31, 2022, respectively.

Reconciliation of Level 3 Assets and Liabilities

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2023 and 2022:

	Exelon	ComEd	PHI and Pepco
Three Months Ended March 31, 2023	Total	Mark-to-Market Derivatives	Life Insurance Contracts
Balance as of December 31, 2022	$ (44)	$ (84)	$ 40
Total realized / unrealized gains			
Included in net income[a]	1	—	1
Included in regulatory assets/liabilities	(14)	(14) [b]	—
Balance as of March 31, 2023	$ (57)	$ (98) [c]	$ 41
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities as of March 31, 2023	$ 1	$ —	$ 1

	Exelon	ComEd	PHI and Pepco
Three Months Ended March 31, 2022	Total	Mark-to-Market Derivatives	Life Insurance Contracts
Balance as of December 31, 2021	$ (182)	$ (219)	$ 35
Total realized / unrealized gains			
Included in net income[a]	1	—	1
Included in regulatory assets	75	75 [b]	—
Transfers out of Level 3	(1)	—	—
Balance as of March 31, 2022	$ (107)	$ (144)	$ 36
The amount of total gains included in income attributed to the change in unrealized gain related to assets and liabilities as of March 31, 2022	$ 1	$ —	$ 1

(a) Classified in Operating and maintenance expense in the Consolidated Statements of Operations and Comprehensive Income.
(b) Includes $25 million of decreases in fair value and an increase for realized gains due to settlements of $11 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2023. Includes $69 million of increases in fair value and an increase for realized losses due to settlements of $6 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2022.
(c) The balance consists of a current and noncurrent liability of $22 million and $76 million, respectively, as of March 31, 2023.

Valuation Techniques Used to Determine Fair Value

Exelon's valuation techniques used to measure the fair value of the assets and liabilities shown in the tables below are in accordance with the policies discussed in Note 17 — Fair Value of Financial Assets and Liabilities of the 2022 Form 10-K.

Mark-to-Market Derivatives (Exelon and ComEd)

The table below discloses the significant unobservable inputs to the forward curve used to value mark-to-market derivatives.

Type of trade	Fair Value as of March 31, 2023	Fair Value as of December 31, 2022	Valuation Technique	Unobservable Input	2023 Range & Arithmetic Average	2022 Range & Arithmetic Average
Mark-to-market derivatives	$ (98)	$ (84)	Discounted Cash Flow	Forward power price[a]	$22.49 - $83.26 $47.69	$34.78 - $75.71 $48.44

(a) An increase to the forward power price would increase the fair value.

12. Commitments and Contingencies (All Registrants)

The following is an update to the current status of commitments and contingencies set forth in Note 18 — Commitments and Contingencies of the 2022 Form 10-K.

Commitments

PHI Merger Commitments (Exelon, PHI, Pepco, DPL, and ACE). Approval of the PHI Merger in Delaware, New Jersey, Maryland, and the District of Columbia was conditioned upon Exelon and PHI agreeing to certain commitments. The following amounts represent total commitment costs that have been recorded since the acquisition date and the total remaining obligations for Exelon, PHI, Pepco, DPL, and ACE as of March 31, 2023:

Description	Exelon	PHI	Pepco	DPL	ACE
Total commitments	$ 513	$ 320	$ 120	$ 89	$ 111
Remaining commitments[a]	48	42	37	3	2

(a) Remaining commitments extend through 2026 and include rate credits, energy efficiency programs and delivery system modernization.

Commercial Commitments (All Registrants). The Registrants' commercial commitments as of March 31, 2023, representing commitments potentially triggered by future events were as follows:

		Expiration within					
	Total	2023	2024	2025	2026	2027	2028 and beyond
Exelon							
Letters of credit	$ 19	$ 17	$ 2	$ —	$ —	$ —	$ —
Surety bonds[(a)]	205	190	15	—	—	—	—
Financing trust guarantees	378	—	—	—	—	—	378
Guaranteed lease residual values[(b)]	29	—	5	6	5	4	9
Total commercial commitments	$ 631	$ 207	$ 22	$ 6	$ 5	$ 4	$ 387
ComEd							
Letters of credit	$ 12	$ 10	$ 2	$ —	$ —	$ —	$ —
Surety bonds[(a)]	47	42	5	—	—	—	—
Financing trust guarantees	200	—	—	—	—	—	200
Total commercial commitments	$ 259	$ 52	$ 7	$ —	$ —	$ —	$ 200
PECO							
Letters of credit	$ 1	$ 1	$ —	$ —	$ —	$ —	$ —
Surety bonds[(a)]	2	1	1	—	—	—	—
Financing trust guarantees	178	—	—	—	—	—	178
Total commercial commitments	$ 181	$ 2	$ 1	$ —	$ —	$ —	$ 178
BGE							
Letters of credit	$ 2	$ 2	$ —	$ —	$ —	$ —	$ —
Surety bonds[(a)]	3	2	1	—	—	—	—
Total commercial commitments	$ 5	$ 4	$ 1	$ —	$ —	$ —	$ —
PHI							
Surety bonds[(a)]	$ 95	$ 90	$ 5	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	29	—	5	6	5	4	9
Total commercial commitments	$ 124	$ 90	$ 10	$ 6	$ 5	$ 4	$ 9
Pepco							
Surety bonds[(a)]	$ 84	$ 84	$ —	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	10	—	2	2	2	1	3
Total commercial commitments	$ 94	$ 84	$ 2	$ 2	$ 2	$ 1	$ 3
DPL							
Surety bonds[(a)]	$ 6	$ 2	$ 4	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	12	—	2	2	2	2	4
Total commercial commitments	$ 18	$ 2	$ 6	$ 2	$ 2	$ 2	$ 4
ACE							
Surety bonds[(a)]	$ 5	$ 4	$ 1	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	7	—	1	2	1	1	2
Total commercial commitments	$ 12	$ 4	$ 2	$ 2	$ 1	$ 1	$ 2

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

(b) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The lease term associated with these assets ranges from 1 to 9 years. The maximum potential obligation at the end of the minimum lease term would be $65 million guaranteed by Exelon and PHI, of which $21 million, $27 million, and $17 million is guaranteed by Pepco, DPL, and ACE, respectively. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Environmental Remediation Matters

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

MGP Sites (All Registrants). ComEd, PECO, BGE, and DPL have identified sites where former MGP or gas purification activities have or may have resulted in actual site contamination. For some sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has 20 sites that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2031.
- PECO has 6 sites that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2024.
- BGE has 4 sites that currently require some level of remediation and/or ongoing activity. BGE expects the majority of the remediation at these sites to continue through at least 2025.
- DPL has 1 site that is currently under study and the required cost at the site is not expected to be material.

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

ComEd, pursuant to an ICC order, and PECO, pursuant to a PAPUC order, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. While BGE and DPL do not have riders for MGP clean-up costs, they have historically received recovery of actual clean-up costs in distribution rates.

As of March 31, 2023 and December 31, 2022, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Accrued expenses, Other current liabilities, and Other deferred credits and other liabilities in their respective Consolidated Balance Sheets:

	March 31, 2023		December 31, 2022	
	Total environmental investigation and remediation liabilities	Portion of total related to MGP investigation and remediation	Total environmental investigation and remediation liabilities	Portion of total related to MGP investigation and remediation
Exelon	$ 421	$ 343	$ 409	$ 355
ComEd	313	312	325	324
PECO	25	23	25	23
BGE	9	8	9	8
PHI	70	—	46	—
Pepco	68	—	44	—
DPL	1	—	1	—
ACE	1	—	1	—

Benning Road Site (Exelon, PHI, and Pepco). In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site, which is owned by Pepco, was formerly the location of an electric generating facility owned by Pepco subsidiary, Pepco Energy Services (PES), which became a part of Generation, following the 2016 merger between PHI and Exelon. This generating facility was deactivated in June 2012. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a Consent Decree entered into by Pepco and Pepco Energy Services (hereinafter "Pepco Entities") with the DOEE, which requires the Pepco Entities to conduct a Remedial Investigation and Feasibility Study (RI/FS) for the Benning Road site and an approximately 10 to 15-acre portion of the adjacent Anacostia River. The purpose of this RI/FS is to define the nature and extent of contamination from the Benning Road site and to evaluate remedial alternatives.

Pursuant to an internal agreement between the Pepco Entities, since 2013, Pepco has performed the work required by the Consent Decree and has been reimbursed for that work by an agreed upon allocation of costs between the Pepco Entities. In September 2019, the Pepco Entities issued a draft “final” RI report which DOEE approved on February 3, 2020. The Pepco Entities are completing a FS to evaluate possible remedial alternatives for submission to DOEE. In October 2022, DOEE approved dividing the work to complete the landside portion of the FS from the waterside portion to expedite the overall schedule for completion of the project. After completion and approval of the landside FS, now scheduled for September 2023, DOEE will prepare a Proposed Plan for public comment and then issue a Record of Decision (ROD) identifying any further response actions determined to be necessary to address any landside issues. The DOEE will issue a separate ROD for the waterside FS when that work is completed which is now anticipated to be by March 31, 2024.

As part of the separation between Exelon and Constellation in February 2022, the internal agreement between the Pepco Entities for completion and payment for the remaining Consent Decree work was memorialized in a formal agreement for post-separation activities. A second post-separation assumption agreement between Exelon and Constellation transferred any of the potential remaining remediation liability, if any, of PES/Generation to a non-utility subsidiary of Exelon which going forward will be responsible for those liabilities. Exelon, PHI, and Pepco have determined that a loss associated with this matter is probable and have accrued an estimated liability, which is included in the table above.

Anacostia River Tidal Reach (Exelon, PHI, and Pepco). Contemporaneous with the Benning Road site RI/FS being performed by the Pepco Entities, DOEE and NPS have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-District of Columbia boundary line to the confluence of the Anacostia and Potomac Rivers. The river-wide RI incorporated the results of the river sampling performed by the Pepco Entities as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE’s contractor.

On September 30, 2020, DOEE released its Interim ROD. The Interim ROD reflects an adaptive management approach which will require several identified “hot spots” in the river to be addressed first while continuing to conduct studies and to monitor the river to evaluate improvements and determine potential future remediation plans. The adaptive management process chosen by DOEE is less intrusive, provides more long-term environmental certainty, is less costly, and allows for site specific remediation plans already underway, including the plan for the Benning Road site to proceed to conclusion.

On July 15, 2022, Pepco received a letter from the District of Columbia's Office of the Attorney General (D.C. OAG) on behalf of DOEE conveying a settlement offer to resolve all PRPs' liability to the District of Columbia (District) for their past costs and their anticipated future costs to complete the work for the Interim ROD. Pepco responded on July 27, 2022 to enter into settlement discussions. Since that time Exelon and the other PRPs at the site have exchanged letters with the D.C. OAG exploring potential settlement options. Those discussions are ongoing. Exelon, PHI, and Pepco have determined that it is probable that costs for remediation will be incurred and have accrued a liability for management's best estimate of its share of the costs. Pepco concluded that incremental exposure remains reasonably possible, but management cannot reasonably estimate a range of loss beyond the amounts recorded, which are included in the table above.

In addition to the activities associated with the remedial process outlined above, CERCLA separately requires federal and state (here including Washington, D.C.) Natural Resource Trustees (federal or state agencies designated by the President or the relevant state, respectively, or Indian tribes) to conduct an assessment of any damages to natural resources within their jurisdiction as a result of the contamination that is being remediated. The Trustees can seek compensation from responsible parties for such damages, including restoration costs. During the second quarter of 2018, Pepco became aware that the Trustees are in the beginning stages of a NRD assessment, a process that often takes many years beyond the remedial decision to complete. Pepco has entered into negotiations with the Trustees to evaluate possible incorporation of NRD assessment and restoration as part of its remedial activities associated with the Benning site to accelerate the NRD benefits for that portion of the Anacostia River Sediment Project (ARSP) assessment. Pepco has concluded that a loss associated with the eventual NRD assessment is reasonably possible. Due to the very early stage of the assessment process, Pepco cannot reasonably estimate the final range of loss potentially resulting from this process.

As noted in the Benning Road Site disclosure above, as part of the separation of Exelon and Constellation in February 2022, an assumption agreement was executed transferring any potential future remediation liabilities associated with the Benning Site remediation to a non-utility subsidiary of Exelon. Similarly, any potential future liability associated with the ARSP was also assumed by this entity.

Buzzard Point Site (Exelon, PHI, and Pepco). On December 8, 2022, Pepco received a letter from the D.C. OAG, alleging wholly past violations of the District's stormwater discharge and waste disposal requirements related to operations at the Buzzard Point facility, a 9-acre parcel of waterfront property in Washington, D.C. occupied by an active substation and former steam plant building. The letter also alleged wholly past violations by Pepco of stormwater discharge requirements related to its district-wide system of underground vaults. The D.C. OAG invited Pepco to resolve the threatened enforcement action through a court-approved consent decree, and Pepco is engaged in discussions with the D.C. OAG regarding a potential resolution. Exelon, PHI, and Pepco have determined that a loss associated with this matter is probable and have accrued an estimated liability. Pepco concluded that incremental exposure is reasonably possible, but the range of loss cannot be reasonably estimated beyond the amounts included in the table above.

Litigation and Regulatory Matters

DPA and Related Matters (Exelon and ComEd). Exelon and ComEd received a grand jury subpoena in the second quarter of 2019 from the U.S. Attorney’s Office for the Northern District of Illinois (USAO) requiring production of information concerning their lobbying activities in the State of Illinois. On October 4, 2019, Exelon and ComEd received a second grand jury subpoena from the USAO requiring production of records of any communications with certain individuals and entities. On October 22, 2019, the SEC notified Exelon and ComEd that it had also opened an investigation into their lobbying activities. On July 17, 2020, ComEd entered into a DPA with the USAO to resolve the USAO investigation. Under the DPA, the USAO filed a single charge alleging that ComEd improperly gave and offered to give jobs, vendor subcontracts, and payments associated with those jobs and subcontracts for the benefit of the former Speaker of the Illinois House of Representatives and the Speaker’s associates, with the intent to influence the Speaker’s action regarding legislation affecting ComEd’s

interests. The DPA provides that the USAO will defer any prosecution of such charge and any other criminal or civil case against ComEd in connection with the matters identified therein for a three-year period subject to certain obligations of ComEd, including payment to the U.S. Treasury of $200 million, which was paid in November 2020. Exelon was not made a party to the DPA, and therefore the investigation by the USAO into Exelon's activities ended with no charges being brought against Exelon. The SEC's investigation remains ongoing and Exelon and ComEd have cooperated fully and intend to continue to cooperate fully with the SEC. Exelon and ComEd cannot predict the outcome of the SEC investigation. No loss contingency has been reflected in Exelon's and ComEd's consolidated financial statements with respect to the SEC investigation, as this contingency is neither probable nor reasonably estimable at this time.

Subsequent to Exelon announcing the receipt of the subpoenas, various lawsuits were filed, and various demand letters were received related to the subject of the subpoenas, the conduct described in the DPA and the SEC's investigation, including:

- Four putative class action lawsuits against ComEd and Exelon were filed in federal court on behalf of ComEd customers in the third quarter of 2020 alleging, among other things, civil violations of federal racketeering laws. In addition, the Citizens Utility Board (CUB) filed a motion to intervene in these cases on October 22, 2020 which was granted on December 23, 2020. On September 9, 2021, the federal court granted Exelon's and ComEd's motion to dismiss and dismissed the plaintiffs' and CUB's federal law claim with prejudice. The federal court also dismissed the related state law claims made by the federal plaintiffs and CUB on jurisdictional grounds. Plaintiffs appealed dismissal of the federal law claim to the Seventh Circuit Court of Appeals. Plaintiffs and CUB also refiled their state law claims in state court and moved to consolidate them with the already pending consumer state court class action, discussed below. On August 22, 2022, the Seventh Circuit affirmed the dismissal of the consolidated federal cases in their entirety. The time to further appeal has passed and the Seventh Circuit's decision is final.

- Three putative class action lawsuits against ComEd and Exelon were filed in Illinois state court in the third quarter of 2020 seeking restitution and compensatory damages on behalf of ComEd customers. The cases were consolidated into a single action in October of 2020. In November 2020, CUB filed a motion to intervene in the cases pursuant to an Illinois statute allowing CUB to intervene as a party or otherwise participate on behalf of utility consumers in any proceeding which affects the interest of utility consumers. On November 23, 2020, the court allowed CUB's intervention, but denied CUB's request to stay these cases. Plaintiffs subsequently filed a consolidated complaint, and ComEd and Exelon filed a motion to dismiss on jurisdictional and substantive grounds on January 11, 2021. Briefing on that motion was completed on March 2, 2021. The parties agreed, on March 25, 2021, along with the federal court plaintiffs discussed above, to jointly engage in mediation. The parties participated in a one-day mediation on June 7, 2021 but no settlement was reached. On December 23, 2021, the state court granted ComEd and Exelon's motion to dismiss with prejudice. On December 30, 2021, plaintiffs filed a motion to reconsider that dismissal and for permission to amend their complaint. The court denied the plaintiffs' motion on January 21, 2022. Plaintiffs have appealed the court's ruling dismissing their complaint to the First District Court of Appeals. On February 15, 2022, Exelon and ComEd moved to dismiss the federal plaintiffs' refiled state law claims, seeking dismissal on the same legal grounds asserted in their motion to dismiss the original state court plaintiffs' complaint. The court granted dismissal of the refiled state claims on February 16, 2022. The original federal plaintiffs appealed that dismissal on February 18, 2022. The two state appeals were consolidated on March 21, 2022. The appellate briefing is complete and the parties are awaiting oral argument and/or a decision.

- On November 3, 2022, a plaintiff filed a putative class action complaint in Lake County, Illinois Circuit Court against ComEd and Exelon for unjust enrichment and deceptive business practices in connection with the conduct giving rise to the DPA. Plaintiff seeks an accounting and disgorgement of any benefits ComEd allegedly obtained from said conduct. Plaintiff served initial discovery requests on ComEd in December 2022, to which ComEd has responded. ComEd and Exelon filed a motion to dismiss the Complaint on February 3, 2023. The parties fully briefed the motion, and on April 21, 2023, the court heard oral argument on the motion. The court expects to issue its ruling on the motion to dismiss on or before June 9, 2023.

- A putative class action lawsuit against Exelon and certain officers of Exelon and ComEd was filed in federal court in December 2019 alleging misrepresentations and omissions in Exelon's SEC filings

related to ComEd's lobbying activities and the related investigations. The complaint was amended on September 16, 2020, to dismiss two of the original defendants and add other defendants, including ComEd. Defendants filed a motion to dismiss in November 2020. The court denied the motion in April 2021. On May 26, 2021, defendants moved the court to certify its order denying the motion to dismiss for interlocutory appeal. Briefing on the motion was completed in June 2021. That motion was denied on January 28, 2022. In May 2021, the parties each filed respective initial discovery disclosures. On June 9, 2021, defendants filed their answer and affirmative defenses to the complaint and the parties engaged thereafter in discovery. On September 9, 2021, the U.S. government moved to intervene in the lawsuit and stay discovery until the parties entered into an amendment to their protective order that would prohibit the parties from requesting discovery into certain matters, including communications with the U.S. government. The court ordered said amendment to the protective order on November 15, 2021 and discovery resumed. The court further amended the protective order on October 17, 2022 and extended it until May 15, 2023. The next court status is set for June 27, 2023. Based on recent developments, management has determined that a probable loss exists for this matter in the amount of $173 million. Management anticipates that such loss would be fully covered by insurance. The probable loss and the expected insurance recovery are reflected in Exelon's Consolidated Balance Sheets within Accrued expenses and Other accounts receivable, respectively.

- Several shareholders have sent letters to the Exelon Board of Directors since 2020 demanding, among other things, that the Exelon Board of Directors investigate and address alleged breaches of fiduciary duties and other alleged violations by Exelon and ComEd officers and directors related to the conduct described in the DPA. In the first quarter of 2021, the Exelon Board of Directors appointed a Special Litigation Committee (SLC) consisting of disinterested and independent parties to investigate and address these shareholders' allegations and make recommendations to the Exelon Board of Directors based on the outcome of the SLC's investigation. In July 2021, one of the demand letter shareholders filed a derivative action against current and former Exelon and ComEd officers and directors, and against Exelon, as nominal defendant, asserting the same claims made in its demand letter. On October 12, 2021, the parties to the derivative action filed an agreed motion to stay that litigation for 120 days in order to allow the SLC to continue its investigation, which the court granted. The stay has been extended several times. On March 27, 2023, the court issued an order further extending the stay until June 9, 2023, with a status report due by May 31, 2023. The parties participated in a mediation in February 2023 and efforts to resolve the matter remain ongoing. On April 26 and May 1, 2023, two additional demand letter shareholders each filed a separate derivative lawsuit against current and former Exelon and ComEd officers and directors, and certain third parties, and against Exelon as nominal defendant, asserting claims similar to those made in their respective demand letters.

- Several shareholders have sent requests seeking review of certain Exelon books and records since August 2021. Exelon has responded to each request.

Except as noted above, no loss contingencies have been reflected in Exelon's and ComEd's consolidated financial statements with respect to these matters, as such contingencies are neither probable nor reasonably estimable at this time.

In August 2022, the ICC concluded its investigation initiated on August 12, 2021 into rate impacts of conduct admitted in the DPA, including the costs recovered from customers related to the DPA and Exelon's funding of the fine paid by ComEd. On August 17, 2022, the ICC issued its final order accepting ComEd's voluntary customer refund offer of approximately $38 million (of which about $31 million is ICC jurisdictional; the remaining balance is FERC jurisdictional) that resolves the question of whether customer funds were used for DPA related activities. The customer refund includes the cost of every individual or entity that was either (i) identified in the DPA or (ii) identified by ComEd as an associate of the former Speaker of the Illinois House of Representatives in the ICC proceeding. The ICC rejected an argument by the Illinois Attorney General, City of Chicago, and CUB that a costly permanent adjustment also needed to be made to ComEd's ratemaking capital structure on account of Exelon having funded ComEd's payment of the DPA fine with an equity infusion. On October 6, the ICC denied the application for rehearing filed by the Illinois Attorney General, City of Chicago, and CUB that specifically focused on their capital structure argument. The window to file an appeal on the ICC final order has expired and the ICC's DPA investigation is now closed. An accrual for the amount of the customer refund has been recorded in Regulatory liabilities and Regulatory assets in Exelon's and ComEd's Consolidated Balance Sheets as of March 31, 2023. The ICC jurisdictional refund is being made to customers during the April 2023 billing cycle, as required by the ICC. The FERC jurisdictional refund will be made as part of the next transmission formula rate

update proceeding in 2023. The customer refund will not be recovered in rates or charged to customers and ComEd will not seek or accept reimbursement or indemnification from any source other than Exelon.

Savings Plan Claim (Exelon). On December 6, 2021, seven current and former employees filed a putative ERISA class action suit in U.S. District Court for the Northern District of Illinois against Exelon, its Board of Directors, the former Board Investment Oversight Committee, the Corporate Investment Committee, individual defendants, and other unnamed fiduciaries of the Exelon Corporation Employee Savings Plan (Plan). The complaint alleges that the defendants violated their fiduciary duties under the Plan by including certain investment options that allegedly were more expensive than and underperformed similar passively-managed or other funds available in the marketplace and permitting a third-party administrative service provider/recordkeeper and an investment adviser to charge excessive fees for the services provided. The plaintiffs seek declaratory, equitable and monetary relief on behalf of the Plan and participants. On February 16, 2022, the court granted the parties' stipulated dismissal of the individual named defendants without prejudice. The remaining defendants filed a motion to dismiss the complaint on February 25, 2022. On March 4, 2022, the Chamber of Commerce filed a brief of amicus curiae in support of the defendants' motion to dismiss. On September 22, 2022, the court granted Exelon's motion to dismiss without prejudice. The court granted plaintiffs leave until October 31, 2022 to file an amended complaint, which was later extended to November 30, 2022. Plaintiffs filed their amended complaint on November 30, 2022. Defendants filed their motion to dismiss the amended complaint on January 20, 2023. Briefing on the motion to dismiss is now complete and the parties await a ruling. No loss contingencies have been reflected in Exelon's consolidated financial statements with respect to this matter, as such contingencies are neither probable nor reasonably estimable at this time.

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

13. Shareholders' Equity (Exelon)

At-the-Market (ATM) Program

On August 4, 2022, Exelon executed an equity distribution agreement ("Equity Distribution Agreement"), with certain sales agents and forward sellers and certain forward purchasers, establishing an ATM equity distribution program under which it may offer and sell shares of its Common Stock, having an aggregate gross sales price of up to $1.0 billion. Exelon has no obligation to offer or sell any shares of Common Stock under the Equity Distribution Agreement and may, at any time, suspend or terminate offers and sales under the Equity Distribution Agreement. As of March 31, 2023, Exelon has not issued any shares of Common Stock under the ATM program and has not entered into any forward sale agreements.

14. Changes in Accumulated Other Comprehensive Income (Loss) (Exelon)

The following tables present changes in Exelon's AOCI, net of tax, by component:

Three Months Ended March 31, 2023	Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[a]	Foreign Currency Items	Total
Balance as of December 31, 2022	$ 2	$ (640)	$ —	$ (638)
OCI before reclassifications	6	(10)	—	(4)
Amounts reclassified from AOCI	—	3	—	3
Net current-period OCI	6	(7)	—	(1)
Balance as of March 31, 2023	$ 8	$ (647)	$ —	$ (639)

Note 14 — Changes in Accumulated Other Comprehensive Income

Three Months Ended March 31, 2022	Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[a]	Foreign Currency Items	Total
Balance as of December 31, 2021	$ (6)	$ (2,721)	$ (23)	$ (2,750)
Separation of Constellation	6	1,994	23	2,023
Amounts reclassified from AOCI	—	14	—	14
Net current-period OCI	—	14	—	14
Balance as of March 31, 2022	$ —	$ (713)	$ —	$ (713)

(a) This AOCI component is included in the computation of net periodic pension and OPEB cost. Additionally, as of February 1, 2022, in connection with the separation, Exelon's pension and OPEB plans were remeasured. See Note 14 — Retirement Benefits of the 2022 Form 10-K and Note 8 — Retirement Benefits for additional information. See Exelon's Statements of Operations and Comprehensive Income for individual components of AOCI.

The following table presents Income tax benefit (expense) allocated to each component of Exelon's Other comprehensive income (loss):

	Three Months Ended March 31,	
	2023	2022
Pension and non-pension postretirement benefit plans:		
Actuarial loss reclassified to periodic benefit cost	$ (1)	$ (5)
Pension and non-pension postretirement benefit plans valuation adjustment	3	—
Unrealized gain on cash flow hedges	(1)	—

15. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about material items recorded in the Registrants' Consolidated Statements of Operations and Comprehensive Income:

	Taxes other than income taxes							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended March 31, 2023								
Utility taxes[a]	$ 220	$ 74	$ 40	$ 29	$ 77	$ 68	$ 8	$ 1
Property	99	10	4	50	35	24	11	—
Payroll	32	7	5	5	7	2	1	1
Three Months Ended March 31, 2022								
Utility taxes[a]	$ 221	$ 78	$ 38	$ 27	$ 78	$ 70	$ 7	$ 1
Property	94	10	4	46	34	23	10	1
Payroll	37	7	4	4	7	2	1	1

(a) The Registrants' utility taxes represent municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues in the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Other, Net							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended March 31, 2023								
AFUDC — Equity	$ 38	$ 10	$ 6	$ 3	$ 19	$ 14	$ 2	$ 3
Non-service net periodic benefit cost	(1)	—	—	—	—	—	—	—
Three Months Ended March 31, 2022								
AFUDC — Equity	$ 36	$ 8	$ 7	$ 6	$ 15	$ 11	$ 2	$ 2
Non-service net periodic benefit cost	17	—	—	—	—	—	—	—

Supplemental Cash Flow Information

The following tables provide additional information about material items recorded in the Registrants' Consolidated Statements of Cash Flows.

	Depreciation, amortization, and accretion							
	Exelon[a]	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended March 31, 2023								
Property, plant, and equipment[b]	$ 680	$ 267	$ 95	$ 124	$ 180	$ 76	$ 51	$ 47
Amortization of regulatory assets[b]	178	71	3	43	61	32	9	20
Amortization of intangible assets, net[b]	2	—	—	—	—	—	—	—
Total depreciation and amortization	$ 860	$ 338	$ 98	$ 167	$ 241	$ 108	$ 60	$ 67
Three Months Ended March 31, 2022								
Property, plant, and equipment[b]	$ 726	$ 254	$ 88	$ 117	$ 164	$ 72	$ 45	$ 41
Amortization of regulatory assets[b]	179	67	4	54	54	36	12	6
Amortization of intangible assets, net[b]	6	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities[c]	3	—	—	—	—	—	—	—
Nuclear fuel[d]	66	—	—	—	—	—	—	—
ARO accretion[e]	44	—	—	—	—	—	—	—
Total depreciation, amortization, and accretion	$ 1,024	$ 321	$ 92	$ 171	$ 218	$ 108	$ 57	$ 47

(a) Exelon's 2022 amounts include amounts related to Generation prior to the separation. See Note 2 — Discontinued Operations for additional information.
(b) Included in Depreciation and amortization in the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Electric operating revenues or Purchased power expense in Exelon's Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Purchased fuel expense in Exelon's Consolidated Statement of Operations and Comprehensive Income.
(e) Included in Operating and maintenance expense in Exelon's Consolidated Statement of Operations and Comprehensive Income.

	Other non-cash operating activities							
	Exelon[a]	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended March 31, 2023								
Pension and OPEB costs (benefit)	$ 45	$ 6	$ (3)	$ 14	$ 24	$ 8	$ 4	$ 4
Allowance for credit losses	70	—	37	18	15	7	5	3
True-up adjustments to decoupling mechanisms and formula rates[b]	(282)	(153)	4	(65)	(68)	(39)	(11)	(18)
Long-term incentive plan	2	—	—	—	—	—	—	—
Amortization of operating ROU asset	10	1	—	1	7	1	2	1
Change in environmental liabilities	25	—	—	—	25	25	—	—
AFUDC — Equity	(38)	(10)	(6)	(3)	(19)	(14)	(2)	(3)
Three Months Ended March 31, 2022								
Pension and OPEB costs (benefit)	$ 44	$ 16	$ (2)	$ 12	$ 13	$ 2	$ 1	$ 3
Allowance for credit losses	78	17	27	18	18	9	6	3
Other decommissioning-related activity	36	—	—	—	—	—	—	—
Energy-related options	60	—	—	—	—	—	—	—
True-up adjustments to decoupling mechanisms and formula rates[b]	(29)	(40)	(6)	12	5	7	1	(3)
Long-term incentive plan	25	—	—	—	—	—	—	—
Amortization of operating ROU asset	23	1	—	7	7	2	2	1
AFUDC — Equity	(36)	(8)	(7)	(6)	(15)	(11)	(2)	(2)

(a) Exelon's 2022 amounts include amounts related to Generation prior to the separation. See Note 2 — Discontinued Operations for additional information.
(b) For ComEd, reflects the true-up adjustments in regulatory assets and liabilities associated with its distribution, energy efficiency, distributed generation, and transmission formula rates. For PECO, reflects the change in regulatory assets and liabilities associated with its transmission formula rates. For BGE, Pepco, DPL, and ACE, reflects the change in regulatory assets and liabilities associated with their decoupling mechanisms and transmission formula rates. See Note 3 — Regulatory Matters of the 2022 Form 10-K for additional information.

The following tables provide a reconciliation of cash, cash equivalents, and restricted cash reported within the Registrants' Consolidated Balance Sheets that sum to the total of the same amounts in their Consolidated Statements of Cash Flows.

	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
March 31, 2023								
Cash and cash equivalents	$ 522	$ 75	$ 27	$ 20	$ 367	$ 126	$ 142	$ 71
Restricted cash and cash equivalents	381	323	9	1	29	27	1	—
Restricted cash included in other deferred debits and other assets	180	180	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,083	$ 578	$ 36	$ 21	$ 396	$ 153	$ 143	$ 71
December 31, 2022								
Cash and cash equivalents	$ 407	$ 67	$ 59	$ 43	$ 198	$ 45	$ 31	$ 72
Restricted cash and cash equivalents	566	327	9	24	175	54	121	—
Restricted cash included in other deferred debits and other assets	117	117	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,090	$ 511	$ 68	$ 67	$ 373	$ 99	$ 152	$ 72
March 31, 2022								
Cash and cash equivalents	$ 2,476	$ 343	$ 26	$ 41	$ 796	$ 502	$ 120	$ 168
Restricted cash and cash equivalents	430	246	8	34	106	34	73	—
Restricted cash included in other deferred debits and other assets	92	92	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 2,998	$ 681	$ 34	$ 75	$ 902	$ 536	$ 193	$ 168
December 31, 2021								
Cash and cash equivalents	$ 672	$ 131	$ 36	$ 51	$ 136	$ 34	$ 28	$ 29
Restricted cash and cash equivalents	321	210	8	4	77	34	43	—
Restricted cash included in other deferred debits and other assets	44	43	—	—	—	—	—	—
Cash, restricted cash, and cash equivalents from discontinued operations	582	—	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,619	$ 384	$ 44	$ 55	$ 213	$ 68	$ 71	$ 29

For additional information on restricted cash see Note 1 — Significant Accounting Policies of the 2022 Form 10-K.

Supplemental Balance Sheet Information

The following table provides additional information about material items recorded in the Registrants' Consolidated Balance Sheets.

	Accrued expenses							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
March 31, 2023								
Compensation-related accruals[a]	$ 359	$ 107	$ 43	$ 42	$ 59	$ 18	$ 11	$ 10
Taxes accrued	214	102	3	83	94	67	14	16
Interest accrued	373	78	44	45	75	35	22	16
December 31, 2022								
Compensation-related accruals[a]	$ 613	$ 179	$ 81	$ 79	$ 104	$ 29	$ 20	$ 16
Taxes accrued	211	92	10	34	70	52	8	12
Interest accrued	338	124	47	42	61	32	9	14

(a) Primarily includes accrued payroll, bonuses and other incentives, vacation, and benefits.

16. Related Party Transactions (All Registrants)

Utility Registrants' expense with Generation

The Utility Registrants incurred expenses from transactions with the Generation affiliate as described in the footnotes to the table below prior to separation on February 1, 2022. Such expenses were primarily recorded as Purchased power from affiliate and an immaterial amount recorded as Operating and maintenance expense from affiliates at the Utility Registrants. Effective February 1, 2022, Generation is no longer considered a related party.

	Three Months Ended March 31,
	2022
ComEd[a]	$ 59
PECO[b]	33
BGE[c]	18
PHI	51
Pepco[d]	39
DPL[e]	10
ACE[f]	2

(a) ComEd had an ICC-approved RFP contract with Generation to provide a portion of ComEd's electric supply requirements. ComEd also purchased RECs and ZECs from Generation.
(b) PECO received electric supply from Generation under contracts executed through PECO's competitive procurement process. In addition, PECO had a ten-year agreement with Generation to sell solar AECs.
(c) BGE received a portion of its energy requirements from Generation under its MDPSC-approved market-based SOS and gas commodity programs.
(d) Pepco received electric supply from Generation under contracts executed through Pepco's competitive procurement process approved by the MDPSC and DCPSC.
(e) DPL received a portion of its energy requirements from Generation under its MDPSC and DEPSC approved market-based SOS commodity programs.
(f) ACE received electric supply from Generation under contracts executed through ACE's competitive procurement process approved by the NJBPU.

Service Company Costs for Corporate Support

The Registrants receive a variety of corporate support services from BSC. Pepco, DPL, and ACE also receive corporate support services from PHISCO. See Note 1 — Significant Accounting Policies for additional information regarding BSC and PHISCO.

The following table presents the service company costs allocated to the Registrants:

	Operating and maintenance from affiliates		Capitalized costs	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2023	2022	2023	2022
Exelon				
BSC			$ 175	$ 205
PHISCO			24	19
ComEd				
BSC	$ 83	$ 85	81	85
PECO				
BSC	51	49	30	36
BGE				
BSC	54	51	24	38
PHI				
BSC	42	50	40	46
PHISCO	—	—	24	19
Pepco				
BSC	27	29	14	17
PHISCO	30	29	11	8
DPL				
BSC	17	18	10	14
PHISCO	24	24	7	6
ACE				
BSC	14	15	14	15
PHISCO	22	21	6	5

Current Receivables from/Payables to affiliates

The following tables present current Receivables from affiliates and current Payables to affiliates:

March 31, 2023

	Receivables from affiliates:									
Payables to affiliates:	**ComEd**	**PECO**	**BGE**	**Pepco**	**DPL**	**ACE**	**BSC**	**PHISCO**	**Other**	**Total**
ComEd		$ —	$ —	$ —	$ —	$ —	$ 78	$ —	$ 6	$ 84
PECO	$ —		—	—	—	1	39	—	8	48
BGE	—	—		—	—	—	35	—	2	37
PHI	—	—	—	—	—	—	7	—	10	17
Pepco	—	—	—		—	—	22	15	1	38
DPL	—	1	—	—		—	13	12	—	26
ACE	—	1	—	1	—		13	11	—	26
Other	3	—	—	—	—	1	—	1		5
Total	$ 3	$ 2	$ —	$ 1	$ —	$ 2	$ 207	$ 39	$ 27	$ 281

December 31, 2022

	Receivables from affiliates:									
Payables to affiliates:	**ComEd**	**PECO**	**BGE**	**Pepco**	**DPL**	**ACE**	**BSC**	**PHISCO**	**Other**	**Total**
ComEd		$ —	$ —	$ —	$ —	$ —	$ 66	$ —	$ 8	$ 74
PECO	$ —		—	—	—	—	39	—	3	42
BGE	—	—		—	—	—	38	—	1	39
PHI	—	—	—	—	—	—	4	—	10	14
Pepco	—	—	—		—	—	20	13	1	34
DPL	—	2	—	—		—	12	8	—	22
ACE	—	2	—	—	—		14	9	1	26
Other	3	—	—	—	—	1	—	—		4
Total	$ 3	$ 4	$ —	$ —	$ —	$ 1	$ 193	$ 30	$ 24	$ 255

Borrowings from Exelon/PHI intercompany money pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing both Exelon and PHI operate an intercompany money pool. PECO and PHI Corporate participate in the Exelon intercompany money pool. Pepco, DPL, and ACE participate in the PHI intercompany money pool.

Long-term debt to financing trusts

The following table presents Long-term debt to financing trusts:

	March 31, 2023			December 31, 2022		
	Exelon	**ComEd**	**PECO**	**Exelon**	**ComEd**	**PECO**
ComEd Financing III	$ 206	$ 205	$ —	$ 206	$ 205	$ —
PECO Trust III	81	—	81	81	—	81
PECO Trust IV	103	—	103	103	—	103
Total	$ 390	$ 205	$ 184	$ 390	$ 205	$ 184

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Exelon

Executive Overview

Exelon is a utility services holding company engaged in the energy transmission and distribution businesses through ComEd, PECO, BGE, Pepco, DPL, and ACE.

Exelon has six reportable segments consisting of ComEd, PECO, BGE, Pepco, DPL, and ACE. See Note 1 — Significant Accounting Policies and Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's principal subsidiaries and reportable segments.

Exelon's consolidated financial information includes the results of its seven separate operating subsidiary registrants, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

Financial Results of Operations

GAAP Results of Operations. The following table sets forth Exelon's GAAP consolidated Net income attributable to common shareholders from continuing operations and the Utility Registrants' Net income for the three months ended March 31, 2023 compared to the same period in 2022. For additional information regarding the financial results for the three months ended March 31, 2023 and 2022 see the discussions of Results of Operations by Registrant.

	Three Months Ended March 31,		
	2023	2022	Favorable (Unfavorable) Variance
Exelon	$ 669	$ 481	$ 188
ComEd	241	188	53
PECO	166	206	(40)
BGE	200	198	2
PHI	155	130	25
Pepco	65	46	19
DPL	60	56	4
ACE	33	26	7
Other[(a)]	(93)	(241)	148

(a) Other primarily includes eliminating and consolidating adjustments, Exelon's corporate operations, shared service entities, and other financing and investment activities.

The separation of Constellation, including Generation and its subsidiaries, meets the criteria for discontinued operations and as such, Generation's results of operations are presented as discontinued operations and have been excluded from Exelon's continuing operations for the three months ended March 31, 2022 presented in the table above. See Note 1 — Significant Accounting Policies and Note 2 — Discontinued Operations for additional information.

Accounting rules require that certain BSC costs previously allocated to Generation be presented as part of Exelon's continuing operations as these costs do not qualify as expenses of the discontinued operations. Such costs are included in Other in the table above and were $28 million on a pre-tax basis, for the three months ended March 31, 2022.

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022. **Net income attributable to common shareholders from continuing operations** increased by $188 million and diluted earnings per average common share from continuing operations increased to $0.67 in 2023 from $0.49 in 2022 primarily due to:

- Higher electric distribution formula rate earnings from higher allowed ROE due to an increase in U.S. treasury rates and impacts of higher rate base at ComEd;
- The favorable impacts of rate increases at PECO, BGE, and PHI;
- Lower BSC costs presented in Exelon's continuing operations, which were previously allocated to Generation but did not qualify as discontinued operation expenses per the accounting rules; and
- Carrying costs related to the CMC regulatory assets at ComEd.

The increases were partially offset by:

- Unfavorable weather at PECO and PHI;
- Higher interest expense at BGE and Exelon Corporate;
- An increase in environmental liabilities at Pepco;
- Higher depreciation expense at PECO; and
- Higher credit loss expense at PECO.

Adjusted (non-GAAP) Operating Earnings. In addition to Net income, Exelon evaluates its operating performance using the measure of Adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses, and other specified items. This information is intended to enhance an investor's overall understanding of year-to-year operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets, and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between Net income attributable to common shareholders from continuing operations as determined in accordance with GAAP and Adjusted (non-GAAP) operating earnings for the three months ended March 31, 2023 compared to the same period in 2022:

	Three Months Ended March 31,			
	2023		2022	
(In millions, except per share data)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders from Continuing Operations	**$ 669**	**$ 0.67**	**$ 481**	**$ 0.49**
Mark-to-Market Impact of Economic Hedging Activities (net of taxes of $0)	(1)	—	—	—
Change in Environmental Liabilities (net of taxes of $7)	18	0.02	—	—
ERP System Implementation Costs (net of taxes of $0)[(a)]	—	—	1	—
Change in FERC Audit Liability (net of taxes of $4)	11	0.01	—	—
Separation Costs (net of taxes of $0 and $7, respectively)[(b)]	(1)	—	17	0.02
Income Tax-Related Adjustments (entire amount represents tax expense)[(c)]	—	—	134	0.14
Adjusted (non-GAAP) Operating Earnings	**$ 696**	**$ 0.70**	**$ 634**	**$ 0.64**

Note:
Amounts may not sum due to rounding.
Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net Income and Adjusted (non-GAAP) Operating Earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. The marginal statutory income tax rates for 2023 and 2022 ranged from 24.0% to 29.0%.

(a) Reflects costs related to a multi-year ERP system implementation, which are recorded in Operating and maintenance expense.
(b) Represents costs related to the separation primarily comprised of system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the separation, and employee-related severance costs, which are recorded in Operating and maintenance expense.
(c) In connection with the separation, Exelon recorded an income tax expense primarily due to the long-term marginal state income tax rate change, the recognition of valuation allowances against the net deferred tax assets positions for certain standalone state filing jurisdictions, and nondeductible transaction costs.

Significant 2023 Transactions and Developments

Separation

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation, creating two publicly traded companies ("the separation"). Exelon completed the separation on February 1, 2022. Constellation was newly formed and incorporated in Pennsylvania on June 15, 2021 for the purpose of separation and holds Generation. The separation represented a strategic shift that would have a major effect on Exelon's operations and financial results. Accordingly, the separation met the criteria for discontinued operations. See Note 2 — Discontinued Operations of the Combined Notes to Consolidated Financial Statements for additional information on the separation and discontinued operations.

In connection with the separation, Exelon incurred separation (benefit)/costs impacting continuing operations of $(1) million and $24 million on a pre-tax basis for the three months ended March 31, 2023 and 2022, respectively, which are recorded in Operating and maintenance expense. Total separation costs impacting continuing operations for the remainder of 2023 are not expected to be material. These costs are excluded from Adjusted (non-GAAP) Operating Earnings. The separation costs are primarily comprised of system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the separation, and employee-related severance costs.

Distribution Base Rate Case Proceedings

The Utility Registrants file base rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future financial statements.

The following tables show the Utility Registrants' completed and pending distribution base rate case proceedings in 2023. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Completed Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Approved Revenue Requirement Increase	Approved ROE	Approval Date	Rate Effective Date
ComEd - Illinois	April 15, 2022	Electric	$ 199	$ 199	7.85 %	November 17, 2022	January 1, 2023
PECO - Pennsylvania	March 31, 2022	Natural Gas	82	55	N/A	October 27, 2022	January 1, 2023
BGE - Maryland	May 15, 2020 (amended September 11, 2020)	Electric	203	140	9.50 %	December 16, 2020	January 1, 2021
		Natural Gas	108	74	9.65 %		
Pepco - Maryland	October 26, 2020 (amended March 31, 2021)	Electric	104	52	9.55 %	June 28, 2021	June 28, 2021
DPL - Maryland	May 19, 2022	Electric	38	29	9.60 %	December 14, 2022	January 1, 2023

Pending Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Requested ROE	Expected Approval Timing
ComEd - Illinois	January 17, 2023	Electric	$ 1,472	10.50% to 10.65%	Fourth quarter of 2023
ComEd - Illinois	April 21, 2023	Electric	247	8.91 %	Fourth quarter of 2023
BGE - Maryland	February 17, 2023	Electric	313	10.40 %	Fourth quarter of 2023
		Natural Gas	289	10.40 %	
Pepco - District of Columbia	April 13, 2023	Electric	191	10.50 %	First quarter of 2024
DPL - Delaware	December 15, 2022 (amended February 28, 2023)	Electric	48	10.50 %	Second quarter of 2024
ACE - New Jersey	February 15, 2023	Electric	105	10.50 %	First quarter of 2024

Transmission Formula Rates

For 2023, the following increases/(decreases) were included in BGE's annual electric transmission formula rate updates. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Registrant	Initial Revenue Requirement Increase	Annual Reconciliation Decrease	Total Revenue Requirement Increase	Allowed Return on Rate Base	Allowed ROE
BGE	$ 19	$ (12)	$ 4	7.34 %	10.50 %

ComEd's FERC Audit

The Utility Registrants are subject to periodic audits and investigations by FERC. FERC's Division of Audits and Accounting initiated a nonpublic audit of ComEd in May 2021 evaluating ComEd's compliance with (1) approved terms, rates and conditions of its federally regulated service; (2) accounting requirements of the Uniform System of Accounts; (3) reporting requirements of the FERC Form 1; and (4) the requirements for record retention. The audit covered the period from January 1, 2017 through August 31, 2022. On January 17 and February 21, 2023, ComEd was provided with information on a series of potential findings, including concerning ComEd's methodology regarding the allocation of certain overhead costs to capital under FERC regulations. As of March 31, 2023, ComEd has continued discussions with FERC staff and determined that a loss is probable and has recorded a liability that reflects management's best estimate. The final outcome and resolution of the findings or of the audit itself cannot be predicted and the results, while not reasonably estimable at this time, could be material to the Exelon and ComEd financial statements. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other Key Business Drivers and Management Strategies

The following discussion of other key business drivers and management strategies includes current developments of previously disclosed matters and new issues arising during the period that may impact future financial statements. This section should be read in conjunction with ITEM 1. Business in the 2022 Form 10-K, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Key Business Drivers and Management Strategies in the 2022 Form 10-K, and Note 12 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in this report for additional information on various environmental matters.

Legislative and Regulatory Developments

City of Chicago Franchise Agreement

The current ComEd Franchise Agreement with the City of Chicago (the City) has been in force since 1992. The Franchise Agreement grants rights to use the public right of way to install, maintain, and operate the wires, poles, and other infrastructure required to deliver electricity to residents and businesses across the City. The Franchise Agreement became terminable on one year notice as of December 31, 2020. It now continues in effect indefinitely unless and until either party issues a notice of termination, effective one year later, or it is replaced by mutual agreement with a new franchise agreement between ComEd and the City. If either party terminates and no new agreement is reached between the parties, the parties could continue with ComEd providing electric services within the City with no franchise agreement in place. The City also has an option to terminate and purchase the ComEd system (“municipalize”), which also requires one year notice. Neither party has issued a notice of termination at this time, the City has not exercised its municipalization option, and no new agreement has become effective. Accordingly, the 1992 Franchise Agreement remains in effect at this time. In April 2021, the City invited interested parties to respond to a Request for Information (RFI) regarding the franchise for electricity delivery. Final responses to the RFI were due on July 30, 2021, however, on July 29, 2021, the City chose to extend the final submission deadline to September 30, 2021. ComEd submitted its response to the RFI by the due date. However, the City did not proceed to issue an RFP. Since that time, ComEd and the City continued to negotiate and have arrived at a proposed Chicago Franchise Agreement (CFA) and an Energy and Equity Agreement (EEA). These agreements together are intended to grant ComEd the right to continue providing electric utility services using public ways within the City of Chicago, and to create a new non-profit entity to advance energy and energy-related equity projects. On February 1, 2023, the proposed CFA and EEA were introduced to the City Council. The proposed CFA and EEA remain subject to approval by the City Council and the Exelon Board.

While Exelon and ComEd cannot predict the ultimate outcome of these processes, fundamental changes in the agreements or other adverse actions affecting ComEd’s business in the City would require changes in their business planning models and operations and could have a material adverse impact on Exelon’s and ComEd’s consolidated financial statements. If the City were to disconnect from the ComEd system, ComEd would seek full compensation for the business and its associated property taken by the City, as well as for all damages resulting to ComEd and its system. ComEd would also seek appropriate compensation for stranded costs with FERC.

Infrastructure Investment and Jobs Act

On November 15, 2021, President Biden signed the $1.2 trillion IIJA into law. IIJA provides for approximately $550 billion in new federal spending. Categories of funding include funding for a variety of infrastructure needs, including but not limited to: (1) power and grid reliability and resilience, (2) resilience for cybersecurity to address critical infrastructure needs, and (3) electric vehicle charging infrastructure for alternative fuel corridors. Federal agencies are developing guidelines to implement spending programs under IIJA. The time needed to develop these guidelines will vary with some limited program applications opened as early as the first quarter of 2022. The Registrants are continuing to analyze the legislation and considering possible opportunities to apply for funding, either directly or in potential collaborations with state and/or local agencies and key stakeholders. The Registrants cannot predict the ultimate timing and success of securing funding from programs under IIJA.

In September 2022, ComEd and BGE applied for the MMG, which establishes and funds construction, improvement, or acquisition of middle mile broadband infrastructure which creates high-speed internet services. The MMG addresses inequitable broadband access by expansion and extension of the middle mile infrastructure in underserved communities. The grant process is expected to be highly competitive, and therefore, ComEd and

BGE cannot predict how many of their total applications will be approved as filed or the precise timing of receiving any funds if they are awarded a grant.

In March 2023, Exelon, ComEd and PHI submitted three applications related to the Smart Grid Grants program under section 40107 of IIJA. These applications are focused on replacing existing Advanced Distribution Management Systems (ADMS) in support of distributed energy resources (DERs) and grid-edged technologies, strengthening interoperability and data architecture of systems in support of two-way power flows and accelerating advanced metering deployment in disadvantaged communities. In April 2023, ComEd, PECO BGE and PHI submitted seven applications related to the Grid Resilience Grants program under section 40101(c) of IIJA. These applications are broadly focused on improving grid resilience with an emphasis on disadvantaged communities, relief of capacity constraints and modernizing infrastructure, deployment of DER and microgrid technologies and providing improved resilience through storm hardening projects. Through its applications under section 40107 and 40101(c) of IIJA, the Registrants are requesting nearly $700 million in proposed federal funding. The grant process is expected to be highly competitive, and therefore, the Registrants cannot predict how many of their total applications will be approved as filed, or the precise timing of receiving any funds if they are awarded a grant.

The Registrants are supporting three different Regional Clean Hydrogen Hub opportunities, covering all five states that Exelon operates in plus Washington D.C. under a program that will create networks of hydrogen producers, consumers, and local connective infrastructure to accelerate the use of hydrogen as a clean energy carrier that can deliver or store energy. Applications for the three opportunities under this program were submitted in April 2023. The selection process is expected to be highly competitive, and therefore, the Registrants cannot predict how many of their total applications will be approved as filed or the precise timing of receiving any funds if they are awarded a grant.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions, and judgments in the preparation of its financial statements. As of March 31, 2023, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2022. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Critical Accounting Policies and Estimates in the 2022 Form 10-K for further information.

Results of Operations by Registrant

Results of Operations — ComEd

	Three Months Ended March 31,		(Unfavorable) Favorable Variance
	2023	2022	
Operating revenues	$ 1,667	$ 1,734	$ (67)
Operating expenses			
Purchased power	488	638	150
Operating and maintenance	337	351	14
Depreciation and amortization	338	321	(17)
Taxes other than income taxes	93	96	3
Total operating expenses	1,256	1,406	150
Operating income	411	328	83
Other income and (deductions)			
Interest expense, net	(117)	(100)	(17)
Other, net	18	12	6
Total other income and (deductions)	(99)	(88)	(11)
Income before income taxes	312	240	72
Income taxes	71	52	(19)
Net income	$ 241	$ 188	$ 53

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022. **Net income** increased by $53 million as compared to the same period in 2022, primarily due to increases in electric distribution formula rate earnings (reflecting higher allowed ROE due to an increase in U.S. Treasury rates and the impacts of higher rate base) and carrying costs related to the CMC regulatory assets.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended March 31, 2023
	Increase (Decrease)
Distribution	$ 111
Transmission	(12)
Energy efficiency	14
Other	2
	115
Regulatory required programs	(182)
Total decrease	$ (67)

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. Operating revenues are not impacted by abnormal weather, usage per customer, or number of customers as a result of revenue decoupling mechanisms implemented pursuant to FEJA.

Distribution Revenue. EIMA and FEJA provide for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, (e.g., severe weather and storm restoration), investments being recovered, and allowed ROE. Electric distribution revenue increased for the three months ended March 31, 2023 as compared to the same period in 2022, due to higher allowed ROE due to an increase in U.S. Treasury rates, the impact of a higher rate base, and higher fully recoverable costs.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, and the highest daily peak

load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue.

Energy Efficiency Revenue. FEJA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under FEJA, energy efficiency revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. Energy efficiency revenue increased for the three months ended March 31, 2023 as compared to the same period in 2022, primarily due to increased regulatory asset amortization, which is fully recoverable.

Other Revenue primarily includes assistance provided to other utilities through mutual assistance programs. Other revenue increased for the three months ended March 31, 2023 as compared to the same period in 2022, which primarily reflects mutual assistance revenues associated with storm restoration efforts.

Regulatory Required Programs represents revenues collected under approved riders to recover costs incurred for regulatory programs such as recoveries under the credit loss expense tariff, environmental costs associated with MGP sites, ETAC, and costs related to electricity, ZEC, CMC, and REC procurement. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information regarding CMCs. ETAC is a retail customer surcharge collected by electric utilities operating in Illinois established by CEJA and remitted to an Illinois state agency for programs to support clean energy jobs and training. The riders are designed to provide full and current cost recovery. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries as ComEd remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, ComEd either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from ComEd, ComEd is permitted to recover the electricity, ZEC, CMC, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power expense related to the electricity, ZECs, CMCs, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ComEd's revenue disaggregation.

The decrease of $150 million for the three months ended March 31, 2023 compared to the same period in 2022, in **Purchased power expense** is primarily due to the CMCs from the participating nuclear-powered generating facilities including the deferral of any associated carrying costs. This favorability is offset by a decrease in Operating revenues as part of regulatory required programs. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information regarding CMCs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended March 31, 2023
	Increase (Decrease)
Labor, other benefits, contracting and materials	$ 17
Storm-related costs	1
Pension and non-pension postretirement benefits expense	(4)
BSC costs	(2)
Other[(a)]	(8)
	4
Regulatory required programs[(b)]	(18)
Total decrease	$ (14)

(a) For the three months ended March 31, 2023, the decrease is primarily due to the voluntary customer refund made in 2022 related to the ICC investigation of matters identified in the Deferred Prosecution Agreement. See Note 12 —

Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information related to the Deferred Prosecution Agreement.

(b) ComEd is allowed to recover from or refund to customers the difference between its annual credit loss expense and the amounts collected in rates annually through a rider mechanism.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended March 31, 2023
	Increase
Depreciation and amortization[(a)]	$ 13
Regulatory asset amortization[(b)]	4
Total increase	$ 17

(a) Reflects ongoing capital expenditures and higher depreciation rates effective January 2023.
(b) Includes amortization of ComEd's energy efficiency formula rate regulatory asset.

Interest expense, net increased by $17 million for the three months ended March 31, 2023, compared to the same period in 2022, primarily due to an increase in interest rates and the issuance of debt during the year.

Effective income tax rates were 22.8% and 21.7% for the three months ended March 31, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — PECO

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2023	2022	
Operating revenues	$ 1,112	$ 1,047	$ 65
Operating expenses			
Purchased power and fuel	484	407	(77)
Operating and maintenance	270	247	(23)
Depreciation and amortization	98	92	(6)
Taxes other than income taxes	50	47	(3)
Total operating expenses	902	793	(109)
Operating income	210	254	(44)
Other income and (deductions)			
Interest expense, net	(48)	(41)	(7)
Other, net	8	7	1
Total other income and (deductions)	(40)	(34)	(6)
Income before income taxes	170	220	(50)
Income taxes	4	14	10
Net income	$ 166	$ 206	$ (40)

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022. **Net income** decreased by $40 million, primarily due to unfavorable weather and credit loss expense, partially offset by an increase in gas distribution rates.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended March 31, 2023 (Decrease) Increase		
	Electric	Gas	Total
Weather	$ (25)	$ (25)	$ (50)
Volume	(7)	2	(5)
Pricing	11	23	34
Transmission	(2)	—	(2)
Other	(1)	6	5
	(24)	6	(18)
Regulatory required programs	78	5	83
Total increase	$ 54	$ 11	$ 65

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as “favorable weather conditions” because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended March 31, 2023 compared to the same period in 2022, Operating revenues related to weather decreased by the impact of unfavorable weather conditions in PECO's service territory.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in PECO's service territory. The changes in heating and cooling degree-days in

PECO's service territory for the three months ended March 31, 2023 compared to the same period in 2022 and normal weather consisted of the following:

	Three Months Ended March 31,			% Change	
PECO Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	1,888	2,228	2,418	(15.3)%	(21.9)%
Cooling Degree-Days	—	1	1	(100.0)%	(100.0)%

Volume. Electric volume, exclusive of the effects of weather, for the three months ended March 31, 2023, compared to the same period in 2022, remained relatively consistent. Natural gas volume for the three months ended March 31, 2023 compared to the same period in 2022, remained relatively consistent.

	Three Months Ended March 31,			
Electric Retail Deliveries to Customers (in GWhs)	2023	2022	% Change	Weather - Normal % Change[b]
Residential	3,358	3,758	(10.6)%	(0.1)%
Small commercial & industrial	1,843	1,937	(4.9)%	0.4 %
Large commercial & industrial	3,237	3,332	(2.9)%	(1.2)%
Public authorities & electric railroads	168	182	(7.7)%	9.3 %
Total electric retail deliveries[a]	8,606	9,209	(6.5)%	(0.2)%

	As of March 31,	
Number of Electric Customers	2023	2022
Residential	1,529,779	1,521,255
Small commercial & industrial	155,846	155,485
Large commercial & industrial	3,118	3,102
Public authorities & electric railroads	10,401	10,342
Total	1,699,144	1,690,184

(a) Reflects delivery volumes from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

	Three Months Ended March 31,			
Natural Gas Deliveries to Customers (in mmcf)	2023	2022	% Change	Weather - Normal % Change[b]
Residential	17,190	20,837	(17.5)%	(2.4)%
Small commercial & industrial	8,699	10,546	(17.5)%	(3.4)%
Large commercial & industrial	29	10	190.0 %	21.7 %
Transportation	7,014	7,639	(8.2)%	(5.4)%
Total natural gas retail deliveries[a]	32,932	39,032	(15.6)%	(3.2)%

	As of March 31,	
Number of Natural Gas Customers	2023	2022
Residential	504,181	499,188
Small commercial & industrial	45,003	44,959
Large commercial & industrial	9	5
Transportation	650	664
Total	549,843	544,816

(a) Reflects delivery volumes from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

Pricing for the three months ended March 31, 2023 compared to the same period in 2022 increased primarily due to an increase in gas distribution rates charged to customers.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered.

Other revenue primarily includes revenue related to late payment charges. Other revenue for the three months ended March 31, 2023 compared to the same period in 2022 remained relatively consistent.

Regulatory Required Programs represents revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency, PGC, and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Income taxes. Customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers. Customer choice programs do not impact the volume of deliveries as PECO remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, PECO either acts as the billing agent or the competitive supplier separately bills its own customers and therefore PECO does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from PECO, PECO is permitted to recover the electricity, natural gas, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power and fuel expense related to the electricity, natural gas, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of PECO's revenue disaggregation.

The increase of $77 million for the three months ended March 31, 2023 compared to the same period in 2022, in **Purchased power and fuel expense** is offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended March 31, 2023
	Increase (Decrease)
Labor, other benefits, contracting and materials	$ 14
Credit loss expense	10
BSC costs	2
Pension and non-pension postretirement benefit expense	(2)
Storm-related costs	(4)
Other	(3)
	17
Regulatory required programs	6
Total increase	$ 23

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended March 31, 2023
	Increase (Decrease)
Depreciation and amortization[(a)]	$ 7
Regulatory asset amortization	(1)
Total increase	$ 6

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Interest expense, net increased $7 million for the three months ended March 31, 2023, compared to the same period in 2022, primarily due to the issuance of debt in 2022 and increases in interest rates.

Effective income tax rates were 2.4% and 6.4% for the three months ended March 31, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — BGE

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2023	2022	
Operating revenues	$ 1,257	$ 1,154	$ 103
Operating expenses			
Purchased power and fuel	492	454	(38)
Operating and maintenance	222	218	(4)
Depreciation and amortization	167	171	4
Taxes other than income taxes	83	76	(7)
Total operating expenses	964	919	(45)
Operating income	293	235	58
Other income and (deductions)			
Interest expense, net	(44)	(35)	(9)
Other, net	3	7	(4)
Total other income and (deductions)	(41)	(28)	(13)
Income before income taxes	252	207	45
Income taxes	52	9	(43)
Net income	$ 200	$ 198	$ 2

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022. **Net income** increased $2 million primarily due to a favorable impacts of the multi-year plans, partially offset by an increase in interest expense. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the three-year electric and natural gas distribution multi-year plans.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended March 31, 2023		
	Increase		
	Electric	Gas	Total
Distribution	$ 26	$ 23	$ 49
Transmission	18	—	18
Other	—	1	1
	44	24	68
Regulatory required programs	34	1	35
Total increase	$ 78	$ 25	$ 103

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and customer usage. However, Operating revenues are not impacted by abnormal weather or usage per customer as a result of a monthly rate adjustment that provides for fixed distribution revenue per customer by customer class. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

	As of March 31,	
Number of Electric Customers	2023	2022
Residential	1,207,486	1,199,272
Small commercial & industrial	115,658	115,363
Large commercial & industrial	12,911	12,674
Public authorities & electric railroads	266	268
Total	1,336,321	1,327,577

Number of Natural Gas Customers	As of March 31, 2023	2022
Residential	656,583	653,397
Small commercial & industrial	38,260	38,356
Large commercial & industrial	6,261	6,193
Total	701,104	697,946

Distribution Revenue increased for the three months ended March 31, 2023, compared to the same period in 2022, due to favorable impacts of the multi-year plans.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for the three months ended March 31, 2023, compared to the same period in 2022, primarily due to increases in underlying costs and capital investments.

Other Revenue includes revenue related to late payment, charges, mutual assistance, off-system sales, and service application fees.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as conservation, demand response, STRIDE, and the POLR mechanism. The riders are designed to provide full and current cost recovery, as well as a return in certain instances. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers. Customer choice programs do not impact the volume of deliveries as BGE remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, BGE acts as the billing agent and therefore does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from BGE, BGE is permitted to recover the electricity and natural gas procurement costs from customers and therefore records the amounts related to the electricity and/or natural gas in Operating revenues and Purchased power and fuel expense. BGE recovers electricity and natural gas procurement costs from customers with a slight mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of BGE's revenue disaggregation.

The increase of $38 million for the three months ended March 31, 2023 compared to the same period in 2022, in **Purchased power and fuel expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended March 31, 2023 Increase (Decrease)
Labor, other benefits, contracting, and materials	$ 8
Storm-related costs	(5)
Pension and non-pension postretirement benefits expense	1
BSC costs	3
Other	(3)
	4
Regulatory required programs	—
Total increase	$ 4

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended March 31, 2023 Increase (Decrease)
Depreciation and amortization[(a)]	$ 7
Regulatory required programs	(9)
Regulatory asset amortization	(2)
Total decrease	$ (4)

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Interest expense, net increased by $9 million for the three months ended March 31, 2023, compared to the same period in 2022, primarily due to an increase in interest rates and the issuance of debt in Q2 2022.

Effective income tax rates were 20.6% and 4.3% for the three months ended March 31, 2023 and 2022, respectively. The change is primarily due to a decrease in the multi-year plans' accelerated income tax benefits in 2023 as compared to 2022. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the three-year electric and natural gas distribution multi-year plans and Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — PHI

PHI's Results of Operations include the results of its three reportable segments, Pepco, DPL, and ACE. PHI also has a business services subsidiary, PHISCO, which provides a variety of support services, and the costs are directly charged or allocated to the applicable subsidiaries. Additionally, the results of PHI's corporate operations include interest costs from various financing activities. All material intercompany accounts and transactions have been eliminated in consolidation. The following table sets forth PHI's GAAP consolidated Net income, by Registrant, for the three months ended March 31, 2023 compared to the same period in 2022. See the Results of Operations for Pepco, DPL, and ACE for additional information.

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2023	2022	
PHI	$ 155	$ 130	$ 25
Pepco	65	46	19
DPL	60	56	4
ACE	33	26	7
Other[(a)]	(3)	2	(5)

(a) Primarily includes eliminating and consolidating adjustments, PHI's corporate operations, shared service entities, and other financing and investment activities.

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022. **Net Income** increased by $25 million primarily due to favorable impacts as a result of Pepco Maryland and DPL Maryland multi-year plans, timing of decoupling revenues in the District of Columbia, higher distribution rates at DPL Delaware, and higher transmission rates at Pepco and ACE, partially offset by an increase in environmental liabilities at Pepco, and unfavorable weather conditions at DPL Delaware electric and natural gas service territories.

Results of Operations — Pepco

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2023	2022	
Operating revenues	$ 710	$ 614	$ 96
Operating expenses			
Purchased power	258	213	(45)
Operating and maintenance	150	131	(19)
Depreciation and amortization	108	108	—
Taxes other than income taxes	94	95	1
Total operating expenses	610	547	(63)
Operating income	100	67	33
Other income and (deductions)			
Interest expense, net	(39)	(36)	(3)
Other, net	16	13	3
Total other income and (deductions)	(23)	(23)	—
Income before income taxes	77	44	33
Income taxes	12	(2)	(14)
Net income	$ 65	$ 46	$ 19

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022. **Net Income** increased by $19 million primarily due to favorable impacts of the Maryland multi-year plan, timing of decoupling revenues in the District of Columbia, and higher transmission rates, partially offset by an increase in environmental liabilities.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended March 31, 2023
	Increase
Distribution	$ 40
Transmission	18
	58
Regulatory required programs	38
Total increase	$ 96

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in both Maryland and the District of Columbia are not impacted by abnormal weather or usage per customer as a result of a BSA that provides for a fixed distribution charge per customer by customer class. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

	As of March 31,	
Number of Electric Customers	2023	2022
Residential	859,207	846,258
Small commercial & industrial	54,089	54,509
Large commercial & industrial	22,858	22,620
Public authorities & electric railroads	201	184
Total	936,355	923,571

Distribution Revenue increased for the three months ended March 31, 2023 compared to the same period in 2022 primarily due to favorable impacts of the Maryland multi-year plan and higher rates due to the expiration of customer offsets and timing of decoupling revenues in the District of Columbia.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for the three months ended March 31, 2023, compared to the same period in 2022, primarily due to increases in capital investment and underlying costs.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, DC PLUG, and SOS procurement and administrative costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries, as Pepco remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, Pepco acts as the billing agent and therefore, Pepco does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from Pepco, Pepco is permitted to recover the electricity and REC procurement costs from customers and therefore records the amounts related to the electricity and RECs in Operating revenues and Purchased power expense. Pepco recovers electricity and REC procurement costs from customers with a slight mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of Pepco's revenue disaggregation.

The increase of $45 million for the three months ended March 31, 2023 compared to the same period in 2022, in **Purchased power expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended March 31, 2023
	Increase (Decrease)
Labor, other benefits, contracting and materials[(a)]	$ 24
Pension and non-pension postretirement benefits expense	3
Storm-related costs	(5)
Credit loss expense	(4)
BSC and PHISCO Costs	(1)
Other	(3)
	14
Regulatory required programs	5
Total increase	$ 19

(a) Primarily reflects an increase in environmental liabilities.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended March 31, 2023
	Increase (Decrease)
Depreciation and amortization[(a)]	$ 3
Regulatory asset amortization	4
Regulatory required programs	(7)
Total increase	$ —

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Effective income tax rates were 15.6% and (4.5)% for three months ended March 31, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — DPL

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2023	2022	
Operating revenues	$ 474	$ 431	$ 43
Operating expenses			
Purchased power and fuel	221	189	(32)
Operating and maintenance	87	93	6
Depreciation and amortization	60	57	(3)
Taxes other than income taxes	20	18	(2)
Total operating expenses	388	357	(31)
Operating income	86	74	12
Other income and (deductions)			
Interest expense, net	(17)	(16)	(1)
Other, net	3	2	1
Total other income and (deductions)	(14)	(14)	—
Income before income taxes	72	60	12
Income taxes	12	4	(8)
Net income	$ 60	$ 56	$ 4

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022. **Net income** increased $4 million primarily due to favorable impacts of the Maryland multi-year plan, higher Delaware electric and natural gas distribution rates, partially offset by unfavorable weather conditions at Delaware electric and natural gas service territories.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended March 31, 2023		
	(Decrease) Increase		
	Electric	Gas	Total
Weather	$ (5)	$ (4)	$ (9)
Volume	(2)	(2)	(4)
Distribution	11	5	16
Transmission	7	—	7
	11	(1)	10
Regulatory required programs	18	15	33
Total increase	$ 29	$ 14	$ 43

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in Maryland are not impacted by abnormal weather or usage per customer as a result of a BSA that provides for a fixed distribution charge per customer by customer class. While Operating revenues from electric distribution customers in Maryland are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Weather. The demand for electricity and natural gas in Delaware is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended March 31, 2023 compared to the same period in 2022, Operating revenues related to weather decreased due to unfavorable weather conditions in Delaware electric and natural gas service territories.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in the Delaware electric service territory and a 30-year period in the Delaware natural gas service territory. The changes in heating and cooling degree days in the Delaware service territory for the three months ended March 31, 2023 compared to same period in 2022 and normal weather consisted of the following:

	Three Months Ended March 31,			% Change	
Delaware Electric Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	1,952	2,355	2,489	(17.1)%	(21.6)%
Cooling Degree-Days	—	3	1	(100.0)%	(100.0)%

	Three Months Ended March 31,			% Change	
Delaware Natural Gas Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	1,952	2,355	2,497	(17.1)%	(21.8)%

Volume, exclusive of the effects of weather, decreased for the three months ended March 31, 2023 compared to the same period in 2022 primarily due to customer usage, partially offset by customer growth.

	Three Months Ended March 31,			Weather - Normal % Change[b]
Electric Retail Deliveries to Delaware Customers (in GWhs)	2023	2022	% Change	
Residential	797	895	(10.9)%	(1.2)%
Small commercial & industrial	327	370	(11.6)%	(7.2)%
Large commercial & industrial	719	765	(6.0)%	(4.7)%
Public authorities & electric railroads	9	9	— %	(6.3)%
Total electric retail deliveries[a]	1,852	2,039	(9.2)%	(3.6)%

	As of March 31,	
Number of Total Electric Customers (Maryland and Delaware)	2023	2022
Residential	482,979	478,009
Small commercial & industrial	63,794	63,296
Large commercial & industrial	1,236	1,221
Public authorities & electric railroads	595	603
Total	548,604	543,129

(a) Reflects delivery volumes from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 20-year average.

	Three Months Ended March 31,			Weather - Normal % Change[b]
Natural Gas Retail Deliveries to Delaware Customers (in mmcf)	2023	2022	% Change	
Residential	3,581	4,453	(19.6)%	(6.6)%
Small commercial & industrial	1,652	1,983	(16.7)%	(1.8)%
Large commercial & industrial	414	457	(9.4)%	(9.5)%
Transportation	1,900	2,207	(13.9)%	(6.9)%
Total natural gas deliveries[a]	7,547	9,100	(17.1)%	(5.8)%

Number of Delaware Natural Gas Customers	As of March 31, 2023	2022
Residential	129,791	128,695
Small commercial & industrial	10,158	10,097
Large commercial & industrial	16	17
Transportation	158	159
Total	140,123	138,968

(a) Reflects delivery volumes from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

Distribution Revenue increased for the three months ended March 31, 2023 compared to the same period in 2022 primarily due to favorable impacts of the Maryland multi-year plan that became effective in January 2023, higher natural gas distribution rates effective in August 2022, and higher DSIC rates in Delaware that became effective in January 2023.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. During the three months ended March 31, 2023 compared to the same period in 2022, transmission revenue increased, primarily due to increases underlying costs.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, DE Renewable Portfolio Standards, SOS procurement and administrative costs, and GCR costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. All customers have the choice to purchase electricity from competitive electric generation suppliers; however, only certain commercial and industrial customers have the choice to purchase natural gas from competitive natural gas suppliers. Customer choice programs do not impact the volume of deliveries as DPL remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, DPL either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from DPL, DPL is permitted to recover the electricity, natural gas, and REC procurement costs from customers and therefore records the amounts related to the electricity, natural gas, and RECs in Operating revenues and Purchased power and fuel expense. DPL recovers electricity and REC procurement costs from customers with a slight mark-up, and natural gas costs without mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of DPL's revenue disaggregation.

The increase of $32 million for the three months ended March 31, 2023, compared to the same period in 2022, respectively, in **Purchased power and fuel expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended March 31, 2023 (Decrease) Increase
Labor, other benefits, contracting and materials	$ (3)
Storm-related costs	(3)
BSC and PHISCO costs	(1)
Credit loss expense	(1)
Pension and non-pension postretirement benefits expense	1
	(7)
Regulatory required programs	1
Total decrease	$ (6)

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended March 31, 2023 Increase (Decrease)
Depreciation and amortization[(a)]	$ 7
Regulatory asset amortization	(1)
Regulatory required programs	(3)
Total increase	$ 3

(a) Reflects ongoing capital expenditures, higher distribution depreciation rates in Maryland effective March 2022 and higher transmission depreciation rates effective September 2022.

Effective income tax rates were 16.7% and 6.7% for the three months ended March 31, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — ACE

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2023	2022	
Operating revenues	$ 353	$ 349	$ 4
Operating expenses			
Purchased power	148	178	30
Operating and maintenance	81	84	3
Depreciation and amortization	67	47	(20)
Taxes other than income taxes	2	2	—
Total operating expenses	298	311	13
Operating income	55	38	17
Other income and (deductions)			
Interest expense, net	(16)	(14)	(2)
Other, net	5	3	2
Total other income and (deductions)	(11)	(11)	—
Income before income taxes	44	27	17
Income taxes	11	1	(10)
Net income	$ 33	$ 26	$ 7

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022. **Net income** increased by $7 million primarily due to higher transmission rates and decreases in various operating expenses.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended March 31, 2023
	Increase (Decrease)
Distribution	$ 8
Transmission	12
	20
Regulatory required programs	(16)
Total increase	$ 4

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in New Jersey are not impacted by abnormal weather or usage per customer as a result of the CIP which became effective, prospectively, in the third quarter of 2021. The CIP compares current distribution revenues by customer class to approved target revenues established in ACE's most recent distribution base rate case. The CIP is calculated annually, and recovery is subject to certain conditions, including an earnings test and ceilings on customer rate increases. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Number of Electric Customers	As of March 31, 2023	2022
Residential	503,260	500,511
Small commercial & industrial	62,230	62,124
Large commercial & industrial	3,030	3,124
Public authorities & electric railroads	726	724
Total	569,246	566,483

Distribution Revenue increased for the three months ended March 31, 2023 compared to the same period in 2022 due to higher distribution rates primarily due to the expiration of customer credits related to the TCJA tax benefits.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for the three months ended March 31, 2023 compared to the same period in 2022, primarily due to increases in capital investment and underlying costs.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, Societal Benefits Charge, Transition Bond Charge, and BGS procurement and administrative costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries, as ACE remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, ACE acts as the billing agent and therefore, ACE does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from ACE, ACE is permitted to recover the electricity, ZEC, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power expense related to the electricity, ZECs, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ACE's revenue disaggregation.

The decrease of $30 million for the three months ended March 31, 2023 compared to the same period in 2022, in **Purchased power expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended March 31, 2023 (Decrease) Increase
Labor, other benefits, contracting and materials	$ (2)
Storm-related costs	(2)
Other	2
	(2)
Regulatory required programs[(a)]	(1)
Total decrease	$ (3)

(a) ACE is allowed to recover from or refund to customers the difference between its annual credit loss expense and the amounts collected in rates annually through the Societal Benefits Charge.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended March 31, 2023 Increase
Depreciation and amortization[(a)]	$ 7
Regulatory asset amortization	—
Regulatory required programs[(b)]	13
Total increase	$ 20

(a) Reflects ongoing capital expenditures and higher transmission depreciation rates effective September 2022.
(b) Regulatory required programs increased primarily due to the regulatory asset amortization of the PPA termination obligation which is fully offset in Operating revenues.

Effective income tax rates were 25.0% and 3.7% for the three months ended March 31, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Liquidity and Capital Resources (All Registrants)

All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations, as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each of the Registrants annually evaluates its financing plan, dividend practices, and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, including construction expenditures, retire debt, pay dividends, and fund pension and OPEB obligations. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, the Utility Registrants operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to credit facilities with aggregate bank commitments of $4.0 billion. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings, and to issue letters of credit. See the "Credit Matters and Cash Requirements" section below for additional information. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs, and capital expenditure requirements. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' debt and credit agreements.

Cash flows related to Generation have not been presented as discontinued operations and are included in the Consolidated Statements of Cash Flows for only 2022. The Exelon Consolidated Statement of Cash Flows for the three months ended March 31, 2022 includes one month of cash flows from Generation.

Cash Flows from Operating Activities

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE, and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, and their ability to achieve operating cost reductions. Additionally, ComEd is required to purchase CMCs from participating nuclear-powered generating facilities for a five-year period that began in June 2022, and all of its costs of doing so will be recovered through a rider. The price to be paid for each CMC is established through a competitive bidding process. ComEd will provide net payments to, or collect net payments from, customers for the difference between customer credits issued and the credit to be received from the participating nuclear-powered generating facilities. ComEd's cash flows are affected by the establishment of CMC prices and the timing of recovering costs through the CMC regulatory asset.

See Note 3 — Regulatory Matters of the 2022 Form 10-K and Notes 3 — Regulatory Matters and 12 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information on regulatory and legal proceedings and proposed legislation.

The following table provides a summary of the change in cash flows from operating activities for the three months ended March 31, 2023 and 2022 by Registrant:

Increase (decrease) in cash flows from operating activities	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net income (loss)	$ 71	$ 53	$ (40)	$ 2	$ 25	$ 19	$ 4	$ 7
Adjustments to reconcile net income to cash:								
Non-cash operating activities	(683)	(126)	(7)	(61)	(8)	(17)	(9)	14
Option premiums (paid), net	39	—	—	—	—	—	—	—
Collateral (paid) received, net	(1,356)	(47)	—	(52)	(226)	(26)	(150)	(41)
Income taxes	(54)	17	20	25	15	7	10	5
Pension and non-pension postretirement benefit contributions	530	153	12	48	60	1	1	6
Regulatory assets and liabilities, net	(293)	(330)	19	(23)	45	4	27	6
Changes in working capital and other assets and liabilities	448	24	23	93	113	70	30	3
(Decrease) increase in cash flows from operating activities	$ (1,298)	$ (256)	$ 27	$ 32	$ 24	$ 58	$ (87)	$ —

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. See above for additional information related to cash flows from Generation. Significant operating cash flow impacts for the Registrants and Generation for the three months ended March 31, 2023 and 2022 were as follows:

- See Note 15 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements and the Registrants' Consolidated Statements of Cash Flows for additional information on **non-cash operating activities**.
- Changes in **collateral** depended upon whether Generation was in a net mark-to-market liability or asset position, and collateral may have been required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differed depending on whether the transactions were on an exchange or in the over-the-counter markets. Changes in collateral for the Registrants are dependent upon the credit exposure of procurement contracts that may require suppliers to post collateral. The amount of cash collateral received from external counterparties decreased due to decreasing energy prices. See Note 9 — Derivative Financial Instruments for additional information.
- See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements and the Registrants' Consolidated Statements of Cash Flows for additional information on **income taxes**.
- Changes in **Pension and non-pension postretirement benefit contributions** relates to Exelon receiving an updated valuation of its pension and OPEB to reflect census data as of January 1, 2023. See Note 8 — Retirement Benefits of the Combined Notes to Consolidated Financial Statements for additional information.
- Changes in **regulatory assets and liabilities, net,** are due to the timing of cash payments for costs recoverable, or cash receipts for costs recovered, under our regulatory mechanisms differs from the recovery period of those costs. Included within the changes is energy efficiency spend for ComEd of $72 million and $50 million for the three months ended March 31, 2023 and 2022, respectively. Also included within the changes is energy efficiency and demand response programs spend for BGE, Pepco, DPL and ACE of $33 million, $14 million, $5 million, and $4 million for the three months ended March 31, 2023 and $26 million, $13 million, $6 million, and $2 million for the three months ended March 31, 2022, respectively. PECO had no energy efficiency and demand response programs spend recorded to the regulatory asset for the three months ended March 31,

2023 and 2022. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

- **Changes in working capital and other assets and liabilities** for the Utility Registrants and Exelon Corporate totaled $125 million and for Generation total $323 million. The change for Generation primarily relates to the revolving accounts receivable financing arrangement which was entered into in April 2020. The change in working capital and other noncurrent assets and liabilities for Exelon Corporate and the Utility Registrants is dependent upon the normal course of operations for all Registrants. For ComEd, it is also dependent upon whether the participating nuclear-powered generating facilities are owed money from ComEd as a result of the established pricing for CMCs. For the three months ended March 31, 2023, the established pricing resulted in a ComEd owing payments to nuclear-powered generating facilities, which is reported within the cash flows from operations as a change in accounts payable and accrued expense.

Cash Flows from Investing Activities

The following table provides a summary of the change in cash flows from investing activities for the three months ended March 31, 2023 and 2022 by Registrant:

Increase (decrease) in cash flows from investing activities	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Capital expenditures	$ 41	$ —	$ 9	$ (47)	$ (152)	$ (46)	$ (31)	$ (74)
Investment in NDT fund sales, net	28	—	—	—	—	—	—	—
Collection of DPP	(169)	—	—	—	—	—	—	—
Proceeds from sales of assets and businesses	(16)	—	—	—	—	—	—	—
Other investing activities	64	(6)	(2)	—	6	7	(1)	—
(Decrease) increase in cash flows from investing activities	$ (52)	$ (6)	$ 7	$ (47)	$ (146)	$ (39)	$ (32)	$ (74)

Significant investing cash flow impacts for the Registrants for three months ended March 31, 2023 and 2022 were as follows:

- Changes in **capital expenditures** are primarily due to the timing of cash expenditures for capital projects. See the "Credit Matters and Cash Requirements" section below for additional information on projected capital expenditure spending for the Utility Registrants. See Note 2 — Discontinued Operations of the Combined Notes to Consolidated Financial Statements for capital expenditures related to Generation prior to the separation.
- **Collection of DPP** relates to Generation's revolving accounts receivable financing agreement which Generation entered into in April 2020.

Cash Flows from Financing Activities

The following table provides a summary of the change in cash flows from financing activities for the three months ended March 31, 2023 and 2022 by Registrant:

(Decrease) increase in cash flows from financing activities	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Changes in short-term borrowings, net	$ (1,380)	$ (168)	$ (94)	$ (285)	$ 54	$ (124)	$ 34	$ 144
Long-term debt, net	(1,227)	225	—	—	(250)	(150)	—	(100)
Changes in intercompany money pool	—	—	(65)	—	(31)	—	—	—
Dividends paid on common stock	(26)	(43)	(1)	(4)	—	(6)	(1)	(2)
Distributions to member	—	—	—	—	(10)	—	—	—
Contributions from parent/member	—	19	103	237	(299)	(144)	(45)	(110)
Transfer of cash, restricted cash, and cash equivalents to Constellation	2,594	—	—	—	—	—	—	—
Other financing activities	3	(1)	1	1	(8)	(9)	—	2
(Decrease) increase in cash flows from financing activities	$ (36)	$ 32	$ (56)	$ (51)	$ (544)	$ (433)	$ (12)	$ (66)

Significant financing cash flow impacts for the Registrants for the three months ended March 31, 2023 and 2022 were as follows:

- **Changes in short-term borrowings, net**, is driven by repayments on and issuances of notes due in less than 365 days. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on short-term borrowings for the Registrants.
- **Long-term debt, net**, varies due to debt issuances and redemptions each year. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on debt issuances. Refer to the debt redemptions table below for additional information.
- **Changes in intercompany money pool** are driven by short-term borrowing needs. Refer below for more information regarding the intercompany money pool.
- Exelon's ability to pay **dividends** on its common stock depends on the receipt of dividends paid by its operating subsidiaries. The payments of dividends to Exelon by its subsidiaries in turn depend on their results of operations and cash flows and other items affecting retained earnings. See Note 18 — Commitments and Contingencies of the 2022 Form 10-K for additional information on dividend restrictions. See below for quarterly dividends declared.
- Refer to Note 2 — Discontinued Operations for the **transfer of cash, restricted cash, and cash equivalents to Constellation** related to the separation.

Debt

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' debt issuances.

During the three months ended March 31, 2023, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Exelon	SMBC Term Loan Agreement	SOFR plus 0.65%	July 21, 2023	$ 300
Exelon	US Bank Term Loan Agreement	SOFR plus 0.65%	July 21, 2023	300
Exelon	PNC Term Loan Agreement	SOFR plus 0.65%	July 24, 2023	250
Exelon	Long-Term Software License Agreement	3.70 %	August 9, 2025	6
Exelon	Long-Term Software License Agreement	3.70 %	August 9, 2025	1

Dividends

Quarterly dividends declared by the Exelon Board of Directors during the three months ended March 31, 2023 and for the second quarter of 2023 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share[a]
First Quarter 2023	February 14, 2023	February 27, 2023	March 10, 2023	$ 0.3600
Second Quarter 2023	April 25, 2023	May 15, 2023	June 9, 2023	$ 0.3600

(a) Exelon's Board of Directors approved an updated dividend policy for 2023. The 2023 quarterly dividend will be $0.36 per share.

Credit Matters and Cash Requirements

The Registrants fund liquidity needs for capital investment, working capital, energy hedging, and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets, and large, diversified credit facilities. The credit facilities include $4.0 billion in aggregate total commitments of which $3.2 billion was available to support additional commercial paper as of March 31, 2023, and of which no financial institution has more than 6% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper markets and had availability under their revolving credit facilities during the three months ended March 31, 2023 to fund their short-term liquidity needs, when necessary. Exelon Corporate and the Utility Registrants each have a 5-year revolving credit facility. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels, and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising, and merger activity. See PART I. ITEM 1A. RISK FACTORS of the 2022 Form 10-K for additional information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flows from operating activities, access to credit markets, and their credit facilities provide sufficient liquidity to support the estimated future cash requirements.

On August 4, 2022, Exelon executed an equity distribution agreement (“Equity Distribution Agreement”) with certain sales agents and forward sellers and certain forward purchasers establishing an ATM equity distribution program under which it may offer and sell shares of its common stock, having an aggregate gross sales price of up to $1.0 billion. Exelon has no obligation to offer or sell any shares of common stock under the Equity Distribution Agreement and may at any time suspend or terminate offers and sales under the Equity Distribution Agreement. As of March 31, 2023, Exelon has not issued any shares of common stock under the ATM program and has not entered into any forward sale agreements.

The following table presents the incremental collateral that each Utility Registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at March 31, 2023 and available credit facility capacity prior to any incremental collateral at March 31, 2023:

	PJM Credit Policy Collateral	Other Incremental Collateral Required[a]	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 17	$ —	$ 586
PECO	1	39	455
BGE	3	73	357
Pepco	4	—	300
DPL	4	14	300
ACE	2	—	300

(a) Represents incremental collateral related to natural gas procurement contracts.

Capital Expenditure Spending

As of March 31, 2023, the most recent estimates of capital expenditures for plant additions and improvements for 2023 are as follows:

(In millions)	Transmission	Distribution	Gas	Total[a]
Exelon	N/A	N/A	N/A	$ 7,175
ComEd	500	2,075	N/A	2,550
PECO	75	975	325	1,375
BGE	325	525	475	1,325
PHI	550	1,225	125	1,900
Pepco	250	650	N/A	900
DPL	175	275	125	575
ACE	125	300	N/A	425

(a) Numbers rounded to the nearest $25M and may not sum due to rounding.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Retirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006 (the Act), management of the pension obligation, and regulatory implications. The Act requires the attainment of certain funding levels to avoid benefit restrictions (such as an inability to pay lump sums or to accrue benefits prospectively), and at-risk status (which triggers higher minimum contribution requirements and participant notification). The projected contributions reflect a funding strategy to make annual contributions with the objective of achieving 100% funded status on an ABO basis over time. This funding strategy helps minimize volatility of future period required pension contributions. Exelon's estimated annual qualified pension contributions will be $20 million in 2023. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded, given that they are not subject to statutory minimum contribution requirements.

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

To the extent interest rates decline significantly or the pension and OPEB plans earn less than the expected asset returns, annual pension contribution requirements in future years could increase. Conversely, to the extent interest rates increase significantly or the pension and OPEB plans earn greater than the expected asset returns, annual pension and OPEB contribution requirements in future years could decrease. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

See Note 14 — Retirement Benefits of the Combined Notes to Consolidated Financial Statements of the 2022 Form 10-K for additional information on pension and OPEB contributions.

Credit Facilities

Exelon Corporate, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. PECO meets its short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. Pepco, DPL, and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the PHI intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective

credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' credit facilities and short term borrowing activity.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

The credit ratings for Exelon and the Utility Registrants did not change for the three months ended March 31, 2023.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of March 31, 2023, are presented in the following table. Pepco, DPL, and ACE had no activity within the PHI intercompany money pool during the three months ended March 31, 2023.

Exelon Intercompany Money Pool	During the Three Months Ended March 31, 2023		As of March 31, 2023
	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 510	$ —	$ 266
PECO	—	(238)	—
BSC	—	(327)	(259)
PHI Corporate	—	(52)	(52)
PCI	45	—	45

Shelf Registration Statements

Exelon and the Utility Registrants have a currently effective combined shelf registration statement, unlimited in amount, that will expire in August 2025. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

The Utility Registrants are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	As of March 31, 2023					
	Short-term Financing Authority			Remaining Long-term Financing Authority		
	Commission	Expiration Date	Amount	Commission	Expiration Date	Amount
ComEd	FERC	December 31, 2023	$ 2,500	ICC	January 1, 2025	$ 368
PECO	FERC	December 31, 2023	1,500	PAPUC	December 31, 2024	1,125
BGE[(a)]	FERC	December 31, 2023	700	MDPSC	N/A	1,800
Pepco[(b)]	FERC	December 31, 2023	500	MDPSC / DCPSC	December 31, 2025	1,150
DPL[(b)]	FERC	December 31, 2023	500	MDPSC / DEPSC	December 31, 2025	1,075
ACE	NJBPU	December 31, 2023	350	NJBPU	December 31, 2024	625

(a) On December 21, 2022, BGE received approval from the MDPSC for $1.8 billion in new long-term financing authority with an effective date of January 4, 2023.
(b) The financing authority filed with MDPSC does not have an expiration date, while the financing authority filed with DEPSC has an expiration date of December 31, 2025.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Registrants hold commodity and financial instruments that are exposed to the following market risks:

- Commodity price risk, which is discussed further below.
- Counterparty credit risk associated with non-performance by counterparties on executed derivative instruments and participation in all, or some of the established, wholesale spot energy markets that are administered by PJM. The credit policies of PJM may, under certain circumstances, require that losses arising from the default of one member on spot energy market transactions be shared by the remaining participants. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of counterparty credit risk related to derivative instruments.
- Equity price and interest rate risk associated with Exelon's pension and OPEB plan trusts. See Note 8 — Retirement Benefits of the 2022 Form 10-K for additional information.
- Interest rate risk associated with changes in interest rates for the Registrants' outstanding long-term debt. This risk is significantly reduced as substantially all of the Registrants' outstanding debt has fixed interest rates. There is inherent interest rate risk related to refinancing maturing debt by issuing new long-term debt. The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information. In addition, Exelon may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges, or to lock in rate levels on borrowings, which are typically designated as economic hedges. See Note 9 – Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.
- Electric operating revenues risk associated with ComEd's distribution formula rate. ComEd's ROE for its electric distribution service through 2023 is directly correlated to yields on U.S. Treasury bonds. Exelon Corporate may utilize interest rate derivatives to mitigate volatility and manage risk to Exelon, which are typically accounted for as economic hedges. See Note 9 – Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

The Registrants operate primarily under cost-based rate regulation limiting exposure to the effects of market risk. Hedging programs are utilized to reduce exposure to energy and natural gas price volatility and have no direct earnings impacts as the costs are fully recovered through regulatory-approved recovery mechanisms.

Exelon manages these risks through risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. Risk management issues are reported to Exelon's Executive Committee, the Risk Management Committees of each Utility Registrant, and the Audit and Risk Committee of Exelon's Board of Directors.

Commodity Price Risk

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the total amount of energy Exelon purchases differs from the amount of energy it has contracted to sell, Exelon is exposed to market fluctuations in commodity prices. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity and natural gas.

ComEd entered into 20-year floating-to-fixed renewable energy swap contracts beginning in June 2012, which are considered an economic hedge and have changes in fair value recorded to an offsetting regulatory asset or liability. ComEd has block energy contracts to procure electric supply that are executed through a competitive procurement process, which are considered derivatives and qualify for NPNS, and as a result are accounted for on an accrual basis of accounting. PECO, BGE, Pepco, DPL, and ACE have contracts to procure electric supply that are executed through a competitive procurement process. PECO, BGE, Pepco, DPL, and ACE have certain full requirements contracts, which are considered derivatives and qualify for NPNS, and as a result are accounted for on an accrual basis of accounting. Other full requirements contracts are not derivatives.

PECO, BGE, and DPL also have executed derivative natural gas contracts, which qualify for NPNS, to hedge their long-term price risk in the natural gas market. The hedging programs for natural gas procurement have no direct impact on their financial statements.

For additional information on these contracts, see Note 9 — Derivative Financial Instruments and Note 11 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements.

The following table presents the maturity and source of fair value for Exelon's and ComEd's mark-to-market commodity contract net liabilities. These net liabilities are associated with ComEd's floating-to-fixed energy swap contracts with unaffiliated suppliers. The table provides two fundamental pieces of information. First, the table provides the source of fair value used in determining the carrying amount of Exelon's and ComEd's total mark-to-market net liabilities. Second, the table shows the maturity, by year, of Exelon's and ComEd's commodity contract net liabilities giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 11 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

	Maturities Within						
Commodity derivative contracts[(a)]:	**2023**	**2024**	**2025**	**2026**	**2027**	**2028 and Beyond**	**Total Fair Value**
Prices based on model or other valuation methods (Level 3)	$ (20)	$ (16)	$ (14)	$ (12)	$ (10)	$ (26)	$ (98)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

ITEM 4. CONTROLS AND PROCEDURES

During the first quarter of 2023, each of the Registrants' management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing, and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by the Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to that Registrant's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated, and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of March 31, 2023, the principal executive officer and principal financial officer of each of the Registrants concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. The Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There were no changes in internal control over financial reporting during the first quarter of 2023 that materially affected, or are reasonably likely to materially affect, any of the Registrants' internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of the 2022 Form 10-K, (b) Notes 3 — Regulatory Matters and 18 — Commitments and Contingencies of the 2022 Form 10-K, and (c) Notes 3 — Regulatory Matters and 12 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

ITEM 1A. RISK FACTORS

Risks Related to All Registrants

At March 31, 2023, the Registrants' risk factors were consistent with the risk factors described in the 2022 Form 10-K in ITEM 1A. RISK FACTORS.

ITEM 5. OTHER INFORMATION

All Registrants

None.

ITEM 6. EXHIBITS

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

(4) Instruments Defining the Rights of Securities Holders, Including Indentures

Exelon Corporation

Exhibit No.	Description	Location
4-1	Sixth Supplemental Indenture, dated as of February 1, 2023, among Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee	File No. 001-16169, Form 8-K dated February 21, 2023, Exhibit 4.2

Potomac Electric Power Company

Exhibit No.	Description	
4-2	Supplemental Indenture to the Potomac Electric Power Company Mortgage and Deed of Trust, dated as of March 1, 2023	File No. 001-01072, Form 8-K dated March 15, 2023, Exhibit 4.6

Delmarva Power & Light Company

Exhibit No.	Description	
4-3	Supplemental Indenture to the Delmarva Power & Light Company Mortgage and Deed of Trust, dated as of March 1, 2023	File No. 001-01405, Form 8-K dated March 15, 2023, Exhibit 4.4

Atlantic City Electric Company

Exhibit No.	Description	
4-4	Supplemental Indenture to the Atlantic City Electric Company Mortgage and Deed of Trust, dated as of March 1, 2023	File No. 001-03559, Form 8-K dated March 15, 2023, Exhibit 4.2

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 filed by the following officers for the following companies:

Exelon Corporation

Exhibit No.	Description
31-1	Filed by Calvin G. Butler, Jr. for Exelon Corporation
31-2	Filed by Jeanne M. Jones for Exelon Corporation

Commonwealth Edison Company

Exhibit No.	Description
31-3	Filed by Gil C. Quiniones for Commonwealth Edison Company
31-4	Filed by Elisabeth J. Graham for Commonwealth Edison Company

PECO Energy Company

Exhibit No.	Description
31-5	Filed by Michael A. Innocenzo for PECO Energy Company
31-6	Filed by Marissa Humphrey for PECO Energy Company

Baltimore Gas and Electric Company

Exhibit No.	Description
31-7	Filed by Carim V. Khouzami for Baltimore Gas and Electric Company
31-8	Filed by David M. Vahos for Baltimore Gas and Electric Company

Pepco Holdings LLC

Exhibit No.	Description
31-9	Filed by J. Tyler Anthony for Pepco Holdings LLC
31-10	Filed by Phillip S. Barnett for Pepco Holdings LLC

Potomac Electric Power Company

Exhibit No.	Description
31-11	Filed by J. Tyler Anthony for Potomac Electric Power Company
31-12	Filed by Phillip S. Barnett for Potomac Electric Power Company

Delmarva Power & Light Company

Exhibit No.	Description
31-13	Filed by J. Tyler Anthony for Delmarva Power & Light Company
31-14	Filed by Phillip S. Barnett for Delmarva Power & Light Company

Atlantic City Electric Company

Exhibit No.	Description
31-15	Filed by J. Tyler Anthony for Atlantic City Electric Company
31-16	Filed by Phillip S. Barnett for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes-Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 filed by the following officers for the following companies:

Exelon Corporation

Exhibit No.	Description
32-1	Filed by Calvin G. Butler, Jr. for Exelon Corporation
32-2	Filed by Jeanne M. Jones for Exelon Corporation

Commonwealth Edison Company

Exhibit No.	Description
32-3	Filed by Gil C. Quiniones for Commonwealth Edison Company
32-4	Filed by Elisabeth J. Graham for Commonwealth Edison Company

PECO Energy Company

Exhibit No.	Description
32-5	Filed by Michael A. Innocenzo for PECO Energy Company
32-6	Filed by Marissa Humphrey for PECO Energy Company

Baltimore Gas and Electric Company

Exhibit No.	Description
32-7	Filed by Carim V. Khouzami for Baltimore Gas and Electric Company
32-8	Filed by David M. Vahos for Baltimore Gas and Electric Company

Pepco Holdings LLC

Exhibit No.	Description
32-9	Filed by J. Tyler Anthony for Pepco Holdings LLC
32-10	Filed by Phillip S. Barnett for Pepco Holdings LLC

Potomac Electric Power Company

Exhibit No.	Description
32-11	Filed by J. Tyler Anthony for Potomac Electric Power Company
32-12	Filed by Phillip S. Barnett for Potomac Electric Power Company

Delmarva Power & Light Company

Exhibit No.	Description
32-13	Filed by J. Tyler Anthony for Delmarva Power & Light Company
32-14	Filed by Phillip S. Barnett for Delmarva Power & Light Company

Atlantic City Electric Company

Exhibit No.	Description
32-15	Filed by J. Tyler Anthony for Atlantic City Electric Company
32-16	Filed by Phillip S. Barnett for Atlantic City Electric Company
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

EXELON CORPORATION

/s/ CALVIN G. BUTLER, JR.	/s/ JEANNE M. JONES
Calvin G. Butler, Jr.	Jeanne M. Jones
President, Chief Executive Officer (Principal Executive Officer) and Director	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ JOSEPH R. TRPIK	
Joseph R. Trpik	
Senior Vice President and Corporate Controller (Principal Accounting Officer)	

May 3, 2023

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

COMMONWEALTH EDISON COMPANY

/s/ GIL C. QUINIONES	/s/ ELISABETH J. GRAHAM
Gil C. Quiniones	Elisabeth J. Graham
Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ STEVEN J. CICHOCKI	
Steven J. Cichocki	
Director, Accounting (Principal Accounting Officer)	

May 3, 2023

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

PECO ENERGY COMPANY

/s/ MICHAEL A. INNOCENZO	/s/ MARISSA HUMPHREY
Michael A. Innocenzo	Marissa Humphrey
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ CAROLINE FULGINITI	
Caroline Fulginiti	
Director, Accounting (Principal Accounting Officer)	

May 3, 2023

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

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CARIM V. KHOUZAMI	/s/ DAVID M. VAHOS
Carim V. Khouzami	David M. Vahos
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JASON T. JONES	
Jason T. Jones	
Director, Accounting (Principal Accounting Officer)	

May 3, 2023

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

PEPCO HOLDINGS LLC

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

May 3, 2023

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

POTOMAC ELECTRIC POWER COMPANY

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer, Treasurer (Principal Financial Officer) and Director
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

May 3, 2023

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

DELMARVA POWER & LIGHT COMPANY

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

May 3, 2023

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

ATLANTIC CITY ELECTRIC COMPANY

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

May 3, 2023

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2023

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jeanne M. Jones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JEANNE M. JONES
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 3, 2023

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Gil C. Quiniones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GIL C. QUINIONES

Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2023

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Elisabeth J. Graham, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ELISABETH J. GRAHAM

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2023

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Michael A. Innocenzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. INNOCENZO
President, Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2023

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Marissa Humphrey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MARISSA HUMPHREY

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2023

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Carim V. Khouzami, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CARIM V. KHOUZAMI
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2023

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS

Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: May 3, 2023

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY

President, Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2023

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2023

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY

President, Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2023

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2023

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY

President, Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2023

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2023

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY

President, Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2023

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2023

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler
President and Chief Executive Officer

Date: May 3, 2023

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JEANNE M. JONES
Jeanne M. Jones
Executive Vice President and Chief Financial Officer

Date: May 3, 2023

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ GIL C. QUINIONES
Gil C. Quiniones
Chief Executive Officer

Date: May 3, 2023

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ELISABETH J. GRAHAM
Elisabeth J. Graham
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2023

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ MICHAEL A. INNOCENZO
Michael A. Innocenzo
President and Chief Executive Officer

Date: May 3, 2023

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ MARISSA HUMPHREY

Marissa Humphrey
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2023

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CARIM V. KHOUZAMI
Carim V. Khouzami
President and Chief Executive Officer

Date: May 3, 2023

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS
David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2023

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: May 3, 2023

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2023

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: May 3, 2023

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2023

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: May 3, 2023

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2023

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: May 3, 2023

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended March 31, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2023

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2023
or

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

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
001-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
001-01839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 10 South Dearborn Street Chicago, Illinois 60603-2300 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
001-01910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068-0001 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068-001 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702-5440 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702-5440 (202) 872-2000	21-0398280

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
EXELON CORPORATION:		
Common stock, without par value	EXC	The Nasdaq Stock Market LLC
PECO ENERGY COMPANY:		
Trust Receipts of PECO Energy Capital Trust III, each representing a 7.38% Cumulative Preferred Security, Series D, $25 stated value, issued by PECO Energy Capital, L.P. and unconditionally guaranteed by PECO Energy Company	EXC/28	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

Exelon Corporation	Large Accelerated Filer x	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐
Commonwealth Edison Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
PECO Energy Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Baltimore Gas and Electric Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Pepco Holdings LLC	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Potomac Electric Power Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Delmarva Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Atlantic City Electric Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No x

The number of shares outstanding of each registrant’s common stock as of June 30, 2023 was:

Exelon Corporation Common Stock, without par value	995,219,195
Commonwealth Edison Company Common Stock, $12.50 par value	127,021,395
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $0.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

TABLE OF CONTENTS

		Page No.
GLOSSARY OF TERMS AND ABBREVIATIONS		4
FILING FORMAT		7
CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION		7
WHERE TO FIND MORE INFORMATION		7
PART I.	FINANCIAL INFORMATION	8
ITEM 1.	FINANCIAL STATEMENTS	8
	Exelon Corporation	
	Consolidated Statements of Operations and Comprehensive Income	9
	Consolidated Statements of Cash Flows	10
	Consolidated Balance Sheets	11
	Consolidated Statements of Changes in Shareholders' Equity	13
	Commonwealth Edison Company	
	Consolidated Statements of Operations and Comprehensive Income	15
	Consolidated Statements of Cash Flows	16
	Consolidated Balance Sheets	17
	Consolidated Statements of Changes in Shareholders' Equity	19
	PECO Energy Company	
	Consolidated Statements of Operations and Comprehensive Income	20
	Consolidated Statements of Cash Flows	21
	Consolidated Balance Sheets	22
	Consolidated Statements of Changes in Shareholder's Equity	24
	Baltimore Gas and Electric Company	
	Statements of Operations and Comprehensive Income	25
	Statements of Cash Flows	26
	Balance Sheets	27
	Statements of Changes in Shareholder's Equity	29
	Pepco Holdings LLC	
	Consolidated Statements of Operations and Comprehensive Income	30
	Consolidated Statements of Cash Flows	31
	Consolidated Balance Sheets	32
	Consolidated Statements of Changes in Member's Equity	34

	Page No.
Potomac Electric Power Company	
Statements of Operations and Comprehensive Income	35
Statements of Cash Flows	36
Balance Sheets	37
Statements of Changes in Shareholder's Equity	39
Delmarva Power & Light Company	
Statements of Operations and Comprehensive Income	40
Statements of Cash Flows	41
Balance Sheets	42
Statements of Changes in Shareholder's Equity	44
Atlantic City Electric Company	
Consolidated Statements of Operations and Comprehensive Income	45
Consolidated Statements of Cash Flows	46
Consolidated Balance Sheets	47
Consolidated Statements of Changes in Shareholder's Equity	49
Combined Notes to Consolidated Financial Statements	
1. Significant Accounting Policies	50
2. Discontinued Operations	51
3. Regulatory Matters	54
4. Revenue from Contracts with Customers	61
5. Segment Information	62
6. Accounts Receivable	71
7. Income Taxes	74
8. Retirement Benefits	77
9. Derivative Financial Instruments	78
10. Debt and Credit Agreements	82
11. Fair Value of Financial Assets and Liabilities	85
12. Commitments and Contingencies	91
13. Shareholders' Equity	99
14. Changes in Accumulated Other Comprehensive Income	99
15. Supplemental Financial Information	100
16. Related Party Transactions	105

		Page No.
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	108
	Exelon Corporation	108
	Executive Overview	108
	Financial Results of Operations	108
	Significant 2023 Transactions and Developments	111
	Other Key Business Drivers and Management Strategies	113
	Critical Accounting Policies and Estimates	114
	Results of Operations By Registrant	116
	Commonwealth Edison Company	116
	PECO Energy Company	119
	Baltimore Gas and Electric Company	123
	Pepco Holdings LLC	126
	Potomac Electric Power Company	127
	Delmarva Power & Light Company	130
	Atlantic City Electric Company	134
	Liquidity and Capital Resources	137
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	145
ITEM 4.	CONTROLS AND PROCEDURES	146
PART II.	OTHER INFORMATION	146
ITEM 1.	LEGAL PROCEEDINGS	146
ITEM 1A.	RISK FACTORS	147
ITEM 5.	OTHER INFORMATION	147
ITEM 6.	EXHIBITS	147
SIGNATURES		150
	Exelon Corporation	150
	Commonwealth Edison Company	151
	PECO Energy Company	152
	Baltimore Gas and Electric Company	153
	Pepco Holdings LLC	154
	Potomac Electric Power Company	155
	Delmarva Power & Light Company	156
	Atlantic City Electric Company	157

GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities	
Exelon	Exelon Corporation
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC
Pepco	Potomac Electric Power Company
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
Registrants	Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL, and ACE, collectively
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
PCI	Potomac Capital Investment Corporation and its subsidiaries
PECO Trust III	PECO Energy Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PHI Corporate	PHI in its corporate capacity as a holding company
PHISCO	PHI Service Company
Former Related Entities	
Constellation	Constellation Energy Corporation
Generation	Constellation Energy Generation, LLC (formerly Exelon Generation Company, LLC, a subsidiary of Exelon prior to separation on February 1, 2022)

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

Note - of the 2022 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2022 Annual Report on Form 10-K
ABO	Accumulated Benefit Obligation
AECs	Alternative Energy Credits that are issued for each megawatt hour of generation from a qualified alternative energy source
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset Retirement Obligation
BGS	Basic Generation Service
BSA	Bill Stabilization Adjustment
CEJA	Climate and Equitable Jobs Act; Illinois Public Act 102-0662 signed into law on September 15, 2021
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended
CIP	Conservation Incentive Program
CMC	Carbon Mitigation Credit
CODMs	Chief Operating Decision Makers
DC PLUG	District of Columbia Power Line Undergrounding Initiative
DCPSC	Public Service Commission of the District of Columbia
DEPSC	Delaware Public Service Commission
DOEE	District of Columbia Department of Energy & Environment
DPA	Deferred Prosecution Agreement
DPP	Deferred Purchase Price
DSIC	Distribution System Improvement Charge
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
ERP	Enterprise Resource Program
ETAC	Energy Transition Assistance Charge
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GSA	Generation Supply Adjustment
GWhs	Gigawatt hours
ICC	Illinois Commerce Commission
IIJA	Infrastructure Investment and Jobs Act
IIP	Infrastructure Investment Program
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
IPA	Illinois Power Agency
IRA	Inflation Reduction Act
IRC	Internal Revenue Code
IRS	Internal Revenue Service
MDPSC	Maryland Public Service Commission

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

MGP	Manufactured Gas Plant
mmcf	Million Cubic Feet
MMG	Middle Mile Grant
MRP	Multi-Year Rate Plan
MW	Megawatt
MWh	Megawatt hour
N/A	Not applicable
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NJBPU	New Jersey Board of Public Utilities
NPNS	Normal Purchase Normal Sale scope exception
NPS	National Park Service
NRD	Natural Resources Damages
OCI	Other Comprehensive Income
OPEB	Other Postretirement Employee Benefits
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
PPA	Power Purchase Agreement
PP&E	Property, plant, and equipment
PRPs	Potentially Responsible Parties
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
ROE	Return on equity
ROU	Right-of-use
RPS	Renewable Energy Portfolio Standards
RTO	Regional Transmission Organization
SEC	United States Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
SOS	Standard Offer Service
STRIDE	Maryland Strategic Infrastructure Development and Enhancement Program
TCJA	Tax Cuts and Jobs Act
ZEC	Zero Emission Credit or Zero Emission Certificate

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. Words such as “could,” “may,” “expects,” “anticipates,” “will,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “predicts,” "should," and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic, and financial performance, are intended to identify such forward-looking statements.

The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the 2022 Form 10-K in (a) Part I, ITEM 1A. Risk Factors, (b) Part II, ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part II, ITEM 8. Financial Statements and Supplementary Data: Note 18, Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, ITEM 1A. Risk Factors, (b) Part I, ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part I, ITEM 1. Financial Statements: Note 12, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants.

Investors are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information that the Registrants file electronically with the SEC. These documents are also available to the public from commercial document retrieval services and the Registrants' website at www.exeloncorp.com. Information contained on the Registrants' website shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share data)	**2023**	**2022**	**2023**	**2022**
Operating revenues				
Electric operating revenues	$ 4,434	$ 3,934	$ 8,896	$ 8,415
Natural gas operating revenues	258	307	1,080	1,124
Revenues from alternative revenue programs	126	(2)	404	27
Total operating revenues	4,818	4,239	10,380	9,566
Operating expenses				
Purchased power	1,669	1,167	3,402	2,748
Purchased fuel	58	107	416	445
Purchased power and fuel from affiliates	—	—	—	159
Operating and maintenance	1,197	1,109	2,347	2,288
Depreciation and amortization	866	830	1,727	1,647
Taxes other than income taxes	324	330	679	684
Total operating expenses	4,114	3,543	8,571	7,971
Loss on sale of assets and businesses	—	(2)	—	(2)
Operating income	704	694	1,809	1,593
Other income and (deductions)				
Interest expense, net	(421)	(352)	(828)	(684)
Interest expense to affiliates	(6)	(6)	(12)	(13)
Other, net	139	175	249	313
Total other income and (deductions)	(288)	(183)	(591)	(384)
Income from continuing operations before income taxes	416	511	1,218	1,209
Income taxes	73	46	206	263
Net income from continuing operations after income taxes	343	465	1,012	946
Net income from discontinued operations after income taxes (Note 2)	—	—	—	117
Net income	343	465	1,012	1,063
Net income attributable to noncontrolling interests	—	—	—	1
Net income attributable to common shareholders	$ 343	$ 465	$ 1,012	$ 1,062
Amounts attributable to common shareholders:				
Net income from continuing operations	343	465	1,012	946
Net income from discontinued operations	—	—	—	116
Net income attributable to common shareholders	$ 343	$ 465	$ 1,012	$ 1,062
Comprehensive income, net of income taxes				
Net income	$ 343	$ 465	$ 1,012	$ 1,063
Other comprehensive income, net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	—	2	—	2
Actuarial loss reclassified to periodic benefit cost	3	10	6	24
Pension and non-pension postretirement benefit plans valuation adjustment	(3)	—	(13)	—
Unrealized gain on cash flow hedges	9	—	15	—
Other comprehensive income	9	12	8	26
Comprehensive income	352	477	1,020	1,089
Comprehensive income attributable to noncontrolling interests	—	—	—	1
Comprehensive income attributable to common shareholders	$ 352	$ 477	$ 1,020	$ 1,088
Average shares of common stock outstanding:				
Basic	995	981	995	981
Assumed exercise and/or distributions of stock-based awards	1	1	1	1
Diluted	996	982	996	982
Earnings per average common share from continuing operations				
Basic	$ 0.34	$ 0.47	$ 1.02	$ 0.96
Diluted	$ 0.34	$ 0.47	$ 1.02	$ 0.96
Earnings per average common share from discontinued operations				
Basic	$ —	$ —	$ —	$ 0.12
Diluted	$ —	$ —	$ —	$ 0.12

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Six Months Ended June 30, 2023	2022
Cash flows from operating activities		
Net income	$ 1,012	$ 1,063
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, and accretion, including nuclear fuel and energy contract amortization	1,727	1,854
Gain on sales of assets and businesses	—	(8)
Deferred income taxes and amortization of investment tax credits	94	143
Net fair value changes related to derivatives	4	(59)
Net realized and unrealized losses on NDT funds	—	205
Net unrealized losses on equity investments	—	16
Other non-cash operating activities	(222)	276
Changes in assets and liabilities:		
Accounts receivable	387	(795)
Inventories	44	12
Accounts payable and accrued expenses	(734)	544
Option premiums paid, net	—	(39)
Collateral (paid) received, net	(187)	1,689
Income taxes	97	23
Regulatory assets and liabilities, net	(516)	(376)
Pension and non-pension postretirement benefit contributions	(85)	(585)
Other assets and liabilities	140	(723)
Net cash flows provided by operating activities	1,761	3,240
Cash flows from investing activities		
Capital expenditures	(3,685)	(3,507)
Proceeds from NDT fund sales	—	488
Investment in NDT funds	—	(516)
Collection of DPP	—	169
Proceeds from sales of assets and businesses	—	16
Other investing activities	10	4
Net cash flows used in investing activities	(3,675)	(3,346)
Cash flows from financing activities		
Changes in short-term borrowings	(1,600)	(597)
Proceeds from short-term borrowings with maturities greater than 90 days	400	1,150
Repayments on short-term borrowings with maturities greater than 90 days	(150)	(350)
Issuance of long-term debt	5,200	5,151
Retirement of long-term debt	(1,209)	(1,707)
Dividends paid on common stock	(717)	(663)
Proceeds from employee stock plans	19	17
Transfer of cash, restricted cash, and cash equivalents to Constellation	—	(2,594)
Other financing activities	(84)	(84)
Net cash flows provided by financing activities	1,859	323
(Decrease) increase in cash, restricted cash, and cash equivalents	(55)	217
Cash, restricted cash, and cash equivalents at beginning of period	1,090	1,619
Cash, restricted cash, and cash equivalents at end of period	$ 1,035	$ 1,836
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (164)	$ (276)
Increase in DPP	—	348
Decrease in PP&E related to ARO update	—	(335)

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 399	$ 407
Restricted cash and cash equivalents	435	566
Accounts receivable		
Customer accounts receivable	2,333	2,544
Customer allowance for credit losses	(323)	(327)
Customer accounts receivable, net	2,010	2,217
Other accounts receivable	1,107	1,426
Other allowance for credit losses	(87)	(82)
Other accounts receivable, net	1,020	1,344
Inventories, net		
Fossil fuel	88	208
Materials and supplies	622	547
Regulatory assets	2,505	1,641
Other	463	406
Total current assets	7,542	7,336
Property, plant, and equipment (net of accumulated depreciation and amortization of $16,819 and $15,930 as of June 30, 2023 and December 31, 2022, respectively)	71,300	69,076
Deferred debits and other assets		
Regulatory assets	7,972	8,037
Goodwill	6,630	6,630
Receivable related to Regulatory Agreement Units	3,120	2,897
Investments	238	232
Other	1,278	1,141
Total deferred debits and other assets	19,238	18,937
Total assets	$ 98,080	$ 95,349

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 1,236	$ 2,586
Long-term debt due within one year	1,505	1,802
Accounts payable	2,506	3,382
Accrued expenses	1,220	1,226
Payables to affiliates	5	5
Regulatory liabilities	439	437
Mark-to-market derivative liabilities	31	8
Unamortized energy contract liabilities	8	10
Other	986	1,155
Total current liabilities	7,936	10,611
Long-term debt	39,492	35,272
Long-term debt to financing trusts	390	390
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,547	11,250
Regulatory liabilities	9,406	9,112
Pension obligations	1,061	1,109
Non-pension postretirement benefit obligations	510	507
Asset retirement obligations	273	269
Mark-to-market derivative liabilities	109	83
Unamortized energy contract liabilities	30	35
Other	2,247	1,967
Total deferred credits and other liabilities	25,183	24,332
Total liabilities	73,001	70,605
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 995 shares and 994 shares outstanding as of June 30, 2023 and December 31, 2022, respectively)	20,941	20,908
Treasury stock, at cost (2 shares as of June 30, 2023 and December 31, 2022)	(123)	(123)
Retained earnings	4,891	4,597
Accumulated other comprehensive loss, net	(630)	(638)
Total shareholders' equity	25,079	24,744
Total liabilities and shareholders' equity	$ 98,080	$ 95,349

See the Combined Notes to Consolidated Financial Statements

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

	Six Months Ended June 30, 2023						
(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance at December 31, 2022	995,830	$ 20,908	$ (123)	$ 4,597	$ (638)	$ —	$ 24,744
Net income	—	—	—	669	—	—	669
Long-term incentive plan activity	306	1	—	—	—	—	1
Employee stock purchase plan issuances	266	12	—	—	—	—	12
Common stock dividends ($0.36/common share)	—	—	—	(359)		—	(359)
Other comprehensive loss, net of income taxes	—	—	—	—	(1)	—	(1)
Balance at March 31, 2023	996,402	$ 20,921	$ (123)	$ 4,907	$ (639)	$ —	$ 25,066
Net income	—	—	—	343	—	—	343
Long-term incentive plan activity	372	9	—	—	—	—	9
Employee stock purchase plan issuances	278	11	—	—	—	—	11
Common stock dividends ($0.36/common share)	—	—	—	(359)	—	—	(359)
Other comprehensive income, net of income taxes	—	—	—	—	9	—	9
Balance at June 30, 2023	997,052	$ 20,941	$ (123)	$ 4,891	$ (630)	$ —	$ 25,079

See the Combined Notes to Consolidated Financial Statements

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

	Six Months Ended June 30, 2022						
(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance at December 31, 2021	981,291	$ 20,324	$ (123)	$ 16,942	$ (2,750)	$ 402	$ 34,795
Net income	—	—	—	597	—	1	598
Long-term incentive plan activity	540	(13)	—	—	—	—	(13)
Employee stock purchase plan issuances	211	9	—	—	—	—	9
Changes in equity of noncontrolling interests	—	—	—	—	—	(7)	(7)
Distribution of Constellation (Note 2)	—	(21)	—	(13,179)	2,023	(396)	(11,573)
Common stock dividends ($0.34/common share)	—	—	—	(332)	—	—	(332)
Other comprehensive income, net of income taxes	—	—	—	—	14	—	14
Balance at March 31, 2022	982,042	$ 20,299	$ (123)	$ 4,028	$ (713)	$ —	$ 23,491
Net income	—	—	—	465	—	—	465
Long-term incentive plan activity	21	10	—	—	—	—	10
Employee stock purchase plan issuances	242	10	—	—	—	—	10
Common stock dividends ($0.34/common share)	—	—	—	(332)	—	—	(332)
Other comprehensive income, net of income taxes	—	—	—	—	12	—	12
Balance at June 30, 2022	982,305	$ 20,319	$ (123)	$ 4,161	$ (701)	$ —	$ 23,656

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating revenues				
Electric operating revenues	$ 1,781	$ 1,387	$ 3,293	$ 3,075
Revenues from alternative revenue programs	118	35	270	75
Operating revenues from affiliates	2	3	5	8
Total operating revenues	1,901	1,425	3,568	3,158
Operating expenses				
Purchased power	685	283	1,172	862
Purchased power from affiliate	—	—	—	59
Operating and maintenance	267	258	521	523
Operating and maintenance from affiliates	88	80	171	166
Depreciation and amortization	350	328	688	649
Taxes other than income taxes	88	90	182	185
Total operating expenses	1,478	1,039	2,734	2,444
Loss on sale of assets	—	(2)	—	(2)
Operating income	423	384	834	712
Other income and (deductions)				
Interest expense, net	(117)	(101)	(230)	(197)
Interest expense to affiliates	(3)	(3)	(7)	(7)
Other, net	17	13	34	26
Total other income and (deductions)	(103)	(91)	(203)	(178)
Income before income taxes	320	293	631	534
Income taxes	71	66	142	119
Net income	$ 249	$ 227	$ 489	$ 415
Comprehensive income	$ 249	$ 227	$ 489	$ 415

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Six Months Ended June 30, 2023	2022
Cash flows from operating activities		
Net income	$ 489	$ 415
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	688	649
Deferred income taxes and amortization of investment tax credits	106	122
Other non-cash operating activities	(260)	(18)
Changes in assets and liabilities:		
Accounts receivable	(30)	(163)
Receivables from and payables to affiliates, net	(3)	(43)
Inventories	(43)	(2)
Accounts payable and accrued expenses	(311)	123
Collateral received, net	25	60
Income taxes	16	(19)
Regulatory assets and liabilities, net	(459)	(267)
Pension and non-pension postretirement benefit contributions	(24)	(178)
Other assets and liabilities	110	(91)
Net cash flows provided by operating activities	304	588
Cash flows from investing activities		
Capital expenditures	(1,262)	(1,208)
Other investing activities	3	15
Net cash flows used in investing activities	(1,259)	(1,193)
Cash flows from financing activities		
Changes in short-term borrowings	(130)	—
Proceeds from short-term borrowings with maturities greater than 90 days	400	—
Repayments on short-term borrowings with maturities greater than 90 days	(150)	—
Issuance of long-term debt	975	750
Dividends paid on common stock	(374)	(289)
Contributions from parent	372	335
Other financing activities	(13)	(12)
Net cash flows provided by financing activities	1,080	784
Increase in cash, restricted cash, and cash equivalents	125	179
Cash, restricted cash, and cash equivalents at beginning of period	511	384
Cash, restricted cash, and cash equivalents at end of period	$ 636	$ 563
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (7)	$ (44)

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 74	$ 67
Restricted cash and cash equivalents	361	327
Accounts receivable		
Customer accounts receivable	786	558
Customer allowance for credit losses	(67)	(59)
Customer accounts receivable, net	719	499
Other accounts receivable	234	441
Other allowance for credit losses	(18)	(17)
Other accounts receivable, net	216	424
Receivables from affiliates	3	3
Inventories, net	238	196
Regulatory assets	1,609	775
Other	105	92
Total current assets	3,325	2,383
Property, plant, and equipment (net of accumulated depreciation and amortization of $6,985 and $6,673 as of June 30, 2023 and December 31, 2022, respectively)	28,283	27,513
Deferred debits and other assets		
Regulatory assets	2,612	2,667
Goodwill	2,625	2,625
Receivable related to Regulatory Agreement Units	2,857	2,660
Investments	6	6
Prepaid pension asset	1,222	1,206
Other	742	601
Total deferred debits and other assets	10,064	9,765
Total assets	$ 41,672	$ 39,661

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 697	$ 577
Accounts payable	728	1,010
Accrued expenses	396	415
Payables to affiliates	71	74
Customer deposits	112	108
Regulatory liabilities	196	226
Mark-to-market derivative liabilities	24	5
Other	210	191
Total current liabilities	2,434	2,606
Long-term debt	11,482	10,518
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,178	5,021
Regulatory liabilities	7,265	6,913
Asset retirement obligations	150	148
Non-pension postretirement benefits obligations	170	165
Mark-to-market derivative liabilities	109	79
Other	827	642
Total deferred credits and other liabilities	13,699	12,968
Total liabilities	27,820	26,297
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	10,118	9,746
Retained earnings	2,146	2,030
Total shareholders' equity	13,852	13,364
Total liabilities and shareholders' equity	$ 41,672	$ 39,661

See the Combined Notes to Consolidated Financial Statements

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

	Six Months Ended June 30, 2023			
(In millions)	Common Stock	Other Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2022	$ 1,588	$ 9,746	$ 2,030	$ 13,364
Net income	—	—	241	241
Common stock dividends	—	—	(187)	(187)
Contributions from parent	—	186	—	186
Balance at March 31, 2023	$ 1,588	$ 9,932	$ 2,084	$ 13,604
Net income	—	—	249	249
Common stock dividends	—	—	(187)	(187)
Contributions from parent	—	186	—	186
Balance at June 30, 2023	$ 1,588	$ 10,118	$ 2,146	$ 13,852

	Six Months Ended June 30, 2022			
(In millions)	Common Stock	Other Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2021	$ 1,588	$ 9,076	$ 1,691	$ 12,355
Net income	—	—	188	188
Common stock dividends	—	—	(144)	(144)
Contributions from parent	—	167	—	167
Balance at March 31, 2022	$ 1,588	$ 9,243	$ 1,735	$ 12,566
Net income	—	—	227	227
Common stock dividends	—	—	(145)	(145)
Contributions from parent	—	168	—	168
Balance at June 30, 2022	$ 1,588	$ 9,411	$ 1,817	$ 12,816

See the Combined Notes to Consolidated Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2023	2022	2023	2022
Operating revenues				
Electric operating revenues	$ 723	$ 707	$ 1,521	$ 1,441
Natural gas operating revenues	108	108	425	414
Revenues from alternative revenue programs	(5)	—	(10)	6
Operating revenues from affiliates	2	1	4	2
Total operating revenues	828	816	1,940	1,863
Operating expenses				
Purchased power	267	244	597	472
Purchased fuel	35	39	189	184
Purchased power from affiliate	—	—	—	33
Operating and maintenance	186	168	405	364
Operating and maintenance from affiliates	53	47	105	99
Depreciation and amortization	99	93	197	185
Taxes other than income taxes	47	48	97	95
Total operating expenses	687	639	1,590	1,432
Operating income	141	177	350	431
Other income and (deductions)				
Interest expense, net	(45)	(40)	(90)	(78)
Interest expense to affiliates	(3)	(3)	(7)	(6)
Other, net	6	8	15	16
Total other income and (deductions)	(42)	(35)	(82)	(68)
Income before income taxes	99	142	268	363
Income taxes	2	9	5	24
Net income	$ 97	$ 133	$ 263	$ 339
Comprehensive income	$ 97	$ 133	$ 263	$ 339

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Six Months Ended June 30, 2023	2022
Cash flows from operating activities		
Net income	$ 263	$ 339
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	197	185
Deferred income taxes and amortization of investment tax credits	(26)	14
Other non-cash operating activities	12	4
Changes in assets and liabilities:		
Accounts receivable	182	(29)
Receivables from and payables to affiliates, net	(3)	(40)
Inventories	52	(8)
Accounts payable and accrued expenses	(167)	5
Income taxes	56	49
Regulatory assets and liabilities, net	14	(24)
Pension and non-pension postretirement benefit contributions	(1)	(13)
Other assets and liabilities	(34)	(70)
Net cash flows provided by operating activities	545	412
Cash flows from investing activities		
Capital expenditures	(707)	(658)
Changes in Exelon intercompany money pool	(225)	—
Other investing activities	—	5
Net cash flows used in investing activities	(932)	(653)
Cash flows from financing activities		
Changes in short-term borrowings	(239)	210
Issuance of long-term debt	575	350
Retirement of long-term debt	(50)	(350)
Dividends paid on common stock	(202)	(200)
Contributions from parent	330	227
Other financing activities	(4)	(8)
Net cash flows provided by financing activities	410	229
Increase (decrease) in cash, restricted cash, and cash equivalents	23	(12)
Cash, restricted cash, and cash equivalents at beginning of period	68	44
Cash, restricted cash, and cash equivalents at end of period	$ 91	$ 32
Supplemental cash flow information		
Increase (decrease) in capital expenditures not paid	$ 3	$ (11)

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 82	$ 59
Restricted cash and cash equivalents	9	9
Accounts receivable		
Customer accounts receivable	448	635
Customer allowance for credit losses	(101)	(105)
Customer accounts receivable, net	347	530
Other accounts receivable	127	153
Other allowance for credit losses	(8)	(9)
Other accounts receivable, net	119	144
Receivables from affiliates	1	4
Receivable from Exelon intercompany money pool	225	—
Inventories, net		
Fossil fuel	47	99
Materials and supplies	52	52
Prepaid utility taxes	68	—
Regulatory assets	102	80
Other	45	38
Total current assets	1,097	1,015
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,182 and $4,078 as of June 30, 2023 and December 31, 2022, respectively)	12,651	12,125
Deferred debits and other assets		
Regulatory assets	717	652
Receivable related to Regulatory Agreement Units	263	237
Investments	32	30
Prepaid pension asset	421	413
Other	26	30
Total deferred debits and other assets	1,459	1,362
Total assets	$ 15,207	$ 14,502

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 239
Long-term debt due within one year	—	50
Accounts payable	530	668
Accrued expenses	165	142
Payables to affiliates	36	42
Customer deposits	72	63
Regulatory liabilities	116	75
Other	60	32
Total current liabilities	979	1,311
Long-term debt	5,132	4,562
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,263	2,213
Regulatory liabilities	295	270
Asset retirement obligations	28	28
Non-pension postretirement benefits obligations	287	286
Other	85	85
Total deferred credits and other liabilities	2,958	2,882
Total liabilities	9,253	8,939
Commitments and contingencies		
Shareholder’s equity		
Common stock	4,032	3,702
Retained earnings	1,922	1,861
Total shareholder’s equity	5,954	5,563
Total liabilities and shareholder's equity	$ 15,207	$ 14,502

See the Combined Notes to Consolidated Financial Statements

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

	Six Months Ended June 30, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 3,702	$ 1,861	$ 5,563
Net income	—	166	166
Common stock dividends	—	(101)	(101)
Contributions from parent	330	—	330
Balance at March 31, 2023	$ 4,032	$ 1,926	$ 5,958
Net income	—	97	97
Common stock dividends	—	(101)	(101)
Balance at June 30, 2023	$ 4,032	$ 1,922	$ 5,954

	Six Months Ended June 30, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2021	$ 3,428	$ 1,684	$ 5,112
Net income	—	206	206
Common stock dividends	—	(100)	(100)
Contributions from parent	227	—	227
Balance at March 31, 2022	$ 3,655	$ 1,790	$ 5,445
Net income	—	133	133
Common stock dividends	—	(100)	(100)
Balance at June 30, 2022	$ 3,655	$ 1,823	$ 5,478

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating revenues				
Electric operating revenues	$ 670	$ 642	$ 1,449	$ 1,377
Natural gas operating revenues	121	161	530	585
Revenues from alternative revenue programs	4	(20)	70	(32)
Operating revenues from affiliates	2	3	4	10
Total operating revenues	797	786	2,053	1,940
Operating expenses				
Purchased power	261	241	604	526
Purchased fuel	11	48	160	199
Purchased power from affiliate	—	—	—	18
Operating and maintenance	144	154	311	321
Operating and maintenance from affiliates	54	51	108	102
Depreciation and amortization	158	152	325	322
Taxes other than income taxes	76	71	159	148
Total operating expenses	704	717	1,667	1,636
Operating income	93	69	386	304
Other income and (deductions)				
Interest expense, net	(44)	(36)	(88)	(71)
Other, net	5	5	8	11
Total other income and (deductions)	(39)	(31)	(80)	(60)
Income before income taxes	54	38	306	244
Income taxes	12	1	65	10
Net income	$ 42	$ 37	$ 241	$ 234
Comprehensive income	$ 42	$ 37	$ 241	$ 234

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2023	2022
Cash flows from operating activities		
Net income	$ 241	$ 234
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	325	322
Deferred income taxes and amortization of investment tax credits	38	13
Other non-cash operating activities	(36)	79
Changes in assets and liabilities:		
Accounts receivable	185	(14)
Receivables from and payables to affiliates, net	(8)	(11)
Inventories	51	(27)
Accounts payable and accrued expenses	(114)	(12)
Collateral (paid) received, net	(22)	190
Income taxes	8	(27)
Regulatory assets and liabilities, net	(83)	(36)
Pension and non-pension postretirement benefit contributions	(11)	(59)
Other assets and liabilities	37	24
Net cash flows provided by operating activities	611	676
Cash flows from investing activities		
Capital expenditures	(656)	(578)
Other investing activities	4	7
Net cash flows used in investing activities	(652)	(571)
Cash flows from financing activities		
Changes in short-term borrowings	(408)	(130)
Issuance of long-term debt	700	500
Retirement of long-term debt	(300)	—
Dividends paid on common stock	(158)	(150)
Contributions from parent	237	186
Other financing activities	(7)	(7)
Net cash flows provided by financing activities	64	399
Increase in cash, restricted cash, and cash equivalents	23	504
Cash, restricted cash, and cash equivalents at beginning of period	67	55
Cash, restricted cash, and cash equivalents at end of period	$ 90	$ 559
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (60)	$ (21)

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 89	$ 43
Restricted cash and cash equivalents	1	24
Accounts receivable		
Customer accounts receivable	440	617
Customer allowance for credit losses	(50)	(54)
Customer accounts receivable, net	390	563
Other accounts receivable	114	132
Other allowance for credit losses	(8)	(10)
Other accounts receivable, net	106	122
Inventories, net		
Fossil fuel	34	91
Materials and supplies	71	65
Prepaid utility taxes	—	52
Regulatory assets	241	177
Other	18	13
Total current assets	950	1,150
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,737 and $4,583 as of June 30, 2023 and December 31, 2022, respectively)	11,673	11,338
Deferred debits and other assets		
Regulatory assets	541	527
Investments	9	7
Prepaid pension asset	269	291
Other	46	37
Total deferred debits and other assets	865	862
Total assets	$ 13,488	$ 13,350

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 408
Long-term debt due within one year	—	300
Accounts payable	316	462
Accrued expenses	139	159
Payables to affiliates	32	39
Customer deposits	109	105
Regulatory liabilities	42	47
Other	32	55
Total current liabilities	670	1,575
Long-term debt	4,601	3,907
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,896	1,832
Regulatory liabilities	789	816
Asset retirement obligations	30	30
Non-pension postretirement benefits obligations	161	166
Other	85	88
Total deferred credits and other liabilities	2,961	2,932
Total liabilities	8,232	8,414
Commitments and contingencies		
Shareholder's equity		
Common stock	3,098	2,861
Retained earnings	2,158	2,075
Total shareholder's equity	5,256	4,936
Total liabilities and shareholder's equity	$ 13,488	$ 13,350

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Six Months Ended June 30, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 2,861	$ 2,075	$ 4,936
Net income	—	200	200
Common stock dividends	—	(80)	(80)
Contributions from parent	237	—	237
Balance at March 31, 2023	$ 3,098	$ 2,195	$ 5,293
Net income	—	42	42
Common stock dividends	—	(79)	(79)
Balance at June 30, 2023	$ 3,098	$ 2,158	$ 5,256

	Six Months Ended June 30, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2021	$ 2,575	$ 1,995	$ 4,570
Net income	—	198	198
Common stock dividends	—	(76)	(76)
Balance at March 31, 2022	$ 2,575	$ 2,117	$ 4,692
Net income	—	37	37
Common stock dividends	—	(75)	(75)
Contributions from parent	186	—	186
Balance at June 30, 2022	$ 2,761	$ 2,079	$ 4,840

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating revenues				
Electric operating revenues	$ 1,265	$ 1,199	$ 2,637	$ 2,522
Natural gas operating revenues	29	37	126	120
Revenues from alternative revenue programs	9	(17)	74	(22)
Operating revenues from affiliates	2	2	4	6
Total operating revenues	1,305	1,221	2,841	2,626
Operating expenses				
Purchased power	455	401	1,027	888
Purchased fuel	12	19	67	61
Purchased power from affiliate	—	—	—	50
Operating and maintenance	260	245	527	493
Operating and maintenance from affiliates	44	47	86	98
Depreciation and amortization	243	240	484	459
Taxes other than income taxes	112	114	232	233
Total operating expenses	1,126	1,066	2,423	2,282
Operating income	179	155	418	344
Other income and (deductions)				
Interest expense, net	(81)	(73)	(157)	(143)
Other, net	25	19	51	37
Total other income and (deductions)	(56)	(54)	(106)	(106)
Income before income taxes	123	101	312	238
Income taxes	20	1	54	8
Net income	$ 103	$ 100	$ 258	$ 230
Comprehensive income	$ 103	$ 100	$ 258	$ 230

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2023	2022
Cash flows from operating activities		
Net income	$ 258	$ 230
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	484	459
Deferred income taxes and amortization of investment tax credits	26	(7)
Other non-cash operating activities	20	76
Changes in assets and liabilities:		
Accounts receivable	55	(92)
Receivables from and payables to affiliates, net	(8)	(53)
Inventories	(14)	(7)
Accounts payable and accrued expenses	(25)	10
Collateral (paid) received, net	(191)	403
Income taxes	6	(2)
Regulatory assets and liabilities, net	8	(71)
Pension and non-pension postretirement benefit contributions	(11)	(70)
Other assets and liabilities	(80)	(86)
Net cash flows provided by operating activities	528	790
Cash flows from investing activities		
Capital expenditures	(1,022)	(776)
Other investing activities	8	3
Net cash flows used in investing activities	(1,014)	(773)
Cash flows from financing activities		
Changes in short-term borrowings	(377)	(425)
Issuance of long-term debt	450	700
Retirement of long-term debt	—	(200)
Changes in Exelon intercompany money pool	8	17
Distributions to member	(212)	(395)
Contributions from member	405	704
Other financing activities	(25)	(12)
Net cash flows provided by financing activities	249	389
(Decrease) increase in cash, restricted cash, and cash equivalents	(237)	406
Cash, restricted cash, and cash equivalents at beginning of period	373	213
Cash, restricted cash, and cash equivalents at end of period	$ 136	$ 619
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (91)	$ (48)

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 110	$ 198
Restricted cash and cash equivalents	26	175
Accounts receivable		
Customer accounts receivable	659	734
Customer allowance for credit losses	(105)	(109)
Customer accounts receivable, net	554	625
Other accounts receivable	304	300
Other allowance for credit losses	(53)	(46)
Other accounts receivable, net	251	254
Receivables from affiliates	2	2
Inventories, net		
Fossil fuel	7	18
Materials and supplies	261	236
Regulatory assets	400	455
Other	84	96
Total current assets	1,695	2,059
Property, plant, and equipment (net of accumulated depreciation and amortization of $2,901 and $2,618 as of June 30, 2023 and December 31, 2022, respectively)	18,279	17,686
Deferred debits and other assets		
Regulatory assets	1,589	1,610
Goodwill	4,005	4,005
Investments	141	138
Prepaid pension asset	311	353
Other	221	231
Total deferred debits and other assets	6,267	6,337
Total assets	$ 26,241	$ 26,082

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 37	$ 414
Long-term debt due within one year	996	591
Accounts payable	657	771
Accrued expenses	258	260
Payables to affiliates	58	66
Borrowings from Exelon intercompany money pool	52	44
Customer deposits	95	88
Regulatory liabilities	73	76
Unamortized energy contract liabilities	8	10
PPA termination obligation	74	87
Other	132	330
Total current liabilities	2,440	2,737
Long-term debt	7,554	7,529
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,967	2,895
Regulatory liabilities	958	1,011
Asset retirement obligations	60	59
Non-pension postretirement benefit obligations	45	50
Unamortized energy contract liabilities	30	35
Other	506	536
Total deferred credits and other liabilities	4,566	4,586
Total liabilities	14,560	14,852
Commitments and contingencies		
Member's equity		
Membership interest	11,987	11,582
Undistributed losses	(306)	(352)
Total member's equity	11,681	11,230
Total liabilities and member's equity	$ 26,241	$ 26,082

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(Unaudited)

	Six Months Ended June 30, 2023		
(In millions)	Membership Interest	Undistributed (Losses)/Gains	Total Member's Equity
Balance at December 31, 2022	$ 11,582	$ (352)	$ 11,230
Net income	—	155	155
Distributions to member	—	(112)	(112)
Contributions from member	405	—	405
Balance at March 31, 2023	$ 11,987	$ (309)	$ 11,678
Net income	—	103	103
Distributions to member	—	(100)	(100)
Balance at June 30, 2023	$ 11,987	$ (306)	$ 11,681

	Six Months Ended June 30, 2022		
(In millions)	Membership Interest	Undistributed (Losses)/Gains	Total Member's Equity
Balance at December 31, 2021	$ 10,795	$ (210)	$ 10,585
Net income	—	130	130
Distributions to member	—	(102)	(102)
Contributions from member	704	—	704
Balance at March 31, 2022	$ 11,499	$ (182)	$ 11,317
Net income	—	100	100
Distributions to member	—	(293)	(293)
Balance at June 30, 2022	$ 11,499	$ (375)	$ 11,124

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating revenues				
Electric operating revenues	$ 633	$ 580	$ 1,302	$ 1,200
Revenues from alternative revenue programs	7	(1)	46	(7)
Operating revenues from affiliates	2	2	3	2
Total operating revenues	642	581	1,351	1,195
Operating expenses				
Purchased power	204	162	462	336
Purchased power from affiliate	—	—	—	39
Operating and maintenance	82	72	175	145
Operating and maintenance from affiliates	58	56	115	115
Depreciation and amortization	109	105	216	213
Taxes other than income taxes	88	92	183	186
Total operating expenses	541	487	1,151	1,034
Operating income	101	94	200	161
Other income and (deductions)				
Interest expense, net	(43)	(38)	(81)	(74)
Other, net	16	13	33	26
Total other income and (deductions)	(27)	(25)	(48)	(48)
Income before income taxes	74	69	152	113
Income taxes	10	(1)	22	(3)
Net income	$ 64	$ 70	$ 130	$ 116
Comprehensive income	$ 64	$ 70	$ 130	$ 116

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2023	2022
Cash flows from operating activities		
Net income	$ 130	$ 116
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	216	213
Deferred income taxes and amortization of investment tax credits	12	(7)
Other non-cash operating activities	3	17
Changes in assets and liabilities:		
Accounts receivable	12	(62)
Receivables from and payables to affiliates, net	(2)	(39)
Inventories	(10)	(6)
Accounts payable and accrued expenses	(21)	6
Collateral (paid) received, net	(26)	85
Income taxes	(1)	(24)
Regulatory assets and liabilities, net	(6)	(36)
Pension and non-pension postretirement benefit contributions	(8)	(7)
Other assets and liabilities	7	(15)
Net cash flows provided by operating activities	306	241
Cash flows from investing activities		
Capital expenditures	(483)	(402)
Other investing activities	8	2
Net cash flows used in investing activities	(475)	(400)
Cash flows from financing activities		
Changes in short-term borrowings	(299)	(132)
Issuance of long-term debt	250	400
Retirement of long-term debt	—	(200)
Changes in PHI intercompany money pool	52	73
Dividends paid on common stock	(115)	(300)
Contributions from parent	243	387
Other financing activities	(19)	(6)
Net cash flows provided by financing activities	112	222
(Decrease) increase in cash, restricted cash, and cash equivalents	(57)	63
Cash, restricted cash, and cash equivalents at beginning of period	99	68
Cash, restricted cash, and cash equivalents at end of period	$ 42	$ 131
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (43)	$ (24)

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 16	$ 45
Restricted cash and cash equivalents	26	54
Accounts receivable		
Customer accounts receivable	337	351
Customer allowance for credit losses	(50)	(47)
Customer accounts receivable, net	287	304
Other accounts receivable	178	180
Other allowance for credit losses	(31)	(25)
Other accounts receivable, net	147	155
Inventories, net	145	135
Regulatory assets	212	235
Other	13	53
Total current assets	846	981
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,171 and $4,067 as of June 30, 2023 and December 31, 2022, respectively)	9,111	8,794
Deferred debits and other assets		
Regulatory assets	443	437
Investments	122	119
Prepaid pension asset	259	273
Other	57	53
Total deferred debits and other assets	881	882
Total assets	$ 10,838	$ 10,657

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 299
Long-term debt due within one year	405	4
Accounts payable	310	382
Accrued expenses	126	125
Payables to affiliates	32	34
Borrowings from PHI intercompany money pool	52	—
Customer deposits	43	39
Regulatory liabilities	11	6
Merger related obligation	27	26
Other	58	93
Total current liabilities	1,064	1,008
Long-term debt	3,593	3,747
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,421	1,382
Regulatory liabilities	421	455
Asset retirement obligations	40	39
Other	260	244
Total deferred credits and other liabilities	2,142	2,120
Total liabilities	6,799	6,875
Commitments and contingencies		
Shareholder's equity		
Common stock	3,010	2,767
Retained earnings	1,029	1,015
Total shareholder's equity	4,039	3,782
Total liabilities and shareholder's equity	$ 10,838	$ 10,657

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Six Months Ended June 30, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 2,767	$ 1,015	$ 3,782
Net income	—	65	65
Common stock dividends	—	(48)	(48)
Contributions from parent	243	—	243
Balance at March 31, 2023	$ 3,010	$ 1,032	$ 4,042
Net income	—	64	64
Common stock dividends	—	(67)	(67)
Balance at June 30, 2023	$ 3,010	$ 1,029	$ 4,039

	Six Months Ended June 30, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2021	$ 2,302	$ 1,173	$ 3,475
Net income	—	46	46
Common stock dividends	—	(42)	(42)
Contributions from parent	387	—	387
Balance at March 31, 2022	$ 2,689	$ 1,177	$ 3,866
Net income	—	70	70
Common stock dividends	—	(258)	(258)
Balance at June 30, 2022	$ 2,689	$ 989	$ 3,678

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating revenues				
Electric operating revenues	$ 315	$ 295	$ 682	$ 643
Natural gas operating revenues	29	37	126	120
Revenues from alternative revenue programs	3	(2)	12	(3)
Operating revenues from affiliates	2	2	3	3
Total operating revenues	349	332	823	763
Operating expenses				
Purchased power	127	116	293	253
Purchased fuel	12	19	67	61
Purchased power from affiliate	—	—	—	10
Operating and maintenance	45	45	91	97
Operating and maintenance from affiliates	43	43	84	84
Depreciation and amortization	60	56	121	113
Taxes other than income taxes	18	17	37	35
Total operating expenses	305	296	693	653
Operating income	44	36	130	110
Other income and (deductions)				
Interest expense, net	(18)	(17)	(36)	(33)
Other, net	4	4	8	6
Total other income and (deductions)	(14)	(13)	(28)	(27)
Income before income taxes	30	23	102	83
Income taxes	5	2	17	6
Net income	$ 25	$ 21	$ 85	$ 77
Comprehensive income	$ 25	$ 21	$ 85	$ 77

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2023	2022
Cash flows from operating activities		
Net income	$ 85	$ 77
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	121	113
Deferred income taxes and amortization of investment tax credits	3	3
Other non-cash operating activities	2	13
Changes in assets and liabilities:		
Accounts receivable	48	(8)
Receivables from and payables to affiliates, net	1	(3)
Inventories	5	1
Accounts payable and accrued expenses	(9)	12
Collateral (paid) received, net	(121)	180
Income taxes	11	6
Regulatory assets and liabilities, net	25	(11)
Pension and non-pension postretirement benefit contributions	—	(1)
Other assets and liabilities	10	1
Net cash flows provided by operating activities	181	383
Cash flows from investing activities		
Capital expenditures	(258)	(194)
Changes in PHI intercompany money pool	(102)	(73)
Other investing activities	—	2
Net cash flows used in investing activities	(360)	(265)
Cash flows from financing activities		
Changes in short-term borrowings	(115)	(149)
Issuance of long-term debt	125	125
Dividends paid on common stock	(60)	(56)
Contributions from parent	99	144
Other financing activities	(4)	(4)
Net cash flows provided by financing activities	45	60
(Decrease) increase in cash, restricted cash, and cash equivalents	(134)	178
Cash, restricted cash, and cash equivalents at beginning of period	152	71
Cash, restricted cash, and cash equivalents at end of period	$ 18	$ 249
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (3)	$ (5)

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 18	$ 31
Restricted cash and cash equivalents	—	121
Accounts receivable		
Customer accounts receivable	149	204
Customer allowance for credit losses	(21)	(21)
Customer accounts receivable, net	128	183
Other accounts receivable	54	52
Other allowance for credit losses	(9)	(7)
Other accounts receivable, net	45	45
Receivable from PHI intercompany pool	102	—
Inventories, net		
Fossil fuel	7	18
Materials and supplies	64	58
Regulatory assets	59	80
Other	23	37
Total current assets	446	573
Property, plant, and equipment (net of accumulated depreciation and amortization of $1,854 and $1,772 as of June 30, 2023 and December 31, 2022, respectively)	4,974	4,820
Deferred debits and other assets		
Regulatory assets	205	202
Prepaid pension asset	144	153
Other	54	54
Total deferred debits and other assets	403	409
Total assets	$ 5,823	$ 5,802

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 115
Long-term debt due within one year	584	584
Accounts payable	162	172
Accrued expenses	46	41
Payables to affiliates	23	22
Customer deposits	31	29
Regulatory liabilities	47	44
Other	17	136
Total current liabilities	910	1,143
Long-term debt	1,477	1,354
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	887	869
Regulatory liabilities	371	380
Asset retirement obligations	13	13
Non-pension postretirement benefits obligations	9	9
Other	82	84
Total deferred credits and other liabilities	1,362	1,355
Total liabilities	3,749	3,852
Commitments and contingencies		
Shareholder's equity		
Common stock	1,455	1,356
Retained earnings	619	594
Total shareholder's equity	2,074	1,950
Total liabilities and shareholder's equity	$ 5,823	$ 5,802

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Six Months Ended June 30, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 1,356	$ 594	$ 1,950
Net income	—	60	60
Common stock dividends	—	(42)	(42)
Contributions from parent	99	—	99
Balance at March 31, 2023	$ 1,455	$ 612	$ 2,067
Net income	—	25	25
Common stock dividends	—	(18)	(18)
Balance at June 30, 2023	$ 1,455	$ 619	$ 2,074

	Six Months Ended June 30, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2021	$ 1,209	$ 568	$ 1,777
Net income	—	56	56
Common stock dividends	—	(41)	(41)
Contributions from parent	144	—	144
Balance at March 31, 2022	$ 1,353	$ 583	$ 1,936
Net income	—	21	21
Common stock dividends	—	(15)	(15)
Balance at June 30, 2022	$ 1,353	$ 589	$ 1,942

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating revenues				
Electric operating revenues	$ 317	$ 323	$ 653	$ 668
Revenues from alternative revenue programs	(1)	(15)	16	(12)
Operating revenues from affiliates	1	1	1	2
Total operating revenues	317	309	670	658
Operating expenses				
Purchased power	124	123	273	299
Purchased power from affiliate	—	—	—	2
Operating and maintenance	48	50	91	97
Operating and maintenance from affiliates	37	36	74	73
Depreciation and amortization	68	72	135	118
Taxes other than income taxes	3	2	4	4
Total operating expenses	280	283	577	593
Operating income	37	26	93	65
Other income and (deductions)				
Interest expense, net	(17)	(17)	(34)	(32)
Other, net	4	2	9	5
Total other income and (deductions)	(13)	(15)	(25)	(27)
Income before income taxes	24	11	68	38
Income taxes	6	—	17	1
Net income	$ 18	$ 11	$ 51	$ 37
Comprehensive income	$ 18	$ 11	$ 51	$ 37

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2023	2022
Cash flows from operating activities		
Net income	$ 51	$ 37
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	135	118
Deferred income taxes and amortization of investment tax credits	12	—
Other non-cash operating activities	(3)	25
Changes in assets and liabilities:		
Accounts receivable	(5)	(20)
Receivables from and payables to affiliates, net	(5)	(10)
Inventories	(9)	(2)
Accounts payable and accrued expenses	15	9
Collateral (paid) received, net	(45)	137
Income taxes	(4)	8
Regulatory assets and liabilities, net	(12)	(11)
Pension and non-pension postretirement benefit contributions	—	(7)
Other assets and liabilities	(89)	(63)
Net cash flows provided by operating activities	41	221
Cash flows from investing activities		
Capital expenditures	(275)	(179)
Net cash flows used in investing activities	(275)	(179)
Cash flows from financing activities		
Changes in short-term borrowings	37	(144)
Issuance of long-term debt	75	175
Changes in PHI intercompany money pool	50	—
Dividends paid on common stock	(36)	(38)
Contributions from parent	63	173
Other financing activities	(3)	(4)
Net cash flows provided by financing activities	186	162
(Decrease) increase in cash and cash equivalents	(48)	204
Cash and cash equivalents at beginning of period	72	29
Cash and cash equivalents at end of period	$ 24	$ 233
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (44)	$ (19)

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 24	$ 72
Accounts receivable		
Customer accounts receivable	173	179
Customer allowance for credit losses	(34)	(41)
Customer accounts receivable, net	139	138
Other accounts receivable	71	70
Other allowance for credit losses	(13)	(14)
Other accounts receivable, net	58	56
Receivables from affiliates	2	1
Inventories, net	52	43
Prepaid utility taxes	43	—
Regulatory assets	116	130
Other	3	3
Total current assets	437	443
Property, plant, and equipment (net of accumulated depreciation and amortization of $1,619 and $1,551 as of June 30, 2023 and December 31, 2022, respectively)	4,120	3,990
Deferred debits and other assets		
Regulatory assets	488	494
Prepaid pension asset	11	18
Other	32	34
Total deferred debits and other assets	531	546
Total assets	$ 5,088	$ 4,979

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 37	$ —
Long-term debt due within one year	3	3
Accounts payable	178	206
Accrued expenses	42	47
Payables to affiliates	22	26
Borrowings from PHI intercompany money pool	50	—
Customer deposits	22	21
Regulatory liabilities	15	26
PPA termination obligation	74	87
Other	12	58
Total current liabilities	455	474
Long-term debt	1,831	1,754
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	748	734
Regulatory liabilities	147	156
Non-pension postretirement benefit obligations	7	8
Other	69	100
Total deferred credits and other liabilities	971	998
Total liabilities	3,257	3,226
Commitments and contingencies		
Shareholder's equity		
Common stock	1,828	1,765
Retained earnings (deficit)	3	(12)
Total shareholder's equity	1,831	1,753
Total liabilities and shareholder's equity	$ 5,088	$ 4,979

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Six Months Ended June 30, 2023		
(In millions)	Common Stock	Retained (Deficit) Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 1,765	$ (12)	$ 1,753
Net income	—	33	33
Common stock dividends	—	(21)	(21)
Contributions from parent	63	—	63
Balance at March 31, 2023	$ 1,828	$ —	$ 1,828
Net income	—	18	18
Common stock dividends	—	(15)	(15)
Balance at June 30, 2023	$ 1,828	$ 3	$ 1,831

	Six Months Ended June 30, 2022		
(In millions)	Common Stock	Retained Deficit	Total Shareholder's Equity
Balance at December 31, 2021	$ 1,590	$ (15)	$ 1,575
Net income	—	26	26
Common stock dividends	—	(19)	(19)
Contributions from parent	173	—	173
Balance at March 31, 2022	$ 1,763	$ (8)	$ 1,755
Net income	—	11	11
Common stock dividends	—	(19)	(19)
Balance at June 30, 2022	$ 1,763	$ (16)	$ 1,747

See the Combined Notes to Consolidated Financial Statements

1. Significant Accounting Policies (All Registrants)

Description of Business

Exelon is a utility services holding company engaged in the energy transmission and distribution businesses through ComEd, PECO, BGE, Pepco, DPL, and ACE.

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation. The separation was completed on February 1, 2022, creating two publicly traded companies, Exelon and Constellation. See Note 2 — Discontinued Operations for additional information.

Name of Registrant	Business	Service Territories
Commonwealth Edison Company	Purchase and regulated retail sale of electricity	Northern Illinois, including the City of Chicago
	Transmission and distribution of electricity to retail customers	
PECO Energy Company	Purchase and regulated retail sale of electricity and natural gas	Southeastern Pennsylvania, including the City of Philadelphia (electricity)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	Pennsylvania counties surrounding the City of Philadelphia (natural gas)
Baltimore Gas and Electric Company	Purchase and regulated retail sale of electricity and natural gas	Central Maryland, including the City of Baltimore (electricity and natural gas)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	
Pepco Holdings LLC	Utility services holding company engaged, through its reportable segments Pepco, DPL, and ACE	Service Territories of Pepco, DPL, and ACE
Potomac Electric Power Company	Purchase and regulated retail sale of electricity	District of Columbia, and major portions of Montgomery and Prince George's Counties, Maryland
	Transmission and distribution of electricity to retail customers	
Delmarva Power & Light Company	Purchase and regulated retail sale of electricity and natural gas	Portions of Delaware and Maryland (electricity)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	Portions of New Castle County, Delaware (natural gas)
Atlantic City Electric Company	Purchase and regulated retail sale of electricity	Portions of Southern New Jersey
	Transmission and distribution of electricity to retail customers	

Basis of Presentation

This is a combined quarterly report of all Registrants. The Notes to the Consolidated Financial Statements apply to the Registrants as indicated parenthetically next to each corresponding disclosure. When appropriate, the Registrants are named specifically for their related activities and disclosures. Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated, except for the historical transactions between the Utility Registrants and Generation for the purposes of presenting discontinued operations in all periods presented in the Consolidated Statements of Operations and Comprehensive Income.

Through its business services subsidiary, BSC, Exelon provides its subsidiaries with a variety of support services at cost, including legal, human resources, financial, information technology, and supply management services. PHI also has a business services subsidiary, PHISCO, which provides a variety of support services at cost, including legal, finance, engineering, customer operations, distribution and transmission planning, asset management, system operations, and power procurement, to PHI operating companies. The costs of BSC and PHISCO are directly charged or allocated to the applicable subsidiaries. The results of Exelon's corporate operations are presented as "Other" in the consolidated financial statements and include intercompany eliminations unless otherwise disclosed.

The accompanying consolidated financial statements as of June 30, 2023 and for the three and six months ended June 30, 2023 and 2022 are unaudited but, in the opinion of each Registrant's management, the Registrants include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2022 Consolidated Balance Sheets were derived from audited financial statements. The interim financial statements are to be read in conjunction with prior annual financial statements and notes. Additionally, financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2023. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

The separation of Constellation, including Generation and its subsidiaries, met the criteria for discontinued operations and as such, results of operations are presented as discontinued operations and have been excluded from continuing operations for all periods presented. Accounting rules require that certain BSC costs previously allocated to Generation be presented as part of Exelon's continuing operations as these costs do not qualify as expenses of the discontinued operations. Comprehensive income, shareholders' equity, and cash flows related to Constellation have not been segregated and are included in the Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Changes in Shareholders' Equity, and Consolidated Statements of Cash Flows, respectively, for the six months ended June 30, 2022. See Note 2 — Discontinued Operations for additional information.

2. Discontinued Operations (Exelon)

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation, creating two publicly traded companies ("the separation"). Exelon completed the separation on February 1, 2022. Constellation was newly formed and incorporated in Pennsylvania on June 15, 2021 for the purposes of separation and holds Generation (including Generation's subsidiaries). Pursuant to the separation, Exelon contributed its equity ownership interest in Generation to Constellation. Exelon no longer retains any equity ownership interest in Generation or Constellation. See Note 2 — Discontinued Operations of the 2022 Form 10-K for additional information.

Continuing Involvement

In order to govern the ongoing relationships between Exelon and Constellation after the separation, and to facilitate an orderly transition, Exelon and Constellation have entered into several agreements, including the following:

- Separation Agreement – governs the rights and obligations between Exelon and Constellation regarding certain actions to be taken in connection with the separation, among others, including the allocation of assets and liabilities between Exelon and Constellation.
- Transition Services Agreement (TSA) – governs the terms and conditions of the services that Exelon provides to Constellation and Constellation provides to Exelon for an expected period of two years, provided that certain services may be longer than the term and services may be extended with approval from both parties. The services include specified accounting, finance, information technology, human resources, employee benefits and other services that have historically been provided on a centralized basis by BSC. For the three and six months ended June 30, 2023, the amounts Exelon billed Constellation and Constellation billed Exelon for these services were $44 million and $94 million recorded in Other income, net and $3 million and $9 million recorded in Operating and maintenance expense, respectively. For the three months ended June 30, 2022, the amounts Exelon billed Constellation and Constellation billed Exelon for these services were $69 million recorded in Other income, net and $11 million recorded in Operating and maintenance expense, respectively. Additionally, for the period from February 1, 2022 to June 30, 2022, the amounts Exelon billed Constellation and Constellation billed Exelon for these services were $125 million recorded in Other income, net and $20 million recorded in Operating and maintenance expense, respectively.

- Tax Matters Agreement (TMA) – governs the respective rights, responsibilities and obligations of Exelon and Constellation with respect to all tax matters, including tax liabilities and benefits, tax attributes, tax returns, tax contests and other tax sharing regarding U.S. federal, state, local and foreign income taxes, other tax matters and related tax returns. See Note 7 — Income Taxes for additional information.

In addition, the Utility Registrants will continue to incur expenses from transactions with Constellation after the separation. Prior to the separation, such expenses were primarily recorded as Purchased power from affiliates and an immaterial amount recorded as Operating and maintenance expense from affiliates at the Utility Registrants. After the separation, such expenses are primarily recorded as Purchased power and an immaterial amount recorded as Operating and maintenance expense at the Utility Registrants.

- ComEd had an ICC-approved RFP contract with Constellation to provide a portion of ComEd's electric supply requirements. ComEd also purchased RECs and ZECs from Constellation.
- PECO received electric supply from Constellation under contracts executed through PECO's competitive procurement process. In addition, PECO had a ten-year agreement with Constellation to sell solar AECs.
- BGE received a portion of its energy requirements from Constellation under its MDPSC-approved market-based SOS and gas commodity programs.
- Pepco received electric supply from Constellation under contracts executed through Pepco's competitive procurement process approved by the MDPSC and DCPSC.
- DPL received a portion of its energy requirements from Constellation under its MDPSC and DEPSC approved market-based SOS commodity programs.
- ACE received electric supply from Constellation under contracts executed through ACE's competitive procurement process approved by the NJBPU.

ComEd and PECO also have receivables with Constellation for estimated excess funds at the end of decommissioning the Regulatory Agreement Units, such amounts are due back to ComEd and PECO, as applicable, for payment to their respective customers. See Note 3 — Regulatory Matters and Note 23 — Related Party Transactions of the 2022 Form 10-K for additional information.

Discontinued Operations

The separation represented a strategic shift that would have a major effect on Exelon's operations and financial results. Accordingly, the separation meets the criteria for discontinued operations.

There were no results from discontinued operations for the three and six months ended June 30, 2023 and the three months ended June 30, 2022. The following table presents the results of Constellation that have been reclassified from continuing operations and included in discontinued operations within Exelon's Consolidated Statements of Operations and Comprehensive Income for the six months ended June 30, 2022.

These results are primarily Generation, which is comprised of Exelon's Mid-Atlantic, Midwest, New York, ERCOT, and Other Power Regions reportable segments, and include the impact of transaction costs, certain BSC costs, including any transition costs, that were historically allocated and directly attributable to Generation, transactions between Generation and the Utility Registrants, and tax-related adjustments. Transaction costs include costs for external bankers, accountants, appraisers, lawyers, external counsels and other advisors, among others, who are involved in the negotiation, appraisal, due diligence and regulatory approval of the separation. Transition costs are primarily employee-related costs such as recruitment expenses, costs to establish certain stand-alone functions and information technology systems, professional services fees and other separation-related costs during the transition to separate Generation. For the purposes of reporting discontinued operations, these results also include transactions between Generation and the Utility Registrants that were historically eliminated within Exelon's Consolidated Statements of Operations as these transactions will be ongoing after the separation. Certain BSC costs that were historically allocated to Generation are presented as part of continuing operations in Exelon's Consolidated Statements of Operations as these costs do not qualify as expenses of the discontinued operations per the accounting rules.

Note 2 — Discontinued Operations

	Six Months Ended June 30, 2022
Operating revenues	
Competitive business revenues	$ 1,855
Competitive business revenues from affiliates	161
Total operating revenues	2,016
Operating expenses	
Competitive businesses purchased power and fuel	1,138
Operating and maintenance[(a)]	371
Depreciation and amortization	94
Taxes other than income taxes	44
Total operating expenses	1,647
Gain on sales of assets and businesses	10
Operating income	379
Other income and (deductions)	
Interest expense, net	(20)
Other, net	(281)
Total other income and (deductions)	(301)
Income before income taxes	78
Income taxes	(40)
Equity in losses of unconsolidated affiliates	(1)
Net income	117
Net income attributable to noncontrolling interests	1
Net income from discontinued operations	$ 116

(a) Includes transaction and transition costs related to the separation of $52 million for the six months ended June 30, 2022.

There were no assets or liabilities of discontinued operations included in Exelon's Consolidated Balance Sheet as of June 30, 2023 and December 31, 2022. Constellation had net assets of $11,573 million that separated on February 1, 2022 that resulted in a reduction to Exelon's equity during the year ended December 31, 2022. Refer to the Distribution of Constellation line in Exelon's Consolidated Statement of Changes in Shareholders' Equity for further information.

There were no discontinued operations included within Exelon’s Consolidated Statements of Cash Flows for the six months ended June 30, 2023. The following table presents selected financial information regarding cash flows of the discontinued operations that are included within Exelon’s Consolidated Statements of Cash Flows for the six months ended June 30, 2022.

Note 2 — Discontinued Operations

	Six Months Ended June 30, 2022
Non-cash items included in net income from discontinued operations:	
Depreciation, amortization, and accretion, including nuclear fuel and energy contract amortization	$ 207
Loss on sales of assets and businesses	9
Deferred income taxes and amortization of investment tax credits	(143)
Net fair value changes related to derivatives	(59)
Net realized and unrealized losses on NDT fund investments	205
Net unrealized losses on equity investments	16
Other decommissioning-related activity	36
Cash flows from investing activities:	
Capital expenditures	(227)
Collection of DPP	169
Supplemental cash flow information:	
Decrease in capital expenditures not paid	(128)
Increase in DPP	348
Increase in PP&E related to ARO update	335

3. Regulatory Matters (All Registrants)

As discussed in Note 3 — Regulatory Matters of the 2022 Form 10-K, the Registrants are involved in rate and regulatory proceedings at FERC and their state commissions. The following discusses developments in 2023 and updates to the 2022 Form 10-K.

Distribution Base Rate Case Proceedings

The following tables show the completed and pending distribution base rate case proceedings in 2023.

Completed Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Approved Revenue Requirement Increase	Approved ROE	Approval Date	Rate Effective Date
ComEd - Illinois[a]	April 15, 2022	Electric	$ 199	$ 199	7.85 %	November 17, 2022	January 1, 2023
PECO - Pennsylvania	March 31, 2022	Natural Gas	82	55	N/A[b]	October 27, 2022	January 1, 2023
BGE - Maryland[c]	May 15, 2020 (amended September 11, 2020)	Electric	203	140	9.50 %	December 16, 2020	January 1, 2021
		Natural Gas	108	74	9.65 %		
Pepco - Maryland[d]	October 26, 2020 (amended March 31, 2021)	Electric	104	52	9.55 %	June 28, 2021	June 28, 2021
DPL - Maryland[e]	May 19, 2022	Electric	38	29	9.60 %	December 14, 2022	January 1, 2023

(a) ComEd's 2023 approved revenue requirement above reflects an increase of $144 million for the initial year revenue requirement for 2023 and an increase of $55 million related to the annual reconciliation for 2021. The revenue requirement for 2023 provides for a weighted average debt and equity return on distribution rate base of 5.94%, inclusive of an allowed ROE of 7.85%, reflecting the monthly average yields for 30-year treasury bonds plus 580 basis points. The reconciliation revenue requirement for 2021 provides for a weighted average debt and equity return on distribution rate base of 5.91%, inclusive of an allowed ROE of 7.78%, reflecting the monthly yields on 30-year treasury bonds plus 580 basis points less a performance metrics penalty of 7 basis points. This is ComEd's last performance-based electric distribution formula rate update filing under EIMA. See discussion of CEJA below for details on the transition away from the electric distribution formula rate.

(b) The PECO natural gas base rate case proceeding was resolved through a settlement agreement, which did not specify an approved ROE.

(c) Reflects a three-year cumulative multi-year plan for 2021 through 2023. BGE proposed to use certain tax benefits to fully offset the increases in 2021 and 2022 and partially offset the increase in 2023. The MDPSC awarded BGE electric revenue requirement increases of $59 million, $39 million, and $42 million, before offsets, in 2021, 2022, and 2023, respectively, and natural gas revenue requirement increases of $53 million, $11 million, and $10 million, before offsets, in 2021, 2022, and 2023, respectively. However, the MDPSC utilized the tax benefits to fully offset the increases in 2021 and January 2022 such that customer rates remained unchanged. For the remainder of 2022, the MDPSC chose to offset only 25% of the cumulative 2021 and 2022 electric revenue requirement increases and 50% of the cumulative gas revenue requirement increases. In 2021, the MDPSC deferred a decision on whether to use certain tax benefits to offset the revenue requirement increases in 2023 and directed BGE to make another proposal at the end of 2022. In September 2022, BGE proposed that tax benefits not be used to offset the 2023 revenue requirement increases. On October 26, 2022, the MDPSC accepted BGE's recommendation to not use tax benefits to offset the 2023 revenue requirement increases.

(d) Reflects a three-year cumulative multi-year plan for April 1, 2021 through March 31, 2024. The MDPSC awarded Pepco electric incremental revenue requirement increases of $21 million, $16 million, and $15 million, before offsets, for the 12-month periods ending March 31, 2022, 2023, and 2024, respectively. Pepco proposed to utilize certain tax benefits to fully offset the increase through 2023 and partially offset customer rate increases in 2024. However, the MDPSC only utilized the acceleration of refunds for certain tax benefits to fully offset the increases such that customer rates remain unchanged through March 31, 2022. On February 23, 2022, the MDPSC chose to offset 25% of the cumulative revenue requirement increase for the 12-month period ending March 31, 2023. In 2021, the MDPSC deferred a decision on whether to use certain tax benefits to offset the revenue requirement increases for the 12-month period ending March 31, 2024. In December 2022 Pepco proposed that tax benefits not be used to offset the revenue requirement increases for this period. On January 25, 2023, the MDPSC accepted Pepco's recommendations not to use tax benefits to offset revenue requirement increases for the 12-month period ending March 31, 2024.

(e) Reflects a three-year cumulative multi-year plan for January 1, 2023 through December 31, 2025. The MDPSC awarded DPL electric incremental revenue requirement increases of $17 million, $6 million, and $6 million for 2023, 2024, and 2025, respectively.

Pending Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Requested ROE	Expected Approval Timing
ComEd - Illinois[(a)]	January 17, 2023	Electric	$ 1,545	10.50% to 10.65%	Fourth quarter of 2023
ComEd - Illinois[(b)]	April 21, 2023	Electric	247	8.91%	Fourth quarter of 2023
BGE - Maryland[(c)]	February 17, 2023	Electric	313	10.40%	Fourth quarter of 2023
		Natural Gas	289	10.40%	
Pepco - District of Columbia[(d)]	April 13, 2023	Electric	191	10.50%	Second quarter of 2024
Pepco - Maryland[(e)]	May 16, 2023	Electric	214	10.50%	Second quarter of 2024
DPL - Delaware[(f)]	December 15, 2022 (amended May 30, 2023)	Electric	42	10.50%	Second quarter of 2024
ACE - New Jersey[(g)]	February 15, 2023 (amended June 2, 2023)	Electric	94	10.50%	First quarter of 2024

(a) On June 27, 2023, ComEd submitted its MRP rebuttal testimony requesting an increase of the total revenue requirement increase to recover beneficial electrification costs through the MRP initially filed on January 17, 2023. The filing reflects a four-year cumulative MRP for January 1, 2024 to December 31, 2027 and total requested revenue requirement increases of $980 million effective January 1, 2024, $176 million effective January 1, 2025, $187 million effective January 1, 2026, and $202 million effective January 1, 2027, based on forecasted revenue requirements. If approved, the revenue requirement will provide for a weighted average debt and equity return on distribution rate base of 7.43% in 2024, 7.50% in 2025, 7.62% in 2026, and 7.70% in 2027, inclusive of an allowed ROE of 10.50% in 2024, 10.55% in 2025, 10.60% in 2026, and 10.65% in 2027. The requested revenue requirements are based on capital structures that reflect between 50.58% and 51.19% common equity. ComEd's MRP also includes a proposed rate phase-in to defer approximately $343 million of the $980 million year-over-year increase for 2024 revenue from 2024 to 2026.

(b) On April 21, 2023, ComEd filed its proposed Delivery Reconciliation Amount of $247 million under Rider Delivery Service Pricing Reconciliation (Rider DSPR) which allows for the reconciliation of the revenue requirement in effect in the final years in which formula rates are determined and until such time as new rates are established under ComEd's approved MRP. The 2023 filing reconciles the delivery service rates in effect in 2022 with the actual delivery service costs incurred in 2022. Final order is expected by December 2023, and the reconciliation amount will be in customer rates beginning January 1, 2024.

(c) Reflects a three-year cumulative multi-year plan for January 1, 2024 through December 31, 2026 submitted to the MDPSC. Inclusive of the proposed acceleration of remaining electric tax benefits in 2024 and 2025, and remaining gas tax benefits in 2024, BGE requested total electric revenue requirement increases of $85 million, $103 million, and $125 million in 2024, 2025, and 2026, respectively, and natural gas revenue requirement increases of $158 million, $77 million, and $54 million in 2024, 2025, and 2026, respectively. Requested revenue requirement increases will be used to recover capital investments designed to increase the resilience of the electric and gas distribution systems and support Maryland's climate and regulatory initiatives. The 2021 and 2022 reconciliation amounts are not included in the requested revenue requirement increase, as BGE is proposing that these amounts be recovered through the separate electric and gas riders in 2024. The 2021 reconciliation amounts are $11 million and $7 million for electric and gas, respectively, and the 2022 reconciliation amounts are $44 million and $15 million for electric and gas, respectively.

(d) Reflects a three-year cumulative multi-year plan for January 1, 2024 through December 31, 2026 submitted to the DCPSC. Pepco requested total electric revenue requirement increases of $117 million, $37 million, and $37 million in 2024, 2025, and 2026, respectively. Requested revenue requirement increases will be used to recover capital investments designed to advance system-readiness and support the District of Columbia's climate and clean energy goals.

(e) Reflects a three-year cumulative multi-year plan for April 1, 2024 through March 31, 2027 submitted to the MDPSC. Pepco requested total electric revenue requirement increases of $74 million, $60 million and $60 million effective April 1, 2024, April 1, 2025, and April 1, 2026, respectively. The plan contains a proposed nine-month extension period with a requested revenue requirement increase of $20 million effective April 1, 2027 through December 31, 2027. Requested revenue requirement increases will be used to recover capital investments designed to advance system-readiness and support Maryland's climate and clean energy goals. Based on a settlement agreement filed with the MDPSC on July 21, 2023, Pepco proposed to establish a revenue deferral mechanism that would allow for recovery of its full Commission-

authorized year 1 increase between July 1, 2024 through March 31, 2025 and extend the procedural schedule to address intervenor resource constraints. The settlement agreement remains subject to approval and Pepco cannot predict if the MDPSC will approve the settlement agreement as filed.

(f) The rates went into effect on July 15, 2023, subject to refund.

(g) Requested increases are before New Jersey sales and use tax. ACE intends to put rates into effect on November 17, 2023, subject to refund.

Transmission Formula Rates

The Utility Registrants' transmission rates are each established based on a FERC-approved formula. ComEd, BGE, Pepco, DPL, and ACE are required to file an annual update to the FERC-approved formula on or before May 15, and PECO is required to file on or before May 31, with the resulting rates effective on June 1 of the same year. The annual update for ComEd is based on prior year actual costs and current year projected capital additions (initial year revenue requirement). The update for ComEd also reconciles any differences between the revenue requirement in effect beginning June 1 of the prior year and actual costs incurred for that year (annual reconciliation). The annual update for PECO is based on prior year actual costs and current year projected capital additions, accumulated depreciation, and accumulated deferred income taxes. The annual update for BGE, Pepco, DPL, and ACE is based on prior year actual costs and current year projected capital additions, accumulated depreciation, depreciation and amortization expense, and accumulated deferred income taxes. The update for PECO, BGE, Pepco, DPL, and ACE also reconciles any differences between the actual costs and actual revenues for the calendar year (annual reconciliation).

For 2023, the following increases/(decreases) were included in the Utility Registrants' electric transmission formula rate updates:

Registrant[a]	Initial Revenue Requirement Increase	Annual Reconciliation Increase (Decrease)	Total Revenue Requirement Increase	Allowed Return on Rate Base[b]	Allowed ROE[c]
ComEd	$ 20	$ 63	$ 83	8.09 %	11.50 %
PECO	24	23	47	7.41 %	10.35 %
BGE	19	(12)	4 [d]	7.34 %	10.50 %
Pepco	37	(5)	32	7.57 %	10.50 %
DPL	32	(3)	29	7.08 %	10.50 %
ACE	41	(12)	29	7.08 %	10.50 %

(a) All rates are effective June 1, 2023 - May 31, 2024, subject to review by interested parties pursuant to review protocols of each Utility Registrants' tariffs.

(b) Represents the weighted average debt and equity return on transmission rate bases. For ComEd and PECO, the common equity component of the ratio used to calculate the weighted average debt and equity return on the transmission formula rate base is currently capped at 55% and 55.75%, respectively.

(c) The rate of return on common equity for each Utility Registrant includes a 50-basis-point incentive adder for being a member of a RTO.

(d) The increase in BGE's transmission revenue requirement includes a $3 million reduction related to a FERC-approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.

Other State Regulatory Matters

Illinois Regulatory Matters

CEJA (Exelon and ComEd). On September 15, 2021, the Governor of Illinois signed into law CEJA. CEJA includes, among other features, (1) procurement of CMCs from qualifying nuclear-powered generating facilities, (2) a requirement to file a general rate case or a new four-year MRP no later than January 20, 2023 to establish rates effective after ComEd's existing performance-based distribution formula rate sunsets, (3) an extension of and certain adjustments to ComEd's energy efficiency MWh savings goals, (4) revisions to the Illinois RPS requirements, including expanded charges for the procurement of RECs from wind and solar generation, (5) a requirement to accelerate amortization of ComEd's unprotected excess deferred income taxes (EDIT) that ComEd was previously directed by the ICC to amortize using the average rate assumption method which equates to approximately 39.5 years, and (6) requirements that ComEd and the ICC initiate and conduct various regulatory proceedings on subjects including ethics, spending, grid investments, and performance metrics.

Regulatory or legal challenges regarding the validity or implementation of CEJA are possible and Exelon and ComEd cannot reasonably predict the outcome of any such challenges.

ComEd Electric Distribution Rates

ComEd filed, and received approval for, its last performance-based electric distribution formula rate update filing under EIMA in 2022; those rates are in effect throughout 2023.

On February 3, 2022, the ICC approved a tariff that establishes the process under which ComEd will reconcile its 2022 and 2023 rate year revenue requirements with actual costs. Those reconciliation amounts will be determined using the same process as were used for prior reconciliations under the performance-based electric distribution formula rate. Using that process, for the rate years 2022 and 2023 ComEd will ultimately collect revenues from customers reflecting each year's actual recoverable costs, year-end rate base, and a weighted average debt and equity return on distribution rate base, with the ROE component based on the annual average of the monthly yields of the 30-year U.S. Treasury bonds plus 580 basis points. In April 2023, ComEd filed its first petition with the ICC to reconcile its 2022 actual costs with the approved revenue requirement that was in effect in 2022. The rate year 2023 reconciliation will be filed in 2024.

Beginning in 2024, ComEd will recover from retail customers, subject to certain exceptions, the costs it incurs to provide electric delivery services either through its electric distribution rate or other recovery mechanisms authorized by CEJA. On January 17, 2023, ComEd filed a petition with the ICC seeking approval of a MRP for 2024-2027. The MRP supports a multi-year grid plan (Grid Plan), also filed on January 17, covering planned investments on the electric distribution system within ComEd's service area through 2027. Costs incurred during each year of the MRP are subject to ICC review and the plan's revenue requirement for each year will be reconciled with the actual costs that the ICC determines are prudently and reasonably incurred for that year. The reconciliation is subject to adjustment for certain costs, including a limitation on recovery of costs that are more than 105% of certain costs in the previously approved MRP revenue requirement, absent a modification of the rate plan itself. Thus, for example, the rate adjustments necessary to reconcile 2024 revenues to ComEd's actual 2024 costs incurred would take effect in January 2026 after the ICC's review during 2025. Discovery remains ongoing. On May 22, 2023, direct testimony was filed by ICC staff and more than a dozen intervenors and intervenor groups. The testimonies addressed a wide variety of topics, including rate of return on equity, capital structure, grid planning, various distribution grid and information technology investments, and affordability and customer service. ComEd filed rebuttal testimony in June, which provided, among other things, defense of ComEd's planned 2024-2027 capital investment and proposed cost of equity. ComEd also made voluntary adjustments and, per the ICC's final beneficial electrification order requiring ComEd to recover beneficial electrification costs through the MRP, increased its total revenue requirement request from $1.47 billion to $1.54 billion. On July 27, 2023, ICC staff and intervenors filed rebuttal testimony, which showed little to no movement on the key issues, including ROE and large capital projects. The ICC must issue its decision on both the MRP and Grid Plan by mid-December 2023, for rates to begin with the January 2024 billing cycle.

In January 2022, ComEd filed a request with the ICC proposing performance metrics that would be used in determining ROE incentives and penalties in the event ComEd filed a MRP in January 2023. On September 27, 2022, the ICC issued a final order approving seven performance metrics that provide symmetrical performance adjustments of 32 total basis points to ComEd's rate of return on common equity based on the extent to which ComEd achieves the annual performance goals. On November 10, 2022, the ICC granted ComEd's application for rehearing, in part. On April 5, the ICC issued its final order on rehearing for the performance and tracking metrics proceeding, in which the ICC declined to adopt ComEd's proposed modifications to the reliability and peak load reduction performance metrics. ComEd is determining how to implement the performance metrics, which take effect on January 1, 2024. ComEd will make its initial filing in 2025 to assess performance achieved under the metrics in 2024, and to determine any ROE adjustment, which would take effect in 2026.

Carbon Mitigation Credit

CEJA establishes decarbonization requirements for Illinois as well as programs to support the retention and development of emissions-free sources of electricity. ComEd is required to purchase CMCs from participating nuclear-powered generating facilities between June 1, 2022 and May 31, 2027. The price to be paid for each CMC was established through a competitive bidding process that included consumer-protection measures that capped the maximum acceptable bid amount and a formula that reduces CMC prices by an energy price index, the base residual auction capacity price in the ComEd zone of PJM, and the monetized value of any federal tax

credit or other subsidy if applicable. The consumer protection measures contained in CEJA will result in net payments to ComEd ratepayers if the energy index, the capacity price and applicable federal tax credits or subsidy exceed the CMC contract price. In the June 2022 billing period, ComEd began issuing credits to its retail customers under its new CMC rider. A regulatory asset is recorded for the difference between customer credits issued and the credit to be received from the participating nuclear-powered generating facilities. The balance as of June 30, 2023 is $1,079 million.

Under CEJA, the costs of procuring CMCs, including carrying costs, are recovered through a rider, the Rider Carbon-Free Resource Adjustment (Rider CFRA). The Rider CFRA provides for an annual reconciliation and true-up to actual costs incurred or credits received by ComEd to purchase CMCs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods. The difference between the net payments to (or receivables from) ComEd ratepayers and the credits received by ComEd to purchase CMCs is recorded to Purchased Power expense with an offset to the regulatory asset (or regulatory liability). On December 21, 2022, ComEd filed a supplemental statement to the Rider CFRA proposing that it recover costs or provide credits faster than the tariff allows, implement monthly reconciliations, and allow ComEd to adjust Rider CFRA rates based not only on anticipated differences but also past payments or credits. The ICC approved the proposal on January 19, 2023.

Beneficial Electrification Plan

On March 23, 2023, the ICC issued its final order approving the beneficial electrification plan for ComEd. The ICC rejected ComEd's request to treat a large portion of beneficial electrification costs as a regulatory asset and ordered ComEd to seek cost recovery through the multi-year rate plan filing for 2024 and 2025, and the final formula rate reconciliation docket for 2023, rather than through a separate charge. The order also authorized an overall annual budget of $77 million per year for the three year plan period (2023 through 2025). On April 18, 2023, ComEd filed an application for rehearing in the beneficial electrification plan docket. The Chicago Transit Authority and City of Chicago, jointly, and the Office of the Illinois Attorney General (ILAG) also filed applications for rehearing. On April 27, 2023, ICC staff filed a motion for clarification, seeking clarification from the ICC on the precise budget described in the final order. On May 8, 2023, the ICC denied all applications for rehearing, and entered an amendatory order regarding the annual beneficial electrification plan budgets. ComEd has been directed to use good faith efforts to spend $77 million annually. ComEd subsequently filed its compliance filing in May 2023, detailing project related spending, clarifying the procedure that will be used to seek stakeholder feedback related to beneficial electrification pilot programs, and including the timeline for tariff changes required to implement the programs. There were also three pending appeals from the beneficial electrification case, one filed by ComEd and two by the ILAG. ComEd and the ILAG both filed appeals of the ICC's interim order that addressed the permissible scope of utility beneficial electrification programs outside of transportation and the rate impact cap. The ILAG also filed an appeal seeking reversal of portions of the ICC's final decision. The final order partly mooted ComEd's appeal of the interim order and ComEd has decided not to pursue the other issues. As such, ComEd recently moved to voluntarily dismiss its appeal and the appellate court granted that request. The ILAG plans to consolidate their appeals.

Energy Efficiency Formula Rate (Exelon and ComEd). ComEd filed its annual energy efficiency formula rate update with the ICC on May 26, 2023. The filing establishes the revenue requirement used to set the rates that will take effect in January 2024 after the ICC's review and approval. The requested revenue requirement update is based on a reconciliation of the 2022 actual costs plus projected 2024 expenditures.

Initial Revenue Requirement Increase	Annual Reconciliation Increase	Total Revenue Requirement Increase	Requested Return on Rate Base[(a)]	Requested ROE
$ 87	$ 31	$ 118	6.48 %	8.91 %

(a) The requested revenue requirement increase provides for a weighted average debt and equity return on the energy efficiency regulatory asset and rate base of 6.48% inclusive of an allowed ROE of 8.91%, reflecting the monthly average yields for 30-year treasury bonds plus 580 basis points. For the 2022 reconciliation year, the requested revenue requirement provides for a weighted average debt and equity return on the energy efficiency regulatory asset and rate base of 7.48% inclusive of an allowed ROE of 10.91%, which includes an upward performance adjustment that increased the ROE. The performance adjustment can either increase or decrease the ROE based upon the achievement of energy efficiency savings goals.

New Jersey Regulatory Matters

Termination of Energy Procurement Provisions of PPAs (Exelon, PHI, and ACE). On December 22, 2021, ACE filed with the NJBPU a petition to terminate the provisions in the PPAs to purchase electricity from two coal-powered generation facilities located in the state of New Jersey. The petition was approved by the NJBPU on March 23, 2022. Upon closing of the transaction on March 31, 2022, ACE recognized a liability of $203 million for the contract termination fee, which is to be paid by the end of 2024, and recognized a corresponding regulatory asset of $203 million.

As of June 30, 2023, the $94 million liability for the contract termination fee consists of $74 million and $20 million included in Other current liabilities and Other deferred credits and other liabilities, respectively, in Exelon's Consolidated Balance Sheet. The current and noncurrent liabilities are included in PPA termination obligation and Other deferred credits and other liabilities, respectively, in PHI's and ACE's Consolidated Balance Sheets. For the six months ended June 30, 2023 and 2022, ACE has respectively paid $43 million and $23 million of the liability, which is recorded in Changes in Other assets and liabilities in Exelon's, PHI's, and ACE's Consolidated Statements of Cash Flows.

ACE Infrastructure Investment Program "Powering the Future" Filing (Exelon, PHI, and ACE). On October 31, 2022, ACE filed with the NJBPU a second IIP, called "Powering the Future", proposing to seek recovery through a new component of ACE's rider mechanism, totaling $379 million, over the four-year period of July 1, 2023, to June 30, 2027. The new IIP will allow ACE to invest in projects that are designed to enhance the reliability, resiliency, and safety of the service ACE provides to its customers. On June 15, 2023, ACE entered into a settlement agreement with other parties, which allows for a recovery totaling $93 million of reliability related capital investments from July 1, 2023, through June 30, 2027. ACE will have the option of seeking approval from the NJBPU to extend the end date of the IIP beyond June 30, 2027, if ACE determines an extension is necessary. On June 29, 2023, the NJBPU adopted the settlement agreement and issued an order approving the program.

Other Federal Regulatory Matters

FERC Audit (Exelon and ComEd). The Utility Registrants are subject to periodic audits by FERC. FERC's Division of Audits and Accounting initiated a nonpublic audit of ComEd in April 2021 evaluating ComEd's compliance with (1) approved terms, rates, and conditions of its federally regulated service; (2) accounting requirements of the Uniform System of Accounts; (3) reporting requirements of the FERC Form 1; and (4) the requirements for record retention. The audit covered the period from January 1, 2017 to present. During the first quarter of 2023, ComEd was provided with information from FERC about several potential findings, including ComEd's methodology regarding the allocation of certain overhead costs to capital under FERC regulations. Based on the preliminary findings and discussions with FERC staff, ComEd determined that a loss was probable and recorded a regulatory liability to reflect its best estimate of that loss as of March 31, 2023.

On July 27, 2023, FERC issued a final audit report which included, among other things, findings and recommendations related to ComEd's methodology regarding the allocation of certain overhead costs to capitalized construction costs under FERC regulations. ComEd disagrees with various findings and recommendations in the audit report, as indicated in ComEd's public reply to the report. The final outcome and resolution of any contested audit issues as well as a reasonable estimate of potential future losses cannot be accurately estimated at this stage; however, the final resolution of these matters could result in recognition of future losses, above the amounts currently accrued, that could be material to the Exelon and ComEd financial statements.

Regulatory Assets and Liabilities

The Utility Registrants' regulatory assets and liabilities have not changed materially since December 31, 2022, unless noted below. See Note 3 — Regulatory Matters of the 2022 Form 10-K for additional information on the specific regulatory assets and liabilities.

ComEd. Regulatory assets increased $779 million primarily due to increases of $252 million in the Electric Distribution Formula Rate Annual Reconciliations regulatory asset, $236 million in the CMC regulatory asset, as discussed in CEJA above, and $145 million in the ZEC regulatory asset.

PECO. Regulatory assets increased $87 million primarily due to an increase of $76 million in the Deferred Income Taxes regulatory asset. Regulatory liabilities increased $66 million primarily due to increases of

$55 million in the Electric Energy and Natural Gas Costs regulatory liability and $26 million in the Decommissioning the Regulatory Agreement Units regulatory liability.

BGE. Regulatory assets increased $78 million primarily due to an increase of $54 million in the Under-Recovered Revenue Decoupling regulatory asset.

Pepco. Regulatory liabilities decreased $29 million primarily due to a decrease of $27 million in the Deferred Income Taxes regulatory liability.

DPL. Regulatory assets decreased $18 million primarily due to a decrease of $21 million in the Electric Energy and Natural Gas Costs regulatory asset.

ACE. Regulatory assets decreased $20 million primarily due to a decrease of $45 million in the Electric Energy Costs regulatory asset as a result of the PPA termination.

Capitalized Ratemaking Amounts Not Recognized

The following table presents authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment that are not recognized for financial reporting purposes in the Registrants' Consolidated Balance Sheets. These amounts will be recognized as revenues in the related Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to the Utility Registrants' customers. PECO had no related amounts at June 30, 2023 and December 31, 2022.

	Exelon	ComEd[(a)]	BGE[(b)]	PHI	Pepco[(c)]	DPL[(c)]	ACE[(b)]
June 30, 2023	$ 63	$ 19	$ 23	$ 21	$ 18	$ 2	$ 1
December 31, 2022	57	8	28	21	18	2	1

(a) Reflects ComEd's unrecognized equity returns earned for ratemaking purposes on its energy efficiency and electric distribution formula rate regulatory assets.
(b) BGE's and ACE's authorized amounts capitalized for ratemaking purposes primarily relate to earnings on shareholder's investment on their respective AMI programs.
(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholder's investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs, and for Pepco District of Columbia revenue decoupling program. The earnings on energy efficiency are on Pepco District of Columbia and DPL Delaware programs only.

4. Revenue from Contracts with Customers (All Registrants)

The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers at an amount that the entities expect to be entitled to in exchange for those goods or services. The primary sources of revenue include regulated electric and gas tariff sales, distribution, and transmission services.

See Note 4 — Revenue from Contracts with Customers of the 2022 Form 10-K for additional information regarding the primary sources of revenue for the Registrants.

Contract Liabilities

The Registrants record contract liabilities when consideration is received or due prior to the satisfaction of the performance obligations. The Registrants record contract liabilities in Other current liabilities and Other noncurrent deferred credits and other liabilities in their Consolidated Balance Sheets.

For PHI, Pepco, DPL, and ACE these contract liabilities primarily relate to upfront consideration received in the third quarter of 2020 for a collaborative arrangement with an unrelated owner and manager of communication infrastructure. The revenue attributable to this arrangement will be recognized as operating revenue over the 35 years under the collaborative arrangement.

The following table provides a rollforward of the contract liabilities reflected in Exelon's, PHI's, Pepco's, DPL's, and ACE's Consolidated Balance Sheets for the three and six months ended June 30, 2023 and 2022. At June 30, 2023 and December 31, 2022, ComEd's, PECO's, and BGE's contract liabilities were immaterial.

Note 4 — Revenue from Contracts with Customers

	Exelon[a]	PHI[a]	Pepco[a]	DPL	ACE[a]
Balance at December 31, 2022	$ 101	$ 101	$ 81	$ 10	$ 10
Revenues recognized	(1)	(1)	(1)	—	—
Balance at March 31, 2023	100	100	80	10	10
Revenues recognized	(2)	(2)	(2)	—	—
Balance at June 30, 2023	$ 98	$ 98	$ 78	$ 10	$ 10

	Exelon[a]	PHI[a]	Pepco[a]	DPL	ACE[a]
Balance at December 31, 2021	$ 109	$ 109	$ 87	$ 11	$ 11
Revenues recognized	(2)	(2)	(2)	—	—
Balance at March 31, 2022	107	107	85	11	11
Revenues recognized	(2)	(2)	(1)	—	(1)
Balance at June 30, 2022	$ 105	$ 105	$ 84	$ 11	$ 10

(a) Revenues recognized in the three and six months ended June 30, 2023 and 2022, were included in the contract liabilities at December 31, 2022 and 2021, respectively.

Transaction Price Allocated to Remaining Performance Obligations

The following table shows the amounts of future revenues expected to be recorded in each year for performance obligations that are unsatisfied or partially unsatisfied as of June 30, 2023. This disclosure only includes contracts for which the total consideration is fixed and determinable at contract inception. The average contract term varies by customer type and commodity but ranges from one month to several years.

This disclosure excludes the Utility Registrants' gas and electric tariff sales contracts and transmission revenue contracts as they generally have an original expected duration of one year or less and, therefore, do not contain any future, unsatisfied performance obligations to be included in this disclosure.

Year	Exelon	PHI	Pepco	DPL	ACE
2023	$ 7	$ 7	$ 5	$ 1	$ 1
2024	6	6	5	—	1
2025	5	5	5	—	—
2026	5	5	5	—	—
2027 and thereafter	75	75	58	9	8
Total	$ 98	$ 98	$ 78	$ 10	$ 10

Revenue Disaggregation

The Registrants disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. See Note 5 — Segment Information for the presentation of the Registrants' revenue disaggregation.

5. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the CODMs in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has six reportable segments, which include ComEd, PECO, BGE, and PHI's three reportable segments consisting of Pepco, DPL, and ACE. ComEd, PECO, BGE, Pepco, DPL, and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL, and ACE's CODMs evaluate the performance of and allocate resources to the segments based on net income.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and six months ended June 30, 2023 and 2022 is as follows:

Three Months Ended June 30, 2023 and 2022

	ComEd	PECO	BGE	PHI	Other[a]	Intersegment Eliminations	Exelon
Operating revenues[b]:							
2023							
Electric revenues	$ 1,901	$ 719	$ 672	$ 1,274	$ —	$ (10)	$ 4,556
Natural gas revenues	—	109	125	29	—	(1)	262
Shared service and other revenues	—	—	—	2	434	(436)	—
Total operating revenues	$ 1,901	$ 828	$ 797	$ 1,305	$ 434	$ (447)	$ 4,818
2022							
Electric revenues	$ 1,425	$ 708	$ 629	$ 1,182	$ —	$ (6)	$ 3,938
Natural gas revenues	—	108	157	37	—	(1)	301
Shared service and other revenues	—	—	—	2	384	(386)	—
Total operating revenues	$ 1,425	$ 816	$ 786	$ 1,221	$ 384	$ (393)	$ 4,239
Intersegment revenues[c]:							
2023	$ 2	$ 2	$ 2	$ 2	$ 432	$ (440)	$ —
2022	3	1	3	2	384	(393)	—
Depreciation and amortization:							
2023	$ 350	$ 99	$ 158	$ 243	$ 16	$ —	$ 866
2022	328	93	152	240	16	1	830
Operating expenses:							
2023	$ 1,478	$ 687	$ 704	$ 1,126	$ 561	$ (442)	$ 4,114
2022	1,039	639	717	1,066	460	(378)	3,543
Interest expense, net:							
2023	$ 120	$ 48	$ 44	$ 81	$ 134	$ —	$ 427
2022	104	43	36	73	101	1	358
Income (loss) from continuing operations before income taxes:							
2023	$ 320	$ 99	$ 54	$ 123	$ (174)	$ (6)	$ 416
2022	293	142	38	101	(62)	(1)	511
Income Taxes:							
2023	$ 71	$ 2	$ 12	$ 20	$ (32)	$ —	$ 73
2022	66	9	1	1	(31)	—	46
Net income (loss) from continuing operations:							
2023	$ 249	$ 97	$ 42	$ 103	$ (142)	$ (6)	$ 343
2022	227	133	37	100	(31)	(1)	465
Capital Expenditures:							
2023	$ 645	$ 372	$ 306	$ 461	$ 20	$ —	$ 1,804
2022	591	314	275	367	38	—	1,585

(a) Other primarily includes Exelon's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.
(c) See Note 16 — Related Party Transactions for additional information on intersegment revenues.

PHI:

	Pepco	DPL	ACE	Other[a]	Intersegment Eliminations	PHI
Operating revenues[b]:						
2023						
Electric revenues	$ 642	$ 320	$ 317	$ —	$ (5)	$ 1,274
Natural gas revenues	—	29	—	—	—	29
Shared service and other revenues	—	—	—	105	(103)	2
Total operating revenues	$ 642	$ 349	$ 317	$ 105	$ (108)	$ 1,305
2022						
Electric revenues	$ 581	$ 295	$ 309	$ —	$ (3)	$ 1,182
Natural gas revenues	—	37	—	—	—	37
Shared service and other revenues	—	—	—	98	(96)	2
Total operating revenues	$ 581	$ 332	$ 309	$ 98	$ (99)	$ 1,221
Intersegment revenues[c]:						
2023	$ 2	$ 2	$ 1	$ 104	$ (107)	$ 2
2022	2	2	1	98	(101)	2
Depreciation and amortization:						
2023	$ 109	$ 60	$ 68	$ 6	$ —	$ 243
2022	105	56	72	7	—	240
Operating expenses:						
2023	$ 541	$ 305	$ 280	$ 108	$ (108)	$ 1,126
2022	487	296	283	99	(99)	1,066
Interest expense, net:						
2023	$ 43	$ 18	$ 17	$ 3	$ —	$ 81
2022	38	17	17	1	—	73
Income (loss) before income taxes:						
2023	$ 74	$ 30	$ 24	$ (6)	$ 1	$ 123
2022	69	23	11	(2)	—	101
Income Taxes:						
2023	$ 10	$ 5	$ 6	$ (1)	$ —	$ 20
2022	(1)	2	—	—	—	1
Net income (loss):						
2023	$ 64	$ 25	$ 18	$ (5)	$ 1	$ 103
2022	70	21	11	(2)	—	100
Capital Expenditures:						
2023	$ 219	$ 124	$ 114	$ 4	$ —	$ 461
2022	184	91	92	—	—	367

(a) Other primarily includes PHI's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.
(c) Includes intersegment revenues with ComEd, BGE, and PECO, which are eliminated at Exelon.

Electric and Gas Revenue by Customer Class (Utility Registrants):

The following tables disaggregate the Registrants' revenues recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of electric sales and natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with the Utility Registrants, but exclude any intercompany revenues.

	Three Months Ended June 30, 2023						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Electric revenues							
Residential	$ 861	$ 444	$ 363	$ 583	$ 267	$ 161	$ 155
Small commercial & industrial	461	132	75	144	41	57	46
Large commercial & industrial	205	64	119	337	254	33	50
Public authorities & electric railroads	13	8	7	15	7	4	4
Other[a]	234	71	103	185	64	61	63
Total electric revenues[b]	$ 1,774	$ 719	$ 667	$ 1,264	$ 633	$ 316	$ 318
Natural gas revenues							
Residential	$ —	$ 69	$ 71	$ 16	$ —	$ 16	$ —
Small commercial & industrial	—	32	15	7	—	7	—
Large commercial & industrial	—	—	30	1	—	1	—
Transportation	—	5	—	4	—	4	—
Other[c]	—	2	5	1	—	1	—
Total natural gas revenues[d]	$ —	$ 108	$ 121	$ 29	$ —	$ 29	$ —
Total revenues from contracts with customers	$ 1,774	$ 827	$ 788	$ 1,293	$ 633	$ 345	$ 318
Other revenues							
Revenues from alternative revenue programs	$ 118	$ (5)	$ 4	$ 9	$ 7	$ 3	$ (1)
Other electric revenues[e]	9	5	4	3	2	1	—
Other natural gas revenues[e]	—	1	1	—	—	—	—
Total other revenues	$ 127	$ 1	$ 9	$ 12	$ 9	$ 4	$ (1)
Total revenues for reportable segments	$ 1,901	$ 828	$ 797	$ 1,305	$ 642	$ 349	$ 317

Note 5 — Segment Information

Revenues from contracts with customers	Three Months Ended June 30, 2022						
	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Electric revenues							
Residential	$ 819	$ 431	$ 334	$ 548	$ 234	$ 155	$ 159
Small commercial & industrial	312	126	70	140	35	51	54
Large commercial & industrial	11	72	129	332	250	30	52
Public authorities & electric railroads	5	7	7	15	8	3	4
Other[a]	234	68	99	164	54	57	55
Total electric revenues[b]	$ 1,381	$ 704	$ 639	$ 1,199	$ 581	$ 296	$ 324
Natural gas revenues							
Residential	$ —	$ 71	$ 96	$ 17	$ —	$ 17	$ —
Small commercial & industrial	—	29	18	8	—	8	—
Large commercial & industrial	—	—	35	3	—	3	—
Transportation	—	6	—	3	—	3	—
Other[c]	—	2	12	6	—	6	—
Total natural gas revenues[d]	$ —	$ 108	$ 161	$ 37	$ —	$ 37	$ —
Total revenues from contracts with customers	$ 1,381	$ 812	$ 800	$ 1,236	$ 581	$ 333	$ 324
Other revenues							
Revenues from alternative revenue programs	$ 35	$ —	$ (20)	$ (17)	$ (1)	$ (2)	$ (15)
Other electric revenues[e]	9	4	4	2	1	1	—
Other natural gas revenues[e]	—	—	2	—	—	—	—
Total other revenues	$ 44	$ 4	$ (14)	$ (15)	$ —	$ (1)	$ (15)
Total revenues for reportable segments	$ 1,425	$ 816	$ 786	$ 1,221	$ 581	$ 332	$ 309

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates in 2023 and 2022 respectively of:
- $2 million, $3 million at ComEd
- $1 million, $1 million at PECO
- $1 million, $2 million at BGE
- $2 million, $2 million at PHI
- $2 million, $2 million at Pepco
- $2 million, $2 million at DPL
- $1 million, $1 million at ACE

(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates in 2023 and 2022 respectively of:
- $1 million, less than a $1 million at PECO
- $1 million, $1 million at BGE

(e) Includes late payment charge revenues.

Six Months Ended June 30, 2023 and 2022

	ComEd	PECO	BGE	PHI	Other[a]	Intersegment Eliminations	Exelon
Operating revenues[b]:							
2023							
Electric revenues	$ 3,568	$ 1,514	$ 1,485	$ 2,711	$ —	$ (14)	$ 9,264
Natural gas revenues	—	426	568	126	—	(4)	1,116
Shared service and other revenues	—	—	—	4	871	(875)	—
Total operating revenues	$ 3,568	$ 1,940	$ 2,053	$ 2,841	$ 871	$ (893)	$ 10,380
2022							
Electric revenues	$ 3,158	$ 1,449	$ 1,366	$ 2,501	$ —	$ (14)	$ 8,460
Natural gas revenues	—	414	574	120	—	(2)	1,106
Shared service and other revenues	—	—	—	5	961	(966)	—
Total operating revenues	$ 3,158	$ 1,863	$ 1,940	$ 2,626	$ 961	$ (982)	$ 9,566
Intersegment revenues[c]:							
2023	$ 5	$ 4	$ 4	$ 4	$ 867	$ (884)	$ —
2022	8	2	10	6	961	(981)	6
Depreciation and amortization:							
2023	$ 688	$ 197	$ 325	$ 484	$ 31	$ 2	$ 1,727
2022	649	185	322	459	32	—	1,647
Operating expenses:							
2023	$ 2,734	$ 1,590	$ 1,667	$ 2,423	$ 1,046	$ (889)	$ 8,571
2022	2,444	1,432	1,636	2,282	1,086	(909)	7,971
Interest expense, net:							
2023	$ 237	$ 97	$ 88	$ 157	$ 263	$ (2)	$ 840
2022	204	84	71	143	195	—	697
Income (loss) from continuing operations before income taxes:							
2023	$ 631	$ 268	$ 306	$ 312	$ (294)	$ (5)	$ 1,218
2022	534	363	244	238	(125)	(45)	1,209
Income taxes:							
2023	$ 142	$ 5	$ 65	$ 54	$ (60)	$ —	$ 206
2022	119	24	10	8	114	(12)	263
Net income (loss) from continuing operations:							
2023	$ 489	$ 263	$ 241	$ 258	$ (235)	$ (4)	$ 1,012
2022	415	339	234	230	(239)	(33)	946
Capital expenditures:							
2023	$ 1,262	$ 707	$ 656	$ 1,022	$ 38	$ —	$ 3,685
2022	1,208	658	578	776	60	—	3,280
Total assets:							
June 30, 2023	$ 41,672	$ 15,207	$ 13,488	$ 26,241	$ 5,922	$ (4,450)	$ 98,080
December 31, 2022	39,661	14,502	13,350	26,082	6,014	(4,260)	95,349

(a) Other primarily includes Exelon's corporate operations, shared service entities, and other financing and investment activities.

(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.
(c) See Note 16 — Related Party Transactions for additional information on intersegment revenues.

PHI:

	Pepco	DPL	ACE	Other[a]	Intersegment Eliminations	PHI
Operating revenues[b]:						
2023						
Electric revenues	$ 1,351	$ 697	$ 670	$ —	$ (7)	$ 2,711
Natural gas revenues	—	126	—	—	—	126
Shared service and other revenues	—	—	—	207	(203)	4
Total operating revenues	$ 1,351	$ 823	$ 670	$ 207	$ (210)	$ 2,841
2022						
Electric revenues	$ 1,195	$ 643	$ 658	$ —	$ 5	$ 2,501
Natural gas revenues	—	120	—	—	—	120
Shared service and other revenues	—	—	—	205	(200)	5
Total operating revenues	$ 1,195	$ 763	$ 658	$ 205	$ (195)	$ 2,626
Intersegment revenues[c]:						
2023	$ 3	$ 3	$ 1	$ 206	$ (209)	$ 4
2022	2	3	2	195	(196)	6
Depreciation and amortization:						
2023	$ 216	$ 121	$ 135	$ 12	$ —	$ 484
2022	213	113	118	15	—	459
Operating expenses:						
2023	$ 1,151	$ 693	$ 577	$ 212	$ (210)	$ 2,423
2022	1,034	653	593	197	(195)	2,282
Interest expense, net:						
2023	$ 81	$ 36	$ 34	$ 6	$ —	$ 157
2022	74	33	32	5	(1)	143
Income (loss) before income taxes:						
2023	$ 152	$ 102	$ 68	$ (10)	$ —	$ 312
2022	113	83	38	4	—	238
Income taxes:						
2023	$ 22	$ 17	$ 17	$ (2)	$ —	$ 54
2022	(3)	6	1	4	—	8
Net income (loss):						
2023	$ 130	$ 85	$ 51	$ (8)	$ —	$ 258
2022	116	77	37	—	—	230
Capital expenditures:						
2023	$ 483	$ 258	$ 275	$ 6	$ —	$ 1,022
2022	402	194	179	1	—	776
Total assets:						
June 30, 2023	$ 10,838	$ 5,823	$ 5,088	$ 4,735	$ (243)	$ 26,241
December 31, 2022	10,657	5,802	4,979	4,677	(33)	26,082

(a) Other primarily includes PHI's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.

(c) Includes intersegment revenues with ComEd, BGE, and PECO, which are eliminated at Exelon.

Electric and Gas Revenue by Customer Class (Utility Registrants):

The following tables disaggregate the Registrants' revenues recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of electric sales and natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with the Utility Registrants, but exclude any intercompany revenues.

	Six Months Ended June 30, 2023						
Revenues from contracts with customers	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Electric revenues							
Residential	$ 1,698	$ 963	$ 796	$ 1,221	$ 549	$ 371	$ 301
Small commercial & industrial	823	267	167	304	80	119	105
Large commercial & industrial	290	129	268	714	535	66	113
Public authorities & electric railroads	22	16	14	33	16	8	9
Other[(a)]	450	139	198	362	120	119	126
Total electric revenues[(b)]	$ 3,283	$ 1,514	$ 1,443	$ 2,634	$ 1,300	$ 683	$ 654
Natural gas revenues							
Residential	$ —	$ 292	$ 349	$ 76	$ —	$ 76	$ —
Small commercial & industrial	—	107	56	33	—	33	—
Large commercial & industrial	—	1	100	2	—	2	—
Transportation	—	13	—	8	—	8	—
Other[(c)]	—	11	24	7	—	7	—
Total natural gas revenues[(d)]	$ —	$ 424	$ 529	$ 126	$ —	$ 126	$ —
Total revenues from contracts with customers	$ 3,283	$ 1,938	$ 1,972	$ 2,760	$ 1,300	$ 809	$ 654
Other revenues							
Revenues from alternative revenue programs	$ 270	$ (10)	$ 70	$ 74	$ 46	$ 12	$ 16
Other electric revenues[(e)]	15	10	8	7	5	2	—
Other natural gas revenues[(e)]	—	2	3	—	—	—	—
Total other revenues	$ 285	$ 2	$ 81	$ 81	$ 51	$ 14	$ 16
Total revenues for reportable segments	$ 3,568	$ 1,940	$ 2,053	$ 2,841	$ 1,351	$ 823	$ 670

Note 5 — Segment Information

Revenues from contracts with customers	Six Months Ended June 30, 2022						
	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Electric revenues							
Residential	$ 1,675	$ 918	$ 752	$ 1,200	$ 509	$ 362	$ 329
Small commercial & industrial	736	237	151	281	73	107	101
Large commercial & industrial	165	136	260	655	503	56	96
Public authorities & electric railroads	20	15	14	31	16	7	8
Other[(a)]	472	130	196	359	100	113	136
Total electric revenues[(b)]	$ 3,068	$ 1,436	$ 1,373	$ 2,526	$ 1,201	$ 645	$ 670
Natural gas revenues							
Residential	$ —	$ 289	$ 378	$ 68	$ —	$ 68	$ —
Small commercial & industrial	—	105	63	29	—	29	—
Large commercial & industrial	—	—	100	6	—	6	—
Transportation	—	14	—	7	—	7	—
Other[(c)]	—	5	47	10	—	10	—
Total natural gas revenues[(d)]	$ —	$ 413	$ 588	$ 120	$ —	$ 120	$ —
Total revenues from contracts with customers	$ 3,068	$ 1,849	$ 1,961	$ 2,646	$ 1,201	$ 765	$ 670
Other revenues							
Revenues from alternative revenue programs	$ 75	$ 6	$ (32)	$ (22)	$ (7)	$ (3)	$ (12)
Other electric revenues[(e)]	15	7	8	2	1	1	—
Other natural gas revenues[(e)]	—	1	3	—	—	—	—
Total other revenues	$ 90	$ 14	$ (21)	$ (20)	$ (6)	$ (2)	$ (12)
Total revenues for reportable segments	$ 3,158	$ 1,863	$ 1,940	$ 2,626	$ 1,195	$ 763	$ 658

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates in 2023 and 2022 respectively of:
- $5 million, $8 million at ComEd
- $3 million, $2 million at PECO
- $2 million, $3 million at BGE
- $4 million, $6 million at PHI
- $3 million, $2 million at Pepco
- $3 million, $3 million at DPL
- $1 million, $2 million at ACE

(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates in 2023 and 2022 respectively of:
- $1 million, less than a $1 million at PECO
- $2 million, $7 million at BGE

(e) Includes late payment charge revenues.

6. Accounts Receivable (All Registrants)

Allowance for Credit Losses on Accounts Receivable

The following tables present the rollforward of Allowance for Credit Losses on Customer Accounts Receivable.

	Three Months Ended June 30, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at March 31, 2023	$ 389	$ 74	$ 130	$ 73	$ 112	$ 49	$ 26	$ 37
Plus: Current period (benefit) provision for expected credit losses	(35)	(1)	(20)	(16)	2	4	(3)	1
Less: Write-offs, net of recoveries[a]	31	6	9	7	9	3	2	4
Balance at June 30, 2023	$ 323	$ 67	$ 101	$ 50	$ 105	$ 50	$ 21	$ 34

	Three Months Ended June 30, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at March 31, 2022	$ 389	$ 92	$ 125	$ 59	$ 113	$ 40	$ 24	$ 49
Plus: Current period (benefit) provision for expected credit losses	(9)	(5)	(10)	2	4	5	—	(1)
Less: Write-offs, net of recoveries	26	6	8	4	8	3	2	3
Balance at June 30, 2022	$ 354	$ 81	$ 107	$ 57	$ 109	$ 42	$ 22	$ 45

	Six Months Ended June 30, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at December 31, 2022	$ 327	$ 59	$ 105	$ 54	$ 109	$ 47	$ 21	$ 41
Plus: Current period provision for expected credit losses	71	21	18	14	18	13	4	1
Less: Write-offs, net[b][c] of recoveries[a]	75	13	22	18	22	10	4	8
Balance at June 30, 2023	$ 323	$ 67	$ 101	$ 50	$ 105	$ 50	$ 21	$ 34

	Six Months Ended June 30, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at December 31, 2021	$ 320	$ 73	$ 105	$ 38	$ 104	$ 37	$ 18	$ 49
Plus: Current period provision for expected credit losses	101	21	21	28	31	16	7	8
Less: Write-offs, net of recoveries	67	13	19	9	26	11	3	12
Balance at June 30, 2022	$ 354	$ 81	$ 107	$ 57	$ 109	$ 42	$ 22	$ 45

(a) Recoveries were not material to the Registrants.
(b) For PECO, the change in write-offs is primarily a result of increased disconnection activities.
(c) For ACE, the change in write-offs is primarily related to the termination of the moratoriums in New Jersey, which beginning in March 2020, prevented customer disconnections for non-payment. With disconnection activities restarting in January 2022, write-offs of aging accounts receivable increased during the year.

The following tables present the rollforward of Allowance for Credit Losses on Other Accounts Receivable.

	Three Months Ended June 30, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at March 31, 2023	$ 91	$ 18	$ 11	$ 12	$ 50	$ 28	$ 8	$ 14
Plus: Current period provision (benefit) for expected credit losses	1	1	(2)	(2)	4	3	1	—
Less: Write-offs, net of recoveries[(a)]	5	1	1	2	1	—	—	1
Balance at June 30, 2023	$ 87	$ 18	$ 8	$ 8	$ 53	$ 31	$ 9	$ 13

	Three Months Ended June 30, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at March 31, 2022	$ 81	$ 20	$ 9	$ 11	$ 41	$ 18	$ 9	$ 14
Plus: Current period provision (benefit) for expected credit losses	2	(2)	2	1	1	2	(1)	—
Less: Write-offs, net of recoveries	2	—	1	1	—	—	—	—
Balance at June 30, 2022	$ 81	$ 18	$ 10	$ 11	$ 42	$ 20	$ 8	$ 14

	Six Months Ended June 30, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at December 31, 2022	$ 82	$ 17	$ 9	$ 10	$ 46	$ 25	$ 7	$ 14
Plus: Current period provision for expected credit losses	15	3	1	2	9	6	2	1
Less: Write-offs, net of recoveries[(a)]	10	2	2	4	2	—	—	2
Balance at June 30, 2023	$ 87	$ 18	$ 8	$ 8	$ 53	$ 31	$ 9	$ 13

	Six Months Ended June 30, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at December 31, 2021	$ 72	$ 17	$ 7	$ 9	$ 39	$ 16	$ 8	$ 15
Plus: Current period provision for expected credit losses	15	2	4	4	5	4	—	1
Less: Write-offs, net of recoveries	6	1	1	2	2	—	—	2
Balance at June 30, 2022	$ 81	$ 18	$ 10	$ 11	$ 42	$ 20	$ 8	$ 14

(a) Recoveries were not material to the Registrants.

Unbilled Customer Revenue

The following table provides additional information about unbilled customer revenues recorded in the Registrants' Consolidated Balance Sheets at June 30, 2023 and December 31, 2022.

	Unbilled customer revenues[a]							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
June 30, 2023	$ 789	$ 329	$ 144	$ 116	$ 200	$ 96	$ 37	$ 67
December 31, 2022	912	223	219	247	223	103	74	46

(a) Unbilled customer revenues are classified in Customer accounts receivable, net in the Registrants' Consolidated Balance Sheets.

Other Purchases of Customer and Other Accounts Receivables

The Utility Registrants are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia, Delaware, and New Jersey, to purchase certain receivables from alternative retail electric and, as applicable, natural gas suppliers that participate in the utilities' consolidated billing. The following table presents the total receivables purchased.

	Total receivables purchased							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Six months ended June 30, 2023	$ 1,979	$ 445	$ 546	$ 420	$ 568	$ 371	$ 107	$ 90
Six months ended June 30, 2022	1,911 [a]	456	518	391 [a]	546	342	104	100

(a) Includes $4 million of receivables purchased from Generation prior to the separation on February 1, 2022 for the six months ended June 30, 2022.

7. Income Taxes (All Registrants)

Rate Reconciliation

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

	Three Months Ended June 30, 2023[a]							
	Exelon	ComEd	PECO[b]	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
Increase (decrease) due to:								
State income taxes, net of federal income tax benefit	6.5	7.8	(1.2)	6.8	6.2	5.6	6.3	7.1
Plant basis differences	(4.8)	(0.6)	(15.8)	0.1	(1.6)	(2.6)	(1.1)	—
Excess deferred tax amortization	(7.4)	(5.6)	(2.4)	(5.3)	(8.0)	(9.9)	(9.9)	(2.0)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.1)	(0.1)	—	(0.1)	(0.1)
Tax credits	(0.5)	(0.3)	—	(0.4)	(0.9)	(1.1)	(0.4)	(0.3)
Other	2.8	—	0.4	0.1	(0.3)	0.5	0.9	(0.7)
Effective income tax rate	17.5 %	22.2 %	2.0 %	22.2 %	16.3 %	13.5 %	16.7 %	25.0 %

	Three Months Ended June 30, 2022[a]							
	Exelon	ComEd	PECO[c]	BGE[c]	PHI	Pepco[c]	DPL	ACE[c]
U.S. Federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
Increase (decrease) due to:								
State income taxes, net of federal income tax benefit[d]	(5.4)	7.9	(0.6)	2.1	1.5	(3.4)	7.2	6.7
Plant basis differences	(3.3)	(0.5)	(11.0)	(1.3)	(1.7)	(2.4)	(0.7)	(1.0)
Excess deferred tax amortization	(10.5)	(5.5)	(3.1)	(19.0)	(19.2)	(15.7)	(20.0)	(24.5)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.1)	(0.1)	—	(0.2)	(0.2)
Tax credits	(0.4)	(0.3)	—	(1.5)	(0.4)	(0.4)	(0.4)	(0.4)
Other[e]	7.7	—	—	1.4	(0.1)	(0.5)	1.8	(1.6)
Effective income tax rate	9.0 %	22.5 %	6.3 %	2.6 %	1.0 %	(1.4)%	8.7 %	— %

(a) Positive percentages represent income tax expense. Negative percentages represent income tax benefit.
(b) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions.
(c) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions. For BGE, the lower effective tax rate is primarily due to the Maryland multi-year plan which resulted in the acceleration of certain income tax benefits. For Pepco, the income tax benefit is primarily due to the Maryland and Washington, D.C. multi-year plans which resulted in the acceleration of certain income tax benefits. For ACE, the lower effective tax rate is primarily due to the acceleration of certain income tax benefits due to distribution rate case settlements.
(d) For Exelon, the lower state income taxes, net of federal income tax benefit, is primarily related to a one-time impact associated with a state tax benefit of $43 million and indemnification adjustments pursuant to the Tax Matters Agreement of $5 million as a result of the separation.
(e) For Exelon, primarily related to indemnification adjustments pursuant to the Tax Matters Agreement of $48 million.

	Six Months Ended June 30, 2023[a]							
	Exelon	ComEd	PECO[b]	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:								
State income taxes, net of federal income tax benefit	6.2	7.8	(1.3)	6.4	6.1	5.5	6.3	6.9
Plant basis differences	(4.3)	(0.4)	(15.4)	(0.6)	(1.7)	(2.6)	(1.0)	(0.6)
Excess deferred tax amortization	(6.7)	(5.6)	(2.4)	(5.4)	(7.4)	(9.1)	(9.2)	(2.0)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.1)	(0.1)	—	(0.1)	(0.1)
Tax credits	(0.5)	(0.3)	—	(0.4)	(0.6)	(0.8)	(0.4)	(0.3)
Other	1.3	0.1	—	0.3	—	0.5	0.1	0.1
Effective income tax rate	16.9%	22.5%	1.9%	21.2%	17.3%	14.5%	16.7%	25.0%

	Six Months Ended June 30, 2022[a]							
	Exelon	ComEd	PECO[c]	BGE[c]	PHI	Pepco[c]	DPL	ACE[c]
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:								
State income taxes, net of federal income tax benefit[d]	9.9	7.9	(0.3)	2.3	2.8	(3.8)	6.5	6.7
Plant basis differences	(3.5)	(0.5)	(11.2)	(1.0)	(1.7)	(2.5)	(0.7)	(1.2)
Excess deferred tax amortization	(11.0)	(5.8)	(3.2)	(17.8)	(18.3)	(16.3)	(19.5)	(22.9)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.1)	(0.1)	—	(0.2)	(0.2)
Tax credits[e]	0.8	(0.3)	—	(0.6)	(0.4)	(0.4)	(0.3)	(0.3)
Other[f]	4.7	0.1	0.3	0.3	0.1	(0.7)	0.4	(0.5)
Effective income tax rate	21.8%	22.3%	6.6%	4.1%	3.4%	(2.7)%	7.2%	2.6%

(a) Positive percentages represent income tax expense. Negative percentages represent income tax benefit.
(b) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions.
(c) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions. For BGE, the lower effective tax rate is primarily due to the Maryland multi-year plan which resulted in the acceleration of certain income tax benefits. For Pepco, the income tax benefit is primarily due to the Maryland and Washington, D.C. multi-year plans which resulted in the acceleration of certain income tax benefits. For ACE, the lower effective tax rate is primarily due to the acceleration of certain income tax benefits due to distribution rate case settlements.
(d) For Exelon, the higher state income taxes, net of federal income tax benefit, is primarily due to the long-term marginal state income tax rate change of approximately $67 million and the recognition of a valuation allowance of approximately $40 million against the net deferred tax asset position for certain standalone state filing jurisdictions, partially offset by a one-time impact associated with a state tax benefit of $43 million and indemnification adjustments pursuant to the Tax Matters Agreement of $4 million as a result of the separation.
(e) For Exelon, reflects the income tax expense related to the write-off of federal tax credits subject to recapture of approximately $15 million as a result of the separation.
(f) For Exelon, primarily reflects the nondeductible transaction costs of approximately $19 million arising as part of the separation and indemnification adjustments pursuant to the Tax Matters Agreement of $48 million.

Unrecognized Tax Benefits

Exelon, PHI and ACE have the following unrecognized tax benefits at June 30, 2023 and December 31, 2022. ComEd's, PECO's, BGE's, Pepco's, and DPL's amounts are not material.

	Exelon[a]	PHI	ACE
June 30, 2023	$ 148	$ 59	$ 17
December 31, 2022	148	59	17

(a) At June 30, 2023 and December 31, 2022, Exelon recorded a receivable of $50 million in Other deferred debits and other assets in the Consolidated Balance Sheet for Constellation's share of unrecognized tax benefits for periods prior to the separation.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

As of June 30, 2023, ACE has $14 million of unrecognized state tax benefits that could significantly decrease within the 12 months after the reporting date based on the outcome of pending court cases involving other taxpayers. The unrecognized tax benefit, if recognized, may be included in future base rates and that portion would have no impact to the effective tax rate.

Other Tax Matters

Tax Matters Agreement (Exelon)

In connection with the separation, Exelon entered into a TMA with Constellation. The TMA governs the respective rights, responsibilities, and obligations between Exelon and Constellation after the separation with respect to tax liabilities, refunds and attributes for open tax years that Constellation was part of Exelon's consolidated group for U.S. federal, state, and local tax purposes.

Indemnification for Taxes. As a former subsidiary of Exelon, Constellation has joint and several liability with Exelon to the IRS and certain state jurisdictions relating to the taxable periods prior to the separation. The TMA specifies that Constellation is liable for their share of taxes required to be paid by Exelon with respect to taxable periods prior to the separation to the extent Constellation would have been responsible for such taxes under the existing Exelon tax sharing agreement. As of June 30, 2023, Exelon recorded a payable of $17 million in Other current liabilities that is due to Constellation.

Tax Refunds. The TMA specifies that Constellation is entitled to their share of any future tax refunds claimed by Exelon with respect to taxable periods prior to the separation to the extent that Constellation would have received such tax refunds under the existing Exelon tax sharing agreement.

Tax Attributes. At the date of separation certain tax attributes, primarily pre-closing tax credit carryforwards, that were generated by Constellation were required by law to be allocated to Exelon. The TMA provides that Exelon will reimburse Constellation when those allocated tax credit carryforwards are utilized. As of June 30, 2023, Exelon recorded a payable of $8 million and $524 million in Other current liabilities and Other deferred credits and other liabilities, respectively, in the Consolidated Balance Sheet for tax attribute carryforwards that are expected to be utilized and reimbursed to Constellation.

Corporate Alternative Minimum Tax (All Registrants)

On August 16, 2022, the IRA was signed into law and implements a new corporate alternative minimum tax (CAMT) that imposes a 15.0% tax on modified GAAP net income. Corporations are entitled to a tax credit (minimum tax credit) to the extent the CAMT liability exceeds the regular tax liability. This amount can be carried forward indefinitely and used in future years when regular tax exceeds the CAMT.

Beginning in 2023, based on the existing statue, Exelon and each of the Utility Registrants will be subject to and will report the CAMT on a separate Registrant basis in the Consolidated Statements of Operations and Comprehensive Income and the Consolidated Balance Sheets. The deferred tax asset related to the minimum tax credit carryforward will be realized to the extent Exelon's consolidated deferred tax liabilities exceed the minimum tax credit carryforward. Exelon's deferred tax liabilities are expected to exceed the minimum tax credit carryforward for the foreseeable future and thus no valuation allowance is required. Exelon is continuing to assess the financial statement impacts of the IRA and will update estimates based on future guidance issued by the U.S. Treasury.

8. Retirement Benefits (All Registrants)

Defined Benefit Pension and OPEB

The majority of the 2023 pension benefit cost for the Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 5.53%. The majority of the 2023 OPEB cost is calculated using an expected long-term rate of return on plan assets of 6.50% for funded plans and a discount rate of 5.51%.

During the first quarter of 2023, Exelon received an updated valuation of its pension and OPEB to reflect actual census data as of January 1, 2023. This valuation resulted in an increase to the pension obligation of $27 million and an increase to the OPEB obligation of $2 million. Additionally, AOCI increased by $10 million (after-tax) and regulatory assets and liabilities increased by $18 million and $1 million, respectively.

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three and six months ended June 30, 2023 and 2022.

	Pension Benefits		OPEB	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2023	2022	2023	2022
Components of net periodic benefit cost				
Service cost	$ 38	$ 58	$ 6	$ 10
Interest cost	144	110	26	19
Expected return on assets	(188)	(205)	(21)	(25)
Amortization of:				
Prior service cost (credit)	—	1	(3)	(5)
Actuarial loss (gain)	43	73	(1)	4
Net periodic benefit cost	$ 37	$ 37	$ 7	$ 3

	Pension Benefits		OPEB	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Components of net periodic benefit cost				
Service cost	$ 77	$ 119	$ 12	$ 20
Interest cost	289	220	51	38
Expected return on assets	(377)	(414)	(42)	(50)
Amortization of:				
Prior service cost (credit)	1	2	(5)	(10)
Actuarial loss (gain)	84	149	(1)	8
Net periodic benefit cost	$ 74	$ 76	$ 15	$ 6

The amounts below represent the Registrants' allocated pension and OPEB costs. For Exelon, the service cost component is included in Operating and maintenance expense and Property, plant, and equipment, net while the non-service cost components are included in Other, net and Regulatory assets. For the Utility Registrants, which

apply multi-employer accounting, the service cost and non-service cost components are included in Operating and maintenance expense and Property, plant, and equipment, net in their consolidated financial statements.

	Three Months Ended June 30,		Six Months Ended June 30,	
Pension and OPEB Costs (Benefit)	2023	2022	2023	2022
Exelon	$ 44	$ 40	$ 89	$ 82
ComEd	7	14	13	30
PECO	(4)	(2)	(7)	(4)
BGE	14	11	28	22
PHI	25	13	49	26
Pepco	9	2	17	4
DPL	5	1	9	2
ACE	3	3	7	6

Defined Contribution Savings Plan

The Registrants participate in a 401(k) defined contribution savings plan that is sponsored by Exelon. The plan is qualified under applicable sections of the IRC and allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the employer contributions and employer matching contributions to the savings plan for the three and six months ended June 30, 2023 and 2022.

	Three Months Ended June 30,		Six Months Ended June 30,	
Savings Plan Employer Contributions	2023	2022	2023	2022
Exelon	$ 26	$ 23	$ 47	$ 43
ComEd	10	10	19	18
PECO	4	3	7	6
BGE	3	3	5	5
PHI	5	4	8	7
Pepco	1	1	2	2
DPL	1	1	2	2
ACE	1	1	1	1

9. Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations. The Registrants do not execute derivatives for speculative or proprietary trading purposes.

Authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include NPNS, cash flow hedges, and fair value hedges. At ComEd, derivative economic hedges related to commodities are recorded at fair value and offset by a corresponding regulatory asset or liability. At Exelon, derivative economic hedges related to interest rates are recorded at fair value and offsets are recorded to Electric operating revenues or Interest expense based on the activity the transaction is economically hedging. For all NPNS derivative instruments, accounts receivable or accounts payable are recorded when derivatives settle and revenue or expense is recognized in earnings as the underlying physical commodity is sold or consumed. At Exelon, derivative hedges that qualify and are designated as cash flow hedges are recorded at fair value and offsets are recorded to AOCI.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade. Cash collateral held by PECO, BGE, Pepco, DPL, and ACE must be deposited in an unaffiliated major U.S. commercial bank or foreign bank with a U.S. branch office that meets certain qualifications.

Commodity Price Risk

The Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, which are either determined to be non-derivative or classified as economic hedges. The Utility Registrants procure electric and natural gas supply through a competitive procurement process approved by each of the respective state utility commissions. The Utility Registrants' hedging programs are intended to reduce exposure to energy and natural gas price volatility and have no direct earnings impact as the costs are fully recovered from customers through regulatory-approved recovery mechanisms. The following table provides a summary of the Utility Registrants' primary derivative hedging instruments, listed by commodity and accounting treatment.

Registrant	Commodity	Accounting Treatment	Hedging Instrument
ComEd	Electricity	NPNS	Fixed price contracts based on all requirements in the IPA procurement plans.
	Electricity	Changes in fair value of economic hedge recorded to an offsetting regulatory asset or liability[(a)]	20-year floating-to-fixed energy swap contracts beginning June 2012 based on the renewable energy resource procurement requirements in the Illinois Settlement Legislation of approximately 1.3 million MWhs per year.
PECO	Electricity	NPNS	Fixed price contracts for default supply requirements through full requirements contracts.
	Gas	NPNS	Fixed price contracts to cover about 10% of planned natural gas purchases in support of projected firm sales.
BGE	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
	Gas	NPNS	Fixed price contracts for between 10-20% of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period.
Pepco	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
DPL	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
	Gas	NPNS	Fixed and index priced contracts through full requirements contracts.
	Gas	Changes in fair value of economic hedge recorded to an offsetting regulatory asset or liability[(b)]	Exchange traded future contracts for up to 50% of estimated monthly purchase requirements each month, including purchases for storage injections.
ACE	Electricity	NPNS	Fixed price contracts for all BGS requirements through full requirements contracts.

(a) See Note 3 — Regulatory Matters of the 2022 Form 10-K for additional information.
(b) The fair value of the DPL economic hedge is not material at June 30, 2023 and December 31, 2022.

The fair value of derivative economic hedges is presented in Other current assets and current and noncurrent Mark-to-market derivative liabilities in Exelon's and ComEd's Consolidated Balance Sheets.

Interest Rate and Other Risk (Exelon)

Exelon Corporate uses a combination of fixed-rate and variable-rate debt to manage interest rate exposure. Exelon Corporate may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. In addition, Exelon Corporate may also utilize interest rate swaps to manage interest rate exposure and manage potential fluctuations in Electric operating revenues at the corporate level in consolidation, which are directly correlated to yields on U.S. Treasury bonds under ComEd's distribution formula rate. These interest rate swaps are accounted for as economic hedges. A hypothetical 50

basis point change in the interest rates associated with Exelon's interest rate swaps as of June 30, 2023 would result in an immaterial impact to Exelon's Consolidated Net Income.

Below is a summary of the interest rate hedge balances at June 30, 2023 and December 31, 2022.

	June 30, 2023		
	Derivatives Designated as Hedging Instruments	Economic Hedges	Total
Other deferred debits (noncurrent assets)	$ 12	$ 5	$ 17
Total derivative assets	12	5	17
Mark-to-market derivative liabilities (current liabilities)	—	(7)	(7)
Total mark-to-market derivative liabilities	—	(7)	(7)
Total mark-to-market derivative net assets (liabilities)	$ 12	$ (2)	$ 10

	December 31, 2022		
	Derivatives Designated as Hedging Instruments	Economic Hedges	Total
Other deferred debits (noncurrent assets)	$ 6	$ 5	$ 11
Total derivative assets	6	5	11
Mark-to-market derivative liabilities (current liabilities)	—	(3)	(3)
Mark-to-market derivative liabilities (noncurrent liabilities)	(4)	—	(4)
Total mark-to-market derivative liabilities	(4)	(3)	(7)
Total mark-to-market derivative net assets	$ 2	$ 2	$ 4

Cash Flow Hedges (Interest Rate Risk)

For derivative instruments that qualify and are designated as cash flow hedges, the changes in fair value each period are initially recorded in AOCI and reclassified into earnings when the underlying transaction affects earnings. In January 2023, Exelon Corporate entered into $115 million notional of 5-year maturity floating-to-fixed swaps and $115 million notional of 10-year maturity floating-to-fixed swaps, for a total of $230 million designated as cash flow hedges. In February 2023, Exelon terminated the previously issued floating-to-fixed swaps with a total notional of $1.5 billion upon issuance of $2.5 billion of debt. See Note 10 – Debt and Credit Agreements for additional information on the debt issuance. Prior to the termination, the AOCI derivative gain was $7 million (net of tax). The settlements resulted in a cash receipt of $10 million, which is being amortized into Interest expense in Exelon's Consolidated Statement of Operations and Comprehensive Income over the 5-year and 10-year terms of the swaps. See Note 14 – Changes in Accumulated Other Comprehensive Income (Loss) for additional information.

Since the termination in February 2023, Exelon has entered into additional floating-to-fixed swaps. The following table provides the notional amounts outstanding held by Exelon at June 30, 2023 and December 31, 2022.

	June 30, 2023	December 31, 2022
5-year maturity floating-to-fixed swaps	$ 260	$ 635
10-year maturity floating-to-fixed swaps	260	635
Total	$ 520	$ 1,270

The related AOCI derivative gain for the three and six months ended as of June 30, 2023 was immaterial.

Economic Hedges (Interest Rate and Other Risk)

Exelon Corporate executes derivative instruments to mitigate exposure to fluctuations in interest rates but for which the fair value or cash flow hedge elections were not made. For derivatives intended to serve as economic

hedges, fair value is recorded on the balance sheet and changes in fair value each period are recognized in earnings or as a regulatory asset or liability, if regulatory requirements are met, each period.

Exelon Corporate enters into floating-to-fixed interest rate cap swaps to manage a portion of interest rate exposure in connection with existing borrowings. In the fourth quarter of 2022, Exelon Corporate entered into $1 billion notional of 18-month maturity floating-to-fixed interest rate cap swaps and $850 million notional of 6-month maturity floating-to-fixed interest rate cap swaps, for a total of $1.85 billion notional of floating-to-fixed interest rate cap swaps as of December 31, 2022. The 6-month maturity floating-to-fixed interest rate cap swaps of $850 million notional matured in March 2023. Exelon receives payments on the interest rate cap when the floating rate exceeds the fixed rate. Settlements received are immaterial as of June 30, 2023.

Additionally, to manage potential fluctuations in Electric operating revenues related to ComEd's distribution formula rate, Exelon Corporate enters into 30-year constant maturity treasury interest rate (Corporate 30-year treasury) swaps.

The following table provides the notional amounts outstanding held by Exelon at June 30, 2023 and December 31, 2022.

Hedging Instrument	June 30, 2023	December 31, 2022
Interest rate cap swaps	$ 1,000	$ 1,850
Constant maturity treasury interest rate swaps	$ 4,875	$ 500
Total	$ 5,875	$ 2,350

For the three and six months ended June 30, 2023, Exelon Corporate recognized the following net pre-tax mark-to-market gains (losses) which are also recognized in Net fair value changes related to derivatives in Exelon's Consolidated Statements of Cash Flows. Exelon had no swaps for the three and six months ended June 30, 2022.

Income Statement Location	Three Months Ended June 30, 2023 (Loss) Gain	Six Months Ended June 30, 2023 (Loss) Gain
Electric operating revenues	$ (6)	$ (5)
Interest expense	2	1
Total	$ (4)	$ (4)

Credit Risk

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. The Utility Registrants have contracts to procure electric and natural gas supply that provide suppliers with a certain amount of unsecured credit. If the exposure on the supply contract exceeds the amount of unsecured credit, the suppliers may be required to post collateral. The net credit exposure is mitigated primarily by the ability to recover procurement costs through customer rates. The amount of cash collateral received from external counterparties decreased as of June 30, 2023 due to decreasing energy prices. The following table reflects the Registrants' cash collateral held with external counterparties, which is recorded in Other current liabilities on their respective Consolidated Balance Sheets, at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Exelon	$ 108	$ 297
ComEd	102	77
PECO[a]	—	—
BGE	1	23
PHI	6	197
Pepco[b]	—	26
DPL[b]	—	121
ACE	6	50

(a) PECO had less than one million in cash collateral held with external parties at June 30, 2023 and December 31, 2022.
(b) Pepco and DPL had less than one million in cash collateral held with external parties at June 30, 2023.

The Utility Registrants' electric supply procurement contracts do not contain provisions that would require them to post collateral. PECO's, BGE's, and DPL's natural gas procurement contracts contain provisions that could require PECO, BGE, and DPL to post collateral in the form of cash or credit support, which vary by contract and counterparty, with thresholds contingent upon PECO's, BGE's, and DPL's credit rating. As of June 30, 2023, PECO, BGE, and DPL were not required to post collateral for any of these agreements. If PECO, BGE, or DPL lost their investment grade credit rating as of June 30, 2023, they could have been required to post collateral to their counterparties of $21 million, $37 million, and $9 million, respectively.

10. Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon Corporate, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. PECO meets its short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. Pepco, DPL, and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the PHI intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and borrowings from the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

Commercial Paper

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements at June 30, 2023 and December 31, 2022.

	Outstanding Commercial Paper at		Average Interest Rate on Commercial Paper Borrowings at	
Commercial Paper Issuer	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Exelon[a]	$ 336	$ 1,938	5.23 %	4.77 %
ComEd	297	427	5.22 %	4.71 %
PECO	—	239	— %	4.71 %
BGE	—	409	— %	4.81 %
PHI[b]	37	414	5.32 %	4.78 %
Pepco	—	299	— %	4.79 %
DPL	—	115	— %	4.76 %
ACE	37	—	5.32 %	— %

(a) Exelon Corporate had $2 million and $449 million in outstanding commercial paper borrowings at June 30, 2023 and December 31, 2022, respectively.
(b) Represents the consolidated amounts of Pepco, DPL, and ACE.

Revolving Credit Agreements

Exelon Corporate and the Utility Registrants each have a 5-year revolving credit facility. The following table reflects the credit agreements:

Borrower	Aggregate Bank Commitment	Interest Rate
Exelon Corporate	$ 900	SOFR plus 1.275 %
ComEd	1,000	SOFR plus 1.000 %
PECO	600	SOFR plus 0.900 %
BGE	600	SOFR plus 0.900 %
Pepco	300	SOFR plus 1.075 %
DPL	300	SOFR plus 1.000 %
ACE	300	SOFR plus 1.075 %

Exelon Corporate and the Utility Registrants had no outstanding amounts on the revolving credit facilities as of June 30, 2023.

The Utility Registrants have credit facility agreements, arranged at minority and community banks, which are solely utilized to issue letters of credit. The facility agreements have aggregate commitments of $40 million, $40 million, $15 million, $15 million, $15 million, and $15 million, at ComEd, PECO, BGE, Pepco, DPL, and ACE, respectively. These facilities expire on October 6, 2023.

See Note 16 — Debt and Credit Agreements of the 2022 Form 10-K for additional information on the Registrants' credit facilities.

Short-Term Loan Agreements

On March 23, 2017, Exelon Corporate entered into a term loan agreement for $500 million. The loan agreement was renewed in the first quarter of 2023 and was bifurcated into two tranches of $300 million on March 14, 2023 and $200 million on March 24, 2023. The agreements will expire on March 14, 2024 and March 22, 2024, respectively. Pursuant to the loan agreements, loans made thereunder bear interest at a variable rate equal to SOFR plus 0.90% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's Consolidated Balance Sheets within Short-term borrowings.

On October 4, 2022, ComEd entered into a 364-day term loan agreement for $150 million with a variable rate equal to SOFR plus 0.75% and an expiration date of October 3, 2023. The proceeds from this loan were used to repay outstanding commercial paper obligations. The balance of the loan was repaid on January 13, 2023 in conjunction with the $400 million and $575 million First Mortgage Bond agreements that were entered into on January 3, 2023. Refer to the Issuance of Long-Term Debt table below for further information.

On May 9, 2023, ComEd entered into a 364-day term loan agreement for $400 million with a variable rate equal to SOFR plus 1.00% and an expiration date of May 7, 2024. The proceeds from this loan were used to repay outstanding commercial paper obligations and for general corporate purposes. The loan agreement is reflected in Exelon's and ComEd's Consolidated Balance Sheets within Short-term borrowings.

Long-Term Debt

Issuance of Long-Term Debt

During the six months ended June 30, 2023, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon	Notes	5.15%	March 15, 2028	$1,000	Repay existing indebtedness and for general corporate purposes.
Exelon	Notes	5.30%	March 15, 2033	850	Repay existing indebtedness and for general corporate purposes.
Exelon	Notes	5.60%	March 15, 2053	650	Repay existing indebtedness and for general corporate purposes.
ComEd	First Mortgage Bonds, Series 134	4.90%	February 1, 2033	400	Repay outstanding commercial paper obligations and to fund other general corporate purposes.
ComEd	First Mortgage Bonds Series 135	5.30%	February 1, 2053	575	Repay outstanding commercial paper obligations and to fund other general corporate purposes.
PECO	First and Refunding Mortgage Bonds	4.90%	June 15, 2033	575	Refinance existing indebtedness, refinance outstanding commercial paper obligations, and for general corporate purposes.
BGE	Notes	5.40%	June 1, 2053	700	Repay outstanding commercial paper obligations, repay existing indebtedness, and for general corporate purposes.
Pepco[(a)]	First Mortgage Bonds	5.30%	March 15, 2033	85	Repay existing indebtedness and for general corporate purposes.
Pepco	First Mortgage Bonds	5.40%	March 15, 2038	40	Repay existing indebtedness and for general corporate purposes.
Pepco	First Mortgage Bonds	5.57%	March 15, 2053	125	Repay existing indebtedness and for general corporate purposes.
DPL[(b)]	First Mortgage Bonds	5.30%	March 15, 2033	60	Repay existing indebtedness and for general corporate purposes.
DPL	First Mortgage Bonds	5.57%	March 15, 2053	65	Repay existing indebtedness and for general corporate purposes.
ACE	First Mortgage Bonds	5.57%	March 15, 2053	75	Repay existing indebtedness and for general corporate purposes.

(a) On March 15, 2023, Pepco entered into a purchase agreement of First Mortgage Bonds of $100 million at 5.35% due on September 13, 2033. The closing date of the issuance is expected to occur in September 2023.
(b) On March 15, 2023, DPL entered into a purchase agreement of First Mortgage Bonds of $340 million, $75 million, and $110 million at 5.45%, 5.55% and 5.72% due on November 8, 2033, November 8, 2038, and November 8, 2053, respectively. The closing date of the issuance is expected to occur in November 2023.

Debt Covenants

As of June 30, 2023, the Registrants are in compliance with debt covenants.

11. Fair Value of Financial Assets and Liabilities (All Registrants)

Exelon measures and classifies fair value measurements in accordance with the hierarchy as defined by GAAP. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

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

Fair Value of Financial Liabilities Recorded at Amortized Cost

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of June 30, 2023 and December 31, 2022. The Registrants have no financial liabilities classified as Level 1 or measured using the NAV practical expedient.

The carrying amounts of the Registrants' short-term liabilities as presented in their Consolidated Balance Sheets are representative of their fair value (Level 2) because of the short-term nature of these instruments.

	June 30, 2023				December 31, 2022			
		Fair Value				Fair Value		
	Carrying Amount	Level 2	Level 3	Total	Carrying Amount	Level 2	Level 3	Total
Long-Term Debt, including amounts due within one year[(a)]								
Exelon	$ 40,997	$ 33,514	$ 2,752	$ 36,266	$ 37,074	$ 29,902	$ 2,327	$ 32,229
ComEd	11,482	10,015	—	10,015	10,518	9,006	—	9,006
PECO	5,132	4,426	—	4,426	4,612	3,864	50	3,914
BGE	4,601	4,029	—	4,029	4,207	3,613	—	3,613
PHI	8,550	4,535	2,752	7,287	8,120	4,507	2,277	6,784
Pepco	3,998	2,240	1,469	3,709	3,751	2,229	1,205	3,434
DPL	2,061	1,168	589	1,757	1,938	1,164	458	1,622
ACE	1,834	914	694	1,608	1,757	909	614	1,523
Long-Term Debt to Financing Trusts								
Exelon	$ 390	$ —	$ 392	$ 392	$ 390	$ —	$ 384	$ 384
ComEd	205	—	207	207	205	—	204	204
PECO	184	—	185	185	184	—	180	180

(a) Includes unamortized debt issuance costs, unamortized debt discount and premium, net, purchase accounting fair value adjustments, and finance lease liabilities which are not fair valued. Refer to Note 16 — Debt and Credit Agreements of the 2022 Form 10-K for unamortized debt issuance costs, unamortized debt discount and premium, net, and purchase accounting fair value adjustments and Note 10 — Leases of the 2022 Form 10-K for finance lease liabilities.

Recurring Fair Value Measurements

The following tables present assets and liabilities measured and recorded at fair value in the Registrants' Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy at June 30, 2023 and December 31, 2022. The Registrants have no financial assets or liabilities measured using the NAV practical expedient:

Exelon

	At June 30, 2023				At December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents[(a)]	$ 702	$ —	$ —	$ 702	$ 664	$ —	$ —	$ 664
Rabbi trust investments								
Cash equivalents	66	—	—	66	62	—	—	62
Mutual funds	50	—	—	50	49	—	—	49
Fixed income	—	7	—	7	—	7	—	7
Life insurance contracts	—	58	42	100	—	58	40	98
Rabbi trust investments subtotal	116	65	42	223	111	65	40	216
Interest rate derivative assets								
Derivatives designated as hedging instruments	—	12	—	12	—	6	—	6
Economic hedges	—	5	—	5	—	5	—	5
Interest rate derivative assets subtotal	—	17	—	17	—	11	—	11
Total assets	818	82	42	942	775	76	40	891
Liabilities								
Commodity derivative liabilities	—	—	(133)	(133)	—	—	(84)	(84)
Interest rate derivative liabilities								
Derivatives designated as hedging instruments	—	—	—	—	—	(4)	—	(4)
Economic hedges	—	(7)	—	(7)	—	(3)	—	(3)
Interest rate derivative liabilities subtotal	—	(7)	—	(7)	—	(7)	—	(7)
Deferred compensation obligation	—	(74)	—	(74)	—	(75)	—	(75)
Total liabilities	—	(81)	(133)	(214)	—	(82)	(84)	(166)
Total net assets (liabilities)	$ 818	$ 1	$ (91)	$ 728	$ 775	$ (6)	$ (44)	$ 725

(a) Exelon excludes cash of $225 million and $345 million at June 30, 2023 and December 31, 2022, respectively, and restricted cash of $108 million and $81 million at June 30, 2023 and December 31, 2022, respectively, and includes long-term restricted cash of $201 million and $117 million at June 30, 2023 and December 31, 2022, respectively, which is reported in Other deferred debits and other assets in the Consolidated Balance Sheets.

ComEd, PECO, and BGE

	ComEd				PECO				BGE			
At June 30, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 484	$ —	$ —	$ 484	$ 69	$ —	$ —	$ 69	$ 76	$ —	$ —	$ 76
Rabbi trust investments												
Mutual funds	—	—	—	—	9	—	—	9	9	—	—	9
Life insurance contracts	—	—	—	—	—	16	—	16	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	9	16	—	25	9	—	—	9
Total assets	484	—	—	484	78	16	—	94	85	—	—	85
Liabilities												
Commodity derivative liabilities[(b)]	—	—	(133)	(133)	—	—	—	—	—	—	—	—
Deferred compensation obligation	—	(7)	—	(7)	—	(8)	—	(8)	—	(4)	—	(4)
Total liabilities	—	(7)	(133)	(140)	—	(8)	—	(8)	—	(4)	—	(4)
Total net assets (liabilities)	$ 484	$ (7)	$ (133)	$ 344	$ 78	$ 8	$ —	$ 86	$ 85	$ (4)	$ —	$ 81

	ComEd				PECO				BGE			
At December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 392	$ —	$ —	$ 392	$ 10	$ —	$ —	$ 10	$ 23	$ —	$ —	$ 23
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	7	—	—	7
Life insurance contracts	—	—	—	—	—	15	—	15	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	15	—	22	7	—	—	7
Total assets	392	—	—	392	17	15	—	32	30	—	—	30
Liabilities												
Commodity derivative liabilities[(b)]	—	—	(84)	(84)	—	—	—	—	—	—	—	—
Deferred compensation obligation	—	(8)	—	(8)	—	(7)	—	(7)	—	(4)	—	(4)
Total liabilities	—	(8)	(84)	(92)	—	(7)	—	(7)	—	(4)	—	(4)
Total net assets (liabilities)	$ 392	$ (8)	$ (84)	$ 300	$ 17	$ 8	$ —	$ 25	$ 30	$ (4)	$ —	$ 26

(a) ComEd excludes cash of $50 million and $42 million at June 30, 2023 and December 31, 2022, respectively, and restricted cash of $102 million and $77 million at June 30, 2023 and December 31, 2022, respectively. Additionally, ComEd includes long-term restricted cash of $201 million and $117 million at June 30, 2023 and December 31, 2022, respectively, which is reported in Other deferred debits and other assets in the Consolidated Balance Sheets. PECO excludes cash of $22 million and $58 million at June 30, 2023 and December 31, 2022, respectively. BGE excludes cash of $13 million and $43 million at June 30, 2023 and December 31, 2022, respectively, and restricted cash of $1 million and $1 million at June 30, 2023 and December 31, 2022, respectively.

(b) The Level 3 balance consists of the current and noncurrent liability of $24 million and $109 million, respectively, at June 30, 2023 and $5 million and $79 million, respectively, at December 31, 2022 related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

PHI, Pepco, DPL, and ACE

	At June 30, 2023				At December 31, 2022			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents[(a)]	$ 30	$ —	$ —	$ 30	$ 205	$ —	$ —	$ 205
Rabbi trust investments								
Cash equivalents	63	—	—	63	59	—	—	59
Mutual funds	9	—	—	9	11	—	—	11
Fixed income	—	7	—	7	—	7	—	7
Life insurance contracts	—	20	42	62	—	22	39	61
Rabbi trust investments subtotal	72	27	42	141	70	29	39	138
Total assets	102	27	42	171	275	29	39	343
Liabilities								
Deferred compensation obligation	—	(13)	—	(13)	—	(14)	—	(14)
Total liabilities	—	(13)	—	(13)	—	(14)	—	(14)
Total net assets	$ 102	$ 14	$ 42	$ 158	$ 275	$ 15	$ 39	$ 329

	Pepco				DPL				ACE			
At June 30, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 22	$ —	$ —	$ 22	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 1
Rabbi trust investments												
Cash equivalents	62	—	—	62	—	—	—	—	—	—	—	—
Life insurance contracts	—	20	42	62	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	62	20	42	124	—	—	—	—	—	—	—	—
Total assets	84	20	42	146	—	—	—	—	1	—	—	1
Liabilities												
Deferred compensation obligation	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total liabilities	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total net assets	$ 84	$ 19	$ 42	$ 145	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 1

	Pepco				DPL				ACE			
At December 31, 2022	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents[(a)]	$ 51	$ —	$ —	$ 51	$ 121	$ —	$ —	$ 121	$ 1	$ —	$ —	$ 1
Rabbi trust investments												
Cash equivalents	59	—	—	59	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	38	60	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	59	22	38	119	—	—	—	—	—	—	—	—
Total assets	110	22	38	170	121	—	—	121	1	—	—	1
Liabilities												
Deferred compensation obligation	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total liabilities	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total net assets	$ 110	$ 21	$ 38	$ 169	$ 121	$ —	$ —	$ 121	$ 1	$ —	$ —	$ 1

(a) PHI excludes cash of $101 million and $165 million at June 30, 2023 and December 31, 2022, respectively, and restricted cash of $5 million and $3 million at June 30, 2023 and December 31, 2022, respectively. Pepco excludes cash of $15 million and $45 million at June 30, 2023 and December 31, 2022, respectively, and restricted cash of $5 million and $3 million at June 30, 2023 and December 31, 2022, respectively. DPL excludes cash of $18 million and $31 million at June 30, 2023 and December 31, 2022, respectively. ACE excludes cash of $23 million and $71 million at June 30, 2023 and December 31, 2022, respectively.

Reconciliation of Level 3 Assets and Liabilities

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2023 and 2022:

	Exelon	ComEd	PHI and Pepco
Three Months Ended June 30, 2023	**Total**	**Commodity Derivatives**	**Life Insurance Contracts**
Balance at March 31, 2023	$ (57)	$ (98)	$ 41
Total realized / unrealized gains (losses)			
Included in net income[a]	1	—	1
Included in regulatory assets/liabilities	(35)	(35) [b]	—
Balance at June 30, 2023	$ (91)	$ (133) [c]	$ 42
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities at June 30, 2023	$ 1	$ —	$ 1

	Exelon	ComEd	PHI and Pepco
Three Months Ended June 30, 2022	**Total**	**Commodity Derivatives**	**Life Insurance Contracts**
Balance at March 31, 2022	$ (107)	$ (144)	$ 36
Total realized / unrealized gains (losses)			
Included in net income[a]	1	—	1
Included in regulatory assets/liabilities	56	56 [b]	—
Balance at June 30, 2022	$ (50)	$ (88) [c]	$ 37
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities at June 30, 2022	$ 1	$ —	$ 1

	Exelon	ComEd	PHI and Pepco
Six Months Ended June 30, 2023	**Total**	**Commodity Derivatives**	**Life Insurance Contracts**
Balance at December 31, 2022	$ (44)	$ (84)	$ 40
Total realized / unrealized gains (losses)			
Included in net income[a]	2	—	2
Included in regulatory assets/liabilities	(49)	(49) [b]	—
Balance at June 30, 2023	$ (91)	$ (133) [c]	$ 42
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities at June 30, 2023	$ 2	$ —	$ 2

	Exelon	ComEd	PHI and Pepco
Six Months Ended June 30, 2022	**Total**	**Commodity Derivatives**	**Life Insurance Contracts**
Balance at December 31, 2021	$ (182)	$ (219)	$ 35
Total realized / unrealized gains (losses)			
Included in net income[a]	2	—	2
Included in regulatory assets/liabilities	131	131 [b]	—
Transfers out of Level 3	(1)	—	—
Balance at June 30, 2022	$ (50)	$ (88) [c]	$ 37
The amount of total gains included in income attributed to the change in unrealized gain related to assets and liabilities at June 30, 2022	$ 2	$ —	$ 2

(a) Classified in Operating and maintenance expense in the Consolidated Statements of Operations and Comprehensive Income.
(b) Includes $43 million of decreases in fair value and an increase for realized gains due to settlements of $8 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended June 30, 2023. Includes $59 million of increases in fair value and a decrease for realized losses due to settlements of $3 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended June 30, 2022. Includes $68 million of decreases in fair value and an increase for realized losses due to settlements of $19 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the six months ended June 30, 2023. Includes $128 million of increases in fair value and an increase for realized losses due to settlements of $3 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the six months ended June 30, 2022.
(c) The balance consists of a current and noncurrent liability of $24 million and $109 million, respectively, at June 30, 2023. The balance consists of $15 million of current assets and current and noncurrent liability of none and $103 million, respectively at June 30, 2022.

Valuation Techniques Used to Determine Fair Value

Exelon's valuation techniques used to measure the fair value of the assets and liabilities shown in the tables below are in accordance with the policies discussed in Note 17 — Fair Value of Financial Assets and Liabilities of the 2022 Form 10-K.

Commodity Derivatives (Exelon and ComEd)

The table below discloses the significant unobservable inputs to the forward curve used to value mark-to-market derivatives.

Type of trade	Fair Value at June 30, 2023	Fair Value at December 31, 2022	Valuation Technique	Unobservable Input	2023 Range & Arithmetic Average	2022 Range & Arithmetic Average
Commodity derivatives	$ (133)	$ (84)	Discounted Cash Flow	Forward power price[(a)]	$25.56 - $75.64 $43.03	$34.78 - $75.71 $48.44

(a) An increase to the forward power price would increase the fair value.

12. Commitments and Contingencies (All Registrants)

The following is an update to the current status of commitments and contingencies set forth in Note 18 — Commitments and Contingencies of the 2022 Form 10-K.

Commitments

PHI Merger Commitments (Exelon, PHI, Pepco, DPL, and ACE). Approval of the PHI Merger in Delaware, New Jersey, Maryland, and the District of Columbia was conditioned upon Exelon and PHI agreeing to certain commitments. The following amounts represent total commitment costs that have been recorded since the acquisition date and the total remaining obligations for Exelon, PHI, Pepco, DPL, and ACE at June 30, 2023:

Description	Exelon	PHI	Pepco	DPL	ACE
Total commitments	$ 513	$ 320	$ 120	$ 89	$ 111
Remaining commitments[(a)]	44	40	35	3	2

(a) Remaining commitments extend through 2026 and include rate credits, energy efficiency programs and delivery system modernization.

Commercial Commitments (All Registrants). The Registrants' commercial commitments at June 30, 2023, representing commitments potentially triggered by future events were as follows:

		Expiration within					
	Total	2023	2024	2025	2026	2027	2028 and beyond
Exelon							
Letters of credit	$ 21	$ 13	$ 8	$ —	$ —	$ —	$ —
Surety bonds[(a)]	206	172	34	—	—	—	—
Financing trust guarantees	378	—	—	—	—	—	378
Guaranteed lease residual values[(b)]	29	—	4	6	5	4	10
Total commercial commitments	$ 634	$ 185	$ 46	$ 6	$ 5	$ 4	$ 388
ComEd							
Letters of credit	$ 12	$ 9	$ 3	$ —	$ —	$ —	$ —
Surety bonds[(a)]	46	39	7	—	—	—	—
Financing trust guarantees	200	—	—	—	—	—	200
Total commercial commitments	$ 258	$ 48	$ 10	$ —	$ —	$ —	$ 200
PECO							
Letters of credit	$ 1	$ —	$ 1	$ —	$ —	$ —	$ —
Surety bonds[(a)]	2	1	1	—	—	—	—
Financing trust guarantees	178	—	—	—	—	—	178
Total commercial commitments	$ 181	$ 1	$ 2	$ —	$ —	$ —	$ 178
BGE							
Letters of credit	$ 4	$ 2	$ 2	$ —	$ —	$ —	$ —
Surety bonds[(a)]	3	1	2	—	—	—	—
Total commercial commitments	$ 7	$ 3	$ 4	$ —	$ —	$ —	$ —
PHI							
Surety bonds[(a)]	$ 97	$ 77	$ 20	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	29	—	4	6	5	4	10
Total commercial commitments	$ 126	$ 77	$ 24	$ 6	$ 5	$ 4	$ 10
Pepco							
Surety bonds[(a)]	$ 85	$ 71	$ 14	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	10	—	1	3	2	1	3
Total commercial commitments	$ 95	$ 71	$ 15	$ 3	$ 2	$ 1	$ 3
DPL							
Surety bonds[(a)]	$ 7	$ 3	$ 4	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	12	—	2	2	2	2	4
Total commercial commitments	$ 19	$ 3	$ 6	$ 2	$ 2	$ 2	$ 4
ACE							
Surety bonds[(a)]	$ 5	$ 3	$ 2	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	7	—	1	1	1	1	3
Total commercial commitments	$ 12	$ 3	$ 3	$ 1	$ 1	$ 1	$ 3

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

(b) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The lease term associated with these assets ranges from 1 to 9 years. The maximum potential obligation at the end of the minimum lease term would be $65 million guaranteed by Exelon and PHI, of which $22 million, $27 million, and $16 million is guaranteed by Pepco, DPL, and ACE, respectively. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Environmental Remediation Matters

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

MGP Sites (All Registrants). ComEd, PECO, BGE, and DPL have identified sites where former MGP or gas purification activities have or may have resulted in actual site contamination. For some sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has 19 sites that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2031.
- PECO has 6 sites that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2024.
- BGE has 4 sites that currently require some level of remediation and/or ongoing activity. BGE expects the majority of the remediation at these sites to continue through at least 2025.
- DPL has 1 site that is currently under study and the required cost at the site is not expected to be material.

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

ComEd, pursuant to an ICC order, and PECO, pursuant to a PAPUC order, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. While BGE and DPL do not have riders for MGP clean-up costs, they have historically received recovery of actual clean-up costs in distribution rates.

At June 30, 2023 and December 31, 2022, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Accrued expenses, Other current liabilities, and Other deferred credits and other liabilities in their respective Consolidated Balance Sheets:

	June 30, 2023		December 31, 2022	
	Total environmental investigation and remediation liabilities	Portion of total related to MGP investigation and remediation	Total environmental investigation and remediation liabilities	Portion of total related to MGP investigation and remediation
Exelon	$ 423	$ 334	$ 409	$ 355
ComEd	304	303	325	324
PECO	24	23	25	23
BGE	9	8	9	8
PHI	82	—	46	—
Pepco	80	—	44	—
DPL	1	—	1	—
ACE	1	—	1	—

Benning Road Site (Exelon, PHI, and Pepco). In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site, which is owned by Pepco, was formerly the location of an electric generating facility owned by Pepco subsidiary, Pepco Energy Services (PES), which became a part of Generation, following the 2016 merger between PHI and Exelon. This generating facility was deactivated in June 2012. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a Consent Decree entered into by Pepco and Pepco Energy Services (hereinafter "Pepco Entities") with the DOEE, which requires the Pepco Entities to conduct a Remedial Investigation and Feasibility Study (RI/FS) for the Benning Road site and an approximately 10 to 15-acre portion of the adjacent Anacostia River. The purpose of this RI/FS is to define the nature and extent of contamination from the Benning Road site and to evaluate remedial alternatives.

Pursuant to an internal agreement between the Pepco Entities, since 2013, Pepco has performed the work required by the Consent Decree and has been reimbursed for that work by an agreed upon allocation of costs between the Pepco Entities. In September 2019, the Pepco Entities issued a draft “final” RI report which DOEE approved on February 3, 2020. The Pepco Entities are completing a FS to evaluate possible remedial alternatives for submission to DOEE. In October 2022, DOEE approved dividing the work to complete the landside portion of the FS from the waterside portion to expedite the overall schedule for completion of the project. After completion and approval of the landside FS, now scheduled for December 31, 2023, DOEE will prepare a Proposed Plan for public comment and then issue a Record of Decision (ROD) identifying any further response actions determined to be necessary to address any landside issues. The DOEE will issue a separate ROD for the waterside FS when that work is completed which is now anticipated to be by March 31, 2024.

As part of the separation between Exelon and Constellation in February 2022, the internal agreement between the Pepco Entities for completion and payment for the remaining Consent Decree work was memorialized in a formal agreement for post-separation activities. A second post-separation assumption agreement between Exelon and Constellation transferred any of the potential remaining remediation liability, if any, of PES/Generation to a non-utility subsidiary of Exelon which going forward will be responsible for those liabilities. Exelon, PHI, and Pepco have determined that a loss associated with this matter is probable and have accrued an estimated liability, which is included in the table above.

Anacostia River Tidal Reach (Exelon, PHI, and Pepco). Contemporaneous with the Benning Road site RI/FS being performed by the Pepco Entities, DOEE and NPS have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-District of Columbia boundary line to the confluence of the Anacostia and Potomac Rivers. The river-wide RI incorporated the results of the river sampling performed by the Pepco Entities as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE’s contractor.

On September 30, 2020, DOEE released its Interim ROD. The Interim ROD reflects an adaptive management approach which will require several identified “hot spots” in the river to be addressed first while continuing to conduct studies and to monitor the river to evaluate improvements and determine potential future remediation plans. The adaptive management process chosen by DOEE is less intrusive, provides more long-term environmental certainty, is less costly, and allows for site specific remediation plans already underway, including the plan for the Benning Road site to proceed to conclusion.

On July 15, 2022, Pepco received a letter from the District of Columbia's Office of the Attorney General (D.C. OAG) on behalf of DOEE conveying a settlement offer to resolve all PRPs' liability to the District of Columbia (District) for their past costs and their anticipated future costs to complete the work for the Interim ROD. Pepco responded on July 27, 2022 to enter into settlement discussions. Since that time Exelon and the other PRPs at the site have exchanged letters with the D.C. OAG exploring potential settlement options. Those discussions are ongoing. Exelon, PHI, and Pepco have determined that it is probable that costs for remediation will be incurred and have accrued a liability for management's best estimate of its share of the costs. Pepco concluded that incremental exposure remains reasonably possible, but management cannot reasonably estimate a range of loss beyond the amounts recorded, which are included in the table above.

In addition to the activities associated with the remedial process outlined above, CERCLA separately requires federal and state (here including Washington, D.C.) Natural Resource Trustees (federal or state agencies designated by the President or the relevant state, respectively, or Indian tribes) to conduct an assessment of any damages to natural resources within their jurisdiction as a result of the contamination that is being remediated. The Trustees can seek compensation from responsible parties for such damages, including restoration costs. During the second quarter of 2018, Pepco became aware that the Trustees are in the beginning stages of a NRD assessment, a process that often takes many years beyond the remedial decision to complete. Pepco has entered into negotiations with the Trustees to evaluate possible incorporation of NRD assessment and restoration as part of its remedial activities associated with the Benning site to accelerate the NRD benefits for that portion of the Anacostia River Sediment Project (ARSP) assessment. Pepco has concluded that a loss associated with the eventual NRD assessment is reasonably possible. Due to the very early stage of the NRD process, Pepco cannot reasonably estimate the final range of loss potentially resulting from this process.

As noted in the Benning Road Site disclosure above, as part of the separation of Exelon and Constellation in February 2022, an assumption agreement was executed transferring any potential future remediation liabilities associated with the Benning Site remediation to a non-utility subsidiary of Exelon. Similarly, any potential future liability associated with the ARSP was also assumed by this entity.

Buzzard Point Site (Exelon, PHI, and Pepco). On December 8, 2022, Pepco received a letter from the D.C. OAG, alleging wholly past violations of the District's stormwater discharge and waste disposal requirements related to operations at the Buzzard Point facility, a 9-acre parcel of waterfront property in Washington, D.C. occupied by an active substation and former steam plant building. The letter also alleged wholly past violations by Pepco of stormwater discharge requirements related to its district-wide system of underground vaults. The D.C. OAG invited Pepco to resolve the threatened enforcement action through a court-approved consent decree, and Pepco is engaged in discussions with the D.C. OAG regarding a potential resolution. Exelon, PHI, and Pepco have determined that a loss associated with this matter is probable and have accrued an estimated liability. Pepco concluded that incremental exposure is reasonably possible, but the range of loss cannot be reasonably estimated beyond the amounts included in the table above.

Litigation and Regulatory Matters

DPA and Related Matters (Exelon and ComEd). Exelon and ComEd received a grand jury subpoena in the second quarter of 2019 from the U.S. Attorney’s Office for the Northern District of Illinois (USAO) requiring production of information concerning their lobbying activities in the State of Illinois. On October 4, 2019, Exelon and ComEd received a second grand jury subpoena from the USAO requiring production of records of any communications with certain individuals and entities. On October 22, 2019, the SEC notified Exelon and ComEd that it had also opened an investigation into their lobbying activities. On July 17, 2020, ComEd entered into a DPA with the USAO to resolve the USAO investigation. Under the DPA, the USAO filed a single charge alleging that ComEd improperly gave and offered to give jobs, vendor subcontracts, and payments associated with those jobs and subcontracts for the benefit of the former Speaker of the Illinois House of Representatives and the Speaker’s associates, with the intent to influence the Speaker’s action regarding legislation affecting ComEd’s

interests. The DPA provides that the USAO will defer any prosecution of such charge and any other criminal or civil case against ComEd in connection with the matters identified therein for a three-year period subject to certain obligations of ComEd, including payment to the U.S. Treasury of $200 million, which was paid in November 2020. Exelon was not made a party to the DPA, and therefore the investigation by the USAO into Exelon's activities ended with no charges being brought against Exelon. The three-year term of the DPA ended on July 17, 2023, and on that same date the court granted the USAO's motion to dismiss the pending charge that had been deferred by the DPA.

The SEC's investigation remains ongoing and Exelon and ComEd have cooperated fully and intend to continue to cooperate fully with the SEC. In the second quarter of 2023, a loss contingency of $46.2 million was recorded in Operating and maintenance expense within Exelon's Consolidated Statements of Operations and Comprehensive Income and in Accrued expenses on the Consolidated Balance Sheets.

Subsequent to Exelon announcing the receipt of the subpoenas, various lawsuits were filed, and various demand letters were received related to the subject of the subpoenas, the conduct described in the DPA and the SEC's investigation, including:

- Four putative class action lawsuits against ComEd and Exelon were filed in federal court on behalf of ComEd customers in the third quarter of 2020 alleging, among other things, civil violations of federal racketeering laws. In addition, the Citizens Utility Board (CUB) filed a motion to intervene in these cases on October 22, 2020 which was granted on December 23, 2020. On September 9, 2021, the federal court granted Exelon's and ComEd's motion to dismiss and dismissed the plaintiffs' and CUB's federal law claim with prejudice. The federal court also dismissed the related state law claims made by the federal plaintiffs and CUB on jurisdictional grounds. Plaintiffs appealed dismissal of the federal law claim to the Seventh Circuit Court of Appeals. Plaintiffs and CUB also refiled their state law claims in state court and moved to consolidate them with the already pending consumer state court class action, discussed below. On August 22, 2022, the Seventh Circuit affirmed the dismissal of the consolidated federal cases in their entirety. The time to further appeal has passed and the Seventh Circuit's decision is final.

- Three putative class action lawsuits against ComEd and Exelon were filed in Illinois state court in the third quarter of 2020 seeking restitution and compensatory damages on behalf of ComEd customers. The cases were consolidated into a single action in October of 2020. In November 2020, CUB filed a motion to intervene in the cases pursuant to an Illinois statute allowing CUB to intervene as a party or otherwise participate on behalf of utility consumers in any proceeding which affects the interest of utility consumers. On November 23, 2020, the court allowed CUB's intervention, but denied CUB's request to stay these cases. Plaintiffs subsequently filed a consolidated complaint, and ComEd and Exelon filed a motion to dismiss on jurisdictional and substantive grounds on January 11, 2021. Briefing on that motion was completed on March 2, 2021. The parties agreed, on March 25, 2021, along with the federal court plaintiffs discussed above, to jointly engage in mediation. The parties participated in a one-day mediation on June 7, 2021 but no settlement was reached. On December 23, 2021, the state court granted ComEd and Exelon's motion to dismiss with prejudice. On December 30, 2021, plaintiffs filed a motion to reconsider that dismissal and for permission to amend their complaint. The court denied the plaintiffs' motion on January 21, 2022. Plaintiffs have appealed the court's ruling dismissing their complaint to the First District Court of Appeals. On February 15, 2022, Exelon and ComEd moved to dismiss the federal plaintiffs' refiled state law claims, seeking dismissal on the same legal grounds asserted in their motion to dismiss the original state court plaintiffs' complaint. The court granted dismissal of the refiled state claims on February 16, 2022. The original federal plaintiffs appealed that dismissal on February 18, 2022. The two state appeals were consolidated on March 21, 2022. The appellate briefing is complete and the parties are awaiting oral argument and/or a decision.

- On November 3, 2022, a plaintiff filed a putative class action complaint in Lake County, Illinois Circuit Court against ComEd and Exelon for unjust enrichment and deceptive business practices in connection with the conduct giving rise to the DPA. Plaintiff seeks an accounting and disgorgement of any benefits ComEd allegedly obtained from said conduct. Plaintiff served initial discovery requests on ComEd in December 2022, to which ComEd has responded. ComEd and Exelon filed a motion to dismiss the Complaint on February 3, 2023. On June 16, 2023, the court granted Exelon and ComEd's motion to dismiss the action with prejudice. Plaintiff filed its notice of appeal of that dismissal on July 17, 2023.

- A putative class action lawsuit against Exelon and certain officers of Exelon and ComEd was filed in federal court in December 2019 alleging misrepresentations and omissions in Exelon's SEC filings related to ComEd's lobbying activities and the related investigations. The complaint was amended on September 16, 2020, to dismiss two of the original defendants and add other defendants, including ComEd. Defendants filed a motion to dismiss in November 2020. The court denied the motion in April 2021. On May 26, 2021, defendants moved the court to certify its order denying the motion to dismiss for interlocutory appeal. Briefing on the motion was completed in June 2021. That motion was denied on January 28, 2022. In May 2021, the parties each filed respective initial discovery disclosures. On June 9, 2021, defendants filed their answer and affirmative defenses to the complaint and the parties engaged thereafter in discovery. On September 9, 2021, the U.S. government moved to intervene in the lawsuit and stay discovery until the parties entered into an amendment to their protective order that would prohibit the parties from requesting discovery into certain matters, including communications with the U.S. government. The court ordered said amendment to the protective order on November 15, 2021 and discovery resumed. The court further amended the protective order on October 17, 2022 and extended it until May 15, 2023. Following mediation, the parties reached a settlement of the lawsuit, under which defendants agreed to pay plaintiffs $173 million. On May 26, 2023, plaintiffs filed a motion for preliminary approval of the settlement, which the court granted on June 9, 2023. The court set a hearing for final approval of the settlement, which will follow a class notice period, for September 7, 2023. The settlement was fully covered by insurance and has been paid in full.

- Several shareholders have sent letters to the Exelon Board of Directors since 2020 demanding, among other things, that the Exelon Board of Directors investigate and address alleged breaches of fiduciary duties and other alleged violations by Exelon and ComEd officers and directors related to the conduct described in the DPA. In the first quarter of 2021, the Exelon Board of Directors appointed a Special Litigation Committee (SLC) consisting of disinterested and independent parties to investigate and address these shareholders' allegations and make recommendations to the Exelon Board of Directors based on the outcome of the SLC's investigation. In July 2021, one of the demand letter shareholders filed a derivative action against current and former Exelon and ComEd officers and directors, and against Exelon, as nominal defendant, asserting the same claims made in its demand letter. On October 12, 2021, the parties to the derivative action filed an agreed motion to stay that litigation for 120 days in order to allow the SLC to continue its investigation, which the court granted. The stay has been extended several times. The parties participated in a mediation in February 2023 and efforts to resolve the matter remain ongoing. On April 26 and May 1, 2023, two additional demand letter shareholders each filed a separate derivative lawsuit against current and former Exelon and ComEd officers and directors, and certain third parties, and against Exelon as nominal defendant, asserting claims similar to those made in their respective demand letters. On May 25, 2023, certain demand letter shareholders (Settling Shareholders) filed a separate derivative lawsuit against current and former Exelon and ComEd officers and directors, and against Exelon as nominal defendant, asserting claims similar to those made in their respective demand letters. All pending derivative lawsuits were consolidated.

- On May 26, 2023, prior to lawsuit consolidation, the SLC filed a Notice of Determination and Intent to Seek Court Approval of Settlement (Notice of Determination). The Notice of Determination stated that, through mediation efforts, a settlement of the derivative claims had been approved by the SLC, the Independent Review Committee of the Board (which had been formed in the third quarter of 2022, to ensure the Board's consideration of any SLC recommendations would be independent and objective), the Board, and the Settling Shareholders (the Settling Parties). The Notice of Determination further specified the process by which the Settling Parties would seek court approval of the proposed settlement and resolution and dismissal of all derivative claims and lawsuits, including any lawsuits or actions brought by demand letter shareholders who are not participating in the proposed settlement. In furtherance of the proposed settlement, on June 16, 2023, the SLC filed a motion for preliminary approval of the settlement, attaching the Stipulation and Agreement of Settlement (Stipulation), which contains the terms of the proposed settlement. The proposed settlement terms include but are not limited to: a payment of $40 million to Exelon by Exelon's insurers of which $10 million constitutes the attorneys' fee award to be paid to the Settling Shareholders' counsel; various compliance and disclosure-related reforms; and certain changes in Board and Committee composition. On June 13, 2023, the non-settling derivative shareholders filed a motion asking the court to set a status conference to discuss lifting the discovery stay. On June 29, 2023, an additional shareholder filed a separate derivative lawsuit against current and former Exelon and ComEd officers and directors, and against

Exelon as nominal defendant, asserting claims similar to those made in its demand letter. On June 30, 2023, the non-settling shareholders' motion for status and the SLC's motion for preliminary approval was heard by the court, during which the court set a briefing schedule on the appropriate standard for evaluating the settlement and the proper scope of requested discovery. The parties simultaneously filed opening briefs on July 21, 2023 and filed opposition briefs on August 1, 2023. A hearing is set for August 14, 2023.

- Several shareholders have sent requests seeking review of certain Exelon books and records since August 2021. Exelon has responded to each request.

In August 2022, the ICC concluded its investigation initiated on August 12, 2021 into rate impacts of conduct admitted in the DPA, including the costs recovered from customers related to the DPA and Exelon's funding of the fine paid by ComEd. On August 17, 2022, the ICC issued its final order accepting ComEd's voluntary customer refund offer of approximately $38 million (of which about $31 million is ICC jurisdictional; the remaining balance is FERC jurisdictional) that resolves the question of whether customer funds were used for DPA related activities. The customer refund includes the cost of every individual or entity that was either (i) identified in the DPA or (ii) identified by ComEd as an associate of the former Speaker of the Illinois House of Representatives in the ICC proceeding. The ICC's DPA investigation is now closed. The ICC jurisdictional refund was made to customers during the April 2023 billing cycle, as required by the ICC. The FERC jurisdictional refund is being made as part of ComEd's transmission formula rate update proceeding, filed on May 12, 2023. The filed transmission rate, inclusive of the FERC jurisdictional DPA refund, will appear on ComEd retail customers' bills for the June 2023 through May 2024 monthly billing periods, in the line designated as "Transmission Services Charge." The customer refund will not be recovered in rates or charged to customers and ComEd will not seek or accept reimbursement or indemnification from any source other than Exelon. An accrual for the amount of the customer refund has been recorded in Regulatory assets in Exelon's and ComEd's Consolidated Balance Sheets as of June 30, 2023.

Savings Plan Claim (Exelon). On December 6, 2021, seven current and former employees filed a putative ERISA class action suit in U.S. District Court for the Northern District of Illinois against Exelon, its Board of Directors, the former Board Investment Oversight Committee, the Corporate Investment Committee, individual defendants, and other unnamed fiduciaries of the Exelon Corporation Employee Savings Plan (Plan). The complaint alleges that the defendants violated their fiduciary duties under the Plan by including certain investment options that allegedly were more expensive than and underperformed similar passively-managed or other funds available in the marketplace and permitting a third-party administrative service provider/recordkeeper and an investment adviser to charge excessive fees for the services provided. The plaintiffs seek declaratory, equitable and monetary relief on behalf of the Plan and participants. On February 16, 2022, the court granted the parties' stipulated dismissal of the individual named defendants without prejudice. The remaining defendants filed a motion to dismiss the complaint on February 25, 2022. On March 4, 2022, the Chamber of Commerce filed a brief of amicus curiae in support of the defendants' motion to dismiss. On September 22, 2022, the court granted Exelon's motion to dismiss without prejudice. The court granted plaintiffs leave until October 31, 2022 to file an amended complaint, which was later extended to November 30, 2022. Plaintiffs filed their amended complaint on November 30, 2022. Defendants filed their motion to dismiss the amended complaint on January 20, 2023. Briefing on the motion to dismiss is now complete and the parties await a ruling. No loss contingencies have been reflected in Exelon's consolidated financial statements with respect to this matter, as such contingencies are neither probable nor reasonably estimable at this time.

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

13. Shareholders' Equity (Exelon)

At-the-Market (ATM) Program

On August 4, 2022, Exelon executed an equity distribution agreement ("Equity Distribution Agreement"), with certain sales agents and forward sellers and certain forward purchasers, establishing an ATM equity distribution program under which it may offer and sell shares of its Common Stock, having an aggregate gross sales price of up to $1.0 billion. Exelon has no obligation to offer or sell any shares of Common Stock under the Equity Distribution Agreement and may, at any time, suspend or terminate offers and sales under the Equity Distribution Agreement. As of June 30, 2023, Exelon has not issued any shares of Common Stock under the ATM program and has not entered into any forward sale agreements.

14. Changes in Accumulated Other Comprehensive Income (Loss) (Exelon)

The following tables present changes in Exelon's AOCI, net of tax, by component:

Three Months Ended June 30, 2023	Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[a]	Foreign Currency Items	Total
Balance at March 31, 2023	$ 8	$ (647)	$ —	$ (639)
OCI before reclassifications	9	(3)	—	6
Amounts reclassified from AOCI	—	3	—	3
Net current-period OCI	9	—	—	9
Balance at June 30, 2023	$ 17	$ (647)	$ —	$ (630)

Three Months Ended June 30, 2022	Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[a]	Foreign Currency Items	Total
Balance at March 31, 2022	$ —	$ (713)	$ —	$ (713)
OCI before reclassifications	—	2	—	2
Amounts reclassified from AOCI	—	10	—	10
Net current-period OCI	—	12	—	12
Balance at June 30, 2022	$ —	$ (701)	$ —	$ (701)

Six Months Ended June 30, 2023	Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[a]	Foreign Currency Items	Total
Balance at December 31, 2022	$ 2	$ (640)	$ —	$ (638)
OCI before reclassifications	15	(13)	—	2
Amounts reclassified from AOCI	—	6	—	6
Net current-period OCI	15	(7)	—	8
Balance at June 30, 2023	$ 17	$ (647)	$ —	$ (630)

Note 14 — Changes in Accumulated Other Comprehensive Income

Six Months Ended June 30, 2022	Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[a]	Foreign Currency Items	Total
Balance at December 31, 2021	$ (6)	$ (2,721)	$ (23)	$ (2,750)
Separation of Constellation	6	1,994	23	2,023
OCI before reclassifications	—	2	—	2
Amounts reclassified from AOCI	—	24	—	24
Net current-period OCI	—	26	—	26
Balance at June 30, 2022	$ —	$ (701)	$ —	$ (701)

(a) This AOCI component is included in the computation of net periodic pension and OPEB cost. Additionally, as of February 1, 2022, in connection with the separation, Exelon's pension and OPEB plans were remeasured. See Note 14 — Retirement Benefits of the 2022 Form 10-K and Note 8 — Retirement Benefits for additional information. See Exelon's Statements of Operations and Comprehensive Income for individual components of AOCI.

The following table presents Income tax benefit (expense) allocated to each component of Exelon's Other comprehensive income (loss):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Pension and non-pension postretirement benefit plans:				
Actuarial loss reclassified to periodic benefit cost	$ (1)	$ (3)	$ (2)	$ (8)
Pension and non-pension postretirement benefit plans valuation adjustment	1	(1)	4	—
Unrealized gain on cash flow hedges	(3)	—	(4)	—

15. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about material items recorded in the Registrants' Consolidated Statements of Operations and Comprehensive Income:

	Taxes other than income taxes							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended June 30, 2023								
Utility taxes[(a)]	$ 201	$ 71	$ 38	$ 22	$ 70	$ 63	$ 6	$ 1
Property	96	8	4	49	35	24	10	1
Payroll	31	7	4	5	7	2	1	1
Three Months Ended June 30, 2022								
Utility taxes[(a)]	$ 203	$ 71	$ 39	$ 20	$ 73	$ 67	$ 5	$ 1
Property	94	10	4	46	33	23	10	—
Payroll	28	7	5	4	7	1	1	1
Six Months Ended June 30, 2023								
Utility taxes[(a)]	$ 421	$ 146	$ 78	$ 50	$ 147	$ 131	$ 14	$ 2
Property	196	18	8	100	70	48	21	1
Payroll	63	14	9	9	14	4	2	2
Six Months Ended June 30, 2022								
Utility taxes[(a)]	$ 424	$ 149	$ 77	$ 47	$ 151	$ 137	$ 12	$ 2
Property	188	20	9	92	67	46	20	1
Payroll	64	13	8	9	14	3	2	2

(a) The Registrants' utility taxes represent municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues in the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Other, Net							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended June 30, 2023								
AFUDC — Equity	$ 34	$ 7	$ 6	$ 4	$ 17	$ 13	$ 2	$ 2
Non-service net periodic benefit credit	(1)	—	—	—	—	—	—	—
Three Months Ended June 30, 2022								
AFUDC — Equity	$ 38	$ 9	$ 8	$ 6	$ 15	$ 11	$ 2	$ 2
Non-service net periodic benefit cost	16	—	—	—	—	—	—	—
Six Months Ended June 30, 2023								
AFUDC — Equity	$ 71	$ 17	$ 12	$ 7	$ 35	$ 27	$ 4	$ 4
Non-service net periodic benefit credit	(2)	—	—	—	—	—	—	—
Six Months Ended June 30, 2022								
AFUDC — Equity	$ 74	$ 17	$ 15	$ 12	$ 30	$ 22	$ 4	$ 4
Non-service net periodic benefit cost	33	—	—	—	—	—	—	—

Supplemental Cash Flow Information

The following tables provide additional information about material items recorded in the Registrants' Consolidated Statements of Cash Flows.

	Depreciation, amortization, and accretion							
	Exelon[a]	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Six Months Ended June 30, 2023								
Property, plant, and equipment[b]	$ 1,370	$ 540	$ 190	$ 249	$ 364	$ 152	$ 104	$ 96
Amortization of regulatory assets[b]	352	148	7	76	120	64	17	39
Amortization of intangible assets, net[b]	4	—	—	—	—	—	—	—
ARO accretion[e]	1	—	—	—	—	—	—	—
Total depreciation and amortization	$ 1,727	$ 688	$ 197	$ 325	$ 484	$ 216	$ 121	$ 135
Six Months Ended June 30, 2022								
Property, plant, and equipment[b]	$ 1,376	$ 511	$ 177	$ 235	$ 335	$ 145	$ 92	$ 83
Amortization of regulatory assets[b]	357	138	8	87	124	68	21	35
Amortization of intangible assets, net[b]	8	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities[c]	3	—	—	—	—	—	—	—
Nuclear fuel[d]	66	—	—	—	—	—	—	—
ARO accretion[e]	44	—	—	—	—	—	—	—
Total depreciation, amortization, and accretion	$ 1,854	$ 649	$ 185	$ 322	$ 459	$ 213	$ 113	$ 118

(a) Exelon's 2022 amounts include amounts related to Generation prior to the separation. See Note 2 — Discontinued Operations for additional information.
(b) Included in Depreciation and amortization in the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Electric operating revenues or Purchased power expense in Exelon's Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Purchased fuel expense in Exelon's Consolidated Statement of Operations and Comprehensive Income.
(e) Included in Operating and maintenance expense in Exelon's Consolidated Statement of Operations and Comprehensive Income.

	Other non-cash operating activities							
	Exelon[a]	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Six Months Ended June 30, 2023								
Pension and OPEB costs (benefit)	$ 89	$ 13	$ (7)	$ 28	$ 49	$ 17	$ 9	$ 7
Allowance for credit losses	46	1	19	4	22	13	3	6
True-up adjustments to decoupling mechanisms and formula rates[b]	(410)	(270)	10	(70)	(80)	(46)	(15)	(19)
Long-term incentive plan	13	—	—	—	—	—	—	—
Amortization of operating ROU asset	19	1	—	2	14	2	4	2
Change in environmental liabilities	37	—	—	—	37	37	—	—
AFUDC — Equity	(71)	(17)	(12)	(7)	(35)	(27)	(4)	(4)
Six Months Ended June 30, 2022								
Pension and OPEB costs (benefit)	$ 86	$ 30	$ (4)	$ 22	$ 26	$ 4	$ 2	$ 6
Allowance for credit losses	96	29	21	18	29	16	6	7
Other decommissioning-related activity	36	—	—	—	—	—	—	—
Energy-related options	60	—	—	—	—	—	—	—
True-up adjustments to decoupling mechanisms and formula rates[b]	(27)	(75)	(6)	32	22	7	3	12
Long-term incentive plan	40	—	—	—	—	—	—	—
Amortization of operating ROU asset	38	1	—	14	14	4	4	2
AFUDC — Equity	(74)	(17)	(15)	(12)	(30)	(22)	(4)	(4)

(a) Exelon's 2022 amounts include amounts related to Generation prior to the separation. See Note 2 — Discontinued Operations for additional information.
(b) For ComEd, reflects the true-up adjustments in regulatory assets and liabilities associated with its distribution, energy efficiency, distributed generation, and transmission formula rates. For PECO, reflects the change in regulatory assets and liabilities associated with its transmission formula rates. For BGE, Pepco, DPL, and ACE, reflects the change in regulatory assets and liabilities associated with their decoupling mechanisms and transmission formula rates. See Note 3 — Regulatory Matters of the 2022 Form 10-K for additional information.

The following tables provide a reconciliation of cash, cash equivalents, and restricted cash reported within the Registrants' Consolidated Balance Sheets that sum to the total of the same amounts in their Consolidated Statements of Cash Flows.

	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
June 30, 2023								
Cash and cash equivalents	$ 399	$ 74	$ 82	$ 89	$ 110	$ 16	$ 18	$ 24
Restricted cash and cash equivalents	435	361	9	1	26	26	—	—
Restricted cash included in other deferred debits and other assets	201	201	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,035	$ 636	$ 91	$ 90	$ 136	$ 42	$ 18	$ 24
December 31, 2022								
Cash and cash equivalents	$ 407	$ 67	$ 59	$ 43	$ 198	$ 45	$ 31	$ 72
Restricted cash and cash equivalents	566	327	9	24	175	54	121	—
Restricted cash included in other deferred debits and other assets	117	117	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,090	$ 511	$ 68	$ 67	$ 373	$ 99	$ 152	$ 72
June 30, 2022								
Cash and cash equivalents	$ 816	$ 120	$ 23	$ 354	$ 278	$ 14	$ 26	$ 233
Restricted cash and cash equivalents	961	384	9	205	341	117	223	—
Restricted cash included in other deferred debits and other assets	59	59	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,836	$ 563	$ 32	$ 559	$ 619	$ 131	$ 249	$ 233
December 31, 2021								
Cash and cash equivalents	$ 672	$ 131	$ 36	$ 51	$ 136	$ 34	$ 28	$ 29
Restricted cash and cash equivalents	321	210	8	4	77	34	43	—
Restricted cash included in other deferred debits and other assets	44	43	—	—	—	—	—	—
Cash, restricted cash, and cash equivalents from discontinued operations	582	—	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,619	$ 384	$ 44	$ 55	$ 213	$ 68	$ 71	$ 29

For additional information on restricted cash see Note 1 — Significant Accounting Policies of the 2022 Form 10-K.

Supplemental Balance Sheet Information

The following table provides additional information about material items recorded in the Registrants' Consolidated Balance Sheets.

	Accrued expenses							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
June 30, 2023								
Compensation-related accruals[a]	$ 467	$ 121	$ 65	$ 59	$ 88	$ 26	$ 17	$ 14
Taxes accrued	179	101	40	33	75	52	13	8
Interest accrued	423	151	48	43	69	37	12	15
December 31, 2022								
Compensation-related accruals[a]	$ 613	$ 179	$ 81	$ 79	$ 104	$ 29	$ 20	$ 16
Taxes accrued	211	92	10	34	70	52	8	12
Interest accrued	338	124	47	42	61	32	9	14

(a) Primarily includes accrued payroll, bonuses and other incentives, vacation, and benefits.

16. Related Party Transactions (All Registrants)

Utility Registrants' expense with Generation

The Utility Registrants incurred expenses from transactions with the Generation affiliate as described in the footnotes to the table below prior to separation on February 1, 2022. Such expenses were primarily recorded as Purchased power from affiliate and an immaterial amount recorded as Operating and maintenance expense from affiliates at the Utility Registrants. Effective February 1, 2022, Generation is no longer considered a related party.

	Six Months Ended June 30,
	2022
ComEd[a]	$ 59
PECO[b]	33
BGE[c]	18
PHI	51
Pepco[d]	39
DPL[e]	10
ACE[f]	2

(a) ComEd had an ICC-approved RFP contract with Generation to provide a portion of ComEd's electric supply requirements. ComEd also purchased RECs and ZECs from Generation.
(b) PECO received electric supply from Generation under contracts executed through PECO's competitive procurement process. In addition, PECO had a ten-year agreement with Generation to sell solar AECs.
(c) BGE received a portion of its energy requirements from Generation under its MDPSC-approved market-based SOS and gas commodity programs.
(d) Pepco received electric supply from Generation under contracts executed through Pepco's competitive procurement process approved by the MDPSC and DCPSC.
(e) DPL received a portion of its energy requirements from Generation under its MDPSC and DEPSC approved market-based SOS commodity programs.
(f) ACE received electric supply from Generation under contracts executed through ACE's competitive procurement process approved by the NJBPU.

Service Company Costs for Corporate Support

The Registrants receive a variety of corporate support services from BSC. Pepco, DPL, and ACE also receive corporate support services from PHISCO. See Note 1 — Significant Accounting Policies for additional information regarding BSC and PHISCO.

The following table presents the service company costs allocated to the Registrants:

	Operating and maintenance from affiliates				Capitalized costs			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Exelon								
BSC					$ 165	$ 139	$ 340	$ 344
PHISCO					25	21	49	40
ComEd								
BSC	$ 88	$ 80	$ 171	$ 165	78	67	159	152
PECO								
BSC	54	47	105	96	30	20	60	56
BGE								
BSC	54	51	108	102	22	22	46	60
PHI								
BSC	43	46	85	96	35	30	75	76
PHISCO	—	—	—	—	25	21	49	40
Pepco								
BSC	28	27	55	56	14	11	28	28
PHISCO	30	29	60	58	10	8	21	16
DPL								
BSC	18	17	35	35	10	9	20	23
PHISCO	25	25	49	49	8	7	15	13
ACE								
BSC	15	14	29	29	12	10	26	25
PHISCO	22	22	44	43	7	6	13	11

Current Receivables from/Payables to affiliates

The following tables present current Receivables from affiliates and current Payables to affiliates:

June 30, 2023

	Receivables from affiliates:									
Payables to affiliates:	**ComEd**	**PECO**	**BGE**	**Pepco**	**DPL**	**ACE**	**BSC**	**PHISCO**	**Other**	**Total**
ComEd		$ —	$ —	$ —	$ —	$ —	$ 62	$ —	$ 9	$ 71
PECO	$ —		—	—	—	—	33	—	3	36
BGE	—	—		—	—	—	30	—	2	32
PHI	—	—	—	—	—	—	7	—	11	18
Pepco	—	—	—		—	—	17	15	—	32
DPL	—	—	—	—		—	11	11	1	23
ACE	—	—	—	—	—		10	11	1	22
Other	3	1	—	—	—	2	—	—		6
Total	$ 3	$ 1	$ —	$ —	$ —	$ 2	$ 170	$ 37	$ 27	$ 240

December 31, 2022

	Receivables from affiliates:									
Payables to affiliates:	**ComEd**	**PECO**	**BGE**	**Pepco**	**DPL**	**ACE**	**BSC**	**PHISCO**	**Other**	**Total**
ComEd		$ —	$ —	$ —	$ —	$ —	$ 66	$ —	$ 8	$ 74
PECO	$ —		—	—	—	—	39	—	3	42
BGE	—	—		—	—	—	38	—	1	39
PHI	—	—	—	—	—	—	4	—	10	14
Pepco	—	—	—		—	—	20	13	1	34
DPL	—	2	—	—		—	12	8	—	22
ACE	—	2	—	—	—		14	9	1	26
Other	3	—	—	—	—	1	—	—		4
Total	$ 3	$ 4	$ —	$ —	$ —	$ 1	$ 193	$ 30	$ 24	$ 255

Borrowings from Exelon/PHI intercompany money pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing both Exelon and PHI operate an intercompany money pool. PECO and PHI Corporate participate in the Exelon intercompany money pool. Pepco, DPL, and ACE participate in the PHI intercompany money pool.

Long-term debt to financing trusts

The following table presents Long-term debt to financing trusts:

	June 30, 2023			December 31, 2022		
	Exelon	**ComEd**	**PECO**	**Exelon**	**ComEd**	**PECO**
ComEd Financing III	$ 206	$ 205	$ —	$ 206	$ 205	$ —
PECO Trust III	81	—	81	81	—	81
PECO Trust IV	103	—	103	103	—	103
Total	$ 390	$ 205	$ 184	$ 390	$ 205	$ 184

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Exelon

Executive Overview

Exelon is a utility services holding company engaged in the energy transmission and distribution businesses through ComEd, PECO, BGE, Pepco, DPL, and ACE.

Exelon has six reportable segments consisting of ComEd, PECO, BGE, Pepco, DPL, and ACE. See Note 1 — Significant Accounting Policies and Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's principal subsidiaries and reportable segments.

Exelon's consolidated financial information includes the results of its seven separate operating subsidiary registrants, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

Financial Results of Operations

GAAP Results of Operations. The following table sets forth Exelon's GAAP consolidated Net income attributable to common shareholders from continuing operations by Registrant for the three and six months ended June 30, 2023 compared to the same period in 2022. For additional information regarding the financial results for the three and six months ended June 30, 2023 and 2022, see the discussions of Results of Operations by Registrant.

	Three Months Ended June 30,		(Unfavorable) Favorable Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Exelon	$ 343	$ 465	$ (122)	$ 1,012	$ 946	$ 66
ComEd	249	227	22	489	415	74
PECO	97	133	(36)	263	339	(76)
BGE	42	37	5	241	234	7
PHI	103	100	3	258	230	28
Pepco	64	70	(6)	130	116	14
DPL	25	21	4	85	77	8
ACE	18	11	7	51	37	14
Other[(a)]	(148)	(32)	(116)	(239)	(272)	33

(a) Other primarily includes eliminating and consolidating adjustments, Exelon's corporate operations, shared service entities, and other financing and investment activities.

The separation of Constellation, including Generation and its subsidiaries, meets the criteria for discontinued operations and as such, Generation's results of operations are presented as discontinued operations and have been excluded from Exelon's continuing operations for the three and six months ended June 30, 2022 presented in the table above. See Note 1 — Significant Accounting Policies and Note 2 — Discontinued Operations for additional information.

Accounting rules require that certain BSC costs previously allocated to Generation be presented as part of Exelon's continuing operations as these costs do not qualify as expenses of the discontinued operations. Such costs are included in Other in the table above and were $28 million on a pre-tax basis, for the six months ended

June 30, 2022. There were no such costs included in Exelon's continuing operations for the three months ended June 30, 2022

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022. **Net income attributable to common shareholders from continuing operations** decreased by $122 million and diluted earnings per average common share from continuing operations decreased to $0.34 in 2023 from $0.47 in 2022 primarily due to:

- Higher interest expense at BGE and Exelon Corporate;
- Unfavorable weather at PECO; and
- Higher depreciation expense at PECO.

The decreases were partially offset by:

- The favorable impacts of rate increases at PECO, BGE, and PHI;
- Higher electric distribution formula rate earnings from higher allowed ROE due to an increase in U.S. treasury rates and impacts of higher rate base at ComEd; and
- Carrying costs related to the CMC regulatory assets at ComEd.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022. **Net income attributable to common shareholders from continuing operations** increased by $66 million and diluted earnings per average common share from continuing operations increased to $1.02 in 2023 from $0.96 in 2022 primarily due to:

- The favorable impacts of rate increases at PECO, BGE, and PHI;
- Higher electric distribution formula rate earnings from higher allowed ROE due to an increase in U.S. treasury rates and impacts of higher rate base at ComEd;
- Carrying costs related to the CMC regulatory assets at ComEd; and
- Lower BSC costs presented in Exelon’s continuing operations, which were previously allocated to Generation but did not qualify as discontinued operation expenses per the accounting rules.

The increases were partially offset by:

- Unfavorable weather at PECO and PHI;
- Higher interest expense at PECO, BGE, and Exelon Corporate;
- An increase in environmental liabilities at PHI;
- Higher contracting costs due to timing at PECO; and
- Higher depreciation expense at PECO.

Adjusted (non-GAAP) Operating Earnings. In addition to Net income, Exelon evaluates its operating performance using the measure of Adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses, and other specified items. This information is intended to enhance an investor’s overall understanding of year-to-year operating results and provide an indication of Exelon’s baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets, and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies’ presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between Net income attributable to common shareholders from continuing operations as determined in accordance with GAAP and Adjusted (non-GAAP) operating earnings for the three and six months ended June 30, 2023 compared to the same period in 2022:

	Three Months Ended June 30,			
	2023		2022	
(In millions, except per share data)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders from Continuing Operations	**$ 343**	**$ 0.34**	**$ 465**	**$ 0.47**
Mark-to-Market Impact of Economic Hedging Activities (net of taxes of $1)	3	—	—	—
Change in Environmental Liabilities (net of taxes of $1)	11	0.01	—	—
SEC Matter Loss Contingency (net of taxes of $0)	46	0.05	—	—
Separation Costs (net of taxes of $2 and $4, respectively)[(a)]	5	0.01	10	0.01
Income Tax-Related Adjustments (entire amount represents tax expense)[(b)]	—	—	(43)	(0.04)
Adjusted (non-GAAP) Operating Earnings	**$ 408**	**$ 0.41**	**$ 433**	**$ 0.44**

	Six Months Ended June 30,			
	2023		2022	
(In millions, except per share data)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders from Continuing Operations	**$ 1,012**	**$ 1.02**	**$ 946**	**$ 0.96**
Mark-to-Market Impact of Economic Hedging Activities (net of taxes of $1)	2	—	—	—
Change in Environmental Liabilities (net of taxes of $8)	29	0.03	—	—
ERP System Implementation Costs (net of taxes of $0)[(c)]	—	—	1	—
SEC Matter Loss Contingency (net of taxes of $0)	46	0.05	—	—
Change in FERC Audit Liability (net of taxes of $4)	11	0.01	—	—
Separation Costs (net of taxes of $1 and $11, respectively)[(a)]	4	—	27	0.03
Income Tax-Related Adjustments (entire amount represents tax expense)[(d)]	—	—	92	0.09
Adjusted (non-GAAP) Operating Earnings	**$ 1,104**	**$ 1.11**	**$ 1,065**	**$ 1.08**

Note:
Amounts may not sum due to rounding.
Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net Income and Adjusted (non-GAAP) Operating Earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. The marginal statutory income tax rates for 2023 and 2022 ranged from 24.0% to 29.0%.

(a) Represents costs related to the separation primarily comprised of system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the separation, and employee-related severance costs, which are recorded in Operating and maintenance expense.
(b) In connection with the separation, Exelon recorded a one-time impact associated with a state tax benefit.
(c) Reflects costs related to a multi-year ERP system implementation, which are recorded in Operating and maintenance expense.
(d) In connection with the separation, Exelon recorded an income tax expense primarily due to the long-term marginal state income tax rate change, the recognition of valuation allowances against the net deferred tax assets positions for certain standalone state filing jurisdictions, and nondeductible transaction costs partially offset by a one-time impact associated with a state tax benefit.

Significant 2023 Transactions and Developments

Separation

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation, creating two publicly traded companies ("the separation"). Exelon completed the separation on February 1, 2022. Constellation was newly formed and incorporated in Pennsylvania on June 15, 2021 for the purpose of separation and holds Generation. The separation represented a strategic shift that would have a major effect on Exelon's operations and financial results. Accordingly, the separation met the criteria for discontinued operations. See Note 2 — Discontinued Operations of the Combined Notes to Consolidated Financial Statements for additional information on the separation and discontinued operations.

In connection with the separation, Exelon incurred separation costs impacting continuing operations of $7 million and $14 million on a pre-tax basis for the three months ended June 30, 2023 and 2022, respectively, and $5 million and $38 million on a pre-tax basis for the six months ended June 30, 2023 and 2022, respectively, which are recorded in Operating and maintenance expense. Total separation costs impacting continuing operations for the remainder of 2023 are not expected to be material. These costs are excluded from Adjusted (non-GAAP) Operating Earnings. The separation costs are primarily comprised of system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the separation, and employee-related severance costs.

Distribution Base Rate Case Proceedings

The Utility Registrants file base rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future financial statements.

The following tables show the Utility Registrants' completed and pending distribution base rate case proceedings in 2023. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Completed Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Approved Revenue Requirement Increase	Approved ROE	Approval Date	Rate Effective Date
ComEd - Illinois	April 15, 2022	Electric	$ 199	$ 199	7.85 %	November 17, 2022	January 1, 2023
PECO - Pennsylvania	March 31, 2022	Natural Gas	82	55	N/A	October 27, 2022	January 1, 2023
BGE - Maryland	May 15, 2020 (amended September 11, 2020)	Electric	203	140	9.50 %	December 16, 2020	January 1, 2021
		Natural Gas	108	74	9.65 %		
Pepco - Maryland	October 26, 2020 (amended March 31, 2021)	Electric	104	52	9.55 %	June 28, 2021	June 28, 2021
DPL - Maryland	May 19, 2022	Electric	38	29	9.60 %	December 14, 2022	January 1, 2023

Pending Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Requested ROE	Expected Approval Timing
ComEd - Illinois	January 17, 2023	Electric	$ 1,545	10.50% to 10.65%	Fourth quarter of 2023
ComEd - Illinois	April 21, 2023	Electric	247	8.91 %	Fourth quarter of 2023
BGE - Maryland	February 17, 2023	Electric	313	10.40 %	Fourth quarter of 2023
		Natural Gas	289	10.40 %	
Pepco - District of Columbia	April 13, 2023	Electric	191	10.50 %	Second quarter of 2024
Pepco - Maryland	May 16, 2023	Electric	214	10.50 %	Second quarter of 2024
DPL - Delaware	December 15, 2022 (amended May 30, 2023)	Electric	42	10.50 %	Second quarter of 2024
ACE - New Jersey	February 15, 2023 (amended June 2, 2023)	Electric	94	10.50 %	First quarter of 2024

Transmission Formula Rates

For 2023, the following total increases/(decreases) were included in the Utility Registrants' electric transmission formula rate updates. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Registrant	Initial Revenue Requirement Increase	Annual Reconciliation Increase (Decrease)	Total Revenue Requirement Increase	Allowed Return on Rate Base	Allowed ROE
ComEd	$ 20	$ 63	$ 83	8.09 %	11.50 %
PECO	24	23	47	7.41 %	10.35 %
BGE	19	(12)	4	7.34 %	10.50 %
Pepco	37	(5)	32	7.57 %	10.50 %
DPL	32	(3)	29	7.08 %	10.50 %
ACE	41	(12)	29	7.08 %	10.50 %

ComEd's FERC Audit

The Utility Registrants are subject to periodic audits by FERC. FERC's Division of Audits and Accounting initiated a nonpublic audit of ComEd in April 2021 evaluating ComEd's compliance with (1) approved terms, rates and conditions of its federally regulated service; (2) accounting requirements of the Uniform System of Accounts; (3) reporting requirements of the FERC Form 1; and (4) the requirements for record retention. The audit covered the period from January 1, 2017 to present. During the first quarter of 2023, ComEd was provided with information from FERC about several potential findings, including ComEd's methodology regarding the allocation of certain overhead costs to capital under FERC regulations. Based on the preliminary findings and discussions with FERC staff, ComEd determined that a loss was probable and recorded a regulatory liability to reflect its best estimate of that loss as of March 31, 2023.

On July 27, 2023, FERC issued a final audit report which included, among other things, findings and recommendations related to ComEd's methodology regarding the allocation of certain overhead costs to capitalized construction costs under FERC regulations. ComEd disagrees with various findings and recommendations in the audit report, as indicated in ComEd's public reply to the report. The final outcome and resolution of any contested audit issues as well as a reasonable estimate of potential future losses cannot be accurately estimated at this stage; however, the final resolution of these matters could result in recognition of future losses, above the amounts currently accrued, that could be material to the Exelon and ComEd financial statements. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other Key Business Drivers and Management Strategies

The following discussion of other key business drivers and management strategies includes current developments of previously disclosed matters and new issues arising during the period that may impact future financial statements. This section should be read in conjunction with ITEM 1. Business in the 2022 Form 10-K, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Key Business Drivers and Management Strategies in the 2022 Form 10-K, and Note 12 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in this report for additional information on various environmental matters.

Legislative and Regulatory Developments

City of Chicago Franchise Agreement

The current ComEd Franchise Agreement with the City of Chicago (the City) has been in force since 1992. The Franchise Agreement grants rights to use the public right of way to install, maintain, and operate the wires, poles, and other infrastructure required to deliver electricity to residents and businesses across the City. The Franchise Agreement became terminable on one year notice as of December 31, 2020. It now continues in effect indefinitely unless and until either party issues a notice of termination, effective one year later, or it is replaced by mutual agreement with a new franchise agreement between ComEd and the City. If either party terminates and no new agreement is reached between the parties, the parties could continue with ComEd providing electric services within the City with no franchise agreement in place. The City also has an option to terminate and purchase the ComEd system (“municipalize”), which also requires one year notice. Neither party has issued a notice of termination at this time, the City has not exercised its municipalization option, and no new agreement has become effective. Accordingly, the 1992 Franchise Agreement remains in effect at this time. In April 2021, the City invited interested parties to respond to a Request for Information (RFI) regarding the franchise for electricity delivery. Final responses to the RFI were due on July 30, 2021, however, on July 29, 2021, the City chose to extend the final submission deadline to September 30, 2021. ComEd submitted its response to the RFI by the due date. However, the City did not proceed to issue an RFP. Since that time, ComEd and the City continued to negotiate and have arrived at a proposed Chicago Franchise Agreement (CFA) and an Energy and Equity Agreement (EEA). These agreements together are intended to grant ComEd the right to continue providing electric utility services using public ways within the City of Chicago, and to create a new non-profit entity to advance energy and energy-related equity projects. On February 1, 2023, the proposed CFA and EEA were introduced to the City Council. The proposed CFA and EEA remain subject to approval by the City Council and the Exelon Board.

While Exelon and ComEd cannot predict the ultimate outcome of these processes, fundamental changes in the agreements or other adverse actions affecting ComEd’s business in the City would require changes in their business planning models and operations and could have a material adverse impact on Exelon’s and ComEd’s consolidated financial statements. If the City were to disconnect from the ComEd system, ComEd would seek full compensation for the business and its associated property taken by the City, as well as for all damages resulting to ComEd and its system. ComEd would also seek appropriate compensation for stranded costs with FERC.

Infrastructure Investment and Jobs Act

On November 15, 2021, President Biden signed the $1.2 trillion IIJA into law. IIJA provides for approximately $550 billion in new federal spending. Categories of funding include funding for a variety of infrastructure needs, including but not limited to: (1) power and grid reliability and resilience, (2) resilience for cybersecurity to address critical infrastructure needs, and (3) electric vehicle charging infrastructure for alternative fuel corridors. Federal

agencies are developing guidelines to implement spending programs under IIJA. The time needed to develop these guidelines will vary with some limited program applications opened as early as the first quarter of 2022. The Registrants are continuing to analyze the legislation and considering possible opportunities to apply for funding, either directly or in potential collaborations with state and/or local agencies and key stakeholders. The Registrants cannot predict the ultimate timing and success of securing funding from programs under IIJA.

In September 2022, ComEd and BGE applied for the MMG, which establishes and funds construction, improvement, or acquisition of middle mile broadband infrastructure which creates high-speed internet services. The MMG addresses inequitable broadband access by expansion and extension of the middle mile infrastructure in underserved communities. In June 2023, the National Telecommunications and Information Administration (NTIA) announced it selected two of the applications submitted by BGE and ComEd; awarding ComEd and BGE $14.5 million and $15.4 million respectively. The applications selected by NTIA for BGE and ComEd proposed projects designed to enhance electric grid reliability and resiliency while leading and advancing shared local, state, and national goals to increase broadband connectivity, redundancy, affordability, and equity.

In March 2023, Exelon, ComEd and PHI submitted three applications related to the Smart Grid Grants program under section 40107 of IIJA. These applications are focused on replacing existing Advanced Distribution Management Systems (ADMS) in support of distributed energy resources (DERs) and grid-edged technologies, strengthening interoperability and data architecture of systems in support of two-way power flows and accelerating advanced metering deployment in disadvantaged communities. In April 2023, ComEd, PECO BGE and PHI submitted seven applications related to the Grid Resilience Grants program under section 40101(c) of IIJA. These applications are broadly focused on improving grid resilience with an emphasis on disadvantaged communities, relief of capacity constraints and modernizing infrastructure, deployment of DER and microgrid technologies and providing improved resilience through storm hardening projects. Through its applications under section 40107 and 40101(c) of IIJA, the Registrants are requesting nearly $700 million in proposed federal funding. The grant process is expected to be highly competitive, and therefore, the Registrants cannot predict how many of their total applications will be approved as filed, or the precise timing of receiving any funds if they are awarded a grant.

The Registrants are supporting three different Regional Clean Hydrogen Hub opportunities, covering all five states that Exelon operates in plus Washington D.C. under a program that will create networks of hydrogen producers, consumers, and local connective infrastructure to accelerate the use of hydrogen as a clean energy carrier that can deliver or store energy. Applications for the three opportunities under this program were submitted in April 2023. The selection process is expected to be highly competitive, and therefore, the Registrants cannot predict how many of their total applications will be approved as filed or the precise timing of receiving any funds if they are awarded a grant.

PJM Regional Transmission Expansion

On April 6, 2023, PJM received a deactivation notice for Brandon Shores, a 1,282 MW coal generation plant located in BGE service territory. The deactivation was requested for June 1, 2025 and will result in numerous reliability issues across the region. In June 2023, PJM assigned a portion of transmission system upgrades to mitigate these reliability impacts to PECO, BGE and Pepco. In July 2023, PJM Board of Managers approved assigning Exelon transmission system upgrades to mitigate these reliability impacts to PECO, BGE and Pepco. The projected capital expenditures associated with these upgrades are approximately $140 million, $650 million, and $80 million for PECO, BGE and Pepco, respectively, and are expected to be completed by the end of 2028.

Separately, PJM held a competitive transmission proposal window from February 24, 2023 through May 31, 2023 to address reliability issues driven by significant load increases in northern Virginia. PECO, BGE and Pepco submitted four solution proposals, with projected capital expenditures ranging from approximately $322 million to $2.26 billion. PJM is expected to approve the solution in December 2023. The selection process is expected to be highly competitive, and therefore, PECO, BGE, and Pepco cannot predict which, if any, of their solution proposals will be selected by PJM.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions, and judgments in the preparation of its financial statements. As of June 30, 2023, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2022. See ITEM 7. MANAGEMENT'S DISCUSSION

AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Critical Accounting Policies and Estimates in the 2022 Form 10-K for further information.

Results of Operations by Registrant

Results of Operations — ComEd

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 1,901	$ 1,425	$ 476	$ 3,568	$ 3,158	$ 410
Operating expenses						
Purchased power	685	283	(402)	1,172	921	(251)
Operating and maintenance	355	338	(17)	692	689	(3)
Depreciation and amortization	350	328	(22)	688	649	(39)
Taxes other than income taxes	88	90	2	182	185	3
Total operating expenses	1,478	1,039	(439)	2,734	2,444	(290)
Loss on sales of assets	—	(2)	2	—	(2)	2
Operating income	423	384	39	834	712	122
Other income and (deductions)						
Interest expense, net	(120)	(104)	(16)	(237)	(204)	(33)
Other, net	17	13	4	34	26	8
Total other income and (deductions)	(103)	(91)	(12)	(203)	(178)	(25)
Income before income taxes	320	293	27	631	534	97
Income taxes	71	66	(5)	142	119	(23)
Net income	$ 249	$ 227	$ 22	$ 489	$ 415	$ 74

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022. **Net income** increased by $22 million as compared to the same period in 2022, primarily due to increases in electric distribution formula rate earnings (reflecting higher allowed ROE due to an increase in U.S. Treasury rates and the impacts of higher rate base) and carrying costs related to the CMC regulatory assets.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022. **Net income** increased by $74 million as compared to the same period in 2022, primarily due to increases in electric distribution formula rate earnings (reflecting higher allowed ROE due to an increase in U.S. Treasury rates and the impacts of higher rate base) and carrying costs related to the CMC regulatory assets.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase	Increase (Decrease)
Distribution	$ 63	$ 174
Transmission	4	(8)
Energy efficiency	24	39
Other	1	2
	92	207
Regulatory required programs	384	203
Total increase	$ 476	$ 410

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. Operating revenues are not impacted by abnormal weather, usage per customer, or number of customers as a result of revenue decoupling mechanisms implemented pursuant to FEJA.

Distribution Revenue. EIMA and FEJA provide for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Electric distribution revenue varies from year to year based upon fluctuations

in the underlying costs, (e.g., severe weather and storm restoration), investments being recovered, and allowed ROE. Electric distribution revenue increased for the three and six months ended June 30, 2023 as compared to the same period in 2022, due to higher allowed ROE due to an increase in U.S. Treasury rates, the impact of a higher rate base, and higher fully recoverable costs.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue.

Energy Efficiency Revenue. FEJA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under FEJA, energy efficiency revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. Energy efficiency revenue increased for the three and six months ended June 30, 2023 as compared to the same period in 2022, primarily due to increased regulatory asset amortization, which is fully recoverable.

Other Revenue primarily includes assistance provided to other utilities through mutual assistance programs. Other revenue increased for the three and six months ended June 30, 2023 as compared to the same period in 2022, which primarily reflects mutual assistance revenues associated with storm restoration efforts.

Regulatory Required Programs represents revenues collected under approved riders to recover costs incurred for regulatory programs such as recoveries under the credit loss expense tariff, environmental costs associated with MGP sites, ETAC, and costs related to electricity, ZEC, CMC, and REC procurement. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information regarding CMCs. ETAC is a retail customer surcharge collected by electric utilities operating in Illinois established by CEJA and remitted to an Illinois state agency for programs to support clean energy jobs and training. The riders are designed to provide full and current cost recovery. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries as ComEd remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, ComEd either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from ComEd, ComEd is permitted to recover the electricity, ZEC, CMC, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power expense related to the electricity, ZECs, CMCs, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ComEd's revenue disaggregation.

The increase of $402 million and $251 million for the three and six months ended June 30, 2023 compared to the same period in 2022, in **Purchased power expense** is primarily due to the CMCs from the participating nuclear-powered generating facilities including the deferral of any associated carrying costs. This increase is primarily offset by an increase in Operating revenues as part of regulatory required programs. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information regarding CMCs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase (Decrease)
Labor, other benefits, contracting and materials	$ 8	$ 25
Storm-related costs	7	8
BSC costs	8	5
Pension and non-pension postretirement benefits expense	(4)	(7)
Other	12	(1)
	31	30
Regulatory required programs[(a)]	(14)	(27)
Total increase	$ 17	$ 3

(a) ComEd is allowed to recover from or refund to customers the difference between its annual credit loss expense and the amounts collected in rates annually through a rider mechanism.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase	Increase
Depreciation and amortization[(a)]	$ 15	$ 28
Regulatory asset amortization[(b)]	7	11
Total increase	$ 22	$ 39

(a) Reflects ongoing capital expenditures and higher depreciation rates effective January 2023.
(b) Includes amortization of ComEd's energy efficiency formula rate regulatory asset.

Interest expense, net increased by $16 million and $33 million for the three and six months ended June 30, 2023, compared to the same period in 2022, primarily due to an increase in interest rates and the issuance of debt during the year.

Effective income tax rates were 22.2% and 22.5% for the three months ended June 30, 2023 and 2022, respectively, and 22.5% and 22.3% for the six months ended June 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — PECO

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 828	$ 816	$ 12	$ 1,940	$ 1,863	$ 77
Operating expenses						
Purchased power and fuel	302	283	(19)	786	689	(97)
Operating and maintenance	239	215	(24)	510	463	(47)
Depreciation and amortization	99	93	(6)	197	185	(12)
Taxes other than income taxes	47	48	1	97	95	(2)
Total operating expenses	687	639	(48)	1,590	1,432	(158)
Operating income	141	177	(36)	350	431	(81)
Other income and (deductions)						
Interest expense, net	(48)	(43)	(5)	(97)	(84)	(13)
Other, net	6	8	(2)	15	16	(1)
Total other income and (deductions)	(42)	(35)	(7)	(82)	(68)	(14)
Income before income taxes	99	142	(43)	268	363	(95)
Income taxes	2	9	7	5	24	19
Net income	$ 97	$ 133	$ (36)	$ 263	$ 339	$ (76)

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022. **Net income** decreased by $36 million primarily due to unfavorable weather and increase in depreciation and amortization expense, partially offset by an increase in gas distribution rates.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022. **Net income** decreased by $76 million, primarily due to unfavorable weather and increases in operating expenses, depreciation and amortization expense, and interest expense, partially offset by an increase in gas distribution rates.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	(Decrease) Increase			(Decrease) Increase		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ (33)	$ (3)	$ (36)	$ (57)	$ (27)	$ (84)
Volume	(3)	(1)	(4)	(10)	1	(9)
Pricing	6	6	12	18	29	47
Transmission	4	—	4	1	—	1
Other	—	—	—	(1)	5	4
	(26)	2	(24)	(49)	8	(41)
Regulatory required programs	38	(2)	36	116	2	118
Total increase	$ 12	$ —	$ 12	$ 67	$ 10	$ 77

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as “favorable weather conditions” because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three and six months ended June 30, 2023 compared to the same period in 2022, Operating revenues related to weather decreased by the impact of unfavorable weather conditions in PECO's service territory.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in PECO's service territory. The changes in heating and cooling degree-days in

PECO's service territory for the three and six months ended June 30, 2023 compared to the same period in 2022 and normal weather consisted of the following:

	Three Months Ended June 30,			% Change	
PECO Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	330	385	426	(14.3)%	(22.5)%
Cooling Degree-Days	233	434	386	(46.3)%	(39.6)%
	Six Months Ended June 30,			% Change	
	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	2,218	2,613	2,843	(15.1)%	(22.0)%
Cooling Degree-Days	233	435	387	(46.4)%	(39.8)%

Volume. Electric volume, exclusive of the effects of weather, for the three and six months ended June 30, 2023 compared to the same period in 2022, remained relatively consistent. Natural gas volume for the three and six months ended June 30, 2023 compared to the same period in 2022, remained relatively consistent.

	Three Months Ended June 30,				Six Months Ended June 30,			
Electric Retail Deliveries to Customers (in GWhs)	2023	2022	% Change	Weather - Normal % Change[b]	2023	2022	% Change	Weather - Normal % Change[b]
Residential	2,694	3,060	(12.0)%	(0.1)%	6,052	6,818	(11.2)%	(1.7)%
Small commercial & industrial	1,703	1,813	(6.1)%	(2.9)%	3,546	3,750	(5.4)%	(0.5)%
Large commercial & industrial	3,331	3,416	(2.5)%	(0.6)%	6,568	6,748	(2.7)%	(0.2)%
Public authorities & electric railroads	144	135	6.7 %	6.4 %	312	317	(1.6)%	(1.9)%
Total electric retail deliveries[a]	7,872	8,424	(6.6)%	(0.8)%	16,478	17,633	(6.6)%	(0.9)%

	At June 30,	
Number of Electric Customers	2023	2022
Residential	1,529,499	1,521,728
Small commercial & industrial	155,845	155,484
Large commercial & industrial	3,112	3,114
Public authorities & electric railroads	10,423	10,386
Total	1,698,879	1,690,712

(a) Reflects delivery volumes from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

	Three Months Ended June 30,				Six Months Ended June 30,			
Natural Gas Deliveries to Customers (in mmcf)	2023	2022	% Change	Weather - Normal % Change[b]	2023	2022	% Change	Weather - Normal % Change[b]
Residential	4,373	5,206	(16.0)%	(9.8)%	21,563	26,043	(17.2)%	(3.8)%
Small commercial & industrial	3,743	3,638	2.9 %	6.8 %	12,442	14,184	(12.3)%	(0.9)%
Large commercial & industrial	6	4	50.0 %	(4.0)%	35	14	150.0 %	9.1 %
Transportation	5,190	5,707	(9.1)%	(7.0)%	12,204	13,346	(8.6)%	(6.1)%
Total natural gas retail deliveries[a]	13,312	14,555	(8.5)%	(4.6)%	46,244	53,587	(13.7)%	(3.5)%

Number of Natural Gas Customers	At June 30, 2023	2022
Residential	504,723	499,678
Small commercial & industrial	44,793	44,726
Large commercial & industrial	10	10
Transportation	642	659
Total	550,168	545,073

(a) Reflects delivery volumes from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

Pricing for the three and six months ended June 30, 2023 compared to the same period in 2022 increased primarily due to an increase in gas distribution rates charged to customers.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered.

Other revenue primarily includes revenue related to late payment charges. Other revenue for the three and six months ended June 30, 2023 compared to the same period in 2022 remained relatively consistent.

Regulatory Required Programs represents revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency, PGC, and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Income taxes. Customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers. Customer choice programs do not impact the volume of deliveries as PECO remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, PECO either acts as the billing agent or the competitive supplier separately bills its own customers and therefore PECO does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from PECO, PECO is permitted to recover the electricity, natural gas, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power and fuel expense related to the electricity, natural gas, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of PECO's revenue disaggregation.

The increase of $97 million and $19 million for the three and six months ended June 30, 2023 compared to the same period in 2022, in **Purchased power and fuel expense** is offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase (Decrease)
Labor, other benefits, contracting and materials	$ 10	$ 21
BSC costs	6	8
Storm-related costs	5	1
Pension and non-pension postretirement benefit expense	—	(2)
Credit loss expense	(12)	(2)
Other	2	2
	11	28
Regulatory required programs	13	19
Total increase	$ 24	$ 47

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase (Decrease)
Depreciation and amortization[(a)]	$ 7	$ 13
Regulatory asset amortization	(1)	(1)
Total increase	$ 6	$ 12

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Interest expense, net increased $5 million and $13 million for the three and six months ended June 30, 2023, compared to the same period in 2022, primarily due to an increase in interest rates and the issuance of debt in 2022.

Effective income tax rates were 2.0% and 6.3% for the three months ended June 30, 2023 and 2022, respectively, and 1.9% and 6.6% for the six months ended June 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — BGE

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 797	$ 786	$ 11	$ 2,053	$ 1,940	$ 113
Operating expenses						
Purchased power and fuel	272	289	17	764	743	(21)
Operating and maintenance	198	205	7	419	423	4
Depreciation and amortization	158	152	(6)	325	322	(3)
Taxes other than income taxes	76	71	(5)	159	148	(11)
Total operating expenses	704	717	13	1,667	1,636	(31)
Operating income	93	69	24	386	304	82
Other income and (deductions)						
Interest expense, net	(44)	(36)	(8)	(88)	(71)	(17)
Other, net	5	5	—	8	11	(3)
Total other income and (deductions)	(39)	(31)	(8)	(80)	(60)	(20)
Income before income taxes	54	38	16	306	244	62
Income taxes	12	1	(11)	65	10	(55)
Net income	$ 42	$ 37	$ 5	$ 241	$ 234	$ 7

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022. **Net income** increased $5 million primarily due to favorable impacts of the multi-year plans, partially offset by an increase in interest expense. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the three-year electric and natural gas distribution multi-year plans.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022. **Net Income** increased $7 million primarily due to favorable impacts of the multi-year plans, partially offset by an increase in interest expense. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the three-year electric and natural gas distribution multi-year plans.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution	$ 16	$ 6	$ 22	$ 42	$ 29	$ 71
Transmission	12	—	12	30	—	30
Other	(1)	1	—	(1)	2	1
	27	7	34	71	31	102
Regulatory required programs	16	(39)	(23)	49	(38)	11
Total increase (decrease)	$ 43	$ (32)	$ 11	$ 120	$ (7)	$ 113

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and customer usage. However, Operating revenues are not impacted by abnormal weather or usage per customer as a result of a monthly rate adjustment that provides for fixed distribution revenue per customer by customer class. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Number of Electric Customers	At June 30, 2023	2022
Residential	1,206,763	1,200,397
Small commercial & industrial	115,594	115,769
Large commercial & industrial	12,975	12,721
Public authorities & electric railroads	265	267
Total	1,335,597	1,329,154

Number of Natural Gas Customers	At June 30, 2023	2022
Residential	655,181	653,409
Small commercial & industrial	38,077	38,227
Large commercial & industrial	6,275	6,211
Total	699,533	697,847

Distribution Revenue increased for the three and six months ended June 30, 2023, compared to the same period in 2022, due to favorable impacts of the multi-year plans.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for the three and six months ended June 30, 2023, compared to the same period in 2022, primarily due to increases in underlying costs and capital investments.

Other Revenue includes revenue related to late payment, charges, mutual assistance, off-system sales, and service application fees. Other Revenue remained relatively the same for the three and six months ended June 30, 2023 compared to the same period in 2022.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as conservation, demand response, STRIDE, and the POLR mechanism. The riders are designed to provide full and current cost recovery, as well as a return in certain instances. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers. Customer choice programs do not impact the volume of deliveries as BGE remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, BGE acts as the billing agent and therefore does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from BGE, BGE is permitted to recover the electricity and natural gas procurement costs from customers and therefore records the amounts related to the electricity and/or natural gas in Operating revenues and Purchased power and fuel expense. BGE recovers electricity and natural gas procurement costs from customers with a slight mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of BGE's revenue disaggregation.

The decrease of $17 million and increase of $21 million for the three and six months ended June 30, 2023 compared to the same period in 2022, in **Purchased power and fuel expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase (Decrease)
Labor, other benefits, contracting, and materials	$ 4	$ 12
Storm-related costs	5	—
Pension and non-pension postretirement benefits expense	1	3
BSC costs	3	6
Credit loss expense	(15)	(15)
Other	(5)	(11)
	(7)	(5)
Regulatory required programs	—	1
Total decrease	$ (7)	$ (4)

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase (Decrease)
Depreciation and amortization[(a)]	$ 6	$ 13
Regulatory required programs	1	(9)
Regulatory asset amortization	(1)	(1)
Total increase	$ 6	$ 3

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Interest expense, net increased by $8 million and $17 million for the three and six months ended June 30, 2023, respectively compared to the same period in 2022, primarily due to an increase in interest rates and the issuance of debt in 2023 and 2022.

Taxes other than income taxes increased by $5 million and $11 million for the three and six months ended June 30, 2023, respectively, compared to the same period in 2022, primarily due to increased property taxes.

Effective income tax rates were 22.2% and 2.6% for the three months ended June 30, 2023 and 2022 respectively, and 21.2% and 4.1% for the six months ended June 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — PHI

PHI's Results of Operations include the results of its three reportable segments, Pepco, DPL, and ACE. PHI also has a business services subsidiary, PHISCO, which provides a variety of support services, and the costs are directly charged or allocated to the applicable subsidiaries. Additionally, the results of PHI's corporate operations include interest costs from various financing activities. All material intercompany accounts and transactions have been eliminated in consolidation. The following table sets forth PHI's GAAP consolidated Net income, by Registrant, for the three and six months ended June 30, 2023 compared to the same period in 2022. See the Results of Operations for Pepco, DPL, and ACE for additional information.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Favorable (Unfavorable) Variance	2023	2022	Favorable (Unfavorable) Variance
PHI	$ 103	$ 100	$ 3	$ 258	$ 230	$ 28
Pepco	64	70	(6)	130	116	14
DPL	25	21	4	85	77	8
ACE	18	11	7	51	37	14
Other[(a)]	(4)	(2)	(2)	(8)	—	(8)

(a) Primarily includes eliminating and consolidating adjustments, PHI's corporate operations, shared service entities, and other financing and investment activities.

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022. **Net Income** increased by $3 million primarily due to favorable impacts of the Pepco Maryland and DPL Maryland multi-year plans, higher distribution rates at DPL Delaware, higher transmission rates at Pepco and ACE, and a decrease in various operating expenses, partially offset by an increase in environmental liabilities at Pepco.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022. **Net Income** increased by $28 million primarily due to favorable impacts of the Pepco Maryland and DPL Maryland multi-year plans, customer growth in the District of Columbia and Maryland, timing of decoupling revenues in the District of Columbia, higher distribution rates at DPL Delaware, and higher transmission rates at Pepco and ACE, partially offset by an increase in environmental liabilities at Pepco, and unfavorable weather conditions at DPL Delaware electric and natural gas service territories.

Results of Operations — Pepco

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 642	$ 581	$ 61	$ 1,351	$ 1,195	$ 156
Operating expenses						
Purchased power	204	162	(42)	462	375	(87)
Operating and maintenance	140	128	(12)	290	260	(30)
Depreciation and amortization	109	105	(4)	216	213	(3)
Taxes other than income taxes	88	92	4	183	186	3
Total operating expenses	541	487	(54)	1,151	1,034	(117)
Operating income	101	94	7	200	161	39
Other income and (deductions)						
Interest expense, net	(43)	(38)	(5)	(81)	(74)	(7)
Other, net	16	13	3	33	26	7
Total other income and (deductions)	(27)	(25)	(2)	(48)	(48)	—
Income before income taxes	74	69	5	152	113	39
Income taxes	10	(1)	(11)	22	(3)	(25)
Net income	$ 64	$ 70	$ (6)	$ 130	$ 116	$ 14

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022. **Net Income** decreased by $6 million primarily due to an increase in environmental liabilities, partially offset by higher transmission rates and favorable impacts of the Pepco Maryland multi-year plan.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022. **Net Income** increased by $14 million primarily due to favorable impacts of the Maryland multi-year plan, timing of decoupling revenues in the District of Columbia, higher transmission rates and customer growth in the District of Columbia and Maryland, partially offset by an increase in environmental liabilities.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase	Increase
Distribution	$ 13	$ 53
Transmission	10	27
Other	1	1
	24	81
Regulatory required programs	37	75
Total increase	$ 61	$ 156

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in both Maryland and the District of Columbia are not impacted by abnormal weather or usage per customer as a result of a BSA that provides for a fixed distribution charge per customer by customer class. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Number of Electric Customers	At June 30, 2023	2022
Residential	860,014	850,569
Small commercial & industrial	54,016	54,349
Large commercial & industrial	22,904	22,771
Public authorities & electric railroads	204	194
Total	937,138	927,883

Distribution Revenue increased for the three months ended June 30, 2023 compared to the same period in 2022 primarily due to higher rates due to the expiration of customer offsets and favorable impacts of the Maryland multi-year plan. Distribution revenue increased for the six months ended June 30, 2023 compared to the same period in 2022 primarily due to favorable impacts of the Maryland multi-year plan, higher rates due to the expiration of customer offsets, timing of decoupling revenues in the District of Columbia, and customer growth in the District of Columbia and Maryland.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for both the three and six months ended June 30, 2023, compared to the same period in 2022, primarily due to increases in capital investment and underlying costs.

Other Revenue includes rental revenue, revenue related to late payment charges, mutual assistance revenues, and recoveries of other taxes.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, DC PLUG, and SOS procurement and administrative costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries, as Pepco remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, Pepco acts as the billing agent and therefore, Pepco does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from Pepco, Pepco is permitted to recover the electricity and REC procurement costs from customers and therefore records the amounts related to the electricity and RECs in Operating revenues and Purchased power expense. Pepco recovers electricity and REC procurement costs from customers with a slight mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of Pepco's revenue disaggregation.

The increase of $42 million and $87 million for the three and six months ended June 30, 2023 compared to the same period in 2022, respectively, in **Purchased power expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase (Decrease)
Pension and non-pension postretirement benefits expense	$ 3	$ 6
BSC and PHISCO costs	2	1
Storm-related costs	—	(5)
Credit Loss expense	(1)	(5)
Labor, other benefits, contracting and materials[(a)]	(2)	22
Other	9	5
	11	24
Regulatory required programs	1	6
Total increase	$ 12	$ 30

(a) Primarily reflects an increase in environmental liabilities for the six months ended June 30, 2023.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase (Decrease)
Depreciation and amortization[(a)]	$ 4	$ 7
Regulatory asset amortization	3	7
Regulatory required programs	(3)	(11)
Total increase	$ 4	$ 3

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Interest expense, net increased by $5 million and $7 million for the three and six months ended June 30, 2023 compared to the same period in 2022, respectively, primarily due to the issuance of debt in 2023.

Other, net increased by $3 million and $7 million for the three and six months ended June 30, 2023 compared to the same period in 2022, respectively, primarily due to higher AFUDC equity.

Effective income tax rates were 13.5% and (1.4)% for the three months ended June 30, 2023 and 2022, respectively, and 14.5% and (2.7)% for the six months ended June 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — DPL

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 349	$ 332	$ 17	$ 823	$ 763	$ 60
Operating expenses						
Purchased power and fuel	139	135	(4)	360	324	(36)
Operating and maintenance	88	88	—	175	181	6
Depreciation and amortization	60	56	(4)	121	113	(8)
Taxes other than income taxes	18	17	(1)	37	35	(2)
Total operating expenses	305	296	(9)	693	653	(40)
Operating income	44	36	8	130	110	20
Other income and (deductions)						
Interest expense, net	(18)	(17)	(1)	(36)	(33)	(3)
Other, net	4	4	—	8	6	2
Total other income and (deductions)	(14)	(13)	(1)	(28)	(27)	(1)
Income before income taxes	30	23	7	102	83	19
Income taxes	5	2	(3)	17	6	(11)
Net income	$ 25	$ 21	$ 4	$ 85	$ 77	$ 8

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022. **Net income** increased $4 million primarily due to favorable impacts of the Maryland multi-year plan, and higher Delaware electric and natural gas distribution rates, partially offset by unfavorable weather conditions at Delaware electric and natural gas service territories.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022. **Net income** increased $8 million primarily due to favorable impacts of the Maryland multi-year plan, and higher Delaware electric and natural gas distribution rates, partially offset by unfavorable weather conditions at Delaware electric and natural gas service territories.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	(Decrease) Increase			(Decrease) Increase		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ (5)	$ (1)	$ (6)	$ (10)	$ (5)	$ (15)
Volume	—	—	—	(2)	(2)	(4)
Distribution	8	1	9	19	6	25
Transmission	7	—	7	13	—	13
Other	1	(1)	—	2	—	2
	11	(1)	10	22	(1)	21
Regulatory required programs	14	(7)	7	31	8	39
Total increase (decrease)	$ 25	$ (8)	$ 17	$ 53	$ 7	$ 60

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in Maryland are not impacted by abnormal weather or usage per customer as a result of a BSA that provides for a fixed distribution charge per customer by customer class. While Operating revenues from electric distribution customers in Maryland are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Weather. The demand for electricity and natural gas in Delaware is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these

weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three and six months ended June 30, 2023 compared to the same period in 2022, Operating revenues related to weather decreased due to unfavorable weather conditions in Delaware electric and natural gas service territories.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in the Delaware electric service territory and a 30-year period in the Delaware natural gas service territory. The changes in heating and cooling degree days in the Delaware service territory for the three and six months ended June 30, 2023 compared to same period in 2022 and normal weather consisted of the following:

	Three Months Ended June 30,			% Change	
Delaware Electric Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	318	441	468	(27.9)%	(32.1)%
Cooling Degree-Days	253	328	336	(22.9)%	(24.7)%

	Six Months Ended June 30,			% Change	
Delaware Electric Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	2,269	2,796	2,957	(18.8)%	(23.3)%
Cooling Degree-Days	253	331	337	(23.6)%	(24.9)%

	Three Months Ended June 30,			% Change	
Delaware Natural Gas Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	318	441	487	(27.9)%	(34.7)%

	Six Months Ended June 30,			% Change	
Delaware Natural Gas Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	2,269	2,796	2,984	(18.8)%	(24.0)%

Volume, exclusive of the effects of weather, remained consistent for the three months ended June 30, 2023 compared to the same period in 2022 and decreased for the six months ended June 30, 2023 compared to the same period in 2022 primarily due to customer usage, partially offset by customer growth.

	Three Months Ended June 30,				Six Months Ended June 30,			
Electric Retail Deliveries to Delaware Customers (in GWhs)	2023	2022	% Change	Weather - Normal % Change[b]	2023	2022	% Change	Weather - Normal % Change[b]
Residential	610	675	(9.6)%	(0.1)%	1,407	1,570	(10.4)%	(0.7)%
Small commercial & industrial	349	337	3.6 %	7.1 %	676	706	(4.2)%	(0.5)%
Large commercial & industrial	780	773	0.9 %	2.6 %	1,500	1,538	(2.5)%	(1.0)%
Public authorities & electric railroads	8	8	— %	(0.5)%	17	17	— %	(3.7)%
Total electric retail deliveries[a]	1,747	1,793	(2.6)%	2.4 %	3,600	3,831	(6.0)%	(0.8)%

	At June 30,	
Number of Total Electric Customers (Maryland and Delaware)	2023	2022
Residential	483,760	479,728
Small commercial & industrial	63,913	63,574
Large commercial & industrial	1,234	1,222
Public authorities & electric railroads	594	598
Total	549,501	545,122

(a) Reflects delivery volumes from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 20-year average.

Natural Gas Retail Deliveries to Delaware Customers (in mmcf)	Three Months Ended June 30, 2023	2022	% Change	Weather - Normal % Change[b]	Six Months Ended June 30, 2023	2022	% Change	Weather - Normal % Change[b]
Residential	794	983	(19.2)%	(2.1)%	4,368	5,436	(19.6)%	(5.8)%
Small commercial & industrial	497	570	(12.8)%	2.3 %	2,142	2,550	(16.0)%	(0.8)%
Large commercial & industrial	371	402	(7.7)%	(7.8)%	787	863	(8.8)%	(8.7)%
Transportation	1,328	1,444	(8.0)%	(4.8)%	3,231	3,650	(11.5)%	(6.1)%
Total natural gas deliveries[a]	2,990	3,399	(12.0)%	(3.1)%	10,528	12,499	(15.8)%	(5.0)%

Number of Delaware Natural Gas Customers	At June 30, 2023	2022
Residential	129,538	128,715
Small commercial & industrial	10,060	10,068
Large commercial & industrial	16	16
Transportation	163	157
Total	139,777	138,956

(a) Reflects delivery volumes from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

Distribution Revenue increased for both the three and six months ended June 30, 2023 compared to the same period in 2022 primarily due to favorable impacts of the Maryland multi-year plan that became effective in January 2023, higher natural gas distribution rates effective in August 2022, and higher electric DSIC rates in Delaware that became effective in January 2023.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. During the three and six months ended June 30, 2023 compared to the same period in 2022, transmission revenue increased primarily due to increases in underlying costs.

Other Revenue includes rental revenue, service connection fees, and mutual assistance revenues.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, DE Renewable Portfolio Standards, SOS procurement and administrative costs, and GCR costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. All customers have the choice to purchase electricity from competitive electric generation suppliers; however, only certain commercial and industrial customers have the choice to purchase natural gas from competitive natural gas suppliers. Customer choice programs do not impact the volume of deliveries as DPL remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, DPL either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from DPL, DPL is permitted to recover the electricity, natural gas, and REC procurement costs from customers and therefore records the amounts related to the electricity, natural gas, and RECs in Operating revenues and Purchased power and fuel expense. DPL recovers electricity and REC procurement costs from customers with a slight mark-up, and natural gas costs without mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of DPL's revenue disaggregation.

The increase of $4 million and $36 million for the three and six months ended June 30, 2023, compared to the same period in 2022, respectively, in **Purchased power and fuel expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	(Decrease) Increase	(Decrease) Increase
Labor, other benefits, contracting and materials	$ (2)	$ (5)
Credit loss expense	(2)	(2)
BSC and PHISCO costs	—	(1)
Pension and non-pension postretirement benefits expense	1	3
Storm-related costs	2	(1)
Other	2	(1)
	1	(7)
Regulatory required programs	(1)	1
Total decrease	$ —	$ (6)

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase (Decrease)
Depreciation and amortization[(a)]	$ 5	$ 12
Regulatory required programs	(1)	(4)
Total increase	$ 4	$ 8

(a) For the three months ended June 30, 2023, reflects ongoing capital expenditures and higher transmission depreciation rates effective September 2022. For the six months ended June 30, 2023, reflects ongoing capital expenditures, higher distribution depreciation rates in Maryland effective March 2022, and higher transmission depreciation rates effective September 2022.

Effective income tax rates were 16.7% and 8.7% for the three months ended June 30, 2023 and 2022, respectively, and 16.7% and 7.2% for the six months ended June 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — ACE

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 317	$ 309	$ 8	$ 670	$ 658	$ 12
Operating expenses						
Purchased power	124	123	(1)	273	301	28
Operating and maintenance	85	86	1	165	170	5
Depreciation and amortization	68	72	4	135	118	(17)
Taxes other than income taxes	3	2	(1)	4	4	—
Total operating expenses	280	283	3	577	593	16
Operating income	37	26	11	93	65	28
Other income and (deductions)						
Interest expense, net	(17)	(17)	—	(34)	(32)	(2)
Other, net	4	2	2	9	5	4
Total other income and (deductions)	(13)	(15)	2	(25)	(27)	2
Income before income taxes	24	11	13	68	38	30
Income taxes	6	—	(6)	17	1	(16)
Net income	$ 18	$ 11	$ 7	$ 51	$ 37	$ 14

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022. **Net income** increased by $7 million primarily due to higher transmission rates and decreases in various operating expenses.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022. **Net income** increased by $14 million primarily due to higher transmission rates and decreases in various operating expenses.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase (Decrease)
Distribution	$ 5	$ 12
Transmission	13	25
	18	37
Regulatory required programs	(10)	(25)
Total increase	$ 8	$ 12

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in New Jersey are not impacted by abnormal weather or usage per customer as a result of the CIP which became effective, prospectively, in the third quarter of 2021. The CIP compares current distribution revenues by customer class to approved target revenues established in ACE's most recent distribution base rate case. The CIP is calculated annually, and recovery is subject to certain conditions, including an earnings test and ceilings on customer rate increases. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Number of Electric Customers	At June 30, 2023	2022
Residential	503,918	501,494
Small commercial & industrial	62,307	62,291
Large commercial & industrial	3,007	3,085
Public authorities & electric railroads	727	726
Total	569,959	567,596

Distribution Revenue increased for both the three and six months ended June 30, 2023 compared to the same period in 2022 due to higher distribution rates primarily due to the expiration of customer credits related to the TCJA tax benefits.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for both the three and six months ended June 30, 2023 compared to the same period in 2022, primarily due to increases in underlying costs and capital investment.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, Societal Benefits Charge, Transition Bond Charge, and BGS procurement and administrative costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries, as ACE remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, ACE acts as the billing agent and therefore, ACE does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from ACE, ACE is permitted to recover the electricity, ZEC, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power expense related to the electricity, ZECs, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ACE's revenue disaggregation.

The increase of $1 million and decrease of $28 million for the three and six months ended June 30, 2023 compared to the same period in 2022, respectively, in **Purchased power expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	(Decrease) Increase	(Decrease) Increase
Storm-related costs	$ (1)	$ (2)
Labor and contracting	—	(3)
BSC and PHISCO costs	1	1
Other	—	1
	—	(3)
Regulatory required programs[(a)]	(1)	(2)
Total decrease	$ (1)	$ (5)

(a) ACE is allowed to recover from or refund to customers the difference between its annual credit loss expense and the amounts collected in rates annually through the Societal Benefits Charge.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
	Increase (Decrease)	Increase
Depreciation and amortization[(a)]	$ 6	$ 13
Regulatory required programs[(b)]	(10)	4
Total (decrease) increase	$ (4)	$ 17

(a) Reflects ongoing capital expenditures and higher transmission depreciation rates effective September 2022.
(b) Regulatory required programs increased primarily due to the regulatory asset amortization of the PPA termination obligation which is fully offset in Operating revenues.

Effective income tax rates were 25.0% and 0.0% for the three months ended June 30, 2023 and 2022, respectively, and 25.0% and 2.6% for the six months ended June 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Liquidity and Capital Resources (All Registrants)

All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations, as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each of the Registrants annually evaluates its financing plan, dividend practices, and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, including construction expenditures, retire debt, pay dividends, and fund pension and OPEB obligations. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, the Utility Registrants operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to credit facilities with aggregate bank commitments of $4.0 billion. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings, and to issue letters of credit. See the "Credit Matters and Cash Requirements" section below for additional information. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs, and capital expenditure requirements. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' debt and credit agreements.

Cash flows related to Generation have not been presented as discontinued operations and are included in the Consolidated Statements of Cash Flows for only 2022. The Exelon Consolidated Statement of Cash Flows for the six months ended June 30, 2022 includes one month of cash flows from Generation.

Cash Flows from Operating Activities

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE, and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, and their ability to achieve operating cost reductions. Additionally, ComEd is required to purchase CMCs from participating nuclear-powered generating facilities for a five-year period that began in June 2022, and all of its costs of doing so will be recovered through a rider. The price to be paid for each CMC is established through a competitive bidding process. ComEd will provide net payments to, or collect net payments from, customers for the difference between customer credits issued and the credit to be received from the participating nuclear-powered generating facilities. ComEd's cash flows are affected by the establishment of CMC prices and the timing of recovering costs through the CMC regulatory asset.

See Note 3 — Regulatory Matters of the 2022 Form 10-K and Notes 3 — Regulatory Matters and 12 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information on regulatory and legal proceedings and proposed legislation.

The following table provides a summary of the change in cash flows from operating activities for the six months ended June 30, 2023 and 2022 by Registrant:

(Decrease) increase in cash flows from operating activities	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net income (loss)	$ (51)	$ 74	$ (76)	$ 7	$ 28	$ 14	$ 8	$ 14
Adjustments to reconcile net income to cash:								
Non-cash operating activities	(824)	(219)	(20)	(87)	2	8	(3)	1
Option premiums (paid), net	39	—	—	—	—	—	—	—
Collateral (paid) received, net	(1,876)	(35)	—	(212)	(594)	(111)	(301)	(182)
Income taxes	74	35	7	35	8	23	5	(12)
Pension and non-pension postretirement benefit contributions	500	154	12	48	59	(1)	1	7
Regulatory assets and liabilities, net	(140)	(192)	38	(47)	79	30	36	(1)
Changes in working capital and other assets and liabilities	799	(101)	172	191	156	102	52	(7)
(Decrease) increase in cash flows from operating activities	$ (1,479)	$ (284)	$ 133	$ (65)	$ (262)	$ 65	$ (202)	$ (180)

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. See above for additional information related to cash flows from Generation. Significant operating cash flow impacts for the Registrants and Generation for the six months ended June 30, 2023 and 2022 were as follows:

- See Note 15 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements and the Registrants' Consolidated Statements of Cash Flows for additional information on **non-cash operating activities**.
- Changes in **collateral** depended upon whether Generation was in a net mark-to-market liability or asset position, and collateral may have been required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differed depending on whether the transactions were on an exchange or in the over-the-counter markets. Changes in collateral for the Registrants are dependent upon the credit exposure of procurement contracts that may require suppliers to post collateral. The amount of cash collateral received from external counterparties decreased due to decreasing energy prices. See Note 9 — Derivative Financial Instruments for additional information.
- See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements and the Registrants' Consolidated Statements of Cash Flows for additional information on **income taxes**.
- Changes in **Pension and non-pension postretirement benefit contributions** relate to Exelon's funding strategy and incremental contributions made in 2022 in connection with the separation. See Note 14 — Retirement Benefits of the 2022 Form 10-K for additional information.
- Changes in **regulatory assets and liabilities, net,** are due to the timing of cash payments for costs recoverable, or cash receipts for costs recovered, under our regulatory mechanisms differs from the recovery period of those costs. Included within the changes is energy efficiency spend for ComEd of $192 million and $115 million for the six months ended June 30, 2023 and 2022, respectively. Also included within the changes is energy efficiency and demand response programs spend for BGE, Pepco, DPL and ACE of $66 million, $32 million, $12 million, and $8 million for the six months ended June 30, 2023 and $53 million, $33 million, $13 million, and $4 million for the six months ended June 30, 2022, respectively. PECO had no energy efficiency and demand response programs spend recorded to the regulatory asset for the six months ended June 30, 2023 and

2022. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

- **Changes in working capital and other assets and liabilities** for the Utility Registrants and Exelon Corporate totaled $476 million and for Generation total $323 million. The change for Generation primarily relates to the revolving accounts receivable financing arrangement which was entered into in April 2020. The change in working capital and other noncurrent assets and liabilities for Exelon Corporate and the Utility Registrants is dependent upon the normal course of operations for all Registrants. For ComEd, it is also dependent upon whether the participating nuclear-powered generating facilities are owed money from ComEd as a result of the established pricing for CMCs. For the six months ended June 30, 2023, the established pricing resulted in ComEd owing payments to nuclear-powered generating facilities, which is reported within the cash flows from operations as a change in accounts payable and accrued expense.

Cash Flows from Investing Activities

The following table provides a summary of the change in cash flows from investing activities for the six months ended June 30, 2023 and 2022 by Registrant:

Decrease in cash flows from investing activities	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Capital expenditures	$ (178)	$ (54)	$ (49)	$ (78)	$ (246)	$ (81)	$ (64)	$ (96)
Investment in NDT fund sales, net	28	—	—	—	—	—	—	—
Collection of DPP	(169)	—	—	—	—	—	—	—
Proceeds from sales of assets and businesses	(16)	—	—	—	—	—	—	—
Changes in intercompany money pool	—	—	(225)	—	—	—	(29)	—
Other investing activities	6	(12)	(5)	(3)	5	6	(2)	—
Decrease in cash flows from investing activities	$ (329)	$ (66)	$ (279)	$ (81)	$ (241)	$ (75)	$ (95)	$ (96)

Significant investing cash flow impacts for the Registrants for six months ended June 30, 2023 and 2022 were as follows:

- Changes in **capital expenditures** are primarily due to the timing of cash expenditures for capital projects. See the "Credit Matters and Cash Requirements" section below for additional information on projected capital expenditure spending for the Utility Registrants. See Note 2 — Discontinued Operations of the Combined Notes to Consolidated Financial Statements for capital expenditures related to Generation prior to the separation.
- **Collection of DPP** relates to Generation's revolving accounts receivable financing agreement which Generation entered into in April 2020.
- Changes in **intercompany money pool** are driven by short-term borrowing needs. Refer to more information regarding the intercompany money pool below.

Cash Flows from Financing Activities

The following table provides a summary of the change in cash flows from financing activities for the six months ended June 30, 2023 and 2022 by Registrant:

Increase (decrease) in cash flows from financing activities	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Changes in short-term borrowings, net	$ (1,553)	$ 120	$ (449)	$ (278)	$ 48	$ (167)	$ 34	$ 181
Long-term debt, net	547	225	525	(100)	(50)	50	—	(100)
Changes in intercompany money pool	—	—	—	—	(9)	(21)	—	50
Dividends paid on common stock	(54)	(85)	(2)	(8)	—	185	(4)	2
Distributions to member	—	—	—	—	183	—	—	—
Contributions from parent/member	—	37	103	51	(299)	(144)	(45)	(110)
Transfer of cash, restricted cash, and cash equivalents to Constellation	2,594	—	—	—	—	—	—	—
Other financing activities	2	(1)	4	—	(13)	(13)	—	1
Increase (decrease) in cash flows from financing activities	$ 1,536	$ 296	$ 181	$ (335)	$ (140)	$ (110)	$ (15)	$ 24

Significant financing cash flow impacts for the Registrants for the six months ended June 30, 2023 and 2022 were as follows:

- **Changes in short-term borrowings, net**, is driven by repayments on and issuances of notes due in less than 365 days. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on short-term borrowings for the Registrants.
- **Long-term debt, net**, varies due to debt issuances and redemptions each year. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on debt issuances. Refer to the debt redemptions table below for additional information.
- **Changes in intercompany money pool** are driven by short-term borrowing needs. Refer below for more information regarding the intercompany money pool.
- Exelon's ability to pay **dividends** on its common stock depends on the receipt of dividends paid by its operating subsidiaries. The payments of dividends to Exelon by its subsidiaries in turn depend on their results of operations and cash flows and other items affecting retained earnings. See Note 18 — Commitments and Contingencies of the 2022 Form 10-K for additional information on dividend restrictions. See below for quarterly dividends declared.
- Refer to Note 2 — Discontinued Operations for the **transfer of cash, restricted cash, and cash equivalents to Constellation** related to the separation.

Debt

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' debt issuances.

During the six months ended June 30, 2023, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Exelon	SMBC Term Loan Agreement	SOFR plus 0.65%	July 21, 2023	$ 300
Exelon	US Bank Term Loan Agreement	SOFR plus 0.65%	July 21, 2023	300
Exelon	PNC Term Loan Agreement	SOFR plus 0.65%	July 24, 2023	250
Exelon	Long-Term Software License Agreement	3.70 %	August 9, 2025	6
Exelon	Long-Term Software License Agreement	3.95 %	May 1, 2024	2
Exelon	Long-Term Software License Agreement	3.70 %	August 9, 2025	1
PECO	Loan Agreement	2.00 %	June 20, 2023	50
BGE	Notes	3.35 %	July 1, 2023	300

Dividends

Quarterly dividends declared by the Exelon Board of Directors during the six months ended June 30, 2023 and for the second quarter of 2023 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share[(a)]
First Quarter 2023	February 14, 2023	February 27, 2023	March 10, 2023	$ 0.3600
Second Quarter 2023	April 25, 2023	May 15, 2023	June 9, 2023	$ 0.3600
Third Quarter 2023	July 25, 2023	August 15, 2023	September 8, 2023	$ 0.3600

(a) Exelon's Board of Directors approved an updated dividend policy for 2023. The 2023 quarterly dividend will be $0.36 per share.

Credit Matters and Cash Requirements

The Registrants fund liquidity needs for capital investment, working capital, energy hedging, and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets, and large, diversified credit facilities. The credit facilities include $4.0 billion in aggregate total commitments of which $3.7 billion was available to support additional commercial paper as of June 30, 2023, and of which no financial institution has more than 6% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper markets and had availability under their revolving credit facilities during the six months ended June 30, 2023 to fund their short-term liquidity needs, when necessary. Exelon Corporate and the Utility Registrants each have a 5-year revolving credit facility. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels, and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising, and merger activity. See PART I. ITEM 1A. RISK FACTORS of the 2022 Form 10-K for additional information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flows from operating activities, access to credit markets, and their credit facilities provide sufficient liquidity to support the estimated future cash requirements.

On August 4, 2022, Exelon executed an equity distribution agreement (“Equity Distribution Agreement”) with certain sales agents and forward sellers and certain forward purchasers establishing an ATM equity distribution program under which it may offer and sell shares of its common stock, having an aggregate gross sales price of up to $1.0 billion. Exelon has no obligation to offer or sell any shares of common stock under the Equity Distribution Agreement and may at any time suspend or terminate offers and sales under the Equity Distribution Agreement. As of June 30, 2023, Exelon has not issued any shares of common stock under the ATM program and has not entered into any forward sale agreements.

The following table presents the incremental collateral that each Utility Registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at June 30, 2023 and available credit facility capacity prior to any incremental collateral at June 30, 2023:

	PJM Credit Policy Collateral	Other Incremental Collateral Required[a]	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 1	$ —	$ 698
PECO	1	21	600
BGE	3	37	598
Pepco	4	—	300
DPL	4	9	300
ACE	2	—	263

(a) Represents incremental collateral related to natural gas procurement contracts.

Capital Expenditure Spending

As of June 30, 2023, the most recent estimates of capital expenditures for plant additions and improvements for 2023 are as follows:

(In millions)	Transmission	Distribution	Gas	Total[a]
Exelon	N/A	N/A	N/A	$ 7,175
ComEd	425	2,125	N/A	2,550
PECO	100	975	325	1,400
BGE	325	525	475	1,325
PHI	550	1,225	125	1,900
Pepco	250	675	N/A	900
DPL	175	275	125	575
ACE	125	300	N/A	425

(a) Numbers rounded to the nearest $25M and may not sum due to rounding.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Retirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006 (the Act), management of the pension obligation, and regulatory implications. The Act requires the attainment of certain funding levels to avoid benefit restrictions (such as an inability to pay lump sums or to accrue benefits prospectively), and at-risk status (which triggers higher minimum contribution requirements and participant notification). The projected contributions reflect a funding strategy to make annual contributions with the objective of achieving 100% funded status on an ABO basis over time. This funding strategy helps minimize volatility of future period required pension contributions. Exelon's estimated annual qualified pension contributions will be $20 million in 2023. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded, given that they are not subject to statutory minimum contribution requirements.

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

To the extent interest rates decline significantly or the pension and OPEB plans earn less than the expected asset returns, annual pension contribution requirements in future years could increase. Conversely, to the extent interest rates increase significantly or the pension and OPEB plans earn greater than the expected asset returns,

annual pension and OPEB contribution requirements in future years could decrease. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

See Note 14 — Retirement Benefits of the Combined Notes to Consolidated Financial Statements of the 2022 Form 10-K for additional information on pension and OPEB contributions.

Credit Facilities

Exelon Corporate, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. PECO meets its short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. Pepco, DPL, and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the PHI intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' credit facilities and short term borrowing activity.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

The credit ratings for the Registrants did not change for the six months ended June 30, 2023. On July 26, 2023, S&P raised ComEd's long-term issuer credit rating from 'BBB+' to a 'A-'. S&P also affirmed the current 'A' rating on ComEd's senior secured debt and 'A-2' short-term rating, which influences long and short-term borrowing cost.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of June 30, 2023, are presented in the following table:

Exelon Intercompany Money Pool	During the Six Months Ended June 30, 2023		At June 30, 2023
	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 510	$ —	$ 52
PECO	225	(238)	225
BSC	—	(327)	(270)
PHI Corporate	—	(52)	(52)
PCI	45	—	45

PHI Intercompany Money Pool	During the Six Months Ended June 30, 2023		At June 30, 2023
	Maximum Contributed	Maximum Borrowed	(Borrowed) Contributed
Pepco	$ —	$ (55)	$ (52)
DPL	111	—	102
ACE	—	(68)	(50)

Shelf Registration Statements

Exelon and the Utility Registrants have a currently effective combined shelf registration statement, unlimited in amount, that will expire in August 2025. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

The Utility Registrants are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	At June 30, 2023					
	Short-term Financing Authority			Remaining Long-term Financing Authority		
	Commission	Expiration Date	Amount	Commission	Expiration Date	Amount
ComEd[(a)]	FERC	December 31, 2023	$ 2,500	ICC	January 1, 2025	$ 368
PECO	FERC	December 31, 2023	1,500	PAPUC	December 31, 2024	550
BGE[(b)]	FERC	December 31, 2023	700	MDPSC	N/A	1,100
Pepco[(c)]	FERC	December 31, 2023	500	MDPSC / DCPSC	December 31, 2025	1,150
DPL[(c)]	FERC	December 31, 2023	500	MDPSC / DEPSC	December 31, 2025	1,075
ACE[(d)]	NJBPU	December 31, 2023	350	NJBPU	December 31, 2024	625

(a) On June 29, 2023, ComEd filed an application for $2 billion in new money long-term debt financing authority from the ICC and expects approval by December 31, 2023.
(b) On December 21, 2022, BGE received approval from the MDPSC for $1.8 billion in new long-term financing authority with an effective date of January 4, 2023.
(c) The financing authority filed with MDPSC does not have an expiration date, while the financing authority filed with DCPSC and DEPSC have an expiration date of December 31, 2025.
(d) On July 14, 2023, ACE filed an application with the NJBPU for renewal of their short-term financing authority through January 1, 2026. ACE expects approval of their application by December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Registrants hold commodity and financial instruments that are exposed to the following market risks:

- Commodity price risk, which is discussed further below.
- Counterparty credit risk associated with non-performance by counterparties on executed derivative instruments and participation in all, or some of the established, wholesale spot energy markets that are administered by PJM. The credit policies of PJM may, under certain circumstances, require that losses arising from the default of one member on spot energy market transactions be shared by the remaining participants. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of counterparty credit risk related to derivative instruments.
- Equity price and interest rate risk associated with Exelon's pension and OPEB plan trusts. See Note 8 — Retirement Benefits of the 2022 Form 10-K for additional information.
- Interest rate risk associated with changes in interest rates for the Registrants' outstanding long-term debt. This risk is significantly reduced as substantially all of the Registrants' outstanding debt has fixed interest rates. There is inherent interest rate risk related to refinancing maturing debt by issuing new long-term debt. The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information. In addition, Exelon may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges, or to lock in rate levels on borrowings, which are typically designated as economic hedges. See Note 9 – Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.
- Electric operating revenues risk associated with ComEd's distribution formula rate. ComEd's ROE for its electric distribution service through 2023 is directly correlated to yields on U.S. Treasury bonds. Exelon Corporate may utilize interest rate derivatives to mitigate volatility and manage risk to Exelon, which are typically accounted for as economic hedges. See Note 9 – Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

The Registrants operate primarily under cost-based rate regulation limiting exposure to the effects of market risk. Hedging programs are utilized to reduce exposure to energy and natural gas price volatility and have no direct earnings impacts as the costs are fully recovered through regulatory-approved recovery mechanisms.

Exelon manages these risks through risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. Risk management issues are reported to Exelon's Executive Committee, the Risk Management Committees of each Utility Registrant, and the Audit and Risk Committee of Exelon's Board of Directors.

Commodity Price Risk

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the total amount of energy Exelon purchases differs from the amount of energy it has contracted to sell, Exelon is exposed to market fluctuations in commodity prices. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity and natural gas.

ComEd entered into 20-year floating-to-fixed renewable energy swap contracts beginning in June 2012, which are considered an economic hedge and have changes in fair value recorded to an offsetting regulatory asset or liability. ComEd has block energy contracts to procure electric supply that are executed through a competitive procurement process, which are considered derivatives and qualify for NPNS, and as a result are accounted for on an accrual basis of accounting. PECO, BGE, Pepco, DPL, and ACE have contracts to procure electric supply that are executed through a competitive procurement process. PECO, BGE, Pepco, DPL, and ACE have certain full requirements contracts, which are considered derivatives and qualify for NPNS, and as a result are accounted for on an accrual basis of accounting. Other full requirements contracts are not derivatives.

PECO, BGE, and DPL also have executed derivative natural gas contracts, which qualify for NPNS, to hedge their long-term price risk in the natural gas market. The hedging programs for natural gas procurement have no direct impact on their financial statements.

For additional information on these contracts, see Note 9 — Derivative Financial Instruments and Note 11 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements.

The following table presents the maturity and source of fair value for Exelon's and ComEd's mark-to-market commodity contract net liabilities. These net liabilities are associated with ComEd's floating-to-fixed energy swap contracts with unaffiliated suppliers. The table provides two fundamental pieces of information. First, the table provides the source of fair value used in determining the carrying amount of Exelon's and ComEd's total mark-to-market net liabilities. Second, the table shows the maturity, by year, of Exelon's and ComEd's commodity contract net liabilities giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 11 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

	Maturities Within						
Commodity derivative contracts[(a)]:	**2023**	**2024**	**2025**	**2026**	**2027**	**2028 and Beyond**	**Total Fair Value**
Prices based on model or other valuation methods (Level 3)	$ (13)	$ (20)	$ (18)	$ (18)	$ (17)	$ (47)	$ (133)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

ITEM 4. CONTROLS AND PROCEDURES

During the second quarter of 2023, each of the Registrants' management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing, and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by the Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to that Registrant's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated, and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of June 30, 2023, the principal executive officer and principal financial officer of each of the Registrants concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. The Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There were no changes in internal control over financial reporting during the second quarter of 2023 that materially affected, or are reasonably likely to materially affect, any of the Registrants' internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of the 2022 Form 10-K, (b) Notes 3 — Regulatory Matters and 18 — Commitments and Contingencies of the 2022 Form 10-K, and (c) Notes 3 — Regulatory Matters and 12 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

ITEM 1A. RISK FACTORS

Risks Related to All Registrants

At June 30, 2023, the Registrants' risk factors were consistent with the risk factors described in the 2022 Form 10-K in ITEM 1A. RISK FACTORS.

ITEM 5. OTHER INFORMATION

All Registrants

None.

ITEM 6. EXHIBITS

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

(4) Instruments Defining the Rights of Securities Holders, Including Indentures

PECO Energy Company

Exhibit No.	Description	Location
4-1	Supplemental Indenture to PECO Energy Company's First and Refunding Mortgage dated as of June 1, 2023	File No. 001-16844, Form 8-K dated June 23, 2023, Exhibit 4.1

Baltimore Gas and Electric Company

Exhibit No.	Description	
4-2	Form of 5.400% Note due 2053 issued May 10, 2023 by Baltimore Gas and Electric Company	File No. 001-01910, Form 8-K dated May 10, 2023, Exhibit 4.2

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 filed by the following officers for the following companies:

Exelon Corporation

Exhibit No.	Description
31-1	Filed by Calvin G. Butler, Jr. for Exelon Corporation
31-2	Filed by Jeanne M. Jones for Exelon Corporation

Commonwealth Edison Company

Exhibit No.	Description
31-3	Filed by Gil C. Quiniones for Commonwealth Edison Company
31-4	Filed by Elisabeth J. Graham for Commonwealth Edison Company

PECO Energy Company

Exhibit No.	Description
31-5	Filed by Michael A. Innocenzo for PECO Energy Company
31-6	Filed by Marissa Humphrey for PECO Energy Company

Baltimore Gas and Electric Company

Exhibit No.	Description
31-7	Filed by Carim V. Khouzami for Baltimore Gas and Electric Company
31-8	Filed by David M. Vahos for Baltimore Gas and Electric Company

Pepco Holdings LLC

Exhibit No.	Description
31-9	Filed by J. Tyler Anthony for Pepco Holdings LLC
31-10	Filed by Phillip S. Barnett for Pepco Holdings LLC

Potomac Electric Power Company

Exhibit No.	Description
31-11	Filed by J. Tyler Anthony for Potomac Electric Power Company
31-12	Filed by Phillip S. Barnett for Potomac Electric Power Company

Delmarva Power & Light Company

Exhibit No.	Description
31-13	Filed by J. Tyler Anthony for Delmarva Power & Light Company
31-14	Filed by Phillip S. Barnett for Delmarva Power & Light Company

Atlantic City Electric Company

Exhibit No.	Description
31-15	Filed by J. Tyler Anthony for Atlantic City Electric Company
31-16	Filed by Phillip S. Barnett for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes-Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 filed by the following officers for the following companies:

Exelon Corporation

Exhibit No.	Description
32-1	Filed by Calvin G. Butler, Jr. for Exelon Corporation
32-2	Filed by Jeanne M. Jones for Exelon Corporation

Commonwealth Edison Company

Exhibit No.	Description
32-3	Filed by Gil C. Quiniones for Commonwealth Edison Company
32-4	Filed by Elisabeth J. Graham for Commonwealth Edison Company

PECO Energy Company

Exhibit No.	Description
32-5	Filed by Michael A. Innocenzo for PECO Energy Company
32-6	Filed by Marissa Humphrey for PECO Energy Company

Baltimore Gas and Electric Company

Exhibit No.	Description
32-7	Filed by Carim V. Khouzami for Baltimore Gas and Electric Company
32-8	Filed by David M. Vahos for Baltimore Gas and Electric Company

Pepco Holdings LLC

Exhibit No.	Description
32-9	Filed by J. Tyler Anthony for Pepco Holdings LLC
32-10	Filed by Phillip S. Barnett for Pepco Holdings LLC

Potomac Electric Power Company

Exhibit No.	Description
32-11	Filed by J. Tyler Anthony for Potomac Electric Power Company
32-12	Filed by Phillip S. Barnett for Potomac Electric Power Company

Delmarva Power & Light Company

Exhibit No.	Description
32-13	Filed by J. Tyler Anthony for Delmarva Power & Light Company
32-14	Filed by Phillip S. Barnett for Delmarva Power & Light Company

Atlantic City Electric Company

Exhibit No.	Description
32-15	Filed by J. Tyler Anthony for Atlantic City Electric Company
32-16	Filed by Phillip S. Barnett for Atlantic City Electric Company
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

EXELON CORPORATION

/s/ CALVIN G. BUTLER, JR.	/s/ JEANNE M. JONES
Calvin G. Butler, Jr.	Jeanne M. Jones
President, Chief Executive Officer (Principal Executive Officer) and Director	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ ROBERT A. KLECZYNSKI	
Robert A. Kleczynski	
Senior Vice President, Corporate Controller and Tax (Principal Accounting Officer)	

August 2, 2023

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

COMMONWEALTH EDISON COMPANY

/s/ GIL C. QUINIONES	/s/ ELISABETH J. GRAHAM
Gil C. Quiniones	Elisabeth J. Graham
Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ STEVEN J. CICHOCKI	
Steven J. Cichocki	
Director, Accounting (Principal Accounting Officer)	

August 2, 2023

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

PECO ENERGY COMPANY

/s/ MICHAEL A. INNOCENZO	/s/ MARISSA HUMPHREY
Michael A. Innocenzo	Marissa Humphrey
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ CAROLINE FULGINITI	
Caroline Fulginiti	
Director, Accounting (Principal Accounting Officer)	

August 2, 2023

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

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CARIM V. KHOUZAMI	/s/ DAVID M. VAHOS
Carim V. Khouzami	David M. Vahos
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JASON T. JONES	
Jason T. Jones	
Director, Accounting (Principal Accounting Officer)	

August 2, 2023

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

PEPCO HOLDINGS LLC

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

August 2, 2023

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

POTOMAC ELECTRIC POWER COMPANY

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer, Treasurer (Principal Financial Officer) and Director
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

August 2, 2023

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

DELMARVA POWER & LIGHT COMPANY

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

August 2, 2023

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

ATLANTIC CITY ELECTRIC COMPANY

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

August 2, 2023

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jeanne M. Jones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JEANNE M. JONES
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 2, 2023

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Gil C. Quiniones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GIL C. QUINIONES

Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Elisabeth J. Graham, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ELISABETH J. GRAHAM

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2023

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Michael A. Innocenzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. INNOCENZO
President, Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Marissa Humphrey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MARISSA HUMPHREY

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2023

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Carim V. Khouzami, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CARIM V. KHOUZAMI
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS

Senior Vice President, Chief Financial Officer
and Treasurer

(Principal Financial Officer)

Date: August 2, 2023

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY
President, Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2023

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY
President, Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2023

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY
President, Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2023

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY
President, Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2023

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2023

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler
President and Chief Executive Officer

Date: August 2, 2023

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JEANNE M. JONES

Jeanne M. Jones
Executive Vice President and Chief Financial Officer

Date: August 2, 2023

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ GIL C. QUINIONES
Gil C. Quiniones
Chief Executive Officer

Date: August 2, 2023

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ELISABETH J. GRAHAM
Elisabeth J. Graham
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2023

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ MICHAEL A. INNOCENZO
Michael A. Innocenzo
President and Chief Executive Officer

Date: August 2, 2023

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ MARISSA HUMPHREY

Marissa Humphrey
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2023

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CARIM V. KHOUZAMI

Carim V. Khouzami
President and Chief Executive Officer

Date: August 2, 2023

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS

David M. Vahos

Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2023

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: August 2, 2023

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2023

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: August 2, 2023

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2023

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: August 2, 2023

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2023

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: August 2, 2023

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended June 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2023

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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2023
or

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

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
001-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
001-01839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 10 South Dearborn Street Chicago, Illinois 60603-2300 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
001-01910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068-0001 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068-001 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702-5440 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702-5440 (202) 872-2000	21-0398280

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
EXELON CORPORATION:		
Common stock, without par value	EXC	The Nasdaq Stock Market LLC
PECO ENERGY COMPANY:		
Trust Receipts of PECO Energy Capital Trust III, each representing a 7.38% Cumulative Preferred Security, Series D, $25 stated value, issued by PECO Energy Capital, L.P. and unconditionally guaranteed by PECO Energy Company	EXC/28	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

Exelon Corporation	Large Accelerated Filer x	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐
Commonwealth Edison Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
PECO Energy Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Baltimore Gas and Electric Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Pepco Holdings LLC	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Potomac Electric Power Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Delmarva Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐
Atlantic City Electric Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-accelerated Filer x	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No x

The number of shares outstanding of each registrant’s common stock as of September 30, 2023 was:

Exelon Corporation Common Stock, without par value	995,437,416
Commonwealth Edison Company Common Stock, $12.50 par value	127,021,396
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $0.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

TABLE OF CONTENTS

		Page No.
GLOSSARY OF TERMS AND ABBREVIATIONS		4
FILING FORMAT		7
CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION		7
WHERE TO FIND MORE INFORMATION		7
PART I.	FINANCIAL INFORMATION	8
ITEM 1.	FINANCIAL STATEMENTS	8
	Exelon Corporation	
	Consolidated Statements of Operations and Comprehensive Income	9
	Consolidated Statements of Cash Flows	10
	Consolidated Balance Sheets	11
	Consolidated Statements of Changes in Shareholders' Equity	13
	Commonwealth Edison Company	
	Consolidated Statements of Operations and Comprehensive Income	15
	Consolidated Statements of Cash Flows	16
	Consolidated Balance Sheets	17
	Consolidated Statements of Changes in Shareholders' Equity	19
	PECO Energy Company	
	Consolidated Statements of Operations and Comprehensive Income	20
	Consolidated Statements of Cash Flows	21
	Consolidated Balance Sheets	22
	Consolidated Statements of Changes in Shareholder's Equity	24
	Baltimore Gas and Electric Company	
	Statements of Operations and Comprehensive Income	25
	Statements of Cash Flows	26
	Balance Sheets	27
	Statements of Changes in Shareholder's Equity	29
	Pepco Holdings LLC	
	Consolidated Statements of Operations and Comprehensive Income	30
	Consolidated Statements of Cash Flows	31
	Consolidated Balance Sheets	32
	Consolidated Statements of Changes in Member's Equity	34

	Page No.
Potomac Electric Power Company	
Statements of Operations and Comprehensive Income	35
Statements of Cash Flows	36
Balance Sheets	37
Statements of Changes in Shareholder's Equity	39
Delmarva Power & Light Company	
Statements of Operations and Comprehensive Income	40
Statements of Cash Flows	41
Balance Sheets	42
Statements of Changes in Shareholder's Equity	44
Atlantic City Electric Company	
Consolidated Statements of Operations and Comprehensive Income	45
Consolidated Statements of Cash Flows	46
Consolidated Balance Sheets	47
Consolidated Statements of Changes in Shareholder's Equity	49
Combined Notes to Consolidated Financial Statements	
1. Significant Accounting Policies	50
2. Discontinued Operations	51
3. Regulatory Matters	54
4. Revenue from Contracts with Customers	62
5. Segment Information	63
6. Accounts Receivable	72
7. Income Taxes	75
8. Retirement Benefits	78
9. Derivative Financial Instruments	80
10. Debt and Credit Agreements	84
11. Fair Value of Financial Assets and Liabilities	87
12. Commitments and Contingencies	93
13. Shareholders' Equity	101
14. Changes in Accumulated Other Comprehensive Income	102
15. Supplemental Financial Information	103
16. Related Party Transactions	107

		Page No.
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	110
	Exelon Corporation	110
	Executive Overview	110
	Financial Results of Operations	110
	Significant 2023 Transactions and Developments	113
	Other Key Business Drivers and Management Strategies	116
	Critical Accounting Policies and Estimates	118
	Results of Operations By Registrant	119
	Commonwealth Edison Company	119
	PECO Energy Company	122
	Baltimore Gas and Electric Company	126
	Pepco Holdings LLC	129
	Potomac Electric Power Company	130
	Delmarva Power & Light Company	133
	Atlantic City Electric Company	137
	Liquidity and Capital Resources	140
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	148
ITEM 4.	CONTROLS AND PROCEDURES	149
PART II.	OTHER INFORMATION	149
ITEM 1.	LEGAL PROCEEDINGS	149
ITEM 1A.	RISK FACTORS	150
ITEM 5.	OTHER INFORMATION	150
ITEM 6.	EXHIBITS	151
SIGNATURES		154
	Exelon Corporation	154
	Commonwealth Edison Company	155
	PECO Energy Company	156
	Baltimore Gas and Electric Company	157
	Pepco Holdings LLC	158
	Potomac Electric Power Company	159
	Delmarva Power & Light Company	160
	Atlantic City Electric Company	161

GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities	
Exelon	Exelon Corporation
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC
Pepco	Potomac Electric Power Company
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
Registrants	Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL, and ACE, collectively
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
PCI	Potomac Capital Investment Corporation and its subsidiaries
PECO Trust III	PECO Energy Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PHI Corporate	PHI in its corporate capacity as a holding company
PHISCO	PHI Service Company
Former Related Entities	
Constellation	Constellation Energy Corporation
Generation	Constellation Energy Generation, LLC (formerly Exelon Generation Company, LLC, a subsidiary of Exelon prior to separation on February 1, 2022)

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

Note - of the 2022 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2022 Annual Report on Form 10-K
ABO	Accumulated Benefit Obligation
AECs	Alternative Energy Credits that are issued for each megawatt hour of generation from a qualified alternative energy source
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset Retirement Obligation
ATM	At the market
BGS	Basic Generation Service
BSA	Bill Stabilization Adjustment
CEJA	Climate and Equitable Jobs Act; Illinois Public Act 102-0662 signed into law on September 15, 2021
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended
CIP	Conservation Incentive Program
CMC	Carbon Mitigation Credit
CODMs	Chief Operating Decision Makers
DC PLUG	District of Columbia Power Line Undergrounding Initiative
DCPSC	Public Service Commission of the District of Columbia
DEPSC	Delaware Public Service Commission
DOEE	District of Columbia Department of Energy & Environment
DPA	Deferred Prosecution Agreement
DPP	Deferred Purchase Price
DSIC	Distribution System Improvement Charge
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
ERP	Enterprise Resource Program
ETAC	Energy Transition Assistance Charge
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GSA	Generation Supply Adjustment
GWhs	Gigawatt hours
ICC	Illinois Commerce Commission
IIJA	Infrastructure Investment and Jobs Act
IIP	Infrastructure Investment Program
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
IPA	Illinois Power Agency
IRA	Inflation Reduction Act
IRC	Internal Revenue Code
IRS	Internal Revenue Service

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
mmcf	Million Cubic Feet
MMG	Middle Mile Grant
MRP	Multi-Year Rate Plan
MW	Megawatt
MWh	Megawatt hour
N/A	Not applicable
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NJBPU	New Jersey Board of Public Utilities
NPNS	Normal Purchase Normal Sale scope exception
NPS	National Park Service
NRD	Natural Resources Damages
OCI	Other Comprehensive Income
OPEB	Other Postretirement Employee Benefits
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
PPA	Power Purchase Agreement
PP&E	Property, plant, and equipment
PRPs	Potentially Responsible Parties
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
ROE	Return on equity
ROU	Right-of-use
RPS	Renewable Energy Portfolio Standards
RTO	Regional Transmission Organization
SEC	United States Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
SOS	Standard Offer Service
STRIDE	Maryland Strategic Infrastructure Development and Enhancement Program
TCJA	Tax Cuts and Jobs Act
ZEC	Zero Emission Credit or Zero Emission Certificate

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain forward-looking statements within the meaning of federal securities laws that are subject to risks and uncertainties. Words such as “could,” “may,” “expects,” “anticipates,” “will,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “predicts,” "should," and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic, and financial performance, are intended to identify such forward-looking statements.

The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the 2022 Form 10-K in (a) Part I, ITEM 1A. Risk Factors, (b) Part II, ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part II, ITEM 8. Financial Statements and Supplementary Data: Note 18, Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, ITEM 1A. Risk Factors, (b) Part I, ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part I, ITEM 1. Financial Statements: Note 12, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants.

Investors are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information that the Registrants file electronically with the SEC. These documents are also available to the public from commercial document retrieval services and the Registrants' website at www.exeloncorp.com. Information contained on the Registrants' website shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share data)	**2023**	**2022**	**2023**	**2022**
Operating revenues				
Electric operating revenues	$ 5,684	$ 4,557	$ 14,579	$ 12,972
Natural gas operating revenues	188	224	1,268	1,348
Revenues from alternative revenue programs	108	64	513	92
Total operating revenues	5,980	4,845	16,360	14,412
Operating expenses				
Purchased power	2,364	1,404	5,766	4,152
Purchased fuel	33	80	449	524
Purchased power and fuel from affiliates	—	—	—	159
Operating and maintenance	1,187	1,148	3,535	3,436
Depreciation and amortization	890	825	2,616	2,472
Taxes other than income taxes	383	377	1,063	1,061
Total operating expenses	4,857	3,834	13,429	11,804
Loss on sale of assets and businesses	—	—	—	(2)
Operating income	1,123	1,011	2,931	2,606
Other income and (deductions)				
Interest expense, net	(431)	(359)	(1,259)	(1,044)
Interest expense to affiliates	(6)	(6)	(18)	(19)
Other, net	81	122	331	435
Total other income and (deductions)	(356)	(243)	(946)	(628)
Income from continuing operations before income taxes	767	768	1,985	1,978
Income taxes	67	92	274	356
Net income from continuing operations after income taxes	700	676	1,711	1,622
Net income from discontinued operations after income taxes (Note 2)	—	—	—	117
Net income	700	676	1,711	1,739
Net income attributable to noncontrolling interests	—	—	—	1
Net income attributable to common shareholders	$ 700	$ 676	$ 1,711	$ 1,738
Amounts attributable to common shareholders:				
Net income from continuing operations	700	676	1,711	1,622
Net income from discontinued operations	—	—	—	116
Net income attributable to common shareholders	$ 700	$ 676	$ 1,711	$ 1,738
Comprehensive income, net of income taxes				
Net income	$ 700	$ 676	$ 1,711	$ 1,739
Other comprehensive income, net of income taxes				
Pension and non-pension postretirement benefit plans:				
Actuarial losses reclassified to periodic benefit cost	16	9	22	33
Pension and non-pension postretirement benefit plans valuation adjustments	(3)	—	(16)	2
Unrealized gains on cash flow hedges	21	—	36	—
Other comprehensive income	34	9	42	35
Comprehensive income	734	685	1,753	1,774
Comprehensive income attributable to noncontrolling interests	—	—	—	1
Comprehensive income attributable to common shareholders	$ 734	$ 685	$ 1,753	$ 1,773
Average shares of common stock outstanding:				
Basic	996	988	996	983
Assumed exercise and/or distributions of stock-based awards	1	1	—	1
Diluted	997	989	996	984
Earnings per average common share from continuing operations				
Basic	$ 0.70	$ 0.68	$ 1.72	$ 1.65
Diluted	$ 0.70	$ 0.68	$ 1.72	$ 1.65
Earnings per average common share from discontinued operations				
Basic	$ —	$ —	$ —	$ 0.12
Diluted	$ —	$ —	$ —	$ 0.12

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Nine Months Ended September 30, 2023	2022
Cash flows from operating activities		
Net income	$ 1,711	$ 1,739
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, and accretion, including nuclear fuel and energy contract amortization	2,616	2,679
Asset impairments	—	46
Gain on sales of assets and businesses	—	(8)
Deferred income taxes and amortization of investment tax credits	210	256
Net fair value changes related to derivatives	21	(59)
Net realized and unrealized losses on NDT funds	—	205
Net unrealized losses on equity investments	—	16
Other non-cash operating activities	(237)	265
Changes in assets and liabilities:		
Accounts receivable	82	(1,049)
Inventories	(8)	(121)
Accounts payable and accrued expenses	(454)	823
Option premiums paid, net	—	(39)
Collateral (paid) received, net	(183)	1,456
Income taxes	50	3
Regulatory assets and liabilities, net	(395)	(689)
Pension and non-pension postretirement benefit contributions	(97)	(596)
Other assets and liabilities	(24)	(786)
Net cash flows provided by operating activities	3,292	4,141
Cash flows from investing activities		
Capital expenditures	(5,540)	(5,179)
Proceeds from NDT fund sales	—	488
Investment in NDT funds	—	(516)
Collection of DPP	—	169
Proceeds from sales of assets and businesses	—	16
Other investing activities	25	36
Net cash flows used in investing activities	(5,515)	(4,986)
Cash flows from financing activities		
Changes in short-term borrowings	(1,116)	(335)
Proceeds from short-term borrowings with maturities greater than 90 days	400	1,150
Repayments on short-term borrowings with maturities greater than 90 days	(150)	(925)
Issuance of long-term debt	5,300	5,801
Retirement of long-term debt	(1,209)	(2,067)
Issuance of common stock	—	563
Dividends paid on common stock	(1,074)	(999)
Proceeds from employee stock plans	30	26
Transfer of cash, restricted cash, and cash equivalents to Constellation	—	(2,594)
Other financing activities	(101)	(121)
Net cash flows provided by financing activities	2,080	499
Decrease in cash, restricted cash, and cash equivalents	(143)	(346)
Cash, restricted cash, and cash equivalents at beginning of period	1,090	1,619
Cash, restricted cash, and cash equivalents at end of period	$ 947	$ 1,273
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (169)	$ (147)
Increase in DPP	—	348
(Decrease) increase in PP&E related to ARO update	(4)	331

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 300	$ 407
Restricted cash and cash equivalents	435	566
Accounts receivable		
Customer accounts receivable	2,575	2,544
Customer allowance for credit losses	(341)	(327)
Customer accounts receivable, net	2,234	2,217
Other accounts receivable	1,168	1,426
Other allowance for credit losses	(88)	(82)
Other accounts receivable, net	1,080	1,344
Inventories, net		
Fossil fuel	105	208
Materials and supplies	657	547
Regulatory assets	2,307	1,641
Other	401	406
Total current assets	7,519	7,336
Property, plant, and equipment (net of accumulated depreciation and amortization of $16,836 and $15,930 as of September 30, 2023 and December 31, 2022, respectively)	72,458	69,076
Deferred debits and other assets		
Regulatory assets	8,128	8,037
Goodwill	6,630	6,630
Receivable related to Regulatory Agreement Units	2,923	2,897
Investments	246	232
Other	1,355	1,141
Total deferred debits and other assets	19,282	18,937
Total assets	$ 99,259	$ 95,349

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 1,720	$ 2,586
Long-term debt due within one year	1,654	1,802
Accounts payable	2,684	3,382
Accrued expenses	1,315	1,226
Payables to affiliates	5	5
Regulatory liabilities	437	437
Mark-to-market derivative liabilities	44	8
Unamortized energy contract liabilities	8	10
Other	933	1,155
Total current liabilities	8,800	10,611
Long-term debt	39,431	35,272
Long-term debt to financing trusts	390	390
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,792	11,250
Regulatory liabilities	9,236	9,112
Pension obligations	1,085	1,109
Non-pension postretirement benefit obligations	515	507
Asset retirement obligations	269	269
Mark-to-market derivative liabilities	113	83
Unamortized energy contract liabilities	29	35
Other	2,129	1,967
Total deferred credits and other liabilities	25,168	24,332
Total liabilities	73,789	70,605
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 995 shares and 994 shares outstanding as of September 30, 2023 and December 31, 2022, respectively)	20,956	20,908
Treasury stock, at cost (2 shares as of September 30, 2023 and December 31, 2022)	(123)	(123)
Retained earnings	5,233	4,597
Accumulated other comprehensive loss, net	(596)	(638)
Total shareholders' equity	25,470	24,744
Total liabilities and shareholders' equity	$ 99,259	$ 95,349

See the Combined Notes to Consolidated Financial Statements

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

	Nine Months Ended September 30, 2023						
(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance at December 31, 2022	995,830	$ 20,908	$ (123)	$ 4,597	$ (638)	$ —	$ 24,744
Net income	—	—	—	669	—	—	669
Long-term incentive plan activity	306	1	—	—	—	—	1
Employee stock purchase plan issuances	266	12	—	—	—	—	12
Common stock dividends ($0.36/common share)	—	—	—	(359)		—	(359)
Other comprehensive loss, net of income taxes	—	—	—	—	(1)	—	(1)
Balance at March 31, 2023	996,402	$ 20,921	$ (123)	$ 4,907	$ (639)	$ —	$ 25,066
Net income	—	—	—	343	—	—	343
Long-term incentive plan activity	372	9	—	—	—	—	9
Employee stock purchase plan issuances	278	11	—	—	—	—	11
Common stock dividends ($0.36/common share)	—	—	—	(359)	—	—	(359)
Other comprehensive income, net of income taxes	—	—	—	—	9	—	9
Balance at June 30, 2023	997,052	$ 20,941	$ (123)	$ 4,891	$ (630)	$ —	$ 25,079
Net income	—	—	—	700	—	—	700
Long-term incentive plan activity	(84)	3	—	—	—	—	3
Employee stock purchase plan issuances	302	12	—	—	—	—	12
Common stock dividends ($0.36/common share)	—	—	—	(358)	—	—	(358)
Other comprehensive income, net of income taxes	—	—	—	—	34	—	34
Balance at September 30, 2023	997,270	$ 20,956	$ (123)	$ 5,233	$ (596)	$ —	$ 25,470

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	Nine Months Ended September 30, 2022						
(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance at December 31, 2021	981,291	$ 20,324	$ (123)	$ 16,942	$ (2,750)	$ 402	$ 34,795
Net income	—	—	—	597	—	1	598
Long-term incentive plan activity	540	(13)	—	—	—	—	(13)
Employee stock purchase plan issuances	211	9	—	—	—	—	9
Changes in equity of noncontrolling interests	—	—	—	—	—	(7)	(7)
Distribution of Constellation (Note 2)	—	(21)	—	(13,179)	2,023	(396)	(11,573)
Common stock dividends ($0.34/common share)	—	—	—	(332)	—	—	(332)
Other comprehensive income, net of income taxes	—	—	—	—	14	—	14
Balance at March 31, 2022	982,042	$ 20,299	$ (123)	$ 4,028	$ (713)	$ —	$ 23,491
Net income	—	—	—	465	—	—	465
Long-term incentive plan activity	21	10	—	—	—	—	10
Employee stock purchase plan issuances	242	10	—	—	—	—	10
Common stock dividends ($0.34/common share)	—	—	—	(332)	—	—	(332)
Other comprehensive income, net of income taxes	—	—	—	—	12	—	12
Balance at June 30, 2022	982,305	$ 20,319	$ (123)	$ 4,161	$ (701)	$ —	$ 23,656
Net Income	—	—	—	676	—	—	676
Long-term incentive plan activity	—	3	—	—	—	—	3
Employee stock purchase plan issuances	275	10	—	—	—	—	10
Issuance of common stock	12,995	563					563
Common stock dividends ($0.34/common share)	—	—	—	(335)	—	—	(335)
Other comprehensive income, net of income taxes	—	—	—	—	9	—	9
Balance at September 30, 2022	995,575	$ 20,895	$ (123)	$ 4,502	$ (692)	$ —	$ 24,582

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating revenues				
Electric operating revenues	$ 2,124	$ 1,284	$ 5,417	$ 4,359
Revenues from alternative revenue programs	135	88	405	163
Operating revenues from affiliates	9	6	14	14
Total operating revenues	2,268	1,378	5,836	4,536
Operating expenses				
Purchased power	896	121	2,068	982
Purchased power from affiliate	—	—	—	59
Operating and maintenance	293	286	814	809
Operating and maintenance from affiliates	92	69	263	236
Depreciation and amortization	357	333	1,045	982
Taxes other than income taxes	100	104	282	289
Total operating expenses	1,738	913	4,472	3,357
Loss on sale of assets	—	—	—	(2)
Operating income	530	465	1,364	1,177
Other income and (deductions)				
Interest expense, net	(116)	(101)	(347)	(298)
Interest expense to affiliates	(3)	(3)	(10)	(10)
Other, net	16	14	50	40
Total other income and (deductions)	(103)	(90)	(307)	(268)
Income before income taxes	427	375	1,057	909
Income taxes	94	84	235	203
Net income	$ 333	$ 291	$ 822	$ 706
Comprehensive income	$ 333	$ 291	$ 822	$ 706

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Nine Months Ended September 30, 2023	2022
Cash flows from operating activities		
Net income	$ 822	$ 706
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	1,045	982
Deferred income taxes and amortization of investment tax credits	164	192
Other non-cash operating activities	(392)	(89)
Changes in assets and liabilities:		
Accounts receivable	(111)	(351)
Receivables from and payables to affiliates, net	(12)	(54)
Inventories	(64)	(9)
Accounts payable and accrued expenses	(199)	226
Collateral received, net	28	69
Income taxes	50	—
Regulatory assets and liabilities, net	(248)	(499)
Pension and non-pension postretirement benefit contributions	(26)	(179)
Other assets and liabilities	(72)	(152)
Net cash flows provided by operating activities	985	842
Cash flows from investing activities		
Capital expenditures	(1,926)	(1,801)
Other investing activities	8	21
Net cash flows used in investing activities	(1,918)	(1,780)
Cash flows from financing activities		
Changes in short-term borrowings	(150)	233
Proceeds from short-term borrowings with maturities greater than 90 days	400	—
Repayments on short-term borrowings with maturities greater than 90 days	(150)	—
Issuance of long-term debt	975	750
Dividends paid on common stock	(560)	(434)
Contributions from parent	570	503
Other financing activities	(12)	(10)
Net cash flows provided by financing activities	1,073	1,042
Increase in cash, restricted cash, and cash equivalents	140	104
Cash, restricted cash, and cash equivalents at beginning of period	511	384
Cash, restricted cash, and cash equivalents at end of period	$ 651	$ 488
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (27)	$ (30)

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 79	$ 67
Restricted cash and cash equivalents	360	327
Accounts receivable		
Customer accounts receivable	842	558
Customer allowance for credit losses	(76)	(59)
Customer accounts receivable, net	766	499
Other accounts receivable	249	441
Other allowance for credit losses	(20)	(17)
Other accounts receivable, net	229	424
Receivables from affiliates	3	3
Inventories, net	260	196
Regulatory assets	1,439	775
Other	113	92
Total current assets	3,249	2,383
Property, plant, and equipment (net of accumulated depreciation and amortization of $7,061 and $6,673 as of September 30, 2023 and December 31, 2022, respectively)	28,678	27,513
Deferred debits and other assets		
Regulatory assets	2,736	2,667
Goodwill	2,625	2,625
Receivable related to Regulatory Agreement Units	2,716	2,660
Investments	6	6
Prepaid pension asset	1,220	1,206
Other	812	601
Total deferred debits and other assets	10,115	9,765
Total assets	$ 42,042	$ 39,661

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	September 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 677	$ 577
Accounts payable	850	1,010
Accrued expenses	405	415
Payables to affiliates	62	74
Customer deposits	115	108
Regulatory liabilities	189	226
Mark-to-market derivative liabilities	21	5
Other	201	191
Total current liabilities	2,520	2,606
Long-term debt	11,484	10,518
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,269	5,021
Regulatory liabilities	7,190	6,913
Asset retirement obligations	151	148
Non-pension postretirement benefits obligations	172	165
Mark-to-market derivative liabilities	113	79
Other	740	642
Total deferred credits and other liabilities	13,635	12,968
Total liabilities	27,844	26,297
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	10,316	9,746
Retained earnings	2,294	2,030
Total shareholders' equity	14,198	13,364
Total liabilities and shareholders' equity	$ 42,042	$ 39,661

See the Combined Notes to Consolidated Financial Statements

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

	Nine Months Ended September 30, 2023			
(In millions)	Common Stock	Other Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2022	$ 1,588	$ 9,746	$ 2,030	$ 13,364
Net income	—	—	241	241
Common stock dividends	—	—	(187)	(187)
Contributions from parent	—	186	—	186
Balance at March 31, 2023	$ 1,588	$ 9,932	$ 2,084	$ 13,604
Net income	—	—	249	249
Common stock dividends	—	—	(187)	(187)
Contributions from parent	—	186	—	186
Balance at June 30, 2023	$ 1,588	$ 10,118	$ 2,146	$ 13,852
Net income	—	—	333	333
Common stock dividends	—	—	(185)	(185)
Contributions from parent	—	198	—	198
Balance at September 30, 2023	$ 1,588	$ 10,316	$ 2,294	$ 14,198

	Nine Months Ended September 30, 2022			
(In millions)	Common Stock	Other Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2021	$ 1,588	$ 9,076	$ 1,691	$ 12,355
Net income	—	—	188	188
Common stock dividends	—	—	(144)	(144)
Contributions from parent	—	167	—	167
Balance at March 31, 2022	$ 1,588	$ 9,243	$ 1,735	$ 12,566
Net income	—	—	227	227
Common stock dividends	—	—	(145)	(145)
Contributions from parent	—	168	—	168
Balance at June 30, 2022	$ 1,588	$ 9,411	$ 1,817	$ 12,816
Net income	—	—	291	291
Common stock dividends	—	—	(145)	(145)
Contributions from parent	—	168	—	168
Balance at September 30, 2022	$ 1,588	$ 9,579	$ 1,963	$ 13,130

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating revenues				
Electric operating revenues	$ 957	$ 943	$ 2,478	$ 2,384
Natural gas operating revenues	67	73	492	487
Revenues from alternative revenue programs	11	(5)	1	1
Operating revenues from affiliates	2	3	6	5
Total operating revenues	1,037	1,014	2,977	2,877
Operating expenses				
Purchased power	396	377	994	850
Purchased fuel	15	26	203	210
Purchased power from affiliate	—	—	—	33
Operating and maintenance	217	197	622	561
Operating and maintenance from affiliates	60	46	164	144
Depreciation and amortization	100	92	297	277
Taxes other than income taxes	59	60	156	155
Total operating expenses	847	798	2,436	2,230
Operating income	190	216	541	647
Other income and (deductions)				
Interest expense, net	(51)	(42)	(142)	(120)
Interest expense to affiliates	(1)	(3)	(7)	(9)
Other, net	11	8	26	23
Total other income and (deductions)	(41)	(37)	(123)	(106)
Income before income taxes	149	179	418	541
Income taxes	3	44	8	67
Net income	$ 146	$ 135	$ 410	$ 474
Comprehensive income	$ 146	$ 135	$ 410	$ 474

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Nine Months Ended September 30, 2023	2022
Cash flows from operating activities		
Net income	$ 410	$ 474
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	297	277
Deferred income taxes and amortization of investment tax credits	(44)	49
Other non-cash operating activities	2	14
Changes in assets and liabilities:		
Accounts receivable	135	(49)
Receivables from and payables to affiliates, net	(2)	(34)
Inventories	35	(59)
Accounts payable and accrued expenses	(132)	25
Income taxes	76	30
Regulatory assets and liabilities, net	1	(27)
Pension and non-pension postretirement benefit contributions	(1)	(13)
Other assets and liabilities	—	(31)
Net cash flows provided by operating activities	777	656
Cash flows from investing activities		
Capital expenditures	(1,068)	(991)
Changes in Exelon intercompany money pool	(51)	—
Other investing activities	1	8
Net cash flows used in investing activities	(1,118)	(983)
Cash flows from financing activities		
Changes in short-term borrowings	(239)	—
Issuance of long-term debt	575	775
Retirement of long-term debt	(50)	(350)
Dividends paid on common stock	(303)	(299)
Contributions from parent	348	274
Other financing activities	(6)	(14)
Net cash flows provided by financing activities	325	386
(Decrease) increase in cash, restricted cash, and cash equivalents	(16)	59
Cash, restricted cash, and cash equivalents at beginning of period	68	44
Cash, restricted cash, and cash equivalents at end of period	$ 52	$ 103
Supplemental cash flow information		
(Decrease) increase in capital expenditures not paid	$ (22)	$ 7

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 43	$ 59
Restricted cash and cash equivalents	9	9
Accounts receivable		
Customer accounts receivable	467	635
Customer allowance for credit losses	(95)	(105)
Customer accounts receivable, net	372	530
Other accounts receivable	136	153
Other allowance for credit losses	(8)	(9)
Other accounts receivable, net	128	144
Receivables from affiliates	1	4
Receivable from Exelon intercompany money pool	51	—
Inventories, net		
Fossil fuel	56	99
Materials and supplies	60	52
Prepaid utility taxes	17	—
Regulatory assets	120	80
Other	52	38
Total current assets	909	1,015
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,056 and $4,078 as of September 30, 2023 and December 31, 2022, respectively)	12,895	12,125
Deferred debits and other assets		
Regulatory assets	762	652
Receivable related to Regulatory Agreement Units	206	237
Investments	34	30
Prepaid pension asset	425	413
Other	28	30
Total deferred debits and other assets	1,455	1,362
Total assets	$ 15,259	$ 14,502

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	September 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 239
Long-term debt due within one year	—	50
Accounts payable	543	668
Accrued expenses	183	142
Payables to affiliates	37	42
Customer deposits	77	63
Regulatory liabilities	112	75
Other	49	32
Total current liabilities	1,001	1,311
Long-term debt	5,133	4,562
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,286	2,213
Regulatory liabilities	239	270
Asset retirement obligations	27	28
Non-pension postretirement benefits obligations	287	286
Other	85	85
Total deferred credits and other liabilities	2,924	2,882
Total liabilities	9,242	8,939
Commitments and contingencies		
Shareholder’s equity		
Common stock	4,050	3,702
Retained earnings	1,967	1,861
Total shareholder’s equity	6,017	5,563
Total liabilities and shareholder's equity	$ 15,259	$ 14,502

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Nine Months Ended September 30, 2023		
	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 3,702	$ 1,861	$ 5,563
Net income	—	166	166
Common stock dividends	—	(101)	(101)
Contributions from parent	330	—	330
Balance at March 31, 2023	$ 4,032	$ 1,926	$ 5,958
Net income	—	97	97
Common stock dividends	—	(101)	(101)
Balance at June 30, 2023	$ 4,032	$ 1,922	$ 5,954
Net income	—	146	146
Common stock dividends	—	(101)	(101)
Contributions from parent	18	—	18
Balance at September 30, 2023	$ 4,050	$ 1,967	$ 6,017

(In millions)	Nine Months Ended September 30, 2022		
	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2021	$ 3,428	$ 1,684	$ 5,112
Net income	—	206	206
Common stock dividends	—	(100)	(100)
Contributions from parent	227	—	227
Balance at March 31, 2022	$ 3,655	$ 1,790	$ 5,445
Net income	—	133	133
Common stock dividends	—	(100)	(100)
Balance at June 30, 2022	$ 3,655	$ 1,823	$ 5,478
Net income	—	135	135
Common stock dividends	—	(99)	(99)
Contributions from parent	47	—	47
Balance at September 30, 2022	$ 3,702	$ 1,859	$ 5,561

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating revenues				
Electric operating revenues	$ 856	$ 761	$ 2,306	$ 2,138
Natural gas operating revenues	96	114	627	699
Revenues from alternative revenue programs	(22)	(8)	47	(40)
Operating revenues from affiliates	2	3	6	13
Total operating revenues	932	870	2,986	2,810
Operating expenses				
Purchased power	371	320	975	846
Purchased fuel	9	30	170	229
Purchased power from affiliate	—	—	—	18
Operating and maintenance	156	185	467	506
Operating and maintenance from affiliates	58	50	165	152
Depreciation and amortization	161	148	487	470
Taxes other than income taxes	80	77	239	225
Total operating expenses	835	810	2,503	2,446
Operating income	97	60	483	364
Other income and (deductions)				
Interest expense, net	(47)	(39)	(135)	(110)
Other, net	6	5	14	16
Total other income and (deductions)	(41)	(34)	(121)	(94)
Income before income taxes	56	26	362	270
Income taxes	11	(7)	76	3
Net income	$ 45	$ 33	$ 286	$ 267
Comprehensive income	$ 45	$ 33	$ 286	$ 267

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2023	2022
Cash flows from operating activities		
Net income	$ 286	$ 267
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	487	470
Asset impairments	—	46
Deferred income taxes and amortization of investment tax credits	41	1
Other non-cash operating activities	—	101
Changes in assets and liabilities:		
Accounts receivable	194	18
Receivables from and payables to affiliates, net	(7)	(9)
Inventories	45	(74)
Accounts payable and accrued expenses	(38)	15
Collateral (paid) received, net	(22)	125
Income taxes	19	(20)
Regulatory assets and liabilities, net	(151)	(113)
Pension and non-pension postretirement benefit contributions	(15)	(64)
Other assets and liabilities	46	14
Net cash flows provided by operating activities	885	777
Cash flows from investing activities		
Capital expenditures	(986)	(918)
Other investing activities	6	7
Net cash flows used in investing activities	(980)	(911)
Cash flows from financing activities		
Changes in short-term borrowings	(349)	26
Issuance of long-term debt	700	500
Retirement of long-term debt	(300)	(250)
Dividends paid on common stock	(237)	(225)
Contributions from parent	237	186
Other financing activities	(7)	(8)
Net cash flows provided by financing activities	44	229
(Decrease) increase in cash, restricted cash, and cash equivalents	(51)	95
Cash, restricted cash, and cash equivalents at beginning of period	67	55
Cash, restricted cash, and cash equivalents at end of period	$ 16	$ 150
Supplemental cash flow information		
(Decrease) increase in capital expenditures not paid	$ (17)	$ 12

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 15	$ 43
Restricted cash and cash equivalents	1	24
Accounts receivable		
Customer accounts receivable	438	617
Customer allowance for credit losses	(52)	(54)
Customer accounts receivable, net	386	563
Other accounts receivable	110	132
Other allowance for credit losses	(9)	(10)
Other accounts receivable, net	101	122
Inventories, net		
Fossil fuel	41	91
Materials and supplies	70	65
Prepaid utility taxes	1	52
Regulatory assets	227	177
Other	19	13
Total current assets	861	1,150
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,679 and $4,583 as of September 30, 2023 and December 31, 2022, respectively)	11,893	11,338
Deferred debits and other assets		
Regulatory assets	591	527
Investments	9	7
Prepaid pension asset	259	291
Other	36	37
Total deferred debits and other assets	895	862
Total assets	$ 13,649	$ 13,350

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 59	$ 408
Long-term debt due within one year	—	300
Accounts payable	364	462
Accrued expenses	224	159
Payables to affiliates	33	39
Customer deposits	111	105
Regulatory liabilities	36	47
Other	34	55
Total current liabilities	861	1,575
Long-term debt	4,601	3,907
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,905	1,832
Regulatory liabilities	787	816
Asset retirement obligations	32	30
Non-pension postretirement benefits obligations	160	166
Other	81	88
Total deferred credits and other liabilities	2,965	2,932
Total liabilities	8,427	8,414
Commitments and contingencies		
Shareholder's equity		
Common stock	3,098	2,861
Retained earnings	2,124	2,075
Total shareholder's equity	5,222	4,936
Total liabilities and shareholder's equity	$ 13,649	$ 13,350

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Nine Months Ended September 30, 2023		
	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 2,861	$ 2,075	$ 4,936
Net income	—	200	200
Common stock dividends	—	(80)	(80)
Contributions from parent	237	—	237
Balance at March 31, 2023	$ 3,098	$ 2,195	$ 5,293
Net income	—	42	42
Common stock dividends	—	(79)	(79)
Balance at June 30, 2023	$ 3,098	$ 2,158	$ 5,256
Net income	—	45	45
Common stock dividends	—	(79)	(79)
Balance at September 30, 2023	$ 3,098	$ 2,124	$ 5,222

(In millions)	Nine Months Ended September 30, 2022		
	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2021	$ 2,575	$ 1,995	$ 4,570
Net income	—	198	198
Common stock dividends	—	(76)	(76)
Balance at March 31, 2022	$ 2,575	$ 2,117	$ 4,692
Net income	—	37	37
Common stock dividends	—	(75)	(75)
Contributions from parent	186	—	186
Balance at June 30, 2022	$ 2,761	$ 2,079	$ 4,840
Net income	—	33	33
Common stock dividends	—	(75)	(75)
Balance at September 30, 2022	$ 2,761	$ 2,037	$ 4,798

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating revenues				
Electric operating revenues	$ 1,762	$ 1,568	$ 4,399	$ 4,090
Natural gas operating revenues	24	38	150	157
Revenues from alternative revenue programs	(15)	(11)	59	(33)
Operating revenues from affiliates	2	3	7	9
Total operating revenues	1,773	1,598	4,615	4,223
Operating expenses				
Purchased power	701	586	1,729	1,474
Purchased fuel	9	24	76	85
Purchased power from affiliate	—	—	—	50
Operating and maintenance	288	237	815	729
Operating and maintenance from affiliates	51	40	137	138
Depreciation and amortization	257	238	741	697
Taxes other than income taxes	134	129	366	362
Total operating expenses	1,440	1,254	3,864	3,535
Operating income	333	344	751	688
Other income and (deductions)				
Interest expense, net	(80)	(72)	(238)	(216)
Other, net	28	19	80	56
Total other income and (deductions)	(52)	(53)	(158)	(160)
Income before income taxes	281	291	593	528
Income taxes	49	2	103	10
Net income	$ 232	$ 289	$ 490	$ 518
Comprehensive income	$ 232	$ 289	$ 490	$ 518

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2023	2022
Cash flows from operating activities		
Net income	$ 490	$ 518
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	741	697
Deferred income taxes and amortization of investment tax credits	44	(2)
Other non-cash operating activities	80	112
Changes in assets and liabilities:		
Accounts receivable	(160)	(143)
Receivables from and payables to affiliates, net	(8)	(49)
Inventories	(22)	(35)
Accounts payable and accrued expenses	23	(15)
Collateral (paid) received, net	(191)	230
Income taxes	37	(3)
Regulatory assets and liabilities, net	(2)	(82)
Pension and non-pension postretirement benefit contributions	(15)	(75)
Other assets and liabilities	(98)	(71)
Net cash flows provided by operating activities	919	1,082
Cash flows from investing activities		
Capital expenditures	(1,510)	(1,174)
Other investing activities	8	5
Net cash flows used in investing activities	(1,502)	(1,169)
Cash flows from financing activities		
Changes in short-term borrowings	(241)	(468)
Issuance of long-term debt	550	925
Retirement of long-term debt	—	(310)
Changes in Exelon intercompany money pool	18	36
Distributions to member	(410)	(625)
Contributions from member	475	787
Other financing activities	(36)	(18)
Net cash flows provided by financing activities	356	327
(Decrease) increase in cash, restricted cash, and cash equivalents	(227)	240
Cash, restricted cash, and cash equivalents at beginning of period	373	213
Cash, restricted cash, and cash equivalents at end of period	$ 146	$ 453
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (96)	$ (8)

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 121	$ 198
Restricted cash and cash equivalents	25	175
Accounts receivable		
Customer accounts receivable	828	734
Customer allowance for credit losses	(118)	(109)
Customer accounts receivable, net	710	625
Other accounts receivable	331	300
Other allowance for credit losses	(51)	(46)
Other accounts receivable, net	280	254
Receivables from affiliates	3	2
Inventories, net		
Fossil fuel	9	18
Materials and supplies	267	236
Regulatory assets	366	455
Other	77	96
Total current assets	1,858	2,059
Property, plant, and equipment (net of accumulated depreciation and amortization of $3,044 and $2,618 as of September 30, 2023 and December 31, 2022, respectively)	18,577	17,686
Deferred debits and other assets		
Regulatory assets	1,568	1,610
Goodwill	4,005	4,005
Investments	143	138
Prepaid pension asset	289	353
Other	216	231
Total deferred debits and other assets	6,221	6,337
Total assets	$ 26,656	$ 26,082

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 173	$ 414
Long-term debt due within one year	1,146	591
Accounts payable	664	771
Accrued expenses	324	260
Payables to affiliates	59	66
Borrowings from Exelon intercompany money pool	61	44
Customer deposits	98	88
Regulatory liabilities	87	76
Unamortized energy contract liabilities	8	10
PPA termination obligation	61	87
Other	129	330
Total current liabilities	2,810	2,737
Long-term debt	7,491	7,529
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,023	2,895
Regulatory liabilities	924	1,011
Asset retirement obligations	54	59
Non-pension postretirement benefit obligations	45	50
Unamortized energy contract liabilities	29	35
Other	495	536
Total deferred credits and other liabilities	4,570	4,586
Total liabilities	14,871	14,852
Commitments and contingencies		
Member's equity		
Membership interest	12,057	11,582
Undistributed losses	(272)	(352)
Total member's equity	11,785	11,230
Total liabilities and member's equity	$ 26,656	$ 26,082

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2023		
(In millions)	Membership Interest	Undistributed (Losses)/Gains	Total Member's Equity
Balance at December 31, 2022	$ 11,582	$ (352)	$ 11,230
Net income	—	155	155
Distributions to member	—	(112)	(112)
Contributions from member	405	—	405
Balance at March 31, 2023	$ 11,987	$ (309)	$ 11,678
Net income	—	103	103
Distributions to member	—	(100)	(100)
Balance at June 30, 2023	$ 11,987	$ (306)	$ 11,681
Net income	—	232	232
Distributions to member	—	(198)	(198)
Contributions from member	70	—	70
Balance at September 30, 2023	$ 12,057	$ (272)	$ 11,785

	Nine Months Ended September 30, 2022		
(In millions)	Membership Interest	Undistributed (Losses)/Gains	Total Member's Equity
Balance at December 31, 2021	$ 10,795	$ (210)	$ 10,585
Net income	—	130	130
Distributions to member	—	(102)	(102)
Contributions from member	704	—	704
Balance at March 31, 2022	$ 11,499	$ (182)	$ 11,317
Net income	—	100	100
Distributions to member	—	(293)	(293)
Balance at June 30, 2022	$ 11,499	$ (375)	$ 11,124
Net income	—	289	289
Distributions to member	—	(230)	(230)
Contributions from member	83	—	83
Balance at September 30, 2022	$ 11,582	$ (316)	$ 11,266

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating revenues				
Electric operating revenues	$ 839	$ 730	$ 2,141	$ 1,930
Revenues from alternative revenue programs	(18)	(8)	28	(15)
Operating revenues from affiliates	1	2	5	4
Total operating revenues	822	724	2,174	1,919
Operating expenses				
Purchased power	288	230	750	566
Purchased power from affiliate	—	—	—	39
Operating and maintenance	89	69	264	214
Operating and maintenance from affiliates	60	52	176	166
Depreciation and amortization	112	99	329	312
Taxes other than income taxes	109	105	291	291
Total operating expenses	658	555	1,810	1,588
Operating income	164	169	364	331
Other income and (deductions)				
Interest expense, net	(41)	(37)	(122)	(111)
Other, net	18	14	50	39
Total other income and (deductions)	(23)	(23)	(72)	(72)
Income before income taxes	141	146	292	259
Income taxes	21	1	43	(2)
Net income	$ 120	$ 145	$ 249	$ 261
Comprehensive income	$ 120	$ 145	$ 249	$ 261

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2023	2022
Cash flows from operating activities		
Net income	$ 249	$ 261
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	329	312
Deferred income taxes and amortization of investment tax credits	22	(5)
Other non-cash operating activities	38	20
Changes in assets and liabilities:		
Accounts receivable	(84)	(87)
Receivables from and payables to affiliates, net	(2)	(31)
Inventories	(12)	(19)
Accounts payable and accrued expenses	33	11
Collateral (paid) received, net	(26)	46
Income taxes	15	(25)
Regulatory assets and liabilities, net	(7)	(44)
Pension and non-pension postretirement benefit contributions	(9)	(9)
Other assets and liabilities	(13)	(29)
Net cash flows provided by operating activities	533	401
Cash flows from investing activities		
Capital expenditures	(710)	(595)
Changes in PHI intercompany money pool	(7)	—
Other investing activities	8	2
Net cash flows used in investing activities	(709)	(593)
Cash flows from financing activities		
Changes in short-term borrowings	(299)	(175)
Issuance of long-term debt	350	625
Retirement of long-term debt	—	(310)
Changes in PHI intercompany money pool	—	25
Dividends paid on common stock	(200)	(400)
Contributions from parent	308	465
Other financing activities	(26)	(8)
Net cash flows provided by financing activities	133	222
(Decrease) increase in cash, restricted cash, and cash equivalents	(43)	30
Cash, restricted cash, and cash equivalents at beginning of period	99	68
Cash, restricted cash, and cash equivalents at end of period	$ 56	$ 98
Supplemental cash flow information		
(Decrease) increase in capital expenditures not paid	$ (39)	$ 2

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 31	$ 45
Restricted cash and cash equivalents	25	54
Accounts receivable		
Customer accounts receivable	414	351
Customer allowance for credit losses	(56)	(47)
Customer accounts receivable, net	358	304
Other accounts receivable	189	180
Other allowance for credit losses	(29)	(25)
Other accounts receivable, net	160	155
Receivable from PHI intercompany money pool	7	—
Inventories, net	147	135
Regulatory assets	187	235
Other	16	53
Total current assets	931	981
Property, plant, and equipment (net of accumulated depreciation and amortization of $4,231 and $4,067 as of September 30, 2023 and December 31, 2022, respectively)	9,274	8,794
Deferred debits and other assets		
Regulatory assets	422	437
Investments	124	119
Prepaid pension asset	252	273
Other	58	53
Total deferred debits and other assets	856	882
Total assets	$ 11,061	$ 10,657

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 299
Long-term debt due within one year	405	4
Accounts payable	346	382
Accrued expenses	163	125
Payables to affiliates	32	34
Customer deposits	45	39
Regulatory liabilities	24	6
Merger related obligation	26	26
Other	49	93
Total current liabilities	1,090	1,008
Long-term debt	3,690	3,747
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,456	1,382
Regulatory liabilities	394	455
Asset retirement obligations	36	39
Other	256	244
Total deferred credits and other liabilities	2,142	2,120
Total liabilities	6,922	6,875
Commitments and contingencies		
Shareholder's equity		
Common stock	3,075	2,767
Retained earnings	1,064	1,015
Total shareholder's equity	4,139	3,782
Total liabilities and shareholder's equity	$ 11,061	$ 10,657

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 2,767	$ 1,015	$ 3,782
Net income	—	65	65
Common stock dividends	—	(48)	(48)
Contributions from parent	243	—	243
Balance at March 31, 2023	$ 3,010	$ 1,032	$ 4,042
Net income	—	64	64
Common stock dividends	—	(67)	(67)
Balance at June 30, 2023	$ 3,010	$ 1,029	$ 4,039
Net income	—	120	120
Common stock dividends	—	(85)	(85)
Contributions from parent	65	—	65
Balance at September 30, 2023	$ 3,075	$ 1,064	$ 4,139

	Nine Months Ended September 30, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2021	$ 2,302	$ 1,173	$ 3,475
Net income	—	46	46
Common stock dividends	—	(42)	(42)
Contributions from parent	387	—	387
Balance at March 31, 2022	$ 2,689	$ 1,177	$ 3,866
Net income	—	70	70
Common stock dividends	—	(258)	(258)
Balance at June 30, 2022	$ 2,689	$ 989	$ 3,678
Net income	—	145	145
Common stock dividends	—	(100)	(100)
Contributions from parent	78	—	78
Balance at September 30, 2022	$ 2,767	$ 1,034	$ 3,801

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating revenues				
Electric operating revenues	$ 426	$ 373	$ 1,108	$ 1,017
Natural gas operating revenues	24	38	150	157
Revenues from alternative revenue programs	(2)	—	10	(3)
Operating revenues from affiliates	2	1	5	5
Total operating revenues	450	412	1,273	1,176
Operating expenses				
Purchased power	192	159	486	412
Purchased fuel	9	24	76	85
Purchased power from affiliate	—	—	—	10
Operating and maintenance	60	45	150	142
Operating and maintenance from affiliates	44	39	128	124
Depreciation and amortization	62	59	182	172
Taxes other than income taxes	19	19	57	54
Total operating expenses	386	345	1,079	999
Operating income	64	67	194	177
Other income and (deductions)				
Interest expense, net	(18)	(16)	(53)	(48)
Other, net	5	3	12	9
Total other income and (deductions)	(13)	(13)	(41)	(39)
Income before income taxes	51	54	153	138
Income taxes	8	2	25	8
Net income	$ 43	$ 52	$ 128	$ 130
Comprehensive income	$ 43	$ 52	$ 128	$ 130

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2023	2022
Cash flows from operating activities		
Net income	$ 128	$ 130
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	182	172
Deferred income taxes and amortization of investment tax credits	4	9
Other non-cash operating activities	11	22
Changes in assets and liabilities:		
Accounts receivable	9	(3)
Receivables from and payables to affiliates, net	3	(8)
Inventories	2	(11)
Accounts payable and accrued expenses	(1)	—
Collateral (paid) received, net	(120)	114
Income taxes	15	4
Regulatory assets and liabilities, net	33	(23)
Pension and non-pension postretirement benefit contributions	—	(1)
Other assets and liabilities	8	23
Net cash flows provided by operating activities	274	428
Cash flows from investing activities		
Capital expenditures	(416)	(294)
Changes in PHI intercompany money pool	(10)	(25)
Other investing activities	—	2
Net cash flows used in investing activities	(426)	(317)
Cash flows from financing activities		
Changes in short-term borrowings	(115)	(149)
Issuance of long-term debt	125	125
Dividends paid on common stock	(97)	(95)
Contributions from parent	99	147
Other financing activities	(6)	(4)
Net cash flows provided by financing activities	6	24
(Decrease) increase in cash, restricted cash, and cash equivalents	(146)	135
Cash, restricted cash, and cash equivalents at beginning of period	152	71
Cash, restricted cash, and cash equivalents at end of period	$ 6	$ 206
Supplemental cash flow information		
Increase in capital expenditures not paid	$ —	$ 2

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 5	$ 31
Restricted cash and cash equivalents	1	121
Accounts receivable		
Customer accounts receivable	179	204
Customer allowance for credit losses	(23)	(21)
Customer accounts receivable, net	156	183
Other accounts receivable	59	52
Other allowance for credit losses	(9)	(7)
Other accounts receivable, net	50	45
Receivable from PHI intercompany pool	10	—
Inventories, net		
Fossil fuel	9	18
Materials and supplies	65	58
Prepaid utility taxes	30	23
Regulatory assets	55	80
Other	9	14
Total current assets	390	573
Property, plant, and equipment (net of accumulated depreciation and amortization of $1,893 and $1,772 as of September 30, 2023 and December 31, 2022, respectively)	5,079	4,820
Deferred debits and other assets		
Regulatory assets	210	202
Prepaid pension asset	140	153
Other	51	54
Total deferred debits and other assets	401	409
Total assets	$ 5,870	$ 5,802

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 115
Long-term debt due within one year	584	584
Accounts payable	161	172
Accrued expenses	63	41
Payables to affiliates	25	22
Customer deposits	31	29
Regulatory liabilities	55	44
Other	21	136
Total current liabilities	940	1,143
Long-term debt	1,476	1,354
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	896	869
Regulatory liabilities	368	380
Asset retirement obligations	12	13
Non-pension postretirement benefits obligations	9	9
Other	89	84
Total deferred credits and other liabilities	1,374	1,355
Total liabilities	3,790	3,852
Commitments and contingencies		
Shareholder's equity		
Common stock	1,455	1,356
Retained earnings	625	594
Total shareholder's equity	2,080	1,950
Total liabilities and shareholder's equity	$ 5,870	$ 5,802

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2023		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 1,356	$ 594	$ 1,950
Net income	—	60	60
Common stock dividends	—	(42)	(42)
Contributions from parent	99	—	99
Balance at March 31, 2023	$ 1,455	$ 612	$ 2,067
Net income	—	25	25
Common stock dividends	—	(18)	(18)
Balance at June 30, 2023	$ 1,455	$ 619	$ 2,074
Net income	—	43	43
Common stock dividends	—	(37)	(37)
Balance at September 30, 2023	$ 1,455	$ 625	$ 2,080

	Nine Months Ended September 30, 2022		
(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at December 31, 2021	$ 1,209	$ 568	$ 1,777
Net income	—	56	56
Common stock dividends	—	(41)	(41)
Contributions from parent	144	—	144
Balance at March 31, 2022	$ 1,353	$ 583	$ 1,936
Net income	—	21	21
Common stock dividends	—	(15)	(15)
Balance at June 30, 2022	$ 1,353	$ 589	$ 1,942
Net income	—	52	52
Common stock dividends	—	(39)	(39)
Contributions from parent	3	—	3
Balance, September 30, 2022	$ 1,356	$ 602	$ 1,958

See the Combined Notes to Consolidated Financial Statements

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

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating revenues				
Electric operating revenues	$ 497	$ 465	$ 1,150	$ 1,132
Revenues from alternative revenue programs	5	(3)	21	(14)
Operating revenues from affiliates	—	—	1	2
Total operating revenues	502	462	1,172	1,120
Operating expenses				
Purchased power	221	197	493	495
Purchased power from affiliate	—	—	—	2
Operating and maintenance	56	47	147	145
Operating and maintenance from affiliates	38	33	112	106
Depreciation and amortization	77	74	212	192
Taxes other than income taxes	2	2	7	7
Total operating expenses	394	353	971	947
Operating income	108	109	201	173
Other income and (deductions)				
Interest expense, net	(19)	(17)	(52)	(49)
Other, net	5	3	13	9
Total other income and (deductions)	(14)	(14)	(39)	(40)
Income before income taxes	94	95	162	133
Income taxes	23	1	40	2
Net income	$ 71	$ 94	$ 122	$ 131
Comprehensive income	$ 71	$ 94	$ 122	$ 131

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2023	2022
Cash flows from operating activities		
Net income	$ 122	$ 131
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	212	192
Deferred income taxes and amortization of investment tax credits	24	2
Other non-cash operating activities	(2)	36
Changes in assets and liabilities:		
Accounts receivable	(85)	(53)
Receivables from and payables to affiliates, net	(6)	(10)
Inventories	(11)	(6)
Accounts payable and accrued expenses	(4)	(10)
Collateral (paid) received, net	(45)	70
Income taxes	6	7
Regulatory assets and liabilities, net	(28)	(6)
Pension and non-pension postretirement benefit contributions	(1)	(7)
Other assets and liabilities	(80)	(54)
Net cash flows provided by operating activities	102	292
Cash flows from investing activities		
Capital expenditures	(376)	(284)
Other investing activities	—	1
Net cash flows used in investing activities	(376)	(283)
Cash flows from financing activities		
Changes in short-term borrowings	173	(144)
Issuance of long-term debt	75	175
Changes in PHI intercompany money pool	17	—
Dividends paid on common stock	(111)	(128)
Contributions from parent	65	175
Other financing activities	(3)	(4)
Net cash flows provided by financing activities	216	74
(Decrease) increase in cash and cash equivalents	(58)	83
Cash and cash equivalents at beginning of period	72	29
Cash and cash equivalents at end of period	$ 14	$ 112
Supplemental cash flow information		
Decrease in capital expenditures not paid	$ (56)	$ (12)

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 14	$ 72
Accounts receivable		
Customer accounts receivable	235	179
Customer allowance for credit losses	(39)	(41)
Customer accounts receivable, net	196	138
Other accounts receivable	84	70
Other allowance for credit losses	(13)	(14)
Other accounts receivable, net	71	56
Receivables from affiliates	3	1
Inventories, net	54	43
Prepaid utility taxes	15	—
Regulatory assets	113	130
Other	5	3
Total current assets	471	443
Property, plant, and equipment (net of accumulated depreciation and amortization of $1,651 and $1,551 as of September 30, 2023 and December 31, 2022, respectively)	4,155	3,990
Deferred debits and other assets		
Regulatory assets	490	494
Prepaid pension asset	7	18
Other	32	34
Total deferred debits and other assets	529	546
Total assets	$ 5,155	$ 4,979

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 173	$ —
Long-term debt due within one year	153	3
Accounts payable	149	206
Accrued expenses	51	47
Payables to affiliates	22	26
Borrowings from PHI intercompany money pool	17	—
Customer deposits	23	21
Regulatory liabilities	9	26
PPA termination obligation	61	87
Other	15	58
Total current liabilities	673	474
Long-term debt	1,680	1,754
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	766	734
Regulatory liabilities	144	156
Non-pension postretirement benefit obligations	6	8
Other	57	100
Total deferred credits and other liabilities	973	998
Total liabilities	3,326	3,226
Commitments and contingencies		
Shareholder's equity		
Common stock	1,830	1,765
Retained deficit	(1)	(12)
Total shareholder's equity	1,829	1,753
Total liabilities and shareholder's equity	$ 5,155	$ 4,979

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

	Nine Months Ended September 30, 2023		
(In millions)	Common Stock	Retained (Deficit) Earnings	Total Shareholder's Equity
Balance at December 31, 2022	$ 1,765	$ (12)	$ 1,753
Net income	—	33	33
Common stock dividends	—	(21)	(21)
Contributions from parent	63	—	63
Balance at March 31, 2023	$ 1,828	$ —	$ 1,828
Net income	—	18	18
Common stock dividends	—	(15)	(15)
Balance at June 30, 2023	$ 1,828	$ 3	$ 1,831
Net income	—	71	71
Common stock dividends	—	(75)	(75)
Contributions from parent	2	—	2
Balance at September 30, 2023	$ 1,830	$ (1)	$ 1,829

	Nine Months Ended September 30, 2022		
(In millions)	Common Stock	Retained Deficit	Total Shareholder's Equity
Balance at December 31, 2021	$ 1,590	$ (15)	$ 1,575
Net income	—	26	26
Common stock dividends	—	(19)	(19)
Contributions from parent	173	—	173
Balance at March 31, 2022	$ 1,763	$ (8)	$ 1,755
Net income	—	11	11
Common stock dividends	—	(19)	(19)
Balance at June 30, 2022	$ 1,763	$ (16)	$ 1,747
Net income	—	94	94
Common stock dividends	—	(90)	(90)
Contributions from parent	2	—	2
Balance, September 30, 2022	$ 1,765	$ (12)	$ 1,753

See the Combined Notes to Consolidated Financial Statements

1. Significant Accounting Policies (All Registrants)

Description of Business

Exelon is a utility services holding company engaged in the energy transmission and distribution businesses through ComEd, PECO, BGE, Pepco, DPL, and ACE.

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation. The separation was completed on February 1, 2022, creating two publicly traded companies, Exelon and Constellation. See Note 2 — Discontinued Operations for additional information.

Name of Registrant	Business	Service Territories
Commonwealth Edison Company	Purchase and regulated retail sale of electricity	Northern Illinois, including the City of Chicago
	Transmission and distribution of electricity to retail customers	
PECO Energy Company	Purchase and regulated retail sale of electricity and natural gas	Southeastern Pennsylvania, including the City of Philadelphia (electricity)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	Pennsylvania counties surrounding the City of Philadelphia (natural gas)
Baltimore Gas and Electric Company	Purchase and regulated retail sale of electricity and natural gas	Central Maryland, including the City of Baltimore (electricity and natural gas)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	
Pepco Holdings LLC	Utility services holding company engaged, through its reportable segments Pepco, DPL, and ACE	Service Territories of Pepco, DPL, and ACE
Potomac Electric Power Company	Purchase and regulated retail sale of electricity	District of Columbia, and major portions of Montgomery and Prince George's Counties, Maryland
	Transmission and distribution of electricity to retail customers	
Delmarva Power & Light Company	Purchase and regulated retail sale of electricity and natural gas	Portions of Delaware and Maryland (electricity)
	Transmission and distribution of electricity and distribution of natural gas to retail customers	Portions of New Castle County, Delaware (natural gas)
Atlantic City Electric Company	Purchase and regulated retail sale of electricity	Portions of Southern New Jersey
	Transmission and distribution of electricity to retail customers	

Basis of Presentation

This is a combined quarterly report of all Registrants. The Notes to the Consolidated Financial Statements apply to the Registrants as indicated parenthetically next to each corresponding disclosure. When appropriate, the Registrants are named specifically for their related activities and disclosures. Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated, except for the historical transactions between the Utility Registrants and Generation for the purposes of presenting discontinued operations in all periods presented in the Consolidated Statements of Operations and Comprehensive Income.

Through its business services subsidiary, BSC, Exelon provides its subsidiaries with a variety of support services at cost, including legal, human resources, financial, information technology, and supply management services. PHI also has a business services subsidiary, PHISCO, which provides a variety of support services at cost, including legal, finance, engineering, customer operations, distribution and transmission planning, asset management, system operations, and power procurement, to PHI operating companies. The costs of BSC and PHISCO are directly charged or allocated to the applicable subsidiaries. The results of Exelon's corporate operations are presented as "Other" in the consolidated financial statements and include intercompany eliminations unless otherwise disclosed.

The accompanying consolidated financial statements as of September 30, 2023 and for the three and nine months ended September 30, 2023 and 2022 are unaudited but, in the opinion of each Registrant's management, the Registrants include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2022 Consolidated Balance Sheets were derived from audited financial statements. The interim financial statements are to be read in conjunction with prior annual financial statements and notes. Additionally, financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2023. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

The separation of Constellation, including Generation and its subsidiaries, met the criteria for discontinued operations and as such, results of operations are presented as discontinued operations and have been excluded from continuing operations for all periods presented. Accounting rules require that certain BSC costs previously allocated to Generation be presented as part of Exelon's continuing operations as these costs do not qualify as expenses of the discontinued operations. Comprehensive income, shareholders' equity, and cash flows related to Constellation have not been segregated and are included in the Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Changes in Shareholders' Equity, and Consolidated Statements of Cash Flows, respectively, for the nine months ended September 30, 2022. See Note 2 — Discontinued Operations for additional information.

2. Discontinued Operations (Exelon)

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation, creating two publicly traded companies ("the separation"). Exelon completed the separation on February 1, 2022. Constellation was newly formed and incorporated in Pennsylvania on June 15, 2021 for the purposes of separation and holds Generation (including Generation's subsidiaries). Pursuant to the separation, Exelon contributed its equity ownership interest in Generation to Constellation. Exelon no longer retains any equity ownership interest in Generation or Constellation. See Note 2 — Discontinued Operations of the 2022 Form 10-K for additional information.

Continuing Involvement

In order to govern the ongoing relationships between Exelon and Constellation after the separation, and to facilitate an orderly transition, Exelon and Constellation have entered into several agreements, including the following:

- Separation Agreement – governs the rights and obligations between Exelon and Constellation regarding certain actions to be taken in connection with the separation, among others, including the allocation of assets and liabilities between Exelon and Constellation.
- Transition Services Agreement (TSA) – governs the terms and conditions of the services that Exelon provides to Constellation and Constellation provides to Exelon for an expected period of two years, provided that certain services may be longer than the term and services may be extended with approval from both parties. The services include specified accounting, finance, information technology, human resources, employee benefits and other services that have historically been provided on a centralized basis by BSC. For the three and nine months ended September 30, 2023, the amounts Exelon billed Constellation and Constellation billed Exelon for these services were $33 million and $127 million recorded in Other income, net and $4 million and $13 million recorded in Operating and maintenance expense, respectively. For the three months ended September 30, 2022, the amounts Exelon billed Constellation and Constellation billed Exelon for these services were $68 million recorded in Other income, net and $12 million recorded in Operating and maintenance expense, respectively. Additionally, for the period from February 1, 2022 to September 30, 2022, the amounts Exelon billed Constellation and Constellation billed Exelon for these services were $193 million recorded in Other income, net and $32 million recorded in Operating and maintenance expense, respectively.

- Tax Matters Agreement (TMA) – governs the respective rights, responsibilities and obligations of Exelon and Constellation with respect to all tax matters, including tax liabilities and benefits, tax attributes, tax returns, tax contests and other tax sharing regarding U.S. federal, state, local and foreign income taxes, other tax matters and related tax returns. See Note 7 — Income Taxes for additional information.

In addition, the Utility Registrants will continue to incur expenses from transactions with Constellation after the separation. Prior to the separation, such expenses were primarily recorded as Purchased power from affiliates and an immaterial amount recorded as Operating and maintenance expense from affiliates at the Utility Registrants. After the separation, such expenses are primarily recorded as Purchased power and an immaterial amount recorded as Operating and maintenance expense at the Utility Registrants.

- ComEd had an ICC-approved RFP contract with Constellation to provide a portion of ComEd's electric supply requirements. ComEd also purchased RECs and ZECs from Constellation.
- PECO received electric supply from Constellation under contracts executed through PECO's competitive procurement process. In addition, PECO had a ten-year agreement with Constellation to sell solar AECs.
- BGE received a portion of its energy requirements from Constellation under its MDPSC-approved market-based SOS and gas commodity programs.
- Pepco received electric supply from Constellation under contracts executed through Pepco's competitive procurement process approved by the MDPSC and DCPSC.
- DPL received a portion of its energy requirements from Constellation under its MDPSC and DEPSC approved market-based SOS commodity programs.
- ACE received electric supply from Constellation under contracts executed through ACE's competitive procurement process approved by the NJBPU.

ComEd and PECO also have receivables with Constellation for estimated excess funds at the end of decommissioning the Regulatory Agreement Units, such amounts are due back to ComEd and PECO, as applicable, for payment to their respective customers. See Note 3 — Regulatory Matters and Note 23 — Related Party Transactions of the 2022 Form 10-K for additional information.

Discontinued Operations

The separation represented a strategic shift that would have a major effect on Exelon's operations and financial results. Accordingly, the separation meets the criteria for discontinued operations.

There were no results from discontinued operations for the three and nine months ended September 30, 2023 and the three months ended September 30, 2022. The following table presents the results of Constellation that have been reclassified from continuing operations and included in discontinued operations within Exelon's Consolidated Statements of Operations and Comprehensive Income for the nine months ended September 30, 2022.

These results are primarily Generation, which is comprised of Exelon's Mid-Atlantic, Midwest, New York, ERCOT, and Other Power Regions reportable segments, and include the impact of transaction costs, certain BSC costs, including any transition costs, that were historically allocated and directly attributable to Generation, transactions between Generation and the Utility Registrants, and tax-related adjustments. Transaction costs include costs for external bankers, accountants, appraisers, lawyers, external counsels and other advisors, among others, who are involved in the negotiation, appraisal, due diligence and regulatory approval of the separation. Transition costs are primarily employee-related costs such as recruitment expenses, costs to establish certain stand-alone functions and information technology systems, professional services fees and other separation-related costs during the transition to separate Generation. For the purposes of reporting discontinued operations, these results also include transactions between Generation and the Utility Registrants that were historically eliminated within Exelon's Consolidated Statements of Operations as these transactions will be ongoing after the separation. Certain BSC costs that were historically allocated to Generation are presented as part of continuing operations in Exelon's Consolidated Statements of Operations as these costs do not qualify as expenses of the discontinued operations per the accounting rules.

Note 2 — Discontinued Operations

	Nine Months Ended September 30, 2022
Operating revenues	
Competitive business revenues	$ 1,855
Competitive business revenues from affiliates	161
Total operating revenues	2,016
Operating expenses	
Competitive businesses purchased power and fuel	1,138
Operating and maintenance[(a)]	371
Depreciation and amortization	94
Taxes other than income taxes	44
Total operating expenses	1,647
Gain on sales of assets and businesses	10
Operating income	379
Other income and (deductions)	
Interest expense, net	(20)
Other, net	(281)
Total other income and (deductions)	(301)
Income before income taxes	78
Income taxes	(40)
Equity in losses of unconsolidated affiliates	(1)
Net income	117
Net income attributable to noncontrolling interests	1
Net income from discontinued operations	$ 116

(a) Includes transaction and transition costs related to the separation of $52 million for the nine months ended September 30, 2022.

There were no assets or liabilities of discontinued operations included in Exelon's Consolidated Balance Sheet as of September 30, 2023 and December 31, 2022. Constellation had net assets of $11,573 million that separated on February 1, 2022 that resulted in a reduction to Exelon's equity during the year ended December 31, 2022. Refer to the Distribution of Constellation line in Exelon's Consolidated Statement of Changes in Shareholders' Equity for further information.

There were no discontinued operations included within Exelon’s Consolidated Statements of Cash Flows for the nine months ended September 30, 2023. The following table presents selected financial information regarding cash flows of the discontinued operations that are included within Exelon’s Consolidated Statements of Cash Flows for the nine months ended September 30, 2022.

Note 2 — Discontinued Operations

	Nine Months Ended September 30, 2022
Non-cash items included in net income from discontinued operations:	
Depreciation, amortization, and accretion, including nuclear fuel and energy contract amortization	$ 207
Loss on sales of assets and businesses	9
Deferred income taxes and amortization of investment tax credits	(143)
Net fair value changes related to derivatives	(59)
Net realized and unrealized losses on NDT fund investments	205
Net unrealized losses on equity investments	16
Other decommissioning-related activity	36
Cash flows from investing activities:	
Capital expenditures	(227)
Collection of DPP	169
Supplemental cash flow information:	
Decrease in capital expenditures not paid	(128)
Increase in DPP	348
Increase in PP&E related to ARO update	335

3. Regulatory Matters (All Registrants)

As discussed in Note 3 — Regulatory Matters of the 2022 Form 10-K, the Registrants are involved in rate and regulatory proceedings at FERC and their state commissions. The following discusses developments in 2023 and updates to the 2022 Form 10-K.

Distribution Base Rate Case Proceedings

The following tables show the completed and pending distribution base rate case proceedings in 2023.

Completed Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Approved Revenue Requirement Increase	Approved ROE	Approval Date	Rate Effective Date
ComEd - Illinois[a]	April 15, 2022	Electric	$ 199	$ 199	7.85 %	November 17, 2022	January 1, 2023
PECO - Pennsylvania	March 31, 2022	Natural Gas	82	55	N/A[b]	October 27, 2022	January 1, 2023
BGE - Maryland[c]	May 15, 2020 (amended September 11, 2020)	Electric	203	140	9.50 %	December 16, 2020	January 1, 2021
		Natural Gas	108	74	9.65 %		
Pepco - Maryland[d]	October 26, 2020 (amended March 31, 2021)	Electric	104	52	9.55 %	June 28, 2021	June 28, 2021
DPL - Maryland[e]	May 19, 2022	Electric	38	29	9.60 %	December 14, 2022	January 1, 2023

(a) ComEd's 2023 approved revenue requirement above reflects an increase of $144 million for the initial year revenue requirement for 2023 and an increase of $55 million related to the annual reconciliation for 2021. The revenue requirement for 2023 provides for a weighted average debt and equity return on distribution rate base of 5.94%, inclusive of an allowed ROE of 7.85%, reflecting the monthly average yields for 30-year treasury bonds plus 580 basis points. The reconciliation revenue requirement for 2021 provides for a weighted average debt and equity return on distribution rate base of 5.91%, inclusive of an allowed ROE of 7.78%, reflecting the monthly yields on 30-year treasury bonds plus 580 basis points less a performance metrics penalty of 7 basis points. This is ComEd's last performance-based electric distribution formula rate established under EIMA. See discussion of CEJA below for details on the transition away from the electric distribution formula rate.

(b) The PECO natural gas base rate case proceeding was resolved through a settlement agreement, which did not specify an approved ROE.

(c) Reflects a three-year cumulative multi-year plan for 2021 through 2023. BGE proposed to use certain tax benefits to fully offset the increases in 2021 and 2022 and partially offset the increase in 2023. The MDPSC awarded BGE electric revenue requirement increases of $59 million, $39 million, and $42 million, before offsets, in 2021, 2022, and 2023, respectively, and natural gas revenue requirement increases of $53 million, $11 million, and $10 million, before offsets, in 2021, 2022, and 2023, respectively. However, the MDPSC utilized the tax benefits to fully offset the increases in 2021 and January 2022 such that customer rates remained unchanged. For the remainder of 2022, the MDPSC chose to offset only 25% of the cumulative 2021 and 2022 electric revenue requirement increases and 50% of the cumulative gas revenue requirement increases. In 2021, the MDPSC deferred a decision on whether to use certain tax benefits to offset the revenue requirement increases in 2023 and directed BGE to make another proposal at the end of 2022. In September 2022, BGE proposed that tax benefits not be used to offset the 2023 revenue requirement increases. On October 26, 2022, the MDPSC accepted BGE's recommendation to not use tax benefits to offset the 2023 revenue requirement increases.

(d) Reflects a three-year cumulative multi-year plan for April 1, 2021 through March 31, 2024. The MDPSC awarded Pepco electric incremental revenue requirement increases of $21 million, $16 million, and $15 million, before offsets, for the 12-month periods ending March 31, 2022, 2023, and 2024, respectively. Pepco proposed to utilize certain tax benefits to fully offset the increase through 2023 and partially offset customer rate increases in 2024. However, the MDPSC only utilized the acceleration of refunds for certain tax benefits to fully offset the increases such that customer rates remain unchanged through March 31, 2022. On February 23, 2022, the MDPSC chose to offset 25% of the cumulative revenue requirement increase for the 12-month period ending March 31, 2023. In 2021, the MDPSC deferred a decision on whether to use certain tax benefits to offset the revenue requirement increases for the 12-month period ending March 31, 2024. In December 2022 Pepco proposed that tax benefits not be used to offset the revenue requirement increases for this period. On January 25, 2023, the MDPSC accepted Pepco's recommendations not to use tax benefits to offset revenue requirement increases for the 12-month period ending March 31, 2024.

(e) Reflects a three-year cumulative multi-year plan for January 1, 2023 through December 31, 2025. The MDPSC awarded DPL electric incremental revenue requirement increases of $17 million, $6 million, and $6 million for 2023, 2024, and 2025, respectively.

Pending Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Requested ROE	Expected Approval Timing
ComEd - Illinois[(a)]	January 17, 2023	Electric	$ 1,487	10.50% to 10.65%	Fourth quarter of 2023
ComEd - Illinois[(b)]	April 21, 2023	Electric	247	8.91%	Fourth quarter of 2023
BGE - Maryland[(c)]	February 17, 2023	Electric	313	10.40%	Fourth quarter of 2023
		Natural Gas	289	10.40%	
Pepco - District of Columbia[(d)]	April 13, 2023	Electric	191	10.50%	Second quarter of 2024
Pepco - Maryland[(e)]	May 16, 2023	Electric	214	10.50%	Second quarter of 2024
DPL - Delaware[(f)]	December 15, 2022 (amended September 29, 2023)	Electric	39	10.50%	Second quarter of 2024
ACE - New Jersey[(g)]	February 15, 2023 (amended August 21, 2023)	Electric	92	10.50%	Fourth quarter of 2023

(a) On September 27, 2023, ComEd filed its reply brief supporting its proposed multi-year rate and grid plans, as adjusted or modified by ComEd as of the evidentiary hearing on August 22, 2023. The rate plan covers the period from January 1, 2024 to December 31, 2027 and includes total requested revenue requirement increases of $968 million effective January 1, 2024, $181 million effective January 1, 2025, $163 million effective January 1, 2026, and $175 million effective January 1, 2027, based on forecasted revenue requirements. If approved, the revenue requirement will provide for a weighted average debt and equity return on distribution rate base of 7.40% in 2024, 7.47% in 2025, 7.58% in 2026, and 7.65% in 2027, inclusive of an allowed ROE of 10.50% in 2024, 10.55% in 2025, 10.60% in 2026, and 10.65% in 2027. The requested revenue requirements are based on capital structures that reflect between 50.58% and 51.19% common equity. ComEd's MRP also includes a proposed three-tranche rate phase-in to defer approximately $339 million, of the $968 million year-over-year revenue increase for 2024 from 2024 to 2026, approximately $52 million, of the $520 million year-over-year revenue increase for 2025 from 2025 to 2027, and approximately $75 million of the $215 million year-over-year revenue increase for 2026 from 2026 to 2028.

(b) On April 21, 2023, ComEd filed its proposed Delivery Reconciliation Amount of $247 million under Rider Delivery Service Pricing Reconciliation (Rider DSPR) which allows for the reconciliation of the revenue requirement in effect in the final years in which formula rates are determined and until such time as new rates are established under ComEd's approved MRP. The 2023 filing reconciles the delivery service rates in effect in 2022 with the actual delivery service costs incurred in 2022. Final order is expected by December 2023, and the reconciliation amount will be in customer rates beginning January 1, 2024.

(c) Reflects a three-year cumulative multi-year plan for January 1, 2024 through December 31, 2026 submitted to the MDPSC. Inclusive of the proposed acceleration of remaining electric tax benefits in 2024 and 2025, and remaining gas tax benefits in 2024, BGE requested total electric revenue requirement increases of $85 million, $103 million, and $125 million in 2024, 2025, and 2026, respectively, and natural gas revenue requirement increases of $158 million, $77 million, and $54 million in 2024, 2025, and 2026, respectively. Requested revenue requirement increases will be used to recover capital investments designed to increase the resilience of the electric and gas distribution systems and support Maryland's climate and regulatory initiatives. The 2021 and 2022 reconciliation amounts are not included in the requested revenue requirement increase, as BGE is proposing that these amounts be recovered through the separate electric and gas riders in 2024. The 2021 reconciliation amounts are $11 million and $7 million for electric and gas, respectively, and the 2022 reconciliation amounts are $44 million and $15 million for electric and gas, respectively. The requested electric revenue requirement includes approximately $25 million for a Customer Electrification Plan that the MDPSC struck from BGE's case in August 2023.

(d) Reflects a three-year cumulative multi-year plan for January 1, 2024 through December 31, 2026 submitted to the DCPSC. Pepco requested total electric revenue requirement increases of $117 million, $37 million, and $37 million in 2024, 2025, and 2026, respectively. Requested revenue requirement increases will be used to recover capital investments designed to advance system-readiness and support the District of Columbia's climate and clean energy goals.

(e) Reflects a three-year cumulative multi-year plan for April 1, 2024 through March 31, 2027 submitted to the MDPSC. Pepco requested total electric revenue requirement increases of $74 million, $60 million and $60 million effective April 1,

2024, April 1, 2025, and April 1, 2026, respectively. The plan contains a proposed nine-month extension period with a requested revenue requirement increase of $20 million effective April 1, 2027 through December 31, 2027. Requested revenue requirement increases will be used to recover capital investments designed to advance system-readiness and support Maryland's climate and clean energy goals. On August 7, 2023, the MDPSC issued an order approving a settlement agreement which allows Pepco to establish a revenue deferral mechanism to recover its full Commission-authorized year 1 increase between July 1, 2024 through March 31, 2025 and extend the procedural schedule to address intervenor resource constraints.

(f) The rates went into effect on July 15, 2023, subject to refund.

(g) Requested increases are before New Jersey sales and use tax. ACE's procedural schedule was suspended on September 6, 2023. On October 21, 2023, ACE filed a stipulation of settlement with the NJBPU. Subsequently, on October 24, 2023, the administrative law judge presiding over the case recommended the settlement with all parties be approved. ACE is awaiting final approval of the settlement from the NJBPU and it is expected during the fourth quarter of 2023.

Transmission Formula Rates

The Utility Registrants' transmission rates are each established based on a FERC-approved formula. ComEd, BGE, Pepco, DPL, and ACE are required to file an annual update to the FERC-approved formula on or before May 15, and PECO is required to file on or before May 31, with the resulting rates effective on June 1 of the same year. The annual update for ComEd is based on prior year actual costs and current year projected capital additions (initial year revenue requirement). The update for ComEd also reconciles any differences between the revenue requirement in effect beginning June 1 of the prior year and actual costs incurred for that year (annual reconciliation). The annual update for PECO is based on prior year actual costs and current year projected capital additions, accumulated depreciation, and accumulated deferred income taxes. The annual update for BGE, Pepco, DPL, and ACE is based on prior year actual costs and current year projected capital additions, accumulated depreciation, depreciation and amortization expense, and accumulated deferred income taxes. The update for PECO, BGE, Pepco, DPL, and ACE also reconciles any differences between the actual costs and actual revenues for the calendar year (annual reconciliation).

For 2023, the following increases/(decreases) were included in the Utility Registrants' electric transmission formula rate updates:

Registrant[a]	Initial Revenue Requirement Increase	Annual Reconciliation Increase (Decrease)	Total Revenue Requirement Increase	Allowed Return on Rate Base[b]	Allowed ROE[c]
ComEd	$ 20	$ 63	$ 83	8.09 %	11.50 %
PECO	24	23	47	7.41 %	10.35 %
BGE	19	(12)	4 [d]	7.34 %	10.50 %
Pepco	37	(5)	32	7.57 %	10.50 %
DPL	32	(3)	29	7.08 %	10.50 %
ACE	41	(12)	29	7.08 %	10.50 %

(a) All rates are effective June 1, 2023 - May 31, 2024, subject to review by interested parties pursuant to review protocols of each Utility Registrants' tariffs.

(b) Represents the weighted average debt and equity return on transmission rate bases. For ComEd and PECO, the common equity component of the ratio used to calculate the weighted average debt and equity return on the transmission formula rate base is currently capped at 55% and 55.75%, respectively.

(c) The rate of return on common equity for each Utility Registrant includes a 50-basis-point incentive adder for being a member of a RTO.

(d) The increase in BGE's transmission revenue requirement includes a $3 million reduction related to a FERC-approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.

Other State Regulatory Matters

Illinois Regulatory Matters

CEJA (Exelon and ComEd). On September 15, 2021, the Governor of Illinois signed into law CEJA. CEJA includes, among other features, (1) procurement of CMCs from qualifying nuclear-powered generating facilities, (2) a requirement to file a general rate case or a new four-year MRP no later than January 20, 2023 to establish rates effective after ComEd's existing performance-based distribution formula rate sunsets, (3) an extension of and certain adjustments to ComEd's energy efficiency MWh savings goals, (4) revisions to the Illinois RPS

requirements, including expanded charges for the procurement of RECs from wind and solar generation, (5) a requirement to accelerate amortization of ComEd's unprotected excess deferred income taxes (EDIT) that ComEd was previously directed by the ICC to amortize using the average rate assumption method which equates to approximately 39.5 years, and (6) requirements that ComEd and the ICC initiate and conduct various regulatory proceedings on subjects including ethics, spending, grid investments, and performance metrics. Regulatory or legal challenges regarding the validity or implementation of CEJA are possible and Exelon and ComEd cannot reasonably predict the outcome of any such challenges.

ComEd Electric Distribution Rates

ComEd filed, and received approval for, its last performance-based electric distribution formula rate update filing under EIMA in 2022; those rates are in effect throughout 2023.

On February 3, 2022, the ICC approved a tariff that establishes the process under which ComEd will reconcile its 2022 and 2023 rate year revenue requirements with actual costs. Those reconciliation amounts will be determined using the same process as were used for prior reconciliations under the performance-based electric distribution formula rate. Using that process, for the rate years 2022 and 2023 ComEd will ultimately collect revenues from customers reflecting each year's actual recoverable costs, year-end rate base, and a weighted average debt and equity return on distribution rate base, with the ROE component based on the annual average of the monthly yields of the 30-year U.S. Treasury bonds plus 580 basis points. In April 2023, ComEd filed its first petition with the ICC to reconcile its 2022 actual costs with the approved revenue requirement that was in effect in 2022; the final order is expected by December 2023, for rates beginning January 2024. The rate year 2023 reconciliation will be filed in 2024.

Beginning in 2024, ComEd will recover from retail customers, subject to certain exceptions, the costs it incurs to provide electric delivery services either through its electric distribution rate or other recovery mechanisms authorized by CEJA. On January 17, 2023, ComEd filed a petition with the ICC seeking approval of a MRP for 2024-2027. The MRP supports a multi-year grid plan (Grid Plan), also filed on January 17, covering planned investments on the electric distribution system within ComEd's service area through 2027. Costs incurred during each year of the MRP are subject to ICC review and the plan's revenue requirement for each year will be reconciled with the actual costs that the ICC determines are prudently and reasonably incurred for that year. The reconciliation is subject to adjustment for certain costs, including a limitation on recovery of costs that are more than 105% of certain costs in the previously approved MRP revenue requirement, absent a modification of the rate plan itself. Thus, for example, the rate adjustments necessary to reconcile 2024 revenues to ComEd's actual 2024 costs incurred would take effect in January 2026 after the ICC's review during 2025. On May 22, 2023, direct testimony was filed by ICC staff and more than a dozen intervenors and intervenor groups. The testimonies addressed a wide variety of topics, including rate of return on equity, capital structure, grid planning, various distribution grid and information technology investments, and affordability and customer service. ComEd filed rebuttal testimony in June, which provided, among other things, defense of ComEd's planned 2024-2027 capital investment and proposed cost of equity. ComEd also made voluntary adjustments and, per the ICC's final beneficial electrification order requiring ComEd to recover beneficial electrification costs through the MRP, increased its total revenue requirement request from $1.472 billion to $1.545 billion. On July 27, 2023, ICC staff and intervenors filed rebuttal testimony, which showed little to no movement on the key issues, including ROE and large capital projects. On August 14, 2023, ComEd filed surrebuttal testimony. On August 22, 2023, evidentiary hearings were held, during which testimony and other evidence was admitted and the evidentiary phase of the hearing process was closed. ComEd filed its reply brief on September 27, 2023, to adjust its total requested revenue requirement increase to $1.487 billion. On October 23, 2023 the administrative law judges (ALJs) issued a proposed order in ComEd's MRP proceeding recommending a $317 million reduction to ComEd's requested revenue requirement increase of $1.487 billion. Significant differences between the ALJ's proposed order and ComEd's final position relate to the proposed return on equity and the disallowance of any return on ComEd's pension asset. The ALJs proposed order is not final, and briefs on exception will be filed in November 2023. The Commission may also hear oral arguments prior to making its final decision. The ICC must issue its decision on both the MRP and Grid Plan by mid-December 2023, for rates to begin with the January 2024 billing cycle.

In January 2022, ComEd filed a request with the ICC proposing performance metrics that would be used in determining ROE incentives and penalties in the event ComEd filed a MRP in January 2023. On September 27, 2022, the ICC issued a final order approving seven performance metrics that provide symmetrical performance adjustments of 32 total basis points to ComEd's rate of return on common equity based on the extent to which ComEd achieves the annual performance goals. On November 10, 2022, the ICC granted ComEd's application for rehearing, in part. On April 5, 2023, the ICC issued its final order on rehearing for the performance and tracking metrics proceeding, in which the ICC declined to adopt ComEd's proposed modifications to the reliability and peak load reduction performance metrics. Efforts are underway to implement the performance metrics, which take effect on January 1, 2024. ComEd will make its initial filing in 2025 to assess performance achieved under the metrics in 2024, and to determine any ROE adjustment, which would take effect in 2026.

Carbon Mitigation Credit

CEJA establishes decarbonization requirements for Illinois as well as programs to support the retention and development of emissions-free sources of electricity. ComEd is required to purchase CMCs from participating nuclear-powered generating facilities between June 1, 2022 and May 31, 2027. The price to be paid for each CMC was established through a competitive bidding process that included consumer-protection measures that capped the maximum acceptable bid amount and a formula that reduces CMC prices by an energy price index, the base residual auction capacity price in the ComEd zone of PJM, and the monetized value of any federal tax credit or other subsidy if applicable. The consumer protection measures contained in CEJA will result in net payments to ComEd ratepayers if the energy index, the capacity price and applicable federal tax credits or subsidy exceed the CMC contract price. In the June 2022 billing period, ComEd began issuing credits to its retail customers under its new CMC rider. A regulatory asset is recorded for the difference between customer credits issued and the credit to be received from the participating nuclear-powered generating facilities. The balance as of September 30, 2023 is $862 million.

Under CEJA, the costs of procuring CMCs, including carrying costs, are recovered through a rider, the Rider Carbon-Free Resource Adjustment (Rider CFRA). As originally approved by the ICC, Rider CFRA provides for an annual reconciliation and true-up to actual costs incurred or credits received by ComEd to purchase CMCs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods. The difference between the net payments to (or receivables from) ComEd ratepayers and the credits received by ComEd to purchase CMCs is recorded to Purchased Power expense with an offset to the regulatory asset (or regulatory liability). On December 21, 2022, ComEd filed an amendment to Rider CFRA proposing that it recover costs or provide credits faster than the tariff allows, implement monthly reconciliations, and allow ComEd to adjust Rider CFRA rates based not only on anticipated differences but also past payments or credits, and implement monthly reconciliations beginning the June 2023 delivery period. The ICC approved the proposal on January 19, 2023. In addition, on March 24, 2023, ComEd submitted revisions to Rider CFRA which clarified the methodology for calculating interest to be included in the annual reconciliation associated with the June 2022 through May 2023 delivery year. The ICC approved the proposal on April 20, 2023.

Beneficial Electrification Plan

On March 23, 2023, the ICC issued its final order approving the beneficial electrification plan for ComEd. The ICC rejected ComEd's request to treat a large portion of beneficial electrification costs as a regulatory asset and ordered ComEd to seek cost recovery through the multi-year rate plan filing for 2024 and 2025, and the final formula rate reconciliation docket for 2023, rather than through a separate charge. The order also authorized an overall annual budget of $77 million per year for the three year plan period (2023 through 2025), with flexibility to roll forward unused funds to future years within the same plan period. On April 18, 2023, ComEd filed an application for rehearing in the beneficial electrification plan docket. The Chicago Transit Authority and City of Chicago, jointly, and the Office of the Illinois Attorney General (ILAG) also filed applications for rehearing. On April 27, 2023, ICC staff filed a motion for clarification, seeking clarification from the ICC on the precise budget described in the final order. On May 8, 2023, the ICC denied all applications for rehearing, and entered an amendatory order regarding the annual beneficial electrification plan budgets. ComEd has been directed to use good faith efforts to spend $77 million annually. ComEd subsequently filed its compliance filing in May 2023, detailing project related spending, clarifying the procedure that will be used to seek stakeholder feedback related to beneficial electrification pilot programs, and including the timeline for tariff changes required to implement the programs. ComEd and the ILAG both filed appeals of the ICC's interim order that addressed the permissible scope of utility beneficial electrification programs outside of transportation and the rate impact cap. The ILAG also filed an appeal seeking reversal of portions of the ICC's final decision. The final order partly mooted

ComEd's appeal of the interim order and ComEd has decided not to pursue the other issues. As such, ComEd recently moved to voluntarily dismiss its appeal and the appellate court granted that request. The ILAG consolidated their appeals. Any ruling on the appeals, even a negative ruling removing programs from the BE Plan or lowering the overall budget of the BE Plan, will only impact forward-looking costs.

Energy Efficiency Formula Rate (Exelon and ComEd). ComEd filed its annual energy efficiency formula rate update with the ICC on May 26, 2023. The filing establishes the revenue requirement used to set the rates that will take effect in January 2024 after the ICC's review and approval. The requested revenue requirement update is based on a reconciliation of the 2022 actual costs plus projected 2024 expenditures.

Initial Revenue Requirement Increase	Annual Reconciliation Increase	Total Revenue Requirement Increase	Requested Return on Rate Base[a]	Requested ROE
$ 87	$ 31	$ 118	6.48 %	8.91 %

(a) The requested revenue requirement increase provides for a weighted average debt and equity return on the energy efficiency regulatory asset and rate base of 6.48% inclusive of an allowed ROE of 8.91%, reflecting the monthly average yields for 30-year treasury bonds plus 580 basis points. For the 2022 reconciliation year, the requested revenue requirement provides for a weighted average debt and equity return on the energy efficiency regulatory asset and rate base of 7.48% inclusive of an allowed ROE of 10.91%, which includes an upward performance adjustment that increased the ROE. The performance adjustment can either increase or decrease the ROE based upon the achievement of energy efficiency savings goals.

New Jersey Regulatory Matters

Termination of Energy Procurement Provisions of PPAs (Exelon, PHI, and ACE). On December 22, 2021, ACE filed with the NJBPU a petition to terminate the provisions in the PPAs to purchase electricity from two coal-powered generation facilities located in the state of New Jersey. The petition was approved by the NJBPU on March 23, 2022. Upon closing of the transaction on March 31, 2022, ACE recognized a liability of $203 million for the contract termination fee, which is to be paid by the end of 2024, and recognized a corresponding regulatory asset of $203 million.

As of September 30, 2023, the $71 million liability for the contract termination fee consists of $61 million and $10 million included in Other current liabilities and Other deferred credits and other liabilities, respectively, in Exelon's Consolidated Balance Sheet. The current and noncurrent liabilities are included in PPA termination obligation and Other deferred credits and other liabilities, respectively, in PHI's and ACE's Consolidated Balance Sheets. For the nine months ended September 30, 2023 and 2022, ACE has respectively paid $65 million and $45 million of the liability, which is recorded in Changes in Other assets and liabilities in Exelon's, PHI's, and ACE's Consolidated Statements of Cash Flows.

ACE Infrastructure Investment Program "Powering the Future" Filing (Exelon, PHI, and ACE). On October 31, 2022, ACE filed with the NJBPU a second IIP, called "Powering the Future", proposing to seek recovery through a new component of ACE's rider mechanism, totaling $379 million, over the four-year period of July 1, 2023, to June 30, 2027. The new IIP will allow ACE to invest in projects that are designed to enhance the reliability, resiliency, and safety of the service ACE provides to its customers. On June 15, 2023, ACE entered into a settlement agreement with other parties, which allows for a recovery totaling $93 million of reliability related capital investments from July 1, 2023, through June 30, 2027. ACE will have the option of seeking approval from the NJBPU to extend the end date of the IIP beyond June 30, 2027, if ACE determines an extension is necessary. On June 29, 2023, the NJBPU adopted the settlement agreement and issued an order approving the program.

Other Federal Regulatory Matters

FERC Audit (Exelon and ComEd). The Utility Registrants are subject to periodic audits by FERC. FERC's Division of Audits and Accounting initiated a nonpublic audit of ComEd in April 2021 evaluating ComEd's compliance with (1) approved terms, rates, and conditions of its federally regulated service; (2) accounting requirements of the Uniform System of Accounts; (3) reporting requirements of the FERC Form 1; and (4) the requirements for record retention. The audit period extends back to January 1, 2017. During the first quarter of 2023, ComEd was provided with information from FERC about several potential findings, including ComEd's methodology regarding the allocation of certain overhead costs to capital under FERC regulations. Based on the preliminary findings and discussions with FERC staff, ComEd determined that a loss was probable and recorded a regulatory liability to reflect its best estimate of that loss as of March 31, 2023.

On July 27, 2023, FERC issued a final audit report which included, among other things, findings and recommendations related to ComEd's methodology regarding the allocation of certain overhead costs to capitalized construction costs under FERC regulations. On August 28, 2023, ComEd filed a formal notice of the issues it will contest. The final outcome and resolution of any contested audit issues as well as a reasonable estimate of potential future losses cannot be accurately estimated at this stage; however, the final resolution of these matters could result in recognition of future losses, above the amounts currently accrued, that could be material to the Exelon and ComEd financial statements.

Regulatory Assets and Liabilities

The Utility Registrants' regulatory assets and liabilities have not changed materially since December 31, 2022, unless noted below. See Note 3 — Regulatory Matters of the 2022 Form 10-K for additional information on the specific regulatory assets and liabilities.

ComEd. Regulatory assets increased $733 million primarily due to increases of $392 million in the Electric distribution formula rate annual reconciliations regulatory asset, $171 million in the Energy efficiency costs, and $97 million in the ZEC regulatory asset.

PECO. Regulatory assets increased $150 million primarily due to an increase of $118 million in the Deferred income taxes regulatory asset. Regulatory liabilities increased $6 million primarily due to increases of $49 million in the Electric energy and natural gas costs regulatory liability, offset by a decrease of $31 million in the Decommissioning the regulatory agreement units regulatory liability.

BGE. Regulatory assets increased $114 million primarily due to an increase of $38 million and $35 million in the Removal costs and Under-recovered revenue decoupling regulatory assets, respectively.

Pepco. Regulatory assets decreased $63 million primarily due to a decrease of $35 million in the Electric energy and natural gas costs regulatory asset. Regulatory liabilities decreased $43 million primarily due to a decrease of $52 million in the Deferred income taxes regulatory liability.

DPL. Regulatory assets decreased $17 million primarily due to a decrease of $26 million in the Electric energy and natural gas costs regulatory asset. Regulatory liabilities decreased $1 million primarily due to a decrease of $23 million in the Deferred income taxes regulatory liability, partially offset by an increase of $13 million in the Electric energy and natural gas costs regulatory liability.

ACE. Regulatory assets decreased $21 million primarily due to a decrease of $65 million in the Electric energy and natural gas costs regulatory asset as a result of the PPA termination. Regulatory liabilities decreased $29 million primarily due to a decrease of $9 million in both the Stranded costs regulatory liability and Over-recovered revenue decoupling regulatory liability.

Capitalized Ratemaking Amounts Not Recognized

The following table presents authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment that are not recognized for financial reporting purposes in the Registrants' Consolidated Balance Sheets. These amounts will be recognized as revenues in the related Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to the Utility Registrants' customers. PECO had no related amounts at September 30, 2023 and December 31, 2022.

	Exelon	ComEd[a]	BGE[b]	PHI	Pepco[c]	DPL[c]	ACE[b]
September 30, 2023	$ 81	$ 25	$ 21	$ 35	$ 27	$ 1	$ 7
December 31, 2022	57	8	28	21	18	2	1

(a) Reflects ComEd's unrecognized equity returns earned for ratemaking purposes on its energy efficiency and electric distribution formula rate regulatory assets.
(b) BGE's and ACE's authorized amounts capitalized for ratemaking purposes primarily relate to earnings on shareholder's investment on their respective AMI programs.
(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholder's investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs, and for Pepco District of Columbia revenue decoupling program. The earnings on energy efficiency are on Pepco District of Columbia and DPL Delaware programs only.

4. Revenue from Contracts with Customers (All Registrants)

The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers at an amount that the entities expect to be entitled to in exchange for those goods or services. The primary sources of revenue include regulated electric and gas tariff sales, distribution, and transmission services.

See Note 4 — Revenue from Contracts with Customers of the 2022 Form 10-K for additional information regarding the primary sources of revenue for the Registrants.

Contract Liabilities

The Registrants record contract liabilities when consideration is received or due prior to the satisfaction of the performance obligations. The Registrants record contract liabilities in Other current liabilities and Other noncurrent deferred credits and other liabilities in their Consolidated Balance Sheets.

For PHI, Pepco, DPL, and ACE these contract liabilities primarily relate to upfront consideration received in the third quarter of 2020 for a collaborative arrangement with an unrelated owner and manager of communication infrastructure. The revenue attributable to this arrangement will be recognized as operating revenue over the 35 years under the collaborative arrangement.

The following table provides a rollforward of the contract liabilities reflected in Exelon's, PHI's, Pepco's, DPL's, and ACE's Consolidated Balance Sheets for the three and nine months ended September 30, 2023 and 2022. At September 30, 2023 and December 31, 2022, ComEd's, PECO's, and BGE's contract liabilities were immaterial.

	Exelon[a]	PHI[a]	Pepco[a]	DPL	ACE[a]
Balance at December 31, 2022	$ 101	$ 101	$ 81	$ 10	$ 10
Revenues recognized	(1)	(1)	(1)	—	—
Balance at March 31, 2023	100	100	80	10	10
Revenues recognized	(2)	(2)	(2)	—	—
Balance at June 30, 2023	$ 98	$ 98	$ 78	$ 10	$ 10
Revenues recognized	(2)	(2)	(1)	—	(1)
Balance as of September 30, 2023	$ 96	$ 96	$ 77	$ 10	$ 9

	Exelon[a]	PHI[a]	Pepco[a]	DPL[a]	ACE[a]
Balance at December 31, 2021	$ 109	$ 109	$ 87	$ 11	$ 11
Revenues recognized	(2)	(2)	(2)	—	—
Balance at March 31, 2022	107	107	85	11	11
Revenues recognized	(2)	(2)	(1)	—	(1)
Balance at June 30, 2022	$ 105	$ 105	$ 84	$ 11	$ 10
Revenues recognized	(2)	(2)	(1)	(1)	—
Balance as of September 30, 2022	$ 103	$ 103	$ 83	$ 10	$ 10

(a) Revenues recognized in the three and nine months ended September 30, 2023 and 2022, were included in the contract liabilities at December 31, 2022 and 2021, respectively.

Transaction Price Allocated to Remaining Performance Obligations

The following table shows the amounts of future revenues expected to be recorded in each year for performance obligations that are unsatisfied or partially unsatisfied as of September 30, 2023. This disclosure only includes contracts for which the total consideration is fixed and determinable at contract inception. The average contract term varies by customer type and commodity but ranges from one month to several years.

This disclosure excludes the Utility Registrants' gas and electric tariff sales contracts and transmission revenue contracts as they generally have an original expected duration of one year or less and, therefore, do not contain any future, unsatisfied performance obligations to be included in this disclosure.

Year	Exelon	PHI	Pepco	DPL	ACE
2023	$ 2	$ 2	$ 2	$ —	$ 1
2024	6	6	5	—	—
2025	5	5	5	—	—
2026	5	5	5	—	—
2027 and thereafter	78	78	60	10	8
Total	$ 96	$ 96	$ 77	$ 10	$ 9

Revenue Disaggregation

The Registrants disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. See Note 5 — Segment Information for the presentation of the Registrants' revenue disaggregation.

5. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the CODMs in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has six reportable segments, which include ComEd, PECO, BGE, and PHI's three reportable segments consisting of Pepco, DPL, and ACE. ComEd, PECO, BGE, Pepco, DPL, and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL, and ACE's CODMs evaluate the performance of and allocate resources to the segments based on net income.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and nine months ended September 30, 2023 and 2022 is as follows:

Three Months Ended September 30, 2023 and 2022

Note 5 — Segment Information

	ComEd	PECO	BGE	PHI	Other[a]	Intersegment Eliminations	Exelon
Operating revenues[b]:							
2023							
Electric revenues	$ 2,268	$ 970	$ 836	$ 1,747	$ —	$ (28)	$ 5,793
Natural gas revenues	—	67	96	24	—	—	187
Shared service and other revenues	—	—	—	2	445	(447)	—
Total operating revenues	$ 2,268	$ 1,037	$ 932	$ 1,773	$ 445	$ (475)	$ 5,980
2022							
Electric revenues	$ 1,378	$ 941	$ 757	$ 1,557	$ —	$ (12)	$ 4,621
Natural gas revenues	—	73	113	38	—	—	224
Shared service and other revenues	—	—	—	3	381	(384)	—
Total operating revenues	$ 1,378	$ 1,014	$ 870	$ 1,598	$ 381	$ (396)	$ 4,845
Intersegment revenues[c]:							
2023	$ 9	$ 2	$ 2	$ 2	$ 443	$ (458)	$ —
2022	6	3	3	3	378	(393)	—
Depreciation and amortization:							
2023	$ 357	$ 100	$ 161	$ 257	$ 15	$ —	$ 890
2022	333	92	148	238	14	—	825
Operating expenses:							
2023	$ 1,738	$ 847	$ 835	$ 1,440	$ 475	$ (478)	$ 4,857
2022	913	798	810	1,254	439	(380)	3,834
Interest expense, net:							
2023	$ 119	$ 52	$ 47	$ 80	$ 139	$ —	$ 437
2022	104	45	39	72	105	—	365
Income (loss) from continuing operations before income taxes:							
2023	$ 427	$ 149	$ 56	$ 281	$ (130)	$ (16)	$ 767
2022	375	179	26	291	(103)	—	768
Income Taxes:							
2023	$ 94	$ 3	$ 11	$ 49	$ (90)	$ —	$ 67
2022	84	44	(7)	2	(31)	—	92
Net income (loss) from continuing operations:							
2023	$ 333	$ 146	$ 45	$ 232	$ (41)	$ (15)	$ 700
2022	291	135	33	289	(71)	(1)	676
Capital Expenditures:							
2023	$ 664	$ 361	$ 330	$ 488	$ 12	$ —	$ 1,855
2022	593	333	340	398	8	—	1,672

(a) Other primarily includes Exelon's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in Taxes other than income taxes in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.
(c) See Note 16 — Related Party Transactions for additional information on intersegment revenues.

PHI:

	Pepco	DPL	ACE	Other[a]	Intersegment Eliminations	PHI
Operating revenues[b]:						
2023						
Electric revenues	$ 822	$ 426	$ 502	$ —	$ (3)	$ 1,747
Natural gas revenues	—	24	—	—	—	24
Shared service and other revenues	—	—	—	103	(101)	2
Total operating revenues	$ 822	$ 450	$ 502	$ 103	$ (104)	$ 1,773
2022						
Electric revenues	$ 724	$ 374	$ 462	$ —	$ (3)	$ 1,557
Natural gas revenues	—	38	—	—	—	38
Shared service and other revenues	—	—	—	94	(91)	3
Total operating revenues	$ 724	$ 412	$ 462	$ 94	$ (94)	$ 1,598
Intersegment revenues[c]:						
2023	$ 1	$ 2	$ —	$ 103	$ (104)	$ 2
2022	2	1	—	94	(94)	3
Depreciation and amortization:						
2023	$ 112	$ 62	$ 77	$ 6	$ —	$ 257
2022	99	59	74	6	—	238
Operating expenses:						
2023	$ 658	$ 386	$ 394	$ 105	$ (103)	$ 1,440
2022	555	345	353	96	(95)	1,254
Interest expense, net:						
2023	$ 41	$ 18	$ 19	$ 3	$ (1)	$ 80
2022	37	16	17	1	1	72
Income (loss) before income taxes:						
2023	$ 141	$ 51	$ 94	$ (4)	$ (1)	$ 281
2022	146	54	95	(4)	—	291
Income Taxes:						
2023	$ 21	$ 8	$ 23	$ (3)	$ —	$ 49
2022	1	2	1	(2)	—	2
Net income (loss):						
2023	$ 120	$ 43	$ 71	$ (2)	$ —	$ 232
2022	145	52	94	(2)	—	289
Capital Expenditures:						
2023	$ 227	$ 158	$ 101	$ 2	$ —	$ 488
2022	193	100	105	—	—	398

(a) Other primarily includes PHI's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in Taxes other than income taxes in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.
(c) Includes intersegment revenues with ComEd, BGE, and PECO, which are eliminated at Exelon.

Electric and Gas Revenue by Customer Class (Utility Registrants):

The following tables disaggregate the Registrants' revenues recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of electric sales and natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with the Utility Registrants, but exclude any intercompany revenues.

	Three Months Ended September 30, 2023						
Revenues from contracts with customers	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Electric revenues							
Residential	$ 1,047	$ 654	$ 512	$ 959	$ 405	$ 255	$ 299
Small commercial & industrial	540	148	86	199	54	70	75
Large commercial & industrial	263	67	144	386	303	32	51
Public authorities & electric railroads	11	7	7	16	9	3	4
Other[a]	265	80	104	201	67	67	68
Total electric revenues[b]	$ 2,126	$ 956	$ 853	$ 1,761	$ 838	$ 427	$ 497
Natural gas revenues							
Residential	$ —	$ 43	$ 57	$ 12	$ —	$ 12	$ —
Small commercial & industrial	—	16	10	7	—	7	—
Large commercial & industrial	—	—	25	1	—	1	—
Transportation	—	7	—	3	—	3	—
Other[c]	—	1	4	1	—	1	—
Total natural gas revenues[d]	$ —	$ 67	$ 96	$ 24	$ —	$ 24	$ —
Total revenues from contracts with customers	$ 2,126	$ 1,023	$ 949	$ 1,785	$ 838	$ 451	$ 497
Other revenues							
Revenues from alternative revenue programs	$ 135	$ 11	$ (22)	$ (15)	$ (18)	$ (2)	$ 5
Other electric revenues[e]	7	3	4	3	2	1	—
Other natural gas revenues[e]	—	—	1	—	—	—	—
Total other revenues	$ 142	$ 14	$ (17)	$ (12)	$ (16)	$ (1)	$ 5
Total revenues for reportable segments	$ 2,268	$ 1,037	$ 932	$ 1,773	$ 822	$ 450	$ 502

Note 5 — Segment Information

Revenues from contracts with customers	Three Months Ended September 30, 2022						
	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Electric revenues							
Residential	$ 935	$ 620	$ 406	$ 808	$ 318	$ 207	$ 283
Small commercial & industrial	217	149	88	179	44	65	70
Large commercial & industrial	(117)	93	158	401	303	43	55
Public authorities & electric railroads	3	8	7	16	9	4	3
Other[a]	246	71	101	166	57	55	54
Total electric revenues[b]	$ 1,284	$ 941	$ 760	$ 1,570	$ 731	$ 374	$ 465
Natural gas revenues							
Residential	$ —	$ 46	$ 70	$ 10	$ —	$ 10	$ —
Small commercial & industrial	—	20	13	6	—	6	—
Large commercial & industrial	—	—	28	3	—	3	—
Transportation	—	5	—	3	—	3	—
Other[c]	—	2	2	16	—	16	—
Total natural gas revenues[d]	$ —	$ 73	$ 113	$ 38	$ —	$ 38	$ —
Total revenues from contracts with customers	$ 1,284	$ 1,014	$ 873	$ 1,608	$ 731	$ 412	$ 465
Other revenues							
Revenues from alternative revenue programs	$ 88	$ (5)	$ (8)	$ (11)	$ (8)	$ —	$ (3)
Other electric revenues[e]	6	5	4	1	1	—	—
Other natural gas revenues[e]	—	—	1	—	—	—	—
Total other revenues	$ 94	$ —	$ (3)	$ (10)	$ (7)	$ —	$ (3)
Total revenues for reportable segments	$ 1,378	$ 1,014	$ 870	$ 1,598	$ 724	$ 412	$ 462

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates in 2023 and 2022 respectively of:
- $9 million, $6 million at ComEd
- $2 million, $3 million at PECO
- $1 million, $2 million at BGE
- $2 million, $3 million at PHI
- $1 million, $2 million at Pepco
- $2 million, $1 million at DPL
- less than $1 million, less than $1 million at ACE

(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates in 2023 and 2022 of:
- less than $1 million at PECO
- $1 million at BGE

(e) Includes late payment charge revenues.

Nine Months Ended September 30, 2023 and 2022

	ComEd	PECO	BGE	PHI	Other[a]	Intersegment Eliminations	Exelon
Operating revenues[b]:							
2023							
Electric revenues	$ 5,836	$ 2,484	$ 2,322	$ 4,459	$ —	$ (45)	$ 15,056
Natural gas revenues	—	493	664	150	—	(3)	1,304
Shared service and other revenues	—	—	—	6	1,316	(1,322)	—
Total operating revenues	$ 5,836	$ 2,977	$ 2,986	$ 4,615	$ 1,316	$ (1,370)	$ 16,360
2022							
Electric revenues	$ 4,536	$ 2,390	$ 2,122	$ 4,058	$ —	$ (24)	$ 13,082
Natural gas revenues	—	487	688	157	—	(2)	1,330
Shared service and other revenues	—	—	—	8	1,342	(1,350)	—
Total operating revenues	$ 4,536	$ 2,877	$ 2,810	$ 4,223	$ 1,342	$ (1,376)	$ 14,412
Intersegment revenues[c]:							
2023	$ 14	$ 6	$ 6	$ 7	$ 1,310	$ (1,343)	$ —
2022	14	5	13	9	1,342	(1,377)	6
Depreciation and amortization:							
2023	$ 1,045	$ 297	$ 487	$ 741	$ 46	$ —	$ 2,616
2022	982	277	470	697	46	—	2,472
Operating expenses:							
2023	$ 4,472	$ 2,436	$ 2,503	$ 3,864	$ 1,521	$ (1,367)	$ 13,429
2022	3,357	2,230	2,446	3,535	1,524	(1,288)	11,804
Interest expense, net:							
2023	$ 357	$ 149	$ 135	$ 238	$ 402	$ (4)	$ 1,277
2022	308	129	110	216	300	—	1,063
Income (loss) from continuing operations before income taxes:							
2023	$ 1,057	$ 418	$ 362	$ 593	$ (424)	$ (21)	$ 1,985
2022	909	541	270	528	(228)	(42)	1,978
Income taxes:							
2023	$ 235	$ 8	$ 76	$ 103	$ (149)	$ 1	$ 274
2022	203	67	3	10	82	(9)	356
Net income (loss) from continuing operations:							
2023	$ 822	$ 410	$ 286	$ 490	$ (275)	$ (22)	$ 1,711
2022	706	474	267	518	(310)	(33)	1,622
Capital expenditures:							
2023	$ 1,926	$ 1,068	$ 986	$ 1,510	$ 50	$ —	$ 5,540
2022	1,801	991	918	1,174	68	—	4,952
Total assets:							
September 30, 2023	$ 42,042	$ 15,259	$ 13,649	$ 26,656	$ 5,825	$ (4,172)	$ 99,259
December 31, 2022	39,661	14,502	13,350	26,082	6,014	(4,260)	95,349

(a) Other primarily includes Exelon's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in Taxes other than income taxes in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.

(c) See Note 16 — Related Party Transactions for additional information on intersegment revenues.

PHI:

	Pepco	DPL	ACE	Other[a]	Intersegment Eliminations	PHI
Operating revenues[b]:						
2023						
Electric revenues	$ 2,174	$ 1,123	$ 1,172	$ 1	$ (11)	$ 4,459
Natural gas revenues	—	150	—	—	—	150
Shared service and other revenues	—	—	—	309	(303)	6
Total operating revenues	$ 2,174	$ 1,273	$ 1,172	$ 310	$ (314)	$ 4,615
2022						
Electric revenues	$ 1,919	$ 1,019	$ 1,120	$ —	$ —	$ 4,058
Natural gas revenues	—	157	—	—	—	157
Shared service and other revenues	—	—	—	298	(290)	8
Total operating revenues	$ 1,919	$ 1,176	$ 1,120	$ 298	$ (290)	$ 4,223
Intersegment revenues[c]:						
2023	$ 5	$ 5	$ 1	$ 309	$ (313)	$ 7
2022	4	5	2	288	(290)	9
Depreciation and amortization:						
2023	$ 329	$ 182	$ 212	$ 18	$ —	$ 741
2022	312	172	192	21	—	697
Operating expenses:						
2023	$ 1,810	$ 1,079	$ 971	$ 318	$ (314)	$ 3,864
2022	1,588	999	947	291	(290)	3,535
Interest expense, net:						
2023	$ 122	$ 53	$ 52	$ 9	$ 2	$ 238
2022	111	48	49	7	1	216
Income (loss) before income taxes:						
2023	$ 292	$ 153	$ 162	$ (14)	$ —	$ 593
2022	259	138	133	(2)	—	528
Income taxes:						
2023	$ 43	$ 25	$ 40	$ (5)	$ —	$ 103
2022	(2)	8	2	2	—	10
Net income (loss):						
2023	$ 249	$ 128	$ 122	$ (9)	$ —	$ 490
2022	261	130	131	(4)	—	518
Capital expenditures:						
2023	$ 710	$ 416	$ 376	$ 8	$ —	$ 1,510
2022	595	294	284	1	—	1,174
Total assets:						
September 30, 2023	$ 11,061	$ 5,870	$ 5,155	$ 4,644	$ (74)	$ 26,656
December 31, 2022	10,657	5,802	4,979	4,677	(33)	26,082

(a) Other primarily includes PHI's corporate operations, shared service entities, and other financing and investment activities.
(b) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in Taxes other than income taxes in the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 15 — Supplemental Financial Information for additional information on total utility taxes.
(c) Includes intersegment revenues with ComEd, BGE, and PECO, which are eliminated at Exelon.

Electric and Gas Revenue by Customer Class (Utility Registrants):

The following tables disaggregate the Registrants' revenues recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of electric sales and natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with the Utility Registrants, but exclude any intercompany revenues.

	Nine Months Ended September 30, 2023						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Electric revenues							
Residential	$ 2,744	$ 1,617	$ 1,308	$ 2,181	$ 954	$ 626	$ 601
Small commercial & industrial	1,363	415	253	503	134	189	180
Large commercial & industrial	553	196	412	1,099	838	98	163
Public authorities & electric railroads	33	23	22	49	25	11	13
Other[(a)]	716	219	303	563	187	186	194
Total electric revenues[(b)]	$ 5,409	$ 2,470	$ 2,298	$ 4,395	$ 2,138	$ 1,110	$ 1,151
Natural gas revenues							
Residential	$ —	$ 335	$ 406	$ 88	$ —	$ 88	$ —
Small commercial & industrial	—	123	66	40	—	40	—
Large commercial & industrial	—	1	124	3	—	3	—
Transportation	—	20	—	11	—	11	—
Other[(c)]	—	12	28	8	—	8	—
Total natural gas revenues[(d)]	$ —	$ 491	$ 624	$ 150	$ —	$ 150	$ —
Total revenues from contracts with customers	$ 5,409	$ 2,961	$ 2,922	$ 4,545	$ 2,138	$ 1,260	$ 1,151
Other revenues							
Revenues from alternative revenue programs	$ 405	$ 1	$ 47	$ 59	$ 28	$ 10	$ 21
Other electric revenues[(e)]	22	13	12	11	8	3	—
Other natural gas revenues[(e)]	—	2	5	—	—	—	—
Total other revenues	$ 427	$ 16	$ 64	$ 70	$ 36	$ 13	$ 21
Total revenues for reportable segments	$ 5,836	$ 2,977	$ 2,986	$ 4,615	$ 2,174	$ 1,273	$ 1,172

Note 5 — Segment Information

	Nine Months Ended September 30, 2022						
Revenues from contracts with customers	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Electric revenues							
Residential	$ 2,610	$ 1,538	$ 1,158	$ 2,007	$ 826	$ 570	$ 611
Small commercial & industrial	953	386	239	461	117	173	171
Large commercial & industrial	48	229	418	1,056	806	99	151
Public authorities & electric railroads	22	23	20	47	25	11	11
Other[(a)]	718	202	297	524	157	168	190
Total electric revenues[(b)]	$ 4,351	$ 2,378	$ 2,132	$ 4,095	$ 1,931	$ 1,021	$ 1,134
Natural gas revenues							
Residential	$ —	$ 335	$ 448	$ 77	$ —	$ 77	$ —
Small commercial & industrial	—	125	77	35	—	35	—
Large commercial & industrial	—	—	128	9	—	9	—
Transportation	—	19	—	11	—	11	—
Other[(c)]	—	7	50	25	—	25	—
Total natural gas revenues[(d)]	$ —	$ 486	$ 703	$ 157	$ —	$ 157	$ —
Total revenues from contracts with customers	$ 4,351	$ 2,864	$ 2,835	$ 4,252	$ 1,931	$ 1,178	$ 1,134
Other revenues							
Revenues from alternative revenue programs	$ 163	$ 1	$ (40)	$ (33)	$ (15)	$ (3)	$ (14)
Other electric revenues[(e)]	22	11	11	4	3	1	—
Other natural gas revenues[(e)]	—	1	4	—	—	—	—
Total other revenues	$ 185	$ 13	$ (25)	$ (29)	$ (12)	$ (2)	$ (14)
Total revenues for reportable segments	$ 4,536	$ 2,877	$ 2,810	$ 4,223	$ 1,919	$ 1,176	$ 1,120

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates in 2023 and 2022 respectively of:
- $14 million, $14 million at ComEd
- $5 million, $5 million at PECO
- $4 million, $5 million at BGE
- $7 million, $9 million at PHI
- $5 million, $4 million at Pepco
- $5 million, $5 million at DPL
- $1 million, $2 million at ACE

(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates in 2023 and 2022 respectively of:
- $1 million, $1 million at PECO
- $2 million, $7 million at BGE

(e) Includes late payment charge revenues.

6. Accounts Receivable (All Registrants)

Allowance for Credit Losses on Accounts Receivable

The following tables present the rollforward of Allowance for Credit Losses on Customer Accounts Receivable.

	Three Months Ended September 30, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at June 30, 2023	$ 323	$ 67	$ 101	$ 50	$ 105	$ 50	$ 21	$ 34
Plus: Current period provision for expected credit losses[a]	72	24	13	9	26	11	6	9
Less: Write-offs, net of recoveries[b]	54	15	19	7	13	5	4	4
Balance at September 30, 2023	$ 341	$ 76	$ 95	$ 52	$ 118	$ 56	$ 23	$ 39

	Three Months Ended September 30, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at June 30, 2022	$ 354	$ 81	$ 107	$ 57	$ 109	$ 42	$ 22	$ 45
Plus: Current period provision for expected credit losses	38	10	12	2	14	6	1	7
Less: Write-offs, net of recoveries	51	17	16	5	12	4	3	5
Balance at September 30, 2022	$ 341	$ 74	$ 103	$ 54	$ 111	$ 44	$ 20	$ 47

	Nine Months Ended September 30, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at December 31, 2022	$ 327	$ 59	$ 105	$ 54	$ 109	$ 47	$ 21	$ 41
Plus: Current period provision for expected credit losses[c][d]	144	45	32	23	44	24	10	10
Less: Write-offs, net[e][f][g]of recoveries[b]	130	28	42	25	35	15	8	12
Balance at September 30, 2023	$ 341	$ 76	$ 95	$ 52	$ 118	$ 56	$ 23	$ 39

	Nine Months Ended September 30, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at December 31, 2021	$ 320	$ 73	$ 105	$ 38	$ 104	$ 37	$ 18	$ 49
Plus: Current period provision for expected credit losses	141	31	33	30	47	23	8	16
Less: Write-offs, net of recoveries	120	30	35	14	40	16	6	18
Balance at September 30, 2022	$ 341	$ 74	$ 103	$ 54	$ 111	$ 44	$ 20	$ 47

(a) For ComEd, BGE, PHI, Pepco, DPL and ACE, the change in current period provision for expected credit losses is primarily a result of increased receivable balances.
(b) Recoveries were not material to the Registrants.
(c) For ComEd and DPL, the change in current period provision for expected credit losses is primarily a result of increased receivable balances.
(d) For BGE and ACE, the change in current period provision for expected credit losses is primarily a result of changes in customer risk profile.
(e) For PECO and BGE, the change in write-offs is primarily a result of increased disconnection activities.
(f) For DPL, the change in write-offs is primarily attributable to unfavorable customer payment behavior.
(g) For ACE, the change in write-offs is primarily attributable to the termination of the moratorium in New Jersey, which beginning in March 2020, prevented customer disconnections for non-payment. Disconnection activities resumed in January 2022, driving the change in write-offs of aging accounts receivable for the nine months ended September 20, 2023.

The following tables present the rollforward of Allowance for Credit Losses on Other Accounts Receivable.

	Three Months Ended September 30, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at June 30, 2023	$ 87	$ 18	$ 8	$ 8	$ 53	$ 31	$ 9	$ 13
Plus: Current period provision (benefit) for expected credit losses	6	3	2	3	(2)	(2)	—	—
Less: Write-offs, net of recoveries[(a)]	5	1	2	2	—	—	—	—
Balance at September 30, 2023	$ 88	$ 20	$ 8	$ 9	$ 51	$ 29	$ 9	$ 13

	Three Months Ended September 30, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at June 30, 2022	$ 81	$ 18	$ 10	$ 11	$ 42	$ 20	$ 8	$ 14
Plus: Current period provision (benefit) for expected credit losses	8	2	2	2	2	2	(1)	1
Less: Write-offs, net of recoveries	5	2	1	1	1	—	—	1
Balance at September 30, 2022	$ 84	$ 18	$ 11	$ 12	$ 43	$ 22	$ 7	$ 14

	Nine Months Ended September 30, 2023							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at December 31, 2022	$ 82	$ 17	$ 9	$ 10	$ 46	$ 25	$ 7	$ 14
Plus: Current period provision for expected credit losses	21	6	3	5	7	4	2	1
Less: Write-offs, net of recoveries[(a)]	15	3	4	6	2	—	—	2
Balance at September 30, 2023	$ 88	$ 20	$ 8	$ 9	$ 51	$ 29	$ 9	$ 13

	Nine Months Ended September 30, 2022							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at December 31, 2021	$ 72	$ 17	$ 7	$ 9	$ 39	$ 16	$ 8	$ 15
Plus: Current period provision (benefit) for expected credit losses	24	5	6	6	7	6	(1)	2
Less: Write-offs, net of recoveries	12	4	2	3	3	—	—	3
Balance at September 30, 2022	$ 84	$ 18	$ 11	$ 12	$ 43	$ 22	$ 7	$ 14

(a) Recoveries were not material to the Registrants.

Unbilled Customer Revenue

The following table provides additional information about unbilled customer revenues recorded in the Registrants' Consolidated Balance Sheets at September 30, 2023 and December 31, 2022.

	Unbilled customer revenues[a]							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
September 30, 2023	$ 740	$ 279	$ 135	$ 118	$ 208	$ 100	$ 44	$ 64
December 31, 2022	912	223	219	247	223	103	74	46

(a) Unbilled customer revenues are classified in Customer accounts receivable, net in the Registrants' Consolidated Balance Sheets.

Other Purchases of Customer and Other Accounts Receivables

The Utility Registrants are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia, Delaware, and New Jersey, to purchase certain receivables from alternative retail electric and, as applicable, natural gas suppliers that participate in the utilities' consolidated billing. The following table presents the total receivables purchased.

	Total receivables purchased							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Nine months ended September 30, 2023	$ 3,124	$ 726	$ 843	$ 628	$ 927	$ 600	$ 174	$ 153
Nine months ended September 30, 2022	3,088 [a]	753	832	607 [a]	896	559	168	169

(a) Includes $4 million of receivables purchased from Generation prior to the separation on February 1, 2022 for the nine months ended September 30, 2022.

7. Income Taxes (All Registrants)

Rate Reconciliation

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

	Three Months Ended September 30, 2023[a]							
	Exelon	ComEd	PECO[b]	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
Increase (decrease) due to:								
State income taxes, net of federal income tax benefit[c]	(2.7)	7.8	(1.2)	6.6	6.2	5.5	6.1	7.0
Plant basis differences	(4.4)	(0.4)	(15.6)	(0.2)	(1.5)	(2.4)	(0.9)	(0.5)
Excess deferred tax amortization	(6.4)	(5.3)	(2.4)	(5.4)	(8.0)	(9.2)	(10.0)	(3.1)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.1)	(0.1)	—	(0.1)	(0.1)
Tax credits	(0.5)	(1.2)	—	(2.0)	(0.5)	(0.6)	(0.4)	(0.3)
Other	1.8	0.2	0.2	(0.3)	0.3	0.6	—	0.5
Effective income tax rate	8.7 %	22.0 %	2.0 %	19.6 %	17.4 %	14.9 %	15.7 %	24.5 %

	Three Months Ended September 30, 2022[a]							
	Exelon	ComEd	PECO[d]	BGE[d]	PHI[d]	Pepco[d]	DPL[d]	ACE[d]
U.S. Federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
Increase (decrease) due to:								
State income taxes, net of federal income tax benefit	9.0	8.0	20.7	6.8	1.4	(2.7)	6.5	7.0
Plant basis differences	(5.3)	(0.4)	(14.2)	(2.6)	(1.7)	(2.3)	(0.8)	(1.0)
Excess deferred tax amortization	(11.6)	(5.6)	(3.2)	(47.3)	(19.3)	(14.6)	(21.7)	(25.5)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.2)	(0.1)	—	(0.2)	(0.2)
Tax credits	(0.6)	(0.4)	—	(1.9)	(0.9)	(0.8)	(1.3)	(0.7)
Other	(0.4)	(0.1)	0.3	(2.7)	0.3	0.1	0.2	0.5
Effective income tax rate	12.0 %	22.4 %	24.6 %	(26.9)%	0.7 %	0.7 %	3.7 %	1.1 %

(a) Positive percentages represent income tax expense. Negative percentages represent income tax benefit.
(b) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions.
(c) For Exelon, the lower state income taxes, net of federal income tax expense, is primarily due to the long-term marginal state income tax rate change of $54 million.
(d) For PECO, the higher effective tax rate is related to a one-time state income expense, net of federal income tax benefit, of $38 million attributable to the change in the Pennsylvania corporate income tax rate partially offset by plant basis differences attributable to tax repair deductions. For BGE, PHI, Pepco, DPL, and ACE, the lower effective tax rate is primarily related to the acceleration of certain income tax benefits due to distribution and transmission rate case settlements.

Note 7 — Income Taxes

	Nine Months Ended September 30, 2023[a]							
	Exelon	ComEd	PECO[b]	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:								
State income taxes, net of federal income tax benefit[c]	2.8	7.8	(1.3)	6.5	6.1	5.5	6.2	6.9
Plant basis differences	(4.3)	(0.4)	(15.5)	(0.5)	(1.6)	(2.5)	(1.0)	(0.5)
Excess deferred tax amortization	(6.6)	(5.5)	(2.4)	(5.4)	(7.7)	(9.2)	(9.4)	(2.6)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.1)	(0.1)	—	(0.1)	(0.1)
Tax credits	(0.5)	(0.7)	—	(0.7)	(0.6)	(0.7)	(0.4)	(0.3)
Other	1.5	0.1	0.1	0.2	0.3	0.6	—	0.3
Effective income tax rate	13.8%	22.2%	1.9%	21.0%	17.4%	14.7%	16.3%	24.7%

	Nine Months Ended September 30, 2022[a]							
	Exelon	ComEd	PECO[d]	BGE[d]	PHI[d]	Pepco[d]	DPL[d]	ACE[d]
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:								
State income taxes, net of federal income tax benefit[e]	9.5	7.9	6.6	2.8	2.0	(3.2)	6.5	6.9
Plant basis differences	(4.2)	(0.5)	(12.2)	(1.1)	(1.7)	(2.4)	(0.7)	(1.1)
Excess deferred tax amortization	(11.3)	(5.7)	(3.2)	(20.7)	(18.8)	(15.4)	(20.4)	(24.7)
Amortization of investment tax credit, including deferred taxes on basis difference	(0.1)	(0.1)	—	(0.1)	(0.1)	—	(0.2)	(0.2)
Tax credits[f]	0.3	(0.3)	—	(0.7)	(0.7)	(0.6)	(0.7)	(0.6)
Other[g]	2.8	—	0.2	(0.1)	0.2	(0.2)	0.3	0.2
Effective income tax rate	18.0%	22.3%	12.4%	1.1%	1.9%	(0.8)%	5.8%	1.5%

(a) Positive percentages represent income tax expense. Negative percentages represent income tax benefit.
(b) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions.
(c) For Exelon, the lower state income taxes, net of federal income tax expense, is primarily due to the long-term marginal state income tax rate change of $54 million.
(d) For PECO, the lower effective tax rate is primarily related to plant basis differences attributable to tax repair deductions partially offset by higher state income taxes, net of federal income tax benefit, related to a one-time expense of $38 million attributable to the change in the Pennsylvania corporate income tax rate. For BGE, PHI, Pepco, DPL and ACE, the lower effective tax rate is primarily related to the acceleration of certain income tax benefits due to distribution and transmission rate case settlements.
(e) For Exelon, the higher state income taxes, net of federal income tax benefit, is primarily due to the long-term marginal state income tax rate change of approximately $67 million and the recognition of a valuation allowance of approximately $40 million against the net deferred tax asset position for certain standalone state filing jurisdictions, partially offset by a one-time impact associated with a state tax benefit of $43 million and indemnification adjustments pursuant to the Tax Matters Agreement of $4 million as a result of the separation. For PECO, the higher state income taxes, net of federal income tax benefit, related to a one-time expense of $38 million attributable to the change in the Pennsylvania corporate income tax rate.
(f) For Exelon, reflects the income tax expense related to the write-off of federal tax credits subject to recapture of approximately $15 million as a result of the separation.
(g) For Exelon, primarily reflects the nondeductible transaction costs of approximately $19 million arising as part of the separation and indemnification adjustments pursuant to the Tax Matters Agreement of $40 million.

Unrecognized Tax Benefits

Exelon, PHI and ACE have the following unrecognized tax benefits at September 30, 2023 and December 31, 2022. ComEd's, PECO's, BGE's, Pepco's, and DPL's amounts are not material.

	Exelon[a]	PHI	ACE
September 30, 2023	$ 138	$ 56	$ 16
December 31, 2022	148	59	17

(a) At September 30, 2023 and December 31, 2022, Exelon reflected a receivable of $50 million in Other deferred debits and other assets in the Consolidated Balance Sheet for Constellation's share of unrecognized tax benefits for periods prior to the separation.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date.

As of September 30, 2023, ACE has $14 million of unrecognized state tax benefits that could significantly decrease within the 12 months after the reporting date based on the outcome of pending court cases involving other taxpayers. The unrecognized tax benefit, if recognized, may be included in future base rates and that portion would have no impact to the effective tax rate.

Other Tax Matters

Tax Matters Agreement (Exelon)

In connection with the separation, Exelon entered into a TMA with Constellation. The TMA governs the respective rights, responsibilities, and obligations between Exelon and Constellation after the separation with respect to tax liabilities, refunds and attributes for open tax years that Constellation was part of Exelon's consolidated group for U.S. federal, state, and local tax purposes.

Indemnification for Taxes. As a former subsidiary of Exelon, Constellation has joint and several liability with Exelon to the IRS and certain state jurisdictions relating to the taxable periods prior to the separation. The TMA specifies that Constellation is liable for their share of taxes required to be paid by Exelon with respect to taxable periods prior to the separation to the extent Constellation would have been responsible for such taxes under the existing Exelon tax sharing agreement. As of September 30, 2023, Exelon recorded a payable of $15 million in Other current liabilities that is due to Constellation.

Tax Refunds. The TMA specifies that Constellation is entitled to their share of any future tax refunds claimed by Exelon with respect to taxable periods prior to the separation to the extent that Constellation would have received such tax refunds under the existing Exelon tax sharing agreement.

Tax Attributes. At the date of separation certain tax attributes, primarily pre-closing tax credit carryforwards, that were generated by Constellation were required by law to be allocated to Exelon. The TMA provides that Exelon will reimburse Constellation when those allocated tax credit carryforwards are utilized. As of September 30, 2023, Exelon recorded a payable of $22 million and $509 million in Other current liabilities and Other deferred credits and other liabilities, respectively, in the Consolidated Balance Sheet for tax attribute carryforwards that are expected to be utilized and reimbursed to Constellation.

Corporate Alternative Minimum Tax (All Registrants)

On August 16, 2022, the IRA was signed into law and implements a new corporate alternative minimum tax (CAMT) that imposes a 15.0% tax on modified GAAP net income. Corporations are entitled to a tax credit (minimum tax credit) to the extent the CAMT liability exceeds the regular tax liability. This amount can be carried forward indefinitely and used in future years when regular tax exceeds the CAMT.

Beginning in 2023, based on the existing statue, Exelon and each of the Utility Registrants will be subject to and will report the CAMT on a separate Registrant basis in the Consolidated Statements of Operations and Comprehensive Income and the Consolidated Balance Sheets. The deferred tax asset related to the minimum tax credit carryforward will be realized to the extent Exelon's consolidated deferred tax liabilities exceed the minimum tax credit carryforward. Exelon's deferred tax liabilities are expected to exceed the minimum tax credit carryforward for the foreseeable future and thus no valuation allowance is required. Exelon is continuing to assess the financial statement impacts of the IRA and will update estimates based on future guidance issued by the U.S. Treasury.

Long-Term Marginal State Income Tax Rate (Exelon)

In the third quarter of 2023, Exelon updated its marginal state income tax rates for changes in state apportionment. The changes in marginal rates in the third quarter of 2023 resulted in a decrease of $54 million to the deferred tax liability at Exelon, and a corresponding adjustment to income tax expense, net of federal taxes.

Allocation of Tax Benefits (All Registrants)

The Utility Registrants are party to an agreement with Exelon that provides for the allocation of consolidated tax liabilities and benefits (Tax Sharing Agreement). The Tax Sharing Agreement provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. In addition, any net benefit attributable to Exelon is reallocated to the Utility Registrants. That allocation is treated as a contribution to capital from Exelon to the party receiving the benefit.

The following table presents the allocation of tax benefits from Exelon under the Tax Sharing Agreement, for the three and nine months ended September 30, 2023, and 2022.

	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
September 30, 2023	$ 13	$ 19	$ —	$ 10	$ 4	$ —	$ 2
September 30, 2022	$ 1	$ 47	$ —	$ 28	23	$ 3	2

8. Retirement Benefits (All Registrants)

Defined Benefit Pension and OPEB

The majority of the 2023 pension benefit cost for the Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 5.53%. The majority of the 2023 OPEB cost is calculated using an expected long-term rate of return on plan assets of 6.50% for funded plans and a discount rate of 5.51%.

During the first quarter of 2023, Exelon received an updated valuation of its pension and OPEB to reflect actual census data as of January 1, 2023. This valuation resulted in an increase to the pension obligation of $27 million and an increase to the OPEB obligation of $2 million. Additionally, AOCI increased by $10 million (after-tax) and regulatory assets and liabilities increased by $18 million and $1 million, respectively.

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three and nine months ended September 30, 2023 and 2022.

Note 8 — Retirement Benefits

	Pension Benefits		OPEB	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2023	2022	2023	2022
Components of net periodic benefit cost				
Service cost	$ 39	$ 58	$ 6	$ 10
Interest cost	145	110	25	19
Expected return on assets	(189)	(205)	(21)	(25)
Amortization of:				
Prior service cost (credit)	1	1	(2)	(5)
Actuarial loss	41	73	—	4
Settlement charges	18	—	—	—
Net periodic benefit cost	$ 55	$ 37	$ 8	$ 3

	Pension Benefits		OPEB	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Components of net periodic benefit cost				
Service cost	$ 116	$ 177	$ 18	$ 30
Interest cost	434	330	76	57
Expected return on assets	(566)	(619)	(63)	(75)
Amortization of:				
Prior service cost (credit)	2	3	(7)	(15)
Actuarial loss (gain)	125	222	(1)	12
Settlement charges	18	—	—	—
Net periodic benefit cost	$ 129	$ 113	$ 23	$ 9

The amounts below represent the Registrants' allocated pension and OPEB costs. For Exelon, the service cost component is included in Operating and maintenance expense and Property, plant, and equipment, net while the non-service cost components are included in Other, net and Regulatory assets. For the Utility Registrants, which apply multi-employer accounting, the service cost and non-service cost components are included in Operating and maintenance expense and Property, plant, and equipment, net in their consolidated financial statements.

Pension and OPEB Costs (Benefit)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Exelon	$ 63	$ 40	$ 152	$ 122
ComEd	6	15	19	45
PECO	(3)	(2)	(10)	(6)
BGE	14	11	42	33
PHI	25	13	74	39
Pepco	9	2	26	6
DPL	4	1	13	3
ACE	3	3	10	9

Defined Contribution Savings Plan

The Registrants participate in a 401(k) defined contribution savings plan that is sponsored by Exelon. The plan is qualified under applicable sections of the IRC and allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the employer contributions and employer matching contributions to the savings plan for the three and nine months ended September 30, 2023 and 2022.

Savings Plan Employer Contributions	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Exelon	$ 27	$ 23	$ 74	$ 66
ComEd	12	11	31	29
PECO	3	3	10	9
BGE	3	2	8	7
PHI	5	4	13	11
Pepco	1	1	3	3
DPL	1	1	3	3
ACE	1	1	2	2

9. Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations. The Registrants do not execute derivatives for speculative or proprietary trading purposes.

Authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include NPNS, cash flow hedges, and fair value hedges. At ComEd, derivative economic hedges related to commodities are recorded at fair value and offset by a corresponding regulatory asset or liability. At Exelon, derivative economic hedges related to interest rates are recorded at fair value and offsets are recorded to Electric operating revenues or Interest expense based on the activity the transaction is economically hedging. For all NPNS derivative instruments, accounts receivable or accounts payable are recorded when derivatives settle and revenue or expense is recognized in earnings as the underlying physical commodity is sold or consumed. At Exelon, derivative hedges that qualify and are designated as cash flow hedges are recorded at fair value and offsets are recorded to AOCI.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade. Cash collateral held by PECO, BGE, Pepco, DPL, and ACE must be deposited in an unaffiliated major U.S. commercial bank or foreign bank with a U.S. branch office that meets certain qualifications.

Commodity Price Risk

The Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, which are either determined to be non-derivative or classified as economic hedges. The Utility Registrants procure electric and natural gas supply through a competitive procurement process approved by each of the respective state utility commissions. The Utility Registrants' hedging programs are intended to reduce exposure to energy and natural gas price volatility and have no direct earnings impact as the costs are fully recovered from customers through regulatory-approved recovery mechanisms. The following table provides a summary of the Utility Registrants' primary derivative hedging instruments, listed by commodity and accounting treatment.

Registrant	Commodity	Accounting Treatment	Hedging Instrument
ComEd	Electricity	NPNS	Fixed price contracts based on all requirements in the IPA procurement plans.
	Electricity	Changes in fair value of economic hedge recorded to an offsetting regulatory asset or liability[(a)]	20-year floating-to-fixed energy swap contracts beginning June 2012 based on the renewable energy resource procurement requirements in the Illinois Settlement Legislation of approximately 1.3 million MWhs per year.
PECO	Electricity	NPNS	Fixed price contracts for default supply requirements through full requirements contracts.
	Gas	NPNS	Fixed price contracts to cover about 10% of planned natural gas purchases in support of projected firm sales.
BGE	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
	Gas	NPNS	Fixed price contracts for between 10-20% of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period.
Pepco	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
DPL	Electricity	NPNS	Fixed price contracts for all SOS requirements through full requirements contracts.
	Gas	NPNS	Fixed and index priced contracts through full requirements contracts.
	Gas	Changes in fair value of economic hedge recorded to an offsetting regulatory asset or liability[(b)]	Exchange traded future contracts for up to 50% of estimated monthly purchase requirements each month, including purchases for storage injections.
ACE	Electricity	NPNS	Fixed price contracts for all BGS requirements through full requirements contracts.

(a) See Note 3 — Regulatory Matters of the 2022 Form 10-K for additional information.
(b) The fair value of the DPL economic hedge is not material at September 30, 2023 and December 31, 2022.

The fair value of derivative economic hedges is presented in Other current assets and current and noncurrent Mark-to-market derivative liabilities in Exelon's and ComEd's Consolidated Balance Sheets.

Interest Rate and Other Risk (Exelon)

Exelon Corporate uses a combination of fixed-rate and variable-rate debt to manage interest rate exposure. Exelon Corporate may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. In addition, Exelon Corporate may also utilize interest rate swaps to manage interest rate exposure and manage potential fluctuations in Electric operating revenues at the corporate level in consolidation, which are directly correlated to yields on U.S. Treasury bonds under ComEd's distribution formula rate. These interest rate swaps are accounted for as economic hedges. A hypothetical 50

basis point change in the interest rates associated with Exelon's interest rate swaps as of September 30, 2023 would result in an immaterial impact to Exelon's Consolidated Net Income.

Below is a summary of the interest rate hedge balances at September 30, 2023 and December 31, 2022.

	September 30, 2023		
	Derivatives Designated as Hedging Instruments	Economic Hedges	Total
Other current assets	$ —	$ 3	$ 3
Other deferred debits (noncurrent assets)	41	—	41
Total derivative assets	41	3	44
Mark-to-market derivative liabilities (current liabilities)	—	(23)	(23)
Total mark-to-market derivative liabilities	—	(23)	(23)
Total mark-to-market derivative net assets (liabilities)	$ 41	$ (20)	$ 21

	December 31, 2022		
	Derivatives Designated as Hedging Instruments	Economic Hedges	Total
Other deferred debits (noncurrent assets)	$ 6	$ 5	$ 11
Total derivative assets	6	5	11
Mark-to-market derivative liabilities (current liabilities)	—	(3)	(3)
Mark-to-market derivative liabilities (noncurrent liabilities)	(4)	—	(4)
Total mark-to-market derivative liabilities	(4)	(3)	(7)
Total mark-to-market derivative net assets	$ 2	$ 2	$ 4

Cash Flow Hedges (Interest Rate Risk)

For derivative instruments that qualify and are designated as cash flow hedges, the changes in fair value each period are initially recorded in AOCI and reclassified into earnings when the underlying transaction affects earnings. In January 2023, Exelon Corporate entered into $115 million notional of 5-year maturity floating-to-fixed swaps and $115 million notional of 10-year maturity floating-to-fixed swaps, for a total of $230 million designated as cash flow hedges. In February 2023, Exelon terminated the previously issued floating-to-fixed swaps with a total notional of $1.5 billion upon issuance of $2.5 billion of debt. See Note 10 – Debt and Credit Agreements for additional information on the debt issuance. Prior to the termination, the AOCI derivative gain was $7 million (net of tax). The settlements resulted in a cash receipt of $10 million, which is being amortized into Interest expense in Exelon's Consolidated Statement of Operations and Comprehensive Income over the 5-year and 10-year terms of the swaps.

Since the termination in February 2023, Exelon has entered into additional floating-to-fixed swaps. The following table provides the notional amounts outstanding held by Exelon at September 30, 2023 and December 31, 2022.

	September 30, 2023	December 31, 2022
5-year maturity floating-to-fixed swaps	$ 390	$ 635
10-year maturity floating-to-fixed swaps	390	635
Total	$ 780	$ 1,270

The related AOCI derivative gain for the three and nine months ended as of September 30, 2023 was $22 million and $31 million (net of tax). See Note 14 – Changes in Accumulated Other Comprehensive Income (Loss) for additional information.

Economic Hedges (Interest Rate and Other Risk)

Exelon Corporate executes derivative instruments to mitigate exposure to fluctuations in interest rates but for which the fair value or cash flow hedge elections were not made. For derivatives intended to serve as economic hedges, fair value is recorded on the balance sheet and changes in fair value each period are recognized in earnings or as a regulatory asset or liability, if regulatory requirements are met, each period.

Exelon Corporate enters into floating-to-fixed interest rate cap swaps to manage a portion of interest rate exposure in connection with existing borrowings. In the fourth quarter of 2022, Exelon Corporate entered into $1 billion notional of 18-month maturity floating-to-fixed interest rate cap swaps and $850 million notional of 6-month maturity floating-to-fixed interest rate cap swaps, for a total of $1.85 billion notional of floating-to-fixed interest rate cap swaps as of December 31, 2022. The 6-month maturity floating-to-fixed interest rate cap swaps of $850 million notional matured in March 2023. Exelon receives payments on the interest rate cap when the floating rate exceeds the fixed rate. Settlements received are immaterial as of September 30, 2023.

Additionally, to manage potential fluctuations in Electric operating revenues related to ComEd's distribution formula rate, Exelon Corporate enters into 30-year constant maturity treasury interest rate (Corporate 30-year treasury) swaps.

The following table provides the notional amounts outstanding held by Exelon at September 30, 2023 and December 31, 2022.

Hedging Instrument	September 30, 2023	December 31, 2022
Interest rate cap swaps	$ 1,000	$ 1,850
Constant maturity treasury interest rate swaps	4,875	500
Total	$ 5,875	$ 2,350

For the three and nine months ended September 30, 2023, Exelon Corporate recognized the following net pre-tax mark-to-market (losses) which are also recognized in Net fair value changes related to derivatives in Exelon's Consolidated Statements of Cash Flows. Exelon had no swaps for the three and nine months ended September 30, 2022.

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Income Statement Location	(Loss) Gain	(Loss) Gain
Electric operating revenues	$ (16)	$ (21)
Interest expense	—	1
Total	$ (16)	$ (20)

Credit Risk

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. The Utility Registrants have contracts to procure electric and natural gas supply that provide suppliers with a certain amount of unsecured credit. If the exposure on the supply contract exceeds the amount of unsecured credit, the suppliers may be required to post collateral. The net credit exposure is mitigated primarily by the ability to recover procurement costs through customer rates. The amount of cash collateral received from external counterparties decreased as of September 30, 2023 due to decreasing energy prices. The following table reflects the Registrants' cash collateral held from external counterparties, which is recorded in Other current liabilities on their respective Consolidated Balance Sheets, at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Exelon	$ 112	$ 297
ComEd	105	77
PECO[a]	—	—
BGE	1	23
PHI	6	197
Pepco[b]	—	26
DPL	1	121
ACE	5	50

(a) PECO had less than one million in cash collateral held with external parties at September 30, 2023 and December 31, 2022.
(b) Pepco had less than one million in cash collateral held with external parties at September 30, 2023.

The Utility Registrants' electric supply procurement contracts do not contain provisions that would require them to post collateral. PECO's, BGE's, and DPL's natural gas procurement contracts contain provisions that could require PECO, BGE, and DPL to post collateral in the form of cash or credit support, which vary by contract and counterparty, with thresholds contingent upon PECO's, BGE's, and DPL's credit rating. As of September 30, 2023, PECO, BGE, and DPL were not required to post collateral for any of these agreements. If PECO, BGE, or DPL lost their investment grade credit rating as of September 30, 2023, they could have been required to post collateral to their counterparties of $20 million, $30 million, and $9 million, respectively.

10. Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon Corporate, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. PECO meets its short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. Pepco, DPL, and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the PHI intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and borrowings from the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

Commercial Paper

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements at September 30, 2023 and December 31, 2022.

	Outstanding Commercial Paper at		Average Interest Rate on Commercial Paper Borrowings at	
Commercial Paper Issuer	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Exelon[a]	$ 820	$ 1,938	5.44 %	4.77 %
ComEd	277	427	5.42 %	4.71 %
PECO	—	239	— %	4.71 %
BGE	59	409	5.43 %	4.81 %
PHI[b]	173	414	5.47 %	4.78 %
Pepco	—	299	— %	4.79 %
DPL	—	115	— %	4.76 %
ACE	173	—	5.47 %	— %

(a) Exelon Corporate had $311 million and $449 million in outstanding commercial paper borrowings at September 30, 2023 and December 31, 2022, respectively.
(b) Represents the consolidated amounts of Pepco, DPL, and ACE.

Revolving Credit Agreements

Exelon Corporate and the Utility Registrants each have a 5-year revolving credit facility. The following table reflects the credit agreements:

Borrower	Aggregate Bank Commitment	Interest Rate
Exelon Corporate	$ 900	SOFR plus 1.275 %
ComEd	1,000	SOFR plus 1.000 %
PECO	600	SOFR plus 0.900 %
BGE	600	SOFR plus 0.900 %
Pepco	300	SOFR plus 1.075 %
DPL	300	SOFR plus 1.000 %
ACE	300	SOFR plus 1.075 %

Exelon Corporate and the Utility Registrants had no outstanding amounts on the revolving credit facilities as of September 30, 2023.

The Utility Registrants have credit facility agreements, arranged at minority and community banks, which are solely utilized to issue letters of credit. The facility agreements have aggregate commitments of $40 million, $40 million, $15 million, $15 million, $15 million, and $15 million, at ComEd, PECO, BGE, Pepco, DPL, and ACE, respectively. These facilities expire on October 4, 2024.

See Note 16 — Debt and Credit Agreements of the 2022 Form 10-K for additional information on the Registrants' credit facilities.

Short-Term Loan Agreements

On March 23, 2017, Exelon Corporate entered into a term loan agreement for $500 million. The loan agreement was renewed in the first quarter of 2023 and was bifurcated into two tranches of $300 million on March 14, 2023 and $200 million on March 24, 2023. The agreements will expire on March 14, 2024 and March 22, 2024, respectively. Pursuant to the loan agreements, loans made thereunder bear interest at a variable rate equal to SOFR plus 0.90% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's Consolidated Balance Sheets within Short-term borrowings.

On October 4, 2022, ComEd entered into a 364-day term loan agreement for $150 million with a variable rate equal to SOFR plus 0.75% and an expiration date of October 3, 2023. The proceeds from this loan were used to repay outstanding commercial paper obligations. The balance of the loan was repaid on January 13, 2023 in conjunction with the $400 million and $575 million First Mortgage Bond agreements that were entered into on January 3, 2023. Refer to the Issuance of Long-Term Debt table below for further information.

On May 9, 2023, ComEd entered into a 364-day term loan agreement for $400 million with a variable rate equal to SOFR plus 1.00% and an expiration date of May 7, 2024. The proceeds from this loan were used to repay outstanding commercial paper obligations and for general corporate purposes. The loan agreement is reflected in Exelon's and ComEd's Consolidated Balance Sheets within Short-term borrowings.

Long-Term Debt

Issuance of Long-Term Debt

During the nine months ended September 30, 2023, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon	Notes	5.15%	March 15, 2028	$1,000	Repay existing indebtedness and for general corporate purposes.
Exelon	Notes	5.30%	March 15, 2033	850	Repay existing indebtedness and for general corporate purposes.
Exelon	Notes	5.60%	March 15, 2053	650	Repay existing indebtedness and for general corporate purposes.
ComEd	First Mortgage Bonds, Series 134	4.90%	February 1, 2033	400	Repay outstanding commercial paper obligations and to fund other general corporate purposes.
ComEd	First Mortgage Bonds Series 135	5.30%	February 1, 2053	575	Repay outstanding commercial paper obligations and to fund other general corporate purposes.
PECO	First and Refunding Mortgage Bonds	4.90%	June 15, 2033	575	Refinance existing indebtedness, refinance outstanding commercial paper obligations, and for general corporate purposes.
BGE	Notes	5.40%	June 1, 2053	700	Repay outstanding commercial paper obligations, repay existing indebtedness, and for general corporate purposes.
Pepco	First Mortgage Bonds	5.30%	March 15, 2033	85	Repay existing indebtedness and for general corporate purposes.
Pepco	First Mortgage Bonds	5.40%	March 15, 2038	40	Repay existing indebtedness and for general corporate purposes.
Pepco	First Mortgage Bonds	5.57%	March 15, 2053	125	Repay existing indebtedness and for general corporate purposes.
Pepco	First Mortgage Bonds	5.35%	September 13, 2033	100	Repay existing indebtedness and for general corporate purposes.
DPL[(a)]	First Mortgage Bonds	5.30%	March 15, 2033	60	Repay existing indebtedness and for general corporate purposes.
DPL	First Mortgage Bonds	5.57%	March 15, 2053	65	Repay existing indebtedness and for general corporate purposes.
ACE	First Mortgage Bonds	5.57%	March 15, 2053	75	Repay existing indebtedness and for general corporate purposes.

(a) On March 15, 2023, DPL entered into a purchase agreement of First Mortgage Bonds of $340 million, $75 million, and $110 million at 5.45%, 5.55% and 5.72% due on November 8, 2033, November 8, 2038, and November 8, 2053, respectively. The closing date of the issuance is expected to occur in November 2023.

Debt Covenants

As of September 30, 2023, the Registrants are in compliance with debt covenants.

11. Fair Value of Financial Assets and Liabilities (All Registrants)

Exelon measures and classifies fair value measurements in accordance with the hierarchy as defined by GAAP. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

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

Exelon's valuation techniques used to measure the fair value of the assets and liabilities shown in the tables below are in accordance with the policies discussed in Note 17 — Fair Value of Financial Assets and Liabilities of the 2022 Form 10-K.

Fair Value of Financial Liabilities Recorded at Amortized Cost

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of September 30, 2023 and December 31, 2022. The Registrants have no financial liabilities measured using the NAV practical expedient.

The carrying amounts of the Registrants' short-term liabilities as presented in their Consolidated Balance Sheets are representative of their fair value (Level 2) because of the short-term nature of these instruments.

	September 30, 2023					December 31, 2022				
	Carrying Amount	Fair Value				Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Long-Term Debt, including amounts due within one year[(a)]										
Exelon	$ 41,085	$ —	$ 31,584	$ 2,675	$ 34,259	$ 37,074	$ —	$ 29,902	$ 2,327	$ 32,229
ComEd	11,484	—	9,343	—	9,343	10,518	—	9,006	—	9,006
PECO	5,133	—	4,110	—	4,110	4,612	—	3,864	50	3,914
BGE	4,601	—	3,735	—	3,735	4,207	—	3,613	—	3,613
PHI	8,637	—	4,352	2,675	7,027	8,120	—	4,507	2,277	6,784
Pepco	4,095	—	2,129	1,473	3,602	3,751	—	2,229	1,205	3,434
DPL	2,060	—	1,126	543	1,669	1,938	—	1,164	458	1,622
ACE	1,833	—	893	659	1,552	1,757	—	909	614	1,523
Long-Term Debt to Financing Trusts										
Exelon	$ 390	$ —	$ —	$ 384	$ 384	$ 390	$ —	$ —	$ 384	$ 384
ComEd	205	—	—	206	206	205	—	—	204	204
PECO	184	—	—	179	179	184	—	—	180	180

(a) Includes unamortized debt issuance costs, unamortized debt discount and premium, net, purchase accounting fair value adjustments, and finance lease liabilities which are not fair valued. Refer to Note 16 — Debt and Credit Agreements of the 2022 Form 10-K for unamortized debt issuance costs, unamortized debt discount and premium, net, and purchase accounting fair value adjustments and Note 10 — Leases of the 2022 Form 10-K for finance lease liabilities.

Recurring Fair Value Measurements

The following tables present assets and liabilities measured and recorded at fair value in the Registrants' Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy at September 30, 2023 and December 31, 2022. The Registrants have no financial assets or liabilities measured using the NAV practical expedient:

Exelon

	At September 30, 2023				At December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents[(a)]	$ 649	$ —	$ —	$ 649	$ 664	$ —	$ —	$ 664
Rabbi trust investments								
Cash equivalents	66	—	—	66	62	—	—	62
Mutual funds	53	—	—	53	49	—	—	49
Fixed income	—	7	—	7	—	7	—	7
Life insurance contracts	—	60	42	102	—	58	40	98
Rabbi trust investments subtotal	119	67	42	228	111	65	40	216
Interest rate derivative assets								
Derivatives designated as hedging instruments	—	41	—	41	—	6	—	6
Economic hedges	—	3	—	3	—	5	—	5
Interest rate derivative assets subtotal	—	44	—	44	—	11	—	11
Total assets	768	111	42	921	775	76	40	891
Liabilities								
Commodity derivative liabilities	—	—	(134)	(134)	—	—	(84)	(84)
Interest rate derivative liabilities								
Derivatives designated as hedging instruments	—	—	—	—	—	(4)	—	(4)
Economic hedges	—	(23)	—	(23)	—	(3)	—	(3)
Interest rate derivative liabilities subtotal	—	(23)	—	(23)	—	(7)	—	(7)
Deferred compensation obligation	—	(69)	—	(69)	—	(75)	—	(75)
Total liabilities	—	(92)	(134)	(226)	—	(82)	(84)	(166)
Total net assets (liabilities)	$ 768	$ 19	$ (92)	$ 695	$ 775	$ (6)	$ (44)	$ 725

(a) Exelon excludes cash of $188 million and $345 million at September 30, 2023 and December 31, 2022, respectively, and restricted cash of $110 million and $81 million at September 30, 2023 and December 31, 2022, respectively, and includes long-term restricted cash of $212 million and $117 million at September 30, 2023 and December 31, 2022, respectively, which is reported in Other deferred debits and other assets in the Consolidated Balance Sheets.

ComEd, PECO, and BGE

	ComEd				PECO				BGE			
At September 30, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 491	$ —	$ —	$ 491	$ 29	$ —	$ —	$ 29	$ 2	$ —	$ —	$ 2
Rabbi trust investments												
Mutual funds	—	—	—	—	9	—	—	9	9	—	—	9
Life insurance contracts	—	—	—	—	—	17	—	17	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	9	17	—	26	9	—	—	9
Total assets	491	—	—	491	38	17	—	55	11	—	—	11
Liabilities												
Commodity derivative liabilities[(b)]	—	—	(134)	(134)	—	—	—	—	—	—	—	—
Deferred compensation obligation	—	(7)	—	(7)	—	(8)	—	(8)	—	(4)	—	(4)
Total liabilities	—	(7)	(134)	(141)	—	(8)	—	(8)	—	(4)	—	(4)
Total net assets (liabilities)	$ 491	$ (7)	$ (134)	$ 350	$ 38	$ 9	$ —	$ 47	$ 11	$ (4)	$ —	$ 7

	ComEd				PECO				BGE			
At December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 392	$ —	$ —	$ 392	$ 10	$ —	$ —	$ 10	$ 23	$ —	$ —	$ 23
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	7	—	—	7
Life insurance contracts	—	—	—	—	—	15	—	15	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	15	—	22	7	—	—	7
Total assets	392	—	—	392	17	15	—	32	30	—	—	30
Liabilities												
Commodity derivative liabilities[(b)]	—	—	(84)	(84)	—	—	—	—	—	—	—	—
Deferred compensation obligation	—	(8)	—	(8)	—	(7)	—	(7)	—	(4)	—	(4)
Total liabilities	—	(8)	(84)	(92)	—	(7)	—	(7)	—	(4)	—	(4)
Total net assets (liabilities)	$ 392	$ (8)	$ (84)	$ 300	$ 17	$ 8	$ —	$ 25	$ 30	$ (4)	$ —	$ 26

(a) ComEd excludes cash of $55 million and $42 million at September 30, 2023 and December 31, 2022, respectively, and restricted cash of $105 million and $77 million at September 30, 2023 and December 31, 2022, respectively. Additionally, ComEd includes long-term restricted cash of $212 million and $117 million at September 30, 2023 and December 31, 2022, respectively, which is reported in Other deferred debits and other assets in the Consolidated Balance Sheets. PECO excludes cash of $23 million and $58 million at September 30, 2023 and December 31, 2022, respectively. BGE excludes cash of $13 million and $43 million at September 30, 2023 and December 31, 2022, respectively, and restricted cash of $1 million and $1 million at September 30, 2023 and December 31, 2022, respectively.

(b) The Level 3 balance consists of the current and noncurrent liability of $21 million and $113 million, respectively, at September 30, 2023 and $5 million and $79 million, respectively, at December 31, 2022 related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

PHI, Pepco, DPL, and ACE

	At September 30, 2023				At December 31, 2022			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents[(a)]	$ 83	$ —	$ —	$ 83	$ 205	$ —	$ —	$ 205
Rabbi trust investments								
Cash equivalents	63	—	—	63	59	—	—	59
Mutual funds	10	—	—	10	11	—	—	11
Fixed income	—	7	—	7	—	7	—	7
Life insurance contracts	—	21	40	61	—	22	39	61
Rabbi trust investments subtotal	73	28	40	141	70	29	39	138
Total assets	156	28	40	224	275	29	39	343
Liabilities								
Deferred compensation obligation	—	(13)	—	(13)	—	(14)	—	(14)
Total liabilities	—	(13)	—	(13)	—	(14)	—	(14)
Total net assets	$ 156	$ 15	$ 40	$ 211	$ 275	$ 15	$ 39	$ 329

	Pepco				DPL				ACE			
At September 30, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents[(a)]	$ 22	$ —	$ —	$ 22	$ 1	$ —	$ —	$ 1	$ 1	$ —	$ —	$ 1
Rabbi trust investments												
Cash equivalents	62	—	—	62	—	—	—	—	—	—	—	—
Life insurance contracts	—	21	40	61	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	62	21	40	123	—	—	—	—	—	—	—	—
Total assets	84	21	40	145	1	—	—	1	1	—	—	1
Liabilities												
Deferred compensation obligation	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total liabilities	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total net assets	$ 84	$ 20	$ 40	$ 144	$ 1	$ —	$ —	$ 1	$ 1	$ —	$ —	$ 1

	Pepco				DPL				ACE			
At December 31, 2022	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents[(a)]	$ 51	$ —	$ —	$ 51	$ 121	$ —	$ —	$ 121	$ 1	$ —	$ —	$ 1
Rabbi trust investments												
Cash equivalents	59	—	—	59	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	38	60	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	59	22	38	119	—	—	—	—	—	—	—	—
Total assets	110	22	38	170	121	—	—	121	1	—	—	1
Liabilities												
Deferred compensation obligation	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total liabilities	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Total net assets	$ 110	$ 21	$ 38	$ 169	$ 121	$ —	$ —	$ 121	$ 1	$ —	$ —	$ 1

(a) PHI excludes cash of $60 million and $165 million at September 30, 2023 and December 31, 2022, respectively, and restricted cash of $3 million and $3 million at September 30, 2023 and December 31, 2022, respectively. Pepco excludes cash of $31 million and $45 million at September 30, 2023 and December 31, 2022, respectively, and restricted cash of $3 million and $3 million at September 30, 2023 and December 31, 2022, respectively. DPL excludes cash of $5 million and $31 million at September 30, 2023 and December 31, 2022, respectively. ACE excludes cash of $13 million and $71 million at September 30, 2023 and December 31, 2022, respectively.

Reconciliation of Level 3 Assets and Liabilities

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2023 and 2022:

	Exelon	ComEd	PHI and Pepco
Three Months Ended September 30, 2023	**Total**	**Commodity Derivatives**	**Life Insurance Contracts**
Balance at June 30, 2023	$ (91)	$ (133)	$ 42
Total realized / unrealized gains (losses)			
Included in net income[a]	—	—	(2)
Included in regulatory assets/liabilities	(1)	(1) [b]	—
Balance at September 30, 2023	$ (92)	$ (134) [c]	$ 40
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities at September 30, 2023	$ —	$ —	$ (2)

	Exelon	ComEd	PHI and Pepco
Three Months Ended September 30, 2022	**Total**	**Commodity Derivatives**	**Life Insurance Contracts**
Balance at June 30, 2022	$ (50)	$ (88)	$ 37
Total realized / unrealized gains (losses)			
Included in net income[a]	1	—	1
Included in regulatory assets/liabilities	45	45 [b]	—
Balance at September 30, 2022	$ (4)	$ (43) [c]	$ 38
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities at September 30, 2022	$ 1	$ —	$ 1

	Exelon	ComEd	PHI and Pepco
Nine Months Ended September 30, 2023	**Total**	**Commodity Derivatives**	**Life Insurance Contracts**
Balance at December 31, 2022	$ (44)	$ (84)	$ 40
Total realized / unrealized gains (losses)			
Included in net income[a]	2	—	—
Included in regulatory assets/liabilities	(50)	(50) [b]	—
Balance at September 30, 2023	$ (92)	$ (134) [c]	$ 40
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities at September 30, 2023	$ 2	$ —	$ —

	Exelon	ComEd	PHI and Pepco
Nine Months Ended September 30, 2022	**Total**	**Commodity Derivatives**	**Life Insurance Contracts**
Balance at December 31, 2021	$ (182)	$ (219)	$ 35
Total realized / unrealized gains (losses)			
Included in net income[a]	3	—	3
Included in regulatory assets/liabilities	176	176 [b]	—
Transfers out of Level 3	(1)	—	—
Balance at September 30, 2022	$ (4)	$ (43) [c]	$ 38
The amount of total gains included in income attributed to the change in unrealized gain related to assets and liabilities at September 30, 2022	$ 3	$ —	$ 3

(a) Classified in Operating and maintenance expense in the Consolidated Statements of Operations and Comprehensive Income.
(b) Includes $5 million of decreases in fair value and an increase for realized gains due to settlements of $4 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2023. Includes $51 million of increases in fair value and a decrease for realized gains due to settlements of $6 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2022. Includes $73 million of decreases in fair value and an increase for realized gains due to settlements of $23 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the nine months ended September 30, 2023. Includes $179 million of increases in fair value and a decrease for realized losses due to settlements of $3 million recorded in Purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the nine months ended September 30, 2022.
(c) The balance consists of a current and noncurrent liability of $21 million and $113 million, respectively, at September 30, 2023. The balance consists of $24 million of current assets and current and noncurrent liability of none and $67 million, respectively at September 30, 2022.

Commodity Derivatives (Exelon and ComEd)

The table below discloses the significant unobservable inputs to the forward curve used to value mark-to-market derivatives.

Type of trade	Fair Value at September 30, 2023	Fair Value at December 31, 2022	Valuation Technique	Unobservable Input	2023 Range & Arithmetic Average			2022 Range & Arithmetic Average		
Commodity derivatives	$ (134)	$ (84)	Discounted Cash Flow	Forward power price[a]	$30.13	- $72.72	$42.77	$34.78	- $75.71	$48.44

(a) An increase to the forward power price would increase the fair value.

12. Commitments and Contingencies (All Registrants)

The following is an update to the current status of commitments and contingencies set forth in Note 18 — Commitments and Contingencies of the 2022 Form 10-K.

Commitments

PHI Merger Commitments (Exelon, PHI, Pepco, DPL, and ACE). Approval of the PHI Merger in Delaware, New Jersey, Maryland, and the District of Columbia was conditioned upon Exelon and PHI agreeing to certain commitments. The following amounts represent total commitment costs that have been recorded since the acquisition date and the total remaining obligations for Exelon, PHI, Pepco, DPL, and ACE at September 30, 2023:

Description	Exelon	PHI	Pepco	DPL	ACE
Total commitments	$ 513	$ 320	$ 120	$ 89	$ 111
Remaining commitments[a]	42	39	34	3	2

(a) Remaining commitments extend through 2026 and include escrow funds, charitable contributions, and rate credits.

Commercial Commitments (All Registrants). The Registrants' commercial commitments at September 30, 2023, representing commitments potentially triggered by future events were as follows:

		Expiration within					
	Total	2023	2024	2025	2026	2027	2028 and beyond
Exelon							
Letters of credit	$ 20	$ 9	$ 11	$ —	$ —	$ —	$ —
Surety bonds[(a)]	207	85	122	—	—	—	—
Financing trust guarantees	378	—	—	—	—	—	378
Guaranteed lease residual values[(b)]	29	—	4	6	5	4	10
Total commercial commitments	$ 634	$ 94	$ 137	$ 6	$ 5	$ 4	$ 388
ComEd							
Letters of credit	$ 12	$ 6	$ 6	$ —	$ —	$ —	$ —
Surety bonds[(a)]	46	5	41	—	—	—	—
Financing trust guarantees	200	—	—	—	—	—	200
Total commercial commitments	$ 258	$ 11	$ 47	$ —	$ —	$ —	$ 200
PECO							
Letters of credit	$ 1	$ —	$ 1	$ —	$ —	$ —	$ —
Surety bonds[(a)]	2	—	2	—	—	—	—
Financing trust guarantees	178	—	—	—	—	—	178
Total commercial commitments	$ 181	$ —	$ 3	$ —	$ —	$ —	$ 178
BGE							
Letters of credit	$ 4	$ 2	$ 2	$ —	$ —	$ —	$ —
Surety bonds[(a)]	3	1	2	—	—	—	—
Total commercial commitments	$ 7	$ 3	$ 4	$ —	$ —	$ —	$ —
PHI							
Surety bonds[(a)]	$ 97	$ 75	$ 22	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	29	—	4	6	5	4	10
Total commercial commitments	$ 126	$ 75	$ 26	$ 6	$ 5	$ 4	$ 10
Pepco							
Surety bonds[(a)]	$ 85	$ 71	$ 14	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	10	—	1	3	2	1	3
Total commercial commitments	$ 95	$ 71	$ 15	$ 3	$ 2	$ 1	$ 3
DPL							
Surety bonds[(a)]	$ 7	$ 2	$ 5	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	12	—	2	2	2	2	4
Total commercial commitments	$ 19	$ 2	$ 7	$ 2	$ 2	$ 2	$ 4
ACE							
Surety bonds[(a)]	$ 5	$ 2	$ 3	$ —	$ —	$ —	$ —
Guaranteed lease residual values[(b)]	7	—	1	1	1	1	3
Total commercial commitments	$ 12	$ 2	$ 4	$ 1	$ 1	$ 1	$ 3

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

(b) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The lease term associated with these assets ranges from 1 to 9 years. The maximum potential obligation at the end of the minimum lease term would be $66 million guaranteed by Exelon and PHI, of which $22 million, $26 million, and $18 million is guaranteed by Pepco, DPL, and ACE, respectively. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Environmental Remediation Matters

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

MGP Sites (All Registrants). ComEd, PECO, BGE, and DPL have identified sites where former MGP or gas purification activities have or may have resulted in actual site contamination. For some sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has 19 sites that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2031.
- PECO has 6 sites that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2025.
- BGE has 4 sites that currently require some level of remediation and/or ongoing activity. BGE expects the majority of the remediation at these sites to continue through at least 2025.
- DPL has 1 site that is currently under study and the required cost at the site is not expected to be material.

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

ComEd, pursuant to an ICC order, and PECO, pursuant to a PAPUC order, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. While BGE and DPL do not have riders for MGP clean-up costs, they have historically received recovery of actual clean-up costs in distribution rates.

During the third quarter of 2023, ComEd and PECO completed an annual study of their future estimated MGP remediation requirements. The study resulted in a $25 million increase to the environmental liability and related regulatory asset for ComEd. The increase was primarily due to increased costs resulting from inflation and changes in remediation plans. The study did not result in a material change to the environmental liability for PECO.

At September 30, 2023 and December 31, 2022, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Accrued expenses, Other current liabilities, and Other deferred credits and other liabilities in their respective Consolidated Balance Sheets:

	September 30, 2023		December 31, 2022	
	Total environmental investigation and remediation liabilities	Portion of total related to MGP investigation and remediation	Total environmental investigation and remediation liabilities	Portion of total related to MGP investigation and remediation
Exelon	$ 434	$ 345	$ 409	$ 355
ComEd	312	311	325	324
PECO	28	26	25	23
BGE	9	8	9	8
PHI	82	—	46	—
Pepco	80	—	44	—
DPL	1	—	1	—
ACE	1	—	1	—

Benning Road Site (Exelon, PHI, and Pepco). In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site, which is owned by Pepco, was formerly the location of an electric generating facility owned by Pepco subsidiary, Pepco Energy Services (PES), which became a part of Generation, following the 2016 merger between PHI and Exelon. This generating facility was deactivated in June 2012. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a Consent Decree entered into by Pepco and Pepco Energy Services (hereinafter "Pepco Entities") with the DOEE, which requires the Pepco Entities to conduct a Remedial Investigation and Feasibility Study (RI/FS) for the Benning Road site and an approximately 10 to 15-acre portion of the adjacent Anacostia River. The purpose of this RI/FS is to define the nature and extent of contamination from the Benning Road site and to evaluate remedial alternatives.

Pursuant to an internal agreement between the Pepco Entities, since 2013, Pepco has performed the work required by the Consent Decree and has been reimbursed for that work by an agreed upon allocation of costs between the Pepco Entities. In September 2019, the Pepco Entities issued a draft “final” RI report which DOEE approved on February 3, 2020. The Pepco Entities are completing a FS to evaluate possible remedial alternatives for submission to DOEE. In October 2022, DOEE approved dividing the work to complete the landside portion of the FS from the waterside portion to expedite the overall schedule for completion of the project. It is currently anticipated that the landside FS will be complete and approved by DOEE by the end of the first quarter of 2024 and the waterside FS will be complete and approved by DOEE by the end of the fourth quarter of 2024. Following the completion of each FS, DOEE will issue a Proposed Plan for public comment and then issue a Record of Decision (ROD) identifying the remedial actions determined to be necessary for the area in question. On October 3, 2023, DOEE and Pepco entered into an addendum to the Benning Consent Decree pursuant to which Pepco has agreed to fund or perform the remedial actions to be selected by DOEE for the landslide and water areas. This addendum to the Benning Consent Decree has been lodged with the court. Following a 30-day public comment period, DOEE will request that the court approve this addendum to the Consent Decree, which will become effective upon the court’s approval.

As part of the separation between Exelon and Constellation in February 2022, the internal agreement between the Pepco Entities for completion and payment for the remaining Consent Decree work was memorialized in a formal agreement for post-separation activities. A second post-separation assumption agreement between Exelon and Constellation transferred any of the potential remaining remediation liability, if any, of PES/Generation to a non-utility subsidiary of Exelon which going forward will be responsible for those liabilities. Exelon, PHI, and Pepco have determined that a loss associated with this matter is probable and have accrued an estimated liability, which is included in the table above.

Anacostia River Tidal Reach (Exelon, PHI, and Pepco). Contemporaneous with the Benning Road site RI/FS being performed by the Pepco Entities, DOEE and NPS have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-District of Columbia boundary

line to the confluence of the Anacostia and Potomac Rivers. The river-wide RI incorporated the results of the river sampling performed by the Pepco Entities as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE's contractor.

On September 30, 2020, DOEE released its Interim ROD for the Anacostia River sediments. The Interim ROD reflects an adaptive management approach which will require several identified "hot spots" in the river to be addressed first while continuing to conduct studies and to monitor the river to evaluate improvements and determine potential future remediation plans. The adaptive management process chosen by DOEE is less intrusive, provides more long-term environmental certainty, is less costly, and allows for site specific remediation plans already underway, including the plan for the Benning Road site to proceed to conclusion.

On July 15, 2022, Pepco received a letter from the District of Columbia's Office of the Attorney General (D.C. OAG) on behalf of DOEE conveying a settlement offer to resolve all PRPs' liability to the District of Columbia (District) for their past costs and their anticipated future costs to complete the work for the Interim ROD. Pepco responded on July 27, 2022 to enter into settlement discussions. On October 3, 2023, Pepco and the District entered into another consent decree (the "Anacostia River Consent Decree") pursuant to which Pepco agreed to pay $47 million to resolve its liability to the District for all past costs to perform the river-wide RI/FS and all future costs to complete the work required by the Interim ROD. This amount will be paid in four equal annual installments beginning a year after the effective date of the Anacostia River Consent Decree. The funds will be deposited into the DOEE's Clean Land Fund for the District's costs of the Interim ROD work. The Anacostia River Consent Decree caps Pepco's liability for these costs and provides Pepco with the right to seek contribution from other potentially responsible parties. The Anacostia River Consent Decree has been filed with the U.S. District Court for the District of Columbia. Following a 30-day public comment period, the District will ask the court to approve the Anacostia River Consent Decree, which will become effective upon the court's approval. Exelon, PHI, and Pepco have accrued a liability for Pepco's payment obligations under the Anacostia Consent Decree and management's best estimate of its share of any other future Anacostia River response costs. Pepco has concluded that incremental exposure remains reasonably possible, but management cannot reasonably estimate a range of loss beyond the amounts recorded, which are included in the table above.

In addition to the activities associated with the remedial process outlined above, CERCLA separately requires federal and state (here including Washington, D.C.) Natural Resource Trustees (federal or state agencies designated by the President or the relevant state, respectively, or Indian tribes) to conduct an assessment of any damages to natural resources within their jurisdiction as a result of the contamination that is being remediated. The Trustees can seek compensation from responsible parties for such damages, including restoration costs. During the second quarter of 2018, Pepco became aware that the Trustees are in the beginning stages of a NRD assessment, a process that often takes many years beyond the remedial decision to complete. Pepco has concluded that a loss associated with the eventual NRD assessment is reasonably possible. Due to the very early stage of the NRD process, Pepco cannot reasonably estimate the final range of loss potentially resulting from this process.

As noted in the Benning Road Site disclosure above, as part of the separation of Exelon and Constellation in February 2022, an assumption agreement was executed transferring any potential future remediation liabilities associated with the Benning Site remediation to a non-utility subsidiary of Exelon. Similarly, any potential future liability associated with the ARSP was also assumed by this entity.

Buzzard Point Site (Exelon, PHI, and Pepco). On December 8, 2022, Pepco received a letter from the D.C. OAG, alleging wholly past violations of the District's stormwater discharge and waste disposal requirements related to operations at the Buzzard Point facility, a 9-acre parcel of waterfront property in Washington, D.C. occupied by an active substation and former steam plant building. The letter also alleged wholly past violations by Pepco of stormwater discharge requirements related to its district-wide system of underground vaults. On October 3, 2023, Pepco entered into a Consent Order with the District of Columbia to resolve the alleged violations without any admission of liability. The Consent Order requires Pepco to pay a civil penalty of $10 million. In addition, Pepco has agreed to assess the environmental conditions at its Buzzard Point facility and conduct any remedial actions deemed necessary as a result of the assessment, and also to assess potential environmental impacts associated with the operation of its underground vaults. The Consent Order has been filed with the District of Columbia Superior Court. Following a 30-day public comment period regarding the environmental assessment work required by the Consent Order, the District will ask the court to approve the Consent Order, which will be become effective upon the court's approval. Exelon, PHI, and Pepco have accrued

a liability for the penalty payments and for the projected costs for the required environmental assessments and remediation. Pepco has concluded that incremental exposure is reasonably possible, but the range of loss cannot be reasonably estimated beyond the amounts included in the table above.

Litigation and Regulatory Matters

DPA and Related Matters (Exelon and ComEd). Exelon and ComEd received a grand jury subpoena in the second quarter of 2019 from the U.S. Attorney's Office for the Northern District of Illinois (USAO) requiring production of information concerning their lobbying activities in the State of Illinois. On October 4, 2019, Exelon and ComEd received a second grand jury subpoena from the USAO requiring production of records of any communications with certain individuals and entities. On October 22, 2019, the SEC notified Exelon and ComEd that it had also opened an investigation into their lobbying activities. On July 17, 2020, ComEd entered into a Deferred Prosecution Agreement (DPA) with the USAO to resolve the USAO investigation. Under the DPA, the USAO filed a single charge alleging that ComEd improperly gave and offered to give jobs, vendor subcontracts, and payments associated with those jobs and subcontracts for the benefit of the former Speaker of the Illinois House of Representatives and the Speaker's associates, with the intent to influence the Speaker's action regarding legislation affecting ComEd's interests. The DPA provided that the USAO would defer any prosecution of such charge and any other criminal or civil case against ComEd in connection with the matters identified therein for a three-year period subject to certain obligations of ComEd, including payment to the U.S. Treasury of $200 million, which was paid in November 2020. Exelon was not made a party to the DPA, and therefore the investigation by the USAO into Exelon's activities ended with no charges being brought against Exelon. The three-year term of the DPA ended on July 17, 2023, and on that same date the court granted the USAO's motion to dismiss the pending charge against ComEd that had been deferred by the DPA.

On September 28, 2023, Exelon and ComEd reached a settlement with the SEC, concluding and resolving in its entirety the SEC investigation, which related to the conduct identified in the DPA that was entered into by ComEd in July 2020 and successfully exited in July 2023. Under the terms of the settlement, Exelon has agreed to pay a civil penalty of $46.2 million and Exelon and ComEd have agreed to cease and desist from committing or causing any violations and any future violations of specified provisions of the federal securities laws and rules promulgated thereunder. Exelon recorded an accrual for the full amount of the penalty in the second quarter of 2023, which was reflected in Operating and maintenance expense within Exelon's Consolidated Statements of Operations and Comprehensive Income and in Accrued expenses on the Consolidated Balance Sheets. Exelon paid the civil penalty in full on October 4, 2023.

Subsequent to Exelon announcing the receipt of the USAO subpoenas, various lawsuits were filed, and various demand letters were received related to the subject of the subpoenas, the conduct described in the DPA and the SEC's investigation, including:

- Four putative class action lawsuits against ComEd and Exelon were filed in federal court on behalf of ComEd customers in the third quarter of 2020 alleging, among other things, civil violations of federal racketeering laws. In addition, the Citizens Utility Board (CUB) filed a motion to intervene in these cases on October 22, 2020 which was granted on December 23, 2020. On September 9, 2021, the federal court granted Exelon's and ComEd's motion to dismiss and dismissed the plaintiffs' and CUB's federal law claim with prejudice. The federal court also dismissed the related state law claims made by the federal plaintiffs and CUB on jurisdictional grounds. Plaintiffs appealed dismissal of the federal law claim to the Seventh Circuit Court of Appeals. Plaintiffs and CUB also refiled their state law claims in state court and moved to consolidate them with the already pending consumer state court class action, discussed below. On August 22, 2022, the Seventh Circuit affirmed the dismissal of the consolidated federal cases in their entirety. The time to further appeal has passed and the Seventh Circuit's decision is final.

- Three putative class action lawsuits against ComEd and Exelon were filed in Illinois state court in the third quarter of 2020 seeking restitution and compensatory damages on behalf of ComEd customers. The cases were consolidated into a single action in October of 2020. In November 2020, CUB filed a motion to intervene in the cases pursuant to an Illinois statute allowing CUB to intervene as a party or otherwise participate on behalf of utility consumers in any proceeding which affects the interest of utility consumers. On November 23, 2020, the court allowed CUB's intervention, but denied CUB's request to stay these cases. Plaintiffs subsequently filed a consolidated complaint, and ComEd and Exelon filed a motion to dismiss on jurisdictional and substantive grounds on January 11, 2021. Briefing on that motion

was completed on March 2, 2021. The parties agreed, on March 25, 2021, along with the federal court plaintiffs discussed above, to jointly engage in mediation. The parties participated in a one-day mediation on June 7, 2021 but no settlement was reached. On December 23, 2021, the state court granted ComEd and Exelon's motion to dismiss with prejudice. On December 30, 2021, plaintiffs filed a motion to reconsider that dismissal and for permission to amend their complaint. The court denied the plaintiffs' motion on January 21, 2022. Plaintiffs have appealed the court's ruling dismissing their complaint to the First District Court of Appeals. On February 15, 2022, Exelon and ComEd moved to dismiss the federal plaintiffs' refiled state law claims, seeking dismissal on the same legal grounds asserted in their motion to dismiss the original state court plaintiffs' complaint. The court granted dismissal of the refiled state claims on February 16, 2022. The original federal plaintiffs appealed that dismissal on February 18, 2022. The two state appeals were consolidated on March 21, 2022. On September 8, 2023, the Illinois Appellate Court affirmed the dismissal. Plaintiffs may ask the Illinois Supreme Court to grant them leave to further appeal, but such appeal is not allowed as a matter of right.

- On November 3, 2022, a plaintiff filed a putative class action complaint in Lake County, Illinois Circuit Court against ComEd and Exelon for unjust enrichment and deceptive business practices in connection with the conduct giving rise to the DPA. Plaintiff seeks an accounting and disgorgement of any benefits ComEd allegedly obtained from said conduct. Plaintiff served initial discovery requests on ComEd in December 2022, to which ComEd has responded. ComEd and Exelon filed a motion to dismiss the Complaint on February 3, 2023. On June 16, 2023, the court granted Exelon and ComEd's motion to dismiss the action with prejudice. Plaintiff filed its notice of appeal of that dismissal on July 17, 2023. Plaintiff's opening appellate brief was filed on October 19, 2023.

- A putative class action lawsuit against Exelon and certain officers of Exelon and ComEd was filed in federal court in December 2019 alleging misrepresentations and omissions in Exelon’s SEC filings related to ComEd’s lobbying activities and the related investigations. The complaint was amended on September 16, 2020, to dismiss two of the original defendants and add other defendants, including ComEd. Defendants filed a motion to dismiss in November 2020. The court denied the motion in April 2021. On May 26, 2021, defendants moved the court to certify its order denying the motion to dismiss for interlocutory appeal. Briefing on the motion was completed in June 2021, and that motion was denied on January 28, 2022. In May 2021, the parties each filed respective initial discovery disclosures. On June 9, 2021, defendants filed their answer and affirmative defenses to the complaint and the parties engaged thereafter in discovery. On September 9, 2021, the U.S. government moved to intervene in the lawsuit and stay discovery until the parties entered into an amendment to their protective order that would prohibit the parties from requesting discovery into certain matters, including communications with the U.S. government. The court ordered said amendment to the protective order on November 15, 2021 and discovery resumed. The court further amended the protective order on October 17, 2022 and extended it until May 15, 2023. Following mediation, the parties reached a settlement of the lawsuit, under which defendants agreed to pay plaintiffs $173 million. On May 26, 2023, plaintiffs filed a motion for preliminary approval of the settlement, which the court granted on June 9, 2023. The court granted final settlement approval on September 7, 2023. The settlement was fully covered by insurance and has been paid in full.

- Several shareholders have sent letters to the Exelon Board of Directors since 2020 demanding, among other things, that the Exelon Board of Directors investigate and address alleged breaches of fiduciary duties and other alleged violations by Exelon and ComEd officers and directors related to the conduct described in the DPA. In the first quarter of 2021, the Exelon Board of Directors appointed a Special Litigation Committee (SLC) consisting of disinterested and independent parties to investigate and address these shareholders’ allegations and make recommendations to the Exelon Board of Directors based on the outcome of the SLC’s investigation. In July 2021, one of the demand letter shareholders filed a derivative action against current and former Exelon and ComEd officers and directors, and against Exelon, as nominal defendant, asserting the same claims made in its demand letter. On October 12, 2021, the parties to the derivative action filed an agreed motion to stay that litigation for 120 days in order to allow the SLC to continue its investigation, which the court granted. The stay has been extended several times. The parties participated in a mediation in February 2023, but the matter did not resolve at that time. On April 26 and May 1, 2023, two additional demand letter shareholders each filed a separate derivative lawsuit against current and former Exelon and ComEd officers and directors, and certain third parties, and against Exelon as nominal defendant, asserting claims similar to those made in their respective demand letters. On May 25, 2023, certain demand letter shareholders (Settling

Shareholders) filed a separate derivative lawsuit against current and former Exelon and ComEd officers and directors, and against Exelon as nominal defendant, asserting claims similar to those made in their respective demand letters. The then pending derivative lawsuits were subsequently consolidated. On May 26, 2023, prior to lawsuit consolidation, the SLC filed a Notice of Determination and Intent to Seek Court Approval of Settlement (Notice of Determination). The Notice of Determination stated that, through mediation efforts, a settlement of the derivative claims had been approved by the SLC, the Independent Review Committee of the Board (which had been formed in the third quarter of 2022, to ensure the Board's consideration of any SLC recommendations would be independent and objective), the Board, and the Settling Shareholders (the Settling Parties). The Notice of Determination further specified the process by which the Settling Parties would seek court approval of the proposed settlement and resolution and dismissal of all derivative claims and lawsuits, including any lawsuits or actions brought by demand letter shareholders who are not participating in the proposed settlement. In furtherance of the proposed settlement, on June 16, 2023, the SLC filed a motion for preliminary approval of the settlement, attaching the Stipulation and Agreement of Settlement (Stipulation), which contains the terms of the proposed settlement. The proposed settlement terms include but are not limited to: a payment of $40 million to Exelon by Exelon's insurers of which $10 million constitutes the attorneys' fee award to be paid to the Settling Shareholders' counsel; various compliance and disclosure-related reforms; and certain changes in Board and Committee composition. On June 13, 2023, the non-settling derivative shareholders filed a motion asking the court to set a status conference to discuss lifting the discovery stay. On June 29, 2023, an additional shareholder filed a separate derivative lawsuit against current and former Exelon and ComEd officers and directors, and against Exelon as nominal defendant, asserting claims similar to those made in its demand letter. On June 30, 2023, the non-settling shareholders' motion for status and the SLC's motion for preliminary approval was heard by the court, during which the court set a briefing schedule on the appropriate standard for evaluating the settlement and the proper scope of requested discovery. Following briefing and a hearing, the court allowed the non-settling shareholders to seek certain, limited discovery, which the SLC, Independent Review Committee, and Exelon responded to on October 5. On October 11, 2023, an additional non-settling shareholder filed a separate derivative lawsuit against current and former Exelon and ComEd officers and directors, and against Exelon as a nominal defendant, asserting claims similar to those made in its demand letter. Plaintiff has informed Exelon that he will move to consolidate this matter with the other pending derivative matters. The SLC filed its renewed motion for preliminary approval on October 26, with supporting submissions filed by the Independent Review Committee, Exelon, and the settling shareholders on that same day. The non-settling plaintiffs have until November 29 to file their response to the renewed motion for preliminary approval, and the SLC has until December 21 to file its reply.

- Several shareholders have sent requests seeking review of certain Exelon books and records since August 2021. Exelon has responded to each request.

In August 2022, the ICC concluded its investigation initiated on August 12, 2021 into rate impacts of conduct admitted in the DPA, including the costs recovered from customers related to the DPA and Exelon's funding of the fine paid by ComEd. On August 17, 2022, the ICC issued its final order accepting ComEd's voluntary customer refund offer of approximately $38 million (of which about $31 million is ICC jurisdictional; the remaining balance is FERC jurisdictional) that resolves the question of whether customer funds were used for DPA related activities. The customer refund includes the cost of every individual or entity that was either (i) identified in the DPA or (ii) identified by ComEd as an associate of the former Speaker of the Illinois House of Representatives in the ICC proceeding. The ICC's DPA investigation is now closed. The ICC jurisdictional refund was made to customers during the April 2023 billing cycle, as required by the ICC. The FERC jurisdictional refund was included in ComEd's transmission formula rate update proceeding, filed on May 12, 2023. The filed transmission rate, inclusive of the FERC jurisdictional DPA refund, will appear on ComEd retail customers' bills for the June 2023 through May 2024 monthly billing periods, in the line designated as "Transmission Services Charge." The customer refund will not be recovered in rates or charged to customers and ComEd will not seek or accept reimbursement or indemnification from any source other than Exelon. An accrual for the amount of the customer refund has been recorded in Regulatory assets in Exelon's and ComEd's Consolidated Balance Sheets as of September 30, 2023.

Savings Plan Claim (Exelon). On December 6, 2021, seven current and former employees filed a putative ERISA class action suit in U.S. District Court for the Northern District of Illinois against Exelon, its Board of Directors, the former Board Investment Oversight Committee, the Corporate Investment Committee, individual

defendants, and other unnamed fiduciaries of the Exelon Corporation Employee Savings Plan (Plan). The complaint alleges that the defendants violated their fiduciary duties under the Plan by including certain investment options that allegedly were more expensive than and underperformed similar passively-managed or other funds available in the marketplace and permitting a third-party administrative service provider/recordkeeper and an investment adviser to charge excessive fees for the services provided. The plaintiffs seek declaratory, equitable and monetary relief on behalf of the Plan and participants. On February 16, 2022, the court granted the parties' stipulated dismissal of the individual named defendants without prejudice. The remaining defendants filed a motion to dismiss the complaint on February 25, 2022. On March 4, 2022, the Chamber of Commerce filed a brief of amicus curiae in support of the defendants' motion to dismiss. On September 22, 2022, the court granted Exelon's motion to dismiss without prejudice. The court granted plaintiffs leave until October 31, 2022 to file an amended complaint, which was later extended to November 30, 2022. Plaintiffs filed their amended complaint on November 30, 2022. Defendants filed their motion to dismiss the amended complaint on January 20, 2023. On September 29, 2023, the court again granted Exelon's motion to dismiss but granted plaintiffs leave until October 20, 2023 to file a second amended complaint. Plaintiffs did not file an amended complaint by the deadline. On October 25, the parties filed a joint Stipulation of Dismissal, which provides that plaintiffs agreed that they will not initiate an appeal from the dismissal of this matter, and the parties agree that each side shall bear their own costs and attorneys' fees. Plaintiffs also acknowledge in the Stipulation that defendants have neither paid nor agreed to pay or provide any monetary or equitable remedy in connection with the dismissal of this action. On October 27, the court entered final judgment dismissing the matter with prejudice. No loss contingencies have been reflected in Exelon's consolidated financial statements with respect to this matter.

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

13. Shareholders' Equity (Exelon)

At-the-Market Program

On August 4, 2022, Exelon executed an equity distribution agreement ("Equity Distribution Agreement"), with certain sales agents and forward sellers and certain forward purchasers, establishing an ATM equity distribution program under which it may offer and sell shares of its Common stock, having an aggregate gross sales price of up to $1.0 billion. Exelon has no obligation to offer or sell any shares of Common stock under the Equity Distribution Agreement and may, at any time, suspend or terminate offers and sales under the Equity Distribution Agreement. As of September 30, 2023, Exelon has not issued any shares of Common stock under the ATM program and has not entered into any forward sale agreements.

14. Changes in Accumulated Other Comprehensive Income (Loss) (Exelon)

The following tables present changes in Exelon's AOCI, net of tax, by component:

Nine Months Ended September 30, 2023	Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[a]	Foreign Currency Items	Total
Balance at December 31, 2022	$ 2	$ (640)	$ —	$ (638)
OCI before reclassifications	6	(10)	—	(4)
Amounts reclassified from AOCI	—	3	—	3
Net current-period OCI	6	(7)	—	(1)
Balance at March 31, 2023	8	(647)	—	(639)
OCI before reclassifications	9	(3)	—	6
Amounts reclassified from AOCI	—	3	—	3
Net current-period OCI	9	—	—	9
Balance at June 30, 2023	17	(647)	—	(630)
OCI before reclassifications	22	(3)	—	19
Amounts reclassified from AOCI	(1)	16	—	15
Net current-period OCI	21	13	—	34
Balance at September 30, 2023	$ 38	$ (634)	$ —	$ (596)

Nine Months Ended September 30, 2022	Cash Flow Hedges	Pension and Non-Pension Postretirement Benefit Plan Items[a]	Foreign Currency Items	Total
Balance at December 31, 2021	$ (6)	$ (2,721)	$ (23)	$ (2,750)
Separation of Constellation	6	1,994	23	2,023
Amounts reclassified from AOCI	—	14	—	14
Net current-period OCI	—	14	—	14
Balance at March 31, 2022	—	(713)	—	(713)
OCI before reclassifications	—	2	—	2
Amounts reclassified from AOCI	—	10	—	10
Net current-period OCI	—	12	—	12
Balance at June 30, 2022	—	(701)	—	(701)
Amounts reclassified from AOCI	—	9	—	9
Net current-period OCI	—	9	—	9
Balance at September 30, 2022	$ —	$ (692)	$ —	$ (692)

(a) This AOCI component is included in the computation of net periodic pension and OPEB cost. Additionally, as of February 1, 2022, in connection with the separation, Exelon's pension and OPEB plans were remeasured. See Note 14 — Retirement Benefits of the 2022 Form 10-K and Note 8 — Retirement Benefits for additional information. See Exelon's Statements of Operations and Comprehensive Income for individual components of AOCI.

Note 14 — Changes in Accumulated Other Comprehensive Income

The following table presents Income tax benefit (expense) allocated to each component of Exelon's Other comprehensive income (loss):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Pension and non-pension postretirement benefit plans:				
Actuarial losses reclassified to periodic benefit cost	$ (5)	$ (3)	$ (7)	$ (11)
Pension and non-pension postretirement benefit plans valuation adjustments	1	—	5	—
Unrealized gains on cash flow hedges	(7)	—	(11)	—

15. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about material items recorded in the Registrants' Consolidated Statements of Operations and Comprehensive Income:

	Taxes other than income taxes							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended September 30, 2023								
Utility taxes[(a)]	$ 244	$ 82	$ 50	$ 23	$ 89	$ 82	$ 6	$ 1
Property	104	9	4	53	38	25	12	1
Payroll	31	8	4	5	7	2	1	1
Three Months Ended September 30, 2022								
Utility taxes[(a)]	$ 244	$ 84	$ 51	$ 22	$ 87	$ 79	$ 7	$ 1
Property	99	10	4	50	35	23	11	1
Payroll	28	7	5	4	7	2	1	—
Nine Months Ended September 30, 2023								
Utility taxes[(a)]	$ 665	$ 228	$ 128	$ 73	$ 236	$ 213	$ 20	$ 3
Property	300	27	12	153	108	73	34	1
Payroll	93	22	13	14	22	5	3	3
Nine Months Ended September 30, 2022								
Utility taxes[(a)]	$ 667	$ 233	$ 126	$ 70	$ 238	$ 216	$ 19	$ 3
Property	287	30	12	142	103	70	31	2
Payroll	92	21	14	13	21	5	4	2

(a) The Registrants' utility taxes represent municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues in the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Other, Net							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Three Months Ended September 30, 2023								
AFUDC — Equity	$ 40	$ 7	$ 10	$ 4	$ 19	$ 15	$ 3	$ 1
Non-service net periodic benefit cost	(18)	—	—	—	—	—	—	—
Three Months Ended September 30, 2022								
AFUDC — Equity	$ 38	$ 10	$ 7	$ 5	$ 16	$ 12	$ 2	$ 2
Non-service net periodic benefit cost	16	—	—	—	—	—	—	—
Nine Months Ended September 30, 2023								
AFUDC — Equity	$ 113	$ 25	$ 22	$ 11	$ 55	$ 42	$ 7	$ 6
Non-service net periodic benefit cost	(18)	—	—	—	—	—	—	—
Nine Months Ended September 30, 2022								
AFUDC — Equity	$ 112	$ 28	$ 22	$ 17	$ 45	$ 35	$ 5	$ 5
Non-service net periodic benefit cost	48	—	—	—	—	—	—	—

Supplemental Cash Flow Information

The following tables provide additional information about material items recorded in the Registrants' Consolidated Statements of Cash Flows.

	Depreciation, amortization, and accretion							
	Exelon[a]	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Nine Months Ended September 30, 2023								
Property, plant, and equipment[b]	$ 2,073	$ 815	$ 287	$ 381	$ 550	$ 232	$ 155	$ 145
Amortization of regulatory assets[b]	537	230	10	106	191	97	27	67
Amortization of intangible assets, net[b]	6	—	—	—	—	—	—	—
Total depreciation and amortization	$ 2,616	$ 1,045	$ 297	$ 487	$ 741	$ 329	$ 182	$ 212
Nine Months Ended September 30, 2022								
Property, plant, and equipment[b]	$ 2,024	$ 770	$ 267	$ 355	$ 502	$ 214	$ 141	$ 126
Amortization of regulatory assets[b]	532	212	10	115	195	98	31	66
Amortization of intangible assets, net[b]	10	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities[c]	3	—	—	—	—	—	—	—
Nuclear fuel[d]	66	—	—	—	—	—	—	—
ARO accretion[e]	44	—	—	—	—	—	—	—
Total depreciation, amortization, and accretion	$ 2,679	$ 982	$ 277	$ 470	$ 697	$ 312	$ 172	$ 192

(a) Exelon's 2022 amounts include amounts related to Generation prior to the separation. See Note 2 — Discontinued Operations for additional information.
(b) Included in Depreciation and amortization in the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Electric operating revenues or Purchased power expense in Exelon's Consolidated Statements of Operations and Comprehensive Income.

(d) Included in Purchased fuel expense in Exelon's Consolidated Statement of Operations and Comprehensive Income.
(e) Included in Operating and maintenance expense in Exelon's Consolidated Statement of Operations and Comprehensive Income.

	Other non-cash operating activities							
	Exelon[a]	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Nine Months Ended September 30, 2023								
Pension and OPEB costs (benefit)	$ 152	$ 19	$ (10)	$ 41	$ 74	$ 26	$ 13	$ 10
Allowance for credit losses	86	4	31	4	47	27	9	11
True-up adjustments to decoupling mechanisms and formula rates[b]	(522)	(405)	(1)	(47)	(69)	(28)	(15)	(26)
Amortization of operating ROU asset	29	2	—	4	21	5	6	2
Change in environmental liabilities	37	—	—	—	37	37	—	—
AFUDC — Equity	(113)	(25)	(22)	(11)	(55)	(42)	(7)	(6)
Nine Months Ended September 30, 2022								
Pension and OPEB costs (benefit)	$ 124	$ 45	$ (6)	$ 34	$ 39	$ 6	$ 3	$ 9
Allowance for credit losses	130	40	32	18	42	21	9	12
Other decommissioning-related activity	36	—	—	—	—	—	—	—
Energy-related options	60	—	—	—	—	—	—	—
True-up adjustments to decoupling mechanisms and formula rates[b]	(92)	(163)	(1)	40	33	15	3	14
Long-term incentive plan	35	—	—	—	—	—	—	—
Amortization of operating ROU asset	47	1	—	14	21	5	6	3
AFUDC — Equity	(112)	(28)	(22)	(17)	(45)	(35)	(5)	(5)

(a) Exelon's 2022 amounts include amounts related to Generation prior to the separation. See Note 2 — Discontinued Operations for additional information.
(b) For ComEd, reflects the true-up adjustments in regulatory assets and liabilities associated with its distribution, energy efficiency, distributed generation, and transmission formula rates. For PECO, reflects the change in regulatory assets and liabilities associated with its transmission formula rates. For BGE, Pepco, DPL, and ACE, reflects the change in regulatory assets and liabilities associated with their decoupling mechanisms and transmission formula rates. See Note 3 — Regulatory Matters of the 2022 Form 10-K for additional information.

The following tables provide a reconciliation of cash, cash equivalents, and restricted cash reported within the Registrants' Consolidated Balance Sheets that sum to the total of the same amounts in their Consolidated Statements of Cash Flows.

	Cash, cash equivalents, and restricted cash							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at September 30, 2023								
Cash and cash equivalents	$ 300	$ 79	$ 43	$ 15	$ 121	$ 31	$ 5	$ 14
Restricted cash and cash equivalents	435	360	9	1	25	25	1	—
Restricted cash included in Other deferred debits and other assets	212	212	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 947	$ 651	$ 52	$ 16	$ 146	$ 56	$ 6	$ 14
Balance at December 31, 2022								
Cash and cash equivalents	$ 407	$ 67	$ 59	$ 43	$ 198	$ 45	$ 31	$ 72
Restricted cash and cash equivalents	566	327	9	24	175	54	121	—
Restricted cash included in Other deferred debits and other assets	117	117	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,090	$ 511	$ 68	$ 67	$ 373	$ 99	$ 152	$ 72
Balance at September 30, 2022								
Cash and cash equivalents	$ 446	$ 63	$ 94	$ 20	$ 219	$ 21	$ 49	$ 112
Restricted cash and cash equivalents	744	342	9	130	234	77	157	—
Restricted cash included in Other deferred debits and other assets	83	83	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,273	$ 488	$ 103	$ 150	$ 453	$ 98	$ 206	$ 112
Balance at December 31, 2021								
Cash and cash equivalents	$ 672	$ 131	$ 36	$ 51	$ 136	$ 34	$ 28	$ 29
Restricted cash and cash equivalents	321	210	8	4	77	34	43	—
Restricted cash included in Other deferred debits and other assets	44	43	—	—	—	—	—	—
Cash, restricted cash, and cash equivalents from discontinued operations	582	—	—	—	—	—	—	—
Total cash, restricted cash, and cash equivalents	$ 1,619	$ 384	$ 44	$ 55	$ 213	$ 68	$ 71	$ 29

For additional information on restricted cash see Note 1 — Significant Accounting Policies of the 2022 Form 10-K.

Supplemental Balance Sheet Information

The following table provides additional information about material items recorded in the Registrants' Consolidated Balance Sheets.

	Accrued expenses							
	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at September 30, 2023								
Compensation-related accruals[(a)]	$ 548	$ 162	$ 67	$ 63	$ 99	$ 27	$ 17	$ 14
Taxes accrued	255	148	61	100	120	88	19	13
Interest accrued	391	78	52	59	81	38	24	17
Balance at December 31, 2022								
Compensation-related accruals[(a)]	$ 613	$ 179	$ 81	$ 79	$ 104	$ 29	$ 20	$ 16
Taxes accrued	211	92	10	34	70	52	8	12
Interest accrued	338	124	47	42	61	32	9	14

(a) Primarily includes accrued payroll, bonuses and other incentives, vacation, and benefits.

16. Related Party Transactions (All Registrants)

Utility Registrants' expense with Generation

The Utility Registrants incurred expenses from transactions with the Generation affiliate as described in the footnotes to the table below prior to separation on February 1, 2022. Such expenses were primarily recorded as Purchased power from affiliate and an immaterial amount recorded as Operating and maintenance expense from affiliates at the Utility Registrants. Effective February 1, 2022, Generation is no longer considered a related party.

	Nine Months Ended September 30,
	2022
ComEd[(a)]	$ 59
PECO[(b)]	33
BGE[(c)]	18
PHI	51
Pepco[(d)]	39
DPL[(e)]	10
ACE[(f)]	2

(a) ComEd had an ICC-approved RFP contract with Generation to provide a portion of ComEd's electric supply requirements. ComEd also purchased RECs and ZECs from Generation.
(b) PECO received electric supply from Generation under contracts executed through PECO's competitive procurement process. In addition, PECO had a ten-year agreement with Generation to sell solar AECs.
(c) BGE received a portion of its energy requirements from Generation under its MDPSC-approved market-based SOS and gas commodity programs.
(d) Pepco received electric supply from Generation under contracts executed through Pepco's competitive procurement process approved by the MDPSC and DCPSC.
(e) DPL received a portion of its energy requirements from Generation under its MDPSC and DEPSC approved market-based SOS commodity programs.
(f) ACE received electric supply from Generation under contracts executed through ACE's competitive procurement process approved by the NJBPU.

Service Company Costs for Corporate Support

The Registrants receive a variety of corporate support services from BSC. Pepco, DPL, and ACE also receive corporate support services from PHISCO. See Note 1 — Significant Accounting Policies for additional information regarding BSC and PHISCO.

The following table presents the service company costs allocated to the Registrants:

	Operating and maintenance from affiliates				Capitalized costs			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Exelon								
BSC					$ 162	$ 156	$ 502	$ 500
PHISCO					25	20	74	60
ComEd								
BSC	$ 92	$ 69	$ 263	$ 234	71	70	230	222
PECO								
BSC	55	44	160	140	29	24	89	80
BGE								
BSC	58	46	166	148	23	26	69	86
PHI								
BSC	50	39	135	135	39	36	114	112
PHISCO	—	—	—	—	24	20	73	60
Pepco								
BSC	30	24	85	80	13	13	41	41
PHISCO	31	28	91	86	9	8	30	24
DPL								
BSC	19	16	54	51	12	11	32	34
PHISCO	24	24	73	73	7	7	22	20
ACE								
BSC	16	13	45	42	13	12	39	37
PHISCO	23	20	67	63	7	5	20	16

Current Receivables from/Payables to affiliates

The following tables present current Receivables from affiliates and current Payables to affiliates:

September 30, 2023

	Receivables from affiliates:									
Payables to affiliates:	**ComEd**	**PECO**	**BGE**	**Pepco**	**DPL**	**ACE**	**BSC**	**PHISCO**	**Other**	**Total**
ComEd		$ —	$ —	$ —	$ —	$ —	$ 57	$ —	$ 5	$ 62
PECO	$ —		—	—	—	—	31	—	6	37
BGE	—	—		—	—	—	31	—	2	33
PHI	—	—	—	—	—	—	6	—	11	17
Pepco	—	—	—		—	—	16	15	1	32
DPL	—	1	—	—		—	13	11	—	25
ACE	—	—	—	—	—		11	10	1	22
Other	3	—	—	—	—	3	(1)	1		6
Total	$ 3	$ 1	$ —	$ —	$ —	$ 3	$ 164	$ 37	$ 26	$ 234

December 31, 2022

	Receivables from affiliates:									
Payables to affiliates:	**ComEd**	**PECO**	**BGE**	**Pepco**	**DPL**	**ACE**	**BSC**	**PHISCO**	**Other**	**Total**
ComEd		$ —	$ —	$ —	$ —	$ —	$ 66	$ —	$ 8	$ 74
PECO	$ —		—	—	—	—	39	—	3	42
BGE	—	—		—	—	—	38	—	1	39
PHI	—	—	—	—	—	—	4	—	10	14
Pepco	—	—	—		—	—	20	13	1	34
DPL	—	2	—	—		—	12	8	—	22
ACE	—	2	—	—	—		14	9	1	26
Other	3	—	—	—	—	1	—	—		4
Total	$ 3	$ 4	$ —	$ —	$ —	$ 1	$ 193	$ 30	$ 24	$ 255

Borrowings from Exelon/PHI intercompany money pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing both Exelon and PHI operate an intercompany money pool. PECO and PHI Corporate participate in the Exelon intercompany money pool. Pepco, DPL, and ACE participate in the PHI intercompany money pool.

Long-term debt to financing trusts

The following table presents Long-term debt to financing trusts:

	September 30, 2023			December 31, 2022		
	Exelon	**ComEd**	**PECO**	**Exelon**	**ComEd**	**PECO**
ComEd Financing III	$ 206	$ 205	$ —	$ 206	$ 205	$ —
PECO Trust III	81	—	81	81	—	81
PECO Trust IV	103	—	103	103	—	103
Total	$ 390	$ 205	$ 184	$ 390	$ 205	$ 184

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Exelon

Executive Overview

Exelon is a utility services holding company engaged in the energy transmission and distribution businesses through it's six reportable segments: ComEd, PECO, BGE, Pepco, DPL, and ACE. See Note 1 — Significant Accounting Policies and Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's principal subsidiaries and reportable segments.

Exelon's consolidated financial information includes the results of its seven separate operating subsidiary registrants, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL, and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

Financial Results of Operations

GAAP Results of Operations. The following table sets forth Exelon's GAAP consolidated Net income attributable to common shareholders from continuing operations by Registrant for the three and nine months ended September 30, 2023 compared to the same period in 2022. For additional information regarding the financial results for the three and nine months ended September 30, 2023 and 2022, see the discussions of Results of Operations by Registrant.

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Exelon	$ 700	$ 676	$ 24	$ 1,711	$ 1,622	$ 89
ComEd	333	291	42	822	706	116
PECO	146	135	11	410	474	(64)
BGE	45	33	12	286	267	19
PHI	232	289	(57)	490	518	(28)
Pepco	120	145	(25)	249	261	(12)
DPL	43	52	(9)	128	130	(2)
ACE	71	94	(23)	122	131	(9)
Other[(a)]	(56)	(72)	16	(297)	(343)	46

(a) Other primarily includes eliminating and consolidating adjustments, Exelon's corporate operations, shared service entities, and other financing and investment activities.

The separation of Constellation, including Generation and its subsidiaries, meets the criteria for discontinued operations and as such, Generation's results of operations are presented as discontinued operations and have been excluded from Exelon's continuing operations for the three and nine months ended September 30, 2022 presented in the table above. See Note 1 — Significant Accounting Policies and Note 2 — Discontinued Operations for additional information.

Accounting rules require that certain BSC costs previously allocated to Generation be presented as part of Exelon's continuing operations as these costs do not qualify as expenses of the discontinued operations. Such costs are included in Other in the table above and were $28 million on a pre-tax basis, for the nine months ended September 30, 2022. There were no such costs included in Exelon's continuing operations for the three months ended September 30, 2022.

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022. **Net income attributable to common shareholders from continuing operations** increased by $24 million and diluted earnings per average common share from continuing operations increased to $0.70 in 2023 from $0.68 in 2022 primarily due to:

- Higher electric distribution formula rate earnings from higher allowed ROE due to an increase in U.S. treasury rates and impacts of higher rate base at ComEd;
- Favorable impacts of rate increases at PECO, BGE, and PHI; and
- Carrying costs related to the CMC regulatory assets at ComEd.

The increases were partially offset by:

- Higher operating expense as a result of higher storm costs at PECO, BGE and PHI;
- Higher interest expense at BGE and Exelon Corporate;
- Unfavorable weather at PECO; and
- Higher depreciation expense at BGE and PHI.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022. **Net income attributable to common shareholders from continuing operations** increased by $89 million and diluted earnings per average common share from continuing operations increased to $1.72 in 2023 from $1.65 in 2022 primarily due to:

- Higher electric distribution formula rate earnings from higher allowed ROE due to an increase in U.S. treasury rates and impacts of higher rate base at ComEd;
- The favorable impacts of rate increases at PECO, BGE, and PHI;
- Carrying costs related to the CMC regulatory assets at ComEd; and
- Lower BSC costs presented in Exelon's continuing operations, which were previously allocated to Generation but did not qualify as discontinued operation expenses per the accounting rules.

The increases were partially offset by:

- Higher interest expense at PECO, BGE, PHI and Exelon Corporate;
- Unfavorable weather at PECO and PHI;
- Higher depreciation expense at PECO, BGE and PHI; and
- Higher operating expense as a result of higher storm costs at PECO and BGE.

Adjusted (non-GAAP) operating earnings. In addition to Net income, Exelon evaluates its operating performance using the measure of Adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses, and other specified items. This information is intended to enhance an investor's overall understanding of year-over-year operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets, and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between Net income attributable to common shareholders from continuing operations as determined in accordance with GAAP and Adjusted (non-GAAP) operating earnings for the three and nine months ended September 30, 2023 compared to the same periods in 2022:

	Three Months Ended September 30,			
	2023		2022	
(In millions, except per share data)		Earnings per Diluted Share		Earnings per Diluted Share
Net income attributable to common shareholders from continuing operations	**$ 700**	**$ 0.70**	**$ 676**	**$ 0.68**
Mark-to-market impact of economic hedging activities (net of taxes of $4)	12	0.01	—	—
Asset retirement obligation (net of taxes of $1 and $2, respectively)	(1)	—	(4)	—
Asset impairments (net of taxes of $10)[(a)]	—	—	37	0.04
Separation costs (net of taxes of $5 and $1, respectively)[(b)]	14	0.01	(3)	—
Income tax-related adjustments (entire amount represents tax expense)[(c)]	(54)	(0.05)	38	0.04
Adjusted (non-GAAP) operating earnings	**$ 671**	**$ 0.67**	**$ 745**	**$ 0.75**

	Nine Months Ended September 30,			
	2023		2022	
(In millions, except per share data)		Earnings per Diluted Share		Earnings per Diluted Share
Net income attributable to common shareholders from continuing operations	**$ 1,711**	**$ 1.72**	**$ 1,622**	**$ 1.65**
Mark-to-market impact of economic hedging activities (net of taxes of $4)	14	0.01	—	—
Change in environmental liabilities (net of taxes of $8)	29	0.03	—	—
ERP system implementation costs (net of taxes of $0)[(d)]	—	—	1	—
Asset retirement obligation (net of taxes of $1 and $2, respectively)	(1)	—	(4)	—
SEC matter loss contingency (net of taxes of $0)	46	0.05	—	—
Asset impairments (net of taxes of $10)[(a)]	—	—	37	0.04
Separation costs (net of taxes of $7 and $10, respectively)[(b)]	19	0.02	25	0.03
Change in FERC audit liability (net of taxes of $4)	11	0.01	—	—
Income tax-related adjustments (entire amount represents tax expense)[(e)]	(54)	(0.05)	130	0.13
Adjusted (non-GAAP) operating earnings	**$ 1,774**	**$ 1.78**	**$ 1,811**	**$ 1.84**

Note:
Amounts may not sum due to rounding.
Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net income and Adjusted (non-GAAP) operating earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. The marginal statutory income tax rates for 2023 and 2022 ranged from 24.0% to 29.0%.

(a) Reflects costs related to the impairment of an office building at BGE, which are recorded in Operating and maintenance expense.
(b) Represents costs related to the separation primarily comprised of system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the separation, and employee-related severance costs, which are recorded in Operating and maintenance expense and Other, net.
(c) In 2022, reflects an adjustment to exclude one-time non-cash impacts associated with the remeasurement of deferred income taxes as a result of the reduction in Pennsylvania corporate income tax rate. In 2023, reflects the adjustment to state deferred income taxes due to changes in forecasted apportionment.

(d) Reflects costs related to a multi-year ERP system implementation, which are recorded in Operating and maintenance expense.
(e) In 2022, for PECO, reflects an adjustment to exclude one-time non-cash impacts associated with the remeasurement of deferred income taxes as a result of the reduction in Pennsylvania corporate income tax rate. For Corporate, in connection with the separation, Exelon recorded an income tax expense primarily due to the long-term marginal state income tax rate change, the recognition of valuation allowances against the net deferred tax assets positions for certain standalone state filing jurisdictions, and nondeductible transaction costs partially offset by a one-time impact associated with a state tax benefit. In 2023, reflects the adjustment to state deferred income taxes dues to changes in forecasted apportionment.

Significant 2023 Transactions and Developments

Separation

On February 21, 2021, Exelon's Board of Directors approved a plan to separate the Utility Registrants and Generation, creating two publicly traded companies ("the separation"). Exelon completed the separation on February 1, 2022. Constellation was newly formed and incorporated in Pennsylvania on June 15, 2021 for the purpose of separation and holds Generation. The separation represented a strategic shift that would have a major effect on Exelon's operations and financial results. Accordingly, the separation met the criteria for discontinued operations. See Note 2 — Discontinued Operations of the Combined Notes to Consolidated Financial Statements for additional information on the separation and discontinued operations.

In connection with the separation, Exelon incurred separation costs/(benefit) impacting continuing operations of $19 million and $(2) million on a pre-tax basis for the three months ended September 30, 2023 and 2022, respectively, and $26 million and $35 million on a pre-tax basis for the nine months ended September 30, 2023 and 2022, respectively, which are recorded in Operating and maintenance expense. Total separation costs impacting continuing operations for the remainder of 2023 are not expected to be material. These costs are excluded from Adjusted (non-GAAP) Operating Earnings. The separation costs are primarily comprised of system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the separation, and employee-related severance costs.

Distribution Base Rate Case Proceedings

The Utility Registrants file base rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future financial statements.

The following tables show the Utility Registrants' completed and pending distribution base rate case proceedings in 2023. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Completed Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Approved Revenue Requirement Increase	Approved ROE	Approval Date	Rate Effective Date
ComEd - Illinois	April 15, 2022	Electric	$ 199	$ 199	7.85 %	November 17, 2022	January 1, 2023
PECO - Pennsylvania	March 31, 2022	Natural Gas	82	55	N/A	October 27, 2022	January 1, 2023
BGE - Maryland	May 15, 2020 (amended September 11, 2020)	Electric	203	140	9.50 %	December 16, 2020	January 1, 2021
		Natural Gas	108	74	9.65 %		
Pepco - Maryland	October 26, 2020 (amended March 31, 2021)	Electric	104	52	9.55 %	June 28, 2021	June 28, 2021
DPL - Maryland	May 19, 2022	Electric	38	29	9.60 %	December 14, 2022	January 1, 2023

Pending Distribution Base Rate Case Proceedings

Registrant/Jurisdiction	Filing Date	Service	Requested Revenue Requirement Increase	Requested ROE	Expected Approval Timing
ComEd - Illinois	January 17, 2023	Electric	$ 1,487	10.50% to 10.65%	Fourth quarter of 2023
ComEd - Illinois	April 21, 2023	Electric	247	8.91 %	Fourth quarter of 2023
BGE - Maryland	February 17, 2023	Electric	313	10.40 %	Fourth quarter of 2023
		Natural Gas	289	10.40 %	
Pepco - District of Columbia	April 13, 2023	Electric	191	10.50 %	Second quarter of 2024
Pepco - Maryland	May 16, 2023	Electric	214	10.50 %	Second quarter of 2024
DPL - Delaware	December 15, 2022 (amended September 29, 2023)	Electric	39	10.50 %	Second quarter of 2024
ACE - New Jersey	February 15, 2023 (amended August 21, 2023)	Electric	92	10.50 %	Fourth quarter of 2023

Transmission Formula Rates

For 2023, the following total increases/(decreases) were included in the Utility Registrants' electric transmission formula rate updates. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Registrant	Initial Revenue Requirement Increase	Annual Reconciliation Increase (Decrease)	Total Revenue Requirement Increase	Allowed Return on Rate Base	Allowed ROE
ComEd	$ 20	$ 63	$ 83	8.09 %	11.50 %
PECO	24	23	47	7.41 %	10.35 %
BGE	19	(12)	4	7.34 %	10.50 %
Pepco	37	(5)	32	7.57 %	10.50 %
DPL	32	(3)	29	7.08 %	10.50 %
ACE	41	(12)	29	7.08 %	10.50 %

ComEd's FERC Audit

The Utility Registrants are subject to periodic audits by FERC. FERC's Division of Audits and Accounting initiated a nonpublic audit of ComEd in April 2021 evaluating ComEd's compliance with (1) approved terms, rates, and conditions of its federally regulated service; (2) accounting requirements of the Uniform System of Accounts; (3) reporting requirements of the FERC Form 1; and (4) the requirements for record retention. The audit period extends back to January 1, 2017. During the first quarter of 2023, ComEd was provided with information from FERC about several potential findings, including ComEd's methodology regarding the allocation of certain overhead costs to capital under FERC regulations. Based on the preliminary findings and discussions with FERC staff, ComEd determined that a loss was probable and recorded a regulatory liability to reflect its best estimate of that loss as of March 31, 2023.

On July 27, 2023, FERC issued a final audit report which included, among other things, findings and recommendations related to ComEd's methodology regarding the allocation of certain overhead costs to

capitalized construction costs under FERC regulations. On August 28, 2023, ComEd filed a formal notice of the issues it will contest. The final outcome and resolution of any contested audit issues as well as a reasonable estimate of potential future losses cannot be accurately estimated at this stage; however, the final resolution of these matters could result in recognition of future losses, above the amounts currently accrued, that could be material to the Exelon and ComEd financial statements.

Other Key Business Drivers and Management Strategies

The following discussion of other key business drivers and management strategies includes current developments of previously disclosed matters and new issues arising during the period that may impact future financial statements. This section should be read in conjunction with ITEM 1. Business in the 2022 Form 10-K, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Key Business Drivers and Management Strategies in the 2022 Form 10-K, and Note 12 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in this report for additional information on various environmental matters.

Legislative and Regulatory Developments

City of Chicago Franchise Agreement

The current ComEd Franchise Agreement with the City of Chicago (the City) has been in force since 1992. The Franchise Agreement grants rights to use the public right of way to install, maintain, and operate the wires, poles, and other infrastructure required to deliver electricity to residents and businesses across the City. The Franchise Agreement became terminable on one year notice as of December 31, 2020. It now continues in effect indefinitely unless and until either party issues a notice of termination, effective one year later, or it is replaced by mutual agreement with a new franchise agreement between ComEd and the City. If either party terminates and no new agreement is reached between the parties, the parties could continue with ComEd providing electric services within the City with no franchise agreement in place. The City also has an option to terminate and purchase the ComEd system (“municipalize”), which also requires one year notice. Neither party has issued a notice of termination at this time, the City has not exercised its municipalization option, and no new agreement has become effective. Accordingly, the 1992 Franchise Agreement remains in effect at this time. In April 2021, the City invited interested parties to respond to a Request for Information (RFI) regarding the franchise for electricity delivery. Final responses to the RFI were due on July 30, 2021, however, on July 29, 2021, the City chose to extend the final submission deadline to September 30, 2021. ComEd submitted its response to the RFI by the due date. However, the City did not proceed to issue an RFP. Since that time, ComEd and the City continued to negotiate and have arrived at a proposed Chicago Franchise Agreement (CFA) and an Energy and Equity Agreement (EEA). These agreements together are intended t o grant ComEd the right to continue providing electric utility services using public ways within the City of Chicago, and to create a new non-profit entity to advance energy and energy-related equity projects. On February 1, 2023, the proposed CFA and EEA were introduced to the City Council. The proposed CFA and EEA remain subject to approval by the City Council and the Exelon Board.

While Exelon and ComEd cannot predict the ultimate outcome of these processes, fundamental changes in the agreements or other adverse actions affecting ComEd’s business in the City would require changes in their business planning models and operations and could have a material adverse impact on Exelon’s and ComEd’s consolidated financial statements. If the City were to disconnect from the ComEd system, ComEd would seek full compensation for the business and its associated property taken by the City, as well as for all damages resulting to ComEd and its system. ComEd would also seek appropriate compensation for stranded costs with FERC.

Infrastructure Investment and Jobs Act

On November 15, 2021, President Biden signed the $1.2 trillion IIJA into law. IIJA provides for approximately $550 billion in new federal spending. Categories of funding include funding for a variety of infrastructure needs, including but not limited to: (1) power and grid reliability and resilience, (2) resilience for cybersecurity to address critical infrastructure needs, and (3) electric vehicle charging infrastructure for alternative fuel corridors. Federal agencies are developing guidelines to implement spending programs under IIJA. The time needed to develop these guidelines will vary with some limited program applications opened as early as the first quarter of 2022. The Registrants continue to evaluate programs under the legislation and consider possible opportunities to apply

for funding, either directly or in potential collaborations with state and/or local agencies and key stakeholders. The Registrants cannot predict the ultimate timing and success of securing funding from programs under IIJA.

In September 2022, ComEd and BGE applied for the MMG, which establishes and funds construction, improvement, or acquisition of middle mile broadband infrastructure which creates high-speed internet services. The MMG addresses inequitable broadband access by expansion and extension of the middle mile infrastructure in underserved communities. In June 2023, the National Telecommunications and Information Administration (NTIA) announced it selected two of the applications submitted by BGE and ComEd; awarding ComEd and BGE $14.5 million and $15.4 million respectively. The applications selected by NTIA for BGE and ComEd proposed projects designed to enhance electric grid reliability and resiliency while leading and advancing shared local, state, and national goals to increase broadband connectivity, redundancy, affordability, and equity.

In March 2023, Exelon, ComEd, and PHI submitted three applications related to the Smart Grid Grants program under section 40107 of IIJA. These applications are focused on replacing existing Advanced Distribution Management Systems (ADMS) in support of distributed energy resources (DERs) and grid-edged technologies, strengthening interoperability and data architecture of systems in support of two-way power flows and accelerating advanced metering deployment in disadvantaged communities. In October 2023, ComEd's project, Deployment of a Community-Oriented Interoperable Control Framework for Aggregating and Integrating Distributed Energy Resources and Other Grid-Edge Devices, was recommended by the Grid Deployment Office (GDO) for negotiation of a final award up to $50 million. This project will enable ComEd and its local partners to deploy the next generation of grid technologies that support the growth of solar and electric vehicles (EVs), while piloting new local workforce training initiatives to support job creation connected to the clean energy transition. The GDO has indicated the award negotiation process can take approximately 120 days.

In April 2023, ComEd, PECO, BGE, and PHI submitted seven applications related to the Grid Resilience Grants program under section 40101(c) of IIJA. These applications are broadly focused on improving grid resilience with an emphasis on disadvantaged communities, relief of capacity constraints and modernizing infrastructure, deployment of DER and microgrid technologies and providing improved resilience through storm hardening projects. In October 2023, PECO's project, Creating a Resilient, Equitable, and Accessible Transformation in Energy for Greater Philadelphia (CREATE), was recommended by the GDO for negotiation of a final award up to $100 million. This project will support critical electric infrastructure investments to help reduce the impact of extreme weather and historic flooding on the company's electric distribution system. The GDO has indicated the award negotiation process can take approximately 120 days.

The Registrants are supporting three different Regional Clean Hydrogen Hub opportunities, covering all five states that Exelon operates in plus Washington D.C. under a program that will create networks of hydrogen producers, consumers, and local connective infrastructure to accelerate the use of hydrogen as a clean energy carrier that can deliver or store energy. Applications for the three opportunities under this program were submitted in April 2023. In October 2023 the DOE announced it selected two of the projects for further negotiation: (1) the Mid-Atlantic Clean Hydrogen Hub (MACH2), which is being supported by PECO and PHI, and (2) the Midwest Alliance for Clean Hydrogen (MachH2), which is being supported by ComEd.

PJM Regional Transmission Expansion

On April 6, 2023, PJM received a deactivation notice for Brandon Shores, a 1,282 MW coal generation plant located in BGE service territory. The deactivation was requested for June 1, 2025 and will result in numerous reliability issues across the region. In June 2023, PJM assigned a portion of transmission system upgrades to mitigate these reliability impacts to PECO, BGE, and Pepco. In July 2023, PJM Board of Managers approved assigning Exelon transmission system upgrades to mitigate these reliability impacts to PECO, BGE, and Pepco. The most recent projected capital expenditures associated with these upgrades are approximately $80 million, $650 million, and $80 million for PECO, BGE, and Pepco, respectively. These amounts include a scope reduction estimated by PJM for PECO of $60 million associated with a transmission proposal window, as disclosed at a Transmission Expansion Advisory Committee meeting on October 31, 2023. The upgrades are expected to be completed by the end of 2028.

Separately, PJM held a competitive transmission proposal window from February 24, 2023 through May 31, 2023 to address reliability issues driven by significant load increases in northern Virginia. PECO, BGE, and Pepco submitted four solution proposals. At a meeting of the Transmission Expansion Advisory Committee on October 31, 2023, PJM recommended that PECO, BGE, Pepco, and DPL be awarded a portion of the work for the

proposed solution. Initial estimated costs for these upgrades, as posted by PJM on its website on October 27, 2023, are approximately $55 million, $700 million, $80 million, and $5 million for PECO, BGE, Pepco, and DPL, respectively. The PJM Board of Managers is scheduled to approve the solution in December 2023 and the upgrades are expected to be completed by the end of 2030.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions, and judgments in the preparation of its financial statements. As of September 30, 2023, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2022. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Critical Accounting Policies and Estimates in the 2022 Form 10-K for further information.

Results of Operations by Registrant

Results of Operations — ComEd

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 2,268	$ 1,378	$ 890	$ 5,836	$ 4,536	$ 1,300
Operating expenses						
Purchased power	896	121	(775)	2,068	1,041	(1,027)
Operating and maintenance	385	355	(30)	1,077	1,045	(32)
Depreciation and amortization	357	333	(24)	1,045	982	(63)
Taxes other than income taxes	100	104	4	282	289	7
Total operating expenses	1,738	913	(825)	4,472	3,357	(1,115)
Loss on sales of assets	—	—	—	—	(2)	2
Operating income	530	465	65	1,364	1,177	187
Other income and (deductions)						
Interest expense, net	(119)	(104)	(15)	(357)	(308)	(49)
Other, net	16	14	2	50	40	10
Total other income and (deductions)	(103)	(90)	(13)	(307)	(268)	(39)
Income before income taxes	427	375	52	1,057	909	148
Income taxes	94	84	(10)	235	203	(32)
Net income	$ 333	$ 291	$ 42	$ 822	$ 706	$ 116

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022. **Net income** increased by $42 million as compared to the same period in 2022, primarily due to increases in electric distribution formula rate earnings (reflecting higher allowed ROE due to an increase in U.S. Treasury rates and the impacts of higher rate base) and carrying costs related to the CMC regulatory assets.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022. **Net income** increased by $116 million as compared to the same period in 2022, primarily due to increases in electric distribution formula rate earnings (reflecting higher allowed ROE due to an increase in U.S. Treasury rates and the impacts of higher rate base) and carrying costs related to the CMC regulatory assets.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase	Increase (Decrease)
Distribution	$ 103	$ 277
Transmission	3	(4)
Energy efficiency	17	55
Other	8	11
	131	339
Regulatory required programs	759	961
Total increase	$ 890	$ 1,300

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. Operating revenues are not impacted by abnormal weather, usage per customer, or number of customers as a result of revenue decoupling mechanisms implemented pursuant to FEJA.

Distribution Revenue. EIMA and FEJA provide for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Electric distribution revenue varies from year to year based upon fluctuations

in the underlying costs, (e.g., severe weather and storm restoration), investments being recovered, and allowed ROE. Electric distribution revenue increased for the three and nine months ended September 30, 2023 as compared to the same period in 2022, due to higher allowed ROE due to an increase in U.S. Treasury rates, the impact of a higher rate base, and higher fully recoverable costs.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue.

Energy Efficiency Revenue. FEJA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under FEJA, energy efficiency revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. Energy efficiency revenue increased for the three and nine months ended September 30, 2023 as compared to the same period in 2022, primarily due to increased regulatory asset amortization, which is fully recoverable.

Other Revenue primarily includes assistance provided to other utilities through mutual assistance programs. Other revenue increased for the three and nine months ended September 30, 2023 as compared to the same period in 2022, which primarily reflects mutual assistance revenues associated with storm restoration efforts.

Regulatory Required Programs represents revenues collected under approved riders to recover costs incurred for regulatory programs such as recoveries under the credit loss expense tariff, environmental costs associated with MGP sites, ETAC, and costs related to electricity, ZEC, CMC, and REC procurement. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information regarding CMCs. ETAC is a retail customer surcharge collected by electric utilities operating in Illinois established by CEJA and remitted to an Illinois state agency for programs to support clean energy jobs and training. The riders are designed to provide full and current cost recovery. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries as ComEd remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, ComEd either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from ComEd, ComEd is permitted to recover the electricity, ZEC, CMC, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power expense related to the electricity, ZECs, CMCs, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ComEd's revenue disaggregation.

The increase of $775 million and $1,027 million for the three and nine months ended September 30, 2023 compared to the same period in 2022, in **Purchased power expense** is primarily due to the CMCs from the participating nuclear-powered generating facilities including the deferral of any associated carrying costs. This increase is primarily offset by an increase in Operating revenues as part of regulatory required programs. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information regarding CMCs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase (Decrease)	Increase (Decrease)
Labor, other benefits, contracting and materials	$ 10	$ 36
Storm-related costs	(4)	4
BSC costs	23	28
Pension and non-pension postretirement benefits expense	(3)	(11)
Other	27	25
	53	82
Regulatory required programs[(a)]	(23)	(50)
Total increase	$ 30	$ 32

(a) ComEd is allowed to recover from or refund to customers the difference between its annual credit loss expense and the amounts collected in rates annually through a rider mechanism.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase	Increase
Depreciation and amortization[(a)]	$ 16	$ 45
Regulatory asset amortization[(b)]	8	18
Total increase	$ 24	$ 63

(a) Reflects ongoing capital expenditures and higher depreciation rates effective January 2023.
(b) Includes amortization of ComEd's energy efficiency formula rate regulatory asset.

Interest expense, net increased by $15 million and $49 million for the three and nine months ended September 30, 2023, compared to the same period in 2022, primarily due to an increase in interest rates and the issuance of debt during the year.

Effective income tax rates were 22.0% and 22.4% for the three months ended September 30, 2023 and 2022, respectively, and 22.2% and 22.3% for the nine months ended September 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — PECO

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 1,037	$ 1,014	$ 23	$ 2,977	$ 2,877	$ 100
Operating expenses						
Purchased power and fuel	411	403	(8)	1,197	1,093	(104)
Operating and maintenance	277	243	(34)	786	705	(81)
Depreciation and amortization	100	92	(8)	297	277	(20)
Taxes other than income taxes	59	60	1	156	155	(1)
Total operating expenses	847	798	(49)	2,436	2,230	(206)
Operating income	190	216	(26)	541	647	(106)
Other income and (deductions)						
Interest expense, net	(52)	(45)	(7)	(149)	(129)	(20)
Other, net	11	8	3	26	23	3
Total other income and (deductions)	(41)	(37)	(4)	(123)	(106)	(17)
Income before income taxes	149	179	(30)	418	541	(123)
Income taxes	3	44	41	8	67	59
Net income	$ 146	$ 135	$ 11	$ 410	$ 474	$ (64)

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022. **Net income** increased by $11 million as compared to the same period in 2022, primarily due to Pennsylvania corporate income tax legislation passed in July 2022 driving a one-time non-cash decrease to net income for 2022, partially offset by an increase in operating expense as a result of higher storm costs.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022. **Net income** decreased by $64 million as compared to the same period in 2022, primarily due to increases in operating expenses as a result of higher storm costs, depreciation and amortization expense, and interest expense.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2023 (Decrease) Increase			Nine Months Ended September 30, 2023 (Decrease) Increase		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ (38)	$ —	$ (38)	$ (96)	$ (27)	$ (123)
Volume	15	—	15	5	—	5
Pricing	2	6	8	20	35	55
Transmission	23	—	23	24	—	24
Other	(3)	—	(3)	(4)	6	2
	(1)	6	5	(51)	14	(37)
Regulatory required programs	28	(10)	18	145	(8)	137
Total increase	$ 27	$ (4)	$ 23	$ 94	$ 6	$ 100

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as “favorable weather conditions” because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three and nine months ended September 30, 2023 compared to the same period in 2022, Operating revenues related to weather decreased by the impact of unfavorable weather conditions in PECO's service territory.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in PECO's service territory. The changes in heating and cooling degree-days in PECO's service territory for the three and nine months ended September 30, 2023 compared to the same period in 2022 and normal weather consisted of the following:

	Three Months Ended September 30,			% Change	
PECO Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	18	19	22	(5.3)%	(18.2)%
Cooling Degree-Days	1,064	1,290	1,022	(17.5)%	4.1 %
	Nine Months Ended September 30,			% Change	
	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	2,236	2,632	2,866	(15.0)%	(22.0)%
Cooling Degree-Days	1,297	1,725	1,408	(24.8)%	(7.9)%

Volume. Electric volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2023 compared to the same period in 2022, increased due to customer mix and load growth. Natural gas volume for the three and nine months ended September 30, 2023 compared to the same period in 2022, remained relatively consistent.

	Three Months Ended September 30,				Nine Months Ended September 30,			
Electric Retail Deliveries to Customers (in GWhs)	2023	2022	% Change	Weather - Normal % Change[b]	2023	2022	% Change	Weather - Normal % Change[b]
Residential	4,134	4,386	(5.7)%	4.9 %	10,186	11,204	(9.1)%	0.7 %
Small commercial & industrial	2,070	2,139	(3.2)%	0.8 %	5,616	5,889	(4.6)%	— %
Large commercial & industrial	3,830	3,943	(2.9)%	(0.4)%	10,398	10,691	(2.7)%	(0.3)%
Public authorities & electric railroads	152	172	(11.6)%	(10.8)%	464	489	(5.1)%	(5.0)%
Total electric retail deliveries[a]	10,186	10,640	(4.3)%	1.7 %	26,664	28,273	(5.7)%	0.1 %

	At September 30,	
Number of Electric Customers	2023	2022
Residential	1,531,168	1,523,269
Small commercial & industrial	155,932	155,516
Large commercial & industrial	3,111	3,120
Public authorities & electric railroads	10,416	10,393
Total	1,700,627	1,692,298

(a) Reflects delivery volumes from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

	Three Months Ended September 30,				Nine Months Ended September 30,			
Natural Gas Deliveries to Customers (in mmcf)	2023	2022	% Change	Weather - Normal % Change[b]	2023	2022	% Change	Weather - Normal % Change[b]
Residential	2,134	2,197	(2.9)%	(5.4)%	23,697	28,240	(16.1)%	(3.9)%
Small commercial & industrial	1,939	2,054	(5.6)%	(8.1)%	14,381	16,238	(11.4)%	(1.8)%
Large commercial & industrial	4	6	(33.3)%	(7.1)%	39	20	95.0 %	3.6 %
Transportation	5,278	5,162	2.2 %	8.3 %	17,482	18,508	(5.5)%	(2.3)%
Total natural gas retail deliveries[a]	9,355	9,419	(0.7)%	1.1 %	55,599	63,006	(11.8)%	(2.9)%

Number of Natural Gas Customers	At September 30, 2023	2022
Residential	505,370	500,934
Small commercial & industrial	44,743	46,074
Large commercial & industrial	9	9
Transportation	629	656
Total	550,751	547,673

(a) Reflects delivery volumes from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

Pricing for the three and nine months ended September 30, 2023 compared to the same period in 2022 increased primarily due to an increase in gas distribution rates charged to customers.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered.

Other revenue primarily includes revenue related to late payment charges. Other revenue for the three and nine months ended September 30, 2023 compared to the same period in 2022 remained relatively consistent.

Regulatory Required Programs represents revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency, PGC, and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Income taxes. Customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers. Customer choice programs do not impact the volume of deliveries as PECO remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, PECO either acts as the billing agent or the competitive supplier separately bills its own customers and therefore PECO does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from PECO, PECO is permitted to recover the electricity, natural gas, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power and fuel expense related to the electricity, natural gas, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of PECO's revenue disaggregation.

The increase of $104 million and $8 million for the three and nine months ended September 30, 2023 compared to the same period in 2022, in **Purchased power and fuel expense** is offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase (Decrease)	Increase (Decrease)
Storm-related costs	$ 26	$ 28
BSC costs	11	19
Labor, other benefits, contracting and materials	(7)	15
Pension and non-pension postretirement benefit expense	—	(3)
Credit loss expense	1	(1)
Other	(6)	(5)
	25	53
Regulatory required programs	9	28
Total increase	$ 34	$ 81

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase	Increase
Depreciation and amortization[(a)]	$ 7	$ 20
Regulatory asset amortization	1	—
Total increase	$ 8	$ 20

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Interest expense, net increased $7 million and $20 million for the three and nine months ended September 30, 2023, compared to the same period in 2022, primarily due to an increase in interest rates and the issuance of debt in 2022 and 2023.

Effective income tax rates were 2.0% and 24.6% for the three months ended September 30, 2023 and 2022, respectively, and 1.9% and 12.4% for the nine months ended September 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — BGE

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 932	$ 870	$ 62	$ 2,986	$ 2,810	$ 176
Operating expenses						
Purchased power and fuel	380	350	(30)	1,145	1,093	(52)
Operating and maintenance	214	235	21	632	658	26
Depreciation and amortization	161	148	(13)	487	470	(17)
Taxes other than income taxes	80	77	(3)	239	225	(14)
Total operating expenses	835	810	(25)	2,503	2,446	(57)
Operating income	97	60	37	483	364	119
Other income and (deductions)						
Interest expense, net	(47)	(39)	(8)	(135)	(110)	(25)
Other, net	6	5	1	14	16	(2)
Total other income and (deductions)	(41)	(34)	(7)	(121)	(94)	(27)
Income before income taxes	56	26	30	362	270	92
Income taxes	11	(7)	(18)	76	3	(73)
Net income	$ 45	$ 33	$ 12	$ 286	$ 267	$ 19

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022. **Net income** increased $12 million primarily due to favorable impacts of the multi-year plans, partially offset by an increase in storm costs, an increase in depreciation and amortization, and an increase in interest expense. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the three-year electric and natural gas distribution multi-year plans.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022. **Net Income** increased $19 million primarily due to favorable impacts of the multi-year plans, partially offset by an increase in storm costs, an increase in depreciation and amortization, and an increase in interest expense. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the three-year electric and natural gas distribution multi-year plans.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution	$ 19	$ 4	$ 23	$ 61	$ 33	$ 94
Transmission	4	—	4	34	—	34
Other	—	1	1	(1)	3	2
	23	5	28	94	36	130
Regulatory required programs	56	(22)	34	106	(60)	46
Total increase (decrease)	$ 79	$ (17)	$ 62	$ 200	$ (24)	$ 176

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and customer usage. However, Operating revenues are not impacted by abnormal weather or usage per customer as a result of a monthly rate adjustment that provides for fixed distribution revenue per customer by customer class. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Number of Electric Customers	At September 30, 2023	2022
Residential	1,208,230	1,200,786
Small commercial & industrial	115,557	115,778
Large commercial & industrial	13,007	12,774
Public authorities & electric railroads	264	266
Total	1,337,058	1,329,604

Number of Natural Gas Customers	At September 30, 2023	2022
Residential	655,753	653,413
Small commercial & industrial	37,950	38,128
Large commercial & industrial	6,289	6,222
Total	699,992	697,763

Distribution Revenue increased for the three and nine months ended September 30, 2023, compared to the same period in 2022, due to favorable impacts of the multi-year plans.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for the three and nine months ended September 30, 2023, compared to the same period in 2022, primarily due to increases in underlying costs and capital investments.

Other Revenue includes revenue related to late payment, charges, mutual assistance, off-system sales, and service application fees. Other Revenue remained relatively the same for the three and nine months ended September 30, 2023 compared to the same period in 2022.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as conservation, demand response, STRIDE, and the POLR mechanism. The riders are designed to provide full and current cost recovery, as well as a return in certain instances. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers. Customer choice programs do not impact the volume of deliveries as BGE remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, BGE acts as the billing agent and therefore does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from BGE, BGE is permitted to recover the electricity and natural gas procurement costs from customers and therefore records the amounts related to the electricity and/or natural gas in Operating revenues and Purchased power and fuel expense. BGE recovers electricity and natural gas procurement costs from customers with a slight mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of BGE's revenue disaggregation.

The increase of $30 million and $52 million for the three and nine months ended September 30, 2023 compared to the same period in 2022, in **Purchased power and fuel expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase (Decrease)	Increase (Decrease)
Labor, other benefits, contracting, and materials	$ 3	$ 15
Storm-related costs	12	12
Pension and non-pension postretirement benefits expense	2	4
BSC costs	12	18
Credit loss expense	1	(14)
Other[(a)]	(51)	(62)
	(21)	(27)
Regulatory required programs	—	1
Total decrease	$ (21)	$ (26)

(a) Primarily relates to the prior year asset impairment of $46 million. See Note 11 - Asset Impairments of the 2022 Form 10-K for additional information.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase	Increase (Decrease)
Depreciation and amortization[(a)]	$ 9	$ 22
Regulatory required programs	4	(4)
Regulatory asset amortization	—	(1)
Total increase	$ 13	$ 17

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Interest expense, net increased by $25 million for the nine months ended September 30, 2023, respectively compared to the same period in 2022, primarily due to an increase in interest rates and the issuance of debt in 2023 and 2022.

Taxes other than income taxes increased by $14 million for the nine months ended September 30, 2023, respectively, compared to the same period in 2022, primarily due to increased property taxes.

Effective income tax rates were 19.6% and (26.9)% for the three months ended September 30, 2023 and 2022 respectively, and 21.0% and 1.1% for the nine months ended September 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — PHI

PHI's Results of Operations include the results of its three reportable segments, Pepco, DPL, and ACE. PHI also has a business services subsidiary, PHISCO, which provides a variety of support services, and the costs are directly charged or allocated to the applicable subsidiaries. Additionally, the results of PHI's corporate operations include interest costs from various financing activities. All material intercompany accounts and transactions have been eliminated in consolidation. The following table sets forth PHI's GAAP consolidated Net income, by Registrant, for the three and nine months ended September 30, 2023 compared to the same period in 2022. See the Results of Operations for Pepco, DPL, and ACE for additional information.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Unfavorable Variance	2023	2022	Unfavorable Variance
PHI	$ 232	$ 289	$ (57)	$ 490	$ 518	$ (28)
Pepco	120	145	(25)	249	261	(12)
DPL	43	52	(9)	128	130	(2)
ACE	71	94	(23)	122	131	(9)
Other[(a)]	(2)	(2)	—	(9)	(4)	(5)

(a) Primarily includes eliminating and consolidating adjustments, PHI's corporate operations, shared service entities, and other financing and investment activities.

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022. **Net Income** decreased by $57 million primarily due to an increase in depreciation expense, higher contracting costs partially due to timing of maintenance projects, an increase in credit loss expense at Pepco, higher storm costs at DPL, timing of decoupling revenues in the District of Columbia, timing of excess deferred tax amortization at DPL and ACE, and an increase in various operating expenses, partially offset by higher transmission rates, higher distribution rates at DPL Delaware, and favorable impacts of the Pepco Maryland and DPL Maryland multi-year plans.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022. **Net Income** decreased by $28 million primarily due to an increase in environmental liabilities at Pepco, an increase in depreciation expense, an increase in interest expense, unfavorable weather at DPL Delaware electric and natural gas service territories, and an increase in various operating expenses, partially offset by higher transmission rates, higher distribution rates at DPL Delaware, and favorable impacts of the Pepco Maryland and DPL Maryland multi-year plans.

Results of Operations — Pepco

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 822	$ 724	$ 98	$ 2,174	$ 1,919	$ 255
Operating expenses						
Purchased power	288	230	(58)	750	605	(145)
Operating and maintenance	149	121	(28)	440	380	(60)
Depreciation and amortization	112	99	(13)	329	312	(17)
Taxes other than income taxes	109	105	(4)	291	291	—
Total operating expenses	658	555	(103)	1,810	1,588	(222)
Operating income	164	169	(5)	364	331	33
Other income and (deductions)						
Interest expense, net	(41)	(37)	(4)	(122)	(111)	(11)
Other, net	18	14	4	50	39	11
Total other income and (deductions)	(23)	(23)	—	(72)	(72)	—
Income before income taxes	141	146	(5)	292	259	33
Income taxes	21	1	(20)	43	(2)	(45)
Net income	$ 120	$ 145	$ (25)	$ 249	$ 261	$ (12)

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022. **Net Income** decreased by $25 million primarily due to the timing of decoupling revenues in the District of Columbia, higher contracting costs partially due to timing of maintenance projects, an increase in depreciation expense, credit loss expense, interest expense, and various operating expenses, partially offset by favorable impacts of the Maryland multi-year plan and higher transmission rates.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022. **Net Income** decreased by $12 million primarily due to an increase in environmental liabilities, depreciation expense, interest expense, and various operating expenses, partially offset by favorable impacts of the Maryland multi-year plan, higher transmission rates, and customer growth.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase (Decrease)	Increase
Distribution	$ 17	$ 69
Transmission	16	44
Other	(1)	2
	32	115
Regulatory required programs	66	140
Total increase	$ 98	$ 255

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in both Maryland and the District of Columbia are not impacted by abnormal weather or usage per customer as a result of a BSA that provides for a fixed distribution charge per customer by customer class. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Number of Electric Customers	At September 30, 2023	2022
Residential	862,321	853,873
Small commercial & industrial	54,082	54,423
Large commercial & industrial	22,952	22,789
Public authorities & electric railroads	205	196
Total	939,560	931,281

Distribution Revenue increased for the three months ended September 30, 2023 compared to the same period in 2022 primarily due to higher rates due to the expiration of customer offsets and favorable impacts of the Maryland multi-year plan, partially offset by the timing of decoupling revenues in the District of Columbia. Distribution revenue increased for the nine months ended September 30, 2023 compared to the same period in 2022 primarily due to higher rates due to the expiration of customer offsets, favorable impacts of the Maryland multi-year plan, and customer growth.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for both the three and nine months ended September 30, 2023, compared to the same period in 2022, primarily due to increases in underlying costs and capital investment.

Other Revenue includes rental revenue, revenue related to late payment charges, mutual assistance revenues, and recoveries of other taxes.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, DC PLUG, and SOS procurement and administrative costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries, as Pepco remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, Pepco acts as the billing agent and therefore, Pepco does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from Pepco, Pepco is permitted to recover the electricity and REC procurement costs from customers and therefore records the amounts related to the electricity and RECs in Operating revenues and Purchased power expense. Pepco recovers electricity and REC procurement costs from customers with a slight mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of Pepco's revenue disaggregation.

The increase of $58 million and $145 million for the three and nine months ended September 30, 2023 compared to the same period in 2022, respectively, in **Purchased power expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase (Decrease)	Increase (Decrease)
BSC and PHISCO costs	$ 9	$ 10
Labor, other benefits, contracting and materials[(a)]	6	29
Credit Loss expense	6	—
Pension and non-pension postretirement benefits expense	3	8
Storm-related costs	(2)	(7)
Other	3	12
	25	52
Regulatory required programs	3	8
Total increase	$ 28	$ 60

(a) Primarily reflects an increase in environmental liabilities for the nine months ended September 30, 2023.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase	Increase (Decrease)
Depreciation and amortization[(a)]	$ 10	$ 17
Regulatory asset amortization	3	10
Regulatory required programs	—	(10)
Total increase	$ 13	$ 17

(a) Depreciation and amortization increased primarily due to ongoing capital expenditures.

Interest expense, net increased by $4 million and $11 million for the three and nine months ended September 30, 2023 compared to the same period in 2022, respectively, primarily due to an increase in interest rates and the issuance of debt in 2022 and 2023.

Other, net increased by $4 million and $11 million for the three and nine months ended September 30, 2023 compared to the same period in 2022, respectively, primarily due to higher AFUDC equity.

Effective income tax rates were 14.9% and 0.7% for the three months ended September 30, 2023 and 2022, respectively, and 14.7% and (0.8)% for the nine months ended September 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — DPL

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 450	$ 412	$ 38	$ 1,273	$ 1,176	$ 97
Operating expenses						
Purchased power and fuel	201	183	(18)	562	507	(55)
Operating and maintenance	104	84	(20)	278	266	(12)
Depreciation and amortization	62	59	(3)	182	172	(10)
Taxes other than income taxes	19	19	—	57	54	(3)
Total operating expenses	386	345	(41)	1,079	999	(80)
Operating income	64	67	(3)	194	177	17
Other income and (deductions)						
Interest expense, net	(18)	(16)	(2)	(53)	(48)	(5)
Other, net	5	3	2	12	9	3
Total other income and (deductions)	(13)	(13)	—	(41)	(39)	(2)
Income before income taxes	51	54	(3)	153	138	15
Income taxes	8	2	(6)	25	8	(17)
Net income	$ 43	$ 52	$ (9)	$ 128	$ 130	$ (2)

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022. **Net income** decreased $9 million primarily due to an increase in storm costs, depreciation expense, various operating expenses, and the timing of excess deferred tax amortization, partially offset by favorable impacts of the Maryland multi-year plan, higher Delaware electric and natural gas distribution rates, and higher transmission rates.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022. **Net income** decreased $2 million primarily due to unfavorable weather conditions at Delaware electric and natural gas service territories, an increase in depreciation expense, and interest expense, partially offset by favorable impacts of the Maryland multi-year plan, higher Delaware electric and natural gas distribution rates, and higher transmission rates.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2023 (Decrease) Increase			Nine Months Ended September 30, 2023 (Decrease) Increase		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ (1)	$ —	$ (1)	$ (11)	$ (5)	$ (16)
Volume	(1)	—	(1)	(3)	(3)	(6)
Distribution	7	1	8	26	6	32
Transmission	12	—	12	25	—	25
Other	2	—	2	4	1	5
	19	1	20	41	(1)	40
Regulatory required programs	33	(15)	18	64	(7)	57
Total increase (decrease)	$ 52	$ (14)	$ 38	$ 105	$ (8)	$ 97

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in Maryland are not impacted by abnormal weather or usage per customer as a result of a BSA that provides for a fixed distribution charge per customer by customer class. While Operating revenues from electric distribution customers in Maryland are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Weather. The demand for electricity and natural gas in Delaware is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended September 30, 2023, compared to the same period in 2022, Operating revenues related to weather remained relatively consistent. During the nine months ended September 30, 2023, compared to the same period in 2022, Operating revenues related to weather decreased due to unfavorable weather conditions in Delaware electric and natural gas service territories.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in the Delaware electric service territory and a 30-year period in the Delaware natural gas service territory. The changes in heating and cooling degree days in the Delaware service territory for the three and nine months ended September 30, 2023 compared to same period in 2022 and normal weather consisted of the following:

	Three Months Ended September 30,			% Change	
Delaware Electric Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	37	32	27	15.6 %	37.0 %
Cooling Degree-Days	996	1,043	911	(4.5)%	9.3 %

	Nine Months Ended September 30,			% Change	
Delaware Electric Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	2,306	2,828	2,984	(18.5)%	(22.7)%
Cooling Degree-Days	1,249	1,374	1,248	(9.1)%	0.1 %

	Three Months Ended September 30,			% Change	
Delaware Natural Gas Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	37	32	35	15.6 %	5.7 %

	Nine Months Ended September 30,			% Change	
Delaware Natural Gas Service Territory	2023	2022	Normal	2023 vs. 2022	2023 vs. Normal
Heating Degree-Days	2,306	2,828	3,020	(18.5)%	(23.6)%

Volume, exclusive of the effects of weather, remained relatively consistent for the three months ended September 30, 2023 compared to the same period in 2022 and decreased for the nine months ended September 30, 2023 compared to the same period in 2022 primarily due to customer usage, partially offset by customer growth.

	Three Months Ended September 30,				Nine Months Ended September 30,			
Electric Retail Deliveries to Delaware Customers (in GWhs)	2023	2022	% Change	Weather - Normal % Change[b]	2023	2022	% Change	Weather - Normal % Change[b]
Residential	995	978	1.7 %	0.6 %	2,403	2,548	(5.7)%	(0.2)%
Small commercial & industrial	405	400	1.3 %	0.6 %	1,081	1,107	(2.3)%	(0.1)%
Large commercial & industrial	849	856	(0.8)%	(0.2)%	2,349	2,394	(1.9)%	(0.7)%
Public authorities & electric railroads	7	7	— %	(5.8)%	23	24	(4.2)%	(4.3)%
Total electric retail deliveries[a]	2,256	2,241	0.7 %	0.3 %	5,856	6,073	(3.6)%	(0.4)%

Number of Total Electric Customers (Maryland and Delaware)	At September 30, 2023	2022
Residential	484,425	480,779
Small commercial & industrial	64,101	63,685
Large commercial & industrial	1,245	1,230
Public authorities & electric railroads	593	597
Total	550,364	546,291

(a) Reflects delivery volumes from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 20-year average.

Natural Gas Retail Deliveries to Delaware Customers (in mmcf)	Three Months Ended September 30, 2023	2022	% Change	Weather - Normal % Change[b]	Nine Months Ended September 30, 2023	2022	% Change	Weather - Normal % Change[b]
Residential	414	374	10.7 %	8.3 %	4,781	5,810	(17.7)%	(4.9)%
Small commercial & industrial	350	331	5.7 %	4.4 %	2,494	2,882	(13.5)%	(0.3)%
Large commercial & industrial	381	397	(4.0)%	(4.0)%	1,166	1,259	(7.4)%	(7.2)%
Transportation	1,119	1,284	(12.9)%	(13.0)%	4,350	4,934	(11.8)%	(7.9)%
Total natural gas deliveries[a]	2,264	2,386	(5.1)%	(5.7)%	12,791	14,885	(14.1)%	(5.2)%

Number of Delaware Natural Gas Customers	At September 30, 2023	2022
Residential	129,436	129,005
Small commercial & industrial	10,039	10,044
Large commercial & industrial	14	16
Transportation	165	156
Total	139,654	139,221

(a) Reflects delivery volumes from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.
(b) Reflects the change in delivery volumes assuming normalized weather based on the historical 30-year average.

Distribution Revenue increased for both the three and nine months ended September 30, 2023 compared to the same period in 2022 primarily due to favorable impacts of the higher electric distribution rates in Delaware that became effective July 2023, favorable impacts of the Maryland multi-year plan that became effective in January 2023, and higher natural gas distribution rates effective in August 2022.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. During the three and nine months ended September 30, 2023 compared to the same period in 2022, transmission revenue increased primarily due to increases in underlying costs and capital investment.

Other Revenue includes rental revenue, service connection fees, and mutual assistance revenues.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, DE Renewable Portfolio Standards, SOS procurement and administrative costs, and GCR costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power and fuel expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. All customers have the choice to purchase electricity from competitive electric generation suppliers; however, only certain commercial and industrial customers have the choice to purchase natural gas from competitive natural gas suppliers. Customer choice programs do not impact the volume of deliveries as DPL remains the distribution service provider for all customers and charges a regulated rate for

distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation or natural gas from competitive suppliers, DPL either acts as the billing agent or the competitive supplier separately bills its own customers, and therefore does not record Operating revenues or Purchased power and fuel expense related to the electricity and/or natural gas. For customers that choose to purchase electric generation or natural gas from DPL, DPL is permitted to recover the electricity, natural gas, and REC procurement costs from customers and therefore records the amounts related to the electricity, natural gas, and RECs in Operating revenues and Purchased power and fuel expense. DPL recovers electricity and REC procurement costs from customers with a slight mark-up, and natural gas costs without mark-up.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of DPL's revenue disaggregation.

The increase of $18 million and $55 million for the three and nine months ended September 30, 2023, compared to the same period in 2022, respectively, in **Purchased power and fuel expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase	Increase (Decrease)
Storm-related Costs	$ 7	$ 5
BSC and PHISCO costs	4	3
Labor and contracting	3	(3)
Credit Loss Expense	2	—
Pension and non-pension postretirement benefits expense	1	4
Other	3	2
	20	11
Regulatory required programs	—	1
Total increase	$ 20	$ 12

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase	Increase (Decrease)
Depreciation and amortization[(a)]	$ 3	$ 15
Regulatory required programs	—	(4)
Regulatory asset amortization	—	(1)
Total increase	$ 3	$ 10

(a) For the three months ended September 30, 2023, reflects ongoing capital expenditures and higher transmission depreciation rates effective September 2022. For the nine months ended September 30, 2023, reflects ongoing capital expenditures, higher distribution depreciation rates in Maryland effective March 2022, and higher transmission depreciation rates effective September 2022.

Interest expense, net increased by $2 million and $5 million for the three and nine months ended September 30, 2023 compared to the same period in 2022, respectively, primarily due to an increase in interest rates and the issuance of debt in 2022 and 2023.

Effective income tax rates were 15.7% and 3.7% for the three months ended September 30, 2023 and 2022, respectively, and 16.3% and 5.8% for the nine months ended September 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — ACE

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2023	2022		2023	2022	
Operating revenues	$ 502	$ 462	$ 40	$ 1,172	$ 1,120	$ 52
Operating expenses						
Purchased power	221	197	(24)	493	497	4
Operating and maintenance	94	80	(14)	259	251	(8)
Depreciation and amortization	77	74	(3)	212	192	(20)
Taxes other than income taxes	2	2	—	7	7	—
Total operating expenses	394	353	(41)	971	947	(24)
Operating income	108	109	(1)	201	173	28
Other income and (deductions)						
Interest expense, net	(19)	(17)	(2)	(52)	(49)	(3)
Other, net	5	3	2	13	9	4
Total other income and (deductions)	(14)	(14)	—	(39)	(40)	1
Income before income taxes	94	95	(1)	162	133	29
Income taxes	23	1	(22)	40	2	(38)
Net income	$ 71	$ 94	$ (23)	$ 122	$ 131	$ (9)

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022. **Net income** decreased by $23 million primarily due to timing of excess deferred tax amortization and an increase in depreciation expense and various operating expenses.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022. **Net income** decreased by $9 million primarily due to an increase in depreciation expense and various operating expenses, partially offset by higher transmission rates.

The changes in **Operating revenues** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase (Decrease)	Increase (Decrease)
Distribution	$ 15	$ 27
Transmission	5	30
Other	(1)	(1)
	19	56
Regulatory required programs	21	(4)
Total increase	$ 40	$ 52

Revenue Decoupling. The demand for electricity is affected by weather and customer usage. However, Operating revenues from electric distribution in New Jersey are not impacted by abnormal weather or usage per customer as a result of the CIP which became effective, prospectively, in the third quarter of 2021. The CIP compares current distribution revenues by customer class to approved target revenues established in ACE's most recent distribution base rate case. The CIP is calculated annually, and recovery is subject to certain conditions, including an earnings test and ceilings on customer rate increases. While Operating revenues are not impacted by abnormal weather or usage per customer, they are impacted by changes in the number of customers.

Number of Electric Customers	At September 30, 2023	2022
Residential	504,330	501,869
Small commercial & industrial	62,410	62,204
Large commercial & industrial	2,980	3,075
Public authorities & electric railroads	729	731
Total	570,449	567,879

Distribution Revenue increased for both the three and nine months ended September 30, 2023 compared to the same period in 2022 due to higher distribution rates primarily due to the expiration of customer credits related to the TCJA tax benefits.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs and capital investments being recovered. Transmission revenue increased for both the three and nine months ended September 30, 2023 compared to the same period in 2022, primarily due to increases in underlying costs and capital investment.

Other Revenue includes rental revenue, revenue related to late payment charges, mutual assistance revenues, and recoveries of other taxes.

Regulatory Required Programs represent revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs, Societal Benefits Charge, Transition Bond Charge, and BGS procurement and administrative costs. The riders are designed to provide full and current cost recovery as well as a return in certain instances. The costs of these programs are included in Purchased power expense, Operating and maintenance expense, Depreciation and amortization expense, and Taxes other than income taxes. Customers have the choice to purchase electricity from competitive electric generation suppliers. Customer choice programs do not impact the volume of deliveries, as ACE remains the distribution service provider for all customers and charges a regulated rate for distribution service, which is recorded in Operating revenues. For customers that choose to purchase electric generation from competitive suppliers, ACE acts as the billing agent and therefore, ACE does not record Operating revenues or Purchased power expense related to the electricity. For customers that choose to purchase electric generation from ACE, ACE is permitted to recover the electricity, ZEC, and REC procurement costs without mark-up and therefore records equal and offsetting amounts in Operating revenues and Purchased power expense related to the electricity, ZECs, and RECs.

See Note 5 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ACE's revenue disaggregation.

The increase of $24 million and decrease of $4 million for the three and nine months ended September 30, 2023 compared to the same period in 2022, respectively, in **Purchased power expense** is fully offset in Operating revenues as part of regulatory required programs.

The changes in **Operating and maintenance expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase	Increase (Decrease)
BSC and PHISCO costs	$ 5	$ 6
Labor and contracting	5	2
Storm-related costs	3	—
Pension and non-pension postretirement benefits expense	—	1
Other	1	1
	14	10
Regulatory required programs[(a)]	—	(2)
Total increase	$ 14	$ 8

(a) ACE is allowed to recover from or refund to customers the difference between its annual credit loss expense and the amounts collected in rates annually through the Societal Benefits Charge.

The changes in **Depreciation and amortization expense** consisted of the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
	Increase (Decrease)	Increase
Depreciation and amortization[(a)]	$ 6	$ 19
Regulatory required programs[(b)]	(3)	1
Total increase	$ 3	$ 20

(a) Reflects ongoing capital expenditures and higher transmission depreciation rates effective September 2022.
(b) For the nine months ended September 30, 2023, regulatory required programs increased primarily due to the regulatory asset amortization of the PPA termination obligation which is fully offset in Operating revenues.

Interest expense, net increased by $2 million and $3 million for the three and nine months ended September 30, 2023 compared to the same period in 2022, respectively, primarily due to an increase in interest rates and the issuance of debt in 2022 and 2023.

Effective income tax rates were 24.5% and 1.1% for the three months ended September 30, 2023 and 2022, respectively, and 24.7% and 1.5% for the nine months ended September 30, 2023 and 2022, respectively. See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Liquidity and Capital Resources (All Registrants)

All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations, as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each of the Registrants annually evaluates its financing plan, dividend practices, and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, including construction expenditures, retire debt, pay dividends, and fund pension and OPEB obligations. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, the Utility Registrants operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to credit facilities with aggregate bank commitments of $4.0 billion. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings, and to issue letters of credit. See the "Credit Matters and Cash Requirements" section below for additional information. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs, and capital expenditure requirements. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' debt and credit agreements.

Cash flows related to Generation have not been presented as discontinued operations and are included in the Consolidated Statements of Cash Flows for only 2022. The Exelon Consolidated Statement of Cash Flows for the nine months ended September 30, 2022 includes one month of cash flows from Generation.

Cash Flows from Operating Activities

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE, and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, and their ability to achieve operating cost reductions. Additionally, ComEd is required to purchase CMCs from participating nuclear-powered generating facilities for a five-year period that began in June 2022, and all of its costs of doing so will be recovered through a rider. The price to be paid for each CMC is established through a competitive bidding process. ComEd will provide net payments to, or collect net payments from, customers for the difference between customer credits issued and the credit to be received from the participating nuclear-powered generating facilities. ComEd's cash flows are affected by the establishment of CMC prices and the timing of recovering costs through the CMC regulatory asset.

See Note 3 — Regulatory Matters of the 2022 Form 10-K and Notes 3 — Regulatory Matters and 12 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information on regulatory and legal proceedings and proposed legislation.

The following table provides a summary of the change in cash flows from operating activities for the nine months ended September 30, 2023 and 2022 by Registrant:

(Decrease) increase in cash flows from operating activities	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net income (loss)	$ (28)	$ 116	$ (64)	$ 19	$ (28)	$ (12)	$ (2)	$ (9)
Adjustments to reconcile net income to cash:								
Non-cash operating activities	(790)	(268)	(85)	(90)	58	62	(6)	4
Option premiums (paid), net	39	—	—	—	—	—	—	—
Collateral (paid) received, net	(1,639)	(41)	—	(147)	(421)	(72)	(234)	(115)
Income taxes	47	50	46	39	40	40	11	(1)
Pension and non-pension postretirement benefit contributions	499	153	12	49	60	—	1	6
Regulatory assets and liabilities, net	294	251	28	(38)	80	37	56	(22)
Changes in working capital and other assets and liabilities	729	(118)	184	276	48	77	20	(53)
(Decrease) increase in cash flows from operating activities	$ (849)	$ 143	$ 121	$ 108	$ (163)	$ 132	$ (154)	$ (190)

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. See above for additional information related to cash flows from Generation. Significant operating cash flow impacts for the Registrants and Generation for the nine months ended September 30, 2023 and 2022 were as follows:

- See Note 15 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements and the Registrants' Consolidated Statements of Cash Flows for additional information on **non-cash operating activities**.
- Changes in **collateral** depended upon whether the Registrant was in a net mark-to-market liability or asset position, and collateral may have been required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differed depending on whether the transactions were on an exchange or in the over-the-counter markets. Changes in collateral for the Registrants are dependent upon the credit exposure of procurement contracts that may require suppliers to post collateral. The amount of cash collateral received from external counterparties decreased due to decreasing energy prices. See Note 9 — Derivative Financial Instruments for additional information.
- See Note 7 — Income Taxes of the Combined Notes to Consolidated Financial Statements and the Registrants' Consolidated Statements of Cash Flows for additional information on **income taxes**.
- Changes in **Pension and non-pension postretirement benefit contributions** relate to Exelon's funding strategy and incremental contributions made in 2022 in connection with the separation. See Note 14 — Retirement Benefits of the 2022 Form 10-K for additional information.
- Changes in **regulatory assets and liabilities, net,** are due to the timing of cash payments for costs recoverable, or cash receipts for costs recovered, under our regulatory mechanisms differs from the recovery period of those costs. Included within the changes is energy efficiency spend for ComEd of $428 million and $394 million for the nine months ended September 30, 2023 and 2022, respectively. Also included within the changes is energy efficiency and demand response programs spend for BGE, Pepco, DPL and ACE of $102 million, $49 million, $19 million, and $14 million for the nine months ended September 30, 2023 and $83 million, $50 million, $21 million, and $7 million for the nine months ended September 30, 2022, respectively. PECO had no energy efficiency and demand response programs spend recorded to the regulatory asset for the nine

months ended September 30, 2023 and 2022. See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

- **Changes in working capital and other assets and liabilities** for the Utility Registrants and Exelon Corporate totaled $406 million and for Generation total $323 million. The change for Generation primarily relates to the revolving accounts receivable financing arrangement which was entered into in April 2020. The change in working capital and other noncurrent assets and liabilities for Exelon Corporate and the Utility Registrants is dependent upon the normal course of operations for all Registrants. For ComEd, it is also dependent upon whether the participating nuclear-powered generating facilities are owed money from ComEd as a result of the established pricing for CMCs. For the nine months ended September 30, 2023, the established pricing resulted in ComEd owing payments to nuclear-powered generating facilities, which is reported within the cash flows from operations as a change in accounts payable and accrued expense.

Cash Flows from Investing Activities

The following table provides a summary of the change in cash flows from investing activities for the nine months ended September 30, 2023 and 2022 by Registrant:

Decrease in cash flows from investing activities	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Capital expenditures	$ (361)	$ (125)	$ (77)	$ (68)	$ (336)	$ (115)	$ (122)	$ (92)
Investment in NDT fund sales, net	28	—	—	—	—	—	—	—
Collection of DPP	(169)	—	—	—	—	—	—	—
Proceeds from sales of assets and businesses	(16)	—	—	—	—	—	—	—
Changes in intercompany money pool	—	—	(51)	—	—	(7)	15	—
Other investing activities	(11)	(13)	(7)	(1)	3	6	(2)	(1)
Decrease in cash flows from investing activities	$ (529)	$ (138)	$ (135)	$ (69)	$ (333)	$ (116)	$ (109)	$ (93)

Significant investing cash flow impacts for the Registrants for nine months ended September 30, 2023 and 2022 were as follows:

- Changes in **capital expenditures** are primarily due to the timing of cash expenditures for capital projects. See the "Credit Matters and Cash Requirements" section below for additional information on projected capital expenditure spending for the Utility Registrants. See Note 2 — Discontinued Operations of the Combined Notes to Consolidated Financial Statements for capital expenditures related to Generation prior to the separation.
- **Collection of DPP** relates to Generation's revolving accounts receivable financing agreement which Generation entered into in April 2020.
- Changes in **intercompany money pool** are driven by short-term borrowing needs. Refer to more information regarding the intercompany money pool below.

Cash Flows from Financing Activities

The following table provides a summary of the change in cash flows from financing activities for the nine months ended September 30, 2023 and 2022 by Registrant:

Increase (decrease) in cash flows from financing activities	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Changes in short-term borrowings, net	$ (756)	$ (133)	$ (239)	$ (375)	$ 227	$ (124)	$ 34	$ 317
Long-term debt, net	357	225	100	150	(65)	35	—	(100)
Changes in intercompany money pool	—	—	—	—	(18)	(25)	—	17
Issuance of common stock	(563)	—	—	—	—	—	—	—
Dividends paid on common stock	(75)	(126)	(4)	(12)	—	200	(2)	17
Distributions to member	—	—	—	—	215	—	—	—
Contributions from parent/member	—	67	74	51	(312)	(157)	(48)	(110)
Transfer of cash, restricted cash, and cash equivalents to Constellation	2,594	—	—	—	—	—	—	—
Other financing activities	24	(2)	8	1	(18)	(18)	(2)	1
Increase (decrease) in cash flows from financing activities	$ 1,581	$ 31	$ (61)	$ (185)	$ 29	$ (89)	$ (18)	$ 142

Significant financing cash flow impacts for the Registrants for the nine months ended September 30, 2023 and 2022 were as follows:

- **Changes in short-term borrowings, net**, is driven by repayments on and issuances of notes due in less than 365 days. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on short-term borrowings for the Registrants.
- **Long-term debt, net**, varies due to debt issuances and redemptions each year. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on debt issuances. Refer to the debt redemptions table below for additional information.
- **Changes in intercompany money pool** are driven by short-term borrowing needs. Refer below for more information regarding the intercompany money pool.
- Exelon's ability to pay **dividends** on its common stock depends on the receipt of dividends paid by its operating subsidiaries. The payments of dividends to Exelon by its subsidiaries in turn depend on their results of operations and cash flows and other items affecting retained earnings. See Note 18 — Commitments and Contingencies of the 2022 Form 10-K for additional information on dividend restrictions. See below for quarterly dividends declared.
- Refer to Note 2 — Discontinued Operations for the **transfer of cash, restricted cash, and cash equivalents to Constellation** related to the separation.

Debt

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' debt issuances.

During the nine months ended September 30, 2023, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Exelon	SMBC Term Loan Agreement	SOFR plus 0.65%	July 21, 2023	$ 300
Exelon	US Bank Term Loan Agreement	SOFR plus 0.65%	July 21, 2023	300
Exelon	PNC Term Loan Agreement	SOFR plus 0.65%	July 24, 2023	250
Exelon	Long-Term Software License Agreement	3.70 %	August 9, 2025	6
Exelon	Long-Term Software License Agreement	3.95 %	May 1, 2024	2
Exelon	Long-Term Software License Agreement	3.70 %	August 9, 2025	1
PECO	Loan Agreement	2.00 %	June 20, 2023	50
BGE	Notes	3.35 %	July 1, 2023	300

Dividends

Quarterly dividends declared by the Exelon Board of Directors during the nine months ended September 30, 2023 and for the fourth quarter of 2023 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share[(a)]
First Quarter 2023	February 14, 2023	February 27, 2023	March 10, 2023	$ 0.3600
Second Quarter 2023	April 25, 2023	May 15, 2023	June 9, 2023	$ 0.3600
Third Quarter 2023	July 25, 2023	August 15, 2023	September 8, 2023	$ 0.3600
Fourth Quarter 2023	November 1, 2023	November 15, 2023	December 8, 2023	$ 0.3600

(a) Exelon's Board of Directors approved an updated dividend policy for 2023. The 2023 quarterly dividend will be $0.36 per share.

Credit Matters and Cash Requirements

The Registrants fund liquidity needs for capital investment, working capital, energy hedging, and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets, and large, diversified credit facilities. The credit facilities include $4.0 billion in aggregate total commitments of which $3.2 billion was available to support additional commercial paper as of September 30, 2023, and of which no financial institution has more than 6% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper markets and had availability under their revolving credit facilities during the nine months ended September 30, 2023 to fund their short-term liquidity needs, when necessary. Exelon Corporate and the Utility Registrants each have a 5-year revolving credit facility. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels, and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising, and merger activity. See PART I. ITEM 1A. RISK FACTORS of the 2022 Form 10-K for additional information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flows from operating activities, access to credit markets, and their credit facilities provide sufficient liquidity to support the estimated future cash requirements.

On August 4, 2022, Exelon executed an equity distribution agreement (“Equity Distribution Agreement”) with certain sales agents and forward sellers and certain forward purchasers establishing an ATM equity distribution program under which it may offer and sell shares of its common stock, having an aggregate gross sales price of up to $1.0 billion. Exelon has no obligation to offer or sell any shares of common stock under the Equity Distribution Agreement and may at any time suspend or terminate offers and sales under the Equity Distribution Agreement. As of September 30, 2023, Exelon has not issued any shares of common stock under the ATM program and has not entered into any forward sale agreements.

The following table presents the incremental collateral that each Utility Registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at September 30, 2023 and available credit facility capacity prior to any incremental collateral at September 30, 2023:

	PJM Credit Policy Collateral	Other Incremental Collateral Required[a]	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 1	$ —	$ 718
PECO	1	20	600
BGE	3	30	539
Pepco	4	—	300
DPL	4	9	300
ACE	2	—	127

(a) Represents incremental collateral related to natural gas procurement contracts.

Capital Expenditure Spending

As of September 30, 2023, the most recent estimates of capital expenditures for plant additions and improvements for 2023 are as follows:

(In millions)	Transmission	Distribution	Gas	Total[a]
Exelon	N/A	N/A	N/A	$ 7,300
ComEd	400	2,175	N/A	2,575
PECO	175	925	325	1,425
BGE	225	625	500	1,350
PHI	550	1,275	100	1,925
Pepco	250	675	N/A	925
DPL	175	300	100	575
ACE	125	300	N/A	425

(a) Numbers rounded to the nearest $25M and may not sum due to rounding.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Retirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006 (the Act), management of the pension obligation, and regulatory implications. The Act requires the attainment of certain funding levels to avoid benefit restrictions (such as an inability to pay lump sums or to accrue benefits prospectively), and at-risk status (which triggers higher minimum contribution requirements and participant notification). The projected contributions reflect a funding strategy to make annual contributions with the objective of achieving 100% funded status on an ABO basis over time. This funding strategy helps minimize volatility of future period required pension contributions. Exelon's estimated annual qualified pension contributions will be $20 million in 2023. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded, given that they are not subject to statutory minimum contribution requirements.

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

To the extent interest rates decline significantly or the pension and OPEB plans earn less than the expected asset returns, annual pension contribution requirements in future years could increase. Conversely, to the extent interest rates increase significantly or the pension and OPEB plans earn greater than the expected asset returns, annual pension and OPEB contribution requirements in future years could decrease. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

See Note 14 — Retirement Benefits of the Combined Notes to Consolidated Financial Statements of the 2022 Form 10-K for additional information on pension and OPEB contributions.

Credit Facilities

Exelon Corporate, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. PECO meets its short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. Pepco, DPL, and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the PHI intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on the Registrants' credit facilities and short term borrowing activity.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

The credit ratings for Exelon Corporate, PECO, BGE, PHI, Pepco, DPL, and ACE did not change for the nine months ended September 30, 2023. On July 26, 2023, S&P raised ComEd's long-term issuer credit rating from 'BBB+' to a 'A-'. S&P also affirmed the current 'A' rating on ComEd's senior secured debt and 'A-2' short-term rating, which influences long and short-term borrowing cost.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of September 30, 2023, are presented in the following table:

Exelon Intercompany Money Pool	During the Nine Months Ended September 30, 2023		At September 30, 2023
	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 510	$ —	$ 178
PECO	305	(238)	51
BSC	—	(350)	(212)
PHI Corporate	—	(62)	(62)
PCI	45	—	45

PHI Intercompany Money Pool	During the Nine Months Ended September 30, 2023		At September 30, 2023
	Maximum Contributed	Maximum Borrowed	(Borrowed) Contributed
Pepco	$ 39	$ (55)	$ 7
DPL	111	—	10
ACE	—	(95)	(17)

Shelf Registration Statements

Exelon and the Utility Registrants have a currently effective combined shelf registration statement, unlimited in amount, that will expire in August 2025. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

The Utility Registrants are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	At September 30, 2023					
	Short-term Financing Authority [e]			Remaining Long-term Financing Authority		
	Commission	Expiration Date	Amount	Commission	Expiration Date	Amount
ComEd[a]	FERC	December 31, 2023	$ 2,500	ICC	January 1, 2025	$ 368
PECO	FERC	December 31, 2023	1,500	PAPUC	December 31, 2024	550
BGE[b]	FERC	December 31, 2023	700	MDPSC	N/A	1,100
Pepco[c]	FERC	December 31, 2023	500	MDPSC / DCPSC	December 31, 2025	1,050
DPL[c]	FERC	December 31, 2023	500	MDPSC / DEPSC	December 31, 2025	1,075
ACE[d]	NJBPU	December 31, 2023	350	NJBPU	December 31, 2024	625

(a) On June 29, 2023, ComEd filed an application for $2 billion in new money long-term debt financing authority from the ICC and expects approval by December 31, 2023.
(b) On December 21, 2022, BGE received approval from the MDPSC for $1.8 billion in new long-term financing authority with an effective date of January 4, 2023.
(c) The financing authority filed with MDPSC does not have an expiration date, while the financing authority filed with DCPSC and DEPSC have an expiration date of December 31, 2025.
(d) On July 14, 2023, ACE filed an application with the NJBPU for renewal of their short-term financing authority through January 1, 2026. ACE expects approval of their application by December 31, 2023.
(e) On October 2, 2023, ComEd, PECO, BGE, Pepco, and DPL filed applications with FERC for renewal of their short-term financing authority through December 31, 2025. ComEd, PECO, BGE, Pepco, and DPL expect approval of their applications by December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Registrants hold commodity and financial instruments that are exposed to the following market risks:

- Commodity price risk, which is discussed further below.
- Counterparty credit risk associated with non-performance by counterparties on executed derivative instruments and participation in all, or some of the established, wholesale spot energy markets that are administered by PJM. The credit policies of PJM may, under certain circumstances, require that losses arising from the default of one member on spot energy market transactions be shared by the remaining participants. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of counterparty credit risk related to derivative instruments.
- Equity price and interest rate risk associated with Exelon's pension and OPEB plan trusts. See Note 8 — Retirement Benefits of the 2022 Form 10-K for additional information.
- Interest rate risk associated with changes in interest rates for the Registrants' outstanding long-term debt. This risk is significantly reduced as substantially all of the Registrants' outstanding debt has fixed interest rates. There is inherent interest rate risk related to refinancing maturing debt by issuing new long-term debt. The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information. In addition, Exelon may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges, or to lock in rate levels on borrowings, which are typically designated as economic hedges. See Note 9 – Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.
- Electric operating revenues risk associated with ComEd's distribution formula rate. ComEd's ROE for its electric distribution service through 2023 is directly correlated to yields on U.S. Treasury bonds. Exelon Corporate may utilize interest rate derivatives to mitigate volatility and manage risk to Exelon, which are typically accounted for as economic hedges. See Note 9 – Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

The Registrants operate primarily under cost-based rate regulation limiting exposure to the effects of market risk. Hedging programs are utilized to reduce exposure to energy and natural gas price volatility and have no direct earnings impacts as the costs are fully recovered through regulatory-approved recovery mechanisms.

Exelon manages these risks through risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. Risk management issues are reported to Exelon's Executive Committee, the Risk Management Committees of each Utility Registrant, and the Audit and Risk Committee of Exelon's Board of Directors.

Commodity Price Risk

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the total amount of energy Exelon purchases differs from the amount of energy it has contracted to sell, Exelon is exposed to market fluctuations in commodity prices. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity and natural gas.

ComEd entered into 20-year floating-to-fixed renewable energy swap contracts beginning in June 2012, which are considered an economic hedge and have changes in fair value recorded to an offsetting regulatory asset or liability. ComEd has block energy contracts to procure electric supply that are executed through a competitive procurement process, which are considered derivatives and qualify for NPNS, and as a result are accounted for on an accrual basis of accounting. PECO, BGE, Pepco, DPL, and ACE have contracts to procure electric supply that are executed through a competitive procurement process. PECO, BGE, Pepco, DPL, and ACE have certain full requirements contracts, which are considered derivatives and qualify for NPNS, and as a result are accounted for on an accrual basis of accounting. Other full requirements contracts are not derivatives.

PECO, BGE, and DPL also have executed derivative natural gas contracts, which qualify for NPNS, to hedge their long-term price risk in the natural gas market. The hedging programs for natural gas procurement have no direct impact on their financial statements.

For additional information on these contracts, see Note 9 — Derivative Financial Instruments and Note 11 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements.

The following table presents the maturity and source of fair value for Exelon's and ComEd's mark-to-market commodity contract net liabilities. These net liabilities are associated with ComEd's floating-to-fixed energy swap contracts with unaffiliated suppliers. The table provides two fundamental pieces of information. First, the table provides the source of fair value used in determining the carrying amount of Exelon's and ComEd's total mark-to-market net liabilities. Second, the table shows the maturity, by year, of Exelon's and ComEd's commodity contract net liabilities giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 11 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

	Maturities Within						
Commodity derivative contracts[a]:	**2023**	**2024**	**2025**	**2026**	**2027**	**2028 and Beyond**	**Total Fair Value**
Prices based on model or other valuation methods (Level 3)	$ (10)	$ (18)	$ (17)	$ (17)	$ (17)	$ (55)	$ (134)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

ITEM 4. CONTROLS AND PROCEDURES

During the third quarter of 2023, each of the Registrants' management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing, and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by the Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to that Registrant's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated, and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of September 30, 2023, the principal executive officer and principal financial officer of each of the Registrants concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. The Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There were no changes in internal control over financial reporting during the third quarter of 2023 that materially affected, or are reasonably likely to materially affect, any of the Registrants' internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of the 2022 Form 10-K, (b) Notes 3 — Regulatory Matters and 18 — Commitments and Contingencies of the 2022 Form 10-K, and (c) Notes 3 — Regulatory Matters and 12 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

ITEM 1A. RISK FACTORS

Risks Related to All Registrants

At September 30, 2023, the Registrants' risk factors were consistent with the risk factors described in the Registrants' combined 2022 Form 10-K in ITEM 1A. RISK FACTORS, except for the following risk factor, which was amended.

The activities associated with the past Deferred Prosecution Agreement and the now resolved associated SEC investigation could have a material adverse effect on Exelon's and ComEd's reputation and relationship with legislators, regulators and customers that could affect their ability to achieve actions and approvals (Exelon and ComEd).

On July 17, 2020, ComEd entered into a Deferred Prosecution Agreement with the U.S. Attorney's Office for the Northern District of Illinois (USAO) to resolve the USAO's investigation into Exelon's and ComEd's lobbying activities in the State of Illinois. Exelon was not made a party to the DPA and no charges were brought against Exelon. Under the DPA, the USAO filed a single charge alleging that ComEd improperly gave and offered to give jobs, vendor subcontracts, and payments associated with those jobs and subcontracts for the benefit of the Speaker of the Illinois House of Representatives and the Speaker's associates, with the intent to influence the Speaker's action regarding legislation affecting ComEd's interests. The DPA provided that the USAO would defer any prosecution of such charge and any other criminal or civil case against ComEd in connection with the matters identified therein for a three-year period, which expired, and the pending charge was dismissed in July 2023. In October 2019, the SEC notified Exelon and ComEd that it had opened an investigation into their lobbying activities in the state of Illinois. On September 28, 2023, Exelon and ComEd reached a settlement with the SEC to fully resolve the matter.

The DPA and the settlement with the SEC could have a material adverse impact on Exelon's and ComEd's reputation or relationships with regulatory and legislative authorities, customers, and other stakeholders. Those impacts could affect, or make more difficult, their efforts to achieve actions or approvals associated with operations. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for more information regarding the DPA and SEC settlement.

ITEM 5. OTHER INFORMATION

All Registrants

None.

ITEM 6. EXHIBITS

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant. Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 filed by the following officers for the following companies:

Exelon Corporation

Exhibit No.	Description
31-1	Filed by Calvin G. Butler, Jr. for Exelon Corporation
31-2	Filed by Jeanne M. Jones for Exelon Corporation

Commonwealth Edison Company

Exhibit No.	Description
31-3	Filed by Gil C. Quiniones for Commonwealth Edison Company
31-4	Filed by Joshua S. Levin for Commonwealth Edison Company

PECO Energy Company

Exhibit No.	Description
31-5	Filed by Michael A. Innocenzo for PECO Energy Company
31-6	Filed by Marissa Humphrey for PECO Energy Company

Baltimore Gas and Electric Company

Exhibit No.	Description
31-7	Filed by Carim V. Khouzami for Baltimore Gas and Electric Company
31-8	Filed by David M. Vahos for Baltimore Gas and Electric Company

Pepco Holdings LLC

Exhibit No.	Description
31-9	Filed by J. Tyler Anthony for Pepco Holdings LLC
31-10	Filed by Phillip S. Barnett for Pepco Holdings LLC

Potomac Electric Power Company

Exhibit No.	Description
31-11	Filed by J. Tyler Anthony for Potomac Electric Power Company
31-12	Filed by Phillip S. Barnett for Potomac Electric Power Company

Delmarva Power & Light Company

Exhibit No.	Description
31-13	Filed by J. Tyler Anthony for Delmarva Power & Light Company
31-14	Filed by Phillip S. Barnett for Delmarva Power & Light Company

Atlantic City Electric Company

Exhibit No.	Description
31-15	Filed by J. Tyler Anthony for Atlantic City Electric Company
31-16	Filed by Phillip S. Barnett for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes-Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 filed by the following officers for the following companies:

Exelon Corporation

Exhibit No.	Description
32-1	Filed by Calvin G. Butler, Jr. for Exelon Corporation
32-2	Filed by Jeanne M. Jones for Exelon Corporation

Commonwealth Edison Company

Exhibit No.	Description
32-3	Filed by Gil C. Quiniones for Commonwealth Edison Company
32-4	Filed by Joshua S. Levin for Commonwealth Edison Company

PECO Energy Company

Exhibit No.	Description
32-5	Filed by Michael A. Innocenzo for PECO Energy Company
32-6	Filed by Marissa Humphrey for PECO Energy Company

Baltimore Gas and Electric Company

Exhibit No.	Description
32-7	Filed by Carim V. Khouzami for Baltimore Gas and Electric Company
32-8	Filed by David M. Vahos for Baltimore Gas and Electric Company

Pepco Holdings LLC

Exhibit No.	Description
32-9	Filed by J. Tyler Anthony for Pepco Holdings LLC
32-10	Filed by Phillip S. Barnett for Pepco Holdings LLC

Potomac Electric Power Company

Exhibit No.	Description
32-11	Filed by J. Tyler Anthony for Potomac Electric Power Company
32-12	Filed by Phillip S. Barnett for Potomac Electric Power Company

Delmarva Power & Light Company

Exhibit No.	Description
32-13	Filed by J. Tyler Anthony for Delmarva Power & Light Company
32-14	Filed by Phillip S. Barnett for Delmarva Power & Light Company

Atlantic City Electric Company

Exhibit No.	Description
32-15	Filed by J. Tyler Anthony for Atlantic City Electric Company
32-16	Filed by Phillip S. Barnett for Atlantic City Electric Company
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

EXELON CORPORATION

/s/ CALVIN G. BUTLER, JR.	/s/ JEANNE M. JONES
Calvin G. Butler, Jr.	Jeanne M. Jones
President, Chief Executive Officer (Principal Executive Officer) and Director	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ ROBERT A. KLECZYNSKI	
Robert A. Kleczynski	
Senior Vice President, Corporate Controller and Tax (Principal Accounting Officer)	

November 2, 2023

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

COMMONWEALTH EDISON COMPANY

/s/ GIL C. QUINIONES	/s/ JOSHUA S. LEVIN
Gil C. Quiniones	Joshua S. Levin
Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ STEVEN J. CICHOCKI	
Steven J. Cichocki	
Director, Accounting (Principal Accounting Officer)	

November 2, 2023

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

PECO ENERGY COMPANY

/s/ MICHAEL A. INNOCENZO	/s/ MARISSA HUMPHREY
Michael A. Innocenzo	Marissa Humphrey
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ CAROLINE FULGINITI	
Caroline Fulginiti	
Director, Accounting (Principal Accounting Officer)	

November 2, 2023

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

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CARIM V. KHOUZAMI	/s/ DAVID M. VAHOS
Carim V. Khouzami	David M. Vahos
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JASON T. JONES	
Jason T. Jones	
Director, Accounting (Principal Accounting Officer)	

November 2, 2023

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

PEPCO HOLDINGS LLC

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

November 2, 2023

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

POTOMAC ELECTRIC POWER COMPANY

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer, Treasurer (Principal Financial Officer) and Director
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

November 2, 2023

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

DELMARVA POWER & LIGHT COMPANY

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

November 2, 2023

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

ATLANTIC CITY ELECTRIC COMPANY

/s/ J. TYLER ANTHONY	/s/ PHILLIP S. BARNETT
J. Tyler Anthony	Phillip S. Barnett
President, Chief Executive Officer (Principal Executive Officer) and Director	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ JULIE E. GIESE	
Julie E. Giese	
Director, Accounting (Principal Accounting Officer)	

November 2, 2023

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jeanne M. Jones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JEANNE M. JONES
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: November 2, 2023

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Gil C. Quiniones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GIL C. QUINIONES

Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joshua S. Levin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSHUA S. LEVIN

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 2, 2023

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Michael A. Innocenzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. INNOCENZO
President, Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Marissa Humphrey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MARISSA HUMPHREY

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 2, 2023

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Carim V. Khouzami, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CARIM V. KHOUZAMI
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS

Senior Vice President, Chief Financial Officer
and Treasurer

(Principal Financial Officer)

Date: November 2, 2023

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY
President, Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 2, 2023

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY
President, Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 2, 2023

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY
President, Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 2, 2023

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, J. Tyler Anthony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. TYLER ANTHONY
President, Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 2, 2023

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler
President and Chief Executive Officer

Date: November 2, 2023

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JEANNE M. JONES

Jeanne M. Jones
Executive Vice President and Chief Financial Officer

Date: November 2, 2023

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ GIL C. QUINIONES
Gil C. Quiniones
Chief Executive Officer

Date: November 2, 2023

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSHUA S. LEVIN

Joshua S. Levin
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2023

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ MICHAEL A. INNOCENZO
Michael A. Innocenzo
President and Chief Executive Officer

Date: November 2, 2023

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ MARISSA HUMPHREY

Marissa Humphrey
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2023

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CARIM V. KHOUZAMI
Carim V. Khouzami
President and Chief Executive Officer

Date: November 2, 2023

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS

David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2023

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: November 2, 2023

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2023

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: November 2, 2023

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2023

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: November 2, 2023

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2023

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ J. TYLER ANTHONY

J. Tyler Anthony
President and Chief Executive Officer

Date: November 2, 2023

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2023, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2023

Q. SDR-ROR-2 Please supply copies of the Company's balance sheets for each month/quarter for the last two years.

A. SDR-ROR-2 Please see attachments:

- Attachment SDR-ROR-2(a.1) (2023 – PECO Balance Sheets)
- Attachment SDR-ROR-2(a.2) (2022 – PECO Balance Sheets)

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2023	Year/Period of Report End of: 2023/ Q1

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	15,675,270,616	15,465,876,650
3	Construction Work in Progress (107)	200	836,040,464	751,860,795
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		16,511,311,080	16,217,737,445
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,142,184,677	4,084,478,854
6	Net Utility Plant (Enter Total of line 4 less 5)		12,369,126,403	12,133,258,591
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		12,369,126,403	12,133,258,591
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,937,832	9,942,504
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,260,791	1,256,558
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	4,122,619	15,139,965
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		23,718,983	22,305,318
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		36,518,643	46,131,229
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		18,577,647	51,558,086
36	Special Deposits (132-134)		8,657,128	8,572,118
37	Working Fund (135)			
38	Temporary Cash Investments (136)		688,090	640,692
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		439,020,008	416,056,610
41	Other Accounts Receivable (143)		159,061,698	153,123,547
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		141,096,643	114,275,884
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		1,987,352	4,104,782
45	Fuel Stock (151)	227	1,545,757	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	51,547,882	52,491,353
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	(1,490,087)	
55	Gas Stored Underground - Current (164.1)		35,169,915	92,464,506
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,859,732	5,154,294
57	Prepayments (165)		116,816,901	19,804,414
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		8,902	3,738
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		149,003,315	219,133,526
62	Miscellaneous Current and Accrued Assets (174)		21,464,928	14,140,050

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		865,822,525	924,587,784
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		39,532,620	40,053,907
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	774,868,490	730,725,615
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		[a](4,270,416)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	695,255,906	665,783,248
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	211,011,734	189,027,240
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,716,398,334	1,625,590,010
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,987,865,905	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2023	Year/Period of Report End of: 2023/ Q1

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,608,856,118	2,278,856,117
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,743	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,308,699,327	5,232,620,194
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,385,114,691)	(3,373,506,845)
13	(Less) Reacquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,338,033	2,176,348
16	Total Proprietary Capital (lines 2 through 15)		5,957,696,295	5,563,063,323
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,675,000,000	4,675,000,000
19	(Less) Reacquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		23,801,156	23,985,020
24	Total Long-Term Debt (lines 18 through 23)		4,835,617,453	4,835,433,589
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			38,906,757	38,876,739

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		301,756,593	302,042,360
30	Accumulated Miscellaneous Operating Provisions (228.4)		18,237,228	16,700,390
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		27,795,536	28,063,144
35	Total Other Noncurrent Liabilities (lines 26 through 34)		386,696,114	385,682,633
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		144,930,000	238,677,627
38	Accounts Payable (232)		541,818,945	667,727,723
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		49,213,200	44,099,231
41	Customer Deposits (235)		66,444,211	62,879,263
42	Taxes Accrued (236)	262	6,666,181	13,462,048
43	Interest Accrued (237)		45,078,992	48,060,599
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		71,098	25,218
48	Miscellaneous Current and Accrued Liabilities (242)		95,879,506	114,326,974
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		950,102,133	1,189,258,683
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		4,898,058	3,549,829
57	Accumulated Deferred Investment Tax Credits (255)	266	351,026	358,911

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,441,419	1,427,065
60	Other Regulatory Liabilities (254)	278	390,134,104	343,812,923
61	Unamortized Gain on Reacquired Debt (257)		851,223	872,463
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,168,357,418	2,116,545,577
64	Accum. Deferred Income Taxes-Other (283)		291,720,662	289,562,618
65	Total Deferred Credits (lines 56 through 64)		2,857,753,910	2,756,129,386
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,987,865,905	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2023	Year/Period of Report End of: 2023/ Q2

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	15,974,224,175	15,465,876,650
3	Construction Work in Progress (107)	200	877,825,650	751,860,795
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		16,852,049,825	16,217,737,445
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,190,842,046	4,084,478,854
6	Net Utility Plant (Enter Total of line 4 less 5)		12,661,207,779	12,133,258,591
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		12,661,207,779	12,133,258,591
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		11,248,573	9,942,504
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,272,885	1,256,558
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	15,457,269	15,139,965
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		24,722,086	22,305,318
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		50,155,043	46,131,229
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		15,692,074	51,558,086
36	Special Deposits (132-134)		8,728,140	8,572,118
37	Working Fund (135)			
38	Temporary Cash Investments (136)		47,785,039	640,692
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		304,277,459	416,056,610
41	Other Accounts Receivable (143)		126,458,980	153,123,547
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		109,170,060	114,275,884
43	Notes Receivable from Associated Companies (145)		225,000,000	
44	Accounts Receivable from Assoc. Companies (146)		1,069,954	4,104,782
45	Fuel Stock (151)	227	1,545,757	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	53,583,061	52,491,353
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	(1,692,714)	
55	Gas Stored Underground - Current (164.1)		41,212,117	92,464,506
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,678,782	5,154,294
57	Prepayments (165)		80,145,665	19,804,414
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		14,219	3,738
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		144,345,286	219,133,526
62	Miscellaneous Current and Accrued Assets (174)		27,718,979	14,140,050

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		971,392,738	924,587,784
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		44,000,335	40,053,907
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	818,492,307	730,725,615
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		[a](5,992,735)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	699,405,229	665,783,248
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	224,695,863	189,027,240
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,780,600,999	1,625,590,010
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		15,463,356,559	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2023	Year/Period of Report End of: 2023/ Q2

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,608,856,118	2,278,856,117
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,316,133,685	5,232,620,194
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,396,653,234)	(3,373,506,845)
13	(Less) Reacquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,570,939	2,176,348
16	Total Proprietary Capital (lines 2 through 15)		5,953,825,017	5,563,063,323
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	5,200,000,000	4,675,000,000
19	(Less) Reacquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		24,772,273	23,985,020
24	Total Long-Term Debt (lines 18 through 23)		5,359,646,336	4,835,433,589
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			48,703,654	38,876,739

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		302,452,585	302,042,360
30	Accumulated Miscellaneous Operating Provisions (228.4)		16,277,065	16,700,390
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		28,003,027	28,063,144
35	Total Other Noncurrent Liabilities (lines 26 through 34)		395,436,331	385,682,633
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)			238,677,627
38	Accounts Payable (232)		529,497,159	667,727,723
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		37,706,897	44,099,231
41	Customer Deposits (235)		71,514,523	62,879,263
42	Taxes Accrued (236)	262	31,265,124	13,462,048
43	Interest Accrued (237)		49,377,944	48,060,599
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		34,622	25,218
48	Miscellaneous Current and Accrued Liabilities (242)		126,951,449	114,326,974
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		846,347,718	1,189,258,683
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		3,459,697	3,549,829
57	Accumulated Deferred Investment Tax Credits (255)	266	346,396	358,911

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,430,438	1,427,065
60	Other Regulatory Liabilities (254)	278	409,610,003	343,812,923
61	Unamortized Gain on Reacquired Debt (257)		829,982	872,463
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,199,518,518	2,116,545,577
64	Accum. Deferred Income Taxes-Other (283)		292,906,123	289,562,618
65	Total Deferred Credits (lines 56 through 64)		2,908,101,157	2,756,129,386
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		15,463,356,559	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2023	Year/Period of Report End of: 2023/ Q3

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	16,002,980,520	15,465,876,650
3	Construction Work in Progress (107)	200	971,097,094	751,860,795
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		16,974,077,614	16,217,737,445
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,066,487,610	4,084,478,854
6	Net Utility Plant (Enter Total of line 4 less 5)		12,907,590,004	12,133,258,591
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		12,907,590,004	12,133,258,591
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		11,248,573	9,942,504
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,297,096	1,256,558
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	10,978,154	15,139,965
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		26,205,985	22,305,318
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		47,135,616	46,131,229
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		17,139,718	51,558,086
36	Special Deposits (132-134)		8,836,751	8,572,118
37	Working Fund (135)			
38	Temporary Cash Investments (136)		171,667	640,692
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		332,609,905	416,056,610
41	Other Accounts Receivable (143)		135,335,214	153,123,547
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		103,134,256	114,275,884
43	Notes Receivable from Associated Companies (145)		51,000,000	
44	Accounts Receivable from Assoc. Companies (146)		1,425,235	4,104,782
45	Fuel Stock (151)	227	1,545,757	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	60,843,024	52,491,353
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	(1,076,505)	
55	Gas Stored Underground - Current (164.1)		49,910,677	92,464,506
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,768,317	5,154,294
57	Prepayments (165)		38,494,642	19,804,414
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		19,593	3,738
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		135,086,835	219,133,526
62	Miscellaneous Current and Accrued Assets (174)		24,114,892	14,140,050

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		757,091,466	924,587,784
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		43,611,188	40,053,907
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	881,836,956	730,725,615
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		[a](4,644,508)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	645,501,535	665,783,248
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	242,027,924	189,027,240
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,808,333,095	1,625,590,010
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		15,520,150,181	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2023	Year/Period of Report End of: 2023/ Q3

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,627,435,471	2,278,856,117
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,372,624,835	5,232,620,194
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,408,281,567)	(3,373,506,845)
13	(Less) Reacquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,883,081	2,176,348
16	Total Proprietary Capital (lines 2 through 15)		6,017,579,329	5,563,063,323
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	5,200,000,000	4,675,000,000
19	(Less) Reacquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		24,563,445	23,985,020
24	Total Long-Term Debt (lines 18 through 23)		5,359,855,164	4,835,433,589
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			37,793,522	38,876,739

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		302,567,725	302,042,360
30	Accumulated Miscellaneous Operating Provisions (228.4)		16,521,165	16,700,390
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		27,094,046	28,063,144
35	Total Other Noncurrent Liabilities (lines 26 through 34)		383,976,458	385,682,633
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)			238,677,627
38	Accounts Payable (232)		539,506,067	667,727,723
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		38,676,064	44,099,231
41	Customer Deposits (235)		76,899,660	62,879,263
42	Taxes Accrued (236)	262	41,173,655	13,462,048
43	Interest Accrued (237)		53,195,194	48,060,599
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		46,038	25,218
48	Miscellaneous Current and Accrued Liabilities (242)		119,370,808	114,326,974
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		868,867,486	1,189,258,683
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		5,676,058	3,549,829
57	Accumulated Deferred Investment Tax Credits (255)	266	339,611	358,911

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,432,064	1,427,065
60	Other Regulatory Liabilities (254)	278	350,446,345	343,812,923
61	Unamortized Gain on Reacquired Debt (257)		808,742	872,463
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,236,247,578	2,116,545,577
64	Accum. Deferred Income Taxes-Other (283)		294,921,346	289,562,618
65	Total Deferred Credits (lines 56 through 64)		2,889,871,744	2,756,129,386
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		15,520,150,181	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/22/2024	Year/Period of Report End of: 2023/ Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	16,364,069,275	15,465,876,650
3	Construction Work in Progress (107)	200	884,592,055	751,860,795
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		17,248,661,330	16,217,737,445
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,108,917,336	4,084,478,854
6	Net Utility Plant (Enter Total of line 4 less 5)		13,139,743,994	12,133,258,591
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		13,139,743,994	12,133,258,591
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		13,257,077	9,942,504
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,321,034	1,256,558
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	(20,324,536)	15,139,965
23	Noncurrent Portion of Allowances	228		

24	Other Investments (124)		27,678,806	22,305,318
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			
30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		19,290,313	46,131,229
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		35,516,834	51,558,086
36	Special Deposits (132-134)		8,886,011	8,572,118
37	Working Fund (135)			
38	Temporary Cash Investments (136)		1,926	640,692
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		342,082,834	416,056,610
41	Other Accounts Receivable (143)		116,655,786	153,123,547
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		102,633,146	114,275,884
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		2,361,355	4,104,782
45	Fuel Stock (151)	227	1,527,460	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	67,118,805	52,491,353
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		

51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227		
55	Gas Stored Underground - Current (164.1)		44,844,164	92,464,506
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,217,425	5,154,294
57	Prepayments (165)		19,522,583	19,804,414
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		10,434	3,738
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		184,653,324	219,133,526
62	Miscellaneous Current and Accrued Assets (174)		38,549,970	14,140,050
63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		763,315,765	924,587,784
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		43,162,037	40,053,907
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	919,812,255	730,725,615
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)			
77	Temporary Facilities (185)			

78	Miscellaneous Deferred Debits (186)	233	717,805,360	665,783,248
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	278,338,299	189,027,240
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,959,117,951	1,625,590,010
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		15,881,468,023	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/22/2024	Year/Period of Report End of: 2023/ Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,627,435,471	2,278,856,117
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,436,967,566	5,232,620,194
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,419,975,568)	(3,373,506,845)
13	(Less) Reacquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,175,627	2,176,348
16	Total Proprietary Capital (lines 2 through 15)		6,069,520,605	5,563,063,323
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	5,200,000,000	4,675,000,000
19	(Less) Reacquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			

23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		24,352,422	23,985,020
24	Total Long-Term Debt (lines 18 through 23)		5,360,066,187	4,835,433,589
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28	Accumulated Provision for Injuries and Damages (228.2)		36,915,213	38,876,739
29	Accumulated Provision for Pensions and Benefits (228.3)		303,421,067	302,042,360
30	Accumulated Miscellaneous Operating Provisions (228.4)		16,430,295	16,700,390
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		26,348,304	28,063,144
35	Total Other Noncurrent Liabilities (lines 26 through 34)		383,114,879	385,682,633
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		164,782,586	238,677,627
38	Accounts Payable (232)		508,749,847	667,727,723
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		40,237,343	44,099,231
41	Customer Deposits (235)		78,871,711	62,879,263
42	Taxes Accrued (236)	262	64,430,473	13,462,048
43	Interest Accrued (237)		49,877,862	48,060,599
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		38,236	25,218
48	Miscellaneous Current and Accrued Liabilities (242)		151,816,074	114,326,974
49	Obligations Under Capital Leases-Current (243)			

50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		1,058,804,132	1,189,258,683
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		4,172,380	3,549,829
57	Accumulated Deferred Investment Tax Credits (255)	266	331,676	358,911
58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,520,878	1,427,065
60	Other Regulatory Liabilities (254)	278	404,351,208	343,812,923
61	Unamortized Gain on Reacquired Debt (257)		787,502	872,463
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,264,521,554	2,116,545,577
64	Accum. Deferred Income Taxes-Other (283)		334,277,022	289,562,618
65	Total Deferred Credits (lines 56 through 64)		3,009,962,220	2,756,129,386
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		15,881,468,023	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2022	Year/Period of Report End of: 2022/ Q1

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	14,645,638,269	14,462,278,758
3	Construction Work in Progress (107)	200	699,839,281	623,792,392
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		15,345,477,550	15,086,071,150
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,007,631,239	3,966,179,447
6	Net Utility Plant (Enter Total of line 4 less 5)		11,337,846,311	11,119,891,703
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		11,337,846,311	11,119,891,703
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,942,504	9,942,864
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,230,578	1,221,700
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	3,438,926	14,510,016
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		26,042,554	26,514,288
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		38,193,406	49,745,468
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		19,259,626	28,985,242
36	Special Deposits (132-134)		7,969,127	7,970,014
37	Working Fund (135)			
38	Temporary Cash Investments (136)		285,940	285,898
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		399,911,860	329,537,242
41	Other Accounts Receivable (143)		129,258,251	116,329,909
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		134,651,428	112,021,787
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		554,597	862,111
45	Fuel Stock (151)	227	1,615,952	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	46,045,237	45,135,802
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	357,775	
55	Gas Stored Underground - Current (164.1)		17,185,734	45,386,624
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,571,665	4,409,464
57	Prepayments (165)		129,116,022	15,850,540
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		1,660	735
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		127,205,328	159,689,404
62	Miscellaneous Current and Accrued Assets (174)		13,945,570	10,240,574

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		762,632,916	654,277,724
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		32,986,305	32,376,750
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	1,056,413,271	990,228,811
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		(a)(2,417,998)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	907,551,973	1,009,826,158
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	259,572,360	256,455,331
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		2,254,105,911	2,288,887,050
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,392,778,544	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2022	Year/Period of Report End of: 2022/ Q1

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,232,297,231	2,005,297,230
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,124,899,948	5,006,722,006
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,338,724,872)	(3,327,073,850)
13	(Less) Reaquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	3,622,448	3,914,962
16	Total Proprietary Capital (lines 2 through 15)		5,445,012,264	5,111,777,857
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,250,000,000	4,250,000,000
19	(Less) Reaquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		20,230,367	20,402,352
24	Total Long-Term Debt (lines 18 through 23)		4,414,188,242	4,414,016,257
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			38,914,489	38,465,571

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		303,550,976	304,098,227
30	Accumulated Miscellaneous Operating Provisions (228.4)		15,624,009	15,600,878
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		28,798,215	28,710,952
35	Total Other Noncurrent Liabilities (lines 26 through 34)		386,887,689	386,875,628
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)			
38	Accounts Payable (232)		476,562,264	494,413,815
39	Notes Payable to Associated Companies (233)		65,000,000	
40	Accounts Payable to Associated Companies (234)		39,169,157	71,659,047
41	Customer Deposits (235)		49,823,200	48,265,543
42	Taxes Accrued (236)	262	5,679,031	16,258,629
43	Interest Accrued (237)		36,183,268	41,405,539
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		50,718	25,696
48	Miscellaneous Current and Accrued Liabilities (242)		93,688,201	113,347,566
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		766,155,839	785,375,835
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		2,249,975	2,724,528
57	Accumulated Deferred Investment Tax Credits (255)	266	402,718	427,908

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,417,332	1,406,827
60	Other Regulatory Liabilities (254)	278	616,285,281	727,614,309
61	Unamortized Gain on Reaquired Debt (257)		936,184	957,425
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,333,141,046	2,269,449,090
64	Accum. Deferred Income Taxes-Other (283)		426,101,974	412,176,281
65	Total Deferred Credits (lines 56 through 64)		3,380,534,510	3,414,756,368
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,392,778,544	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2022	Year/Period of Report End of: 2022/ Q2

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	14,839,704,989	14,462,278,758
3	Construction Work in Progress (107)	200	781,132,485	623,792,392
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		15,620,837,474	15,086,071,150
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,025,583,267	3,966,179,447
6	Net Utility Plant (Enter Total of line 4 less 5)		11,595,254,207	11,119,891,703
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		11,595,254,207	11,119,891,703
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,942,504	9,942,864
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,239,333	1,221,700
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	15,223,060	14,510,016
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		24,576,041	26,514,288
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		48,502,272	49,745,468
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		15,000,113	28,985,242
36	Special Deposits (132-134)		8,733,487	7,970,014
37	Working Fund (135)			
38	Temporary Cash Investments (136)		579,524	285,898
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		354,977,922	329,537,242
41	Other Accounts Receivable (143)		137,804,736	116,329,909
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		117,064,190	112,021,787
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		498,558	862,111
45	Fuel Stock (151)	227	1,615,952	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	47,937,147	45,135,802
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	498,890	
55	Gas Stored Underground - Current (164.1)		48,858,881	45,386,624
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,411,979	4,409,464
57	Prepayments (165)		101,155,058	15,850,540
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		2,595	735
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		138,205,632	159,689,404
62	Miscellaneous Current and Accrued Assets (174)		16,467,981	10,240,574

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		759,684,265	654,277,724
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		36,133,798	32,376,750
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	1,093,118,038	990,228,811
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		(a)(773,325)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	718,723,155	1,009,826,158
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	255,588,241	256,455,331
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		2,102,789,907	2,288,887,050
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,506,230,651	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2022	Year/Period of Report End of: 2022/ Q2

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,232,297,230	2,005,297,230
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,170,176,693	5,006,722,006
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,350,342,112)	(3,327,073,850)
13	(Less) Reaquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	3,230,074	3,914,962
16	Total Proprietary Capital (lines 2 through 15)		5,478,279,394	5,111,777,857
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,250,000,000	4,250,000,000
19	(Less) Reaquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		22,570,915	20,402,352
24	Total Long-Term Debt (lines 18 through 23)		4,411,847,694	4,414,016,257
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			39,228,654	38,465,571

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		303,973,447	304,098,227
30	Accumulated Miscellaneous Operating Provisions (228.4)		15,444,799	15,600,878
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		29,033,627	28,710,952
35	Total Other Noncurrent Liabilities (lines 26 through 34)		387,680,527	386,875,628
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		209,940,689	
38	Accounts Payable (232)		524,877,737	494,413,815
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		30,981,992	71,659,047
41	Customer Deposits (235)		53,449,580	48,265,543
42	Taxes Accrued (236)	262	62,202,076	16,258,629
43	Interest Accrued (237)		40,744,799	41,405,539
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		42,542	25,696
48	Miscellaneous Current and Accrued Liabilities (242)		104,883,400	113,347,566
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		1,027,122,815	785,375,835
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		2,192,729	2,724,528
57	Accumulated Deferred Investment Tax Credits (255)	266	386,847	427,908

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,417,608	1,406,827
60	Other Regulatory Liabilities (254)	278	402,767,846	727,614,309
61	Unamortized Gain on Reaquired Debt (257)		914,944	957,425
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,375,411,654	2,269,449,090
64	Accum. Deferred Income Taxes-Other (283)		418,208,593	412,176,281
65	Total Deferred Credits (lines 56 through 64)		3,201,300,221	3,414,756,368
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,506,230,651	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2022	Year/Period of Report End of: 2022/ Q3

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	14,999,576,759	14,462,278,758
3	Construction Work in Progress (107)	200	895,084,983	623,792,392
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		15,894,661,742	15,086,071,150
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,036,073,060	3,966,179,447
6	Net Utility Plant (Enter Total of line 4 less 5)		11,858,588,682	11,119,891,703
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		11,858,588,682	11,119,891,703
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,942,504	9,942,864
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,247,993	1,221,700
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	14,864,195	14,510,016
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		23,670,356	26,514,288
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		47,229,062	49,745,468
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		86,739,913	28,985,242
36	Special Deposits (132-134)		8,669,135	7,970,014
37	Working Fund (135)			
38	Temporary Cash Investments (136)		582,402	285,898
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		369,583,379	329,537,242
41	Other Accounts Receivable (143)		146,669,090	116,329,909
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		113,910,258	112,021,787
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		970,717	862,111
45	Fuel Stock (151)	227	1,615,952	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	48,672,283	45,135,802
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	(449,187)	
55	Gas Stored Underground - Current (164.1)		100,164,640	45,386,624
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,406,458	4,409,464
57	Prepayments (165)		54,020,511	15,850,540
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		3,538	735
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		120,609,890	159,689,404
62	Miscellaneous Current and Accrued Assets (174)		6,850,944	10,240,574

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		835,199,407	654,277,724
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		40,097,522	32,376,750
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	689,468,923	990,228,811
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		[a]664,408	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	616,211,989	1,009,826,158
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	195,000,530	256,455,331
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,541,443,372	2,288,887,050
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,282,460,523	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2022	Year/Period of Report End of: 2022/ Q3

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,278,856,117	2,005,297,230
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,217,487,678	5,006,722,006
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,361,886,776)	(3,327,073,850)
13	(Less) Reaquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,977,323	3,914,962
16	Total Proprietary Capital (lines 2 through 15)		5,560,351,851	5,111,777,857
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,675,000,000	4,250,000,000
19	(Less) Reaquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		24,168,284	20,402,352
24	Total Long-Term Debt (lines 18 through 23)		4,835,250,325	4,414,016,257
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			39,562,164	38,465,571

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		303,552,196	304,098,227
30	Accumulated Miscellaneous Operating Provisions (228.4)		17,870,620	15,600,878
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		28,323,498	28,710,952
35	Total Other Noncurrent Liabilities (lines 26 through 34)		389,308,478	386,875,628
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		48,750	
38	Accounts Payable (232)		553,528,163	494,413,815
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		37,405,899	71,659,047
41	Customer Deposits (235)		58,605,804	48,265,543
42	Taxes Accrued (236)	262	43,617,477	16,258,629
43	Interest Accrued (237)		43,688,848	41,405,539
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		28,298	25,696
48	Miscellaneous Current and Accrued Liabilities (242)		93,147,759	113,347,566
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		830,070,998	785,375,835
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		3,575,379	2,724,528
57	Accumulated Deferred Investment Tax Credits (255)	266	366,582	427,908

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,413,778	1,406,827
60	Other Regulatory Liabilities (254)	278	292,132,287	727,614,309
61	Unamortized Gain on Reaquired Debt (257)		893,704	957,425
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,110,550,583	2,269,449,090
64	Accum. Deferred Income Taxes-Other (283)		258,546,558	412,176,281
65	Total Deferred Credits (lines 56 through 64)		2,667,478,871	3,414,756,368
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,282,460,523	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/28/2023	Year/Period of Report End of: 2022/ Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	15,465,876,650	14,462,278,758
3	Construction Work in Progress (107)	200	751,860,795	623,792,392
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		16,217,737,445	15,086,071,150
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,084,478,854	3,966,179,447
6	Net Utility Plant (Enter Total of line 4 less 5)		12,133,258,591	11,119,891,703
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		12,133,258,591	11,119,891,703
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,942,504	9,942,864
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,256,558	1,221,700
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	15,139,965	14,510,016
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		22,305,318	26,514,288
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		46,131,229	49,745,468
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		51,558,086	28,985,242
36	Special Deposits (132-134)		8,572,118	7,970,014
37	Working Fund (135)			
38	Temporary Cash Investments (136)		640,692	285,898
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		416,056,610	329,537,242
41	Other Accounts Receivable (143)		153,123,547	116,329,909
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		114,275,884	112,021,787
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		4,104,782	862,111
45	Fuel Stock (151)	227	1,615,952	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	52,491,353	45,135,802
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227		
55	Gas Stored Underground - Current (164.1)		92,464,506	45,386,624
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		5,154,294	4,409,464
57	Prepayments (165)		19,804,414	15,850,540
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		3,738	735
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		219,133,526	159,689,404
62	Miscellaneous Current and Accrued Assets (174)		14,140,050	10,240,574

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		924,587,784	654,277,724
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		40,053,907	32,376,750
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	730,725,615	990,228,811
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)			
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	665,783,248	1,009,826,158
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	189,027,240	256,455,331
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,625,590,010	2,288,887,050
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,729,567,614	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/28/2023	Year/Period of Report End of: 2022/ Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,278,856,117	2,005,297,230
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,232,620,194	5,006,722,006
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,373,506,845)	(3,327,073,850)
13	(Less) Reaquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,176,348	3,914,962
16	Total Proprietary Capital (lines 2 through 15)		5,563,063,323	5,111,777,857
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,675,000,000	4,250,000,000
19	(Less) Reaquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		23,985,020	20,402,352
24	Total Long-Term Debt (lines 18 through 23)		4,835,433,589	4,414,016,257
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			38,876,739	38,465,571

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		302,042,360	304,098,227
30	Accumulated Miscellaneous Operating Provisions (228.4)		16,700,390	15,600,878
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		28,063,144	28,710,952
35	Total Other Noncurrent Liabilities (lines 26 through 34)		385,682,633	386,875,628
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		238,677,627	
38	Accounts Payable (232)		667,727,723	494,413,815
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		44,099,231	71,659,047
41	Customer Deposits (235)		62,879,263	48,265,543
42	Taxes Accrued (236)	262	13,462,048	16,258,629
43	Interest Accrued (237)		48,060,599	41,405,539
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		25,218	25,696
48	Miscellaneous Current and Accrued Liabilities (242)		114,326,974	113,347,566
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		1,189,258,683	785,375,835
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		3,549,829	2,724,528
57	Accumulated Deferred Investment Tax Credits (255)	266	358,911	427,908

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,427,065	1,406,827
60	Other Regulatory Liabilities (254)	278	343,812,923	727,614,309
61	Unamortized Gain on Reaquired Debt (257)		872,463	957,425
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,116,545,577	2,269,449,090
64	Accum. Deferred Income Taxes-Other (283)		289,562,618	412,176,281
65	Total Deferred Credits (lines 56 through 64)		2,756,129,386	3,414,756,368
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,729,567,614	14,112,801,945

Q. SDR-ROR-3 Please provide the bond rating history for the Company and, if applicable, its parent, from the major credit rating agencies for the last 5 years.

A. SDR-ROR-3

Exelon Corp		2023	2022	2021	2020	2019
Senior Unsecured	**S&P**	BBB	BBB	BBB	BBB	BBB
	Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
	Fitch	BBB	BBB	BBB+	BBB+	BBB+

PECO		2023	2022	2021	2020	2019
Senior Secured	**S&P**	A	A	A	A	A
	Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
	Fitch	A+	A+	A+	A+	A+

Q. SDR-ROR-4 Please provide copies of all bond rating reports relating to the Company and, if applicable, its parent, for the past 2 years.

A. SDR-ROR-4 Please see Confidential Attachments SDR-ROR-4(a.1-a.15).

THE ATTACHMENTS ARE CONFIDENTIAL AND ARE SUBMITTED ONLY IN THE NON-PUBLIC VERSION TO THE COMMISSION.

Q. SDR-ROR-5 Please provide a workpaper showing the derivation of the Company's current AFUDC rate.

A. SDR-ROR-5 Refer to Attachment SDR-ROR-5(a) for the calculation of PECO’s current AFUDC rate, effective January 1, 2024 through March 31, 2024.

PECO
AFUDC CALCULATION
January - March 2024
in $000s

	AMOUNT $(000)	CAPITALIZATION RATIO	WEIGHTED AVERAGE COST RATE
AVERAGE SHORT-TERM DEBT	**99,446**		**5.57%**
LONG-TERM DEBT	**5,360,066**	**46.896%**	**4.19%**
COMMON EQUITY	**6,069,519**	**53.104%**	**10.00%**
TOTAL CAPITALIZATION	**11,429,586**	**100.000%**	
AVERAGE CWIP	**703,777**		
RATE FOR BORROWED FUNDS			**2.47%**
RATE FOR EQUITY FUNDS			**4.56%**
GROSS AFUDC RATE			**7.03%**

Q. SDR-ROR-6 Please supply copies of all presentations by the Company's and, if applicable, its parent's management to securities analysts during the past 2 years. This would include presentations of financial projections.

A. SDR-ROR-6 All presentations made by the Company’s management to securities analysts during the past 2 years can be located on the Exelon Corporation website at www.exeloncorp.com. Once on the site, select “Investors”, then click on “Events & Presentations” or go directly to: https://investors.exeloncorp.com/events-and-presentations/presentations

Q. SDR-ROR-7 Please provide a listing of all securities issuances for the Company and, if applicable, its parent, projected for the next two years. The response should identify for each projected issuance the date, dollar amount, type of security and effective cost rate.

A. SDR-ROR-7 DISCLAIMER: This answer contains forward-looking information and is subject to change.

PECO Energy Company currently does not project any equity issuances for the next two years. Regarding PECO's long-term debt issuances for 2024, PECO plans to issue $575 million of First Mortgage Bonds in the second half of the year with forecasted coupon of 5.46%. In 2025, PECO plans to issue $975 million of First Mortgage Bonds in the second half of the year with a forecasted coupon rate of 5.46%. The Company will be retiring $350 million of First Mortgage Bonds maturing on October 15, 2025 (CUSIP 693304AT4).

Parent company issuances are not applicable.

Q. SDR-ROR-8 Please identify all of the Company's and, if applicable, its parent's publicly underwritten common stock issuances written in the last five years. Identify which such issuances were related to mergers or acquisitions, and which were undertaken to fund facility investments in utility plant and equipment.

A. SDR-ROR-8 The Company has not had a publicly underwritten common stock issuance in the last five years.

PECO's Parent Company, Exelon Corporation, had a public issuance via block trade in August of 2022 and ATM issuances in the fourth quarter of 2023, which is described in the Company's response to II-A-19.

There were no offerings undertaken in the last five years to fund facility investment in utility plant and equipment by the Company or its parent.

Q. SDR-ROR-9 Please identify any plan by the Company to refinance high-cost long-term debt or preferred stock.

A. SDR-ROR-9 At the present time, PECO Energy Company does not have any "high cost" long-term debt that can be refinanced in a cost-effective manner. PECO has no preferred stock outstanding. However, the Company is constantly evaluating market conditions for refinancing opportunities that could reduce its weighted average cost of long-term debt.

Q. SDR-ROR-10 Please provide copies of all securities analysts' reports relating to the Company and its parent, or both, issued within the past 2 years.

A. SDR-ROR-10 See Attachments SDR-ROR-10(a.1 – a.15) for the requested reports that PECO and Exelon have or were able to obtain based on a reasonable investigation. Not all securities analysts' reports are made available to PECO or Exelon. The reports are organized by date and year.

SDR-ROR-10(a.1) = 1/1/2022 – 2/15/2022
SDR-ROR-10(a.2) = 2/16/2022 – 3/31/2022
SDR-ROR-10(a.3) = 4/1/2022 – 6/30/2022
SDR-ROR-10(a.4) = 7/1/2022 – 9/30/2022
SDR-ROR-10(a.5) = 10/1/2022 – 12/16/2022
SDR-ROR-10(a.6) = 12/17/2022 – 12/31/2022
SDR-ROR-10(a.7) = 1/1/2023 – 3/31/2023
SDR-ROR-10(a.8) = 4/1/2023 – 5/4/2023
SDR-ROR-10(a.9) = 5/5/2023 – 6/12/2023
SDR-ROR-10(a.10) = 6/13/2023 – 7/31/2023
SDR-ROR-10(a.11) = 8/1/2023 – 8/31/2023
SDR-ROR-10(a.12) = 9/1/2023 – 10/30/2023
SDR-ROR-10(a.13) = 11/1/2023 – 12/31/2023
SDR-ROR-10(a.14) = 1/1/2024 – 1/10/2024
SDR-ROR-10(a.15) = 1/11/2024 – 2/10/2024

THE REQUESTED DOCUMENTS ARE VOLUMINOUS. THEREFORE, THEY ARE BEING PROVIDED ONLY IN ELECTRONIC FORM.

Contents

06	09 FEB '22 6:01P.M.	Midweek Thoughts - CEG, ENPH, FSLR, NEE, XEL, CNP, EXC, FE, DUK, SRE, ED, PNW, ES (KeyBanc Capital Markets) - 6 Pages
12	08 FEB '22 6:15A.M.	Seaport Research: EXC (Buy) Updating PT post CEG spin-off; maintaining Buy rating (Seaport Global Securities) - 6 Pages
18	07 FEB '22 6:26A.M.	The Less We Get Together, the Happier We'll Be; D/G to Sector Perform after Value-Unlocking Spinoff (Scotiabank GBM) - 9 Pages
27	07 FEB '22 2:01A.M.	EXC: Refreshing Estimates to Reflect Constellation Spin; Maintain Overweight (KeyBanc Capital Markets) - 4 Pages
31	07 FEB '22 12:29A.M.	Exelon Corporation: The New Exelon >> Exelon Corporation: The New Exelon (Barclays) - 16 Pages
32	04 FEB '22 4:11P.M.	Adjusting EXC and CEG Ratings and Target Prices to Reflect Separation (Evercore ISI) - 8 Pages
40	03 FEB '22 5:11P.M.	Exelon Corp. (EXC): Revising estimates and target price to reflect spin-off, downgrading EXC from Buy to Neutral (Goldman Sachs) - 11 Pages
51	03 FEB '22 5:03A.M.	EXC: Downgrade to Equal Weight (Wells Fargo Securities) - 7 Pages There was an error processing this document. It has been excluded from the final PDF.
52	03 FEB '22 4:06A.M.	Initiating Stand-Alone Estimates; Adjusting PT for Spin-off (Mizuho Securities USA) - 8 Pages
60	03 FEB '22 12:23A.M.	It's Not as Fun Without CEG (RBC Capital Markets) - 11 Pages
71	03 FEB '22 12:12A.M.	Exelon Corp: EXC Becomes a Low Risk, Wires-Only Utility; We Remain OW (Morgan Stanley) - 9 Pages
80	02 FEB '22 5:46P.M.	VRP: Exelon - Strategic mission accomplished; downgrade to Hold (Vertical Research Partners) - 7 Pages
87	02 FEB '22 1:16P.M.	Exelon Corp "Spin of ExGen Completed - Buy" (Buy) Fowler >> Spin of ExGen Completed - Buy (UBS) - 17 Pages
104	02 FEB '22 11:52A.M.	Morningstar | Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate (Morningstar Equity Research) - 12 Pages
116	02 FEB '22 11:51A.M.	Morningstar | Exelon Leaves Commodity Volatility Behind After Constellation Divestiture (Morningstar Equity Research) - 24 Pages
140	01 FEB '22 5:28P.M.	VRP: Constellation Energy - Low carbon power leader breaks loose (Vertical Research Partners) - 9 Pages
149	26 JAN '22 4:36P.M.	Midweek Thoughts - XEL, CMS, WEC, ED, DUK, EXC, PNW, NEE, FSLR, RUN, ENPH, NOVA, EIX, SRE (KeyBanc Capital Markets) - 6 Pages

155	24 JAN '22 7:02A.M.	Heads Up - The Week Ahead in Utilities: SRE, EXC, AVA, AGR, ES, ENPH, RUN, EIX, NEE, XEL (KeyBanc Capital Markets) - 9 Pages
164	24 JAN '22 12:16A.M.	EXC PT Change (RBC Capital Markets) - 1 Page
165	23 JAN '22 3:51P.M.	WATTS COOKING? Weekly >> Topics: Market weakness; FLNC; EXC/CEG; VST (RBC Capital Markets) - 10 Pages
175	23 JAN '22 9:16A.M.	VRP: Utilities & Power - Utility Spotlight: Best relative week since peak COVID; EXC when-issued; CPUC; Alsup signs off (loudly) (Vertical Research Partners) - 19 Pages
194	21 JAN '22 12:46A.M.	Exelon Corp: Constellation: Takeaways from the Virtual Roadshow (Morgan Stanley) - 10 Pages
204	19 JAN '22 3:41P.M.	Midweek Thoughts - AY, ED, POR, EXC, AEP, WEC, DTE (KeyBanc Capital Markets) - 5 Pages
209	19 JAN '22 12:16A.M.	U.S. Power & Utilities: Tuesdays with Moody's >> Topics: State regulation; PNW; PCG; SO; FE; AEP; EXC; PEG; CWEN (RBC Capital Markets) - 4 Pages
213	18 JAN '22 11:30A.M.	US Electric Utilities & IPPs >> PowerPoints: EXC/CEG, VST, PPL, LNG, FE, NWE, PJM Power, AGR, SR, DTE, & Crypto (BofA Global Research) - 12 Pages
214	18 JAN '22 8:29A.M.	Exelon >> Entering The Spin Zone: What Will Holders Do? Analyzing Dividend, Value, & Retail (BofA Global Research) - 9 Pages
215	14 JAN '22 8:12A.M.	The Guggenheim Daily Transmission: PPL, M&A, Solar, ERCOT, FE, EXC, AWK, CMS (Guggenheim Securities) - 20 Pages
235	14 JAN '22 7:35A.M.	Exelon >> Constellation Analyst Day: A Renewed 'Clean IPP' - Where Will It Trade? (BofA Global Research) - 16 Pages
236	14 JAN '22 6:31A.M.	Electric Utilities & Power >> Sparking Credit: Exelon/Constellation Analyst Days Takeaways (JP Morgan) - 21 Pages
257	14 JAN '22 4:01A.M.	Lowering Exelon Estimates Following Analyst Days (Mizuho Securities USA) - 11 Pages
268	13 JAN '22 5:16P.M.	VRP: Exelon - Utility upside tempered by ExGen cash shortfall; estimates moved to pro-forma basis; PT up to $63 (Vertical Research Partners) - 7 Pages
275	12 JAN '22 7:26P.M.	Midweek Thoughts - AGR, CNP, XEL, WEC, EXC, SRE, EIX, ES, AGR (KeyBanc Capital Markets) - 5 Pages
280	12 JAN '22 8:56A.M.	The Guggenheim Daily Transmission: EXC, CA, SR, IEA, D, RGGI, VA, PA, ERCOT (Guggenheim Securities) - 21 Pages
301	12 JAN '22 6:10A.M.	Seaport Research: EXC (Buy) Exelon's analyst day - raising estimates and valuation of EXC ex CEG (Seaport Global Securities) - 6 Pages
307	12 JAN '22 6:08A.M.	Seaport Research: EXC (Buy) Constellation's analyst day - lowering estimates and valuation (Seaport Global Securities) - 7 Pages

314	12 JAN '22 12:11A.M.	Exelon Corp: Constellation: Investor Day Takeaways (Morgan Stanley) - 11 Pages
325	11 JAN '22 10:27P.M.	Exelon Corp. >> With or Without You: Takeaways from the Exelon and Constellation Analyst Days (JP Morgan) - 8 Pages
333	11 JAN '22 9:01P.M.	Constellation Analyst Day - We Ain't Gotta Dream No More, Man (BMO Capital Markets) - 9 Pages
342	11 JAN '22 6:29P.M.	Exelon Corp. (EXC): Initial highlights and thoughts from EXC's "SpinCo" Analyst Day (Goldman Sachs) - 6 Pages
348	11 JAN '22 5:57P.M.	EXC: Analyst Event Supportive of Our Positive Thesis-Reiterate Overweight (Wells Fargo Securities) - 6 Pages There was an error processing this document. It has been excluded from the final PDF.
349	11 JAN '22 5:27P.M.	Highlights From Constellation 2022 Analyst Day (Evercore ISI) - 9 Pages
358	11 JAN '22 5:12P.M.	EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time (Guggenheim Securities) - 6 Pages
364	11 JAN '22 12:27P.M.	Exelon Corp "Constellation (CEG) Analyst Day Takeaways" (Buy) Fowler >> Constellation (CEG) Analyst Day Takeaways (UBS) - 15 Pages
379	11 JAN '22 10:50A.M.	US Electric Utilities & IPPs >> PowerPoints: CEG/EXC Analyst Day Takeaways, AGR ME Settlement, BKH Uri (BofA Global Research) - 11 Pages
380	11 JAN '22 8:40A.M.	The Guggenheim Daily Transmission: EXC, PCG, CNP, AEE, DUK, SO (Guggenheim Securities) - 18 Pages
398	11 JAN '22 8:10A.M.	Exelon >> Exelon: Boring is Better. Raising estimates on more ratebase w/o the Equity. (BofA Global Research) - 14 Pages
399	11 JAN '22 8:03A.M.	Exelon Corporation (EXC): Initiates Constellation 2022 EBITDA guidance post-separation and growth proposition (RBC Capital Markets) - 1 Page
400	11 JAN '22 7:55A.M.	First Read: Exelon Corp "Constellation Analyst Day Slides - Quick Takes" (Buy) >> Constellation Analyst Day Slides - Quick Takes (UBS) - 11 Pages
411	11 JAN '22 6:35A.M.	The Calm Before the Split (Scotiabank GBM) - 10 Pages
421	11 JAN '22 6:02A.M.	US Electric Utilities & IPPs >> Power Points: EXC Constellation Spin Quick Takes; PCG Probation Updates (BofA Global Research) - 9 Pages
422	11 JAN '22 12:16A.M.	Exelon Corp: Investor Day Takeaways | Positive Update Across the Board, Raising PT (Morgan Stanley) - 11 Pages
433	10 JAN '22 10:30P.M.	Exelon Utilities Analyst Day - Party Time, EXCellent (BMO Capital Markets) - 9 Pages
442	10 JAN '22 10:06P.M.	VRP: Exelon - Carbon free power leader ready to launch (Vertical Research Partners) - 3 Pages

445	10 JAN '22 9:24P.M.	Exelon Corp. (EXC): Initial highlights and thoughts from EXC's "RemainCo" Analyst Day (Goldman Sachs) - 6 Pages
451	10 JAN '22 7:04P.M.	EXC: RemainCo Details Largely in Line with Our Expectations (Guggenheim Securities) - 5 Pages
456	10 JAN '22 6:53P.M.	Highlights From 2022 Analyst Day (Evercore ISI) - 8 Pages
464	10 JAN '22 5:49P.M.	Exelon Corp "Analyst Day Takeaways" (Buy) Fowler >> Analyst Day Takeaways (UBS) - 16 Pages
480	10 JAN '22 11:58A.M.	US Electric Utilities & IPPs >> PowerPoints: EXC Analyst Day, EVRG & XEL Rate Cases, LNG, DUK, D, Ohio, RNW (BofA Global Research) - 15 Pages
481	10 JAN '22 10:48A.M.	VRP: Exelon - Exelon outlook constructive; Constellation pending (Vertical Research Partners) - 3 Pages
484	10 JAN '22 8:33A.M.	Exelon Corporation (EXC): Introduces solid 2022 guidance and long-term investment plan (RBC Capital Markets) - 1 Page
485	10 JAN '22 8:02A.M.	First Read: Exelon Corp "Analyst Day Slide Deck - First Takes" (Buy) Fowler >> Analyst Day Slide Deck - First Takes (UBS) - 11 Pages
496	10 JAN '22 7:01A.M.	Heads Up - The Week Ahead in Utilities: EXC, AY, EIX, SRE, ENPH, RUN, NOVA, AEP, POR, XEL. AGR, ED, ES, DUK, D (KeyBanc Capital Markets) - 8 Pages
504	10 JAN '22 6:00A.M.	Exelon Corp "Catalyst to Watch This Week" (Buy) Fowler >> Catalyst to Watch This Week (UBS) - 13 Pages
517	09 JAN '22 6:54P.M.	WATTS COOKING? Weekly >> Topics: PNM; EXC; Nuclear SMRs; XEL; ShUFL (RBC Capital Markets) - 10 Pages
527	07 JAN '22 1:01P.M.	US Electric Utilities & IPPs >> PowerPoints: NEE Florida Update, EXC -CEG Spin, ES/AGR NH, & More (BofA Global Research) - 11 Pages
528	07 JAN '22 9:08A.M.	The Guggenheim Daily Transmission: EXC, PCG, NEE, D, VA, SRE, HE, M&A, Power, POR, EVRG (Guggenheim Securities) - 17 Pages
545	07 JAN '22 6:08A.M.	EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded (Guggenheim Securities) - 8 Pages
553	07 JAN '22 2:26A.M.	Exelon >> Pre-Analyst Day Thoughts: Revisiting Economics of the "New ExGen" (BofA Global Research) - 17 Pages
554	06 JAN '22 6:16P.M.	Exelon Corp. (EXC): A Friday Focus - Topics to Consider Ahead of EXC's Two Upcoming Analyst Day Events (Goldman Sachs) - 7 Pages
561	06 JAN '22 5:58P.M.	Seaport Research: EXC (Buy) Constellation looks attractive vs. merchant power/retail peers even excluding nuclear PTC option; raising PT (Seaport Global Securities) - 9 Pages
570	06 JAN '22 4:06P.M.	EXC: Analyst Day Preview (KeyBanc Capital Markets) - 7 Pages

577	05 JAN '22 6:27P.M.	EXC: Analyst Day Preview-Reiterate Overweight (Wells Fargo Securities) - 9 Pages There was an error processing this document. It has been excluded from the final PDF.
578	04 JAN '22 8:36A.M.	The Guggenheim Daily Transmission: AWK, EXC, PCG, Policy/BBB (Guggenheim Securities) - 16 Pages
594	03 JAN '22 3:06P.M.	Splitting atoms (RBC Capital Markets) - 11 Pages
605	03 JAN '22 4:19A.M.	Downgrade to Neutral Based on Uncertain Outlook for Build Back Better (Mizuho Securities USA) - 12 Pages

KeyBanc Capital Markets

Alert

February 09, 2022

Energy: Electric Utilities

Midweek Thoughts — CEG, ENPH, FSLR, NEE, XEL, CNP, EXC, FE, DUK, SRE, ED, PNW, ES

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We initiated coverage on CEG; ENPH reported strong 4Q results; President Biden met with utility executives to discuss the climate portion of BBB; Auxin Solar filed a solar tariff circumvention complaint with the Commerce Department; MN PUC approved XEL's IRP; TX RRC approved CNP's Uri related gas cost securitization; interveners provided testimony in CNP's MN gas rate case; settlement terms in EXC's MD electric rate case were made public; FERC ordered FE to make refunds to ratepayers of certain lobbying related expenses; SC house passed a bill to explore offshore wind; NC Governor convened a task force to expedite offshore wind build-out; stalemate over PA's RGGI initiative continues; CO legislators block efforts to protect natural gas use for residents; MA DPU approved a three-year EE program; SRE's SoCalGas fined by CPUC; NYSERDA releases a three-year clean energy outlook; and NM legislators advance a bill to prevent nuclear waste storage in the state.

ICYMI

CEG — We launched coverage of Constellation Energy with an Overweight and $51 price target. Our positive stance on the stock stems from current valuation, a strong balance sheet that should support growth objectives, and potential catalysts from favorable policy objectives that recognize the importance of nuclear as a reliable baseload supply to meet clean energy objectives. See our note here.

ENPH — ENPH reported strong 4Q results on Tuesday and provided constructive guidance. We see the results as having a positive read through for other residential/solar-centric names in our coverage — RUN and NOVA even as we wait for them to report their own quarterly earnings and as the CA NEM proceedings face a delayed outcome. See our note here.

Earnings Watch

DTE, DUK and FE are scheduled to report tomorrow (Thursday), followed by D on Friday: Our recently published preview includes our thesis, expectations, and estimates for our coverage.

News on Companies in Our Coverage

President meets with Utility execs to discuss the clean energy portion of BBB — The President invited utility executives to discuss the climate portions of the BBB. The meeting was organized by EEI. Among the proposals favored by EEI are the 100% direct pay option for all clean energy credits, the tax credit for nuclear power and tax credits for energy storage, transmission, and hydrogen. See our detailed note on the clean energy provisions in the BBB here.

FSLR, NEE — Auxin Solar files solar tariff circumvention case: Auxin Solar is asking the U.S. Commerce Department to investigate efforts by certain entities to circumvent tariffs with imports of solar components from Malaysia, China, Vietnam, and Cambodia. The premise is not new. A similar complaint was filed by a group of solar manufacturers in 2021 asking the Commerce Department to investigate Chinese solar manufacturers circumventing the anti-dumping (AD) and countervailing duties (CVD) for imports of c-Si PV cells and modules from China. The U.S. Commerce Department rejected that request. The one difference is that the earlier complaint was filed by a group that kept the identity of the solar manufacturers behind the complaint anonymous whereas in this case Auxin Solar is publicly asking for an investigation. This new request for an investigation likely addresses the shortcomings from last year's filing and potentially adds some risk for the solar industry. Since last year, the administration has banned solar imports from Hoshine to address forced labor issues and has passed the Forced Labor Prevention Act. Auxin argues that for the renewed tariffs to have teeth an investigation into tariff circumvention is necessary.

XEL — MN PUC unanimously approves IRP: In a constructive outcome, the PUC approved XEL's revised IRP that is targeted toward 85% carbon reduction by 2030 and a complete exit from coal by 2030. The partial list of decision options is included here. To that end, XEL will retire the 511 MW King plant by 2028 and the 517 MW Sherco 3 unit by 2030. To replace the capacity, XEL will add ~1,300

MW of solar by 2026 that will utilize the transmission line from Sherco 2. XEL will also utilize the Sherco 1 and 3 interconnection lines by adding 600MW of solar and 2,150MW of wind/solar/storage capacity between 2027 and 2032. Additionally, to utilize the King gen-tie lines, XEL will add 600MW of company-owned solar/storage between 2028 and 2030. XEL will meet with the PUC to discuss the black start services needed in 2025 and 2026, and it is likely that XEL will need an incremental 800MW of generic firm dispatchable resources between 2027 and 2029. Additionally, the PUC approved the addition of two high-voltage transmission lines later this decade to maintain rights of the retired coal plants and add renewables to the grid. The MN PUC approved the extension of the Monticello nuclear plant to 2040, but the plant will still have a separate extension approval from the NRC. XEL will file its next IRP in 2023.

CNP — TX RRC approves securitization of Uri-related gas costs: TX RRC approved the financing order related to the TX gas cost securitization necessitated by the surge in gas prices during Storm Uri. The proceeds of $1.1B are expected to be issued to CNP by mid-2022 — in line with the timeline outlined by the Company on its 3Q earnings call. MN previously approved the recovery of $405M, which will be spread out over 63 months as proposed by CNP.

CNP — Intervenor testimony in MN gas rate case released: The MN Dept. of Commerce recommended a $45M rate increase and a 9.25% ROE. CNP is requesting a $67M rate increase premised on a 10.2% ROE and 51% equity (Docket: G-008/GR-21-435). MN PUC approved interim rates and the matter is expected to be a contested-case proceeding. The DOC also recommended that CNP remove a hydrogen bending pilot from the present rate case into a separate docket. CNP has interim rates in place. In the order for interim rates, the commission capped the increase for residential customers at 3.9% with an estimated overall blended rate increase of $42M premised on 51% equity layer and a 9.03% ROE.

EXC — Some settlement terms in Delmarva MD Electric GRC made public: In a black box settlement, MD PSC approved a $12.5M rate increase with other terms kept silent. The proposed rate increase falls between EXC's updated testimony for $27M and PSC staff and OPC's proposed rate increases of $5.6M and $4.3M, respectively. EXC requested a 10.1% ROE; the PSC and OPC proposed ROEs of 9.5% and 9.0%, respectively. The settlement calls for 9.6% ROE but for AFUDC purposes only. A final PSC decision is expected by March 30, 2022. The filing requested rate increases to reflect planned spending and reliability investments that will be placed in service through March 2022 and the recovery of COVID-related regulatory assets, following which EXC plans to file a multi-year rate plan for the period 2023-2025.

FE — FERC orders refunds to customers for costs associated with lobbying expenses: A FERC audit found that FE made payments of $71M for lobbying purposes associated with the bailout of two nuclear plants. The audit also said that FE did not disclose the payments until an investigation by the DOJ was made public. In its own internal investigation, FE found $1.5M of the ~$71M was misallocated and the balance was not billed to customers. FERC ordered FE to refund all amounts tied to lobbying expenses, with interest. FE has 60 days to respond to the report. Additionally, the audit reported seven areas of noncompliance and presented 38 recommendations associated with improper accounting and recordkeeping. FE must submit a plan implementing the audit's recommendations within 30 days and provide quarterly reports on its progress.

DUK — SC house passes bill to explore offshore wind: The house passed HB 4831, directing the SC Commerce Department to conduct a feasibility study for offshore wind resources. The bill is awaiting senate approval and if signed into law would give the Commerce Department a year to make recommendations to the legislature. The study would build on the previous Phase I and II studies conducted by Clemson University in 2012 and 2014, respectively. In a separate study, SC was ranked as the sixth best state for offshore wind potential. SC does not have any official offshore wind commitments. BOEM has a lease sale scheduled for Carolinas Long Bay in May 2022. Specifically, BOEM is proposing a lease sale for the Wilmington East WEA, offshore NC (close to the northern border of SC). The area proposed for the lease sale has the potential for ~1.5 GW of offshore wind energy.

DUK — NC Governor Cooper puts a task force together to expedite offshore wind: The task force was convened to help NC achieve the target of 2.8 GW of offshore wind by 2028. The Governor issued an EO in June 2021 to have 8 GW of offshore wind by 2040. AGR has 2.5 GW of offshore capacity on its Kitty Hawk lease off the coast of NC of which it plans to develop 800 MW as part of Phase 1, but no contracts have been awarded yet.

EXC — Stalemate over PA RGGI participation continues: The PA DEP has filed a motion with the Commonwealth Court of PA seeking to compel the PA Legislative Reference Bureau to publish the CO2 Budget Trading Program Rule. Publication of this rule is necessary for the implementation of the RGGI. Previously Governor Wolf (D) had vetoed the Republican-controlled Senate's opposition to the RGGI. There aren't enough votes in the Senate to override the Governor's veto and thus the Senate is employing other stalling techniques including holding up the governor's nominations to the PA PUC, where there are two vacancies on a five-member panel. Expect the debate in PA on RGGI to reemerge in the upcoming PA governor's elections. The RGGI is a cooperative cap and trade effort. The system targets a cap reduction of 30% from 2020-2030. Allowances are offered through quarterly, regional CO_2 allowance auctions that are sealed-bid, uniform price auctions open to all participants resulting in a single quarterly clearing price.

SRE — ESJ Phase II Wind Farm enters service: The ESJ wind farm expansion began operations adding 26 turbines and 108 MW of capacity to the existing 155 MW wind farm. Phase II was a $150M investment to add capacity to the existing project located in Tecate, Baja CA. ESJ is the first cross-border renewable project between the U.S. and Mexico.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

SRE — SoCalGas fined by CPUC: The CPUC ordered that SoCalGas must pay a $10M fine and return funds to customers in relation to violation of an order to cease ratepayer-funded advocacy on energy efficiency codes and standard. The ALJ decision is the outcome of a complaint made by the Public Advocates Office that SoCalGas had misused ratepayer funds.

ED — NYSERDA publishes a three-year clean energy outlook: Over 2022-2025, according to the report, NY is on track to achieve 6,000 MW of solar by 2025, 3,000 MW of storage by 2030 and 9,000 MW of offshore wind by 2035, with "virtually all" large-scale resources to be procured by 2026 or 2027. According to the report, about 32 GW of renewable projects were in the NYISO interconnection queue as of December 2021, with more than 1.2 GW of energy storage projects awarded statewide. More than 400 MW of storage projects were out to bid at the end of 2021, and more are expected to be built this year.

PNW — NM legislature advances bill to prevent storage of nuclear waste in the state: The House Energy, Environmental, and Natural Resources Committee advanced HB 127, which would prevent the storage of nuclear waste and radioactive material in NM. Additionally, the bill would create a task force to negotiate on behalf of the state with the federal government regarding siting, licensing, and operation of new federal disposal facilities. The bill is specifically aimed at blocking Holtec's plan to build an underground storage site for spent nuclear fuel in NM. NM does not have any nuclear facilities in the state and the closest one is the 4.2 GW Palo Verde plant in AZ.

XEL — CO legislators blocks bill protecting natural gas: HB 22-1020 was sponsored by Rep. Dan Woog (R) and would have protected the consumers choice to choose its form of energy for residents and businesses with the choices including natural gas, propane, or renewable options. The House Committee on Energy & Environmental blocked the bill - furthering the trend of banning gas hookups in urban areas.

ES — DPU approves MA three-year EE plan: The MA DPU issued an order approving the 2022-2024 EE plan. The plan will help the state to reach its plan to reduce GHG emissions by 50% below 1990 levels by 2030 and reach a net-zero target by 2050. The clean energy goals were previously signed into law by Governor Baker.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

AY: Notes from Management Meetings

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review

EEI Day One: Notes from Meetings - ES, CNP, XEL, AGR, CMS

EEI Day Two: Notes from Meetings - DUK, NEE, ETR, DTE, AEP, AY, AVA, SRE

EEI Day Three: Notes from Meetings - POR, SO, OTTR, EXC, NWE, EIX, FE, AEE

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	353	53.48	121	34.28
Sector Weight [SW]	292	44.24	65	22.26
Underweight [UW]	15	2.27	4	26.67

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	35	54.69	17	48.57
Sector Weight [SW]	27	42.19	14	51.85
Underweight [UW]	2	3.12	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

SEAPORT RESEARCH PARTNERS

Angie Storozynski | Senior Analyst
astorozynski@seaportrp.com | (917) 747-7228

Rating:	**Buy**
Price Target:	**$48.00**

Price Target Metrics:
20x 2023 EPS of $2.40 and 17.6x 2024 EPS of $2.71

Current Price:	**$43.64**
Float:	975.4MM
Diluted Shares:	980.0MM
Short Interest:	18.3MM
Average Daily Volume:	9,495k
52 Week Range:	$27.35 - $44.02
Market Cap:	**$42,767MM**
Cash and Investments:	$2,039MM
Debt:	$30,500MM
Enterprise Value:	$71,229MM

PRICE & VOLUME CHART

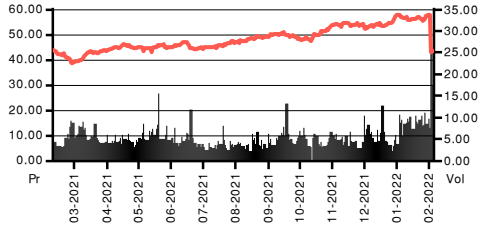

ESTIMATES $ (MMs except multiples & EPS)

	2021 New	2022 New	2023 New	2024 New	2025 New
EPS (Diluted)					
FY	$2.12E	$2.26E	$2.40E	$2.71E	$2.92E
P/E	**20.5x**	**19.3x**	**18.2x**	**16.1x**	**15.0x**
Dividends Per Share					
FY	$1.273E	$1.350E	$1.440E	$1.580E	$1.700E
Dividend Yield	**2.9%**	**3.1%**	**3.3%**	**3.6%**	**3.9%**

Exelon Corporation

(NYSE: EXC)

Updating PT post CEG spin-off; maintaining Buy rating

Summary:
We remain attracted to EXC's large $52B T&D only utility rate base growing at a premium 8.1% CAGR for 2022-2025 through highly fragmented capex with contemporaneous recovery. We see AEE as the closest public comp for EXC given their similar rate base/ EPS growth prospects and presence in IL, though EXC has lower equity needs ($1B vs. $1.6B for '22-'25), no generation assets, and gas LDCs account for 14% of its rate base (vs. ~24% for AEE). EXC's earnings power in IL for '24 and beyond won't be known until late '23, and our unchanged '24 EPS estimate of $2.71 is currently ~$0.10 above consensus as we assume a 130 bps step up in the allowed ROE in IL. Based on consensus estimates, AEE currently trades at 20.2x '23 EPS and 18.9x '24 EPS, and our $48 PT for EXC (down from $61 post the recent CEG spin off) is based on 20x our unchanged '23 EPS of $2.40 and 17.6x our '24 EPS estimate. We reiterate our Buy rating.

Highlights

~8% EPS/DPS growth from wires-only electric utilities: Through 2023, ~98% of EXC's regulated capex should be recoverable through formula rates, riders and multi-year rate cases. Starting in 2024, EXC's ComEd (IL ~36% of the 2021 rate base) should transition to multi-year rate plans with likely sharply higher allowed ROEs. Our unchanged 2024-2025 EPS estimates reflect a 9.2% allowed/realized ROE at ComEd representing a 130 bps from the current level, but a 400-500 bps discount to gas ROEs in IL for decoupling and annual reconciliations of revenues under multi-year plans.

Estimates: Our 2022-2025 EPS estimates remain unchanged. Our 4Q21 EPS estimate is $0.76.

Valuation: For now, ComEd's 2020 deferred prosecution agreement and a pending change in its regulatory set up in IL are likely to offset EXC's ESG edge. We see AEE as the closest public comp for EXC given AEE's electric operations in IL and similar rate base/EPS growth prospects. EXC's 8% rate base growth requires less equity (~ $600MM less for 2022-2025), includes no power plants and gas LDCs should account for ~14% of EXC's rate base through 2025 (vs. ~24% for AEE). Our $48 PT (down from $61 post the CEG spin off) is based on a '23 P/E of 20x which closely resembles that of AEE (20.3x based on '23 consensus EPS).

Company Description:
EXC operates six electric/gas T&D utilities in IL, PA, MD, NJ, DE, D.C. and VA) serving 9.1 million customer accounts. The spin off of Constellation (CEG) should be complete on Feb 1, '22.

EXC: EPS by segment ($)

EXC	2021E	2022E	2023E	2024E	2025E	'22-25 CAGR
Regulated utilities	2.38	2.54	2.72	3.05	3.27	8.3%
Parent/Corporate	(0.26)	(0.28)	(0.32)	(0.34)	(0.36)	8.5%
Total EPS	**2.12**	**2.26**	**2.40**	**2.71**	**2.91**	**8.2%**
DPS	**1.27**	**1.35**	**1.44**	**1.58**	**1.70**	**7.5%**

EXC - Regulated EPS	2021E	2022E	2023E	2024E	2025E	'22-25 CAGR
PECO	0.51	0.57	0.63	0.70	0.77	11.1%
ComEd	0.76	0.82	0.88	1.04	1.09	9.2%
BGE	0.46	0.48	0.51	0.54	0.58	5.8%
PHI/ACE/DPL	0.65	0.66	0.70	0.77	0.84	6.5%
Total regulated less parent EPS	**2.38**	**2.54**	**2.72**	**3.05**	**3.27**	**8.3%**

Source: Seaport Research Partners

EXC: 2023 and 2024 valuation ($)

EXC - 2023 SOTP	Metric	Multiple	Price	Anchor multiple	PE premium
2023 EPS: Regulated utilities	$2.72	20.0x	$54.24	19.0x	5%
2023 EPS: Corporate	($0.32)	20.0x	($6.38)	19.0x	5%
Equity value/share			**$47.86**		

EXC - 2024 SOTP	Metric	Multiple	Price	Anchor multiple	PE premium
2024 EPS: Regulated utilities	$3.05	17.6x	$53.83	18.0x	-2%
2024 EPS: Corporate	($0.34)	17.6x	($6.00)	18.0x	-2%
Equity value/share			**$47.83**		

Source: Seport Research Partners

EXC	2021E	2022E	2023E	2024E	2025E
EBITDA	6,812	7,197	7,622	8,243	8,734
Depreciation	3,193	3,353	3,519	3,691	3,869
Operational EBIT	3,619	3,843	4,103	4,552	4,866
Net interest expense	(1,264)	(1,315)	(1,393)	(1,457)	(1,501)
Ordinary Profit Before Tax	2,538	2,711	2,893	3,278	3,548
Income tax	(457)	(488)	(521)	(590)	(639)
Net profit	2,081	2,223	2,372	2,688	2,909
S/O (m)	980	983	988	993	998
EPS	**$2.12**	**$2.26**	**$2.40**	**$2.71**	**$2.92**
DPS	**$1.27**	**$1.35**	**$1.44**	**$1.58**	**$1.70**

Current assets	7,801	6,327	6,402	6,509	6,595
Property, plant, and equipm	65,791	69,468	73,124	77,008	80,790
Total assets	**86,187**	**88,390**	**92,121**	**96,112**	**99,980**
Current liabilities	6,210	6,210	6,210	6,210	6,210
Long-term debt	28,681	32,160	35,514	39,158	42,634
Shareholders' equity	24,483	23,065	22,800	22,505	22,253
Total liabilities and equity	**86,187**	**88,390**	**92,121**	**96,112**	**99,980**

Net income	2,081	2,223	2,372	2,688	2,909
Operating cashflow	**4,874**	**3,062**	**4,966**	**5,223**	**5,593**
Investing cashflow	**(6,600)**	**(6,930)**	**(7,075)**	**(7,475)**	**(7,550)**
Dividends paid	(1,246)	(1,320)	(1,415)	(1,561)	(1,688)
Financing cashflow	(3,035)	2,329	2,109	2,253	1,958
Change in cash	**(4,761)**	**(1,539)**	**0**	**0**	**0**
Cash at end of period	**2,239**	**700**	**700**	**700**	**700**

Exelon Corporation (EXC) Disclosures

I, Angie Storozynski, hereby certify: (1) that all of the views expressed in this report accurately reflect my personal views about any and all of the subject securities or issuers; and (2) that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

As with all employees of Seaport Global Securities LLC, a portion of our analysts' compensation is paid from the total collection of revenues from all areas of the firm including but not limited to Investment Banking and Sales and Trading departments. In no instance are research analysts' compensation directly derived from Investment Banking revenues.

Risks & Considerations for Exelon Corporation (EXC)

It's hard to predict the outcome of EXC's future rate cases: We assume that EXC's allowed ROE/equity ratios should remain unchanged in five ff its six jurisdictions (excl. IL/ComEd) though it's hard to predict the outcome of EXC's future rate cases even in the current inflationary environment.

ComEd's ROE remains linked to the 30 yr T yield until 2023: EXC's distribution ROE in IL (for ComEd) changes daily and is based on the 30 year T yield plus 580 bps. A recently adopted energy bill should break this formulaic ROE calculation starting in 2024 which in turn should result in a sharply higher allowed ROE for ComEd though we won't know the likely ROE/EPS uplift in IL until late 2023. It's hard for us to predict how ComEd's 2020 deferred prosecution agreement in IL should impact this future rate case in the state. Through the end of 2023, ComEd's allowed ROE will be driven by the 30 year T yield thus providing some inflationary protection.

Equity needs: EXC needs $1B in equity to support its 8% rate base growth for 2022-2025. For now, we'd expect the company to be able to rely mostly on internal equity programs (like DRIP), but it's unclear to us how management plans to address its equity needs.

Risks & Considerations for Constellation Energy Corp. (CEG)

Fwd power and/or capacity prices could fall, especially in PJM: Fwd power prices in PJM have risen sharply since the last PJM capacity auction, more than offsetting the drop in capacity prices. We are concerned about the outcome of the next capacity auction in PJM, for delivery years mid-2023 through mid-2024, which is scheduled for June 8, 2022. Our 2023-2025 EBITDA/FCF estimates assume flat capacity prices vs. the last auction, and we could see ~$100-150MM downside from lower capacity prices.

Forward retail margins could fall: We have limited visibility into CEG's retail margins, but they could be pressured by rising power/gas prices.

Operating risk of nuclear plants: CEG owns ~21GW of nuclear plants and a prolonged outage of any of the units could have a material impact on our EBITDA and FCF expectations. CEG's nuclear plants are aging and should require major maintenance in order to extend their operating licenses.

Other Companies Mentioned in This Report

- Ameren Corporation (AEE: $87.36)
- Constellation Energy Corp. (CEG: $46.07, Buy)

Price Target Metrics for Exelon Corporation (EXC)

20x 2023 EPS of $2.40 and 17.6x 2024 EPS of $2.71

Price Target Metrics for Constellation Energy Corp. (CEG)

Average of 6.5x 2024 EV/EBITDA and 18.5% 2024 FCF yield

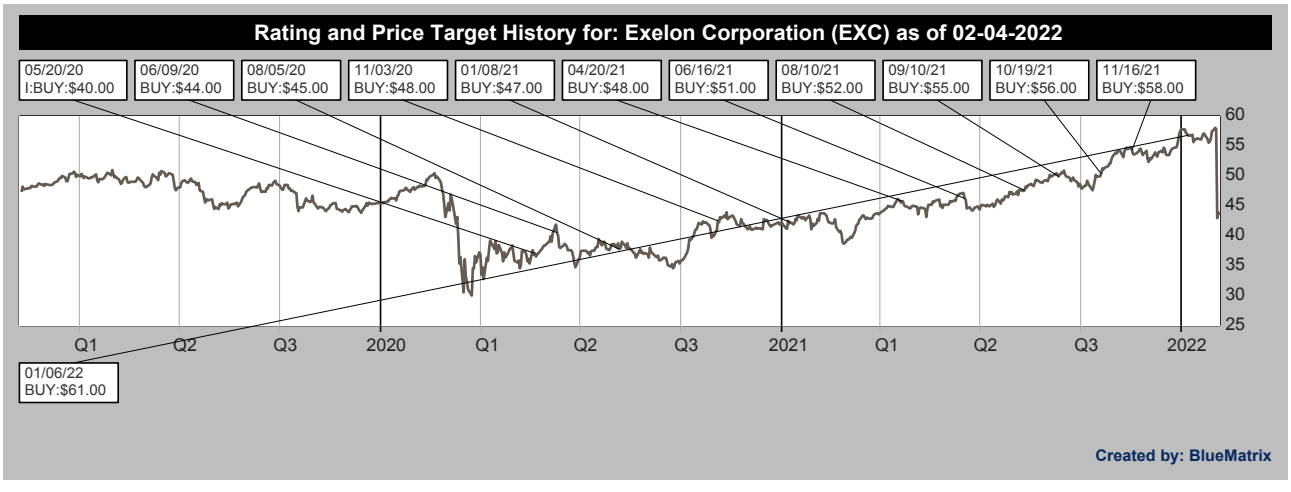

Please contact Seaport Global Securities LLC, for important disclosure information for covered companies. Contact the Director of Equity Research at (949) 274-8052 or write to Seaport Global Securities LLC, 600 Anton Boulevard, Suite 1700, Costa Mesa, CA 92626.

Clients should also refer to https://sgsecurities.bluematrix.com/sellside/Disclosures.action for price charts, as well as specific disclosures for covered companies.

Explanation of Ratings

Seaport Global Securities analyst ratings include (effective Feb. 1, 2017):

Buy - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Prior to Feb 1., 2017, Seaport Global Securities analyst ratings included:

Buy - The investment outlook and risk/reward over the following 12 months are very favorable on an absolute basis and relative to the peer group.
Speculative Buy - The investment outlook over the following 12 months is very favorable on an absolute basis and relative to the peer group, however, there is higher than average risk associated with the investment that could result in material loss.
Accumulate - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Reduce - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are very unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Ratings Distribution

	Research Coverage		Investment Banking Clients*		
Rating	Count	% of Total	Count	% of Total	% of Rating Category
Buy	145	62.2%	13	92.9%	9.0%
Neutral	87	37.3%	1	7.1%	1.1%
Sell	1	0.4%	0	0.0%	0.0%
Total	233	100.0%	14	100.0%	6.0%

*Investment banking clients are companies for which Seaport Global Securities LLC provided investment banking services to in the last 12 months.

Note: Ratings Distribution as of December 31, 2021

Seaport Global Securities LLC is a U.S. registered broker-dealer, member FINRA and SiPC. Seaport Research Partners LLC is a registered investment advisor. This material has been prepared by Seaport Research Partners, which provides brokerage services as a division (dba Seaport Research Partners) of Seaport Global Securities LLC, and provides investment advisory services through Seaport Research Partners LLC. Seaport Global Securities LLC and Seaport Research Partners LLC are subsidiaries of Seaport Global Holdings LLC. Seaport Global Securities LLC and Seaport Research Partners LLC employ appropriate expertise, and in the belief that it is fair and not misleading. Seaport Global is the global brand name for Seaport Global Securities LLC ("SPGS") and its affiliates worldwide. Information, opinions or recommendations contained in the reports and updates are submitted solely for advisory and information purposes. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified. Therefore, we cannot guarantee its accuracy. Additional and supporting information is available upon request. This is neither an offer nor solicitation of an offer to buy or sell any security or investment. Any opinions or estimates constitute our best judgment as of this date, and are subject to change without notice. Not all products and services are available outside of the US or in all US states. © 2022. Seaport Global Securities LLC. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of SPGS. SPGS specifically prohibits the re-distribution of this report, via the Internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.

For Canadian Investors:

Seaport Global Securities LLC, is not registered in Canada, but relies on the International Dealer Exemption in each province. This report was not prepared in accordance with Canadian research disclosure requirements. The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

For UK and European Investors:

MARKETING COMMUNICATION

The Seaport Group Europe LLP ("SGE") and Sea Port Group Securities (Europe) LLP ("SPGSE") are authorized and regulated by the Financial Conduct Authority. Due to their size and structure, their analysts may represent the interests of the firm or of companies referred to in its research. As a result, SGE or SPGSE does not hold its research out as being impartial. This research is non-independent and is classified as a Marketing Communication under the FCA's rule COBS 12.2.18. As such it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research in COBS 12.2.21. However, SGE and SPGSE have adopted internal procedures which prohibit employees from dealing ahead of the publication of non- independent research, except for legitimate market making and fulfilling clients' unsolicited orders.

Analysts may forward a draft copy of the non-independent research, prior to publication, to the subject company in order to verify facts. Where such verification is sought, the analyst must remove any rating or investment summary from the non-independent research prior to forwarding it to the subject company. Any subsequent

amendments to the non-independent research are to correct factual inaccuracies only. Any matters of judgment are the author's own and our analysts will not amend the non-independent research on the basis of an issuer's contrary view.

Price targets or Projections

Price targets or projections, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target or projection may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimate. Past performance is not indicative of future performance.

DISCLAIMERS

This material is: (i) for your private information, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any investments or other related financial instruments in any jurisdiction where such offer or solicitation would be illegal; and (iii) is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Opinions expressed are current opinions as of the original publication date appearing on this material only and the information, including the opinions contained herein, are subject to change without notice. Members of Seaport Global may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, members of Seaport Global, and / or its officers, directors and employees, may, from time to time, have long or short positions in, and buy or sell, the investments, securities, derivatives (including options) or other related financial instruments thereof, of companies mentioned herein, or related investments, securities, derivatives or other related financial instruments. In addition, members of Seaport Global may act as a market maker and principal, willing to buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein. Further, members of Seaport Global may buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. SGE, SPGSE and other non-US members of Seaport Global, their officers, directors and employees may, to the extent it relates to non-US issuers and is permitted by applicable law, have acted upon or used this material immediately following, its publication.

The securities described herein may not have been registered under the U.S. Securities Act of 1933 (“ACT”) , and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act.

Unless governing law permits otherwise, you must contact a Seaport Global entity in your home jurisdiction if you want to use our services in effecting a transaction in the investments, securities or other related financial instruments mentioned in this material.

This publication has been approved for distribution in the United Kingdom by The Seaport Group Europe LLP and Sea Port Group Securities (Europe) LLP, which are authorized and regulated by the Financial Conduct Authority (FCA). It is intended only for investors who are professional clients and eligible counterparties as defined by the FCA, and may not, therefore, be redistributed to other classes of investors.

The Seaport Group Europe LLP, Sea Port Group Securities (Europe) LLP and other Seaport Global entities manage conflicts identified through the following: their Information Barrier Wall, confidentiality and conflicts of interest policies, maintenance of a Restricted List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of investments, securities or other related financial instruments and disclosure to clients via client documentation.

Scotiabank
Global Equity Research

Daily Edge | Pre-market
Monday, February 7, 2022

Analyst Team Link to ScotiaView

Andrew Weisel, CFA | Analyst
Scotia Capital (USA) Inc. | 212-225-5266

Pertinent Data

Rating	**Sector Perform**
1-Yr. Target	**US$44.00**
EXC-Q	US$43.52
1-Yr. Return	4.3%
Div. (NTM)	$1.40
Div. (Curr.)	$1.53
Yield (Curr.)	3.5%
Quant Ranking	78

Valuation: 17.1x our 2024 EPS estimate

Pertinent Revisions

	New	Old
Rating	SP	SO
1-Yr. Target	US$44.00	US$55.00
Adj EPS22E	$2.28	$3.11
Adj EPS23E	$2.42	$3.14

New Valuation: 17.1x our 2024 EPS estimate

Old Valuation: SoTP, using ~80% regulated utilities (17.1x 2024E EPS) and ~20% merchant power (7x 2024E EBITDA)

Capitalization

Market Cap. (M)	$42,519
Enterprise Value (M)	$81,198
Shares O/S (M)	977

Volume and Closing Price for EXC-Q

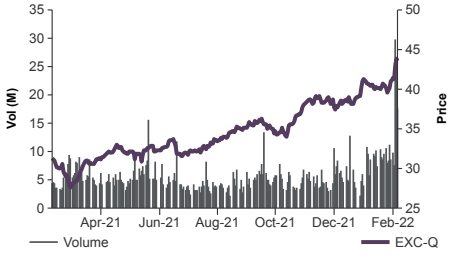

Source: FactSet.

Utilities & Energy Infrastructure

Exelon Corporation

EXC-Q: US$43.52 **Target:** US$44.00 ▼ Old: US$55.00 **Rating:** Sector Perform ▼ Old: Sector Outperform

The Less We Get Together, the Happier We'll Be; D/G to Sector Perform after Value-Unlocking Spinoff

OUR TAKE: Positive. After years of underperformance, EXC shares have now materially outperformed both utility peers and the broader market over the past year, going into last week's spinoff. We credit management for ripping off the Band-Aid after perpetually defending the diversified utility business model. Which is not to say it was a mistake historically, but today's market clearly prefers the two entities à la carte. That said, we now see the pure-play Exelon (RemainCo) as fairly valued vs. peers. EXC trades at approximately parity with the median of our coverage, which we see as reasonable but full. Following the spinoff of Constellation (CEG, not covered), we see better value elsewhere and downgrade EXC to Sector Perform. We reduce our TP to $44 (from $55) and lower our EPS estimates by ~25% per year to reflect the spinoff and updated RemainCo financial guidance from last month's analyst day.

KEY POINTS

We remain positive on EXC's fundamentals… We're drawn to the materially de-risked portfolio that EXC retains after the Constellation spinoff. RemainCo will have much better visibility into above-average EPS/DPS growth of 6%-8% as it will no longer be at the mercy of commodity markets. More importantly, EXC will no longer be directly impacted by inefficient and unstable energy and capacity markets, hurt by inconsistent policymakers (grid operators, politicians, and regulators). We like the favorable regulatory recovery mechanisms and revenue decoupling for most EXC utility subs, which have helped the company to achieve strong earned ROEs of ~9.5%. The quiet near-term rate case calendar also limits regulatory risks. We credit the company for materially-improved operations over the past decade, helped in part by aggressive investments in infrastructure and sharing of best practices after each of the company's acquisitions. Lastly, we see value in EXC's minimal direct emissions profile and EV-friendly urban footprint. For more of our fundamental analysis, please see our recent report, *The Calm Before the Split* (link).

… But EXC's relative valuation now seems full. We see EXC trading at a 2% P/E discount vs. the median of our coverage on 2024 EPS, slighlty rich versus our target relative discount of 5%. We see upside to that target as being more credible than downside. We believe that the appeal of above-average EPS/DPS growth and a quiet rate case outlook is offset by uncertainty about the regulatory construct in IL, challenging regulatory environments in several jurisdictions, and the ESG "ding" from the ComEd bribery scandal. Many investors with whom we've recently spoken have generally expressed that EXC should trade around parity with utility peers, +/- 10%.

The spinoff was an unambiguous success. Prior to the February 24, 2021 announcement of

Qtly Adj EPS (FD)	Q1	Q2	Q3	Q4	Year	Price/Adj. EPS
2020A	$0.87	$0.55	$1.04	$0.76	$3.22	13.1x
2021E	$-0.06A	$0.89A	$1.09A	$0.83	$2.75	21.0x
2022E	$0.48	$0.50	$0.88	$0.43	$2.28	19.1x
2023E	$0.54	$0.64	$1.06	$0.19	$2.42	17.9x

(FY-Dec.)	2019A	2020A	2021E	2022E	2023E
EPS Growth (y/y)	3.3%	0.1%	(14.7)%	(17.0)%	6.2%
Dividends per Share	$1.45	$1.53	$1.53	$1.35	$1.44
DPS Growth (y/y)	5.1%	5.5%	0.0%	(11.8)%	7.0%

Historical price multiple calculations use FYE prices. All values in US$ unless otherwise indicated.
Source: FactSet; company reports; Scotiabank GBM estimates.

Production: February 4, 2022, 17:51 ET. Dissemination: February 7, 2022, 06:23 ET.

For Reg AC Certification and important disclosures see Appendix A of this report. Analysts employed by non-U.S. affiliates are not registered/qualified as research analysts with FINRA in the U.S. unless otherwise noted within this report.

the spinoff, EXC had chronically underperformed utility peers and the market, lagging the XLU and S&P 500 on a then-trailing 1/3/10 year basis (EXC did outperform the XLU on a 5-year basis). However, since the announcement nearly a year ago, EXC shares have outperformed peers and the market by ~40% each (adjusting for the spinoff). See Exhibit 1 below. We credit the outperformance to a combination of factors, primarily impacting the now-spun Constellation. Recent IL legislation will provide financial support for the struggling nukes, several of which were set to be retired for economic reasons without the support. We also see Constellation's nuclear fleet as arguably the best-positioned portfolio in the country to benefit from both the rising gas price environment and potential clean energy policy changes out of D.C. While Build Back Better appears to be "dead," we continue to believe that federal financial support for existing nuclear capacity is likely, presumably in the form of production tax credits. We see CEG trading at >8x EV/EBITDA multiple vs. IPP peers NRG and VST at <8x and ~6.5x, respectively (based on consensus). We can explain the premium by pointing to CEG's zero-emission generation profile, long-lived assets with likely 20-year license extensions across the portfolio, strong FCF generation, and presumably a lower beta than other IPP or energy peers.

Exhibit 1 - EXC Had Consistently Underperformed Utilities and the S&P 500, but the Past Year has Seen a Major Reversal

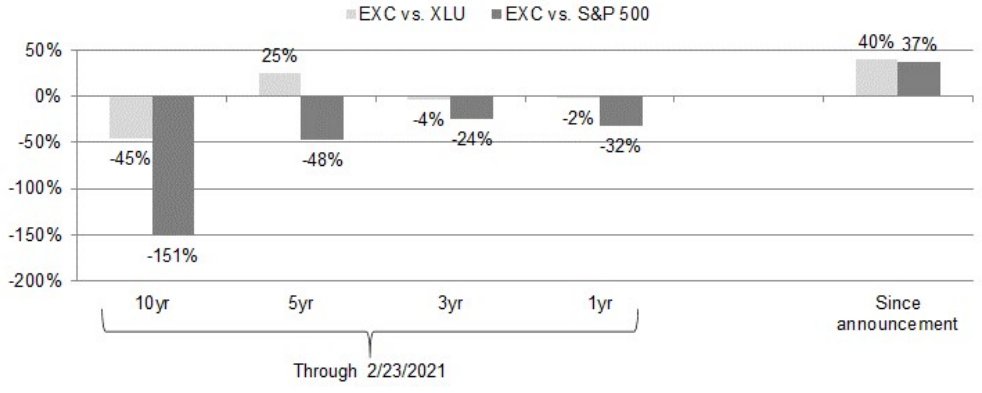

Source: Factset, Scotiabank GBM

We reduce our estimates and target price to reflect the spinoff, and downgrade to reflect limited upside for RemainCo. We lower our EPS estimates by 20%-25% per year to reflect the absence of contribution from ExGen. Our new forecasts call for growth of 7.2%, better than peers at ~6% and slightly ahead of consensus of 6.8% and the guidance midpoint of 7.0%.

Exhibit 2 - Our Estimates Call for >7% EPS Growth

	2022E	2023E	2024E	2025E	'21-'25 CAGR
Guidance	**$2.18-2.32**	**$2.25-2.55**	**$2.35-2.65**	**6%-8%****	
Midpoint	2.25	2.40	2.50	2.75**	
Scotia	**2.28**	**2.42**	**2.55**	**2.78**	
diff	*1.5%*	*1.0%*	*1.9%*	*1.0%*	
Consensus*	**2.25**	**2.40**	**2.56**	**2.74**	
diff	*1.5%*	*1.0%*	*(0.4%)*	*1.2%*	
Y/Y - Scotia	***8.8%***	***6.2%***	***5.1%***	***8.9%***	***7.2%***
Y/Y - guidance	*7.1%*	*6.7%*	*4.2%*	*10.0%*	***7.0%***
Y/Y - consensus	*6.6%*	*6.7%*	*6.7%*	*7.2%*	***6.8%***

Notes: *Excludes estimates which appear to include ExGen/Constellation. **EPS guidance isn't provided for 2025; $2.75 represents a 7% CAGR from 2021 EPS.

Source: FactSet, Company reports, Scotiabank GBM estimates.

Scenario Analysis Utilities & Energy Infrastructure

Monday, February 7, 2022

Exelon Corporation (EXC-Q; US$44.00; SP)

1-Year Target/Bull Case/Bear Case Scenarios

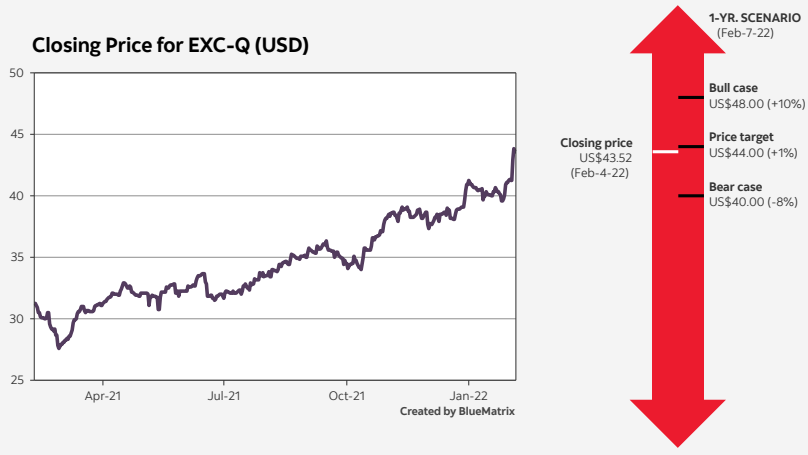

Source: FactSet; Scotiabank GBM estimates.

Bull Case (US$48.00)

18.8x our 2024 EPS estimate, representing a 5% premium to our sector anchor P/E of 18.0x.

Base Case/Target (US$44.00)

17.1x our 2024 EPS estimate, representing a 5% discount to our sector anchor P/E of 18.0x.

Bear Case (US$40.00)

15.7x our 2024 EPS estimate, representing a 13% discount to our sector anchor P/E of 18.0x.

Investment Thesis

We're drawn to the materially de-risked portfolio that EXC retains after the CEG spinoff. RemainCo will have much better visibility into above-average EPS/DPS growth of 6%-8% as it will no longer be at the mercy of commodity markets. We like the favorable regulatory recovery mechanisms and revenue decoupling for most EXC utility subs, which have helped the company to achieve strong earned ROEs of ~9.5%. The quiet near-term rate case calendar also limits regulatory risks. However, we see the valuation as fair. We believe that the appeal of above-average EPS/DPS growth and a quiet rate case outlook is offset by uncertainty about the regulatory construct in IL, challenging regulatory environments in several jurisdictions, and the ESG "ding" from the ComEd bribery scandal.

Risks

Uncertainty about the regulatory construct in IL.

A typically busy slate of rate cases across various regulatory jurisdictions diversifies risk, but results in seemingly perpetual regulatory and headline risks.

Some ESG funds may hold the ComEd bribery scandal against the company for years.

Key Drivers

Continued execution of the robust capital spending program.

Maintaining regulatory relationships and navigating the regulatory calendar to support strong earned ROEs.

Ongoing cost controls.

Potential for M&A.

Company Description

Exelon Corporation (EXC) has the largest number of utility customers in the United States. Exelon's six utilities deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey, and Pennsylvania through its Atlantic City Electric (ACE), Baltimore Gas and Electric Company (BGE), ComEd, Delmarva Power, PECO Energy Company, and Pepco Holdings Inc. (PHI) subsidiaries.

Stock Catalysts and Timing

Ongoing management of the regulatory calendar.

Ongoing updates on cost savings initiatives.

Appendix A: Important Disclosures

I, Andrew Weisel, certify that (1) the views expressed in this report in connection with securities or issuers that I analyze accurately reflect my personal views and (2) no part of my compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by me in this report.

This document has been prepared by Research Analysts employed by The Bank of Nova Scotia and/or its affiliates. The Bank of Nova Scotia, its subsidiaries, branches and affiliates are referred to herein as "Scotiabank." "Scotiabank" together with "Global Banking and Markets" is the marketing name of the global corporate and investment banking and capital markets business of The Bank of Nova Scotia and its affiliates. Scotiabank, Global Banking and Markets produces research reports under a single marketing identity referred to as "globally branded research" under U.S. rules. This research is produced on a single global research platform with one set of rules which meet the most stringent standards set by regulators in the various jurisdictions in which the research reports are produced. In addition, the Research Analysts who produce the research reports, regardless of location, are subject to one set of policies designed to meet the most stringent rules established by regulators in the various jurisdictions where the research reports are produced.

Scotiabank relies on information barriers to control the flow of non-public or proprietary information contained in one or more areas within Scotiabank into other areas, units, groups or affiliates of Scotiabank. In addition, Scotiabank has implemented procedures to prevent research independence being compromised by any interactions they may have with other business areas of The Bank of Nova Scotia. The compensation of the Research Analyst who prepared this document is determined exclusively by Scotiabank Research Management and senior management (not including investment or corporate banking).

Research Analyst compensation is not based on investment or corporate banking revenues; however, compensation may relate to the revenues of Scotiabank as a whole, of which investment banking, corporate banking, sales and trading are a part. Scotiabank Research will initiate, update and cease coverage solely at the discretion of Scotiabank Research Management. Scotiabank Research has independent supervisory oversight and does not report to the corporate or investment banking functions of Scotiabank.

For Scotiabank, Global Banking and Markets Research Analyst Standards and Disclosure Policies, please visit www.gbm.scotiabank.com/disclosures.

For additional questions, please contact Scotiabank, Global Banking and Markets Research, 4 King St W, 12th Flr, Toronto, Ontario, M5H 1A1.

Time of dissemination: February 7, 2022, 06:23 ET. Time of production: February 4, 2022, 17:51 ET. Note: Time of dissemination is defined as the time at which the document was disseminated to clients. Time of production is defined as the time at which the Supervisory Analyst approved the document.

Rating and Price Target History

Exelon Corporation (EXC-Q) as of February 04, 2022 (in USD)

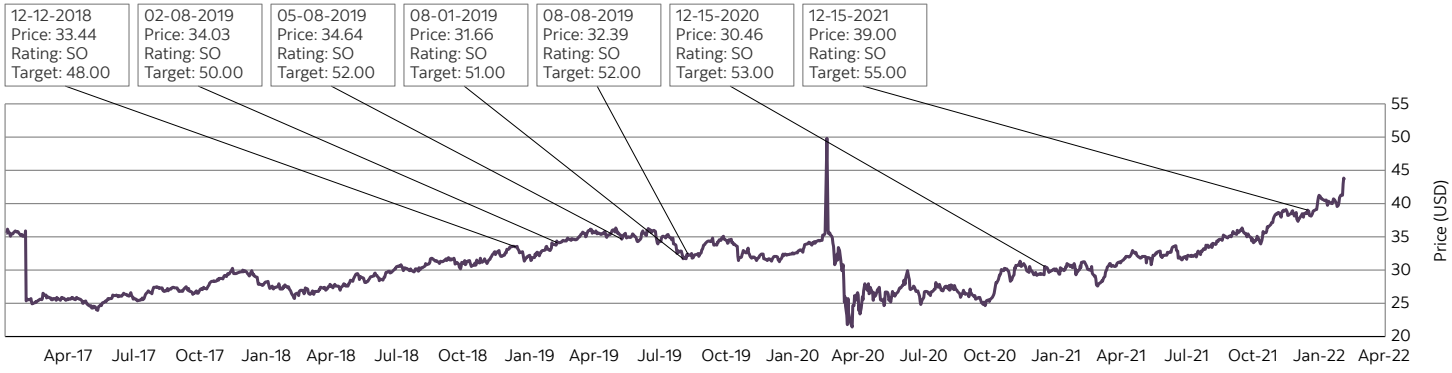

*Represents the value(s) that changed.
Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
Source: Scotiabank GBM estimates; FactSet.

Definition of Scotiabank, Global Banking and Markets Equity Research Ratings

Scotiabank has a three-tiered rating system, with ratings of Sector Outperform, Sector Perform, and Sector Underperform. Each Research Analyst assigns a rating that is relative to his or her coverage universe or an index identified by the Research Analyst that includes, but is not limited to, stocks covered by the Research Analyst.

The rating assigned to each security covered in this report is based on the Scotiabank, Global Banking and Markets Research Analyst's 12-month view on the security. Research Analysts may sometimes express in research reports shorter-term views on these securities that may impact the price of the equity security in a manner directly counter to the Research Analyst's 12-month view. These shorter-term views are based upon catalysts or events that may have a shorter-term impact on the market price of the equity securities discussed in research reports, including but not limited to the inherent volatility of the marketplace. Any such shorter-term views expressed in research report are distinct from and do not affect the Research Analyst's 12-month view and are clearly noted as such.

Ratings

Sector Outperform (SO)
The stock is expected to outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Perform (SP)
The stock is expected to perform approximately in line with the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Underperform (SU)
The stock is expected to underperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Focus Stock (FS)
As of April 29, 2019, Scotiabank GBM discontinued the Focus Stock rating. A stock assigned this rating represented an analyst's best idea(s); stocks in this category were expected to significantly outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that included, but was not limited to, stocks covered by the analyst.

Other Ratings

Under Review – The rating has been temporarily placed under review, until sufficient information has been received and assessed by the analyst.

Tender – As of January 25, 2021, Scotiabank GBM discontinued the Tender rating.

Risk Ranking
The Speculative risk ranking reflects exceptionally high financial and/or operational risk, exceptionally low predictability of financial results, and exceptionally high stock volatility. The Director of Research and the Supervisory Analyst jointly make the final determination of the Speculative risk ranking.

Ratings Distribution

As of January 31, 2022

	Companies Rated in Each Category		Investment Banking Service Provided in the Last 12 Months	
Rating	**Count**	**Percentage**	**Count**	**Percentage**
Sector Outperform	269	50%	93	35%
Sector Perform	237	44%	67	28%
Sector Underperform	29	5%	1	3%

For the purposes of the ratings distribution disclosure FINRA requires members who use a ratings system with terms different than "buy," "hold/neutral" and "sell," to equate their own ratings into these categories. Our Sector Outperform, Sector Perform, and Sector Underperform ratings are based on the criteria above, but for this purpose could be equated to buy, neutral and sell ratings, respectively.

General Disclosures

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Scotiabank to any registration or licensing requirement within such jurisdiction. It is published solely for information purposes; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy.

No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in this document except with respect to information concerning Bank of Nova Scotia (TSX: BNS; NYSE: BNS). This document is not intended to be a complete statement or summary of the securities, markets or developments referred to in this document. Scotiabank does not undertake to update or keep current the information contained herein, nor make any commitment as to the frequency of publication.

If you are affected by MiFID II, you must advise us in writing at trade_supervision@scotiabank.com.

Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Scotiabank. Any statements contained in this document attributed to a third party represent Scotiabank's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. Investments involve risks, and investors should exercise prudence and their own independent judgement in making their investment decisions and carefully consider any risks involved.

The financial instruments that may be described in this document may not be eligible for sale in all jurisdictions or to certain categories of investors. Instruments such as options, derivative products, and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price, or income of any security or related instrument referred to in this document. For investment advice, trade execution, or other enquiries, clients should contact their local sales representative. The value of any investment or income may go down as well as up, and investors may not get back the full amount invested. Past performance is not necessarily a guide to future performance.

To the full extent permitted by law, neither Scotiabank nor any of its directors, employees or agents accepts any liability whatsoever for any direct or consequential loss arising from any use of the information or this document. Nothing in this document constitutes financial, investment, tax, accounting or legal advice. Investors should seek their own legal, financial and tax advice regarding the appropriateness of investing in any securities or pursuing any strategies discussed in the document. Any prices stated in this document are for information purposes only and do not represent real-time valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect Scotiabank's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Scotiabank or any other source may yield substantially different results. All pricing of securities in reports is based on the closing price of the securities' principal marketplace on the night before the publication date, unless otherwise explicitly stated.

The Research Analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information.

In the normal course of offering investment and banking products and services to clients, Scotiabank may act in several capacities (including issuer, market maker, underwriter, distributor, index sponsor, swap counterparty, and calculation agent) simultaneously with respect to a product, giving rise to potential conflicts of interest. Scotiabank uses controls such as information barriers to manage conflicts should they arise. Scotiabank and its affiliates, officers, directors, and employees may have long or short positions (including hedging and trading positions), trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Recipients of this document should expect that Scotiabank will from time to time perform services (including investment banking or capital market services) in connection with the services and activities described in this document and that they may perform services for and engage in transactions with other market participants, including the issuers of certain of the investments underlying the transactions herein.

The information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the information, conduct independent due diligence when making an investment decision and consider the appropriateness of the information, having regard to their objectives, financial situation and needs. For further information, please contact your sales representative.

Scotiabank specifically prohibits the redistribution of this document in whole or in part without Scotiabank's prior written permission, and Scotiabank accepts no liability whatsoever for the actions of third parties in this respect. Images may depict objects or elements that are protected by third-party copyright, trademarks and other intellectual property rights.

Equity research reports published by Scotiabank are initially and simultaneously made available electronically to intended recipients through its proprietary research website, ScotiaView, e-mail, and through third-party aggregators. The mediums in which research is disseminated to clients may vary depending on client preference as to the frequency and manner of receiving research reports. Institutional clients with questions regarding distribution of equity research or who wish to access the proprietary model used to produce this report should contact Scotiabank at 1-800-208-7666.

A list of all investment recommendations in an equity security or issuer that have been disseminated during the preceding 12 months is available at the following location: www.gbm.scotiabank.com/disclosures.

Additional Disclosures

Australia: This report is provided in Australia by the Bank of Nova Scotia, an APRA-regulated Authorised Deposit-Taking Institution (Foreign Bank ADI) holding an Australian Financial Services License (AFSL).

Canada: Distributed to eligible Canadian persons by Scotia Capital Inc., a registered investment dealer in Canada.

Chile: This report is distributed by Scotia Corredora de Bolsa Chile Limitada, a subsidiary of The Bank of Nova Scotia.

Colombia: This report is distributed in Colombia by Scotiabank Colpatria, S.A. as authorized by the Superintendencia Financiera de Colombia to The Bank of Nova Scotia ("Scotiabank"). Scotiabank and Scotia Capital Inc. promote and advertise their products and services through Scotiabank Colpatria, S.A. This document does not contain any type of investment advice nor does it aim to provide advice. This report is prepared by analysts employed by The Bank of Nova Scotia and certain of its affiliates, including Scotia Capital Inc.

Hong Kong: This report is distributed by The Bank of Nova Scotia Hong Kong Branch, which is authorized by the Securities and Future Commission to conduct Type 1, Type 4 and Type 6 regulated activities and regulated by the Hong Kong Monetary Authority.

Japan: This research report is provided for information purposes only and it is not intended to solicit any orders for securities transactions or commodities futures contracts. While we believe that the data and information contained in this research report are obtained from reliable sources, we do not guarantee the accuracy or completeness of the data and information.

Mexico: The information contained in this report is for informational purposes only and is not intended to influence the decision of the addressee in any way whatsoever with respect to an investment in a certain type of security, financial instrument, commodity, futures contract, issuer, or market, and is not to be construed as an offer to sell or a solicitation of an offer to buy any securities or commodities futures contracts. Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, is not responsible for the outcome of any investment performed based on the contents of this research report.

Peru: This report is distributed by Scotiabank Peru SAA, a subsidiary of The Bank of Nova Scotia. This report is prepared by analysts employed by The Bank of Nova Scotia and certain of its affiliates, including Scotia Capital Inc.

Singapore: For investors in the Republic of Singapore, this document is provided via an arrangement with BNS Asia Limited pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act (Chapter 289 of Singapore). If there are any matters arising from, or in connection with this material, please contact BNS Asia Limited, located at 1 Raffles Quay, #20-01 North Tower, One Raffles Quay, Singapore 048583, telephone: +65 6305 8388.

This document is intended for general circulation only and any recommendation that may be contained in this document concerning an investment product does not take into account the specific investment objectives, financial situation, or particular needs of any particular person, and advice should be sought from a financial adviser based in Singapore regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation, or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

BNS Asia Limited and/or its affiliates may have in the past done business with or may currently be doing or seeking to do business with the companies or issuers covered in this report. The information provided or to be provided or actions taken by or to be taken by BNS Asia Limited and/or its affiliates in such circumstances may be different from or contrary to the discussion set out in this report.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is distributed by Scotiabank Europe plc to persons who are eligible counterparties or professional clients. Scotiabank Europe plc is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

United States: United States: Distributed to U.S. persons by Scotia Capital (USA) Inc. or by an authorized subsidiary or affiliate of The Bank of Nova Scotia that is not registered as a U.S. broker-dealer (a 'non-U.S. affiliate') to major U.S. institutional investors only. Scotia Capital (USA) Inc. accepts responsibility for the content of a document prepared by its non-U.S. affiliate (s) when distributed to U.S. persons by Scotia Capital (USA) Inc. To the extent that a U.S. person wishes to transact in the securities mentioned in this document through Scotiabank, such transactions must be effected through Scotia Capital (USA) Inc., and not through a non-U.S. affiliate. The information in this document

has not been approved, disapproved, or recommended by the U.S. Securities and Exchange Commission ("SEC"), any state securities commission in the United States or any other U.S. or non-U.S. regulatory authority. None of these authorities has passed on or endorsed the merits or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable. Scotiabank, together with "Global Banking and Markets," is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including Scotia Capital Inc., Scotia Capital (USA) Inc., Scotiabank Europe plc, Scotiabank (Ireland) Designated Activity Company, Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank Group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability. Scotia Capital Inc. is a member of the Canadian Investor Protection Fund and regulated by the Investment Industry Regulatory Organization of Canada. Scotia Capital (USA) Inc. is a broker-dealer registered with the SEC and is a member of FINRA, NYSE, NFA and SIPC. Scotiabank Europe plc is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat , Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

© The Bank of Nova Scotia 2022
This report and all the information, opinions, and conclusions contained in it are protected by copyright. This report may not be reproduced in whole or in part, or referred to in any manner whatsoever, nor may the information, opinions, and conclusions contained in it be referred to without the prior, express consent of Scotiabank, Global Banking and Markets. The Bank of Nova Scotia, Scotiabank, and Global Banking and Markets logo and names are among the registered and unregistered trademarks of The Bank of Nova Scotia. All rights reserved.

KeyBanc Capital Markets

Energy: Electric Utilities

Company Update / Estimates Change / Price Target Change

Exelon Corporation

EXC: Refreshing Estimates to Reflect Constellation Spin; Maintain Overweight

We are updating our EXC estimates and price target to reflect the recent spin of the merchant business into Constellation Energy. As we outlined in our recent upgrade, we view the separation of EXC and CEG as value enhancing for EXC as it creates a premium T&D utility. We are valuing EXC at a 2x premium to our fair value multiple of 18.2x. Thus, our $49 price target is predicated on 20.2x 2023E EPS of $2.41.

Key Investment Points

We are adjusting our estimates for 2022 and beyond to exclude the contribution from the merchant segment that was spun out on February 1. See our detailed thesis on EXC included in our preview (slide 13).

Figure 1 - Price Target Derivation

Exelon Corp (EXC)	
2023E Adj. EPS	$2.41
Sector Multiple	18.2x
EXC Premium	2.0x
EXC Specific Multiple	20.2x
Rounded Price Target	**$49.00**
Current Price	$43.52
Price Return	12.6%
FY22E Dividend	$1.65
Dividend Yield	3.8%
Expected Total Return	**16.4%**

Source: Company reports, KeyBanc Capital Markets Inc. estimates

Estimates

FY ends 12/31	F2020A	1Q21A	2Q21A	3Q21A	4Q21E	F2021E	F2022E
EPS (Net)	**$2.80**	**$(0.06)**	**$0.89**	**$1.09**	**$0.88**	**$2.80**	**$2.25**
Cons. EPS	--	--	--	--	*$0.88*	*$2.81*	*$2.46*
Previous	--	--	--	--	--	--	$3.14
Revenue (M)	**$33,039.0**	**$9,890.0**	**$7,915.0**	**$8,910.0**	**$8,581.3**	**$35,296.3**	**$17,997.0**
Cons. Revenue	--	--	--	--	*$6,706.6*	*$33,764.4*	*$17,570.1*
Previous	--	--	--	--	$8,579.8	$35,294.8	$35,482.4
Valuation							
P/E	15.6x	--	--	--	--	15.6x	19.3x

Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

Sophie Karp / (917) 368-2361
sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354
sangita.jain@key.com
Michael Pelletier / (917) 368-2306
michael.pelletier@key.com

NYSE: EXC

Rating:	**Overweight**
Price Target:	**$49.00(▼from $68.00)**
Price:	**$43.52**

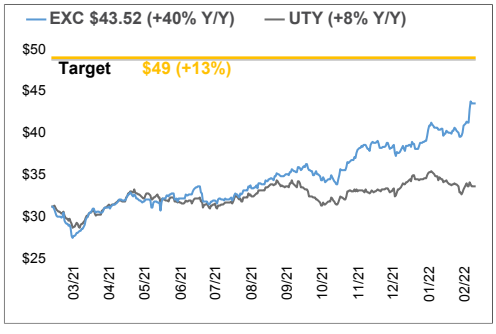

Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

Company Data

52-week range	$27 - $43
YTD Price % Chg.	4.1%
Market Cap. (M)	$42,366.7
Shares Out. (M)	973.50
Enterprise Value (M)	$61,495.7
Avg. Daily Volume (30D)	25,582,945.0
Annual Dividend	$1.64
Dividend Yield	3.8%
Float	975.64
Total Debt (M)	$26,761.0
Total cash & equivalents (M)	$7,606.0
Minority interest	$(26.0)
Book Value/Share	$25.55

Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Valuation

Exelon Corporation (EXC)
Based on a stock price of $43.52 and our 2023E EPS of $2.41, shares of EXC are trading at a P/E ratio of ~18x, in line with Integrated Utilities trading at ~18x. Our Overweight rating and $49 price target assume that EXC can trade at a 2x premium to our fair value sector multiple of 18.2x.

Investment Risks

Exelon Corporation (EXC)
EXC's regulated utilities are exposed to a number of risks, including regulatory risk in its jurisdictions and on the federal level, weather variations affecting electricity demand and the reliability of its system, interest rate risk affecting its cost of capital, and macroeconomic risk as underlying economic activity affects demand for electric power and gas. Should the impacts of these risks be greater than we currently anticipate, the Company and the shares may underperform relative to our expectations. Conversely, should the impact of these risks be less than currently anticipated, the Company and the shares may outperform relative to our current expectations. These risks could impede the stock from achieving our price target.

EXC SUMMARY EARNINGS MODEL

$mm except per share data	2019A	2020E	1QA	2QA	3QA	4QE	2021E	2022E	2023E	2024E	2025E
INCOME STATEMENT ITEMS											
Revenues:											
Regulated	28,691.0	27,136.0	8,355.0	6,398.0	7,121.0	7,238.6	29,112.6	11,865.0	12,274.3	12,629.4	13,004.0
Non-Regulated	5,747.0	5,903.0	1,535.0	1,517.0	1,789.0	1,342.7	6,183.7	6,132.0	6,355.1	6,607.7	6,852.2
Total	**34,438.0**	**33,039.0**	**9,890.0**	**7,915.0**	**8,910.0**	**8,581.3**	**35,296.3**	**17,997.0**	**18,629.4**	**19,237.1**	**19,856.1**
Expenses:											
Fuel	15,496.0	14,103.0	5,968.0	3,016.0	3,033.0	3,943.0	15,960.0	6,102.0	6,102.0	6,102.0	6,102.0
Purchased Power	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Cost of Sales											
Operating & Maintenance	8,616.0	9,408.0	1,979.0	2,447.0	1,992.0	1,582.4	8,000.4	4,180.2	4,170.1	4,160.1	4,150.0
Depreciation & Amortization	4,252.0	5,013.0	1,697.0	1,666.0	1,624.0	1,285.3	6,272.3	2,239.8	2,468.8	2,705.4	2,947.2
Taxes other than Income	1,732.0	1,714.0	438.0	432.0	468.0	286.4	1,624.4	1,234.5	1,246.9	1,259.4	1,271.9
Other Operating Costs	(18.0)	(24.0)	(71.0)	(12.0)	0.0	0.0	(83.0)	0.0	0.0	0.0	0.0
Operating Income	**4,360.0**	**2,825.0**	**(121.0)**	**366.0**	**1,793.0**	**1,484.2**	**3,522.2**	**4,240.4**	**4,641.5**	**5,010.3**	**5,384.9**
Other Income/(Expenses)	1,228.0	1,144.0	225.0	581.0	10.0	0.0	816.0	0.0	0.0	0.0	0.0
Interest Charges	1,616.0	1,636.0	386.0	396.0	397.0	387.7	1,566.7	1,437.1	1,632.5	1,755.5	1,881.7
EBT	**3,972.0**	**2,333.0**	**(282.0)**	**551.0**	**1,406.0**	**1,096.5**	**2,771.5**	**2,803.3**	**3,009.0**	**3,254.8**	**3,503.2**
Income Taxes	773.0	373.0	(18.0)	74.0	174.0	230.3	460.3	588.7	631.9	683.5	735.7
Other Income/(Expenses)	(104.0)	4.0	(26.0)	(76.0)	(29.0)	0.0	(131.0)	0.0	0.0	0.0	0.0
Net Income, GAAP	**3,095.0**	**1,964.0**	**(290.0)**	**401.0**	**1,203.0**	**866.2**	**2,180.2**	**2,214.6**	**2,377.1**	**2,571.3**	**2,767.5**
Non-Operating Adjustments	(203.0)	(767.0)	(223.0)	(468.0)	133.0	0.0	(558.0)	0.0	0.0	0.0	0.0
Adjusted Net Income	**2,892.0**	**1,197.0**	**(513.0)**	**(67.0)**	**1,336.0**	**866.2**	**1,622.2**	**2,214.6**	**2,377.1**	**2,571.3**	**2,767.5**
Adj. EPS	**$3.22**	**$2.80**	**($0.06)**	**$0.89**	**$1.09**	**$0.88**	**$2.80**	**$2.25**	**$2.41**	**$2.60**	**$2.79**
Utility EPS	$2.13	$2.01	$0.72	$0.50	$0.66	$0.43	$2.32	$2.57	$2.79	$2.98	$3.17
Adj. DPS	$1.45	$1.53	$0.40	$0.40	$0.40	$0.40	$1.61	$1.65	$1.70	$1.76	$1.81
Payout Ratio to Utility EPS	68.0%	76.2%	55.6%	79.9%	60.6%	93.4%	69.3%	64.3%	61.1%	58.9%	57.1%

$mm except per share data	2019A	2020A	2021E	2022E	2023E	2024E	2025E
CASH FLOW ITEMS							
Operating Cash Flows	6,659	4,235	6,386	4,417	4,808	5,239	5,677
Capex	(7,248)	(8,048)	(8,002)	(6,950)	(6,975)	(7,325)	(7,375)
LT Debt Issued / (Repayed)	1,320	1,728	3,782	(243)	5,637	5,915	5,922
Equity Issued / (Buybacks)	112	45	63	250	250	250	250
Dividend	(1,408)	(1,492)	(1,515)	(1,625)	(1,679)	(1,735)	(1,793)
FFO	8,808	8,481	9,911	4,454	4,846	5,277	5,715
BALANCE SHEET ITEMS							
Cash	945	1,101	5,518	939	2,540	4,544	7,485
Net PP&E	80,233	82,584	83,485	69,232	73,738	78,358	82,786
Total Assets	124,977	129,317	135,363	91,512	98,257	105,518	112,924
Debt	37,799	39,333	43,059	43,968	47,189	50,569	53,953
Common Equity	32,224	32,585	35,228	13,898	16,488	19,171	22,051
Total Capitalization	70,023	71,918	78,288	57,867	63,677	69,740	76,004
Net Debt	37,212	38,670	38,014	43,040	44,060	44,836	45,279
LEVERAGE METRICS							
Debt / Capital	54.0%	54.7%	55.0%	76.0%	74.1%	72.5%	71.0%
FFO/Debt	23.3%	21.6%	23.0%	10.1%	10.3%	10.4%	10.6%

Rating	Overweight
Price Target	$49.00
Dividend Yield	3.8%
Price Return	12.6%
ETR	16.4%

Earnings vs. Expectations History

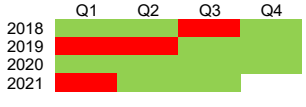

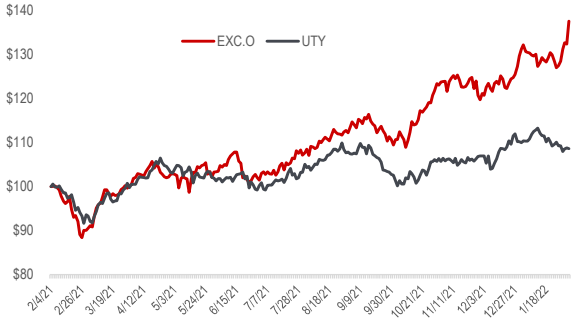

Source: KBCM Estimates and Company Filings, Thomson Reuters
Note: Results presented cannot and should not be viewed as an indicator of future performance.
Important disclosures for the subject company of this model can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Disclosure Appendix

Important Disclosures

Exelon Corporation - EXC

We have managed or co-managed a public offering of securities for Exelon Corporation within the past 12 months.

Exelon Corporation is an investment banking client of ours.

We have received compensation for investment banking services from Exelon Corporation during the past 12 months.

We expect to receive or intend to seek compensation for investment banking services from Exelon Corporation within the next three months.

During the past 12 months, Exelon Corporation has been a client of the firm or its affiliates for non-securities related services.

As of the date of this report, we make a market in Exelon Corporation.

Current analyst Sophie Karp assumed coverage on June 4, 2019. Rating and price target activity prior to that date was the work of a previous analyst.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History

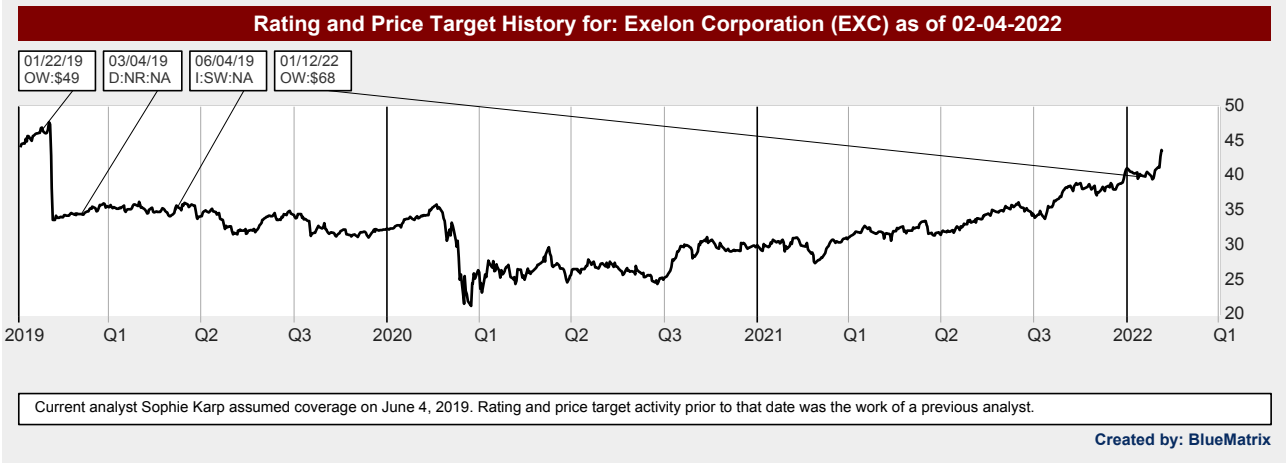

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	352	53.41	121	34.38
Sector Weight [SW]	292	44.31	65	22.26
Underweight [UW]	15	2.28	4	26.67

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	34	53.97	17	50.00
Sector Weight [SW]	27	42.86	14	51.85
Underweight [UW]	2	3.17	2	100.00

Disclosure Appendix (cont'd)

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "Barclays" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corporation: The New Exelon >> Exelon Corporation: The New Exelon
- **Publication Date/Time** : Monday, February 07, 2022 05:29:07 AM (GMT)
- **Contributor Name** : Barclays
- **Primary Analyst(s)** : Eric Beaumont
- **Link to Document** : https://live.barcap.com/go/publications/link?contentPubID=FS2640759&vendor-issuer=factset-saml&transactionID=2DDDD7AACD5211ECB3CE7CA713D2B0B2

EVERCORE ISI

Energy

February 04, 2022

Durgesh Chopra
212-653-8998
durgesh.chopra@evercoreisi.com
Michael Lonegan
212-653-8997
michael.lonegan@evercoreisi.com

Adjusting EXC and CEG Ratings and Target Prices to Reflect Separation

Maintaining our Exelon EPS estimates, Outperform rating and issuing a new target price: We are maintaining our 2022-2024 Exelon EPS estimates of $2.25, $2.41 and $2.57, respectively. We are also issuing a $47/share target price for the Company. Our target price applies a slight premium to our peer-average 18.0x target multiple to reflect Exelon's asset mix as a T&D utility and above-average 6-8% EPS growth rate for 2021-2025. Our bull / bear case valuation of $51 / $42 that we detail on page 2 represents 17% upside and 3% downside, respectively. Our rating for EXC remains Outperform.

Our Constellation EBITDA forecast is unchanged. Introducing a target price and Outperform rating. Our full 2022-2024 EBITDA forecast remains $2,550 / $2,750 / $3,010 million. We are also issuing a $55/share target price, which applies an 8.0x EV to EBITDA multiple to our 2024 Constellation EBITDA estimate of $3,010 million. Our 8.0X multiple is premium to other Independent power producers (trading at 6.5x-7.5x 24EBITDA) to reflect CEG's cleaner asset portfolio and superior balance sheet). Our bull / bear case valuation of $71 / $42 that we detail on page 3 represents 37% upside and 19% downside, respectively. We are issuing a new Outperform rating for this new independent Company with the stock ticker CEG.

History behind separation: On November 3, 2020, Exelon announced it was conducting a strategic review of its corporate structure to determine how to best create value and position its business for success, saying it was considering separating Exelon Utilities, its fully regulated segment, from Exelon Generation, its competitive power generation and customer-facing energy business. On February 24, 2021, EXC announced that its Board of Directors formally approved a plan to separate these two businesses, to create two publicly traded companies. This separation was formally completed earlier this week, on February 2, 2022. The regulated utilities are keeping the name "Exelon" and the "EXC" stock ticker, while the Generation business is going by "Constellation" and "CEG." The independent Exelon is the nation's largest fully regulated utility company, serving more than 10 million customers through six T&D utilities, operating across a large, mainly urban service area in Delaware, the District of Columbia, Illinois, Maryland, New Jersey and Pennsylvania. Its subsidiaries include: Atlantic City Electric (ACE), Baltimore Gas and Electric (BGE), Commonwealth Edison (ComEd), Delmarva Power & Light (DPL), PECO Energy Company (PECO), and Potomac Electric Power Company (Pepco). The new independent competitive company Constellation is the largest provider of carbon-free energy, with its generation segment developing, owning and operating 32,400 MWs of total electric generation facilities across various regions in the US. Constellation's customer business operates in 48 states with 2 million total customers and 215 TWhs of load served; it has the #1 market share in the country for C&I customers, is the #2 provider of retail electricity, has the #3 in market share for mass market customers, and is a top 10 natural gas provider in the US.

See inside on pages 2-3 for our EXC and CEG valuation scenarios.

Please see the analyst certification and important disclosures on page 5 of this report. Evercore ISI and affiliates do and seek to do business with companies covered in its research reports. Investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.
© 2022. Evercore Group L.L.C. All rights reserved.

EXC Valuation

Our base case valuation of $47/share applies a slight premium multiple to our 18.0x peer target multiple to our 2024 EPS forecast of $2.57/share, which is based on 7% annual EPS growth, the midpoint of the Company's 6-8% forecast for 2021-2025.

Our bull case of $51/share applies a 19.5x multiple (1.0x higher than our base scenario) to a 2024 EPS forecast of $2.65/share, which is based on 8% annual EPS growth, the high end of the Company's guidance.

Our bear case of $42/share applies a 17.0x multiple (1.5x lower than our base case) to a 2024 EPS forecast of $2.50/share, which is based on 6% annual EPS growth, the top end of the Company's guidance.

Exhibit 1: Exelon Base, Bull and Bear Case Scenarios

EXC Valuation		
Base Case		
EXC 2024 EPS	$/share	$2.57
Multiple	x	18.5x
Base Case Valuation	**$/share**	**$47**
Bull Case		
EXC 2024 EPS	$/share	$2.65
Multiple	x	19.5x
Bull Case Valuation	**$/share**	**$51**
Bear Case		
EXC 2024 EPS	$/share	$2.50
Multiple	x	17.0x
Bear Case Valuation	**$/share**	**$42**

Source: Evercore ISI

CEG Valuation

Our base case valuation of $55/share target price applies a 8.0x EV to EBITDA multiple to our 2024 Constellation EBITDA estimate of $3,010 million.

Our bull case valuation of $71/share target price applies a 9.0x EV to EBITDA multiple (1.0x higher than our base scenario) to our 2024 Constellation EBITDA estimate of $3,311 million, which is 10% higher than our base case EBITDA forecast.

Our bear case valuation of $42/share target price applies a 7.0x EV to EBITDA multiple (1.0x lower than our base scenario) to our 2024 Constellation EBITDA estimate of $2,709 million, which is 10% lower than our base case EBITDA forecast.

Exhibit 2: Constellation Base, Bull and Bear Case Scenarios

Constellation SOTP		
Base Case		
Constellation EBITDA 2024	$mm	$3,010
EV / EBITDA Multiple	x	8.0x
Constellation EV	$mm	$24,080
Net Debt	$mm	6,020
Constellation Equity Value	**$mm**	**$18,060**
Pro-Forma Net Debt/EBITDA	mm	2.0x
Pro-Forma Shares	mm	326
Constellation Equity Value	**$/Share**	**$55**
Bull Case		
Constellation EBITDA 2024	$mm	$3,311
EV / EBITDA Multiple	x	9.0x
Constellation EV	$mm	$29,799
Net Debt	$mm	6,622
Constellation Equity Value	**$mm**	**$23,177**
Pro-Forma Net Debt/EBITDA	mm	2.0x
Constellation Equity Value	**$/Share**	**$71**
Bear Case		
Constellation EBITDA 2024	$mm	$2,709
EV / EBITDA Multiple	x	7.0x
Constellation EV	$mm	$18,963
Net Debt	$mm	5,418
Constellation Equity Value	**$mm**	**$13,545**
Pro-Forma Net Debt/EBITDA	mm	2.0x
Constellation Equity Value	**$/Share**	**$42**

Source: Evercore ISI

Company Changes			Rating			Target Price			Estimates Current Year			Next Year	
Symbol	Company	Price		Curr	Prev		Curr	Prev	Curr	Prev		Curr	Prev
CEG	Constellation Energy Corp	$53.62	-	OPF	-	-	$55.00	-	$2.40	-	-	$3.65	-
EXC	Exelon Corp.	$43.79	-	OPF	OPF	▼	$47.00	$63.00	$2.25	$2.25	-	$2.41	$2.41

Source: Company Data, Evercore ISI Research

Risks for EXC and CEG

Higher or lower power / capacity prices and favorable / unfavorable outcomes in regulatory proceedings would cause our valuations to be either higher or lower. Higher interest rates would pull utility earnings up in IL but pressure multiples so the net impact would likely be negative overall. A favorable outcome in the upcoming capacity auctions would be accretive but a significantly lower capacity auction price would be negative.

TIMESTAMP

(Article 3(1)e and Article 7 of MAR)

Time of dissemination: February 04 2022 2:20 PM ET

ANALYST CERTIFICATION

The analysts, Durgesh Chopra, Michael Lonegan, primarily responsible for the preparation of this research report attest to the following: (1) that the views and opinions rendered in this research report reflect his or her personal views about the subject companies or issuers; and (2) that no part of the research analyst's compensation was, is, or will be directly related to the specific recommendations or views in this research report.

IMPORTANT DISCLOSURES

This report is approved and/or distributed by Evercore Group L.L.C. ("Evercore Group"), a U.S. licensed broker-dealer regulated by the Financial Industry Regulatory Authority ("FINRA"), and Evercore ISI International Limited ("ISI UK"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The institutional sales, trading and research businesses of Evercore Group and ISI UK collectively operate under the global marketing brand name Evercore ISI ("Evercore ISI"). Both Evercore Group and ISI UK are subsidiaries of Evercore Inc. ("Evercore "). The trademarks, logos and service marks shown on this report are registered trademarks of Evercore.

The analysts and associates responsible for preparing this report receive compensation based on various factors, including Evercore's Partners' total revenues, a portion of which is generated by affiliated investment banking transactions. Evercore ISI seeks to update its research as appropriate, but various regulations may prevent this from happening in certain instances. Aside from certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Evercore ISI generally prohibits analysts, associates and members of their households from maintaining a financial interest in the securities of any company in the analyst's area of coverage. Any exception to this policy requires specific approval by a member of our Compliance Department. Such ownership is subject to compliance with applicable regulations and disclosure. Evercore ISI also prohibits analysts, associates and members of their households from serving as an officer, director, advisory board member or employee of any company that the analyst covers.

This report may include a Tactical Call, which describes a near-term event or catalyst affecting the subject company or the market overall and which is expected to have a short-term price impact on the equity shares of the subject company. This Tactical Call is separate from the analyst's long-term recommendation (Outperform, In Line or Underperform) that reflects a stock's forward 12-month expected return, is not a formal rating and may differ from the target prices and recommendations reflected in the analyst's long-term view.

Applicable current disclosures regarding the subject companies covered in this report are available at the offices of Evercore ISI: 55 East 52nd Street, New York, NY 10055, and at the following site: https://evercoreisi.mediasterling.com/disclosure.

Evercore and its affiliates, and I or their respective directors, officers, members and employees, may have, or have had, interests or qualified holdings on issuers mentioned in this report. Evercore and its affiliates may have, or have had, business relationships with the companies mentioned in this report.

Additional information on securities or financial instruments mentioned in this report is available upon request.

Ratings Definitions

Current Ratings Definition

Evercore ISI's recommendations are based on a stock's total forecasted return over the next 12 months. Total forecasted return is equal to the expected percentage price return plus gross dividend yield. We divide our stocks under coverage into three primary ratings categories, with the following return guidelines:

Outperform- the total forecasted return is expected to be greater than the expected total return of the analyst's coverage sector.
In Line- the total forecasted return is expected to be in line with the expected total return of the analyst's coverage sector.
Underperform- the total forecasted return is expected to be less than the expected total return of the analyst's coverage sector.
Coverage Suspended- the rating and target price have been removed pursuant to Evercore ISI policy when Evercore is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.*
Rating Suspended- Evercore ISI has suspended the rating and target price for this stock because there is not sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, a rating or target price. The previous rating and target price, if any, are no longer in effect for this company and should not be relied upon.*

*Prior to October 10, 2015, the "Coverage Suspended" and "Rating Suspended" categories were included in the category "Suspended."

FINRA requires that members who use a ratings system with terms other than "Buy," "Hold/Neutral" and "Sell" to equate their own ratings to these categories. For this purpose, and in the Evercore ISI ratings distribution below, our Outperform, In Line, and Underperform ratings can be equated to Buy, Hold and Sell, respectively.

Historical Ratings Definitions

Prior to March 2, 2017, Evercore ISI's recommendations were based on a stock's total forecasted return over the next 12 months:

Buy- the total forecasted return is expected to be greater than 10%
Hold- the total forecasted return is expected to be greater than or equal to 0% and less than or equal to 10%
Sell -the total forecasted return is expected to be less than 0%

On October 31, 2014, Evercore Partners acquired International Strategy & Investment Group LLC ("ISI Group") and ISI UK (the "Acquisition") and transferred Evercore Group's research, sales and trading businesses to ISI Group. On December 31, 2015, the combined research, sales and trading businesses were transferred back to Evercore Group in an internal reorganization. Since the Acquisition, the combined research, sales and trading businesses have operated under the global marketing brand name Evercore ISI.

ISI Group and ISI UK:

Prior to October 10, 2014, the ratings system of ISI Group LLC and ISI UK which was based on a 12-month risk adjusted total return:

Strong Buy- Return > 20%
Buy- Return 10% to 20%
Neutral - Return 0% to 10%
Cautious- Return -10% to 0%
Sell- Return< -10%

For disclosure purposes, ISI Group and ISI UK ratings were viewed as follows: Strong Buy and Buy equate to Buy, Neutral equates to Hold, and Cautious and Sell equate to Sell.

Evercore Group:

Prior to October 10, 2014, the rating system of Evercore Group was based on a stock's expected total return relative to the analyst's coverage universe over the following 12 months. Stocks under coverage were divided into three categories:

Overweight- the stock is expected to outperform the average total return of the analyst's coverage universe over the next 12 months.
Equal-Weight- the stock is expected to perform in line with the average total return of the analyst's coverage universe over the next 12 months.
Underweight -the stock is expected to underperform the average total return of the analyst's coverage universe over the next 12 months.
Suspended- the company rating, target price and earnings estimates have been temporarily suspended.

For disclosure purposes, Evercore Group's prior "Overweight," "Equal-Weight" and "Underweight" ratings were viewed as "Buy," "Hold" and "Sell," respectively.

Ratings Definitions for Portfolio-Based Coverage

Evercore ISI utilizes an alternate rating system for companies covered by analysts who use a model portfolio-based approach to determine a company's investment recommendation. Covered companies are included or not included as holdings in the analyst's Model Portfolio, and have the following ratings:

Long- the stock is a positive holding in the model portfolio; the total forecasted return is expected to be greater than 0%.
Short- the stock is a negative holding in the model portfolio; the total forecasted return is expected to be less than 0%.
No Position- the stock is not included in the model portfolio.
Coverage Suspended- the rating and target price have been removed pursuant to Evercore ISI policy when Evercore is acting in an advisory capacity in a merger or strategic transaction involving this company, and in certain other circumstances; a stock in the model portfolio is removed.
Rating Suspended - Evercore ISI has suspended the rating and/or target price for this stock because there is not sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, a rating or target price. The previous rating and target price, if any, are no longer in effect for this company and should not be relied upon; a stock in the model portfolio is removed.

Stocks included in the model portfolio will be weighted from 0 to 100% for Long and 0 to -100% for Short. A stock's weight in the portfolio reflects the analyst's degree of conviction in the stock's rating relative to other stocks in the portfolio. The model portfolio may also include a cash component. At any given time the aggregate weight of the stocks included in the portfolio and the cash component must equal100%.

Stocks assigned ratings under the alternative model portfolio-based coverage system cannot also be rated by Evercore ISI's Current Ratings definitions of Outperform, In Line and Underperform.

FINRA requires that members who use a ratings system with terms other than "Buy," "Hold/Neutral" and "Sell," to equate their own ratings to these categories. For this purpose, and in the Evercore ISI ratings distribution below, our Long, No Position and Short ratings can be equated to Buy, Hold and Sell respectively.

Evercore ISI rating (as of 02/04/2022)

Coverage Universe			**Investment Banking Services I Past 12 Months**		
Ratings	**Count**	**Pct.**	**Ratings**	**Count**	**Pct.**
Buy	541	62	Buy	114	21
Hold	289	33	Hold	27	9
Sell	14	2	Sell	0	0
Coverage Suspended	12	1	Coverage Suspended	2	17
Rating Suspended	13	1	Rating Suspended	6	46

Issuer-Specific Disclosures (as of February 04, 2022)

Exelon Corp. is a client of Evercore LLC, and Evercore LLC has provided investment banking services to Exelon Corp. in the last 12 months.

Evercore ISI or an affiliate has received compensation from Exelon Corp. for investment banking services in the last 12 months.

Price Charts



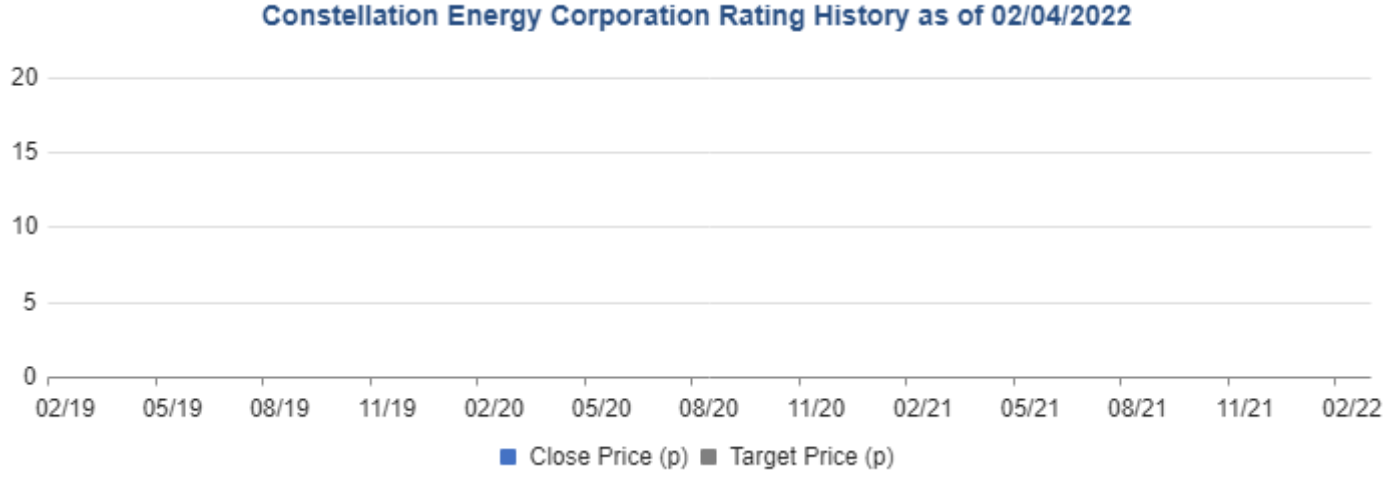

Ratings Key

B	Buy	OP	Outperform	L	Long	CS	Coverage Suspended
H	Hold	IL	In Line	NP	No Position	RS	Rating Suspended
S	Sell	UP	Underperform	S	Short		

GENERAL DISCLOSURES

This report is approved and/or distributed by Evercore Group L.L.C. (“Evercore Group”), a U.S. licensed broker-dealer regulated by the Financial Industry Regulatory Authority (“FINRA”) and by Evercore ISI International Limited (“ISI UK”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The institutional sales, trading and research businesses of Evercore Group and ISI UK collectively operate under the global marketing brand name Evercore ISI ("Evercore ISI"). Both Evercore Group and ISI UK are subsidiaries of Evercore Inc. ("Evercore"). The trademarks, logos and service marks shown on this report are registered trademarks of Evercore Inc.

This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. The information and opinions in this report were prepared by registered employees of Evercore ISI. The information herein is believed by Evercore ISI to be reliable and has been obtained from public sources believed to be reliable, but Evercore ISI makes no representation as to the accuracy or completeness of such information. Opinions, estimates and projections in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Evercore and are subject to change without notice. In addition, opinions, estimates and projections in this report may differ from or be contrary to those expressed by other business areas or groups of Evercore and its affiliates. Evercore ISI has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Facts and views in Evercore ISI research reports and notes have not been reviewed by, and may not reflect information known to, professionals in other Evercore affiliates or business areas, including investment banking personnel.

Evercore ISI does not provide individually tailored investment advice in research reports. This report has been prepared without regard to the particular investments and circumstances of the recipient. The financial instruments discussed in this report may not suitable for all investors and

investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Securities and other financial instruments discussed in this report, or recommended or offered by Evercore ISI, are not insured by the Federal Deposit Insurance Corporation and are not deposits of or other obligations of any insured depository institution. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the price or value of, or the income derived from the financial instrument, and such investor effectively assumes such currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Estimates of future performance are based on assumptions that may not be realized. Furthermore, past performance is not necessarily indicative of future performance.

Evercore ISI salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed in this research. Our asset management affiliates and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Electronic research is simultaneously available to all clients. This report is provided to Evercore ISI clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Evercore ISI. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion or information contained in this report (including any investment recommendations, estimates or target prices) without first obtaining express permission from Evercore ISI.

This report is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

For investors in the UK: In making this report available, Evercore makes no recommendation to buy, sell or otherwise deal in any securities or investments whatsoever and you should neither rely or act upon, directly or indirectly, any of the information contained in this report in respect of any such investment activity. This report is being directed at or distributed to, (a) persons who fall within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) persons falling within the definition of high net worth companies, unincorporated associations, etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This report must not be acted on or relied on by persons who are not relevant persons.

Applicable current disclosures regarding the subject companies covered in this report are available at the offices of Evercore ISI: 55 East 52nd Street, New York, NY 10055, and at the following site: https://evercoreisi.mediasterling.com/disclosure.

In compliance with the European Securities and Markets Authority's Market Abuse Regulation, a list of all Evercore ISI recommendations disseminated in the preceding 12 months for the subject companies herein, may be found at the following site: https://evercoreisi.mediasterling.com/disclosure.

© 2022. Evercore Group L.L.C. All rights reserved.

Neutral

Exelon Corp. (EXC)

Revising estimates and target price to reflect spin-off, downgrading EXC from Buy to Neutral

EXC	12m Price Target: **$44.00**	Price: **$42.86**	Upside: **2.7%**

Michael Lapides
+1(212)357-6307 | michael.lapides@gs.com
Goldman Sachs & Co. LLC

Insoo Kim, CFA
+1(212)902-0459 | insoo.kim@gs.com
Goldman Sachs & Co. LLC

Rebecca Yuan, CFA
+1(212)357-4977 | rebecca.yuan@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(801)884-4034 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

PM Summary

After Exelon Corp (EXC) completed the spin-off of its non-regulated generation business, we revise estimates to reflect the transaction - and downgrade EXC from Buy to Neutral. EXC, as discussed starting in February 2021, completed the spin-off of its Exelon Generation segment, its large nuclear focused merchant power business, to existing holders of EXC's shares. EXC now becomes, following the spin-off completed on February 2nd, a fully regulated Transmission/Distribution utility serving key markets like Chicago, Philadelphia, DC and Baltimore, among others. We revise our estimates to (1) remove Exelon Generation from our EXC forecasts and (2) make other modest modeling adjustments, including revised capital spend levels, forecast regulated rate increases, O&M and financing. We also publish historical pro-forma estimates to reflect the spin-off. Our new $44/sh target price implies 6% estimated total return here. With EXC's shares having outperformed the sector index by almost 28% since January 2021, we downgrade EXC from Buy to Neutral with our estimates near the low end of company guidance. Since being added to the Americas Buy List on 6/9/2019, EXC is +16% versus XLU +14% and S&P500 +58%.

Key Data

Market cap: $42.0bn
Enterprise value: $74.9bn
3m ADTV: $374.1mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/20	12/21E	12/22E	12/23E
Revenue ($ mn) New	**15,436.0**	**16,680.2**	**17,308.1**	**17,870.1**
Revenue ($ mn) Old	33,039.0	33,244.1	27,276.4	27,843.8
EBITDA ($ mn)	5,449.0	6,302.9	6,922.2	7,410.0
EBIT ($ mn)	2,558.0	3,266.0	3,688.4	4,015.7
EPS ($) New	**1.78**	**2.13**	**2.20**	**2.31**
EPS ($) Old	3.22	2.85	3.23	3.57
P/E (X)	22.5	20.1	19.5	18.6
Dividend yield (%)	3.8	3.6	3.1	3.4
Net debt/EBITDA (X)	5.6	5.2	5.2	5.2

	9/21	12/21E	3/22E	6/22E
EPS ($)	0.66	0.47	0.64	0.40

GS Factor Profile

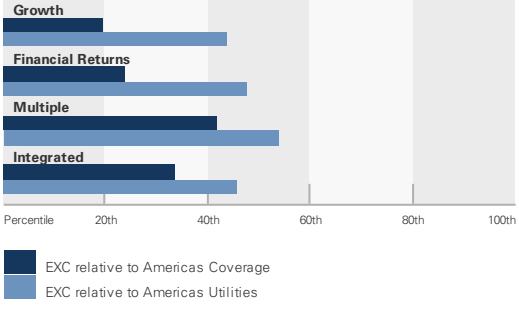

Source: Company data, Goldman Sachs Research estimates. See disclosures for details.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Neutral

Exelon Corp. (EXC)

Rating since Feb 3, 2022

Ratios & Valuation

	12/20	12/21E	12/22E	12/23E
P/E (X)	22.5	20.1	19.5	18.6
EV/EBITDA (X)	12.8	11.9	11.2	10.9
EV/sales (X)	4.5	4.5	4.5	4.5
FCF yield (%)	(6.8)	(5.4)	(4.2)	(3.5)
EV/DACF (X)	12.5	12.0	12.3	12.0
CROCI (%)	7.0	7.6	7.4	7.3
ROE (%)	7.1	9.5	9.5	9.5
Net debt/EBITDA (X)	5.6	5.2	5.2	5.2
Net debt/equity (%)	152.3	147.2	154.7	158.1
Interest cover (X)	2.0	2.5	2.6	2.7
Inventory days	141.0	128.3	131.5	130.9
Receivable days	49.4	29.4	29.0	28.1
Days payable outstanding	287.8	263.1	267.3	266.0

Growth & Margins (%)

	12/20	12/21E	12/22E	12/23E
Total revenue growth	(0.5)	8.1	3.8	3.2
EBITDA growth	(5.4)	15.7	9.8	7.0
EPS growth	(7.2)	20.0	3.1	4.9
DPS growth	5.5	0.0	(11.8)	7.0
Gross margin	70.7	69.8	70.9	71.6
EBIT margin	16.6	19.6	21.3	22.5

Price Performance

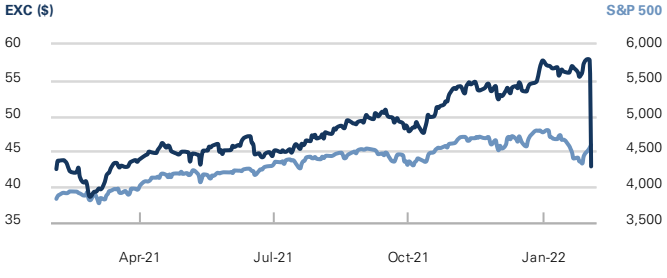

	3m	6m	12m
Absolute	(20.2)%	(8.9)%	0.0%
Rel. to the S&P 500	(19.5)%	(12.9)%	(16.6)%

Source: FactSet. Price as of 2 Feb 2022 close.

Income Statement ($ mn)

	12/20	12/21E	12/22E	12/23E
Total revenue	15,436.0	16,680.2	17,308.1	17,870.1
Cost of goods sold	(4,516.0)	(5,033.7)	(5,044.4)	(5,068.5)
SG&A	(4,238.0)	(4,054.6)	(4,037.8)	(4,068.2)
R&D	0.0	0.0	0.0	0.0
Other operating inc./(exp.)	(1,233.0)	(1,289.1)	(1,303.6)	(1,323.4)
EBITDA	**5,449.0**	**6,302.9**	**6,922.2**	**7,410.0**
Depreciation & amortization	(2,891.0)	(3,036.8)	(3,233.8)	(3,394.2)
EBIT	**2,558.0**	**3,266.0**	**3,688.4**	**4,015.7**
Net interest inc./(exp.)	(1,280.0)	(1,294.4)	(1,398.9)	(1,484.4)
Income/(loss) from associates	2.0	0.0	–	–
Pre-tax profit	**1,500.0**	**2,215.6**	**2,502.0**	**2,745.0**
Provision for taxes	(125.0)	(194.6)	(345.8)	(476.1)
Minority interest	(1.0)	(1.0)	0.0	0.0
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**1,374.0**	**2,020.0**	**2,156.2**	**2,269.0**
Net inc. (post-exceptionals)	**1,736.0**	**2,087.0**	**2,156.2**	**2,269.0**
EPS (basic, pre-except) ($)	**1.41**	**2.07**	**2.20**	**2.31**
EPS (diluted, pre-except) ($)	**1.41**	**2.06**	**2.20**	**2.31**
EPS (ex-ESO exp., dil.) ($)	**--**	**--**	**--**	**--**
DPS ($)	1.53	1.53	1.35	1.44
Div. payout ratio (%)	108.7	74.1	61.3	62.5
Wtd avg shares out. (basic) (mn)	976.0	978.1	978.9	982.2
Wtd avg shares out. (diluted) (mn)	976.8	978.9	980.9	984.2

Balance Sheet ($ mn)

	12/20	12/21E	12/22E	12/23E
Cash & cash equivalents	348.0	233.3	61.6	61.0
Accounts receivable	1,313.0	1,376.0	1,376.0	1,376.0
Inventory	1,722.0	1,818.0	1,818.0	1,818.0
Other current assets	2,232.0	2,158.0	2,158.0	2,158.0
Total current assets	**5,615.0**	**5,585.3**	**5,413.6**	**5,413.0**
Net PP&E	60,370.0	64,441.7	68,795.8	73,089.6
Net intangibles	6,677.0	665.0	665.0	665.0
Total investments	440.0	435.0	435.0	435.0
Other long-term assets	8,121.0	13,801.0	13,368.0	12,935.0
Total assets	**81,223.0**	**84,927.9**	**88,677.5**	**92,537.5**
Accounts payable	3,562.0	3,694.0	3,694.0	3,694.0
Short-term debt	2,813.0	3,446.0	3,446.0	3,446.0
Current lease liabilities	225.0	225.0	225.0	225.0
Other current liabilities	952.0	665.0	665.0	665.0
Total current liabilities	**7,552.0**	**8,030.0**	**8,030.0**	**8,030.0**
Long-term debt	29,593.0	30,945.0	33,820.0	36,415.0
Non-current lease liabilities	1,082.0	1,082.0	1,082.0	1,082.0
Other long-term liabilities	22,804.0	22,551.2	22,543.0	22,659.9
Total long-term liabilities	**53,479.0**	**54,578.2**	**57,445.0**	**60,156.9**
Total liabilities	**61,031.0**	**62,608.2**	**65,475.0**	**68,186.9**
Preferred shares	–	–	–	–
Total common equity	**20,186.0**	**22,312.8**	**23,195.5**	**24,343.6**
Minority interest	6.0	7.0	7.0	7.0
Total liabilities & equity	**81,223.0**	**84,927.9**	**88,677.5**	**92,537.5**
BVPS ($)	20.68	22.80	23.68	24.68

Cash Flow ($ mn)

	12/20	12/21E	12/22E	12/23E
Net income	1,375.0	2,021.0	2,156.2	2,269.0
D&A add-back	2,891.0	3,038.8	3,233.8	3,394.2
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(878.0)	(733.0)	–	–
Others	263.0	97.2	(163.2)	(38.1)
Cash flow from operations	**3,651.0**	**4,424.0**	**5,226.9**	**5,625.1**
Capital expenditures	(6,301.0)	(6,683.5)	(7,000.0)	(7,100.0)
Acquisitions	–	–	–	–
Divestitures	(46.0)	(802.0)	–	–
Others	53.0	836.0	0.0	0.0
Cash flow from investing	**(6,294.0)**	**(6,649.5)**	**(7,000.0)**	**(7,100.0)**
Dividends paid	242.0	(122.2)	(1,321.5)	(1,418.8)
Share issuance/(repurchase)	–	–	–	250.0
Inc/(dec) in debt	2,387.0	2,021.0	2,875.0	2,595.0
Others	224.0	212.0	48.0	48.0
Cash flow from financing	**2,853.0**	**2,110.8**	**1,601.5**	**1,474.2**
Total cash flow	**210.0**	**(114.7)**	**(171.6)**	**(0.7)**
Free cash flow	(2,650.0)	(2,259.5)	(1,773.1)	(1,474.9)
Free cash flow per share (basic) ($)	(2.72)	(2.31)	(1.81)	(1.50)

Source: Company data, Goldman Sachs Research estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exhibit 1: EXC has outperformed the XLU over the past year by a wide margin
Price performance indexed, LTM

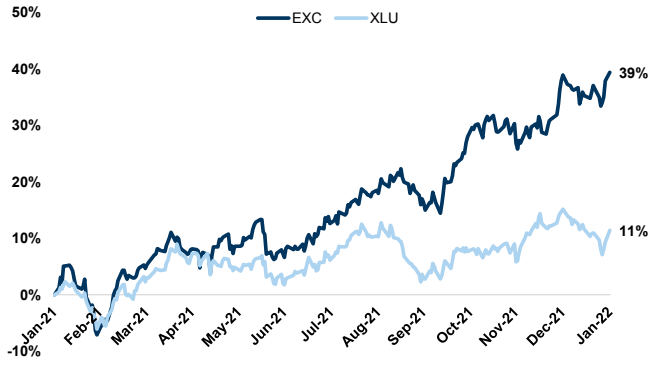

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 2: Our estimates are near the lower end of company guidance for 2022-2023
GSe EPS 2021-2025 versus company guidance

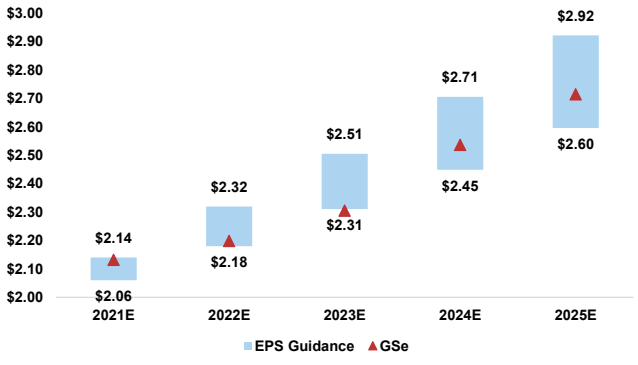

New co. guidance for standalone EXC utility

Source: Company data, Goldman Sachs Global Investment Research

Regulated utility growth supported by robust capital spend, equity needs fairly minimal relative to EXC's size

Capital spend drives robust rate base growth. We forecast an 8.1% rate base CAGR from 2021-2025, with growth across all utilities driven by $6-$7bn in annual capital expenditures. Additionally, 100% of EXC's spend is expected to receive recovery through alternative mechanisms, creating minimal lag. We expect strong O&M management with modest growth at a roughly 1% CAGR over the forecast horizon, driving 6% EPS growth near the lower end of the company's long-term 6%-8% outlook.

Equity issuance needs appear manageable. EXC has guided to roughly $1bn or so of equity needs as a standalone company through 2025, given it no longer will receive cash flows produced by Exelon Generation to help fund EXC's regulated capital investments. We forecast $1.1bn of issuance spread over 2023-2025 - with more of this back-end loaded when guided capital spending levels rise - with cash from operations and debt issuances funding the rest of capital spend. Leverage remains fairly steady through the forecast period at roughly 5x Net Debt/EBITDA, near peer group levels.

Exhibit 3: We forecast $6-$7bn in annual capital expenditures...
Capital spending by year ($mn)

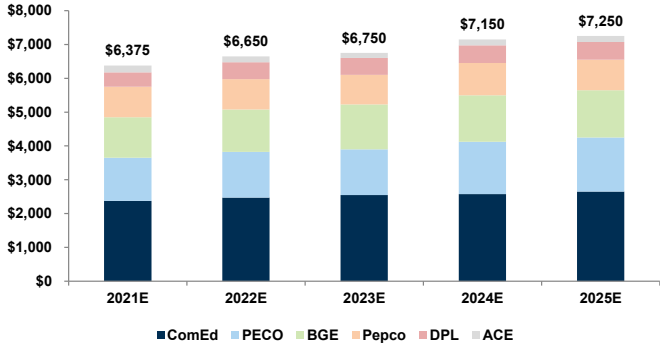

Source: Goldman Sachs Global Investment Research

Exhibit 4: ...driving an 8.1% CAGR in rate base growth
Rate base by year ($bn)

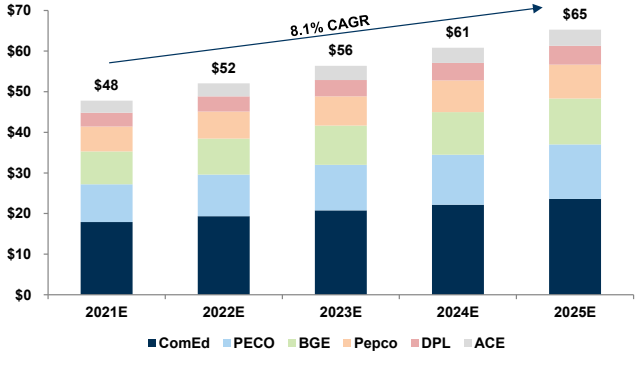

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exhibit 5: We forecast a 6.2% EPS growth CAGR through 2025
EPS by segment by year

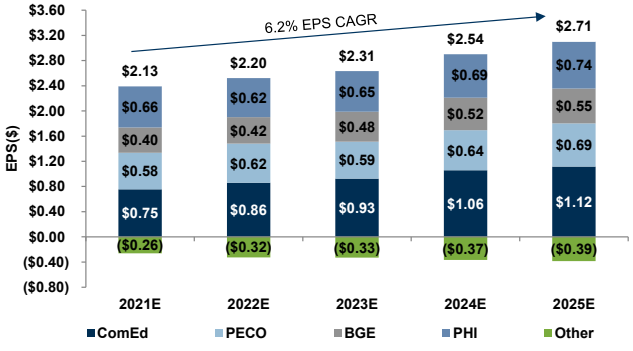

Source: Goldman Sachs Global Investment Research

Exhibit 6: We forecast flat O&M from 2020 to 2025, with a 1% CAGR from 2021-2025
O&M by year ($mn)

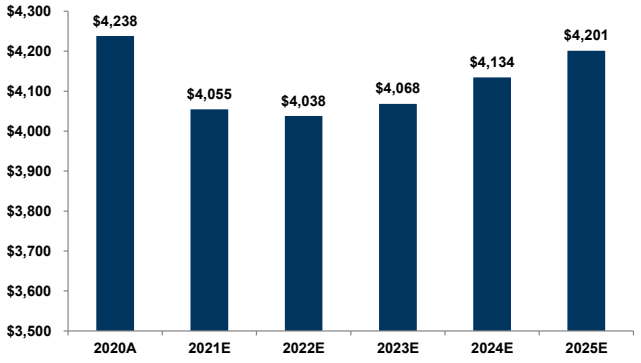

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: We expect negative FCF throughout the forecast period as EXC invests in its utilities
CFO, CFI, FCF ($mn)

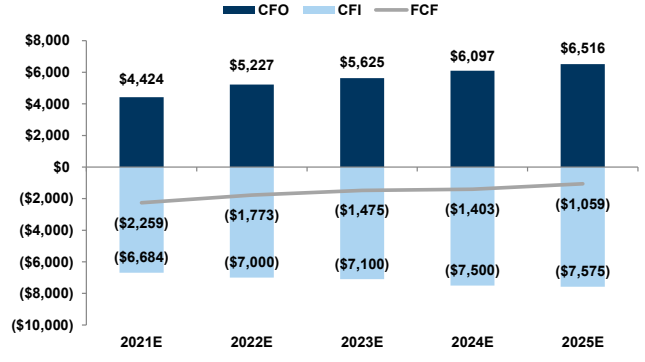

Source: Goldman Sachs Global Investment Research

Exhibit 8: We forecast the bulk of EXC's equity issuance in 2023-2025
Equity and debt issuance ($mn)

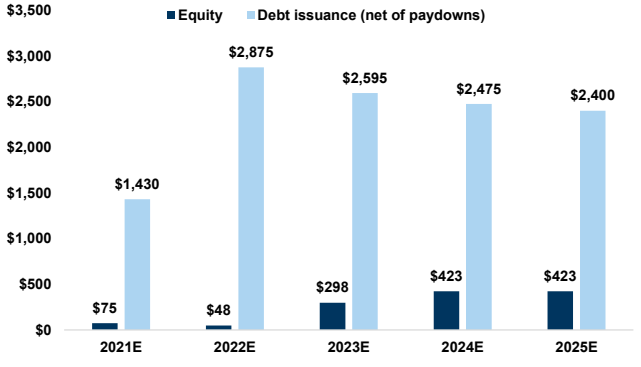

Equity includes ESOP and $1bn equity guidance

Source: Goldman Sachs Global Investment Research

Exhibit 9: We expect leverage to stay fairly constant in the 5x net debt/EBITDA range
Net Debt/EBITDA

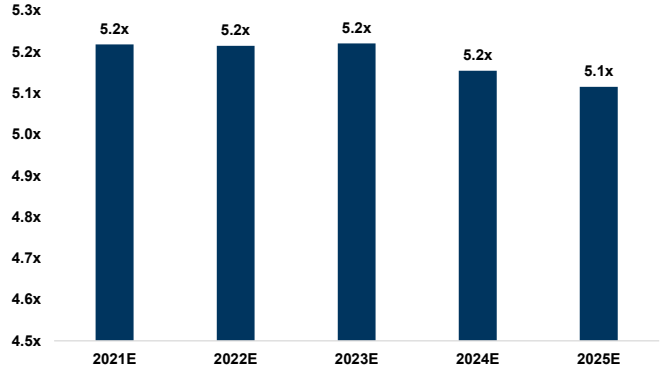

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

What's changing in estimates

We revise our 2021-2023 estimates to reflect EXC's new structure - of just owning Regulated Utilities and a Parent/Other segment - and now forecast $2.13/$2.20/$2.31 versus $2.11/$2.16/$2.36 previously for 2021-2023.

We compare our new estimates to our pro-forma old estimates for the consolidated pre-spin Utilities + Parent segments, based on removing the segment that was spun off. Additionally, we introduce 2024 and 2025 EPS forecasts of $2.54 and $2.71. Our estimates translate to a 6.2% EPS CAGR, sitting near the low end of long-term 6%-8% guidance. While our 2024-2025 numbers appear closer to the midpoint of company guidance, our 2022-2023 numbers sit near the low end, partially driving our downgrade to Neutral. Our estimates sit below consensus, though we note there may be noise in consensus numbers given the spin-off which impair comparability. While EXC's dividend will experience a reset in 2022 due to the spin, we expect 7% growth per year off the 2022 base, at the midpoint of 6%-8% guidance as management expects to grow the dividend at the same pace as earnings. We note our model for the company's largest segment, ComEd, assumes allowed RoE's near 8% through 2023, but rising to authorized levels near 9% in 2024+ - and closer to industry average levels - when the impact of the 2021 legislative framework on rate-making occurs.

Exhibit 10: We slightly revise our estimates for 2021-2023 and note consensus numbers may not be comparable
GS New vs Old vs Consensus

	EPS Estimates			% Difference	
	GS- New	GS- Old	Cons.	vs. Old	vs. Cons.
2021E	$2.13	$2.11	$2.80	1%	(24%)
2022E	$2.20	$2.16	$3.27	2%	(33%)
2023E	$2.31	$2.36	$3.44	(2%)	(33%)
2024E	$2.54		$3.04		(16%)
2025E	$2.71		$3.29		(17%)

GS - Old is pro forma for Utilities + Parent

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 11: Our estimates imply a 6.2% EPS CAGR, near the lower end of 6-8% company guidance
EPS by year by segment

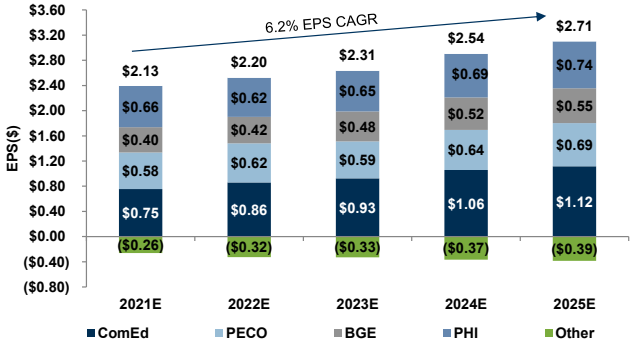

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exhibit 12: We forecast 7% annual dividend growth beginning in 2022E, with guidance of 6%-8% per year inline with EPS growth
Dividend per share by year (LHS), YoY growth (RHS)

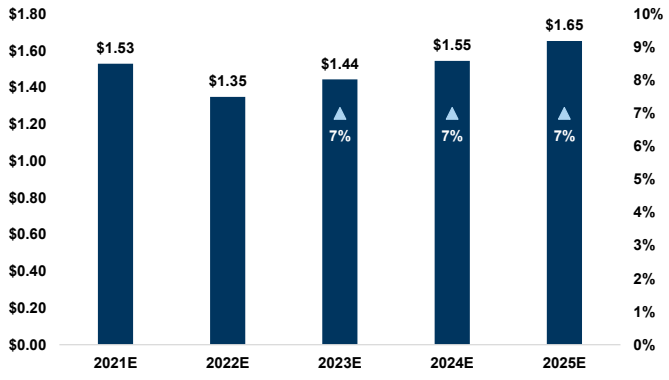

Source: Company data, Goldman Sachs Global Investment Research

Valuation and risks

We transition from using a sum of the parts methodology to now valuing EXC via a P/E multiple methodology - similar to how we value other Regulated Utilities. We apply a 19x P/E multiple on 2023E EPS, a one turn premium to our baseline 18x for the regulated sub-sector or group. As a predominantly T&D/wires focused utility and one with reduced regulatory lag levels, given trackers and other mechanisms in the states served, we believe this warrants a slight premium to our baseline multiple. We note EXC currently trades at 19x 2023 P/E, inline with Regulated Utilities at an average 19x (excl. PCG, EIX, FE). Our new $44, 12-month price target implies 6% total return, in line with the median of peers. (Our previous price target of $62 was not adjusted for the spin-off.) Key risks include utility regulation, cost management, and financing.

Exhibit 13: Our $44, 12-month price target is derived from a 19x P/E multiple
Valuation

EXC	
Valuation	
Exelon 2023 EPS	$2.31
Target P/E multiple	19.0x
Total Value per Share	**$44**
Current Price	$42.86
Current Dividend Yield	3%
Price Return	3%
Total Potential Return	**6%**

Priced 2/2/22

Source: Goldman Sachs Global Investment Research, FactSet

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exhibit 14: EXC currently trades at 19x on 2023 P/E, inline with Large-Cap peers at 19x
Regulated Utilities Comp Table

Regulated Utilities Comparable Analysis													
			Close	12-Mo	Tot Ret	EPS			P/E			Dividend	EPS CAGR
	Ticker	Rating	2/02/22	Px. Tgt	to Target	2021E	2022E	2023E	2021E	2022E	2023E	Yield	2020A-23E
Large-Cap													
American Electric Power	AEP	Sell	$89.88	$81	(6%)	$4.59	$4.86	$5.07	19.6x	18.5x	17.7x	3.5%	4.6%
Dominion Energy	D	Sell	$81.32	$72	(8%)	$3.91	$4.11	$4.25	20.8x	19.8x	19.1x	3.2%	6.3%
Duke Energy	DUK	Neutral	$105.00	$102	1%	$5.34	$5.53	$5.68	19.7x	19.0x	18.5x	3.8%	3.5%
DTE Energy	DTE	Buy*	$120.23	$138	18%	$5.96	$5.92	$6.28	20.2x	20.3x	19.1x	2.9%	(4.5%)
Consolidated Edison	ED	Sell	$87.15	$65	(22%)	$4.21	$4.49	$4.62	20.7x	19.4x	18.9x	3.6%	3.4%
Edison International	EIX	Buy	$61.91	$76	27%	$4.51	$4.55	$5.08	13.7x	13.6x	12.2x	4.5%	4.1%
Entergy	ETR	Buy	$112.01	$120	11%	$5.59	$6.45	$7.04	20.0x	17.4x	15.9x	3.8%	6.7%
Evergy	EVRG	Neutral	$66.38	$72	12%	$3.67	$3.67	$3.77	18.1x	18.1x	17.6x	3.3%	6.7%
Eversource Energy	ES	Neutral	$88.68	$88	2%	$3.86	$4.12	$4.38	23.0x	21.5x	20.2x	2.9%	6.4%
Exelon	**EXC**	**Neutral**	**$42.86**	**$44**	**6%**	**$2.13**	**$2.20**	**$2.31**	**20.1x**	**19.5x**	**18.6x**	**3.1%**	**9.1%**
FirstEnergy	FE	Buy	$42.33	$46	12%	$2.65	$2.39	$2.70	16.0x	17.7x	15.7x	3.7%	4.1%
PG&E	PCG	Buy	$12.25	$15	22%	$1.04	$1.16	$1.29	11.8x	10.6x	9.5x	0.0%	(7.1%)
Southern Company	SO	Sell	$68.81	$48	(26%)	$3.36	$3.46	$3.46	20.5x	19.9x	19.9x	4.0%	2.1%
WEC Energy Group	WEC	Neutral	$96.12	$99	6%	$4.07	$4.29	$4.50	23.6x	22.4x	21.4x	3.0%	5.9%
Xcel	XEL	Buy	$69.59	$76	12%	$2.96	$3.20	$3.46	23.5x	21.8x	20.1x	2.8%	6.4%
Large-Cap Mean					**4%**				**19.4x**	**18.6x**	**17.6x**	**3.2%**	**3.8%**
Large-Cap Mean (ex. PCG, EIX, FE)					**(0%)**				**20.9x**	**19.8x**	**19.0x**	**3.3%**	**4.3%**
Large-Cap Median					**6%**				**20.1x**	**19.4x**	**18.6x**	**3.3%**	**4.6%**

*Denotes on Americas Conviction List

Source: FactSet, Goldman Sachs Global Investment Research

Company Background

Exelon Corporation (EXC) is a fully regulated utility holding company consisting of six Transmission and Distribution utilities.

- **ComEd -** Serves the Chicago area, 33% of 2020 EPS with authorized ROE tied to the US 30 year treasury.
- **PECO -** Serves the Philadelphia area, 23% of 2020 EPS
- **BGE -** Serves the Baltimore area, 18% of 2020 EPS
- **PHI Utilities** — ACE (Atlantic City, NJ), DPL (Wilmington DE area), Pepco (Washington DC area); 26% of 2020 EPS

Exhibit 15: EXC consists of 6 utilities serving both Electric and Gas customers
Utility and customers served (millions)

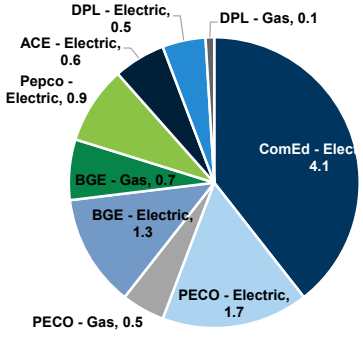

Source: Company data

Exhibit 16: PECO and BGE will experience the most rate base growth through 2025
Utility size (2021 rate base) versus rate base CAGR through 2025

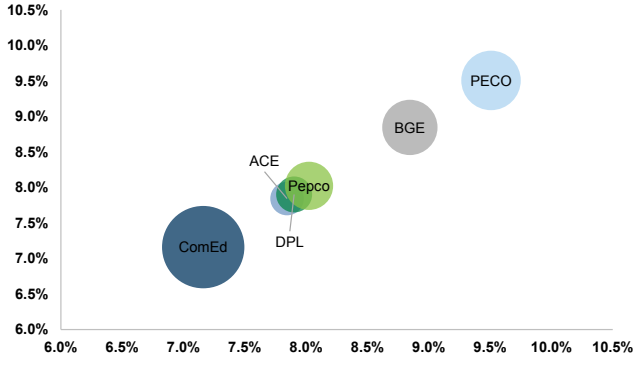

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Disclosure Appendix

Reg AC

I, Michael Lapides, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Clearway Energy Inc., Consolidated Edison Inc., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NRG Energy Inc., NextEra Energy Inc., NextEra Energy Partners, NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group, Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($42.86)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($42.86)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($42.86)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($42.86)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($42.86)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($42.86)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($42.86)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	35%	15%	65%	57%	47%

As of January 1, 2022, Goldman Sachs Global Investment Research had investment ratings on 3,096 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

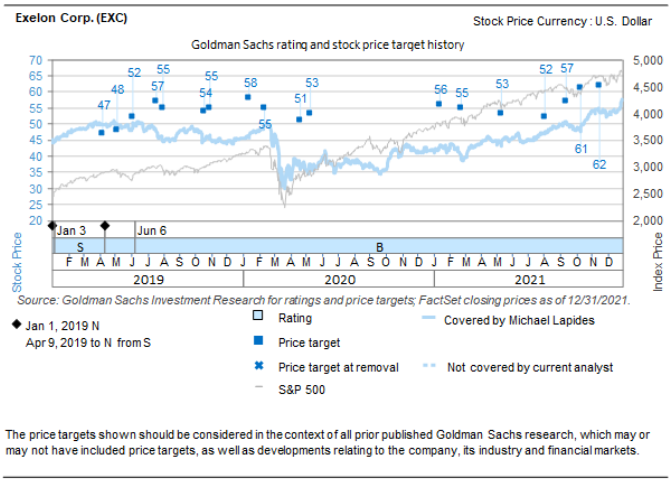

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** Goldman Sachs Canada Inc. is an affiliate of The Goldman Sachs Group Inc. and therefore is included in the company specific disclosures relating to Goldman Sachs (as defined above). Goldman Sachs Canada Inc. has approved of, and agreed to take responsibility for, this research report in Canada if and to the extent that Goldman Sachs Canada Inc. disseminates this research report to its clients. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region's Investment Review Committee manages Regional Conviction lists, which represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by either Goldman Sachs Canada Inc. or Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Effective from the date of the United Kingdom's departure from the European Union and the European Economic Area ("Brexit Day") the following information with respect to distributing entities will apply:

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland, Portugal, the Republic of Cyprus and the Republic of Ireland; GS -Succursale de Paris (Paris branch) which, from Brexit Day, will be authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by the Global Investment Research division of GS may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2022 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

EXC: Downgrade to Equal Weight (Wells Fargo Securities) - 7 Pages

There was an error processing this document. It has been excluded from the final PDF.

MIZUHO Mizuho Securities USA LLC

Energy Research
Utilities
Price Target Change

U.S. Equity Research **February 3, 2022**

Exelon Corporation

Initiating Stand-Alone Estimates; Adjusting PT for Spin-off

Summary

We are initiating our 2021-24 following the spin-off of Constellation. Mizuho revised estimates indicate compound annual growth of 6.8% off of our 2021 estimate through 2024. This compares favorably to an average utility EPS growth of 6.3% expected over the same period. We are updating our PT to $43 (from $57) to account for the spin-off of the generation business and for current market multiples.

Key Points

- The company's Commonwealth Edison subsidiary is expected to file a general rate case in Illinois late this year with new rates expected to become effective in January 2024. We assume the company will file a multi-year rate plan.
- Our revised forecast assumes FFO/Debt in the range of 12%-13% over the forecast period.
- The rising interest rate environment should help improve 2022-23 earned returns, which are tied to the 30-year treasury yield.

Rating	**Neutral**
Previous Rating	No Change
Price (2/2)	**$42.86**
Price Target	**$43.00**
Previous Price Target	$57.00

Key Data

Symbol	EXC(NYSE)
52-Week Range	$43.09 - $27.35
Market Cap ($mm)	$41,931
Shares Outstanding (mm)	978.3
Float	966.6
Average Daily Volume	6,504,185
Dividend/Yield	$1.53/3.6%

Fiscal Year-End: Dec 31

	2021E	2022E Prior	2022E Curr	2023E Prior	2023E Curr
Earnings per Share ($)					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.11E**	**3.14E**	**2.30E**	**3.35E**	**2.40E**
P/E	20.3x	–	18.6x	–	17.9x

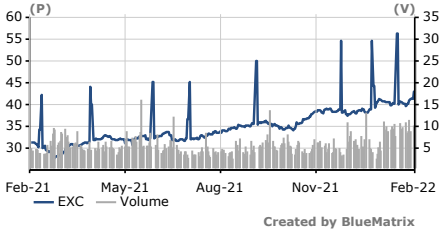

Paul Fremont
Managing Director
+1 212 205 7854
Paul.Fremont@mizuhogroup.com

Anthony Crowdell
Executive Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Peter Bourdon
Associate
+1 617 235 1701
Peter.Bourdon@mizuhogroup.com

Brandon Lee, CFA
Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

PLEASE REFER TO PAGE 6 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Estimate Changes

We are initiating our stand-alone estimates for Exelon following the spin-off of merchant generation subsidiary, Constellation.

Exhibit 1: EPS Estimate Changes

Consolidated	2021E	2022E	2023E	2024E
Current	$2.11	$2.30	$2.40	$2.58
Prior	$2.82	$3.14	$3.35	$3.38
Difference	($0.71)	($0.84)	($0.95)	($0.80)

Source: Company reports, MSUSA estimates

Our estimates do not include possible improvement in authorized returns for Commonwealth Edison beginning in 2024 when the ICC is expected to establish new cost of capital metrics. We would anticipate return on equity to be the same or better than ROE under the current formula rate plan. We also do not include the possible benefit of incentive returns.

Valuation

Base Case

Using a sum of the parts analysis on 2024 results we derive a price target of $43.00 per share. Based on the February 2, 2022 closing price of $42.86, this represents price appreciation potential of 0.3% and total return potential of 3.4% based on our assumed dividend of $1.35 which implies a current yield of 3.1%. Our price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.51 using a P/E multiple of 18.3 times, a 5% premium to our electric group average multiple, resulting in a price target of $46.00.

We value the regulated gas distribution 2024 earnings of $0.49 using a P/E multiple of 16.2 times, a 5% premium to our gas group average multiple, resulting in a price target of $8.00.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $11.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Company Models

In the pages that follow, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet for Exelon Corporation from 2018 to 2024. To derive the consolidated results, we modeled full financials for each operating subsidiary. Clients who would like the full models may obtain them through their MSUSA representative or by direct request to the authors.

Exhibit 2: EXC Income Statement

Consolidated Income Statement ($ millions)	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Revenues	$36,248	$34,441	$32,929	$24,537	$25,161	$25,652	$26,243
Cost of Goods Sold	16,632	15,273	14,215	12,781	12,854	12,863	12,893
O&M	9,065	8,652	8,494	3,928	3,979	4,031	4,084
Other Expenses	(8)	(5)	(11)	(5)	(4)	(4)	(4)
Taxes Other then Income	1,782	1,732	1,713	1,244	1,256	1,268	1,280
EBITDA	**$8,777**	**$8,789**	**$8,518**	**$6,589**	**$7,077**	**$7,494**	**$7,990**
D&A	3,800	3,938	4,075	3,056	3,225	3,399	3,581
EBIT	**$4,977**	**$4,851**	**$4,443**	**$3,533**	**$3,852**	**$4,095**	**$4,408**
Interest	1,529	1,578	1,609	1,320	1,421	1,547	1,656
Other Income	513	505	611	211	213	218	224
EBT	**$3,961**	**$3,778**	**$3,445**	**$2,424**	**$2,644**	**$2,766**	**$2,976**
Taxes	720	618	399	354	381	391	415
Preferred Dividends	215	20	(104)	(1)	(1)	(1)	(1)
Net Income	**$3,026**	**$3,140**	**$3,150**	**$2,070**	**$2,264**	**$2,376**	**$2,562**
EPS	**$3.12**	**$3.22**	**$3.22**	**$2.11**	**$2.30**	**$2.40**	**$2.58**

Source: Company reports, MSUSA estimates

Exhibit 3: EXC Cash Flow Statement

Consolidated Cash Flow Statement ($ millions)	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Net Income	$3,213	$3,142	$3,039	$2,663	$2,264	$2,376	$2,562
Depreciation	3,698	3,836	3,973	3,979	3,123	3,297	3,479
Deferred Taxes	(818)	(80)	(570)	(524)	(245)	(240)	(238)
Maintenance Cap-Ex	(3,225)	(3,356)	(3,526)	(3,516)	(3,010)	(3,184)	(3,366)
Grow th Cap-Ex	(3,325)	(3,144)	(4,149)	(3,784)	(3,865)	(3,916)	(4,084)
Net Cash Generation	**(457)**	**398**	**(1,233)**	**(1,181)**	**(1,733)**	**(1,667)**	**(1,647)**
EBITDA + Other Income	9,199	9,182	9,006	8,751	7,153	7,571	8,066
Interest Expense	696	774	888	1,004	1,446	1,572	1,682
Pfd. Dividends	(2)	(2)	(1)	(1)	(1)	(1)	(1)
Common Dividends	(1,338)	(1,409)	(1,420)	(1,499)	1,330	1,432	1,542

Source: Company reports, MSUSA estimates

Exhibit 4: EXC Balance Sheet

Consolidated Balance Sheet ($ millions)	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Cash & Equivalents	$1,781	$1,122	$1,166	$1,176	$1,465	$1,505	$1,485
Short Term Debt	$332	$838	$1,644	$1,644	$395	$395	$395
Revolver	0	0	0	0	0	0	0
Current Portion of Long Term Debt	2,412	3,206	1,791	2,993	800	800	1,307
Long Term Debt	33,615	33,531	35,580	34,479	37,407	39,132	41,600
Total Debt	**$36,359**	**$37,575**	**$39,015**	**$39,115**	**$38,602**	**$40,327**	**$43,302**
Preferred Stock	0	0	0	0	0	0	0
Total Debt & Preferred	**$36,359**	**$37,575**	**$39,015**	**$39,115**	**$38,602**	**$40,327**	**$43,302**
Shareholder's Equity	29,568	31,074	31,960	17,798	30,337	29,958	28,188
Goodwill Portion of Equity	0	0	0	0	0	0	0
Goodwill / Shareholder's Equity	0	0	0	0	0	0	0
Total Book Capitalization	**$65,927**	**$68,649**	**$70,975**	**$56,913**	**$68,939**	**$70,285**	**$71,490**
Off-Balance Sheet Debt	0	0	0	0	0	0	0
Consolidated Debt/Pfd. Assoc. w/Min. Int. Exp.	0	0	0	0	0	0	0
Total Credit Capitalization	**$65,927**	**$68,649**	**$70,975**	**$56,913**	**$68,939**	**$70,285**	**$71,490**

Source: Company reports, MSUSA estimates

Price Target Calculation and Key Risks

Price Target Calculations: Our $43 price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.51 using a P/E multiple of 18.3 times, a 5% premium to our electric group average multiple, resulting in a price target of $46.00.

We value the regulated gas distribution 2024 earnings of $0.49 using a P/E multiple of 16.2 times, a 5% premium to our gas group average multiple, resulting in a price target of $8.00.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $11.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: 1) Equity overhang; 2) Not getting federal nuclear subsidies. Weak commodity outlook, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates makes a market in the following securities: Exelon Corporation

Mizuho Securities USA LLC and or its affiliates has received compensation for investment banking services for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates has managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates have provided investment banking services for Exelon Corporation who is or was a client in the past 12 months.

The compensation of the research analyst writing this report, in whole or part, is based on MSUSA.s annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA.s internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Paul Fremont, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock's total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform. (effective July 10, 2017).

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Mizuho Securities USA LLC investment ratings are based on the following definitions. Anticipated share price change is based on a 6- to 12-month time frame. Return expectation excludes dividends (prior to July 10, 2017).

Buy:	Stocks for which the anticipated share price appreciation exceeds 10%.
Neutral:	Stocks for which the anticipated share price appreciation is within 10% of the share price.
Underperform:	Stocks for which the anticipated share price falls by 10% or more.
RS:	Rating Suspended - rating and price objective temporarily suspended.
NR:	No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of February 2)	% of coverage	IB service past 12 mo
Buy (Buy)	62.33%	63.06%
Hold (Neutral)	36.05%	56.13%
Sell (Underperform)	1.63%	28.57%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

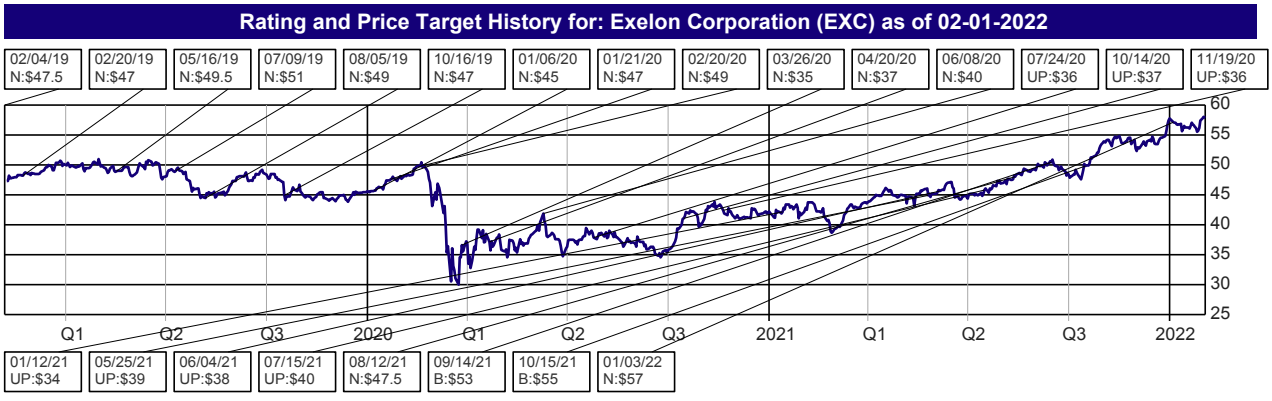

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any

transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2022. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

EQUITY RESEARCH

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Wynne Lam, CFA (Senior Associate)
(212) 266-4040, wynne.lam@rbccm.com

February 3, 2022

Exelon Corporation

It's Not as Fun Without CEG

Our view: We downgrade EXC to Sector Perform from Outperform in tandem with its separation of Constellation Energy (ticker: CEG). Our revised price target of $46 (previously $66) reflects our pre-separation utility-only valuation based on our sum-of-the-parts analysis. Our price target implies a total return of 10.4% inclusive of a 3% dividend yield, which would be in line with Sector Perform rated names across our coverage. We believe the outlook for Exelon is good and the regulatory pathway relatively clear, but ROE underperformance at ComEd will remain a drag until changes to rate-making become effective in 2024.

Key points:

ComEd returns remain subdued. ComEd's allowable ROE of 7.36% based on the latest formula rate filing lags the electric utility national average by 214 bps by our estimate. While the utility has not decided between a multi-year plan filing or a future test year filing, we anticipate a step-up in returns in either case sometime in 2024. In the interim, we expect Exelon to aggressively manage O&M. We believe the ROE gap can be closed, but likely gradually as regulators worry about ratepayer impact. The ICC could establish bill mitigation measures similar to the most recent Pepco multi-year plan.

...but regulatory lag seems low otherwise. Outside ComEd, we expect Exelon to operate on approved alternative rate-making mechanisms with limited regulatory risk. We model to 7.1% EPS CAGR on 8% rate base CAGR through 2025. Should ComEd file for a multi-year plan, EXC may further reduce regulatory lag.

Faster dividend growth should keep yields at the same level. EXC dividend per share will fall to $1.35 post-separation, and we estimate a similar yield at 3% at Wednesday's closing price of $42.86. We estimate 7% dividend per share growth through 2025, in line with earnings growth rate. While we expect some EXC shareholders to sell out of Constellation shares, we believe utility dividends will generate similar yields as before.

Defensive traits include a comfy credit cushion and limited dilution risks. We estimate utilities to operate within an adjusted FFO/debt range of 13.3% and 13.7% through 2025, which is 130–170 bps above credit downgrade thresholds for investment grade debt. Our estimate accounts for an expected $1.75 billion cash payment to Constellation upon separation and $1 billion equity financing.

Valuation leaves room for growth. At 17.7x 2023E RBC EPS of $2.42, Exelon screens at a modest discount to the current defensive utility peer group multiple of 18.2x. However, we believe a discount may linger as management charts out the plan for ComEd and investors give consideration to recent governance concerns. Should we see improvement in either aspect, we believe EXC's valuation multiple can expand from its current position.

Sector Perform (prev: Outperform)

NYSE: EXC; USD 42.86

Price Target USD 46.00 ↓ 66.00

WHAT'S INSIDE	
☑ Rating/Risk Change	☑ Price Target Change
☐ In-Depth Report	☐ Est. Change
☐ Preview	☑ News Analysis

Scenario Analysis*

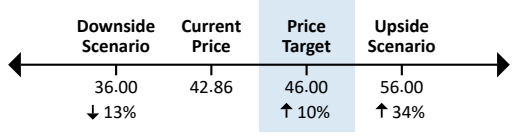

*Implied Total Returns

Key Statistics

Shares O/S (MM):	977.0	Market Cap (MM):	41,874
Dividend:	1.35	Yield:	3.1%
ROE:	9.2%	Tr. 12 ROE:	9.20%
Float (MM):	958.3	Enterprise Val. (MM):	71,226
Debt to Cap:	56%	Avg. Daily Volume:	7,588,084
Institutional Ownership:	80%		

RBC Estimates

FY Dec	2020A	2021E	2022E	2023E
EPS, Adj Diluted	3.22	2.80	2.26	2.42
P/AEPS	13.3x	15.3x	19.0x	17.7x
DPS	1.53	1.53	1.35	1.44
Div Yield	3.6%	3.6%	3.1%	3.4%

EPS, Adj Diluted	Q1	Q2	Q3	Q4
2020	0.87A	0.55A	1.04A	0.76A
2021	(0.06)A	0.81A	1.09A	0.96E

All values in USD unless otherwise noted.
Priced as of prior trading day's market close, EST (unless otherwise noted).

Disseminated: Feb 3, 2022 00:15EST; Produced: Feb 2, 2022 20:47EST
For Required Conflicts Disclosures, see page 7

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Exelon Corp.	Shelby G. Tucker, CFA; RBC Capital Markets
Consolidated Income Statement	**+1 (212) 428-6462; shelby.tucker@rbccm.com**

Millions of Dollars Except for Per Share Amounts
Fiscal Year Ending December 31,

	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
INCOME STATEMENT									
Total Operating Revenues	**33,531**	**35,985**	**34,438**	**33,039**	**36,088**	**17,400**	**18,102**	**18,896**	**19,706**
Fuel and Purchased Power	**(14,035)**	**(16,670)**	**(15,497)**	**(14,104)**	**(18,272)**	**(5,175)**	**(5,259)**	**(5,443)**	**(5,632)**
Gross Margin	**19,496**	**19,315**	**18,941**	**18,935**	**17,815**	**12,225**	**12,843**	**13,453**	**14,074**
Operation & Maintenance	(10,126)	(9,337)	(8,615)	(9,408)	(8,016)	(4,000)	(4,073)	(4,160)	(4,239)
Impairments	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	(3,828)	(4,353)	(4,252)	(5,014)	(4,010)	(3,124)	(3,280)	(3,442)	(3,601)
Taxes Other Than Income	(1,731)	(1,783)	(1,732)	(1,714)	(1,622)	(1,309)	(1,353)	(1,400)	(1,444)
Total Operating Expenses	**(29,720)**	**(32,143)**	**(30,096)**	**(30,240)**	**(31,920)**	**(13,608)**	**(13,966)**	**(14,445)**	**(14,916)**
Operating Income	**3,811**	**3,842**	**4,342**	**2,799**	**4,168**	**3,792**	**4,136**	**4,451**	**4,790**
Gain on sales of assets	236	56	31	24	144	-	-	-	-
Gain on consolidation and acquisition of businesses	213	-	1	-	-	-	-	-	-
Other, Net	1,056	(112)	1,227	1,145	580	230	230	230	230
EBIT	**5,316**	**3,786**	**5,601**	**3,968**	**4,892**	**4,022**	**4,366**	**4,681**	**5,020**
EBITDA	**9,144**	**8,139**	**9,853**	**8,982**	**8,902**	**7,146**	**7,647**	**8,123**	**8,621**
Interest Expense	(1,560)	(1,554)	(1,616)	(1,635)	(1,571)	(1,386)	(1,516)	(1,605)	(1,716)
Interest Expense to Affiliates, net	-	-	-	-	-	-	-	-	-
Total Other Income and Deductions	(1,560)	(1,554)	(1,616)	(1,635)	(1,571)	(1,386)	(1,516)	(1,605)	(1,716)
EBT	3,756	2,232	3,985	2,333	3,320	2,636	2,850	3,077	3,304
Income Taxes	125	(120)	(774)	(373)	(573)	(408)	(440)	(479)	(516)
Effective Tax Rate	-3.3%	5.4%	19.4%	16.0%	17.2%	15.5%	15.4%	15.6%	15.6%
Income Before Extraordinary and Accounting Changes	3,881	2,112	3,211	1,960	2,748	2,228	2,410	2,598	2,787
Equity in Earnings (Losses) of Unconsolidated Affiliates	(32)	(28)	(183)	(6)	(8)	-	-	-	-
Net Income	3,849	2,084	3,028	1,954	2,740	2,228	2,410	2,598	2,787
Income from Discontinued Operations	-	-	-	-	-	-	-	-	-
Noncontrolling Interests and BGE Preference Stock Dividends	(79)	(74)	(92)	9	-	-	-	-	-
Cummulative effect of change in accounting principle	-	-	-	-	-	-	-	-	-
Net Income Attributable to common shareholders	**3,770**	**2,010**	**2,936**	**1,963**	**2,740**	**2,228**	**2,410**	**2,598**	**2,787**
Extraordinary Items and GAAP Changes	(1,299)	1,016	203	1,186	-	-	-	-	-
Ongoing Income	**2,471**	**3,026**	**3,139**	**3,149**	**2,740**	**2,228**	**2,410**	**2,598**	**2,787**
Earnings per share:									
Net Income (Diluted)	**$ 3.97**	**$ 2.07**	**$ 3.01**	**$ 2.01**	**$ 2.80**	**$ 2.26**	**$ 2.42**	**$ 2.59**	**$ 2.78**
Extraordinary Items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GAAP Changes	$ (1.37)	$ 1.05	$ 0.21	$ 1.21	$ -	$ -	$ -	$ -	$ -
Ongoing Income (Diluted)	**$ 2.60**	**$ 3.12**	**$ 3.22**	**$ 3.22**	**$ 2.80**	**$ 2.26**	**$ 2.42**	**$ 2.59**	**$ 2.78**
EPS % Growth	-3.0%	19.9%	3.2%	0.0%	-13.2%	-19.3%	7.1%	7.3%	7.1%
Average Shares Outstanding - Basic	947.0	967.0	973.0	976.0	978.4	986.1	996.2	1,000.7	1,002.2
Average Shares Outstanding - Diluted	949.0	969.0	974.0	977.0	979.1	987.1	997.2	1,001.7	1,003.2
Dividends per common share	1.3100	1.3800	1.4500	1.5300	1.5300	1.3500	1.4445	1.5456	1.6538
Dividend Growth	3.64%	5.34%	5.07%	5.52%	0.00%	-11.76%	7.00%	7.00%	7.00%
Dividend Payout Ratio	50%	44%	45%	47%	55%	60%	60%	60%	60%

Source: Company Reports, RBC Capital Markets Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Exelon Corp.	Shelby G. Tucker, CFA; RBC Capital Markets
Balance Sheets and Statement of Cash Flows	**+1 (212) 428-6462; shelby.tucker@rbccm.com**

Millions of Dollars Except for Per Share Amounts
Fiscal Year Ending December 31,

	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
BALANCE SHEET						Exelon Only >>			
Assets									
Cash and Cash Equivalents	898	1,349	945	1,101	710	218	376	276	268
Accounts Receivable	5,533	5,863	6,175	4,629	4,793	2,901	2,993	3,100	3,206
Other Current Assets	5,403	6,148	4,917	6,832	6,725	2,049	2,291	2,777	3,250
Total Current Assets	11,834	13,360	12,037	12,562	12,228	5,168	5,660	6,152	6,724
Total PPE	95,266	99,609	104,212	109,311	118,593	86,597	92,735	99,232	105,797
Accumulated Depreciation	(21,064)	(22,902)	(23,979)	(26,727)	(34,070)	(21,324)	(24,541)	(27,920)	(31,458)
Property Plant & Equipment, net	74,202	76,707	80,233	82,584	84,523	65,273	68,194	71,312	74,339
Regulatory Assets	8,021	8,237	8,335	8,759	8,759	8,759	8,759	8,759	8,759
Nuclear Decommisioning Trust Funds	13,272	11,661	13,190	14,464	14,753	-	-	-	-
Investment in CENG	-	-	-	-	-	-	-	-	-
Investments	640	625	464	440	440	440	440	440	440
Goodwill, net	6,677	6,677	6,677	6,677	6,677	6,677	6,677	6,677	6,677
Derivative Assets	337	452	508	555	555	-	-	-	-
Other	1,717	1,947	3,533	3,276	3,276	3,276	3,276	3,276	3,276
Total Long-Term Assets	30,664	29,599	32,707	34,171	34,460	19,152	19,152	19,152	19,152
Total Assets	**116,700**	**119,666**	**124,977**	**129,317**	**131,211**	**89,592**	**93,007**	**96,616**	**100,216**
Liabilities And Shareholders' Equity									
Commercial Paper and Short-Term Loans	929	714	1,370	2,031	1,548	1,608	1,548	1,548	1,548
Long-Term Debt Due Within One Year	2,088	1,349	4,710	1,819	1,933	840	850	-	-
Current Maturities of Transitional Funding Trusts	-	-	-	-	-	-	-	-	-
Accounts Payable	3,532	3,800	3,560	3,562	3,450	2,242	2,265	2,312	2,361
Other Current Liabilities	4,247	5,541	4,545	5,359	5,159	1,863	1,863	1,863	1,863
Total Current Liabilities	10,796	11,404	14,185	12,771	12,090	6,553	6,526	5,723	5,772
Long Term Debt	32,176	34,075	31,329	35,093	37,640	36,370	39,120	43,070	46,120
Long Term Debt- VIE	-	-	-	-	-	-	-	-	-
Long-Term Debt to ComEd Transitional Funding Trustand PECO Transitio	-	-	-	-	-	-	-	-	-
Long-Term Debt to Other Transition Financing Trust	389	390	390	390	390	390	390	390	390
Total Long-Term Debt	32,565	34,465	31,719	35,483	38,030	36,760	39,510	43,460	46,510
Deferred Income Taxes	11,222	11,330	12,351	13,035	14,072	10,754	10,892	11,030	11,168
Spent Nuclear Fuel Obligation	1,147	1,171	1,199	1,208	1,208	-	-	-	-
Other	28,838	28,226	30,950	31,952	29,618	112	(906)	(1,733)	(2,601)
Total Long Term Liabilities	41,207	40,727	44,500	46,195	44,898	10,866	9,986	9,297	8,567
Total Liabilities	**84,568**	**86,596**	**90,404**	**94,449**	**95,018**	**54,179**	**56,023**	**58,480**	**60,850**
BGE Preference Stock Not Subject to Mandatory Redemption	-	-	-	-	-	-	-	-	-
Contingently redeemable noncontrolling interest			-	-					
Minority Interest of Consolidated Subs	2,275	2,306	2,349	2,283	2,277	-	-	-	-
Preferred	-	-	-	-	-	-	-	-	-
Common Stockholder's Equity	29,857	30,764	32,224	32,585	33,916	35,413	36,984	38,135	39,366
Total Liabilities and Stockholder's Equity	**116,700**	**119,666**	**124,977**	**129,317**	**131,211**	**89,592**	**93,007**	**96,616**	**100,216**

Source: Company Reports, RBC Capital Markets Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Exelon Corp.								Shelby G. Tucker, CFA; RBC Capital Markets	
Balance Sheets and Statement of Cash Flows								**+1 (212) 428-6462; shelby.tucker@rbccm.com**	
Millions of Dollars Except for Per Share Amounts									
Fiscal Year Ending December 31,									
STATEMENT OF CASH FLOWS					**Exelon Only >>**				
Net Income	3,869	2,079	3,028	1,954	2,740	2,228	2,410	2,598	2,787
Depreciation	3,828	4,353	4,273	5,044	4,010	3,124	3,280	3,442	3,601
Amortization of Nuclear Fuel	1,599	1,618	1,507	1,483	1,409	-	-	-	-
All Other Amortization	-	-	-	-	-	-	-	-	-
Impairment Charges	573	50	201	591	-	-	-	-	-
Gain on consolidation and acquisition of businesses	(213)	-	-	-	-	-	-	-	-
(Gain) loss on sales of assets	(3)	(56)	(27)	(24)	-	-	-	-	-
Deferred Income Taxes and Amortization of Investment Tax Credits	(361)	(106)	681	309	(127)	138	138	138	138
Net Realized and Unrealized Mark-to-Market Transactions	(465)	597	(441)	(647)	-	-	-	-	-
Net Cash from Divestitures	-	-	-	-	-	-	-	-	-
Other Non-Cash Operating Activities	713	1,124	613	592	-	-	-	-	-
Change in Working Capital	(707)	328	(1,286)	(5,592)	(661)	(332)	(332)	(332)	(332)
Pension/OPEB contributions	(405)	(383)	(408)	(601)	(324)	(174)	(174)	(174)	(174)
Other, Merger Agreements	(948)	(965)	(1,482)	1,126	(150)	(1,600)	150	150	150
Cash Flow from Operations	**7,480**	**8,639**	**6,659**	**4,235**	**6,896**	**3,384**	**5,472**	**5,822**	**6,170**
Additions to PP&E, excl. Capitalized Interest and AFDC	(7,584)	(7,594)	(7,248)	(8,048)	(8,400)	(7,075)	(7,175)	(7,575)	(7,670)
Proceeds/(Investments) from Nuclear Decommisioning Trust	(268)	(235)	(36)	(123)	(100)	-	-	-	-
Cash Acquired from Constellation			-	-					
Proceeds from sale of long-lived assets	219	91	-	-	802	-	-	-	-
Sales (Purchase) of businesses	(208)	(154)	12	-	-	-	-	-	-
Net Change in Long-Term Investments	-	-	-	-	-	-	-	-	-
Other	(130)	58	12	3,835	500	-	-	-	-
Cash Flows from Investing Activities	**(7,971)**	**(7,834)**	**(7,260)**	**(4,336)**	**(7,198)**	**(7,075)**	**(7,175)**	**(7,575)**	**(7,670)**
Issuance of long-term debt, net of issuance costs	3,470	3,115	1,951	7,507	3,577	5,950	3,600	3,950	3,050
Retirement of long-term debt	(2,490)	(1,786)	(1,287)	(6,440)	(1,869)	(2,060)	(840)	(850)	-
Retirement of Long-Term Debt, VIE	(250)	-	-	-	-	-	-	-	-
Retirement of LTD to Financing Affiliates	-	-	-	-	-	-	-	-	-
Change in short-term debt	(340)	(213)	656	161	(483)	60	(60)	-	-
Issuance of common stock	1,150	-	-	-	-	500	500	-	-
Common stock repurchases	-	-	-	-	-	-	-	-	-
Redemption of preferred securities of subsidiaries	-	-	-	-	-	-	-	-	-
Issuance of preferred securities of subsidiaries	-	-	-	-	-	-	-	-	-
Sale of noncontrolling interest	396	-	-	-					
Dividends on common stock	(1,236)	(1,332)	(1,408)	(1,492)	(1,497)	(1,331)	(1,439)	(1,547)	(1,657)
BGE Preference Stock Dividends Paid	-	-	-	-	-	-	-	-	-
Proceeds from Employee Stock Plans	150	105	112	45	88	100	100	100	100
Purchase of Treasury Stock	-	-	-	-	-	-	-	-	-
Purchase of Forward Contact in Relation to Certain Treasury Stock	-	-	-	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-	-	-	-
Other financing activities	(83)	(108)	(82)	364	30	(20)	-	-	-
Cash Flow from Financing Activities	**767**	**(219)**	**(58)**	**145**	**(154)**	**3,199**	**1,861**	**1,653**	**1,493**
Beginning Cash Balance	914	1,190	1,781	1,122	1,166	710	218	376	276
Change in Cash	276	586	(659)	44	(456)	(493)	158	(100)	(7)
Cash classified as held for sale	-	-	-	-	-	-	-	-	-
Ending Cash Balance	**1,190**	**1,776**	**1,122**	**1,166**	**710**	**218**	**376**	**276**	**268**

Source: Company Reports, RBC Capital Markets Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Key ESG questions

This section is intended to highlight key ESG discussion points relevant to this company, as well as our views on the outlook. Both the questions we highlight and our responses will evolve over time as the dialogue between management, analysts and investors continues to advance. We welcome any feedback on the topics.

	Our view
How do EXC's utilities rank across peers operationally?	EXC utilities rank in the top quartile of transmission and distribution operators in terms of operating metrics and customer satisfaction scores, according to EXC presentation materials. EXC utility customer bills average modestly below US average, which we believe has a positive social impact.
What are EXC utilities' key environmental goals?	EXC has committed to a net-zero by 2050 operations goal, with an interim target of 50% by 2030. Post-separation from Constellation, EXC owns no generation supply and enables ~2GW of distributed energy resources. EXC also expects 50% vehicle fleet electrification by 2030.
What are EXC's key governance matters?	In July 2020, ComEd entered into a two-year deferred prosecution agreement (DPA) with Federal authorities in relation to certain past political lobbying activities. We expect this to produce an overhang for some investors during the course of the DPA.
What is diversity like at the management/ board level?	As of 2021, 9)% of board members (including chair) are independent. The board is 70% ethnically diverse and 43% gender diverse.
What environmental disclosures does EXC provide?	EXC provides disclosures on GRI standards, SASB standards, EEI/AGA ESG templates, and scope 1–3 emissions information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Target/Upside/Downside Scenarios

Exelon Corporation

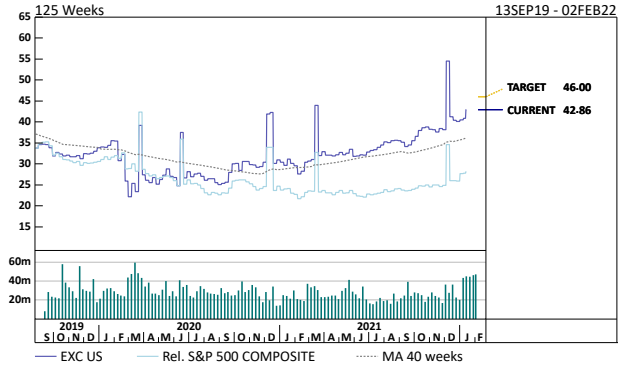

Source: Bloomberg and RBC Capital Markets estimates for Target

Valuation

Our $46 price target assumes a 19.1x P/E multiple on 2023E utilities EPS of $2.42. Our multiple reflects a slight 4% discount to our base case blended electric and gas multiple of 19.8x, resulting in equity value per share of $46. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Upside scenario

Upside scenario of $56. We assume that 30-bps improvement in overall ROE leads to $79M higher net income and 2023 EPS of $2.50. We then apply a 10% discount to our upside blended electric and gas multiple of 24.8x, resulting in an equity per share value of $56.

Downside scenario

Downside scenario of $36. We assume that higher O&M and lower ROE reduce 2023 EPS to $2.30. We apply a 15% premium on our downside blended electric and gas multiple of 13.4x. We give consideration to a large contribution of multiyear rate plans and formula rates.

Investment summary

Post separation from Constellation, Exelon returns to a fully regulated T&D utility. We expect Exelon utilities to achieve EPS CAGR of 7.2% and 8% rate base CAGR through 2025. While we believe a high degree of alternative rate mechanisms should constitute a good regulated profile, Exelon trades closely with our defensive utility average P/E multiple of 18x, which limits the utility's valuation appeal. If catalysts for the stock materialize, we believe Exelon's valuation multiple can improve.

Potential catalysts

- ComEd ROE improves
- Approval of clean energy utility programs that improve rate base growth
- Governance overhang related to past lobbying activities dissipates
- Accretive utility M&A activities
- Inflation intensifies and creates pressure on utility rate-making

Risks to call

- Deteriorating credit metrics at utilities limit capital investments and/or lead to equity dilution
- Dividend growth slows
- Approval of decoupling mechanisms for remaining utilities leads to improved earnings and cash flow stability

Risks to rating and price target

- Deteriorating credit metrics at utilities limit capital investments and/or lead to equity dilution
- Dividend growth slows
- Approval of decoupling mechanisms for remaining utilities leads to improved earnings and cash flow stability

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

RBC Capital Markets

Company description

Exelon is one of the largest power companies in the U.S. Its six T&D utilities (ComEd, PECO, BG&E, PEPCO, DPL, ACE) serve more than 10 million electric and gas customers in DE, DC, IL, NJ, PA, and MD. Exelon operates 11,160 miles of regulated electric transmission lines and expects to have a total rate base of $52 billion by 2022. EXC separated from its generation business, Constellation, in February 2022.

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 31-Dec-2021

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	831	57.59	365	43.92
HOLD [Sector Perform]	557	38.60	180	32.32
SELL [Underperform]	55	3.81	3	5.45

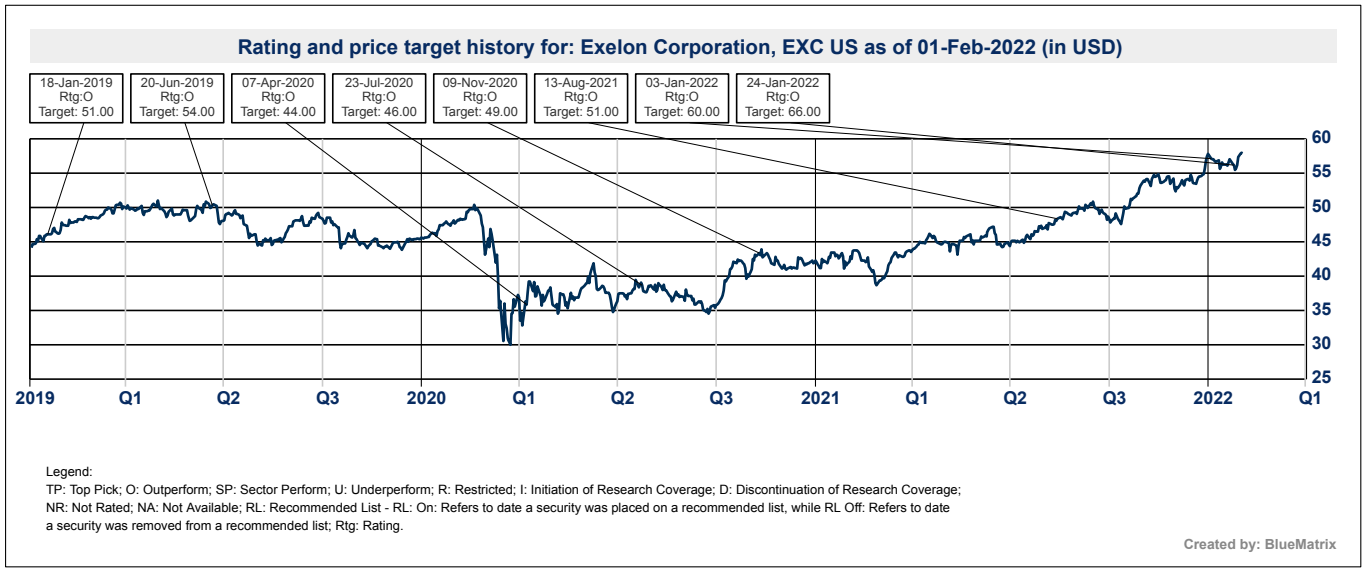

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). RBC Capital Markets recommended lists include the Strategy Focus List and the Fundamental Equity Weightings (FEW) portfolios. The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $46 price target assumes a 19.1x P/E multiple on 2023E utilities EPS of $2.42. Our multiple reflects a slight 4% discount to our base case blended electric and gas multiple of 19.8x, resulting in equity value per share of $46. While we believe Exelon utilities

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Deteriorating credit metrics at utilities limit capital investments and/or lead to equity dilution
- Dividend growth slows
- Approval of decoupling mechanisms for remaining utilities leads to improved earnings and cash flow stability

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Dissemination of research and short-term trade ideas

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Equity Research Reports and to SPARC on the Firm's proprietary INSIGHT website, via email and via third-party vendors. SPARC contains market color and commentary regarding subject companies on which the Firm currently provides equity research coverage. Research Analysts may, from time to time, include short-term trade ideas in Research Reports and / or in SPARC. A short-term trade idea offers a short-term view on how a security may trade, based on market and trading events, and the resulting trading opportunity that may be available. A short-term trade idea may differ from the price targets and recommendations in our published Research Reports reflecting the Research Analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that a subject company's common equity that is considered a long-term 'Sector Perform' or even an 'Underperform' might present a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'Outperform' could be considered susceptible to a short-term downward price correction. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm generally does not intend, nor undertakes any obligation, to maintain or update short-term trade ideas. Short-term trade ideas may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at https://www.rbcinsightresearch.com.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party-disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

References herein to "LIBOR", "LIBO Rate", "L" or other LIBOR abbreviations means the London interbank offered rate as administered by ICE Benchmark Administration (or any other person that takes over the administration of such rate).

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Morgan Stanley | RESEARCH

UPDATE

February 3, 2022 05:01 AM GMT

Exelon Corp | North America

EXC Becomes a Low Risk, Wires-Only Utility; We Remain OW

Stock Rating	Industry View	Price Target
Overweight	In-Line	$49.00

After the separation of its merchant business, we view EXC as one of the most attractive US utility stocks we cover. Our updated post-spin PT of $49 offers ~15% upside potential, solid upside for a low risk, wires-only utility.

WHAT'S CHANGED

Exelon Corp (EXC.O)	From	To
Price Target	$74.00	**$49.00**

Exelon completed the separation of its merchant business on February 1. The stocks began trading separately on February 2 as EXC (RemainCo, or Utilities + Parent) and CEG (Constellation, previously known as ExGen or GenCo). In this note, we are updating our EXC price target to $49/shr, which offers ~15% upside potential — attractive upside, we think, for what we view as a very low risk name. We reiterate our Overweight rating on the stock.

Our updated post-spin PT of $49 is relatively consistent with our valuation of the RemainCo prior to the separation, and is arrived at by applying a 10% premium to the electric peer group on our 2023 EPS estimate of $2.41, in the middle of the company's implied guided range of $2.36-2.45. Consistent with prior notes (see here and here), we believe there are strong arguments that justify EXC trading at a premium to peers:

(A) Above-average EPS growth of 6-8% vs. a typical annual 6% growth rate for peers. We would note that operating earnings grew by 9% in 2016-21. Given the various investment opportunities ahead and solid balance sheet, we expect a robust pipeline of growth opportunities.

(B) Lower business risk associated with being a wires-only utility. After spinning off Constellation, EXC now owns no generation assets. This is positive from a credit rating standpoint because it eliminates the risks associated with having stranded assets in the portfolio, a major risk for companies that own fossil fuel plants. During the recent investor day, the company set a new FFO/Debt target of 13-14% in 2022-24, which is comfortably above the 12% expected downgrade threshold and below the pre-spin 15% FFO/Debt level.

(C) Material need for transmission infrastructure in the country, which investors like due to favorable federal regulation. Recently, the company increased its four-year capital investment plan to $29b in 2022-25 from $27b in 2021-24. Federal targets around economy-wide decarbonization, state-level targets, and

MORGAN STANLEY & CO. LLC

Stephen C Byrd
EQUITY ANALYST
Stephen.Byrd@morganstanley.com +1 212 761-3865

David Arcaro, CFA
EQUITY ANALYST
David.Arcaro@morganstanley.com +1 212 761-1817

Laura Sanchez
EQUITY ANALYST
Laura.Sanchez@morganstanley.com +1 +1-212-761-0686

Andrew S Percoco
RESEARCH ASSOCIATE
Andrew.Percoco@morganstanley.com +1 212 296-4322

Stephen J Blackburn
RESEARCH ASSOCIATE
Stephen.Blackburn@morganstanley.com +1 212 761-3791

Patricia J Eloizin
RESEARCH ASSOCIATE
Patricia.Eloizin@morganstanley.com +1 212 761-4781

Exelon Corp (EXC.O, EXC US)

Regulated Utilities / United States of America

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	**$49.00**
Shr price, close (Feb 2, 2022)	$42.86
Mkt cap, curr (mm)	$41,960
52-Week Range	$58.21-38.36

Fiscal Year Ending	12/20	12/21e	12/22e	12/23e
ModelWare EPS ($)	**3.22**	**2.70**	**2.25**	**2.41**
Prior ModelWare EPS ($)	**-**	**2.70**	**3.20**	**3.47**
P/E	**13.1**	**21.4**	**19.0**	**17.8**
EPS ($)§	**3.14**	**2.80**	**3.26**	**3.44**
Div yld (%)	3.6	2.6	3.1	3.4

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

customer preferences drive a vast investment opportunity in EXC's jurisdictions. These include investments in wires infrastructure to allow penetration of renewables (utility-scale and DERs) as well as the electrification of other sectors, and investments to maintain reliability and performance of the system, and cyber & physical security. Separately, while gas represents a minor portion of EXC's rate base at 14%, investments in gas replacements are expected to drive growth as well. Overall, we view favorably: (1) The alternate rate mechanisms used in 98% of the capex plan that allow for reduced regulatory lags. (2) The average size of projects (small to medium) that reduces regulatory/operational risks in the approval and development of the projects, respectively. (3) Upside opportunities such as investment in the T&D infrastructure needed to connect offshore wind projects built in the east coast (the company is currently involved in these proceedings/conversations) and opportunities driven by the potential passage of federal clean energy legislation, which has the potential to create rate headroom via lower power generation costs and via financial support for transmission projects.

(D) Improved ESG profile. We are asked frequently about stocks that meet very strict criteria: No nuclear exposure and no-to-minimal coal exposure (with a clear exit strategy). Post separation, EXC represents one of very few utilities that meet these criteria, while its investments in large part enable the decarbonization of the power sector and the electrification of other sectors. Investor focus tends to be in the "E" of the ESG, although we expect to see some attention on the "G" given the criminal investigation of alleged corruption/bribery in which ComEd employees (EXC's IL utility) were involved in 2020. The company reached a settlement with the US Department of Justice and we see no further liability going forward, but this prior issue could generate a degree of caution among some investors. The current formula-rate structure in IL goes through the end of 2023, and we expect the utility to file for rate recovery under a new mechanism (still to be determined) in 2023-24. This could result in an improved ROE, especially in light of the rising interest rate environment and currently well below-average ROE. According to management, if ComEd were to earn within the 9-10% ROE range, the overall ROE for EXC would increase by ~40bps to 9.7%. and our 2023 EPS would increase by 3% or $0.07.

(E) Lower exposure to physical risks from climate change given its service territory (a major issue in California, the Gulf of Mexico states, and much of the East Coast).

Regarding Constellation (not covered), based on our pre-spin PT of $74 for EXC, we back into an implied equity value for CEG of $24b, or $73/shr using CEG's share count. This implies an EV/2022 EBITDA multiple of 11-12x using the company's guided EBITDA range of $2,350-2,750mn for the year. We understand that the company's guided range does not include passage of federal clean energy legislation. If investors were to assume passage of the legislation, then the market could hypothetically value CEG at around $80/shr. On the other hand, if investors were to assume a more bearish outcome — both in EBITDA and the market multiple, perhaps in line with that of merchant peers — then the market could hypothetically value CEG at around $35/shr, which uses the low end of the company's 2022 EBITDA guidance.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Risk Reward – Exelon Corp (EXC.O)

Low Risk, Wires-Only Utility at an Attractive Entry Point

PRICE TARGET $49.00

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8%, a lower business risk profile, long tail of investment opportunities, strong ESG profile, and low exposure to physical risks of climate change.

Consensus Price Target Distribution

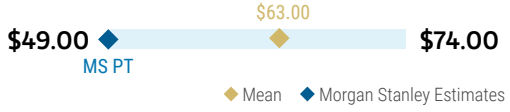

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

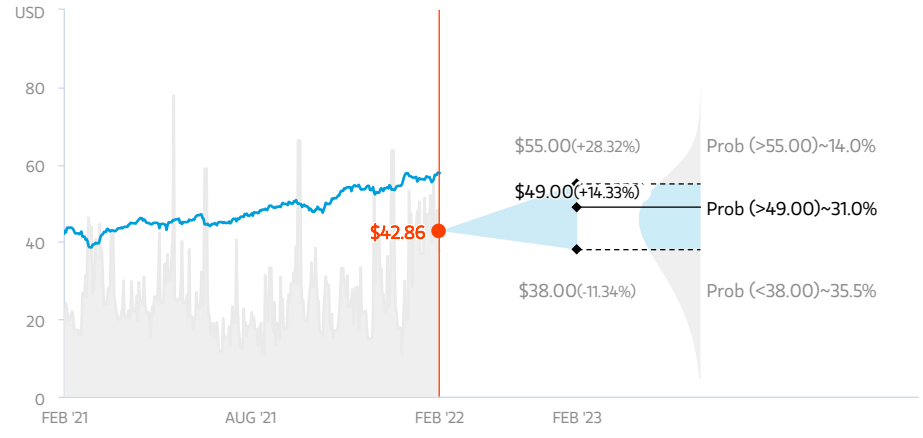

Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 02 Feb, 2022. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

Post-spin of the merchant business EXC becomes a low risk, wires-only utility that, in our view, deserves to trade at a valuation premium to the large cap electric group given:

- Above-average EPS growth of 6-8% vs. a typical annual 6% growth rate for peers;
- Low business risk associated with being a wires-only utility;
- Material need for transmission infrastructure in the country that drives a long tail of strong growth opportunities;
- Strong ESG profile with no generation exposure (no exposure to fossil fuels); and
- Low exposure to physical risks from climate change

Consensus Rating Distribution

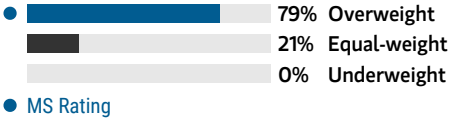

Source: Refinitiv, Morgan Stanley Research

BULL CASE $55.00

10% premium to peer group

Earnings that grow at a 10% annual rate from 2021 levels and a 15% premium to the large cap electric peer group that reflects the higher growth profile.

BASE CASE $49.00

10% premium to peer group

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8%, a lower business risk profile, long tail of investment opportunities, strong ESG profile, and low exposure to physical risks of climate change.

BEAR CASE $38.00

In-line P/E multiple

Lower earnings driven by a 9.5% ROE and a 45% equity ratio and an in-line P/E multiple to the peer group.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Risk Reward – Exelon Corp (EXC.O)

KEY EARNINGS INPUTS

Drivers	2020	2021e	2022e	2023e
EPS Growth (%)	0.0	(16.2)	(16.5)	6.8
Rate Base Growth (%)	7.6	8.9	9.2	6.6
FFO/Debt (%)	23.0	19.8	14.8	15.0

INVESTMENT DRIVERS

- Rate case (ROE, Equity Ratio) and other regulatory outcomes
- Capital expenditures and Rate Base growth opportunities
- Reliability of earnings growth
- O&M management
- Regulatory/legislative environment in IL

GLOBAL REVENUE EXPOSURE



100% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

SUSTAINABILITY & ESG

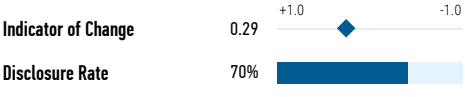

RISKS TO PT/RATING

RISKS TO UPSIDE

- Clean energy policy legislation that supports the build out of T&D infrastructure
- Material capital upside relative to current capital
- Additional O&M reduction programs

RISKS TO DOWNSIDE

- Unfavorable regulatory/legislative outcomes
- Failure to execute on growth en-devours and to achieve cost reduction targets

OWNERSHIP POSITIONING

Inst. Owners, % Active	61.2%
HF Sector Long/Short Ratio	1.1x
HF Sector Net Exposure	0.2%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2022e

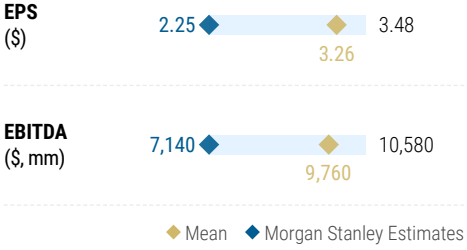

Source: Refinitiv, Morgan Stanley Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., and/or Morgan Stanley Canada Limited. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., Morgan Stanley Canada Limited and their affiliates as necessary.
For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.
For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: David Arcaro, CFA; Stephen C Byrd; Laura Sanchez.
.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

As of December 31, 2021, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: Atmos Energy Corp., CMS Energy Corp, Consolidated Edison Inc, Duke Energy Corp, Edison International, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Algonquin Power & Utilities Corp, Ameren Corp, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Algonquin Power & Utilities Corp, Ameren Corp, Avangrid Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., Avangrid Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from Ameren Corp, Atmos Energy Corp., Avangrid Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., Avangrid Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., Avangrid Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Morgan Stanley & Co. LLC makes a market in the securities of Ameren Corp, Atmos Energy Corp., CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.
Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.
Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Morgan Stanley | RESEARCH

UPDATE

Global Stock Ratings Distribution

(as of January 31, 2022)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm. For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)			OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC)	
STOCK RATING CATEGORY	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	COUNT	% OF TOTAL OTHER MISC
Overweight/Buy	**1498**	**42%**	**401**	**46%**	**27%**	**650**	**42%**
Equal-weight/Hold	**1508**	**42%**	**385**	**44%**	**26%**	**695**	**45%**
Not-Rated/Hold	**0**	**0%**	**0**	**0%**	**0%**	**0**	**0%**
Underweight/Sell	**554**	**16%**	**89**	**10%**	**16%**	**213**	**14%**
TOTAL	**3,560**		**875**			**1558**	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Morgan Stanley | RESEARCH

UPDATE

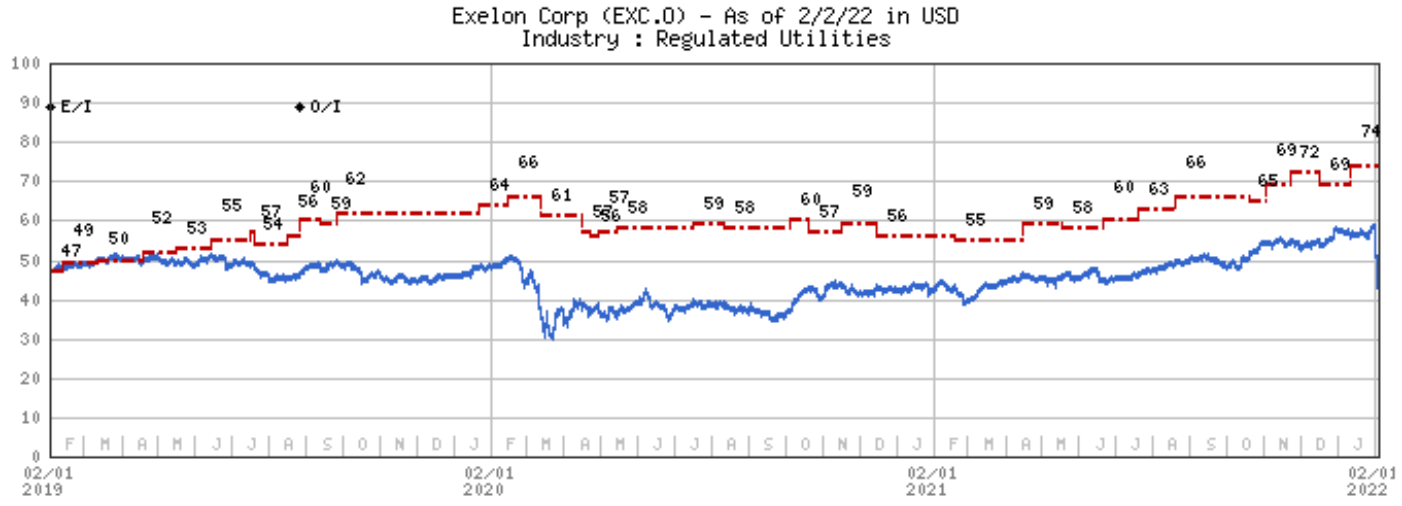

Stock Rating History: 2/1/17 : O/I; 3/28/17 : E/I; 8/27/19 : O/I

Price Target History: 1/9/17 : 39; 2/7/17 : 38; 3/9/17 : 40; 3/28/17 : 37; 4/10/17 : 39; 6/7/17 : 40; 7/10/17 : 37; 9/8/17 : 40; 10/11/17 : 39; 11/10/17 : 42; 12/13/17 : 43; 1/11/18 : 42; 2/8/18 : 41; 3/8/18 : 40; 4/13/18 : 43; 5/15/18 : 42; 6/13/18 : 41; 7/13/18 : 43; 9/11/18 : 46; 9/21/18 : 48; 9/26/18 : 47; 11/2/18 : 48; 11/9/18 : 49; 12/14/18 : 52; 1/11/19 : 47; 2/12/19 : 49; 3/13/19 : 50; 4/18/19 : 52; 5/16/19 : 53; 6/14/19 : 55; 7/16/19 : 57; 7/19/19 : 54; 8/16/19 : 56; 8/27/19 : 60; 9/13/19 : 59; 9/25/19 : 62; 1/22/20 : 64; 2/14/20 : 66; 3/12/20 : 61; 4/15/20 : 57; 4/23/20 : 56; 4/30/20 : 57; 5/15/20 : 58; 7/17/20 : 59; 8/11/20 : 58; 10/5/20 : 60; 10/20/20 : 57; 11/17/20 : 59; 12/15/20 : 56; 2/18/21 : 55; 4/16/21 : 59; 5/18/21 : 58; 6/21/21 : 60; 7/20/21 : 63; 8/19/21 : 66; 10/19/21 : 65; 11/2/21 : 69; 11/22/21 : 72; 12/16/21 : 69; 1/11/22 : 74

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC & E*TRADE Securities LLC Customers

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC or Morgan Stanley or any of their affiliates, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to www.morganstanley.com/researchdisclosures.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC and E*TRADE Securities LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., Avangrid Inc, CenterPoint Energy Inc, CMS Energy Corp, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, PG&E Corp, Pinnacle West Capital Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Asia International Limited, Hong Kong Branch; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Asia International Limited, Singapore Branch (Registration number T11FC0207F); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of and takes responsibility for its contents in Canada; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia , and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.
Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.
Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.
The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products.

INDUSTRY COVERAGE: Regulated Utilities

COMPANY (TICKER)	RATING (AS OF)	PRICE* (02/02/2022)
David Arcaro, CFA		
Avangrid Inc (AGR.N)	++	$46.55
Consolidated Edison Inc (ED.N)	U (07/02/2020)	$87.15
Eversource Energy (ES.N)	E (10/19/2021)	$88.68
Stephen C Byrd		
Algonquin Power & Utilities Corp (AQN.N)	++	$14.29
Ameren Corp (AEE.N)	E (04/14/2020)	$88.56
Atmos Energy Corp. (ATO.N)	O (12/15/2020)	$106.79
CenterPoint Energy Inc (CNP.N)		$28.32
CMS Energy Corp (CMS.N)	E (07/31/2017)	$63.97
Dominion Energy Inc (D.N)	E (08/31/2021)	$81.32
DTE Energy Co. (DTE.N)	O (01/06/2022)	$120.23
Duke Energy Corp (DUK.N)	E (08/25/2014)	$105.00
Edison International (EIX.N)	E (01/12/2015)	$61.91
Entergy Corp (ETR.N)	U (01/06/2022)	$112.01
Exelon Corp (EXC.O)	O (08/27/2019)	$42.86
FirstEnergy Corp (FE.N)	O (03/23/2020)	$42.33
ONE Gas Inc (OGS.N)	E (01/06/2022)	$77.87
PG&E Corp (PCG.N)	E (11/15/2018)	$12.25
Pinnacle West Capital Corp (PNW.N)	E (03/23/2020)	$70.47
PPL Corp (PPL.N)	E (07/16/2013)	$29.71
Sempra Energy (SRE.N)	E (08/10/2018)	$138.20
Southern Company (SO.N)	U (08/13/2014)	$68.81
South Jersey Industries Inc (SJI.N)	E (05/28/2021)	$25.23
Spire Inc (SR.N)	E (09/01/2020)	$64.17
Xcel Energy Inc (XEL.O)	E (10/19/2021)	$69.59

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

© 2022 Morgan Stanley

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Hold from Buy

Exelon (EXC)

Strategic mission accomplished; downgrade to Hold

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Price and Target	as of 02/02/22
Price	$42.86
Target Price	$45
Dividend Yield	3.6%
Total Return	8.6%

Capitalization Data (mn USD$)	
Shares Out (mn)	978.3
Market Cap	41,931
Net Debt	38,744
Enterprise Value	80,675

Performance (%)	1M	YTD	1Y
Exelon	-26.0	-26.0	-0.2
Rel S&P 500	-22.4	-22.4	-16.0

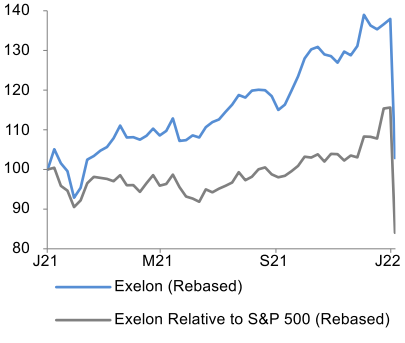

Downgrading to Hold. Following successful completion of the Constellation (CEG) separation, we lower our rating from Buy to Hold. While we have added a modest (5%) premium to our target regulated multiple for Exelon Utilities, at the new post-separation price of $43 we no longer see sufficiently compelling upside to support our Buy rating.

Post-separation target of $45 embeds 5% premium. Our $45 target shifts our valuation from our sum-of-parts (which included CEG) to a standalone fully regulated approach. With the merchant business now gone, we apply a 5% premium over our 17x average utility target multiple as discussed further below. Our valuation uses our 2024E of $2.55, which is close to the middle of the $2.45-$2.70 implied 2024 range using 6-8% targeted EPS growth.

Premium-worthy or not? Depends who you ask. In client discussions the past several months, the topic of whether or not Exelon Utilities should command a premium multiple to regulated peers post-separation has often been a discussion point, with no dominant consensus. Given the prior hybrid business mix and our thesis having being more focused on value release from corporate separation and the CEG cash flows, we opted to keep things simple and used an average regulated multiple on the utility and parent in our prior sum-of-parts. Now with the spin behind us, we move off the fence and into the modest premium camp, although at current pricing we are seeing better value opportunities elsewhere in our coverage.

On balance, we believe a modest premium is warranted. Some argue Exelon's portfolio of T&D oriented utilities should trade at a premium by virtue of regulatory diversification, while others see the multi-state model as meaning there will always be a regulatory overhang or issue in play somewhere. Some see the T&D focus as inherently lower-risk and therefore deserving of higher value. We do not find the T&D only argument to be compelling per se, particularly given significant capital investment opportunities in generation transition that are available for integrated utilities. More important than T&D versus integrated in our mind will be quality of regulatory compacts in a given jurisdiction, with elements such as customer satisfaction, bill affordability, efficiency and service quality being key drivers and also areas where we believe Exelon Utilities has established itself as a superior operator. Some argue Illinois regulatory exposure at ComEd is a discount factor, whereas our view is more in the camp that returns are more likely to move up than down when ComEd transitions off an ROE construct pegged to historically low 30-Year Treasury yields. Lately there has been noise in the Illinois media about prospects for higher bills given ComEd's increased capital spending plans. The good news for customers though, which appears to have been missed by reporters, is that the new CMC nuclear subsidies will actually result in substantial customer bill credits over at least then next couple of years if market power prices hold. On balance, as we weigh up the factors noted above and others, we believe Exelon Utilities deserves a modest premium versus regulated utility peers and this is now reflected in our valuation.

Key Estimates (FY, $, mn)	2020	2021E	2022E	2023E	2024E
Operating EPS	$3.22	$2.80	$2.25	$2.40	$2.55
DPS	$1.53	$1.53	$1.35	$1.45	$1.55
Payout Ratio	48%	55%	60%	60%	61%
P/E	13.1x	15.3x	19.0x	17.9x	16.8x
EV/EBITDA	8.8x	9.2x	11.0x	10.7x	10.4x
Dividend Yield	3.6%	2.6%	3.1%	3.4%	3.6%

Figure 1: Exelon – Vertical Research Estimates & Multiples

	FY2019A	FY2020A	FY2021E	FY2022E	FY2023E	FY2024E	4-Yr. CAGR 2020-2024E
ComEd	$0.71	$0.66	$0.79	$0.87	$0.93	$0.99	10.7%
PECO	$0.55	$0.47	$0.53	$0.56	$0.61	$0.64	8.1%
BGE	$0.37	$0.37	$0.44	$0.49	$0.52	$0.56	10.9%
PHI	$0.52	$0.52	$0.64	$0.67	$0.70	$0.75	9.5%
Exelon Utilities	**$2.15**	**$2.02**	**$2.40**	**$2.59**	**$2.77**	**$2.94**	**9.8%**
Exelon Generation	$1.31	$1.44	$0.65	--	--	--	NM
Corporate & Other	($0.23)	($0.24)	($0.25)	($0.34)	($0.37)	($0.39)	NM
EXC Operating EPS	**$3.23**	**$3.22**	**$2.80**	**$2.25**	**$2.40**	**$2.55**	**-5.7%**
Adjustments	($0.21)	($1.21)	($0.57)	$0.00	$0.00	$0.00	NM
EXC GAAP EPS	**$3.01**	**$2.01**	**$2.23**	**$2.25**	**$2.40**	**$2.55**	**6.1%**
DPS - Yr. End Indicated	**$1.45**	**$1.53**	**$1.53**	**$1.35**	**$1.45**	**$1.55**	**0.3%**
Payout Ratio	45%	48%	55%	60%	60%	61%	--
Company Guidance	**--**	**--**	**$2.70 - $2.90**	**$2.18 - $2.32**	**--**	**--**	**--**
VRP vs. Mid-Point	--	--	$0.00	$0.00	--	--	--
Consensus	**--**	**--**	**$2.80**	**$3.27**	**$3.44**	**$3.04**	**-1.5%**
Number of Estimates	**--**	**--**	**14**	**11**	**9**	**11**	**--**
VRP vs. Consensus	--	--	$0.00	($1.02)	($1.04)	($0.49)	--
Stock Price	**$45.59**	**$42.22**	**$57.76**	**$42.86**	**$42.86**	**$42.86**	--
P/E Ratio	14.1x	13.1x	20.6x	19.1x	17.9x	16.8x	--
EV/EBITDA	8.8x	8.7x	10.8x	11.0x	10.7x	10.5x	--
FCF Yield	5.8%	2.4%	0.7%	-3.0%	-2.7%	-2.8%	--
Dividend Yield	3.2%	3.6%	2.6%	3.1%	3.4%	3.6%	--

Source: Company Reports, FactSet and Vertical Research Partners. Note: Share price and valuation metrics for 2019A-2021E based on year-end historical prices for EXC. Prices for 2022E and beyond based on post-separation closing price on February 2, 2022.

Estimates unchanged and exclude ExGen from 2022E. Our forward estimates are unchanged, since we had already recalibrated for the separation after the recent analyst day. Figure 1 summarizes our forecasts, which remain on a consolidated (including ExGen) basis through 2021E and then switch to a post-separation basis from 2022E forward. EXC provided an updated standalone guidance range of $2.06-$2.14 for 2021E in their analyst day materials, but our sense was that this intended mainly as a clean benchmark from which to set the starting point for post-separation growth. Our current understanding is that EXC will not be holding a year-end earnings call but that they will file their 2021 10-K later this month, largely on a historic pre-separation basis. As such, our table above continues to show the $2.70-$2.90 range for 2021E given most recently (3Q) for the full company including ExGen. This maintains consistency with our estimates as well as the current FactSet consensus. As for the forward consensus, our table above shows our numbers to be well below the Street for 2022 and beyond, although this is due to most estimates still being shown on the old basis.

Figure 2: Exelon – Vertical Research Valuation

	Valuation			Valuation Components($MM)				Value
Segment	Metric	FY2024E	Multiple	Ent. Val.	Less Debt	Plus Cash	Equity	$/Sh.
ComEd Utility	P/E	$0.99	17.9x				17,620	$18
PECO Utility	P/E	$0.64	17.9x				11,404	$11
BGE Utility	P/E	$0.56	17.9x				9,950	$10
PHI Utility	P/E	$0.75	17.9x				13,288	$13
Exelon Utilities		**$2.94**	**17.9x**				**52,262**	**$52**
Exelon Corporate	P/E	($0.39)	17.9x				(6,955)	($7)
Exelon Corp. (EXC)		**$2.55**	**17.9x**				**45,307**	**$45**
EXC Diluted Average Shares (FY2024E)							*996*	

Source: Vertical Research Partners. Note: Per share totals may not foot due to rounding.

Exelon – Model Summary

Figure 3: Exelon – Consolidated Income Statement (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Income Statement	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Operating Revenue	36,248	34,441	32,929	9,973	8,155	9,545	8,465	36,138	17,535	18,188	18,819
Fuel & Purchased Power	(16,632)	(15,273)	(14,215)	(6,172)	(3,516)	(4,380)	(4,138)	(18,206)	(5,171)	(5,291)	(5,413)
Gross Margin	**19,616**	**19,168**	**18,714**	**3,801**	**4,639**	**5,165**	**4,328**	**17,933**	**12,364**	**12,897**	**13,406**
O&M Expense	(9,065)	(8,652)	(8,504)	(2,152)	(2,083)	(2,082)	(1,697)	(8,014)	(3,956)	(3,973)	(3,991)
Other Income / (Expense)	(1,261)	(1,222)	(1,081)	(130)	(107)	(364)	(359)	(960)	(1,164)	(1,245)	(1,306)
EBITDA	**9,290**	**9,294**	**9,129**	**1,519**	**2,449**	**2,719**	**2,272**	**8,959**	**7,243**	**7,679**	**8,110**
Depreciation & Amortization	(3,800)	(3,938)	(4,075)	(1,055)	(1,033)	(1,051)	(916)	(4,055)	(3,241)	(3,398)	(3,559)
EBIT	**5,490**	**5,356**	**5,054**	**464**	**1,416**	**1,668**	**1,357**	**4,905**	**4,002**	**4,282**	**4,551**
Interest Income / (Expense)	(1,529)	(1,578)	(1,609)	(389)	(396)	(398)	(400)	(1,583)	(1,407)	(1,493)	(1,572)
Other	--	--	--	--	--	--	--	--	--	--	--
Earnings Before Taxes	**3,961**	**3,778**	**3,445**	**75**	**1,020**	**1,270**	**957**	**3,322**	**2,595**	**2,789**	**2,980**
Income Tax Charge	(720)	(618)	(399)	(90)	(125)	(148)	(63)	(426)	(381)	(409)	(437)
Effective Tax Rate	*18.2%*	*16.4%*	*11.6%*	*120.0%*	*12.3%*	*11.7%*	*6.6%*	*12.8%*	*14.7%*	*14.7%*	*14.7%*
Preferred Dividends	0	0	0	0	0	0	(1)	(1)	(4)	(4)	(4)
Minority & Other	(215)	(20)	104	(44)	(26)	(52)	(27)	(149)	0	0	0
Net Income - Operating	**3,026**	**3,140**	**3,150**	**(59)**	**869**	**1,070**	**866**	**2,746**	**2,211**	**2,376**	**2,538**
Adjustments, Net	(1,016)	(204)	(1,187)	(230)	(468)	133	0	(565)	0	0	0
Net Income - GAAP	**2,010**	**2,936**	**1,963**	**(289)**	**401**	**1,203**	**866**	**2,181**	**2,211**	**2,376**	**2,538**
EPS - Operating	**$3.12**	**$3.22**	**$3.22**	**($0.06)**	**$0.89**	**$1.09**	**$0.88**	**$2.80**	**$2.25**	**$2.40**	**$2.55**
EPS - GAAP	**$2.07**	**$3.01**	**$2.01**	**($0.30)**	**$0.41**	**$1.23**	**$0.88**	**$2.23**	**$2.25**	**$2.40**	**$2.55**
DPS - Paid	**$1.38**	**$1.45**	**$1.53**	**$0.38**	**$0.38**	**$0.38**	**$0.38**	**$1.53**	**$1.35**	**$1.45**	**$1.55**
Payout Ratio	44%	45%	48%	NM	NM	NM	NM	55%	60%	60%	61%
End of Period Shares (MM)	*968*	*973*	*976*	*977*	*978*	*978*	*979*	*979*	*984*	*990*	*996*
Diluted Average Shares (MM)	*969*	*974*	*977*	*977*	*979*	*980*	*982*	*979*	*985*	*990*	*996*

Source: Company Reports and Vertical Research Partners

Figure 4: Exelon – Consolidated Balance Sheet (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Balance Sheet	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Cash and Cash Equivalents	1,349	587	663	1,908	1,578	2,957	1,434	1,434	1,075	1,135	865
Accounts Receivable, net	5,863	6,175	4,629	4,816	4,492	4,660	4,605	4,605	3,014	3,119	3,220
Other	6,148	5,275	7,270	6,273	6,278	7,260	8,683	8,683	2,603	2,603	2,603
Total Current Assets	**13,360**	**12,037**	**12,562**	**12,997**	**12,348**	**14,877**	**14,721**	**14,721**	**6,692**	**6,857**	**6,688**
Net Property, Plant & Equipment	76,707	80,233	82,584	82,588	82,120	82,852	83,428	83,428	67,476	70,794	74,325
Long-Term Investments	625	464	440	431	421	435	435	435	270	270	270
Other	28,974	32,243	33,731	33,984	34,507	34,457	34,557	34,557	15,273	15,597	15,997
Total Assets	**119,666**	**124,977**	**129,317**	**130,000**	**129,396**	**132,621**	**133,142**	**133,142**	**89,712**	**93,518**	**97,280**
Short-Term Debt	714	1,370	2,031	3,128	1,865	2,667	2,287	2,287	3,287	3,287	3,287
Long-Term Debt, Current	1,349	4,710	1,819	2,281	3,633	3,375	3,083	3,083	800	800	1,307
Accounts Payable	3,805	3,565	3,567	3,435	3,552	3,694	3,837	3,837	2,202	2,231	2,261
Other	5,536	4,540	5,354	4,736	4,869	6,090	6,090	6,090	2,656	2,656	2,656
Total Current Liabilities	**11,404**	**14,185**	**12,771**	**13,580**	**13,919**	**15,826**	**15,298**	**15,298**	**8,945**	**8,974**	**9,511**
Deferred Taxes	11,330	12,351	13,035	13,129	13,194	13,816	13,811	13,811	10,356	10,536	10,716
Pension & Benefits	5,916	6,323	6,514	5,939	5,863	5,757	5,757	5,757	4,900	4,900	4,900
Environmental Costs & AROs	9,679	10,846	12,300	12,405	12,502	12,907	12,945	12,945	272	272	272
Other	13,802	14,980	14,346	13,996	13,951	14,397	14,397	14,397	8,309	8,309	8,309
Total Non-Current Liabilities	**40,727**	**44,500**	**46,195**	**45,469**	**45,510**	**46,877**	**46,910**	**46,910**	**23,837**	**24,017**	**24,197**
Long-Term Debt	34,465	31,719	35,483	36,638	35,467	35,659	36,171	36,171	34,729	37,129	38,922
Preferred Stock	--	--	--	--	--	--	--	--	--	--	--
Minority Interest	--	--	--	--	--	--	--	--	--	--	--
Shareholders' Equity	33,070	34,573	34,868	34,313	34,500	34,259	34,764	34,764	22,200	23,397	24,650
Total Liabilities & Capitalization	**119,666**	**124,977**	**129,317**	**130,000**	**129,396**	**132,621**	**133,142**	**133,142**	**89,712**	**93,518**	**97,280**

Source: Company Reports and Vertical Research Partners

Figure 5: Exelon – Consolidated Cash Flow Statement (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Cash Flow Statement	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Net Income - GAAP	2,084	3,028	1,954	(264)	475	1,230	892	2,333	2,215	2,380	2,542
Depreciation & Amortization	5,971	5,780	6,527	2,104	2,076	2,024	1,391	7,595	3,241	3,398	3,559
Deferred Taxes	(106)	681	309	(142)	(21)	118	(5)	(50)	180	180	180
Other Operating Cash Flow	1,715	346	244	(513)	(363)	(567)	0	(1,443)	0	0	0
Working Capital Changes	(1,020)	(3,176)	(4,799)	(2,446)	232	198	(1,224)	(3,240)	(128)	(76)	(72)
Operating Cash Flow	**8,644**	**6,659**	**4,235**	**(1,261)**	**2,399**	**3,003**	**1,053**	**5,194**	**5,508**	**5,881**	**6,209**
Capital Expenditure	(7,594)	(7,248)	(8,048)	(2,140)	(1,900)	(1,930)	(2,067)	(8,037)	(6,915)	(7,115)	(7,490)
Investments, net	(63)	12	46	680	44	77	0	801	0	0	0
Other Investing Cash Flow	(177)	(24)	3,666	1,555	571	832	0	2,958	0	0	0
Investing Cash Flow	**(7,834)**	**(7,260)**	**(4,336)**	**95**	**(1,285)**	**(1,021)**	**(2,067)**	**(4,278)**	**(6,915)**	**(7,115)**	**(7,490)**
Changes in ST Debt	(213)	656	661	1,097	(1,263)	802	(380)	256	2,000	0	0
Changes in LT Debt	1,329	664	1,067	1,626	199	(37)	220	2,008	2,275	2,400	2,300
Preferred Stock (Net)	--	--	--	--	--	--	--	--	--	--	--
Equity Issuance (Net)	105	112	45	31	16	16	25	88	250	250	250
Preferred Dividends	--	--	--	--	--	--	--	--	--	--	--
Common Dividends	(1,332)	(1,408)	(1,492)	(374)	(373)	(374)	(374)	(1,495)	(1,326)	(1,432)	(1,540)
Other Financing Cash Flow	(108)	(82)	(136)	(46)	(18)	(914)	0	(978)	(1,750)	0	0
Financing Cash Flow	**(219)**	**(58)**	**145**	**2,334**	**(1,439)**	**(507)**	**(509)**	**(121)**	**1,449**	**1,218**	**1,010**
Other Cash Flow	(432)	(103)	32	77	(5)	(96)	0	(24)	62	76	0
Opening Cash & Equivalents	1,190	1,349	587	663	1,908	1,578	2,957	663	972	1,075	1,135
Closing Cash & Equivalents	1,349	587	663	1,908	1,578	2,957	1,434	1,434	1,075	1,135	865
Net Cash Flow	**159**	**(762)**	**76**	**1,245**	**(330)**	**1,379**	**(1,523)**	**771**	**104**	**60**	**(270)**
Unlevered Free Cash Flow	2,579	989	(2,204)	(3,012)	895	1,471	(614)	(1,260)	(0)	259	291
Free Cash Flow (Excl. Working Capital)	2,070	2,587	986	(955)	267	875	210	397	(1,279)	(1,158)	(1,209)
FCF to Equity after Dividends	738	1,179	(506)	(1,329)	(106)	501	(164)	(1,098)	(2,605)	(2,590)	(2,749)

Source: Company Reports and Vertical Research Partners

Figure 6: Exelon – Credit & Other Metrics (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Credit & Other Metrics	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Net Debt (GAAP)	**35,179**	**37,212**	**38,670**	**40,139**	**39,387**	**38,744**	**40,107**	**40,107**	**37,741**	**40,081**	**42,651**
Minority & Preferred	0	0	0	0	0	0	0	0	0	0	0
Shareholders' Equity	33,070	34,573	34,868	34,313	34,500	34,259	34,764	34,764	22,200	23,397	24,650
Total Capitalization	**68,249**	**71,785**	**73,538**	**74,452**	**73,887**	**73,003**	**74,871**	**74,871**	**59,941**	**63,478**	**67,301**
Adjusted Net Debt	**35,179**	**37,212**	**38,670**	**40,139**	**39,387**	**38,744**	**40,107**	**40,107**	**37,741**	**40,081**	**42,651**
Adjusted Capitalization	**68,249**	**71,785**	**73,538**	**74,452**	**73,887**	**73,003**	**74,871**	**74,871**	**59,941**	**63,478**	**67,301**
EBITDA - Income Statement	9,290	9,294	9,129	1,519	2,449	2,719	2,272	8,959	7,243	7,679	8,110
Leases & Other Adjustments	0	0	0	0	0	0	0	0	0	0	0
EBITDA - Adjusted	**9,290**	**9,294**	**9,129**	**1,519**	**2,449**	**2,719**	**2,272**	**8,959**	**7,243**	**7,679**	**8,110**
				--	--	--	--				
Net Debt / Capitalization - GAAP	51.5%	51.8%	52.6%	53.9%	53.3%	53.1%	53.6%	53.6%	63.0%	63.1%	63.4%
Net Debt / Capitalization - Adjusted	51.5%	51.8%	52.6%	53.9%	53.3%	53.1%	53.6%	53.6%	63.0%	63.1%	63.4%
Net Debt: EBITDA - GAAP	3.8x	4.0x	4.2x	--	--	--	--	4.5x	5.2x	5.2x	5.3x
Net Debt: EBITDA - Adjusted	3.8x	4.0x	4.2x	--	--	--	--	4.5x	5.2x	5.2x	5.3x
EBITDA / Interest	6.1x	5.9x	5.7x	--	--	--	--	5.7x	5.1x	5.1x	5.2x
Retained Cash Flow / CapEx	1.0x	0.7x	0.3x	--	--	--	--	0.5x	0.6x	0.6x	0.6x
Recurring Net Income	3,026	3,140	3,150	--	--	--	--	2,746	2,211	2,376	2,538
Total Assets (Average)	118,218	122,322	127,147	--	--	--	--	131,229	111,427	91,615	95,399
Return on Assets - ROA	2.6%	2.6%	2.5%	--	--	--	--	2.1%	2.0%	2.6%	2.7%
Recurring NOPAT	4,492	4,480	4,469	--	--	--	--	4,276	3,415	3,653	3,883
Capital Employed (Average)	68,684	70,985	73,287	--	--	--	--	75,253	68,661	62,815	66,390
Return on Capital Employed - ROCE	6.5%	6.3%	6.1%	--	--	--	--	5.7%	5.0%	5.8%	5.8%
Recurring Net Income	3,026	3,140	3,150	--	--	--	--	2,746	2,211	2,376	2,538
Shareholders' Equity (Average)	32,629	33,822	34,721	--	--	--	--	34,816	28,482	22,799	24,024
Return on Equity - ROE	9.3%	9.3%	9.1%	--	--	--	--	7.9%	7.8%	10.4%	10.6%
Book Value per Share	$34.16	$35.53	$35.73	$35.12	$35.28	$35.02	$35.51	$35.51	$22.55	$23.63	$24.76

Source: Company Reports and Vertical Research Partners

Figure 7: Exelon – Valuation & Growth Metrics (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Valuation & Growth Metrics	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Diluted EPS - Operating	$3.12	$3.22	$3.22	($0.06)	$0.89	$1.09	$0.88	$2.80	$2.25	$2.40	$2.55
Diluted EPS - GAAP	$2.07	$3.01	$2.01	($0.30)	$0.41	$1.23	$0.88	$2.23	$2.25	$2.40	$2.55
DPS - Period End Rate	$1.38	$1.45	$1.53	$1.53	$1.53	$1.53	$1.53	$1.53	$1.35	$1.45	$1.55
Payout Ratio	44.2%	45.0%	47.5%	--	--	--	--	54.6%	60.0%	60.4%	60.8%
Op. CFPS (Excl. Working Capital)	$9.97	$10.10	$9.25	$1.21	$2.21	$2.86	$2.32	$8.61	$5.72	$6.02	$6.31
Free CFPS (Excl. Working Capital)	$2.14	$2.66	$1.01	($0.98)	$0.27	$0.89	$0.21	$0.41	($1.30)	($1.17)	($1.21)
Pricing Date	12/31/2018	12/31/2019	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	12/31/2021	2/2/2022	2/2/2022	2/2/2022
Stock Price - $/Sh	**$45.10**	**$45.59**	**$42.22**	**$43.74**	**$44.31**	**$48.34**	**$57.76**	**$57.76**	**$42.86**	**$42.86**	**$42.86**
P/E - Operating	14.5x	14.2x	13.1x	--	--	--	--	20.6x	19.0x	17.9x	16.8x
P/E - GAAP	21.8x	15.1x	21.0x	--	--	--	--	25.9x	19.0x	17.9x	16.8x
P/CF	4.5x	4.5x	4.6x	--	--	--	--	6.7x	7.5x	7.1x	6.8x
P/BV	1.3x	1.3x	1.2x	--	--	--	--	1.6x	1.9x	1.8x	1.7x
Market Capitalization	43,657	44,359	41,207	--	--	--	--	56,540	42,193	42,431	42,669
Adjusted Net Debt	35,179	37,212	38,670	--	--	--	--	40,107	37,741	40,081	42,651
Enterprise Value - EV	**78,836**	**81,571**	**79,877**	--	--	--	--	**96,647**	**79,933**	**82,512**	**85,320**
Adjusted EBITDA	9,290	9,294	9,129	--	--	--	--	8,959	7,243	7,679	8,110
Adjusted EV/EBITDA	8.5x	8.8x	8.7x	--	--	--	--	10.8x	11.0x	10.7x	10.5x
Dividend Yield	3.1%	3.2%	3.6%	--	--	--	--	2.6%	3.1%	3.4%	3.6%
Operating Earnings Yield	6.9%	7.1%	7.6%	--	--	--	--	4.8%	5.2%	5.6%	5.9%
Free Cash Flow Yield	4.7%	5.8%	2.4%	--	--	--	--	0.7%	-3.0%	-2.7%	-2.8%
Revenue Growth (Y/Y)	7.6%	-5.0%	-4.4%	16.4%	11.7%	8.3%	2.7%	9.7%	-51.5%	3.7%	3.5%
EBITDA Growth	3.4%	0.0%	-1.8%	-33.5%	32.8%	3.3%	-4.0%	-1.9%	-19.2%	6.0%	5.6%
Net Income - Operating	22.5%	3.8%	0.3%	-106.9%	62.1%	5.3%	15.7%	-12.8%	-19.5%	7.5%	6.9%
Operating EPS	20.0%	3.2%	0.0%	-106.9%	61.8%	4.8%	15.8%	-13.0%	-19.6%	6.7%	6.3%
DPS	5.3%	5.1%	5.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-11.8%	7.4%	6.9%
ROCE	6.5%	6.3%	6.1%	--	--	--	--	5.7%	5.0%	5.8%	5.8%
Cost of Debt (After-Tax)	3.5%	3.6%	3.7%	--	--	--	--	3.4%	3.0%	3.2%	3.2%
Cost of Equity (1/PE Ratio)	6.9%	7.1%	7.6%	--	--	--	--	4.8%	5.2%	5.6%	5.9%
WACC	5.1%	5.2%	5.6%	--	--	--	--	4.1%	3.8%	4.1%	4.2%
Calculated EVA	961	758	397	--	--	--	--	1,206	789	1,094	1,105
Calculated EVA/Share	$0.99	$0.78	$0.41	--	--	--	--	$1.23	$0.80	$1.11	$1.11

Source: Company Reports and Vertical Research Partners. Note: Share price and valuation metrics for historical periods including 2021E based on historical Exelon share price not adjusted for CEG separation. Prices for 2022E and beyond based on EXC current post-separation price as of February 2, 2022.

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover. Our employees and partners are prohibited from transacting in such securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation. We require our employees and partners to pre-clear all transactions in covered securities with us.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisors. Our notes and research reports may contain “forward-looking statements.” All projections, forecasts and related statements and expressions constitute “forward-looking statements.” Although the authors of our content believe that the expectations reflected in such “forward-looking statements” are reasonable, no one can assure that such expectations will be correct. Such “forward-looking statements” may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

Exelon Corp

Spin of ExGen Completed - Buy

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$50.00**
	Prior : US$63.00
Price (02 Feb 2022)	**US$42.48**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.95-38.60
Market cap.	US$56.5b
Shares o/s	977m (COM)
Free float	100%
Avg. daily volume ('000)	6,587
Avg. daily value (m)	US$361.3
Common s/h equity (12/21E)	US$20.9b
P/BV (12/21E)	2.7x
Net debt to EBITDA (12/21E)	5.0x

EPS (UBS, diluted) (US$)

	12/21E			
	From	To	% ch	Cons.
Q1	(0.06)	0.53	NM	(0.06)
Q2	0.89	0.49	-45	0.89
Q3	1.09	0.66	-40	1.09
Q4E	0.87	0.42	-52	0.88
12/21E	2.78	2.09	-25	2.80
12/22E	3.31	2.21	-33	3.26
12/23E	3.42	2.37	-31	3.44

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Moving to Stand Alone

Exelon Corp. completed the spin-out of ExGen as Constellation Energy Corp. on February 1. We are moving our modeled numbers and forecasts to stand-alone for EXC. We have restated actual years from our model from 2018 for comparison purposes. Our go forward EPS estimates are $2.09/$2.21/$2.37 for '21/22/23 vs. our previous consolidated basis EPS estimates of $2.78/$3.31/$3.42. EXC issued '22 guidance of $2.06-$2.14 for 2021 and $2.18-$2.32 for 2022 at their recent analyst day.

T&D Only Utility with Constructive Regulation

We see Exelon post spin as a transmission & distribution only utility with constructive regulatory relationships and frameworks across all six jurisdictions, leading to an overall 2nd quartile regulatory ranking (DC still remains a Tier 5 ranked jurisdiction). At the 2022 Analyst Day (see our earlier note), Exelon updated the five year rate base growth to 8.1% vs. 7.6% previously. This is driven by 5yr capex of ~$29Bln through '25, up ~$2Bln from the prior 5yr plan thru '24. Currently only ~2% of the '22-'25 rate recovery under the updated capex plan is under traditional rate recovery mechanisms. The funding plan will be buttressed by balance sheet strength with 13%-14% FFO/Debt vs. the 12% downgrade threshold. This will allow for HoldCo debt to shift to ~27% of total debt from ~22% of total debt in 2021. The plan will also require $1Bln in equity issuance which we model as $250mln/yr. 2022-2025. This slightly dilutes eps growth guidance to 6%-8% versus the 8.1% rate base growth . We see operational cash flow of ~$14Bln through '25 and equity issuance of ~$1Bln in line with EXC's forecast. The $14Bln of debt funding breaks down as ~$9Bln of utility issuance to maintain the ~51% equity ratios across the utility subsidiaries and ~$5Bln in HoldCo issuance.

ComEd Rate Case Process Likely to Determine Growth Within Guidance Range

ComEd in Illinois remains regulated under formula rates, with a formulaic return on equity of the 30 yr treasury yield plus 580bps (~7.92%). Under the Illinois energy reform law passed in 2021 regulation in Illinois will move to more normalized regulation into 2024 either as a one year general rate case or a multi-year rate plan. We model a normalization of ROEs from 7.92% in two steps, to 8.4% in 2024 and 9.15% in 2025, which is more in-line with the natural gas utility ROEs in Illinois which do not operate under formula rates. How quickly the ROE normalizes and to what level will be a key driver to where Exelon's long term growth guidance falls within the guidance range.

Valuation: Updating our Price Target to $50/Share on Stand Alone Basis

Our current PT of $50 is premised upon a 17% premium to the current utility multiple of 17.9x our 2023 UBSe eps of $2.37. Our prior PT of $63 included the ExGen subsidiary that was spun out on 2/1 and used a SOTP methodogy. Detailed methodologies below.

Highlights (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenues	15,541	15,514	15,436	16,422	17,146	17,632	18,263	19,070
EBIT (UBS)	3,107	3,681	3,149	3,902	4,234	4,512	4,837	5,340
Net earnings (UBS)	1,697	1,866	1,738	2,038	2,168	2,336	2,512	2,857
EPS (UBS, diluted) (US$)	1.75	1.92	1.78	2.09	2.21	2.37	2.54	2.88
DPS (net) (US$)	1.14	1.25	1.16	1.35	1.45	1.55	1.65	1.80
Net (debt) / cash	(35,178)	(29,221)	(31,684)	(34,774)	(38,626)	(41,247)	(43,957)	(46,017)
Profitability/valuation	**12/18**	**12/19**	**12/20**	**12/21E**	**12/22E**	**12/23E**	**12/24E**	**12/25E**
EBIT (UBS) margin %	20.0	23.7	20.4	23.8	24.7	25.6	26.5	28.0
ROIC (EBIT) %	3.7	5.3	5.7	6.6	6.7	6.7	6.9	7.2
EV/EBITDA (UBS core) x	14.4	13.0	12.3	13.6	10.4	9.9	9.2	8.5
P/E (UBS, diluted) x	23.7	24.7	22.5	27.7	19.2	17.9	16.7	14.8
Equity FCF (UBS) yield %	(1.5)	(4.5)	(7.3)	(3.1)	(3.6)	(3.2)	(3.2)	(2.0)
Dividend yield (net) %	2.7	2.6	2.9	2.3	3.4	3.6	3.9	4.2

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 42.48 on 02-Feb-2022 12:07:58 EST

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 9.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Can Regulation in Illinois Lead to More Normalized Allowed ROEs?
Yes. The current formulaic ROE is below 8% which is the lowest allowed ROE level for an electric utility in our coverage universe. The gas utilities in Illinois recently received ROEs in the 10%-10.5% range.

Q: Can Exelon Achieve an ESG Premium?
Potentially. As a electric and natural gas transmission and distribution only utility, Exelon post spin has a clean profile that fits into most ESG funds metrics, even if an exclusionary already clean approach is used versus a rate of change approach.

UBS VIEW

We remain Buy rated on shares of EXC post the ExGen spin into Constellation Energy Corp on February 1. We see Exelon as a top quartile earnings per share growth company with constructive second quartile regulation across their various jurisdictions.

EVIDENCE

We model EXC's growth guidance at ~8% through 2026 from 2021 at the top end of their guidance range. This is driven by the timing of the PECO rate case and by our assumption of moving ComEd off of formulaic rates to a more normalized ROE under a multi-year rate plan to be filed by 2024 and fully implemented by 2026. We rank PA as a Tier 2, IL, MD, DE, and NJ as Tier 3, and DC as a Tier 5 jurisdiction but multi-year rate plans at Pepco MD and DC and at BGE are improving the regulatory constructs for EXC across MD and DC. Recent rate cases for regulated gas utilities in IL awarded allowed ROEs of 10.35% for Northern Illinois Gas (Docket 21-0098; Nov. '21), 10% for North Shore Gas (Docket 20-0810; Sept. '21), and 10.50% Ameren Illinois (20-0308; Jan. '21).

WHAT'S PRICED IN?

At current prices of $42/share the market is implying 4th quartile regulatory quality and 4th quartile earnings per share growth, versus our price target which uses 2nd quartile regulatory quality and 1st quartile earnings per share growth.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Regulatory Prem./ Disc.	EPS Growth Prem./Disc.	2022E EPS Growth	2023E EPS Growth	ESG Premium/ IL Discount
$55 upside	5%	5%	8%	8%	5%
$50 base	2%	5%	6.1%	7.2%	0%
$37 downside	(5)%	(5)%	5%	5%	(10)%

Source: Factset, UBS Equity Research Estimates

COMPANY DESCRIPTION

Exelon owns 6 regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in DE, DC, IL, MD, NJ, and PA.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Regulatory Prem./Disc.	EPS Growth Prem./Disc.	2022E EPS Growth	2023E EPS Growth	ESG Premium/ IL Discount
$55 upside	5%	5%	8%	8%	5%
$50 base	2%	5%	6.1%	7.2%	0%
$37 downside	(5)%	(5)%	5%	5%	(10)%

Source: Factset, UBS Equity Research Estimates

Risk to the current share price is skewed (2.5:1) to upside

UPSIDE ($55): Our upside case is premised upon improving regulatory environments and a 1st quartile regulatory premium of 5%, a 1st quartile EPS growth of 5%, and EPS growth at the top end of Exelon's guidance range of 8% in 2022 and 2023. We also apply a 5% premium for ESG.

BASE ($50): Our base case is premised upon Exelon's current rankings of 2nd quartile regulatory quality of 2%, and 5% 1st quartile EPS growth, and our EPS growth forecast of 6.1% in 2022 and of 7.2% in 2023.

DOWNSIDE ($37): Our downside case is premised upon deteriorating regulatory environments to 4th quartile regulatory quality, and a 5% 4th quartile earnings growth discount, and an eps forecast below the low end of Exelon's guidance range at 5% in 2022 and 2023, and a 10% discount for regulatory process overhang in Illinois.

Price Target Methodologies

We value Exelon at $50/share premised on a 17% premium to the group multiple of 17.9x our $2.37/share earnings forecast for 2023. Our 17% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% premium for a 2nd quartile regulatory ranking overall, a 5% premium for 1st quartile earnings growth. Exelon moved to a 2nd quartile regulatory ranking from a 3rd quartile regulatory ranking premised upon our updated jurisdictional regulatory ranking tiers, published in our 2022 year ahead: 2022 Outlook: A Tale of Two Halves.

Our prior price target of $63/share was on Exelon pre-spin and used a SOTP methodology. We valued Exelon's Utility and Parent Only (UPO) at a net 12% premium to the group multiple of 18.1x our $2.51/share UPO earnings forecast for 2023. Our 12% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% discount for a 3rd quartile regulatory ranking overall, a 5% premium for 1st quartile UPO earnings growth. This yields $52/share. We value the ExGen competitive generation business at a 6.6x our 2023 estimated Open EBITDA of $2.4Bln, plus NPV of hedges of $0.1Bln less net debt of $5.5Bln which yields $11/share.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Figure 1: Updated CapEx Forecast by Utility Subsidiary, 2022 Analyst Day

CAPEX FORECAST	US$M					
As of 4Q 2020		2021A	2022E	2023E	2024E	
ComEd		2,400	2,450	2,500	2,350	
PECO		1,275	1,300	1,275	1,375	
BGE		1,200	1,250	1,225	1,200	
PHI		1,700	1,750	1,725	1,825	
TOTAL		**6,575**	**6,750**	**6,725**	**6,750**	
Rate Base (US$B)		47.9	51.6	55.0	58.8	
2022 Analyst Day		**2021A**	**2022E**	**2023E**	**2024E**	**2025E**
ComEd		2,375	2,475	2,550	2,575	2,650
PECO		1,275	1,325	1,375	1,550	1,575
BGE		1,200	1,225	1,325	1,375	1,400
PHI		1,750	1,850	1,825	1,950	1,875
TOTAL		**6,600**	**6,875**	**7,075**	**7,450**	**7,500**
% Change		0.4%	1.9%	5.2%	10.4%	
Rate Base (US$B)		48.0	52.0	56.0	61.0	65.0

Source: Exelon 2022 Analyst Day Presentation, UBS Equity Research Estimates

Figure 2: Cash Flow and Financing Plan Forecast on EXC Guidance

US$mlns	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	TOTAL
EPS Guidance/7% Growth	$ 2.10	$ 2.25	$ 2.41	$ 2.58	
Share Count	969	974	979	983	
Implied Net Income	2,035	2,191	2,356	2,533	9,115
D&A and Other OCF	2,756	2,989	3,232	3,478	12,454
Dividends	(1,308)	(1,407)	(1,513)	(1,626)	(5,854)
Pmt to Constellation	(1,750)	-	-	-	(1,750)
OCF	1,733	3,773	4,075	4,385	13,966
Utility Maturities	(950)	(850)	(833)	(500)	(3,133)
HoldCo Maturities	(1,050)	-	-	(807)	(1,857)
Utility Refinancing	950	850	833	500	3,133
HoldCo Refinancing	1,050	-	-	807	1,857
Utility Issuance	2,244	1,887	2,448	2,295	8,874
Corp Issuance	2,650	1,175	675	550	5,050
Equity	250	250	250	250	1,000
TOTAL	6,877	7,085	7,448	7,480	28,890
CapEx	(6,875)	(7,075)	(7,450)	(7,500)	(28,900)
Net	2	10	(2)	(20)	(10)

Source: Exelon 2022 Analyst Day Presentation, UBS Equity Research Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Figure 3: Percentage HoldCo Debt

Segment	2021A	2025E
Utility	25,800	34,674
HoldCo	7,400	12,450
Total	33,200	47,124
HoldCo %	22.3%	26.4%

Source: Exelon 2022 Analyst Day Presentation, UBS Equity Research Estimates.

Figure 4: Indicative Earnings Power from ComEd ROE

US$mlns	Indicative Earnings Power	
2023 Rate Base	20,300	20,300
ROE	7.69%	9.50%
Equity Ratio	54%	54%
Earnings	843	1,041
Shares	984	988
Indicative EPS	$ 0.86	$ 1.05
Indicative Upside		$ 0.20

Source: Exelon 2022 Analyst Day Presentation, UBS Equity Research Estimates

Figure 5: 2016 Rate Recovery Mechanisms

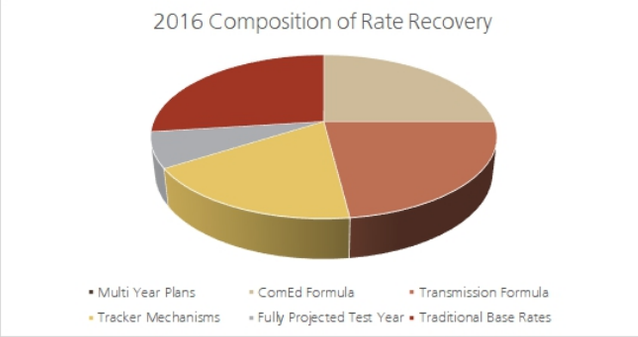

Source: Exelon 2022 Analyst Day Presentation, UBS Equity Research Estimates.

Figure 6: Current Rate Recovery Mechanisms

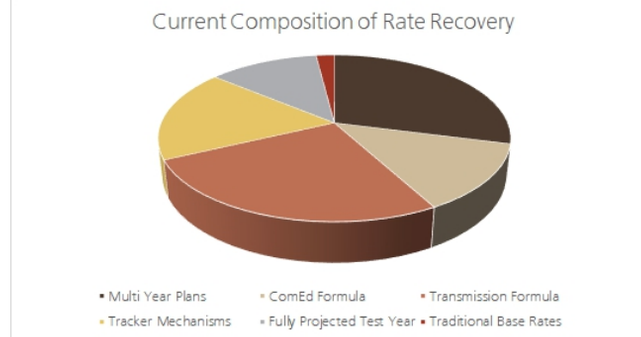

Source: Exelon 2022 Analyst Day Presentation, UBS Equity Research Estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Revenues	**15,541**	**15,514**	**15,436**	**16,422**	*6.4*	**17,146**	*4.4*	**17,632**	**18,263**	**19,070**
Gross profit	9,283	9,694	9,715	10,701	*10.1*	11,425	*6.8*	11,911	12,542	13,349
EBITDA (UBS)	**5,571**	**6,303**	**5,961**	**6,932**	*16.3*	**7,575**	*9.3*	**8,001**	**8,569**	**9,318**
Depreciation & amortisation	(2,464)	(2,622)	(2,812)	(3,030)	*-7.8*	(3,341)	*-10.3*	(3,489)	(3,732)	(3,978)
EBIT (UBS)	**3,107**	**3,681**	**3,149**	**3,902**	*23.9*	**4,234**	*8.5*	**4,512**	**4,837**	**5,340**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(1,122)	(1,187)	(1,278)	(1,362)	*-6.6*	(1,508)	*-10.7*	(1,596)	(1,698)	(1,764)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**1,985**	**2,494**	**1,871**	**2,539**	*35.7*	**2,726**	*7.4*	**2,916**	**3,139**	**3,575**
Tax	(186)	(353)	(118)	(501)	*-324.3*	(558)	*-11.4*	(580)	(627)	(718)
Profit after tax	**1,799**	**2,141**	**1,753**	**2,038**	*16.3*	**2,168**	*6.4*	**2,336**	**2,512**	**2,857**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(102)	(275)	(15)	0	-	0	-	0	0	0
Extraordinary items	(45)	(30)	(50)	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,652**	**1,836**	**1,688**	**2,038**	*20.8*	**2,168**	*6.4*	**2,336**	**2,512**	**2,857**
Net earnings (UBS)	**1,697**	**1,866**	**1,738**	**2,038**	*17.3*	**2,168**	*6.4*	**2,336**	**2,512**	**2,857**
Tax rate (%)	9.4	14.2	6.3	19.7	*212.6*	20.5	*3.8*	19.9	20.0	20.1

Per Share (US$)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
EPS (UBS, diluted)	1.75	1.92	1.78	2.09	*17.3*	2.21	*6.1*	2.37	2.54	2.88
EPS (local GAAP, diluted)	1.70	1.89	1.73	2.09	*20.8*	2.21	*6.1*	2.37	2.54	2.88
EPS (UBS, basic)	1.75	1.92	1.78	2.09	*17.3*	2.22	*6.1*	2.38	2.54	2.88
DPS (net) (US$)	1.14	1.25	1.16	1.35	*16.8*	1.45	*7.4*	1.55	1.65	1.80
Cash EPS (UBS, diluted) [1]	4.29	4.61	4.66	5.19	*11.4*	5.63	*8.4*	5.92	6.32	6.89
Book value per share	32.04	19.24	20.66	21.42	*3.7*	21.19	*-1.1*	22.17	23.22	24.45
Average shares (diluted)	969	974	977	977	*0.0*	979	*0.2*	984	988	993

Balance Sheet (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Cash and equivalents	1,596	496	786	408	*-48.0*	376	*-7.9*	400	615	81
Other current assets	11,764	4,465	4,829	4,989	*3.3*	5,128	*2.8*	5,220	5,341	5,495
Total current assets	**13,360**	**4,961**	**5,615**	**5,398**	*-3.9*	**5,504**	*2.0*	**5,621**	**5,956**	**5,576**
Net tangible fixed assets	76,707	56,040	60,370	63,940	*5.9*	67,474	*5.5*	71,060	74,778	78,300
Net intangible fixed assets	6,677	6,630	6,630	6,630	*0.0*	6,630	*0.0*	6,630	6,630	6,630
Investments / other assets	22,922	8,351	8,608	8,608	*0.0*	8,608	*0.0*	8,608	8,608	8,608
Total assets	**119,666**	**75,982**	**81,223**	**84,575**	*4.1*	**88,216**	*4.3*	**91,919**	**95,972**	**99,114**
Trade payables & other ST liabilities	9,341	4,313	5,019	4,940	*-1.6*	4,937	*-0.1*	4,933	4,930	4,927
Short term debt	2,063	2,578	2,813	2,813	*0.0*	2,813	*0.0*	2,813	2,813	2,813
Total current liabilities	**11,404**	**6,891**	**7,832**	**7,753**	*-1.0*	**7,750**	*0.0*	**7,746**	**7,743**	**7,740**
Long term debt	34,464	26,927	29,308	32,020	*9.3*	35,840	*11.9*	38,485	41,410	43,235
Other long term liabilities	40,728	23,416	23,886	23,886	*0.0*	23,886	*0.0*	23,886	23,886	23,886
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**86,596**	**57,234**	**61,026**	**63,659**	*4.3*	**67,476**	*6.0*	**70,117**	**73,039**	**74,861**
Common s/h equity	**30,764**	**18,740**	**20,186**	**20,905**	*3.6*	**20,729**	*-0.8*	**21,790**	**22,922**	**24,242**
Minority interests	2,306	8	11	11	*0.0*	11	*0.0*	11	11	11
Total liabilities & equity	**119,666**	**75,982**	**81,223**	**84,575**	*4.1*	**88,216**	*4.3*	**91,919**	**95,972**	**99,114**

Cash Flow (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Net income (before pref divs)	1,652	1,836	1,688	2,038	*20.8*	2,168	*6.4*	2,336	2,512	2,857
Depreciation & amortisation	2,464	2,622	2,812	3,030	*7.8*	3,341	*10.3*	3,489	3,732	3,978
Net change in working capital	(494)	(1,894)	(1,754)	(239)	*86.4*	(142)	*40.7*	(96)	(124)	(158)
Other operating	1,145	789	708	0	-	0	-	0	0	0
Operating cash flow	**4,767**	**3,353**	**3,454**	**4,829**	*39.8*	**5,367**	*11.1*	**5,729**	**6,120**	**6,677**
Tangible capital expenditure	(5,352)	(5,403)	(6,301)	(6,600)	*-4.7*	(6,875)	*-4.2*	(7,075)	(7,450)	(7,500)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	49	10	7	0	-	(1,175)	-	0	0	0
Investing cash flow	**(5,303)**	**(5,393)**	**(6,294)**	**(6,600)**	*-4.9*	**(8,050)**	*-22.0*	**(7,075)**	**(7,450)**	**(7,500)**
Equity dividends paid	(331)	(509)	(1,486)	(1,319)	*11.2*	(1,420)	*-7.7*	(1,525)	(1,630)	(1,787)
Share issues / (buybacks)	0	0	0	0	-	250	-	250	250	250
Other financing	(103)	140	1,629	0	-	0	-	0	0	0
Change in debt & pref shares	1,242	1,771	2,602	2,712	*4.2*	3,820	*40.9*	2,645	2,925	1,825
Financing cash flow	**808**	**1,402**	**2,745**	**1,393**	*-49.3*	**2,650**	*90.2*	**1,370**	**1,545**	**288**
Cash flow inc/(dec) in cash	**272**	**(638)**	**(95)**	**(378)**	*-297.5*	**(32)**	*91.4*	**24**	**215**	**(535)**
FX / non cash items	219	(462)	385	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**491**	**(1,100)**	**290**	**(378)**	-	**(32)**	*91.4*	**24**	**215**	**(535)**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. [1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp (EXC.O)

Valuation (x)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
P/E (local GAAP, diluted)	24.4	25.2	23.1	27.7	26.1	24.4	22.7	20.1
P/E (UBS, diluted)	23.7	24.7	22.5	27.7	26.1	24.4	22.7	20.1
P/CEPS	9.7	10.3	8.6	11.1	10.3	9.8	9.1	8.4
Equity FCF (UBS) yield %	(1.5)	(4.5)	(7.3)	(3.1)	(2.7)	(2.4)	(2.4)	(1.5)
Dividend yield (net) %	2.7	2.6	2.9	2.3	2.5	2.7	2.9	3.1
P/BV	1.3	2.5	1.9	2.7	2.7	2.6	2.5	2.4
EV/revenues (core)	5.2	5.3	4.8	5.7	5.5	5.3	5.1	4.9
EV/EBITDA (UBS core)	14.4	13.0	12.3	13.6	12.4	11.7	11.0	10.1
EV/EBIT (core)	25.9	22.3	23.4	24.1	22.2	20.8	19.4	17.6
EV/OpFCF (core)	25.9	22.3	23.4	24.1	22.2	20.8	19.4	17.6
EV/op. invested capital	1.0	1.2	1.3	1.6	1.5	1.4	1.3	1.3

Enterprise value (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Market cap.	39,882	45,845	38,844	56,500	56,500	56,500	56,500	56,500
Net debt (cash)	34,931	32,200	30,453	33,229	33,229	33,229	33,229	33,229
Buy out of minorities	2,306	8	11	11	11	11	11	11
Pension provisions/other	3,989	4,247	4,503	4,503	4,503	4,503	4,503	4,503
Total enterprise value	**81,108**	**82,299**	**73,811**	**94,243**	**94,243**	**94,243**	**94,243**	**94,243**
Non core assets	(625)	(229)	(256)	(256)	(256)	(256)	(256)	(256)
Core enterprise value	**80,483**	**82,070**	**73,555**	**93,987**	**93,987**	**93,987**	**93,987**	**93,987**

Growth (%)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenue	(53.7)	(0.2)	(0.5)	6.4	4.4	2.8	3.6	4.4
EBITDA (UBS)	(14.2)	13.1	(5.4)	16.3	9.3	5.6	7.1	8.7
EBIT (UBS)	(22.9)	18.5	(14.5)	23.9	8.5	6.6	7.2	10.4
EPS (UBS, diluted)	(32.6)	9.4	(7.1)	17.3	6.1	7.3	7.1	13.2
Net DPS	(13.1)	9.4	(7.1)	16.8	7.4	6.9	6.5	9.1

Margins & Profitability (%)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Gross profit margin	59.7	62.5	62.9	65.2	66.6	67.6	68.7	70.0
EBITDA margin	35.8	40.6	38.6	42.2	44.2	45.4	46.9	48.9
EBIT (UBS) margin	20.0	23.7	20.4	23.8	24.7	25.6	26.5	28.0
Net earnings (UBS) margin	10.9	12.0	11.3	12.4	12.6	13.2	13.8	15.0
ROIC (EBIT)	3.7	5.3	5.7	6.6	6.7	6.7	6.9	7.2
ROIC post tax	3.4	4.6	5.3	5.3	5.3	5.4	5.5	5.7
ROE (UBS)	5.6	7.5	8.9	9.9	10.4	11.0	11.2	12.1

Capital structure & Coverage (x)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Net debt / EBITDA	6.3	4.6	5.3	5.0	5.1	5.2	5.1	4.9
Net debt / total equity %	106.4	155.9	156.9	166.3	186.2	189.2	191.7	189.7
Net debt / (net debt + total equity) %	51.5	60.9	61.1	62.4	65.1	65.4	65.7	65.5
Net debt/EV %	43.1	39.1	41.3	35.3	38.9	42.4	45.2	47.7
Capex / depreciation %	NM	NM	NM	NM	NM	NM	199.6	188.6
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	2.8	3.1	2.5	2.9	2.8	2.8	2.8	3.0
Dividend cover (UBS)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6
Div. payout ratio (UBS) %	64.9	64.9	64.9	64.6	65.4	65.2	64.8	62.5

Revenues by division (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Others	15,541	15,514	15,436	16,422	17,146	17,632	18,263	19,070
Total	**15,541**	**15,514**	**15,436**	**16,422**	**17,146**	**17,632**	**18,263**	**19,070**

EBIT (UBS) by division (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Others	3,107	3,681	3,149	3,902	4,234	4,512	4,837	5,340
Total	**3,107**	**3,681**	**3,149**	**3,902**	**4,234**	**4,512**	**4,837**	**5,340**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Forecast returns

Forecast price appreciation	+17.7%
Forecast dividend yield	3.4%
Forecast stock return	+21.1%
Market return assumption	6.2%
Forecast excess return	+15.0%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We value Exelon at $50/share premised on a 17% premium to the group multiple of 17.9x our $2.37/share earnings forecast for 2023. Our 17% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% premium for a 2nd quartile regulatory ranking overall, a 5% premium for 1st quartile earnings growth.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 02 February 2022 06:15 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please click https://neo.ubs.com/quantitative, or speak to your UBS sales representative for access to the report.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	29%
Sell	FSR is > 6% below the MRA.	10%	26%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2021.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$57.83	01 Feb 2022

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

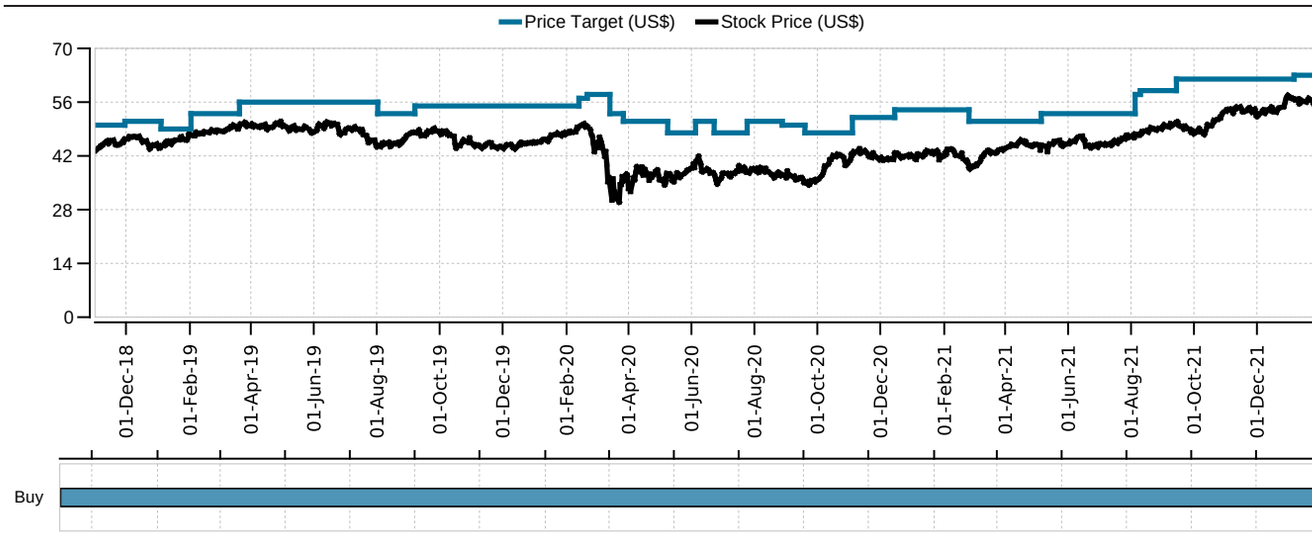

Date	Stock Price (US$)	Price Target (US$)	Rating
2018-11-01	43.65	50.00	Buy
2018-11-29	45.67	51.00	Buy
2019-01-03	44.12	49.00	Buy
2019-02-01	47.46	53.00	Buy
2019-03-20	49.10	56.00	Buy
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-22	37.57	48.00	Buy
2020-07-24	37.80	51.00	Buy

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy

Source: UBS; as of 01-Feb-2022

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means. The level and types of services provided by Global Research to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab you understand that UBS Evidence Lab is a separate department to Global Research and that UBS Evidence Lab does not provide research, investment recommendations or advice. UBS Evidence Lab may provide services to other internal and external clients.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). "Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law" - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this material is prepared by UBS Brasil CCTVM S.A.[1] to persons who are eligible investors residing in Brazil, which are considered to be Investidores Profissionais, as designated by the applicable regulation, mainly the CVM Instruction No. 539 from the 13th of November 2013 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS Brasil CCTVM S.A. is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil, of which UBS AG is the majority owner. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190, Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is for your information only; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution.**Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Greece**: UBS AG and its subsidiaries and affiliates (UBS) are premier global financial services firms offering wealth management services to individual, corporate and institutional investors. UBS AG and UBS Switzerland AG are established in Switzerland and operate under Swiss law. UBS operates in over 50 countries and from all major financial centers. UBS is not licensed as a bank or financial institution under Greek legislation and does not provide banking, nor financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity,

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt.**Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales.**Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: UBS AG and its branches and subsidiaries (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission (SEC) and do not undertake banking or investment business activities in Nigeria. The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. If you are interested in products of this nature, please let us know and we will direct you to someone who can advise you. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). Any material relating to Collective Investment Schemes has been provided to you at your specific unsolicited request and for your information only. The investment products mentioned in such material are not being offered or made available for sale by UBS in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. **Philippines:** This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

"On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37.**Singapore**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed.**USA**:Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 02 Feb 2022
Estimates as of 02 Feb 2022
Pricing data as of 02 Feb 2022 10:29
Rating updated as of 02 Feb 2022 10:44

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 05 Jan 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Analyst Note 1
Morningstar Analyst Forecasts 2
Methodology for Valuing Companies

Analyst Note 02 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

Vital Statistics

Market Cap (USD Mil)	56,644
52-Week High (USD)	58.21
52-Week Low (USD)	38.35
52-Week Total Return %	41.1
YTD Total Return %	0.1
Last Fiscal Year End	31 Dec 2020
5-Yr Forward Revenue CAGR %	-10.8
5-Yr Forward EPS CAGR %	-3.5
Price/Fair Value	1.09

Valuation Summary and Forecasts

Fiscal Year:	2019	2020	*2021(E)*	*2022(E)*
Price/Earnings	14.2	13.1	*19.3*	*26.3*
EV/EBITDA	9.4	10.0	*10.7*	*15.9*
EV/EBIT	18.7	27.8	*25.2*	*31.3*
Free Cash Flow Yield %	-1.3	-9.3	*2.3*	*22.4*
Dividend Yield %	3.2	3.6	*2.8*	*2.3*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2019	2020	*2021(E)*	*2022(E)*
Revenue	34,348	33,039	*32,148*	*16,413*
Revenue YoY %	-4.6	-3.8	*-2.7*	*-49.0*
EBIT	4,284	2,823	*3,791*	*3,047*
EBIT YoY %	9.9	-34.1	*34.3*	*-19.6*
Net Income, Adjusted	3,136	3,146	*2,936*	*2,166*
Net Income YoY %	20.8	0.3	*-6.7*	*-26.2*
Diluted EPS	3.22	3.22	*3.00*	*2.20*
Diluted EPS YoY %	20.2	—	*-7.0*	*-26.4*
Free Cash Flow	-330	324	*1,559*	*11,929*
Free Cash Flow YoY %	-114.1	-198.3	*380.4*	*665.2*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. CAGR
Revenue	*-0.5*	7.3	-4.6	-3.8	*-2.7*	*-49.0*	*-10.8*
EBIT	*-12.8*	-8.5	9.9	-34.1	*34.3*	*-19.6*	*7.4*
EBITDA	*-1.1*	2.0	3.5	-8.2	*13.5*	*-32.4*	*-0.5*
Net Income	*7.4*	2.1	20.8	0.3	*-6.7*	*-26.2*	*-2.9*
Diluted EPS	*6.3*	—	20.2	—	*-7.0*	*-26.4*	*-3.5*
Earnings Before Interest, after Tax	*-10.6*	19.7	-17.1	-27.9	*35.1*	*-231.3*	*5.7*
Free Cash Flow	*104.4*	—	-114.1	-198.3	*380.4*	*665.2*	*-13.7*

Profitability	3-Year Hist. Avg	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. Avg
Operating Margin %	*10.6*	10.8	12.5	8.5	*11.8*	*18.6*	*18.5*
EBITDA Margin %	*23.8*	22.9	24.9	23.7	*27.7*	*36.7*	*36.6*
Net Margin %	*8.6*	7.2	9.1	9.5	*9.1*	*13.2*	*13.0*
Free Cash Flow Margin %	*2.2*	6.5	-1.0	1.0	*4.9*	*72.7*	*14.9*
ROIC %	*2.4*	2.1	3.5	1.6	*4.5*	*-7.1*	*2.4*
Adjusted ROIC %	*2.6*	2.3	3.8	1.7	*4.9*	*-7.8*	*2.6*
Return on Assets %	*1.9*	1.7	2.3	1.5	*2.2*	*1.8*	*2.2*
Return on Equity %	*7.2*	6.6	9.0	6.1	*8.7*	*6.2*	*7.0*

Leverage	3-Year Hist. Avg	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. Avg
Debt/Capital	*0.54*	0.54	0.54	0.55	*0.54*	*0.48*	*0.49*
Total Debt/EBITDA	*4.62*	4.43	4.43	5.02	*4.53*	*5.51*	*4.99*
EBITDA/Interest Expense	*5.13*	5.31	5.28	4.79	*5.30*	*4.53*	*4.75*

Valuation Summary and Forecasts

	2019	2020	2021(E)	2022(E)
Price/Fair Value	1.49	1.41	—	—
Price/Earnings	14.2	13.1	*19.3*	*26.3*
EV/EBITDA	9.4	10.0	*10.7*	*15.9*
EV/EBIT	18.7	27.8	*25.2*	*31.3*
Free Cash Flow Yield %	-1.3	-9.3	*2.3*	*22.4*
Dividend Yield %	3.2	3.6	*2.8*	*2.3*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	11,686	15.5	11.91
Present Value Stage II	13,136	17.4	13.39
Present Value Stage III	50,699	67.1	51.66
Total Firm Value	**75,521**	**100.0**	**76.96**
Cash and Equivalents	663	—	0.68
Debt	-39,333	—	-40.08
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**36,911**	**—**	**37.61**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**39.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Revenue	**35,985**	**34,348**	**33,039**	***32,148***	***16,413***
Cost of Goods Sold	16,670	15,497	14,104	*12,593*	*5,725*
Gross Profit	**19,315**	**18,851**	**18,935**	***19,555***	***10,687***
Selling, General & Administrative Expenses	9,337	8,615	9,408	*8,864*	*3,446*
Other Operating Expense (Income)	1,783	1,732	1,714	*1,793*	*1,227*
Other Operating Expense (Income)	-56	-32	-24	—	—
Depreciation & Amortization (if reported separately)	4,353	4,252	5,014	*5,107*	*2,968*
Operating Income (ex charges)	**3,898**	**4,284**	**2,823**	***3,791***	***3,047***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**3,898**	**4,284**	**2,823**	***3,791***	***3,047***
Interest Expense	1,554	1,616	1,635	*1,678*	*1,329*
Interest Income	-140	1,044	1,139	*1,196*	*957*
Pre-Tax Income	**2,204**	**3,712**	**2,327**	***3,309***	***2,675***
Income Tax Expense	120	774	373	*373*	*508*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-74	-92	9	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,010**	**2,846**	**1,963**	***2,936***	***2,166***
Weighted Average Diluted Shares Outstanding	969	974	977	*980*	*983*
Diluted Earnings Per Share	**2.07**	**2.92**	**2.01**	***3.00***	***2.20***
Adjusted Net Income	2,597	3,136	3,146	*2,936*	*2,166*
Diluted Earnings Per Share (Adjusted)	**2.68**	**3.22**	**3.22**	***3.00***	***2.20***
Dividends Per Common Share	1.38	1.45	1.53	*1.61*	*1.35*
EBITDA	**9,869**	**10,064**	**9,350**	***8,898***	***6,015***
Adjusted EBITDA	**8,251**	**8,536**	**7,837**	***8,898***	***6,015***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Cash and Equivalents	1,349	587	663	*1,317*	*2,804*
Investments	—	—	—	—	—
Accounts Receivable	5,863	6,175	4,629	*5,549*	*2,833*
Inventory	1,685	1,768	1,722	*1,656*	*753*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	4,463	3,507	5,548	*5,500*	*4,750*
Current Assets	**13,360**	**12,037**	**12,562**	***14,022***	***11,140***
Net Property Plant, and Equipment	76,707	80,233	82,584	*84,877*	*66,784*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,237	8,335	8,759	*8,959*	*500*
Long-Term Non-Operating Assets	14,685	17,695	18,735	*18,735*	*18,735*
Total Assets	**119,666**	**124,977**	**129,317**	***133,270***	***103,836***
Accounts Payable	3,805	3,565	3,567	*3,450*	*1,490*
Short-Term Debt	2,063	6,080	3,850	*3,850*	—
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	5,536	4,540	5,354	*6,100*	*4,100*
Current Liabilities	**11,404**	**14,185**	**12,771**	***13,400***	***5,590***
Long-Term Debt	34,465	31,719	35,483	*36,483*	*33,120*
Deferred Tax Liabilities (Long-Term)	11,330	12,351	13,035	*13,885*	*5,885*
Other Long-Term Operating Liabilities	9,559	9,986	9,485	*9,500*	—
Long-Term Non-Operating Liabilities	19,838	22,163	23,675	*23,675*	*23,675*
Total Liabilities	**86,596**	**90,404**	**94,449**	***96,943***	***68,270***
Preferred Stock	—	—	—	—	—
Common Stock	19,116	19,274	19,373	*19,373*	*19,373*
Additional Paid-in Capital	—	—	—	*60*	*60*
Retained Earnings (Deficit)	14,766	16,267	16,735	*18,117*	*18,956*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-2,995	-3,194	-3,400	*-2,700*	*-2,700*
Shareholder's Equity	**30,764**	**32,224**	**32,585**	***34,727***	***35,566***
Minority Interest	2,306	2,349	2,283	*1,600*	—
Total Equity	**33,070**	**34,573**	**34,868**	***36,327***	***35,566***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Net Income	2,084	3,028	1,954	*2,936*	*2,166*
Depreciation	5,971	5,780	6,527	*5,107*	*2,968*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	-106	681	309	*850*	*-8,000*
Other Non-Cash Adjustments	1,715	346	430	—	—
(Increase) Decrease in Accounts Receivable	-565	-243	697	*-920*	*2,716*
(Increase) Decrease in Inventory	-37	-87	-85	*66*	*903*
Change in Other Short-Term Assets	-969	-2,421	-5,468	*48*	*750*
Increase (Decrease) in Accounts Payable	551	-425	-129	*-117*	*-1,960*
Change in Other Short-Term Liabilities	—	—	—	*746*	*-2,000*
Cash From Operations	**8,644**	**6,659**	**4,235**	***8,716***	***-2,456***
(Capital Expenditures)	-7,594	-7,248	-8,048	*-7,400*	*15,125*
Net (Acquisitions), Asset Sales, and Disposals	-154	-41	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	-86	29	3,712	*-185*	*-1,041*
Cash From Investing	**-7,834**	**-7,260**	**-4,336**	***-7,585***	***14,084***
Common Stock Issuance (or Repurchase)	105	112	45	*60*	—
Common Stock (Dividends)	-1,332	-1,408	-1,492	*-1,554*	*-1,327*
Short-Term Debt Issuance (or Retirement)	-213	656	661	—	*-3,850*
Long-Term Debt Issuance (or Retirement)	1,329	664	1,067	*1,000*	*-3,364*
Other Financing Cash Flows	-248	-185	-104	*-683*	*-1,600*
Cash From Financing	**-359**	**-161**	**177**	***-1,177***	***-10,141***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*700*	—
Net Change in Cash	**451**	**-762**	**76**	***654***	***1,487***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

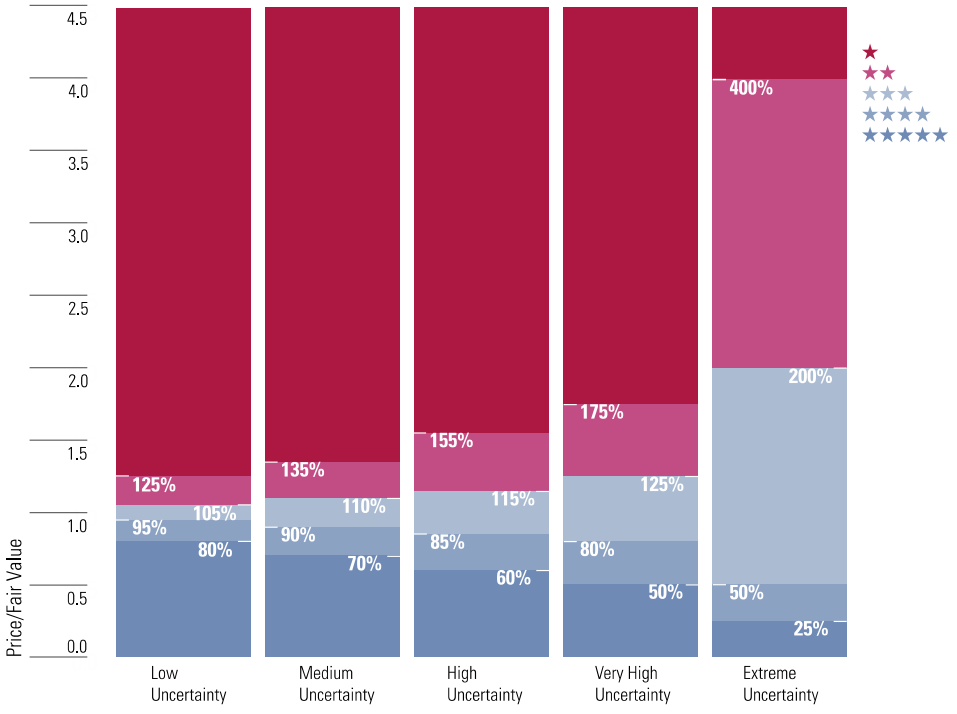

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Exelon Leaves Commodity Volatility Behind After Constellation Divestiture

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Business Strategy and Outlook 02 Feb 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2025, the midpoint of the company's 6%-8% earnings growth guidance. The firm plans to spend $29 billion of capital investment through 2025. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

We view the separation positively for shareholders. We previously valued Exelon at a discount to its fully regulated peers in large part because of its generation and retail operations. A stand-alone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Despite this controversy, recent legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024 or default to traditional ratemaking. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 02 Feb 2022
Estimates as of 02 Feb 2022
Pricing data as of 02 Feb 2022 10:29
Rating updated as of 02 Feb 2022 10:44

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 05 Jan 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Business Strategy and Outlook	1
Morningstar Analysis	
Analyst Note	3
Fair Value & Profit Drivers	3
Scenario Analysis	3
Economic Moat	3
Moat Trend	4
Bulls Say/Bears Say	5
Financial Strength	6
Risk & Uncertainty	6
Management & Ownership	8
Analyst Note Archive	9
Additional Information	-
Morningstar Analyst Forecasts	12
Comparable Company Analysis	16
Methodology for Valuing Companies	18

Vital Statistics

Market Cap (USD Mil)	56,644
52-Week High (USD)	58.21
52-Week Low (USD)	38.35
52-Week Total Return %	41.1
YTD Total Return %	0.1
Last Fiscal Year End	31 Dec 2020
5-Yr Forward Revenue CAGR %	-10.8
5-Yr Forward EPS CAGR %	-3.5
Price/Fair Value	1.09

Valuation Summary and Forecasts

Fiscal Year:	2019	2020	*2021(E)*	*2022(E)*
Price/Earnings	14.2	13.1	*19.3*	*26.3*
EV/EBITDA	9.4	10.0	*10.7*	*15.9*
EV/EBIT	18.7	27.8	*25.2*	*31.3*
Free Cash Flow Yield %	-1.3	-9.3	*2.3*	*22.4*
Dividend Yield %	3.2	3.6	*2.8*	*2.3*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2019	2020	*2021(E)*	*2022(E)*
Revenue	34,348	33,039	*32,148*	*16,413*
Revenue YoY %	-4.6	-3.8	*-2.7*	*-49.0*
EBIT	4,284	2,823	*3,791*	*3,047*
EBIT YoY %	9.9	-34.1	*34.3*	*-19.6*
Net Income, Adjusted	3,136	3,146	*2,936*	*2,166*
Net Income YoY %	20.8	0.3	*-6.7*	*-26.2*
Diluted EPS	3.22	3.22	*3.00*	*2.20*
Diluted EPS YoY %	20.2	—	*-7.0*	*-26.4*
Free Cash Flow	-330	324	*1,559*	*11,929*
Free Cash Flow YoY %	-114.1	-198.3	*380.4*	*665.2*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analysis

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate 02 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

Fair Value & Profit Drivers 02 Feb 2022

Our fair value estimate is $39 per share following the separation of Constellation Energy.

We expect 7% average earnings growth through 2025, the midpoint of management's 6% to 8% earnings guidance. We forecast $29 billion of capital expenditures through 2025 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Scenario Analysis

Our uncertainty rating for Exelon is low. The company's regulated rate structure and transparent growth outlook reduce the difference between our bull- and bear scenarios.

In our bull-case scenario, we assume rate-case outcomes are 25% higher and operating expenses are 2% lower than in our base-case scenario. This results in a $5 per-share increase to our base-case fair value estimate. In our bear-case scenario, a similar decline in rate-case outcomes and increase in operating expense results in a $5 fair value estimate decrease.

If operating expenses increase by 100 basis points, our fair value estimate would drop by $2 per share, all else equal.

Economic Moat

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

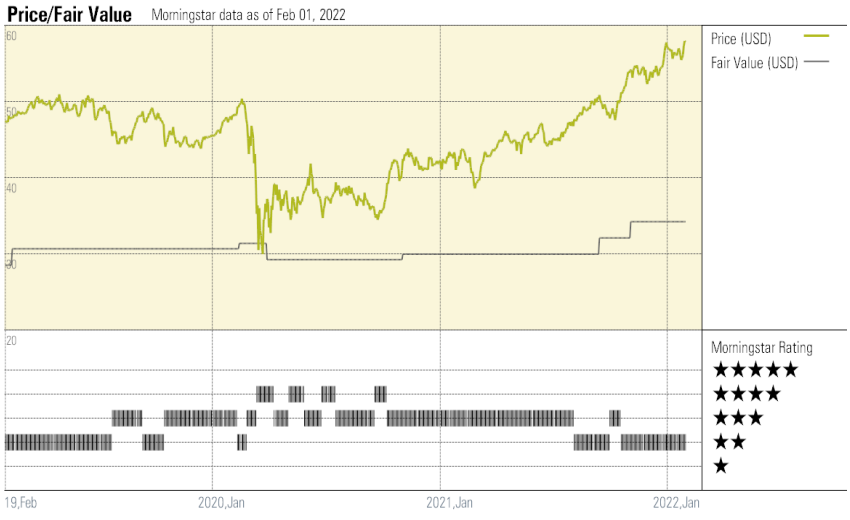

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Moat Trend

We assign Exelon a stable moat trend rating. The regulatory environments in Illinois, Pennsylvania, and Maryland have stabilized, allowing the company's distribution utilities fair returns. Nearly all of Exelon's rate-base growth will have rate trackers or formula rates, minimizing regulatory lag. Exelon faces the biggest challenge boosting regulated earned returns.

Exelon's stable business model and difficult-to-replicate asset base support our view that the firm's narrow moat is stable. We don't anticipate a change in the regulatory compact between utilities and ratepayers that ensures capital providers earn a fair return on their investments. As with all regulated utilities, we think revenue caps preclude Exelon from establishing a wide economic moat.

Regulated utilities' moat trends consider changes in the regulatory environment, near-term investment requirements and growth opportunities, energy demand trends, and management's strategic direction. In assessing the changing regulatory environment, we consider the level of automatic rate mechanisms, allowed returns on equity versus interest rates, fuel cost recovery mechanisms, and the history of regulatory relations.

Using these factors, we assess whether fundamental changes will give a utility a better opportunity to earn or overearn its cost of capital in the near term, or whether fundamental changes will make it more difficult for a utility to earn its cost of capital. The regulatory framework that caps revenue and returns prevents the firm from attaining a wide moat, as with all regulated utilities that we cover.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Bulls Say/Bears Say

Bulls Say

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Five Year Adjusted Cash Flow Forecast (USD Mil)

	2021(E)	2022(E)	2023(E)	2024(E)	2025(E)
Cash and Equivalents (beginning of period)	663	1,317	2,804	1,585	1,086
Adjusted Available Cash Flow	3,612	9,642	1,531	2,240	2,764
Total Cash Available before Debt Service	4,275	10,959	4,336	3,825	3,851
Principal Payments	-1,483	-1,626	-1,600	-2,000	-2,275
Interest Payments	-1,678	-1,329	-1,417	-1,526	-1,637
Other Cash Obligations and Commitments	-303	-303	-463	-464	-463
Total Cash Obligations and Commitments	-3,464	-3,258	-3,480	-3,990	-4,375

Cumulative Annual Cash Flow Cushion

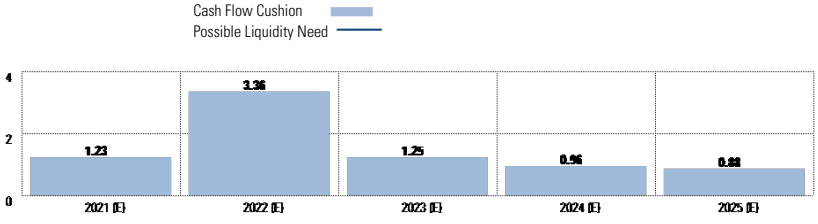

Adjusted Cash Flow Summary

	USD Millions	% of Commitments
Beginning Cash Balance	663	3.6
Sum of 5-Year Adjusted Free Cash Flow	19,790	106.6
Sum of Cash and 5-Year Cash Generation	20,453	110.2
Revolver Availability	—	—
Asset Adjusted Borrowings (Repayment)	—	—
Sum of Cash, 5-Year Cash Generation, Revolver and Adjustments	20,453	110.2
Sum of 5-Year Cash Commitments	-18,567	—

Financial Strength

With over 4.0 times interest coverage, Exelon's financial health is sound for a regulated utility, particularly given its stable, low-risk business model. With $29 billion of capital spending planned through 2025, Exelon will be a frequent debt issuer. The company has manageable long-term debt maturities and we anticipate it will be able to refinance its debt as it comes due, maintaining its current debt/capital ratio. We expect the company to issue $1.0 billion in equity to fund its capital investment plan, in line with management's expectations.We expect total debt/EBITDA to remain in the 4.5-5.0 times range. Exelon will target a 60% dividend payout ratio. We expect dividend growth in line with our 7% annual earnings per-share growth forecast through 2025.

Risk & Uncertainty

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Management & Ownership

Management Activity

Name	Position	Shares Held	Report Date*	InsiderActivity
MR. CHRISTOPHER M. CRANE	Director, President and CEO, Director	294,252	06 Jan 2022	285000
MR. CHRISTOPHER M. CRANE	Director, President and CEO, Director	294,252	06 Jan 2022	285000
MR. MAYO A. SHATTUCK, III	Director, Chairman of the Board, Director	267,649	31 Dec 2021	—
MR. WILLIAM A. VON HOENE, JR	Sr. Executive Vice President	215,417	25 Jan 2021	—
MR. JOSEPH NIGRO	Sr EVP & CFO	111,338	28 Jan 2022	13000
MR. JOSEPH NIGRO	Sr EVP & CFO	111,338	28 Jan 2022	13000
MR. CALVIN G. BUTLER,JR	Sr EVP & Chf Operating Officer	71,884	06 Jan 2022	—

*Represents the date on which the owner's name, position, and common shares held were reported by the holder or issuer.

Fund Ownership

Top Owners	% of Shares Held	% of Fund Assets	Change (k)	Portfolio Date
Vanguard Total Stock Market Index Fund	2.83	0.12	88	31 Jan 2022
Vanguard US Total Market Shares ETF	2.83	0.12	88	31 Jan 2022
Vanguard Wellingtonâ„¢ Fund	2.66	1.18	628	31 Jan 2022
Capital Group Wash Mutual Invtrs Comp	2.27	0.75	-3	31 Jan 2022
American Funds Washington Mutual Fund	2.27	0.75	-3	31 Jan 2022
Concentrated Holders				
MainStay VP Fidelity Ins AM Utilts Pf	0.22	10.40	—	31 Jan 2022
FidelityÂ® VIP Utilities Portfolio	0.04	10.37	—	31 Jan 2022
FidelityÂ® Select Utilities Portfolio	0.20	10.33	—	31 Jan 2022
Fidelity AdvisorÂ® Utilities Fund	0.11	10.01	—	31 Jan 2022
GUGG Utilities 32	0.00	8.59	0	31 Jan 2022

Institutional Transactions

Top 5 Buyers	% of Shares Held	% of Fund Assets	Shares Bought/ Sold (k)	Portfolio Date
Wellington Management Group, LLP	7.69	—	75,360	31 Jan 2022
BlackRock Inc	7.88	—	41,592	31 Jan 2022
Vanguard	2.15	8.43	3,603	31 Jan 2022
Morgan Stanley - Brokerage Accounts	1.69	0.11	2,467	31 Jan 2022
FMR Inc	3.06	0.11	2,196	31 Jan 2022
Top 5 Sellers				
LSV Asset Management	0.20	0.17	-2,885	31 Jan 2022
BlackRock Fund Advisors	2.96	21.67	-2,056	31 Jan 2022
BlackRock Advisors LLC	0.02	1.60	-1,844	31 Jan 2022
Corvex Management LP	0.21	3.15	-1,788	31 Jan 2022
Nuveen Asset Management, LLC	—	—	-1,657	31 Jan 2022

Capital Allocation 02 Feb 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane and board chair Mayo Shattuck have prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate 02 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

Exelon Edging Closer to Spinning Off Merchant Unit; Reports Q3 Earnings 03 Nov 2021

We are increasing our fair value estimate to $48 per share from $45 after Exelon announced third-quarter adjusted earnings per share of $1.09 compared with $1.04 in the same year-ago period. Management narrowed their full-year EPS guidance to $2.70-$2.90 from their previous $2.60-$3.00 range. Our fair value estimate increase is due to an increase in Morningstar's midcycle natural gas price to $3.30 per thousand cubic feet from $2.80, which boosted the nuclear fleet's midcycle margins. Our narrow moat and stable moat trend ratings are unchanged.

Recently management secured $700 million in subsidies from Illinois legislation that will keep the company's Dresden and Byron nuclear plants operating. We assume that subsidies for the plants will continue beyond 2025 given the role nuclear must play as Illinois pursues its aggressive clean energy goal. Management has successfully lobbied for subsidies across its merchant nuclear fleet. Policymakers view of nuclear generation is beginning to align with our view that nuclear' s clean energy attributes and reliable generation will be instrumental in meeting aggressive emission reduction goals.

Exelon continues to progress on the spin-off of its competitive merchant unit. The company has received FERC approval, and continues progress toward receiving approvals from New York regulators and the Nuclear Regulatory Commission. Exelon has named a management team for the new unit, to be named Constellation, which we view is a sign management is confident they can complete the spin-off. Management expects to complete the transaction in the first quarter of 2022.

In the quarter, rate increases and ongoing utility investments supported earnings. Lower capacity revenue, increased nuclear outage days, and unrealized and realized gains on equity investments had a negative impact on generation segment earnings. Trailing 12-month returns were 9.3%, down from 9.4% last quarter.

Exelon Secures Another Legislative Win; Byron and Dresden to Remain Open 14 Sep 2021

We are increasing our Exelon fair value estimate to $45 per share from $42 after Illinois lawmakers passed energy legislation that would provide subsidies to Exelon's Dresden and Byron nuclear plants. Gov. J.B. Pritzker has indicated he plans to sign the legislation, and Exelon has said it is in the process of refueling both plants. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon has taken a hard line with Illinois policymakers on the future of its unregulated nuclear facilities in the state. Last year, Exelon announced plans to close the two nuclear generating stations. After filing Post Shutdown Decommissioning Activity Reports with the Nuclear Regulatory Commission in July, Exelon is now preparing to refuel both Byron and Dresden nuclear facilities. We had previously estimated the plants were running at break-even, resulting in no change to our fair value estimate.

The $700 million in subsidies Exelon will receive from the legislation was the primary source of our fair value estimate increase. We assume that the subsidies will continue beyond our five-year forecast, in part to help the state meet the legislation's 100% clean energy target by 2050. The legislation also sets targets for Illinois that include zero

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

carbon emissions by the end of 2045 and 50% renewable energy by 2040. Dresden's operating license expires later this decade and Byron's operating license expires for both of its units by 2046. Time-value appreciation since our last update increased our fair value estimate $1 per share.

We previously thought Exelon faced an uphill battle to secure additional subsidies for its nuclear fleet in the state, in large part due to the deferred prosecution agreement Exelon entered into last year related to the company's lobbying practices in the state. However, the state's clean energy goals, and the contribution of Exelon's nuclear fleet to those goals, ultimately led to successful lobbying efforts.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. CAGR
Revenue	*-0.5*	7.3	-4.6	-3.8	*-2.7*	*-49.0*	*-10.8*
EBIT	*-12.8*	-8.5	9.9	-34.1	*34.3*	*-19.6*	*7.4*
EBITDA	*-1.1*	2.0	3.5	-8.2	*13.5*	*-32.4*	*-0.5*
Net Income	*7.4*	2.1	20.8	0.3	*-6.7*	*-26.2*	*-2.9*
Diluted EPS	*6.3*	—	20.2	—	*-7.0*	*-26.4*	*-3.5*
Earnings Before Interest, after Tax	*-10.6*	19.7	-17.1	-27.9	*35.1*	*-231.3*	*5.7*
Free Cash Flow	*104.4*	—	-114.1	-198.3	*380.4*	*665.2*	*-13.7*

Profitability	3-Year Hist. Avg	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. Avg
Operating Margin %	*10.6*	10.8	12.5	8.5	*11.8*	*18.6*	*18.5*
EBITDA Margin %	*23.8*	22.9	24.9	23.7	*27.7*	*36.7*	*36.6*
Net Margin %	*8.6*	7.2	9.1	9.5	*9.1*	*13.2*	*13.0*
Free Cash Flow Margin %	*2.2*	6.5	-1.0	1.0	*4.9*	*72.7*	*14.9*
ROIC %	*2.4*	2.1	3.5	1.6	*4.5*	*-7.1*	*2.4*
Adjusted ROIC %	*2.6*	2.3	3.8	1.7	*4.9*	*-7.8*	*2.6*
Return on Assets %	*1.9*	1.7	2.3	1.5	*2.2*	*1.8*	*2.2*
Return on Equity %	*7.2*	6.6	9.0	6.1	*8.7*	*6.2*	*7.0*

Leverage	3-Year Hist. Avg	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. Avg
Debt/Capital	*0.54*	0.54	0.54	0.55	*0.54*	*0.48*	*0.49*
Total Debt/EBITDA	*4.62*	4.43	4.43	5.02	*4.53*	*5.51*	*4.99*
EBITDA/Interest Expense	*5.13*	5.31	5.28	4.79	*5.30*	*4.53*	*4.75*

Valuation Summary and Forecasts

	2019	2020	2021(E)	2022(E)
Price/Fair Value	1.49	1.41	—	—
Price/Earnings	14.2	13.1	*19.3*	*26.3*
EV/EBITDA	9.4	10.0	*10.7*	*15.9*
EV/EBIT	18.7	27.8	*25.2*	*31.3*
Free Cash Flow Yield %	-1.3	-9.3	*2.3*	*22.4*
Dividend Yield %	3.2	3.6	*2.8*	*2.3*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	11,686	15.5	11.91
Present Value Stage II	13,136	17.4	13.39
Present Value Stage III	50,699	67.1	51.66
Total Firm Value	**75,521**	**100.0**	**76.96**
Cash and Equivalents	663	—	0.68
Debt	-39,333	—	-40.08
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**36,911**	**—**	**37.61**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**39.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Revenue	**35,985**	**34,348**	**33,039**	***32,148***	***16,413***
Cost of Goods Sold	16,670	15,497	14,104	*12,593*	*5,725*
Gross Profit	**19,315**	**18,851**	**18,935**	***19,555***	***10,687***
Selling, General & Administrative Expenses	9,337	8,615	9,408	*8,864*	*3,446*
Other Operating Expense (Income)	1,783	1,732	1,714	*1,793*	*1,227*
Other Operating Expense (Income)	-56	-32	-24	—	—
Depreciation & Amortization (if reported separately)	4,353	4,252	5,014	*5,107*	*2,968*
Operating Income (ex charges)	**3,898**	**4,284**	**2,823**	***3,791***	***3,047***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**3,898**	**4,284**	**2,823**	***3,791***	***3,047***
Interest Expense	1,554	1,616	1,635	*1,678*	*1,329*
Interest Income	-140	1,044	1,139	*1,196*	*957*
Pre-Tax Income	**2,204**	**3,712**	**2,327**	***3,309***	***2,675***
Income Tax Expense	120	774	373	*373*	*508*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-74	-92	9	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,010**	**2,846**	**1,963**	***2,936***	***2,166***
Weighted Average Diluted Shares Outstanding	969	974	977	*980*	*983*
Diluted Earnings Per Share	**2.07**	**2.92**	**2.01**	***3.00***	***2.20***
Adjusted Net Income	2,597	3,136	3,146	*2,936*	*2,166*
Diluted Earnings Per Share (Adjusted)	**2.68**	**3.22**	**3.22**	***3.00***	***2.20***
Dividends Per Common Share	1.38	1.45	1.53	*1.61*	*1.35*
EBITDA	**9,869**	**10,064**	**9,350**	***8,898***	***6,015***
Adjusted EBITDA	**8,251**	**8,536**	**7,837**	***8,898***	***6,015***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Cash and Equivalents	1,349	587	663	*1,317*	*2,804*
Investments	—	—	—	—	—
Accounts Receivable	5,863	6,175	4,629	*5,549*	*2,833*
Inventory	1,685	1,768	1,722	*1,656*	*753*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	4,463	3,507	5,548	*5,500*	*4,750*
Current Assets	**13,360**	**12,037**	**12,562**	***14,022***	***11,140***
Net Property Plant, and Equipment	76,707	80,233	82,584	*84,877*	*66,784*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,237	8,335	8,759	*8,959*	*500*
Long-Term Non-Operating Assets	14,685	17,695	18,735	*18,735*	*18,735*
Total Assets	**119,666**	**124,977**	**129,317**	***133,270***	***103,836***
Accounts Payable	3,805	3,565	3,567	*3,450*	*1,490*
Short-Term Debt	2,063	6,080	3,850	*3,850*	—
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	5,536	4,540	5,354	*6,100*	*4,100*
Current Liabilities	**11,404**	**14,185**	**12,771**	***13,400***	***5,590***
Long-Term Debt	34,465	31,719	35,483	*36,483*	*33,120*
Deferred Tax Liabilities (Long-Term)	11,330	12,351	13,035	*13,885*	*5,885*
Other Long-Term Operating Liabilities	9,559	9,986	9,485	*9,500*	—
Long-Term Non-Operating Liabilities	19,838	22,163	23,675	*23,675*	*23,675*
Total Liabilities	**86,596**	**90,404**	**94,449**	***96,943***	***68,270***
Preferred Stock	—	—	—	—	—
Common Stock	19,116	19,274	19,373	*19,373*	*19,373*
Additional Paid-in Capital	—	—	—	*60*	*60*
Retained Earnings (Deficit)	14,766	16,267	16,735	*18,117*	*18,956*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-2,995	-3,194	-3,400	*-2,700*	*-2,700*
Shareholder's Equity	**30,764**	**32,224**	**32,585**	***34,727***	***35,566***
Minority Interest	2,306	2,349	2,283	*1,600*	—
Total Equity	**33,070**	**34,573**	**34,868**	***36,327***	***35,566***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	*Forecast* 2021	*Forecast* 2022
Net Income	2,084	3,028	1,954	*2,936*	*2,166*
Depreciation	5,971	5,780	6,527	*5,107*	*2,968*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	-106	681	309	*850*	*-8,000*
Other Non-Cash Adjustments	1,715	346	430	—	—
(Increase) Decrease in Accounts Receivable	-565	-243	697	*-920*	*2,716*
(Increase) Decrease in Inventory	-37	-87	-85	*66*	*903*
Change in Other Short-Term Assets	-969	-2,421	-5,468	*48*	*750*
Increase (Decrease) in Accounts Payable	551	-425	-129	*-117*	*-1,960*
Change in Other Short-Term Liabilities	—	—	—	*746*	*-2,000*
Cash From Operations	**8,644**	**6,659**	**4,235**	***8,716***	***-2,456***
(Capital Expenditures)	-7,594	-7,248	-8,048	*-7,400*	*15,125*
Net (Acquisitions), Asset Sales, and Disposals	-154	-41	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	-86	29	3,712	*-185*	*-1,041*
Cash From Investing	**-7,834**	**-7,260**	**-4,336**	***-7,585***	***14,084***
Common Stock Issuance (or Repurchase)	105	112	45	*60*	—
Common Stock (Dividends)	-1,332	-1,408	-1,492	*-1,554*	*-1,327*
Short-Term Debt Issuance (or Retirement)	-213	656	661	—	*-3,850*
Long-Term Debt Issuance (or Retirement)	1,329	664	1,067	*1,000*	*-3,364*
Other Financing Cash Flows	-248	-185	-104	*-683*	*-1,600*
Cash From Financing	**-359**	**-161**	**177**	***-1,177***	***-10,141***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*700*	—
Net Change in Cash	**451**	**-762**	**76**	***654***	***1,487***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Valuation Analysis

		Price/Earnings			EV/EBITDA			Price/Free Cash Flow			Price/Book			Price/Sales		
Company/Ticker	Price/Fair Value	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	1.23	17.0	18.7	18.6	12.9	12.8	13.2	164.2	14.0	NM	—	—	—	3.1	3.3	3.7
FirstEnergy Corp FE USA	1.00	12.8	16.2	17.3	11.6	12.8	12.2	NM	928.3	10.9	—	—	—	1.5	2.1	2.1
Entergy Corp ETR USA	0.98	17.6	18.3	17.3	10.1	12.2	11.3	NM	NM	NM	—	—	—	2.0	2.2	2.1
Average		15.8	17.7	17.7	11.5	12.6	12.2	164.2	471.2	10.9	—	—	—	2.2	2.5	2.6
Exelon Corp EXC US	**1.69**	**13.1**	***19.3***	***26.3***	**10.0**	***10.7***	***15.9***	**NM**	***43.0***	***4.5***	**—**	**—**	**—**	**1.2**	***1.8***	***3.5***

Returns Analysis

		ROIC %			Adjusted ROIC %			Return on Equity %			Return on Assets %			Dividend Yield %		
Company/Ticker	Last Historical Year Total Assets (Mil)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	50,050 USD	4.7	5.7	6.0	4.7	5.7	6.0	12.3	11.0	10.6	3.9	3.6	3.5	3.4	3.1	3.3
FirstEnergy Corp FE USA	44,464 USD	5.5	5.9	6.6	6.6	7.0	7.8	15.2	18.5	15.9	2.5	3.1	3.0	5.1	3.7	3.7
Entergy Corp ETR USA	58,239 USD	3.1	4.8	4.7	3.1	4.8	4.8	13.1	10.8	11.1	2.5	2.0	2.1	3.7	3.5	3.7
Average		4.4	5.5	5.8	4.8	5.8	6.2	13.5	13.4	12.5	3.0	2.9	2.9	4.1	3.4	3.6
Exelon Corp EXC US	— USD	**1.6**	***4.5***	***-7.1***	**1.7**	***4.9***	***-7.8***	**6.1**	***8.7***	***6.2***	**1.5**	***2.2***	***1.8***	**3.6**	***2.8***	***2.3***

Growth Analysis

		Revenue Growth %			EBIT Growth %			EPS Growth %			Free Cash Flow Growth %			Dividend/Share Growth %		
Company/Ticker	Last Historical Year Revenue (Mil)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	9,603 USD	-4.7	4.6	-10.4	16.8	17.7	5.7	4.6	3.5	0.2	75.7	715.4	-97.6	4.3	4.1	5.9
FirstEnergy Corp FE USA	10,790 USD	-2.2	4.6	2.4	-13.9	11.5	4.9	-7.1	7.9	-6.0	-171.8	-191.3	442.8	2.6	—	—
Entergy Corp ETR USA	10,114 USD	-7.0	1.2	0.9	6.9	18.7	10.5	4.8	6.3	5.9	15.5	-89.6	-525.9	2.2	3.2	6.2
Average		-4.6	3.5	-2.4	3.3	16.0	7.0	0.8	5.9	0.0	-26.9	144.8	-60.2	3.0	3.7	6.1
Exelon Corp EXC US	**33,039** USD	**-3.8**	***-2.7***	***-49.0***	**-34.1**	***34.3***	***-19.6***	**—**	***-7.0***	***-26.4***	**-198.3**	***380.4***	***665.2***	**—**	***27.8***	***-16.2***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Profitability Analysis

Company/Ticker	Last Historical Year Net Income (Mil)	Gross Margin %			EBITDA Margin %			Operating Margin %			Net Margin %			Free Cash Flow Margin %		
		2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	1,739 USD	68.2	70.2	70.5	37.0	40.1	43.6	23.6	26.6	31.4	18.1	18.0	19.9	1.9	23.8	-3.5
FirstEnergy Corp FE USA	1,296 USD	71.6	72.2	72.2	31.2	32.6	33.4	20.0	21.4	21.9	12.0	12.4	11.9	-11.4	0.2	18.9
Entergy Corp ETR USA	1,138 USD	75.6	75.5	75.7	40.1	37.4	40.0	17.8	20.8	22.8	11.3	11.8	12.6	-19.8	-0.7	-6.9
Average		71.8	72.6	72.8	36.1	36.7	39.0	20.5	22.9	25.4	13.8	14.1	14.8	-9.8	7.8	2.8
Exelon Corp EXC US	**3,146** USD	**57.3**	**60.8**	**65.1**	**23.7**	**27.7**	**36.7**	**8.5**	**11.8**	**18.6**	**9.5**	**9.1**	**13.2**	**-11.5**	**4.1**	**77.2**

Leverage Analysis

Company/Ticker	Last Historical Year Total Debt (Mil)	Debt/Equity %			Debt/Total Cap %			EBITDA/Interest Exp.			Total Debt/EBITDA			Assets/Equity		
		2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	17,243 USD	107.9	101.0	99.5	51.9	50.2	49.9	5.9	6.6	7.1	4.9	4.2	4.3	3.1	3.0	3.0
FirstEnergy Corp FE USA	24,477 USD	338.2	304.0	252.6	77.2	75.3	71.6	3.2	3.3	3.4	7.3	6.5	6.1	6.1	5.7	5.0
Entergy Corp ETR USA	23,997 USD	214.6	218.1	211.3	68.2	68.6	67.9	5.2	4.5	4.7	5.9	6.7	6.3	5.2	5.2	5.0
Average		220.2	207.7	187.8	65.8	64.7	63.1	4.8	4.8	5.1	6.0	5.8	5.6	4.8	4.6	4.3
Exelon Corp EXC US	**39,333** USD	**120.7**	**116.1**	**93.1**	**54.7**	**53.7**	**48.2**	**4.8**	**5.3**	**4.5**	**5.0**	**4.5**	**5.5**	**4.0**	**3.8**	**2.9**

Liquidity Analysis

Company/Ticker	Market Cap (Mil)	Cash per Share			Current Ratio			Quick Ratio			Cash/Short-Term Debt			Payout Ratio %		
		2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	33,505 USD	1.07	4.55	0.91	0.66	1.05	0.68	0.61	0.99	0.63	0.20	0.91	0.18	52.2	57.5	60.7
FirstEnergy Corp FE USA	23,840 USD	3.19	0.84	4.26	0.75	0.59	1.12	0.69	0.52	1.04	0.74	0.31	1.94	78.5	60.6	64.4
Entergy Corp ETR USA	22,110 USD	8.75	9.66	9.47	0.65	0.71	0.74	0.49	0.60	0.62	0.63	1.22	1.21	53.9	64.1	64.4
Average		4.34	5.02	4.88	0.69	0.78	0.85	0.60	0.70	0.76	0.52	0.81	1.11	61.5	60.7	63.2
Exelon Corp EXC US	**56,644** USD	**0.68**	**1.34**	**2.85**	**0.98**	**1.05**	**1.99**	**0.85**	**0.92**	**1.86**	**0.17**	**0.34**	—	**76.2**	**53.7**	**61.3**

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

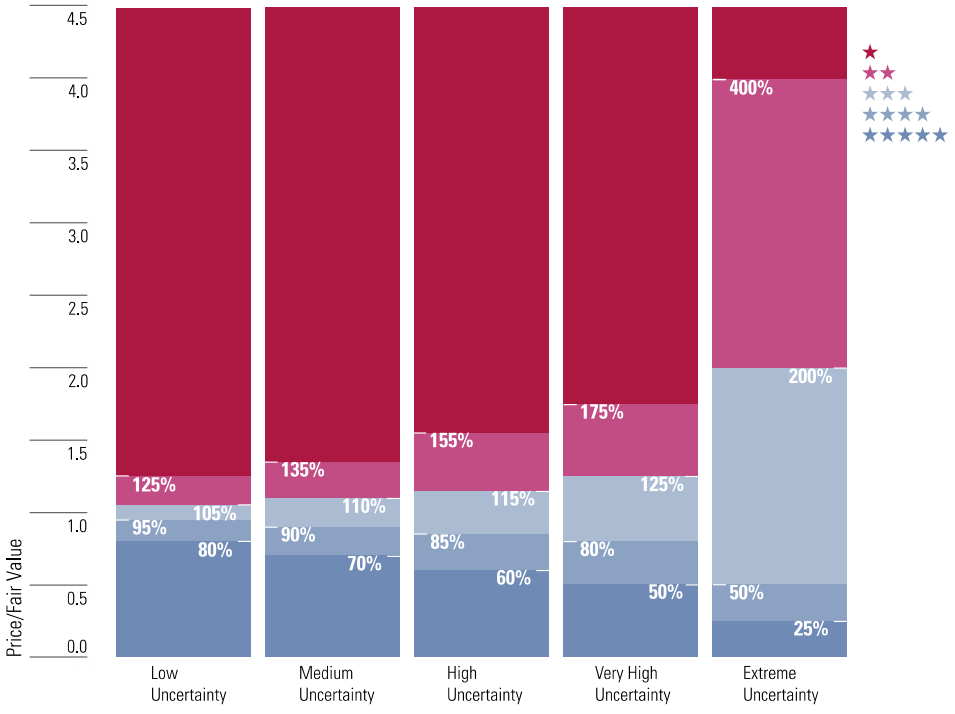

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.35 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Buy

Constellation Energy (CEG)

Low carbon power leader breaks loose

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Price and Target	as of 02/01/22
Price	$49.78
Target Price	$60
Dividend Yield	1.1%
Total Return	21.6%

Capitalization Data (mn USD$)	
Shares Out (mn)	326.0
Market Cap	16,228
Net Debt	6,701
Enterprise Value	22,929

Performance (%)	1M	YTD	1Y
Constellation Energy	NM	NM	NM
Rel S&P 500	NM	NM	NM

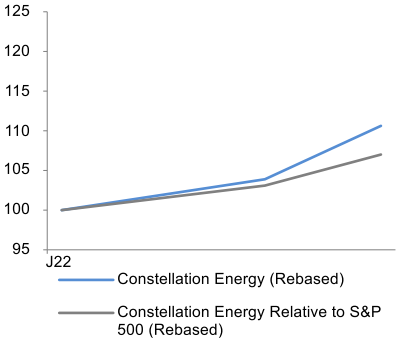

Launching coverage with $60 price target. We launch coverage of Constellation following today's completion of the separation from Exelon (EXC). When-issued trading (CEGVV) closed today at $49.78 and standalone trading begins under ticker CEG tomorrow. Our price target of $60 is broadly consistent with the pro forma valuation in our January 13 note with our model now extended through 2025. CEG freed from Exelon offers much less diluted exposure to ExGen cash flows. With this comes more direct commodity price exposure, along with more upside leverage to clean energy policy support, mostly obviously a future nuclear PTC.

Top carbon-free generator, leading customer franchise. We view CEG as an attractive and unique clean energy business, combining ExGen's largest U.S. fleet of carbon-free generation (mostly nuclear) with Constellation's well-established retail energy franchise having particular strength in the C&I segment. CEG looks well placed to pursue secular clean energy growth and the recent analyst day suggested a management inclined to play offense on both supply and customer sides. As noted at the time, it is still unclear exactly how material deployment of growth capital might be. Options on the supply side include further consolidation of existing nuclear assets, life extensions to 80 years on the existing fleet and, most intriguingly longer-term, evolving existing nuclear sites into Clean Energy Centers including possible integration with hydrogen production, data center co-location and other emerging technologies.

Significant cash surplus available for investment or return. One uncertainty from the analyst day was how CEG will deploy some of the $1.8B-$2.2B in uncommitted free cash flow they forecast for 2022-2023. Management may not clarify this until later this year once they see how the stock trades and what transpires with discussions around potential policy support in Washington, primarily regarding the proposed nuclear production tax credit (PTC). Our placeholder modeling for valuation purposes is that surplus cash builds up on the balance sheet through our forecast period. This has the effect of lowering net debt from our estimated $6.6B starting point (prior to $1.75B cash infusion from EXC at separation) to a forecast of $2.2B at year-end 2023 and essentially zero by year-end 2024 reaching net cash in 2025. Our 2022E net debt is $4.1B and consistent with CEG's 2x net debt/EBITDA target that assumes surplus cash is either invested in growth or capital return rather than retained.

Attractive value today … big PTC upside leverage. Using the when-issued close of $49.78, we view CEG as a value stock with upside of >20% to our $60 target. We base this on 2024E and an average of 6x EBITDA and 12-13% target yield on FCF before growth. As we have done with ExGen and others for some time, we include a modest nuclear PTC uplift using a 20% probability factor. This amounts to $1.50/share in our $60 target, but would rise to ~$8/share at 100%, pushing our overall valuation to the $66 range. On top of this, increased stability and visibility of future cash flows under the PTC as currently envisaged would likely support CEG achieving a higher multiple overall. In terms of sensitivity, a single turn on our 2024E EBITDA in the ~$3.1B range adds $9-$10/share on the current starting share count of 326M.

Key Estimates (FY, $, mn)	2021E	2022E	2023E	2024E	2025E
Adj. EBITDA	nm	2,575	2,975	3,050	3,450
Operating EPS	nm	$1.29	$3.78	$4.20	$5.11
DPS	nm	$0.55	$0.61	$0.67	$0.73
P/E	nm	38.6x	13.2x	11.9x	9.7x
EV/EBITDA	nm	10.5x	6.3x	5.2x	3.9x
Dividend Yield	nm	1.1%	1.2%	1.3%	1.5%

Figure 1: Constellation Energy – Vertical Research Estimates & Multiples

	FY2020A	FY2021E	FY2022E	FY2023E	FY2024E	FY2025E	4-Yr. CAGR 2020-2024E
Gross Margin	--	--	**7,325**	**7,825**	**7,900**	**8,300**	**NM**
Adjusted EBITDA	--	--	**2,575**	**2,975**	**3,050**	**3,450**	**NM**
FCF Before Growth	--	--	**1,229**	**2,078**	**2,438**	**2,692**	NM
CEG GAAP EPS	**$1.68**	**$0.43**	**$1.29**	**$3.78**	**$4.20**	**$5.11**	**25.8%**
DPS - Paid	--	--	**$0.55**	**$0.61**	**$0.67**	**$0.73**	**NM**
Payout Ratio	--	--	6%	6%	7%	7%	--
Diluted Shares (Mn)	*326*	*326*	*326*	*326*	*326*		***0.0%***
Adjusted EBITDA Guidance	--	--	**2,350 - 2,750**	--	--	--	
VRP vs. Mid-Point	--	--	25	--	--	--	
Consensus	--	--	**2,582**	**2,971**	**3,196**	--	
Number of Estimates	--	--	**1**	**1**	**1**	--	
VRP vs. Consensus	--	--	(7)	4	(146)	--	
Stock Price	**$49.78**	**$49.78**	**$49.78**	**$49.78**	**$49.78**	**$49.78**	
P/E Ratio	29.7x	115.8x	38.6x	13.2x	11.9x	9.7x	
EV/EBITDA	-	-	10.5x	6.3x	5.2x	3.9x	
FCF Yield	13.6%	9.3%	6.0%	12.2%	15.1%	16.9%	
Dividend Yield	--	--	1.1%	1.2%	1.3%	1.5%	

Source: FactSet, Company Reports and Vertical Research Partners

Cash flow model assumes $400M base number. We show summary estimates and multiples in Figure 1 and our valuation in Figure 2 with our pro forma financial model starting on page 5. We used a placeholder starting cash number of $400M as the base for the business going forward. Absent specific guidance on this, we believe our estimate to be reasonable, although it soon becomes a relatively moot point given the projected cash flows. We model $2B of debt reduction between 2022 and 2023 consistent with guidance and our assumed timing has $1.4B of this done evenly ($350M/quarter) through 2022 with the other $600M in 2023. Expected infusion of $1.75B of cash from Exelon at the separation appears in our cash flow statement as Other Financing in 1Q of 2022 and we book this directly to equity rather than via the income statement since there were no large gains evident in the GAAP earnings reconciliation for 2022 from the analyst day presentation (slide 102).

Forecasting GAAP EPS going forward. In terms of EPS we show only GAAP numbers in Figure 1 and are somewhat unsure whether CEG will continue with the Exelon practice of talking to adjusted EPS going forward (unlikely we think). Clients may note that our 2022E GAAP EPS of $1.29 is considerably lower than the one other published estimate we could see on FactSet as of this afternoon ($2.78), but our number seems the more consistent with the $250M-$550M range for 2022 GAAP earnings that appears in the analyst day slides.

Figure 2: Constellation Energy – Vertical Research Valuation

	Valuation			Valuation Components($MM)				Value
Segment	**Metric**	**FY2024E**	**Multiple**	**Ent. Val.**	**Less Debt**	**Plus Cash**	**Equity**	**$/Sh.**
Constellation - Adj. EBITDA	EV/EBITDA	3,050	6.0x	18,300	(5,000)	5,074	18,374	$56
Constellation - FCF B4 Growth	FCF Yield	2,438	12.5%				19,507	$60
Constellation - Average EV & FCF							**18,940**	**$58**
Potential Nuclear PTC Net Uplift ~$425M @ 6x multiple and 20% probability factor	EV/EBITDA	85	6.0x	510	--	--	510	$1.50
CEG Valuation							**19,450**	**$60**
Diluted Average Shares (FY2024E)							*326*	

Source: Vertical Research Partners

Form and timing of 2022 DPS payments remain a question. Regarding DPS, our 2022E shows $0.55 per share based on the $180M number disclosed at the analyst day, divided by the 326M starting share count. While this implies a quarterly payout of $0.1375 (rounded to the nearest quarter cent), the Form 10 indicated that CEG intended to start regular quarterly dividends from the first full fiscal quarter after separation, which we would take to mean third quarter. Exact timing and form of dividends will be subject to future determination by the Board, but our modeling assumption is CEG pays two quarterly dividends of $0.275/share in 3Q and 4Q of this year, amounting to $0.55 per share combined given no change in modeled share count. In practice, we suspect that the Board might instead choose to set the initial stated quarterly payout at around half of this level and make up the difference with an off-cycle or special dividend. This would serve to avoid the appearance of a cut in the stated quarterly dividend rate between this year and next. In overall dollar terms, we assume CEG will follow the dividend plan clearly articulated at the analyst day with $180M paid in calendar 2022 and an increase of 10% for both 2023 and 2024. Given the still relatively low payout versus cash flow, our working assumption is that another 10% dividend payment increase follows in 2025.

Figure 3: Gross Margin & Adj. EBITDA – VRP vs. Guidance ($Mn)

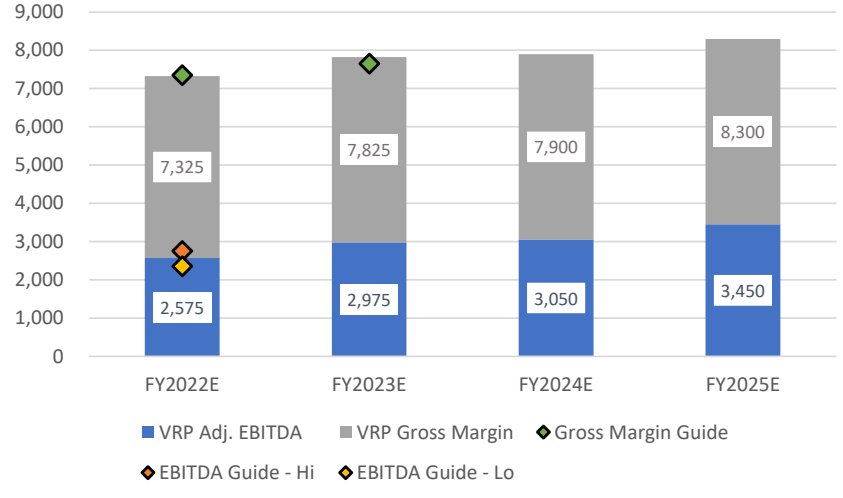

Source: Company Reports and Vertical Research Partners

Bridging Gross Margin and EBITDA estimates. In the chart above and next two tables, we provide context around our estimates and fundamental assumptions underpinning our model compared to CEG guidance. Our chart shows our Adjusted EBITDA and Gross Margin forecasts through 2025 alongside CEG's guidance for Adjusted EBITDA (only 2022E provided) and Gross Margin (2022E and 2023E). As shown, we see EBITDA stepping up in 2023E, capturing lower open gross margin offset by higher contracted revenues and less negative hedge value. Our Figure 4 and Figure 5 show further detail of our Gross Margin to Adjusted EBITDA estimates. There are a couple of key points to highlight here. First, the step-up in contracted revenues from 2022 to 2023 mainly reflects the new CMC contract for difference in Illinois being in effect for the full year and these three units moving out of the gross margin disclosure and into the contracted line per the CEG slide presentation basis. Assumed negative hedge value steps down over time, reaching zero by 2025, which we assume to have been unhedged as of 2021 year-end under the 3-year ratable hedging plan. Figure 5 shows our current commodity deck inputs (early January) as compared to the CEG reference prices and shows how our assumed prices are modestly higher than the CEG November 30 reference numbers for 2023. Also worth noting here is that ***PJM and New York Zone A prices as of this week are $3-$4/MWh above the levels in our deck for 2023 and $1-$2/MWh above for both 2024 and 2025.***

Figure 4: VRP Gross Margin & Adjusted EBITDA Bridge

	FY2022E	FY2023E	FY2024E	FY2025E
Open Gross Margin Guidance	6,200	4,450	--	--
Adjust to VRP Deck	(450)	175	--	--
Open Gross Margin @ VRP Deck	**5,750**	**4,625**	**4,400**	**4,350**
Adjusted Contracted Revenues	2,425	2,950	2,900	2,900
Mark-to-Market Hedge Value	(1,700)	(700)	(400)	--
Power New Business / To Go	450	500	550	600
Non-Power Margins Executed	150	100	50	--
Non-Power New Business / To Go	250	350	400	450
Total Gross Margin	**7,325**	**7,825**	**7,900**	**8,300**
Adjusted O&M	(4,375)	(4,475)	(4,475)	(4,475)
Other Taxes	(375)	(375)	(375)	(375)
Other, Misc.	--	--	--	--
Adjusted EBITDA	**2,575**	**2,975**	**3,050**	**3,450**
Midwest (Excl. CMC)	*94.8%*	*71.2%*	*33.3%*	--
Midwest CMC	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Midwest Total	96.5%	87.5%	71.1%	56.7%
Mid-Atlantic	96.5%	70.5%	33.3%	--
New York	79.5%	55.5%	33.3%	--
ERCOT	79.5%	55.5%	33.3%	--
Expected Generation Hedged (%)	**92.5%**	**75.2%**	**51.7%**	**27.6%**

Source: Company Reports and Vertical Research Partners

Figure 5: CEG Reference Prices vs. VRP Commodity Deck

	FY2022E	FY2023E	FY2024E	FY2025E
Reference Prices (11/30/2021)				
Henry Hub Natural Gas	$4.12	$3.55		
Midwest (PJM NiHub, ATC)	$41.18	$33.75		
Mid-Atlantic (PJM West, ATC)	$49.23	$40.39		
New York (Zone A, ATC)	$37.83	$32.93		
Texas (ERCOT North ATC Spark Spread)	$11.79	$9.48		
Effective Realized Prices ($/MWh)				
Midwest (PJM NiHub, ATC)	$27.00	$27.00		
Mid-Atlantic (PJM West, AC)	$33.50	$34.00		
New York (Zone A, ATC)	$24.00	$24.50		
Texas (ERCOT North ATC Spark Spread)	$4.00	$4.00		
VRP Deck (Early January, 2022)				
Henry Hub Natural Gas	$3.80	$3.45	$3.20	$3.10
Midwest (PJM NiHub, ATC)	$39.00	$35.50	$34.00	$34.00
Mid-Atlantic (PJM West, ATC)	$45.50	$41.50	$40.00	$39.50
New York (Zone A, ATC)	$34.00	$34.00	$33.00	$32.50
Texas (ERCOT North ATC Spark Spread)	$12.00	$10.02	$7.68	$6.90
VRP Deck vs. CEG Reference				
Henry Hub Natural Gas	($0.32)	($0.10)		
Midwest (PJM NiHub, ATC)	($2.18)	$1.75		
Mid-Atlantic (PJM West, ATC)	($3.73)	$1.11		
New York (Zone A, ATC)	($3.83)	$1.07		
Texas (ERCOT North ATC Spark Spread)	$0.21	$0.54		

Source: Company Reports and Vertical Research Partners

Constellation Energy – Model Summary

Figure 6: Constellation Energy – Income Statement

Constellation Energy (Nasdaq: CEG) Consolidated Income Statement	FY2020A	FY2021E	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Operating Revenue	17,603	19,540	4,644	4,087	5,201	4,644	18,575	19,075	19,150	19,550
Fuel & Purchased Power	(9,585)	(13,175)	(2,813)	(2,475)	(3,150)	(2,813)	(11,250)	(11,250)	(11,250)	(11,250)
Gross Margin	**8,018**	**6,365**	**1,831**	**1,612**	**2,051**	**1,831**	**7,325**	**7,825**	**7,900**	**8,300**
O&M Expense	(5,128)	(4,075)	(1,094)	(963)	(1,225)	(1,094)	(4,375)	(4,475)	(4,475)	(4,475)
Other Income / (Expense)	(471)	87	(256)	(256)	(256)	(256)	(1,025)	(400)	(300)	(300)
EBITDA	**2,419**	**2,377**	**481**	**393**	**570**	**481**	**1,925**	**2,950**	**3,125**	**3,525**
Depreciation & Amortization	(2,177)	(1,025)	(275)	(275)	(275)	(275)	(1,100)	(1,100)	(1,100)	(1,100)
EBIT	**242**	**1,352**	**206**	**118**	**295**	**206**	**825**	**1,850**	**2,025**	**2,425**
Interest Income / (Expense)	(340)	(307)	(73)	(68)	(63)	(59)	(263)	(207)	(200)	(203)
Other	882	--	--	--	--	--	--	--	--	--
Earnings Before Taxes	**784**	**1,045**	**133**	**50**	**231**	**147**	**562**	**1,643**	**1,825**	**2,222**
Income Tax Charge	(236)	(261)	(33)	(13)	(58)	(37)	(140)	(411)	(456)	(556)
Effective Tax Rate	*30.1%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Preferred Dividends	0	0	0	0	0	0	0	0	0	0
Minority & Other	(1)	(148)	0	0	0	0	0	0	0	0
Net Income - Operating	**547**	**636**	**100**	**38**	**174**	**110**	**421**	**1,232**	**1,369**	**1,667**
Adjustments, Net	0	(495)	0	0	0	0	0	0	0	0
Net Income - GAAP	**547**	**141**	**100**	**38**	**174**	**110**	**421**	**1,232**	**1,369**	**1,667**
EPS - Operating	**$1.68**	**$1.95**	**$0.31**	**$0.12**	**$0.53**	**$0.34**	**$1.29**	**$3.78**	**$4.20**	**$5.11**
EPS - GAAP	**$1.68**	**$0.43**	**$0.31**	**$0.12**	**$0.53**	**$0.34**	**$1.29**	**$3.78**	**$4.20**	**$5.11**
DPS - Paid	**--**	**--**	**$0.00**	**$0.00**	**$0.28**	**$0.28**	**$0.55**	**$0.61**	**$0.67**	**$0.73**
Payout Ratio	--	--	NM	NM	NM	NM	43%	16%	16%	14%
End of Period Shares (MM)	*326*	*326*	*326*	*326*	*326*	*326*	*326*	*326*	*326*	*326*
Diluted Average Shares (MM)	*326*	*326*	*326*	*326*	*326*	*326*	*326*	*326*	*326*	*326*

Source: Company Reports and Vertical Research Partners. Note: FY2020A and FY2021E reflects Exelon Generation; per share items adjusted to CEG share count.

Figure 7: Constellation Energy – Balance Sheet

Constellation Energy (Nasdaq: CEG) Consolidated Balance Sheet	FY2020A	FY2021E	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Cash and Cash Equivalents	226	400	1,786	1,740	1,594	1,525	1,525	2,754	5,074	7,628
Accounts Receivable, net	1,803	1,747	2,580	2,245	2,827	2,524	2,524	2,592	2,602	2,656
Other	4,918	6,080	6,080	6,080	6,080	6,080	6,080	6,080	6,080	6,080
Total Current Assets	**6,947**	**8,227**	**10,446**	**10,065**	**10,500**	**10,129**	**10,129**	**11,426**	**13,756**	**16,365**
Net Property, Plant & Equipment	22,214	19,226	19,089	18,951	18,814	18,676	18,676	17,926	16,726	15,526
Long-Term Investments	184	165	140	115	90	65	65	(35)	(135)	(235)
Other	18,749	19,684	19,684	19,684	19,684	19,684	19,684	19,684	19,684	19,684
Total Assets	**48,094**	**47,302**	**49,359**	**48,815**	**49,088**	**48,554**	**48,554**	**49,001**	**50,031**	**51,340**
Short-Term Debt	840	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Long-Term Debt, Current	197	1,023	523	0	0	0	0	0	900	0
Accounts Payable	1,360	1,664	2,170	1,889	2,378	2,123	2,123	2,137	2,137	2,137
Other	2,822	3,434	3,484	3,534	3,584	3,634	3,634	3,634	3,634	3,634
Total Current Liabilities	**5,219**	**7,121**	**7,177**	**6,423**	**6,962**	**6,757**	**6,757**	**6,771**	**7,671**	**6,771**
Deferred Taxes	3,656	3,635	3,635	3,635	3,635	3,635	3,635	3,635	3,515	3,395
Pension & Benefits	858	857	857	857	857	857	857	857	857	857
Environmental Costs & AROs	12,054	12,673	12,710	12,748	12,785	12,823	12,823	12,973	13,123	13,273
Other	5,741	6,088	6,088	6,088	6,088	6,088	6,088	6,088	6,088	6,088
Total Non-Current Liabilities	**22,309**	**23,253**	**23,290**	**23,328**	**23,365**	**23,403**	**23,403**	**23,553**	**23,583**	**23,613**
Long-Term Debt	5,890	4,977	5,127	5,300	4,950	4,600	4,600	4,000	3,100	4,000
Preferred Stock	--	--	--	--	--	--	--	--	--	--
Minority Interest	--	--	--	--	--	--	--	--	--	--
Shareholders' Equity	14,676	11,952	13,764	13,765	13,811	13,794	13,794	14,678	15,678	16,957
Total Liabilities & Capitalization	**48,094**	**47,302**	**49,359**	**48,815**	**49,088**	**48,554**	**48,554**	**49,001**	**50,031**	**51,340**

Source: Company Reports and Vertical Research Partners. Note: Note: Historical FY2020A and FY2021E numbers reflect Exelon Generation.

Figure 8: Constellation Energy – Cash Flow Statement

Constellation Energy (Nasdaq: CEG) Consolidated Cash Flow Statement	FY2020A	FY2021E	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Net Income - GAAP	579	291	100	38	174	110	421	1,232	1,369	1,667
Depreciation & Amortization	3,636	4,563	575	575	575	575	2,300	2,300	2,500	2,500
Deferred Taxes	78	(254)	0	0	0	0	0	0	(120)	(120)
Other Operating Cash Flow	(347)	(1,733)	0	0	0	0	0	0	0	0
Working Capital Changes	(3,362)	(2,217)	(276)	103	(42)	98	(117)	(54)	(10)	(54)
Operating Cash Flow	**584**	**649**	**399**	**716**	**706**	**783**	**2,604**	**3,478**	**3,738**	**3,992**
Capital Expenditure	(1,747)	(1,350)	(438)	(438)	(438)	(438)	(1,750)	(1,550)	(1,300)	(1,300)
Investments, net	46	802	25	25	25	25	100	100	100	100
Other Investing Cash Flow	3,659	2,923	0	0	0	0	0	0	0	0
Investing Cash Flow	**1,958**	**2,375**	**(413)**	**(413)**	**(413)**	**(413)**	**(1,650)**	**(1,450)**	**(1,200)**	**(1,200)**
Changes in ST Debt	520	160	0	0	0	0	0	0	0	0
Changes in LT Debt	(1,729)	(67)	(350)	(350)	(350)	(350)	(1,400)	(600)	0	0
Preferred Stock (Net)	--	--	--	--	--	--	--	--	--	--
Equity Issuance (Net)	64	64	--	--	--	--	--	--	--	--
Preferred Dividends	--	--	--	--	--	--	--	--	--	--
Common Dividends	(1,734)	(1,831)	0	0	(90)	(90)	(179)	(199)	(218)	(238)
Other Financing Cash Flow	215	(1,215)	1,750	0	0	0	1,750	0	0	0
Financing Cash Flow	**(2,664)**	**(2,889)**	**1,400**	**(350)**	**(440)**	**(440)**	**171**	**(799)**	**(218)**	**(238)**
Other Cash Flow	45	39	0	0	0	0	0	0	0	0
Opening Cash & Equivalents	303	226	400	1,786	1,740	1,594	400	1,525	2,754	5,074
Closing Cash & Equivalents	226	400	1,786	1,740	1,594	1,525	1,525	2,754	5,074	7,628
Net Cash Flow	**(77)**	**174**	**1,386**	**(47)**	**(146)**	**(69)**	**1,125**	**1,229**	**2,320**	**2,554**
Unlevered Free Cash Flow	(823)	(394)	34	346	332	405	1,117	2,135	2,639	2,895
Free Cash Flow (Excl. Working Capital)	2,199	1,517	237	175	311	248	971	1,982	2,449	2,747
FCF to Equity after Dividends	465	(314)	237	175	221	158	792	1,783	2,230	2,509

Source: Company Reports and Vertical Research Partners. Note: Historical FY2020A and FY2021E numbers reflect Exelon Generation.

Figure 9: Constellation Energy – Credit & Other Metrics

Constellation Energy (Nasdaq: CEG) Credit & Other Metrics	FY2020A	FY2021E	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Short-Term Debt	840	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Long-Term Debt	6,087	6,000	5,650	5,300	4,950	4,600	4,600	4,000	4,000	4,000
Less Cash & Equivalents	(226)	(400)	(1,786)	(1,740)	(1,594)	(1,525)	(1,525)	(2,754)	(5,074)	(7,628)
Net Debt (GAAP)	**6,701**	**6,600**	**4,864**	**4,560**	**4,356**	**4,075**	**4,075**	**2,246**	**(74)**	**(2,628)**
Minority & Preferred	0	0	0	0	0	0	0	0	0	0
Shareholders' Equity	14,676	11,952	13,764	13,765	13,811	13,794	13,794	14,678	15,678	16,957
Total Capitalization	**21,377**	**18,552**	**18,628**	**18,325**	**18,167**	**17,869**	**17,869**	**16,924**	**15,604**	**14,328**
Adjusted Net Debt	**6,701**	**6,600**	**4,864**	**4,560**	**4,356**	**4,075**	**4,075**	**2,246**	**(74)**	**(2,628)**
Adjusted Capitalization	**21,377**	**18,552**	**18,628**	**18,325**	**18,167**	**17,869**	**17,869**	**16,924**	**15,604**	**14,328**
EBITDA - Income Statement	2,419	2,377	481	393	570	481	1,925	2,950	3,125	3,525
Leases & Other Adjustments	780	0	0	0	0	0	650	25	(75)	(75)
EBITDA - Adjusted	**3,199**	**2,377**	**481**	**393**	**570**	**481**	**2,575**	**2,975**	**3,050**	**3,450**
			--	--	--	--				
Net Debt / Capitalization - GAAP	31.3%	35.6%	26.1%	24.9%	24.0%	22.8%	22.8%	13.3%	-0.5%	-18.3%
Net Debt / Capitalization - Adjusted	31.3%	35.6%	26.1%	24.9%	24.0%	22.8%	22.8%	13.3%	-0.5%	-18.3%
Net Debt: EBITDA - GAAP	2.8x	2.8x	--	--	--	--	2.1x	0.8x	(0.0x)	(0.7x)
Net Debt: EBITDA - Adjusted	--	--	--	--	--	--	1.6x	0.8x	(0.0x)	(0.8x)
EBITDA / Interest	7.1x	7.7x	--	--	--	--	7.3x	14.3x	15.6x	17.4x
Retained Cash Flow / CapEx	(0.7x)	(0.9x)	--	--	--	--	1.4x	2.1x	2.7x	2.9x
Recurring Net Income	547	636	--	--	--	--	421	1,232	1,369	1,667
Total Assets (Average)	48,094	47,698	--	--	--	--	47,928	48,777	49,516	50,685
Return on Assets - ROA	1.1%	1.3%	--	--	--	--	0.9%	2.5%	2.8%	3.3%
Recurring NOPAT	169	1,014	--	--	--	--	619	1,388	1,519	1,819
Capital Employed (Average)	10,802	20,278	--	--	--	--	19,173	19,536	20,178	21,317
Return on Capital Employed - ROCE	1.6%	5.0%	--	--	--	--	3.2%	7.1%	7.5%	8.5%
Recurring Net Income	547	636	--	--	--	--	421	1,232	1,369	1,667
Shareholders' Equity (Average)	14,676	13,314	--	--	--	--	12,873	14,236	15,178	16,317
Return on Equity - ROE	3.7%	4.8%	--	--	--	--	3.3%	8.7%	9.0%	10.2%
Book Value per Share	$45.02	$36.66	$42.22	$42.22	$42.37	$42.31	$42.31	$45.02	$48.09	$52.01

Source: Company Reports and Vertical Research Partners. Note: Historical FY2020A and FY2021E numbers reflect Exelon Generation.

Figure 10: Constellation Energy – Valuation & Growth Metrics

Constellation Energy (Nasdaq: CEG) Valuation & Growth Metrics	FY2020A	FY2021E	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Diluted EPS - Operating	$1.68	$1.95	$0.31	$0.12	$0.53	$0.34	$1.29	$3.78	$4.20	$5.11
Diluted EPS - GAAP	$1.68	$0.43	$0.31	$0.12	$0.53	$0.34	$1.29	$3.78	$4.20	$5.11
DPS - Period End Rate	--	--	$0.00	$0.00	$0.55	$0.55	$0.55	$0.61	$0.67	$0.73
Payout Ratio	--	--	--	--	--	--	42.6%	16.1%	16.0%	14.3%
Op. CFPS (Excl. Working Capital)	$12.10	$8.79	$2.07	$1.88	$2.30	$2.10	$8.35	$10.84	$11.50	$12.41
Free CFPS (Excl. Working Capital)	$6.75	$4.65	$0.73	$0.54	$0.95	$0.76	$2.98	$6.08	$7.51	$8.43
Pricing Date	2/1/2022	2/1/2022	2/1/2022	2/1/2022	2/1/2022	2/1/2022	2/1/2022	2/1/2022	2/1/2022	2/1/2022
Stock Price - $/Sh	**$49.78**	**$49.78**	**$49.78**	**$49.78**	**$49.78**	**$49.78**	**$49.78**	**$49.78**	**$49.78**	**$49.78**
P/E - Operating	29.7x	25.5x	--	--	--	--	38.6x	13.2x	11.9x	9.7x
P/E - GAAP	29.7x	115.8x	--	--	--	--	38.6x	13.2x	11.9x	9.7x
P/CF	4.1x	5.7x	--	--	--	--	6.0x	4.6x	4.3x	4.0x
P/BV	1.1x	1.4x	--	`	--	--	1.2x	1.1x	1.0x	1.0x
Market Capitalization	16,228	16,228	--	--	--	--	16,228	16,228	16,228	16,228
Adjusted Net Debt	6,701	6,600	--	--	--	--	4,075	2,246	(74)	(2,628)
Enterprise Value - EV	**22,929**	**22,828**	--	--	--	--	**20,303**	**18,474**	**16,154**	**13,600**
Adjusted EBITDA	3,199	2,377	--	--	--	--	2,575	2,975	3,050	3,450
Adjusted EV/EBITDA	--	--	--	--	--	--	7.9x	6.2x	5.3x	3.9x
Dividend Yield	--	--	--	--	--	--	1.1%	1.2%	1.3%	1.5%
Operating Earnings Yield	3.4%	3.9%	--	--	--	--	2.6%	7.6%	8.4%	10.3%
Free Cash Flow Yield	13.6%	9.3%	--	--	--	--	6.0%	12.2%	15.1%	16.9%
Revenue Growth (Y/Y)	--	11.0%	--	--	--	--	-4.9%	2.7%	0.4%	2.1%
EBITDA Growth	--	-1.7%	--	--	--	--	-19.0%	53.2%	5.9%	12.8%
Net Income - Operating	--	16.2%	--	--	--	--	-33.7%	192.4%	11.1%	21.8%
Operating EPS	--	16.2%	--	--	--	--	-33.8%	193.0%	11.1%	21.7%
DPS	--	--	--	--	--	--	--	10.9%	9.8%	9.0%
ROCE	--	5.0%	--	--	--	--	3.2%	7.1%	7.5%	8.5%
Cost of Debt (After-Tax)	--	3.3%	--	--	--	--	3.1%	2.9%	3.0%	3.0%
Cost of Equity (1/PE Ratio)	--	3.9%	--	--	--	--	2.6%	7.6%	8.4%	10.3%
WACC	--	3.7%	--	--	--	--	2.7%	7.0%	8.5%	11.6%
Calculated EVA	--	264	--	--	--	--	98	25	(189)	(652)
Calculated EVA/Share	--	$0.81	--	--	--	--	$0.30	$0.08	($0.58)	($2.00)

Source: Company Reports and Vertical Research Partners. Note: FY2020A and FY2021E reflects Exelon Generation; per share items adjusted to CEG share count.

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover. Our employees and partners are prohibited from transacting in such securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation. We require our employees and partners to pre-clear all transactions in covered securities with us.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisors. Our notes and research reports may contain “forward-looking statements.” All projections, forecasts and related statements and expressions constitute “forward-looking statements.” Although the authors of our content believe that the expectations reflected in such “forward-looking statements” are reasonable, no one can assure that such expectations will be correct. Such “forward-looking statements” may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

KeyBanc Capital Markets

Alert

January 26, 2022

Energy: Electric Utilities

Midweek Thoughts — XEL, CMS, WEC, ED, DUK, EXC, PNW, NEE, FSLR, RUN, ENPH, NOVA, EIX, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We hosted an industry expert call to discuss the CA net metering debate. Earnings are underway with XEL scheduled to report tomorrow. XEL reached a settlement in the TX GRC and filed a gas rate case in CO. EXC announced a settlement in the MD electric rate case; CMS filed a petition to rehear portions of its recent electric GRC; DUK withdrew its request that there be joint NC/SC proceedings to address carbon reduction plans; PNM filed an appeal with NM Supreme Court regarding the PRC ruling on Four Corners; WEC announced a hydrogen pilot in MI; NY PSC directed ED to submit plans for an onshore hub to accommodate offshore wind; and MVP faced another setback. In industry news, groups of senators are lobbying the White House as the deadline for Section 201 tariff extension draws near; CA Senator opines on net metering proceedings; Congress introduces bill to support domestic manufacturing of solar components; wind turbine manufacturers give cautious updates; and XEL and other CO utilities to join SPP's WEIS.

ICYMI

RUN, NOVA, ENPH, EIX, SRE — CA net metering proceedings: We hosted policy expert Matt McDonnell to discuss the most recent developments and implications of the ongoing CA NEM Successor Tariff proceedings. See our note here.

NEE, NEP, XEL — 4Q/2021 earnings underway: Earnings season kicked off earlier this week with a constructive update by NEE and NEP. XEL is scheduled to report on Thursday. Our recently published preview includes our thesis, expectations, and estimates for our coverage.

Industry News

The lobbying for Section 201 tariff extensions picks up pace as the deadline approaches: In our weekly, we wrote about the developments leading up to the February 6 deadline to extend or not to extend the Section 201 tariffs. Following up on that discussion, we note that two sets of bipartisan senators have written to President Biden, one in support of tariff extension and one against. The senators favoring the extension of tariffs, led by Sherrod Brown (D-OH), argue that the tariffs have been an essential safeguard measure, allowing the domestic industry to expand and increase production, and that the safeguards be given more time for the domestic solar industry to recover from the pandemic and the continued exclusion for bifacial panels. The senators agree with the ITC that the safeguards be extended by four years and also apply the extended duties to imported bifacial panels. Senators led by Jackie Rosen (D-NV) argue that the tariffs be allowed to lapse and, at a minimum, retain the tariff exclusion for bifacial panels — all in favor of using global supply chains to meet demand until the domestic industry can develop enough. The International Trade Commission made a unanimous recommendation to the President to extend the tariffs by another four years as a safeguard for the domestic industry.

CA Senator Feinstein opines on net metering proceedings: Senator Dianne Feinstein (D-CA) wrote to the newly appointed CPUC Commissioner with her perspectives on the NEM PD. She is proposing three changes to the PD: 1) a change to the grid access fee so that it reflects the benefits of DER and promote solar adoption; 2) incentivize battery storage by allowing shorter payback periods; and 3) ensure that the provisions on the decision preserve CA's 30x30 land and water conservation commitment. As we wrote in our notes here and here, the grid access fee and the lengthier payback period are some of the more onerous provisions recommended in the PD.

Congress introduces bill to provide support for domestic manufacturing of solar energy components and electric grid equipment: U.S. Congress introduced the America COMPETES Act of 2022 that authorizes $600M annually for fiscal years 2022-2026 (or $3B in total) to support the U.S. solar component manufacturing supply chain, including the construction of new manufacturing facilities. The program will be overseen by the Secretary of Energy. The bill also seeks $75M per year to create a strategic transformer reserve and facilitate U.S. production and testing of critical grid equipment. The House bill will be used to conference with the Senate on its U.S. Innovation and Competition Act and produce a final bill that can be signed into law.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Onshore and offshore wind — GE comments on wind segment; Vestas to raise prices: Following comments by Siemens Gamesa, GE commented on the market for wind turbines — especially onshore wind, which is its biggest market. Management is implementing price increases to offset inflation and supply chain constraints. In other comments, the onshore wind market demand is being impacted by the uncertainty surrounding PTCs that are scheduled to expire at the end of 2022 (barring a late stage intervention through tax extenders or a version of the BBB). According to industry estimates, onshore wind installations in the U.S. are expected to decline from 15 GW in 2021 to 10 GW in 2022. Demand in offshore wind remains robust. Vestas is raising prices of its wind turbines in 2022 as well to combat supply chain instability and inflated raw material costs. In comments made at the end of 2021, Vestas's CEO said that the market had turned worse from earlier in 2021. Vestas's results were, however, supported by strength in service activity and offshore wind.

XEL and other CO utilities to join SPP's WEIS: The utilities announced their plan to join the Western Energy Imbalance Service (WEIS) market operated by SPP. The companies expect to join by April 2023 while continuing to study long-term solutions for joining or developing an organized wholesale market. Previously, the CO utilities had planned to join the WEIM operated by CAISO.

News on Companies in Our Coverage

XEL — Parties reach a blackbox settlement in the TX GRC: As part of the unopposed settlement, SPS will be granted a revenue increase of $88.5M and a ROE of 9.35% to be used only for the purpose of AFUDC. The settlement allows XEL to incorporate a change to depreciation to reflect a 2034 retirement date for the Tolk Generating Station (vs. XEL's request for 2032 and advanced from a prior planned date of 2037). The settlement allows the depreciation for Harrington to be adjusted for a 2024 retirement date as requested. XEL's initial request was for a rate increase of $143M (net increase of $74M after accounting for PTC and fuel cost reductions), based on a 10.35% ROE and 54.6% equity. The filing was originally made to recover investments including those in the 522 MW Sagamore wind project. Interim rates have been in effect since July 2021. The statutory deadline for a PUC decision is March 16, 2022.

XEL — PSCo files a multi-year gas rate case in CO: XEL is seeking a gas rate net increase of ~$107M effective November 2022 and an incremental $40M and $41M in November 2023 and November 2024, respectively. The request is based on a 10.25% ROE and 55.66% equity layer and a 2022 current test year. As required by the CPUC, PSCo requested a 10.75% ROE based off a historical test year. The total increase to base rate totals $215M, which includes $108M of previously recovered costs through the Pipeline System Integrity Adjustment rider. In the 2020 CO gas rate case settlement, PSCo received a 9.20% ROE. This plan would create a stay out period such that PSCO would not file a new GRC for new rates to be effective prior to November 2025.

EXC — Parties announce terms of unanimous settlement in MD electric rate: The settlement allows for a $12.5M rate increase and a 9.6% ROE to be used for AFUDC purposes. The settlement also allows for deferral of TS Isaias and COVID-related costs to be amortized over five years. The settlement appears to fall between the staff and OPC recommendations and EXC original filing. PSC staff and OPC recently proposed rate increases of $5.6M and $4.3M, respectively, vs. EXC's $27M request. EXC requested a 10.1% ROE; the PSC and OPC proposed ROEs of 9.5% and 9.0%, respectively. EXC plans to file a multi-year rate plan for the period 2023-2025.

CMS — CMS files a petition for rehearing portions of the recently concluded electric GRC: In its petition, CMS argues that the commission order miscalculated certain cost disallowances that potentially understated the revenue requirement by a total of ~$4.7M. As a reminder, the MPSC issued a final order in the electric GRC last December for a $27M rate increase premised on 9.9% ROE and 51% equity. The next electric rate case is expected in 1Q22.

DUK — DUK withdraws request for joint NC/SC proceedings after SC AG protests: DUK had made a proposal to hold joint proceedings for its Carolinas operations to develop a carbon reduction plan that would be in compliance with the recently enacted NC HB 951. HB 951 mandates that DUK reduce its carbon emissions by 70% by 2030. SC, for its part, rejected DUK's recommended IRP option in favor of an alternate plan. Based on the June SC IRP ruling that the Company define its preferred portfolio, DUK provided a preferred portfolio (Portfolio C1) that would retire all coal by 2030 (the earliest practicable) in favor or renewables and natural gas. The commission chose to go for a portfolio that would extend coal retirements to 2035. The challenge with the SC commission's preferred portfolio is that it does not align with the recently signed NC bill HB 951, whereas DUK operates an integrated system between two states.

PNM (NC), PNW — PNM filed an appeal with the NM Supreme Court regarding the PRC's ruling on Four Corners: PNM's application to abandon and securitize its 200 MW interest (13% interest in Units 4 and 5 of the 1.54 GW) in the Four Corners Power Plant was rejected by the PRC in a 5-0 ruling. The vote also prevents PNM from selling its share to Navajo Transitional Energy at the end of 2024 per earlier plans. PNM had applied to abandon the plant under the Energy Transition Act of 2019 that allows state utilities to issue up to $375M in securitization bonds to fund coal plant exits as a pathway to net zero by 2045. PNM is requesting that the court vacate the PRC decision against the exit plan. For historical context, as recently as January of this year, the court upheld the key elements of the Energy Transition Act and let stand the PRC approval of PNM's plan to exit the 847 MW San Juan coal plant for which PNM issued $361M in energy transition bonds. Recall that PNW owns a 63% interest in FCPP and has also faced opposition from the ACC that disallowed the recovery of $215M of costs incurred for installing SCR equipment at the plant. We wrote on the AZ decisions here and here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

WEC — WEC announces a hydrogen pilot in MI: The company is leading a pilot project to test hydrogen as a fuel source by blending it with natural gas at one of its MI RICE units. The pilot will test a blend of up to 25% hydrogen, with the remainder natural gas. WEC is partnering with Electric Power Research Institute for the project. WEC has a goal of net-zero carbon emission from electricity by 2050, a complete exit from coal by 2035, and a net zero methane emission goal by the end of 2030.

ED — NY PSC directs future offshore wind proposals be designed to interconnect with a "meshed" system: The PSC directed that transmission facilities built to interconnect offshore wind facilities should include mesh network optionality, which can support multiple projects as opposed to a radial interconnection. Additionally, the NY PSC directed ED to submit detailed plans for an onshore hub capable of connecting 5-6 GW of offshore power to Lower Manhattan. These measures are targeted for NY to achieve its targets of 9GW of offshore wind by 2035, while achieving 70% renewable generation by 2030 and a zero-emissions grid by 2040.

ED, NEE — Mountain Valley Pipeline faces another setback: The U.S. Court of Appeals for the 4th Circuit invalidated federal approvals to allow the project to cross through the Jefferson National Forest (VA/WV). Specifically, the court vacated the approvals of the U.S. Forest Service and BLM allowing the pipeline to cross about 3.5-miles through the Jefferson National Forest, and sent the case back to the agencies.

Earnings Recap

NEE — NEE reported full-year 2021 results that were in line with our expectations, consensus, and the upper end of management's guidance. Management rolled forward guidance by a year to 2025, reiterated it 6-8% target for EPS growth and 10% for dividend growth, and maintained bias to the top end of the provided ranges. 2022 EPS guidance of $2.75-$2.85 implies +10% at the midpoint. The Company made management transition announcements that are in line with expectations and will be hosting an analyst event on June 14 in NYC. FPL is executing on its recently approved multi-year rate settlement and NEER continues to show considerable growth while growing its expertise beyond the traditional wind and solar projects to include storage, wind repowerings, green hydrogen, and clean fuels into the mix. See our note here.

NEP — NEP reported in line results and raised its YE21 run rate for EBITDA and CAFD to more accurately reflect the growth potential from the recent NEE drop-down and a third-party acquisition. Management reiterated its 12-15% annual distribution growth target. The volatility (and the upward move) in interest rates, lack of BBB momentum, and ongoing supply chain challenges and inflation concerns have led to a meaningful rotation out of growth-oriented renewable names. That said, we would not put NEP into the same category of high beta names. The Company has long-dated PPAs that secure its revenue stream, has access to NEE's prolific pipeline of assets, and access to attractive financing options. Additionally, NEP's 2021 acquisitions go a long way toward de-risking its 2022 and 2023 outlook. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

AY: Notes from Management Meetings

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review

EEI Day One: Notes from Meetings - ES, CNP, XEL, AGR, CMS

EEI Day Two: Notes from Meetings - DUK, NEE, ETR, DTE, AEP, AY, AVA, SRE

EEI Day Three: Notes from Meetings - POR, SO, OTTR, EXC, NWE, EIX, FE, AEE

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	352	53.66	121	34.38
Sector Weight [SW]	289	44.05	63	21.80
Underweight [UW]	15	2.29	4	26.67

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	34	53.97	17	50.00
Sector Weight [SW]	27	42.86	15	55.56
Underweight [UW]	2	3.17	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

January 24, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: SRE, EXC, AVA, AGR, ES, ENPH, RUN, EIX, NEE, XEL

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We are hosting an industry expert call on the future of net energy metering this afternoon. In other news, earnings kick off this week with NEE and XEL reporting; President Biden comments on the climate provisions in BBB and on the upcoming tariff deadlines; Siemens Gamesa warns of supply chain troubles; CPUC delays vote on net metering successor tariffs; EXC makes proposals to ICC for PBR metrics; SRE formalizes change in Cameron LNG expansion plans; ES's Southfork receives COP approval from BOEM; ME advocacy group falls short of required signatures to force a municipalization ballot initiative in the 2022 elections that would have impacted AGR's CMP; AGR CFO resigns; AVA reaches a partial settlement in OR rate case and files its first multiyear rate case in WA.

Upcoming Calendar Event — TODAY — Monday, January 24

The Future of Net Energy Metering — A Fireside Chat with Industry Expert: Join us this afternoon for a discussion on the future of net energy metering with Matt McDonnell, Managing Director of U.S. Consultingat Strategen ***at 4:05 pm ET***. Please contact us or your KBCM sales rep for details. Our recent research on the CPUC PD and its potential implications are included here and here.

Earnings Calendar

4Q earnings kick off this week for the utilities in our coverage. NEE and XEL report this week. Below we provide a calendar for those reporting this week. Our recently published preview includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Utilities Earnings Calendar

4Q21 Earnings Calls			
Company Name	Ticker	Date	Time (ET)
NextEra Energy Inc	NEE	1/25/2022	9:00 AM
Xcel Energy Inc	XEL	1/27/2022	10:00 AM

Source: KeyBanc Capital Markets Inc., company filings

Regulatory Calendar

A full regulatory calendar for companies in our coverage is provided below. We are not tracking any specific events in the upcoming week.

Recent Developments for Companies Under Our Coverage

From our midweek: We hosted AY's senior management for a series of investor meetings and are hosting an industry expert to discuss the future of net energy metering next week. ED and EXC join others in filing friends of the court brief in the West Virginia vs. EPA case currently underway at the Supreme Court; DTE prepares to file an electric GRC in MI; POR reached a third partial settlement in its OR GRC; EXC's Delmarva filed a gas rate case with the DE PSC and the MD sub reached a settlement in principle in its electric rate case. AEP's APCo issued RFPs for 1 GW of wind and solar for VA; WEC's subsidiary ATC received an unfavorable ruling from WI courts regarding the Cardinal-Hickory Creek transmission line.

Build Back Better Climate provisions — hope springs eternal: In a press conference last week, President Biden expressed confidence that big chunks of the BBB bill can be signed into law — including the climate provisions. But then again, we may just be running in place since Senator Manchin seemed to throw cold water once again when he said that he proposes starting the process again with a clean sheet of paper. Not sure how the procedural steps would work even if Senator Manchin (D-WV) were on board unless there are 10 Republican votes for the climate bill. Or else the bill would have to pass through the reconciliation process that can only be used once each fiscal year.

China related Section 201 tariff extension deadline is coming up:

- President Biden was noncommittal when answering a question on lifting tariffs on Chinese imports and deferred to his Trade Representative who he said was working on them. All in all it seems like the tariffs are likely to be extended as the president also said that he did not feel like he was in a position to say that China was meeting the commitments in the Phase 1 agreement. The deadline for current tariffs to expire is February 6.
- Thus far the actions of the Biden administration are pointing toward the likelihood of the tariffs being extended. The ITC has made an affirmative determination on the petition to extend Section 201 tariffs and has made a formal recommendation to the president for extending the tariffs by four years. Also, the Biden DOJ is challenging the Court of International Trade's November ruling, which said that the former administration's decision to withdraw the exclusion of bifacial panels from Section 201 safeguards exceeded the president's authority.
- A group of eight bipartisan senators are requesting the resident not extend the Section 201 tariffs and at a minimum retain the tariff exclusion for bifacial solar panels and not apply the tariffs to imported solar cells.
- In the meantime, the president signed into law the bill banning imports from Xinjiang Province over forced labor concerns. Several products, including solar poly silicon, have been designated as “high priority” for enforcement and the bill uses “rebuttable presumption” standard, e.g., assuming that all imports from the province are made with forced labor. The law takes effect within six months of its signing into law.

SRE, EIX, ENPH, RUN — CPUC delays vote on net metering tariffs: CPUC is delaying a final vote on the NEM successor tariff proceedings. The docket was expected to be on the agenda of the January 27 meeting for a vote. Previously the commission also canceled scheduled oral arguments in the docket that were scheduled for January 12. The PD (which we wrote about here and here) has received reasonable feedback and the commission said in its email that it has two new members, and it appears that it needs more time to review the comments submitted. As we read the CA Public Utilities Code, the commission has 18 months to issue an order from the date the proceeding is initiated. This would peg the timing for a decision at February 27. At this point it is unclear if the commission will meet this deadline or issue an order extending the deadline.

AGR, ES, PEG — Siemens Gamesa Renewable Energy reduces outlook and warns on prolonged supply chain issues: The Company said that performance was negatively impacted by supply chain related disruptions, which are now expected to last longer than previously anticipated (previously said normalization in 2H22). Specifically, Siemens Gamesa is experiencing late deliveries, material shortages, and breach of supply contracts, and cited “a lack of visibility in the market and very high volatility in many areas.” This in turn is leading to higher than expected cost inflation impacting primarily the onshore wind turbine segment. We do not expect any of the major offshore wind projects to be ready for turbine deliveries this year, but it will be important to follow how these trends evolve across the industry and if they could potentially impact timing and cost of the projects being pursued by several utilities in our coverage.

AVA — AVA files first multiyear rate case in WA: As was expected, AVA filed its first multiyear rate case in WA after the state passed a law permitting them. AVA is seeking an electric rate increase of ~$53M effective December 2022 and $17M effective December 2023. Additionally, AVA is requesting a gas rate increase $11M effective December 2022 and $2M effective December 2023. Both requests are based on a 10.25% ROE and 48.5% equity layer. The rate increases will be partially offset against a tax credit of $25.5M for electric customers ad $12.5M for gas customers. In the most recent WA rate case settlement, AVA received a 9.30% ROE. We are currently modeling a $19M rate increase in 2023 and $10M increase in 2024 for electric rates. For gas, we are modeling a $13M increase in 2023 and $7M in 2024. This plan would create a stay out period such that AVA would not file a new GRC for new rates to be effective prior to December 2024. The rate case hopes to recover investments made in grid hardening, wildfire resiliency, and reliability investments made since the last rate case and not recovered in the prior filing.

AVA — AVA and related parties reach a partial settlement stipulation in OR rate case: As part of the settlement the parties have agreed to settle all issues in the docket regarding CoC including cap structure and ROE. The settlement reduces the requested $3.8M rate increase to $2.6M, agrees on the 50% equity ratio, and reduces the ROE from the requested 9.9% to 9.4% (thus causing the decline in revenue increase). AVA intends to use deferred tax credits and other tax deferrals to fully offset the impact on customer rates. AVA's previous rate case in OR was settled at 9.4% ROE, 50% equity (Docket: UG 433).

EXC — ComEd makes proposals to ICC for PBR metrics: As part of the IL Clean Energy Law, utilities can file multiyear rate plans with certain standard rate making practices common in other states including PBR. As part of the requirement of the law, ComEd has proposed eight metrics that it could be held against while determining its performance. Among these measures are included the SAIDI reliability index, interconnection timelines, and timeliness in resolution of customer issues. ComEd also proposed 11 tracking metrics across five categories including emissions reductions and grid flexibility that can be used in development of future performance metrics.

SRE — SRE formalizes change in Cameron expansion plans: SRE has formally proposed design changes to the FERC for its Cameron expansion that would allow the Company to build a 6.75 MTPA single liquefaction train vs. the existing authorization for a two-train expansion that would have added ~10 MTPA of capacity. The two-train expansion was approved in 2016. Management has previously guided to the Cameron expansion as a 6 MTPA project. A FERC approval is expected by January 2023 and commercial service could begin in 3Q27. If FERC approves the design change, we also expect it to extend the permitted time for completion to the

Sophie Karp (917) 368-2361 / sophie.karp@key.com

now estimated 2027 (from the current 2024). The design changes include using electric drives vs. the previously planned gas turbine drives and thus reduce the unit's carbon footprint. As was previously indicated by management, the new plan also calls for a setup that will allow carbon capture from the Train 4 (the expansion) and sequestration at facilities in the Gulf Coast—assuming that the infrastructure is developed and is accessible in an economical way.

ES — Southfork gets the green light to start construction: BOEM approved the COP for Southfork setting the stage for ES and Orsted to being construction. Southfork (132MW) is the smallest of ES's three offshore wind projects and was the first in the permitting queue to gain approval. Southfork will supply its power to NY state through an interconnect at East Hampton, NY and has a 20-year PPA in place. The project will use 11 GW Siemens Gamesa turbines. The fabrication of the offshore substation is underway. Southfork is currently on schedule for a late-2023 commercial start and is the second project after AGR's Vineyard Wind to begin construction.

AGR — ME advocacy group comes up short on signatures required for ballot initiative: A ME advocacy group that was securing signatures for a ballot initiative to seek municipalization of CMP came up short of the required number of signatures. The deadline to submit the signatures was January 21. The advocacy group intended to put the proposal on the 2022 ballot that would seek voter approval to municipalize AGR's CMP and another utility. The bid for municipalization earlier emerged from the legislature and Governor Mills vetoed the bill in July 2021. On the other hand, a utility-backed petition is seeking signatures for a referendum that would require voters to approve before a state agency assumes more than $1B in debt.

AGR — CFO Stuver resigns: AGR CFO Doug Stuver offered his resignation last week effective February 23 to accept another position. We expect that AGR will have an announcement for an interim CFO as it initiates a search for a successor.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
OR	Portland General Electric Co.	POR	D-UE-394	Electric	2/1/2022	Company Surrebuttal Testimony
CA		CPUC	R2008020		2/10/2022	NEM 3.0 Vote Potentially on Agenda at Voting Meeting
	CPI Release	BLS			2/10/2022	CPI release for Prior Month
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	2/15/2022	Commission will render a decision
AR	Southwestern Electric Power Co	AEP	D-21-070-U	Electric	2/17/2022	Staff/Intervenor Surrebuttal
	Federal Energy Reg Comm	FERC			2/17/2022	Open Meeting
AR	Southwestern Electric Power Co	AEP	D-21-070-U	Electric	2/24/2022	Company Sur-Surrebuttal
MD	Delmarva Power & Light Co.	EXC	C-9670	Electric	2/28/2022	Proposed Order Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	2/28/2022	Statutory deadline for decision on the docket
ND	Northern States Power Co.	XEL	C-PU-21-381	Natural Gas	3/1/2022	Direct Testimony Due
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	3/3/2022	Staff & Intervenor Testimony
AR	Southwestern Electric Power Co	AEP	D-21-070-U	Electric	3/4/2022	Settlement Conference
OR	Portland General Electric Co.	POR	D-UE-394	Electric	3/4/2022	Oral Arguments
MI	Consumers Energy Co.	CMS	U-21090	IRP	3/4/2022	PFD Target Date
	CPI Release	BLS			3/10/2022	CPI release for Prior Month
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track3 Wildfire Mitigation)	Electric	3/15/2022	Track 3 Proposed Decision
	Federal Energy Reg Comm	FERC			3/24/2022	Open Meeting
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	3/28/2022	Reply Testimony
MD	Delmarva Power & Light Co.	EXC	C-9670	Electric	3/30/2022	Final Order
ND	Northern States Power Co.	XEL	C-PU-21-381	Natural Gas	4/1/2022	Rebuttal Testimony Due
MI	Consumers Energy Co.	CMS	C-U-21148	Natural Gas	4/8/2022	Staff & Intervenor Testimony
	CPI Release	BLS			4/12/2022	CPI release for Prior Month
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	4/15/2022	Staff & Intervenor Rebuttal Testimony
	Federal Energy Reg Comm	FERC			4/21/2022	Open Meeting
ND	Northern States Power Co.	XEL	C-PU-21-381	Natural Gas	4/22/2022	Staff Surrebuttal Testimony Due
OR	Portland General Electric Co.	POR	D-UE-394	Electric	4/25/2022	Final Order Due Date
MI	Consumers Energy Co.	CMS	C-U-21148	Natural Gas	4/29/2022	Rebuttal Testimony
ND	Northern States Power Co.	XEL	C-PU-21-381	Natural Gas	5/6/2022	NSPCo Surrebuttal Testimony Due
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	5/11/2022	AVA Surrebuttal Testimony
	CPI Release	BLS			5/11/2022	CPI release for Prior Month
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4 RAMP)	Electric	5/13/2022	SCE files RAMP, Direct Testimony on 3rd Attrition Yr. Request
	Federal Energy Reg Comm	FERC			5/19/2022	Open Meeting
MI	Consumers Energy Co.	CMS	C-U-21148	Natural Gas	6/10/2022	Briefs Due
	CPI Release	BLS			6/10/2022	CPI release for Prior Month
	Federal Energy Reg Comm	FERC			6/16/2022	Open Meeting
MI	Consumers Energy Co.	CMS	U-21090	IRP	6/27/2022	Decision Expected

Source: Regulatory filings, company filings, S&P Market Intelligence

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	22.6	Sector Weight	NA	$87.72	2.6%	57%	3.95	4.26	4.49	22.2x	20.6x	19.5x	4.04	4.34	4.60	21.7x	20.2x	19.1x
AEP	American Electric Power Company In	45.3	Sector Weight	NA	$89.97	3.5%	64%	4.99	5.33	5.66	18.0x	16.9x	15.9x	4.97	5.26	5.59	18.1x	17.1x	16.1x
CMS	CMS Energy Corp	18.4	Overweight	$68	$63.74	2.9%	63%	2.87	3.05	3.31	22.2x	20.9x	19.3x	2.87	3.12	3.41	22.2x	20.4x	18.7x
CNP	CenterPoint Energy Inc	17.1	Overweight	$30	$27.34	2.5%	48%	1.37	1.47	1.59	20.0x	18.6x	17.2x	1.40	1.50	1.58	19.5x	18.2x	17.3x
D	Dominion Energy Inc	64.1	Overweight	$86	$79.31	3.4%	65%	4.16	4.36	4.61	19.1x	18.2x	17.2x	4.12	4.37	4.67	19.2x	18.1x	17.0x
DTE	DTE Energy Co	22.9	Sector Weight	NA	$118.46	3.1%	62%	5.92	6.32	6.74	20.0x	18.7x	17.6x	5.92	6.26	6.72	20.0x	18.9x	17.6x
DUK	Duke Energy Corp	78.7	Overweight	$110	$102.98	3.9%	74%	5.47	5.71	6.09	18.8x	18.0x	16.9x	5.47	5.77	6.13	18.8x	17.8x	16.8x
ETR	Entergy Corp	22.1	Sector Weight	NA	$109.42	3.7%	64%	6.28	6.73	7.07	17.4x	16.3x	15.5x	6.34	6.74	7.10	17.3x	16.2x	15.4x
ES	Eversource Energy	29.8	Sector Weight	NA	$87.11	2.9%	62%	4.11	4.39	4.62	21.2x	19.8x	18.9x	4.11	4.38	4.66	21.2x	19.9x	18.7x
ED	Consolidated Edison Inc	29.0	Underweight	$71	$82.66	4.0%	73%	4.47	4.67	4.78	18.5x	17.7x	17.3x	4.49	4.72	4.91	18.4x	17.5x	16.8x
EIX	Edison International	24.1	Sector Weight	NA	$62.98	4.4%	60%	4.69	4.91	5.18	13.4x	12.8x	12.2x	4.62	4.94	5.18	13.6x	12.8x	12.2x
FE	FirstEnergy Corp	22.6	Overweight	$44	$41.33	3.8%	64%	2.45	2.56	2.77	16.9x	16.1x	14.9x	2.46	2.60	2.75	16.8x	15.9x	15.0x
SO	Southern Co	71.9	Overweight	$71	$67.81	4.0%	76%	3.55	3.80	4.04	19.1x	17.8x	16.8x	3.54	3.81	4.10	19.2x	17.8x	16.5x
WEC	WEC Energy Group Inc	30.5	Sector Weight	NA	$96.99	3.0%	67%	4.30	4.59	4.81	22.6x	21.1x	20.2x	4.30	4.57	4.88	22.6x	21.2x	19.9x
XEL.O	Xcel Energy Inc	36.7	Overweight	$76	$68.22	2.8%	61%	3.18	3.42	3.60	21.5x	19.9x	19.0x	3.17	3.41	3.62	21.5x	20.0x	18.8x
					Average:	**3.4%**	**64%**				**19.4x**	**18.2x**	**17.2x**				**19.3x**	**18.1x**	**17.1x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.1	Sector Weight	NA	$43.76	4.0%	83%	2.04	2.46	2.69	21.5x	17.8x	16.3x	2.11	2.46	2.69	20.7x	17.8x	16.3x
NWE.O	NorthWestern Corp	3.1	Overweight	$68	$57.41	4.4%	75%	3.40	3.72	3.91	16.9x	15.4x	14.7x	3.42	3.68	3.91	16.8x	15.6x	14.7x
OTTR.O	Otter Tail Corp	2.6	Sector Weight	NA	$62.98	2.6%	52%	3.48	3.55	3.82	18.1x	17.7x	16.5x	3.22	3.23	3.82	19.6x	19.5x	16.5x
PNW	Pinnacle West Capital Corp	8.0	Underweight	$62	$70.69	4.9%	87%	3.91	4.23	4.36	18.1x	16.7x	16.2x	3.97	4.19	4.37	17.8x	16.9x	16.2x
POR	Portland General Electric Co	4.7	Sector Weight	NA	$52.51	3.4%	63%	2.80	2.95	3.07	18.8x	17.8x	17.1x	2.81	2.92	3.01	18.7x	18.0x	17.4x
					Average:	**3.9%**	**72%**				**18.7x**	**17.1x**	**16.2x**				**18.7x**	**17.5x**	**16.2x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Integrated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
EXC.O	Exelon Corp	55.7	Overweight	68	$56.77	2.6%	46%	3.14	3.31	3.53	18.1x	17.2x	16.1x	3.25	3.44	3.53	17.4x	16.5x	16.1x
PEG	Public Service Enterprise Group Inc	33.2	Sector Weight	NA	$65.44	3.3%	62%	3.53	3.67	3.87	18.5x	17.8x	16.9x	3.47	3.67	3.89	18.9x	17.8x	16.8x
					Average:	**3.0%**	**54%**				**18.3x**	**17.5x**	**16.5x**				**18.2x**	**17.2x**	**16.5x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	17.9	Sector Weight	NA	$46.13	3.9%	80%	2.00	2.14	2.28	23.1x	21.6x	20.2x	2.24	2.37	2.58	20.6x	19.5x	17.9x
NEE	Nextera Energy Inc	163.8	Sector Weight	NA	$82.60	2.0%	59%	2.74	2.93	3.21	30.1x	28.2x	25.7x	2.74	2.96	3.18	30.1x	27.9x	26.0x
SRE	Sempra Energy	43.1	Overweight	$145	$134.90	3.5%	56%	8.40	8.81	9.22	16.1x	15.3x	14.6x	8.46	8.90	9.35	16.0x	15.1x	14.4x
					Average:	**3.1%**	**65%**				**23.1x**	**21.7x**	**20.2x**				**22.2x**	**20.9x**	**19.4x**

Source: Thomson Reuters, company reports, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

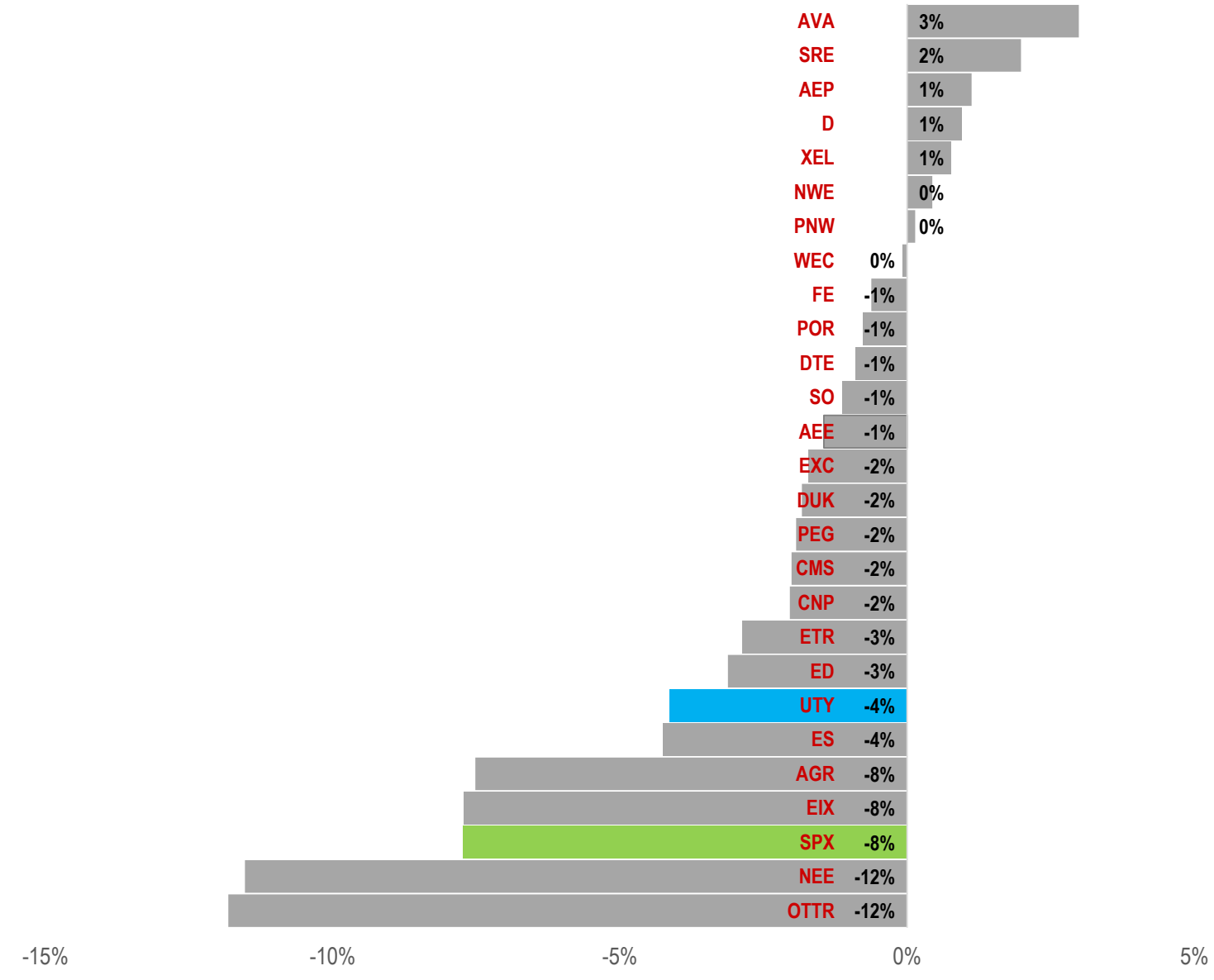

Source: Thomson Reuters

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

AY: Notes from Management Meetings

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review

EEI Day One: Notes from Meetings - ES, CNP, XEL, AGR, CMS

EEI Day Two: Notes from Meetings - DUK, NEE, ETR, DTE, AEP, AY, AVA, SRE

EEI Day Three: Notes from Meetings - POR, SO, OTTR, EXC, NWE, EIX, FE, AEE

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	352	54.15	121	34.38
Sector Weight [SW]	282	43.38	62	21.99
Underweight [UW]	16	2.46	4	25.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	34	53.97	17	50.00
Sector Weight [SW]	27	42.86	15	55.56
Underweight [UW]	2	3.17	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

January 24, 2022

Company: Exelon Corporation, EXC - Analyst Shelby Tucker, Currency: USD, Price Target: 66.00, Rating: Outperform

FY Dec	2024E	2025E	2026E	2027E
EPS, Adj Diluted	2.59	2.78		
P/AEPS	21.9x	20.4x	NM	NM
DPS	1.55	1.65		
Div Yield	2.7%	2.9%	NM	NM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

EQUITY RESEARCH

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Wynne Lam, CFA (Senior Associate)
(212) 266-4040, wynne.lam@rbccm.com
Eleanor Firestein (Associate)
(212) 428-6543, eleanor.firestein@rbccm.com

January 23, 2022

WATTS COOKING? Weekly

Topics: Market weakness; FLNC; EXC/CEG; VST

Weekly developments that we found to be of interest.

WATTS on Your Mind

This past week, investors continue to express concerns over the direction that the broader market — particularly the tech sector — is taking. A protracted weakness increases the appeal of defensive utilities. Within the utility sub-sector, there does not currently seem to be a clearcut answer on whether one should consider value utilities (think FE or ETR) or quality utilities like CMS or XEL. We also participated in a number of teach-ins over the past few weeks. It could be an indicator that there is a more cautious view on the market developing, although it could more related to just the usual personnel changes.

We received a number of inquiries regarding FLNC, which has seen its stock price decline to $20.13 on Friday, down from its peak of nearly $40 a couple of months ago. The interest centers on the impact supply chain challenges may have on the company over time. Recent transactions (QuantumScape, ReNew) suggest improving business momentum, but the financial markets are not cooperating. We maintain our Outperform and see the current stock price level as an interesting entry point.

Other stocks that gathered interest were EXC and its spin-off Constellation. EXC and Constellation started trading "when issued" under the tickers EXCVV and CEGVV on the NASDAQ. On Friday, EXCVV closed at ~$42 per share and CEGVV closed at $45. It is our understanding that there will a share of Constellation for every three shares of EXC, suggesting that the value of Constellation to EXC shareholders would be $15. This implies $57 for EXC versus the closing price of $57.44. Most investors that we've talked with remain constructive on EXC.

WATTS on Our Mind

This past Thursday, a payment dispute between VST and one of its gas suppliers Energy Transfer (Ticker: ET) caught us by surprise. VST underperformed the XLU by 454 bps week-to-date. According to VST's complaint filed at the Texas Railroad Commission, ET threatened to discontinue gas service if VST did not pay a $21.6M charge related to oversupplying gas on ET's pipeline during Winter Storm Uri last year. Within a day, ET responded by agreeing to continue providing services through the end of March after the complaint gathered widespread attention from the media. **Our view: Given how quickly events unfolded, we're inclined to believe that the stakes of commercial disputes occurring behind the scenes remain high and market participants are willing to go to great lengths to gain a lead. Naturally we expect more volatility for the stock through this winter season. The saga is not over as ET expects to file a response no sooner than 3/21.**

WATTS on the ShUFL — unchanged

Shelby's Utility Focus List (ShUFL)

Best Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AES	OP	2.6%	$31.00	37.7%
EIX	OP	4.4%	$72.00	18.8%
NEE	OP	1.9%	$97.00	19.3%
AEP	OP	3.5%	$98.00	12.4%

Defensive Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AEP	OP	3.5%	$98.00	12.4%
PNM	SP	2.9%	$50.30	13.9%
SO	OP	3.9%	$73.00	11.5%
XEL	SP	2.7%	$73.00	9.7%

Least Favorite Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
CPK	SP	1.4%	$120.00	-8.6%
NEP	SP	3.7%	$80.00	13.2%

Source: Factset; RBC Capital Markets estimates

Priced as of prior trading day's market close, EST (unless otherwise noted). All values in USD unless otherwise noted
Disseminated: Jan 23, 2022 15:50EST; Produced: Jan 23, 2022 15:50EST
For Required Conflicts Disclosures, see page 8

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

Shelby's Utility Focus List (ShUFL)

ShUFL is unchanged this week.

Exhibit 1 – AES tops Best Plays; AEP best Defensive Plays; CPK remains Least Favorite

Best Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
The AES Corp.	AES	Outperform	$22.95	2.6%	$31.00	37.7%
Edison International	EIX	Outperform	$62.98	4.4%	$72.00	18.8%
NextEra Energy, Inc.	NEE	Outperform	$82.60	1.9%	$97.00	19.3%
American Electric Power	AEP	Outperform	$89.97	3.5%	$98.00	12.4%

Defensive Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
American Electric Power	AEP	Outperform	$89.97	3.5%	$98.00	12.4%
PNM Resources	PNM	Sector Perform	$45.32	2.9%	$50.30	13.9%
Southern Co.	SO	Outperform	$67.81	3.9%	$73.00	11.5%
Xcel Energy	XEL	Sector Perform	$68.22	2.7%	$73.00	9.7%

Least Favorite Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
Chesapeake Utilities	CPK	Sector Perform	$133.32	1.4%	$120.00	-8.6%
NextEra Energy Partners	NEP	Sector Perform	$73.09	3.7%	$80.00	13.2%

Source: FactSet; RBC Capital Markets, priced as of market close January 21, 2022. Past performance is not necessarily indicative of future performance.

Notable Publications

FLNC US: Fluence announces joint venture with ReNew Power – 2022.01.20

U.S. Power & Utilities: Tuesdays with Moody's – 2022.01.19

FLNC US: Agreement with QuantumScape to Co-Develop Solid-State Lithium-Metal Technology – 2022.01.13

2022 New Year Preview - Infrastructure – 2022.01.11

Exelon Corporation (EXC): Initiates Constellation 2022 EBITDA guidance post-separation and growth proposition – 2022.01.11

Exelon Corporation (EXC): Introduces solid 2022 guidance and long-term investment plan – 2022.01.10

RBC Global Regulated Utilities – 2022.01.05

PNM Resources (PNM): PNM and AGR extend merger agreement, file appeal with NM Supreme Court – 2022.01.04

EXC US: Splitting atoms – 2022.01.03

ED US: Opportunity for accelerated rate base growth – 2021.12.21

Sempra (SRE): Sells 10% NCI in Sempra Infrastructure Partners with expected close in summer 2022 – 2021.12.21

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

The AES Corporation (AES): Announces acquisition of Community Energy Solar; terms not disclosed – 2021.12.20

Exelon Corporation (EXC): NY Department of Public Services approves Constellation separation – 2021.12.16

PNM Resources (PNM): NMPRC denies Four Corners transfer and securitization – 2021.12.15

FLNC US: Solid 4Q21 results; initiates 2022 revenue guidance – 2021.12.09

PNM Resources (PNM): New Mexico Commission votes 5-0 against AGR merger – 2021.12.08

CenterPoint Energy, Inc. (CNP): Begins exit of midstream following Energy Transfer's completed acquisition of Enable Midstream Partners – 2021.12.03

PNM Resources (PNM): Majority of NMPRC Commissioners express opposition to approving PNM-AGR merger, discussions to continue at next open meeting on Wednesday – 2021.12.02

RBC Imagine™ Some Say That Cars Are For Driving – 2021.12.02

Renewables: New Metering is Coming – 2021.12.02

Fluence Energy Inc. (FLNC): Announces 150MW/150MWh battery energy storage system in Australia in partnership with ENGIE and Macquarie – 2021.12.01

Spire Inc. (SR): Decent 4Q21 results; new 2022 EPS guidance adversely impacted by Missouri rate order – 2021.11.22

FLNC US: All about that TAM; Initiating at Outperform – 2021.11.22

RBC Imagine™ Preparing for Hyperdrive – 2021.11.18

RBC Imagine™ Best Ideas for the Long Term – 2021.11.18

RBC ESG Stratify™: Carbon Capture & Storage – 2021.11.18

RBC Midstream & Energy Infrastructure Conference: Day 2 Highlights – 2021.11.18

Electric Utilities, Gas Utilities, Multi-Utilities, Water Utilities: Model Updates – 2021.11.17

RBC Midstream & Energy Infrastructure Conference: Day 1 Highlights – 2021.11.17

Midstream & Energy Infrastructure Conference (In-Person!) Preview – 2021.11.12

AY First Glance: 3Q21 EBITDA lower-than-expected potentially due to accounting adjustments – 2021.11.10

U.S. Power & Utilities: Day 3 Recap of EEI Conference – 2021.11.09

U.S. Power & Utilities: Day 1 Recap of EEI Conference – 2021.11.08

Pinnacle West Capital (PNW): ACC votes to approve APS rate case – 2021.11.03

PNM Resources (PNM): Hearing Examiner recommends against approval of PNM and AGR merger – 2021.11.02

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

FirstEnergy Corp. (FE): Announces settlement with parties to resolve multiple proceedings in Ohio including 2017-2020 SEET – 2021.11.02

AWK US: Announces sale of Homeowner Services Group – 2021.10.29

XEL US: Colorado settlement slightly disappointing; 2021 EPS guidance of $2.90–3.00 reiterated – 2021.10.26

XEL US: NSPM files 3-year multi-year rate case – 2021.10.26

RBC ESG Stratify: Carbon Capture & Storage – 2021.10.24

PCG US: CPUC approves PG&E's 2021 Wildfire Mitigation Plan – 2021.10.21

NEE US: Beat at NEE, strong origination quarter – 2021.10.20

PNW US: Amended ROE at 8.7%, delayed decision of Four Corners overall disappointing – 2021.10.07

WATTS UP! Takeaways from our CA CFO Roundtable – 2021.10.07

RBC Global Regulated Utilities – 2021.10.04

CNP US: Flawless message; time to execute – 2021.09.27

Solar Update: Headwinds from Anti-Dumping and Countervailing Duties Circumvention Petitions – 2021.09.27

BEP US: Investor Day: Increasing targeted equity deployment to capitalize on large opportunity set – 2021.09.21

BEP US: Investor Day Preview – 2021.09.17

Spire Inc. (SR): FERC Issues Temporary Certificate for STL Pipeline for 90 Days – 2021.09.14

Exelon Corporation (EXC): Illinois House Passes SB2408 House Amendment 2; Returns to Senate for Vote Next Week – 09.09.2021

RBC Elements: Semi-Charged Kind of Life – 09.09.2021

PNW US: Takeaways from the Virtual Road – 09.08.2021

Exelon Corporation (EXC): Comments on Amendments to HB3666 and Senate Energy and Public Utilities Committee Meeting – 2021.09.01

2021 RBC Capital Markets Back-To-School Energy Seminar – 2021.09.01

Southern Company (SO): Preliminary findings released from NRC's special inspection at Vogtle – 2021.08.27

DUK US: Bittersweet memories, that is all I'm taking with me — Downgrading to Sector Perform – 2021.08.20

American Electric Power (AEP): Texas Court reverses prior District Court judgment related to AFUDC recovery; AEP expects to appeal ruling – 2021.08.16

PCG US: Take a Chance on Me; Upgrading to Outperform – 2021.08.16

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

Public Service Enterprise Group (PEG): Agreement to sell fossil generation portfolio for $1.92B; raises 2021 EPS guidance – 2021.08.12

NextEra Energy (NEE): Files settlement agreement with various intervenors in rate case docket – 2021.08.10

Brookfield Renewable Partners L.P.: Capitalizing on global decarbonization initiatives – 2021.08.05

FirstEnergy Corp. (FE): PUCO releases DCR rider audit; customer refunds appears manageable – 2021.08.03

U.S. Power & Utilities 2Q21 Earnings Recap - Weeks 1 & 2 – 2021.08.03

Exelon Corporation (EXC): Files PSDARs for Byron and Dresden Nuclear Facilities – 2021.07.28

FirstEnergy Corp. (FE): Reaches Agreement with DOJ Investigation; agrees to pay $230M monetary penalties – 2021.07.22

Southern Company (SO): Georgia PSC Commissioner Chuck Eaton appointed to Fulton County Superior Court bench; Governor Kemp to fill PSC vacancy – 2021.07.20

Electric Utilities: Thoughts on FERC Draft Advanced Notice of Proposed Rulemaking – 2021.07.15

Public Service Enterprise Group (PEG): Settlement on Transmission ROE Reached with NJ Board of Public Utilities – 2021.07.14

Duke Energy (DUK): Updated version of HB 951 raises securitization cap, keeps language mandating gas peaker plant construction – 2021.07.12

DUK US: Deja Duke? Thoughts on HB 951 – 2021.07.12

CMS US: Thoughts from the EnerBank sale and IRP filing – 06.28.2021

Global Energy, Power & Infrastructure - Themes, Energy Transition and Conviction for the Back Half of CY21 and Beyond – 06.23.2021

RBC ESG Stratify™ Power Digest E Is the New G: Potential Effects of SEC Focus on ESG and Climate Disclosure – 2021.06.15

DUK US: Three's company? – 2021.05.18

AES US: Takeaways from the Road – 2021.05.18

BEP US: Executing well, but we reduce our PT to $45 – 2021.05.04

US Power & Utilities: FERC Conference on the Electrification and the Grid Future – 2021.04.30

WATTS UP! Thoughts from day one of President Biden's climate summit – 2021.04.22

AES US: It's The Little Things That Matter – 2021.04.01

US Power & Utilities: Recap of Annual Australian Conference – 2021.03.23

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

U.S. Power & Utilities: Draft legislation of the CLEAN Future Act highlights an aggressive approach to decarbonization – 2021.03.02

The AES Corporation: Keep Charging Forward – 2021.02.08

ED US: I Knew You Were Trouble When You Walked In – 2021.01.21

U.S. Power & Utilities: Musing with Moody's on a Thursday afternoon – 2021.01.15

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

Exhibit 2 - RBC Capital Markets U.S. Power and Utility Coverage Universe

Ticker	Company	Rating	Price 01/21/22	Price Target	Current Yield	Implied Tot. Return	Cap. ($MM)	EPS 2019A	EPS 2020A	EPS 2021E	EPS 2022E	EPS 2023E	P/E 2020A	P/E 2021E	P/E 2022E	P/E 2023E	Div. Payout	3-Yr Growth	'22 EV/ EBITDA	'23 EV/ EBITDA	Price/ BV	Debt/ EBITDA
DEFENSIVE UTILITIES																						
AEP	American Electric Power	Outperform	$89.97	$98.00	3.5%	12.4%	45,288	$4.24	$4.42	$4.71	$5.00	$5.26	20.4	19.1	18.0	17.1	70.6%	6.0%	11.6	10.9	2.03	6.5
CMS	CMS Energy	Sector Perform	$63.74	$64.00	2.7%	3.1%	18,404	$2.49	$2.67	$2.65	$2.86	$3.10	23.9	24.1	22.3	20.6	65.2%	5.1%	8.0	10.1	3.14	5.1
DUK	Duke Energy	Sector Perform	$102.98	$109.00	3.8%	9.7%	78,699	$5.06	$5.12	$5.23	$5.49	$5.79	20.1	19.7	18.8	17.8	77.0%	4.2%	12.3	11.6	1.66	6.0
ED	Consolidated Edison	Sector Perform	$82.66	$85.00	3.8%	6.6%	29,022	$4.36	$4.17	$4.25	$4.52	$4.80	19.8	19.4	18.3	17.2	74.3%	4.8%	10.2	9.7	1.45	5.0
EIX	Edison International	Outperform	$62.98	$72.00	4.4%	18.8%	24,079	$4.70	$4.52	$4.45	$4.64	$4.92	13.9	14.2	13.6	12.8	61.9%	2.9%	9.5	9.0	1.77	6.1
ETR	Entergy Corp.	Outperform	$109.42	$114.00	3.7%	7.9%	22,106	$5.40	$5.66	$6.00	$6.30	$6.70	19.3	18.2	17.4	16.3	71.4%	5.8%	11.4	10.8	1.96	6.6
FE	FirstEnergy	Outperform	$41.33	$42.00	3.8%	5.4%	23,623	$2.51	$2.39	$2.60	$2.64	$2.77	17.3	15.9	15.7	14.9	65.3%	5.0%	11.0	10.5	3.02	6.2
NWN	Northwest Natural	Sector Perform	$47.54	$49.00	4.1%	7.1%	1,484	$2.41	$2.45	$2.51	$2.63	$2.77	19.4	18.9	18.1	17.2	78.8%	4.2%	10.0	9.4	1.66	5.4
PCG	PG&E Corp.	Outperform#	$12.23	$14.00	0.0%	14.5%	24,897	$3.81	$1.61	$1.00	$1.14	$1.24	7.6	12.2	10.7	9.9	0.0%	-8.3%	7.9	7.4	1.22	6.4
PNM	PNM Resources	Sector Perform	$45.32	$50.30	2.9%	12.4%	3,862	$2.16	$2.27	$2.37	$2.51	$2.67	20.0	19.1	18.1	17.0	57.7%	5.6%	10.3	9.7	1.80	5.7
PNW	Pinnacle West	Sector Perform	$70.69	$69.00	4.8%	2.4%	8,009	$4.77	$4.87	$5.29	$3.89	$4.09	14.5	13.4	18.2	17.3	69.8%	-5.7%	10.6	10.0	1.32	5.1
PPL	PPL Corp.	Sector Perform	$29.66	$30.00	5.6%	6.7%	22,304	$2.42	$2.40	$1.21	$1.65	$1.79	12.4	24.5	18.0	16.6	69.2%	-9.3%	10.1	9.7	1.55	2.5
SR	Spire Inc.	Sector Perform	$64.26	$71.00	4.3%	14.8%	3,336	$3.73	$3.76	$4.45	$4.40	$4.68	17.1	14.4	14.6	13.7	72.9%	7.6%	11.5	10.8	1.38	5.6
SO	Southern Co.	Outperform	$67.81	$73.00	3.9%	11.5%	71,873	$3.08	$3.23	$3.39	$3.54	$3.80	21.0	20.0	19.2	17.8	81.7%	5.6%	12.7	12.0	2.51	6.1
UTL	Unitil Corp.	Sector Perform	$45.12	$51.00	3.4%	16.4%	713	$2.31	$2.15	$2.48	$2.64	$2.81	21.0	18.2	17.1	16.1	70.7%	9.3%	8.8	8.4	1.62	4.4
XEL	Xcel Energy	Sector Perform	$68.22	$73.00	2.7%	9.7%	36,727	$2.64	$2.79	$2.97	$3.14	$3.35	24.5	23.0	21.7	20.4	65.6%	6.3%	12.4	11.7	2.42	6.0
	Average (P/E, EV/EBITDA excl. PCG)				3.8%	9.8%							19.7	19.6	18.5	17.4	72.5%	4.1%	11.5	10.9	2.08	5.8
DEREGULATED UTILITIES																						
EXC	Exelon Corp.	Outperform	$56.77	$60.00	2.7%	8.4%	55,745	$3.13	$3.22	$2.80	$2.25	$2.43	17.6	20.3	25.2	23.4	47.5%	-9.0%	13.5	12.6	1.65	4.4
PEG	Public Service Enterprise	Outperform	$65.44	$70.00	3.1%	10.1%	33,167	$3.28	$3.43	$3.62	$3.48	$3.62	19.1	18.1	18.8	18.1	59.5%	1.8%	12.9	12.3	2.35	4.8
	Average				2.9%	9.0%							18.2	19.5	22.8	21.4	52.0%	-4.9%	13.3	12.5	1.91	4.5
DIVERSIFIED UTILITIES																						
BKH	Black Hills	Outperform	$66.93	$73.00	3.6%	12.6%	4,270	$3.53	$3.73	$3.92	$4.12	$4.32	17.9	17.1	16.2	15.5	63.8%	5.0%	11.7	11.2	1.58	6.7
CNP	CenterPoint Energy	Outperform	$27.34	$29.00	2.5%	8.6%	17,111	$1.79	$1.40	$1.60	$1.57	$1.52	19.5	17.1	17.4	18.0	48.6%	2.8%	11.1	10.4	2.12	6.9
CPK	Chesapeake Utilities	Sector Perform	$133.32	$120.00	1.4%	-8.6%	2,340	$3.72	$4.21	$4.70	$5.00	$5.42	31.7	28.4	26.7	24.6	45.6%	8.8%	14.1	12.9	3.11	4.2
D	Dominion Energy	Sector Perform	$79.31	$87.00	3.2%	12.9%	64,063	$4.24	$3.54	$3.86	$4.13	$4.38	22.4	20.5	19.2	18.1	71.2%	7.4%	13.7	13.0	2.61	6.1
NEE	NextEra Energy, Inc.	Outperform	$82.60	$97.00	1.9%	19.3%	163,858	$2.09	$2.31	$2.52	$2.73	$2.90	35.8	32.8	30.3	28.5	66.7%	7.9%	17.5	16.1	4.47	5.1
SRE	Sempra Energy	Outperform	$134.90	$143.00	3.3%	9.3%	43,072	$6.78	$8.03	$8.05	$8.46	$8.86	16.8	16.8	15.9	15.2	54.8%	3.3%	13.6	12.9	1.82	5.7
	Average (3-Year Growth excluding D)				2.4%	15.5%							28.9	26.6	24.8	23.5	64.7%	6.6%	15.6	14.5	3.49	5.5
	Total Average (Excluding PCG, 3-Year Growth excluding D)				3.1%	11.9%							23.0	22.3	21.4	20.1	67.1%	3.8%	13.3	12.5	2.60	5.5
WATER UTILITIES																						
AWK	American Water Works	Outperform	$161.39	$175.00	1.5%	9.9%	29,536	$3.61	$3.91	$4.24	$4.44	$4.76	41.3	38.1	36.3	33.9	61.6%	6.8%	18.4	17.2	4.30	5.7
SJW	SJW Group	Outperform	$68.31	$75.00	2.0%	11.8%	2,026	$0.82	$2.14	$1.93	$2.46	$2.59	31.9	35.4	27.8	26.4	63.6%	6.6%	14.4	13.6	2.02	7.4
WTRG	Essential Utilities	Outperform	$48.13	$53.00	2.2%	12.3%	11,850	$1.47	$1.58	$1.67	$1.80	$1.90	30.5	28.8	26.7	25.3	67.9%	6.3%	16.6	15.4	2.38	8.3
	Average				1.7%	10.7%							37.9	35.4	33.3	31.2	63.4%	6.6%	17.7	16.5	3.67	6.5
INDEPENDENT POWER PRODUCERS																						
AES	The AES Corp.	Outperform	$22.95	$31.00	2.6%	37.7%	15,594	$1.34	$1.44	$1.51	$1.68	$1.80	15.9	15.2	13.7	12.8	41.8%	7.7%	9.3	8.8	6.39	5.4
VST	Vistra Energy	Outperform	$21.72	$25.00	2.5%	17.6%	10,488	$1.86	$1.30	-$1.13	$1.82	$1.83	16.7	NA	11.9	11.9	41.5%	12.1%	6.9	6.7	1.74	3.0
	Average				2.6%	29.6%							16.2	9.1	13.0	12.4	41.7%	9.9%	8.3	8.0	4.52	4.5
YIELDCOs																						
AY	Atlantica Sustain. Infra.	Sector Perform	$32.26	$42.00	5.4%	35.6%	3,641	$0.62	$0.12	$0.51	$0.87	$1.10	268.8	63.3	37.1	29.3	1450.0%	109.3%	10.0	9.3	2.36	6.9
BEP	Brookfield Renewables	Sector Perform	$32.27	$45.00	3.8%	43.2%	20,837	-$0.10	-$0.53	-$0.01	$0.09	N/A	N/A	N/A	348.2	N/A	N/A	N/A	19.9	NR	2.78	7.4
CWEN	Clearway Energy	Sector Perform	$32.89	$32.00	4.1%	1.4%	3,881	-$0.10	$0.79	$0.89	$1.03	$1.15	41.6	37.0	31.9	28.6	172.2%	13.3%	9.9	9.4	2.18	7.2
NEP	NextEra Energy Partners	Sector Perform	$73.09	$80.00	3.7%	13.2%	12,973	-$1.50	-$0.80	$1.49	$1.61	$1.65	N/A	49.1	45.4	44.3	NA	N/M	13.6	12.7	2.40	3.1
	Average				3.9%	29.2%							27.6	24.4	196.1	19.2	143.9%	N/M	16.1	5.7	2.57	6.0
ALT. ENERGY																						
FLNC	Fluence Energy	Outperform	$20.13	$49.00	0.0%	143.4%	3,857	$2.51	NM	-$1.17	-$0.59	-$0.04	NM	NM	NM	NM	0.0%	N/A	-35.0	251.3	-7.41	-0.1
SP50	Standard & Poor's 500 Index		$4,398	$5,050	1.3%	16.1%		$160.41	$137.99	$205.00	$223.00	$243.00	31.9	21.5	19.7	18.1						
UTY	Philadelphia Utility Index		$902	$925	3.1%	5.6%				Utility P/E relative to S&P:			-27.8%	3.8%	8.4%	11.3%						

A - Actual; E - Estimated; # - Speculative Risk Rating

Source: FactSet; RBC Capital Markets estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 31-Dec-2021

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	831	57.59	365	43.92
HOLD [Sector Perform]	557	38.60	180	32.32
SELL [Underperform]	55	3.81	3	5.45

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Dissemination of research and short-term trade ideas

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Equity Research Reports and to SPARC on the Firm's proprietary INSIGHT website, via email and via third-party vendors. SPARC contains market color and commentary regarding subject companies on which the Firm currently provides equity research coverage. Research Analysts may, from time to time, include short-term trade ideas in Research Reports and / or in SPARC. A short-term trade idea offers a short-term view on how a security may trade, based on market and trading events, and the resulting trading opportunity that may be available. A short-term trade idea may differ from the price targets and recommendations in our published Research Reports reflecting the Research Analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that a subject company's common equity that is considered a long-term 'Sector Perform' or even an 'Underperform' might present a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'Outperform'

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

could be considered susceptible to a short-term downward price correction. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm generally does not intend, nor undertakes any obligation, to maintain or update short-term trade ideas. Short-term trade ideas may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at https://www.rbcinsightresearch.com.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party-disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.
References herein to "LIBOR", "LIBO Rate", "L" or other LIBOR abbreviations means the London interbank offered rate as administered by ICE Benchmark Administration (or any other person that takes over the administration of such rate).

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.
To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.
To U.K. Residents:

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:

This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:

This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:

This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Utilities & Power

Utility Spotlight: Best relative week since peak COVID; EXC when-issued; CPUC; Alsup signs off (loudly)

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Ticker	Rating	TP	Price
CMS	HOLD	$68	$63.74
DTE	HOLD	$129	$118.46
DUK	HOLD	$112	$102.98
EIX	BUY	$71	$62.98
ETR	HOLD	$117	$109.42
EXC	BUY	$63	$56.77
NEE	HOLD	$93	$82.60
NEP	BUY	$92	$73.09
NRG	BUY	$49	$39.19
PCG	BUY	$17	$12.23
PEG	BUY	$73	$65.44
SRE	BUY	$158	$134.90
VST	BUY	$29	$21.72

In the Spotlight:
EXC: When-issued trading update
Cali: CPUC not taking up NEM this week
PCG: Reflections on the Alsup era
Performance rankings and heat map
Coverage and valuation snapshots
Valuation & commodity highlights
Weekly power, gas & spark changes
30-day weather and outlook maps
Utilities & Power comp sheets

Recent Utilities & Power notes:
4Q preview and earnings tune-up

VRP Top Picks – 2022 Update

Spotlight: Alpha Matrix; CPUC handover; NEM heats up; PCG leads; NEE pressures group

EXC: Utility upside, ExGen cash shortfall; estimates to pro forma; PT up to $63

EXC: Carbon free power leader

EXC: Outlook constructive; CEG pending

2022 Outlook: Don't fear the Fed … but do watch the PMI; stepping back from ETR, adding SRE

What's in the Spotlight? We look briefly at initial when-issued trading levels for Exelon (EXCVV) and Constellation (CEGVV). While volumes have been thin, initial levels show future Exelon trading around $42 and within 2% of our $43 pro forma value. Constellation started around $42, ending the week at $45, but this still leaves the when-issued value $14 below our $59 pro forma target, pointing to over 30% upside potential in CEG if these levels hold.

CPUC meets on Thursday. We discuss this Thursday's California PUC meeting. While there is nothing of particular significance for investors on the agenda, we expect another testy public comment period focused on the net energy metering (NEM 3.0) rulemaking. As flagged in our last Spotlight, the CPUC is not planning to take up NEM on Thursday. Meanwhile, we still think the path forward likely involves a revised PD moving somewhat towards the solar industry position but still addressing cross-subsidization. Timing remains unclear, while we cannot recall many CPUC proceedings generating this volume and breadth of ex parte traffic.

PCG: End of the Alsup era. PG&E's federal probation wraps up on Tuesday with Judge Alsup signing off by issuing some characteristically scathing final written comments last week. Investors will no doubt appreciate no longer having to contend with periodic Alsup probation headlines. That said, we believe the judge did much to push PG&E – and the CPUC – to move further and faster on safety than might have been the case without his input.

Earnings preview, EXC learnings. We published our 4Q preview Friday and caught up with clients. While **EXC** is top of mind for many, EXC and CEG not planning to hold 4Q calls was a surprise to most. Among other EXC learnings, one item we missed in the recent CEG slides was the CTV venture fund having exited four of its recent IPO holdings. Only Protrerra (PTRA) and XL Fleet (XL) remain from the SPAC listings, ChargePoint (CHPT) and Stem (STEM) having gone since the 3Q deck, along with C3.ai (AI) and Ouster (OUST) between 2Q and 3Q.

Utilities now 400bp ahead YTD … 600bp excluding NEE. Last week saw the S&P Utilities top of the sector list, losing only 0.8% against the 5.7% market slump. This 490bp outperformance in what was a holiday-shortened trading week was the best relative week for the sector since April of 2020. The group is now down 3.8% YTD and ahead of the S&P 500 by almost 400bp. Utility index heavyweight NEE performed in line for the week (-0.7%) but remains down 11.5% on the year and accounts for ~200bp or almost half the sector's decline. Stripping out NEE, the average utility has now outperformed around 600bp YTD. So far, at least, this bears out our thesis that utilities can hold up relatively well in the face of Fed tightening fears, provided there is the right macro backdrop such as a flattening yield curve and growth stock de-rating.

Good week for nuclear-heavy hybrids, less so for IPPs. Within stocks, **EXC** (+0.9%) was the standout from our list and perhaps buoyed by talk of carving out clean energy provisions of Build Back Better (BBB). **PEG** (+0.3%) also had a decent week and is the other name with most direct leverage to a federal nuclear PTC. **PCG** (-6.0%) had a rough four days, giving back most of its prior week gain, with no obvious catalyst we saw apart from the Alsup final comments yet the stock remains top of our list over six months (+29%). Power merchants **NRG** (-4.2%) and **VST** (-3.9%) traded off with commodities and risk-off tone. Noise midweek saw Energy Transfer threaten to cut gas supplies to **VST** in a relatively small-dollar Uri-related commercial dispute. This created some headline worries, but parties quickly agreed to keep gas flowing pending resolution of VST's complaint with the Texas Railroad Commission (RRC).

EXC: When-issued trading update

Constellation separation on track for February 1. Exelon is on track to complete the separation of its Constellation merchant power and retail business on February 1 with the two entities expected to begin trading on a fully standalone basis from February 2. In the meantime, trading began last week on a When-Issued basis with Exelon When-Issued (EXCVV on NASDAQ) closing at $41.99 on Friday and not too far away from our $43 pro forma value target. Constellation When-Issued (CEGVV) appears to have been the more actively traded of the two so far and closed at $45.00 on Friday having traded up from initial indications in the $42 range on the first day. This compares with our pro forma Constellation target of $59 per CEG share. As a reminder, current Exelon holders are set to receive one new CEG share for every three EXC shares owned so our pro forma CEG valuation is therefore equivalent to ~$19 per existing share of Exelon in our current target combined target price.

When-Issued values suggest upside to our target mostly at CEG. Exelon (EXC) closed at $56.77 on Friday, which represents a discount of $0.22 or 0.4% to the combined When-Issued pricing. Upside to our current EXC combined price target of $63 is currently 11% but based on the When-Issued pricing there is only modest (2.4%) upside to our pro forma EXC value but a much more substantial 31% implied upside on the CEG When-Issued. Liquidity in the When-Issued is limited to date and may remain that way, so we would not read too much into these initial values quite yet. In the meantime, it is certainly interesting to get an early indicator of how the two pieces might end being valued relative to our valuations for each. Clients looking for our updated Exelon and pro forma valuation can find this on page 3 of our January 13 note.

Figure 1: Exelon & Constellation Current vs. When-Issued

Exelon Current (EXC)	**$56.77**
VRP Target	**$63.00**
Implied Upside	11.0%
Dividend	$1.53
Dividend Yield	2.7%
Total Return	13.7%
Exelon When-Issued (EXCVV)	**$41.99**
VRP Pro Forma Valuation	**$43.00**
Implied Upside	2.4%
Dividend	$1.35
Dividend Yield	3.2%
Total Return	5.6%
Constellation When-Issued (CEGVV)	**$45.00**
VRP Pro Forma Valuation	$59.00
Implied Upside	31.1%
Dividend	$0.54
Dividend Yield	1.2%
Total Return	32.3%

Exelon Current (EXC)	**$56.77**
EXC When-Issued	$41.99
CEG When-Issued * 1/3	$15.00
EXC+CEG When-Issued	**$56.99**
EXC - EXC+CEG When-Issued	($0.22)
EXC / EXC+CEG When-Issued	-0.4%

Source: Company Reports, FactSet and Vertical Research Partners

California: CPUC not taking up NEM this week

NEM not on CPUC agenda this week but heated public comments still likely. As we flagged in our Spotlight last week the California Public Utilities Commission will not take up the Proposed Decision in its net energy metering (NEM 3.0) docket at this week's voting meeting. The PD was not included in the original draft agenda issued and we understand that the commission has also confirmed to journalists that NEM will not be included in this week's meeting. We continue to think it likely that a revised or alternate PD will likely emerge in the coming weeks and that this may well seek to move the new policy somewhat toward the solar industry position, while still seeking to address the cross-subsidization or cost shift issue identified by the utilities and consumer interests, notably including TURN. Politically this would seem to be the most likely play for the Newsom Administration, which will have the unenviable task of trying to balance the need for longer-term utility bill affordability, particularly for lower-income customers who tend not to install residential solar, while at the same time not being seen to pull the rug out from under the solar developers. We imagine the public comment period at the beginning of Thursday's meeting may once again be dominated by heated discussion of the NEM issue. In the meantime, from what we have seen there is little else of particular significance for investors currently posted on the agenda.

PCG: Reflections on the Alsup era

Federal probation period ends this week. PG&E's federal probation under the supervision of Judge Alsup is due to end on Tuesday and we offer a few closing thoughts. Last week Alsup issued a notice with his "final comments" which to some extent had been previewed at what ultimately turned out to be the final hearing held on January 3. The judge's final comments predictably generated some unflattering headlines, declaring the probation a "failure" and describing the company as going on a "crime spree" during probation and emerging as a "continuing menace" to California. Some of this made for tough reading, one choice of words we found particularly jarring was the suggestion that PG&E has "set" at least 31 wildfires while on probation. In general, the judge seemed reluctant to acknowledge the significant progress made since the wildfire crisis erupted in 2017 and which the US Attorney had referenced in their comments on January 3. At the end of the day, however, the fact that the US Attorney declined to accept Alsup's invitation to seek a probation extension effectively brings the probation era to an end.

Welcome news for investors, although we view Alsup as having helped. From our perspective, the probation and Judge Alsup's approach to it have generated much angst over the past many months and no longer having this to contend with will be very welcome news for investors. That said, we also feel we must acknowledge that Judge Alsup undoubtedly made significant contributions, not least in holding PG&E accountable to the benefit of all stakeholders. He played a key role at times in pushing for the adoption of aggressive risk mitigation protocols such as Public Safety Power Shut-Off programs and strike tree mitigation. While some of these measures might have been adopted anyway, after following Alsup's hearings closely for a long time, it seems clear to us that he pushed the company – and the CPUC – to go further and move faster than either would likely have done without the judge's persistent encouragement.

Figure 2: Utilities & Power – Past Week Performance Ranking

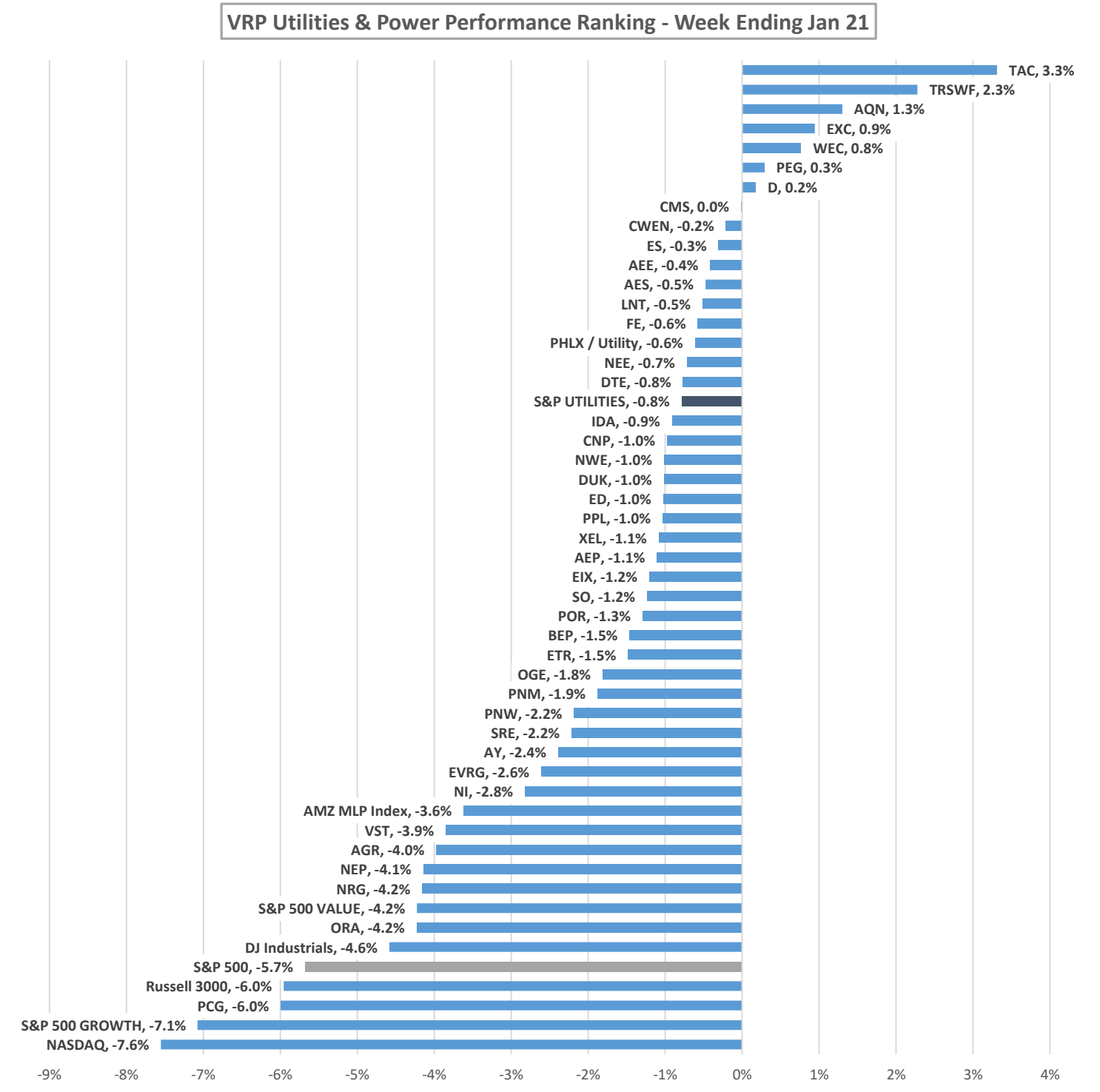

Source: FactSet and Vertical Research Partners

Figure 3: Sector SPDR Performance – Past Week

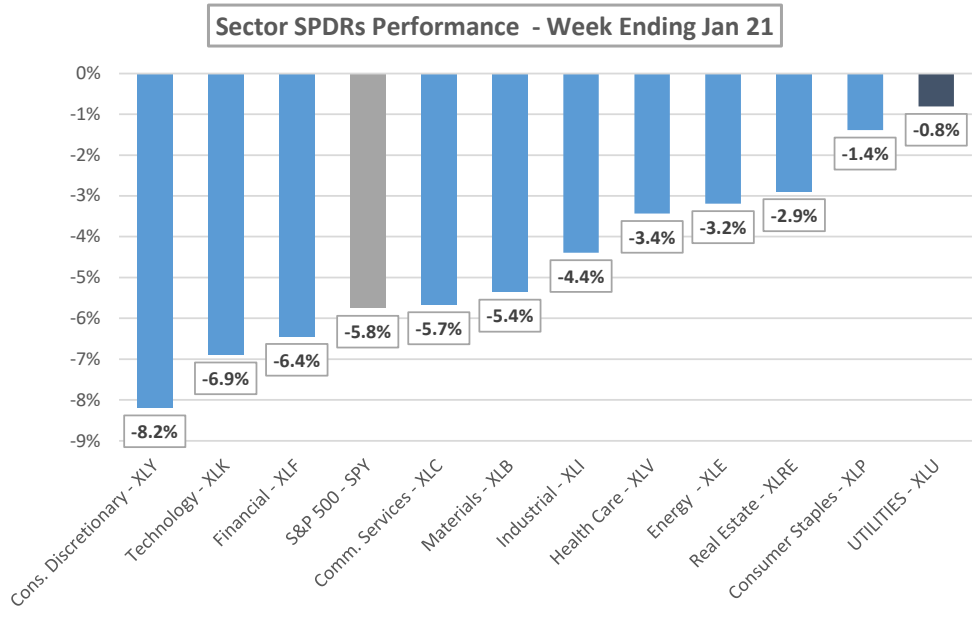

Source: FactSet and Vertical Research Partners

Figure 4: Sector SPDR Performance – 2021 YTD

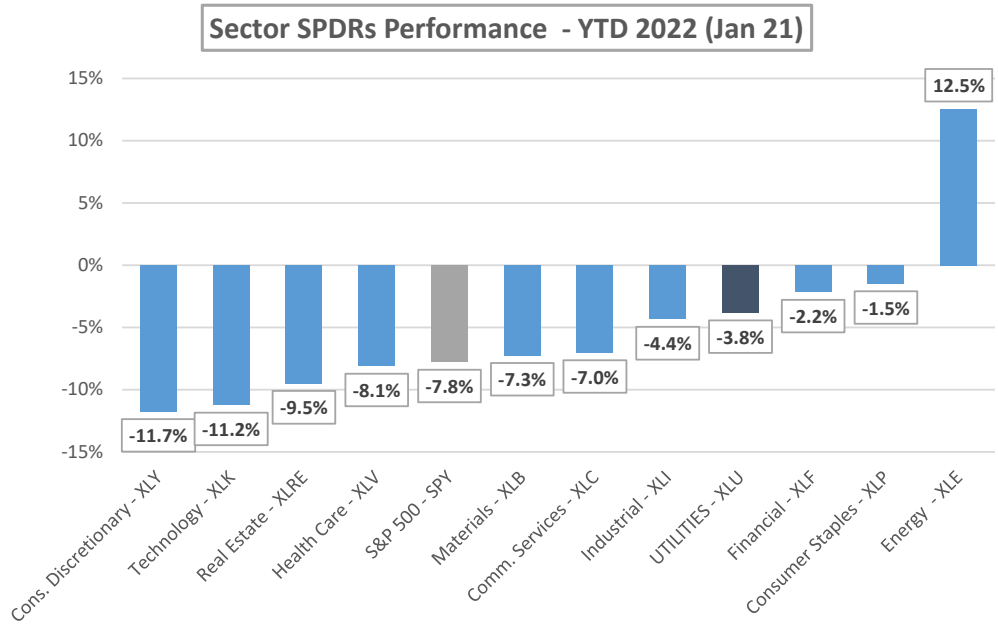

Source: FactSet and Vertical Research Partners

Figure 5: Utilities & Power – YTD 2021 Performance Ranking

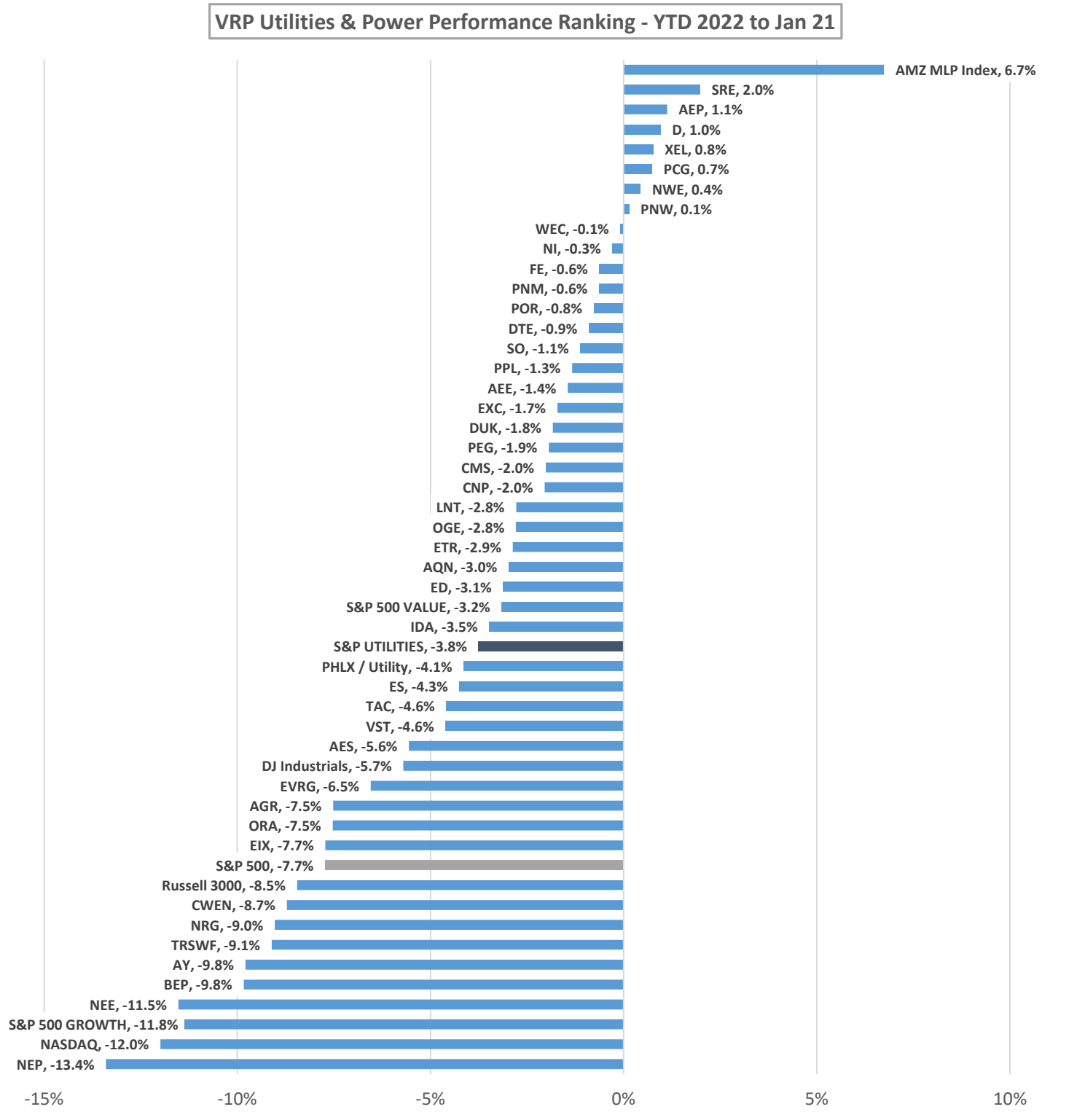

Source: FactSet and Vertical Research Partners

Figure 6: Utilities & Power – 2022 Monthly, Quarterly, YTD and 2019-2021 Performance Heat Map

		Current Price 1/21/2022	*January 2022*	1Q 2022	YTD 2022	2021 FY	2020 FY	2019 FY
US INDICES								
Alerian MLP	AMZ MLP Index	190.90	*6.7%*	6.7%	6.7%	28.9%	-36.4%	-2.0%
S&P 500 Value	S&P 500 VALUE	1,499.58	*-3.2%*	-3.2%	-3.2%	22.2%	-1.4%	28.6%
S&P 500 / Utilities -SEC	S&P UTILITIES	350.05	*-3.8%*	-3.8%	-3.8%	14.0%	-2.8%	22.2%
PHLX / Utility	PHLX / Utility	901.81	*-4.1%*	-4.1%	-4.1%	14.6%	-0.6%	22.6%
DJ Industrial Average	DJ Industrials	34,265.37	*-5.7%*	-5.7%	-5.7%	18.7%	7.2%	22.3%
S&P 500	S&P 500	4,397.94	*-7.7%*	-7.7%	-7.7%	26.9%	16.3%	28.9%
Russell 3000	Russell 3000	2,552.54	*-8.5%*	-8.5%	-8.5%	24.0%	18.8%	28.5%
S&P 500 Growth	S&P 500 GROWTH	2,977.45	*-11.8%*	-11.8%	-11.8%	31.0%	32.0%	29.1%
NASDAQ Composite Index	NASDAQ	13,768.92	*-12.0%*	-12.0%	-12.0%	21.4%	43.6%	35.2%
US SECTOR SPDRS								
Energy - XLE	XLE	62.45	*12.5%*	12.5%	12.5%	46.4%	-36.9%	4.7%
Consumer Staples - XLP	XLP	75.96	*-1.5%*	-1.5%	-1.5%	14.3%	7.1%	24.0%
Financial - XLF	XLF	38.20	*-2.2%*	-2.2%	-2.2%	32.5%	-4.2%	29.2%
UTILITIES - XLU	**XLU**	**68.84**	***-3.8%***	**-3.8%**	**-3.8%**	**14.2%**	**-3.0%**	**22.1%**
Industrial - XLI	XLI	101.20	*-4.4%*	-4.4%	-4.4%	19.5%	8.7%	26.5%
Comm. Services - XLC	XLC	72.22	*-7.0%*	-7.0%	-7.0%	15.1%	25.8%	29.9%
Materials - XLB	XLB	84.04	*-7.3%*	-7.3%	-7.3%	25.2%	17.9%	21.6%
S&P 500 - SPY	**SPY**	**437.98**	***-7.8%***	**-7.8%**	**-7.8%**	**27.0%**	**16.2%**	**28.8%**
Health Care - XLV	XLV	129.47	*-8.1%*	-8.1%	-8.1%	24.2%	11.4%	17.7%
Real Estate - XLRE	XLRE	46.89	*-9.5%*	-9.5%	-9.5%	41.7%	-5.5%	24.7%
Technology - XLK	XLK	154.33	*-11.2%*	-11.2%	-11.2%	33.7%	41.8%	47.9%
Cons. Discretionary - XLY	XLY	180.42	*-11.7%*	-11.7%	-11.7%	27.2%	28.2%	26.7%
US UTILITIES & POWER								
Sempra Energy	+ * SRE	$134.90	*2.0%*	*2.0%*	*2.0%*	3.8%	-15.9%	40.0%
American Electric Power Company, Inc.	AEP	$89.97	*1.1%*	*1.1%*	*1.1%*	6.8%	-11.9%	26.5%
Dominion Energy Inc	D	$79.31	*1.0%*	*1.0%*	*1.0%*	4.5%	-9.2%	15.9%
Xcel Energy Inc.	XEL	$68.22	*0.8%*	*0.8%*	*0.8%*	1.5%	5.0%	28.9%
PG&E Corporation	++ * PCG	$12.23	*0.7%*	*0.7%*	*0.7%*	-2.6%	14.6%	-54.2%
NorthWestern Corporation	NWE	$57.41	*0.4%*	*0.4%*	*0.4%*	-2.0%	-18.6%	20.6%
Pinnacle West Capital Corporation	PNW	$70.69	*0.1%*	*0.1%*	*0.1%*	-11.7%	-11.1%	5.6%
WEC Energy Group Inc	WEC	$96.99	*-0.1%*	*-0.1%*	*-0.1%*	5.5%	-0.2%	33.2%
NiSource Inc	NI	$27.53	*-0.3%*	*-0.3%*	*-0.3%*	20.4%	-17.6%	9.8%
FirstEnergy Corp.	FE	$41.33	*-0.6%*	*-0.6%*	*-0.6%*	35.9%	-37.0%	29.4%
PNM Resources, Inc.	PNM	$45.32	*-0.6%*	*-0.6%*	*-0.6%*	-6.0%	-4.3%	23.4%
Portland General Electric Company	POR	$52.51	*-0.8%*	*-0.8%*	*-0.8%*	23.7%	-23.3%	21.7%
DTE Energy Company	* DTE	$118.46	*-0.9%*	*-0.9%*	*-0.9%*	15.7%	-6.5%	17.7%
Southern Company	SO	$67.81	*-1.1%*	*-1.1%*	*-1.1%*	11.6%	-3.6%	45.0%
PPL Corporation	PPL	$29.66	*-1.3%*	*-1.3%*	*-1.3%*	6.6%	-21.4%	26.7%
Ameren Corporation	AEE	$87.72	*-1.4%*	*-1.4%*	*-1.4%*	14.0%	1.6%	17.7%
Exelon Corporation	+ * EXC	$56.77	*-1.7%*	*-1.7%*	*-1.7%*	36.8%	-7.4%	1.1%
Duke Energy Corporation	* DUK	$102.98	*-1.8%*	*-1.8%*	*-1.8%*	14.6%	0.4%	5.7%
Public Service Enterprise Group Inc	+ * PEG	$65.44	*-1.9%*	*-1.9%*	*-1.9%*	14.5%	-1.3%	13.4%
CMS Energy Corporation	* CMS	$63.74	*-2.0%*	*-2.0%*	*-2.0%*	6.6%	-2.9%	26.6%
CenterPoint Energy, Inc.	CNP	$27.34	*-2.0%*	*-2.0%*	*-2.0%*	29.0%	-20.6%	-3.4%
Alliant Energy Corp	LNT	$59.76	*-2.8%*	*-2.8%*	*-2.8%*	19.3%	-5.8%	29.5%
OGE Energy Corp.	OGE	$37.31	*-2.8%*	*-2.8%*	*-2.8%*	20.5%	-28.4%	13.5%
Entergy Corporation	* ETR	$109.42	*-2.9%*	*-2.9%*	*-2.9%*	12.8%	-16.7%	39.2%
Algonquin Power & Utilities Corp.	AQN	$14.02	*-3.0%*	*-3.0%*	*-3.0%*	-12.2%	16.3%	40.8%
Consolidated Edison, Inc.	ED	$82.66	*-3.1%*	*-3.1%*	*-3.1%*	18.1%	-20.1%	18.3%
IDACORP, Inc.	IDA	$109.37	*-3.5%*	*-3.5%*	*-3.5%*	18.0%	-10.1%	14.8%
S&P UTILITIES	**S&P UTILITIES**	**350.05**	***-3.8%***	***-3.8%***	***-3.8%***	**14.0%**	**-2.8%**	**22.2%**
Eversource Energy	ES	$87.11	*-4.3%*	*-4.3%*	*-4.3%*	5.2%	1.7%	30.8%
TransAlta Corporation	TAC	$10.61	*-4.6%*	*-4.6%*	*-4.6%*	46.5%	6.0%	73.8%
Vistra Corp.	+ * VST	$21.72	*-4.6%*	*-4.6%*	*-4.6%*	15.8%	-14.5%	0.4%
AES Corporation	AES	$22.95	*-5.6%*	*-5.6%*	*-5.6%*	3.4%	18.1%	37.6%
Evergy, Inc.	EVRG	$64.12	*-6.5%*	*-6.5%*	*-6.5%*	23.6%	-14.7%	14.7%
Avangrid, Inc.	AGR	$46.13	*-7.5%*	*-7.5%*	*-7.5%*	9.7%	-11.2%	2.1%
Ormat Technologies, Inc.	ORA	$73.33	*-7.5%*	*-7.5%*	*-7.5%*	-12.2%	21.1%	42.5%
Edison International	+ * EIX	$62.98	*-7.7%*	*-7.7%*	*-7.7%*	8.6%	-16.7%	32.8%
S&P 500	**S&P 500**	**4,397.94**	***-7.7%***	***-7.7%***	***-7.7%***	**26.9%**	**16.3%**	**28.9%**
Clearway Energy, Inc. Class C	CWEN	$32.89	*-8.7%*	*-8.7%*	*-8.7%*	12.8%	60.1%	15.7%
NRG Energy, Inc.	+ * NRG	$39.19	*-9.0%*	*-9.0%*	*-9.0%*	14.7%	-5.5%	0.4%
TransAlta Renewables, Inc.	TRSWF	$13.47	*-9.1%*	*-9.1%*	*-9.1%*	-13.3%	43.1%	57.5%
Atlantica Sustainable Infrastructure plc	AY	$32.26	*-9.8%*	*-9.8%*	*-9.8%*	-5.8%	43.9%	34.6%
Brookfield Renewable Partners LP	BEP	$32.27	*-9.8%*	*-9.8%*	*-9.8%*	-17.1%	73.7%	80.0%
NextEra Energy, Inc.	* NEE	$82.60	*-11.5%*	*-11.5%*	*-11.5%*	21.0%	27.4%	39.3%
NextEra Energy Partners LP	+ * NEP	$73.09	*-13.4%*	*-13.4%*	*-13.4%*	25.9%	27.4%	22.3%

Source: FactSet and Vertical Research Partners. Note: ++ = VRP Top Pick; + = VRP Buy-Rated; * = VRP Coverage. Sections ranked by YTD Performance.

Figure 7: Utilities & Power – 52-Week Ranges

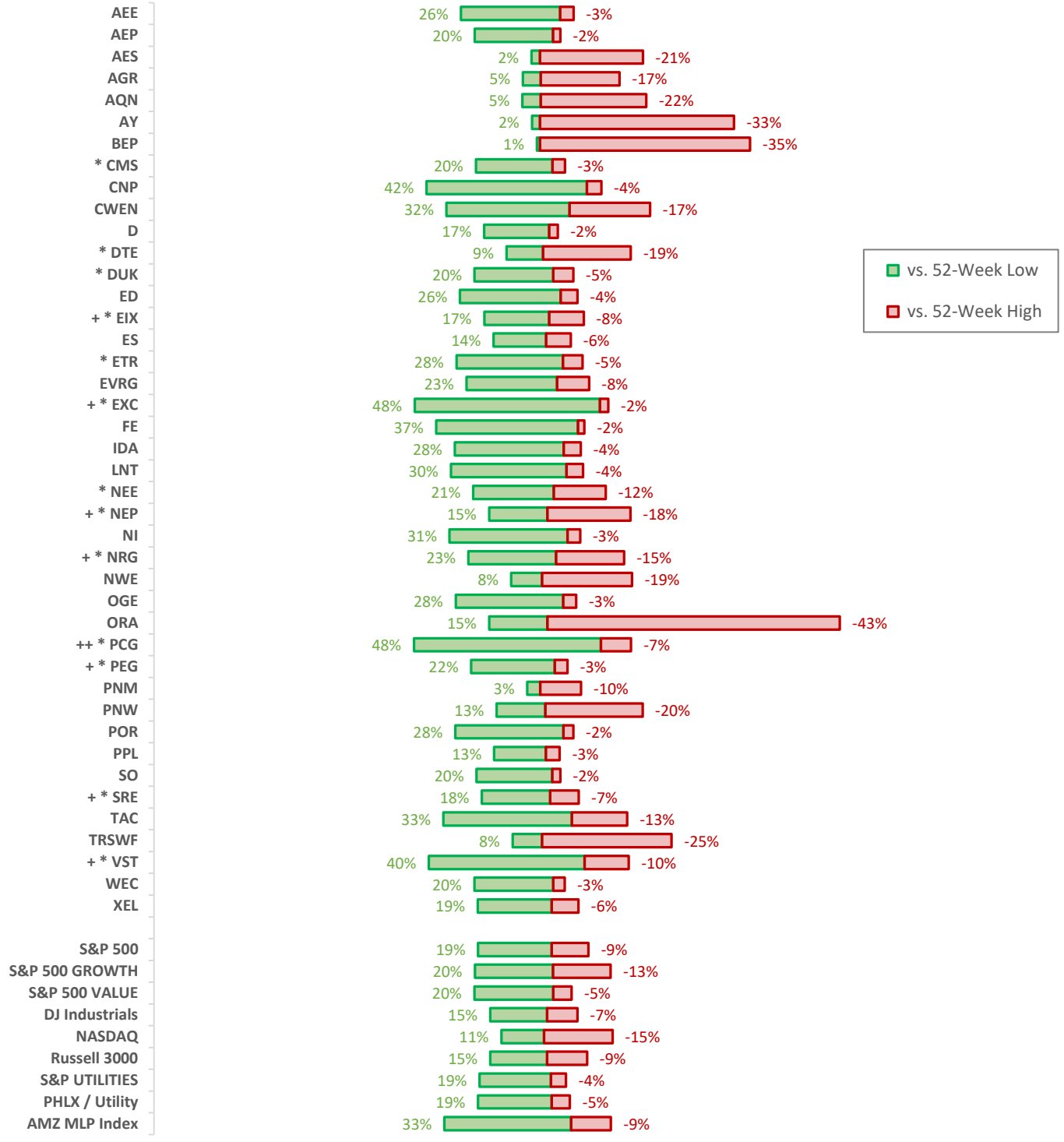

Source: FactSet and Vertical Research Partners. Notes: Based 52-Week Intra-Day Highs and Lows. ++ = VRP Top Pick; + = VRP Buy-Rated; * = VRP Coverage.

Figure 8: Utilities & Power – Coverage, Price Targets and Valuation Summary

VERTICAL RESEARCH UTILITIES & POWER	Primary Ticker	VRP Rating	Price 1/21/22	Target Price	Target Return	Yield 2022E	TSR 2022E	P/E 2024E Actual	P/E 2024E Target	Yield 2024E Actual	Yield 2024E Target	4M Performance Absolute	4M Performance vs. S&P Utils	VRP Summary Valuation Approach
CMS Energy	CMS	Hold	$63.74	$68	6.7%	2.8%	9.5%	18.6x	19.9x	3.2%	3.0%	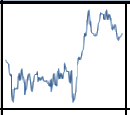	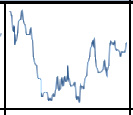	Target 2024E regulated P/E plus 17-18% premium for superior execution, consistent growth, regulated pure-play and energy transition narrative
DTE Energy	DTE	Hold	$118.46	$129	8.9%	3.0%	11.9%	17.9x	19.5x	3.4%	3.1%	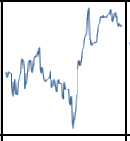	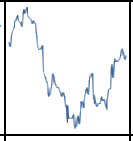	Weighted average of 75% consolidated P/E @ 15% premium ($129) and 25% SOTP ($128) with Utilities @ 17-18% P/E premium; DTE Vantage @ 15x P/E; Energy Trading @ 8x P/E
Duke Energy	DUK	Hold	$102.98	$112	8.8%	3.9%	12.6%	16.7x	18.2x	4.0%	3.7%	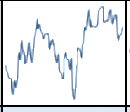	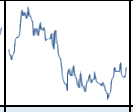	Segment 2024E P/E with Elec and Gas Utilities & Infrastructure @ 7-8% premium to average target 17x multiple; Comm. Renewables @ utility multiple
Edison International	EIX	Buy	$62.98	$71	12.7%	4.4%	17.2%	12.9x	14.5x	5.0%	4.4%	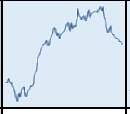	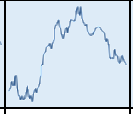	Target 2024E regulated P/E less 15% discount for California regulatory and wildfire overhangs; estimates include $1.4B of new equity @ $66 (i.e. below target) issue price for 2022E-2024E
Entergy	ETR	Hold	$109.42	$117	6.9%	3.7%	10.7%	15.4x	16.5x	4.2%	3.9%	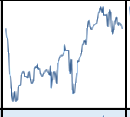	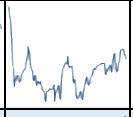	Target 2024E regulated P/E with 2-3% discount; Gulf Coast storm and regulatory risk tempers visible utility growth and industrial economy decarbonization growth opportunities
Exelon	EXC	Buy	$56.77	$63	11.0%	2.4%	13.4%	22.3x	24.7x	2.7%	2.5%	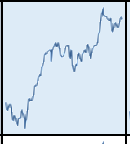	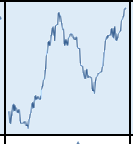	Hybrid SOTP with ComEd, PECO, BGE and PHI @ average regulated 17x 2024E; ExGen @ average of 6x EBITDA and 12-13% FCF yield; $0.50 for net nuclear PTC upside potential @ 20% probability factor
NextEra Energy	NEE	Hold	$82.60	$93	12.6%	2.0%	14.6%	25.5x	28.7x	2.5%	2.2%	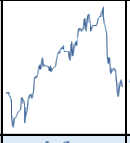	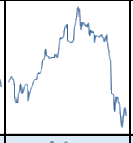	FL utilities on 35% premium ($44), NEER on 25x-30x P/E ($44), weighted avg. for Corporate (-$4); includes earnings on $6B dry powder with 12% A-T return and 65% success factor ($9) with no pro forma equity units adj. (all converted by 2023)
NextEra Energy Partners	NEP	Buy	$73.09	$92	25.9%	4.1%	29.9%	NM	NM	5.3%	4.2%	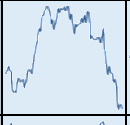	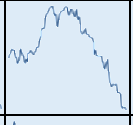	Average of target yield (5.5% 2024E CAFD; 4.25% dividend) and SOTP @ 14x EBITDA; CEPF financings included in debt with CAFD portfolio sweep allocations added back to EBITDA
NRG Energy	NRG	Buy	$39.19	$49	25.0%	3.6%	28.6%	7.9x	9.9x	4.2%	3.3%	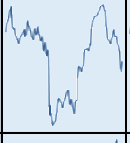	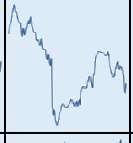	Average of EV/EBITDA @ 5.75x on 2024E pro forma incl. Direct Energy and 15% free cash flow yield target; 12% equity return and 5.75x on growth allocation; 2024E shares projected @ 207M; ~$0.50 for nuclear PTC upside potential
PG&E Corp.	PCG	Buy	$12.23	$17	39.0%	0.0%	39.0%	9.3x	12.9x	0.0%	0.0%	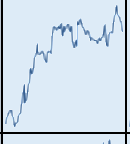	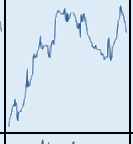	Target 2024E regulated P/E less 25% discount for California regulatory and wildfire overhangs; absence of dividend; poor execution track record and Victims Trust overhang; 2022+ equity @ $10/sh
PSEG	PEG	Buy	$65.44	$73	11.6%	3.3%	14.9%	16.8x	18.7x	3.7%	3.3%	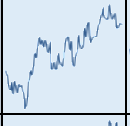	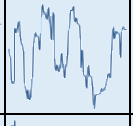	Avg. of hybrid SOTP ($71) with utility @ 12.5% premium and consolidated P/E ($74) @ 10% premium; Power @ base 6x EBITDA with ZECs @ 1x discount; ~$0.50 nuclear PTC upside @ 20% probability
Sempra	SRE	Buy	$134.90	$158	17.1%	3.4%	20.5%	14.5x	17.0x	3.8%	3.2%	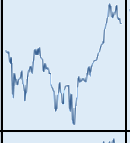	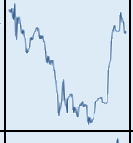	SOTP with CA Utils @ 5-10% discount to avg. regulated P/E target; TX Utils (Oncor) @ 10% premium; Sempra Infrastructure Partners (Mexico & LNG) @ 10-15% discount to KKR/ADIA private sales
Vistra Corp.	VST	Buy	$21.72	$29	33.5%	3.1%	36.6%	9.4x	12.6x	3.8%	2.9%	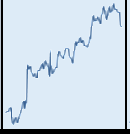	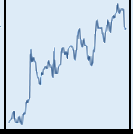	Average of EV/EBITDA @ 5.5x on 2024E base and 15% FCF yield target; 12% equity return and 5.5x assumed on growth capital allocation; 2024E share count projected @ 359M; ~$0.50 for nuclear PTC potential @ 20% probability

Source: FactSet and Vertical Research Partners

Figure 9: Price Target Total Return Ranking

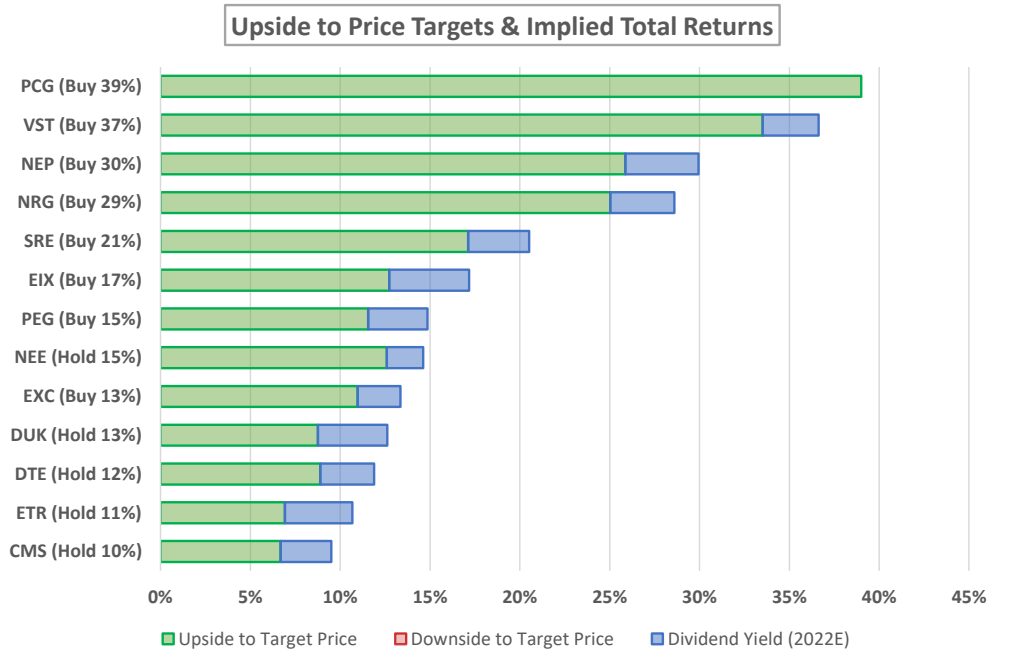

Source: FactSet and Vertical Research Partners. Note: Ranked by implied Total Return shown in parentheses.

Figure 10: Regulated & Hybrid Consensus Multiple Ranking

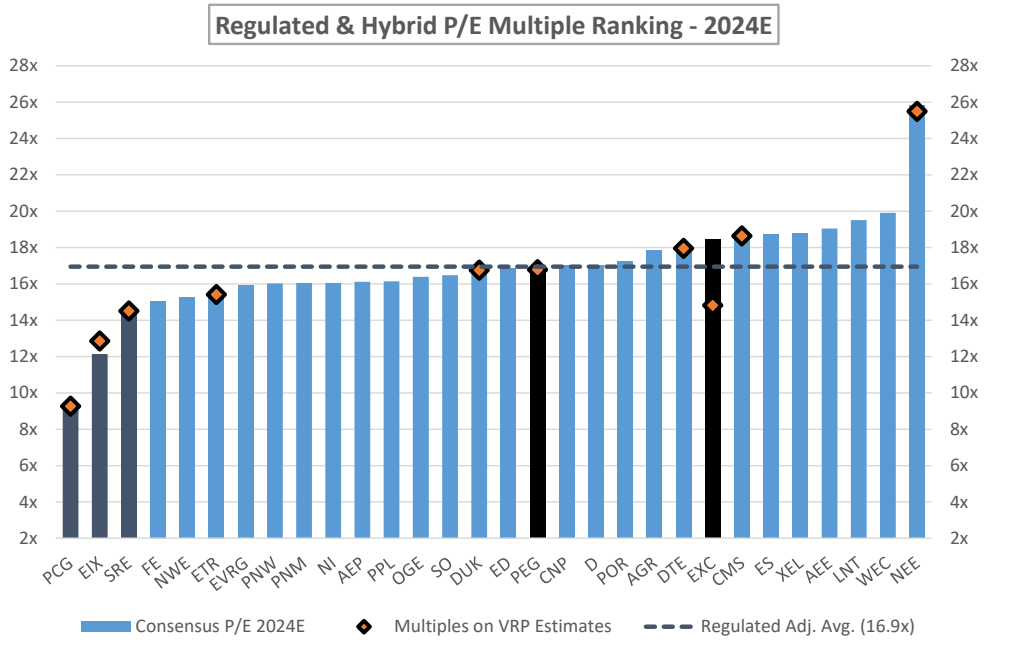

Source: Company Reports and Vertical Research Partners. Note: Regulated Adjusted Average excludes NEE and PCG.
EXC multiple on VRP estimate adjusted to exclude CEG value @ $19 from current price.

Figure 11: S&P Utilities Index (L) and S&P Utilities / S&P 500 Relative (R)

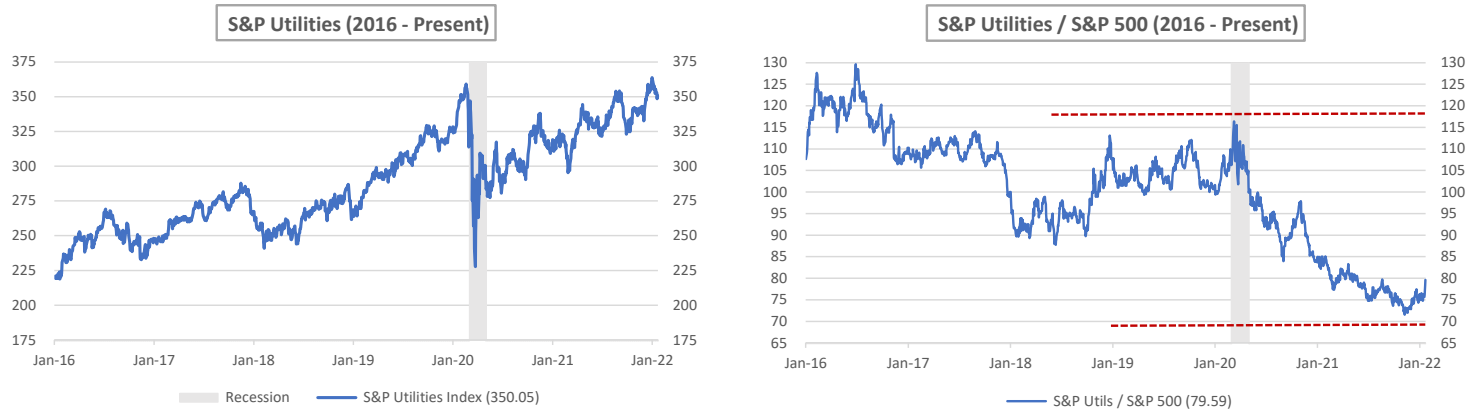

Source: FactSet and Vertical Research Partners

Figure 12: S&P Utilities vs. S&P 500 Second 12M Forward P/E (L) and Utility P/E Premium (R)

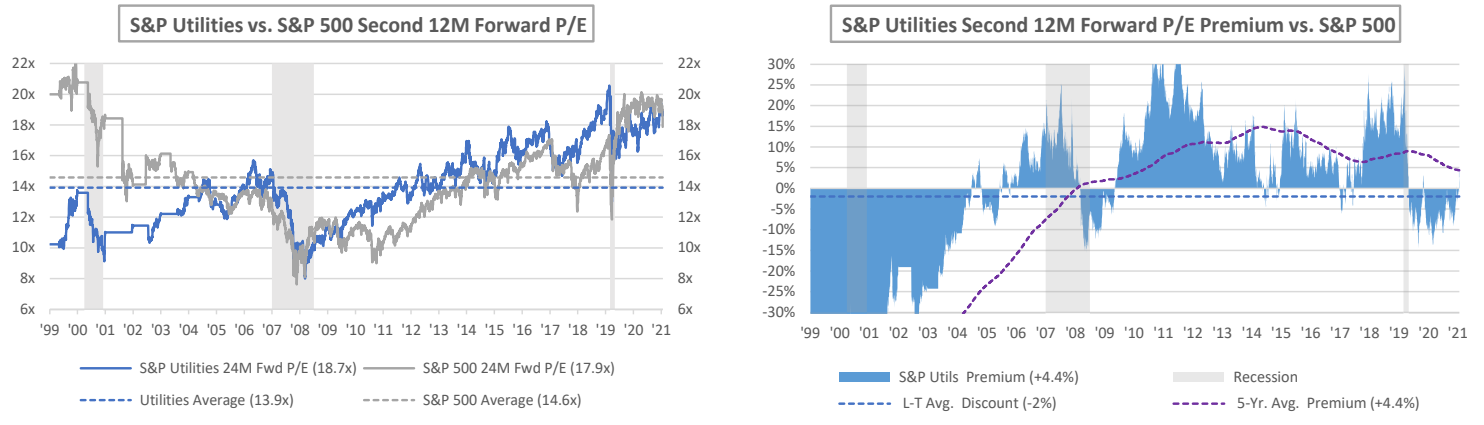

Source: FactSet and Vertical Research Partners

Figure 13: S&P Utilities Dividend Yield Spread vs. 10Y Treasury (L) and Baa Utility Corporate Bonds (R)

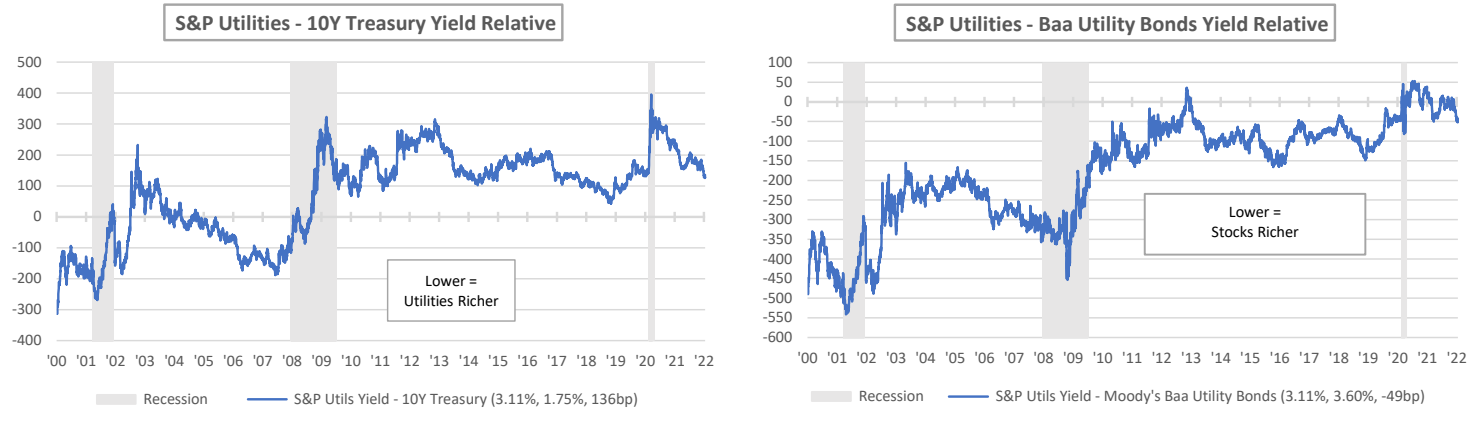

Source: FactSet and Vertical Research Partners. Note: Moody's Baa index as of January 20.

Figure 14: S&P Utilities Relative Performance vs. 10Y Yield (L) and 2Y-10Y Yield Curve (R)

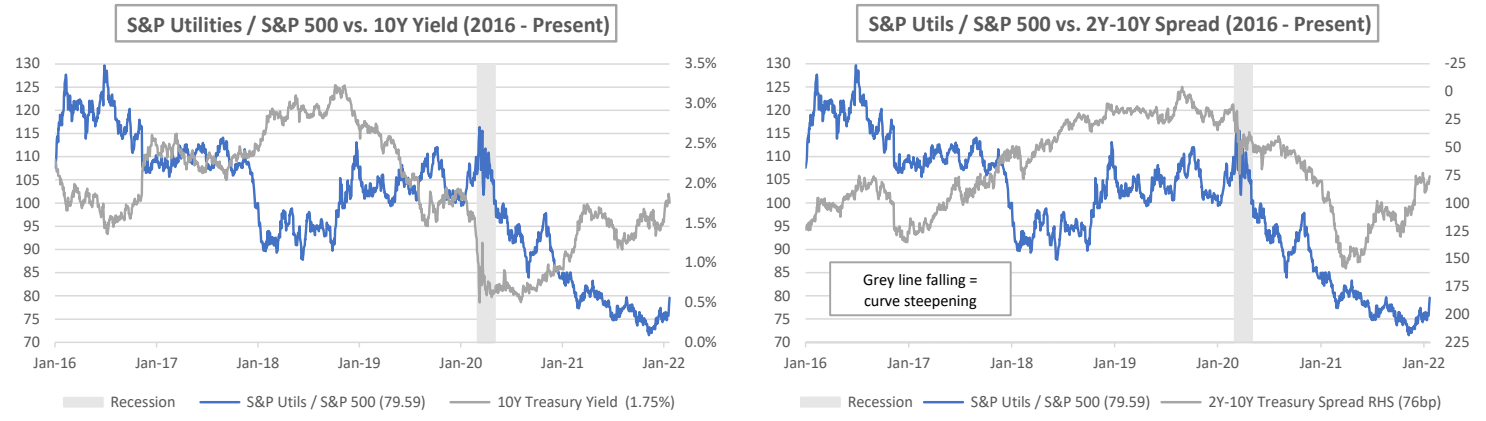

Source: FactSet and Vertical Research Partners

Figure 15: S&P Utilities Relative Performance vs. 5Y 5Y Forward Inflation (L) and DXY US Dollar Index (R)

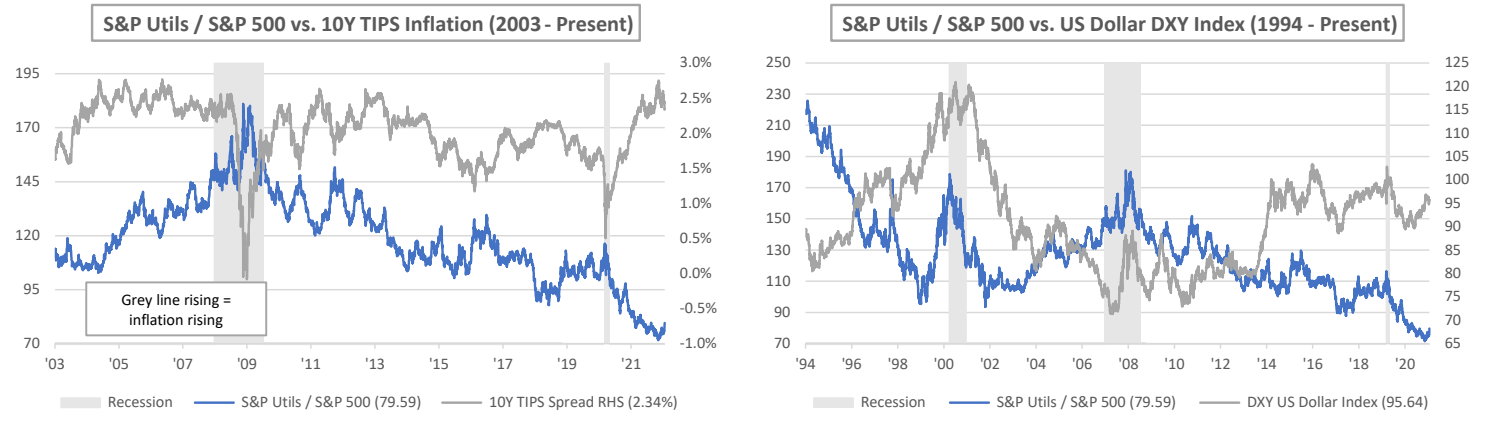

Source: FactSet, Federal Reserve Bank of St. Louis and Vertical Research Partners

Figure 16: S&P Utilities Relative vs. 10Y TIPS Inflation (L) and Utility Div. Yield Spread Regression (R)

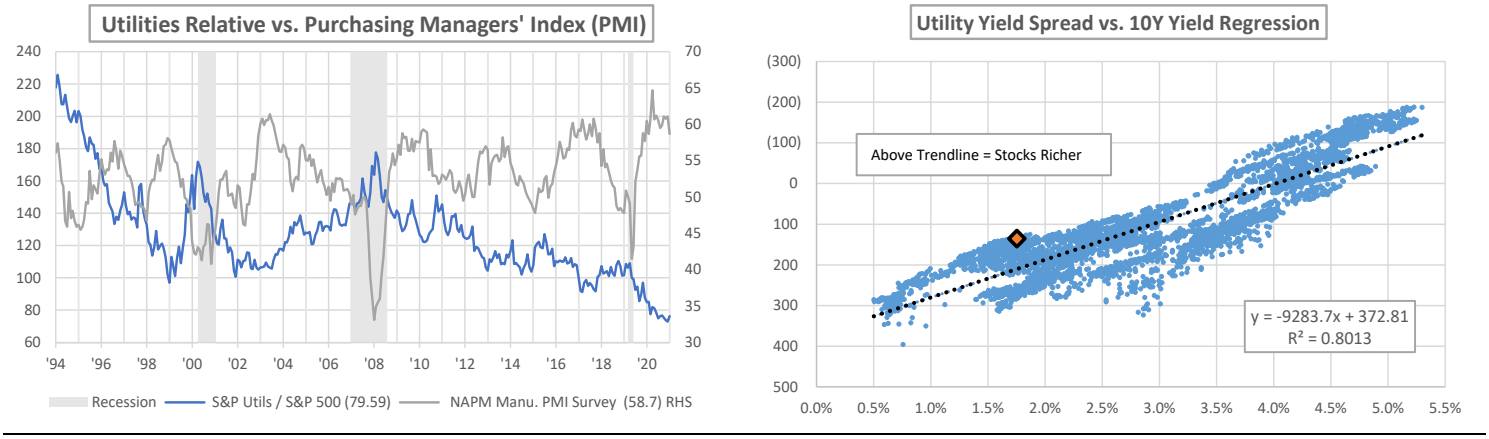

Source: FactSet and Vertical Research Partners

Figure 17: S&P Utilities (L) and S&P 500 (R) Consensus Earnings Estimate Tracker

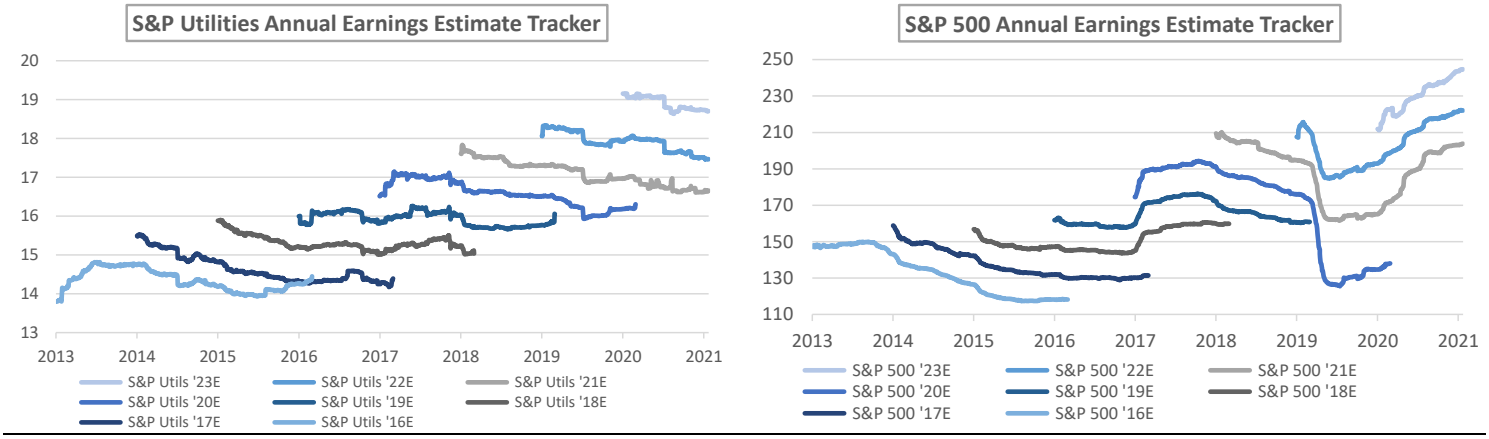

Source: FactSet and Vertical Research Partners

Figure 18: S&P Utilities vs. S&P 500 Annual EPS Growth (L) and California Baa CCM Band (R)

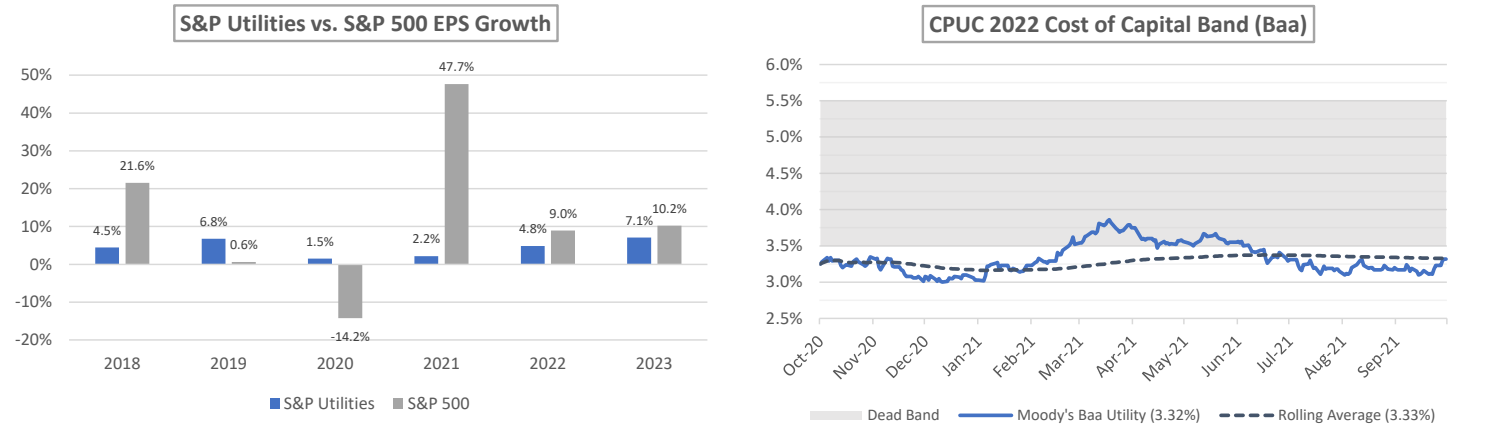

Source: FactSet and Vertical Research Partners. Note: Moody's Baa index as of September 30.

Figure 19: Henry Hub Calendar Year Natural Gas and Monthly Forward Curve Evolution ($/MMBtu)

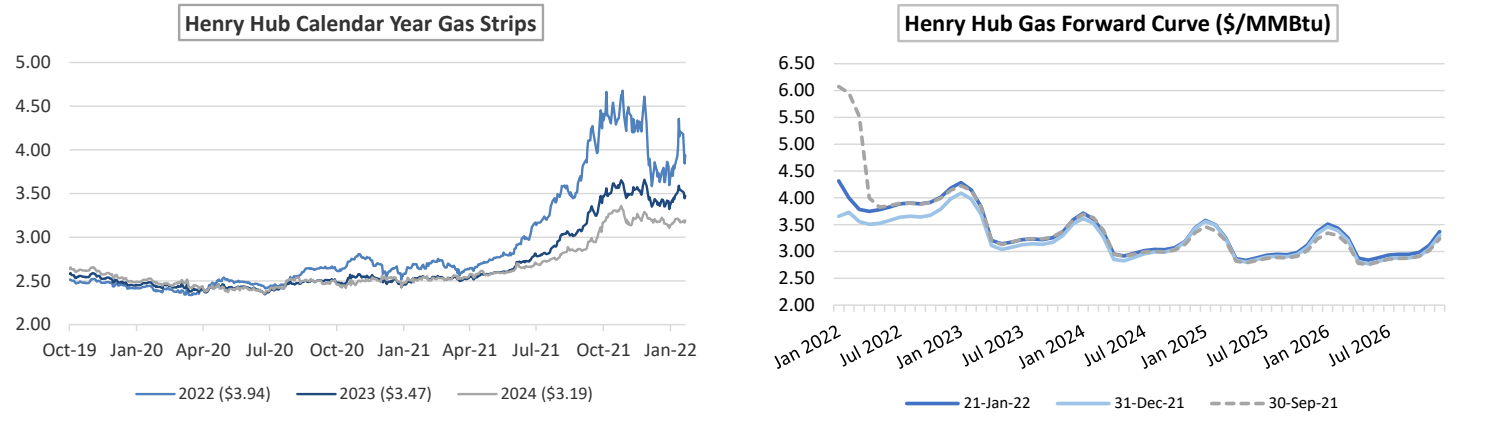

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 20: PJM West ATC Power and ERCOT North Calendar Year ATC Power ($/MWh)

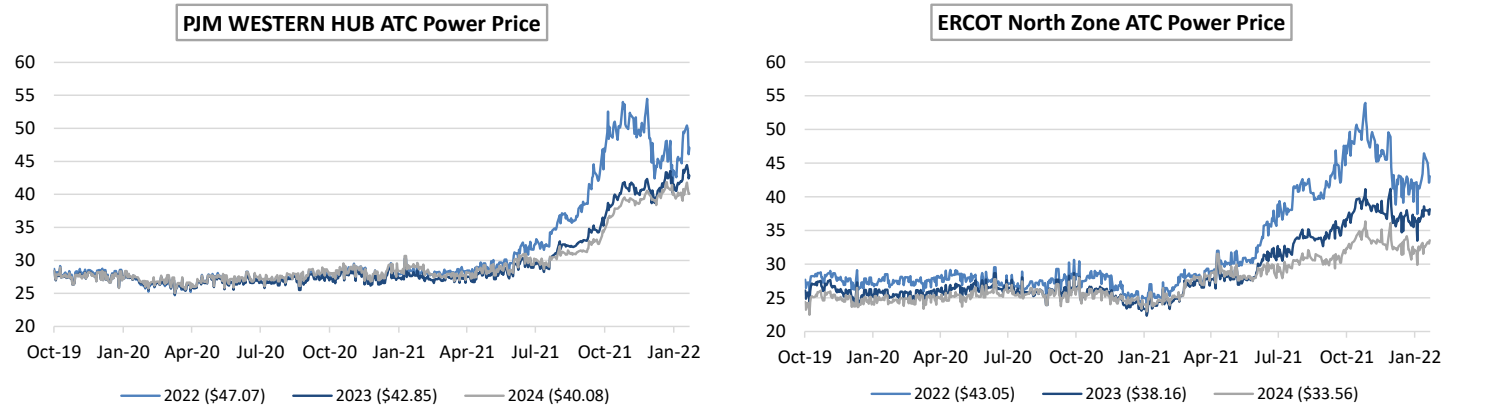

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 21: ERCOT North Zone February 2022 & August 2022 Peak vs. Off-Peak ($/MWh)

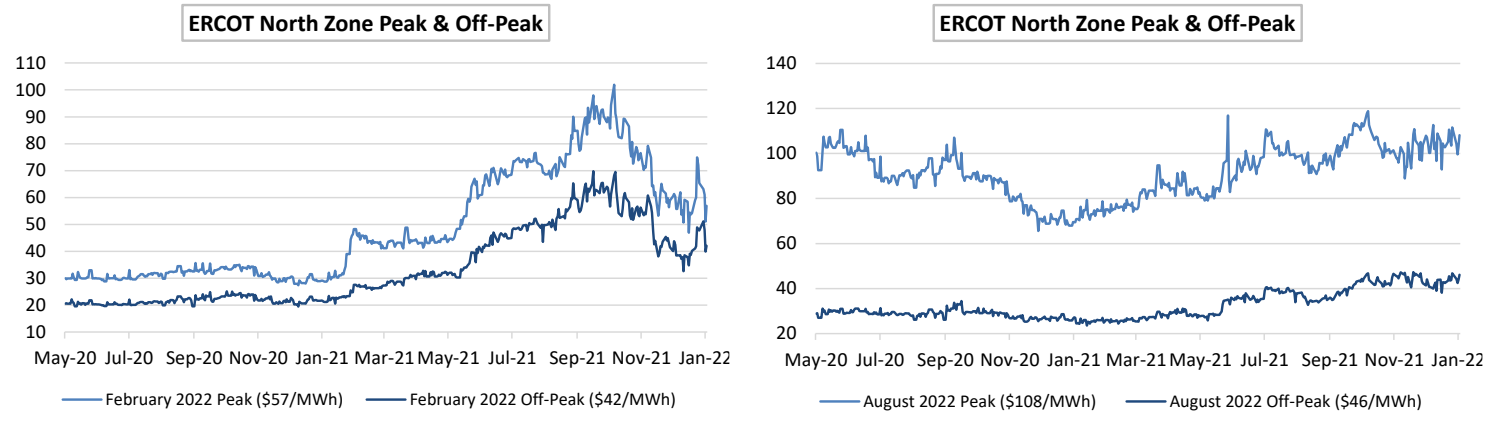

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 22: NEPOOL SE Mass. ATC Power & California NP15 ATC Power ($/MWh)

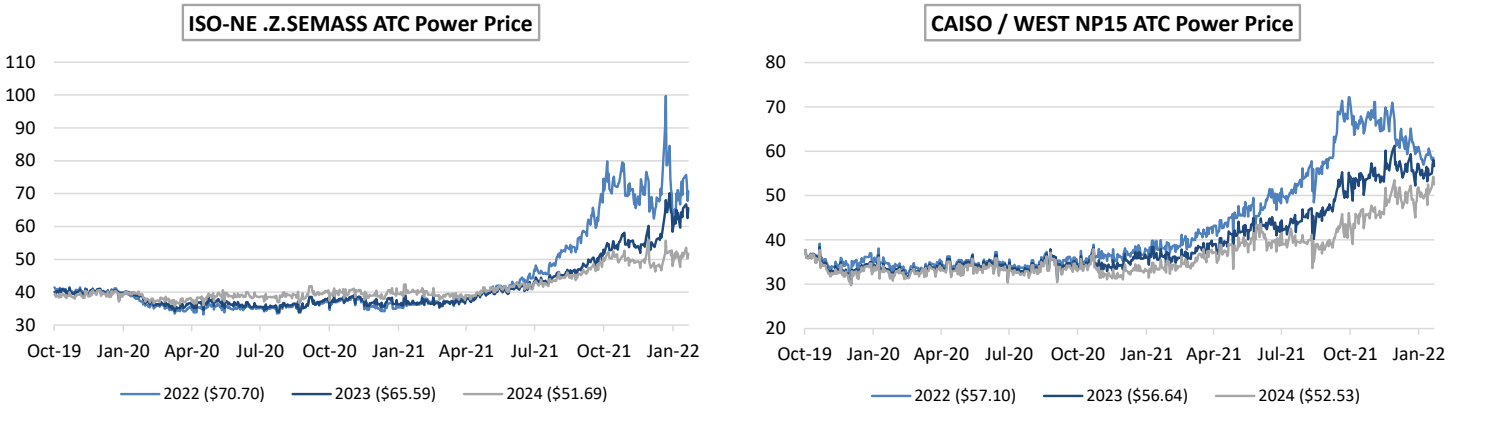

Source: OTC Global Holdings and Vertical Research Partners

Figure 23: Power & Gas Forward Prices (January 21, 2022 vs. January 14, 2022)

	1Q2022	2Q2022	3Q2022	4Q2022	FY2022	FY2023	FY2024	1Q2022 Chg.	2Q2022 Chg.	3Q2022 Chg.	4Q2022 Chg.	FY2022 Chg.	FY2023 Chg.	FY2024 Chg.
NATURAL GAS PRICES ($/MMBtu)														
Henry Hub (NYMEX)	$4.03	$3.78	$3.89	$4.04	$3.94	$3.47	$3.19	($0.35)	($0.25)	($0.25)	($0.23)	($0.27)	($0.07)	$0.02
Houston Ship Channel	$3.94	$3.67	$3.82	$3.98	$3.85	$3.41	$3.12	($0.50)	($0.28)	($0.26)	($0.24)	($0.32)	($0.09)	$0.01
Waha Hub (Permian)	$3.76	$3.08	$3.27	$3.44	$3.39	$2.71	$2.52	($0.57)	($0.26)	($0.27)	($0.27)	($0.34)	($0.18)	($0.03)
TETCO M3 (PJM West)	$8.63	$3.11	$3.06	$3.92	$4.68	$3.76	$3.34	$0.12	($0.30)	($0.29)	($0.24)	($0.18)	($0.08)	$0.03
Transco Z6 NY	$10.74	$3.07	$3.13	$4.35	$5.32	$3.96	$3.65	$1.43	($0.29)	($0.28)	($0.24)	$0.15	($0.06)	$0.03
Iroquois Z2	$14.95	$3.75	$3.71	$7.13	$7.38	$5.85	$5.02	$0.30	($0.23)	($0.25)	($0.22)	($0.10)	($0.05)	$0.04
Leidy Hub (Marcellus)	$3.48	$2.97	$2.84	$2.98	$3.07	$2.69	$2.46	($0.26)	($0.26)	($0.27)	($0.27)	($0.27)	($0.10)	$0.01
Dominion South Point	$3.46	$3.01	$2.86	$2.99	$3.08	$2.71	$2.47	($0.34)	($0.27)	($0.27)	($0.27)	($0.29)	($0.11)	$0.01
Algonquin Gates	$15.92	$3.77	$3.49	$7.97	$7.79	$6.76	$5.06	($2.09)	($0.29)	($0.25)	($0.24)	($0.72)	($0.08)	$0.05
Chicago City Gate	$4.35	$3.63	$3.68	$4.06	$3.93	$3.49	$3.23	($0.88)	($0.28)	($0.27)	($0.26)	($0.42)	($0.09)	$0.02
PG&E City Gate	$5.09	$4.61	$4.96	$5.14	$4.95	$4.53	$4.25	($0.53)	($0.31)	($0.32)	($0.27)	($0.36)	($0.07)	$0.04
SoCal City Gate Gas	$5.47	$4.10	$5.58	$5.62	$5.19	$4.84	$4.56	($0.57)	($0.28)	($0.29)	($0.28)	($0.35)	($0.16)	($0.01)
Tetco M3 Basis	$4.59	($0.67)	($0.83)	($0.12)	$0.74	$0.28	$0.15	$0.47	($0.04)	($0.04)	($0.01)	$0.09	($0.01)	$0.01
Transco Z6 Basis	$6.71	($0.71)	($0.77)	$0.32	$1.39	$0.48	$0.46	$1.78	($0.04)	($0.04)	($0.01)	$0.42	$0.01	$0.01
Algonquin Basis	$11.89	($0.01)	($0.40)	$3.93	$3.85	$3.29	$1.87	($1.74)	($0.03)	($0.01)	($0.01)	($0.45)	($0.01)	$0.03
Leidy - Tetco M3	($5.14)	($0.14)	($0.22)	($0.94)	($1.61)	($1.06)	($0.88)	($0.37)	$0.03	$0.02	($0.03)	($0.09)	($0.03)	($0.02)
PEAK POWER PRICES ($/MWh)														
PJM West Hub	$65.06	$47.59	$52.07	$49.39	$53.53	$49.52	$45.95	($7.45)	($1.44)	($2.13)	($2.25)	($3.32)	($0.67)	$0.04
PJM PECO	$60.21	$38.86	$43.22	$40.61	$45.72	$41.35	$37.45	($5.77)	($1.26)	($1.79)	($2.10)	($2.73)	($0.79)	($0.17)
PJM AEP Dayton Hub	$56.63	$47.18	$51.76	$47.39	$50.74	$47.06	$43.92	($4.41)	($1.55)	($2.38)	($2.22)	($2.64)	($1.02)	($0.03)
PJM Northern Illinois	$48.35	$42.61	$48.72	$43.15	$45.71	$42.32	$39.24	($3.88)	($1.13)	($2.14)	($2.19)	($2.34)	($0.89)	($0.26)
NEPOOL SE Mass	$128.43	$51.11	$55.09	$82.20	$79.21	$72.64	$58.84	($13.07)	($1.02)	($2.05)	($1.43)	($4.39)	$0.47	$1.37
NYISO Zone A	$67.62	$37.29	$47.60	$36.22	$47.19	$41.49	$37.86	($1.60)	($2.19)	($3.32)	($2.13)	($2.31)	($0.05)	($0.16)
NYISO Zone J	$112.93	$48.50	$57.18	$61.23	$69.96	$59.08	$57.34	($3.21)	($2.07)	($3.26)	($3.29)	($2.96)	($0.18)	$0.29
MISO Indiana	$59.65	$49.03	$53.77	$49.74	$53.05	$48.94	$47.56	($6.59)	($0.82)	($2.07)	($2.28)	($2.94)	($1.38)	($0.07)
ERCOT Houston	$50.32	$53.65	$81.59	$46.87	$58.11	$50.31	$43.11	($7.92)	($2.39)	($1.83)	($2.45)	($3.65)	($0.08)	$0.68
ERCOT North	$47.52	$48.57	$77.64	$42.58	$54.08	$46.39	$39.55	($8.23)	($2.31)	($1.80)	($2.34)	($3.67)	($0.17)	$0.59
ERCOT West	$41.59	$39.15	$73.18	$32.32	$46.56	$38.10	$31.34	($9.21)	($2.34)	($2.20)	($2.21)	($3.99)	($0.33)	$0.40
California NP-15	$51.41	$45.01	$89.02	$62.66	$62.03	$58.05	$50.62	($7.81)	($2.15)	($1.72)	($2.31)	($3.50)	$2.07	$2.21
California SP-15	$46.69	$39.01	$97.20	$59.43	$60.58	$56.40	$48.62	($6.67)	($0.70)	($1.69)	($2.69)	($2.94)	$1.85	$1.21
OFF PEAK POWER PRICES ($/MWh)														
PJM West Hub	$56.95	$34.87	$36.26	$37.80	$41.47	$37.16	$35.03	($0.11)	($1.91)	($1.29)	($1.60)	($1.23)	($0.15)	$0.36
PJM PECO	$50.98	$28.16	$30.32	$30.27	$34.93	$32.13	$28.95	($0.16)	($1.01)	($1.16)	($1.72)	($1.01)	($0.25)	$0.27
PJM AEP Dayton Hub	$46.28	$34.63	$36.05	$35.88	$38.21	$34.39	$33.23	$0.75	($1.97)	($1.34)	($1.98)	($1.14)	($0.23)	$0.16
PJM Northern Illinois	$35.73	$31.11	$34.17	$31.96	$33.24	$30.18	$28.96	($1.82)	($0.75)	($0.40)	($0.82)	($0.95)	($0.16)	$0.63
NEPOOL SE Mass	$111.84	$37.59	$39.25	$65.12	$63.45	$59.65	$45.59	($4.95)	($2.05)	($1.68)	($2.67)	($2.84)	($0.11)	$0.60
NYISO Zone A	$49.24	$22.58	$28.74	$23.07	$30.91	$29.78	$29.07	$6.62	($2.07)	($2.19)	($1.82)	$0.14	($0.33)	$0.27
NYISO Zone J	$85.34	$36.72	$38.53	$48.04	$52.16	$47.99	$48.01	($2.74)	($2.10)	($2.15)	($6.30)	($3.32)	($0.15)	$0.65
MISO Indiana	$48.79	$35.93	$37.94	$38.22	$40.22	$37.06	$36.38	($1.61)	($2.00)	($1.38)	($1.63)	($1.66)	($0.11)	$0.39
ERCOT Houston	$35.15	$31.19	$40.30	$31.41	$34.51	$32.92	$31.45	($3.77)	($2.57)	($1.26)	($2.58)	($2.55)	$0.74	$1.64
ERCOT North	$34.76	$29.65	$39.26	$29.86	$33.38	$31.01	$28.34	($3.38)	($2.55)	($1.25)	($2.54)	($2.43)	$0.63	$1.56
ERCOT West	$30.51	$24.88	$38.11	$22.40	$28.97	$25.36	$22.75	($4.12)	($2.66)	($1.59)	($2.49)	($2.71)	$0.61	$1.20
California NP-15	$46.56	$40.91	$58.84	$57.25	$50.89	$54.86	$54.92	($5.40)	($2.13)	($3.65)	($2.68)	($3.46)	$2.11	$2.12
California SP-15	$44.66	$38.31	$59.86	$54.77	$49.40	$52.61	$53.26	($5.37)	($1.61)	($4.42)	($2.54)	($3.49)	$2.26	$2.11
ATC POWER PRICES ($/MWh)														
PJM West Hub	$60.75	$40.85	$43.58	$43.09	$47.07	$42.85	$40.08	($3.58)	($1.69)	($1.68)	($1.90)	($2.21)	($0.44)	$0.17
PJM PECO	$55.17	$33.18	$36.29	$34.99	$39.91	$36.38	$32.89	($2.92)	($1.12)	($1.45)	($1.89)	($1.85)	($0.54)	$0.02
PJM AEP Dayton Hub	$51.02	$40.53	$43.32	$41.13	$44.00	$40.22	$38.18	($1.79)	($1.77)	($1.83)	($2.09)	($1.87)	($0.65)	$0.03
PJM Northern Illinois	$41.51	$36.52	$40.90	$37.07	$39.00	$35.76	$33.72	($2.94)	($0.93)	($1.21)	($1.45)	($1.63)	($0.55)	$0.18
NEPOOL SE Mass	$119.37	$43.98	$46.55	$72.91	$70.70	$65.59	$51.69	($9.08)	($1.57)	($1.85)	($2.11)	($3.65)	$0.10	$0.89
NYISO Zone A	$57.43	$29.52	$37.47	$29.07	$38.37	$35.18	$33.15	$2.43	($2.12)	($2.71)	($1.96)	($1.09)	($0.24)	$0.05
NYISO Zone J	$97.79	$42.27	$47.15	$54.07	$60.32	$53.09	$52.30	($3.46)	($2.09)	($2.67)	($4.94)	($3.29)	($0.19)	$0.42
MISO Indiana	$53.74	$42.07	$45.27	$43.48	$46.14	$42.53	$41.56	($4.09)	($1.46)	($1.70)	($1.93)	($2.29)	($0.75)	$0.13
ERCOT Houston	$42.24	$41.74	$59.66	$38.46	$45.52	$41.00	$36.88	($5.87)	($2.49)	($1.55)	($2.52)	($3.11)	$0.30	$1.13
ERCOT North	$40.72	$38.54	$57.27	$35.66	$43.05	$38.16	$33.56	($5.78)	($2.44)	($1.53)	($2.45)	($3.05)	$0.20	$1.04
ERCOT West	$35.62	$31.61	$54.55	$26.93	$37.18	$31.28	$26.75	($6.63)	($2.51)	($1.90)	($2.36)	($3.35)	$0.11	$0.76
California NP-15	$49.19	$43.23	$75.71	$60.27	$57.10	$56.64	$52.53	($6.82)	($2.14)	($2.58)	($2.47)	($3.50)	$2.08	$2.20
California SP-15	$45.70	$38.73	$80.72	$57.37	$55.63	$54.72	$50.68	($6.14)	($1.10)	($2.90)	($2.62)	($3.19)	$2.03	$1.64
ATC SPARK SPREADS ($/MWh)														
PJM West Hub - TETCO M3	($3.85)	$15.94	$19.05	$12.38	$10.88	$13.31	$13.51	($4.41)	$0.44	$0.39	($0.17)	($0.94)	$0.12	($0.05)
PJM AEP Dayton Hub - Dominion South	$23.59	$16.33	$20.26	$17.14	$19.33	$18.19	$17.90	$0.65	$0.15	$0.14	($0.11)	$0.21	$0.12	($0.01)
PJM Northern Illinois - Chicago CG	$7.66	$7.91	$11.92	$5.34	$8.21	$8.11	$7.94	$3.42	$1.06	$0.71	$0.42	$1.40	$0.08	$0.05
NEPOOL SE Mass - Algonquin Gates	$2.23	$14.32	$18.93	$13.03	$12.13	$14.43	$12.74	$5.98	$0.51	($0.03)	($0.41)	$1.51	$0.68	$0.52
NY Zone J - Iroquois Z2	($12.37)	$12.80	$17.95	$0.23	$4.65	$8.45	$13.67	($5.63)	($0.41)	($0.88)	($3.37)	($2.57)	$0.18	$0.14
ERCOT Houston - Houston Ship Channel	$11.40	$12.83	$29.69	$7.30	$15.31	$13.96	$11.89	($2.23)	($0.48)	$0.30	($0.79)	($0.80)	$0.94	$1.03
ERCOT North - Houston Ship Channel	$9.88	$9.63	$27.30	$4.50	$12.83	$11.12	$8.58	($2.14)	($0.43)	$0.32	($0.72)	($0.74)	$0.84	$0.95
ERCOT West - WaHa Hub	$6.03	$6.94	$28.54	($0.31)	$10.30	$9.28	$6.10	($2.52)	($0.66)	$0.01	($0.38)	($0.89)	$1.44	$0.99
California NP-15 - PG&E City Gate	$10.05	$7.55	$37.47	$20.75	$18.95	$21.55	$19.40	($3.04)	$0.12	($0.28)	($0.56)	($0.94)	$2.59	$1.94
California SP-15 - SoCal City Gate	$3.84	$6.74	$38.02	$14.41	$15.75	$17.40	$15.36	($2.03)	$0.95	($0.83)	($0.63)	($0.64)	$3.17	$1.67

Source: Vertical Research Partners and OTC Global Holdings, LP

Figure 24: 30-Day Historical Mean Temperature (L) and Mean Temperature Anomaly (R)

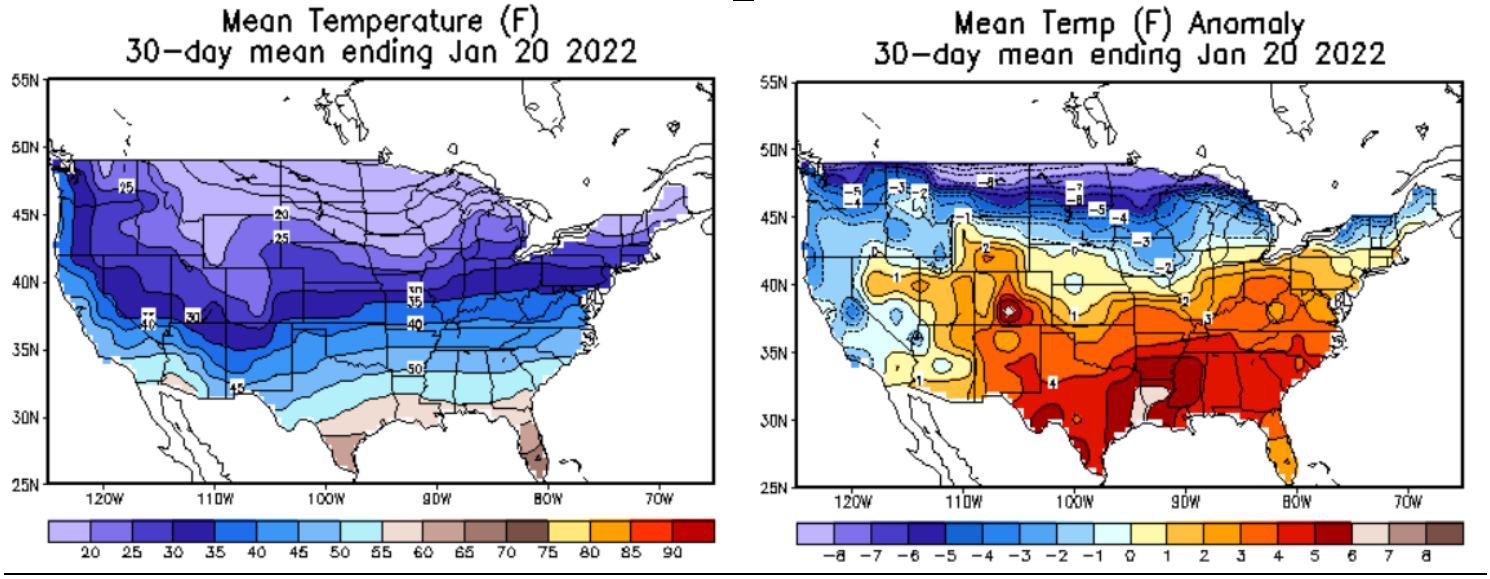

Source: NOAA

Figure 25: Temperature Probability Outlooks 6-10 Day (L) and 8-14 Day (R)

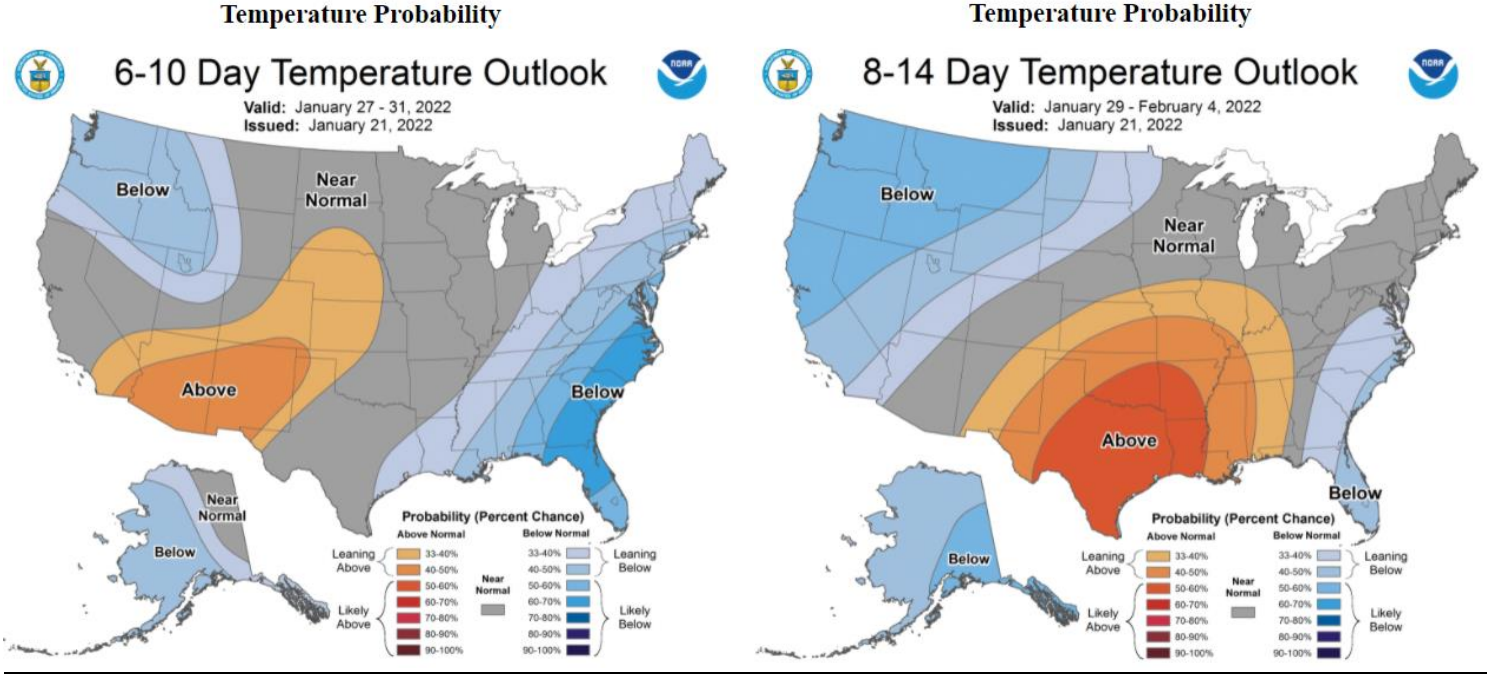

Source: NOAA

Figure 26: Vertical Research Partners – Utilities & Power Valuation Comp Sheet (1)

VERTICAL RESEARCH PARTNERS	Primary	Price	VRP	VRP Target Price			52-Week		M. Cap.	EPS				P/E				P/E Premium		Dividend Yield		Payout Ratio		Latest
UTILITIES & POWER	Ticker	1/21/22	Rating	Target	Return	TSR '22	Low	High	($Mn.)	2021	2022	2023	2024	2021	2022	2023	2024	2023	2024	2021	2022	2021	2022	P/BV
MOSTLY REGULATED																								
CMS Energy	CMS	$63.74	Hold	$68	6.7%	9.5%	$53.19	$65.79	18,465	2.64	2.86	3.15	3.42	24.1x	22.3x	20.2x	18.6x	13%	10%	2.7%	2.8%	66%	63%	3.1x
DTE Energy	DTE	$118.46	Hold	$129	8.9%	11.9%	$98.43	$123.74	22,949	5.93	5.90	6.15	6.60	20.0x	20.1x	19.3x	17.9x	7%	6%	3.4%	3.0%	69%	60%	2.7x
Duke Energy	DUK	$102.98	Hold	$112	8.8%	12.6%	$85.56	$108.38	79,192	5.25	5.50	5.80	6.15	19.6x	18.7x	17.8x	16.7x	-1%	-1%	3.8%	3.9%	74%	72%	1.7x
Edison International	EIX	$62.98	Buy	$71	12.7%	17.2%	$53.92	$68.62	23,925	4.45	4.30	4.65	4.90	14.2x	14.6x	13.5x	12.9x	-25%	-24%	4.2%	4.4%	60%	65%	1.8x
Entergy	ETR	$109.42	Hold	$117	6.9%	10.7%	$85.78	$115.02	21,991	6.05	6.25	6.70	7.10	18.1x	17.5x	16.3x	15.4x	-9%	-9%	3.5%	3.7%	64%	66%	1.9x
NextEra Energy	NEE	$82.60	Hold	$93	12.6%	14.6%	$68.33	$93.73	162,073	2.52	2.77	3.00	3.24	32.8x	29.8x	27.5x	25.5x	53%	50%	1.9%	2.0%	61%	61%	4.4x
PG&E Corp.	PCG	$12.23	Buy	$17	39.0%	39.0%	$8.24	$13.19	24,281	1.00	1.05	1.22	1.32	12.2x	11.6x	10.0x	9.3x	-44%	-45%	0.0%	0.0%	0%	0%	1.2x
Sempra	SRE	$134.90	Buy	$158	17.1%	20.5%	$114.66	$144.93	43,033	8.35	8.40	8.75	9.30	16.2x	16.1x	15.4x	14.5x	-14%	-15%	3.2%	3.4%	52%	55%	1.8x
Ameren	AEE	$87.72	--	--	--	--	$69.79	$90.77	22,597	3.84	4.04	4.33	4.61	22.8x	21.7x	20.2x	19.0x	13%	12%	2.5%	2.6%	57%	57%	2.3x
American Electric Power	AEP	$89.97	--	--	--	--	$74.80	$91.66	45,314	4.69	4.97	5.25	5.58	19.2x	18.1x	17.1x	16.1x	-5%	-5%	3.3%	3.5%	64%	64%	2.0x
Avangrid	AGR	$46.13	--	--	--	--	$44.10	$55.57	17,862	2.16	2.23	2.38	2.59	21.4x	20.6x	19.4x	17.8x	8%	5%	3.8%	3.9%	82%	80%	0.9x
CenterPoint Energy	CNP	$27.34	--	--	--	--	$19.31	$28.37	17,193	1.45	1.42	1.52	1.61	18.9x	19.3x	18.0x	17.0x	0%	0%	2.3%	2.5%	44%	48%	2.1x
Dominion Energy	D	$79.31	--	--	--	--	$67.85	$81.08	64,241	3.87	4.12	4.37	4.66	20.5x	19.3x	18.1x	17.0x	1%	0%	3.2%	3.4%	65%	65%	2.6x
Consolidated Edison	ED	$82.66	--	--	--	--	$65.56	$86.25	29,241	4.24	4.50	4.72	4.90	19.5x	18.4x	17.5x	16.9x	-3%	-1%	3.8%	3.9%	73%	71%	1.5x
Eversource Energy	ES	$87.11	--	--	--	--	$76.64	$92.66	29,949	3.83	4.11	4.38	4.65	22.7x	21.2x	19.9x	18.7x	11%	10%	2.8%	2.9%	63%	62%	2.1x
Evergy	EVRG	$64.12	--	--	--	--	$51.92	$69.45	14,703	3.56	3.54	3.77	4.03	18.0x	18.1x	17.0x	15.9x	-5%	-6%	3.4%	3.6%	60%	65%	1.6x
FirstEnergy	FE	$41.33	--	--	--	--	$30.22	$42.03	23,566	2.61	2.44	2.59	2.75	15.9x	16.9x	16.0x	15.0x	-11%	-11%	3.8%	3.8%	60%	64%	3.0x
IDACORP	IDA	$109.37	--	--	--	--	$85.30	$114.19	5,525	4.88	5.04	5.22	5.25	22.4x	21.7x	21.0x	20.8x	17%	23%	2.6%	2.8%	59%	60%	2.1x
Alliant Energy	LNT	$59.76	--	--	--	--	$45.99	$62.35	14,962	2.63	2.74	2.89	3.06	22.7x	21.8x	20.6x	19.5x	15%	15%	2.7%	2.9%	61%	63%	2.5x
NiSource	NI	$27.53	--	--	--	--	$21.09	$28.44	10,811	1.36	1.45	1.54	1.72	20.3x	19.0x	17.8x	16.1x	-1%	-5%	3.2%	3.4%	65%	64%	2.3x
NorthWestern	NWE	$57.41	--	--	--	--	$53.16	$70.80	3,156	3.52	3.34	3.62	3.77	16.3x	17.2x	15.9x	15.2x	-12%	-10%	4.3%	4.5%	70%	77%	1.3x
OGE Energy	OGE	$37.31	--	--	--	--	$29.18	$38.57	7,469	2.19	2.07	2.18	2.28	17.0x	18.0x	17.1x	16.4x	-5%	-3%	4.4%	4.5%	74%	80%	2.0x
PNM Resources	PNM	$45.32	--	--	--	--	$43.84	$50.11	3,890	2.40	2.52	2.66	2.82	18.8x	18.0x	17.1x	16.1x	-5%	-5%	2.9%	3.1%	54%	55%	1.8x
Pinnacle West Capital	PNW	$70.69	--	--	--	--	$62.78	$88.54	7,975	5.26	3.98	4.27	4.41	13.4x	17.7x	16.5x	16.0x	-8%	-6%	4.7%	4.9%	64%	86%	1.3x
Portland General Electric	POR	$52.51	--	--	--	--	$41.01	$53.84	4,695	2.76	2.81	2.92	3.05	19.0x	18.7x	18.0x	17.2x	0%	2%	3.2%	3.4%	62%	63%	1.8x
PPL Corporation	PPL	$29.66	--	--	--	--	$26.15	$30.72	22,266	1.17	1.61	1.79	1.84	25.3x	18.5x	16.6x	16.1x	-8%	-5%	5.6%	3.8%	142%	71%	1.5x
Southern Company	SO	$67.81	--	--	--	--	$56.69	$69.23	71,799	3.39	3.54	3.81	4.12	20.0x	19.2x	17.8x	16.5x	-1%	-3%	3.9%	4.0%	78%	77%	2.5x
WEC Energy	WEC	$96.99	--	--	--	--	$80.55	$99.86	30,594	4.07	4.30	4.57	4.87	23.8x	22.6x	21.2x	19.9x	18%	17%	2.8%	3.0%	67%	67%	2.8x
Xcel Energy	XEL	$68.22	--	--	--	--	$57.23	$72.94	36,748	2.97	3.17	3.40	3.63	23.0x	21.5x	20.1x	18.8x	12%	11%	2.7%	2.9%	62%	61%	2.4x
AVERAGE - SIMPLE									**880,464**					**19.9x**	**19.3x**	**18.0x**	**17.0x**			**3.3%**	**3.3%**	**65%**	**64%**	**2.1x**
LESS REGULATED & IPPs																								
Exelon	EXC	$56.77	Buy	$63	11.0%	13.4%	$38.36	$58.01	55,539	2.80	2.25	2.40	2.55	20.3x	25.2x	23.7x	22.3x	32%	31%	2.7%	2.4%	55%	60%	1.6x
NRG Energy	NRG	$39.19	Buy	$49	25.0%	28.6%	$31.94	$46.10	9,593	11.21	2.98	4.10	4.95	3.5x	13.1x	9.5x	7.9x	-47%	-53%	3.3%	3.6%	12%	47%	2.4x
PSEG	PEG	$65.44	Buy	$73	11.6%	14.9%	$53.77	$67.62	32,982	3.62	3.40	3.65	3.90	18.1x	19.2x	17.9x	16.8x	0%	-1%	3.1%	3.3%	56%	64%	2.3x
Vistra Corp.	VST	$21.72	Buy	$29	33.5%	36.6%	$15.47	$24.20	10,481	(3.28)	0.76	2.28	2.30	NM	28.6x	9.5x	9.4x	-47%	-44%	2.8%	3.1%	NM	89%	1.7x
AES Corporation	AES	$22.95	--	--	--	--	$22.46	$29.07	15,301	1.52	1.65	1.78	1.95	15.1x	13.9x	12.9x	11.7x	-28%	-31%	2.7%	2.8%	40%	39%	6.3x
Algonquin Power & Utilities	AQN	$14.02	--	--	--	--	$13.39	$17.86	9,420	0.70	0.75	0.82	0.88	20.0x	18.7x	17.1x	15.9x	-5%	-6%	4.8%	5.1%	96%	96%	1.8x
Ormat Technologies	ORA	$73.33	--	--	--	--	$63.71	$128.87	4,107	1.19	1.64	2.08	--	61.6x	44.7x	35.3x	--	96%	--	0.7%	0.7%	41%	32%	2.2x
TransAlta Corporation	TAC	$10.61	--	--	--	--	$7.96	$12.13	2,875	0.03	0.25	0.08	0.20	NM	41.8x	NM	53.2x	--	214%	1.4%	1.5%	547%	63%	5.3x
AVERAGE - SIMPLE									**140,298**					**23.1x**	**25.7x**	**18.0x**	**19.6x**			**2.7%**	**2.8%**	**121%**	**61%**	**3.0x**
YIELDCO & INFRASTRUCTURE										**CAFD per Share**				**CAFD Yield**				**CAFD Yld Rel.**		**Dividend Yield**		**CAFD Payout**		**P/BV**
NextEra Energy Partners	NEP	$73.09	Buy	$92	25.9%	29.9%	$63.50	$88.80	13,013	3.15	3.78	4.29	4.45	4.3%	5.2%	5.9%	6.1%	37	62	3.6%	4.1%	83%	79%	5.6x
Atlantica Sustainable Infra.	AY	$32.26	--	--	--	--	$31.61	$48.49	3,575	2.02	2.22	2.40	2.46	6.3%	6.9%	7.4%	7.6%	(118)	(89)	5.4%	5.7%	86%	83%	2.3x
Brookfield Renewable Partners	BEP	$32.27	--	--	--	--	$32.02	$49.85	8,960	1.31	1.39	1.43	1.73	4.1%	4.3%	4.4%	5.4%	180	136	3.8%	4.0%	93%	92%	2.8x
Clearway Energy	CWEN	$32.89	--	--	--	--	$24.93	$39.75	6,633	1.60	1.90	1.65	2.12	4.9%	5.8%	5.0%	6.4%	122	29	4.0%	4.3%	83%	75%	2.2x
TransAlta Renewables	TRSWF	$13.47	--	--	--	--	$12.52	$18.00	3,595	0.99	1.04	1.14	1.09	7.3%	7.7%	8.4%	8.1%	(221)	(137)	7.0%	7.0%	95%	90%	2.2x
AVERAGE - SIMPLE									**35,776**					**5.4%**	**6.0%**	**6.2%**	**6.7%**			**4.7%**	**5.0%**	**88%**	**84%**	**3.0x**

Source: FactSet and Vertical Research Partners

Figure 27: Vertical Research Partners – Utilities & Power Valuation Comp Sheet (2)

VERTICAL RESEARCH PARTNERS	Consensus EPS				Consensus P/E				EBITDA			EV/EBITDA			FCF Yield		ROCE		Net Debt: Cap.		Net Debt: EBITDA		FFO: Debt	
UTILITIES & POWER	**2021**	**2022**	**2023**	**2024**	**2021**	**2022**	**2023**	**2024**	**2021**	**2022**	**2023**	**2020**	**2021**	**2022**	**2021**	**2022**	**2020**	**2021**	**2020**	**2021Q3**	**2020**	**2021Q3**	**2020**	**2021**
MOSTLY REGULATED																								
CMS Energy	2.65	2.87	3.12	3.40	24.1x	22.2x	20.4x	18.7x	2,517	2,773	3,073	13.3x	11.2x	10.1x	-3.4%	-5.7%	5.5%	5.1%	71%	65%	5.9x	4.5x	8.4%	13.4%
DTE Energy	5.89	5.92	6.27	6.64	20.1x	20.0x	18.9x	17.8x	3,254	3,305	3,587	12.9x	12.3x	11.3x	-5.0%	-5.0%	5.5%	5.4%	59%	67%	5.8x	5.3x	19.0%	14.7%
Duke Energy	5.24	5.47	5.77	6.13	19.6x	18.8x	17.8x	16.8x	11,388	12,491	13,338	12.4x	11.5x	10.8x	-0.5%	-3.2%	4.2%	4.2%	56%	55%	5.5x	5.2x	14.1%	15.5%
Edison International	4.47	4.60	4.89	5.19	14.1x	13.7x	12.9x	12.1x	5,348	5,064	5,564	8.8x	10.0x	9.1x	-18.8%	-13.2%	4.6%	4.9%	59%	61%	4.3x	5.3x	5.5%	2.7%
Entergy	5.97	6.34	6.74	7.11	18.3x	17.3x	16.2x	15.4x	4,025	4,361	4,614	11.0x	10.7x	10.1x	-7.1%	-1.0%	4.1%	4.6%	63%	66%	5.5x	5.6x	11.2%	10.9%
NextEra Energy	2.53	2.74	2.96	3.20	32.7x	30.1x	28.0x	25.8x	10,413	11,684	13,380	20.1x	18.5x	16.2x	-4.5%	-2.7%	5.4%	5.1%	51%	55%	4.5x	4.7x	16.6%	14.3%
PG&E Corp.	1.00	1.10	1.25	1.35	12.2x	11.1x	9.8x	9.1x	7,479	8,676	9,628	8.6x	7.7x	6.9x	-19.7%	-11.1%	4.7%	4.4%	65%	67%	5.4x	4.9x	--	7.5%
Sempra	8.25	8.46	8.88	9.35	16.3x	15.9x	15.2x	14.4x	6,976	7,519	8,026	10.8x	10.5x	9.8x	-4.5%	-3.0%	7.8%	8.3%	66%	70%	4.7x	4.7x	10.7%	14.8%
Ameren	3.84	4.04	4.33	4.61	22.8x	21.7x	20.2x	19.0x	2,624	2,887	3,127	13.0x	12.3x	11.4x	-7.5%	-4.6%	4.4%	NA	56%	57%	4.4x	4.5x	14.9%	13.6%
American Electric Power	4.69	4.97	5.25	5.58	19.2x	18.1x	17.1x	16.1x	6,318	6,780	7,198	12.6x	12.0x	11.3x	-6.1%	-4.9%	4.0%	4.4%	62%	60%	5.4x	5.3x	11.5%	12.1%
Avangrid	2.16	2.23	2.38	2.59	21.4x	20.6x	19.4x	17.8x	2,119	2,449	2,557	13.0x	10.0x	9.6x	-6.9%	-6.3%	2.7%	2.8%	36%	24%	4.5x	2.7x	11.4%	19.7%
CenterPoint Energy	1.45	1.42	1.52	1.61	18.9x	19.3x	18.0x	17.0x	2,753	2,913	3,064	11.1x	11.2x	10.6x	-18.3%	-6.2%	4.1%	NA	59%	61%	4.9x	5.3x	14.4%	1.1%
Dominion Energy	3.87	4.12	4.37	4.66	20.5x	19.3x	18.1x	17.0x	7,137	8,069	8,512	14.2x	13.1x	12.4x	-1.5%	-0.5%	4.9%	NA	59%	60%	5.2x	5.1x	13.9%	13.9%
Consolidated Edison	4.24	4.50	4.72	4.90	19.5x	18.4x	17.5x	16.9x	4,747	5,075	5,323	11.1x	10.5x	10.0x	-5.5%	-1.8%	4.8%	4.8%	54%	54%	5.0x	4.7x	8.8%	10.3%
Eversource Energy	3.83	4.11	4.38	4.65	22.7x	21.2x	19.9x	18.7x	3,380	3,661	3,880	14.2x	13.5x	12.7x	-2.8%	-1.8%	4.9%	4.9%	56%	57%	5.3x	5.3x	9.3%	12.1%
Evergy	3.56	3.54	3.77	4.03	18.0x	18.1x	17.0x	15.9x	2,256	2,324	2,458	11.1x	11.0x	10.4x	-1.3%	-0.4%	4.6%	NA	54%	54%	4.6x	4.6x	16.8%	16.2%
FirstEnergy	2.61	2.44	2.59	2.75	15.9x	16.9x	16.0x	15.0x	3,926	3,982	4,218	11.9x	11.7x	11.1x	-0.2%	-2.8%	5.5%	6.3%	72%	74%	5.9x	5.8x	5.7%	11.5%
IDACORP	4.88	5.04	5.22	5.25	22.4x	21.7x	21.0x	20.8x	496	511	537	14.6x	14.1x	13.5x	NA	NA	4.4%	NA	37%	36%	3.4x	3.3x	19.4%	--
Alliant Energy	2.63	2.74	2.89	3.06	22.7x	21.8x	20.6x	19.5x	1,506	1,616	1,698	14.7x	13.8x	13.2x	-1.0%	0.0%	4.3%	NA	55%	54%	4.8x	4.6x	6.9%	14.5%
NiSource	1.36	1.45	1.54	1.72	20.3x	19.0x	17.8x	16.1x	1,835	2,039	2,256	11.2x	10.0x	9.0x	-6.0%	-8.7%	4.6%	5.2%	62%	59%	5.3x	4.7x	11.3%	13.8%
NorthWestern	3.52	3.34	3.62	3.77	16.3x	17.2x	15.9x	15.2x	467	506	549	11.9x	11.1x	10.2x	-4.3%	-5.2%	3.9%	NA	54%	52%	5.2x	4.8x	14.5%	13.1%
OGE Energy	2.19	2.07	2.18	2.28	17.0x	18.0x	17.1x	16.4x	999	1,065	1,131	11.1x	11.6x	10.9x	-0.6%	0.0%	5.2%	NA	50%	56%	3.6x	4.6x	19.6%	15.7%
PNM Resources	2.40	2.52	2.66	2.82	18.8x	18.0x	17.1x	16.1x	666	740	782	11.0x	10.1x	9.5x	NA	NA	3.9%	NA	62%	62%	5.1x	4.8x	14.1%	--
Pinnacle West Capital	5.26	3.98	4.27	4.41	13.4x	17.7x	16.5x	16.0x	1,604	1,437	1,569	9.2x	10.8x	9.9x	-5.5%	-4.1%	4.2%	NA	55%	55%	4.3x	5.2x	14.0%	13.7%
Portland General Electric	2.76	2.81	2.92	3.05	19.0x	18.7x	18.0x	17.2x	828	891	917	9.4x	8.6x	8.3x	-2.3%	1.1%	4.5%	NA	52%	48%	3.7x	3.3x	16.8%	17.2%
PPL Corporation	1.17	1.61	1.79	1.84	25.3x	18.5x	16.6x	16.1x	2,754	3,171	3,384	16.8x	9.0x	8.5x	1.2%	-4.7%	6.7%	NA	63%	25%	8.7x	2.0x	11.0%	21.7%
Southern Company	3.39	3.54	3.81	4.12	20.0x	19.2x	17.8x	16.5x	9,061	9,940	10,585	13.4x	12.5x	11.7x	-1.4%	0.6%	4.5%	4.7%	63%	63%	5.5x	5.3x	13.1%	13.5%
WEC Energy	4.07	4.30	4.57	4.87	23.8x	22.6x	21.2x	19.9x	2,890	3,067	3,262	15.5x	14.8x	13.9x	-1.4%	-2.1%	5.2%	5.3%	58%	57%	5.0x	4.8x	15.3%	16.5%
Xcel Energy	2.97	3.17	3.40	3.63	23.0x	21.5x	20.1x	18.8x	4,437	4,845	5,265	13.3x	12.5x	11.5x	-4.4%	-4.0%	4.1%	4.3%	60%	60%	5.0x	4.9x	12.8%	11.1%
AVERAGE - SIMPLE					**19.9x**	**19.2x**	**18.0x**	**17.0x**				**12.5x**	**11.6x**	**10.8x**	**-5.2%**	**-3.7%**	**4.7%**	**5.0%**	**57%**	**56%**	**5.0x**	**4.7x**	**12.9%**	**13.1%**
LESS REGULATED & IPPs																								
Exelon	2.80	3.27	3.44	3.08	20.3x	17.4x	16.5x	18.4x	8,959	7,236	7,679	10.5x	13.0x	12.3x	-5.1%	-2.5%	4.3%	4.2%	52%	51%	4.3x	5.4x	10.8%	12.5%
NRG Energy	4.25	3.61	4.68	5.31	9.2x	10.8x	8.4x	7.4x	2,400	2,100	2,300	6.0x	8.5x	7.7x	30.5%	13.6%	11.7%	10.3%	46%	65%	2.0x	3.9x	21.1%	36.9%
PSEG	3.62	3.50	3.63	3.88	18.1x	18.7x	18.0x	16.9x	4,068	3,709	3,972	12.2x	13.7x	12.8x	-3.1%	-0.6%	5.9%	6.7%	50%	53%	4.1x	4.8x	18.0%	9.9%
Vistra Corp.	(1.15)	1.87	2.01	2.41	NM	11.6x	10.8x	9.0x	2,015	2,850	3,400	9.8x	7.5x	6.3x	-14.1%	19.3%	9.2%	0.9%	51%	63%	4.6x	3.9x	34.7%	--
AES Corporation	1.52	1.65	1.78	1.95	15.1x	13.9x	12.9x	11.7x	3,363	3,886	4,156	10.0x	8.6x	8.1x	2.4%	-2.9%	8.6%	NA	78%	74%	5.5x	4.7x	13.6%	11.3%
Algonquin Power & Utilities	0.70	0.75	0.82	0.88	20.0x	18.7x	17.1x	15.9x	1,076	1,345	1,572	12.9x	12.0x	10.3x	-20.0%	-12.6%	2.9%	3.0%	46%	56%	4.1x	5.0x	11.1%	4.8%
Ormat Technologies	1.19	1.64	2.08	--	61.6x	44.7x	35.3x	--	406	469	525	12.4x	12.1x	10.8x	-4.3%	-0.5%	5.4%	4.7%	29%	41%	2.3x	3.3x	18.1%	12.6%
TransAlta Corporation	0.03	0.25	0.08	0.20	NM	41.8x	NM	53.2x	1,022	887	849	5.4x	5.6x	5.9x	15.1%	6.0%	-3.0%	6.4%	51%	49%	2.5x	2.4x	16.3%	27.8%
AVERAGE - SIMPLE					**24.1x**	**22.2x**	**17.0x**	**18.9x**				**9.9x**	**10.1x**	**9.3x**	**0.2%**	**2.5%**	**5.6%**	**5.2%**	**50%**	**57%**	**3.7x**	**4.2x**	**18.0%**	**16.5%**
YIELDCO & INFRASTRUCTURE	**Consensus CAFD**				**Consensus CAFD Yield**				**EBITDA**			**EV/EBITDA**			**FCF Yield**		**ROCE**		**Net Debt: Cap.**		**Net Debt: EBITDA**		**FFO: Debt**	
NextEra Energy Partners	4.44	4.74	5.47	7.16	6.1%	6.5%	7.5%	9.8%	1,390	1,750	1,925	14.3x	12.0x	10.9x	5.5%	6.1%	8.1%	8.5%	62%	64%	4.9x	4.5x	19.6%	20.0%
Atlantica Sustainable Infra.	2.02	2.22	2.40	2.46	6.3%	6.9%	7.4%	7.6%	820	890	936	10.8x	10.1x	9.6x	4.3%	9.3%	3.0%	4.7%	67%	68%	6.4x	6.1x	7.3%	8.0%
Brookfield Renewable Partners	1.31	1.39	1.43	1.73	4.1%	4.3%	4.4%	5.4%	1,902	2,406	2,570	14.1x	11.8x	11.0x	1.5%	5.0%	1.9%	NA	76%	79%	9.4x	8.0x	7.0%	4.7%
Clearway Energy	1.60	1.90	1.65	2.12	4.9%	5.8%	5.0%	6.4%	1,250	1,276	1,185	10.8x	11.2x	12.1x	7.9%	14.4%	3.6%	2.8%	75%	77%	5.5x	6.0x	7.4%	8.2%
TransAlta Renewables	0.99	1.04	1.14	1.09	7.3%	7.7%	8.4%	8.1%	457	491	519	8.4x	8.3x	7.8x	7.8%	2.2%	3.4%	5.2%	10%	21%	0.5x	1.0x	28.6%	50.3%
AVERAGE - SIMPLE					**5.7%**	**6.2%**	**6.6%**	**7.5%**				**11.7x**	**10.7x**	**10.3x**	**5.4%**	**7.4%**	**4.0%**	**5.3%**	**58%**	**62%**	**5.3x**	**5.1x**	**14.0%**	**18.2%**

Source: FactSet and Vertical Research Partners

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover. Our employees and partners are prohibited from transacting in such securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation. We require our employees and partners to pre-clear all transactions in covered securities with us.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisers. Our notes and research reports may contain “forward-looking statements.” All projections, forecasts and related statements and expressions constitute “forward-looking statements.” Although the authors of our content believe that the expectations reflected in such “forward-looking statements” are reasonable, no one can assure that such expectations will be correct. Such “forward-looking statements” may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

Morgan Stanley | RESEARCH

UPDATE

January 21, 2022 05:42 AM GMT

Exelon Corp | North America

Constellation: Takeaways from the Virtual Roadshow

Stock Rating	Industry View	Price Target
Overweight	Attractive	$74.00

We had the opportunity to spend time with Constellation's management this week during (virtual) meetings with investors. The conversations reinforced our view that the market is significantly mis-pricing EXC's stock. Here we discuss key areas of focus during the meetings.

Our recent conversations with Constellation's management reinforced our view that the market is significantly mis-pricing EXC's stock. There is little controversy around the value of the Utilities at ~$47-50/shr (we value the utility at $50/share, using a 10% premium to peers which we believe is warranted given above average growth, a wires-only business model, and high capex recovery visibility), which leaves $7-10/shr of equity value associated to ExGen (or Constellation post-spin). This implies an EV/EBITDA multiple of 4.5-5.5x on '23 estimates for ExGen, a 30% discount relative to the pure-play merchant power stocks (NRG and VST), which trade at ~7x. As we published recently (see note here), we believe there are multiple factors that support a premium multiple for ExGen relative to peers, including: 1) a much cleaner generation fleet, 2) the low risk associated to state/federal payments that warrant a lower discount rate when valuing these cash flows, 3) footprint diversification, 4) an investment-grade rating, and 5) growth opportunities via acquisitions of merchant nuclear plants and hydrogen production. Our revised estimates imply an EV/EBITDA multiple for ExGen of ~11x and a 30% price upside to our $74 Price Target although we note that we quantify double digit upside in the stock even if ExGen were to trade at a 7x multiple (see Exhibit 1 for a sensitivity analysis). It's worth noting that we receive zero pushback from investors on the thesis that ExGen deserves a premium relative to peers.

Exhibit 1: EV/EBITDA Sensitivity Analysis - Price Upside in EXC Based on our $50 Utility Valuation

	EV/2023e EBITDA for Constellation						
	7.0	7.5	8.0	8.5	9.0	9.5	10.0
Price Upside Based on our $50 Utility Valuation	12%	14%	16%	19%	21%	24%	26%

Source: Morgan Stanley Research estimates

We expand below on the key areas of focus in the various meetings with Constellation's management, which included capital allocation, probability of,

MORGAN STANLEY & CO. LLC

Stephen C Byrd
EQUITY ANALYST
Stephen.Byrd@morganstanley.com +1 212 761-3865

David Arcaro, CFA
EQUITY ANALYST
David.Arcaro@morganstanley.com +1 212 761-1817

Laura Sanchez
EQUITY ANALYST
Laura.Sanchez@morganstanley.com +1 +1-212-761-0686

Andrew S Percoco
RESEARCH ASSOCIATE
Andrew.Percoco@morganstanley.com +1 212 296-4322

Stephen J Blackburn
RESEARCH ASSOCIATE
Stephen.Blackburn@morganstanley.com +1 212 761-3791

Exelon Corp (EXC.O, EXC US)

Diversified Utilities / IPPs / United States of America

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	**$74.00**
Shr price, close (Jan 20, 2022)	$56.98
Mkt cap, curr (mm)	$55,783
52-Week Range	$58.01-38.36

Fiscal Year Ending	12/20	12/21e	12/22e	12/23e
ModelWare EPS ($)	3.22	2.70	3.20	3.47
Prior ModelWare EPS ($)	-	2.64	3.78	3.66
P/E	13.1	21.4	17.8	16.4
EPS ($)§	3.14	2.79	3.31	3.46
Div yld (%)	3.6	2.6	2.7	2.9

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

and impacts from, federal clean energy legislation, growth endeavors, the company's tax position, and inflationary pressure.

1. Capital allocation. In-line with previous commentary, management reiterated their focus on improving the company's balance sheet during the first half of the year (there is ~$1b in notes maturing in 1H'22 although the company guides to $1.8-2.2b in debt reduction in '22-'23). Second area of focus is asset consolidation / M&A of merchant nuclear plants, although the timing could get extended as asset owners await for color around federal clean energy legislation. Absent accretive investment opportunities, CEG would in our view focus on returning $1.8-2.2b to shareholders in '22-'23 in the form of a special dividend and/or buybacks. Regarding M&A, they could use cash on hand, increase their leverage, and/or pursue a joint ownership structure depending on the size of the deal, but our impression was that equity issuances as a source of funds are unlikely. In addition to M&A, production of green hydrogen is a key area of focus although we see this as a 2023+ opportunity if the subsidy of $3/kg is passed.

2. Likelihood of passage of federal clean energy legislation and implications for the company. While odds of passage of the Build Back Better legislation as currently drafted are slim in our view, CEG's management believes, and we agree, that there is a significant probability that a clean energy bill could pass either prior to the State of the Union address on March 1st, in the summer, or as a tax extenders package later in the year that would include the nuclear production tax credit (PTC). We would note the supportive statements from Senator Manchin regarding the importance of nuclear power, plus the importance of addressing/mitigating the risk of climate change to the Democratic agenda as key factors driving optimism. Given that the nuclear tax credit is reduced if power prices are over $25/MWh, the increase in the forward curve that we have seen over the past months reduces the overall cost of the subsidy from a federal government budget standpoint (see Exhibit 2). We don't include passage of clean energy legislation in our valuation of EXC but would note that we see the stock as a key beneficiary if it were to pass as it would boost cash flows, lower the risk associated with the merchant business as generation would be naturally hedged, and have positive implications on the company's credit rating metrics.

Exhibit 2: 2023 Forward ATC Prices: Eastern U.S.

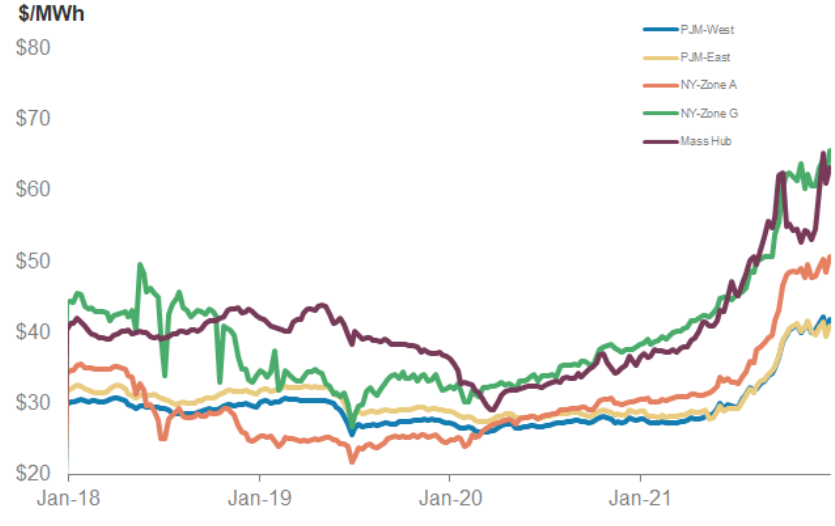

Source: Morgan Stanley Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

3. Pressure from rising uranium costs and supply chain bottlenecks. A key question from investors has been the impact that rising uranium costs have on margins. Bottom-line: uranium costs represent <20% of the total fuel cost associated to producing nuclear electricity, and given the company's procurement and amortization schedule of uranium, recent spikes in prices will be spread over the second half of this decade. The company's fuel procurement strategy is to secure the fuel 3 years out, meaning the fuel being used today was purchased at least 3 years ago, while from a margin standpoint, they amortize fuel costs over a 6-year period (50% in Y1 and Y2, 40% in Y3, and Y4, and 10% in Y5 and Y6). This means that the high prices seeing for uranium today will impact margins 3-9 years out. More importantly, uranium represents a small portion of the total fuel cost ($1 of ~$6/MWh), which should drive a manageable impact once current prices hit the company's margins. A near term dynamic to track is supply chain bottlenecks and inflationary pressure, which management considered in setting their O&M guidance of $4.4b in '21 and '22. Given the highly contracted/hedged nature of 2022 cash flows, we believe any upside or downside to guided numbers could be most likely driven by O&M.

4. Tax position. Constellation will receive $700m in tax assets from EXC that the business generated over the past years. This would drive a 6% cash tax rate for 2022 relative to the 14% currently used in the plan and 25% effective tax rate (ETR) estimate. Over time, the company expects the cash tax rate to equal the ETR as they are not generating credits with their little growth capex of $25m in '22 and '23.

5. Other potential changes to their energy portfolio. Renewables today don't meet their threshold of double digit returns and so it is unlikely that we would see them expanding into this market. That said, they could look into selling some of their gas assets given the economics of the plants (which have seen low capacity factors given dispatch dynamics in the various markets where they operate) and their focus on positioning the company as an ESG play.

Morgan Stanley is acting as financial advisor to the Special Transaction Committee of the Board of Directors of Exelon Corp. ("Exelon") in connection with its plan to separate into two independent publicly-traded companies as announced on February 24, 2021. The transaction is subject to final approval by Exelon's Board of Directors, a Form 10 registration statement being declared effective by the Securities and Exchange Commission, regulatory approvals and satisfaction of other conditions. The transaction is subject to approval by the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission and New York Public Service Commission. There can be no assurance that any separation transaction will ultimately occur. Please refer to the notes at the end of this report.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Risk Reward – Exelon Corp (EXC.O)

Risk-Reward Highly Attractive with Stock Assigning Little Value to ExGen

PRICE TARGET $74.00

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8% through 2025. Separately, using a DCF approach, we value ExGen at ~$24 (bear/bull range of $3/$37).

Consensus Price Target Distribution

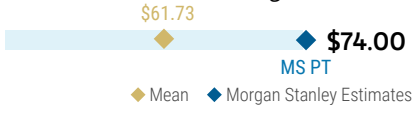

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

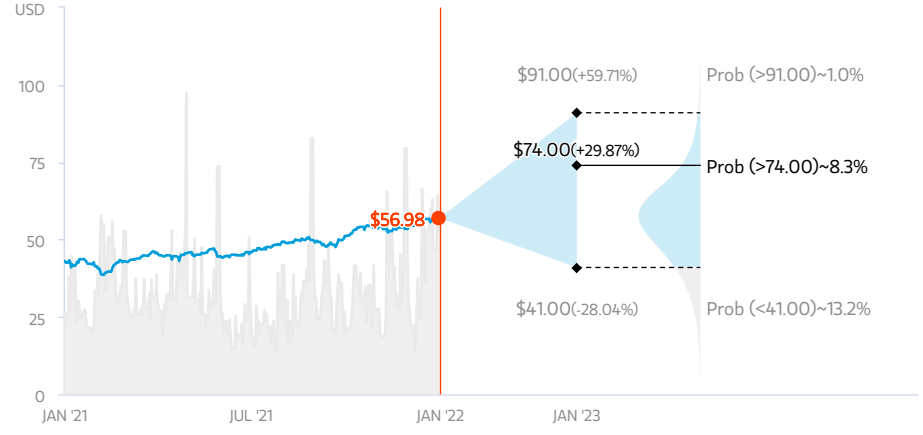

Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 20 Jan, 2022. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

EXC offers above avg. utility earnings growth of 6-8% through 2025 and owns a large, highly contracted, unregulated merchant fleet that the market currently prices at little value. This compares to our valuation of Exgen of ~$24/shr ex-ZECs (bear/bull of $3/$37). We believe the market underappreciates ExGen's unlevered FCF generation of ~$1.6b/yr., margin stability from nuclear state subsidies, and the re-rating that could result from potential carbon legislation in the US.

Consensus Rating Distribution

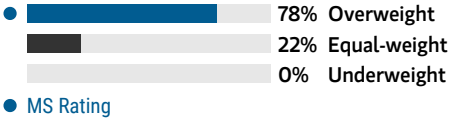

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Contrarian:	*Positive*
Special Situation:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $91.00

21.4x Utility EPS, $37/share ExGen

Differences from our Base Case include: 1) Earnings at the regulated utilities that grow at 10%, and 2) Higher terminal year assumptions for power market prices used in ExGen's DCF and the passage of a $15/MWh federal nuke PTC.

BASE CASE $74.00

20.5x Utility 2023 EPS, $24/share ExGen

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8% through 2025. Separately, using a DCF approach, we value ExGen's nuclear subsidies (ZECs) at $3-4, and ExGen's uncontracted cash flows at ~$20.

BEAR CASE $41.00

18.6x Utility EPS, $3/share ExGen

Differences from our Base Case include: 1) Lower earnings at the regulated utilities driven by a 9.5% ROE and a 45% equity ratio, 2) An in-line P/E multiple to the peer group, and 3) No earnings associated with ExGen's assets (the unsecured cash flows). ExGen's valuation of ~$3/shr reflects the nuclear subsidies (ZECs) that are currently secured.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Risk Reward – Exelon Corp (EXC.O)

KEY EARNINGS INPUTS

Drivers	2020	2021e	2022e	2023e
EPS Growth (%)	0.0	(16.4)	18.7	8.6
Rate Base Growth (%)	7.6	8.9	7.9	6.6
FFO/Debt (%)	23.0	19.8	19.9	20.7
Merchant EBITDA ($mn) ($, mm)	3,308	3,692	2,562	2,713

INVESTMENT DRIVERS

- Rate case (ROE, Equity Ratio) and other regulatory outcomes
- Capital expenditures and Rate Base growth opportunities
- Reliability of earnings growth
- O&M management
- Regulatory/legislative environment in IL

GLOBAL REVENUE EXPOSURE



100% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

SUSTAINABILITY & ESG

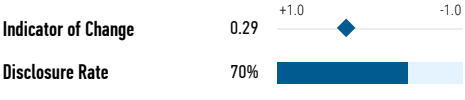

RISKS TO PT/RATING

RISKS TO UPSIDE

- Clean energy policy legislation (nuclear PTC, carbon pricing)
- Material capital upside relative to current capital
- Additional O&M reduction programs
- Implementation of a price on carbon

RISKS TO DOWNSIDE

- Unfavorable regulatory/legislative outcomes
- Depressed nat. gas and power prices
- Failure to execute on growth en-devours and to achieve cost reduction targets

OWNERSHIP POSITIONING

Inst. Owners, % Active	61.2%
HF Sector Long/Short Ratio	1.1x
HF Sector Net Exposure	0.2%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2022e

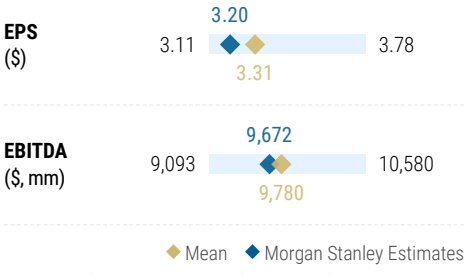

Source: Refinitiv, Morgan Stanley Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Morgan Stanley | RESEARCH

UPDATE

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., and/or Morgan Stanley Canada Limited. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., Morgan Stanley Canada Limited and their affiliates as necessary.
For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.
For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: David Arcaro, CFA; Stephen C Byrd; Laura Sanchez.

.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

As of December 31, 2021, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, NRG Energy Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has received compensation for investment banking services from AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Morgan Stanley & Co. LLC makes a market in the securities of AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc.
The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.
Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.
Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of December 31, 2021)
The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.
For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Morgan Stanley | RESEARCH

UPDATE

STOCK RATING CATEGORY	COVERAGE UNIVERSE COUNT	% OF TOTAL	INVESTMENT BANKING CLIENTS (IBC) COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC) COUNT	% OF TOTAL OTHER MISC
Overweight/Buy	**1505**	**42%**	**403**	**45%**	**27%**	**671**	**42%**
Equal-weight/Hold	**1547**	**43%**	**402**	**45%**	**26%**	**695**	**44%**
Not-Rated/Hold	**0**	**0%**	**0**	**0%**	**0%**	**0**	**0%**
Underweight/Sell	**544**	**15%**	**90**	**10%**	**17%**	**220**	**14%**
TOTAL	**3,596**		**895**			**1586**	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Morgan Stanley | RESEARCH

UPDATE

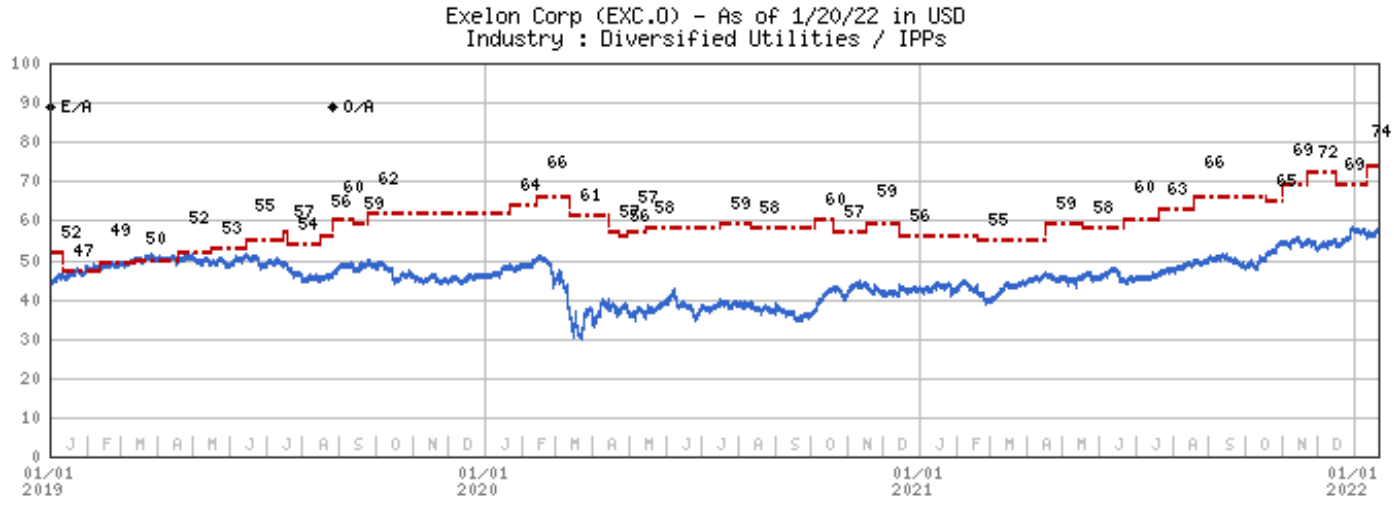

Stock Rating History: 1/1/17 : O/A; 3/28/17 : E/A; 8/27/19 : O/A

Price Target History: 12/12/16 : 38; 1/9/17 : 39; 2/7/17 : 38; 3/9/17 : 40; 3/28/17 : 37; 4/10/17 : 39; 6/7/17 : 40; 7/10/17 : 37; 9/8/17 : 40; 10/11/17 : 39; 11/10/17 : 42; 12/13/17 : 43; 1/11/18 : 42; 2/8/18 : 41; 3/8/18 : 40; 4/13/18 : 43; 5/15/18 : 42; 6/13/18 : 41; 7/13/18 : 43; 9/11/18 : 46; 9/21/18 : 48; 9/26/18 : 47; 11/2/18 : 48; 11/9/18 : 49; 12/14/18 : 52; 1/11/19 : 47; 2/12/19 : 49; 3/13/19 : 50; 4/18/19 : 52; 5/16/19 : 53; 6/14/19 : 55; 7/16/19 : 57; 7/19/19 : 54; 8/16/19 : 56; 8/27/19 : 60; 9/13/19 : 59; 9/25/19 : 62; 1/22/20 : 64; 2/14/20 : 66; 3/12/20 : 61; 4/15/20 : 57; 4/23/20 : 56; 4/30/20 : 57; 5/15/20 : 58; 7/17/20 : 59; 8/11/20 : 58; 10/5/20 : 60; 10/20/20 : 57; 11/17/20 : 59; 12/15/20 : 56; 2/18/21 : 55; 4/16/21 : 59; 5/18/21 : 58; 6/21/21 : 60; 7/20/21 : 63; 8/19/21 : 66; 10/19/21 : 65; 11/2/21 : 69; 11/22/21 : 72; 12/16/21 : 69; 1/11/22 : 74

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC & E*TRADE Securities LLC Customers

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC or Morgan Stanley or any of their affiliates, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to www.morganstanley.com/researchdisclosures.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC and E*TRADE Securities LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions. Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Asia International Limited, Hong Kong Branch; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Asia International Limited, Singapore Branch (Registration number T11FC0207F); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of and takes responsibility for its contents in Canada; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X(Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia , and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.
Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.
Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.
The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products.

INDUSTRY COVERAGE: Diversified Utilities / IPPs

COMPANY (TICKER)	RATING (AS OF)	PRICE* (01/20/2022)
David Arcaro, CFA		
Public Service Enterprise Group Inc (PEG.N)	O (07/02/2020)	$65.59
Stephen C Byrd		
AES Corp. (AES.N)	O (03/23/2020)	$23.39
American Electric Power Co (AEP.O)	O (03/10/2020)	$89.92
Exelon Corp (EXC.O)	O (08/27/2019)	$56.98
MGE Energy, Inc. (MGEE.O)	U (11/17/2021)	$76.27
NextEra Energy Inc (NEE.N)	E (04/14/2020)	$83.51
NRG Energy Inc (NRG.N)	O (09/06/2019)	$38.53
Vistra Energy Corp (VST.N)	O (03/25/2019)	$21.73

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

© 2022 Morgan Stanley

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

KeyBanc Capital Markets

Alert

January 19, 2022

Energy: Electric Utilities

Midweek Thoughts — AY, ED, POR, EXC, AEP, WEC, DTE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We hosted AY's senior management for a series of investor meetings and are hosting an industry expert to discuss the future of net energy metering next week. ED and EXC join others in filing friends of the court brief in the West Virginia vs. EPA case currently underway at the Supreme Court; DTE prepares to file an electric GRC in MI; POR reached a third partial settlement in its OR GRC; EXC's Delmarva filed a gas rate case with the DE PSC and the MD sub reached a settlement in principle in its electric rate case. AEP's APCo issued RFPs for 1 GW of wind and solar for VA; WEC's subsidiary ATC received an unfavorable ruling from WI courts regarding the Cardinal-Hickory Creek transmission line.

ICYMI

AY — We hosted AY's senior management for a day of meetings on Friday, January 14. Key takeaways from our meetings can be accessed here.

Upcoming Calendar Event

The Future of Net Energy Metering — A Fireside Chat with Industry Expert: Join us for a discussion on the future of net energy metering with Matt McDonnell, Managing Director of US Consulting at Strategen on ***Monday, January 24th at 4:05 pm ET***. Please contact us or your KBCM sales rep for details. Our recent research on the CPUC PD and its potential implications are included here and here.

Industry News and News on Companies Under Our Coverage

ED, EXC — West Virginia vs. EPA: In the Supreme Court case currently being debated, a set of power companies filed a friend of the court brief supporting the EPA's authority to broadly regulate electricity operations. Among the utilities filing the brief were ED and EXC. The utilities filing the brief favor an emissions reduction approach that allows for trading, as a market-driven approach is the most cost-efficient way to reduce emissions. The Supreme Court will hear ***oral arguments in the case on February 28***. As a background, WV vs. EPA is a Supreme Court case involving the scope of the powers granted to the EPA through the Clean Air Act. In 2015, the Obama EPA established the Clean Power Plan to create guidelines for GHG emission reduction from existing power plants. The plan was never implemented, but in 2019 the Trump EPA implemented the Affordable Clean Energy Rule, significantly narrowing the scope of EPA's mandate and repealing and replacing the CPP. Several groups challenged the legality of ACE in federal court and the DC Circuit overturned the ACE rule and sent it back to the EPA for further proceedings. The issue in front of the Supreme Court is whether the U.S. Constitution allows Congress to delegate broad authority to EPA related to GHG emissions and whether the EPA can issue broad rules to recast the nation's electricity grid and decarbonize various sectors of the economy. The Biden EPA is expected to issue a proposed carbon rule this summer—likely around the time that the Supreme Court hands its ruling on the case. In our view, the market has evolved considerably since the CPP was first introduced and, to a large extent, industry and state driven decarbonization mandates have assumed more significance, thus rendering emissions reduction targets handed down by the EPA as less significant.

DTE — DTE prepares to file an electric GRC: The Company filed a rate case summary with the MI PSC as it prepares to make a formal GRC filing. In the summary, DTE is seeking a $388M revenue increase on 10.25% ROE. We are currently modeling a $160M rate increase in our model. The rate filing is DTE's first since the prior case was settled in mid-2020 at a 9.9% ROE. Notably, this is the first instance that we have seen in the last five years when DTE has filed for a requested ROE lower than 10.5% and that too in a rising rate environment. Recent MI rate cases have been settled at 9.9%. The rate filing is driven by DTE's distribution and generation investments, and it is also seeking approval of certain accounting requests, including accounting treatment of costs to expand its EV program; regulatory accounting treatment for costs associated with TOU rates; a COVID-19 compliance expense regulatory asset; and a customer outage credit regulatory asset.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

POR — POR reached a third settlement in the OR GRC: OR PUC staff, interveners, and POR reached a third partial settlement in the ongoing GRC. The settlement addresses a series of items regarding revenue requirement. Not included in this settlement are the wildfire and vegetation mitigation mechanisms; wildfire emergency, ice storm, and Boardman deferrals; and the Faraday rider. These issues will continue to be litigated. A final order is due by April 25. As a reminder POR's second partial settlement addressed the rate increase and recommended that the Commission approve a $30.7M electric rate increase—below POR's $59M original request. POR will seek to recover the storm cost deferrals through a separate filing. Additionally, the first partial settlement addressed the cost of capital and recommended that the Commission approve a 9.5% ROE and 50% equity layer—in line with POR's request. POR initially filed a GRC in June for the recovery of base business investments in upgrading the grid and increased vegetation management. Other proposals include an accelerated depreciation schedule and separate revenue requirement for Colstrip, and removing the 2% cap on decoupling.

EXC — DPL files a gas rate case with the DE PSC: EXC is seeking a $19.5M rate increase based on a 10.3% ROE and 50.63% equity. The increase includes $5.8M for the distribution system improvement charge, or DSIC, making the net increase requested $13.7M. EXC is seeking rates to be effective Augusft 14, based off a 2021 test year. The previous gas rate case concluded in 2021 authorized a rate increase of $6.7M increase based on a 9.6% ROE and 50.37% equity layer.

EXC — Parties reach a settlement in principle in MD electric rate: Terms of the settlement have not been made public yet. PSC staff and OPC recently proposed rate increases of $5.6M and $4.3M, respectively. The delta compared to EXC's ask of $27M appears to be a lower recommended ROE and lower allowed depreciation expense. Staff and OPC recommended reductions of $14M and $12M, respectively, to the $18.3M depreciation expense requested by EXC. EXC is asking for a 10.1% ROE; the PSC and OPC proposed ROEs of 9.5% and 9.0%, respectively. A final PSC decision must be rendered by March 30, 2022. The filing is requesting rate increases to reflect planned spending and reliability investments that will be placed in service through March 2022 and the recovery of COVID-related regulatory assets, following which EXC plans to file a multi-year rate plan for the period 2023-2025.

AEP — APCo issues RFPs for up to 1,000 MW of renewable resources: APCo is seeking 1,000MW of wind and solar with the option of battery storage to meet the Virginia Clean Economy Act requirement of 100% carbon-free generation by 2050. APCo is seeking to acquire completed projects with the condition that all projects be greater than 50MW and must begin commercial operations before the end of 2025. While the wind project RFPs are location agnostic, the solar projects must be located in VA and all projects must be interconnected to the PJM. This is the largest RFP APCo has issued to date, and more are likely to be issued later this year.

WEC — ATC's planned Cardinal-Hickory Creek transmission line receives ruling from WI court: The 100-mile, 345-kV Cardinal-Hickory Creek transmission line received an adverse ruling from a WI judge that a proposed river crossing in the line's path is incompatible with a national wildlife refuge. The U.S. District Court issued a preliminary injunction for the project that is currently under construction. The ruling comes after the Fish and Wildlife Service revoked its prior determination that the project was compatible after developers proposed to exchange a parcel of land in the refuge instead of seeking an amended right of way. The project is being developed jointly by WEC's subsidiary ATC, ITC Midwest, and Dairyland Power Cooperative, and is expected to be completed by the end of 2023. When complete, the transmission line will be entered into MISO and help supply wind resources to the region.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review

EEI Day One: Notes from Meetings - ES, CNP, XEL, AGR, CMS

EEI Day Two: Notes from Meetings - DUK, NEE, ETR, DTE, AEP, AY, AVA, SRE

EEI Day Three: Notes from Meetings - POR, SO, OTTR, EXC, NWE, EIX, FE, AEE

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	353	54.31	121	34.28
Sector Weight [SW]	282	43.38	63	22.34
Underweight [UW]	15	2.31	3	20.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	34	53.97	17	50.00
Sector Weight [SW]	27	42.86	15	55.56
Underweight [UW]	2	3.17	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462,
shelby.tucker@rbccm.com
Wynne Lam, CFA (Senior Associate)
(212) 266-4040,
wynne.lam@rbccm.com
Eleanor Firestein (Associate)
(212) 428-6543,
eleanor.firestein@rbccm.com

January 19, 2022

U.S. Power & Utilities: Tuesdays with Moody's

Topics: State regulation; PNW; PCG; SO; FE; AEP; EXC; PEG; CWEN

During an investor call with Moody's, the rating agency reiterated its stable outlook for the power and utility sector. The team noted they were overall impressed with the regulatory environment over the past year, especially as it pertains to the February storms. In 2022, Moody's expects the FFO/debt for the industry to remain around 14-15% with key issues including capex for resiliency and the carbon transition and the Build Back Better (BBB) bill. We highlight key topics of discussion:

States of interest. Moody's is watching whether negative regulatory outcomes in **AZ** may be specific to APS or potentially extend to other utilities in the state. At this point it seems the challenging signals from the Commission may be isolated to APS, and Moody's notes that next steps in the APS rate case and SCR recovery will be key to determining the outlook of the soured regulatory environment and overall business risk. The outlook for **NY** is cautiously optimistic, with the opportunity for an improved relationship between the governor's administration and the utilities industry. In **CT**, Moody's pointed to the CL&P (ES, not covered) settlement could indicate progress in terms of the regulatory relationship.

Qualitative metrics most important in CA. Moody's noted the rating and outlook are mostly based on non-financial metrics, such as wildfire mitigation and relationship with stakeholders. The rating agency does not set the expectation for zero wildfires moving forward, but did note it was looking for improvements over three wildfire seasons for **PCG** since the company's emergence in 2020, with 2022 being the third season.

Upcoming Vogtle completion strengthens credit metrics. Moody's notes that although the budget for Unit 3 and 4 continues to increase, **SO** has taken action to mitigate the impacts of cost overruns on their financial metrics through new equity and the sale of non-core assets. While we see construction delays for both Units 3 and 4, Moody's believes bringing Unit 3 online will be the key milestone as it will allow for the reallocation of resources to Unit 4. The strong support from regulators and co-owners helps act as an offset to Vogtle challenges, but we are watching for potential shifts in this support with the 2022 gubernatorial election and two open commission seats. Once in-service, Moody's highlights that SO should see a significant jump in cash flows, bolstering financial metrics.

Moody's views Ohio outlook to be overall stable, despite credit metrics of utilities in the state being on the weaker side relative to industry peers. HB6 investigations turned out to be mostly limited to **FE** and Moody's views the company's resolution with regulators in late 2021 to be constructive. That said, re-rating for FE will likely take time as FFO/Debt may not reach management's mid-teens target until 2024, according to Moody's calculations. Moody's remains watchful of regulatory developments of Ohio's electric security plan. Turning to **AEP**, Moody's notes balance sheet pressure from storm recovery as the primary reason for a negative outlook in 2022.

Generation derisking mainly a benefit. At **EXC**, Moody's sees 14-15% FFO/Debt target announced at last week's analyst day to be achievable. Existing regulatory risk at ComEd, while manageable, is an area of focus. Moody's believes an expected $1.75 billion cash payment from EXC puts Constellation in a good spot. Potential new nuclear acquisitions could create new risks but it is too early to tell. At **PEG**, Moody's sees lower business risk profile as a result of fossil generation divestment, but cautions a higher spending program.

CWEN thermal sale affords financial flexibility. Although **CWEN** is still determining the use of proceeds, the sale provides the ability to increase renewable assets. Year-end financial metrics for 2021 may appear weak due to drop-downs and additional ownership percentage of other renewable facilities. However, once the sale closes, the proceeds should help to balance out financing moving forward.

Priced as of prior trading day's market close, EST (unless otherwise noted). All values in USD unless otherwise noted
Disseminated: Jan 19, 2022 00:15EST; Produced: Jan 18, 2022 18:57EST
For Required Conflicts Disclosures, see page 2

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

Companies mentioned

American Electric Power Company, Inc. (NASDAQ: AEP US; $90.32; Outperform)
Clearway Energy, Inc. (NYSE: CWEN US; $32.67; Sector Perform)
Exelon Corporation (NYSE: EXC US; $56.04; Outperform)
FirstEnergy Corp. (NYSE: FE US; $41.59; Outperform)
PG&E Corporation (NYSE: PCG US; $12.71; Outperform; Speculative Risk)
Pinnacle West Capital Corporation (NYSE: PNW US; $69.82; Sector Perform)
Public Service Enterprise Group Incorporated (NYSE: PEG US; $65.22; Outperform)
The Southern Company (NYSE: SO US; $68.01; Outperform)

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 31-Dec-2021

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	831	57.59	365	43.92
HOLD [Sector Perform]	557	38.60	180	32.32
SELL [Underperform]	55	3.81	3	5.45

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Dissemination of research and short-term trade ideas

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Equity Research Reports and to SPARC on the Firm's proprietary INSIGHT website, via email and via third-party vendors. SPARC contains market color and commentary regarding subject companies on which the Firm currently provides equity research coverage. Research Analysts may, from time to time, include short-term trade ideas in Research Reports and / or in SPARC. A short-term trade idea offers a short-term view on how a security may trade, based on market and trading events, and the resulting trading opportunity that may be available. A short-term trade idea may differ from the price targets and recommendations in our published Research Reports reflecting the Research Analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that a subject company's common equity that is considered a long-term 'Sector Perform' or even an 'Underperform' might present a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'Outperform' could be considered susceptible to a short-term downward price correction. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm generally does not intend, nor undertakes any obligation, to maintain or update short-term trade ideas. Short-term trade ideas may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.

For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action

The 12 month history of SPARCs can be viewed at https://www.rbcinsightresearch.com.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party-disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

References herein to "LIBOR", "LIBO Rate", "L" or other LIBOR abbreviations means the London interbank offered rate as administered by ICE Benchmark Administration (or any other person that takes over the administration of such rate).

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> PowerPoints: EXC/CEG, VST, PPL, LNG, FE, NWE, PJM Power, AGR, SR, DTE, & Crypto
- **Publication Date/Time** : Tuesday, January 18, 2022 04:30:47 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=utgJrPG5CPlQnlD!Aza2aA__&reid=1DFB2A54CD5211ECA5E242F513D2B0B2

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Entering The Spin Zone: What Will Holders Do? Analyzing Dividend, Value, & Retail
- **Publication Date/Time** : Tuesday, January 18, 2022 01:29:24 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=FpBjhpxH8xpQnlD!Aza2aA__&reid=1810C91ECD5211EC925BDE9813D2B0B2

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AWK	168.09	Neutral
CMS	64.37	Neutral
EXC	56.49	Neutral
FE	41.59	Neutral
PPL	30.00	Buy

Power & Utilities January 14, 2022

The Guggenheim Daily Transmission: PPL, M&A, Solar, ERCOT, FE, EXC, AWK, CMS

For details on our Guggenheim-hosted client Utility events including our 2022 Utilities Conference Call Hosted by Shar Pourreza & Mark McLain, Utility Virtual Client Roundtable Discussion, Guggenheim Multi-State Commissioner Virtual Roundtable Event, PNW NDR, WEC NDR, PCG NDR, DUK NDR, D NDR, NWE NDR through February in addition to others including our ETR NDR, AEE NDR, ES NDR among other events, scroll down…

PPL/M&A/Solar – PPL reportedly puts Safari Energy up for sale

ERCOT – PUCT approves market design blueprint; Commissioners raise issues with timelines

FE/PPL/EXC/AWK – Pennsylvania PUC reaffirms healthy ROEs of 9.45%/10.2%/9.8% for electric/gas/water DSIC filers

CMS – Individual files appeal of MPSC approval of CMS electric rate case

PPL/M&A/Solar – PPL reportedly puts Safari Energy up for sale

- PPL has begun a process to sell its C&I solar subsidiary Safari Energy, only a few years after acquiring the company in 2018, according to SparkSpread
- The company specializes in smaller scale projects and has developed across roughly half the country
- Original acquisition announcement HERE – terms not disclosed

Guggenheim takeaway: *Interesting data point as we had once seen Safari as a potential avenue for at least a modest amount of WPD proceeds allocation, although we feel that renewables investments were deprioritized in favor of regulated and quasi-regulated (SOO HVDC) in the more recent earnings calls and management conversations. The sale process would add another developer to slightly over a dozen up for sale at the moment.*

ERCOT – PUCT approves market design blueprint; Commissioners raise issues with timelines

- "The Commission approves the attached blueprint for the design of the wholesale electric market filed in this project on December 6,2021. The blueprint is a compilation of directives and concepts designed to reform the Electric Reliability Council of Texas's (ERCOT) wholesale electricity market presented in two phases." - PUCT
- "I have a lot of concerns with the long projected timelines that were put in the report… I know that they're trying to set expectations, but we have expectations that these products be put in the market as soon as possible. Two years is too long. It is unacceptable." - Commissioner Lori Cobos via Platts
- "ERCOT must first develop the items related to the backstop reliability service and deliver that to the Commission as soon as practicable." - PUCT
- More HERE

Guggenheim takeaway: *Interesting data points on the Commissioners' frustration with the process, as ISO revamps like this are typically very complicated and the ISO is already worked thin on several fronts. We continue to monitor the Phase II process for the longer-term reforms.*

FE/PPL/EXC/AWK – Pennsylvania PUC reaffirms healthy ROEs of 9.45%/10.2%/9.8% for electric/gas/water DSIC filers

- The PA PUC ordered that the ROE for Pennsylvania's DSIC mechanism remain at 9.45% for electric utilities, 10.2% for gas utilities and 9.80% for water utilities.
- "The **10.20% ROE approved for the gas distribution companies is quite a bit above the average of recent ROE determinations** in this sector. RRA calculates that for gas

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

rate cases decided in the first nine months of 2021, the average approved ROE was 9.54% and the rolling 12-month average was 9.51%. RRA's preliminary analysis indicates a 9.55% average nationwide gas ROE for cases decided during calendar 2021." – RRA
- For interesting national and historical data insights, see this RRA article
- Docket: M-2021-3030045

Guggenheim takeaway: *ROEs for each sector have remained above the national average for each respective utility type, and we expect this to continue, as actually earning at those levels is difficult due to DSIC limitations on filing frequency, spending eligibility, and annual spending caps.*

CMS – Individual files appeal of MPSC approval of CMS electric rate case

- Phil Forner, an impacted individual, has filed for reconsideration with the Michigan supreme court, appealing prior court decisions and MPSC's interpretation of public utility codes in approval of CMS Electric rate cases.
- The arguments center around improper determinations of utility cost of service and the disputes to court's prior opinions surrounding hearings and due process.
- Docket: U-20963

Guggenheim takeaway: *FYI. An interesting legal argument being brought forward that questions the court and MPSC process, but we don't see any likely recourse for CMS at this time.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

2022 Utilities Conference Call

Please join Guggenheim Research Analyst Shar Pourreza & Utility Trader Mark McLain for a 1 hour conference call discussing the Utilities sector.

Date and Time
Thursday, January 20, 2022
8:15 AM ET

More Details to Follow
Please contact your Guggenheim Sales Representative for the Conference Call Dial-in

Guggenheim Participants
Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*
Mark McLain, *Managing Director – Equity Trading*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeff Guldner, *Chief Executive Officer*
Ted Geisler, *Chief Financial Officer*
Amanda Ho, *Investor Relations Director*

Date
Monday, January 24, 2022

Meeting Format
Virtual NDR
1:1 Meetings – CFO, IR
12:00PM ET Group Meeting – CEO, CFO, IR

Company Information
Market Cap: $7.9bn
Pinnacle West Capital Corp. is a holding company that engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985 and is headquartered in Phoenix, AZ. (Source: FactSet).

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

Guggenheim Hosted Commissioner Roundtable Event

Please join Guggenheim Research Analyst Shar Pourreza for a roundtable discussion with utility commissioners on key regulatory trends among other topics.

Date and Time

Wednesday, January 26, 2022
1:00pm – 2:30pm ET

Location

Virtual

Commissioner Participants

**Commissioner attendees could change and more could be added*

Comm. Judy Jagdmann, *Virginia State Corporation Commission (SCC)*
Comm. Michael Caron, *Connecticut Public Utilities Regulatory Authority (PURA)*
Comm. Julie Fedorchak, *North Dakota Public Service Commission (ND PSC)*
Comm. Ethan Kimbrel, *Illinois Commerce Commission (ICC)*
Comm. Tammy Cordova, *Public Utilities Commission of Nevada (PUCN)*

Participating Analyst

Shahriar (Shar) Pourreza, *Managing Director – Power, Utilities & Alternative Energy*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP – IR and Corporate Communications*

Dates
Wednesday, February 16, 2022
Friday, February 18, 2022

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $30.4bn
WEC Energy Group, Inc. is a holding company, which engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patricia Poppe, *Chief Executive Officer*
Chris Foster, *Chief Financial Officer*
Tom Webb, *Special Advisor*
Matt Fallon, *Senior Director, Investor Relations*

Date & Location

Thursday, February 17, 2022
New York (Guggenheim Securities – 330 Madison Avenue)

Meeting Format

1:1 Meetings & Group Meetings*
**virtual option for group meetings will be available for investors not in the region*

Company Information

Market Cap: $24.3bn

PG&E Corp. is a holding company, which engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in San Francisco, CA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim's Power & Utility Comp Sheet

Updated as of 1/13/2022

									Guggenheim						Consensus		
Regulated Electric Utilities [1]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	Earnings Per Share '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E
AEE	Ameren	22.6	Buy	$94	$88.86	2.3%	54%	258	3.85	4.02	4.31	23.1	22.1	20.6	23.2	22.0	20.5
AEP	American Electric Power	45.5	Buy	$98	$90.86	3.3%	64%	504	4.70	5.03	5.30	19.3	18.1	17.1	19.4	18.3	17.3
ALE	ALLETE	3.5	Neutral	$65	$66.09	3.9%	81%	53	3.18	3.85	3.98	20.8	17.2	16.6	21.0	16.9	16.3
AVA	Avista	3.1	Sell	$32	$43.20	3.9%	83%	71	2.04	2.04	2.47	21.2	21.2	17.5	21.2	21.1	17.5
CMS	CMS Energy	18.6	Neutral	$63	$64.37	2.7%	66%	290	2.65	2.88	3.14	24.3	22.4	20.5	24.3	22.4	20.6
D	Dominion	64.2	Buy	$89	$79.75	3.1%	65%	810	3.87	4.15	4.44	20.6	19.2	18.0	20.6	19.4	18.2
DTE	DTE Energy	23.2	Buy	$126	$119.83	3.6%	73%	194	5.92	5.95	6.19	20.2	20.1	19.4	20.3	20.2	19.1
DUK	Duke Energy	79.7	Buy	$115	$104.15	3.8%	76%	769	5.23	5.48	5.81	19.9	19.0	17.9	19.9	19.0	18.1
ED	Consolidated Edison	29.4	Neutral	$77	$83.94	3.7%	73%	354	4.25	4.42	4.63	19.8	19.0	18.1	19.8	18.7	17.8
EIX	Edison International	24.5	Buy	$74	$64.07	4.2%	61%	380	4.47	4.76	5.04	14.3	13.5	12.7	14.3	13.9	13.1
ES	Eversource Energy	30.1	Neutral	$87	$88.07	2.7%	63%	344	3.83	4.12	4.36	23.0	21.4	20.2	23.0	21.4	20.1
ETR	Entergy	22.0	Buy	$120	$110.64	3.5%	65%	201	6.01	6.33	6.79	18.4	17.5	16.3	18.5	17.5	16.4
EVRG	Evergy	15.3	Buy	$75	$66.74	3.3%	61%	229	3.57	3.48	3.78	18.7	19.2	17.7	18.7	18.9	17.7
FE	FirstEnergy	23.6	Neutral	NA	$41.59	3.8%	60%	570	2.60	2.60	2.71	16.0	16.0	15.3	16.0	16.9	16.0
HE	Hawaiian Electric	4.6	Sell	$36	$42.28	3.3%	69%	109	2.01	1.96	2.11	21.0	21.6	20.0	20.0	20.1	18.8
LNT	Alliant Energy	15.1	Neutral	$61	$60.64	2.8%	64%	250	2.64	2.72	2.87	23.0	22.3	21.1	23.0	22.2	20.9
NWE	NorthWestern	3.1	Neutral	$62	$56.92	4.4%	71%	55	3.51	3.59	3.81	16.2	15.9	14.9	16.2	16.9	15.5
PCG	PG&E Corporation	25.3	Buy	$17	$12.75	NA	NA	1985	1.03	1.13	1.25	12.4	11.3	10.2	12.7	11.6	10.2
PNW	Pinnacle West	7.9	Sell	$56	$71.46	4.8%	68%	113	5.00	4.20	4.41	14.3	17.0	16.2	13.7	17.8	16.7
POR	Portland General Electric	4.8	Buy	$54	$53.16	3.2%	61%	89	2.78	2.75	2.84	19.1	19.3	18.7	19.3	19.0	18.3
PPL	PPL Corporation	22.5	Buy	$32	$30.00	5.6%	146%	751	1.14	1.57	1.72	26.3	19.1	17.4	25.5	18.7	16.8
SO	Southern Company	71.8	Buy	$72	$68.35	3.8%	77%	1059	3.40	3.57	3.85	20.1	19.1	17.8	20.2	19.3	17.9
WEC	WEC Energy	30.7	Neutral	$92	$97.28	2.8%	67%	315	4.07	4.27	4.57	23.9	22.8	21.3	23.9	22.7	21.3
****Average (Excl. EIX, PCG, and PPL for P/E)***						**3.4%**	**68.0%**					**20.1**	**19.5**	**18.3**	**20.1**	**19.5**	**18.3**
Regulated Gas Utilities [2]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CPK	Chesapeake Utilities	2.4	Neutral	$123	$135.46	1.3%	38%	18	4.71	5.13	5.55	28.8	26.4	24.4	28.5	26.6	24.4
NI	NiSource	11.0	Buy	$27	$28.33	3.2%	66%	393	1.36	1.45	1.53	20.8	19.5	18.5	20.9	19.5	18.4
NJR	New Jersey Resources	3.7	Neutral	$39	$38.72	3.5%	63%	96	2.16	2.25	2.43	17.9	17.2	15.9	17.9	17.2	16.0
NWN	NW Natural Gas	1.5	Sell	$38	$48.42	4.0%	77%	31	2.50	2.64	2.73	19.4	18.3	17.7	19.1	18.5	17.7
OGS	ONE Gas	4.3	Neutral	$71	$79.32	2.9%	61%	54	3.85	4.06	4.36	20.6	19.5	18.2	20.7	19.4	18.3
SJI	South Jersey Industries	2.9	Buy	$28	$25.52	4.6%	73%	112	1.61	1.71	1.85	15.9	14.9	13.8	15.7	15.2	14.3
SR	Spire	3.4	Buy	$70	$66.04	4.0%	55%	52	4.86	3.83	4.20	13.6	17.2	15.7	13.6	16.6	15.2
Average						**3.4%**	**61.7%**					**18.0**	**17.8**	**16.6**	**18.0**	**17.7**	**16.6**
Integrated Utilities [3]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
EXC	Exelon	54.8	Neutral	$61	$56.49	2.7%	55%	978	2.80	2.27	2.39	20.2	24.9	23.6	20.2	17.0	16.4
PEG	PSEG	33.4	Buy	$68	$66.30	3.1%	56%	506	3.65	3.45	3.63	18.2	19.2	18.3	18.3	19.0	18.2
Average						**2.9%**	**56%**					**19.2**	**22.1**	**21.0**	**19.3**	**18.0**	**17.3**
Independent Power Producers (IPPs) [4]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
NRG	NRG Energy	10.0	Neutral	NA	$40.90	3.2%	-	245	2,450	2,087	2,286	7.2	7.7	6.6	8.0	7.6	7.2
VST	Vistra Energy	10.9	Buy	$25	$22.61	2.7%	-	483	1,990	3,125	3,379	9.8	6.1	5.4	11.1	6.6	6.2
Average												**8.5**	**6.9**	**6.0**	**9.6**	**7.1**	**NA**
Multi-Industry Utilities [5]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CNP	CenterPoint	17.2	Buy	$29	$27.55	2.3%	49%	629	1.26	1.36	1.47	21.9	20.3	18.7	19.4	19.6	18.3
NEE	NextEra	167.0	Buy	$90	$84.90	1.7%	56%	1962	2.56	2.77	2.95	33.2	30.6	28.8	33.6	30.9	28.8
OGE	OGE Energy	7.5	Buy	$39	$37.57	4.5%	78%	200	2.17	2.27	2.38	17.3	16.6	15.8	17.2	18.1	17.3
SRE	Sempra Energy	43.7	Buy	$167	$136.88	3.4%	57%	319	8.11	8.50	9.05	16.9	16.1	15.1	16.6	16.2	15.4
Average						**3.0%**	**60.1%**					**22.3**	**20.9**	**19.6**	**21.7**	**21.2**	**19.9**
Other		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AWK	American Water Works	30.7	Neutral	$153	$168.09	1.4%	56%	182	4.24	4.42	4.84	39.6	38.0	34.7	39.6	37.7	34.8
ALTO	Alto Ingredients, Inc.	0.4	Buy	$8	$5.13	-	-	73	0.59	0.77	0.79	8.7	6.7	6.5	15.1	6.4	6.5
REGI	Renewable Energy Group, Inc.	5.5	Buy	$77	$44.81	-	-	123	3.89	3.60	2.11	11.5	12.4	21.2	9.9	11.4	15.8
		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AMRC	Ameresco, Inc. Class A	3.1	Buy	$67	$61.00	-	-	53	146	163	184	NA	NA	NA	NA	NA	NA
IEA	Infrastructure & Energy Alternati	0.9	Buy	$15	$9.60	NA	-	183	131	152	174	9.9	8.5	7.4	NA	NA	NA
NEP	NextEra Energy Partners	5.9	Buy	$88	$77.13	3.4%	-	77	1,532	1,660	1,775	7.7	7.3	6.8	12.3	10.7	10.1

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.
(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).
(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.
(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.
(5) Mult-Industry Utilities operate some combination of regulated electric and/or gas utilities, in addtion to substantial non-power unregulated activities (i.e. midstream, renewable development, energy trading, etc.).

Source: FactSet, Guggenheim Securities LLC estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Share Price Performance (Year-to-Date, Three-Month, & One-Month Trailing)

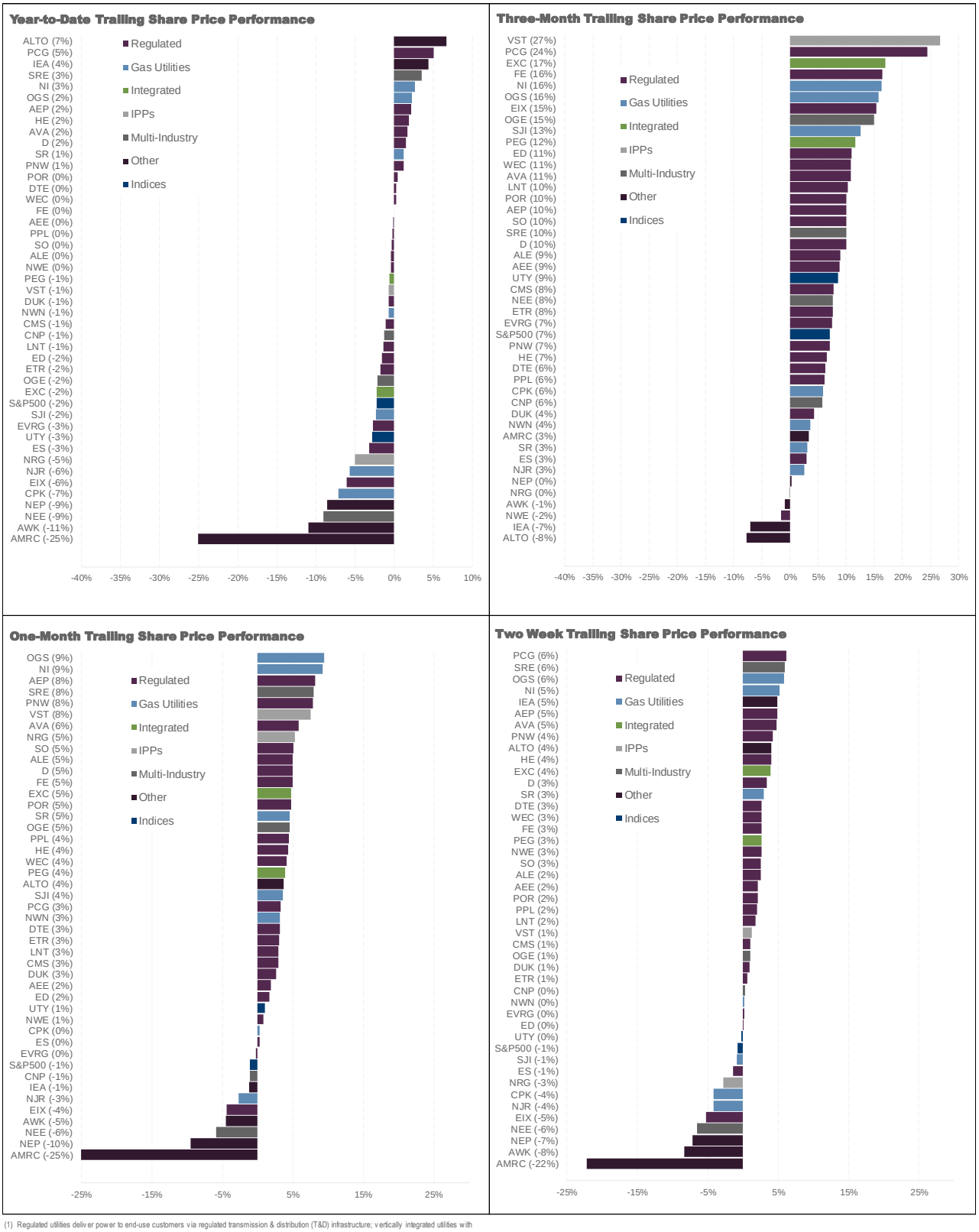

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: FactSet, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions	
PNW	1/24	Virtual	
Commissioners Meeting	1/26	Virtual	
WEC	2/16,2/18	Virtual	
PCG	2/17	In Person at Guggenheim	
DUK	2/17	In Person at Guggenheim Or Virtual	
D	2/23	Virtual	
NWE	2/24	Virtual	
ETR	3/16-3/17	Virtual	
AEE	3/22	Virtual	
ES	6/8	Boston or Virtual	

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Peak Load

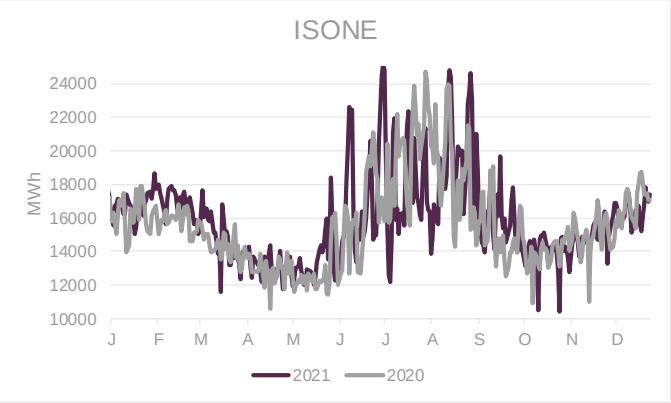

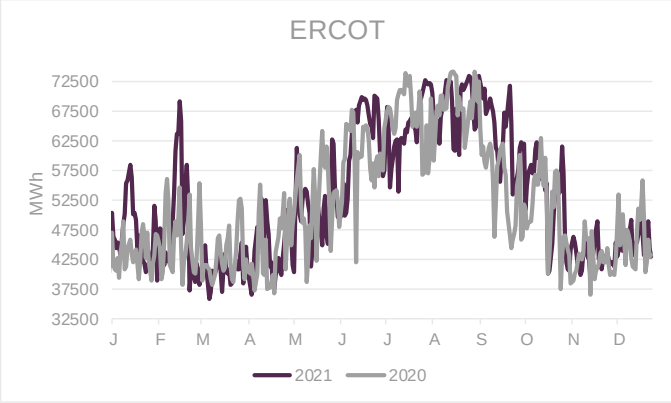

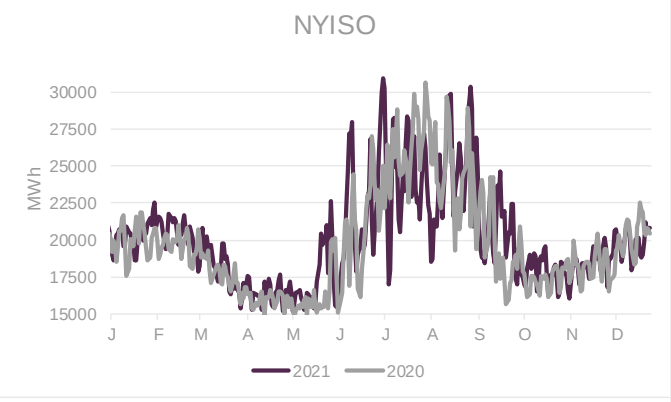

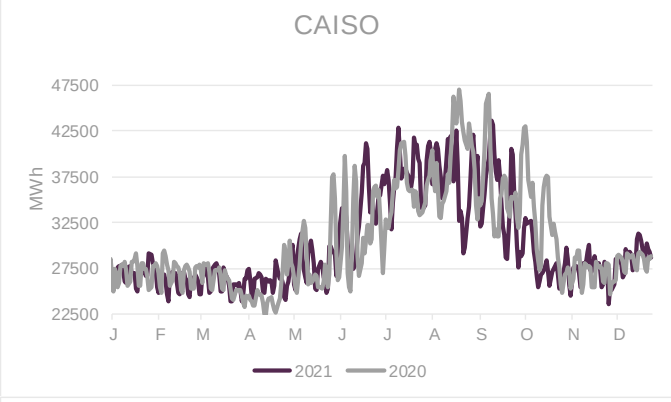

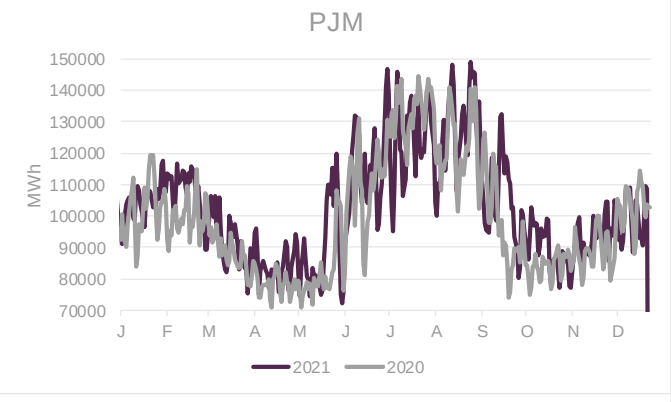

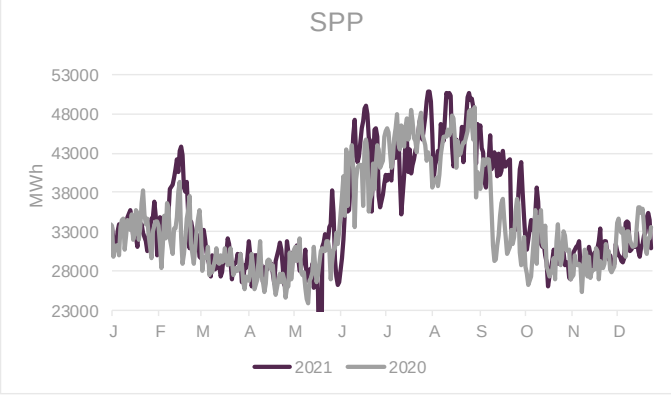

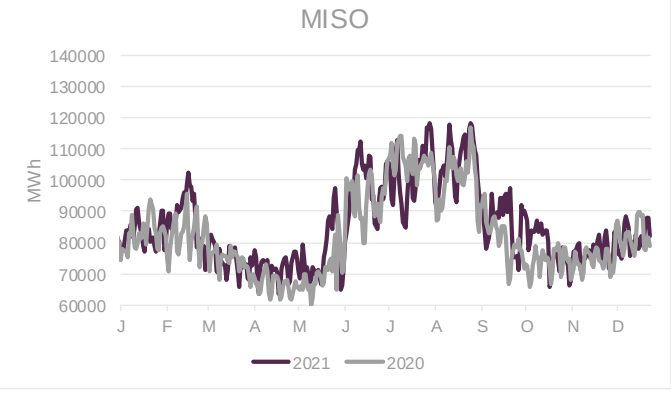

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
ISONE	-5.1%	0.1%	2.4%	2.4%	4.1%	6.2%
NYISO	-5.8%	-3.8%	0.0%	0.0%	2.5%	6.1%
PJM	-6.9%	-4.7%	-1.8%	-1.8%	5.4%	8%
MISO	-4.7%	-5.2%	-3.7%	-3.7%	4.3%	7.2%
CAISO	-1.7%	1.4%	3.2%	3.4%	-0.2%	4.0%
ERCOT	2.7%	1.7%	-4.1%	3.0%	3.1%	1.9%
SPP	-4.6%	0.0%	-4.4%	-4.4%	3.8%	3.2%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Generation and Mix

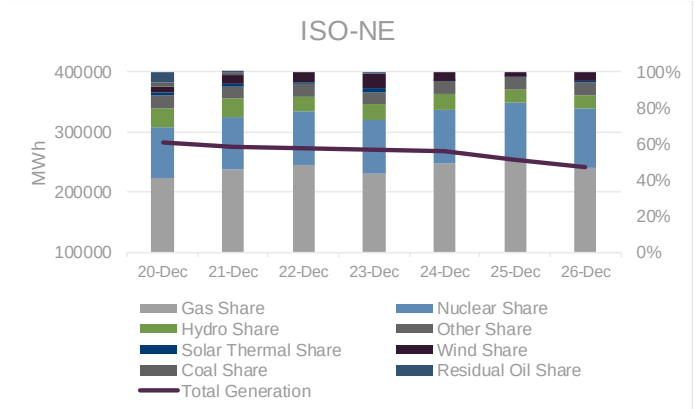

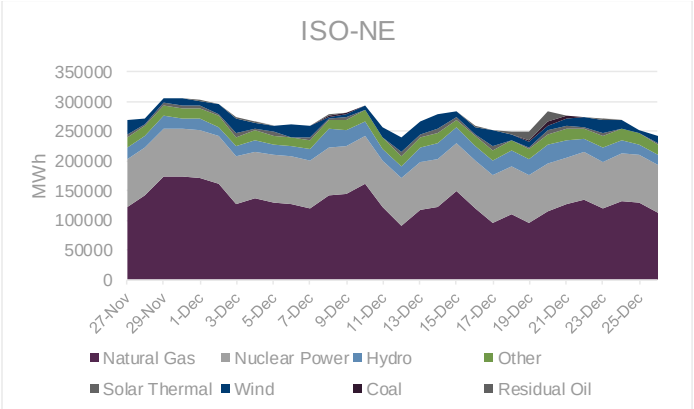

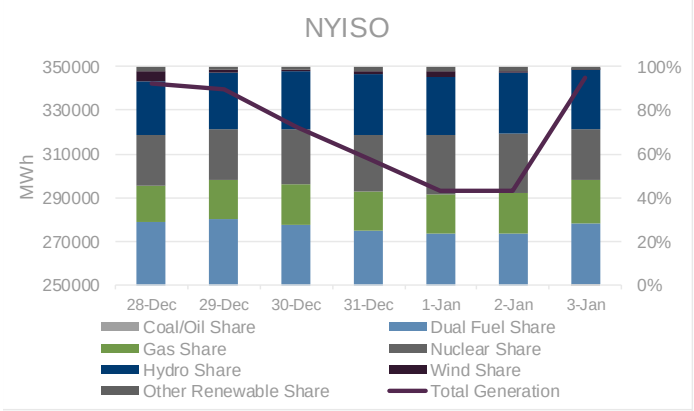

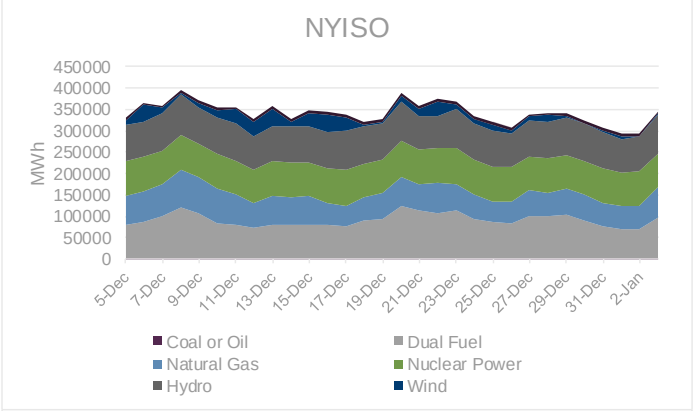

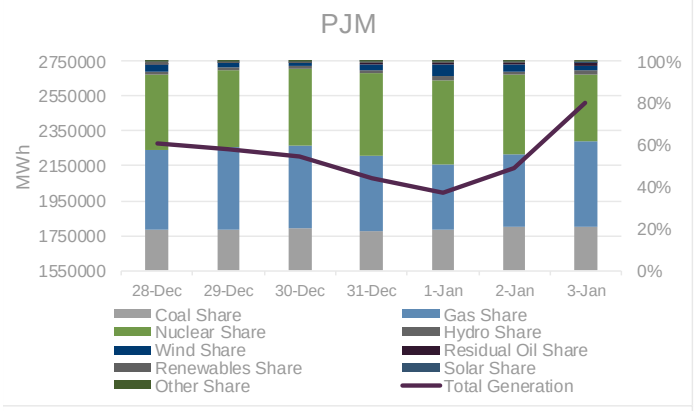

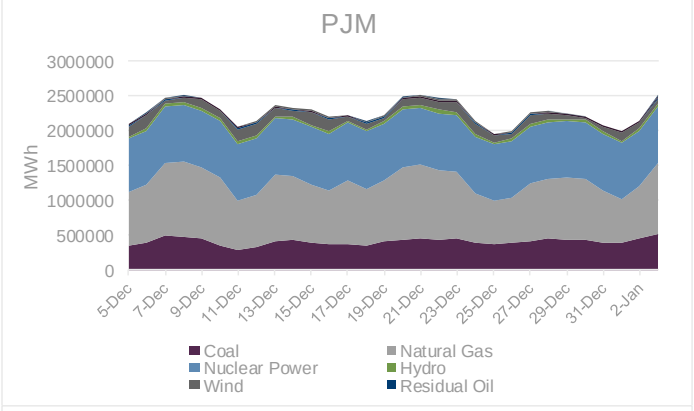

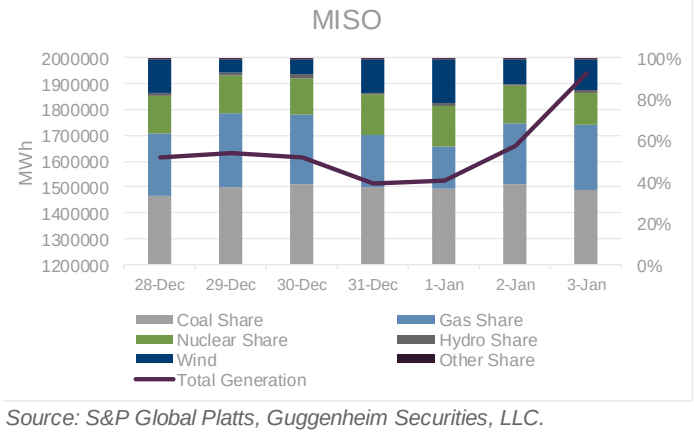

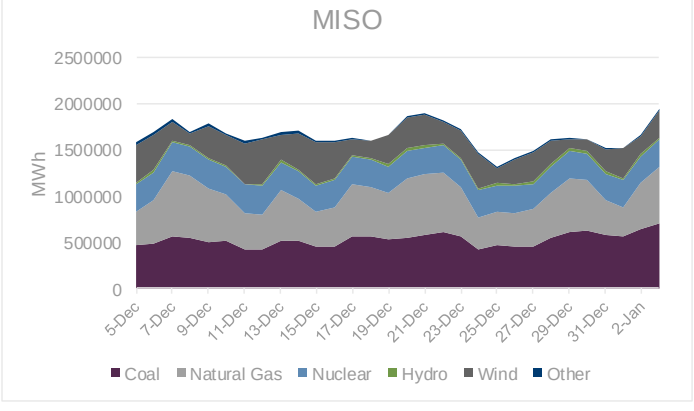

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

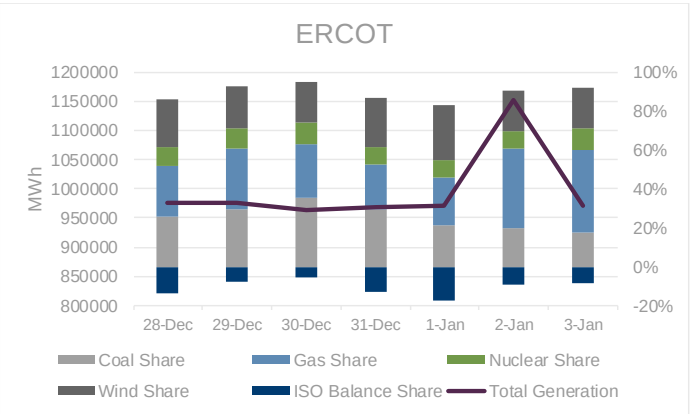

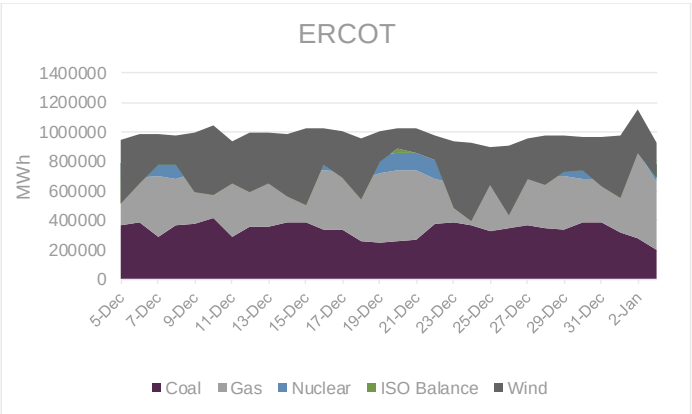

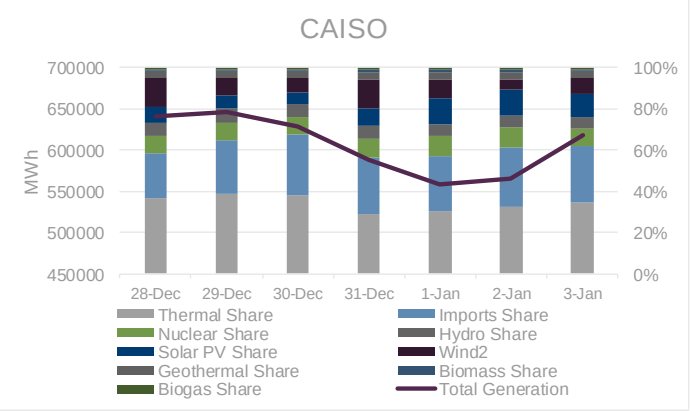

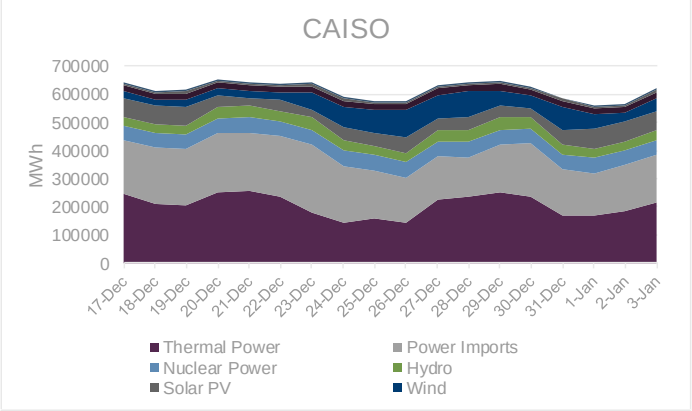

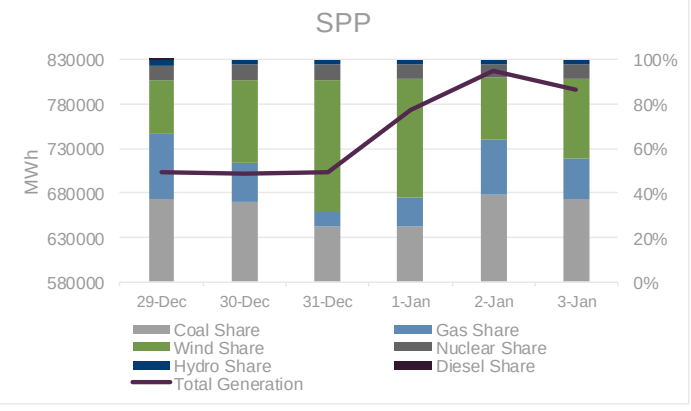

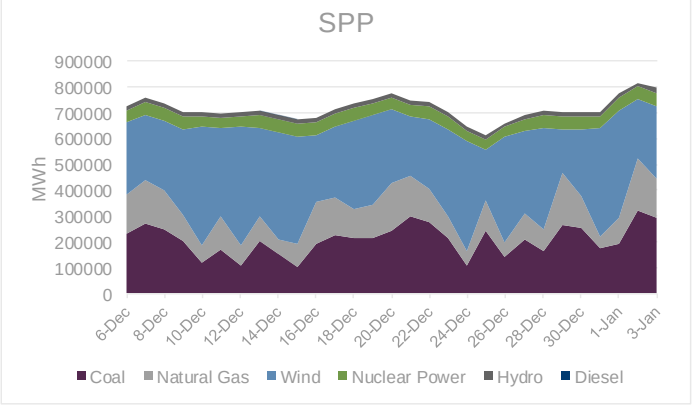

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Weather

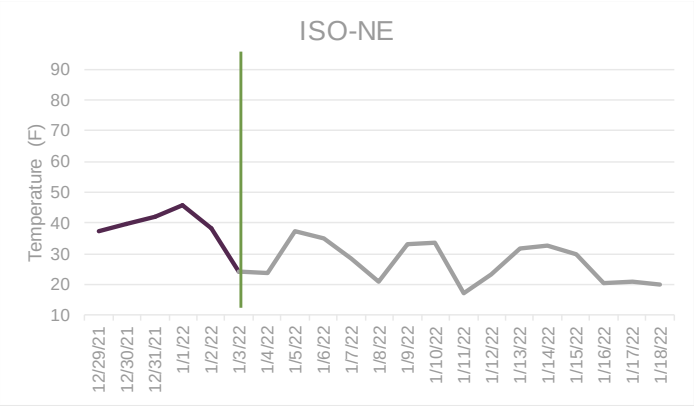

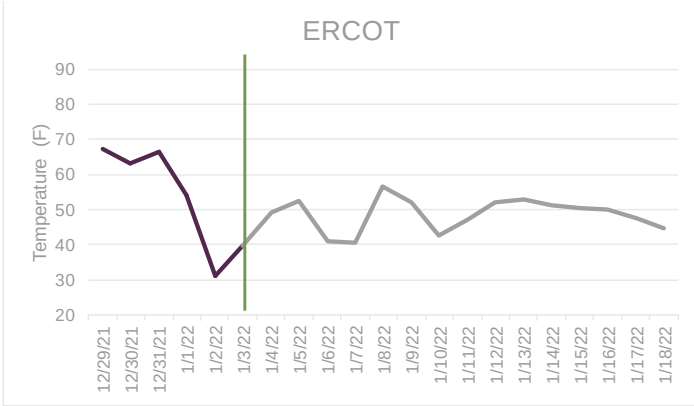

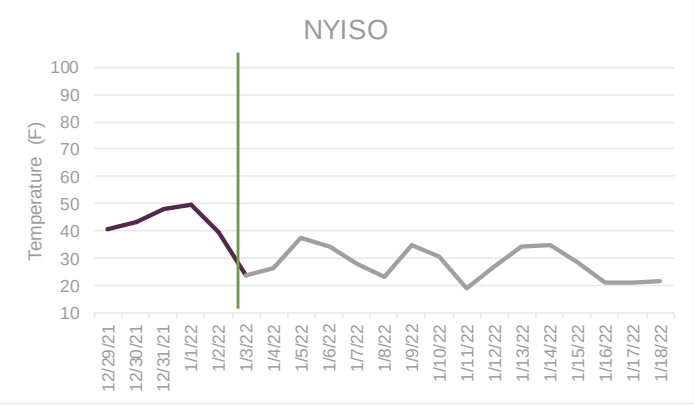

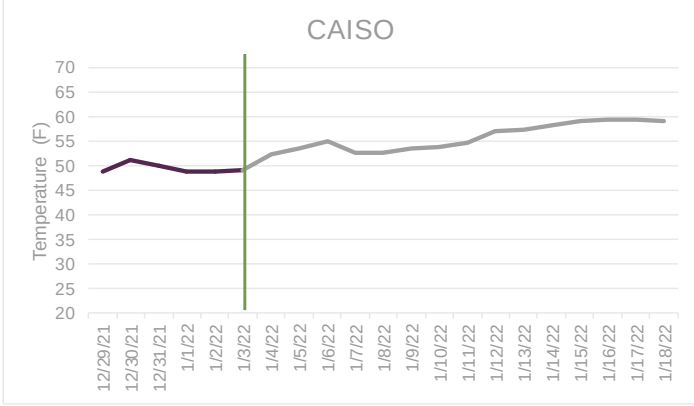

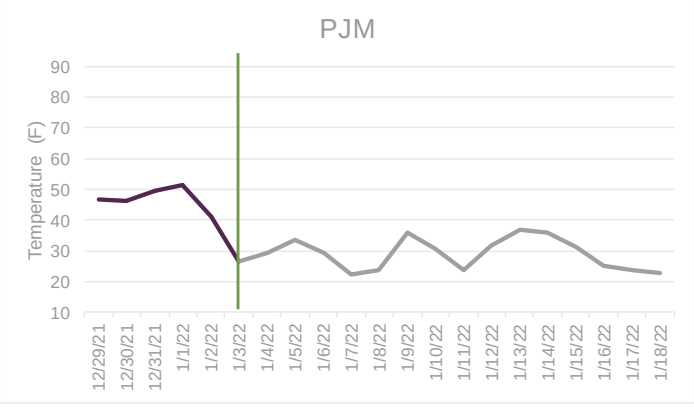

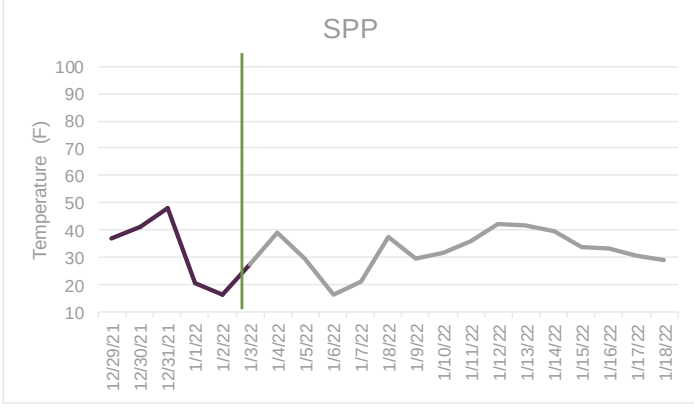

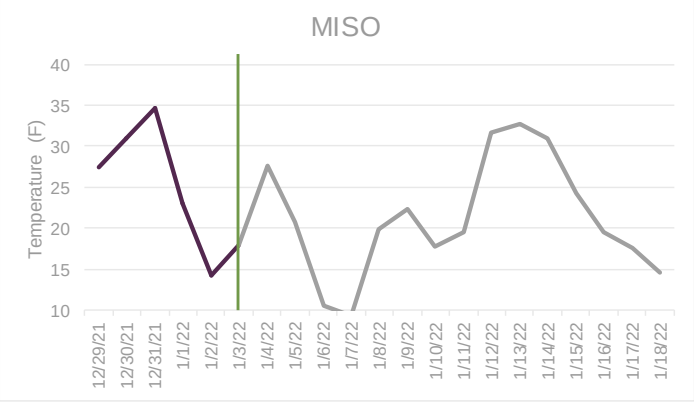

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2022 - 4/5/2022)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2022-3/31/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3)
1/1/2022-1/31/2022	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Decision possible in rate proceeding
1/1/2022-1/17/2022	MA	ES	NSTAR Electric Co.		Electric rate case to be filed in early January
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company expected to file next electric rate case
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
1/1/2022-3/31/2022	MI	DTE	DTE Electric Co.		General electric rate case to be filed
1/1/2022-1/31/2022	NM	AEP	Southwestern Public Service Co	C-20-00238-UT	Final PRC decision expected in electric rate case
1/1/2022-1/31/2022	NY	ED	Consolidated Edison Co. of NY		Electric rate case expected to be filed in January 2022
1/1/2022-1/31/2022	NY	ED	Consolidated Edison Co. of NY		Gas rate case expected to be filed in January 2022
1/1/2022-1/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	ALJ Proposed Order may be issued in rate case (estimated by RRA)
1/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Intervening parties to file testimony in Rider US-4 proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Rebuttal testimony due in Rider R update proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing scheduled in Rider W update proceeding
1/13/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Company rebuttal due
1/14/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Gas rate case expected to be filed with commission
1/14/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Surrebuttal testimony due in rate case
1/15/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Hearing examiners report may be issued in Rider S update proceeding
1/15/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00146 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
1/18/2022-1/21/2022	LA	AEP	Southwestern Electric Power Co	D-U-35441	Hearing to be held in electric rate case
1/18/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Intervening parties to file testimony in Rider US-3 update
1/19/2022-1/24/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Hearings scheduled in rate case
1/19/2022-1/20/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Hearings scheduled in Rider U proceeding
1/22/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Hearing scheduled in Rider R update proceeding
1/25/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Staff to file testimony in Rider US-4 proceeding
1/26/2022	TN	DUK	Piedmont Natural Gas Co.		Intervenor testimony due in annual review mechanism proceeding (Docket No. 2100135)
1/27/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Hearing Examiner's report may be issued in Rider U proceeding
1/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Staff to file testimony in Rider US-3 update proceeding
2/1/2022-2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing Examiner's report may be issued in Rider W proceeding
2/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Rebuttal testimony due in Rider US-4 proceeding
2/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Intervening parties to file testimony in Rider US-2 update proceeding
2/4/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Intervening parties to file testimony in Rider BW proceeding
2/7/2022	TN	DUK	Piedmont Natural Gas Co.		Company rebuttal testimony due in annual review mechanism proceeding (Docket No. 2100135)
2/9/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Brief due in rate case
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Hearings to begin in Rider US-4 proceeding
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Intervening parties to file testimony in Rider SNA proceeding
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Staff testimony due in Rider US-2 update proceeding
2/17/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Staff or intervenor surrebuttal due
2/21/2022	TN	DUK	Piedmont Natural Gas Co.		Prehearing conference to take place in annual review mechanism proceeding (Docket No. 2100135)
2/24/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Company sur-surrebuttal due
2/28/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Law judge proposed order due in rate case
2/28/2022	TN	DUK	Piedmont Natural Gas Co.		Target hearing date for annual review mechanism proceeding (Docket No. 2100135)
2/28/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Decision expected in generation rider adjustment clause update
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Decision expected in Rider U proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Decision expected in Rider B adjustment proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Decision expected in Rider R proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Decision expected in Rider S proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Decision expected in Rider W proceeding
2/28/2022-3/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Hearings scheduled in Rider US-3 update proceeding
3/1/2022-3/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
3/1/2022-3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Hearing Examiner's report may be issued in Rider US-4 proceeding
3/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/4/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Settlement or issues list due
3/4/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	staff testimony to be filed in Rider BW proceeding
3/14/2022-3/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearings scheduled in Rider US-2 proceeding
3/15/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Hearing scheduled for rate proceeding
3/16/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Responses to appeal memoranda due in rate cases
3/23/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Intervening parties to file testimony in RAC-EE proceeding
3/30/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	End of initial suspension period in rate case
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Hearing Examiners report may be issued in Rider US-3 proceeding
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00146 (Rider CE)	Decision expected in Rider CE update proceeding
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	SCC staff to file testimony in Rider SNA proceeding
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM and Weekly Commentary

Key Company Research

- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from American Water Works Company, Inc., CMS Energy Corporation, Exelon Corporation, FirstEnergy Corp. and PPL Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: American Water Works Company, Inc. (AWK) as of 01-13-2022



Created by: BlueMatrix

Rating and Price Target History for: CMS Energy Corporation (CMS) as of 01-13-2022



Created by: BlueMatrix

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Rating and Price Target History for: Exelon Corporation (EXC) as of 01-13-2022



Created by: BlueMatrix

Rating and Price Target History for: FirstEnergy Corp. (FE) as of 01-13-2022

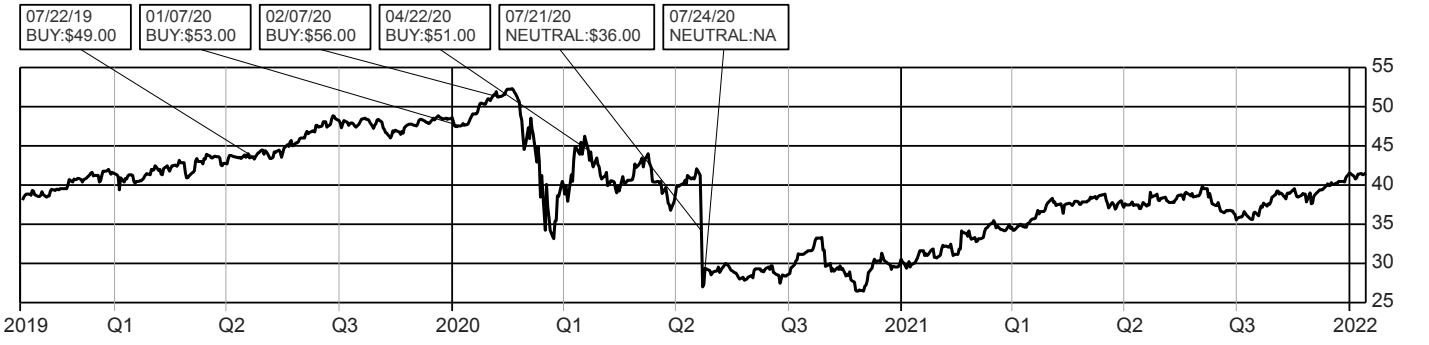

Created by: BlueMatrix

Rating and Price Target History for: PPL Corporation (PPL) as of 01-13-2022

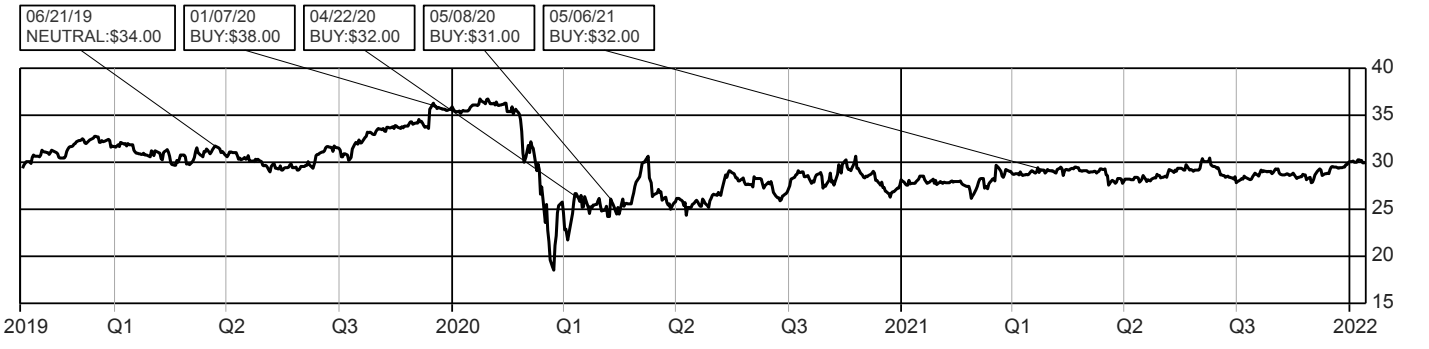

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	246	66.67%	69	28.05%
NEUTRAL	116	31.44%	11	9.48%
SELL	7	1.90%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Software
Ken Wong, CFA 415.852.6465
Ken.Wong@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

GUGGENHEIM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Constellation Analyst Day: A Renewed 18Clean IPP 19 13 Where Will It Trade?
- **Publication Date/Time** : Friday, January 14, 2022 12:35:44 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=KAxzPz6IKnRQnlD!Aza2aA__&reid=10A44322CD5211EC8B8EBD9813D2B0B2

Electric Utilities & Power

Sparking Credit: Exelon/Constellation Analyst Days Takeaways

- **Upcoming Events and Recent Publications**
  - Jan 19th-21st: JPM Equity Research - Nuclear Fireside Chat
    - Register here
  - HG Analyst Focus List
    - Webinar replay
  - High Grade Coverage Report: T&D OpCo & GenCo
  - High Grade Coverage Report: HoldCos
  - High Grade Coverage Report: Vertically Integrated OpCos
  - High Yield Coverage Report: Power & Utilities
  - JPM HY/IG Power & Utilities 2022 Outlook
    - Outlook Slides
- **We provide a summary of takeaways from Exelon/Constellation Analyst Days beginning on page 2 of this report.**
- **Over the past week, Utilities widened 2bp versus a 3bp widening in the JULI index and a 3bp widening in the JULI Non-Financial Index.** Utility GenCos widened 1bp, OpCos widened 2bp and HoldCos widened 2bp. Secured OpCos widened 2bp and unsecured OpCos widened 2bp. YTD, Utilities tightened -2bp versus a -1bp tightening in the JULI index and a -1bp tightening in the JULI Non-Financial Index. Utilities are currently trading -6bp tight to the JULI index at 120bp and OpCos are trading 6bp inside of HoldCos at 118bp.
- **Issuance ramped up this week.** Southern Cal Edison came to market with $700mn 30 year notes and $500mn 10 year notes, while Keyspan Gas East issued $400 million 30 year notes. Additionally, Florida Power & Light Co issued $1.5bn 10yr FMBs and $1bn 2yr Senior Unsecureds. We estimate YTD issuance of $5.9 billion, compared to our FY22 forecast of $80 billion.
- **Rating actions**. This week, S&P affirmed Exelon Generation (now Constellation Energy) at BBB-, with a positive outlook. This rating affirmation reflects improving financial metrics post-spinoff, as well as expected increased cash flow post the Illinois Energy Law.
- The last natural gas active contract traded at $4.33/mcf. Natural gas rallied by 13.5% over the last week. The EIA reported a -179 Bcf net build last week, which was bullish compared to Bloomberg consensus estimates of -178 Bcf. The build brought working gas storage volumes to 3,016 Bcf.
- **Week over week, the UTY index gained by 0.06% compared to the S&P Utilities Index which gained by 0.06% and the S&P, which fell by -0.14%. Outperformers:** PCG (+7.7%), CQP (+6.7%), and SPWR (+5.7%). **Underperformers:** RNW (-7.5%), CWT (-7.3%), and TA (-4%).

Electric Utilities
Kevin L Kwan AC
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com
Lan Kuang
(1-212) 834 4445
lan.kuang@jpmchase.com
J.P. Morgan Securities LLC

Contents

Exelon/Constellation Analyst Day	2
JULI Snapshot	5
IG Issuance	6
IG Funding Guidance	7
IG Relative Value	8
ESG Ranking	11
IG Financial Metrics	12
Ratings Action	13
IG Maturities	14
HY Relative Value	15
Generation and Forecasts	16

Table 1: JULI Snapshot

	Last	Δ1 Wk	ΔYTD
JULI	114	3	-1
Non-Fin	117	3	-1
Utes	120	2	-2
HoldCo	124	2	-3
OpCo	118	2	-2
GenCo	161	1	-4

Figure 1: JULI vs JULI Utes

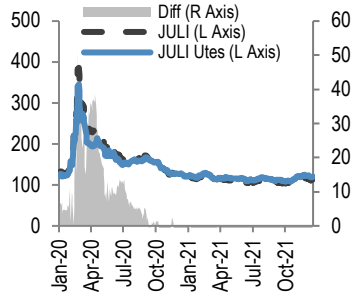

Figure 2: HoldCo vs OpCo

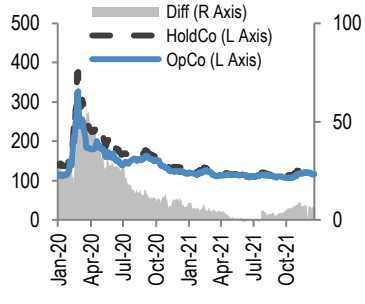

Source: J.P. Morgan.

See page 18 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Exelon/Constellation Analyst Day

Exelon (RemainCo) and Constellation (SpinCo, formerly Exelon Generation) concluded their first individual Analyst Days this week, as the spinoff is on track to close by Feb 1st, 2022. Exelon emphasized its strength of being a pure T&D utility post-spinoff and announced a new $29bn utility capital plan for 2022-25. At the same time, Constellation focused on its leading position in clean energy, providing a lot of details on the advantages of nuclear power and progress on regulatory support for these assets. Notably, Constellation also highlighted its commitment to maintain IG ratings.

- **Exelon is now a pure play regulated T&D utility with supportive regulatory mechanisms.** Exelon's fully regulated rate base is 65% electric distribution, 21% electric transmission and 14% gas delivery/others, operating in seven different regulatory jurisdictions. In addition, the company's regulatory environments are generally constructive, with nearly 100% of rate base growth in the next 4 years expected to be recovered through alternative recovery channels. Also, TTM ROE as of 3Q 2021 stands at 9.3%, with is within range of recent rate case proceedings in the mid- to low- 9% range. Moody's and S&P now have Exelon at BBB/Baa2, and the company's FFO/debt level of 13-14% is above the downgrade thresholds of 12% at both agencies. We generally like the trajectory of Exelon going forward, with a steady rate base CAGR of 6-8% through 2025 and reasonable financial cushion that is supportive of the company's current ratings. **However, EXC bonds are fairly priced in our view and we see modest spread pickup relative to other mid-BBB names such as PEG or fully regulated peers such as DUK.**

Figure 3: Exelon Growth Expectations

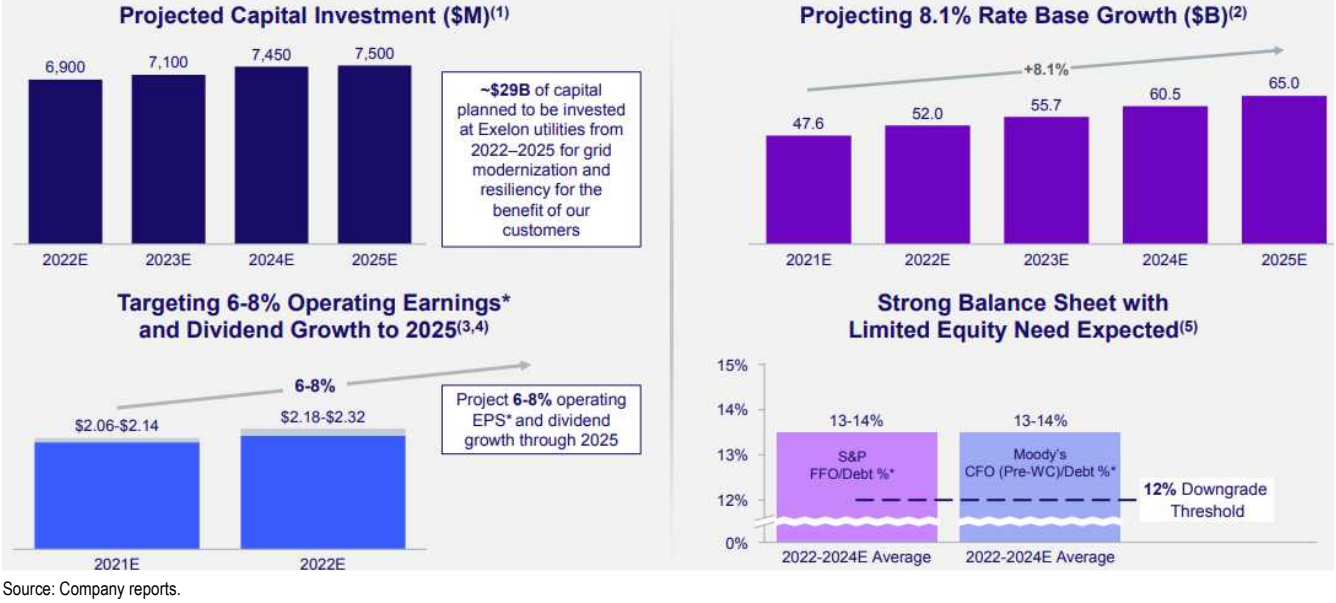

Source: Company reports.

- **Exelon's new $29bn utility capital plan for 2022-25 reflects strong growth outlook.** EXC's $29bn T&D capital investment plan translates to an

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

expected rate base growth of 8.1% and fully regulated EPS growth of 6-8% from 2021-2025. This new plan is ~$1.3bn higher than the previously announced 2021-24 plan, with the incremental capital to be deployed 51% in distribution, 34% in gas infrastructure and 19% in transmission. The projects would span from grid hardening, emissions reductions, energy efficiency to transportation electrification. Notably, the largest project would only account for ~1.1% of total projected expense of the 4yr plan, avoiding concentration risk. To fund the capital plan, Exelon will issue ~$14bn in debt both at the OpCo and Holdco and ~$1bn in equity at the HoldCo.

- **Constellation is the largest producer of carbon-free electricity with strong regulatory support, underscored by the recent passage of the Illinois Climate and Equitable Jobs Act (CEJA).** Constellation remains the largest nuclear generator in the country, and nearly two-thirds of its nuclear capacity is supported by state carbon-free programs, including the IL CMC and ZEC, NY ZEC and NJ ZEC. While management noted the stalling of the BBB bill, they expect the positive momentum for nuclear power to continue. Specifically, the passage of CEJA in September 2021, which sets carbon mitigation credits (CMC), stands to increase cash flow for Constellation, starting in June 2022.

Figure 4: Constellation Credit Metrics

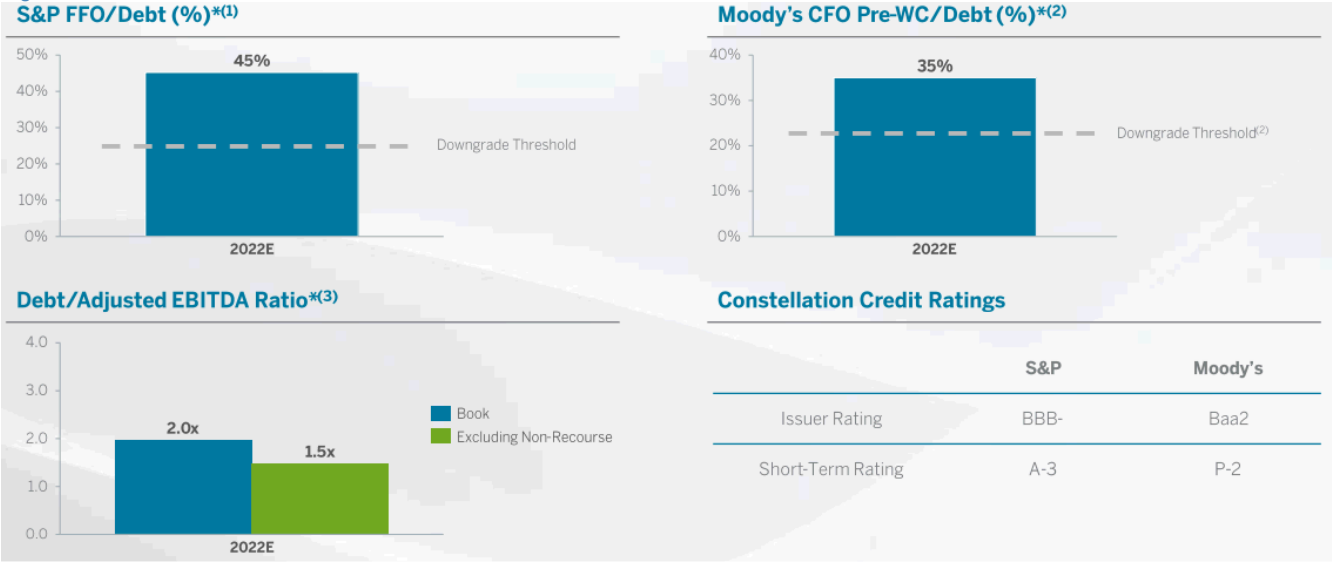

Source: Company reports.

- **Committed to IG ratings.** Management has maintained its commitment to maintain IG ratings, which we think is manageable given the variety of ZECs and other supporting mechanisms for Constellation's nuclear fleet. In addition, the company is actively de-risking the generation business through hedging and contracted revenue. Constellation is projecting generation hedge levels of 93%, 75% and 52% for 2022-2024. Management is also focused on improving Constellation's standalone credit metrics as the company plans to use $1.75bn cash payment[1] from Exelon to pay down

[1] Per the separation agreement

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

existing debt. Meanwhile, 2022E FFO/Debt is at 45%, well above S&P's downgrade threshold of ~27%, and CFO Pre-WC/Debt is at 35% vs. Moody's downgrade threshold of ~23%. **We think Constellation should have little trouble maintaining IG ratings over the next several years, considering the amount of state and federal support for the company's nuclear fleet. Our long-term concern is focused on the period beyond 2030, when the majority of the company's state support mechanisms expire, and whether nuclear power will be a longer-term part of the generation fleet if renewables and storage prove to be a reliable resource in the next decade.**

- **ESG leader with new GHG emission goal. Existing fleet to support clean hydrogen production.** On the ESG front, Constellation has successfully reduced emissions footprint by 80% since 2005. Management's new GHG goal is for its generation supply to be 95% carbon-free by 2030 and 100% carbon-free by 2040. The company also highlighted its ability to use its existing nuclear fleet for hydrogen production, which gives the fleet more runway. The Nine Mile Point plant, which was selected to install an electrolyzer utilizing a DOE grant, is set to complete construction this year and to start operating by December.

- **Constellation's 2022 common dividend is estimated at $180mn, or ~$55c/share, with a 10% CAGR.** The company also identified ~$2bn in FCF that could potentially be returned to shareholders through share buybacks and special dividends from 2022-2023. 2022 guidance for adjusted EBITDA is at $2.35 - $2.75bn, which was just shy of our expectations in the $3bn range, but we note the recent move in power forwards in recent months. During Q&A, Constellation also noted its intention to pursue **opportunistic acquisitions of other nuclear plants** for improvements in capacity factors and other synergies, so additional consolidation within the sector is still a possibility.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

JULI Snapshot

Table 2: JULI Snapshot

	Spread					Spread Change			
	12-Jan-22	05-Jan-22	13-Dec-21	14-Oct-21	31-Dec-21	7d	30d	90d	YTD
Financials	**104**	**100**	**103**	**96**	**103**	**3**	**1**	**8**	**1**
Banks	101	97	99	93	98	4	2	8	2
Finance Companies	102	100	104	93	102	3	-2	9	0
Insurance	113	111	115	105	115	2	-2	8	-1
Non-Financials	**117**	**114**	**119**	**109**	**118**	**3**	**-1**	**8**	**-1**
Automotive	101	98	105	95	103	2	-4	6	-2
Basic Industries	123	120	124	116	124	3	-1	6	-2
Capital Goods	106	103	109	100	109	3	-3	7	-2
Consumer	116	112	118	109	117	4	-2	7	-1
Energy	142	138	144	131	144	3	-2	11	-2
Healthcare/Pharma	101	98	104	96	103	3	-3	6	-2
Media/Entertainment	144	138	143	131	142	7	1	14	2
Metals & Mining	149	146	152	136	152	3	-4	13	-3
REITs	105	103	107	100	106	2	-2	5	-1
Retail	93	90	94	85	94	3	-1	7	-1
Technology	104	100	103	93	104	4	1	11	0
Telecoms	138	133	139	130	137	4	-2	7	1
Transportation	111	108	115	106	114	4	-4	5	-3
Utilities	**120**	**118**	**121**	**112**	**123**	**2**	**-1**	**9**	**-2**
Holdco	124	122	126	114	127	2	-2	10	-3
Opco	118	117	119	110	121	2	-1	8	-2
Secured	113	112	114	106	115	2	-1	7	-2
Unsecured	127	125	127	117	130	2	0	10	-3
Genco	161	160	168	150	165	1	-7	11	-4
JULI	**114**	**111**	**115**	**106**	**115**	**3**	**-1**	**8**	**-1**

Source: J.P. Morgan.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

J.P.Morgan

IG Issuance

Table 3: Recent Issuance Table

Issue	Maturity	TKR	Issuer	CPN	Principal	Term	New Issue	Mdy	S&P	Rank[1]	Type
1/12/22	1/12/24	NEE	Florida Power & Light Co	0.4300	1000	2		A1		SUN	OpCo
1/12/22	2/3/32	NEE	Florida Power & Light Co	2.45	1500	10	73	Aa2		FMB	OpCo
1/12/22	1/18/52	NGGLN	Keyspan Gas East Corp	3.586	400	30	150	Baa1	BBB+	SUN	OpCo
1/10/22	2/1/32	EIX	Southern Cal Edison	2.75	500	10	98	A3	A-	FMB	HoldCo
1/10/22	2/1/52	EIX	Southern Cal Edison	3.45	700	30	135	A3	A-	FMB	HoldCo
1/5/22	3/30/32	D	Virginia Elec & Power Co	2.4	600	10	70	A2	BBB+	SUN	OpCo
1/5/22	1/10/32	NGGLN	Niagara Mohawk Power	2.759	400	10	105	Baa1	BBB+	SUN	OpCo
1/4/22	3/15/24	AEP	American Electric Power	2.031	805	2	85	Baa3	BBB+	Jr Sub	HoldCo
12/9/21	3/15/82	NEE	Nextera Energy Capital	3.8	600	61	254.7	Baa2	BBB	Jr Sub	OpCo
12/8/21	1/15/27	NEE	Nextera Energy Capital	1.875	1000	6	62	Baa1	BBB+	SUN	OpCo
12/8/21	1/15/32	NEE	Nextera Energy Capital	2.44	1000	11	92	Baa1	BBB+	SUN	OpCo
12/8/21	1/15/52	NEE	Nextera Energy Capital	3	500	31	112	Baa1	BBB+	SUN	OpCo
12/6/21	12/15/28	WEC	Wec Energy Group Inc	2.20	500	7	85	Baa1	BBB+	SUN	OpCo
12/1/21	12/2/22	EIX	Southern Cal Edison	0.52	550	1		A3	A-	FMB	HoldCo
12/1/21	12/2/24	SR	Berkshire Hathaway Energy	0.55	300	3		A1	A	FMB	HoldCo
11/29/21	12/15/51	DUK	Duke Energy Florida Llc	3.00	500	30	115	A1	A	FMB	HoldCo
11/29/21	12/15/31	DUK	Duke Energy Florida Llc	2.4	650	10	90	A1	A	FMB	HoldCo
11/29/21	12/1/51	ED	Con Edison Co Of Ny Inc	3.2	600	30	132	Baa1	A-	SUN	OpCo
11/29/21	1/15/32	FE	American Transmission Sy	2.65	600	11	115	A3	BBB	SUN	HoldCo
11/18/21	12/1/31	D	Dominion Energy South	2.3	400	10	72	A3	A	FMB	OpCo
11/9/21	7/1/41	DUK	Duke Energy Carolinas Nc	2.617	137	20	103	Aaa	AAA	FMB	OpCo
11/9/21	7/1/31	DUK	Duke Energy Carolinas Nc	1.7	100	10	45	Aaa	AAA	FMB	OpCo
11/9/21	7/1/41	DUK	Duke Energy Progress Nc	2.8	197	20	78	Aaa	AAA	FMB	OpCo
11/9/21	7/1/37	DUK	Duke Energy Progress Nc	2.39	352	16	80	Aaa	AAA	FMB	OpCo
11/9/21	7/1/28	DUK	Duke Energy Progress Nc	1.295	221	7	45	Aaa	AAA	FMB	HoldCo
11/16/21	12/4/51	NEE	Florida Power Light Co	2.88	1200	30	85	Aa2	A+	FMB	HoldCo
11/16/21	11/30/51	LNT	Interstate Power & Light	3.10	300	30	110	Baa1	A-	SUN	HoldCo
11/15/21	3/15/52	SO	Alabama Power Co	3.00	700	31	100	A1	A-	SUN	HoldCo
11/15/21	11/15/51	D	Virginia Elec & Power Co	2.95	900	30	95	A2	BBB+	SUN	OpCo
11/15/21	11/15/31	D	Virginia Elec & Power Co	2.30	500	10	70	A2	BBB+	SUN	OpCo
11/15/21	3/15/27	AEE	Ameren Corp	1.95	500	6	70	Baa1	BBB	SUN	OpCo
11/10/21	2/15/62	AEP	American Electric Power	3.88	750	41	267.5	Baa3	BBB	Jr Sub	HoldCo
11/10/21	11/15/23	PCG	Pacific Gas & Electric	1.70	900	2	125	Baa3	BBB-	FMB	HoldCo
3/8/21	6/1/31	PCG	Pacific Gas & Electric	3.25	1000	10	167	Baa3	BBB-	FMB	OpCo
11/10/21	11/14/22	PCG	Pacific Gas & Electric	1.20	300	1		Baa3	BBB-	FMB	OpCo
11/10/21	12/1/33	ETR	Entergy Mississippi Llc	2.55	200	12	105	A2	A	FMB	OpCo
11/10/21	12/1/51	WEC	Wisconsin Public Service	2.85	450	30	95	A2	A-	SUN	OpCo
11/5/21	5/10/23	SO	Southern Co	0.42	600	2		Baa2	BBB	SUN	OpCo
10/26/21	7/15/31	PCG	Pg&E Energy Recovery Fnd	1.46	266	10	35	Aaa	AAA	FMB	OpCo
10/26/21	1/15/36	PCG	Pg&E Energy Recovery Fnd	2.28	160	15	75	Aaa	AAA	FMB	HoldCo
10/26/21	7/15/46	PCG	Pg&E Energy Recovery Fnd	2.82	434	25	85	Aaa	AAA	FMB	OpCo
11/4/21	11/15/31	PEG	Public Service Enterpris	2.45	750	10	95	Baa2	BBB	SUN	OpCo
11/4/21	11/8/23	PEG	Public Service Enterpris	0.84	750	2	43	Baa2	BBB	SUN	OpCo
11/1/21	11/1/51	AEP	Southwestern Elec Power	3.25	650	30	130	Baa2	A-	SUN	OpCo
10/29/21	3/15/27	XEL	Xcel Energy Inc	1.75	500	6	62	Baa1	BBB+	SUN	OpCo
10/29/21	11/15/31	XEL	Xcel Energy Inc	2.35	300	10	82	Baa1	BBB+	SUN	OpCo
10/27/21	11/3/23	NEE	Nextera Energy Capital	0.45	1300	2		Baa1	BBB+	SUN	OpCo
10/18/21	10/18/24	NRUC	National Rural Util Coop	1.00	400	3	30	A2	A-	SUN	OpCo
10/18/21	10/18/24	NRUC	National Rural Util Coop	0.38	350	3		A2	A-	SUN	HoldCo
9/28/21	10/1/24	ETR	Entergy Louisiana Llc	0.95	1000	3	45	A2	A	FMB	HoldCo

Source: J.P. Morgan and Bloomberg Finance L.P.
1. FMB: First Mortgage Bonds, SUN: Senior Unsecured Notes; CTB: Collateral Trust Bonds.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

IG Funding Guidance

Table 4: 2022 Company Funding Guidance

Company	Tkr	Entity	2022 Guide	YTD	Remaining	Notes
American Electric Power	**AEP**					Nov 2021 EEI slides
		HoldCo	$1,300	$805	$495	
		AEP Generation	$100	$0	$100	
		AEP Texas	$1,200	$0	$1,200	
		Appalachian Power	$600	$0	$600	
		Indiana Michigan	$0	$0	$0	
		Kentucky Power	$0	$0	$0	
		Ohio Power	$300	$0	$300	
		PSO	$850	$0	$850	
		SWEPCo	$0	$0	$0	
		AEP Transco	$600	$0	$600	
			$4,950	**$805**	**$4,145**	
FirstEnergy	**FE**					2021 EEI Slides
		Ohio Edison	$300	$0	$300	$1.35B HoldCo Paydown ($500mm '22, $850mm'23)
		Penn Power	$100	$0	$100	
			$400	**$0**	**$400**	
Southern Co.	**SO**					3Q21 slides
		Alabama Power	$600	$0	$600	
		Georgia Power	$1,800	$0	$1,800	
		Mississippi Power	$100	$0	$100	
		Southern Power	$0	$0	$0	
		Southern Company Gas	$600	$0	$600	
		Nicor	$175	$0	$175	
		Holding Company	$1,725	$0	$1,725	
			$5,000	**$0**	**$5,000**	
Xcel Energy	**XEL**					3Q21 slides
		HoldCo	$500	$0	$500	
		NSP - Minnesota	$550	$0	$550	
		NSP - Wisconsin	$100	$0	$100	
		PS Colorado	$600	$0	$600	
		Southwestern Public Service	$150	$0	$150	
			$1,900	**$0**	**$1,900**	

Source: Company reports

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

IG Relative Value

Table 5: IG Utilities Relative Value

Ticker	Company Name	Ratings	FFO / Debt	Spread to Benchmark (bp) 10 Year	Spread to Benchmark (bp) 30 Year	10s/30s	JPM View
Fully Regulated Holding Companies				**JULI Regulated HoldCo**			**OW**
AEE	Ameren Corp	Baa1/BBB/N.A.	13.9%	91			OW
AEP	American Electric Power Co Inc	Baa2/BBB+ (Neg)/BBB	11.0%	97	135	38	OW
BKH	Black Hills Corp	Baa2/BBB+/BBB+	11.4%	105	136	32	OW
BRKHEC	Berkshire Hathaway Energy Co	A3/A-/N.A.	16.8%	68	103	35	N
CMS	CMS Energy Corp	Baa2/BBB/BBB	16.1%	61	126	65	N
CNL	Cleco Corporate Holdings LLC	Baa3/BBB- (Neg)/BBB-	15.4%		178		NC
DQE	Duquesne Light Holdings Inc	Baa3/BBB-/N.A.	10.8%	132			OW
DUK	Duke Energy Corp	Baa2/BBB/N.A.	14.2%	90	142	53	N
EIX	Edison International	Baa3/BBB-/BBB-	10.0%	162			N
EMACN	Emera US Finance LP	Baa3/BBB-/BBB	9.1%	73	167	94	NC
EVRG	Evergy Inc	Baa2/BBB+ (Neg)/N.A.	15.2%	86			OW
ES	Eversource Energy	Baa1 (Neg)/BBB+/BBB+	11.2%	92	122	30	NC
FE	FirstEnergy Corp	Ba1 (Pos)/BB+/BB+ (Pos)	10.2%	137	164	27	OW
FTSCN	Fortis Inc/Canada	Baa3/BBB+/N.A.	12.7%	82			NC
LNT	Alliant Energy Finance LLC	Baa2/BBB+/N.A.	15.3%	110			NC
NI	NiSource Inc	Baa2/BBB+/BBB	14.6%	95	130	36	N
PPL	PPL Capital Funding Inc	Baa2 (Pos)/BBB+/N.A.	20.3%	87	109	22	NR
WEC	WEC Energy Group Inc	Baa1/BBB+/BBB+	16.5%	87			N
XEL	Xcel Energy Inc	Baa1/BBB+/BBB+	10.5%	75	111	37	UW
Integrated Utility Holding Companies				**JULI HoldCo**			**OW**
D	Dominion Energy Inc	Baa2/BBB (Pos)	12.5%	92	126	34	N
BRKHEC	Eastern Energy Gas Holdings LLC	Baa1/A/WD	27.7%	102	146	45	N
DTE	DTE Energy Co	Baa2/BBB/BBB	16.3%	92			N
CNP	CenterPoint Energy Inc	Baa2/BBB/BBB	10.9%	92	124	32	N
ETR	Entergy Corp	Baa2 (Neg)/BBB/N.A.	10.5%	100	142	43	OW
EXC	Exelon Corp	Baa2/BBB (Pos)	10.4%	92	132	40	N
NEE	NextEra Energy Capital Holdings Inc	Baa1/BBB+/A-	15.6%	82			UW
PEG	Public Service Enterprise Group Inc	Baa2/BBB/N.A.	16.6%	97			N
SO	Southern Co/The	Baa2/BBB/BBB+	14.3%	102	138	36	N
SRE	Sempra Energy	Baa2/BBB (Neg)/BBB+	18.0%	75	133	58	OW

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

J.P.Morgan

Ticker	Company Name	Ratings	Spread to Benchmark (bp) 10 Year	Spread to Benchmark (bp) 30 Year	10s/30s	JPM View
Operating Companies			**JULI OpCo**			**N**
AEE	Ameren Illinois Co	A1/A/N.A.	71	100	29	NC
AEE	Union Electric Co	A2/A/N.A.	69	89	20	NC
AEP	Ohio Power Co	A3 (Neg)/A- (Neg)/A	78	121	43	N
AEP	AEP Transmission Co LLC	A2/A- (Neg)/A	60	115	55	N
AEP	Indiana Michigan Power Co	A3/A- (Neg)/A		119		N
AEP	AEP Texas Inc	Baa2/A- (Neg)/BBB+	103	140	37	N
AEP	Appalachian Power Co	Baa1/A- (Neg)/A-		128		OW
AEP	Southwestern Electric Power Co	Baa2/A- (Neg)/BBB+	102	142	40	OW
AES	Indianapolis Power & Light Co	A2/A- (Pos)		110		NC
AGR	New York State Electric & Gas Corp	Baa1/A-/A-	59	116	57	NC
AGR	Rochester Gas and Electric Corp	A2/A/A	89			NC
WGL	Washington Gas Light Co	A3u/A-/A		108		NC
ATO	Atmos Energy Corp	A1 (Neg)/A- (Neg)/N.A.	76	109	33	NC
AVA	Avista Corp	A3/A-/N.A.		105		NC
BRKHEC	MidAmerican Energy Co	Aa2/A+/N.A.	50			OW
BRKHEC	Sierra Pacific Power Co	A2/A+/WD	38			UW
BRKHEC	PacifiCorp	A1/A+/N.A.	72	112	40	UW
CMS	Consumers Energy Co	A1/A/A+		93		N
CNP	CenterPoint Energy Houston Electric	A2/A/A	53			NC
CNP	CenterPoint Energy Resources Corp	A3 (Neg)/BBB+/A-	87			OW
D	Virginia Electric and Power Co	A2/BBB+ (Pos)	53	97	44	N
DTE	DTE Electric Co	Aa3/A/A+	66	91	25	N
DUK	Duke Energy Carolinas LLC	Aa3/A/N.A.	72	104	32	UW
DUK	Duke Energy Progress LLC	Aa3/A/N.A.	64	96	33	UW
DUK	Duke Energy Indiana LLC	Aa3/A/N.A.		107		OW
DUK	Duke Energy Florida LLC	A1/A/N.A.	65	117	52	N
DUK	Duke Energy Ohio Inc	A2/A/N.A.	83	123	40	OW
ED	Consolidated Edison Co of New York	Baa1/A- (Neg)/A- (Neg)	77	123	46	NC
EIX	Southern California Edison Co	A3/A-/BBB+	92	130	38	N
TE	Tampa Electric Co	A3 (Pos)/BBB+/A		102		NC
ES	Connecticut Light and Power Co/The	A1 (Neg)/A+/A+ (Neg)		95		NC
ETR	Entergy Louisiana LLC	A2 (Neg)/A/N.A.	74	110	36	N
ETR	Entergy Mississippi LLC	A2/A/N.A.		111		N
ETR	Entergy Arkansas LLC	A2/A/N.A.	78	107	29	OW
EVRG	Evergy Kansas Central Inc	A2/A (Neg)/N.A.	69			NC
EVRG	Evergy Metro Inc	A2/A+ (Neg)/N.A.	75	113	39	NC
EXC	PECO Energy Co	Aa3/A (Pos)		95		N
EXC	Commonwealth Edison Co	A1/A (Pos)	71	100	29	N
EXC	Delmarva Power & Light Co	A2/A/A		105		OW
EXC	Baltimore Gas and Electric Co	A3/A/A		95		OW
FE	Mid-Atlantic Interstate Transmission	A3/BBB/BBB (Pos)	98			NC
FE	American Transmission Systems Inc	WR/BBB/WD (Pos)		124		OW
FE	Trans-Allegheny Interstate Line Co	A3/BBB/BBB (Pos)	102			OW
FE	Cleveland Electric Illuminating Co/The	Baa2 (Neg)/BBB/BBB (Pos)	109			N
FE	Pennsylvania Electric Co	Baa1/BBB/BBB (Pos)	94			OW
LNT	Wisconsin Power and Light Co	A3/A/N.A.	67	96	29	NC
LNT	Interstate Power and Light Co	Baa1/A-/N.A.	82	110	28	NC
NEE	Florida Power & Light Co	Aa2/A+/AA-		90		OW
NGGLN	Brooklyn Union Gas Co/The	Baa2/BBB+/BBB+	112	156	44	NC
NGGLN	Narragansett Electric Co/The	Baa1 *+/BBB+ (Pos)	92			NC
NGGLN	Boston Gas Co	Baa1/BBB+/N.A.	102			NC
NGGLN	Massachusetts Electric Co	Baa1/BBB+/N.A.	105			NC
NGGLN	New England Power Co	A3/BBB+/N.A.		125		NC

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Ticker	Company Name	Ratings	Spread to Benchmark (bp) 10 Year	Spread to Benchmark (bp) 30 Year	10s/30s	JPM View
Operating Companies			**JULI OpCo**			**N**
OGE	Oklahoma Gas and Electric Co	A3 (Neg)/A- (Neg)/A	83	108	26	NC
PCG	Pacific Gas and Electric Co	Baa3/BBB- (Neg)/BBB-	189	247	58	N
PEG	Public Service Electric and Gas Co	A1/A/N.A.	61	87	26	N
PNW	Arizona Public Service Co	A3 (Neg)/BBB+ (Neg)/A- (Neg)	83	120	37	NC
PPL	PPL Electric Utilities Corp	A1/A (Pos)		95		NC
PSD	Puget Sound Energy Inc	A2/A-/A		103		NC
SO	Alabama Power Co	A1/A-/A+	73	114	41	N
NEE	Gulf Power Co	A1/A/A+	60			NC
SO	Mississippi Power Co	Baa1/BBB+/A-	88			OW
SO	Georgia Power Co	Baa1/BBB+/A- (Neg)	85	133	48	N
SRE	San Diego Gas & Electric Co	A1/A/A	71	106	36	NC
SRE	Southern California Gas Co	Aa3/A+ (Neg)/AA-	70	105	35	NC
ONCRTX	Oncor Electric Delivery Co LLC	A2/A+/A	71	99	28	N
WEC	Wisconsin Public Service Corp	A2/A-/A+		98		NC
XEL	Public Service Co of Colorado	A1/A/A+	65	94	29	NC
XEL	Northern States Power Co/MN	Aa3/A/A+		91		NC
XEL	Southwestern Public Service Co	A3/A/A-		97		NC
Generating Companies			**JULI Generating Cos**			**N**
SO	Southern Power Co	Baa1/BBB/BBB+		161		UW
EXC	Exelon Generation Co LLC	Baa2 (Neg)/BBB- (Pos)		220		N

Source: Bloomberg Finance L.P., SNL, J.P. Morgan. OW = Overweight, N = Neutral, UW = Underweight, NC = Not Covered, NR = Not Rated.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

ESG Ranking

Table 6: Utilities ESG Ranking (0-100)

Rank	Company	Ticker	ESG Score	Environmental (80%)	Social (10%)	Governance (10%)
Top Tier	Xcel Energy Inc.	XEL	96	73	57	60
	Edison International	EIX	93	68	66	57
	American Electric Power Co.	AEP	87	63	32	78
	Duke Energy Corporation	DUK	84	59	45	76
	Southern Company	SO	81	61	30	64
	Dominion Energy, Inc.	D	78	61	33	46
Middle Tier	NextEra Energy, Inc.	NEE	75	62	14	57
	AES Corporation	AES	72	59	72	21
	Public Service Enterprise Group	PEG	69	52	86	42
	WEC Energy Group, Inc.	WEC	66	52	60	55
	Entergy Corporation	ETR	60	55	42	49
	Consolidated Edison, Inc.	ED	57	50	92	32
	Exelon Corporation	EXC	54	52	26	66
	DTE Energy Company	DTE	51	52	57	36
	Vistra Corp.	VST	48	52	56	29
	PNM Resources, Inc.	PNM	45	52	29	29
	Black Hills Corporation	BKH	42	48	42	25
	NRG Energy, Inc.	NRG	39	48	18	36
	NiSource Inc.	NI	36	41	54	43
Bottom Tier	FirstEnergy Corp.	FE	33	38	68	40
	Sempra Energy	SRE	30	40	32	61
	Pinnacle West Capital Corporation	PNW	27	44	14	49
	Ameren Corporation	AEE	21	34	71	63
	CMS Energy Corporation	CMS	15	35	42	50
	PPL Corporation	PPL	6	29	44	30

Source: SNL, EEI/AGA, Bloomberg Finance L.P., Company Reports and J.P. Morgan.
Note: Our final ranking is derived from a weighted average of percentiles across multiple variables.
Categories are weighted as follows: Environmental – Current (35%), Historical (30%), Future (15%); Social (10%); Governance (10%). See our note and follow-up for methodology and takeaways.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

IG Financial Metrics

Figure 5: FFO/Debt in 3Q20 and 3Q21

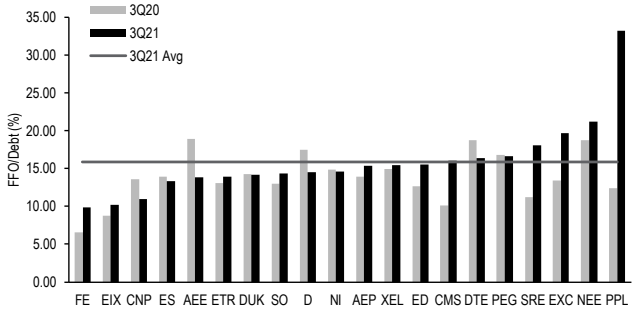

Source: SNL, J.P. Morgan.

Figure 6: Average FFO/Debt over time

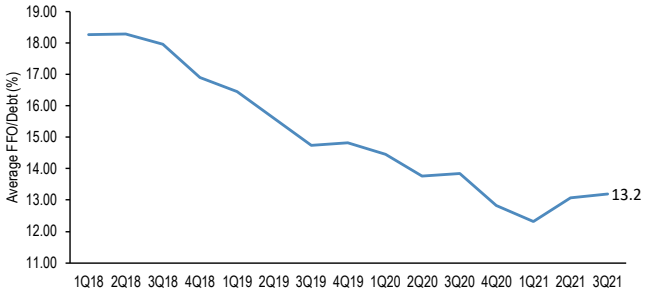

Source: SNL, J.P. Morgan.

Figure 7: Leverage in 3Q20 and 3Q21c

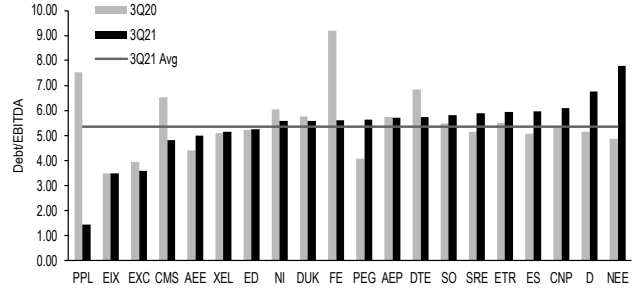

Source: SNL, Bloomberg Finance L.P., J.P. Morgan. Net leverage includes lease adjustments.

Figure 8: Average leverage over time

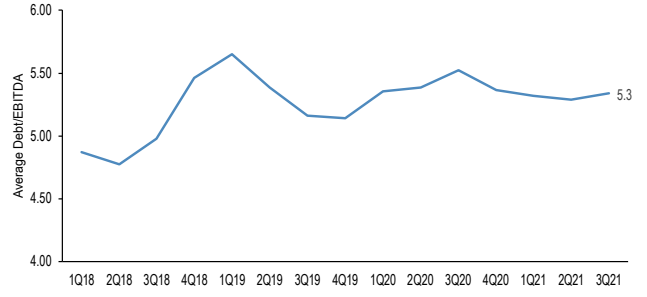

Source: SNL, Bloomberg Finance L.P., J.P. Morgan. Net leverage includes lease adjustments.

Figure 9: 3Q21 Debt/Capitalization

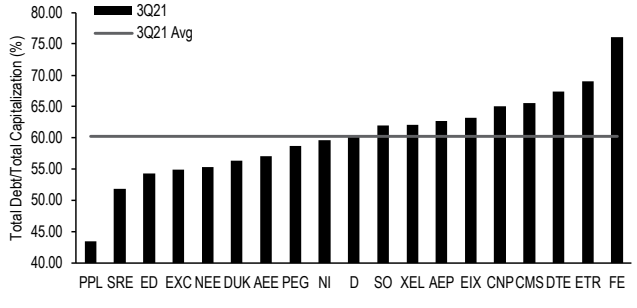

Source: SNL, Bloomberg Finance L.P., J.P. Morgan.

Figure 10: Average Debt/Capitalization over time

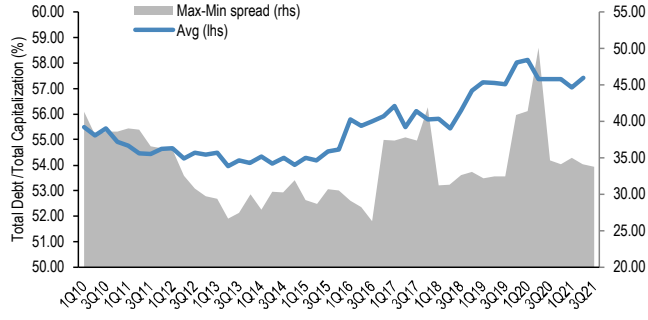

Source: SNL, Bloomberg Finance L.P., J.P. Morgan.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Ratings Action

Table 7: Recent Ratings Action for Utilities

Date	Company Name	Rating Type	Agency	Current Rating	Prior Rating
01/10/2022	Exelon Generation Co LLC	Outlook	S&P	POS	
01/06/2022	Dominion Energy Questar Pipeline LLC	LT Local Issuer Credit	S&P	BBB-	BBB *-
01/06/2022	Dominion Energy Questar Pipeline LLC	LT Foreign Issuer Credit	S&P	BBB-	BBB *-
01/06/2022	Dominion Energy Questar Pipeline LLC	Outlook	S&P	NEG	
01/06/2022	Sempra Global	Long Term Rating	Moody's	Baa3	
01/05/2022	Exelon Generation Co LLC	ST Issuer Default Rating	Fitch	WD	F2
01/05/2022	Exelon Generation Co LLC	LT Issuer Default Rating	Fitch	WD	BBB
01/05/2022	Exelon Generation Co LLC	Senior Unsecured Debt	Fitch	WD	BBB
01/05/2022	Exelon Generation Co LLC	Short Term	Fitch	WD	F2
01/04/2022	American Electric Power Co Inc	JR Subordinated Debt	Fitch	BBB-	BB+
01/04/2022	Exelon Generation Co LLC	ST Issuer Default Rating	Fitch	F2	F2 *-
01/04/2022	Exelon Generation Co LLC	LT Issuer Default Rating	Fitch	BBB	BBB *-
01/04/2022	Exelon Generation Co LLC	Senior Unsecured Debt	Fitch	BBB	BBB *-
01/04/2022	Exelon Generation Co LLC	Short Term	Fitch	F2	F2 *-
12/23/2021	American Electric Power Co Inc	ST Issuer Default Rating	Fitch	WD	F3
12/23/2021	American Electric Power Co Inc	Short Term	Fitch	WD	F3
12/23/2021	Brooklyn Union Gas Co/The	LT Issuer Default Rating	Fitch	BBB	BBB+
12/23/2021	Brooklyn Union Gas Co/The	Senior Unsecured Debt	Fitch	BBB+	A-
12/23/2021	Brooklyn Union Gas Co/The	Outlook	Fitch	STABLE	
12/23/2021	Indiana Michigan Power Co	LT Issuer Default Rating	Fitch	A-	BBB+
12/23/2021	Indiana Michigan Power Co	Senior Unsecured Debt	Fitch	A	A-
12/23/2021	Indiana Michigan Power Co	Outlook	Fitch	STABLE	
12/23/2021	Ohio Power Co	Outlook	Fitch	STABLE	
12/22/2021	Chambers Cogeneration LP	Long Term Rating	Moody's	Baa3	
12/17/2021	Commonwealth Edison Co	Outlook	S&P	POS	
12/17/2021	Exelon Corp	Outlook	S&P	POS	
12/17/2021	PECO Energy Co	Outlook	S&P	POS	
12/17/2021	Pepco Holdings LLC	Outlook	S&P	STABLE	
12/16/2021	American Transmission Co LLC	Long Term Rating	Moody's	A2	
12/14/2021	Metropolitan Edison Co	Long Term Rating	Moody's	A3	
12/14/2021	Pennsylvania Electric Co	Long Term Rating	Moody's	Baa1	

Source: Moody's, S&P, Fitch and Bloomberg Finance L.P.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

IG Maturities

Table 8: Upcoming Maturities

Tkr	Obligor	Amt Out ($ mln)	Coupon	Rank	Maturity	Moody's	S&P
DUK	Duke Energy Indiana LLC	53	8.850%	1ST MORTGAGE	1/15/2022	A2	BBB+
DUK	Duke Energy Indiana LLC	2	8.850%	1ST MORTGAGE	1/15/2022	A2	BBB+
NRUC	National Rural Utilities Cooperative Finance Corp	500	1.750%	SR UNSECURED	1/21/2022	A2	A-
EIX	Southern California Edison Co	325	2.400%	1ST REF MORT	2/1/2022	Baa2	BBB
EIX	Southern California Edison Co	39	1.845%	1ST REF MORT	2/1/2022	Baa2	BBB
SRE	San Diego Gas & Electric Co	18	1.914%	1ST MORTGAGE	2/1/2022	A3	BBB+
SWX	Southwest Gas Corp	25	7.780%	SR UNSECURED	2/3/2022	Baa1	BBB
NGGLN	National Grid North America Inc	750	0.750%	SR UNSECURED	2/11/2022	Baa2	BBB+
NRUC	National Rural Utilities Cooperative Finance Corp	5	2.500%	SR UNSECURED	2/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	5	2.550%	SR UNSECURED	2/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	2	2.350%	SR UNSECURED	2/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	5	3.000%	SR UNSECURED	2/15/2022	A2	A-
NEE	NextEra Energy Capital Holdings Inc	400	0.898%	COMPANY GUARNT	2/25/2022	Baa1	A-
DUK	Duke Energy Corp	300	3.227%	SR UNSECURED	3/11/2022	Baa2	BBB+
DUK	Duke Energy Corp	300	0.851%	SR UNSECURED	3/11/2022	Baa2	BBB+
ORANGE	Orange Cogen Funding Corp	4	8.175%	SR SECURED	3/15/2022	Baa1	
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.500%	SR UNSECURED	3/15/2022	A2	A-
EXC	Exelon Generation Co LLC	500	3.400%	SR UNSECURED	3/15/2022	Baa2	BBB-
ES	Eversource Energy	750	2.750%	SR UNSECURED	3/15/2022	Baa1	A-
ORANGE	Orange Cogen Funding Corp	4	8.175%	SR SECURED	3/15/2022	Baa1	
NRUC	National Rural Utilities Cooperative Finance Corp	3	2.550%	SR UNSECURED	3/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.500%	SR UNSECURED	3/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	3	2.550%	SR UNSECURED	3/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.600%	SR UNSECURED	3/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	3.000%	SR UNSECURED	3/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.350%	SR UNSECURED	3/15/2022	A2	A-
SO	Alabama Power Co	550	2.450%	SR UNSECURED	3/30/2022	A1	A-
SO	Atlanta Gas Light Co	25	8.700%	SR UNSECURED	4/1/2022		BBB+
SO	Atlanta Gas Light Co	5	8.550%	SR UNSECURED	4/1/2022		BBB+
DUK	Progress Energy Inc	450	3.150%	SR UNSECURED	4/1/2022	Baa1	BBB+
AVA	Avista Corp	250	5.125%	1ST MORTGAGE	4/1/2022	Baa2	BBB
NI	NiSource Inc	20	7.990%	SR UNSECURED	4/1/2022	Baa2	BBB+
FTSCN	Central Hudson Gas & Electric Corp	23	3.378%	SR UNSECURED	4/1/2022	Baa1	A-
EXC	Potomac Electric Power Co	200	3.050%	1ST MORTGAGE	4/1/2022	Baa1	A-
SWX	Southwest Gas Corp	250	3.875%	SR UNSECURED	4/1/2022	Baa1	BBB
NGGLN	National Grid North America Inc	200	2.743%	SR UNSECURED	4/8/2022	Baa2	BBB+
SO	Atlanta Gas Light Co	6	8.550%	SR UNSECURED	4/15/2022		BBB+
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.250%	SR UNSECURED	4/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	2	2.450%	SR UNSECURED	4/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.450%	SR UNSECURED	4/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.450%	SR UNSECURED	4/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	450	2.400%	COLLATERAL TRUST	4/25/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	2	2.500%	SR UNSECURED	5/15/2022	A2	A-
DUK	Duke Energy Carolinas LLC	350	3.350%	1ST MORTGAGE	5/15/2022	A2	BBB+
DUK	Duke Energy Progress LLC	500	2.800%	1ST MORTGAGE	5/15/2022	A2	BBB+
NEE	Gulf Power Co	100	3.100%	SR UNSECURED	5/15/2022	A1	NR

Source: J.P. Morgan and Bloomberg Finance L.P.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

HY Relative Value

Table 9: HY Utilities Relative Value

Coupon	Description	Rec.	Maturity	Ratings Moody's S&P	Amount Out ($ mn)	Recent Quotes Offer	Yield	Spread	YTW Date	Next Call Date
AES Corp. (AES)		**OVERWEIGHT**								
3.300%	Sr Nts	**Overweight**	15-Jul-25	Ba1/BBB-	$900	$103.39	2.27%	106bp	15-Jun-25	15-Jun-25
3.950%	Sr Nts	**Overweight**	15-Jul-30	Ba1/BBB-	$700	$105.05	3.25%	158bp	15-Apr-30	15-Apr-30
1.375%	Sr Nts	**Overweight**	15-Jan-26	Ba1/BBB-	$800	$95.63	2.53%	121bp	15-Jan-26	15-Dec-25
2.450%	Sr Nts	**Overweight**	15-Jan-31	Ba1/BBB-	$1,000	$95.90	2.97%	127bp	15-Jan-31	15-Oct-30
Calpine Corp. (CPN)		**UNDERWEIGHT**								
L + 200	TLB-9 (Cov-lite)	**Neutral**	1-Apr-26	Ba2/BB+	$950	$99.04	3.75%	225bp		
L + 200	TLB (Cov-lite)	**Neutral**	12-Aug-26	Ba2/BB+	$750	$98.99	3.78%	224bp		
L + 250	TLB-5 (Cov-lite)	**Neutral**	16-Dec-27	Ba2/BB+	$1,000	$99.44	4.23%	261bp		
5.250%	Sr Sec Nts (1st Lien)	**Underweight**	1-Jun-26	Ba2/BB+	$420	$102.50	3.18%	298bp	1-Jun-22	1-Jun-22
4.500%	Sr Sec Nts (1st Lien)	**Underweight**	15-Feb-28	Ba2/BB+	$1,250	$102.00	3.96%	263bp	15-Feb-26	15-Feb-23
5.125%	Sr Nts	**Underweight**	15-Mar-28	B2/B+	$1,400	$100.00	5.12%	377bp	15-Mar-26	15-Mar-23
4.625%	Sr Nts	**Underweight**	1-Feb-29	B2/B+	$650	$96.63	5.20%	359bp	1-Feb-29	1-Feb-24
5.000%	Sr Nts	**Underweight**	1-Feb-31	B2/B+	$850	$98.75	5.17%	347bp	1-Feb-31	1-Feb-26
Clearway Energy (CWEN)		**OVERWEIGHT**								
4.750%	Sr Nts	**Overweight**	15-Mar-28	Ba2/BB	$850	$105.12	3.27%	274bp	15-Mar-23	15-Mar-23
3.750%	Sr Nts	**Overweight**	15-Feb-31	Ba2/BB	$925	$98.75	3.91%	221bp	15-Feb-31	15-Feb-26
3.750%	Sr Nts	**Overweight**	15-Jan-32	Ba2/BB	$350	$97.00	4.12%	237bp	15-Jan-32	15-Jan-27
NextEra Energy (NEP)		**NEUTRAL**								
4.250%	Sr Nts	**Neutral**	15-Jul-24	Ba1/BB	$700	$103.38	2.70%	173bp	15-Apr-24	15-Apr-24
4.250%	Sr Nts	**Neutral**	15-Sep-24	Ba1/BB	$50	$103.50	2.79%	177bp	15-Jul-24	15-Jul-24
3.875%	Sr Nts	**Neutral**	15-Oct-26	Ba1/BB	$500	$104.25	2.86%	144bp	15-Jul-26	15-Jul-26
4.500%	Sr Nts	**Neutral**	15-Sep-27	Ba1/BB	$550	$104.92	3.51%	197bp	15-Jul-27	15-Jul-27
NRG Energy, Inc. (NRG)		**NEUTRAL**								
3.750%	Sr Sec Nts (1st Lien)	**Neutral**	15-Jun-24	Baa3/BBB-	$600	$103.87	2.05%	106bp	15-May-24	15-May-24
2.000%	Sr Sec Nts (1st Lien)	**Neutral**	2-Dec-25	Baa3/BBB-	$500	$99.51	2.13%	84bp	2-Dec-25	2-Nov-25
2.450%	Sr Sec Nts (1st Lien)	**Neutral**	2-Dec-27	Baa3/BBB-	$900	$97.74	2.87%	131bp	2-Dec-27	2-Oct-27
4.450%	Sr Sec Nts (1st Lien)	**Neutral**	15-Jun-29	Baa3/BBB-	$500	$108.07	3.18%	157bp	15-Mar-29	15-Mar-29
6.625%	Sr Nts	**Neutral**	15-Jan-27	Ba2/BB+	$375	$103.14	4.83%	455bp	15-Jul-22	15-Jul-22
5.750%	Sr Nts	**Neutral**	15-Jan-28	Ba2/BB+	$821	$104.72	3.76%	331bp	15-Jan-23	15-Jan-23
3.375%	Sr Nts	**Neutral**	15-Feb-29	Ba2/BB+	$500	$95.65	4.09%	247bp	15-Feb-29	15-Feb-24
5.250%	Sr Nts	**Neutral**	15-Jun-29	Ba2/BB+	$733	$105.25	3.99%	299bp	15-Jun-24	15-Jun-24
3.625%	Sr Nts	**Neutral**	15-Feb-31	Ba2/BB+	$1,030	$95.38	4.24%	254bp	15-Feb-31	15-Feb-26
3.875%	Sr Nts	**Neutral**	15-Feb-32	Ba2/BB+	$1,100	$96.00	4.37%	262bp	15-Feb-32	15-Feb-27
PG&E Corp (PCG)		**NEUTRAL**								
5.000%	Sr Sec Nts (1st Lien)	**Neutral**	1-Jul-28	B1/BB-	$1,000	$103.41	4.15%	274bp	1-Jul-26	1-Jul-23
5.250%	Sr Sec Nts (1st Lien)	**Neutral**	1-Jul-30	B1/BB-	$1,000	$103.60	4.60%	302bp	1-Jul-28	1-Jul-25
TerraForm Power, Inc. (TERP)		**NEUTRAL**								
4.250%	Sr Nts	**Neutral**	31-Jan-23	Ba3/BB-	$500	$101.38	2.49%	211bp	31-Oct-22	31-Oct-22
5.000%	Sr Nts	**Neutral**	31-Jan-28	Ba3/BB-	$700	$102.88	4.41%	286bp	31-Jul-27	31-Jul-27
4.750%	Sr Nts	**Neutral**	15-Jan-30	Ba3/BB-	$700	$102.75	4.23%	266bp	15-Jan-28	15-Jan-25
Talen Energy Corp. (TLN)		**OVERWEIGHT**								
L + 375	TLB (Cov-lite)	**Overweight**	8-Jul-26	B1/B+	$500	$90.96	7.69%	617bp		
7.250%	Sr Sec Nts	**Overweight**	15-May-27	B1/B+	$750	$91.50	9.30%	777bp	15-May-27	15-May-22
6.625%	Sr Sec Nts	**Overweight**	15-Jan-28	B1/B+	$470	$89.75	8.86%	730bp	15-Jan-28	15-Jan-23
7.625%	Sr Sec Nts	**Overweight**	1-Jun-28	B1/B+	$400	$91.00	9.54%	796bp	1-Jun-28	1-Jun-23
6.500%	Sr Nts	**Overweight**	1-Jun-25	Caa1/CCC	$543	$41.50	39.10%	3791bp	1-Jun-25	1-Jun-22
10.500%	Sr Nts	**Overweight**	15-Jan-26	Caa1/CCC	$610	$45.00	38.53%	3721bp	15-Jan-26	15-Jan-22
6.000%	Sr Nts	**Overweight**	15-Dec-36	Caa1/CCC	$119	$35.00	19.53%	1770bp	15-Dec-36	nc
Vistra Energy Corp. (VST)		**NEUTRAL**								
L + 200	TLB-3 (Cov-lite)	**Neutral**	31-Dec-25	Baa3/BBB-	$2,050	$99.38	3.40%	192bp		
3.550%	Sr Sec Nts (1st Lien)	**Neutral**	15-Jul-24	Baa3/BBB-	$1,500	$103.04	2.25%	125bp	15-Jun-24	15-Jun-24
3.700%	Sr Sec Nts (1st Lien)	**Neutral**	30-Jan-27	Baa3/BBB-	$800	$102.80	3.08%	158bp	30-Nov-26	30-Nov-26
4.300%	Sr Sec Nts (1st Lien)	**Neutral**	15-Jul-29	Baa3/BBB-	$800	$105.23	3.48%	186bp	15-Apr-29	15-Apr-29
5.500%	Sr Nts	**Neutral**	1-Sep-26	Ba2/BB	$1,000	$102.64	3.40%	308bp	1-Sep-22	1-Sep-22
5.625%	Sr Nts	**Neutral**	15-Feb-27	Ba2/BB	$1,300	$102.25	4.48%	354bp	15-Feb-24	15-Feb-22
5.000%	Sr Nts	**Neutral**	31-Jul-27	Ba2/BB	$1,300	$102.38	4.00%	298bp	31-Jul-24	31-Jul-22

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Source: J.P. Morgan and Bloomberg Finance L.P.

Generation and Forecasts

Table 10: U.S. Electric Generation

GWh

	Total Electric Generation			Residential			Commercial			Industrial		
	2021	2020	Δ	2021	2020	Δ	2021	2020	Δ	2021	2020	Δ
June	374,206	352,766	-5.7%	132,711	131,242	-1.1%	118,843	108,699	-8.5%	85,383	75,230	-11.9%
4Q		961,582			334,093			308,898			231,234	
3Q		1,148,017			453,398			360,342			241,598	
2Q	984,023	933,170	-5.2%	328,418	334,119	1.7%	321,560	292,736	-9.0%	246,936	216,041	-12.5%
1Q	988,535	966,316	-2.2%	378,917	340,348	-10.2%	304,637	313,744	3.0%	228,799	230,661	0.8%

Source: Bloomberg Finance L.P.

Figure 11: Planned Solar Capacity Additions, Top 10 States

GW

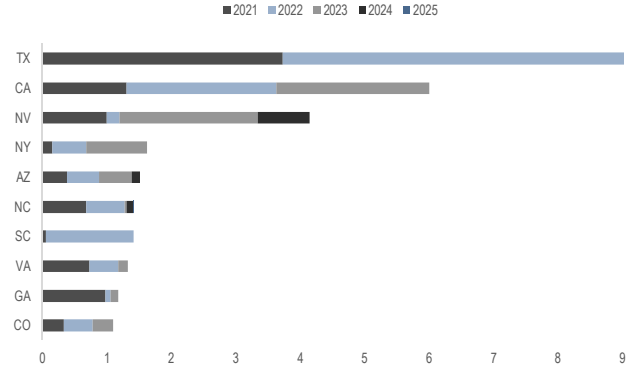

Source: EIA.

Figure 12: Planned Wind Capacity Additions, Top 10 States

GW

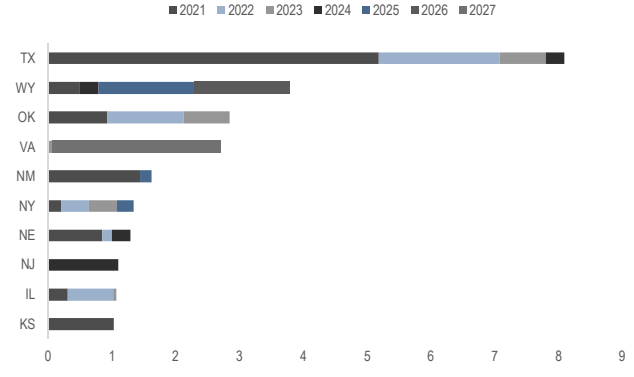

Source: EIA.

Note: Capacity from facilities with a total generator nameplate capacity less than 1 MW are excluded from EIA data. This exclusion may represent a significant portion of capacity for some technologies such as solar photovoltaic generation.

Table 11: U.S. Heating and Cooling Degree Days

	Heating Degree Days						Cooling Degree Days					
	2021	2020	2019	Norm	y/y Δ	Norm Δ	2021	2020	2019	Norm	y/y Δ	Norm Δ
Last wk	4	3	1	9	33.3%	-55.6%	53	70	84	46	-24.3%	15.2%
4Q		1,449	1,480	1,665				136	128	96		
3Q	50	66	37	75	-24.2%	-33.3%	955	945	951	792	1.1%	20.6%
2Q	570	626	520	620	-8.9%	-8.1%	346	352	349	300	-1.7%	15.3%
1Q	2,071	1,963	2,283	2,330	5.5%	-11.1%	27	46	35	33	-41.3%	-18.2%

Source: Bloomberg Finance L.P.

The U.S. Energy Information Administration (EIA) forecasts more residential energy consumption in the winter of 2020-21 as compared to a year ago, primarily due to more people working and attending school from home this season. Energy consumption was higher in February due to colder temperatures, with HDDs up by 5.5% y/y in the first quarter of 2021. Forecasts are uncertain as the COVID-19 vaccine rollout continues to evolve, but gradual recovery should drive increased energy consumption more in line with 2019 levels.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Power Curves and Spark Spreads

Figure 13: PJM West ATC Price Curve

$/MWh

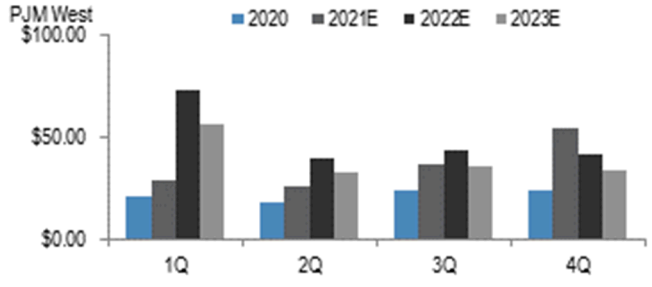

Source: Bloomberg Finance L.P.

Figure 14: PJM West ATC Spark Spread

$/MWh

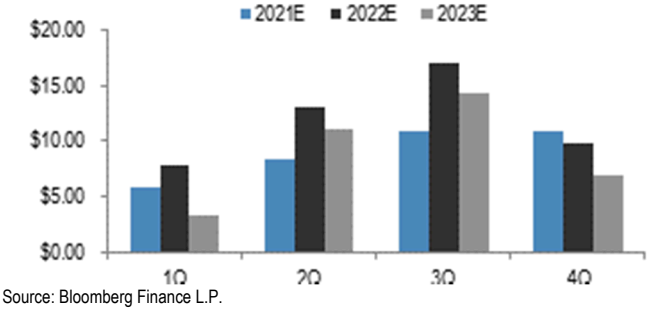

Source: Bloomberg Finance L.P.

Figure 15: NEPOOL ATC Price Curve

$/MWh

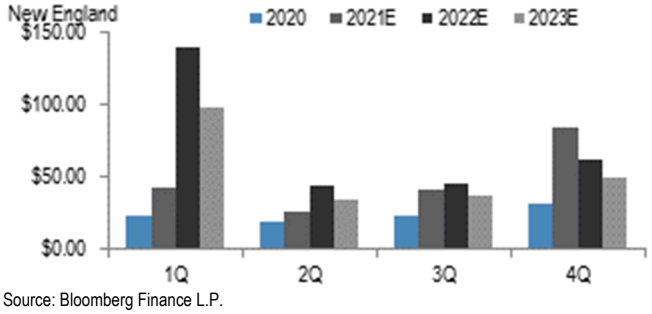

Source: Bloomberg Finance L.P.

Figure 16: NEPOOL ATC Spark Spread

$/MWh

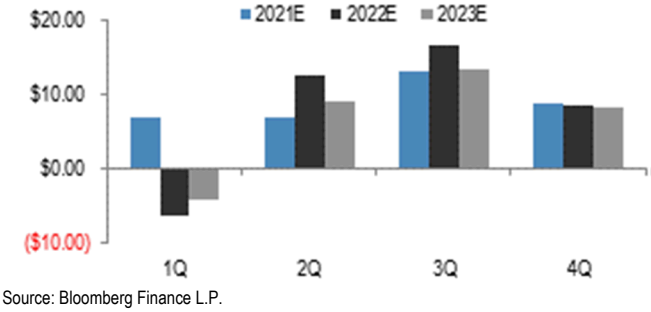

Source: Bloomberg Finance L.P.

Figure 17: WECC – P15 ATC Price Curve

$/MWh

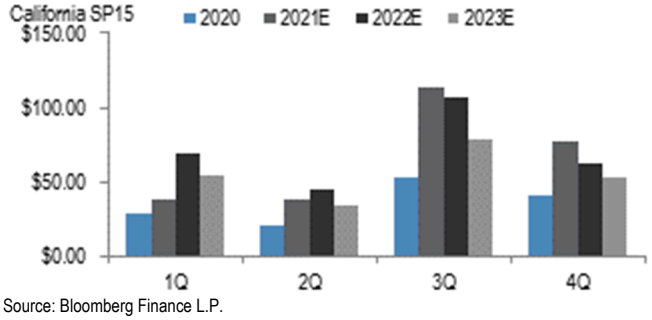

Source: Bloomberg Finance L.P.

Figure 18: WECC – P15 ATC Spark Spread

$/MWh



Source: Bloomberg Finance L.P.

Figure 19: ERCOT – Houston ATC Price Curve

$/MWh



Source: Bloomberg Finance L.P.

Figure 20: ERCOT – Houston ATC Spark Spread

$/MWh

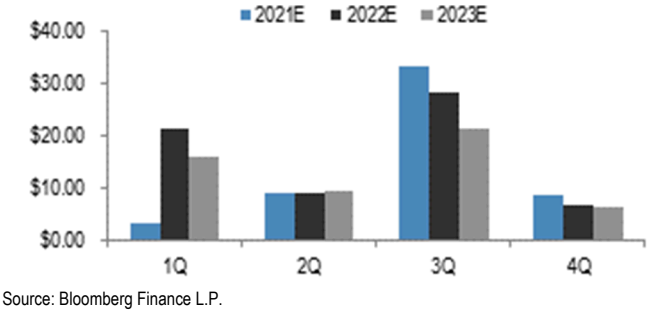

Source: Bloomberg Finance L.P.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Explanation of Credit Research Valuation Methodology, Ratings and Risk to Ratings:
J.P. Morgan uses a bond-level rating system that incorporates valuations (relative value) and our fundamental view on the security. Our fundamental credit view of an issuer is based on the company's underlying credit trends, overall creditworthiness and our opinion on whether the issuer will be able to service its debt obligations when they become due and payable. We analyze, among other things, the company's cash flow capacity and trends and standard credit ratios, such as gross and net leverage, interest coverage and liquidity ratios. We also analyze profitability, capitalization and asset quality, among other variables, when assessing financials. Analysts also rate the issuer, based on the rating of the benchmark or representative security. Unless we specify a different recommendation for the company's individual securities, an issuer recommendation applies to all of the bonds at the same level of the issuer's capital structure. We may also rate certain loans and preferred securities, as applicable. This report also sets out within it the material underlying assumptions used.

We use the following ratings for bonds (issues), issuers, loans, and preferred securities: Overweight (over the next three months, the recommended risk position is expected to outperform the relevant index, sector, or benchmark); Neutral (over the next three months, the recommended risk position is expected to perform in line with the relevant index, sector, or benchmark); and Underweight (over the next three months, the recommended risk position is expected to underperform the relevant index, sector, or benchmark). J.P. Morgan Emerging Markets Sovereign Research uses Marketweight, which is equivalent to Neutral. NR is Not Rated. In this case, J.P. Morgan has removed the rating for this particular security or issuer because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating no longer should be relied upon. An NR designation is not a recommendation or a rating. NC is Not Covered. An NC designation is not a rating or a recommendation.

For CDS, we use the following rating system: Long Risk (over the next three months, the credit return on the recommended position is expected to exceed the relevant index, sector or benchmark); Neutral (over the next three months, the credit return on the recommended position is expected to match the relevant index, sector or benchmark); and Short Risk (over the next three months, the credit return on the recommended position is expected to underperform the relevant index, sector or benchmark).

J.P. Morgan Credit Research Ratings Distribution, as of January 01, 2022

	Overweight	Neutral	Underweight
Global Credit Research Universe*	31%	53%	16%
IB clients**	64%	63%	62%

*Please note that the percentages might not add to 100% because of rounding.
**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.
The Credit Research Rating Distribution is at the issuer level. Issuers with an NR or an NC designations are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan AG ("JPM AG"), which is a member of the Frankfurt Stock Exchange, is authorised by the European Central Bank ("ECB") and

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

is regulated by the Federal Financial Supervisory Authority (BaFin). JPM AG is a company incorporated in the Federal Republic of Germany with a registered office at Taunustor 1, 60310 Frankfurt am Main, the Federal Republic of Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is regulated by the OJK a.k.a. BAPEPAM LK. **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Advisers Act 2008). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 093/09/2021 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. Any data discrepancies in this material could be the result of different calculations and/or adjustments. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised January 01, 2022.

Copyright 2022 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

MIZUHO Mizuho Securities USA LLC

U.S. Equity Research January 14, 2022

Energy Research
Utilities
Estimates Change

Exelon Corporation

Lowering Exelon Estimates Following Analyst Days

Summary

We are reducing our 2022-24 estimates following analyst days held for both the utility (Exelon) and the merchant generation company (Constellation). Exelon utility earnings estimates go up modestly on higher capital spending announced at the company's analyst day. Offsetting this is lower anticipated earnings at Constellation based on lower hedge prices. Constellation had not updated its hedge guidance for 2022 and beyond over the past several years.

Key Points

-Constellation spin-off is anticipated at the end of this month.

-Constellation updated hedge guidance indicates lower hedge prices than what we had assumed in our forecast.

-Exelon Utility spending increased by $1.325 billion and rate base estimates by $1.7 billion in 2024.

-Exelon utilities forecast 6%-8% EPS growth consistent with previous guidance.

-Constellation expects to use $1.8-$2.2 billion of free cash this year for growth or return of capital.

Rating	**Neutral**
Previous Rating	No Change
Price (1/13)	**$56.49**
Price Target	**$57.00**
Previous Price Target	No Change

Key Data

Symbol	EXC(NYSE)
52-Week Range	$58.01 - $38.36
Market Cap ($mm)	$55,177
Shares Outstanding (mm)	976.8
Float	965.0
Average Daily Volume	5,556,018
Dividend/Yield	$1.53/2.7%

Fiscal Year-End: Dec 31

	2021E	2022E Prior	2022E Curr	2023E Prior	2023E Curr
Earnings per Share ($)					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.82E**	**3.26E**	**3.14E**	**3.46E**	**3.35E**
P/E	20.0x	–	18.0x	–	16.9x

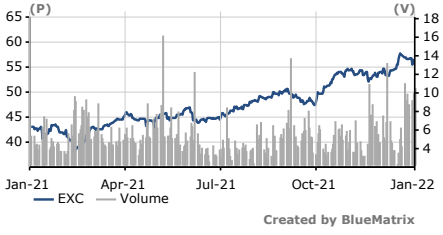

Paul Fremont
Managing Director
+1 212 205 7854
Paul.Fremont@mizuhogroup.com

Anthony Crowdell
Executive Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Peter Bourdon
Associate
+1 617 235 1701
Peter.Bourdon@mizuhogroup.com

Brandon Lee, CFA
Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

PLEASE REFER TO PAGE 9 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Estimate Changes

We are adjusting our estimates to update our forecast model for commodity forward prices as of mid-December 2021 and assumed forward hedges (which have not been disclosed by Constellation yet).

Exhibit 1: EPS Estimate Changes

Consolidated	2021E	2022E	2023E	2024E
Current	$2.82	$3.14	$3.35	$3.38
Prior	$2.82	$3.26	$3.46	$3.57
Difference	($0.00)	($0.12)	($0.11)	($0.19)

UPO	2021E	2022E	2023E	2024E
Current	$2.07	$2.22	$2.34	$2.53
Prior	$2.08	$2.22	$2.32	$2.47
Difference	($0.01)	$0.00	$0.02	$0.06

Merchant	2021E	2022E	2023E	2024E
Current	$0.75	$0.91	$1.01	$0.85
Prior	$0.75	$1.05	$1.15	$1.10
Difference	($0.00)	($0.14)	($0.14)	($0.25)

Source: Company reports, MSUSA estimates

We are maintaining our 2021 EPS estimate of $2.82.

We are decreasing our 2022-24 EPS estimates by $0.12, $0.11 and $0.19 due to lower hedge prices at Constellation partly offset by increased earnings at Exelon utilities. Constellation initiated hedge disclosures for 2022-23 and indicated that its 2024 volumes were 52% hedged in 2024. Exelon utilities increased capital spending over the 2021-24 period by $1.325 billion and rate base by $1.7 billion. Assumed rate adjustments are the principal driver of the increase in our estimates for Exelon utilities.

Our estimates do not include possible improvement in authorized returns for Commonwealth Edison beginning in 2024 when the ICC is expected to establish new cost of capital metrics. We would anticipate return on equity to be the same or better than ROE under the current formula rate plan. We also do not include the possible benefit of incentive returns.

Corporate Separation

We expect that Exelon will complete the spin-off of its Constellation subsidiary on or before February 1, 2022. According to a January 6, 2022 8K, shareholders of Exelon will receive one share of Constellation for every 3 shares of Exelon on February 1, 2022. Exelon has completed all of the required regulatory approvals for the spin-off of Constellation. Closing of the transaction in the first quarter of 2022 is subject to

final approval of Exelon's Board of Directors and a Form 10 registration statement being declared effective by the Securities and Exchange Commission (SEC).

Analyst Day

Exelon and Constellation held their analyst days earlier this month. Among our take-aways are the following:

Exelon:

-The company indicated that it would target 6%-8% EPS growth with an initial 60% dividend payout target.

-The company also announced higher capital spending and rate base as indicated in Exhibit 2 below:

Exhibit 2: Capex and Rate base Revisions

		2021	2022	2023	2024	Total
Capex	4Q20	6,550	6,725	6,725	6,725	26,725
	4Q21	6,600	6,900	7,100	7,450	28,050
Rate Base	4Q20	47,900	51,600	55,000	58,800	
	4Q21	47,600	52,000	55,700	60,500	
Capex	Difference	50	175	375	725	1,325
Rate Base	Difference	(300)	400	700	1,700	

Source: Company reports, MSUSA estimates

We note that rate base growth exceeds the increase in capital spending levels. Also, the company did not provide a break-out of rate base projections by subsidiary.

-Exelon indicated that it will issue $1.0 billion of equity in the period 2022-25. The company expects to be above its downgrade threshold of 12% (both rating agencies) for the forecast period through 2025.

-Exelon will transfer $1.75 billion to Constellation at the time of separation.

Constellation

-The company provided 2022 adjusted EBITDA guidance of $2.35-$2.75 billion.

-Constellation plans to pay an initial dividend of $180 million which it plans to grow by 10% each year. The percentage increase in its dividend per share could be greater than 10% if the company pursues share repurchase.

-Constellation initiated 2022-23 hedge guidance and indicated it is 52% hedged in 2024. The company's updated hedge guidance excludes output from Braidwood, Byron and Dresden (which is now included under ZEC and capacity). We estimate the annual subsidy for these plants to be roughly $140 million versus the $1.5 billion plus contribution included in the ZEC and capacity payment bucket. Restating hedges to previous disclosures would indicate that Constellation is 68% hedged in 2022, 41% hedged in 2023 and 33% in 2024.

-Constellation will pay down debt using the $1.75 billion transfer from Exelon and expects to have between $1.8-$2.2 billion of free cash flow for the year. The company plans to use this cash for growth or return of capital to shareholders. We believe a likely use of this cash will be share repurchase.

-Despite the continued operation of all of its Chicago nuclear plants and the purchase of EDF's ownership interest in 3 nuclear plants, annual maintenance capex is expected to remain in the range of $650 million.

Valuation

Base Case

Using a sum of the parts analysis on 2024 results we derive a price target of $57.00 per share. Based on yesterday's closing price of $56.35, this represents price appreciation potential of 1.2% and total return potential of 3.9% including the company's current yield of 2.7%. Our price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.42 using a P/E multiple of 17.8 times, a 5% premium to our electric group average multiple, resulting in a price target of $45.00.

We value the regulated gas distribution 2024 earnings of $0.48 using a P/E multiple of 15.5 times, a 5% premium to our gas group average multiple, resulting in a price target of $8.00.

We value ExGen 2024 generation and retail EBITDA less maintenance capex of $1.9 billlion at a 6.9 times multiple net of $5.4 billion of debt resulting in a price target of $7.00.

We add to this total $8.00 for a $15.00 PTC (currently proposed in Build Back Better) and for a $450 million assumed hedge deduction included in our 2024 adjusted EBITDA estimate.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $11.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Bull Case

Under our bull case scenario, generation EBITDA would increase by $515 million based on assumed market heat rate expansion of 1,000. Using a 6.9 times multiple on merchant generation results in a $4.00 positive revision to our price target.

Bear Case

Under our bear case scenario, generation EBITDA would decrease by $515 million based on assumed market heat rate contraction of 1,000. Using a 6.9 times multiple on merchant generation results in a $4.00 negative revision to our price target.

Company Models

In the pages that follow, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet for Exelon Corporation from 2018 to 2024. To derive the consolidated results, we modeled full financials for each operating subsidiary. Clients who would like the full models may obtain them through their MSUSA representative or by direct request to the authors.

Exhibit 3: EXC Income Statement

Consolidated Income Statement *($ millions)*	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Revenues	$36,248	$34,441	$32,929	$32,357	$34,244	$34,978	$35,391
Cost of Goods Sold	16,632	15,273	14,215	14,441	14,722	14,725	14,771
O&M	9,065	8,652	8,494	8,003	8,354	8,506	8,559
Other Expenses	(8)	(5)	(11)	(5)	(4)	(4)	(4)
Taxes Other then Income	1,782	1,732	1,713	1,594	1,681	1,705	1,731
EBITDA	**$8,777**	**$8,789**	**$8,518**	**$8,325**	**$9,491**	**$10,045**	**$10,334**
D&A	3,800	3,938	4,075	4,081	4,315	4,496	4,680
EBIT	**$4,977**	**$4,851**	**$4,443**	**$4,243**	**$5,176**	**$5,549**	**$5,654**
Interest	1,529	1,578	1,609	1,580	1,603	1,693	1,762
Other Income	513	505	611	561	213	218	224
EBT	**$3,961**	**$3,778**	**$3,445**	**$3,224**	**$3,787**	**$4,074**	**$4,116**
Taxes	720	618	399	554	666	717	697
Preferred Dividends	215	20	(104)	(104)	7	7	7
Net Income	**$3,026**	**$3,140**	**$3,150**	**$2,774**	**$3,113**	**$3,351**	**$3,413**
EPS	**$3.12**	**$3.22**	**$3.22**	**$2.82**	**$3.14**	**$3.35**	**$3.38**

Source: Company reports, MSUSA estimates

Exhibit 4: EXC Cash Flow Statement

Consolidated Cash Flow Statement *($ millions)*	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Net Income	$3,213	$3,142	$3,039	$2,663	$3,113	$3,351	$3,413
Depreciation	3,698	3,836	3,973	3,979	4,213	4,394	4,578
Deferred Taxes	(818)	(80)	(570)	(524)	(616)	(521)	(546)
Maintenance Cap-Ex	(3,225)	(3,356)	(3,526)	(3,516)	(3,710)	(3,859)	(4,016)
Growth Cap-Ex	(3,325)	(3,144)	(4,149)	(3,784)	(4,240)	(4,066)	(4,084)
Net Cash Generation	**(457)**	**398**	**(1,233)**	**(1,181)**	**(1,240)**	**(702)**	**(656)**
EBITDA + Other Income	9,199	9,182	9,006	8,751	9,567	10,122	10,411
Interest Expense	696	774	888	1,004	1,106	1,196	1,266
Pfd. Dividends	(2)	(2)	(1)	(1)	(1)	(1)	(1)
Common Dividends	(1,338)	(1,409)	(1,491)	(1,580)	(1,673)	(1,773)	(1,877)

Source: Company reports, MSUSA estimates

Exhibit 5: EXC Balance Sheet

Consolidated Balance Sheet ($ millions)	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Cash & Equivalents	$1,781	$1,122	$1,166	$1,176	$1,076	$1,369	$525
Short Term Debt	$332	$838	$1,644	$1,644	$1,644	$1,644	$1,644
Revolver	0	0	0	0	123	0	1,125
Current Portion of Long Term Debt	2,412	3,206	1,791	2,993	1,120	625	1,182
Long Term Debt	33,615	33,531	35,580	34,479	38,554	41,723	42,741
Total Debt	**$36,359**	**$37,575**	**$39,015**	**$39,115**	**$41,440**	**$43,992**	**$46,692**
Preferred Stock	0	0	0	0	0	0	0
Total Debt & Preferred	**$36,359**	**$37,575**	**$39,015**	**$39,115**	**$41,440**	**$43,992**	**$46,692**
Shareholder's Equity	29,568	31,074	32,010	31,398	31,027	30,319	28,084
Goodwill Portion of Equity	0	0	0	0	0	0	0
Goodwill / Shareholder's Equity	0	0	0	0	0	0	0
Total Book Capitalization	**$65,927**	**$68,649**	**$71,025**	**$70,513**	**$72,467**	**$74,311**	**$74,776**
Off-Balance Sheet Debt	0	0	0	0	0	0	0
Consolidated Debt/Pfd. Assoc. w/Min. Int. Exp.	0	0	0	0	0	0	0
Total Credit Capitalization	**$65,927**	**$68,649**	**$71,025**	**$70,513**	**$72,467**	**$74,311**	**$74,776**

Source: Company reports, MSUSA estimates

Price Target Calculation and Key Risks

Price Target Calculations: Our $57 price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.38 using a P/E multiple of 19.7 times, a 10.0% premium to our electric group average multiple, resulting in a price target of $47.00.

We value the regulated gas distribution 2024 earnings of $0.47 using a P/E multiple of 17.2 times, a 10.0% premium to our gas group average multiple, resulting in a price target of $8.00.

We value ExGen 2024 generation and retail EBITDA less maintenance capex of $1.7 billlion at a 6.9 times multiple net of $5.4 billion of debt resulting in a price target of $7.50.

We assume that federal legislation is adopted providing additional subsidies to nuclear plants, adding $5.00 to our price target.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $10.50.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: 1) Equity overhang; 2) Not getting federal nuclear subsidies. Weak commodity outlook, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

MIZUHO

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates makes a market in the following securities: Exelon Corporation

Mizuho Securities USA LLC and or its affiliates has received compensation for investment banking services for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates has managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates have provided investment banking services for Exelon Corporation who is or was a client in the past 12 months.

The compensation of the research analyst writing this report, in whole or part, is based on MSUSA.s annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA.s internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Paul Fremont, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock's total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform. (effective July 10, 2017).

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Mizuho Securities USA LLC investment ratings are based on the following definitions. Anticipated share price change is based on a 6- to 12-month time frame. Return expectation excludes dividends (prior to July 10, 2017).

Buy:	Stocks for which the anticipated share price appreciation exceeds 10%.
Neutral:	Stocks for which the anticipated share price appreciation is within 10% of the share price.
Underperform:	Stocks for which the anticipated share price falls by 10% or more.
RS:	Rating Suspended - rating and price objective temporarily suspended.
NR:	No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of January 13)	% of coverage	IB service past 12 mo
Buy (Buy)	61.47%	64.62%
Hold (Neutral)	37.12%	56.05%
Sell (Underperform)	1.42%	33.33%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

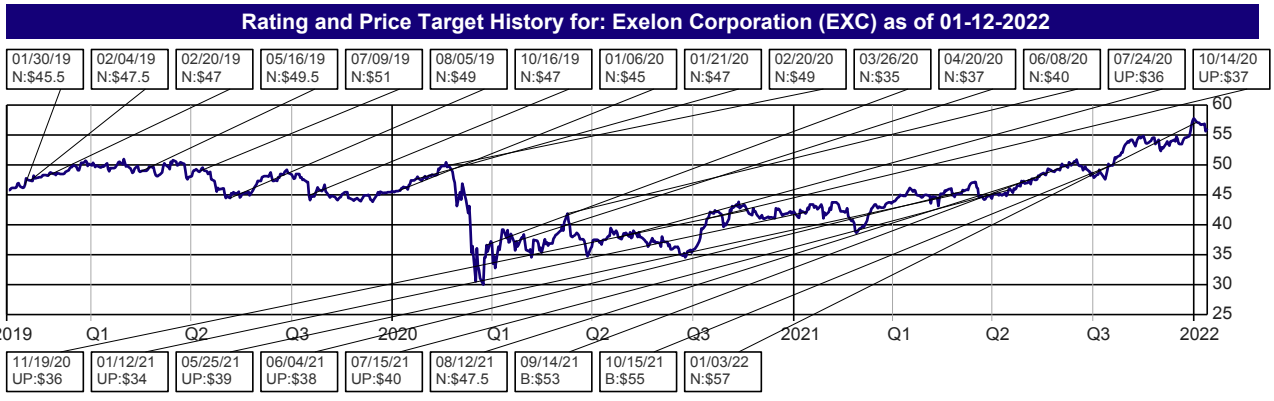

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any

transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2022. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

Buy

Exelon (EXC)

Utility upside tempered by ExGen cash shortfall; estimates moved to pro-forma basis; PT up to $63

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Price and Target	as of 01/13/22
Price	$56.49
Target Price	$63
Dividend Yield	2.7%
Total Return	14.2%

Capitalization Data (mn USD$)	
Shares Out (mn)	978.3
Market Cap	55,265
Net Debt	38,744
Enterprise Value	94,009

Performance (%)	1M	YTD	1Y
Exelon	4.3	-2.2	32.0
Rel S&P 500	3.1	-1.4	6.4

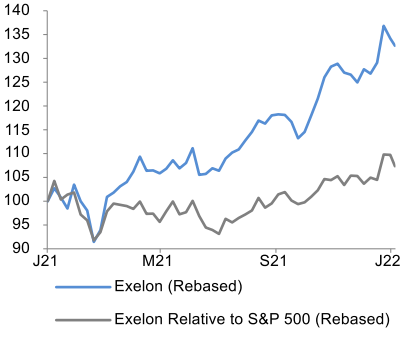

Constellation leads with call for patience on capital allocation. At Tuesday's Analyst Day the new Constellation (formerly ExGen) team urged investors to be patient with respect to specific capital allocation decisions. Reasons include wanting to see where CEG ends up trading (fair enough) and getting a better sense of potential growth investment opportunities. We think there was likely also an element of wait and see regarding potential federal nuclear (and hydrogen) tax credits with management reluctant to make definitive capital decisions while such potential policy support questions are in play. This made for a somewhat anticlimactic tone on Tuesday, with Constellation CEO Dominguez indicating investors might expect more specifics in the latter part of the year. For sure, Tuesday left us feeling a little short-changed at the margin but we remain constructive on the shares at current levels and view CEG as a uniquely positioned clean power play and leading large-customer retail franchise.

Gross margin, EBITDA guides generally constructive. In terms of outlook, forecast margin for 2022 and 2023 as well as the 2022 adjusted EBITDA guide ($2.35B-$2.75B) were broadly in line with our model. Lower hedge percentages and a relatively flat forward curve for 2024 also point to EBITDA being closer to the $3B range for 2023 and 2024 on our numbers. CFO Eggers noted that the $2.6B midpoint of 2022 EBITDA guide includes $50M of pressure from lower winter curves since the 11/30 reference date. Forecast O&M was ~$50M favorable to our numbers, whereas base CapEx and nuclear fuel is seen $750M lower than our model for 2022 and 2023 combined. Having worked with the new numbers over the past couple of days, we note some reconciliation challenges and would urge CEG to consider a clear bridge between gross margin and adjusted EBITDA in reporting and guidance templates.

Lower than expected initial cash given collateral return. CEG showed the summary cash flow outlook for 2022-2023 combined. One notable feature was a lower than expected cash starting point which we understand to reflect a good portion of the cash on the ExGen balance sheet from September having being collateral related and therefore not available. Per the cash waterfall, CEG expects $4.6B-$5.0B of available cash for 2022-2023 after base CapEx and nuclear fuel spending. Some $1.8B-$2.2B of this cash is earmarked for debt reduction based on the net debt to adjusted EBITDA target of 2.0x. After dividends and one-time costs related to the separation ($0.4B each) this will leave $1.8B-$2.2B of cash to be allocated to growth investment (clearly management's preferred path we sensed) or return of capital.

Raising PT $2 to $63; shifting estimates to pro forma basis. Today we make an interim model update which shows our financial estimates for 2022 and beyond on a post-separation basis. While out of our headline estimates, Constellation remains included in our consolidated target and valuation. Pro forma for the separation we assign $43 of value to Exelon and $19 per Exelon share to Constellation ($59 per CEG share based on the 1:3 distribution ratio).

Key Estimates (FY, $, mn)	2020	2021E	2022E	2023E	2024E
Operating EPS	$3.22	$2.80	$2.25	$2.40	$2.55
DPS	$1.53	$1.53	$1.35	$1.45	$1.55
Payout Ratio	76%	69%	52%	52%	52%
P/E	13.1x	20.2x	25.1x	23.5x	22.2x
EV/EBITDA	10.3x	10.6x	12.8x	12.4x	12.0x
Dividend Yield	3.6%	2.7%	3.6%	3.9%	4.2%

Figure 1: Exelon – Vertical Research Estimates & Multiples

	FY2019A	FY2020A	FY2021E	FY2022E	FY2023E	FY2024E	4-Yr. CAGR 2020-2024E
ComEd	$0.71	$0.66	$0.79	$0.87	$0.93	$0.99	10.7%
PECO	$0.55	$0.47	$0.53	$0.56	$0.61	$0.64	8.1%
BGE	$0.37	$0.37	$0.44	$0.48	$0.52	$0.56	10.9%
PHI	$0.52	$0.52	$0.64	$0.67	$0.70	$0.75	9.5%
Exelon Utilities	**$2.15**	**$2.02**	**$2.40**	**$2.59**	**$2.77**	**$2.94**	**9.8%**
Exelon Generation	$1.31	$1.44	$0.65	--	--	--	NM
Corporate & Other	($0.23)	($0.24)	($0.25)	($0.34)	($0.37)	($0.39)	NM
EXC Operating EPS	**$3.23**	**$3.22**	**$2.80**	**$2.25**	**$2.40**	**$2.55**	**-5.7%**
Adjustments	($0.21)	($1.21)	($0.57)	$0.00	$0.00	$0.00	NM
EXC GAAP EPS	**$3.01**	**$2.01**	**$2.23**	**$2.25**	**$2.40**	**$2.55**	**6.1%**
DPS - Yr. End Indicated	**$1.45**	**$1.53**	**$1.53**	**$1.35**	**$1.45**	**$1.55**	**0.3%**
Payout Ratio	45%	48%	55%	60%	60%	61%	--
Company Guidance	--	--	**$2.70 - $2.90**	**$2.18 - $2.32**	--	--	--
VRP vs. Mid-Point	--	--	$0.00	$0.00	--	--	--
Consensus	--	--	**$2.79**	**$3.32**	**$3.45**	**$3.21**	**-0.1%**
Number of Estimates	--	--	**14**	**12**	**10**	**10**	--
VRP vs. Consensus	--	--	$0.01	($1.07)	($1.05)	($0.66)	--
Stock Price	**$45.59**	**$42.22**	**$56.49**	**$37.49**	**$37.49**	**$37.49**	--
P/E Ratio	14.1x	13.1x	20.1x	16.7x	15.6x	14.7x	--
EV/EBITDA	8.8x	8.7x	10.6x	10.3x	10.0x	9.8x	--
FCF Yield	5.8%	2.4%	0.7%	-3.5%	-3.1%	-3.2%	--
Dividend Yield	3.2%	3.6%	2.7%	3.6%	3.9%	4.1%	--
CEG Adjusted EBITDA ($Mn)	--	--	--	**2,575**	**2,975**	**3,050**	--

Source: Company Reports, FactSet and Vertical Research Partners. Note: Share price and valuation metrics for forecast (2022+) periods based on EXC current price less our Constellation target value of $19 per EXC share. FactSt consensus reflects current headline consolidated basis.

Shifting to pro forma estimates from 2022. We show our revised estimates in Figure 1 above. Starting from 2022, our published EPS and DPS are now pro forma for the CEG separation. For 2021, we show numbers and guidance on a consolidated pre-separation basis since we believe this is how Exelon will end up reporting and filing their 2021 10-K, as they were still a single entity as of year-end. For reference, we note that EXC management put out a post-separation adjusted 2021 guidance range of $2.06-$2.14 with their Monday disclosures. Using the $2.10 midpoint of this range, our 2024E of $2.55 amounts to a three year EPS CAGR of 6.7%. We also note that the stock price used to calculate the multiples and yields for 2022 and beyond in our Figure 1 is based on today's close for EXC ($56.49) less our estimated $19/sh CEG value.

Valuation raised on higher utility outlook. Our updated valuation is in Figure 2 below. Our utility net of parent (EXC RemainCo) value is $2 higher based on the updated rate base and investment numbers disclosed on Monday. We use an average 17x target multiple on our 2024E and see potential for the future Exelon ultimately to capture a premium given continued consistent execution post separation. Our value for CEG is based on an average of 6.0x EBITDA and 12.5% Free Cash Flow Yield. This cash flow yield target is a new feature of our sum-of-parts and is lower than the 15% target we are using for listed energy merchants, NRG and VST. Factors we see supporting a lower target cash flow yield include EXC's superior and industry leading emissions profile along with growing stakeholder support for maintaining the nuclear fleet. We have eliminated the half-turn EV multiple discount on ZEC and CMC revenues from our prior valuation in view of the improved policy support landscape. Our valuation continues to include ~$0.50 per EXC share (~$1.50 per new CEG share) of upside for a potential nuclear production tax credit (PTC). This is based on an updated net value of $425M ($990M before estimated ZEC and CMC netting) to which we apply an EV multiple of 6.0x and a probability factor of 20%. Raising this to 100% on enactment would add $2 per EXC share to our valuation and move our overall consolidated target up to $65 per EXC share. Were this to happen though, we likely would also consider a higher overall multiple for CEG overall given the substantially more contracted nature of the broader portfolio under a PTC scenario.

Figure 2: Exelon – Vertical Research Valuation

Segment	Valuation Metric	FY2024E	Multiple	Valuation Components($MM) Ent. Val.	Less Debt	Plus Cash	Equity	Value $/Sh.
ComEd Utility	P/E	$0.99	17.0x				16,781	$17
PECO Utility	P/E	$0.64	17.0x				10,861	$11
BGE Utility	P/E	$0.56	17.0x				9,476	$10
PHI Utility	P/E	$0.75	17.0x				12,654	$13
Exelon Utilities		**$2.94**	**17.0x**				**49,773**	**$50**
Exelon Corporate	P/E	($0.39)	17.0x				(6,575)	($7)
Exelon RemainCo (EXC)		**$2.55**	**17.0x**				**43,197**	**$43**
Constellation - Adj. EBITDA	EV/EBITDA	3,050	6.0x	18,300	(5,000)	4,995	18,295	$18
Constellation - FCF B4 Growth	FCF Yield	2,359	12.5%				18,871	$19
Constellation - Average EV & FCF							**18,583**	**$19**
Potential Nuclear PTC Net Uplift ~$425M @ 6x multiple and 20% probability factor	EV/EBITDA	85	6.0x	510	--	--	510	**$0.50**
Constellation SpinCo (per EXC Share)							**19,093**	**$19**
EXC Consolidated (Current Target Basis)							**62,290**	**$63**
EXC Diluted Average Shares (FY2024E)							*996*	
Constellation SpinCo (per CEG Share)							**$19,093**	**$59**
Constellation Shares (Post-Spin)							*326*	

Source: Vertical Research Partners. Note: Per share totals may not foot due to rounding.

Figure 3: Constellation Cash Flow Outlook (2022-2023)

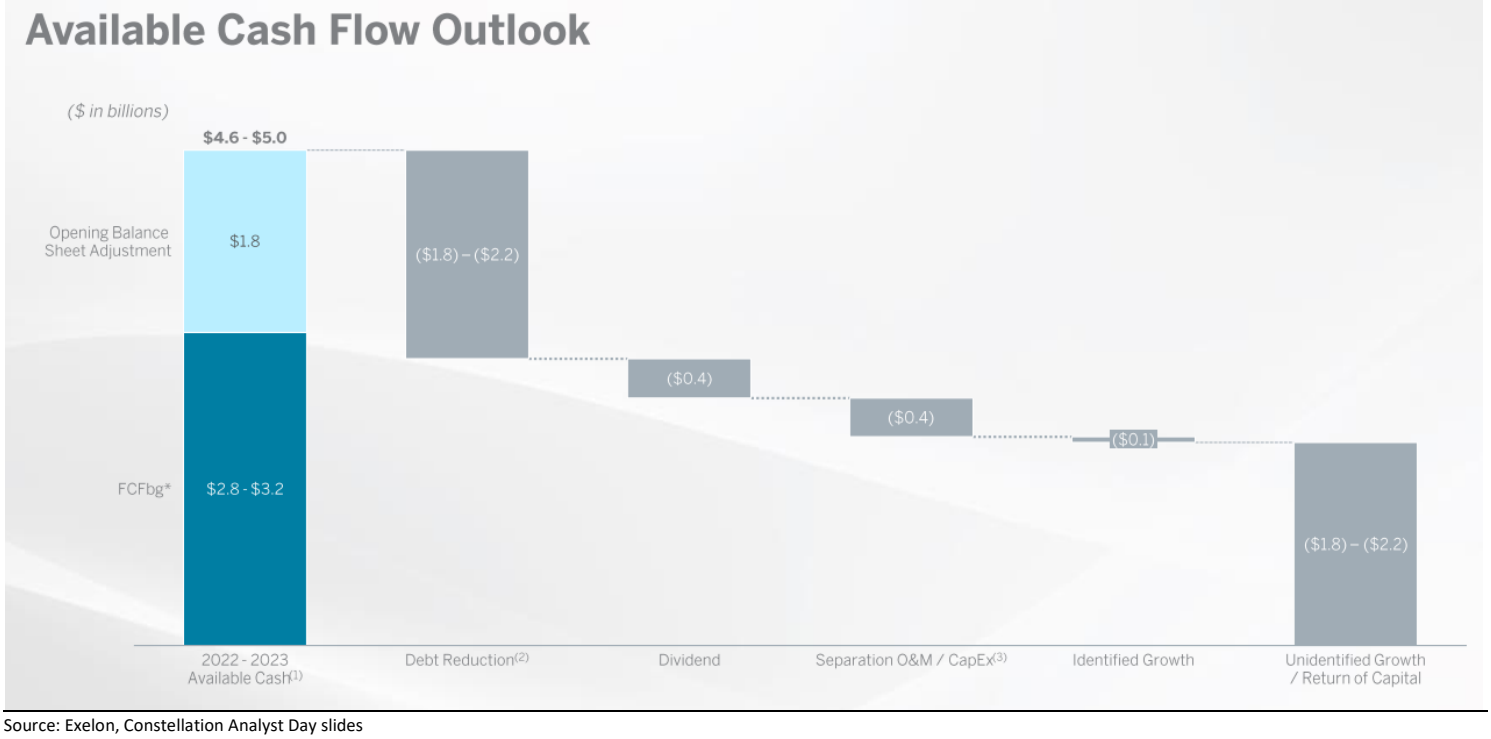

Source: Exelon, Constellation Analyst Day slides

Exelon – Model Summary

Figure 4: Exelon – Consolidated Income Statement (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Income Statement	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Operating Revenue	36,248	34,441	32,929	9,973	8,155	9,545	8,465	36,138	17,535	18,188	18,819
Fuel & Purchased Power	(16,632)	(15,273)	(14,215)	(6,172)	(3,516)	(4,380)	(4,138)	(18,206)	(5,171)	(5,291)	(5,413)
Gross Margin	**19,616**	**19,168**	**18,714**	**3,801**	**4,639**	**5,165**	**4,328**	**17,933**	**12,364**	**12,897**	**13,406**
O&M Expense	(9,065)	(8,652)	(8,504)	(2,152)	(2,083)	(2,082)	(1,697)	(8,014)	(3,956)	(3,973)	(3,991)
Other Income / (Expense)	(1,261)	(1,222)	(1,081)	(130)	(107)	(364)	(359)	(960)	(1,172)	(1,245)	(1,306)
EBITDA	**9,290**	**9,294**	**9,129**	**1,519**	**2,449**	**2,719**	**2,272**	**8,959**	**7,236**	**7,679**	**8,110**
Depreciation & Amortization	(3,800)	(3,938)	(4,075)	(1,055)	(1,033)	(1,051)	(916)	(4,055)	(3,241)	(3,398)	(3,559)
EBIT	**5,490**	**5,356**	**5,054**	**464**	**1,416**	**1,668**	**1,357**	**4,905**	**3,995**	**4,282**	**4,551**
Interest Income / (Expense)	(1,529)	(1,578)	(1,609)	(389)	(396)	(398)	(400)	(1,583)	(1,397)	(1,488)	(1,568)
Other	--	--	--	--	--	--	--	--	--	--	--
Earnings Before Taxes	**3,961**	**3,778**	**3,445**	**75**	**1,020**	**1,270**	**957**	**3,322**	**2,598**	**2,793**	**2,983**
Income Tax Charge	(720)	(618)	(399)	(90)	(125)	(148)	(63)	(426)	(382)	(410)	(438)
Effective Tax Rate	*18.2%*	*16.4%*	*11.6%*	*120.0%*	*12.3%*	*11.7%*	*6.6%*	*12.8%*	*14.7%*	*14.7%*	*14.7%*
Preferred Dividends	0	0	0	0	0	0	(1)	(1)	(4)	(4)	(4)
Minority & Other	(215)	(20)	104	(44)	(26)	(52)	(27)	(149)	0	0	0
Net Income - Operating	**3,026**	**3,140**	**3,150**	**(59)**	**869**	**1,070**	**866**	**2,746**	**2,212**	**2,379**	**2,541**
Adjustments, Net	(1,016)	(204)	(1,187)	(230)	(468)	133	0	(565)	0	0	0
Net Income - GAAP	**2,010**	**2,936**	**1,963**	**(289)**	**401**	**1,203**	**866**	**2,181**	**2,212**	**2,379**	**2,541**
EPS - Operating	**$3.12**	**$3.22**	**$3.22**	**($0.06)**	**$0.89**	**$1.09**	**$0.88**	**$2.80**	**$2.25**	**$2.40**	**$2.55**
EPS - GAAP	**$2.07**	**$3.01**	**$2.01**	**($0.30)**	**$0.41**	**$1.23**	**$0.88**	**$2.23**	**$2.25**	**$2.40**	**$2.55**
DPS - Paid	**$1.38**	**$1.45**	**$1.53**	**$0.38**	**$0.38**	**$0.38**	**$0.38**	**$1.53**	**$1.35**	**$1.45**	**$1.55**
Payout Ratio	44%	45%	48%	NM	NM	NM	NM	55%	60%	60%	61%
End of Period Shares (MM)	*968*	*973*	*976*	*977*	*978*	*978*	*979*	*979*	*985*	*990*	*996*
Diluted Average Shares (MM)	*969*	*974*	*977*	*977*	*979*	*980*	*982*	*979*	*985*	*990*	*996*

Source: Company Reports and Vertical Research Partners

Figure 5: Exelon – Consolidated Balance Sheet (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Balance Sheet	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Cash and Cash Equivalents	1,349	587	663	1,908	1,578	2,957	1,434	1,434	1,157	1,418	1,468
Accounts Receivable, net	5,863	6,175	4,629	4,816	4,492	4,660	4,605	4,605	3,014	3,119	3,220
Other	6,148	5,275	7,270	6,273	6,278	7,260	8,683	8,683	2,603	2,603	2,603
Total Current Assets	**13,360**	**12,037**	**12,562**	**12,997**	**12,348**	**14,877**	**14,721**	**14,721**	**6,774**	**7,140**	**7,291**
Net Property, Plant & Equipment	76,707	80,233	82,584	82,588	82,120	82,852	83,428	83,428	67,476	70,794	74,325
Long-Term Investments	625	464	440	431	421	435	435	435	270	270	270
Other	28,974	32,243	33,731	33,984	34,507	34,457	34,557	34,557	15,273	15,597	15,997
Total Assets	**119,666**	**124,977**	**129,317**	**130,000**	**129,396**	**132,621**	**133,142**	**133,142**	**89,793**	**93,801**	**97,883**
Short-Term Debt	714	1,370	2,031	3,128	1,865	2,667	2,287	2,287	2,787	2,787	2,787
Long-Term Debt, Current	1,349	4,710	1,819	2,281	3,633	3,375	3,083	3,083	800	800	1,307
Accounts Payable	3,805	3,565	3,567	3,435	3,552	3,694	3,837	3,837	2,202	2,231	2,261
Other	5,536	4,540	5,354	4,736	4,869	6,090	6,090	6,090	2,656	2,656	2,656
Total Current Liabilities	**11,404**	**14,185**	**12,771**	**13,580**	**13,919**	**15,826**	**15,298**	**15,298**	**8,445**	**8,474**	**9,011**
Deferred Taxes	11,330	12,351	13,035	13,129	13,194	13,816	13,811	13,811	10,356	10,536	10,716
Pension & Benefits	5,916	6,323	6,514	5,939	5,863	5,757	5,757	5,757	4,900	4,900	4,900
Environmental Costs & AROs	9,679	10,846	12,300	12,405	12,502	12,907	12,945	12,945	272	272	272
Other	13,802	14,980	14,346	13,996	13,951	14,397	14,397	14,397	8,309	8,309	8,309
Total Non-Current Liabilities	**40,727**	**44,500**	**46,195**	**45,469**	**45,510**	**46,877**	**46,910**	**46,910**	**23,837**	**24,017**	**24,197**
Long-Term Debt	34,465	31,719	35,483	36,638	35,467	35,659	36,171	36,171	35,129	37,529	39,422
Preferred Stock	--	--	--	--	--	--	--	--	--	--	--
Minority Interest	--	--	--	--	--	--	--	--	--	--	--
Shareholders' Equity	33,070	34,573	34,868	34,313	34,500	34,259	34,764	34,764	22,382	23,780	25,253
Total Liabilities & Capitalization	**119,666**	**124,977**	**129,317**	**130,000**	**129,396**	**132,621**	**133,142**	**133,142**	**89,793**	**93,801**	**97,883**

Source: Company Reports and Vertical Research Partners

Figure 6: Exelon – Consolidated Cash Flow Statement (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Cash Flow Statement	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Net Income - GAAP	2,084	3,028	1,954	(264)	475	1,230	892	2,333	2,216	2,383	2,545
Depreciation & Amortization	5,971	5,780	6,527	2,104	2,076	2,024	1,391	7,595	3,241	3,398	3,559
Deferred Taxes	(106)	681	309	(142)	(21)	118	(5)	(50)	180	180	180
Other Operating Cash Flow	1,715	346	244	(513)	(363)	(567)	0	(1,443)	0	0	0
Working Capital Changes	(1,020)	(3,176)	(4,799)	(2,446)	232	198	(1,224)	(3,240)	(128)	(76)	(72)
Operating Cash Flow	**8,644**	**6,659**	**4,235**	**(1,261)**	**2,399**	**3,003**	**1,053**	**5,194**	**5,510**	**5,885**	**6,212**
Capital Expenditure	(7,594)	(7,248)	(8,048)	(2,140)	(1,900)	(1,930)	(2,067)	(8,037)	(6,915)	(7,115)	(7,490)
Investments, net	(63)	12	46	680	44	77	0	801	0	0	0
Other Investing Cash Flow	(177)	(24)	3,666	1,555	571	832	0	2,958	0	0	0
Investing Cash Flow	**(7,834)**	**(7,260)**	**(4,336)**	**95**	**(1,285)**	**(1,021)**	**(2,067)**	**(4,278)**	**(6,915)**	**(7,115)**	**(7,490)**
Changes in ST Debt	(213)	656	661	1,097	(1,263)	802	(380)	256	1,500	0	0
Changes in LT Debt	1,329	664	1,067	1,626	199	(37)	220	2,008	2,675	2,400	2,400
Preferred Stock (Net)	--	--	--	--	--	--	--	--	--	--	--
Equity Issuance (Net)	105	112	45	31	16	16	25	88	(1,500)	250	250
Preferred Dividends	--	--	--	--	--	--	--	--	--	--	--
Common Dividends	(1,332)	(1,408)	(1,492)	(374)	(373)	(374)	(374)	(1,495)	(1,146)	(1,235)	(1,323)
Other Financing Cash Flow	(108)	(82)	(136)	(46)	(18)	(914)	0	(978)	0	0	0
Financing Cash Flow	**(219)**	**(58)**	**145**	**2,334**	**(1,439)**	**(507)**	**(509)**	**(121)**	**1,529**	**1,415**	**1,327**
Other Cash Flow	(432)	(103)	32	77	(5)	(96)	0	(24)	0	76	0
Opening Cash & Equivalents	1,190	1,349	587	663	1,908	1,578	2,957	663	1,034	1,157	1,418
Closing Cash & Equivalents	1,349	587	663	1,908	1,578	2,957	1,434	1,434	1,157	1,418	1,468
Net Cash Flow	**159**	**(762)**	**76**	**1,245**	**(330)**	**1,379**	**(1,523)**	**771**	**123**	**261**	**50**
Unlevered Free Cash Flow	2,579	989	(2,204)	(3,012)	895	1,471	(614)	(1,260)	(8)	258	290
Free Cash Flow (Excl. Working Capital)	2,070	2,587	986	(955)	267	875	210	397	(1,278)	(1,154)	(1,206)
FCF to Equity after Dividends	738	1,179	(506)	(1,329)	(106)	501	(164)	(1,098)	(2,424)	(2,389)	(2,529)

Source: Company Reports and Vertical Research Partners

Figure 7: Exelon – Credit & Other Metrics (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Credit & Other Metrics	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Net Debt (GAAP)	**35,179**	**37,212**	**38,670**	**40,139**	**39,387**	**38,744**	**40,107**	**40,107**	**37,559**	**39,698**	**42,048**
Minority & Preferred	0	0	0	0	0	0	0	0	0	0	0
Shareholders' Equity	33,070	34,573	34,868	34,313	34,500	34,259	34,764	34,764	22,382	23,780	25,253
Total Capitalization	**68,249**	**71,785**	**73,538**	**74,452**	**73,887**	**73,003**	**74,871**	**74,871**	**59,941**	**63,478**	**67,301**
Adjusted Net Debt	**35,179**	**37,212**	**38,670**	**40,139**	**39,387**	**38,744**	**40,107**	**40,107**	**37,559**	**39,698**	**42,048**
Adjusted Capitalization	**68,249**	**71,785**	**73,538**	**74,452**	**73,887**	**73,003**	**74,871**	**74,871**	**59,941**	**63,478**	**67,301**
EBITDA - Income Statement	9,290	9,294	9,129	1,519	2,449	2,719	2,272	8,959	7,236	7,679	8,110
Leases & Other Adjustments	0	0	0	0	0	0	0	0	0	0	0
EBITDA - Adjusted	**9,290**	**9,294**	**9,129**	**1,519**	**2,449**	**2,719**	**2,272**	**8,959**	**7,236**	**7,679**	**8,110**
				--	--	--	--				
Net Debt / Capitalization - GAAP	51.5%	51.8%	52.6%	53.9%	53.3%	53.1%	53.6%	53.6%	62.7%	62.5%	62.5%
Net Debt / Capitalization - Adjusted	51.5%	51.8%	52.6%	53.9%	53.3%	53.1%	53.6%	53.6%	62.7%	62.5%	62.5%
Net Debt: EBITDA - GAAP	3.8x	4.0x	4.2x	--	--	--	--	4.5x	5.2x	5.2x	5.2x
Net Debt: EBITDA - Adjusted	3.8x	4.0x	4.2x	--	--	--	--	4.5x	5.2x	5.2x	5.2x
EBITDA / Interest	6.1x	5.9x	5.7x	--	--	--	--	5.7x	5.2x	5.2x	5.2x
Retained Cash Flow / CapEx	1.0x	0.7x	0.3x	--	--	--	--	0.5x	0.6x	0.7x	0.7x
Recurring Net Income	3,026	3,140	3,150	--	--	--	--	2,746	2,212	2,379	2,541
Total Assets (Average)	118,218	122,322	127,147	--	--	--	--	131,229	111,468	91,797	95,842
Return on Assets - ROA	2.6%	2.6%	2.5%	--	--	--	--	2.1%	2.0%	2.6%	2.7%
Recurring NOPAT	4,492	4,480	4,469	--	--	--	--	4,276	3,408	3,653	3,883
Capital Employed (Average)	68,684	70,985	73,287	--	--	--	--	75,253	68,701	62,997	66,833
Return on Capital Employed - ROCE	6.5%	6.3%	6.1%	--	--	--	--	5.7%	5.0%	5.8%	5.8%
Recurring Net Income	3,026	3,140	3,150	--	--	--	--	2,746	2,212	2,379	2,541
Shareholders' Equity (Average)	32,629	33,822	34,721	--	--	--	--	34,816	28,573	23,081	24,517
Return on Equity - ROE	9.3%	9.3%	9.1%	--	--	--	--	7.9%	7.7%	10.3%	10.4%
Book Value per Share	$34.16	$35.53	$35.73	$35.12	$35.28	$35.02	$35.51	$35.51	$22.73	$24.01	$25.36

Source: Company Reports and Vertical Research Partners

Figure 8: Exelon – Valuation & Growth Metrics (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Valuation & Growth Metrics	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021E	FY2021E	FY2022E	FY2023E	FY2024E
Diluted EPS - Operating	$3.12	$3.22	$3.22	($0.06)	$0.89	$1.09	$0.88	$2.80	$2.25	$2.40	$2.55
Diluted EPS - GAAP	$2.07	$3.01	$2.01	($0.30)	$0.41	$1.23	$0.88	$2.23	$2.25	$2.40	$2.55
DPS - Period End Rate	$1.38	$1.45	$1.53	$1.53	$1.53	$1.53	$1.53	$1.53	$1.35	$1.45	$1.55
Payout Ratio	44.2%	45.0%	47.5%	--	--	--	--	54.6%	60.0%	60.4%	60.8%
Op. CFPS (Excl. Working Capital)	$9.97	$10.10	$9.25	$1.21	$2.21	$2.86	$2.32	$8.61	$5.72	$6.02	$6.31
Free CFPS (Excl. Working Capital)	$2.14	$2.66	$1.01	($0.98)	$0.27	$0.89	$0.21	$0.41	($1.30)	($1.17)	($1.21)
Pricing Date	12/31/2018	12/31/2019	12/31/2020	3/31/2021	6/30/2021	9/30/2021	1/13/2022	1/13/2022	1/13/2022	1/13/2022	1/13/2022
Stock Price - $/Sh	**$45.10**	**$45.59**	**$42.22**	**$43.74**	**$44.31**	**$48.34**	**$56.49**	**$56.49**	**$37.49**	**$37.49**	**$37.49**
P/E - Operating	14.5x	14.2x	13.1x	--	--	--	--	20.2x	16.7x	15.6x	14.7x
P/E - GAAP	21.8x	15.1x	21.0x	--	--	--	--	25.3x	16.7x	15.6x	14.7x
P/CF	4.5x	4.5x	4.6x	--	--	--	--	6.6x	6.5x	6.2x	5.9x
P/BV	1.3x	1.3x	1.2x	--	--	--	--	1.6x	1.6x	1.6x	1.5x
Market Capitalization	43,657	44,359	41,207	--	--	--	--	55,297	36,911	37,124	37,337
Adjusted Net Debt	35,179	37,212	38,670	--	--	--	--	40,107	37,559	39,698	42,048
Enterprise Value - EV	**78,836**	**81,571**	**79,877**	--	--	--	--	**95,405**	**74,470**	**76,822**	**79,386**
Adjusted EBITDA	9,290	9,294	9,129	--	--	--	--	8,959	7,236	7,679	8,110
Adjusted EV/EBITDA	8.5x	8.8x	8.7x	--	--	--	--	10.6x	10.3x	10.0x	9.8x
Dividend Yield	3.1%	3.2%	3.6%	--	--	--	--	2.7%	3.6%	3.9%	4.1%
Operating Earnings Yield	6.9%	7.1%	7.6%	--	--	--	--	5.0%	6.0%	6.4%	6.8%
Free Cash Flow Yield	4.7%	5.8%	2.4%	--	--	--	--	0.7%	-3.5%	-3.1%	-3.2%
Revenue Growth (Y/Y)	7.6%	-5.0%	-4.4%	16.4%	11.7%	8.3%	2.7%	9.7%	-51.5%	3.7%	3.5%
EBITDA Growth	3.4%	0.0%	-1.8%	-33.5%	32.8%	3.3%	-4.0%	-1.9%	-19.2%	6.1%	5.6%
Net Income - Operating	22.5%	3.8%	0.3%	-106.9%	62.1%	5.3%	15.7%	-12.8%	-19.4%	7.5%	6.8%
Operating EPS	20.0%	3.2%	0.0%	-106.9%	61.8%	4.8%	15.8%	-13.0%	-19.6%	6.7%	6.3%
DPS	5.3%	5.1%	5.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-11.8%	7.4%	6.9%
ROCE	6.5%	6.3%	6.1%	--	--	--	--	5.7%	5.0%	5.8%	5.8%
Cost of Debt (After-Tax)	3.5%	3.6%	3.7%	--	--	--	--	3.4%	3.0%	3.2%	3.2%
Cost of Equity (1/PE Ratio)	6.9%	7.1%	7.6%	--	--	--	--	5.0%	6.0%	6.4%	6.8%
WACC	5.1%	5.2%	5.6%	--	--	--	--	4.1%	4.1%	4.4%	4.5%
Calculated EVA	961	758	397	--	--	--	--	1,168	590	889	857
Calculated EVA/Share	$0.99	$0.78	$0.41	--	--	--	--	$1.19	$0.60	$0.90	$0.86

Source: Company Reports and Vertical Research Partners
Note: Share price and valuation metrics for forecast (2022+) periods based on EXC current price less our Constellation value of $19 per EXC share

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover. Our employees and partners are prohibited from transacting in such securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation. We require our employees and partners to pre-clear all transactions in covered securities with us.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisors. Our notes and research reports may contain “forward-looking statements.” All projections, forecasts and related statements and expressions constitute “forward-looking statements.” Although the authors of our content believe that the expectations reflected in such “forward-looking statements” are reasonable, no one can assure that such expectations will be correct. Such “forward-looking statements” may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

KeyBanc Capital Markets

Alert

January 12, 2022

Energy: Electric Utilities

Midweek Thoughts — AGR, CNP, XEL, WEC, EXC, SRE, EIX, ES, AGR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

ME PUC recommends lifting the ROE penalty against AGR's CMP; AGR completes offshore lease restructuring; CNP completes sale of AR and OK LDCs; NM lawmakers are exploring the idea of municipalized utilities; WI PSC is exploring adding a PBR mechanism to rate making; PA Governor vetoes resolution opposing RGGI; CT initiates quadrennial Comprehensive Energy Assessment; Governor Newsom presents the 2022-23 CA budget with clean energy and climate provisions; and White House made a series of clean energy-related announcements including a lease sale in the NY Bight.

Upcoming Calendar Event

AY — We are hosting AY's senior management for a day of meetings on Friday, January 14. Please contact your sales representative or contact us to schedule a meeting. Our recent research on AY can be accessed here and here.

News on Companies Under Our Coverage

AGR — ME PUC recommends lifting the ROE penalty against CMP: This is in line with the timing expected by management. In September 2021, CMP had filed a petition with the ME PUC to remove the 100 bps penalty that has been in place since January 2020 when the utility had to take a $10M earnings disallowance and a 100 bps ROE reduction for 18 months for failing to hit service quality benchmarks. CMP is also asking for authorization to accrue the incremental revenue effective September 1 and until the distribution rates are adjusted to reflect the change in ROE. The action is expected to be retroactive to September 2021.

AGR — AGR completes offshore lease restructuring: With the completion of the restructuring, AGR has recalibrated its offshore wind ownership with its JV partner CIP that gives AGR 100% ownership in the 1.2 GW Commonwealth Wind and 804MW Park City Wind (804 MW to CT) projects. AGR will continue to share a 50% ownership in the 800MW Vineyard Wind project with CIP. Additionally, AGR is the 100% owner of the 2.5GW Kitty Hawk Offshore Wind project offshore NC. AGR's total wind portfolio has been awarded 2.4GW of wind projects upon the closing. In December, AGR announced that Commonwealth Wind was selected as part of MA's RFP. AGR had submitted a bid to construct a 1.2 GW facility.

CNP — CNP completes the sale of AR and OK LDCs: CNP completed the previously announced sale to Summit Utilities. In tandem with the ENBL sale, the proceeds will help CNP to fund growth in its core portfolio and eliminates the need for external equity. As we initially wrote here, CNP sold the AR and OK LDCs for a net price of $1.725B (net of $425M of incremental Uri-related gas costs) and is expected to realize net proceeds of $1.325B after a ~$400M tax leak. As part of the sale agreement, CNP also received cash for unrecovered winter storm gas costs in AR and OK.

XEL, PNM (NC) — NM lawmakers propose a petition to the PRC for creation of local utilities: NM PRC are expected to consider the petition that asks the PRC to evaluate the benefits of public power and community choice aggregation (where IOUs own T&D while the public owns generation) and the pros and cons involved with tribes and municipalities owning public utilities. While the NM PRC does not have the jurisdiction to establish publicly owned electric utilities, it believes the Commission could play a role in evaluating the proposal. Municipalization studies are not new but have rarely led to an outcome where the utilities have been municipalized (most recent examples include Boulder, Chicago, San Francisco, and San Diego, where status quo was chosen over municipalization). Most recently, New Orleans explored the idea of municipalization after expressing dissatisfaction with ETR's response after Hurricane Ida. According to a 2019 study, only nine out of 60 attempted municipalization efforts have been successful.

WEC — WI PSC exploring PBR to support clean energy transition: The Commission held a workshop with stakeholders to receive input regarding performance-based regulation. The state currently offers revenue sharing mechanisms to encourage energy efficiency. WEC is likely to file its next rate case in WI in mid-2022, though a PBR decision may or may not come by then.

EXC — PA governor vetoes resolution opposing the implementation of RGGI: As was expected, Governor Wolf (D) vetoed the state legislature's vote against his plan for the state to join the RGGI. The governor's plan was to join the RGGI on January 1, 2022.

RGGI is a cooperative cap and trade effort. The system targets a cap reduction of 30% from 2020-2030. Allowances are offered through quarterly, regional CO_2 allowance auctions that are sealed-bid, uniform price auctions open to all participants resulting in a single quarterly clearing price. Recall that the VA Governor-elect Youngkin (R) recently said that he would issue an executive order to pull VA's participation in the RGGI. Expect the debate in PA on RGGI to reemerge in the upcoming PA governor's elections. Additionally, the Republican-controlled Senate has refused to act on the governor's nominations to the PA PUC, where there are three vacancies on a five-member panel.

ES, AGR — CT initiates 2022 Comprehensive Energy Strategy Assessment: The CES will analyze CT's future energy needs and address issues including building decarbonization, resilience to extreme weather events, and fuel price spikes. The CES will recommend legislative and administrative actions to meet these objectives. DEEP is required to prepare the CES every four years. Through this process, DEEP is also seeking updates to the IRP to include emerging technologies to meet the state's climate goals and wholesale electric market reforms.

EIX, SRE — Governor Newsom presents the 2022-23 budget: The budget includes $2B for a Clean Energy Investment Plan that includes money for long duration storage, green hydrogen, offshore wind infrastructure, and pump storage. The budget also includes $2.7B over four years for wildfire and forest resilience.

The White House made a series of Clean Energy-related announcements:

- **BOEM will hold a wind auction in February in the New York Bight,** a WEA identified by the current administration as part of its aggressive agenda to have 30 GW of offshore wind by 2030. The auction will allow bids on six lease areas, each with the capacity to hold up to 7 GW of wind energy. We expect that AGR may potentially bid in this auction.
- **DOE is launching a new initiative to accelerate transmission investments.** The initiative is called the Building Better Grid and will take funds from the Bipartisan Infrastructure Law to further the administration's goal of 100% carbon pollution-free electricity by 2035. It is not clear how this initiative to modernize the grid will interact with FERC, which is also exploring transmission planning reforms through an ANOPR (RM21-17).
- **Forming a five-agency collaboration to expedite reviews of onshore wind and solar projects:** The Departments of Interior, Agriculture, Defense, and Energy, and the EPA, will improve coordination to prioritize reviews for renewable projects located on public lands as it aims to meet its goal of 25 GW by 2025 of renewable power onshore (wind, solar, and geothermal).

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review – Reiterate Overweight with $75 Price Target

AGR: The Edge of Reason - Can the PNM Deal Be Saved?

WEC: Managing and Thriving Through Current Environment; Notes from Virtual NDR

EEI Day One: Notes from Meetings - ES, CNP, XEL, AGR, CMS

EEI Day Two: Notes from Meetings - DUK, NEE, ETR, DTE, AEP, AY, AVA, SRE

EEI Day Three: Notes from Meetings - POR, SO, OTTR, EXC, NWE, EIX, FE, AEE

CNP: Upgrading to Overweight on Constructive Investor Day Update

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

AEE, EXC: IL Legislation — Something for Everyone

DTE: Takeaways from Meetings with Management

SRE: Post Analyst Day Weakness Offers a Buying Opportunity

EIX: Downgrading to Sector Weight as Fire Season Looms

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

OTTR: Notes from Virtual Management Meetings

POR: Notes from Virtual Management Meetings

NWE: Notes from Management Meetings

PEG: Raising Price Target on the Back of Constructive Management Meetings

AVA: Closing the Regulatory Gap — Notes from Virtual Meetings

ES: Offshore Wind and CT Storm Docket... Notes from Virtual NDR

EIX: In A.B. 1054 We Trust... Notes from Virtual Meetings

CMS: Takeaways from Meetings with Management

ETR: Downgrading on Growing Regulatory Concerns

Utilities 2021 Sector Outlook: Stuck in the Middle of the Business Cycle

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	353	54.81	122	34.56
Sector Weight [SW]	282	43.79	66	23.40
Underweight [UW]	9	1.40	2	22.22

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	34	53.97	16	47.06
Sector Weight [SW]	27	42.86	16	59.26
Underweight [UW]	2	3.17	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
D	79.13	Buy
EXC	55.62	Neutral
IEA	9.68	Buy
SR	65.90	Buy

Power & Utilities January 12, 2022

The Guggenheim Daily Transmission: EXC, CA, SR, IEA, D, RGGI, VA, PA, ERCOT

For details on our Guggenheim-hosted client Utility events including our 2022 Utilities Conference Call Hosted by Shar Pourreza & Mark McLain, Utility Virtual Client Roundtable Discussion, Guggenheim Multi-State Commissioner Virtual Roundtable Event, PNW NDR, WEC NDR, PCG NDR, DUK NDR, D NDR, NWE NDR through February in addition to others including our ETR NDR, AEE NDR, ES NDR among other events, scroll down…

EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time (see HERE)

CA – CPUC discusses long-term gas system planning at workshop, finds agreement that situation is complex with long resolution timeframe

CA – Media reports CA Governor Newsom weighing in on proposed CPUC decision on NEM 3.0

SR – Spire Missouri initiates rate case to recover from blow dealt by 4Q21 GRC's order

IEA – IEA adds wind construction contract in IL

D/RGGI/VA – Outgoing AG issues opinion asserting Youngkin cannot withdraw from RGGI

RGGI/PA – Governor vetoes bill seeking to halt RGGI process

ERCOT – ISO Staff docket update on Phase 1 process with PUCT

CA – CPUC discusses long-term gas system planning at workshop, finds agreement that situation is complex with long resolution timeframe

- CPUC held a rulemaking workshop to discuss the future of gas system planning and how to address decarbonization in CA.
- The lengthy discussion generally found consensus in the fact that there is no near-term solution to cease gas system use, but longer term the gas system is not aligned with CA decarbonization policy as it stands today.
- Docket: R2001007

Guggenheim takeaway: *FYI. Interesting discussions around the terminal value of gas distribution in CA. While environmental stakeholders have long pushed for elimination of gas use, the more balanced views are that there are still ways for the gas system to be useful. There is a general understanding with the CPUC that the gas system is useful. Prior decisions surrounding LDCs have focused on the need to keep the system reliable and even with declining gas use, critical failures around the country including CA proved that safety spending is critical. One of the ways we would envision extending the lifecycle of the gas systems is RNG and hydrogen to introduce carbon negative resources into the system, which is a clear path to net zero.*

CA – Media reports CA Governor Newsom weighing in on proposed CPUC decision on NEM 3.0

- Media reported CA Governor Newsom is weighing in on the net energy metering decision at the CPUC, saying more work needs to be done.
- CPUC issued the decision in the Net Energy Metering tariff design late last year.
- The PD seeks to reallocate electric system costs equitably to distributed generation resources including rooftop solar.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

- Docket #: R.20-08-020; PD here and PR here.

Guggenheim takeaway: *We anticipated the governor's office to largely stay out of the CPUC process, and we see his comments as somewhat "off the cuff." It is still unclear how much political will there is for Newsom to get into the NEM debate. The argument around cost shift seems to be widely understood by every party, including major intervening parties and independent party representatives. While the decision is largely at odds with distributed generation developers and owners, we believe the decision will stand substantially unchanged as the commission seeks a more sustainable cost path for CA customers. Our prior meetings with ex-CPUC President acknowledged that the current NEM rules were lacking by design to incentivize a nascent industry, which all parties recognize is no longer the case with CA renewable and distributed technologies.*

SR – Spire Missouri initiates rate case to recover from blow dealt by 4Q21 GRC's order

*From the filing (with **emphasis** added):*

- "The Commission's decisions… regarding inclusion of short-term debt in the Company's capital structure, and return on equity, have resulted in Spire achieving the **lowest overall rate of return of any Missouri utility**. The Commission had never before included short-term debt in the capital structure of a Missouri utility until Spire's last general rate case."
- "…the **exclusion of overhead capitalization** directly and **substantially impairs Spire's earnings ability**. This makes Missouri a less attractive venue for capital investment and unfairly penalizes investors. It also makes Spire a riskier investment, as indicated by negative credit outlooks issued in direct response to the Commission's decision in Spire's last general rate case."
- "**Spire has not engaged in any *ex parte* discussion** regarding any substantive issue pertaining to this filing with the office of the Commission (as defined in 20 CSR 4240-4.015(10)) within the ninety days immediately preceding the filing of this notice."
- For more, see the filing (HERE) in the newly created docket (GR-2022-0179).

Guggenheim takeaway: *The outcome of this proceeding will be the primary driver of SR's EPS growth rate for the foreseeable future. We expect the utility to focus on challenging the inclusion of short-term debt in the regulatory capital structure, the below-average allowed ROE, and the capitalization and recovery of overhead costs. On its 4Q21 call in Nov 2021, the company cited reductions to its revenue requirement of $19m/$3m from the lower equity layer/delta of allowed ROE vs. a peer average, a combined hit of ~$0.34 per share. On a comparable basis, our estimates currently assume this GRC results in an uplift of approximately half the company-provided amounts due to improvements in the equity layer and ROE. We also assume full resolution of the capitalization and recovery of overhead costs issue, which the company said will be a ~$0.21-$0.34 per share drag in FY22 and is included in mgmt.'s FY22E guidance of $3.70-$4.00. These assumptions get us to roughly the midpoint of the current 5%-7% CAGR by FY24E, while a lack of resolution on these issues would make hitting the bottom of the range a challenge, in our view. We find it difficult to envision a completely constructive result at this juncture, given the last rate case's outcome, and continue to monitor for incremental datapoints as they become available.*

IEA – IEA adds wind construction contract in IL

- IEA announced a $75M contract in support of construction of the Sapphire Sky Wind Project, a planned 250MW wind farm in McLean County, Illinois.
- The project includes EPC work and heavy civil work.
- The developer of the project is Invenergy (private).
- More from the press release here.

Guggenheim takeaway: *FYI. Data point on continued backlog adds for IEA, with Invenergy as a strong developer partner in past and future projects.*

D/RGGI/VA – Outgoing AG issues opinion asserting Youngkin cannot withdraw from RGGI

- "In an important official opinion issued at the request of Delegates Charniele Herring and Rip Sullivan, Attorney General Mark R. Herring says that "the Governor may not repeal or eliminate, through an executive order or other action, the enacted statutes and regulations pertaining to the Commonwealth's participation in the Regional Greenhouse Gas Initiative and/or a market-based trading program like the Regional Greenhouse Gas

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Initiative, or do away with the requirement that electricity producers hold carbon dioxide allowances that equal the amount of their carbon dioxide emissions." -release

- "As Attorney General Herring explains in his opinion, according to the separation of powers doctrine, "the Constitution of Virginia does not grant the Governor the power to suspend laws, in fact it requires the opposite that '[t]he Governor shall take care that the laws be faithfully executed.'" He adds that the Constitution "provides '[t]hat all power of suspending laws, or the execution of laws, by any authority, without consent of the representatives of the people, is injurious to their rights, and ought not to be exercised.'" Attorney General Herring also cites one of his previous opinions, explaining that "'the Governor may not unilaterally direct, by any means, that a validly adopted regulation that has the force of law be suspended or ignored.'" - release
- More HERE.
- Dominion had earlier moved to adjust the associated rider HERE.

Guggenheim takeaway: *No comment on the legal positions in the opinion, but not a surprise to us given the experience in PA and the sensitivities around RGGI for Youngkin. We do not see this as a utility issue – this is political.*

RGGI/PA – Governor vetoes bill seeking to halt RGGI process

- The governor vetoed Senate Concurrent Regulatory Review Resolution 1.
- "I am vetoing, disapproving, and returning the Concurrent Resolution because Final Form Regulation 7-559 is a vital step for Pennsylvania to reduce carbon emissions and achieve our climate goals. Addressing the global climate crisis is one of the most important and critical challenges we face." – Wolf
- More HERE.

Guggenheim takeaway: *Completely as expected.*

ERCOT – ISO Staff docket update on Phase 1 process with PUCT

- "The timeline estimates for each market design element are calculated on a stand-alone basis; therefore, the timelines do not necessarily imply expected implementation dates. While ERCOT staff went through exercises to determine an approximate amount of time required to complete each task, ERCOT and its vendors cannot do all the work for each project simultaneously. Thus, each task needs a priority to signal which items are the most important when managing constraints and risks within the portfolio of projects." – Staff
- More HERE.

Guggenheim takeaway: *An excellent overview of the Phase 1 changes and implementation, with a useful schedule of major proejcts on page 11 of the letter.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

2022 Utilities Conference Call

Please join Guggenheim Research Analyst Shar Pourreza & Utility Trader Mark McLain for a 1 hour conference call discussing the Utilities sector.

Date and Time
Thursday, January 20, 2022
8:15 AM ET

More Details to Follow
Please contact your Guggenheim Sales Representative for the Conference Call Dial-in

Guggenheim Participants
Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*
Mark McLain, *Managing Director – Equity Trading*

Important Disclosures for Subject Companies

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeff Guldner, *Chief Executive Officer*
Ted Geisler, *Chief Financial Officer*
Amanda Ho, *Investor Relations Director*

Date
Monday, January 24, 2022

Meeting Format
Virtual NDR
1:1 Meetings – CFO, IR
12:00PM ET Group Meeting – CEO, CFO, IR

Company Information
Market Cap: $7.9bn
Pinnacle West Capital Corp. is a holding company that engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985 and is headquartered in Phoenix, AZ. (Source: FactSet).

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

Guggenheim Hosted Commissioner Roundtable Event

Please join Guggenheim Research Analyst Shar Pourreza for a roundtable discussion with utility commissioners on key regulatory trends among other topics.

Date and Time

Wednesday, January 26, 2022
1:00pm – 2:30pm ET

Location

Virtual

Commissioner Participants

**Commissioner attendees could change and more could be added*

Comm. Judy Jagdmann, *Virginia State Corporation Commission (SCC)*
Comm. Michael Caron, *Connecticut Public Utilities Regulatory Authority (PURA)*
Comm. Julie Fedorchak, *North Dakota Public Service Commission (ND PSC)*
Comm. Ethan Kimbrel, *Illinois Commerce Commission (ICC)*
Comm. Tammy Cordova, *Public Utilities Commission of Nevada (PUCN)*

Participating Analyst

Shahriar (Shar) Pourreza, *Managing Director – Power, Utilities & Alternative Energy*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP – IR and Corporate Communications*

Dates
Wednesday, February 16, 2022
Friday, February 18, 2022

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $30.4bn
WEC Energy Group, Inc. is a holding company, which engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patricia Poppe, *Chief Executive Officer*
Chris Foster, *Chief Financial Officer*
Tom Webb, *Special Advisor*
Matt Fallon, *Senior Director, Investor Relations*

Date & Location

Thursday, February 17, 2022
New York (Guggenheim Securities – 330 Madison Avenue)

Meeting Format

1:1 Meetings & Group Meetings*
**virtual option for group meetings will be available for investors not in the region*

Company Information

Market Cap: $24.3bn

PG&E Corp. is a holding company, which engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in San Francisco, CA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim's Power & Utility Comp Sheet

Updated as of 1/11/2022

									Guggenheim						Consensus		
Regulated Electric Utilities [1]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	Earnings Per Share '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E
AEE	Ameren	22.4	Buy	$94	$86.97	2.4%	54%	258	3.85	4.02	4.31	22.6	21.6	20.2	22.7	21.5	20.1
AEP	American Electric Power	45.0	Buy	$98	$89.77	3.3%	64%	504	4.70	5.03	5.30	19.1	17.8	16.9	19.1	18.1	17.1
ALE	ALLETE	3.5	Neutral	$65	$66.35	3.9%	81%	53	3.18	3.85	3.98	20.9	17.2	16.7	21.1	17.0	16.4
AVA	Avista	3.0	Sell	$32	$42.49	4.0%	83%	71	2.04	2.04	2.47	20.8	20.8	17.2	20.9	20.8	17.2
CMS	CMS Energy	18.5	Neutral	$63	$63.87	2.7%	66%	290	2.65	2.88	3.14	24.1	22.2	20.3	24.1	22.3	20.4
D	Dominion	64.0	Buy	$89	$79.13	3.2%	65%	810	3.87	4.15	4.44	20.4	19.1	17.8	20.4	19.2	18.1
DTE	DTE Energy	23.0	Buy	$126	$118.78	3.6%	73%	194	5.92	5.95	6.19	20.1	20.0	19.2	20.2	20.1	19.0
DUK	Duke Energy	79.5	Buy	$115	$103.23	3.8%	76%	769	5.23	5.48	5.81	19.7	18.8	17.8	19.7	18.9	17.9
ED	Consolidated Edison	29.3	Neutral	$77	$83.07	3.8%	73%	354	4.25	4.42	4.63	19.5	18.8	17.9	19.6	18.4	17.6
EIX	Edison International	24.5	Buy	$74	$64.36	4.2%	61%	380	4.47	4.76	5.04	14.4	13.5	12.8	14.4	13.9	13.1
ES	Eversource Energy	29.8	Neutral	$87	$86.63	2.8%	63%	344	3.83	4.12	4.36	22.6	21.0	19.9	22.6	21.1	19.8
ETR	Entergy	21.8	Buy	$120	$108.74	3.6%	65%	201	6.01	6.33	6.79	18.1	17.2	16.0	18.2	17.2	16.2
EVRG	Evergy	15.2	Buy	$75	$66.36	3.3%	61%	229	3.57	3.48	3.78	18.6	19.1	17.6	18.7	18.8	17.6
FE	FirstEnergy	23.5	Neutral	NA	$41.36	3.8%	60%	570	2.60	2.60	2.71	15.9	15.9	15.3	15.9	16.7	15.8
HE	Hawaiian Electric	4.6	Sell	$36	$42.21	3.3%	69%	109	2.01	1.96	2.11	21.0	21.5	20.0	20.0	20.1	18.8
LNT	Alliant Energy	15.0	Neutral	$61	$59.80	2.8%	63%	250	2.64	2.72	2.87	22.7	22.0	20.8	22.7	21.8	20.7
NWE	NorthWestern	3.1	Neutral	$62	$56.19	4.4%	71%	55	3.51	3.59	3.81	16.0	15.7	14.7	15.9	16.4	15.3
PCG	PG&E Corporation	24.1	Buy	$17	$12.17	NA	NA	1985	1.03	1.13	1.25	11.8	10.8	9.7	12.1	11.0	9.7
PNW	Pinnacle West	7.9	Sell	$56	$70.29	4.9%	68%	113	5.00	4.20	4.41	14.1	16.7	15.9	13.5	17.3	16.2
POR	Portland General Electric	4.7	Buy	$54	$52.56	3.2%	61%	89	2.78	2.75	2.84	18.9	19.1	18.5	19.0	18.7	18.1
PPL	PPL Corporation	22.4	Buy	$32	$29.95	5.6%	146%	751	1.14	1.57	1.72	26.3	19.1	17.4	25.3	18.7	16.7
SO	Southern Company	71.7	Buy	$72	$67.65	3.9%	77%	1059	3.40	3.57	3.85	19.9	18.9	17.6	20.0	19.1	17.7
WEC	WEC Energy	30.1	Neutral	$92	$95.32	2.8%	66%	315	4.07	4.27	4.57	23.4	22.3	20.9	23.4	22.2	20.9
****Average (Excl. EIX, PCG, and PPL for P/E)***						**3.5%**	**67.9%**					**19.9**	**19.3**	**18.1**	**19.9**	**19.3**	**18.0**
Regulated Gas Utilities [2]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CPK	Chesapeake Utilities	2.4	Neutral	$123	$135.33	1.3%	36%	18	4.71	5.13	5.55	28.7	26.4	24.4	28.5	26.6	24.4
NI	NiSource	10.9	Buy	$27	$27.81	3.2%	66%	393	1.36	1.45	1.53	20.4	19.2	18.2	20.5	19.1	18.0
NJR	New Jersey Resources	3.7	Neutral	$39	$38.67	3.5%	63%	96	2.16	2.25	2.43	17.9	17.2	15.9	17.9	17.2	15.9
NWN	NW Natural Gas	1.5	Sell	$38	$48.25	4.0%	77%	31	2.50	2.64	2.73	19.3	18.3	17.7	19.0	18.4	17.6
OGS	ONE Gas	4.2	Neutral	$71	$79.23	2.9%	61%	54	3.85	4.06	4.36	20.6	19.5	18.2	20.6	19.3	18.3
SJI	South Jersey Industries	2.9	Buy	$28	$25.62	4.6%	73%	112	1.61	1.71	1.85	15.9	15.0	13.8	15.8	15.3	14.4
SR	Spire	3.4	Buy	$70	$65.90	4.0%	55%	52	4.86	3.83	4.20	13.6	17.2	15.7	13.6	16.6	15.2
Average						**3.4%**	**61.4%**					**18.0**	**17.7**	**16.6**	**17.9**	**17.7**	**16.6**
Integrated Utilities [3]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
EXC	Exelon	55.0	Neutral	$61	$55.62	2.8%	56%	978	2.80	2.27	2.39	19.9	24.5	23.3	19.9	16.6	16.1
PEG	PSEG	33.2	Buy	$68	$65.85	3.1%	56%	506	3.65	3.45	3.63	18.0	19.1	18.1	18.2	18.9	18.1
Average						**3.0%**	**56%**					**19.0**	**21.8**	**20.7**	**19.1**	**17.8**	**17.1**
Independent Power Producers (IPPs) [4]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
NRG	NRG Energy	10.0	Neutral	NA	$40.88	3.2%	-	245	2,450	2,087	2,286	7.2	7.7	6.6	8.0	7.6	7.2
VST	Vistra Energy	10.9	Buy	$25	$22.51	2.7%	-	483	1,990	3,125	3,379	9.8	6.1	5.4	11.0	6.6	6.2
Average												**8.5**	**6.9**	**6.0**	**9.5**	**7.1**	**NA**
Multi-Industry Utilities [5]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CNP	CenterPoint	17.2	Buy	$29	$27.40	2.3%	49%	629	1.26	1.36	1.47	21.7	20.1	18.6	19.1	19.3	18.1
NEE	NextEra	164.9	Buy	$90	$84.79	1.7%	56%	1962	2.56	2.77	2.95	33.1	30.6	28.7	33.6	30.9	28.7
OGE	OGE Energy	7.5	Buy	$39	$37.26	4.6%	78%	200	2.17	2.27	2.38	17.2	16.4	15.7	17.1	17.6	16.8
SRE	Sempra Energy	43.6	Buy	$167	$135.84	3.4%	57%	319	8.11	8.50	9.05	16.7	16.0	15.0	16.5	16.1	15.3
Average						**3.0%**	**60.1%**					**22.2**	**20.8**	**19.5**	**21.6**	**21.0**	**19.7**
Other		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AWK	American Water Works	30.6	Neutral	$153	$168.31	1.4%	56%	182	4.24	4.42	4.84	39.7	38.1	34.8	39.6	37.8	34.8
ALTO	Alto Ingredients, Inc.	0.4	Buy	$8	$5.36	-	-	73	0.59	0.77	0.79	9.1	7.0	6.8	15.8	6.7	6.8
REGI	Renewable Energy Group, Inc.	5.7	Buy	$77	$46.46	-	-	123	3.89	3.60	2.11	11.9	12.9	22.0	10.3	12.0	17.0
		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AMRC	Ameresco, Inc. Class A	3.4	Buy	$67	$66.02	-	-	53	146	163	184	NA	NA	NA	NA	NA	NA
IEA	Infrastructure & Energy Alternati	0.9	Buy	$15	$9.68	NA	-	183	131	152	174	10.0	8.6	7.6	NA	NA	NA
NEP	NextEra Energy Partners	6.0	Buy	$88	$77.95	3.4%	-	77	1,532	1,660	1,775	7.8	7.3	6.8	12.2	10.7	10.2

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.
(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).
(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.
(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.
(5) Mult-Industry Utilities operate some combination of regulated electric and/or gas utilities, in addtion to substantial non-power unregulated activities (i.e. midstream, renewable development, energy trading, etc.).

Source: FactSet, Guggenheim Securities LLC estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Share Price Performance (Year-to-Date, Three-Month, & One-Month Trailing)

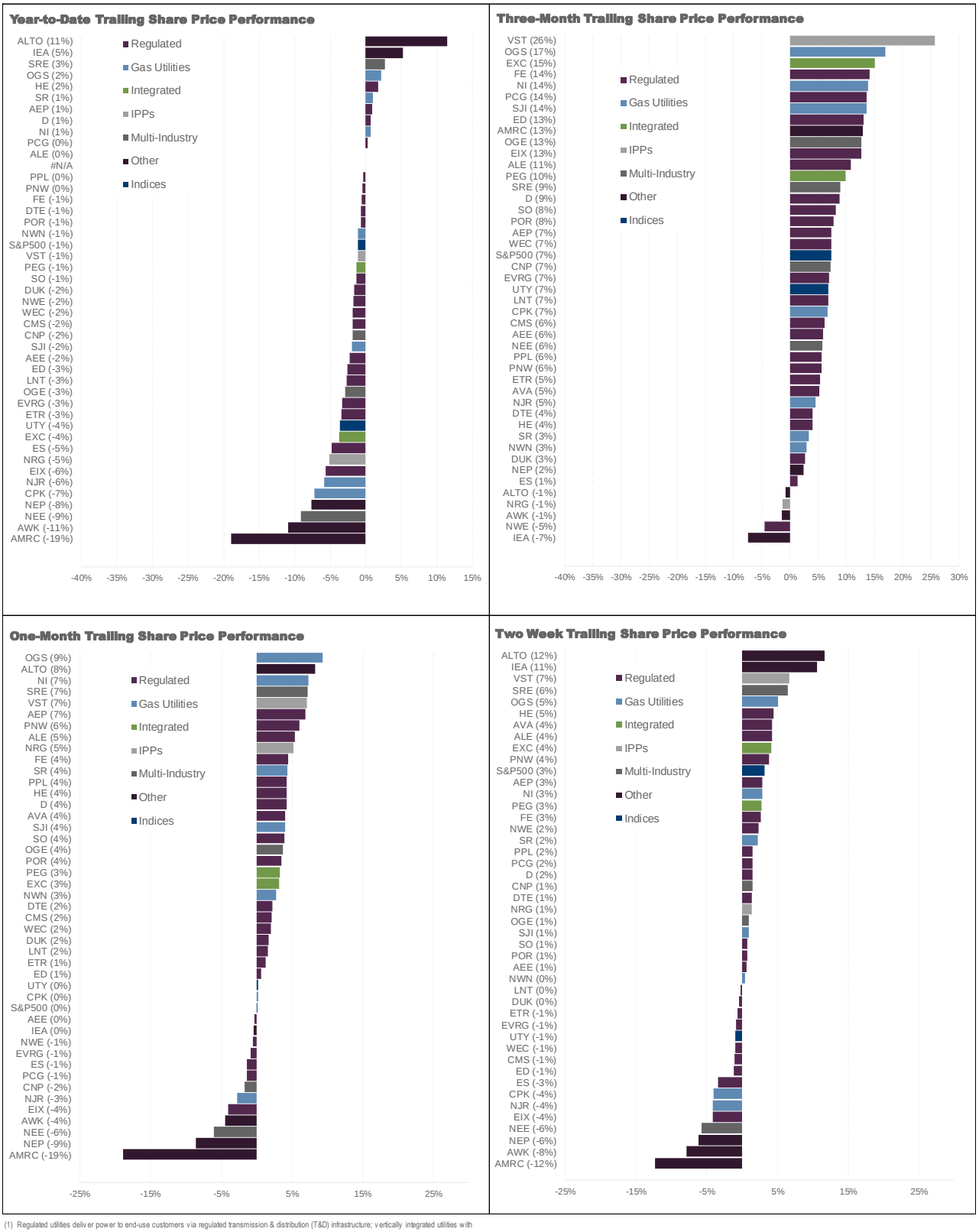

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: FactSet, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions	
PNW	1/24	Virtual	
Commissioners Meeting	1/26	Virtual	
WEC	2/16,2/18	Virtual	
PCG	2/17	In Person at Guggenheim	
DUK	2/17	In Person at Guggenheim Or Virtual	
D	2/23	Virtual	
NWE	2/24	Virtual	
ETR	3/16-3/17	Virtual	
AEE	3/22	Virtual	
ES	6/8	Boston or Virtual	

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Peak Load

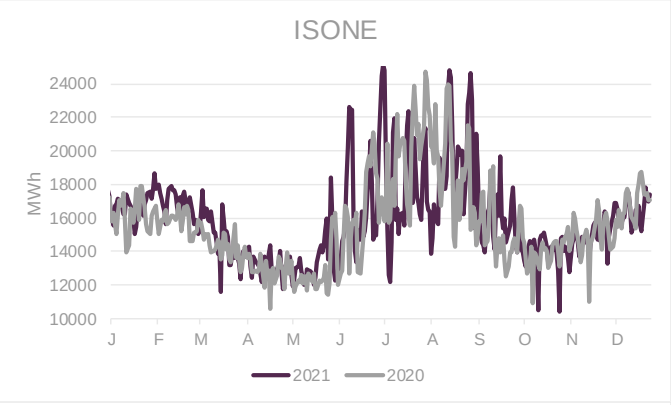

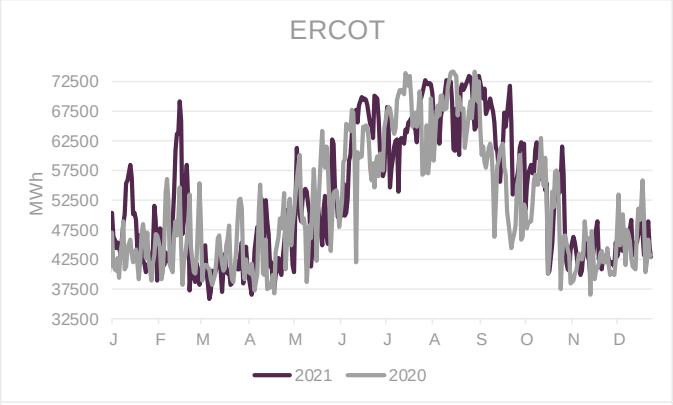

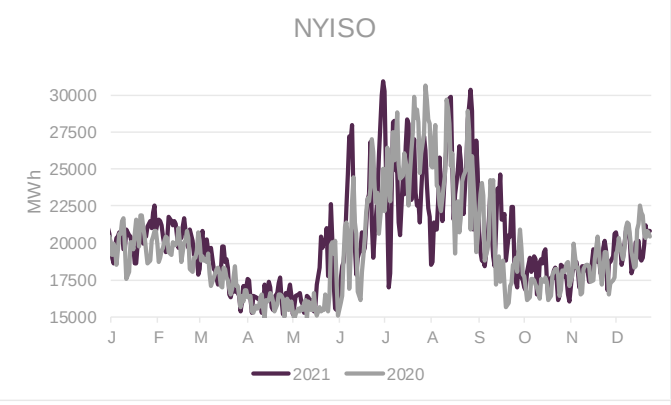

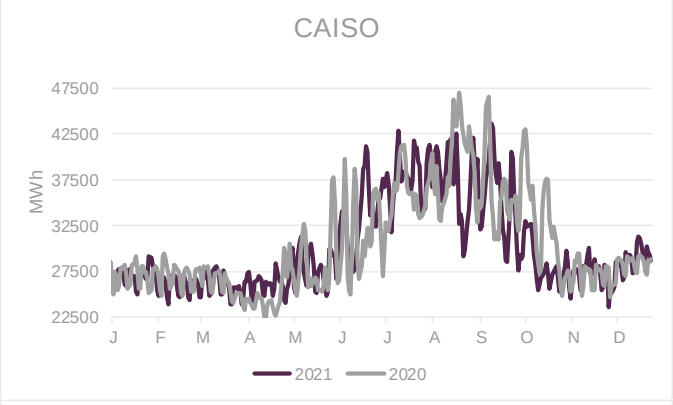

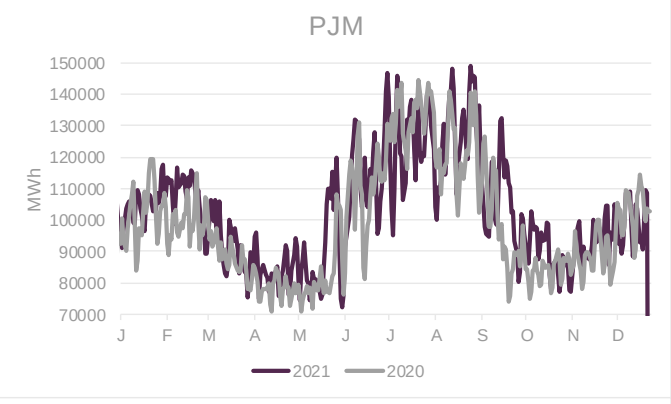

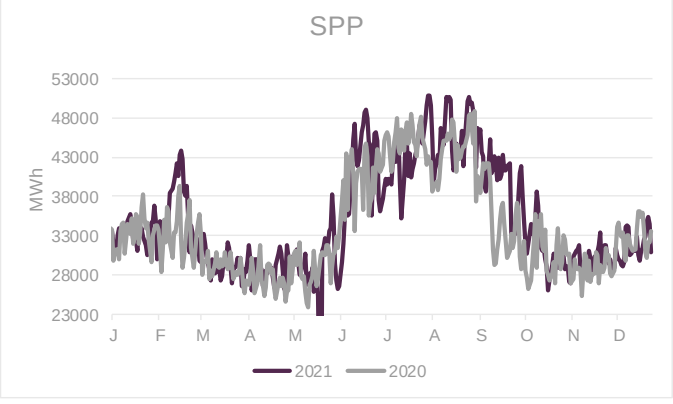

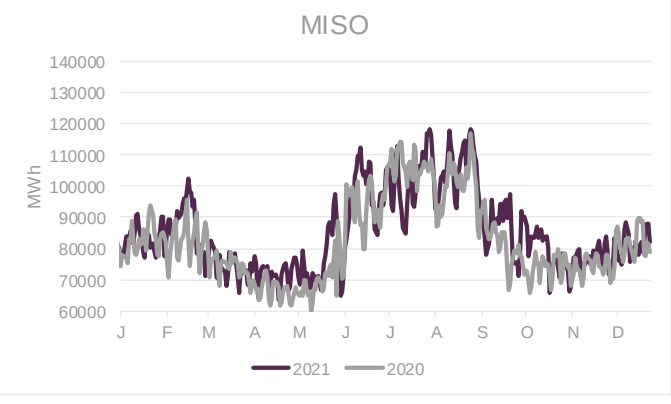

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
ISONE	-5.1%	0.1%	2.4%	2.4%	4.1%	6.2%
NYISO	-5.8%	-3.8%	0.0%	0.0%	2.5%	6.1%
PJM	-6.9%	-4.7%	-1.8%	-1.8%	5.4%	8%
MISO	-4.7%	-5.2%	-3.7%	-3.7%	4.3%	7.2%
CAISO	-1.7%	1.4%	3.2%	3.4%	-0.2%	4.0%
ERCOT	2.7%	1.7%	-4.1%	3.0%	3.1%	1.9%
SPP	-4.6%	0.0%	-4.4%	-4.4%	3.8%	3.2%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Generation and Mix

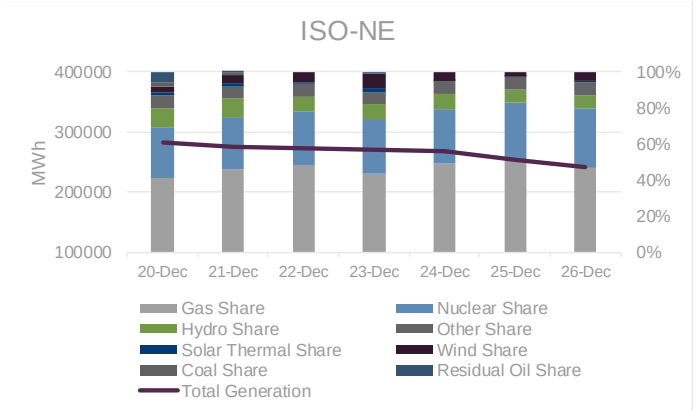

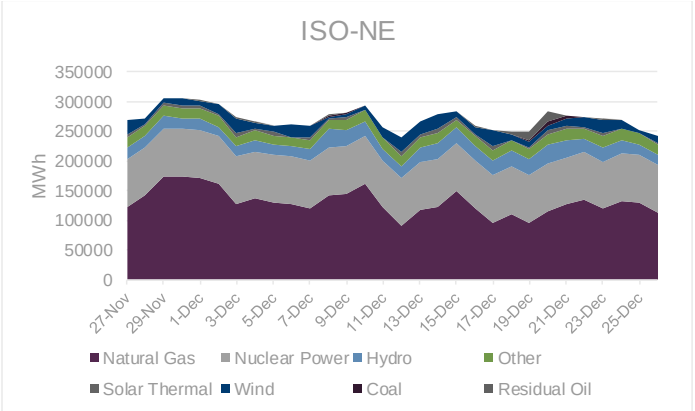

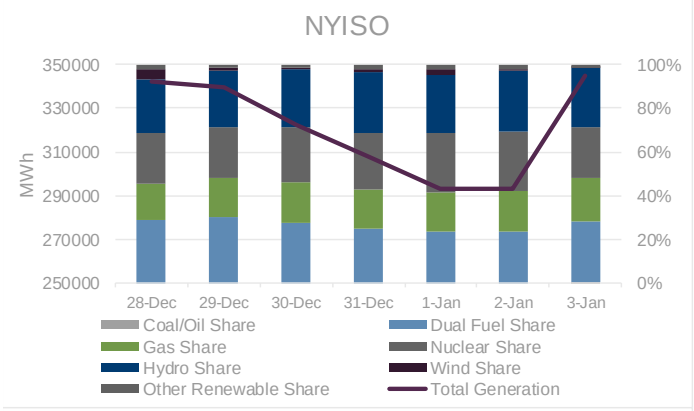

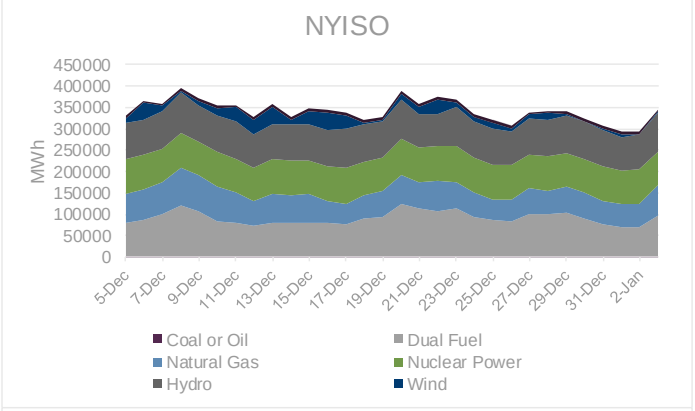

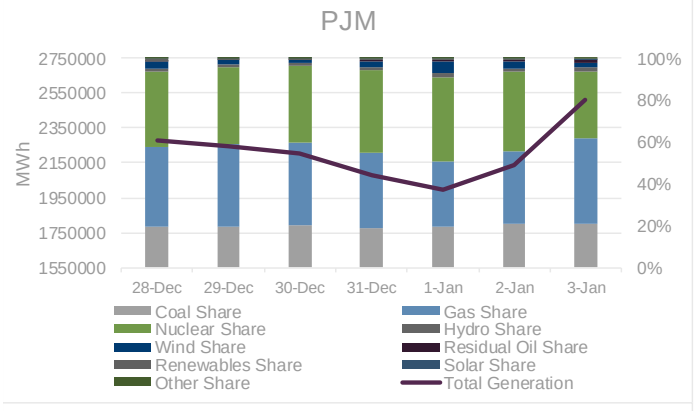

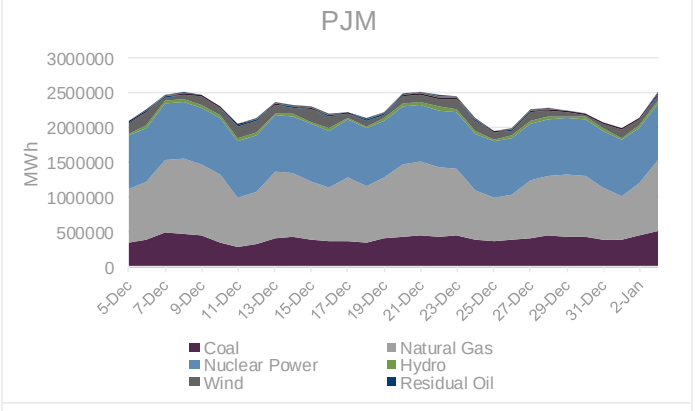

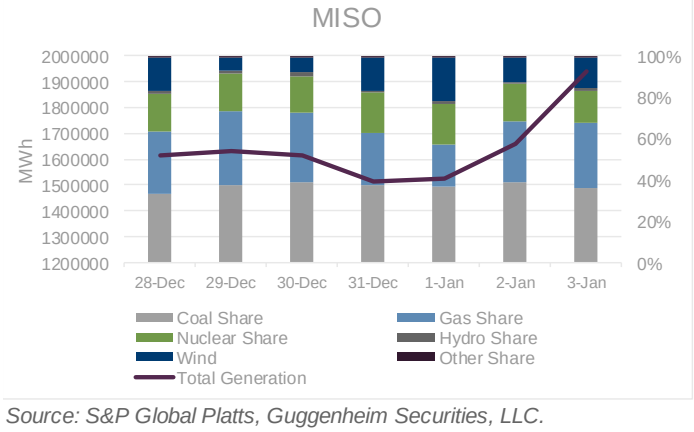

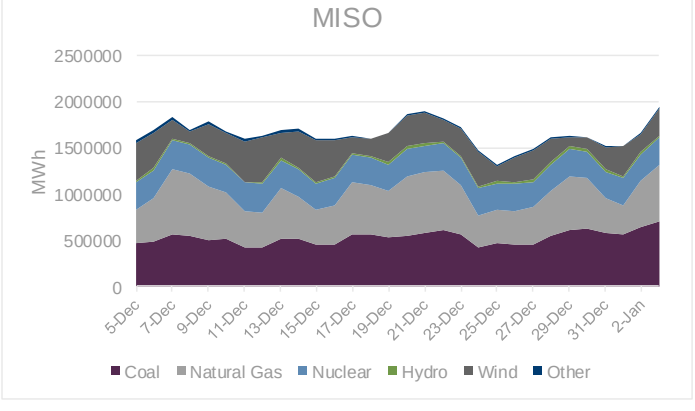

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

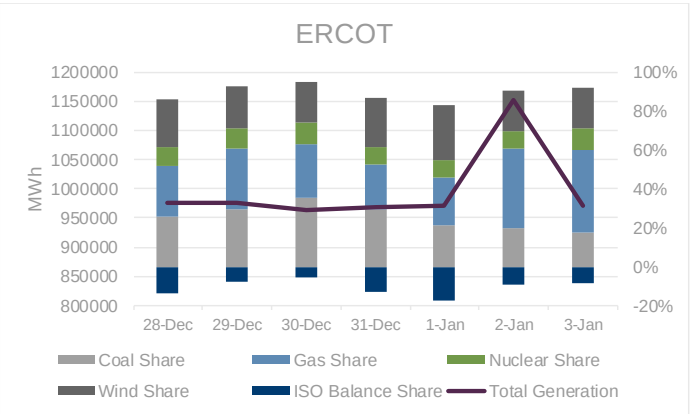

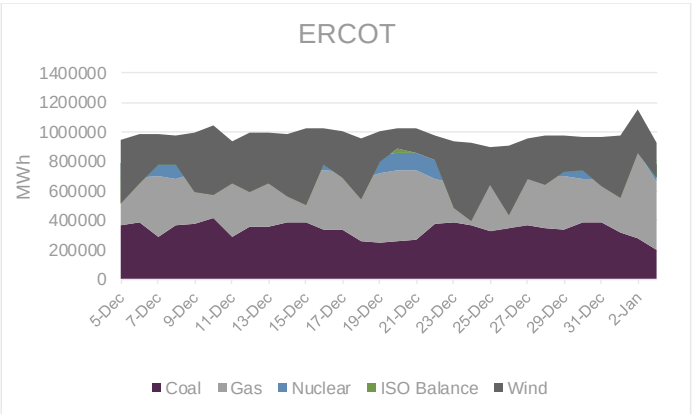

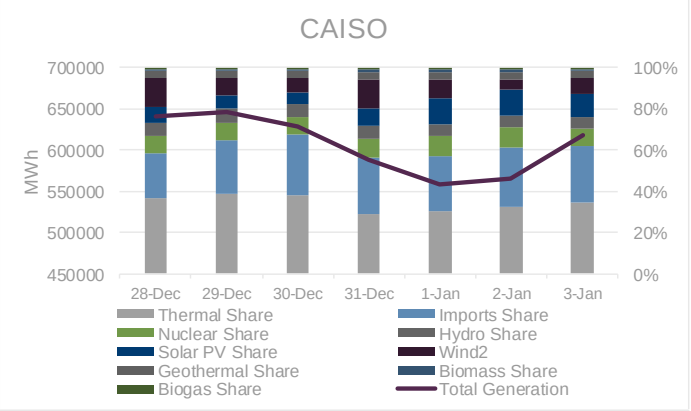

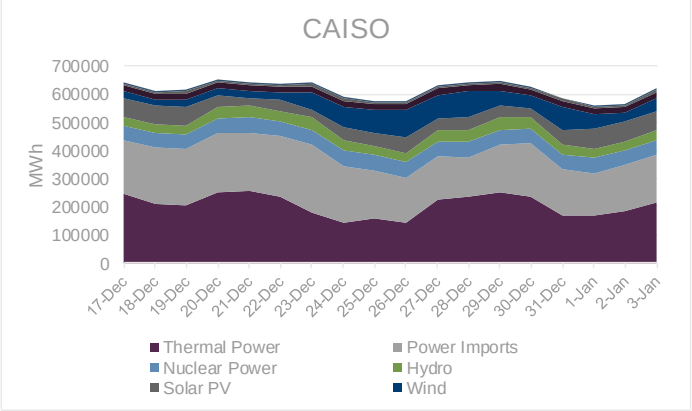

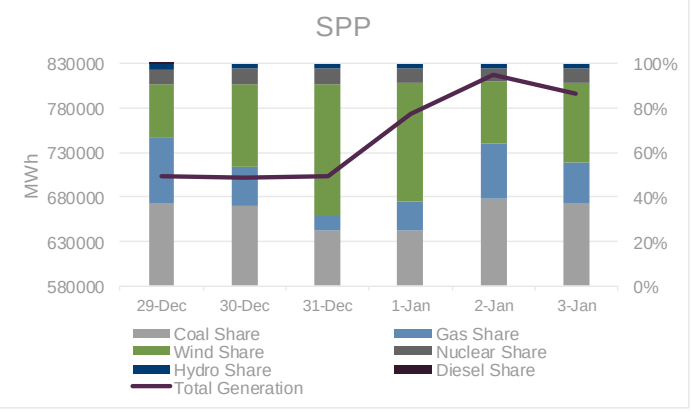

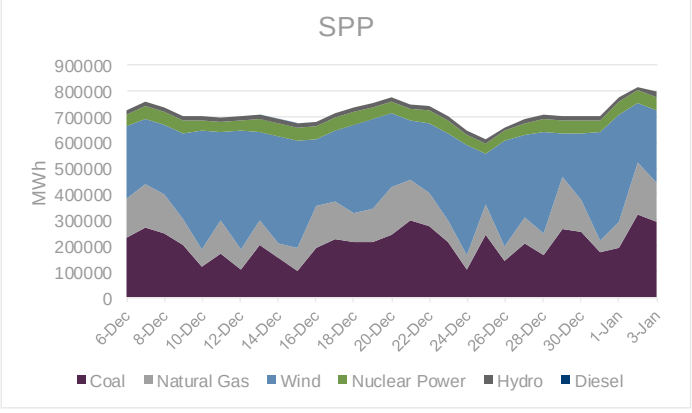

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Weather

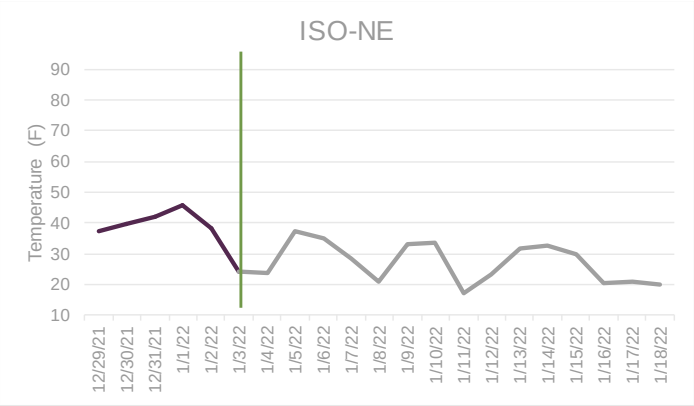

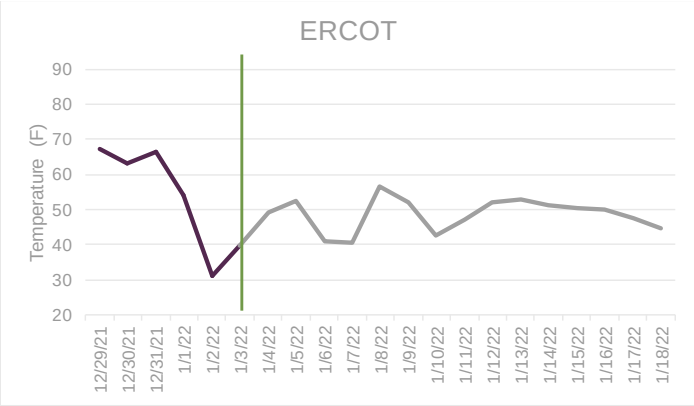

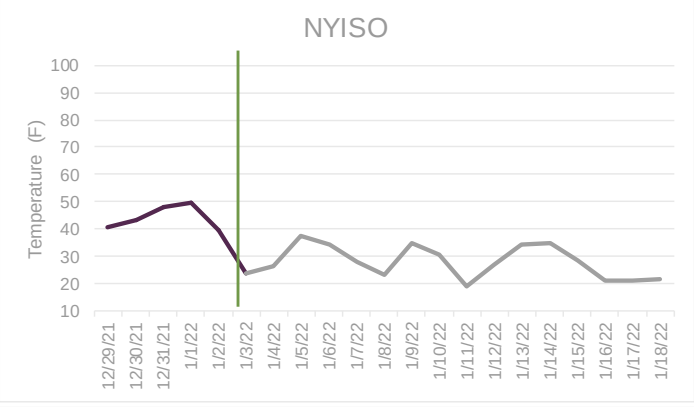

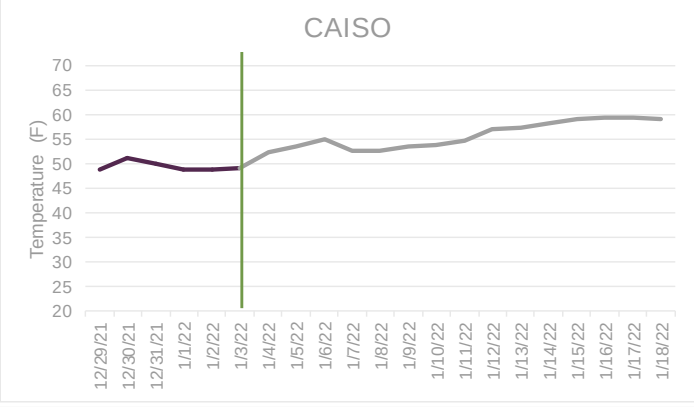

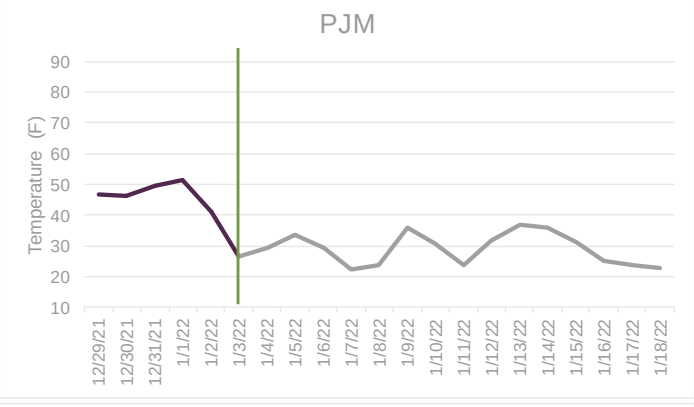

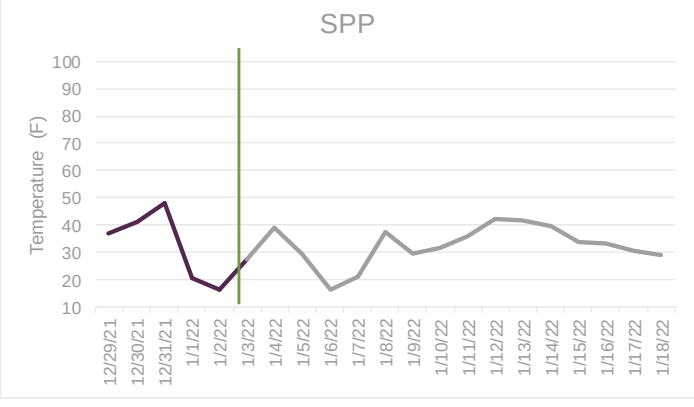

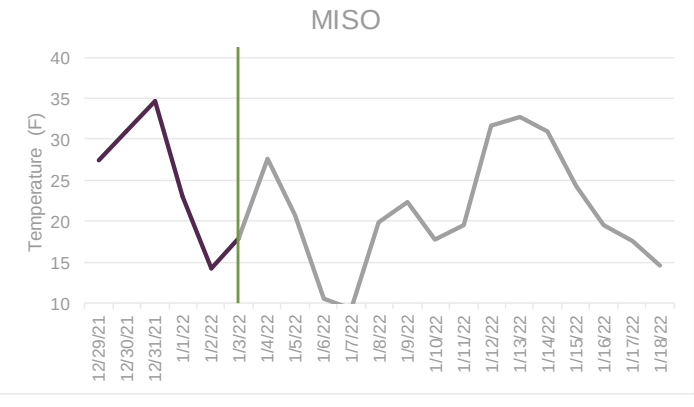

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2022 - 4/5/2022)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2022-3/31/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3)
1/1/2022-1/31/2022	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Decision possible in rate proceeding
1/1/2022-1/17/2022	MA	ES	NSTAR Electric Co.		Electric rate case to be filed in early January
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company expected to file next electric rate case
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
1/1/2022-3/31/2022	MI	DTE	DTE Electric Co.		General electric rate case to be filed
1/1/2022-1/31/2022	NM	AEP	Southwestern Public Service Co	C-20-00238-UT	Final PRC decision expected in electric rate case
1/1/2022-1/31/2022	NY	ED	Consolidated Edison Co. of NY		Electric rate case expected to be filed in January 2022
1/1/2022-1/31/2022	NY	ED	Consolidated Edison Co. of NY		Gas rate case expected to be filed in January 2022
1/1/2022-1/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	ALJ Proposed Order may be issued in rate case (estimated by RRA)
1/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Intervening parties to file testimony in Rider US-4 proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Rebuttal testimony due in Rider R update proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing scheduled in Rider W update proceeding
1/13/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Company rebuttal due
1/14/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Gas rate case expected to be filed with commission
1/14/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Surrebuttal testimony due in rate case
1/15/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Hearing examiners report may be issued in Rider S update proceeding
1/15/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00146 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
1/18/2022-1/21/2022	LA	AEP	Southwestern Electric Power Co	D-U-35441	Hearing to be held in electric rate case
1/18/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Intervening parties to file testimony in Rider US-3 update
1/19/2022-1/24/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Hearings scheduled in rate case
1/19/2022-1/20/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Hearings scheduled in Rider U proceeding
1/22/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Hearing scheduled in Rider R update proceeding
1/25/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Staff to file testimony in Rider US-4 proceeding
1/26/2022	TN	DUK	Piedmont Natural Gas Co.		Intervenor testimony due in annual review mechanism proceeding (Docket No. 2100135)
1/27/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Hearing Examiner's report may be issued in Rider U proceeding
1/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Staff to file testimony in Rider US-3 update proceeding
2/1/2022-2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing Examiner's report may be issued in Rider W proceeding
2/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Rebuttal testimony due in Rider US-4 proceeding
2/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Intervening parties to file testimony in Rider US-2 update proceeding
2/4/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Intervening parties to file testimony in Rider BW proceeding
2/7/2022	TN	DUK	Piedmont Natural Gas Co.		Company rebuttal testimony due in annual review mechanism proceeding (Docket No. 2100135)
2/9/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Brief due in rate case
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Hearings to begin in Rider US-4 proceeding
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Intervening parties to file testimony in Rider SNA proceeding
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Staff testimony due in Rider US-2 update proceeding
2/17/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Staff or intervenor surrebuttal due
2/21/2022	TN	DUK	Piedmont Natural Gas Co.		Prehearing conference to take place in annual review mechanism proceeding (Docket No. 2100135)
2/24/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Company sur-surrebuttal due
2/28/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Law judge proposed order due in rate case
2/28/2022	TN	DUK	Piedmont Natural Gas Co.		Target hearing date for annual review mechanism proceeding (Docket No. 2100135)
2/28/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Decision expected in generation rider adjustment clause update
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Decision expected in Rider U proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Decision expected in Rider B adjustment proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Decision expected in Rider R proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Decision expected in Rider S proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Decision expected in Rider W proceeding
2/28/2022-3/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Hearings scheduled in Rider US-3 update proceeding
3/1/2022-3/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
3/1/2022-3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Hearing Examiner's report may be issued in Rider US-4 proceeding
3/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/4/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Settlement or issues list due
3/4/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	staff testimony to be filed in Rider BW proceeding
3/14/2022-3/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearings scheduled in Rider US-2 proceeding
3/15/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Hearing scheduled for rate proceeding
3/16/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Responses to appeal memoranda due in rate cases
3/23/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Intervening parties to file testimony in RAC-EE proceeding
3/30/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	End of initial suspension period in rate case
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Hearing Examiners report may be issued in Rider US-3 proceeding
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00146 (Rider CE)	Decision expected in Rider CE update proceeding
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	SCC staff to file testimony in Rider SNA proceeding
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM and Weekly Commentary

Key Company Research

1. EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Dominion Energy, Inc., Exelon Corporation, Infrastructure and Energy Alternatives, Inc. and Spire Inc. in the next 3 months.

Guggenheim Securities, LLC managed or co-managed a public offering of securities for Infrastructure and Energy Alternatives, Inc. and Spire Inc. during the past 12 months.

Infrastructure and Energy Alternatives, Inc. and Spire Inc. are or were during the 12-month period preceding the date of the distribution of this report a client of Guggenheim Securities, LLC. Guggenheim Securities, LLC provided Infrastructure and Energy Alternatives, Inc. and Spire Inc. investment banking services.

Guggenheim Securities, LLC or its affiliates received compensation for investment banking services from Infrastructure and Energy Alternatives, Inc. and Spire Inc. during the past 12 months.

Guggenheim Securities, LLC makes a market in the securities of Spire Inc..

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Dominion Energy, Inc. (D) as of 01-11-2022

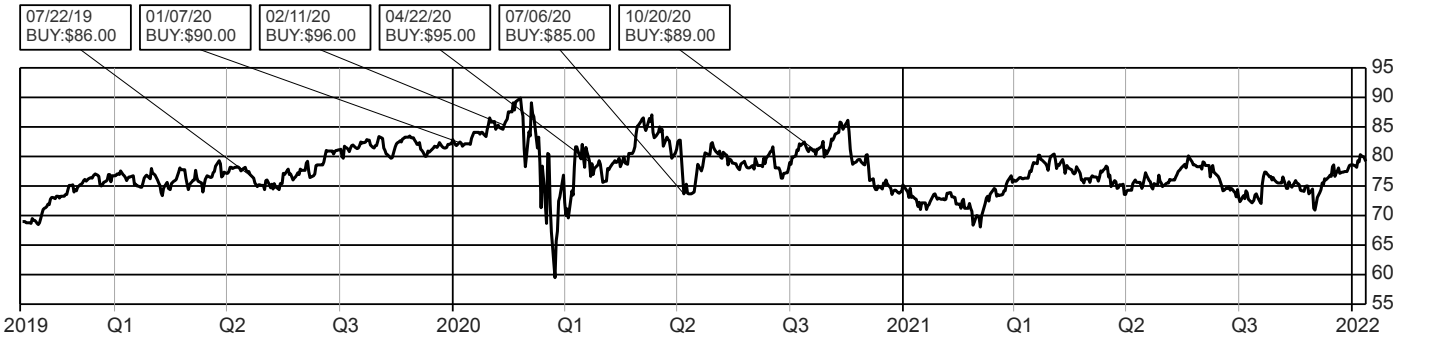

Created by: BlueMatrix

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Rating and Price Target History for: Exelon Corporation (EXC) as of 01-11-2022



Created by: BlueMatrix

Rating and Price Target History for: Infrastructure and Energy Alternatives, Inc. (IEA) as of 01-11-2022

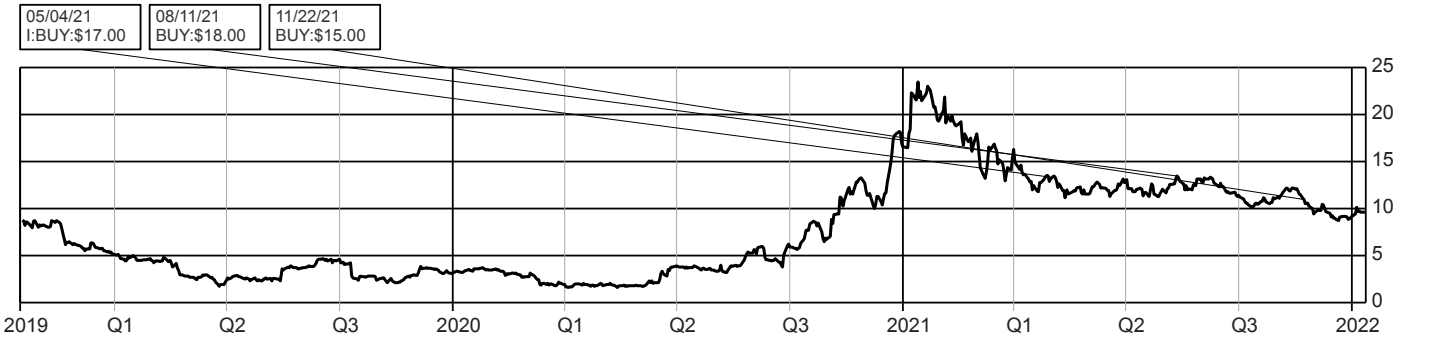

Created by: BlueMatrix

Rating and Price Target History for: Spire Inc. (SR) as of 01-11-2022



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	245	66.40%	69	28.16%
NEUTRAL	117	31.71%	11	9.40%
SELL	7	1.90%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Software
Ken Wong, CFA 415.852.6465
Ken.Wong@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

GUGGENHEIM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

SEAPORT RESEARCH PARTNERS

Angie Storozynski | Senior Analyst
astorozynski@seaportrp.com | (917) 747-7228

Rating:	**Buy**
Price Target:	**$61.00**

Price Target Metrics:
18x 2024 EPS for Exelon (RemainCo ~$49); $12.50/sh for Constellation ($37.50 per CEG share) based on 6.0x 2024 EV/EBITDA

Current Price:	**$55.62**
Float:	975.4MM
Diluted Shares:	980.0MM
Short Interest:	12.8MM
Average Daily Volume:	6,542k
52 Week Range:	$38.36 - $58.01
Market Cap:	**$54,508MM**
Cash and Investments:	$2,039MM
Debt:	$30,500MM
Enterprise Value:	$82,969MM

PRICE & VOLUME CHART

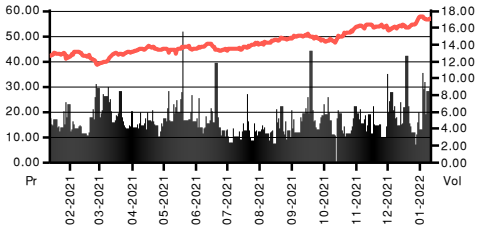

ESTIMATES $ (MMs except multiples & EPS)

	2021 New	2022 New	2023 New	2024 New	2025 New
EPS (Diluted)					
FY	$2.12E	$2.26E	$2.40E	$2.71E	$2.92E
P/E	**26.2x**	**24.6x**	**23.2x**	**20.5x**	**19.1x**
Dividends Per Share					
FY	$1.273E	$1.350E	$1.440E	$1.580E	$1.700E
Dividend Yield	**2.3%**	**2.4%**	**2.6%**	**2.8%**	**3.1%**

Exelon Corporation

(NYSE: EXC)

Exelon's analyst day - raising estimates and valuation of EXC ex CEG

Summary:
We're attracted to EXC's large $52B T&D only utility rate base growing at a premium 8.1% CAGR through highly fragmented capex with contemporaneous recovery. ComEd's 2020 deferred prosecution agreement (DPA) is likely to offset EXC's ESG edge, at least for now, though we acknowledge EXC's major ethics and compliance reforms since the DPA. We see AEE and PEG (after its nuke sale) as the closest public comps for EXC post the CEG spin-off (Feb 1), but it could take time for EXC to trade at a meaningful '24 P/E premium given the sharp (~13%) YoY growth in our '24 EPS estimate to be decided by IL regulators only in late '23. Therefore, for now, we value EXC at our '24 anchor P/E of 18x with no premium. Our $61 PT for EXC (EXC+CEG) remains unchanged, but we now value EXC (post CEG) at $49 (up from ~$48 previously). We reiterate our Buy rating.

Highlights

~8% EPS/DPS growth from large wires-only utilities: EXC's large $52B T&D only utility rate base (with only 14% related to gas LDCs) should grow at a premium 8.1% CAGR for 2022-2025 through highly fragmented capex, with the largest project accounting for just 1.1% of EXC's 5-year $13B capex. Through 2023, ~98% of EXC's regulated capex should be recoverable through formula rates, riders and multi-year rate cases. Starting in 2024, EXC's ComEd (IL ~36% of rate base) should transition to multi-year rate plans with likely sharply higher allowed ROEs. ComEd's current ROE is ~7.9% with IL gas LDCs (under forward test years) recently receiving 9.6-9.7% in allowed ROEs. Our 2024-2025 EPS estimates reflect a 9.2% allowed/realized ROE at ComEd representing a 130 bps from the current level, but a 400-500 bps discount to gas ROEs for decoupling and annual reconciliations of revenues under multi-year plans.

Tweaking estimates: Ahead of the spin-off of Constellation (CEG) on Feb 1, we removed its earnings from our EXC model. Our updated EXC-only '21/'22/'23/'24/'25 EPS estimates are $2.12/2.26/2.40/2.71/2.92 vs. $2.13/2.26/2.40/2.65/2.79. The higher '24/'25 estimates are driven by higher/updated capex/rate base projections as our previous estimates already reflected the ROE boost at ComEd starting in '24. Our estimates imply an 8.2%/7.5% EPS/DPS CAGR for 2022-2025 vs. 6.9%/5.7% on average for all 19 regulated electric/gas utilities under our coverage - please see inside for more details.

Valuation: For now, EXC's premium EPS/DPS growth prospects don't seem to translate into a premium P/E (~3% discount on our 2024 EPS), or at least that's our best estimate on the allocation of EXC's current share price between its regulated utilities (~$45) and CEG (~$10.50). ComEd's 2020 deferred prosecution agreement is likely to offset the ESG edge, at least for now, though we acknowledge EXC's/ComEd's major ethics and compliance reforms since then. We see AEE and PEG (after its nuke sale) as the closest public comps for EXC post the CEG spin off, but it could take time for EXC to trade at a meaningful '24 P/E premium, if only because of the sharp (~13%) YoY growth in our '24 EPS estimate to be decided by IL regulators in late '23. Therefore, for now, we value EXC at our '24 anchor P/E of 18x with no premium. Our PT for EXC (EXC+CEG) remains unchanged at $61, but we now value EXC (post the CEG spin) at $49 (up from ~$48 previously).

Company Description:
EXC operates six electric/gas T&D utilities in IL, PA, MD, NJ, DE, D.C. and VA) serving 9.1 million customer accounts. The spin off of Constellation (CEG) should be complete on Feb 1, '22.

EXC vs. other regulated electric/gas utilities: Premium EPS/DPS for now doesn't translate into a premium P/E

Regulated electric/gas utilities	2022-2025 EPS	2022-2025 DPS	2024 P/E vs. average
AEP	6.0%	5.5%	-7%
AGR	8.7%	3.7%	-4%
ATO	7.0%	7.6%	-5%
CMS	8.1%	5.7%	9%
D	6.6%	6.0%	-3%
DTE	8.2%	6.1%	-1%
DUK	6.0%	3.0%	-3%
EIX	5.8%	5.5%	-28%
ES	7.4%	6.5%	10%
ETR	6.0%	6.1%	-10%
EVRG	6.6%	6.7%	-5%
EXC	**8.2%**	**7.5%**	**-3%**
FE	4.3%	3.5%	-16%
NEE	7.7%	8.1%	50%
PCG	10.0%	N/A	-48%
PEG	6.4%	5.6%	-3%
PPL	0.3%	-8.0%	-6%
SO	7.1%	3.8%	-4%
SRE	7.0%	5.7%	-18%
Average	**6.9%**	**5.7%**	

Source: Seaport Research Partners

EXC post CEG spin-off: EPS projections per segment ($)

EXC	2021E	2022E	2023E	2024E	2025E	'22-25 CAGR
Regulated utilities	2.38	2.54	2.72	3.05	3.27	8.3%
Parent/Corporate	(0.26)	(0.28)	(0.32)	(0.34)	(0.36)	8.5%
Total EPS	**2.12**	**2.26**	**2.40**	**2.71**	**2.91**	**8.2%**
DPS	**1.27**	**1.35**	**1.44**	**1.58**	**1.70**	**7.5%**

EXC - Regulated EPS	2021E	2022E	2023E	2024E	2025E	'22-25 CAGR
PECO	0.51	0.57	0.63	0.70	0.77	11.1%
ComEd	0.76	0.82	0.88	1.04	1.09	9.2%
BGE	0.46	0.48	0.51	0.54	0.58	5.8%
PHI/ACE/DPL	0.65	0.66	0.70	0.77	0.84	6.5%
Total regulated less parent EPS	**2.38**	**2.54**	**2.72**	**3.05**	**3.27**	**8.3%**

Source: Seaport Research Partners

EXC + CEG - 2024 SOTP	Metric	Multiple	Price	Anchor multiple
EXC - 2024 EPS	$2.71	18.0x	$48.81	18.0x
CEG - 2024 EV/EBITDA	$2,875	6.0x	$12.45	6.0x
Equity value/share			**$61.25**	

EXC post CEG spin off	2021E	2022E	2023E	2024E	2025E
EBITDA	6,812	7,197	7,622	8,243	8,734
Depreciation	3,193	3,353	3,519	3,691	3,869
Operational EBIT	3,619	3,843	4,103	4,552	4,866
Net interest expense	(1,264)	(1,315)	(1,393)	(1,457)	(1,501)
Ordinary Profit Before Tax	2,538	2,711	2,893	3,278	3,548
Income tax	(457)	(488)	(521)	(590)	(639)
Net profit	2,081	2,223	2,372	2,688	2,909
S/O (m)	980	983	988	993	998
EPS	**$2.12**	**$2.26**	**$2.40**	**$2.71**	**$2.92**
DPS	**$1.27**	**$1.35**	**$1.44**	**$1.58**	**$1.70**

Current assets	7,801	6,327	6,402	6,509	6,595
Property, plant, and equipm	65,791	69,468	73,124	77,008	80,790
Total assets	**86,187**	**88,390**	**92,121**	**96,112**	**99,980**
Current liabilities	6,210	6,210	6,210	6,210	6,210
Long-term debt	28,681	32,160	35,514	39,158	42,634
Shareholders' equity	24,483	23,065	22,800	22,505	22,253
Total liabilities and equity	**86,187**	**88,390**	**92,121**	**96,112**	**99,980**

Net income	2,081	2,223	2,372	2,688	2,909
Operating cashflow	**4,874**	**3,062**	**4,966**	**5,223**	**5,593**
Investing cashflow	**(6,600)**	**(6,930)**	**(7,075)**	**(7,475)**	**(7,550)**
Dividends paid	(1,246)	(1,320)	(1,415)	(1,561)	(1,688)
Financing cashflow	(3,035)	2,329	2,109	2,253	1,958
Change in cash	**(4,761)**	**(1,539)**	**0**	**0**	**0**
Cash at end of period	**2,239**	**700**	**700**	**700**	**700**

Exelon Corporation (EXC) Disclosures

I, Angie Storozynski, hereby certify: (1) that all of the views expressed in this report accurately reflect my personal views about any and all of the subject securities or issuers; and (2) that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

As with all employees of Seaport Global Securities LLC, a portion of our analysts' compensation is paid from the total collection of revenues from all areas of the firm including but not limited to Investment Banking and Sales and Trading departments. In no instance are research analysts' compensation directly derived from Investment Banking revenues.

Risks & Considerations for Exelon Corporation (EXC)

ComEd's ROE remains linked to 30yr T yield until 2023: EXC's distribution ROE in IL (for ComEd) changes daily and is based on the 30 year T yield plus 580 bps. A recently adopted energy bill should break this formulaic ROE calculation starting in 2024 which in turn should result in a sharply higher allowed ROE for ComEd. Yet, we won't know ComEd's new rate plan until late 2023.

Growing electric capex and customer bill affordability: The service territory of EXC's regulated electric utilities are large cities, and many of their customers are eligible for financial assistance for their electricity bills. While EXC's cities push for electrification of transportation and building heating, the bill affordability could limit EXC's rate base growth prospects.

Nuclear PTCs: Our base case assumption for EXC/Constellation excludes any potential benefit from federal nuclear PTCs which could be very meaningful, especiallly in 2022. We assume that the incremental money should be spent on nuclear M&A and organic growth as opposed to a special dividend or buybacks. We won't know for sure until the PTCs are awarded, however.

Risks & Considerations for Public Service Enterprise Group Inc. (PEG)

Lower allowed ROE for electric/gas distribution and transmission due to low market interest rates: Equity returns/ROE of regulated electric/gas/water utilities are indirectly linked to the 10-year Treasury yield. The average allowed ROE of a regulated utility in the US dropped just 25 bps since 2008 despite a 152 bps drop in the average 10-year T yield over this period. However, state utility regulators could sharply reduce allowed ROEs of regulated utilities going forward which currently average 9.75% average. The allowed ROE together with an equity ratio are the key drivers of regulated utility earnings. PSE&G has already agreed to lower its base transmission ROE to 9.9% from 11.2%, and our estimates already remove the current 50 bps RTO ROE adder for electric transmission starting early 2022. PS&EG's distribution ROE could fall along with the next distribution rate case in 2025 below the current 9.6%.

Forward power prices could fall from current elevated levels: The recent spike in natural gas prices has sharply elevated forward power prices across the US, especially for 2022 and (to a lesser extent) 2023. PEG is heavily hedged for 2022 and likely partly hedged for 2023. PEG could, however, see some incremental uplift to its power earnings from a federal nuclear PTC (tax benefit) if adopted by the federal government.

Sharply higher natural gas and power prices could limit upside to PSE&G's T&D capex: The recent spike in natural gas prices, if sustained, could lead to some electric/gas bill pressures for PSE&G's customers. Those in turn could limit upside to PSE&G's capex plans.

Other Companies Mentioned in This Report

- Public Service Enterprise Group Inc. (PEG: $65.85, Buy, PT $70)
- Ameren Corporation (AEE: $86.97)

Price Target Metrics for Exelon Corporation (EXC)

18x 2024 EPS for Exelon (RemainCo ~$49); $12.50/sh for Constellation ($37.50 per CEG share) based on 6.0x 2024 EV/EBITDA

Price Target Metrics for Public Service Enterprise Group Inc. (PEG)

20x 2023 EPS for PSE&G (~$64/share) + 6.5x 2023 EV/EBITDA for Power/Infrastructure ($6/share)

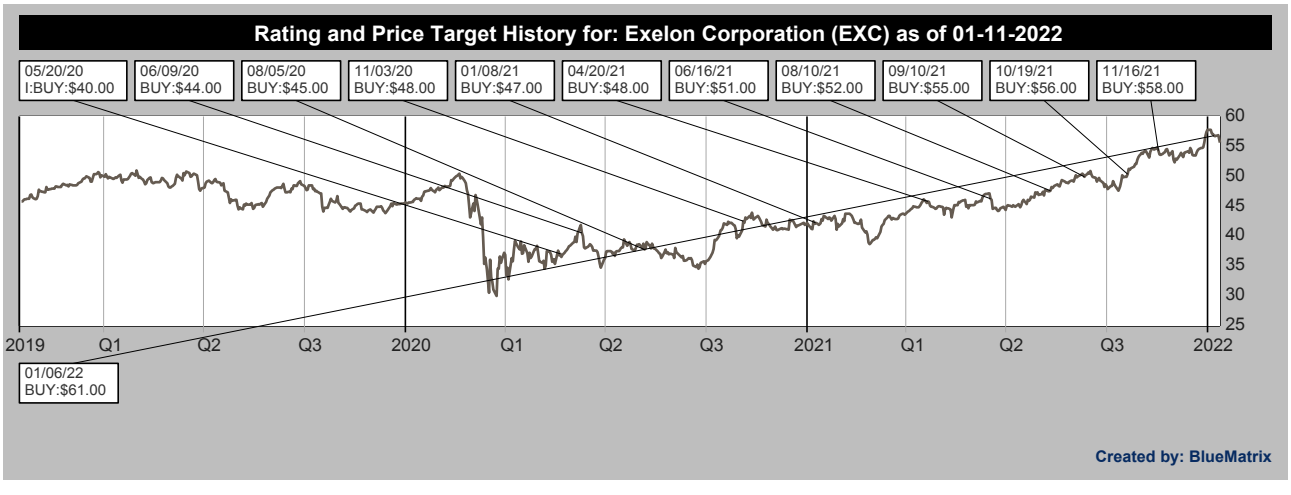

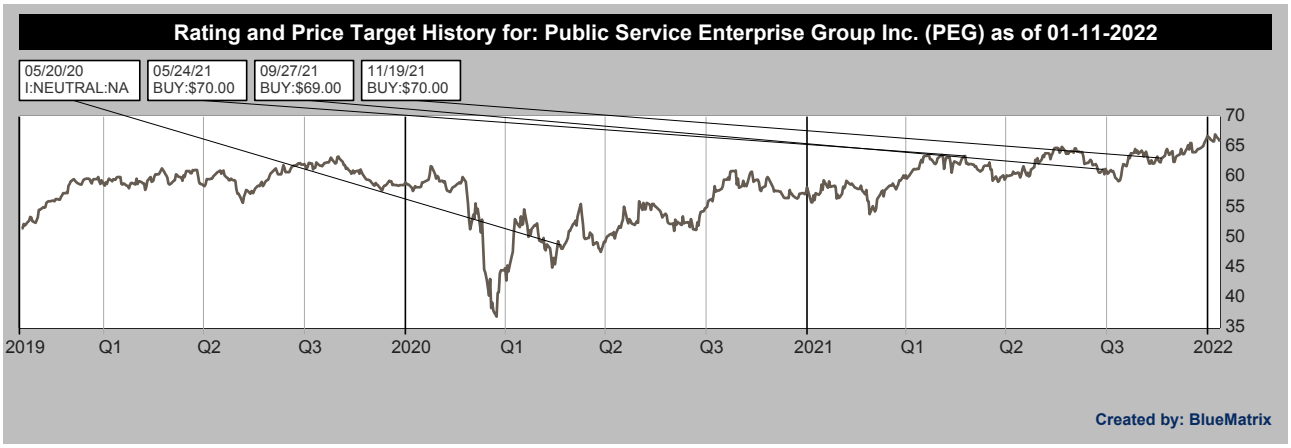

Please contact Seaport Global Securities LLC, for important disclosure information for covered companies. Contact the Director of Equity Research at (949) 274-8052 or write to Seaport Global Securities LLC, 600 Anton Boulevard, Suite 1700, Costa Mesa, CA 92626.
Clients should also refer to https://sgsecurities.bluematrix.com/sellside/Disclosures.action for price charts, as well as specific disclosures for covered companies.

Explanation of Ratings

Seaport Global Securities analyst ratings include (effective Feb. 1, 2017):

Buy - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Prior to Feb 1., 2017, Seaport Global Securities analyst ratings included:

Buy - The investment outlook and risk/reward over the following 12 months are very favorable on an absolute basis and relative to the peer group.
Speculative Buy - The investment outlook over the following 12 months is very favorable on an absolute basis and relative to the peer group, however, there is higher than average risk associated with the investment that could result in material loss.
Accumulate - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Reduce - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are very unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Ratings Distribution

	Research Coverage		Investment Banking Clients*		
Rating	Count	% of Total	Count	% of Total	% of Rating Category
Buy	145	62.2%	13	92.9%	9.0%
Neutral	87	37.3%	1	7.1%	1.1%
Sell	1	0.4%	0	0.0%	0.0%
Total	233	100.0%	14	100.0%	6.0%

*Investment banking clients are companies for which Seaport Global Securities LLC provided investment banking services to in the last 12 months.

Note: Ratings Distribution as of December 31, 2021

Seaport Global Securities LLC is a U.S. registered broker-dealer, member FINRA and SiPC. Seaport Research Partners LLC is a registered investment advisor. This material has been prepared by Seaport Research Partners, which provides brokerage services as a division (dba Seaport Research Partners) of Seaport Global Securities LLC, and provides investment advisory services through Seaport Research Partners LLC. Seaport Global Securities LLC and Seaport Research Partners LLC are subsidiaries of Seaport Global Holdings LLC. Seaport Global Securities LLC and Seaport Research Partners LLC employ appropriate expertise, and in the belief that it is fair and not misleading. Seaport Global is the global brand name for Seaport Global Securities LLC ("SPGS") and its affiliates worldwide. Information, opinions or recommendations contained in the reports and updates are submitted solely for advisory and information purposes. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified. Therefore, we cannot guarantee its accuracy. Additional and supporting information is available upon request. This is neither an offer nor solicitation of an offer to buy or sell any security or investment. Any opinions or estimates constitute our best judgment as of this date, and are subject to change without notice. Not all products and services are available outside of the US or in all US states. © 2022. Seaport Global Securities LLC. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of SPGS. SPGS specifically prohibits the re-distribution of this report, via the Internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.

For Canadian Investors:

Seaport Global Securities LLC, is not registered in Canada, but relies on the International Dealer Exemption in each province. This report was not prepared in accordance with Canadian research disclosure requirements. The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

For UK and European Investors:

MARKETING COMMUNICATION

The Seaport Group Europe LLP (“SGE”) and Sea Port Group Securities (Europe) LLP (“SPGSE”) are authorized and regulated by the Financial Conduct Authority. Due to their size and structure, their analysts may represent the interests of the firm or of companies referred to in its research. As a result, SGE or SPGSE does not hold its research out as being impartial. This research is non-independent and is classified as a Marketing Communication under the FCA’s rule COBS 12.2.18. As such it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research in COBS 12.2.21. However, SGE and SPGSE have adopted internal procedures which prohibit employees from dealing ahead of the publication of non- independent research, except for legitimate market making and fulfilling clients’ unsolicited orders.

Analysts may forward a draft copy of the non-independent research, prior to publication, to the subject company in order to verify facts. Where such verification is sought, the analyst must remove any rating or investment summary from the non-independent research prior to forwarding it to the subject company. Any subsequent amendments to the non-independent research are to correct factual inaccuracies only. Any matters of judgment are the author's own and our analysts will not amend the non-independent research on the basis of an issuer's contrary view.

Price targets or Projections

Price targets or projections, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target or projection may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimate. Past performance is not indicative of future performance.

DISCLAIMERS

This material is: (i) for your private information, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any investments or other related financial instruments in any jurisdiction where such offer or solicitation would be illegal; and (iii) is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Opinions expressed are current opinions as of the original publication date appearing on this material only and the information, including the opinions contained herein, are subject to change without notice. Members of Seaport Global may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, members of Seaport Global, and / or its officers, directors and employees, may, from time to time, have long or short positions in, and buy or sell, the investments, securities, derivatives (including options) or other related financial instruments thereof, of companies mentioned herein, or related investments, securities, derivatives or other related financial instruments. In addition, members of Seaport Global may act as a market maker and principal, willing to buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein. Further, members of Seaport Global may buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. SGE, SPGSE and other non-US members of Seaport Global, their officers, directors and employees may, to the extent it relates to non-US issuers and is permitted by applicable law, have acted upon or used this material immediately following, its publication.

The securities described herein may not have been registered under the U.S. Securities Act of 1933 (“ACT”) , and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act.

Unless governing law permits otherwise, you must contact a Seaport Global entity in your home jurisdiction if you want to use our services in effecting a transaction in the investments, securities or other related financial instruments mentioned in this material.

This publication has been approved for distribution in the United Kingdom by The Seaport Group Europe LLP and Sea Port Group Securities (Europe) LLP, which are authorized and regulated by the Financial Conduct Authority (FCA). It is intended only for investors who are professional clients and eligible counterparties as defined by the FCA, and may not, therefore, be redistributed to other classes of investors.

The Seaport Group Europe LLP, Sea Port Group Securities (Europe) LLP and other Seaport Global entities manage conflicts identified through the following: their Information Barrier Wall, confidentiality and conflicts of interest policies, maintenance of a Restricted List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of investments, securities or other related financial instruments and disclosure to clients via client documentation.

SEAPORT RESEARCH PARTNERS

Company Update
Utilities
Angie Storozynski | Senior Analyst
astorozynski@seaportrp.com | (917) 747-7228

Rating:	**Buy**
Price Target:	**$61.00**

Price Target Metrics:
18x 2024 EPS for Exelon ($48.80/sh); $12.50/sh for Constellation (SpinCo) based on 6.0x 2024 EV/EBITDA

Current Price:	**$55.62**
Float:	975.4MM
Diluted Shares:	980.0MM
Short Interest:	12.8MM
Average Daily Volume:	6,542k
52 Week Range:	$38.36 - $58.01
Market Cap:	**$54,508MM**
Cash and Investments:	$2,039MM
Debt:	$30,500MM
Enterprise Value:	$82,969MM

PRICE & VOLUME CHART

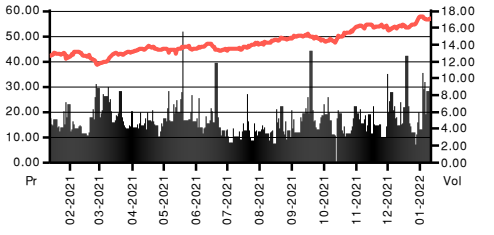

ESTIMATES $ (MMs except multiples & EPS)

	2021 New	2022 New	2023 New	2024 New	2025 New
EPS (Diluted)					
FY	$2.12E	$2.26E	$2.40E	$2.71E	$2.92E
P/E	**26.2x**	**24.6x**	**23.2x**	**20.5x**	**19.1x**
Dividends Per Share					
FY	$1.273E	$1.350E	$1.440E	$1.580E	$1.700E
Dividend Yield	**2.3%**	**2.4%**	**2.6%**	**2.8%**	**3.1%**

Exelon Corporation
(NYSE: EXC)

Constellation's analyst day - lowering estimates and valuation

Summary:
This long-awaited update focused on the clean emissions profile and longevity of Constellation's (CEG's) nukes, as well as its strong balance sheet. Yet, there was limited emphasis on CEG's strong FCF generation and capital deployment, or management's (hopefully) innovative approach to maximize shareholder value. It might be because CEG awaits a politically sensitive congressional action on nuclear tax credits (PTCs) and its pursuit of additional nuclear plants isn't ready for announcements. We heard some examples of organic growth on the retail side with new 24x7 clean energy products for C&I customers, but with no indication on potential EBITDA/FCF uplift. Below-market power hedges and higher operating costs weigh on 2022 EBITDA/FCF, but near-term net debt targets are better than we expected and 2023 (and beyond) EBITDA/FCF look attractive. Based on our updated estimates, CEG now trades largely in line with NRG and VST on '23 FCF yield (~17%), but offers a large nuclear PTC option. We trimmed our PT for CEG to $37.50 from $41 ($12.50 from $13.50 per EXC share) as we await more details on nuclear PTCs and M&A, and as we brace for shareholder rotation. We stick with our Buy rating and our $61 PT for EXC remains unchanged.

Highlights

Capital allocation: CEG wants to be a consolidator of the nuclear power industry, just after paying down ~$1.9B in debt in '22 ($1.02B in maturities and $0.9B in term loans) and funding ~$180MM in dividends. That should leave nothing for share buybacks in '22, but should reduce CEG's '22 net debt to ~2x '22 EBITDA. CEG could pay up to $2.8B for PEG's nukes in NJ/PA and remain close to the 2x leverage by YE'23, especially given likely cost/revenue synergies. For now, our model assumes $800MM in share buybacks in '23 followed by $1B annually in addition to ~$830MM for 2022-2025 dividends.

Reducing estimates for CEG: We sharply reduced our EBITDA expectations, especially for 2022-2023, on additional below-market power hedges and higher operating costs. Our new '22/'23/'24/'25 EBITDA projections are $2,519MM/2,767MM/2,875MM/2,987MM down from $3,145MM/3,114M/3,232MM/3,304MM, previously. Our new FCF expectations are largely unchanged for 2023-2025, with a hit to 2022 driven by lower EBITDA and deferred '21 capex. Our new '22/'23/'24 FCF expectations are $1,230MM/1,745MM/1,950MM/2,051MM down from $1,920MM/1,889MM/2,007MM/2,079MM. Management didn't provide updated info on "other earnings" (~$350MM in '21), but given sharply reduced investments at Constellation Technology Ventures, our projections now assume $100MM/year.

Valuation of CEG: We trimmed our PT for Constellation (CEG) to $12.50 from $13.50 per EXC's share ($37.50 per CEG share). Our PT remains based on 6.0x '24 EV/EBITDA without any recognition for CEG's likely nuclear PTC benefit or growth through acquisition of additional nuclear plants. The $1/share drop in the CEG valuation despite sharply lower '22/'23 EBITDA expectations is driven by lower net debt expectations. Assuming that EXC's regulated utilities less parent trade at an industry-average multiple (~17.5x in '24), CEG is currently valued at ~$10/EXC share (or $31.70/CEG share). Based on that price, CEG currently trades at ~5.6x '23 EV/EBITDA vs. 6.0x for VST and 7.3x for NRG, we estimate. CEG's EBITDA to FCF conversion is weaker than that for NRG and VST, however, and based on '23 FCF yields all three stocks trade ~17%.

Company Description:
EXC operates six electric/gas T&D utilities in the Mid-Atlantic and the Midwest (IL, PA, MD, NJ, DE, D.C. and VA) serving 9.1 million customer accounts. Separately, through Constellation, EXC operates ~32GW in merchant power plants (including 19GW of nuclear plants) and serves 210 TWhs of retail/wholesale load (70% C&I customers). The spin-off of Constellation (CEG) should be completed on Feb 1, 2022.

Constellation Energy (CEG): Abbreviated financials and trading multiples

Constellation - Base case	2022E	2023E	2024E	2025E
Adj. EBITDA ($MM)	**2,519**	**2,767**	**2,875**	**2,987**
Adj. FCF ($MM)	**1,230**	**1,745**	**1,950**	**2,051**
Net debt ($MM)	5,079	4,144	3,475	3,245
S/O (MM)	326	313	290	263
Net debt/adj. EBITDA	**2.02x**	**1.50x**	**1.21x**	**1.09x**
FCF ex growth per share ($)	3.77	5.35	5.98	6.29
DPS ($)	0.55	0.63	0.75	0.91
EV/EBITDA	**6.1x**	**5.6x**	**5.4x**	**5.2x**
FCF yield	11.9%	16.9%	18.9%	19.8%

Constellation - Upside case (PTCs)	2022E	2023E	2024E	2025E
Adj. EBITDA ($MM)	**3,045**	**3,191**	**3,208**	**3,242**
Grossed up nuclear PTCs	526	424	333	255
Adj. FCF ($MM)	**1,756**	**2,169**	**2,283**	**2,306**
Net debt ($MM)	4,553	3,720	3,142	2,989
S/O (MM)	326	313	290	263
Net debt/adj. EBITDA	**1.50x**	**1.17x**	**0.98x**	**0.92x**
FCF ex growth per share ($)	5.39	6.65	7.00	7.07
DPS ($)	0.55	0.63	0.75	0.91
EV/EBITDA	**5.1x**	**4.8x**	**4.8x**	**4.8x**
FCF yield	17.0%	21.0%	22.1%	22.3%

Source: Seaport Research Partners

CEG vs. public IPP peers

	'23 div yield	'23 net debt/EBITDA	Assumed '23 buybacks ($MM)	'23 FCF yield	'23 EV/EBITDA
CEG	2.00%	1.50x	800	16.9%	5.6x
NRG	3.43%	2.78x	800	17.0%	7.3x
VST	3.61%	2.62x	1,300	17.3%	6.0x

Source: Seaport Research Partners

Constellation - 2024 EV/EBITDA valuation

Constellation - 2024 SOTP	Metric	Multiple	Price	Anchor multiple
2024 EV/EBITDA	$2,875	6.0x	$37.34	6.0x
Equity value/share			**$37.50**	

Source: Seaport Research Partners

EXC + CEG - 2024 SOTP valuation - please note a different in EXC's and CEG's share count (980MM and 326MM)

EXC + CEG - 2024 SOTP	Metric	Multiple	Price	Anchor multiple
EXC - 2024 EPS	$2.71	18.0x	$48.81	18.0x
CEG - 2024 EV/EBITDA	$2,875	6.0x	$12.45	6.0x
Equity value/share			**$61.25**	

Source: Seaport Research Partners

CEG: Abbreviated financial statements ($MM except per share data)

CEG	2021E	2022E	2023E	2024E	2025E
EBITDA	2,100	2,811	3,059	3,168	3,279
Depreciation	1,025	1,100	1,100	1,100	1,100
EBIT	757	1,451	1,699	1,808	1,919
Net interest expense	(300)	(275)	(275)	(275)	(275)
PBT	775	1,436	1,684	1,793	1,904
Income tax	(194)	(312)	(370)	(396)	(424)
Net profit	581	1,125	1,314	1,396	1,480
S/O (m)	326	326	313	290	263
EPS	**$1.78**	**$3.45**	**$4.20**	**$4.82**	**$5.62**
DPS	**$0.55**	**$0.55**	**$0.63**	**$0.75**	**$0.91**
Current assets	9,541	7,869	8,713	9,388	9,626
PP&E	20,200	20,850	21,300	21,500	21,700
Total assets	**48,496**	**48,764**	**51,448**	**53,818**	**55,869**
Current liabilities	7,811	8,029	6,987	6,982	6,980
Long-term debt	4,593	2,497	2,497	2,497	2,497
Shareholders' equity	11,436	13,282	16,701	18,763	20,496
Total liabilities and equity	**48,496**	**48,764**	**51,448**	**53,818**	**55,869**
Net income	581	1,125	1,314	1,396	1,480
Operating cashflow	**3,506**	**2,402**	**3,387**	**3,187**	**3,270**
Investing cashflow	**(2,650)**	**(1,750)**	**(1,550)**	**(1,300)**	**(1,300)**
Dividends paid	0	(180)	(198)	(218)	(240)
Financing cashflow	0	(2,080)	(998)	(1,218)	(1,740)
Change in cash	**856**	**(1,428)**	**839**	**669**	**230**
Cash at end of period	**2,056**	**628**	**1,466**	**2,135**	**2,365**

Source: Seaport Research Partners

Exelon Corporation (EXC) Disclosures

I, Angie Storozynski, hereby certify: (1) that all of the views expressed in this report accurately reflect my personal views about any and all of the subject securities or issuers; and (2) that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

As with all employees of Seaport Global Securities LLC, a portion of our analysts' compensation is paid from the total collection of revenues from all areas of the firm including but not limited to Investment Banking and Sales and Trading departments. In no instance are research analysts' compensation directly derived from Investment Banking revenues.

Risks & Considerations for Exelon Corporation (EXC)

Spin-off of Constellation and future earnings power of the separate businesses: Our PT now assumes that EXC should spin-off its merchant power/competitive business (Constellation or ExGen) by Feb 1, 2022 now that the transaction received its last needed regulatory approval. We have very limited visibility into ExGen's/Constellation's earnings power given no disclosure on power/gas hedges and operating expenses beyond 2021, especially in light of ExGen's recent acquisition of EDF's stake in three nuclear plants in NY and MD.

Nuclear PTCs: Our base case assumption for EXC/Constellation exclude any potential benefit from federal nuclear PTCs which could be very meaningful, especiallly in 2022. We assume that the incremental money should be spent on maintenance and growth capex at Constellation's nukes and deleveraging of its balance sheet as opposed to a special dividend or buybacks. We won't know for sure until the PTCs are awarded, however.

Future dividends: We assume that post the spin-off, the dividend of Exelon and Constellation should exceed the current $1.53 dividend of EXC, but the dividend policy of Constellation remains unclear to us.

ComEd's ROE remains linked to 30yr T yield until 2023: EXC's distribution ROE in IL (for ComEd) changes daily and is based on the 30 year T yield plus 580 bps. A recently adopted energy bill should break this formulaic ROE calculation starting in 2024 which in turn should result in a sharply higher allowed ROE for ComEd.

Risks & Considerations for NRG Energy, Inc. (NRG)

Forward retail margins and volumes could fall: Over the last 14 years, NRG demonstrated its ability to grow retail margins largely regardless of the power price environment. However, the margins are close to historical highs and any meaningful volatility in power prices (especially in ERCOT) or competition from other electric providers could weigh on NRG's retail margins. The retail margins could also eventually fall along with ongoing decline in forward power prices, especially in PJM/Midwest and the Mid-Atlantic. Separately, NRG expects to grow its retail volumes, meaningfully, which could be difficult during/after the COVID-19 pandemic.
NRG remains a below IG company and its cost of debt could rise along with higher credit spreads: While the company has been paying down debt and expects upgrade to IG by the end of 2020/early 2021, NRG's cost of debt should suffer from the recent expansion of credit spreads for below IG companies.

Risks & Considerations for Public Service Enterprise Group Inc. (PEG)

Lower allowed ROE for electric/gas distribution and transmission due to low market interest rates: Equity returns/ROE of regulated electric/gas/water utilities are indirectly linked to the 10-year Treasury yield. The average allowed ROE of a regulated utility in the US dropped just 25 bps since 2008 despite a 152 bps drop in the average 10-year T yield over this period. However, state utility regulators could sharply reduce allowed ROEs of regulated utilities going forward which currently average 9.75% average. The allowed ROE together with an equity ratio are the key drivers of regulated utility earnings. PSE&G has already agreed to lower its base transmission ROE to 9.9% from 11.2%, and our estimates already remove the current 50 bps RTO ROE adder for electric transmission starting early 2022. PS&EG's distribution ROE could fall along with the next distribution rate case in 2025 below the current 9.6%.
Forward power prices could fall from current elevated levels: The recent spike in natural gas prices has sharply elevated forward power prices across the US, especially for 2022 and (to a lesser extent) 2023. PEG is heavily hedged for 2022 and likely partly hedged for 2023. PEG could, however, see some incremental uplift to its power earnings from a federal nuclear PTC (tax benefit) if adopted by the federal government.
Sharply higher natural gas and power prices could limit upside to PSE&G's T&D capex: The recent spike in natural gas prices, if sustained, could lead to some electric/gas bill pressures for PSE&G's customers. Those in turn could limit upside to PSE&G's capex plans.

Risks & Considerations for Vistra Corp. (VST)

Forward spark spreads/capacity prices could fall further in PJM/ISO-New England: With weak power demand (even before COVID), growth in subsidized renewables, and cheap local natural gas, we are likely to see ongoing declines in forward power and capacity prices in the Midwest and the Northeast. While VST's gas fired plants in the regions could benefit somewhat from lower gas prices (through higher margins), newer/more efficient gas plants and subsidized renewables should weigh on VST's power earnings in the region.
Forward retail margins and volumes could fall: VST's retail margins are close to historical highs and any meaningful volatility in power prices (especially in ERCOT) or competition from other electric providers could weigh on VST's retail margins. The retail margins could also eventually fall along with ongoing decline in forward power prices, especially in PJM/Midwest and the Mid-Atlantic. Separately, VST expects to grow its retail volumes, meaningfully, which could be difficult during/after the COVID-19 pandemic.
VST remains a below IG company and its cost of debt could rise along with higher credit spreads: While the company has been paying down debt and expects upgrade to IG by the end of 2021, VST's cost of debt should suffer from the recent expansion of credit spreads for below IG companies.

Other Companies Mentioned in This Report

- NRG Energy, Inc. (NRG: $40.88, Buy, PT $44)
- Vistra Corp. (VST: $22.51, Buy, PT $26)
- Public Service Enterprise Group Inc. (PEG: $65.85, Buy, PT $70)

Price Target Metrics for Exelon Corporation (EXC)

18x 2024 EPS for Exelon ($48.80/sh); $12.50/sh for Constellation (SpinCo) based on 6.0x 2024 EV/EBITDA

Price Target Metrics for NRG Energy, Inc. (NRG)

16.5% 2024 FCF yield using 2024 FCF/share of $7.31

Price Target Metrics for Public Service Enterprise Group Inc. (PEG)

20x 2023 EPS for PSE&G (~$64/share) + 6.5x 2023 EV/EBITDA for Power/Infrastructure ($6/share)

Price Target Metrics for Vistra Corp. (VST)

15% 2024 FCF yield using 2024 FCF/share of $3.85 based of YE2021 share count and excluding any nuclear PTCs



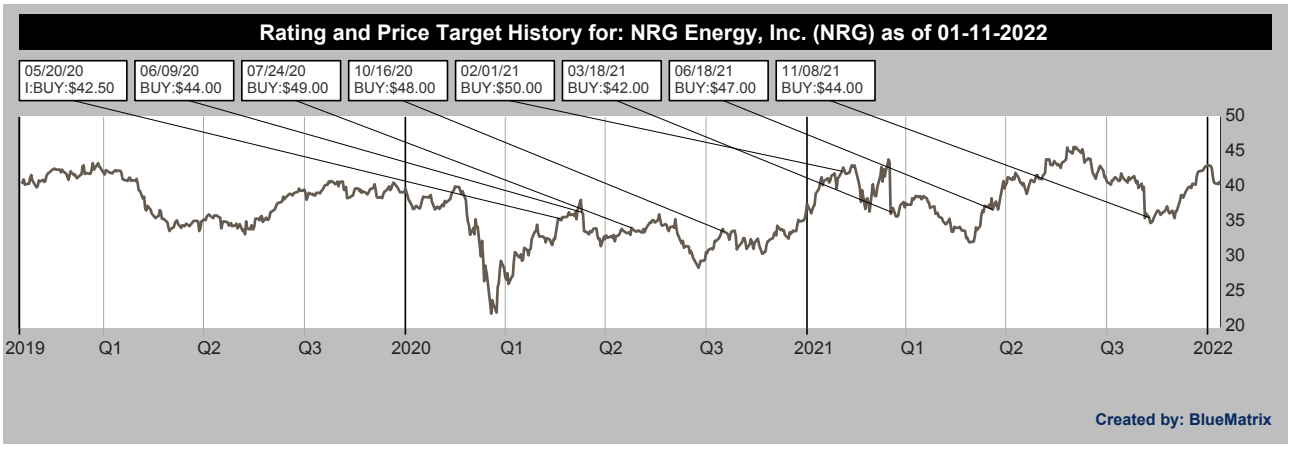

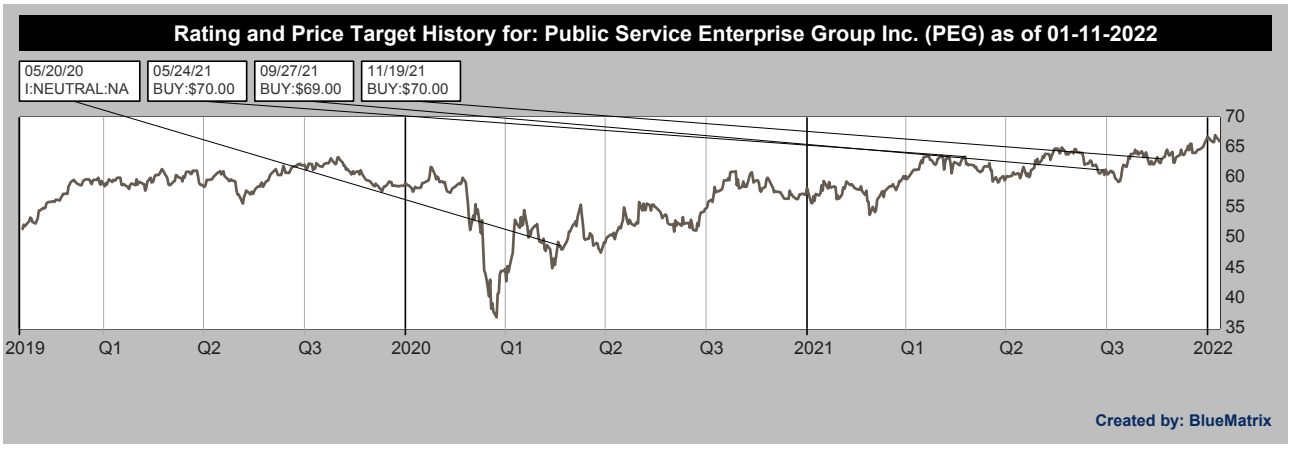



Please contact Seaport Global Securities LLC, for important disclosure information for covered companies. Contact the Director of Equity Research at (949) 274-8052 or write to Seaport Global Securities LLC, 600 Anton Boulevard, Suite 1700, Costa Mesa, CA 92626.
Clients should also refer to https://sgsecurities.bluematrix.com/sellside/Disclosures.action for price charts, as well as specific disclosures for covered companies.

Explanation of Ratings

Seaport Global Securities analyst ratings include (effective Feb. 1, 2017):

Buy - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Prior to Feb 1., 2017, Seaport Global Securities analyst ratings included:

Buy - The investment outlook and risk/reward over the following 12 months are very favorable on an absolute basis and relative to the peer group.
Speculative Buy - The investment outlook over the following 12 months is very favorable on an absolute basis and relative to the peer group, however, there is higher than average risk associated with the investment that could result in material loss.
Accumulate - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Reduce - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are very unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Ratings Distribution

	Research Coverage		Investment Banking Clients*		
Rating	Count	% of Total	Count	% of Total	% of Rating Category
Buy	145	62.2%	13	92.9%	9.0%
Neutral	87	37.3%	1	7.1%	1.1%
Sell	1	0.4%	0	0.0%	0.0%
Total	233	100.0%	14	100.0%	6.0%

*Investment banking clients are companies for which Seaport Global Securities LLC provided investment banking services to in the last 12 months.

Note: Ratings Distribution as of December 31, 2021

Seaport Global Securities LLC is a U.S. registered broker-dealer, member FINRA and SiPC. Seaport Research Partners LLC is a registered investment advisor. This material has been prepared by Seaport Research Partners, which provides brokerage services as a division (dba Seaport Research Partners) of Seaport Global Securities LLC, and provides investment advisory services through Seaport Research Partners LLC. Seaport Global Securities LLC and Seaport Research Partners LLC are subsidiaries of Seaport Global Holdings LLC. Seaport Global Securities LLC and Seaport Research Partners LLC employ appropriate expertise, and in the belief that it is fair and not misleading. Seaport Global is the global brand name for Seaport Global Securities LLC ("SPGS") and its affiliates worldwide. Information, opinions or recommendations contained in the reports and updates are submitted solely for advisory and information purposes. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified. Therefore, we cannot guarantee its accuracy. Additional and supporting information is available upon request. This is neither an offer nor solicitation of an offer to buy or sell any security or investment. Any opinions or estimates constitute our best judgment as of this date, and are subject to change without notice. Not all products and services are available outside of the US or in all US states. © 2022. Seaport Global Securities LLC. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of SPGS. SPGS specifically prohibits the re-distribution of this report, via the Internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.

For Canadian Investors:

Seaport Global Securities LLC, is not registered in Canada, but relies on the International Dealer Exemption in each province. This report was not prepared in accordance with Canadian research disclosure requirements. The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

For UK and European Investors:

MARKETING COMMUNICATION

The Seaport Group Europe LLP (“SGE”) and Sea Port Group Securities (Europe) LLP (“SPGSE”) are authorized and regulated by the Financial Conduct Authority. Due to their size and structure, their analysts may represent the interests of the firm or of companies referred to in its research. As a result, SGE or SPGSE does not hold its research out as being impartial. This research is non-independent and is classified as a Marketing Communication under the FCA’s rule COBS 12.2.18. As such it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research in COBS 12.2.21. However, SGE and SPGSE have adopted internal procedures which prohibit employees from dealing ahead of the publication of non- independent research, except for legitimate market making and fulfilling clients’ unsolicited orders.

Analysts may forward a draft copy of the non-independent research, prior to publication, to the subject company in order to verify facts. Where such verification is sought, the analyst must remove any rating or investment summary from the non-independent research prior to forwarding it to the subject company. Any subsequent amendments to the non-independent research are to correct factual inaccuracies only. Any matters of judgment are the author's own and our analysts will not amend the non-independent research on the basis of an issuer's contrary view.

Price targets or Projections

Price targets or projections, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target or projection may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimate. Past performance is not indicative of future performance.

DISCLAIMERS

This material is: (i) for your private information, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any investments or other related financial instruments in any jurisdiction where such offer or solicitation would be illegal; and (iii) is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Opinions expressed are current opinions as of the original publication date appearing on this material only and the information, including the opinions contained herein, are subject to change without notice. Members of Seaport Global may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, members of Seaport Global, and / or its officers, directors and employees, may, from time to time, have long or short positions in, and buy or sell, the investments, securities, derivatives (including options) or other related financial instruments thereof, of companies mentioned herein, or related investments, securities, derivatives or other related financial instruments. In addition, members of Seaport Global may act as a market maker and principal, willing to buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein. Further, members of Seaport Global may buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. SGE, SPGSE and other non-US members of Seaport Global, their officers, directors and employees may, to the extent it relates to non-US issuers and is permitted by applicable law, have acted upon or used this material immediately following, its publication.

The securities described herein may not have been registered under the U.S. Securities Act of 1933 (“ACT”) , and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act.

Unless governing law permits otherwise, you must contact a Seaport Global entity in your home jurisdiction if you want to use our services in effecting a transaction in the investments, securities or other related financial instruments mentioned in this material.

This publication has been approved for distribution in the United Kingdom by The Seaport Group Europe LLP and Sea Port Group Securities (Europe) LLP, which are authorized and regulated by the Financial Conduct Authority (FCA). It is intended only for investors who are professional clients and eligible counterparties as defined by the FCA, and may not, therefore, be redistributed to other classes of investors.

The Seaport Group Europe LLP, Sea Port Group Securities (Europe) LLP and other Seaport Global entities manage conflicts identified through the following: their Information Barrier Wall, confidentiality and conflicts of interest policies, maintenance of a Restricted List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of investments, securities or other related financial instruments and disclosure to clients via client documentation.

Morgan Stanley | RESEARCH

UPDATE

January 12, 2022 05:01 AM GMT

Exelon Corp | North America

Constellation: Investor Day Takeaways

Stock Rating	Industry View	Price Target
Overweight	Attractive	$74.00

We view favorably CEG's very strong balance sheet position, dividend policy, highly contracted cash flows, and multiple growth opportunities / capital allocation options – factors that warrant ExGen/CEG a premium vs. other IPPs, in our view.

Yesterday, Exelon hosted an Investor Day for its merchant business ExGen (or Constellation, post separation) where we found commentary around balance sheet quality and capital allocation as particularly encouraging. The company expects to generate $2.8-3.2b in FCF pre-growth in 2022-'23, which coupled with $1.75b cash infusion from EXC at separation (planned for Feb. 1st) drives a very healthy cash position, in our view. Post debt repayment, dividends (more on this below), O&M/capex, and identified growth opportunities the company estimates $1.8-2.2b in funds available for additional growth opportunities (not yet identified) and/or available for capital return for shareholders via a special dividend and/or buybacks, which we expect to be received well by investors. Other positive updates included: 1) their dividend strategy; 2) ability to lever up if needed, with the company estimating an FFO/Debt metric in 2022 of 45/35% for S&P/Moody's, respectively, vs. a downgrade threshold level of ~20-25%; 3) commentary around growth opportunities at double-digit IRRs, including acquisitions of merchant nuclear plants, repowering of renewable assets, and production of green hydrogen; and 4) new GHG and methane reduction targets. On the other hand, 2022 gross margin and EBITDA guidance came in below our estimates, while 2023 gross margin was in-line but there could be modest downside to our 2023 EBITDA estimate as well. We are revising our model but overall anticipate lower 2022 financials to be offset by other items such as a slightly lower discount rate driven by a more balanced capital structure, vs. our 30/70 debt/equity assumption, and potentially higher useful lives associated to the nuclear fleet as the company files for 20yr nuclear license extensions.

Financial Guidance:

- Initiated gross margin guidance of $7,350m for '22 and $7,650m for '23
- Initiated '22 Adjt EBITDA guidance of $2,350m - $2,750m
- Generation hedged at 93/75/52% in 22/23/24, including IL carbon mitigation credits (CMCs)
- Capex of $1,750m in '22, $1,550m in '23, and $1,300m in '24

MORGAN STANLEY & CO. LLC

Stephen C Byrd
EQUITY ANALYST
Stephen.Byrd@morganstanley.com +1 212 761-3865

David Arcaro, CFA
EQUITY ANALYST
David.Arcaro@morganstanley.com +1 212 761-1817

Laura Sanchez
EQUITY ANALYST
Laura.Sanchez@morganstanley.com +1 +1-212-761-0686

Andrew S Percoco
RESEARCH ASSOCIATE
Andrew.Percoco@morganstanley.com +1 212 296-4322

Stephen J Blackburn
RESEARCH ASSOCIATE
Stephen.Blackburn@morganstanley.com +1 212 761-3791

Exelon Corp (EXC.O, EXC US)

Diversified Utilities / IPPs / United States of America

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	**$74.00**
Shr price, close (Jan 11, 2022)	$55.62
Mkt cap, curr (mm)	$54,452
52-Week Range	$58.01-38.36

Fiscal Year Ending	12/20	12/21e	12/22e	12/23e
ModelWare EPS ($)	3.22	2.64	3.78	3.66
Prior ModelWare EPS ($)	-	-	-	-
P/E	13.1	21.9	14.7	15.2
EPS ($)§	3.14	2.79	3.24	3.36
Div yld (%)	3.6	2.6	2.8	2.9

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

- $180m in dividend payments in '22 and +10% annual growth target through '24
- '22 FFO/Debt target metrics of 45% for S&P and 35% for Moody's vs. downgrade thresholds of ~20-25%
- '22 Debt/EBITDA target of 2x book, 1.5x ex-non-recourse debt
- $4.6-5b available cash in '22-'23

We particularly like the company's dividend payment approach, with a fixed, nominal amount of $180m in 2022 growing +10% through 2024. The company expects to return 10-20% of FCF before growth to shareholders in the form of dividends. For 2022 they have set a $180m target, which implies $0.55/shr annual dividend (based on ~330m share count, or 1/3rd of EXC's share count), and a +10% growth rate through 2024. While management is pursuing various growth endeavours, absent accretive growth opportunities, the company is targeting to return available cash to shareholders in the form of buybacks or a special dividend; for 2022-'23 this amount would be of $1.8-2.2b (see Exhibit 1). In the event of share buybacks, dividends-per-share would increase, a dynamic that various investors appreciate.

Exhibit 1: 2022-'23 Expected Uses of Cash

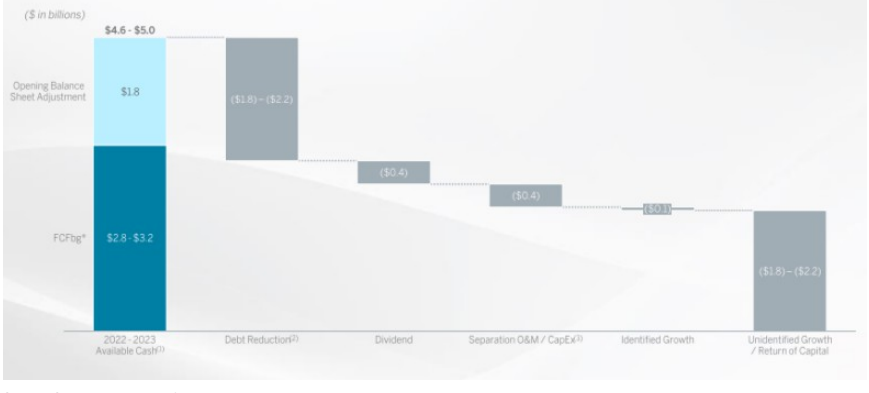

Source: Company presentation

We believe investors currently under-appreciate the contracted nature of ExGen's cash flows and investment opportunities. Based on EXC's latest closing price of ~$56/shr and our valuation of the RemainCo of ~$50 (based on a 10% premium to utility peers), the implied value of ExGen in the market is of $6, or a ~4.5x EV/EBITDA multiple using 2023 consensus EBITDA estimates of $2.5b (or 5.3x using a 5% premium to value the RemainCo). This implied valuation compares to the IPPs' (VST and NRG) avg. of 7.3x and significantly under-appreciates the contracted nature of the cash flows, with 56% of power generation receiving financial support from state/federal programs and with a total generation that is hedged at 93/75/52% over 2022/'23/'24, respectively (see Exhibit 2). **Factors that in our view warrant a premium to the IPPs include: 1)** a significantly cleaner generation fleet with no coal exposure and minimal exposure to gas, **2)** the low risk associated to state/federal payments that warrant a lower discount rate when valuing these cash flows, **3)** footprint

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

diversification, **4)** strong balance sheet and investment-grade rating, and **5)** growth opportunities via acquisitions of merchant nuclear plants that also receive government support (we would note that the company has an excellent track record of improving the operational performance of previously acquired plants and monetizing the associated benefits, as well as strong customer satisfaction/retention scores), repowering of renewable assets, and production of green hydrogen at the nuclear facilities. Our current valuation of EXC of $74/shr assigns $24 equity value to ExGen, with an implied ~10.5x EV/EBITDA multiple.

Exhibit 2: Power Output Receiving Federal/State Support (Left) & Total Share of Generation Hedged (Right)

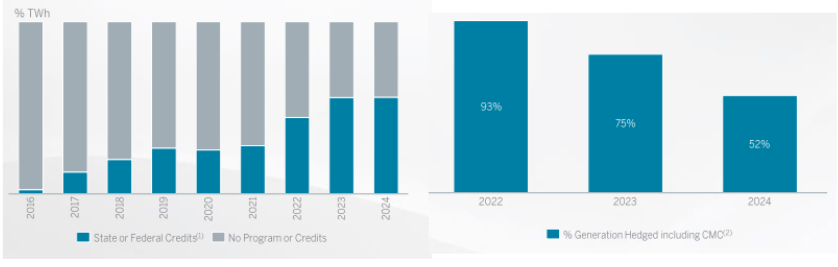

Source: Company presentation

The company also announced new targets around their ESG strategy. Particularly related to the "E", management announced a 100% carbon-free owned generation target by 2040 with an interim goal of 95% by 2030, a 100% reduction target in operational emissions by 2040 with an interim target of 65% by 2030 from 2020 levels, and a 30% methane emissions reduction target by 2030, also from 2020 levels. While we note that the targets around GHG emissions are aggressive, ~90% of the ESG fund flows today come from European funds, some of which have restrictions on investing in companies with exposure to nuclear power. Nonetheless, the European Commission announced it has begun consultations on the proposal to include nuclear (as well as gas) in the EU taxonomy. According to our ESG team (see note here), the draft is being reviewed by EU countries and advisors, and may change before it is published later in January. Member states must provide feedback by January 12th. Once published, the European Parliament and Council will have four months (with an optional additional two months if requested) to review the document and may object with a majority, but not amend the document. Regardless of whether taxonomy rules change, we expect focus on ESG criteria from US investors to continue to evolve, and EXC to rank well on their screens.

Key beneficiary in our coverage universe from passage of the Build Back Better legislation. As we have noted in various notes, we see EXC as a key beneficiary of the BBB legislation, which includes a production tax credit for existing nuclear plants that if passed would de-risk ExGen cash flows even further, and that we quantify could add ~$450m in annualized incremental EBITDA. The extension of wind and solar tax credits as well as the creation of a subsidy for green hydrogen would also benefit ExGen as the business is looking into repowering some of their renewable assets (starting this year) and, as mentioned previously, producing green hydrogen at the nuclear facilities. They are already exploring this at the Nine Mile nuclear plant.

Items to track for ExGen in particular: 1) Close of the businesses' separation on

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Feb. 1st, **2)** news flow around the BBB legislation, **3)** power market reform in Texas, **4)** EU taxonomy changes, and **5)** pricing trends around voluntary renewable energy credits (RECs) in the markets that they operate as a proxy for customer demand for clean electricity.

Morgan Stanley is acting as financial advisor to the Special Transaction Committee of the Board of Directors of Exelon Corp. ("Exelon") in connection with its plan to separate into two independent publicly-traded companies as announced on February 24, 2021. The transaction is subject to final approval by Exelon's Board of Directors, a Form 10 registration statement being declared effective by the Securities and Exchange Commission, regulatory approvals and satisfaction of other conditions. The transaction is subject to approval by the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission and New York Public Service Commission. There can be no assurance that any separation transaction will ultimately occur. Please refer to the notes at the end of this report.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Risk Reward – Exelon Corp (EXC.O)

Risk-Reward Highly Attractive with Stock Assigning Little Value to ExGen

PRICE TARGET $74.00

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8% through 2025. Separately, using a DCF approach, we value ExGen's nuclear subsidies (ZECs) at $3-4, and ExGen's uncontracted cash flows at ~$20 (bear/bull range of $0/$32).

Consensus Price Target Distribution

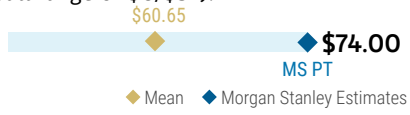

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

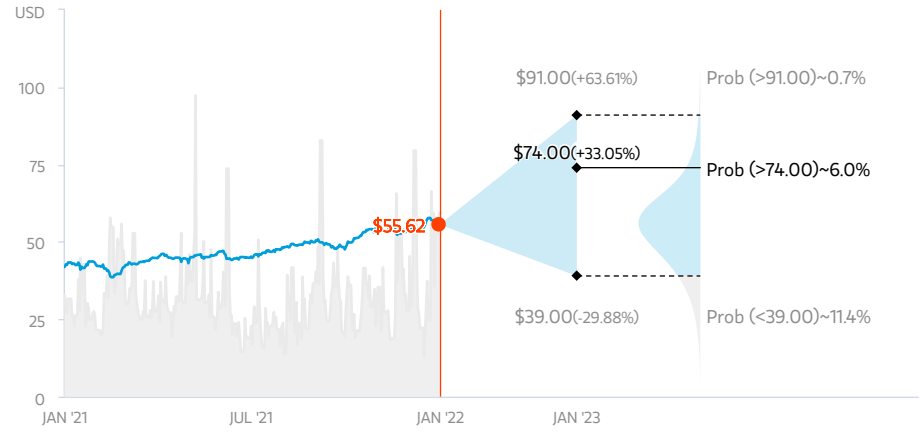

Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 11 Jan, 2022. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

EXC offers above avg. utility earnings growth of 6-8% through 2025 and owns a large, highly contracted, unregulated merchant fleet that the market currently prices at little value. This compares to our valuation of Exgen of ~$20/shr ex-ZECs (bear/bull of $0/$32). We believe the market underappreciates ExGen's unlevered FCF generation of ~$2b/yr., margin stability from the nuclear state subsidies, and the re-rating that could result from potential carbon legislation in the US.

Consensus Rating Distribution

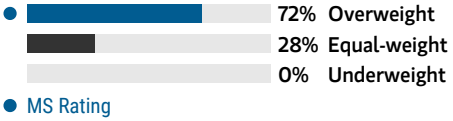

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Contrarian:	*Positive*
Special Situation:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $91.00

21.7x Utility EPS, $36/share ExGen

Differences from our Base Case include: 1) Earnings at the regulated utilities that grow at 10%, and 2) Higher terminal year assumptions for power market prices used in ExGen's DCF and the passage of a $15/MWh federal nuke PTC.

BASE CASE $74.00

20.8x Utility 2023 EPS, ~$25/share ExGen

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8% through 2025. Separately, using a DCF approach, we value ExGen's nuclear subsidies (ZECs) at $3-4, and ExGen's uncontracted cash flows at ~$20.

BEAR CASE $39.00

18.9x Utility EPS, $3/share ExGen

Differences from our Base Case include: 1) Lower earnings at the regulated utilities driven by a 9.5% ROE and a 45% equity ratio, 2) An in-line P/E multiple to the peer group, and 3) No earnings associated with ExGen's assets (the unsecured cash flows). ExGen's valuation of ~$3/shr reflects the nuclear subsidies (ZECs) that are currently secured.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Risk Reward – Exelon Corp (EXC.O)

KEY EARNINGS INPUTS

Drivers	2020	2021e	2022e	2023e
EPS Growth (%)	0.0	(18.0)	43.0	(3.1)
Rate Base Growth (%)	7.6	8.9	7.9	6.6
FFO/Debt (%)	23.0	19.6	22.3	22.2
Merchant EBITDA ($mn) ($, mm)	3,308	3,647	3,445	2,996

INVESTMENT DRIVERS

- Rate case (ROE, Equity Ratio) and other regulatory outcomes
- Capital expenditures and Rate Base growth opportunities
- Reliability of earnings growth
- O&M management
- Regulatory/legislative environment in IL

GLOBAL REVENUE EXPOSURE



100% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

SUSTAINABILITY & ESG

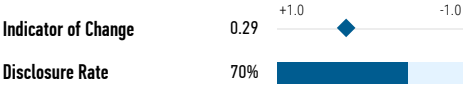

RISKS TO PT/RATING

RISKS TO UPSIDE

- Clean energy policy legislation (nuclear PTC, carbon pricing)
- Material capital upside relative to current capital
- Additional O&M reduction programs
- Implementation of a price on carbon

RISKS TO DOWNSIDE

- Unfavorable regulatory/legislative outcomes
- Depressed nat. gas and power prices
- Failure to execute on growth en-devours and to achieve cost reduction targets

OWNERSHIP POSITIONING



Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2022e

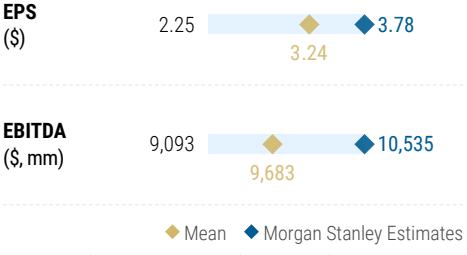

Source: Refinitiv, Morgan Stanley Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Morgan Stanley | RESEARCH

UPDATE

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., and/or Morgan Stanley Canada Limited. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., Morgan Stanley Canada Limited and their affiliates as necessary.
For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.
For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: David Arcaro, CFA; Stephen C Byrd; Laura Sanchez.
.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

As of December 31, 2021, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, NRG Energy Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has received compensation for investment banking services from AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Morgan Stanley & Co. LLC makes a market in the securities of AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc.
The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.
Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.
Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of December 31, 2021)
The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.
For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Morgan Stanley | RESEARCH

UPDATE

STOCK RATING CATEGORY	COVERAGE UNIVERSE COUNT	% OF TOTAL	INVESTMENT BANKING CLIENTS (IBC) COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC) COUNT	% OF TOTAL OTHER MISC
Overweight/Buy	**1505**	**42%**	**403**	**45%**	**27%**	**671**	**42%**
Equal-weight/Hold	**1547**	**43%**	**402**	**45%**	**26%**	**695**	**44%**
Not-Rated/Hold	**0**	**0%**	**0**	**0%**	**0%**	**0**	**0%**
Underweight/Sell	**544**	**15%**	**90**	**10%**	**17%**	**220**	**14%**
TOTAL	**3,596**		**895**			**1586**	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Morgan Stanley | RESEARCH

UPDATE

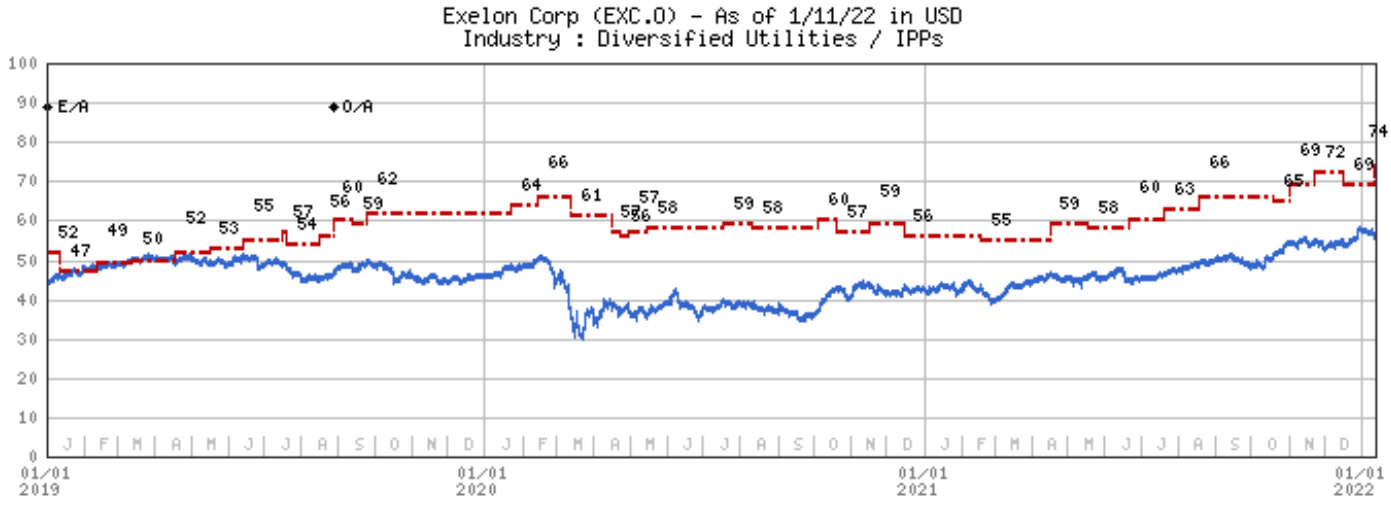

Stock Rating History: 1/1/17 : O/A; 3/28/17 : E/A; 8/27/19 : O/A

Price Target History: 12/12/16 : 38; 1/9/17 : 39; 2/7/17 : 38; 3/9/17 : 40; 3/28/17 : 37; 4/10/17 : 39; 6/7/17 : 40; 7/10/17 : 37; 9/8/17 : 40; 10/11/17 : 39; 11/10/17 : 42; 12/13/17 : 43; 1/11/18 : 42; 2/8/18 : 41; 3/8/18 : 40; 4/13/18 : 43; 5/15/18 : 42; 6/13/18 : 41; 7/13/18 : 43; 9/11/18 : 46; 9/21/18 : 48; 9/26/18 : 47; 11/2/18 : 48; 11/9/18 : 49; 12/14/18 : 52; 1/11/19 : 47; 2/12/19 : 49; 3/13/19 : 50; 4/18/19 : 52; 5/16/19 : 53; 6/14/19 : 55; 7/16/19 : 57; 7/19/19 : 54; 8/16/19 : 56; 8/27/19 : 60; 9/13/19 : 59; 9/25/19 : 62; 1/22/20 : 64; 2/14/20 : 66; 3/12/20 : 61; 4/15/20 : 57; 4/23/20 : 56; 4/30/20 : 57; 5/15/20 : 58; 7/17/20 : 59; 8/11/20 : 58; 10/5/20 : 60; 10/20/20 : 57; 11/17/20 : 59; 12/15/20 : 56; 2/18/21 : 55; 4/16/21 : 59; 5/18/21 : 58; 6/21/21 : 60; 7/20/21 : 63; 8/19/21 : 66; 10/19/21 : 65; 11/2/21 : 69; 11/22/21 : 72; 12/16/21 : 69; 1/11/22 : 74

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC & E*TRADE Securities LLC Customers

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC or Morgan Stanley or any of their affiliates, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to www.morganstanley.com/researchdisclosures.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC and E*TRADE Securities LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Asia International Limited, Hong Kong Branch; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Asia International Limited, Singapore Branch (Registration number T11FC0207F); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of and takes responsibility for its contents in Canada; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X(Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia , and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.
Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.
Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.
The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products.

INDUSTRY COVERAGE: Diversified Utilities / IPPs

COMPANY (TICKER)	RATING (AS OF)	PRICE* (01/11/2022)
David Arcaro, CFA		
Public Service Enterprise Group Inc (PEG.N)	O (07/02/2020)	$65.85
Stephen C Byrd		
AES Corp. (AES.N)	O (03/23/2020)	$23.34
American Electric Power Co (AEP.O)	O (03/10/2020)	$89.77
Exelon Corp (EXC.O)	O (08/27/2019)	$55.62
MGE Energy, Inc. (MGEE.O)	U (11/17/2021)	$78.04
NextEra Energy Inc (NEE.N)	E (04/14/2020)	$84.79
NRG Energy Inc (NRG.N)	O (09/06/2019)	$40.88
Vistra Energy Corp (VST.N)	O (03/25/2019)	$22.51

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

© 2022 Morgan Stanley

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Exelon Corp.

With or Without You: Takeaways from the Exelon and Constellation Analyst Days

Neutral

EXC, EXC US
Price: $55.62
11 Jan 2022

As the Exelon/Constellation February 1 spin date approaches, we provide takeaways from this week's Exelon and Constellation (formerly Exelon Generation) Analyst days. For Exelon's utilities, we see growing electrification trends, as highlighted in our 2022 Outlook, supporting a premium growth platform, including a $29bn investment opportunity set. Additionally, the combination of an 8.1% rate base CAGR, 6-8% annual EPS and dividend growth, and limited near-term regulatory actions all underpin a solid outlook, in our view. Moreover, IL's return to more traditional utility rate-making versus current electric ROEs pegged to the 30-year Treasury could provide earnings upside at the back end of the 2022-2025 plan. That said, legacy ComEd issues and the utility's deferred prosecution agreement (set to end in 2023) represent one potential ongoing drag, despite EXC's notable steps to rectify past practices. Separately, Constellation's clean energy focused business, including 21 GW of nuclear plants and emerging new energy transition related opportunities, should appeal to ESG focused investors, even though many of these investments remain longer dated.

North American Utilities
Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>
Ryan Karnish
(1-212) 622-1270
ryan.karnish@jpmchase.com
Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com
Brandon Travis, CFA
(1-646) 320-9830
brandon.travis@jpmchase.com
J.P. Morgan Securities LLC

- **New EXC utility capital plan highlights growing electrification opportunities.** EXC's revised ~8.1% 2022-2025 rate base growth represents the driving force behind its 6-8% EPS growth CAGR over the same period. The new capital plan stands ~$2.0bn above EXC's prior 2021-2024 plan, with 2023 and 2024 rate base +$0.7bn and +$1.7bn higher, respectively. EXC's suite of utilities all appear well positioned to capture incremental investments supported by growing electrification trends and broader grid transformation to accommodate new renewables. Moreover, as inflation concerns spread through the economy, we see heightened risks for utilities with large near-term rate asks. Notably on this front, EXC's near-term regulatory calendar stands relatively light until ComEd's filing under the new IL framework, expected early next year.

- **Changing IL regulatory framework could drive earnings upside.** Despite historically challenged jurisdictions, EXC has made significant strides in recent years to improve both MD and DC regulatory frameworks as well as earned ROE prospects through new multi-year planning processes. Moving forward, EXC's consolidated earned ROE could improve an additional 40bps with IL's formula rate framework set to expire at the end of 2023, assuming ComEd's distribution ROE returns to industry averages between 9-10%. In our view, this ROE revision up from the sub 8% allowed under the current framework should provide an earnings tailwind versus the existing plan, although management only provided a high level view of EXC's IL rate assumptions embedded in the EPS CAGR guidance.

- **ComEd fallout represents a question mark.** With ~18 months left on ComEd's deferred prosecution agreement with the DOJ, EXC stressed the improved internal controls recently put in place and best-in-class governance structure. Nonetheless, we believe legacy IL issues could remain a partial overhang on the stock, especially given continued pushback within the state. That said, the successful transition away from formula rates and return to more traditional utility regulation over the next couple of years could highlight improved standing in the state after the drawn out process to secure incremental nuclear support. We see next year's rate proceeding as

See page 3 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

a potential test of local sentiment.

- **Constellation could draw significant ESG interest, but likely takes time to materialize.** Constellation (formerly Exelon Generation) also hosted an analyst day on Tuesday, highlighting the benefits both of existing nuclear generation assets and future opportunities to support the energy transition across H2, CCS, SMRs, and more. Given the early stage nature of these opportunities, Constellation deferred a more detailed 2022-2023 capital allocation strategy for later in 2022. In the interim, we believe the company likely focuses capital return to shareholders across buybacks and special dividends, though appeared relatively non-committal on the form and timing. Moreover, the new company could be one of the biggest beneficiaries under a reworked Build Back Better framework including support for nuclear generation and hydrogen, and we see a potential to advance these elements this year independent of BBB's ultimate success. Finally, Constellation sees M&A as a core part of the company's strategy given the company's superior nuclear operations track record and scale-related benefits.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exelon Corp. (EXC, EXC US) Price Chart

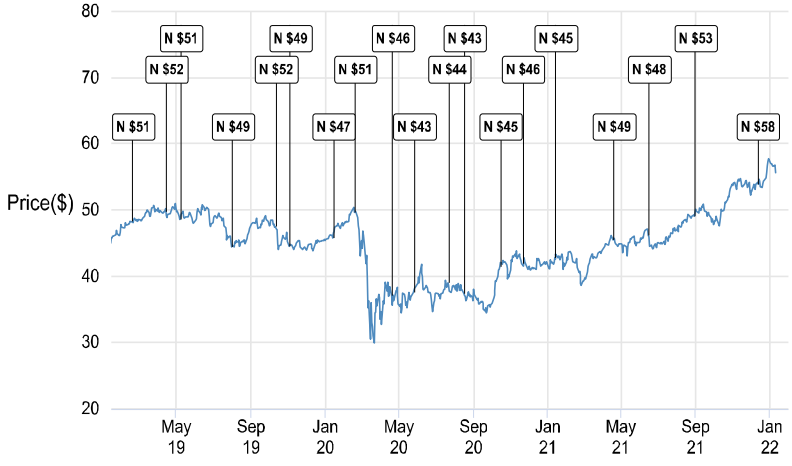

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
19-Feb-19	N	48.26	51
15-Apr-19	N	49.70	52
09-May-19	N	48.58	51
02-Aug-19	N	44.40	49
13-Oct-19	N	47.51	52
05-Nov-19	N	44.50	49
15-Jan-20	N	45.81	47
20-Feb-20	N	49.60	51
21-Apr-20	N	37.07	46
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), BP Midstream Partners LP (BPMP), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), Nextera Energy Partners (NEP), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Phillips 66 Partners LP (PSXP), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), Shell Midstream Partners, L.P. (SHLX), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

J.P. Morgan Equity Research Ratings Distribution, as of January 01, 2022

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	52%	37%	11%
IB clients**	53%	46%	34%
JPMS Equity Research Coverage*	51%	37%	12%
IB clients**	74%	68%	50%

*Please note that the percentages might not add to 100% because of rounding.
**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan AG ("JPM AG"), which is a member of the Frankfurt Stock Exchange, is authorised by the European Central Bank ("ECB") and is regulated by the Federal Financial Supervisory Authority (BaFin). JPM AG is a company incorporated in the Federal Republic of Germany with a registered office at Taunustor 1, 60310 Frankfurt am Main, the Federal Republic of Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is regulated by the OJK a.k.a. BAPEPAM LK. **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Advisers Act 2008). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 093/09/2021 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. Any data discrepancies in this material could be the result of different calculations and/or adjustments. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised January 01, 2022.

Copyright 2022 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

January 11, 2022 | 20:58 ET~

Exelon

BMO Capital Markets

EXC-NSDQ	Rating	Price: Jan-11	Target	Total Rtn
	Outperform	$55.62	$63.00	16%

Constellation Analyst Day – We Ain't Gotta Dream No More, Man

Bottom Line:

Constellation (CEG) management held its own analyst day today where the company outlined its post-spin business strategy and opportunities, updated gross margin and EBITDA outlook as well as stand-alone asset allocation framework. Based on today's incremental disclosures we are raising our EXC consolidated 2023 and 2024 EPS to $3.41 and $3.55, respectively. However, our consolidated target price is unchanged at $63/share. Although our EBITDA for Constellation is higher in both 2023 and 2024, our net debt assumption is also higher which leaves our valuation unchanged in our SOTP valuation framework.

Key Points

While the longer-term value drivers for Constellation remain intact, we believe investors were modestly disappointed with the wider guidance range for 2022 EBITDA ($2,350-2,750mm) given the company is 93% hedged for the year and discrete capital allocation guidance is likely not forthcoming until some time in the second half of the year.

Management provided a higher-level asset allocation framework along with its outlook for cumulative FCF across 2022 and 2023 totaling $1.8-2.2bn that would be available for growth and/or return to shareholders. This is net of an initial $180mm common dividend which is expected to grow in absolute terms by 10%/annum and would represent ~10-20% of the company's avail. cash flow. **This initial $0.55 dividend suggests 1.3% current yield assuming ~$14bn equity value for CEG post spin.**

The company's asset allocation discussion earmarked $1.8-2.2bn of debt reduction in support of its targeted investment-grade leverage metrics. With downgrade thresholds in the low 20% at both S&P (BBB- FFO/Debt) and Moody's (Baa2 CFO Pre-WC/Debt), it currently has ample headroom in its ratings grid. Although as of 9/30/21 the final Form 10 showed net debt of ~$3,741mm, the quarter-end snapshot was lower due to the sharp move up in commodity prices in 3Q21 and associated collateral postings under the company's hedges which materially increase the company's cash balances. **With the subsequent pull back in commodities in November and December, this cash balance declined and with the company's planned debt reduction in 2022 management sees its year-end 2022 leverage in the 2x debt/adjusted EBITDA range or ~$5.1bn by our estimate including non-recourse debt.**

We maintain our Outperform rating. Although EXC shares were one of the best-performing names in 2021, we continue to see scope for further multiple expansion in both securities post the upcoming split next month.

Key Changes	
Estimates	**2022E**
EPS	$3.32
Previous	*$3.32*
EBIT	$5,198
Previous	*$5,196*

For disclosure statements, including the Analyst Certification, please refer to page(s) 6 to 8.

Utilities, Power & Renewables

James M. Thalacker
james.thalacker@bmo.com
Analyst
(212) 885-4007

Edward M DeArias, CFA
edward.dearias@bmo.com
Associate
(212) 702-1200

Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.53	Shares O/S (mm)	978.3
Yield	2.8%	Market Cap (mm)	$54,414
P/BV	1.6x	Net Debt (mm)	$36,287

BMO Estimates				in $
(FY-Dec.)	2020A	2021E	2022E	2023E
EPS	$3.22	$2.84	$3.32↑	$3.41↑
DPS	$1.53	$1.23	$1.34	$1.41
EBIT	$4,422	$4,170	$5,198↑	$5,575↑
EBITDA	$11,581	$9,732	$10,580↑	$11,112↑

Consensus Estimates				
	2020A	2021E	2022E	2023E
EPS		$2.79	$3.34	$3.45

Valuation				
	2020A	2021E	2022E	2023E
P/E	17.3x	19.6x	16.7x	16.3x
Div. Yield (%)	2.8%	2.2%	2.4%	2.5%

QTR. EPS	Q1	Q2	Q3	Q4
2020A	$0.87	$0.55	$1.04	$0.76
2021E	$(0.06)a	$0.89a	$1.09a	$0.92
2022E	$0.95	$0.69	$0.94	$0.75
2023E	$0.97	$0.71	$0.97	$0.77

Our Thesis

We believe pending IL clean energy legislation has the potential to materially move investor perception of EXC toward its large-cap regulated peers, which currently trade at a meaningful premium to EXC on 2024 P/E based on our estimates. Our valuation implies investors are paying very little for EXC's high-quality generation fleet that could see its longer-term earnings profile derisked.

Exelon - Block Summary Model

Income Statement	2020A	2021E	2022E	2023E
Generation	1,604	867	1,526	1,513
Com Ed	1,169	1,327	1,418	1,507
PECO	564	736	814	879
BGE	512	513	660	713
PHI	639	779	862	1,046
Parent and Other	(66)	(52)	(82)	(82)
Consolidated EBIT	5,054	4,779	5,586	5,954
Depreciation & Amortization	6,527	4,954	4,994	5,158
EBITDA	11,581	9,732	10,580	11,112
Interest Expense	1,655	1,647	1,679	1,767
Income Tax	399	399	690	860
Income from continuing operations	3,150	2,779	3,263	3,372
Weighted Average Shares Outstanding	979	979	982	988
Diluted Operating EPS	$3.22	$2.84	$3.32	$3.41
Dividends per Share	$1.53	$1.23	$1.34	$1.41
Cash Flow Statement	**2020A**	**2021E**	**2022E**	**2023E**
Operating Cash Flow	4,235	8,633	8,257	8,530
Investing Cash Flow	(4,336)	(8,175)	(8,450)	(8,250)
Financing Cash Flow	145	201	(22)	1,030
Net Change in Cash Flow	44	659	(215)	1,311
EOP Cash on Balance Sheet	1,166	1,825	1,610	2,921
Common stock (net)	45	0	250	250
Net debt issued/(repaid)	1,728	1,401	1,042	2,175
Dividends paid	(1,492)	(1,200)	(1,314)	(1,395)
Balance Sheet	**2020A**	**2021E**	**2022E**	**2023E**
Common Equity	34,868	36,441	38,640	40,868
Preferred Equity	0	0	0	0
Total Debt	39,333	38,434	41,775	43,950
Enterprise Value	$79,813	$78,255	$82,048	$83,149
Common equity %	47.0%	48.7%	48.1%	48.2%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	53.0%	51.3%	51.9%	51.8%
Book Value per Share	$35.62	$37.22	$39.33	$41.36

Source: BMO Capital Markets, Company Reports

Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation, which utilizes an EV/EBITDA multiple for the company's generation and marketing business. We apply a base P/E multiple to our 2024 estimated earnings from the company's utility businesses consistent with the rest of our coverage universe.

Upside Scenario $70.00

Our upside scenario implies an improved quark spread for the company's nuclear assets and better-than-expected rate base growth and earned ROEs at the company's utility through better cost control.

Downside Scenario $52.00

Our low case or downside reflects an adverse outcome in IL, sustained sub-$2.00 natural gas prices, and slower growth at the utilities combined with further deteriation in IL following the company's recent DOJ deferred prosecution agreement for its IL utility.

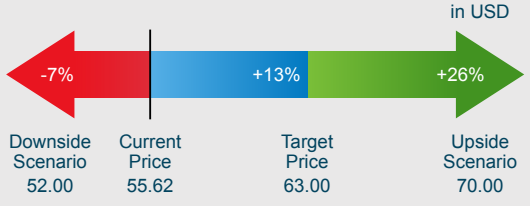

Key Catalysts

We believe IL legislation, which has been delayed due to COVID-19, still could be taken up in the Spring Legislative Session in the General Assembly by mid-2021.

Company Description

Exelon is the largest competitive U.S. power generator, with over 30,000 MW of owned capacity. Its Constellation business unit provides energy products and services to business, public, and residential sector customers. Exelon's utilities deliver electricity and natural gas to 10 million customers in Delaware, DC, Illinois, Maryland, New Jersey, and Pennsylvania.

EXC-NSDQ Research

Glossary

Company Models

Constellation Analyst Day – We Ain't Gotta Dream No More, Man

Constellation (CEG) management held its own analyst day today where the company outlined its post-spin business strategy and opportunities, updated gross margin and EBITDA outlook as well as stand-alone asset allocation framework. While the longer-term value drivers for Constellation remain intact, we believe investors were modestly disappointed with the wider guidance range for 2022 EBITDA ($2,350-2,750mm) given the company is 93% hedged for the year and discrete capital allocation guidance is likely not forthcoming until some time in the second half of the year. With the analyst day in the rearview mirror the company will now be on the road meeting with investors concurrent with the "when issued" trading of both EXC and CEG shares (likely next week). With the record date set for January 20, the distribution date and first day of trading regular way for both securities will be February 1. **We maintain our Outperform rating on EXC shares. Although EXC shares were one of the best-performing names in 2021, we continue to see scope for further multiple expansion in both securities post the upcoming split next month.**

Using November 30 pricing, management provided its total gross margin outlook for 2022 and 2023 of $7,350mm and $7,650mm, respectively, which includes the contracted revenues associated with capacity, ZEC and CMC yielding revenues of $2,450mm and $2,850mm for 2022 and 2023. The rise in contracted revenue into 2023 partially reflects the full year of the Illinois CMC payments and increases state program support from 33% of gross margin in 2022 to 38% in 2023. Including these CMC revenues Constellation's ratable hedging program results in a hedge profile of 93%, 75% and 52% in 2022, 2023, and 2024, respectively. The company's outlook for adjusted O&M increases about $225mm to $4,375mm in 2022, with the reversal of mitigation-related cost savings due to COVID 19 and winter storm Uri. After 2022, O&M is expected to be flat into 2023 with a modest inflationary uptick (~2.3%) into 2024. Including other opex/other income, the range for 2022 EBITDA was initiated at $2,350-2,750mm. While in line with our current $2,574mm forecast at the midpoint, we believe the wider range despite its 93% hedge profile was a modest disappointment for investors. **However, we believe the outlook reflects a certain amount of conservatism by management given the spin and the recent volatility in the commodity markets.**

Constellation management provided a higher-level asset allocation framework along with its outlook for cumulative FCF across 2022 and 2023 totaling $1.8-2.2bn that would be available for growth and/or return to shareholders. This is net of an initial $180mm common dividend which is expected to grow in absolute terms by 10% per annum and would represent ~10-20% of the company's available cash flow. **This initial $0.55 dividend suggests a 1.3% current yield assuming ~$14bn of equity value for CEG post spin.** Given the company's flexibility to buy back stock, repurchases could accelerate the dividend growth on a per share basis. Although CEG is not likely to give a discrete asset allocation guidance until the second half of 2022, the company laid out its growth-related investment opportunities in general order of timeline: 1) acquisitions of carbon-free energy including nuclear plants with supportive policy; 2) repowering/co-location of existing fleet; 3) growth in its sustainability products and services offered to C&I customers; 4) clean hydrogen production around its fleet; 5) additional technology investments; and 6) advanced nuclear technology. Any unallocated FCF would then be available to return to shareholders including share repurchases as well as special dividends. While not as common, we believe the latter return channel provides the company with additional flexibility to optimize the return associated with any capital return.

CEG's initial forecast for $1.8-2.2bn of cash available for growth/return of capital if allocated to a share repurchase, could represent up to ~13-16% of our estimated market cap for CEG of $14bn. Given the lead time associated with some of its growth initiatives and its 2022 commitment to debt reduction, we would not expect any material activity over the next 6-9 months. However, we see FCFbG rising at least $400mm to $2.2-2.6bn when the separation O&M/capex rolls off in 2024. Moreover, given the current commodity curves and the company's ratable hedging program, as EBITDA rises FCFbG will continue to move upward providing the company with incremental growth and capital return opportunities.

Also outlined in the company's asset allocation discussion is an earmark for $1.8-2.2bn of debt reduction in support of its targeted investment-grade leverage metrics. With downgrade thresholds in the low 20% at both S&P (BBB- FFO/Debt) and Moody's (Baa2 CFO Pre-WC/Debt), the company currently has ample headroom in its ratings grid. Although as of 9/30/21 the final Form 10 showed a net debt of ~$3,741mm, the quarter-end snapshot was lower due to the sharp move up in commodity prices in 3Q21 and associated collateral postings under the company's hedges which materially increase the company's cash balances. **With the subsequent pull back in commodities in November and December, this cash balance declined and with the company's planned debt reduction in 2022 (term loan $1.1bn/maturities $1.0bn) management sees its year-end 2022 leverage in the 2x debt/adjusted EBITDA range or ~$5.1bn by our estimate including non-recourse debt.**

Turning to business strategy, Constellation is aggressively looking at opportunities to leverage its unparalleled carbon-free generation portfolio, world-class energy solutions marketing & origination operations, and history of investing in enabling energy technology applications. As discussed above, the company expects to pursue both organic and inorganic opportunities to deploy its sizeable annual FCF generation while at the same time enabling its customer base to decarbonize economically. While the lead time on some of its opportunities including additional acquisitions of additional nuclear units, advanced nuclear technologies and getting to scale in pink hydrogen production could take longer, other areas like the repowering of 500MW of existing wind facilities and development of additional sustainable products and services to meet customer needs are likely more near term.

Enhanced Climate Commitment. With today's standalone presentation Constellation has made several commitments to advancing climate change: 1) **Supply:** 100% carbon free at its owned generation by 2040 with an interim goal of 95% carbon free by 2030 (subject to policy support/technology advancements); 2) **Operations:** 100% reduction in the company's own operation-driven emissions by 2040; and 3) **Customer:** Commitment to providing 100% of its customers with customer-specific information related to their GHG emission for facilities taking supply from Constellation including mitigation strategies that include 24/7 clean electric use.

Based on today's incremental disclosures we are raising our EXC consolidated 2023 and 2024 EPS to $3.41 and $3.55, respectively. However, our consolidated target price is unchanged at $63/share reflecting our SOTP valuation of $48/share for the post spin Exelon Utilities (EXC) and $14/share for the spinco Constellation Energy (CEG). Although our EBITDA for Constellation is higher in both 2023 and 2024, our net debt assumption is also higher which leaves our valuation unchanged (Exhibit 4).

Exhibit 2: EXC Model Summary

EXC Model Summary	2020	2021	2022	2023	2024
EPS By Segment					
EXC Gen	$1.44	$0.74	$1.08	$1.06	$1.01
Com Ed	$0.66	$0.79	$0.85	$0.90	$0.97
PECO	$0.47	$0.56	$0.59	$0.63	$0.68
BGE	$0.37	$0.42	$0.44	$0.47	$0.50
PHI	$0.52	$0.58	$0.63	$0.65	$0.72
Parent & Other	($0.24)	($0.26)	($0.27)	($0.31)	($0.35)
Consolidated E.P.S.	**$3.22**	**$2.84**	**$3.32**	**$3.41**	**$3.54**
Exelon Utilities (UP&O)	**$1.78**	**$2.10**	**$2.24**	**$2.36**	**$2.53**
Dividend per share	**$1.53**	**$1.23**	**$1.34**	**$1.41**	**$1.51**
Payout Ratio total	47.6%	43.2%	40.3%	41.4%	42.8%
Payout Ratio % of Regulated earnings	75.8%	52.0%	53.2%	53.1%	52.7%
Dividend Yield	3.6%	2.9%	3.1%	3.3%	3.6%
Valuation Metrics					
Price to Earnings	13.2x	15.0x	12.8x	12.5x	12.0x
Price to Book Value	1.2x	1.1x	1.1x	1.0x	1.0x
Funding Sources					
Cash Flow from Operations	$4,235	$8,633	$8,257	$8,530	$8,836
Total Debt Financings	$8,168	$2,975	$4,125	$2,975	$2,750
Total Equity Financings	$45	$0	$250	$250	$250
Credit Metrics					
Total Debt/Capitlization	55%	52%	52%	52%	51%
FFO/Total Debt	21%	22%	20%	19%	20%
EBITDA/Interest Expense	7.0x	5.9x	6.3x	6.3x	6.3x
Regulated Operations Performance - Realized ROE					
Com Ed	8.7%	9.6%	9.6%	9.6%	9.9%
PECO	11.0%	11.9%	11.4%	11.2%	11.2%
BGE	9.7%	10.2%	9.9%	9.8%	9.8%
PHI	9.1%	9.5%	9.6%	9.3%	9.7%

All out years are BMO Capital Markets estimates | Source: BMO Capital Markets

Exhibit 3: EXC Model Assumptions

Key Model Assumptions	2020	2021	2022	2023	2024
		$6,525	$6,700	$6,700	$6,750
Total Capital Expenditures by Segment					
EXC Gen	$1,675	$1,650	$1,750	$1,550	$1,300
Com Ed	2,350	2,400	2,450	2,500	2,325
PECO	1,250	1,250	1,275	1,275	1,400
BGE	1,350	1,200	1,250	1,225	1,200
PHI	1,700	1,675	1,725	1,700	1,825
Parent & Other	-	-	-	-	-
Consolidated Capital Expenditures	**$8,325**	**$8,175**	**$8,450**	**$8,250**	**$8,050**
YE Rate Base Estimates					
Com Ed	$16,496	$17,872	$19,095	$20,320	$21,066
PECO	8,416	9,418	10,292	11,188	12,279
BGE	7,475	8,148	8,918	9,511	10,053
PHI	11,622	12,388	13,325	14,109	15,388
Total Rate Base	**$44,009**	**$47,826**	**$51,631**	**$55,129**	**$58,786**

All out years are BMO Capital Markets estimates | Source: BMO Capital Markets

Exhibit 4: EXC Sum-of-the-Parts Valuation

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2024E	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)	
Com Ed	EPS	9%	$0.97	17.2x	$17	19.2x	$19	21.2x	$21	
PECO	EPS	8%	$0.68	17.1x	$12	19.1x	$13	21.2x	$14	
BGE	EPS	5%	$0.50	16.4x	$8	18.4x	$9	21.2x	$11	
PHI	EPS	11%	$0.72	17.5x	$13	19.5x	$14	21.2x	$15	
Parent & Other	EPS	9%	($0.35)	17.1x	($6)	19.1x	($7)	21.2x	($7)	
Utility Value			**$2.53**	17.1x	**$43**	19.1x	**$48**	21.2x	**$54**	(a)

EXC Power Valuation	Valuation Metric	Premium/ (Discount) %	2024E	BMO Low Case EV/EBITDA Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case EV/EBITDA Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case EV/EBITDA Multiple	BMO High Case Implied Value ($ MM)	
EXC Gen - Power	EBITDA	0.0%	$2,556	4.3x	$10,862	6.3x	$15,973	6.8x	$17,251	
EXC Gen - Retail	EBITDA	0%	$575	4.3x	$2,444	6.3x	$3,594	6.8x	$3,881	
Unregulated Enterprise Value			**$3,131**		**$13,306**		**$19,567**		**$21,132**	
Less:EXC Gen Net Debt (2024E)					($5,071)		($5,071)		($5,071)	
Unregulated Equity Value per Share			**$1.06**	**4.3x**	**$8**	**6.3x**	**$15**	**6.8x**	**$16**	(b)
BMO EXC Equity Value per Share (1)			**$3.59**		**$52**		**$63**		**$70**	(a) + (b)
Upside/(Downside)					(9%)		11%		23%	
Current Yield					3%		3%		3%	
Total Return					**(6%)**		**14%**		**26%**	

Source: BMO Capital Markets

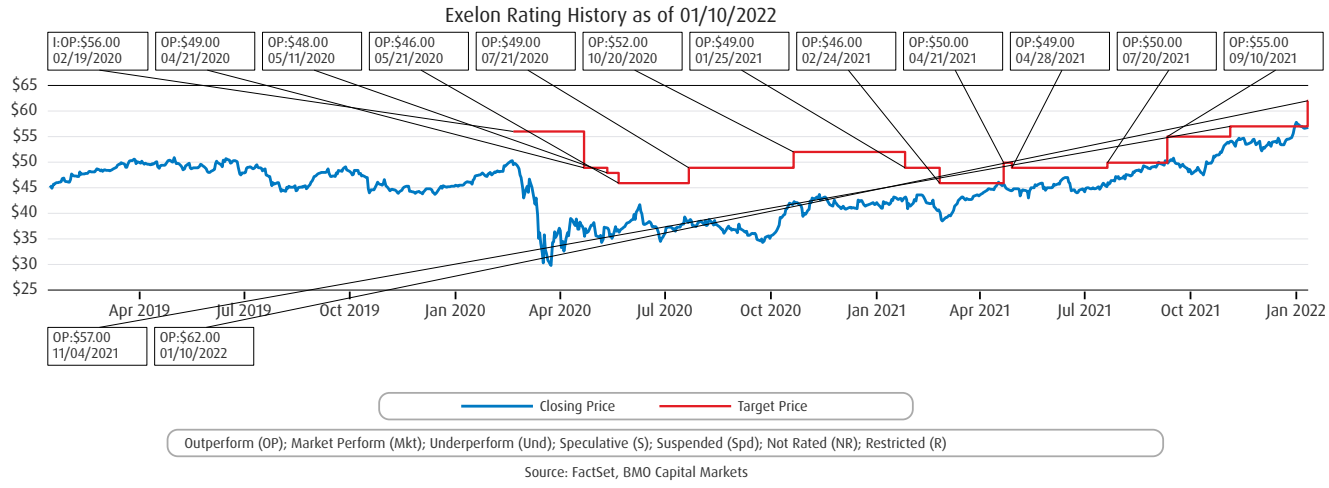

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC generation assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Failure to pass a version of the "Clean Energy Jobs Act" in the upcoming legislative session that sufficiently expands financial support for EXC Gen's nuclear plants would cause us to re-evaluate our rating, all else equal. The Governor's opposition to the existing Formulaic Based Rate Plan in IL may result in a new set of regulations that could be adverse to the company's ComEd Utility. Nuclear operations are subject to additional safety and regulatory oversight.

Distribution of Ratings (January 10, 2022)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	53.1 %	28.3 %	59.7 %	55.3 %	60.8 %	57.7%
Hold	Market Perform	45.8 %	21.3 %	38.8 %	43.5 %	38.2 %	37.5%
Sell	Underperform	1.1 %	33.3 %	1.5 %	1.2 %	1.0 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents

have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited is exempt from the requirement to hold an Australian financial services licence under the Corporations Act and is regulated by the UK Financial Conduct Authority under UK laws, which differ from Australian laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001) and Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at January 11, 2022, 20:58 ET. and disseminated at January 11, 2022, 20:58 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2022 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

Exelon Corp. (EXC): Initial highlights and thoughts from EXC's "SpinCo" Analyst Day

Michael Lapides
+1(212)357-6307 |
michael.lapides@gs.com
Goldman Sachs & Co. LLC

Insoo Kim, CFA
+1(212)902-0459 | insoo.kim@gs.com
Goldman Sachs & Co. LLC

Rebecca Yuan, CFA
+1(212)357-4977 |
rebecca.yuan@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(801)884-4034 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

PM Summary

Exelon Generation's EBITDA guidance for 2022 comes in above our view, as lower hedged gross margin gets offset by lower than forecast O&M. Exelon Corp (EXC, Buy) hosted an analyst day event to highlight the strategy for its Exelon Generation (ExGen) subsidiary - the non regulated merchant power business that, upon completion of the proposed spin-off, will be renamed as Constellation Energy. For our takeaways from the RemainCo analyst day held earlier in the week, see here. We note the company anticipates maintaining roughly $2bn of capital allocation across 2022-2023 — for growth initiatives, buybacks or even special dividends.

Main Takeaways

Below, we highlight key details from Tuesday's presentation for the SpinCo - the non-regulated merchant power and retail business currently known as Exelon Generation:

- **Exelon Generation initiated 2022 adj. EBITDA guidance of $2.35-$2.75bn** which compares to our $2.22bn estimate. Lower than expected hedged power prices gets more than offset by lower forecast O&M — and the company anticipates managing O&M to flat/slightly down levels in the coming years. We note an uptick in O&M exists in the 2022 forecast, largely to offset savings implemented as a result of COVID 19 and Winter Storm Uri headwinds.
- **Capital allocation plans include a regular dividend with potential for buybacks, growth or even a special dividend.** The company anticipates maintaining roughly $2bn of cash available for allocation — either to organic or inorganic growth, to buybacks or even a special dividend — all after funding capital spend, 1x separation costs and two years worth of dividend payouts.
- **The company provided hedging disclosures and gross margin guidance.** Exelon Generation provided hedging disclosures for 2022 and 2023, a focus for investors given EXC had stopped providing a multi-year outlook upon announcement of the spin-off back in February 2021. The nuclear plants (Byron, Dresden, Braidwood) receiving the new Carbon Mitigation Credits (CMCs) in Illinois generate roughly 25%-30% of total output — we note the business

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

appears roughly 93%/76% hedged for 2022/2023 and 52% for 2024 — although with no hedged pricing for 2024. As a reminder, the CMCs effectively act as a contract for differences — with EXC receiving $30-$33/MWh or so regardless of market prices for those plants. Although the forward curve for power pricing moved meaningfully upwards during the past year, EXC's hedged pricing came in below our forecast — at first glance, hedged gross margin guidance of $7.35bn/$7.65bn appears below our estimate, however O&M guidance also came in lower, providing an offset.

We remain Buy rated on EXC with a $62, 12-month price target based on a sum of the parts analysis. Key risks include power prices, utility regulation, costs and financing.

Exhibit 1: We arrive at a $62/sh price target using a SOTP
Valuation

EXC	
Regulated Utilities	
Regulated Utilities 2023 EPS	$2.65
Target P/E multiple	18.0x
Regulated Utility Equity Value per Share	**$48**
Exelon Generation	
Exelon Generation's Interest in 2023 Open EBITDA ($mm)	$2,474
Target EV/EBITDA multiple	8.00x
Exelon Generation Enterprise Value ($mm)	**$19,794**
Exelon Generation Enterprise Value Adjustments & Net Debt	($330)
Exelon Generation Equity Value ($mm)	**$19,464**
2023YE Diluted Share Count	980
Exelon Generation Equity Value per Share	**$20**
Holding Company	
Exelon Holding Company 2023 EPS	($0.33)
Target P/E multiple	18.0x
Exelon Holding Company Equity Value per Share	**($6)**
Total Value per Share	**$62**

Source: Goldman Sachs Global Investment Research

EXC	12m Price Target: **$62.00**	Price: **$55.62**	Upside: **11.5%**

Buy

Market cap: $54.5bn
Enterprise value: $92.1bn
3m ADTV: $296.5mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/20	12/21E	12/22E	12/23E
Revenue ($ mn)	33,039.0	33,244.1	27,276.4	27,843.8
EBITDA ($ mn)	7,814.0	9,493.3	9,320.6	9,853.3
EBIT ($ mn)	2,801.0	3,311.0	4,829.3	5,245.3
EPS ($)	3.22	2.85	3.23	3.57
P/E (X)	12.4	19.5	17.2	15.6
EV/EBITDA (X)	10.1	9.7	9.9	9.4
FCF yield (%)	(9.8)	(2.2)	2.0	3.0
Dividend yield (%)	3.8	2.8	2.9	3.0
Net debt/EBITDA (X)	4.8	3.9	4.1	3.8

	9/21	12/21E	3/22E	6/22E
EPS ($)	1.09	0.93	0.69	0.52

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11 Jan 2022 close.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Disclosure Appendix

Reg AC

I, Michael Lapides, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Financial advisory disclosure

Goldman Sachs and/or one of its affiliates is acting as a financial advisor in connection with an announced strategic matter involving the following company or one of its affiliates: Exelon Corporation.

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Clearway Energy Inc., Consolidated Edison Inc., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NRG Energy Inc., NextEra Energy Inc., NextEra Energy Partners, NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group, Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($55.62)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($55.62)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($55.62)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($55.62)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($55.62)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($55.62)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($55.62)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	35%	15%	65%	57%	47%

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

As of January 1, 2022, Goldman Sachs Global Investment Research had investment ratings on 3,096 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

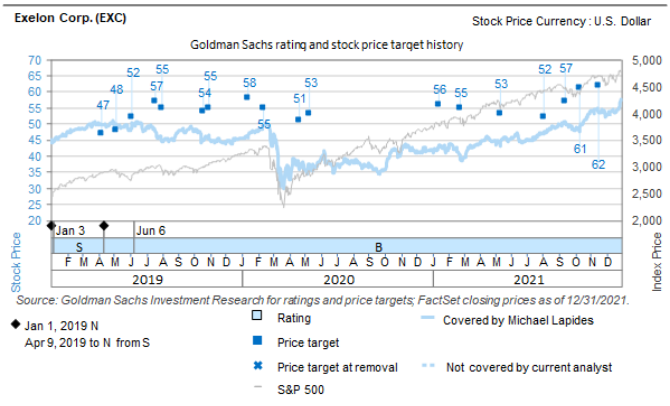

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** Goldman Sachs Canada Inc. is an affiliate of The Goldman Sachs Group Inc. and therefore is included in the company specific disclosures relating to Goldman Sachs (as defined above). Goldman Sachs Canada Inc. has approved of, and agreed to take responsibility for, this research report in Canada if and to the extent that Goldman Sachs Canada Inc. disseminates this research report to its clients. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region's Investment Review Committee manages Regional Conviction lists, which represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by either Goldman Sachs Canada Inc. or Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Effective from the date of the United Kingdom's departure from the European Union and the European Economic Area ("Brexit Day") the following information with respect to distributing entities will apply:

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland, Portugal, the Republic of Cyprus and the Republic of Ireland; GS -Succursale de Paris (Paris branch) which, from Brexit Day, will be authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by the Global Investment Research division of GS may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2022 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

EXC: Analyst Event Supportive of Our Positive Thesis-Reiterate Overweight (Wells Fargo Securities) - 6 Pages

There was an error processing this document. It has been excluded from the final PDF.

EVERCORE ISI

Energy | Power & Utilities

January 11, 2022

Exelon Corp.

EXC | $56.82

Outperform | Target Price/Base Case: $63.00

Company Update

Durgesh Chopra
212-653-8998
durgesh.chopra@evercoreisi.com

Michael Lonegan
212-653-8997
michael.lonegan@evercoreisi.com

Company Statistics

Market Capitalization (M)	$55,343
Shares Outstanding (M)	974
Dividend	1.68
Dividend Yield	3.0%
Payout Ratio	74.7%
Expected Total Return	13.8%
Fiscal Year End	Dec

Earnings Summary

	2022E	2023E	2024E
EPS	$2.25	$2.41	$2.57
P/E	25.3	23.6	22.1
EPS vs Consensus	(32.1)%	(29.6)%	(23.9)%
Consensus EPS	$3.31	$3.42	$3.38
Consensus P/E	17.2	16.6	16.8

1 Year Price History

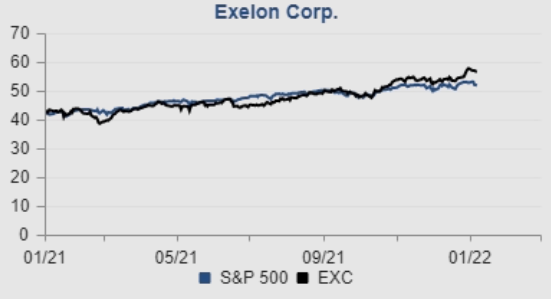

Source: FactSet

Highlights From Constellation 2022 Analyst Day

Constructive update in our view. Constellation introduced 2022 adjusted EBITDA guidance of $2,350-2,750 million, roughly in line with our $2,515 million forecast at the midpoint but below investor expectations based on our dialogue. The Company plans to grow its absolute annual dividend, currently $180 million, by 10% annually from 2022-2024. Constellation's forecasts are supported by a strong investment grade balance sheet with a 2022 estimated debt to adjusted EBITDA of 2.0x with a large cushion in CFO pre-WC and FFO to debt credit metrics of 35% and 45% for Moody's and S&P, respectively, versus downgrade thresholds of ~22% and 25% for the respective Baa2 and BBB- ratings. The Company expects to generate 2022-2023 free cash flow of $1.8-2.2 billion to be utilized for unidentified growth capital and/or return of capital to shareholders in the form of buybacks and special dividends. The Company sees opportunities to deploy capex at double-digit IRR's in the area of nuclear plant acquisition, repowering existing fleet, producing clean hydrogen and growing their offering of sustainability products and services for their C&I customers. Constellation plans to provide more clarity on use of free cash flow in the second half of 2022.

We are introducing 2022-2024 EBITDA estimates for Constellation: For 2022, we are modeling $2,550 million of Constellation EBITDA, the midpoint of Company guidance. We are introducing a 2023 Constellation EBITDA estimate of $2,750 million, a forecast that takes into account total gross margin guidance of $7,650 million, higher O&M and taxes other than income versus prior year. For 2024, we are forecasting $3,010 million of Constellation EBITDA, based on a low teen return on $2,000 million of free cash flow invested plus a baseline that matches our 2023 EBITDA estimate. For Exelon, we are maintaining our full 2021-2024 utility EPS forecast of $2.10 / $2.25 / $2.41 / $2.57 that we updated following yesterday's EXC Analyst Day (see our note). We are reaffirming our Outperform rating and our target price of $63/share, which applies a 6.5x EV to EBITDA multiple to our 2024 Constellation EBITDA estimate of $3,010 million plus an 18.9x multiple (5% premium to our utility target multiple of 18x) applied to our 2024 utility EPS estimate of $2.57/share. See Exhibit 1 inside.

Benefits of Illinois SB 2408 for Exelon & Constellation: As a result of the legislation, Constellation will keep the Byron and Dresden nuclear plants open. In addition, at the bill's 2023 baseline cost of $32.50 per MWh, we see a ~$300mm uplift (included in our forecast) in 2023 EBITDA from potential incremental revenue generated, assuming operating costs of $30 per MWh. Starting in 2024, we also see a potential ~$0.15 annual EPS benefit under the new regulatory framework for Exelon. We arrive at this incremental EPS, which would be ~6% of our outer-year 2024 utility EPS estimate of $2.57, assuming the Company receives ROEs at the current 2022 prevailing national average of ~9.45% or at recent Illinois gas rate case outcomes of ~9.65%, when compared to the existing formula rate plan through 2023 where ROEs are based on the 30-year treasury rate (currently ~2%) plus 580bps. Furthermore we could see upside to EXC's capex and rate base outlook in IL.

Please see the analyst certification and important disclosures on page 6 of this report. Evercore ISI and affiliates do and seek to do business with companies covered in its research reports. Investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.
© 2022. Evercore Group L.L.C. All rights reserved.

Key Highlights of Illinois Senate Bill 2408

Legislation sets a goal of moving Illinois to 100% clean energy by 2050, with interim targets of 40% renewables by 2030 and 50% by 2040. All privately owned coal- and oil-fired power plants in the state would have to shut down by 2030. Gas plants have until 2045, and until then their carbon emissions in a given year cannot exceed what they emitted, on average, over the past three years. The bill also has a goal of putting one million electric cars and trucks on the road by 2030.

Key nuclear provisions: Importantly, the bill also provides subsidies for nuclear generation through carbon mitigation credits that provide revenue support at baseline costs used to establish a customer protection cap. The baseline costs are the following:

- $30.30/MWh for the delivery year beginning June 1, 2022
- $32.50/MWh for the delivery year beginning June 1, 2023
- $33.43/MWh for the delivery year beginning June 1, 2024
- $33.50/MWh for the delivery year beginning June 1, 2025
- $34.50/MWh for the delivery year beginning June 1, 2026

Key regulatory framework changes: The bill also includes changes to the regulatory framework applicable to Illinois electric distribution businesses. Specifically, the existing performance-based formula framework will remain for ratemaking through 2023. Under SB 2408, utilities will have the option to establish new rates based on either a traditional rate case using a future test year, or a plan based on investment and operating costs over a four-year period ("Multi-Year Plan"), which the companies would submit by January 20, 2023, to the Illinois Commerce Commission (ICC) for review / approval. The Commission under the Multi-Year Plan would establish electric rates for each year of the four-year period starting in 2024. The ICC would also determine the allowed ROE based on the companies' forecasted average annual rate base. During the Multi-Year Plan, the ROE would be subject to adjustments for performance metrics relating to affordability of customer delivery service cost, the utility's customer service performance, delivery system reliability, supplier diversity, timeliness of response to customer requests for interconnection of distributed energy resources, and reductions in peak load due to demand response programs. SB 2408 provides for symmetrical performance-based ROE incentives and penalties in a range of 20-60 basis points in the aggregate. The revenue requirement for each calendar year would reflect the companies' actual capital structure for that year, with an equity ratio of up to 50% being deemed prudent and reasonable and a higher equity ratio requiring specific Illinois commission approval. Annual rate adjustments would be permitted under a Multi-Year Plan to reflect the actual annual revenue requirement based on YE rate base. The actual annual revenue requirement approved in an annual rate adjustment may not exceed 105% (a true-up cap) of the revenue requirement for the annual period approved by the Commission in the Multi-Year Plan. Annual reconciliations (subject to Commission prudence review) would be recovered from or refunded to customers within 24 months of the applicable annual period. Some forecasted costs are excluded from the true-up cap, including those associated with new business and facility relocations, major storms, changes in interest rates, changes in the timing of expenditures or investments that move the expenditure or investment into or out of the applicable calendar year, taxes (including income taxes and taxes other than income taxes), pension or other post-retirement benefits costs, and amortization of certain regulatory assets. The true-up cap also excludes costs recovered through riders (bad debt, purchased power, transmission costs) without a traditional rate proceeding. Like with the existing formula rate framework, electric distribution revenues would continue to be decoupled from sales volumes under a Multi-Year Plan. If a utility elects to file a Multi-Year Plan, the Bill permits the phase-in of any initial rate increase with at least 50% of the first year's approved rate increase reflected in the first year, with the remaining portion deferred as a regulatory asset and recovered in rates over a period not to exceed 24 months beginning within 12 months after the second year's rates are effective.

Exhibit 1
EXC Sum-of-the-Parts Analysis

Transaction / Pro Forma SOTP	Units	2024
Constellation EBITDA	$mm	$3,010
EV / EBITDA Multiple	x	6.5x
Constellation EV	$mm	$19,565
Net Debt	$mm	6,020
Constellation Equity Value	**$mm**	**$13,545**
Pro-Forma Net Debt/EBITDA	mm	2.0x
Pro-Forma Shares	mm	983
Constellation Equity Value	**$/Share**	**$14.0**
EXC EPS	$/share	$2.57
EXC Muliple	x	18.9x
EXC Valuation	**$/share**	**$49.0**
Constellation Equity Value	**$/Share**	**$14.0**
Constellation + EXC Total Equity Value	**$/Share**	**$63.0**

Source: Evercore ISI Research

Exhibit 1
EXC Sum-of-the-Parts Analysis

Transaction / Pro Forma SOTP	Units	2024
Constellation EBITDA	$mm	$2,810
EV / EBITDA MultiplE	x	7.0x
Constellation EV	$mm	$19,670
Net Debt	$mm	5,620
Constellation Equity Value	**$mm**	**$14,050**
Pro-Forma Net Debt/EBITDA	mm	2.0x
Pro-Forma Shares	mm	983
Constellation Equity Value	**$/Share**	**$14.0**
EXC EPS	$/share	$2.57
EXC Muliple	x	18.9x
EXC Valuation	**$/share**	**$49.0**
Constellation Equity Value	**$/Share**	**$14.0**
Constellation + EXC Total Equity Value	**$/Share**	**$63.0**

Source: Evercore ISI Research

VALUATION METHODOLOGY

Our valuation is based on a sum of the parts analysis. We use a P/E multiple on the utility and an EBITDA multiple for the merchant power business.

RISKS

Higher or lower power / capacity prices and favorable / unfavorable outcomes in regulatory proceedings would cause our valuation to be either higher or lower. Higher interest rates would pull utility earnings up in IL but pressure multiples so the net impact would likely be negative overall. A favorable outcome in the upcoming capacity auctions would be accretive but a significantly lower capacity auction price would be negative.

COMPANIES UNDER COVERAGE BY AUTHOR

Symbol	Company	Rating	Price (2022-11-01)	Evercore ISI Target
AEE	Ameren Corp.	Outperform	$87.51	$90.00
AEP	American Electric Power	Outperform	$90.50	$99.00
AES	The AES Corporation	Outperform	$22.96	$30.00
AWK	American Water Works Company, Inc.	Outperform	$170.03	$170.00
AWR	American States Water Company	Underperform	$96.73	$70.00
CMS	CMS Energy Corp.	In Line	$64.78	$62.00
CNP	CenterPoint Energy, Inc.	Outperform	$27.69	$27.00
CWT	California Water Service Group	In Line	$66.18	$50.00
D	Dominion Energy, Inc	Outperform	$79.83	$82.00
DTE	DTE Energy Co.	Outperform	$120.15	$127.00
DUK	Duke Energy Corp.	In Line	$104.56	$96.00
ED	Consolidated Edison Inc.	Underperform	$84.78	$72.00
EIX	Edison International	In Line	$65.64	$73.00
EOSE	Eos Energy Enterprises, Inc	Outperform	$6.09	$21.00
ES	Eversource Energy	In Line	$88.99	$91.00
ETR	Entergy Corp.	Outperform	$111.70	$110.00
EVRG	Evergy	Outperform	$66.82	$70.00
EXC	Exelon Corp.	Outperform	$56.82	$63.00
FE	FirstEnergy Corp.	Outperform	$41.52	$46.00
FLNC	Fluence Energy, Inc.	Outperform	$26.05	$47.00
HE	Hawaiian Electric Industries Inc.	In Line	$42.58	$38.00
NEE	NextEra Energy Inc	In Line	$84.29	$78.00
NI	NiSource Inc	In Line	$27.77	$27.00
NRG	NRG Energy Inc.	In Line	$40.38	$42.00
OGE	OGE Energy Corp	Outperform	$37.54	$35.00
PCG	PG&E Corp.	Rating Suspended	$12.23	
PEG	Public Service Enterprise Group	In Line	$66.26	$63.00
PNW	Pinnacle West Capital Corp.	In Line	$70.65	$66.00
PPL	PPL Corp.	In Line	$30.23	$31.00
SJW	SJW Group	In Line	$69.34	$67.00
SO	Southern Co.	Underperform	$68.53	$61.00
SRE	Sempra Energy	Outperform	$137.70	$143.00
VST	Vistra Energy Corp	Outperform	$22.46	$23.00
WEC	WEC Energy Group, Inc.	In Line	$96.90	$96.00
WTRG	Essential Utilities Inc.	In Line	$51.71	$52.00
XEL	Xcel Energy Inc.	In Line	$69.86	$70.00

TIMESTAMP

(Article 3(1)e and Article 7 of MAR)

Time of dissemination: January 11 2022 5:14 PM ET

ANALYST CERTIFICATION

The analysts, Durgesh Chopra, Michael Lonegan, primarily responsible for the preparation of this research report attest to the following: (1) that the views and opinions rendered in this research report reflect his or her personal views about the subject companies or issuers; and (2) that no part of the research analyst's compensation was, is, or will be directly related to the specific recommendations or views in this research report.

IMPORTANT DISCLOSURES

This report is approved and/or distributed by Evercore Group L.L.C. ("Evercore Group"), a U.S. licensed broker-dealer regulated by the Financial Industry Regulatory Authority ("FINRA"), and Evercore ISI International Limited ("ISI UK"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The institutional sales, trading and research businesses of Evercore Group and ISI UK collectively operate under the global marketing brand name Evercore ISI ("Evercore ISI"). Both Evercore Group and ISI UK are subsidiaries of Evercore Inc. ("Evercore "). The trademarks, logos and service marks shown on this report are registered trademarks of Evercore.

The analysts and associates responsible for preparing this report receive compensation based on various factors, including Evercore's Partners' total revenues, a portion of which is generated by affiliated investment banking transactions. Evercore ISI seeks to update its research as appropriate, but various regulations may prevent this from happening in certain instances. Aside from certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Evercore ISI generally prohibits analysts, associates and members of their households from maintaining a financial interest in the securities of any company in the analyst's area of coverage. Any exception to this policy requires specific approval by a member of our Compliance Department. Such ownership is subject to compliance with applicable regulations and disclosure. Evercore ISI also prohibits analysts, associates and members of their households from serving as an officer, director, advisory board member or employee of any company that the analyst covers.

This report may include a Tactical Call, which describes a near-term event or catalyst affecting the subject company or the market overall and which is expected to have a short-term price impact on the equity shares of the subject company. This Tactical Call is separate from the analyst's long-term recommendation (Outperform, In Line or Underperform) that reflects a stock's forward 12-month expected return, is not a formal rating and may differ from the target prices and recommendations reflected in the analyst's long-term view.

Applicable current disclosures regarding the subject companies covered in this report are available at the offices of Evercore ISI: 55 East 52nd Street, New York, NY 10055, and at the following site: https://evercoreisi.mediasterling.com/disclosure.

Evercore and its affiliates, and I or their respective directors, officers, members and employees, may have, or have had, interests or qualified holdings on issuers mentioned in this report. Evercore and its affiliates may have, or have had, business relationships with the companies mentioned in this report.

Additional information on securities or financial instruments mentioned in this report is available upon request.

Ratings Definitions

Current Ratings Definition

Evercore ISI's recommendations are based on a stock's total forecasted return over the next 12 months. Total forecasted return is equal to the expected percentage price return plus gross dividend yield. We divide our stocks under coverage into three primary ratings categories, with the following return guidelines:

Outperform- the total forecasted return is expected to be greater than the expected total return of the analyst's coverage sector.
In Line- the total forecasted return is expected to be in line with the expected total return of the analyst's coverage sector.
Underperform- the total forecasted return is expected to be less than the expected total return of the analyst's coverage sector.
Coverage Suspended- the rating and target price have been removed pursuant to Evercore ISI policy when Evercore is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.*
Rating Suspended- Evercore ISI has suspended the rating and target price for this stock because there is not sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, a rating or target price. The previous rating and target price, if any, are no longer in effect for this company and should not be relied upon.*

*Prior to October 10, 2015, the "Coverage Suspended" and "Rating Suspended" categories were included in the category "Suspended."

FINRA requires that members who use a ratings system with terms other than "Buy," "Hold/Neutral" and "Sell" to equate their own ratings to these categories. For this purpose, and in the Evercore ISI ratings distribution below, our Outperform, In Line, and Underperform ratings can be equated to Buy, Hold and Sell, respectively.

Historical Ratings Definitions

Prior to March 2, 2017, Evercore ISI's recommendations were based on a stock's total forecasted return over the next 12 months:

Buy- the total forecasted return is expected to be greater than 10%

Hold- the total forecasted return is expected to be greater than or equal to 0% and less than or equal to 10%
Sell -the total forecasted return is expected to be less than 0%

On October 31, 2014, Evercore Partners acquired International Strategy & Investment Group LLC ("ISI Group") and ISI UK (the "Acquisition") and transferred Evercore Group's research, sales and trading businesses to ISI Group. On December 31, 2015, the combined research, sales and trading businesses were transferred back to Evercore Group in an internal reorganization. Since the Acquisition, the combined research, sales and trading businesses have operated under the global marketing brand name Evercore ISI.

ISI Group and ISI UK:

Prior to October 10, 2014, the ratings system of ISI Group LLC and ISI UK which was based on a 12-month risk adjusted total return:

Strong Buy- Return > 20%
Buy- Return 10% to 20%
Neutral - Return 0% to 10%
Cautious- Return -10% to 0%
Sell- Return< -10%

For disclosure purposes, ISI Group and ISI UK ratings were viewed as follows: Strong Buy and Buy equate to Buy, Neutral equates to Hold, and Cautious and Sell equate to Sell.

Evercore Group:

Prior to October 10, 2014, the rating system of Evercore Group was based on a stock's expected total return relative to the analyst's coverage universe over the following 12 months. Stocks under coverage were divided into three categories:

Overweight- the stock is expected to outperform the average total return of the analyst's coverage universe over the next 12 months.
Equal-Weight- the stock is expected to perform in line with the average total return of the analyst's coverage universe over the next 12 months.
Underweight -the stock is expected to underperform the average total return of the analyst's coverage universe over the next 12 months.
Suspended- the company rating, target price and earnings estimates have been temporarily suspended.

For disclosure purposes, Evercore Group's prior "Overweight," "Equal-Weight" and "Underweight" ratings were viewed as "Buy," "Hold" and "Sell," respectively.

Ratings Definitions for Portfolio-Based Coverage

Evercore ISI utilizes an alternate rating system for companies covered by analysts who use a model portfolio-based approach to determine a company's investment recommendation. Covered companies are included or not included as holdings in the analyst's Model Portfolio, and have the following ratings:

Long- the stock is a positive holding in the model portfolio; the total forecasted return is expected to be greater than 0%.
Short- the stock is a negative holding in the model portfolio; the total forecasted return is expected to be less than 0%.
No Position- the stock is not included in the model portfolio.
Coverage Suspended- the rating and target price have been removed pursuant to Evercore ISI policy when Evercore is acting in an advisory capacity in a merger or strategic transaction involving this company, and in certain other circumstances; a stock in the model portfolio is removed.
Rating Suspended - Evercore ISI has suspended the rating and/or target price for this stock because there is not sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, a rating or target price. The previous rating and target price, if any, are no longer in effect for this company and should not be relied upon; a stock in the model portfolio is removed.

Stocks included in the model portfolio will be weighted from 0 to 100% for Long and 0 to -100% for Short. A stock's weight in the portfolio reflects the analyst's degree of conviction in the stock's rating relative to other stocks in the portfolio. The model portfolio may also include a cash component. At any given time the aggregate weight of the stocks included in the portfolio and the cash component must equal100%.

Stocks assigned ratings under the alternative model portfolio-based coverage system cannot also be rated by Evercore ISI's Current Ratings definitions of Outperform, In Line and Underperform.

FINRA requires that members who use a ratings system with terms other than "Buy," "Hold/Neutral" and "Sell," to equate their own ratings to these categories. For this purpose, and in the Evercore ISI ratings distribution below, our Long, No Position and Short ratings can be equated to Buy, Hold and Sell respectively.

Evercore ISI rating (as of 01/11/2022)

Coverage Universe			**Investment Banking Services I Past 12 Months**		
Ratings	**Count**	**Pct.**	**Ratings**	**Count**	**Pct.**
Buy	534	62	Buy	109	20
Hold	293	34	Hold	29	10
Sell	16	2	Sell	0	0
Coverage Suspended	11	1	Coverage Suspended	2	18
Rating Suspended	13	1	Rating Suspended	6	46

Issuer-Specific Disclosures (as of January 11, 2022)

Exelon Corp. is a client of Evercore LLC, and Evercore LLC has provided investment banking services to Exelon Corp. in the last 12 months.

Evercore ISI or an affiliate has received compensation from Exelon Corp. for investment banking services in the last 12 months.

Price Charts



Ratings Key

B	Buy	OP	Outperform	L	Long	CS	Coverage Suspended
H	Hold	IL	In Line	NP	No Position	RS	Rating Suspended
S	Sell	UP	Underperform	S	Short		

GENERAL DISCLOSURES

This report is approved and/or distributed by Evercore Group L.L.C. (“Evercore Group”), a U.S. licensed broker-dealer regulated by the Financial Industry Regulatory Authority (“FINRA”) and by Evercore ISI International Limited (“ISI UK”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The institutional sales, trading and research businesses of Evercore Group and ISI UK collectively operate under the global marketing brand name Evercore ISI ("Evercore ISI"). Both Evercore Group and ISI UK are subsidiaries of Evercore Inc. ("Evercore"). The trademarks, logos and service marks shown on this report are registered trademarks of Evercore Inc.

This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. The information and opinions in this report were prepared by registered employees of Evercore ISI. The information herein is believed by Evercore ISI to be reliable and has been obtained from public sources believed to be reliable, but Evercore ISI makes no representation as to the accuracy or completeness of such information. Opinions, estimates and projections in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Evercore and are subject to change without notice. In addition, opinions, estimates and projections in this report may differ from or be contrary to those expressed by other business areas or groups of Evercore and its affiliates. Evercore ISI has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Facts and views in Evercore ISI research reports and notes have not been reviewed by, and may not reflect information known to, professionals in other Evercore affiliates or business areas, including investment banking personnel.

Evercore ISI does not provide individually tailored investment advice in research reports. This report has been prepared without regard to the particular investments and circumstances of the recipient. The financial instruments discussed in this report may not suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Securities and other financial instruments discussed in this report, or recommended or offered by Evercore ISI, are not insured by the Federal Deposit Insurance Corporation and are not deposits of or other obligations of any insured depository institution. If a financial instrument is denominated in a currency other than an investor’s currency, a change in exchange rates may adversely affect the price or value of, or the income derived from the financial instrument, and such investor effectively assumes such currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Estimates of future performance are based on assumptions that may not be realized. Furthermore, past performance is not necessarily indicative of future performance.

Evercore ISI salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed in this research. Our asset management affiliates and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Electronic research is simultaneously available to all clients. This report is provided to Evercore ISI clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Evercore ISI. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion or information contained in this report (including any investment recommendations, estimates or target prices) without first obtaining express permission from Evercore ISI.

This report is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

For investors in the UK: In making this report available, Evercore makes no recommendation to buy, sell or otherwise deal in any securities or investments whatsoever and you should neither rely or act upon, directly or indirectly, any of the information contained in this report in respect of any such investment activity. This report is being directed at or distributed to, (a) persons who fall within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) persons falling within the definition of high net worth companies, unincorporated associations, etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This report must not be acted on or relied on by persons who are not relevant persons.

Applicable current disclosures regarding the subject companies covered in this report are available at the offices of Evercore ISI: 55 East 52nd Street, New York, NY 10055, and at the following site: https://evercoreisi.mediasterling.com/disclosure.

In compliance with the European Securities and Markets Authority's Market Abuse Regulation, a list of all Evercore ISI recommendations disseminated in the preceding 12 months for the subject companies herein, may be found at the following site: https://evercoreisi.mediasterling.com/disclosure.

© 2022. Evercore Group L.L.C. All rights reserved.

GUGGENHEIM

FLASH NOTE

January 11, 2022

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Company Update

Share Price	$56.82

Market Data

52-Week Range	$38.36 - $58.01
Dividend	$1.38
Dividend Yield	2.4%
Market Cap (M)	$55,500
Shares Out (M)	976.8
ADV (3 mo; 000)	5,310

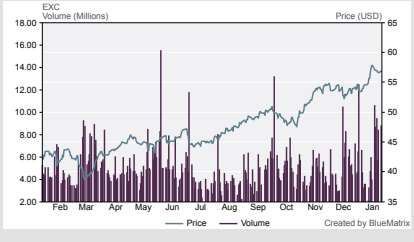

Key Message: Constellation's debut fell largely within the parameters we laid out in our preview note last week (HERE), with the key earnings guidance, credit, and capital allocation details close to our modeled expectations. As expected, management continues to emphasize the longevity of its underlying assets in a decarbonizing world, with modest growth capex and dividends the initial routes of capital allocation. We believe the information vacuum on ExGen for most of 2021 created significant uncertainty heading into the event on several levels, and, in our view, the clear 2-year guidance should go some way towards improving consensus and investor comfort around the remaining exogenous variables (curves, BRAs, etc.). We continue to see the current valuation as a relatively comfortable floor against a backdrop of favorable underlying fundamentals, although comps remain slightly challenging, in our view, given the amount of differentiation in the IPP space. In our view, while it may take some time for a deeper investor base to form and build comfort around the policy sensitivities unique to nuclear ownership, Constellation has laid out a clear pathway through 2023 and beyond. **Overall, the event today was very consistent with the model we presented in our Preview note (see HERE) last Friday – credit metrics, gross margin, EBITDA and Dividend trajectory, etc., so no change in our estimates for Constellation, but we do see several levers here to provide upside potential in the coming months. We caught up with C-Suite post the analyst day event.**

What happened…? Constellation held its analyst day ahead of the February 1st separation, with the new management team laying out **1)** detailed 2022-23 gross margin guidance, **2)** capital allocation plans, **3)** credit metric details, **4)** long-term growth strategies (hydrogen, SMRs, etc.), **5)** deeper details on the retail business, and opportunities for the fleet to support state and federal decarbonization policies. 2022 Gross margin guidance of $7.35bn was introduced (vs. our ~$7.3bn) as was 2022 EBITDA guidance of $2.35-2.75bn (vs. our $2.45bn). 2023 gross margin of $7.65bn was also introduced (vs. our $7.66bn), with management acknowledging that it is including an internal assumption for the as yet unrun 23/24 BRA, which was our same expectation in our preview note. Capex and O&M guidance through 2024 was also included, with some lingering ERCOT impacts (deferred spending, etc.) to linger into '22 and 23. **While the presentation did not come with cost cuts, which we had noted in our preview would have been an incremental surprise, we continue to see this as an area for potential value creation in the future.** Management also detailed a commitment for 100% carbon free generation by 2040, a 100% reduction in operational emissions by 2040, and to disclose GHG details to C&I customers. Expansion of the opportunities around the latter area (customer data) remains an area of interest for the retail platform, similar to the kinds of pushes we have heard from peers in recent quarters.

Capital allocation to feature a mix of growth and returning to shareholders, with management taking a patient and flexible approach… While the team's debut did not feature significant deviations from prior growth capex data points, there were additional details on both organic and inorganic thought processes with an eye to the long term. Specifically, management continues to invest in a mix of improved retail product offerings, new technologies, and opportunities at the existing fleet (e.g., hydrogen production and wind repowerings). The latter item, repowerings, is a 500MW opportunity, with the CAFA as-presented only including a single project. The potential timeline and scope of allocation to repowerings remains an open question for us given its direct implications for CAFA 22-23 timeframe; however, we also believe management has significant flexibility on the ultimate details given the nature of the projects. On the inorganic side, we believe management remains open to asset acquisitions (e.g., other nuclear units), with the team acknowledging the advantages of its economies of scale. That said, we caught up with management again

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

after the call, with the team re-emphasizing that it remains very deliberative – if a deal isn't there, they will simply return the available capital.

What could capital returns look like? Dividends, special dividends, and buybacks all on the table… In line with our expectations, management laid out plans for a dividend underpinned by strong growth (10%), although the initial yield may be lower than our cursory initial assumptions. The company will have roughly $2bn of CAFA over 2022 and 2023, and while we expect a portion of this will be incrementally spent on the growth initiatives detailed above, management also left the door open to buybacks or special dividends. **The scale and timing of both of these remains completely fluid** as management continues to work towards separation and standalone support functions, which we don't think was a surprise at all to investors. In our view, management remains slightly cautious on buybacks overall given peer experiences, potentially elevating the possibility of special dividends. We do not currently expect major updates on allocation or growth activities until 3Q results at the earliest, barring potential interim inorganic moves.

What's next…? Separation finalization, PJM, ERCOT, federal policy, guidance narrowing, and other items all on the table in the coming quarters…. Constellation faces a bevy of incremental events over the coming months, with the resumption of PJM's BRA the most immediate data point for investors to monitor, in our view. The company included some assumptions in its '23 gross margin for the outcome of the forthcoming 23/24 DY auction (which is what we expected in our preview), with the RTO slated to run a pancaked series of auctions in the months ahead as it tries to get the schedule back on track. We expect Constellation to bid and clear almost all of its capacity in the forthcoming auctions given state support is now in place for at-risk assets and the MOPR weakens. In ERCOT management continues to monitor the resource adequacy reform process for readthrough to its strategy in the state (where it owns two highly competitive CCGTs). We asked management on the call and subsequently about the potential divestiture of these assets given prior comments but came away with the impression that the team is taking a wait and see approach to market reforms. We also asked management about their thoughts on BBB and potential pathways forward for energy legislation, with the team indicating that in their view lawmakers were still examining reconciliation vs. a purely standalone package. In their view, the state of the union could be a useful timeframe for further potential changes, although it remains a very challenging and fluid situation. We remain of the view that energy is the least controversial part of the prior BBB package, with nuclear enjoying broad bipartisan support. Management also indicated that its guidance announcements will mostly follow existing conventions – setting up a potential guidance narrowing on the 3Q call.

What do we think of Constellation overall? We continue to apply a ~6x multiple to Constellation in our SoTP, and we believe there is some justification for arguments that it should be higher on the policy backdrop given both the prospects for a PTC in the NT and what we see as the longer-term ascension of nuclear's role in long-term decarbonization planning. **Our current Pre-Spin SoTP valuation remains $61, predicated on $48 for the RemainCo and $13 for Constellation – see full breakout on page 4 HERE for further details and page 2 of the same document for implied EV/EBITDA multiples based on a range of RemainCo multiples.**

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Valuation: Our $61 price target is based on a sum-of-the-parts analysis. We assign ~$13 share for ExGen using a 5x weighted average EV/EBITDA multiple applied to ExGen's various assets. We assign ~$48 per share for the regulated utilities combined based on our 2024E EPS of $2.54 applied to a 19.5x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 18.5x multiple, we continue to apply a one-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (DSIC, MYPs) and underlying growth/incremental investment opportunities, except for ComEd. The combination of these two parts equals our $61 share price. Our model is marked to the December 2021 curves.

Risks: Upside and downside risks to our rating and valuation include: Commodity price risk. If natural gas prices fall (rise), wholesale power prices will likely fall (rise), limiting (raising) Power margins. EXC is still inherently a long natural gas call with gas the marginal price setter in PJM. The remaining risks center on the regulated utilities and transmission assets, which encompass traditional risk factors inherent with all utilities including: (1) positive/negative rate case outcomes above/below our expectations, (2) higher/lower capex outlooks, and (3) interest rate changes above/below what we account for in our regression model.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 01-10-2022



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	245	66.58%	72	29.39%
NEUTRAL	116	31.52%	10	8.62%
SELL	7	1.90%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Software
Ken Wong, CFA 415.852.6465
Ken.Wong@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

GUGGENHEIM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp

Constellation (CEG) Analyst Day Takeaways

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$63.00**
Price (10 Jan 2022)	**US$56.82**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.76-38.60
Market cap.	US$55.5b
Shares o/s	977m (COM)
Free float	100%
Avg. daily volume ('000)	5,401
Avg. daily value (m)	US$290.7
Common s/h equity (12/21E)	US$33.7b
P/BV (12/21E)	1.6x
Net debt to EBITDA (12/21E)	4.3x

EPS (UBS, diluted) (US$)

	12/21E	
	UBS	Cons.
Q1	(0.06)	(0.06)
Q2	0.89	0.89
Q3	1.09	1.09
Q4E	0.87	0.88
12/21E	2.78	2.79
12/22E	3.31	3.25
12/23E	3.42	3.36

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Strategy Centered on ESG and Clean Energy

Management laid out a strategy focused on clean energy and support of the clean energy transition from the zero carbon nuclear generation fleet and provided updated ESG goals of 90% carbon free by 2030 and 100% carbon free by 2040. Management also committed to get all operations to net zero by 2040 and to reduce methane emissions 30% by 2030 from 2020 levels. Longer term management sees growth laterals into provision of clean energy products and services into the C&I retail channel and potential for clean hydrogen production. The initial phase of this will be the pilot project at the Nine Mile Nuclear power plant. Other opportunities for capital allocation in the long term include new nuclear technologies, or other clean technology ventures, but we don't see any of these having a major call on capital over the intermediate term.

Capital Allocation Will Be Deliberate and Patient on Growth Opportunities

The capital allocation plan for 2022 is shown in Figure 1. The first priority is to maintain the IG balance sheet. At spin CEG will be 1.5x non-recourse Debt/EBITDA. FFO/Debt of 45% and CFO Pre-WC/Debt of 35% will be well above downgrade thresholds of ~25% and ~22%. Growth opportunities will target double-digit IRRs, and management will be disciplined on value around any strategic asset acquisitions. The growth strategy prioritizes acquisition of carbon free power at the right value, repowering and other growth in the existing fleet and expansion clean energy offerings to C&I retail customers. Excess free cash flow in any given year will be returned to shareholders. Management remains open to the method of return of cash flow whether that is buybacks or special dividends, dependent upon the best value for shareholders at the time.

Guidance In Line With Expectations - Spin on Track for February 1

The midpoint for Adjusted EBITDA for 2022 ($2,350-$2,750mln) was $50mln lower than previous ExGen guidance related to lower power curves and milder winter weather expectations. Gross Margin guidance of $7,350/$7,650mln for '22/23 is shown in Fig. 2. Hedging was also provided for '22/23 as shown in Fig. 3. Going forward management expects to issue guidance on the 4Q conference call for the go forward year and update it on the 3Q call. Dividends will be set at $180mln in '22 (or ~$0.55/share at ~326mln shares at 1:3 exchange ratio) and cash dividend is forecast to grow at 10% per annum. Dividends per share may grow faster than this dependent upon the extent to which free cash flow before growth is allocated to share repurchases. Management also provided a forecast of capex and opex through 2024, which is shown in Fig. 4.

Valuation: Reiterating our $63 Price Target

We value Exelon at $63/share on a SOTP. Fully detailed methodology below.

Highlights (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenues	35,978	34,438	33,039	31,851	33,360	33,688	34,050	34,589
EBIT (UBS)	4,760	5,623	5,130	5,092	5,721	5,754	5,820	6,027
Net earnings (UBS)	3,026	3,141	3,143	2,720	3,231	3,343	3,406	3,575
EPS (UBS, diluted) (US$)	3.12	3.22	3.22	2.78	3.31	3.42	3.49	3.66
DPS (net) (US$)	1.38	1.45	1.53	1.61	1.69	1.77	1.85	1.93
Net (debt) / cash	(35,178)	(37,212)	(38,670)	(39,616)	(39,884)	(39,868)	(39,660)	(39,135)
Profitability/valuation	**12/18**	**12/19**	**12/20**	**12/21E**	**12/22E**	**12/23E**	**12/24E**	**12/25E**
EBIT (UBS) margin %	13.2	16.3	15.5	16.0	17.1	17.1	17.1	17.4
ROIC (EBIT) %	5.7	6.5	5.6	5.4	6.0	5.9	5.9	6.0
EV/EBITDA (UBS core) x	8.9	9.0	8.3	11.1	10.1	9.8	9.5	9.2
P/E (UBS, diluted) x	13.3	14.7	12.4	20.4	17.2	16.6	16.3	15.5
Equity FCF (UBS) yield %	2.1	(1.6)	(10.1)	1.1	2.5	3.1	3.6	4.3
Dividend yield (net) %	3.3	3.1	3.8	2.8	3.0	3.1	3.3	3.4

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 56.82 on 10-Jan-2022

This report has been prepared by UBS Securities LLC **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 7.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Figure 1: Capital Allocation - 2022 FCF Walk

US$Blns	US$Blns
Free Cash Flow before growth	$2.8-$3.2
Opening Payment from EXC	$1.8
Debt Reduction	($1.8)-($2.2)
Dividends	($0.4)
Separation O&M/CapEx	($0.4)
Identified Growth CapEx	($0.1)
Unidentified Growth/Return of Capital	**$1.8-$2.2**

Source : CEG Analyst Day Presentation, UBS Equity Research Estimates

Figure 2: Gross Margin Guidance

US$mlns	2022	2023
Open Gross Margin	6,200	4,450
Contracted Revenues (Capacity, ZEC, IL)	2,450	2,850
Mark to Market Hedges	(2,150)	(600)
Power New Business/To Go	450	500
Non-Power Margins Executed	150	100
Non-Power New Business/To Go	250	350
Total Gross Margin	**7,350**	**7,650**

Source : CEG Analyst Day Presentation, UBS Equity Research Estimates

Figure 3: 2022 and 2023 Hedging Update

	2022	2023
Expected Generation (GWhs)	199,000	196,000
Midwest	96,500	95,300
Mid-Atlantic	55,700	54,600
ERCOT	21,400	20,300
New York	25,400	25,800
% of Expected Generation Hedged		
Midwest	95% - 98%	86% - 89%
Mid-Atlantic	95% - 98%	69% - 72%
ERCOT	78% - 81%	54% - 57%
New York	78% - 81%	54% - 57%
Effective Realized Energy Price ($/MWh)		
Midwest	$ 27.00	$ 27.00
Mid-Atlantic	$ 33.50	$ 34.00
ERCOT - As spark spread	$ 4.00	$ 4.00
New York	$ 24.00	$ 24.50

Source : CEG Analyst Day Presentation, UBS Equity Research Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Figure 4: Forecast OpEx and CapEx 2022-2024

US$mlns	2022	2023	2024
Forecast OpEx	**4,375**	**4,475**	**4,475**
CapEx			
Baseline (Maintenance) CapEx	700	675	650
Nuclear Fuel	675	725	650
Committed Growth	25	25	-
Deferred Spend	225	50	-
Separation One Time System Spend	125	75	-
Forecast CapEx	**1,750**	**1,550**	**1,300**

Source : CEG Analyst Day Presentation, UBS Equity Research Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Revenues	**35,978**	**34,438**	**33,039**	**31,851**	*-3.6*	**33,360**	*4.7*	**33,688**	**34,050**	**34,589**
Gross profit	18,027	18,941	18,935	16,402	*-13.4*	17,863	*8.9*	18,202	18,622	19,177
EBITDA (UBS)	**9,021**	**9,780**	**10,065**	**9,123**	*-9.4*	**9,996**	*9.6*	**10,273**	**10,582**	**11,032**
Depreciation & amortisation	(4,261)	(4,157)	(4,935)	(4,031)	*18.3*	(4,275)	*-6.1*	(4,518)	(4,762)	(5,005)
EBIT (UBS)	**4,760**	**5,623**	**5,130**	**5,092**	*-0.7*	**5,721**	*12.3*	**5,754**	**5,820**	**6,027**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	36	0	-	0	-	0	0	0
Net interest	(1,554)	(1,616)	(1,635)	(1,598)	*2.2*	(1,569)	*1.8*	(1,540)	(1,524)	(1,517)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**3,206**	**4,007**	**3,531**	**3,494**	*-1.0*	**4,152**	*18.8*	**4,215**	**4,296**	**4,509**
Tax	(78)	(774)	(373)	(776)	*-108.0*	(923)	*-19.0*	(874)	(892)	(936)
Profit after tax	**3,128**	**3,233**	**3,158**	**2,718**	*-13.9*	**3,229**	*18.8*	**3,341**	**3,404**	**3,573**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(102)	(92)	(15)	2	-	2	*0.0*	2	2	2
Extraordinary items	(1,017)	(205)	(1,186)	0	-	0	-	0	0	0
Net earnings (local GAAP)	**2,009**	**2,936**	**1,957**	**2,720**	*39.0*	**3,231**	*18.8*	**3,343**	**3,406**	**3,575**
Net earnings (UBS)	**3,026**	**3,141**	**3,143**	**2,720**	*-13.5*	**3,231**	*18.8*	**3,343**	**3,406**	**3,575**
Tax rate (%)	2.4	19.3	10.6	22.2	*110.2*	22.2	*0.1*	20.7	20.8	20.8

Per Share (US$)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
EPS (UBS, diluted)	3.12	3.22	3.22	2.78	*-13.4*	3.31	*18.8*	3.42	3.49	3.66
EPS (local GAAP, diluted)	2.07	3.01	2.00	2.78	*39.1*	3.31	*18.8*	3.42	3.49	3.66
EPS (UBS, basic)	3.13	3.23	3.22	2.79	*-13.4*	3.31	*18.8*	3.43	3.49	3.66
DPS (net) (US$)	1.38	1.45	1.53	1.61	*5.2*	1.69	*5.0*	1.77	1.85	1.93
Cash EPS (UBS, diluted) [1]	7.52	7.49	8.26	6.91	*-16.4*	7.68	*11.2*	8.05	8.36	8.78
Book value per share	32.04	33.08	33.35	34.56	*3.6*	36.18	*4.7*	37.83	39.47	41.20
Average shares (diluted)	969	974	978	977	*-0.1*	977	*0.0*	977	977	977

Balance Sheet (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Cash and equivalents	1,596	945	1,101	1,767	*60.5*	1,571	*-11.1*	2,507	3,590	6,358
Other current assets	11,764	11,092	11,461	11,189	*-2.4*	11,327	*1.2*	11,370	11,426	11,507
Total current assets	**13,360**	**12,037**	**12,562**	**12,956**	*3.1*	**12,898**	*-0.5*	**13,877**	**15,015**	**17,865**
Net tangible fixed assets	76,707	80,233	82,584	85,089	*3.0*	87,375	*2.7*	89,392	91,191	92,748
Net intangible fixed assets	6,677	6,677	6,677	6,677	*0.0*	6,677	*0.0*	6,677	6,677	6,677
Investments / other assets	22,922	26,030	27,494	27,617	*0.4*	27,740	*0.4*	27,863	27,986	28,109
Total assets	**119,666**	**124,977**	**129,317**	**132,339**	*2.3*	**134,689**	*1.8*	**137,809**	**140,870**	**145,399**
Trade payables & other ST liabilities	9,341	8,105	8,921	8,592	*-3.7*	8,698	*1.2*	8,693	8,688	8,692
Short term debt	2,063	6,080	3,850	3,850	*0.0*	3,850	*0.0*	3,850	3,850	3,850
Total current liabilities	**11,404**	**14,185**	**12,771**	**12,442**	*-2.6*	**12,548**	*0.9*	**12,543**	**12,538**	**12,542**
Long term debt	34,464	31,719	35,483	37,095	*4.5*	37,167	*0.2*	38,087	38,962	41,205
Other long term liabilities	40,728	44,500	46,195	46,787	*1.3*	47,379	*1.3*	47,971	48,563	49,155
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**86,596**	**90,404**	**94,449**	**96,324**	*2.0*	**97,094**	*0.8*	**98,601**	**100,063**	**102,902**
Common s/h equity	**30,764**	**32,224**	**32,585**	**33,732**	*3.5*	**35,312**	*4.7*	**36,925**	**38,524**	**40,213**
Minority interests	2,306	2,349	2,283	2,283	*0.0*	2,283	*0.0*	2,283	2,283	2,283
Total liabilities & equity	**119,666**	**124,977**	**129,317**	**132,339**	*2.3*	**134,689**	*1.8*	**137,809**	**140,870**	**145,399**

Cash Flow (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Net income (before pref divs)	2,009	2,936	1,957	2,720	*39.0*	3,231	*18.8*	3,343	3,406	3,575
Depreciation & amortisation	4,261	4,157	4,935	4,031	*-18.3*	4,275	*6.1*	4,518	4,762	5,005
Net change in working capital	(950)	(3,277)	(5,116)	(57)	*98.9*	(31)	*44.9*	(49)	(60)	(76)
Other operating	3,327	2,741	2,458	2,306	*-6.2*	2,306	*0.0*	2,306	2,306	2,306
Operating cash flow	**8,647**	**6,557**	**4,234**	**9,000**	*112.6*	**9,781**	*8.7*	**10,118**	**10,413**	**10,809**
Tangible capital expenditure	(7,594)	(7,248)	(8,048)	(8,250)	*-2.5*	(8,275)	*-0.3*	(8,250)	(8,275)	(8,275)
Intangible capital expenditure	(235)	(36)	(123)	(123)	*0.0*	(123)	*0.0*	(123)	(123)	(123)
Net (acquisitions) & disposals	(154)	(41)	0	0	-	0	-	0	0	0
Other investing	149	65	3,835	0	-	0	-	0	0	0
Investing cash flow	**(7,834)**	**(7,260)**	**(4,336)**	**(8,373)**	*-93.1*	**(8,398)**	*-0.3*	**(8,373)**	**(8,398)**	**(8,398)**
Equity dividends paid	(1,332)	(1,408)	(1,492)	(1,573)	*-5.4*	(1,651)	*-5.0*	(1,729)	(1,807)	(1,886)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	(3)	30	(91)	(111)	*-22.0*	0	-	0	0	0
Change in debt & pref shares	1,116	1,320	1,728	1,612	*-6.7*	72	*-95.5*	920	875	2,243
Financing cash flow	**(219)**	**(58)**	**145**	**(72)**	-	**(1,579)**	*NM*	**(809)**	**(932)**	**357**
Cash flow inc/(dec) in cash	**594**	**(761)**	**43**	**555**	*NM*	**(196)**	-	**936**	**1,083**	**2,769**
FX / non cash items	(103)	110	113	111	*-1.8*	0	-	0	0	0
Balance sheet inc/(dec) in cash	**491**	**(651)**	**156**	**666**	*327.2*	**(196)**	-	**936**	**1,083**	**2,769**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. [1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Exelon Corp (EXC.O)

Valuation (x)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
P/E (local GAAP, diluted)	20.0	15.7	20.0	20.4	17.2	16.6	16.3	15.5
P/E (UBS, diluted)	13.3	14.7	12.4	20.4	17.2	16.6	16.3	15.5
P/CEPS	5.5	6.3	4.8	8.2	7.4	7.1	6.8	6.5
Equity FCF (UBS) yield %	2.1	(1.6)	(10.1)	1.1	2.5	3.1	3.6	4.3
Dividend yield (net) %	3.3	3.1	3.8	2.8	3.0	3.1	3.3	3.4
P/BV	1.3	1.4	1.2	1.6	1.6	1.5	1.4	1.4
EV/revenues (core)	2.2	2.6	2.5	3.2	3.0	3.0	3.0	2.9
EV/EBITDA (UBS core)	8.9	9.0	8.3	11.1	10.1	9.8	9.5	9.2
EV/EBIT (core)	16.9	15.7	16.2	19.8	17.7	17.6	17.4	16.8
EV/OpFCF (core)	16.9	15.7	16.2	19.8	17.7	17.6	17.4	16.8
EV/op. invested capital	1.0	1.0	0.9	1.1	1.1	1.0	1.0	1.0

Enterprise value (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Market cap.	39,882	45,845	38,844	55,513	55,513	55,513	55,513	55,513
Net debt (cash)	34,931	36,195	37,941	39,143	39,143	39,143	39,143	39,143
Buy out of minorities	2,306	2,349	2,283	2,283	2,283	2,283	2,283	2,283
Pension provisions/other	3,989	4,247	4,503	4,503	4,503	4,503	4,503	4,503
Total enterprise value	**81,108**	**88,636**	**83,571**	**101,442**	**101,442**	**101,442**	**101,442**	**101,442**
Non core assets	(625)	(464)	(440)	(440)	(440)	(440)	(440)	(440)
Core enterprise value	**80,483**	**88,172**	**83,131**	**101,002**	**101,002**	**101,002**	**101,002**	**101,002**

Growth (%)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenue	7.3	(4.3)	(4.1)	(3.6)	4.7	1.0	1.1	1.6
EBITDA (UBS)	8.8	8.4	2.9	(9.4)	9.6	2.8	3.0	4.2
EBIT (UBS)	18.1	18.1	(8.8)	(0.7)	12.3	0.6	1.1	3.5
EPS (UBS, diluted)	20.2	3.3	(0.3)	(13.4)	18.8	3.5	1.9	5.0
Net DPS	5.3	5.1	5.5	5.2	5.0	4.7	4.5	4.3

Margins & Profitability (%)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Gross profit margin	50.1	55.0	57.3	51.5	53.5	54.0	54.7	55.4
EBITDA margin	25.1	28.4	30.5	28.6	30.0	30.5	31.1	31.9
EBIT (UBS) margin	13.2	16.3	15.5	16.0	17.1	17.1	17.1	17.4
Net earnings (UBS) margin	8.4	9.1	9.5	8.5	9.7	9.9	10.0	10.3
ROIC (EBIT)	5.7	6.5	5.6	5.4	6.0	5.9	5.9	6.0
ROIC post tax	5.5	5.2	5.0	4.2	4.6	4.7	4.6	4.7
ROE (UBS)	10.0	10.0	9.7	8.2	9.4	9.3	9.0	9.1

Capital structure & Coverage (x)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Net debt / EBITDA	3.9	3.8	3.8	4.3	4.0	3.9	3.7	3.5
Net debt / total equity %	106.4	107.6	110.9	110.0	106.1	101.7	97.2	92.1
Net debt / (net debt + total equity) %	51.5	51.8	52.6	52.4	51.5	50.4	49.3	47.9
Net debt/EV %	43.1	40.8	45.4	38.6	39.2	39.3	39.2	38.8
Capex / depreciation %	178.2	174.4	163.1	NM	193.6	182.6	173.8	165.3
Capex / revenue %	21.1	21.0	24.4	25.9	24.8	24.5	24.3	23.9
EBIT / net interest	3.1	3.5	3.1	3.2	3.6	3.7	3.8	4.0
Dividend cover (UBS)	2.3	2.2	2.1	1.7	2.0	1.9	1.9	1.9
Div. payout ratio (UBS) %	44.1	44.9	47.6	57.8	51.1	51.7	53.0	52.7

Revenues by division (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Others	35,978	34,438	33,039	31,851	33,360	33,688	34,050	34,589
Total	**35,978**	**34,438**	**33,039**	**31,851**	**33,360**	**33,688**	**34,050**	**34,589**

EBIT (UBS) by division (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Others	4,760	5,623	5,130	5,092	5,721	5,754	5,820	6,027
Total	**4,760**	**5,623**	**5,130**	**5,092**	**5,721**	**5,754**	**5,820**	**6,027**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Forecast returns

Forecast price appreciation	+10.9%
Forecast dividend yield	3.0%
Forecast stock return	+13.9%
Market return assumption	5.9%
Forecast excess return	+8.0%

Company Description

Exelon owns 6 regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in DE, DC, IL, MD, NJ, and PA. Exelon also owns one of the largest competitive power generators in the US, with 35.5 GW of capacity, mostly in nuclear power plants, but also in gas, wind, solar, and hydroelectric generating facilities. The Constellation unit provides energy products and retail power services to approximately 2.2m customers across the generation fleet's footprint.

Valuation Method and Risk Statement

Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 4) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 5) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We value Exelon at $63/share on a sum-of-the-parts analysis. We value Exelon's Utility and Parent Only (UPO) at a net 12% premium to the group multiple of 18.1x our $2.51/share UPO earnings forecast for 2023. Our 12% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% discount for a 3rd quartile regulatory ranking overall, a 5% premium for 1st quartile UPO earnings growth,. This yields $52/share. We value the ExGen competitive generation business at 6.6x our 2023 estimated Open EBITDA of $2.4Bln, plus NPV of hedges of $0.1Bln less net debt of $5.5Bln, which yields $11/share.

Specific risks for Exelon include natural gas prices, power prices, nuclear operational risks, regulatory risks at the Pepco utilities, weather, interest rates, and relative cost of coal and uranium.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 11 January 2022 05:26 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please click https://neo.ubs.com/quantitative, or speak to your UBS sales representative for access to the report.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	29%
Sell	FSR is > 6% below the MRA.	10%	26%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2021.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$56.82	10 Jan 2022

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

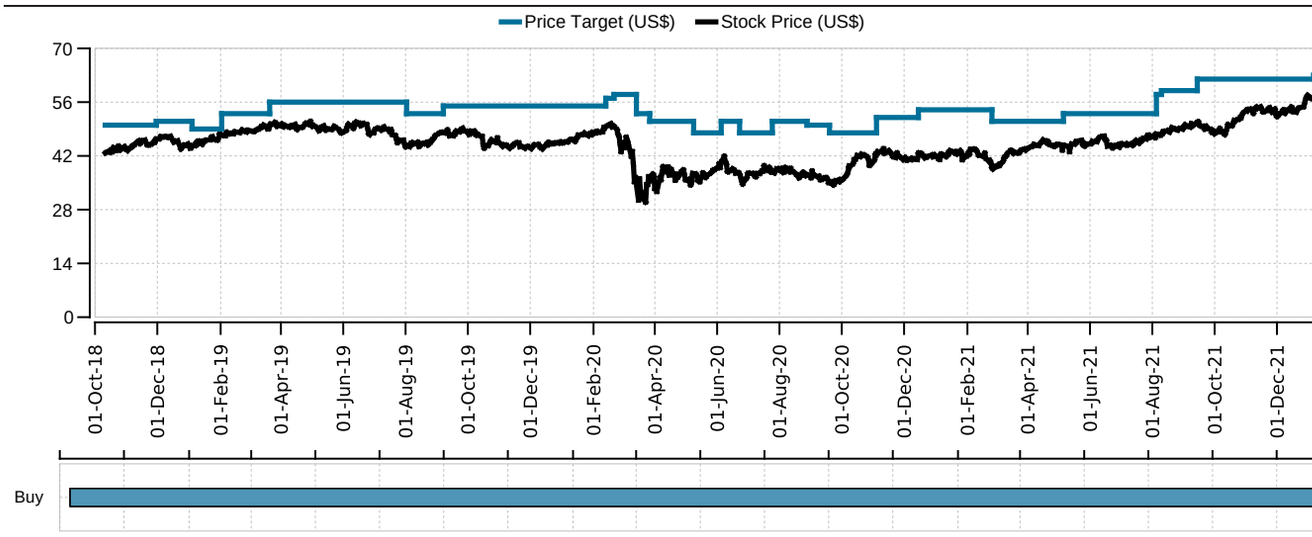

Date	Stock Price (US$)	Price Target (US$)	Rating
2018-10-10	43.56	50.00	Buy
2018-11-29	45.67	51.00	Buy
2019-01-03	44.12	49.00	Buy
2019-02-01	47.46	53.00	Buy
2019-03-20	49.10	56.00	Buy
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-22	37.57	48.00	Buy
2020-07-24	37.80	51.00	Buy

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy

Source: UBS; as of 10-Jan-2022

Additional Prices: Constellation Energy Corp., US$56.82 (10 Jan 2022); Source: UBS. All prices as of local market close.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means. The level and types of services provided by Global Research to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab you understand that UBS Evidence Lab is a separate department to Global Research and that UBS Evidence Lab does not provide research, investment recommendations or advice. UBS Evidence Lab may provide services to other internal and external clients.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). "Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law" - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this material is prepared by UBS Brasil CCTVM S.A.[1] to persons who are eligible investors residing in Brazil, which are considered to be Investidores Profissionais, as designated by the applicable regulation, mainly the CVM Instruction No. 539 from the 13th of November 2013 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS Brasil CCTVM S.A. is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil, of which UBS AG is the majority owner. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190, Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Greece**: UBS AG and its subsidiaries and affiliates (UBS) are premier global financial services firms offering wealth management services to individual, corporate and institutional investors. UBS AG and UBS Switzerland AG are established in Switzerland and operate under Swiss law. UBS operates in over 50 countries and from all major financial centers. UBS is not licensed as a bank or financial institution under Greek legislation and does not provide banking, nor financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity,

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: UBS AG and its branches and subsidiaries (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission (SEC) and do not undertake banking or investment business activities in Nigeria. The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. If you are interested in products of this nature, please let us know and we will direct you to someone who can advise you. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). Any material relating to Collective Investment Schemes has been provided to you at your specific unsolicited request and for your information only. The investment products mentioned in such material are not being offered or made available for sale by UBS in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. **Philippines**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

"On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Turkey:** The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made and will not make any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer or invitation to offer, or solicitation of securities in the territory of Ukraine. Electronic communication must not be considered as an offer to enter into an electronic agreement or electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> PowerPoints: CEG/EXC Analyst Day Takeaways, AGR ME Settlement, BKH Uri
- **Publication Date/Time** : Tuesday, January 11, 2022 03:50:31 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=RrUXPzFZwHxQnlD!Aza2aA__&reid=279032EECD5211EC9212A5ED13D2B0B2

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	87.51	Buy
CNP	27.69	Buy
DUK	104.56	Buy
EXC	56.82	Neutral
PCG	12.23	Buy
SO	68.53	Buy

Power & Utilities January 11, 2022

The Guggenheim Daily Transmission: EXC, PCG, CNP, AEE, DUK, SO

For details on our Guggenheim-hosted client Utility events including our Utility Virtual Client Roundtable Discussion, Guggenheim Multi-State Commissioner Virtual Roundtable Event, PNW NDR, WEC NDR, PCG NDR, DUK NDR, D NDR, NWE NDR through February in addition to others including ETR NDR, AEE NDR, ES NDR among other events, scroll down…

EXC: RemainCo Details Largely in Line with Our Expectations (See our note HERE)

PCG – TURN files application for rehearing of PG&E Kincade fire violations settlement approval

CNP – CNP closes the sale of the AR/OK LDC assets

AEE – Ameren MO and DOJ continue to skirmish in court over Rush Island closure timeline

DUK/SO – Groups seek rehearing on Southeast Energy Exchange Market despite FERC denial

PCG – TURN files application for rehearing of PG&E Kincade fire violations settlement approval

- TURN has filed an application for rehearing of SED-6, PG&E Kincade fire violations settlement approval.
- The TURN application alleges the CPUC did not follow its own procedural rules in settlement approval, among other allegations.
- TURN also notes improper ex-parte communications involved in order approval.
- CPUC previously approved the settlement reached by PG&E for $125M agreement with the CPUC SED related to the Kincade fire.
- The settlement is separate from the criminal claims by Sonoma County and separate from the Calfire investigation.

Guggenheim takeaway: *The settlement resolved one of the multiple legal and regulatory overhangs related to legacy wildfires. There are multiple very strong allegations in the TURN rehearing application, and it is unclear what the level of response will be from the CPUC.*

CNP – CNP closes the sale of the AR/OK LDC assets

- CNP announced that the LDC asset sale in AR/OK has closed.
- The asset sale was in process of regulatory approvals during 2021.
- More here.

Guggenheim takeaway: *FYI. As we anticipated, the asset sales closed without incident and more could be coming.*

AEE – Ameren MO and DOJ continue to skirmish in court over Rush Island closure timeline

- "Tripling the minimum time for Rush Island's retirement notice may suit Ameren's interests, but any delay in the plant's shutdown will come at the expense of human health and welfare." - DOJ
- More HERE

Guggenheim takeaway: *Minor noise from last week ICYMI.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

DUK/SO – Groups seek rehearing on Southeast Energy Exchange Market despite FERC denial

- Seeking to reverse the December 2021 FERC order, 17 clean energy and conservation groups are alleging that FERC 'improperly' rejected rehearing requests.
- "The then-evenly split FERC failed to act on the SEEM proposal by the Oct. 11 deadline, allowing the agreement to go into effect by operation of law on Oct. 12. The organizations sought a rehearing, claiming that the commission's lack of action on the proposal was arbitrary and capricious, given FERC's failure to address their concerns. The organizations argued that the statutory period for the commission to act on a proposal cannot expire on a public holiday, noting that Oct. 11, 2021, was Columbus Day. Therefore, the statutory period for FERC to act on the proposal ended on Oct. 12, they said." - article
- More HERE.

Guggenheim takeaway: *FYI. We continue to monitor.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeff Guldner, *Chief Executive Officer*
Ted Geisler, *Chief Financial Officer*
Amanda Ho, *Investor Relations Director*

Date
Monday, January 24, 2022

Meeting Format
Virtual NDR
1:1 Meetings – CFO, IR
12:00PM ET Group Meeting – CEO, CFO, IR

Company Information
Market Cap: $7.9bn
Pinnacle West Capital Corp. is a holding company that engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985 and is headquartered in Phoenix, AZ. (Source: FactSet).

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

Guggenheim Hosted Commissioner Roundtable Event

Please join Guggenheim Research Analyst Shar Pourreza for a roundtable discussion with utility commissioners on key regulatory trends among other topics.

Date and Time

Wednesday, January 26, 2022
1:00pm – 2:30pm ET

Location

Virtual

Commissioner Participants

**Commissioner attendees could change and more could be added*

Comm. Judy Jagdmann, *Virginia State Corporation Commission (SCC)*
Comm. Michael Caron, *Connecticut Public Utilities Regulatory Authority (PURA)*
Comm. Julie Fedorchak, *North Dakota Public Service Commission (ND PSC)*
Comm. Ethan Kimbrel, *Illinois Commerce Commission (ICC)*
Comm. Tammy Cordova, *Public Utilities Commission of Nevada (PUCN)*

Participating Analyst

Shahriar (Shar) Pourreza, *Managing Director – Power, Utilities & Alternative Energy*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP – IR and Corporate Communications*

Dates
Wednesday, February 16, 2022
Friday, February 18, 2022

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $30.4bn
WEC Energy Group, Inc. is a holding company, which engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patricia Poppe, *Chief Executive Officer*
Chris Foster, *Chief Financial Officer*
Tom Webb, *Special Advisor*
Matt Fallon, *Senior Director, Investor Relations*

Date & Location

Thursday, February 17, 2022
New York (Guggenheim Securities – 330 Madison Avenue)

Meeting Format

1:1 Meetings & Group Meetings*
**virtual option for group meetings will be available for investors not in the region*

Company Information

Market Cap: $24.3bn

PG&E Corp. is a holding company, which engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in San Francisco, CA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim's Power & Utility Comp Sheet

Updated as of 1/10/2022

									Guggenheim						Consensus		
Regulated Electric Utilities [1]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	Earnings Per Share '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E
AEE	Ameren	22.5	Buy	$94	$87.51	2.4%	54%	258	3.85	4.02	4.31	22.7x	21.8x	20.3x	22.8x	21.7x	20.2x
AEP	American Electric Power	45.6	Buy	$98	$90.50	3.3%	64%	504	4.70	5.03	5.30	19.3x	18.0x	17.1x	19.3x	18.2x	17.2x
ALE	ALLETE	3.5	Neutral	$65	$67.39	3.8%	81%	53	3.18	3.85	3.98	21.2x	17.5x	16.9x	21.4x	17.2x	16.6x
AVA	Avista	3.0	Sell	$32	$42.95	3.9%	83%	71	2.04	2.04	2.47	21.1x	21.1x	17.4x	21.1x	21.0x	17.4x
CMS	CMS Energy	18.8	Neutral	$63	$64.78	2.7%	66%	290	2.65	2.88	3.14	24.4x	22.5x	20.6x	24.4x	22.6x	20.7x
D	Dominion	64.7	Buy	$89	$79.83	3.1%	65%	810	3.87	4.15	4.44	20.6x	19.2x	18.0x	20.6x	19.4x	18.3x
DTE	DTE Energy	23.3	Buy	$126	$120.15	3.6%	73%	194	5.92	5.95	6.19	20.3x	20.2x	19.4x	20.4x	20.3x	19.2x
DUK	Duke Energy	80.4	Buy	$115	$104.56	3.8%	76%	769	5.23	5.48	5.81	20.0x	19.1x	18.0x	20.0x	19.1x	18.1x
ED	Consolidated Edison	30.0	Neutral	$77	$84.78	3.7%	73%	354	4.25	4.42	4.63	19.9x	19.2x	18.3x	20.0x	18.8x	18.0x
EIX	Edison International	24.9	Buy	$74	$65.64	4.1%	61%	380	4.47	4.76	5.04	14.7x	13.8x	13.0x	14.7x	14.2x	13.3x
ES	Eversource Energy	30.6	Neutral	$87	$88.99	2.7%	63%	344	3.83	4.12	4.36	23.2x	21.6x	20.4x	23.2x	21.7x	20.3x
ETR	Entergy	22.4	Buy	$120	$111.70	3.5%	65%	201	6.01	6.33	6.79	18.6x	17.6x	16.5x	18.7x	17.6x	16.6x
EVRG	Evergy	15.3	Buy	$75	$66.82	3.2%	61%	229	3.57	3.48	3.78	18.7x	19.2x	17.7x	18.9x	18.9x	17.7x
FE	FirstEnergy	23.7	Neutral	NA	$41.52	3.8%	60%	570	2.60	2.60	2.71	16.0x	16.0x	15.3x	16.0x	16.8x	15.9x
HE	Hawaiian Electric	4.7	Sell	$36	$42.58	3.2%	69%	109	2.01	1.96	2.11	21.2x	21.7x	20.2x	20.1x	20.3x	19.0x
LNT	Alliant Energy	15.2	Neutral	$61	$60.63	2.7%	63%	250	2.64	2.72	2.87	23.0x	22.3x	21.1x	23.0x	22.2x	20.9x
NWE	NorthWestern	3.1	Neutral	$62	$57.09	4.4%	71%	55	3.51	3.59	3.81	16.3x	15.9x	15.0x	16.2x	16.7x	15.5x
PCG	PG&E Corporation	24.3	Buy	$17	$12.23	NA	NA	1985	1.03	1.13	1.25	11.9x	10.8x	9.8x	12.1x	11.1x	9.8x
PNW	Pinnacle West	8.0	Sell	$56	$70.65	4.8%	68%	113	5.00	4.20	4.41	14.1x	16.8x	16.0x	13.6x	17.4x	16.3x
POR	Portland General Electric	4.8	Buy	$54	$53.17	3.2%	61%	89	2.78	2.75	2.84	19.1x	19.3x	18.7x	19.3x	19.0x	18.3x
PPL	PPL Corporation	22.7	Buy	$32	$30.23	5.5%	146%	751	1.14	1.57	1.72	26.5x	19.3x	17.6x	25.5x	18.8x	16.9x
SO	Southern Company	72.6	Buy	$72	$68.53	3.8%	77%	1059	3.40	3.57	3.85	20.2x	19.2x	17.8x	20.2x	19.4x	17.9x
WEC	WEC Energy	30.6	Neutral	$92	$96.90	2.8%	66%	315	4.07	4.27	4.57	23.8x	22.7x	21.2x	23.8x	22.6x	21.2x
***Average (Excl. EIX, PCG)**						**3.5%**	**71.7%**					**20.5x**	**19.5x**	**18.3x**	**20.4x**	**19.5x**	**18.2x**
Regulated Gas Utilities [2]		Market ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CPK	Chesapeake Utilities	2.4	Neutral	$123	$138.36	1.2%	36%	18	4.71	5.13	5.55	29.4x	27.0x	24.9x	29.1x	27.1x	24.9x
NI	NiSource	10.9	Buy	$27	$27.77	3.2%	66%	393	1.36	1.45	1.53	20.4x	19.2x	18.2x	20.4x	19.1x	18.0x
NJR	New Jersey Resources	3.8	Neutral	$39	$39.59	3.4%	63%	96	2.16	2.25	2.43	18.3x	17.6x	16.3x	18.3x	17.6x	16.3x
NWN	NW Natural Gas	1.5	Sell	$38	$49.38	3.9%	77%	31	2.50	2.64	2.73	19.8x	18.7x	18.1x	19.5x	18.9x	18.0x
OGS	ONE Gas	4.3	Neutral	$71	$79.31	2.9%	61%	54	3.85	4.06	4.36	20.6x	19.5x	18.2x	20.7x	19.4x	18.3x
SJI	South Jersey Industries	2.9	Buy	$28	$25.90	4.5%	73%	112	1.61	1.71	1.85	16.1x	15.1x	14.0x	16.0x	15.5x	14.6x
SR	Spire	3.4	Buy	$70	$66.56	4.0%	55%	52	4.86	3.83	4.20	13.7x	17.4x	15.8x	13.7x	16.8x	15.3x
***Average**						**3.7%**	**65.6%**					**18.1x**	**17.9x**	**16.8x**	**18.1x**	**17.9x**	**16.8x**
Integrated Utilities [3]		Market ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
EXC	Exelon	55.6	Neutral	$61	$56.82	2.8%	56%	978	2.80	2.27	2.39	20.3x	25.0x	23.8x	20.3x	17.0x	16.4x
PEG	PSEG	33.5	Buy	$68	$66.26	3.1%	56%	506	3.65	3.45	3.63	18.2x	19.2x	18.3x	18.3x	19.0x	18.2x
***Average**						**2.9%**	**56%**					**19.2x**	**22.1x**	**21.0x**	**19.3x**	**18.0x**	**17.3x**
Independent Power Producers (IPPs) [4]		Market ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
NRG	NRG Energy	9.9	Neutral	NA	$40.38	3.2%	-	245	2,450	2,087	2,286	7.1x	7.6x	6.5x	8.0x	7.5x	7.1x
VST	Vistra Energy	10.8	Buy	$25	$22.46	2.7%	-	483	1,990	3,125	3,379	9.8x	6.1x	5.4x	11.0x	6.6x	6.2x
***Average**												**8.4x**	**6.8x**	**6.0x**	**9.5x**	**7.1x**	**NA**
Multi-Industry Utilities [5]		Market ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CNP	CenterPoint	17.4	Buy	$29	$27.69	2.2%	49%	629	1.26	1.36	1.47	22.0x	20.4x	18.8x	19.3x	19.5x	18.3x
NEE	NextEra	165.4	Buy	$90	$84.29	1.7%	56%	1962	2.56	2.77	2.95	32.9x	30.4x	28.6x	33.4x	30.7x	28.6x
OGE	OGE Energy	7.5	Buy	$39	$37.54	4.5%	78%	200	2.17	2.27	2.38	17.3x	16.5x	15.8x	17.2x	17.8x	16.9x
SRE	Sempra Energy	44.0	Buy	$167	$137.70	3.3%	57%	319	8.11	8.50	9.05	17.0x	16.2x	15.2x	16.7x	16.3x	15.5x
***Average**						**3.0%**	**60.1%**					**22.3x**	**20.9x**	**19.6x**	**21.7x**	**21.1x**	**19.8x**
Other		Market ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AWK	American Water Works	30.9	Neutral	$153	$170.03	1.4%	56%	182	4.24	4.42	4.84	40.1x	38.5x	35.1x	40.0x	38.2x	35.2x
ALTO	Alto Ingredients, Inc.	0.4	Buy	$8	$5.23	-	-	73	0.59	0.77	0.79	8.9x	6.8x	6.6x	15.4x	6.5x	6.6x
REGI	Renewable Energy Group, Inc.	5.5	Buy	$77	$44.72	-	-	123	3.89	3.60	2.11	11.5x	12.4x	21.2x	10.0x	11.6x	16.3x
		Market ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AMRC	Ameresco, Inc. Class A	3.4	Buy	$67	$65.99	-	-	53	146	163	184	NA	NA	NA	NA	NA	NA
IEA	Infrastructure & Energy Alternat	0.9	Buy	$15	$9.68	NA	-	183	131	152	174	10.0x	8.6x	7.6x	NA	NA	NA
NEP	NextEra Energy Partners	6.0	Buy	$88	$78.21	3.4%	-	77	1,532	1,660	1,775	7.8x	7.3x	6.9x	12.2x	10.7x	10.2x

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.
(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).
(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.
(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.
(5) Mult-Industry Utilities operate some combination of regulated electric and/or gas utilities, in addtion to substantial non-power unregulated activities (i.e. midstream, renewable development, energy trading, etc.).

Source: Bloomberg, FactSet, Guggenheim Securities LLC estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Share Price Performance (Year-to-Date, Three-Month, & One-Month Trailing)

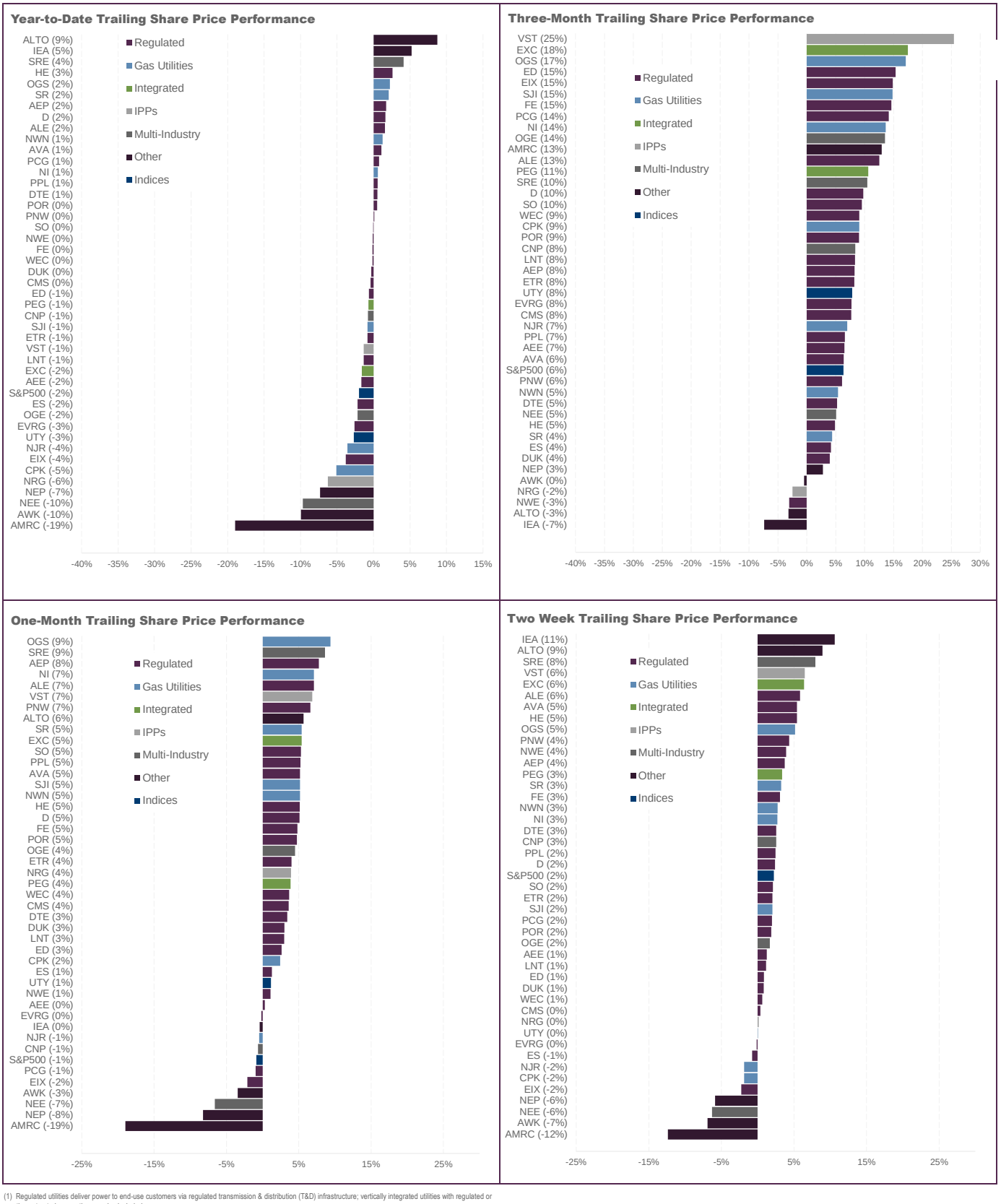

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: FactSet, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions	
PNW	1/24	Virtual	
Commissioners Meeting	1/26	Virtual	
WEC	2/16,2/18	Virtual	
PCG	2/17	In Person at Guggenheim	
DUK	2/17	In Person at Guggenheim Or Virtual	
D	2/23	Virtual	
NWE	2/24	Virtual	
ETR	3/16-3/17	Virtual	
AEE	3/22	Virtual	
ES	6/8	Boston or Virtual	

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Peak Load

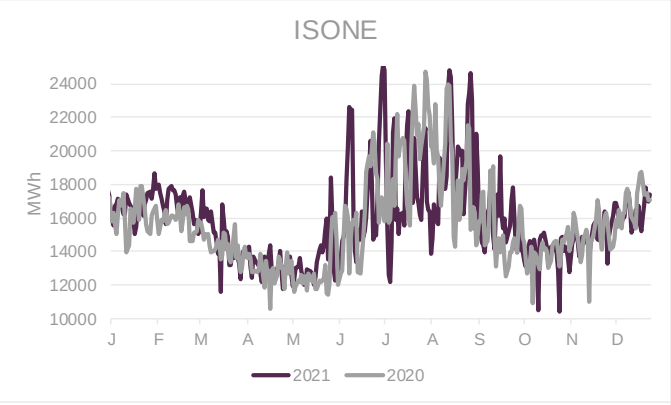

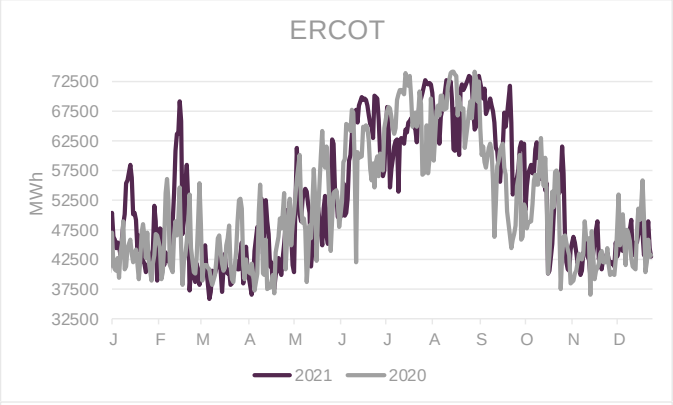

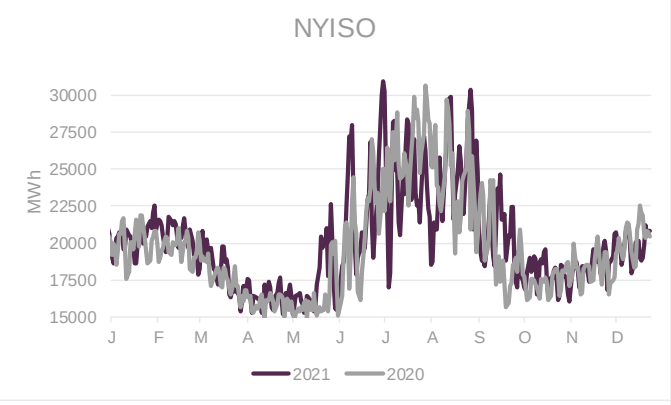

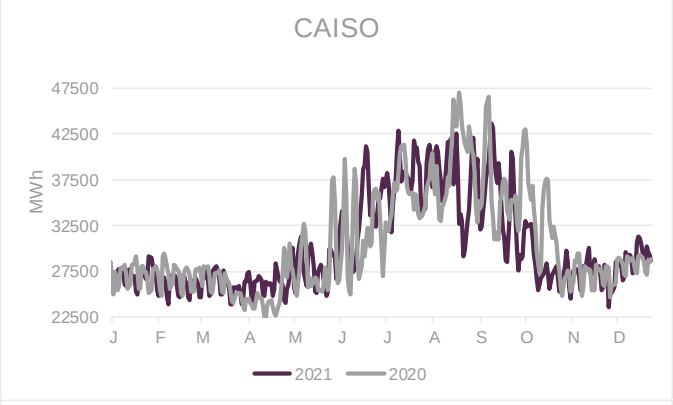

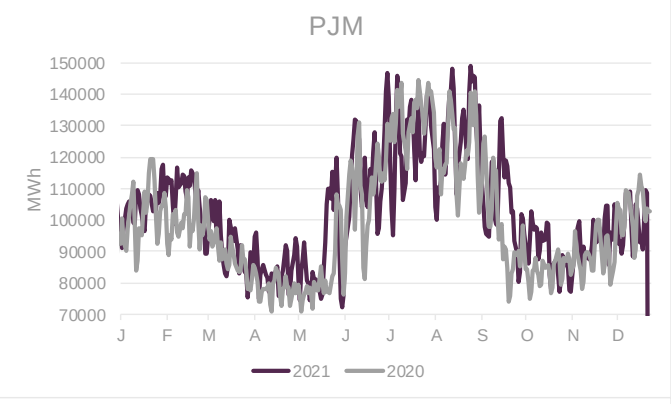

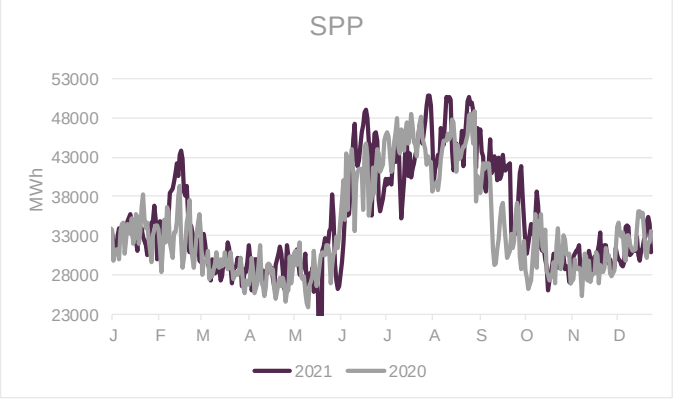

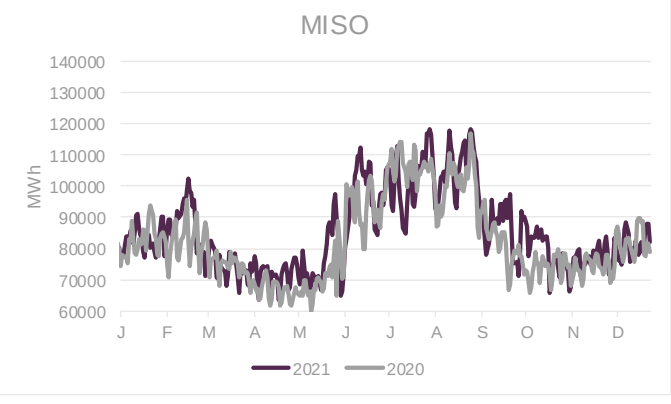

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
ISONE	-5.1%	0.1%	2.4%	2.4%	4.1%	6.2%
NYISO	-5.8%	-3.8%	0.0%	0.0%	2.5%	6.1%
PJM	-6.9%	-4.7%	-1.8%	-1.8%	5.4%	8%
MISO	-4.7%	-5.2%	-3.7%	-3.7%	4.3%	7.2%
CAISO	-1.7%	1.4%	3.2%	3.4%	-0.2%	4.0%
ERCOT	2.7%	1.7%	-4.1%	3.0%	3.1%	1.9%
SPP	-4.6%	0.0%	-4.4%	-4.4%	3.8%	3.2%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Generation and Mix

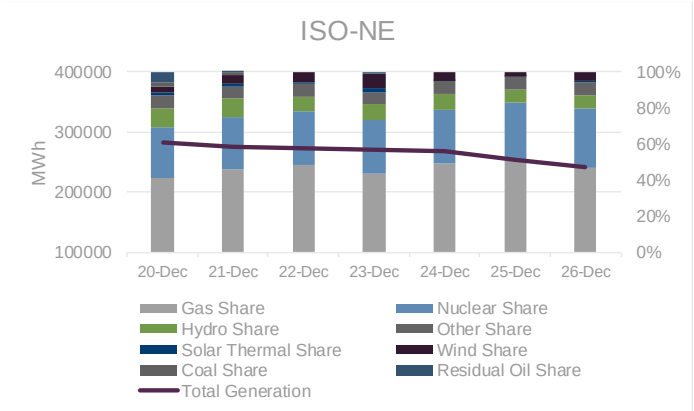

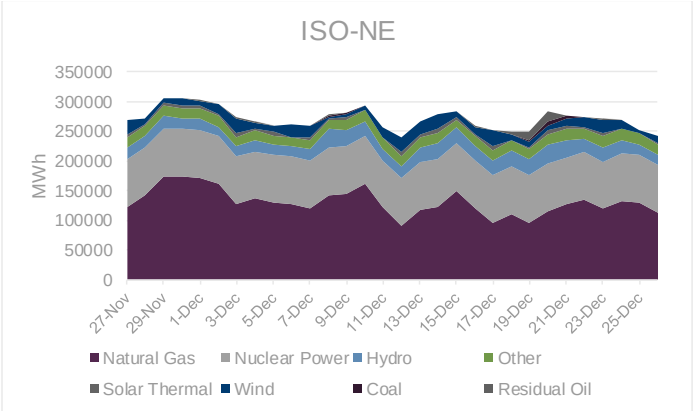

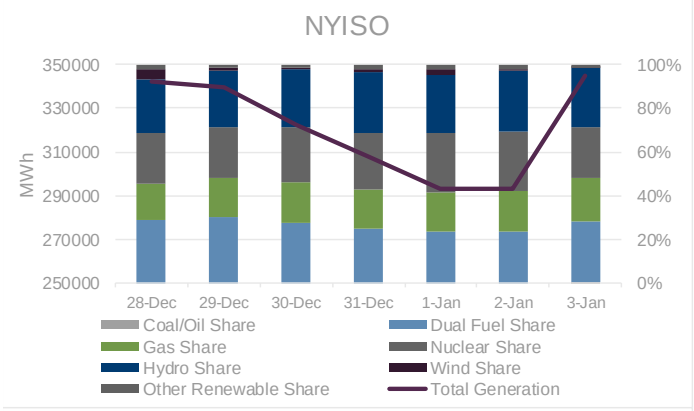

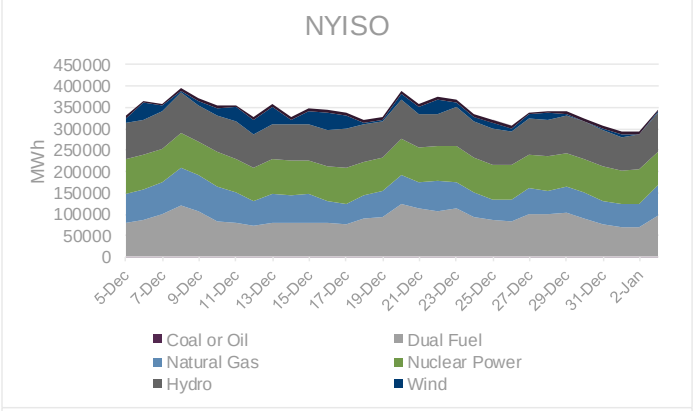

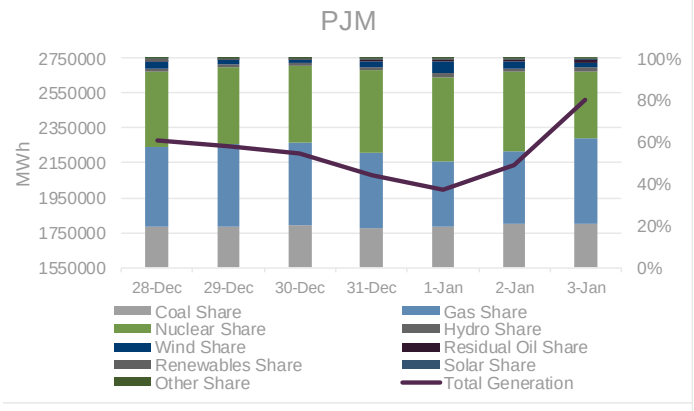

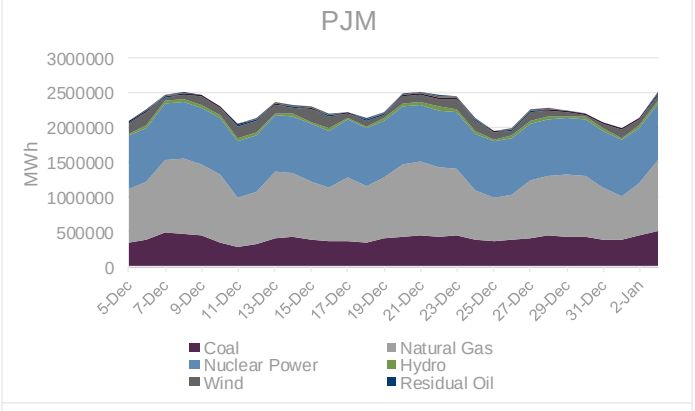

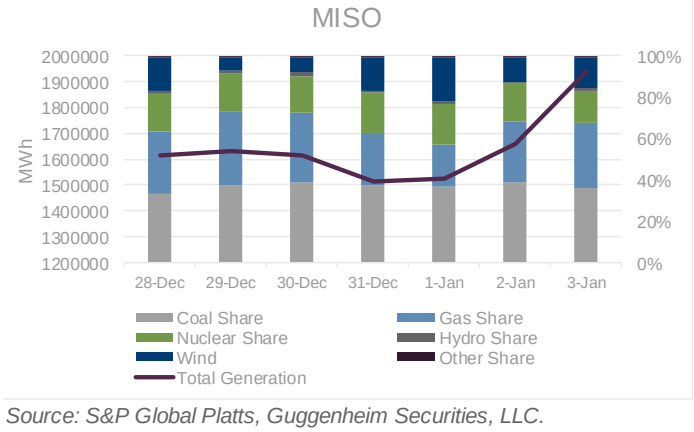

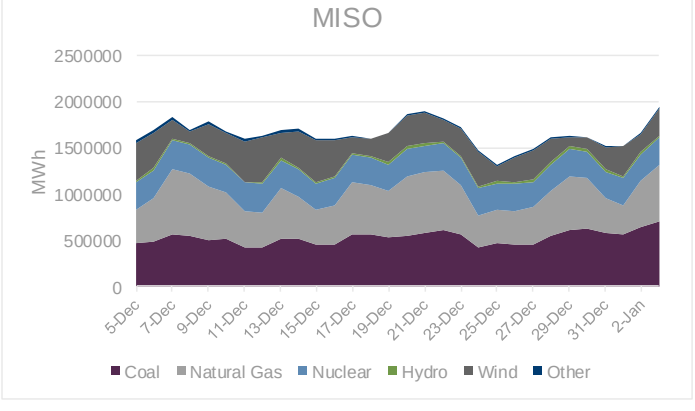

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

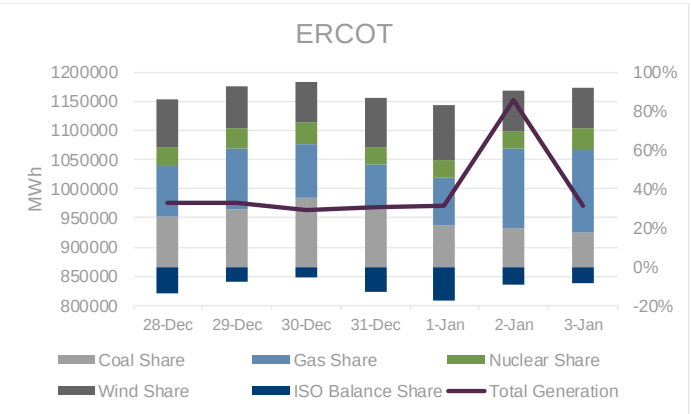

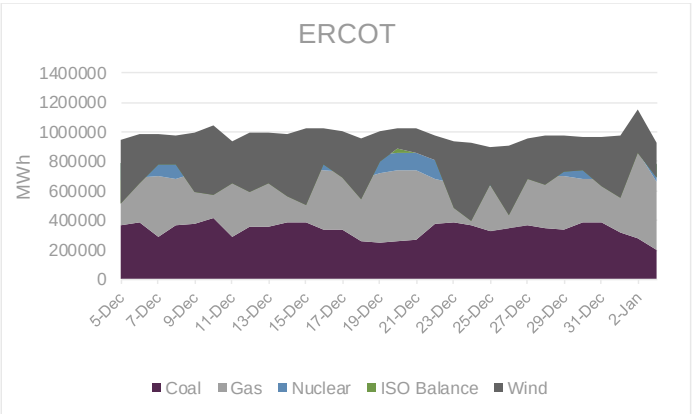

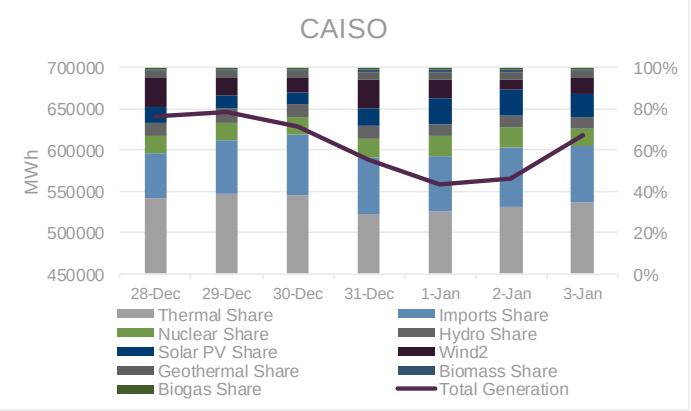

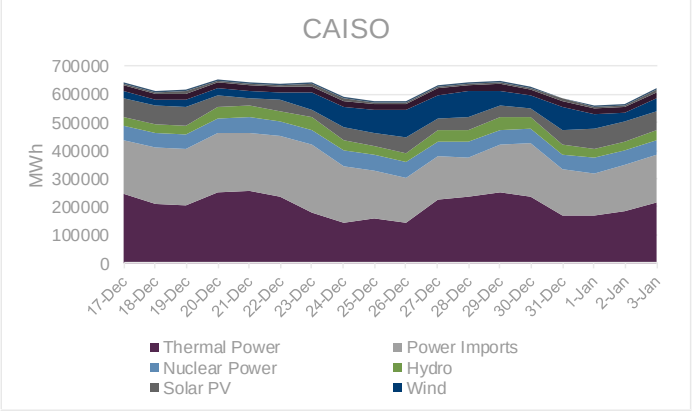

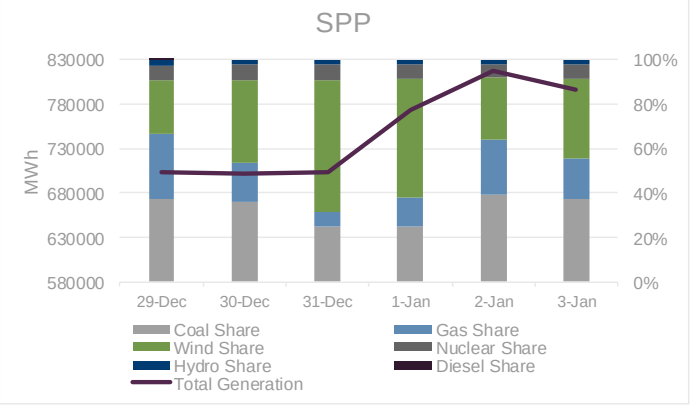

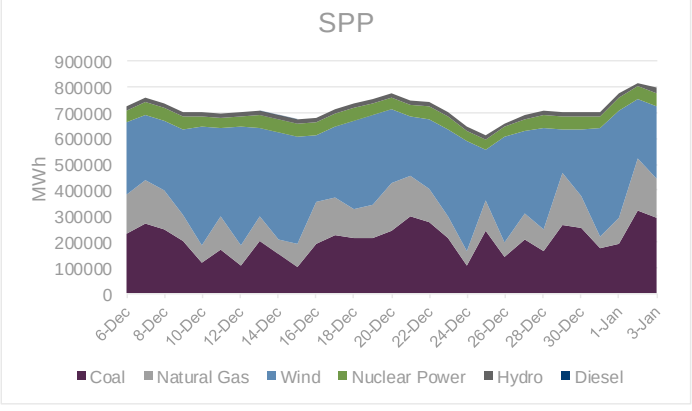

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Weather

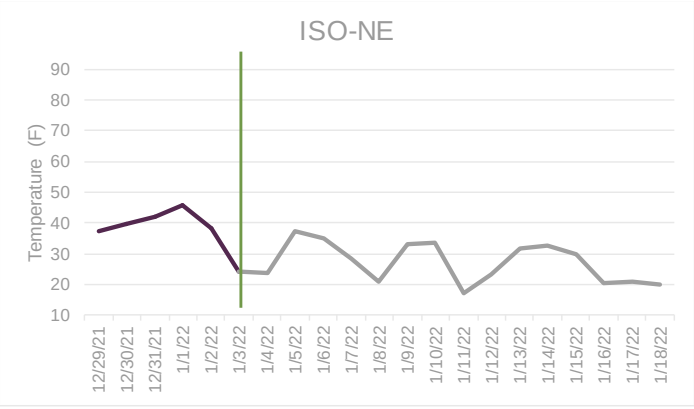

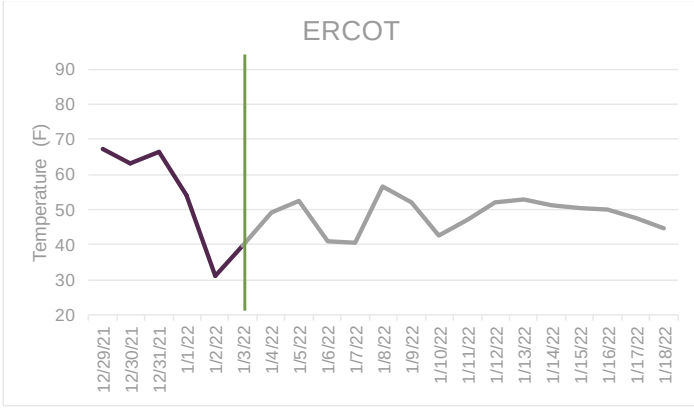

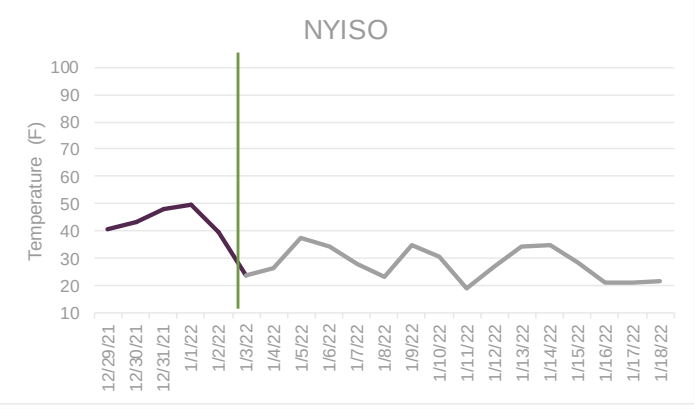

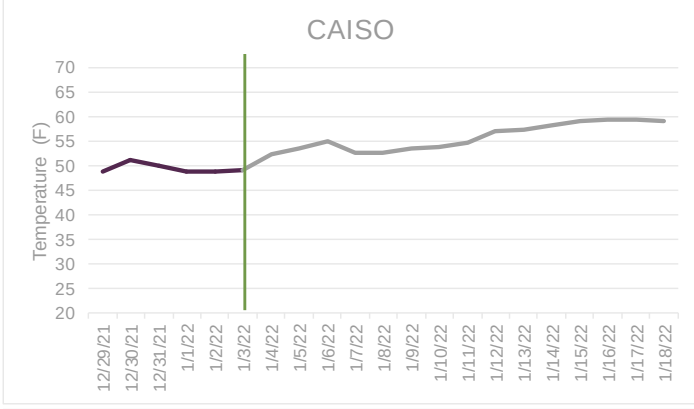

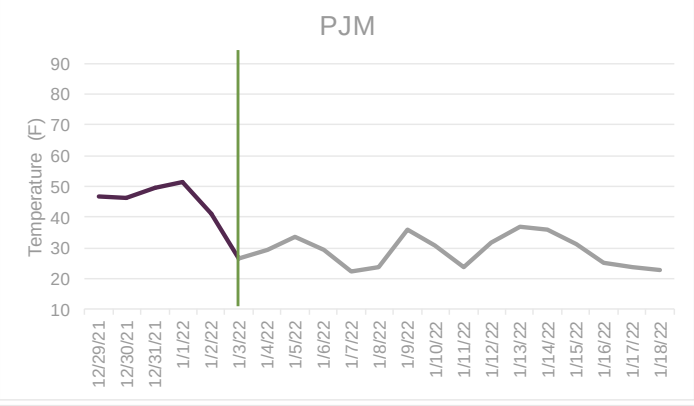

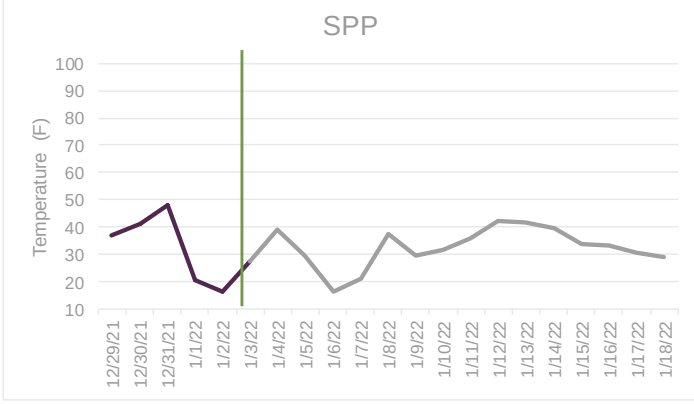

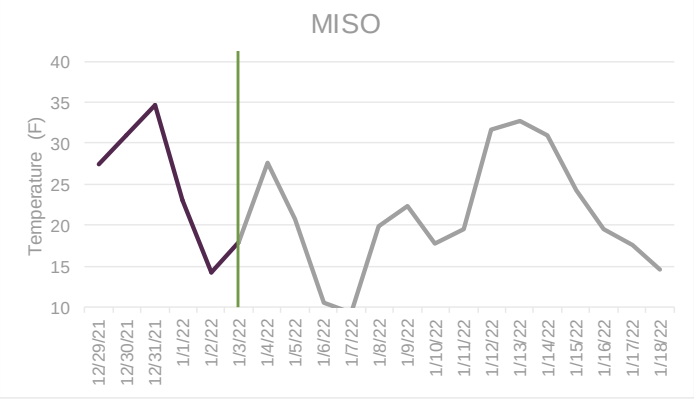

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2022 - 4/5/2022)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2022-3/31/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3)
1/1/2022-1/31/2022	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Decision possible in rate proceeding
1/1/2022-1/17/2022	MA	ES	NSTAR Electric Co.		Electric rate case to be filed in early January
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company expected to file next electric rate case
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
1/1/2022-3/31/2022	MI	DTE	DTE Electric Co.		General electric rate case to be filed
1/1/2022-1/31/2022	NM	AEP	Southwestern Public Service Co	C-20-00238-UT	Final PRC decision expected in electric rate case
1/1/2022-1/31/2022	NY	ED	Consolidated Edison Co. of NY		Electric rate case expected to be filed in January 2022
1/1/2022-1/31/2022	NY	ED	Consolidated Edison Co. of NY		Gas rate case expected to be filed in January 2022
1/1/2022-1/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	ALJ Proposed Order may be issued in rate case (estimated by RRA)
1/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Intervening parties to file testimony in Rider US-4 proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Rebuttal testimony due in Rider R update proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing scheduled in Rider W update proceeding
1/13/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Company rebuttal due
1/14/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Gas rate case expected to be filed with commission
1/14/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Surrebuttal testimony due in rate case
1/15/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Hearing examiners report may be issued in Rider S update proceeding
1/15/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00146 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
1/18/2022-1/21/2022	LA	AEP	Southwestern Electric Power Co	D-U-35441	Hearing to be held in electric rate case
1/18/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Intervening parties to file testimony in Rider US-3 update
1/19/2022-1/24/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Hearings scheduled in rate case
1/19/2022-1/20/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Hearings scheduled in Rider U proceeding
1/22/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Hearing scheduled in Rider R update proceeding
1/25/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Staff to file testimony in Rider US-4 proceeding
1/26/2022	TN	DUK	Piedmont Natural Gas Co.		Intervenor testimony due in annual review mechanism proceeding (Docket No. 2100135)
1/27/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Hearing Examiner's report may be issued in Rider U proceeding
1/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Staff to file testimony in Rider US-3 update proceeding
2/1/2022-2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing Examiner's report may be issued in Rider W proceeding
2/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Rebuttal testimony due in Rider US-4 proceeding
2/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Intervening parties to file testimony in Rider US-2 update proceeding
2/4/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Intervening parties to file testimony in Rider BW proceeding
2/7/2022	TN	DUK	Piedmont Natural Gas Co.		Company rebuttal testimony due in annual review mechanism proceeding (Docket No. 2100135)
2/9/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Brief due in rate case
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Hearings to begin in Rider US-4 proceeding
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Intervening parties to file testimony in Rider SNA proceeding
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Staff testimony due in Rider US-2 update proceeding
2/17/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Staff or intervenor surrebuttal due
2/21/2022	TN	DUK	Piedmont Natural Gas Co.		Prehearing conference to take place in annual review mechanism proceeding (Docket No. 2100135)
2/24/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Company sur-surrebuttal due
2/28/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Law judge proposed order due in rate case
2/28/2022	TN	DUK	Piedmont Natural Gas Co.		Target hearing date for annual review mechanism proceeding (Docket No. 2100135)
2/28/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Decision expected in generation rider adjustment clause update
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Decision expected in Rider U proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Decision expected in Rider B adjustment proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Decision expected in Rider R proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Decision expected in Rider S proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Decision expected in Rider W proceeding
2/28/2022-3/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Hearings scheduled in Rider US-3 update proceeding
3/1/2022-3/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
3/1/2022-3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Hearing Examiner's report may be issued in Rider US-4 proceeding
3/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/4/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Settlement or issues list due
3/4/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	staff testimony to be filed in Rider BW proceeding
3/14/2022-3/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearings scheduled in Rider US-2 proceeding
3/15/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Hearing scheduled for rate proceeding
3/16/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Responses to appeal memoranda due in rate cases
3/23/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Intervening parties to file testimony in RAC-EE proceeding
3/30/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	End of initial suspension period in rate case
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Hearing Examiners report may be issued in Rider US-3 proceeding
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00146 (Rider CE)	Decision expected in Rider CE update proceeding
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	SCC staff to file testimony in Rider SNA proceeding
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM and Weekly Commentary

Key Company Research

1. EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	245	66.58%	72	29.39%
NEUTRAL	116	31.52%	10	8.62%
SELL	7	1.90%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Software
Ken Wong, CFA 415.852.6465
Ken.Wong@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

GUGGENHEIM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Exelon: Boring is Better. Raising estimates on more ratebase w/o the Equity.
- **Publication Date/Time** : Tuesday, January 11, 2022 01:10:36 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=40qbp1-4N2pQnlD!Aza2aA__&reid=2FF3E188CD5211EC95E3CDF913D2B0B2

Exelon Corporation (EXC): Initiates Constellation 2022 EBITDA guidance post-separation and growth proposition

Sentiment Indicator : neutral

Produced by Tucker, Shelby (RBC Capital Markets, LLC) on Tuesday, January 11, 2022, 07:50 AM ET

Disseminated on Tuesday, January 11, 2022, 07:55 AM ET

Our view: Analyst day materials highlighted some unique growth opportunities surrounding nuclear, but expected free cash flows remain mostly uncommitted to specific projects or return of capital plans outside dividends. We believe more visibility in the carbon-free growth pipeline is needed to convince investors of a strong valuation. We focus on hydrogen production opportunities in the long run as there is potential for significant federal support in the future. We highlight key items of analyst day materials below.

New EBITDA guidance. Constellation initiated 2022 adjusted EBITDA guidance of $2,350M-$2,750M. Midpoint of $2,550M is 5% below our estimate of $2,676M, primarily due to to lower energy gross margins net of hedges. Constellation anticipates adjusted O&M to remain stable at $4.4-$4.5B through 2024.

Primarily contracted carbon-free generation platform. Existing generation assets include nuclear (21GW) and renewable (2.7GW primarily hydropower) assets. Constellation expects 56% of total output by 2023 to be supported by state programs, with up to 75% generation hedged by Illinois carbon mitigation credits and Constellation's ratable hedging program.

Capital expenditures. Constellation plans for maintenance capital spending of $1.3B per year including nuclear fuel. Near-term spending will also include one-off separation costs and deferred spending related to COVID and Texas winter storm. Constellation growth plans could include nuclear plants, repowering opportunities and clean hydrogen production but materials have not identified specific projects other that 500MW of wind repowering. Constellation guides to 2022-2023 cash flow of $1.8B-$2.2B after debt reduction.

Dividends. Constellation expects dividends of $180M in 2022, growing at 10% annually. 2022 dividends are equivalent to $0.18/share based on existing share count of Exelon of 996M before separation. This implies a total of $1.53/share for existing EXC shareholders including Exelon utilities' expected dividends of $1.35/share.

Analyst day begins at 8:30AM ET. Register here.

Company Name	Exchange	Ticker	Rating	Risk Qualifier	Price Target	Currency	Price	Price Date
Exelon Corporation	NYSE	EXC US	Outperform	Not Assigned	60.00	US Dollar	56.82	11 Jan 2022 07:54:52 ET

RBC Capital Markets, LLC
Shelby Tucker (Analyst) | (212) 428-6462 | shelby.tucker@rbccm.com
RBC Capital Markets, LLC
Wynne Lam (Senior Associate) | (212) 266-4040 | wynne.lam@rbccm.com

Click here for conflict of interest and other disclosures relating to Exelon Corporation, Shelby Tucker These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com

All rights reserved. This material may not be published, broadcast, rewritten or redistributed in any form. Please click here for legal restrictions and terms of use applicable to this site. Use of this site signifies your agreement to the terms of use.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

First Read

Exelon Corp

Constellation Analyst Day Slides - Quick Takes

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$63.00**
Price (10 Jan 2022)	**US$56.82**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.76-38.60
Market cap.	US$55.5b
Shares o/s	977m (COM)
Free float	100%
Avg. daily volume ('000)	5,401
Avg. daily value (m)	US$290.7
Common s/h equity (12/21E)	US$33.7b
P/BV (12/21E)	1.6x
Net debt to EBITDA (12/21E)	4.3x

EPS (UBS, diluted) (US$)

	12/21E	
	UBS	Cons.
Q1	(0.06)	(0.06)
Q2	0.89	0.89
Q3	1.09	1.09
Q4E	0.87	0.88
12/21E	2.78	2.79
12/22E	3.31	3.25
12/23E	3.42	3.36

SpinCo Constellation Analyst Day Today at 8:30AM ET

Constellation Energy Corp., which is targeted to spin-out of Exelon Corp on February 1, will hold a virtual analyst day this morning at 8:30am eastern time. The transaction will be a 3 for 1 exchange ratio with Exelon shares, or constitute approximately 326 million shares outstanding.

Slide Deck Quick Takes - 2022 Guidance

Constellation issued 2022 Adjusted EBITDA guidance of $2,350-$2,750 million which is in line with UBSe Adjusted EBITDA for ExGen of $2,630 million. Our view is that this is largely in-line with market expectations, although some may have been marking to higher open numbers against the power curve and not considered hedging in their viewpoints. A hedging updated to 93% in 2022, 75% in 2023, and 52% in 2024. Average effective prices are $27/MWh in the Midwest, $33.50 and $34/MWh for Mid-Atlantic, and $24 and $24.50 for New York in '22/23 respectively. Spark spreads are $4 in ERCOT in both years. Gross margin was updated to $7,350/$7,650mln for '22/23.

Dividend and Cash Flows

Management provided dividend guidance of $180mln for 2022 with a 10% growth rate through 2024. At an assumed 326mln shares this would equate to a DPS of ~$0.55. Free cash flow before growth (FCFbg) guidance was $2.8 - $3.2 Bln, and cash available for allocation adds the $1.75Bln payment from Exelon, to reach $4.6-$5.0Bln for '22. This will be allocated to debt reduction ($1.8)-($2.2)Bln, dividends ($0.4)Bln, separation expenses ($0.4)Bln, and identified growth capex ($0.1)Bln. This will leave ($1.8)-($2.2)Bln available for allocation, with priorities to target organic and inorganic growth in line with Constellations clean energy profile and to return excess cash to shareholders.

Valuation: Reiterating our $63 Price Target on EXC

We value Exelon at $63/share on a sum of the parts analysis. We value Exelon's Utility and Parent Only (UPO) at a net 12% premium to the group multiple of 18.1x our $2.51/share UPO earnings forecast for 2023. Our 12% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% discount for a 3rd quartile regulatory ranking overall, a 5% premium for 1st quartile UPO earnings growth. This yields $52/share. We value the ExGen competitive generation business at a 6.6x our 2023 estimated Open EBITDA of $2.4Bln, plus NPV of hedges of $0.1Bln less net debt of $5.5Bln which yields $11/share.

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Highlights (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenues	35,978	34,438	33,039	31,851	33,360	33,688	34,050	34,589
EBIT (UBS)	4,760	5,623	5,130	5,092	5,721	5,754	5,820	6,027
Net earnings (UBS)	3,026	3,141	3,143	2,720	3,231	3,343	3,406	3,575
EPS (UBS, diluted) (US$)	3.12	3.22	3.22	2.78	3.31	3.42	3.49	3.66
DPS (net) (US$)	1.38	1.45	1.53	1.61	1.69	1.77	1.85	1.93
Net (debt) / cash	(35,178)	(37,212)	(38,670)	(39,616)	(39,884)	(39,868)	(39,660)	(39,135)

Profitability/valuation	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
EBIT (UBS) margin %	13.2	16.3	15.5	16.0	17.1	17.1	17.1	17.4
ROIC (EBIT) %	5.7	6.5	5.6	5.4	6.0	5.9	5.9	6.0
EV/EBITDA (UBS core) x	8.9	9.0	8.3	11.1	10.1	9.8	9.5	9.2
P/E (UBS, diluted) x	13.3	14.7	12.4	20.4	17.2	16.6	16.3	15.5
Equity FCF (UBS) yield %	2.1	(1.6)	(10.1)	1.1	2.5	3.1	3.6	4.3
Dividend yield (net) %	3.3	3.1	3.8	2.8	3.0	3.1	3.3	3.4

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 56.82 on 10-Jan-2022

This report has been prepared by UBS Securities LLC **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 3.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Forecast returns

Forecast price appreciation	+10.9%
Forecast dividend yield	3.0%
Forecast stock return	+13.9%
Market return assumption	5.9%
Forecast excess return	+8.0%

Company Description

Exelon owns 6 regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in DE, DC, IL, MD, NJ, and PA. Exelon also owns one of the largest competitive power generators in the US, with 35.5 GW of capacity, mostly in nuclear power plants, but also in gas, wind, solar, and hydroelectric generating facilities. The Constellation unit provides energy products and retail power services to approximately 2.2m customers across the generation fleet's footprint.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We value Exelon at $63/share on a sum of the parts analysis. We value Exelon's Utility and Parent Only (UPO) at a net 12% premium to the group multiple of 18.1x our $2.51/share UPO earnings forecast for 2023. Our 12% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% discount for a 3rd quartile regulatory ranking overall, a 5% premium for 1st quartile UPO earnings growth,. This yields $52/share. We value the ExGen competitive generation business at a 6.6x our 2023 estimated Open EBITDA of $2.4Bln, plus NPV of hedges of $0.1Bln less net debt of $5.5Bln which yields $11/share.

Specific risks for Exelon include natural gas prices, power prices, nuclear operational risks, regulatory risks at the Pepco utilities, weather, interest rates, and relative cost of coal and uranium.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 11 January 2022 12:54 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please click https://neo.ubs.com/quantitative, or speak to your UBS sales representative for access to the report.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	29%
Sell	FSR is > 6% below the MRA.	10%	26%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2021.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$56.82	10 Jan 2022

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

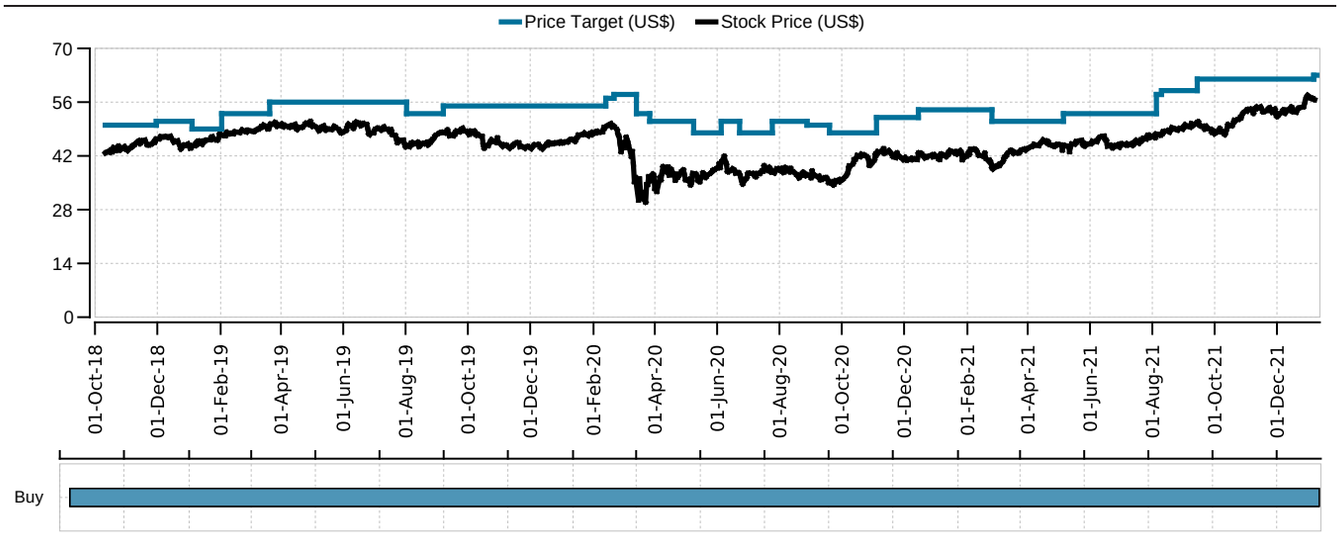

Date	Stock Price (US$)	Price Target (US$)	Rating
2018-10-10	43.56	50.00	Buy
2018-11-29	45.67	51.00	Buy
2019-01-03	44.12	49.00	Buy
2019-02-01	47.46	53.00	Buy
2019-03-20	49.10	56.00	Buy
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-22	37.57	48.00	Buy
2020-07-24	37.80	51.00	Buy

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy

Source: UBS; as of 10-Jan-2022

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means. The level and types of services provided by Global Research to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab you understand that UBS Evidence Lab is a separate department to Global Research and that UBS Evidence Lab does not provide research, investment recommendations or advice. UBS Evidence Lab may provide services to other internal and external clients.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). "Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law" - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this material is prepared by UBS Brasil CCTVM S.A.[1] to persons who are eligible investors residing in Brazil, which are considered to be Investidores Profissionais, as designated by the applicable regulation, mainly the CVM Instruction No. 539 from the 13th of November 2013 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS Brasil CCTVM S.A. is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil, of which UBS AG is the majority owner. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190, Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Greece**: UBS AG and its subsidiaries and affiliates (UBS) are premier global financial services firms offering wealth management services to individual, corporate and institutional investors. UBS AG and UBS Switzerland AG are established in Switzerland and operate under Swiss law. UBS operates in over 50 countries and from all major financial centers. UBS is not licensed as a bank or financial institution under Greek legislation and does not provide banking, nor financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity,

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: UBS AG and its branches and subsidiaries (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission (SEC) and do not undertake banking or investment business activities in Nigeria. The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. If you are interested in products of this nature, please let us know and we will direct you to someone who can advise you. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). Any material relating to Collective Investment Schemes has been provided to you at your specific unsolicited request and for your information only. The investment products mentioned in such material are not being offered or made available for sale by UBS in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. **Philippines**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

"On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Turkey:** The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made and will not make any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer or invitation to offer, or solicitation of securities in the territory of Ukraine. Electronic communication must not be considered as an offer to enter into an electronic agreement or electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Scotiabank
Global Equity Research

Daily Edge | Pre-market
Tuesday, January 11, 2022

Analyst Team Link to ScotiaView

Andrew Weisel, CFA | Analyst
Scotia Capital (USA) Inc. | 212-225-5266

Pertinent Data

Rating	**Sector Outperform**
1-Yr. Target	**US$55.00**
EXC-Q	US$56.82
1-Yr. Return	-0.7%
Div. (NTM)	$1.42
Div. (Curr.)	$1.53
Yield (Curr.)	2.7%
Quant Ranking	64

Valuation: SoTP, using ~80% regulated utilities (17.1x 2024E EPS) and ~20% merchant power (7x 2024E EBITDA)

Capitalization (as of January 11, 2022)

Market Cap. (M)	$55,513
Enterprise Value (M)	$94,192
Shares O/S (M)	977

Volume and Closing Price for EXC-Q

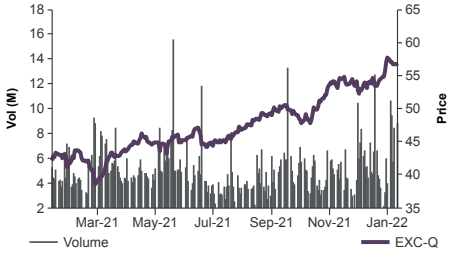

Source: FactSet.

Utilities & Energy Infrastructure

Exelon Corporation

EXC-Q: US$56.82 **Target:** US$55.00 **Rating:** Sector Outperform

The Calm Before the Split

OUR TAKE: Positive. We're drawn to the materially de-risked portfolio that EXC will retain after the Constellation spinoff on February 1. RemainCo will have much better visibility into above-average EPS/DPS growth of 6%-8% as it will no longer be at the mercy of commodity markets and, more importantly, of inconsistent policymakers (grid operators, politicians, and regulators) and thus inefficient and unstable energy and capacity markets. We like the favorable regulatory recovery mechanisms and revenue decoupling for most subs, which have helped EXC achieve strong earned ROEs of ~9.5%. However, we struggle to assign a premium target multiple to EXC given uncertainty about the regulatory construct in IL, challenging regulatory environments in several other jurisdictions, and the ESG "ding" from the ComEd bribery scandal. We recognize that our $55 target price is below where the stock currently trades; EXC has outperformed the XLU by ~17% over the past six months. For now, we hold pat on our Sector Outperform rating, target price, and estimates as we await better clarity on how the market will split the value between the entities after the separation. We see fair value of $44/sh for Exelon and $11/sh for Constellation.

KEY POINTS

Robust financial outlook. Consistent with prior commentary, management guides to 6%-8% LT EPS growth for the go-forward Exelon, the utilities-only RemainCo, for 2021-2025. EXC suggested the pace of growth could continue beyond that, but was clear to stop short of committing to it. In the near-term, management tightened the 2021 utility EPS guidance range to $2.06-$2.14 and narrowed and trimmed the 2022 EPS guidance range to $2.18-$2.32 (from $1.95-$2.25 and $2.15-$2.45, respectively). EXC also guides to a 2022 dividend of $1.35 with commensurate 6%-8% growth through 2025, implying a stable 60% payout ratio vs. historical growth of ~5% and a DPO ratio of ~50%. Management also increased the four-year capex plan by a strong $2.3B (8.5%) along with the roll-forward to 2022-2025. Arguably more impressively, $1.3B of the increase relates to 2022-2024, or +6.3% vs. the Feb 2021 guidance on an apples-to-apples basis. Lastly, we see potential for EXC to once again be an acquirer of a regulated utility. While the organic growth plan is clearly Plan A, management repeatedly stressed the benefits of sharing best practices operationally across the portfolio and of financial synergies.

Mixed regulatory environments, but alternative recovery mechanisms and quiet near-term regulatory calendar limit risks.

- Overall, we view EXC's regulatory exposure as essentially average, though slightly more risky than accommodating. We view the PHI jurisdictions as particularly challenging (D.C. and DE specifically), while MD is also a tough environment. By contrast, we view NJ and PA as modestly attractive, and IL as being mixed (and unproven). Management calculates a weighted-average RRA regulatory ranking of Average/2, i.e. average by national standards.

Qtly Adj EPS (FD)	Q1	Q2	Q3	Q4	Year	Price/Adj. EPS
2019A	$0.87	$0.60	$0.92	$0.83	$3.22	14.2x
2020A	$0.87	$0.55	$1.04	$0.76	$3.22	13.1x
2021E	$-0.06A	$0.89A	$1.09A	$0.83	$2.75	21.0x
2022E	$0.63	$0.66	$1.26	$0.56	$3.11	18.3x

(FY-Dec.)	2018A	2019A	2020A	2021E	2022E
EPS Growth (y/y)	19.0%	3.3%	0.1%	(14.7)%	13.0%
Dividends per Share	$1.38	$1.45	$1.53	$1.53	$1.38
DPS Growth (y/y)	5.3%	5.1%	5.5%	0.0%	(9.8)%

Historical price multiple calculations use FYE prices. All values in US$ unless otherwise indicated.
Source: FactSet; company reports; Scotiabank GBM estimates.

Production: January 10, 2022, 22:26 ET. Dissemination: January 11, 2022, 06:32 ET.

For Reg AC Certification and important disclosures see Appendix A of this report. Analysts employed by non-U.S. affiliates are not registered/qualified as research analysts with FINRA in the U.S. unless otherwise noted within this report.

- On the regulatory front, the calendar is typically busy, but is currently uncharacteristically quiet. The only outstanding rate case is Delmarva MD electric (to be resolved in March), following recently-concluded cases for Delmarva DE electric and PECO electric, and ComEd's annual formula rate update. Beyond that annual ComEd filing and annual formula rate filings for the transmission business (~20% of consolidated rate base), for most other subsidiaries, EXC forecasts a roughly 2-3 year filing cycle.

- Looking forward, in IL, following the passage of the Climate and Equitable Jobs Act, which most notably impacts the merchant nukes but also the regulated ComEd, that utility can now choose between a general rate case with a forward-looking test year, with new rates starting in 2024, or a multi-year plan to cover 2024-2027. We like this change from the current formula rate setup, which has resulted in among the lowest allowed ROEs in the country given rock-bottom interest rates recently (even if they are rising). Either way, the filing won't come until 2023, further reducing regulatory risks for EXC in 2022.

- In terms of recovery, we view the widespread use of alternative mechanisms favorably as they reduce regulatory lag (helping near-term earnings), enable the company to file less frequent rate cases (reducing regulatory and headline risks), and help smooth out cost increases for customers to provide rate stability and reduce price spikes. EXC estimates that only ~2% of planned rate base growth through 2025 will seek traditional base rate recovery; the overwhelming majority instead will benefit from alternative recovery mechanisms such as multi-year plans or trackers. ComEd will be shifting away from formula rates, as mentioned, though it's unclear at this point what the future setup will look like.

- Lastly, we note that revenue decoupling mechanisms reduce volumetric risk for ~76% of revenues, further improving visibility into and consistency of revenues.

We've had several debates about EXC's utility-only valuation. Given the wide range of valuations we've heard for Constellation, it's hard to say exactly where the Exelon utilities currently trade on an implied basis. We believe that a modest (5%) P/E discount to peers would be appropriate as the appeal of above-average EPS/DPS growth and quiet rate case outlook is offset by uncertainty about the regulatory construct in IL, challenging regulatory environments in several jurisdictions, and the ESG "ding" from the ComEd bribery scandal (more on that below). For now, we maintain our $55 TP, which includes $44 for RemainCo, predicated on a 5% relative discount to our anchor multiple of 18.0x applied to 2024 EPS (the balance is attributable to ExGen/Constellation). We recognize that our TP is below where the stock currently trades; for now we hold pat on our Sector Outperform rating, target price, and estimates as we await better clarity on how the market will split the value between the entities after the February 1 spinoff.

Smooth operators: Much of the presentation focused on the company's materially-improved operations over the past decade, helped in part by aggressive investments in infrastructure and sharing of best practices after each of the company's acquisitions. Earned ROEs have improved by >150bps since 2012, though much of the progress was in the earlier years after the Constellation merger; returns have been reasonably stable at ~9.5% since 2016 (9.3% on a TTM basis) vs. the company's targeted range of 9%-10%. The company also strongly emphasized its focus on and progress toward safety and reliability, including shortening outage restoration periods. Much of the improvement is attributable to smart grid investments in technologies that have been deployed over the past decade. Though management describes the business as ranking in the top quartile in terms of customer satisfaction, our analysis of J.D. Power customer satisfaction ratings suggests that EXC is more of a middle-of-the-pack performer as evaluated by both residential and business customers (link to our recent analysis). Lastly, we note that EXC's rates are 16% below the largest U.S. cities, according to the company. EXC believes that its low customer rates will help support local economic development, which would help both in terms of increased need for infrastructure and helping with customer affordability, particularly on the residential side.

Looking forward, driven in part by an ongoing focus on controlling O&M expenses, EXC plans to limit customer bill increases to the pace of inflation (e.g. ~2%-2.5%), if not below.

Yet another great ESG story: Management calls the company "an industry leader in ESG", although as we've published with just a hint of tongue-in-cheek sarcasm (link), every single utility company under our coverage uses similar verbiage. Frankly, we're a bit torn on how to evaluate EXC's ESG profile:

- On the one hand, the company's direct emissions will be minimal after spinning off the merchant power generation. Though the utilities don't control the procurement of power in most jurisdictions, management believes there's a lot that the company can do around clean energy, energy efficiency in particular. We see EXC as among the best-positioned utilities in terms of helping customers integrate electric vehicles (EVs) given the urban footprint. It also helps for EXC's environmental initiatives that most of the service territory is in or around liberal cities, which have been and will continue to support investments in clean energy infrastructure. Beyond direct actions, EXC touts the company's partnerships with local governments to help cities and corporate customers to meet their goals related to climate change, economic development, and social justice.

- However, on the other hand, the low emission profile limits potential to reduce emissions going forward. We admit we struggle with how to compare wires-only utilities to vertically-integrated companies, but in general we believe that the emission reductions that will come from coal plant retirements should be more attractive to ESG funds than a company with a better starting point like EXC. Lastly on governance, we believe that the black eye from the ComEd bribery scandal disclosed in July 2019 will persist for quite some time. We credit the company for entering into a deferred prosecution agreement (DPA) in July 2020, and management emphasizes its commitment to the company's code of conduct ("a gold standard"). The penalty will no doubt fade along with investors' memories of the event, but we believe it'll take time.

Company Description

Exelon Corporation (EXC) has the largest number of utility customers in the United States and operates in 48 states, the District of Columbia, and Canada. Exelon's six utilities deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey, and Pennsylvania through its Atlantic City Electric (ACE), Baltimore Gas and Electric Company (BGE), ComEd, Delmarva Power, PECO Energy Company, and Pepco Holdings Inc. (PHI) subsidiaries. EXC is one of the largest competitive U.S. power generators, with more than 35,168 MW of nuclear, gas, wind, solar, and hydroelectric generating capacity. The company's Constellation business unit provides energy products and services to approximately 2 million residential, public-sector, and business customers.

Key Risks

Uncertainties around the future of ExGen (including a potential divestiture, IL legislation, and PJM rule changes), headline and financial risks related to the bribery scandal in IL, rate cases in challenging jurisdictions, and rising interest rates

Appendix A: Important Disclosures

I, Andrew Weisel, certify that (1) the views expressed in this report in connection with securities or issuers that I analyze accurately reflect my personal views and (2) no part of my compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by me in this report.

This document has been prepared by Research Analysts employed by The Bank of Nova Scotia and/or its affiliates. The Bank of Nova Scotia, its subsidiaries, branches and affiliates are referred to herein as "Scotiabank." "Scotiabank" together with "Global Banking and Markets" is the marketing name of the global corporate and investment banking and capital markets business of The Bank of Nova Scotia and its affiliates. Scotiabank, Global Banking and Markets produces research reports under a single marketing identity referred to as "globally branded research" under U.S. rules. This research is produced on a single global research platform with one set of rules which meet the most stringent standards set by regulators in the various jurisdictions in which the research reports are produced. In addition, the Research Analysts who produce the research reports, regardless of location, are subject to one set of policies designed to meet the most stringent rules established by regulators in the various jurisdictions where the research reports are produced.

Scotiabank relies on information barriers to control the flow of non-public or proprietary information contained in one or more areas within Scotiabank into other areas, units, groups or affiliates of Scotiabank. In addition, Scotiabank has implemented procedures to prevent research independence being compromised by any interactions they may have with other business areas of The Bank of Nova Scotia. The compensation of the Research Analyst who prepared this document is determined exclusively by Scotiabank Research Management and senior management (not including investment or corporate banking).

Research Analyst compensation is not based on investment or corporate banking revenues; however, compensation may relate to the revenues of Scotiabank as a whole, of which investment banking, corporate banking, sales and trading are a part. Scotiabank Research will initiate, update and cease coverage solely at the discretion of Scotiabank Research Management. Scotiabank Research has independent supervisory oversight and does not report to the corporate or investment banking functions of Scotiabank.

For Scotiabank, Global Banking and Markets Research Analyst Standards and Disclosure Policies, please visit www.gbm.scotiabank.com/disclosures.

For additional questions, please contact Scotiabank, Global Banking and Markets Research, 4 King St W, 12th Flr, Toronto, Ontario, M5H 1A1.

Time of dissemination: January 11, 2022, 06:32 ET. Time of production: January 10, 2022, 22:26 ET. Note: Time of dissemination is defined as the time at which the document was disseminated to clients. Time of production is defined as the time at which the Supervisory Analyst approved the document.

Rating and Price Target History

Exelon Corporation (EXC-Q) as of January 10, 2022 (in USD)

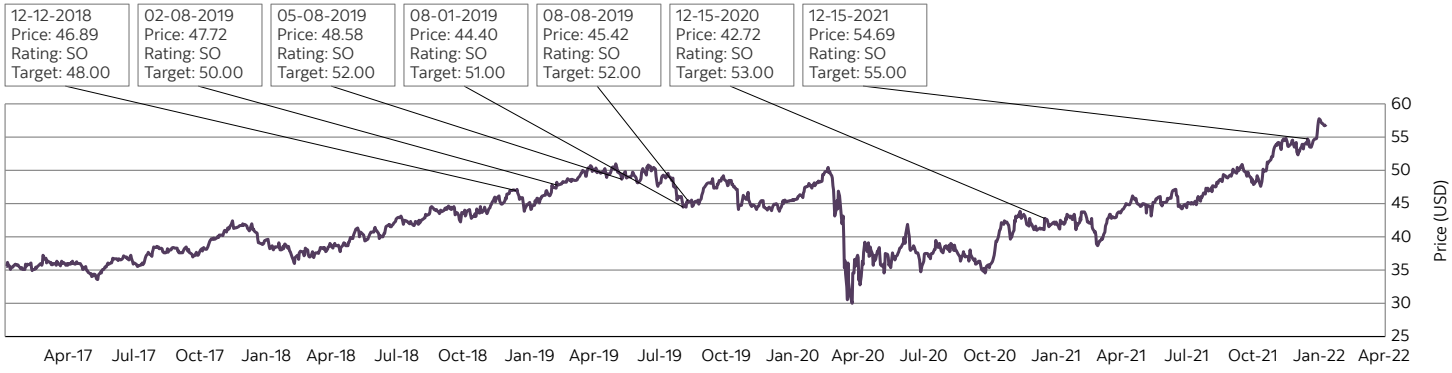

*Represents the value(s) that changed.
Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
Source: Scotiabank GBM estimates; FactSet.

Definition of Scotiabank, Global Banking and Markets Equity Research Ratings

Scotiabank has a three-tiered rating system, with ratings of Sector Outperform, Sector Perform, and Sector Underperform. Each Research Analyst assigns a rating that is relative to his or her coverage universe or an index identified by the Research Analyst that includes, but is not limited to, stocks covered by the Research Analyst.

The rating assigned to each security covered in this report is based on the Scotiabank, Global Banking and Markets Research Analyst's 12-month view on the security. Research Analysts may sometimes express in research reports shorter-term views on these securities that may impact the price of the equity security in a manner directly counter to the Research Analyst's 12-month view. These shorter-term views are based upon catalysts or events that may have a shorter-term impact on the market price of the equity securities discussed in research reports, including but not limited to the inherent volatility of the marketplace. Any such shorter-term views expressed in research report are distinct from and do not affect the Research Analyst's 12-month view and are clearly noted as such.

Ratings

Sector Outperform (SO)
The stock is expected to outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Perform (SP)
The stock is expected to perform approximately in line with the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Underperform (SU)
The stock is expected to underperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Focus Stock (FS)
As of April 29, 2019, Scotiabank GBM discontinued the Focus Stock rating. A stock assigned this rating represented an analyst's best idea(s); stocks in this category were expected to significantly outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that included, but was not limited to, stocks covered by the analyst.

Other Ratings

Under Review – The rating has been temporarily placed under review, until sufficient information has been received and assessed by the analyst.

Tender – As of January 25, 2021, Scotiabank GBM discontinued the Tender rating.

Risk Ranking
The Speculative risk ranking reflects exceptionally high financial and/or operational risk, exceptionally low predictability of financial results, and exceptionally high stock volatility. The Director of Research and the Supervisory Analyst jointly make the final determination of the Speculative risk ranking.

Ratings Distribution

As of December 31, 2021

	Companies Rated in Each Category		Investment Banking Service Provided in the Last 12 Months	
Rating	**Count**	**Percentage**	**Count**	**Percentage**
Sector Outperform	287	51%	100	35%
Sector Perform	245	44%	64	26%
Sector Underperform	29	5%	1	3%

For the purposes of the ratings distribution disclosure FINRA requires members who use a ratings system with terms different than "buy," "hold/neutral" and "sell," to equate their own ratings into these categories. Our Sector Outperform, Sector Perform, and Sector Underperform ratings are based on the criteria above, but for this purpose could be equated to buy, neutral and sell ratings, respectively.

General Disclosures

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Scotiabank to any registration or licensing requirement within such jurisdiction. It is published solely for information purposes; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy.

No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in this document except with respect to information concerning Bank of Nova Scotia (TSX: BNS; NYSE: BNS). This document is not intended to be a complete statement or summary of the securities, markets or developments referred to in this document. Scotiabank does not undertake to update or keep current the information contained herein, nor make any commitment as to the frequency of publication.

If you are affected by MiFID II, you must advise us in writing at trade_supervision@scotiabank.com.

Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Scotiabank. Any statements contained in this document attributed to a third party represent Scotiabank's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. Investments involve risks, and investors should exercise prudence and their own independent judgement in making their investment decisions and carefully consider any risks involved.

The financial instruments that may be described in this document may not be eligible for sale in all jurisdictions or to certain categories of investors. Instruments such as options, derivative products, and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price, or income of any security or related instrument referred to in this document. For investment advice, trade execution, or other enquiries, clients should contact their local sales representative. The value of any investment or income may go down as well as up, and investors may not get back the full amount invested. Past performance is not necessarily a guide to future performance.

To the full extent permitted by law, neither Scotiabank nor any of its directors, employees or agents accepts any liability whatsoever for any direct or consequential loss arising from any use of the information or this document. Nothing in this document constitutes financial, investment, tax, accounting or legal advice. Investors should seek their own legal, financial and tax advice regarding the appropriateness of investing in any securities or pursuing any strategies discussed in the document. Any prices stated in this document are for information purposes only and do not represent real-time valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect Scotiabank's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Scotiabank or any other source may yield substantially different results. All pricing of securities in reports is based on the closing price of the securities' principal marketplace on the night before the publication date, unless otherwise explicitly stated.

The Research Analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information.

In the normal course of offering investment and banking products and services to clients, Scotiabank may act in several capacities (including issuer, market maker, underwriter, distributor, index sponsor, swap counterparty, and calculation agent) simultaneously with respect to a product, giving rise to potential conflicts of interest. Scotiabank uses controls such as information barriers to manage conflicts should they arise. Scotiabank and its affiliates, officers, directors, and employees may have long or short positions (including hedging and trading positions), trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Recipients of this document should expect that Scotiabank will from time to time perform services (including investment banking or capital market services) in connection with the services and activities described in this document and that they may perform services for and engage in transactions with other market participants, including the issuers of certain of the investments underlying the transactions herein.

The information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the information, conduct independent due diligence when making an investment decision and consider the appropriateness of the information, having regard to their objectives, financial situation and needs. For further information, please contact your sales representative.

Scotiabank specifically prohibits the redistribution of this document in whole or in part without Scotiabank's prior written permission, and Scotiabank accepts no liability whatsoever for the actions of third parties in this respect. Images may depict objects or elements that are protected by third-party copyright, trademarks and other intellectual property rights.

Equity research reports published by Scotiabank are initially and simultaneously made available electronically to intended recipients through its proprietary research website, ScotiaView, e-mail, and through third-party aggregators. The mediums in which research is disseminated to clients may vary depending on client preference as to the frequency and manner of receiving research reports. Institutional clients with questions regarding distribution of equity research or who wish to access the proprietary model used to produce this report should contact Scotiabank at 1-800-208-7666.

A list of all investment recommendations in an equity security or issuer that have been disseminated during the preceding 12 months is available at the following location: www.gbm.scotiabank.com/disclosures.

Additional Disclosures

Australia: This report is provided in Australia by the Bank of Nova Scotia, an APRA-regulated Authorised Deposit-Taking Institution (Foreign Bank ADI) holding an Australian Financial Services License (AFSL).

Canada: Distributed to eligible Canadian persons by Scotia Capital Inc., a registered investment dealer in Canada.

Chile: This report is distributed by Scotia Corredora de Bolsa Chile Limitada, a subsidiary of The Bank of Nova Scotia.

Colombia: This report is distributed in Colombia by Scotiabank Colpatria, S.A. as authorized by the Superintendencia Financiera de Colombia to The Bank of Nova Scotia ("Scotiabank"). Scotiabank and Scotia Capital Inc. promote and advertise their products and services through Scotiabank Colpatria, S.A. This document does not contain any type of investment advice nor does it aim to provide advice. This report is prepared by analysts employed by The Bank of Nova Scotia and certain of its affiliates, including Scotia Capital Inc.

Hong Kong: This report is distributed by The Bank of Nova Scotia Hong Kong Branch, which is authorized by the Securities and Future Commission to conduct Type 1, Type 4 and Type 6 regulated activities and regulated by the Hong Kong Monetary Authority.

Japan: This research report is provided for information purposes only and it is not intended to solicit any orders for securities transactions or commodities futures contracts. While we believe that the data and information contained in this research report are obtained from reliable sources, we do not guarantee the accuracy or completeness of the data and information.

Mexico: The information contained in this report is for informational purposes only and is not intended to influence the decision of the addressee in any way whatsoever with respect to an investment in a certain type of security, financial instrument, commodity, futures contract, issuer, or market, and is not to be construed as an offer to sell or a solicitation of an offer to buy any securities or commodities futures contracts. Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, is not responsible for the outcome of any investment performed based on the contents of this research report.

Peru: This report is distributed by Scotiabank Peru SAA, a subsidiary of The Bank of Nova Scotia. This report is prepared by analysts employed by The Bank of Nova Scotia and certain of its affiliates, including Scotia Capital Inc.

Singapore: For investors in the Republic of Singapore, this document is provided via an arrangement with BNS Asia Limited pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act (Chapter 289 of Singapore). If there are any matters arising from, or in connection with this material, please contact BNS Asia Limited, located at 1 Raffles Quay, #20-01 North Tower, One Raffles Quay, Singapore 048583, telephone: +65 6305 8388.

This document is intended for general circulation only and any recommendation that may be contained in this document concerning an investment product does not take into account the specific investment objectives, financial situation, or particular needs of any particular person, and advice should be sought from a financial adviser based in Singapore regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation, or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

BNS Asia Limited and/or its affiliates may have in the past done business with or may currently be doing or seeking to do business with the companies or issuers covered in this report. The information provided or to be provided or actions taken by or to be taken by BNS Asia Limited and/or its affiliates in such circumstances may be different from or contrary to the discussion set out in this report.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is distributed by Scotiabank Europe plc to persons who are eligible counterparties or professional clients. Scotiabank Europe plc is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

United States: United States: Distributed to U.S. persons by Scotia Capital (USA) Inc. or by an authorized subsidiary or affiliate of The Bank of Nova Scotia that is not registered as a U.S. broker-dealer (a 'non-U.S. affiliate') to major U.S. institutional investors only. Scotia Capital (USA) Inc. accepts responsibility for the content of a document prepared by its non-U.S. affiliate (s) when distributed to U.S. persons by Scotia Capital (USA) Inc. To the extent that a U.S. person wishes to transact in the securities mentioned in this document through Scotiabank, such transactions must be effected through Scotia Capital (USA) Inc., and not through a non-U.S. affiliate. The information in this document

has not been approved, disapproved, or recommended by the U.S. Securities and Exchange Commission ("SEC"), any state securities commission in the United States or any other U.S. or non-U.S. regulatory authority. None of these authorities has passed on or endorsed the merits or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable. Scotiabank, together with "Global Banking and Markets," is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including Scotia Capital Inc., Scotia Capital (USA) Inc., Scotiabank Europe plc, Scotiabank (Ireland) Designated Activity Company, Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank Group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability. Scotia Capital Inc. is a member of the Canadian Investor Protection Fund and regulated by the Investment Industry Regulatory Organization of Canada. Scotia Capital (USA) Inc. is a broker-dealer registered with the SEC and is a member of FINRA, NYSE, NFA and SIPC. Scotiabank Europe plc is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat , Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

© The Bank of Nova Scotia 2022
This report and all the information, opinions, and conclusions contained in it are protected by copyright. This report may not be reproduced in whole or in part, or referred to in any manner whatsoever, nor may the information, opinions, and conclusions contained in it be referred to without the prior, express consent of Scotiabank, Global Banking and Markets. The Bank of Nova Scotia, Scotiabank, and Global Banking and Markets logo and names are among the registered and unregistered trademarks of The Bank of Nova Scotia. All rights reserved.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> Power Points: EXC Constellation Spin Quick Takes; PCG Probation Updates
- **Publication Date/Time** : Tuesday, January 11, 2022 11:02:46 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=LOyy63vPeTdQnlD!Aza2aA__&reid=2CDEAD8ECD5211ECBC676BB713D2B0B2

Morgan Stanley | RESEARCH

UPDATE

January 11, 2022 05:03 AM GMT

Exelon Corp | North America

Investor Day Takeaways | Positive Update Across the Board, Raising PT

Stock Rating	Industry View	Price Target
Overweight	Attractive	$74.00

Yesterday's financial update reaffirmed our positive view of the RemainCo. Updated '21-'22 EPS guidance, reaffirmed and rolled forward 6-8% annual growth, increased rate base and capex plan, unch'd equity needs post cash payment to CEG, and FFO/Debt metrics drive us to increase our PT +$5 to $74.

WHAT'S CHANGED?

Exelon Corp (EXC.O)	From:	To:
Price Target	$69.00	**$74.00**

Yesterday, Exelon hosted an Investor Day for the RemainCo where it provided a positive update across the board that should alleviate investors' concerns regarding balance sheet capacity and growth prospects. In-line with our expectations, the company maintained the 6-8% annual EPS growth rate (now extended through '25), kept the $1b in equity needs (now through '25), and set FFO/Debt targets at 13-14% (above the 12% threshold level). The company also narrowed '21 EPS guidance to $2.06-2.14 (vs. $1.95-2.25 previously) and '22 guidance to $2.18-2.32 (vs. $2.15-2.45 previously), and rolled forward and raised their rate base growth guidance to 8%+ (+50bps) and 4yr capex plan (+$2b). Confirmation of robust growth ahead plus a stable balance sheet is driving our revised EPS estimate for the RemainCo of $2.40 for '23 (up $0.10 vs. our prior estimate) and increased P/E premium used to value the utilities to 10% (from 5%), in-line with other companies in our coverage that offer similar growth prospects. We are raising our PT by +$5 to $74 ($50 for RemainCo and $24 for ExGen).

Higher 4yr capital investment plan, with 98% recovered via mechanisms that reduce regulatory lag. EXC raised capex to $29b over '22 to '25 (previously $27b over '21 to '24). Federal targets around economy-wide decarbonization, state-level targets, and customer preferences drive a vast investment opportunity in EXC's jurisdictions. These include investments in wires infrastructure to allow penetration of renewables (utility-scale and DERs) as well as the electrification of other sectors, and investments to maintain reliability and performance of the system, and cyber & physical security. Separately, while gas represents a minor portion of EXC's rate base at 14%, investments in gas replacements are expected to drive growth as well. **Overall, we view favorably:**

MORGAN STANLEY & CO. LLC

Stephen C Byrd
EQUITY ANALYST
Stephen.Byrd@morganstanley.com +1 212 761-3865

David Arcaro, CFA
EQUITY ANALYST
David.Arcaro@morganstanley.com +1 212 761-1817

Laura Sanchez
EQUITY ANALYST
Laura.Sanchez@morganstanley.com +1 +1-212-761-0686

Andrew S Percoco
RESEARCH ASSOCIATE
Andrew.Percoco@morganstanley.com +1 212 296-4322

Stephen J Blackburn
RESEARCH ASSOCIATE
Stephen.Blackburn@morganstanley.com +1 212 761-3791

Exelon Corp (EXC.O, EXC US)

Diversified Utilities / IPPs / United States of America

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	**$74.00**
Shr price, close (Jan 10, 2022)	$56.82
Mkt cap, curr (mm)	$55,627
52-Week Range	$58.01-38.36

Fiscal Year Ending	12/20	12/21e	12/22e	12/23e
ModelWare EPS ($)	3.22	2.64	3.78	3.66
Prior ModelWare EPS ($)	-	2.72	3.75	3.57
P/E	13.1	21.9	15.0	15.5
EPS ($)§	3.14	2.79	3.31	3.43
Div yld (%)	3.6	2.6	2.7	2.8

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.
For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

1. The alternate rate mechanisms used in 98% of the capex plan that allow for reduced regulatory lags.

2. The average size of projects (small to medium) that reduces regulatory/operational risks in the approval and development of the projects, respectively.

3. Upside opportunities such as investment in the T&D infrastructure needed to connect offshore wind projects built in the east coast (the company is currently involved in these proceedings/conversations) and opportunities driven by the potential passage of federal clean energy legislation, which has the potential to create rate headroom via lower power generation costs and via financial support for transmission projects. While EXC won't own generation assets post the separation, federal support for clean energy technologies and nuclear power plants translates into lower utility bills for customers, which ultimately create rate headroom and drive increased utility capex across the system (generation, distribution, and transmission). For reference, another company in our coverage estimated that $100m-$150m of headroom each year could lead to over $1b in incremental capex investment.

Exhibit 1: Updated 4yr Capex Plan and Rate Base Growth



Source: Company presentation

Quantification of credit rating metrics should alleviate a key investor concern: equity needs. The company set a new FFO/Debt target of 13-14%, comfortably above the 12% downgrade threshold level and below the currently estimated 15% FFO/Debt level. This reflects the reduced business risk of the company as post separation it becomes a pure wires-only company (no generation), footprint diversification, and the flexibility to lever up and fund the $1.75b cash contribution to Constellation (CEG) at separation (scheduled for Feb. 1st) and the $400m in separation-related expenses.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exhibit 2: Source of Funds (net of $1.75b cash outflow to CEG)

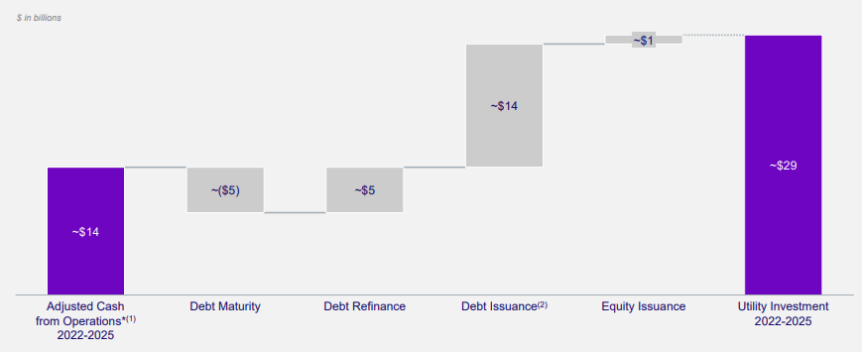

Source: Company presentation

Post separation of the entities, we expect to see increased ESG interest in the stock. We get asked frequently about a list of stocks that meets a very strict criteria: No nuclear exposure and no-to-minimal coal exposure (with a clear exit strategy). Post separation, EXC will represent one of very few utilities that meets this criteria, while their investments in large part enable the decarbonization of the power sector and the electrification of other sectors. While investor focus tends to be in the "E" of the ESG, we expect to see more attention on the "G" and given the criminal matter involving corruption/bribery in which ComEd (EXC's IL utility) was involved in 2020, the company reached a settlement with the US Department of Justice. We see no further liability going forward but are watchful of improvements to their code of conduct and any repercussions with regulators/legislators in the state of IL. The current formula-rate structure in IL goes through the end of 2023, and we expect the utility to file for rate recovery under a new mechanism (still to be determined) in 2023-2024. This could result in an improved ROE, especially in light of the rising interest rate environment and currently well below average ROE. According to management, if ComEd were to earn within the 9-10% ROE range, the overall ROE for EXC would increase by ~40bps to 9.7%.

Among other items, the company guided to a $1.35 DPS in 2022, reaffirmed dividends to grow in-line with earnings at 6-8% through '25, and a dividend payout ratio of ~60%, consistent with the sector.

We view EXC as one of the most attractive US utility stocks we cover, and we see a re-rating potential as the company completes the separation of the utility (RemainCo, referred to simply as Exelon going forward) and merchant generation (Constellation) businesses this quarter. For the RemainCo, we would note that op. earnings grew by 9% from 2016-'21, and that given the various investment opportunities ahead and solid balance sheet we expect robust growth to continue and investors to value EXC as a premium utility. See our recent US Utilities Outlook note here for more context on Exelon relative to the broader utility sector.

Morgan Stanley is acting as financial advisor to the Special Transaction Committee of the Board of Directors of Exelon Corp. ("Exelon") in connection with its plan to separate into two independent publicly-traded companies as announced on February 24, 2021. The transaction is subject to final approval by Exelon's Board of Directors, a Form 10 registration statement being declared effective by the Securities and Exchange Commission, regulatory approvals and satisfaction of

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

other conditions. The transaction is subject to approval by the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission and New York Public Service Commission. There can be no assurance that any separation transaction will ultimately occur. Please refer to the notes at the end of this report.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Risk Reward – Exelon Corp (EXC.O)

Risk-Reward Highly Attractive with Stock Assigning Little Value to ExGen

PRICE TARGET $74.00

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8% through 2025. Separately, using a DCF approach, we value ExGen's nuclear subsidies (ZECs) at $3-4, and ExGen's uncontracted cash flows at ~$20 (bear/bull range of $0/$32).

Consensus Price Target Distribution

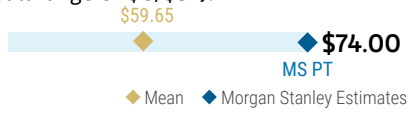

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

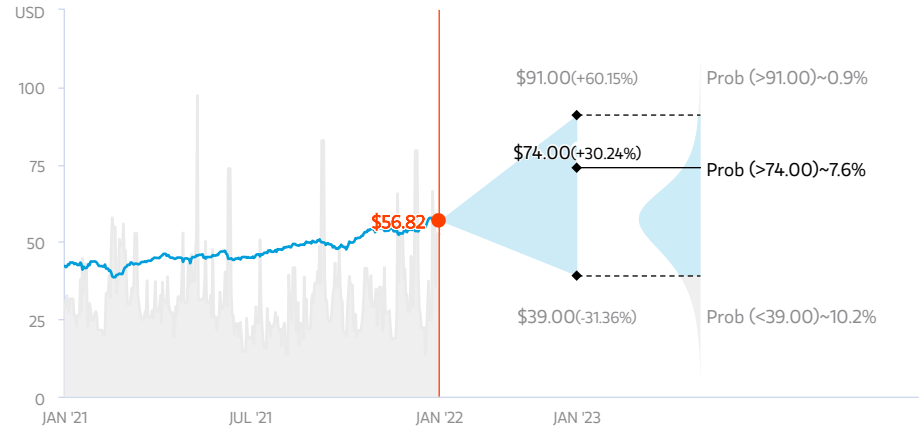

Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 10 Jan, 2022. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

EXC offers above avg. utility earnings growth of 6-8% through 2025 and owns a large, highly contracted, unregulated merchant fleet that the market currently prices at little value. This compares to our valuation of Exgen of ~$20/shr ex-ZECs (bear/bull of $0/$32). We believe the market underappreciates ExGen's unlevered FCF generation of ~$2b/yr., margin stability from the nuclear state subsidies, and the re-rating that could result from potential carbon legislation in the US.

Consensus Rating Distribution

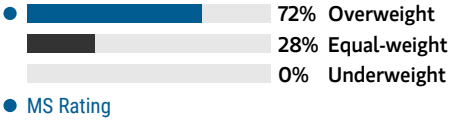

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Contrarian:	*Positive*
Special Situation:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $91.00

21.7x Utility EPS, $36/share ExGen

Differences from our Base Case include: 1) Earnings at the regulated utilities that grow at 10%, and 2) Higher terminal year assumptions for power market prices used in ExGen's DCF and the passage of a $15/MWh federal nuke PTC.

BASE CASE $74.00

20.8x Utility 2023 EPS, ~$25/share ExGen

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8% through 2025. Separately, using a DCF approach, we value ExGen's nuclear subsidies (ZECs) at $3-4, and ExGen's uncontracted cash flows at ~$20.

BEAR CASE $39.00

18.9x Utility EPS, $3/share ExGen

Differences from our Base Case include: 1) Lower earnings at the regulated utilities driven by a 9.5% ROE and a 45% equity ratio, 2) An in-line P/E multiple to the peer group, and 3) No earnings associated with ExGen's assets (the unsecured cash flows). ExGen's valuation of ~$3/shr reflects the nuclear subsidies (ZECs) that are currently secured.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Risk Reward – Exelon Corp (EXC.O)

KEY EARNINGS INPUTS

Drivers	2020	2021e	2022e	2023e
EPS Growth (%)	0.0	(18.0)	43.0	(3.1)
Rate Base Growth (%)	7.6	8.9	7.9	6.6
FFO/Debt (%)	23.0	19.6	22.3	22.2
Merchant EBITDA ($mn) ($, mm)	3,308	3,647	3,445	2,996

INVESTMENT DRIVERS

- Rate case (ROE, Equity Ratio) and other regulatory outcomes
- Capital expenditures and Rate Base growth opportunities
- Reliability of earnings growth
- O&M management
- Regulatory/legislative environment in IL

GLOBAL REVENUE EXPOSURE



100% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

SUSTAINABILITY & ESG

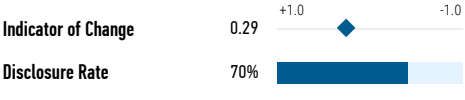

RISKS TO PT/RATING

RISKS TO UPSIDE

- Clean energy policy legislation (nuclear PTC, carbon pricing)
- Material capital upside relative to current capital
- Additional O&M reduction programs
- Implementation of a price on carbon

RISKS TO DOWNSIDE

- Unfavorable regulatory/legislative outcomes
- Depressed nat. gas and power prices
- Failure to execute on growth en-devours and to achieve cost reduction targets

OWNERSHIP POSITIONING



Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2022e

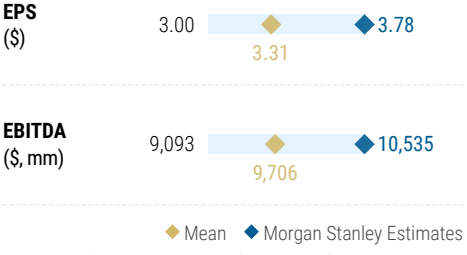

Source: Refinitiv, Morgan Stanley Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Morgan Stanley | RESEARCH

UPDATE

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., and/or Morgan Stanley Canada Limited. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., Morgan Stanley Canada Limited and their affiliates as necessary.
For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.
For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: David Arcaro, CFA; Stephen C Byrd; Laura Sanchez.
.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

As of December 31, 2021, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, NRG Energy Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has received compensation for investment banking services from AES Corp., American Electric Power Co, **Exelon Corp**, NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc, Vistra Energy Corp.
Morgan Stanley & Co. LLC makes a market in the securities of AES Corp., American Electric Power Co, **Exelon Corp**, MGE Energy, Inc., NextEra Energy Inc, NRG Energy Inc, Public Service Enterprise Group Inc.
The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.
Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.
Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of December 31, 2021)
The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.
For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Morgan Stanley | RESEARCH

UPDATE

STOCK RATING CATEGORY	COVERAGE UNIVERSE COUNT	% OF TOTAL	INVESTMENT BANKING CLIENTS (IBC) COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC) COUNT	% OF TOTAL OTHER MISC
Overweight/Buy	**1505**	**42%**	**403**	**45%**	**27%**	**671**	**42%**
Equal-weight/Hold	**1547**	**43%**	**402**	**45%**	**26%**	**695**	**44%**
Not-Rated/Hold	**0**	**0%**	**0**	**0%**	**0%**	**0**	**0%**
Underweight/Sell	**544**	**15%**	**90**	**10%**	**17%**	**220**	**14%**
TOTAL	**3,596**		**895**			**1586**	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Morgan Stanley | RESEARCH

UPDATE

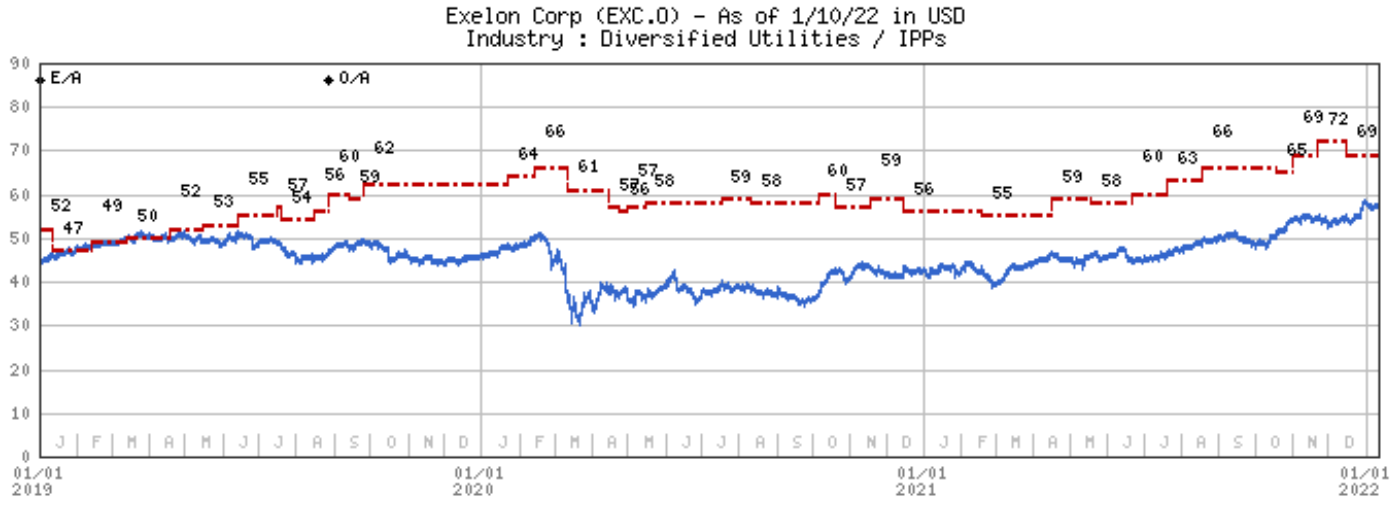

Stock Rating History: 1/1/17 : O/A; 3/28/17 : E/A; 8/27/19 : O/A

Price Target History: 12/12/16 : 38; 1/9/17 : 39; 2/7/17 : 38; 3/9/17 : 40; 3/28/17 : 37; 4/10/17 : 39; 6/7/17 : 40; 7/10/17 : 37; 9/8/17 : 40; 10/11/17 : 39; 11/10/17 : 42; 12/13/17 : 43; 1/11/18 : 42; 2/8/18 : 41; 3/8/18 : 40; 4/13/18 : 43; 5/15/18 : 42; 6/13/18 : 41; 7/13/18 : 43; 9/11/18 : 46; 9/21/18 : 48; 9/26/18 : 47; 11/2/18 : 48; 11/9/18 : 49; 12/14/18 : 52; 1/11/19 : 47; 2/12/19 : 49; 3/13/19 : 50; 4/18/19 : 52; 5/16/19 : 53; 6/14/19 : 55; 7/16/19 : 57; 7/19/19 : 54; 8/16/19 : 56; 8/27/19 : 60; 9/13/19 : 59; 9/25/19 : 62; 1/22/20 : 64; 2/14/20 : 66; 3/12/20 : 61; 4/15/20 : 57; 4/23/20 : 56; 4/30/20 : 57; 5/15/20 : 58; 7/17/20 : 59; 8/11/20 : 58; 10/5/20 : 60; 10/20/20 : 57; 11/17/20 : 59; 12/15/20 : 56; 2/18/21 : 55; 4/16/21 : 59; 5/18/21 : 58; 6/21/21 : 60; 7/20/21 : 63; 8/19/21 : 66; 10/19/21 : 65; 11/2/21 : 69; 11/22/21 : 72; 12/16/21 : 69

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)

Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC & E*TRADE Securities LLC Customers

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC or Morgan Stanley or any of their affiliates, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to www.morganstanley.com/researchdisclosures.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC and E*TRADE Securities LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of AES Corp., American Electric Power Co, **Exelon Corp**, NRG Energy Inc, Public Service Enterprise Group Inc.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions. Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Asia International Limited, Hong Kong Branch; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Asia International Limited, Singapore Branch (Registration number T11FC0207F); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of and takes responsibility for its contents in Canada; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X(Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia , and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.
Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.
Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.
The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products.

INDUSTRY COVERAGE: Diversified Utilities / IPPs

COMPANY (TICKER)	RATING (AS OF)	PRICE* (01/10/2022)
David Arcaro, CFA		
Public Service Enterprise Group Inc (PEG.N)	O (07/02/2020)	$66.26
Stephen C Byrd		
AES Corp. (AES.N)	O (03/23/2020)	$22.96
American Electric Power Co (AEP.O)	O (03/10/2020)	$90.50
Exelon Corp (EXC.O)	O (08/27/2019)	$56.82
MGE Energy, Inc. (MGEE.O)	U (11/17/2021)	$79.92
NextEra Energy Inc (NEE.N)	E (04/14/2020)	$84.29
NRG Energy Inc (NRG.N)	O (09/06/2019)	$40.38
Vistra Energy Corp (VST.N)	O (03/25/2019)	$22.46

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

© 2022 Morgan Stanley

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

January 10, 2022 | 22:28 ET~

Exelon

BMO Capital Markets

EXC-NSDQ	Rating	Price: Jan-10	Target ↑	Total Rtn
	Outperform	$56.82	$63.00	14%

Exelon Utilities Analyst Day – Party Time, EXCellent

Bottom Line:

EXC held its utility-only Analyst Day today for the RemainCo. **The company's 6-8% EPS growth rate for 2021-2025 is consistent with the prior regulated earnings growth rate. However, an increased 2022-2025 capital plan now drives rate base growth of 8.1% compared to the prior 7.6% rate.** Based on the update and incremental capital, we are updating our 2021-2024 standalone EXC RemainCo estimates to $2.10, $2.24, $2.36, and $2.53, respectively, which also nudges up our consolidated estimates to $2.84, $3.32, $3.28, and $3.34. **Accordingly, we increase our target price to $63.**

Key Points

With today's Analyst Day and what will now be a normal 4Q event, Exelon rolled forward its capex program to 2022-2025, with the total spending outlook increasing to $29bn or ~7-8% higher over its 2021-2024 program. The additional $350-400mm per year of spending is for capital opportunities tied to accelerated electrification, cybersecurity, and continued resiliency programs. With nearly 98% of the capital spending being recovered under alternative/contemporaneous cost recovery mechanisms and the regulated utility portfolio being ~76% decoupled by volume, investors should have good visibility into the company's growth over the forecast period.

The company continues to see a modest need for equity of ~$1bn through 2025, which we see as manageable both in terms of dilution and capital markets access at roughly 0.5% of its implied standalone market cap of ~$47bn (using our $48/share target price). This commitment to the balance sheet will help the company maintain its 13-14% FFO/Debt targets, on average, over the 2022-2024 timeframe and leave the company with plenty of financial flexibility above its 12% downgrade threshold. **Management reaffirmed its 2021 UP&O equivalent range at $2.06-2.14/share and initiated its 2022 outlook at $2.18-2.32, suggesting a 7% growth midpoint over midpoint.**

With a growth outlook in line with the sector's high multiple peers, geographic diversity, a pure T&D business model, and a pro forma potential market cap of at least $42-43bn, we believe Exelon Utilities has the potential to be one of the go-to names in the sector post separation. Furthermore, we believe the profiles of both entities will likely continue to attract investor interest given Exelon Utilities' large-cap, above-average growth and pure-play T&D utility exposure and Constellation's unique positioning as a well-capitalized and scale way to gain exposure to carbon-free energy and the numerous business opportunities that could develop.

Key Changes

Target	Estimates	Q4 / 21E	2021E	2022E
$63.00↑	EPS	$0.92	$2.84	$3.32
$62.00	*Previous*	*$0.87*	*$2.79*	*$3.28*
	EBIT		$4,170	$5,196
	Previous		*$4,120*	*$5,152*

For disclosure statements, including the Analyst Certification, please refer to page(s) 6 to 8.

Utilities, Power & Renewables

James M. Thalacker
james.thalacker@bmo.com
Analyst
(212) 885-4007

Edward M DeArias, CFA
edward.dearias@bmo.com
Associate
(212) 702-1200

Legal Entity: BMO Capital Markets Corp.

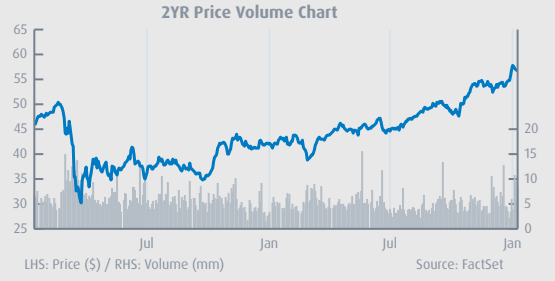

Company Data			in $
Dividend	$1.53	Shares O/S (mm)	978.3
Yield	2.7%	Market Cap (mm)	$55,588
P/BV	1.6x	Net Debt (mm)	$36,287

BMO Estimates (FY-Dec.)	2020A	2021E	2022E	2023E (in $)
EPS	$3.22	$2.84↑	$3.32↑	$3.28↑
DPS	$1.53	$1.23	$1.34	$1.41
EBIT	$4,422	$4,170↑	$5,196↑	$5,395↑
EBITDA	$11,581	$9,732↑	$10,578↑	$10,932↑

Consensus Estimates	2020A	2021E	2022E	2023E
EPS		$2.79	$3.34	$3.43

Valuation	2020A	2021E	2022E	2023E
P/E	17.7x	20.0x	17.1x	17.3x
Div. Yield (%)	2.7%	2.2%	2.4%	2.5%

QTR. EPS	Q1	Q2	Q3	Q4
2020A	$0.87	$0.55	$1.04	$0.76
2021E	$(0.06)a	$0.89a	$1.09a	$0.92
2022E	$0.95	$0.69	$0.94	$0.75
2023E	$0.93	$0.68	$0.93	$0.74

Our Thesis

We believe pending IL clean energy legislation has the potential to materially move investor perception of EXC toward its large-cap regulated peers, which currently trade at a meaningful premium to EXC on 2024 P/E based on our estimates. Our valuation implies investors are paying very little for EXC's high-quality generation fleet that could see its longer-term earnings profile derisked.

Exelon - Block Summary Model

Income Statement	2020A	2021E	2022E	2023E
Generation	1,604	867	1,524	1,333
Com Ed	1,169	1,327	1,418	1,507
PECO	564	736	814	879
BGE	512	513	660	713
PHI	639	779	862	1,046
Parent and Other	(66)	(52)	(82)	(82)
Consolidated EBIT	5,054	4,779	5,583	5,774
Depreciation & Amortization	6,527	4,954	4,994	5,158
EBITDA	11,581	9,732	10,578	10,932
Interest Expense	1,655	1,647	1,679	1,767
Income Tax	399	399	690	815
Income from continuing operations	3,150	2,779	3,261	3,237
Weighted Average Shares Outstanding	979	979	982	988
Diluted Operating EPS	$3.22	$2.84	$3.32	$3.28
Dividends per Share	$1.53	$1.23	$1.34	$1.41
Cash Flow Statement	**2020A**	**2021E**	**2022E**	**2023E**
Operating Cash Flow	4,235	8,633	8,255	8,396
Investing Cash Flow	(4,336)	(8,175)	(8,350)	(8,350)
Financing Cash Flow	145	201	(22)	1,030
Net Change in Cash Flow	44	659	(117)	1,076
EOP Cash on Balance Sheet	1,166	1,825	1,708	2,784
Common stock (net)	45	0	250	250
Net debt issued/(repaid)	1,728	1,401	1,042	2,175
Dividends paid	(1,492)	(1,200)	(1,314)	(1,395)
Balance Sheet	**2020A**	**2021E**	**2022E**	**2023E**
Common Equity	34,868	36,441	38,639	40,731
Preferred Equity	0	0	0	0
Total Debt	39,333	38,434	41,775	43,950
Enterprise Value	$79,813	$78,255	$81,950	$83,286
Common equity %	47.0%	48.7%	48.0%	48.1%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	53.0%	51.3%	52.0%	51.9%
Book Value per Share	$35.62	$37.22	$39.33	$41.22

Source: BMO Capital Markets, Company Reports

New Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation, which utilizes an EV/EBITDA multiple for the company's generation and marketing business. We apply a base P/E multiple to our 2024 estimated earnings from the company's utility businesses consistent with the rest of our coverage universe.

Upside Scenario $69.00

Our upside scenario implies an improved quark spread for the company's nuclear assets and better-than-expected rate base growth and earned ROEs at the company's utility through better cost control.

Downside Scenario $52.00

Our low case or downside reflects an adverse outcome in IL, sustained sub-$2.00 natural gas prices, and slower growth at the utilities combined with further deteriation in IL following the company's recent DOJ deferred prosecution agreement for its IL utility.

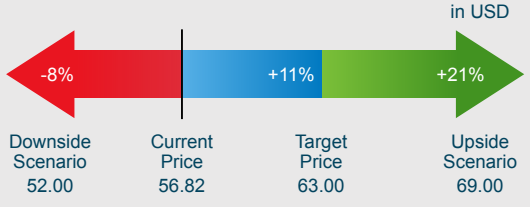

Key Catalysts

We believe IL legislation, which has been delayed due to COVID-19, still could be taken up in the Spring Legislative Session in the General Assembly by mid-2021.

Company Description

Exelon is the largest competitive U.S. power generator, with over 30,000 MW of owned capacity. Its Constellation business unit provides energy products and services to business, public, and residential sector customers. Exelon's utilities deliver electricity and natural gas to 10 million customers in Delaware, DC, Illinois, Maryland, New Jersey, and Pennsylvania.

EXC-NSDQ Research

Glossary

Company Models

Exelon Utilities Analyst Day – Party Time, EXCellent

In the first installment outlining the standalone prospects for post spin EXC entities, Exelon held its utility-only, Exelon Utilities (EXC) Analyst Day this afternoon. Although the profile of the regulated RemainCo did not change materially, the company did provide updates across several fronts to add visibility to its growth outlook, financing plan, and dividend plans through 2025.

Addressing earnings, management reaffirmed its 2021 UP&O equivalent range at $2.06-2.14/share and initiated its 2022 outlook at $2.18-2.32, suggesting a 7% growth midpoint over midpoint. Driven by continued regulated investment, PECO's electric and gas GRC's, lower depreciation & amortization, and modest dilution, the midpoint of this range is around $0.05 higher than our initial $2.20/share estimate. The company's 2022 forecast assumes non-corporate O&M is up $150 million year over year, and management stated its confidence in being able to mitigate any disynergies associated with the corporate separation. The company's regulated-only, long-term growth rate remains in line with its previous utilities' 6-8% regulated earnings growth using its 2021 range as the base for this five-year outlook. Management feels very confident in its ability to achieve its growth outlook, including a stress test of the various earned return scenarios at both ComEd and PECO. As the recent IL legislation impacting ComEd's allowed ROE methodology does not affect earnings until 2024, the company embeds a current 30-year treasury curve (~1.94%) in its longer-term outlook, which is consistent with our current forecast. We conservatively have not assumed a step up in the ROE at ComEd in 2024 as we await clarity pending the ICC establishing its revised regulatory framework over the next 12 months.

With today's Analyst Day and what will now be a normal 4Q event, Exelon rolled forward its capex program to 2022-2025, with the total spending outlook increasing to $29 billion or ~7-8% higher over its 2021-2024 program. This higher level of spending, which includes a ~5% step up on an annualized basis in 2024 and 2025 compared to our estimates, helps drive a modest increase in expected rate base growth to 8.1% from 7.6% previously through 2025. The additional $350-400 million of spending is expected to receive contemporaneous recovery through multi-year rate plans across various jurisdictions and represents capital opportunities tied to accelerated electrification, cybersecurity, and continued resiliency programs. As nearly 98% of its capital spending has alternative cost recovery mechanisms and its regulated utility portfolio is 76% decoupled by volume investors and should have good visibility into the company's growth over the forecast period. Through cost control and a focus on continuous improvement, EXC expects to focus on keeping its customer rates competitive and its current $29 billion capital plan can be executed with rate impacts at or below inflation.

The company continues to see a modest need for equity of ~$1 billion through 2025, which we see as manageable both in terms of dilution and capital markets access at roughly 0.5% of its implied standalone market cap of ~$47 billion (using our $48/share target price). This commitment to the balance sheet will help the company maintain its 13-14% FFO/Debt targets on average over the 2022-2024 timeframe and leave the company with plenty of financial flexibility above its 12% downgrade threshold.

With the separation, EXC expects its standalone 2022 dividend to be established at $1.35/share, representing a 60% payout of operating earnings. With only modest equity needs and starting out with a sector-low payout objective, EXC expects dividend growth in line with its operating EPS growth or 6-8% through 2025. Based on this initial dividend level and our $48 target price, we see a dividend yield in the 2.8% range, which is on par or just slightly below the sector average of 3.1%.

On a UP&O basis (EXC RemainCo after the February 1 split), we are revising our 2021-2024 estimates higher to reflect both the slightly lower equity needs through 2024 and higher capex in 2023 and 2024. Our standalone EXC RemainCo estimates are now $2.10, $2.24, $2.36, and $2.53, respectively. Although our consolidated estimates are also higher with our new forecast on the regulated operations, we have not changed our estimates for ExGen (Constellation Energy) pending the Analyst Day tomorrow morning.

With the change to our UP&O forecast, our consolidated (pre-spin EXC) estimates move to $2.84, $3.32, $3.28, and $3.34, respectively.

With a growth outlook in line with the sector's high multiple peers, geographic diversity, a pure T&D business model, and a pro-forma potential market cap of at least $47 billion, Exelon Utilities has the potential to be one of the go-to names in the sector post separation, in our view. Furthermore, we believe the profiles of both entities will likely continue to attract investor interest given Exelon Utilities large-cap, above-average growth and pure-play T&D utility exposure and Constellation's unique positioning as a well-capitalized and scale way to gain exposure to carbon-free energy and the numerous business opportunities that could develop from the company's portfolio positioning.

Our consolidated target price moves up to $63/share, reflecting a higher UP&O valuation of $48/share given our higher 2024 estimate for the utility-only segment used in our SOTP valuation framework (Exhibit 4).

Exhibit 2: EXC Model Summary

EXC Model Summary	2020	2021	2022	2023	2024
EPS By Segment					
EXC Gen	$1.44	$0.74	$1.08	$0.92	$0.81
Com Ed	$0.66	$0.79	$0.85	$0.90	$0.97
PECO	$0.47	$0.56	$0.59	$0.63	$0.68
BGE	$0.37	$0.42	$0.44	$0.47	$0.50
PHI	$0.52	$0.58	$0.63	$0.65	$0.72
Parent & Other	($0.24)	($0.26)	($0.27)	($0.31)	($0.35)
Consolidated E.P.S.	**$3.22**	**$2.84**	**$3.32**	**$3.28**	**$3.34**
Exelon Utilities (UP&O)	**$1.78**	**$2.10**	**$2.24**	**$2.36**	**$2.53**
Dividend per share	**$1.53**	**$1.23**	**$1.34**	**$1.41**	**$1.51**
Payout Ratio total	47.6%	43.2%	40.3%	43.1%	45.3%
Payout Ratio % of Regulated earnings	75.8%	52.0%	53.2%	53.1%	52.7%
Dividend Yield	3.6%	2.9%	3.1%	3.3%	3.6%
Valuation Metrics					
Price to Earnings	13.2x	15.0x	12.8x	13.0x	12.7x
Price to Book Value	1.2x	1.1x	1.1x	1.0x	1.0x
Funding Sources					
Cash Flow from Operations	$4,235	$8,633	$8,255	$8,396	$8,644
Total Debt Financings	$8,168	$2,975	$4,125	$2,975	$2,750
Total Equity Financings	$45	$0	$250	$250	$250
Credit Metrics					
Total Debt/Capitlization	55%	52%	52%	52%	51%
FFO/Total Debt	21%	22%	20%	19%	19%
EBITDA/Interest Expense	7.0x	5.9x	6.3x	6.2x	6.2x
Regulated Operations Performance - Realized ROE					
Com Ed	8.7%	9.6%	9.6%	9.6%	9.9%
PECO	11.0%	11.9%	11.4%	11.2%	11.2%
BGE	9.7%	10.2%	9.9%	9.8%	9.8%
PHI	9.1%	9.5%	9.6%	9.3%	9.7%
EXC Gen Performance					
EXC Gen EBITDA	$2,788	$1,867	$2,574	$2,380	$2,248
EXC Gen CFO	$584	$3,226	$2,840	$2,688	$2,582
EXC Gen FCF	($1,091)	$1,576	$1,190	$1,038	$932

Source: BMO Capital Markets

Exhibit 3: EXC Model Assumptions

Key Model Assumptions	2020	2021	2022	2023	2024
		$6,525	$6,700	$6,700	$6,750
Total Capital Expenditures by Segment					
EXC Gen	$1,675	$1,650	$1,650	$1,650	$1,650
Com Ed	2,350	2,400	2,450	2,500	2,325
PECO	1,250	1,250	1,275	1,275	1,400
BGE	1,350	1,200	1,250	1,225	1,200
PHI	1,700	1,675	1,725	1,700	1,825
Parent & Other	-	-	-	-	-
Consolidated Capital Expenditures	**$8,325**	**$8,175**	**$8,350**	**$8,350**	**$8,400**
YE Rate Base Estimates					
Com Ed	$16,496	$17,872	$19,095	$20,320	$21,066
PECO	8,416	9,418	10,292	11,188	12,279
BGE	7,475	8,148	8,918	9,511	10,053
PHI	11,622	12,388	13,325	14,109	15,388
Total Rate Base	**$44,009**	**$47,826**	**$51,631**	**$55,129**	**$58,786**

Source: BMO Capital Markets

Exhibit 4: EXC Sum-of-the-Parts Valuation

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2024E	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)	
Com Ed	EPS	9%	$0.97	17.2x	$17	19.2x	$19	21.2x	$21	
PECO	EPS	8%	$0.68	17.1x	$12	19.1x	$13	21.2x	$14	
BGE	EPS	5%	$0.50	16.4x	$8	18.4x	$9	21.2x	$11	
PHI	EPS	11%	$0.72	17.5x	$13	19.5x	$14	21.2x	$15	
Parent & Other	EPS	9%	($0.35)	17.1x	($6)	19.1x	($7)	21.2x	($7)	
Utility Value			**$2.53**	17.1x	**$43**	19.1x	**$48**	21.2x	**$54**	(a)

EXC Power Valuation	Valuation Metric	Premium/ (Discount) %	2024E	BMO Low Case EV/EBITDA Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case EV/EBITDA Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case EV/EBITDA Multiple	BMO High Case Implied Value ($ MM)	
EXC Gen - Power	EBITDA	0.0%	$1,965	5.0x	$9,827	7.0x	$13,758	7.5x	$14,740	
EXC Gen - Retail	EBITDA	7%	$575	5.5x	$3,163	7.5x	$4,313	7.5x	$4,313	
Unregulated Enterprise Value			**$2,540**		**$12,989**		**$18,070**		**$19,053**	
Less:EXC Gen Net Debt (2023E)					($3,282)		($3,282)		($3,282)	
Unregulated Equity Value per Share			**$0.92**	**5.1x**	**$10**	**7.1x**	**$15**	**7.5x**	**$16**	(b)
BMO EXC Equity Value per Share (1)			**$3.45**		**$53**		**$63**		**$69**	(a) + (b)
Upside/(Downside)					(6%)		12%		23%	
Current Yield					3%		3%		3%	
Total Return					**(4%)**		**14%**		**25%**	

Source: BMO Capital Markets

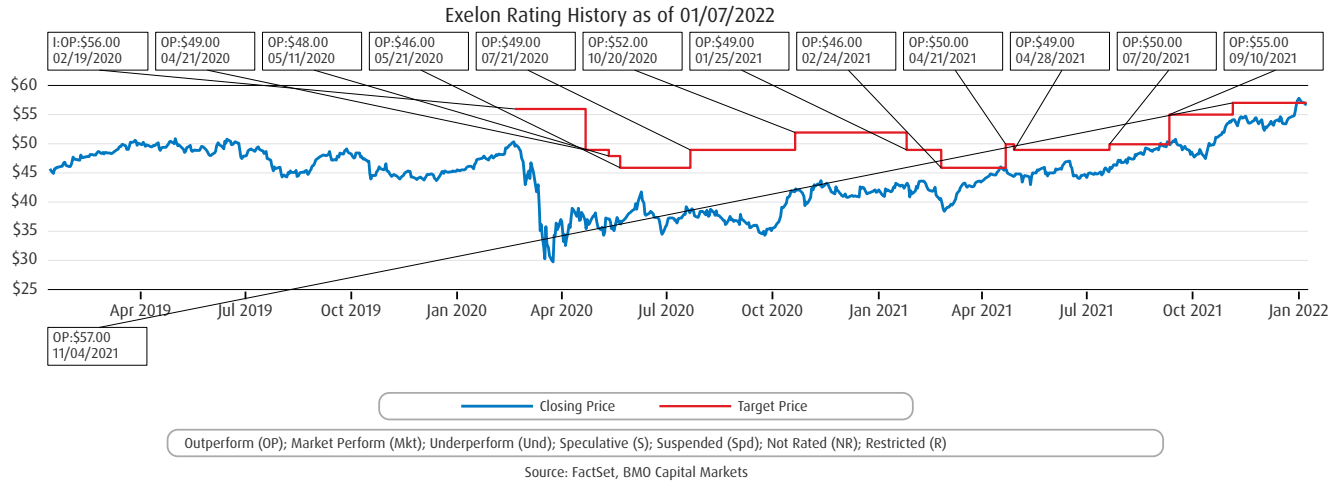

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC generation assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Failure to pass a version of the "Clean Energy Jobs Act" in the upcoming legislative session that sufficiently expands financial support for EXC Gen's nuclear plants would cause us to re-evaluate our rating, all else equal. The Governor's opposition to the existing Formulaic Based Rate Plan in IL may result in a new set of regulations that could be adverse to the company's ComEd Utility. Nuclear operations are subject to additional safety and regulatory oversight.

Distribution of Ratings (January 09, 2022)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	53.1 %	28.6 %	60.4 %	55.2 %	60.8 %	57.7%
Hold	Market Perform	45.8 %	20.9 %	38.1 %	43.5 %	38.2 %	37.5%
Sell	Underperform	1.1 %	33.3 %	1.5 %	1.2 %	1.0 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents

have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited is exempt from the requirement to hold an Australian financial services licence under the Corporations Act and is regulated by the UK Financial Conduct Authority under UK laws, which differ from Australian laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001) and Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at January 10, 2022, 22:28 ET. and disseminated at January 10, 2022, 22:28 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2022 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

Buy

Exelon (EXC)

Carbon free power leader ready to launch

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Price and Target	as of 01/10/22
Price	$56.82
Target Price	$61
Dividend Yield	2.7%
Total Return	10.0%

Capitalization Data (mn USD$)	
Shares Out (mn)	978.3
Market Cap	55,588
Net Debt	38,744
Enterprise Value	94,332

Performance (%)	1M	YTD	1Y
Exelon	5.4	-1.6	34.6
Rel S&P 500	6.2	0.2	10.1

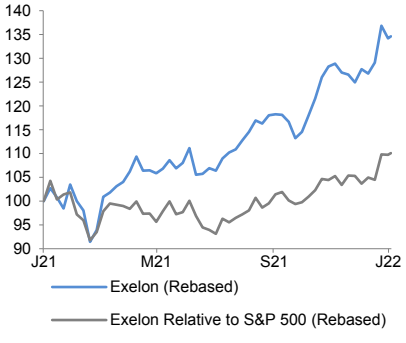

Stock trades higher on solid Exelon standalone outlook. Monday's Analyst Day for the new standalone Exelon T&D business was well received by the Street, with the stock trading up modestly (+0.3%) and outperforming ~100bp in a tough tape. As observed in our earlier note, the new rate base forecast and implied EPS trajectory came in above our 2024E valuation year forecast for the utility plus parent suggesting $2+ of value uplift to our sum-of-parts. While we have held off on updating the model until we digest tomorrow's Constellation (CEG) meeting we would expect to raise our pro forma Exelon valuation to $44/sh based on our average regulated target multiple of 17x applied to adjusted 2024E.

Constellation outlook broadly consistent. After the close on Monday CEG posted its slides with its meeting set for 8.30am ET on Tuesday morning. CEG pegs adjusted EBITDA in a range of $2.35B-$2.75B for 2022E, which compares decently with $2.6B in our model. The updated gross margin forecast is $7.35B for 2022E and $7.65B for 2023E with 2023 benefiting from a full calendar year of the new Illinois CMC nuclear credits. These numbers are ~$150M higher than our model for 2022E and over $500M higher for 2023E, although this is offset partially by an O&M forecast which is $100M higher than our 2022E and closer to $200M higher for 2023E. We have work to do post the meeting reconciling drivers, but at a high level we find the numbers broadly consistent to modestly above our recently re-marked expectations.

Margin forecasts reflect November 30 pricing. One wrinkle is that the CEG numbers reflect an 11/30 price deck, since when forward power for 2022 is down by $2-$4 per MWh although 2023 pricing is actually $1-$2 higher. Expected generation is 91-94% hedged for 2022 and 74-77% for 2023, however, so these price deltas should only have a limited impact.

Forecast shows up to $5B available cash for 2022-2023. CEG shows cash flow for 2022-2023 combined, amounting to $4.6B-$5.0B including the $1.8B transfer from EXC and $2.8B-$3.2B of estimated free cash flow before growth (FCFbG). After debt reduction ($1.8B-$2.2B), dividends ($0.4B), separation related O&M and CapEx ($0.4B) and identified growth ($0.1B) this leaves $1.8B-$2.2B for yet to be identified growth or capital return. Our modeling assumption was for more debt reduction, but this was essentially a placeholder and the CEG forecast shows 2022 debt: adjusted EBITDA at a very manageable 2.0x or 1.5x excluding the non-recourse element. Cash flow to debt metrics for 2022 are seen at 45% (S&P) and 35% (Moody's) with both showing significant headroom versus downgrade thresholds.

Favorability at the base CapEx and nuclear fuel lines. One area where there is tangible upside versus our expectations is at the CapEx line or "Carbon-Free Capital Investment Plans" to use the term in the slides. These numbers show $1.75B for 2022E (including nuclear fuel) and this declines to $1.55B for 2023E and $1.3B for 2024E, with the latter amounting to base spending and nuclear fuel ($650M each). Versus our current model, these CapEx numbers are lower by $50M for 2022E, $250M for 2023E and $500M lower for 2024E amounting to $800M over the course of three years. In terms of the components, the new CEG forecast shows base spending and nuclear fuel both settling out around $200M lower than what we had been using.

Initial dividends keep EXC payout intact. CEG is earmarking $180M for dividends in 2022 and expects to grow this 10% annually in 2023 and 2024. With share count expected to decline on stock buybacks, effective DPS growth for CEG will likely exceed 10%. For current Exelon holders the CEG payout amounts to $0.18 per EXC share, keeping investors at least whole at the current $1.53 when combined with the new $1.35 EXC payout announced Monday.

Leading carbon-free generator; largest retail electric provider for C&I. Strategy-wise, CEG position their nuclear-centric portfolio as the largest U.S. producer of carbon-free power with the lowest carbon emissions of any major player in the industry. This is largely as we expected and continues the narrative outlined by management at the EEI Conference in November. The new slides spend considerable time illustrating this profile, while also highlighting alignment with state and federal policy preferences as well as new repowering opportunities in the renewable feet and plans to seek extensions of current nuclear licenses out to 80 years. At the same time, CEG's leading position in the retail electric C&I market is highlighted as a key differentiator with a customer offering increasingly focused around zero-carbon solutions including an hourly-matched carbon free product which CEG has under development and about which we look forward to learning more tomorrow.

Nuclear sites eyed as future Clean Energy Centers. More broadly, we look forward to the presentation to get a better sense of how management intend to prioritize growth versus capital return in their overall business and financial strategy. It seems clear from the slide deck that the plan will be geared around playing some offense on both the supply side and in the customer business but it remains unclear to us to what extent this will actually involve material deployment of incremental growth capital. One concept we find interesting in the presentation is the notion of transitioning the existing nuclear sites into future Clean Energy Centers. This might involve integration with hydrogen opportunities, data centers, direct air capture and other emerging technologies. How willing investors are to embrace financing these ideas in lieu of potential capital return is an open question in our mind, although we would note that the current stated financial plan at this stage shows very little in the way of committed growth capital over the next two years (~$100M).

Expect questions on uncommitted cash and timing. Fair questions for the call might be a better sense of plans for the $1.8B-$2.2B of uncommitted cash for 2022-2023, how much we might expect to be earmarked for capital return, and on what timeframe management expect to be providing the Street with some additional clarity on this front. We suspect the answer may be at least partly dependent on what happens with the potential federal nuclear PTC and timing thereof, but await management's meeting commentary for a better sense of plan priorities.

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover. Our employees and partners are prohibited from transacting in such securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation. We require our employees and partners to pre-clear all transactions in covered securities with us.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisors. Our notes and research reports may contain “forward-looking statements.” All projections, forecasts and related statements and expressions constitute “forward-looking statements.” Although the authors of our content believe that the expectations reflected in such “forward-looking statements” are reasonable, no one can assure that such expectations will be correct. Such “forward-looking statements” may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

Exelon Corp. (EXC): Initial highlights and thoughts from EXC's "RemainCo" Analyst Day

Michael Lapides
+1(212)357-6307 |
michael.lapides@gs.com
Goldman Sachs & Co. LLC

Insoo Kim, CFA
+1(212)902-0459 | insoo.kim@gs.com
Goldman Sachs & Co. LLC

Rebecca Yuan, CFA
+1(212)357-4977 |
rebecca.yuan@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(801)884-4034 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Exelon Corp (EXC, Buy) hosted an analyst day event to highlight the strategy for RemainCo - the regulated business currently owned by the company - in preparation for the separation of its non-regulated business in the coming weeks. We note the non-regulated business, Exelon Generation (ExGen - to be renamed Constellation Energy) - will host its analyst day event on Tuesday a.m. of this week.

Main Takeaways

We detail highlights from today's presentation for the RemainCo - the legacy transmission/distribution utility businesses that serve markets such as Chicago, DC, Baltimore and Philadelphia:

- **EXC raised its rate base and capital spending outlook for the utilities,** with a forecast rate base CAGR now at 8.1% from 2021-2025 versus 7.6% previously forecast for the prior 5 year period of 2020-2024. EXC raised its long-term capital spending forecast to $35.6bn, (versus $33.3bn from 2020-2024 prior) with an increase in all years of the 2021-2024 comparable period versus the prior forecast — we note the bulk of the change occurs in expected cumulative 5 year Distribution spend moving from $22.3bn to $23.2bn, Transmission spend increasing slightly form $7.1bn to $7.8bn and Gas Delivery/Other from $4bn to $4.6bn.
- **Financing plans appear largely consistent with prior guidance, with equity needs at $1bn during the forecast horizon.** Our current forecasts do not embed the $1bn of equity issuance - as we still assume a consolidated structure for EXC and ExGen. However, EXC's prior guidance - and today's disclosure - both assume roughly $1bn of equity issuances going forward - albeit with today's forecast encompassing four years versus the prior outlook just for three years, implying lower issuance per year ($250m/yr vs $333m/yr previously).
- **EXC guided O&M slightly up yoy, at 4% in 2022,** representing a 1.4% CAGR from 2016-2022, below inflation levels. However, the company noted longer term O&M growth should remain below inflationary levels.

Multi-year EPS growth rate guidance appears unchanged at 6%-8% through

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

2025. EXC updated its 2021 Utility + HoldCo EPS guidance to $2.06-$2.14 versus $1.95-$2.25 prior, while narrowing the 2022 EPS range to $2.18-$2.32 with a $2.25 midpoint compared to $2.15-$2.45 ($2.30 midpoint) prior, which compares to our estimate of $2.17.

We are Buy rated on EXC with a $62, 12-month price target based on a SOTP. Key risks include power prices, utility regulation, costs and financing.

EXC	12m Price Target: **$62.00**	Price: **$56.82**	Upside: **9.1%**

Buy

Market cap: $55.7bn
Enterprise value: $93.3bn
3m ADTV: $290.5mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/20	12/21E	12/22E	12/23E
Revenue ($ mn)	33,039.0	33,244.1	27,276.4	27,843.8
EBITDA ($ mn)	7,814.0	9,493.3	9,320.6	9,853.3
EBIT ($ mn)	2,801.0	3,311.0	4,829.3	5,245.3
EPS ($)	3.22	2.85	3.23	3.57
P/E (X)	12.4	20.0	17.6	15.9
EV/EBITDA (X)	10.1	9.8	10.1	9.5
FCF yield (%)	(9.8)	(2.2)	1.9	2.9
Dividend yield (%)	3.8	2.7	2.8	3.0
Net debt/EBITDA (X)	4.8	3.9	4.1	3.8

	9/21	12/21E	3/22E	6/22E
EPS ($)	1.09	0.93	0.69	0.52

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 10 Jan 2022 close.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Disclosure Appendix

Reg AC

I, Michael Lapides, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Financial Advisory disclosure

Goldman Sachs and/or one of its affiliates is acting as a financial advisor in connection with an announced strategic matter involving the following company or one of its affiliates: Exelon Corporation

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Clearway Energy Inc., Consolidated Edison Inc., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NRG Energy Inc., NextEra Energy Inc., NextEra Energy Partners, NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group, Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($56.82)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($56.82)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($56.82)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($56.82)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($56.82)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($56.82)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($56.82)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	35%	15%	65%	58%	47%

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

As of October 1, 2021, Goldman Sachs Global Investment Research had investment ratings on 3,017 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

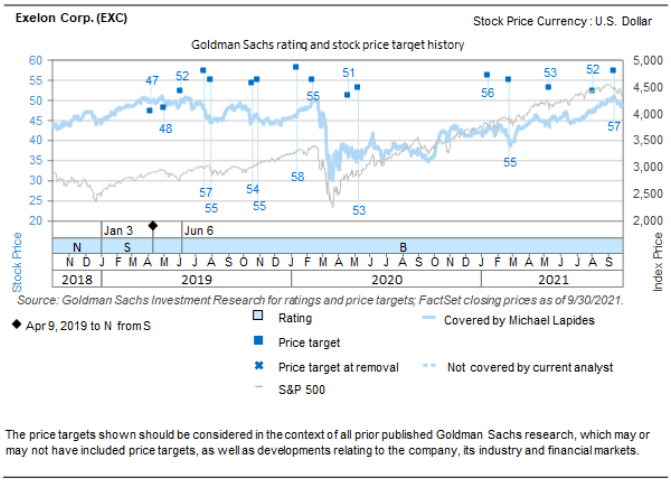

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** Goldman Sachs Canada Inc. is an affiliate of The Goldman Sachs Group Inc. and therefore is included in the company specific disclosures relating to Goldman Sachs (as defined above). Goldman Sachs Canada Inc. has approved of, and agreed to take responsibility for, this research report in Canada if and to the extent that Goldman Sachs Canada Inc. disseminates this research report to its clients. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region's Investment Review Committee manages Regional Conviction lists, which represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by either Goldman Sachs Canada Inc. or Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Effective from the date of the United Kingdom's departure from the European Union and the European Economic Area ("Brexit Day") the following information with respect to distributing entities will apply:

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland, Portugal, the Republic of Cyprus and the Republic of Ireland; GS -Succursale de Paris (Paris branch) which, from Brexit Day, will be authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by the Global Investment Research division of GS may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2022 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

GUGGENHEIM

FLASH NOTE

January 10, 2022

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC: RemainCo Details Largely in Line with Our Expectations

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Company Update

Share Price	$56.82

Market Data

52-Week Range	$38.36 - $58.01
Dividend	$1.38
Dividend Yield	2.4%
Market Cap (M)	$55,500
Shares Out (M)	976.8
ADV (3 mo; 000)	5,310

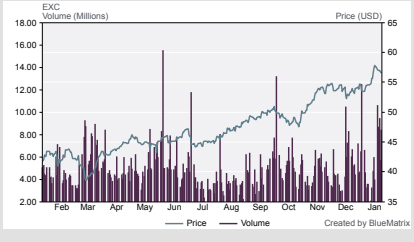

Key Message: Exelon's debut as a purely regulated entity was largely in line with the expectations we laid out in our preview note last week (see our NOTE), with top tier 6-8% EPS growth extended through 2025 and key supporting details backfilled ahead of the formal split on February 1st. Management continues to find robust avenues for capital deployment across the footprint, guided by below-inflation customer rate pressure. As we have seen with other multi-state eastern T&Ds, the emphasis in today's narrative was on lag minimization from favorable mechanisms and efficiency, with the forthcoming changes at ComEd arguably the final piece of the differentiated puzzle. We believe the fully regulated EXC will present an attractive alternative to other wires-only eastern names post spin, and we continue to assign a premium to eastern utilities. We caught up with C Suite tonight post the analyst day. Our preview note was very consistent with the messaging today, capital plan update, credit metrics, EPS/rate base growth in line with our newly published estimates. Below is a quick take. Investors should revert back to our preview for more in-depth details.

What happened? Exelon held its RemainCo analyst day, laying out 2025 capex guidance, 2022 earnings guidance, and refreshing a slew of interim data points. The data points were generally in line with our expectations heading into the event (see our preview note HERE), with LT EPS growth of 6-8% rolled forward to 2025. This is supported by a very robust update to the prior 5-year capital plan and associated rate base growth, with the latter increasing to 8.1% through the forecast window. The spend is split roughly 65% electric distribution, 22% transmission, and 13% gas delivery, with backfilling occurring across the previously-guided 2022-24 period, as we expected. Funding the $29bn plan is roughly $14bn of new debt and $1bn of new equity, in addition to ~$14bn of CFO (net of dividends). The modest amounts of equity were in line with our modeled expectations for 2025 heading into the analyst day, as was the ~7% dividend growth midpoint management provided. Post-agency adjustments credit metrics in the range of 13-14% CFO/FFO to debt were also announced, just below our pre-adjustment expectation for ~15% heading into the event.

We asked on the call about the potential for management to provide general guidance *beyond* the 5-year window similar to some utilities in recent quarters (CNP, D, DUK, etc.); **however, management was of the view that such long-dated efforts are fraught with assumptions, uncertainties, and regulatory issues** (e.g., front running the process) and that the team is comfortable with the current horizon. Management also introduced 2022 guidance in the range of $2.18 to 2.32, versus our $2.27 and prior indications in the range of $2.15-2.45. We caught up with management after the call and asked about the slight slippage in the midpoint, which they partially attributed to the drop in treasuries (about half of the change), with the balance coming from separation items, services costs, and other cats and dogs.

What's next? ComEd process in focus as other utilities face a relatively quiet year. Exelon remains on the cusp of becoming a boring regulated utility, in our view, with the ongoing case at DPL the only major regulatory activity currently ongoing outside of the policy implementation process in IL. We asked about the potential IL outcomes (MYPs and ROE improvements) versus the latest plan, with management generally indicating that it has some assumptions built in but continues to engage in the overall process. Our impression remains that the company is sensitive to the process, with the overall 6-8% growth well cemented despite investors' attempt to pinpoint an evolving situation. From a rate pressure perspective, management indicated that deferrals and EDIT amortizations remain potential levers under discussion within the context of the proceedings and regulatory conversations, with the tax flowbacks an item in the 2021 legislative package.

What do we think of RemainCo overall? We believe the fully regulated EXC presents an attractive alternative to other wires-only eastern names like ES and FE. We continue to view the core EXC utilities outside of IL favorably, with exemplary efforts across the platform to

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

implement MYPs and improve earned ROEs across PHI and the other legacy utilities – all supporting top-tier growth. While the implementation of MYPs and the general backdrop in IL remains somewhat of a work in progress, we generally believe that EXC could have the core attributes for potentially drawing in ES-style ESG investors in the longer term, namely its wires focus and small gas rate base. **Our current Pre-Spin SoTP valuation remains $61, predicated on $48 for the RemainCo and $13 for SpinCo – see full breakout on page 4 HERE for further details and page 2 for RemainCo multiple ranges.**

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 01-07-2022



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	245	66.58%	72	29.39%
NEUTRAL	116	31.52%	10	8.62%
SELL	7	1.90%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Software
Ken Wong, CFA 415.852.6465
Ken.Wong@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

GUGGENHEIM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

EVERCORE ISI

Energy | Power & Utilities

January 10, 2022

Exelon Corp.

EXC | $56.73

Outperform | Target Price/Base Case: $63.00 (from $56.00)

Company Update

Durgesh Chopra
212-653-8998
durgesh.chopra@evercoreisi.com

Michael Lonegan
212-653-8997
michael.lonegan@evercoreisi.com

Company Statistics

Market Capitalization (M)	$55,343
Shares Outstanding (M)	974
Dividend	1.68
Dividend Yield	3.0%
Payout Ratio	74.7%
Expected Total Return	13.8%
Fiscal Year End	Dec

Earnings Summary

	2022E	2023E	2024E
EPS	**$2.25**	**$2.41**	**$2.57**
P/E	**25.3**	**23.6**	**22.1**
EPS vs Consensus	**(32.1)%**	**(29.6)%**	**(23.9)%**
Consensus EPS	**$3.31**	**$3.42**	**$3.38**
Consensus P/E	**17.2**	**16.6**	**16.8**

1 Year Price History

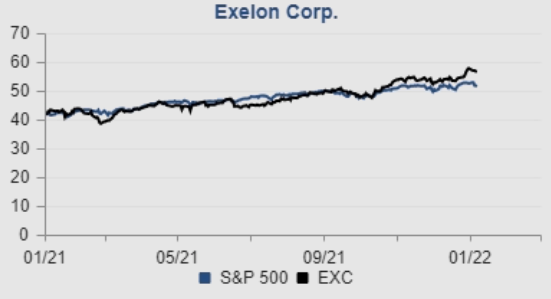

Source: FactSet

Highlights From 2022 Analyst Day

We view Exelon's 2022 Analyst Day today as a positive update. EXC narrowed its 2021 adjusted EPS guidance to $2.06-2.14/share from $1.95-2.25/share previously, which is unchanged at the midpoint. In addition, the Company lowered 2022 EPS guidance by 2% at the midpoint to $2.18-2.32/share versus $2.15-2.45/share previously. On the positive side, Exelon is now guiding to 6-8% EPS growth from 2021-2025 versus 6-8% previously for 2020-2024, and assuming linear growth at the 7% midpoint this implies a projected 2024 estimate of $2.57/share, which is 3% higher than the previous estimated disclosure of $2.50/share midpoint. EXC also rolled forward and raised its four-year capex plan to $29 billion for 2022-2025 from $27 billion for 2021-2024, with the update including a modestly higher $6.60 billion of capital for 2021 versus the $6.55 billion planned previously. The increased long-term capex program is expected to drive an 8.1% rate base CAGR for 2021-2025 versus 7.6% previously for 2020-2024. Exelon expects to finance this plan with $1 billion of equity for 2022-2025 versus $1 billion previously planned for 2021-2024. This financing plan is intended to target a 2022-2024 average FFO to debt of 13-14% for S&P's current BBB rating which has a downgrade threshold of 12%, and CFO (pre-WC) to debt of 13-14% for Moody's current Baa2 rating which has a downgrade threshold of 12%. Exelon projects to grow its dividend 6-8% through 2025, in line with operating EPS. Lastly, the Company said it is focused on executing on the base plan but open to evaluating M&A opportunities to enhance shareholder value.

Updating our utility EPS estimates and raising our target price. We are maintaining our 2021 and 2022 utility EPS estimates of $2.10 and $2.25, respectively. We are raising our 2023 utility EPS forecast to $2.41 from $2.35, and introducing a 2024 estimate of $2.57. Our full 2021-2024 EPS estimates are now $2.10 / $2.25 / $2.41 / $2.57 versus our prior 2021-2023 forecast of $2.10 / $2.25 / $2.35. We are increasing our target price to $63/share as we now value Exelon at 18.9x multiple (5% premium to our utility target multiple of 18x) applied to our 2024 EPS estimate. See Exhibit 1 inside. For Constellation we are introducing our preliminary 2024 estimated EBITDA of $2,810mm. We arrive at our 24E by adding low teen investment return on ~$2B in free cash flow (2022-2023) to company's 2022 EBITDA guidance mid-pt of $2,550mm. We will fine tune our Constellation EBITDA forecast and valuation post-company Analyst Day tomorrow. We reaffirm our Outperform rating for EXC.

Benefits of Illinois SB 2408 for Exelon & Constellation: As a result of the legislation, Constellation will keep the Byron and Dresden nuclear plants open. In addition, at the bill's 2023 baseline cost of $32.50 per MWh, we see a ~$300mm uplift (included in our forecast) in 2023 EBITDA from potential incremental revenue generated, assuming operating costs of $30 per MWh. Starting in 2024, we also see a potential ~$0.15 annual EPS benefit under the new regulatory framework for Exelon. We arrive at this incremental EPS, which would be ~6% of our outer-year 2024 utility EPS estimate of $2.57, assuming the Company receives ROEs at the current 2022 prevailing national average of ~9.45% or at recent Illinois gas rate case outcomes of ~9.65%, when compared to the existing formula rate plan through 2023 where ROEs are based on the 30-year treasury rate (currently ~2%) plus 580bps. Furthermore we could see upside to EXC's capex and rate base outlook in IL.

Please see the analyst certification and important disclosures on page 5 of this report. Evercore ISI and affiliates do and seek to do business with companies covered in its research reports. Investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.
© 2022. Evercore Group L.L.C. All rights reserved.

Key Highlights of Illinois Senate Bill 2408

Legislation sets a goal of moving Illinois to 100% clean energy by 2050, with interim targets of 40% renewables by 2030 and 50% by 2040. All privately owned coal- and oil-fired power plants in the state would have to shut down by 2030. Gas plants have until 2045, and until then their carbon emissions in a given year cannot exceed what they emitted, on average, over the past three years. The bill also has a goal of putting one million electric cars and trucks on the road by 2030.

Key nuclear provisions: Importantly, the bill also provides subsidies for nuclear generation through carbon mitigation credits that provide revenue support at baseline costs used to establish a customer protection cap. The baseline costs are the following:

- $30.30/MWh for the delivery year beginning June 1, 2022
- $32.50/MWh for the delivery year beginning June 1, 2023
- $33.43/MWh for the delivery year beginning June 1, 2024
- $33.50/MWh for the delivery year beginning June 1, 2025
- $34.50/MWh for the delivery year beginning June 1, 2026

Key regulatory framework changes: The bill also includes changes to the regulatory framework applicable to Illinois electric distribution businesses. Specifically, the existing performance-based formula framework will remain for ratemaking through 2023. Under SB 2408, utilities will have the option to establish new rates based on either a traditional rate case using a future test year, or a plan based on investment and operating costs over a four-year period ("Multi-Year Plan"), which the companies would submit by January 20, 2023, to the Illinois Commerce Commission (ICC) for review / approval. The Commission under the Multi-Year Plan would establish electric rates for each year of the four-year period starting in 2024. The ICC would also determine the allowed ROE based on the companies' forecasted average annual rate base. During the Multi-Year Plan, the ROE would be subject to adjustments for performance metrics relating to affordability of customer delivery service cost, the utility's customer service performance, delivery system reliability, supplier diversity, timeliness of response to customer requests for interconnection of distributed energy resources, and reductions in peak load due to demand response programs. SB 2408 provides for symmetrical performance-based ROE incentives and penalties in a range of 20-60 basis points in the aggregate. The revenue requirement for each calendar year would reflect the companies' actual capital structure for that year, with an equity ratio of up to 50% being deemed prudent and reasonable and a higher equity ratio requiring specific Illinois commission approval. Annual rate adjustments would be permitted under a Multi-Year Plan to reflect the actual annual revenue requirement based on YE rate base. The actual annual revenue requirement approved in an annual rate adjustment may not exceed 105% (a true-up cap) of the revenue requirement for the annual period approved by the Commission in the Multi-Year Plan. Annual reconciliations (subject to Commission prudence review) would be recovered from or refunded to customers within 24 months of the applicable annual period. Some forecasted costs are excluded from the true-up cap, including those associated with new business and facility relocations, major storms, changes in interest rates, changes in the timing of expenditures or investments that move the expenditure or investment into or out of the applicable calendar year, taxes (including income taxes and taxes other than income taxes), pension or other post-retirement benefits costs, and amortization of certain regulatory assets. The true-up cap also excludes costs recovered through riders (bad debt, purchased power, transmission costs) without a traditional rate proceeding. Like with the existing formula rate framework, electric distribution revenues would continue to be decoupled from sales volumes under a Multi-Year Plan. If a utility elects to file a Multi-Year Plan, the Bill permits the phase-in of any initial rate increase with at least 50% of the first year's approved rate increase reflected in the first year, with the remaining portion deferred as a regulatory asset and recovered in rates over a period not to exceed 24 months beginning within 12 months after the second year's rates are effective.

Exhibit 1
EXC Sum-of-the-Parts Analysis

Transaction / Pro Forma SOTP	Units	2024
Constellation EBITDA	$mm	$2,810
EV / EBITDA MultiplE	x	7.0x
Constellation EV	$mm	$19,670
Net Debt	$mm	5,620
Constellation Equity Value	**$mm**	**$14,050**
Pro-Forma Net Debt/EBITDA	mm	2.0x
Pro-Forma Shares	mm	983
Constellation Equity Value	**$/Share**	**$14.0**
EXC EPS	$/share	$2.57
EXC Muliple	x	18.9x
EXC Valuation	**$/share**	**$49.0**
Constellation Equity Value	**$/Share**	**$14.0**
Constellation + EXC Total Equity Value	**$/Share**	**$63.0**

Source: Evercore ISI Research

VALUATION METHODOLOGY

Our valuation is based on a sum of the parts analysis. We use a P/E multiple on the utility and an EBITDA multiple for the merchant power business.

RISKS

Higher or lower power / capacity prices and favorable / unfavorable outcomes in regulatory proceedings would cause our valuation to be either higher or lower. Higher interest rates would pull utility earnings up in IL but pressure multiples so the net impact would likely be negative overall. A favorable outcome in the upcoming capacity auctions would be accretive but a significantly lower capacity auction price would be negative.

COMPANIES UNDER COVERAGE BY AUTHOR

Symbol	Company	Rating	Price (2022-10-01)	Evercore ISI Target
AEE	Ameren Corp.	Outperform	$87.00	$90.00
AEP	American Electric Power	Outperform	$90.47	$99.00
AES	The AES Corporation	Outperform	$22.89	$30.00
AWK	American Water Works Company, Inc.	Outperform	$169.49	$170.00
AWR	American States Water Company	Underperform	$96.56	$70.00
CMS	CMS Energy Corp.	In Line	$64.69	$62.00
CNP	CenterPoint Energy, Inc.	Outperform	$27.68	$27.00
CWT	California Water Service Group	In Line	$66.25	$50.00
D	Dominion Energy, Inc	Outperform	$79.66	$82.00
DTE	DTE Energy Co.	Outperform	$119.76	$127.00
DUK	Duke Energy Corp.	In Line	$104.37	$96.00
ED	Consolidated Edison Inc.	Underperform	$84.70	$72.00
EIX	Edison International	In Line	$65.56	$73.00
EOSE	Eos Energy Enterprises, Inc	Outperform	$6.04	$21.00
ES	Eversource Energy	In Line	$88.57	$91.00
ETR	Entergy Corp.	Outperform	$111.67	$110.00
EVRG	Evergy	Outperform	$66.94	$70.00
EXC	Exelon Corp.	Outperform	$56.73	$63.00
FE	FirstEnergy Corp.	Outperform	$41.55	$46.00
FLNC	Fluence Energy, Inc.	Outperform	$25.99	$47.00
HE	Hawaiian Electric Industries Inc.	In Line	$42.43	$38.00
NEE	NextEra Energy Inc	In Line	$84.06	$78.00
NI	NiSource Inc	In Line	$27.72	$27.00
NRG	NRG Energy Inc.	In Line	$40.22	$42.00
OGE	OGE Energy Corp	Outperform	$37.38	$35.00
PCG	PG&E Corp.	Rating Suspended	$12.21	
PEG	Public Service Enterprise Group	In Line	$66.02	$63.00
PNW	Pinnacle West Capital Corp.	In Line	$70.52	$66.00
PPL	PPL Corp.	In Line	$30.14	$31.00
SJW	SJW Group	In Line	$69.31	$67.00
SO	Southern Co.	Underperform	$68.47	$61.00
SRE	Sempra Energy	Outperform	$137.28	$143.00
VST	Vistra Energy Corp	Outperform	$22.45	$23.00
WEC	WEC Energy Group, Inc.	In Line	$96.79	$96.00
WTRG	Essential Utilities Inc.	In Line	$51.63	$52.00
XEL	Xcel Energy Inc.	In Line	$69.87	$70.00

TIMESTAMP

(Article 3(1)e and Article 7 of MAR)

Time of dissemination: January 10 2022 6:40 PM ET

ANALYST CERTIFICATION

The analysts, Durgesh Chopra, Michael Lonegan, primarily responsible for the preparation of this research report attest to the following: (1) that the views and opinions rendered in this research report reflect his or her personal views about the subject companies or issuers; and (2) that no part of the research analyst's compensation was, is, or will be directly related to the specific recommendations or views in this research report.

IMPORTANT DISCLOSURES

This report is approved and/or distributed by Evercore Group L.L.C. ("Evercore Group"), a U.S. licensed broker-dealer regulated by the Financial Industry Regulatory Authority ("FINRA"), and Evercore ISI International Limited ("ISI UK"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The institutional sales, trading and research businesses of Evercore Group and ISI UK collectively operate under the global marketing brand name Evercore ISI ("Evercore ISI"). Both Evercore Group and ISI UK are subsidiaries of Evercore Inc. ("Evercore "). The trademarks, logos and service marks shown on this report are registered trademarks of Evercore.

The analysts and associates responsible for preparing this report receive compensation based on various factors, including Evercore's Partners' total revenues, a portion of which is generated by affiliated investment banking transactions. Evercore ISI seeks to update its research as appropriate, but various regulations may prevent this from happening in certain instances. Aside from certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Evercore ISI generally prohibits analysts, associates and members of their households from maintaining a financial interest in the securities of any company in the analyst's area of coverage. Any exception to this policy requires specific approval by a member of our Compliance Department. Such ownership is subject to compliance with applicable regulations and disclosure. Evercore ISI also prohibits analysts, associates and members of their households from serving as an officer, director, advisory board member or employee of any company that the analyst covers.

This report may include a Tactical Call, which describes a near-term event or catalyst affecting the subject company or the market overall and which is expected to have a short-term price impact on the equity shares of the subject company. This Tactical Call is separate from the analyst's long-term recommendation (Outperform, In Line or Underperform) that reflects a stock's forward 12-month expected return, is not a formal rating and may differ from the target prices and recommendations reflected in the analyst's long-term view.

Applicable current disclosures regarding the subject companies covered in this report are available at the offices of Evercore ISI: 55 East 52nd Street, New York, NY 10055, and at the following site: https://evercoreisi.mediasterling.com/disclosure.

Evercore and its affiliates, and I or their respective directors, officers, members and employees, may have, or have had, interests or qualified holdings on issuers mentioned in this report. Evercore and its affiliates may have, or have had, business relationships with the companies mentioned in this report.

Additional information on securities or financial instruments mentioned in this report is available upon request.

Ratings Definitions

Current Ratings Definition

Evercore ISI's recommendations are based on a stock's total forecasted return over the next 12 months. Total forecasted return is equal to the expected percentage price return plus gross dividend yield. We divide our stocks under coverage into three primary ratings categories, with the following return guidelines:

Outperform- the total forecasted return is expected to be greater than the expected total return of the analyst's coverage sector.
In Line- the total forecasted return is expected to be in line with the expected total return of the analyst's coverage sector.
Underperform- the total forecasted return is expected to be less than the expected total return of the analyst's coverage sector.
Coverage Suspended- the rating and target price have been removed pursuant to Evercore ISI policy when Evercore is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.*
Rating Suspended- Evercore ISI has suspended the rating and target price for this stock because there is not sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, a rating or target price. The previous rating and target price, if any, are no longer in effect for this company and should not be relied upon.*

*Prior to October 10, 2015, the "Coverage Suspended" and "Rating Suspended" categories were included in the category "Suspended."

FINRA requires that members who use a ratings system with terms other than "Buy," "Hold/Neutral" and "Sell" to equate their own ratings to these categories. For this purpose, and in the Evercore ISI ratings distribution below, our Outperform, In Line, and Underperform ratings can be equated to Buy, Hold and Sell, respectively.

Historical Ratings Definitions

Prior to March 2, 2017, Evercore ISI's recommendations were based on a stock's total forecasted return over the next 12 months:

Buy- the total forecasted return is expected to be greater than 10%

Hold- the total forecasted return is expected to be greater than or equal to 0% and less than or equal to 10%
Sell -the total forecasted return is expected to be less than 0%

On October 31, 2014, Evercore Partners acquired International Strategy & Investment Group LLC ("ISI Group") and ISI UK (the "Acquisition") and transferred Evercore Group's research, sales and trading businesses to ISI Group. On December 31, 2015, the combined research, sales and trading businesses were transferred back to Evercore Group in an internal reorganization. Since the Acquisition, the combined research, sales and trading businesses have operated under the global marketing brand name Evercore ISI.

ISI Group and ISI UK:

Prior to October 10, 2014, the ratings system of ISI Group LLC and ISI UK which was based on a 12-month risk adjusted total return:

Strong Buy- Return > 20%
Buy- Return 10% to 20%
Neutral - Return 0% to 10%
Cautious- Return -10% to 0%
Sell- Return< -10%

For disclosure purposes, ISI Group and ISI UK ratings were viewed as follows: Strong Buy and Buy equate to Buy, Neutral equates to Hold, and Cautious and Sell equate to Sell.

Evercore Group:

Prior to October 10, 2014, the rating system of Evercore Group was based on a stock's expected total return relative to the analyst's coverage universe over the following 12 months. Stocks under coverage were divided into three categories:

Overweight- the stock is expected to outperform the average total return of the analyst's coverage universe over the next 12 months.
Equal-Weight- the stock is expected to perform in line with the average total return of the analyst's coverage universe over the next 12 months.
Underweight -the stock is expected to underperform the average total return of the analyst's coverage universe over the next 12 months.
Suspended- the company rating, target price and earnings estimates have been temporarily suspended.

For disclosure purposes, Evercore Group's prior "Overweight," "Equal-Weight" and "Underweight" ratings were viewed as "Buy," "Hold" and "Sell," respectively.

Ratings Definitions for Portfolio-Based Coverage

Evercore ISI utilizes an alternate rating system for companies covered by analysts who use a model portfolio-based approach to determine a company's investment recommendation. Covered companies are included or not included as holdings in the analyst's Model Portfolio, and have the following ratings:

Long- the stock is a positive holding in the model portfolio; the total forecasted return is expected to be greater than 0%.
Short- the stock is a negative holding in the model portfolio; the total forecasted return is expected to be less than 0%.
No Position- the stock is not included in the model portfolio.
Coverage Suspended- the rating and target price have been removed pursuant to Evercore ISI policy when Evercore is acting in an advisory capacity in a merger or strategic transaction involving this company, and in certain other circumstances; a stock in the model portfolio is removed.
Rating Suspended - Evercore ISI has suspended the rating and/or target price for this stock because there is not sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, a rating or target price. The previous rating and target price, if any, are no longer in effect for this company and should not be relied upon; a stock in the model portfolio is removed.

Stocks included in the model portfolio will be weighted from 0 to 100% for Long and 0 to -100% for Short. A stock's weight in the portfolio reflects the analyst's degree of conviction in the stock's rating relative to other stocks in the portfolio. The model portfolio may also include a cash component. At any given time the aggregate weight of the stocks included in the portfolio and the cash component must equal100%.

Stocks assigned ratings under the alternative model portfolio-based coverage system cannot also be rated by Evercore ISI's Current Ratings definitions of Outperform, In Line and Underperform.

FINRA requires that members who use a ratings system with terms other than "Buy," "Hold/Neutral" and "Sell," to equate their own ratings to these categories. For this purpose, and in the Evercore ISI ratings distribution below, our Long, No Position and Short ratings can be equated to Buy, Hold and Sell respectively.

Evercore ISI rating (as of 01/10/2022)

Coverage Universe			**Investment Banking Services I Past 12 Months**		
Ratings	**Count**	**Pct.**	**Ratings**	**Count**	**Pct.**
Buy	535	62	Buy	109	20
Hold	292	34	Hold	29	10
Sell	16	2	Sell	0	0
Coverage Suspended	11	1	Coverage Suspended	2	18
Rating Suspended	13	1	Rating Suspended	6	46

Issuer-Specific Disclosures (as of January 10, 2022)

Exelon Corp. is a client of Evercore LLC, and Evercore LLC has provided investment banking services to Exelon Corp. in the last 12 months.

Evercore ISI or an affiliate has received compensation from Exelon Corp. for investment banking services in the last 12 months.

Price Charts



Ratings Key

B	Buy	OP	Outperform	L	Long	CS	Coverage Suspended
H	Hold	IL	In Line	NP	No Position	RS	Rating Suspended
S	Sell	UP	Underperform	S	Short		

GENERAL DISCLOSURES

This report is approved and/or distributed by Evercore Group L.L.C. (“Evercore Group”), a U.S. licensed broker-dealer regulated by the Financial Industry Regulatory Authority (“FINRA”) and by Evercore ISI International Limited (“ISI UK”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The institutional sales, trading and research businesses of Evercore Group and ISI UK collectively operate under the global marketing brand name Evercore ISI ("Evercore ISI"). Both Evercore Group and ISI UK are subsidiaries of Evercore Inc. ("Evercore"). The trademarks, logos and service marks shown on this report are registered trademarks of Evercore Inc.

This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. The information and opinions in this report were prepared by registered employees of Evercore ISI. The information herein is believed by Evercore ISI to be reliable and has been obtained from public sources believed to be reliable, but Evercore ISI makes no representation as to the accuracy or completeness of such information. Opinions, estimates and projections in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Evercore and are subject to change without notice. In addition, opinions, estimates and projections in this report may differ from or be contrary to those expressed by other business areas or groups of Evercore and its affiliates. Evercore ISI has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Facts and views in Evercore ISI research reports and notes have not been reviewed by, and may not reflect information known to, professionals in other Evercore affiliates or business areas, including investment banking personnel.

Evercore ISI does not provide individually tailored investment advice in research reports. This report has been prepared without regard to the particular investments and circumstances of the recipient. The financial instruments discussed in this report may not suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Securities and other financial instruments discussed in this report, or recommended or offered by Evercore ISI, are not insured by the Federal Deposit Insurance Corporation and are not deposits of or other obligations of any insured depository institution. If a financial instrument is denominated in a currency other than an investor’s currency, a change in exchange rates may adversely affect the price or value of, or the income derived from the financial instrument, and such investor effectively assumes such currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Estimates of future performance are based on assumptions that may not be realized. Furthermore, past performance is not necessarily indicative of future performance.

Evercore ISI salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed in this research. Our asset management affiliates and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Electronic research is simultaneously available to all clients. This report is provided to Evercore ISI clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Evercore ISI. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion or information contained in this report (including any investment recommendations, estimates or target prices) without first obtaining express permission from Evercore ISI.

This report is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

For investors in the UK: In making this report available, Evercore makes no recommendation to buy, sell or otherwise deal in any securities or investments whatsoever and you should neither rely or act upon, directly or indirectly, any of the information contained in this report in respect of any such investment activity. This report is being directed at or distributed to, (a) persons who fall within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) persons falling within the definition of high net worth companies, unincorporated associations, etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This report must not be acted on or relied on by persons who are not relevant persons.

Applicable current disclosures regarding the subject companies covered in this report are available at the offices of Evercore ISI: 55 East 52nd Street, New York, NY 10055, and at the following site: https://evercoreisi.mediasterling.com/disclosure.

In compliance with the European Securities and Markets Authority's Market Abuse Regulation, a list of all Evercore ISI recommendations disseminated in the preceding 12 months for the subject companies herein, may be found at the following site: https://evercoreisi.mediasterling.com/disclosure.

© 2022. Evercore Group L.L.C. All rights reserved.

Exelon Corp

Analyst Day Takeaways

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$63.00**
Price (10 Jan 2022)	**US$56.82**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.76-38.60
Market cap.	US$55.3b
Shares o/s	977m (COM)
Free float	100%
Avg. daily volume ('000)	5,399
Avg. daily value (m)	US$290.5
Common s/h equity (12/21E)	US$33.7b
P/BV (12/21E)	1.6x
Net debt to EBITDA (12/21E)	4.3x

EPS (UBS, diluted) (US$)

	12/21E	
	UBS	Cons.
Q1	(0.06)	(0.06)
Q2	0.89	0.89
Q3	1.09	1.09
Q4E	0.87	0.88
12/21E	2.78	2.79
12/22E	3.31	3.31
12/23E	3.42	3.44

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Analyst Day for RemainCo Post Spin of Constellation on February 1

Exelon held an analyst day highlighting the independent utility transmission and distribution company post the spin-out transaction of the Constellation competitive generation and retail investment expected on February 1. The Constellation spinco will hold an analyst day on January 11. The forecast updated stand alone earnings per share guidance is $2.06-$2.14 for 2021 and $2.18-$2.32 for 2022. The current utility and parent only UBSe EPS forecast for 2022 is $2.32. Rate base growth is projected to be 8.1% through 2025 (vs. 7.6% through 2024 previously) on ~$29 Billion (vs. $27 Billion previously through 2024) of capital expenditures, which brings forecast rate base to $65 Billion in 2025 versus $47.6 Billion in 2021. Customer rates are expected to increase at below the rate of inflation (2-2.5% per annum) across the forecast term. See Figure 1 below for the capital expenditure comparison.

A More Constructive Regulatory Recovery Model

Management highlighted the shift from 27% of rate recovery under traditional rate mechanisms in 2016 at the time of the 2017 - 2020 capital plan. Currently in the 2022 - 2025 rate base growth plan only 2% of rate recovery is under traditional rate recovery mechanisms. ComEd in Illinois remains under formula rates; however, this regulatory construct will change moving forward into 2024 as the recently passed Illinois reform legislation returns to commission driven rate regulation. See Figures 2 and 3 below.

Stand Alone Balance Sheet Allows for Increase in HoldCo Debt; Less Equity

The strength of the stand alone Exelon balance sheet, with 13%-14% FFO/Debt and CFO (Pre-WC)/Debt versus 12% downgrade thresholds, will allow for increased rate base growth to be funded with $1 Billion in equity over the plan and the increase in HoldCo debt to ~27% of total debt from ~22% in 2021. Increased HoldCo interest expense and slight equity dilution is included in management's earnings per share growth guidance of 6%-8% over the forecast term versus the 8.1% rate base growth through 2025. Forecast growth is above 7% at the midpoints into 2023, and the ComEd regulatory process into 2024 remains important to adjust ROEs to more normalized levels versus the level implied by the current tracking mechanism. We see operational cash flow of ~$14 Billion through 2025 and equity issuance of $1 Billion in line with Exelon's forecast. The $14 Billion of debt issuance to fund the capital program will break down as ~$9 Billion of utility issuance to maintain 51% equity ratios at the utility subsidiaries and ~$5 Billion in holding company issuance over the forecast. See Figures 4 and 5 below.

Valuation: Reiterating $63 Price Target

We value Exelon at $63/share on a SOTP (detailed methodology below).

Highlights (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenues	35,978	34,438	33,039	31,851	33,360	33,688	34,050	34,589
EBIT (UBS)	4,760	5,623	5,130	5,092	5,721	5,754	5,820	6,027
Net earnings (UBS)	3,026	3,141	3,143	2,720	3,231	3,343	3,406	3,575
EPS (UBS, diluted) (US$)	3.12	3.22	3.22	2.78	3.31	3.42	3.49	3.66
DPS (net) (US$)	1.38	1.45	1.53	1.61	1.69	1.77	1.85	1.93
Net (debt) / cash	(35,178)	(37,212)	(38,670)	(39,616)	(39,884)	(39,868)	(39,660)	(39,135)
Profitability/valuation	**12/18**	**12/19**	**12/20**	**12/21E**	**12/22E**	**12/23E**	**12/24E**	**12/25E**
EBIT (UBS) margin %	13.2	16.3	15.5	16.0	17.1	17.1	17.1	17.4
ROIC (EBIT) %	5.7	6.5	5.6	5.4	6.0	5.9	5.9	6.0
EV/EBITDA (UBS core) x	8.9	9.0	8.3	11.1	10.1	9.8	9.5	9.2
P/E (UBS, diluted) x	13.3	14.7	12.4	20.3	17.2	16.6	16.3	15.5
Equity FCF (UBS) yield %	2.1	(1.6)	(10.1)	1.1	2.5	3.1	3.6	4.3
Dividend yield (net) %	3.3	3.1	3.8	2.8	3.0	3.1	3.3	3.4

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 56.82 on 10-Jan-2022 16:37:44 EST

This report has been prepared by UBS Securities LLC **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 8.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Management updated capital expenditure guidance to $29 Billion through 2025 from $27 Billion through 2024 previously, increasing overall four-year rate base growth to 8.1% from 7.6% previously.

Figure 1: CapEx and Rate Base Forecast Comparison

CAPEX FORECAST	US$M					
As of 4Q 2020		**2021A**	**2022E**	**2023E**	**2024E**	
ComEd		2,400	2,450	2,500	2,350	
PECO		1,275	1,300	1,275	1,375	
BGE		1,200	1,250	1,225	1,200	
PHI		1,700	1,750	1,725	1,825	
TOTAL		**6,575**	**6,750**	**6,725**	**6,750**	
Rate Base (US$B)		47.9	51.6	55.0	58.8	
2022 Analyst Day		**2021A**	**2022E**	**2023E**	**2024E**	**2025E**
ComEd		2,375	2,475	2,550	2,575	2,650
PECO		1,275	1,325	1,375	1,550	1,575
BGE		1,200	1,225	1,325	1,375	1,400
PHI		1,750	1,850	1,825	1,950	1,875
TOTAL		**6,600**	**6,875**	**7,075**	**7,450**	**7,500**
% Change		0.4%	1.9%	5.2%	10.4%	
Rate Base (US$B)		48.0	52.0	56.0	61.0	65.0

Source : EXC Analyst Day Presentation, EXC Q420 Earnings Presentation, UBS Equity Research Estimates

Management highlighted the move toward more constructive regulatory constructs with 2% under traditional rate making mechanisms from 27% in traditional base rate recovery plans in 2016.

Figure 2: Rate Recovery by Construct, 2016

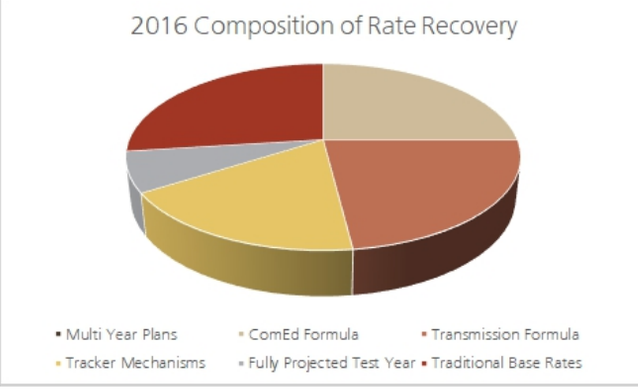

Source : EXC Analyst Day Presentation, UBS Equity Research Estimates

Figure 3: Rate Recovery by Construct, 2022

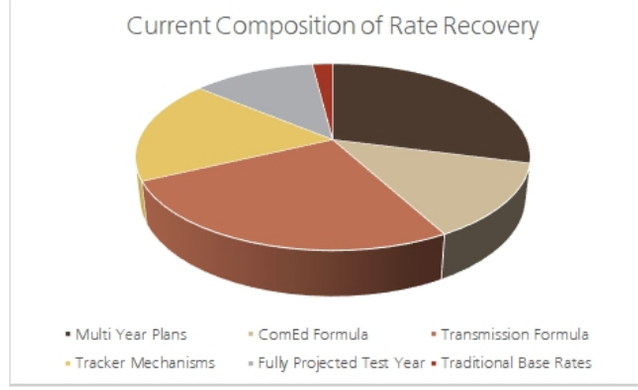

Source : EXC Analyst Day Presentation, UBS Equity Research Estimates

The stronger stand alone balance sheet and existence as a T&D regulated utility of Exelon post spin affords the capability to increase holding company leverage from ~22% of total debt in 2021 to ~27% over the forecast period, which limits equity funding needs to ~$1 Billion through 2025.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Figure 4: Detailed Funding Forecast

US$mlns	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	TOTAL
EPS Guidance/7% Growth	$ 2.10	$ 2.25	$ 2.41	$ 2.58	
Share Count	969	974	979	983	
Implied Net Income	2,035	2,191	2,356	2,533	9,115
D&A and Other OCF	2,756	2,989	3,232	3,478	12,454
Dividends	(1,308)	(1,407)	(1,513)	(1,626)	(5,854)
Pmt to Constellation	(1,750)	-	-	-	(1,750)
OCF	1,733	3,773	4,075	4,385	13,966
Utility Maturities	(950)	(850)	(833)	(500)	(3,133)
HoldCo Maturities	(1,050)	-	-	(807)	(1,857)
Utility Refinancing	950	850	833	500	3,133
HoldCo Refinancing	1,050	-	-	807	1,857
Utility Issuance	2,244	1,887	2,448	2,295	8,874
Corp Issuance	2,650	1,175	675	550	5,050
Equity	250	250	250	250	1,000
TOTAL	6,877	7,085	7,448	7,480	28,890
CapEx	(6,875)	(7,075)	(7,450)	(7,500)	(28,900)
Net	2	10	(2)	(20)	(10)

Source : EXC Analyst Day Presentation, UBS Equity Research Forecast

NOTE: EPS is derived from Exelon management's guidance midpoints for 2022 and 2023, and forward growth of 7% which is the midpoint of management's EPS growth guidance range. Share count is projected by ratably issuing management's forecast equity need and using a $52/share price premised upon our value for Exelon utility and parent only from our SOTP valuation methodology.

Figure 5: Implied HoldCo Leverage

Segment	2021A	2025E
Utility	25,800	34,674
HoldCo	7,400	12,450
Total	33,200	47,124
HoldCo %	22.3%	26.4%

Source : EXC Analyst Day Presentation, UBS Equity Research Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Revenues	**35,978**	**34,438**	**33,039**	**31,851**	*-3.6*	**33,360**	*4.7*	**33,688**	**34,050**	**34,589**
Gross profit	18,027	18,941	18,935	16,402	*-13.4*	17,863	*8.9*	18,202	18,622	19,177
EBITDA (UBS)	**9,021**	**9,780**	**10,065**	**9,123**	*-9.4*	**9,996**	*9.6*	**10,273**	**10,582**	**11,032**
Depreciation & amortisation	(4,261)	(4,157)	(4,935)	(4,031)	*18.3*	(4,275)	*-6.1*	(4,518)	(4,762)	(5,005)
EBIT (UBS)	**4,760**	**5,623**	**5,130**	**5,092**	*-0.7*	**5,721**	*12.3*	**5,754**	**5,820**	**6,027**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	36	0	-	0	-	0	0	0
Net interest	(1,554)	(1,616)	(1,635)	(1,598)	*2.2*	(1,569)	*1.8*	(1,540)	(1,524)	(1,517)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**3,206**	**4,007**	**3,531**	**3,494**	*-1.0*	**4,152**	*18.8*	**4,215**	**4,296**	**4,509**
Tax	(78)	(774)	(373)	(776)	*-108.0*	(923)	*-19.0*	(874)	(892)	(936)
Profit after tax	**3,128**	**3,233**	**3,158**	**2,718**	*-13.9*	**3,229**	*18.8*	**3,341**	**3,404**	**3,573**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(102)	(92)	(15)	2	-	2	*0.0*	2	2	2
Extraordinary items	(1,017)	(205)	(1,186)	0	-	0	-	0	0	0
Net earnings (local GAAP)	**2,009**	**2,936**	**1,957**	**2,720**	*39.0*	**3,231**	*18.8*	**3,343**	**3,406**	**3,575**
Net earnings (UBS)	**3,026**	**3,141**	**3,143**	**2,720**	*-13.5*	**3,231**	*18.8*	**3,343**	**3,406**	**3,575**
Tax rate (%)	2.4	19.3	10.6	22.2	*110.2*	22.2	*0.1*	20.7	20.8	20.8

Per Share (US$)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
EPS (UBS, diluted)	3.12	3.22	3.22	2.78	*-13.4*	3.31	*18.8*	3.42	3.49	3.66
EPS (local GAAP, diluted)	2.07	3.01	2.00	2.78	*39.1*	3.31	*18.8*	3.42	3.49	3.66
EPS (UBS, basic)	3.13	3.23	3.22	2.79	*-13.4*	3.31	*18.8*	3.43	3.49	3.66
DPS (net) (US$)	1.38	1.45	1.53	1.61	*5.2*	1.69	*5.0*	1.77	1.85	1.93
Cash EPS (UBS, diluted) [1]	7.52	7.49	8.26	6.91	*-16.4*	7.68	*11.2*	8.05	8.36	8.78
Book value per share	32.04	33.08	33.35	34.56	*3.6*	36.18	*4.7*	37.83	39.47	41.20
Average shares (diluted)	969	974	978	977	*-0.1*	977	*0.0*	977	977	977

Balance Sheet (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Cash and equivalents	1,596	945	1,101	1,767	*60.5*	1,571	*-11.1*	2,507	3,590	6,358
Other current assets	11,764	11,092	11,461	11,189	*-2.4*	11,327	*1.2*	11,370	11,426	11,507
Total current assets	**13,360**	**12,037**	**12,562**	**12,956**	*3.1*	**12,898**	*-0.5*	**13,877**	**15,015**	**17,865**
Net tangible fixed assets	76,707	80,233	82,584	85,089	*3.0*	87,375	*2.7*	89,392	91,191	92,748
Net intangible fixed assets	6,677	6,677	6,677	6,677	*0.0*	6,677	*0.0*	6,677	6,677	6,677
Investments / other assets	22,922	26,030	27,494	27,617	*0.4*	27,740	*0.4*	27,863	27,986	28,109
Total assets	**119,666**	**124,977**	**129,317**	**132,339**	*2.3*	**134,689**	*1.8*	**137,809**	**140,870**	**145,399**
Trade payables & other ST liabilities	9,341	8,105	8,921	8,592	*-3.7*	8,698	*1.2*	8,693	8,688	8,692
Short term debt	2,063	6,080	3,850	3,850	*0.0*	3,850	*0.0*	3,850	3,850	3,850
Total current liabilities	**11,404**	**14,185**	**12,771**	**12,442**	*-2.6*	**12,548**	*0.9*	**12,543**	**12,538**	**12,542**
Long term debt	34,464	31,719	35,483	37,095	*4.5*	37,167	*0.2*	38,087	38,962	41,205
Other long term liabilities	40,728	44,500	46,195	46,787	*1.3*	47,379	*1.3*	47,971	48,563	49,155
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**86,596**	**90,404**	**94,449**	**96,324**	*2.0*	**97,094**	*0.8*	**98,601**	**100,063**	**102,902**
Common s/h equity	**30,764**	**32,224**	**32,585**	**33,732**	*3.5*	**35,312**	*4.7*	**36,925**	**38,524**	**40,213**
Minority interests	2,306	2,349	2,283	2,283	*0.0*	2,283	*0.0*	2,283	2,283	2,283
Total liabilities & equity	**119,666**	**124,977**	**129,317**	**132,339**	*2.3*	**134,689**	*1.8*	**137,809**	**140,870**	**145,399**

Cash Flow (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Net income (before pref divs)	2,009	2,936	1,957	2,720	*39.0*	3,231	*18.8*	3,343	3,406	3,575
Depreciation & amortisation	4,261	4,157	4,935	4,031	*-18.3*	4,275	*6.1*	4,518	4,762	5,005
Net change in working capital	(950)	(3,277)	(5,116)	(57)	*98.9*	(31)	*44.9*	(49)	(60)	(76)
Other operating	3,327	2,741	2,458	2,306	*-6.2*	2,306	*0.0*	2,306	2,306	2,306
Operating cash flow	**8,647**	**6,557**	**4,234**	**9,000**	*112.6*	**9,781**	*8.7*	**10,118**	**10,413**	**10,809**
Tangible capital expenditure	(7,594)	(7,248)	(8,048)	(8,250)	*-2.5*	(8,275)	*-0.3*	(8,250)	(8,275)	(8,275)
Intangible capital expenditure	(235)	(36)	(123)	(123)	*0.0*	(123)	*0.0*	(123)	(123)	(123)
Net (acquisitions) & disposals	(154)	(41)	0	0	-	0	-	0	0	0
Other investing	149	65	3,835	0	-	0	-	0	0	0
Investing cash flow	**(7,834)**	**(7,260)**	**(4,336)**	**(8,373)**	*-93.1*	**(8,398)**	*-0.3*	**(8,373)**	**(8,398)**	**(8,398)**
Equity dividends paid	(1,332)	(1,408)	(1,492)	(1,573)	*-5.4*	(1,651)	*-5.0*	(1,729)	(1,807)	(1,886)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	(3)	30	(91)	(111)	*-22.0*	0	-	0	0	0
Change in debt & pref shares	1,116	1,320	1,728	1,612	*-6.7*	72	*-95.5*	920	875	2,243
Financing cash flow	**(219)**	**(58)**	**145**	**(72)**	*-*	**(1,579)**	*NM*	**(809)**	**(932)**	**357**
Cash flow inc/(dec) in cash	**594**	**(761)**	**43**	**555**	*NM*	**(196)**	*-*	**936**	**1,083**	**2,769**
FX / non cash items	(103)	110	113	111	*-1.8*	0	-	0	0	0
Balance sheet inc/(dec) in cash	**491**	**(651)**	**156**	**666**	*327.2*	**(196)**	*-*	**936**	**1,083**	**2,769**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. [1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp (EXC.O)

Valuation (x)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
P/E (local GAAP, diluted)	20.0	15.7	20.0	20.3	17.1	16.6	16.2	15.5
P/E (UBS, diluted)	13.3	14.7	12.4	20.3	17.1	16.6	16.2	15.5
P/CEPS	5.5	6.3	4.8	8.2	7.4	7.0	6.8	6.4
Equity FCF (UBS) yield %	2.1	(1.6)	(10.1)	1.1	2.5	3.2	3.6	4.4
Dividend yield (net) %	3.3	3.1	3.8	2.8	3.0	3.1	3.3	3.4
P/BV	1.3	1.4	1.2	1.6	1.6	1.5	1.4	1.4
EV/revenues (core)	2.2	2.6	2.5	3.2	3.0	3.0	3.0	2.9
EV/EBITDA (UBS core)	8.9	9.0	8.3	11.1	10.1	9.8	9.5	9.1
EV/EBIT (core)	16.9	15.7	16.2	19.8	17.6	17.5	17.3	16.7
EV/OpFCF (core)	16.9	15.7	16.2	19.8	17.6	17.5	17.3	16.7
EV/op. invested capital	1.0	1.0	0.9	1.1	1.0	1.0	1.0	1.0

Enterprise value (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Market cap.	39,882	45,845	38,844	55,337	55,337	55,337	55,337	55,337
Net debt (cash)	34,931	36,195	37,941	39,143	39,143	39,143	39,143	39,143
Buy out of minorities	2,306	2,349	2,283	2,283	2,283	2,283	2,283	2,283
Pension provisions/other	3,989	4,247	4,503	4,503	4,503	4,503	4,503	4,503
Total enterprise value	**81,108**	**88,636**	**83,571**	**101,266**	**101,266**	**101,266**	**101,266**	**101,266**
Non core assets	(625)	(464)	(440)	(440)	(440)	(440)	(440)	(440)
Core enterprise value	**80,483**	**88,172**	**83,131**	**100,826**	**100,826**	**100,826**	**100,826**	**100,826**

Growth (%)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenue	7.3	(4.3)	(4.1)	(3.6)	4.7	1.0	1.1	1.6
EBITDA (UBS)	8.8	8.4	2.9	(9.4)	9.6	2.8	3.0	4.2
EBIT (UBS)	18.1	18.1	(8.8)	(0.7)	12.3	0.6	1.1	3.5
EPS (UBS, diluted)	20.2	3.3	(0.3)	(13.4)	18.8	3.5	1.9	5.0
Net DPS	5.3	5.1	5.5	5.2	5.0	4.7	4.5	4.3

Margins & Profitability (%)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Gross profit margin	50.1	55.0	57.3	51.5	53.5	54.0	54.7	55.4
EBITDA margin	25.1	28.4	30.5	28.6	30.0	30.5	31.1	31.9
EBIT (UBS) margin	13.2	16.3	15.5	16.0	17.1	17.1	17.1	17.4
Net earnings (UBS) margin	8.4	9.1	9.5	8.5	9.7	9.9	10.0	10.3
ROIC (EBIT)	5.7	6.5	5.6	5.4	6.0	5.9	5.9	6.0
ROIC post tax	5.5	5.2	5.0	4.2	4.6	4.7	4.6	4.7
ROE (UBS)	10.0	10.0	9.7	8.2	9.4	9.3	9.0	9.1

Capital structure & Coverage (x)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Net debt / EBITDA	3.9	3.8	3.8	4.3	4.0	3.9	3.7	3.5
Net debt / total equity %	106.4	107.6	110.9	110.0	106.1	101.7	97.2	92.1
Net debt / (net debt + total equity) %	51.5	51.8	52.6	52.4	51.5	50.4	49.3	47.9
Net debt/EV %	43.1	40.8	45.4	38.7	39.3	39.4	39.3	38.9
Capex / depreciation %	178.2	174.4	163.1	NM	193.6	182.6	173.8	165.3
Capex / revenue %	21.1	21.0	24.4	25.9	24.8	24.5	24.3	23.9
EBIT / net interest	3.1	3.5	3.1	3.2	3.6	3.7	3.8	4.0
Dividend cover (UBS)	2.3	2.2	2.1	1.7	2.0	1.9	1.9	1.9
Div. payout ratio (UBS) %	44.1	44.9	47.6	57.8	51.1	51.7	53.0	52.7

Revenues by division (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Others	35,978	34,438	33,039	31,851	33,360	33,688	34,050	34,589
Total	**35,978**	**34,438**	**33,039**	**31,851**	**33,360**	**33,688**	**34,050**	**34,589**

EBIT (UBS) by division (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Others	4,760	5,623	5,130	5,092	5,721	5,754	5,820	6,027
Total	**4,760**	**5,623**	**5,130**	**5,092**	**5,721**	**5,754**	**5,820**	**6,027**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Forecast returns

Forecast price appreciation	+10.9%
Forecast dividend yield	3.0%
Forecast stock return	+13.9%
Market return assumption	5.9%
Forecast excess return	+8.0%

Company Description

Exelon owns 6 regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in DE, DC, IL, MD, NJ, and PA. Exelon also owns one of the largest competitive power generators in the US, with 35.5 GW of capacity, mostly in nuclear power plants, but also in gas, wind, solar, and hydroelectric generating facilities. The Constellation unit provides energy products and retail power services to approximately 2.2m customers across the generation fleet's footprint.

Valuation Method and Risk Statement

Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 4) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 5) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We value Exelon at $63/share on a sum-of-the-parts analysis. We value Exelon's Utility and Parent Only (UPO) at a net 12% premium to the group multiple of 18.1x our $2.51/share UPO earnings forecast for 2023. Our 12% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% discount for a 3rd quartile regulatory ranking overall, a 5% premium for 1st quartile UPO earnings growth. This yields $52/share. We value the ExGen competitive generation business at 6.6x our 2023 estimated Open EBITDA of $2.4Bln, plus NPV of hedges of $0.1Bln less net debt of $5.5Bln, which yields $11/share.

Specific risks for Exelon include natural gas prices, power prices, nuclear operational risks, regulatory risks at the Pepco utilities, weather, interest rates, and relative cost of coal and uranium.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 10 January 2022 10:48 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please click https://neo.ubs.com/quantitative, or speak to your UBS sales representative for access to the report.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	29%
Sell	FSR is > 6% below the MRA.	10%	26%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2021.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$56.64	07 Jan 2022

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

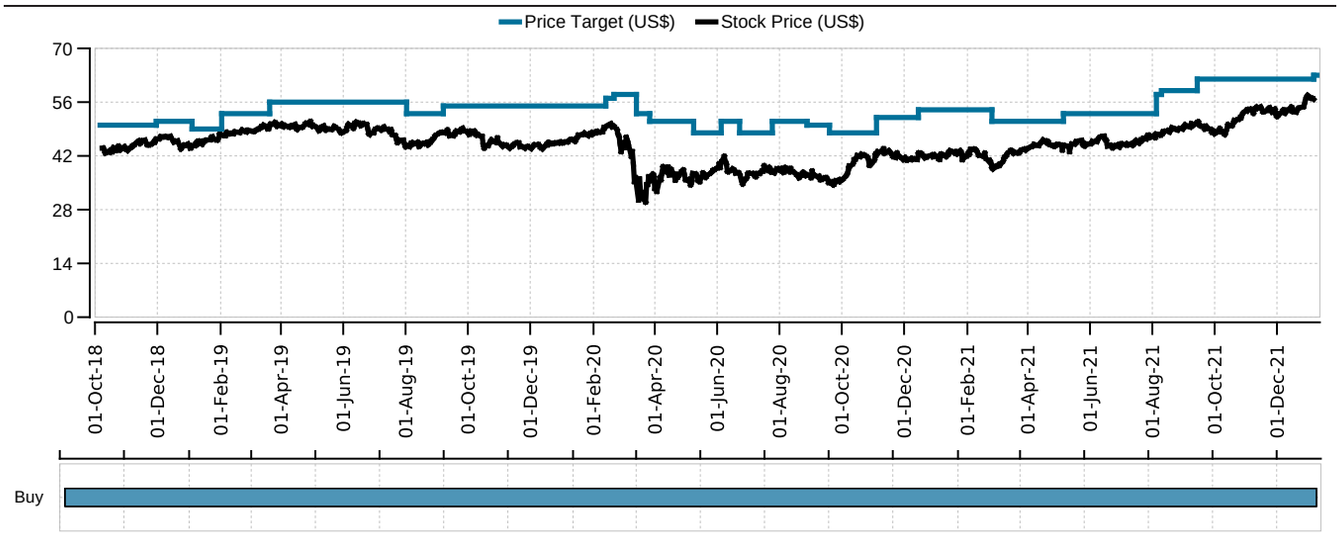

Date	Stock Price (US$)	Price Target (US$)	Rating
2018-10-05	43.81	50.00	Buy
2018-11-29	45.67	51.00	Buy
2019-01-03	44.12	49.00	Buy
2019-02-01	47.46	53.00	Buy
2019-03-20	49.10	56.00	Buy
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-22	37.57	48.00	Buy
2020-07-24	37.80	51.00	Buy

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy

Source: UBS; as of 07-Jan-2022

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means. The level and types of services provided by Global Research to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab you understand that UBS Evidence Lab is a separate department to Global Research and that UBS Evidence Lab does not provide research, investment recommendations or advice. UBS Evidence Lab may provide services to other internal and external clients.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). "Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law" - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this material is prepared by UBS Brasil CCTVM S.A.[1] to persons who are eligible investors residing in Brazil, which are considered to be Investidores Profissionais, as designated by the applicable regulation, mainly the CVM Instruction No. 539 from the 13th of November 2013 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS Brasil CCTVM S.A. is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil, of which UBS AG is the majority owner. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190, Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Greece**: UBS AG and its subsidiaries and affiliates (UBS) are premier global financial services firms offering wealth management services to individual, corporate and institutional investors. UBS AG and UBS Switzerland AG are established in Switzerland and operate under Swiss law. UBS operates in over 50 countries and from all major financial centers. UBS is not licensed as a bank or financial institution under Greek legislation and does not provide banking, nor financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity,

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: UBS AG and its branches and subsidiaries (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission (SEC) and do not undertake banking or investment business activities in Nigeria. The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. If you are interested in products of this nature, please let us know and we will direct you to someone who can advise you. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). Any material relating to Collective Investment Schemes has been provided to you at your specific unsolicited request and for your information only. The investment products mentioned in such material are not being offered or made available for sale by UBS in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. **Philippines**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

"On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Turkey:** The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made and will not make any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer or invitation to offer, or solicitation of securities in the territory of Ukraine. Electronic communication must not be considered as an offer to enter into an electronic agreement or electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> PowerPoints: EXC Analyst Day, EVRG & XEL Rate Cases, LNG, DUK, D, Ohio, RNW
- **Publication Date/Time** : Monday, January 10, 2022 04:58:47 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=zHy!!a!Ab3JQnlD!Aza2aA__&reid=2F83D0DCCD5211ECBEE8B7FD13D2B0B2

Buy

Exelon (EXC)

Exelon outlook constructive; Constellation pending

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Price and Target	as of 01/10/22
Price	$56.72
Target Price	$61
Dividend Yield	2.7%
Total Return	10.2%

Capitalization Data (mn USD$)	
Shares Out (mn)	978.3
Market Cap	55,490
Net Debt	38,744
Enterprise Value	94,234

Performance (%)	1M	YTD	1Y
Exelon	5.2	-1.8	34.4
Rel S&P 500	6.0	0.1	9.9

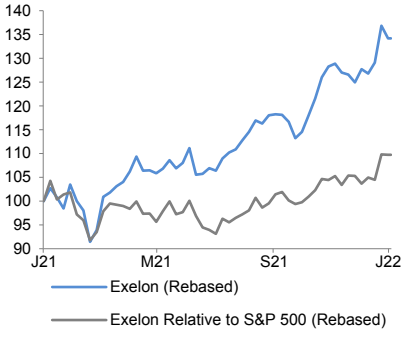

RemainCo slides released; Constellation materials expected later. First thing this morning Exelon released its presentation materials for the first of two Analyst Day meetings scheduled for early this week. Today's meeting will address the outlook for the standalone Exelon T&D business and begins at 1pm ET. The bigger focus for the Street will likely be the Constellation meeting tomorrow, with more open questions regarding the financial outlook and business strategy. Constellation's meeting is set to begin at 8.30am ET on Tuesday and we are currently expecting those materials may be released after market close today.

Largest U.S. utility by customers served. We expect this today's Exelon RemainCo meeting to focus on the strengths of the Exelon T&D franchise with its six utilities covering four major metropolitan areas and serving over 10 million customers. This makes RemainCo the largest U.S. regulated utility measured by customers. Strong operational performance, favorable ESG positioning and increased reliance on alternative regulatory recovery mechanisms are some of the key elements emphasized in the slides.

Guidance for 2022 modestly above our estimate. Exelon is guiding to headline 2022 EPS of $2.18-$2.32, which points to a mid-point of $2.25 or $0.05 above the $2.20 number we have in our current model for RemainCo (utilities plus parent). We would note that the new 2022 midpoint is $0.05 lower than the RemainCo outlook given early last year ($2.20-$2.50) but by 2024 the numbers are slightly ahead. While 2021 will be less of a focus, the new standalone guide of $2.06-$2.14 for 2021 shakes out a nickel or so below our current $2.16E.

Implied 2024E implies $2/sh value uplift vs. VRPe. Looking forward, guidance is for 6-8% EPS growth through 2025. This works out to implied midpoints of $2.40 for 2023E, $2.57 for 2024E and $2.75 for 2025E. These midpoints are $0.06 above our current RemainCo 2023E and $0.13 higher by our 2024E valuation year. If we apply our average 2024E regulated target multiple of 17x to this delta it would increase our overall EXC value by ~$2+ per share all else equal.

Rate base CAGR of 8.1% through 2025; $1.7B (2.9%) higher for 2024E. Updated utility CapEx and rate base projections are shown to 2025 with a four-year (2022-2025) plan of $29B, up $2B (~7%) versus 2021-2024. Looking at the rate base projections, Exelon see $65B by 2025E from a 2021 base of $47.6B and implying compound growth of 8.1%. Compared to the prior projections from early 2021, forecast rate base for our 2024E valuation year is $60.5B versus $58.8B, which is up $1.7B or 2.9%. Looking at the individual utility numbers, the bulk of the upside to CapEx and rate base comes through in the second half of the planning period and we will look for further details on this at the meeting this afternoon.

Balanced financing plan still includes up to $1B of equity. In terms of financing, EXC project a balanced plan with $14B of $29B CapEx for 2022-2025 expected to be funded with cash from operations (net of dividends) and another $14B from utility and corporate debt issuance. This leaves ~$1B to be funded with new equity, unchanged from last year's outlook. We believe there was some expectation this equity component of the financing plan might be lowered or even eliminated, particularly after EXC announced the planned transfer of $1.75B of cash from RemainCo to Constellation as part of the separation agreement. In terms of credit metrics, the new plan envisages maintaining ~51% equity at the utilities and corporate debt as a percentage of total Exelon debt averaging 27% over the forecast period. Targets for cash flow to debt metrics at both S&P and Moody's are seen in the 13-14% range, allowing for a decent (100bp-200bp) cushion over respective downgrade thresholds.

Dividend set at $1.35 with 6-8% growth targeted. Exelon will set the 2022 RemainCo dividend at $1.35 based on a 60% payout ratio of operating earnings and expect to target 6-8% growth in line with operating earnings. This compares to the current 2021 dividend of $1.53, although Constellation are expected to pay a dividend per the Form 10 and we would expect this to be set at a level which would keep the existing EXC holder whole.

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover. Our employees and partners are prohibited from transacting in such securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation. We require our employees and partners to pre-clear all transactions in covered securities with us.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisors. Our notes and research reports may contain “forward-looking statements.” All projections, forecasts and related statements and expressions constitute “forward-looking statements.” Although the authors of our content believe that the expectations reflected in such “forward-looking statements” are reasonable, no one can assure that such expectations will be correct. Such “forward-looking statements” may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

Exelon Corporation (EXC): Introduces solid 2022 guidance and long-term investment plan

Sentiment Indicator : neutral

Produced by Tucker, Shelby (RBC Capital Markets, LLC) on Monday, January 10, 2022, 08:17 AM ET

Disseminated on Monday, January 10, 2022, 08:22 AM ET

Our view: New long-term earnings guidance are in line with our expectations. We note that dividend payout stands at 68% ($1.53/share) based on 2022 EPS midpoint of $2.25, which is above the targeted 60% level. This suggests a slightly more modest dividend growth relative to earnings growth over the near term. We view targeted credit metrics to be on par with T&D utilities, with at least 100-bps cushion over investment grade thresholds.

EXC introduces 2022 utilities adjusted EPS guidance range of $2.18-$2.32. Our current estimate of $2.25 is in line with midpoint of guidance. Key highlights of today's announcements are as follows:

Investment plan. EXC highlights 2022-2025 4-year investment plan of $29B, with $18.9B planned for electric distribution, $3.7B in gas distribution and remaining $6.4B in electric transmission projects. EXC expects this to support total rate base of $65B by 2025, supporting CAGR of 8.1%.

Earnings and dividend. EXC anticipates 2022-2025 EPS CAGR of 6-8%, and dividend growth in line with earnings. EXC targets 60% payout ratio.

Balance sheet. EXC expects to fund the new $29B investment primarily with cash with operations (~$14B) and new debt issuance (~$14B) net of maturities and refinancings. EXC further expects $1B equity issuances over the 4 years. Management targets FFO/Debt at 13-14% compared to anticipated downgrade thresholds at ~12%.

Analyst Day. EXC will hold an analyst day today starting 1PM ET. Please join the webcast here.

Company Name	Exchange	Ticker	Rating	Risk Qualifier	Price Target	Currency	Price	Price Date
Exelon Corporation	NYSE	EXC US	Outperform	Not Assigned	60.00	US Dollar	56.64	10 Jan 2022 07:58:45 ET

RBC Capital Markets, LLC
Shelby Tucker (Analyst) | (212) 428-6462 | shelby.tucker@rbccm.com
RBC Capital Markets, LLC
Wynne Lam (Senior Associate) | (212) 266-4040 | wynne.lam@rbccm.com

Click here for conflict of interest and other disclosures relating to Exelon Corporation, Shelby Tucker These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com

All rights reserved. This material may not be published, broadcast, rewritten or redistributed in any form. Please click here for legal restrictions and terms of use applicable to this site. Use of this site signifies your agreement to the terms of use.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

First Read

Exelon Corp

Analyst Day Slide Deck - First Takes

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$63.00**
Price (07 Jan 2022)	**US$56.64**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.76-38.60
Market cap.	US$55.3b
Shares o/s	977m (COM)
Free float	100%
Avg. daily volume ('000)	5,347
Avg. daily value (m)	US$287.4
Common s/h equity (12/21E)	US$33.7b
P/BV (12/21E)	1.6x
Net debt to EBITDA (12/21E)	4.3x

EPS (UBS, diluted) (US$)

	12/21E	
	UBS	Cons.
Q1	(0.06)	(0.06)
Q2	0.89	0.89
Q3	1.09	1.09
Q4E	0.87	0.88
12/21E	2.78	2.79
12/22E	3.31	3.31
12/23E	3.42	3.44

What Happened?

Exelon Corp released their slide deck for their analyst day that will occur today between 1pm - 4pm eastern time. The spin co. transaction for ExGen is expected to close on February 1.

First Takes

Exelon increased capital expenditure guidance to $29 Billion from 2022 - 2025 from $27 Billion in 2021 - 2024. This increased go forward rate base growth to 8.1% to ~$65 Billion in 2025 from $48 Billion in 2021. This results in 6% - 8% operating earnings per share growth through 2025 from the $2.06-$2.14 2021 guidance range. Guidance was also issued for 2022 of $2.18 - $2.32 up from utility and parent only guidance for 2022 of $2.06-$2.14 previously. Exelon also indicated a 60% payout ratio target to a dividend per share of $1.35 in 2022 with projected growth in line with operational eps growth guidance. The funding plan will encompass $14 Billion of adjusted cash from operations through 2025, $5 Billion of debt maturities that will be refinanced, $14 Billion of debt issuance, and approximately $1 Billion of total equity needs. Debt issuance will maintain a ~51% equity ratio across the utilities and a ratio of corporate debt to Exelon debt of ~27% over the forecast period.

How Will Investors React?

Positive. Lower equity needs than expected, although slightly offset by higher corporate debt levels. Dividend guidance in line with expectations, and rate base growth slightly higher, with overall eps growth guidance in line, and 2022 guidance higher than prior utility and parent only guidance.

Valuation: Reiterating our $63 Price Target

We value Exelon at $63/share on a sum of the parts analysis. We value Exelon's Utility and Parent Only (UPO) at a net 13% premium to the group multiple of 18.3x our $2.51/share UPO earnings forecast for 2023. Our 13% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% discount for a 3rd quartile regulatory ranking overall, a 5% premium for 1st quartile UPO earnings growth. This yields $52/share. We value the ExGen competitive generation business at a 6.6x our 2023 estimated Open EBITDA of $2.4Bln, plus NPV of hedges of $0.1Bln less net debt of $5.5Bln which yields $11/share.

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Highlights (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenues	35,978	34,438	33,039	31,851	33,360	33,688	34,050	34,589
EBIT (UBS)	4,760	5,623	5,130	5,092	5,721	5,754	5,820	6,027
Net earnings (UBS)	3,026	3,141	3,143	2,720	3,231	3,343	3,406	3,575
EPS (UBS, diluted) (US$)	3.12	3.22	3.22	2.78	3.31	3.42	3.49	3.66
DPS (net) (US$)	1.38	1.45	1.53	1.61	1.69	1.77	1.85	1.93
Net (debt) / cash	(35,178)	(37,212)	(38,670)	(39,616)	(39,884)	(39,868)	(39,660)	(39,135)

Profitability/valuation	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
EBIT (UBS) margin %	13.2	16.3	15.5	16.0	17.1	17.1	17.1	17.4
ROIC (EBIT) %	5.7	6.5	5.6	5.4	6.0	5.9	5.9	6.0
EV/EBITDA (UBS core) x	8.9	9.0	8.3	11.1	10.1	9.8	9.5	9.1
P/E (UBS, diluted) x	13.3	14.7	12.4	20.3	17.1	16.6	16.2	15.5
Equity FCF (UBS) yield %	2.1	(1.6)	(10.1)	1.1	2.5	3.2	3.6	4.4
Dividend yield (net) %	3.3	3.1	3.8	2.8	3.0	3.1	3.3	3.4

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 56.64 on 07-Jan-2022

This report has been prepared by UBS Securities LLC **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 3.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Forecast returns

Forecast price appreciation	+11.2%
Forecast dividend yield	3.0%
Forecast stock return	+14.2%
Market return assumption	5.9%
Forecast excess return	+8.3%

Company Description

Exelon owns 6 regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in DE, DC, IL, MD, NJ, and PA. Exelon also owns one of the largest competitive power generators in the US, with 35.5 GW of capacity, mostly in nuclear power plants, but also in gas, wind, solar, and hydroelectric generating facilities. The Constellation unit provides energy products and retail power services to approximately 2.2m customers across the generation fleet's footprint.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We value Exelon at $63/share on a sum of the parts analysis. We value Exelon's Utility and Parent Only (UPO) at a net 12% premium to the group multiple of 18.1x our $2.51/share UPO earnings forecast for 2023. Our 12% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% discount for a 3rd quartile regulatory ranking overall, a 5% premium for 1st quartile UPO earnings growth,. This yields $52/share. We value the ExGen competitive generation business at a 6.6x our 2023 estimated Open EBITDA of $2.4Bln, plus NPV of hedges of $0.1Bln less net debt of $5.5Bln which yields $11/share.

Specific risks for Exelon include natural gas prices, power prices, nuclear operational risks, regulatory risks at the Pepco utilities, weather, interest rates, and relative cost of coal and uranium.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 10 January 2022 01:01 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please click https://neo.ubs.com/quantitative, or speak to your UBS sales representative for access to the report.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	29%
Sell	FSR is > 6% below the MRA.	10%	26%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2021.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$56.64	07 Jan 2022

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

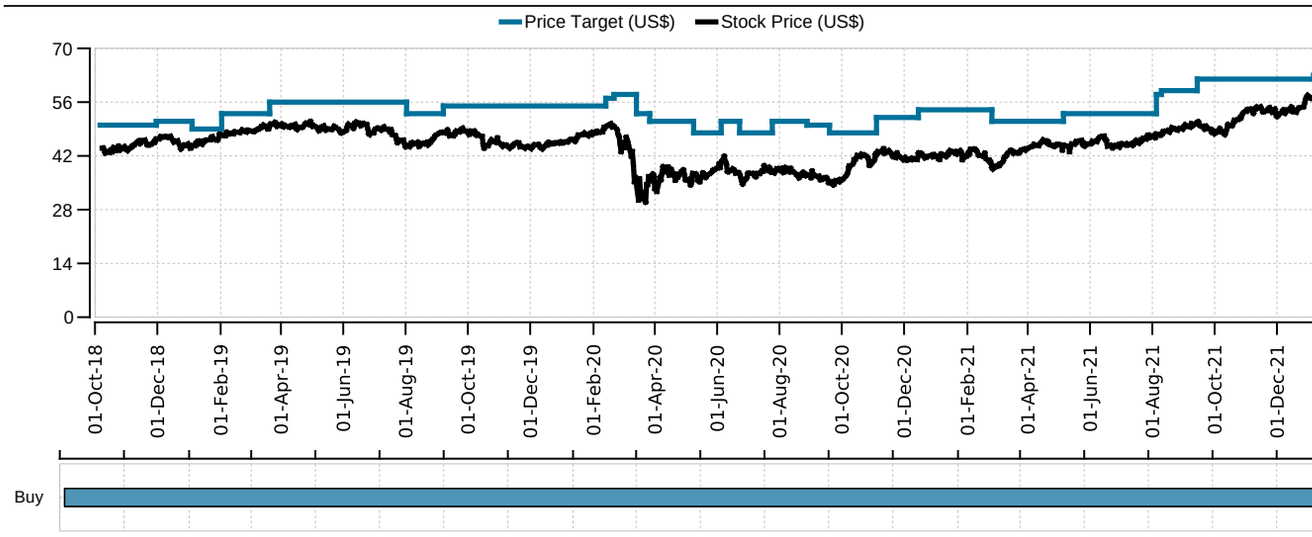

Date	Stock Price (US$)	Price Target (US$)	Rating
2018-10-05	43.81	50.00	Buy
2018-11-29	45.67	51.00	Buy
2019-01-03	44.12	49.00	Buy
2019-02-01	47.46	53.00	Buy
2019-03-20	49.10	56.00	Buy
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-22	37.57	48.00	Buy
2020-07-24	37.80	51.00	Buy

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy

Source: UBS; as of 07-Jan-2022

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means. The level and types of services provided by Global Research to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab you understand that UBS Evidence Lab is a separate department to Global Research and that UBS Evidence Lab does not provide research, investment recommendations or advice. UBS Evidence Lab may provide services to other internal and external clients.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). "Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law" - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this material is prepared by UBS Brasil CCTVM S.A.[1] to persons who are eligible investors residing in Brazil, which are considered to be Investidores Profissionais, as designated by the applicable regulation, mainly the CVM Instruction No. 539 from the 13th of November 2013 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS Brasil CCTVM S.A. is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil, of which UBS AG is the majority owner. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190, Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Greece**: UBS AG and its subsidiaries and affiliates (UBS) are premier global financial services firms offering wealth management services to individual, corporate and institutional investors. UBS AG and UBS Switzerland AG are established in Switzerland and operate under Swiss law. UBS operates in over 50 countries and from all major financial centers. UBS is not licensed as a bank or financial institution under Greek legislation and does not provide banking, nor financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity,

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: UBS AG and its branches and subsidiaries (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission (SEC) and do not undertake banking or investment business activities in Nigeria. The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. If you are interested in products of this nature, please let us know and we will direct you to someone who can advise you. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). Any material relating to Collective Investment Schemes has been provided to you at your specific unsolicited request and for your information only. The investment products mentioned in such material are not being offered or made available for sale by UBS in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. **Philippines**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

"On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Turkey:** The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made and will not make any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer or invitation to offer, or solicitation of securities in the territory of Ukraine. Electronic communication must not be considered as an offer to enter into an electronic agreement or electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

KeyBanc Capital Markets

Alert

January 10, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: EXC, AY, EIX, SRE, ENPH, RUN, NOVA, AEP, POR, XEL. AGR, ED, ES, DUK, D

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

In the week ahead we are tracking oral arguments at CPUC on the NEM Successor Tarriffs, proceedings in AEP's AR rates case, POR's OR GRC, and EXC's MD electric GRC. In other news, we are hosting AY's senior management for a day of meetings on Friday, January 14. EXC is hosting two analyst days this week, and we published a detailed note previewing valuation and debt metrics for EXC and Constellation. XEL's settlement in the CO GRC was made public; the ME Supreme Court agreed to take up AGR's challenge to the ballot referendum; Governor Hochul addressed Clean Energy at the State of the State; ES's NSTAR Electric received MA DPU approval for its PBR filing; the NC governor issued an EO on GHG reduction; VA's SCC approved Phase II of D's Grid Transformation Plan; and PUCT issued a draft order in AEP SWEPCO's TX GRC.

ICYMI

EXC — We published a detailed note ahead of this week's analyst days previewing the potential valuation and debt metrics for EXC and the merchant spinco Constellation. The note is available here.

Upcoming Calendar Event

AY — We are hosting AY's senior management for a day of meetings on Friday, January 14. Please contact your sales representative or contact us to schedule a meeting. Our recent research on AY can be accessed here and here.

Regulatory Calendar

A full regulatory calendar for companies in our coverage is provided below. We provide details on this week's key regulatory events.

EIX, SRE, RUN, ENPH, NOVA — Oral arguments in the CA NEM Successor Tariffs docket are scheduled for January 12: Oral arguments are likely to be presented by utilities and solar industry participants. We have written in detail on these proceedings and our note can be accessed here. While a detailed agenda is not available yet, a final vote on the docket may be scheduled for the January 27 CPUC Voting Meeting.

AEP — Company rebuttal in AEP's AR rate case is scheduled for January 13: In line with plan, AEP recently filed a rate case in AR: SWEPCO filed an electric rate case with the AR PSC (Docket: 21-070-U) for an $85M rate increase premised on a 10.35% ROE. The primary drivers of the rate case are investments in generation and T&D infrastructure along with plans to retire certain coal units or to modify operations at them. SWEPCO has also requested for rates to be regulated under the FRP statute, and to that end, AEP has provided a proposed FRR rider with the filing.

POR — Staff/Intervenor Rebuttal in POR's OR GRC is scheduled for January 13: OR PUC staff, interveners, and POR have already reached a partial settlement in the pending GRC. The settlement addresses the rate increase and recommends that the Commission approve a $30.7M electric rate increase—below POR's $59M original request. The delta includes a $9M capital cost reduction related to the new Integrated Operations Center; $10.5M of certain capital costs, which are recommended for consideration in a future case; and a $6.9M reduction of O&M expenses associated with the February winter storm. POR will seek to recover the storm costs through a separate deferral. As a reminder, the first partial settlement addressed the cost of capital and recommended that the Commission approve a 9.5% ROE and 50% equity layer—in line with POR's request. POR initially filed a GRC in June for the recovery of base business investments in upgrading the grid and increased vegetation management. Other proposals include an accelerated depreciation schedule and separate revenue requirement for Colstrip and removing the 2% cap on decoupling.

EXC — Surrebuttal testimony in Delmarva's MD electric GRC is scheduled for January 14: PSC staff and OPC recently proposed rate increases of $5.6M and $4.3M, respectively. The delta compared to EXC's ask of $27M appears to be centered around a lower recommended ROE and lower allowed depreciation expense relative to EXC's ask. The Staff and OPC recommend reductions of

$14M and $12M, respectively, to the $18.3M depreciation expense requested by EXC. While EXC is asking for a 10.1% ROE, the PSC and OPC proposed ROEs of 9.5% and 9.0%, respectively. A final PSC decision must be rendered by March 30, 2022. The filing is requesting rate increases to reflect planned spending and reliability investments that will be placed in service through March 2022 and the recovery of COVID-related regulatory assets, following which EXC plans to file a multiyear rate plan for the period 2023-2025.

Recent Developments for Companies Under Our Coverage

From our midweek: AGR and PNM announced an extension of the merger agreement to April 2023 and PNM filed with the NM Supreme Court to appeal the NM PRC's decision to reject the proposed merger with AGR; AEP's APCo submits plans in VA to acquire or contract 500MW of renewables; DOJ files a response to AEE's plan to retire Rush Island early; NY Climate Action Council drafts a scoping memo to achieve the state's clean energy goals; the FPL and Gulf Power integration is formally complete and a vacancy emerges at the ND PUC.

XEL — Settlement terms in the CO Electric GRC made public: XEL and involved stakeholders reached a comprehensive settlement, the terms of which were made public last week. The settlement allows XEL a net rate increase of $182M based on an ROE of 9.3% and an equity ration of 55.69%. The settlement allows for a continuation of the AGIS deferral and continuation of the deferral mechanism under the Wildfire Mitigation Plan. As a refresher, XEL sought a net rate increase of $338M (netted for the Cheyenne Wind Project that came online in 3Q20 and the TCA rider) on 10% ROE and 55.64% equity layer. Hearings to discuss the settlement are scheduled for this month and a PUC decision is expected in 1Q22 with rates effective in April (Docket: 21AL-0317E).

AGR — ME Supreme Court agrees to take up AGR's challenge to the 2021 referendum: AGR filed a lawsuit following an unfavorable outcome in the November 2021 ballot referendum. AGR filed a lawsuit in the ME Superior Court challenging the citizens' initiative. The lawsuit contends that the referendum intends to retroactively change the law to block NECEC and is unconstitutional and violates state and federal legal principles including vested property rights (ME law protects a property owner who has invested in a project after following the laws in place at the time, which AGR has done), separation of powers (the referendum attempts to reverse decisions of the executive and judicial branches through legislative actions), and contracts clause (by attempting to cancel a 25-year lease signed by NECEC with the state of ME). It appears that the Court has set a deadline of February 28 for briefs by AGR and other opponents of the law and April 18 for briefs by supporters. Oral arguments will likely follow.

ED, AGR — Governor Hochul addresses Clean Energy in the State of the State address:

- Offshore Wind: Among her proposals is a $500M investment in critical offshore wind infrastructure including ports, manufacturing, and supply chain infrastructure. The next offshore wind RFP in 2022 is expected to result in at least 2 GW of new projects. The state will initiate planning for an offshore wind transmission network.
- New York City will see an 80% reduction in fossil fuel use for electricity by 2030 through a build-out of wind and solar and using existing hydro.
- In line with the growth in renewable generation, the governor is proposing to double storage deployment to at least 6 GW by 2030.
- The address included proposals for building electrification and a commitment to zero on-site GHG for new construction by 2027.

ES — NSTAR Electric receives MA DPU approval for rate increase: ES filed for a rate increase for NSTAR Electric under the performance based rate making framework. The Commission approved ES's revised request for $36.8M. ES's revised request excluded recovery of costs related to new methodology for computing property tax valuations. The current PBR remains in place through 2022. MA law requires electric utilities to file a rate case with the DPU once every five years, and we expect that ES will file a rate case in 2022.

DUK — NC governor builds on HB 951 momentum and signs an EO to reduce GHG: The Governor's EO calls for a reduction in GHG by 50% by 2030 (vs. 2005) and reaching net zero by no later than 2050. The order followed the passage of HB 951 last year. We expect the legislation and the EO to shape the final outcome of DUK's NC IRP, and the structure of DUK's next rate case, which we believe will be filed in 2022, will be a multiyear rate case and will take into account the provisions of HB 951 (including PBR, coal ash securitization, and coal retirements, among others).

D — SCC approves Phase II of Grid Transformation Plan: The plan includes projects to facilitate the increase in DER resulting from the VCEA and FERC Order 2222. The Commission also approved D's AMI proposal that was previously denied. The approval includes projects totaling $650M of investments over 2022 and 2023 and D will seek cost recovery in a future proceeding.

AEP — PUCT issued a draft order in SWEPCO's TX rate case: The draft order is based on a ROE of 9.25% vs. SWEPCO's request for 10.35% ROE, ALJ recommendation of 9.45%, and Chair Lake's proposal of 9.3%. SWEPCO's original ask was for a $100M rate increase, Commission approved the $56M revenue increase proposed in the ALJ PD. PUCT concurred with the ALJ on the proposed treatment of Dolet Hills coal plant. SWEPCO proposed to use regulatory liabilities from the 2017 corporate tax reform to partially offset stranded costs associated with the planned early retirement of Dolet Hills, scheduled to be shut down at YE21. The ALJ disapproved SWEPCO's proposed methodology for recovering the unamortized balance and proposed that a regulatory asset for the remaining net book value be created and amortized without a return, using the original end useful life date of 2046. In addition, the Commission

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

approved SWEPCO's request to establish a self-insurance reserve for cost recovery associated with service restoration post-Hurricane Laura and funding for vegetation management.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Service Type	Date of Proceeding	Agenda Item
CO	Public Service Co. of CO	XEL	D-21AL-0317E	Electric	1/11/2022	Evidentiary Hearings Commence
	CPI Release	BLS			1/12/2022	CPI release for Prior Month
CA		CPUC	R2008020		1/12/2022	NEM 3.0 Oral Arguments
AR	Southwestern Electric Power Co	AEP	D-21-070-U	Electric	1/13/2022	Company Rebuttal
OR	Portland General Electric Co.	POR	D-UE-394	Electric	1/13/2022	Staff/Intervenor Rebuttal
MD	Delmarva Power & Light Co.	EXC	C-9670	Electric	1/14/2022	Surrebuttal Testimony filed by all Parties
	Federal Energy Reg Comm	FERC			1/20/2022	Open Meeting
OR	Portland General Electric Co.	POR	D-UE-394	Electric	1/26/2022	Company Surrebuttal Testimony
CA		CPUC	R2008020		1/27/2022	NEM 3.0 Potentially on Agenda at Voting Meeting
OR	Portland General Electric Co.	POR	D-UE-394	Electric	2/1/2022	Company Surrebuttal Testimony
	CPI Release	BLS			2/10/2022	CPI release for Prior Month
CO	Public Service Co. of CO	XEL	D-21AL-0317E	Electric	2/11/2022	Statement of Position Expected
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	2/15/2022	Commission will render a decision
AR	Southwestern Electric Power Co	AEP	D-21-070-U	Electric	2/17/2022	Staff/Intervenor Surrebuttal
	Federal Energy Reg Comm	FERC			2/17/2022	Open Meeting
AR	Southwestern Electric Power Co	AEP	D-21-070-U	Electric	2/24/2022	Company Sur-Surrebuttal
MD	Delmarva Power & Light Co.	EXC	C-9670	Electric	2/28/2022	Proposed Order Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	2/28/2022	Statutory deadline for decision on the docket
AR	Southwestern Electric Power Co	AEP	D-21-070-U	Electric	3/4/2022	Settlement Conference
MI	Consumers Energy Co.	CMS	U-21090	IRP	3/4/2022	PFD Target Date
OR	Portland General Electric Co.	POR	D-UE-394	Electric	3/4/2022	Oral Arguments
	CPI Release	BLS			3/10/2022	CPI release for Prior Month
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track3 Wildfire Mitigation)	Electric	3/15/2022	Track 3 Proposed Decision
	Federal Energy Reg Comm	FERC			3/24/2022	Open Meeting
MD	Delmarva Power & Light Co.	EXC	C-9670	Electric	3/30/2022	Final Order

Source: Regulatory filings, company filings, S&P Market Intelligence

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('21E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AEE	Ameren Corp	22.6	Sector Weight	NA	$88.24	2.5%	57%	3.88	3.95	4.26	22.7x	22.3x	20.7x	3.83	4.04	4.34	23.0x	21.8x	20.3x
AEP	American Electric Power Company In	44.9	Sector Weight	NA	$90.80	3.3%	64%	4.68	4.95	5.22	19.4x	18.3x	17.4x	4.69	4.97	5.26	19.4x	18.3x	17.3x
CMS	CMS Energy Corp	18.7	Overweight	$67	$65.08	2.7%	63%	2.65	2.87	3.08	24.6x	22.7x	21.1x	2.65	2.87	3.12	24.6x	22.7x	20.9x
CNP	CenterPoint Energy Inc	17.4	Overweight	$29	$27.66	2.2%	48%	1.61	1.37	1.47	17.2x	20.2x	18.8x	1.46	1.41	1.52	18.9x	19.6x	18.2x
D	Dominion Energy Inc	64.0	Overweight	$84	$80.21	3.1%	65%	3.89	4.13	4.34	20.6x	19.4x	18.5x	3.86	4.13	4.37	20.8x	19.4x	18.4x
DTE	DTE Energy Co	23.2	Sector Weight	NA	$119.69	3.3%	62%	5.80	5.93	6.30	20.6x	20.2x	19.0x	5.97	5.92	6.26	20.0x	20.2x	19.1x
DUK	Duke Energy Corp	79.6	Overweight	$109	$104.50	3.7%	74%	5.26	5.47	5.71	19.9x	19.1x	18.3x	5.24	5.48	5.77	19.9x	19.1x	18.1x
ETR	Entergy Corp	22.0	Sector Weight	NA	$112.13	3.5%	64%	5.96	6.21	6.57	18.8x	18.1x	17.1x	5.98	6.34	6.73	18.8x	17.7x	16.7x
ES	Eversource Energy	30.6	Sector Weight	NA	$89.66	2.7%	62%	3.81	4.11	4.39	23.5x	21.8x	20.4x	3.84	4.11	4.38	23.4x	21.8x	20.5x
ED	Consolidated Edison Inc	30.2	Underweight	$65	$85.67	3.7%	73%	4.16	4.47	4.66	20.6x	19.2x	18.4x	4.24	4.50	4.72	20.2x	19.0x	18.2x
EIX	Edison International	24.5	Sector Weight	NA	$65.00	4.1%	60%	4.48	4.72	4.98	14.5x	13.8x	13.1x	4.48	4.64	4.96	14.5x	14.0x	13.1x
FE	FirstEnergy Corp	22.3	Overweight	$43	$41.41	3.8%	63%	2.60	2.59	2.66	15.9x	16.0x	15.6x	2.60	2.50	2.64	15.9x	16.6x	15.7x
SO	Southern Co	72.2	Overweight	$69	$68.64	3.8%	76%	3.40	3.61	3.89	20.2x	19.0x	17.6x	3.38	3.54	3.81	20.3x	19.4x	18.0x
WEC	WEC Energy Group Inc	30.4	Sector Weight	NA	$97.21	2.8%	67%	4.07	4.27	4.55	23.9x	22.8x	21.4x	4.07	4.30	4.57	23.9x	22.6x	21.3x
XEL.O	Xcel Energy Inc	37.2	Overweight	$75	$69.10	2.6%	61%	2.97	3.18	3.40	23.3x	21.7x	20.3x	2.97	3.17	3.40	23.2x	21.8x	20.3x
					Average:	**3.2%**	**64%**				**20.4x**	**19.6x**	**18.5x**				**20.5x**	**19.6x**	**18.4x**
		Market Cap	Rating	Target	Current	Dividend ('21E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AVA	Avista Corp	3.0	Sector Weight	NA	$42.98	3.9%	83%	2.03	2.04	2.47	21.2x	21.1x	17.4x	2.05	2.11	2.47	21.0x	20.3x	17.4x
NWE.O	NorthWestern Corp	3.1	Overweight	$71	$57.33	4.3%	74%	3.63	3.65	3.77	15.8x	15.7x	15.2x	3.51	3.46	3.69	16.4x	16.6x	15.5x
OTTR.O	Otter Tail Corp	2.8	Sector Weight	NA	$67.79	2.3%	51%	3.58	3.56	3.78	18.9x	19.0x	17.9x	3.88	3.24	3.28	17.5x	20.9x	20.6x
PNW	Pinnacle West Capital Corp	7.9	Underweight	$60	$70.80	4.7%	87%	4.97	4.67	4.75	14.2x	15.2x	14.9x	5.26	3.98	4.24	13.5x	17.8x	16.7x
POR	Portland General Electric Co	4.7	Sector Weight	NA	$53.27	3.2%	63%	2.75	2.80	2.95	19.4x	19.0x	18.1x	2.76	2.81	2.92	19.3x	19.0x	18.3x
					Average:	**3.7%**	**72%**				**17.9x**	**18.0x**	**16.7x**				**17.5x**	**18.9x**	**17.7x**
		Market Cap	Rating	Target	Current	Dividend ('21E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Integrated Utilities		($B)		Price	Price	Yield	Payout	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
EXC.O	Exelon Corp	55.5	Sector Weight	NA	$56.64	2.7%	46%	2.80	3.14	3.31	20.2x	18.0x	17.1x	2.79	3.31	3.43	20.3x	17.1x	16.5x
PEG	Public Service Enterprise Group Inc	33.3	Overweight	$69	$67.00	3.0%	62%	3.63	3.55	3.66	18.5x	18.9x	18.3x	3.63	3.46	3.66	18.5x	19.3x	18.3x
					Average:	**2.9%**	**54%**				**19.3x**	**18.5x**	**17.7x**				**19.4x**	**18.2x**	**17.4x**
		Market Cap	Rating	Target	Current	Dividend ('21E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AGR	Avangrid Inc	19.2	Sector Weight	NA	$50.14	3.5%	77%	2.14	2.00	2.14	23.4x	25.1x	23.4x	2.14	2.34	2.48	23.4x	21.5x	20.2x
NEE	Nextera Energy Inc	168.3	Sector Weight	NA	$86.41	1.8%	59%	2.54	2.74	2.93	34.0x	31.5x	29.5x	2.53	2.74	2.95	34.2x	31.5x	29.3x
SRE	Sempra Energy	43.5	Overweight	$142	$138.21	3.2%	56%	8.33	8.40	8.81	16.6x	16.5x	15.7x	8.25	8.46	8.91	16.8x	16.3x	15.5x
					Average:	**2.8%**	**64%**				**24.7x**	**24.4x**	**22.9x**				**24.8x**	**23.1x**	**21.7x**

Source: Thomson Reuters, company reports, KeyBanc Capital Markets Inc. estimates

Figure 3 - YTD Stock Price Performance

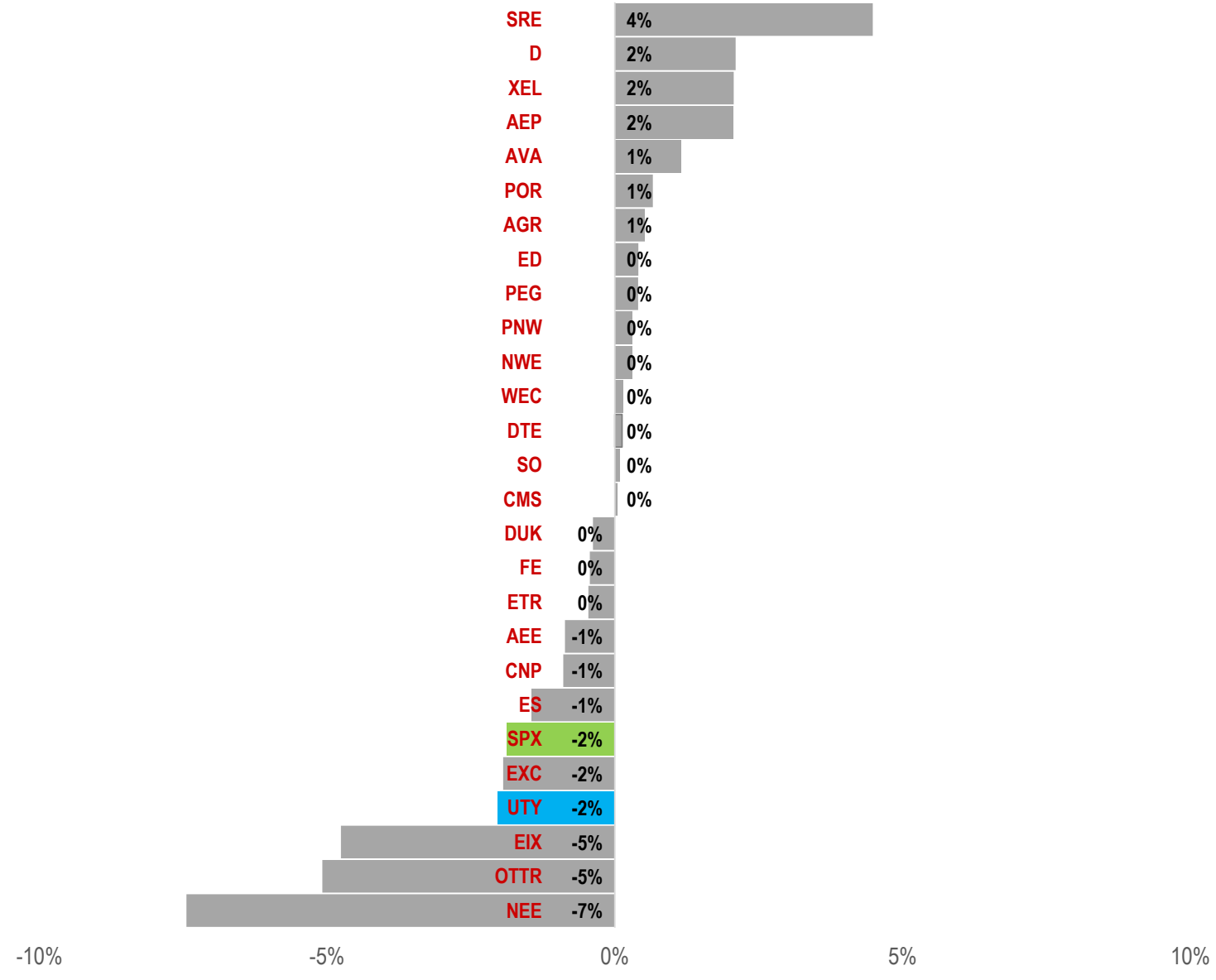

Source: Thomson Reuters

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review – Reiterate Overweight with $75 Price Target

WEC: Managing and Thriving Through Current Environment; Notes from Virtual NDR

EEI Day One: Notes from Meetings - ES, CNP, XEL, AGR, CMS

EEI Day Two: Notes from Meetings - DUK, NEE, ETR, DTE, AEP, AY, AVA, SRE

EEI Day Three: Notes from Meetings - POR, SO, OTTR, EXC, NWE, EIX, FE, AEE

CNP: Upgrading to Overweight on Constructive Investor Day Update

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

AEE, EXC: IL Legislation — Something for Everyone

DTE: Takeaways from Meetings with Management

SRE: Post Analyst Day Weakness Offers a Buying Opportunity

EIX: Downgrading to Sector Weight as Fire Season Looms

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

OTTR: Notes from Virtual Management Meetings

POR: Notes from Virtual Management Meetings

NWE: Notes from Management Meetings

AVA: Closing the Regulatory Gap — Notes from Virtual Meetings

ES: Offshore Wind and CT Storm Docket... Notes from Virtual NDR

EIX: In A.B. 1054 We Trust... Notes from Virtual Meetings

ETR: Downgrading on Growing Regulatory Concerns

Utilities 2021 Sector Outlook: Stuck in the Middle of the Business Cycle

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	351	54.67	122	34.76
Sector Weight [SW]	282	43.93	66	23.40
Underweight [UW]	9	1.40	2	22.22

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	34	53.97	16	47.06
Sector Weight [SW]	27	42.86	16	59.26
Underweight [UW]	2	3.17	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Exelon Corp

Catalyst to Watch This Week

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$63.00**
Price (07 Jan 2022)	**US$56.64**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.76-38.60
Market cap.	US$55.3b
Shares o/s	977m (COM)
Free float	100%
Avg. daily volume ('000)	5,262
Avg. daily value (m)	US$281.7
Common s/h equity (12/21E)	US$33.7b
P/BV (12/21E)	1.6x
Net debt to EBITDA (12/21E)	4.3x

EPS (UBS, diluted) (US$)

	12/21E	
	UBS	Cons.
Q1	(0.06)	(0.06)
Q2	0.89	0.89
Q3	1.09	1.09
Q4E	0.87	0.88
12/21E	2.78	2.79
12/22E	3.31	3.31
12/23E	3.42	3.44

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Analyst Days for RemainCo and SpinCo

The company will hold analyst days for Exelon Corp (RemainCo) and Constellation (SpinCo) on Monday January 10 (1-4pm) and Tuesday January 11 (8:30am - 12pm). The analyst days will be webcast from the Exelon Corp. investor relations website (www.exeloncorp.com/investor-relations). The NY Public Service Commission approved the spin transaction on 12/16 and the SEC deemed the Form 10 effective on 12/29, which would put the expectation for the spin transaction on 2/1/22, and for SpinCo to begin trading under the symbol "CEG" on 2/2/22.

What to Watch For at the Analyst Day

For Exelon (RemainCo) we believe investors will be focused on the potential to accelerate rate base growth, the equity funding need related to that rate base growth with the absence of ExGen free cash flow post spin, the level of cost dis-synergies if any or how they were mitigated, the dynamics of the multi-year rate cases, and the targeted dividend payout ratio. For Constellation (ExGen/SpinCo) we believe investors will be focused on the allocation of free cash flow, the level of dividend payout, the growth strategy with the free cash flow post dividend, disclosure of hedging for 2022, 2023, and 2024, likelihood and magnitude of return of cash to shareholders, EBITDA guidance for 2022 and growth guidance for 2023+, cost structure as an independent company, and any greater level of disclosure for the retail segment of the business.

What's Priced In?

We value the utility business at $52/share in our SOTP. We value ExGen at $11/share premised upon a half turn discount to mid-cycle multiples (6.6x) our 2023 forecast EBITDA of $2,478mln. We have assumed ratable hedging of ~65% in 2023. The current share price implies $5/share for ExGen, and we see the range of potential valuation to be between VST's IPP comp multiple of 5.9x of $9/share and an infrastructure based comp of 10.4x premised upon our SIP SOTP which would imply $21/share. (link).

Valuation: Reiterating our $63 Price Target

We value Exelon at $63/share on a sum of the parts analysis. We value Exelon's Utility and Parent Only (UPO) at a net 13% premium to the group multiple of 18.3x our $2.51/share UPO earnings forecast for 2023. Our 13% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% discount for a 3rd quartile regulatory ranking overall, a 5% premium for 1st quartile UPO earnings growth. This yields $52/share. We value the ExGen competitive generation business at a 6.6x our 2023 estimated Open EBITDA of $2.5Bln, plus NPV of hedges of $0.1Bln less net debt of $5.5Bln which yields $11/share.

Highlights (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenues	35,978	34,438	33,039	31,851	33,360	33,688	34,050	34,589
EBIT (UBS)	4,760	5,623	5,130	5,092	5,721	5,754	5,820	6,027
Net earnings (UBS)	3,026	3,141	3,143	2,720	3,231	3,343	3,406	3,575
EPS (UBS, diluted) (US$)	3.12	3.22	3.22	2.78	3.31	3.42	3.49	3.66
DPS (net) (US$)	1.38	1.45	1.53	1.61	1.69	1.77	1.85	1.93
Net (debt) / cash	(35,178)	(37,212)	(38,670)	(39,616)	(39,884)	(39,868)	(39,660)	(39,135)
Profitability/valuation	**12/18**	**12/19**	**12/20**	**12/21E**	**12/22E**	**12/23E**	**12/24E**	**12/25E**
EBIT (UBS) margin %	13.2	16.3	15.5	16.0	17.1	17.1	17.1	17.4
ROIC (EBIT) %	5.7	6.5	5.6	5.4	6.0	5.9	5.9	6.0
EV/EBITDA (UBS core) x	8.9	9.0	8.3	11.1	10.1	9.8	9.5	9.1
P/E (UBS, diluted) x	13.3	14.7	12.4	20.3	17.1	16.6	16.2	15.5
Equity FCF (UBS) yield %	2.1	(1.6)	(10.1)	1.1	2.5	3.2	3.6	4.4
Dividend yield (net) %	3.3	3.1	3.8	2.8	3.0	3.1	3.3	3.4

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 56.64 on 07-Jan-2022

This report has been prepared by UBS Securities LLC **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Revenues	**35,978**	**34,438**	**33,039**	**31,851**	*-3.6*	**33,360**	*4.7*	**33,688**	**34,050**	**34,589**
Gross profit	18,027	18,941	18,935	16,402	*-13.4*	17,863	*8.9*	18,202	18,622	19,177
EBITDA (UBS)	**9,021**	**9,780**	**10,065**	**9,123**	*-9.4*	**9,996**	*9.6*	**10,273**	**10,582**	**11,032**
Depreciation & amortisation	(4,261)	(4,157)	(4,935)	(4,031)	*18.3*	(4,275)	*-6.1*	(4,518)	(4,762)	(5,005)
EBIT (UBS)	**4,760**	**5,623**	**5,130**	**5,092**	*-0.7*	**5,721**	*12.3*	**5,754**	**5,820**	**6,027**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	36	0	-	0	-	0	0	0
Net interest	(1,554)	(1,616)	(1,635)	(1,598)	*2.2*	(1,569)	*1.8*	(1,540)	(1,524)	(1,517)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**3,206**	**4,007**	**3,531**	**3,494**	*-1.0*	**4,152**	*18.8*	**4,215**	**4,296**	**4,509**
Tax	(78)	(774)	(373)	(776)	*-108.0*	(923)	*-19.0*	(874)	(892)	(936)
Profit after tax	**3,128**	**3,233**	**3,158**	**2,718**	*-13.9*	**3,229**	*18.8*	**3,341**	**3,404**	**3,573**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(102)	(92)	(15)	2	-	2	*0.0*	2	2	2
Extraordinary items	(1,017)	(205)	(1,186)	0	-	0	-	0	0	0
Net earnings (local GAAP)	**2,009**	**2,936**	**1,957**	**2,720**	*39.0*	**3,231**	*18.8*	**3,343**	**3,406**	**3,575**
Net earnings (UBS)	**3,026**	**3,141**	**3,143**	**2,720**	*-13.5*	**3,231**	*18.8*	**3,343**	**3,406**	**3,575**
Tax rate (%)	2.4	19.3	10.6	22.2	*110.2*	22.2	*0.1*	20.7	20.8	20.8

Per Share (US$)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
EPS (UBS, diluted)	3.12	3.22	3.22	2.78	*-13.4*	3.31	*18.8*	3.42	3.49	3.66
EPS (local GAAP, diluted)	2.07	3.01	2.00	2.78	*39.1*	3.31	*18.8*	3.42	3.49	3.66
EPS (UBS, basic)	3.13	3.23	3.22	2.79	*-13.4*	3.31	*18.8*	3.43	3.49	3.66
DPS (net) (US$)	1.38	1.45	1.53	1.61	*5.2*	1.69	*5.0*	1.77	1.85	1.93
Cash EPS (UBS, diluted) [1]	7.52	7.49	8.26	6.91	*-16.4*	7.68	*11.2*	8.05	8.36	8.78
Book value per share	32.04	33.08	33.35	34.56	*3.6*	36.18	*4.7*	37.83	39.47	41.20
Average shares (diluted)	969	974	978	977	*-0.1*	977	*0.0*	977	977	977

Balance Sheet (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Cash and equivalents	1,596	945	1,101	1,767	*60.5*	1,571	*-11.1*	2,507	3,590	6,358
Other current assets	11,764	11,092	11,461	11,189	*-2.4*	11,327	*1.2*	11,370	11,426	11,507
Total current assets	**13,360**	**12,037**	**12,562**	**12,956**	*3.1*	**12,898**	*-0.5*	**13,877**	**15,015**	**17,865**
Net tangible fixed assets	76,707	80,233	82,584	85,089	*3.0*	87,375	*2.7*	89,392	91,191	92,748
Net intangible fixed assets	6,677	6,677	6,677	6,677	*0.0*	6,677	*0.0*	6,677	6,677	6,677
Investments / other assets	22,922	26,030	27,494	27,617	*0.4*	27,740	*0.4*	27,863	27,986	28,109
Total assets	**119,666**	**124,977**	**129,317**	**132,339**	*2.3*	**134,689**	*1.8*	**137,809**	**140,870**	**145,399**
Trade payables & other ST liabilities	9,341	8,105	8,921	8,592	*-3.7*	8,698	*1.2*	8,693	8,688	8,692
Short term debt	2,063	6,080	3,850	3,850	*0.0*	3,850	*0.0*	3,850	3,850	3,850
Total current liabilities	**11,404**	**14,185**	**12,771**	**12,442**	*-2.6*	**12,548**	*0.9*	**12,543**	**12,538**	**12,542**
Long term debt	34,464	31,719	35,483	37,095	*4.5*	37,167	*0.2*	38,087	38,962	41,205
Other long term liabilities	40,728	44,500	46,195	46,787	*1.3*	47,379	*1.3*	47,971	48,563	49,155
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**86,596**	**90,404**	**94,449**	**96,324**	*2.0*	**97,094**	*0.8*	**98,601**	**100,063**	**102,902**
Common s/h equity	**30,764**	**32,224**	**32,585**	**33,732**	*3.5*	**35,312**	*4.7*	**36,925**	**38,524**	**40,213**
Minority interests	2,306	2,349	2,283	2,283	*0.0*	2,283	*0.0*	2,283	2,283	2,283
Total liabilities & equity	**119,666**	**124,977**	**129,317**	**132,339**	*2.3*	**134,689**	*1.8*	**137,809**	**140,870**	**145,399**

Cash Flow (US$m)	12/18	12/19	12/20	12/21E	%ch	12/22E	%ch	12/23E	12/24E	12/25E
Net income (before pref divs)	2,009	2,936	1,957	2,720	*39.0*	3,231	*18.8*	3,343	3,406	3,575
Depreciation & amortisation	4,261	4,157	4,935	4,031	*-18.3*	4,275	*6.1*	4,518	4,762	5,005
Net change in working capital	(950)	(3,277)	(5,116)	(57)	*98.9*	(31)	*44.9*	(49)	(60)	(76)
Other operating	3,327	2,741	2,458	2,306	*-6.2*	2,306	*0.0*	2,306	2,306	2,306
Operating cash flow	**8,647**	**6,557**	**4,234**	**9,000**	*112.6*	**9,781**	*8.7*	**10,118**	**10,413**	**10,809**
Tangible capital expenditure	(7,594)	(7,248)	(8,048)	(8,250)	*-2.5*	(8,275)	*-0.3*	(8,250)	(8,275)	(8,275)
Intangible capital expenditure	(235)	(36)	(123)	(123)	*0.0*	(123)	*0.0*	(123)	(123)	(123)
Net (acquisitions) & disposals	(154)	(41)	0	0	-	0	-	0	0	0
Other investing	149	65	3,835	0	-	0	-	0	0	0
Investing cash flow	**(7,834)**	**(7,260)**	**(4,336)**	**(8,373)**	*-93.1*	**(8,398)**	*-0.3*	**(8,373)**	**(8,398)**	**(8,398)**
Equity dividends paid	(1,332)	(1,408)	(1,492)	(1,573)	*-5.4*	(1,651)	*-5.0*	(1,729)	(1,807)	(1,886)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	(3)	30	(91)	(111)	*-22.0*	0	-	0	0	0
Change in debt & pref shares	1,116	1,320	1,728	1,612	*-6.7*	72	*-95.5*	920	875	2,243
Financing cash flow	**(219)**	**(58)**	**145**	**(72)**	-	**(1,579)**	*NM*	**(809)**	**(932)**	**357**
Cash flow inc/(dec) in cash	**594**	**(761)**	**43**	**555**	*NM*	**(196)**	-	**936**	**1,083**	**2,769**
FX / non cash items	(103)	110	113	111	*-1.8*	0	-	0	0	0
Balance sheet inc/(dec) in cash	**491**	**(651)**	**156**	**666**	*327.2*	**(196)**	-	**936**	**1,083**	**2,769**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. [1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp (EXC.O)

Valuation (x)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
P/E (local GAAP, diluted)	20.0	15.7	20.0	20.3	17.1	16.6	16.2	15.5
P/E (UBS, diluted)	13.3	14.7	12.4	20.3	17.1	16.6	16.2	15.5
P/CEPS	5.5	6.3	4.8	8.2	7.4	7.0	6.8	6.4
Equity FCF (UBS) yield %	2.1	(1.6)	(10.1)	1.1	2.5	3.2	3.6	4.4
Dividend yield (net) %	3.3	3.1	3.8	2.8	3.0	3.1	3.3	3.4
P/BV	1.3	1.4	1.2	1.6	1.6	1.5	1.4	1.4
EV/revenues (core)	2.2	2.6	2.5	3.2	3.0	3.0	3.0	2.9
EV/EBITDA (UBS core)	8.9	9.0	8.3	11.1	10.1	9.8	9.5	9.1
EV/EBIT (core)	16.9	15.7	16.2	19.8	17.6	17.5	17.3	16.7
EV/OpFCF (core)	16.9	15.7	16.2	19.8	17.6	17.5	17.3	16.7
EV/op. invested capital	1.0	1.0	0.9	1.1	1.0	1.0	1.0	1.0

Enterprise value (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Market cap.	39,882	45,845	38,844	55,337	55,337	55,337	55,337	55,337
Net debt (cash)	34,931	36,195	37,941	39,143	39,143	39,143	39,143	39,143
Buy out of minorities	2,306	2,349	2,283	2,283	2,283	2,283	2,283	2,283
Pension provisions/other	3,989	4,247	4,503	4,503	4,503	4,503	4,503	4,503
Total enterprise value	**81,108**	**88,636**	**83,571**	**101,266**	**101,266**	**101,266**	**101,266**	**101,266**
Non core assets	(625)	(464)	(440)	(440)	(440)	(440)	(440)	(440)
Core enterprise value	**80,483**	**88,172**	**83,131**	**100,826**	**100,826**	**100,826**	**100,826**	**100,826**

Growth (%)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Revenue	7.3	(4.3)	(4.1)	(3.6)	4.7	1.0	1.1	1.6
EBITDA (UBS)	8.8	8.4	2.9	(9.4)	9.6	2.8	3.0	4.2
EBIT (UBS)	18.1	18.1	(8.8)	(0.7)	12.3	0.6	1.1	3.5
EPS (UBS, diluted)	20.2	3.3	(0.3)	(13.4)	18.8	3.5	1.9	5.0
Net DPS	5.3	5.1	5.5	5.2	5.0	4.7	4.5	4.3

Margins & Profitability (%)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Gross profit margin	50.1	55.0	57.3	51.5	53.5	54.0	54.7	55.4
EBITDA margin	25.1	28.4	30.5	28.6	30.0	30.5	31.1	31.9
EBIT (UBS) margin	13.2	16.3	15.5	16.0	17.1	17.1	17.1	17.4
Net earnings (UBS) margin	8.4	9.1	9.5	8.5	9.7	9.9	10.0	10.3
ROIC (EBIT)	5.7	6.5	5.6	5.4	6.0	5.9	5.9	6.0
ROIC post tax	5.5	5.2	5.0	4.2	4.6	4.7	4.6	4.7
ROE (UBS)	10.0	10.0	9.7	8.2	9.4	9.3	9.0	9.1

Capital structure & Coverage (x)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Net debt / EBITDA	3.9	3.8	3.8	4.3	4.0	3.9	3.7	3.5
Net debt / total equity %	106.4	107.6	110.9	110.0	106.1	101.7	97.2	92.1
Net debt / (net debt + total equity) %	51.5	51.8	52.6	52.4	51.5	50.4	49.3	47.9
Net debt/EV %	43.1	40.8	45.4	38.7	39.3	39.4	39.3	38.9
Capex / depreciation %	178.2	174.4	163.1	NM	193.6	182.6	173.8	165.3
Capex / revenue %	21.1	21.0	24.4	25.9	24.8	24.5	24.3	23.9
EBIT / net interest	3.1	3.5	3.1	3.2	3.6	3.7	3.8	4.0
Dividend cover (UBS)	2.3	2.2	2.1	1.7	2.0	1.9	1.9	1.9
Div. payout ratio (UBS) %	44.1	44.9	47.6	57.8	51.1	51.7	53.0	52.7

Revenues by division (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Others	35,978	34,438	33,039	31,851	33,360	33,688	34,050	34,589
Total	**35,978**	**34,438**	**33,039**	**31,851**	**33,360**	**33,688**	**34,050**	**34,589**

EBIT (UBS) by division (US$m)	12/18	12/19	12/20	12/21E	12/22E	12/23E	12/24E	12/25E
Others	4,760	5,623	5,130	5,092	5,721	5,754	5,820	6,027
Total	**4,760**	**5,623**	**5,130**	**5,092**	**5,721**	**5,754**	**5,820**	**6,027**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Forecast returns

Forecast price appreciation	+11.2%
Forecast dividend yield	3.0%
Forecast stock return	+14.2%
Market return assumption	5.9%
Forecast excess return	+8.3%

Company Description

Exelon owns 6 regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in DE, DC, IL, MD, NJ, and PA. Exelon also owns one of the largest competitive power generators in the US, with 35.5 GW of capacity, mostly in nuclear power plants, but also in gas, wind, solar, and hydroelectric generating facilities. The Constellation unit provides energy products and retail power services to approximately 2.2m customers across the generation fleet's footprint.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We value Exelon at $62/share on a sum of the parts analysis. We value Exelon's Utility and Parent Only (UPO) at a net 12% premium to the group multiple of 18.1x our $2.51/share UPO earnings forecast for 2023. Our 12% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% discount for a 3rd quartile regulatory ranking overall, a 5% premium for 1st quartile UPO earnings growth,. This yields $52/share. We value the ExGen competitive generation business at a 6.6x our 2023 estimated Open EBITDA of $2.4Bln, plus NPV of hedges of $0.1Bln less net debt of $5.5Bln which yields $11/share.

Specific risks for Exelon include natural gas prices, power prices, nuclear operational risks, regulatory risks at the Pepco utilities, weather, interest rates, and relative cost of coal and uranium.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 10 January 2022 12:56 AM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please click https://neo.ubs.com/quantitative, or speak to your UBS sales representative for access to the report.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	29%
Sell	FSR is > 6% below the MRA.	10%	26%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2021.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$56.64	07 Jan 2022

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

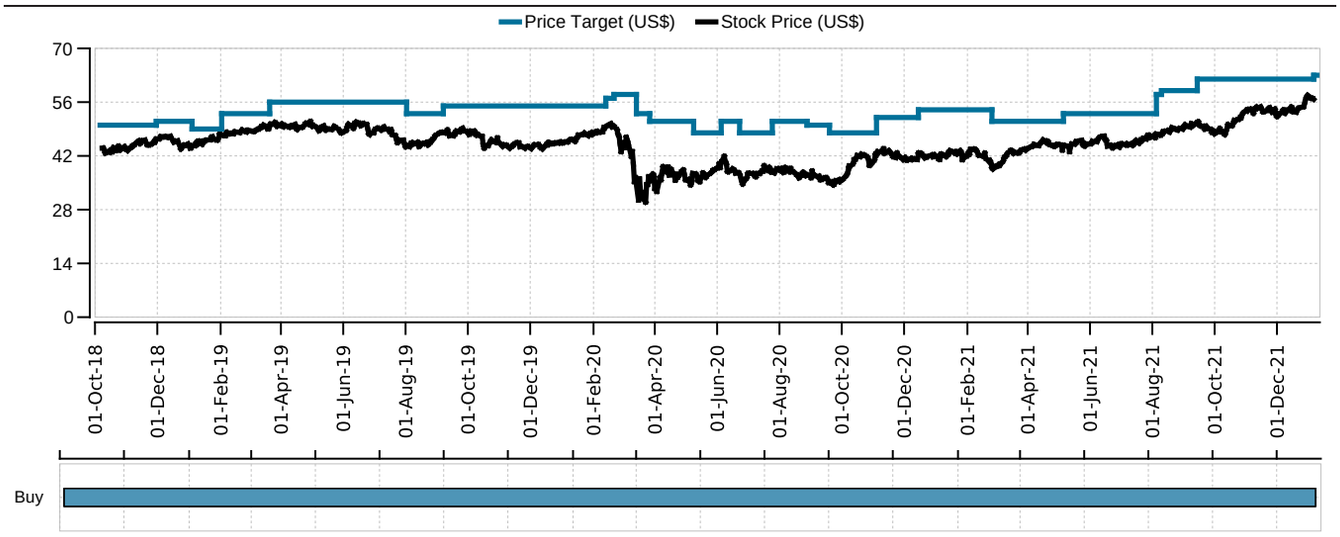

Date	Stock Price (US$)	Price Target (US$)	Rating
2018-10-05	43.81	50.00	Buy
2018-11-29	45.67	51.00	Buy
2019-01-03	44.12	49.00	Buy
2019-02-01	47.46	53.00	Buy
2019-03-20	49.10	56.00	Buy
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-22	37.57	48.00	Buy
2020-07-24	37.80	51.00	Buy

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy

Source: UBS; as of 07-Jan-2022

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means. The level and types of services provided by Global Research to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab you understand that UBS Evidence Lab is a separate department to Global Research and that UBS Evidence Lab does not provide research, investment recommendations or advice. UBS Evidence Lab may provide services to other internal and external clients.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). "Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law" - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this material is prepared by UBS Brasil CCTVM S.A.[1] to persons who are eligible investors residing in Brazil, which are considered to be Investidores Profissionais, as designated by the applicable regulation, mainly the CVM Instruction No. 539 from the 13th of November 2013 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS Brasil CCTVM S.A. is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil, of which UBS AG is the majority owner. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190, Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Greece**: UBS AG and its subsidiaries and affiliates (UBS) are premier global financial services firms offering wealth management services to individual, corporate and institutional investors. UBS AG and UBS Switzerland AG are established in Switzerland and operate under Swiss law. UBS operates in over 50 countries and from all major financial centers. UBS is not licensed as a bank or financial institution under Greek legislation and does not provide banking, nor financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity,

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: UBS AG and its branches and subsidiaries (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission (SEC) and do not undertake banking or investment business activities in Nigeria. The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. If you are interested in products of this nature, please let us know and we will direct you to someone who can advise you. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). Any material relating to Collective Investment Schemes has been provided to you at your specific unsolicited request and for your information only. The investment products mentioned in such material are not being offered or made available for sale by UBS in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. **Philippines**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

"On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Turkey:** The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made and will not make any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer or invitation to offer, or solicitation of securities in the territory of Ukraine. Electronic communication must not be considered as an offer to enter into an electronic agreement or electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Wynne Lam, CFA (Senior Associate)
(212) 266-4040, wynne.lam@rbccm.com
Eleanor Firestein (Associate)
(212) 428-6543, eleanor.firestein@rbccm.com

January 9, 2022

WATTS COOKING? Weekly

Topics: PNM; EXC; Nuclear SMRs; XEL; ShUFL

Weekly developments that we found to be of interest.

WATTS on Your Mind

This past week investors focused on the outlook for 2022. Of particular interest has been whether the sector will continue to perform well following the December outperformance. We have argued "no", based on the belief that, once the world economy adjusts to the Omicron variant, the market will gravitate toward growth. A few questions also focus on the impact inflation or, at least, a rising interest rate environment, would have on utilities. While most investors still view utilities as a sector to avoid during growing Treasury yield, we have argued that higher rates may have a greater impact on the broader market than it will have on utilities.

Turning to stock-specific topics, investors inquired the most about PNM and EXC. The former is attracting funds that believe that PNM is trading at a discount to other smidcap utilities, yet is still 10% away from the AGR (not covered) cash offer. Other investors see New Mexico as unfriendly given the recent commission decision against the merger. For EXC, many are trying to predict what will be said during this week's Investor Days for Exelon (Jan. 10) and Constellation (Jan. 11, formerly Exelon Generating). The absence of a vote for the Build Back Better act has created some uncertainty regarding Constellation's ultimate valuation.

WATTS on Our Mind

This past Wednesday, the NRC denied an application for a small modular reactor (SMR) from Oklo, a startup developing advanced nuclear technology. Commission staff cited Oklo's repeated failure to provide sufficient information on various safety methodologies and design features. Oklo may resubmit the application in the future. Oklo's micro-reactor design (1.5MW) is the second SMR design application. In July 2021, the NRC approved NuScale's small light water reactor (LWR) capable of producing 50MW each and up to 600MW when housed together with multiple reactors. **Our view: We don't think the NRC's denial indicates changes in regulatory stance towards the advanced nuclear industry. The $1.2T infrastructure package passed last year carves out $3.2 billion to the Department of Energy to support SMR development. It is unclear whether SMRs would receive potential zero emission credits that are meant to support existing facilities. If successfully developed, SMRs could provide utilities a cost-effective option for centralized clean energy supply for the long-term, although we do not expect any U.S. utility to commit to SMR technology anytime soon.**

On page 2: XEL reaches a GRC settlement in Colorado.

WATTS on the ShUFL

We are moving EIX to the #2 spot on the Best Plays, which displaces NEE and AEP. WTRG drops off the Defensive Plays list, replaced by PNM.

Shelby's Utility Focus List (ShUFL)

Best Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AES	OP	2.6%	$31.00	36.8%
EIX	OP	4.1%	$72.00	14.8%
NEE	OP	1.8%	$97.00	14.0%
AEP	OP	3.4%	$98.00	11.4%

Defensive Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AEP	OP	3.4%	$98.00	11.4%
PNM	SP	2.8%	$50.30	12.3%
SO	OP	3.8%	$73.00	10.2%
XEL	SP	2.6%	$73.00	8.3%

Least Favorite Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
CPK	SP	1.4%	$120.00	-12.3%
NEP	SP	3.5%	$80.00	4.6%

Source: Factset; RBC Capital Markets estimates

1/11/22: RBC New Year Energy Review
1/18/22: Moody's virtual meeting

Priced as of prior trading day's market close, EST (unless otherwise noted). All values in USD unless otherwise noted
Disseminated: Jan 9, 2022 18:52EST; Produced: Jan 9, 2022 18:52EST
For Required Conflicts Disclosures, see page 8

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Shelby's Utility Focus List (ShUFL)

We are shuffling around our lists given recent wide relative performance. Starting with the Best Plays list, we are moving EIX back up to the #2 spot behind AES. This pushes down NEE and AEP to the #3 and #4 spots, respectively.

We are removing WTRG from our Defensive Plays list. The stock is up 10.4% since the end of November 2021 compared to the XLU up 7.1% and the S&P 500 up 2.4%. We are replacing it with PNM. While PNM's implied upside is limited to $50.30 as long as the merger agreement with AGR holds, we believe that the downside is limited too, as the stock currently trades at an 8% discount to a peer group of smidcap utilities (ALE, AVA, IDA, HE, and POR, none of which we cover). PNM starts at the #2 spot. XEL moves to the #4 spot from #2, while SO moves up to #3. AEP remains our top Defensive idea.

Exhibit 1 – Moving EIX up the Best Plays; replacing WTRG with PNM on Defensive Plays

Best Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
The AES Corp.	AES	Outperform	$23.10	2.6%	$31.00	36.8%
Edison International	EIX	Outperform	$65.00	4.1%	$72.00	14.8%
NextEra Energy, Inc.	NEE	Outperform	$86.41	1.8%	$97.00	14.0%
American Electric Power	AEP	Outperform	$90.80	3.4%	$98.00	11.4%

Defensive Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
American Electric Power	AEP	Outperform	$90.80	3.4%	$98.00	11.4%
PNM Resources	PNM	Sector Perform	$45.97	2.8%	$50.30	12.3%
Southern Co.	SO	Outperform	$68.64	3.8%	$73.00	10.2%
Xcel Energy	XEL	Sector Perform	$69.10	2.6%	$73.00	8.3%

Least Favorite Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
Chesapeake Utilities	CPK	Sector Perform	$139.08	1.4%	$120.00	-12.3%
NextEra Energy Partners	NEP	Sector Perform	$79.10	3.5%	$80.00	4.6%

Source: FactSet; RBC Capital Markets, priced as of market close January 7, 2022. Past performance is not necessarily indicative of future performance.

WATTS on Our Mind (cont.)

On Wednesday, PSCo, XEL's Colorado utility, along with interveners, filed a comprehensive unopposed settlement for the current general rate case. The total request of $470mm included $127mm in previously authorized costs currently recovered through riders. The settlement included a net increase of $177mm and a total of $299mm. **Our view: Overall a relatively constructive outcome, with cost of capital ratios mostly unchanged (ROE at 9.3%; equity ratio at 55.6%). All eyes will be on the recovery of the cost tied to the early retirement Craig unit 2 and the Hayden Generation Station units 1 and 2, which were not part of the settlement.**

Notable Publications

RBC Global Regulated Utilities – 2022.01.05

PNM Resources (PNM): PNM and AGR extend merger agreement, file appeal with NM Supreme Court – 2022.01.04

EXC US: Splitting atoms – 2022.01.03

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

ED US: Opportunity for accelerated rate base growth – 2021.12.21

Sempra (SRE): Sells 10% NCI in Sempra Infrastructure Partners with expected close in summer 2022 – 2021.12.21

The AES Corporation (AES): Announces acquisition of Community Energy Solar; terms not disclosed – 2021.12.20

Exelon Corporation (EXC): NY Department of Public Services approves Constellation separation – 2021.12.16

PNM Resources (PNM): NMPRC denies Four Corners transfer and securitization – 2021.12.15

FLNC US: Solid 4Q21 results; initiates 2022 revenue guidance – 2021.12.09

PNM Resources (PNM): New Mexico Commission votes 5-0 against AGR merger – 2021.12.08

CenterPoint Energy, Inc. (CNP): Begins exit of midstream following Energy Transfer's completed acquisition of Enable Midstream Partners – 2021.12.03

PNM Resources (PNM): Majority of NMPRC Commissioners express opposition to approving PNM-AGR merger, discussions to continue at next open meeting on Wednesday – 2021.12.02

RBC Imagine™ Some Say That Cars Are For Driving – 2021.12.02

Renewables: New Metering is Coming – 2021.12.02

Fluence Energy Inc. (FLNC): Announces 150MW/150MWh battery energy storage system in Australia in partnership with ENGIE and Macquarie – 2021.12.01

Spire Inc. (SR): Decent 4Q21 results; new 2022 EPS guidance adversely impacted by Missouri rate order – 2021.11.22

FLNC US: All about that TAM; Initiating at Outperform – 2021.11.22

RBC Imagine™ Preparing for Hyperdrive – 2021.11.18

RBC Imagine™ Best Ideas for the Long Term – 2021.11.18

RBC ESG Stratify™: Carbon Capture & Storage – 2021.11.18

RBC Midstream & Energy Infrastructure Conference: Day 2 Highlights – 2021.11.18

Electric Utilities, Gas Utilities, Multi-Utilities, Water Utilities: Model Updates – 2021.11.17

RBC Midstream & Energy Infrastructure Conference: Day 1 Highlights – 2021.11.17

Midstream & Energy Infrastructure Conference (In-Person!) Preview – 2021.11.12

AY First Glance: 3Q21 EBITDA lower-than-expected potentially due to accounting adjustments – 2021.11.10

U.S. Power & Utilities: Day 3 Recap of EEI Conference – 2021.11.09

U.S. Power & Utilities: Day 1 Recap of EEI Conference – 2021.11.08

Pinnacle West Capital (PNW): ACC votes to approve APS rate case – 2021.11.03

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

PNM Resources (PNM): Hearing Examiner recommends against approval of PNM and AGR merger – 2021.11.02

FirstEnergy Corp. (FE): Announces settlement with parties to resolve multiple proceedings in Ohio including 2017-2020 SEET – 2021.11.02

AWK US: Announces sale of Homeowner Services Group – 2021.10.29

XEL US: Colorado settlement slightly disappointing; 2021 EPS guidance of $2.90–3.00 reiterated – 2021.10.26

XEL US: NSPM files 3-year multi-year rate case – 2021.10.26

RBC ESG Stratify: Carbon Capture & Storage – 2021.10.24

PCG US: CPUC approves PG&E's 2021 Wildfire Mitigation Plan – 2021.10.21

NEE US: Beat at NEE, strong origination quarter – 2021.10.20

PNW US: Amended ROE at 8.7%, delayed decision of Four Corners overall disappointing – 2021.10.07

WATTS UP! Takeaways from our CA CFO Roundtable – 2021.10.07

RBC Global Regulated Utilities – 2021.10.04

CNP US: Flawless message; time to execute – 2021.09.27

Solar Update: Headwinds from Anti-Dumping and Countervailing Duties Circumvention Petitions – 2021.09.27

BEP US: Investor Day: Increasing targeted equity deployment to capitalize on large opportunity set – 2021.09.21

BEP US: Investor Day Preview – 2021.09.17

Spire Inc. (SR): FERC Issues Temporary Certificate for STL Pipeline for 90 Days – 2021.09.14

Exelon Corporation (EXC): Illinois House Passes SB2408 House Amendment 2; Returns to Senate for Vote Next Week – 09.09.2021

RBC Elements: Semi-Charged Kind of Life – 09.09.2021

PNW US: Takeaways from the Virtual Road – 09.08.2021

Exelon Corporation (EXC): Comments on Amendments to HB3666 and Senate Energy and Public Utilities Committee Meeting – 2021.09.01

2021 RBC Capital Markets Back-To-School Energy Seminar – 2021.09.01

Southern Company (SO): Preliminary findings released from NRC's special inspection at Vogtle – 2021.08.27

DUK US: Bittersweet memories, that is all I'm taking with me — Downgrading to Sector Perform – 2021.08.20

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

American Electric Power (AEP): Texas Court reverses prior District Court judgment related to AFUDC recovery; AEP expects to appeal ruling – 2021.08.16

PCG US: Take a Chance on Me; Upgrading to Outperform – 2021.08.16

Public Service Enterprise Group (PEG): Agreement to sell fossil generation portfolio for $1.92B; raises 2021 EPS guidance – 2021.08.12

NextEra Energy (NEE): Files settlement agreement with various intervenors in rate case docket – 2021.08.10

Brookfield Renewable Partners L.P.: Capitalizing on global decarbonization initiatives – 2021.08.05

FirstEnergy Corp. (FE): PUCO releases DCR rider audit; customer refunds appears manageable – 2021.08.03

U.S. Power & Utilities 2Q21 Earnings Recap - Weeks 1 & 2 – 2021.08.03

Exelon Corporation (EXC): Files PSDARs for Byron and Dresden Nuclear Facilities – 2021.07.28

FirstEnergy Corp. (FE): Reaches Agreement with DOJ Investigation; agrees to pay $230M monetary penalties – 2021.07.22

Southern Company (SO): Georgia PSC Commissioner Chuck Eaton appointed to Fulton County Superior Court bench; Governor Kemp to fill PSC vacancy – 2021.07.20

Electric Utilities: Thoughts on FERC Draft Advanced Notice of Proposed Rulemaking – 2021.07.15

Public Service Enterprise Group (PEG): Settlement on Transmission ROE Reached with NJ Board of Public Utilities – 2021.07.14

Duke Energy (DUK): Updated version of HB 951 raises securitization cap, keeps language mandating gas peaker plant construction – 2021.07.12

DUK US: Deja Duke? Thoughts on HB 951 – 2021.07.12

CMS US: Thoughts from the EnerBank sale and IRP filing – 06.28.2021

Global Energy, Power & Infrastructure - Themes, Energy Transition and Conviction for the Back Half of CY21 and Beyond – 06.23.2021

RBC ESG Stratify™ Power Digest E Is the New G: Potential Effects of SEC Focus on ESG and Climate Disclosure – 2021.06.15

DUK US: Three's company? – 2021.05.18

AES US: Takeaways from the Road – 2021.05.18

BEP US: Executing well, but we reduce our PT to $45 – 2021.05.04

US Power & Utilities: FERC Conference on the Electrification and the Grid Future – 2021.04.30

WATTS UP! Thoughts from day one of President Biden's climate summit – 2021.04.22

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

AES US: It's The Little Things That Matter – 2021.04.01

US Power & Utilities: Recap of Annual Australian Conference – 2021.03.23

U.S. Power & Utilities: Draft legislation of the CLEAN Future Act highlights an aggressive approach to decarbonization – 2021.03.02

The AES Corporation: Keep Charging Forward – 2021.02.08

ED US: I Knew You Were Trouble When You Walked In – 2021.01.21

U.S. Power & Utilities: Musing with Moody's on a Thursday afternoon – 2021.01.15

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

RBC Capital Markets

Exhibit 2 - RBC Capital Markets U.S. Power and Utility Coverage Universe

Ticker	Company	Rating	Price 01/08/22	Price Target	Current Yield	Implied Tot. Return	Cap. ($MM)	EPS 2019A	EPS 2020A	EPS 2021E	EPS 2022E	EPS 2023E	P/E 2020A	P/E 2021E	P/E 2022E	P/E 2023E	Div. Payout	3-Yr Growth	'22 EV/ EBITDA	'23 EV/ EBITDA	Price/ BV	Debt/ EBITDA
DEFENSIVE UTILITIES																						
AEP	American Electric Power	Outperform	$90.80	$98.00	3.4%	11.4%	43,576	$4.24	$4.42	$4.71	$5.00	$5.26	20.5	19.3	18.2	17.3	70.6%	6.0%	11.6	11.0	1.96	6.5
CMS	CMS Energy	Sector Perform	$65.08	$64.00	2.7%	1.0%	18,402	$2.49	$2.67	$2.65	$2.86	$3.10	24.4	24.6	22.8	21.0	65.2%	5.1%	8.1	10.3	3.14	5.1
DUK	Duke Energy	Sector Perform	$104.50	$109.00	3.8%	8.1%	79,206	$5.06	$5.12	$5.23	$5.49	$5.79	20.4	20.0	19.0	18.0	77.0%	4.2%	12.4	11.7	1.67	6.0
ED	Consolidated Edison	Sector Perform	$85.67	$85.00	3.6%	2.8%	29,634	$4.36	$4.17	$4.25	$4.52	$4.80	20.5	20.2	19.0	17.8	74.3%	4.8%	10.4	9.9	1.48	5.0
EIX	Edison International	Outperform	$65.00	$72.00	4.1%	14.8%	25,708	$4.70	$4.52	$4.45	$4.64	$4.92	14.4	14.6	14.0	13.2	58.6%	2.9%	9.7	9.1	1.89	6.1
ETR	Entergy Corp.	Outperform	$112.13	$114.00	3.6%	5.3%	22,126	$5.40	$5.66	$6.00	$6.30	$6.70	19.8	18.7	17.8	16.7	71.4%	5.8%	11.6	10.9	1.97	6.6
FE	FirstEnergy	Outperform	$41.41	$42.00	3.8%	5.2%	22,065	$2.51	$2.39	$2.60	$2.64	$2.77	17.3	15.9	15.7	14.9	65.3%	5.0%	10.7	10.2	2.95	6.2
NWN	Northwest Natural	Sector Perform	$49.80	$49.00	3.9%	2.3%	1,484	$2.41	$2.45	$2.51	$2.63	$2.77	20.3	19.8	18.9	18.0	78.8%	4.2%	10.2	9.6	1.66	5.4
PCG	PG&E Corp.	Outperform#	$12.21	$14.00	0.0%	14.7%	23,824	$3.81	$1.61	$1.00	$1.14	$1.24	7.6	12.2	10.7	9.8	0.0%	-8.3%	7.9	7.4	1.16	6.4
PNM	PNM Resources	Sector Perform	$45.97	$50.30	2.8%	10.8%	3,869	$2.16	$2.27	$2.37	$2.51	$2.67	20.3	19.4	18.3	17.2	57.7%	5.6%	10.4	9.8	1.80	5.7
PNW	Pinnacle West	Sector Perform	$70.80	$69.00	4.8%	2.3%	7,774	$4.77	$4.87	$5.29	$3.89	$4.09	14.5	13.4	18.2	17.3	69.8%	-5.7%	10.6	10.0	1.28	5.1
PPL	PPL Corp.	Sector Perform	$30.25	$30.00	5.5%	4.7%	22,086	$2.42	$2.40	$1.21	$1.65	$1.79	12.6	25.0	18.3	16.9	69.2%	-9.3%	10.3	9.8	1.53	2.5
SR	Spire Inc.	Sector Perform	$66.49	$71.00	4.1%	10.9%	3,323	$3.73	$3.76	$4.45	$4.40	$4.68	17.7	14.9	15.1	14.2	72.9%	7.6%	11.7	11.0	1.37	5.6
SO	Southern Co.	Outperform	$68.64	$73.00	3.8%	10.2%	70,455	$3.08	$3.23	$3.39	$3.54	$3.80	21.3	20.2	19.4	18.1	81.7%	5.6%	12.8	12.1	2.46	6.1
UTL	Unitil Corp.	Sector Perform	$47.06	$51.00	3.2%	11.6%	720	$2.31	$2.15	$2.48	$2.64	$2.81	21.9	19.0	17.8	16.7	70.7%	9.3%	9.0	8.6	1.64	4.4
XEL	Xcel Energy	Sector Perform	$69.10	$73.00	2.6%	8.3%	35,881	$2.64	$2.79	$2.97	$3.14	$3.35	24.8	23.3	22.0	20.6	65.6%	6.3%	12.5	11.8	2.36	6.0
	Average (P/E, EV/EBITDA excl. PCG)				3.7%	8.0%							20.0	19.9	18.8	17.6	72.3%	4.1%	11.5	11.0	2.05	5.8
DEREGULATED UTILITIES																						
EXC	Exelon Corp.	Outperform	$56.64	$60.00	2.7%	8.6%	53,309	$3.13	$3.22	$2.80	$2.25	$2.43	17.6	20.2	25.2	23.3	47.5%	-9.0%	13.5	12.6	1.57	4.4
PEG	Public Service Enterprise	Outperform	$67.00	$70.00	3.0%	7.5%	32,656	$3.28	$3.43	$3.62	$3.48	$3.62	19.5	18.5	19.3	18.5	59.5%	1.8%	13.1	12.5	2.31	4.8
	Average				2.8%	8.2%							18.3	19.6	22.9	21.5	52.1%	-4.9%	13.3	12.5	1.86	4.5
DIVERSIFIED UTILITIES																						
BKH	Black Hills	Outperform	$70.39	$73.00	3.4%	7.1%	4,384	$3.53	$3.73	$3.92	$4.12	$4.32	18.9	18.0	17.1	16.3	63.8%	5.0%	12.0	11.5	1.63	6.7
CNP	CenterPoint Energy	Outperform	$27.66	$29.00	2.5%	7.3%	17,306	$1.79	$1.40	$1.60	$1.57	$1.52	19.8	17.3	17.6	18.2	48.6%	2.8%	11.1	10.5	2.14	6.9
CPK	Chesapeake Utilities	Sector Perform	$139.08	$120.00	1.4%	-12.3%	2,495	$3.72	$4.21	$4.70	$5.00	$5.42	33.0	29.6	27.8	25.7	45.6%	8.8%	14.5	13.4	3.32	4.2
D	Dominion Energy	Sector Perform	$80.21	$87.00	3.1%	11.6%	62,645	$4.24	$3.54	$3.86	$4.13	$4.38	22.7	20.8	19.4	18.3	71.2%	7.4%	13.8	13.1	2.55	6.1
NEE	NextEra Energy, Inc.	Outperform	$86.41	$97.00	1.8%	14.0%	177,966	$2.09	$2.31	$2.52	$2.73	$2.90	37.4	34.3	31.7	29.8	66.7%	7.9%	18.1	16.7	4.86	5.1
SRE	Sempra Energy	Outperform	$138.21	$143.00	3.2%	6.6%	41,325	$6.78	$8.03	$8.05	$8.46	$8.86	17.2	17.2	16.3	15.6	54.8%	3.3%	13.8	13.1	1.74	5.7
	Average (3-Year Growth excluding D)				2.3%	11.8%							30.4	28.0	26.0	24.6	64.8%	6.7%	16.1	15.0	3.75	5.5
	Total Average (Excluding PCG, 3-Year Growth excluding D)				3.0%	9.7%							23.9	23.1	22.1	20.8	67.1%	3.9%	13.5	12.7	2.70	5.5
WATER UTILITIES																						
AWK	American Water Works	Outperform	$173.50	$175.00	1.4%	2.3%	33,054	$3.61	$3.91	$4.24	$4.44	$4.76	44.4	40.9	39.1	36.4	61.6%	6.8%	19.4	18.2	4.81	5.7
SJW	SJW Group	Outperform	$70.50	$75.00	1.9%	8.3%	2,096	$0.82	$2.14	$1.93	$2.46	$2.59	32.9	36.5	28.7	27.2	63.6%	6.6%	14.6	13.8	2.09	7.4
WTRG	Essential Utilities	Outperform	$52.18	$53.00	2.1%	3.6%	12,833	$1.47	$1.58	$1.67	$1.80	$1.90	33.0	31.2	29.0	27.5	67.9%	6.3%	17.6	16.3	2.57	8.3
	Average				1.6%	2.9%							40.8	38.1	35.9	33.6	63.4%	6.7%	18.7	17.5	4.10	6.5
INDEPENDENT POWER PRODUCERS																						
AES	The AES Corp.	Outperform	$23.10	$31.00	2.6%	36.8%	15,701	$1.34	$1.44	$1.51	$1.68	$1.80	16.0	15.3	13.8	12.8	41.8%	7.7%	9.3	8.8	6.44	5.4
VST	Vistra Energy	Outperform	$22.71	$25.00	2.4%	12.5%	10,632	$1.86	$1.30	-$1.13	$1.82	$1.83	17.5	NA	12.5	12.4	41.5%	12.1%	7.0	6.9	1.76	3.0
	Average				2.5%	27.0%							16.6	9.1	13.2	12.7	41.7%	9.9%	8.4	8.1	4.55	4.5
YIELDCOs																						
AY	Atlantica Sustain. Infra.	Sector Perform	$34.13	$42.00	5.1%	28.2%	3,984	$0.62	$0.12	$0.51	$0.87	$1.10	284.4	66.9	39.2	31.0	1450.0%	109.3%	10.2	9.5	2.58	6.9
BEP	Brookfield Renewables	Sector Perform	$34.12	$45.00	3.6%	35.4%	22,922	-$0.10	-$0.53	-$0.01	$0.09	N/A	N/A	N/A	368.2	N/A	N/A	N/A	20.6	NR	3.06	7.4
CWEN	Clearway Energy	Sector Perform	$33.86	$32.00	4.0%	-1.5%	4,161	-$0.10	$0.79	$0.89	$1.03	$1.15	42.9	38.0	32.9	29.4	172.2%	13.3%	10.0	9.5	2.34	7.2
NEP	NextEra Energy Partners	Sector Perform	$79.10	$80.00	3.5%	4.6%	14,711	-$1.50	-$0.80	$1.49	$1.61	$1.65	N/A	53.1	49.1	47.9	NA	N/M	14.3	13.3	2.73	3.1
	Average				3.7%	21.5%							28.7	26.3	206.6	20.8	141.9%	N/M	16.7	6.0	2.85	5.9
ALT. ENERGY																						
FLNC	Fluence Energy	Outperform	$27.40	$49.00	0.0%	78.8%	6,383	$2.51	NM	-$1.17	-$0.59	-$0.04	NM	NM	NM	NM	0.0%	N/A	-47.2	338.7	-12.27	-0.1
SP50	Standard & Poor's 500 Index		$4,677	$5,050	1.3%	9.2%		$160.41	$137.99	$205.00	$223.00	$243.00	33.9	22.8	21.0	19.2						
UTY	Philadelphia Utility Index		$922	$925	3.0%	3.3%				Utility P/E relative to S&P:			-29.5%	1.1%	5.3%	8.1%						

A - Actual; E - Estimated; # - Speculative Risk Rating

Source: FactSet; RBC Capital Markets estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 31-Dec-2021

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	831	57.59	365	43.92
HOLD [Sector Perform]	557	38.60	180	32.32
SELL [Underperform]	55	3.81	3	5.45

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Dissemination of research and short-term trade ideas

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Equity Research Reports and to SPARC on the Firm's proprietary INSIGHT website, via email and via third-party vendors. SPARC contains market color and commentary regarding subject companies on which the Firm currently provides equity research coverage. Research Analysts may, from time to time, include short-term trade ideas in Research Reports and / or in SPARC. A short-term trade idea offers a short-term view on how a security may trade, based on market and trading events, and the resulting trading opportunity that may be available. A short-term trade idea may differ from the price targets and recommendations in our published Research Reports reflecting the Research Analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that a subject company's common equity that is considered a long-term 'Sector Perform' or even an 'Underperform' might present a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'Outperform'

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

could be considered susceptible to a short-term downward price correction. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm generally does not intend, nor undertakes any obligation, to maintain or update short-term trade ideas. Short-term trade ideas may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at https://www.rbcinsightresearch.com.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party-disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.
References herein to "LIBOR", "LIBO Rate", "L" or other LIBOR abbreviations means the London interbank offered rate as administered by ICE Benchmark Administration (or any other person that takes over the administration of such rate).

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.
To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.
To U.K. Residents:

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Capital Markets

This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:

This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:

This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:

This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> PowerPoints: NEE Florida Update, EXC 13CEG Spin, ES/AGR NH, & More
- **Publication Date/Time** : Friday, January 07, 2022 06:01:39 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=qRzWNyubOLZQnlD!Aza2aA__&reid=2C867E3ECD5211ECB3736BB713D2B0B2

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
D	79.06	Buy
EVRG	67.25	Buy
EXC	56.73	Neutral
HE	42.15	Sell
NEE	85.77	Buy
PCG	11.82	Buy
POR	52.59	Buy
SRE	136.16	Buy

Power & Utilities January 7, 2022

The Guggenheim Daily Transmission: EXC, PCG, NEE, D, VA, SRE, HE, M&A, Power, POR, EVRG

For details on our Guggenheim Hosted Client Utility Events, and more, scroll down…

EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded (link HERE)

PCG – Justice Department attorneys will not seek PG&E probation extension

NEE – FPL pushes back on media transparency in coverage of alleged political funding misuse; FL House members send audit request to FPSC

D/VA – Youngkin begins filling administration positions

SRE – Wildfire Management Plan Audit issued for SDG&E, finds only minor accounting recommendations

HE – HPUC notices commission hosted meeting on PBR check-ins for January 18

M&A/Power – Bidding process ongoing for two ERCOT CTs

POR – Intervenor asks for 6 day delay to GRC schedule

EVRG – EVRG to build 10MW solar farm at Hawthorn plant

PCG – Justice Department attorneys will not seek PG&E probation extension

- The Justice Department attorneys noted that they will not seek an extension of PG&E probation in the closing hearings.
- The JD prosecutors acknowledged a lack of case law to extend the probation and the concurrent nature of probation terms.
- Media coverage and more detail here.

Guggenheim takeaway: *FYI. The probation process has been contentious with a lot of back and forth between monitors, the judge and PG&E. As we anticipated, there is not enough interest and precedent to apply for an extension, despite the probation judge's stern comments on potential extension. This effectively puts the probation on track to close by the end of January. Beyond the federal probation, PG&E is under enhanced oversight from the CPUC.*

NEE – FPL pushes back on media transparency in coverage of alleged political funding misuse; FL House members send audit request to FPSC

- FPL published a web site pushing back on the Miami Herald's coverage of allegations made against FPL, citing misinformed/biased reporting, refusing and/or editing FPL's OpEd without permission.
- Other media sources report that in the aftermath of the confusion, FL lawmakers (House) sent a letter to the FPSC requesting an audit of FPL's use of ratepayer funds.
- FPL media here.
- Other media here.

Guggenheim takeaway: *Media noise surrounding FPL political spending and use of ratepayer funds has been in the media since late December 2021, but confusion seems to have peaked yesterday. FPL published commentary on what the company sees as misguided and biased reporting form the Miami Herald, as well as the media source refusing to publish FPL's OpEd rebuttal and later publishing a non-consented, edited version. The FPL rebuttal also highlights the rooftop solar interests potential link to the biased coverage*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

(FL legislature is working on net metering legislation to address cost shifts / subsidization of rooftop solar). The adversarial media coverage has prompted FL legislators to request an audit form the FPSC on FPL's use of ratepayer funding. It is unclear what the level of response from the FPSC could be, but the FPSC has a deep testimonial record of FPL's financials from the general rate case that was settled and approved just 1 month ago. NEE has not denied political spending, but mgmt. has long stated multiple levels of compliance and controls for any political contributions including at the board level and through independent auditors. From our perspective the media spat originated from competing interests, and while the rooftop solar debate is reported on with allegations of controversy, the same debate has been taking place in CA for multiple years, with a net energy metering 3.0 decision pending with the CPUC that is well documented and seeks to address the same cost shift goals as the FL legislature. We view the allegations against FPL with a bit of skepticism (given the strong track record with operations and the FPSC) and do not see datapoints for misappropriation of ratepayer funds. ***Shares are crowded and widely owned, so we see the trading rationale why NEE materially underperformed on this yesterday, but we see this as nothing more than headline noise.***

D/VA – Youngkin begins filling administration positions

- "Governor-elect Glenn Youngkin today announced he has chosen Andrew Wheeler as the next Secretary of Natural Resources and Michael Rolband as the next Director of Environmental Quality." - HERE
- The appointments include Margaret "Lyn" McDermid, who worked at Dominion for 30+ years, for secretary of administration
- More HERE, HERE

Guggenheim takeaway: *Some interesting nuggets for your awareness. All candidates have to be approved by the General Assembly. As a reminder, Democrats retain control of the senate, and Youngkin was supportive of wind, solar and nuclear as part of an "all of the above" strategy.*

SRE – Wildfire Management Plan Audit issued for SDG&E, finds only minor accounting recommendations

- The CPUC offices of energy and infrastructure safety (OEIS) posted the SDG&E wildfire management plan audit report.
- The audit identified only 2 minor issues: tracking of deferred GRC capital costs to fund more WMP safety spending and misalignment of certain wildfire cost categories (recommending SDG&E to clarify during recovery filing)
- Audit report here.

Guggenheim takeaway: *FYI. A very strong datapoint for SDG&E, reinforcing our view that SDG&E is the gold standard for CA wildfire risk mitigation. The recommendations from the report simply want to ensure proper use of the tree trimming balancing account for capital cost deferral and clarify cost recovery categories (i.e., purely administrative recommendations).*

HE – HPUC notices commission hosted meeting on PBR check-ins for January 18

- HPUC noted the commission hosted check in to identify & discuss opportunities for further PIMs and other areas of concern for 1/18/21.
- HPUC previously issued an order setting the schedule for the PBR proceeding to address areas of concern as previously identified.
- The proceeding continues into 2022 with statements of position 2/8/22 and hearings week of 4/4/22
- Docket: HI: 2018-0088

Guggenheim takeaway: *FYI. Hawaii continues work on PBR and PIM implementation.*

M&A/Power – Bidding process ongoing for two ERCOT CTs

- Rockland Capital [PRIVATE] has reportedly qualified as a stalking horse bidder, according to SparkSpread
- The Victoria Port Generation Station and the Victoria City Generation Station are comprised of two 50MW CTs for a total 17wMW of capacity

Guggenheim takeaway: *Interesting update – stay tuned.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

POR – Intervenor asks for 6 day delay to GRC schedule

- "The purpose of this extension is to provide the parties additional time to evaluate the impact of the recently completed Third Partial Settlement on outstanding cost-of-service and rate design issues." - filing
- Docket HERE

Guggenheim takeaway: *Minor FYI – part of the process.*

EVRG – EVRG to build 10MW solar farm at Hawthorn plant

- "As we break ground on the solar array, we want to remind customers of this opportunity to contribute to and benefit from renewable energy without the upfront expense and process associated with owning a home solar array" - Chuck Caisley, Evergy SVP
- More HERE

Guggenheim takeaway: *Minor FYI.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Ted Geisler, *Chief Financial Officer*
Amanda Ho, *Investor Relations Director*

Date

Monday, January 24, 2022

Meeting Format

Virtual NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $7.9bn

Pinnacle West Capital Corp. is a holding company that engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985 and is headquartered in Phoenix, AZ. (Source: FactSet).

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim's Power & Utility Comp Sheet

Updated as of 1/6/2022

									Guggenheim						Consensus		
Regulated Electric Utilities [1]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	Earnings Per Share '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E
AEE	Ameren	22.6	Buy	$94	$87.90	2.4%	54%	258	3.85	4.02	4.31	22.8	21.9	20.4	22.9	21.8	20.3
AEP	American Electric Power	44.9	Buy	$98	$89.18	3.4%	64%	504	4.70	5.03	5.30	19.0	17.7	16.8	19.0	18.0	17.0
ALE	ALLETE	3.6	Neutral	$65	$67.74	3.8%	81%	53	3.18	3.85	3.98	21.3	17.6	17.0	21.5	17.3	16.7
AVA	Avista	3.0	Sell	$32	$42.65	4.0%	83%	71	2.04	2.04	2.47	20.9	20.9	17.3	21.0	20.8	17.3
CMS	CMS Energy	18.7	Neutral	$63	$64.66	2.7%	66%	290	2.65	2.88	3.14	24.4	22.5	20.6	24.4	22.6	20.7
D	Dominion	64.0	Buy	$89	$79.06	3.2%	65%	810	3.87	4.15	4.44	20.4	19.1	17.8	20.4	19.2	18.1
DTE	DTE Energy	23.2	Buy	$126	$119.57	3.6%	73%	194	5.92	5.95	6.19	20.2	20.1	19.3	20.3	20.2	19.1
DUK	Duke Energy	79.6	Buy	$115	$103.47	3.8%	76%	769	5.23	5.48	5.81	19.8	18.9	17.8	19.8	18.9	17.9
ED	Consolidated Edison	30.2	Neutral	$77	$85.37	3.7%	73%	354	4.25	4.42	4.63	20.1	19.3	18.4	20.2	19.0	18.1
EIX	Edison International	24.5	Buy	$74	$64.62	4.2%	61%	380	4.47	4.76	5.04	14.5	13.6	12.8	14.4	13.9	13.1
ES	Eversource Energy	30.6	Neutral	$87	$88.90	2.7%	63%	344	3.83	4.12	4.36	23.2	21.6	20.4	23.2	21.6	20.3
ETR	Entergy	22.0	Buy	$120	$109.65	3.5%	65%	201	6.01	6.33	6.79	18.2	17.3	16.1	18.4	17.3	16.3
EVRG	Evergy	15.4	Buy	$75	$67.25	3.2%	61%	229	3.57	3.48	3.78	18.8	19.3	17.8	19.0	19.0	17.8
FE	FirstEnergy	23.3	Neutral	NA	$40.94	3.8%	60%	570	2.60	2.60	2.71	15.7	15.7	15.1	15.7	16.6	15.7
HE	Hawaiian Electric	4.6	Sell	$36	$42.15	3.3%	69%	109	2.01	1.96	2.11	21.0	21.5	20.0	19.9	20.0	18.8
LNT	Alliant Energy	15.3	Neutral	$61	$61.01	2.7%	63%	250	2.64	2.72	2.87	23.1	22.4	21.3	23.2	22.3	21.1
NWE	NorthWestern	3.1	Neutral	$62	$56.98	4.4%	71%	55	3.51	3.59	3.81	16.2	15.9	15.0	16.1	16.7	15.5
PCG	PG&E Corporation	23.5	Buy	$17	$11.82	NA	NA	1985	1.03	1.13	1.25	11.5	10.5	9.5	11.7	10.7	9.4
PNW	Pinnacle West	7.9	Sell	$56	$70.12	4.9%	68%	113	5.00	4.20	4.41	14.0	16.7	15.9	13.5	17.3	16.2
POR	Portland General Electric	4.7	Buy	$54	$52.59	3.2%	61%	89	2.78	2.75	2.84	18.9	19.1	18.5	19.1	18.8	18.1
PPL	PPL Corporation	22.5	Buy	$32	$30.01	5.6%	146%	751	1.14	1.57	1.72	26.3	19.1	17.4	25.3	18.7	16.8
SO	Southern Company	72.2	Buy	$72	$68.17	3.8%	77%	1059	3.40	3.57	3.85	20.1	19.1	17.7	20.1	19.3	17.9
WEC	WEC Energy	30.4	Neutral	$92	$96.35	2.8%	66%	315	4.07	4.27	4.57	23.7	22.6	21.1	23.7	22.5	21.1
****Average (Excl. EIX, PCG, and PPL for P/E)***						**3.4%**	**67.9%**					**20.1**	**19.5**	**18.2**	**20.1**	**19.4**	**18.2**
Regulated Gas Utilities [2]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CPK	Chesapeake Utilities	2.5	Neutral	$123	$139.91	1.2%	36%	18	4.71	5.13	5.55	29.7	27.3	25.2	29.5	27.5	25.2
NI	NiSource	10.9	Buy	$27	$27.65	3.3%	66%	393	1.36	1.45	1.53	20.3	19.1	18.1	20.4	19.0	17.9
NJR	New Jersey Resources	3.8	Neutral	$39	$39.67	3.4%	63%	96	2.16	2.25	2.43	18.4	17.6	16.3	18.4	17.6	16.4
NWN	NW Natural Gas	1.5	Sell	$38	$49.54	3.9%	77%	31	2.50	2.64	2.73	19.8	18.8	18.1	19.5	18.9	18.1
OGS	ONE Gas	4.2	Neutral	$71	$78.88	3.0%	61%	54	3.85	4.06	4.36	20.5	19.4	18.1	20.5	19.2	18.2
SJI	South Jersey Industries	2.9	Buy	$28	$25.67	4.6%	73%	112	1.61	1.71	1.85	15.9	15.0	13.9	15.8	15.3	14.4
SR	Spire	3.4	Buy	$70	$66.09	4.0%	55%	52	4.86	3.83	4.20	13.6	17.3	15.7	13.6	16.6	15.2
Average						**3.3%**	**61.4%**					**18.1**	**17.9**	**16.7**	**18.0**	**17.8**	**16.7**
Integrated Utilities [3]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
EXC	Exelon	55.5	Neutral	$61	$56.73	2.8%	56%	978	2.80	2.27	2.39	20.3	25.0	23.7	20.3	17.0	16.5
PEG	PSEG	33.3	Buy	$68	$65.89	3.1%	56%	506	3.65	3.45	3.63	18.1	19.1	18.2	18.2	18.9	18.1
Average						**2.9%**	**56%**					**19.2**	**22.0**	**20.9**	**19.2**	**17.9**	**17.3**
Independent Power Producers (IPPs) [4]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
NRG	NRG Energy	10.0	Neutral	NA	$40.64	3.2%	-	245	2,450	2,087	2,286	7.1	7.7	6.6	8.0	7.6	7.1
VST	Vistra Energy	10.8	Buy	$25	$22.32	2.7%	-	483	1,990	3,125	3,379	9.8	6.1	5.4	11.0	6.6	6.2
Average												**8.4**	**6.9**	**6.0**	**9.5**	**7.1**	**NA**
Multi-Industry Utilities [5]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CNP	CenterPoint	17.4	Buy	$29	$27.65	2.2%	49%	629	1.26	1.36	1.47	21.9	20.3	18.8	19.1	19.4	18.2
NEE	NextEra	168.3	Buy	$90	$85.77	1.7%	56%	1962	2.56	2.77	2.95	33.5	31.0	29.1	34.0	31.3	29.1
OGE	OGE Energy	7.6	Buy	$39	$37.74	4.5%	78%	200	2.17	2.27	2.38	17.4	16.6	15.9	17.3	17.9	17.0
SRE	Sempra Energy	43.5	Buy	$167	$136.16	3.4%	57%	319	8.11	8.50	9.05	16.8	16.0	15.0	16.5	16.1	15.3
Average						**2.9%**	**60.1%**					**22.4**	**21.0**	**19.7**	**21.7**	**21.2**	**19.9**
Other		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AWK	American Water Works	31.8	Neutral	$153	$175.30	1.3%	56%	182	4.24	4.42	4.84	41.3	39.7	36.2	41.3	39.4	36.3
ALTO	Alto Ingredients, Inc.	0.4	Buy	$8	$5.35	-	-	73	0.59	0.77	0.79	9.1	6.9	6.8	15.7	6.7	6.8
REGI	Renewable Energy Group, Inc.	5.7	Buy	$77	$46.32	-	-	123	3.89	3.60	2.11	11.9	12.9	22.0	10.3	12.0	16.9
		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AMRC	Ameresco, Inc. Class A	3.7	Buy	$67	$70.96	-	-	53	146	163	184	NA	NA	NA	NA	NA	NA
IEA	Infrastructure & Energy Alternati	0.9	Buy	$15	$9.78	NA	-	183	131	152	174	10.1	8.7	7.6	NA	NA	NA
NEP	NextEra Energy Partners	6.0	Buy	$88	$77.93	3.4%	-	77	1,532	1,660	1,775	7.8	7.3	6.8	12.4	10.8	10.3

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.
(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).
(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.
(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.
(5) Mult-Industry Utilities operate some combination of regulated electric and/or gas utilities, in addtion to substantial non-power unregulated activities (i.e. midstream, renewable development, energy trading, etc.).

Source: FactSet, Guggenheim Securities LLC estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Share Price Performance (Year-to-Date, Three-Month, & One-Month Trailing)

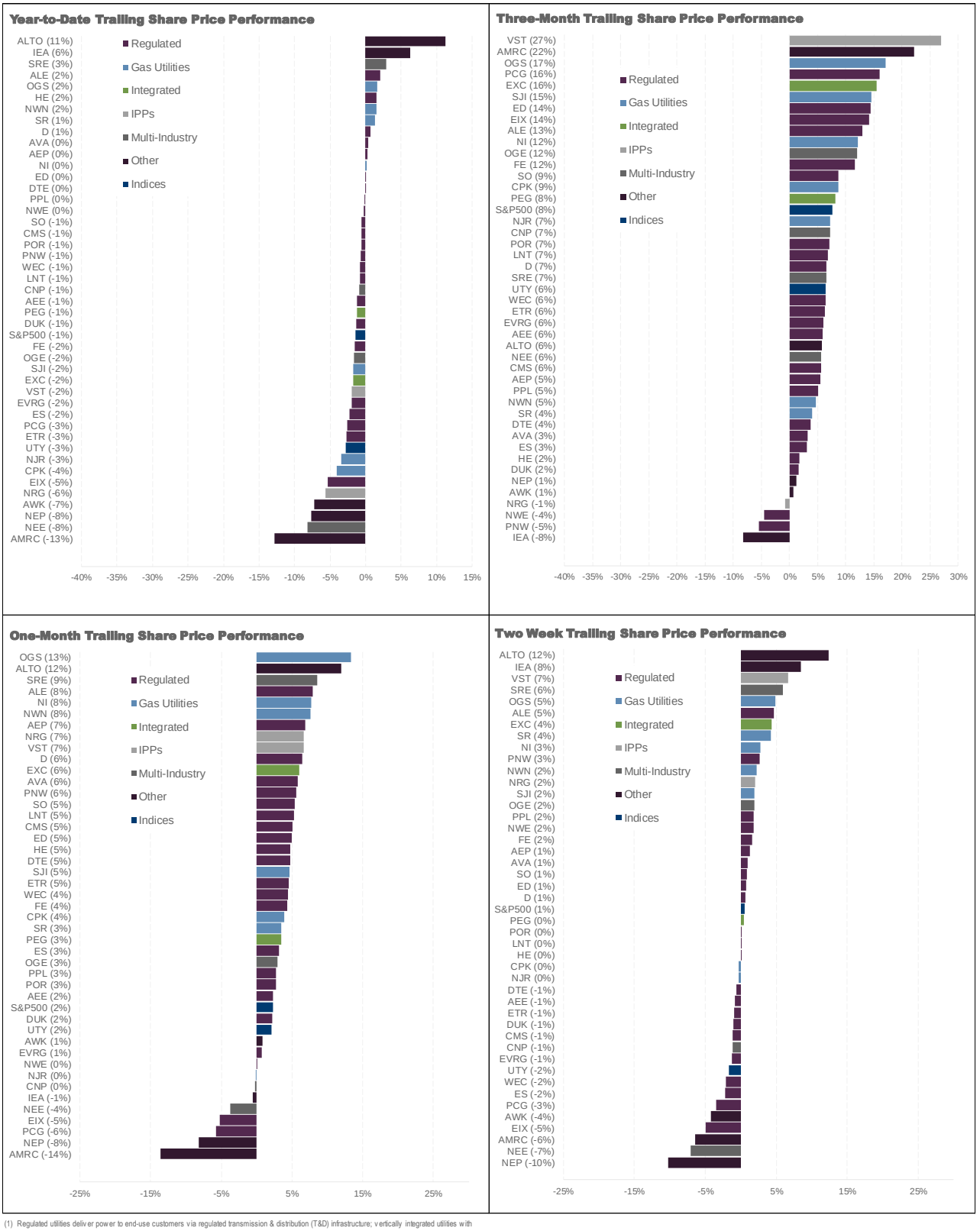

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: FactSet, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim 2021 Client and Corporate Access Utility Events

Ticker	Dates	Regions	Ticker	Dates	Regions
EIX	1/8	NYC	**SHLS**	6/1	Multiple
'21 Utilities Call	1/21 – 8:15AM ET	Call	**LNT**	6/2-6/3	Multiple
Investor Discussion	1/25 – 4:30PM ET	Virtual	**EVRG**	6/10	Multiple
PNW	1/26-1/27	Multiple	**NWE**	6/16	Multiple
SRE	1/27 – 4:30PM ET	Virtual	**ALE**	6/17	Multiple
WEC	2/16-2/17	Multiple	**DTE**	6/29	Multiple
DUK	2/18	Multiple	**PEG**	7/13-7/14	Multiple
D	2/19	NYC	**SRE**	7/15	Multiple
AWK	3/10	Multiple	**Investor Dinner**	8/2	NYC
PPL	3/23	West Coast	**EIX**	8/3	NYC
AEP	3/30	Multiple	**SO**	8/4	Multiple
VST	3/31	Multiple	**SO** (CEO Fireside)	8/13	Multiple
ETR	4/8	Multiple	**PNW**	9/2	Multiple
SR	4/15	Multiple	**NEE**	9/15-16	Multiple
PCG	5/5	Multiple	**REGI**	10/4	Multiple
CNP	5/10	Multiple	**ES**	10/7	Multiple
CMS	5/12-5/13	Multiple	**SJI**	10/21	Multiple
POR	5/12-5/13	Multiple	**EEI**	11/7-11/9	-
ARRY	5/14	Multiple	**ETR**	12/6-12/7	NYC/Boston
OGE	5/24	Multiple			

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Peak Load

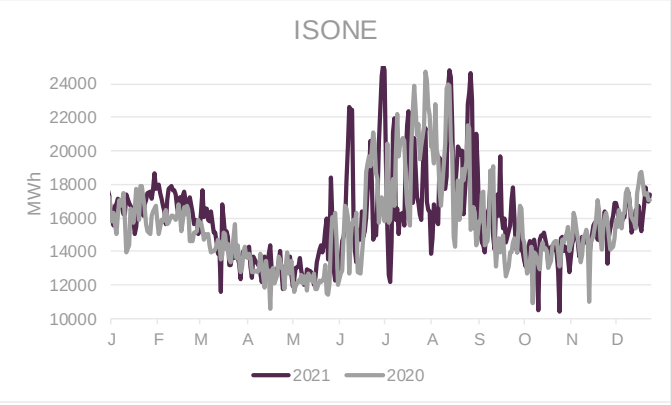

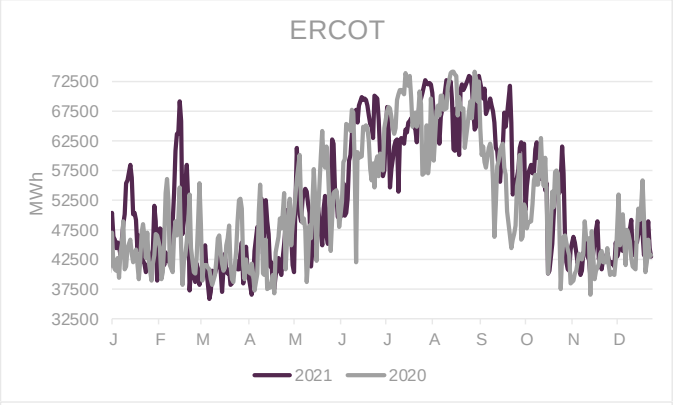

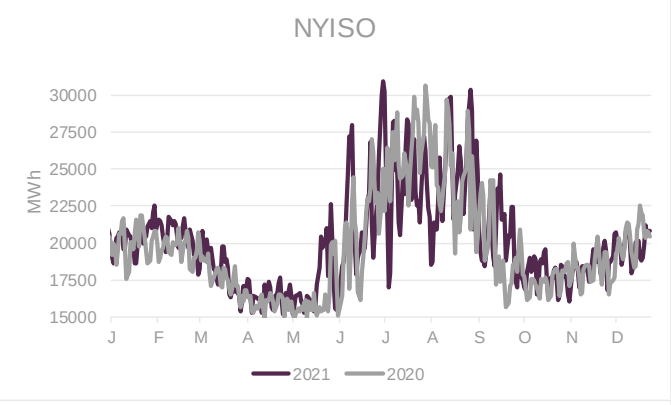

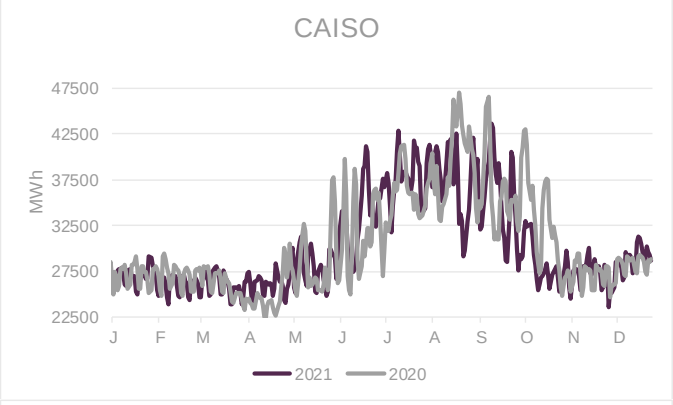

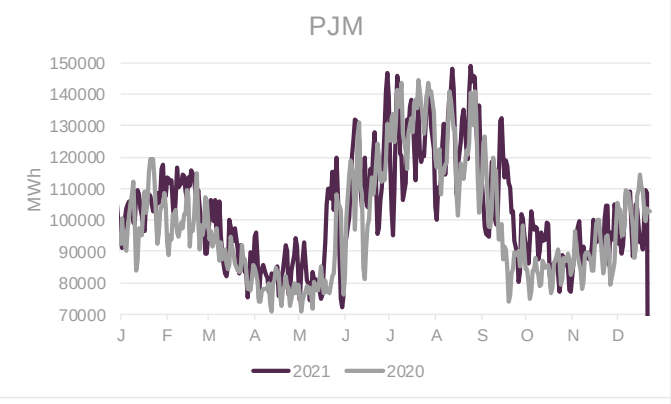

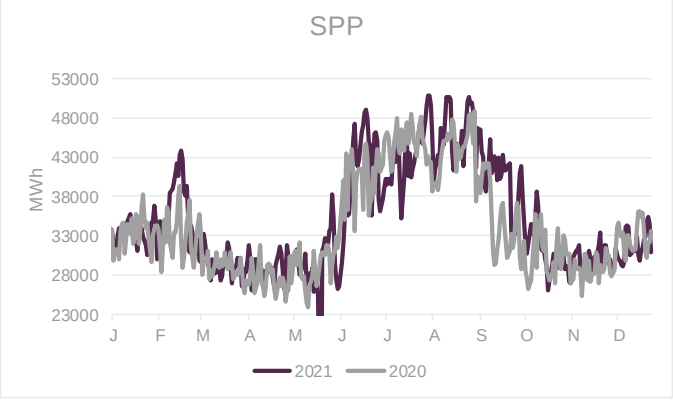

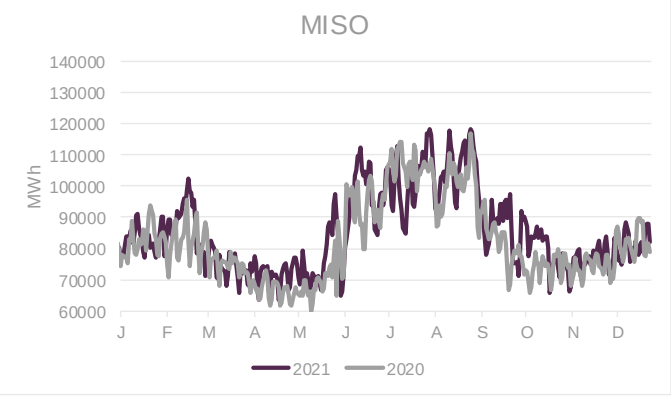

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
ISONE	-5.1%	0.1%	2.4%	2.4%	4.1%	6.2%
NYISO	-5.8%	-3.8%	0.0%	0.0%	2.5%	6.1%
PJM	-6.9%	-4.7%	-1.8%	-1.8%	5.4%	8%
MISO	-4.7%	-5.2%	-3.7%	-3.7%	4.3%	7.2%
CAISO	-1.7%	1.4%	3.2%	3.4%	-0.2%	4.0%
ERCOT	2.7%	1.7%	-4.1%	3.0%	3.1%	1.9%
SPP	-4.6%	0.0%	-4.4%	-4.4%	3.8%	3.2%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Generation and Mix

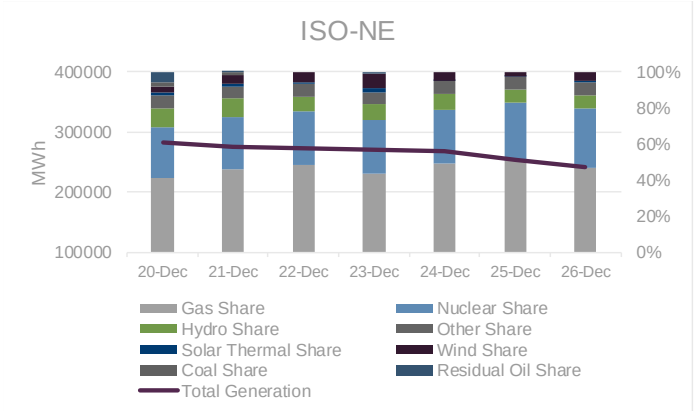

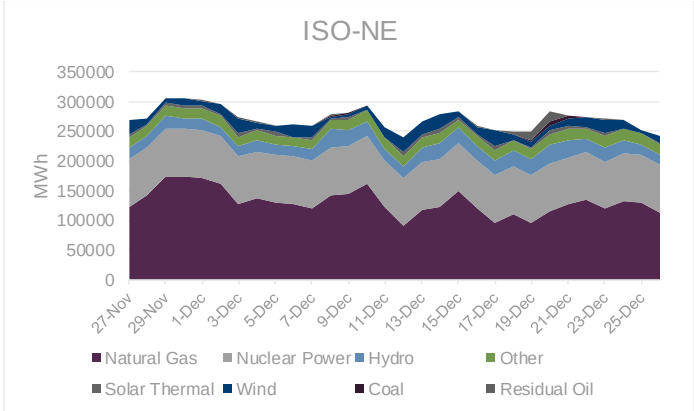

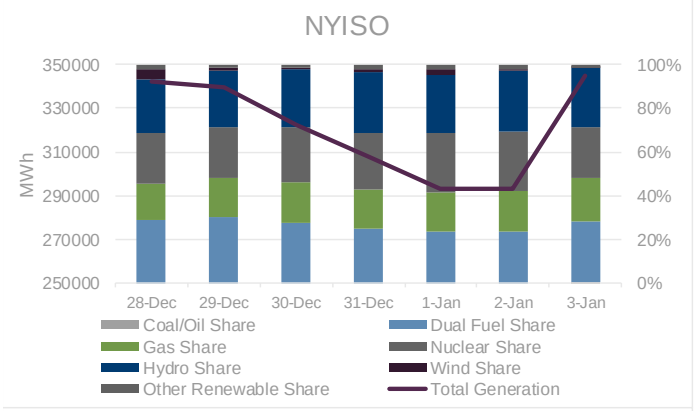

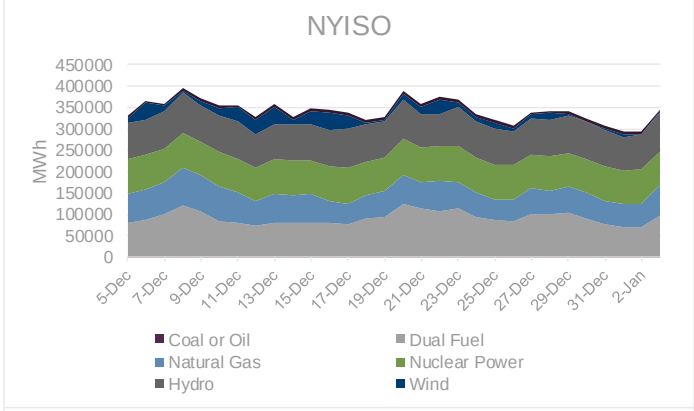

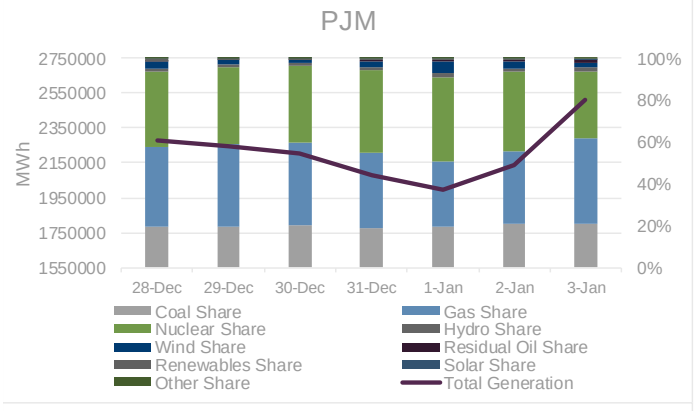

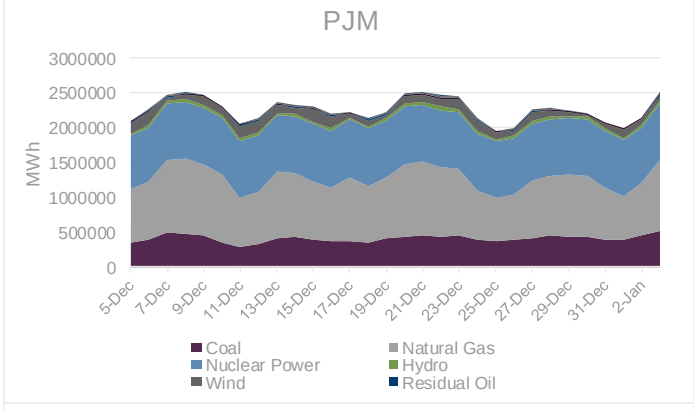

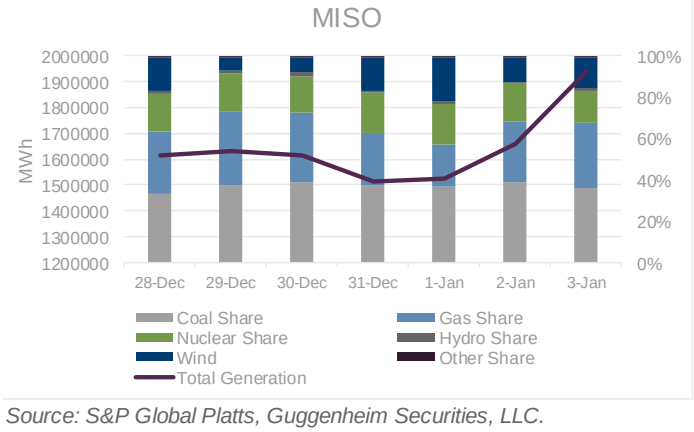

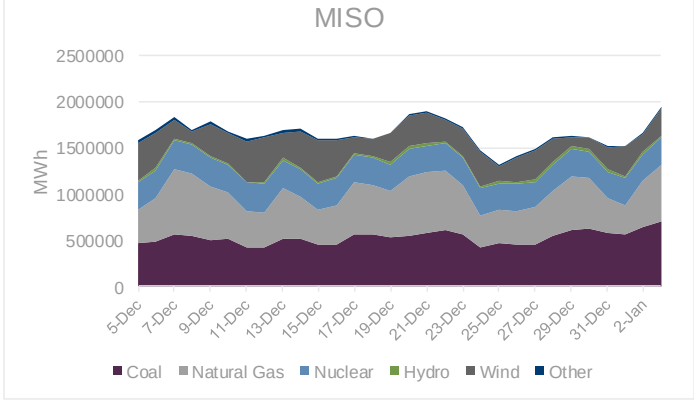

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

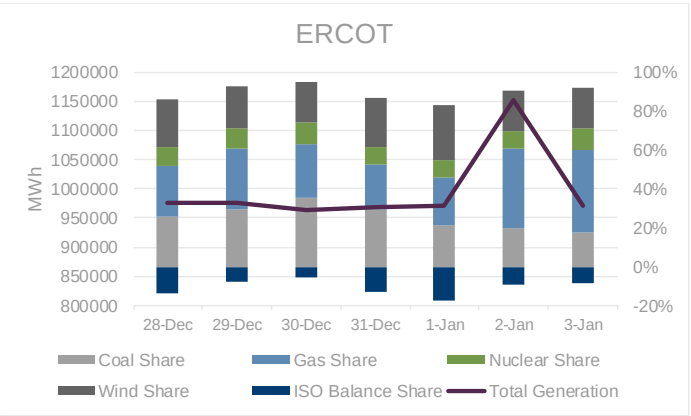

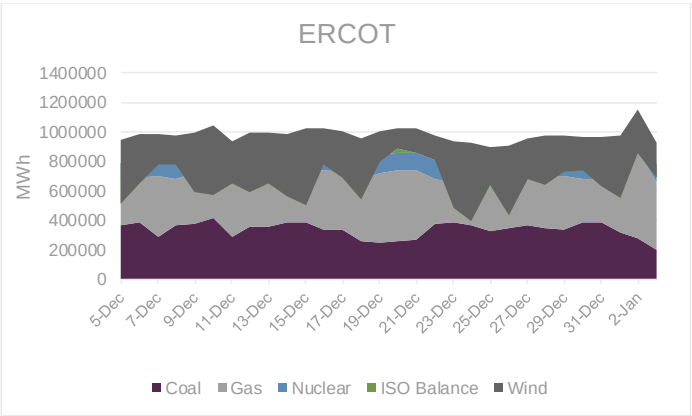

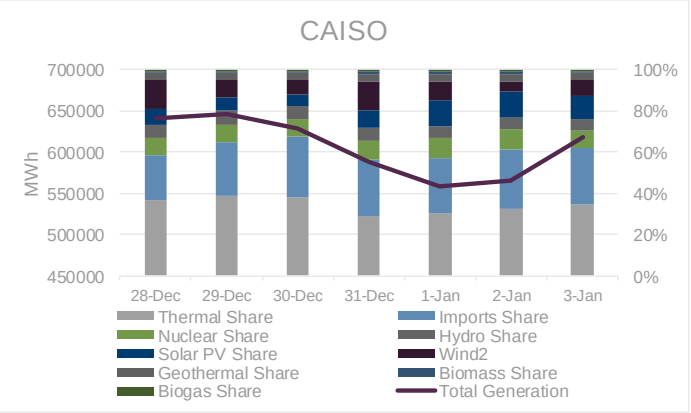

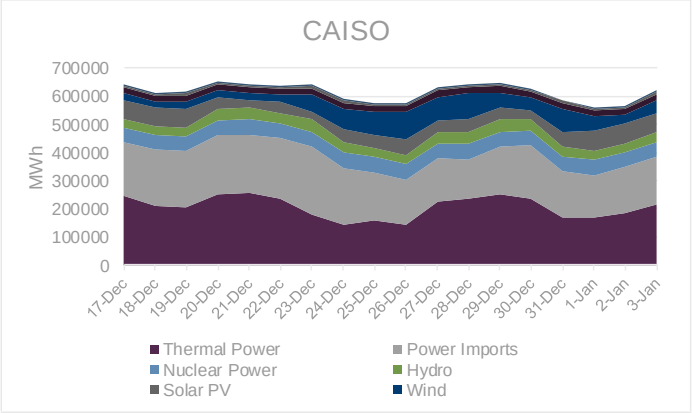

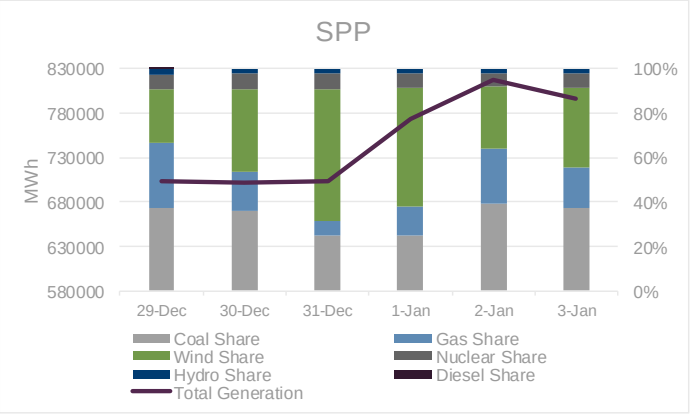

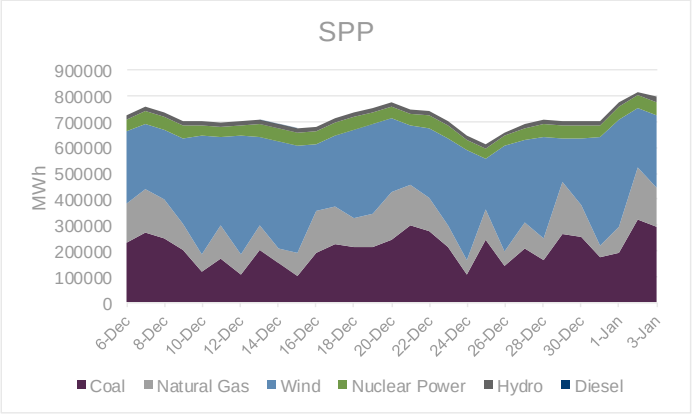

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Weather

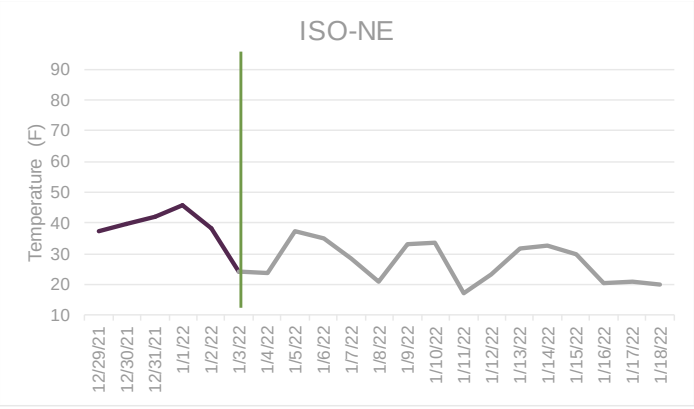

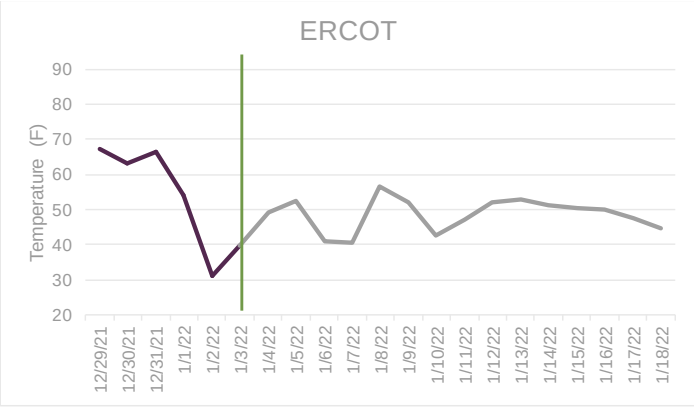

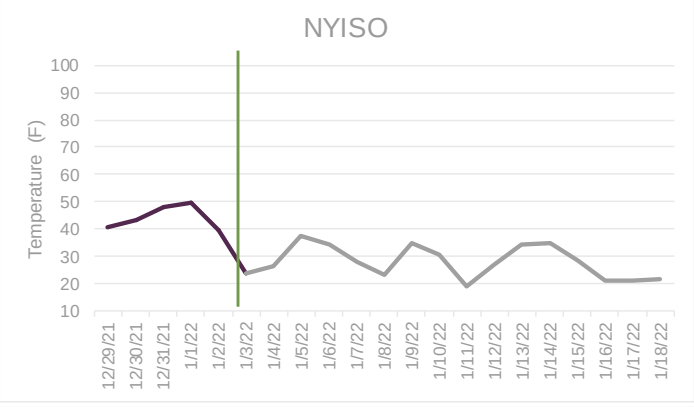

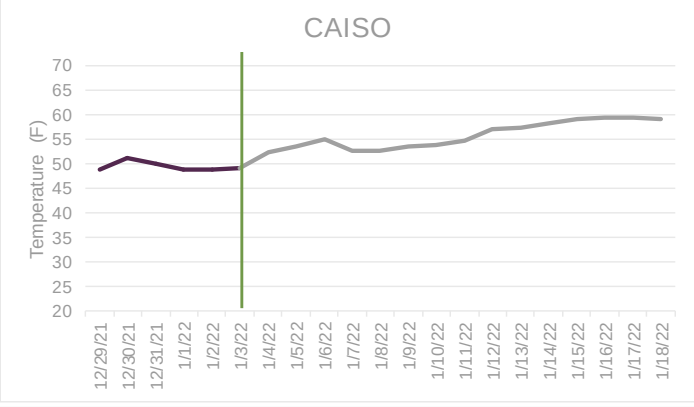

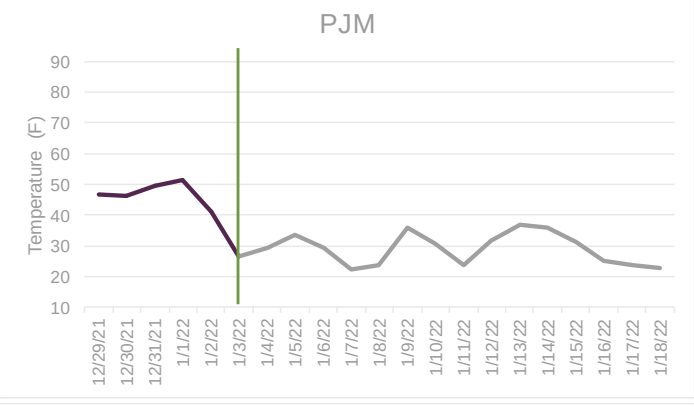

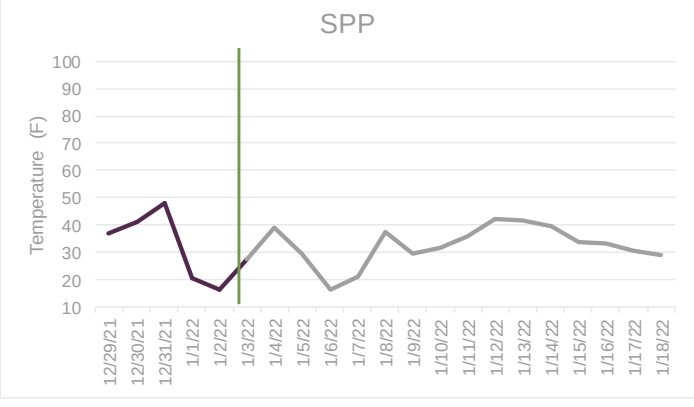

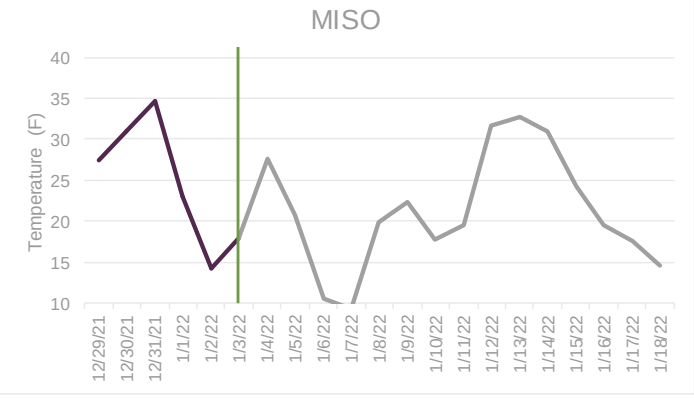

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (10/10/2021 - 1/15/2022)

Date	State	Ticker	Utility/Event	Docket	Description
10/1/2021-10/31/2021	IN	DUK	Duke Energy Indiana, LLC	Ca-44720-TDSIC-9	Decision possible in TDSIC proceeding
10/1/2021-10/31/2021	IN	CNP	Indiana Gas Co.	Ca-45468	Decision possible in rate proceeding
10/1/2021-10/31/2021	MO	SR	Spire Missouri Inc.	C-GR-2021-0108	Decision possible in rate proceeding
10/1/2021-11/30/2021	NJ	NJR	New Jersey Natural Gas Co.	D-GR21030679	Settlement likely to be announced, if reached, in rate case (based on prior case flow)
10/13/2021	CT	ES	The CT Light & Power Co		Final decision to be issued on interim rate decrease (Phase IIa)
10/13/2021	MI	CMS	Consumers Energy Co.	C-U-20963	Administrative law judge ruling expected
10/15/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	Reply briefs due in rate case
10/15/2021	MO	AEE	Union Electric Co.	C-ER-2021-0240	Rebuttal testimony due in rate proceeding
10/15/2021	MO	AEE	Union Electric Co.	C-GR-2021-0241	Rebuttal testimony due in rate proceeding
10/15/2021-11/15/2021	PA	NI	Columbia Gas of Pennsylvania	D-R-2021-3024296	ALJ proposed order may be issued in rate case
10/15/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00112 (Rider GV)	Staff to file testimony in Rider GV update proceeding
10/18/2021	KY	DUK	Duke Energy Kentucky Inc.	C-2021-00190	Hearing to begin in rate proceeding
10/18/2021	NC	D	Public Service Co. of NC	D-G-5 Sub 632	Hearing scheduled in gas rate case
10/18/2021-10/28/2021	TX	AEP	Southwestern Public Service Co	D-51802	Hearings scheduled in rate case
10/20/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Staff to file testimony in Rider B update proceeding
10/21/2021	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extension to 6/1/21 sought
10/22/2021	KY	NI	Columbia Gas of Kentucky Inc	C-2021-00183	Company rebuttal testimony due in rate proceeding
10/22/2021-10/25/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00058	Hearing scheduled in triennial review proceeding
10/25/2021	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Rebuttal testimony due in generation rider case
10/26/2021	FL	NEE	Florida Power & Light Co.	D-20210015-EI	Commission decision on rate case settlement expected
10/26/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Intervening parties to file testimony in Rider S update proceeding
10/27/2021	LA	AEP	Southwestern Electric Power Co	D-U-35441	Intervenor surrebuttal testimony due in electric rate case
10/27/2021	TX	AEP	Southwestern Electric Power Co	D-51415	Final order due in rate case
10/28/2021	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202100063	Hearing to be held in rate proceeding
10/29/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	PULJ proposed order due in rate case
10/29/2021	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	Settlement expected to be filed in rate case
10/29/2021	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	Settlement expected to be filed in rate case
10/29/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00112 (Rider GV)	Rebuttal testimony due in Rider GV update proceeding
10/31/2021	VA	AEP	Appalachian Power Co.	C-PUR-2020-00259 (BC-RAC)	Decision expected in BC-RAC proceeding
10/31/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00045 (Rider CCR)	Decision expected in Rider CCR proceeding
10/31/2021	VA	SO	Virginia Natural Gas Inc.	PUR-2021-00157(SAVE)	Decision expected in SAVE Rider proceeding
11/1/2021-11/30/2021	IL	SO	Northern Illinois Gas Co.	D-21-0098	Decision possible in rate proceeding
11/1/2021-11/30/2021	MN	CNP	CenterPoint Energy Inc.		Company expected to file gas rate case
11/1/2021-11/30/2021	MN	ALE	Minnesota Power Inc.		General electric rate case to be filed
11/1/2021-11/30/2021	OK	OGS	Oklahoma Natural Gas Co		Decision possible in rate proceeding
11/1/2021-11/30/2021	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202100063	Rate case decision possible
11/1/2021-11/30/2021	OK	AEP	Public Service Co. of OK	Ca-PUD202100055	Decision possible in rate proceeding
11/2/2021	IL	EXC	Commonwealth Edison Co.	D-21-0367	Proposed order due in formula rate plan proceeding
11/3/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Rebuttal testimony due in Rider B proceeding
11/9/2021	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Company rebuttal testimony due in rate proceeding
11/9/2021-11/10/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00112 (Rider GV)	Hearing scheduled in Rider GV update proceeding
11/9/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Staff to file testimony in Rider S update proceeding
11/10/2021	MO	AEE	Union Electric Co.	C-ER-2021-0240	Settlement conference to begin in rate proceeding
11/10/2021	MO	AEE	Union Electric Co.	C-GR-2021-0241	Settlement conference to begin in rate proceeding
11/12/2021	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Briefs due in electric rate case (Track 3)
11/12/2021	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Settlement, if one is reached, to be filed in rate proceeding
11/12/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	Appeals of proposed order due in rate case
11/12/2021	TX	AEP	Southwestern Public Service Co	D-51802	Initial briefs due in rate case
11/17/2021	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Hearing scheduled in generation rider proceeding (G-RAC)
11/17/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Hearing scheduled in Rider B update proceeding
11/17/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Intervening parties to file testimony in Rider W update proceeding
11/19/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	Replies to appeals of proposed order due in rate case
11/23/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Intervening parties to file testimony in Rider R update proceeding
11/23/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Rebuttal testimony due in Rider S update proceeding
11/29/2021	MO	AEE	Union Electric Co.	C-ER-2021-0240	Hearing to begin in rate proceeding
11/29/2021	MO	AEE	Union Electric Co.	C-GR-2021-0241	Hearing to begin in rate proceeding
11/30/2021	VA	NI	Columbia Gas of Pennsylvania	C-PUR-2021-00145(SAVE)	Decision may be issued in SAVE Rider Update proceeding
12/1/2021-12/31/2021	KY	NI	Columbia Gas of Kentucky Inc	C-2021-00183	Decision possible in rate proceeding
12/1/2021-12/31/2021	KY	DUK	Duke Energy Kentucky Inc.	C-2021-00190	Decision possible in rate proceeding
12/1/2021-12/31/2021	MI	CMS	Consumers Energy Co.		Company expected to file next gas base rate case
12/1/2021-12/31/2021	MI	CMS	Consumers Energy Co.		Company to file gas general rate case
12/1/2021-12/25/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00058	Hearing Examiner's report may be issued in triennial review proceeding
12/1/2021-12/31/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00112 (Rider GV)	Hearing Examiners report may be issued in Rider GV update proceeding
12/2/2021	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Hearing to begin in rate proceeding
12/2/2021	TX	AEP	Southwestern Public Service Co	D-51802	Reply briefs due in rate case
12/8/2021	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	Evidentiary hearings to commence in rate case
12/8/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Intervening parties to file testimony in Rider U proceeding
12/10/2021	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Reply briefs due in electric rate case (Track 3)
12/10/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	Decision expected in rate case
12/13/2021	IL	EXC	Commonwealth Edison Co.	D-21-0367	Deadline for decision in formula rate plan proceeding
12/14/2021-12/15/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Hearing scheduled in Rider S update proceeding
12/15/2021-1/15/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Hearing examiner's report likely to be issued in generation rider proceeding (GRAC)
12/15/2021-1/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Hearing examiner's report may be issued in Rider B update proceeding
12/15/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Staff to file testimony in Rider R update proceeding
12/22/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Staff to file testimony in Rider U proceeding
12/22/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Rebuttal testimony due in Rider W update proceeding
12/31/2021	NJ	NJR	New Jersey Natural Gas Co.	D-GR21030679	Decision may be issued in rate case
12/31/2021	PA	NI	Columbia Gas of Pennsylvania	D-R-2021-3024296	Decision expected in base rate case
12/31/2021	PA	EXC	PECO Energy Co.	D-R-2021-3024601	Decision expected in electric rate case
1/1/2022-3/31/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3)
1/1/2022-1/31/2022	CT	ES	The CT Light & Power Co		Rate case expected to be filed in early 2022
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company expected to file next electric rate case
1/1/2022-1/31/2022	MO	AEE	Union Electric Co.	C-ER-2021-0240	Decision possible in rate proceeding
1/1/2022-1/31/2022	MO	AEE	Union Electric Co.	C-GR-2021-0241	Decision possible in rate proceeding
1/1/2022-1/31/2022	NM	AEP	Southwestern Public Service Co	C-20-00238-UT	Final PRC decision expected in electric rate case
1/1/2022-1/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	ALJ Proposed Order may be issued in rate case (estimated by RRA)
1/1/2022-1/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Hearing examiners report may be issued in Rider S update proceeding
1/5/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Rebuttal testimony due in Rider U proceeding
1/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Intervening parties to file testimony in Rider US-4 proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Rebuttal testimony due in Rider R update proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing scheduled in Rider W update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM and Weekly Commentary

Key Company Research

1. LNT: Downgrading to NEUTRAL on Valuation; Underlying Fundamentals Remain Highly Attractive
2. SO: Upgrading to BUY: An Event Horizon We Can See Through
3. PNW: C-Suite Meeting Lays Out Key Details Heading into Home Stretch
4. SO: CEO Client-Hosted Event Underscores Positive Trajectory; Inflection Point Nearing
5. SO NDR: Light at the End of the Tunnel? Vogtle Updates and Increasing Confidence Begin to Shine Through
6. EIX NDR: GRC Litigation in Final Throes, Legacy Liabilities Remain a Long Road; Electrification Theme Remains a Tailwind
7. VST: It's Not Just About a Cheap Argument… Time Is Right: Upgrading VST to BUY
8. SRE NDR – Projecting LT Growth and Upside, Mgmt. Working Through Post Analyst Day Dissonance
9. PEG NDR – Transformation Final Innings: De-risking Paves Way for New EPS Growth Guide at Upcoming Analyst Day
10. DTE NDR: Post Spin DTE To Redouble MI Decarbonization Efforts – Value Remains To Be Unlocked
11. SRE: Show Me the Upside… Analyst Day Brings Guidance and Capex Raises, Tone Remains Disciplined and Conservative But In Line w/Guggenheim
12. ALE NDR: Deep in Execution Amid a Transitional Year
13. NWE NDR: Consistent Messaging as Potential Generation Needs Power the LT Growth Narrative
14. EVRG NDR: Familiar Faces at a New Place; Management Looks to Build on LT Growth Visibility
15. LNT NDR: Straightforward Update Underscores Consistent Execution
16. OGE NDR: Regulated Story Takes Center Stage, Balance Sheet Capacity and Reinvestment Point to Growth Upside
17. CMS NDR – Simple, Modular Growth Story Leaves Investors with No Surprises, Upcoming IRP Updates Already ESG Story
18. ARRY NDR: L-T Fundamentals Intact but Management Still Working Through N-T Impacts of COGS Shock…
19. POR NDR: 5-7% Growth in Stumptown? Not Yet, But Things Are Looking Up…
20. CNP NDR – CNP Leaning into Organic Capex and O&M Savings, with a Few Tweaks to Business Mix, ESG, and Tax Efficiency
21. PCG NDR: Finding Sure Footing in Familiar Places… Operational Improvement on Mgmt.'s Mind
22. SR NDR: Storage, Marketing Pay Off as SR Escapes February Relatively Unscathed; L-T Plans Unchanged
23. VST NDR: Past Is Prologue
24. SRE: SIP 20% Sale Announced at ~13x EV/EBITDA; Above Our Range, With Opportunity for Earnings Accretion
25. AEP – C-Suite NDR: On the Precipice of Change and It's a Wonderful View from Here
26. PPL NDR: Hard Part Is Done, Now the Real Work Begins – Transformation Path, Further Re-Rating Set
27. ETR – FERC ALJ Issues Initial Decision on SERI ROE and Cap Structure; 9.32% ROE; 48.15% ER
28. SRE – San Diego Opens Utility Franchise Bidding Under Expanded Criteria; Allow for Negotiated Outcome
29. PPL: WPD Sells at "Very" Healthy Multiple in Key First Step, Despite Previous Media Reports
30. NRG: Post-Call Management Catch Up
31. NRG/VST: Stepping to the Sidelines for Now as ERCOT's Collateral Damage Continues to Propagate
32. FE Reaches Agreement with Icahn
33. AWK NDR: "When the Levee Breaks" American Water Keeps Flowing
34. AEP – Healthy AEP Ohio Rate Case Settlement Supports Thesis; Construct Still Attractive
35. PCG: C-Suite Builds on Operational Improvement for Turnaround Success; Hands-on CEO Is a Tailwind
36. ARRY – 4Q Earnings; Investing Now for Wallet Share Later; FY21 Guidance Comes In Strong
37. WEC NDR: Cutting Through the Noise; Dependable Growth and LT Decarbonization Define Our Meetings
38. D – C-Suite NDR; Strategy Equals Execution; Execution Equals Decarbonization…
39. DUK – CEO NDR; NC Legislation Finally Has Momentum; Driving Decarbonization, Higher Growth
40. AMRC – 2020 Closes with a Beat as 2021 Guidance Points to Continued Growth
41. NRG – Surprise, Surprise: Guidance Intact After Strong Storm Performance; Transformation Continues
42. OGS – 4Q Earnings; Fundamentals Remain Stout Despite Old Man Winter's Best Efforts
43. PEG – 2020 FY In Line; Fossil Sale On Track; LT Business Mix Gains Traction
44. VST – Is the Integrated Model Broken? No, But the Sandbox Might Be
45. EVRG – Coming Out Swinging: EPS Beat, Healthy '21 Guide, Higher CapEx, New Mgmt. Bench & Key Investor Infusion
46. EIX: In-Line 2020; No Major Updates - Holding Pattern Ahead of GRC
47. AEP – Better Load Recovery and Cost Mitigation; Long Renewables Runway w/ Potential Financing From Asset Rotation
48. SRE: '21 Guide Reaffirmed w/Upside Post Transaction; Utility CapEx Increased – Focus Remains on SIP Transaction
49. OGE: No Surprises as 2020 Closes; 2021 Winter Storms Costs Large but Fundamentals Strong
50. CNP: We Aren't Sweating the Details; Managing Storm Event; LDC Sales on Track, Midstream Full Exit on the Forefront
51. PNW – In Line 2020 as Capex Gets a Shuffle – a Consistent Message Following Our NDR
52. EXC – End of an Era: Exelon Loses a Neutron
53. ETR – 2020FY EPS Beat; 2021 Guidance Reaffirmed, Biased to a Strong Midpoint; Arkansas Concerns? No Cracks Here
54. AVA – 4Q Earnings Not as Bad as Some Thought; Guidance Largely In Line With Our Expectations
55. LNT – Ol' Reliable: Inline 2020 as Focus Pivots to PSCW
56. AEE – 4Q Earnings; Callaway Cause For Concern? Not in Our View; Base Plan Remains Strong

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

57. POR – 2021 Kicks Off on the Right Foot
58. DTE – Continues Strong Execution; 4Q Earnings Beat, '21 Reaffirmed, GS&P Spin Is the Next Major Potential Catalyst
59. FE – Righting the Ship as the DOJ Overhang Persists; Icahn Makes a Splash and Shifts Investor Focus
60. ED – 4Q EPS in Line, 2021 a Reset Year; Capex Roll Points to Higher Quality L-T Recovery
61. SO – 4Q Earnings; Telegraphed LT Growth Rate Raise with Incremental Opportunities on the Horizon
62. PPL: Straightforward Update as WPD Process Forges On
63. ES – 4Q Earnings; Healthy Capex Raise Drives Guidance to the Top Half of Growth Range
64. NI – 4Q Earnings; Straightforward Update With Renewables Projects Continuing to Take Shape
65. ALE – A Transitional Year Comes with a Focus on Execution at ACE
66. DUK – 4Q20 Earnings; Foundation Set With Eye on NC Legislation – We See Pathway to Overachieve Expectations
67. AEP – Racine Hydro Sale; Very in Line with Our Thesis and Potentially More on the Horizon – Reiterate BUY
68. WEC – 2020 Closes with A Beat as Management Evaluates Case Optionality in WI
69. CMS – 4Q Earnings In-Line; Capex/Equity Increase, O&M Flex to Carry Into '21; We See Smooth Sailing to Firm "7%" Growth
70. NJR – F1Q21 Earnings; NJRES AMAs Drive FY22 Guidance Raise, Though Focus Remains on Core Utility and CEV Segments
71. SR – F1Q21 Earnings; Progressing on Regulatory Matters as Mgmt. Has Eyes Set on Sustainability
72. FE/OH: Yost Holds Press Conference on HB6; Reaches Agreement With FE on Decoupling
73. PNW NDR: All Quiet on the Southwestern Front…
74. DUK – Healthy Indiana Equity Sale Highlights Private Infrastructure Appetite for US Assets
75. AMRC: A Unique Blend of Familiar Businesses – Finding a Decarbonization Niche; Initiating Coverage at BUY, $63 PT

Key Industry Research

1. SR: Policy Call Paints Challenging Path Ahead for STL Pipeline
2. PJM: Quick Takes
3. PJM: Abysmal 2022/23 BRA Results Not a Major Surprise; Construct Continues to Frustrate
4. IL: Deal Reached but Process Derailed
5. AGA: Day 2 Flash Recap…
6. AGA: Day 1 Flash Recap…
7. IL: Second Opinion Confirms Grim Prognosis
8. IL: Groundhog Day for Energy Policy in Springfield?
9. ERCOT: PUCT Declines to Reprice Energy Market – Consistent with Our Expectations
10. ERCOT: Lone Star State Remains 'Out of Phase'
11. ERCOT: Who's Exposed? Generator-Owner Data Set
12. ERCOT: Deep Freeze Precipitates Rolling Blackouts in Heartland
13. IL: CEJA Re-emerges; Take with a Grain of Salt - More Iterations to Come
14. '21 Utilities Outlook: Getting Ready for Another Bumpy Ride
15. Congress Reaches Deal on Stimulus Package and Appropriations; Clean Energy Boosted With Tax Credit Extension
16. ERCOT CDR Preview: More Solar Points to Slightly Looser CDR; Caveats Remain the Same
17. EEI – An EEI Unlike Any Other...
18. Li-Ion the End-All-Be-All Battery Storage Solution? Not in Our Book – Zinc-Based Battery Presents Compelling Alternative
19. Ohio Policy Call Part Two – Federal and Political, Not State and Regulatory
20. Ohio Policy Call Part One – Investigation Churns On
21. Guggenheim Call Series: Power Gen Economics Expert Confirms Robust Solar/Wind Demand as Tech Moves to Parity with Fossil
22. FERC - Life's Absolutes: Death, Taxes, and Transmission ROE Complaints
23. 2020 LCOE Update – Nothing Is Constant but Change: Renewable Economics Point to Persistent Disruptions
24. FERC: Commission Revisits Base ROE Methodology, Boosts MISO Allowed
25. ERCOT: Another CDR to Take with a Grain of Salt

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	244	66.30%	72	29.51%
NEUTRAL	117	31.79%	10	8.55%
SELL	7	1.90%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Software
Ken Wong, CFA 415.852.6465
Ken.Wong@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

GUGGENHEIM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

GUGGENHEIM

January 7, 2022

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Key Message: We have grounded expectations heading into next week's analyst days, with our refreshed standalone valuations (more below) generally in line with where shares are currently trading – supporting our NEUTRAL stance for now, pending further disclosures. That said, any details on Constellation are much appreciated, in our view, and we see the current valuation as a relatively comfortable floor heading into both the events next week and a catalyst-rich new year. Could there be incremental surprises? Potentially, but we remain wary of the magnitude and geography (e.g., cost cuts at Constellation). In our view, the focus of the events will be understandably skewed towards Constellation, with bandwidth for news at RemainCo relatively narrow in light of preexisting guidance and clear-cut strategies at the operating companies. We are raising our PT to $61/share from $52/share.

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Company Update

Share Price	$56.73
Price Target	$61.00
Prior	*$52.00*

EPS ($) (FY DEC)	1Q	2Q	3Q	4Q	FY
2021	(0.06)	0.89	1.09	0.88E	2.80E
P/E					20.3x
2022	0.56E	0.47E	0.78E	0.45E	2.27E
Prior	*0.93E*	*0.70E*	*0.97E*	*0.67E*	*3.28E*
P/E					25.0x
2023	0.60E	0.50E	0.83E	0.47E	2.39E
Prior	*0.92E*	*0.69E*	*1.10E*	*0.67E*	*3.38E*
P/E					23.7x

Market Data

52-Week Range	$38.36 - $58.01
Dividend	$1.38
Dividend Yield	2.4%
Market Cap (M)	$55,412
Shares Out (M)	976.8
ADV (3 mo; 000)	5,262

In this note we: 1) discuss expectations for the forthcoming Analyst days, 2) highlight areas for potential surprise, 3) launch on proforma RemainCo estimates which are now live, 4) value RemainCo and Spinco head of the transaction, and 5) introduce 2025 estimates.

What's happening…? Exelon will be hosting analyst events on Monday and Tuesday of next week (release HERE) for the RemainCo and SpinCo (Constellation), respectively. The staggered presentations come in advance of the actual separation, **which we currently expect to happen sometime around the last week of the month,** based on the guidance we received late last year for ~6 weeks from NY DPS approval (which occurred on 12/16). As a reminder, management has pointed to *no dissynergies* from the separation of the two entities.

What do we expect? Key details forthcoming on both sides of the separation, although we see the value-add skewed towards Constellation. We expect a mix of both ad-hoc items and normal guidance to come with the updates, with specific thoughts bifurcated below:

- **RemainCo:** While many of the key parameters for RemainCo have already been laid out (growth, equity, LT dividend policy), we expect further clarity on the financial plan, alongside a potential roll of capex and earnings guidance to 2025. Backfilling and reshaping of the current 2022-2024 plan is also a possibility in our view in light of several 2021 developments (IL policy, EV/storage pilots at PHI, etc.). We also remain on the lookout for any uplift to the guide from the potential improvements in earnings at ComEd under MYPs in 2024 and beyond. **Most importantly, we do not expect any deviations to the 6-8% growth in the NT,** and while some investors have previously raised a law-of-large-numbers argument in support of a view around downshifting to 5-7% EPS growth, we continue to model towards 7% through our forecast period across rate base and earnings.
- **Constellation:** The genco formerly known as ExGen spent most of the past two years subject to the uncertainty of prolonged state and federal processes (IL energy policy, FERC and the MOPR), creating a very challenging environment for even the most basic gross margin guidance beyond the prompt year. This overhang was lifted to a degree in '21, and at a minimum we expect full 2022 and partial 2023 guidance. The latter is *still* challenged by the latest delays to the 23/24 BRA (originally scheduled for 12/1/21), but we believe some contingent guidance remains feasible (e.g., GM but not EBITDA). Untethered from Exelon, Constellation will have substantial FCFs available for allocation, and our primary focus areas for the day will thus be on **1) capital allocation and 2) growth capex. Our expectations are for a growing dividend at an attractive yield.**

continued...

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Our conversations to date with management have also indicated a *general* interest in modest growth spending, although it remains unclear to us at this time what this could be beyond M&A (e.g., existing nuclear plants purchased from PSEG Power [PEG]) or natural extensions of the platform to longer-dated initiatives like hydrogen production and/or advanced nuclear (SMRs). **Buybacks remain another familiar lever.** Beyond GM, EBITDA, and capital allocation guidance, we remain on the lookout for details on a bevy of smaller operational and external items, such as Constellation's plans for the CTV portfolio, the potential impact of a federal policies (nuclear/hydrogen PTCs),

What could surprise us? As noted above, our expectations at RemainCo are generally muted. While we do not expect changes to the growth guidance, **management could surprise with a longer capex forecast window,** or something along the lines of a '5 + 5' guide we have seen from several other utilities (e.g., CNP, D, LNT, etc.) where the core guidance window is supplemented by a longer-term view on total 10 year capex. This could be further supplemented by financing details. **In our view, the primary potential surprise area at Constellation is around potential cost reductions** – ExGen had a strong track record of repeatedly extracting recurring efficiencies out of the business, and we suspect some of the post-ERCOT levers pulled in 2021 could be made permanent. Beyond savings, we also remain on the lookout for details around a bevy of internal and external items – management's plans for the CTV equity stakes could surprise – we don't see the company as a long term holder, but we also don't get the impression there is a rush to monetize either, lockups aside.

How are our valuations evolving…? The SoTP screens in line to slightly attractive at current levels, with Constellation poised for upside, in our view… Our current Pre-Spin SoTP valuation is $61, predicated on $48 for the RemainCo and $13 for SpinCo – see full breakout on page 4. **We believe a low teens per share for Constellation is a sensible ballpark based on both an ~6x EV/EBITDA multiple and a FCF yield approach** (13.5% FCF yield target is equal to approximately $13/share). **Based on our $2.54 estimate for RemainCo, we believe Constellation is trading in line to slightly cheap to other IPPs** (VST 5.6x, NRG 7.1x on '24) across a range of reasonable P/Es:

	EXC Utilities (RemainCo)	2024E High	Low	Mid
a	Stock price (1/5/22)		56.97	
b	2024 EPS (Gugg est.)		2.54	
c	P/E Multiple	19.5	17.2	18.4
*d =b*c*	EXC Utilities value (ex-SpinCo)	49.60	43.75	46.68
e = a - d	**Implied Constellation Value $/sh**	**7.4**	**13.2**	**10.3**
	Regulated Electric Group ('24E)			17.2
	High Quality Group (AEE, CMS, ES, LNT, WEC)			19.5
	Constellation (SpinCo) Implied Multiple	**2024E Low**	**High**	**Mid**
e	**SpinCo Equity Value $/sh**	**7.4**	**13.2**	**10.3**
*f = e * 980m sh*	Equity Value	7,220	12,953	10,087
g	Net Debt*		5,879	
h	NPV of Hedges*		-576	
i = f + g + h	Ent. Value $m	13,674	19,408	16,541
j	EBITDA* $m		3,231	
k = i / j	**Implied EV/EBITDA**	**4.2x**	**6.0x**	**5.1x**

Source: Guggenheim Securities LLC Estimates

* Gugg, 2024E

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

We are now applying an ~6x multiple to Constellation, and we believe there is some justification for arguments that it should be higher on the policy backdrop given both the prospects for a PTC in the NT and what we see as the longer-term ascension of nuclear's role in long term decarbonization planning. **Our model includes an assumed dividend, targeting a 6% yield and 6% growth, although we note that this is subject to change on Tuesday's call.** Our model assumes a gross margin of ~$7.3bn in '22, growing through the forecast period. We incorporate the formerly CENG plants into our generation estimates and begin IL's new nuclear payments in July of this year. **In our model debt/EBITDA remains well below ExGen's prior 3x threshold – closer to 2x and trending lower through time.** Our model does not include any federal PTCs at this time, although we note there would be some offsets for state ZECs – leaving the PA fleet as the only 'clean' P*Q beneficiary. We hold BRA results at or below 22/23 results and assume a $60/MW-d terminal price. Our model is marked to the 12/30/21 curves.

Constellation adjusted EBITDA	2022E	2023E	2024E	2025E
Adjusted EBITDA	2,452	2,858	3,231	3,304
Hedge value	(1,911)	(1,059)	(546)	(240)
Open EBITDA	4,363	3,917	3,777	3,543

Source: Guggenheim Securities LLC Estimates

What do we think of RemainCo? We believe the fully regulated EXC presents an attractive alternative to other wires-only eastern names like ES and FE. We continue to view the core EXC utilities outside of IL favorably, with exemplary efforts across the platform to implement MYPs and improve earned ROEs across PHI and the other legacy utilities – all supporting top-tier growth. While the implementation of MYPs and the general backdrop in IL remains somewhat of a work in progress, we generally believe that EXC could have the core attributes for potentially drawing in ES-style ESG investors in the longer term, namely its wires-focus and small gas rate base. We look for an entry point.

Introducing our estimates for EXC RemainCo…. The estimates published with this report now reflect RemainCo, as does the model in our library… Our consolidated EPS estimates are based on an expected ~$26.5bn of regulated CapEx over the 2022-2025 period, driving ~7% rate base growth through 2025, supporting management's guidance for 6-8% EPS growth through '24. Our capex estimates for '25 represent holdovers from '24, and we expect a full in-depth update next week, or with 4Q results next month, at the latest. As a reminder, management currently guides ~7.6% rate base growth from '20 to '24. We continue to model PHI ROEs at around 9.7%, while the legacy utilities continue to perform at close to their allowed ROEs through our forecast period. We expect modest improvements in ComEd alloweds at the distribution business in 2024 and 2025, supported by our expectations for the utility to seek MYPs under the latest legislation (similar to our approach modeling AEE IL). **Our model assumes management and the Board target a 7% growth rate for the dividend and a 60% payout ratio** ($1.43/sh dividend in '24), in line with their guidance. **CFO/debt sits in the 14-16% range** through our forecast period, although we note it remains to be seen how management balances cash needs between capex, the dividend, legacy holdco debt, and the bandwidth that will come with lower credit thresholds under a fully regulated profile.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Valuation *(in $ millions unless otherwise noted)*	2024E
2024 Regulated Earnings Per Share	2.54
Target P/E multiple	20x
Premium	
Target equity value ($ per share)	**$51.28**
Undiscounted target value	$51.28
1 year discounted target value	**$48.00**
Current share price	
Expected share price return	
NTM dividend	$ 1.38
Expected dividend yield	
Expected total return	

Source: Guggenheim Securities LLC Estimates

Exelon Multiple			P/E
Base Multiple			19.5x
Utility	**% of total Utility EPS***	**Premium**	**P/E**
BGE	19%	1x	20.5x
PECO	21%	1x	20.5x
PHI	26%	1x	20.5x
ComEd	34%	0x	19.5x
Weighted average target multiple			**20x**

*2020, Revised Guidance

Constellation Valuation *(in $ millions unless otherwise noted)*	2024E
Merchant generation	
Mid-cycle capacity revenue	510
Embedded capacity revenue	875
Capacity adjustment	(365)
Open EBITDA (incl. capacity, energy,	3,777
Open EBITDA	3,412
Weighted avg. EV/EBITDA multiple	6x
Enterprise value	20,106
NPV of hedges	(576)
Adjusted enterprise value	19,531
2024 net debt	5,879
Merchant generation equity value	13,652
2024 diluted shares outstanding	980
Target equity value ($ per share)	**$13.93**
Consolidated	
Udiscounted target value	$13.93
1 year discounted target value	**$13.00**
Current share price	
Expected share price return	
NTM dividend	$ 0.84
Expected dividend yield	
Expected total return	

Source: Guggenheim Securities LLC Estimates

Pre-Spin SoTP		
Exelon		48.00
Constellation		13.00
Target equity value ($ per share)	**$**	**61.00**
Current share price	$	56.97
Expected share price return		7.1%
NTM dividend	$	2.21
Expected dividend yield		3.9%
Expected total return		**11.0%**

Source: Guggenheim Securities LLC Estimates

Constellation FCF Yield Valuation		
Levered FCF	$	1,691
per Share	$	1.73
Target Yield		14%
Target equity value ($ per share)	**$**	**13.00**

Source: Guggenheim Securities LLC Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Valuation

Our $61 price target is based on a sum-of-the-parts analysis. We assign ~$13 share for ExGen using a 5x weighted average EV/EBITDA multiple applied to ExGen's various assets. We assign ~$48 per share for the regulated utilities combined based on our 2024E EPS of $2.54 applied to a 19.5x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 18.5x multiple, we continue to apply a one-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (DSIC, MYPs) and underlying growth/incremental investment opportunities, except for ComEd. The combination of these two parts equals our $61 share price. There is 11% TSR to our price target from current levels, but we maintain our NEUTRAL rating based on the uncertainty over how management will pursue post-spin capital allocation, in addition to uncertainties around federal policy outcomes (e.g., PTCs). Our model is marked to the December 2021 curves.

Exelon (RemainCo) EPS

EPS($)	1Q	2Q	3Q	4Q	FY
2022E	0.56E	0.47E	0.78E	0.45E	**2.27E**
Prior	*0.93E*	*0.70E*	*0.97E*	*0.67E*	*3.28E*
2023E	0.60E	0.50E	0.83E	0.47E	**2.39E**
Prior	*0.92E*	*0.69E*	*1.10E*	*0.67E*	*3.38E*
2024E	0.64E	0.53E	0.88E	0.49E	**2.54E**
Prior	*0.99E*	*0.75E*	*1.20E*	*0.72E*	*3.66E*
2025E	0.68E	0.57E	0.95E	0.53E	**2.74E**
Prior					

Source: Guggenheim Securities, LLC. estimates

Risks

Upside and downside risks to our rating and valuation include: Commodity price risk. If natural gas prices fall (rise), wholesale power prices will likely fall (rise), limiting (raising) Power margins. EXC is still inherently a long natural gas call with gas the marginal price setter in PJM.

The remaining risks center on the regulated utilities and transmission assets, which encompass traditional risk factors inherent with all utilities including: (1) positive/negative rate case outcomes above/below our expectations, (2) higher/lower capex outlooks, and (3) interest rate changes above/below what we account for in our regression model.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 01-06-2022



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	244	66.30%	72	29.51%
NEUTRAL	117	31.79%	10	8.55%
SELL	7	1.90%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Software
Ken Wong, CFA 415.852.6465
Ken.Wong@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

GUGGENHEIM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Pre-Analyst Day Thoughts: Revisiting Economics of the 1CNew ExGen 1D
- **Publication Date/Time** : Friday, January 07, 2022 07:26:28 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=MMWHxDmJgMVQnlD!Aza2aA__&reid=1C6ABAECCD5211ECB1FF4F9013D2B0B2

Exelon Corp. (EXC): A Friday Focus - Topics to Consider Ahead of EXC's Two Upcoming Analyst Day Events

Michael Lapides
+1(212)357-6307 |
michael.lapides@gs.com
Goldman Sachs & Co. LLC

Insoo Kim, CFA
+1(212)902-0459 | insoo.kim@gs.com
Goldman Sachs & Co. LLC

Rebecca Yuan, CFA
+1(212)357-4977 |
rebecca.yuan@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(801)884-4034 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

PM Summary

We remain positive on Exelon Corp (EXC, Buy) and believe the upcoming two analyst days could serve as a positive catalyst for the shares. We recognize EXC's shares already outperformed the sector index by almost 20% over the last 12 months - but we still see roughly 10% capital appreciation potential and almost 13%-14% total return potential to our $62/sh 12-month target price. EXC, in preparation for the spinoff of its non regulated Exelon Generation (ExGen) business - to be renamed Constellation Energy post spin - from the "RemainCo" or Exelon's legacy regulated businesses, will host two analyst days early next week - one for RemainCo and one for ExGen.

In this note, we highlight a number of potential topics and areas of interest investors will monitor at the two analyst days set for Monday January 10th for RemainCo, the legacy regulated businesses, and Tuesday January 11th for the ExGen / Constellation business. We do not take a view on the transaction timing or occurring outside of what EXC itself already provided in public disclosures.

The key drivers and topics ahead for RemainCo

We believe investors will focus on a select few basic questions regarding RemainCo, the regulated segments of EXC —- and outline these in a short list below

- **How much will capital spend and rate base growth projections change?** We note EXC last provided multi year rate base growth views this time last year —- and while we do not expect massive changes, we could see modest upticks, especially in jurisdictions like in Washington, DC and Illinois where improved regulatory constructs designed in 2021 could drive higher earnings on capital deployed.
- **What financing needs will exist for the regulated segments?** EXC previously outlined potential for $1bn in cumulative new common equity issuances spread over a multi year program — and embedded this in the multi-year EPS guidance provided a year ago. Any reduction to this financing need could drive higher than expected EPS growth - especially if ExGen sent more cash potentially to Exelon Corp before completing the spinoff.
- **What will the rate case schedule look like in 2022 for Exelon Corp or**

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

RemainCo? While 2021 included a host of rate cases and regulatory/legislative focus in markets like DC and Illinois, we expect 2022 to emerge as a more "quiet" year for EXC on the regulatory front. We note this as a minor positive, given many other utilities facing significant rate case needs could face pressure from regulators and customer groups given higher wholesale power prices creating upward pressure on the overall bill.

- **What do they see ahead for the O&M trajectory going forward?** Investors will care whether Exelon Corp or RemainCo faces O&M headwinds due to inflation and dis-synergies from the spinoff — or whether a more pure-play, regulated strategy can lead to lower O&M expenses ahead.

Where will investor attention focus when thinking about ExGen or Constellation?

We note, given few publicly traded Independent Power Producers (IPPs), ExGen/Constellation maintains few real peers — especially those with existing multi GW clean energy generation portfolios. At next week's analyst day event, we think investors will focus on a host of topics, including:

- **Where has ExGen hedged its power output for 2022+ and what does this mean for FCF?** Historically, EXC provided hedging disclosures on a forward 3 year basis — showing FY1-FY3 hedged quantities and pricing - but to date has not done so for ExGen for any period after 2021. Given the spike in power prices that occurred from mid 2021 onwards, albeit coming back down a bit in the last 30-40 days, many will focus on what amount and at what price did EXC hedge its nuclear output in the coming years.
- **What will ExGen's long term capital allocation strategy be and what does this mean for dividends or buybacks...** Historically, per its SEC disclosures, ExGen paid sizable dividends up to Exelon Corp — many care on whether this will translate going forward into a dividend payout to shareholders or will the company use share repurchases as a primary capital allocation tool.
- ...**and where will the company's long term leverage targets reside** — Exelon Corp and ExGen in public comments discussed goals to remain at investment grade credit metrics. We expect significant discussion at the analyst days on what leverage metrics this implies on a net debt/EBITDA basis — we note our forecasts assume a material improvement in these metrics due to the moves in power prices, but questions may emerge on whether ExGen plans to deploy this balance sheet strength for growth, capital allocation or even more deleveraging.
- ...**and how will ExGen grow from here?** Obviously, changes in power prices - electric energy or capacity prices - can lead to increases or decreases in EBITDA and drive growth or shrinkage on YoY basis, like most commodity companies. The Zero Emissions Credits (ZECs) provide some earnings stabilization - but do not eliminate volatility entirely. Questions will emerge on growth - how ExGen thinks about growth from here — and will growth focus on EBITDA levels or on free cash flow per share metrics? Investors also may think about what organic growth - like renewable development or other clean energy investments - opportunities may exist or will ExGen consider inorganic growth in the merchant power or renewable

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

sectors.

- **Cost escalation or cost reductions ahead?** As a non-regulated, labor intensive business given its 18+ GW nuclear fleet, ExGen does maintain exposure to inflationary trends. Many will seek detail at the analyst day on whether the spinoff creates opportunities to lower costs by lowering corporate G&A expenses - or will inflationary trends at the operating assets drive cost escalation ahead that could weigh on EBITDA and cash flows.
- **What does the move higher in uranium pricing mean for ExGen?** Spot uranium prices increased over the last year by roughly 30%-40% or so — as the nation's largest nuclear generator, where uranium remains a core component of ExGen's nuclear fuel capital costs, detail on what this change means may provide incremental certainty for investors. Investors may focus a bit on where and how much ExGen contracted for uranium and the other components of nuclear fuel.
- **How much would a federal nuclear PTC impact cash flows or EBITDA**? Drafts of the federal Build Back Better bill - which the GS economics team no longer includes in its base cases assumptions for the US economy - included a production tax credit (PTC) for existing nuclear plants like the ones ExGen owns. State legislation and regulations cap this upside a bit for some of ExGen's units - we anticipate that investors will seek more clarity on what a federal PTC could mean for the broader ExGen nuclear fleet, recognizing this could add several hundred million dollars per year to free cash flow potential if enacted by the US Congress.

Valuation and key risks

We remain Buy rated on EXC and maintain our 12 month $62/sh target price, based on a sum of the parts analysis. Key risks for EXC include power prices, utility regulation, costs and financing.

EXC	12m Price Target: **$62.00**	Price: **$56.73**	Upside: **9.3%**

Buy

Market cap: $55.6bn
Enterprise value: $93.2bn
3m ADTV: $281.2mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/20	12/21E	12/22E	12/23E
Revenue ($ mn)	33,039.0	33,244.1	27,276.4	27,843.8
EBITDA ($ mn)	7,814.0	9,493.3	9,320.6	9,853.3
EBIT ($ mn)	2,801.0	3,311.0	4,829.3	5,245.3
EPS ($)	3.22	2.85	3.23	3.57
P/E (X)	12.4	19.9	17.5	15.9
EV/EBITDA (X)	10.1	9.8	10.1	9.5
FCF yield (%)	(9.8)	(2.2)	1.9	2.9
Dividend yield (%)	3.8	2.7	2.8	3.0
Net debt/EBITDA (X)	4.8	3.9	4.1	3.8

	9/21	12/21E	3/22E	6/22E
EPS ($)	1.09	0.93	0.69	0.52

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 6 Jan 2022 close.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Disclosure Appendix

Reg AC

I, Michael Lapides, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Financial Advisory disclosure

Goldman Sachs and/or one of its affiliates is acting as a financial advisor in connection with an announced strategic matter involving the following company or one of its affiliates: Exelon Corporation

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Clearway Energy Inc., Consolidated Edison Inc., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NRG Energy Inc., NextEra Energy Inc., NextEra Energy Partners, NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group, Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($56.73)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($56.73)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($56.73)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($56.73)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($56.73)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($56.73)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($56.73)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	35%	15%	65%	58%	47%

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

As of October 1, 2021, Goldman Sachs Global Investment Research had investment ratings on 3,017 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

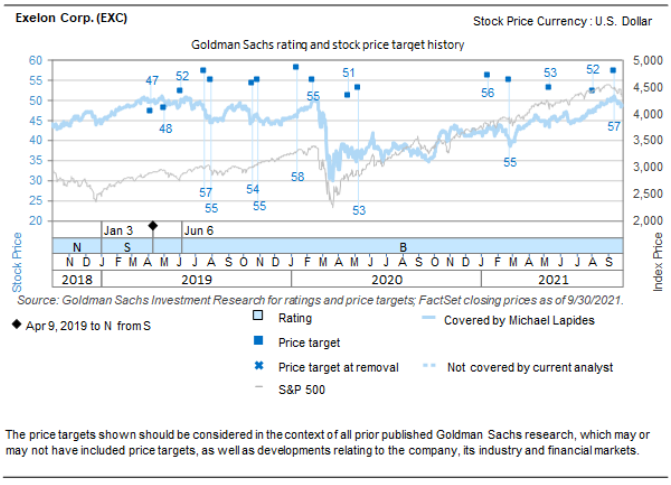

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** Goldman Sachs Canada Inc. is an affiliate of The Goldman Sachs Group Inc. and therefore is included in the company specific disclosures relating to Goldman Sachs (as defined above). Goldman Sachs Canada Inc. has approved of, and agreed to take responsibility for, this research report in Canada if and to the extent that Goldman Sachs Canada Inc. disseminates this research report to its clients. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region's Investment Review Committee manages Regional Conviction lists, which represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by either Goldman Sachs Canada Inc. or Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Effective from the date of the United Kingdom's departure from the European Union and the European Economic Area ("Brexit Day") the following information with respect to distributing entities will apply:

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland, Portugal, the Republic of Cyprus and the Republic of Ireland; GS -Succursale de Paris (Paris branch) which, from Brexit Day, will be authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by the Global Investment Research division of GS may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2022 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

SEAPORT RESEARCH PARTNERS

Angie Storozynski | Senior Analyst
astorozynski@seaportrp.com | (917) 747-7228

Rating:	**Buy**
Price Target:	**$61.00**

Price Target Metrics:
18x 2024 EPS for Exelon (RemainCo); $13.50/sh for Constellation (SpinCo) based on 6.0x 2024 EV/EBITDA

Current Price:	**$56.73**
Float:	975.6MM
Diluted Shares:	980.0MM
Short Interest:	12.8MM
Average Daily Volume:	5,920k
52 Week Range:	$38.36 - $58.01
Market Cap:	**$55,595MM**
Cash and Investments:	$2,957MM
Debt:	$41,701MM
Enterprise Value:	$94,339MM

PRICE & VOLUME CHART

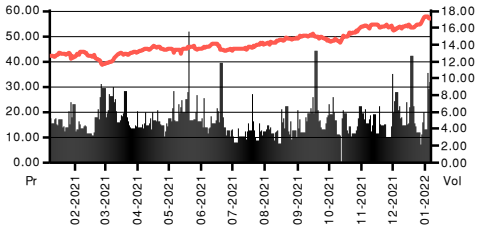

ESTIMATES $ (MMs except multiples & EPS)

	2021 New	2022 New	2023 New	2024 New	2025 New
EPS (Diluted)					
FY	$2.78E	$3.50E	$3.66E	$3.99E	$4.17E
P/E	**20.4x**	**16.2x**	**15.5x**	**14.2x**	**13.6x**
Dividends Per Share					
FY	$1.530E	$1.357E	$1.438E	$1.591E	$1.676E
Dividend Yield	**2.7%**	**2.4%**	**2.5%**	**2.8%**	**3.0%**

Exelon Corporation

(NYSE: EXC)

Constellation looks attractive vs. merchant power/retail peers even excluding nuclear PTC option; raising PT

Summary:
Next week's analyst day of EXC's Constellation (CEG) should have major implications for NRG and VST. If we value EXC's regulated utilities at a flat P/E vs. pure-play electric peers, the EXC stock currently reflects just $10.50/share for CEG, implying a large 1.4-2.4x discount to VST/NRG on 2023/2024 EBITDA. That's even before accounting for nuclear PTC benefits for CEG which we'd still expect by 2H22. Admittedly, we base this valuation view on numerous assumptions, with no disclosures on power hedges, the cost structure of the recently enlarged nuclear power plant portfolio, the future capital allocation plan or even the basis of future earnings guidance (EBITDA, FCF or EPS). CEG's pitch of this IG-rated merchant power and competitive retail business should set a gold standard for Buy-rated VST and NRG, and hopefully boost all stocks in this orphaned sub-sector at a time when investors crave highly profitable energy plays. We raise our PT for EXC to $61 (from $58) with CEG valued at $13.50 (per EXC shares or ~$41 per CEG shares). Please see inside for our updated EPS/EBITDA/FCF estimates for EXC and CEG.

Highlights

Exelon/RemainCo (regulated utilities less parent): Our updated estimates imply a 7% EPS CAGR for 2022-2025 for the business assuming sharply higher earnings at ComEd in 2024-2025 once the current link to the 30yr T yield stops suppressing the allowed ROE. The 7% EPS/DPS CAGR should be slightly higher than the ~6.5% average for electric utilities for 2022-2025, and as a wires-only utility, Exelon is likely to be included in ESG indices. Then again despite last year's regulatory improvements in IL and positive decisions from MD, Exelon's regulated jurisdictions are seen as average at best, hence our peer-average 2024 P/E multiple (18x) or the business ahead of next week's analyst day.

Constellation/CEG (merchant power and retail): As we head into next week's analyst day (Jan 11), we have very little visibility into CEG's power/gas hedges for 2022-2025, the updated cost structure for the generation assets (especially given the acquisition of EDF's share of CENG nukes), or the future capital allocation plan which is key for any merchant power/competitive retail company. We don't even know if CEG will provide EBITDA, FCF or EPS guidance, but for now we rely on EBITDA/FCF estimates to compare CEG to VST and NRG, its public peers. Our current estimates assume historical levels of power hedges and power prices locked in the 2021 hedge book. For now, Biden's Build Back Better bill and thus nuclear PTCs took a backseat to a voting rights legislation, but given public comments from Sen. Manchin, we remain optimistic that CEG's nuclear plants in PA, MD and IL (~65TWhs annually) should receive the sizable tax benefits starting in 2H22. It will be up to the IRS to implement the nuclear PTCs, but our upside case for CEG (potentially boosting '22/'23/'24/'25 EBITDA by $714MM/482MM/283MM/192MM) is based on realized power prices inclusive of below-market power hedges. The formula behind nuclear PTCs provides a ~$44/MWh floor for ~65TWhs of CEG's nuclear output (~40%) with the remaining nuclear plants in IL, NY and NJ being supported at the state level. That pricing floor could prove important for the next PJM capacity auction given a sharp expansion in fwd spark spreads since the last auction. We'd expect CEG to use the incremental funds to further delever, fund incremental clean hydrogen projects, and potentially acquire PEG's nuclear plants in NJ/PA.

Adjusting estimates: We tweaked our estimates to reflect slightly lower earnings at ComEd and Constellation Tech Ventures as well as fwd power/gas curves as of Dec 31, 2021. Our new '21/'22/'23/'24/'25 EPS estimates for EXC (status quo) are $2.78/3.50/3.66/3.99/4.17 vs. $2.81/3.51/3.65/3.97/4.16, previously. Our EPS estimates for Exelon's utilities less parent are $2.13/2.26/2/40/2.65/2.79 vs. $2.16/2.25/2/38/2.63/2.77, previously. As mentioned above, it's unclear to us if Constellation will guide/trade on EBITDA, FCF or EPS, but our updated EBITDA estimates for '21/'22/'23/'24/'25 excluding nuclear PTCs are $2.22B/3.10B/3.11B/3.22B/3.29B vs. $2.23B/3.19B/3.06B/3.14B/3.28, previously.

Valuation: We estimate that Exelon's regulated utilities less parent (RemainCo) is currently valued at ~$46.50/share (~17.6x 2024 EPS, average for electric utilities) leaving ~$10.50 for Constellation (CEG), implying just 5.3x/5.1x 2023/2024 EV/EBITDA. That's 1.4-2.4x lower than where VST and NRG currently trade despite CEG's likely larger (by ~30%, we estimate) market cap and an IG rating not to mention the large nuclear tax credit option. Our increased PT for EXC of $61 (up from $58) reflects ~$48 for Exelon (RemainCo) and ~$13.50 for CEG (SpinCo) based on 6x 2024 EV/EBITDA, excluding any nuclear PTC benefit.

Company Description:
EXC operates seven electric/gas distribution and transmission utilities in the Mid-Atlantic and the Midwest (IL, PA, MD, NJ, DE, D.C. and VA) serving 9.1 million customer accounts. Separately, through Constellation, EXC operates ~32,000 MW in merchant power plants (including 19,000 MW of nuclear plants) and serves 210 TWhs of retail/wholesale load (70% C&I customers). The spin off of Constellation (CEG) should be complete in Feb 2022.

EXC status quo (Exelon + Constellation_ : Abbreviated financials and trading multiples

EXC	2021E	2022E	2023E	2024E	2025E	'22-25 CAGR
Regulated electric utilities less parent	2.13	2.26	2.40	2.65	2.79	7.0%
Constellation	0.65	1.23	1.26	1.34	1.38	20.7%
Total EPS	**2.78**	**3.50**	**3.66**	**3.99**	**4.17**	**10.7%**
DPS	**1.53**	**1.36**	**1.44**	**1.59**	**1.68**	**1.8%**
Constellation EBITDA excl. nuclear PTCs	2,226	3,099	3,111	3,225	3,293	

EXC - Regulated EPS	2021E	2022E	2023E	2024E	2025E	'22-25 CAGR
PECO	0.51	0.58	0.63	0.68	0.74	9.8%
ComEd	0.77	0.82	0.86	1.00	1.03	7.5%
BGE	0.46	0.48	0.50	0.52	0.55	4.6%
PHI	0.65	0.66	0.70	0.72	0.76	3.8%
Parent	(0.26)	(0.28)	(0.28)	(0.28)	(0.28)	1.9%
Total regulated less parent EPS	**2.13**	**2.26**	**2.40**	**2.65**	**2.79**	**7.0%**

EXC- UPSIDE CASE	2021E	2022E	2023E	2024E	2025E	'22-25 CAGR
Regulated electric utilities less parent	2.13	2.26	2.40	2.65	2.79	7.0%
Constellation with nuclear PTC	0.65	1.80	1.63	1.56	1.52	23.7%
Total EPS	**2.78**	**4.06**	**4.03**	**4.22**	**4.32**	**11.6%**
DPS	**1.53**	**1.36**	**1.44**	**1.59**	**1.68**	
Constellation EBITDA with nuclear PTCs	2,226	3,812	3,593	3,509	3,484	

Source: Seaport Research Partners

Constellation: Abbreviated financials and trading multiples

Constellation - Base case	2021E	2022E	2023E	2024E	2025E
Adj. EBITDA ($MM)	**2,226**	**3,099**	**3,111**	**3,225**	**3,293**
Adj. FCF ($MM)	**1,163**	**1,758**	**1,899**	**1,978**	**2,035**
Net debt ($MM)	6,047	5,991	5,398	4,731	4,012
S/O (MM)	980	948	909	870	832
Net debt/adj. EBITDA	**2.72x**	**1.93x**	**1.74x**	**1.47x**	**1.22x**
FCF ex growth per share ($)	1.19	1.79	1.94	2.02	2.08
DPS ($)	-	0.32	0.34	0.36	0.38
EV/EBITDA	**7.4x**	**5.3x**	**5.3x**	**5.1x**	**5.0x**
FCF yield	11.2%	16.9%	18.2%	19.0%	19.5%

Constellation - Upside case (PTCs)	2021E	2022E	2023E	2024E	2025E
Adj. EBITDA ($MM)	**2,226**	**3,812**	**3,593**	**3,509**	**3,484**
Grossed up nuclear PTCs	-	714	482	283	192
Adj. FCF ($MM)	**1,163**	**2,471**	**2,381**	**2,262**	**2,226**
Net debt ($MM)	6,047	5,277	4,916	4,448	3,820
S/O (MM)	980	948	909	870	832
Net debt/adj. EBITDA	**2.72x**	**1.38x**	**1.37x**	**1.27x**	**1.10x**
FCF ex growth per share ($)	1.19	2.52	2.43	2.31	2.27
DPS ($)	-	0.32	0.34	0.36	0.38
EV/EBITDA	**7.4x**	**4.3x**	**4.6x**	**4.7x**	**4.7x**
FCF yield	11.2%	23.7%	22.8%	21.7%	21.3%

Source: Seaport Research Partners

Constellation vs. public peers

	'23 dividend yield	'23 net debt/EBITDA	'23 share buybacks ($MM)	'23 FCF yield
Constellation	3.19%	1.74x	1,000	18.21%
NRG Energy	3.70%	2.78x	800	16.91%
Vistra Energy	3.66%	2.62x	1,300	17.57%

Source: Refinitiv, Seaport Research Partners

Exelon (status quo: 2024 SOTP valuation ($)

EXC - 2024 SOTP	Metric	Multiple	Price	Anchor multiple
Exelon - EPS 2024	$2.65	18.0x	$47.72	18.0x
Constellation - 2024 EV/EBITDA	$3,225	6.0x	$13.58	6.0x
Equity value/share			**$61.30**	

Source: Seaport Research Partners

EXC	2021E	2022E	2023E	2024E	2025E
EBITDA	8,479	9,834	10,201	10,835	11,301
Depreciation	4,218	4,501	4,662	4,822	4,984
Operational EBIT	4,261	5,333	5,538	6,013	6,317
Net interest expense	(1,583)	(1,636)	(1,664)	(1,697)	(1,726)
Ordinary Profit Before Tax	3,326	4,195	4,423	4,854	5,124
Income tax	(599)	(755)	(796)	(874)	(922)
Net profit	2,727	3,440	3,627	3,980	4,201
S/O (m)	980	983	990	997	1,007
EPS	**$2.78**	**$3.50**	**$3.66**	**$3.99**	**$4.17**
DPS	**$1.53**	**$1.36**	**$1.44**	**$1.59**	**$1.68**
Current assets	14,927	12,285	12,345	12,450	12,531
Property, plant, and equipm	86,166	89,990	93,653	97,155	100,496
Total assets	**136,828**	**139,409**	**144,632**	**149,847**	**154,993**
Current liabilities	11,119	11,151	11,142	11,136	11,134
Long-term debt	33,664	32,831	34,483	35,725	36,557
Shareholders' equity	44,830	47,112	49,584	52,448	55,642
Total liabilities and equity	**136,828**	**139,409**	**144,632**	**149,847**	**154,993**
Net income	2,727	3,440	3,627	3,980	4,201
Operating cashflow	**6,954**	**7,331**	**7,870**	**8,342**	**8,753**
Investing cashflow	**(7,800)**	**(8,325)**	**(8,325)**	**(8,325)**	**(8,325)**
Dividends paid	(1,498)	(1,328)	(1,416)	(1,579)	(1,680)
Financing cashflow	(3,287)	(1,940)	455	(16)	(427)
Change in cash	**(4,133)**	**(2,934)**	**0**	**0**	**0**
Cash at end of period	**3,634**	**700**	**700**	**700**	**700**

Exelon Corporation (EXC) Disclosures

I, Angie Storozynski, hereby certify: (1) that all of the views expressed in this report accurately reflect my personal views about any and all of the subject securities or issuers; and (2) that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

As with all employees of Seaport Global Securities LLC, a portion of our analysts' compensation is paid from the total collection of revenues from all areas of the firm including but not limited to Investment Banking and Sales and Trading departments. In no instance are research analysts' compensation directly derived from Investment Banking revenues.

Risks & Considerations for Exelon Corporation (EXC)

Spin-off of Constellation and future earnings power of the separate businesses: Our PT now assumes that EXC should spin-off its merchant power/competitive business (Constellation or ExGen) by Feb 1, 2022 now that the transaction received its last needed regulatory approval. We have very limited visibility into ExGen's/Constellation's earnings power given no disclosure on power/gas hedges and operating expenses beyond 2021, especially in light of ExGen's recent acquisition of EDF's stake in three nuclear plants in NY and MD.

Nuclear PTCs: Our base case assumption for EXC/Constellation exclude any potential benefit from federal nuclear PTCs which could be very meaningful, especiallly in 2022. We assume that the incremental money should be spent on maintenance and growth capex at Constellation's nukes and deleveraging of its balance sheet as opposed to a special dividend or buybacks. We won't know for sure until the PTCs are awarded, however.

Future dividends: We assume that post the spin-off, the dividend of Exelon and Constellation should exceed the current $1.53 dividend of EXC, but the dividend policy of Constellation remains unclear to us.

ComEd's ROE remains linked to 30yr T yield until 2023: EXC's distribution ROE in IL (for ComEd) changes daily and is based on the 30 year T yield plus 580 bps. A recently adopted energy bill should break this formulaic ROE calculation starting in 2024 which in turn should result in a sharply higher allowed ROE for ComEd.

Risks & Considerations for NRG Energy, Inc. (NRG)

Forward retail margins and volumes could fall: Over the last 14 years, NRG demonstrated its ability to grow retail margins largely regardless of the power price environment. However, the margins are close to historical highs and any meaningful volatility in power prices (especially in ERCOT) or competition from other electric providers could weigh on NRG's retail margins. The retail margins could also eventually fall along with ongoing decline in forward power prices, especially in PJM/Midwest and the Mid-Atlantic. Separately, NRG expects to grow its retail volumes, meaningfully, which could be difficult during/after the COVID-19 pandemic.
NRG remains a below IG company and its cost of debt could rise along with higher credit spreads: While the company has been paying down debt and expects upgrade to IG by the end of 2020/early 2021, NRG's cost of debt should suffer from the recent expansion of credit spreads for below IG companies.

Risks & Considerations for Vistra Corp. (VST)

Forward spark spreads/capacity prices could fall further in PJM/ISO-New England: With weak power demand (even before COVID), growth in subsidized renewables, and cheap local natural gas, we are likely to see ongoing declines in forward power and capacity prices in the Midwest and the Northeast. While VST's gas fired plants in the regions could benefit somewhat from lower gas prices (through higher margins), newer/more efficient gas plants and subsidized renewables should weigh on VST's power earnings in the region.
Forward retail margins and volumes could fall: VST's retail margins are close to historical highs and any meaningful volatility in power prices (especially in ERCOT) or competition from other electric providers could weigh on VST's retail margins. The retail margins could also eventually fall along with ongoing decline in forward power prices, especially in PJM/Midwest and the Mid-Atlantic. Separately, VST expects to grow its retail volumes, meaningfully, which could be difficult during/after the COVID-19 pandemic.
VST remains a below IG company and its cost of debt could rise along with higher credit spreads: While the company has been paying down debt and expects upgrade to IG by the end of 2021, VST's cost of debt should suffer from the recent expansion of credit spreads for below IG companies.

Risks & Considerations for Public Service Enterprise Group Inc. (PEG)

Lower allowed ROE for electric/gas distribution and transmission due to low market interest rates: Equity returns/ROE of regulated electric/gas/water utilities are indirectly linked to the 10-year Treasury yield. The average allowed ROE of a regulated utility in the US dropped just 25 bps since 2008 despite a 152 bps drop in the average 10-year T yield over this period. However, state utility regulators could sharply reduce allowed ROEs of regulated utilities going forward which currently average 9.75% average. The allowed ROE together with an equity ratio are the key drivers of regulated utility earnings. PSE&G has already agreed to lower its base transmission ROE to 9.9% from 11.2%, and our estimates already remove the current 50 bps RTO ROE adder for electric transmission starting early 2022. PS&EG's distribution ROE could fall along with the next distribution rate case in 2025 below the current 9.6%.
Forward power prices could fall from current elevated levels: The recent spike in natural gas prices has sharply elevated forward power prices across the US, especially for 2022 and (to a lesser extent) 2023. PEG is heavily hedged for 2022 and likely partly hedged for 2023. PEG could, however, see some incremental uplift to its power earnings from a federal nuclear PTC (tax benefit) if adopted by the federal government.
Sharply higher natural gas and power prices could limit upside to PSE&G's T&D capex: The recent spike in natural gas prices, if sustained, could lead to some electric/gas bill pressures for PSE&G's customers. Those in turn could limit upside to PSE&G's capex plans.

Other Companies Mentioned in This Report

- NRG Energy, Inc. (NRG: $40.64, Buy, PT $44)
- Public Service Enterprise Group Inc. (PEG: $65.89, Buy, PT $70)
- Vistra Corp. (VST: $22.32, Buy, PT $26)

Price Target Metrics for Exelon Corporation (EXC)

18x 2024 EPS for Exelon (RemainCo); $13.50/sh for Constellation (SpinCo) based on 6.0x 2024 EV/EBITDA

Price Target Metrics for NRG Energy, Inc. (NRG)

16.5% 2024 FCF yield using 2024 FCF/share of $7.31

Price Target Metrics for Vistra Corp. (VST)

15% 2024 FCF yield using 2024 FCF/share of $3.85 based of YE2021 share count and excluding any nuclear PTCs

Price Target Metrics for Public Service Enterprise Group Inc. (PEG)

20x 2023 EPS for PSE&G (~$64/share) + 6.5x 2023 EV/EBITDA for Power/Infrastructure ($6/share)



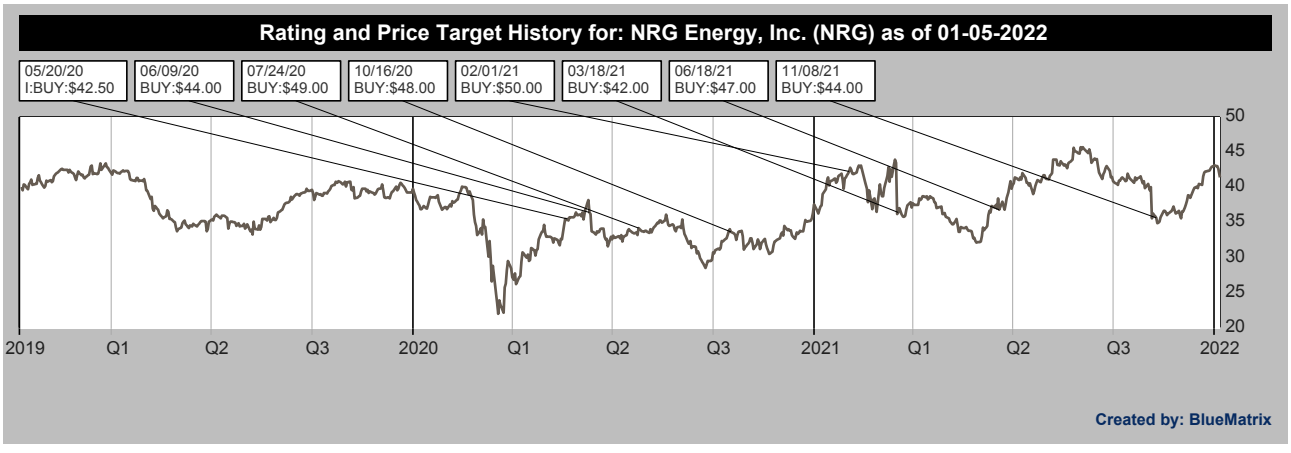

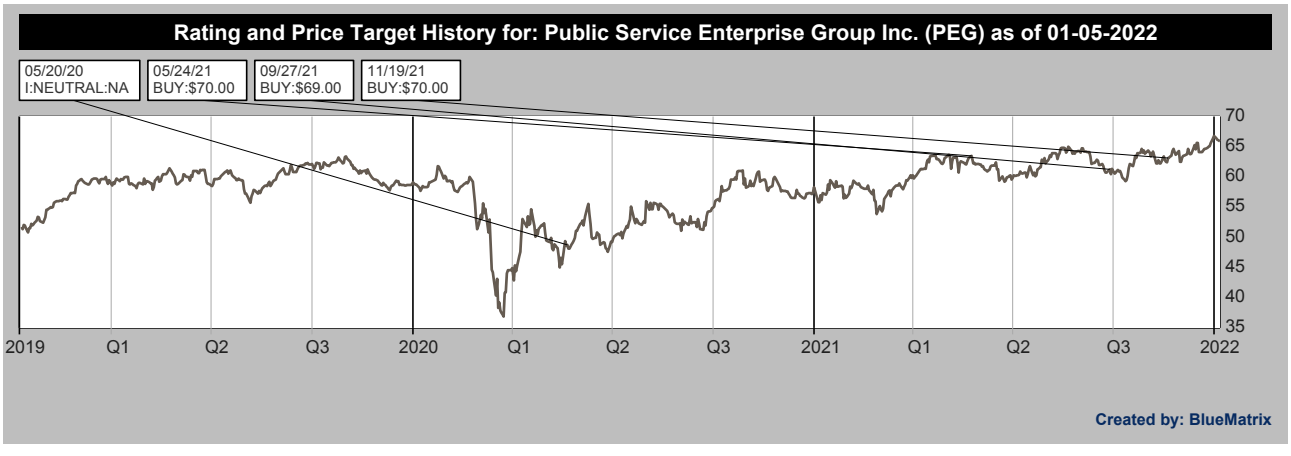



Please contact Seaport Global Securities LLC, for important disclosure information for covered companies. Contact the Director of Equity Research at (949) 274-8052 or write to Seaport Global Securities LLC, 600 Anton Boulevard, Suite 1700, Costa Mesa, CA 92626.
Clients should also refer to https://sgsecurities.bluematrix.com/sellside/Disclosures.action for price charts, as well as specific disclosures for covered companies.

Explanation of Ratings

Seaport Global Securities analyst ratings include (effective Feb. 1, 2017):

Buy - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Prior to Feb 1., 2017, Seaport Global Securities analyst ratings included:

Buy - The investment outlook and risk/reward over the following 12 months are very favorable on an absolute basis and relative to the peer group.
Speculative Buy - The investment outlook over the following 12 months is very favorable on an absolute basis and relative to the peer group, however, there is higher than average risk associated with the investment that could result in material loss.
Accumulate - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Reduce - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are very unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Ratings Distribution

	Research Coverage		Investment Banking Clients*		
Rating	Count	% of Total	Count	% of Total	% of Rating Category
Buy	145	62.2%	13	92.9%	9.0%
Neutral	87	37.3%	1	7.1%	1.1%
Sell	1	0.4%	0	0.0%	0.0%
Total	233	100.0%	14	100.0%	6.0%

*Investment banking clients are companies for which Seaport Global Securities LLC provided investment banking services to in the last 12 months.

Note: Ratings Distribution as of December 31, 2021

Seaport Global Securities LLC is a U.S. registered broker-dealer, member FINRA and SiPC. Seaport Research Partners LLC is a registered investment advisor. This material has been prepared by Seaport Research Partners, which provides brokerage services as a division (dba Seaport Research Partners) of Seaport Global Securities LLC, and provides investment advisory services through Seaport Research Partners LLC. Seaport Global Securities LLC and Seaport Research Partners LLC are subsidiaries of Seaport Global Holdings LLC. Seaport Global Securities LLC and Seaport Research Partners LLC employ appropriate expertise, and in the belief that it is fair and not misleading. Seaport Global is the global brand name for Seaport Global Securities LLC ("SPGS") and its affiliates worldwide. Information, opinions or recommendations contained in the reports and updates are submitted solely for advisory and information purposes. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified. Therefore, we cannot guarantee its accuracy. Additional and supporting information is available upon request. This is neither an offer nor solicitation of an offer to buy or sell any security or investment. Any opinions or estimates constitute our best judgment as of this date, and are subject to change without notice. Not all products and services are available outside of the US or in all US states. © 2022. Seaport Global Securities LLC. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of SPGS. SPGS specifically prohibits the re-distribution of this report, via the Internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.

For Canadian Investors:

Seaport Global Securities LLC, is not registered in Canada, but relies on the International Dealer Exemption in each province. This report was not prepared in accordance with Canadian research disclosure requirements. The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

For UK and European Investors:

MARKETING COMMUNICATION

The Seaport Group Europe LLP (“SGE”) and Sea Port Group Securities (Europe) LLP (“SPGSE”) are authorized and regulated by the Financial Conduct Authority. Due to their size and structure, their analysts may represent the interests of the firm or of companies referred to in its research. As a result, SGE or SPGSE does not hold its research out as being impartial. This research is non-independent and is classified as a Marketing Communication under the FCA’s rule COBS 12.2.18. As such it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research in COBS 12.2.21. However, SGE and SPGSE have adopted internal procedures which prohibit employees from dealing ahead of the publication of non- independent research, except for legitimate market making and fulfilling clients’ unsolicited orders.

Analysts may forward a draft copy of the non-independent research, prior to publication, to the subject company in order to verify facts. Where such verification is sought, the analyst must remove any rating or investment summary from the non-independent research prior to forwarding it to the subject company. Any subsequent amendments to the non-independent research are to correct factual inaccuracies only. Any matters of judgment are the author's own and our analysts will not amend the non-independent research on the basis of an issuer's contrary view.

Price targets or Projections

Price targets or projections, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target or projection may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimate. Past performance is not indicative of future performance.

DISCLAIMERS

This material is: (i) for your private information, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any investments or other related financial instruments in any jurisdiction where such offer or solicitation would be illegal; and (iii) is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Opinions expressed are current opinions as of the original publication date appearing on this material only and the information, including the opinions contained herein, are subject to change without notice. Members of Seaport Global may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, members of Seaport Global, and / or its officers, directors and employees, may, from time to time, have long or short positions in, and buy or sell, the investments, securities, derivatives (including options) or other related financial instruments thereof, of companies mentioned herein, or related investments, securities, derivatives or other related financial instruments. In addition, members of Seaport Global may act as a market maker and principal, willing to buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein. Further, members of Seaport Global may buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. SGE, SPGSE and other non-US members of Seaport Global, their officers, directors and employees may, to the extent it relates to non-US issuers and is permitted by applicable law, have acted upon or used this material immediately following, its publication.

The securities described herein may not have been registered under the U.S. Securities Act of 1933 (“ACT”) , and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act.

Unless governing law permits otherwise, you must contact a Seaport Global entity in your home jurisdiction if you want to use our services in effecting a transaction in the investments, securities or other related financial instruments mentioned in this material.

This publication has been approved for distribution in the United Kingdom by The Seaport Group Europe LLP and Sea Port Group Securities (Europe) LLP, which are authorized and regulated by the Financial Conduct Authority (FCA). It is intended only for investors who are professional clients and eligible counterparties as defined by the FCA, and may not, therefore, be redistributed to other classes of investors.

The Seaport Group Europe LLP, Sea Port Group Securities (Europe) LLP and other Seaport Global entities manage conflicts identified through the following: their Information Barrier Wall, confidentiality and conflicts of interest policies, maintenance of a Restricted List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of investments, securities or other related financial instruments and disclosure to clients via client documentation.

KeyBanc Capital Markets

January 06, 2022

Energy: Electric Utilities

Company Update / Estimates Change

Exelon Corporation

EXC: Analyst Day Preview

EXC will host separate analyst events next week (1/10 and 1/11) ahead of the spin-off of its merchant business Constellation (CEG). We expect to hear managements' thoughts on strategic positioning, growth targets and drivers for both businesses going forward. We present our thoughts on the positioning and financial outlook for both companies below.

Key Investment Points

Post split, EXC and CEG will have different risk profiles and eventually a different ownership base: We expect EXC will be treated by the market as an average or above-average utility, given its multi-state jurisdictional presence in mature markets, industry-average average ROEs with minimized regulatory lag due to contemporaneous recovery mechanisms, etc. CEG, on the other hand, is likely to have a riskier profile due to its exposure to potentially volatile power markets and regulatory uncertainty around Federal subsidies for its nuclear power plants. As a result, we expect to see in the near term a meaningful ownership rotation, creating potential volatility in CEG shares out of the gate.

What are the shares pricing in? We believe that post-split, the shares of EXC should trade in line with similarly positioned regional peers (AEE, CMS, DTE etc.), that is in the 20-22x P/E range, implying $48/share valuation post-split. That in turn implies that at the current valuation, the market is valuing CEG at ~4.5x EV/EBITDA (see pg 2 for math) - which is a considerable discount to pure-play IPP peers VST and NRG that trade at 6.8x and 8.4x 2022 EV/EBITDA, respectively.

CEG's embedded valuation looks inexpensive, but future upside is highly speculative, in our view: Even though CEG looks inexpensive vs. peers, some discount is warranted given comparatively lower quality of CEG's portfolio. We expect some volatility immediately post-spin as some EXC holders rotate out of CEG shares, and can envision a scenario where the shares could temporarily trade at an even wider discount to peers, prompting whether CEG could be a buy on the spin-off dip story. As it stands right now, future upside catalysts could come from improved power markets dynamic and/or the passage of federal nuclear subsidies (included in the draft of BBB). However, with power markets already at a multi-year peak and natural gas curves coming down, and with BBB currently dead in the water, we see future upside as speculative at this juncture.

Both entities appear well-capitalized post-split, though EXC's metrics bear close watching based on our preliminary math: We expect capitalization of both entities to be an important point of discussion at the analyst day, given EXC's commitment to maintaining IG for both. Our preliminary math suggests strong metrics for both, though we see ~13% FFO/Debt for EXC, which leaves little headroom against typical downgrade thresholds (see page 2). *Continued on page 2...*

Estimates

FY ends 12/31	F2020A	1Q21A	2Q21A	3Q21A	4Q21E	F2021E	F2022E
EPS (Net)	**$2.80**	**$(0.06)**	**$0.89**	**$1.09**	**$0.88**	**$2.80**	**$3.14**
Cons. EPS	--	--	--	--	*$0.88*	*$2.79*	*$3.32*
Previous	--	--	--	--	--	$2.79	$3.09
Revenue (M)	**$33,039.0**	**$9,890.0**	**$7,915.0**	**$8,910.0**	**$8,579.8**	**$35,294.8**	**$35,482.4**
Previous	--	--	--	--	$8,572.0	$35,287.0	$35,418.6
Valuation							
P/E	20.4x	--	--	--	--	20.4x	18.1x

Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

Sophie Karp / (917) 368-2361
sophie.karp@key.com

Sangita Jain, CFA / (917) 368-2354
sangita.jain@key.com

Michael Pelletier / (917) 368-2306
michael.pelletier@key.com

NYSE: EXC	
Rating:	**Sector Weight**
Price Target:	**NA**
Price:	**$56.97**

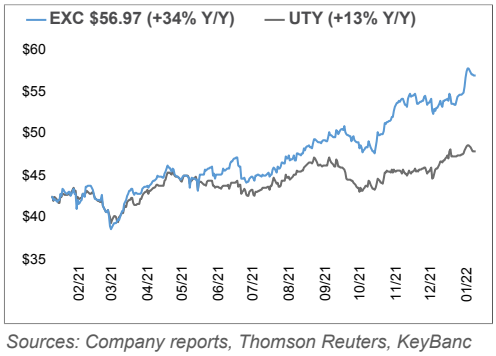

Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

Company Data

52-week range	$38 - $58
YTD Price % Chg.	(1.3)%
Market Cap. (M)	$55,460.3
Shares Out. (M)	973.50
Enterprise Value (M)	$74,589.3
Avg. Daily Volume (30D)	9,483,138.0
Annual Dividend	$1.53
Dividend Yield	2.7%
Shares Traded (hidden)	9,483,138.000
CRISPnum	21,786,273
Float	975.64
Total Debt (M)	$26,761.0
Total cash & equivalents (M)	$7,606.0
Minority interest	$(26.0)
Book Value/Share	$25.55
Under Bear	(100.0)%
Under Bull	(100.0)%
Implication	Neutral

Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.

KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Valuation

Exelon Corporation (EXC)
Based on a stock price of $56.97 and our 2022E EPS of $3.14, shares of EXC are trading at a P/E ratio of ~18x, in line with Integrated Utilities trading at ~18x. We view shares as essentially fairly valued at these levels and assign a Sector Weight rating.

Investment Risks

Exelon Corporation (EXC)
EXC's regulated utilities are exposed to a number of risks, including regulatory risk in its jurisdictions and on the federal level, weather variations affecting electricity demand and the reliability of its system, interest rate risk affecting its cost of capital, and macroeconomic risk as underlying economic activity affects demand for electric power and gas. In addition, through its ownership of merchant power plants, EXC is exposed to risks associated with the fluctuation of wholesale electricity prices in its load zones, as well as potential changes in future capacity prices in PJM and other ISOs where the Company operates. Should the impacts of these risks be greater than we currently anticipate, the Company and the shares may underperform relative to our expectations. Conversely, should the impact of these risks be less than currently anticipated, the Company and the shares may outperform relative to our current expectations.

....continued from page 1

Adjusting estimates: We make modest changes to our estimates to account for updated power prices and other fine-tuning.

Valuing EXC and CEG individually: With the disclaimer that our math is likely rudimentary based on limited detail, we provide an initial look at how EXC and CEG valuations may appear at the time of the split. Our valuation assumes that CEG holders will receive 1 CEG share for every 3 EXC shares outstanding and that EXC will add $1.75B of debt to fund the cash payment to CEG as part of the settlement agreement and have assumed that same $1.75B as a reduction in CEG's net debt.

Figure 1 - Valuing EXC and CEG Equity at Split

EXC (Consolidated)	2022E
Current Consolidated EPS	3.14
Current Stock Price	**$56.97**
Current PE Multiple ('22E)	***18.1x***

EXC (Utility)	2022E
Remain Co EPS (2022E)	2.29
Assumed PE Multiple	**21.0x**
Implied Stock Price at Split	***$48.00***

CEG (Merchant SpinCo)	2022E
Current Equity Value	55,774
Utility Implied Equity Value (at 21x)	46,992
Residual Equity Attributed to CEG	8,782
CEG Net Debt	3,741
CEG Enterprise Value	12,523
CEG Implied EV/EBITDA at Split	**4.5x**
Implied Stock Price at Split	***$27.00***

Source: KBCM Estimates, Company Reports

Previewing the debt metrics for EXC and CEG ahead of the split: While we expect more details on the proposed split at the analyst days and would adjust our math accordingly, our preliminary attempt to analyze both entities credit metrics is presented below. Both entities appear well capitalized at split, with CEG boasting particularly conservative leverage metrics, which is appropriate given its risk profile. For EXC, ~13% FFO/Debt is close to the IG threshold - though we acknowledge that our math is not precise at this juncture and will wait for management's calculation and adjustments to this metric. Nonetheless, little headroom to IG at EXC will likely raise questions on potential future equity needs at the Utility, depending on the size and cadence of its capex program going forward.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 2 - Proforma Debt Metrics for EXC and CEG

EXC (Consolidated)	2022E
FFO	**6,629.8**
Net Debt (3Q21 Proforma)	**38,613.0**
FFO/Debt	***17.2%***

EXC (Utility)	2022E
FFO	**4,476.7**
Net Debt (3Q21 Proforma)	
Utility Debt	25,697.0
Parent Debt	8,425.0
Debt Assumed for Payment to CEG	1,750.0
Utility Cash	(892.0)
Parent Cash	(108.0)
Net Debt (3Q21 Proforma)	**34,872.0**
FFO/Debt	***12.8%***

CEG (Merchant SpinCo)	2022E
EBITDA	**2,781.6**
Net Debt (3Q21 Proforma)	
Constellation Debt	7,189
Constellation Cash	(3,448)
Net Debt (3Q21 Proforma)	**3,741.0**
Net Debt/EBITDA	***1.3x***

Source: Source: KBCM Estimates, Company Reports
Note: Our math is notional and based on proforma estimates and thus does not precisely match our published estimates.

Expect ownership rotation due to different risk profiles of EXC and CEG: We expect that creation of two separate companies will likely lead to some ownership rotation in the shares. EXC will emerge as a pure play utility with well-defined return parameters given its regulated asset base within a contained geographical territory. CEG, on the other hand will emerge as a pure play merchant generator leveraged to unregulated power markets, merchant power prices and the regulatory outcomes, particularly as it relates to nuclear policy. In the table below we summarize the key elements that will drive share price performance for both stocks.

Figure 3 - Primary Drivers of Stock Price Performance

	Primary Drivers for Stock Price Performance
EXC	Multi Year Capital Plan
	Regulatory Environment in key States - IL, PA, MD, DE
CEG	Merchant Power Price Trends
	Federal and State Regulations especially for Nuclear

Source: KBCM

What is Constellation Energy? EXC's spinco, Constellation Energy will be the largest merchant power company with 33 GW of generating capacity (~60% nuclear, 30% fossils — primarily natural gas and the balance as renewables). Constellation will also become the owner of the Constellation Technology Ventures' Portfolio, EXC's venture investments in energy tech companies. The Company also owns a network of gas assets that serve residential and C&I customers and also serves as a fuel source for its natural gas units and for the Everett LNG Terminal.

Figure 4 - Generation Output by Supply Source (at YE20)

Generation Output	GWh	%
Nuclear	175,085	62%
Fossil (primarily natural gas)	19,501	7%
Renewables	7,052	3%
Purchased Power	79,972	28%
Total	281,610	

Source: Company Filings

Figure 5 - Generation Output by Region and Source

		Generation Fleet within an ISO/RTO		
ISO/RTO	% of Gen Fleet	Nuclear	Renewables	Fossils
PJM	65%	78%	9%	13%
ERCOT	12%		3%	97%
NYISO	6%	100%		
Other (CAISO, ISO-NE, MISO, SPP etc)	17%	20%	20%	60%

Source: Company Filings

We expect to hear about the potential avenues for growth at Analyst Day: We expect that Constellation will benefit from load growth through electrification given its broad footprint of generation assets nationally. On the acquisition front, it may be the only natural buyer for PEG's nuclear assets should PEG decide to divest at any point. Constellation is already a partner with PEG at Salem (NJ) and Peach Bottom (PA) — two of the three nuclear units that PEG is an owner of.

Zero carbon generation is gaining momentum — as evidenced by provisions in the BBB: Given the urgency to decarbonize the grid, nuclear power may see more respect than in the recent past. Constellation will emerge as the owner of ~50% of unregulated nuclear capacity in the country and with increased realization that existing nuclear may be the fastest way to get to a decarbonized grid by 2035, federal and state policies may trend toward being more accommodating. Recent examples include the renewal of ZECs in NJ and comprehensive energy legislation in IL that prevented the shutdown of the Dresden and Byron plants at the very last minute. However, both the NJ ZECs and the contract for difference mechanism included in the IL carbon credit framework are short-term measures enacted as states wait for a more durable federal framework to emerge and sentiment will hinge crucially on whether a federal solution can be achieved, within or outside the BBB framework. See our note here on the BBB that includes the provisions for existing nuclear units; our note here on the NJ ZEC renewal and here on the IL legislation.

Power are higher than recent history, at least for now: The rise in natural gas prices over the course of 2021 has led wholesale power prices higher. Sustained higher power prices, especially in combination with state/federal incentives would help stabilize the economics of CEG's nuclear portfolio, which currently relies on the patchwork of state-specific incentives. Overall inflationary trends are helping to keep commodity prices elevated, and it is worth watching these trends as 2022 evolves.

As for the regulated utility, "boring is good": On the regulated front, EXC continues to manage efficiently across its multiple utilities through the current inflationary phase with long-term labor contracts and maximizing synergies across the various entities to maintain cost efficiencies. We expect that management will highlight the growth in T&D investments as the large metropolitan areas in EXC's territories move toward increased electrification and EV adoption. The recently adopted IL legislative framework will change rate making in the state - moving the ROE away from a link to the 30-year treasury to one determined by the Commission. Several details still need to be worked out, including the bands for PBR, but EXC would be eligible to file the first MYRP if it so chooses in January 2023. We expect that at the analyst day, management will provide more color on the IL legislation and how it is likely to affect rate making for EXC in the state.

Recent Research -

EXC: IL Legislation Signed; EXC Looks at BBB for Long-Term Nuclear Solution

AEE, EXC: IL Legislation — Something for Everyone

Midweek Thoughts - Nuclear Edition: IL Nuclear Stalemate, Federal Initiatives; EXC as a Nuclear PTC Call Option

EXC: Spin on Target; Nuclear Relief Elusive

EXC: Winter Storm Delivers a Blow; Continuing to Navigate Regulatory Uncertainty; Remain SW

EXC: Throwing in the Towel

Figure 6 - Summary Model

EXC SUMMARY EARNINGS MODEL

$mm except per share data	2019A	2020E	1QA	2QA	3QA	4QE	2021E	2022E	2023E	2024E	2025E
INCOME STATEMENT ITEMS											
Revenues:											
Regulated	28,691.0	27,136.0	8,355.0	6,398.0	7,121.0	7,236.6	29,110.6	29,433.9	29,821.2	30,162.7	30,546.5
Non-Regulated	5,747.0	5,903.0	1,535.0	1,517.0	1,789.0	1,343.2	6,184.2	6,048.5	6,182.5	6,406.0	6,584.7
Total	**34,438.0**	**33,039.0**	**9,890.0**	**7,915.0**	**8,910.0**	**8,579.8**	**35,294.8**	**35,482.4**	**36,003.7**	**36,568.7**	**37,131.2**
Expenses:											
Fuel	15,496.0	14,103.0	5,968.0	3,016.0	3,033.0	3,943.0	15,960.0	16,830.0	16,830.0	16,830.0	16,830.0
Purchased Power	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Cost of Sales											
Operating & Maintenance	8,616.0	9,408.0	1,979.0	2,447.0	1,992.0	1,582.4	8,000.4	7,976.3	7,966.2	7,956.2	7,946.1
Depreciation & Amortization	4,252.0	5,013.0	1,697.0	1,666.0	1,624.0	1,284.5	6,271.5	3,631.8	3,851.9	4,072.2	4,292.9
Taxes other than Income	1,732.0	1,714.0	438.0	432.0	468.0	286.4	1,624.4	1,587.7	1,600.1	1,612.6	1,625.2
Other Operating Costs	(18.0)	(24.0)	(71.0)	(12.0)	0.0	0.0	(83.0)	0.0	0.0	0.0	0.0
Operating Income	**4,360.0**	**2,825.0**	**(121.0)**	**366.0**	**1,793.0**	**1,483.5**	**3,521.5**	**5,456.6**	**5,755.6**	**6,097.7**	**6,437.0**
Other Income/(Expenses)	1,228.0	1,144.0	225.0	581.0	10.0	0.0	816.0	0.0	0.0	0.0	0.0
Interest Charges	1,616.0	1,636.0	386.0	396.0	397.0	387.6	1,566.6	1,560.9	1,649.7	1,728.4	1,808.3
EBT	**3,972.0**	**2,333.0**	**(282.0)**	**551.0**	**1,406.0**	**1,095.9**	**2,770.9**	**3,895.7**	**4,105.9**	**4,369.4**	**4,628.7**
Income Taxes	773.0	373.0	(18.0)	74.0	174.0	230.1	460.1	818.1	862.2	917.6	972.0
Other Income/(Expenses)	(104.0)	4.0	(26.0)	(76.0)	(29.0)	0.0	(131.0)	0.0	0.0	0.0	0.0
Net Income, GAAP	**3,095.0**	**1,964.0**	**(290.0)**	**401.0**	**1,203.0**	**865.8**	**2,179.8**	**3,077.6**	**3,243.7**	**3,451.8**	**3,656.6**
Non-Operating Adjustments	(203.0)	(767.0)	(223.0)	(468.0)	133.0	0.0	(558.0)	0.0	0.0	0.0	0.0
Adjusted Net Income	**2,892.0**	**1,197.0**	**(513.0)**	**(67.0)**	**1,336.0**	**865.8**	**1,621.8**	**3,077.6**	**3,243.7**	**3,451.8**	**3,656.6**
Adj. EPS	**$3.22**	**$2.80**	**($0.06)**	**$0.89**	**$1.09**	**$0.88**	**$2.80**	**$3.14**	**$3.31**	**$3.53**	**$3.74**
Utility EPS	$2.13	$2.01	$0.72	$0.50	$0.66	$0.43	$2.32	$2.51	$2.66	$2.83	$2.99
Adj. DPS	$1.45	$1.53	$0.40	$0.40	$0.40	$0.40	$1.61	$1.69	$1.77	$1.86	$1.95
Payout Ratio to Utility EPS	45.0%	54.7%	(685.6%)	45.2%	36.8%	45.5%	57.4%	53.7%	53.5%	52.7%	52.3%

$mm except per share data	2019A	2020A	2021E	2022E	2023E	2024E	2025E
CASH FLOW ITEMS							
Operating Cash Flows	6,659	4,235	6,385	7,101	7,487	7,916	8,341
Capex	(7,248)	(8,048)	(7,927)	(8,225)	(8,500)	(8,525)	(8,525)
LT Debt Issued / (Repayed)	1,320	1,728	3,769	2,385	2,380	2,411	2,411
Equity Issued / (Buybacks)	112	45	63	0	0	0	0
Dividend	(1,408)	(1,492)	(1,515)	(1,651)	(1,734)	(1,821)	(1,912)
FFO	8,808	8,481	9,910	7,177	7,563	7,991	8,417
BALANCE SHEET ITEMS							
Cash	945	1,101	5,578	5,123	4,616	4,557	5,433
Net PP&E	80,233	82,584	83,410	87,536	91,717	95,702	99,467
Total Assets	124,977	129,317	135,349	139,495	143,844	148,447	153,163
Debt	37,799	39,333	43,046	45,431	47,811	50,222	52,633
Common Equity	32,224	32,585	35,228	36,989	38,959	41,150	43,455
Total Capitalization	70,023	71,918	78,274	82,420	86,769	91,372	96,088
Net Debt	37,212	38,670	37,940	40,381	42,667	44,538	46,073
LEVERAGE METRICS							
Debt / Capital	54.0%	54.7%	55.0%	55.1%	55.1%	55.0%	54.8%
FFO/Debt	23.3%	21.6%	23.0%	15.8%	15.8%	15.9%	16.0%

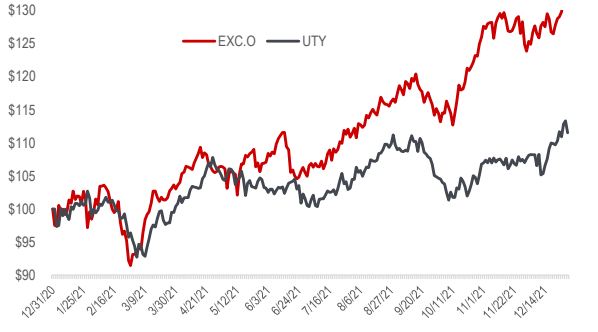

Rating	Sector Weight
Price Target	N/A
Dividend Yield	2.8%
Price Return	N/A
ETR	2.8%

Earnings vs. Expectations History

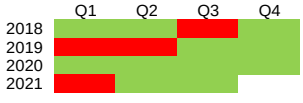

Source: KBCM Estimates and Company Filings, Thomson Reuters
Note: Results presented cannot and should not be viewed as an indicator of future performance.
Important disclosures for the subject company of this model can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Source: Company Reports, KBCM Estimates

Disclosure Appendix

Important Disclosures

Exelon Corporation - EXC

We have managed or co-managed a public offering of securities for Exelon Corporation within the past 12 months.

Exelon Corporation is an investment banking client of ours.

We have received compensation for investment banking services from Exelon Corporation during the past 12 months.

We expect to receive or intend to seek compensation for investment banking services from Exelon Corporation within the next three months.

During the past 12 months, Exelon Corporation has been a client of the firm or its affiliates for non-securities related services.

As of the date of this report, we make a market in Exelon Corporation.

Current analyst Sophie Karp assumed coverage on June 4, 2019. Rating and price target activity prior to that date was the work of a previous analyst.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History

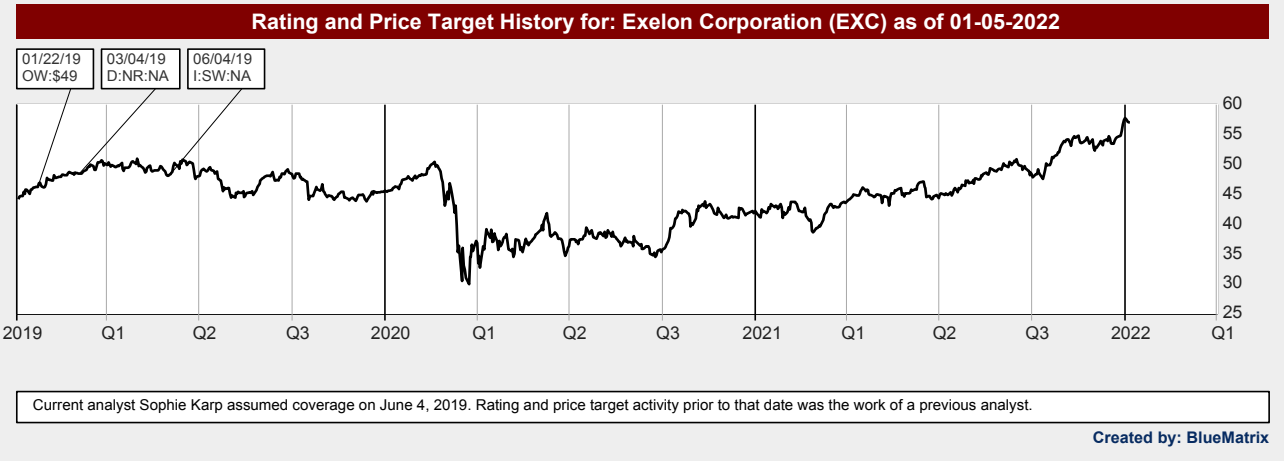

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	351	54.67	122	34.76
Sector Weight [SW]	282	43.93	66	23.40
Underweight [UW]	9	1.40	2	22.22

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	34	53.97	16	47.06
Sector Weight [SW]	27	42.86	16	59.26
Underweight [UW]	2	3.17	2	100.00

Disclosure Appendix (cont'd)

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

EXC: Analyst Day Preview-Reiterate Overweight (Wells Fargo Securities) - 9 Pages

There was an error processing this document. It has been excluded from the final PDF.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AWK	184.14	Neutral
EXC	57.07	Neutral
PCG	12.21	Buy

Power & Utilities January 4, 2022

The Guggenheim Daily Transmission: AWK, EXC, PCG, Policy/BBB

For details on our Guggenheim Hosted Client Utility Events, and more, scroll down…

AWK – AWK closes sale of NYAW

EXC – Exelon sets dates for separation investor days

PCG – PG&E disputes probation violations related to the Kincade and Zogg; Probation Judge considers extending probation

PCG – PG&E works through winter storm activity this week

BBB – Hydrogen tax credit hangs in balance as Dems aim to revive Build Back Better

AWK – AWK closes sale of NYAW

- "American Water Works Company, Inc. (NYSE: AWK), the largest publicly traded U.S. water and wastewater utility company, today announced the close of the sale of its regulated operations in New York to a subsidiary of Liberty Utilities Co. ("Liberty"), the regulated utility operating subsidiary of parent company Algonquin Power & Utilities Corp. [AQN], for a purchase price of $608 million in cash." – AWK
- More HERE

Guggenheim takeaway: *As we expected following the settlement and DPS approval. See our prior AWK thoughts HERE.*

EXC – Exelon sets dates and times for RemainCo and Constellation investor days

- "Exelon Corp. (Nasdaq: EXC) today announced that it will host virtual investor and analyst events to highlight the post-separation business strategies for Exelon and Constellation.
- Exelon's event will be held on Jan. 10, 2022, beginning at 12 p.m. Central Time, 1 p.m. Eastern Time and ending at approximately 3 p.m. Central Time, 4 p.m. Eastern Time.
- Constellation's event will be held on Jan. 11, 2022, beginning at 7:30 a.m. Central Time, 8:30 a.m. Eastern Time and ending at approximately 11 a.m. Central Time, 12 p.m. Eastern Time." - EXC
- More HERE

Guggenheim takeaway: *For your calendars and stay tuned…*

PCG – PG&E disputes probation violations related to the Kincade and Zogg; Probation Judge considers extending probation

- PG&E disputed probation violations related to the Kincade and Zogg in San Francisco Superior Court yesterday.
- Federal probation judge William Alsup expressed frustration with PG&E and put the option of extending the probation in front of the US attorney's office.
- Media here.

Guggenheim takeaway: *FYI. The probation process has been contentious with a lot of back and forth between monitors, the judge and PG&E. It is unclear whether there is enough desire and jurisdiction to extend the probation as it was originally contemplated from the San Bruno gas explosion and now moved into an entirely different direction. Beyond the federal probation, PG&E is under enhanced oversight from the CPUC.*

PCG – PG&E works through winter storm activity this week

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

- PG&E is working through 25,000 outages in the Sierra service territories impacted by the winter storm activity this week.
- Media here.

Guggenheim takeaway: *FYI. A test of storm restoration for PG&E, with early results being constructive, but at the same time demonstrating the diversity and challenges of the PG&E geography.*

BBB – Hydrogen tax credit hangs in balance as Dems aim to revive Build Back Better

- "***Failure could throttle utilities' plans…***The House-passed bill included a PTC of $3 per kilogram for hydrogen production with near-zero emissions, with smaller incentives for higher-emissions output. The formula would advantage green hydrogen, which is produced using zero-carbon electric power or heat, chiefly through electrolysis. It would also support blue hydrogen production from natural gas capable of achieving high carbon capture rates." – article
- "If the PTC does not pass, something like a renewable portfolio standard for hydrogen or carbon pricing present other options to drive demand, Kramarchuk said. However, tax credits have historically been more politically palatable than carbon pricing, Kramarchuk noted. The bipartisan infrastructure bill included $9.5 billion in support for hydrogen, including $8 billion to establish regional hydrogen hubs. The DOE is also investing in bankable hydrogen projects and supporting research and development." – article
- More HERE

Guggenheim takeaway: *FYI, focus intensifies as the Senate reconvenes.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim's Power & Utility Comp Sheet

Updated as of 1/3/2022

									Guggenheim						Consensus		
Regulated Electric Utilities [1]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	Earnings Per Share '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E	Price / Earnings '21E	'22E	'23E
AEE	Ameren	22.7	Buy	$94	$88.58	2.3%	54%	258	3.85	4.02	4.31	23.0	22.0	20.6	23.1	21.9	20.4
AEP	American Electric Power	44.5	Buy	$98	$88.61	3.4%	64%	504	4.70	5.03	5.30	18.9	17.6	16.7	18.9	17.8	16.8
ALE	ALLETE	3.5	Neutral	$65	$66.42	3.9%	81%	53	3.18	3.85	3.98	20.9	17.3	16.7	21.1	17.0	16.4
AVA	Avista	3.0	Sell	$32	$42.28	4.0%	83%	71	2.04	2.04	2.47	20.7	20.7	17.1	20.8	20.6	17.1
CMS	CMS Energy	18.7	Neutral	$63	$64.71	2.7%	66%	290	2.65	2.88	3.14	24.4	22.5	20.6	24.4	22.6	20.7
D	Dominion	63.5	Buy	$89	$78.35	3.2%	65%	810	3.87	4.15	4.44	20.2	18.9	17.6	20.2	19.0	17.9
DTE	DTE Energy	23.0	Buy	$126	$119.18	3.6%	73%	194	5.92	5.95	6.19	20.1	20.0	19.3	20.2	20.1	19.0
DUK	Duke Energy	79.6	Buy	$115	$103.49	3.8%	76%	769	5.23	5.48	5.81	19.8	18.9	17.8	19.8	18.9	17.9
ED	Consolidated Edison	30.0	Neutral	$77	$85.13	3.7%	73%	354	4.25	4.42	4.63	20.0	19.3	18.4	20.1	18.9	18.0
EIX	Edison International	25.4	Buy	$74	$67.51	4.0%	61%	380	4.47	4.76	5.04	15.1	14.2	13.4	15.1	14.5	13.6
ES	Eversource Energy	30.6	Neutral	$87	$89.13	2.7%	63%	344	3.83	4.12	4.36	23.3	21.6	20.4	23.3	21.7	20.3
ETR	Entergy	22.3	Buy	$120	$111.40	3.5%	65%	201	6.01	6.33	6.79	18.5	17.6	16.4	18.7	17.6	16.6
EVRG	Evergy	15.6	Buy	$75	$68.16	3.2%	61%	229	3.57	3.48	3.78	19.1	19.6	18.0	19.2	19.3	18.1
FE	FirstEnergy	22.4	Neutral	NA	$41.24	3.8%	60%	570	2.60	2.60	2.71	15.9	15.9	15.2	15.9	16.6	15.7
HE	Hawaiian Electric	4.5	Sell	$36	$41.25	3.3%	69%	109	2.01	1.96	2.11	20.5	21.0	19.5	19.7	19.8	18.4
LNT	Alliant Energy	15.2	Neutral	$61	$60.85	2.7%	63%	250	2.64	2.72	2.87	23.0	22.4	21.2	23.1	22.2	21.0
NWE	NorthWestern	3.1	Neutral	$62	$56.83	4.4%	71%	55	3.51	3.59	3.81	16.2	15.8	14.9	16.1	16.6	15.5
PCG	PG&E Corporation	24.2	Buy	$17	$12.21	NA	NA	1985	1.03	1.13	1.25	11.9	10.8	9.8	12.1	11.1	9.8
PNW	Pinnacle West	7.8	Sell	$56	$69.79	4.9%	68%	113	5.00	4.20	4.41	14.0	16.6	15.8	13.5	17.1	16.1
POR	Portland General Electric	4.7	Buy	$54	$52.61	3.2%	61%	89	2.78	2.75	2.84	18.9	19.1	18.5	19.1	18.8	18.1
PPL	PPL Corporation	22.5	Buy	$32	$30.14	5.5%	146%	751	1.14	1.57	1.72	26.4	19.2	17.5	25.4	18.8	16.8
SO	Southern Company	72.1	Buy	$72	$68.17	3.8%	77%	1059	3.40	3.57	3.85	20.1	19.1	17.7	20.1	19.3	17.9
WEC	WEC Energy	30.2	Neutral	$92	$96.09	2.8%	66%	315	4.07	4.27	4.57	23.6	22.5	21.0	23.6	22.4	21.0
****Average (Excl. EIX, PCG, and PPL for P/E)***						**3.5%**	**67.9%**					**20.1**	**19.4**	**18.2**	**20.0**	**19.4**	**18.2**
Regulated Gas Utilities [2]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CPK	Chesapeake Utilities	2.5	Neutral	$123	$142.65	1.2%	36%	18	4.71	5.13	5.55	30.3	27.8	25.7	30.0	28.0	25.7
NI	NiSource	10.8	Buy	$27	$27.52	3.3%	66%	393	1.36	1.45	1.53	20.2	19.0	18.0	20.3	18.9	17.8
NJR	New Jersey Resources	3.9	Neutral	$39	$40.87	3.3%	63%	96	2.16	2.25	2.43	18.9	18.2	16.8	18.9	18.1	16.9
NWN	NW Natural Gas	1.5	Sell	$38	$48.77	4.0%	77%	31	2.50	2.64	2.73	19.5	18.5	17.9	19.2	18.6	17.8
OGS	ONE Gas	4.1	Neutral	$71	$77.13	3.0%	61%	54	3.85	4.06	4.36	20.0	19.0	17.7	20.1	18.8	17.8
SJI	South Jersey Industries	3.0	Buy	$28	$26.29	4.5%	73%	112	1.61	1.71	1.85	16.3	15.4	14.2	16.2	15.7	14.8
SR	Spire	3.4	Buy	$70	$65.23	4.1%	55%	52	4.86	3.83	4.20	13.4	17.0	15.5	13.4	16.4	14.9
Average						**3.3%**	**61.4%**					**18.1**	**17.8**	**16.7**	**18.0**	**17.8**	**16.7**
Integrated Utilities [3]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
EXC	Exelon	55.8	Neutral	$52	$57.07	2.8%	56%	978	2.80	3.28	3.38	20.4	17.4	16.9	20.5	17.1	16.6
PEG	PSEG	33.1	Buy	$68	$66.16	3.1%	56%	506	3.65	3.45	3.63	18.1	19.2	18.2	18.2	18.9	18.1
Average						**2.9%**	**56%**					**19.3**	**18.3**	**17.6**	**19.4**	**18.0**	**17.4**
Independent Power Producers (IPPs) [4]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
NRG	NRG Energy	10.5	Neutral	NA	$42.96	3.0%	-	245	2,450	2,087	2,286	7.4	7.9	6.8	8.2	7.7	7.2
VST	Vistra Energy	11.0	Buy	$25	$22.74	2.6%	-	483	1,990	3,125	3,379	9.9	6.1	5.4	11.1	6.6	6.3
Average												**8.6**	**7.0**	**6.1**	**9.7**	**7.2**	**NA**
Multi-Industry Utilities [5]		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
CNP	CenterPoint	17.4	Buy	$29	$27.62	2.2%	49%	629	1.26	1.36	1.47	21.9	20.3	18.8	19.1	19.4	18.2
NEE	NextEra	178.6	Buy	$90	$91.66	1.6%	56%	1962	2.56	2.77	2.95	35.8	33.1	31.1	36.3	33.4	31.1
OGE	OGE Energy	7.6	Buy	$39	$37.98	4.5%	78%	200	2.17	2.27	2.38	17.5	16.7	16.0	17.4	18.0	17.1
SRE	Sempra Energy	41.9	Buy	$167	$131.99	3.5%	57%	319	8.11	8.50	9.05	16.3	15.5	14.6	16.0	15.6	14.8
Average						**2.9%**	**60.1%**					**22.9**	**21.4**	**20.1**	**22.2**	**21.6**	**20.3**
Other		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AWK	American Water Works	33.2	Neutral	$153	$184.14	1.3%	56%	182	4.24	4.42	4.84	43.4	41.7	38.0	43.3	41.2	38.0
ALTO	Alto Ingredients, Inc.	0.4	Buy	$8	$5.18	-	-	73	0.59	0.77	0.79	8.8	6.7	6.6	15.2	6.5	6.6
REGI	Renewable Energy Group, Inc.	5.5	Buy	$77	$44.85	-	-	123	3.89	3.60	2.11	11.5	12.5	21.3	10.0	11.6	16.4
		Market Cap ($bn)	Rating	Target Price	Current Price	Dividend ('21E) Yield	Payout Ratio	Diluted Shares	'21E	'22E	'23E	'21E	'22E	'23E	'21E	'22E	'23E
AMRC	Ameresco, Inc. Class A	4.2	Buy	$67	$82.11	-	-	53	146	163	184	NA	NA	NA	NA	NA	NA
IEA	Infrastructure & Energy Alternati	0.9	Buy	$15	$9.50	NA	-	183	131	152	174	9.9	8.5	7.5	NA	NA	NA
NEP	NextEra Energy Partners	6.4	Buy	$88	$83.76	3.2%	-	77	1,532	1,660	1,775	8.1	7.6	7.1	13.1	11.6	11.1

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.
(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).
(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.
(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.
(5) Mult-Industry Utilities operate some combination of regulated electric and/or gas utilities, in addtion to substantial non-power unregulated activities (i.e. midstream, renewable development, energy trading, etc.).

Source: FactSet, Guggenheim Securities LLC estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Share Price Performance (Year-to-Date, Three-Month, & One-Month Trailing)

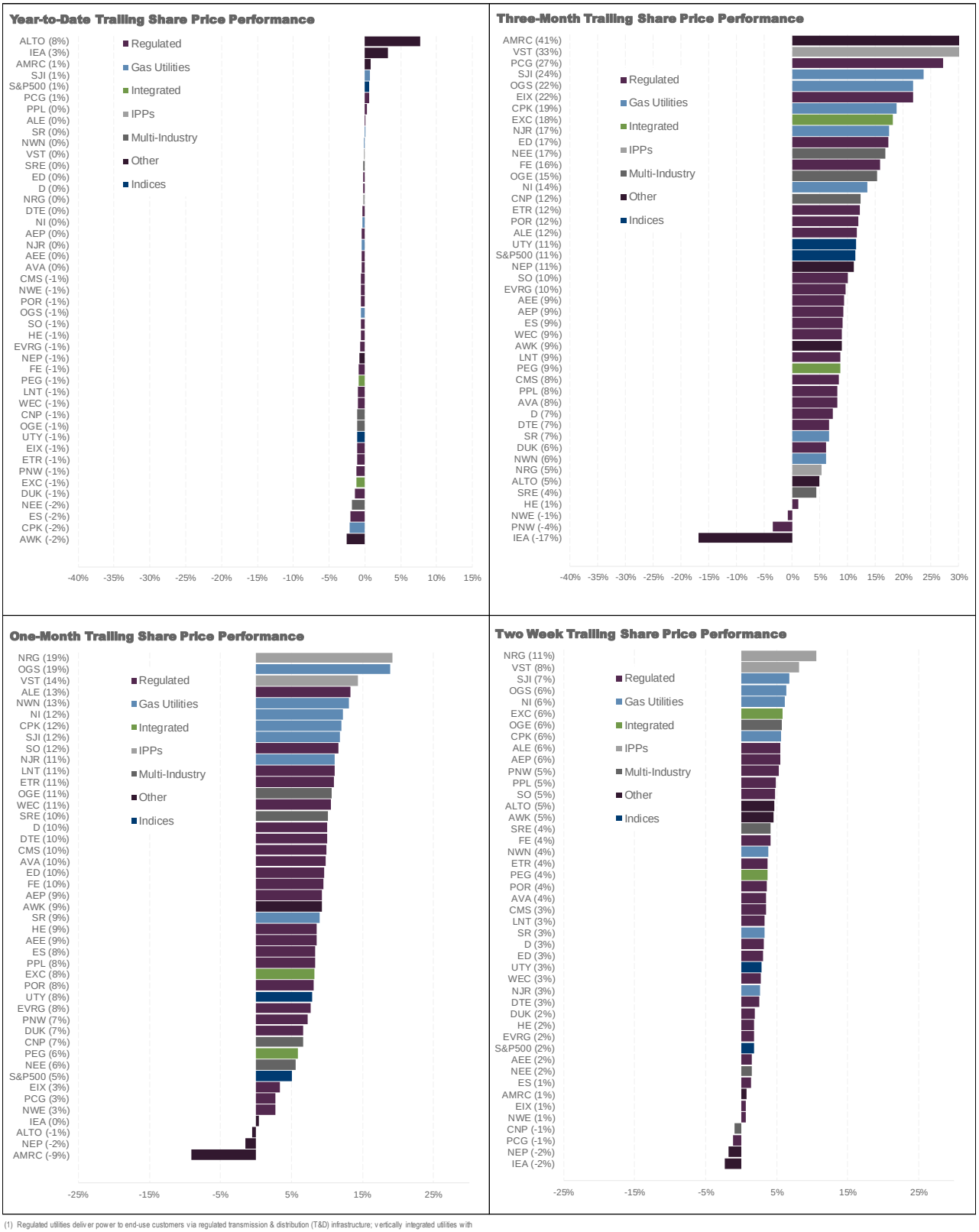

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: FactSet, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim 2021 Client and Corporate Access Utility Events

Ticker	Dates	Regions	Ticker	Dates	Regions
EIX	1/8	NYC	**SHLS**	6/1	Multiple
'21 Utilities Call	1/21 – 8:15AM ET	Call	**LNT**	6/2-6/3	Multiple
Investor Discussion	1/25 – 4:30PM ET	Virtual	**EVRG**	6/10	Multiple
PNW	1/26-1/27	Multiple	**NWE**	6/16	Multiple
SRE	1/27 – 4:30PM ET	Virtual	**ALE**	6/17	Multiple
WEC	2/16-2/17	Multiple	**DTE**	6/29	Multiple
DUK	2/18	Multiple	**PEG**	7/13-7/14	Multiple
D	2/19	NYC	**SRE**	7/15	Multiple
AWK	3/10	Multiple	**Investor Dinner**	8/2	NYC
PPL	3/23	West Coast	**EIX**	8/3	NYC
AEP	3/30	Multiple	**SO**	8/4	Multiple
VST	3/31	Multiple	**SO** (CEO Fireside)	8/13	Multiple
ETR	4/8	Multiple	**PNW**	9/2	Multiple
SR	4/15	Multiple	**NEE**	9/15-16	Multiple
PCG	5/5	Multiple	**REGI**	10/4	Multiple
CNP	5/10	Multiple	**ES**	10/7	Multiple
CMS	5/12-5/13	Multiple	**SJI**	10/21	Multiple
POR	5/12-5/13	Multiple	**EEI**	11/7-11/9	-
ARRY	5/14	Multiple	**ETR**	12/6-12/7	NYC/Boston
OGE	5/24	Multiple			

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Peak Load

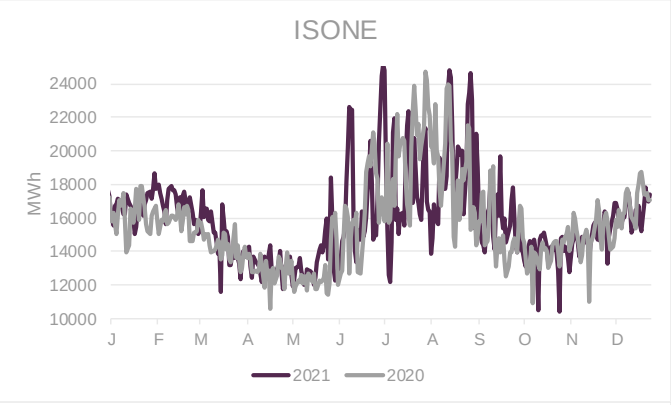

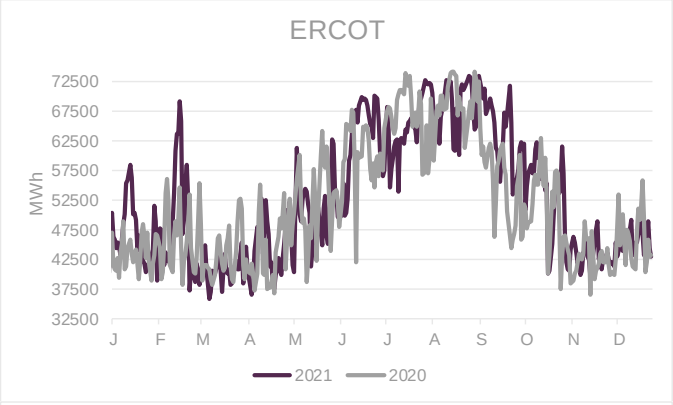

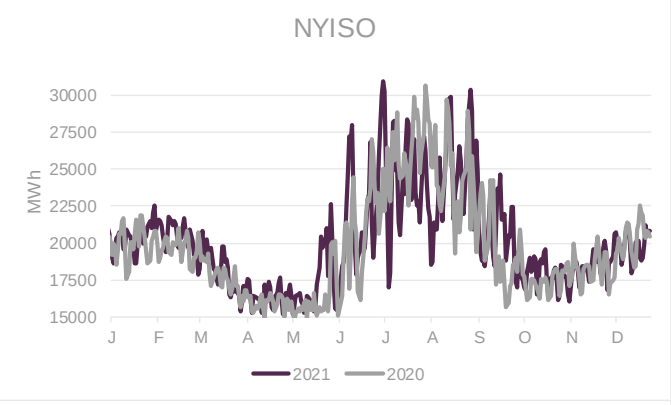

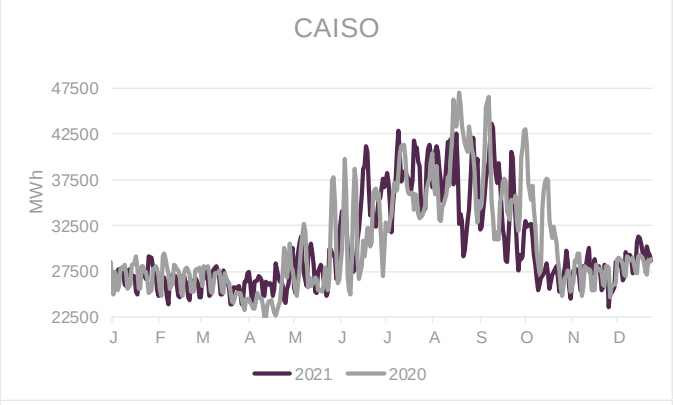

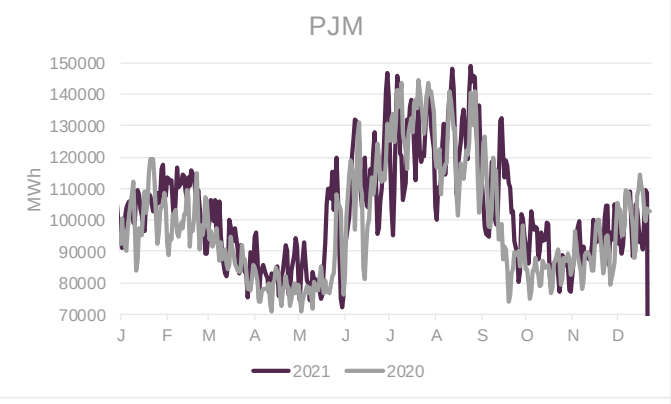

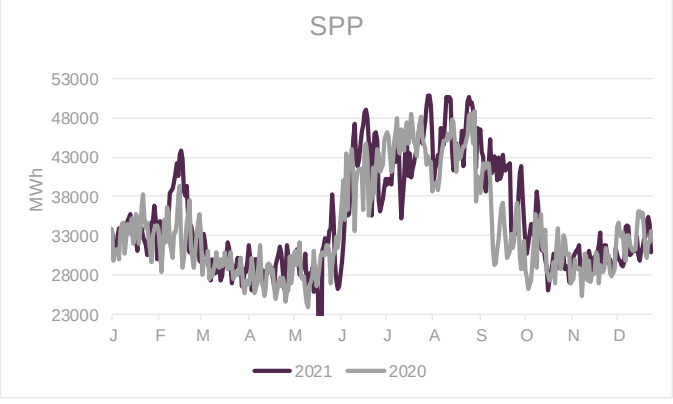

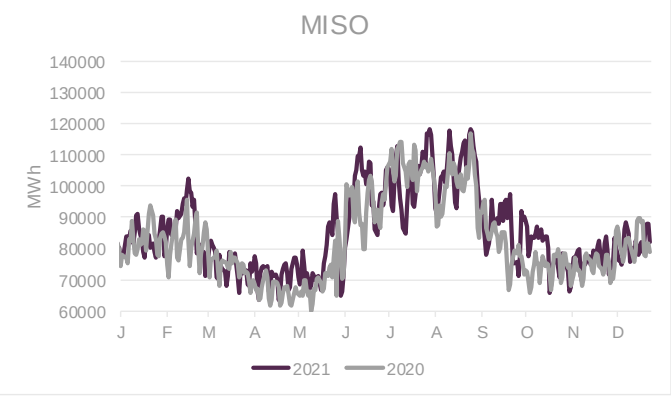

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
ISONE	-5.1%	0.1%	2.4%	2.4%	4.1%	6.2%
NYISO	-5.8%	-3.8%	0.0%	0.0%	2.5%	6.1%
PJM	-6.9%	-4.7%	-1.8%	-1.8%	5.4%	8%
MISO	-4.7%	-5.2%	-3.7%	-3.7%	4.3%	7.2%
CAISO	-1.7%	1.4%	3.2%	3.4%	-0.2%	4.0%
ERCOT	2.7%	1.7%	-4.1%	3.0%	3.1%	1.9%
SPP	-4.6%	0.0%	-4.4%	-4.4%	3.8%	3.2%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Generation and Mix

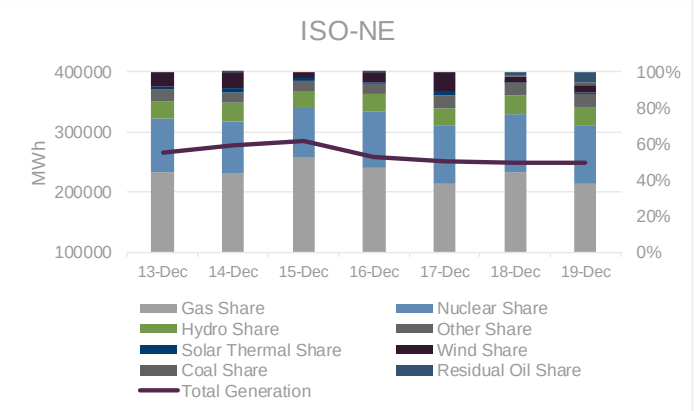

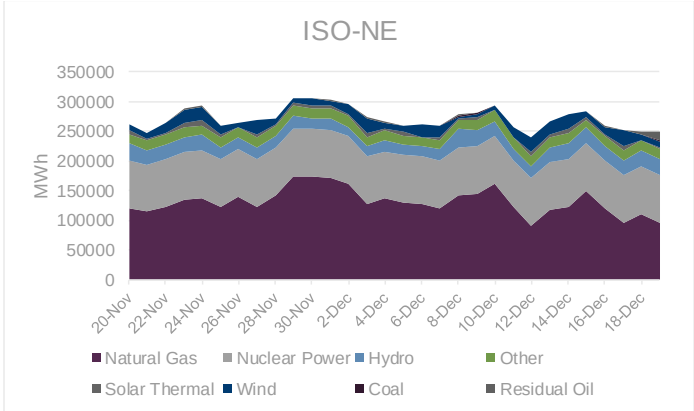

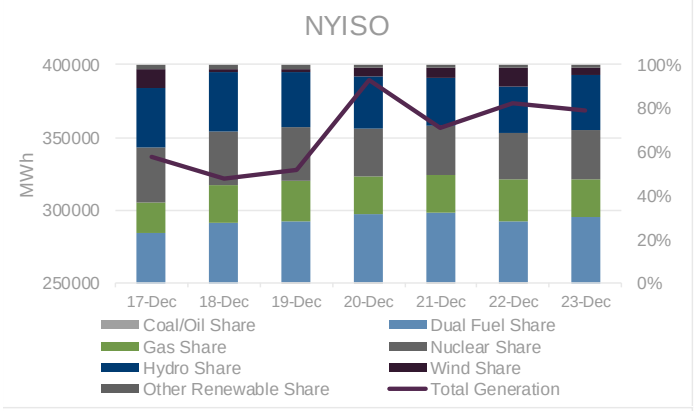

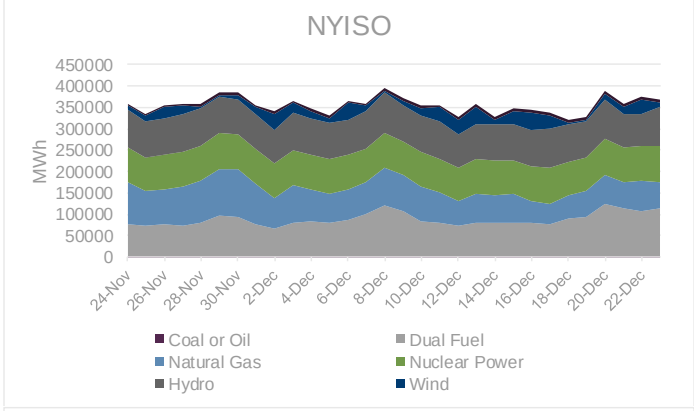

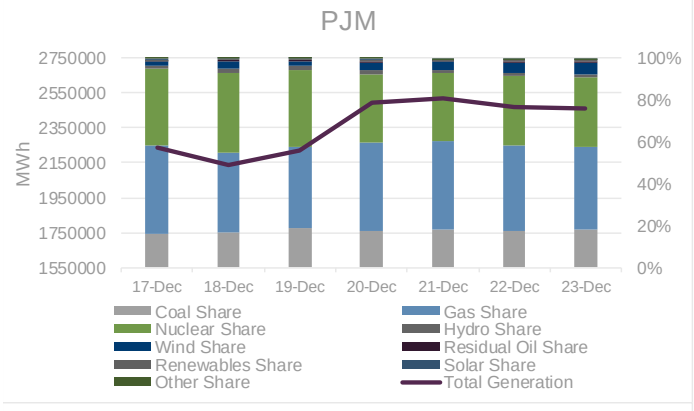

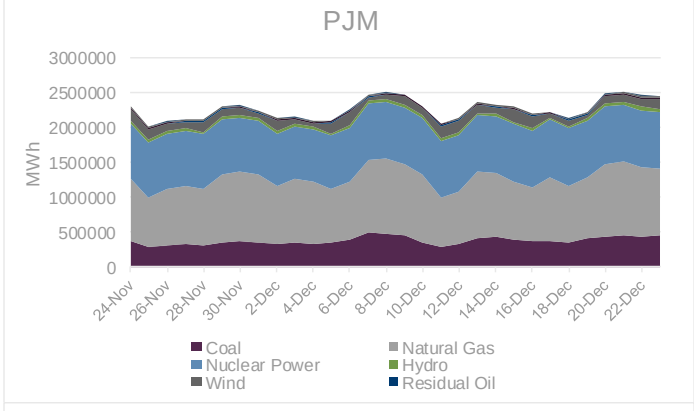

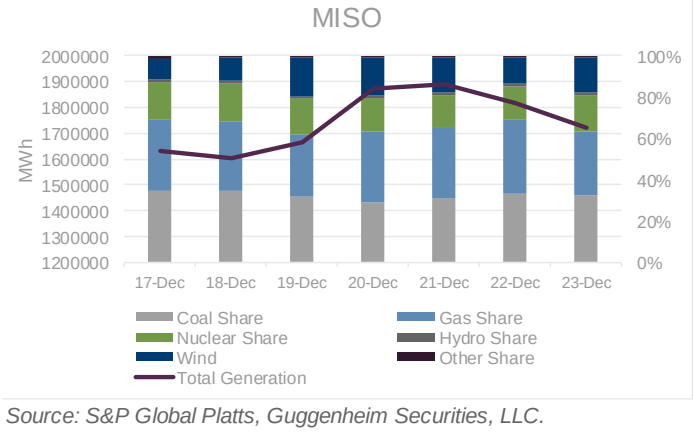

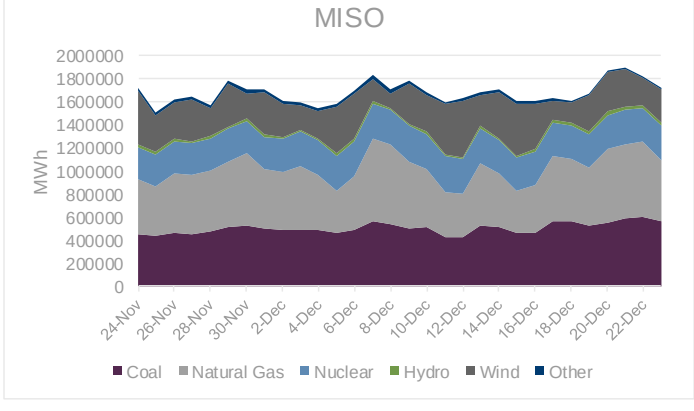

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

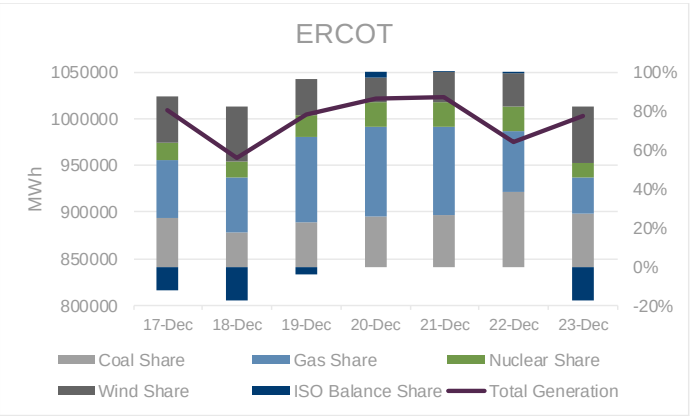

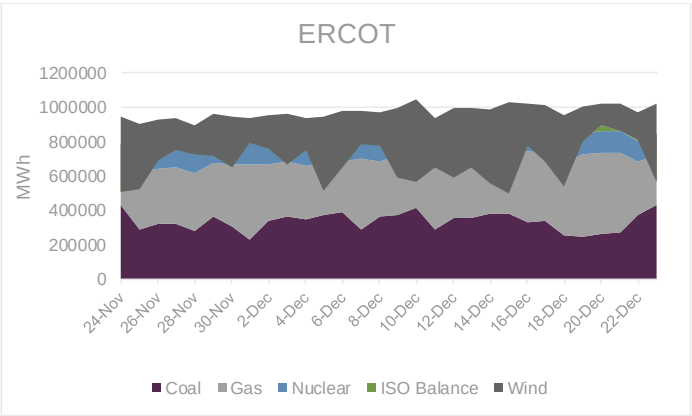

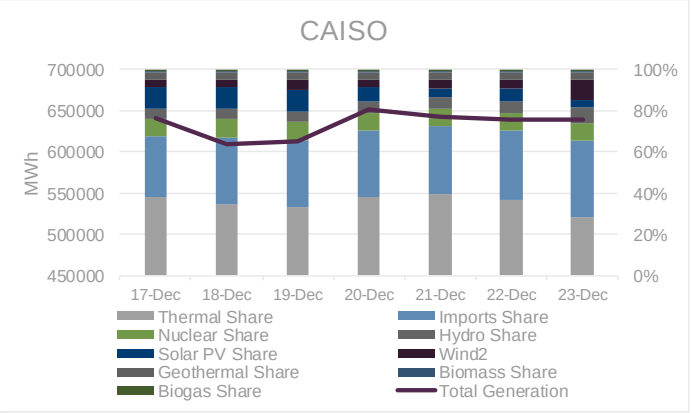

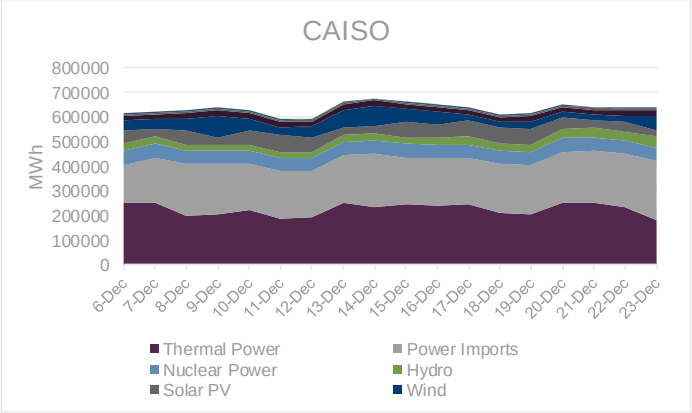

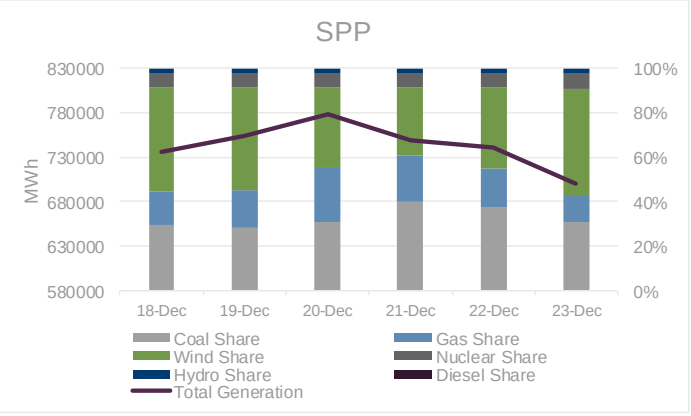

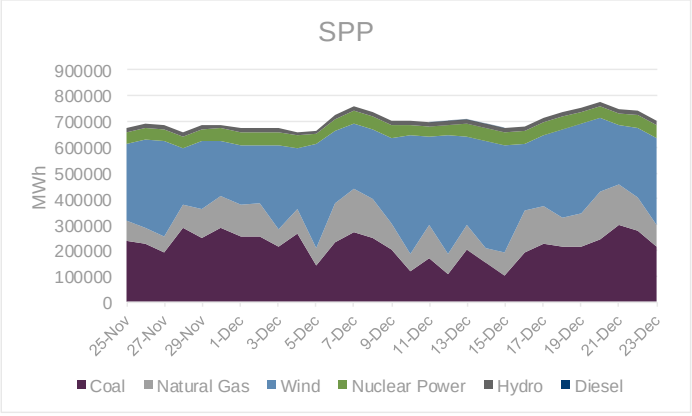

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Weather

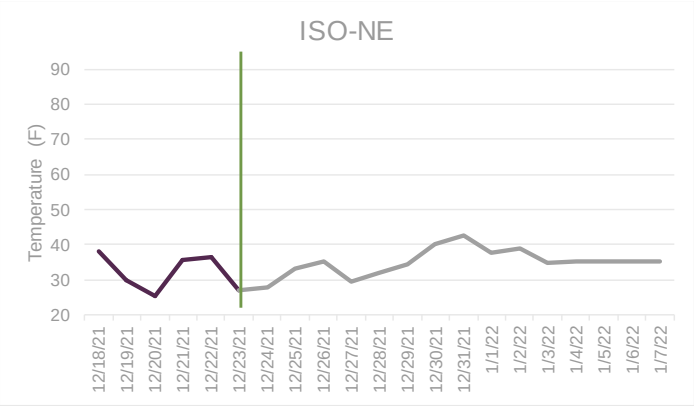

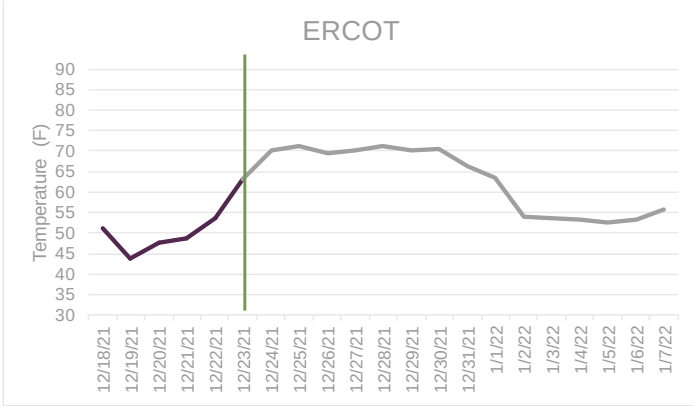

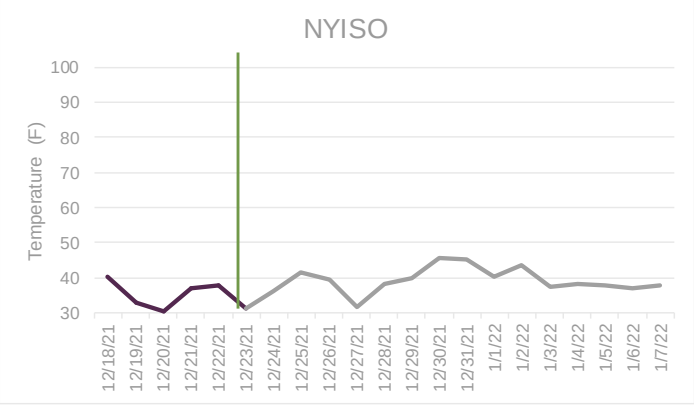

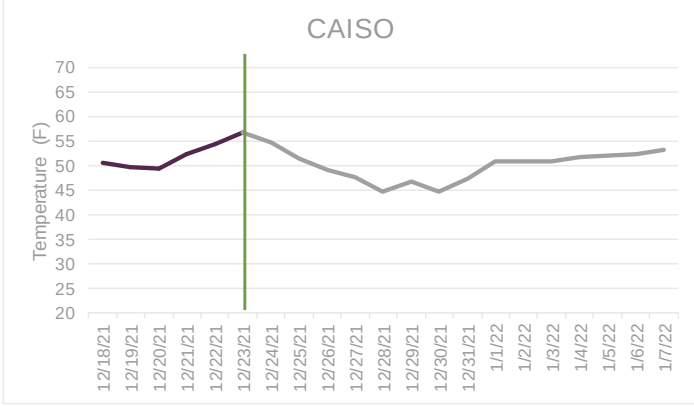

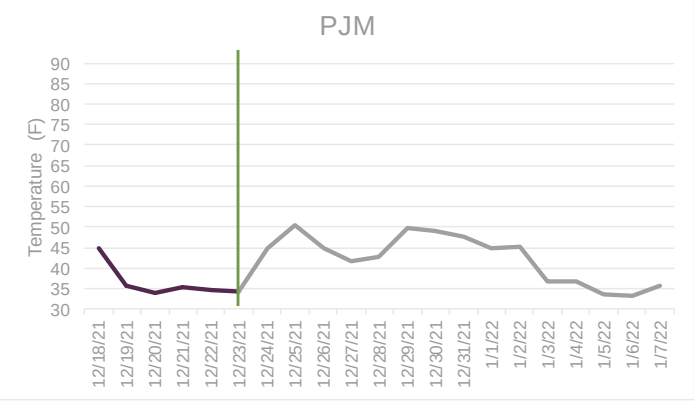

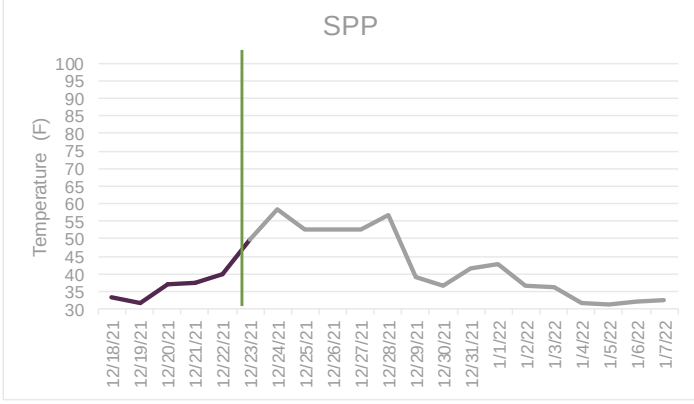



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (10/10/2021 - 1/15/2022)

Date	State	Ticker	Utility/Event	Docket	Description
10/1/2021-10/31/2021	IN	DUK	Duke Energy Indiana, LLC	Ca-44720-TDSIC-9	Decision possible in TDSIC proceeding
10/1/2021-10/31/2021	IN	CNP	Indiana Gas Co.	Ca-45468	Decision possible in rate proceeding
10/1/2021-10/31/2021	MO	SR	Spire Missouri Inc.	C-GR-2021-0108	Decision possible in rate proceeding
10/1/2021-11/30/2021	NJ	NJR	New Jersey Natural Gas Co.	D-GR21030679	Settlement likely to be announced, if reached, in rate case (based on prior case flow)
10/13/2021	CT	ES	The CT Light & Power Co		Final decision to be issued on interim rate decrease (Phase IIa)
10/13/2021	MI	CMS	Consumers Energy Co.	C-U-20963	Administrative law judge ruling expected
10/15/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	Reply briefs due in rate case
10/15/2021	MO	AEE	Union Electric Co.	C-ER-2021-0240	Rebuttal testimony due in rate proceeding
10/15/2021	MO	AEE	Union Electric Co.	C-GR-2021-0241	Rebuttal testimony due in rate proceeding
10/15/2021-11/15/2021	PA	NI	Columbia Gas of Pennsylvania	D-R-2021-3024296	ALJ proposed order may be issued in rate case
10/15/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00112 (Rider GV)	Staff to file testimony in Rider GV update proceeding
10/18/2021	KY	DUK	Duke Energy Kentucky Inc.	C-2021-00190	Hearing to begin in rate proceeding
10/18/2021	NC	D	Public Service Co. of NC	D-G-5 Sub 632	Hearing scheduled in gas rate case
10/18/2021-10/28/2021	TX	AEP	Southwestern Public Service Co	D-51802	Hearings scheduled in rate case
10/20/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Staff to file testimony in Rider B update proceeding
10/21/2021	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extension to 6/1/21 sought
10/22/2021	KY	NI	Columbia Gas of Kentucky Inc	C-2021-00183	Company rebuttal testimony due in rate proceeding
10/22/2021-10/25/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00058	Hearing scheduled in triennial review proceeding
10/25/2021	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Rebuttal testimony due in generation rider case
10/26/2021	FL	NEE	Florida Power & Light Co.	D-20210015-EI	Commission decision on rate case settlement expected
10/26/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Intervening parties to file testimony in Rider S update proceeding
10/27/2021	LA	AEP	Southwestern Electric Power Co	D-U-35441	Intervenor surrebuttal testimony due in electric rate case
10/27/2021	TX	AEP	Southwestern Electric Power Co	D-51415	Final order due in rate case
10/28/2021	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202100063	Hearing to be held in rate proceeding
10/29/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	PULJ proposed order due in rate case
10/29/2021	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	Settlement expected to be filed in rate case
10/29/2021	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	Settlement expected to be filed in rate case
10/29/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00112 (Rider GV)	Rebuttal testimony due in Rider GV update proceeding
10/31/2021	VA	AEP	Appalachian Power Co.	C-PUR-2020-00259 (BC-RAC)	Decision expected in BC-RAC proceeding
10/31/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00045 (Rider CCR)	Decision expected in Rider CCR proceeding
10/31/2021	VA	SO	Virginia Natural Gas Inc.	PUR-2021-00157(SAVE)	Decision expected in SAVE Rider proceeding
11/1/2021-11/30/2021	IL	SO	Northern Illinois Gas Co.	D-21-0098	Decision possible in rate proceeding
11/1/2021-11/30/2021	MN	CNP	CenterPoint Energy Inc.		Company expected to file gas rate case
11/1/2021-11/30/2021	MN	ALE	Minnesota Power Inc.		General electric rate case to be filed
11/1/2021-11/30/2021	OK	OGS	Oklahoma Natural Gas Co		Decision possible in rate proceeding
11/1/2021-11/30/2021	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202100063	Rate case decision possible
11/1/2021-11/30/2021	OK	AEP	Public Service Co. of OK	Ca-PUD202100055	Decision possible in rate proceeding
11/2/2021	IL	EXC	Commonwealth Edison Co.	D-21-0367	Proposed order due in formula rate plan proceeding
11/3/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Rebuttal testimony due in Rider B proceeding
11/9/2021	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Company rebuttal testimony due in rate proceeding
11/9/2021-11/10/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00112 (Rider GV)	Hearing scheduled in Rider GV update proceeding
11/9/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Staff to file testimony in Rider S update proceeding
11/10/2021	MO	AEE	Union Electric Co.	C-ER-2021-0240	Settlement conference to begin in rate proceeding
11/10/2021	MO	AEE	Union Electric Co.	C-GR-2021-0241	Settlement conference to begin in rate proceeding
11/12/2021	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Briefs due in electric rate case (Track 3)
11/12/2021	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Settlement, if one is reached, to be filed in rate proceeding
11/12/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	Appeals of proposed order due in rate case
11/12/2021	TX	AEP	Southwestern Public Service Co	D-51802	Initial briefs due in rate case
11/17/2021	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Hearing scheduled in generation rider proceeding (G-RAC)
11/17/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Hearing scheduled in Rider B update proceeding
11/17/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Intervening parties to file testimony in Rider W update proceeding
11/19/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	Replies to appeals of proposed order due in rate case
11/23/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Intervening parties to file testimony in Rider R update proceeding
11/23/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Rebuttal testimony due in Rider S update proceeding
11/29/2021	MO	AEE	Union Electric Co.	C-ER-2021-0240	Hearing to begin in rate proceeding
11/29/2021	MO	AEE	Union Electric Co.	C-GR-2021-0241	Hearing to begin in rate proceeding
11/30/2021	VA	NI	Columbia Gas of Pennsylvania	C-PUR-2021-00145(SAVE)	Decision may be issued in SAVE Rider Update proceeding
12/1/2021-12/31/2021	KY	NI	Columbia Gas of Kentucky Inc	C-2021-00183	Decision possible in rate proceeding
12/1/2021-12/31/2021	KY	DUK	Duke Energy Kentucky Inc.	C-2021-00190	Decision possible in rate proceeding
12/1/2021-12/31/2021	MI	CMS	Consumers Energy Co.		Company expected to file next gas base rate case
12/1/2021-12/31/2021	MI	CMS	Consumers Energy Co.		Company to file gas general rate case
12/1/2021-12/25/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00058	Hearing Examiner's report may be issued in triennial review proceeding
12/1/2021-12/31/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00112 (Rider GV)	Hearing Examiners report may be issued in Rider GV update proceeding
12/2/2021	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Hearing to begin in rate proceeding
12/2/2021	TX	AEP	Southwestern Public Service Co	D-51802	Reply briefs due in rate case
12/8/2021	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	Evidentiary hearings to commence in rate case
12/8/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Intervening parties to file testimony in Rider U proceeding
12/10/2021	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Reply briefs due in electric rate case (Track 3)
12/10/2021	MD	NI	Columbia Gas of Maryland Inc	C-9664	Decision expected in rate case
12/13/2021	IL	EXC	Commonwealth Edison Co.	D-21-0367	Deadline for decision in formula rate plan proceeding
12/14/2021-12/15/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Hearing scheduled in Rider S update proceeding
12/15/2021-1/15/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Hearing examiner's report likely to be issued in generation rider proceeding (GRAC)
12/15/2021-1/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Hearing examiner's report may be issued in Rider B update proceeding
12/15/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Staff to file testimony in Rider R update proceeding
12/22/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Staff to file testimony in Rider U proceeding
12/22/2021	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Rebuttal testimony due in Rider W update proceeding
12/31/2021	NJ	NJR	New Jersey Natural Gas Co.	D-GR21030679	Decision may be issued in rate case
12/31/2021	PA	NI	Columbia Gas of Pennsylvania	D-R-2021-3024296	Decision expected in base rate case
12/31/2021	PA	EXC	PECO Energy Co.	D-R-2021-3024601	Decision expected in electric rate case
1/1/2022-3/31/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3)
1/1/2022-1/31/2022	CT	ES	The CT Light & Power Co		Rate case expected to be filed in early 2022
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company expected to file next electric rate case
1/1/2022-1/31/2022	MO	AEE	Union Electric Co.	C-ER-2021-0240	Decision possible in rate proceeding
1/1/2022-1/31/2022	MO	AEE	Union Electric Co.	C-GR-2021-0241	Decision possible in rate proceeding
1/1/2022-1/31/2022	NM	AEP	Southwestern Public Service Co	C-20-00238-UT	Final PRC decision expected in electric rate case
1/1/2022-1/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	ALJ Proposed Order may be issued in rate case (estimated by RRA)
1/1/2022-1/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Hearing examiners report may be issued in Rider S update proceeding
1/5/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Rebuttal testimony due in Rider U proceeding
1/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Intervening parties to file testimony in Rider US-4 proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Rebuttal testimony due in Rider R update proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing scheduled in Rider W update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM and Weekly Commentary

Key Company Research

1. LNT: Downgrading to NEUTRAL on Valuation; Underlying Fundamentals Remain Highly Attractive
2. SO: Upgrading to BUY: An Event Horizon We Can See Through
3. PNW: C-Suite Meeting Lays Out Key Details Heading into Home Stretch
4. SO: CEO Client-Hosted Event Underscores Positive Trajectory; Inflection Point Nearing
5. SO NDR: Light at the End of the Tunnel? Vogtle Updates and Increasing Confidence Begin to Shine Through
6. EIX NDR: GRC Litigation in Final Throes, Legacy Liabilities Remain a Long Road; Electrification Theme Remains a Tailwind
7. VST: It's Not Just About a Cheap Argument… Time Is Right: Upgrading VST to BUY
8. SRE NDR – Projecting LT Growth and Upside, Mgmt. Working Through Post Analyst Day Dissonance
9. PEG NDR – Transformation Final Innings: De-risking Paves Way for New EPS Growth Guide at Upcoming Analyst Day
10. DTE NDR: Post Spin DTE To Redouble MI Decarbonization Efforts – Value Remains To Be Unlocked
11. SRE: Show Me the Upside… Analyst Day Brings Guidance and Capex Raises, Tone Remains Disciplined and Conservative But In Line w/Guggenheim
12. ALE NDR: Deep in Execution Amid a Transitional Year
13. NWE NDR: Consistent Messaging as Potential Generation Needs Power the LT Growth Narrative
14. EVRG NDR: Familiar Faces at a New Place; Management Looks to Build on LT Growth Visibility
15. LNT NDR: Straightforward Update Underscores Consistent Execution
16. OGE NDR: Regulated Story Takes Center Stage, Balance Sheet Capacity and Reinvestment Point to Growth Upside
17. CMS NDR – Simple, Modular Growth Story Leaves Investors with No Surprises, Upcoming IRP Updates Already ESG Story
18. ARRY NDR: L-T Fundamentals Intact but Management Still Working Through N-T Impacts of COGS Shock…
19. POR NDR: 5-7% Growth in Stumptown? Not Yet, But Things Are Looking Up…
20. CNP NDR – CNP Leaning into Organic Capex and O&M Savings, with a Few Tweaks to Business Mix, ESG, and Tax Efficiency
21. PCG NDR: Finding Sure Footing in Familiar Places… Operational Improvement on Mgmt.'s Mind
22. SR NDR: Storage, Marketing Pay Off as SR Escapes February Relatively Unscathed; L-T Plans Unchanged
23. VST NDR: Past Is Prologue
24. SRE: SIP 20% Sale Announced at ~13x EV/EBITDA; Above Our Range, With Opportunity for Earnings Accretion
25. AEP – C-Suite NDR: On the Precipice of Change and It's a Wonderful View from Here
26. PPL NDR: Hard Part Is Done, Now the Real Work Begins – Transformation Path, Further Re-Rating Set
27. ETR – FERC ALJ Issues Initial Decision on SERI ROE and Cap Structure; 9.32% ROE; 48.15% ER
28. SRE – San Diego Opens Utility Franchise Bidding Under Expanded Criteria; Allow for Negotiated Outcome
29. PPL: WPD Sells at "Very" Healthy Multiple in Key First Step, Despite Previous Media Reports
30. NRG: Post-Call Management Catch Up
31. NRG/VST: Stepping to the Sidelines for Now as ERCOT's Collateral Damage Continues to Propagate
32. FE Reaches Agreement with Icahn
33. AWK NDR: "When the Levee Breaks" American Water Keeps Flowing
34. AEP – Healthy AEP Ohio Rate Case Settlement Supports Thesis; Construct Still Attractive
35. PCG: C-Suite Builds on Operational Improvement for Turnaround Success; Hands-on CEO Is a Tailwind
36. ARRY – 4Q Earnings; Investing Now for Wallet Share Later; FY21 Guidance Comes In Strong
37. WEC NDR: Cutting Through the Noise; Dependable Growth and LT Decarbonization Define Our Meetings
38. D – C-Suite NDR; Strategy Equals Execution; Execution Equals Decarbonization…
39. DUK – CEO NDR; NC Legislation Finally Has Momentum; Driving Decarbonization, Higher Growth
40. AMRC – 2020 Closes with a Beat as 2021 Guidance Points to Continued Growth
41. NRG – Surprise, Surprise: Guidance Intact After Strong Storm Performance; Transformation Continues
42. OGS – 4Q Earnings; Fundamentals Remain Stout Despite Old Man Winter's Best Efforts
43. PEG – 2020 FY In Line; Fossil Sale On Track; LT Business Mix Gains Traction
44. VST – Is the Integrated Model Broken? No, But the Sandbox Might Be
45. EVRG – Coming Out Swinging: EPS Beat, Healthy '21 Guide, Higher CapEx, New Mgmt. Bench & Key Investor Infusion
46. EIX: In-Line 2020; No Major Updates - Holding Pattern Ahead of GRC
47. AEP – Better Load Recovery and Cost Mitigation; Long Renewables Runway w/ Potential Financing From Asset Rotation
48. SRE: '21 Guide Reaffirmed w/Upside Post Transaction; Utility CapEx Increased – Focus Remains on SIP Transaction
49. OGE: No Surprises as 2020 Closes; 2021 Winter Storms Costs Large but Fundamentals Strong
50. CNP: We Aren't Sweating the Details; Managing Storm Event; LDC Sales on Track, Midstream Full Exit on the Forefront
51. PNW – In Line 2020 as Capex Gets a Shuffle – a Consistent Message Following Our NDR
52. EXC – End of an Era: Exelon Loses a Neutron
53. ETR – 2020FY EPS Beat; 2021 Guidance Reaffirmed, Biased to a Strong Midpoint; Arkansas Concerns? No Cracks Here
54. AVA – 4Q Earnings Not as Bad as Some Thought; Guidance Largely In Line With Our Expectations
55. LNT – Ol' Reliable: Inline 2020 as Focus Pivots to PSCW
56. AEE – 4Q Earnings; Callaway Cause For Concern? Not in Our View; Base Plan Remains Strong

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

57. POR – 2021 Kicks Off on the Right Foot
58. DTE – Continues Strong Execution; 4Q Earnings Beat, '21 Reaffirmed, GS&P Spin Is the Next Major Potential Catalyst
59. FE – Righting the Ship as the DOJ Overhang Persists; Icahn Makes a Splash and Shifts Investor Focus
60. ED – 4Q EPS in Line, 2021 a Reset Year; Capex Roll Points to Higher Quality L-T Recovery
61. SO – 4Q Earnings; Telegraphed LT Growth Rate Raise with Incremental Opportunities on the Horizon
62. PPL: Straightforward Update as WPD Process Forges On
63. ES – 4Q Earnings; Healthy Capex Raise Drives Guidance to the Top Half of Growth Range
64. NI – 4Q Earnings; Straightforward Update With Renewables Projects Continuing to Take Shape
65. ALE – A Transitional Year Comes with a Focus on Execution at ACE
66. DUK – 4Q20 Earnings; Foundation Set With Eye on NC Legislation – We See Pathway to Overachieve Expectations
67. AEP – Racine Hydro Sale; Very in Line with Our Thesis and Potentially More on the Horizon – Reiterate BUY
68. WEC – 2020 Closes with A Beat as Management Evaluates Case Optionality in WI
69. CMS – 4Q Earnings In-Line; Capex/Equity Increase, O&M Flex to Carry Into '21; We See Smooth Sailing to Firm "7%" Growth
70. NJR – F1Q21 Earnings; NJRES AMAs Drive FY22 Guidance Raise, Though Focus Remains on Core Utility and CEV Segments
71. SR – F1Q21 Earnings; Progressing on Regulatory Matters as Mgmt. Has Eyes Set on Sustainability
72. FE/OH: Yost Holds Press Conference on HB6; Reaches Agreement With FE on Decoupling
73. PNW NDR: All Quiet on the Southwestern Front…
74. DUK – Healthy Indiana Equity Sale Highlights Private Infrastructure Appetite for US Assets
75. AMRC: A Unique Blend of Familiar Businesses – Finding a Decarbonization Niche; Initiating Coverage at BUY, $63 PT

Key Industry Research

1. SR: Policy Call Paints Challenging Path Ahead for STL Pipeline
2. PJM: Quick Takes
3. PJM: Abysmal 2022/23 BRA Results Not a Major Surprise; Construct Continues to Frustrate
4. IL: Deal Reached but Process Derailed
5. AGA: Day 2 Flash Recap…
6. AGA: Day 1 Flash Recap…
7. IL: Second Opinion Confirms Grim Prognosis
8. IL: Groundhog Day for Energy Policy in Springfield?
9. ERCOT: PUCT Declines to Reprice Energy Market – Consistent with Our Expectations
10. ERCOT: Lone Star State Remains 'Out of Phase'
11. ERCOT: Who's Exposed? Generator-Owner Data Set
12. ERCOT: Deep Freeze Precipitates Rolling Blackouts in Heartland
13. IL: CEJA Re-emerges; Take with a Grain of Salt - More Iterations to Come
14. '21 Utilities Outlook: Getting Ready for Another Bumpy Ride
15. Congress Reaches Deal on Stimulus Package and Appropriations; Clean Energy Boosted With Tax Credit Extension
16. ERCOT CDR Preview: More Solar Points to Slightly Looser CDR; Caveats Remain the Same
17. EEI – An EEI Unlike Any Other...
18. Li-Ion the End-All-Be-All Battery Storage Solution? Not in Our Book – Zinc-Based Battery Presents Compelling Alternative
19. Ohio Policy Call Part Two – Federal and Political, Not State and Regulatory
20. Ohio Policy Call Part One – Investigation Churns On
21. Guggenheim Call Series: Power Gen Economics Expert Confirms Robust Solar/Wind Demand as Tech Moves to Parity with Fossil
22. FERC - Life's Absolutes: Death, Taxes, and Transmission ROE Complaints
23. 2020 LCOE Update – Nothing Is Constant but Change: Renewable Economics Point to Persistent Disruptions
24. FERC: Commission Revisits Base ROE Methodology, Boosts MISO Allowed
25. ERCOT: Another CDR to Take with a Grain of Salt

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from American Water Works Company, Inc., Exelon Corporation and PG&E Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: American Water Works Company, Inc. (AWK) as of 01-03-2022

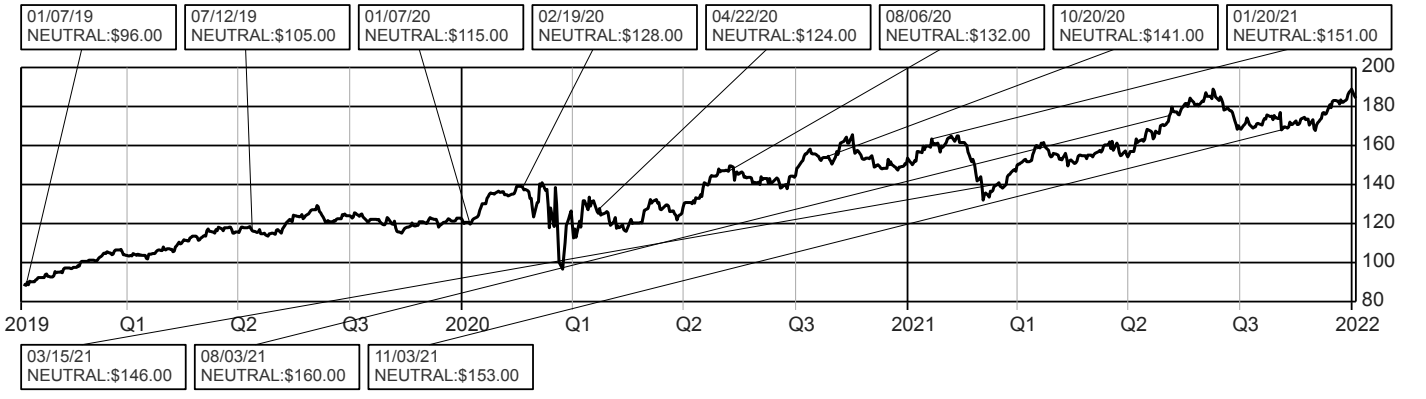

Created by: BlueMatrix

Rating and Price Target History for: Exelon Corporation (EXC) as of 01-03-2022



Created by: BlueMatrix

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Rating and Price Target History for: PG&E Corporation (PCG) as of 01-03-2022

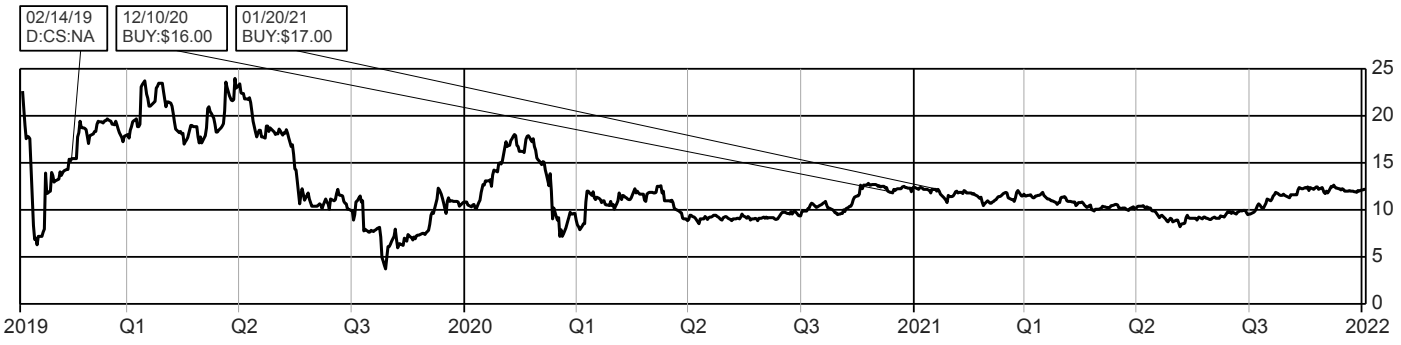

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	243	66.21%	72	29.63%
NEUTRAL	117	31.88%	10	8.55%
SELL	7	1.91%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Software
Ken Wong, CFA 415.852.6465
Ken.Wong@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

GUGGENHEIM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Wynne Lam, CFA (Senior Associate)
(212) 266-4040, wynne.lam@rbccm.com

January 3, 2022

Exelon Corporation

Splitting atoms

Our view: The separation of Constellation Energy from Exelon is quickly approaching. The key ingredient that could drive the combined stock price higher is the passage of the Build Back Better (BBB) Act, specifically the introduction of nuclear production tax credits (PTCs). While we have not added any benefit from BBB, we are raising our price target to account for the possibility that the nuclear PTCs could pass in 2022, with or without BBB. Our new price target to $60, from $51. Our target assumes a 33% probability of supportive PTCs. We maintain our Outperform rating.

Key points:

Federal climate agenda remains strong. While the passage of the $1.85T Build Back Better (BBB) Act is still in doubt, we believe there is decent chance that a large portion of the $550 billion package earmarked for climate could be passed in 2022. We believe climate will remain a priority for Democrats leading up to mid-term elections later this year. Nuclear support faces relatively low opposition from Republicans and could be an easy win for President Biden. Depending on whether other components of BBB stay in a deadlock, we think climate support could be passed as a separate legislation.

Zero-emission credits. Assuming the passage of $15/MWh Federal zero-emission credits applied to all nuclear plants, we estimate that Constellation would generate an additional ~$1 billion of incremental annual EBITDA, likely effective 2023. Any availability for a catch-up for 2022 could be upside for Exelon. Federal credits should reduce state zero-emission credits which are currently available in IL, NJ and NY at different rates. On a run-rate basis, we expect most Constellation nuclear power plants will receive some form of support, either Federal, state or a combination of both. While nuclear generation could pair well with hydrogen production in the future, we currently do not incorporate the potential $3/kg credit that is being contemplated by BBB.

We expect Constellation's valuation gap to narrow. Our sum-of-the-parts valuation suggests that the generation business trades at 7.6x 2023 EV/EBITDA, compared to our target of 8.5x. We think the ~1-turn valuation gap reflects uncertainty over the long-term viability of nuclear. Our target multiple more closely reflects clean generation assets with visible cash flows, assuming passage of Federal subsidies.

Updating estimates, increasing PT. We are adjusting 2021 Exelon adjusted EPS estimate to $2.80, from $2.75. Our 2022-2023 EPS estimates exclude Constellation and remain at $2.25 and $2.43 respectively. We expect annual utilities rate base growth of 7.6% supporting 7% EPS growth. While we anticipate ROE improvement at ComEd as it shifts away from formula rates, we believe the recovery path could be somewhat protracted as regulators consider the impact on customer bills. With 2022 dividend payout at 68% post-separation, we think dividend growth will take on a slower growth trajectory until EPS catches up. PT moves to $60, from $51.

Analyst Day announced. Exelon will hold separate analyst days for utilities aka Exelon (1/10, 1PM ET), and for Constellation (1/11 8:30AM ET).

Outperform

NYSE: EXC; USD 57.76

Price Target USD 60.00 ↑ 51.00

WHAT'S INSIDE	
☐ Rating/Risk Change	☑ Price Target Change
☐ In-Depth Report	☑ Est. Change
☐ Preview	☐ News Analysis

Scenario Analysis*

Downside Scenario	Current Price	Price Target	Upside Scenario
44.00	57.76	60.00	77.00
↓ 21%		↑ 7%	↑ 36%

*Implied Total Returns

Key Statistics

Shares O/S (MM):	977.0	Market Cap (MM):	56,432
Dividend:	1.53	Yield:	2.6%
ROE:	9.2%	Tr. 12 ROE:	9.20%
Float (MM):	958.3	Enterprise Val. (MM):	71,226
Debt to Cap:	56%	Avg. Daily Volume:	5,487,666
Institutional Ownership:	80%		

RBC Estimates

FY Dec	2020A	2021E	2022E	2023E
EPS, Adj Diluted	3.22	2.80	2.25	2.43
Prev.		2.75		
P/AEPS	17.9x	20.6x	25.7x	23.8x
DPS	1.53	1.53	1.53	1.61
Div Yield	2.6%	2.6%	2.6%	2.8%

EPS, Adj Diluted	Q1	Q2	Q3	Q4
2020	0.87A	0.55A	1.04A	0.76A
2021	(0.06)A	0.81A	1.09A	0.96E
Prev.			1.13E	

All values in USD unless otherwise noted.
Priced as of prior trading day's market close, EST (unless otherwise noted).

Disseminated: Jan 3, 2022 15:05EST; Produced: Jan 3, 2022 15:05EST
For Required Conflicts Disclosures, see page 7

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Exelon Corp.	Shelby G. Tucker, CFA; RBC Capital Markets
Consolidated Income Statement	**+1 (212) 428-6462; shelby.tucker@rbccm.com**

Millions of Dollars Except for Per Share Amounts
Fiscal Year Ending December 31,

	2017	2018	2019	2020	2021E	2022E	2023E
INCOME STATEMENT							
Total Operating Revenues	**33,531**	**35,985**	**34,438**	**33,039**	**36,089**	**17,404**	**18,224**
Fuel and Purchased Power	**(14,035)**	**(16,670)**	**(15,497)**	**(14,104)**	**(18,268)**	**(5,211)**	**(5,417)**
Gross Margin	**19,496**	**19,315**	**18,941**	**18,935**	**17,822**	**12,194**	**12,807**
Operation & Maintenance	(10,126)	(9,337)	(8,615)	(9,408)	(8,000)	(3,987)	(4,069)
Impairments	-	-	-	-	-	-	-
Depreciation and Amortization	(3,828)	(4,353)	(4,252)	(5,014)	(4,008)	(3,129)	(3,274)
Taxes Other Than Income	(1,731)	(1,783)	(1,732)	(1,714)	(1,620)	(1,302)	(1,338)
Total Operating Expenses	**(29,720)**	**(32,143)**	**(30,096)**	**(30,240)**	**(31,895)**	**(13,629)**	**(14,098)**
Operating Income	**3,811**	**3,842**	**4,342**	**2,799**	**4,194**	**3,775**	**4,126**
Gain on sales of assets	236	56	31	24	144	-	-
Gain on consolidation and acquisition of businesses	213	-	1	-	-	-	-
Other, Net	1,056	(112)	1,227	1,145	580	230	230
EBIT	**5,316**	**3,786**	**5,601**	**3,968**	**4,918**	**4,005**	**4,356**
EBITDA	**9,144**	**8,139**	**9,853**	**8,982**	**8,926**	**7,135**	**7,630**
Interest Expense	(1,560)	(1,554)	(1,616)	(1,635)	(1,604)	(1,381)	(1,492)
Interest Expense to Affiliates, net	-	-	-	-	-	-	-
Total Other Income and Deductions	(1,560)	(1,554)	(1,616)	(1,635)	(1,604)	(1,381)	(1,492)
EBT	3,756	2,232	3,985	2,333	3,314	2,624	2,864
Income Taxes	125	(120)	(774)	(373)	(569)	(407)	(441)
Effective Tax Rate	-3.3%	5.4%	19.4%	16.0%	17.2%	15.5%	15.4%
Income Before Extraordinary and Accounting Changes	3,881	2,112	3,211	1,960	2,745	2,217	2,422
Equity in Earnings (Losses) of Unconsolidated Affiliates	(32)	(28)	(183)	(6)	(8)	-	-
Net Income	3,849	2,084	3,028	1,954	2,737	2,217	2,422
Income from Discontinued Operations	-	-	-	-	-	-	-
Noncontrolling Interests and BGE Preference Stock Dividends	(79)	(74)	(92)	9	-	-	-
Cummulative effect of change in accounting principle	-	-	-	-	-	-	-
Net Income Attributable to common shareholders	**3,770**	**2,010**	**2,936**	**1,963**	**2,737**	**2,217**	**2,422**
Extraordinary Items and GAAP Changes	(1,299)	1,016	203	1,186	-	-	-
Ongoing Income	**2,471**	**3,026**	**3,139**	**3,149**	**2,737**	**2,217**	**2,422**
Earnings per share:							
Net Income (Diluted)	**$ 3.97**	**$ 2.07**	**$ 3.01**	**$ 2.01**	**$ 2.80**	**$ 2.25**	**$ 2.43**
Extraordinary Items	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GAAP Changes	$ (1.37)	$ 1.05	$ 0.21	$ 1.21	$ -	$ -	$ -
Ongoing Income (Diluted)	**$ 2.60**	**$ 3.12**	**$ 3.22**	**$ 3.22**	**$ 2.80**	**$ 2.25**	**$ 2.43**
EPS % Growth	-3.0%	19.9%	3.2%	0.0%	-13.3%	-19.7%	8.2%
Average Shares Outstanding - Basic	947.0	967.0	973.0	976.0	978.4	986.1	996.2
Average Shares Outstanding - Diluted	949.0	969.0	974.0	977.0	979.1	987.1	997.2
Dividends per common share	1.3100	1.3800	1.4500	1.5300	1.5300	1.5300	1.6065
Dividend Growth	3.64%	5.34%	5.07%	5.52%	0.00%	0.00%	5.00%
Dividend Payout Ratio	50%	44%	45%	47%	55%	68%	66%

Source: Company Reports, RBC Capital Markets Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Exelon Corp.	Shelby G. Tucker, CFA; RBC Capital Markets
Balance Sheets and Statement of Cash Flows	+1 (212) 428-6462; shelby.tucker@rbccm.com

Millions of Dollars Except for Per Share Amounts
Fiscal Year Ending December 31,

	2017	2018	2019	2020	2021E	2022E	2023E
BALANCE SHEET							
Assets							
Cash and Cash Equivalents	898	1,349	945	1,101	702	548	223
Accounts Receivable	5,533	5,863	6,175	4,629	4,793	2,899	3,005
Other Current Assets	5,403	6,148	4,917	6,832	6,622	1,602	2,242
Total Current Assets	**11,834**	**13,360**	**12,037**	**12,562**	**12,117**	**5,049**	**5,469**
Total PPE	95,266	99,609	104,212	109,311	118,501	86,224	91,983
Accumulated Depreciation	(21,064)	(22,902)	(23,979)	(26,727)	(34,068)	(21,312)	(24,507)
Property Plant & Equipment, net	74,202	76,707	80,233	82,584	84,433	64,912	67,476
Regulatory Assets	8,021	8,237	8,335	8,759	8,759	8,759	8,759
Nuclear Decommisioning Trust Funds	13,272	11,661	13,190	14,464	14,753	-	-
Investment in CENG	-	-	-	-	-	-	-
Investments	640	625	464	440	440	440	440
Goodwill, net	6,677	6,677	6,677	6,677	6,677	6,677	6,677
Derivative Assets	337	452	508	555	555	-	-
Other	1,717	1,947	3,533	3,276	3,276	3,276	3,276
Total Long-Term Assets	**30,664**	**29,599**	**32,707**	**34,171**	**34,460**	**19,152**	**19,152**
Total Assets	**116,700**	**119,666**	**124,977**	**129,317**	**131,011**	**89,113**	**92,097**
Liabilities And Shareholders' Equity							
Commercial Paper and Short-Term Loans	929	714	1,370	2,031	1,548	1,608	1,548
Long-Term Debt Due Within One Year	2,088	1,349	4,710	1,819	1,933	840	850
Current Maturities of Transitional Funding Trusts	-	-	-	-	-	-	-
Accounts Payable	3,532	3,800	3,560	3,562	3,441	2,239	2,291
Other Current Liabilities	4,247	5,541	4,545	5,359	5,292	1,863	1,863
Total Current Liabilities	**10,796**	**11,404**	**14,185**	**12,771**	**12,215**	**6,550**	**6,552**
Long Term Debt	32,176	34,075	31,329	35,093	38,390	34,769	36,819
Long Term Debt- VIE	-	-	-	-	-	-	-
Long-Term Debt to ComEd Transitional Funding Trustand PECO Transitio	-	-	-	-	-	-	-
Long-Term Debt to Other Transition Financing Trust	389	390	390	390	390	390	390
Total Long-Term Debt	32,565	34,465	31,719	35,483	38,780	35,159	37,209
Deferred Income Taxes	11,222	11,330	12,351	13,035	14,455	10,754	10,892
Spent Nuclear Fuel Obligation	1,147	1,171	1,199	1,208	1,208	-	-
Other	28,838	28,226	30,950	31,952	28,164	1,429	801
Total Long Term Liabilities	**41,207**	**40,727**	**44,500**	**46,195**	**43,827**	**12,183**	**11,693**
Total Liabilities	**84,568**	**86,596**	**90,404**	**94,449**	**94,821**	**53,892**	**55,454**
BGE Preference Stock Not Subject to Mandatory Redemption	-	-	-	-	-	-	-
Contingently redeemable noncontrolling interest			-	-			
Minority Interest of Consolidated Subs	2,275	2,306	2,349	2,283	2,277	-	-
Preferred	-	-	-	-	-	-	-
Common Stockholder's Equity	29,857	30,764	32,224	32,585	33,913	35,221	36,643
Total Liabilities and Stockholder's Equity	**116,700**	**119,666**	**124,977**	**129,317**	**131,011**	**89,113**	**92,097**

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Exelon Corp.	Shelby G. Tucker, CFA; RBC Capital Markets
Balance Sheets and Statement of Cash Flows	**+1 (212) 428-6462; shelby.tucker@rbccm.com**

Millions of Dollars Except for Per Share Amounts
Fiscal Year Ending December 31,

	2017	2018	2019	2020	2021E	2022E	2023E
STATEMENT OF CASH FLOWS						**RemainCo>>**	
Net Income	3,869	2,079	3,028	1,954	2,737	2,217	2,422
Depreciation	3,828	4,353	4,273	5,044	4,008	3,129	3,274
Amortization of Nuclear Fuel	1,599	1,618	1,507	1,483	1,409	-	-
All Other Amortization	-	-	-	-	-	-	-
Impairment Charges	573	50	201	591	-	-	-
Gain on consolidation and acquisition of businesses	(213)	-	-	-	-	-	-
(Gain) loss on sales of assets	(3)	(56)	(27)	(24)	-	-	-
Deferred Income Taxes and Amortization of Investment Tax Credits	(361)	(106)	681	309	256	138	138
Net Realized and Unrealized Mark-to-Market Transactions	(465)	597	(441)	(647)	-	-	-
Net Cash from Divestitures	-	-	-	-			
Other Non-Cash Operating Activities	713	1,124	613	592			
Change in Working Capital	(707)	328	(1,286)	(5,592)	(558)	(362)	(362)
Pension/OPEB contributions	(405)	(383)	(408)	(601)	(347)	(197)	(197)
Other, Merger Agreements	(948)	(965)	(1,482)	1,126	(50)	150	150
Cash Flow from Operations	**7,480**	**8,639**	**6,659**	**4,235**	**7,455**	**5,075**	**5,425**
Additions to PP&E, excl. Capitalized Interest and AFDC	(7,584)	(7,594)	(7,248)	(8,048)	(8,310)	(6,750)	(6,750)
Proceeds/(Investments) from Nuclear Decommisioning Trust	(268)	(235)	(36)	(123)	(100)	-	-
Cash Acquired from Constellation			-	-			
Proceeds from sale of long-lived assets	219	91	-	-	802	-	-
Sales (Purchase) of businesses	(208)	(154)	12	-	-	-	-
Net Change in Long-Term Investments	-	-	-	-	-	-	-
Other	(130)	58	12	3,835	-	-	-
Cash Flows from Investing Activities	**(7,971)**	**(7,834)**	**(7,260)**	**(4,336)**	**(7,608)**	**(6,750)**	**(6,750)**
Issuance of long-term debt, net of issuance costs	3,470	3,115	1,951	7,507	3,452	4,450	2,900
Retirement of long-term debt	(2,490)	(1,786)	(1,287)	(6,440)	(1,901)	(2,060)	(840)
Retirement of Long-Term Debt, VIE	(250)	-	-	-	-	-	-
Retirement of LTD to Financing Affiliates	-	-	-	-	-	-	-
Change in short-term debt	(340)	(213)	656	161	(483)	60	(60)
Issuance of common stock	1,150	-	-	-	-	500	500
Common stock repurchases	-	-	-	-	-	-	-
Redemption of preferred securities of subsidiaries	-	-	-	-	-	-	-
Issuance of preferred securities of subsidiaries	-	-	-	-	-	-	-
Sale of noncontrolling interest	396	-	-	-			
Dividends on common stock	(1,236)	(1,332)	(1,408)	(1,492)	(1,497)	(1,509)	(1,600)
BGE Preference Stock Dividends Paid	-	-	-	-	-	-	-
Proceeds from Employee Stock Plans	150	105	112	45	88	100	100
Purchase of Treasury Stock	-	-	-	-	-	-	-
Purchase of Forward Contact in Relation to Certain Treasury Stock	-	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-	-
Other financing activities	(83)	(108)	(82)	364	30	(20)	-
Cash Flow from Financing	**767**	**(219)**	**(58)**	**145**	**(311)**	**1,521**	**1,000**
Beginning Cash Balance	**914**	**1,190**	**1,781**	**1,122**	**1,166**	**702**	**548**
Change in Cash	**276**	**586**	**(659)**	**44**	**(464)**	**(154)**	**(325)**
Cash classified as held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Ending Cash Balance	**1,190**	**1,776**	**1,122**	**1,166**	**702**	**548**	**223**

Source: Company Reports, RBC Capital Markets Estimates

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Key ESG questions

This section is intended to highlight key ESG discussion points relevant to this company, as well as our views on the outlook. Both the questions we highlight and our responses will evolve over time as the dialogue between management, analysts and investors continues to advance. We welcome any feedback on the topics.

	Our view
What does EXC's generation profile look like?	On a MWh basis, EXC generates ~181 TWh annually with close to 90% driven by nuclear power. On a MW capacity basis, EXC's 31 GW generation profile consists of 60% nuclear, 27% thermal and the remaining spread across various renewable assets
What are EXC's key emission goals and metrics?	EXC operates one of nation's lowest CO2 intensive generation fleet at 93.9lb/MWh. EXC has set a goal to reduce internal emissions by 15% by 2022.
What is EXC's key governance matters?	In July 2020, ComEd entered into a two-year deferred prosecution agreement with Federal authorities in relation to certain political lobbying activities. We expect this to produce an overhang for some investors during the course of the DPA.
What is diversity like at the management and board levels?	As of 2020, female employees and employees of color make up 23% and 22% of management, respectively. Female or people of color make up 38.4% of EXC's Board of Directors.
What environment disclosures does EXC provide?	EXC provides disclosures on GRI standards, SASB standards, EEI/AGA ESG templates and scope 1-3 emissions information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

RBC Capital Markets

Target/Upside/Downside Scenarios

Exelon Corporation

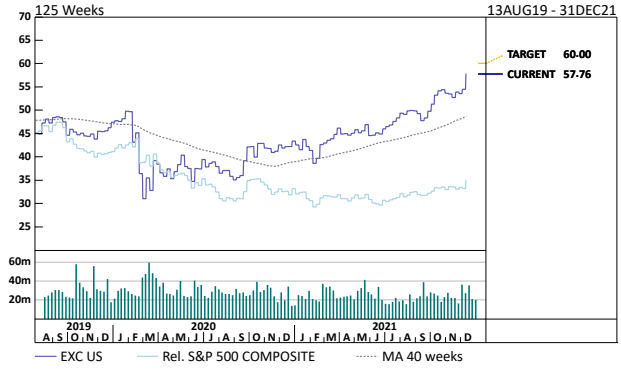

Source: Bloomberg and RBC Capital Markets estimates for Target

Valuation

Our $60 price target uses a sum-of-the-parts analysis. For Constellation, we apply a 8.5x EV/EBITDA multiple on 2022 EBITDA of $2.9B, resulting in enterprise value of $25B and equity per share value of $20. Our multiple gives consideration to a clean generation profile with stable and visible cash flows. For Exelon Utilities, we apply an 18.1x P/E multiple on 2022 earnings utilities EPS of $2.25, net of corporate expenses. Our multiple reflects average trading level of peer electric and gas combo utilities with similar profiles (6-8% EPS CAGR and 7-8% rate base CAGR). Our price target supports an Outperform rating.

Upside scenario

- Upside scenario of $77.
- **Exelon Utilities:** We assume $25M O&M savings after tax resulting in higher 2022 EPS of 2.30, net of corporate expenses. We then apply our upside industry P/E multiple of 22.9x. **Constellation:** We assume better energy prices to result in $300M extra EBITDA contribution. Better sentiment towards nuclear increases 2022 EV/EBITDA multiple to 9.5x, from 8.5x, resulting in enterprise value of $30B and equity per share value of $25.

Downside scenario

- Downside scenario of $44
- **Exelon Utilities:** Higher O&M lower 2022 EPS of $2.19, net of corporate expenses. We apply an adjusted downside industry P/E multiple of 14.9x, giving consideration to the existence of multiyear rate plans in certain jurisdictions and decent regulatory environment in Pennsylvania. **Constellation:** We assume Federal PTCs do not pass. Lack of long-term support for nuclear power plants increases the risk of early retirements and results in a lower EV/EBITDA multiple of 6x and equity per share value of $12.

Investment summary

If passed, we estimate Federal nuclear production tax credits from the President Biden's Build Back Better Act to add ~$1B EBITDA to Constellation and create substantial value for the stock. We view EXC's current trading range to be an attractive entry point as a result. Turning to RemainCo, we expect utilities EPS growth within 6-8% and benefit from multiyear rate plans. We believe ROE could improve as ComEd shifts into traditional ratemaking as a result of Illinois Senate Bill 18. We do not expect existing dividends to be at risk post-separation from Constellation.

Potential catalysts

- Recovery in forward power curves
- Availability of nuclear PTCs
- Approval of further multiyear rate plans
- PJM capacity auction prices clear higher

Risks to call

- Ratemaking could create additional regulatory lag
- Deteriorating credit metrics at RemainCo
- Lack of nuclear subsidies could suppress ExGen valuation and lead to additional plant retirements in the long-term

Risks to rating and price target

- Ratemaking could create additional regulatory lag
- Deteriorating credit metrics at RemainCo
- Lack of nuclear subsidies could suppress ExGen valuation and lead to additional plant retirements in the long-term

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

RBC Capital Markets

Company description

Exelon is one of the largest power companies in the U.S. Its six utilities (ComEd, PECO, BG&E, PEPCO, DPL, ACE) serve more than 10 million electric and gas customers in DE, DC, IL, NJ, PA, and MD. Exelon Generation owns around 32,300 MW of unregulated generation, of which 19,500 MW is nuclear. The Constellation business provides competitive energy to 1.1 million customers.

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 31-Dec-2021

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	831	57.59	365	43.92
HOLD [Sector Perform]	557	38.60	180	32.32
SELL [Underperform]	55	3.81	3	5.45

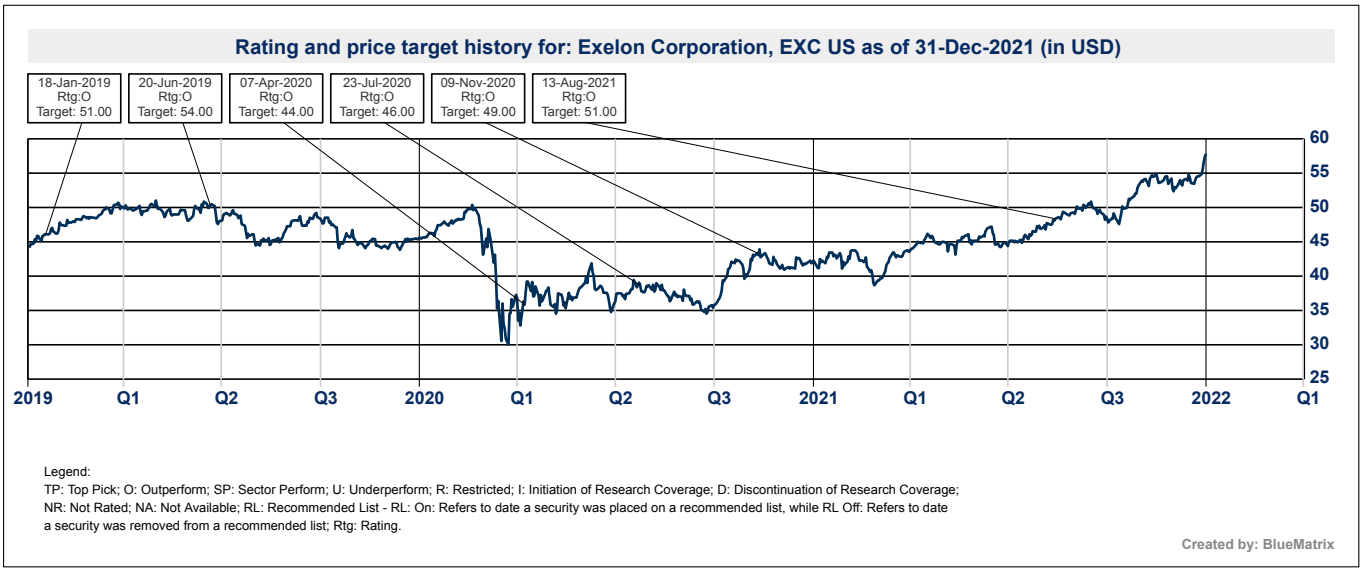

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). RBC Capital Markets recommended lists include the Strategy Focus List and the Fundamental Equity Weightings (FEW) portfolios. The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $60 price target uses a sum-of-the-parts analysis. For Constellation, we apply a 8.5x EV/EBITDA multiple on 2022 EBITDA of $2.9B, resulting in enterprise value of $25B and equity per share value of $20. Our multiple gives consideration to a clean generation profile with stable and visible cash flows. For Exelon Utilities, we apply an 18.1x P/E multiple on 2022 earnings utilities

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

EPS of $2.25, net of corporate expenses. Our multiple reflects average trading level of peer electric and gas combo utilities with similar profiles (6-8% EPS CAGR and 7-8% rate base CAGR). Our price target supports an Outperform rating.

Risks to rating and price target

- Ratemaking could create additional regulatory lag
- Deteriorating credit metrics at RemainCo
- Lack of nuclear subsidies could suppress ExGen valuation and lead to additional plant retirements in the long-term

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Dissemination of research and short-term trade ideas

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Equity Research Reports and to SPARC on the Firm's proprietary INSIGHT website, via email and via third-party vendors. SPARC contains market color and commentary regarding subject companies on which the Firm currently provides equity research coverage. Research Analysts may, from time to time, include short-term trade ideas in Research Reports and / or in SPARC. A short-term trade idea offers a short-term view on how a security may trade, based on market and trading events, and the resulting trading opportunity that may be available. A short-term trade idea may differ from the price targets and recommendations in our published Research Reports reflecting the Research Analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that a subject company's common equity that is considered a long-term 'Sector Perform' or even an 'Underperform' might present a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'Outperform' could be considered susceptible to a short-term downward price correction. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm generally does not intend, nor undertakes any obligation, to maintain or update short-term trade ideas. Short-term trade ideas may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at https://www.rbcinsightresearch.com.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party-disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

References herein to "LIBOR", "LIBO Rate", "L" or other LIBOR abbreviations means the London interbank offered rate as administered by ICE Benchmark Administration (or any other person that takes over the administration of such rate).

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

Capital Markets

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:34 AM.

MIZUHO Mizuho Securities USA LLC

U.S. Equity Research January 3, 2022

Energy Research
Utilities
Opinion Change

Exelon Corporation

Downgrade to Neutral Based on Uncertain Outlook for Build Back Better

Summary

We are downgrading Exelon to Neutral based on uncertainty regarding the future of the Build Back Better (BBB) legislative proposal in the US Congress. BBB includes a $15.00 per MWh nuclear PTC, which we estimate could add more than $700 million to Constellation's EBITDA. While a BBB deal between Senator Manchin and the White House remains possible in the new year, prospects for passage of BBB are far from certain. We are therefore stepping to the sidelines on EXC shares given added legislative uncertainty. We are raising our dynamic PT to $57 (from $55) to account for current market multiples.

Key Points

- Although the language in the proposed BBB legislation is unclear regarding the threshold for PTC downward adjustments, we estimate a potential PTC contribution in 2024 of $700 million. While we exclude the PTC benefit from our estimates, we have included it in our valuation.
- We are updating our forecast for forward gas and electricity prices as of mid-December 2021. We are also updating our hedge assumptions although the company has still not provided any hedge information beyond 2021.
- Our estimates also reflect weaker results at Commonwealth Edison due to lower interest rates.
- Constellation received final regulatory approval from the New York Public Service Commission for its proposed spin-off.
- Exelon remains on track to complete the spin-off in 1Q22.

Rating	**Neutral**
Previous Rating	Buy
Price (12/31)	**$57.76**
Price Target	**$57.00**
Previous Price Target	$55.00

Key Data

Symbol	EXC(NYSE)
52-Week Range	$58.01 - $38.36
Market Cap ($mm)	$56,418
Shares Outstanding (mm)	976.8
Float	965.0
Average Daily Volume	5,146,887
Dividend/Yield	$1.53/2.6%

Fiscal Year-End: Dec 31

	2021E	2022E Prior	2022E Curr	2023E Prior	2023E Curr
Earnings per Share ($)					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.82E**	**3.60E**	**3.26E**	**3.55E**	**3.46E**
P/E	20.5x	–	17.7x	–	16.7x

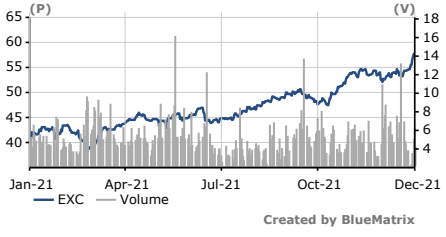

Paul Fremont
Managing Director
+1 212 205 7854
Paul.Fremont@mizuhogroup.com

Anthony Crowdell
Executive Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Peter Bourdon
Associate
+1 617 235 1701
Peter.Bourdon@mizuhogroup.com

Brandon Lee, CFA
Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

PLEASE REFER TO PAGE 10 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Estimate Changes

We are adjusting our estimates to update our forecast model for commodity forward prices as of mid-December 2021 and assumed forward hedges (which have not been disclosed by Constellation yet).

Exhibit 1: EPS Estimate Changes

Consolidated	2021E	2022E	2023E	2024E
Current	$2.82	$3.26	$3.46	$3.57
Prior	$2.83	$3.60	$3.55	$3.56
Difference	($0.01)	($0.34)	($0.09)	$0.01

Source: Company reports, MSUSA estimates

We are reducing our 2021 EPS estimate by $0.01 to $2.82 due to fine-tuning.

We are decreasing our 2022 estimate by $0.34, primarily due to hedge assumptions (both price and volumes) for next year. Typically, Constellation is at least 80% hedged in the prompt year when it announces fourth-quarter earnings. Our revised estimates assume Constellation is 90% hedged at an average price of $33.00 per MWh. Our estimates also assume a $0.02 contribution from Commonwealth Edison due to lower treasury rates.

We are decreasing our 2023 estimates by $0.09 to $3.46, reflecting a $0.06 reduction in utility earnings due to lower treasury rates and $0.03 lower anticipated earnings at Exelon Generation based on changes in commodity forward prices and hedge assumptions.

We are increasing our 2024 estimate by $0.01 to $3.57. Our estimates assume a lower contribution from Commonwealth Edison, offset by higher earnings at Constellation.

Our estimates do not include possible improvement in authorized returns for Commonwealth Edison beginning in 2024 when the ICC is expected to establish new cost of capital metrics. We would anticipate return on equity to be the same or better than ROE under the current formula rate plan. We also do not include the possible benefit of incentive returns.

Exelon has not provided updated hedge disclosures for Constellation beyond 2021. We assume that Constellation continues to proportionally hedge its merchant output over a three-year rolling period, consistent with its historical targets. Exelon has previously targeted 90% of the prompt year (2022); 60% of prompt plus one and 35% of prompt plus two. Our estimates include hedges consistent with this approach at an assumed price of $33.00 in 2022-24. We also assume an increase in uranium fuel prices to $40 per pound, below market prices due to assumed hedging.

Corporate Separation

Exelon has completed all of the required regulatory approvals for the spin-off of Constellation. Closing of the transaction in the first quarter of 2022 is subject to final approval of Exelon's Board of Directors and a Form 10 registration statement being declared effective by the Securities and Exchange Commission (SEC).

Prior to the spin-off, Exelon needs to file a Form 10 with the SEC. The document needs to be public for at least 15 days, after which the SEC is able to declare the Form 10 effective. Exelon has not yet indicated when it plans to file the Form 10.

Federal Infrastructure and Reconciliation Bills

The US Congress adjourned in December 2021 without voting on the proposed $1.75 billion BBB bill. Among the provisions in the proposed legislation are additional subsidies for merchant nuclear plants.

The US Congress adopted a $1.0 trillion bipartisan infrastructure bill in the fall of 2021. Included in the infrastructure legislation is a $6.0 billion Civil Nuclear Credit Program (CNCP) paid out over a five-year period from fiscal 2022-26. The annual subsidy amounts to $1.0 billion available to merchant nuclear plants located in competitive electricity markets that are projected to cease operations due to economic factors. For plants receiving state subsidies, the CNCP would supplant payments currently made by the state.

Assuming that all of the merchant nuclear units could demonstrate that they qualify for money under the bill's grant program, this would result in approximately $30 million of subsidy for each unit. Exelon has about 19 merchant nuclear units, which should equate to roughly $570 million of potential grant funding. However, Exelon currently receives almost $1.0 billion in annual ZEC compensation, which could be credited against the grants. Additionally, the grants may not be available to companies for up to a two-year period, complicating decisions about potential closures.

The BBB legislation provides existing nuclear plants with a $15/MWh production tax credit subject to a threshold market price of $25/MWh. Above the $25/MWh market price threshold, the amount of the PTC reduces by $0.80/MWh for each dollar increase in market price (i.e. at a market price of $26/MWh, the PTC would be $14.20/MWh, at $27/MWh, the PTC would be $13.40, etc.; see Exhibit 2). At a market price of $43.75 or higher, the PTC would be $0.00. This proposal also credits any state subsidies against the PTCs proposed in the bill.

Exhibit 2: Nuclear PTC Adjustment over $25/MWh Threshold

Market Price	PTC
$25.00	$15.00
$26.00	$14.20
$27.00	$13.40
$28.00	$12.60
$29.00	$11.80
$30.00	$11.00
$31.00	$10.20
$32.00	$9.40
$33.00	$8.60
$34.00	$7.80
$35.00	$7.00
$36.00	$6.20
$37.00	$5.40
$38.00	$4.60
$39.00	$3.80
$40.00	$3.00
$41.00	$2.20
$42.00	$1.40
$43.00	$0.60
$43.75	**$0.00**

Source: U.S. Senate draft bill, MSUSA estimates

Mizuho estimates that Exelon will produce roughly 175 million MWh annually. Based on power forward curves as of mid-December, we estimate that EXC will receive ~$140 million in federal nuclear PTCs in 2022, increasing to just over $700 million by 2026. Exhibit 3 provides our calculation of the potential contribution from a nuclear PTC as currently proposed in BBB.

Exhibit 3: Exelon Nuclear PTC Benefit Calculation

Exelon Nuclear PTC Benefit Calculation	2022	2023	2024	2025	2026
Nuclear PTC per MWh ($/MWh)	**$15.00**	**$15.00**	**$15.00**	**$15.00**	**$15.00**
Threshold ($/MWh)	$25.00	$25.00	$25.00	$25.00	$25.00
PTC adjustment over $25/MWh Threshold ($/MWh)	$0.80	$0.80	$0.80	$0.80	$0.80

NiHub	2022	2023	2024	2025	2026
MWh (mm)	95.0	95.0	95.0	95.0	95.0
Market Price Assumption ($/MWh)	$38.50	$35.35	$34.35	$34.13	$34.13
Market Price Above Threshold ($/MWh)	$13.50	$10.35	$9.35	$9.13	$9.13
PTC Adjustment ($/MWh)	$10.80	$8.28	$7.48	$7.30	$7.30
Adjusted PTC ($15/MWh - PTC Adjustment) ($/MWh)	**$4.20**	**$6.72**	**$7.52**	**$7.70**	**$7.70**
PTC $ Contribution (Adjusted PTC * MWh) ($mm)	**$399**	**$638**	**$715**	**$731**	**$731**
Illinois ZEC's ($mm)	$365	$365	$365	$365	$365
Net PTC After State Subsidy ($mm)	**$34**	**$273**	**$350**	**$366**	**$366**

PJM	2022	2023	2024	2025	2026
MWh (mm)	55.0	55.0	55.0	55.0	55.0
Market Price Assumption ($/MWh)	$39.53	$35.82	$34.36	$34.06	$34.06
Market Price Above Threshold ($/MWh)	$14.53	$10.82	$9.36	$9.06	$9.06
PTC Adjustment ($/MWh)	$11.63	$8.66	$7.49	$7.25	$7.25
Adjusted PTC ($15/MWh - PTC Adjustment) ($/MWh)	**$3.37**	**$6.34**	**$7.51**	**$7.75**	**$7.75**
PTC $ Contribution (Adjusted PTC * MWh) ($mm)	**$186**	**$349**	**$413**	**$426**	**$426**
New Jersey ZEC's ($mm)	$78	$78	$78	$78	$78
Net PTC After State Subsidy ($mm)	**$108**	**$271**	**$335**	**$348**	**$348**

New York	2022	2023	2024	2025	2026
MWh (mm)	24.5	24.5	24.5	24.5	24.5
Market Price Assumption ($/MWh)	$45.57	$41.57	$40.05	$39.51	$39.51
Market Price Above Threshold ($/MWh)	$20.57	$16.57	$15.05	$14.51	$14.51
PTC Adjustment ($/MWh)	$16.46	$13.26	$12.04	$11.61	$11.61
Adjusted PTC ($15/MWh - PTC Adjustment) ($/MWh)	**$0.00**	**$1.74**	**$2.96**	**$3.39**	**$3.39**
PTC $ Contribution (Adjusted PTC * MWh) ($mm)	**$0**	**$43**	**$72**	**$83**	**$83**
New York ZEC's ($mm)	$525	$525	$525	$525	$525
Net PTC After State Subsidy ($mm)	**$0**	**$0**	**$0**	**$0**	**$0**

Total MWh (mm)	**174.5**	**174.5**	**174.5**	**174.5**	**174.5**
Total PTC Benefit ($mm)	**$142**	**$544**	**$685**	**$715**	**$715**

Source: Company reports, U.S. Senate draft bill, MSUSA estimates

The key variable in the calculated benefit is the definition of market price. Our base case uses forward prices as provided by S&P Market Intelligence. Another possible

interpretation would be the use of realized prices, which would take into consideration company hedges. Under this alternative scenario, the PTC contribution should be higher than what we show in the table above.

Valuation

Base Case

Using a sum of the parts analysis on 2024 results we derive a price target of $57.00 per share. Based on the December 30, 2021 closing price of $57.76, this represents price appreciation potential of (1.3%) and total return potential of 1.3% including the company's current yield of 2.6%. Our price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.38 using a P/E multiple of 19.7 times, a 10.0% premium to our electric group average multiple, resulting in a price target of $47.00.

We value the regulated gas distribution 2024 earnings of $0.47 using a P/E multiple of 17.1 times, a 10.0% premium to our gas group average multiple, resulting in a price target of $8.00.

We value ExGen 2024 generation and retail EBITDA less maintenance capex of $1.7 billion at a 6.9 times multiple net of $5.4 billion of debt resulting in a price target of $7.50.

We assume that federal legislation is adopted providing additional subsidies to nuclear plants, adding $5.00 to our price target.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $10.50.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Bull Case

Under our bull case scenario, generation EBITDA would increase by $515 million based on assumed market heat rate expansion of 1,000. Using a 6.3 times multiple on merchant generation results in a $4.00 positive revision to our price target.

Bear Case

Under our bear case scenario, generation EBITDA would decrease by $515 million based on assumed market heat rate contraction of 1,000. Using a 6.3 times multiple on merchant generation results in a $4.00 negative revision to our price target.

Company Models

In the pages that follow, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet for Exelon Corporation from 2018 to 2024. To derive the consolidated results, we modeled full financials for each operating subsidiary. Clients who would like the full models may obtain them through their MSUSA representative or by direct request to the authors.

Exhibit 4: EXC Income Statement

Consolidated Income Statement ($ millions)	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Revenues	$36,248	$34,441	$32,929	$32,360	$34,040	$34,704	$35,253
Cost of Goods Sold	16,632	15,273	14,215	14,441	14,722	14,725	14,771
O&M	9,065	8,652	8,494	8,003	8,349	8,445	8,542
Other Expenses	(8)	(5)	(11)	(5)	(4)	(4)	(4)
Taxes Other then Income	1,782	1,732	1,713	1,594	1,671	1,696	1,721
EBITDA	**$8,777**	**$8,789**	**$8,518**	**$8,328**	**$9,301**	**$9,842**	**$10,224**
D&A	3,800	3,938	4,075	4,081	4,308	4,477	4,646
EBIT	**$4,977**	**$4,851**	**$4,443**	**$4,247**	**$4,993**	**$5,365**	**$5,578**
Interest	1,529	1,578	1,609	1,580	1,603	1,693	1,763
Other Income	513	505	611	561	564	565	565
EBT	**$3,961**	**$3,778**	**$3,445**	**$3,228**	**$3,953**	**$4,237**	**$4,379**
Taxes	720	618	399	555	709	761	770
Preferred Dividends	215	20	(104)	(104)	7	7	7
Net Income	**$3,026**	**$3,140**	**$3,150**	**$2,777**	**$3,237**	**$3,469**	**$3,602**
EPS	**$3.12**	**$3.22**	**$3.22**	**$2.82**	**$3.26**	**$3.46**	**$3.57**

Source: Company reports, MSUSA estimates

Exhibit 5: EXC Cash Flow Statement

Consolidated Cash Flow Statement ($ millions)	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Net Income	$3,213	$3,142	$3,039	$2,666	$3,237	$3,469	$3,602
Depreciation	3,698	3,836	3,973	3,979	4,206	4,375	4,544
Deferred Taxes	(818)	(80)	(570)	(506)	(613)	(559)	(560)
Maintenance Cap-Ex	(3,225)	(3,356)	(3,526)	(3,416)	(3,879)	(4,047)	(4,215)
Grow th Cap-Ex	(3,325)	(3,144)	(4,149)	(3,759)	(3,767)	(3,574)	(3,406)
Net Cash Generation	**(457)**	**398**	**(1,233)**	**(1,036)**	**(815)**	**(336)**	**(35)**
EBITDA + Other Income	9,199	9,182	9,006	8,755	9,728	10,269	10,650
Interest Expense	696	774	888	1,004	1,107	1,196	1,266
Pfd. Dividends	(2)	(2)	(1)	(1)	(1)	(1)	(1)
Common Dividends	(1,338)	(1,409)	(1,491)	(1,580)	(1,673)	(1,773)	(1,877)

Source: Company reports, MSUSA estimates

Exhibit 6: EXC Balance Sheet

Consolidated Balance Sheet ($ millions)	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Cash & Equivalents	$1,781	$1,122	$1,166	$1,176	$1,110	$1,776	$1,076
Short Term Debt	$332	$838	$1,644	$1,644	$1,644	$1,644	$1,644
Revolver	0	0	0	0	0	0	766
Current Portion of Long Term Debt	2,412	3,206	1,791	2,993	1,120	625	1,182
Long Term Debt	33,615	33,531	35,580	34,479	38,554	41,723	42,741
Total Debt	**$36,359**	**$37,575**	**$39,015**	**$39,115**	**$41,317**	**$43,992**	**$46,333**
Preferred Stock	0	0	0	0	0	0	0
Total Debt & Preferred	**$36,359**	**$37,575**	**$39,015**	**$39,115**	**$41,317**	**$43,992**	**$46,333**
Shareholder's Equity	29,568	31,074	32,010	31,288	30,780	30,101	28,003
Goodwill Portion of Equity	0	0	0	0	0	0	0
Goodwill / Shareholder's Equity	0	0	0	0	0	0	0
Total Book Capitalization	**$65,927**	**$68,649**	**$71,025**	**$70,403**	**$72,097**	**$74,093**	**$74,336**
Off-Balance Sheet Debt	0	0	0	0	0	0	0
Consolidated Debt/Pfd. Assoc. w/Min. Int. Exp.	0	0	0	0	0	0	0
Total Credit Capitalization	**$65,927**	**$68,649**	**$71,025**	**$70,403**	**$72,097**	**$74,093**	**$74,336**

Source: Company reports, MSUSA estimates

Price Target Calculation and Key Risks

Price Target Calculations: Our price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.38 using a P/E multiple of 19.7 times, a 10.0% premium to our electric group average multiple, resulting in a price target of $47.00.

We value the regulated gas distribution 2024 earnings of $0.47 using a P/E multiple of 17.1 times, a 10.0% premium to our gas group average multiple, resulting in a price target of $8.00.

We value ExGen 2024 generation and retail EBITDA less maintenance capex of $1.7 billlion at a 6.9 times multiple net of $5.4 billion of debt resulting in a price target of $7.50.

We assume that federal legislation is adopted providing additional subsidies to nuclear plants, adding $5.00 to our price target.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $10.50.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: 1) Equity overhang; 2) Not getting federal nuclear subsidies. Weak commodity outlook, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates makes a market in the following securities: Exelon Corporation

Mizuho Securities USA LLC and or its affiliates has received compensation for investment banking services for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates has managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates have provided investment banking services for Exelon Corporation who is or was a client in the past 12 months.

The compensation of the research analyst writing this report, in whole or part, is based on MSUSA.s annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA.s internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Paul Fremont, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock's total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform. (effective July 10, 2017).

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Mizuho Securities USA LLC investment ratings are based on the following definitions. Anticipated share price change is based on a 6- to 12-month time frame. Return expectation excludes dividends (prior to July 10, 2017).

Buy:	Stocks for which the anticipated share price appreciation exceeds 10%.
Neutral:	Stocks for which the anticipated share price appreciation is within 10% of the share price.
Underperform:	Stocks for which the anticipated share price falls by 10% or more.
RS:	Rating Suspended - rating and price objective temporarily suspended.
NR:	No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of December 31)	% of coverage	IB service past 12 mo
Buy (Buy)	61.31%	64.26%
Hold (Neutral)	37.53%	56.52%
Sell (Underperform)	1.17%	20.00%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

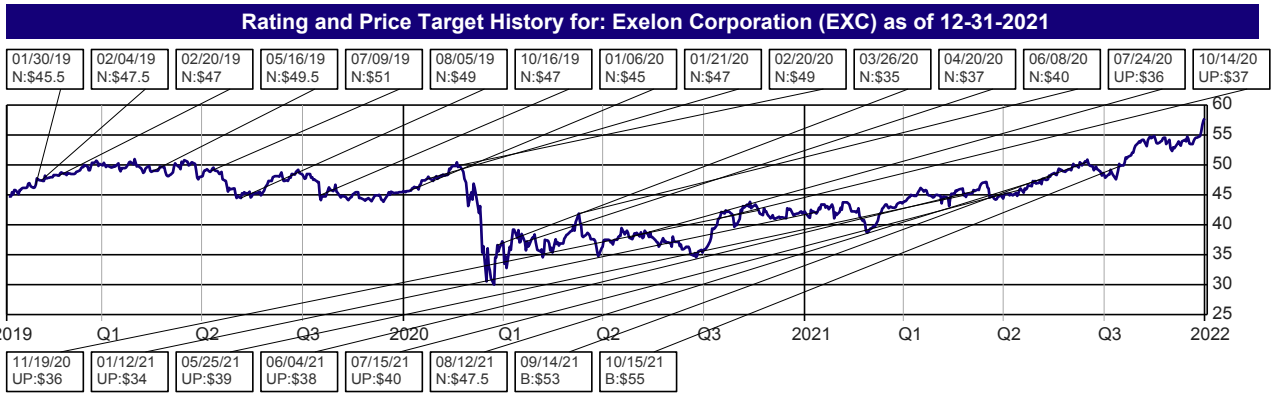

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any

transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2022. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

Contents

03	30 MAR '22 4:26P.M.	Midweek Thoughts - DTE, DUK, D, EXC NEE, SO, NWE, AGR, CMS, AEP, FE, ES, CNP (KeyBanc Capital Markets) - 5 Pages
08	28 MAR '22 7:01A.M.	Heads Up - The Week Ahead in Utilities: AEP, XEL, EXC, SO, EIX, SRE, ED (KeyBanc Capital Markets) - 7 Pages
15	24 MAR '22 4:12P.M.	Seaport Research: EXC (Buy) With utility stocks back in favor, EXC's inflation-hedged wires-only EPS growth should boost its P/E; maintaining $48 PT (Seaport Global Securities) - 6 Pages
21	21 MAR '22 6:01A.M.	Exelon >> Re-Introducing The Regulated Exelon: Set to Shine in a Defensive Market (BofA Global Research) - 25 Pages
22	14 MAR '22 10:30A.M.	Americas Utilities: Updating for 10K and other segment data for Neutral-rated CNP, EXC, and WEC (Goldman Sachs) - 11 Pages
33	11 MAR '22 4:01A.M.	Upgrade to Buy Based on Valuation (Mizuho Securities USA) - 10 Pages
43	10 MAR '22 7:40P.M.	Morningstar | EXC Updated Forecasts and Estimates from 09 Mar 2022 (Morningstar Equity Research) - 25 Pages
68	09 MAR '22 5:51P.M.	Morningstar | Exelon Now a Fully Regulated Utility After Constellation Spinoff (Morningstar Equity Research) - 25 Pages
93	09 MAR '22 1:09P.M.	Morningstar | Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices (Morningstar Equity Research) - 13 Pages
106	04 MAR '22 7:00A.M.	VRP: Constellation Energy - Nuke powerhouse starts on debt reduction; fuel in focus (Vertical Research Partners) - 9 Pages
115	03 MAR '22 7:00A.M.	VRP: Exelon - Closing out the ExGen era (Vertical Research Partners) - 6 Pages
121	02 MAR '22 8:21P.M.	Exelon Corp. >> Adjusting Our PT and Estimates Post Spin; Reiterate N (JP Morgan) - 10 Pages
131	02 MAR '22 3:56P.M.	Midweek Thoughts - XEL, PEG, ED, SO, D, AEP, DUK, EXC (KeyBanc Capital Markets) - 5 Pages
136	01 MAR '22 6:14A.M.	US Electric Utilities & IPPs >> PowerPoints: Transmission 206, SO Vogtle, EXC Parent, CEG Cost Cuts, & AGR 10K (BofA Global Research) - 15 Pages
137	28 FEB '22 7:01A.M.	Heads Up - The Week Ahead in Utilities: XEL, AVA, AEP, CMS, POR, EXC, CEG, NEE, AGR, PEG, EIX, SRE, NWE, AEE, SO, ETR (KeyBanc Capital Markets) - 12 Pages
149	27 FEB '22 2:33P.M.	Exelon Corporation (EXC): 2021 results in line with consensus; reaffirms 2022 EPS guidance range (RBC Capital Markets) - 1 Page
150	27 FEB '22 8:46A.M.	VRP: Utilities & Power - Utility Spotlight: Navigating volatility; PCG WMP and GRC update; EXC and CEG report; NRC license blues (Vertical Research Partners) - 24 Pages

174	25 FEB '22 5:52P.M.	Exelon Corp "4Q'21 and 2021 Results In-Line with Guidance" (Buy) Fowler >> 4Q'21 and 2021 Results In-Line with Guidance (UBS) - 13 Pages
187	18 FEB '22 5:26A.M.	US Electric Utilities & IPPs >> Exiting The Spin Zone: Revisiting The EXC/CEG Dynamics. Sneak-Peak at PPL (BofA Global Research) - 11 Pages
188	17 FEB '22 8:36A.M.	The Guggenheim Daily Transmission: PCG, ALE, SO, POR, ES, AWK, EXC, FE, SJI (Guggenheim Securities) - 19 Pages
207	16 FEB '22 8:50P.M.	Refreshing Stand-Alone Forecast (Again) - Sticking With Outperform on EXC Shares (BMO Capital Markets) - 11 Pages
218	16 FEB '22 12:17P.M.	US HG Research: Exelon Corp (EXC): Promising New Beginnings as a Pure-Play T&D Utility; reinstate holdco at OW >> Exelon Corp (EXC): Promising New Beginnings as a Pure-Play T&D Utility; reinstate holdco at OW (Barclays) - 16 Pages

KeyBanc Capital Markets

Alert

March 30, 2022

Energy: Electric Utilities

Midweek Thoughts — DTE, DUK, D, EXC NEE, SO, NWE, AGR, CMS, AEP, FE, ES, CNP

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Fiscal 2023 Federal Budget, includes $45B for clean energy; U.S. Senate passes amended version of the America COMPETES Act; FERC Chairman Glick to seek renomination; the House Energy and Commerce Committee is investigating customer shut-offs during the pandemic; a MT consumer group is challenging the constitutionality of the state's pre-approval law; ME Board of Environmental Protection will hear appeals from opponents of NECEC project, VA AG's office is arguing that D's offshore wind project is "not needed"; CMS announces net zero GHG emissions target; PUCT rules against rehearing of AEP's SWEPCO rate case; WV PSC questions potentially higher rates from the state's utilities solar projects; CT advances two bills to conduct studies of grid resiliency and clean energy options; SEC rules that D must allow shareholders to vote on disclosure requirements; and CNP completes midstream exit.

ICYMI

The U.S. Department of Commerce agreed to a petition filed by Auxin Solar to investigate whether solar cells/modules made in Cambodia, Thailand, Vietnam, and Malaysia are in effect using parts originating in China and thus bypassing the anti-dumping/ countervailing duties in place on Chinese imports. We wrote our thoughts here.

News on Companies in Our Coverage

Fiscal 2023 Federal Budget includes $45B for clean energy: The Budget includes $44.9B for clean energy, electrification, and other relevant programs to reduce GHG. The budget also includes a placeholder for clean energy tax credits and other relevant provisions that were included in the BBB but are currently being reconsidered. The bill includes an increase in the DoE budget to $48B from $45B to reflect spending related to the Infrastructure Bill. Specifically, the $48B includes $1B to launch a Global Clean Energy Manufacturing effort to build resilient supply chains, $200M for a new Solar Manufacturing Accelerator to promote domestic solar component manufacturing, and an increase in the ARPA-E budget to support emerging energy technologies.The Budget proposes $9.2B for clean energy research, development, and demonstration, and $90M for a new Grid Deployment Office. The Budget will help achieve the Administration's goal of a 50-52% reduction from 2005 GHG pollution by 2030 and economy-wide zero emissions by 2050.

Senate passes amended version of H.R. 4521: Senate passed the United States Innovation and Competition Act, which is an amended version of the America COMPETES Act of 2022 that the House passed earlier this year. The next step will involve a conference to work out the differences between the House and Senate versions. The House version is heavier on climate change provisions vs. the Senate version. The House version includes $600M annually for fiscal years 2022-2026 (or $3B in total) to support the U.S. solar component manufacturing supply chain, including the construction of new manufacturing facilities. The bill also seeks $75M per year to create a strategic transformer reserve and facilitate the U.S. production and testing of critical grid equipment. Both bills call for tightening of oversight of research collaborations with China.

FERC — Chairman Glick to seek renomination: Chairman Glick joined FERC as a commissioner in 2017 and has been Chairman since his appointment by President Biden in Jan. 2021. His current term ends in June, in which he will seek renomination. The renomination may be challenging in a 50-50 Senate as FERC has received pushback on the revisions to standard permitting policy that now requires developers to demonstrate the need for the projects and to address climate change impacts. The House version includes specific language to crack down on solar imports from countries that seek to avoid AD/CVD.

DTE, DUK, D, EXC, NEE, SO — House Energy and Commerce Committee will investigate reports of customer shut-offs during the pandemic: The companies have until April 4 to provide customer shut-off data and dates on arrearages and customer assistance programs. Most states implemented shut-off moratoriums in the early days of the pandemic. The hearing likely is a result of relevant press reports, such as those provided here and here.

NWE — Consumer group challenges constitutionality of MT pre-approval law: A consumer group in MT isarguing the constitutionality of the MT pre-approval law that allows NWE to receive pre-approval from the Commission, committing customers to a long-term debt schedule for power plants ahead of being added to rate base, and thus reducing the utilities' risk. The law allows state utilities to own generation with an assurance that the projects would be paid for by ratepayers. The question before the Judge is whether pre-approval violates MT Constitution, especially as it applies only to NWE. The lawsuit was filed when NWE was seeking pre-approval of the 175 MW Laurel gas fired generation unit. Since then, NWE withdrew the filing, and will construct the plant with a plan to enter into service in the 2023-2024 winter timeframe.

AGR — ME Board of Environmental Protection to hear appeals regarding NECEC transmission project: The ME Board of Environmental Protection scheduled hearings for May 17-18 to consider appeals filed by project opponents, including environmental groups and NEE. The 1.2 GW transmission project has been on hold pending a ME Supreme Court hearing after the project was suspended in light of the November voter referendum. As a reminder, the Maine Supreme Judicial Court has scheduled a hearing in May to take up questions by CMP about the validity of the referendum.

D — Consultant hired by VA AG finds CVOW as "not needed": The project in question is the 2.6 GW offshore wind project being built by D. The project is a critical part of the VCEA, which requires D to achieve 100% renewable power by 2045 and for the state to have 5.2 GW of solar by 2035. The testimony filed by the consulting firm with the SCC says that apart from legislative policy preferences, the $10B project is not needed to serve D's capacity requirements through 2035, that capacity costs are ~2-3x the costs of solar resources, and the Company's forecasted economic benefits of the project are based on a cost/benefit analysis that overstates the benefits. VEPCO is anticipating an in-service date by the end of 2026 and is currently securing approvals and permits to begin construction in 2Q24. A final approval from the VA SCC is expected in 3Q22 and the consultant filing is likely in relation to the pending SCC approval where the AG's office of Consumer Counsel represents the consumer interests before the SCC.

CMS — CMS announces 2050 net zero GHG emissions target: The Company aims to achieve net zero GHG emissions from its natural gas production and delivery system. The endeavor will include eliminating the impact of emissions traced to the burning of natural gas by customers and GHG emissions caused by gas suppliers to CMS's system. The approach to achieving this target will include the option to use RNG, improve EE, emerging technologies such as carbon capture, use of hydrogen as fuel, use of heat pumps, and proposing carbon offsets to customers.

AEP — PUCT rules against rehearing of SWEPCO's rate case: The Commission voted to not add the Motion for Rehearing to any open meeting agenda, consequently adopting the final order. The Commission had 45 days to decide to rehear the case after AEP. The final order included a rate increase of $55M on a 9.25% ROE vs. SWEPCO's original ask for a $100M rate increase at a 10.35% ROE. SWEPCO, in its request for a rehearing, contended that it does not support the 9.25% ROE, which is the lowest awarded in decades, and disagrees with the Commission's proposed methodology for recovering the investments in Dolet Hills, which is being retired early. The Commission ordered that a regulatory asset for the remaining net book value be created and amortized without a return, using the original end of useful life date of 2046.

AEP, FE — WV PSC questions higher rates from utilities adding solar projects: In response to C&I demand for renewable energy, AEP and FE have planned additions of new solar projects in the state and will seek costs recovery of the utility-scale solar projects under SB 583, which was passed in 2020. Participants in the solar projects would get SRECs for the power purchased. AEP and FE customers in WV would pay a solar surcharge until all the energy credits are bought by program participants. The utilities are requesting that the WV PSC approve the voluntary solar tariff and surcharge effective 2024. In a state that received 88% of its energy from coal as of 2020, there is sufficient opposition to adding renewables as residents fear coal generation being displaced by higher-cost solar.

AGR, ES — CT legislature advances bills to study grid resiliency and clean energy options: SB 177 and HB 5200 advanced to the full Senate and House, respectively, from Committees. If passed, SB 177 would require PURA to perform a grid resilience study and issue a report to the General Assembly. HB 5200 would establish a 19-member task force to conduct a study on hydrogen-fueled energy in the state, including a review of regulations and legislation needed to guide hydrogen development and recommendations for end uses of hydrogen-fueled energy. The task force would be required to submit a report of findings and recommendations to the General Assembly by January 15, 2023.

D — SEC rules that D must allow shareholders to vote on disclosure requirements: According to the ruling, D must allow shareholders to vote on a resolution that would require the utility to disclose plans for mitigating risks from stranded natural gas infrastructure assets. Additionally, D must issue a report describing how it is responding to the risk of stranded natural gas-based infrastructure.

CNP — CNP completes exit from Midstream: The exit from the midstream business was marked by the sale of the remaining interest in ET. Recall that CNP received 51M common units and preferred units in Energy Transfer as part of the proceeds for the sale of its interest in Enable Midstream. The proceeds will be used to pay down debt at the parent level. The sale of the ET units comes ahead of the Company's schedule to exit midstream investments by the end of 2022. The timing was likely helped by the move in midstream equity prices led by the rally in gas prices.

Select Recent Research

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CMS: Notes from Meetings with Management

CMS: First Read on MI IRP Proposed Decision

NEE: Upgrading to Overweight on Valuation with $87 Price Target

SRE: PT Reached — Downgrading to Sector Weight on Valuation

Movers and Shakers: Utilities Earnings Recap

NWE: MT Coal Mine Ruling Adds Another Wrinkle to Colstrip Story

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

AY: Notes from Management Meetings

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	323	53.57	101	31.27
Sector Weight [SW]	266	44.11	59	22.18
Underweight [UW]	14	2.32	2	14.29

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	35	54.69	18	51.43
Sector Weight [SW]	27	42.19	12	44.44
Underweight [UW]	2	3.12	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

March 28, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AEP, XEL, EXC, SO, EIX, SRE, ED

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

In the week ahead we are tracking proceedings in AEP's TN electric rate case and XEL's ND gas rate case. In other news, the NJ BPU approves the closure of the last two coal plants; SO conducts a study analyzing four pathways to net-zero for its gas distribution; a CA state audit report believes the state agencies are not overseeing wildfire mitigation plans enough, and NY enters a partnership with MA, CT, and NJ to collaborate a proposal to become one of the four regional hubs.

Regulatory Calendar

A full regulatory calendar is provided later in the report. Details on the events that we are tracking this week are below.

AEP — Intervenor testimony in the Kingsport electric rate case in TN is scheduled for March 30: AEP is requesting a $14M rate increase. After the transfer to base rates of ~$7.5 million being collected through riders, the net impact would be a ~$7M overall rate increase. Kingsport Power is requesting to place the new rates into effect around mid 2022. The rate filing is premised on 10.2% ROE and 48.9% equity. The previous Kingsport case was authorized in 2016 at 9.85% ROE and 40.25% equity.

XEL — Rebuttal testimony in the ND gas rate case is scheduled for April 1: NSP recently filed a rate case (PU-21-381) seeking a $7M rate increase premised on a 10.5% ROE (52.54% equity) for a 2022 test year. The request includes $1.25M previously approved amortization of costs related to remediation of a former gas plant. Staff recommends that the Commission remove the $1.25M remediation costs but recommends that interim rates be approved. Interveners have proposed a $3M rate increase on 9.4% ROE and 52% equity. NSP's previous rate case in ND was decided in 2007 with a settlement.

Recent Developments for Companies Under Our Coverage

From our midweek: AEP's 998MW Traverse Wind Project enters service; FERC ruled for a lower transmission ROE in CA, which could hamper the transmission buildout; CA SB 884 amended to speed up the undergrounding of power lines; the Western Market Exploratory Group hires an energy consultant to help evaluate long-term market structure opportunities, and Governor Hochul signs SB 7836, requiring the NY PSC to establish EV rate structures and facilitate faster EV charging options.

EXC — NJ BPU approves the closure of the last two remaining coal plants in the state: The 244MW Chambers Cogeneration and 219MW Logan coal-fired plants will close at the end of May, previously scheduled to close in March 2024 and December 2024, respectively. EXC's subsidiary Atlantic City Electric had separate 30-year PPAs, in which buying out the PPAs and shuttering the plants will save customers $30M over the next few years. Through its Energy Master Plan, NJ is targeting zero carbon emissions by 2050.

SO — Southern Gas conducts study to find pathway to net-zero: The study presents pathways to reduce GHG emissions across its natural gas distribution companies in a cost-effective manner. After analyzing four potential pathways, the study determined that the current natural gas infrastructure will be needed. The combination of natural gas efficiency technologies and RNG is lower cost and produces more GHG reductions for customers than the mandatory 100% electrification pathway. SO believes it can do this by blending more methane captured from dairy farms and other agricultural activities and using its modern natural gas system in place, which is the most affordable route while allowing SO to achieve its long-term GHG reduction goals. Southern Gas used ICF to conduct the study and will help SO achieve its net-zero direct GHG from its entire operations by 2050.

EIX, SRE — CA State Auditor report found that wildfire mitigation work needs more oversight: In the report, the CA State Auditor found that the utilities are not doing nearly enough to prevent wildfires and future power shutoffs in the high threat areas. Specifically, the CPUC and the Office of Energy Infrastructure Safety is not ensuring that the utilities are investing in the high fire-threat areas and notes that the state agencies could use the recent shutoff reduction law (enacted Jan. '22) to find sections that have the more frequent power shutoffs and ensure utilities target investments in hardening those areas. The report also found that the OEIS awarded safety certificates without proper mitigation protocols. CA has faced record wildfires in recent years, and the undergrounding of power lines would be a significant investment burdening the ratepayers; focusing on some higher-risk areas could help mitigate some threats and reduce power shutoffs.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.

KeyBanc Capital Markets Inc. | Member FINRA/SIPC

ED — NY Governor announces Multi-State Agreement to propose a regional hydrogen hub: NY has partnered with CT, MA, and NJ to collaborate on proposal development to achieve designation as a regional hub under the federal infrastructure act and advance hydrogen projects. As part of President Biden's fight against climate change, he signed the federal infrastructure package, which would set aside ~$8B for at least four hydrogen hubs around the country. In addition to the four states, a combination of forty corporations and universities joined the partnership, including ED. In her State of the State address, Governor Hochul discussed her ambition to make NY a Green Hydrogen hub.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
TN	Kingsport Power Company	AEP	D-21-00107	Electric	3/30/2022	Intervenor Direct Testimony
ND	Northern States Power Co.	XEL	C-PU-21-381	Natural Gas	4/1/2022	Rebuttal Testimony Due
MI	Consumers Energy Co.	CMS	C-U-21148	Natural Gas	4/8/2022	Staff & Intervenor Testimony
	CPI Release	BLS			4/12/2022	CPI release for Prior Month
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	4/13/2022	Direct Testimony Due
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	4/15/2022	Staff & Intervenor Rebuttal Testimony
	Federal Energy Reg Comm	FERC			4/21/2022	Open Meeting
ND	Northern States Power Co.	XEL	C-PU-21-381	Natural Gas	4/22/2022	Staff Surrebuttal Testimony Due

Source: Regulatory filings, company filings, S&P Market Intelligence

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	23.1	Sector Weight	NA	$90.78	2.6%	58%	4.05	4.35	4.60	22.4x	20.9x	19.7x	4.06	4.35	4.64	22.4x	20.9x	19.6x
AEP	American Electric Power Company In	48.7	Sector Weight	NA	$96.84	3.3%	63%	4.98	5.31	5.68	19.4x	18.2x	17.0x	4.98	5.27	5.62	19.4x	18.4x	17.2x
D	Dominion Energy Inc	66.7	Overweight	$86	$83.97	3.2%	65%	4.13	4.35	4.56	20.3x	19.3x	18.4x	4.11	4.38	4.66	20.4x	19.2x	18.0x
DTE	DTE Energy Co	24.8	Sector Weight	NA	$129.85	2.7%	60%	5.89	6.24	6.61	22.0x	20.8x	19.6x	5.93	6.26	6.68	21.9x	20.7x	19.4x
DUK	Duke Energy Corp	82.7	Overweight	$110	$109.13	3.7%	74%	5.47	5.71	6.09	20.0x	19.1x	17.9x	5.46	5.77	6.15	20.0x	18.9x	17.8x
ETR	Entergy Corp	22.9	Sector Weight	NA	$114.83	3.6%	65%	6.30	6.72	7.11	18.2x	17.1x	16.2x	6.33	6.73	7.11	18.1x	17.1x	16.2x
ES	Eversource Energy	29.4	Sector Weight	NA	$86.66	2.9%	62%	4.10	4.36	4.63	21.1x	19.9x	18.7x	4.10	4.36	4.64	21.2x	19.9x	18.7x
ED	Consolidated Edison Inc	32.4	Underweight	$71	$92.68	3.5%	73%	4.47	4.67	4.78	20.7x	19.8x	19.4x	4.49	4.78	5.05	20.6x	19.4x	18.4x
EIX	Edison International	25.5	Sector Weight	NA	$68.79	4.1%	62%	4.53	4.82	5.13	15.2x	14.3x	13.4x	4.51	4.86	5.22	15.3x	14.2x	13.2x
EXC	Exelon Corp	43.6	Overweight	$49	$45.51	3.0%	62%	2.25	2.40	2.59	20.2x	19.0x	17.6x	2.25	2.41	2.59	20.2x	18.9x	17.6x
PEG	Public Service Enterprise Group Inc	33.9	Sector Weight	NA	$68.31	3.2%	62%	3.45	3.68	3.90	19.8x	18.6x	17.5x	3.47	3.72	3.93	19.7x	18.4x	17.4x
SO	Southern Co	73.5	Overweight	$71	$70.93	3.8%	76%	3.55	3.80	4.04	20.0x	18.7x	17.6x	3.55	3.81	4.13	20.0x	18.6x	17.2x
WEC	WEC Energy Group Inc	30.5	Sector Weight	NA	$98.07	3.0%	67%	4.30	4.59	4.81	22.8x	21.4x	20.4x	4.30	4.58	4.86	22.8x	21.4x	20.2x
XEL	Xcel Energy Inc	38.0	Overweight	$76	$70.70	2.8%	61%	3.19	3.42	3.60	22.2x	20.7x	19.6x	3.18	3.40	3.64	22.3x	20.8x	19.4x
					Average:	**3.2%**	**65%**				**20.3x**	**19.1x**	**18.1x**				**20.3x**	**19.0x**	**17.9x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.1	Sector Weight	NA	$44.85	3.9%	87%	1.99	2.46	2.63	22.5x	18.2x	17.1x	2.02	2.45	2.61	22.2x	18.3x	17.2x
NWE	NorthWestern Corp	3.1	Overweight	$68	$59.03	4.3%	76%	3.36	3.51	3.65	17.6x	16.8x	16.2x	3.32	3.49	3.68	17.8x	16.9x	16.0x
OTTR	Otter Tail Corp	2.6	Sector Weight	NA	$62.67	2.6%	41%	3.91	3.53	3.73	16.0x	17.8x	16.8x	3.97	3.32	3.46	15.8x	18.9x	18.1x
PNW	Pinnacle West Capital Corp	8.4	Underweight	$62	$75.98	4.5%	86%	4.00	4.24	4.36	19.0x	17.9x	17.4x	4.01	4.19	4.47	19.0x	18.1x	17.0x
POR	Portland General Electric Co	4.8	Sector Weight	NA	$54.61	3.2%	63%	2.80	2.94	3.07	19.5x	18.6x	17.8x	2.82	2.96	3.08	19.3x	18.4x	17.7x
					Average:	**3.7%**	**71%**				**18.9x**	**17.9x**	**17.0x**				**18.8x**	**18.1x**	**17.2x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	17.4	Sector Weight	NA	$45.75	3.9%	85%	2.00	2.14	2.28	22.9x	21.4x	20.1x	2.09	2.18	2.39	21.9x	21.0x	19.1x
NEE	Nextera Energy Inc	164.3	Overweight	$87	$83.94	2.0%	60%	2.83	3.05	3.25	29.7x	27.5x	25.8x	2.81	3.05	3.25	29.8x	27.5x	25.8x
SRE	Sempra Energy	50.1	Sector Weight	NA	$162.46	2.9%	55%	8.41	8.91	9.50	19.3x	18.2x	17.1x	8.47	8.93	9.48	19.2x	18.2x	17.1x
					Average:	**2.9%**	**67%**				**24.0x**	**22.4x**	**21.0x**				**23.6x**	**22.2x**	**20.7x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	17.1	Overweight	$55	$53.80	1.0%	25%	2.96	3.53	3.87	18.2x	15.2x	13.9x	2.16	3.54	4.71	24.9x	15.2x	11.4x
NRG	NRG Energy Inc	8.8	Not Covered	NA	$37.03	3.8%	42%	NA	NA	NA	NA	NA	NA	3.32	4.27	5.27	11.1x	8.7x	7.0x
VST	Vistra Corp	9.9	Not Covered	NA	$22.74	3.1%	40%	NA	NA	NA	NA	NA	NA	1.80	2.06	2.24	12.6x	11.1x	10.2x
					Average:	**2.6%**	**36%**				**18.2x**	**15.2x**	**13.9x**				**16.2x**	**11.7x**	**9.5x**

Source: Thomson Reuters, Company Reports, KBCM Estimates

Figure 3 - Stock Price Performance

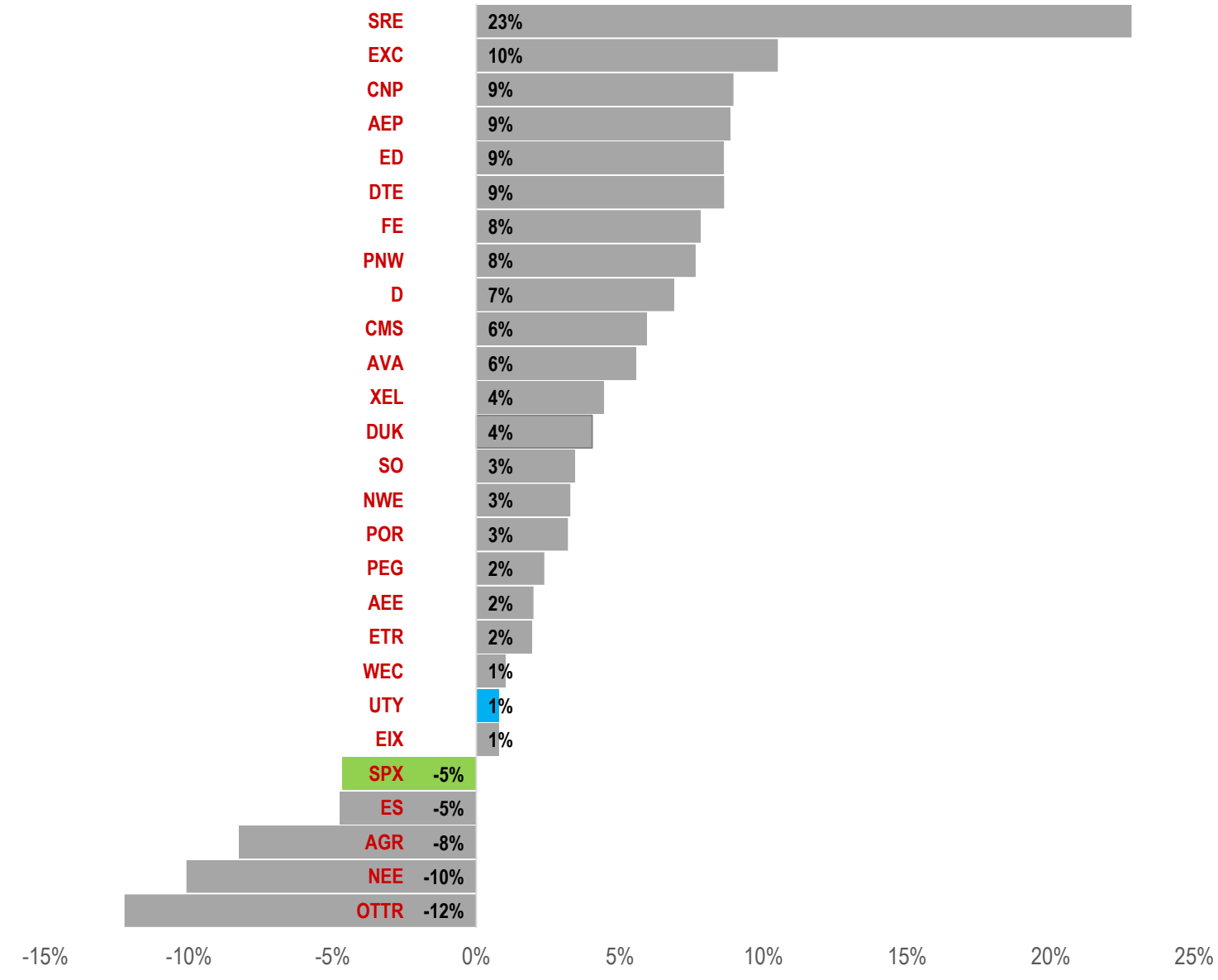

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

CMS: Notes from Meetings with Management

CMS: First Read on MI IRP Proposed Decision

NEE: Upgrading to Overweight on Valuation with $87 Price Target

SRE: PT Reached — Downgrading to Sector Weight on Valuation

Movers and Shakers: Utilities Earnings Recap

NWE: MT Coal Mine Ruling Adds Another Wrinkle to Colstrip Story

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

AY: Notes from Management Meetings

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review

EEI Day One: Notes from Meetings - ES, CNP, XEL, AGR, CMS

EEI Day Two: Notes from Meetings - DUK, NEE, ETR, DTE, AEP, AY, AVA, SRE

EEI Day Three: Notes from Meetings - POR, SO, OTTR, EXC, NWE, EIX, FE, AEE

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	323	53.57	101	31.27
Sector Weight [SW]	266	44.11	59	22.18
Underweight [UW]	14	2.32	2	14.29

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	35	54.69	18	51.43
Sector Weight [SW]	27	42.19	12	44.44
Underweight [UW]	2	3.12	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

SEAPORT RESEARCH PARTNERS

Angie Storozynski | Senior Analyst
astorozynski@seaportrp.com | (917) 747-7228

Rating:	**Buy**
Price Target:	**$48.00**

Price Target Metrics:
20x 2023 EPS of $2.41 and 18x 2024 EPS of $2.64

Current Price:	**$44.47**
Float:	978.0MM
Diluted Shares:	980.1MM
Short Interest:	12.5MM
Average Daily Volume:	9,166k
52 Week Range:	$30.40 - $44.73
Market Cap:	**$43,587MM**
Cash and Investments:	$102MM
Debt:	$30,500MM
Enterprise Value:	$73,985MM

PRICE & VOLUME CHART

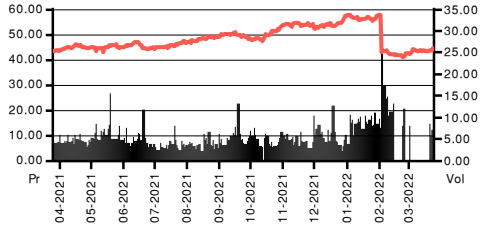

ESTIMATES $ (MMs except multiples & EPS)

	2022 Prior	2022 New	2023 Prior	2023 New	2024 Prior	2024 New	2025 New
EPS (Diluted)							
FY	$2.26	$2.28E	$2.40	$2.41E	$2.71	$2.64E	$2.80E
P/E		**19.5x**		**18.5x**		**16.8x**	**15.9x**
Dividends Per Share							
FY	$1.350	$1.350E	$1.440	$1.440E	$1.580	$1.580E	$1.700E
Dividend Yield		**3.0%**		**3.2%**		**3.6%**	**3.8%**

Exelon Corporation

(NYSE: EXC)

With utility stocks back in favor, EXC's inflation-hedged wires-only EPS growth should boost its P/E; maintaining $48 PT

Summary:
We marginally raised our '22/'23 estimates to reflect higher allowed ROEs for ComEd (linked to the 30yr T yield), but we lowered our '24/'25 estimates to be more conservative on ComEd's new rate plan in IL and because EXC should try to smooth out its earnings trajectory. Our new '22/'23/'24/'25 EPS estimates of $2.28/2.41/2.64/2.80 imply a 7.4% EPS CAGR, above a 6.5% average for electric utilities, with the growth coming from T&D-only capex and being backed by strong management execution. Even after today's outperformance, EXC trades at a large 2.1x/2.5x '23/'24 P/E discount to AEE, EXC's closest public peer. We hope for EXC's inclusion in clean energy/ESG indices like ICLN, but that should require a refresh of EXC's MSCI rating post the recent CEG spin-off. As we await more updates from IL, we value EXC at our anchor '24 P/E of 18x and maintain our $48 PT.

Highlights

Regulatory setup in IL: Through the end of '23, ComEd's allowed ROE on the electric distribution side will be adjusting daily with the 30 yr T yield. ComEd's ROE is now at ~8.35% up from ~7.8% on average for '21. ComEd and AEE's IL electric utility continue to participate in lengthy workshops on the new regulatory design for electric utilities, including performance-based ratemaking. ComEd will file its next rate case in early '23 for new rates to be effect 1/1/24, but it's too early to tell if it will be a multiyear or a future test year rate case, and that in turn should determine the allowed and realized ROEs for the utility. Our updated '24/'25 EPS estimates for ComEd reflect an allowed ROE of 9.2% and a 20-30 bps ROE underearning which could turn conservative, especially given an up to a 40 bps performance ROE adder. It's unclear how ComEd's '20 deferred prosecution agreement should impact its '24 rate case.

Updating estimates: We raised our '22/'23 estimates to reflect higher ComEd earnings (due to the higher 30 yr T yield) partly moderated by a higher parent-level drag. We lowered our '24/'25 estimates to be conservative on ComEd's new electric rate plan and because we expect EXC's management to attempt to deliver a smoothed out earnings trajectory. Our new '22/'23/'24/'25 EPS estimates are $2.28/2.41/2.64/2.80 vs. $2.26/2.40/2.71/2.92, previously. Our updated estimates imply a 7.4% '22-'25 EPS CAGR, within management's 6-8% EPS growth target and above the 6.5% EPS CAGR average for electric utilities. As mentioned above, EXC's '24/'25 earnings will depend on the outcome of ComEd's rate case, but we've already moderated our expectations for the ROE step up in IL.

Valuation: Even after today's outperformance, EXC trades at a large 2.1x/2.5x '23/'24 P/E discount to AEE which we continue to see as EXC's closest public peer. EXC's discount vs. XLU is smaller at 0.8x/1.4x, respectively, but we struggle to justify any valuation discount for EXC given its premium EPS growth, strong execution and wires-only business. We hope for EXC's inclusion in clean energy/ESG indices like ICLN. That could take time as it should require an update of ESG ratings (MSCI in particular) post the CEG spin-off, we believe. As we await more updates from IL, we value EXC at our anchor '24 P/E of 18x and maintain our $48 PT.

Company Description:
EXC operates six electric/gas T&D utilities in IL, PA, MD, NJ, DE, D.C. and VA) serving 9.1 million customer accounts. The spin off of Constellation Energy (CEG) from EXC was completed on Feb 1, '22.

EXC: EPS per segment ($)

EXC	2021A	2022E	2023E	2024E	2025E	'22-25 CAGR
Regulated utilities	2.35	2.57	2.74	3.04	3.25	8.5%
Parent/Corporate	(0.26)	(0.29)	(0.33)	(0.40)	(0.46)	14.6%
Total EPS	**2.08**	**2.28**	**2.41**	**2.64**	**2.80**	**7.4%**
DPS	**1.35**	**1.35**	**1.44**	**1.58**	**1.70**	**5.9%**

EXC - Regulated EPS	2021A	2022E	2023E	2024E	2025E	'22-25 CAGR
PECO	0.53	0.58	0.62	0.70	0.77	9.7%
ComEd	0.77	0.85	0.89	1.02	1.07	8.7%
BGE	0.43	0.47	0.51	0.54	0.57	7.0%
PHI/ACE/DPL	0.62	0.68	0.72	0.79	0.85	8.2%
Total regulated EPS	**2.35**	**2.57**	**2.74**	**3.04**	**3.25**	**8.5%**

Source: Company data for 2021; Seaport Research Partners

EXC; '23 and '24 SOTP valuation ($)

EXC - 2023 SOTP	Metric	Multiple	Price	Anchor multiple	PE premium
2023 EPS: Regulated utilities	$2.74	20.0x	$54.67	19.0x	5%
2023 EPS: Corporate	($0.33)	20.0x	($6.64)	19.0x	5%
Equity value/share			**$48.03**		

EXC - 2024 SOTP	Metric	Multiple	Price	Anchor multiple	PE premium
2024 EPS: Regulated utilities	$3.04	18.0x	$54.78	18.0x	0%
2024 EPS: Corporate	($0.40)	18.0x	($7.20)	18.0x	0%
Equity value/share			**$47.58**		

Source: Seaport Research Partners

EXC	2021A	2022E	2023E	2024E	2025E
Sales	17,920	18,532	18,983	19,614	20,135
Operating expenses	14,542	14,646	14,850	15,067	15,286
EBITDA	6,577	7,262	7,675	8,262	8,742
D&A	3,199	3,376	3,542	3,714	3,892
EBIT	3,378	3,886	4,133	4,547	4,850
Interest expense	(1,109)	(1,217)	(1,295)	(1,399)	(1,493)
PBT	2,464	2,805	2,974	3,284	3,492
Income tax	(430)	(561)	(595)	(657)	(698)
Net profit	2,034	2,244	2,379	2,627	2,794
Diluted S/O (m)	980	983	988	994	999
EPS	**$2.08**	**$2.28**	**$2.41**	**$2.64**	**$2.80**
DPS	**$1.35**	**$1.35**	**$1.44**	**$1.58**	**$1.70**

Current assets	6,014	6,553	6,690	6,859	7,012
Property, plant, and equipm	65,885	69,514	73,047	76,783	80,391
Total assets	**84,494**	**88,872**	**92,756**	**96,880**	**100,866**
Current liabilities	6,379	6,340	6,341	6,341	6,341
Long-term debt	28,681	33,787	36,615	39,573	42,348
Shareholders' equity	22,720	21,890	22,205	22,627	23,094
Total liabilities and equity	**84,494**	**88,872**	**92,756**	**96,880**	**100,866**

Net income	2,034	2,244	2,379	2,627	2,794
Operating cashflow	**4,482**	**5,053**	**5,499**	**5,891**	**6,252**
Investing cashflow	**(6,600)**	**(6,905)**	**(7,075)**	**(7,450)**	**(7,500)**
Dividends paid	(1,322)	(1,325)	(1,422)	(1,568)	(1,696)
Financing cashflow	(4,581)	2,250	1,576	1,560	1,249
Change in cash	**(6,698)**	**398**	**0**	**0**	**0**
Cash at end of period	**302**	**700**	**700**	**700**	**700**

Exelon Corporation (EXC) Disclosures

I, Angie Storozynski, hereby certify: (1) that all of the views expressed in this report accurately reflect my personal views about any and all of the subject securities or issuers; and (2) that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

As with all employees of Seaport Global Securities LLC, a portion of our analysts' compensation is paid from the total collection of revenues from all areas of the firm including but not limited to Investment Banking and Sales and Trading departments. In no instance are research analysts' compensation directly derived from Investment Banking revenues.

Risks & Considerations for Exelon Corporation (EXC)

It's hard to predict the outcome of EXC's future rate cases: We assume that EXC's allowed ROE/equity ratios should remain unchanged in five ff its six jurisdictions (excl. IL/ComEd) though it's hard to predict the outcome of EXC's future rate cases even in the current inflationary environment.

ComEd's ROE remains linked to the 30 yr T yield until 2023: EXC's distribution ROE in IL (for ComEd) changes daily and is based on the 30 year T yield plus 580 bps. A recently adopted energy bill should break this formulaic ROE calculation starting in 2024 which in turn should result in a sharply higher allowed ROE for ComEd though we won't know the likely ROE/EPS uplift in IL until late 2023. It's hard for us to predict how ComEd's 2020 deferred prosecution agreement in IL should impact this future rate case in the state. Through the end of 2023, ComEd's allowed ROE will be driven by the 30 year T yield thus providing some inflationary protection.

Equity needs: EXC needs $1B in equity to support its 8% rate base growth for 2022-2025. For now, we'd expect the company to be able to rely mostly on internal equity programs (like DRIP), but it's unclear to us how management plans to address its equity needs. The equity needs could change in the current inflationary environment with rising ComEd earnings being offset by higher operating/pension costs.

Risks & Considerations for Constellation Energy Corp. (CEG)

Fwd power and/or capacity prices could fall, especially in PJM: Fwd power prices in PJM have risen sharply since the last PJM capacity auction, more than offsetting the drop in capacity prices. We are concerned about the outcome of the next capacity auction in PJM, for delivery years mid-2023 through mid-2024, which is scheduled for June 8, 2022. Our updated 2023-2025 EBITDA/FCF estimates assume sharply lower capacity prices (~$50/MW-day down from ~$96/MW-day), but we could see further downside. CEG could also see sharply higher nuclear fuel costs than the ~$7/MWh we currently assume.

Forward retail margins could fall: We have limited visibility into CEG's retail margins, but they could be pressured by rising power/gas prices.

Operating risk of nuclear plants: CEG owns ~21GW of nuclear plants and a prolonged outage of any of the units could have a material impact on our EBITDA and FCF expectations. CEG's nuclear plants are aging and should require major maintenance in order to extend their operating licenses.

Other Companies Mentioned in This Report

- Ameren Corporation (AEE: $89.81)
- Constellation Energy Corp. (CEG: $51.68, Buy, PT $56)

Price Target Metrics for Exelon Corporation (EXC)

20x 2023 EPS of $2.41 and 18x 2024 EPS of $2.64

Price Target Metrics for Constellation Energy Corp. (CEG)

2024 SOTP valuation: base case (buybacks - 20% weight),Talen deal (40%), PEG's nuclear deal + nuclear PTCs (20%) and D's Millstone deal (20%)



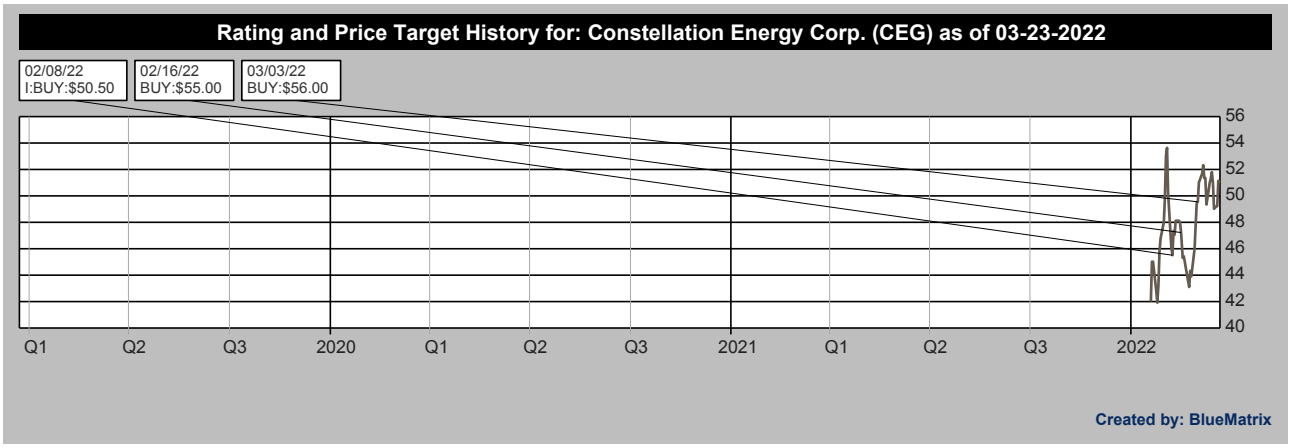

Please contact Seaport Global Securities LLC, for important disclosure information for covered companies. Contact the Director of Equity Research at (949) 274-8052 or write to Seaport Global Securities LLC, 600 Anton Boulevard, Suite 1700, Costa Mesa, CA 92626.
Clients should also refer to https://sgsecurities.bluematrix.com/sellside/Disclosures.action for price charts, as well as specific disclosures for covered companies.

Explanation of Ratings

Seaport Global Securities analyst ratings include (effective Feb. 1, 2017):

Buy - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Prior to Feb 1., 2017, Seaport Global Securities analyst ratings included:

Buy - The investment outlook and risk/reward over the following 12 months are very favorable on an absolute basis and relative to the peer group.
Speculative Buy - The investment outlook over the following 12 months is very favorable on an absolute basis and relative to the peer group, however, there is higher than average risk associated with the investment that could result in material loss.
Accumulate - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Reduce - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are very unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Ratings Distribution

	Research Coverage		Investment Banking Clients*		
Rating	Count	% of Total	Count	% of Total	% of Rating Category
Buy	145	62.2%	13	92.9%	9.0%
Neutral	87	37.3%	1	7.1%	1.1%
Sell	1	0.4%	0	0.0%	0.0%
Total	233	100.0%	14	100.0%	6.0%

*Investment banking clients are companies for which Seaport Global Securities LLC provided investment banking services to in the last 12 months.

Note: Ratings Distribution as of December 31, 2021

Seaport Global Securities LLC is a U.S. registered broker-dealer, member FINRA and SiPC. Seaport Research Partners LLC is a registered investment advisor. This material has been prepared by Seaport Research Partners, which provides brokerage services as a division (dba Seaport Research Partners) of Seaport Global Securities LLC, and provides investment advisory services through Seaport Research Partners LLC. Seaport Global Securities LLC and Seaport Research Partners LLC are subsidiaries of Seaport Global Holdings LLC. Seaport Global Securities LLC and Seaport Research Partners LLC employ appropriate expertise, and in the belief that it is fair and not misleading. Seaport Global is the global brand name for Seaport Global Securities LLC ("SPGS") and its affiliates worldwide. Information, opinions or recommendations contained in the reports and updates are submitted solely for advisory and information purposes. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified. Therefore, we cannot guarantee its accuracy. Additional and supporting information is available upon request. This is neither an offer nor solicitation of an offer to buy or sell any security or investment. Any opinions or estimates constitute our best judgment as of this date, and are subject to change without notice. Not all products and services are available outside of the US or in all US states. © 2022. Seaport Global Securities LLC. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of SPGS. SPGS specifically prohibits the re-distribution of this report, via the Internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.

For Canadian Investors:

Seaport Global Securities LLC, is not registered in Canada, but relies on the International Dealer Exemption in each province. This report was not prepared in accordance with Canadian research disclosure requirements. The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the

dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

For UK and European Investors:

MARKETING COMMUNICATION

The Seaport Group Europe LLP ("SGE") and Sea Port Group Securities (Europe) LLP ("SPGSE") are authorized and regulated by the Financial Conduct Authority. Due to their size and structure, their analysts may represent the interests of the firm or of companies referred to in its research. As a result, SGE or SPGSE does not hold its research out as being impartial. This research is non-independent and is classified as a Marketing Communication under the FCA's rule COBS 12.2.18. As such it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research in COBS 12.2.21. However, SGE and SPGSE have adopted internal procedures which prohibit employees from dealing ahead of the publication of non- independent research, except for legitimate market making and fulfilling clients' unsolicited orders.

Analysts may forward a draft copy of the non-independent research, prior to publication, to the subject company in order to verify facts. Where such verification is sought, the analyst must remove any rating or investment summary from the non-independent research prior to forwarding it to the subject company. Any subsequent amendments to the non-independent research are to correct factual inaccuracies only. Any matters of judgment are the author's own and our analysts will not amend the non-independent research on the basis of an issuer's contrary view.

Price targets or Projections

Price targets or projections, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target or projection may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimate. Past performance is not indicative of future performance.

DISCLAIMERS

This material is: (i) for your private information, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any investments or other related financial instruments in any jurisdiction where such offer or solicitation would be illegal; and (iii) is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Opinions expressed are current opinions as of the original publication date appearing on this material only and the information, including the opinions contained herein, are subject to change without notice. Members of Seaport Global may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, members of Seaport Global, and / or its officers, directors and employees, may, from time to time, have long or short positions in, and buy or sell, the investments, securities, derivatives (including options) or other related financial instruments thereof, of companies mentioned herein, or related investments, securities, derivatives or other related financial instruments. In addition, members of Seaport Global may act as a market maker and principal, willing to buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein. Further, members of Seaport Global may buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. SGE, SPGSE and other non-US members of Seaport Global, their officers, directors and employees may, to the extent it relates to non-US issuers and is permitted by applicable law, have acted upon or used this material immediately following, its publication.

The securities described herein may not have been registered under the U.S. Securities Act of 1933 ("ACT") , and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act.

Unless governing law permits otherwise, you must contact a Seaport Global entity in your home jurisdiction if you want to use our services in effecting a transaction in the investments, securities or other related financial instruments mentioned in this material.

This publication has been approved for distribution in the United Kingdom by The Seaport Group Europe LLP and Sea Port Group Securities (Europe) LLP, which are authorized and regulated by the Financial Conduct Authority (FCA). It is intended only for investors who are professional clients and eligible counterparties as defined by the FCA, and may not, therefore, be redistributed to other classes of investors.

The Seaport Group Europe LLP, Sea Port Group Securities (Europe) LLP and other Seaport Global entities manage conflicts identified through the following: their Information Barrier Wall, confidentiality and conflicts of interest policies, maintenance of a Restricted List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of investments, securities or other related financial instruments and disclosure to clients via client documentation.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Re-Introducing The Regulated Exelon: Set to Shine in a Defensive Market
- **Publication Date/Time** : Monday, March 21, 2022 10:01:40 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Paul Zimbardo
- **Link to Document** : https://rsch.baml.com/r?q=s-82qN3Qr41QnlD!Aza2aA__&reid=24E255FECD5211ECBBF29B333AE79615

Americas Utilities

Updating for 10K and other segment data for Neutral-rated CNP, EXC, and WEC

Michael Lapides
+1(212)357-6307 | michael.lapides@gs.com
Goldman Sachs & Co. LLC

Insoo Kim, CFA
+1(212)902-0459 | insoo.kim@gs.com
Goldman Sachs & Co. LLC

Rebecca Yuan, CFA
+1(212)357-4977 | rebecca.yuan@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(801)884-4034 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

PM Summary

We update estimates for several companies - all Neutral rated - as we revise our models for 10K and other segment detail. We make very modest changes to our forecasts, with larger changes for EXC versus both WEC and CNP — but not enough to make us materially more positive here. In summary, we note:

- **We remain Neutral-rated on Exelon Corp (EXC) - a large cap regulated utility - following 4Q2021 earnings** given strong stock performance post the February spin-off of its non-regulated business (+5.9% vs XLU +3.0%) which limits further upside and multiple expansion in our view. Our estimates appear inline with consensus and EXC currently trades at a 1 turn discount to large-cap peers while our $45, 12-month price target reflects a 7% total return — roughly inline to 9% for Regulated Utilities.
- **...and reiterate a Neutral rating on Houston-based regulated utility CenterPoint Energy (CNP),** as we see current valuations - at a modest premium to regulated utility peers - as capturing the company's successful turn-around efforts over the past 12-18 months, along with some credit for the forecasted best-in-class 8% EPS 2021-2024E CAGR. We acknowledge further multiple expansion could be warranted over time if CNP continues to consistently execute on its growth targets, although we believe it may take time; combined with a lack of major near-term catalysts, we still see better opportunities elsewhere in our coverage universe. Our unchanged $30 12-month price target reflects a 14% total return versus 9% for Regulated Utilities.
- **...as well as our Neutral rating on Wisconsin-based regulated utility WEC Energy (WEC),** with the company set to go through a rate case year in Wisconsin which we believe presents an overhang on shares and limits potential for further rerating given WEC currently trades at a premium to the regulated utility group. We look for updates on the rate case process and our $99 12-month price target implies 14% total return.

Exelon Corp. (EXC, Neutral): Growth priced in after

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

solid stock performance

What's changing in estimates

We update our 2022-2025 EPS estimates from $2.20/$2.31/$2.54/$2.71 to $2.19/$2.39/$2.64/$2.83 which represents a 7.9% CAGR off 2021 results compared to company guidance of 6%-8%. Our estimates are inline with consensus and reflect the 2021 10-K filing, updated O&M assumptions, revised financing assumptions, and updated rate case assumptions. We continue to forecast $250mn/$375mn/$375mn of equity issuance for 2023/2024/2025.

Valuation and key risks

Our $45, 12-month price target implies 7% total return, compared to 9% in our coverage ($44 prior). Our price target is derived from a 19x P/E multiple on 2023 EPS, a one turn premium to our baseline utility multiple of 18x. EXC currently trades at 18x 2023 P/E or a slight discount to large-cap peers at 19x but we see limited room for multiple expansion from here. Key risks include utility regulation, cost management, and financing.

Exhibit 1: We revise estimates upward for 2023+ and are roughly inline with consensus
GS New vs Old vs consensus

	EPS Estimates			% Difference	
	GS- New	GS- Old	Cons.	vs. Old	vs. Cons.
2022E	$2.19	$2.20	$2.28	(0%)	(4%)
2023E	$2.39	$2.31	$2.41	4%	(1%)
2024E	$2.64	$2.54	$2.59	4%	2%
2025E	$2.83	$2.71	$2.83	4%	(0%)

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 2: Our estimates translate into a 7.9% EPS CAGR, near the upper end of company guidance of 6%-8%
EPS by segment

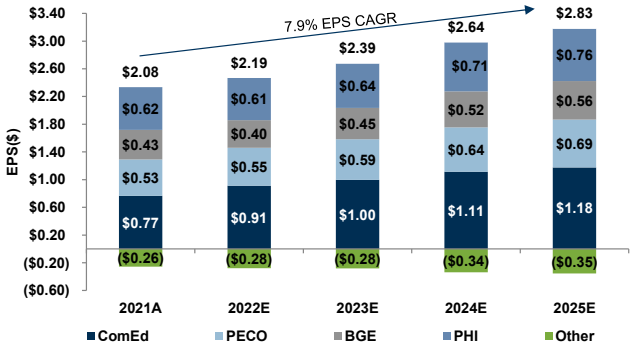

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: Our $45 12-month price target is based on a 19x P/E multiple on 2023 EPS
Price Target

EXC	
Valuation	
Exelon 2023 EPS	$2.39
Target P/E multiple	19.0x
Total Value per Share	**$45**
Current Price	$43.49
Current Dividend Yield	3%
Price Return	3%
Total Potential Return	**7%**

Source: FactSet, Goldman Sachs Global Investment Research

CenterPoint Energy (CNP, Neutral): Robust regulated growth potential;

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

looking for execution

What's Changing in Our Estimates?

We make very minor adjustments to our estimates following 4Q2021 results, with our 2022E-2024E EPS forecasts still reflecting an ~8% CAGR from 2021A utility/parent EPS of $1.27. We update our model to account for 1) the January 2022 completion of the Arkansas/Oklahoma gas utility sale and use of proceeds (combination of debt re-payment and for utility investments), 2) updates to reflect the winter storm Uri related regulatory decisions, including at MN (5-year recovery) and TX (securitization authorized), and 3) updated rate increase and O&M expense expectations. Our estimates imply CNP utilities largely earning its authorized ROEs in 2022 and 2023, and some under-earning in 2024.

Valuations and Risks

Our 12-month price target of $30 remains unchanged. We continue to utilize a SOTP approach combining the utility segments and the midstream. With the completed ET acquisition of Enable Midstream and CNP's sale of shares, we now see just ~$0.70 value from the midstream segment based on ET's current market equity value and CNP's remaining 50mn unit ownership stake. At the regulated segments, we maintain our P/E multiple for CNP's electric utility - CEHE - at 20x, a 2x premium to our baseline multiple of 18x.

Key downside risks include 1) customer/demand growth slows in Houston and in other CNP regulated jurisdictions, 2) increased regulated expenses - including supply/labor costs - pressure customer bills, leading to regulatory overhang, and 3) CNP's Indiana electric utility fails to secure any rate base utility-owned generation opportunities. **Key upside risks** include 1) CNP's regulated utilities further increase capital opportunities, leading to incremental earnings growth, and 2) CNP further simplifies its portfolio via additional and accretive gas utility divestitures.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

CNP in Exhibits

Exhibit 4: We make minor adjustments to our estimates...
CNP EPS New vs Old vs Consensus

	EPS			Diff	
	GS	Old	Cons	vs Old	vs Cons
2022E	$1.37	$1.38	$1.37	-1%	0%
2023E	$1.50	$1.49	$1.48	1%	2%
2024E	$1.60	$1.60	$1.61	0%	0%

Source: Goldman Sachs Global Investment Research, FactSet

Exhibit 5: ...reflecting ~8% utility/parent EPS CAGR from 2021A-2024E
EPS and EPS CAGR

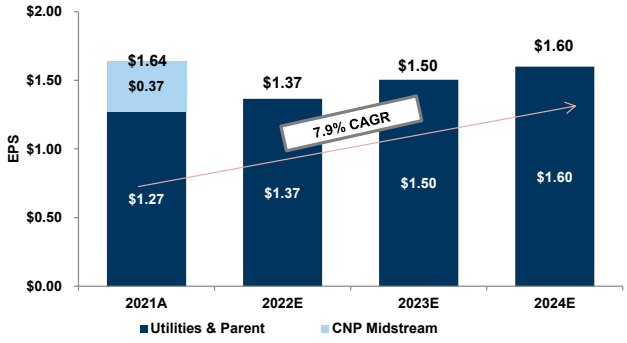

Source: Goldman Sachs Global Investment Research, Company data

Exhibit 6: Our updated SOTP valuation embeds less than $1 of value for the remaining midstream stake
CNP SOTP; time frame for price target is 12 months

Valuation	
CNP CEHE EPS 2023	**$0.71**
GS Regulated Electric Utility Base Multiple	18.00x
Premium	2.00x
Adjusted P/E	**20.00x**
Electric Utility Valuation	**$14.29**
CNP CERC EPS 2023	**$0.39**
GS Regulated Gas Utility Base Multiple	18.00x
Premium	1.00x
Adjusted P/E	**19.00x**
Gas Utility Valuation	**$7.37**
CNP Vectren Regulated Utility EPS 2023	**$0.55**
GS Regulated Multiple	18.00x
Premium	1.00x
Adjusted P/E	**19.00x**
Vectren Regulated Utility Valuation	**$10.46**
CNP Parent EPS 2023	**($0.15)**
Blended P/E Multiple	**19.43x**
Parent Valuation	**($2.89)**
ET market equity value (as of 3/1/2022)	**$32,141**
CNP stake (%)	1.6%
Tax / Liquidity Discount	10.0%
CNP Diluted shares (mn)	633
CNP Midstream Value	**$0.74**
CNP Valuation	**$30.00**

Source: Company data, Goldman Sachs Global Investment Research

WEC Energy (WEC, Neutral): See limited upside for further multiple

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

expansion in rate case year

What's changing in estimates

We update our estimates with unchanged 2022 EPS of $4.29 and 2023/2024 moving from $4.50/$4.81 to $4.51/$4.81. We made very modest changes to our estimates which represent a 5.3% EPS CAGR from 2021-2024 and remain inline with consensus. Updates include 4Q2021 results, updated O&M expense expectations and financing expectations. We assume earned ROEs near authorized levels at WEPCo, WPS and WG in our forecast period.

Valuation and key risks

Our unchanged $99, 12-month price target implies 14% total return, compared to 9% in our coverage. Our price target is based off a 22x P/E multiple on 2023 EPS (unchanged) compared to our utility baseline multiple of 18x. WEC currently trades at 20x 2023 P/E compared to large-cap peers trading at 18x. Key risks include utility regulation and rate cases, power/gas demand in Wisconsin, rate base growth, renewable development, and the gas main replacement program in Northern Illinois.

Exhibit 7: We revise our estimates slightly and remain inline with consensus
GS new vs old vs consensus

	EPS			Difference	
	New	Old	Cons	vs Old	vs Cons
2022E	$4.29	$4.29	$4.30	0%	0%
2023E	$4.51	$4.50	$4.58	0%	-2%
2024E	$4.81	$4.81	$4.87	0%	-1%

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 8: Growth at the electric and gas utilities drives a majority of EPS growth
EPS by segment

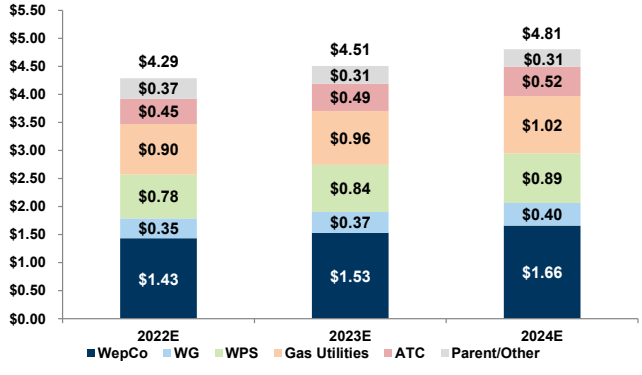

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exhibit 9: WEC trades at a 2x premium on 2023 EPS compared to large-cap peers
Comp Table

Regulated Utilities Comparable Analysis													
			Close	12-Mo	Tot Ret	EPS			P/E			Dividend	EPS CAGR
	Ticker	Rating	3/11/22	Px. Tgt	to Target	2021E	2022E	2023E	2021E	2022E	2023E	Yield	2020A-23E
Large-Cap													
American Electric Power	AEP	Sell	$90.21	$81	(7%)	$4.59	$4.86	$5.07	19.7x	18.6x	17.8x	3.5%	4.6%
Dominion Energy	D	Sell	$79.29	$76	(1%)	$3.87	$4.13	$4.26	20.5x	19.2x	18.6x	3.3%	6.4%
Duke Energy	DUK	Neutral	$99.83	$102	6%	$5.24	$5.52	$5.69	19.1x	18.1x	17.5x	4.0%	3.6%
DTE Energy	DTE	Buy*	$120.00	$138	18%	$5.98	$5.95	$6.29	20.1x	20.2x	19.1x	3.0%	(4.4%)
Consolidated Edison	ED	Sell	$85.38	$65	(20%)	$4.21	$4.49	$4.62	20.3x	19.0x	18.5x	3.7%	3.4%
Edison International	EIX	Buy	$63.65	$76	24%	$4.59	$4.68	$5.08	13.9x	13.6x	12.5x	4.4%	4.1%
Entergy	ETR	Buy	$103.86	$118	18%	$6.01	$6.46	$6.95	17.3x	16.1x	15.0x	4.1%	6.8%
Evergy	EVRG	Neutral	$60.88	$71	20%	$3.59	$3.63	$3.75	17.0x	16.8x	16.2x	3.6%	6.6%
Eversource Energy	ES	Neutral	$80.44	$88	13%	$3.86	$4.13	$4.39	20.8x	19.5x	18.3x	3.2%	6.4%
Exelon Corporation	EXC	Neutral	$42.23	$44	7%	$2.13	$2.20	$2.31	19.8x	19.2x	18.3x	3.2%	9.1%
FirstEnergy	FE	Buy	$41.32	$46	15%	$2.61	$2.43	$2.69	15.9x	17.0x	15.3x	3.8%	4.1%
PG&E	PCG	Buy	$11.30	$14	24%	$1.02	$1.10	$1.25	11.1x	10.3x	9.1x	0.0%	(8.1%)
Southern Company	SO	Sell	$64.10	$51	(16%)	$3.39	$3.48	$3.66	18.9x	18.4x	17.5x	4.2%	4.0%
WEC Energy Group	**WEC**	**Neutral**	**$89.31**	**$99**	**14%**	**$4.07**	**$4.29**	**$4.50**	**21.9x**	**20.8x**	**19.9x**	**3.3%**	**5.9%**
Xcel	XEL	Buy	$66.51	$76	17%	$2.96	$3.20	$3.46	22.5x	20.8x	19.2x	2.9%	6.4%
Large-Cap Mean					**9%**				**18.6x**	**17.8x**	**16.9x**	**3.3%**	**3.9%**
Large-Cap Mean (ex. PCG, EIX, FE)					**6%**				**19.8x**	**18.9x**	**18.0x**	**3.5%**	**4.5%**
Large-Cap Median					**14%**				**19.7x**	**18.6x**	**17.8x**	**3.5%**	**4.6%**

*Denotes on Americas Conviction List

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Disclosure Appendix

Reg AC

I, Michael Lapides, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for Centerpoint Energy Inc., Exelon Corp. and WEC Energy Group is/are relative to the other companies in its/their coverage universe: Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Clearway Energy Inc., Consolidated Edison Inc., Constellation Energy Corp., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NRG Energy Inc., NextEra Energy Inc., NextEra Energy Partners, NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group, Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs has received compensation for investment banking services in the past 12 months: Centerpoint Energy Inc. ($28.45), Exelon Corp. ($43.63) and WEC Energy Group ($93.86)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Centerpoint Energy Inc. ($28.45), Exelon Corp. ($43.63) and WEC Energy Group ($93.86)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($43.63)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Centerpoint Energy Inc. ($28.45), Exelon Corp. ($43.63) and WEC Energy Group ($93.86)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($43.63)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Centerpoint Energy Inc. ($28.45), Exelon Corp. ($43.63) and WEC Energy Group ($93.86)

Goldman Sachs makes a market in the securities or derivatives thereof: Centerpoint Energy Inc. ($28.45), Exelon Corp. ($43.63) and WEC Energy Group ($93.86)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	35%	15%	65%	57%	47%

As of January 1, 2022, Goldman Sachs Global Investment Research had investment ratings on 3,096 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

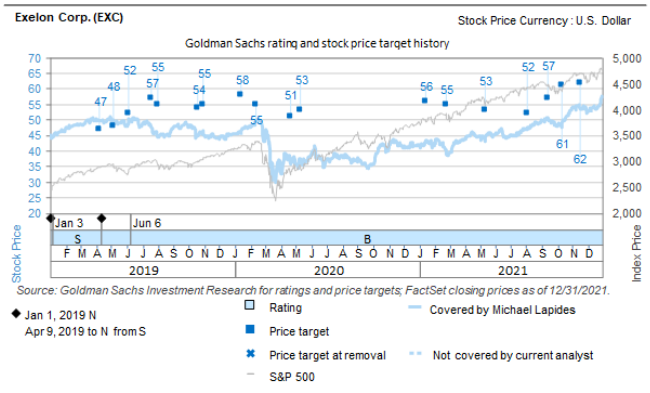

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

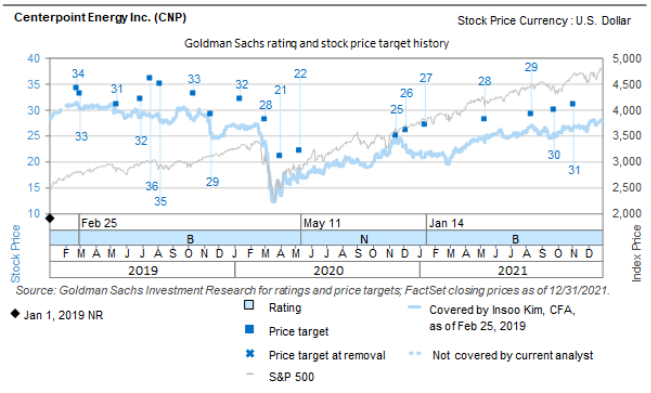

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

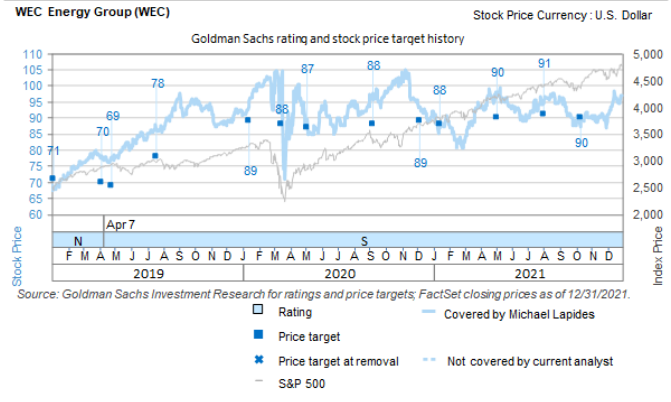

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region's Investment Review Committee manages Regional Conviction lists, which represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Effective from the date of the United Kingdom's departure from the European Union and the European Economic Area ("Brexit Day") the following information with respect to distributing entities will apply:

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland, the Republic of Cyprus and the Republic of Ireland; GS -Succursale de Paris (Paris branch) which, from Brexit Day, will be authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by the Global Investment Research division of GS may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2022 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

MIZUHO Mizuho Securities USA LLC

U.S. Equity Research March 11, 2022

Energy Research
Utilities
Opinion Change

Exelon Corporation

Upgrade to Buy Based on Valuation

Summary

We are upgrading Exelon to Buy from Neutral based on valuation. Trading at a 4.5% P/E discount, Exelon represents an attractive investment opportunity in our view, with our forecast of well above-average EPS growth of 7.3%. The company's balance sheet is in line with peers including our projected 2024 FFO/Debt ratio of 13.6%. Exelon has a light regulatory calendar this year with a major general rate case filing expected next year for its Commonwealth Edison (CWE) subsidiary. Our estimates include a sub-9% return on equity assumption for CWE in the upcoming rate filing. We are raising our PT to $46 (from $43) to account for current market multiples.

Key Points

- We are updating our EPS estimates to reflect 2021 actual results. Our 2024 estimate remains mostly unchanged.
- We have not included any benefits in our forecast at CWE for incentives or energy efficiency, which was included in legislation adopted last year in Illinois.
- Planned tightening by the Federal Reserve later this year should support improved CWE earnings under its formula rate plan. The company's authorized return is tied to the 30-year Treasury rate.
- Exelon's FFO/Debt outlook has improved, with a significant reduction in unfunded pension liability. We estimate a $1.0 billion reduction in unfunded pension to $1.9 billion.
- While the current yield of 3.0% is in line with peers, projected dividend growth of 7% in our forecast model compares favorably to other utilities.

Rating	**Buy**
Previous Rating	Neutral
Price (3/10)	**$43.60**
Price Target	**$46.00**
Previous Price Target	$43.00

Key Data

Symbol	EXC(NYSE)
52-Week Range	$44.73 - $29.43
Market Cap ($mm)	$42,734
Shares Outstanding (mm)	980.1
Float	968.2
Average Daily Volume	9,195,688
Dividend/Yield	$1.53/3.5%

Fiscal Year-End: Dec 31

	2022E	2023E Prior	2023E Curr	2024E Prior	2024E Curr
Earnings per Share ($)					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.28E**	**2.40E**	**2.42E**	**2.58E**	**2.57E**
P/E	19.1x	–	18.0x	–	17.0x

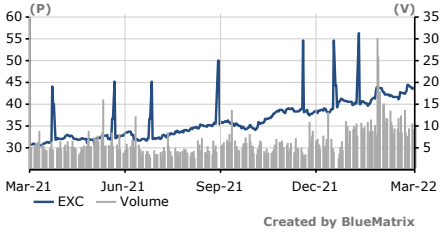

Paul Fremont
Managing Director
+1 212 205 7854
Paul.Fremont@mizuhogroup.com

Anthony Crowdell
Executive Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Peter Bourdon
Associate
+1 617 235 1701
Peter.Bourdon@mizuhogroup.com

Brandon Lee, CFA
Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

PLEASE REFER TO PAGE 8 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Estimate Changes

We are updating our forecast following the release of 2021 results.

Exhibit 1: EPS Estimate Changes

Consolidated	2022E	2023E	2024E
Current	$2.28	$2.42	$2.57
Prior	$2.30	$2.40	$2.58
Difference	($0.02)	$0.02	($0.01)

Source: Company reports, MSUSA estimates

Exelon 2021 operating EPS was $2.08.

We are decreasing our 2022 EPS estimate by $0.02 to $2.28. Our estimate change relates primarily to our rate assumptions in Illinois.

We are increasing our 2023 EPS estimate by $0.02 to $2.43. Our estimate change reflects stronger assumed results at PECO and PEPCo Holdings, partly offset by weaker results at Commonwealth Edison.

We are decreasing our 2024 EPS estimate by $0.01 to $2.57 due to fine tuning.

Mizuho estimates compound annual growth in EPS off of a 2021 base of 7.3%, above the mid-point of the company's 6%-8% EPS growth target. Our forecast assumes a return on equity below 9% in Illinois for 2024 following its general rate case filing later this year or early next year.

Exelon is targeting a 60% payout ratio and expects to grow its dividend 6%-8% off of a base of $1.35 in 2022, in line with its target level of EPS growth. Our forecast assumes 7% annual growth in the dividend.

Our forecast assumes FFO/Debt between 13%-14% which is above the company's downgrade threshold of 12%. Our calculations assume unfunded pension liability of $1.9 billion. Our forecast is consistent with management's comments during its recent analyst day that it anticipates FFO/Debt to be well above the 12% downgrade threshold established by both rating agencies.

Our estimates do not include possible improvement in authorized returns for Commonwealth Edison beginning in 2024 when the ICC is expected to establish new cost of capital metrics. We would anticipate return on equity to be the same or better than ROE under the current formula rate plan. We also do not include the possible benefit of incentive returns.

Regulation

Exelon's capex plan provides for $29 billion of investment over the four-year period 2022-25. Management indicated that they expect to keep the level of rate increases at or below the level of inflation (estimated at the January investor meeting to be in the range of 2.0%-2.5%). We would expect 2022 to be a quiet year for regulatory filings by Exelon subsidiaries. Commonwealth Edison (CWE) rates for 2022-23 will continue to be established under its formula rate plan which expires at the end of 2023.

Late in 2022 or early 2023 we would expect CWE to file a four-year rate plan based on projected rate base with the Illinois Commerce Commission. Forecast rate base would include a utility's integrated grid investment plan as well as a four-year capital investment plan that also requires approval by ICC. CWE also has an option to file a one-year rate plan as an alternative.

The four-year plan will provide for amortization of unprotected ADIT through 2027 and provide for incentive compensation based on the achievement of agreed-on operational metrics. New rates under a multi-year plan can include a two-step phase-in of rates, with the first step increase reflecting at least 50% of the total and the second step (must be effective within 12 months of the first step) reflecting the remaining amount. The amount of the second step increase would be deferred as a regulatory asset earning a weighted average cost of capital return.

The legislation provides for incentives/penalties of between 20 basis points (BP) and 60 BP based on achieving/missing pre-defined targets for up to eight separate performance metrics. The ICC will hold an annual proceeding to determine the amount of award/penalty including testimony from an outside consultant. In addition, the legislation provides for incentive awards/penalties of up to 200 BP adjustment to ROE for earnings on energy efficiency investments. The maximum penalty applies where the company achieves less than 75% of targeted consumption reduction targets. The maximum award applies if the company achieves more than 135% of targeted consumption goals.

PECO recently was awarded a $132 million electric rate increase in Pennsylvania in November 2021. PECO and the PHI subsidiaries typically file rate cases every 2-3 years.

Valuation

Base Case

Using a sum of the parts analysis on 2024 results we derive a price target of $46.00 per share. Based on the March 10, 2022 closing price of $43.60, this represents price appreciation potential of 5.5% and total return potential of 8.6% including a current yield of 3.1%. Our price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.40 using a P/E multiple of 19.4 times, a 10% premium to our electric group average multiple, resulting in a price target of $47.00.

We value the regulated gas distribution 2024 earnings of $0.48 using a P/E multiple of 18.9 times, a 10% premium to our gas group average multiple, resulting in a price target of $9.00.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Company Models

In the pages that follow, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet for Exelon Corporation from 2019 to 2024. To derive the consolidated results, we modeled full financials for each operating subsidiary. Clients who would like the full models may obtain them through their MSUSA representative or by direct request to the authors.

Exhibit 2: EXC Income Statement

Consolidated Income Statement ($ millions)	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	$34,441	$32,929	$24,837	$25,437	$25,914	$26,460
Cost of Goods Sold	15,273	14,215	13,320	13,394	13,403	13,433
O&M	8,652	8,494	3,974	4,026	4,079	4,132
Other Expenses	(5)	(11)	0	(4)	(4)	(4)
Taxes Other then Income	1,732	1,713	1,288	1,300	1,313	1,325
EBITDA	**$8,789**	**$8,518**	**$6,255**	**$6,721**	**$7,124**	**$7,574**
D&A	3,938	4,075	3,044	3,213	3,388	3,570
EBIT	**$4,851**	**$4,443**	**$3,211**	**$3,508**	**$3,736**	**$4,004**
Interest	1,578	1,609	1,241	1,386	1,469	1,575
Other Income	505	611	174	177	181	186
EBT	**$3,778**	**$3,445**	**$2,144**	**$2,299**	**$2,448**	**$2,615**
Taxes	618	399	106	64	61	48
Preferred Dividends	20	(104)	(1)	(1)	(1)	(1)
Net Income	**$3,140**	**$3,150**	**$2,040**	**$2,237**	**$2,388**	**$2,568**
EPS	**$3.22**	**$3.23**	**$2.08**	**$2.28**	**$2.42**	**$2.57**

Source: Company reports, MSUSA estimates

Exhibit 3: EXC Cash Flow Statement

Consolidated Cash Flow Statement ($ millions)	2019A	2020A	2021A	2022E	2023E	2024E
Net Income	$3,142	$3,039	$2,663	$2,237	$2,388	$2,568
Depreciation	3,836	3,973	3,979	3,111	3,286	3,468
Deferred Taxes	(80)	(570)	(524)	(181)	(178)	(176)
Maintenance Cap-Ex	(3,356)	(3,526)	(3,516)	(3,003)	(3,178)	(3,360)
Grow th Cap-Ex	(3,144)	(4,149)	(3,784)	(3,947)	(3,872)	(4,090)
Net Cash Generation	**398**	**(1,233)**	**(1,181)**	**(1,783)**	**(1,554)**	**(1,590)**
EBITDA + Other Income	9,182	9,006	8,751	6,761	7,164	7,614
Interest Expense	774	888	1,004	1,410	1,494	1,601
Pfd. Dividends	(2)	(1)	(1)	(1)	(1)	(1)
Common Dividends	(1,410)	(1,417)	(1,501)	1,328	1,435	1,550

Source: Company reports, MSUSA estimates

Exhibit 4: EXC Balance Sheet

Consolidated Balance Sheet ($ millions)	2019A	2020A	2021A	2022E	2023E	2024E
Cash & Equivalents	$1,122	$1,166	$1,176	$990	$1,200	$1,339
Short Term Debt	$838	$1,644	$1,644	$702	$702	$702
Revolver	0	0	0	0	0	0
Current Portion of Long Term Debt	3,206	1,791	2,993	800	800	1,307
Long Term Debt	33,531	35,580	34,479	36,482	38,207	40,675
Total Debt	**$37,575**	**$39,015**	**$39,115**	**$37,984**	**$39,709**	**$42,684**
Preferred Stock	0	0	0	0	0	0
Total Debt & Preferred	**$37,575**	**$39,015**	**$39,115**	**$37,984**	**$39,709**	**$42,684**
Shareholder's Equity	31,184	32,018	20,092	32,402	32,213	30,705
Goodwill Portion of Equity	0	0	0	0	0	0
Goodwill / Shareholder's Equity	0	0	0	0	0	0
Total Book Capitalization	**$68,759**	**$71,033**	**$59,207**	**$70,386**	**$71,922**	**$73,389**
Off-Balance Sheet Debt	0	0	0	0	0	0
Consolidated Debt/Pfd. Assoc. w/Min. Int. Exp.	0	0	0	0	0	0
Total Credit Capitalization	**$68,759**	**$71,033**	**$59,207**	**$70,386**	**$71,922**	**$73,389**

Source: Company reports, MSUSA estimates

Price Target Calculation and Key Risks

Price Target Calculations: Our $46 price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.40 using a P/E multiple of 19.4 times, a 10% premium to our electric group average multiple, resulting in a price target of $47.00.

We value the regulated gas distribution 2024 earnings of $0.48 using a P/E multiple of 18.9 times, a 10% premium to our gas group average multiple, resulting in a price target of $9.00.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: 1) Equity overhang; 2) Not getting federal nuclear subsidies. Weak commodity outlook, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates makes a market in the following securities: Exelon Corporation
The compensation of the research analyst writing this report, in whole or part, is based on MSUSA.s annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA.s internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Paul Fremont, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock's total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform. (effective July 10, 2017).

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Mizuho Securities USA LLC investment ratings are based on the following definitions. Anticipated share price change is based on a 6- to 12-month time frame. Return expectation excludes dividends (prior to July 10, 2017).

Buy:	Stocks for which the anticipated share price appreciation exceeds 10%.
Neutral:	Stocks for which the anticipated share price appreciation is within 10% of the share price.
Underperform:	Stocks for which the anticipated share price falls by 10% or more.
RS:	Rating Suspended - rating and price objective temporarily suspended.
NR:	No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of March 10)	% of coverage	IB service past 12 mo
Buy (Buy)	62.56%	62.45%
Hold (Neutral)	36.05%	54.84%
Sell (Underperform)	1.40%	33.33%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

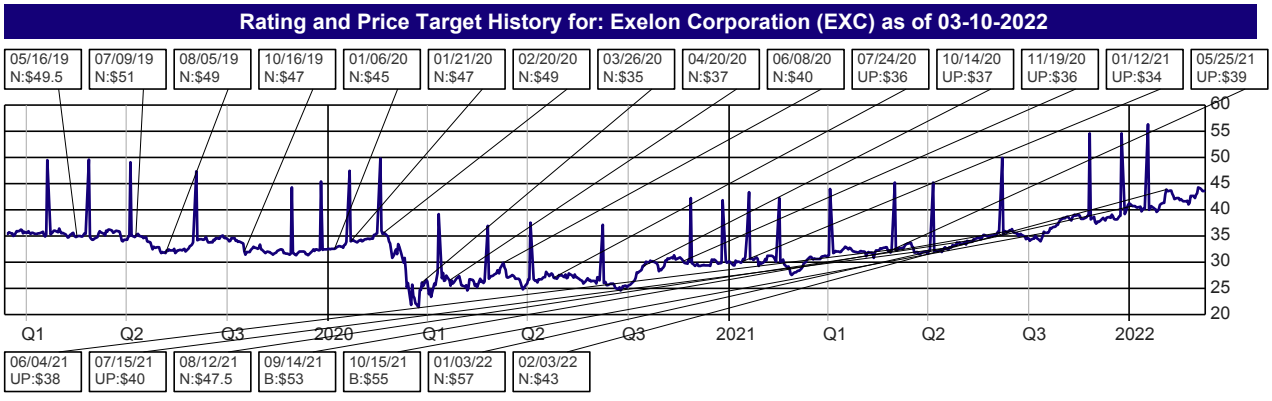

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any

transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2022. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Exelon Now a Fully Regulated Utility After Constellation Spinoff

Updated Forecasts and Estimates from 09 Mar 2022

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Important Disclosure
The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 09 Mar 2022
Estimates as of 09 Mar 2022
Pricing data through 10 Mar 2022 00:00
Rating updated as of 10 Mar 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 02 Mar 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Business Strategy and Outlook	1
Morningstar Analysis	
Analyst Note	3
Fair Value & Profit Drivers	3
Scenario Analysis	3
Economic Moat	4
Moat Trend	4
Bulls Say/Bears Say	6
Financial Strength	7
Risk & Uncertainty	7
Management & Ownership	9
Analyst Note Archive	10
Additional Information	-
Morningstar Analyst Forecasts	13
Comparable Company Analysis	17
Methodology for Valuing Companies	19

Business Strategy and Outlook 09 Mar 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

We view the separation positively for shareholders. We previously valued Exelon at a discount to its fully regulated peers in large part because of its generation and retail operations. A stand-alone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024 or default to traditional ratemaking. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates.

Vital Statistics

Market Cap (USD Mil)	42,734
52-Week High (USD)	44.73
52-Week Low (USD)	29.42
52-Week Total Return %	43.5
YTD Total Return %	2.0
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.3
Price/Fair Value	1.12

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*19.1*	*17.4*
EV/EBITDA	10.0	10.9	*12.6*	*11.5*
EV/EBIT	27.8	35.0	*24.0*	*20.9*
Free Cash Flow Yield %	-9.3	-8.8	*34.8*	*-2.6*
Dividend Yield %	5.1	3.7	*3.1*	*3.3*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,460*
Net Income YoY %	0.3	-45.8	*31.1*	*10.0*
Diluted EPS	3.22	1.74	*2.28*	*2.50*
Diluted EPS YoY %	—	-45.9	*31.1*	*9.6*
Free Cash Flow	324	8	*12,819*	*-302*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analysis

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices 09 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest report, "Inflation Unraveling U.S. Utilities' Safety Net."

Fair Value & Profit Drivers 09 Mar 2022

Our fair value estimate is $39.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Scenario Analysis

Our uncertainty rating for Exelon is low. The company's regulated rate structure and transparent growth outlook reduce the difference between our bull- and bear scenarios.

In our bull-case scenario, we assume rate-case outcomes are 25% higher and operating expenses are 2% lower than in our base-case scenario. This results in a $5 per-share increase to our base-case fair value estimate. In our bear-case scenario, a similar decline in rate-case outcomes and increase in operating expense results in a $5 fair value estimate decrease.

If operating expenses increase by 100 basis points, our fair value estimate would drop by $2 per share, all else equal.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



Economic Moat

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing. Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Moat Trend

We assign Exelon a stable moat trend rating. The regulatory environments in Illinois, Pennsylvania, and Maryland have stabilized, allowing the company's distribution utilities fair returns. Nearly all of Exelon's rate-base growth will have rate trackers or formula rates, minimizing regulatory lag. Exelon faces the biggest challenge boosting regulated earned returns.

Exelon's stable business model and difficult-to-replicate asset base support our view that the firm's narrow moat is stable. We don't anticipate a change in the regulatory compact between utilities and ratepayers that ensures capital providers earn a fair return on their investments. As with all regulated utilities, we think revenue caps preclude Exelon from establishing a wide economic moat.

Regulated utilities' moat trends consider changes in the regulatory environment, near-term investment requirements and growth opportunities, energy demand trends, and management's strategic direction. In assessing the changing regulatory environment, we consider the level of automatic rate mechanisms, allowed returns on equity versus interest rates, fuel cost recovery mechanisms, and the history of regulatory relations.

Using these factors, we assess whether fundamental changes will give a utility a better opportunity to earn or overearn its cost of capital in the near term, or whether

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

fundamental changes will make it more difficult for a utility to earn its cost of capital. The regulatory framework that caps revenue and returns prevents the firm from attaining a wide moat, as with all regulated utilities that we cover.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Bulls Say/Bears Say

Bulls Say

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Five Year Adjusted Cash Flow Forecast (USD Mil)

	2022(E)	2023(E)	2024(E)	2025(E)	2026(E)
Cash and Equivalents (beginning of period)	1,182	2,303	1,275	582	1,233
Adjusted Available Cash Flow	9,215	712	1,063	3,922	3,322
Total Cash Available before Debt Service	10,397	3,015	2,338	4,505	4,556
Principal Payments	-1,483	-1,626	-1,600	-2,000	-2,275
Interest Payments	-1,301	-1,372	-1,424	-1,566	-1,666
Other Cash Obligations and Commitments	-303	-303	-463	-464	-463
Total Cash Obligations and Commitments	-3,087	-3,301	-3,487	-4,030	-4,404

Cumulative Annual Cash Flow Cushion

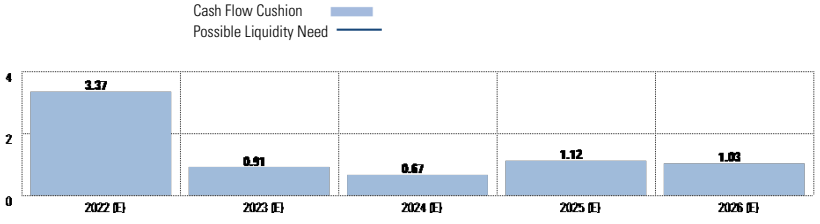

Adjusted Cash Flow Summary

	USD Millions	% of Commitments
Beginning Cash Balance	1,182	6.5
Sum of 5-Year Adjusted Free Cash Flow	18,235	99.6
Sum of Cash and 5-Year Cash Generation	19,417	106.1
Revolver Availability	—	—
Asset Adjusted Borrowings (Repayment)	—	—
Sum of Cash, 5-Year Cash Generation, Revolver and Adjustments	19,417	106.1
Sum of 5-Year Cash Commitments	-18,308	—

Financial Strength

With over 4.0 times interest coverage, Exelon's financial health is sound for a regulated utility, particularly given its stable, low-risk business model. With our forecast for $36 billion of capital spending planned through 2026, Exelon will be a frequent debt issuer. The company has manageable long-term debt maturities and we anticipate it will be able to refinance its debt as it comes due, maintaining its current debt/capital ratio. We expect the company to issue $1.0 billion in equity to fund its capital investment plan, in line with management's expectations.We expect total debt/EBITDA to remain in the 4.5-5.0 times range. Exelon will target a 60% dividend payout ratio. We expect dividend growth in line with our 7% annual earnings per-share growth forecast through 2026.

Risk & Uncertainty

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Management & Ownership

Management Activity

Name	Position	Shares Held	Report Date*	InsiderActivity
MR. CHRISTOPHER M. CRANE	Director, President and CEO, Director	294,252	08 Feb 2022	—
MR. MAYO A. SHATTUCK, III	Director, Chairman of the Board, Director	267,649	31 Dec 2021	—
MR. JOSEPH NIGRO	Sr EVP & CFO	111,338	28 Jan 2022	—
MR. CALVIN G. BUTLER,JR	Sr EVP & Chf Operating Officer	45,176	31 Jan 2022	26708
MR. JOHN F. YOUNG	Director,Director	36,807	31 Dec 2007	—
MR. FABIAN E. SOUZA	SVP & Controller	23,737	28 Jan 2022	—
MR. DUANE M. DESPARTE	SVP and Controller	15,696	29 Jan 2018	—
MR. DAVID GLOCKNER	EVP Compliance & Audit	10,110	06 Jan 2022	—

*Represents the date on which the owner's name, position, and common shares held were reported by the holder or issuer.

Fund Ownership

Top Owners	% of Shares Held	% of Fund Assets	Change (k)	Portfolio Date
Vanguard Total Stock Market Index Fund	2.86	0.12	251	28 Feb 2022
Vanguard US Total Market Shares ETF	2.83	0.12	88	28 Feb 2022
Vanguard Wellingtonâ„¢ Fund	2.66	1.18	628	28 Feb 2022
Capital Group Wash Mutual Invtrs Comp	2.27	0.75	-3	28 Feb 2022
American Funds Washington Mutual Fund	2.27	0.75	-3	28 Feb 2022
Concentrated Holders				
FidelityÂ® VIP Utilities Portfolio	0.04	11.01	14	28 Feb 2022
MainStay VP Fidelity Ins AM Utilts Pf	0.22	10.95	—	28 Feb 2022
Fidelity AdvisorÂ® Utilities Fund	0.12	10.92	87	28 Feb 2022
FidelityÂ® Select Utilities Portfolio	0.21	10.91	87	28 Feb 2022
FidelityÂ® Telecom and Utilities Fund	0.15	9.00	51	28 Feb 2022

Institutional Transactions

Top 5 Buyers	% of Shares Held	% of Fund Assets	Shares Bought/ Sold (k)	Portfolio Date
Wellington Management Group, LLP	7.69	—	75,360	28 Feb 2022
Wellington Management Company LLP	7.92	0.72	5,366	28 Feb 2022
State Street Global Advisors	0.77	5.03	5,007	28 Feb 2022
Vanguard	2.14	8.44	3,604	28 Feb 2022
GQG Partners LLC	0.37	0.52	3,598	28 Feb 2022
Top 5 Sellers				
BlackRock Institutional Trust Company NA	—	—	-26,170	28 Feb 2022
BlackRock Advisors LLC	—	—	-10,162	28 Feb 2022
BlackRock Group Ltd.	—	—	-10,057	28 Feb 2022
BlackRock Investment Management, LLC	—	—	-6,712	28 Feb 2022
T. Rowe Price Associates, Inc.	2.07	0.11	-5,246	28 Feb 2022

Capital Allocation 09 Mar 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices 09 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest report, "Inflation Unraveling U.S. Utilities' Safety Net."

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate 02 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

Exelon Edging Closer to Spinning Off Merchant Unit; Reports Q3 Earnings 03 Nov 2021

We are increasing our fair value estimate to $48 per share from $45 after Exelon announced third-quarter adjusted earnings per share of $1.09 compared with $1.04 in the same year-ago period. Management narrowed their full-year EPS guidance to $2.70-$2.90 from their previous $2.60-$3.00 range. Our fair value estimate increase is due to an increase in Morningstar's midcycle natural gas price to $3.30 per thousand cubic feet from $2.80, which boosted the nuclear fleet's midcycle margins. Our narrow moat and stable moat trend ratings are unchanged.

Recently management secured $700 million in subsidies from Illinois legislation that will keep the company's Dresden and Byron nuclear plants operating. We assume that subsidies for the plants will continue beyond 2025 given the role nuclear must play as Illinois pursues its aggressive clean energy goal. Management has successfully lobbied for subsidies across its merchant nuclear fleet. Policymakers view of nuclear generation is beginning to align with our view that nuclear' s clean energy attributes and reliable generation will be instrumental in meeting aggressive emission reduction goals.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Exelon continues to progress on the spin-off of its competitive merchant unit. The company has received FERC approval, and continues progress toward receiving approvals from New York regulators and the Nuclear Regulatory Commission. Exelon has named a management team for the new unit, to be named Constellation, which we view is a sign management is confident they can complete the spin-off. Management expects to complete the transaction in the first quarter of 2022.

In the quarter, rate increases and ongoing utility investments supported earnings. Lower capacity revenue, increased nuclear outage days, and unrealized and realized gains on equity investments had a negative impact on generation segment earnings. Trailing 12-month returns were 9.3%, down from 9.4% last quarter.

Exelon Secures Another Legislative Win; Byron and Dresden to Remain Open 14 Sep 2021

We are increasing our Exelon fair value estimate to $45 per share from $42 after Illinois lawmakers passed energy legislation that would provide subsidies to Exelon's Dresden and Byron nuclear plants. Gov. J.B. Pritzker has indicated he plans to sign the legislation, and Exelon has said it is in the process of refueling both plants. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon has taken a hard line with Illinois policymakers on the future of its unregulated nuclear facilities in the state. Last year, Exelon announced plans to close the two nuclear generating stations. After filing Post Shutdown Decommissioning Activity Reports with the Nuclear Regulatory Commission in July, Exelon is now preparing to refuel both Byron and Dresden nuclear facilities. We had previously estimated the plants were running at break-even, resulting in no change to our fair value estimate.

The $700 million in subsidies Exelon will receive from the legislation was the primary source of our fair value estimate increase. We assume that the subsidies will continue beyond our five-year forecast, in part to help the state meet the legislation's 100% clean energy target by 2050. The legislation also sets targets for Illinois that include zero carbon emissions by the end of 2045 and 50% renewable energy by 2040. Dresden's operating license expires later this decade and Byron's operating license expires for both of its units by 2046. Time-value appreciation since our last update increased our fair value estimate $1 per share.

We previously thought Exelon faced an uphill battle to secure additional subsidies for its nuclear fleet in the state, in large part due to the deferred prosecution agreement Exelon entered into last year related to the company's lobbying practices in the state. However, the state's clean energy goals, and the contribution of Exelon's nuclear fleet to those goals, ultimately led to successful lobbying efforts.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*10.0*	*12.1*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*9.6*	*11.3*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.8*	*26.6*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*137.9*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.5*	*13.0*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.5*	*14.1*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.2*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.9*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.49*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*19.1*	*17.4*
EV/EBITDA	10.0	10.9	*12.6*	*11.5*
EV/EBIT	27.8	35.0	*24.0*	*20.9*
Free Cash Flow Yield %	-9.3	-8.8	*34.8*	*-2.6*
Dividend Yield %	5.1	3.7	*3.1*	*3.3*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,453	15.8	12.69
Present Value Stage II	13,657	17.3	13.92
Present Value Stage III	52,711	66.9	53.72
Total Firm Value	**78,821**	**100.0**	**80.32**
Cash and Equivalents	1,182	—	1.20
Debt	-42,417	—	-43.23
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**37,646**	**—**	**38.36**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**39.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*399*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***3,037***
Income Tax Expense	774	373	370	*525*	*577*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,460***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.50***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,460*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.50***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,303*	*1,275*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,496***	***10,884***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,192***	***115,383***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,719*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,803***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*60*	*410*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,669*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,186***	***36,580***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,186***	***36,580***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,460*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*225*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,985***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*60*	*350*
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-11,157***	***62***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,121***	***-1,028***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Valuation Analysis

		Price/Earnings			EV/EBITDA			Price/Free Cash Flow			Price/Book			Price/Sales		
Company/Ticker	Price/Fair Value	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	1.02	18.4	*18.4*	*17.6*	12.8	*13.2*	*12.3*	13.7	*NM*	*-40.8*	—	—	—	3.3	*3.6*	*3.5*
FirstEnergy Corp FE USA	1.05	17.1	*18.2*	*17.3*	12.9	*12.3*	*11.6*	977.9	*11.5*	*-1,368.5*	—	—	—	2.2	*2.2*	*2.1*
Entergy Corp ETR USA	0.97	18.7	*17.5*	*16.2*	10.9	*12.2*	*11.2*	NM	*NM*	*NM*	—	—	—	1.9	*2.1*	*2.0*
Average		18.1	*18.0*	*17.0*	12.2	*12.6*	*11.7*	495.8	*11.5*	*-704.7*	—	—	—	2.5	*2.6*	*2.5*
Exelon Corp EXC US	**1.12**	**23.7**	***19.1***	***17.4***	**10.9**	***12.6***	***11.5***	**NM**	***2.9***	***NM***	**—**	**—**	**—**	**1.6**	***2.3***	***2.2***

Returns Analysis

		ROIC %			Adjusted ROIC %			Return on Equity %			Return on Assets %			Dividend Yield %		
Company/Ticker	Last Historical Year Total Assets (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	— USD	6.0	*6.4*	*6.3*	6.0	*6.4*	*6.3*	11.0	*10.6*	*10.7*	3.6	*3.5*	*3.6*	3.1	*3.3*	*3.5*
FirstEnergy Corp FE USA	— USD	5.9	*6.6*	*6.8*	7.0	*7.8*	*8.1*	18.5	*15.9*	*15.0*	3.1	*3.0*	*3.1*	3.5	*3.5*	*3.6*
Entergy Corp ETR USA	59,454 USD	4.4	*4.6*	*4.9*	4.5	*4.6*	*4.9*	9.9	*10.6*	*10.9*	1.9	*2.1*	*2.3*	3.4	*3.8*	*4.0*
Average		5.4	*5.9*	*6.0*	5.8	*6.3*	*6.4*	13.1	*12.4*	*12.2*	2.9	*2.9*	*3.0*	3.3	*3.5*	*3.7*
Exelon Corp EXC US	**133,013** USD	**1.1**	***-1.2***	***4.7***	**1.2**	***-1.3***	***5.2***	**5.1**	***6.4***	***6.9***	**1.3**	***1.8***	***2.2***	**3.7**	***3.1***	***3.3***

Growth Analysis

		Revenue Growth %			EBIT Growth %			EPS Growth %			Free Cash Flow Growth %			Dividend/Share Growth %		
Company/Ticker	Last Historical Year Revenue (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	10,044 USD	4.6	*-10.4*	*4.3*	17.7	*5.7*	*7.1*	3.5	*0.2*	*4.6*	715.4	*-97.6*	*-637.6*	4.1	*5.9*	*5.6*
FirstEnergy Corp FE USA	11,282 USD	4.6	*2.4*	*3.1*	11.5	*4.9*	*7.4*	7.9	*-6.0*	*5.1*	-191.3	*442.8*	*-84.6*	—	—	*2.6*
Entergy Corp ETR USA	11,743 USD	16.1	*-9.3*	*3.9*	17.5	*6.7*	*13.1*	6.4	*3.5*	*7.7*	120.4	*-130.1*	*-74.3*	—	*9.6*	*5.9*
Average		8.4	*-5.8*	*3.8*	15.6	*5.8*	*9.2*	5.9	*-0.8*	*5.8*	214.8	*71.7*	*-265.5*	4.1	*7.8*	*4.7*
Exelon Corp EXC US	**36,347** USD	**10.0**	***-48.4***	***4.6***	**-3.5**	***28.3***	***14.8***	**-45.9**	***31.1***	***9.6***	**-97.6**	***NM***	***-102.4***	**—**	***7.1***	***6.7***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Profitability Analysis

		Gross Margin %			EBITDA Margin %			Operating Margin %			Net Margin %			Free Cash Flow Margin %		
Company/Ticker	Last Historical Year Net Income (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	1,805 USD	70.2	70.5	70.9	40.1	43.6	44.7	26.6	31.4	32.2	18.0	19.9	19.8	23.8	-3.5	-8.6
FirstEnergy Corp FE USA	1,399 USD	72.2	72.2	72.4	32.6	33.4	34.5	21.4	21.9	22.8	12.4	11.9	12.2	0.2	18.9	-0.2
Entergy Corp ETR USA	1,215 USD	68.2	75.8	76.4	37.1	37.6	39.4	18.0	21.1	23.0	10.4	12.0	12.6	-32.3	0.1	-3.5
Average		70.2	72.8	73.2	36.6	38.2	39.5	22.0	24.8	26.0	13.6	14.6	14.9	-2.8	5.2	-4.1
Exelon Corp EXC US	**1,706** USD	**52.2**	**65.3**	**66.1**	**24.1**	**35.5**	**37.1**	**7.5**	**18.6**	**20.4**	**4.7**	**11.9**	**12.5**	**-13.7**	**79.4**	**-5.6**

Leverage Analysis

		Debt/Equity %			Debt/Total Cap %			EBITDA/Interest Exp.			Total Debt/EBITDA			Assets/Equity		
Company/Ticker	Last Historical Year Total Debt (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	17,043 USD	101.0	99.5	104.1	50.2	49.9	51.0	6.6	7.1	6.9	4.2	4.3	4.4	3.0	3.0	3.0
FirstEnergy Corp FE USA	23,999 USD	304.0	252.6	227.1	75.3	71.6	69.4	3.3	3.4	3.7	6.5	6.1	5.5	5.7	5.0	4.7
Entergy Corp ETR USA	27,082 USD	227.1	219.0	209.7	69.4	68.7	67.7	5.2	4.5	4.8	6.2	6.9	6.5	5.0	4.8	4.7
Average		210.7	190.4	180.3	65.0	63.4	62.7	5.0	5.0	5.1	5.6	5.8	5.5	4.6	4.3	4.1
Exelon Corp EXC US	**42,417** USD	**123.3**	**94.2**	**93.7**	**55.2**	**48.5**	**48.4**	**5.6**	**5.1**	**5.3**	**4.8**	**5.0**	**4.7**	**3.9**	**3.2**	**3.2**

Liquidity Analysis

		Cash per Share			Current Ratio			Quick Ratio			Cash/Short-Term Debt			Payout Ratio %		
Company/Ticker	Market Cap (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	32,836 USD	4.55	0.91	0.33	1.05	0.68	0.63	0.99	0.63	0.58	0.91	0.18	0.06	57.5	60.7	61.3
FirstEnergy Corp FE USA	25,112 USD	0.84	4.26	0.92	0.59	1.12	0.84	0.52	1.04	0.74	0.31	1.94	2.11	60.6	64.4	62.9
Entergy Corp ETR USA	22,132 USD	2.19	5.07	3.76	0.59	0.62	0.57	0.39	0.44	0.40	0.20	0.46	0.35	69.3	65.8	64.7
Average		2.53	3.41	1.67	0.74	0.81	0.68	0.63	0.70	0.57	0.47	0.86	0.84	62.5	63.6	63.0
Exelon Corp EXC US	**42,734** USD	**1.21**	**2.35**	**1.30**	**0.87**	**1.48**	**1.18**	**0.75**	**1.37**	**1.08**	**0.18**	**1.54**	**0.51**	**87.9**	**59.1**	**57.6**

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies

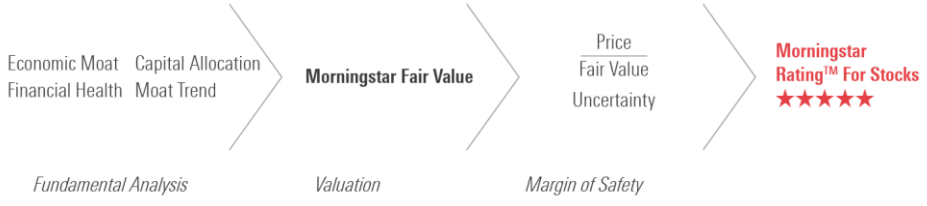

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

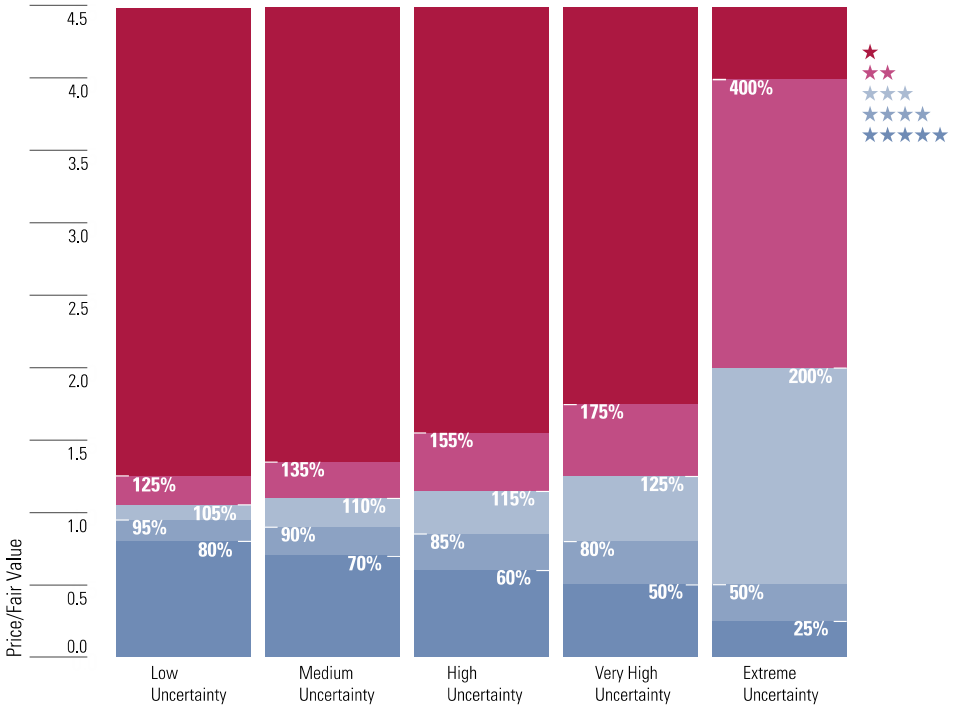

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.60 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Exelon Now a Fully Regulated Utility After Constellation Spinoff

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 09 Mar 2022
Estimates as of 02 Feb 2022
Pricing data through 08 Mar 2022 00:00
Rating updated as of 08 Mar 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 02 Mar 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Business Strategy and Outlook	1
Morningstar Analysis	
Analyst Note	3
Fair Value & Profit Drivers	3
Scenario Analysis	3
Economic Moat	4
Moat Trend	4
Bulls Say/Bears Say	6
Financial Strength	7
Risk & Uncertainty	7
Management & Ownership	9
Analyst Note Archive	10
Additional Information	-
Morningstar Analyst Forecasts	13
Comparable Company Analysis	17
Methodology for Valuing Companies	19

Business Strategy and Outlook 09 Mar 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

We view the separation positively for shareholders. We previously valued Exelon at a discount to its fully regulated peers in large part because of its generation and retail operations. A stand-alone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024 or default to traditional ratemaking. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates.

Vital Statistics

Market Cap (USD Mil)	42,626
52-Week High (USD)	44.73
52-Week Low (USD)	28.13
52-Week Total Return %	47.3
YTD Total Return %	1.8
Last Fiscal Year End	31 Dec 2020
5-Yr Forward Revenue CAGR %	-10.8
5-Yr Forward EPS CAGR %	-3.5
Price/Fair Value	1.12

Valuation Summary and Forecasts

Fiscal Year:	2019	2020	*2021(E)*	*2022(E)*
Price/Earnings	10.1	9.4	*14.5*	*19.8*
EV/EBITDA	9.2	12.2	*9.4*	*13.9*
EV/EBIT	18.3	33.8	*22.1*	*27.5*
Free Cash Flow Yield %	-1.4	-6.7	*3.1*	*29.7*
Dividend Yield %	4.5	5.1	*3.7*	*3.1*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2019	2020	*2021(E)*	*2022(E)*
Revenue	34,348	33,039	*32,148*	*16,413*
Revenue YoY %	-4.6	-3.8	*-2.7*	*-49.0*
EBIT	4,284	2,823	*3,791*	*3,047*
EBIT YoY %	9.9	-34.1	*34.3*	*-19.6*
Net Income, Adjusted	3,136	3,146	*2,936*	*2,166*
Net Income YoY %	20.8	0.3	*-6.7*	*-26.2*
Diluted EPS	3.22	3.22	*3.00*	*2.20*
Diluted EPS YoY %	20.2	—	*-7.0*	*-26.4*
Free Cash Flow	-330	324	*1,559*	*11,929*
Free Cash Flow YoY %	-114.1	-198.3	*380.4*	*665.2*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analysis

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices 09 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest report, "Inflation Unraveling U.S. Utilities' Safety Net."

Fair Value & Profit Drivers 09 Mar 2022

Our fair value estimate is $39.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Scenario Analysis

Our uncertainty rating for Exelon is low. The company's regulated rate structure and transparent growth outlook reduce the difference between our bull- and bear scenarios.

In our bull-case scenario, we assume rate-case outcomes are 25% higher and operating expenses are 2% lower than in our base-case scenario. This results in a $5 per-share increase to our base-case fair value estimate. In our bear-case scenario, a similar decline in rate-case outcomes and increase in operating expense results in a $5 fair value estimate decrease.

If operating expenses increase by 100 basis points, our fair value estimate would drop by $2 per share, all else equal.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



Economic Moat

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Moat Trend

We assign Exelon a stable moat trend rating. The regulatory environments in Illinois, Pennsylvania, and Maryland have stabilized, allowing the company's distribution utilities fair returns. Nearly all of Exelon's rate-base growth will have rate trackers or formula rates, minimizing regulatory lag. Exelon faces the biggest challenge boosting regulated earned returns.

Exelon's stable business model and difficult-to-replicate asset base support our view that the firm's narrow moat is stable. We don't anticipate a change in the regulatory compact between utilities and ratepayers that ensures capital providers earn a fair return on their investments. As with all regulated utilities, we think revenue caps preclude Exelon from establishing a wide economic moat.

Regulated utilities' moat trends consider changes in the regulatory environment, near-term investment requirements and growth opportunities, energy demand trends, and management's strategic direction. In assessing the changing regulatory environment, we consider the level of automatic rate mechanisms, allowed returns on equity versus interest rates, fuel cost recovery mechanisms, and the history of regulatory relations.

Using these factors, we assess whether fundamental changes will give a utility a better opportunity to earn or overearn its cost of capital in the near term, or whether

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

fundamental changes will make it more difficult for a utility to earn its cost of capital. The regulatory framework that caps revenue and returns prevents the firm from attaining a wide moat, as with all regulated utilities that we cover.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Bulls Say/Bears Say

Bulls Say

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Five Year Adjusted Cash Flow Forecast (USD Mil)

	2021(E)	2022(E)	2023(E)	2024(E)	2025(E)
Cash and Equivalents (beginning of period)	663	1,317	2,804	1,585	1,086
Adjusted Available Cash Flow	3,612	9,642	1,531	2,240	2,764
Total Cash Available before Debt Service	4,275	10,959	4,336	3,825	3,851
Principal Payments	-1,483	-1,626	-1,600	-2,000	-2,275
Interest Payments	-1,678	-1,329	-1,417	-1,526	-1,637
Other Cash Obligations and Commitments	-303	-303	-463	-464	-463
Total Cash Obligations and Commitments	-3,464	-3,258	-3,480	-3,990	-4,375

Cumulative Annual Cash Flow Cushion

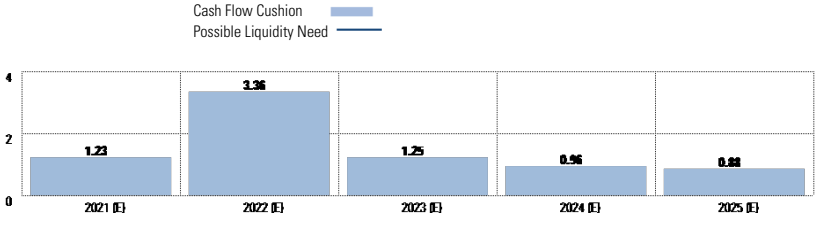

Adjusted Cash Flow Summary

	USD Millions	% of Commitments
Beginning Cash Balance	663	3.6
Sum of 5-Year Adjusted Free Cash Flow	19,790	106.6
Sum of Cash and 5-Year Cash Generation	20,453	110.2
Revolver Availability	—	—
Asset Adjusted Borrowings (Repayment)	—	—
Sum of Cash, 5-Year Cash Generation, Revolver and Adjustments	20,453	110.2
Sum of 5-Year Cash Commitments	-18,567	—

Financial Strength

With over 4.0 times interest coverage, Exelon's financial health is sound for a regulated utility, particularly given its stable, low-risk business model. With our forecast for $36 billion of capital spending planned through 2026, Exelon will be a frequent debt issuer. The company has manageable long-term debt maturities and we anticipate it will be able to refinance its debt as it comes due, maintaining its current debt/capital ratio. We expect the company to issue $1.0 billion in equity to fund its capital investment plan, in line with management's expectations.We expect total debt/EBITDA to remain in the 4.5-5.0 times range. Exelon will target a 60% dividend payout ratio. We expect dividend growth in line with our 7% annual earnings per-share growth forecast through 2026.

Risk & Uncertainty

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Management & Ownership

Management Activity

Name	Position	Shares Held	Report Date*	InsiderActivity
MR. CHRISTOPHER M. CRANE	Director, President and CEO, Director	294,252	08 Feb 2022	—
MR. MAYO A. SHATTUCK, III	Director, Chairman of the Board, Director	267,649	31 Dec 2021	—
MR. JOSEPH NIGRO	Sr EVP & CFO	111,338	28 Jan 2022	—
MR. CALVIN G. BUTLER,JR	Sr EVP & Chf Operating Officer	45,176	31 Jan 2022	26708
MR. JOHN F. YOUNG	Director,Director	36,807	31 Dec 2007	—
MR. FABIAN E. SOUZA	SVP & Controller	23,737	28 Jan 2022	—
MR. DUANE M. DESPARTE	SVP and Controller	15,696	29 Jan 2018	—
MR. DAVID GLOCKNER	EVP Compliance & Audit	10,110	06 Jan 2022	—

*Represents the date on which the owner's name, position, and common shares held were reported by the holder or issuer.

Fund Ownership

Top Owners	% of Shares Held	% of Fund Assets	Change (k)	Portfolio Date
Vanguard Total Stock Market Index Fund	2.86	0.12	251	28 Feb 2022
Vanguard US Total Market Shares ETF	2.83	0.12	88	28 Feb 2022
Vanguard Wellingtonâ„¢ Fund	2.66	1.18	628	28 Feb 2022
Capital Group Wash Mutual Invtrs Comp	2.27	0.75	-3	28 Feb 2022
American Funds Washington Mutual Fund	2.27	0.75	-3	28 Feb 2022
Concentrated Holders				
FidelityÂ® VIP Utilities Portfolio	0.04	11.01	14	28 Feb 2022
MainStay VP Fidelity Ins AM Utilts Pf	0.22	10.95	—	28 Feb 2022
Fidelity AdvisorÂ® Utilities Fund	0.12	10.92	87	28 Feb 2022
FidelityÂ® Select Utilities Portfolio	0.21	10.91	87	28 Feb 2022
FidelityÂ® Telecom and Utilities Fund	0.15	9.00	51	28 Feb 2022

Institutional Transactions

Top 5 Buyers	% of Shares Held	% of Fund Assets	Shares Bought/ Sold (k)	Portfolio Date
Wellington Management Group, LLP	7.69	—	75,360	28 Feb 2022
Wellington Management Company LLP	7.92	0.72	5,366	28 Feb 2022
State Street Global Advisors	0.77	5.03	5,007	28 Feb 2022
Vanguard	2.14	8.44	3,604	28 Feb 2022
GQG Partners LLC	0.37	0.52	3,598	28 Feb 2022
Top 5 Sellers				
BlackRock Institutional Trust Company NA	—	—	-26,170	28 Feb 2022
BlackRock Advisors LLC	—	—	-10,162	28 Feb 2022
BlackRock Group Ltd.	—	—	-10,057	28 Feb 2022
BlackRock Investment Management, LLC	—	—	-6,712	28 Feb 2022
T. Rowe Price Associates, Inc.	2.07	0.11	-5,246	28 Feb 2022

Capital Allocation 09 Mar 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices 09 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest report, "Inflation Unraveling U.S. Utilities' Safety Net."

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate 02 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

Exelon Edging Closer to Spinning Off Merchant Unit; Reports Q3 Earnings 03 Nov 2021

We are increasing our fair value estimate to $48 per share from $45 after Exelon announced third-quarter adjusted earnings per share of $1.09 compared with $1.04 in the same year-ago period. Management narrowed their full-year EPS guidance to $2.70-$2.90 from their previous $2.60-$3.00 range. Our fair value estimate increase is due to an increase in Morningstar's midcycle natural gas price to $3.30 per thousand cubic feet from $2.80, which boosted the nuclear fleet's midcycle margins. Our narrow moat and stable moat trend ratings are unchanged.

Recently management secured $700 million in subsidies from Illinois legislation that will keep the company's Dresden and Byron nuclear plants operating. We assume that subsidies for the plants will continue beyond 2025 given the role nuclear must play as Illinois pursues its aggressive clean energy goal. Management has successfully lobbied for subsidies across its merchant nuclear fleet. Policymakers view of nuclear generation is beginning to align with our view that nuclear' s clean energy attributes and reliable generation will be instrumental in meeting aggressive emission reduction goals.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Exelon continues to progress on the spin-off of its competitive merchant unit. The company has received FERC approval, and continues progress toward receiving approvals from New York regulators and the Nuclear Regulatory Commission. Exelon has named a management team for the new unit, to be named Constellation, which we view is a sign management is confident they can complete the spin-off. Management expects to complete the transaction in the first quarter of 2022.

In the quarter, rate increases and ongoing utility investments supported earnings. Lower capacity revenue, increased nuclear outage days, and unrealized and realized gains on equity investments had a negative impact on generation segment earnings. Trailing 12-month returns were 9.3%, down from 9.4% last quarter.

Exelon Secures Another Legislative Win; Byron and Dresden to Remain Open 14 Sep 2021

We are increasing our Exelon fair value estimate to $45 per share from $42 after Illinois lawmakers passed energy legislation that would provide subsidies to Exelon's Dresden and Byron nuclear plants. Gov. J.B. Pritzker has indicated he plans to sign the legislation, and Exelon has said it is in the process of refueling both plants. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon has taken a hard line with Illinois policymakers on the future of its unregulated nuclear facilities in the state. Last year, Exelon announced plans to close the two nuclear generating stations. After filing Post Shutdown Decommissioning Activity Reports with the Nuclear Regulatory Commission in July, Exelon is now preparing to refuel both Byron and Dresden nuclear facilities. We had previously estimated the plants were running at break-even, resulting in no change to our fair value estimate.

The $700 million in subsidies Exelon will receive from the legislation was the primary source of our fair value estimate increase. We assume that the subsidies will continue beyond our five-year forecast, in part to help the state meet the legislation's 100% clean energy target by 2050. The legislation also sets targets for Illinois that include zero carbon emissions by the end of 2045 and 50% renewable energy by 2040. Dresden's operating license expires later this decade and Byron's operating license expires for both of its units by 2046. Time-value appreciation since our last update increased our fair value estimate $1 per share.

We previously thought Exelon faced an uphill battle to secure additional subsidies for its nuclear fleet in the state, in large part due to the deferred prosecution agreement Exelon entered into last year related to the company's lobbying practices in the state. However, the state's clean energy goals, and the contribution of Exelon's nuclear fleet to those goals, ultimately led to successful lobbying efforts.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. CAGR
Revenue	*-0.5*	7.3	-4.6	-3.8	*-2.7*	*-49.0*	*-10.8*
EBIT	*-12.8*	-8.5	9.9	-34.1	*34.3*	*-19.6*	*7.4*
EBITDA	*-1.1*	2.0	3.5	-8.2	*13.5*	*-32.4*	*-0.5*
Net Income	*7.4*	2.1	20.8	0.3	*-6.7*	*-26.2*	*-2.9*
Diluted EPS	*6.3*	—	20.2	—	*-7.0*	*-26.4*	*-3.5*
Earnings Before Interest, after Tax	*-10.6*	19.7	-17.1	-27.9	*35.1*	*-231.3*	*5.7*
Free Cash Flow	*104.4*	—	-114.1	-198.3	*380.4*	*665.2*	*-13.7*

Profitability	3-Year Hist. Avg	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. Avg
Operating Margin %	*10.6*	10.8	12.5	8.5	*11.8*	*18.6*	*18.5*
EBITDA Margin %	*23.8*	22.9	24.9	23.7	*27.7*	*36.7*	*36.6*
Net Margin %	*8.6*	7.2	9.1	9.5	*9.1*	*13.2*	*13.0*
Free Cash Flow Margin %	*2.2*	6.5	-1.0	1.0	*4.9*	*72.7*	*14.9*
ROIC %	*2.4*	2.1	3.5	1.6	*4.5*	*-7.1*	*2.4*
Adjusted ROIC %	*2.6*	2.3	3.8	1.7	*4.9*	*-7.8*	*2.6*
Return on Assets %	*1.9*	1.7	2.3	1.5	*2.2*	*1.8*	*2.2*
Return on Equity %	*7.2*	6.6	9.0	6.1	*8.7*	*6.2*	*7.0*

Leverage	3-Year Hist. Avg	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. Avg
Debt/Capital	*0.54*	0.54	0.54	0.55	*0.54*	*0.48*	*0.49*
Total Debt/EBITDA	*4.62*	4.43	4.43	5.02	*4.53*	*5.51*	*4.99*
EBITDA/Interest Expense	*5.13*	5.31	5.28	4.79	*5.30*	*4.53*	*4.75*

Valuation Summary and Forecasts

	2019	2020	2021(E)	2022(E)
Price/Fair Value	1.06	1.01	—	—
Price/Earnings	10.1	9.4	*14.5*	*19.8*
EV/EBITDA	9.2	12.2	*9.4*	*13.9*
EV/EBIT	18.3	33.8	*22.1*	*27.5*
Free Cash Flow Yield %	-1.4	-6.7	*3.1*	*29.7*
Dividend Yield %	4.5	5.1	*3.7*	*3.1*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	11,686	15.5	11.91
Present Value Stage II	13,136	17.4	13.39
Present Value Stage III	50,699	67.1	51.66
Total Firm Value	**75,521**	**100.0**	**76.96**
Cash and Equivalents	663	—	0.68
Debt	-39,333	—	-40.08
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**36,911**	**—**	**37.61**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**39.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Revenue	**35,985**	**34,348**	**33,039**	***32,148***	***16,413***
Cost of Goods Sold	16,670	15,497	14,104	*12,593*	*5,725*
Gross Profit	**19,315**	**18,851**	**18,935**	***19,555***	***10,687***
Selling, General & Administrative Expenses	9,337	8,615	9,408	*8,864*	*3,446*
Other Operating Expense (Income)	1,783	1,732	1,714	*1,793*	*1,227*
Other Operating Expense (Income)	-56	-32	-24	—	—
Depreciation & Amortization (if reported separately)	4,353	4,252	5,014	*5,107*	*2,968*
Operating Income (ex charges)	**3,898**	**4,284**	**2,823**	***3,791***	***3,047***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**3,898**	**4,284**	**2,823**	***3,791***	***3,047***
Interest Expense	1,554	1,616	1,635	*1,678*	*1,329*
Interest Income	-140	1,044	1,139	*1,196*	*957*
Pre-Tax Income	**2,204**	**3,712**	**2,327**	***3,309***	***2,675***
Income Tax Expense	120	774	373	*373*	*508*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-74	-92	9	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,010**	**2,846**	**1,963**	***2,936***	***2,166***
Weighted Average Diluted Shares Outstanding	969	974	977	*980*	*983*
Diluted Earnings Per Share	**2.07**	**2.92**	**2.01**	***3.00***	***2.20***
Adjusted Net Income	2,597	3,136	3,146	*2,936*	*2,166*
Diluted Earnings Per Share (Adjusted)	**2.68**	**3.22**	**3.22**	***3.00***	***2.20***
Dividends Per Common Share	1.38	1.45	1.53	*1.61*	*1.35*
EBITDA	**9,869**	**10,064**	**9,350**	***8,898***	***6,015***
Adjusted EBITDA	**8,251**	**8,536**	**7,837**	***8,898***	***6,015***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Cash and Equivalents	1,349	587	663	*1,317*	*2,804*
Investments	—	—	—	—	—
Accounts Receivable	5,863	6,175	4,629	*5,549*	*2,833*
Inventory	1,685	1,768	1,722	*1,656*	*753*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	4,463	3,507	5,548	*5,500*	*4,750*
Current Assets	**13,360**	**12,037**	**12,562**	***14,022***	***11,140***
Net Property Plant, and Equipment	76,707	80,233	82,584	*84,877*	*66,784*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,237	8,335	8,759	*8,959*	*500*
Long-Term Non-Operating Assets	14,685	17,695	18,735	*18,735*	*18,735*
Total Assets	**119,666**	**124,977**	**129,317**	***133,270***	***103,836***
Accounts Payable	3,805	3,565	3,567	*3,450*	*1,490*
Short-Term Debt	2,063	6,080	3,850	*3,850*	—
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	5,536	4,540	5,354	*6,100*	*4,100*
Current Liabilities	**11,404**	**14,185**	**12,771**	***13,400***	***5,590***
Long-Term Debt	34,465	31,719	35,483	*36,483*	*33,120*
Deferred Tax Liabilities (Long-Term)	11,330	12,351	13,035	*13,885*	*5,885*
Other Long-Term Operating Liabilities	9,559	9,986	9,485	*9,500*	—
Long-Term Non-Operating Liabilities	19,838	22,163	23,675	*23,675*	*23,675*
Total Liabilities	**86,596**	**90,404**	**94,449**	***96,943***	***68,270***
Preferred Stock	—	—	—	—	—
Common Stock	19,116	19,274	19,373	*19,373*	*19,373*
Additional Paid-in Capital	—	—	—	*60*	*60*
Retained Earnings (Deficit)	14,766	16,267	16,735	*18,117*	*18,956*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-2,995	-3,194	-3,400	*-2,700*	*-2,700*
Shareholder's Equity	**30,764**	**32,224**	**32,585**	***34,727***	***35,566***
Minority Interest	2,306	2,349	2,283	*1,600*	—
Total Equity	**33,070**	**34,573**	**34,868**	***36,327***	***35,566***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Net Income	2,084	3,028	1,954	*2,936*	*2,166*
Depreciation	5,971	5,780	6,527	*5,107*	*2,968*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	-106	681	309	*850*	*-8,000*
Other Non-Cash Adjustments	1,715	346	430	—	—
(Increase) Decrease in Accounts Receivable	-565	-243	697	*-920*	*2,716*
(Increase) Decrease in Inventory	-37	-87	-85	*66*	*903*
Change in Other Short-Term Assets	-969	-2,421	-5,468	*48*	*750*
Increase (Decrease) in Accounts Payable	551	-425	-129	*-117*	*-1,960*
Change in Other Short-Term Liabilities	—	—	—	*746*	*-2,000*
Cash From Operations	**8,644**	**6,659**	**4,235**	***8,716***	***-2,456***
(Capital Expenditures)	-7,594	-7,248	-8,048	*-7,400*	*15,125*
Net (Acquisitions), Asset Sales, and Disposals	-154	-41	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	-86	29	3,712	*-185*	*-1,041*
Cash From Investing	**-7,834**	**-7,260**	**-4,336**	***-7,585***	***14,084***
Common Stock Issuance (or Repurchase)	105	112	45	*60*	—
Common Stock (Dividends)	-1,332	-1,408	-1,492	*-1,554*	*-1,327*
Short-Term Debt Issuance (or Retirement)	-213	656	661	—	*-3,850*
Long-Term Debt Issuance (or Retirement)	1,329	664	1,067	*1,000*	*-3,364*
Other Financing Cash Flows	-248	-185	-104	*-683*	*-1,600*
Cash From Financing	**-359**	**-161**	**177**	***-1,177***	***-10,141***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*700*	—
Net Change in Cash	**451**	**-762**	**76**	***654***	***1,487***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Valuation Analysis

		Price/Earnings			EV/EBITDA			Price/Free Cash Flow			Price/Book			Price/Sales		
Company/Ticker	Price/Fair Value	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	1.04	17.0	18.8	18.7	14.6	13.0	13.3	187.9	14.0	NM	—	—	—	3.5	3.3	3.7
FirstEnergy Corp FE USA	1.06	12.8	17.2	18.3	13.9	13.0	12.3	NM	984.1	11.6	—	—	—	2.2	2.2	2.2
Entergy Corp ETR USA	0.98	17.6	18.7	17.6	10.1	10.9	12.2	-10.0	NM	NM	—	—	—	2.0	1.9	2.1
Average		15.8	18.2	18.2	12.9	12.3	12.6	89.0	499.1	11.6	—	—	—	2.6	2.5	2.7
Exelon Corp EXC US	**1.12**	**9.4**	***14.5***	***19.8***	**12.2**	***9.4***	***13.9***	**NM**	***32.4***	***3.4***	**—**	**—**	**—**	**1.7**	***1.3***	***2.6***

Returns Analysis

		ROIC %			Adjusted ROIC %			Return on Equity %			Return on Assets %			Dividend Yield %		
Company/Ticker	Last Historical Year Total Assets (Mil)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	— USD	5.0	6.0	6.4	5.0	6.0	6.4	12.3	11.0	10.6	3.9	3.6	3.5	3.4	3.1	3.2
FirstEnergy Corp FE USA	44,464 USD	5.5	5.9	6.6	6.6	7.0	7.8	15.2	18.5	15.9	2.5	3.1	3.0	5.1	3.5	3.5
Entergy Corp ETR USA	— USD	3.3	4.4	4.6	3.3	4.5	4.6	13.1	9.9	10.6	2.5	1.9	2.1	3.7	3.4	3.8
Average		4.6	5.4	5.9	5.0	5.8	6.3	13.5	13.1	12.4	3.0	2.9	2.9	4.1	3.3	3.5
Exelon Corp EXC US	**— USD**	**1.6**	***4.5***	***-7.1***	**1.7**	***4.9***	***-7.8***	**6.1**	***8.7***	***6.2***	**1.5**	***2.2***	***1.8***	**5.1**	***3.7***	***3.1***

Growth Analysis

		Revenue Growth %			EBIT Growth %			EPS Growth %			Free Cash Flow Growth %			Dividend/Share Growth %		
Company/Ticker	Last Historical Year Revenue (Mil)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	9,603 USD	-4.7	4.6	-10.4	16.8	17.7	5.7	4.6	3.5	0.2	75.7	715.4	-97.6	4.3	4.1	5.9
FirstEnergy Corp FE USA	10,790 USD	-2.2	4.6	2.4	-13.9	11.5	4.9	-7.1	7.9	-6.0	-171.8	-191.3	442.8	2.6	—	—
Entergy Corp ETR USA	10,114 USD	-7.0	16.1	-9.3	6.9	17.5	6.7	4.8	6.4	3.5	15.5	120.4	-130.1	2.2	—	9.6
Average		-4.6	8.4	-5.8	3.3	15.6	5.8	0.8	5.9	-0.8	-26.9	214.8	71.7	3.0	4.1	7.8
Exelon Corp EXC US	**33,039 USD**	**-3.8**	***-2.7***	***-49.0***	**-34.1**	***34.3***	***-19.6***	**—**	***-7.0***	***-26.4***	**-198.3**	***380.4***	***665.2***	**—**	***27.8***	***-16.2***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Profitability Analysis

Company/Ticker	Last Historical Year Net Income (Mil)	Gross Margin %			EBITDA Margin %			Operating Margin %			Net Margin %			Free Cash Flow Margin %		
		2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	1,739 USD	68.2	70.2	70.5	37.0	40.1	43.6	23.6	26.6	31.4	18.1	18.0	19.9	1.9	23.8	-3.5
FirstEnergy Corp FE USA	1,296 USD	71.6	72.2	72.2	31.2	32.6	33.4	20.0	21.4	21.9	12.0	12.4	11.9	-11.4	0.2	18.9
Entergy Corp ETR USA	1,138 USD	75.6	68.2	75.8	40.1	37.1	37.6	17.8	18.0	21.1	11.3	10.4	12.0	-19.8	-32.3	0.1
Average		71.8	70.2	72.8	36.1	36.6	38.2	20.5	22.0	24.8	13.8	13.6	14.6	-9.8	-2.8	5.2
Exelon Corp EXC US	**3,146 USD**	**57.3**	**60.8**	**65.1**	**23.7**	**27.7**	**36.7**	**8.5**	**11.8**	**18.6**	**9.5**	**9.1**	**13.2**	**-11.5**	**4.1**	**77.2**

Leverage Analysis

Company/Ticker	Last Historical Year Total Debt (Mil)	Debt/Equity %			Debt/Total Cap %			EBITDA/Interest Exp.			Total Debt/EBITDA			Assets/Equity		
		2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	17,243 USD	107.9	101.0	99.5	51.9	50.2	49.9	5.9	6.6	7.1	4.9	4.2	4.3	3.1	3.0	3.0
FirstEnergy Corp FE USA	24,477 USD	338.2	304.0	252.6	77.2	75.3	71.6	3.2	3.3	3.4	7.3	6.5	6.1	6.1	5.7	5.0
Entergy Corp ETR USA	23,997 USD	214.6	227.1	219.0	68.2	69.4	68.7	5.2	5.2	4.5	5.9	6.2	6.9	5.2	5.0	4.8
Average		220.2	210.7	190.4	65.8	65.0	63.4	4.8	5.0	5.0	6.0	5.6	5.8	4.8	4.6	4.3
Exelon Corp EXC US	**39,333 USD**	**120.7**	**116.1**	**93.1**	**54.7**	**53.7**	**48.2**	**4.8**	**5.3**	**4.5**	**5.0**	**4.5**	**5.5**	**4.0**	**3.8**	**2.9**

Liquidity Analysis

Company/Ticker	Market Cap (Mil)	Cash per Share			Current Ratio			Quick Ratio			Cash/Short-Term Debt			Payout Ratio %		
		2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)	2020	2021(E)	2022(E)
Public Service Enterprise Group Inc	33,479 USD	1.07	4.55	0.91	0.66	1.05	0.68	0.61	0.99	0.63	0.20	0.91	0.18	52.2	57.5	60.7
FirstEnergy Corp FE USA	25,272 USD	3.19	0.84	4.26	0.75	0.59	1.12	0.69	0.52	1.04	0.74	0.31	1.94	78.5	60.6	64.4
Entergy Corp ETR USA	22,209 USD	8.75	2.19	5.07	0.65	0.59	0.62	0.49	0.39	0.44	0.63	0.20	0.46	53.9	69.3	65.8
Average		4.34	2.53	3.41	0.69	0.74	0.81	0.60	0.63	0.70	0.52	0.47	0.86	61.5	62.5	63.6
Exelon Corp EXC US	**42,626 USD**	**0.68**	**1.34**	**2.85**	**0.98**	**1.05**	**1.99**	**0.85**	**0.92**	**1.86**	**0.17**	**0.34**	**—**	**76.2**	**53.7**	**61.3**

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

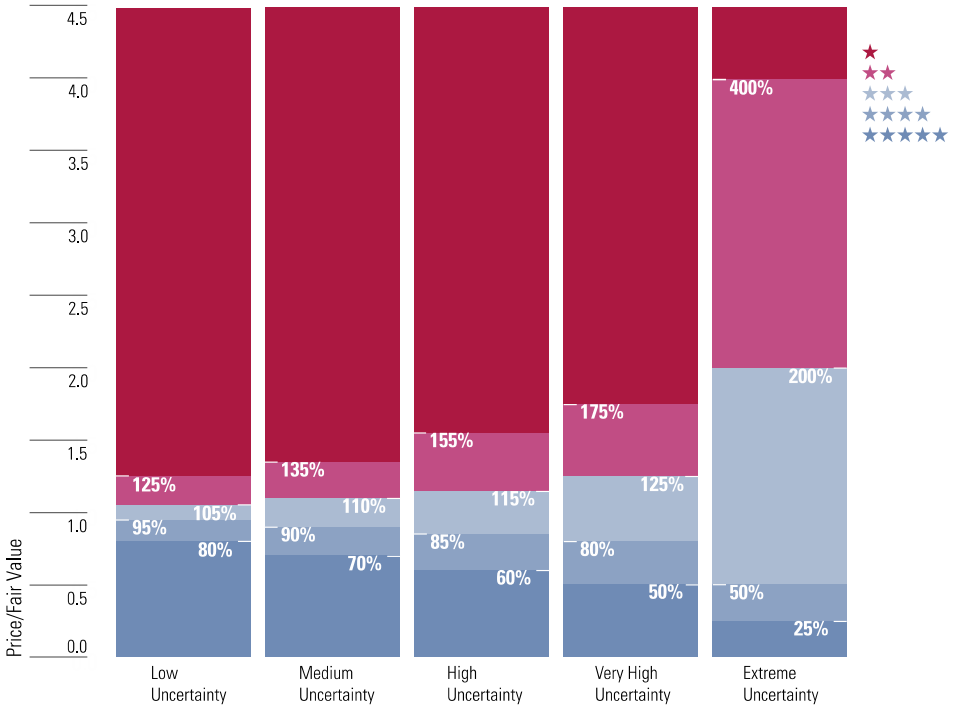

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Analyst Note 09 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 09 Mar 2022
Estimates as of 02 Feb 2022
Pricing data through 08 Mar 2022 00:00
Rating updated as of 08 Mar 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 02 Mar 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Analyst Note 1
Morningstar Analyst Forecasts 3
Methodology for Valuing Companies

Vital Statistics

Market Cap (USD Mil)	42,626
52-Week High (USD)	44.73
52-Week Low (USD)	28.13
52-Week Total Return %	47.3
YTD Total Return %	1.8
Last Fiscal Year End	31 Dec 2020
5-Yr Forward Revenue CAGR %	-10.8
5-Yr Forward EPS CAGR %	-3.5
Price/Fair Value	1.12

Valuation Summary and Forecasts

Fiscal Year:	2019	2020	*2021(E)*	*2022(E)*
Price/Earnings	10.1	9.4	*14.5*	*19.8*
EV/EBITDA	9.2	12.2	*9.4*	*13.9*
EV/EBIT	18.3	33.8	*22.1*	*27.5*
Free Cash Flow Yield %	-1.4	-6.7	*3.1*	*29.7*
Dividend Yield %	4.5	5.1	*3.7*	*3.1*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2019	2020	*2021(E)*	*2022(E)*
Revenue	34,348	33,039	*32,148*	*16,413*
Revenue YoY %	-4.6	-3.8	*-2.7*	*-49.0*
EBIT	4,284	2,823	*3,791*	*3,047*
EBIT YoY %	9.9	-34.1	*34.3*	*-19.6*
Net Income, Adjusted	3,136	3,146	*2,936*	*2,166*
Net Income YoY %	20.8	0.3	*-6.7*	*-26.2*
Diluted EPS	3.22	3.22	*3.00*	*2.20*
Diluted EPS YoY %	20.2	—	*-7.0*	*-26.4*
Free Cash Flow	-330	324	*1,559*	*11,929*
Free Cash Flow YoY %	-114.1	-198.3	*380.4*	*665.2*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest report, "Inflation Unraveling U.S. Utilities' Safety Net."

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. CAGR
Revenue	*-0.5*	7.3	-4.6	-3.8	*-2.7*	*-49.0*	*-10.8*
EBIT	*-12.8*	-8.5	9.9	-34.1	*34.3*	*-19.6*	*7.4*
EBITDA	*-1.1*	2.0	3.5	-8.2	*13.5*	*-32.4*	*-0.5*
Net Income	*7.4*	2.1	20.8	0.3	*-6.7*	*-26.2*	*-2.9*
Diluted EPS	*6.3*	—	20.2	—	*-7.0*	*-26.4*	*-3.5*
Earnings Before Interest, after Tax	*-10.6*	19.7	-17.1	-27.9	*35.1*	*-231.3*	*5.7*
Free Cash Flow	*104.4*	—	-114.1	-198.3	*380.4*	*665.2*	*-13.7*

Profitability	3-Year Hist. Avg	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. Avg
Operating Margin %	*10.6*	10.8	12.5	8.5	*11.8*	*18.6*	*18.5*
EBITDA Margin %	*23.8*	22.9	24.9	23.7	*27.7*	*36.7*	*36.6*
Net Margin %	*8.6*	7.2	9.1	9.5	*9.1*	*13.2*	*13.0*
Free Cash Flow Margin %	*2.2*	6.5	-1.0	1.0	*4.9*	*72.7*	*14.9*
ROIC %	*2.4*	2.1	3.5	1.6	*4.5*	*-7.1*	*2.4*
Adjusted ROIC %	*2.6*	2.3	3.8	1.7	*4.9*	*-7.8*	*2.6*
Return on Assets %	*1.9*	1.7	2.3	1.5	*2.2*	*1.8*	*2.2*
Return on Equity %	*7.2*	6.6	9.0	6.1	*8.7*	*6.2*	*7.0*

Leverage	3-Year Hist. Avg	2018	2019	2020	Forecast 2021	Forecast 2022	5-Year Proj. Avg
Debt/Capital	*0.54*	0.54	0.54	0.55	*0.54*	*0.48*	*0.49*
Total Debt/EBITDA	*4.62*	4.43	4.43	5.02	*4.53*	*5.51*	*4.99*
EBITDA/Interest Expense	*5.13*	5.31	5.28	4.79	*5.30*	*4.53*	*4.75*

Valuation Summary and Forecasts

	2019	2020	2021(E)	2022(E)
Price/Fair Value	1.06	1.01	—	—
Price/Earnings	10.1	9.4	*14.5*	*19.8*
EV/EBITDA	9.2	12.2	*9.4*	*13.9*
EV/EBIT	18.3	33.8	*22.1*	*27.5*
Free Cash Flow Yield %	-1.4	-6.7	*3.1*	*29.7*
Dividend Yield %	4.5	5.1	*3.7*	*3.1*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	11,686	15.5	11.91
Present Value Stage II	13,136	17.4	13.39
Present Value Stage III	50,699	67.1	51.66
Total Firm Value	**75,521**	**100.0**	**76.96**
Cash and Equivalents	663	—	0.68
Debt	-39,333	—	-40.08
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**36,911**	**—**	**37.61**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**39.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Revenue	**35,985**	**34,348**	**33,039**	***32,148***	***16,413***
Cost of Goods Sold	16,670	15,497	14,104	*12,593*	*5,725*
Gross Profit	**19,315**	**18,851**	**18,935**	***19,555***	***10,687***
Selling, General & Administrative Expenses	9,337	8,615	9,408	*8,864*	*3,446*
Other Operating Expense (Income)	1,783	1,732	1,714	*1,793*	*1,227*
Other Operating Expense (Income)	-56	-32	-24	—	—
Depreciation & Amortization (if reported separately)	4,353	4,252	5,014	*5,107*	*2,968*
Operating Income (ex charges)	**3,898**	**4,284**	**2,823**	***3,791***	***3,047***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**3,898**	**4,284**	**2,823**	***3,791***	***3,047***
Interest Expense	1,554	1,616	1,635	*1,678*	*1,329*
Interest Income	-140	1,044	1,139	*1,196*	*957*
Pre-Tax Income	**2,204**	**3,712**	**2,327**	***3,309***	***2,675***
Income Tax Expense	120	774	373	*373*	*508*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-74	-92	9	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,010**	**2,846**	**1,963**	***2,936***	***2,166***
Weighted Average Diluted Shares Outstanding	969	974	977	*980*	*983*
Diluted Earnings Per Share	**2.07**	**2.92**	**2.01**	***3.00***	***2.20***
Adjusted Net Income	2,597	3,136	3,146	*2,936*	*2,166*
Diluted Earnings Per Share (Adjusted)	**2.68**	**3.22**	**3.22**	***3.00***	***2.20***
Dividends Per Common Share	1.38	1.45	1.53	*1.61*	*1.35*
EBITDA	**9,869**	**10,064**	**9,350**	***8,898***	***6,015***
Adjusted EBITDA	**8,251**	**8,536**	**7,837**	***8,898***	***6,015***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Cash and Equivalents	1,349	587	663	*1,317*	*2,804*
Investments	—	—	—	—	—
Accounts Receivable	5,863	6,175	4,629	*5,549*	*2,833*
Inventory	1,685	1,768	1,722	*1,656*	*753*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	4,463	3,507	5,548	*5,500*	*4,750*
Current Assets	**13,360**	**12,037**	**12,562**	***14,022***	***11,140***
Net Property Plant, and Equipment	76,707	80,233	82,584	*84,877*	*66,784*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,237	8,335	8,759	*8,959*	*500*
Long-Term Non-Operating Assets	14,685	17,695	18,735	*18,735*	*18,735*
Total Assets	**119,666**	**124,977**	**129,317**	***133,270***	***103,836***
Accounts Payable	3,805	3,565	3,567	*3,450*	*1,490*
Short-Term Debt	2,063	6,080	3,850	*3,850*	—
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	5,536	4,540	5,354	*6,100*	*4,100*
Current Liabilities	**11,404**	**14,185**	**12,771**	***13,400***	***5,590***
Long-Term Debt	34,465	31,719	35,483	*36,483*	*33,120*
Deferred Tax Liabilities (Long-Term)	11,330	12,351	13,035	*13,885*	*5,885*
Other Long-Term Operating Liabilities	9,559	9,986	9,485	*9,500*	—
Long-Term Non-Operating Liabilities	19,838	22,163	23,675	*23,675*	*23,675*
Total Liabilities	**86,596**	**90,404**	**94,449**	***96,943***	***68,270***
Preferred Stock	—	—	—	—	—
Common Stock	19,116	19,274	19,373	*19,373*	*19,373*
Additional Paid-in Capital	—	—	—	*60*	*60*
Retained Earnings (Deficit)	14,766	16,267	16,735	*18,117*	*18,956*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-2,995	-3,194	-3,400	*-2,700*	*-2,700*
Shareholder's Equity	**30,764**	**32,224**	**32,585**	***34,727***	***35,566***
Minority Interest	2,306	2,349	2,283	*1,600*	—
Total Equity	**33,070**	**34,573**	**34,868**	***36,327***	***35,566***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2018	2019	2020	Forecast 2021	Forecast 2022
Net Income	2,084	3,028	1,954	*2,936*	*2,166*
Depreciation	5,971	5,780	6,527	*5,107*	*2,968*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	-106	681	309	*850*	*-8,000*
Other Non-Cash Adjustments	1,715	346	430	—	—
(Increase) Decrease in Accounts Receivable	-565	-243	697	*-920*	*2,716*
(Increase) Decrease in Inventory	-37	-87	-85	*66*	*903*
Change in Other Short-Term Assets	-969	-2,421	-5,468	*48*	*750*
Increase (Decrease) in Accounts Payable	551	-425	-129	*-117*	*-1,960*
Change in Other Short-Term Liabilities	—	—	—	*746*	*-2,000*
Cash From Operations	**8,644**	**6,659**	**4,235**	***8,716***	***-2,456***
(Capital Expenditures)	-7,594	-7,248	-8,048	*-7,400*	*15,125*
Net (Acquisitions), Asset Sales, and Disposals	-154	-41	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	-86	29	3,712	*-185*	*-1,041*
Cash From Investing	**-7,834**	**-7,260**	**-4,336**	***-7,585***	***14,084***
Common Stock Issuance (or Repurchase)	105	112	45	*60*	—
Common Stock (Dividends)	-1,332	-1,408	-1,492	*-1,554*	*-1,327*
Short-Term Debt Issuance (or Retirement)	-213	656	661	—	*-3,850*
Long-Term Debt Issuance (or Retirement)	1,329	664	1,067	*1,000*	*-3,364*
Other Financing Cash Flows	-248	-185	-104	*-683*	*-1,600*
Cash From Financing	**-359**	**-161**	**177**	***-1,177***	***-10,141***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*700*	—
Net Change in Cash	**451**	**-762**	**76**	***654***	***1,487***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies

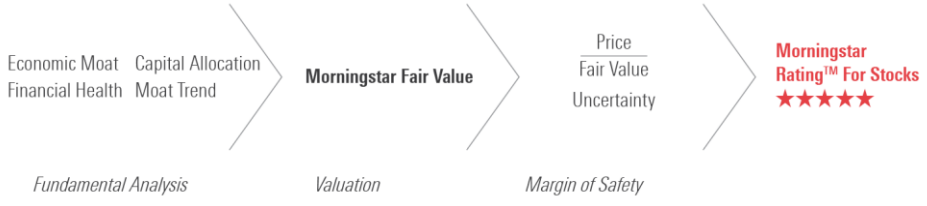

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

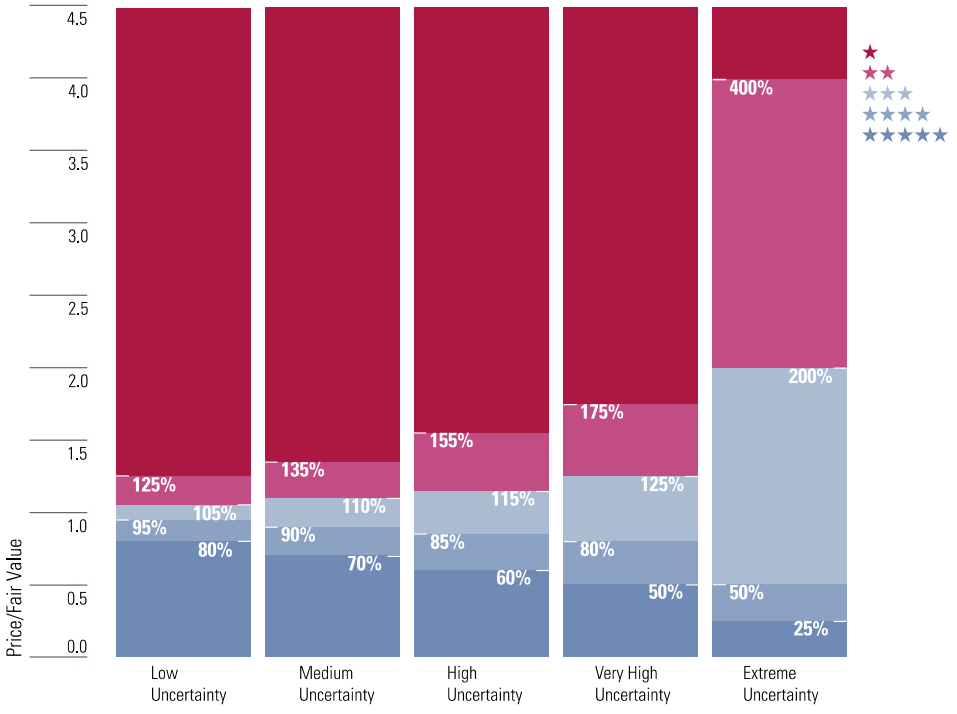

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
43.49 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

VERTICAL RESEARCH PARTNERS®

Buy

Constellation Energy (CEG)

Nuke powerhouse starts on debt reduction; fuel in focus

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Price and Target	as of 03/03/22
Price	$49.52
Target Price	$60
Dividend Yield	1.1%
Total Return	22.3%

Capitalization Data (mn USD$)	
Shares Out (mn)	326.0
Market Cap	16,144
Net Debt	5,942
Enterprise Value	22,086

Performance (%)	1M	YTD	1Y
Constellation Energy	-7.6	NM	NM
Rel S&P 500	-5.2	NM	NM

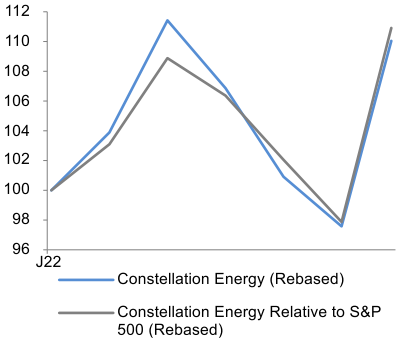

Reiterating Buy and $60 target. Late last week CEG put out their 2021 10-K but did not issue a release or hold a call. This was an unusual filing since separation from Exelon had not closed at year-end and the balance sheet does not reflect key items, most notably $1.75B of cash contributed at closing by Exelon. After digesting the filing, we make several model tweaks but keep our $60 target unchanged. CEG has been quite volatile to date, but we continue to see strong fundamentals based around the largest US carbon-free generation fleet, significant cash flows and an attractive play on incremental policy support aimed at sustaining nuclear with a view to advancing decarbonization plans while helping with energy security.

Financial pointers from the 10-K. At closing, CEG repaid $258M of intercompany notes, made a pension contribution of $192M (similar to 2021) and paid off one $200M term loan. Other expected pay-downs include $500M of senior notes maturing this month and another $523M in June. An $880M term loan funding the CENG buyout also matures in June and we expect CEG to pay this off too. This would see CEG exceed the $1.8-$2.2B de-leveraging target for 2022-2023 by mid-year and we add some incremental short-term borrowings from H2.

Collateral swing increased year-end debt. The year-end balance sheet showed $700M higher short-term debt after CP issuance during 4Q. As with the lower cash forecast from the January Analyst Day, the key driver was collateral postings related to hedges and commodity price moves. Collateral was $1.2B net positive at the 3Q stage but had swung to $1.2B net negative by year-end. This created a 4Q cash headwind of $2.4B, larger than we thought based on the January slides. While higher net debt at year-end initially read like a valuation negative, we believe it is fair to assume collateral normalizes over time as hedges roll off.

Penciling in a buyback placeholder for 2023. Capital allocation remains TBD and CEG have indicated an update may come in H2. The extent to which we get clarity on potential federal support for nuclear (i.e. PTC) is one consideration, along with how CEG stock trades. While nothing has particularly changed here, we now pencil in a modest stock buyback placeholder of $500M in 2023. We also note that the 1Q quarterly dividend declaration ($0.141) could potentially imply a share count reduction yet in 2022.

No change to valuation methodology. We continue to employ a dual-factor valuation with a 50:50 weighting of EV/EBITDA ($56) and FCF Yield ($61) plus $1.50 for risked nuclear PTC upside. As shown in Figure 2, we base our EV/EBITDA on 6.0x 2024E EBITDA of $3,050M with forecast net debt below $500M absent allocation to something more accretive beyond the $500M buyback assumed for 2023. We base our FCF value on target yield of 12.5%. Our $1.50 nuclear PTC value uses $425M of modeled net upside potential at our 2024E price deck and applies a conservative 20% probability factor. Securing the PTC would add $7-$8 to our value out of the gate, on top of which we likely would argue for an increase to our overall multiple based on resulting improved cash flow visibility and duration.

Key Estimates (FY, $, mn)	2021	2022E	2023E	2024E	2025E
Adj. EBITDA	2,807	2,575	2,975	3,050	3,450
Operating EPS	$2.22	$1.32	$3.76	$4.22	$5.14
DPS	$0.00	$0.56	$0.61	$0.69	$0.75
P/E	22.3x	37.5x	13.2x	11.7x	9.6x
EV/EBITDA	7.9x	7.9x	6.4x	5.5x	4.1x
Dividend Yield	nm	1.1%	1.2%	1.4%	1.5%

Figure 1: Constellation Energy – Vertical Research Estimates & Multiples

	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	3-Yr. CAGR 2022-2025E
Gross Margin	--	--	**7,325**	**7,825**	**7,900**	**8,300**	**1.9%**
Adjusted EBITDA	--	--	**2,575**	**2,975**	**3,050**	**3,450**	**4.3%**
FCF Before Growth	--	--	**2,295**	**2,054**	**2,410**	**2,657**	**1.2%**
Operating EPS	$4.32	$2.22	$1.32	$3.76	$4.22	$5.14	33.7%
GAAP EPS	$1.80	($0.63)	$1.32	$3.76	$4.22	$5.14	33.7%
DPS - Paid	--	--	**$0.56**	**$0.61**	**$0.69**	**$0.75**	**5.2%**
Payout Ratio (GAAP)	--	--	43%	16%	16%	15%	--
Diluted Shares (Mn)	*326*	*326*	*326*	*322*	*318*	*318*	*-0.6%*
Adjusted EBITDA Guidance	--	--	**2,350 - 2,750**	--	--	--	
VRP vs. Mid-Point	--	--	25	--	--	--	
Consensus	--	--	**2,605**	**2,904**	**3,042**	**3,207**	**4.0%**
Number of Estimates	--	--	**10**	**10**	**8**	**5**	
VRP vs. Consensus	--	--	(30)	71	8	243	
Stock Price	**$49.52**	**$49.52**	**$49.52**	**$49.52**	**$49.52**	**$49.52**	
P/E Ratio	27.5x	(78.6x)	37.5x	13.2x	11.7x	9.6x	
EV/EBITDA	--	--	7.9x	6.2x	5.3x	4.0x	
FCF Yield	13.6%	10.3%	4.9%	12.3%	15.4%	17.2%	
Dividend Yield	--	--	1.1%	1.2%	1.4%	1.5%	

Source: FactSet, Company Reports and Vertical Research Partners

Figure 2: Constellation Energy – Vertical Research Valuation

Segment	Valuation Metric	FY2024E	Multiple	Valuation Components($MM) Ent. Val.	Less Debt	Plus Cash	Equity	Value $/Sh.
Constellation - Adj. EBITDA	EV/EBITDA	3,050	6.0x	18,300	(6,183)	5,676	17,793	$56
Constellation - FCF B4 Growth	FCF Yield	2,410	12.5%				19,277	$61
Constellation - Average EV & FCF							**18,535**	**$58**
Potential Nuclear PTC Net Uplift ~$425M @ 6x multiple and 20% probability factor	EV/EBITDA	85	6.0x	510	--	--	510	$1.50
CEG Valuation							**19,045**	**$60**
Diluted Average Shares (FY2024E)							*318*	

Source: Vertical Research Partners

Thought for the Day: What about uranium?

Nuclear fuel supply and price risk in focus. Given the evolving situation with Russia and Ukraine, we have received questions regarding both physical supply and price risk for nuclear fuel (i.e. uranium). This is understandable and we offer some perspective below. While we are clearly operating in uncharted territory, there are several factors leading us not to be overly concerned at this point. Some key observations would be: 1) Russian sources of nuclear fuel have been limited to 20% of overall US supply under the Russian Suspension Agreement which was recently extended and runs to 2040; 2) nuclear fuel including the uranium component typically represents only 20% of the average US nuclear plant's operating costs; 3) long lead times and hedging mean CEG is not too exposed to short term price volatility in nuclear fuel stack components; 4) average nuclear fuel costs per MWh are low relative to current power prices, which would likely increase by more and more quickly than supply costs in a broader energy crisis; and 5) CEG's overall hedging policy leaves the business much more open to power prices than to fuel costs in the 2-3 year forward window. Whereas CEG employ a ratable 3-year forward hedging program on the revenue, their nuclear fuel hedging program starts from six years before each refueling outage. Comparing the target percentages this means the fuel side tends to be locked in around two years earlier than the revenues are hedged fuel currently 100% priced through at least 2024 at this stage.

Nuclear remains out of the sanctions discussion to date. To date the sanctions imposed on Russia do not encompass nuclear fuel and uranium since they fall under the broader energy complex. We have seen reports in the past few days that the power industry is actively lobbying to ensure nuclear fuel and uranium remain exempt, even if future sanctions do end up being extended to include Russian oil and gas. On this front, we are encouraged to see nuclear left out of the bipartisan Ban Russian Energy Imports Act proposed in the Senate yesterday. This bill seeks to prohibit "importation of Russian crude oil, petroleum, petroleum products, LNG and coal" rather than imposing blanket sanctions across energy in general. A similar measure is expected in the House and lead sponsors of the Senate version are Senators Machin (D-WV) and Murkowski (R-AK) in their roles as Chairman and Ranking Member of the Senate Energy and Natural Resources Committee.

Russia supplies ~20% of US nuclear fuel needs. In comments quoted by Bloomberg yesterday, CEG point to long lead times involved with nuclear fuel and have said they are "well situated to deal with any potential supply disruptions". From recent SEC filings, we know that around 50% of CEG uranium needs for 2022-2026 come from three suppliers. Industry sources indicate that Russia supplies around 20% of total US nuclear industry needs, although we note that their activity is more weighted towards other components of the fuel production process (fabrication, enrichment and conversion) versus supply of uranium itself. While CEG have not given a specific number for the Russian contribution to their overall fuel supply, we would be surprised if it deviated too dramatically from the industry average given CEG's leading market position in nuclear generation. The 10-K states that CEG believe they can obtain replacement uranium concentrate supplies in the event of non-performance by contracted suppliers, albeit likely at unfavorable prices versus current supply agreements. This is good to hear, since the more concerning risk for investors, and the power system more broadly, may be not being able to effectively procure physical supply.

Figure 3: Constellation Nuclear Fuel Hedging Strategy

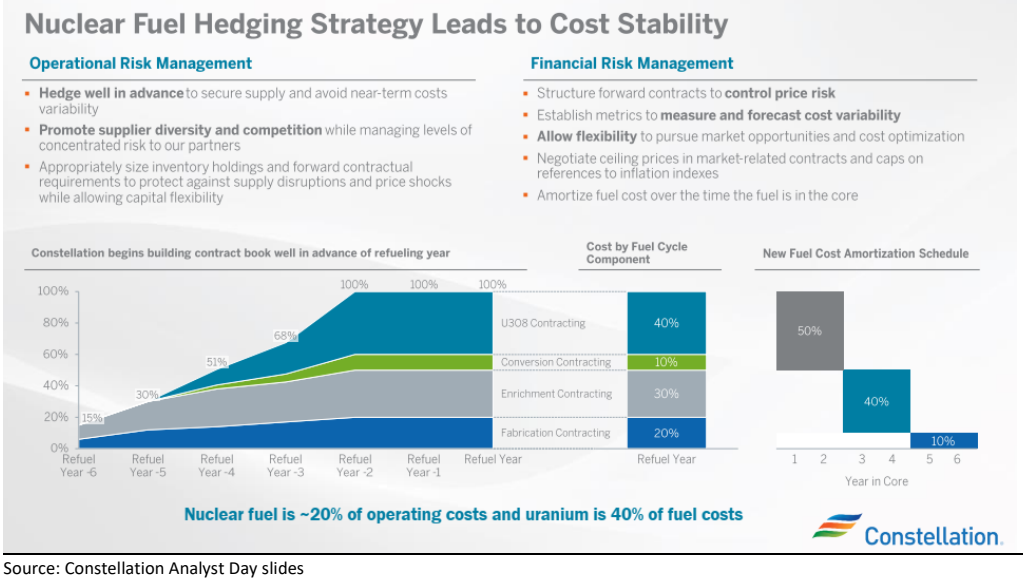

Source: Constellation Analyst Day slides

Uranium price exposure dampened by long-term hedging. In terms of price, we note that uranium represents only a relatively modest portion of overall nuclear generation cost. The slide provided in the Analyst Day deck and shown in Figure 3 estimates nuclear fuel comprises ~20% of operating costs, with uranium representing 40% of fuel cost and therefore 8% of the total. Based on an average supply cost of $6/MWh (see below) this implies that the uranium piece works out at less than $2.50/MWh. Other components are Conversion (10%), Enrichment (30%) and Fabrication (20%) although we note that we have relatively little insight as to how much of this overall supply chain could have some exposure to Russia and therefore potentially subject to sanctions or other disruption. The CEG slide also shows how their contracting seeks to have fuel needs hedged well in advance, starting six years ahead of a given refueling outage and looking to have 100% locked down two years in advance. Further smoothing comes from the amortization schedules and there is a structural mismatch under CEG's typical year ratable hedging program on the power side versus the six-year timeframe used for fuel.

Structurally more levered to power than fuel. From a margin perspective, uranium supply disruptions might well contribute to upside for power prices in the markets where CEG plants are located. One point is that the marginal wholesale power price tends to be a function of natural gas and on a per MWh basis is currently 5x to 10x the level of nuclear fuel costs per MWh. While CEG does not disclose its own fuel costs per MWh, the Nuclear Energy Institute (NEI) provides average industry data in their annual Nuclear Costs in Context publication. The most recent data (2020) shows an average of $5.76/MWh for nuclear fuel, which is clearly a low number in the context of power prices. For comparison, Figure 4 below illustrates power pricing at current market (grey block) and at our current model price deck (blue) relative to NEI average nuclear fuel costs (yellow diamonds) and all-in average production costs (orange circles). Two points here are 1) open gross margin has benefited more from the recent upward moves in power price than they would be hurt by even a huge (e.g. 50%) increase in embedded nuclear fuel costs and 2) such an increase on the fuel side is hard to imagine given the lead time and hedging factors described above.

Figure 4: Indicative Nuclear Fuel Cost vs. ATC Power Prices ($/MWh)

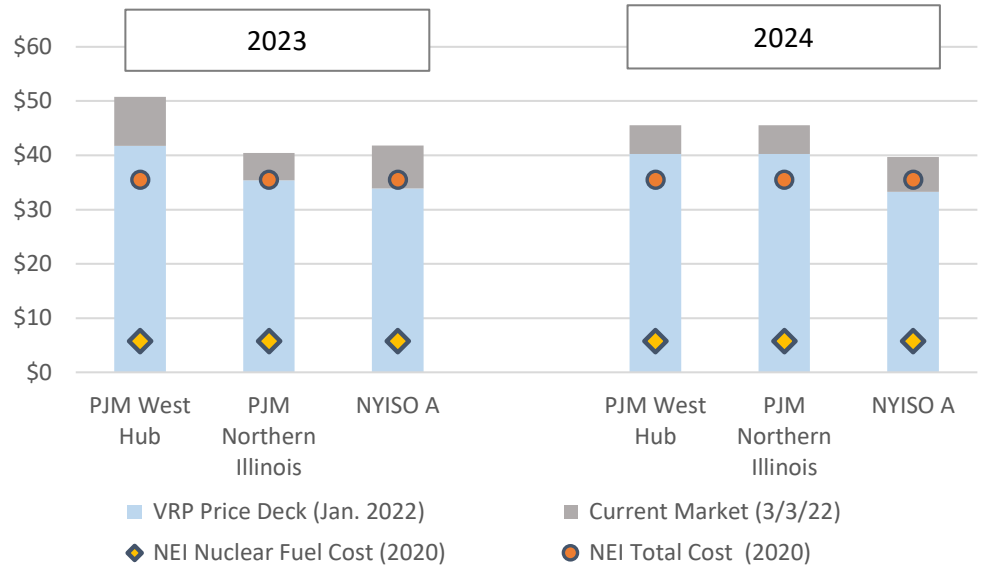

Source: Company Reports, OTC Global Holdings, LP and Vertical Research Partners

Figure 5: VRP Gross Margin & Adjusted EBITDA Bridge

	FY2022E	FY2023E	FY2024E	FY2025E
Open Gross Margin Guidance	6,200	4,450	--	--
Adjust to VRP Deck	(450)	175	--	--
Open Gross Margin @ VRP Deck	**5,750**	**4,625**	**4,400**	**4,350**
Adjusted Contracted Revenues	2,425	2,950	2,900	2,900
Mark-to-Market Hedge Value	(1,700)	(700)	(400)	--
Power New Business / To Go	450	500	550	600
Non-Power Margins Executed	150	100	50	--
Non-Power New Business / To Go	250	350	400	450
Total Gross Margin	**7,325**	**7,825**	**7,900**	**8,300**
Adjusted O&M	(4,375)	(4,475)	(4,475)	(4,475)
Other Taxes	(375)	(375)	(375)	(375)
Other, Misc.	--	--	--	--
Adjusted EBITDA	**2,575**	**2,975**	**3,050**	**3,450**
Midwest (Excl. CMC)	*94.8%*	*71.2%*	*33.3%*	--
Midwest CMC	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Midwest Total	*96.5%*	*87.5%*	*71.1%*	*56.7%*
Mid-Atlantic	*96.5%*	*70.5%*	*33.3%*	--
New York	*79.5%*	*55.5%*	*33.3%*	--
ERCOT	*79.5%*	*55.5%*	*33.3%*	--
Expected Generation Hedged (%)	***92.5%***	***75.2%***	***51.7%***	***27.6%***

Source: Company Reports and Vertical Research Partners

Figure 6: CEG Reference Prices vs. VRP Commodity Deck

	FY2022E	FY2023E	FY2024E	FY2025E
Reference Prices (11/30/2021)				
Henry Hub Natural Gas	$4.12	$3.55		
Midwest (PJM NiHub, ATC)	$41.18	$33.75		
Mid-Atlantic (PJM West, ATC)	$49.23	$40.39		
New York (Zone A, ATC)	$37.83	$32.93		
Texas (ERCOT North ATC Spark Spread)	$11.79	$9.48		
Effective Realized Prices ($/MWh)				
Midwest (PJM NiHub, ATC)	$27.00	$27.00		
Mid-Atlantic (PJM West, AC)	$33.50	$34.00		
New York (Zone A, ATC)	$24.00	$24.50		
Texas (ERCOT North ATC Spark Spread)	$4.00	$4.00		
VRP Deck (Early January, 2022)				
Henry Hub Natural Gas	$3.80	$3.45	$3.20	$3.10
Midwest (PJM NiHub, ATC)	$39.00	$35.50	$34.00	$34.00
Mid-Atlantic (PJM West, ATC)	$45.50	$41.50	$40.00	$39.50
New York (Zone A, ATC)	$34.00	$34.00	$33.00	$32.50
Texas (ERCOT North ATC Spark Spread)	$12.00	$10.02	$7.68	$6.90
VRP Deck vs. CEG Reference				
Henry Hub Natural Gas	($0.32)	($0.10)		
Midwest (PJM NiHub, ATC)	($2.18)	$1.75		
Mid-Atlantic (PJM West, ATC)	($3.73)	$1.11		
New York (Zone A, ATC)	($3.83)	$1.07		
Texas (ERCOT North ATC Spark Spread)	$0.21	$0.54		
Current Market (March 3, 2022)				
Henry Hub Natural Gas	$4.83	$3.90	$3.43	$3.38
Midwest (PJM NiHub, ATC)	$43.16	$40.44	$36.40	$35.04
Mid-Atlantic (PJM West, ATC)	$52.64	$50.78	$45.52	$43.76
New York (Zone A, ATC)	$46.72	$41.83	$39.68	$37.62
Texas (ERCOT North ATC Spark Spread)	$11.78	$12.10	$10.33	$9.27
Current Market vs. VRP Deck				
Henry Hub Natural Gas	$1.03	$0.45	$0.23	$0.28
Midwest (PJM NiHub, ATC)	$4.16	$4.94	$2.40	$1.04
Mid-Atlantic (PJM West, ATC)	$7.14	$9.28	$5.52	$4.26
New York (Zone A, ATC)	$12.72	$7.83	$6.68	$5.12
Texas (ERCOT North ATC Spark Spread)	($0.22)	$2.08	$2.65	$2.37

Source: Company Reports and Vertical Research Partners

Constellation Energy – Model Summary

Figure 7: Constellation Energy – Income Statement

Constellation Energy (Nasdaq: CEG) Consolidated Income Statement	FY2020A	FY2021A	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Operating Revenue	17,493	20,607	4,644	4,087	5,201	4,644	18,575	19,075	19,150	19,550
Fuel & Purchased Power	(9,696)	(13,639)	(2,813)	(2,475)	(3,150)	(2,813)	(11,250)	(11,250)	(11,250)	(11,250)
Gross Margin	**7,797**	**6,968**	**1,831**	**1,612**	**2,051**	**1,831**	**7,325**	**7,825**	**7,900**	**8,300**
O&M Expense	(4,528)	(4,515)	(1,094)	(963)	(1,225)	(1,094)	(4,375)	(4,475)	(4,475)	(4,475)
Other Income / (Expense)	(70)	354	(256)	(256)	(256)	(256)	(1,025)	(400)	(300)	(300)
EBITDA	**3,199**	**2,807**	**481**	**393**	**570**	**481**	**1,925**	**2,950**	**3,125**	**3,525**
Depreciation & Amortization	(1,184)	(1,155)	(275)	(275)	(275)	(275)	(1,100)	(1,100)	(1,100)	(1,100)
EBIT	**2,015**	**1,652**	**206**	**118**	**295**	**206**	**825**	**1,850**	**2,025**	**2,425**
Interest Income / (Expense)	(371)	(301)	(73)	(63)	(57)	(59)	(252)	(239)	(239)	(249)
Earnings Before Taxes	**1,644**	**1,351**	**133**	**55**	**238**	**147**	**573**	**1,611**	**1,786**	**2,176**
Income Tax Charge	(337)	(507)	(33)	(14)	(59)	(37)	(143)	(403)	(447)	(544)
Effective Tax Rate	*20.5%*	*37.5%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Preferred Dividends	0	0	0	0	0	0	0	0	0	0
Minority & Other	103	(123)	0	0	0	0	0	0	0	0
Net Income - Operating	**1,410**	**721**	**100**	**41**	**178**	**111**	**430**	**1,209**	**1,340**	**1,632**
Adjustments, Net	(821)	(926)	0	0	0	0	0	0	0	0
Net Income - GAAP	**589**	**(205)**	**100**	**41**	**178**	**111**	**430**	**1,209**	**1,340**	**1,632**
EPS - Operating	**$4.32**	**$2.22**	**$0.31**	**$0.13**	**$0.55**	**$0.34**	**$1.32**	**$3.76**	**$4.22**	**$5.14**
EPS - GAAP	**$1.80**	**($0.63)**	**$0.31**	**$0.13**	**$0.55**	**$0.34**	**$1.32**	**$3.76**	**$4.22**	**$5.14**
DPS - Paid	**--**	**--**	**$0.14**	**$0.14**	**$0.14**	**$0.14**	**$0.56**	**$0.61**	**$0.69**	**$0.75**
Payout Ratio	--	--	NM	NM	NM	NM	43%	16%	16%	15%
End of Period Shares (MM)	*325*	*326*	*326*	*326*	*326*	*326*	*326*	*318*	*318*	*318*
Diluted Average Shares (MM)	*326*	*326*	*326*	*326*	*326*	*326*	*326*	*322*	*318*	*318*

Source: Company Reports and Vertical Research Partners. Note: FY2020A and FY2021A reflect Exelon Generation; per share items adjusted to CEG share count.

Figure 8: Constellation Energy – Balance Sheet

Constellation Energy (Nasdaq: CEG) Consolidated Balance Sheet	FY2020A	FY2021A	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Cash and Cash Equivalents	226	504	1,692	749	1,377	2,077	2,077	3,385	5,676	8,195
Accounts Receivable, net	1,803	2,421	2,580	2,245	2,827	2,524	2,524	2,592	2,602	2,656
Other	4,918	5,056	4,856	4,656	4,456	4,256	4,256	4,256	4,256	4,256
Total Current Assets	**6,947**	**7,981**	**9,128**	**7,651**	**8,660**	**8,857**	**8,857**	**10,233**	**12,534**	**15,107**
Net Property, Plant & Equipment	22,214	19,612	19,475	19,337	19,200	19,062	19,062	18,312	17,112	15,912
Long-Term Investments	184	174	149	124	99	74	74	(26)	(126)	(226)
Other	18,749	20,319	20,319	20,319	20,319	20,319	20,319	20,319	20,319	20,319
Total Assets	**48,094**	**48,086**	**49,070**	**47,431**	**48,277**	**48,312**	**48,312**	**48,838**	**49,839**	**51,112**
Short-Term Debt	840	2,082	1,880	1,000	1,175	1,350	1,350	1,350	1,350	1,350
Long-Term Debt, Current	197	1,220	523	0	0	0	0	0	900	0
Accounts Payable	1,360	1,888	2,170	1,889	2,378	2,123	2,123	2,137	2,137	2,137
Other	2,822	2,806	2,856	2,906	2,956	3,006	3,006	3,006	3,006	3,006
Total Current Liabilities	**5,219**	**7,996**	**7,429**	**5,795**	**6,509**	**6,479**	**6,479**	**6,493**	**7,393**	**6,493**
Deferred Taxes	3,656	3,703	3,703	3,703	3,703	3,703	3,703	3,703	3,583	3,463
Pension & Benefits	858	847	655	655	655	655	655	655	655	655
Environmental Costs & AROs	12,054	12,819	12,857	12,894	12,932	12,969	12,969	13,119	13,269	13,419
Other	5,741	6,213	6,213	6,213	6,213	6,213	6,213	6,213	6,213	6,213
Total Non-Current Liabilities	**22,309**	**23,582**	**23,428**	**23,465**	**23,503**	**23,540**	**23,540**	**23,690**	**23,720**	**23,750**
Long-Term Debt	5,890	4,894	4,833	4,833	4,833	4,833	4,833	4,833	3,933	4,833
Preferred Stock	--	--	--	--	--	--	--	--	--	--
Minority Interest	--	--	--	--	--	--	--	--	--	--
Shareholders' Equity	14,676	11,614	13,381	13,338	13,433	13,460	13,460	13,823	14,793	16,037
Total Liabilities & Capitalization	**48,094**	**48,086**	**49,070**	**47,431**	**48,277**	**48,312**	**48,312**	**48,838**	**49,839**	**51,112**

Source: Company Reports and Vertical Research Partners. Note: Note: Historical FY2020A and FY2021A numbers reflect Exelon Generation.

Figure 9: Constellation Energy – Cash Flow Statement

Constellation Energy (Nasdaq: CEG) Consolidated Cash Flow Statement	FY2020A	FY2021A	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Net Income - GAAP	579	(83)	100	41	178	111	430	1,209	1,340	1,632
Depreciation & Amortization	3,636	4,540	575	575	575	575	2,300	2,300	2,500	2,500
Deferred Taxes	78	(205)	0	0	0	0	0	0	(120)	(120)
Other Operating Cash Flow	(347)	(1,255)	(192)	0	0	0	(192)	0	0	0
Working Capital Changes	(3,362)	(4,335)	373	303	158	298	1,132	(54)	(10)	(54)
Operating Cash Flow	**584**	**(1,338)**	**856**	**919**	**911**	**984**	**3,670**	**3,454**	**3,710**	**3,957**
Capital Expenditure	(1,747)	(1,329)	(438)	(438)	(438)	(438)	(1,750)	(1,550)	(1,300)	(1,300)
Investments, net	46	878	25	25	25	25	100	100	100	100
Other Investing Cash Flow	3,659	3,733	0	0	0	0	0	0	0	0
Investing Cash Flow	**1,958**	**3,282**	**(413)**	**(413)**	**(413)**	**(413)**	**(1,650)**	**(1,450)**	**(1,200)**	**(1,200)**
Changes in ST Debt	520	1,242	(202)	(880)	175	175	(732)	0	0	0
Changes in LT Debt	(1,729)	47	(758)	(523)	0	0	(1,281)	0	0	0
Equity Issuance (Net)	64	64	--	--	--	--	--	(500)	--	--
Common Dividends	(1,734)	(1,832)	(46)	(46)	(46)	(46)	(184)	(196)	(219)	(238)
Other Financing Cash Flow	215	(1,216)	1,750	0	0	0	1,750	0	0	0
Financing Cash Flow	**(2,664)**	**(1,695)**	**744**	**(1,449)**	**129**	**129**	**(447)**	**(696)**	**(219)**	**(238)**
Other Cash Flow	45	29	0	0	0	0	0	0	0	0
Opening Cash & Equivalents	303	226	504	1,692	749	1,377	504	2,077	3,385	5,676
Closing Cash & Equivalents	226	504	1,692	749	1,377	2,077	2,077	3,385	5,676	8,195
Net Cash Flow	**(77)**	**278**	**1,188**	**(942)**	**627**	**700**	**1,573**	**1,308**	**2,290**	**2,519**
Unlevered Free Cash Flow	(792)	(2,366)	492	545	531	605	2,172	2,143	2,648	2,907
Free Cash Flow (Excl. Working Capital)	2,199	1,668	45	179	316	248	788	1,959	2,420	2,712
FCF to Equity after Dividends	465	(164)	(0)	133	270	202	604	1,763	2,201	2,473

Source: Company Reports and Vertical Research Partners. Note: Historical FY2020A and FY2021A numbers reflect Exelon Generation.

Figure 10: Constellation Energy – Credit & Other Metrics

Constellation Energy (Nasdaq: CEG) Credit & Other Metrics	FY2020A	FY2021A	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Short-Term Debt	840	2,082	1,880	1,000	1,175	1,350	1,350	1,350	1,350	1,350
Long-Term Debt	6,087	6,114	5,356	4,833	4,833	4,833	4,833	4,833	4,833	4,833
Less Cash & Equivalents	(226)	(504)	(1,692)	(749)	(1,377)	(2,077)	(2,077)	(3,385)	(5,676)	(8,195)
Net Debt (GAAP)	**6,701**	**7,692**	**5,544**	**5,084**	**4,631**	**4,106**	**4,106**	**2,798**	**507**	**(2,012)**
Shareholders' Equity	14,676	11,614	13,381	13,338	13,433	13,460	13,460	13,823	14,793	16,037
Total Capitalization	**21,377**	**19,306**	**18,925**	**18,422**	**18,064**	**17,566**	**17,566**	**16,620**	**15,300**	**14,025**
Adjusted Net Debt	**6,701**	**7,692**	**5,544**	**5,084**	**4,631**	**4,106**	**4,106**	**2,798**	**507**	**(2,012)**
Adjusted Capitalization	**21,377**	**19,306**	**18,925**	**18,422**	**18,064**	**17,566**	**17,566**	**16,620**	**15,300**	**14,025**
EBITDA - Income Statement	3,199	2,807	481	393	570	481	1,925	2,950	3,125	3,525
Leases & Other Adjustments	0	0	0	0	0	0	650	25	(75)	(75)
EBITDA - Adjusted	**3,199**	**2,807**	**481**	**393**	**570**	**481**	**2,575**	**2,975**	**3,050**	**3,450**
			--	--	--	--				
Net Debt / Capitalization - GAAP	31.3%	39.8%	29.3%	27.6%	25.6%	23.4%	23.4%	16.8%	3.3%	-14.3%
Net Debt: EBITDA - GAAP	2.1x	2.7x	--	--	--	--	2.1x	0.9x	0.2x	(0.6x)
EBITDA / Interest	8.6x	9.3x	--	--	--	--	7.6x	12.4x	13.1x	14.1x
Retained Cash Flow / CapEx	(0.7x)	(2.4x)	--	--	--	--	2.0x	2.1x	2.7x	2.9x
Recurring Net Income	1,410	721	--	--	--	--	430	1,209	1,340	1,632
Total Assets (Average)	48,094	48,090	--	--	--	--	48,199	48,575	49,338	50,475
Return on Assets - ROA	2.9%	1.5%	--	--	--	--	0.9%	2.5%	2.7%	3.2%
Recurring NOPAT	1,602	1,032	--	--	--	--	619	1,388	1,519	1,819
Capital Employed (Average)	10,802	20,707	--	--	--	--	19,727	19,824	20,491	21,598
Return on Capital Employed - ROCE	14.8%	5.0%	--	--	--	--	3.1%	7.0%	7.4%	8.4%
Recurring Net Income	1,410	721	--	--	--	--	430	1,209	1,340	1,632
Shareholders' Equity (Average)	14,676	13,145	--	--	--	--	12,537	13,641	14,308	15,415
Return on Equity - ROE	9.6%	5.5%	--	--	--	--	3.4%	8.9%	9.4%	10.6%
Book Value per Share	$45.11	$35.63	$41.04	$40.91	$41.21	$41.29	$41.29	$43.51	$46.57	$50.48

Source: Company Reports and Vertical Research Partners. Note: Historical FY2020A and FY2021A numbers reflect Exelon Generation.

Figure 11: Constellation Energy – Valuation & Growth Metrics

Constellation Energy (Nasdaq: CEG) Valuation & Growth Metrics	FY2020A	FY2021A	1Q2022E	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Diluted EPS - Operating	$1.68	$2.22	$0.31	$0.13	$0.55	$0.34	$1.32	$3.76	$4.22	$5.14
Diluted EPS - GAAP	$1.68	($0.63)	$0.31	$0.13	$0.55	$0.34	$1.32	$3.76	$4.22	$5.14
DPS - Period End Rate	--	--	$0.56	$0.56	$0.56	$0.56	$0.56	$0.61	$0.69	$0.75
Payout Ratio	--	--	--	--	--	--	42.7%	16.2%	16.4%	14.6%
Op. CFPS (Excl. Working Capital)	$12.10	$9.19	$1.48	$1.89	$2.31	$2.10	$7.78	$10.90	$11.71	$12.63
Free CFPS (Excl. Working Capital)	$6.75	$5.11	$0.14	$0.55	$0.97	$0.76	$2.42	$6.09	$7.62	$8.54
Pricing Date	3/3/2022	3/3/2022	3/3/2022	3/3/2022	3/3/2022	3/3/2022	3/3/2022	3/3/2022	3/3/2022	3/3/2022
Stock Price - $/Sh	**$49.52**	**$49.52**	**$49.52**	**$49.52**	**$49.52**	**$49.52**	**$49.52**	**$49.52**	**$49.52**	**$49.52**
P/E - Operating	29.5x	22.3x	--	--	--	--	37.5x	13.2x	11.7x	9.6x
P/E - GAAP	29.5x	NM	--	--	--	--	37.5x	13.2x	11.7x	9.6x
P/CF	4.1x	5.4x	--	--	--	--	6.4x	4.5x	4.2x	3.9x
P/BV	1.1x	1.4x	--	--	--	--	1.2x	1.1x	1.1x	1.0x
Market Capitalization	16,144	16,144	--	--	--	--	16,144	15,731	15,731	15,731
Adjusted Net Debt	6,701	7,692	--	--	--	--	4,106	2,798	507	(2,012)
Enterprise Value - EV	**22,845**	**23,836**	--	--	--	--	**20,249**	**18,528**	**16,238**	**13,719**
Adjusted EBITDA	3,199	2,807	--	--	--	--	2,575	2,975	3,050	3,450
Adjusted EV/EBITDA	7.1x	8.5x	--	--	--	--	7.9x	6.2x	5.3x	4.0x
Dividend Yield	--	--	--	--	--	--	1.1%	1.2%	1.4%	1.5%
Operating Earnings Yield	3.4%	4.5%	--	--	--	--	2.7%	7.6%	8.5%	10.4%
Free Cash Flow Yield	13.6%	10.3%	--	--	--	--	4.9%	12.3%	15.4%	17.2%
Revenue Growth (Y/Y)	--	--	--	--	--	--	-9.9%	2.7%	0.4%	2.1%
EBITDA Growth	--	--	--	--	--	--	-31.4%	53.2%	5.9%	12.8%
Net Income - Operating	--	--	--	--	--	--	-40.4%	181.2%	10.9%	21.8%
Operating EPS	--	--	--	--	--	--	-40.5%	184.8%	12.2%	21.8%
DPS	--	--	--	--	--	--	--	8.2%	13.1%	8.7%
ROCE	--	--	--	--	--	--	3.1%	7.0%	7.4%	8.4%
Cost of Debt (After-Tax)	--	--	--	--	--	--	2.6%	2.9%	2.9%	3.0%
Cost of Equity (1/PE Ratio)	--	--	--	--	--	--	2.7%	7.6%	8.5%	10.4%
WACC	--	--	--	--	--	--	2.7%	6.8%	8.3%	11.4%
Calculated EVA	--	--	--	--	--	--	95	39	(189)	(651)
Calculated EVA/Share	--	--	--	--	--	--	$0.29	$0.12	($0.60)	($2.05)

Source: Company Reports and Vertical Research Partners. Note: FY2020A and FY2021A reflect Exelon Generation; per share items adjusted to CEG share count. Pricing for FY2020A and FY2021A based on current given lack of standalone price history.

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers and that no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report. Analysts named in this report may have from time to time discussed with our clients or may discuss in this report or elsewhere, trading strategies or ideas that reference events that may have a near-term or medium-term impact on the market price on the securities in this report. This impact may be directionally counter to the analyst's published price targets, forecasts and other expectations. Any such trading strategies or ideas are distinct from and do not affect the analyst's fundamental rating for such securities, and the fundamental rating reflects the analyst's current 12-month view of total return as described in the analyst's report. VRP has no obligation to update, modify or amend this report or otherwise notify a recipient if any opinion, forecast or estimate contained in this report changes or becomes inaccurate. Coverage and the frequency of changes in market conditions and in both general and company-specific economic prospects make it difficult to update research at defined intervals. When updates are published is at the sole discretion of the coverage analyst or company management.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover or derivatives thereof ("covered securities'). Our employees and partners are prohibited from transacting in such covered securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation or initiation of coverage. We require our employees and partners to pre-clear all transactions in covered securities with us. Please contact us if you are interested in further information.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisors. Our notes and research reports may contain "forward-looking statements." All projections, forecasts and related statements and expressions constitute "forward-looking statements." Although the authors of our content believe that the expectations reflected in such "forward-looking statements" are reasonable, no one can assure that such expectations will be correct. Such "forward-looking statements" may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

Hold

Exelon (EXC)

Closing out the ExGen era

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Price and Target	as of 03/02/22
Price	$42.76
Target Price	$46
Dividend Yield	3.2%
Total Return	10.7%

Capitalization Data (mn USD$)	
Shares Out (mn)	979.0
Market Cap	41,862
Net Debt	41,235
Enterprise Value	83,097

Performance (%)	1M	YTD	1Y
Exelon	-0.2	3.8	52.5
Rel S&P 500	6.3	14.9	37.1

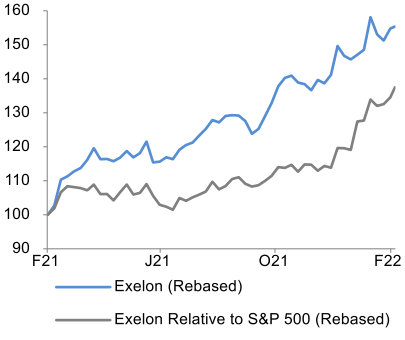

Working through year-end disclosures. Exelon filed their 2021 10-K at the end of last week along with an 8-K which included slides. As expected, management did not host an earnings call or provide their typical earnings release detail. With ExGen (now Constellation) still part of Exelon as of year-end, the 10-K is on a consolidated basis while the 8-K gave adjusted EPS consolidated and pro forma for the separation (utilities plus parent). The slides also provided adjusted EPS for the individual utilities and parent. We have now caught up with our model although this took longer than planned given limited transition year disclosures.

Operating EPS of $2.82 for 2021, $2.08 excluding ExGen. Operating earnings for 2021 came in at $2.82 versus our consolidated $2.80E. Excluding ExGen, the operating number was $2.08 and therefore a couple of pennies shy of the midpoint of the $2.06-$2.14 range given at the January analyst day. As noted in our Spotlight, variance versus the midpoint was largely the result of O&M items including stock compensation, which came in higher than forecast due to robust EXC stock price performance.

Utilities fell short of our 4Q estimates. In our Figure 3 inside, we show segment numbers for 4Q imputed from the annual and 9M numbers (full year segments are in Figure 1). As shown, each of the utilities printed slightly below our estimates amounting to $0.06 overall with a further $0.01 of drag at the Corporate cost center. This shortfall was more than offset by a higher than forecast final operating contribution out of ExGen (+$0.09 vs. estimate).

Raising 2024E on 50bp higher ComEd ROE; rolling out 2025E. We saw no substantive changes to forward looking materials provided at the analyst day. Following our model scrub, we are raising our 2024E valuation year by $0.05 factoring in a slightly higher ROE for ComEd once the current formula rate plan ends and the return no longer has a direct peg to the 30Y Treasury yield. Revisiting assumptions and considering an upward bias in cost of capital proxies in recent weeks, we have increased our estimate for longer-term allowed returns at ComEd by ~50bp, largely accounting for our higher 2024E. We also publish our initial 2025E at $2.80 implying an EPS CAGR of 7.5% from the $2.10 midpoint of the pro forma 2021 base range for 2021. Since we fielded this question during the week, EXC have confirmed to us that their 6-8% guidance remains based on $2.10 and not the $2.08 number reported.

Raising PT by $1 on higher 2024E with our 5% target premium unchanged. Reflecting higher 2024E we raise our price target by $1 to $46 and continue to embed a premium of 5% over our 17x average utility target multiple. We continue to believe EXC will be able to achieve and sustain a premium to regulated peers over time given continued strong execution of a visible growth plan and its unique larger-cap multi-state regulated profile. The latter has potential to make EXC a core holding in the group and we would not be surprised to see the stock continue to do well with a risk-off tape. While we see some room for upside, we remain on the sidelines in view of more compelling regulated value opportunities elsewhere on our list.

Key Estimates (FY, $, mn)	2021	2022E	2023E	2024E	2025E
Operating EPS	$2.82	$2.25	$2.40	$2.60	$2.80
DPS	$1.53	$1.35	$1.45	$1.55	$1.67
Payout Ratio	54%	60%	60%	60%	60%
P/E	14.6x	19.0x	17.8x	16.4x	15.3x
EV/EBITDA	9.0x	11.1x	10.7x	10.4x	10.0x
Dividend Yield	2.6%	3.2%	3.4%	3.6%	3.9%

Figure 1: Exelon – Vertical Research Estimates & Multiples

	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	4-Yr. CAGR 2021-2025E
ComEd	$0.66	$0.77	$0.88	$0.93	$1.05	$1.14	10.3%
PECO	$0.47	$0.53	$0.56	$0.61	$0.63	$0.67	5.9%
BGE	$0.37	$0.43	$0.48	$0.52	$0.55	$0.59	8.4%
PHI	$0.52	$0.62	$0.66	$0.70	$0.75	$0.80	6.7%
Exelon Utilities	**$2.02**	**$2.34**	**$2.58**	**$2.76**	**$2.98**	**$3.21**	**8.2%**
Exelon Generation	$1.44	$0.74	--	--	--	--	NM
Corporate & Other	($0.24)	($0.26)	($0.33)	($0.36)	($0.38)	($0.41)	NM
EXC Operating EPS	**$3.22**	**$2.82**	**$2.25**	**$2.40**	**$2.60**	**$2.80**	**-0.2%**
Adjustments	($1.21)	($1.08)	$0.00	$0.00	$0.00	$0.00	NM
EXC GAAP EPS	**$2.01**	**$1.74**	**$2.25**	**$2.40**	**$2.60**	**$2.80**	**12.6%**
DPS - Yr. End Indicated	**$1.53**	**$1.53**	**$1.35**	**$1.45**	**$1.55**	**$1.67**	**2.2%**
Payout Ratio	48%	54%	60%	60%	60%	60%	--
Company Guidance	**--**	**--**	**$2.18 - $2.32**	**--**	**--**	**--**	**--**
VRP vs. Mid-Point	--	--	$0.00	--	--	--	--
Consensus	**--**	**--**	**$2.28**	**$2.41**	**$2.59**	**$2.83**	**0.1%**
Number of Estimates	**--**	**--**	**17**	**15**	**12**	**6**	**--**
VRP vs. Consensus	--	--	($0.03)	($0.01)	$0.01	($0.03)	--
Stock Price	**$42.22**	**$57.76**	**$42.76**	**$42.76**	**$42.76**	**$42.76**	--
P/E Ratio	13.1x	20.5x	19.0x	17.8x	16.5x	15.3x	--
EV/EBITDA	8.7x	10.6x	11.1x	10.8x	10.5x	10.1x	--
FCF Yield	2.4%	1.1%	-3.1%	-2.7%	-2.8%	-2.0%	--
Dividend Yield	3.6%	2.6%	3.2%	3.4%	3.6%	3.9%	--

Source: Company Reports, FactSet and Vertical Research Partners. Note: Share price and valuation metrics for 2019A-2021E based on year-end historical prices for EXC. Prices for 2022E and beyond based on current post-separation closing price.

Figure 2: Exelon – Vertical Research Valuation

	Valuation			Valuation Components($MM)				Value
Segment	Metric	FY2024E	Multiple	Ent. Val.	Less Debt	Plus Cash	Equity	$/Sh.
ComEd Utility	P/E	$1.05	17.9x				18,573	$19
PECO Utility	P/E	$0.63	17.9x				11,226	$11
BGE Utility	P/E	$0.55	17.9x				9,833	$10
PHI Utility	P/E	$0.75	17.9x				13,304	$13
Exelon Utilities		**$2.98**	**17.9x**				**52,935**	**$53**
Exelon Corporate	P/E	($0.38)	17.9x				(6,776)	($7)
Exelon Corp. (EXC)		**$2.60**	**17.9x**				**46,159**	**$46**
EXC Diluted Average Shares (FY2024E)							*996*	

Source: Vertical Research Partners

Figure 3: Exelon – Quarterly Earnings Variance

			4Q21A vs. VRP Est.			4Q21A vs. 4Q20A	
	4Q21A	4Q21E	Var. $	Var. %	4Q20A	Chg.	Chg. %
ComEd	$0.14	$0.16	($0.02)	-13%	$0.14	$0.00	0%
PECO	$0.13	$0.14	($0.01)	-7%	$0.14	($0.01)	-7%
BGE	$0.12	$0.13	($0.01)	-8%	$0.08	$0.04	50%
PHI	$0.06	$0.08	($0.02)	-25%	$0.08	($0.02)	-25%
Exelon Utilities	**$0.45**	**$0.51**	**($0.06)**	**-12%**	**$0.44**	**$0.01**	**2%**
ExGen	$0.48	$0.39	$0.09	23%	$0.40	$0.08	20%
Corporate	($0.03)	($0.02)	($0.01)	50%	($0.07)	$0.04	-57%
EXC Operating	**$0.90**	**$0.88**	**$0.02**	**2%**	**$0.76**	**$0.14**	**18%**
Adjustments	($0.50)	$0.00	($0.50)	NM	($0.39)	($0.11)	28%
Exelon GAAP	**$0.40**	**$0.88**	**($0.48)**	**-55%**	**$0.37**	**$0.03**	**8%**

Source: Vertical Research Partners. Note: Per share totals may not foot due to rounding.

Exelon – Model Summary

Figure 4: Exelon – Consolidated Income Statement (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Income Statement	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E
Operating Revenue	36,248	34,441	32,929	9,973	8,155	9,545	9,632	37,305	17,584	18,244	18,942	19,668
Fuel & Purchased Power	(16,632)	(15,273)	(14,215)	(6,172)	(3,516)	(4,380)	(4,772)	(18,840)	(5,254)	(5,376)	(5,500)	(5,627)
Gross Margin	**19,616**	**19,168**	**18,714**	**3,801**	**4,639**	**5,165**	**4,860**	**18,465**	**12,330**	**12,869**	**13,442**	**14,041**
O&M Expense	(9,065)	(8,652)	(8,504)	(2,152)	(2,083)	(2,082)	(2,229)	(8,546)	(3,955)	(3,972)	(3,990)	(4,007)
Other Income / (Expense)	(1,261)	(1,222)	(1,081)	(130)	(107)	(364)	(70)	(671)	(1,161)	(1,234)	(1,299)	(1,375)
EBITDA	**9,290**	**9,294**	**9,129**	**1,519**	**2,449**	**2,719**	**2,561**	**9,248**	**7,214**	**7,662**	**8,154**	**8,659**
Depreciation & Amortization	(3,800)	(3,938)	(4,075)	(1,055)	(1,033)	(1,051)	(1,049)	(4,188)	(3,232)	(3,388)	(3,548)	(3,712)
EBIT	**5,490**	**5,356**	**5,054**	**464**	**1,416**	**1,668**	**1,512**	**5,060**	**3,982**	**4,275**	**4,605**	**4,947**
Interest Income / (Expense)	(1,529)	(1,578)	(1,609)	(389)	(396)	(398)	(392)	(1,575)	(1,391)	(1,479)	(1,563)	(1,647)
Other	--	--	--	--	--	--	--	--	--	--	--	--
Earnings Before Taxes	**3,961**	**3,778**	**3,445**	**75**	**1,020**	**1,270**	**1,120**	**3,485**	**2,591**	**2,796**	**3,043**	**3,300**
Income Tax Charge	(720)	(618)	(399)	(90)	(125)	(148)	(239)	(602)	(375)	(412)	(453)	(493)
Effective Tax Rate	*18.2%*	*16.4%*	*11.6%*	*120.0%*	*12.3%*	*11.7%*	*21.3%*	*17.3%*	*14.5%*	*14.7%*	*14.9%*	*14.9%*
Preferred Dividends	0	0	0	0	0	0	0	0	(4)	(4)	(4)	(4)
Minority & Other	(215)	(20)	104	(44)	(26)	(52)	(1)	(123)	0	0	0	0
Net Income - Operating	**3,026**	**3,140**	**3,150**	**(59)**	**869**	**1,070**	**880**	**2,760**	**2,212**	**2,380**	**2,586**	**2,803**
Adjustments, Net	(1,016)	(204)	(1,187)	(230)	(468)	133	(489)	(1,054)	0	0	0	0
Net Income - GAAP	**2,010**	**2,936**	**1,963**	**(289)**	**401**	**1,203**	**391**	**1,706**	**2,212**	**2,380**	**2,586**	**2,803**
EPS - Operating	**$3.12**	**$3.22**	**$3.22**	**($0.06)**	**$0.89**	**$1.09**	**$0.90**	**$2.82**	**$2.25**	**$2.40**	**$2.60**	**$2.80**
EPS - GAAP	**$2.07**	**$3.01**	**$2.01**	**($0.30)**	**$0.41**	**$1.23**	**$0.40**	**$1.74**	**$2.25**	**$2.40**	**$2.60**	**$2.80**
DPS - Paid	**$1.38**	**$1.45**	**$1.53**	**$0.38**	**$0.38**	**$0.38**	**$0.38**	**$1.53**	**$1.35**	**$1.45**	**$1.55**	**$1.67**
Payout Ratio	44%	45%	48%	NM	NM	NM	NM	54%	60%	60%	60%	60%
End of Period Shares (MM)	*968*	*973*	*976*	*977*	*978*	*978*	*979*	*979*	*984*	*990*	*995*	*1,001*
Diluted Average Shares (MM)	*969*	*974*	*977*	*977*	*979*	*980*	*980*	*980*	*984*	*990*	*996*	*1,001*

Source: Company Reports and Vertical Research Partners

Figure 5: Exelon – Consolidated Balance Sheet (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Balance Sheet	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E
Cash and Cash Equivalents	1,349	587	663	1,908	1,578	2,957	1,182	1,182	891	1,101	1,069	1,234
Accounts Receivable, net	5,863	6,175	4,629	4,816	4,492	4,660	5,126	5,126	2,821	2,916	3,015	3,119
Other	6,148	5,275	7,270	6,273	6,278	7,260	7,649	7,649	2,593	2,593	2,593	2,593
Total Current Assets	**13,360**	**12,037**	**12,562**	**12,997**	**12,348**	**14,877**	**13,957**	**13,957**	**6,305**	**6,610**	**6,677**	**6,946**
Net Property, Plant & Equipment	76,707	80,233	82,584	82,588	82,120	82,852	84,219	84,219	67,890	71,217	74,759	78,188
Long-Term Investments	625	464	440	431	421	435	443	443	269	269	269	269
Other	28,974	32,243	33,731	33,984	34,507	34,457	34,394	34,394	14,475	14,802	15,202	15,602
Total Assets	**119,666**	**124,977**	**129,317**	**130,000**	**129,396**	**132,621**	**133,013**	**133,013**	**88,939**	**92,899**	**96,907**	**101,005**
Short-Term Debt	714	1,370	2,031	3,128	1,865	2,667	3,330	3,330	1,468	1,468	1,468	1,468
Long-Term Debt, Current	1,349	4,710	1,819	2,281	3,633	3,375	3,373	3,373	800	800	1,307	1,600
Accounts Payable	3,805	3,565	3,567	3,435	3,552	3,694	4,141	4,141	2,150	2,178	2,206	2,235
Other	5,536	4,540	5,354	4,736	4,869	6,090	5,267	5,267	2,461	2,461	2,461	2,461
Total Current Liabilities	**11,404**	**14,185**	**12,771**	**13,580**	**13,919**	**15,826**	**16,111**	**16,111**	**6,879**	**6,907**	**7,442**	**7,764**
Deferred Taxes	11,330	12,351	13,035	13,129	13,194	13,816	14,194	14,194	10,671	10,851	11,031	11,211
Pension & Benefits	5,916	6,323	6,514	5,939	5,863	5,757	4,677	4,677	3,830	3,830	3,830	3,830
Environmental Costs & AROs	9,679	10,846	12,300	12,405	12,502	12,907	13,090	13,090	271	271	271	271
Other	13,802	14,980	14,346	13,996	13,951	14,397	14,432	14,432	8,219	8,219	8,219	8,219
Total Non-Current Liabilities	**40,727**	**44,500**	**46,195**	**45,469**	**45,510**	**46,877**	**46,393**	**46,393**	**22,991**	**23,171**	**23,351**	**23,531**
Long-Term Debt	34,465	31,719	35,483	36,638	35,467	35,659	35,714	35,714	36,498	39,048	41,042	43,248
Preferred Stock	--	--	--	--	--	--	--	--	--	--	--	--
Minority Interest	--	--	--	--	--	--	--	--	--	--	--	--
Shareholders' Equity	33,070	34,573	34,868	34,313	34,500	34,259	34,795	34,795	22,571	23,773	25,073	26,462
Total Liabilities & Capitalization	**119,666**	**124,977**	**129,317**	**130,000**	**129,396**	**132,621**	**133,013**	**133,013**	**88,939**	**92,899**	**96,907**	**101,005**

Source: Company Reports and Vertical Research Partners

Figure 6: Exelon – Consolidated Cash Flow Statement (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Cash Flow Statement	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E
Net Income - GAAP	2,084	3,028	1,954	(264)	475	1,230	388	1,829	2,216	2,384	2,590	2,807
Depreciation & Amortization	5,971	5,780	6,527	2,104	2,076	2,024	1,369	7,573	3,232	3,388	3,548	3,712
Deferred Taxes	(106)	681	309	(142)	(21)	118	63	18	180	180	180	180
Other Operating Cash Flow	1,715	346	244	(513)	(363)	(567)	600	(843)	0	0	0	0
Working Capital Changes	(1,020)	(3,176)	(4,799)	(2,446)	232	198	(3,549)	(5,565)	(219)	(67)	(71)	(75)
Operating Cash Flow	**8,644**	**6,659**	**4,235**	**(1,261)**	**2,399**	**3,003**	**(1,129)**	**3,012**	**5,409**	**5,884**	**6,247**	**6,623**
Capital Expenditure	(7,594)	(7,248)	(8,048)	(2,140)	(1,900)	(1,930)	(2,011)	(7,981)	(6,915)	(7,115)	(7,490)	(7,540)
Investments, net	(63)	12	46	680	44	77	76	877	0	0	0	0
Other Investing Cash Flow	(177)	(24)	3,666	1,555	571	832	829	3,787	0	0	0	0
Investing Cash Flow	**(7,834)**	**(7,260)**	**(4,336)**	**95**	**(1,285)**	**(1,021)**	**(1,106)**	**(3,317)**	**(6,915)**	**(7,115)**	**(7,490)**	**(7,540)**
Changes in ST Debt	(213)	656	661	1,097	(1,263)	802	663	1,299	220	0	0	0
Changes in LT Debt	1,329	664	1,067	1,626	199	(37)	53	1,841	4,325	2,550	2,500	2,500
Preferred Stock (Net)	--	--	--	--	--	--	--	--	--	--	--	--
Equity Issuance (Net)	105	112	45	31	16	16	17	80	250	250	250	250
Preferred Dividends	--	--	--	--	--	--	--	--	--	--	--	--
Common Dividends	(1,332)	(1,408)	(1,492)	(374)	(373)	(374)	(376)	(1,497)	(1,326)	(1,432)	(1,540)	(1,668)
Other Financing Cash Flow	(108)	(82)	(136)	(46)	(18)	(914)	13	(965)	(1,750)	0	0	0
Financing Cash Flow	**(219)**	**(58)**	**145**	**2,334**	**(1,439)**	**(507)**	**370**	**758**	**1,719**	**1,368**	**1,210**	**1,082**
Other Cash Flow	(432)	(103)	32	77	(5)	(96)	90	66	72	73	0	0
Opening Cash & Equivalents	1,190	1,349	587	663	1,908	1,578	2,957	663	606	891	1,101	1,069
Closing Cash & Equivalents	1,349	587	663	1,908	1,578	2,957	1,182	1,182	891	1,101	1,069	1,234
Net Cash Flow	**159**	**(762)**	**76**	**1,245**	**(330)**	**1,379**	**(1,775)**	**519**	**285**	**210**	**(32)**	**166**
Unlevered Free Cash Flow	2,579	989	(2,204)	(3,012)	895	1,471	(2,748)	(3,394)	(114)	248	320	731
Free Cash Flow (Excl. Working Capital)	2,070	2,587	986	(955)	267	875	409	596	(1,287)	(1,164)	(1,172)	(842)
FCF to Equity after Dividends	738	1,179	(506)	(1,329)	(106)	501	33	(901)	(2,613)	(2,596)	(2,712)	(2,509)

Source: Company Reports and Vertical Research Partners

Figure 7: Exelon – Credit & Other Metrics (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Credit & Other Metrics	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E
Net Debt (GAAP)	**35,179**	**37,212**	**38,670**	**40,139**	**39,387**	**38,744**	**41,235**	**41,235**	**37,875**	**40,215**	**42,747**	**45,082**
Minority & Preferred	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders' Equity	33,070	34,573	34,868	34,313	34,500	34,259	34,795	34,795	22,571	23,773	25,073	26,462
Total Capitalization	**68,249**	**71,785**	**73,538**	**74,452**	**73,887**	**73,003**	**76,030**	**76,030**	**60,446**	**63,988**	**67,820**	**71,544**
Adjusted Net Debt	**35,179**	**37,212**	**38,670**	**40,139**	**39,387**	**38,744**	**41,235**	**41,235**	**37,875**	**40,215**	**42,747**	**45,082**
Adjusted Capitalization	**68,249**	**71,785**	**73,538**	**74,452**	**73,887**	**73,003**	**76,030**	**76,030**	**60,446**	**63,988**	**67,820**	**71,544**
EBITDA - Income Statement	9,290	9,294	9,129	1,519	2,449	2,719	2,561	9,248	7,214	7,662	8,154	8,659
Leases & Other Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA - Adjusted	**9,290**	**9,294**	**9,129**	**1,519**	**2,449**	**2,719**	**2,561**	**9,248**	**7,214**	**7,662**	**8,154**	**8,659**
				--	--	--	--					
Net Debt / Capitalization - GAAP	51.5%	51.8%	52.6%	53.9%	53.3%	53.1%	54.2%	54.2%	62.7%	62.8%	63.0%	63.0%
Net Debt / Capitalization - Adjusted	51.5%	51.8%	52.6%	53.9%	53.3%	53.1%	54.2%	54.2%	62.7%	62.8%	63.0%	63.0%
Net Debt: EBITDA - GAAP	3.8x	4.0x	4.2x	--	--	--	--	4.5x	5.2x	5.2x	5.2x	5.2x
Net Debt: EBITDA - Adjusted	3.8x	4.0x	4.2x	--	--	--	--	4.5x	5.2x	5.2x	5.2x	5.2x
EBITDA / Interest	6.1x	5.9x	5.7x	--	--	--	--	5.9x	5.2x	5.2x	5.2x	5.3x
Retained Cash Flow / CapEx	1.0x	0.7x	0.3x	--	--	--	--	0.2x	0.6x	0.6x	0.6x	0.7x
Recurring Net Income	3,026	3,140	3,150	--	--	--	--	2,760	2,212	2,380	2,586	2,803
Total Assets (Average)	118,218	122,322	127,147	--	--	--	--	131,165	110,976	90,919	94,903	98,956
Return on Assets - ROA	2.6%	2.6%	2.5%	--	--	--	--	2.1%	2.0%	2.6%	2.7%	2.8%
Recurring NOPAT	4,492	4,480	4,469	--	--	--	--	4,186	3,407	3,645	3,920	4,208
Capital Employed (Average)	68,684	70,985	73,287	--	--	--	--	75,707	69,275	63,213	66,989	70,833
Return on Capital Employed - ROCE	6.5%	6.3%	6.1%	--	--	--	--	5.5%	4.9%	5.8%	5.9%	5.9%
Recurring Net Income	3,026	3,140	3,150	--	--	--	--	2,760	2,212	2,380	2,586	2,803
Shareholders' Equity (Average)	32,629	33,822	34,721	--	--	--	--	34,832	28,683	23,172	24,423	25,767
Return on Equity - ROE	9.3%	9.3%	9.1%	--	--	--	--	7.9%	7.7%	10.3%	10.6%	10.9%
Book Value per Share	$34.16	$35.53	$35.73	$35.12	$35.28	$35.02	$35.54	$35.54	$22.93	$24.02	$25.19	$26.44

Source: Company Reports and Vertical Research Partners

Figure 8: Exelon – Valuation & Growth Metrics (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Valuation & Growth Metrics	FY2018A	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E
Diluted EPS - Operating	$3.12	$3.22	$3.22	($0.06)	$0.89	$1.09	$0.90	$2.82	$2.25	$2.40	$2.60	$2.80
Diluted EPS - GAAP	$2.07	$3.01	$2.01	($0.30)	$0.41	$1.23	$0.40	$1.74	$2.25	$2.40	$2.60	$2.80
DPS - Period End Rate	$1.38	$1.45	$1.53	$1.53	$1.53	$1.53	$1.53	$1.53	$1.35	$1.45	$1.55	$1.67
Payout Ratio	44.2%	45.0%	47.5%	--	--	--	--	54.3%	60.0%	60.4%	59.6%	59.6%
Op. CFPS (Excl. Working Capital)	$9.97	$10.10	$9.25	$1.21	$2.21	$2.86	$2.47	$8.75	$5.72	$6.01	$6.35	$6.69
Free CFPS (Excl. Working Capital)	$2.14	$2.66	$1.01	($0.98)	$0.27	$0.89	$0.42	$0.61	($1.31)	($1.18)	($1.18)	($0.84)
Pricing Date	12/31/2018	12/31/2019	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	12/31/2021	3/2/2022	3/2/2022	3/2/2022	3/2/2022
Stock Price - $/Sh	**$45.10**	**$45.59**	**$42.22**	**$43.74**	**$44.31**	**$48.34**	**$57.76**	**$57.76**	**$42.76**	**$42.76**	**$42.76**	**$42.76**
P/E - Operating	14.5x	14.2x	13.1x	--	--	--	--	20.5x	19.0x	17.8x	16.4x	15.3x
P/E - GAAP	21.8x	15.1x	21.0x	--	--	--	--	33.2x	19.0x	17.8x	16.4x	15.3x
P/CF	4.5x	4.5x	4.6x	--	--	--	--	6.6x	7.5x	7.1x	6.7x	6.4x
P/BV	1.3x	1.3x	1.2x	--	--	--	--	1.6x	1.9x	1.8x	1.7x	1.6x
Market Capitalization	43,657	44,359	41,207	--	--	--	--	56,547	42,094	42,327	42,559	42,792
Adjusted Net Debt	35,179	37,212	38,670	--	--	--	--	41,235	37,875	40,215	42,747	45,082
Enterprise Value - EV	**78,836**	**81,571**	**79,877**	--	--	--	--	**97,782**	**79,969**	**82,542**	**85,307**	**87,874**
Adjusted EBITDA	9,290	9,294	9,129	--	--	--	--	9,248	7,214	7,662	8,154	8,659
Adjusted EV/EBITDA	8.5x	8.8x	8.7x	--	--	--	--	10.6x	11.1x	10.8x	10.5x	10.1x
Dividend Yield	3.1%	3.2%	3.6%	--	--	--	--	2.6%	3.2%	3.4%	3.6%	3.9%
Operating Earnings Yield	6.9%	7.1%	7.6%	--	--	--	--	4.9%	5.3%	5.6%	6.1%	6.5%
Free Cash Flow Yield	4.7%	5.8%	2.4%	--	--	--	--	1.1%	-3.1%	-2.7%	-2.8%	-2.0%
Revenue Growth (Y/Y)	7.6%	-5.0%	-4.4%	16.4%	11.7%	8.3%	16.8%	13.3%	-52.9%	3.8%	3.8%	3.8%
EBITDA Growth	3.4%	0.0%	-1.8%	-33.5%	32.8%	3.3%	8.2%	1.3%	-22.0%	6.2%	6.4%	6.2%
Net Income - Operating	22.5%	3.8%	0.3%	-106.9%	62.1%	5.3%	17.7%	-12.4%	-19.8%	7.6%	8.7%	8.4%
Operating EPS	20.0%	3.2%	0.0%	-106.9%	61.8%	4.8%	18.4%	-12.4%	-20.2%	6.7%	8.3%	7.7%
DPS	5.3%	5.1%	5.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-11.8%	7.4%	6.9%	7.7%
ROCE	6.5%	6.3%	6.1%	--	--	--	--	5.5%	4.9%	5.8%	5.9%	5.9%
Cost of Debt (After-Tax)	3.5%	3.6%	3.7%	--	--	--	--	3.2%	2.9%	3.2%	3.1%	3.1%
Cost of Equity (1/PE Ratio)	6.9%	7.1%	7.6%	--	--	--	--	4.9%	5.3%	5.6%	6.1%	6.5%
WACC	5.1%	5.2%	5.6%	--	--	--	--	4.0%	3.8%	4.1%	4.2%	4.4%
Calculated EVA	961	758	397	--	--	--	--	1,186	773	1,075	1,095	1,105
Calculated EVA/Share	$0.99	$0.78	$0.41	--	--	--	--	$1.21	$0.79	$1.09	$1.10	$1.10

Source: Company Reports and Vertical Research Partners. Note: Share price and valuation metrics for historical periods including 2021E based on historical Exelon share price not adjusted for CEG separation. Prices for 2022E and beyond based on EXC current post-separation price.

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers and that no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report. Analysts named in this report may have from time to time discussed with our clients or may discuss in this report or elsewhere, trading strategies or ideas that reference events that may have a near-term or medium-term impact on the market price on the securities in this report. This impact may be directionally counter to the analyst's published price targets, forecasts and other expectations. Any such trading strategies or ideas are distinct from and do not affect the analyst's fundamental rating for such securities, and the fundamental rating reflects the analyst's current 12-month view of total return as described in the analyst's report. VRP has no obligation to update, modify or amend this report or otherwise notify a recipient if any opinion, forecast or estimate contained in this report changes or becomes inaccurate. Coverage and the frequency of changes in market conditions and in both general and company-specific economic prospects make it difficult to update research at defined intervals. When updates are published is at the sole discretion of the coverage analyst or company management.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover or derivatives thereof ("covered securities'). Our employees and partners are prohibited from transacting in such covered securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation or initiation of coverage. We require our employees and partners to pre-clear all transactions in covered securities with us. Please contact us if you are interested in further information.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisors. Our notes and research reports may contain "forward-looking statements." All projections, forecasts and related statements and expressions constitute "forward-looking statements." Although the authors of our content believe that the expectations reflected in such "forward-looking statements" are reasonable, no one can assure that such expectations will be correct. Such "forward-looking statements" may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

Exelon Corp.

Adjusting Our PT and Estimates Post Spin; Reiterate N

We revise our estimates post the Constellation Energy (formerly Exelon Generation) spin-off. For the new look Exelon, we see growing electrification trends, as highlighted in our 2022 Outlook, supporting a premium growth platform, including a $29bn investment opportunity set. Additionally, the combination of an 8.1% rate base CAGR, 6-8% annual EPS and dividend growth, and limited near-term regulatory actions all underpin a solid outlook, in our view. Moreover, IL's return to more traditional utility rate-making versus current electric ROEs pegged to the 30-year Treasury could provide earnings upside at the back end of the 2022-2025 plan. Separately, legacy ComEd issues and the utility's deferred prosecution agreement (set to end in 2023) could represent a potential drag for some investors, despite EXC's notable steps to rectify past practices. All-in-all we see these issues as fairly balanced and remain Neutral rated on EXC with a new $46 price target, from prior $58 pre-spin.

Neutral

EXC, EXC US

Price (02 Mar 22): $42.76

▼ **Price Target (Dec-22): $46.00**
Prior (Dec-22): $58.00

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Ryan Karnish
(1-212) 622-1270
ryan.karnish@jpmchase.com

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Brandon Travis, CFA
(1-646) 320-9830
brandon.travis@jpmchase.com

J.P. Morgan Securities LLC

Key Changes (FYE Dec)

	Prev	Cur
Adj. EPS - 22E ($)	3.48	2.27
Adj. EPS - 23E ($)	3.64	2.35

Quarterly Forecasts (FYE Dec)

Adj. EPS ($)

	2021A	2022E	2023E
Q1	0.52	0.73	
Q2	0.48	0.48	
Q3	0.66	0.66	
Q4	0.43	0.40	
FY	2.09	2.27	2.35

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	11	2	1	2	1
Growth	86	90	73	27	68
Momentum	46	38	32	16	49
Quality	29	75	33	51	68
Low Vol	86	47	49	9	65
ESGQ	36	73	85	9	16

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

See page 5 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

North America Equity Research
02 March 2022

J.P.Morgan

Price Performance

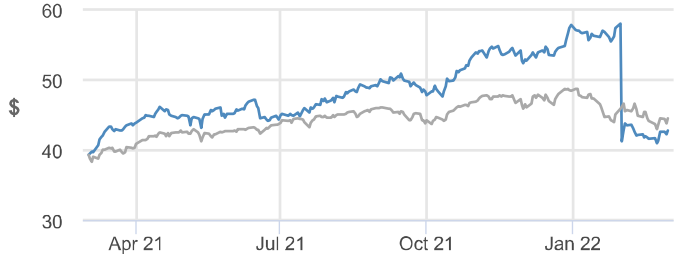

	YTD	1m	3m	12m
Abs	-25.1%	-0.2%	-19.2%	8.8%
Rel	-17.1%	4.2%	-15.0%	-4.6%

Company Data

Shares O/S (mn)	980
52-week range ($)	44.02-27.70
Market cap ($ mn)	41,883.42
Exchange rate	1.00
Free float(%)	98.8%
3M - Avg daily vol (mn)	9.02
3M - Avg daily val ($ mn)	448.8
Volatility (90 Day)	18
Index	S&P 500
BBG BUY|HOLD|SELL	11|9|1

Key Metrics (FYE Dec)

$ in millions	FY21A	FY22E	FY23E	FY24E
Financial Estimates				
Revenue	16,698	18,660	19,055	19,497
Adj. EBITDA	6,363	7,071	7,417	7,830
Adj. EBIT	3,330	3,926	4,174	4,484
Adj. net income	2,047	2,233	2,325	2,538
Adj. EPS	2.09	2.27	2.35	2.55
BBG EPS	2.57	2.42	2.46	2.66
Cashflow from operations	3,012	5,256	5,516	5,845
FCFF	(3,785)	(498)	(322)	(337)
Margins and Growth				
Revenue growth	(49.3%)	11.8%	2.1%	2.3%
EBITDA margin	38.1%	37.9%	38.9%	40.2%
EBITDA growth	(30.3%)	11.1%	4.9%	5.6%
EBIT margin	19.9%	21.0%	21.9%	23.0%
Net margin	12.3%	12.0%	12.2%	13.0%
Adj. EPS growth	(35.2%)	8.8%	3.5%	8.6%
Ratios				
Adj. tax rate	7.1%	13.3%	15.3%	15.1%
Interest cover	5.0	5.2	5.2	5.2
Net debt/Equity	1.2	1.6	1.6	1.7
Net debt/EBITDA	6.4	5.4	5.5	5.6
ROCE	4.2%	4.9%	5.6%	5.6%
ROE	6.1%	7.7%	9.5%	9.9%
Valuation				
FCFF yield	(9.0%)	(1.2%)	(0.8%)	(0.8%)
Dividend yield	3.6%	3.2%	3.4%	3.6%
EV/EBITDA	11.9	10.3	10.2	10.0
EV/Revenue	4.5	3.9	4.0	4.0
Adj. P/E	20.5	18.8	18.2	16.7

Summary Investment Thesis and Valuation

Expected solid rate base CAGR drives above-average growth. Earned ROEs benefit from management's operational focus, which has successfully raised the PHI utilities' consolidated earned ROE to >9% from a position of substantial under-earning. Additionally, composition as wires-only utilities with lower-risk distribution-focused capital programs screens as higher quality within the group. Moreover, IL's return to more traditional utility rate-making versus current electric ROEs pegged to the 30-year Treasury could provide earnings upside post-2023. Separately, legacy ComEd issues and the utility's deferred prosecution agreement (set to end in 2023) could represent a potential drag, despite EXC's notable steps to rectify past practices.

Our December 2022 price target of $46 is based on a SOTP valuation using our 2023 estimates. We use an average 19.6x P/E multiple for the regulated utility and corporate business segments, which is largely in line with pure-play regulated peers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.49	0.52
Sect: Utilities	0.52	0.73
Ind: Utilities	0.52	0.73
Macro:		
Crude Oil	-0.23	-0.19
US 10yr yield	-0.25	-0.11
Economic Surprise	-0.18	0.07
Quant Styles:		
LowVol	0.50	0.30
Size	0.27	0.19
Quality	0.47	0.18

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Investment Thesis, Valuation and Risks

Exelon Corp. *(Neutral; Price Target: $46.00)*

Investment Thesis

Expected solid rate base CAGR drives above-average growth. Earned ROEs benefit from management's operational focus, which has successfully raised the PHI utilities' consolidated earned ROE to >9% from a position of substantial under-earning. Additionally, composition as wires-only utilities with lower-risk distribution-focused capital programs screens as higher quality within the group. Moreover, IL's return to more traditional utility rate-making versus current electric ROEs pegged to the 30-year Treasury could provide earnings upside post-2023. Separately, legacy ComEd issues and the utility's deferred prosecution agreement (set to end in 2023) could represent a potential drag, despite EXC's notable steps to rectify past practices. All-in-all we see these issues as fairly balanced and remain N rated on EXC with a new $46 price target.

Valuation

We lower our December 2022 price target to $46 from $58, prior, post the spin out of Constellation Energy. Our valuation is based on a sum-of-the-parts analysis using our 2023 forecasts. We use an average 19.6x P/E multiple for the regulated utility and corporate business segments, which is largely in line with pure-play regulated peers. Our lower price target is due to the spin-out of Constellation Energy (formerly Exelon Generation).

Risks to Rating and Price Target

- Regulated electric and gas utilities are subject to strict federal and state regulation, including determinations of allowed revenues. Any change to regulations may cause future earnings power to differ materially from current expectations.
- ComEd currently operates under a deferred prosecution agreement (set to end in 2023) due to past lobbying practices in Illinois. These legacy issues bring up the potential for negative headline risk if new information comes to light.
- The company possesses attractive leverage to growing electrification trends. If these investments develop faster than we anticipate it could lead to a stronger earnings outlook than we currently forecast.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exelon Corp.: Summary of Financials

Income Statement - Annual	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	**32,929**	**16,698**	**18,660**	**19,055**	**19,497**
COGS	(14,215)	(5,201)	(6,384)	(6,384)	(6,384)
Gross profit	**18,714**	**11,497**	**12,276**	**12,671**	**13,113**
SG&A	(10,217)	(5,395)	**(5,377)**	**(5,406)**	**(5,435)**
Adj. EBITDA	**9,129**	**6,363**	**7,071**	**7,417**	**7,830**
D&A	(4,075)	(3,033)	(3,145)	(3,243)	(3,345)
Adj. EBIT	**5,054**	**3,330**	**3,926**	**4,174**	**4,484**
Net Interest	(1,609)	(1,274)	(1,350)	(1,430)	(1,493)
Adj. PBT	**3,445**	**2,056**	**2,576**	**2,744**	**2,991**
Tax	(399)	(145)	(342)	(419)	(452)
Minority Interest	104	(1)	0	0	0
Adj. Net Income	**3,150**	**2,047**	**2,233**	**2,325**	**2,538**
Reported EPS	3.22	2.09	2.27	2.35	2.55
Adj. EPS	**3.22**	**2.09**	**2.27**	**2.35**	**2.55**
DPS	**1.53**	**1.53**	**1.35**	**1.44**	**1.55**
Payout ratio	47.5%	73.2%	59.4%	61.4%	60.5%
Shares outstanding	977	980	983	988	994

Income Statement - Quarterly	1Q22E	2Q22E	3Q22E	4Q22E
Revenue	**4,812**	**4,193**	**5,019**	**4,636**
COGS	(1,653)	(1,322)	(1,810)	(1,599)
Gross profit	**3,159**	**2,871**	**3,209**	**3,037**
SG&A	(1,277)	(1,250)	(1,374)	(1,476)
Adj. EBITDA	**1,925**	**1,664**	**1,877**	**1,604**
D&A	(774)	(780)	(786)	(806)
Adj. EBIT	**1,152**	**884**	**1,092**	**798**
Net Interest	(327)	(335)	(340)	(348)
Adj. PBT	**824**	**550**	**752**	**450**
Tax	(107)	(76)	(102)	(57)
Minority Interest	0	0	0	0
Adj. Net Income	**718**	**474**	**649**	**393**
Reported EPS	0.73	0.48	0.66	0.40
Adj. EPS	**0.73**	**0.48**	**0.66**	**0.40**
DPS	**0.34**	**0.34**	**0.34**	**0.34**
Payout ratio	46.1%	70.0%	51.1%	84.6%
Shares outstanding	981	982	984	985

Balance Sheet & Cash Flow Statement	FY20A	FY21A	FY22E	FY23E	FY24E
Cash and cash equivalents	1,166	1,619	0	0	0
Accounts receivable	4,629	5,126	5,126	5,126	5,126
Other current assets	6,767	7,212	7,558	7,911	8,283
Current assets	**12,562**	**13,957**	**12,684**	**13,037**	**13,409**
PP&E	82,584	84,219	68,520	72,327	76,432
Other non current assets	34,171	34,837	34,955	35,074	35,192
Total assets	**129,317**	**133,013**	**116,159**	**120,437**	**125,033**
Short term borrowings	3,850	6,703	3,401	3,401	3,401
Payables	3,562	4,136	4,136	4,136	4,136
Other short term liabilities	5,359	5,272	5,272	5,272	5,272
Current liabilities	**12,771**	**16,111**	**12,809**	**12,809**	**12,809**
Long-term debt	35,483	35,714	34,531	37,243	40,133
Other long term liabilities	46,195	46,393	44,985	45,404	45,856
Total liabilities	**94,449**	**98,218**	**92,326**	**95,456**	**98,798**
Shareholders' equity	32,585	34,393	23,827	24,974	26,227
Minority interests	2,283	402	7	7	7
Total liabilities & equity	**129,317**	**133,013**	**116,159**	**120,437**	**125,033**
BVPS	**33.39**	**35.13**	**24.20**	**25.22**	**26.35**
y/y Growth	*0.8%*	*5.2%*	*(31.1%)*	*4.2%*	*4.5%*
Net debt/(cash)	38,167	40,798	37,932	40,644	43,534
Cash flow from operating activities	**4,235**	**3,012**	**5,256**	**5,516**	**5,845**
o/w Depreciation & amortization	6,527	7,573	3,145	3,243	3,345
o/w Changes in working capital	(4,799)	(5,565)	(346)	(353)	(373)
Cash flow from investing activities	**(4,336)**	**(3,317)**	**(8,675)**	**(7,050)**	**(7,450)**
o/w Capital expenditure	(8,048)	(7,981)	(6,925)	(7,050)	(7,450)
as % of sales	*24.4%*	*47.8%*	*37.1%*	*37.0%*	*38.2%*
Cash flow from financing activities	**145**	**758**	**2,304**	**1,534**	**1,605**
o/w Dividends paid	(1,492)	(1,497)	(1,326)	(1,427)	(1,535)
o/w Net debt issued/(repaid)	1,067	1,841	3,380	2,712	2,890
Net change in cash	**44**	**453**	**(1,115)**	**(0)**	**0**
Adj. Free cash flow to firm	**(2,390)**	**(3,785)**	**(498)**	**(322)**	**(337)**
y/y Growth	*(427.1%)*	*58.3%*	*(86.8%)*	*(35.3%)*	*4.6%*

Ratio Analysis	FY20A	FY21A	FY22E	FY23E	FY24E
Gross margin	56.8%	68.9%	65.8%	66.5%	67.3%
EBITDA margin	27.7%	38.1%	37.9%	38.9%	40.2%
EBIT margin	15.3%	19.9%	21.0%	21.9%	23.0%
Net profit margin	9.6%	12.3%	12.0%	12.2%	13.0%
ROE	9.7%	6.1%	7.7%	9.5%	9.9%
ROA	2.5%	1.6%	1.8%	2.0%	2.1%
ROCE	6.3%	4.2%	4.9%	5.6%	5.6%
SG&A/Sales	31.0%	32.3%	28.8%	28.4%	27.9%
Net debt/equity	1.1	1.2	1.6	1.6	1.7
P/E (x)	13.3	20.5	18.8	18.2	16.7
P/BV (x)	1.3	1.2	1.8	1.7	1.6
EV/EBITDA (x)	8.0	11.9	10.3	10.2	10.0
Dividend Yield	3.6%	3.6%	3.2%	3.4%	3.6%
Sales/Assets (x)	0.3	0.1	0.1	0.2	0.2
Interest cover (x)	5.7	5.0	5.2	5.2	5.2
Operating leverage	128.4%	69.2%	152.2%	299.0%	320.6%
Revenue y/y Growth	(4.4%)	(49.3%)	11.8%	2.1%	2.3%
EBITDA y/y Growth	(1.8%)	(30.3%)	11.1%	4.9%	5.6%
Tax rate	11.6%	7.1%	13.3%	15.3%	15.1%
Adj. Net Income y/y Growth	0.3%	(35.0%)	9.1%	4.1%	9.2%
EPS y/y Growth	0.0%	(35.2%)	8.8%	3.5%	8.6%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
15-Apr-19	N	49.70	52
09-May-19	N	48.58	51
02-Aug-19	N	44.40	49
13-Oct-19	N	47.51	52
05-Nov-19	N	44.50	49
15-Jan-20	N	45.81	47
20-Feb-20	N	49.60	51
21-Apr-20	N	37.07	46
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), BP Midstream Partners LP (BPMP), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), Nextera Energy Partners (NEP), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Phillips 66 Partners LP (PSXP), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), Shell Midstream Partners, L.P. (SHLX), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P. Morgan Equity Research Ratings Distribution, as of January 01, 2022

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	52%	37%	11%
IB clients**	53%	46%	34%
JPMS Equity Research Coverage*	51%	37%	12%
IB clients**	74%	68%	50%

*Please note that the percentages might not add to 100% because of rounding.
**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is regulated by the OJK a.k.a. BAPEPAM LK. **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited,

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Advisers Act 2008). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 093/09/2021 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. Any data discrepancies in this material could be the result of different calculations and/or adjustments. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised February 28, 2022.

Copyright 2022 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

KeyBanc Capital Markets

Alert

March 02, 2022

Energy: Electric Utilities

Midweek Thoughts — XEL, PEG, ED, SO, D, AEP, DUK, EXC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We published a 4Q earnings recap highlighting some key themes; CO PUC approved XEL's transmission expansion plan; NJ BPU rescheduled the third offshore wind solicitation for January 2023; NY AG requested information from ED regarding the recent spike in power prices; Vogtle co-owners approve construction to continue; VA Senate voted against HB 118; PUCT agrees to rehear SWEPCO's TX rate case; DUK plans to accelerate the W.S Lee gas plant retirement; and oral arguments conclude in the WV vs. EPA case at the Supreme Court.

ICYMI

Movers and Shakers — 4Q21 Earnings Recap: We published a recap of the recently concluded 4Q21 earnings season, highlighting some key themes. See our note here.

News on Companies in Our Coverage

XEL — CO PUC approves transmission expansion: CO PUC approved XEL's planned transmission project. XEL's Power Pathway is a $1.7B project that will include 560 miles of 345 kV lines, new and expanded substations that will allow the transition from fossil fuels to renewables — allowing 5.5 GW of renewable generation to connect. A settlement with staff on the proposal and related rider recovery was reached last year and a decision was imminent. The renewable generation expansion is part of XEL's CO ERP where a final decision is awaited.

PEG — NJ BPU updates timeline for third offshore wind solicitation: The third solicitation for 1.2 GW is now scheduled for January 2023, vs. September 2022, and the awards will be announced in 4Q23. The new schedule better coordinates with the timing of a BPU decision on the offshore wind related transmission expansions. BPU is in technical consultation with the PJM on the transmission expansions that will be needed to support the 7.5 GW of offshore wind. A BPU decision on the projects approved as part of the transmission solution is expected in 2H22. The delay in the scheduling of the wind solicitations also helps the winning bidders of the recent NY Bight auction with time to plan development of the lease areas acquired. The fourth and fifth solicitations for 1.2 GW and 1.34 GW are scheduled for 2Q24 and 2Q26, respectively.

ED — NY AG writes to ED requesting information on recent spikes in power prices: In the letter, AG James requests that ED provide reasons for the rate increases, a description of anticipated rate increases in the next year, and the associated reasons. The letter is also requesting that ED offer clear communication to customers in anticipation of increases and clear communication moving forward, including reminders to consumers about affordability solutions. Rate increases were anticipated given the spike in wholesale power prices (led in turn by the increase in fuel prices — especially natural gas) in January. Note that ED does not own generation and passes the cost of fuel to customers as is customary. The company did issue notifications to customers alerting them to expect higher bills and to reach out for bill assistance. The timing of this letter lines up with ED's CECONY rate case where it is seeking a ~$1.2B electric rate increase and a gas rate increase of $0.5B, effective January 2023. Both requests are based on a 10% ROE and 50% equity layer.

SO — Co-owners vote for construction to proceed: 100% of the ownership group voted to continue construction on Vogtle units 3 and 4 after the recent delays triggered a vote requiring 90% of the group to agree. Units 3 and 4 are expected to enter service in 4Q22-1Q23 and 3Q23-4Q23, respectively. The favorable outcome is not particularly surprising given the advanced stage of progress at both units and that the cost of the co-owners is capped. The schedule extension beyond the timeline of November 2022 and 2023, respectively, required a vote from the co-owners to proceed. See our earnings note here for a detailed discussion on Vogtle.

D — Bill to effectively repeal VCEA fails in VA State Senate (as expected): The bill was defeated in the Senate with a 12-3 vote. The action was expected given the Democratic majority in the State Senate. The bill in question, HB 118, was introduced effectively to repeal VA's landmark Clean Energy Act. VA General Assembly voted in favor of the bill in mid-February.The bill sought to undo current provisions that require regulation of CO_2 from power generating facilities, and repeal provisions of the VCEA that say that solar, wind,

and energy storage facilities are in the public interest. HB 118 provided that planning of new nuclear generation would be in the public interest. A bill relating to VA's withdrawal from the RGGI has also been withdrawn in the Senate.

AEP — Commission agrees to a rehearing in SWEPCO's TX rate case: The Commission agreed to AEP's rehearing request and expects to rule on it within 45 days. Staff recommended that the motion to rehear be denied since it raised issues already litigated. AEP requested a rehearing following the final order that included a rate increase of $55M on a 9.25% ROE. SWEPCO's original ask was for a $100M rate increase at a 10.35% ROE. SWEPCO, in its request for a rehearing, contended that it does not support the 9.25% ROE, which is the lowest awarded in decades and disagrees with the Commission's proposed methodology for recovering the investments in Dolet Hills, which is being retired early. The Commission ordered that a regulatory asset for the remaining net book value be created and amortized without a return, using the original end of useful life date of 2046.

DUK — DUK notifies SC PSC of intent to accelerate retirement of gas plant: As part of its 2020 IRP, DUK will retire the 173 MW W.S. Lee Unit 3 at the end of this month vs. a perviously scheduled 2030 retirement. DUK converted the unit to natural gas from coal in 2015, but the plant is only used as a peaker since DUK energized a modern 809 MW CC plant at the same site in 2018.

ED, EXC — Oral arguments conclude in West Virginia vs. EPA: The issue in front of the Supreme Court is whether the U.S. Constitution allows Congress to delegate broad authority to the EPA related to GHG emissions and whether the EPA can issue broad rules to recast the nation's electricity grid and decarbonize various sectors of the economy. The Biden EPA is expected to issue a proposed carbon rule this summer—likely around the time that the Supreme Court hands its ruling on the case. In our view, the market has evolved considerably since the CPP was first introduced and, to a large extent, industry and state driven decarbonization mandates have assumed more significance, thus rendering emissions reduction targets handed down by the EPA as less significant.

- WV vs. EPA is a Supreme Court case involving the scope of the powers granted to the EPA through the Clean Air Act. In 2015, the Obama EPA established the Clean Power Plan to create guidelines for GHG emission reduction from existing power plants. The plan was never implemented, but in 2019 the Trump EPA implemented the Affordable Clean Energy Rule, significantly narrowing the scope of EPA's mandate and repealing and replacing the CPP. Several groups challenged the legality of the ACE in federal court and the U.S. Court of Appeals for the DC Circuit vacated the EPA's repeal of the CPP and the ACE rule and sent it back to the EPA for further proceedings.
- The plaintiffs' lawyers invoked the "major questions" doctrine, which allows the EPA to take actions that can have a dramatic impact only under clear directive from Congress. They also argued that the EPA's authority to regulate power plants is limited to steps that plants can take "inside the fence line" — an interpretation that was challenged by the liberal justices. Conservative justice Alito seemed concerned that the case could provide EPA too broad a berth to go a lot further than it did with the CPP. None of the conservative justices seem to think that the Court of Appeals erred in rejecting the ACE rule, and Justice Gorsuch agreed with the defendant that states are not being harmed since there is no rule in place. The suit is confusing since it is asking to apply a doctrine to a rule that is no longer in effect.
- Several large utilities, including ED and EXC, are siding with the EPA in that the CPP offers more flexibility in actions to reduce GHG emissions.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

Movers and Shakers: Utilities Earnings Recap

NWE: MT Coal Mine Ruling Adds Another Wrinkle to Colstrip Story

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

AY: Notes from Management Meetings

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review

EEI Day One: Notes from Meetings - ES, CNP, XEL, AGR, CMS

EEI Day Two: Notes from Meetings - DUK, NEE, ETR, DTE, AEP, AY, AVA, SRE

EEI Day Three: Notes from Meetings - POR, SO, OTTR, EXC, NWE, EIX, FE, AEE

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	354	53.64	117	33.05
Sector Weight [SW]	291	44.09	67	23.02
Underweight [UW]	15	2.27	3	20.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	35	54.69	17	48.57
Sector Weight [SW]	27	42.19	13	48.15
Underweight [UW]	2	3.12	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> PowerPoints: Transmission 206, SO Vogtle, EXC Parent, CEG Cost Cuts, & AGR 10K
- **Publication Date/Time** : Tuesday, March 01, 2022 11:14:51 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=PKffaORep1dQnlD!Aza2aA__&reid=218F5D20CD5211EC8C0A9B333AE79615

KeyBanc Capital Markets

Alert

February 28, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: XEL, AVA, AEP, CMS, POR, EXC, CEG, NEE, AGR, PEG, EIX, SRE, NWE, AEE, SO, ETR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Earnings are drawing to a close with only FSLR and AY scheduled to report this week. We are watching regulatory proceedings in XEL's ND gas rate case, AVA's OR gas rate case, AEP's electric rate case in AR, CMS's IRP in MI, POR's electric rate case in OR. In other news, EXC reported in line 2021 results, NRC reverses license renewals for NEE's Turkey Point and CEG's Peach Bottom nuclear units, NY Bight lease sale yields record results, a UN report highlights the global wildfire crisis, locals are questioning a permit issued for NWE's Laurel Generating Station, CO PUC is asking XEL for details on the Comanche 3 outage, AEE may close Rush Island as soon as this fall, SO is in partnership with Terra Power to develop a prototype for a next generation nuclear reactor, DUK is thinking of combining operations at its Carolinas utilities, CPUC approved RNG standards for CA, LA PSC approved ETR's storm cost settlement, and IURC approved AEP's rate settlement at Indiana-Michigan.

Regulatory Calendar

A full regulatory calendar is provided later in the report. Below we provide details on events scheduled for this week.

XEL — Direct testimony in NSP's ND gas rate case is due on March 1: NSP recently filed a rate case (PU-21-381) seeking a $7M rate increase premised on a 10.5% ROE (52.54% equity) for a 2022 test year. The request includes $1.25M previously approved amortization of costs related to remediation of a former gas plant and thus the net impact of the rate increase would be $7.1M. NSP's previous rate case in ND was decided in 2007 with a settlement.

AVA — Staff and Intervenor testimony in AVA's OR gas rate case is scheduled for March 2: AVA and related parties have already reached a partial settlement stipulation in the OR rate case. The parties reached a settlement on all the issues in the docket regarding CoC including cap structure and ROE. The settlement reduces the requested $3.8M rate increase to $2.6M, agrees on the 50% equity ratio, and reduces the ROE from the requested 9.9% to 9.4% (thus, causing the decline in revenue increase). AVA intends to use deferred tax credits and other tax deferrals to fully offset the impact on customer rates. AVA's previous rate case in OR was settled at a 9.4% ROE, 50% equity (Docket: UG 433).

AEP — Settlement conference in AEP's AR rate case is scheduled for March 4: In surrebuttal, Staff proposed a $47M proposed rate increase based on a 9.3% ROE and an equity layer of 45%. During rebuttal, SWEPCO reduced the revenue request to $81M, from the original $85M on a 10.35% ROE. Driving the delta is the lower ROE, proposed rate of depreciation, and amortization of unrecovered balance at Dolet Hills. Staff supports the FRR rider after the utility removed the tax deferral mechanism. The primary drivers of the rate case are investments in generation and T&D infrastructure along with plans to retire certain coal units or to modify operations at them. SWEPCO has also requested for rates to be regulated under the FRP statute, and to that end, AEP provided a proposed FRR rider with the filing (Docket: 21-070-U).

CMS — Proposed decision in the IRP is expected on March 4: The primary area of difference between CMS and Staff at present appears to be in the plan to retire the 840 MW Campbell 3 in 2025, and purchasing the remainder of DIG and including it in the rate base. Management has been clear in its thinking that all three units of Campbell need to be closed in 2025 to realize the savings and that the most cost-effective and reliable offset to the coal retirements will be to acquire 2 GW of natural gas-fired units for $1.34B—four units in total—the largest of which is the Covert plant (cost: $815M, capacity 1.2 GW). The other three plants would have ~1 GW of capacity and includes the DIG plant, of which CMS already owns a portion.

POR — Oral arguments in POR's electric rate case in OR are scheduled for March 4: POR has already reached four settlements in the pending rate case. The most recent settlement included the reimbursement of ~$3.3M to customers for the Trojan Nuclear Decommissioning Trust. Through the three prior settlements, the parties have settled on a $30.7M electric rate increase—below POR's $59M original request and a 9.5% ROE and 50% equity layer, based on an average rate base of $5.6B. POR continues to

work on outstanding issues, including wildfire and vegetation mitigation, wildfire emergency, ice storm recovery mechanisms, and the Boardman deferrals. A final order is expected by April 25, and POR has proposed that new rates go into effect May 9th.

Recent Developments for Companies Under Our Coverage

From our midweek: The White House announced a series of investments to establish a domestic rare earth supply chain to support battery, solar, and wind equipment manufacturing; PEG completes the sale of its fossil generation assets; a GA state senator introduced a bill to securitize Vogtle debt; Staff recommends that PUCT deny AEP a rehearing in the TX rate case; NOVA launched a repair service for solar installations; Staff recommend the approval of XEL's CO Uri cost recovery settlement; MS PSC makes recommendations to utilities in the aftermath of winter storm Uri; D is seeking expedited approval to acquire solar resources in OH; and Prysmian is building a facility in MA to manufacture subsea cables to support AGR's offshore projects.

EXC — EXC published 2021 results in a 8K/10K filing: In lieu of an earnings call, EXC published 2021 results in related SEC filings. 2021 adjusted EPS of $2.82 was in line with ours and consensus estimate of $2.80. Excluding the recently spun out merchant segment, EPS would be $2.08 - also in line with our $2.07 forecast. The filings do not include much that is incremental beyond the recently provided details at the analyst meeting. Starting with the 1Q22 10Q filing, Generation's results will be marked as discontinued operations for the period prior to the spin on February 1, 2022.

CEG, NEE — NRC reverses decision to extend licensed for two Turkey Point and Peach Bottom reactors, pending further environmental review: NEE's FPL operates Turkey Point while CEG operates Peach Bottom. A previous NRC with a Republican majority had approved the extension of the operating license for the reactors for another 20 years to 2052/2053/2054. It also ordered a new review of potential environmental risks, including those posed by climate change. The plants are still good to operate until 2032/2033/2034 under a previous 20-year extension. The rationale for the reversal appears that the previous Commission did not adequately consider the risks of climate change and flooding from sea level rise. Turkey Point is located south of Miami, FL and Peach Bottom is in PA. The NRC has asked the operators to go through a full environmental review before the Commission agrees to another 20-year extension. This decision may have implications for other reactors that are seeking approvals to operate for 80 years. Other plants seeking similar renewals include D's North Anna, NEE's Point Beach and St Lucie plants, and DUK's Oconee Nuclear Station. Another plant that recently received an extension — D's Surry Nuclear Plant was not identified for additional review. It appears that the parties have until March 31 to file responses to the ruling.

AGR, PEG — BOEM lease sale yields record bids: AGR and PEG were registered bidders but did not win any bids in the NY Bight Lease Sale that extended over three days with more than 50 rounds of bidding. This was the first offshore wind auction under the Biden administration and the high level of interest in the lease sale bodes well for the acreage previously secured by AGR, PEG, D, and ES either through lease sales or JV agreements. As AGR, ES, and PEG move from permitting to construction, given the level of interest among oil companies and European utilities to own U.S. offshore wind assets, there should be attractive opportunities to monetize the projects either through financing partnerships or stake sales.

Figure 1 - NY Bight Lease Sale Provisional Winners

Provisional Winner	JV Partners	Lease Area	Acres	Capacity (MW)	Winning Bid ($M)	Cost per KW ($)
OW Ocean Winds East, LLC	EDP Renewables (POR), Engie (FRA)	OCS-A 0537	71,522	868	765	881
Attentive Energy LLC		OCS-A 0538	84,332	964	795	825
Bight Wind Holdings, LLC	RGE (GER), National Grid (GBR)	OCS-A 0539	125,964	1,390	1,100	791
Atlantic Shores Offshore Wind Bight, LLC	Shell (NED), EDF Renewables (FRA)	OCS-A 0541	79,351	924	780	844
Invenergy Wind Offshore LLC	Invenergy (USA)	OCS-A 0542	83,976	934	645	691
Mid-Atlantic Offshore Wind LLC	Shell (NED), EDF Renewables (FRA)	OCS-A 0544	43,056	523	285	545
			488,201	**5,603**	**4,370**	780

Source: BOEM, Company Reports, KBCM

In other offshore leasing news, BOEM has identifies three areas offshore OR that could hold total installed capacity of 17 GW and plans to narrow them down into WEA, which could support 3 GW in the near term. A lease sale is expected in 1Q24. The next lease sale to watch will however be the Carolina Long Bay auction scheduled for May 2022, followed by Northern & Central CA auction in September 2022, and GOM in late 2022.

EIX, POR, AVA, SRE, XEL, NWE — UN Report Highlights a Global Wildfire Crisis: A report from the United Nations concludes that risks from intense wildfires will increase meaningfully in coming years as climate change intensifies. The report shows that brush fires such as those in the western U.S. have intensified over the last 10 years and are burning larger areas, and that the extreme heat wave in the Pacific Northwest in 2021 would not have occurred but for global warming. The prolonged drought in the west (according to scientists it is the worst in over 1,200 years) is triggering wildfires earlier than usual. The paper advocates for a change in government spending on wildfires, shifting the investments from reaction to prevention and preparation. Governments should be spending two-thirds of the dollars on planning, prevention, and preparedness and only one-third on response. Currently, response receives more than half of the total expenditure and planning receives less than 1%. The report also discusses power line failures as a cause of

wildfires and identifies poorly maintained and dated power infrastructure as a contributing factor. See our note here on the wildfires in the west and our note here on the physical risks from climate change for utilities.

NWE — Locals are requesting a hearing over a floodplain permit issued in relation to the Laurel Generating Station: In an appeal, residents along the south bank of the Yellowstone River claim that the permit was issued erroneously and that the permit must be rejected as it authorizes the construction of a gas pipeline that would likely become exposed by future erosion thus creating an unsafe structure within the floodway. The Yellowstone County Commissioners are scheduled to hold a hearing on March 15. The pipeline will serve NWE's 175 MW gas fire Laurel Generating Station. For the most part, NWE plans to use a repurposed oil pipeline but needs to build an extension across the river to reach the generator.

XEL — CO PUC asks XEL for a report on Comanche 3 outage: Comanche 3 (750 MW) has been shut down for repairs since early February. It is among the newer power plants and came into operation in 2010. According to XEL the outage was triggered by electrical problems and that the generator needs to be disassembled for repairs. The plant also had two outages in 2020. The recent settlement in XEL's CO ERP calls for the plant to be retired by the end of 2034 (vs. XEL's plan to retire it in 2040) and to limit the capacity to 33% by 2030.

AEE — Rush Island may close as early as September this year: Based on press reports, AEE has filed court documents with an aim to suspend operations at Rush Island starting on September 1. The company does however offer to MISO to keep it in service as a support resource so that it could continue operations if deemed necessary for energy reliability. As we wrote in our earnings note, AEE has submitted an assessment of reliability impacts from the accelerated retirement of Rush Island (1.2 GW), which includes transmission upgrades and additional voltage support needed to ensure reliability. MO PSC will review AEE's plans to retire the plant but is under no deadline to issue a report. Nonetheless, AEE plans to file an update to the 2020 IRP in 1H22. The updated IRP is likely to include a comprehensive update to include potential investment from the retirement of Rush Island.

SO — SO and Terra Power finalize agreement to design a next generation nuclear reactor: The companies signed a subrecipient agreement to design, construct, and operate a molten chloride reactor experiment. It will be the world's first salt reactor and will be based at the Idaho National Lab. The project has funding from the DOE's Advanced Reactor Demonstration Program. The agreement is supported by $170M of cost-shared funding agreement over a five-year period. The alliance will work on an integrated effects test to learn how the MCFR technology will scale and operate at larger, commercially relevant sizes. The MCFR technology operates at higher temperatures than conventional reactors, thus generating electricity more efficiently and also offers potential for process heat applications and thermal storage.

DUK — DUK plans to combine operations at DEC and DEP: DUK may seek regulatory approval to combine the operations of DEC and DEP but this would not constitute a full merger. It would still require NC, SC Commission approvals as well as FERC approval. The combination would combine generation and transmission assets to form a single balancing area and benefit from the larger scale with lower reserve needs and improved service reliability.

EIX, SRE — CPUC approves RNG standards: The CPUC voted to approve a renewable natural gas standard that will require gas distribution companies to procure 73 bcf of biomethane per year by 2030. By 2030 all the CA gas utilities will have to source biomethane equal to 12.2% of their annual gas demand. RNG will count towards the target and there are several restrictions on what does and does not qualify as biomethane within this ruling. The CPUC will re-evaluate the target in 2025 to assess progress. SoCalGas incidentally is already up to 4% RNG deliveries to core customers at the end of 2021 and is targeting 20% by 2030.

ETR — LA PSC approve settlement for 2020 storm costs and $1B escrow for Hurricane Ida: The PSC voted to approve $3.34B in storm costs. ETR sought recovery of $2B in costs related to damages from Hurricanes Laura, Delta, Zeta, and winter storm Uri; $290M to replenish the storm reserve; and an incremental $1B for Hurricane Ida costs.

AEP — IURC approves Indiana Michigan's rate settlement: The commission approved the rate settlement for a rate decrease over two phases — a 1% decrease in mid-2022 and a larger $95M decrease in 2023. It appears that the rate decrease is a function of removing coal-fired Rockport Unit 2 from customer rates starting in January 2023 as part of a separate settlement reached earlier this year and incorporation of riders into base revenue. The settling parties agreed to an authorized ROE of 9.7% — vs. I&M's original ask of 10% and intervenor recommendation of 9.1%. Indiana Michigan had filed a request for a multi-step rate increase, seeking a net $106M increase to take effect in two steps—the first step of $73M at the time of approval and the second step of $31M in 2023. The requested rate increase reflected infrastructure investments, COVID bad debt costs, and COVID-related O&M.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Earnings Recap

SRE — 4Q results came in ahead of our expectations, and management reiterated 2022 guidance of $8.10-$8.70. Incrementally, SRE provided a 2023 EPS guide of $8.60-$9.20 and a long-term growth rate of 6-8%. We believe that the much anticipated long-term outlook, and the $1B planned stock buyback in 2023 is likely to generate a positive near term reaction from investors. SRE also rolled forward the five-year capex to 2026. The 2022-2026 capex of $36B is $4B higher than the prior iteration and is 94% dedicated to the CA and TX utilities. We see strong momentum in the LNG pipeline as SRE works through current projects in hand, FID's Cameron expansion in 2023, and potentially signs additional offtake agreements as energy security concerns take center stage in Europe and Asia. See our note here.

PNW — PNW posted strong 4Q21 results with EPS of $0.24, ahead of our $0.09 estimate and consensus of $0.06. The Company continues to benefit from strong economic trends within its service territories with retail sales up 6.7% in 4Q21 and +4.2% in 2021. 2022 guidance of $3.90-$4.10 assumes sales growth of 1.5-2.5%. The 5-7% long-term EPS growth guide is based on 3.5-4.5% sales growth. Regulatory proceedings to watch include those at the AZ Court of Appeals with respect to the 2019 GRC and an impending GRC filing with the ACC in mid-2022. See our note here.

EIX — EIX reported a stronger than expected quarter, beating the recently adjusted 2021 EPS guidance. As expected, y/y results benefited from the Track 1 outcome of the GRC. In line with its stated 5-7% long-term EPS growth cadence, the Company provided 2022 guidance of $4.40-$4.70. Encouragingly, the wildfire settlements continue apace and EIX has settled 78% of the claims outstanding. Capex and equity plans are both largely unchanged, although both will be front-end-loaded as the Company received approval for $1B in spending on storage to meet peak summer needs. See our note here.

PEG — PEG reported results for the 4Q ahead of our forecasts and consensus as Power EPS beat our forecast. 2022 guidance is narrowed, but the midpoint is unchanged at $3.45. Long-term growth rate of 5-7% through 2025 is unchanged, as is the $15B-$17B capex plan for 2021-25. We should get more clarity in 2H on capex expansion as PEG hears from the BPU on the Infrastructure Advancement Program and on the outcome of the proposals for offshore transmission expansion. Nuclear assets remain in PEG's portfolio for now, as management evaluates potential federal or state level solutions. See our note here.

AEP — AEP reported a strong 4Q21 with EPS of $0.98, which was ahead of consensus expectations of $0.93. The Company also raised its 2022 guidance vs. the prior levels indicated at 2021 EEI, and tightened the LT target growth rate to 6-7% (vs. 5-7% prior). Additionally, AEP announced its intention to explore selling 1.6GW of its unregulated renewables, which will fund its regulated renewables and transmission businesses as the Company strategically shifts to more regulated growth. A potential transaction is also likely to offset some NT equity need depending on how well the timing would align. See our note here.

NOVA — NOVA reported 4Q results that were in line with expectations and maintained its 2022 financial guidance as well as its intermediate growth targets. NCCV per customer grew 8% q/q to $10.8K, and the Company recently launched its repair services business for homeowners who do not have a Sunnova installed system. See our note here.

ETR — ETR reported a strong 4Q with adjusted EPS of $0.76, which was ahead of our estimate of $0.69 and consensus of $0.70. The Company reaffirmed its $6.15-$6.45 2022 EPS guidance and maintained its long-term EPS growth. Additionally, ETR slightly increased its three-year capital plan to ~$12B, up from the $11.7B preliminary plan released at EEI. ETR reduced its equity need to $700M for the three-year time frame and is progressing through its securitization proceedings, which will add to customer bills. ETR will be hosting an analyst day on June 16, where it will provide longer-term outlooks. See our note here.

AGR — AGR reported 4Q results ahead of our expectations and provided 2022 guidance that included investment gains from recent offshore lease restructuring. Notably, excluding this gain, 2022 "core" earnings are implied to be below 2021 levels. However, 2021 also included a sizable one-off benefit from higher power prices during Storm Uri. Adjusting out both items would imply y/y growth in line with AGR's outlined trajectory. However, since the Company did not provide a clear bridge, we expect questions about the quality of earnings to linger. On the offshore returns, another hot topic *du jour*, the Company reiterated its target on returns and costs and highlighted progress in multiple areas. No changes in the status of the PNM merger have been reported as the case is before the NM Supreme Court. We expect a detailed breakdown on guidance, offshore wind plans, investments, and potential monetization scenarios when AGR hosts a virtual analyst day on March 22. See our note here.

AVA — AVA reported EPS of $0.71, which was ahead of consensus expectations of $0.67 despite the weakness in AVA's core Utilities segment, which reported FY results below the lower end of prior guidance. The Utilities segment experienced opex headwinds in 2021; however, AVA kept its guidance unchanged for 2022 and beyond. "Other" segment is expected to be a net positive contributor to earnings going forward; however, the ultimate goal of earning close to allowed ROE in the core business remains somewhat elusive and is predicated on in line regulatory outcomes across AVA's jurisdictions as well as effective cost management. Achieving this goal could set the Company up for the LT growth rate of 4-6%, which the Company reiterated. See our note here.

CNP — CNP reported an in-line quarter and reiterated 2022 guidance. With ENBL and LDCs sales concluded, the focus is on effective execution on the targets set at last year's analyst meeting. Recent TX legislation following Storm Uri appears constructive for capex

growth as CNP seeks to put mobile generation into rate base in the short term while developing plans for grid resiliency and expanded EV Infrastructure over the medium term. See our note here.

AEE — AEE reported in-line 4Q and 2021 results. The 2022 outlook is also in line with the stated 6-8% LT EPS growth target. The new five-year capex roll-out is largely flat from the previous one, but we see the potential for significant upside as AEE files an updated MO IRP to incorporate an accelerated retirement of Rush Island, expanded transmission, and renewables opportunities since the original 2020 filing. MISO Future 1 project approvals scheduled for mid-2022 should also be capex incremental. With a recent MO rate review and the IL energy legislation behind it, the focus for 2022 will be on big-ticket capex items such as coal retirements and transmission upgrades. While there is nothing material thus far on supply chain and cost inflation, we believe AEE's cadence of adding renewables to its portfolio bears watching as it fulfills the mandate laid out in the 2020 MO IRP. See our note here.

RUN — RUN reported 4Q21 customer and capacity additions in line with our expectations and guided for 20%+ growth in 2022, which is above our current model (KBCM +15%). That said the Company has faced growing backlog and lagging installations, which became a drag on the margins and will likely continue to see similar dynamic at least through 1Q22. See our note here.

HASI — HASI reported strong 4Q results and increased its outlook for distributable EPS growth to 10-13% from 7-10% and dividends per share growth to 5-8% from 3-5%. Management also extended its outlook through 2024 from 2023 at the higher growth rates and raised its quarterly dividend to $0.375 per share from $0.35 per share previously. While there is currently macro and policy uncertainty with higher rates on the horizon, we think HASI has demonstrated an ability historically to manage through a higher rate environment, and the guidance raise and extension give us confidence in its ability to continue to deliver results at attractive net margin levels. See our note here.

ED — ED posted 4Q21 EPS of $1.00, which was ahead of consensus of $0.85. The Company benefited from the ruling that allowed it to recognize late payment charges, which contributed $0.22 of upside. ED provided its 2022 EPS guidance for $4.40-$4.60 and included its long-term growth rate of 5-7% off of 2022. Additionally, ED increased its three-year capital plan to $15.7B and the CECONY rate case will be the item worth watching in 2022. See our note here.

SO — SO reported 4Q adj EPS of $0.36, which was in line with ours and consensus estimates of $0.35. Additionally, SO introduced 2022 guidance of $3.40-$3.50 and maintained its long-term growth rate of 5-7%, which will be fueled by its $41B capital plan and 2022 GA IRP. SO announced another delay to the Vogtle project with in-service dates now expected for 4Q22-1Q23 for Unit 3 and 3Q23-4Q23 for Unit 4, which is more aligned with expert testimony in the VCM process. The co-owners will vote if the projects proceed due to the latest delay, but we do not see much risk and note that SO has already voted to proceed. While we view the latest delay as a speed bump, SO continues to experience strong growth in its territories and has a significant capital investment opportunity ahead. See our note here.

POR — POR's 4Q EPS came in at the low end of the guidance range, at $0.73, in line with our $0.72 estimate. POR posted $2.72 for 2021, and provided 2022 EPS guidance of $2.75-$2.90 vs. our estimate of $2.80. POR rolled out its capital forecast to 2026, which is now $3.2B, and ~$300M higher for the comparable 2022-2025 period; no additional equity needs are forecasted at this point. POR continues to work through the rate case with a decision expected this April, and the Company has proposed rates go into effect in May. POR's hydro resources are in a better position than in 2020, which should help with summer load. See our note here.

ES — ES reported 4Q results that were mostly in line with expectations and reiterated expectations of core EPS growth rate toward the high end of 5-7%. Management provided color on the three offshore wind projects under various stages of permitting/construction. The expected ROE on the projects is likely to be in the 11-13% range with $5.1B-$5.8B of total expected investments for its 50% share. 2026 net income could see a 6-7% boost from offshore wind contribution. Management also raised expectations for equity needs from a total of $2B to $2.5B with an additional $100M from treasury stock for ESOP. In terms of regulatory activity, we are watching the NSTAR electric GRC in MA. Given that the domestic offshore industry is in very early stages of development, we believe that investors will watch progress on the project closely. See our note here.

OTTR — OTTR reported EPS of $1.23, vs. our estimate of $1.19 and provided guidance of $3.78-$4.08 for 2022. We are currently modeling $3.48 for full-year 2022. While the unique market conditions experienced in the Plastics segment have continued into 2022, conditions are expected to return to more normal levels throughout the year. OTTR will begin to shift its focus to the Electric segment in 2022 as it looks to reach its 70/30 mix over the long term. The Electric and Manufacturing segments are forecasted to grow ~6% and ~7%, respectively. This will be more than offset by the decline in the Plastics segment as it faces challenging comps. See our note here.

NWE — NWE reported EPS of $1.04 vs. our estimate of $1.08 and consensus of $1.06 and reaffirmed 2022 guidance of $3.20-$3.40 (including a $0.23-$0.28 impact from share dilution), and a long-term growth rate of 3-6%. Our current 2022E EPS is $3.40/consensus is $3.37. NWE is not immune to supply chain challenges and expects a ~2% increase to the $582M 2022 capex. NWE will file a GRC in MT in 2022 and an updated IRP in late 2022/early 2023. The outcome of the IRP will determine the RFPs for projects to reduce the ~725MW capacity shortage forecasted for 2025. Key points to focus on in the rate case include a request to increase the PCCAM cost forecast; and add $275M capex for Laurel into base rates. We are preliminarily modeling a ~$50M revenue increase in 2023.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

FE — FE reported an in-line quarter with EPS of $0.51, vs. our estimates of $0.52, and full-year EPS of $2.60. In tandem with its earnings release, FE announced the term sheet regarding the settlement in a bulk of shareholder derivative lawsuits as the Company continues to move past its legacy issues. FE maintained its 2022 EPS guidance and provided 1Q guidance of $0.55-$0.65, which will provide a solid base for its 6-8% long-term growth rate. See our note here.

D — D reported an in-line quarter with EPS right at the midpoint of the guidance range. 2022 guidance of $3.95-$4.25 aligns with the long-term growth rate of 6.5%. Management announced a roll-over of capex to include 2026 into the five-year period—the focus being decarbonization including the VA offshore wind project. D announced the sale of its WV gas utility at 2x rate base, further rationalizing its portfolio to focus on scalable regulated utilities. Supply chain and inflation concerns were addressed. ~70% of the offshore wind capex is under fixed price contracts, and while management is facing shortages and price inflation in procuring for 2023 solar projects, so far project schedules do not appear to be impacted. See our note here.

DUK — DUK reported 4Q21 EPS of $0.94, slightly below our estimate of $0.98, and introduced 2022 guidance of $5.30-$5.60, with the midpoint slightly below consensus of $5.47. DUK is seeing some impact of supply chain pressures and pushed out ~400Mw of renewables projects to 2023 due to equipment availability, which partially drives the more subdued 2022 view. DUK's long-term capital plan of $63B for the 2022-2026 period, followed by $70B-$75B in the 2027-2031 time frame, gives management confidence in reaching the upper half of its long-term growth rate, and we are inclined to look past the near-term challenges. See our note here.

DTE — DTE reported a strong quarter—ahead of our guidance and consensus. Management raised guidance for 2022 with a new midpoint that implies +7% over the original 2021 guide. The long-term EPS growth rate of 5-7% is maintained. We expect the recently filed electric GRC and the impending IRP to dominate discussions this year and also define the cadence of the long-term capital outlook. Overall, we believe that DTE continues to execute on plan throughout its portfolio. See our note here.

ENPH — ENPH reported strong 4Q results, which were ahead of our and consensus estimates on most metrics, and introduced 1Q22 guidance above the Street/our estimates. The Company noted impending price increases later in the year and discussed multiple growth avenues in the U.S. and Europe, highlighting its ability to maintain attractive growth trajectory despite localized speed-bumps such as NEM 3.0 process in California and ongoing global supply chain challenges. See our note here.

WEC — WEC reported another beat of $0.71, vs. our estimate of $0.68. The Company introduced 1Q22 guidance of $1.68-$1.70, while reaffirming its 2022 guidance. WEC continues to benefit from a strong economic recovery among its C&I customers and expects customer growth to continue. WEC has two of its wind projects coming online this year, and while it has not seen any cost impacts, its Badger Hollow project saw some delays due to supply constraints. The next big item will be the rate case filing before May 1. See our note here.

CMS — CMS reported 4Q results ahead of consensus and in line with our forecast. 2021 EPS of $2.65 was at the high end of guidance. Management provided a constructive earnings update—raising 2022 guidance and guiding to the top end of 6-8% for long-term earnings growth. Capex is rolled forward to 2026 and is 8% higher than for the 2021-2025 period with meaningful upside potential depending on the outcome of the IRP. In terms of items to watch, a PD on the IRP is next on the calendar for March, and proceedings in the gas rate case will follow. An electric rate case filing is coming up in April. See our note here.

XEL — XEL reported EPS of $0.58 vs. our estimate of $0.57 and consensus of $0.58. XEL reaffirmed guidance of $3.10-$3.20 for 2022 and maintained a 5-7% long-term growth rate off the 2021 midpoint of $2.96. The regulatory picture will become clearer in early 2022 with several settlements expected to receive final decisions in 1Q22. See our note here.

NEE — NEE reported full-year 2021 results that were in line with our expectations, consensus, and the upper end of guidance. Management rolled forward guidance by a year to 2025, reiterated its 6-8% target for EPS growth and 10% for dividend growth, and maintained its bias to the top end of the provided ranges. 2022 EPS guidance of $2.75-$2.85 implies +10% at the midpoint. The Company made management transition announcements that are in line with expectations and will be hosting an analyst event on June 14 in NYC. FPL is executing on its recently approved multiyear rate settlement and NEER continues to show considerable growth while developing its expertise beyond the traditional wind and solar projects to include storage, wind repowerings, green hydrogen, and clean fuels into the mix. See our note here.

NEP — NEP reported in-line results and raised YE21 run rate for EBITDA and CAFD to more accurately reflect growth potential from the recent NEE drop-down and a third-party acquisition. Management reiterated its 12-15% annual distribution growth target. The volatility (and the upward move) in interest rates, lack of BBB momentum, and ongoing supply chain challenges and inflation concerns have led to a meaningful rotation out of growth-oriented renewable names. That said, we would not put NEP into the same category as high beta names. The Company has long-dated PPAs that secure its revenue stream, access to NEE's prolific pipeline of assets, and access to attractive financing options. Additionally, NEP's 2021 acquisitions go a long way toward de-risking its 2022 and 2023 outlook. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
ND	Northern States Power Co.	XEL	C-PU-21-381	Natural Gas	3/1/2022	Direct Testimony Due
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	3/3/2022	Staff & Intervenor Testimony
AR	Southwestern Electric Power Co	AEP	D-21-070-U	Electric	3/4/2022	Settlement Conference
MI	Consumers Energy Co.	CMS	U-21090	IRP	3/4/2022	PFD Target Date
OR	Portland General Electric Co.	POR	D-UE-394	Electric	3/4/2022	Oral Arguments
MN	CenterPoint Energy Resources	CNP	D-G-008/GR-21-435	Natural Gas	3/7/2022	Rebuttal Testimony Due
	CPI Release	BLS			3/10/2022	CPI release for Prior Month
GA	Georgia Power Co.	SO	Docket #44160	IRP	3/11/2022	GP Direct Testimony Due
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track3 Wildfire)	Electric	3/15/2022	Track 3 Proposed Decision
	Avangrid	AGR			3/22/2022	Analyst Day - Virtual
	Federal Energy Reg Comm	FERC			3/24/2022	Open Meeting
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	3/28/2022	Reply Testimony
TN	Kingsport Power Company	AEP	D-21-00107	Electric	3/30/2022	Intervenor Direct Testimony
MN	CenterPoint Energy Resources	CNP	D-G-008/GR-21-435	Natural Gas	3/30/2022	Surrebuttal Testimony Due

Source: Regulatory filings, company filings, S&P Market Intelligence

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	21.5	Sector Weight	NA	$86.03	2.7%	58%	3.95	4.26	4.49	21.8x	20.2x	19.2x	4.05	4.34	4.63	21.3x	19.8x	18.6x
AEP	American Electric Power Company Ir	43.6	Sector Weight	NA	$89.46	3.5%	64%	4.99	5.33	5.66	17.9x	16.8x	15.8x	4.97	5.25	5.60	18.0x	17.0x	16.0x
CMS	CMS Energy Corp	18.0	Overweight	$68	$64.14	2.9%	64%	2.87	3.05	3.31	22.3x	21.0x	19.4x	2.87	3.13	3.38	22.3x	20.5x	19.0x
CNP	CenterPoint Energy Inc	16.7	Overweight	$30	$27.38	2.5%	49%	1.37	1.47	1.59	20.0x	18.6x	17.2x	1.38	1.48	1.60	19.8x	18.5x	17.2x
D	Dominion Energy Inc	62.5	Overweight	$86	$79.69	3.4%	65%	4.16	4.36	4.61	19.2x	18.3x	17.3x	4.12	4.38	4.67	19.3x	18.2x	17.1x
DTE	DTE Energy Co	22.8	Sector Weight	NA	$121.95	3.0%	61%	5.92	6.32	6.74	20.6x	19.3x	18.1x	5.92	6.27	6.71	20.6x	19.5x	18.2x
DUK	Duke Energy Corp	74.7	Overweight	$110	$100.22	4.0%	74%	5.47	5.71	6.09	18.3x	17.6x	16.5x	5.46	5.77	6.13	18.4x	17.4x	16.3x
ETR	Entergy Corp	20.6	Sector Weight	NA	$105.58	3.9%	65%	6.28	6.73	7.07	16.8x	15.7x	14.9x	6.34	6.73	7.10	16.6x	15.7x	14.9x
ES	Eversource Energy	27.5	Sector Weight	NA	$81.81	3.1%	62%	4.11	4.39	4.62	19.9x	18.6x	17.7x	4.10	4.37	4.65	20.0x	18.7x	17.6x
ED	Consolidated Edison Inc	29.5	Underweight	$71	$85.94	3.8%	73%	4.47	4.67	4.78	19.2x	18.4x	18.0x	4.50	4.74	5.03	19.1x	18.1x	17.1x
EIX	Edison International	22.5	Sector Weight	NA	$62.35	4.5%	61%	4.69	4.91	5.18	13.3x	12.7x	12.0x	4.56	4.89	5.17	13.7x	12.8x	12.1x
EXC	Exelon Corp	40.4	Overweight	$49	$42.60	3.2%	62%	2.25	2.41	2.60	18.9x	17.7x	16.4x	2.24	2.40	2.59	19.0x	17.8x	16.4x
FE	FirstEnergy Corp	22.7	Overweight	$44	$41.36	3.8%	64%	2.45	2.56	2.77	16.9x	16.2x	14.9x	2.43	2.58	2.77	17.0x	16.0x	14.9x
PEG	Public Service Enterprise Group Inc	31.5	Sector Weight	NA	$64.87	3.3%	62%	3.53	3.67	3.87	18.4x	17.7x	16.8x	3.49	3.70	3.94	18.6x	17.6x	16.5x
SO	Southern Co	66.7	Overweight	$71	$65.04	4.1%	76%	3.55	3.80	4.04	18.3x	17.1x	16.1x	3.56	3.80	4.13	18.3x	17.1x	15.8x
WEC	WEC Energy Group Inc	28.0	Sector Weight	NA	$90.85	3.2%	67%	4.30	4.59	4.81	21.1x	19.8x	18.9x	4.30	4.58	4.87	21.1x	19.8x	18.6x
XEL	Xcel Energy Inc	35.3	Overweight	$76	$67.23	2.9%	61%	3.18	3.42	3.60	21.1x	19.7x	18.7x	3.18	3.41	3.63	21.2x	19.7x	18.5x
					Average:	**3.4%**	**64%**				**19.1x**	**18.0x**	**16.9x**				**19.1x**	**17.9x**	**16.7x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.1	Sector Weight	NA	$44.41	4.0%	87%	2.04	2.46	2.69	21.8x	18.1x	16.5x	2.03	2.45	2.64	21.9x	18.1x	16.8x
NWE	NorthWestern Corp	3.1	Overweight	$68	$60.28	4.2%	76%	3.40	3.72	3.91	17.7x	16.2x	15.4x	3.33	3.55	3.72	18.1x	17.0x	16.2x
OTTR	Otter Tail Corp	2.5	Sector Weight	NA	$62.82	2.6%	43%	3.48	3.55	3.82	18.1x	17.7x	16.4x	3.79	3.41	3.59	16.6x	18.4x	17.5x
PNW	Pinnacle West Capital Corp	7.6	Underweight	$62	$71.99	4.8%	87%	3.91	4.23	4.36	18.4x	17.0x	16.5x	3.97	4.18	4.37	18.1x	17.2x	16.5x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$50.77	3.5%	63%	2.80	2.95	3.07	18.1x	17.2x	16.5x	2.82	2.96	3.07	18.0x	17.1x	16.5x
					Average:	**3.8%**	**71%**				**18.8x**	**17.2x**	**16.3x**				**18.5x**	**17.6x**	**16.7x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	16.8	Sector Weight	NA	$44.93	4.0%	84%	2.00	2.14	2.28	22.5x	21.0x	19.7x	2.12	2.22	2.43	21.2x	20.2x	18.5x
NEE	Nextera Energy Inc	148.1	Sector Weight	NA	$77.16	2.1%	58%	2.74	2.93	3.21	28.2x	26.3x	24.0x	2.80	3.02	3.25	27.5x	25.5x	23.7x
SRE	Sempra Energy	42.9	Overweight	$145	$141.44	3.3%	55%	8.40	8.81	9.22	16.8x	16.1x	15.3x	8.46	8.92	9.39	16.7x	15.8x	15.1x
					Average:	**3.1%**	**66%**				**22.5x**	**21.1x**	**19.7x**				**21.8x**	**20.5x**	**19.1x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	14.5	Overweight	$51	$43.91	1.2%	20%	2.80	3.43	3.54	15.7x	12.8x	12.4x	2.71	3.53	4.72	16.2x	12.4x	9.3x
NRG	NRG Energy Inc	9.3	Not Covered	NA	$37.99	3.7%	40%	NA	NA	NA	NA	NA	NA	3.46	4.82	5.59	11.0x	7.9x	6.8x
VST	Vistra Corp	10.5	Not Covered	NA	$21.90	3.4%	43%	NA	NA	NA	NA	NA	NA	1.73	2.26	2.86	12.7x	9.7x	7.7x
					Average:	**2.8%**	**34%**				**15.7x**	**12.8x**	**12.4x**				**13.3x**	**10.0x**	**7.9x**

Source: Company reports, KBCM Estimates, Thomson Reuters

Source: Company reports, KeyBanc Capital Markets Inc. estimates, Thomson Reuters

Figure 4 - Stock Price Performance

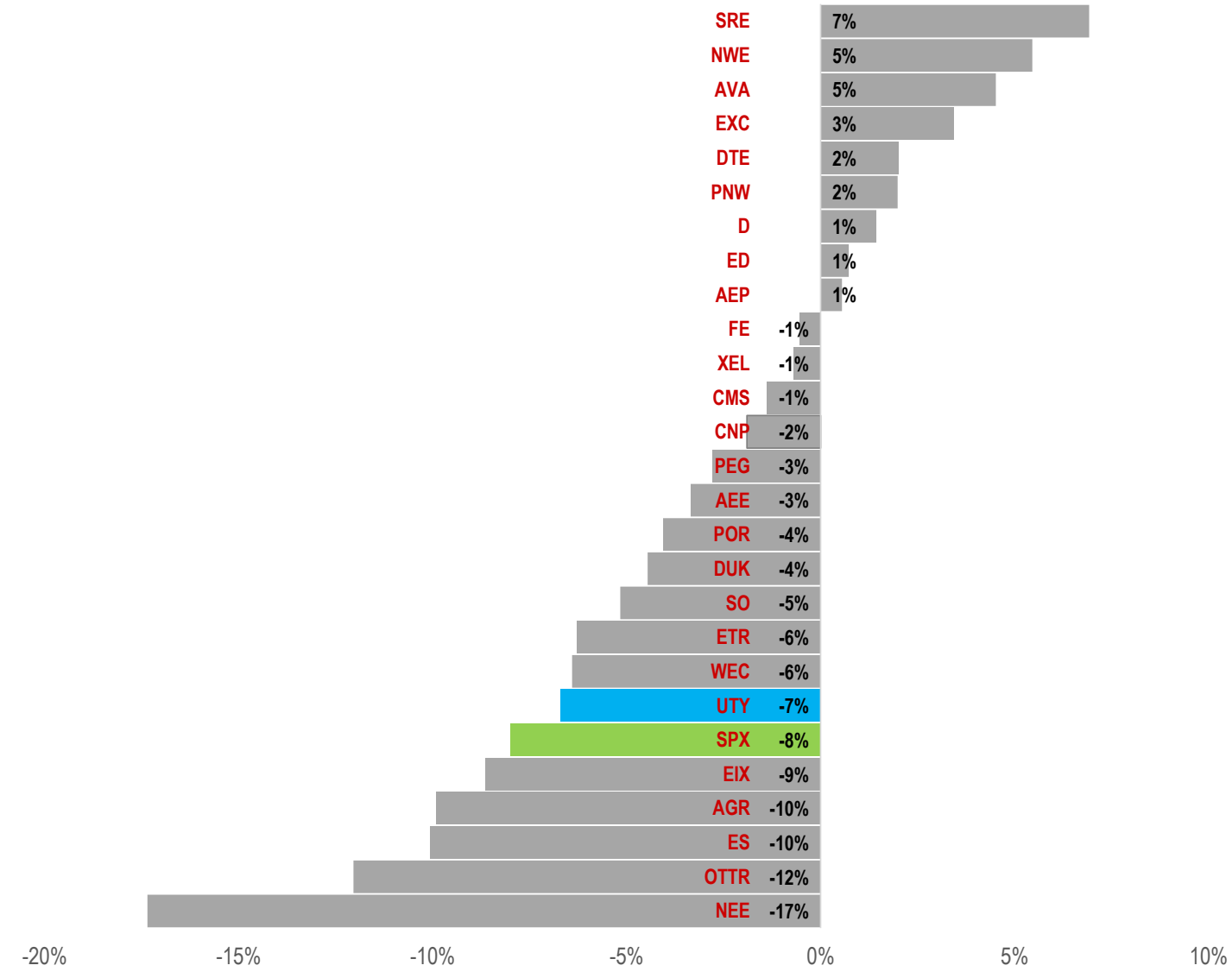

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

NWE: MT Coal Mine Ruling Adds Another Wrinkle to Colstrip Story

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

AY: Notes from Management Meetings

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review

EEI Day One: Notes from Meetings - ES, CNP, XEL, AGR, CMS

EEI Day Two: Notes from Meetings - DUK, NEE, ETR, DTE, AEP, AY, AVA, SRE

EEI Day Three: Notes from Meetings - POR, SO, OTTR, EXC, NWE, EIX, FE, AEE

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	354	53.64	118	33.33
Sector Weight [SW]	291	44.09	67	23.02
Underweight [UW]	15	2.27	3	20.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	35	54.69	17	48.57
Sector Weight [SW]	27	42.19	13	48.15
Underweight [UW]	2	3.12	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Exelon Corporation (EXC): 2021 results in line with consensus; reaffirms 2022 EPS guidance range

Sentiment Indicator : neutral

Produced by Tucker, Shelby (RBC Capital Markets, LLC) on Sunday, February 27, 2022, 10:34 AM ET

Disseminated on Sunday, February 27, 2022, 14:21 PM ET

Our view: We expect Exelon to trade in line with peers Monday given in-line results.

Exelon Corp. (EXC; $42.60; Sector Perform; PT $46) reported 2021 full year adjusted EPS of $2.08, one cent behind consensus of $2.09 and four cents ahead of our estimate of $2.04. Management reaffirmed 2022 EPS guidance range of $2.18-$2.32.

Including Constellation, Exelon reported 2021 full year adjusted EPS of $2.82, compared to our estimate of $2.80.

As previously announced, there is no conference call.

RBC Capital Markets, LLC
Shelby Tucker (Analyst) | (212) 428-6462 | shelby.tucker@rbccm.com
RBC Capital Markets, LLC
Wynne Lam (Senior Associate) | (212) 266-4040 | wynne.lam@rbccm.com

Click here for conflict of interest and other disclosures relating to Exelon Corporation, Shelby Tucker These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com

All rights reserved. This material may not be published, broadcast, rewritten or redistributed in any form. Please click here for legal restrictions and terms of use applicable to this site. Use of this site signifies your agreement to the terms of use.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Utilities & Power

Utility Spotlight: Navigating volatility; PCG WMP and GRC update; EXC and CEG report; NRC license blues

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Ticker	Rating	TP	Price
CEG	BUY	$60	$43.91
CMS	HOLD	$68	$64.14
DTE	HOLD	$129	$121.95
DUK	HOLD	$110	$100.22
EIX	BUY	$72	$62.35
ETR	HOLD	$117	$105.58
EXC	HOLD	$45	$42.60
NEE	HOLD	$88	$77.16
NEP	BUY	$86	$75.53
NRG	BUY	$49	$37.99
PCG	BUY	$17	$11.36
PEG	BUY	$73	$64.87
SRE	BUY	$158	$141.44
VST	BUY	$30	$21.90

In the Spotlight:
PCG: 2022 WMP and GRC update
EXC and CEG: Friday 10-K learnings
Performance rankings and heat map
Coverage and valuation snapshots
Utilities & Power comp sheets
Valuation history & commodity charts
Weekly power, gas & spark changes
Weather and wind resource snapshots

Recent Utilities & Power notes:
VST: Cash machine back in service
EIX: Ongoing risk reduction underpins value
PEG: Premium pathway intact
NRG: Executing against a volatile backdrop
ETR: Outlook affirmed; securitization
Spotlight: Holding the line; ETR settles; SRE hydrogen; CPUC; PCG win
PCG: Growth rate clarified … now back to risk reduction
DUK: Higher growth horizon extended
Spotlight: Curve flattening and growth jitters; Cali and FL NEM; CCM status; PCG to NYC
DTE: More to come on that …
PCG: Communication breakdown
CMS: Back on the compounding track
EXC: Strategic mission accomplished; downgrade to Hold
CEG: Low carbon power leader breaks loose

What's in the Spotlight? After navigating last week's earnings onslaught (barely) there was plenty to digest and we have some catching up to do. One item we reviewed over the weekend is Friday's 2022 Wildfire Mitigation Plan filing by **PCG** and updated 2023 General Rate Case (GRC) testimony. The punchline is lower revenue requested for 2023 (-0.8%) and 2024 (-0.2%) with increases to 2025 (+0.8%) and 2026 (+1.8%). Big moving pieces are higher CapEx (+$7.3B) for undergrounding offset by $1B lower spend on vegetation management as 1) miles are put underground and 2) unit costs are reduced ~20% with process and efficiency gains. The utility also asks to include Enhanced Powerline Safety Settings (EPSS) program costs in the GRC. This makes sense to us given interplay between WMP elements, but it could meet some procedural resistance since EPSS was not included in the original GRC scoping. PCG request an ALJ ruling on their Motion to Amend by March 4 and propose a schedule largely consistent with a recent Joint Motion filed along with TURN and the Public Advocates Office and calls for the main hearing in June, update testimony hearings in August and the PD and decision in 2Q of 2023.

EXC and CEG file 10-Ks. Also crossing the tape on Friday were 10-K filings from **EXC** and **CEG** but neither held a call. EXC posted $2.82 of operating EPS for 2021 versus our $2.80E and the pro forma (excl. CEG) number was $2.08 versus the $2.10 midpoint of the Analyst Day range. Catching up with IR, we understand that variance versus the midpoint was higher final stock comp expense and O&M items. **CEG** reported a 2021 GAAP loss of $205M although focus is more on the forward outlook with an updated slide deck showing no substantive changes.

NRC rolls back license extensions. One recent item noted by **CEG** was the NRC reversal of second 20-year license extensions for the two Peach Bottom units, jointly owned with **PEG.** This happened on Thursday with similar action for Turkey Point **(NEE)** and the NRC directed staff to conduct further reviews under the National Environmental Policy Act (NEPA). How this plays out is unclear, although there may be ongoing earnings exposure if depreciation schedules change. NRC process challenges could also affect CEG plans to apply for second extensions across the fleet, although this would run contrary to growing federal policy support for nuclear in context of growing political consensus around decarbonization objectives.

Utility outperformance continues. Utilities posted a second consecutive winning week with the S&P Utilities gaining 2% and outperforming the S&P 500 by 120bp with 90bp of this coming in Friday's big rally. Further flattening of the yield curve (2Y10Y -6bp) likely helped the group overall, although macro volatility clearly remains elevated and it is hard to gauge at this point how the market mood may interpret rapidly evolving events. With the S&P Utilities trading at a modest (3%) premium on 24M forward P/E we would not see sector valuation as a particular impediment to further relative gains given continued market volatility.

Big week (and bigger Friday) for SRE. Clean energy names had a strong week (ICLN +7.2%) although **CEG** (-3.3%) was a notable exception. **SRE** (+4.4%) was the top performer from our coverage and had a particularly strong day on Friday gaining 5.4% and outperforming 220bp on the back of a well-received call including 2023 guidance, a new LT forecast earnings growth rate of 6-8% and a new stock buyback announcement ($1B in 2023). While it was not a core part of our SRE thesis when we upgraded in our 2022 Outlook, current geopolitical developments seem supportive for longer-term LNG development prospects and may be helping the stock gain traction versus utility peers in this tape. We anticipate revisiting our SRE numbers as we address our post-earnings backlog over the coming days.

PCG: 2022 WMP and GRC update

PCG files 2022 WMP and updated GRC testimony. After the close on Friday, PG&E announced the filing of its 2022 Wildfire Mitigation Plan (WMP) and submitted its Motion to Amend its testimony in the pending 2023 General Rate Case (GRC). On the earnings call, management pointed to only "minimal" impact on customer bills during the current GRC period (2023-2026) from starting on the plan to underground 10,000 miles of power lines. The punchline from Friday's submission is a net reduction in the filed revenue requirement for the first 2 years with 2023 down $122M (-0.8%) and 2024 down $34M (-0.2%). The following 2 years see increases of $132M in 2025 (+0.8%) and $312M in 2026 (+1.8%) while for the combined 4-year GRC period PG&E's updated revenue requirement amounts to an increase of $288M (+0.4%).

Figure 1: PG&E 2023 GRC Update Revenue Requirement Change

	2023	2024	2025	2026	2023-2026
June 2021 Filing	15,461	16,391	16,981	17,362	66,195
February 2022 Update	15,339	16,357	17,113	17,674	66,483
Net Change ($)	(122)	(34)	132	312	288
Net Change (%)	-0.8%	-0.2%	0.8%	1.8%	0.4%

Source: Company Filing

Lower vegetation management expense, higher undergrounding capital. Some helpful slides were included in ex parte materials submitted to President (Alice) Reynolds' office as well as Commissioner (John) Reynolds. As a side note, the Chief ALJ reassigned the GRC from former President Batjer to Commissioner (John) Reynolds during the week with Reynolds participating in his first CPUC meeting on Thursday. Those following the NEM proceeding will note this should allow for rescheduling of the delayed oral argument, which seems likely to be the next procedural step. Returning to PCG, our Figure 2 shows the major components with incremental system hardening (mostly undergrounding) adding a total of $7.3B to the capital budget over the GRC period. Meanwhile, PG&E proposes reducing its vegetation management expense by $1B over the four years with this saving ramping up to over $390M by 2026. In the intro to their proposed update testimony, PG&E highlight two cost reduction components in the vegetation management plan, namely 1) reducing routine work commensurate with amount of system hardening undergrounding miles completed; and 2) reducing unit costs by around 20% through targeted adjustments that "refine process and improve efficiency". While we have not located this detail, our sense is the 20% target unit cost reduction is likely the bigger piece.

Also requesting roll in of EPSS. PG&E also asks the commission to expand the scope of the GRC to include the Enhanced Powerline Safety Settings (EPSS) program, which like undergrounding was not contemplated at the time of the original filing. This is an important nuance, since the Scoping Memo specifically provided for an update to address undergrounding and we would expect some parties to push back on the request to now include EPSS as well. We believe the filing makes a strong case for a holistic approach and it is clear from the materials that EPSS is a key component of the near-term risk mitigation plan and one the CPUC might want to encourage in view of these numbers. We also understand that the incremental EPSS expense partly relates to adding resources to improve customer communications while reducing the duration of resulting customer outages. Putting this together the estimated impact on residential customer bills would be a reduction of $3-$5/month in 2023 with increases in the $1-$2/month by 2026. We would also note that the slide in Figure 2 mentions that customer bill impacts from the updated filing also incorporate other elements included in PG&E's updated testimony and we have not yet had the opportunity to review these in detail.

Figure 2: Summary of Proposed GRC Changes and Bill Impact

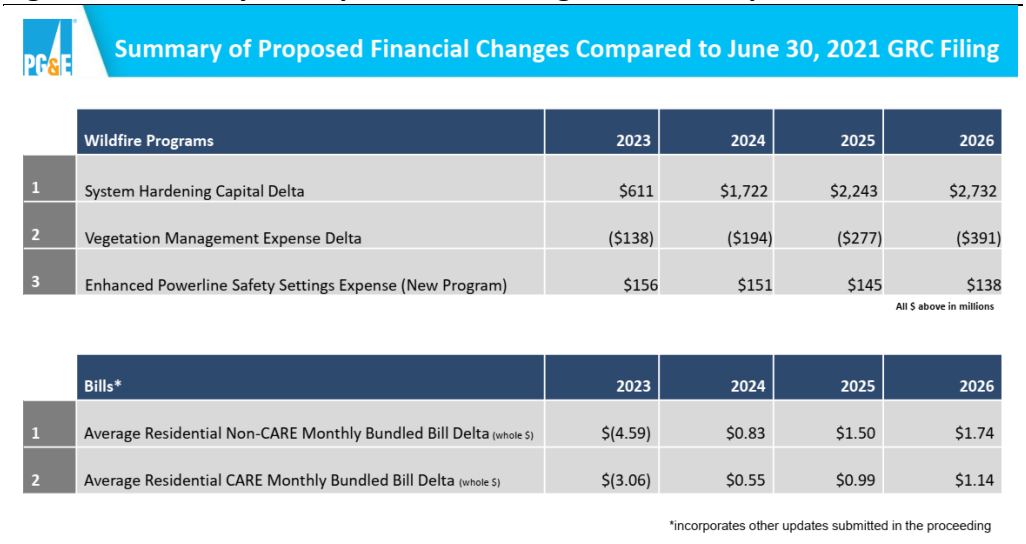

Summary of Proposed Financial Changes Compared to June 30, 2021 GRC Filing

	Wildfire Programs	2023	2024	2025	2026
1	System Hardening Capital Delta	$611	$1,722	$2,243	$2,732
2	Vegetation Management Expense Delta	($138)	($194)	($277)	($391)
3	Enhanced Powerline Safety Settings Expense (New Program)	$156	$151	$145	$138

All $ above in millions

	Bills*	2023	2024	2025	2026
1	Average Residential Non-CARE Monthly Bundled Bill Delta (whole $)	$(4.59)	$0.83	$1.50	$1.74
2	Average Residential CARE Monthly Bundled Bill Delta (whole $)	$(3.06)	$0.55	$0.99	$1.14

*incorporates other updates submitted in the proceeding

Source: Company Filing

From EPSS and PSPS to a more permanent solution. Another slide (Figure 3) showed a view of the risk reduction timeline, illustrating the interplay between the more permanent protection offered by undergrounding and the near term use of programs such as PSPS (Public Safety Power Shut-Offs) and EPSS. As shown in the graphic, PG&E estimate achieving a 93% reduction in wildfire risk score by 2023, with the EPSS program delivering the lion's share of protection, followed by PSPS and only a relatively modest contribution from physical hardening such as undergrounding. As these programs ramp up, the analysis shows hardening eventually delivering 60-80% risk score reduction with the contributions from (and need for) both EPSS and PSPS shrinking over time. For the GRC period (i.e. by 2026) PG&E show undergrounding contributing 33% with proportionate reductions in the need for the other programs.

Figure 3: PG&E Wildfire Programs and Risk Reduction Timeline

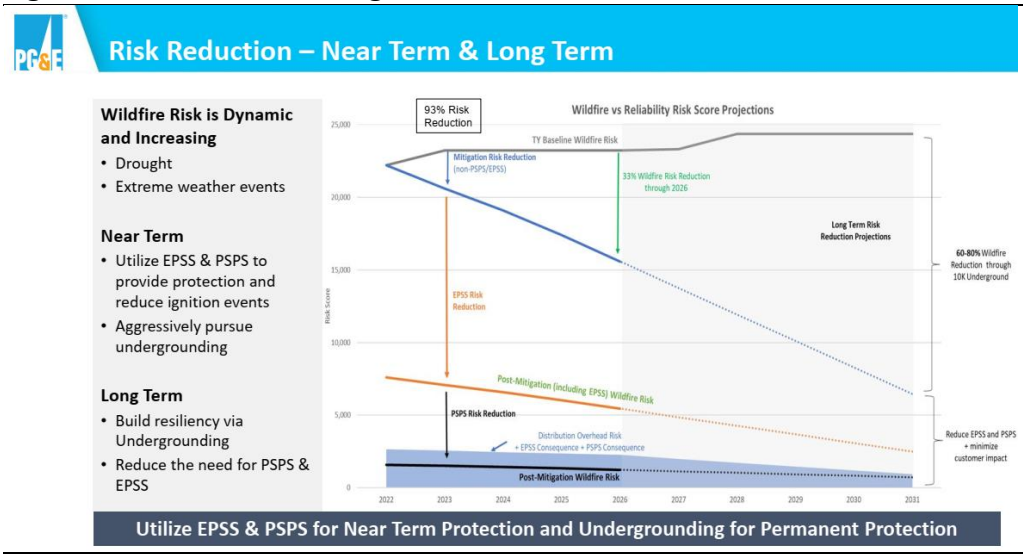

Source: Company Filing

EXC and CEG: Friday 10-K learnings

Not much new in EXC filing, results in line. Crossing the tape on Friday were the 10-K filings by **EXC** and **CEG** with neither planning to hold an earnings call. EXC posted operating EPS for 2021 including Constellation of $2.82 versus our same basis $2.80E. Operating earnings for the utilities and parent were $2.08 versus the indicative range of $2.06-$2.14 given in January at the pre-separation Analyst Day. We caught up with IR on Friday afternoon and asked about the $0.02 shortfall versus the midpoint of the January range. This was attributable to two primary factors, the first being higher final stock compensation expense given robust share price performance. In addition, some O&M categories including vegetation management also came in a little higher. Exelon also posted new slides along with their 8-K filing affirming guidance for 2022 ($2.18-$2.32) and highlighting the pro forma (ex-CEG) operating results. There was little new to see in these slides apart from the historical 2021 numbers including operating EPS by utility, each of which were within a penny or two of our model.

CEG posts 2021 GAAP loss. CEG also posted its 2021 10K with a GAAP loss of $205M which we do not view as particularly meaningful. We also recall that the $1.75B cash infusion from EXC at separation did not come through until the separation close in January. CEG also has a new slide deck up for February and March investor meetings but we saw nothing new of substance in there beyond the Analyst Day materials. Hopefully this is a sign that management will be doing the rounds with investors and participating in upcoming conferences since it has now been some time since the January 11 Analyst Day and first quarter earnings are not expected until early April. While we understand the rationale for keeping a relatively low profile while potential federal nuclear subsidies remain under discussion, lackluster stock performance since the separation suggests CEG have some work to do broadening and deepening investor support for what we see as their unique, large-scale clean generation and cash flow story.

NRC reverses Peach Bottom license extensions (and Turkey Point). One new item discussed in the CEG 10-K is the Nuclear Regulatory Commission (NRC) reversing its approvals of second 20-year license extensions for the Peach Bottom nuclear units (jointly owned by EXC and PEG) as well as Turkey Point (FPL/NEE). Peach Bottom 2 and 3 received second 20-year license extensions out to 2053 and 2054 in 2020, but on Thursday the NRC responded to a request for rehearing finding that National Environmental Policy Act (NEPA) reviews were incomplete and did not adequately address environmental impacts including climate change. The NRC directed staff to change the Peach Bottom license expiration dates back to 2033 and 2034 until completion of further NEPA analysis. How this plays out remains unclear, although shortening the licenses, even temporarily, could require re-working depreciation schedules and trigger non-cash charges. In terms of financial reporting, changing depreciation might not be so impactful to **CEG** since their guidance currencies are now EBITDA and cash flow rather than earnings. By contrast, Peach Bottom joint owner **PEG** mostly guides to earnings, as does **NEE,** although all three would see an economic impact from shorter lives. For context, the two Peach Bottom units represent 1,324 MW of net capacity for CEG based on their 50% ownership and this is some 6% of overall CEG nuclear capacity. Rather than the direct implications for Peach Bottom, a greater concern would be if second 20-year license extensions become harder to get since CEG is planning to seek these across its entire fleet. As shown on the Analyst Day, Clinton and Nine Mile Point 1&2 were expecting to start NRC license extension projects this year with Dresden 2&3 and Ginna in 2023 and others from 2026 to 2034. This slide was absent from the deck posted on Friday, but we hesitate to read too much into this since the deck was quite a bit shorter overall. It also seems possible the NRC will simply refine its process and move forward, with plenty of recent evidence that policy support for nuclear as part of the supply mix is on the rise, along with political consensus around prioritizing decarbonization objectives.

Figure 4: Utilities & Power – Past Week Performance Ranking

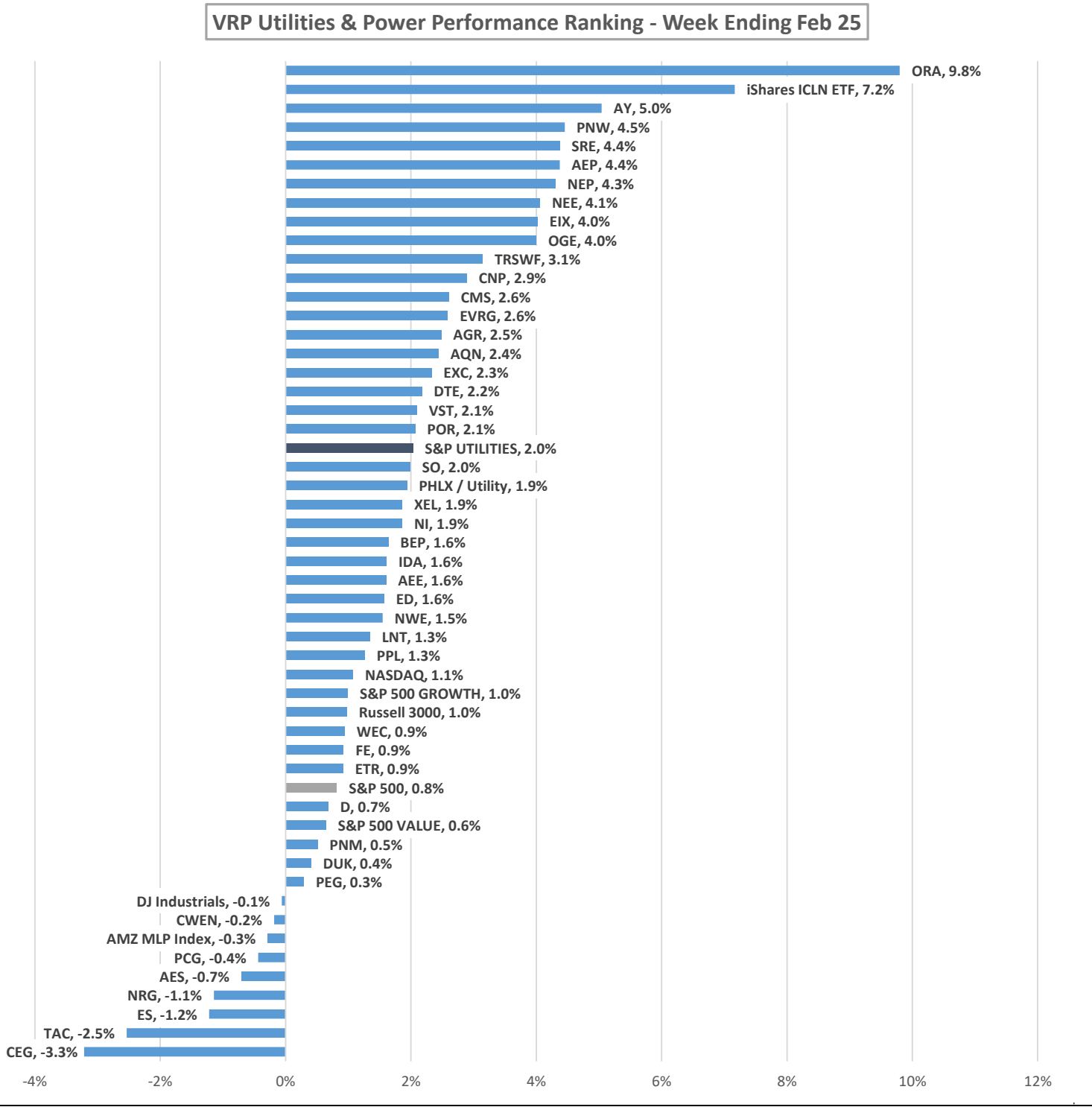

Source: FactSet and Vertical Research Partners

Figure 5: Sector SPDR Performance – Past Week

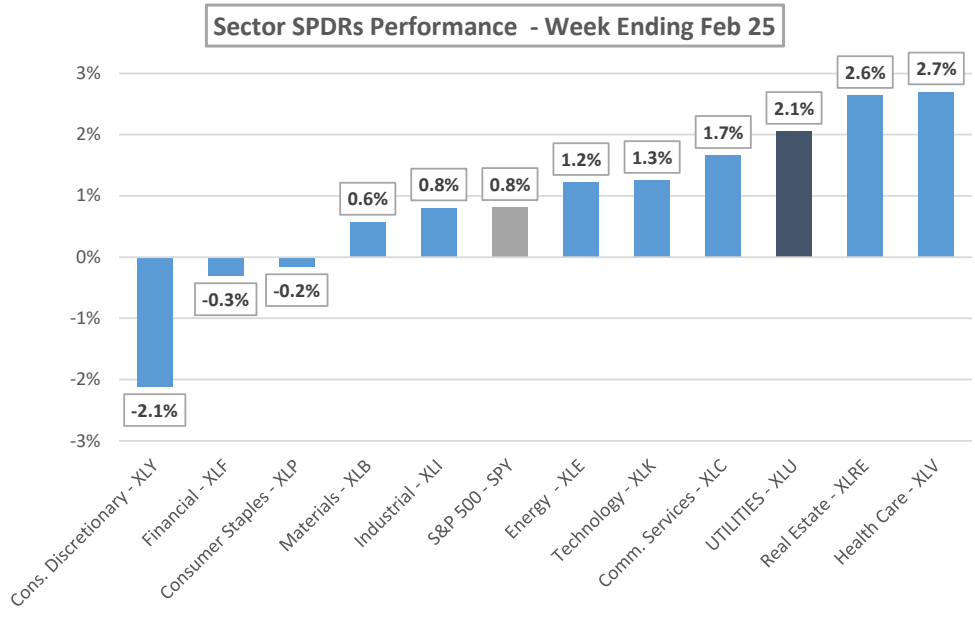

Source: FactSet and Vertical Research Partners

Figure 6: Sector SPDR Performance – 2022 YTD

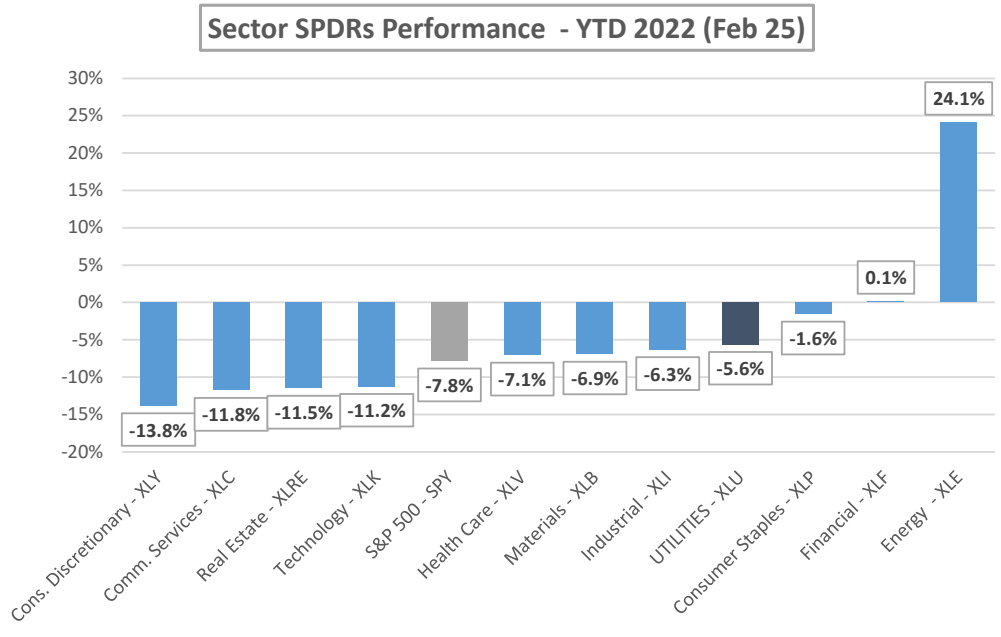

Source: FactSet and Vertical Research Partners

Figure 7: Utilities & Power – YTD 2022 Performance Ranking

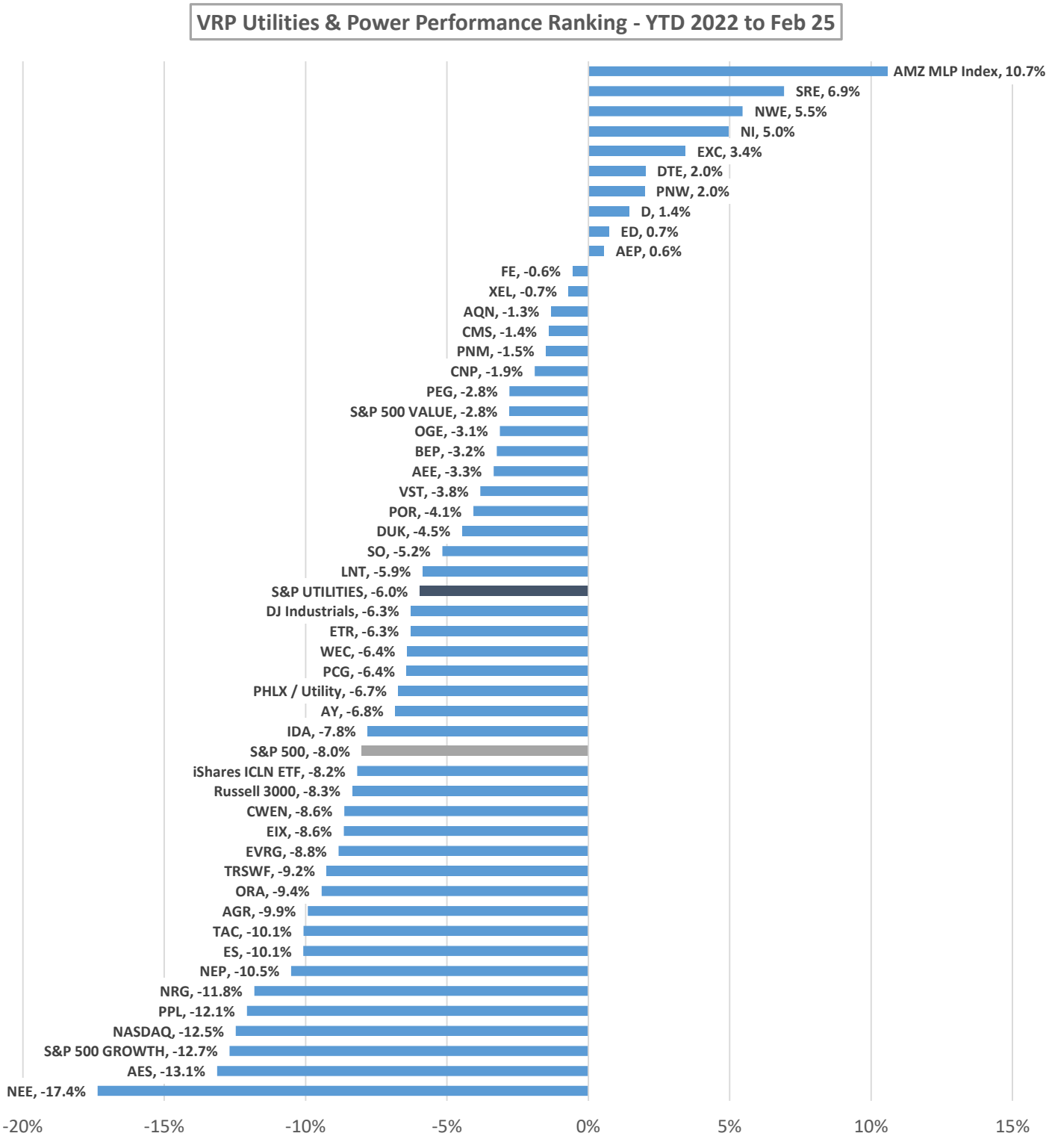

Source: FactSet and Vertical Research Partners

Figure 8: Utilities & Power – 2022 Monthly, Quarterly, YTD and 2019-2021 Performance Heat Map

		Current Price 2/25/2022	January 2022	February 2022	YTD 2022	2021 FY	2020 FY	2019 FY
US INDICES								
Alerian MLP	AMZ MLP Index	197.94	10.1%	0.5%	10.7%	28.9%	-36.4%	-2.0%
S&P 500 Value	S&P 500 VALUE	1,505.20	-1.7%	-1.1%	-2.8%	22.2%	-1.4%	28.6%
S&P 500 / Utilities -SEC	S&P UTILITIES	342.03	-3.3%	-2.7%	-6.0%	14.0%	-2.8%	22.2%
DJ Industrial Average	DJ Industrials	34,058.75	-3.3%	-3.1%	-6.3%	18.7%	7.2%	22.3%
PHLX / Utility	PHLX / Utility	877.62	-3.9%	-2.9%	-6.7%	14.6%	-0.6%	22.6%
S&P 500	S&P 500	4,384.65	-5.3%	-2.9%	-8.0%	26.9%	16.3%	28.9%
iShares ICLN ETF	iShares ICLN ETF	19.44	-11.4%	3.7%	-8.2%	-25.0%	140.3%	42.3%
Russell 3000	Russell 3000	2,555.48	-6.0%	-2.5%	-8.3%	24.0%	18.8%	28.5%
NASDAQ Composite Index	NASDAQ	13,694.62	-9.0%	-3.8%	-12.5%	21.4%	43.6%	35.2%
S&P 500 Growth	S&P 500 GROWTH	2,948.59	-8.4%	-4.7%	-12.7%	31.0%	32.0%	29.1%
US SECTOR SPDRS								
Energy - XLE	XLE	68.88	18.8%	4.5%	24.1%	46.4%	-36.9%	4.7%
Financial - XLF	XLF	39.10	0.0%	0.1%	0.1%	32.5%	-4.2%	29.2%
Consumer Staples - XLP	XLP	75.91	-1.5%	-0.1%	-1.6%	14.3%	7.1%	24.0%
UTILITIES - XLU	**XLU**	**67.58**	**-3.3%**	**-2.4%**	**-5.6%**	**14.2%**	**-3.0%**	**22.1%**
Industrial - XLI	XLI	99.13	-4.8%	-1.6%	-6.3%	19.5%	8.7%	26.5%
Materials - XLB	XLB	84.34	-6.8%	-0.1%	-6.9%	25.2%	17.9%	21.6%
Health Care - XLV	XLV	130.95	-6.9%	-0.2%	-7.1%	24.2%	11.4%	17.7%
S&P 500 - SPY	**SPY**	**437.75**	**-5.3%**	**-2.7%**	**-7.8%**	**27.0%**	**16.2%**	**28.8%**
Technology - XLK	XLK	154.35	-6.8%	-4.7%	-11.2%	33.7%	41.8%	47.9%
Real Estate - XLRE	XLRE	45.86	-8.6%	-3.1%	-11.5%	41.7%	-5.5%	24.7%
Comm. Services - XLC	XLC	68.53	-4.8%	-7.3%	-11.8%	15.1%	25.8%	29.9%
Cons. Discretionary - XLY	XLY	176.19	-9.5%	-4.7%	-13.8%	27.2%	28.2%	26.7%
US UTILITIES & POWER								
Constellation Energy Corporation	+ * CEG	$43.91	NA	-8.5%	NA	NA	NA	NA
Sempra Energy	+ * SRE	$141.44	4.4%	2.4%	6.9%	3.8%	-15.9%	40.0%
NorthWestern Corporation	NWE	$60.28	1.7%	3.7%	5.5%	-2.0%	-18.6%	20.6%
NiSource Inc	NI	$28.98	5.7%	-0.7%	5.0%	20.4%	-17.6%	9.8%
Exelon Corporation	* EXC	$42.60	0.3%	3.1%	3.4%	36.8%	-7.4%	1.1%
DTE Energy Company	* DTE	$121.95	0.7%	1.3%	2.0%	15.7%	-6.5%	17.7%
Pinnacle West Capital Corporation	PNW	$71.99	-1.4%	3.4%	2.0%	-11.7%	-11.1%	5.6%
Dominion Energy Inc	D	$79.69	2.7%	-1.2%	1.4%	4.5%	-9.2%	15.9%
Consolidated Edison, Inc.	ED	$85.94	1.3%	-0.6%	0.7%	18.1%	-20.1%	18.3%
American Electric Power Company, Inc.	AEP	$89.46	1.6%	-1.0%	0.6%	6.8%	-11.9%	26.5%
FirstEnergy Corp.	FE	$41.36	0.9%	-1.4%	-0.6%	35.9%	-37.0%	29.4%
Xcel Energy Inc.	XEL	$67.23	2.9%	-3.5%	-0.7%	1.5%	5.0%	28.9%
Algonquin Power & Utilities Corp.	AQN	$14.26	-1.1%	-0.2%	-1.3%	-12.2%	16.3%	40.8%
CMS Energy Corporation	* CMS	$64.14	-1.0%	-0.4%	-1.4%	6.6%	-2.9%	26.6%
PNM Resources, Inc.	PNM	$44.93	-1.8%	0.3%	-1.5%	-6.0%	-4.3%	23.4%
CenterPoint Energy, Inc.	CNP	$27.38	1.6%	-3.5%	-1.9%	29.0%	-20.6%	-3.4%
Public Service Enterprise Group Inc	+ * PEG	$64.87	-0.3%	-2.5%	-2.8%	14.5%	-1.3%	13.4%
OGE Energy Corp.	OGE	$37.18	-1.2%	-2.0%	-3.1%	20.5%	-28.4%	13.5%
Brookfield Renewable Partners LP	BEP	$34.63	-6.3%	3.2%	-3.2%	-17.1%	73.7%	80.0%
Ameren Corporation	AEE	$86.03	-0.3%	-3.1%	-3.3%	14.0%	1.6%	17.7%
Vistra Corp.	+ * VST	$21.90	-4.2%	0.4%	-3.8%	15.8%	-14.5%	0.4%
Portland General Electric Company	POR	$50.77	-0.7%	-3.4%	-4.1%	23.7%	-23.3%	21.7%
Duke Energy Corporation	* DUK	$100.22	0.2%	-4.6%	-4.5%	14.6%	0.4%	5.7%
Southern Company	SO	$65.04	1.3%	-6.4%	-5.2%	11.6%	-3.6%	45.0%
Alliant Energy Corp	LNT	$57.87	-2.6%	-3.3%	-5.9%	19.3%	-5.8%	29.5%
S&P UTILITIES	**S&P UTILITIES**	**342.03**	**-3.3%**	**-2.7%**	**-6.0%**	**14.0%**	**-2.8%**	**22.2%**
Entergy Corporation	* ETR	$105.58	-0.8%	-5.5%	-6.3%	12.8%	-16.7%	39.2%
WEC Energy Group Inc	WEC	$90.85	0.0%	-6.4%	-6.4%	5.5%	-0.2%	33.2%
PG&E Corporation	++ * PCG	$11.36	5.4%	-11.2%	-6.4%	-2.6%	14.6%	-54.2%
Atlantica Sustainable Infrastructure plc	AY	$33.32	-8.8%	2.1%	-6.8%	-5.8%	43.9%	34.6%
IDACORP, Inc.	IDA	$104.47	-2.7%	-5.2%	-7.8%	18.0%	-10.1%	14.8%
S&P 500	**S&P 500**	**4,384.65**	**-5.3%**	**-2.9%**	**-8.0%**	**26.9%**	**16.3%**	**28.9%**
Clearway Energy, Inc. Class C	CWEN	$32.92	-6.5%	-2.3%	-8.6%	12.8%	60.1%	15.7%
Edison International	+ * EIX	$62.35	-8.0%	-0.7%	-8.6%	8.6%	-16.7%	32.8%
Evergy, Inc.	EVRG	$62.55	-5.3%	-3.7%	-8.8%	23.6%	-14.7%	14.7%
TransAlta Renewables, Inc.	TRSWF	$13.45	-7.9%	-1.5%	-9.2%	-13.3%	43.1%	57.5%
Ormat Technologies, Inc.	ORA	$71.82	-14.0%	5.4%	-9.4%	-12.2%	21.1%	42.5%
Avangrid, Inc.	AGR	$44.93	-6.3%	-3.8%	-9.9%	9.7%	-11.2%	2.1%
TransAlta Corporation	TAC	$10.00	-2.3%	-7.9%	-10.1%	46.5%	6.0%	73.8%
Eversource Energy	ES	$81.81	-1.6%	-8.6%	-10.1%	5.2%	1.7%	30.8%
NextEra Energy Partners LP	+ * NEP	$75.53	-10.9%	0.4%	-10.5%	25.9%	27.4%	22.3%
NRG Energy, Inc.	+ * NRG	$37.99	-7.3%	-4.9%	-11.8%	14.7%	-5.5%	0.4%
PPL Corporation	PPL	$26.43	-1.3%	-11.0%	-12.1%	6.6%	-21.4%	26.7%
AES Corporation	AES	$21.11	-8.7%	-4.8%	-13.1%	3.4%	18.1%	37.6%
NextEra Energy, Inc.	* NEE	$77.16	-16.3%	-1.2%	-17.4%	21.0%	27.4%	39.3%

Source: FactSet and Vertical Research Partners. Note: ++ = VRP Top Pick; + = VRP Buy-Rated; * = VRP Coverage. Sections ranked by YTD Performance.

Figure 9: Utilities & Power – 52-Week Ranges

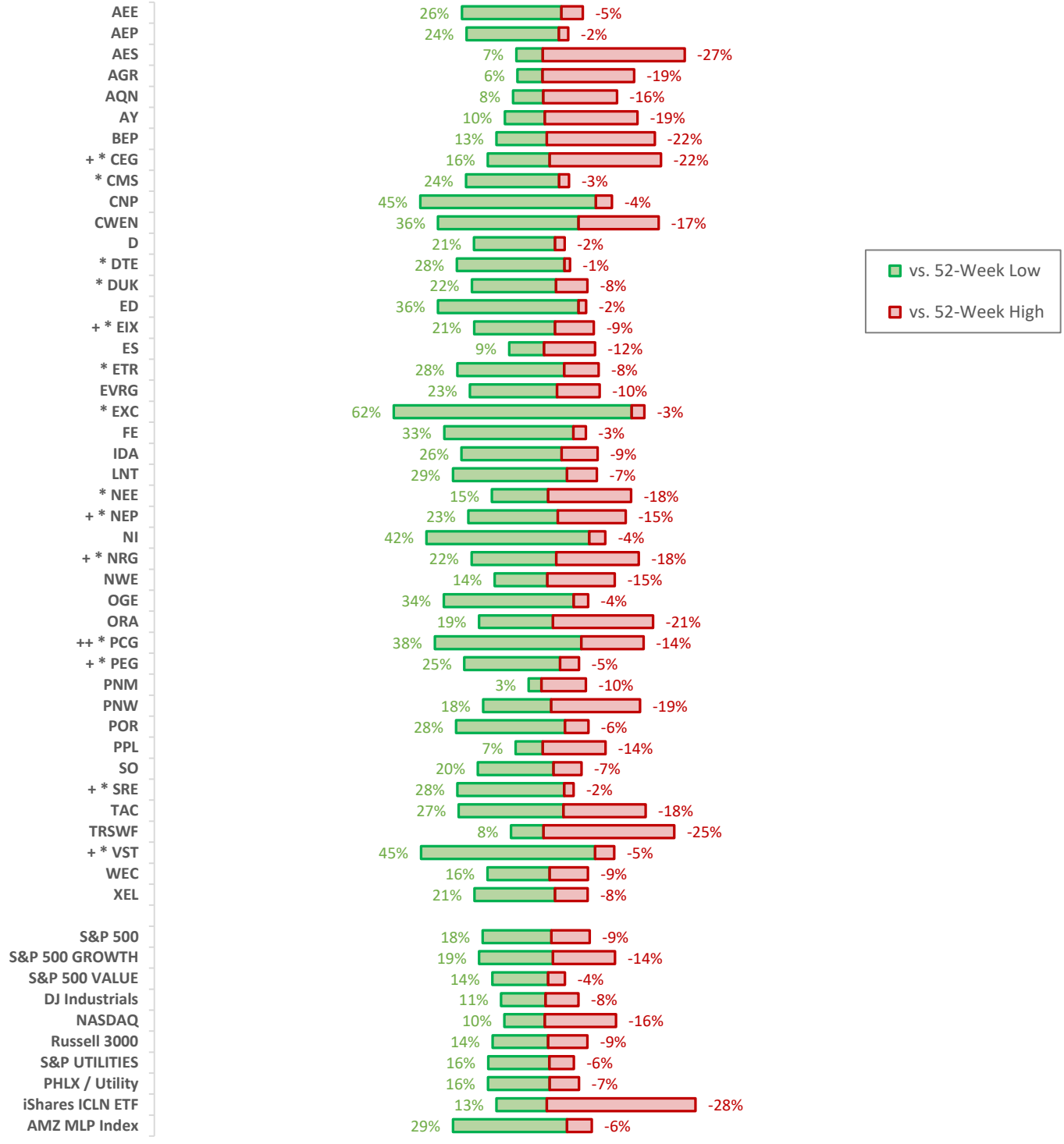

Source: FactSet and Vertical Research Partners. Notes: Based 52-Week Intra-Day Highs and Lows. ++ = VRP Top Pick; + = VRP Buy-Rated; * = VRP Coverage.

Figure 10: Utilities & Power – Coverage, Price Targets and Valuation Summary

VERTICAL RESEARCH UTILITIES & POWER	Primary Ticker	VRP Rating	Price 2/25/22	Target Price	Target Return	Yield 2022E	TSR 2022E	P/E 2024E Actual	P/E 2024E Target	Yield 2024E Actual	Yield 2024E Target	4M Performance Absolute	4M Performance vs. S&P Utils	VRP Summary Valuation Approach
Constellation Energy	CEG	Buy	$43.91	$60	36.6%	1.3%	37.9%	10.5x	14.3x	1.5%	1.1%			Average of EV/EBITDA @ 6x on 2024E base and 12-13% FCF yield target; 2024E share count projected @ 326M; ~$1.50 for nuclear PTC potential @ 20% probability
CMS Energy	CMS	Hold	$64.14	$68	6.0%	2.9%	8.9%	18.8x	19.9x	3.2%	3.0%			Target 2024E regulated P/E plus 17-18% premium for superior execution, consistent growth, regulated pure-play and energy transition narrative
DTE Energy	DTE	Hold	$121.95	$129	5.8%	2.9%	8.7%	18.5x	19.5x	3.3%	3.1%			Weighted average of 75% consolidated P/E @ 15% premium ($129) and 25% SOTP ($128.75) with Utilities @ 17-18% P/E premium; DTE Vantage @ 15x P/E; Energy Trading @ 8x P/E
Duke Energy	DUK	Hold	$100.22	$110	9.8%	4.0%	13.7%	16.4x	18.0x	4.2%	3.8%			Segment 2024E P/E with Elec and Gas Utilities & Infrastructure @ 7-8% premium to average target 17x multiple; Commercial Renewables @ discount to utility multiple (15x)
Edison International	EIX	Buy	$62.35	$72	15.5%	4.5%	20.0%	12.6x	14.5x	5.0%	4.3%			Target 2024E regulated P/E less 15% discount for California regulatory and wildfire overhangs; estimates include $1.4B of new equity @ $66 (i.e. below target) issue price for 2022E-2024E
Entergy	ETR	Hold	$105.58	$117	10.8%	3.9%	14.7%	14.9x	16.5x	4.4%	3.9%			Target 2024E regulated P/E with 2-3% discount; Gulf Coast storm and regulatory risk tempers visible utility growth and industrial economy decarbonization growth opportunities
Exelon	EXC	Hold	$42.60	$45	5.6%	3.2%	8.8%	16.7x	17.6x	3.6%	3.4%			Target 2024E regulated P/E with 2-3% average premium applied across ComEd, PECO, BGE and PHI on average regulated P/E target multiple of 17x 2024E
NextEra Energy	NEE	Hold	$77.16	$88	14.0%	2.2%	16.2%	23.6x	26.9x	2.6%	2.3%			FL utilities on 35% premium ($45), NEER on 25x-30x P/E ($43), weighted avg. for Corporate (-$6); includes earnings on $5B dry powder with 12% A-T return and 70% success factor ($5) with no pro forma equity units adj. (all converted by 2023)
NextEra Energy Partners	NEP	Buy	$75.53	$86	13.9%	3.9%	17.8%	NM	NM	5.1%	4.5%			Average of target yield (5.5% 2024E CAFD; 4.25% dividend) and SOTP @ 13.5x EBITDA; CEPF financings included in debt with CAFD portfolio sweep allocations added back to EBITDA
NRG Energy	NRG	Buy	$37.99	$49	29.0%	3.7%	32.7%	7.7x	9.9x	4.3%	3.3%			Average of EV/EBITDA @ 5.75x on 2024E pro forma incl. Direct Energy and 15% free cash flow yield target; 12% equity return and 5.75x on growth allocation; 2024E shares projected @ 207M; ~$0.50 for nuclear PTC upside potential
PG&E Corp.	PCG	Buy	$11.36	$17	49.6%	0.0%	49.6%	8.6x	12.9x	0.0%	0.0%			Target 2024E regulated P/E less 25% discount for California regulatory and wildfire overhangs; absence of dividend; poor execution track record and Victims Trust overhang; 2022+ equity @ $10/sh
PSEG	PEG	Buy	$64.87	$73	12.5%	3.3%	15.9%	16.6x	18.7x	3.7%	3.3%			Avg. of hybrid SOTP ($71) with utility @ 12.5% premium and consolidated P/E ($74) @ 10% premium; Power @ base 6x EBITDA with ZECs @ 1x discount; ~$0.50 nuclear PTC upside @ 20% probability
Sempra	SRE	Buy	$141.44	$158	11.7%	3.2%	14.9%	15.2x	17.0x	3.6%	3.2%			SOTP with CA Utils @ 5-10% discount to avg. regulated P/E target; TX Utils (Oncor) @ 10% premium; Sempra Infrastructure Partners (Mexico & LNG) @ 10-15% discount to KKR/ADIA private sales
Vistra Corp.	VST	Buy	$21.90	$30	37.0%	3.2%	40.2%	9.3x	12.7x	3.8%	2.8%			Average of EV/EBITDA @ 5.5x on 2024E base and 15% FCF yield target; 12% equity return and 5.5x assumed on growth capital allocation; 2024E share count projected @ 364M; ~$0.50 for nuclear PTC potential @ 20% probability

Source: FactSet and Vertical Research Partners

Figure 11: Price Target Total Return Ranking

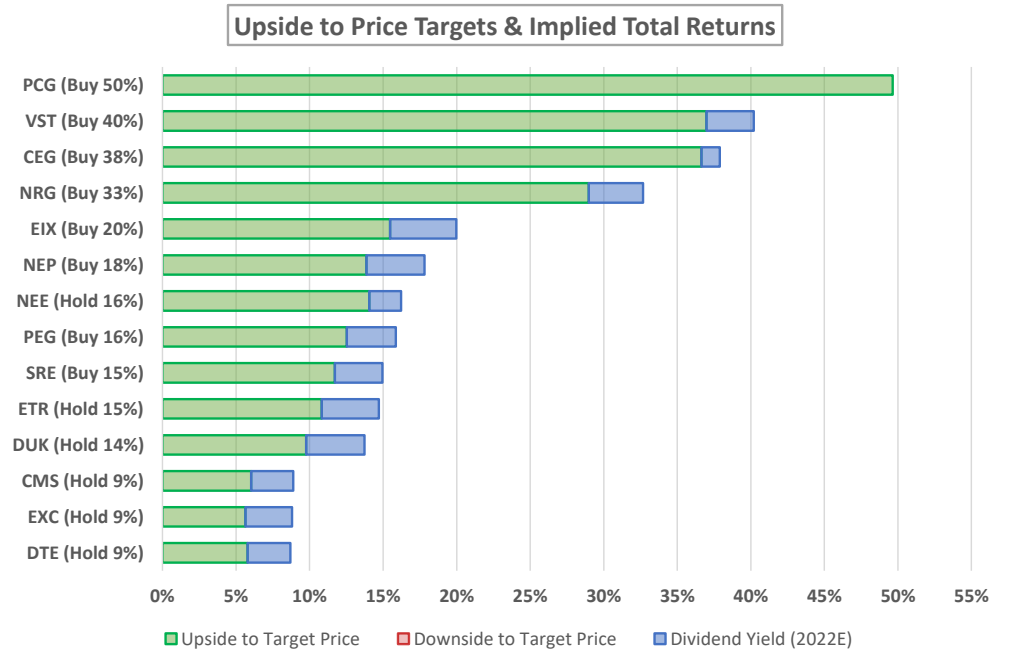

Source: FactSet and Vertical Research Partners. Note: Ranked by implied Total Return shown in parentheses.

Figure 12: Regulated & Hybrid Consensus Multiple Ranking

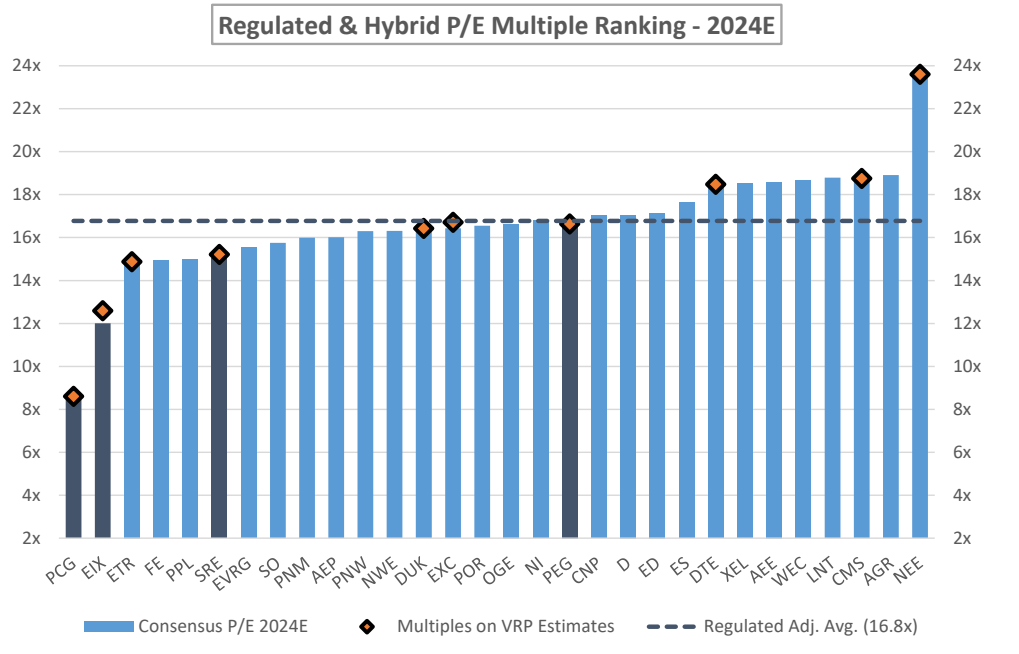

Source: Company Reports and Vertical Research Partners. Note: Regulated Adjusted Average excludes NEE and PCG.

Figure 13: Vertical Research Partners – Utilities & Power Valuation Comp Sheet (1)

VERTICAL RESEARCH PARTNERS	Primary	Price	VRP	VRP Target Price			52-Week		M. Cap.	EPS				P/E				P/E Premium		Dividend Yield		Payout Ratio		Latest
UTILITIES & POWER	Ticker	2/25/22	Rating	Target	Return	TSR '22	Low	High	($Mn.)	2021	2022	2023	2024	2021	2022	2023	2024	2023	2024	2021	2022	2021	2022	P/BV
MOSTLY REGULATED																								
CMS Energy	CMS	$64.14	Hold	$68	6.0%	8.9%	$53.19	$65.79	18,588	2.65	2.87	3.15	3.42	24.2x	22.3x	20.4x	18.8x	14%	12%	2.7%	2.9%	66%	64%	3.2x
DTE Energy	DTE	$121.95	Hold	$129	5.8%	8.7%	$98.43	$123.74	23,628	5.99	5.90	6.15	6.60	20.4x	20.7x	19.8x	18.5x	11%	10%	3.3%	2.9%	68%	60%	2.8x
Duke Energy	DUK	$100.22	Hold	$110	9.8%	13.7%	$85.56	$108.38	77,069	5.24	5.45	5.75	6.10	19.1x	18.4x	17.4x	16.4x	-3%	-2%	3.9%	4.0%	74%	73%	1.6x
Edison International	EIX	$62.35	Buy	$72	15.5%	20.0%	$53.92	$68.62	23,717	4.59	4.30	4.60	4.95	13.6x	14.5x	13.6x	12.6x	-24%	-25%	4.3%	4.5%	58%	65%	1.7x
Entergy	ETR	$105.58	Hold	$117	10.8%	14.7%	$85.78	$115.02	21,396	6.02	6.30	6.70	7.10	17.5x	16.8x	15.8x	14.9x	-12%	-12%	3.7%	3.9%	64%	65%	1.9x
Exelon	EXC	$42.60	Hold	$45	5.6%	8.8%	$27.35	$44.02	41,676	2.80	2.25	2.40	2.55	15.2x	18.9x	17.8x	16.7x	-1%	-1%	3.6%	3.2%	55%	60%	1.2x
NextEra Energy	NEE	$77.16	Hold	$88	14.0%	16.2%	$68.33	$93.73	151,398	2.55	2.82	3.05	3.27	30.3x	27.4x	25.3x	23.6x	41%	40%	2.0%	2.2%	60%	60%	4.1x
PG&E Corp.	PCG	$11.36	Buy	$17	49.6%	49.6%	$8.24	$13.19	22,554	1.08	1.08	1.20	1.32	10.5x	10.5x	9.5x	8.6x	-47%	-49%	0.0%	0.0%	0%	0%	1.1x
Sempra	SRE	$141.44	Buy	$158	11.7%	14.9%	$114.66	$144.93	45,119	8.35	8.40	8.75	9.30	16.9x	16.8x	16.2x	15.2x	-10%	-10%	3.1%	3.2%	52%	55%	1.9x
Ameren	AEE	$86.03	--	--	--	--	$70.25	$90.77	22,172	3.84	4.05	4.34	4.63	22.4x	21.2x	19.8x	18.6x	11%	10%	2.5%	2.7%	57%	58%	2.3x
American Electric Power	AEP	$89.46	--	--	--	--	$74.80	$91.66	45,057	4.74	4.97	5.25	5.59	18.9x	18.0x	17.0x	16.0x	-5%	-5%	3.4%	3.5%	64%	64%	2.0x
Avangrid	AGR	$44.93	--	--	--	--	$42.20	$55.57	17,369	2.18	2.10	2.18	2.38	20.6x	21.4x	20.6x	18.9x	15%	12%	3.9%	4.0%	80%	85%	0.9x
CenterPoint Energy	CNP	$27.38	--	--	--	--	$19.31	$28.52	17,220	1.64	1.38	1.48	1.61	16.7x	19.8x	18.5x	17.0x	3%	1%	2.4%	2.5%	40%	50%	2.0x
Dominion Energy	D	$79.69	--	--	--	--	$67.85	$81.67	64,549	3.86	4.12	4.38	4.67	20.6x	19.4x	18.2x	17.1x	2%	1%	3.2%	3.4%	66%	65%	2.6x
Consolidated Edison	ED	$85.94	--	--	--	--	$65.56	$87.67	30,430	4.39	4.48	4.75	5.01	19.6x	19.2x	18.1x	17.1x	1%	2%	3.6%	3.7%	71%	71%	1.5x
Eversource Energy	ES	$81.81	--	--	--	--	$76.64	$92.66	28,179	3.86	4.10	4.38	4.64	21.2x	19.9x	18.7x	17.6x	4%	5%	2.9%	3.1%	62%	62%	1.9x
Evergy	EVRG	$62.55	--	--	--	--	$52.87	$69.45	14,343	3.54	3.54	3.77	4.03	17.7x	17.7x	16.6x	15.5x	-7%	-8%	3.4%	3.7%	61%	65%	1.5x
FirstEnergy	FE	$41.36	--	--	--	--	$32.27	$42.69	23,589	2.60	2.43	2.58	2.77	15.9x	17.0x	16.0x	14.9x	-11%	-11%	3.8%	3.8%	60%	64%	2.7x
IDACORP	IDA	$104.47	--	--	--	--	$85.30	$114.19	5,278	4.85	5.00	5.12	5.30	21.5x	20.9x	20.4x	19.7x	14%	17%	2.8%	2.9%	59%	61%	2.0x
Alliant Energy	LNT	$57.87	--	--	--	--	$45.99	$62.35	14,488	2.63	2.75	2.90	3.08	22.0x	21.1x	20.0x	18.8x	11%	12%	2.8%	3.0%	61%	62%	2.4x
NiSource	NI	$28.98	--	--	--	--	$21.11	$30.19	11,381	1.37	1.45	1.54	1.72	21.2x	20.0x	18.8x	16.8x	5%	0%	3.0%	3.2%	64%	65%	2.2x
NorthWestern	NWE	$60.28	--	--	--	--	$53.66	$70.80	3,260	3.51	3.32	3.56	3.70	17.2x	18.1x	16.9x	16.3x	-6%	-3%	4.1%	4.2%	71%	76%	1.4x
OGE Energy	OGE	$37.18	--	--	--	--	$29.18	$38.57	7,443	2.36	2.07	2.12	2.23	15.8x	18.0x	17.6x	16.6x	-2%	-1%	4.4%	4.5%	69%	80%	2.0x
PNM Resources	PNM	$44.93	--	--	--	--	$43.84	$50.11	3,857	2.45	2.54	2.67	2.81	18.3x	17.7x	16.8x	16.0x	-6%	-5%	2.9%	3.1%	53%	54%	1.8x
Pinnacle West Capital	PNW	$71.99	--	--	--	--	$62.78	$88.54	8,122	5.47	3.96	4.15	4.42	13.2x	18.2x	17.3x	16.3x	-3%	-3%	4.6%	4.8%	61%	87%	1.3x
Portland General Electric	POR	$50.77	--	--	--	--	$41.01	$53.84	4,540	2.72	2.83	2.95	3.07	18.7x	18.0x	17.2x	16.5x	-4%	-2%	3.3%	3.5%	62%	63%	1.7x
PPL Corporation	PPL	$26.43	--	--	--	--	$25.55	$30.72	19,841	1.05	1.54	1.70	1.76	25.2x	17.2x	15.5x	15.0x	-13%	-11%	6.1%	4.0%	154%	68%	1.4x
Southern Company	SO	$65.04	--	--	--	--	$56.69	$69.77	68,957	3.41	3.55	3.80	4.13	19.1x	18.3x	17.1x	15.8x	-5%	-6%	4.0%	4.2%	77%	77%	2.6x
WEC Energy	WEC	$90.85	--	--	--	--	$80.55	$99.86	28,657	4.11	4.30	4.58	4.87	22.1x	21.1x	19.8x	18.6x	11%	11%	3.0%	3.2%	66%	68%	2.6x
Xcel Energy	XEL	$67.23	--	--	--	--	$57.23	$72.94	36,588	2.96	3.18	3.41	3.63	22.7x	21.2x	19.7x	18.5x	10%	10%	2.7%	2.9%	62%	61%	2.3x
AVERAGE - SIMPLE									**900,466**					**19.3x**	**19.0x**	**17.9x**	**16.8x**			**3.3%**	**3.3%**	**64%**	**64%**	**2.0x**
LESS REGULATED & IPPs																								
Constellation Energy	CEG	$43.91	Buy	$60	36.6%	37.9%	$38.00	$56.57	14,315	1.95	1.29	3.78	4.20	22.5x	34.0x	11.6x	10.5x	-35%	-38%	--	1.3%	--	43%	NA
NRG Energy	NRG	$37.99	Buy	$49	29.0%	32.7%	$31.94	$46.10	9,299	11.21	2.98	4.10	4.95	3.4x	12.7x	9.3x	7.7x	-48%	-54%	3.4%	3.7%	12%	47%	2.3x
PSEG	PEG	$64.87	Buy	$73	12.5%	15.9%	$53.77	$68.06	32,694	3.62	3.40	3.65	3.90	17.9x	19.1x	17.8x	16.6x	-1%	-1%	3.1%	3.3%	56%	64%	2.3x
Vistra Corp.	VST	$21.90	Buy	$30	37.0%	40.2%	$15.47	$24.01	9,829	(2.69)	1.20	1.82	2.35	NM	18.3x	12.1x	9.3x	-33%	-45%	2.7%	3.2%	NM	59%	1.6x
AES Corporation	AES	$21.11	--	--	--	--	$19.76	$28.86	14,074	1.52	1.63	1.78	1.94	13.9x	12.9x	11.9x	10.9x	-34%	-35%	2.9%	3.1%	40%	40%	5.8x
Algonquin Power & Utilities	AQN	$14.26	--	--	--	--	$13.39	$16.98	9,581	0.70	0.75	0.82	0.87	20.4x	19.1x	17.4x	16.3x	-3%	-3%	4.7%	5.0%	96%	96%	1.8x
Ormat Technologies	ORA	$71.82	--	--	--	--	$60.32	$98.76	4,022	1.10	1.40	1.86	2.21	65.3x	51.2x	38.7x	32.5x	116%	93%	0.7%	0.7%	44%	34%	2.2x
TransAlta Corporation	TAC	$10.00	--	--	--	--	$7.96	$12.13	2,710	(3.52)	0.27	0.07	0.15	NM	36.5x	NM	65.2x	--	288%	1.4%	1.6%	NM	57%	5.0x
AVERAGE - SIMPLE									**96,525**					**23.9x**	**25.5x**	**17.0x**	**21.1x**			**2.7%**	**2.7%**	**50%**	**55%**	**3.0x**
YIELDCO & INFRASTRUCTURE										**CAFD per Share**				**CAFD Yield**				**CAFD Yld Rel.**		**Dividend Yield**		**CAFD Payout**		**P/BV**
NextEra Energy Partners	NEP	$75.53	Buy	$86	13.9%	17.8%	$63.50	$88.80	13,999	3.27	3.77	4.14	4.41	4.3%	5.0%	5.5%	5.8%	60	105	3.4%	3.9%	80%	79%	6.0x
Atlantica Sustainable Infra.	AY	$33.32	--	--	--	--	$30.20	$41.32	3,693	2.02	2.21	2.35	2.49	6.1%	6.6%	7.1%	7.5%	(98)	(57)	5.2%	5.5%	86%	82%	2.4x
Brookfield Renewable Partners	BEP	$34.63	--	--	--	--	$30.93	$44.30	9,615	1.34	1.41	1.51	1.73	3.9%	4.1%	4.4%	5.0%	173	191	3.5%	3.7%	91%	91%	3.0x
Clearway Energy	CWEN	$32.92	--	--	--	--	$24.93	$39.75	6,643	1.57	1.89	1.70	2.20	4.8%	5.7%	5.2%	6.7%	92	20	4.0%	4.3%	85%	75%	2.2x
TransAlta Renewables	TRSWF	$13.45	--	--	--	--	$12.52	$18.00	3,590	1.08	0.99	1.13	1.28	8.0%	7.4%	8.4%	9.5%	(228)	(259)	7.0%	7.0%	87%	95%	2.2x
AVERAGE - SIMPLE									**37,539**					**5.4%**	**5.8%**	**6.1%**	**6.9%**			**4.6%**	**4.9%**	**86%**	**85%**	**3.1x**

Source: FactSet and Vertical Research Partners

Figure 14: Vertical Research Partners – Utilities & Power Valuation Comp Sheet (2)

VERTICAL RESEARCH PARTNERS	Consensus EPS				Consensus P/E				EBITDA			EV/EBITDA			FCF Yield		ROCE		Net Debt: Cap.		Net Debt: EBITDA		FFO: Debt	
UTILITIES & POWER	**2021**	**2022**	**2023**	**2024**	**2021**	**2022**	**2023**	**2024**	**2021**	**2022**	**2023**	**2020**	**2021**	**2022**	**2021**	**2022**	**2020**	**2021**	**2020**	**2021Q3**	**2020**	**2021Q3**	**2020**	**2021**
MOSTLY REGULATED																								
CMS Energy	2.65	2.87	3.13	3.40	24.2x	22.3x	20.5x	18.8x	2,465	2,657	2,877	13.6x	11.7x	10.8x	-1.4%	-1.7%	5.5%	5.1%	71%	65%	6.1x	4.7x	8.4%	14.4%
DTE Energy	5.99	5.93	6.27	6.64	20.4x	20.6x	19.5x	18.4x	3,236	3,474	3,767	13.2x	11.9x	10.9x	-3.0%	-3.5%	5.5%	5.6%	59%	67%	5.9x	5.1x	19.0%	17.4%
Duke Energy	5.24	5.46	5.76	6.13	19.1x	18.3x	17.4x	16.4x	11,304	12,271	13,288	12.3x	11.5x	10.6x	-1.7%	-2.8%	4.2%	4.1%	56%	55%	5.5x	5.2x	14.1%	12.8%
Edison International	4.59	4.54	4.86	5.19	13.6x	13.7x	12.8x	12.0x	5,412	5,003	5,481	8.6x	10.1x	9.2x	-23.2%	-13.1%	4.6%	4.8%	59%	61%	4.2x	5.3x	5.5%	0.0%
Entergy	6.02	6.34	6.73	7.11	17.5x	16.7x	15.7x	14.9x	3,931	4,238	4,502	11.1x	10.9x	10.2x	-17.7%	-1.4%	4.1%	4.3%	63%	66%	5.7x	5.8x	11.2%	9.0%
Exelon	2.18	2.28	2.41	2.59	19.5x	18.7x	17.7x	16.4x	8,959	7,243	7,679	8.7x	11.1x	10.5x	-6.8%	-3.4%	4.3%	4.2%	49%	51%	4.1x	5.3x	11.4%	12.5%
NextEra Energy	2.55	2.80	3.02	3.26	30.3x	27.6x	25.5x	23.7x	10,448	11,533	12,129	19.0x	17.9x	17.0x	-5.4%	-2.8%	5.4%	5.3%	51%	55%	4.5x	4.7x	16.6%	13.6%
PG&E Corp.	1.08	1.10	1.23	1.35	10.5x	10.4x	9.3x	8.4x	7,077	8,712	9,401	8.9x	7.5x	6.9x	-24.1%	-9.7%	4.7%	4.3%	65%	67%	5.7x	4.9x	--	5.3%
Sempra	8.43	8.46	8.91	9.43	16.8x	16.7x	15.9x	15.0x	6,976	7,519	8,026	11.1x	10.7x	10.1x	-4.3%	-2.9%	7.8%	8.3%	66%	70%	4.7x	4.7x	10.7%	14.8%
Ameren	3.84	4.05	4.34	4.63	22.4x	21.2x	19.8x	18.6x	2,617	2,907	3,156	13.7x	12.3x	11.3x	-3.3%	-4.7%	4.4%	NA	58%	58%	5.2x	4.7x	12.7%	16.3%
American Electric Power	4.74	4.97	5.25	5.59	18.9x	18.0x	17.0x	16.0x	6,407	6,783	7,185	7.0x	12.0x	11.3x	-3.3%	-4.8%	4.0%	4.6%	NA	60%	NA	5.3x	--	13.4%
Avangrid	2.18	2.10	2.18	2.38	20.6x	21.4x	20.6x	18.9x	2,105	2,171	2,363	11.7x	11.3x	10.4x	-6.6%	-4.9%	2.7%	2.6%	26%	26%	3.4x	3.3x	14.8%	20.8%
CenterPoint Energy	1.64	1.38	1.48	1.61	16.7x	19.8x	18.5x	17.0x	2,868	2,918	3,116	11.4x	11.2x	10.4x	-12.2%	-6.5%	4.1%	NA	58%	58%	5.3x	5.3x	12.2%	6.3%
Dominion Energy	3.86	4.12	4.38	4.67	20.6x	19.4x	18.2x	17.1x	6,902	8,057	8,658	15.3x	8.0x	7.5x	0.5%	-1.2%	4.9%	NA	58%	NA	5.9x	NA	12.7%	--
Consolidated Edison	4.39	4.48	4.75	5.01	19.6x	19.2x	18.1x	17.1x	4,879	5,076	5,333	11.2x	10.8x	10.2x	-5.3%	-1.6%	4.8%	4.8%	53%	53%	5.0x	4.8x	8.7%	9.4%
Eversource Energy	3.86	4.10	4.38	4.64	21.2x	19.9x	18.7x	17.6x	3,348	3,719	3,960	14.5x	13.0x	12.2x	-1.6%	-3.2%	4.9%	4.6%	58%	58%	6.1x	5.4x	8.3%	13.8%
Evergy	3.54	3.54	3.77	4.03	17.7x	17.7x	16.6x	15.5x	2,248	2,322	2,457	11.0x	10.8x	10.2x	0.0%	-0.4%	4.6%	NA	54%	54%	4.6x	4.6x	16.8%	18.3%
FirstEnergy	2.60	2.43	2.58	2.77	15.9x	17.0x	16.0x	14.9x	3,911	3,994	4,225	11.8x	11.6x	10.9x	0.3%	-2.6%	5.5%	6.1%	69%	69%	5.8x	5.7x	5.9%	11.6%
IDACORP	4.85	5.00	5.12	5.30	21.5x	20.9x	20.4x	19.7x	498	511	537	14.2x	13.8x	13.2x	NA	NA	4.4%	NA	38%	38%	3.6x	3.5x	19.4%	--
Alliant Energy	2.63	2.75	2.90	3.08	22.0x	21.1x	20.0x	18.8x	1,511	1,627	1,700	14.8x	13.7x	13.1x	0.9%	0.0%	4.3%	NA	57%	57%	5.2x	4.8x	6.3%	16.2%
NiSource	1.37	1.45	1.54	1.72	21.2x	20.0x	18.8x	16.8x	1,836	2,023	2,236	11.5x	10.4x	9.4x	-4.7%	-8.2%	4.6%	4.8%	58%	58%	5.3x	4.8x	11.2%	14.5%
NorthWestern	3.51	3.32	3.56	3.70	17.2x	18.1x	16.9x	16.3x	463	513	564	12.5x	11.3x	10.3x	NA	-5.7%	3.9%	NA	52%	52%	5.5x	4.9x	13.8%	--
OGE Energy	2.36	2.07	2.12	2.23	15.8x	18.0x	17.6x	16.6x	1,000	1,065	1,130	12.5x	7.0x	6.6x	NA	-0.6%	5.2%	NA	55%	NA	5.0x	NA	14.2%	--
PNM Resources	2.45	2.54	2.67	2.81	18.3x	17.7x	16.8x	16.0x	610	720	798	6.3x	5.4x	4.8x	NA	-2.7%	3.9%	NA	NA	NA	NA	NA	--	--
Pinnacle West Capital	5.47	3.96	4.15	4.42	13.2x	18.2x	17.3x	16.3x	1,601	1,437	1,569	9.4x	10.9x	10.0x	-4.6%	-4.4%	4.2%	NA	55%	55%	4.3x	5.2x	14.0%	13.8%
Portland General Electric	2.72	2.83	2.95	3.07	18.7x	18.0x	17.2x	16.5x	790	870	907	10.1x	9.2x	8.8x	-2.3%	1.1%	4.5%	NA	55%	55%	4.4x	4.0x	15.7%	14.8%
PPL Corporation	1.05	1.54	1.70	1.76	25.2x	17.2x	15.5x	15.0x	2,548	3,090	3,329	10.8x	8.9x	8.3x	1.5%	-4.8%	4.8%	NA	31%	31%	3.0x	2.5x	24.3%	20.1%
Southern Company	3.41	3.55	3.80	4.13	19.1x	18.3x	17.1x	15.8x	9,132	9,859	10,538	13.4x	12.4x	11.6x	0.0%	0.5%	4.5%	4.5%	64%	64%	5.9x	5.4x	12.1%	16.0%
WEC Energy	4.11	4.30	4.58	4.87	22.1x	21.1x	19.8x	18.6x	2,903	3,077	3,278	15.2x	14.4x	13.5x	1.5%	-2.9%	5.2%	4.9%	59%	59%	5.4x	5.1x	14.0%	17.2%
Xcel Energy	2.96	3.18	3.41	3.63	22.7x	21.2x	19.7x	18.5x	4,397	4,862	5,268	13.9x	12.6x	11.6x	-2.3%	-3.6%	4.1%	4.0%	61%	61%	5.6x	5.0x	11.5%	14.2%
AVERAGE - SIMPLE					**19.4x**	**18.9x**	**17.8x**	**16.7x**				**12.0x**	**11.1x**	**10.4x**	**-5.0%**	**-3.5%**	**4.7%**	**4.8%**	**56%**	**56%**	**5.0x**	**4.8x**	**12.8%**	**13.5%**
LESS REGULATED & IPPs																								
Constellation Energy	--	2.68	3.54	4.72	--	16.4x	12.4x	9.3x	--	2,575	2,975	--	5.6x	4.8x	-4.9%	6.0%	--	--	27%	--	NA	NA	9.6%	--
NRG Energy	8.93	3.63	4.58	5.59	4.3x	10.5x	8.3x	6.8x	2,400	2,100	2,300	5.9x	8.3x	7.6x	31.4%	14.0%	11.7%	10.3%	46%	65%	2.0x	3.9x	21.1%	36.9%
PSEG	3.65	3.48	3.68	3.86	17.8x	18.7x	17.6x	16.8x	4,068	3,709	3,972	12.1x	13.7x	12.8x	-3.2%	-0.6%	5.9%	6.7%	50%	53%	4.1x	4.8x	18.0%	9.9%
Vistra Corp.	(1.05)	2.03	2.26	2.86	NM	10.8x	9.7x	7.6x	1,941	3,000	3,200	9.8x	6.9x	6.5x	-12.6%	6.2%	9.2%	0.8%	51%	63%	4.8x	3.7x	34.7%	--
AES Corporation	1.52	1.63	1.78	1.94	13.9x	12.9x	11.9x	10.9x	3,344	3,864	4,133	9.4x	8.3x	7.8x	0.8%	-1.9%	8.6%	NA	76%	74%	5.1x	4.7x	14.7%	10.5%
Algonquin Power & Utilities	0.70	0.75	0.82	0.87	20.4x	19.1x	17.4x	16.3x	1,073	1,352	1,560	13.1x	12.0x	10.4x	-19.7%	-12.4%	2.9%	3.0%	46%	56%	4.1x	5.0x	11.1%	4.8%
Ormat Technologies	1.10	1.40	1.86	2.21	65.3x	51.2x	38.7x	32.5x	401	449	517	13.9x	12.4x	10.8x	-3.6%	-4.6%	5.4%	4.6%	41%	41%	3.9x	3.4x	13.9%	13.6%
TransAlta Corporation	(3.52)	0.27	0.07	0.15	NM	36.5x	NM	65.2x	981	874	835	2.8x	5.5x	5.8x	14.2%	7.1%	-3.0%	6.0%	NA	49%	NA	2.4x	--	25.2%
AVERAGE - SIMPLE					**24.3x**	**22.0x**	**16.6x**	**20.7x**				**9.6x**	**9.1x**	**8.3x**	**0.3%**	**1.7%**	**5.8%**	**5.2%**	**48%**	**57%**	**4.0x**	**4.0x**	**17.6%**	**16.8%**
YIELDCO & INFRASTRUCTURE	**Consensus CAFD**				**Consensus CAFD Yield**				**EBITDA**			**EV/EBITDA**			**FCF Yield**		**ROCE**		**Net Debt: Cap.**		**Net Debt: EBITDA**		**FFO: Debt**	
NextEra Energy Partners	3.34	4.48	5.16	6.25	4.4%	5.9%	6.8%	8.3%	1,360	1,750	1,925	15.3x	12.5x	11.4x	4.0%	6.1%	8.1%	6.1%	62%	64%	5.0x	4.5x	19.6%	17.0%
Atlantica Sustainable Infra.	2.02	2.21	2.35	2.49	6.1%	6.6%	7.1%	7.5%	815	874	928	11.0x	10.4x	9.8x	2.1%	6.1%	3.0%	4.4%	67%	68%	6.4x	6.2x	7.3%	8.9%
Brookfield Renewable Partners	1.34	1.41	1.51	1.73	3.9%	4.1%	4.4%	5.0%	1,876	2,356	2,718	16.2x	12.9x	11.2x	-4.6%	5.6%	1.9%	NA	78%	78%	11.1x	8.8x	6.0%	3.9%
Clearway Energy	1.57	1.89	1.70	2.20	4.8%	5.7%	5.2%	6.7%	1,178	1,217	1,166	11.5x	11.7x	12.3x	7.9%	13.1%	3.6%	2.9%	75%	77%	5.8x	6.3x	7.4%	8.2%
TransAlta Renewables	1.08	0.99	1.13	1.28	8.0%	7.4%	8.4%	9.5%	463	492	519	8.3x	8.3x	7.8x	-14.1%	-7.0%	3.4%	6.0%	10%	21%	0.5x	1.0x	28.6%	50.1%
AVERAGE - SIMPLE					**5.4%**	**5.9%**	**6.4%**	**7.4%**				**12.4x**	**11.2x**	**10.5x**	**-0.9%**	**4.8%**	**4.0%**	**4.9%**	**58%**	**62%**	**5.8x**	**5.4x**	**13.8%**	**17.6%**

Source: FactSet and Vertical Research Partners

Figure 15: S&P Utilities Index (L) and S&P Utilities / S&P 500 Relative (R)

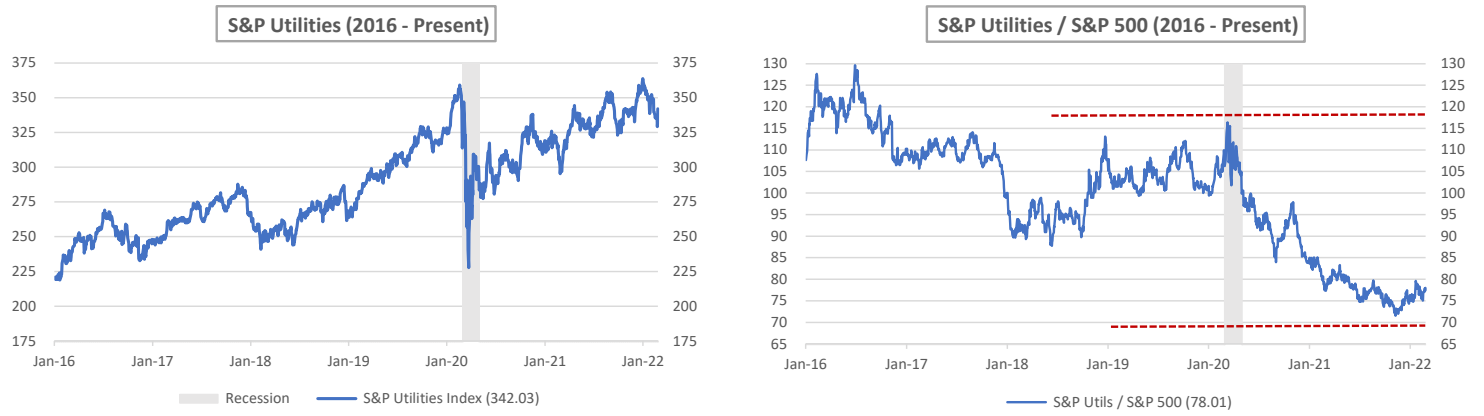

Source: FactSet and Vertical Research Partners

Figure 16: S&P Utilities vs. S&P 500 Second 12M Forward P/E (L) and Utility P/E Premium (R)

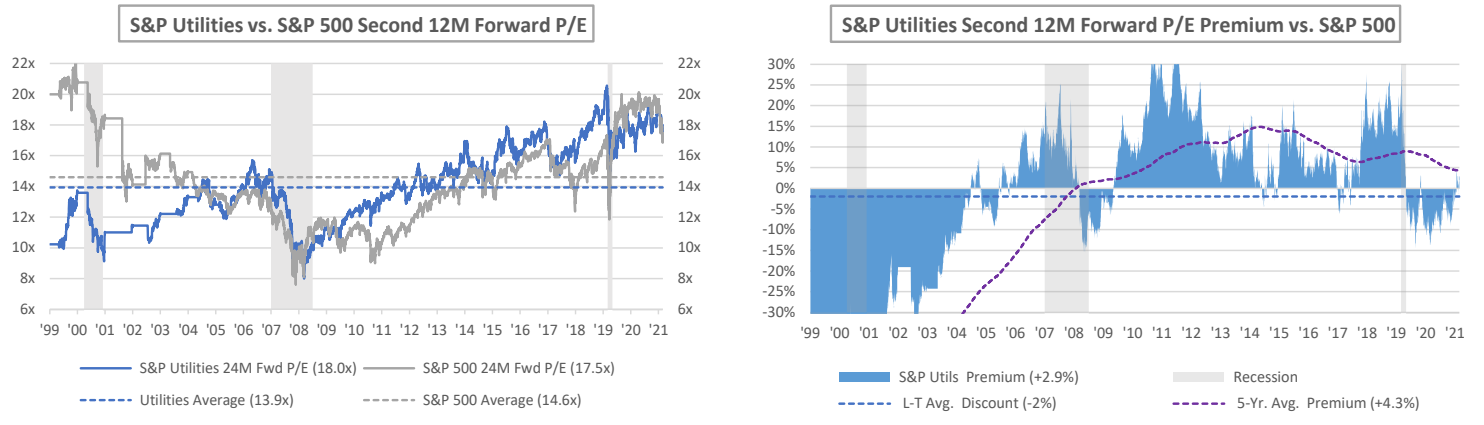

Source: FactSet and Vertical Research Partners

Figure 17: S&P Utilities Dividend Yield Spread vs. 10Y Treasury (L) and Baa Utility Corporate Bonds (R)

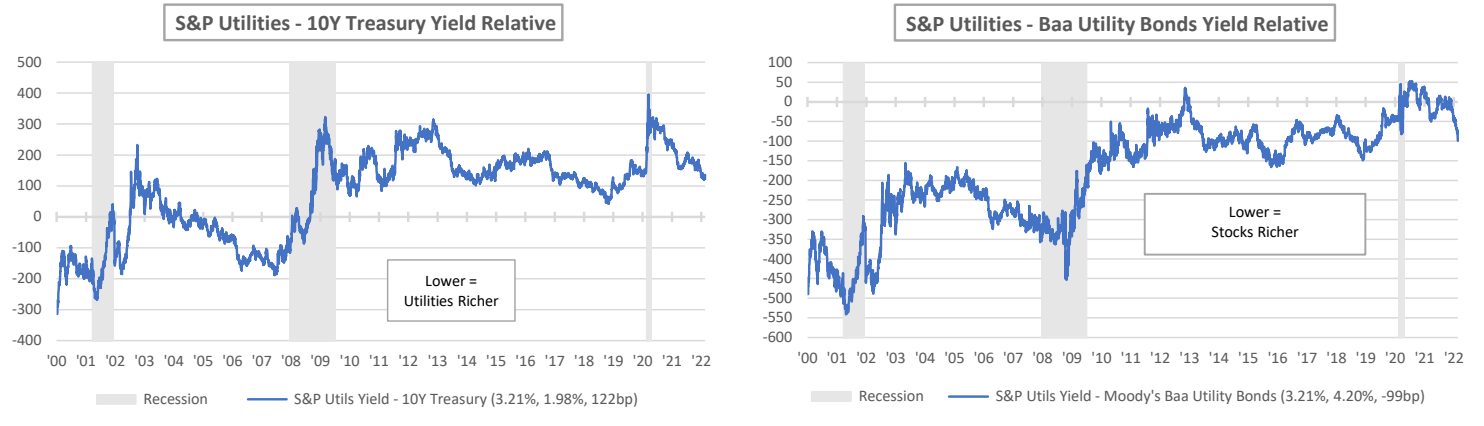

Source: FactSet and Vertical Research Partners. Note: Moody's Baa index as of February 24.

Figure 18: S&P Utilities Relative Performance vs. 10Y Yield (L) and 2Y-10Y Yield Curve (R)

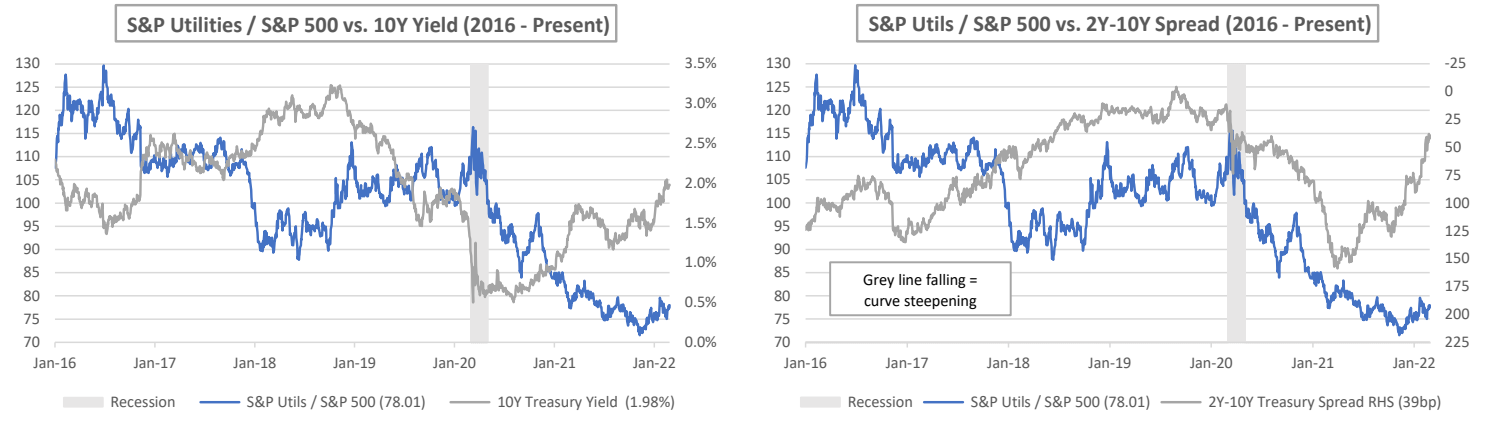

Source: FactSet and Vertical Research Partners

Figure 19: S&P Utilities Relative Performance vs. 10Y TIPS Inflation (L) and DXY US Dollar Index (R)

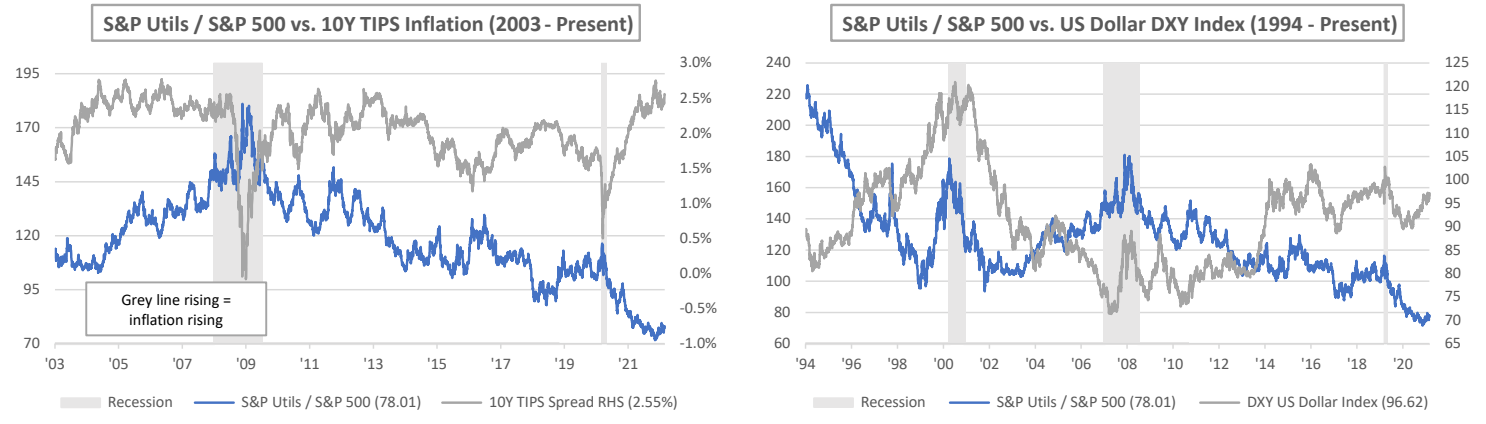

Source: FactSet, Federal Reserve Bank of St. Louis and Vertical Research Partners

Figure 20: S&P Utilities Relative vs. PMI Index (L) and Utility Div. Yield Spread Regression (R)

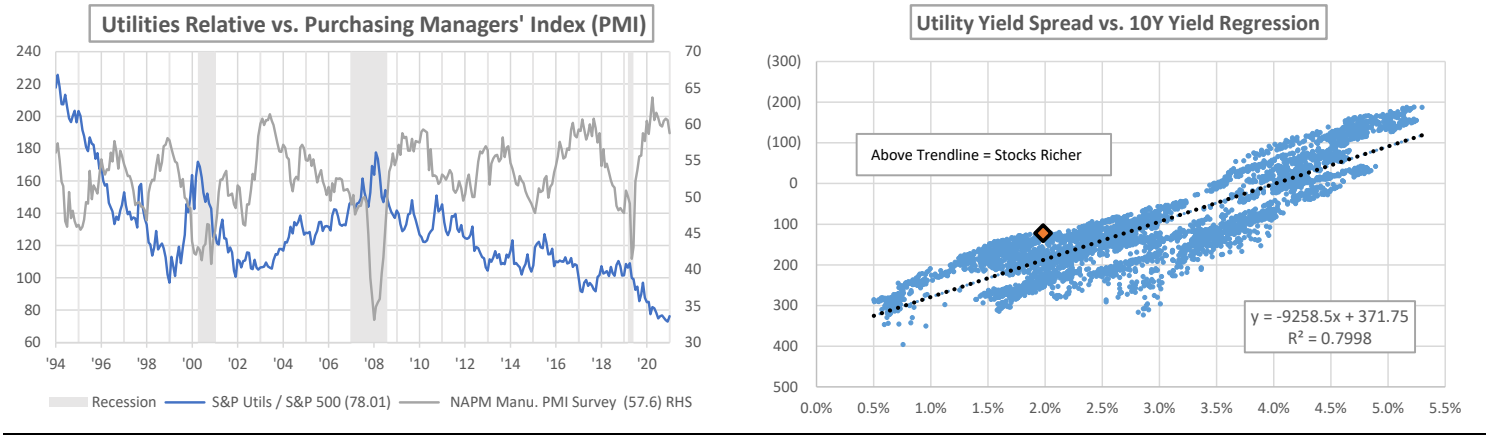

Source: FactSet and Vertical Research Partners

Figure 21: S&P Utilities (L) and S&P 500 (R) Consensus Earnings Estimate Tracker

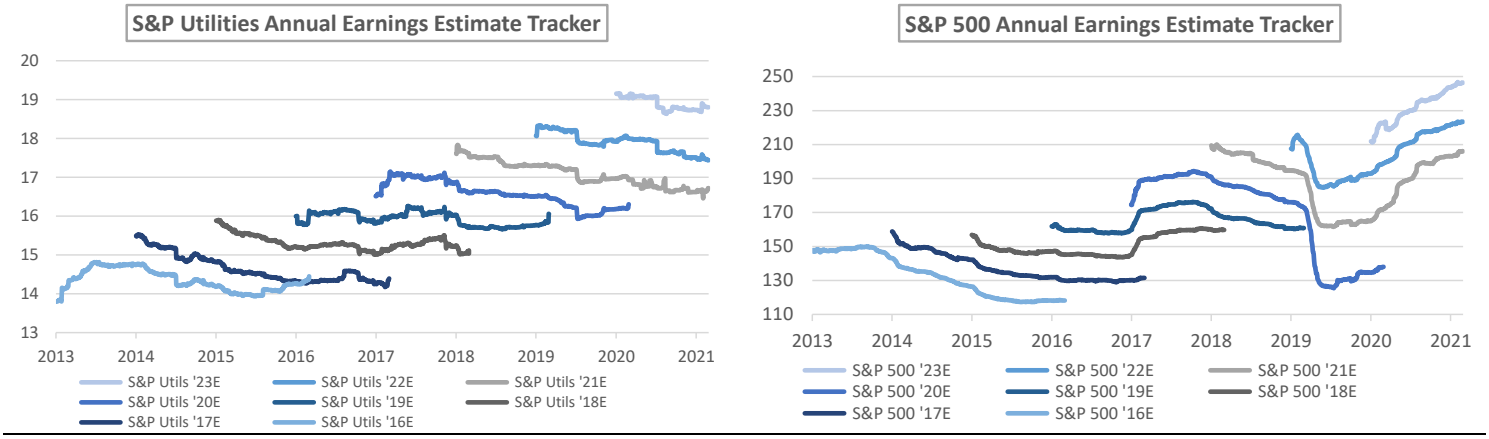

Source: FactSet and Vertical Research Partners

Figure 22: S&P Utilities vs. S&P 500 Annual EPS Growth (L) and 2020-2021 California Baa CCM Band (R)

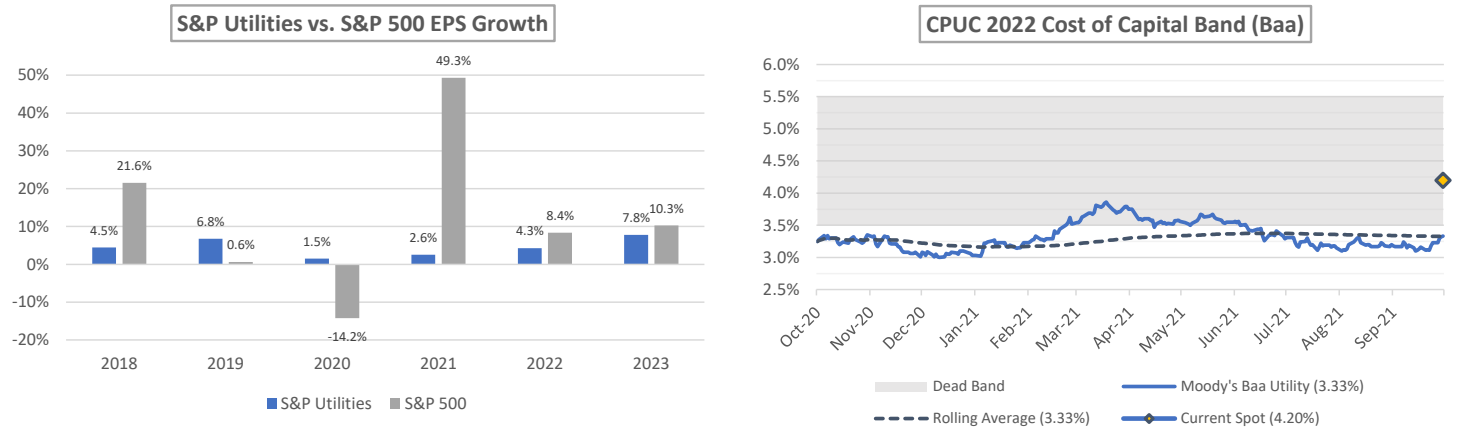

Source: FactSet and Vertical Research Partners. Note: Moody's Baa index and Rolling Average as of September 30, 2021. Current spot rate as of February 24, 2022 shown for reference.

Figure 23: Henry Hub Calendar Year Natural Gas and Monthly Forward Curve Evolution ($/MMBtu)

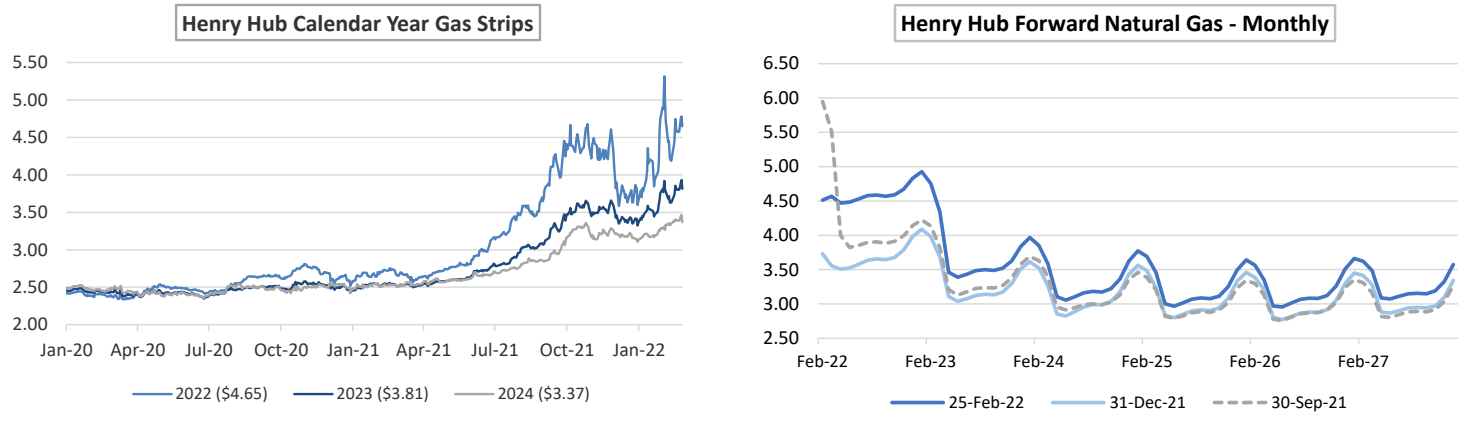

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 24: PJM West ATC Power and Monthly Forward Curve Evolution ($/MWh)

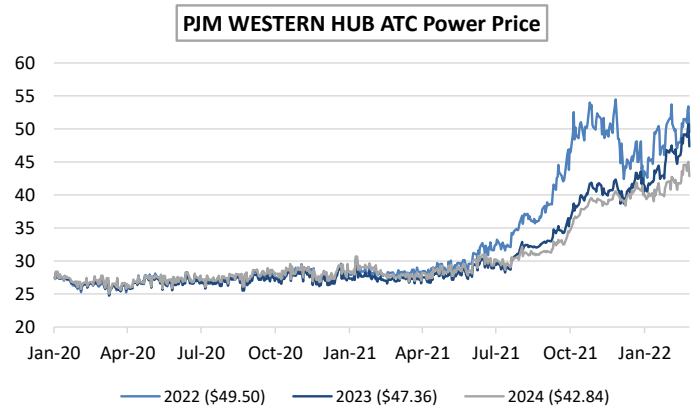

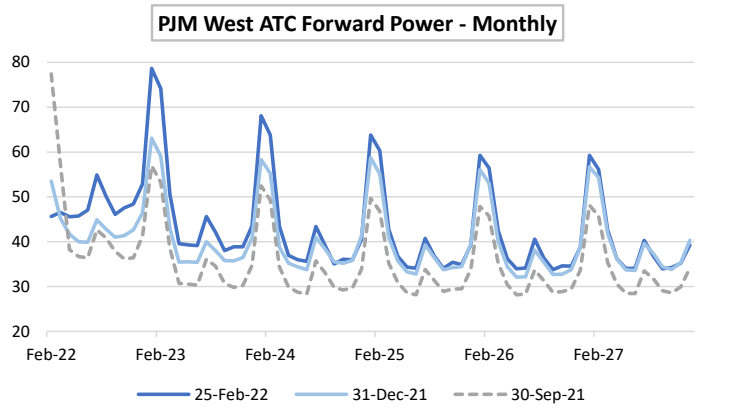

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 25: New York ISO Zone A ATC Power and Monthly Forward Curve Evolution ($/MWh)

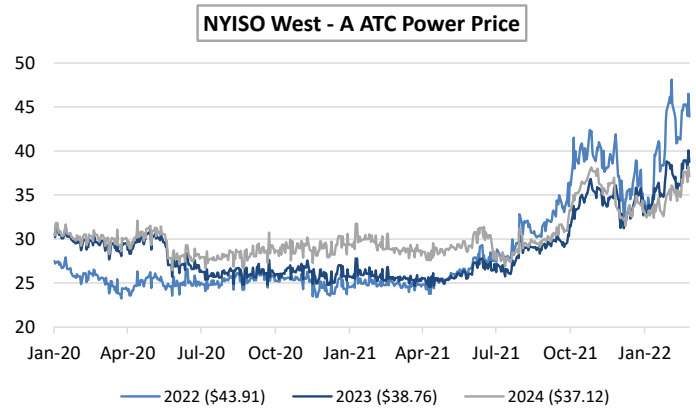

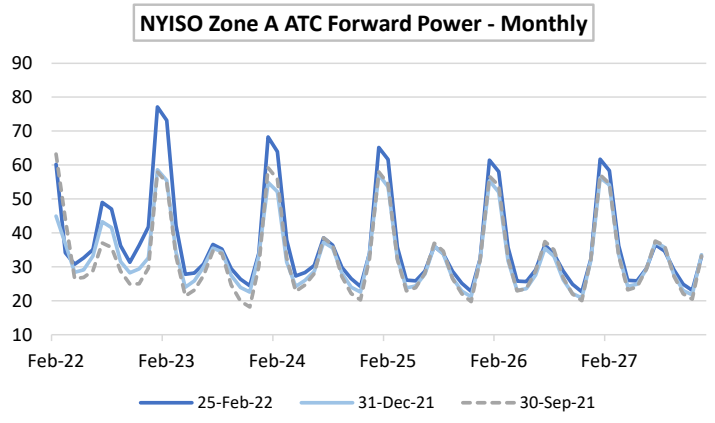

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 26: NEPOOL SE Mass. ATC Power and Monthly Forward Curve Evolution ($/MWh)

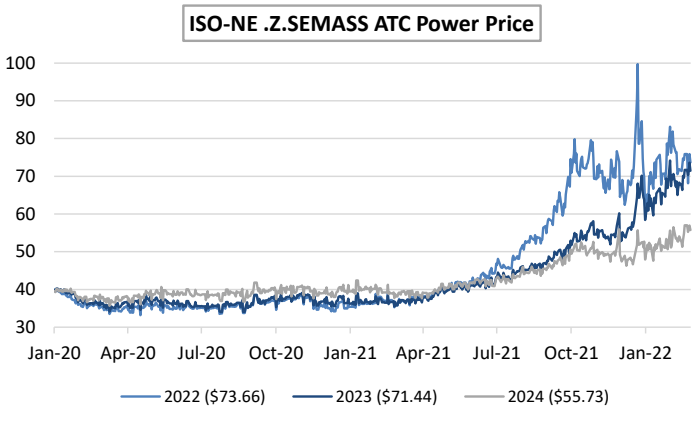

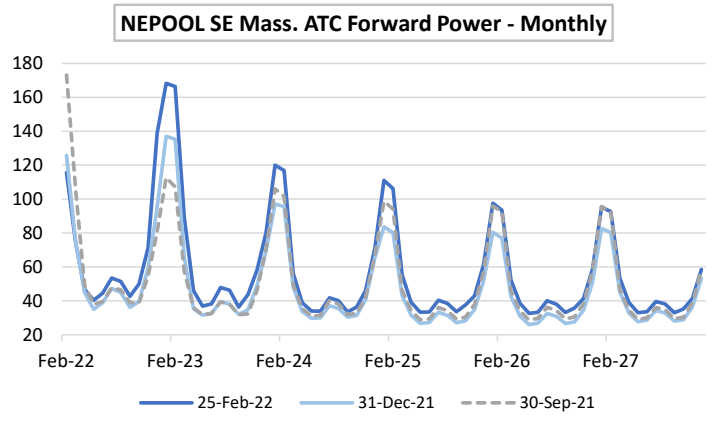

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 27: California ISO NP15 ATC Power and Monthly Forward Curve Evolution ($/MWh)

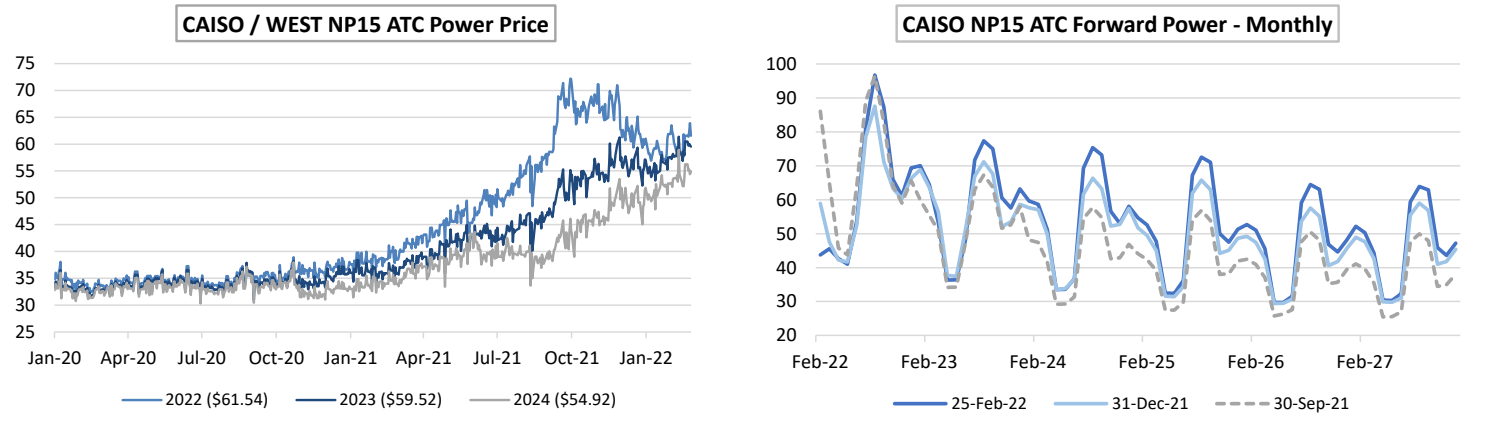

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 28: ERCOT North Zone ATC Power and Monthly Forward Curve Evolution ($/MWh)

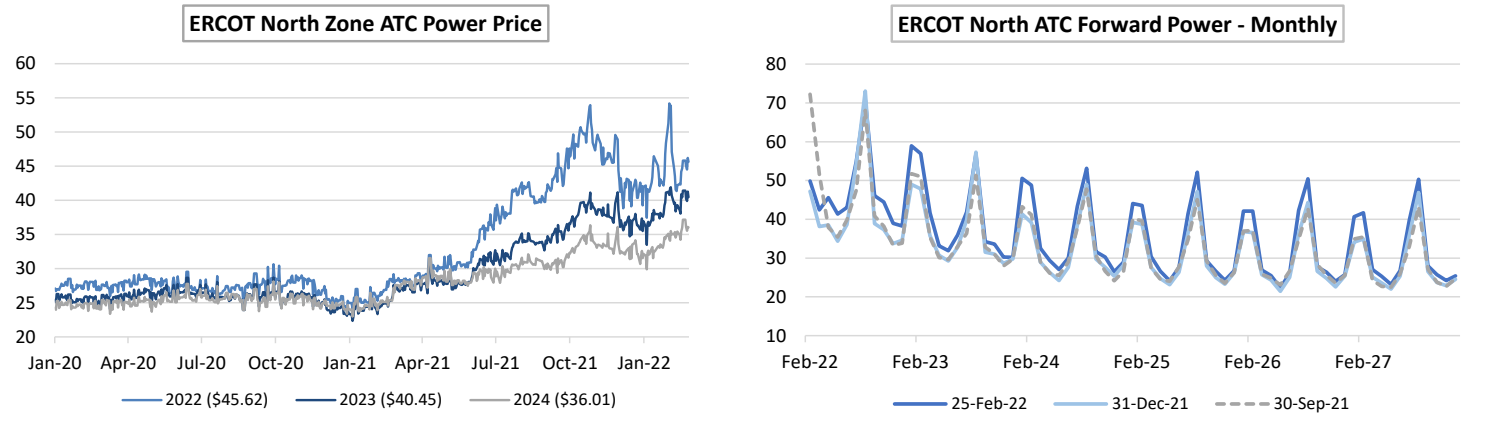

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 29: ERCOT North Zone February 2022 & August 2022 Peak vs. Off-Peak ($/MWh)

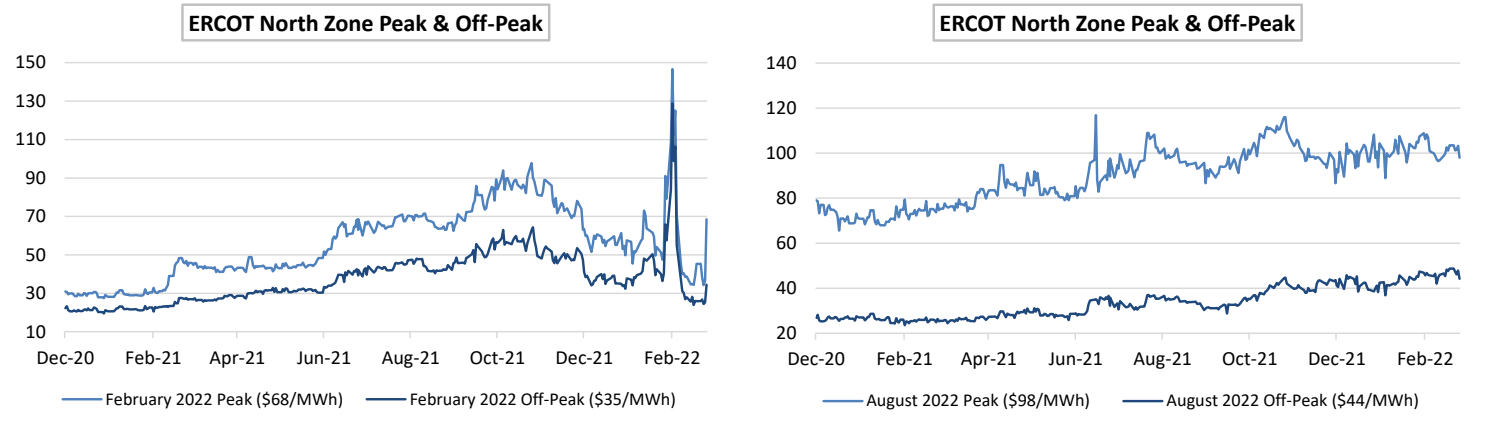

Source: OTC Global Holdings LP and Vertical Research Partners

Figure 30: Power & Gas Forward Prices Weekly Change (Feb 25, 2022 vs. Feb 18, 2022)

	1Q2022	2Q2022	3Q2022	4Q2022	FY2022	FY2023	FY2024	1Q2022 Chg.	2Q2022 Chg.	3Q2022 Chg.	4Q2022 Chg.	FY2022 Chg.	FY2023 Chg.	FY2024 Chg.
NATURAL GAS PRICES ($/MMBtu)														
Henry Hub (NYMEX)	$4.83	$4.49	$4.58	$4.70	$4.65	$3.81	$3.37	$0.05	$0.09	$0.08	$0.08	$0.07	$0.01	($0.02)
Houston Ship Channel	$4.45	$4.31	$4.45	$4.53	$4.43	$3.68	$3.24	$0.02	$0.08	$0.08	$0.03	$0.05	($0.03)	($0.06)
Waha Hub (Permian)	$4.34	$3.81	$3.73	$3.43	$3.83	$2.15	$2.33	$0.09	$0.05	($0.00)	($0.15)	($0.00)	($0.31)	($0.10)
TETCO M3 (PJM West)	$7.50	$3.79	$3.52	$4.31	$4.78	$4.06	$3.50	$0.26	$0.05	$0.05	$0.08	$0.11	$0.04	($0.01)
Transco Z6 NY	$8.99	$3.64	$3.62	$4.79	$5.26	$4.17	$3.82	($0.26)	$0.08	$0.07	$0.07	($0.01)	$0.01	($0.00)
Iroquois Z2	$14.85	$4.48	$4.40	$8.92	$8.16	$6.55	$4.94	($0.64)	$0.06	$0.08	$0.29	($0.05)	$0.06	($0.02)
Leidy Hub (Marcellus)	$4.37	$3.59	$3.27	$3.31	$3.63	$2.85	$2.57	$0.06	$0.06	$0.04	$0.06	$0.06	$0.00	($0.03)
Dominion South Point	$4.26	$3.66	$3.32	$3.34	$3.64	$2.88	$2.58	$0.05	$0.05	$0.04	$0.06	$0.05	$0.00	($0.01)
Algonquin Gates	$17.40	$4.17	$4.06	$9.61	$8.81	$7.74	$5.82	$1.75	$0.05	$0.06	$0.54	$0.60	$0.37	$0.47
Chicago City Gate	$4.74	$4.27	$4.26	$4.58	$4.46	$3.73	$3.36	$0.05	$0.06	$0.04	$0.03	$0.05	($0.01)	($0.03)
PG&E City Gate	$5.42	$5.15	$5.48	$5.66	$5.43	$4.70	$4.34	$0.19	$0.07	$0.05	$0.06	$0.09	$0.00	($0.04)
SoCal City Gate Gas	$5.11	$4.56	$6.15	$6.03	$5.46	$4.97	$4.59	$0.19	$0.04	$0.07	$0.03	$0.08	($0.01)	($0.06)
Tetco M3 Basis	$2.68	($0.71)	($1.06)	($0.39)	$0.13	$0.25	$0.13	$0.21	($0.04)	($0.03)	$0.00	$0.04	$0.03	$0.01
Transco Z6 Basis	$4.16	($0.86)	($0.96)	$0.10	$0.61	$0.36	$0.45	($0.31)	($0.01)	($0.01)	($0.01)	($0.09)	($0.01)	$0.02
Algonquin Basis	$12.57	($0.32)	($0.52)	$4.91	$4.16	$3.93	$2.45	$1.70	($0.04)	($0.02)	$0.47	$0.53	$0.36	$0.49
Leidy - Tetco M3	($3.14)	($0.20)	($0.25)	($0.99)	($1.14)	($1.20)	($0.93)	($0.20)	$0.01	($0.00)	($0.02)	($0.05)	($0.03)	($0.01)
PEAK POWER PRICES ($/MWh)														
PJM West Hub	$55.02	$53.61	$59.48	$57.37	$56.37	$54.82	$49.81	($0.50)	($1.45)	($2.42)	($1.84)	($1.55)	($1.19)	($1.30)
PJM PECO	$53.41	$45.54	$50.84	$48.65	$49.61	$46.56	$40.95	($2.30)	($0.94)	($2.46)	($1.88)	($1.90)	($1.04)	($0.62)
PJM AEP Dayton Hub	$51.50	$52.90	$58.57	$55.19	$54.54	$51.17	$46.86	($0.41)	($1.27)	($2.73)	($1.46)	($1.47)	($1.46)	($1.20)
PJM Northern Illinois	$44.85	$46.53	$54.36	$49.68	$48.85	$46.03	$41.71	$0.15	($1.31)	($2.58)	($1.27)	($1.26)	($1.48)	($1.22)
NEPOOL SE Mass	$122.22	$48.58	$57.38	$96.88	$81.27	$78.42	$62.87	($3.02)	($3.10)	($2.67)	$0.19	($2.15)	($1.08)	($1.55)
NYISO Zone A	$73.63	$40.62	$53.28	$43.95	$52.87	$43.69	$42.85	($2.59)	($0.97)	($2.97)	($0.21)	($1.68)	($0.67)	($1.06)
NYISO Zone J	$106.75	$50.46	$63.10	$78.33	$74.66	$67.69	$63.33	($4.26)	($2.73)	($3.11)	$2.85	($1.81)	($0.60)	($0.18)
MISO Indiana	$55.75	$54.31	$60.25	$57.43	$56.93	$53.61	$49.99	($0.27)	($1.54)	($2.40)	($1.79)	($1.50)	($1.15)	($1.35)
ERCOT Houston	$53.00	$58.76	$80.49	$51.95	$61.05	$53.02	$45.57	$4.72	($1.53)	($3.06)	($0.52)	($0.10)	($0.87)	($1.08)
ERCOT North	$50.51	$53.24	$76.69	$48.44	$57.22	$49.37	$42.40	$5.13	($1.19)	($2.89)	($0.32)	$0.18	($0.67)	($0.88)
ERCOT West	$44.20	$43.67	$72.30	$37.17	$49.33	$40.18	$32.55	$5.65	($0.58)	($2.69)	$0.31	$0.67	($0.14)	($0.30)
California NP-15	$47.55	$46.91	$105.13	$68.37	$66.99	$61.62	$53.57	$0.05	($1.13)	$2.66	($1.32)	$0.07	($0.62)	($0.50)
California SP-15	$42.37	$40.83	$113.08	$63.37	$64.91	$60.35	$51.48	($1.24)	($0.91)	$1.83	($2.12)	($0.61)	($0.38)	($0.51)
OFF PEAK POWER PRICES ($/MWh)														
PJM West Hub	$48.92	$39.56	$42.46	$43.07	$43.50	$40.99	$36.81	($2.63)	($1.83)	($2.18)	($3.04)	($2.42)	($2.33)	($2.06)
PJM PECO	$45.56	$32.45	$36.09	$36.00	$37.52	$35.74	$30.61	($3.89)	($1.51)	($2.46)	($3.09)	($2.74)	($1.82)	($1.44)
PJM AEP Dayton Hub	$44.37	$38.51	$41.37	$41.73	$41.49	$38.73	$35.25	$0.08	($2.31)	($2.60)	($1.74)	($1.64)	($0.84)	($0.61)
PJM Northern Illinois	$34.68	$32.84	$38.04	$36.56	$35.53	$34.14	$30.15	($0.64)	($1.92)	($2.31)	($1.46)	($1.58)	($0.70)	($0.32)
NEPOOL SE Mass	$108.70	$39.56	$42.18	$78.12	$67.14	$65.56	$49.63	($1.52)	($2.67)	($3.08)	($2.23)	($2.38)	$0.40	($1.07)
NYISO Zone A	$53.25	$25.85	$36.13	$30.12	$36.34	$34.56	$32.15	($1.68)	($0.94)	($1.14)	($0.64)	($1.10)	$0.26	($0.10)
NYISO Zone J	$91.79	$37.65	$42.79	$57.34	$57.39	$56.14	$51.43	$0.72	($2.64)	($2.55)	($0.47)	($1.24)	$0.86	($1.43)
MISO Indiana	$43.68	$40.08	$43.89	$43.73	$42.84	$40.13	$36.88	($1.79)	($1.85)	($2.28)	($3.07)	($2.25)	($2.26)	($2.10)
ERCOT Houston	$35.32	$36.57	$41.02	$35.43	$37.09	$34.28	$33.10	$2.05	$0.39	($3.50)	($1.38)	($0.61)	($1.33)	($1.49)
ERCOT North	$33.67	$34.42	$40.06	$33.96	$35.52	$32.72	$30.43	$2.19	$0.70	($3.43)	($1.28)	($0.45)	($1.20)	($1.34)
ERCOT West	$28.82	$28.92	$38.93	$27.07	$30.93	$25.31	$23.47	$1.63	$1.00	($3.33)	($0.68)	($0.34)	($1.25)	($0.77)
California NP-15	$45.17	$44.32	$66.92	$61.93	$54.59	$56.92	$56.60	($0.93)	($0.27)	$1.47	($0.68)	($0.11)	($1.41)	($2.37)
California SP-15	$44.23	$41.34	$66.47	$58.51	$52.64	$54.06	$53.79	($0.01)	$0.16	$0.01	($1.50)	($0.34)	($1.67)	($2.74)
ATC POWER PRICES ($/MWh)														
PJM West Hub	$51.87	$46.14	$50.40	$49.60	$49.50	$47.36	$42.84	($1.59)	($1.67)	($2.24)	($2.49)	($2.00)	($1.81)	($1.71)
PJM PECO	$49.17	$38.58	$42.96	$41.78	$43.12	$40.73	$35.40	($3.11)	($1.25)	($2.42)	($2.54)	($2.33)	($1.47)	($1.06)
PJM AEP Dayton Hub	$47.70	$45.27	$49.33	$47.88	$47.54	$44.46	$40.64	($0.11)	($1.83)	($2.66)	($1.62)	($1.55)	($1.13)	($0.88)
PJM Northern Illinois	$39.35	$39.26	$45.60	$42.55	$41.69	$39.62	$35.51	($0.25)	($1.65)	($2.44)	($1.37)	($1.43)	($1.06)	($0.73)
NEPOOL SE Mass	$114.91	$43.83	$49.20	$86.70	$73.66	$71.44	$55.73	($2.13)	($2.87)	($2.89)	($1.12)	($2.25)	($0.28)	($1.29)
NYISO Zone A	$62.35	$32.79	$44.07	$36.44	$43.91	$38.76	$37.12	($2.06)	($0.95)	($1.99)	($0.44)	($1.36)	($0.17)	($0.54)
NYISO Zone J	$98.56	$43.69	$52.20	$66.93	$65.34	$61.45	$56.90	($1.55)	($2.67)	($2.81)	$1.05	($1.49)	$0.20	($0.87)
MISO Indiana	$49.25	$46.73	$51.53	$49.99	$49.37	$46.34	$42.96	($1.02)	($1.72)	($2.28)	($2.49)	($1.88)	($1.75)	($1.75)
ERCOT Houston	$43.46	$47.05	$59.51	$42.97	$48.25	$42.97	$38.91	$3.17	($0.47)	($3.31)	($0.98)	($0.40)	($1.12)	($1.31)
ERCOT North	$41.38	$43.31	$57.23	$40.57	$45.62	$40.45	$36.01	$3.44	($0.14)	($3.20)	($0.84)	($0.19)	($0.96)	($1.13)
ERCOT West	$35.83	$35.92	$54.56	$31.68	$39.50	$32.19	$27.70	$3.37	$0.30	($3.05)	($0.22)	$0.10	($0.75)	($0.56)
California NP-15	$46.44	$45.80	$88.39	$65.53	$61.54	$59.52	$54.92	($0.36)	($0.76)	$2.13	($1.04)	($0.01)	($0.97)	($1.33)
California SP-15	$43.12	$41.09	$92.60	$61.22	$59.51	$57.55	$52.51	($0.69)	($0.45)	$1.06	($1.85)	($0.48)	($0.94)	($1.49)
ATC SPARK SPREADS ($/MWh)														
PJM West Hub - TETCO M3	($4.66)	$16.38	$22.58	$16.10	$12.60	$15.64	$15.16	($3.50)	($2.02)	($2.58)	($3.06)	($2.79)	($2.08)	($1.60)
PJM AEP Dayton Hub - Dominion South	$14.51	$16.40	$22.96	$21.35	$18.80	$21.20	$19.57	($0.45)	($2.22)	($2.94)	($2.05)	($1.91)	($1.16)	($0.79)
PJM Northern Illinois - Chicago CG	$2.71	$6.04	$12.45	$7.10	$7.07	$10.30	$8.82	($0.63)	($2.07)	($2.76)	($1.59)	($1.76)	($0.97)	($0.50)
NEPOOL SE Mass - Algonquin Gates	($12.84)	$11.28	$17.47	$14.99	$7.73	$13.20	$11.34	($14.75)	($3.25)	($3.32)	($5.02)	($6.59)	($2.96)	($4.65)
NY Zone J - Iroquois Z2	($10.86)	$8.94	$18.02	$0.22	$4.08	$11.77	$18.86	$3.08	($3.14)	($3.39)	($1.07)	($1.13)	($0.27)	($0.74)
ERCOT Houston - Houston Ship Channel	$8.90	$13.55	$25.00	$7.85	$13.82	$13.96	$13.08	$3.02	($1.02)	($3.86)	($1.18)	($0.76)	($0.94)	($0.87)
ERCOT North - Houston Ship Channel	$6.82	$9.81	$22.72	$5.45	$11.20	$11.44	$10.19	$3.29	($0.69)	($3.75)	($1.04)	($0.55)	($0.78)	($0.70)
ERCOT West - WaHa Hub	$2.09	$6.01	$25.21	$4.50	$9.45	$14.18	$8.41	$2.71	($0.05)	($3.03)	$0.86	$0.13	$1.51	$0.13
California NP-15 - PG&E City Gate	$4.92	$6.23	$46.44	$22.30	$19.98	$23.18	$21.17	($1.76)	($1.29)	$1.78	($1.46)	($0.68)	($0.97)	($1.02)
California SP-15 - SoCal City Gate	$3.80	$5.73	$45.83	$15.30	$17.66	$19.29	$16.97	($2.08)	($0.73)	$0.59	($2.05)	($1.07)	($0.88)	($1.09)

Source: Vertical Research Partners and OTC Global Holdings, LP

Figure 31: Power & Gas Forwards Change vs. VRP Deck (Feb 18, 2022 vs. Jan 6, 2022)

	1Q2022	2Q2022	3Q2022	4Q2022	FY2022	FY2023	FY2024	1Q2022 Chg.	2Q2022 Chg.	3Q2022 Chg.	4Q2022 Chg.	FY2022 Chg.	FY2023 Chg.	FY2024 Chg.
NATURAL GAS PRICES ($/MMBtu)														
Henry Hub (NYMEX)	$4.83	$4.49	$4.58	$4.70	$4.65	$3.81	$3.37	$1.01	$0.84	$0.82	$0.79	$0.87	$0.37	$0.19
Houston Ship Channel	$4.45	$4.31	$4.45	$4.53	$4.43	$3.68	$3.24	$0.58	$0.71	$0.76	$0.65	$0.68	$0.28	$0.12
Waha Hub (Permian)	$4.34	$3.81	$3.73	$3.43	$3.83	$2.15	$2.33	$0.69	$0.85	$0.55	$0.04	$0.53	($0.62)	($0.23)
TETCO M3 (PJM West)	$7.50	$3.79	$3.52	$4.31	$4.78	$4.06	$3.50	$0.90	$0.74	$0.54	$0.56	$0.68	$0.35	$0.18
Transco Z6 NY	$8.99	$3.64	$3.62	$4.79	$5.26	$4.17	$3.82	$1.71	$0.63	$0.59	$0.52	$0.86	$0.27	$0.20
Iroquois Z2	$14.85	$4.48	$4.40	$8.92	$8.16	$6.55	$4.94	$3.60	$0.92	$0.81	$2.00	$1.83	$0.78	($0.05)
Leidy Hub (Marcellus)	$4.37	$3.59	$3.27	$3.31	$3.63	$2.85	$2.57	$1.12	$0.71	$0.53	$0.40	$0.69	$0.16	$0.11
Dominion South Point	$4.26	$3.66	$3.32	$3.34	$3.64	$2.88	$2.58	$1.02	$0.74	$0.55	$0.42	$0.68	$0.17	$0.12
Algonquin Gates	$17.40	$4.17	$4.06	$9.61	$8.81	$7.74	$5.82	$2.72	$0.53	$0.67	$1.52	$1.36	$0.97	$0.79
Chicago City Gate	$4.74	$4.27	$4.26	$4.58	$4.46	$3.73	$3.36	$0.37	$0.76	$0.70	$0.69	$0.63	$0.31	$0.18
PG&E City Gate	$5.42	$5.15	$5.48	$5.66	$5.43	$4.70	$4.34	$0.12	$0.61	$0.60	$0.64	$0.49	$0.21	$0.11
SoCal City Gate Gas	$5.11	$4.56	$6.15	$6.03	$5.46	$4.97	$4.59	($0.91)	$0.44	$0.57	$0.61	$0.18	$0.14	$0.06
Tetco M3 Basis	$2.68	($0.71)	($1.06)	($0.39)	$0.13	$0.25	$0.13	($0.11)	($0.10)	($0.28)	($0.23)	($0.18)	($0.03)	($0.01)
Transco Z6 Basis	$4.16	($0.86)	($0.96)	$0.10	$0.61	$0.36	$0.45	$0.70	($0.21)	($0.23)	($0.27)	($0.00)	($0.10)	$0.01
Algonquin Basis	$12.57	($0.32)	($0.52)	$4.91	$4.16	$3.93	$2.45	$1.71	($0.31)	($0.14)	$0.73	$0.50	$0.60	$0.60
Leidy - Tetco M3	($3.14)	($0.20)	($0.25)	($0.99)	($1.14)	($1.20)	($0.93)	$0.22	($0.03)	($0.01)	($0.16)	$0.01	($0.19)	($0.06)
PEAK POWER PRICES ($/MWh)														
PJM West Hub	$55.02	$53.61	$59.48	$57.37	$56.37	$54.82	$49.81	($9.85)	$8.23	$9.93	$9.58	$4.47	$6.62	$3.72
PJM PECO	$53.41	$45.54	$50.84	$48.65	$49.61	$46.56	$40.95	($4.40)	$8.89	$10.83	$10.02	$6.34	$7.28	$3.36
PJM AEP Dayton Hub	$51.50	$52.90	$58.57	$55.19	$54.54	$51.17	$46.86	($5.14)	$7.75	$8.85	$8.86	$5.08	$4.65	$2.38
PJM Northern Illinois	$44.85	$46.53	$54.36	$49.68	$48.85	$46.03	$41.71	($3.67)	$5.49	$7.67	$7.28	$4.19	$4.31	$1.90
NEPOOL SE Mass	$122.22	$48.58	$57.38	$96.88	$81.27	$78.42	$62.87	($2.85)	($0.38)	$4.10	$19.13	$5.00	$9.14	$5.44
NYISO Zone A	$73.63	$40.62	$53.28	$43.95	$52.87	$43.69	$42.85	$25.51	$4.43	$6.97	$9.06	$11.49	$3.95	$4.86
NYISO Zone J	$106.75	$50.46	$63.10	$78.33	$74.66	$67.69	$63.33	$18.44	$2.51	$5.93	$17.49	$11.09	$10.00	$5.77
MISO Indiana	$55.75	$54.31	$60.25	$57.43	$56.93	$53.61	$49.99	($6.56)	$7.43	$9.11	$9.29	$4.82	$5.13	$1.92
ERCOT Houston	$53.00	$58.76	$80.49	$51.95	$61.05	$53.02	$45.57	$2.40	$7.23	$3.00	$5.51	$4.54	$3.82	$3.13
ERCOT North	$50.51	$53.24	$76.69	$48.44	$57.22	$49.37	$42.40	$3.02	$6.90	$3.41	$6.46	$4.95	$4.06	$3.31
ERCOT West	$44.20	$43.67	$72.30	$37.17	$49.33	$40.18	$32.55	$1.19	$5.29	$1.38	$5.24	$3.28	$2.57	$1.59
California NP-15	$47.55	$46.91	$105.13	$68.37	$66.99	$61.62	$53.57	($13.59)	$2.54	$21.13	$6.19	$4.07	$5.35	$5.12
California SP-15	$42.37	$40.83	$113.08	$63.37	$64.91	$60.35	$51.48	($12.22)	$3.92	$21.41	$4.92	$4.51	$6.12	$4.39
OFF PEAK POWER PRICES ($/MWh)														
PJM West Hub	$48.92	$39.56	$42.46	$43.07	$43.50	$40.99	$36.81	($5.14)	$5.28	$6.93	$5.71	$3.19	$4.81	$1.67
PJM PECO	$45.56	$32.45	$36.09	$36.00	$37.52	$35.74	$30.61	($3.36)	$5.55	$7.44	$6.41	$4.01	$6.11	$1.62
PJM AEP Dayton Hub	$44.37	$38.51	$41.37	$41.73	$41.49	$38.73	$35.25	($3.00)	$4.43	$5.98	$5.36	$3.19	$3.76	$1.58
PJM Northern Illinois	$34.68	$32.84	$38.04	$36.56	$35.53	$34.14	$30.15	($6.51)	$3.27	$5.31	$4.87	$1.74	$4.25	$1.28
NEPOOL SE Mass	$108.70	$39.56	$42.18	$78.12	$67.14	$65.56	$49.63	$4.33	$2.94	$4.02	$14.68	$6.49	$9.52	$4.38
NYISO Zone A	$53.25	$25.85	$36.13	$30.12	$36.34	$34.56	$32.15	$15.85	$3.43	$7.27	$6.84	$8.35	$5.71	$3.05
NYISO Zone J	$91.79	$37.65	$42.79	$57.34	$57.39	$56.14	$51.43	$20.35	$2.08	$5.40	$5.69	$8.38	$9.67	$6.06
MISO Indiana	$43.68	$40.08	$43.89	$43.73	$42.84	$40.13	$36.88	($10.82)	$4.09	$6.69	$5.95	$1.48	$3.74	$0.03
ERCOT Houston	$35.32	$36.57	$41.02	$35.43	$37.09	$34.28	$33.10	$2.46	$5.88	$3.03	$4.14	$3.88	$3.09	$3.11
ERCOT North	$33.67	$34.42	$40.06	$33.96	$35.52	$32.72	$30.43	$1.86	$5.46	$3.36	$4.44	$3.78	$3.34	$3.56
ERCOT West	$28.82	$28.92	$38.93	$27.07	$30.93	$25.31	$23.47	($0.51)	$3.38	$1.40	$4.81	$2.27	$1.00	$1.51
California NP-15	$45.17	$44.32	$66.92	$61.93	$54.59	$56.92	$56.60	($6.18)	$4.13	$13.62	$5.34	$4.23	$4.09	$4.84
California SP-15	$44.23	$41.34	$66.47	$58.51	$52.64	$54.06	$53.79	($6.51)	$4.07	$11.81	$6.99	$4.09	$4.18	$3.65
ATC POWER PRICES ($/MWh)														
PJM West Hub	$51.87	$46.14	$50.40	$49.60	$49.50	$47.36	$42.84	($7.28)	$6.66	$8.38	$7.47	$3.81	$5.61	$2.58
PJM PECO	$49.17	$38.58	$42.96	$41.78	$43.12	$40.73	$35.40	($3.92)	$7.11	$9.06	$8.05	$5.08	$6.63	$2.38
PJM AEP Dayton Hub	$47.70	$45.27	$49.33	$47.88	$47.54	$44.46	$40.64	($4.06)	$6.00	$7.32	$6.96	$4.05	$4.14	$1.92
PJM Northern Illinois	$39.35	$39.26	$45.60	$42.55	$41.69	$39.62	$35.51	($5.30)	$4.31	$6.42	$5.97	$2.85	$4.25	$1.53
NEPOOL SE Mass	$114.91	$43.83	$49.20	$86.70	$73.66	$71.44	$55.73	$0.84	$1.38	$4.08	$16.73	$5.76	$9.28	$4.81
NYISO Zone A	$62.35	$32.79	$44.07	$36.44	$43.91	$38.76	$37.12	$19.90	$3.87	$7.14	$7.85	$9.69	$4.87	$3.87
NYISO Zone J	$98.56	$43.69	$52.20	$66.93	$65.34	$61.45	$56.90	$19.18	$2.27	$5.66	$11.07	$9.54	$9.79	$5.84
MISO Indiana	$49.25	$46.73	$51.53	$49.99	$49.37	$46.34	$42.96	($8.95)	$5.64	$7.88	$7.47	$3.01	$4.35	$0.86
ERCOT Houston	$43.46	$47.05	$59.51	$42.97	$48.25	$42.97	$38.91	$2.21	$6.57	$2.98	$4.77	$4.13	$3.36	$3.07
ERCOT North	$41.38	$43.31	$57.23	$40.57	$45.62	$40.45	$36.01	$2.17	$6.19	$3.35	$5.37	$4.27	$3.61	$3.40
ERCOT West	$35.83	$35.92	$54.56	$31.68	$39.50	$32.19	$27.70	$0.06	$4.33	$1.35	$5.01	$2.69	$1.64	$1.49
California NP-15	$46.44	$45.80	$88.39	$65.53	$61.54	$59.52	$54.92	($10.35)	$3.24	$17.96	$5.82	$4.17	$4.78	$5.01
California SP-15	$43.12	$41.09	$92.60	$61.22	$59.51	$57.55	$52.51	($9.69)	$3.99	$17.28	$5.84	$4.35	$5.25	$4.09
ATC SPARK SPREADS ($/MWh)														
PJM West Hub - TETCO M3	($4.66)	$16.38	$22.58	$16.10	$12.60	$15.64	$15.16	($13.75)	$1.35	$4.53	$3.44	($1.11)	$3.12	$1.30
PJM AEP Dayton Hub - Dominion South	$14.51	$16.40	$22.96	$21.35	$18.80	$21.20	$19.57	($11.39)	$0.65	$3.34	$3.95	($0.86)	$2.91	$1.08
PJM Northern Illinois - Chicago CG	$2.71	$6.04	$12.45	$7.10	$7.07	$10.30	$8.82	($7.96)	($1.20)	$1.35	$0.98	($1.71)	$2.05	$0.23
NEPOOL SE Mass - Algonquin Gates	($12.84)	$11.28	$17.47	$14.99	$7.73	$13.20	$11.34	($18.76)	($2.41)	($0.78)	$5.76	($4.05)	$2.28	($0.88)
NY Zone J - Iroquois Z2	($10.86)	$8.94	$18.02	$0.22	$4.08	$11.77	$18.86	($6.74)	($4.39)	($0.14)	($3.34)	($3.65)	$4.16	$6.23
ERCOT Houston - Houston Ship Channel	$8.90	$13.55	$25.00	$7.85	$13.82	$13.96	$13.08	($1.95)	$1.42	($2.46)	$0.05	($0.73)	$1.37	$2.19
ERCOT North - Houston Ship Channel	$6.82	$9.81	$22.72	$5.45	$11.20	$11.44	$10.19	($1.99)	$1.04	($2.09)	$0.65	($0.60)	$1.62	$2.51
ERCOT West - WaHa Hub	$2.09	$6.01	$25.21	$4.50	$9.45	$14.18	$8.41	($4.89)	($1.79)	($2.58)	$4.70	($1.14)	$6.07	$3.13
California NP-15 - PG&E City Gate	$4.92	$6.23	$46.44	$22.30	$19.98	$23.18	$21.17	($11.22)	($1.17)	$13.63	$1.23	$0.62	$3.28	$4.22
California SP-15 - SoCal City Gate	$3.80	$5.73	$45.83	$15.30	$17.66	$19.29	$16.97	($3.12)	$0.86	$13.16	$1.44	$3.08	$4.25	$3.68

Source: Vertical Research Partners and OTC Global Holdings, LP

Figure 32: 30-Day Historical Mean Temperature (L) and Mean Temperature Anomaly (R)

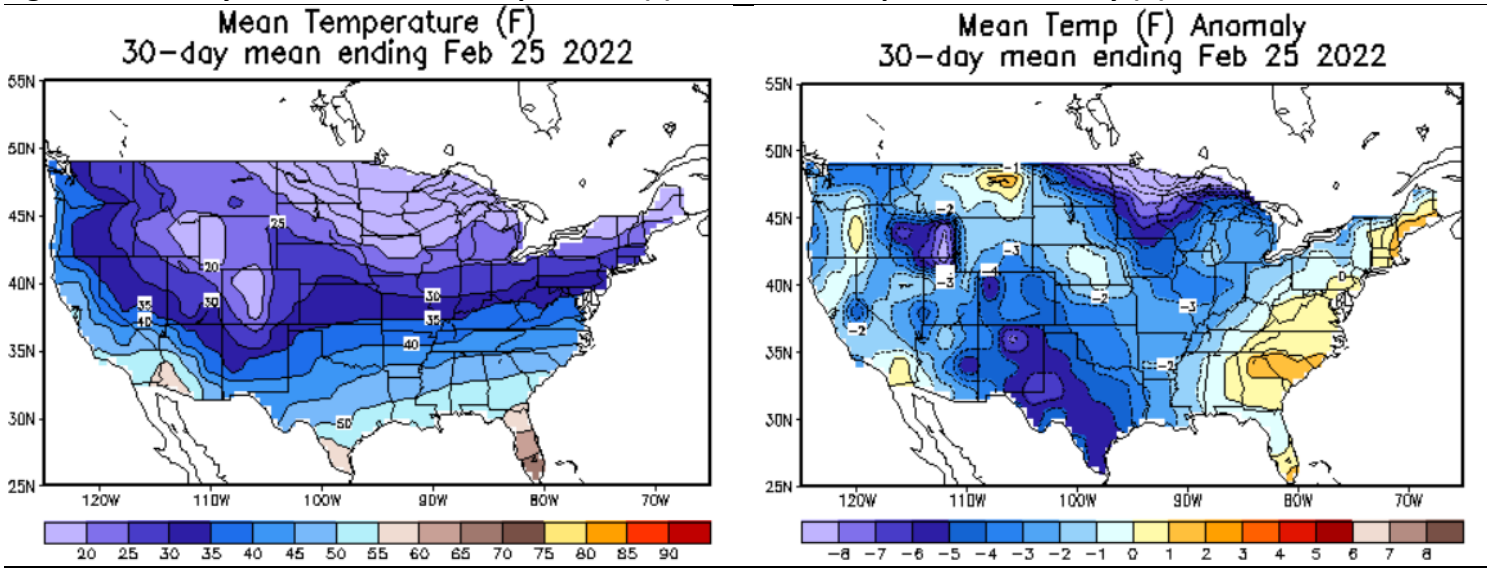

Source: NOAA

Figure 33: Temperature Probability Outlooks 6-10 Day (L) and 8-14 Day (R)

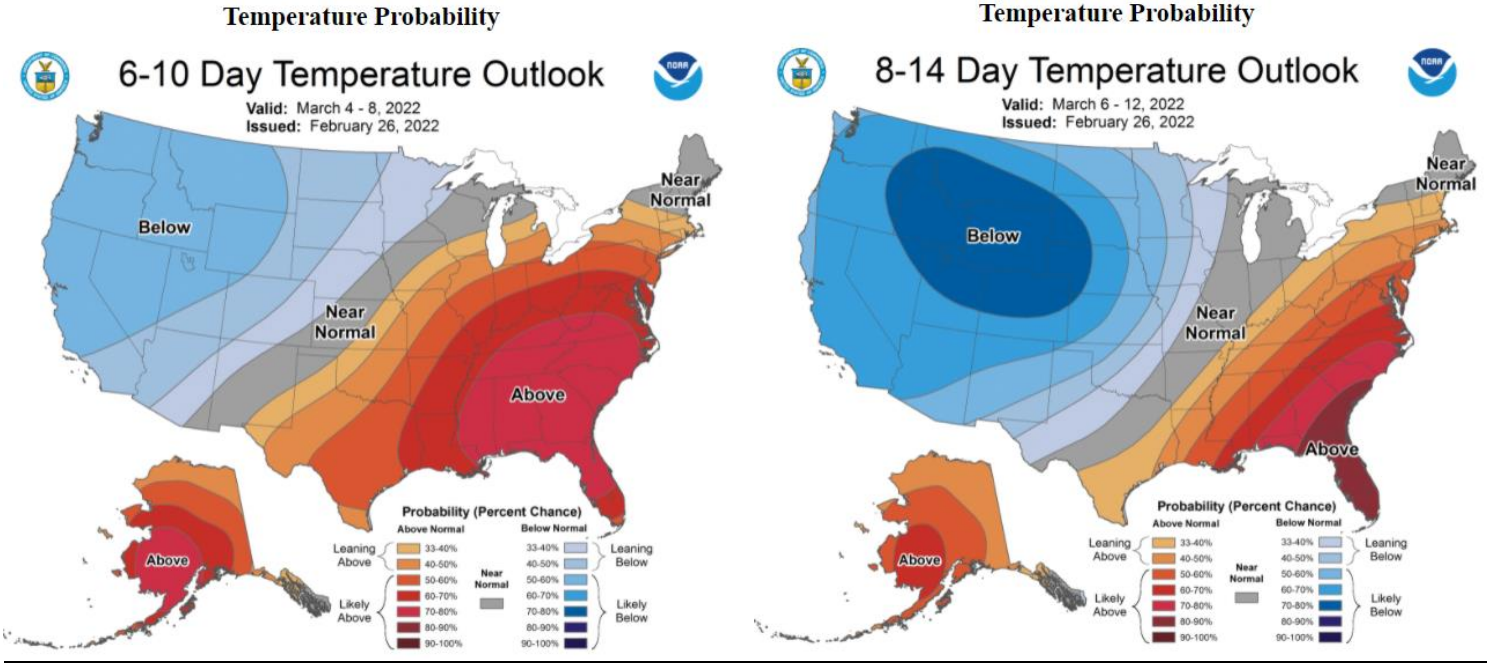

Source: NOAA

Figure 34: NOAA County Level Monthly Temperature Anomaly (December 2021 – February 2022)

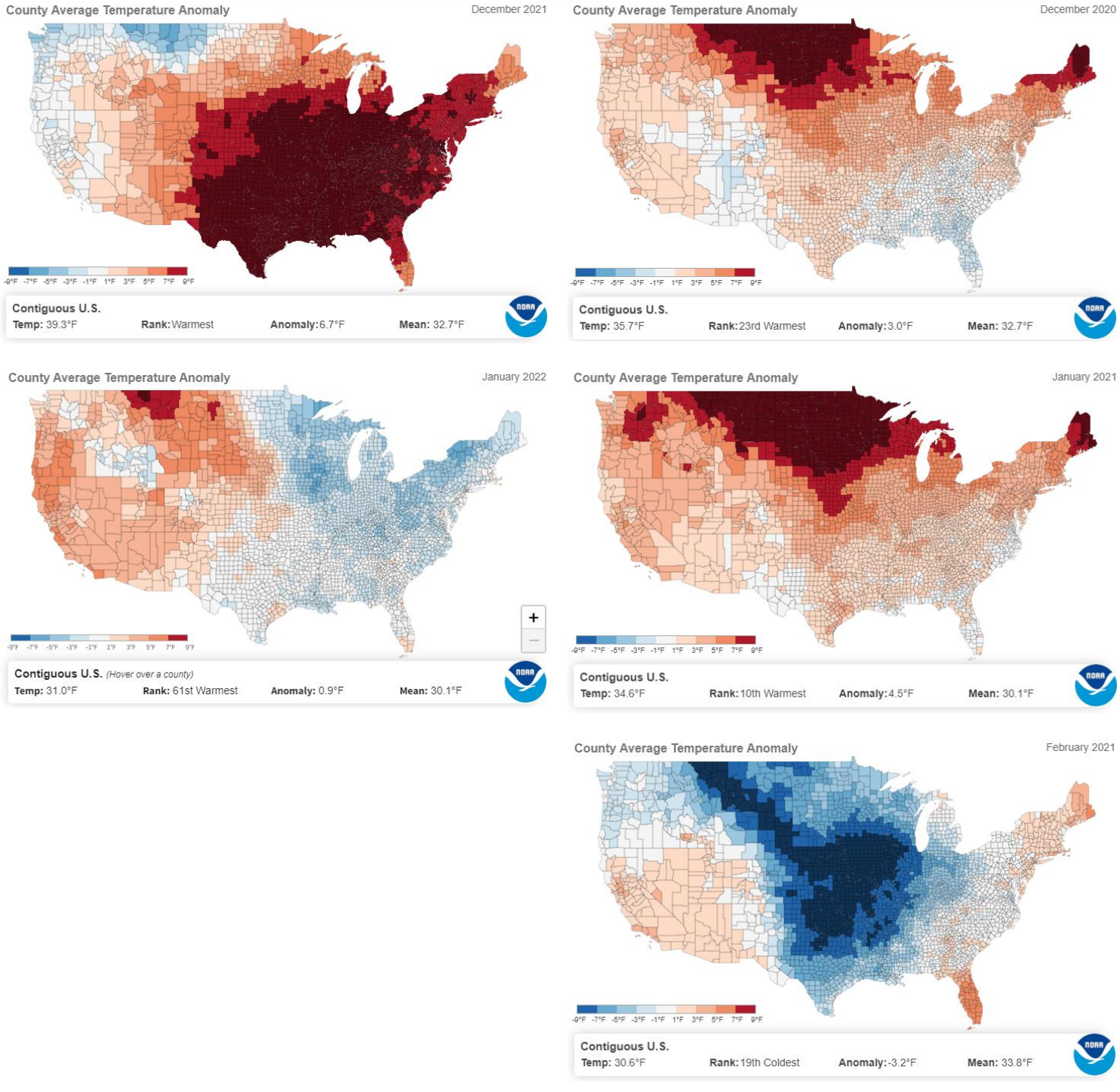

Source: NOAA

Figure 35: NOAA Monthly Wind Speed Anomaly Maps – December to January vs. Prior Year

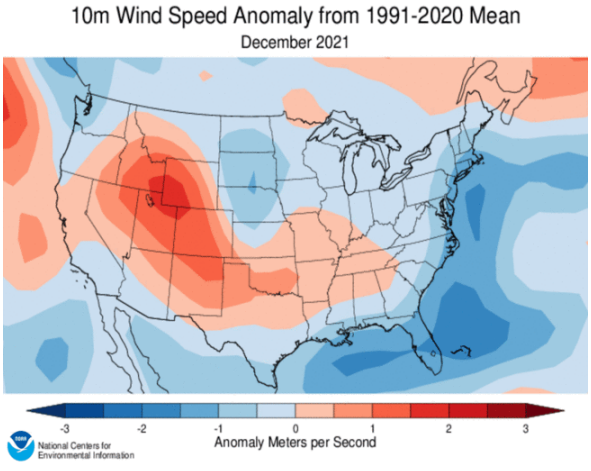

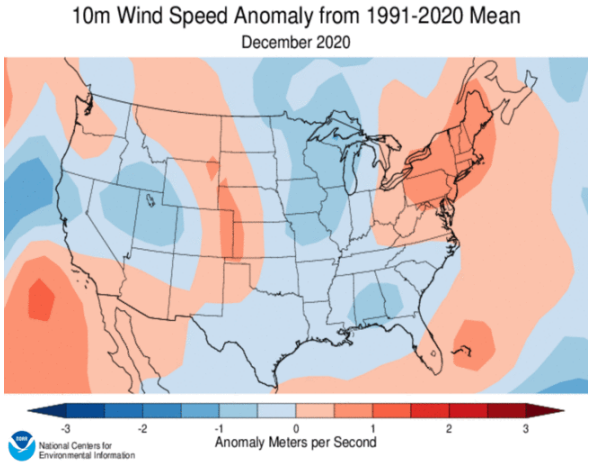

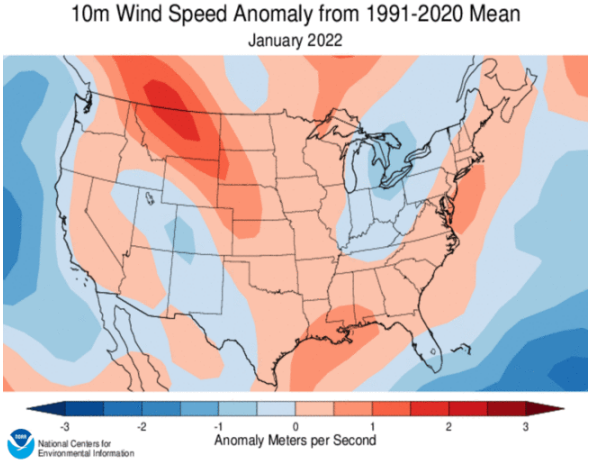

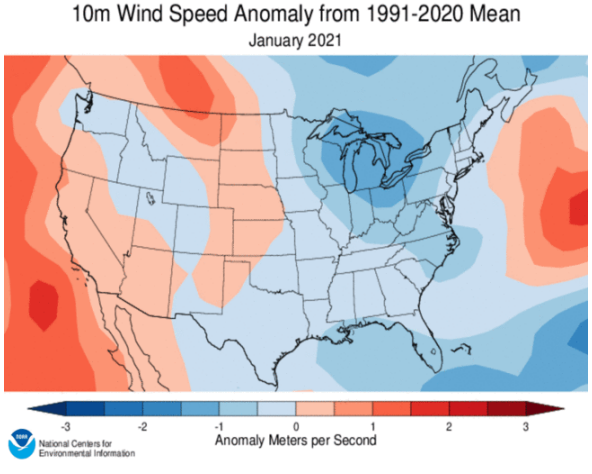

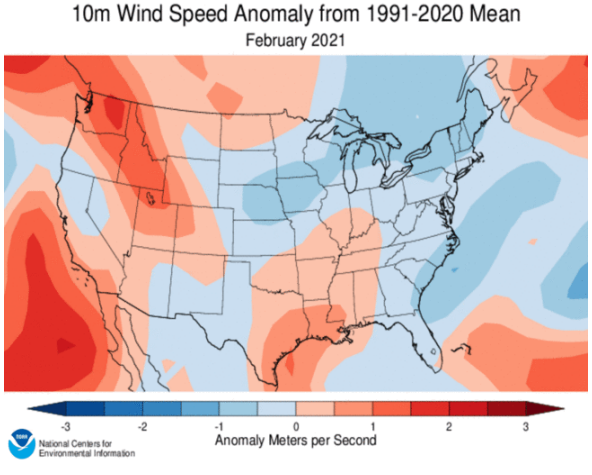

Source: NOAA

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover. Our employees and partners are prohibited from transacting in such securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation. We require our employees and partners to pre-clear all transactions in covered securities with us.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisers. Our notes and research reports may contain “forward-looking statements.” All projections, forecasts and related statements and expressions constitute “forward-looking statements.” Although the authors of our content believe that the expectations reflected in such “forward-looking statements” are reasonable, no one can assure that such expectations will be correct. Such “forward-looking statements” may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

Exelon Corp

4Q'21 and 2021 Results In-Line with Guidance

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$50.00**
Price (25 Feb 2022)	**US$42.60**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.95-38.60
Market cap.	US$41.7b
Shares o/s	980m (COM)
Free float	100%
Avg. daily volume ('000)	8,814
Avg. daily value (m)	US$442.8
Common s/h equity (12/22E)	US$20.6b
P/BV (12/22E)	2.0x
Net debt to EBITDA (12/22E)	5.1x

EPS (UBS, diluted) (US$)

	12/22E			
	From	To	% ch	Cons.
Q1E	-	0.62	-	0.62
Q2E	-	0.42	-	0.45
Q3E	-	0.66	-	0.70
Q4E	-	0.51	-	0.47
12/22E	2.21	2.21	-0	2.24
12/23E	2.37	2.37	-0	2.40
12/24E	2.54	2.55	0	2.59

Exelon 4Q'21 and 2021 Results

Exelon Corp issued an 8-K that reported stand alone non-GAAP adjusted EPS of $0.42 for 4Q'21 and $2.08 for 2021. GAAP stand alone numbers were $0.36 and $1.95, respectively. This compares to $2.18 consensus; however, we believe consensus may have included some consolidated estimates. Company guidance of stand alone results given at the analyst day in January was $2.06-$2.14.

2022 Guidance Reiterated

In the 8-K filing management also reiterated 2022 Adj. EPS guidance of $2.18-$2.32. A 10-K was also filed but is reflective of pre-spin consolidated results.

Recast of Financials for 2021 - Discontinued Ops Accounting

As Exelon reports results in 2022, the quarterly financials from 2021 will be recast post separation and due to accounting standards related to discontinued operations, the annual non-GAAP adjusted EPS for continuing operations is unlikely to be $2.08 as reported above. Our understanding is the $2.08 is reflective of utility and parent only results using the consolidated accounting standards reflected in the 10-K. That said, guidance for 2022 remains unchanged and compares to consensus estimates of $2.28 and UBSe of $2.21.

Valuation:

We value Exelon at $50/share premised on a 17% premium to the group multiple of 17.9x our $2.37/share earnings forecast for 2023. Our 17% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% premium for a 2nd quartile regulatory ranking overall, a 5% premium for 1st quartile earnings growth.

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Highlights (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenues	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
EBIT (UBS)	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Net earnings (UBS)	1,866	1,738	2,036	2,172	2,340	2,523	2,849	3,057
EPS (UBS, diluted) (US$)	1.92	1.78	2.08	2.21	2.37	2.55	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	1.55	1.65	1.80	1.95
Net (debt) / cash	(29,221)	(31,684)	(34,608)	(38,461)	(41,083)	(43,787)	(46,161)	(48,204)
Profitability/valuation	**12/19**	**12/20**	**12/21**	**12/22E**	**12/23E**	**12/24E**	**12/25E**	**12/26E**
EBIT (UBS) margin %	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
ROIC (EBIT) %	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
EV/EBITDA (UBS core) x	13.0	12.3	12.0	10.5	9.9	9.2	8.5	8.0
P/E (UBS, diluted) x	24.7	22.5	22.6	19.3	18.0	16.7	14.9	13.9
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.6)	(3.2)	(3.2)	(2.0)	(0.8)
Dividend yield (net) %	2.6	2.9	2.9	3.4	3.6	3.9	4.2	4.6

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 42.60 on 25-Feb-2022 16:37:58 EST

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
Revenues	**15,514**	**15,436**	**16,422**	**17,146**	*4.4*	**17,632**	*2.8*	**18,263**	**19,070**	**19,696**
Gross profit	9,694	9,715	10,701	11,425	*6.8*	11,911	*4.2*	12,542	13,349	13,975
EBITDA (UBS)	**6,303**	**5,961**	**6,930**	**7,573**	*9.3*	**7,999**	*5.6*	**8,567**	**9,316**	**9,889**
Depreciation & amortisation	(2,622)	(2,812)	(3,030)	(3,341)	*-10.3*	(3,489)	*-4.4*	(3,732)	(3,978)	(4,223)
EBIT (UBS)	**3,681**	**3,149**	**3,900**	**4,232**	*8.5*	**4,510**	*6.6*	**4,835**	**5,338**	**5,665**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(1,187)	(1,278)	(1,362)	(1,501)	*-10.2*	(1,589)	*-5.9*	(1,682)	(1,772)	(1,837)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**2,494**	**1,871**	**2,537**	**2,731**	*7.6*	**2,921**	*7.0*	**3,153**	**3,565**	**3,829**
Tax	(353)	(118)	(501)	(559)	*-11.7*	(581)	*-3.9*	(630)	(717)	(772)
Profit after tax	**2,141**	**1,753**	**2,036**	**2,172**	*6.6*	**2,340**	*7.7*	**2,523**	**2,849**	**3,057**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(275)	(15)	0	0	-	0	-	0	0	0
Extraordinary items	(30)	(50)	(127)	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,836**	**1,688**	**1,909**	**2,172**	*13.7*	**2,340**	*7.7*	**2,523**	**2,849**	**3,057**
Net earnings (UBS)	**1,866**	**1,738**	**2,036**	**2,172**	*6.6*	**2,340**	*7.7*	**2,523**	**2,849**	**3,057**
Tax rate (%)	14.2	6.3	19.7	20.5	*3.8*	19.9	*-2.8*	20.0	20.1	20.2

Per Share (US$)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
EPS (UBS, diluted)	1.92	1.78	2.08	2.21	*6.4*	2.37	*7.2*	2.55	2.86	3.06
EPS (local GAAP, diluted)	1.89	1.73	1.95	2.21	*13.5*	2.37	*7.2*	2.55	2.86	3.06
EPS (UBS, basic)	1.92	1.78	2.08	2.21	*6.4*	2.37	*7.2*	2.55	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	*7.4*	1.55	*6.9*	1.65	1.80	1.95
Cash EPS (UBS, diluted) [1]	4.61	4.66	5.17	5.61	*8.6*	5.91	*5.2*	6.31	6.86	7.28
Book value per share	19.24	20.66	21.20	20.99	*-1.0*	21.97	*4.7*	23.02	24.23	25.48
Average shares (diluted)	974	977	980	982	*0.2*	987	*0.5*	991	996	1,000

Balance Sheet (US$m)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
Cash and equivalents	496	786	275	92	*-66.6*	115	*25.1*	136	112	119
Other current assets	4,465	4,829	4,989	5,128	*2.8*	5,220	*1.8*	5,341	5,495	5,615
Total current assets	**4,961**	**5,615**	**5,265**	**5,220**	*-0.8*	**5,336**	*2.2*	**5,477**	**5,608**	**5,734**
Net tangible fixed assets	56,040	60,370	63,940	67,474	*5.5*	71,060	*5.3*	74,778	78,300	81,577
Net intangible fixed assets	6,630	6,630	6,630	6,630	*0.0*	6,630	*0.0*	6,630	6,630	6,630
Investments / other assets	8,351	8,608	8,608	8,608	*0.0*	8,608	*0.0*	8,608	8,608	8,608
Total assets	**75,982**	**81,223**	**84,442**	**87,932**	*4.1*	**91,633**	*4.2*	**95,493**	**99,146**	**102,549**
Trade payables & other ST liabilities	4,313	5,019	4,940	4,937	*-0.1*	4,933	*-0.1*	4,930	4,927	4,924
Short term debt	2,578	2,813	2,813	2,813	*0.0*	2,813	*0.0*	2,813	2,813	2,813
Total current liabilities	**6,891**	**7,832**	**7,753**	**7,750**	*0.0*	**7,746**	*0.0*	**7,743**	**7,740**	**7,737**
Long term debt	26,927	29,308	32,020	35,690	*11.5*	38,335	*7.4*	41,060	43,410	45,460
Other long term liabilities	23,416	23,886	23,886	23,886	*0.0*	23,886	*0.0*	23,886	23,886	23,886
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**57,234**	**61,026**	**63,659**	**67,326**	*5.8*	**69,967**	*3.9*	**72,689**	**75,036**	**77,083**
Common s/h equity	**18,740**	**20,186**	**20,772**	**20,595**	*-0.9*	**21,655**	*5.1*	**22,793**	**24,099**	**25,456**
Minority interests	8	11	11	11	*0.0*	11	*0.0*	11	11	11
Total liabilities & equity	**75,982**	**81,223**	**84,442**	**87,932**	*4.1*	**91,633**	*4.2*	**95,493**	**99,146**	**102,549**

Cash Flow (US$m)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
Net income (before pref divs)	1,836	1,688	1,909	2,172	*13.7*	2,340	*7.7*	2,523	2,849	3,057
Depreciation & amortisation	2,622	2,812	3,030	3,341	*10.3*	3,489	*4.4*	3,732	3,978	4,223
Net change in working capital	(1,894)	(1,754)	(239)	(142)	*40.7*	(96)	*32.5*	(124)	(158)	(123)
Other operating	789	708	0	0	-	0	-	0	0	0
Operating cash flow	**3,353**	**3,454**	**4,700**	**5,371**	*14.3*	**5,732**	*6.7*	**6,131**	**6,669**	**7,157**
Tangible capital expenditure	(5,403)	(6,301)	(6,600)	(6,875)	*-4.2*	(7,075)	*-2.9*	(7,450)	(7,500)	(7,500)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	10	7	0	(1,175)	-	0	-	0	0	0
Investing cash flow	**(5,393)**	**(6,294)**	**(6,600)**	**(8,050)**	*-22.0*	**(7,075)**	*12.1*	**(7,450)**	**(7,500)**	**(7,500)**
Equity dividends paid	(509)	(1,486)	(1,323)	(1,424)	*-7.7*	(1,529)	*-7.4*	(1,635)	(1,792)	(1,950)
Share issues / (buybacks)	0	0	0	250	-	250	*0.0*	250	250	250
Other financing	140	1,629	0	0	-	0	-	0	0	0
Change in debt & pref shares	1,771	2,602	2,712	3,670	*35.3*	2,645	*-27.9*	2,725	2,350	2,050
Financing cash flow	**1,402**	**2,745**	**1,389**	**2,496**	*79.7*	**1,366**	*-45.3*	**1,340**	**808**	**350**
Cash flow inc/(dec) in cash	**(638)**	**(95)**	**(511)**	**(183)**	*64.1*	**23**	-	**21**	**(23)**	**7**
FX / non cash items	(462)	385	0	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(1,100)**	**290**	**(511)**	**(183)**	*64.1*	**23**	-	**21**	**(23)**	**7**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. [1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Exelon Corp (EXC.O)

Valuation (x)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
P/E (local GAAP, diluted)	25.2	23.1	24.2	18.7	17.4	16.2	14.4	13.5
P/E (UBS, diluted)	24.7	22.5	22.6	18.7	17.4	16.2	14.4	13.5
P/CEPS	10.3	8.6	9.1	7.4	7.0	6.5	6.0	5.7
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.7)	(3.3)	(3.3)	(2.1)	(0.8)
Dividend yield (net) %	2.6	2.9	2.9	3.5	3.8	4.0	4.4	4.7
P/BV	2.5	1.9	2.2	2.0	1.9	1.8	1.7	1.6
EV/revenues (core)	5.3	4.8	5.1	4.5	4.4	4.3	4.1	4.0
EV/EBITDA (UBS core)	13.0	12.3	12.0	10.3	9.7	9.1	8.4	7.9
EV/EBIT (core)	22.3	23.4	21.4	18.4	17.3	16.1	14.6	13.7
EV/OpFCF (core)	22.3	23.4	21.4	18.4	17.3	16.1	14.6	13.7
EV/op. invested capital	1.2	1.3	1.4	1.2	1.2	1.1	1.1	1.0

Enterprise value (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Market cap.	45,845	38,844	45,975	40,474	40,474	40,474	40,474	40,474
Net debt (cash)	32,200	30,453	33,146	33,146	33,146	33,146	33,146	33,146
Buy out of minorities	8	11	11	11	11	11	11	11
Pension provisions/other	4,247	4,503	4,503	4,503	4,503	4,503	4,503	4,503
Total enterprise value	**82,299**	**73,811**	**83,635**	**78,134**	**78,134**	**78,134**	**78,134**	**78,134**
Non core assets	(229)	(256)	(256)	(256)	(256)	(256)	(256)	(256)
Core enterprise value	**82,070**	**73,555**	**83,379**	**77,878**	**77,878**	**77,878**	**77,878**	**77,878**

Growth (%)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenue	(0.2)	(0.5)	6.4	4.4	2.8	3.6	4.4	3.3
EBITDA (UBS)	13.1	(5.4)	16.3	9.3	5.6	7.1	8.7	6.2
EBIT (UBS)	18.5	(14.5)	23.8	8.5	6.6	7.2	10.4	6.1
EPS (UBS, diluted)	9.4	(7.1)	16.8	6.4	7.2	7.4	12.4	6.8
Net DPS	9.4	(7.1)	16.8	7.4	6.9	6.5	9.1	8.3

Margins & Profitability (%)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Gross profit margin	62.5	62.9	65.2	66.6	67.6	68.7	70.0	71.0
EBITDA margin	40.6	38.6	42.2	44.2	45.4	46.9	48.8	50.2
EBIT (UBS) margin	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
Net earnings (UBS) margin	12.0	11.3	12.4	12.7	13.3	13.8	14.9	15.5
ROIC (EBIT)	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
ROIC post tax	4.6	5.3	5.3	5.4	5.4	5.5	5.8	5.8
ROE (UBS)	7.5	8.9	9.9	10.5	11.1	11.4	12.2	12.3

Capital structure & Coverage (x)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Net debt / EBITDA	4.6	5.3	5.0	5.1	5.1	5.1	5.0	4.9
Net debt / total equity %	155.9	156.9	166.5	186.7	189.6	192.0	191.5	189.3
Net debt / (net debt + total equity) %	60.9	61.1	62.5	65.1	65.5	65.8	65.7	65.4
Net debt/EV %	39.1	41.3	39.6	46.8	50.9	54.3	57.6	60.4
Capex / depreciation %	NM	NM	NM	NM	NM	199.6	188.6	177.6
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	3.1	2.5	2.9	2.8	2.8	2.9	3.0	3.1
Dividend cover (UBS)	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6
Div. payout ratio (UBS) %	64.9	64.9	64.9	65.5	65.3	64.8	62.8	63.7

Revenues by division (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Others	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
Total	**15,514**	**15,436**	**16,422**	**17,146**	**17,632**	**18,263**	**19,070**	**19,696**

EBIT (UBS) by division (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Others	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Total	**3,681**	**3,149**	**3,900**	**4,232**	**4,510**	**4,835**	**5,338**	**5,665**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Forecast returns

Forecast price appreciation	+17.4%
Forecast dividend yield	3.5%
Forecast stock return	+20.8%
Market return assumption	6.6%
Forecast excess return	+14.3%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 4) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 5) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We value Exelon at $50/share premised on a 17% premium to the group multiple of 17.9x our $2.37/share earnings forecast for 2023. Our 17% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% premium for a 2nd quartile regulatory ranking overall, a 5% premium for 1st quartile earnings growth.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 25 February 2022 10:50 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please click https://neo.ubs.com/quantitative, or speak to your UBS sales representative for access to the report.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	29%
Sell	FSR is > 6% below the MRA.	10%	26%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2021.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$41.30	24 Feb 2022

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

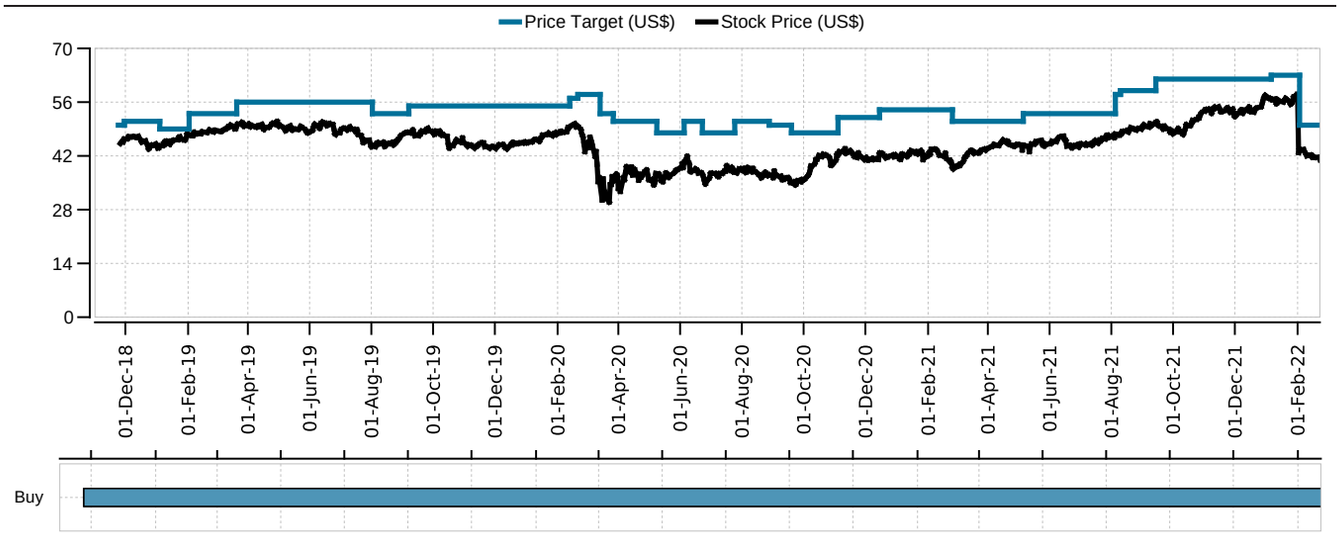

Date	Stock Price (US$)	Price Target (US$)	Rating
2018-11-23	44.85	50.00	Buy
2018-11-29	45.67	51.00	Buy
2019-01-03	44.12	49.00	Buy
2019-02-01	47.46	53.00	Buy
2019-03-20	49.10	56.00	Buy
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-22	37.57	48.00	Buy
2020-07-24	37.80	51.00	Buy

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy

Source: UBS; as of 24-Feb-2022

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means. The level and types of services provided by Global Research to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries,

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab you understand that UBS Evidence Lab is a separate department to Global Research and that UBS Evidence Lab does not provide research, investment recommendations or advice. UBS Evidence Lab may provide services to other internal and external clients.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). "Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law" - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this material is prepared by UBS Brasil CCTVM S.A.[1] to persons who are eligible investors residing in Brazil, which are considered to be Investidores Profissionais, as designated by the applicable regulation, mainly the CVM Instruction No. 539 from the 13th of November 2013 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). [1]UBS Brasil CCTVM S.A. is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil, of which UBS AG is the majority owner. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190, Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is for your information only; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution.**Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Greece**: UBS AG and its subsidiaries and affiliates (UBS) are premier global financial services firms offering wealth management services to individual, corporate and institutional investors. UBS AG and UBS Switzerland AG are established in Switzerland and operate under Swiss law. UBS operates in over 50 countries and from all major financial centers. UBS is not licensed as a bank or financial institution under Greek legislation and does not provide banking, nor financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This material was provided to you as a result of

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt.**Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales.**Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: UBS AG and its branches and subsidiaries (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission (SEC) and do not undertake banking or investment business activities in Nigeria. The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. If you are interested in products of this nature, please let us know and we will direct you to someone who can advise you. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). Any material relating to Collective Investment Schemes has been provided to you at your specific unsolicited request and for your information only. The investment products mentioned in such material are not being offered or made available for sale by UBS in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. **Philippines:** This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37.**Singapore**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed.**USA**:Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> Exiting The Spin Zone: Revisiting The EXC/CEG Dynamics. Sneak-Peak at PPL
- **Publication Date/Time** : Friday, February 18, 2022 10:26:40 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=-hIZ4UItaT1QnlD!Aza2aA__&reid=2062912ECD5211EC8C0A9B333AE79615

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
ALE	59.66	Neutral
AWK	146.29	Neutral
ES	81.65	Neutral
EXC	42.00	Neutral
FE	41.08	Neutral
PCG	11.74	Buy
POR	50.42	Buy
SJI	24.05	Neutral
SO	64.87	Buy

The Guggenheim Daily Transmission: PCG, ALE, SO, POR, ES, AWK, EXC, FE, SJI

For details on our Guggenheim-hosted client Utility events including our PCG NDR (TODAY), WEC NDR (TOMORROW), and D NDR through February in addition to others including our ETR NDR, AEE NDR, NWE NDR, AGA Conference meetings, EVRG NDR, EXC NDR, ES NDR, CMS NDR, DTE NDR, OGE NDR, POR NDR, and OGS NDR, among other events, scroll down…

'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely (note HERE)

PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026 (see our note HERE)

ALE – Still in Execution Mode Across the Platform (see our note HERE)

SO reports FY2021 earnings

POR reports FY2021 earnings

ES reports FY2021 earnings

AWK reports FY2021 earnings

EXC – Schedule set in ComEd performance metrics docket

FE – Former Ohio regulator linked to $4M payoff directed agency to limit response to FirstEnergy corruption

SJI – Negative Staff testimony filed in SJG's proposed $742.5m IIP filing

SO reports 2021 adj. EPS of $3.41 vs. $3.40/$3.39 Gugg/cons; initiates 2022 guidance of $3.50–$3.60 ($3.55) vs. $3.55/$3.54 Gugg/cons; maintains 5%-7% LT adj. EPS growth rate; reiterates 2024 adj. EPS guidance of $4.00–$4.30 ($4.15)

- -$0.14 weather vs. normal in 2021 vs. -$0.09 vs. normal in 2020.
- +2.4% weather-normal electric sales in 2021 vs. company expectations of +1.5% (was driven by stronger than expected residential demand). +0.7% retail electric load growth expected in 2022, supported by strong industrial demand.
- **5-year capex plan rolled to '22–'26**: **$44bn total potential plan ($41bn core + $3bn Southern Power opportunities + Vogtle 3&4)**; prior 5yr plan was $40bn.
- **Vogtle Unit 3 now expected online in 4Q22–1Q23** (*vs. 3Q22 prev.*), **Unit 4 now 3Q23–4Q23** (*vs. 2Q23 prev.*)
  - Potential EPS impacts if in-service dates are extended ***beyond*** the latest quarter given above for each unit: -$0.02/share impact from Unit 3 delay/-$0.05/share impact from Unit 4 delay.
- Co-owners vote: schedule extension beyond Nov '21/Nov '22 requires affirmative vote from co-owners to proceed, and is currently underway with the **outcome expected by March 8th.**
  - SO has voted to proceed.
- Georgia Power's share of total capital cost forecast increased $920 million.
  - Recorded after-tax charge of $686 million.
  - Includes $480 million for Georgia Power's share of cost and schedule changes.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

- Includes $440 million for incremental costs expected to be borne by Georgia Power under co-owner agreement.
- Co-owner interpretation of sharing and tender provisions could result in up to an additional $460m of incremental costs based on current project capital cost forecast.

- Call is at **1:00pm ET** at **800.667.1520**

POR reports FY21 EPS of $2.72 vs. $2.78/$2.75 Gugg/cons; issues 2022 guidance of $2.75-2.90 ($2.83) vs. us/cons at $2.84/2.82

- 2021 EPS was $2.72 vs. $2.75 consensus, 4Q21 was $0.73.
- 2022 guidance of $2.75-2.90 was issued, as compared to Gugg/cons estimates of $2.84/2.82.
- Guidance assumes an increase in deliveries of 2-2.5%, among a bevy of other normal items (O&M, D&A, etc.).
- $650mm run rate of capex for 2023-2026 (up from $550mm).
- LT 4-6% EPS growth off 2019 base reaffirmed.
- The company will conduct a conference call to discuss earnings results at 11 a.m. ET today: Dial-in: (844) 831-4021 code: 6796323
- Presentation HERE.

ES reports FY21 adjusted EPS of $3.86 vs. $3.83/$3.84 Gugg/cons; introduces 2022 guidance of $4.00–$4.17 ($4.09) vs. us/cons at $4.10/4.11; updates and rolls forward capex

- 2021 adjusted EPS for 2021 was $3.86 vs. $3.84 consensus, 4Q21 was $0.91.
- ES issued 2022 adjusted EPS guidance range of $4.00-$4.17; 2022 Gugg/consensus is currently $4.10/4.11.
- Core EPS growth of 5-7% with a guide to the upper half was reaffirmed, with the base now 2021's $3.86.
- 7.1% rate base CAGR for 2020-2026; $18.1bn core capex program is $1.1bn more than prior plan.
- Core guidance continues to exclude offshore wind, and while the slides do not include major new details on returns or capex at the segment, we believe additional details could be provided on the call.
- The company will conduct a conference call to discuss earnings results at 8 a.m. ET today; Dial-in: (888) 771-4371 pwd: 50278401
- Presentation HERE.

AWK reports FY21 EPS of $4.25 vs. $4.24/$4.25 Gugg/cons; affirms 2022 guidance of $4.39-4.49 ($4.44) vs. us/cons at $4.42/4.45

- 2021 EPS for 2021 was $4.25 vs. $4.25 consensus, 4Q21 was $0.85.
- 2022 guidance of $4.39-4.49 was affirmed, as was LT 7-9% EPS growth.
- The company will conduct a conference call to discuss earnings results at 9 a.m. ET today.
- Presentation HERE.

EXC – Schedule set in ComEd performance metrics docket

- Staff/Intervenor direct testimony is due April 6, 2022, with hearings to commence in June.
- More HERE.

Guggenheim takeaway: *For your calendars.*

FE – Former Ohio regulator linked to $4M payoff directed agency to limit response to FirstEnergy corruption

- "*Newly produced documents show that Sam Randazzo, former chair of the Public Utilities Commission of Ohio, came up with the idea to let FirstEnergy show it didn't use ratepayer money for House Bill 6, the nuclear and coal bailout law at the heart of Ohio's largest corruption case.*" – article
- More HERE.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim takeaway: *Negative headline but no big revelations.*

SJI – Negative Staff testimony filed in SJG's proposed $742.5m IIP filing

- SJG has proposed to spend $742.5M over five years to replace 825 miles of aging steel main and install excess flow valves.
- Docket HERE.

Guggenheim takeaway: *FYI – worth watching.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP – IR and Corporate Communications*

Dates

Wednesday, February 16, 2022
Friday, February 18, 2022

Meeting Format

Virtual NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $30.4bn

WEC Energy Group, Inc. is a holding company, which engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patricia Poppe, *Chief Executive Officer*
Chris Foster, *Chief Financial Officer*
Tom Webb, *Special Advisor*
Matt Fallon, *Senior Director, Investor Relations*

Date & Location

Thursday, February 17, 2022
New York (Guggenheim Securities – 330 Madison Avenue)

Meeting Format

1:1 Meetings & Group Meetings*
**virtual option for group meetings will be available for investors not in the region*

Company Information

Market Cap: $24.3bn

PG&E Corp. is a holding company, which engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in San Francisco, CA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

Dominion Energy, Inc. (D)

Robert Blue, *Chair, President and Chief Executive Officer*
Jim Chapman, *EVP, Chief Financial Officer and Treasurer*
David McFarland, *Director of Investor Relations*

Date
Wednesday, February 23, 2022

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $64.4bn
Dominion Energy, Inc. engages in the provision of electricity and natural gas to homes, businesses, and wholesale customers. Its operations also include a regulated interstate natural gas transmission pipeline and underground storage system. It operates through following business segments: Dominion Energy Virginia, Gas Distribution, Dominion Energy South Carolina, Contracted Assets and Corporate and Other. The company was founded by William W. Berry in 1983 and is headquartered in Richmond, VA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

NorthWestern Corporation (NWE)

Bob Rowe, *Chief Executive Officer*
Brian Bird, *President and Chief Operating Officer*
Crystal Lail, *Chief Financial Officer*
Travis Meyer, *IRO and Director of Corp. Finance*

Date
Thursday, March 24, 2022

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $3.2bn
NorthWestern Corp. engages in generating and distributing electricity and natural gas. It operates through the following segments: Electric Utility Operations, Natural Gas Operations, and All Other. The Electric Utility Operations segment includes generation, transmission, and distribution of electric utility business as a vertically integrated generation transmission and distribution utility. The Natural Gas Operations segment comprises production, storage, transmission, and distribution of natural gas. The All Other segment consists of unallocated corporate costs. The company was founded in November 1923 and is headquartered in Sioux Falls, SD. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.



Equity Research | Corporate Access

SAVE THE DATE

2022 AGA Financial Forum

The Guggenheim Utilities Research Team will be hosting meetings with company management

**Additional meetings may be added*

Tuesday, May 17th	
Time	*Co.*
9:30–10:10	AVA
10:20–11:00	D
11:10–11:50	NWE
12:00–12:40	SJI
12:50–1:30	NJR
1:40–2:20	PEG
2:30–3:10	DTE
3:20–4:00	DUK
4:10–4:50	ED/NWN

Wednesday, May 18th	
Time	*Co.*
9:30–10:10	SR
10:20–11:00	AEE
11:10–11:50	SO
12:00–12:40	WEC
1:00–1:40	CMS
1:50–2:30	OGS
2:40–3:20	CPK
3:30–4:10	CNP
4:20–5:00	NI

Dates

Tues., May 17 – Wed., May 18, 2022

Location

Loews Miami Beach Hotel
1601 Collins Avenue
Miami Beach, Florida

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim's Power & Utility Comp Sheet

2/16/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$59.66	3,177	3.75	3.89	4.06	4.32	0.10	0.10	0.11	0.13	15.9x	15.3x	14.7x	13.8x	-15%	-12%	-11%	-11%	7.5%	4.4%	70%	Neutral	$65	13%	Neutral	$69	20%
AVA	$42.79	3,028	2.04	2.47	2.59	2.72	–	–	0.05	0.07	21.0x	17.3x	16.5x	15.7x	13%	-1%	1%	1%	7.5%	4.2%	87%	Sell	$35	-14%	Neutral	$42	2%
NWE	$57.94	3,134	3.34	3.57	3.88	4.06	–	–	(0.17)	–	17.3x	16.2x	14.9x	14.3x	-7%	-7%	-9%	-8%	3.7%	4.4%	76%	Neutral	$58	4%	Buy	$63	13%
POR	$50.42	4,508	2.84	2.97	3.11	3.22	–	–	–	–	17.8x	17.0x	16.2x	15.7x	-5%	-3%	-1%	1%	3.7%	3.5%	63%	Buy	$57	17%	Neutral	$54	10%
		13,846									**18.0x**	**16.5x**	**15.6x**	**14.9x**	**-3%**	**-6%**	**-5%**	**-4%**	**5.6%**	**4.1%**	**74%**						
Mid/Large Cap Electric																											
AEE	$84.47	21,574	4.01	4.30	4.61	4.86	0.04	0.04	–	0.04	21.1x	19.6x	18.3x	17.4x	13%	12%	11%	12%	6.0%	2.8%	58%	Buy	$95	15%	Buy	$93	13%
AEP	$85.41	43,017	4.95	5.25	5.56	5.90	–	–	0.03	–	17.3x	16.3x	15.4x	14.5x	-7%	-7%	-7%	-7%	5.8%	3.7%	64%	Buy	$108	30%	Buy	$99	20%
CMS	$61.92	17,942	2.88	3.14	3.41	3.64	–	–	–	0.04	21.5x	19.7x	18.2x	17.0x	15%	13%	10%	10%	8.3%	3.0%	64%	Neutral	$66	10%	Buy	$68	13%
CNP	$26.88	16,904	1.38	1.49	1.61	1.73	–	–	–	–	19.5x	18.0x	16.7x	15.5x	5%	3%	2%	0%	7.6%	2.5%	50%	Buy	$32	22%	Buy	$30	14%
D	$78.67	63,801	4.12	4.40	4.70	5.00	–	–	–	–	19.1x	17.9x	16.7x	15.7x	3%	2%	2%	2%	6.7%	3.5%	66%	Buy	$90	18%	Buy	$86	13%
DTE	$116.49	22,570	5.95	6.26	6.70	7.10	(0.04)	–	(0.05)	0.05	19.6x	18.6x	17.4x	16.4x	5%	6%	6%	6%	4.3%	3.1%	60%	Buy	$133	17%	Buy	$130	15%
DUK	$99.51	76,523	5.48	5.81	6.15	6.50	–	(0.04)	–	0.03	18.2x	17.1x	16.2x	15.3x	-2%	-2%	-2%	-1%	5.5%	4.1%	74%	Buy	$119	24%	Buy	$109	14%
ED	$81.08	28,682	4.51	4.73	4.89	5.07	(0.03)	–	–	–	18.0x	17.1x	16.6x	16.0x	-3%	-2%	1%	3%	4.1%	4.0%	71%	Sell	$71	-8%	Sell	$78	0%
EIX	$59.92	22,764	4.62	4.86	5.09	5.34	(0.06)	0.05	0.14	0.15	13.0x	12.3x	11.8x	11.2x	-30%	-30%	-28%	-28%	4.5%	4.7%	61%	Buy	$74	28%	Buy	$71	24%
ES	$81.65	28,110	4.10	4.34	4.65	5.00	–	0.03	–	0.04	19.9x	18.8x	17.6x	16.3x	7%	8%	7%	5%	6.9%	3.2%	63%	Neutral	$92	16%	Neutral	$92	16%
ETR	$103.96	20,894	6.33	6.81	7.21	7.57	–	(0.07)	(0.10)	(0.03)	16.4x	15.3x	14.4x	13.7x	-12%	-13%	-12%	-11%	5.9%	4.0%	65%	Buy	$129	28%	Buy	$121	20%
EVRG	$61.21	13,894	3.52	3.77	4.02	4.30	–	–	–	(0.05)	17.4x	16.2x	15.2x	14.2x	-7%	-7%	-7%	-8%	4.9%	3.8%	66%	Buy	$77	30%	Buy	$71	19%
EXC	$42.00	41,089	2.27	2.39	2.54	2.74	0.06	–	0.05	0.05	18.5x	17.6x	16.5x	15.3x	-1%	0%	1%	-1%	-0.5%	3.3%	61%	Neutral	$61	49%	Buy	$46	14%
FE	$41.08	23,430	2.44	2.57	2.75	2.95	–	–	0.03	–	16.8x	16.0x	14.9x	13.9x	-10%	-9%	-9%	-10%	3.2%	3.8%	64%	Neutral	$43	9%	Buy	$45	12%
LNT	$56.33	14,103	2.72	2.87	3.02	3.20	–	0.04	0.06	0.07	20.7x	19.6x	18.7x	17.6x	11%	12%	13%	14%	4.9%	3.1%	64%	Neutral	$64	17%	Neutral	$62	13%
OGE	$35.78	7,162	2.28	2.39	2.52	2.64	(0.23)	(0.26)	(0.29)	(0.20)	15.7x	15.0x	14.2x	13.6x	-16%	-14%	-14%	-13%	4.3%	4.7%	73%	Buy	$42	22%	Buy	$39	14%
PCG	$11.74	23,787	1.11	1.24	1.34	1.45	–	–	–	–	10.6x	9.5x	8.8x	8.1x	-43%	-46%	-47%	-48%	9.7%	0.1%	1%	Buy	$19	62%	Buy	$16	33%
PEG	$64.79	32,762	3.56	3.72	3.92	4.23	(0.08)	(0.03)	–	(0.04)	18.2x	17.4x	16.5x	15.3x	-2%	-0%	1%	-1%	3.8%	3.4%	61%	Buy	$71	13%	Buy	$72	14%
PNW	$68.34	7,710	3.90	4.15	4.40	4.55	0.06	–	–	–	17.5x	16.5x	15.5x	15.0x	-6%	-6%	-5%	-3%	-3.3%	5.1%	89%	Sell	$60	-7%	Neutral	$69	6%
PPL	$28.23	21,193	1.57	1.72	1.79	1.86	–	0.04	–	–	18.0x	16.4x	15.8x	15.2x	-3%	-6%	-4%	-2%	12.8%	4.0%	72%	Buy	$33	21%	Buy	$32	17%
SO	$64.87	68,749	3.55	3.80	4.15	4.40	–	–	(0.09)	(0.15)	18.3x	17.1x	15.6x	14.7x	-2%	-2%	-5%	-5%	6.7%	4.2%	76%	Buy	$76	21%	Neutral	$69	11%
WEC	$89.12	28,112	4.29	4.57	4.87	5.18	–	–	0.03	0.06	20.8x	19.5x	18.3x	17.2x	12%	12%	11%	11%	6.0%	3.3%	68%	Neutral	$101	17%	Neutral	$101	16%
Mid/Lg Cap (excl. EIX, PCG)											**18.6x**	**17.5x**	**16.4x**	**15.5x**					**5.2%**	**3.6%**	**67%**						
Regulated Electrics		**658,619**									**18.5x**	**17.3x**	**16.3x**	**15.4x**					**5.3%**	**3.7%**	**68%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	LTG EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
SRE	$135.23	42,607	8.54	9.08	9.58	10.21	(0.06)	(0.17)	(0.20)	(0.28)	15.8x	14.9x	14.1x	13.2x	-15%	-15%	-14%	-15%	5.5%	3.5%	55%	Buy	$164	25%	Buy	$151	15%
NEE	$75.23	147,612	2.84	3.07	3.31	3.59	(0.06)	(0.06)	(0.08)	(0.06)	26.5x	24.5x	22.7x	21.0x	42%	40%	38%	35%	8.9%	2.3%	60%	Buy	$95	29%	Buy	$92	24%
HE	$39.74	4,344	2.21	2.41	2.47	2.69	(0.05)	(0.12)	(0.07)	(0.06)	18.0x	16.5x	16.1x	14.8x	-3%	-6%	-2%	-5%	4.6%	3.6%	64%	Neutral	$41	7%	Sell	$40	5%
		194,563									**20.1x**	**18.6x**	**17.6x**	**16.3x**	**8%**	**7%**	**7%**	**5%**	**6.3%**	**3.1%**	**60%**						
Gas LDCs																											
NI	$28.40	11,153	1.45	1.53	1.70	1.84	–	–	–	–	19.6x	18.6x	16.7x	15.4x	6%	7%	3%	0%	7.8%	3.3%	65%	Buy	$30	9%	Buy	$31	11%
CPK	$129.08	2,272	5.13	5.55	5.93	6.32	–	–	(0.10)	(0.10)	25.2x	23.3x	21.8x	20.4x	36%	34%	34%	33%	7.6%	1.6%	40%	Neutral	$132	4%	Buy	$138	8%
NJR	$40.41	3,882	2.25	2.43	2.62	2.78	–	–	0.08	–	18.0x	16.6x	15.4x	14.5x	-3%	-4%	-5%	-6%	6.5%	3.7%	67%	Neutral	$41	5%	Neutral	$43	9%
NWN	$46.74	1,433	2.56	2.73	2.83	2.93	–	–	–	0.05	18.3x	17.1x	16.5x	16.0x	-1%	-1%	1%	4%	4.0%	4.1%	76%	Neutral	$49	9%	Buy	$57	25%
OGS	$75.18	4,029	4.12	4.38	4.65	5.00	–	–	–	–	18.2x	17.2x	16.2x	15.0x	-1%	-1%	-1%	-2%	6.8%	3.3%	61%	Neutral	$77	6%	Buy	$80	9%
SJI	$24.05	2,704	1.71	1.82	1.94	2.05	(0.04)	(0.04)	(0.07)	(0.10)	14.1x	13.2x	12.4x	11.7x	-24%	-24%	-24%	-24%	6.2%	5.2%	73%	Neutral	$26	13%	Buy	$29	25%
SR	$64.71	3,349	3.84	4.27	4.91	5.03	–	0.09	(0.34)	(0.25)	16.9x	15.2x	13.2x	12.9x	-9%	-12%	-19%	-16%	0.9%	4.3%	73%	Neutral	$62	0%	Neutral	$68	10%
		28,822									**18.6x**	**17.3x**	**16.0x**	**15.1x**	**0%**	**-0%**	**-2%**	**-2%**	**5.7%**	**3.7%**	**65%**						
Regulated Water																											
AWK	$146.29	26,585	4.42	4.83	5.20	5.68	0.06	–	0.03	0.04	33.1x	30.3x	28.1x	25.8x	78%	73%	71%	66%	7.6%	1.8%	59%	Neutral	$174	21%	Neutral	$171	19%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'21–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$47.20	15,387	2,525	2,721	2,895	2,867	56	106	201	264	7.9x	7.0x	6.2x	5.9x	19,915	19,118	17,964	16,790	-0.7%	1.1%	19%	Neutral	$51	9%	Buy	$57	22%
NRG	$39.09	9,571	2,092	2,289	2,283	2,263	56	–	63	63	7.5x	6.6x	6.3x	5.8x	15,615	15,021	14,432	13,110	-2.0%	3.6%	36%	Neutral	$43	14%	Buy	$45	18%
VST	$21.72	10,483	3,120	3,298	3,325	3,223	–	36	–	295	6.6x	6.3x	6.2x	6.2x	20,717	20,658	20,481	19,967	12.8%	3.4%	35%	Buy	$27	28%	Buy	$28	32%
Other																											
ALTO	$5.71	416	74	74	75	75	22	–	–	–									1.1%	–	–	Buy	$8	40%	Buy	$9	57%
REGI	$35.57	1,788	291	241	339	339	–	–	–	–									3.4%	–	–	Buy	$77	116%	Buy	$72	103%
IEA	$10.56	507	152	174	199	220	–	–	–	–									13.8%	–	–	Buy	$15	42%	Buy	$17	57%
NEP	$72.66	6,094	1,660	1,775	1,889	2,003	70	97	(24)	104									10.2%	4.2%	–	Buy	$90	28%	Buy	$88	26%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

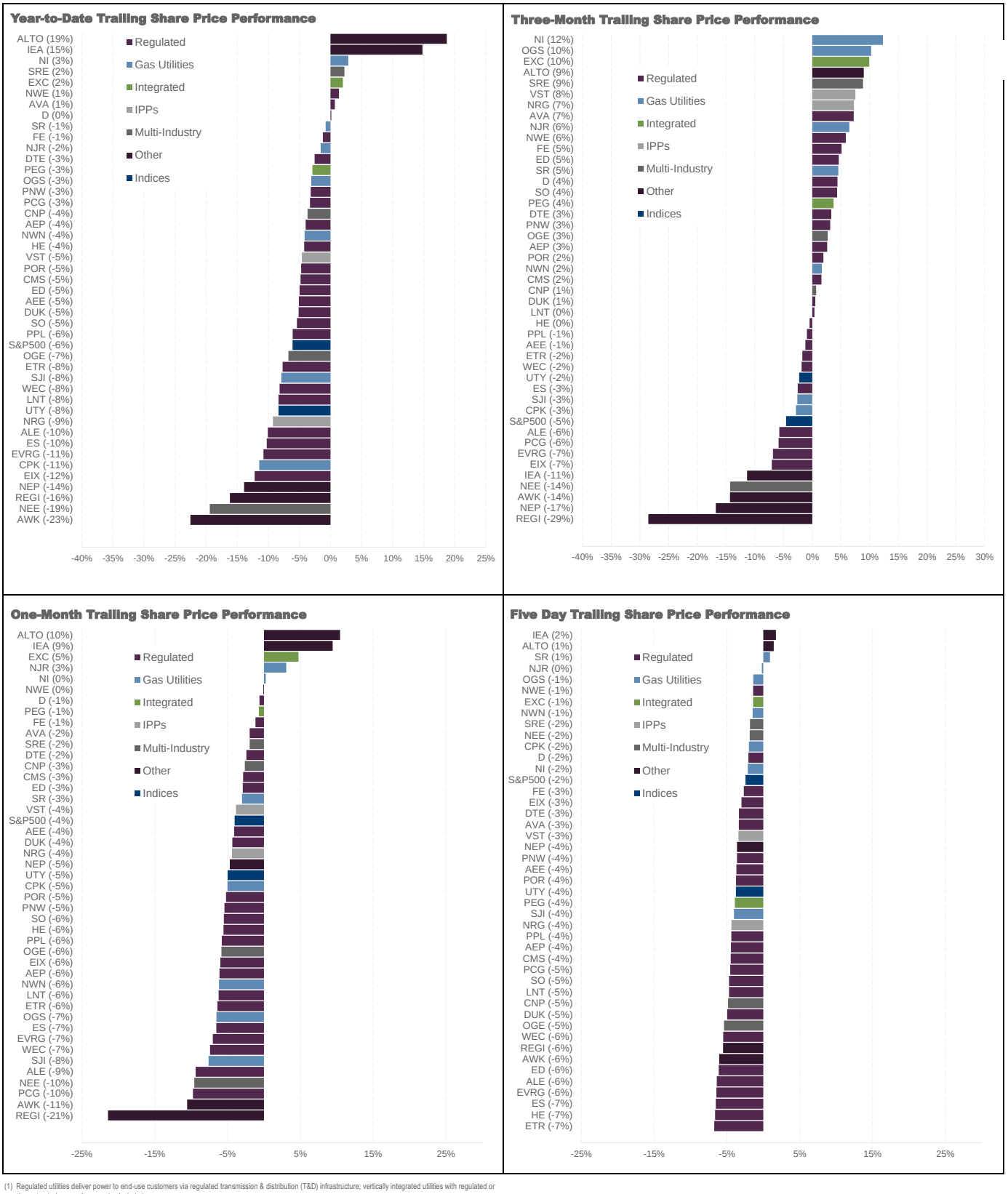

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim or Virtual
D	2/23	Virtual
ETR	3/16–3/17	Virtual
AEE	3/22	Virtual
NWE	3/24	Virtual
AGA Conference	5/17–5/18	Miami
EVRG	5/24–5/25	TBC
EXC	6/1–6/2	Midwest
ES	6/8	Boston or Virtual
CMS	6/16	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
POR	08/22-08/23	New York
OGS	09/27-09/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Generation and Mix

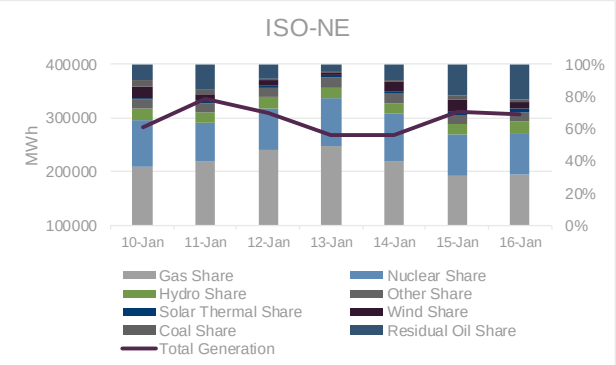

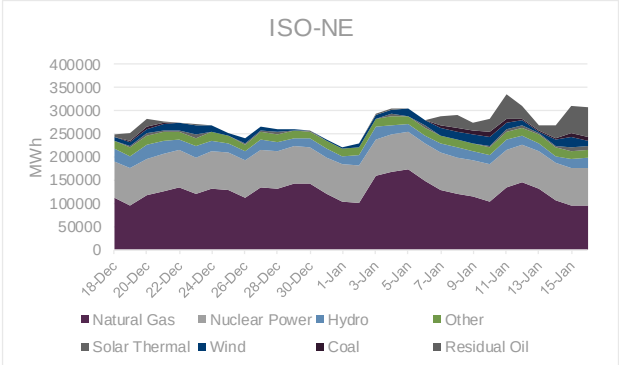

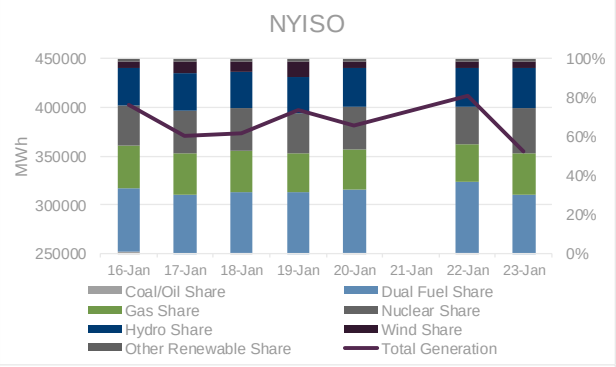

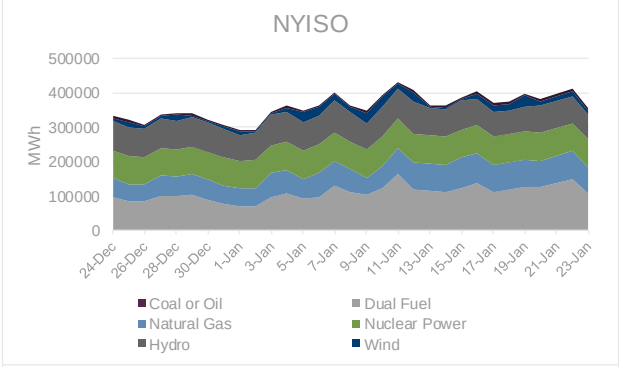

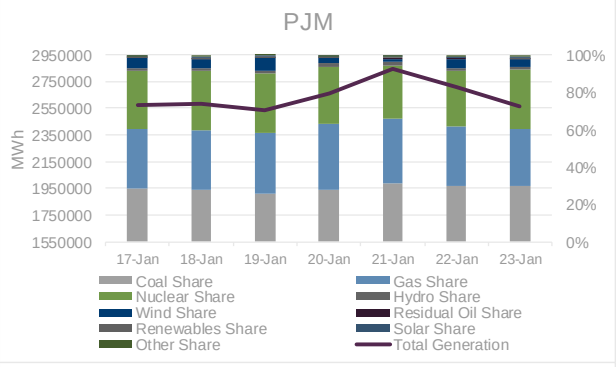

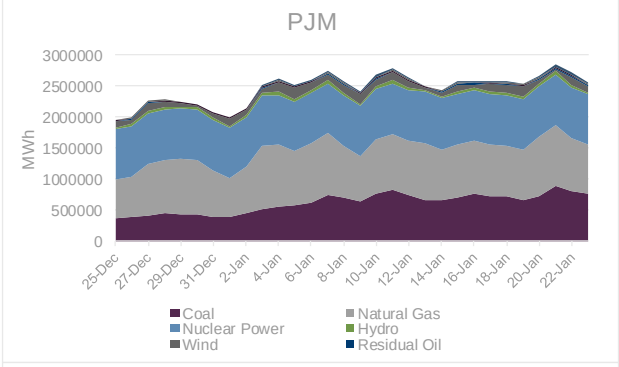

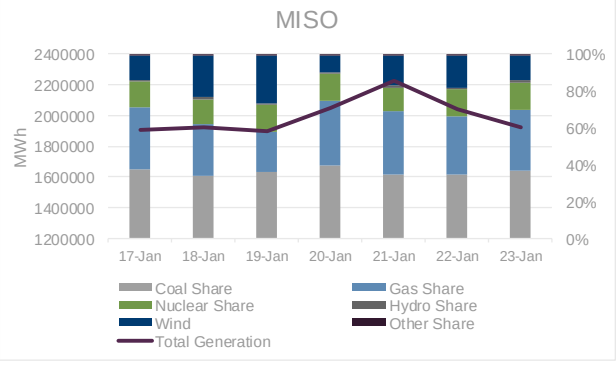

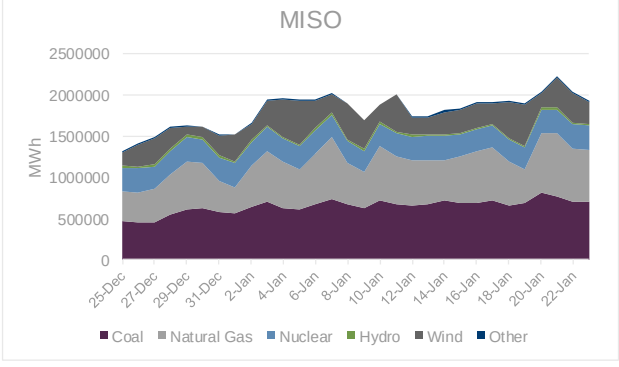

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

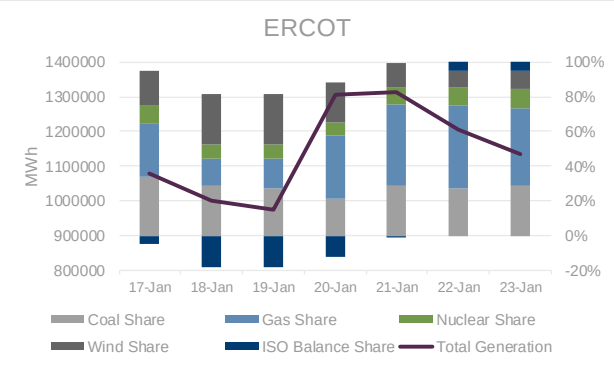

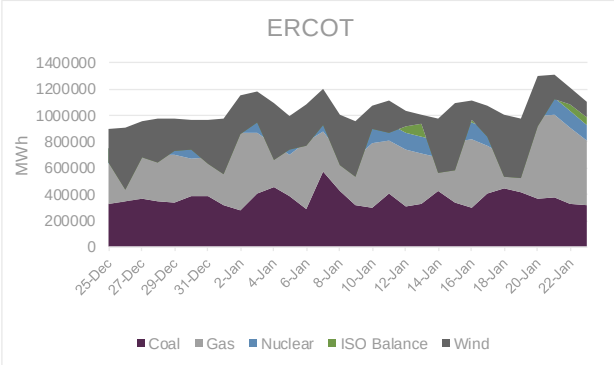

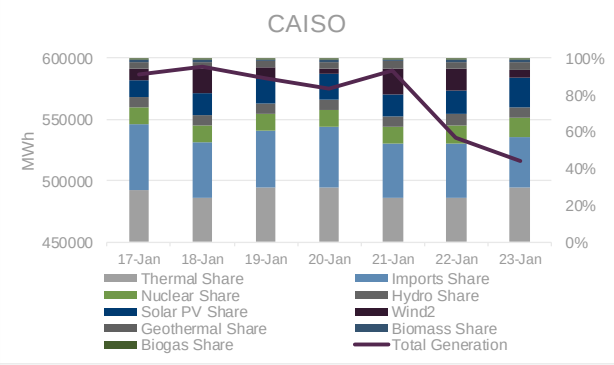

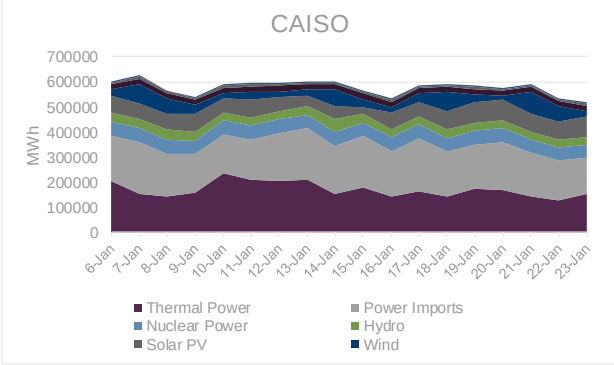

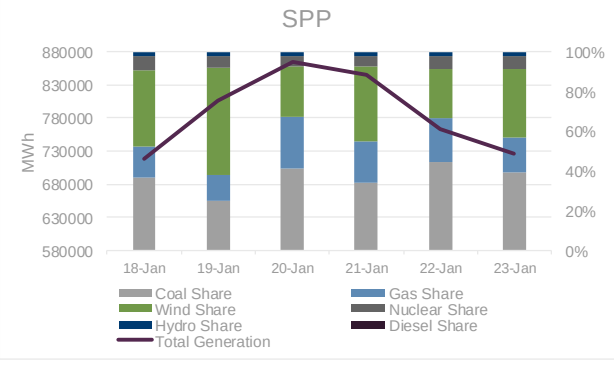

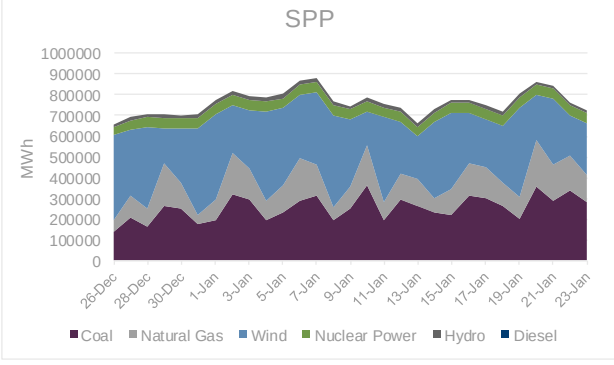

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Weather

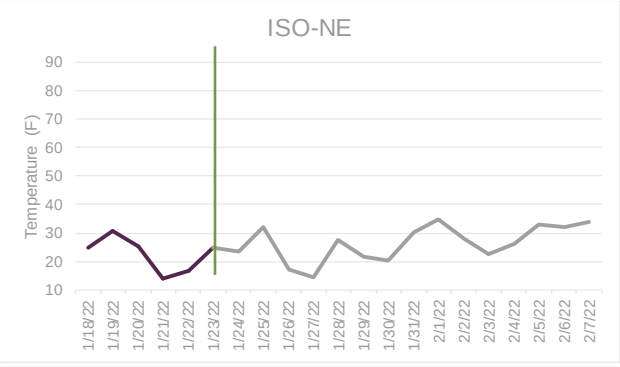

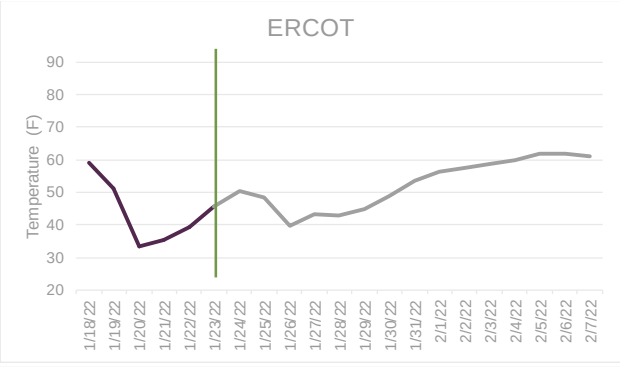

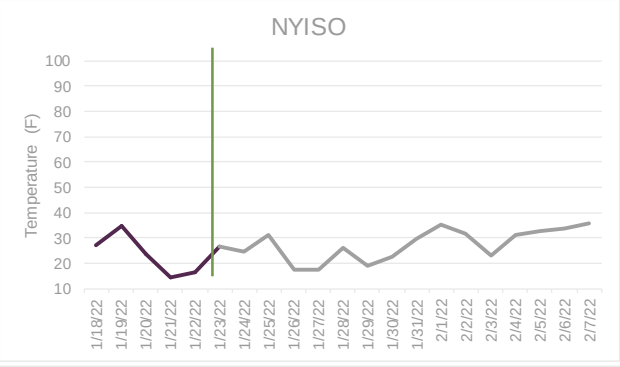

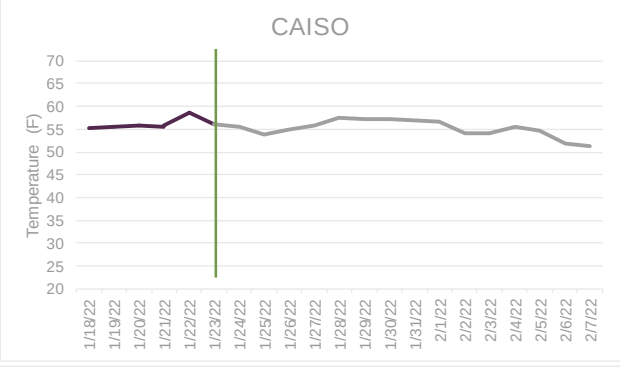

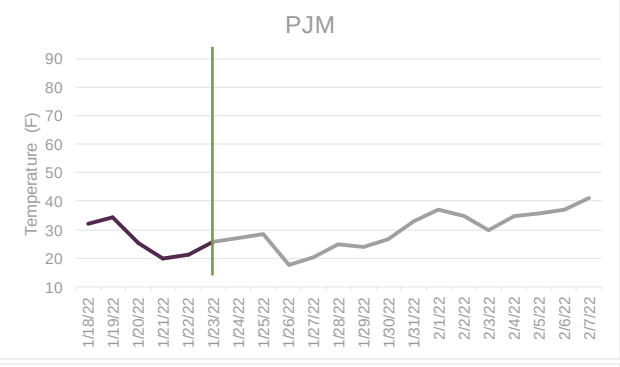

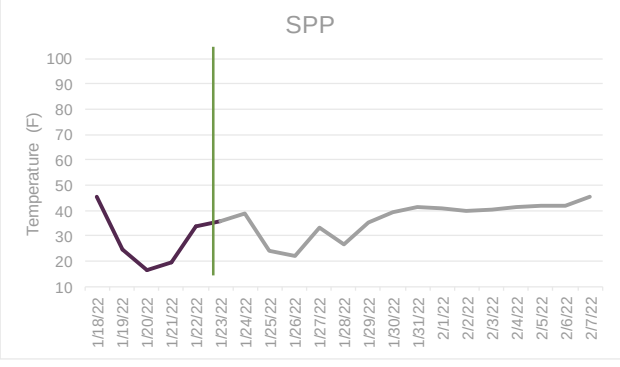

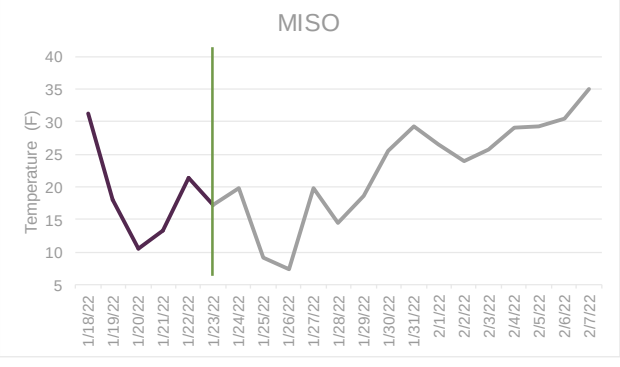

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2022 - 4/5/2022)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2022-3/31/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3)
1/1/2022-1/31/2022	IN	AEP	Indiana Michigan Power Co.	Ca-45576	Decision possible in rate proceeding
1/1/2022-1/17/2022	MA	ES	NSTAR Electric Co.		Electric rate case to be filed in early January
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company expected to file next electric rate case
1/1/2022-3/31/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
1/1/2022-3/31/2022	MI	DTE	DTE Electric Co.		General electric rate case to be filed
1/1/2022-1/31/2022	NM	AEP	Southwestern Public Service Co	C-20-00238-UT	Final PRC decision expected in electric rate case
1/1/2022-1/31/2022	NY	ED	Consolidated Edison Co. of NY		Electric rate case expected to be filed in January 2022
1/1/2022-1/31/2022	NY	ED	Consolidated Edison Co. of NY		Gas rate case expected to be filed in January 2022
1/1/2022-1/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	ALJ Proposed Order may be issued in rate case (estimated by RRA)
1/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Intervening parties to file testimony in Rider US-4 proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Rebuttal testimony due in Rider R update proceeding
1/12/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing scheduled in Rider W update proceeding
1/13/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Company rebuttal due
1/14/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Gas rate case expected to be filed with commission
1/14/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Surrebuttal testimony due in rate case
1/15/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Hearing examiners report may be issued in Rider S update proceeding
1/15/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00146 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
1/18/2022-1/21/2022	LA	AEP	Southwestern Electric Power Co	D-U-35441	Hearing to be held in electric rate case
1/18/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Intervening parties to file testimony in Rider US-3 update
1/19/2022-1/24/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Hearings scheduled in rate case
1/19/2022-1/20/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Hearings scheduled in Rider U proceeding
1/22/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Hearing scheduled in Rider R update proceeding
1/25/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Staff to file testimony in Rider US-4 proceeding
1/26/2022	TN	DUK	Piedmont Natural Gas Co.		Intervenor testimony due in annual review mechanism proceeding (Docket No. 2100135)
1/27/2022-2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Hearing Examiner's report may be issued in Rider U proceeding
1/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Staff to file testimony in Rider US-3 update proceeding
2/1/2022-2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Hearing Examiner's report may be issued in Rider W proceeding
2/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Rebuttal testimony due in Rider US-4 proceeding
2/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Intervening parties to file testimony in Rider US-2 update proceeding
2/4/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Intervening parties to file testimony in Rider BW proceeding
2/7/2022	TN	DUK	Piedmont Natural Gas Co.		Company rebuttal testimony due in annual review mechanism proceeding (Docket No. 2100135)
2/9/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Brief due in rate case
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Hearings to begin in Rider US-4 proceeding
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Intervening parties to file testimony in Rider SNA proceeding
2/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Staff testimony due in Rider US-2 update proceeding
2/17/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Staff or intervenor surrebuttal due
2/21/2022	TN	DUK	Piedmont Natural Gas Co.		Prehearing conference to take place in annual review mechanism proceeding (Docket No. 2100135)
2/24/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Company sur-surrebuttal due
2/28/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Law judge proposed order due in rate case
2/28/2022	TN	DUK	Piedmont Natural Gas Co.		Target hearing date for annual review mechanism proceeding (Docket No. 2100135)
2/28/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00047 (GRAC)	Decision expected in generation rider adjustment clause update
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00110 (Rider U)	Decision expected in Rider U proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00111 (Rider B)	Decision expected in Rider B adjustment proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00113 (Rider R)	Decision expected in Rider R proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00114 (Rider S)	Decision expected in Rider S proceeding
2/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00115 (Rider W)	Decision expected in Rider W proceeding
2/28/2022-3/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Hearings scheduled in Rider US-3 update proceeding
3/1/2022-3/31/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
3/1/2022-3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00119 (Rider US-4)	Hearing Examiner's report may be issued in Rider US-4 proceeding
3/1/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/4/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Settlement or issues list due
3/4/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	staff testimony to be filed in Rider BW proceeding
3/14/2022-3/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearings scheduled in Rider US-2 proceeding
3/15/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Hearing scheduled for rate proceeding
3/16/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	Responses to appeal memoranda due in rate cases
3/23/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Intervening parties to file testimony in RAC-EE proceeding
3/30/2022	MD	EXC	Delmarva Power & Light Co.	C-9670	End of initial suspension period in rate case
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00118 (Rider US-3)	Hearing Examiners report may be issued in Rider US-3 proceeding
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00146 (Rider CE)	Decision expected in Rider CE update proceeding
3/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	SCC staff to file testimony in Rider SNA proceeding
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Company Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	242	65.05%	68	28.10%
NEUTRAL	124	33.33%	15	12.10%
SELL	6	1.61%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Software
Ken Wong, CFA 415.852.6465
Ken.Wong@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

GUGGENHEIM

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 06-May-2022 11:35 AM.

Redacted

February 16, 2022 | 20:47 ET~

Exelon

BMO Capital Markets

EXC-NSDQ	Rating	Price: Feb-16	Target ↓	Total Rtn
	Outperform	$42.00	$47.00	15%

Refreshing Stand-Alone Forecast (Again) - Sticking With Outperform on EXC Shares

Bottom Line:

With EXC's corporate separation completed on February 2, we are updating our forecast for the separation and other disclosures. Although we published our EXC-standalone estimates in our January 11 note, with our recent update our 2022-2024 EPS move to $2.25, $2.41, and $2.60, from $2.24, $2.36, and $2.53, respectively. We are also introducing our 2025 estimate of $2.78. Our target price moves to $47 reflect the recent mark-to-market of our peer group multiples. We remain Outperform-rated on EXC given the company's attractive fundamental profile and total return expectation of 15%.

Key Points

EXC completed its separation from Constellation Energy (CEG-NSDQ; $47.20; Outperform) on February 2. With the split and updated pro-forma disclosures earlier this month we refreshed our estimates for standalone EXC and rolled our forecast out to 2025. Our 2021E-2025E EPS are now $2.10, $2.25, $2.41, $2.60, and $2.87, respectively. Our forecast implies ~7.3% EPS CAGR through 2025 supported by the company's $29bn capital program (2022-2025) and rate base growth of 8.1%. Our $47 SOTP target price implies an ~8% premium to the group average electric multiple.

What drives our premium valuation outlook? Although we see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans, **we believe the company's business profile, strong and visible fundamental growth outlook, and supportive regulatory environment positions the company well to drive multiple expansion**. Specifically, we would highlight the following positives: 1) the largest utility by customer with over 10.3mm electric & gas customers; 2) low business risk and ESG-friendly profile given the company's pure T&D business with electric distribution and transmission representing over 95% of rate base; 3) over 75% of the company's revenues are decoupled, which reduces both EPS and cash flow volatility (only PECO and DPL Delaware are not decoupled); 4) solid investment grade ratings at S&P and Moody's (BBB/Baa2, respectively) with 100-200 bps of cushion above its industry-low 12% FFO/Debt downgrade threshold; 5) visible 8%+ rate base growth with only ~50 bps of share dilution though 2025 drives our 7%+ EPS CAGR (2021-2025); and 6) enhanced ESG story and disclosures at its recent Analyst Day in January.

EXC will not hold a 4Q conference call. However, our 4Q21 and full-year estimates remain unchanged at $0.44 and $2.10, respectively. Our bridge for 4Q21 is illustrated in Exhibit 4.

Key Changes

Target	Estimates	Q4 / 21E	2021E	2022E
$47.00↓	EPS	$0.44	$2.10	$2.25
$63.00	*Previous*	*$0.92*	*$2.84*	*$3.32*
	DPS		$1.53	$1.35
	Previous		*$1.23*	*$1.34*
	EBIT		$3,303	$3,679
	Previous		*$4,170*	*$5,198*

For disclosure statements, including the Analyst Certification, please refer to page(s) 8 to 11.

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (212) 885-4007

Edward M DeArias, CFA — Associate
edward.dearias@bmo.com — (212) 702-1200

Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.35	Shares O/S (mm)	979.5
Yield	3.2%	Market Cap (mm)	$41,139
P/BV	1.8x	Net Debt (mm)	$30,821

BMO Estimates (FY-Dec.)	2020A	2021E	2022E	2023E
EPS	$3.22	$2.10↓	$2.25↓	$2.41↓
DPS	$1.53	$1.53↑	$1.35↑	$1.44↑
EBIT	$4,422	$3,303↓	$3,679↓	$4,118↓
EBITDA	$11,581	$8,466↓	$7,142↓	$7,755↓

Consensus Estimates	2020A	2021E	2022E	2023E
EPS		$2.08	$2.25	$2.37

Valuation	2020A	2021E	2022E	2023E
P/E	13.1x	20.0x	18.7x	17.4x
Div. Yield (%)	3.6%	3.6%	3.2%	3.4%

QTR. EPS	Q1	Q2	Q3	Q4
2020A	$0.87	$0.55	$1.04	$0.76
2021E	$0.52a	$0.49a	$0.65a	$0.44
2022E	$0.64	$0.46	$0.64	$0.50
2023E	$0.69	$0.50	$0.68	$0.54

Notes : Prior numbers reflect our pre-spin estimates

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook and supportive regulatory environment positions the company well to drive multiple expansion.

Exelon - Block Summary Model

Income Statement	2020A	2021E	2022E	2023E
Generation	1,604	0	0	0
Com Ed	1,169	1,327	1,412	1,526
PECO	564	736	808	876
BGE	512	513	657	725
PHI	639	778	885	1,073
Parent and Other	(66)	(52)	(82)	(82)
Consolidated EBIT	5,054	3,512	3,924	4,363
Depreciation & Amortization	6,527	4,954	3,218	3,391
EBITDA	11,581	8,466	7,142	7,755
Interest Expense	1,655	1,347	1,438	1,538
Income Tax	399	159	334	499
Income from continuing operations	3,150	2,052	2,199	2,372
Weighted Average Shares Outstanding	979	979	979	982
Diluted Operating EPS	$3.22	$2.10	$2.25	$2.41
Dividends per Share	$1.53	$1.53	$1.35	$1.44
Cash Flow Statement	**2020A**	**2021E**	**2022E**	**2023E**
Operating Cash Flow	4,235	7,906	5,416	5,763
Investing Cash Flow	(4,336)	(8,250)	(6,950)	(7,050)
Financing Cash Flow	145	3	918	1,312
Net Change in Cash Flow	44	(341)	(615)	26
EOP Cash on Balance Sheet	1,166	825	210	236
Common stock (net)	45	0	0	250
Net debt issued/(repaid)	1,728	1,501	2,240	2,475
Dividends paid	(1,492)	(1,498)	(1,322)	(1,413)
Balance Sheet	**2020A**	**2021E**	**2022E**	**2023E**
Common Equity	34,868	22,837	23,708	24,917
Preferred Equity	0	0	0	0
Total Debt	39,333	31,646	36,186	38,661
Enterprise Value	$78,795	$71,449	$76,604	$79,284
Common equity %	47.0%	41.9%	39.6%	39.2%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	53.0%	58.1%	60.4%	60.8%
Book Value per Share	$35.62	$23.33	$24.22	$25.36

Source: BMO Capital Markets, Company Reports

New Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2024E EPS as a base, which we then adjust (premium, discount or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $53.00

Our upside scenario reflects continued multiple expansion associated with the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $39.00

Our downside scenario reflects a tightening monetary policy and a deceleration of the company's rate base growth.

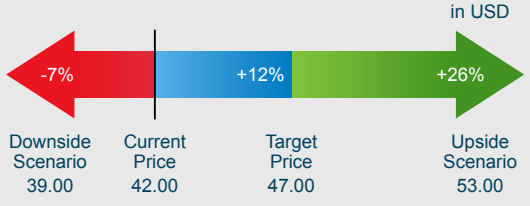

Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18-month process as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG- friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 85% of rate base.

EXC-NSDQ Research

Glossary

Company Models

Party Time, EXCellent – Sticking With Outperform on EXC Shares

With its corporate separation completed on February 2, we are updating our forecast for the separation and other disclosures. Although we had published our EXC-standalone estimates in our January 10 note, with our recent update our 2022-2024 EPS move to $2.25, $2.41, and $2.60, from $2.24, $2.36, and $2.53, respectively. We are also introducing our 2025 estimate of $2.87. Our five-year (2021-2025) EPS growth rate of 7.3% is just above the midpoint of the company's stated long-term 6-8% EPS growth rate. Assuming ~60% payout ratio, we see EXC's dividend growing at ~6.5% through our forecast suggesting a 3.2% current yield using our 2022E DPS of $1.35.

Our target price moves down modestly to $47, reflecting the recent mark-to-market of our peer group electric (16.6x) and gas (15.2x) multiples implying an 8% premium on a consolidated basis. Consistent with our SOTP framework utilized across our coverage universe we breakout transmission earnings separately and apply a premium multiple to this business segment. This drives our consolidated multiple above the sector average multiples given EXC's 20% exposure to transmission (% of total rate base – Exhibit 1). **We remain Outperform rated on EXC shares given the company's attractive fundamental profile and total return expectation of 15%.**

Exhibit 1: Premium 95% Distribution & Transmission Rate Base Breakdown

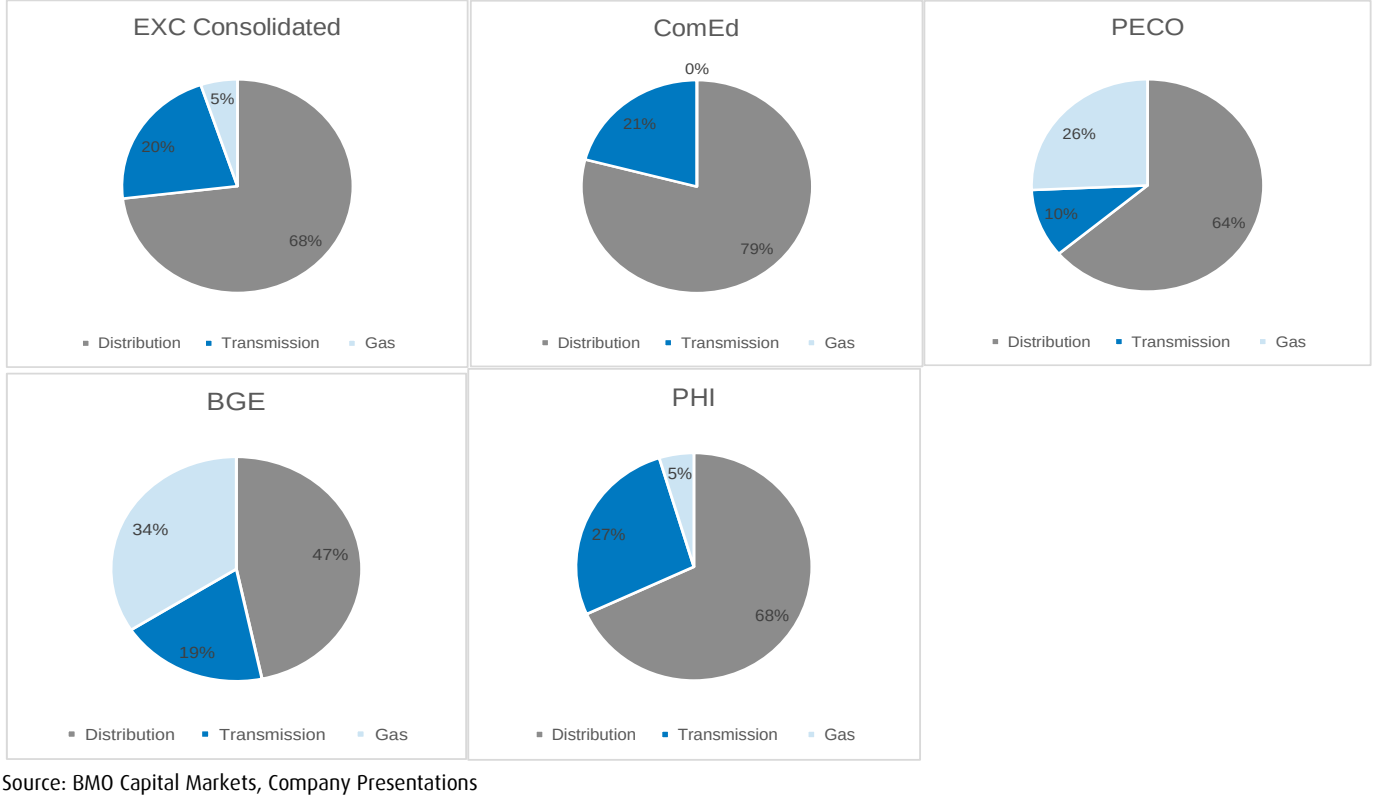

Source: BMO Capital Markets, Company Presentations

What drives our premium valuation outlook? Although we see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans, **we believe the company's business profile, strong and visible fundamental growth outlook, and supportive regulatory environment positions the company well to drive multiple expansion**. Specifically we would highlight the following positives: 1) the largest utility by customer with over 10.3 million electric & gas customers; 2) low business risk and ESG-friendly profile given the company's pure T&D profile with electric distribution and transmission representing over 85% of rate base; 3) over 75% of the company revenues are decoupled, which reduces both EPS and cash flow volatility (only PECO an DPL Delaware are not decoupled); 4) solid investment grade ratings at S&P and Moody's (BBB/Baa2, respectively) with 100-200 bps of cushion above its industry-low 12% FFO/Debt downgrade threshold;

5) visible 8%+ rate base growth with only ~50 bps of share dilution though 2025 drives our 7%+ EPS CAGR (2021-2025); and 6) enhanced ESG profile and disclosures at its recent Analyst Day in January.

Analyst Day Adds Visibility to Standalone Growth Outlook

Exelon held a pre-spin analyst day in mid-January where it outlined the standalone prospects for its utility-only, Exelon Utilities operations. Although the profile of the regulated remainco did not change materially, the company did provide positive updates across several fronts including added visibility to its growth outlook, external financing plan as well as stand-alone dividend plan through 2025.

On the earnings front, management reaffirmed its 2021 UP&O equivalent range at $2.06-2.14/share and initiated its 2022 outlook at $2.18-2.32, suggesting a 7% growth midpoint over midpoint. Driven by continued regulate investment, PECO's electric and gas GRC's, lower depreciation and amortization, and modest dilution, the midpoint of this range was roughly 5c higher than our initial $2.20/share estimate for 2022. The company's 2022 forecast assumes non-corporate O&M is up $150 million year over year and management stated its confidence in being able to mitigate any dis-synergies associated with the corporate separation. The company's regulated-only, long-term growth rate remained in line with its previous 6-8% regulated utility growth using its 2021 range as the new base for this updated five-year outlook. Management reiterated its confidence in its ability to achieve its growth outlook including a stress test of the various earned return scenarios at both ComEd and PECO. As the recent IL legislation impacting ComEd's allowed ROE methodology does not affect earnings until 2024, the company embeds a current 30-year treasury curve (~1.94%) in its longer-term outlook, which is consistent with our current forecast. We conservatively have not assumed a step up in the ROE at ComEd in 2024 as we await clarity pending the ICC establishing its revised regulatory framework over the next 12 months.

With the recent Analyst Day update and what will now be a normal 4Q event, Exelon updated its five-year capital program (now 2022-2025), with the total spending outlook increasing to $29 billion or ~7-8% higher over its previous five-year outlook (2021-2024). This higher level of spending, which includes a ~5% step up on an annualized basis in 2024 and 2025 compared to our previous estimates, helps drive a modest increase in expected rate base growth to 8.1% from 7.6% previously through 2025 (Exhibits 2 and 3). The additional $350-400 million of spending is expected to receive contemporaneous recovery through multi-year rate plans across various jurisdictions and represents capital opportunities tied to accelerated electrification, cybersecurity, and continued resiliency programs. As nearly 98% of its capital spending has alternative cost recovery mechanisms and its regulated utility portfolio is 76% decoupled by volume investors should have good visibility into the company's growth over the forecast period. Through cost control and a focus on continuous improvement, EXC expects to focus on keeping its customer rates competitive and its current $29 billion capital plan can be executed with rate impacts at or below inflation.

Exhibit 2: Rate Base by Major Jurisdiction

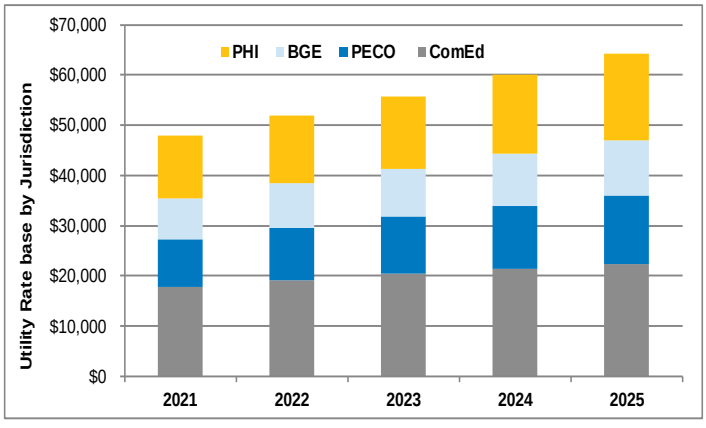

Source: BMO Capital Markets, Company Presentations

Exhibit 3: Rate Base by Major Function

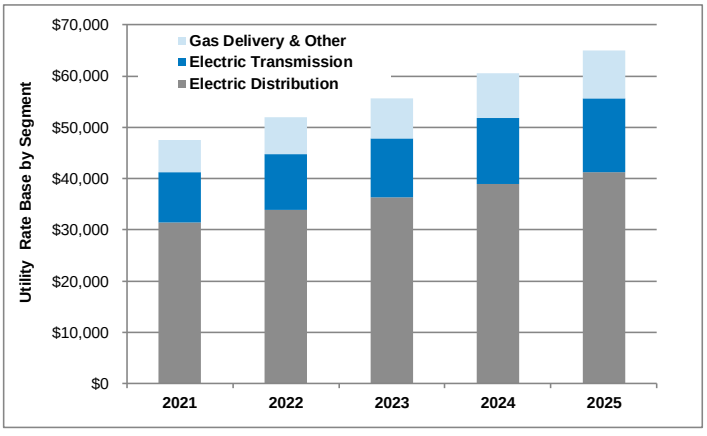

Source: BMO Capital Markets, Company Presentations

On the financing side, management continues to see ~$1 billion of external equity through 2025, which we see as manageable both in terms of dilution and capital markets access at roughly 0.5-0.6% annually relative to its current market cap of ~$41 billion. This commitment to balance sheet strength will maintain its credit metrics in the 13-14% FFO/Debt level on average over the 2022-2024 time frame and leave the company with plenty of financial flexibility above its 12% downgrade threshold.

With the separation, EXC's stand-alone 2022 dividend was established at $1.35/share representing a 60% payout of operating earnings. When adding this dividend to that established by Constellation Energy (CEG-NSDQ; $47.20; Outperform), roughly 18c on an EXC-equivalent basis, EXC shareholders were made whole relative to our previous forecast consolidated dividend for EXC of $1.53. With only modest equity needs and starting out at sector-low payout objective of 60%, EXC expects dividend growth in line with its operating EPS growth or 6-8% through 2025. Based on this initial dividend level and the stock's current price, we see a dividend yield in the 3.2% range, which is on par or just slightly below the sector average of 3.3%.

Although we had already published our initial standalone EXC estimates with the company's January Analyst Day, we have updated our model and are revising our 2022-2024 estimates and introducing our 2025 outlook. Our estimates have moved up modestly to reflect both the slightly lower equity needs through 2024 and higher capex in 2023 and 2024. Our 2021E-24E standalone EXC EPS forecast are $2.10, $2.25, $2.41, and $2.60, respectively. We are also introducing our 2025 estimate of $2.78.

With an achievable growth outlook in line with the sector's high multiple peers, geographic diverse footprint, pure T&D business model, and a pro-forma potential market cap of at least $41 billion, we believe Exelon Utilities has the potential to be one of the go-to names in the sector post separation. Our standalone target price moves down to $47 from $48/share in our previous consolidated SOTP framework reflecting the lower MTM sector multiples for both electric and gas 2024E EPS used in our SOTP valuation framework (Exhibit 7).

Given the timing of the company's analyst day and the reaffirmation of its 2021 outlook, EXC will not hold its normal 4Q conference call. However, our 4Q21 and full-year estimates remain unchanged at $0.44 and $2.10, respectively. Our bridge for 4Q21 vs. 4Q20 is illustrated in Exhibit 4 below.

Exhibit 4: Exelon Corp - 4Q21 Earnings Bridge

4Q20A Operating Earnings	**$0.76**
UP&O 4Q20A	**$0.37**
Normalized Weather (PECO & PHI)	$0.02
4Q21 Load & Weather	$0.02
Other	$0.03
Absense of Small Business Grants	$0.01
Utility Rates (BGE)	$0.01
Utility Rates (PHI)	$0.01
Utility Rates (BG&E)	$0.00
Utility Rates (ComEd)	$0.02
ComEd ROE +33 b/p	$0.00
O&M Expense	($0.03)
OPEX - D&A, Interest & Taxes	($0.03)
Parent Taxes - Pro-rata Reversal from 1Q21	$0.03
UP&O 4Q21E	**$0.44**

Source: BMO Capital Markets, Company Filings

Exhibit 5: EXC Model Summary

EXC Model Summary	2020A	2021E	2022E	2023E	2024E	2025E	5-Year Growth
EPS By Segment							
EXC Gen	$1.44						
Com Ed	$0.66	$0.79	$0.85	$0.93	$0.98	$1.04	7.0%
PECO	$0.47	$0.56	$0.59	$0.63	$0.68	$0.72	6.6%
BGE	$0.37	$0.42	$0.44	$0.48	$0.52	$0.55	7.1%
PHI	$0.52	$0.58	$0.65	$0.69	$0.78	$0.85	10.0%
Parent & Other	($0.24)	($0.26)	($0.27)	($0.31)	($0.35)	($0.38)	10.7%
Consolidated E.P.S.	**$3.22**	**$2.10**	**$2.25**	**$2.41**	**$2.60**	**$2.78**	**7.3%**
Growth				7.5%	7.8%	6.8%	
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**	**6.5%**
Growth				6.5%	6.5%	6.5%	
Implied Payout Ratio	47.6%	73.0%	60.1%	59.5%	58.8%	58.7%	
Dividend Yield	3.7%	3.7%	3.2%	3.4%	3.7%	3.9%	
Valuation Metrics							
Price to Earnings	12.9x	19.8x	18.5x	17.2x	15.9x	14.9x	
Price to Book Value	1.2x	1.8x	1.7x	1.6x	1.6x	1.5x	
Funding Sources							
Cash Flow from Operations	$4,235	$7,906	$5,416	$5,763	$6,142	$6,469	**$23,790**
Total Debt Financings	$8,168	$3,075	$4,300	$3,275	$3,350	$3,110	**$14,035**
Total Equity Financings	$45	$0	$0	$250	$250	$250	**$750**
Credit Metrics							
Total Debt/Capitlization	55%	60%	60%	61%	61%	60%	
FFO/Total Debt	21%	24%	15%	15%	15%	16%	
EBITDA/Interest Expense	7.0x	6.3x	5.0x	5.0x	5.1x	5.1x	
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%	
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%	
Regulated Operations Performance - Realized ROE (1)							
ComEd	8.7%	9.6%	9.5%	9.8%	9.8%	10.0%	
PECO	11.0%	11.8%	11.2%	10.9%	10.8%	10.6%	
BGE	9.7%	10.2%	9.8%	9.9%	10.0%	9.9%	
PHI	9.1%	9.4%	9.7%	9.6%	10.1%	10.2%	

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets

Exhibit 6: EXC Model Assumptions

Key Model Assumptions	2020A	2021E	2022E	2023E	2024E	2025E	'21-25 Growth
Total Capital Expenditures by Segment							
ComEd	$2,350	$2,375	$2,475	$2,550	$2,575	$2,650	$10,250
PECO	1,250	1,275	1,350	1,350	1,550	1,600	$5,850
BGE	1,350	1,200	1,250	1,325	1,375	1,400	$5,350
PHI	1,700	1,750	1,875	1,825	1,950	1,900	$7,550
Parent & Other	-	-	-	-	-	-	-
Consolidated Capital Expenditures	**$6,650**	**$6,600**	**$6,950**	**$7,050**	**$7,450**	**$7,550**	**$29,000**
YE Rate Base Estimates							
Com Ed	$16,496	$17,848	$19,096	$20,370	$21,358	$22,309	5.7%
PECO	8,416	9,443	10,391	11,358	12,594	13,712	9.8%
BGE	7,475	8,148	8,918	9,610	10,322	11,044	7.9%
PHI	11,622	12,462	13,547	14,451	15,848	17,180	8.4%
Total Rate Base	**$44,009**	**$47,900**	**$51,952**	**$55,790**	**$60,123**	**$64,245**	**7.6%**
Growth		*8.8%*	*8.5%*	*7.4%*	*7.8%*	*6.9%*	
2022 AD Guidance							
Electric Distribution	$29,300	$31,400	$33,900	$36,300	$39,000	$41,300	7.1%
Electric Transmission	9,200	9,900	10,900	11,600	12,900	14,400	9.8%
Gas Delivery & Other	5,400	6,200	7,200	7,800	8,600	9,300	10.7%
Total Rate Base	**$43,900**	**$47,500**	**$52,000**	**$55,700**	**$60,500**	**$65,000**	**8.2%**

Source: BMO Capital Markets

Exhibit 7: EXC Sum-of-the-Parts Valuation

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2024E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	11%	$0.98	15.4x	$15	18.4x	$18	20.4x	$20
PECO	EPS	3%	$0.68	14.1x	$10	17.1x	$12	20.4x	$14
BGE	EPS	7%	$0.52	14.7x	$8	17.7x	$9	20.4x	$11
PHI	EPS	13%	$0.78	15.8x	$12	18.8x	$15	20.4x	$16
Parent & Other	EPS	9%	($0.35)	15.1x	($5)	18.1x	($6)	20.4x	($7)
Utility Value			**$2.60**	**15.1x**	**$39**	**18.1x**	**$47**	**20.4x**	**$53**
Upside/(Downside)					(6%)		12%		26%
Current Yield					3%		3%		3%
Total Return					**(3%)**		**16%**		**30%**

Source: BMO Capital Markets

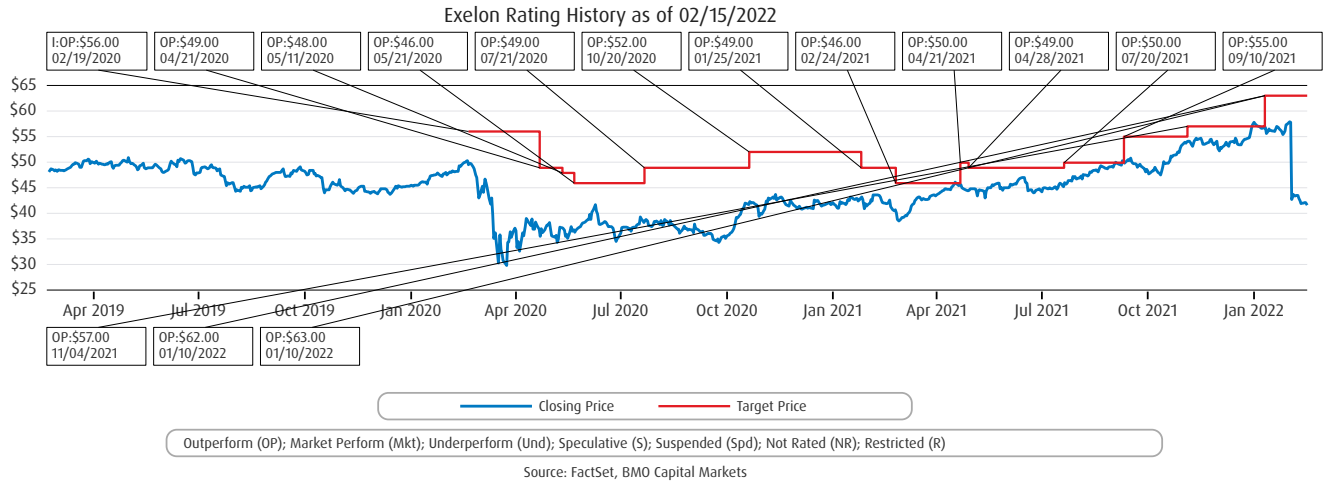

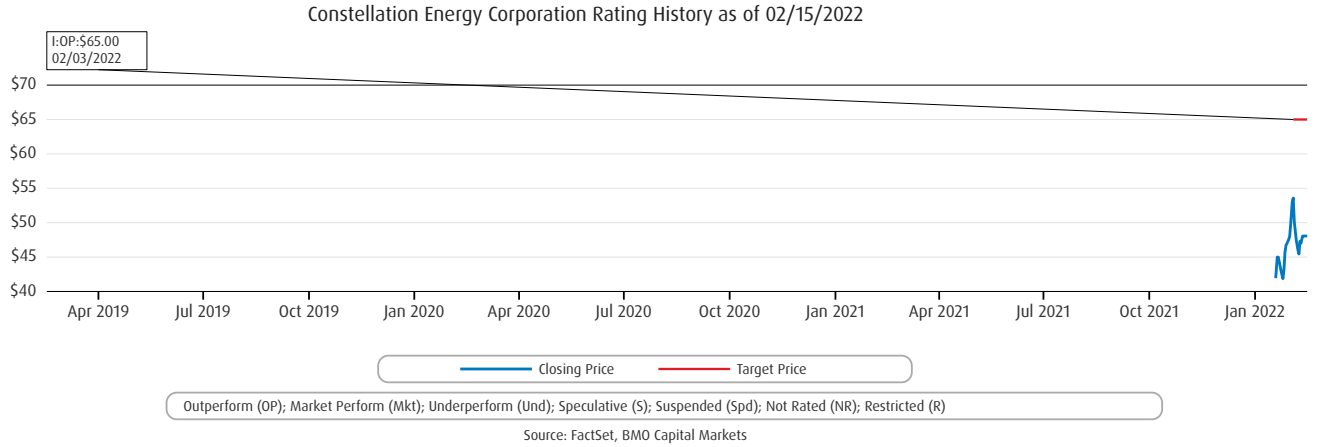

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Constellation Energy Corporation (CEG-NSDQ)

Methodology: Our target price is derived from a blend of both EV/EBITDA and FCFY valuations, consistent with our valuation applied to the other companies in our coverage universe within the IPC and diversified utility segments.

Risks: Constellation's wholesale and retail businesses are subject to commodity price risk including power, natural gas and uranium, as well as counterparty non-performance. The company faces other business risks including regulatory, nuclear operational risk, cyber threats and capital market volatility.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC generation assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Failure to pass a version of the "Clean Energy Jobs Act" in the upcoming legislative session that sufficiently expands financial support for EXC Gen's nuclear plants would cause us to re-evaluate our rating, all else equal. The Governor's opposition to the existing Formulaic Based Rate Plan in IL may result in a new set of regulations that could be adverse to the company's ComEd Utility. Nuclear operations are subject to additional safety and regulatory oversight.

Distribution of Ratings (February 15, 2022)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	53.1 %	24.7 %	56.4 %	55.9 %	59.9 %	57.7%
Hold	Market Perform	45.8 %	21.3 %	41.9 %	42.9 %	38.8 %	37.5%
Sell	Underperform	1.1 %	33.3 %	1.6 %	1.2 %	1.4 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited is exempt from the requirement to hold an Australian financial services licence under the Corporations Act and is regulated by the UK Financial Conduct Authority under UK laws, which differ from Australian laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001) and Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, Bank of Montreal is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). The materials on this website have not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly the materials must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at February 16, 2022, 20:47 ET. and disseminated at February 16, 2022, 20:47 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2022 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

This document is hosted on "Barclays" server, please use the URL link provided below to open the actual document

- **Headline** : US HG Research: Exelon Corp (EXC): Promising New Beginnings as a Pure-Play T&D Utility; reinstate holdco at OW >> Exelon Corp (EXC): Promising New Beginnings as a Pure-Play T&D Utility; reinstate holdco at OW
- **Publication Date/Time** : Wednesday, February 16, 2022 05:17:27 PM (GMT)
- **Contributor Name** : Barclays
- **Primary Analyst(s)** : Srinjoy Banerjee,Devon Zhou
- **Link to Document** : https://live.barcap.com/go/publications/link?contentPubID=FS2642993&vendor-issuer=factset-saml&transactionID=21136E68CD5211EC8C0A9B333AE79615

Contents

04	29 JUN '22 7:51P.M.	Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates (Morningstar Equity Research) - 17 Pages
21	27 JUN '22 7:01A.M.	Heads Up - The Week Ahead in Utilities: POR, CMS, ES, EXC, WEC, AEE, SO, AGR, AEP (KeyBanc Capital Markets) - 9 Pages
30	21 JUN '22 7:01A.M.	Heads Up - The Week Ahead in Utilities: NEE, ES, ETR, EXC, AEE, SO, ED, AGR, CMS, AVA, EIX, SRE, FE, XEL, DUK, FERC, PJM (KeyBanc Capital Markets) - 11 Pages
41	17 JUN '22 9:24A.M.	The Guggenheim Daily Transmission: ETR, DUK, OGE, CMS, SRE, Power, ES/NH, PJM, FERC, POR, ALE/ Steel, EXC/IL (Guggenheim Securities) - 18 Pages
59	14 JUN '22 9:54P.M.	Morningstar | Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates (Morningstar Equity Research) - 13 Pages
72	14 JUN '22 10:47A.M.	US Utilities & IPPs >> PowerPoints: EVRG IRP/GRC, VST Revolver, OGE Settle, EXC ComEd, ETR Grand Gulf (BofA Global Research) - 12 Pages
73	13 JUN '22 8:12A.M.	The Guggenheim Daily Transmission: PCG, NEE, CA, EXC/IL, Nuclear, ES, DUK, DOE (Guggenheim Securities) - 21 Pages
94	10 JUN '22 3:30P.M.	Morningstar | Utility Valuations Look Stretched Amid Highest Inflation in Four Decades (Morningstar Equity Research) - 13 Pages
107	10 JUN '22 3:03P.M.	Utility Valuations Look Stretched Amid Highest Inflation in Four Decades (Morningstar Equity Research) - 17 Pages
124	10 JUN '22 7:20A.M.	The Guggenheim Daily Transmission: EXC, PNW, PPL, PCG, LNG, IEA, ERCOT/Retail, NWN (Guggenheim Securities) - 19 Pages
143	10 JUN '22 6:08A.M.	EXC NDR: Getting Yourself Back Out There... (Guggenheim Securities) - 5 Pages
148	08 JUN '22 12:50A.M.	Exelon Corp: Takeaways from the Road (Morgan Stanley) - 8 Pages
156	06 JUN '22 1:22P.M.	Morningstar | Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected (Morningstar Equity Research) - 13 Pages
169	06 JUN '22 1:18P.M.	Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected (Morningstar Equity Research) - 16 Pages
185	06 JUN '22 8:24A.M.	The Guggenheim Daily Transmission: AEE/ATC/MISO, Policy, PPL, FERC/NYISO, ERCOT, AEP, EXC/IL, D, ES, SMRs (Guggenheim Securities) - 6 Pages
191	02 JUN '22 10:08A.M.	US Utilities & IPPs >> PowerPoints: ETR LA Updates, AEE IL Rate Increase, EXC PA Gas (BofA Global Research) - 11 Pages
192	25 MAY '22 1:06P.M.	Midweek Thoughts - AY, NEP, XEL, CNP, EXC, DUK, SRE, ED, AGR, NOAA (KeyBanc Capital Markets) - 5 Pages

197	15 MAY '22 11:52P.M.	EXC PT Change (RBC Capital Markets) - 1 Page
198	13 MAY '22 6:24A.M.	1Q22 Earnings Roundup: Week Four (Scotiabank GBM) - 9 Pages
207	12 MAY '22 9:22P.M.	VRP: Constellation Energy - Headline beat, estimates trimmed (Vertical Research Partners) - 7 Pages
214	12 MAY '22 6:47A.M.	Exelon >> All Aboard the New Regulated Exelon. Next Stop - Premium Valuation Ahead (BofA Global Research) - 17 Pages
215	11 MAY '22 4:49P.M.	Morningstar | Exelon's Fully Regulated Earnings Much More Stable (Morningstar Equity Research) - 24 Pages
239	11 MAY '22 4:45P.M.	Exelon's Fully Regulated Earnings Much More Stable (Morningstar Equity Research) - 16 Pages
255	10 MAY '22 8:24A.M.	The Guggenheim Daily Transmission: DUK, EXC, CA, Power, ERCOT, VT/Policy, NRG/PJM, NRG/ERCOT (Guggenheim Securities) - 21 Pages
276	09 MAY '22 10:50P.M.	VRP: Exelon - Pure-play T&D journey begins (Vertical Research Partners) - 6 Pages
282	09 MAY '22 9:45P.M.	Calm Breeze in the Windy City (BMO Capital Markets) - 11 Pages
293	09 MAY '22 7:19P.M.	DUK/EXC: Q1 Earnings Round Up (Wells Fargo Securities) - 10 Pages
303	09 MAY '22 4:16P.M.	EXC - Exelon Enters Its Sleep-at-Night Phase... (Guggenheim Securities) - 5 Pages
308	09 MAY '22 4:10P.M.	In Line Quarter, Risk/Reward Still Attractive (Evercore ISI) - 7 Pages
315	09 MAY '22 2:12P.M.	Exelon Corp "In-Line 1Q'22 & Guidance Reaffirmed" (Buy) Fowler >> In-Line 1Q'22 & Guidance Reaffirmed (UBS) - 14 Pages
329	09 MAY '22 1:15P.M.	Morningstar | Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results (Morningstar Equity Research) - 13 Pages
342	09 MAY '22 1:09P.M.	Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results (Morningstar Equity Research) - 16 Pages
358	09 MAY '22 1:01P.M.	EXC: Delivering on Track Results as a Regulated Utility (KeyBanc Capital Markets) - 4 Pages
362	09 MAY '22 10:18A.M.	US Electric Utilities & IPPs >> PowerPoints: EXC, DUK, WTRG, & HE Earnings. ES/AGR Updates, Cali, OGE, AY (BofA Global Research) - 16 Pages
363	09 MAY '22 9:52A.M.	First Read: Exelon Corp "1Q'22 Adj. EPS $0.64 vs. $0.65 Cons./$0.62 UBSe" (Buy) >> 1Q'22 Adj. EPS $0.64 vs. $0.65 Cons./$0.62 UBSe (UBS) - 11 Pages

374	09 MAY '22 8:52A.M.	The Guggenheim Daily Transmission: NRG, VST, AEE, SR, DUK, EXC, HE, CMS/ETR, CNP, NEE, OGE, PCG, D, ERCOT, Uranium, FERC (Guggenheim Securities) - 22 Pages
396	09 MAY '22 8:44A.M.	1Q22 results in line with consensus; reiterates 2022 EPS guidance (RBC Capital Markets) - 6 Pages
402	09 MAY '22 8:33A.M.	Exelon Corp. (EXC): First Take: 1Q2022 misses GS, a little light of consensus; reiterating 2022 guidance (Goldman Sachs) - 6 Pages
408	09 MAY '22 8:30A.M.	Exelon Corp. >> 1Q22 Meet the Street; Minor Regulatory Updates Highlight Quiet Quarter (JP Morgan) - 7 Pages
415	06 MAY '22 1:33P.M.	Exelon Corp: Risk Reward Update (Morgan Stanley) - 8 Pages
423	06 MAY '22 8:36A.M.	The Guggenheim Daily Transmission: ALE, D, ED, ES, EVRG, NJR, OGE, PPL, SRE, VST, NRG, AEE, SR, Solar, PCG, EXC, Nuclear/CT (Guggenheim Securities) - 20 Pages
443	05 MAY '22 8:40A.M.	The Guggenheim Daily Transmission: NI, PNW, AVA, CPK, NWN, ES, SRE, OGE, NJR, AEP, D, MISO/IL, EXC/MD, CNP (Guggenheim Securities) - 22 Pages
465	04 MAY '22 5:56P.M.	Midweek Thoughts - Update on AD/CVD Investigations, NOVA, EXC, ES, AEE, XEL, CNP (KeyBanc Capital Markets) - 6 Pages
471	02 MAY '22 8:40A.M.	The Guggenheim Daily Transmission: NWE, WEC, HE, PCG/CA, AEE/IL, Uranium, D, AWK, EXC, BBB, DOE, ERCOT, SRE/CA, PNW, DUK (Guggenheim Securities) - 22 Pages
493	29 APR '22 7:26P.M.	Exelon Now a Fully Regulated Utility After Constellation Spinoff (Morningstar Equity Research) - 16 Pages
509	29 APR '22 9:28A.M.	The Guggenheim Daily Transmission: LNT, NWE, WEC, EXC/CEG/IL, PCG/CA, NJ, Coal. OGE, PCG, DTE, POR, AWK (Guggenheim Securities) - 20 Pages
529	27 APR '22 4:14P.M.	Midweek Thoughts - CMS, POR, AVA, XEL, PEG, FE, EXC, DUK, AGR, Onshore Wind, Climate Legislation (KeyBanc Capital Markets) - 6 Pages
535	20 APR '22 4:41P.M.	Midweek Thoughts - PEG, CMS, XEL, EXC, AEE, ED, WEC, ETR, CEG, SRE (KeyBanc Capital Markets) - 6 Pages
541	20 APR '22 12:19A.M.	Exelon Corp. >> Clear Eyes, Full Hearts, Compelling Landscape: Upgrade to OW (JP Morgan) - 10 Pages
551	18 APR '22 9:00A.M.	The Guggenheim Daily Transmission: ALE, Policy, ESG, EXC, ES, MA, NY, Solar, PCG, CA, Wind, ND, LNT, DUK, VA, NYISO, NEE, NH (Guggenheim Securities) - 20 Pages
571	08 APR '22 8:56A.M.	The Guggenheim Daily Transmission: Nuclear, SO, Renewable Fuels, LNG, EXC/IL, ERCOT, ES/Wind, Hydro (Guggenheim Securities) - 16 Pages
587	07 APR '22 8:29P.M.	Morningstar | EXC Updated Star Rating from 07 Apr 2022 (Morningstar Equity Research) - 25 Pages
612	06 APR '22 3:21P.M.	Midweek Thoughts - SRE, NEP, NEE, POR, AVA, ED, AEP, EXC, CNP (KeyBanc Capital Markets) - 5 Pages

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Price vs. Fair Value

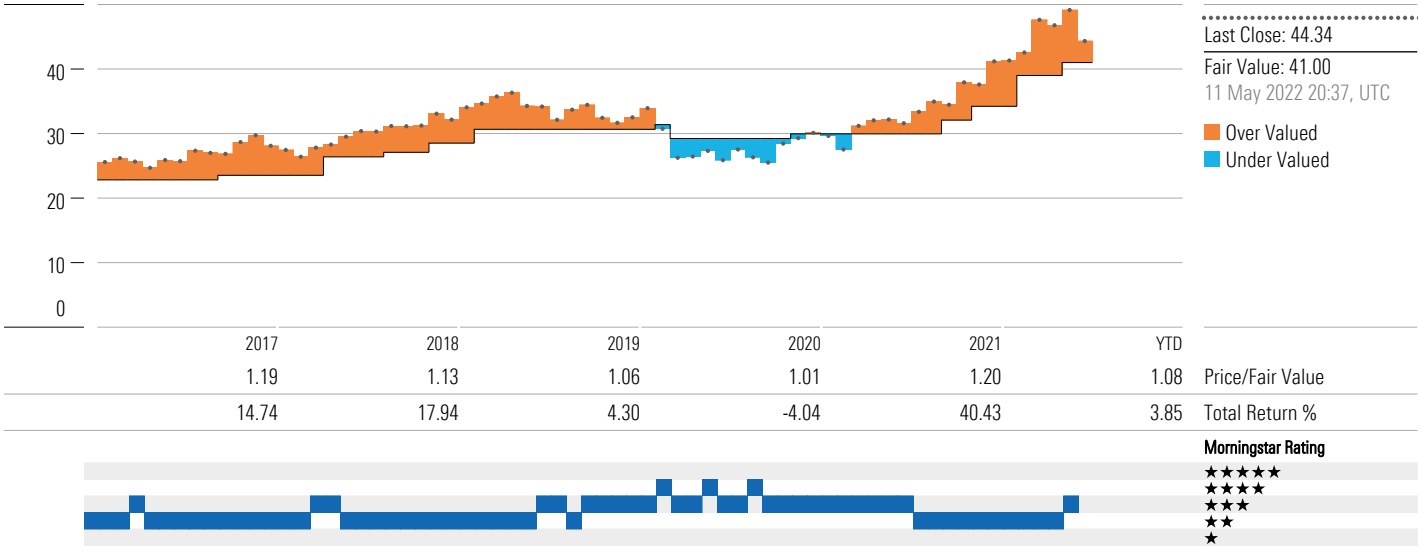

	2017	2018	2019	2020	2021	YTD	
	1.19	1.13	1.06	1.01	1.20	1.08	Price/Fair Value
	14.74	17.94	4.30	-4.04	40.43	3.85	Total Return %

Total Return % as of 29 Jun 2022. Last Close as of 29 Jun 2022. Fair Value as of 11 May 2022 20:37, UTC.

Contents

Analyst Note (15 Jun 2022)
Business Description
Business Strategy & Outlook (11 May 2022)
Bulls Say / Bears Say (11 May 2022)
Economic Moat (11 May 2022)
Fair Value and Profit Drivers (11 May 2022)
Risk and Uncertainty (11 May 2022)
Capital Allocation (11 May 2022)
Analyst Notes Archive
Financials
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 15 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the median utility in our coverage now trades in line with our fair value estimate, after the Morningstar US Utilities Sector Index declined 12% since Wednesday, June 8.

We think the selloff was sparked in large part by the U.S. Bureau of Labor Statistics' Consumer Price Index reading last week, which reported inflation was at a four decade high for May. Utilities peaked at 17% overvalued as of late April, and were 13% overvalued as of June 8, as global uncertainty drove investors to U.S. utilities.

Up until last week, investors had largely ignored the risk of inflation, which we considered the largest threat to utilities' long-term returns. Utilities have historically significantly underperformed the S&P 500 in inflationary environments, as utilities have fixed revenue, high capital and labor costs, and large energy pass-through costs. With higher-than-expected inflation, the market has increased expectations for the Fed to expedite interest rate increases. The utilities sector median 3.3% dividend yield is now a mere 18 basis point discount to the 10-year U.S. Treasury, making utility dividends less attractive to income-focused investors. In early March, the dividend yield was a 150 basis point premium to the 10-year U.S. Treasury.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

No utility was trading below our fair value estimate mid-last week. Now, nearly half of our utility coverage trades at or below our fair value estimates and we now think there are opportunities for long-term utility investors. While there are a few utilities that trade at a larger discount to our fair values, we think long-term investors are best served focusing on utilities in constructive regulatory environments that are better positioned to address inflationary headwinds, with Dominion Energy, Entergy, NextEra Energy, and NiSource our top picks.

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should graudally increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Competitors

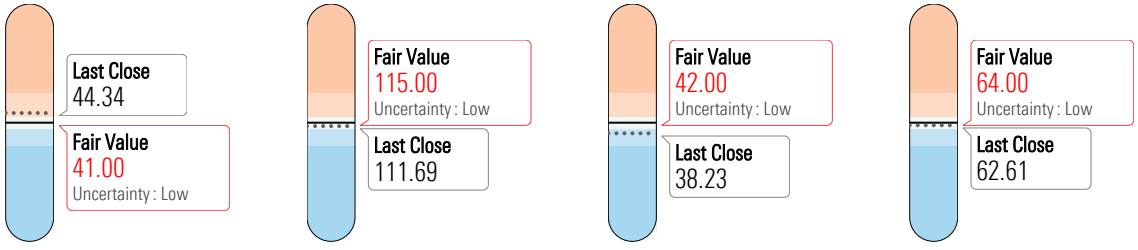

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	115.00 22 Jun 2022 08:30, UTC	42.00 22 Feb 2021 20:37, UTC	64.00 18 Feb 2022 23:32, UTC
1-Star Price	51.25	143.75	52.50	80.00
5-Star Price	32.80	92.00	33.60	51.20
Assessment	Fairly Valued 28 Jun 2022	Under Valued 28 Jun 2022	Under Valued 28 Jun 2022	Fairly Valued 28 Jun 2022
Morningstar Rating	★★29 Jun 2022 21:17, UTC	★★★★29 Jun 2022 21:17, UTC	★★★★29 Jun 2022 21:17, UTC	★★★29 Jun 2022 21:17, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.08	0.97	0.91	0.98
Price/Sales	1.16	1.92	1.83	3.45
Price/Book	1.83	1.93	2.46	2.30
Price/Earning	25.81	21.35	17.58	—
Dividend Yield	3.33%	3.60%	4.18%	3.36%
Market Cap	43.01 Bil	22.75 Bil	21.58 Bil	31.27 Bil
52-Week Range	31.50—50.71	98.50—126.82	35.32—48.85	58.19—75.61
Investment Style	Large Value	Mid Value	Mid Value	Mid Value

prices that have dragged down returns recently.

- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Our fair value estimate is $41.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think Exelon's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades Andrew Bischof, CFA, CPA, Senior Equity Analyst, 10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.

Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.

While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy, NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected Andrew Bischof, CFA, CPA, Senior Equity Analyst, 6 Jun 2022

We are reaffirming our fair value estimates, moat ratings, and moat trend ratings for all utilities after the Biden administration announced it would not apply solar panel tariffs on East Asian countries for at least the next two years. Some utilities' management teams had suggested that potential tariffs resulting from a U.S. Department of Commerce anticircumvention investigation would slow their growth plans. We never thought the investigation would have a material impact on our long-term outlooks given the Biden administration's and most states' support for renewable energy. The Biden administration also announced plans to boost U.S. solar panel manufacturing, which will support solar growth.

Two of our top utilities picks, NextEra Energy and NiSource, were among those utilities whose stocks took the hardest hit because of the solar tariff fears. The management team of each firm said it was postponing a portion of its large solar growth plans because of tariff-related supply concerns. AES and Alliant Energy are among many other utilities that have made solar key parts of their growth plans.

NextEra's stock fell as much as 16% in the three weeks after management said that it might delay up to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

2.8 gigawatts of a possible 15 GW solar project pipeline. The stock has since rebounded to near our $78 fair value estimate. We are reaffirming our 8% annual earnings growth outlook. NiSource's stock fell 11% in late April before management said $500 million of its planned solar investments could be delayed. The stock has since rebounded to near our $31 per share fair value estimate. We continue to assume NiSource invests $8 billion in 2022-24, including $2 billion on renewable energy, supporting our 7% annual earnings growth outlook.

Solar panel tariffs remain a risk pending the outcome of the DOC's investigation into whether Chinese manufacturers sidestepped tariffs by shipping panels through tariff-free Asian countries. We expect an initial DOC report this fall.

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results

Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 May 2022

We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices Andrew Bischof, CFA, CPA,

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Senior Equity Analyst, 9 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate Andrew Bischof, CFA, CPA, Senior Equity Analyst, 2 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD 29 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.08	43.01 USD Bil 28 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

and could lead us to lower our cost of capital assumption.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

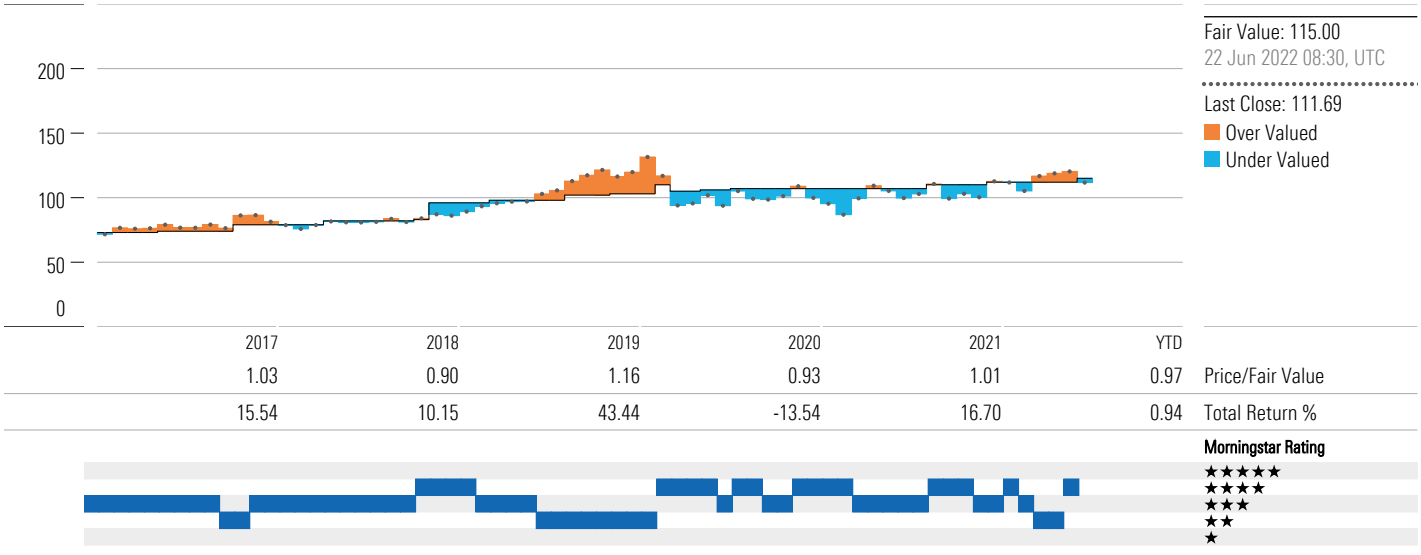

	2017	2018	2019	2020	2021	YTD	
	1.03	0.90	1.16	0.93	1.01	0.97	Price/Fair Value
	15.54	10.15	43.44	-13.54	16.70	0.94	Total Return %

Total Return % as of 29 Jun 2022. Last Close as of 29 Jun 2022. Fair Value as of 22 Jun 2022 08:30, UTC.

FirstEnergy Corp FE

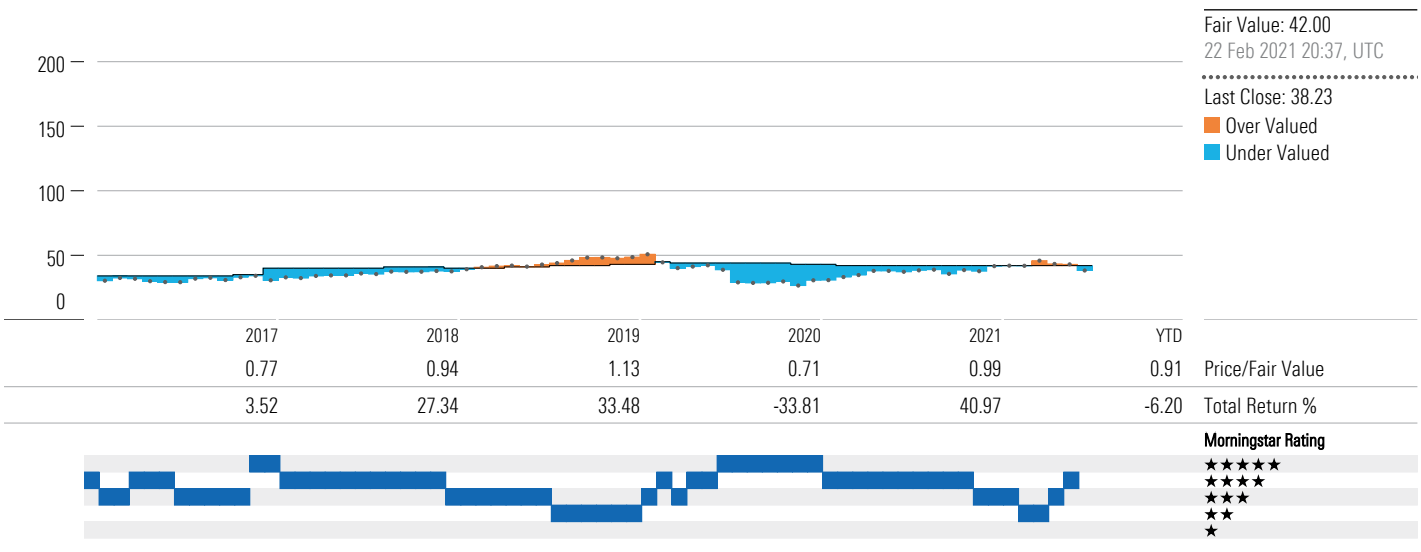

	2017	2018	2019	2020	2021	YTD	
	0.77	0.94	1.13	0.71	0.99	0.91	Price/Fair Value
	3.52	27.34	33.48	-33.81	40.97	-6.20	Total Return %

Total Return % as of 29 Jun 2022. Last Close as of 29 Jun 2022. Fair Value as of 22 Feb 2021 20:37, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Public Service Enterprise Group Inc PEG

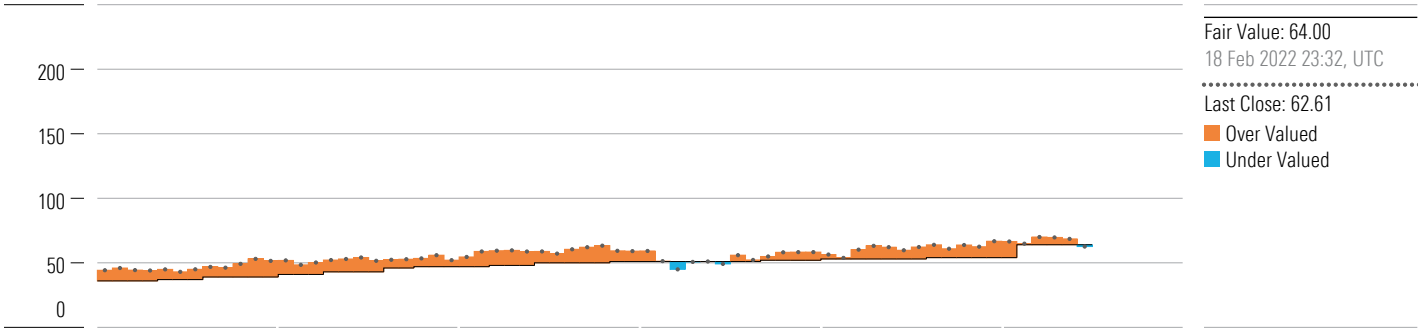

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	0.98	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	-4.56	Total Return %

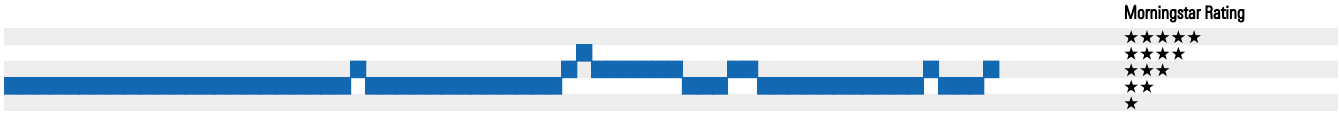

Total Return % as of 29 Jun 2022. Last Close as of 29 Jun 2022. Fair Value as of 18 Feb 2022 23:32, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Jun 2022 21:17, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
44.34 USD	41.00 USD	1.08	43.01 USD Bil	Narrow	Stable	Low	Standard	
29 Jun 2022	11 May 2022 20:37, UTC		28 Jun 2022					1 Jun 2022 05:00, UTC

Morningstar Historical Summary

Financials as of 31 Mar 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
Revenue (USD Bil)	23	25	27	29	31	34	36	34	33	36	5	37
Revenue Growth %	23.2	6.0	10.2	7.4	6.5	7.0	7.2	-4.3	-4.1	10.0	15.0	8.4
EBITDA (USD Bil)	6.81	7.91	7.42	8.35	9.09	10.76	9.75	11.38	10.50	11.35	2.06	10.43
EBITDA Margin %	29.0	31.8	27.1	28.4	29.0	32.1	27.1	33.1	31.8	31.2	38.7	28.2
Operating Income (USD Mil)	2,471	3,646	2,390	4,391	3,260	3,939	3,835	4,342	2,799	2,522	900	2,598
Operating Margin %	10.5	14.6	8.7	14.9	10.4	11.7	10.7	12.6	8.5	6.9	16.9	7.0
Net Income (USD Mil)	1,160	1,719	1,623	2,269	1,121	3,779	2,005	2,936	1,963	1,706	597	2,592
Net Margin %	4.9	6.9	5.9	7.7	3.6	11.3	5.6	8.5	5.9	4.7	11.2	7.0
Diluted Shares Outstanding (Mil)	819	860	864	893	927	949	969	974	977	980	981	981
Diluted Earnings Per Share (USD)	1.42	2.00	1.88	2.54	1.21	3.98	2.07	3.01	2.01	1.74	0.61	2.65
Dividends Per Share (USD)	2.10	1.46	1.24	1.24	1.26	1.31	1.38	1.45	1.53	1.53	0.34	1.49

Valuation as of 31 May 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Price/Sales	1.0	0.9	1.2	0.8	1.1	1.1	1.2	1.3	1.2	1.6	1.3	1.3
Price/Earnings	21.0	14.6	15.2	12.4	26.9	17.7	11.7	19.2	17.4	33.8	27.4	28.9
Price/Cash Flow	4.0	4.0	5.7	3.8	3.5	5.5	5.1	6.0	7.5	13.6	15.5	8.0
Dividend Yield %	5.3	5.31	3.34	4.47	3.56	3.32	3.06	3.18	3.62	2.65	3.12	2.93
Price/Book	1.2	1.1	1.4	1.0	1.3	1.4	1.4	1.4	1.3	1.7	1.4	2.1
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating Performance / Profitability as of 31 Mar 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
ROA %	1.7	2.2	2.0	2.5	1.1	3.3	1.7	2.4	1.5	1.3	0.5	2.3
ROE %	6.5	7.8	7.2	9.4	4.3	13.6	6.6	9.3	6.1	5.1	2.1	9.3
ROIC %	5.1	6.1	5.5	6.1	3.6	7.4	5.2	6.2	4.7	4.4	1.2	5.6
Asset Turnover	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3

Financial Leverage

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Debt/Capital %	46.1	44.6	46.8	48.5	55.5	52.1	52.9	49.6	52.1	50.9	60.1	—
Equity/Assets %	27.3	28.4	26.2	27.0	22.5	25.6	25.7	25.8	25.2	25.9	25.3	—
Total Debt/EBITDA	2.9	2.5	3.0	3.2	4.0	3.3	3.7	3.3	3.7	3.7	19.1	—
EBITDA/Interest Expense	7.3	5.8	7.0	8.1	5.9	6.9	6.3	7.0	6.4	7.2	6.1	6.6

Morningstar Analyst Historical/Forecast Summary as of 11 May 2022

Financials

Fiscal Year, ends 31 Dec	2020	2021	Estimates 2022	2023	2024
Revenue (USD Bil)	33	36	19	20	20
Revenue Growth %	-3.8	10.0	-48.4	4.6	3.9
EBITDA (USD Mil)	7,837	8,759	6,661	7,281	7,802
EBITDA Margin %	23.7	24.1	35.5	37.1	38.3
Operating Income (USD Mil)	2,823	2,723	3,493	4,009	4,327
Operating Margin %	8.5	7.5	18.6	20.4	21.2
Net Income (USD Mil)	3,146	1,706	2,237	2,414	2,601
Net Margin %	9.5	4.7	11.9	12.3	12.8
Diluted Shares Outstanding (Mil)	977	980	980	983	992
Diluted Earnings Per Share(USD)	3.22	1.74	2.28	2.46	2.62
Dividends Per Share(USD)	1.53	1.53	1.35	1.44	1.54

Forward Valuation

	2020	2021	Estimates 2022	2023	2024
Price/Sales	1.2	1.6	2.3	2.2	2.1
Price/Earnings	9.4	23.7	19.4	18.0	16.9
Price/Cash Flow	-10.8	-11.4	2.9	-38.1	-42.9
Dividend Yield %	5.08	3.71	3.04	3.25	3.47
Price/Book	—	—	—	—	—
EV/EBITDA	10.0	10.9	12.1	11.0	10.3

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to

Morningstar Equity Research Star Rating Methodology

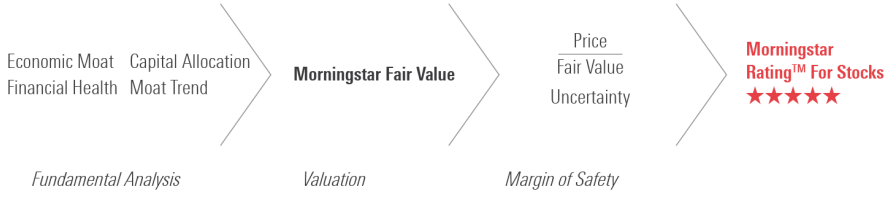

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Morningstar Equity Research Star Rating Methodology

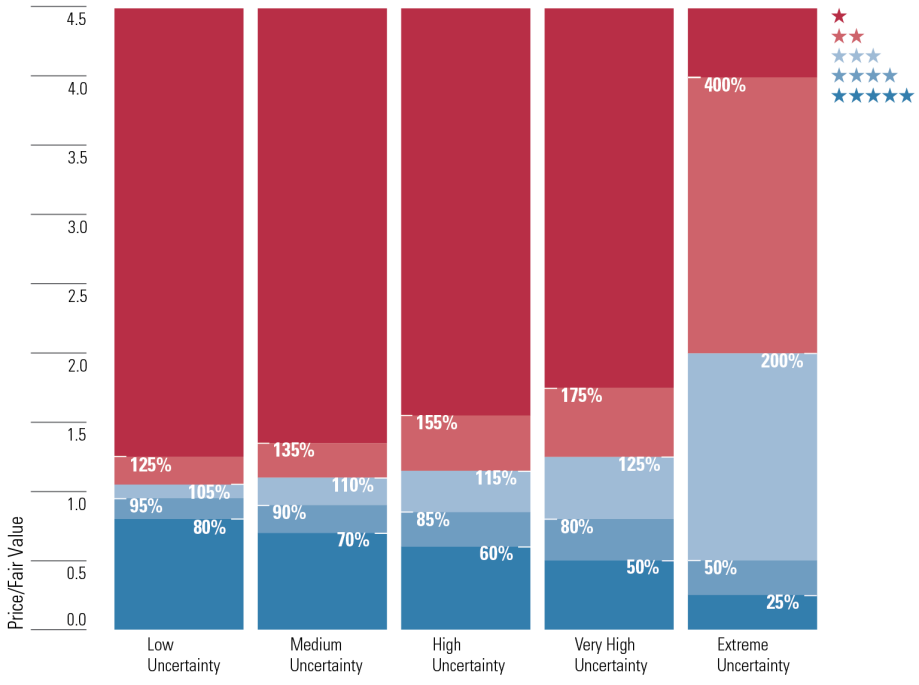

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exem-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

plary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

KeyBanc Capital Markets

Alert

June 27, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: POR, CMS, ES, EXC, WEC, AEE, SO, AGR, AEP

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We are hosting POR for a series of meetings in NY and the mid-Atlantic on Tuesday and Wednesday. In the current week, we are tracking regulatory proceedings in ES's NSTAR electric GRC, ComEd's FRP in IL, Delmarva's DE gas rate case, and AEP's TN Kingsport rate case. Reply comments in the NEM 3.0 proceedings are also due this week. In other news, GP files a rate case, MI PSC approves CMS's IRP settlement, WEC delays the closure of certain coal units, AEE MO releases an updated IRP, Vogtle cost recovery conflicts emerge as the project nears completion, ME PUC approves CMP's request for an upgrade to a transmission line, and AEP petitions for a rehearing in a recently concluded AR rate case.

ICYMI

AGR, WEC — A recent sector pullback has created a number of relative valuation dislocations that we believe will be short-lived. We view AGR and WEC as two such dislocations. As such, we downgraded AGR from Sector Weight to Underweight with a $40 downside price target and upgraded WEC from Sector Weight to Overweight with a $104 price target. Our detailed notes on both are available here (AGR) and here (WEC).

ETR — Last week, ETR MS and SERI filed a settlement with FERC that will resolve all outstanding proceedings. As a result of the settlement, ETR will be recording a pre-tax regulatory charge of ~$551M in 2Q22, which includes $253M for the MS settlement and the additional $353M for a potential settlement with AR, LA, and New Orleans (which have yet to sign on to the settlement). We wrote about the settlement here.

Upcoming Calendar Events

POR — We are hosting **POR**'s senior management for a series of in-person meetings in NYC tomorrow, June 28. Please contact your sales representative or us to schedule a meeting. Our recent research on POR is available here and here.

Regulatory Calendar

Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

ES — Evidentiary hearings in the NSTAR Electric rate case in MA are scheduled to begin on June 27: A final order is expected at the end of 2022 with rates going into effect in 2023. ES has a history of constructive outcomes in MA (EGMA has an eight-year rate plan and NSTAR Gas has a multiyear rate plan in place) and a settlement may still be in the offing. In rebuttal testimony, ES reiterated its request for a 10.25-10.75% range for ROE as appropriate while pointing out that the AG's recommendation of an 8.95% ROE ignores the current market environment of record-high inflation and rising rates, especially in light of NSTAR's proposal for a rate stay out and extending the existing PBR for 10 years. A low ROE would hurt the Company's ability to recover future increases in capital costs over the stay-out period. ES also rebutted the AG's stand that a PBR reduces NSTAR's risk relative to other utilities, and therefore a lower ROE is warranted. ES contends that the analysis is flawed in that the peer group also enjoys PBR-type mechanisms and further discount applied to the comparable rate structure would be unwarranted. ES is seeking a revised $87.6M rate increase phased in over two years—2023 and 2024. ES is also seeking changes to the storm fund construct, increasing the threshold for qualifying storm events and an increase in the annual storm fund contribution included in base rates. ES is requesting a continuation of the revenue decoupling mechanism. The last NSTAR electric rate case was decided in 2017 at a 10% ROE (Docket: MA DPU 22-22).

EXC — Staff and Intervenor Testimony in the ComEd formula rate plan filing is scheduled for June 29: ComEd's formula rate plan proposal for a $199M revenue increase is premised on a 7.85% ROE, 49.45% equity, and a rate base of ~$14B. The calculation of the ROE in the FRP is formulaic and set by the FRP statute. ComEd's previous rate plan was approved at a 7.36% ROE in 2021. A final decision is expected toward the end of the year with new rates effective in 2023. This will be EXC's last formula rate plan filing in IL. At present, EXC is engaged with stakeholders and the ICC to finalize the performance metrics that will make it into the final PBR framework. A final outcome on that is expected in 3Q, at which point ComEd will decide on whether to file a four-year rate plan in 2023 or a traditional future test year plan. A filing is expected in early 2023.

SRE, EIX, RUN, NOVA — Reply comments in NEM 3.0 are due on July 1: Reply comments in the delayed NEM 3.0 proceedings are scheduled to be submitted this week. In comments submitted earlier, SEIA opined that the CPUC should adopt the proposed glide path for transitioning from the current NEM framework to NEM 3.0 that starts with an export compensation rate steeply discounted from the applicable retail rates, but then would be lowered until an export rate based on the ACC is reached. If the commission does not adopt the glide path, then it should choose the ACC Plus mechanism over the Market Transition Credit (MTC). SEIA also thinks the commission should reject the assessment of non-bypassable charges on BTM consumption and should create a new track of the proceeding to determine "how the elements of the general market net billing tariff need to be altered, and the extent of the needed changes, to serve as a basis for creating a viable community solar program." Sierra Club's comments supported a glide path with a gradual capacity-based step-down from reductions in retail rate to avoided cost. Like SEIA, Sierra Club expressed a preference for an ACC plus approach vs. MTC since it could be designed to mirror a glide path-based approach. CA utilities provided joint comments stating that transition credits were not necessary, but if they were to be implemented, then they favor the MTC over the ACC plus approach arguing that an MTC approach is more conducive to encouraging the use of storage while an ACC plus mechanism increases the value of exports and would discourage paired storage installs. See our notes on the NEM proceedings here, here, and here.

EXC — Staff/Intervenor Testimony in Delmarva's DE Gas rate case is scheduled for July 1: EXC is seeking a $20.3M rate increase based on a 10.3% ROE and 50.63% equity. The increase includes $5.8M for the distribution system improvement charge, or DSIC, making the net increase requested $14.5M. EXC is seeking rates to be effective August 14, based on a 2021 test year. The previous gas rate case concluded in 2021 and authorized a rate increase of $6.7M increase based on a 9.6% ROE and 50.37% equity layer.

AEP — Rates in the Kingsport Power rate case in TN scheduled to become effective July 1: A delay may be in the offing since a hearing scheduled for June 20 was canceled with no follow-up date issued. AEP is requesting a $14.4M rate increase. After the transfer to base rates of ~$7.5M (collected through the Targeted Reliability Plan and Major Storm Rider), the net impact would be an overall rate increase of ~$7M. The rate filing is premised on a 10.2% ROE and 48.9% equity. The previous Kingsport case was authorized in 2016 at a 9.85% ROE and 40.25% equity. In intervenor testimony, TN AG is recommending a $3.2M rate increase on a 7.35% ROE. The intervenor did not deviate from AEP's requested equity layer of 48.9%. The delta between AEP's filing and the intervenor testimony appears to be a combination of a lower suggested ROE, lower rate base, and differences in the adjustments to operating income.

Recent Developments for Companies Under Our Coverage

From our midweek: U.S. solar developers form a consortium to support the domestic expansion of the solar supply chain; House includes funding for Biden's solar DPA in the fiscal 2023 Energy-Water spending bill; PJM auction for 2023-2024 delivery year yields a $34.13/MWd clearing price; all CEG capacity in PJM clears the auction; NY announces bill credit program to assist low-income households with utility bills unpaid since COVID; ETR TX prepares to file a new GRC; SIP signs another HOA for Gulf Coast LNG; NC Supreme Court rules to allow rooftop solar panels on the front of houses; PUCO is investigating AEP's power shut-offs during recent storms; and SC passes a bill allowing securitization of storm costs.

CMS — MI Commission approves IRP settlement agreement: MPSC approved the settlement agreement in the IRP. As part of the settlement, CMS will retire all coal generation by 2025, and collect the unrecovered book value of Campbell units 1-3 through the design life of the units (2031 for units 1-2 and 2039 for unit 3). CMS will earn a 9% ROE on the retired assets. As proposed, CMS will buy the Covert gas plant for $815M in 2023. Peakers Karn 3 and 4 (1.2 GW) will be retired in 2031, allowing sufficient lead time to procure replacement generation. The plan also includes adding ~8 GW of solar generation and 550 MW of energy storage by 2040. The settlement includes cost recovery for the coal units. Instead of acquiring assets from Enterprise, as CMS had originally proposed, the settlement calls for the Company to conduct an RFP for PPAs of up to 700 MW of MI-based capacity starting in 2025. Enterprise's DIG can participate in 500 MW of that RFP and intends to do so. For now, CMS has a $14.3B five-year capex plan; we expect a refresh later this year as the impact of the IRP is incorporated. Management has reiterated that it does not plan to issue equity through 2025.

SO — GP files a three-year GRC: GP is requesting a $1B revenue increase spread over three years—$852M in 2023 followed by $107M in 2024 and $45M in 2025. The request is based on an 11% ROE and 56% equity. Base rates exclude any cost recovery for Vogtle Units 3 and 4, which will be added at a later time following a prudence review once the units reach COD. SO is seeking a continuation of the Alternate Rate Plan that has been in place since 1995. GP received a constructive outcome in the past rate case, receiving ~97% of its cumulative ask ($909M vs. $942M), based on a 10.5% ROE and 56% equity layer. GP is seeking a continuation of earnings to be evaluated against a dead band of 9.5-12% with 80% of the earnings above the 12% ROE being shared with GP ratepayers and the remaining 20% being retained by the utility. GP is also seeking to continue to option to file for interim cost recovery if earnings fall below the low end of the dead band.

Figure 1 - Proposed Levelized Rate Increase

Effective Date ($M)	1-Jan-23	1-Jan-24	1-Jan-25
Traditional Base	739		
Environmental Compliance Cost Recovery (ECCR)	63	78	47
Demand Side Management (DSM)	30	27	(2)
Municipal Franchise Fee (MFF)	20	2	1
Total	**852**	**107**	**46**

Source: GA PSC filings, KeyBanc Capital Markets Inc.

Figure 2 - Drivers for the Revenue Increase

Components of Revenue Increase ($M)	
T&D Reliability & Resiliency	476
Fleet Transition	249
Environmental Compliance CCR ARO	189
Non availability of the TCJA benefits	220
Non Fuel O&M Savings	(163)
Other	33
Total 2023-2025 Revenue Requirement	**1,004**

Source: GA PSC filings, KeyBanc Capital Markets Inc.

WEC — WEC delays the closure of coal units: WEC announced that it is delaying the closure of four coal units at Oak Creek. The retirement of Units 5 and 6 will be delayed by a year to May 2024 and that of Units 7 and 8 will be delayed by 18 months to late 2025. With this announcement, WEC is extending the availability of 1,100 MW of resources to tide over the tight supply-demand balance at MISO (as highlighted by the recent capacity auction—see our note here) and the potential delay in COD for renewables caused by supply chain disruptions and by the impact of the AD/CVD tariff investigations. We expect that the units will be used as peakers and thus should not change the emissions control targets set by WEC. NiSource recently announced an intent to delay closing specific coal units for similar reasons.

AEE — AEE MO releases an updated IRP: AEE MO released an updated 20-year IRP to accommodate the earlier retirement of Rush Island, among other changes. In the new draft, Rush Island is projected to close in 2025, subject to court rulings and MISO's system reliability assessment. As part of the new plan, AEE will add 2.8 GW of wind + solar by 2030, 400 MW higher than the prior plan. For the 2031-2040 period, it plans to add 1.9 GW of wind + solar and 800 MW of energy storage (the prior plan included 2.3 GW of wind + solar from 2031-2040). Also included in the plan now is a new 1.2 GW Gas/Hydrogen Combined Cycle plant scheduled to be in service in 2031. With respect to retirements, AEE plans to extend the retirement of the 972 MW Sioux Energy Center to 2030 (from 2028), retire a 494 MW fossil unit in 2029, and keep the Callaway nuclear (1,193 MW) retirement at 2045. A combination of the updated IRP and the impending MISO transmission project allocations all point to a likely upgrade in the capital plans.

SO — Vogtle cost recovery conflicts emerge as the project nears completion: Last week, Oglethorpe, the second largest owner in Vogtle (after GP) said that it was freezing its participation in the project (in accordance with a 2018 owners agreement, which allows it to do so). Oglethorpe and the Municipal Authority of GA (the third largest owner) are asking a court to determine whether a threshold allowing the partners to force the 2018 owners agreement has been reached. In 2018 the four co-owners of Vogtle 3 and 4 jointly agreed to a co-owner cost-sharing agreement to meet future potential cost increases. As part of that agreement, if the total sharable cost of the project increased by $2.1B from the time of the agreement, each co-owner, excluding GP, would have a one-time option to freeze its capex in the project. Since the project cost has increased by $3.4B since the signing of the cost-sharing agreement, Oglethorpe decided to exercise its option. GP contends that Oglethorpe's exercise of the option to freeze capex is not valid and that some additional costs are the result of an unforeseen event (i.e., the pandemic) and should not be included in calculating the cap that triggers the option to freeze (see more about the Oglethorpe decision in our weekly here).

AGR — ME PUC approves upgrade to transmission line: ME PUC issued an order approving $64M in upgrades to a 115 kV, 23-mile transmission line—an approval that CMP had been seeking since 2008. CMP will share the cost of the expansion with ISO-NE with CMP ratepayers' share being ~9%. In 2020, CMP made an official filing to the commission noting that the rebuild could not be deferred any longer as consistent power overloads proved the need to rebuild.

AEP — SWEPCO AR seeks rehearing of PSC order: SWEPCO filed a petition seeking a rehearing of the electric GRC order. Specifically, SWEPCO is seeking a review of the 45% equity layer that the Commission ordered (vs. AEP's request of 52%) since it inhibits the Company from earning a reasonable return. SWEPCO argues that due to its multi-jurisdictional nature, it cannot match the higher approved capital structures in LA and TX, which immediately puts it in an underearning position. As a reminder, SWEPCO filed the GRC in July 2021, requesting a revenue increase of ~$85M, based on a 10.35% ROE, and was granted a ~$39M revenue increase, based on a 9.5% ROE.

Figure 3 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MA	NSTAR Electric Co.	ES	DPU 22-22	Electric	6/27/2022	Evidentiary Hearings Commence
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	6/29/2022	Staff/Intervenor Testimony
TN	Kingsport Power Company	AEP	D-21-00107	Electric	7/1/2022	Target Effective Date of Rates
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	7/1/2022	Staff/DPA/Intervenor Direct Testimony
	CA NEM Proceedings		20-08-020	NEM 3.0	7/1/2022	Reply Comments Due
MN	CenterPoint Energy Resources	CNP	D-G-008/GR-21-435	Natural Gas	7/12/2022	ALJ Report Due
SC	Piedmont Natural Gas Co.	DUK	D-2022-89-G	Natural Gas	7/12/2022	Staff & Intervenor Testimony Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	7/12/2022	Hearings on pre-filed testimony
	CPI Release	BLS			7/13/2022	CPI release for Prior Month
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	7/13/2022	Rebuttal/Cross Answer Testimony Due
CO	Public Service Co. of CO	XEL	21A-0192EG	Storm Cost	7/15/2022	Statutory Decision expected
GA	Georgia Power Co.	SO	Docket #44160	IRP	7/19/2022	Commission Decision Due
IL	Ameren Illinois	AEE	D-22-0297	Electric	7/21/2022	Rebuttal testimony due
PA	PECO Energy Co	EXC	D-R-3031114	Natural Gas	7/21/2022	Rebuttal Testimony
	Federal Energy Reg Comm	FERC			7/21/2022	Open Meeting

Source: Regulatory filings, company filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 4 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	22.0	Sector Weight	NA	$87.91	2.7%	58%	4.07	4.34	4.60	21.6x	20.3x	19.1x	4.07	4.37	4.66	21.6x	20.1x	18.9x
AEP	American Electric Power Company Ir	47.5	Sector Weight	NA	$93.60	3.4%	63%	4.98	5.33	5.73	18.8x	17.6x	16.3x	5.00	5.30	5.63	18.7x	17.7x	16.6x
CMS	CMS Energy Corp	18.6	Sector Weight	NA	$65.19	2.8%	64%	2.89	3.07	3.32	22.6x	21.2x	19.6x	2.88	3.12	3.39	22.6x	20.9x	19.2x
CNP	CenterPoint Energy Inc	17.8	Overweight	$34	$28.85	2.3%	48%	1.37	1.49	1.60	21.1x	19.4x	18.0x	1.37	1.49	1.60	21.0x	19.4x	18.0x
D	Dominion Energy Inc	62.6	Overweight	$92	$78.14	3.4%	65%	4.12	4.34	4.64	19.0x	18.0x	16.8x	4.12	4.39	4.67	19.0x	17.8x	16.7x
DTE	DTE Energy Co	23.3	Sector Weight	NA	$122.91	2.9%	59%	6.17	6.26	6.62	19.9x	19.6x	18.6x	5.98	6.27	6.69	20.5x	19.6x	18.4x
DUK	Duke Energy Corp	79.6	Overweight	$121	$104.53	3.8%	74%	5.44	5.78	6.15	19.2x	18.1x	17.0x	5.46	5.77	6.14	19.2x	18.1x	17.0x
ETR	Entergy Corp	21.5	Sector Weight	NA	$110.55	3.7%	64%	6.34	6.68	7.17	17.4x	16.5x	15.4x	6.33	6.75	7.18	17.5x	16.4x	15.4x
ES	Eversource Energy	28.3	Sector Weight	NA	$83.35	3.1%	62%	4.11	4.36	4.64	20.3x	19.1x	18.0x	4.11	4.37	4.65	20.3x	19.1x	17.9x
ED	Consolidated Edison Inc	32.4	Underweight	$72	$92.93	3.4%	71%	4.47	4.79	5.06	20.8x	19.4x	18.4x	4.50	4.84	5.09	20.7x	19.2x	18.3x
EIX	Edison International	23.1	Sector Weight	NA	$62.79	4.5%	62%	4.59	4.83	5.11	13.7x	13.0x	12.3x	4.52	4.85	5.17	13.9x	12.9x	12.1x
EXC	Exelon Corp	41.4	Overweight	$53	$43.29	3.2%	61%	2.27	2.42	2.59	19.1x	17.9x	16.7x	2.26	2.41	2.59	19.1x	17.9x	16.7x
FE	FirstEnergy Corp	21.1	Overweight	$51	$37.29	4.2%	65%	2.39	2.54	2.74	15.6x	14.7x	13.6x	2.40	2.55	2.74	15.5x	14.6x	13.6x
PEG	Public Service Enterprise Group Inc	30.2	Sector Weight	NA	$62.51	3.5%	62%	3.47	3.73	3.95	18.0x	16.8x	15.8x	3.49	3.66	4.02	17.9x	17.1x	15.6x
SO	Southern Co	73.6	Sector Weight	NA	$69.83	3.9%	76%	3.54	3.78	4.15	19.7x	18.5x	16.8x	3.56	3.79	4.13	19.6x	18.4x	16.9x
WEC	WEC Energy Group Inc	30.1	Overweight	$104	$97.16	3.0%	67%	4.37	4.61	4.83	22.2x	21.1x	20.1x	4.37	4.60	4.89	22.2x	21.1x	19.9x
XEL	Xcel Energy Inc	36.6	Overweight	$79	$68.56	2.8%	61%	3.15	3.44	3.63	21.8x	19.9x	18.9x	3.17	3.40	3.63	21.6x	20.2x	18.9x
					Average:	3.3%	64%				19.5x	18.3x	17.1x				19.5x	18.3x	17.1x
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.0	Sector Weight	NA	$41.45	4.2%	90%	1.95	2.48	2.63	21.3x	16.7x	15.8x	1.96	2.45	2.61	21.1x	16.9x	15.9x
NWE	NorthWestern Corp	3.1	Overweight	$67	$58.06	4.4%	77%	3.29	3.52	3.66	17.6x	16.5x	15.9x	3.29	3.50	3.71	17.7x	16.6x	15.6x
OTTR	Otter Tail Corp	2.6	Sector Weight	NA	$65.00	2.5%	32%	5.37	3.81	3.84	12.1x	17.1x	16.9x	5.09	3.46	3.59	12.8x	18.8x	18.1x
PNW	Pinnacle West Capital Corp	7.9	Underweight	$64	$71.75	4.8%	85%	4.02	4.25	4.46	17.8x	16.9x	16.1x	4.02	4.22	4.48	17.8x	17.0x	16.0x
POR	Portland General Electric Co	4.2	Sector Weight	NA	$47.00	3.8%	70%	2.55	2.81	2.95	18.4x	16.7x	15.9x	2.57	2.84	3.01	18.3x	16.6x	15.6x
					Average:	3.9%	71%				17.5x	16.8x	16.1x				17.5x	17.2x	16.2x
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	17.7	Underweight	$40	$46.12	3.8%	80%	2.36	2.19	2.31	19.5x	21.1x	20.0x	2.21	2.23	2.36	20.9x	20.7x	19.6x
NEE	Nextera Energy Inc	151.7	Overweight	$89	$78.02	2.2%	60%	2.85	3.05	3.33	27.4x	25.6x	23.4x	2.84	3.07	3.32	27.5x	25.4x	23.5x
SRE	Sempra Energy	46.0	Sector Weight	NA	$149.44	3.1%	54%	8.44	8.91	9.58	17.7x	16.8x	15.6x	8.51	8.98	9.58	17.6x	16.6x	15.6x
					Average:	3.0%	65%				21.5x	21.1x	19.7x				22.0x	20.9x	19.6x
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	19.2	Overweight	$71	$59.28	0.9%	22%	2.07	3.71	3.34	28.6x	16.0x	17.7x	2.52	4.27	5.30	23.5x	13.9x	11.2x
NRG	NRG Energy Inc	9.0	Not Covered	NA	$38.32	3.7%	37%	NA	NA	NA	NA	NA	NA	3.80	4.21	4.97	10.1x	9.1x	7.7x
VST	Vistra Corp	10.1	Not Covered	NA	$23.39	3.1%	36%	NA	NA	NA	NA	NA	NA	2.01	2.16	2.25	11.6x	10.8x	10.4x
					Average:	2.5%	31%				28.6x	16.0x	17.7x				15.1x	11.3x	9.8x

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 5 - Stock Price Performance

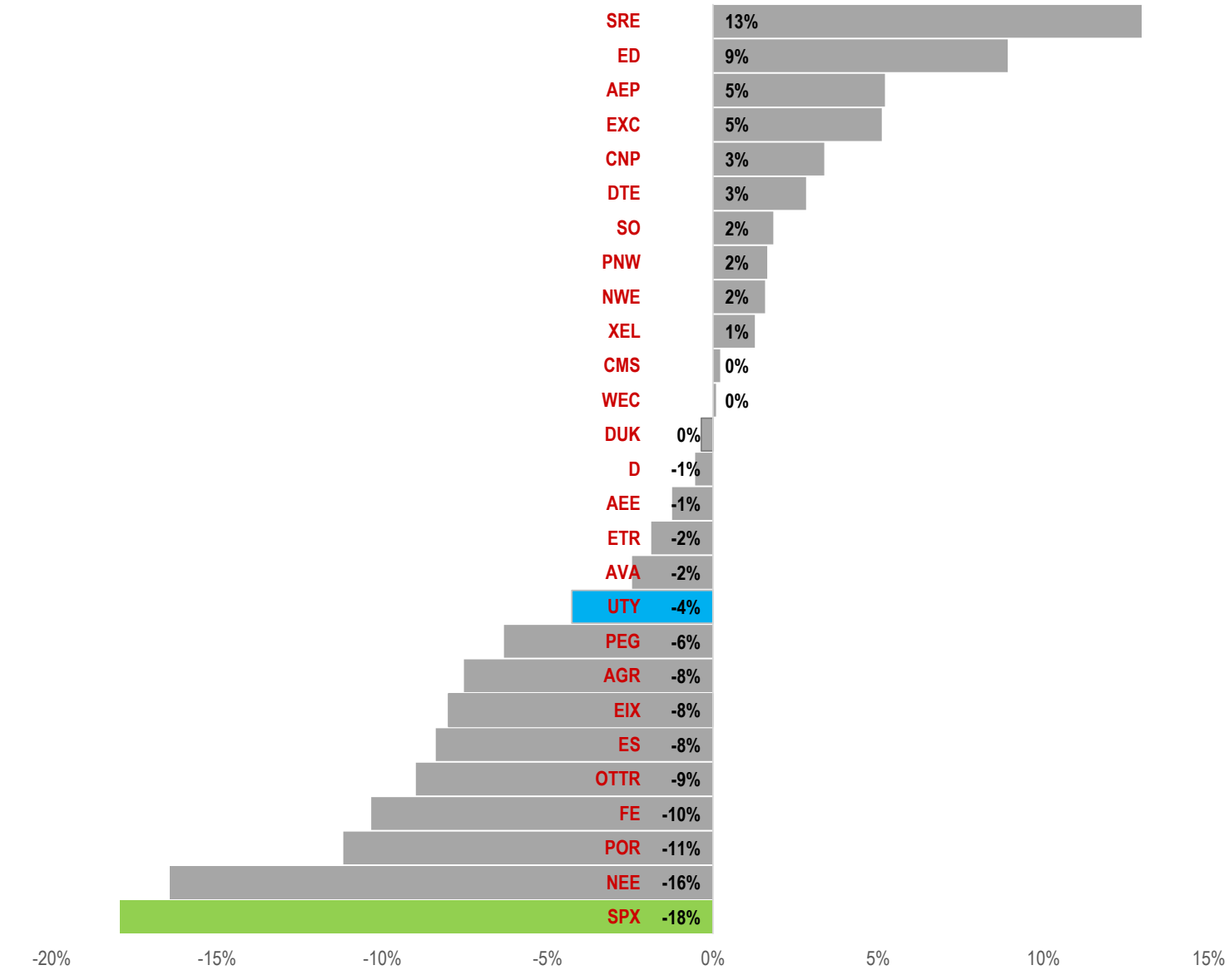

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

HASI: Notes from Meetings with Management

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CMS: Notes from Meetings with Management

SRE: PT Reached — Downgrading to Sector Weight on Valuation

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

XEL: Meeting Notes and Thesis Review

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

Thematic Pieces

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 1Q22 Earnings Preview: Boring Is Good

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	284	51.82	78	27.46
Sector Weight [SW]	251	45.80	52	20.72
Underweight [UW]	13	2.37	1	7.69

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	15	40.54	10	66.67
Sector Weight [SW]	19	51.35	10	52.63
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

June 21, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: NEE, ES, ETR, EXC, AEE, SO, ED, AGR, CMS, AVA, EIX, SRE, FE, XEL, DUK, FERC, PJM

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Last week, we hosted meetings with ES, and NEE/NEP and ETR held analyst days in NYC. The UFLPA goes into effect this week and on our regulatory calendar we are tracking proceedings in EXC's PECO gas rate case, AEE's IL FRP, ES's NSTAR electric rate case, and an impending GP rate case. In other news, the UTY declined 900 bps last week, in tandem with the market, and forward PE for our large-cap group declined by 2x as investors weigh the likelihood of a recession; FERC and PJM propose reforms to the interconnection review process to address backlog; FERC initiates rulemaking to improve grid reliability in times of extreme weather; ED hires an advisor to initiate the sale of its renewable portfolio; a partner in Vogtle decides to freeze its capital commitment, leading GP to likely bear the difference; a ME House member focuses on efforts to municipalize state utilities; Staff files testimony in XEL's CO gas rate case; ED files rebuttal testimony and proposes settlement proceedings; GA PSC Staff present testimony in SO's VCM 26; CMS reaches settlement in natural gas GRC; AVA reaches settlement in WA multi-year GRC; the CPUC imposes fines on CA utilities for violations of PSPS tools during the 2020 wildfire season; NY PSC imposes fines on AGR for failing to meet reliability targets in 2021; the WA UTC approves AVA's Clean Energy Implementation Plan; AEE MO files a 60-day notice to file a new rate case; NEE and DUK file 10-year storm protection plans in FL; NEE makes a water acquisition in PA; and the PA PUC releases the results of its audit of FE's PA subs to the public.

ICYMI

Electric Utilities Industry Primer — We published our electric utility industry primer — a useful guide for seasoned investors and those new to the industry. See the primer here.

NEE — We attended NEE and NEP's analyst day last week. See our key takeaways on both companies here and here.

ES — We hosted ES management for a series of meetings and published our key takeaways here.

ETR — ETR also hosted an analyst day last week. See our note here.

Regulatory Calendar

Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

Uyghur Forced Labor Prevention Act goes into effect on June 21: The U.S. CBP will start enforcing the UFLPA on June 21. See our Solar Coaster note in which we discuss the law in detail. The industry has had a headstart in preparing for the implementation of the law but the specific implementation strategy and the list of entities being targeted by the DHS will be provided on the day the law goes into effect — likely causing some short-term uncertainty. Solar industry groups have worked to move the supply chains out of Xinjiang and have implemented traceability protocol to avoid disruptions. According to industry research, Xinjiang produces close to 50% of the global supply of polysilicon.

The law makes a presumption that any goods that were produced even in part in the Xinjiang region will be prohibited in the country (no minimum percentages and no *de minimis* thresholds) unless importers can prove effectively otherwise through a well-documented paper trail. In an Operational Guidance document, the CBP provides some information on the documentation that will be sought - highlighting that imports from factories that source polysilicon from within Xinjiang or outside risk being subject to detention as it may be difficult to verify that the supply chain is clean of forced labor.

Intervenor Testimony in PECO's PA gas rate case is scheduled for June 22: PECO is seeking an $82M rate increase on a 10.95% ROE, 53.41% equity, and a rate base of $2.9B. The rate increase intends to cover gas main replacement programs and investments to comply with safety and reliability requirements. PECO's previous rate case was approved at 10.24% ROE in mid-2021. A final decision is expected by the end of 2022 with new rates effective in January 2023.

Staff and Intervenor Testimony in AEE's IL FRP is scheduled for June 23: AEE IL recently filed an annual formula rate plan seeking an $85M rate increase on a 7.85% ROE, 53.99% equity, and a rate base of $3.9B. ComEd's previous rate plan was approved at 7.36% ROE in 2021. A final decision is expected by the end of 2022, with new rates effective in January 2023. This may be AEE's last FRR filing in IL with the next rate review likely being an MYRP until the IL Energy Transition Law. The ICC is expected to approve PBR to be used under the new framework this Fall.

Georgia Power's GRC is expected to be filed on June 24: SO's Georgia Power is expected to file a rate case this week, which we expect will be a multi-year rate case per usual. SO's last rate case was settled on time at very constructive terms including a 10.5% ROE and 56% equity layer. GP's earnings are currently evaluated against a dead band of 9.5-12% with earnings above 12% split between reduction of reg assets, customer refunds, and 20% remaining with the Company. The 2022 rate filing will likely include provisions for additional coal retirements and potential Vogtle cost recovery.

Intervenors' Surrebuttal Testimony in NSTAR Electric's rate case is scheduled for June 24: In rebuttal testimony, ES reiterated its request for a 10.25-10.75% range for ROE as appropriate while pointing out that the AG's recommendation of an 8.95% ROE ignores the current market environment of record high inflation and rising rates, especially in light of NSTAR's proposal for a rate stay out and extending the existing PBR for 10 years. A low ROE, in that case, would hurt the Company's ability to recover future increases in capital costs over the stay-out period. ES also rebutted the AG's stand that a PBR reduces NSTAR's risk relative to other utilities, and therefore a lower ROE is warranted. ES contends that the analysis is flawed in that the peer group also enjoys PBR-type mechanisms and further discount applied to the comparable rate structure would be unwarranted. ES is seeking a revised $87.6M rate increase phased in over two years—2023 and 2024. ES is also seeking changes to the storm fund construct, increasing the threshold for qualifying storm events and an increase in the annual storm fund contribution included in base rates. ES is also requesting a continuation of the revenue decoupling mechanism. The last NSTAR electric rate case was decided in 2017 at a 10% ROE (Docket: MA DPU 22-22).

Recent Developments for Companies Under Our Coverage

From our midweek: APS delayed the timing of the filing of the 2022 GRC; SO and interveners reach a settlement in the GA IRP docket; PUC members raise concerns about the cost of coal retirements; above-average precipitation causes NWE to manage water flows at Hebgen dams; storms cause power outages in the Midwest and OH valley, and Doral Renewables closes construction project financing for Phase 1 (AEP has a long-term PPA for the project).

Throwing in the towel? The Philadelphia Utility Index UTY was down 900 bps in the past week and large-cap regulated PE ('23E) was down 2-17x and has now fallen 4.5x since the peak in early April. The Federal Reserve's decision to hike the Fed Funds Rate by 75 bps likely cemented recession fears in the minds of several, prompting the sell-off. The relative outperformance of the UTY vs. the SPX has remained largely unchanged at 10 percentage points. The utility multiple compression does not come as a surprise given our long-standing thesis that utility multiples tend to contract as recessionary expectations are realized and the multiples appear to be trending towards the ~16x forward multiple that we had calculated as a fair multiple when we published our 1Q preview.

Figure 1 - Trend of Large Cap Regulated Utility Multiple

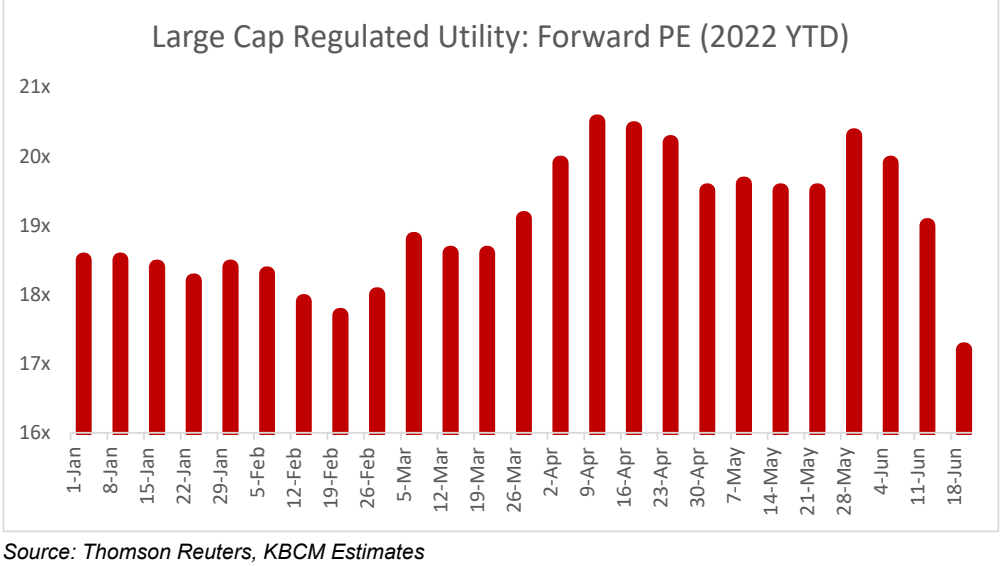

Source: Thomson Reuters, KBCM Estimates

FERC proposes reforms to the interconnection process to address backlog: Under Docket RM22-14 FERC issued a NOPR to address the backlogs in the interconnection queue and proposed improved procedures. Among the proposals are: 1) implement a first-ready, first-served cluster study process in which the transmission providers will conduct large studies that include multiple generating facilities rather than individual studies for each facility; 2) improve the processing speed by imposing firm deadlines and penalties if transmission owners fail to complete the interconnections on time; 3) use technological advancements into the process to allow more than one resource to co-locate on a shared site behind a single point of interconnection and share a single interconnection request; and 4) update modeling and performance requirements to improve system reliability for non-synchronous generating facilities. Comments are due in 100 days.

FERC initiates rulemaking to improve the reliability of power systems against the threat of extreme weather: The Commission (FERC Docket RM22-10) is planning to require NERC to develop reliability standard modifications that require benchmark planning cases that include extreme heat or cold weather events; transmission providers conduct studies of extreme weather conditions and the potential change in resource mix needed during such conditions; and develop corrective actions in cases where the performance requirements in such extreme conditions are not met.

PJM files with FERC to reform the interconnection review process: PJM is proposing to the FERC to overhaul its interconnection process by moving to a first-ready, first-served model that reviews and approved projects in clusters. The proposed program is not that different from that proposed by MISO region utilities to the FERC in relation to the FERC's transmission NOPR. PJM's proposal will aim to clear out a backlog of pending interconnection requests by expediting projects that require little to no transmission upgrades. PJM also plans to weed out speculative projects by requiring readiness deposits. Specifically, there is a proposal to fast-track projects that do not need more than $5M in transmission upgrades such that the backlog of such projects is cleared by 2025. The remaining projects will be reviewed in two cycles with the entire backlog cleared by mid-2026. PJM is requesting FERC approval by October 3. PJM has 2,700 projects in its interconnection queue representing more than 250 GW.

ED — ED hires an advisor to initiate the sale of the renewable portfolio: According to Bloomberg, ED has hired bankers to identify potential buyers for the renewable energy portfolio. Con Ed has previously announced its intent to consider strategic alternatives for its Clean Energy Business. The CEB has ~3 GW of utility-scale wind and solar assets in its portfolio spread across various states including TX, CA, NE, SD, and MT. According to ED filings, the business had a $519M EBITDA in 2021. Based on the BBG article, the assets could be valued at $4B, implying a 7.8x EV/EBITDA multiple on trailing numbers.

SO — Oglethorpe Power, a partner in Vogtle, opts to freeze its capital cost commitment: Oglethorpe Power announced that it has exercised a one-time contractual option to freeze its capital costs for the construction of Vogtle 3 and 4. With this decision, the utility is maxing its commitment to the project at $8.1B, which will likely put its ownership at 28% instead of 30% and increases GP's share from 45.7% to 47.7%. Other partners in the project include the Municipal Electric Authority of GA, which has a 22.7% share, and the city of Dalton, which owns 1.6%. Some background — in 2018, the four co-owners of Vogtle 3 and 4 jointly agreed to a co-owner cost-sharing agreement to meet future potential cost increases. As part of that agreement, if the total sharable cost of the project increased by $2.1B from the time of the agreement, each co-owner, ex GP, would have a one-time option to freeze their capex in the project. Since the project cost has increased by $3.4B since the signing of the cost-sharing agreement, Oglethorpe has decided to exercise its option.

AGR — Renewed efforts to municipalize ME state utilities: A ME House member will not run for re-election but will instead focus on a statewide referendum effort to create a consumer-owned utility company. Representative Berry (D) said that he is stepping away from running again to focus on the Our Power initiative that is seeking to replace IOUs CMP and Versant with Pine Tree Power, which will be privately operated but run as a not-for-profit utility. The plan is to have Our Power on the ballot for a referendum in November 2023. This is not the first time this has been tried in ME. An advocacy group came up short on its plan to include this initiative on the November 2022 ballot. A legislative attempt at municipalization was vetoed by the governor in mid-2021.

XEL — CO Staff submits testimony in PSCo's gas rate case: CO PUC Staff filed testimony in PSCo's rate case (Docket: 22AL-0046G) recommending a $31M revenue increase, based on a 9.00% ROE and 55.0% equity layer. Additionally, Staff recommended that the PUC use a historical test year and that it rejects the additional revenue increases in 2023 and 2024. Below we show XEL's original filing and testimony from Staff and Intervenor UCA. Overall, XEL is seeking a gas rate net increase of ~$107M effective November 2022 and an incremental $40M and $41M in November 2023 and November 2024, respectively. The request is based on a 10.25% ROE and 55.66% equity layer and a 2022 current test year. The total increase to the base rate totals $215M, which includes $108M of previously recovered costs through the Pipeline System Integrity Adjustment rider. The next data point to watch is the rebuttal testimony on July 13. A statement of position is expected on September 21. PSCo has requested for rates to be effective on November 1.

Figure 2 - XEL GRC Filing Update

XEL Revenue Requirement ($M)	PSCo
Rate Base Current Test Year	3,595.5
ROE	**10.25%**
Equity to Total Cap	**55.66%**
ROR	7.32%
Cost of Debt (Implied)	3.64%
O&M	245.8
Depreciation & Amortization	194.4
Operating Expenses (Net AFUDC)	64.1
Revenue Requirement	825.2
Base Revenue	610.5
Revenue Deficiency	**214.6**

Staff and Intervenor Testimony ($M)	Staff	UCA
Filed base revenue request	215.0	215.0
Less: previously authorized costs (existing riders)	108.0	108.0
Filed net increase to revenue	**107.0**	**107.0**
Recommended adjustments:		
Test year adjustments	(33.0)	(41.0)
ROE	(42.0)	(42.0)
Weather normalization adjustment	0.0	(7.0)
Depreciation expense change	14.0	0.0
Other, net	(15.0)	(5.0)
Total recommendation adjustments	(76.0)	(95.0)
Total proposed revenue change	**31.0**	**12.0**

Source: Regulatory Filings, Company Filings, KBCM Estimates

ED — ED filed rebuttal testimony a request to postpone evidentiary hearings as it pursues settlement proceedings: ED is requesting that evidentiary hearings be postponed by 30 days to August 5 to permit settlement negotiations. The Company has filed a notice to start settlement negotiations on July 6. In rebuttal, ED expressed strong disagreement with the Staff's decision to reduce O&M by $200M for electric and for gas by $44M. According to ED, the cumulative impact of O&M reductions will prevent the Company from recovering the cost of service. ED also objected to the use of three-year averages with no escalation in determining the proposed O&M. ED pointed out that the Staff's O&M reduction arbitrarily reduces programs to achieve a reduction in revenue requirements and is based on general growth rates with no basis in an actual program plan. For background on the rate case and Staff testimony, see our note here.

SO — Staff presents testimony in VCM 26: Staff provided testimony in SO's VCM 26. Staff believes that Unit 3 COD by February 2023 as shown in the current risk-adjusted schedule is reasonable. There is a risk to the February 2023 schedule as well as it relies on a significant amount of work to be completed after fuel load when the plant is subject to the technical specifications or the operating rules for a nuclear power plant. Unit 4 COD on a risk-adjusted basis is forecast to be December 2023, assuming the Company learns the lessons from the delays in Unit 3. Staff believes that the Company will be able to complete the project at the cost estimate provided by the Company in February of this year — assuming COD in March and December 2023, respectively. GP's VCM 26 pertains to the July-December 2021 period. In this filing, GP presents $584M in capex for review only and does not request the Commission to take any action at this time. In the VCM 26, GP also projects an increase in its share of the project cost to $10B (+$745M since VCM 25) and provides new in-service dates. The estimated remaining capex to complete the project is ~$1.5B including GP's share of project contingency.

CMS — CMS reached a multiparty settlement in the pending natural gas GRC: The Company filed a settlement agreement for a $170M revenue increase predicated on a 9.9% ROE (same as the last rate settlement) and an assumed equity ratio of 50.75%. New rates will be effective on October 1 with the start of the new test year. The ROE in the settlement is in line with precedent and as we had expected, bridges the gap between the Staff recommendation of 9.6% and CMS's ask of 10.5%. The revenue increase proposed in the settlement compares with Staff testimony for $172M and CMS's request for $278M.

AVA — Parties reach a settlement in the multi-year GRC in WA: According to a docket filing, the WA UTC staff has indicated that the parties have reached a full multiparty settlement in principle. A status conference is scheduled for June 21 to discuss a revised procedural schedule. The settlement comes as a surprise given that this is the first multi-year rate case filing in the state, based on our conversations with management, we had expected it to be a fully litigated proceeding (even though AVA does have a record of reaching settlements in WA). Terms of the settlement are not known, but AVA is looking to reset ERM, which would be done 60 days before the rates go into effect. The elimination or a material modification of the ERM is unlikely, as the commission in the state historically favored the mechanism. The current interest rate environment should be supportive of the existing level of ROEs, with the most recent authorization in the state sitting at 9.5%.

EIX, SRE — CPUC imposes fines on CA utilities for violations of PSPS tools in 2020: The fines imposed on SRE's SDG&E are minimal but EIX's SCE was fined $10M and PCG was fined $12M. The fines relate to the 2020 wildfire season and apparent violations of the rules related to public safety power shut-offs that are intended as actions for conducting precautionary power outages and protecting the power lines from igniting the fires. The PSPS rules have been further refined since 2020 and utilities have put in place improved communications and outreach programs to provide advance notice to customers. The utilities have also undertaken grid hardening investments to reduce the need for PSPS. The utilities will have 30 days to make the payments and implement the corrective actions proposed.

AGR — NY PSC imposes fines on NY state utilities for failing to meet reliability targets in 2021: The Commission imposed a $7M fine on NYSEG and $5M on RG&E for failing to meet reliability targets. Other NY utilities were fined for exceeding the duration of service interruptions. NYSEG and RG&E will also face fines for failing to meet certain bill metrics targets. Any shortcomings on the part of ED will be addressed in the ongoing GRC.

AVA — WA Commission approves AVA's Clean Energy Implementation Plan: AVA filed a Clean Energy Implementation Plan with the WA UTC last October to comply with the Clean Energy Transformation Act (CETA). CETA was enacted in 2019 and requires that all electricity in the state be GHG neutral by 2030 and 100% renewable or generated from zero carbon sources by 2045. The plan is now approved by the Commission. Under the plan, AVA will serve 80% of WA customer demand with renewable energy starting in 2022, increasing the target by 5% every two years. In addition, AVA plans to reduce customer demand by 2% over the next four years through EE incentives and programs.

AEE — AEE MO is preparing to file a base rate case with the MO PSC: GRC proceedings should commence in August for Union Electric. The Company filed a 60-day notice on June 1. The previous rate case was decided in December 2021 when the Commission approved settlements reached in both the electric and natural gas rate cases. In a black box settlement, signatories agreed to a $220M revenue increase for the electric utility, an equity ratio of 51.97%, but the ROE was not specified.

NEE, DUK — FPL and DEF file 10-year Storm Protection Plans: The filings we made under a 2019 law that directs each FL utility to file a 10-year Storm Protection Plan, update the plan at least every three years, and direct the PSC to conduct an annual proceeding to determine the prudence of the SPP costs incurred to allow cost recovery through a rider separate from base rates. This planning process takes the place of IRP filings in the state.

FPL filed two plans — a "business as usual" plan and a recommended plan. In the recommended plan, FPL bases resource planning on two severe winter events from 1989 and 2010 when energy demand spiked. FPL is also proposing the addition of 700 MW in new winter-only gas capacity by upgrading existing CCGT and keeping 1.8 GW of gas capacity in operation for peak winter demand (vs. the previous plan to retire the facility) and also adding 1.9 GW of battery storage between 2027-2031. Both the plans include retiring coal generation by 2028, building the North Florida Resiliency Connection transmission line, and adding a 1.2 GW CCGT in 2022. The plans also include adding more than 9 GW of solar over 10 years and adding 1.8-3.2 GW of storage depending on the option chosen.

DEF's plan includes retirements of older combustion turbines to be replaced with planned investments in solar and storage. Previously approved 1.5 GW of solar projects will come online through 2024 and beyond. The Company plans to add 300 WM of utility scale solar per year to add a total of over 3.5 GW of solar by the end of the planning period while retiring 1.5 GW of fossil generation.

NEE — NEER makes wastewater acquisition: NEER subsidiary NextEra Water announced that it is acquiring a wastewater system owned by the Towamencin Township in PA. The transaction, subject to regulatory approval, is expected to close in 3Q23. This is NEE's second water acquisition after the $45M investment in Quadvest was announced in 2021 for long-term contracted water and wastewater utility assets around Houston. The Quadvest transaction is expected to close later in 3Q22. The transaction is in line with NEE's strategy of creating a national water treatment footprint as an adjacency to its regulated assets.

FE — PA PUC released the results of the audit of FE's PA operations: The PA PUC released the results of the Management and Operations audit and FE's Implementation Plan. The PUC made 27 recommendations for improvement, including cooperating in all ongoing investigations, tracking and documenting activities related to the investigations, maintaining the transparency of additional costs associated with the inquiry, strengthening the internal controls, and improving reliability performance. The audit report details potential annual cost savings of approximately $39M and one-time cost savings of $13.5M-$22.5M. FE responded with an Implementation Plan, accepting 17 of the PUC's recommendations and partially accepting eight others. It rejected two recommendations, related to the staffing levels and a recommendation to enter into an agreement with EEI for safety-related benchmarking data for regulatory review. The PA PUC periodically conducts such audits of utilities.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 3 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
	Uyghur Forced Labor Prevention Act				6/21/2022	Law becomes effective
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	6/22/2022	Intervenor Testimony
IL	Ameren Illinois	AEE	D-22-0297	Electric	6/23/2022	Staff/Intervenor Testimony
MA	NSTAR Electric Co.	ES	DPU 22-22	Electric	6/24/2022	Intervenors' Surrebuttal Testimony Due
GA	Georgia Power Co.	SO	44280	Electric	6/24/2022	GP files rate case and direct testimony
MI	Consumers Energy Co.	CMS	U-21090	IRP	6/27/2022	Decision Expected
MA	NSTAR Electric Co.	ES	DPU 22-22	Electric	6/27/2022	Evidentiary Hearings Commence
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	6/29/2022	Staff/Intervenor Testimony
TN	Kingsport Power Company	AEP	D-21-00107	Electric	7/1/2022	Target Effective Date of Rates
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	7/1/2022	Staff/DPA/Intervenor Direct Testimony
	CA NEM Proceedings		20-08-020	NEM 3.0	7/1/2022	Reply Comments Due
NY	Consolidated Edison Co. of NY	ED	C-22-E-0064, G-0065	Electric	7/6/2022	Commencement of Evidentiary Hearings
MN	CenterPoint Energy Resources	CNP	D-G-008/GR-21-435	Natural Gas	7/12/2022	ALJ Report Due
SC	Piedmont Natural Gas Co.	DUK	D-2022-89-G	Natural Gas	7/12/2022	Staff & Intervenor Testimony Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	7/12/2022	Hearings on pre-filed testimony
	CPI Release	BLS			7/13/2022	CPI release for Prior Month
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	7/13/2022	Rebuttal/Cross Answer Testimony Due
CO	Public Service Co. of CO	XEL	21A-0192EG	Storm Cost	7/15/2022	Statutory Decision expected

Source: Regulatory filings, company filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 4 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	21.2	Sector Weight	NA	$81.39	2.9%	58%	4.07	4.34	4.60	20.0x	18.8x	17.7x	4.07	4.37	4.66	20.0x	18.6x	17.5x
AEP	American Electric Power Company Ir	45.8	Sector Weight	NA	$88.41	3.6%	63%	4.98	5.33	5.73	17.8x	16.6x	15.4x	4.99	5.29	5.63	17.7x	16.7x	15.7x
CMS	CMS Energy Corp	17.8	Sector Weight	NA	$61.16	3.0%	64%	2.89	3.07	3.32	21.2x	19.9x	18.4x	2.88	3.12	3.39	21.2x	19.6x	18.0x
CNP	CenterPoint Energy Inc	17.3	Overweight	$34	$27.40	2.4%	48%	1.37	1.49	1.60	20.0x	18.4x	17.1x	1.37	1.49	1.60	20.0x	18.4x	17.1x
D	Dominion Energy Inc	60.3	Overweight	$92	$73.41	3.7%	65%	4.12	4.34	4.64	17.8x	16.9x	15.8x	4.12	4.39	4.67	17.8x	16.7x	15.7x
DTE	DTE Energy Co	22.6	Sector Weight	NA	$115.72	3.1%	59%	6.17	6.26	6.62	18.8x	18.5x	17.5x	5.98	6.27	6.69	19.3x	18.4x	17.3x
DUK	Duke Energy Corp	76.6	Overweight	$121	$97.82	4.1%	74%	5.44	5.78	6.15	18.0x	16.9x	15.9x	5.46	5.77	6.14	17.9x	17.0x	15.9x
ETR	Entergy Corp	21.5	Sector Weight	NA	$102.46	4.0%	64%	6.34	6.68	7.17	16.2x	15.3x	14.3x	6.33	6.75	7.17	16.2x	15.2x	14.3x
ES	Eversource Energy	27.2	Sector Weight	NA	$77.98	3.3%	62%	4.11	4.36	4.64	19.0x	17.9x	16.8x	4.11	4.37	4.65	19.0x	17.9x	16.8x
ED	Consolidated Edison Inc	31.1	Underweight	$72	$86.88	3.7%	71%	4.47	4.79	5.06	19.4x	18.1x	17.2x	4.49	4.84	5.09	19.3x	17.9x	17.1x
EIX	Edison International	23.0	Sector Weight	NA	$58.92	4.8%	62%	4.59	4.83	5.11	12.8x	12.2x	11.5x	4.52	4.85	5.17	13.0x	12.1x	11.4x
EXC	Exelon Corp	40.4	Overweight	$53	$40.91	3.4%	61%	2.27	2.42	2.59	18.0x	16.9x	15.8x	2.26	2.42	2.59	18.1x	16.9x	15.8x
FE	FirstEnergy Corp	20.7	Overweight	$51	$35.91	4.3%	65%	2.39	2.54	2.74	15.0x	14.1x	13.1x	2.40	2.55	2.74	14.9x	14.1x	13.1x
PEG	Public Service Enterprise Group Inc	29.5	Sector Weight	NA	$59.16	3.7%	62%	3.47	3.73	3.95	17.0x	15.9x	15.0x	3.49	3.71	4.00	17.0x	15.9x	14.8x
SO	Southern Co	70.4	Sector Weight	NA	$65.39	4.1%	76%	3.54	3.78	4.15	18.5x	17.3x	15.8x	3.55	3.80	4.13	18.4x	17.2x	15.8x
WEC	WEC Energy Group Inc	28.8	Sector Weight	NA	$90.37	3.2%	66%	4.37	4.61	4.83	20.7x	19.6x	18.7x	4.37	4.60	4.89	20.7x	19.7x	18.5x
XEL	Xcel Energy Inc	35.4	Overweight	$79	$63.91	3.0%	61%	3.15	3.44	3.63	20.3x	18.6x	17.6x	3.17	3.40	3.63	20.1x	18.8x	17.6x
					Average:	**3.5%**	**64%**				**18.3x**	**17.2x**	**16.1x**				**18.3x**	**17.1x**	**16.0x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	2.9	Sector Weight	NA	$39.89	4.4%	90%	1.95	2.48	2.63	20.5x	16.1x	15.2x	1.96	2.45	2.61	20.3x	16.2x	15.3x
NWE	NorthWestern Corp	3.0	Overweight	$67	$54.58	4.6%	77%	3.29	3.52	3.66	16.6x	15.5x	14.9x	3.29	3.50	3.71	16.6x	15.6x	14.7x
OTTR	Otter Tail Corp	2.6	Sector Weight	NA	$61.78	2.7%	32%	5.37	3.81	3.84	11.5x	16.2x	16.1x	5.09	3.46	3.59	12.1x	17.8x	17.2x
PNW	Pinnacle West Capital Corp	7.6	Underweight	$64	$65.92	5.2%	85%	4.02	4.25	4.46	16.4x	15.5x	14.8x	4.02	4.22	4.48	16.4x	15.6x	14.7x
POR	Portland General Electric Co	4.1	Sector Weight	NA	$45.63	3.9%	70%	2.55	2.81	2.95	17.9x	16.2x	15.5x	2.57	2.84	3.01	17.8x	16.1x	15.2x
					Average:	**4.2%**	**71%**				**16.6x**	**15.9x**	**15.3x**				**16.6x**	**16.3x**	**15.4x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	16.8	Sector Weight	NA	$43.71	4.1%	80%	2.36	2.19	2.31	18.5x	20.0x	18.9x	2.21	2.23	2.36	19.8x	19.6x	18.5x
NEE	Nextera Energy Inc	139.2	Overweight	$89	$70.81	2.4%	60%	2.85	3.05	3.33	24.8x	23.2x	21.3x	2.84	3.06	3.31	24.9x	23.1x	21.4x
SRE	Sempra Energy	44.6	Sector Weight	NA	$139.49	3.3%	54%	8.44	8.91	9.58	16.5x	15.7x	14.6x	8.51	8.98	9.58	16.4x	15.5x	14.6x
					Average:	**3.3%**	**65%**				**20.0x**	**19.6x**	**18.2x**				**20.4x**	**19.4x**	**18.2x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	19.0	Overweight	$71	$58.10	0.9%	21%	2.07	3.71	3.34	28.1x	15.7x	17.4x	2.59	4.27	5.14	22.4x	13.6x	11.3x
NRG	NRG Energy Inc	8.7	Not Covered	NA	$36.33	3.9%	37%	NA	NA	NA	NA	NA	NA	3.80	4.25	4.97	9.6x	8.6x	7.3x
VST	Vistra Corp	9.7	Not Covered	NA	$22.42	3.2%	36%	NA	NA	NA	NA	NA	NA	1.99	2.10	2.25	11.3x	10.7x	10.0x
					Average:	**2.7%**	**31%**				**28.1x**	**15.7x**	**17.4x**				**14.4x**	**11.0x**	**9.5x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 5 - Stock Price Performance

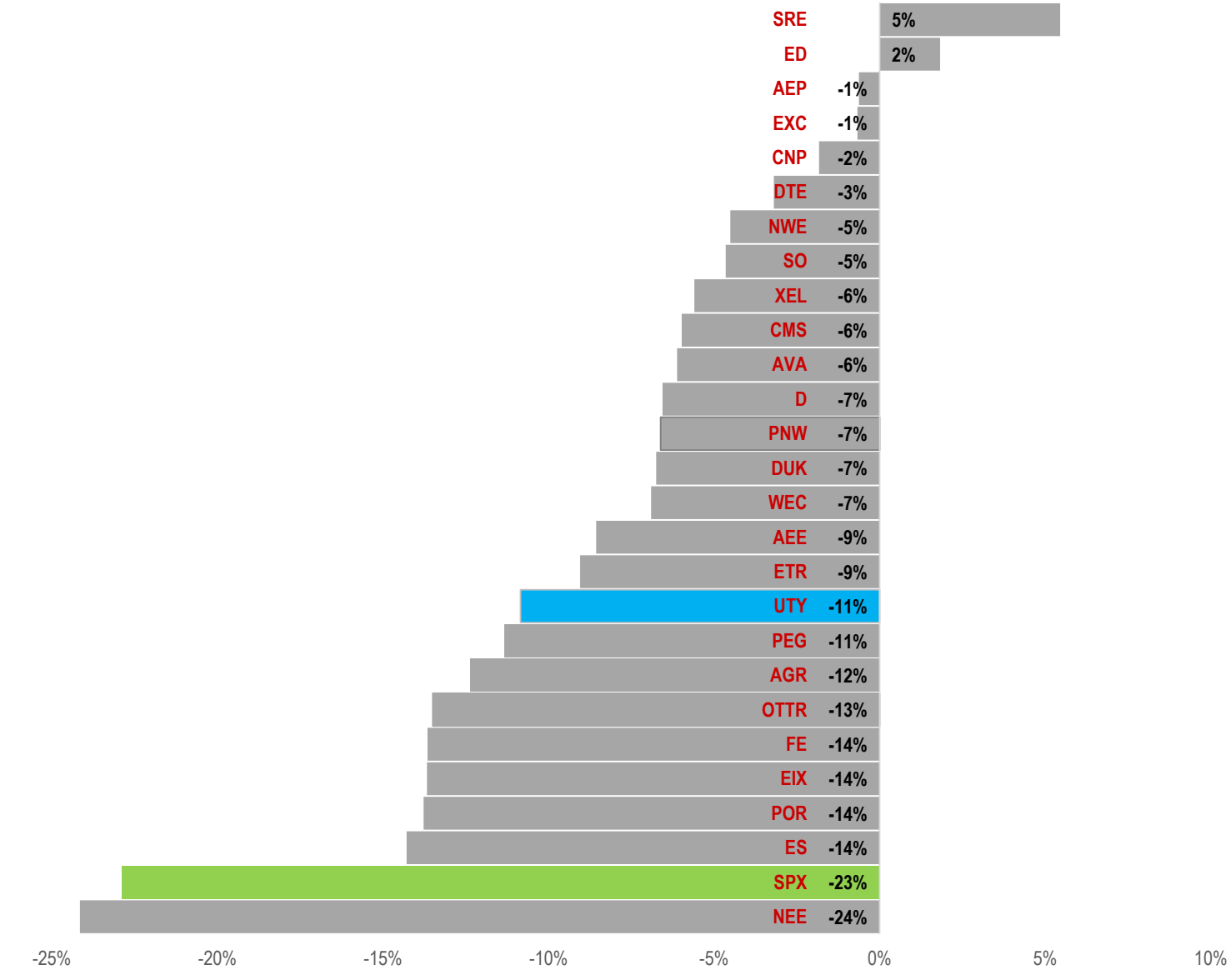

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

HASI: Notes from Meetings with Management

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CMS: Notes from Meetings with Management

SRE: PT Reached — Downgrading to Sector Weight on Valuation

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

XEL: Meeting Notes and Thesis Review

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

Thematic Pieces

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 1Q22 Earnings Preview: Boring Is Good

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	283	51.55	76	26.86
Sector Weight [SW]	254	46.27	53	20.87
Underweight [UW]	12	2.19	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	14	37.84	9	64.29
Sector Weight [SW]	21	56.76	11	52.38
Underweight [UW]	2	5.41	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
ALE	56.80	Neutral
CMS	61.50	Neutral
DUK	99.54	Buy
ES	78.81	Neutral
ETR	105.87	Buy
EXC	41.22	Neutral
OGE	35.20	Buy
POR	45.40	Buy
SRE	141.96	Buy

The Guggenheim Daily Transmission: ETR, DUK, OGE, CMS, SRE, Power, ES/NH, PJM, FERC, POR, ALE/Steel, EXC/IL

For details on our Guggenheim-hosted client Utility events including: our DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; NEE NDR; WEC NDR; OGS NDR; and other events, scroll down…

ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates (See note HERE)

DUK – HB 4831 ratified; South Carolina displaying real interest in studying offshore wind potential

OGE – Non-settling Intervenors file alternative settlement for OG&E 2022 rate case

CMS – CMS Gas reaches settlement in CMS Gas 2022 rate case

SRE – CPUC ALJ sets prehearing for SDG&E and SoCalGas 2024 General Rate Cases

Power – PE firm sells 3 midwestern gas plants

ES/NH – Upward supply charge adjustments filed in NH

PJM – Additional emergency actions taken in Ohio, PAI

FERC – FERC issues transmission interconnection NOPR

POR – POR files comments in RFP docket

ALE/Steel – Steel producers decline to provide 2H22 forecasts

EXC/IL – Testimony filed in performance metrics docket

DUK – HB 4831 ratified; South Carolina displaying real interest in studying offshore wind potential

- The bill proposes a joint resolution to direct the Department of Commerce to conduct an economic development study to evaluate the state's business advantages, economic climate, workforce readiness, and any other relevant state assets to create a roadmap to effectively compete in attracting offshore wind energy supply chain industries to the state; and to provide for the purpose and duties of the study.
- HB 4831 HERE

Guggenheim takeaway: *The Carolina Long Bay leases, which DUK won half of last month, are close enough to being connected to South Carolina's grid. This may present the best chance for SC to obtain energy from offshore wind if that's what the state is after, as a lack of federal/state incentives provide limited impetus for non-mandated development, while a Trump-era moratorium on new offshore leases in the Southeastern U.S. is scheduled to take effect on July 1, 2022, blocking new lease areas south of North Carolina for the next decade.*

OGE – Non-settling Intervenors file alternative settlement for OG&E 2022 rate case

- Intervenors in the OG&E rate case settlement that did not ascribe to the OG&E settlement have filed an alternative settlement with the OCC.
- Intervenors include: Oklahoma Industrial Energy Consumers, Walmart, AARP, Oklahoma association of Electric Cooperatives, Petroleum Alliance of Oklahoma.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- The alternative settlement proposes changes to ROE, cap structure and depreciation that achieves a slight rate reduction ($0.75M).
- Key dates are:
  - 6/22: Responsive Testimony
  - 6/23: Pre-Hearing Conference
  - 6/27: Hearing on merits
- Settling parties include OG&E and PUD Staff, the Attorney General, Sierra Club, Oklahoma Sustainability Network, and the OGE Shareholders Association.
- Settlement key points are:
  - Base rate increase of $45M
  - Cost recovery of all investments
  - ROE of 9.5% at actual OG&E capital structure of ~53%
  - Extension of the grid enhancement mechanism through 2024
  - Improvement of depreciation rates
  - PBR proposal is withdrawn
- Docket: PUD202100164 available through search.

Guggenheim takeaway: *The schedule is now set for an early resolution by mid-year, although a competing settlement presents some challenges for the OCC to reconcile. The OG&E settlement maintains status quo and is supportive of the current capex program for OG&E.*

CMS – CMS Gas reaches settlement in CMS Gas 2022 rate case

- CMS Gas reached a $170M revenue increase settlement in the CMS Gas rate case.
- The settlement will maintain an ROE of 9.9% and assumes an equity ratio of 50.75%.
- New rates will commence October 1st with the start of the test year.
- Discovery responses filed under confidentiality.
- Docket: U-21148

Guggenheim takeaway: *FYI and in case you missed it. Settlement is largely in line with our expectations and represents an early (and constructive) outcome from MI regulation.*

SRE – CPUC ALJ sets prehearing for SDG&E and SoCalGas 2024 General Rate Cases

- CPUC ALJ issued an order setting prehearing for Wednesday, July 27, 2022, commencing at 2:00 PM.
- The proceeding is assigned to Administrative Law Judge Manisha Lakhanpal.
- Dockets: A2205015 / A2205016

Guggenheim takeaway: *FYI. The ALJ assignment is one of the initial stages of formulating a procedural schedule and consolidation of the cases helps cover both case issues under a single process. As a reminder, SDG&E is seeking an increase in rates of $286 million for the 2024 test year and also seeking incremental, post-test year combined electric and gas rate increases of $363.2 million in 2025, $338.1 million in 2026 and $306.9 million in 2027; and SoCalGas is seeking a $767 million increase in gas rates for the 2024 test year and also seeking incremental, post-test year gas rate increases of $292 million in 2025, $267 million in 2026 and $413 million in 2027.*

Power – PE firm sells 3 midwestern gas plants

- ArcLight [PRIVATE] has reportedly sold the 656 MW Lincoln and the 328 MW Crete plants in IL, according to SparkSpread.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- The 850 MW Rolling Hills plant in OH has also sold, according to the same reports.
- More HERE.

Guggenheim takeaway: *More asset-level comps for your awareness, although pricing remains unclear.*

ES/NH – Upward supply charge adjustments filed in NH

- NH utilities, including ES, have filed for supply charge adjustment in NH for increases of approximately 10 cents/kwh from ~$0.11 to ~$0.22.
- More HERE.

Guggenheim takeaway: *Interesting heads up, as this was something we discussed on our recent NDR (see HERE), with some regions in NE seeing less of an impact as the typically-higher winter rates roll off to summer.*

PJM – Additional emergency actions taken in Ohio, PAI

- "At 12:30 p.m. Eastern today (June 16) PJM declared a Pre-Emergency and Emergency Load Management Reduction Action in the Marion subregion of PJM in and around Columbus, Ohio. The purpose of a Pre-Emergency and Emergency Load Management Reduction Action is to provide additional load relief by using PJM controllable load management programs…These actions triggered a Performance Assessment Interval (PAI) at 1:00 p.m. They are separate from the two previous PAIs issued Tuesday and Wednesday (June 14-15)." - PJM
- More HERE.

Guggenheim takeaway: *The fallout from this week's storms continues.*

FERC – FERC issues transmission interconnection NOPR

- The 5-0 rulemaking is intended to streamline what has become a massive backlog of primarily renewables projects across the nation's RTOs.
- "The notice of proposed rulemaking (NOPR) aims to address significant current backlogs in the interconnection queues by improving interconnection procedures, providing greater certainty and preventing undue discrimination against new generation."- FERC
- More HERE.

Guggenheim takeaway: *In our view, this has been a longstanding issue within the RTOs, so not a major surprise to see further efforts or the unanimous vote.*

POR – POR files comments in RFP docket

- The company has provided a series of comments and responses following Staff and stakeholder comments.
- More HERE.

Guggenheim takeaway: *Minor FYI flagged for your awareness – nothing jumps out as particularly surprising in the comments.*

ALE/Steel – Steel producers decline to provide 2H22 forecasts

- Several US steel producers have reportedly declined to give outlooks on the second half of the year, a departure from past practice.
- More here (Bloomberg): {NSN RDKU10T1UM0W <GO>}

Guggenheim takeaway: *Potential taconite data point for your awareness.*

EXC/IL – Testimony filed in performance metrics docket

- Multiple parties have filed testimony in the docket in conjunction with the start of hearings.
- Initial Briefs are due July 8th.
- More HERE.

Guggenheim takeaway: *Heads up and part of the process.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chief Executive Officer*
Barbara Tuckfield, *Director, Investor Relations*

Date
June 27 & 28, 2022
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $25.7bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment composed of various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

OGE Energy Corp. (OGE)

Bryan Buckler, *Chief Financial Officer*
Jason Bailey, *Director, Investor Relations*

Date
Wednesday, June 29, 2022
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $8.2bn
OGE Energy Corp. (OGE) is a holding company that engages in the provision of physical delivery and related services for both electricity and natural gas. It operates through the Electric Utility and Natural Gas Midstream Operations segments. The Electric Utility segment generates, transmits, distributes, and sells electric energy in Oklahoma and Western Arkansas. The Natural Gas Midstream Operations segment involves gathering, processing, transporting, storing, and marketing of natural gas. The company was founded in August 1995 and is headquartered in Oklahoma City, OK. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings
Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Location: TBD

Tuesday, July 12th

11:30 AM | Lunch
Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game
Southern Company C-Suite will host in their private box. Dinner will be served.

Company Information

Market Cap: $79.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA.
(Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim's Power & Utility Comp Sheet

6/16/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$56.80	3,237	1.94	2.47	2.59	2.72	(1.79)	(1.47)	(1.53)	(1.69)	29.3x	23.0x	21.9x	20.9x	60%	34%	36%	38%	6.7%	4.7%	137%	Neutral	$65	19%	Neutral	$67	22%
AVA	$40.28	2,918	3.34	3.57	3.88	4.05	1.39	1.12	1.27	1.29	12.1x	11.3x	10.4x	9.9x	-34%	-34%	-35%	-34%	3.8%	4.5%	54%	Sell	$34	-11%	Neutral	$43	10%
NWE	$55.01	2,978	2.58	2.98	3.12	3.25	(0.71)	(0.56)	(0.55)	(0.72)	21.3x	18.5x	17.6x	16.9x	16%	7%	10%	12%	4.6%	4.6%	99%	Neutral	$58	10%	Neutral	$63	18%
POR	$45.40	4,051	2.58	2.98	3.12	3.25	–	0.12	0.10	0.10	17.6x	15.2x	14.6x	14.0x	-4%	-12%	-10%	-8%	4.6%	4.1%	72%	Buy	$57	30%	Buy	$53	21%
		13,184									**20.1x**	**17.0x**	**16.1x**	**15.4x**	**10%**	**-1%**	**0%**	**2%**	**4.9%**	**4.5%**	**90%**						
Mid/Large Cap Electric																											
AEE	$82.00	21,164	4.04	4.32	4.64	4.95	(0.04)	(0.05)	–	–	20.3x	19.0x	17.7x	16.6x	11%	10%	10%	10%	6.5%	3.0%	60%	Buy	$99	24%	Buy	$99	23%
AEP	$89.19	45,803	4.98	5.30	5.64	6.00	–	–	–	0.06	17.9x	16.8x	15.8x	14.9x	-2%	-2%	-2%	-2%	6.1%	3.6%	65%	Buy	$109	26%	Buy	$106	23%
CMS	$61.50	17,843	2.88	3.14	3.41	3.64	–	–	–	–	21.4x	19.6x	18.0x	16.9x	17%	14%	12%	12%	8.3%	3.1%	66%	Neutral	$70	17%	Buy	$72	20%
CNP	$27.44	17,272	1.38	1.49	1.61	1.73	–	–	–	–	19.9x	18.4x	17.0x	15.9x	9%	7%	6%	5%	8.0%	2.6%	52%	Buy	$34	27%	Buy	$33	24%
D	$74.38	60,342	4.12	4.40	4.70	5.00	–	–	–	–	18.1x	16.9x	15.8x	14.9x	-1%	-2%	-2%	-2%	6.1%	3.7%	67%	Buy	$90	25%	Buy	$90	24%
DTE	$116.61	22,592	5.98	6.29	6.73	7.13	–	–	0.03	(0.05)	19.5x	18.5x	17.3x	16.4x	6%	8%	8%	8%	4.5%	3.2%	61%	Buy	$145	27%	Buy	$139	22%
DUK	$99.54	76,646	5.48	5.81	6.15	6.50	0.04	–	–	(0.03)	18.2x	17.1x	16.2x	15.3x	-1%	-0%	1%	1%	5.5%	4.1%	74%	Buy	$119	24%	Buy	$115	20%
ED	$87.67	31,061	4.51	4.89	5.18	5.38	–	0.04	0.04	(0.04)	19.4x	17.9x	16.9x	16.3x	6%	4%	5%	8%	5.3%	3.7%	71%	Neutral	$94	11%	Sell	$87	3%
EIX	$60.33	22,998	4.64	4.92	5.25	5.60	0.11	0.07	0.07	0.20	13.0x	12.3x	11.5x	10.8x	-29%	-29%	-29%	-29%	5.1%	4.7%	62%	Buy	$82	41%	Buy	$75	28%
ES	$78.81	27,180	4.10	4.34	4.65	5.00	–	(0.04)	–	–	19.2x	18.2x	16.9x	15.8x	5%	5%	5%	4%	6.7%	3.3%	64%	Neutral	$92	20%	Neutral	$93	21%
ETR	$105.87	21,531	6.33	6.81	7.21	7.57	–	0.08	0.08	–	16.7x	15.5x	14.7x	14.0x	-9%	-10%	-9%	-7%	5.9%	3.9%	66%	Buy	$129	26%	Buy	$127	24%
EVRG	$60.74	13,939	3.52	3.77	4.02	4.30	(0.03)	–	(0.04)	–	17.3x	16.1x	15.1x	14.1x	-6%	-6%	-6%	-6%	5.0%	3.9%	68%	Buy	$77	31%	Buy	$73	24%
EXC	$41.22	40,401	2.27	2.41	2.58	2.82	–	–	–	–	18.2x	17.1x	16.0x	14.6x	-1%	-1%	-1%	-3%	7.5%	3.5%	63%	Neutral	$49	22%	Buy	$49	23%
FE	$36.33	20,742	2.44	2.57	2.75	2.95	0.04	–	–	0.06	14.9x	14.1x	13.2x	12.3x	-19%	-18%	-18%	-18%	3.2%	4.4%	65%	Neutral	$43	23%	Buy	$47	33%
LNT	$54.97	13,787	2.75	2.90	3.04	3.23	–	–	(0.03)	(0.04)	20.0x	19.0x	18.1x	17.0x	9%	10%	12%	13%	5.3%	3.2%	64%	Neutral	$60	12%	Neutral	$64	20%
OGE	$35.20	7,047	2.28	2.39	2.52	2.64	0.12	0.28	0.30	0.22	15.4x	14.7x	14.0x	13.3x	-16%	-14%	-13%	-12%	4.0%	4.8%	74%	Buy	$43	27%	Buy	$42	23%
PCG	$10.08	20,034	1.11	1.24	1.34	1.45	–	–	–	–	9.1x	8.1x	7.5x	7.0x	-50%	-53%	-53%	-54%	9.7%	0.4%	4%	Buy	$19	89%	Buy	$16	61%
PEG	$59.00	29,456	3.56	3.73	4.18	4.55	0.07	–	0.14	0.12	16.6x	15.8x	14.1x	13.0x	-10%	-8%	-12%	-14%	5.7%	3.8%	62%	Buy	$75	31%	Buy	$76	33%
PNW	$67.48	7,625	4.05	4.25	4.50	4.75	–	0.05	–	0.04	16.7x	15.9x	15.0x	14.2x	-9%	-8%	-7%	-6%	-3.5%	5.0%	84%	Sell	$60	-6%	Sell	$74	14%
PPL	$25.74	18,942	1.48	1.58	1.70	1.81	0.07	–	–	–	17.4x	16.3x	15.1x	14.2x	-5%	-5%	-6%	-6%	14.6%	3.6%	63%	Buy	$33	32%	Buy	$31	25%
SO	$66.28	70,424	3.55	3.80	4.15	4.40	–	–	0.04	–	18.7x	17.4x	16.0x	15.1x	2%	1%	-1%	-0%	6.6%	4.1%	77%	Buy	$76	19%	Neutral	$74	16%
WEC	$91.21	28,771	4.38	4.59	4.89	5.21	–	–	–	–	20.8x	19.9x	18.7x	17.5x	14%	15%	16%	16%	6.1%	3.3%	68%	Neutral	$104	17%	Neutral	$106	20%
Mid/Lg Cap (excl. EIX, PCG)											**18.3x**	**17.2x**	**16.1x**	**15.1x**					**5.9%**	**3.7%**	**67%**						
Regulated Electrics		**648,784**									**18.6x**	**17.2x**	**16.1x**	**15.2x**					**5.7%**	**3.8%**	**71%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	LTG EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$38.50	4,213	2.21	2.41	2.47	2.69	0.06	0.12	0.09	0.13	17.4x	16.0x	15.6x	14.3x	-5%	-7%	-3%	-5%	4.6%	3.7%	65%	Neutral	$41	10%	Neutral	$41	11%
NEE	$70.87	139,224	2.84	3.07	3.38	3.66	–	–	0.05	0.06	25.0x	23.1x	21.0x	19.4x	36%	34%	30%	28%	9.5%	2.5%	62%	Buy	$91	31%	Buy	$90	30%
SRE	$141.96	44,619	8.54	9.08	9.58	10.21	–	0.11	–	0.10	16.6x	15.6x	14.8x	13.9x	-9%	-9%	-8%	-8%	4.9%	3.4%	56%	Buy	$174	26%	Buy	$173	25%
		188,056									**19.7x**	**18.2x**	**17.1x**	**15.9x**	**7%**	**6%**	**6%**	**5%**	**6.3%**	**3.2%**	**61%**						
Gas LDCs																											
NI	$27.17	11,026	1.45	1.53	1.70	1.84	–	–	–	–	18.7x	17.8x	16.0x	14.8x	1%	3%	-1%	-3%	7.7%	3.5%	66%	Buy	$32	21%	Buy	$32	23%
CPK	$120.29	2,132	5.13	5.55	5.93	6.32	–	–	0.04	0.08	23.4x	21.7x	20.3x	19.0x	26%	26%	26%	26%	7.6%	1.8%	42%	Neutral	$136	15%	Buy	$141	19%
NJR	$42.35	4,072	2.35	2.43	2.62	2.78	–	–	(0.11)	(0.03)	18.0x	17.4x	16.2x	15.2x	-3%	1%	0%	0%	6.5%	3.6%	65%	Neutral	$41	0%	Neutral	$47	14%
NWN	$50.86	1,742	2.56	2.73	2.83	2.97	0.03	0.03	0.03	–	19.9x	18.6x	18.0x	17.1x	7%	8%	12%	13%	3.8%	3.8%	76%	Neutral	$49	0%	Buy	$55	11%
OGS	$78.08	4,223	4.08	4.38	4.65	5.00	–	–	–	–	19.1x	17.8x	16.8x	15.6x	3%	4%	4%	3%	6.8%	3.3%	63%	Neutral	$77	2%	Buy	$88	16%
SJI	$33.76	4,132	1.71	1.82	1.94	2.05	0.07	0.06	0.09	0.22	19.7x	18.5x	17.4x	16.5x	6%	8%	8%	9%	6.2%	3.7%	74%	Neutral	$26	-19%	Neutral	$34	3%
SR	$71.69	3,737	3.84	4.27	4.91	5.03	(0.07)	(0.11)	0.25	0.15	18.7x	16.8x	14.6x	14.3x	0%	-2%	-9%	-6%	0.9%	4.0%	74%	Neutral	$67	-3%	Neutral	$75	8%
		31,065									**19.7x**	**18.4x**	**17.0x**	**16.1x**	**6%**	**7%**	**6%**	**6%**	**5.6%**	**3.4%**	**66%**						
Regulated Water																											
AWK	$130.88	23,788	4.44	4.85	5.23	5.70	–	–	–	–	29.5x	27.0x	25.0x	23.0x	61%	57%	56%	52%	-4.8%	2.1%	61%	Neutral	$155	20%	Neutral	$160	24%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'21–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$58.26	19,031	2,547	3,203	3,511	3,412	(43)	183	129	32	10.1x	7.5x	6.3x	6.0x	25,698	23,990	22,127	20,320	-0.3%	1.0%	18%	Buy	$70	21%	Buy	$67	16%
NRG	$36.86	8,746	2,120	2,237	2,282	2,225	(45)	(44)	(77)	(159)	7.2x	6.6x	6.2x	5.8x	15,250	14,716	14,136	12,861	-2.1%	3.9%	42%	Neutral	$43	21%	Buy	$45	25%
VST	$22.52	9,725	3,117	3,508	3,555	3,738	(40)	(60)	–	233	6.5x	5.7x	5.5x	4.9x	20,279	19,959	19,504	18,502	17.8%	3.3%	31%	Buy	$32	45%	Buy	$31	42%
Other																											
ALTO	$4.75	352	73	74	75	76	–	(62)	(123)	(243)									-0.2%	–	–	Buy	$8	68%	Buy	$11	125%
IEA	$8.49	410	147	164	174	178	–	–	–	–									7.2%	–	–	Buy	$12	41%	Buy	$14	70%
NEP	$67.20	5,638	1,660	1,775	1,889	2,003	(83)	(158)	(238)	(274)									10.2%	4.8%	–	Buy	$85	31%	Buy	$85	32%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

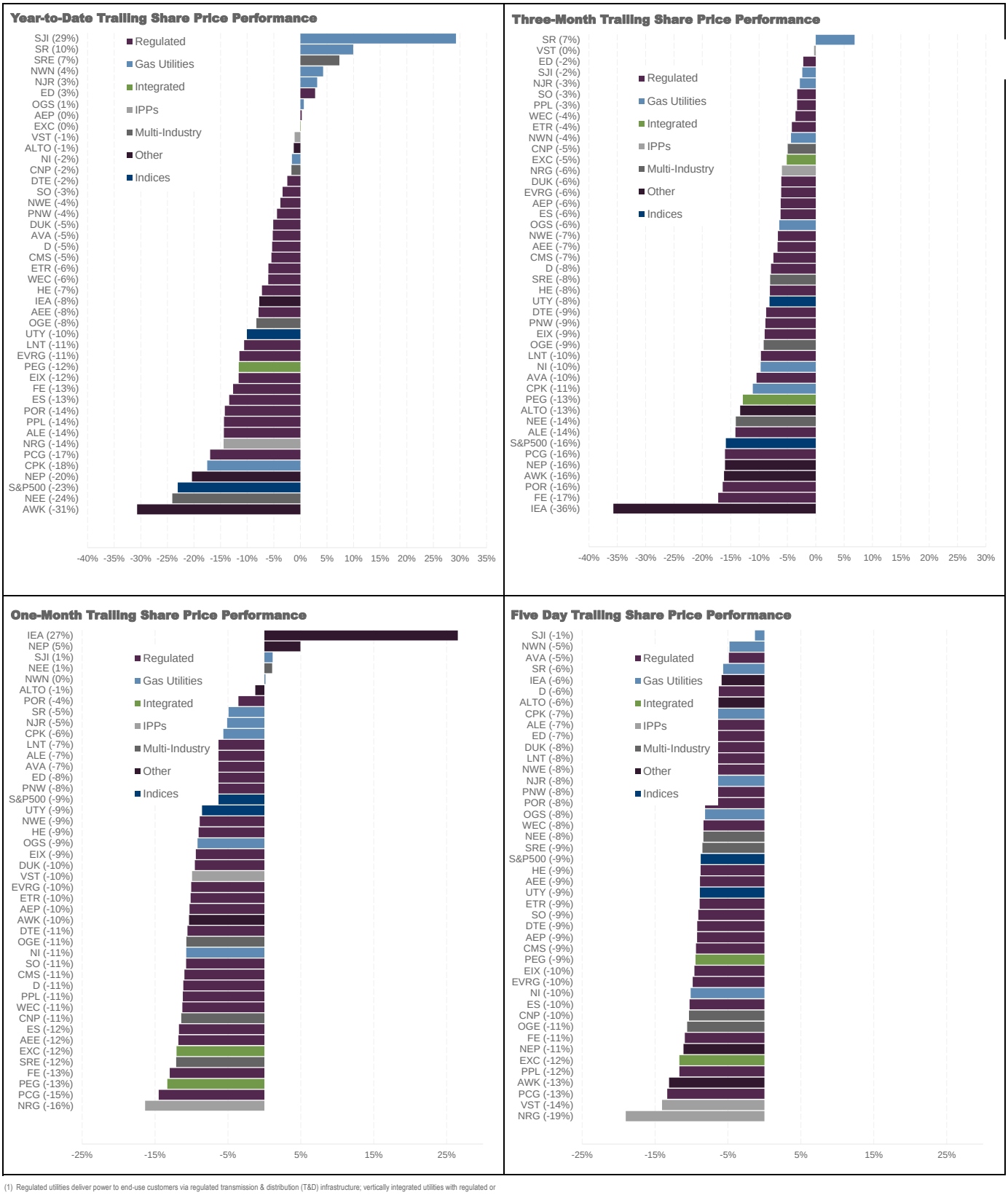

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
POR	8/9-8/10	New York
NEE	8/30-9/2	West Coast
WEC	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Generation and Mix

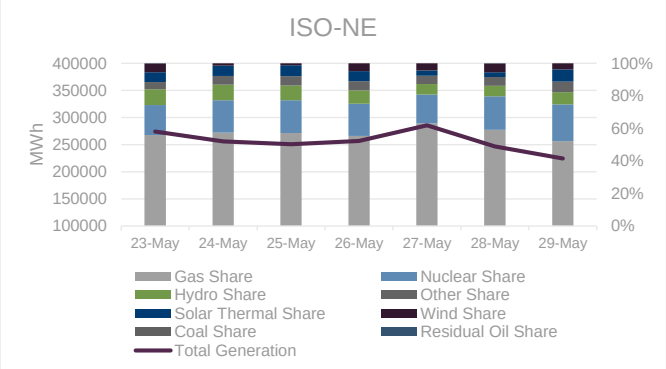

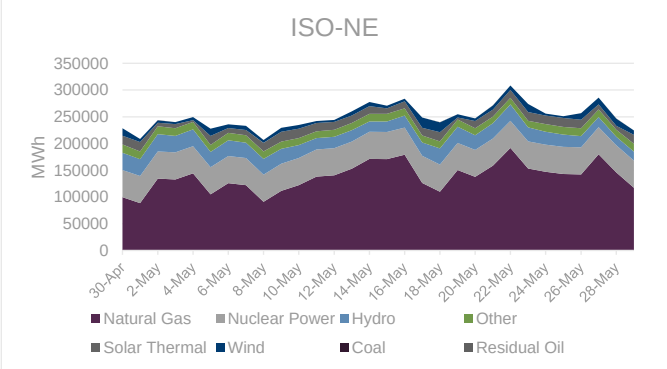

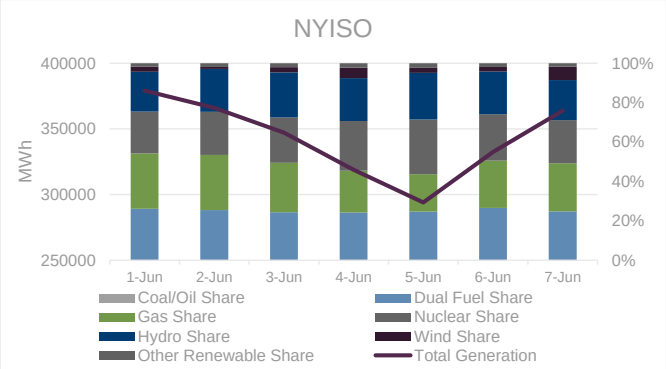

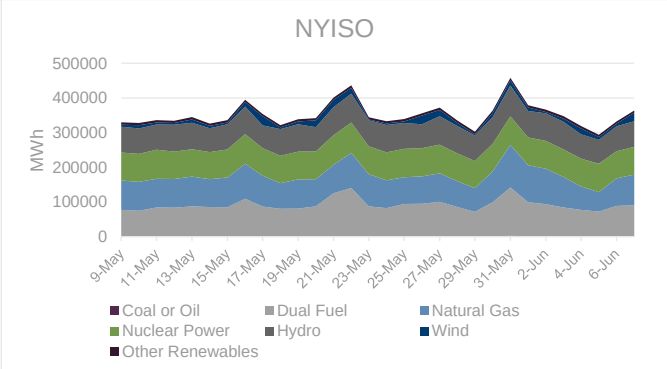

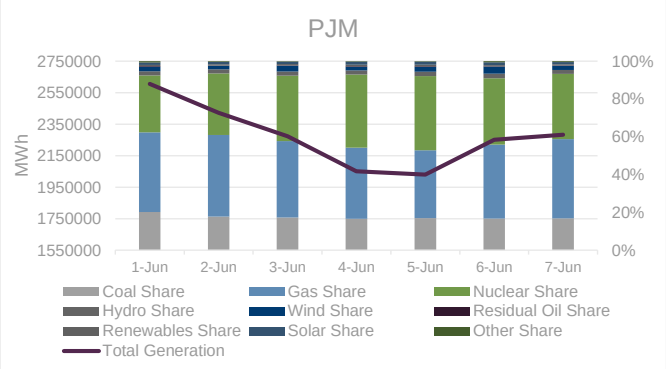

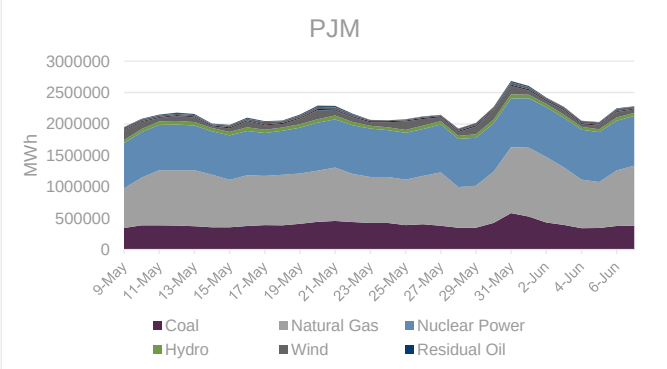

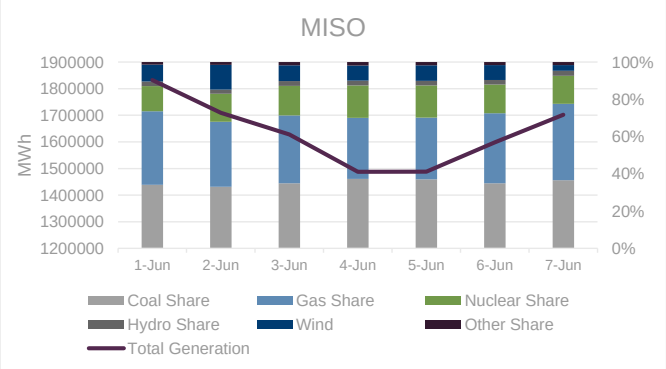

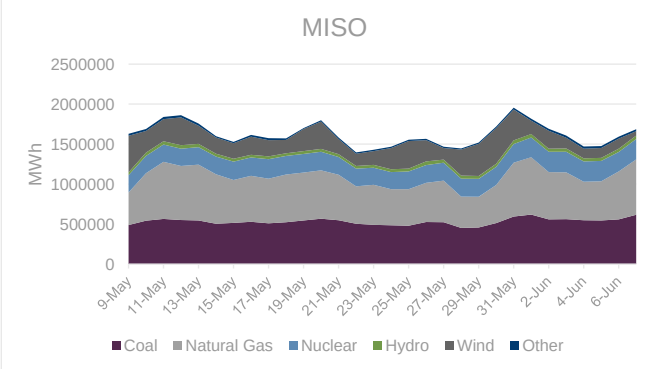

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

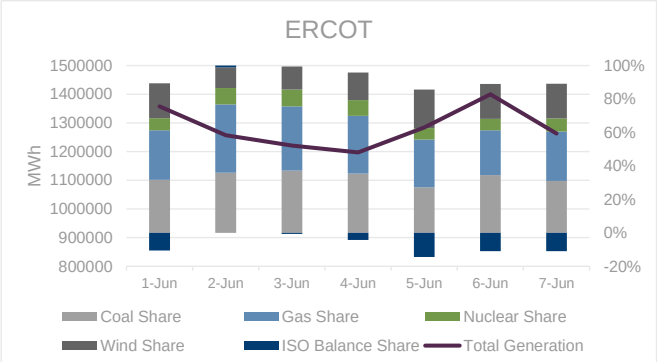

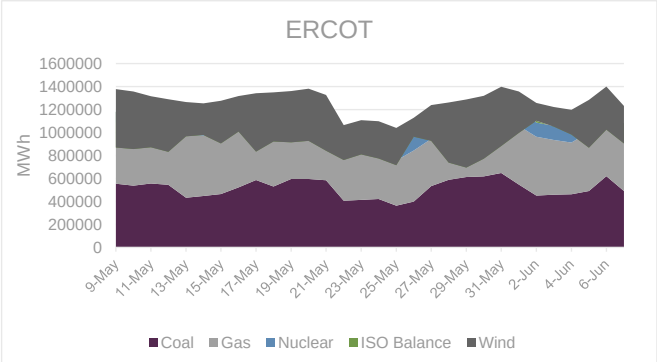

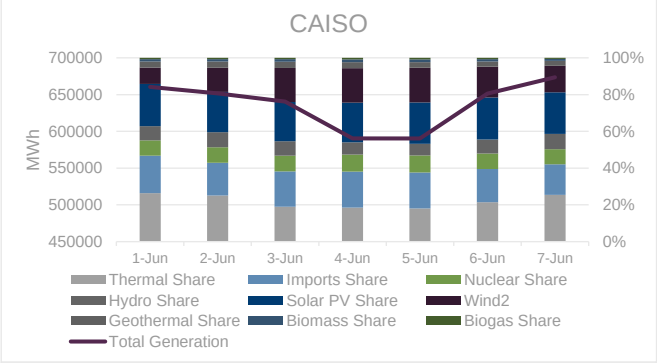

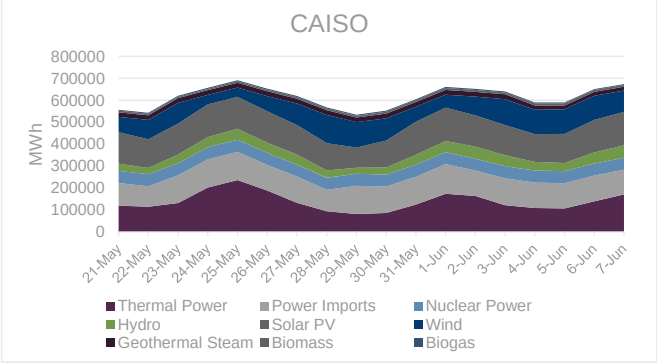

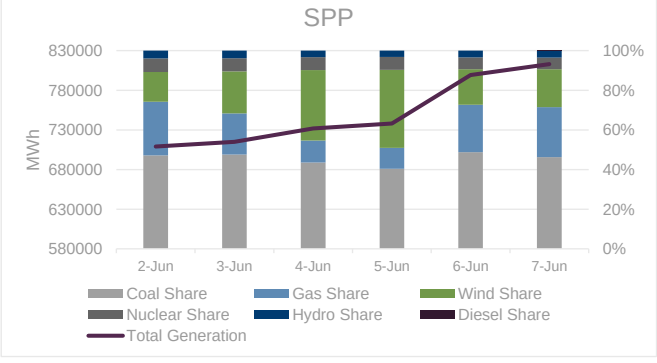

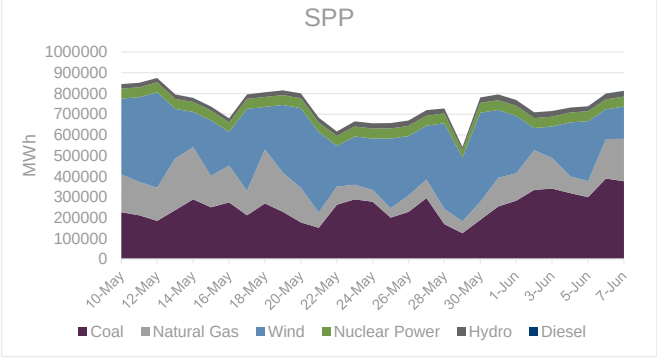

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Weather

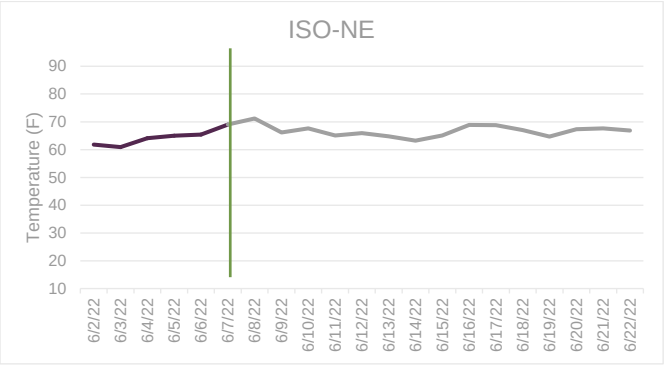

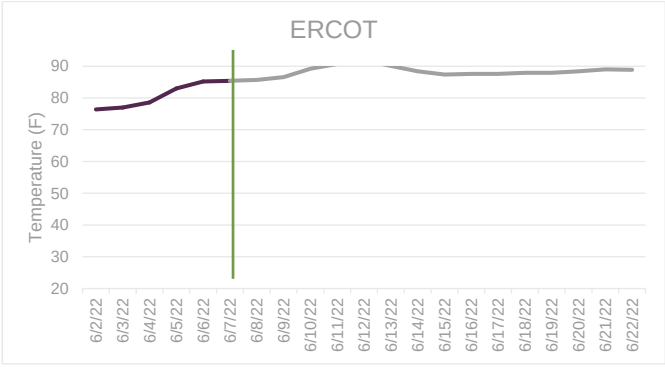

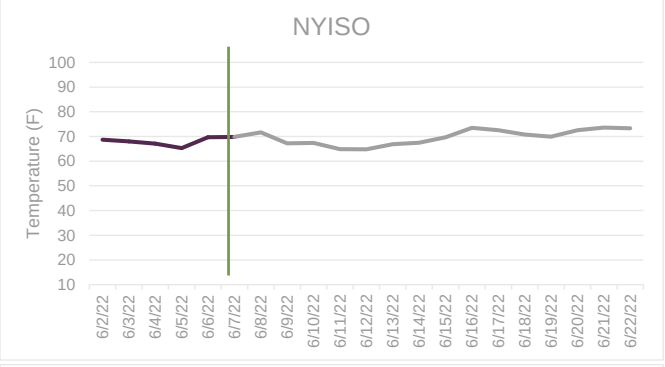

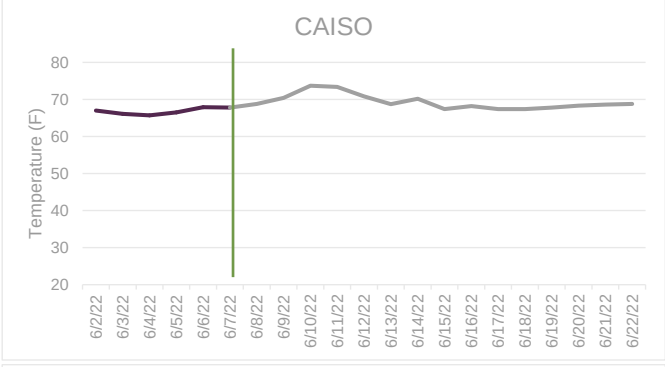

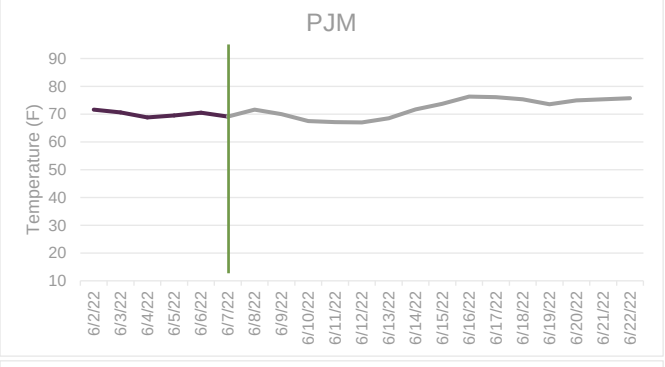

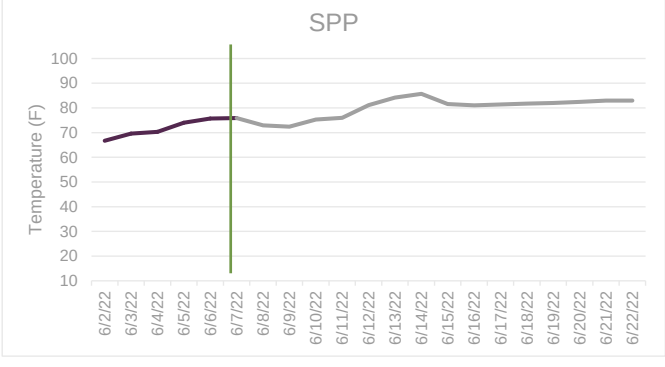



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	242	66.67%	61	25.21%
NEUTRAL	118	32.51%	14	11.86%
SELL	3	0.83%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Analyst Note 14 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the median utility in our coverage now trades in line with our fair value estimate, after the Morningstar US Utilities Sector Index declined 12% since Wednesday, June 8.

We think the selloff was sparked in large part by the U.S. Bureau of Labor Statistics' Consumer Price Index reading last week, which reported inflation was at a four decade high for May. Utilities peaked at 17% overvalued as of late April, and were 13% overvalued as of June 8, as global uncertainty drove investors to U.S. utilities.

Up until last week, investors had largely ignored the risk of inflation, which we considered the largest threat to utilities' long-term returns. Utilities have historically significantly underperformed the S&P 500 in inflationary environments, as utilities have fixed revenue, high capital and labor costs, and large energy pass-through costs. With higher-than-expected inflation, the market has increased expectations for the Fed to expedite interest rate increases. The utilities sector median 3.3% dividend yield is now a mere 18 basis point discount to the 10-year U.S. Treasury, making utility dividends less attractive to income-focused investors. In early March, the dividend yield was a 150 basis point premium to the 10-year U.S. Treasury.

No utility was trading below our fair value estimate mid-last week. Now, nearly half of our utility coverage trades at or below our fair value estimates and we now think there are opportunities for long-term utility investors. While there are a few utilities that trade at a larger discount to our fair values, we think long-term investors are best served focusing on utilities in constructive regulatory environments that are better positioned to address inflationary headwinds, with Dominion Energy, Entergy, NextEra Energy,

Important Disclosure
The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 14 Jun 2022
Estimates as of 11 May 2022
Pricing data through 14 Jun 2022 00:00
Rating updated as of 14 Jun 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 01 Jun 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Analyst Note 1
Morningstar Analyst Forecasts 3
Methodology for Valuing Companies

Vital Statistics

Market Cap (USD Mil)	41,473
52-Week High (USD)	50.71
52-Week Low (USD)	31.24
52-Week Total Return %	24.6
YTD Total Return %	0.3
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.1
Price/Fair Value	1.03

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*18.6*	*17.2*
EV/EBITDA	10.0	10.9	*11.8*	*10.8*
EV/EBIT	27.8	35.0	*22.5*	*19.6*
Free Cash Flow Yield %	-9.3	-8.8	*35.9*	*-2.8*
Dividend Yield %	5.1	3.7	*3.2*	*3.4*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,414*
Net Income YoY %	0.3	-45.8	*31.1*	*7.9*
Diluted EPS	3.22	1.74	*2.28*	*2.46*
Diluted EPS YoY %	—	-45.9	*31.1*	*7.6*
Free Cash Flow	324	8	*12,819*	*-307*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

and NiSource our top picks.

Dominion Energy has transitioned to a predominantly rate-regulated utility operating in highly constructive regulatory environments. The company's five-year $37 billion capital investment plan focusing on clean energy supports our 6.5% annual earnings growth forecast. Virginia is the company's most important subsidiary and has the most constructive regulation. Dominion expects 90% of its capital investment in the region will be eligible for rate riders, reducing regulatory risk in an inflationary environment.

We think Entergy has several advantages over its peers in an inflationary environment. The company's five southeast utilities should benefit from a jump in U.S. energy demand, constructive state regulation, and substantial opportunities for clean energy growth. More than 90% of Entergy's investments flow through customer rates with little regulatory lag. This minimizes the impact from inflation. We expect Entergy to invest $4 billion annually through 2025 to upgrade its expansive grid and replace coal generation with mostly solar. This supports our annual earnings growth estimate at the high end of management's 7%-9% target.

Constructive regulation in Florida supports industry-leading returns and growth for NextEra Energy. Florida's highly constructive rate-setting mechanisms support investment in the state. NextEra benefits from one of the highest allowed returns in the industry. The utility also has among the lowest electricity bills and highest customer growth across its peer group, helping protect itself in an inflationary environment. At the company's competitive renewable business, NextEra is well positioned to for the clean energy transition. A U.S. Department of Commerce anti-circumvention investigation regarding the import of solar panels from certain Asian countries had created uncertainty to the company's near-term development program; however, the Biden administration's recent decision to not apply solar panel tariffs for at least the next two years brings near-term clarity.

NiSource's transition from coal to renewable energy in Indiana along with regulatory support in the states where it operates natural gas systems should support more than $10 billion of investment over the next four years and 8% annual earnings growth, among the highest in the sector. We think this is an opportunity to buy a high-growth utility at a discount to recent market acquisitions involving similar natural gas distribution utilities. New CEO Lloyd Yates could shake up NiSource's portfolio to capitalize on those market valuations while boosting the share of earnings from its high-growth electric business.

For a more detailed analysis of how inflation affects utilities, see our latest reports, "Inflation Unraveling U.S. Utilities' Safety Net" and "Utility Regulation Critical To Manage Inflation Risk."

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*7.9*	*12.0*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*7.6*	*11.1*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.2*	*27.2*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*145.7*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.3*	*12.8*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.6*	*14.2*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.1*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.7*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.49*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*18.6*	*17.2*
EV/EBITDA	10.0	10.9	*11.8*	*10.8*
EV/EBIT	27.8	35.0	*22.5*	*19.6*
Free Cash Flow Yield %	-9.3	-8.8	*35.9*	*-2.8*
Dividend Yield %	5.1	3.7	*3.2*	*3.4*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,530	15.6	12.77
Present Value Stage II	13,992	17.4	14.26
Present Value Stage III	54,003	67.1	55.03
Total Firm Value	**80,525**	**100.0**	**82.06**
Cash and Equivalents	1,182	—	1.20
Debt	0	—	-43.23
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**39,350**	**—**	**40.10**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**41.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*342*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***2,980***
Income Tax Expense	774	373	370	*525*	*566*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,414***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.46***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,414*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.46***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,303*	*1,224*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,496***	***10,833***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,192***	***115,332***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,714*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,798***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*60*	*410*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,623*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,186***	***36,534***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,186***	***36,534***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,414*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*220*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,934***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*60*	*350*
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-11,157***	***62***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,121***	***-1,079***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

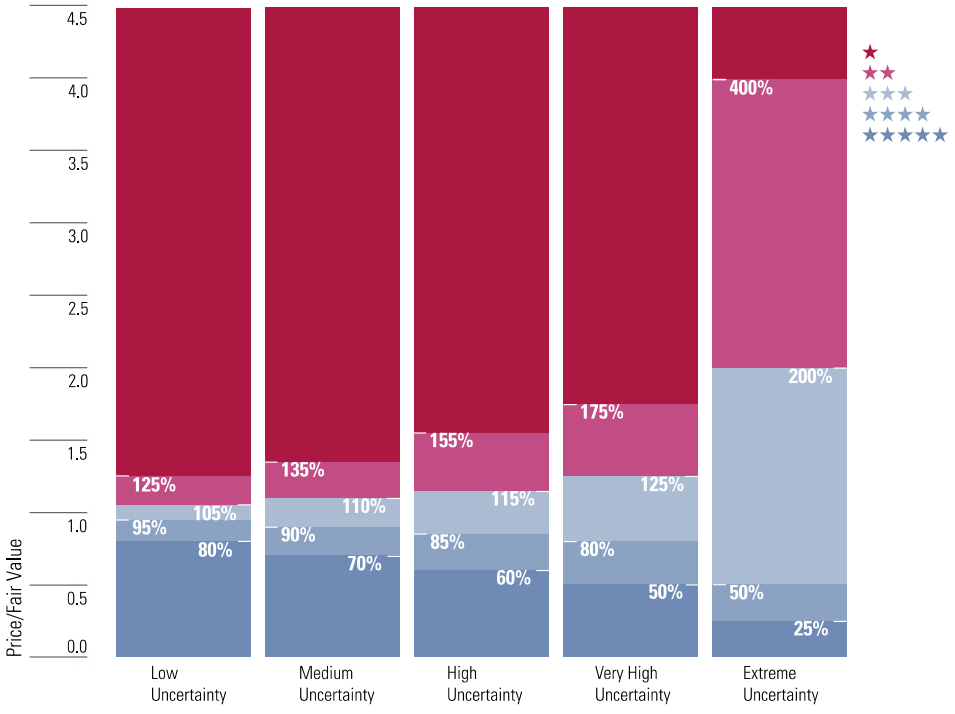

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

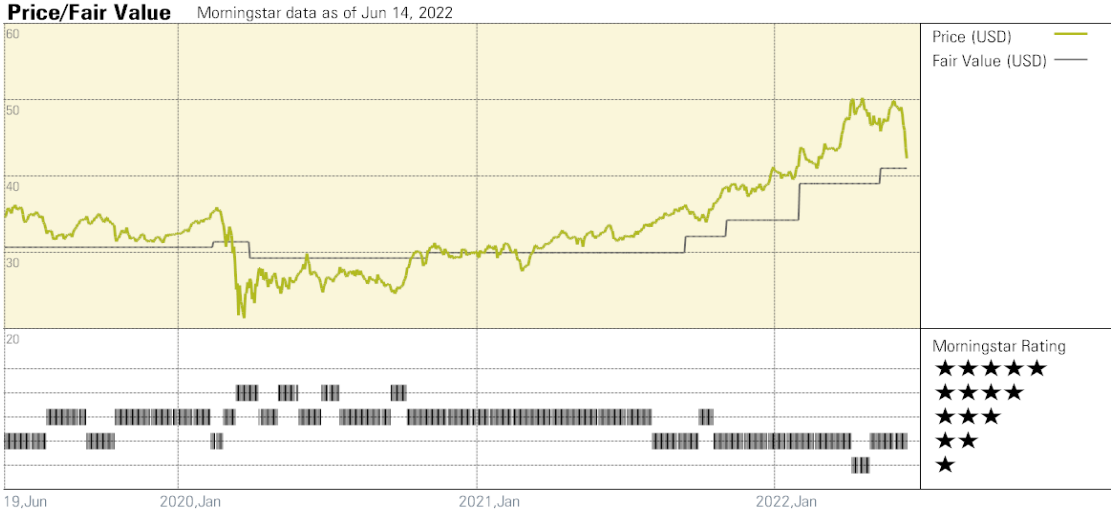

General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
42.31 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: EVRG IRP/GRC, VST Revolver, OGE Settle, EXC ComEd, ETR Grand Gulf
- **Publication Date/Time** : Tuesday, June 14, 2022 02:47:01 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=vnC7R!ekfuFQnlD!Aza2aA__&reid=B0AD2F960CF911EDABE73BA23B068BF1

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
DUK	107.77	Buy
ES	88.03	Neutral
EXC	46.66	Neutral
NEE	75.91	Buy
PCG	10.98	Buy

Power & Utilities June 13, 2022

The Guggenheim Daily Transmission: PCG, NEE, CA, EXC/IL, Nuclear, ES, DUK, DOE

For details on our Guggenheim-hosted client Utility events including: our PPL NDR; CMS NDR; DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; NEE NDR; OGS NDR; and other events, scroll down…

PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded (see note HERE)

NEE Analyst Day Preview: Tariff Exemption Opens Opportunity for a Constructive Update; We Expect 8% EPS Growth with Opportunity to Exceed (see note HERE)

Forward Power Curves, Genco MtM, and Weekly Commentary (see note HERE)

CA –Opening comments filed on CPUC request for alternative approaches to the NEM 3.0 proposed decision

PCG – Media maintains negative coverage of Dixie Fire CalFire investigation; PCG reiterates position of prudent operator

EXC/IL – Search warrants unsealed in Madigan-ComEd investigation alongside affidavit

Nuclear – Former UK energy minister comments on prospects of nuclear development

ES – DPU allows slight tweak to NSTAR procedural schedule

DUK – NC WARN files petition to intervene in DUK's Carbon Plan docket

DOE – DOE closes $500mm loan guarantee for hydrogen project in UT

CA – Opening comments filed on CPUC request for alternative approaches to the NEM 3.0 proposed decision

- Stakeholders filed opening comments on the CPUC's ruling meant to develop alternative net energy metering approaches.
- The crux of the discussion is around various transition mechanisms for solar NEM compensation.
- CPUC is looking for an alternative approach to the Market Transition Credit (MTC) proposed in the PD. The alternative would provide a "fixed cents per kilowatt-hour(c/kWh) export adder on top of the ACC-based hourly export credits."
- This approach, dubbed "ACC plus", would be available to new net billing tariff customers and ramp down over time for new customers.
- The utilities joint comments are focused on restoring equity to customer classes (i.e., non participants), TURN is supportive of removing uncertainty for the NEM transition and solar advocates believe ACC Plus mechanism is superior
- Docket #: R2008020; PD here

Guggenheim takeaway: *The argument around cost shift seems to be widely understood by every party, including major intervening parties and independent party representatives. Our prior meetings with ex-CPUC President acknowledged that the current NEM rules were lacking by design to incentivize a nascent industry, which all parties recognize is no longer the case with CA renewable and distributed technologies. After a vocal public and ex-parte communication the CPUC finds itself in a tough spot as distributed solar providers are at odds with utility ratemaking and cost allocation.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

PCG – Media maintains negative coverage of Dixie Fire CalFire investigation; PCG reiterates position of prudent operator

- CA media continue a negative skewed coverage of the Dixie Fire and the associated CalFire report.
- The article focused on the findings that allege an excessively delayed response by PG&E.
- PG&E noted that the company has received a copy of the CAL FIRE Dixie Fire report and still sees the response as prudent given all the information already publicly available.
- PG&E previously shared an extensive amount of information on the fire and stands by the position that the company acted as a prudent operator.
- PG&E further notes that the District Attorneys (DAs) in the five counties affected by the Dixie Fire investigated the events and did not file criminal charges and settlements that were reached with the DAs demonstrate commitment to prevent catastrophic wildfires.
- PR Here.

Guggenheim takeaway: *FYI. While the report did implicate PG&E equipment as the source of the fire, the determination of neglect and ultimate liability is outside the scope of the CalFire report. PCG positions remain in line with prior stated facts. The timing of the news media reports during the Friday actual analyst day likely placed some incremental pressure on shares.*

EXC/IL – Search warrants unsealed in Madigan-ComEd investigation alongside affidavit

- Unsealed search warrants and the affidavit in District Court have laid out details of efforts by associates of Michael Madigan to reportedly garner favors and influence legislation
- More HERE

Guggenheim takeaway: *Heads up – doesn't appear to be much new here, but flagged for your awareness as there may have been some noise from this over the weekend.*

Nuclear – Former UK energy minister comments on prospects of nuclear development

- "'As a former Energy Minister I can tell you there is zero chance that this or any government will be able to build a nuclear power station a year at any point in the next decade." - Tory MP Jesse Norman
- More HERE

Guggenheim takeaway: *Minor FYI.*

ES – DPU allows slight tweak to NSTAR procedural schedule

- "In order to allow the necessary time to develop the pre-evidentiary hearing record, and consistent with the discretion afforded in 220 CMR 1.02(5) and 220 CMR 1.06(5)(b)(2), the Department grants the Company's motion. Therefore, the Company shall file the capital costs/PBR mechanism and PMR metrics rebuttal testimony on June 13, 2022. All other rebuttal testimony is due today, June 10, 2022. The Department also allows the Intervenors and Limited Intervenors an extension of time to June 28, 2022, to provide surrebuttal testimony on the limited issues raised in the rebuttal testimony that will be filed on June 13, 2022. All other surrebuttal testimony shall be filed on June 24, 2022, pursuant to the procedural schedule." - DPU
- More HERE

Guggenheim takeaway: *For your calendars.*

DUK – NC WARN files petition to intervene in DUK's Carbon Plan docket

- "NC WARN has substantial experience in energy-related dockets before the NCUC, the Federal Energy Regulatory Commission, and other governmental bodies. Further, NC WARN has significant contacts with subject matter experts having expertise in climate change, emissions, energy policy, utilities policy, and other related fields. NC WARN intends to use this experience and expertise to evaluate and provide feedback on the Companies' Carbon Plan in the above-captioned docket." – filing
- Docket HERE

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Guggenheim takeaway: *FYI — investors should recall that NC WARN's mandate is focused on promoting renewable energy and rooftop solar among other alternatives to nuclear power and carbon emitting forms of electricity production.*

DOE – DOE closes $500mm loan guarantee for hydrogen project in UT

- "The facility in Delta, Utah, will combine 220 megawatts of alkaline electrolysis with two massive 4.5 million barrel salt caverns to store clean hydrogen. Advanced Clean Energy Storage will capture excess renewable energy when it is most abundant, store it as hydrogen, then deploy it as fuel for the Intermountain Power Agency's (IPA) IPP Renewed Project — a hydrogen-capable gas turbine combined cycle power plant that intends to incrementally be fueled by 100% clean hydrogen by 2045." - DOE
- More HERE

Guggenheim takeaway: *Interesting ICYMI following the earlier conditional commitment. The project is the first for LPO since 2014.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

PPL Corporation (PPL)

Vincent Sorgi, *President & Chief Executive Officer*
Joseph Bergstein, *Chief Financial Officer*

Date & Location

Monday, June 13, 2022
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $22.4bn

PPL Corp. (PPL) engages in the generation, transmission and distribution of electricity. It operates through the two reportable segments: Kentucky Regulated & Pennsylvania Regulated. The Kentucky Regulated segment consists of LKE's regulated electricity generation, transmission and distribution operations of Louisville Gas and Electric Company and Kentucky Utilities Company as well as regulated distribution and sale of natural gas of Louisville Gas and Electric Company. The Pennsylvania Regulated segment consists of the regulated electricity transmission and distribution operations of PPL Electric Utilities Corporation. The company was founded in 1994 and is headquartered in Allentown, PA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

CMS Energy Corporation (CMS)

Garrick Rochow, *President & Chief Executive Officer*
Rejji Hayes, *Chief Financial Officer*

Date
Wednesday, June 15, 2022

Meeting Format
VIRTUAL NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $20.8bn
CMS Energy Corp (CMS) is a holding company, which engages in the provision of electric and natural gas activities. It operates through the following business segments: Electric Utility, Gas Utility, and Enterprises. The Electric Utility segment consists of regulated activities associated with the generation, purchase, distribution, and sale of electricity in Michigan. The Gas Utility segment includes purchase, transmission, storage, distribution, and sale of natural gas in Michigan. The Enterprises segment is involved in domestic independent power production, including the development and operation of renewable generation, and the marketing of independent power production. The company was founded in 1987 and is headquartered in Jackson, MI. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chief Executive Officer*

Barbara Tuckfield, *Director, Investor Relations*

Date

June 27 & 28, 2022
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $25.7bn

DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment composed of various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

OGE Energy Corp. (OGE)

Bryan Buckler, *Chief Financial Officer*
Jason Bailey, *Director, Investor Relations*

Date
Wednesday, June 29, 2022
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $8.2bn
OGE Energy Corp. (OGE) is a holding company that engages in the provision of physical delivery and related services for both electricity and natural gas. It operates through the Electric Utility and Natural Gas Midstream Operations segments. The Electric Utility segment generates, transmits, distributes, and sells electric energy in Oklahoma and Western Arkansas. The Natural Gas Midstream Operations segment involves gathering, processing, transporting, storing, and marketing of natural gas. The company was founded in August 1995 and is headquartered in Oklahoma City, OK. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings
Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Location: TBD

Tuesday, July 12th

11:30 AM | Lunch
Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game
Southern Company C-Suite will host in their private box. Dinner will be served.

Company Information

Market Cap: $79.3bn
Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA.
(Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Guggenheim's Power & Utility Comp Sheet

6/10/2022		Market	Guggenheim EPS Ests				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																							
ALE	$61.03	3,478	1.94	2.47	2.59	2.72	31.5x	24.7x	23.6x	22.4x	57%	31%	34%	35%	6.7%	4.4%	137%	Neutral	$65	11%	Neutral	$67	13%
AVA	$42.88	3,106	3.34	3.57	3.88	4.05	12.8x	12.0x	11.1x	10.6x	-36%	-36%	-37%	-36%	3.8%	4.2%	54%	Sell	$34	-17%	Neutral	$43	4%
NWE	$59.82	3,239	2.58	2.98	3.12	3.25	23.2x	20.1x	19.2x	18.4x	15%	6%	9%	11%	4.6%	4.3%	99%	Neutral	$58	1%	Neutral	$63	9%
POR	$49.34	4,402	2.58	2.98	3.12	3.25	19.1x	16.6x	15.8x	15.2x	-5%	-12%	-10%	-8%	4.6%	3.7%	72%	Buy	$57	19%	Buy	$53	12%
		14,225					**21.7x**	**18.3x**	**17.4x**	**16.7x**	**8%**	**-3%**	**-1%**	**1%**	**4.9%**	**4.1%**	**90%**						
Mid/Large Cap Electric																							
AEE	$89.24	23,032	4.04	4.32	4.64	4.95	22.1x	20.7x	19.2x	18.0x	10%	9%	9%	9%	6.5%	2.7%	60%	Buy	$99	14%	Buy	$99	13%
AEP	$98.26	50,461	4.98	5.30	5.64	6.00	19.7x	18.5x	17.4x	16.4x	-2%	-2%	-1%	-1%	6.1%	3.3%	65%	Buy	$109	14%	Buy	$106	12%
CMS	$67.71	19,645	2.88	3.14	3.41	3.64	23.5x	21.6x	19.9x	18.6x	17%	14%	13%	12%	8.3%	2.8%	66%	Neutral	$70	6%	Buy	$72	9%
CNP	$30.12	18,959	1.38	1.49	1.61	1.73	21.8x	20.2x	18.7x	17.4x	9%	7%	6%	5%	8.0%	2.4%	52%	Buy	$34	15%	Buy	$33	13%
D	$79.31	64,342	4.12	4.40	4.70	5.00	19.3x	18.0x	16.9x	15.9x	-4%	-5%	-4%	-4%	6.1%	3.5%	67%	Buy	$90	17%	Buy	$90	17%
DTE	$127.50	24,702	5.98	6.29	6.73	7.13	21.3x	20.3x	18.9x	17.9x	6%	7%	7%	8%	4.5%	2.9%	61%	Buy	$145	17%	Buy	$139	12%
DUK	$107.77	82,983	5.48	5.81	6.15	6.50	19.7x	18.5x	17.5x	16.6x	-2%	-2%	-1%	0%	5.5%	3.8%	74%	Buy	$119	14%	Buy	$115	11%
ED	$95.15	33,711	4.51	4.89	5.18	5.38	21.1x	19.5x	18.4x	17.7x	5%	3%	4%	7%	5.3%	3.4%	71%	Neutral	$94	2%	Sell	$87	-5%
EIX	$66.98	25,533	4.64	4.92	5.25	5.60	14.4x	13.6x	12.8x	12.0x	-28%	-28%	-28%	-28%	5.1%	4.3%	62%	Buy	$82	27%	Buy	$75	16%
ES	$88.03	30,360	4.10	4.34	4.65	5.00	21.5x	20.3x	18.9x	17.6x	7%	7%	7%	6%	6.7%	3.0%	64%	Neutral	$92	7%	Neutral	$93	9%
ETR	$115.93	23,577	6.33	6.81	7.21	7.57	18.3x	17.0x	16.1x	15.3x	-9%	-10%	-9%	-8%	5.9%	3.6%	66%	Buy	$129	15%	Buy	$128	14%
EVRG	$66.75	15,318	3.52	3.77	4.02	4.30	19.0x	17.7x	16.6x	15.5x	-6%	-6%	-6%	-6%	5.0%	3.6%	68%	Buy	$77	19%	Buy	$73	12%
EXC	$46.01	45,096	2.27	2.41	2.58	2.82	20.3x	19.1x	17.8x	16.3x	1%	1%	1%	-1%	7.5%	3.1%	63%	Neutral	$49	10%	Buy	$49	10%
FE	$40.60	23,180	2.44	2.57	2.75	2.95	16.6x	15.8x	14.8x	13.8x	-17%	-16%	-16%	-17%	3.2%	3.9%	65%	Neutral	$43	10%	Buy	$47	19%
LNT	$59.32	14,878	2.75	2.90	3.04	3.23	21.6x	20.5x	19.5x	18.4x	7%	8%	11%	11%	5.3%	3.0%	64%	Neutral	$60	4%	Neutral	$64	11%
OGE	$39.21	7,850	2.28	2.39	2.52	2.64	17.2x	16.4x	15.6x	14.9x	-14%	-13%	-12%	-10%	4.0%	4.3%	74%	Buy	$43	14%	Buy	$42	11%
PCG	$10.98	21,822	1.11	1.24	1.34	1.45	9.9x	8.9x	8.2x	7.6x	-51%	-53%	-54%	-54%	9.7%	0.4%	4%	Buy	$19	73%	Buy	$16	48%
PEG	$65.47	32,686	3.56	3.73	4.18	4.55	18.4x	17.6x	15.7x	14.4x	-8%	-7%	-11%	-13%	5.7%	3.4%	62%	Buy	$75	18%	Buy	$76	20%
PNW	$73.73	8,332	4.05	4.25	4.50	4.75	18.2x	17.3x	16.4x	15.5x	-9%	-8%	-7%	-6%	-3.5%	4.6%	84%	Sell	$60	-14%	Sell	$74	5%
PPL	$28.33	20,848	1.48	1.58	1.70	1.81	19.1x	17.9x	16.7x	15.7x	-5%	-5%	-5%	-5%	14.6%	3.2%	62%	Buy	$33	20%	Buy	$32	15%
SO	$72.14	76,651	3.55	3.80	4.15	4.40	20.3x	19.0x	17.4x	16.4x	1%	1%	-1%	-1%	6.6%	3.8%	77%	Buy	$76	9%	Neutral	$74	6%
WEC	$99.31	31,326	4.38	4.59	4.89	5.21	22.7x	21.6x	20.3x	19.1x	13%	15%	15%	15%	6.1%	3.0%	68%	Neutral	$104	8%	Neutral	$106	10%
Mid/Lg Cap (excl. EIX, PCG)							**20.1x**	**18.9x**	**17.6x**	**16.6x**					**5.9%**	**3.4%**	**67%**						
Regulated Electrics		**709,516**					**20.3x**	**18.8x**	**17.6x**	**16.6x**					**5.7%**	**3.5%**	**71%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	LTG EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$42.53	4,654	2.21	2.41	2.47	2.69	19.2x	17.6x	17.2x	15.8x	-4%	-7%	-2%	-5%	4.6%	3.4%	65%	Neutral	$41	-0%	Sell	$41	1%
NEE	$75.91	149,125	2.84	3.07	3.31	3.59	26.7x	24.7x	22.9x	21.1x	33%	31%	30%	28%	8.9%	2.3%	62%	Buy	$91	22%	Buy	$91	22%
SRE	$154.66	48,610	8.54	9.08	9.58	10.21	18.1x	17.0x	16.1x	15.1x	-10%	-10%	-8%	-9%	4.9%	3.1%	56%	Buy	$174	16%	Buy	$173	15%
		202,390					**21.4x**	**19.8x**	**18.8x**	**17.4x**	**6%**	**5%**	**6%**	**5%**	**6.1%**	**2.9%**	**61%**						
Gas LDCs																							
NI	$30.05	12,194	1.45	1.53	1.70	1.84	20.7x	19.6x	17.7x	16.3x	2%	5%	0%	-1%	7.7%	3.2%	66%	Buy	$32	10%	Buy	$32	11%
CPK	$129.31	2,292	5.13	5.55	5.93	6.32	25.2x	23.3x	21.8x	20.5x	24%	24%	24%	23%	7.6%	1.7%	42%	Neutral	$136	7%	Buy	$141	11%
NJR	$46.04	4,427	2.35	2.43	2.62	2.78	19.6x	18.9x	17.6x	16.6x	-4%	1%	-0%	-0%	6.5%	3.3%	65%	Neutral	$41	-8%	Neutral	$47	5%
NWN	$54.09	1,853	2.56	2.73	2.83	2.97	21.1x	19.8x	19.1x	18.2x	4%	5%	9%	10%	3.8%	3.6%	76%	Neutral	$49	-6%	Buy	$55	5%
OGS	$85.11	4,604	4.08	4.38	4.65	5.00	20.9x	19.4x	18.3x	17.0x	3%	3%	4%	3%	6.8%	3.0%	63%	Neutral	$77	-7%	Buy	$88	7%
SJI	$34.06	4,169	1.71	1.82	1.94	2.05	19.9x	18.7x	17.6x	16.6x	-2%	-0%	-0%	0%	6.2%	3.7%	74%	Neutral	$26	-20%	Neutral	$34	2%
SR	$76.96	4,011	3.84	4.27	4.91	5.03	20.0x	18.0x	15.7x	15.3x	-1%	-4%	-11%	-8%	0.9%	3.7%	74%	Neutral	$67	-9%	Neutral	$75	1%
		33,550					**21.1x**	**19.7x**	**18.2x**	**17.2x**	**4%**	**5%**	**4%**	**4%**	**5.6%**	**3.2%**	**66%**						
Regulated Water																							
AWK	$148.27	26,949	4.44	4.85	5.23	5.70	33.4x	30.6x	28.3x	26.0x	66%	62%	61%	57%	-4.8%	1.8%	61%	Neutral	$155	6%	Neutral	$160	10%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'21–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$59.79	19,531	2,547	3,203	3,511	3,412	10.3x	7.6x	6.4x	6.1x	26,197	24,489	22,627	20,820	-0.3%	1.0%	18%	Buy	$70	18%	Buy	$66	12%
NRG	$44.01	10,443	2,120	2,237	2,282	2,225	8.0x	7.3x	6.9x	6.5x	16,947	16,412	15,832	14,557	-2.1%	3.3%	42%	Neutral	$43	1%	Buy	$45	5%
VST	$25.44	10,986	3,117	3,508	3,555	3,738	6.9x	6.0x	5.8x	5.3x	21,540	21,220	20,765	19,763	17.8%	2.9%	32%	Buy	$32	29%	Buy	$31	26%
Other																							
ALTO	$4.94	366	73	74	75	76									-0.2%	–	–	Buy	$8	62%	Buy	$11	116%
IEA	$8.90	430	147	164	174	178									7.2%	–	–	Buy	$12	35%	Buy	$14	62%
NEP	$74.09	6,217	1,660	1,775	1,889	2,003									10.2%	4.3%	–	Buy	$85	19%	Buy	$85	19%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

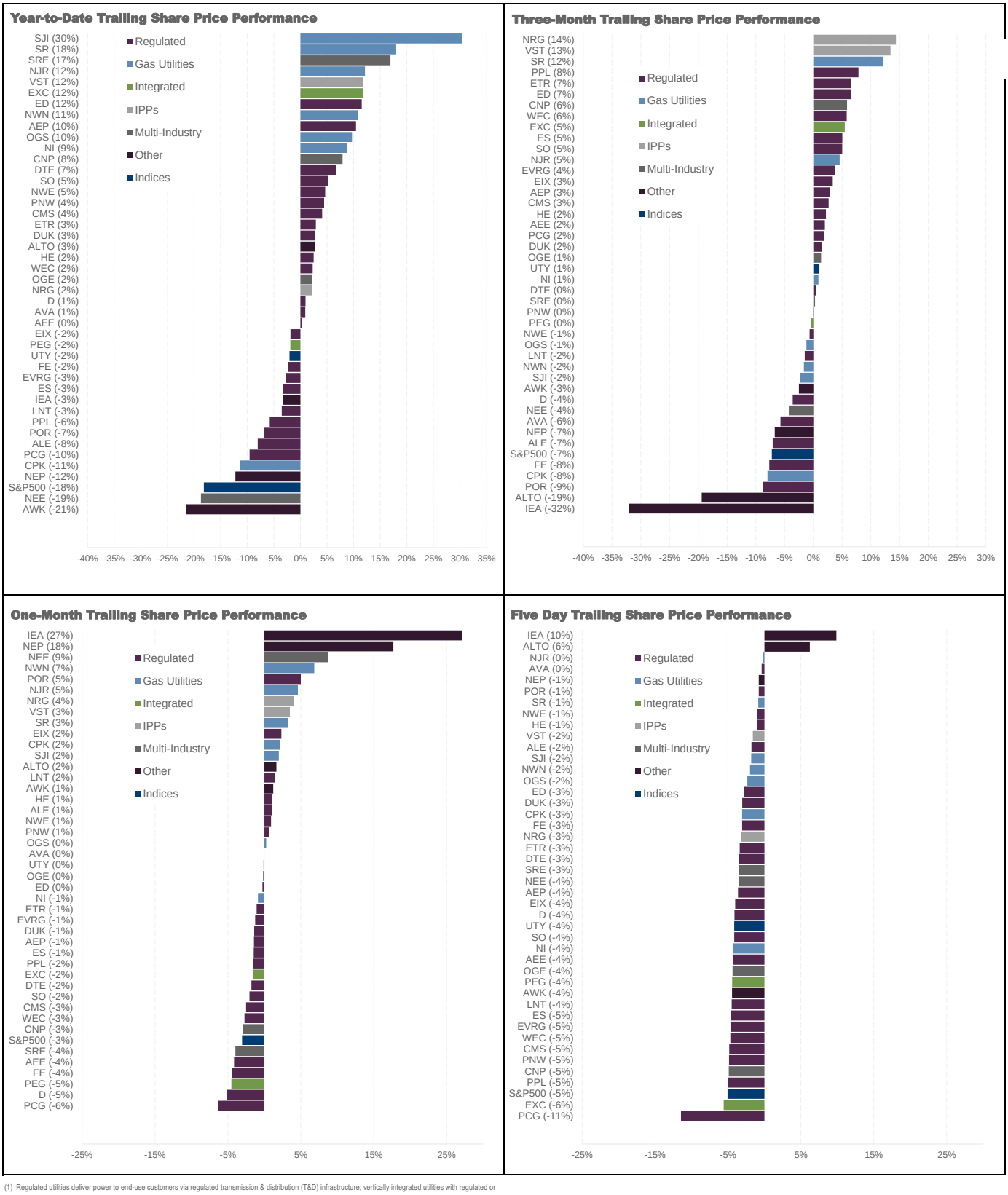

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
POR	8/9-8/10	New York
NEE	8/30-9/2	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Generation and Mix

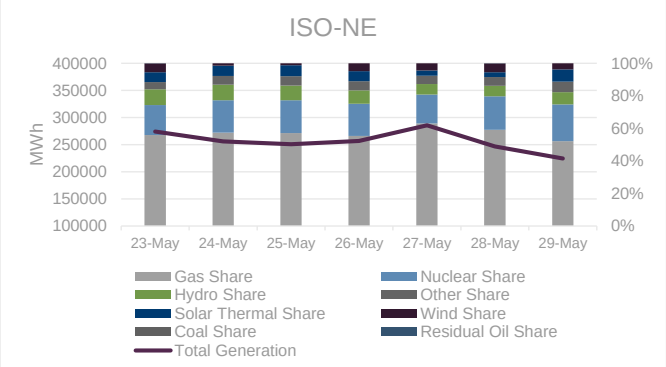

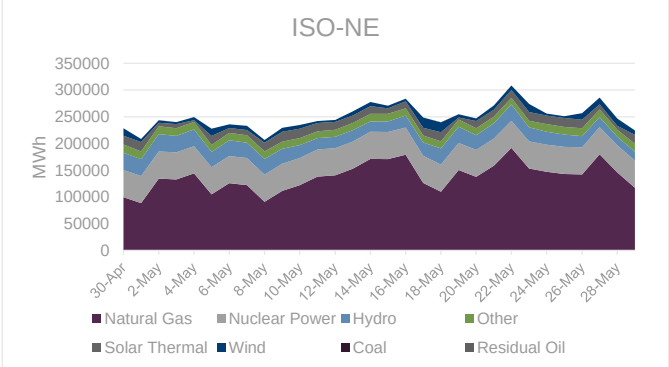

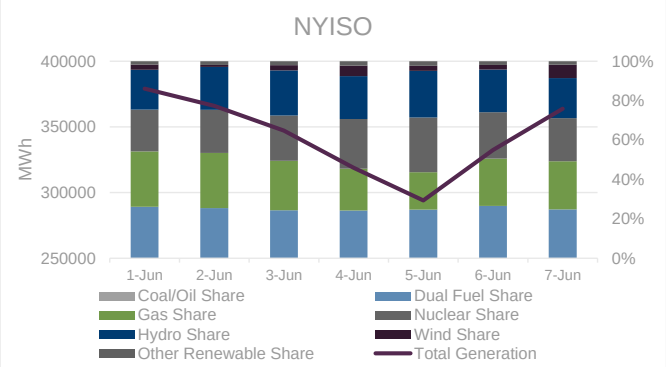

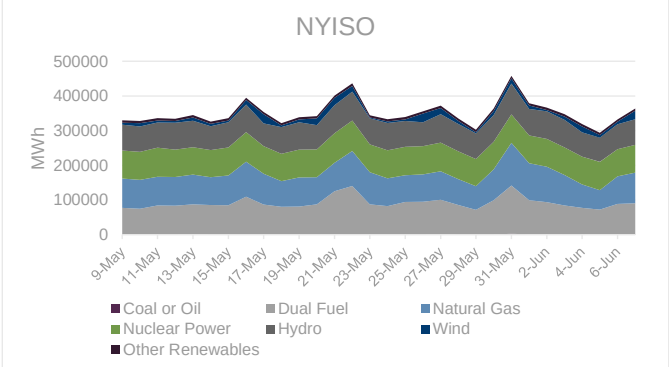

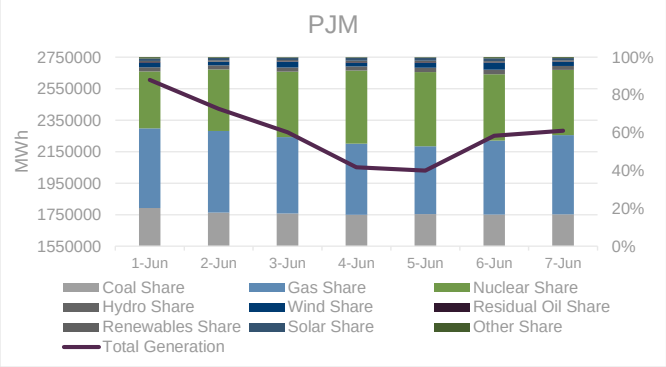

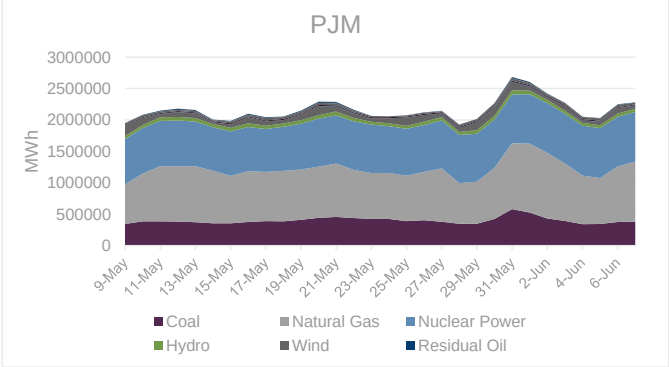

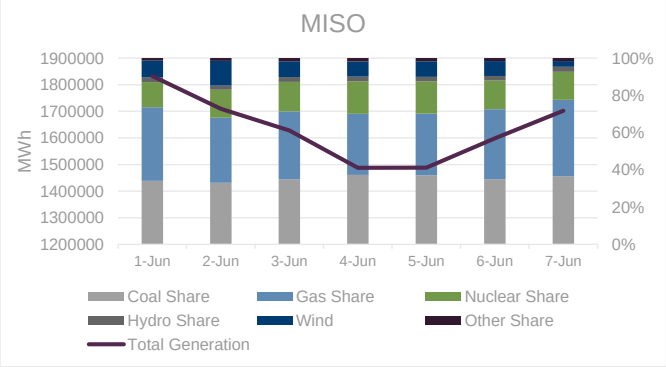

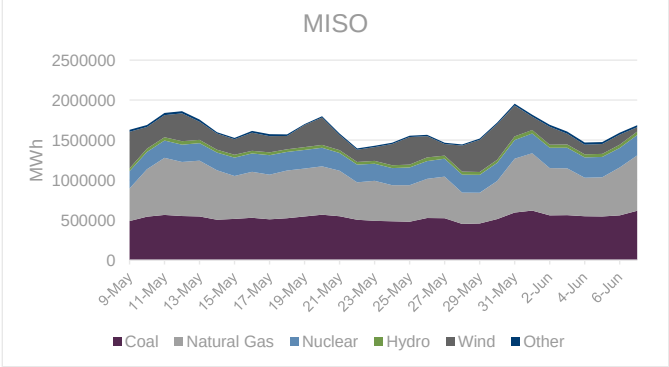

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

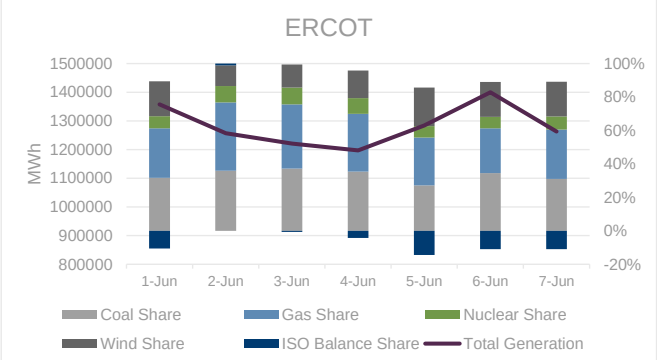

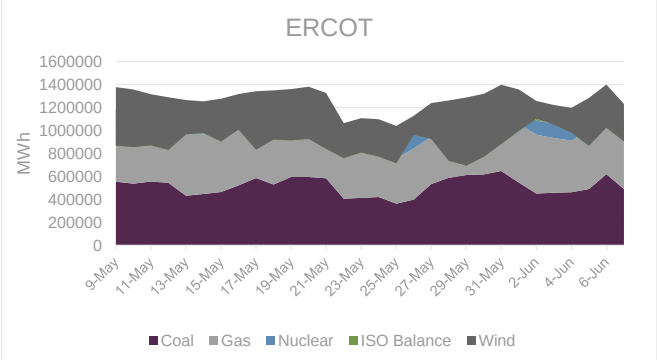

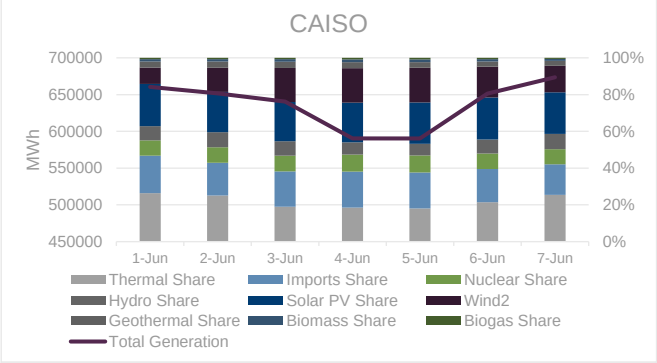

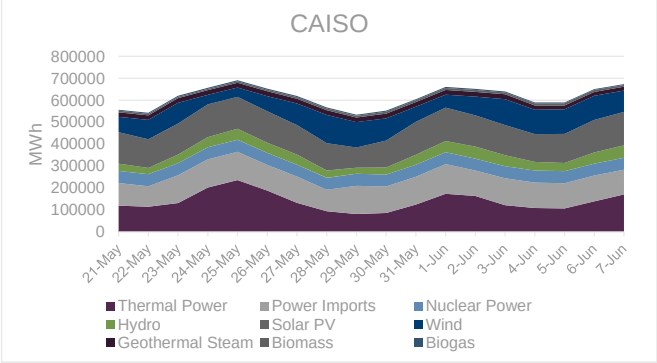

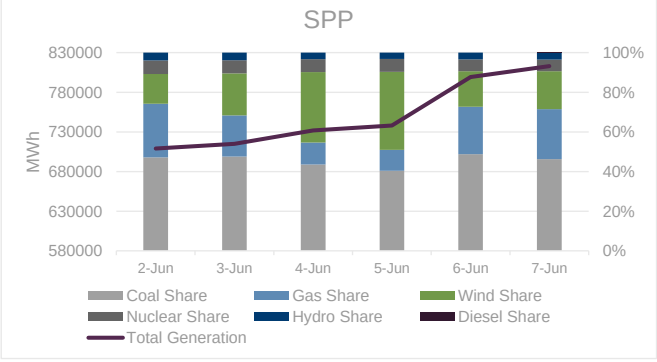

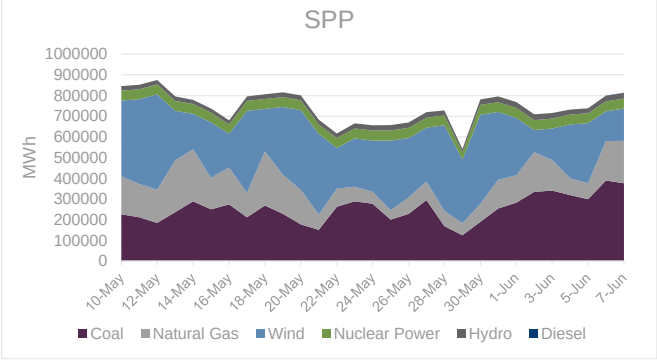

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Weather

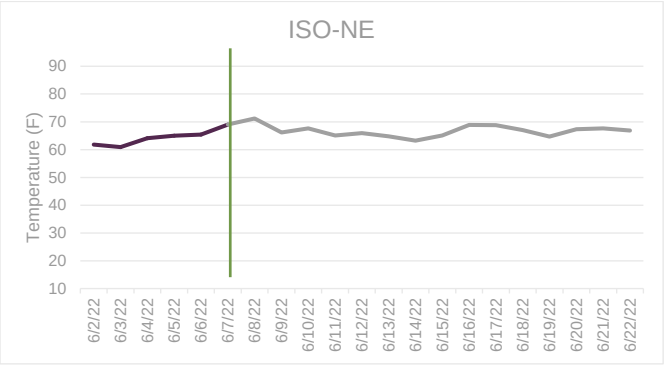

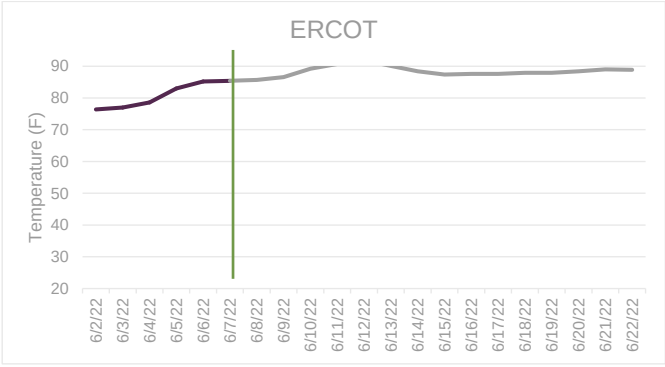

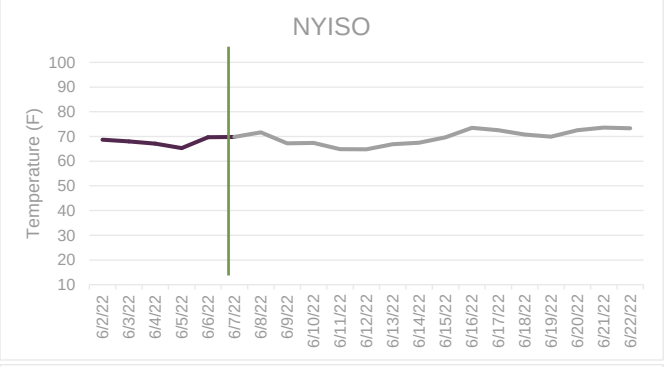

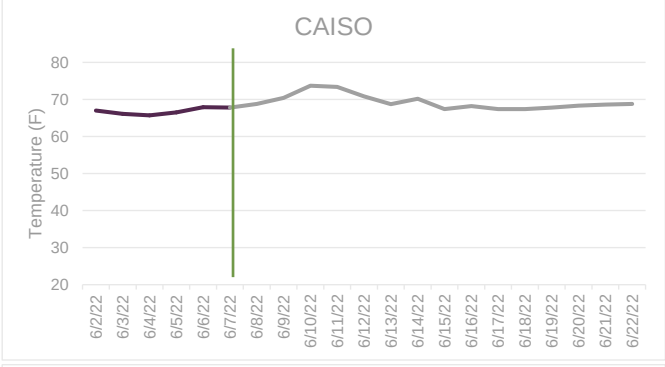

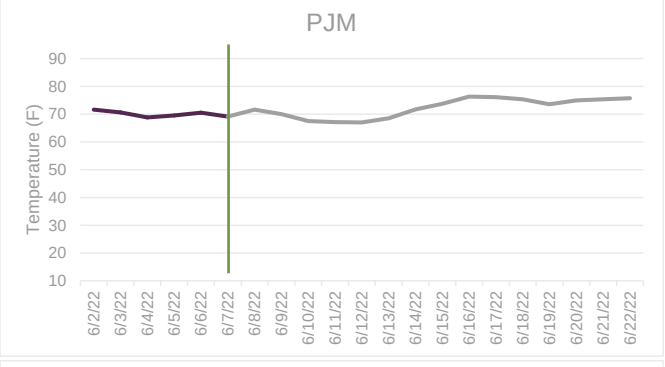

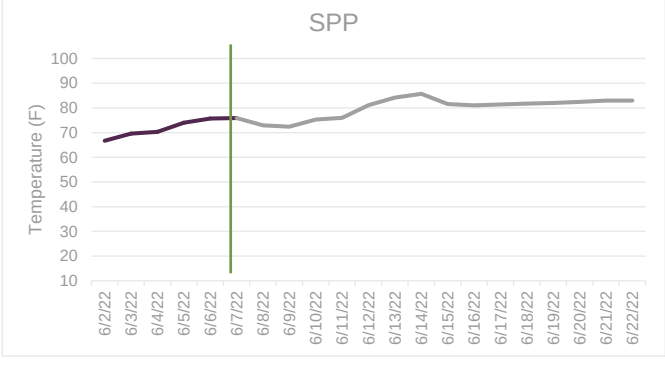



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC managed or co-managed a public offering of securities for Duke Energy Corporation and PG&E Corporation during the past 12 months.

Duke Energy Corporation and PG&E Corporation are or were during the 12-month period preceding the date of the distribution of this report a client of Guggenheim Securities, LLC. Guggenheim Securities, LLC provided Duke Energy Corporation and PG&E Corporation investment banking services.

Guggenheim Securities, LLC or its affiliates received compensation for investment banking services from Duke Energy Corporation and PG&E Corporation during the past 12 months.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Duke Energy Corporation, Eversource Energy, Exelon Corporation, NextEra Energy, Inc. and PG&E Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Duke Energy Corporation (DUK) as of 06-10-2022

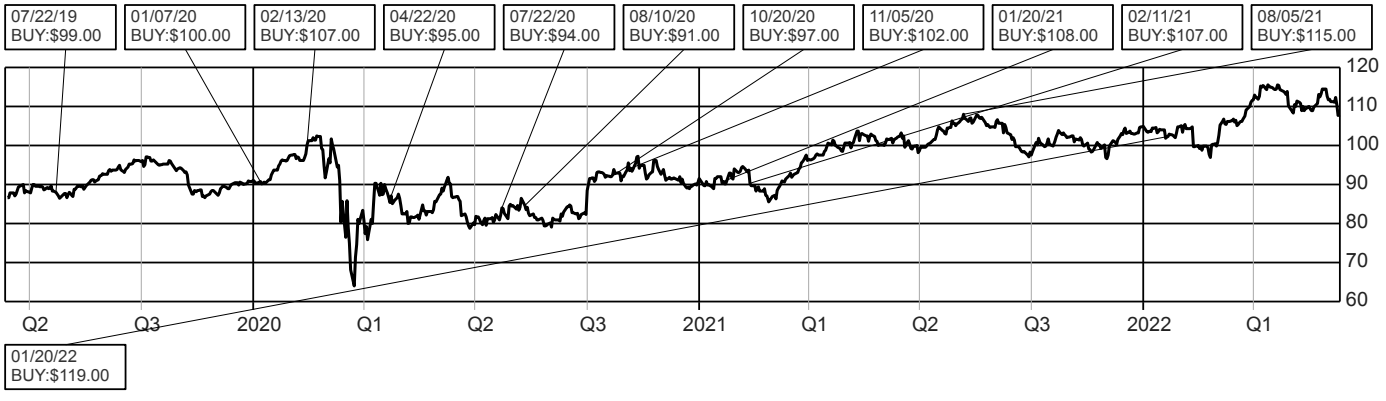

Created by: BlueMatrix

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Rating and Price Target History for: Eversource Energy (ES) as of 06-10-2022

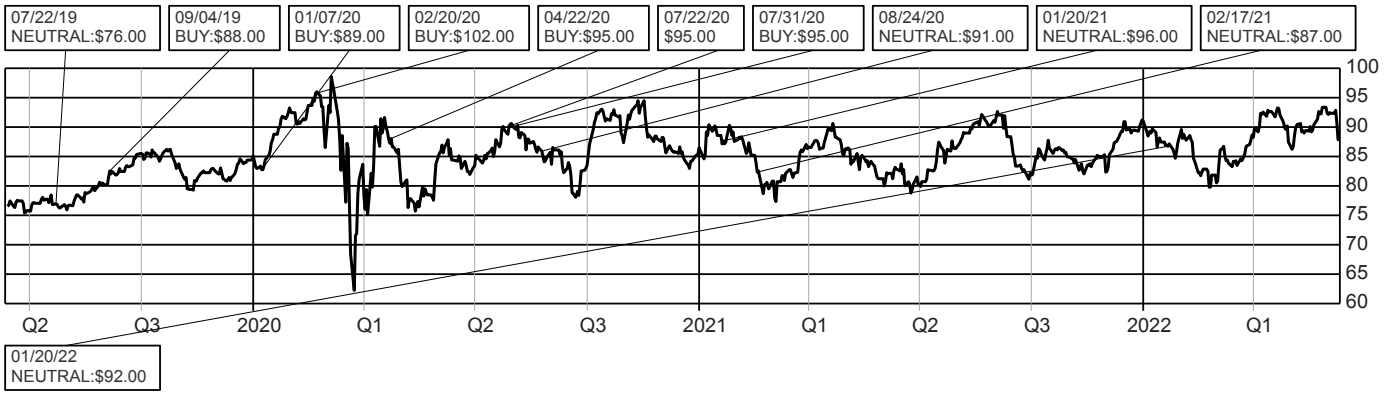

Created by: BlueMatrix

Rating and Price Target History for: Exelon Corporation (EXC) as of 06-10-2022

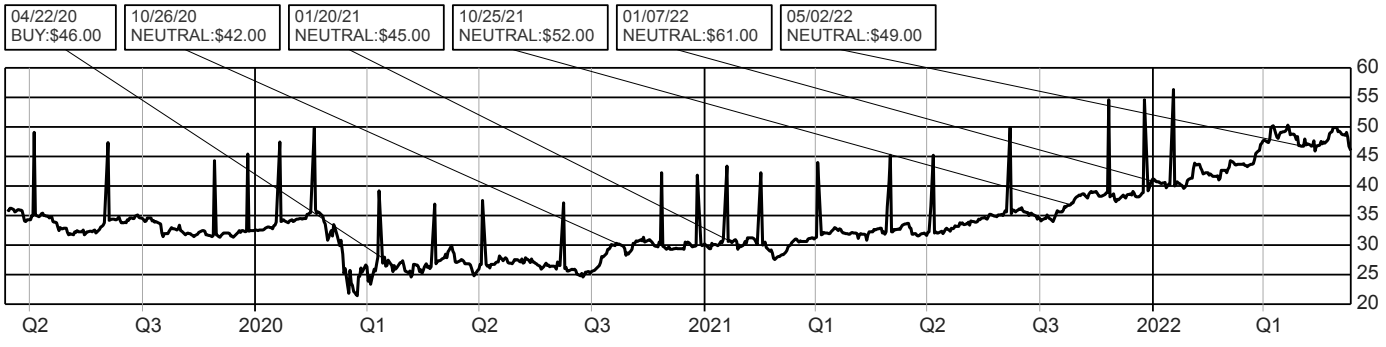

Created by: BlueMatrix

Rating and Price Target History for: NextEra Energy, Inc. (NEE) as of 06-10-2022



Created by: BlueMatrix

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Rating and Price Target History for: PG&E Corporation (PCG) as of 06-10-2022

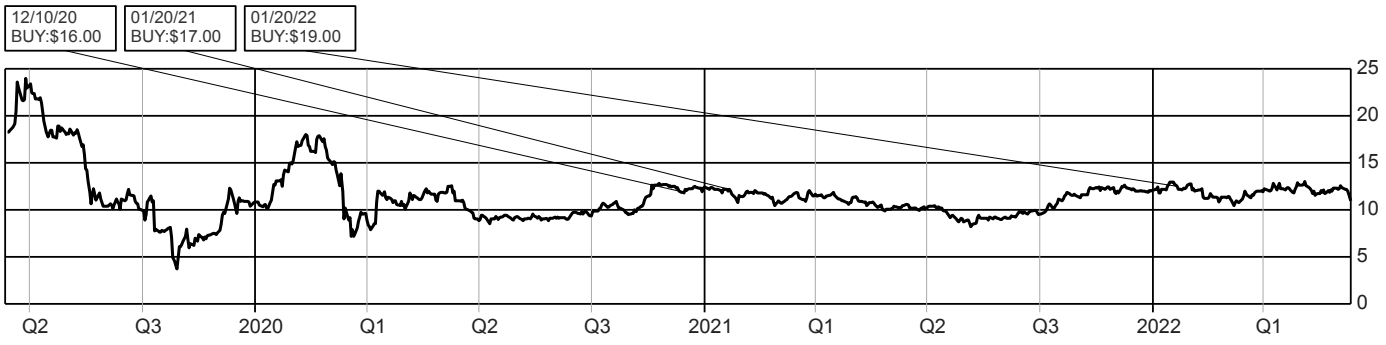

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	243	66.94%	61	25.10%
NEUTRAL	117	32.23%	14	11.97%
SELL	3	0.83%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Analyst Note 10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.

Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.

While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy, NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 10 Jun 2022
Estimates as of 11 May 2022
Pricing data through 09 Jun 2022 00:00
Rating updated as of 09 Jun 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 01 Jun 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Analyst Note 1
Morningstar Analyst Forecasts 3
Methodology for Valuing Companies

Vital Statistics

Market Cap (USD Mil)	45,737
52-Week High (USD)	50.71
52-Week Low (USD)	31.24
52-Week Total Return %	36.0
YTD Total Return %	7.9
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.1
Price/Fair Value	1.14

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*20.5*	*19.0*
EV/EBITDA	10.0	10.9	*12.4*	*11.4*
EV/EBIT	27.8	35.0	*23.7*	*20.6*
Free Cash Flow Yield %	-9.3	-8.8	*32.6*	*-2.5*
Dividend Yield %	5.1	3.7	*2.9*	*3.1*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,414*
Net Income YoY %	0.3	-45.8	*31.1*	*7.9*
Diluted EPS	3.22	1.74	*2.28*	*2.46*
Diluted EPS YoY %	—	-45.9	*31.1*	*7.6*
Free Cash Flow	324	8	*12,819*	*-307*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

utilities' operating and core capital costs were more than 70% of net revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest reports, "Inflation Unraveling U.S. Utilities' Safety Net" and "Utility Regulation Critical To Manage Inflation Risk."

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*7.9*	*12.0*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*7.6*	*11.1*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.2*	*27.2*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*145.7*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.3*	*12.8*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.6*	*14.2*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.1*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.7*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.49*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*20.5*	*19.0*
EV/EBITDA	10.0	10.9	*12.4*	*11.4*
EV/EBIT	27.8	35.0	*23.7*	*20.6*
Free Cash Flow Yield %	-9.3	-8.8	*32.6*	*-2.5*
Dividend Yield %	5.1	3.7	*2.9*	*3.1*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,530	15.6	12.77
Present Value Stage II	13,992	17.4	14.26
Present Value Stage III	54,003	67.1	55.03
Total Firm Value	**80,525**	**100.0**	**82.06**
Cash and Equivalents	1,182	—	1.20
Debt	0	—	-43.23
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**39,350**	**—**	**40.10**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**41.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*342*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***2,980***
Income Tax Expense	774	373	370	*525*	*566*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,414***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.46***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,414*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.46***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,303*	*1,224*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,496***	***10,833***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,192***	***115,332***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,714*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,798***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*60*	*410*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,623*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,186***	***36,534***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,186***	***36,534***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,414*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*220*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,934***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*60*	*350*
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-11,157***	***62***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,121***	***-1,079***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies

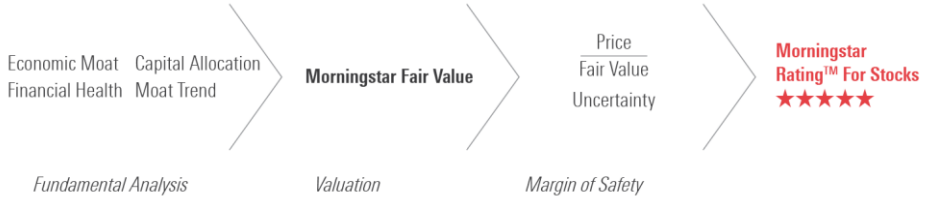

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

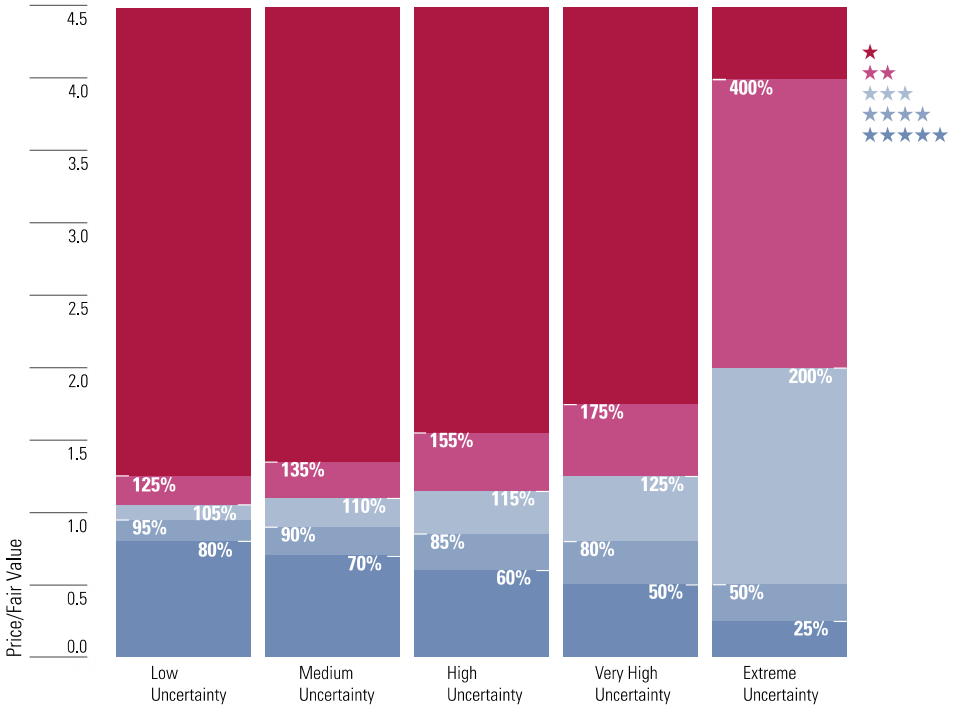

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

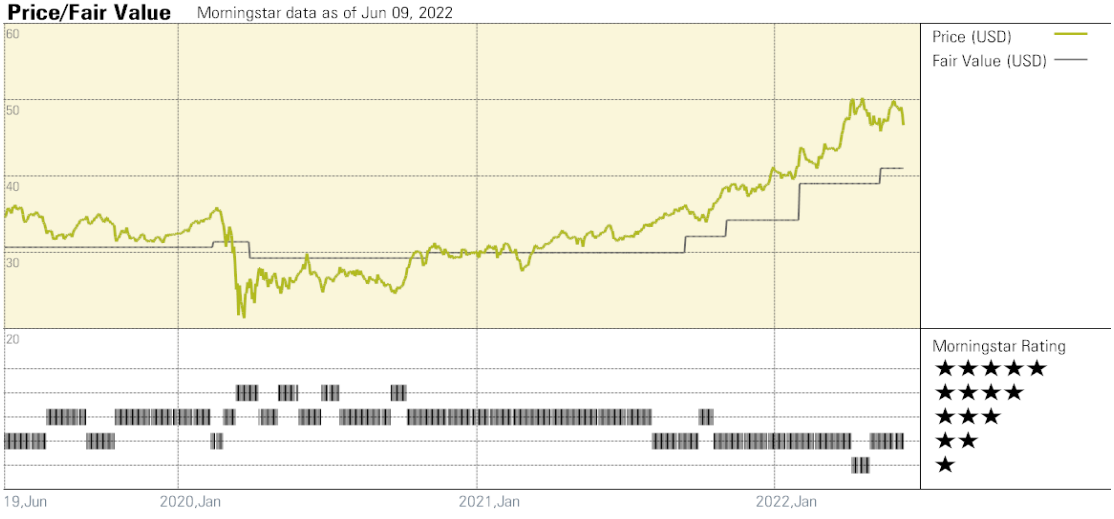

General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	1.14	45.74 USD Bil	Narrow	Stable	Low	Standard	
9 Jun 2022	11 May 2022 20:37, UTC		9 Jun 2022					1 Jun 2022 05:00, UTC

Price vs. Fair Value

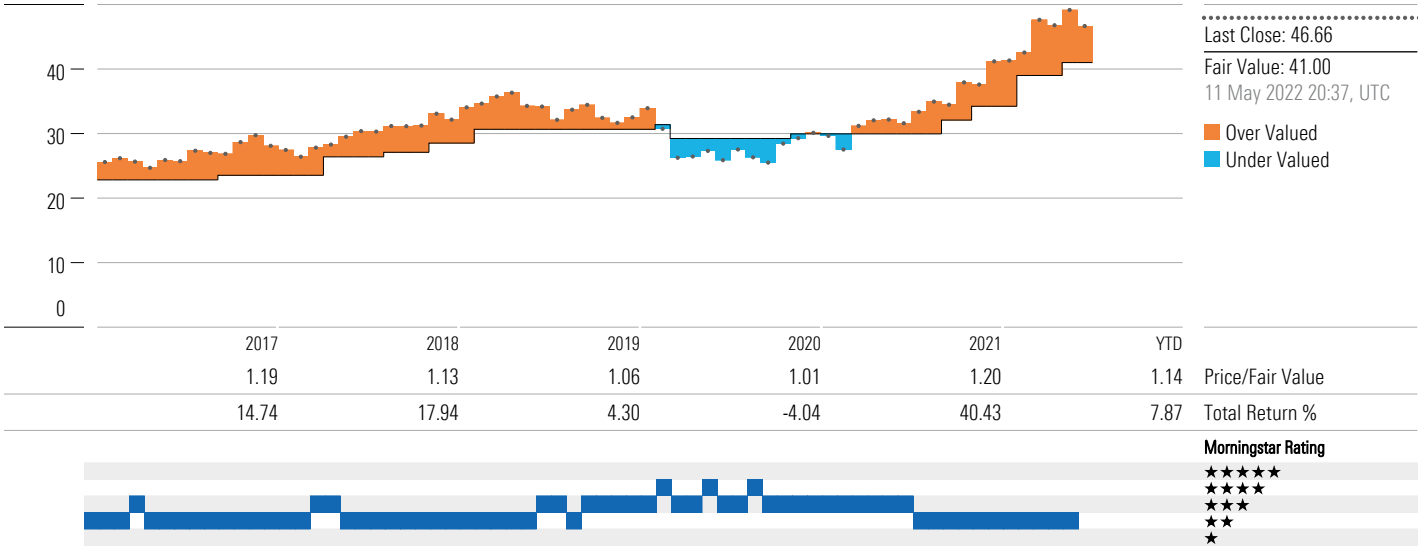

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	1.14
Total Return %	14.74	17.94	4.30	-4.04	40.43	7.87

Total Return % as of 9 Jun 2022. Last Close as of 9 Jun 2022. Fair Value as of 11 May 2022 20:37, UTC.

Contents

Analyst Note (10 Jun 2022)
Business Description
Business Strategy & Outlook (11 May 2022)
Bulls Say / Bears Say (11 May 2022)
Economic Moat (11 May 2022)
Fair Value and Profit Drivers (11 May 2022)
Risk and Uncertainty (11 May 2022)
Capital Allocation (11 May 2022)
Analyst Notes Archive
Financials
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.

Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.

While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy,

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD 9 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.14	45.74 USD Bil 9 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should graudally increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD 9 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.14	45.74 USD Bil 9 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Competitors

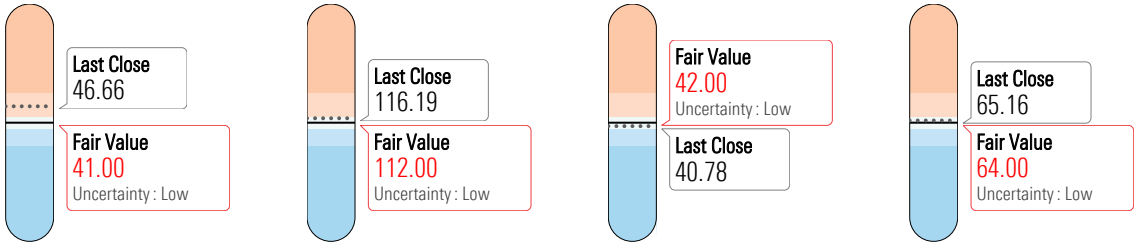

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	112.00 6 Dec 2021 17:08, UTC	42.00 22 Feb 2021 20:37, UTC	64.00 18 Feb 2022 23:32, UTC
1-Star Price	51.25	140.00	52.50	80.00
5-Star Price	32.80	89.60	33.60	51.20
Assessment	Over Valued 9 Jun 2022	Over Valued 9 Jun 2022	Fairly Valued 9 Jun 2022	Fairly Valued 9 Jun 2022
Morningstar Rating	★★9 Jun 2022 21:25, UTC	★★9 Jun 2022 21:25, UTC	★★★9 Jun 2022 21:25, UTC	★★★9 Jun 2022 21:25, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.14	1.04	0.97	1.02
Price/Sales	1.24	2.00	1.98	3.59
Price/Book	1.95	2.01	2.66	2.39
Price/Earning	27.45	22.17	18.97	—
Dividend Yield	3.03%	3.36%	3.65%	3.02%
Market Cap	45.74 Bil	23.63 Bil	23.28 Bil	32.53 Bil
52-Week Range	31.25—50.71	98.50—126.82	35.42—48.85	58.96—75.61
Investment Style	Large Value	Mid Value	Mid Value	Mid Value

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD 9 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.14	45.74 USD Bil 9 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

adverse outcomes in future rate proceedings.

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Our fair value estimate is $41.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD 9 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.14	45.74 USD Bil 9 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think Exelon's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected Andrew Bischof, CFA, CPA, Senior Equity Analyst, 6 Jun 2022

We are reaffirming our fair value estimates, moat ratings, and moat trend ratings for all utilities after the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD 9 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.14	45.74 USD Bil 9 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Biden administration announced it would not apply solar panel tariffs on East Asian countries for at least the next two years. Some utilities' management teams had suggested that potential tariffs resulting from a U.S. Department of Commerce anticircumvention investigation would slow their growth plans. We never thought the investigation would have a material impact on our long-term outlooks given the Biden administration's and most states' support for renewable energy. The Biden administration also announced plans to boost U.S. solar panel manufacturing, which will support solar growth.

Two of our top utilities picks, NextEra Energy and NiSource, were among those utilities whose stocks took the hardest hit because of the solar tariff fears. The management team of each firm said it was postponing a portion of its large solar growth plans because of tariff-related supply concerns. AES and Alliant Energy are among many other utilities that have made solar key parts of their growth plans.

NextEra's stock fell as much as 16% in the three weeks after management said that it might delay up to 2.8 gigawatts of a possible 15 GW solar project pipeline. The stock has since rebounded to near our $78 fair value estimate. We are reaffirming our 8% annual earnings growth outlook. NiSource's stock fell 11% in late April before management said $500 million of its planned solar investments could be delayed. The stock has since rebounded to near our $31 per share fair value estimate. We continue to assume NiSource invests $8 billion in 2022-24, including $2 billion on renewable energy, supporting our 7% annual earnings growth outlook.

Solar panel tariffs remain a risk pending the outcome of the DOC's investigation into whether Chinese manufacturers sidestepped tariffs by shipping panels through tariff-free Asian countries. We expect an initial DOC report this fall.

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results

Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 May 2022

We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD 9 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.14	45.74 USD Bil 9 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD 9 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.14	45.74 USD Bil 9 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

offsetting a near doubling of capital investment during the last decade.

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate Andrew Bischof, CFA, CPA, Senior Equity Analyst, 2 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD 9 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.14	45.74 USD Bil 9 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

Exelon Edging Closer to Spinning Off Merchant Unit; Reports Q3 Earnings Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Nov 2021

We are increasing our fair value estimate to $48 per share from $45 after Exelon announced third-quarter adjusted earnings per share of $1.09 compared with $1.04 in the same year-ago period. Management narrowed their full-year EPS guidance to $2.70-$2.90 from their previous $2.60-$3.00 range. Our fair value estimate increase is due to an increase in Morningstar's midcycle natural gas price to $3.30 per thousand cubic feet from $2.80, which boosted the nuclear fleet's midcycle margins. Our narrow moat and stable moat trend ratings are unchanged.

Recently management secured $700 million in subsidies from Illinois legislation that will keep the company's Dresden and Byron nuclear plants operating. We assume that subsidies for the plants will continue beyond 2025 given the role nuclear must play as Illinois pursues its aggressive clean energy goal. Management has successfully lobbied for subsidies across its merchant nuclear fleet. Policymakers view of nuclear generation is beginning to align with our view that nuclear' s clean energy attributes and reliable generation will be instrumental in meeting aggressive emission reduction goals.

Exelon continues to progress on the spin-off of its competitive merchant unit. The company has received FERC approval, and continues progress toward receiving approvals from New York regulators and the Nuclear Regulatory Commission. Exelon has named a management team for the new unit, to be named Constellation, which we view is a sign management is confident they can complete the spin-off. Management expects to complete the transaction in the first quarter of 2022.

In the quarter, rate increases and ongoing utility investments supported earnings. Lower capacity revenue, increased nuclear outage days, and unrealized and realized gains on equity investments had a

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD 9 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.14	45.74 USD Bil 9 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

negative impact on generation segment earnings. Trailing 12-month returns were 9.3%, down from 9.4% last quarter.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

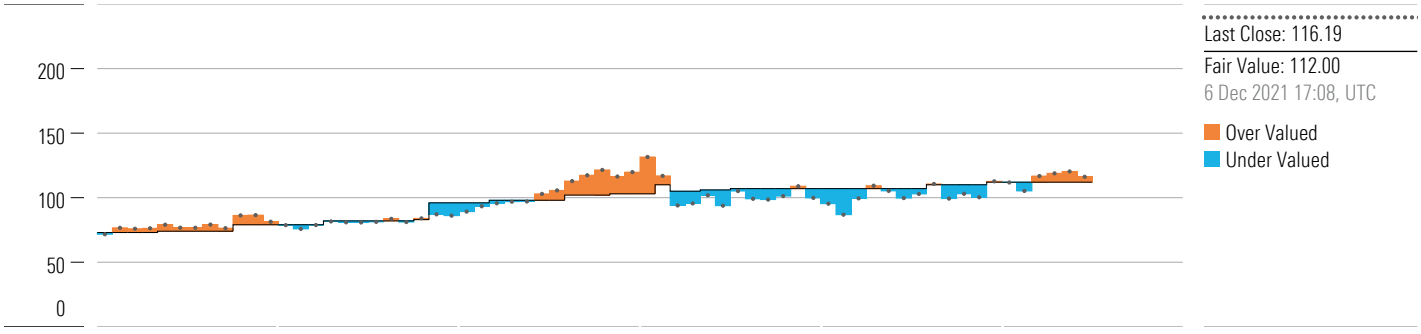

	2017	2018	2019	2020	2021	YTD	
	1.03	0.90	1.16	0.93	1.01	1.04	Price/Fair Value
	15.54	10.15	43.44	-13.54	16.70	4.94	Total Return %



Total Return % as of 9 Jun 2022. Last Close as of 9 Jun 2022. Fair Value as of 6 Dec 2021 17:08, UTC.

FirstEnergy Corp FE

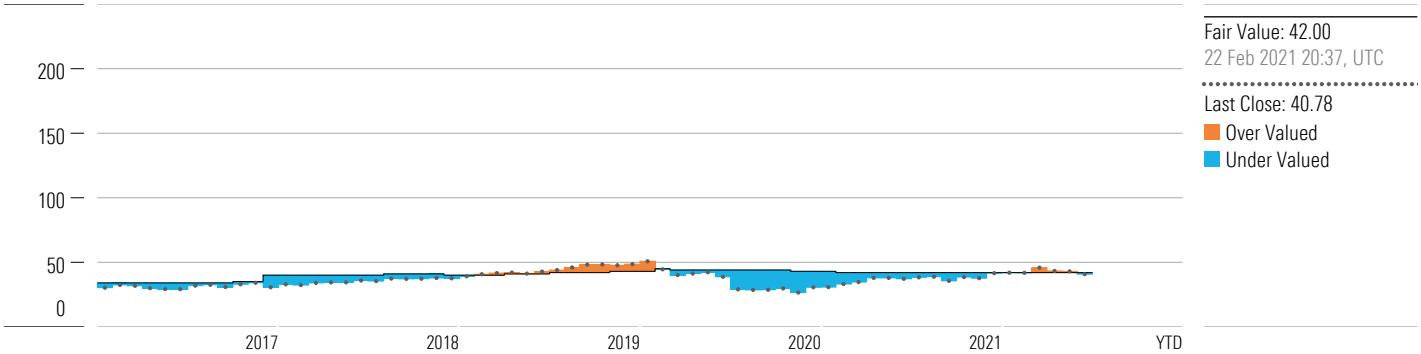

	2017	2018	2019	2020	2021	YTD	
	0.77	0.94	1.13	0.71	0.99	0.97	Price/Fair Value
	3.52	27.34	33.48	-33.81	40.97	-0.07	Total Return %

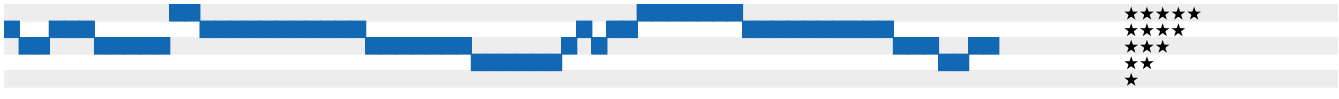

Total Return % as of 9 Jun 2022. Last Close as of 9 Jun 2022. Fair Value as of 22 Feb 2021 20:37, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Public Service Enterprise Group Inc PEG

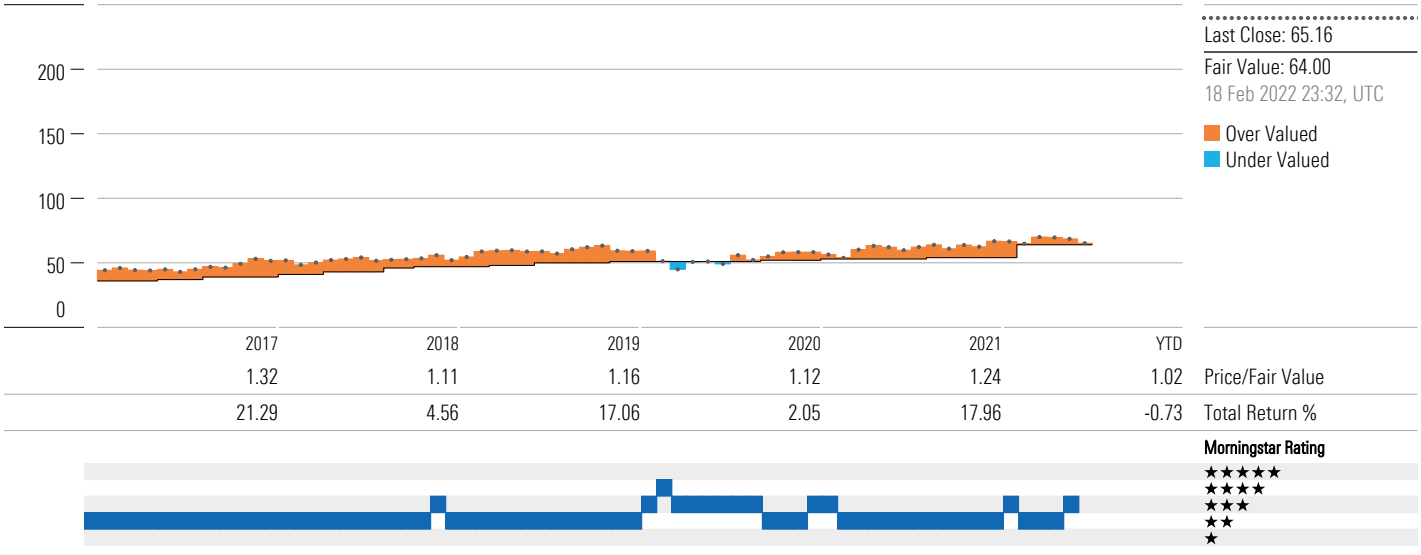

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	1.02	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	-0.73	Total Return %

Total Return % as of 9 Jun 2022. Last Close as of 9 Jun 2022. Fair Value as of 18 Feb 2022 23:32, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★ 9 Jun 2022 21:25, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.66 USD	41.00 USD	1.14	45.74 USD Bil	Narrow	Stable	Low	Standard	
9 Jun 2022	11 May 2022 20:37, UTC		9 Jun 2022					1 Jun 2022 05:00, UTC

Morningstar Historical Summary

Financials as of 31 Mar 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
Revenue (USD Bil)	23	25	27	29	31	34	36	34	33	36	5	37
Revenue Growth %	23.2	6.0	10.2	7.4	6.5	7.0	7.2	-4.3	-4.1	10.0	15.0	8.4
EBITDA (USD Bil)	6.81	7.91	7.42	8.35	9.09	10.76	9.75	11.38	10.50	11.35	2.06	10.43
EBITDA Margin %	29.0	31.8	27.1	28.4	29.0	32.1	27.1	33.1	31.8	31.2	38.7	28.2
Operating Income (USD Mil)	2,471	3,646	2,390	4,391	3,260	3,939	3,835	4,342	2,799	2,522	900	2,598
Operating Margin %	10.5	14.6	8.7	14.9	10.4	11.7	10.7	12.6	8.5	6.9	16.9	7.0
Net Income (USD Mil)	1,160	1,719	1,623	2,269	1,121	3,779	2,005	2,936	1,963	1,706	597	2,592
Net Margin %	4.9	6.9	5.9	7.7	3.6	11.3	5.6	8.5	5.9	4.7	11.2	7.0
Diluted Shares Outstanding (Mil)	819	860	864	893	927	949	969	974	977	980	981	981
Diluted Earnings Per Share (USD)	1.42	2.00	1.88	2.54	1.21	3.98	2.07	3.01	2.01	1.74	0.61	2.65
Dividends Per Share (USD)	2.10	1.46	1.24	1.24	1.26	1.31	1.38	1.45	1.53	1.53	0.34	1.49

Valuation as of 31 May 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Price/Sales	1.0	0.9	1.2	0.8	1.1	1.1	1.2	1.3	1.2	1.6	1.3	1.3
Price/Earnings	21.0	14.6	15.2	12.4	26.9	17.7	11.7	19.2	17.4	33.8	27.4	28.9
Price/Cash Flow	4.0	4.0	5.7	3.8	3.5	5.5	5.1	6.0	7.5	13.6	15.5	8.0
Dividend Yield %	5.3	5.31	3.34	4.47	3.56	3.32	3.06	3.18	3.62	2.65	3.12	2.93
Price/Book	1.2	1.1	1.4	1.0	1.3	1.4	1.4	1.4	1.3	1.7	1.4	2.1
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating Performance / Profitability as of 31 Mar 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
ROA %	1.7	2.2	2.0	2.5	1.1	3.3	1.7	2.4	1.5	1.3	0.5	2.3
ROE %	6.5	7.8	7.2	9.4	4.3	13.6	6.6	9.3	6.1	5.1	2.1	9.3
ROIC %	5.1	6.1	5.5	6.1	3.6	7.4	5.2	6.2	4.7	4.4	1.2	5.6
Asset Turnover	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3

Financial Leverage

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Debt/Capital %	46.1	44.6	46.8	48.5	55.5	52.1	52.9	49.6	52.1	50.9	60.1	—
Equity/Assets %	27.3	28.4	26.2	27.0	22.5	25.6	25.7	25.8	25.2	25.9	25.3	—
Total Debt/EBITDA	2.9	2.5	3.0	3.2	4.0	3.3	3.7	3.3	3.7	3.7	19.1	—
EBITDA/Interest Expense	7.3	5.8	7.0	8.1	5.9	6.9	6.3	7.0	6.4	7.2	6.1	6.6

Morningstar Analyst Historical/Forecast Summary as of 11 May 2022

Financials

Fiscal Year, ends 31 Dec	2020	2021	Estimates 2022	2023	2024
Revenue (USD Bil)	33	36	19	20	20
Revenue Growth %	-3.8	10.0	-48.4	4.6	3.9
EBITDA (USD Mil)	7,837	8,759	6,661	7,281	7,802
EBITDA Margin %	23.7	24.1	35.5	37.1	38.3
Operating Income (USD Mil)	2,823	2,723	3,493	4,009	4,327
Operating Margin %	8.5	7.5	18.6	20.4	21.2
Net Income (USD Mil)	3,146	1,706	2,237	2,414	2,601
Net Margin %	9.5	4.7	11.9	12.3	12.8
Diluted Shares Outstanding (Mil)	977	980	980	983	992
Diluted Earnings Per Share(USD)	3.22	1.74	2.28	2.46	2.62
Dividends Per Share(USD)	1.53	1.53	1.35	1.44	1.54

Forward Valuation

	2020	2021	Estimates 2022	2023	2024
Price/Sales	1.2	1.6	2.4	2.3	2.2
Price/Earnings	9.4	23.7	20.5	19.0	17.8
Price/Cash Flow	-10.8	-11.4	3.1	-40.1	-45.2
Dividend Yield %	5.08	3.71	2.89	3.09	3.30
Price/Book	—	—	—	—	—
EV/EBITDA	10.0	10.9	12.4	11.4	10.6

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to

Morningstar Equity Research Star Rating Methodology

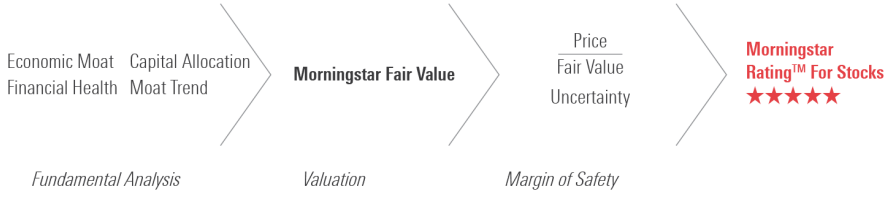

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Morningstar Equity Research Star Rating Methodology

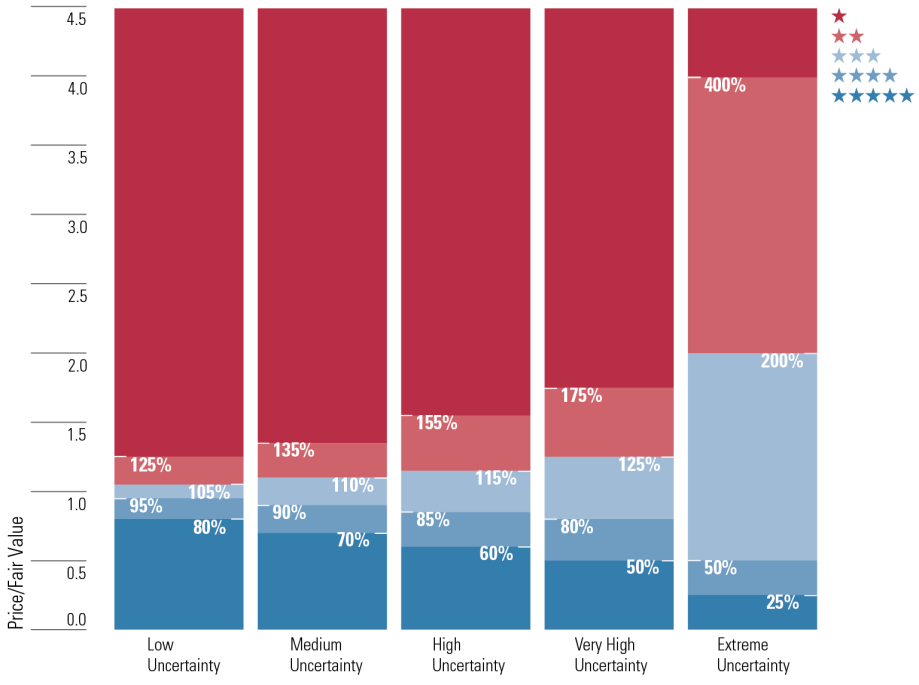

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exem-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

plary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
EXC	46.66	Neutral
IEA	9.02	Buy
NWN	53.42	Neutral
PCG	11.63	Buy
PNW	73.41	Sell
PPL	29.14	Buy

The Guggenheim Daily Transmission: EXC, PNW, PPL, PCG, LNG, IEA, ERCOT/Retail, NWN

For details on our Guggenheim-hosted client Utility events including: our SO NDR; PPL NDR; CMS NDR; DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; NEE NDR; OGS NDR; and other events, scroll down…

EXC NDR: Getting Yourself Back Out There… (see note HERE)

PNW: APS Rate Case Pushed Out to End of October (see note HERE)

PPL: Familiar Playbook Draws Mixed Investor Reaction (see note HERE)

PCG: We Expect a Calm Analyst Day; Focus on Wildfire Mitigation for Dry Summer Season; FVT Sales, GRC, ROE and Capex Allocation to Stay at Status Quo (see note HERE)

PCG – PCG posts Analyst Day presentation slides; in line with our thoughts and prior disclosures

PCG – PG&E posts response to CalFire investigation around Dixie fire; reiterated position of prudent operator

PCG – PG&E issues a not guilty plea related to Zogg fire

LNG – Cheniere and Equinor sign LNG supply deal

IEA – IEA adds transportation construction contract in IL

ERCOT/Retail – Shell enters Texas resi power market

NWN – Stipulating parties file joint testimony in support of the stipulation

PCG – PCG posts Analyst Day presentation slides; in line with our thoughts and prior disclosures

- PG&E filed an 8K with the supporting materials for the Analyst Day.
- The presentation includes discussion of culture change, wildfire risk mitigation, O&M discipline and financial projections.
- Financial projections are reiterated from 1Q disclosures.
- 8K Here.

Guggenheim takeaway: *FYI. The disclosures are in line with our thoughts and thesis noted in our preview note here.*

PCG – PG&E posts response to CalFire investigation around Dixie fire; reiterated position of prudent operator

- PG&E noted that the company has received a copy of the CAL FIRE Dixie Fire report, which reflects more of the same information already publicly available.
- PG&E previously shared an extensive amount of information on the fire and stands by the position that the company acted as a prudent operator.
- PG&E further notes that the District Attorneys (DAs) in the five counties affected by the Dixie Fire investigated the events and did not file criminal charges and that settlements were reached with the DAs.
- Demonstrated commitment to prevent catastrophic wildfires.
- PR Here.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim takeaway: *FYI. While the report did implicate PG&E equipment as the source of the fire, the determination of neglect and ultimate liability is outside the scope of the CalFire report. PCG positions remain in line with prior stated facts.*

PCG – PG&E issues a not guilty plea related to Zogg fire

- PG&E entered a not guilty plea in court related to the DA charges brought forward related to the Zogg fire in 2020.
- Previously, Shasta County District Attorney Stephanie Bridgett announced “31 charges, including 11 felonies, against PG&E, saying it failed to perform its legal duties and that its "failure was reckless and criminally negligent, and it resulted in the death of four people."
- PG&E has continued to stand by its employees and denial of any criminal wrongdoing.
- More here.

Guggenheim takeaway: *FYI. The Shasta county DA has been vocal in seeking criminal charges against PG&E for a few months. While PG&E has been working to make things right and finding settlements with wildfire victims and government agencies, the Shasta County DA has been more intent on the criminal proceeding.*

LNG – Cheniere and Equinor sign LNG supply deal

- Cheniere Energy (ticker LNG) has entered into a liquefied natural gas sale and purchase agreement with Equinor ASA (EQNR).
- Under the SPA, Equinor has agreed to purchase approximately 1.75 MTPA on a free-on-board basis for a term of approximately 15 years.
- The deliveries under the SPA will start in the second half of 2026 and reach the full 1.75 MTPA in the second half of 2027.
- Media here.

Guggenheim takeaway:*LNG markets continue to heat up with more demand for longer-term agreements under various contract structures. The macro outlook for LNG continues to favor SRE with incremental capacity available on development projects like Port Arthur.*

IEA – IEA adds transportation construction contract in IL

- IEA was awarded a $126M contract from the Illinois Department of Transportation (IDOT).
- The project will be jointly executed by White Construction and William Charles Construction, both wholly-owned subsidiaries of IEA.
- The project covers phase two of the reconstruction of the I-57 and I-74 interchange in Champaign County, Illinois.
- More from the press release here.

Guggenheim takeaway: *FYI. Data point on continued backlog adds for IEA, with incremental transportation adds while solar uncertainty persists. The project award is also a follow-on from a previous project awarded to IEA showing ability to win recurring awards.*

ERCOT/Retail ─ Shell enters Texas resi power market

- “Shell today announced the launch of the Shell Energy brand into the residential power market in the United States. Through Shell Energy Solutions ("Shell Energy") the company now offers 100% renewable electricity plans to eligible customers in Texas, expanding its portfolio of offerings and giving residential customers access to renewable electricity plans while building on the trusted relationships the company has built with Texans over decades.” – Shell [NYSE:RDS]
- More HERE.

Guggenheim takeaway: *ICYMI and not a surprise given prior data points suggesting the move but nonetheless interesting.*

NWN ─ Stipulating parties file joint testimony in support of the stipulation

- The parties to the settlement have filed joint testimony in support of the agreement in NWN’s OR GRC.
- More HERE.

Guggenheim takeaway: *Minor ICYMI and another data point in support of NWN’s solid track record before the OPUC.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO)

Daniel Tucker, *Chief Financial Officer*

Scott Gammill, *Director, Investor Relations*

Date

June 9 & 10, 2022
West Coast

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $79.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

PPL Corporation (PPL)

Vincent Sorgi, *President & Chief Executive Officer*
Joseph Bergstein, *Chief Financial Officer*

Date & Location

Monday, June 13, 2022
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $22.4bn

PPL Corp. (PPL) engages in the generation, transmission and distribution of electricity. It operates through the two reportable segments: Kentucky Regulated & Pennsylvania Regulated. The Kentucky Regulated segment consists of LKE's regulated electricity generation, transmission and distribution operations of Louisville Gas and Electric Company and Kentucky Utilities Company as well as regulated distribution and sale of natural gas of Louisville Gas and Electric Company. The Pennsylvania Regulated segment consists of the regulated electricity transmission and distribution operations of PPL Electric Utilities Corporation. The company was founded in 1994 and is headquartered in Allentown, PA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

CMS Energy Corporation (CMS)

Garrick Rochow, *President & Chief Executive Officer*
Rejji Hayes, *Chief Financial Officer*

Date
Wednesday, June 15, 2022

Meeting Format
VIRTUAL NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $20.8bn
CMS Energy Corp (CMS) is a holding company, which engages in the provision of electric and natural gas activities. It operates through the following business segments: Electric Utility, Gas Utility, and Enterprises. The Electric Utility segment consists of regulated activities associated with the generation, purchase, distribution, and sale of electricity in Michigan. The Gas Utility segment includes purchase, transmission, storage, distribution, and sale of natural gas in Michigan. The Enterprises segment is involved in domestic independent power production, including the development and operation of renewable generation, and the marketing of independent power production. The company was founded in 1987 and is headquartered in Jackson, MI. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chief Executive Officer*

Barbara Tuckfield, *Director, Investor Relations*

Date

June 27 & 28, 2022
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $25.7bn

DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment composed of various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

OGE Energy Corp. (OGE)

Bryan Buckler, *Chief Financial Officer*
Jason Bailey, *Director, Investor Relations*

Date
Wednesday, June 29, 2022
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $8.2bn
OGE Energy Corp. (OGE) is a holding company that engages in the provision of physical delivery and related services for both electricity and natural gas. It operates through the Electric Utility and Natural Gas Midstream Operations segments. The Electric Utility segment generates, transmits, distributes, and sells electric energy in Oklahoma and Western Arkansas. The Natural Gas Midstream Operations segment involves gathering, processing, transporting, storing, and marketing of natural gas. The company was founded in August 1995 and is headquartered in Oklahoma City, OK. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings
Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Location: TBD

Tuesday, July 12th

11:30 AM | Lunch
Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game
Southern Company C-Suite will host in their private box. Dinner will be served.

Company Information

Market Cap: $79.3bn
Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA.
(Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim's Power & Utility Comp Sheet

6/9/2022		Market	Guggenheim EPS Ests				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																							
ALE	$61.17	3,486	1.94	2.47	2.59	2.72	31.5x	24.8x	23.6x	22.5x	56%	31%	33%	35%	6.7%	4.4%	137%	Neutral	$65	11%	Neutral	$67	13%
AVA	$42.34	3,067	3.34	3.57	3.88	4.05	12.7x	11.9x	10.9x	10.5x	-37%	-37%	-38%	-37%	3.8%	4.2%	54%	Sell	$34	-15%	Neutral	$43	5%
NWE	$59.76	3,235	2.58	2.98	3.12	3.25	23.2x	20.1x	19.2x	18.4x	15%	6%	8%	11%	4.6%	4.3%	99%	Neutral	$58	1%	Neutral	$63	9%
POR	$49.42	4,409	2.58	2.98	3.12	3.25	19.2x	16.6x	15.8x	15.2x	-5%	-13%	-11%	-9%	4.6%	3.7%	72%	Buy	$57	19%	Buy	$53	12%
		14,198					**21.6x**	**18.3x**	**17.4x**	**16.6x**	**7%**	**-3%**	**-2%**	**-0%**	**4.9%**	**4.1%**	**90%**						
Mid/Large Cap Electric																							
AEE	$89.94	23,213	4.04	4.32	4.64	4.95	22.3x	20.8x	19.4x	18.2x	10%	10%	9%	9%	6.5%	2.7%	60%	Buy	$99	13%	Buy	$99	12%
AEP	$98.26	50,461	4.98	5.30	5.64	6.00	19.7x	18.5x	17.4x	16.4x	-2%	-2%	-2%	-2%	6.1%	3.3%	65%	Buy	$109	14%	Buy	$106	12%
CMS	$67.87	19,691	2.88	3.14	3.41	3.64	23.6x	21.6x	19.9x	18.6x	17%	14%	12%	12%	8.3%	2.8%	66%	Neutral	$70	6%	Buy	$72	9%
CNP	$30.61	19,267	1.38	1.49	1.61	1.73	22.2x	20.5x	19.0x	17.7x	10%	8%	7%	6%	8.0%	2.3%	52%	Buy	$34	13%	Buy	$33	11%
D	$79.34	64,366	4.12	4.40	4.70	5.00	19.3x	18.0x	16.9x	15.9x	-5%	-5%	-5%	-5%	6.1%	3.5%	67%	Buy	$90	17%	Buy	$90	17%
DTE	$128.44	24,884	5.98	6.29	6.73	7.13	21.5x	20.4x	19.1x	18.0x	6%	8%	8%	8%	4.5%	2.9%	61%	Buy	$145	16%	Buy	$139	11%
DUK	$107.73	82,952	5.48	5.81	6.15	6.50	19.7x	18.5x	17.5x	16.6x	-3%	-2%	-1%	-0%	5.5%	3.8%	74%	Buy	$119	14%	Buy	$115	11%
ED	$94.51	33,484	4.51	4.89	5.18	5.38	21.0x	19.3x	18.2x	17.6x	4%	2%	3%	6%	5.3%	3.4%	71%	Neutral	$94	3%	Sell	$87	-4%
EIX	$66.74	25,441	4.64	4.92	5.25	5.60	14.4x	13.6x	12.7x	11.9x	-29%	-28%	-28%	-28%	5.1%	4.3%	62%	Buy	$82	27%	Buy	$75	16%
ES	$87.82	30,287	4.10	4.34	4.65	5.00	21.4x	20.2x	18.9x	17.6x	6%	7%	7%	6%	6.7%	3.0%	64%	Neutral	$92	8%	Neutral	$93	9%
ETR	$116.19	23,630	6.33	6.81	7.21	7.57	18.4x	17.1x	16.1x	15.3x	-9%	-10%	-9%	-8%	5.9%	3.6%	66%	Buy	$129	15%	Buy	$128	14%
EVRG	$67.37	15,460	3.52	3.77	4.02	4.30	19.1x	17.9x	16.8x	15.7x	-5%	-6%	-5%	-6%	5.0%	3.5%	68%	Buy	$77	18%	Buy	$73	11%
EXC	$46.66	45,733	2.27	2.41	2.58	2.82	20.6x	19.4x	18.1x	16.5x	2%	2%	2%	-1%	7.5%	3.1%	63%	Neutral	$49	8%	Buy	$49	9%
FE	$40.78	23,283	2.44	2.57	2.75	2.95	16.7x	15.9x	14.8x	13.8x	-17%	-16%	-16%	-17%	3.2%	3.9%	65%	Neutral	$43	9%	Buy	$47	18%
LNT	$59.63	14,956	2.75	2.90	3.04	3.23	21.7x	20.6x	19.6x	18.5x	7%	8%	11%	11%	5.3%	3.0%	64%	Neutral	$60	4%	Neutral	$64	11%
OGE	$39.37	7,882	2.28	2.39	2.52	2.64	17.3x	16.5x	15.6x	14.9x	-14%	-13%	-12%	-10%	4.0%	4.3%	74%	Buy	$43	13%	Buy	$42	11%
PCG	$11.63	23,114	1.11	1.24	1.34	1.45	10.5x	9.4x	8.7x	8.0x	-48%	-51%	-51%	-52%	9.7%	0.4%	4%	Buy	$19	64%	Buy	$16	39%
PEG	$65.16	32,532	3.56	3.73	4.18	4.55	18.3x	17.5x	15.6x	14.3x	-9%	-8%	-12%	-14%	5.7%	3.4%	62%	Buy	$75	18%	Buy	$76	21%
PNW	$73.41	8,295	4.05	4.25	4.50	4.75	18.1x	17.3x	16.3x	15.5x	-10%	-9%	-8%	-7%	-3.5%	4.6%	84%	Sell	$60	-14%	Sell	$74	5%
PPL	$29.14	21,444	1.48	1.58	1.70	1.81	19.7x	18.4x	17.1x	16.1x	-2%	-3%	-3%	-3%	14.6%	3.2%	63%	Buy	$33	16%	Buy	$32	13%
SO	$72.89	77,447	3.55	3.80	4.15	4.40	20.5x	19.2x	17.6x	16.6x	2%	1%	-1%	-0%	6.6%	3.8%	77%	Buy	$76	8%	Neutral	$74	5%
WEC	$99.52	31,392	4.38	4.59	4.89	5.21	22.7x	21.7x	20.4x	19.1x	13%	14%	15%	15%	6.1%	3.0%	68%	Neutral	$104	8%	Neutral	$106	10%
Mid/Lg Cap (excl. EIX, PCG)							**20.2x**	**19.0x**	**17.7x**	**16.6x**					**5.9%**	**3.3%**	**67%**						
Regulated Electrics		**713,414**					**20.4x**	**18.9x**	**17.7x**	**16.6x**					**5.7%**	**3.5%**	**71%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	LTG EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$42.19	4,617	2.21	2.41	2.47	2.69	19.1x	17.5x	17.1x	15.7x	-5%	-8%	-4%	-6%	4.6%	3.4%	65%	Neutral	$41	1%	Sell	$41	2%
NEE	$77.34	151,934	2.84	3.07	3.31	3.59	27.2x	25.2x	23.4x	21.5x	35%	33%	32%	29%	8.9%	2.3%	62%	Buy	$91	20%	Buy	$92	21%
SRE	$155.16	48,768	8.54	9.08	9.58	10.21	18.2x	17.1x	16.2x	15.2x	-10%	-10%	-9%	-9%	4.9%	3.1%	56%	Buy	$174	15%	Buy	$173	14%
		205,319					**21.5x**	**19.9x**	**18.9x**	**17.5x**	**7%**	**5%**	**7%**	**5%**	**6.1%**	**2.9%**	**61%**						
Gas LDCs																							
NI	$30.23	12,267	1.45	1.53	1.70	1.84	20.8x	19.8x	17.8x	16.4x	2%	5%	1%	-1%	7.7%	3.2%	66%	Buy	$32	9%	Buy	$32	10%
CPK	$129.03	2,287	5.13	5.55	5.93	6.32	25.2x	23.2x	21.8x	20.4x	23%	23%	23%	23%	7.6%	1.7%	42%	Neutral	$136	7%	Buy	$141	11%
NJR	$46.04	4,427	2.35	2.43	2.62	2.78	19.6x	18.9x	17.6x	16.6x	-4%	0%	-0%	-0%	6.5%	3.3%	65%	Neutral	$41	-8%	Neutral	$47	5%
NWN	$53.42	1,830	2.56	2.73	2.83	2.97	20.9x	19.6x	18.9x	18.0x	2%	4%	7%	8%	3.8%	3.6%	76%	Neutral	$49	-5%	Buy	$55	6%
OGS	$85.00	4,598	4.08	4.38	4.65	5.00	20.8x	19.4x	18.3x	17.0x	2%	3%	4%	2%	6.8%	3.0%	63%	Neutral	$77	-6%	Buy	$88	7%
SJI	$34.20	4,186	1.71	1.82	1.94	2.05	20.0x	18.8x	17.6x	16.7x	-2%	-0%	-0%	0%	6.2%	3.7%	74%	Neutral	$26	-20%	Neutral	$34	2%
SR	$75.99	3,961	3.84	4.27	4.91	5.03	19.8x	17.8x	15.5x	15.1x	-3%	-6%	-12%	-9%	0.9%	3.7%	74%	Neutral	$67	-8%	Neutral	$75	2%
		33,556					**21.0x**	**19.6x**	**18.2x**	**17.2x**	**3%**	**4%**	**3%**	**3%**	**5.6%**	**3.2%**	**66%**						
Regulated Water																							
AWK	$150.56	27,365	4.44	4.85	5.23	5.70	33.9x	31.0x	28.8x	26.4x	68%	64%	62%	59%	-4.8%	1.8%	61%	Neutral	$155	5%	Neutral	$160	8%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'21–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$61.21	19,995	2,547	3,203	3,511	3,412	10.5x	7.8x	6.6x	6.2x	26,661	24,953	23,091	21,283	-0.3%	1.0%	18%	Buy	$70	15%	Buy	$66	9%
NRG	$45.52	10,801	2,120	2,237	2,282	2,225	8.2x	7.5x	7.1x	6.7x	17,305	16,771	16,191	14,915	-2.1%	3.2%	42%	Neutral	$43	-2%	Buy	$45	1%
VST	$26.20	11,314	3,117	3,508	3,555	3,738	7.0x	6.1x	5.9x	5.4x	21,868	21,548	21,093	20,091	17.8%	2.9%	32%	Buy	$32	25%	Buy	$31	22%
Other																							
ALTO	$5.07	376	73	74	75	76									-0.2%	–	–	Buy	$8	58%	Buy	$11	110%
IEA	$9.02	436	147	164	174	178									7.2%	–	–	Buy	$12	33%	Buy	$14	60%
NEP	$75.59	6,342	1,660	1,775	1,889	2,003									10.2%	4.2%	–	Buy	$85	17%	Buy	$86	18%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

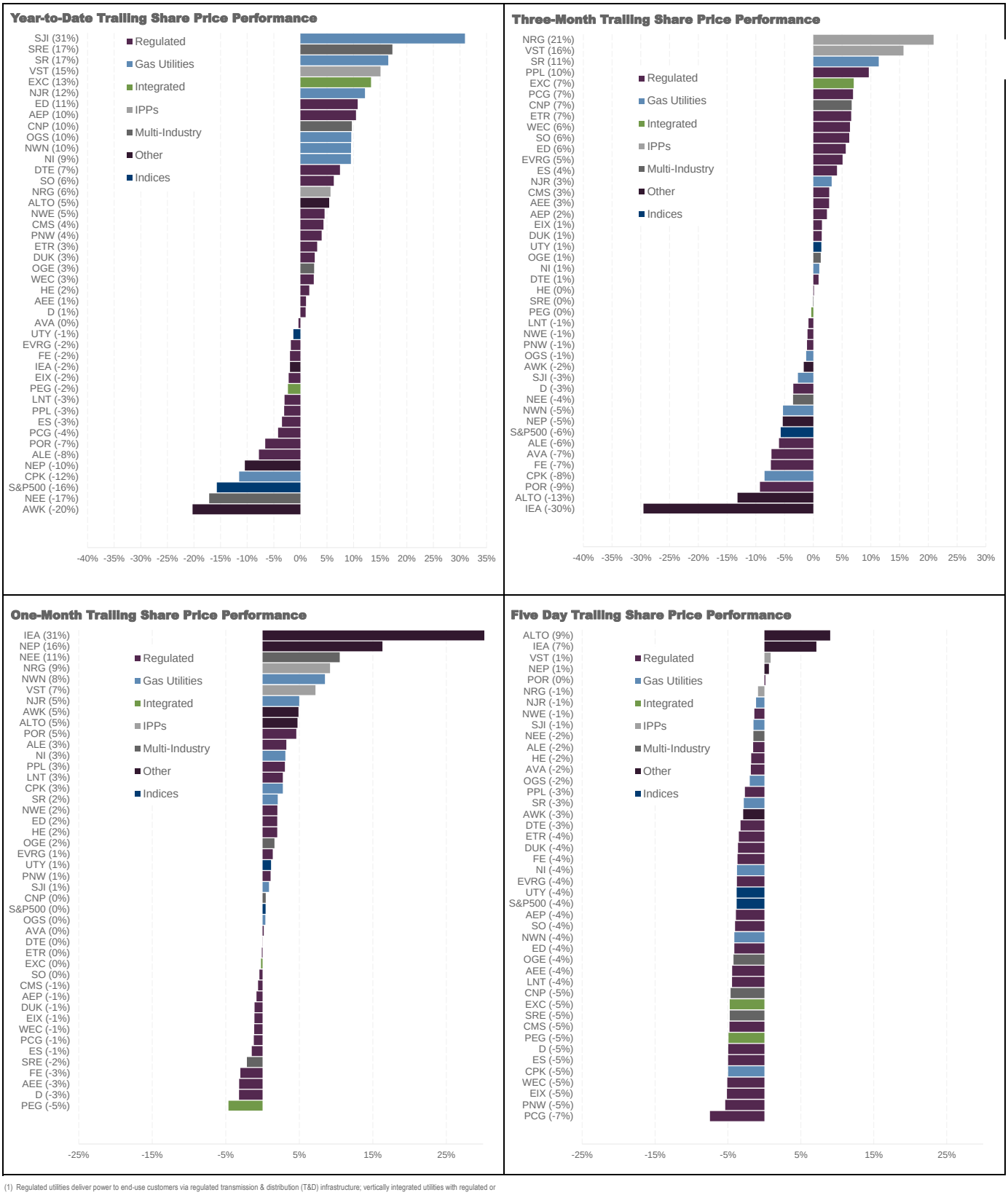

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
POR	8/9-8/10	New York
NEE	8/30-9/2	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Generation and Mix

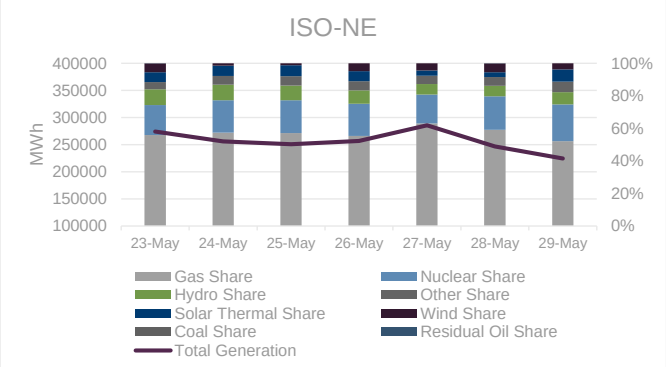

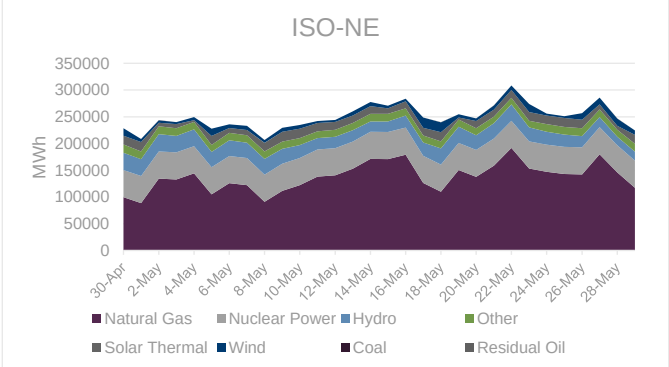

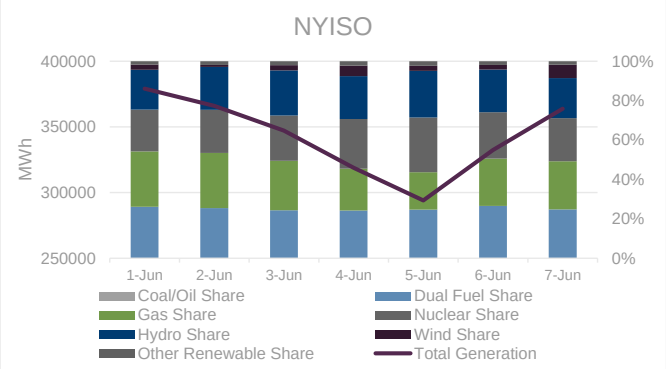

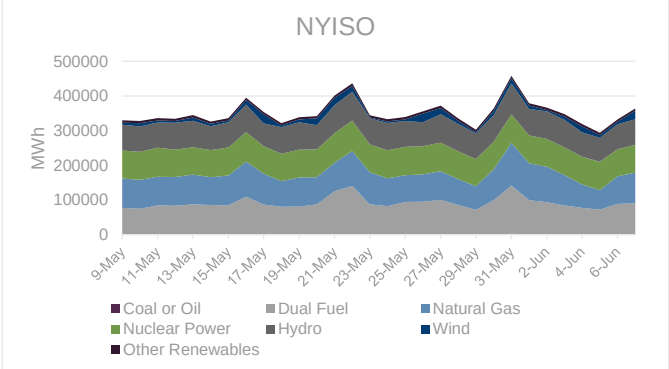

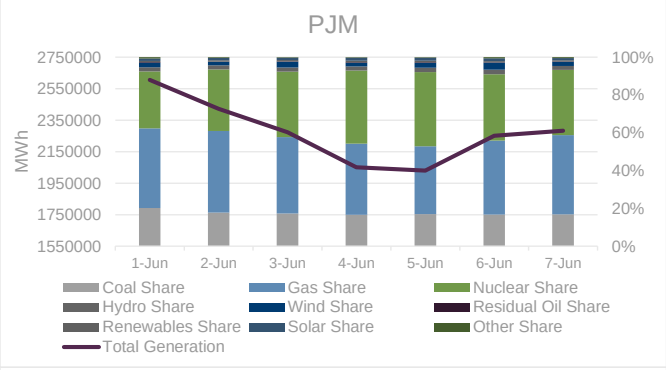

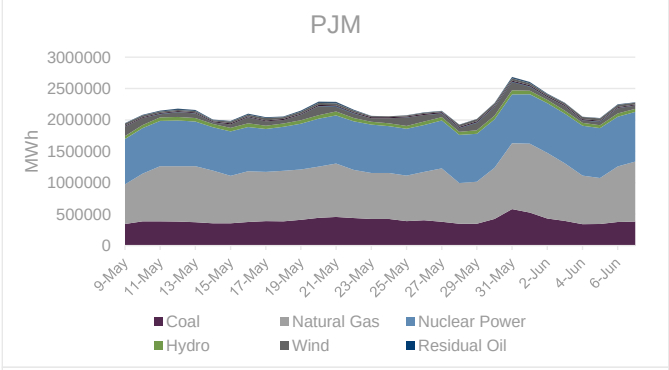

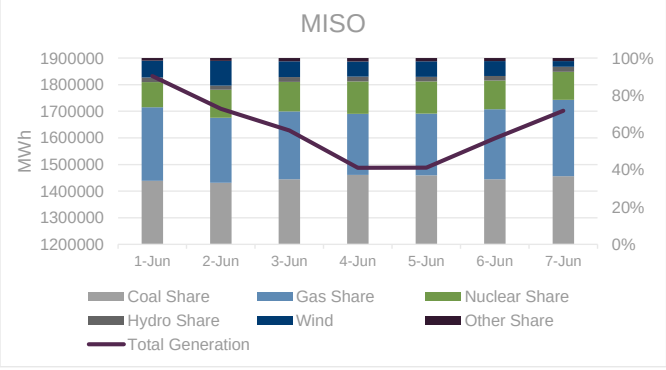

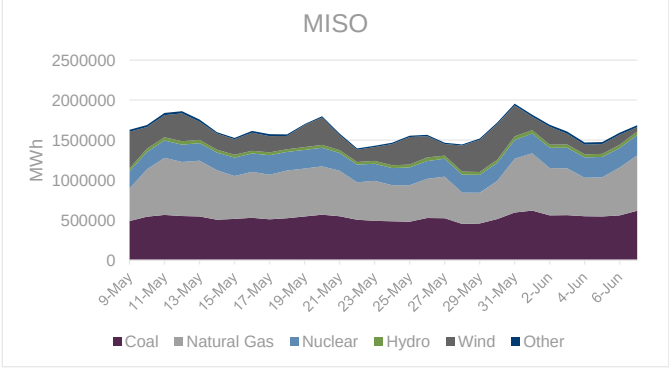

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

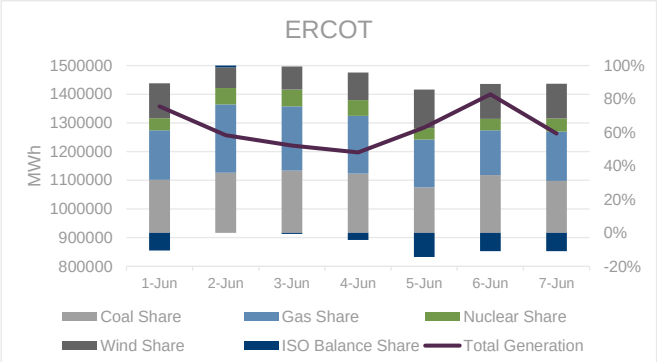

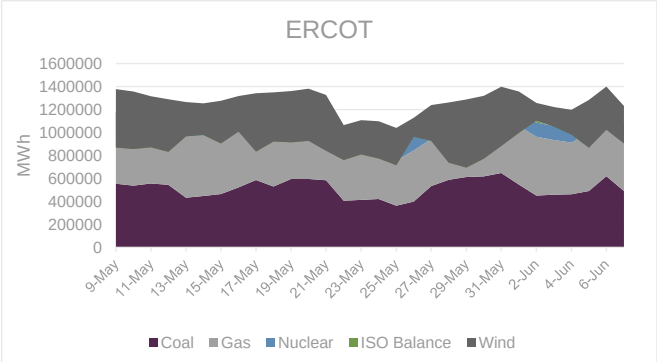

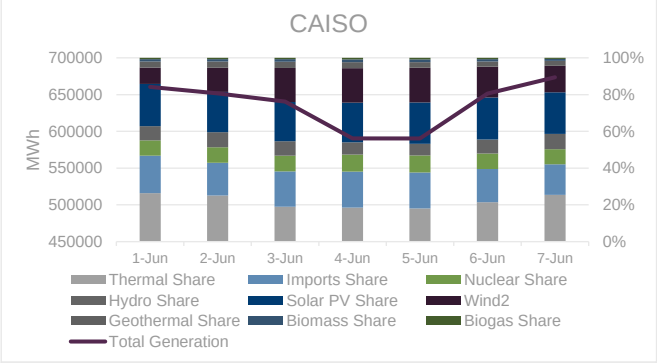

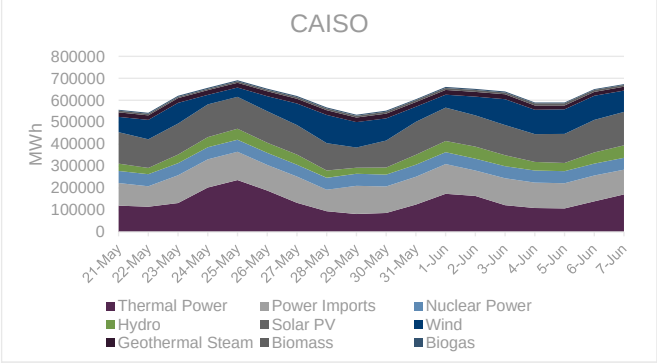

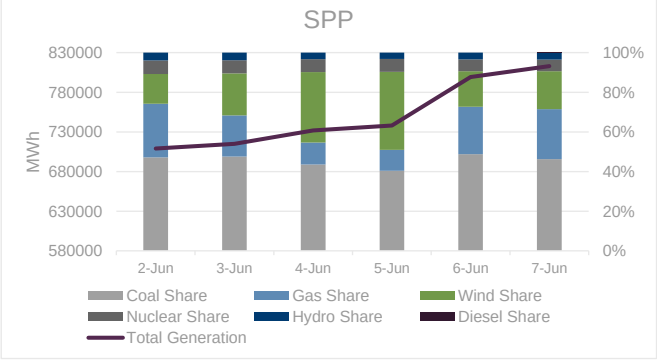

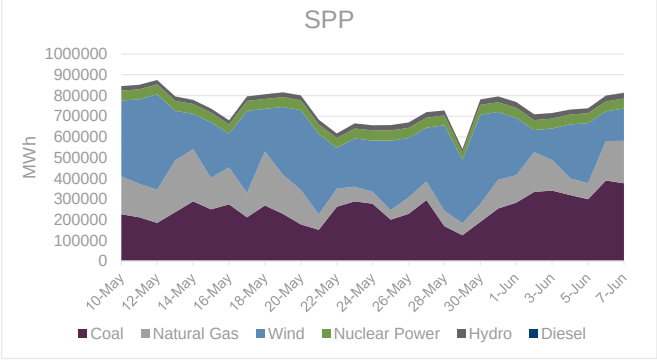

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Weather

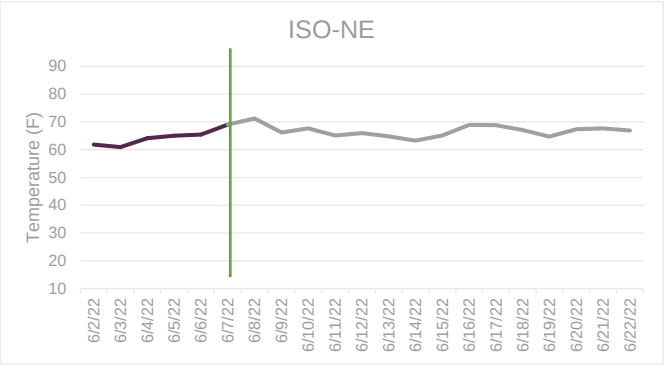

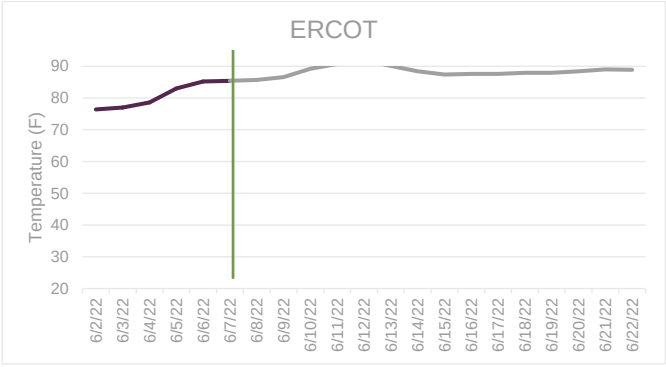

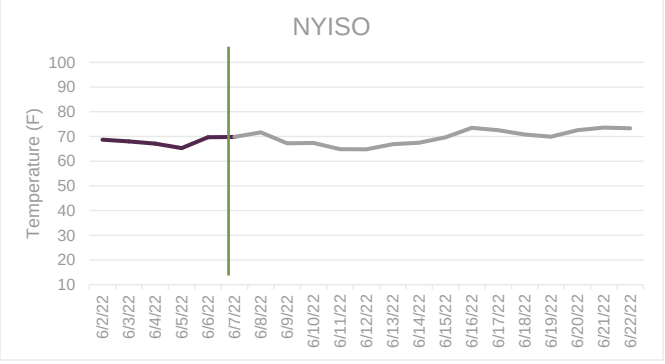

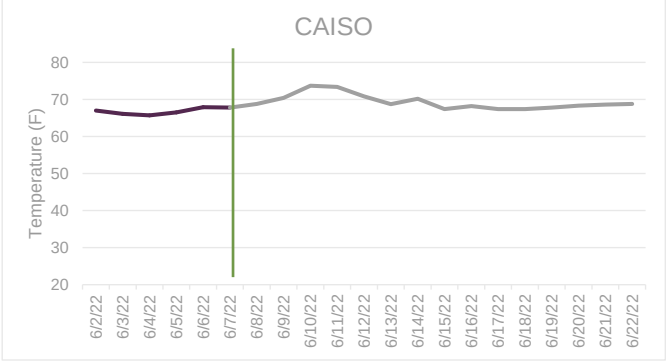

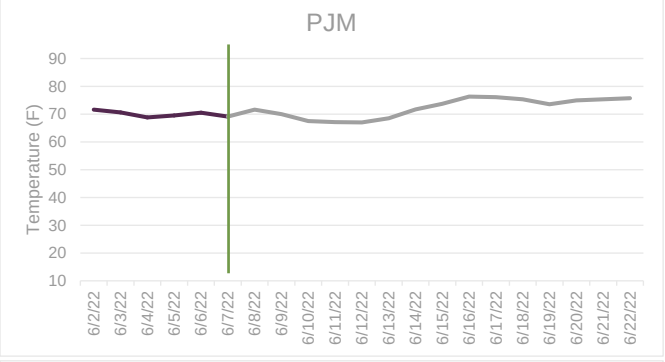

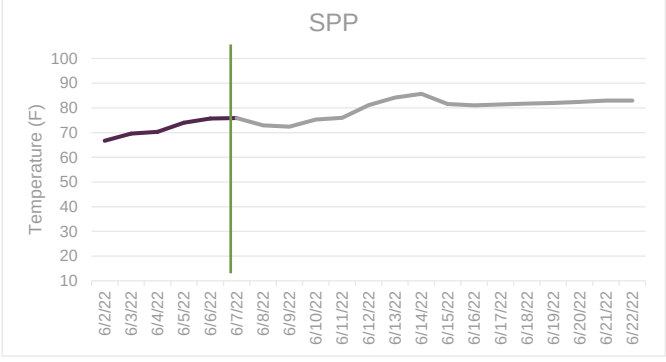

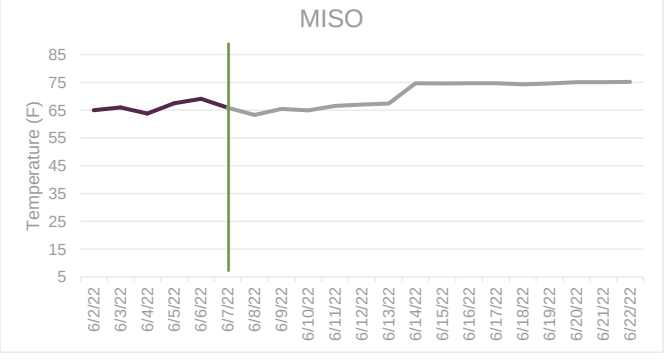

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	242	66.67%	61	25.21%
NEUTRAL	118	32.51%	14	11.86%
SELL	3	0.83%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

GUGGENHEIM

June 10, 2022

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Company Update

Share Price	$46.66
Price Target	$49.00

EPS ($) (FY DEC)	1Q	2Q	3Q	4Q	FY
2022	0.64	0.46E	0.73E	0.44E	2.27E
P/E					20.5x
2023	0.60E	0.50E	0.84E	0.47E	2.41E
P/E					19.3x
2024	0.65E	0.54E	0.89E	0.51E	2.58E
P/E					18.1x

Market Data

52-Week Range	$31.25 - $50.71
Dividend	$1.38
Dividend Yield	3.0%
Market Cap (M)	$45,733
Shares Out (M)	980.1
ADV (3 mo; 000)	7,094

EXC NDR: Getting Yourself Back Out There…

Key Message: EXC remains one of the tighter top tier growth stories in our space coming out of its genco spin, augmented by a relatively straightforward T&D capex plan and quieter regulatory cycle. Our latest meetings with management largely reinforced this thesis, with management providing incremental data points on a suite of both industry themes (O&M, rates) and company-specific items (IL). While we missed the initial entry window following the spin, we continue to look for a new opportunity given what we see as EXC's differentiated story and regimented ascension into the ranks of more premium-oriented names.

We hosted EXC's Chief Financial Officer Joe Nigro, SVP of Corporate Finance, Jeanne Jones and the IR team for a dense in-person NDR with a diverse group of investors across the Midwest and Texas. Key areas of discussion included: **1)** the growth profile, including YoY drivers of changes in the shape and the delta between rate base growth and earnings growth, **2)** how EXC is navigating several industry-wide themes this year, including O&M, pension, and a rising rate environment, **3)** Illinois, including the ComEd MRP and the ongoing benefit from the newly-implemented CMCs, **4)** updates at the core utilities, including cases and separation items, and finally, **5)** strategic thoughts post-spin, including management's thoughts on different types of targets (e.g., water or generation).

6-8% growth well cemented, and while the profile may not be perfectly linear, the sheer scale of EXC helps smoothing… Investors in our meetings consistently inquired about the overall profile of EXC's 6-8% growth given its 8% underling RB growth and associated financing plans ($1bn equity), with the team highlighting several items for investor consideration across the platform. These include things like the eventual ascension of allowed ROEs in ComEd (discussed below), the nature of the PECO multi year plans, and other smaller items that can introduce YoY variance (e.g., storms). On PECO in particular, management reminded investors in our meetings that the latter 2 years of the 3-year cycle can introduce some lag as the case construct utilizes fully projected future test year (FPFTY) methodology (e.g., captures year 1). More broadly, management noted that it continues to work on ways to modulate levers to ensure some reasonable smoothing around the midpoint, with O&M one such option, in our view.

In line with our recent NDRs and the bulk of our 1Q22 calls, our conversations also touched heavily on key themes facing the industry at large, including O&M pressures, pension swings, and a volatile interest rate environment… On the first, O&M, management indicated that it is still confident in its long-term ability to control costs, with a goal to keep them as flat as possible. The historical trend through 2022 had been a 1.4% CAGR, with management pointing to puts and takes on either side of the business that could move the needle up and down going forward. These include cost controls like ongoing IT improvements, union workforce contracts (staggered expirations between now and '27), consolidating suppliers, scale purchases, and EE efforts (which shift from O&M to capital). These can be at least partially offset by not only the ongoing macroeconomic backdrop, but also certain requests/directives from regulators that have a direct drop down to O&M. On the pension front, EXC was 87% funded as of YE, with the increase in the discount rate likely offsetting much of the decline in fund assets – a neutral overall effect. Like many other utilities, EXC utilizes smoothing, dampening the impact of higher volatility. Finally, on higher interest rates, the messaging was largely the same – the team can mange through what it has seen to date, with every ~50bps roughly 1-2 pennies in drag. The goal remains to be roughly 150bps above ratings agency thresholds (~12% FFO/Debt).

ComEd MRP and performance processes continue to advance as IL bills get some relief from the nuclear CMCs… The forthcoming implementation of multiyear rate plans remains on track for a 1Q23 filing, with management including some comfortable assumptions for returns in its overall 6-8% LT EPS growth plan. The company does not see its current 8% ROEs rising to the level of gas LDCs (mid 9s) overnight in that process, with the legislation also providing a phase in option under which earnings are booked but

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

cash recovery is delayed – very similar to what we have heard from others in the state. The backdrop for implementing a change in ROEs has also been aided by the rise in treasuries, reducing some of the potential delta from what were some of the lowest ROEs in the nation. On the performance metric implementation (docket HERE), management continues to work through the process (rebuttal testimony was just filed) with an eye towards more clarity in 2H22. The company reiterated that on both of these initiatives transparency remains an overarching goal. Finally, on the subject of rates, ComEd's supply charges are currently benefiting from the fixed nature of the new Carbon Mitigation Credits (CMCs), which could be further augmented by ADIT refunds in the 2023-2025 time period as prescribed under the 2021 legislation. The company also continues to monitor the PJM capacity construct and advocate for customer-centric developments.

Core utility work skewed towards IL and ongoing separation as regulatory calendar otherwise relatively quiet… EXC's regulatory calendar remains relatively quiet, with the company in the middle of multi year plans in DC, MD, and PA, with only some reconciliation items in those jurisdictions under the plans. **On the topic of the separation,** management noted that the process is complicated but well underway, with agreements in place for shared services during the transition. Investors asked in our meetings about any ongoing dissynergies from duplications of functions, with management highlighting in response that all of the parent O&M is allocated/recovered at the opcos, so no major inefficiencies there. Finally, we note that there were no major updates to the messaging around equity, with management still thinking through the exact avenues.

With the genco gone have strategic considerations changed? Investors in our meetings were keen to dig into management's post-spin strategic thoughts, including both potential divestitures *and* acquisitions. On the former, investors specifically asked about the gas LDCs, with management indicating that they do not have a plan to move away from the segment at this time – it's only ~12% of rate base, and the company runs them well, in their view. The gas LDC (PA and MD) are also collocated with electric systems, so there are some potential dissynergies that could arise under a sale scenario. On the latter, acquisitions, management struck an open tone, although the bars remain high for targets as management is also still working to finalize its genco separation (e.g., IT). We asked about interest in either water or utilities with generation, with management indicating that the former was not a first choice and that while it could be open to owning regulated generation, it would have to come with a strong decarbonization profile/opportunity (e.g., low coal exposure). **Overall, we came away with the impression that management remains focused on its ~$29bn capex plan and organic growth story,** although it remains open to evaluating any and all opportunities.

Valuation

Our valuation is based on our 2024E EPS of $2.58 applied to a 19.5x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 19.5x multiple, we continue to apply a one-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (riders, MYPs) and underlying growth/incremental investment opportunities, except for ComEd. This blended 20.2x multiple, applied to our 2024E EPS and discounted back one year, equals our $49 PT.

Risks

Risks to our rating and valuation mainly encompass traditional risk factors inherent with all electric utilities including: (1) rate case risk, (2) lower CapEx outlook, and (3) interest rate changes above what we account for in our regression model.

Upside risks to our price target include: (1) improved regulatory constructs; (2) higher CapEx outlook; (3) interest rates fall lower.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 06-09-2022

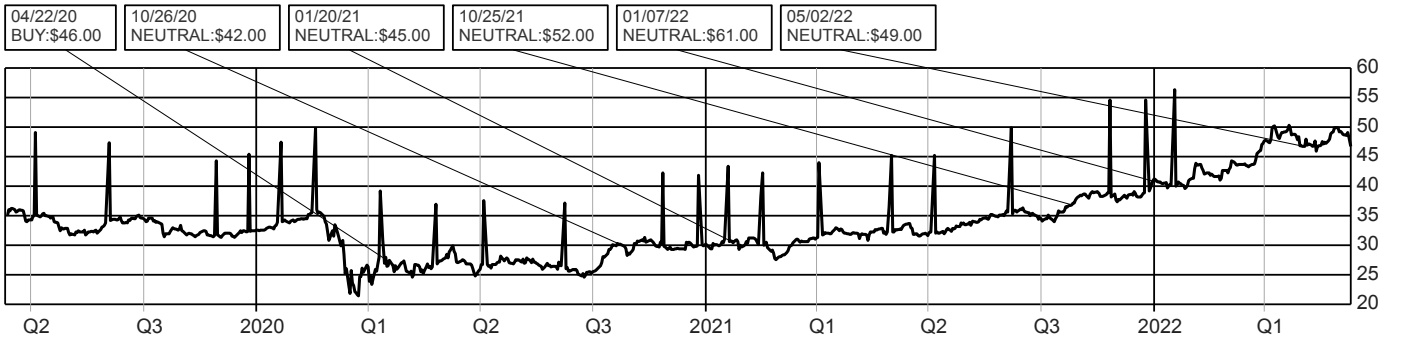

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	242	66.67%	61	25.21%
NEUTRAL	118	32.51%	14	11.86%
SELL	3	0.83%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Morgan Stanley | RESEARCH

UPDATE

June 8, 2022 04:44 AM GMT

Exelon Corp | North America

Takeaways from the Road

Stock Rating	Industry View	Price Target
Overweight	In-Line	$52.00

We recently hosted EXC management for a set of constructive meetings with investors. We highlight key points and takeaways below.

Customer bills under less pressure than many peers. While EXC is facing cost inflation across many areas of the business, several aspects have helped mitigate the impacts. Union agreements on the labor side extend multiple years and will be less driven by the year to year inflation marks. Buying supplies in bulk along with buying in advance and using competitive bids continues to offer price discounts given EXC's size and breadth across multiple utility jurisdictions; lack of concentration of capex helps mitigate inflationary risk in specific components; technology investments have helped enable O&M savings. Customer bills are also helped by the company's energy efficiency programs, declining capacity prices in PJM (a passthrough to customers), and the fixed price contract in IL with CEG's nuclear plants that cover 65% of consumer requirements - A major benefit given the rise in gas and power prices this year. We think these drivers put EXC in a position where its rate base growth outlook and rate requests will get less pushback from commissioners than other utilities facing 20-30% price increases this year. We don't see the clear opportunity to accelerate rate base growth into this dynamic given the already fast 8.1% rate over the plan, but we think it lowers regulatory risk.

Continued confidence in achieving the 6-8% EPS growth rate each year through 2025. Several regulatory items could have lumpier impacts on the core revenue trajectory over the plan, such as the PECO rate case (to be effective in 2025, with returns likely declining each year until then) and new IL regulatory structure (to be implemented starting 2024). However management sees other levers in the business to maintain a smoother overall growth profile over time, and feels increasingly comfortable given this year's ComEd earnings power benefitting from rising Treasuries, and one-time negative items in 2022 that roll off in 2023 (Constellation expense drag, DPA cost allocation).

Pension not an earnings concern in the near-term. Exelon amortizes any asset losses over several years, so equity market weakness vs. the embedded asset return expectations will not have a meaningful impact on earnings.

Low risk capex plan. The capex plan is built up from a diverse set of already-identified projects with no speculative or outsized projects (no project is >1% of the total plan), increasing confidence in the 8.1% rate base growth CAGR.

Maintaining a strong balance sheet. Still planning $1b of equity over the plan, with no specific indication of timing or form. We note that capex needs pick up

MORGAN STANLEY & CO. LLC

Stephen C Byrd
EQUITY ANALYST
Stephen.Byrd@morganstanley.com +1 212 761-3865

David Arcaro, CFA
EQUITY ANALYST
David.Arcaro@morganstanley.com +1 212 761-1817

Laura Sanchez
EQUITY ANALYST
Laura.Sanchez@morganstanley.com +1 +1-212-761-0686

Andrew S Percoco
RESEARCH ASSOCIATE
Andrew.Percoco@morganstanley.com +1 212 296-4322

Patricia J Eloizin
RESEARCH ASSOCIATE
Patricia.Eloizin@morganstanley.com +1 212 761-4781

Institutional Investor All-America Research Poll is now open. We hope you have enjoyed our research over the past year and appreciate your support. Request your ballot here.

Exelon Corp (EXC.O, EXC US)

Regulated Utilities / United States of America

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	**$52.00**
Shr price, close (Jun 7, 2022)	$49.05
Mkt cap, curr (mm)	$48,069
52-Week Range	$50.71-31.25

Fiscal Year Ending	**12/21**	**12/22e**	**12/23e**	**12/24e**
ModelWare EPS ($)	**2.82**	**2.24**	**2.39**	**2.60**
Prior ModelWare EPS ($)	**-**	**-**	**-**	**-**
P/E	**14.6**	**21.9**	**20.5**	**18.9**
EPS ($)§	**2.81**	**2.26**	**2.41**	**2.59**
Div yld (%)	3.7	2.7	2.9	3.1

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

over the course of the plan, but other market and business factors could influence management's timing and the company prefers to maintain flexibility. The company has the lowest downgrade threshold across the utilities space and management sees value in sustaining a strong balance sheet. We don't think the company is actively considering M&A as a priority given the strong organic growth outlook ahead for the core business.

Overall we still see additional multiple expansion with the potential to achieve a 10% premium to the group, up from the -1% discount currently. The company's above-average growth, low regulatory risk, lack of generation assets, ESG favorability, and strong management team all support a 10% premium in our view, with continued execution likely to unlock this upside.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Valuation Methodology and Risks

Exelon Corp (EXC.O)

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8%, a lower business risk profile, long tail of investment opportunities, strong ESG profile, and low exposure to physical risks of climate change.

Risks to Upside

- Clean energy policy legislation that supports the build out of T&D infrastructure
- Material capital upside relative to current capital
- Additional O&M reduction programs

Risks to Downside

- Unfavorable regulatory/legislative outcomes
- Failure to execute on growth en-devours and to achieve cost reduction targets

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., and/or Morgan Stanley Canada Limited. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., Morgan Stanley Canada Limited and their affiliates as necessary.
For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.
For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: David Arcaro, CFA; Stephen C Byrd; Laura Sanchez.
.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

As of May 31, 2022, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Duke Energy Corp, Edison International, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Spire Inc.
Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Algonquin Power & Utilities Corp, Ameren Corp, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, PG&E Corp, Sempra Energy, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Algonquin Power & Utilities Corp, Ameren Corp, AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, PPL Corp, Sempra Energy, Southern Company, Xcel Energy Inc.
In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Morgan Stanley & Co. LLC makes a market in the securities of Ameren Corp, Atmos Energy Corp., CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.
Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.
Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Morgan Stanley | RESEARCH

UPDATE

Global Stock Ratings Distribution

(as of May 31, 2022)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm. For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)			OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC)	
STOCK RATING CATEGORY	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	COUNT	% OF TOTAL OTHER MISC
Overweight/Buy	**1398**	**39%**	**344**	**44%**	**25%**	**599**	**39%**
Equal-weight/Hold	**1576**	**45%**	**354**	**45%**	**22%**	**721**	**47%**
Not-Rated/Hold	**1**	**0%**	**1**	**0%**	**100%**	**0**	**0%**
Underweight/Sell	**565**	**16%**	**86**	**11%**	**15%**	**211**	**14%**
TOTAL	**3,540**		**785**			**1531**	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Morgan Stanley | RESEARCH

UPDATE

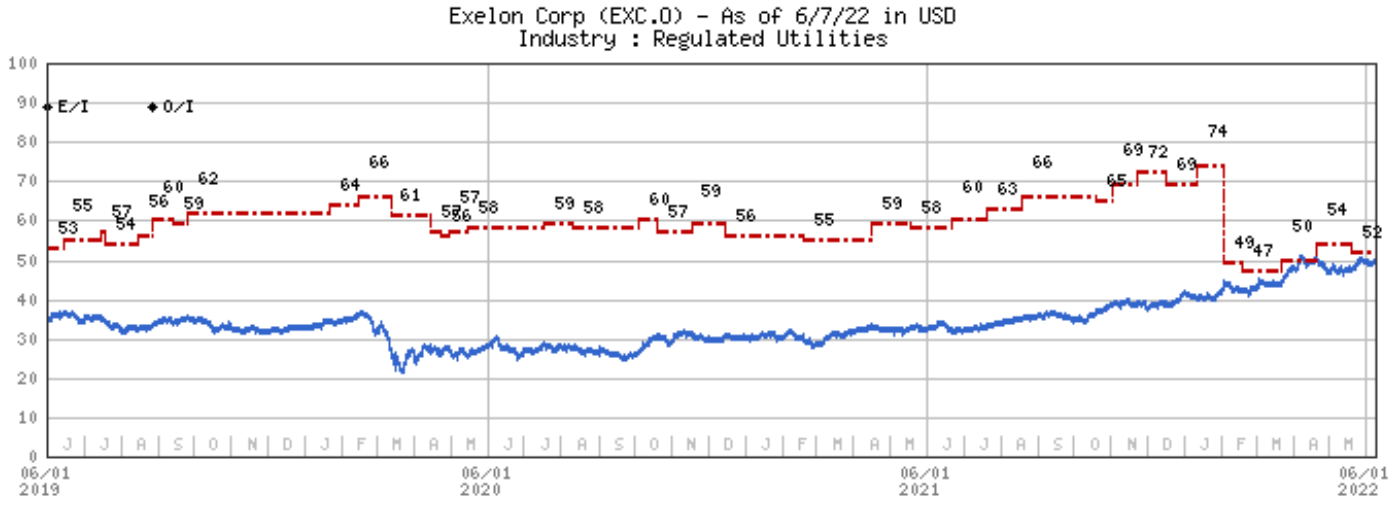

Stock Rating History: 6/1/17 : E/I; 8/27/19 : O/I

Price Target History: 4/10/17 : 39; 6/7/17 : 40; 7/10/17 : 37; 9/8/17 : 40; 10/11/17 : 39; 11/10/17 : 42; 12/13/17 : 43; 1/11/18 : 42; 2/8/18 : 41; 3/8/18 : 40; 4/13/18 : 43; 5/15/18 : 42; 6/13/18 : 41; 7/13/18 : 43; 9/11/18 : 46; 9/21/18 : 48; 9/26/18 : 47; 11/2/18 : 48; 11/9/18 : 49; 12/14/18 : 52; 1/11/19 : 47; 2/12/19 : 49; 3/13/19 : 50; 4/18/19 : 52; 5/16/19 : 53; 6/14/19 : 55; 7/16/19 : 57; 7/19/19 : 54; 8/16/19 : 56; 8/27/19 : 60; 9/13/19 : 59; 9/25/19 : 62; 1/22/20 : 64; 2/14/20 : 66; 3/12/20 : 61; 4/15/20 : 57; 4/23/20 : 56; 4/30/20 : 57; 5/15/20 : 58; 7/17/20 : 59; 8/11/20 : 58; 10/5/20 : 60; 10/20/20 : 57; 11/17/20 : 59; 12/15/20 : 56; 2/18/21 : 55; 4/16/21 : 59; 5/18/21 : 58; 6/21/21 : 60; 7/20/21 : 63; 8/19/21 : 66; 10/19/21 : 65; 11/2/21 : 69; 11/22/21 : 72; 12/16/21 : 69; 1/11/22 : 74; 2/3/22 : 49; 2/18/22 : 47; 3/22/22 : 50; 4/20/22 : 54; 5/20/22 : 52

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC & E*TRADE Securities LLC Customers

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC or Morgan Stanley or any of their affiliates, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to www.morganstanley.com/researchdisclosures.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC and E*TRADE Securities LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Asia International Limited, Hong Kong Branch; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Asia International Limited, Singapore Branch (Registration number T11FC0207F); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of and takes responsibility for its contents in Canada; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia , and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client. A distribution of the different MS Research ratings or recommendations, in percentage terms for Investments in each sector covered, is available upon request from your sales representative.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.
The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.
Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.
Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.
The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products.
Morgan Stanley may hold, from time to time, material financial and commercial interests regarding the company subject to the Research report.

INDUSTRY COVERAGE: Regulated Utilities

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/07/2022)
David Arcaro, CFA		
AVANGRID, Inc (AGR.N)	++	$47.59
Consolidated Edison Inc (ED.N)	U (07/02/2020)	$98.48
Eversource Energy (ES.N)	E (10/19/2021)	$92.84
Stephen C Byrd		
Algonquin Power & Utilities Corp (AQN.N)	++	$14.67
Ameren Corp (AEE.N)	E (04/14/2020)	$93.72
Atmos Energy Corp. (ATO.N)	O (12/15/2020)	$117.43
CenterPoint Energy Inc (CNP.N)	O (02/17/2022)	$32.07
CMS Energy Corp (CMS.N)	E (07/31/2017)	$71.82
Dominion Energy Inc (D.N)	E (08/31/2021)	$83.10
DTE Energy Co. (DTE.N)	O (01/06/2022)	$134.05
Duke Energy Corp (DUK.N)	E (08/25/2014)	$112.34
Edison International (EIX.N)	E (01/12/2015)	$70.23
Entergy Corp (ETR.N)	U (01/06/2022)	$121.31
Exelon Corp (EXC.O)	O (08/27/2019)	$49.05
FirstEnergy Corp (FE.N)	O (03/23/2020)	$41.88
ONE Gas Inc (OGS.N)	E (01/06/2022)	$88.16
PG&E Corp (PCG.N)	E (11/15/2018)	$12.23
Pinnacle West Capital Corp (PNW.N)	E (03/23/2020)	$77.22
PPL Corp (PPL.N)	E (07/16/2013)	$30.58
Sempra Energy (SRE.N)	E (08/10/2018)	$163.70
Southern Company (SO.N)	U (08/13/2014)	$75.69
South Jersey Industries Inc (SJI.N)	E (05/28/2021)	$34.62
Spire Inc (SR.N)	E (09/01/2020)	$78.67
Xcel Energy Inc (XEL.O)	E (10/19/2021)	$75.58

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

© 2022 Morgan Stanley

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Analyst Note 06 Jun 2022

We are reaffirming our fair value estimates, moat ratings, and moat trend ratings for all utilities after the Biden administration announced it would not apply solar panel tariffs on East Asian countries for at least the next two years. Some utilities' management teams had suggested that potential tariffs resulting from a U.S. Department of Commerce anticircumvention investigation would slow their growth plans. We never thought the investigation would have a material impact on our long-term outlooks given the Biden administration's and most states' support for renewable energy. The Biden administration also announced plans to boost U.S. solar panel manufacturing, which will support solar growth.

Two of our top utilities picks, NextEra Energy and NiSource, were among those utilities whose stocks took the hardest hit because of the solar tariff fears. The management team of each firm said it was postponing a portion of its large solar growth plans because of tariff-related supply concerns. AES and Alliant Energy are among many other utilities that have made solar key parts of their growth plans.

NextEra's stock fell as much as 16% in the three weeks after management said that it might delay up to 2.8 gigawatts of a possible 15 GW solar project pipeline. The stock has since rebounded to near our $78 fair value estimate. We are reaffirming our 8% annual earnings growth outlook. NiSource's stock fell 11% in late April before management said $500 million of its planned solar investments could be delayed. The stock has since rebounded to near our $31 per share fair value estimate. We continue to assume NiSource invests $8 billion in 2022-24, including $2 billion on renewable energy, supporting our 7% annual earnings growth outlook.

Solar panel tariffs remain a risk pending the outcome of the

Important Disclosure
The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 06 Jun 2022
Estimates as of 11 May 2022
Pricing data through 03 Jun 2022 00:00
Rating updated as of 03 Jun 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 01 Jun 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Analyst Note 1
Morningstar Analyst Forecasts 3
Methodology for Valuing Companies

Vital Statistics

Market Cap (USD Mil)	47,766
52-Week High (USD)	50.71
52-Week Low (USD)	31.19
52-Week Total Return %	42.3
YTD Total Return %	11.5
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.1
Price/Fair Value	1.19

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*21.4*	*19.8*
EV/EBITDA	10.0	10.9	*12.7*	*11.6*
EV/EBIT	27.8	35.0	*24.3*	*21.1*
Free Cash Flow Yield %	-9.3	-8.8	*31.2*	*-2.4*
Dividend Yield %	5.1	3.7	*2.8*	*3.0*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,414*
Net Income YoY %	0.3	-45.8	*31.1*	*7.9*
Diluted EPS	3.22	1.74	*2.28*	*2.46*
Diluted EPS YoY %	—	-45.9	*31.1*	*7.6*
Free Cash Flow	324	8	*12,819*	*-307*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

DOC's investigation into whether Chinese manufacturers sidestepped tariffs by shipping panels through tariff-free Asian countries. We expect an initial DOC report this fall.

For more on our long-term solar growth outlook for U.S. utilities, see our report, "U.S. Utility-Scale Solar: Top Picks Hiding In Shadows." Our most recent utilities sector report, "Constructive Utility Regulation Critical to Reduce Inflation Risk," addresses key issues that we think will impact our top utilities picks, including NextEra Energy and NiSource.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*7.9*	*12.0*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*7.6*	*11.1*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.2*	*27.2*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*145.7*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.3*	*12.8*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.6*	*14.2*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.1*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.7*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.49*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*21.4*	*19.8*
EV/EBITDA	10.0	10.9	*12.7*	*11.6*
EV/EBIT	27.8	35.0	*24.3*	*21.1*
Free Cash Flow Yield %	-9.3	-8.8	*31.2*	*-2.4*
Dividend Yield %	5.1	3.7	*2.8*	*3.0*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,530	15.6	12.77
Present Value Stage II	13,992	17.4	14.26
Present Value Stage III	54,003	67.1	55.03
Total Firm Value	**80,525**	**100.0**	**82.06**
Cash and Equivalents	1,182	—	1.20
Debt	0	—	-43.23
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**39,350**	**—**	**40.10**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**41.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*342*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***2,980***
Income Tax Expense	774	373	370	*525*	*566*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,414***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.46***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,414*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.46***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,303*	*1,224*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,496***	***10,833***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,192***	***115,332***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,714*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,798***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*60*	*410*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,623*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,186***	***36,534***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,186***	***36,534***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,414*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*220*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,934***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*60*	*350*
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-11,157***	***62***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,121***	***-1,079***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

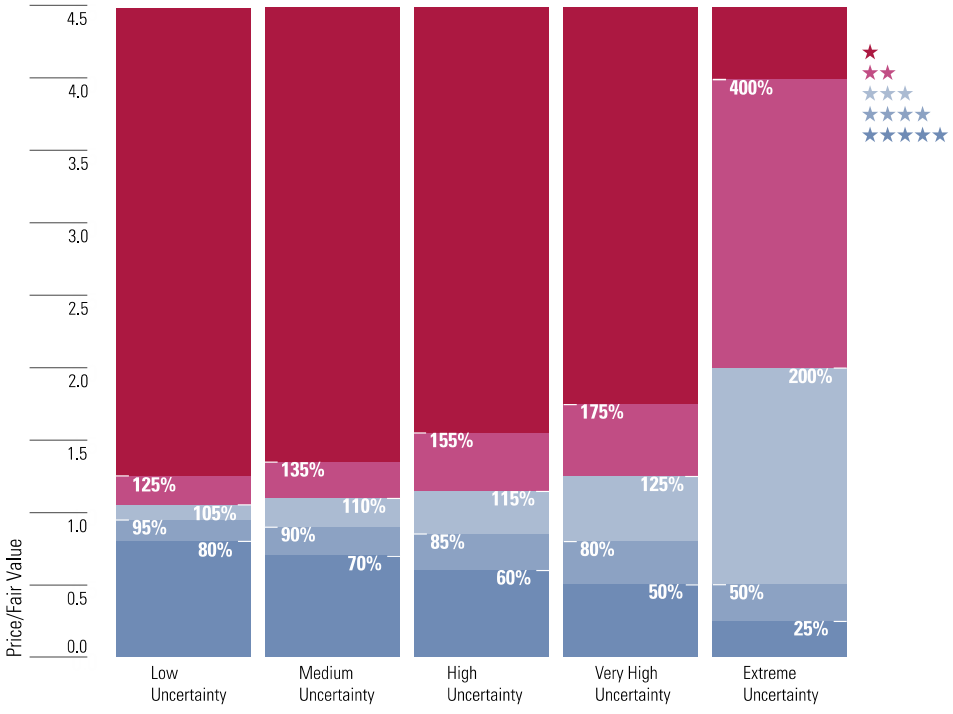

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

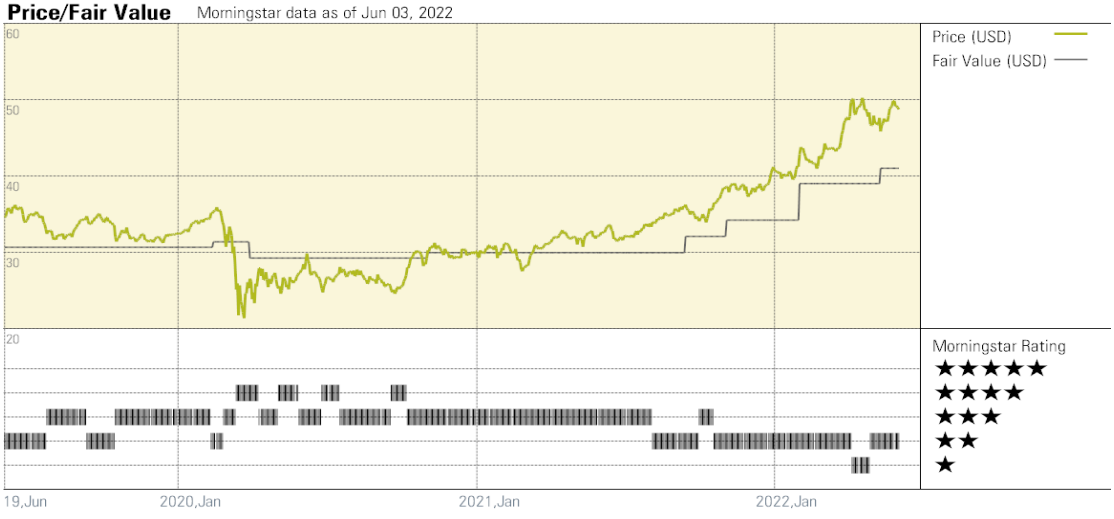

General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	1.19	47.77 USD Bil	Narrow	Stable	Low	Standard	
3 Jun 2022	11 May 2022 20:37, UTC		3 Jun 2022					1 Jun 2022 05:00, UTC

Price vs. Fair Value

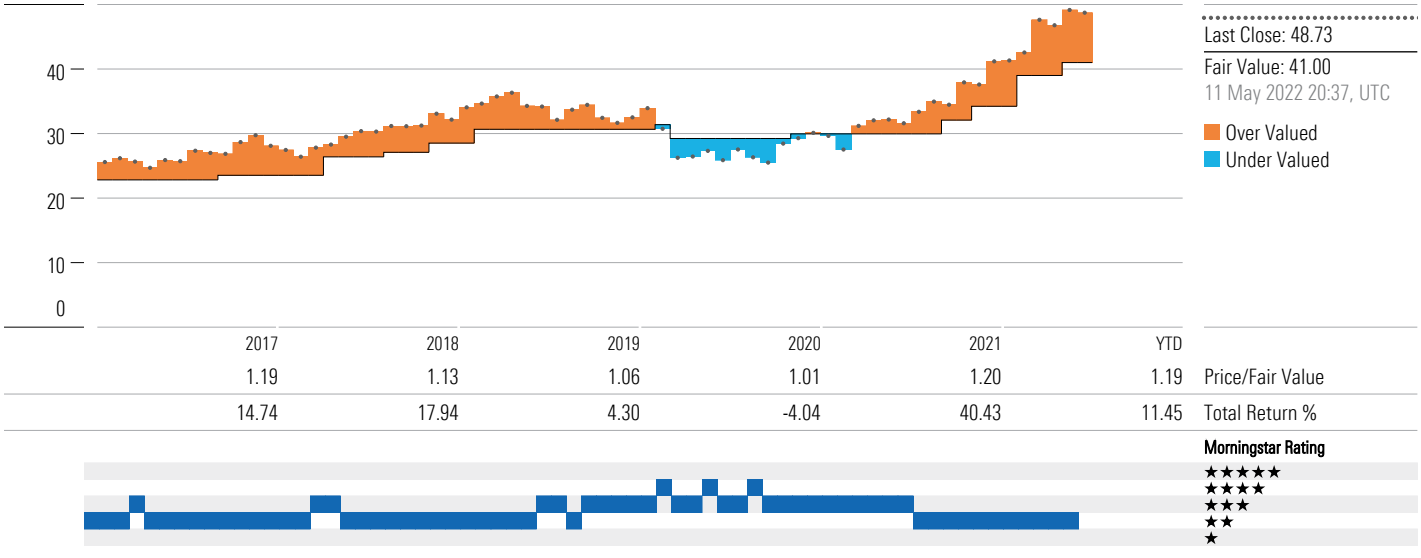

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	1.19
Total Return %	14.74	17.94	4.30	-4.04	40.43	11.45

Total Return % as of 3 Jun 2022. Last Close as of 3 Jun 2022. Fair Value as of 11 May 2022 20:37, UTC.

Contents

Analyst Note (6 Jun 2022)
Business Description
Business Strategy & Outlook (11 May 2022)
Bulls Say / Bears Say (11 May 2022)
Economic Moat (11 May 2022)
Fair Value and Profit Drivers (11 May 2022)
Risk and Uncertainty (11 May 2022)
Capital Allocation (11 May 2022)
Analyst Notes Archive
Financials
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 6 Jun 2022

We are reaffirming our fair value estimates, moat ratings, and moat trend ratings for all utilities after the Biden administration announced it would not apply solar panel tariffs on East Asian countries for at least the next two years. Some utilities' management teams had suggested that potential tariffs resulting from a U.S. Department of Commerce anticircumvention investigation would slow their growth plans. We never thought the investigation would have a material impact on our long-term outlooks given the Biden administration's and most states' support for renewable energy. The Biden administration also announced plans to boost U.S. solar panel manufacturing, which will support solar growth.

Two of our top utilities picks, NextEra Energy and NiSource, were among those utilities whose stocks took the hardest hit because of the solar tariff fears. The management team of each firm said it was postponing a portion of its large solar growth plans because of tariff-related supply concerns. AES and Alliant Energy are among many other utilities that have made solar key parts of their growth plans.

NextEra's stock fell as much as 16% in the three weeks after management said that it might delay up to 2.8 gigawatts of a possible 15 GW solar project pipeline. The stock has since rebounded to near our $78 fair value estimate. We are reaffirming our 8% annual earnings growth outlook. NiSource's stock fell 11% in late April before management said $500 million of its planned solar investments could be

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD 3 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.19	47.77 USD Bil 3 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Sector Utilities

Industry Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

delayed. The stock has since rebounded to near our $31 per share fair value estimate. We continue to assume NiSource invests $8 billion in 2022-24, including $2 billion on renewable energy, supporting our 7% annual earnings growth outlook.

Solar panel tariffs remain a risk pending the outcome of the DOC's investigation into whether Chinese manufacturers sidestepped tariffs by shipping panels through tariff-free Asian countries. We expect an initial DOC report this fall.

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should graudally increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD 3 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.19	47.77 USD Bil 3 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Competitors

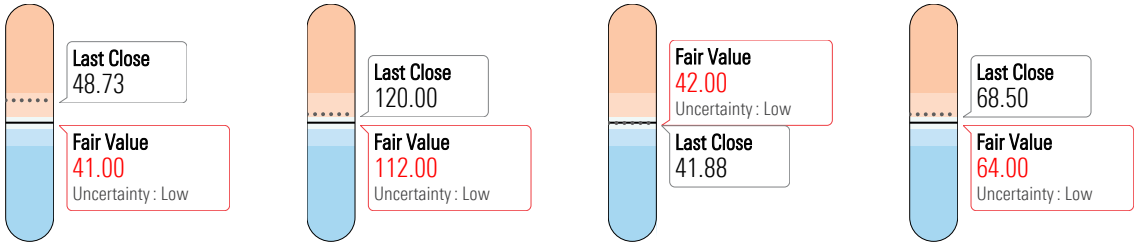

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	112.00 6 Dec 2021 17:08, UTC	42.00 22 Feb 2021 20:37, UTC	64.00 18 Feb 2022 23:32, UTC
1-Star Price	51.25	140.00	52.50	80.00
5-Star Price	32.80	89.60	33.60	51.20
Assessment	Over Valued 5 Jun 2022	Over Valued 5 Jun 2022	Fairly Valued 5 Jun 2022	Over Valued 5 Jun 2022
Morningstar Rating	★★3 Jun 2022 21:33, UTC	★★3 Jun 2022 21:33, UTC	★★★3 Jun 2022 21:33, UTC	★★3 Jun 2022 21:33, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.19	1.07	1.00	1.07
Price/Sales	1.29	2.06	2.03	3.77
Price/Book	2.03	2.07	2.73	2.52
Price/Earning	28.66	22.90	19.48	—
Dividend Yield	3.03%	3.36%	3.65%	3.02%
Market Cap	47.77 Bil	24.40 Bil	23.91 Bil	34.20 Bil
52-Week Range	31.25—50.71	98.50—126.82	35.42—48.85	58.96—75.61
Investment Style	Large Value	Mid Value	Mid Value	Mid Value

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD 3 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.19	47.77 USD Bil 3 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Our fair value estimate is $41.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD 3 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.19	47.77 USD Bil 3 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think Exelon's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results

Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 May 2022

We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD 3 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.19	47.77 USD Bil 3 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD 3 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.19	47.77 USD Bil 3 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate Andrew Bischof, CFA, CPA, Senior Equity Analyst, 2 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD 3 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.19	47.77 USD Bil 3 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

Exelon Edging Closer to Spinning Off Merchant Unit; Reports Q3 Earnings Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Nov 2021

We are increasing our fair value estimate to $48 per share from $45 after Exelon announced third-quarter adjusted earnings per share of $1.09 compared with $1.04 in the same year-ago period. Management narrowed their full-year EPS guidance to $2.70-$2.90 from their previous $2.60-$3.00 range. Our fair value estimate increase is due to an increase in Morningstar's midcycle natural gas price to $3.30 per thousand cubic feet from $2.80, which boosted the nuclear fleet's midcycle margins. Our narrow moat and stable moat trend ratings are unchanged.

Recently management secured $700 million in subsidies from Illinois legislation that will keep the company's Dresden and Byron nuclear plants operating. We assume that subsidies for the plants will continue beyond 2025 given the role nuclear must play as Illinois pursues its aggressive clean energy goal. Management has successfully lobbied for subsidies across its merchant nuclear fleet. Policymakers view of nuclear generation is beginning to align with our view that nuclear' s clean energy

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD 3 Jun 2022	41.00 USD 11 May 2022 20:37, UTC	1.19	47.77 USD Bil 3 Jun 2022	Narrow	Stable	Low	Standard	1 Jun 2022 05:00, UTC

attributes and reliable generation will be instrumental in meeting aggressive emission reduction goals.

Exelon continues to progress on the spin-off of its competitive merchant unit. The company has received FERC approval, and continues progress toward receiving approvals from New York regulators and the Nuclear Regulatory Commission. Exelon has named a management team for the new unit, to be named Constellation, which we view is a sign management is confident they can complete the spin-off. Management expects to complete the transaction in the first quarter of 2022.

In the quarter, rate increases and ongoing utility investments supported earnings. Lower capacity revenue, increased nuclear outage days, and unrealized and realized gains on equity investments had a negative impact on generation segment earnings. Trailing 12-month returns were 9.3%, down from 9.4% last quarter.

Exelon Secures Another Legislative Win; Byron and Dresden to Remain Open Andrew Bischof, CFA, CPA, Senior Equity Analyst, 14 Sep 2021

We are increasing our Exelon fair value estimate to $45 per share from $42 after Illinois lawmakers passed energy legislation that would provide subsidies to Exelon's Dresden and Byron nuclear plants. Gov. J.B. Pritzker has indicated he plans to sign the legislation, and Exelon has said it is in the process of refueling both plants. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon has taken a hard line with Illinois policymakers on the future of its unregulated nuclear facilities in the state. Last year, Exelon announced plans to close the two nuclear generating stations. After filing Post Shutdown Decommissioning Activity Reports with the Nuclear Regulatory Commission in July, Exelon is now preparing to refuel both Byron and Dresden nuclear facilities. We had previously estimated the plants were running at break-even, resulting in no change to our fair value estimate.

The $700 million in subsidies Exelon will receive from the legislation was the primary source of our fair value estimate increase. We assume that the subsidies will continue beyond our five-year forecast, in part to help the state meet the legislation's 100% clean energy target by 2050. The legislation also sets targets for Illinois that include zero carbon emissions by the end of 2045 and 50% renewable energy by 2040. Dresden's operating license expires later this decade and Byron's operating license expires for both of its units by 2046. Time-value appreciation since our last update increased our fair value estimate $1 per share.

We previously thought Exelon faced an uphill battle to secure additional subsidies for its nuclear fleet in the state, in large part due to the deferred prosecution agreement Exelon entered into last year related to the company's lobbying practices in the state. However, the state's clean energy goals, and the contribution of Exelon's nuclear fleet to those goals, ultimately led to successful lobbying efforts.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

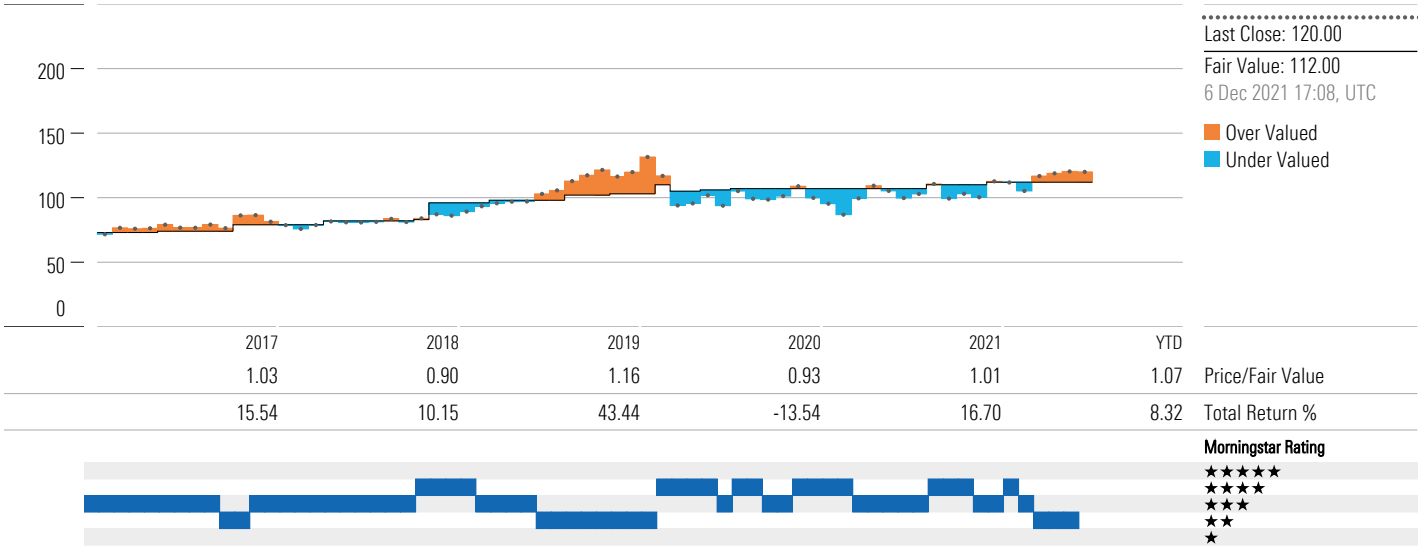

	2017	2018	2019	2020	2021	YTD	
	1.03	0.90	1.16	0.93	1.01	1.07	Price/Fair Value
	15.54	10.15	43.44	-13.54	16.70	8.32	Total Return %

Total Return % as of 3 Jun 2022. Last Close as of 3 Jun 2022. Fair Value as of 6 Dec 2021 17:08, UTC.

FirstEnergy Corp FE

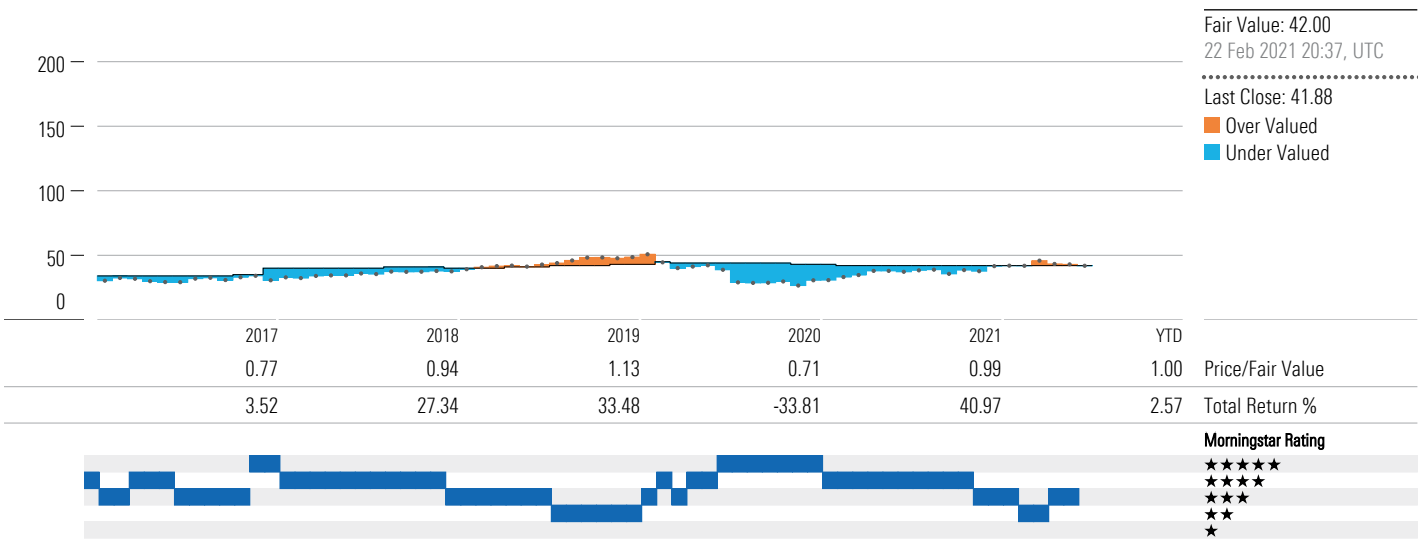

	2017	2018	2019	2020	2021	YTD	
	0.77	0.94	1.13	0.71	0.99	1.00	Price/Fair Value
	3.52	27.34	33.48	-33.81	40.97	2.57	Total Return %

Total Return % as of 3 Jun 2022. Last Close as of 3 Jun 2022. Fair Value as of 22 Feb 2021 20:37, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Public Service Enterprise Group Inc PEG

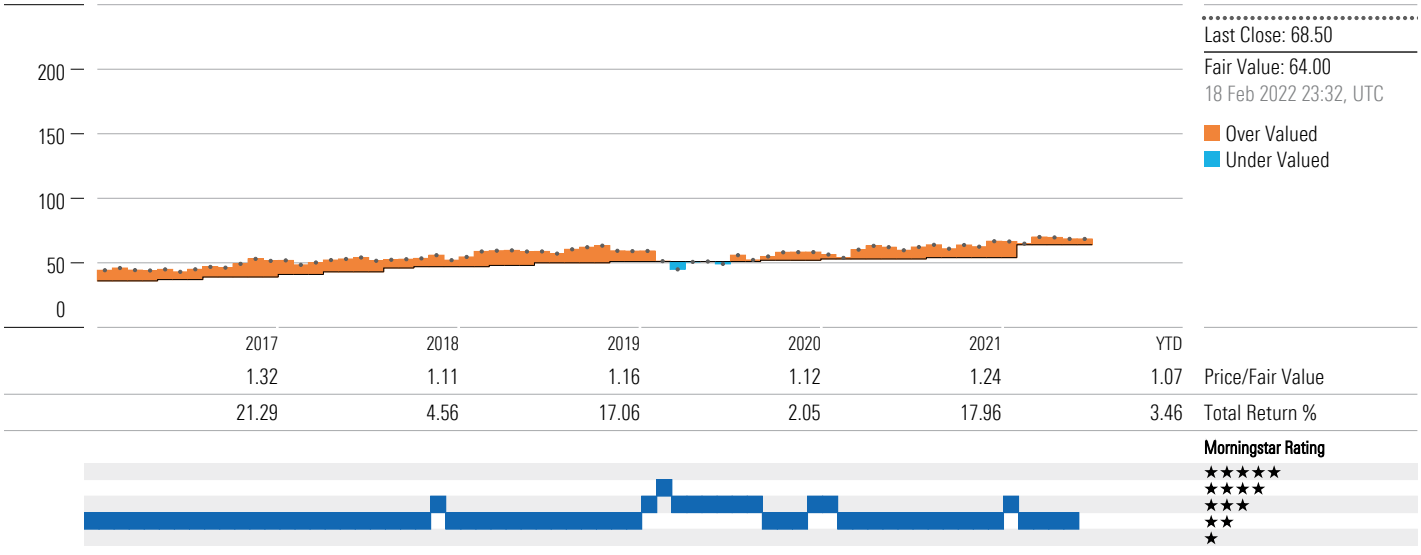

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	1.07	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	3.46	Total Return %

Total Return % as of 3 Jun 2022. Last Close as of 3 Jun 2022. Fair Value as of 18 Feb 2022 23:32, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★ 3 Jun 2022 21:33, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
48.73 USD	41.00 USD	1.19	47.77 USD Bil	Narrow	Stable	Low	Standard	
3 Jun 2022	11 May 2022 20:37, UTC		3 Jun 2022					1 Jun 2022 05:00, UTC

Morningstar Historical Summary

Financials as of 31 Mar 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
Revenue (USD Bil)	23	25	27	29	31	34	36	34	33	36	5	37
Revenue Growth %	23.2	6.0	10.2	7.4	6.5	7.0	7.2	-4.3	-4.1	10.0	15.0	8.4
EBITDA (USD Bil)	6.81	7.91	7.42	8.35	9.09	10.76	9.75	11.38	10.50	11.35	2.06	10.43
EBITDA Margin %	29.0	31.8	27.1	28.4	29.0	32.1	27.1	33.1	31.8	31.2	38.7	28.2
Operating Income (USD Mil)	2,471	3,646	2,390	4,391	3,260	3,939	3,835	4,342	2,799	2,522	900	2,598
Operating Margin %	10.5	14.6	8.7	14.9	10.4	11.7	10.7	12.6	8.5	6.9	16.9	7.0
Net Income (USD Mil)	1,160	1,719	1,623	2,269	1,121	3,779	2,005	2,936	1,963	1,706	597	2,592
Net Margin %	4.9	6.9	5.9	7.7	3.6	11.3	5.6	8.5	5.9	4.7	11.2	7.0
Diluted Shares Outstanding (Mil)	819	860	864	893	927	949	969	974	977	980	981	981
Diluted Earnings Per Share (USD)	1.42	2.00	1.88	2.54	1.21	3.98	2.07	3.01	2.01	1.74	0.61	2.65
Dividends Per Share (USD)	2.10	1.46	1.24	1.24	1.26	1.31	1.38	1.45	1.53	1.53	0.34	1.49

Valuation as of 31 May 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Price/Sales	1.0	0.9	1.2	0.8	1.1	1.1	1.2	1.3	1.2	1.6	1.3	1.3
Price/Earnings	21.0	14.6	15.2	12.4	26.9	17.7	11.7	19.2	17.4	33.8	27.4	28.9
Price/Cash Flow	4.0	4.0	5.7	3.8	3.5	5.5	5.1	6.0	7.5	13.6	15.5	8.0
Dividend Yield %	5.3	5.31	3.34	4.47	3.56	3.32	3.06	3.18	3.62	2.65	3.12	2.93
Price/Book	1.2	1.1	1.4	1.0	1.3	1.4	1.4	1.4	1.3	1.7	1.4	2.1
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating Performance / Profitability as of 31 Mar 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
ROA %	1.7	2.2	2.0	2.5	1.1	3.3	1.7	2.4	1.5	1.3	0.5	2.3
ROE %	6.5	7.8	7.2	9.4	4.3	13.6	6.6	9.3	6.1	5.1	2.1	9.3
ROIC %	5.1	6.1	5.5	6.1	3.6	7.4	5.2	6.2	4.7	4.4	1.2	5.6
Asset Turnover	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3

Financial Leverage

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Debt/Capital %	46.1	44.6	46.8	48.5	55.5	52.1	52.9	49.6	52.1	50.9	60.1	—
Equity/Assets %	27.3	28.4	26.2	27.0	22.5	25.6	25.7	25.8	25.2	25.9	25.3	—
Total Debt/EBITDA	2.9	2.5	3.0	3.2	4.0	3.3	3.7	3.3	3.7	3.7	19.1	—
EBITDA/Interest Expense	7.3	5.8	7.0	8.1	5.9	6.9	6.3	7.0	6.4	7.2	6.1	6.6

Morningstar Analyst Historical/Forecast Summary as of 11 May 2022

Financials

Fiscal Year, ends 31 Dec	2020	2021	Estimates 2022	2023	2024
Revenue (USD Bil)	33	36	19	20	20
Revenue Growth %	-3.8	10.0	-48.4	4.6	3.9
EBITDA (USD Mil)	7,837	8,759	6,661	7,281	7,802
EBITDA Margin %	23.7	24.1	35.5	37.1	38.3
Operating Income (USD Mil)	2,823	2,723	3,493	4,009	4,327
Operating Margin %	8.5	7.5	18.6	20.4	21.2
Net Income (USD Mil)	3,146	1,706	2,237	2,414	2,601
Net Margin %	9.5	4.7	11.9	12.3	12.8
Diluted Shares Outstanding (Mil)	977	980	980	983	992
Diluted Earnings Per Share(USD)	3.22	1.74	2.28	2.46	2.62
Dividends Per Share(USD)	1.53	1.53	1.35	1.44	1.54

Forward Valuation

	2020	2021	Estimates 2022	2023	2024
Price/Sales	1.2	1.6	2.5	2.4	2.3
Price/Earnings	9.4	23.7	21.4	19.8	18.6
Price/Cash Flow	-10.8	-11.4	3.2	-41.9	-47.2
Dividend Yield %	5.08	3.71	2.77	2.96	3.16
Price/Book	—	—	—	—	—
EV/EBITDA	10.0	10.9	12.7	11.6	10.9

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to

Morningstar Equity Research Star Rating Methodology

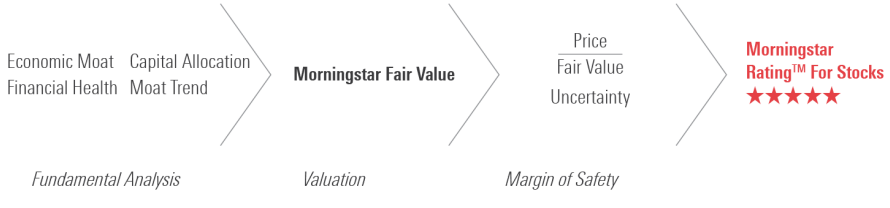

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close

Morningstar Equity Research Star Rating Methodology

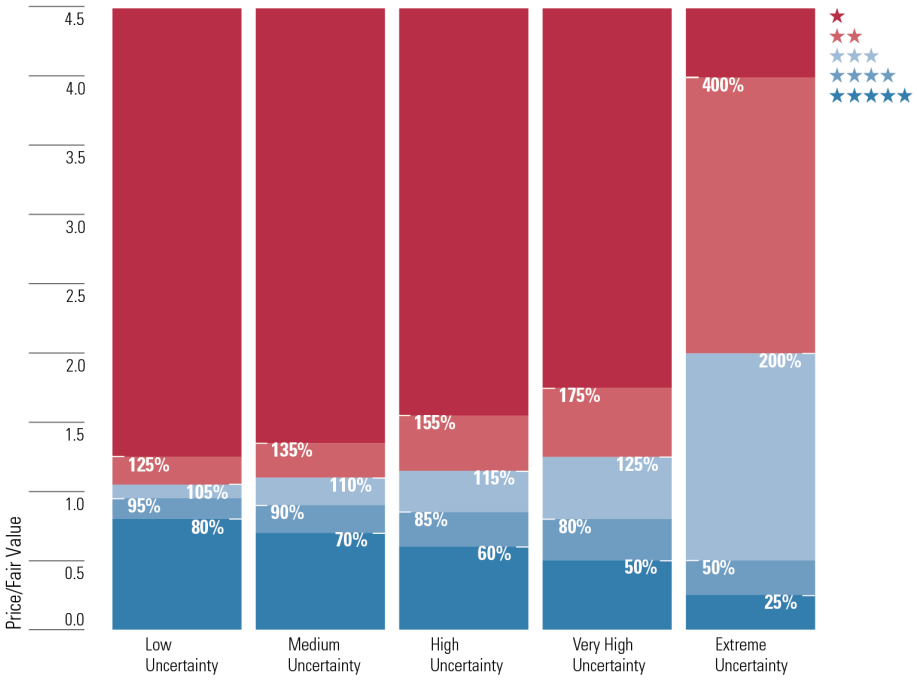

tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exem-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

plary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	93.31	Buy
AEP	101.95	Buy
D	82.71	Buy
ES	92.30	Neutral
EXC	48.73	Neutral
PPL	29.83	Buy

Power & Utilities June 6, 2022

The Guggenheim Daily Transmission: AEE/ATC/ MISO, Policy, PPL, FERC/NYISO, ERCOT, AEP, EXC/IL, D, ES, SMRs

For details on our Guggenheim-hosted client Utility events including: our LNT NDR; ES NDR; SO NDR; PPL NDR; CMS NDR; DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; NEE NDR; OGS NDR; and other events, scroll down…

Forward Power Curves, Genco MtM, and Weekly Commentary (note HERE)

AEE/ATC/MISO – Additional Tranche 1 project details posted by MISO

Policy – GOP unveils energy plan

PPL – RI lawmakers nix incentive adder from offshore wind legislation

FERC/NYISO – Danly dissents in BSM compliance filing approval

ERCOT – June GIS report released

AEP – Staff files 44.54% common equity in permanent capital structure in AR SWEPCO rate case

EXC/IL – Rebuttal testimony filed in performance docket

D – SCC posts order on post-hearing filings

ES – ES files initial brief in GMP track 2 process

NYISO – NYSERDA awards 2.4GW in contracts to solar and storage projects

AEP – AEP & Liberty Utilities file joint response to AG/KIUC's petition for rehearing

ERCOT – ERCOT demand could hit record this week

SMRs – Philippines reportedly considering SMRs

AEE/ATC/MISO – Additional Tranche 1 project details posted by MISO

- MISO has posted a 3rd draft of the MTEP Addendum Appendix A, detailing ~150 projects that are under consideration for approval by the MISO Board in July as a part of the ~ $10bn Tranche 1 process
- The details include individual projects and the location by TO system, with several newbuild projects labeled as TBD
- Full file HERE, MTEP landing HERE

Guggenheim takeaway: *Heads up on last week's posting, which has some important, yet expected, readthrough to incremental opportunities for AEE and other regional TOs in northern MISO. As a reminder the formal approval of the projects in Tranche 1 is not expected by stakeholders until late July (7/25), and this is still a draft document. Still, AEE is tagged to roughly $2bn of opportunities, with the potential for more depending on how the newbuild 345kv lines and other less straightforward projects (potentially competitively bid) are allocated. We fully expect AEE to participate in any competitive processes. In terms of timing, the brownfield projects that are awarded could begin to flow into the 2025-2026 capex plans based on our recent AGA conversations (HERE), with the bulk of the opportunities generally weighted towards the '27/'28. Newbuilds appear to be weighted towards 2030.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Policy – GOP unveils energy plan

- House Minority Leader Kevin McCarthy is leading a proposal from the House GOP that would focus on permitting, fossil fuel product, LNG exports, and increasing domestic sources of energy such as renewables
- More HERE, HERE

Guggenheim takeaway: *The mosaic of the various strategies and tasks forces is light on details but highly focused on natural gas and immediate supply concerns. None of the talking appear to be hostile to renewables or nuclear, with specific support for hydropower.*

PPL – RI lawmakers nix incentive adder from offshore wind legislation

- The prior owners of NECO had been pushing for a 2% fee on the state's next 600MW wind procurement, which was subsequently amended out of proposed legislation
- More HERE

Guggenheim takeaway: *Minor FYI – the incentive was not taken up and included in the prior Revolution project procurement either.*

FERC/NYISO – Commissioner Danly dissents in BSM compliance filing approval

- "I dissent from today's order because it approves a compliance filing submitted by the New York Independent System Operator, Inc. (NYISO) regarding prior approved unduly discriminatory tariff revisions to Part A of the mitigation test for its buyer-side market power mitigation rules. I have previously explained how the Commission exceeded its authority in approving tariff revisions prohibited by section 205(b) of the Federal Power Act. I will not repeat that discussion here except to say that there is no material, legitimate basis to justify NYISO's discriminatory treatment prioritizing the evaluation of Public Policy Resources before non-Public Policy Resources, independent of any other consideration, including cost." - Commissioner Danly
- More HERE

Guggenheim takeaway: *Flagged for your awareness. As a reminder, Commissioner Danly's current term runs through 6/2023.*

ERCOT – June GIS report released

- The latest GIS report indicated that 1.4GW of capacity was nearing commercial operations in May, alongside almost 1GW that was approved – most of it wind, solar, and storage
- More HERE

Guggenheim takeaway: *Minor heads up – this is a monthly tracking document and most of the projects are already familiar from places like the CDR.*

AEP – Staff files 44.54% common equity in permanent capital structure in AR SWEPCO rate case

- Reminder of the upcoming remaining filings dates below.
- June 10th: SWEPCO's compliance filing due
- June 17th: any testimony responsive to SWEPCO's filing due
- Docket HERE

Guggenheim takeaway:*FYI, and for your calendar.*

EXC/IL – Rebuttal testimony filed in performance docket

- Multiple parties have field rebuttal testimony responding to ComEd's prior filings in the PBR docket, with responses specifically focused on the minutia of the proposed performance inventive mechanism ("PIM")
- More HERE

Guggenheim takeaway: *Part of the process – flagged for your awareness.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

D – SCC posts order on post-hearing filings

- "NOW THE COMMISSION is of the opinion and finds that it should modify its instructions for the Post-hearing Filings concerning the interplay of particular statutes of the Code of Virginia to include Code § 56-585.5 and should request additional briefing on project costs. For clarity, we will also repeat the instructions provided at the end of the hearing on May 19, 2022." - SCC
- More HERE

Guggenheim takeaway: *Very minor FYI on the follow up.*

ES – ES files initial brief in GMP track 2 process

- "As detailed below, this brief is submitted as part of the proceeding's "Track Two" which is focused on "new" investments, including new grid-facing investments under the GMP and investments contained in the AMI Implementation Plan. As discussed in detail below, the Company is seeking, consistent with the provisions of D.P.U. 15-122 and D.P.U. 20-69-A, pre- authorization to proceed with the investments. D.P.U. 15-122, at 110; D.P.U. 20-69-A at 30. The Company is not seeking preapproval of costs associated with the GMP investments or the AMI Implementation Plan (Tr. 4, at 657-658; Exh. DPU 2 -7). Instead, the Company is seeking a determination that these proposed Track Two investments are appropriate to move forward with and thus the decision to implement these Track Two investments will not be subject to any subsequent review as to whether the Company should have moved forward with the investments (id.). Cost recovery will occur in a future proceeding, subject to a full prudence review" - ES
- More HERE

Guggenheim takeaway: *Minor FYI.*

NYISO – NYSERDA awards 2.4GW in contracts to solar and storage projects

- "Governor Kathy Hochul today announced awards for 22 large-scale solar and energy storage projects that will deliver enough clean, affordable energy to power over 620,000 New York homes for at least 20 years. As the state's largest land-based renewable energy procurement to date, these projects will spur over $2.7 billion in private investment and create over 3,000 short- and long-term jobs across the state. Today's awards accelerate progress to exceed New York's goal to obtain 70 percent of the state's electricity from renewable sources by 2030 on the path to a zero-emission grid by 2040 as required by Climate Leadership and Community Protection Act. These awards will strengthen the state's current pipeline of renewables to power over 66 percent of New York's electricity from renewable sources." - NYSERDA
- More HERE

Guggenheim takeaway: *Heads up and not a surprise given NYSERDA's stated targets.*

AEP – AEP & Liberty Utilities file joint response to AG/KIUC's petition for rehearing

- "The Commission should deny the AG/KIUC's Petition for Rehearing of the Commission's May 4, 2022 Order in this docket (the "Order"). The AG/KIUC seek to relitigate issues they already addressed or could have addressed in previously filed briefing, which does not meet the legal standard for rehearing." – filing in docket
- Docket HERE

Guggenheim takeaway:*FYI and expected position of the companies.*

ERCOT – ERCOT demand could hit record this week

- Demand in the Texas ISO could surpass prior records, as heat and ongoing growth drives strong power demand
- More HERE

Guggenheim takeaway: *Heads up as the peak season gets underway.*

SMRs – Philippines reportedly considering SMRs

- More HERE

Guggenheim takeaway: *Interesting data point for potential US export markets.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	241	66.57%	61	25.31%
NEUTRAL	118	32.60%	14	11.86%
SELL	3	0.83%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: ETR LA Updates, AEE IL Rate Increase, EXC PA Gas
- **Publication Date/Time** : Thursday, June 02, 2022 02:08:28 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=qJ9duCgjguBQnlD!Aza2aA__&reid=AA78E7280CF911EDB23A996E3B068BF1

KeyBanc Capital Markets

Alert

May 25, 2022

Energy: Electric Utilities

Midweek Thoughts — AY, NEP, XEL, CNP, EXC, DUK, SRE, ED, AGR, NOAA

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Total agrees to acquire a 50% stake in CWEN's sponsor, which has a positive read for AY and NEP; XEL and EPA settle on coal-ash related fine in CO; MN ALJ issues a recommendation for full recovery of gas costs associated with Winter Storm Uri for XEL and CNP; EXC's Delmarva files a multi-year rate plan in MD; DUK enters a settlement with solar installers for NEM reform; NOAA forecasts an above-average hurricane season; SRE signs a participation agreement for carbon sequestration project; TX ALJ issues PD recommending stricter emission controls for the proposed Port Arthur LNG facility; SRE signs an HOA for 2.25 MTPA for the proposed Port Arthur LNG facility, and NY utilities file comments seeking clarity on proposed reimbursements for power outages.

Industry News and News from Companies in Our Coverage

AY, NEP — Total's agreement to acquire an interest in CWEN's sponsor is a positive read for AY and NEP: Total announced that it has entered an agreement with Global Infrastructure Partners to acquire a 50% interest in Clearway Energy Group (CWEN's sponsor). Specifically, Total will pay $1.6B in cash and offer a ~50% ownership in a Total subsidiary that also owns a 50.6% interest in SPWR to GIP. The transaction takes into account a $35.10 price for CWEN or a 7% premium to yesterday's close. Clearway Energy Group owns a 42% economic interest in CWEN. We believe that the transaction highlights the importance and value of renewable development portfolios and has a positive read-through for companies including AY, and NEP as well as sponsors NEE, and BEP among others that have significant renewable portfolios under development.

XEL — XEL's CO sub enters a settlement with EPA on a coal ash-related fine: EPA entered a settlement with PSCo that will result in a $925K fine and require PSCo to step up monitoring at the Comanche power plant. XEL will also commit to a groundwater monitoring system that meets EPA guidelines as specified in the EPA's rules. EPA charged XEL with violating CCR rules including monitoring and analyzing groundwater, closing a storage pond, and making relevant documents public. Comanche Units 1 and 2 are expected to retire in Dec. 2022 and Dec. 2025, respectively, and XEL has proposed a 2031 retirement for Comanche 3 in a recent IRP settlement.

XEL, CNP — MN ALJ recommends full recovery of Uri-related costs:

- **XEL —** ALJ concluded that XEL acted prudently in connection with the February 2021 storm and that the extraordinary gas costs of ~$179M that XEL incurred are recoverable from ratepayers, with no disallowance recommended. XEL has previously received a constructive decision on Uri-related gas costs in CO. The MN ALJ ruling is a positive step toward resolving Uri-related dockets since the cost recovery issue in MN was complicated by a debate around the availability of LNG storage facilities when prices spiked. XEL's LNG facilities were down for maintenance when the storm hit, which some parties pointed to as a reason for a potential disallowance. XEL pushed back on this reasoning as the facilities in question were never meant for physical hedging, but rather for emergency supply management. The MN DoC, an intervenor recommended a $120M disallowance, in line with some other intervenors.
- **CNP —** In a similar ruling, the ALJ recommended full recovery of February storm costs for CNP. The ALJ believes that the extraordinary gas costs of ~$409M incurred by CNP were prudent and that CNP should be allowed to recover all costs incurred, without recommending any disallowance as in the case of XEL, the proceeding was complicated by the debate around planning and use of LNG peak shaving facilities. The MN DoC, which intervened in the docket, recommended a $45M disallowance, other interveners recommended disallowance as well. The OAG posited that CNP and the other utilities could have avoided all extraordinary costs during the event by using financial hedges. A final MN PUC ruling is expected this summer.

EXC — Delmarva files a multi-year electric rate case in MD: EXC's MD sub is requesting a cumulative rate increase of $37.5M for the three years 2023-2025, based on a 10.25% ROE and 50.5% equity layer. DP&L is requesting (Docket No. 9681) a $22.7M increase in 2023, followed by further increases of $7.9M and $6.8M in 2024 and 2025, respectively. The net increase in rates after accelerating the refund of certain regulatory liabilities will be $11.4M in 2023, $11.6M in 2024, and $14.5M in 2025. This will be Delmarva's first multi-year plan filing in MD after the PSC adopted rules in 2020 allowing multi-year rate plans. In Delmarva's recent rate filing, the Commission ordered a $12.5M rate increase that went into effect in April. The settlement was silent on ROE and the equity layer, but

Delmarva received approval for a 9.6% ROE for certain regulatory purposes. EXC had requested 10.1% ROE in that case. A PSC decision is expected before the end of the year with new rates effective Jan 1, 2023.

DUK — DUK enters a settlement with solar installers on NEM reforms: DEC and DEP reached a settlement to make changes to the NEM policies including a delay in implementing TOU rates to at least 2026, extending the grandfathering period to 15 years (vs. the prior plan for 10 years) and implementing a bridge rate to allow rooftop solar customers to continue with NEM through 2026. The proposed bridge rate includes monthly netting at the avoided cost rate, non-bypassable charges, and a monthly minimum bill as originally proposed by DUK in its NEM proposal. The bridge rate does not however include a grid access fee or mandatory TOU rates as proposed earlier by the Company. The goal of the settlement is to provide a longer glide path from the existing mechanism to TOU rates and allow time for the parties to negotiate other incentives for rooftop solar installations. Current NEM customers can remain on their current rate plan until the end of 2026, at which point they would transition to the bridge rate or to a NEM-TOU rate in effect at the time. Effectively customers can remain on a bridge rate for 15 years less the number of years they were on the NEM rate plan prior to 2027. The settlement agreement needs Commission approval. Note that this settlement comes after solar rooftop installers appealed to the Governor spelling out objections to the settlement that DUK has filed with the NCUC regarding net metering reforms, which would have taken effect in 2023. NEM reforms stem from provisions in the NC clean energy bill HB 951 and an earlier bill HB 589 that asked for revisions in net metering rates and avoiding cross-subsidization.

ED, AGR — NY utilities seek clarity on outage-related reimbursement docket: NY's utilities filed comments on PSC staff's proposals for how to define power outages that warrant customer refunds and the procedures to implement them. The proceedings in the docket follow the Senate Bill NY SB 4824, which was signed into law by Governor Hochul. Based on this law, utilities would have to compensate customers that have been affected by widespread prolonged outages. The Commission is attempting to define the terms widespread prolonged outage and proof of loss among others to establish standards and methods needed to implement the law. Among issues raised by the utilities is the potential for unlimited financial obligations on utilities without the recourse for cost recovery. Under the staff's proposal, this would be true regardless of whether the utility is at fault for the outage or not. Other items that the utilities are seeking clarity on are how a utility can seek a waiver to allow for cost recovery and how to qualify for a widespread outage (staff recommends a 20K customer threshold while the utilities propose that it be 10% or more customers in the utility's service territory). Reply comments are due on June 13.

NOAA forecasts above average Atlantic hurricane season: NOAA is forecasting an above average hurricane season in 2022, making it the seventh consecutive above average hurricane year. NOAA is forecasting a 14 to 21 named storms (winds of 39 mph or higher), of which 6 to 10 could become hurricanes (winds of 74 mph or higher), including 3 to 6 major hurricanes (category 3, 4, or 5; with winds of 111 mph or higher). See our weekly here where we discuss summer forecasts in detail. Also, see our climate report here, where we provide a breakdown of the climate risks that each of the utilities in our coverage are exposed to. ETR would be the utility in our coverage most exposed to hurricane activity.

SRE — SRE signs participation agreement for carbon sequestration project: SRE signed a Participation Agreement with Mitsubishi, Mitsui, and Total (also partners in Cameron Phase 1) for the development of the Hackberry Carbon Sequestration project in LA. The agreement contemplates that Cameron Phase 1 and the planned Phase 2 LNG projects will serve as anchor sources for CCS. The project is expected to be the first North American carbon-capture facility designed to receive and store CO_2. The Company is seeking approval for an EPA permit to store up to 2 MTPA of CO_2.

SRE — TX Commission on Environmental Quality ALJ recommends stricter emissions controls for the proposed Port Arthur LNG project: An ALJ recommended conditional approval of the Draft Permit in a PD. The ALJ recommends that a Draft Permit be issued after revisions are made to include stricter pollution controls and lower pollution limits for certain refrigeration compression turbines. Specifically, the ALJ proposes an amendment requiring the refrigeration compression turbines to achieve NOx controls of 5 ppmvd at 15% O_2, CO controls of 15 ppmvd at 15% O_2, and the thermal oxidizers to achieve NO_x controls of 0.053 lb/MMBtu. The controls could potentially reduce pollution from the refrigeration turbines by 45% and the entire plant by 25%. When developed, Port Arthur will be a 13.5 MTPA LNG export facility.

SRE — SIP signs another HOA for Port Arthur: SIP and the RWE Supply & Trading entered into an HOA for ~2.25 MTPA LNG from SIP's Port Arthur Phase 1. The HOA aims to negotiate and finalize a 15-year LNG sale-and-purchase agreement. This announcement follows a recent announcement of an HOA between SIP and PGNiG for ~3 MTPA LNG from SIP's projects including Cameron expansion and Port Arthur. The HOA with PGNiG aims to negotiate and finalize a 20-year LNG sale-and-purchase agreement for 2 MTPA from the Cameron LNG Phase 2 project and 1 MTPA from the Port Arthur LNG project with flexibility to reallocate volumes from Cameron to Port Arthur.

Select Recent Research

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA - (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

California Dreamin': EIX, SRE - Notes from Management Meetings

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

HASI: Notes from Meetings with Management

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CMS: Notes from Meetings with Management

NEE: Upgrading to Overweight on Valuation with $87 Price Target

SRE: PT Reached — Downgrading to Sector Weight on Valuation

NWE: MT Coal Mine Ruling Adds Another Wrinkle to Colstrip Story

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

XEL: Meeting Notes and Thesis Review

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

AY: Notes from Management Meetings

Thematic Pieces

Second Act: CPUC Reopens Net Metering Docket

Utilities 1Q22 Earnings Preview: Boring Is Good

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

Movers and Shakers: Utilities Earnings Recap

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	303	52.60	88	29.04
Sector Weight [SW]	261	45.31	60	22.99
Underweight [UW]	12	2.08	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	33	51.56	14	42.42
Sector Weight [SW]	29	45.31	14	48.28
Underweight [UW]	2	3.12	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

May 15, 2022

Company: Exelon Corporation, EXC - Analyst Shelby Tucker, Currency: USD, Price Target: 47.00, Rating: Sector Perform

FY Dec	2021E	2022E	2023E	2024E
EPS, Adj Diluted	2.08	2.26	2.42	2.59
Prev.	2.80			
P/AEPS	22.5x	20.7x	19.3x	18.0x
DPS	1.53	1.35	1.44	1.55
Div Yield	3.3%	2.9%	3.1%	3.3%

EPS, Adj Diluted	Q1	Q2	Q3	Q4
2021	(0.04)A	0.81A	1.09A	0.84A
Prev.				0.96E
2022	0.64A			

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Scotiabank
Global Equity Research

Daily Edge | Pre-market
Friday, May 13, 2022

Analyst Team Link to ScotiaView

Andrew Weisel, CFA | Analyst
Scotia Capital (USA) Inc. | 212-225-5266

Coverage Summary

	Rating	1-Yr. Target	Return
DUK-N	SP	US$110.00	4.7%
EXC-Q	SP	US$46.00	3.3%

1Q22 Earnings Roundup: Week Four

OUR TAKE: Mixed. We provide a recap of this past week's earnings for companies under our coverage. Both **DUK** and **EXC** missed 1Q22 EPS expectations, but each seems confident in the earnings outlook for 2022 and beyond while navigating various degrees of regulatory uncertainty (we see updates from NC and IL as encouraging, but unknowns remain for each). We hope to see you in Miami next week!

In Chronological Order of Reporting:

Duke Energy Corporation (Sector Perform) – Good Progress in NC: Mixed. While we're upbeat about progress made to date and the outlook for decarbonization in NC, and though we credit management for executing well in terms of regulatory developments and cost controls, we see the peer-average valuation as reasonable given the average EPS/DPS growth and uncertainty about how the integrated NC/SC systems will handle the states' mildly divergent clean energy goals. In NC, DUK and key stakeholders continue to make progress toward implementing HB 951, the state's comprehensive clean energy legislation from 2021. Following recent stakeholder meetings on the Carbon Plan, DUK intends to file a proposed a plan that will include a range of options on May 16, targeting a 70% carbon reduction by 2030. Regulators at the NCUC will then have until year-end to determine and approve details including around the pace of transition and how each technology/fuel resource will be utilized; the plan will then be reviewed and potentially updated every two years going forward. Earlier this year, NCUC issued orders related to performance-based ratemaking (in February) and coal plant securitization of half of the remaining carrying value upon early retirement (in April). We see this legislative-driven setup as highly favorable as HB 951 will provide years of visibility into robust levels of capex required to achieve the state's and the company's ESG/decarbonization goals. Management tentatively plans to file NC rate cases for DEP in 4Q22 and for DEC in early 2023 which, among other things, will implement recently approved mechanisms including residential decoupling and multi-year plans, each of which will further improve visibility and reduce regulatory and earnings risks, in our view. That said, we continue to see challenges related to slightly mismatched decarbonization goals and strategies between NC and SC. Still, we recognize that both states are at least directionally aligned, and we agree with management that the states have had longstanding alignment on many issues; SC has also been involved in the NC process to iron out the northern state's decarbonization strategy. In IN, we're impressed with the scale of recent RFPs calling for up to 2.4GW of generation through 2027, split roughly evenly between renewables and dispatchable resources, under the state's IRP process. Recall that the 20-year plan, filed last year, calls for 7,000MW of renewables, 400MW of storage, and 2,360MW of natural gas capacity to replace coal plants, all of which will be retired by 2035. Regarding headwinds, we appreciate DUK tackling both solar challenges and inflationary pressures head-on. On solar, we agree with the company's strategy to prioritize regulated capacity additions over merchant/contracted ones given the limited availability of panels and other key pieces of equipment. Management sees no challenges to 2022 projects, and as of now, expects no delays for regulated projects in 2023. For Commercial Renewables, however, management points to a lower level of net income in 2022 given these supply chain challenges: $150m vs. the original run-rate range of $200m-$250m. In 2023, management has "line of sight" on roughly half of the planned 800MW of capacity additions for Commercial Renewables (panels are secured and PPAs are underway). Should the remaining ~400MW be delayed into 2024, that segment's income in 2023 will likely approximate the 2022 level, i.e., ~$150m. Lastly, despite general inflationary pressures, management feels confident in the company's ability to keep O&Ms flat or down slightly y/y excluding storm impacts; recall that the original budget called for a 1% reduction, but we also credit DUK for being among the most aggressive cost-cutters since the pandemic began. DUK reported 1Q22 EPS of $1.30, missing our/consensus forecasts of $1.35/$1.33.

Exelon Corporation (Sector Outperform) – Single and Loving It: Slightly negative. The slimmed-down, fully regulated, post-spinoff EXC seems well positioned to us, with guidance

Production: May 12, 2022, 16:27 ET. Dissemination: May 13, 2022, 06:22 ET.

For Reg AC Certification and important disclosures see Appendix A of this report. Analysts employed by non-U.S. affiliates are not registered/qualified as research analysts with FINRA in the U.S. unless otherwise noted within this report.

calling for above-average EPS/dividend growth of 6%-8% and a unique situation where the company's earnings actually stand to benefit from higher interest rates, at least for 2023E EPS. Still, we see the peer-average P/E as reasonable given some regulatory uncertainties. The regulatory team is as busy as usual, with several recent wins but also recent new filings. The TTM earned ROE fell from 9.2% to 8.9%, the lowest since 1Q21 and below the company's targeted 9%-10% range, though management expects to return to the range by year-end given the impacts of equity injections into the utility subsidiaries the company made in 1Q22. Further supporting earned ROEs are the recently settled Delmarva MD Electric case (approved in March), recently filed gas rate cases for Delmarva DE and PECO (orders expected in 1Q23 and by year-end 2022, respectively), and the ComEd distribution formula rate update filing (order expected in December). Encouragingly, despite the ComEd request to increase base rates, all-in residential monthly bills should fall in 2023 thanks to pass-through offsets. Overall, we like that nearly all growth capex will be covered by alternative recovery mechanisms by 2025, materially reducing rate case risks; we view EXC's regulatory environments as reasonably average overall, but with a range in terms of the quality of jurisdictions. Separately, ComEd proposed a performance metrics plan with IL regulators (ICC) earlier this year, consistent with the state's Clean Energy Jobs Act (CEJA); management expects a final order on those operational metrics by the end of September. This will help dictate the next ComEd rate case filing, coming in early 2023; the company has yet to decide if it will pursue a forward-looking test year (for rates in 2024) or a multi-year plan (to cover 2024-2027). Either way, we expect the change will result in a better financial outcome than formula rates, which have resulted in among the lowest allowed ROEs in the country given rock-bottom interest rates in recent years (even if they are rising). On the financial front, we see EXC as uniquely positioned to actually see an earnings *benefit* from rising interest rates because the uplift to formulaic distribution ROEs at ComEd has about a 4x positive EPS impact as the negative impact from rising interest expense. We also note that EXC has completed its LTD issuances planned for 2022, eliminating NT exposure to debt markets. EXC reported 1Q22 EPS of $0.64, short of our and consensus forecasts of $0.68 and $0.65, respectively.

Pertinent Data				
	Price	Rating	1-Yr. Target	1-Yr. Return
DUK-N	US$108.85	SP	US$110.00	4.7%
EXC-Q	US$45.85	SP	US$46.00	3.3%

Duke Energy Corporation (DUK-N; US$108.85)

Valuation: SoTP, using ~90% regulated utilities (18.1x 2024E EPS) and ~10% midstream/renewables (16.0x 2024E EPS)

Key Risks: Potential regulatory degradation in the Carolinas, coal ash clean up potentially not being recoverable or harming affordability in NC and SC, pace of dividend growth, and rising interest rates

Exelon Corporation (EXC-Q; US$45.85)

Valuation: 18.1x our 2024 EPS estimate

Key Risks: Uncertainties around the future of ExGen (including a potential divestiture, IL legislation, and PJM rule changes), headline and financial risks related to the bribery scandal in IL, rate cases in challenging jurisdictions, and rising interest rates

Appendix A: Important Disclosures

Company	Disclosures (see legend below)*
Duke Energy Corporation	G, J, N1, N2, U

I, Andrew Weisel, certify that (1) the views expressed in this report in connection with securities or issuers that I analyze accurately reflect my personal views and (2) no part of my compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by me in this report.

This document has been prepared by Research Analysts employed by The Bank of Nova Scotia and/or its affiliates. The Bank of Nova Scotia, its subsidiaries, branches and affiliates are referred to herein as "Scotiabank." "Scotiabank" together with "Global Banking and Markets" is the marketing name of the global corporate and investment banking and capital markets business of The Bank of Nova Scotia and its affiliates. Scotiabank, Global Banking and Markets produces research reports under a single marketing identity referred to as "globally branded research" under U.S. rules. This research is produced on a single global research platform with one set of rules which meet the most stringent standards set by regulators in the various jurisdictions in which the research reports are produced. In addition, the Research Analysts who produce the research reports, regardless of location, are subject to one set of policies designed to meet the most stringent rules established by regulators in the various jurisdictions where the research reports are produced.

Scotiabank relies on information barriers to control the flow of non-public or proprietary information contained in one or more areas within Scotiabank into other areas, units, groups or affiliates of Scotiabank. In addition, Scotiabank has implemented procedures to prevent research independence being compromised by any interactions they may have with other business areas of The Bank of Nova Scotia. The compensation of the Research Analyst who prepared this document is determined exclusively by Scotiabank Research Management and senior management (not including investment or corporate banking).

Research Analyst compensation is not based on investment or corporate banking revenues; however, compensation may relate to the revenues of Scotiabank as a whole, of which investment banking, corporate banking, sales and trading are a part. Scotiabank Research will initiate, update and cease coverage solely at the discretion of Scotiabank Research Management. Scotiabank Research has independent supervisory oversight and does not report to the corporate or investment banking functions of Scotiabank.

For Scotiabank, Global Banking and Markets Research Analyst Standards and Disclosure Policies, please visit www.gbm.scotiabank.com/disclosures.

For additional questions, please contact Scotiabank, Global Banking and Markets Research, 4 King St W, 12th Flr, Toronto, Ontario, M5H 1A1.

Time of dissemination: May 13, 2022, 06:22 ET. Time of production: May 12, 2022, 16:27 ET. Note: Time of dissemination is defined as the time at which the document was disseminated to clients. Time of production is defined as the time at which the Supervisory Analyst approved the document.

***Legend**

G	Scotia Capital (USA) Inc. or its affiliates has managed or co-managed a public offering in the past 12 months.
J	Scotia Capital (USA) Inc. or its affiliates expects to receive or intends to seek compensation for investment banking services in the next 3 months.
N1	Scotia Capital (USA) Inc. had an investment banking services client relationship during the past 12 months.
N2	Scotia Capital (USA) Inc. had a non-investment banking securities-related services client relationship during the past 12 months.
U	Within the last 12 months, Scotia Capital Inc. and/or its affiliates have undertaken an underwriting liability with respect to equity or debt securities of, or have provided advice for a fee with respect to, this issuer.

Rating and Price Target History

Duke Energy Corporation (DUK-N) as of May 12, 2022 (in USD)



*Represents the value(s) that changed.
Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
Source: Scotiabank GBM estimates; FactSet.

Exelon Corporation (EXC-Q) as of May 12, 2022 (in USD)

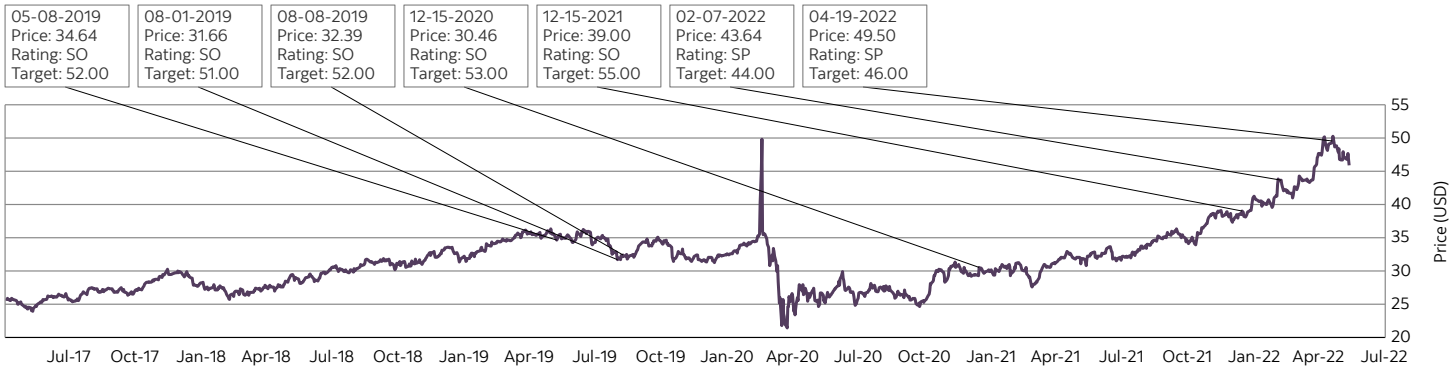

*Represents the value(s) that changed.
Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
Source: Scotiabank GBM estimates; FactSet.

Definition of Scotiabank, Global Banking and Markets Equity Research Ratings

Scotiabank has a three-tiered rating system, with ratings of Sector Outperform, Sector Perform, and Sector Underperform. Each Research Analyst assigns a rating that is relative to his or her coverage universe or an index identified by the Research Analyst that includes, but is not limited to, stocks covered by the Research Analyst.

The rating assigned to each security covered in this report is based on the Scotiabank, Global Banking and Markets Research Analyst's 12-month view on the security. Research Analysts may sometimes express in research reports shorter-term views on these securities that may impact the price of the equity security in a manner directly counter to the Research Analyst's 12-month view. These shorter-term views are based upon catalysts or events that may have a shorter-term impact on the market price of the equity securities discussed in research reports, including but not limited to the inherent volatility of the marketplace. Any such shorter-term views expressed in research report are distinct from and do not affect the Research Analyst's 12-month view and are clearly noted as such.

Ratings

Sector Outperform (SO)
The stock is expected to outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Perform (SP)
The stock is expected to perform approximately in line with the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Underperform (SU)
The stock is expected to underperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Focus Stock (FS)
As of April 29, 2019, Scotiabank GBM discontinued the Focus Stock rating. A stock assigned this rating represented an analyst's best idea(s); stocks in this category were expected to significantly outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that included, but was not limited to, stocks covered by the analyst.

Other Ratings

Under Review – The rating has been temporarily placed under review, until sufficient information has been received and assessed by the analyst.

Tender – As of January 25, 2021, Scotiabank GBM discontinued the Tender rating.

Risk Ranking
The Speculative risk ranking reflects exceptionally high financial and/or operational risk, exceptionally low predictability of financial results, and exceptionally high stock volatility. The Director of Research and the Supervisory Analyst jointly make the final determination of the Speculative risk ranking.

Ratings Distribution

As of April 30, 2022

	Companies Rated in Each Category		Investment Banking Service Provided in the Last 12 Months	
Rating	**Count**	**Percentage**	**Count**	**Percentage**
Sector Outperform	269	51%	87	32%
Sector Perform	234	44%	62	26%
Sector Underperform	24	5%	1	4%

For the purposes of the ratings distribution disclosure FINRA requires members who use a ratings system with terms different than "buy," "hold/neutral" and "sell," to equate their own ratings into these categories. Our Sector Outperform, Sector Perform, and Sector Underperform ratings are based on the criteria above, but for this purpose could be equated to buy, neutral and sell ratings, respectively.

General Disclosures

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Scotiabank to any registration or licensing requirement within such jurisdiction. It is published solely for information purposes; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy.

No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in this document except with respect to information concerning Bank of Nova Scotia (TSX: BNS; NYSE: BNS). This document is not intended to be a complete statement or summary of the securities, markets or developments referred to in this document. Scotiabank does not undertake to update or keep current the information contained herein, nor make any commitment as to the frequency of publication.

If you are affected by EU MiFID or the onshored UK MiFID regime, you must advise us in writing at trade_supervision@scotiabank.com.

Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Scotiabank. Any statements contained in this document attributed to a third party represent Scotiabank's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. Investments involve risks, and investors should exercise prudence and their own independent judgement in making their investment decisions and carefully consider any risks involved.

The financial instruments that may be described in this document may not be eligible for sale in all jurisdictions or to certain categories of investors. Instruments such as options, derivative products, and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price, or income of any security or related instrument referred to in this document. For investment advice, trade execution, or other enquiries, clients should contact their local sales representative. The value of any investment or income may go down as well as up, and investors may not get back the full amount invested. Past performance is not necessarily a guide to future performance.

To the full extent permitted by law, neither Scotiabank nor any of its directors, employees or agents accepts any liability whatsoever for any direct or consequential loss arising from any use of the information or this document. Nothing in this document constitutes financial, investment, tax, accounting or legal advice. Investors should seek their own legal, financial and tax advice regarding the appropriateness of investing in any securities or pursuing any strategies discussed in the document. Any prices stated in this document are for information purposes only and do not represent real-time valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect Scotiabank's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Scotiabank or any other source may yield substantially different results. All pricing of securities in reports is based on the closing price of the securities' principal marketplace on the night before the publication date, unless otherwise explicitly stated.

The Research Analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information.

In the normal course of offering investment and banking products and services to clients, Scotiabank may act in several capacities (including issuer, market maker, underwriter, distributor, index sponsor, swap counterparty, and calculation agent) simultaneously with respect to a product, giving rise to conflicts of interest. Scotiabank uses controls such as information barriers to manage conflicts should they arise. Scotiabank and its affiliates, officers, directors, and employees may have long or short positions (including hedging and trading positions), trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Recipients of this document should expect that Scotiabank will from time to time perform services (including investment banking or capital market services) in connection with the services and activities described in this document and that they perform services for and engage in transactions with other market participants, including the issuers of certain of the investments underlying the transactions herein.

The information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the information, conduct independent due diligence when making an investment decision and consider the appropriateness of the information, having regard to their objectives, financial situation and needs. For further information, please contact your sales representative.

Scotiabank specifically prohibits the redistribution of this document in whole or in part without Scotiabank's prior written permission, and Scotiabank accepts no liability whatsoever for the actions of third parties in this respect. Images may depict objects or elements that are protected by third-party copyright, trademarks and other intellectual property rights.

Equity research reports published by Scotiabank are initially and simultaneously made available electronically to intended recipients through its proprietary research website, ScotiaView, e-mail, and through third-party aggregators. The mediums in which research is disseminated to clients may vary depending on client preference as to the frequency and manner of receiving research reports. Institutional clients with questions regarding distribution of equity research or who wish to access the proprietary model used to produce this report should contact Scotiabank at 1-800-208-7666.

A list of all investment recommendations in an equity security or issuer that have been disseminated during the preceding 12 months is available at the following location: www.gbm.scotiabank.com/disclosures.

Additional Disclosures

Australia: This report is provided in Australia by the Bank of Nova Scotia, an APRA-regulated Authorised Deposit-Taking Institution (Foreign Bank ADI) holding an Australian Financial Services License (AFSL).

Canada: Distributed to eligible Canadian persons by Scotia Capital Inc., a registered investment dealer in Canada.

Chile: This report is distributed by Scotia Corredora de Bolsa Chile Limitada, a subsidiary of The Bank of Nova Scotia.

Colombia: This report is distributed in Colombia by Scotiabank Colpatria, S.A. as authorized by the Superintendencia Financiera de Colombia to The Bank of Nova Scotia ("Scotiabank"). Scotiabank and Scotia Capital Inc. promote and advertise their products and services through Scotiabank Colpatria, S.A. This document does not contain any type of investment advice nor does it aim to provide advice. This report is prepared by analysts employed by The Bank of Nova Scotia and certain of its affiliates, including Scotia Capital Inc.

Hong Kong: This report is distributed by The Bank of Nova Scotia Hong Kong Branch, which is authorized by the Securities and Future Commission to conduct Type 1, Type 4 and Type 6 regulated activities and regulated by the Hong Kong Monetary Authority.

Japan: This research report is provided for information purposes only and it is not intended to solicit any orders for securities transactions or commodities futures contracts. While we believe that the data and information contained in this research report are obtained from reliable sources, we do not guarantee the accuracy or completeness of the data and information.

Mexico: The information contained in this report is for informational purposes only and is not intended to influence the decision of the addressee in any way whatsoever with respect to an investment in a certain type of security, financial instrument, commodity, futures contract, issuer, or market, and is not to be construed as an offer to sell or a solicitation of an offer to buy any securities or commodities futures contracts. Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, is not responsible for the outcome of any investment performed based on the contents of this research report.

Peru: This report is distributed by Scotiabank Peru SAA, a subsidiary of The Bank of Nova Scotia. This report is prepared by analysts employed by The Bank of Nova Scotia and certain of its affiliates, including Scotia Capital Inc.

Singapore: For investors in the Republic of Singapore, this document is provided via an arrangement with BNS Asia Limited pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act (Chapter 289 of Singapore). If there are any matters arising from, or in connection with this material, please contact BNS Asia Limited, located at 1 Raffles Quay, #20-01 North Tower, One Raffles Quay, Singapore 048583, telephone: +65 6305 8388.

This document is intended for general circulation only and any recommendation that may be contained in this document concerning an investment product does not take into account the specific investment objectives, financial situation, or particular needs of any particular person, and advice should be sought from a financial adviser based in Singapore regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation, or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

BNS Asia Limited and/or its affiliates may have in the past done business with or may currently be doing or seeking to do business with the companies or issuers covered in this report. The information provided or to be provided or actions taken by or to be taken by BNS Asia Limited and/or its affiliates in such circumstances may be different from or contrary to the discussion set out in this report.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is distributed by The Bank of Nova Scotia, London branch ("BNS London"), Scotiabank Europe plc, or Scotiabank (Ireland) Designated Activity Company to persons who are eligible counterparties or professional clients. BNS London is authorised by the Prudential Regulation Authority (PRA) and subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA. Scotiabank Europe plc is authorised by the PRA and subject to regulation by the FCA and PRA. Scotiabank (Ireland) Designated Activity Company is authorised and regulated by the Central Bank of Ireland (CBI).

United States: United States: Distributed to U.S. persons by Scotia Capital (USA) Inc. or by an authorized subsidiary or affiliate of The Bank of Nova Scotia that is not registered as a U.S. broker-dealer (a 'non-U.S. affiliate') to major U.S. institutional investors only. Scotia Capital (USA)

Inc. accepts responsibility for the content of a document prepared by its non-U.S. affiliate (s) when distributed to U.S. persons by Scotia Capital (USA) Inc. To the extent that a U.S. person wishes to transact in the securities mentioned in this document through Scotiabank, such transactions must be effected through Scotia Capital (USA) Inc., and not through a non-U.S. affiliate. The information in this document has not been approved, disapproved, or recommended by the U.S. Securities and Exchange Commission ("SEC"), any state securities commission in the United States or any other U.S. or non-U.S. regulatory authority. None of these authorities has passed on or endorsed the merits or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable. Scotiabank, together with "Global Banking and Markets," is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including Scotia Capital Inc., Scotia Capital (USA) Inc., Scotiabank Europe plc, Scotiabank (Ireland) Designated Activity Company, Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank Group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability. Scotia Capital Inc. is a member of the Canadian Investor Protection Fund and regulated by the Investment Industry Regulatory Organization of Canada. Scotia Capital (USA) Inc. is a broker-dealer registered with the SEC and is a member of FINRA, NYSE, NFA and SIPC. BNS London is authorised by the Prudential Regulation Authority ("PRA") and subject to regulation by the Financial Conduct Authority ("FCA") and limited regulation by the PRA. Scotiabank Europe plc is authorised by the PRA and subject to regulation by the FCA and PRA. Scotiabank (Ireland) Designated Activity Company is authorised and regulated by the CBI. Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat , Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

© The Bank of Nova Scotia 2022
This report and all the information, opinions, and conclusions contained in it are protected by copyright. This report may not be reproduced in whole or in part, or referred to in any manner whatsoever, nor may the information, opinions, and conclusions contained in it be referred to without the prior, express consent of Scotiabank, Global Banking and Markets. The Bank of Nova Scotia, Scotiabank, and Global Banking and Markets logo and names are among the registered and unregistered trademarks of The Bank of Nova Scotia. All rights reserved.

Buy

Constellation Energy (CEG)

Headline beat, estimates trimmed

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Price and Target	as of 05/12/22
Price	$53.47
Target Price	$67
Dividend Yield	1.1%
Total Return	26.4%

Capitalization Data (mn USD$)	
Shares Out (mn)	327.0
Market Cap	17,485
Net Debt	5,942
Enterprise Value	23,427

Performance (%)	1M	YTD	1Y
Constellation Energy	-13.6	NM	NM
Rel S&P 500	-3.4	NM	NM

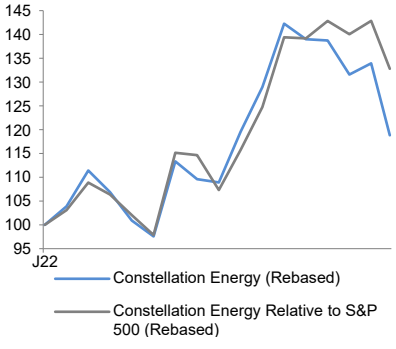

Headline beat in first standalone quarter. CEG posted adjusted EBITDA of $866M in its first standalone quarter, beating our $700M estimate and $715M consensus. Without prior year quarters for the new adjusted EBITDA metric and with Winter Storm Uri affecting 1Q last year, there was relatively low visibility into this print. The base for 1Q 2021 was $465M negative and ~$750M positive adjusting for Uri. Other drivers were largely as expected with a benefit from sales out of Byron and Dresden until the Illinois CMC hedge kicks in from June.

Guidance reiterated. Adjusted EBITDA guidance was held at $2,350M-$2,750M for 2022 with gross margin essentially unchanged. For 2023 margin guidance increased $300M (+4%) and points to $650M (+9%) upside over 2022. Hedges were added for 2022 (now fully locked) and 2023 (close to 90% including CMC) while sales have also been made in the out years with CEG pointing to a similar step-up for 2024 which we now assume to be ~50% hedged.

Upbeat on policy prospects; hydrogen hub bid in the works. Prospects of securing federal policy support for nuclear are seen as having improved, but it remains to be seen whether this will materialize yet this year. CEG continue to see opportunities for their nuclear plants to be reimagined as clean energy centers and they expect to have more to share by the next call with a DOE clean hydrogen hub bid currently in the works.

Debt reduction running ahead. CEG accelerated debt reduction in 1Q taking out $2.5B and exceeding the 2022-2023 target for $1.8B-$2.2B. This is partly a function of timing and annual cash flow levels versus target metrics, but CFO comments on year-end net debt levels excluding (currently favorable) cash collateral suggested no big change to the two-year plan.

Longer-term outlook will have to wait. The stock sold off (-7%) on the day which we put down partly to a risk-off day, partly to CEG tempering near-term upside given hedging and partly to continued reticence around longer-term upside as older hedges fall off. For a crowded name, this amounted to not enough incremental good news, although we get CEG wanting to have greater visibility on policy outcomes before making further commitments to the Street. In terms of timing, an update on near-term capital allocation is planned for H2, but longer-dated (2024+) hedging and portfolio guidance seems unlikely before the year-end call.

Trimming estimates but compelling cash flow story intact. After working through the model update and folding in the first quarter of separate financials, we temper 2022E ($200M) and 2023E ($250M) while trimming $50M from our 2024E valuation year (now $3.4B). These changes notwithstanding, CEG remains a compelling cash flow story with strong leverage to forward gas and power plus growing support for nuclear. Our PT comes down $1 to $67 on lower valuation year numbers but we still only include $1 for potential PTC upside using our early April price deck and 20% probability. Moving to 100% would add ~$3/share before any multiple adder for the longer-term cash flow visibility which a PTC would likely bring.

Key Estimates (FY, $, mn)	2021	2022E	2023E	2024E	2025E
Adj. EBITDA	2,807	2,600	3,100	3,400	3,900
Operating EPS	$2.22	$1.58	$4.19	$5.24	$6.56
DPS	$0.00	$0.56	$0.61	$0.69	$0.77
P/E	24.1x	33.8x	12.8x	10.2x	8.2x
EV/EBITDA	8.3x	8.3x	6.5x	5.3x	4.0x
Dividend Yield	nm	1.1%	1.1%	1.3%	1.4%

Figure 1: Constellation Energy – Vertical Research Estimates & Multiples

	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	3-Yr. CAGR 2022-2025E
Gross Margin	--	--	**7,350**	**7,950**	**8,250**	**8,750**	**2.9%**
Adjusted EBITDA	--	--	**2,600**	**3,100**	**3,400**	**3,900**	**6.9%**
FCF Before Growth	--	--	**1,598**	**2,135**	**2,703**	**3,049**	**14.0%**
Operating EPS	$4.32	$2.22	$1.58	$4.19	$5.24	$6.56	34.9%
GAAP EPS	$1.80	($0.63)	$1.58	$4.19	$5.24	$6.56	34.9%
DPS - Paid	--	--	**$0.56**	**$0.61**	**$0.69**	**$0.77**	**5.2%**
Payout Ratio (GAAP)	--	--	36%	15%	13%	12%	--
Diluted Shares (Mn)	*326*	*326*	*327*	*323*	*316*	*308*	*-0.9%*
Adjusted EBITDA Guidance	--	--	**2,350 - 2,750**	--	--	--	
VRP vs. Mid-Point	--	--	50	--	--	--	
Consensus	--	--	**2,638**	**3,041**	**3,333**	**3,495**	**6.0%**
Number of Estimates	--	--	**14**	**13**	**11**	**7**	
VRP vs. Consensus	--	--	(38)	59	67	405	
Stock Price	**$53.47**	**$53.47**	**$53.47**	**$53.47**	**$53.47**	**$53.47**	
P/E Ratio	29.7x	(84.9x)	33.8x	12.8x	10.2x	8.2x	
EV/EBITDA	--	--	8.3x	6.3x	5.1x	3.7x	
FCF Yield	12.6%	9.6%	7.9%	12.2%	16.2%	18.8%	
Dividend Yield	--	--	1.1%	1.1%	1.3%	1.4%	

Source: FactSet, Company Reports and Vertical Research Partners

Figure 2: Constellation Energy – Vertical Research Valuation

Segment	Valuation Metric	FY2024E	Multiple	Valuation Components($MM) Ent. Val.	Less Debt	Plus Cash	Equity	Value $/Sh.
Constellation - Adj. EBITDA	EV/EBITDA	3,400	6.0x	20,400	(5,239)	4,729	19,890	$63
Constellation - FCF B4 Growth	FCF Yield	2,703	12.5%				21,623	$68
Constellation - Average EV & FCF							**20,756**	**$66**
Potential Nuclear PTC Net Uplift ~$225M @ 6x multiple and 20% probability factor	EV/EBITDA	45	6.0x	270	--	--	270	$1.00
CEG Valuation							**21,026**	**$67**
Diluted Average Shares (FY2024E)							*316*	

Source: Vertical Research Partners

Figure 3: VRP Gross Margin & Adjusted EBITDA Bridge

	FY2022E	FY2023E	FY2024E	FY2025E
Open Gross Margin Guidance	7,600	6,200	--	--
Adjust to VRP Deck	150	100	--	--
Open Gross Margin @ VRP Deck	**7,750**	**6,300**	**5,275**	**5,150**
Adjusted Contracted Revenues	2,450	2,800	2,825	2,800
Mark-to-Market Hedge Value	(3,500)	(2,000)	(800)	(100)
Power New Business / To Go	200	400	550	550
Non-Power Margins Executed	350	150	50	--
Non-Power New Business / To Go	100	300	350	350
Total Gross Margin	**7,350**	**7,950**	**8,250**	**8,750**
Adjusted O&M	(4,375)	(4,475)	(4,475)	(4,475)
Other Taxes	(375)	(375)	(375)	(375)
Other, Misc.	--	--	--	--
Adjusted EBITDA	**2,600**	**3,100**	**3,400**	**3,900**
Midwest (Excl. CMC)	*100.7%*	*82.7%*	*50.0%*	*16.7%*
Midwest CMC	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Midwest Total	*100.5%*	*92.5%*	*78.3%*	*63.8%*
Mid-Atlantic	*100.5%*	*83.5%*	*50.0%*	*16.7%*
New York	*93.5%*	*98.5%*	*50.0%*	*16.7%*
ERCOT	*96.5%*	*61.5%*	*50.0%*	*16.7%*
Expected Generation Hedged (%)	***99.2%***	***87.3%***	***63.6%***	***39.4%***

Source: Company Reports and Vertical Research Partners. Note: Hedge percentages for 2024-25E are VRP estimates.

Figure 4: CEG Reference Prices vs. VRP Commodity Deck

	FY2022E	FY2023E	FY2024E	FY2025E
CEG Reference Prices (3/31/2022)				
Henry Hub Natural Gas	$5.44	$4.45		
Midwest (PJM NiHub, ATC)	$49.53	$43.94		
Mid-Atlantic (PJM West, ATC)	$59.25	$55.20		
New York (Zone A, ATC)	$51.78	$41.73		
Texas (ERCOT North ATC Spark Spread)	$14.60	$14.27		
Effective Realized Prices ($/MWh)				
Midwest (PJM NiHub, ATC)	$31.50	$27.50		
Mid-Atlantic (PJM West, AC)	$36.00	$35.00		
New York (Zone A, ATC)	$25.00	$30.50		
Texas (ERCOT North ATC Spark Spread)	$0.50	$1.50		
VRP Deck (Early April, 2022)				
Henry Hub Natural Gas	$5.55	$4.50	$3.80	$3.80
Midwest (PJM NiHub, ATC)	$50.50	$44.50	$36.50	$36.50
Mid-Atlantic (PJM West, ATC)	$60.00	$56.00	$47.00	$45.50
New York (Zone A, ATC)	$52.50	$42.50	$38.00	$38.00
Texas (ERCOT North ATC Spark Spread)	$15.84	$15.04	$11.08	$9.58
VRP Deck vs. CEG Reference				
Henry Hub Natural Gas	$0.11	$0.05		
Midwest (PJM NiHub, ATC)	$0.97	$0.56		
Mid-Atlantic (PJM West, ATC)	$0.75	$0.80		
New York (Zone A, ATC)	$0.72	$0.77		
Texas (ERCOT North ATC Spark Spread)	$1.24	$0.77		
Current Market (May 12, 2022)				
Henry Hub Natural Gas	--	$5.37	$4.22	$4.04
Midwest (PJM NiHub, ATC)	--	$65.46	$37.50	$33.46
Mid-Atlantic (PJM West, ATC)	--	$81.01	$50.77	$45.93
New York (Zone A, ATC)	--	$47.55	$35.13	$36.88
Texas (ERCOT North ATC Spark Spread)	--	$18.85	$12.39	$10.19
Current Market vs. VRP Deck				
Henry Hub Natural Gas	--	$0.87	$0.42	$0.24
Midwest (PJM NiHub, ATC)	--	$20.96	$1.00	($3.04)
Mid-Atlantic (PJM West, ATC)	--	$25.01	$3.77	$0.43
New York (Zone A, ATC)	--	$5.05	($2.87)	($1.12)
Texas (ERCOT North ATC Spark Spread)	--	$3.81	$1.31	$0.61

Source: Company Reports and Vertical Research Partners. Note: Comparison vs. market not shown for 2022 partial year.

Constellation Energy – Model Summary

Figure 5: Constellation Energy – Income Statement

Constellation Energy (Nasdaq: CEG) Consolidated Income Statement	FY2020A	1Q2021A	FY2021A	1Q2022A	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Operating Revenue	17,493	5,642	20,607	5,591	4,092	5,208	3,709	18,600	19,200	19,500	20,000
Fuel & Purchased Power	(9,696)	(4,814)	(13,639)	(3,550)	(2,475)	(3,150)	(2,075)	(11,250)	(11,250)	(11,250)	(11,250)
Gross Margin	**7,797**	**828**	**6,968**	**2,041**	**1,617**	**2,058**	**1,634**	**7,350**	**7,950**	**8,250**	**8,750**
O&M Expense	(4,528)	(1,187)	(4,515)	(1,205)	(963)	(1,225)	(983)	(4,375)	(4,475)	(4,475)	(4,475)
Other Income / (Expense)	(70)	131	354	(439)	(256)	(256)	(58)	(1,009)	(400)	(300)	(300)
Depreciation & Amortization	(1,184)	(298)	(1,155)	(280)	(275)	(275)	(270)	(1,100)	(1,100)	(1,100)	(1,100)
EBIT	**2,015**	**(526)**	**1,652**	**117**	**123**	**302**	**324**	**866**	**1,975**	**2,375**	**2,875**
Interest Income / (Expense)	(371)	(75)	(301)	(56)	(43)	(40)	(41)	(180)	(167)	(167)	(176)
Earnings Before Taxes	**1,644**	**(601)**	**1,351**	**61**	**80**	**262**	**283**	**686**	**1,808**	**2,208**	**2,699**
Income Tax Charge	(337)	74	(507)	53	(20)	(65)	(135)	(167)	(452)	(552)	(675)
Effective Tax Rate	*20.5%*	*12.3%*	*37.5%*	*-86.9%*	*25.0%*	*25.0%*	*47.7%*	*24.4%*	*25.0%*	*25.0%*	*25.0%*
Preferred Dividends	0	0	0	0	0	0	0	0	0	0	0
Minority & Other	103	(43)	(123)	(8)	0	0	8	0	0	0	0
Net Income - Operating	**1,410**	**(570)**	**721**	**106**	**60**	**196**	**156**	**518**	**1,356**	**1,656**	**2,024**
Adjustments, Net	(821)	(223)	(926)	0	0	0	0	0	0	0	0
Net Income - GAAP	**589**	**(793)**	**(205)**	**106**	**60**	**196**	**156**	**518**	**1,356**	**1,656**	**2,024**
EBITDA - Adjusted	**3,199**	**(465)**	**2,807**	**866**	**455**	**630**	**649**	**2,600**	**3,100**	**3,400**	**3,900**
EPS - Operating	**$4.32**	**($1.74)**	**$2.22**	**$0.32**	**$0.18**	**$0.60**	**$0.48**	**$1.58**	**$4.19**	**$5.24**	**$6.56**
EPS - GAAP	**$1.80**	**($2.43)**	**($0.63)**	**$0.32**	**$0.18**	**$0.60**	**$0.48**	**$1.58**	**$4.19**	**$5.24**	**$6.56**
DPS - Paid	**--**	**--**	**--**	**$0.14**	**$0.14**	**$0.14**	**$0.14**	**$0.56**	**$0.61**	**$0.69**	**$0.77**
Payout Ratio	--	NM	--	NM	NM	NM	NM	36%	15%	13%	12%
End of Period Shares (MM)	*325*	*326*	*326*	*327*	*327*	*327*	*327*	*327*	*320*	*312*	*305*
Diluted Average Shares (MM)	*326*	*326*	*326*	*328*	*327*	*327*	*327*	*327*	*323*	*316*	*308*

Source: Company Reports and Vertical Research Partners. Note: FY2020A and FY2021A reflect Exelon Generation; per share items adjusted to CEG share count.

Figure 6: Constellation Energy – Balance Sheet

Constellation Energy (Nasdaq: CEG) Consolidated Balance Sheet	FY2020A	1Q2021A	FY2021A	1Q2022A	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Cash and Cash Equivalents	226	721	504	1,605	894	1,329	1,256	1,256	2,644	4,729	7,142
Accounts Receivable, net	1,803	2,246	2,421	2,270	1,802	2,045	1,630	1,630	2,108	2,141	2,196
Other	4,918	3,773	5,056	4,892	5,125	5,359	5,592	5,592	5,592	5,592	5,592
Total Current Assets	**6,947**	**6,740**	**7,981**	**8,767**	**7,821**	**8,733**	**8,479**	**8,479**	**10,344**	**12,462**	**14,929**
Net Property, Plant & Equipment	22,214	21,311	19,612	19,837	19,709	19,580	19,457	19,457	18,707	17,507	16,307
Long-Term Investments	184	178	174	217	192	167	142	142	42	(58)	(158)
Other	18,749	19,097	20,319	18,025	18,025	18,025	18,025	18,025	18,025	18,025	18,025
Total Assets	**48,094**	**47,326**	**48,086**	**46,846**	**45,747**	**46,505**	**46,103**	**46,103**	**47,118**	**47,936**	**49,103**
Short-Term Debt	840	1,837	2,082	1,080	200	350	500	500	500	500	500
Long-Term Debt, Current	197	699	1,220	191	0	0	0	0	0	900	0
Accounts Payable	1,360	1,654	1,888	1,847	1,564	1,972	1,265	1,265	1,621	1,621	1,621
Other	2,822	2,108	2,806	3,316	3,366	3,416	3,466	3,466	3,466	3,466	3,466
Total Current Liabilities	**5,219**	**6,298**	**7,996**	**6,434**	**5,130**	**5,738**	**5,231**	**5,231**	**5,587**	**6,487**	**5,587**
Deferred Taxes	3,656	3,542	3,703	3,247	3,247	3,247	3,247	3,247	3,247	3,127	3,007
Pension & Benefits	858	857	847	862	862	862	862	862	862	862	862
Environmental Costs & AROs	12,054	12,157	12,819	13,276	13,314	13,351	13,389	13,389	13,539	13,689	13,839
Other	5,741	5,671	6,213	6,974	6,974	6,974	6,974	6,974	6,974	6,974	6,974
Total Non-Current Liabilities	**22,309**	**22,227**	**23,582**	**24,359**	**24,397**	**24,434**	**24,472**	**24,472**	**24,622**	**24,652**	**24,682**
Long-Term Debt	5,890	5,361	4,894	4,548	4,739	4,739	4,739	4,739	4,739	3,839	4,739
Preferred Stock	--	--	--	--	--	--	--	--	--	--	--
Minority Interest	--	--	--	--	--	--	--	--	--	--	--
Shareholders' Equity	14,676	13,440	11,614	11,505	11,482	11,594	11,661	11,661	12,170	12,958	14,096
Total Liabilities & Capitalization	**48,094**	**47,326**	**48,086**	**46,846**	**45,747**	**46,505**	**46,103**	**46,103**	**47,118**	**47,936**	**49,103**

Source: Company Reports and Vertical Research Partners. Note: Note: Historical FY2020A and FY2021A numbers reflect Exelon Generation.

Figure 7: Constellation Energy – Cash Flow Statement

Constellation Energy (Nasdaq: CEG) Consolidated Cash Flow Statement	FY2020A	1Q2021A	FY2021A	1Q2022A	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Net Income - GAAP	579	(769)	(83)	111	60	196	151	518	1,356	1,656	2,024
Depreciation & Amortization	3,636	1,346	4,540	602	575	575	570	2,322	2,300	2,500	2,500
Deferred Taxes	78	(123)	(205)	(307)	0	0	0	(307)	0	(120)	(120)
Other Operating Cash Flow	(347)	(545)	(1,255)	606	0	0	0	606	0	0	0
Working Capital Changes	(3,362)	(1,521)	(4,335)	339	1	(18)	(476)	(154)	(121)	(33)	(55)
Operating Cash Flow	**584**	**(1,612)**	**(1,338)**	**1,351**	**636**	**753**	**245**	**2,985**	**3,535**	**4,003**	**4,349**
Capital Expenditure	(1,747)	(382)	(1,329)	(410)	(447)	(447)	(447)	(1,750)	(1,550)	(1,300)	(1,300)
Investments, net	46	680	878	28	25	25	25	103	100	100	100
Other Investing Cash Flow	3,659	1,541	3,733	786	0	0	0	786	0	0	0
Investing Cash Flow	**1,958**	**1,839**	**3,282**	**404**	**(422)**	**(422)**	**(422)**	**(861)**	**(1,450)**	**(1,200)**	**(1,200)**
Changes in ST Debt	520	997	1,242	(1,002)	(880)	150	150	(1,582)	0	0	0
Changes in LT Debt	(1,729)	(34)	47	(1,314)	0	0	0	(1,314)	0	0	0
Equity Issuance (Net)	64	--	64	1,750	--	--	--	1,750	(500)	(500)	(500)
Common Dividends	(1,734)	(458)	(1,832)	(46)	(46)	(46)	(46)	(184)	(197)	(217)	(237)
Other Financing Cash Flow	215	(297)	(1,216)	(23)	0	0	0	(23)	0	0	0
Financing Cash Flow	**(2,664)**	**208**	**(1,695)**	**(635)**	**(926)**	**104**	**104**	**(1,353)**	**(697)**	**(717)**	**(737)**
Other Cash Flow	45	60	29	(19)	0	0	0	(19)	0	0	0
Opening Cash & Equivalents	303	226	226	504	1,605	894	1,329	504	1,256	2,644	4,729
Closing Cash & Equivalents	226	721	504	1,605	894	1,329	1,256	1,256	2,644	4,729	7,142
Net Cash Flow	**(77)**	**495**	**278**	**1,101**	**(711)**	**435**	**(73)**	**752**	**1,388**	**2,086**	**2,413**
Unlevered Free Cash Flow	(792)	(1,919)	(2,366)	997	233	346	(160)	1,416	2,152	2,870	3,226
Free Cash Flow (Excl. Working Capital)	2,199	(473)	1,668	602	189	325	274	1,389	2,106	2,736	3,104
FCF to Equity after Dividends	465	(931)	(164)	556	142	278	228	1,205	1,909	2,518	2,867

Source: Company Reports and Vertical Research Partners. Note: Historical FY2020A and FY2021A numbers reflect Exelon Generation.

Figure 8: Constellation Energy – Credit & Other Metrics

Constellation Energy (Nasdaq: CEG) Credit & Other Metrics	FY2020A	1Q2021A	FY2021A	1Q2022A	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Short-Term Debt	840	1,837	2,082	1,080	200	350	500	500	500	500	500
Long-Term Debt	6,087	6,060	6,114	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739
Less Cash & Equivalents	(226)	(721)	(504)	(1,605)	(894)	(1,329)	(1,256)	(1,256)	(2,644)	(4,729)	(7,142)
Net Debt (GAAP)	**6,701**	**7,176**	**7,692**	**4,214**	**4,045**	**3,760**	**3,983**	**3,983**	**2,595**	**510**	**(1,903)**
Shareholders' Equity	14,676	13,440	11,614	11,505	11,482	11,594	11,661	11,661	12,170	12,958	14,096
Total Capitalization	**21,377**	**20,616**	**19,306**	**15,719**	**15,527**	**15,354**	**15,644**	**15,644**	**14,765**	**13,468**	**12,193**
Adjusted Net Debt	**6,701**	**7,176**	**7,692**	**4,214**	**4,045**	**3,760**	**3,983**	**3,983**	**2,595**	**510**	**(1,903)**
Adjusted Capitalization	**21,377**	**20,616**	**19,306**	**15,719**	**15,527**	**15,354**	**15,644**	**15,644**	**14,765**	**13,468**	**12,193**
EBITDA - Adjusted	**3,199**	**(465)**	**2,807**	**866**	**455**	**630**	**649**	**2,600**	**3,100**	**3,400**	**3,900**
		--		--	--	--	--				
Net Debt / Capitalization - Adjusted	31.3%	34.8%	39.8%	26.8%	26.1%	24.5%	25.5%	25.5%	17.6%	3.8%	-15.6%
Net Debt: EBITDA - Adjusted	--	--	--	--	--	--	--	1.5x	0.8x	0.1x	(0.5x)
EBITDA / Interest	8.6x	--	9.3x	--	--	--	--	10.9x	18.4x	20.8x	22.6x
Retained Cash Flow / CapEx	(0.7x)	--	(2.4x)	--	--	--	--	1.6x	2.2x	2.9x	3.2x
Recurring Net Income	1,410	--	721	--	--	--	--	518	1,356	1,656	2,024
Total Assets (Average)	48,094	--	48,090	--	--	--	--	47,094	46,610	47,527	48,520
Return on Assets - ROA	2.9%	--	1.5%	--	--	--	--	1.1%	2.9%	3.5%	4.2%
Recurring NOPAT	1,602	--	1,032	--	--	--	--	655	1,481	1,781	2,156
Capital Employed (Average)	10,802	--	20,707	--	--	--	--	18,355	17,155	17,803	18,766
Return on Capital Employed - ROCE	14.8%	--	5.0%	--	--	--	--	3.6%	8.6%	10.0%	11.5%
Recurring Net Income	1,410	--	721	--	--	--	--	518	1,356	1,656	2,024
Shareholders' Equity (Average)	14,676	--	13,145	--	--	--	--	11,638	11,916	12,564	13,527
Return on Equity - ROE	9.6%	--	5.5%	--	--	--	--	4.5%	11.4%	13.2%	15.0%
Book Value per Share	$45.11	$41.27	$35.63	$35.18	$35.11	$35.46	$35.66	$35.66	$38.09	$41.52	$46.28

Source: Company Reports and Vertical Research Partners. Note: Historical FY2020A and FY2021A numbers reflect Exelon Generation.

Figure 9: Constellation Energy – Valuation & Growth Metrics

Constellation Energy (Nasdaq: CEG) Valuation & Growth Metrics	FY2020A	1Q2021A	FY2021A	1Q2022A	2Q2022E	3Q2022E	4Q2022E	FY2022E	FY2023E	FY2024E	FY2025E
Diluted EPS - Operating	$4.32	($1.74)	$2.22	$0.32	$0.18	$0.60	$0.48	$1.58	$4.19	$5.24	$6.56
Diluted EPS - GAAP	$1.80	($2.43)	($0.63)	$0.32	$0.18	$0.60	$0.48	$1.58	$4.19	$5.24	$6.56
DPS - Period End Rate	--	--	--	$0.56	$0.56	$0.56	$0.56	$0.56	$0.61	$0.69	$0.77
Payout Ratio	--	--	--	--	--	--	--	35.7%	14.6%	13.2%	11.7%
Op. CFPS (Excl. Working Capital)	$12.12	($0.28)	$9.19	$3.09	$1.94	$2.36	$2.20	$9.59	$11.31	$12.78	$14.28
Free CFPS (Excl. Working Capital)	$6.75	($1.45)	$5.11	$1.84	$0.58	$0.99	$0.84	$4.25	$6.51	$8.66	$10.07
Pricing Date	5/12/2022	5/12/2022	5/12/2022	3/31/2022	5/12/2022	5/12/2022	5/12/2022	5/12/2022	5/12/2022	5/12/2022	5/12/2022
Stock Price - $/Sh	**$53.47**	**$53.47**	**$53.47**	**$56.25**	**$53.47**	**$53.47**	**$53.47**	**$53.47**	**$53.47**	**$53.47**	**$53.47**
P/E - Operating	12.4x	--	24.1x	--	--	--	--	33.8x	12.8x	10.2x	8.2x
P/E - GAAP	29.7x	--	NM	--	--	--	--	33.8x	12.8x	10.2x	8.2x
P/CF	4.4x	--	5.8x	--	--	--	--	5.6x	4.7x	4.2x	3.7x
P/BV	1.2x	--	1.5x	--	`	--	--	1.5x	1.4x	1.3x	1.2x
Market Capitalization	17,396	--	17,431	--	--	--	--	17,485	17,085	16,686	16,287
Adjusted Net Debt	6,701	--	7,692	--	--	--	--	3,983	2,595	510	(1,903)
Enterprise Value - EV	**24,097**	--	**25,123**	--	--	--	--	**21,468**	**19,681**	**17,196**	**14,384**
Adjusted EBITDA	3,199	--	2,807	--	--	--	--	2,600	3,100	3,400	3,900
Adjusted EV/EBITDA	7.5x	--	9.0x	--	--	--	--	8.3x	6.3x	5.1x	3.7x
Dividend Yield	--	--	--	--	--	--	--	1.1%	1.1%	1.3%	1.4%
Operating Earnings Yield	8.1%	--	4.2%	--	--	--	--	3.0%	7.8%	9.8%	12.3%
Free Cash Flow Yield	12.6%	--	9.6%	--	--	--	--	7.9%	12.2%	16.2%	18.8%
Revenue Growth (Y/Y)	--	--	--	--	--	--	--	-9.7%	3.2%	1.6%	2.6%
EBITDA Growth	--	--	--	--	--	--	--	-30.0%	56.4%	13.0%	14.4%
Net Income - Operating	--	--	--	--	--	--	--	-28.1%	161.6%	22.1%	22.3%
Operating EPS	--	--	--	--	--	--	--	-28.8%	165.2%	25.1%	25.2%
DPS	--	--	--	--	--	--	--	--	8.2%	13.1%	11.6%
ROCE	--	--	--	--	--	--	--	3.6%	8.6%	10.0%	11.5%
Cost of Debt (After-Tax)	--	--	--	--	--	--	--	2.0%	2.4%	2.4%	2.5%
Cost of Equity (1/PE Ratio)	--	--	--	--	--	--	--	3.0%	7.8%	9.8%	12.3%
WACC	--	--	--	--	--	--	--	2.7%	6.9%	9.5%	13.8%
Calculated EVA	--	--	--	--	--	--	--	155	301	86	(432)
Calculated EVA/Share	--	--	--	--	--	--	--	$0.47	$0.93	$0.27	($1.40)

Source: Company Reports and Vertical Research Partners. Note: FY2020A and FY2021A reflect Exelon Generation; per share items adjusted to CEG share count. Pricing for FY2020A and FY2021A based on current given lack of standalone price history.

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers and that no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report. Analysts named in this report may have from time to time discussed with our clients or may discuss in this report or elsewhere, trading strategies or ideas that reference events that may have a near-term or medium-term impact on the market price on the securities in this report. This impact may be directionally counter to the analyst's published price targets, forecasts and other expectations. Any such trading strategies or ideas are distinct from and do not affect the analyst's fundamental rating for such securities, and the fundamental rating reflects the analyst's current 12-month view of total return as described in the analyst's report. VRP has no obligation to update, modify or amend this report or otherwise notify a recipient if any opinion, forecast or estimate contained in this report changes or becomes inaccurate. Coverage and the frequency of changes in market conditions and in both general and company-specific economic prospects make it difficult to update research at defined intervals. When updates are published is at the sole discretion of the coverage analyst or company management.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover or derivatives thereof ("covered securities'). Our employees and partners are prohibited from transacting in such covered securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation or initiation of coverage. We require our employees and partners to pre-clear all transactions in covered securities with us. Please contact us if you are interested in further information.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisors. Our notes and research reports may contain "forward-looking statements." All projections, forecasts and related statements and expressions constitute "forward-looking statements." Although the authors of our content believe that the expectations reflected in such "forward-looking statements" are reasonable, no one can assure that such expectations will be correct. Such "forward-looking statements" may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> All Aboard the New Regulated Exelon. Next Stop 13 Premium Valuation Ahead
- **Publication Date/Time** : Thursday, May 12, 2022 10:47:01 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Paul Zimbardo
- **Link to Document** : https://rsch.baml.com/r?q=eZTkteVx2Q9QnlD!Aza2aA__&reid=A9C517520CF911EDA0AD8D6E3B068BF1

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Exelon's Fully Regulated Earnings Much More Stable

Updated Forecasts and Estimates from 11 May 2022

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Business Strategy and Outlook 11 May 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should graudally increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 11 May 2022
Estimates as of 11 May 2022
Pricing data as of 11 May 2022 15:00
Rating updated as of 11 May 2022 15:42

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 04 May 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Business Strategy and Outlook	1
Morningstar Analysis	
Analyst Note	-
Fair Value & Profit Drivers	3
Scenario Analysis	3
Economic Moat	3
Moat Trend	3
Bulls Say/Bears Say	5
Financial Strength	6
Risk & Uncertainty	6
Management & Ownership	8
Analyst Note Archive	9
Additional Information	-
Morningstar Analyst Forecasts	12
Comparable Company Analysis	16
Methodology for Valuing Companies	18

Vital Statistics

Market Cap (USD Mil)	45,831
52-Week High (USD)	50.71
52-Week Low (USD)	30.51
52-Week Total Return %	42.0
YTD Total Return %	7.5
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.1
Price/Fair Value	1.16

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*20.5*	*19.0*
EV/EBITDA	10.0	10.9	*13.1*	*12.0*
EV/EBIT	27.8	35.0	*24.9*	*21.7*
Free Cash Flow Yield %	-9.3	-8.8	*32.5*	*-2.5*
Dividend Yield %	5.1	3.7	*2.9*	*3.1*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,414*
Net Income YoY %	0.3	-45.8	*31.1*	*7.9*
Diluted EPS	3.22	1.74	*2.28*	*2.46*
Diluted EPS YoY %	—	-45.9	*31.1*	*7.6*
Free Cash Flow	324	8	*12,819*	*-307*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

likely lead to higher returns for the subsidiary.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analysis

Fair Value & Profit Drivers 11 May 2022
Our fair value estimate is $41.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Scenario Analysis
Our uncertainty rating for Exelon is low. The company's regulated rate structure and transparent growth outlook reduce the difference between our bull- and bear scenarios.

In our bull-case scenario, we assume rate-case outcomes are 25% higher and operating expenses are 2% lower than in our base-case scenario. This results in a $5 per-share increase to our base-case fair value estimate. In our bear-case scenario, a similar decline in rate-case outcomes and increase in operating expense results in a $5 fair value estimate decrease.

If operating expenses increase by 100 basis points, our fair value estimate would drop by $2 per share, all else equal.

Economic Moat
Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Moat Trend
We assign Exelon a stable moat trend rating. The regulatory environments in Illinois, Pennsylvania, and Maryland have stabilized, allowing the company's distribution utilities fair returns. Nearly all of Exelon's rate-base growth will have rate trackers or formula rates, minimizing regulatory lag. Exelon faces the biggest challenge boosting regulated earned returns.

Exelon's stable business model and difficult-to-replicate asset base support our view that the firm's narrow moat is stable. We don't anticipate a change in the regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



compact between utilities and ratepayers that ensures capital providers earn a fair return on their investments. As with all regulated utilities, we think revenue caps preclude Exelon from establishing a wide economic moat.

Regulated utilities' moat trends consider changes in the regulatory environment, near-term investment requirements and growth opportunities, energy demand trends, and management's strategic direction. In assessing the changing regulatory environment, we consider the level of automatic rate mechanisms, allowed returns on equity versus interest rates, fuel cost recovery mechanisms, and the history of regulatory relations.

Using these factors, we assess whether fundamental changes will give a utility a better opportunity to earn or overearn its cost of capital in the near term, or whether fundamental changes will make it more difficult for a utility to earn its cost of capital. The regulatory framework that caps revenue and returns prevents the firm from attaining a wide moat, as with all regulated utilities that we cover.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Bulls Say/Bears Say

Bulls Say

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Five Year Adjusted Cash Flow Forecast (USD Mil)

	2022(E)	2023(E)	2024(E)	2025(E)	2026(E)
Cash and Equivalents (beginning of period)	1,182	2,303	1,224	459	1,062
Adjusted Available Cash Flow	9,215	661	991	3,874	3,406
Total Cash Available before Debt Service	10,397	2,964	2,215	4,334	4,468
Principal Payments	-1,483	-1,626	-1,600	-2,000	-2,275
Interest Payments	-1,301	-1,372	-1,424	-1,566	-1,666
Other Cash Obligations and Commitments	-303	-303	-463	-464	-463
Total Cash Obligations and Commitments	-3,087	-3,301	-3,487	-4,030	-4,404

Cumulative Annual Cash Flow Cushion

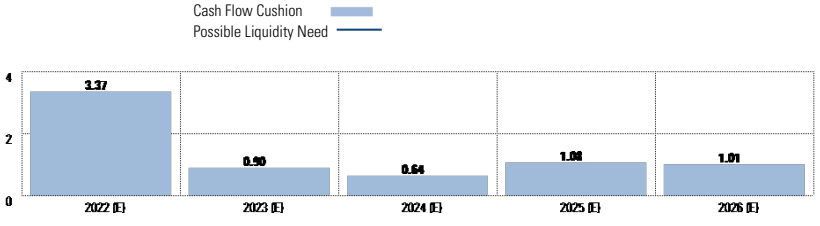

Adjusted Cash Flow Summary

	USD Millions	% of Commitments
Beginning Cash Balance	1,182	6.5
Sum of 5-Year Adjusted Free Cash Flow	18,147	99.1
Sum of Cash and 5-Year Cash Generation	19,329	105.6
Revolver Availability	—	—
Asset Adjusted Borrowings (Repayment)	—	—
Sum of Cash, 5-Year Cash Generation, Revolver and Adjustments	19,329	105.6
Sum of 5-Year Cash Commitments	-18,308	—

Financial Strength

With over 4.0 times interest coverage, Exelon's financial health is sound for a regulated utility, particularly given its stable, low-risk business model. With our forecast for $36 billion of capital spending planned through 2026, Exelon will be a frequent debt issuer. The company has manageable long-term debt maturities and we anticipate it will be able to refinance its debt as it comes due, maintaining its current debt/capital ratio. We expect the company to issue $1.0 billion in equity to fund its capital investment plan, in line with management's expectations.

We expect total debt/EBITDA to remain in the 4.5-5.0 times range. Exelon will target a 60% dividend payout ratio. We expect dividend growth in line with our 7% annual earnings per-share growth forecast through 2026.

Risk & Uncertainty

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Management & Ownership

Management Activity

Name	Position	Shares Held	Report Date*	InsiderActivity
MR. CHRISTOPHER M. CRANE	Director, President and CEO, Director	294,252	08 Feb 2022	—
MR. MAYO A. SHATTUCK, III	Director, Chairman of the Board, Director	267,649	31 Mar 2022	—
MR. JOSEPH NIGRO	Sr EVP & CFO	111,338	28 Jan 2022	—
MR. DAVID M. VELAZQUEZ	Pres. & CEO, Pepco Holdings	46,624	25 Jan 2021	—
MR. CALVIN G. BUTLER,JR	Sr EVP & Chf Operating Officer	45,176	31 Jan 2022	—
MR. JOHN F. YOUNG	Director,Director	36,807	31 Dec 2007	—
MR. DUANE M. DESPARTE	SVP and Controller	15,696	29 Jan 2018	—
MR. DAVID GLOCKNER	EVP Compliance & Audit	10,110	06 Jan 2022	—

*Represents the date on which the owner's name, position, and common shares held were reported by the holder or issuer.

Fund Ownership

Top Owners	% of Shares Held	% of Fund Assets	Change (k)	Portfolio Date
Vanguard US Total Market Shares ETF	2.88	0.10	-278	30 Apr 2022
Vanguard Total Stock Market Index Fund	2.88	0.10	-278	30 Apr 2022
Vanguard Wellingtonâ„¢ Fund	2.82	1.11	1,597	30 Apr 2022
Vanguard 500 Index Fund	2.19	0.12	171	30 Apr 2022
Capital Group American Mutual Comp	1.86	0.98	-2,580	30 Apr 2022
Concentrated Holders				
Q3 Power Momentum - NDX 100	0.00	20.79	0	30 Apr 2022
Franklin K2 Electron Glbl UCITS Fd	0.04	8.92	29	30 Apr 2022
GUGG Utilities 31	0.00	7.57	—	30 Apr 2022
Resolution Capital Global Listed Infras	0.00	7.27	1	30 Apr 2022
FidelityÂ® Telecom and Utilities Fund	0.15	6.94	—	30 Apr 2022

Institutional Transactions

Top 5 Buyers	% of Shares Held	% of Fund Assets	Shares Bought/ Sold (k)	Portfolio Date
Morgan Stanley Smith Barney LLC	1.48	0.19	14,511	30 Apr 2022
Vanguard	2.80	7.29	6,430	30 Apr 2022
Wellington Management Company LLP	7.92	0.72	5,366	30 Apr 2022
Northern Trust Investments Inc	0.61	8.52	5,093	30 Apr 2022
Putnam Investment Management, LLC	1.23	10.94	4,949	30 Apr 2022
Top 5 Sellers				
Capital Research and Management Company	9.90	6.48	-26,957	30 Apr 2022
BlackRock Institutional Trust Company NA	—	—	-26,170	30 Apr 2022
Capital Group	3.77	4.82	-12,635	30 Apr 2022
BlackRock Advisors LLC	—	—	-10,162	30 Apr 2022
BlackRock Group Ltd.	—	—	-10,057	30 Apr 2022

Capital Allocation 11 May 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think Exelon's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results 09 May 2022
We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices 09 Mar 2022
We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest report, "Inflation Unraveling U.S. Utilities' Safety Net."

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate 02 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*7.9*	*12.0*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*7.6*	*11.1*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.2*	*27.2*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*145.7*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.3*	*12.8*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.6*	*14.2*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.1*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.7*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.49*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*20.5*	*19.0*
EV/EBITDA	10.0	10.9	*13.1*	*12.0*
EV/EBIT	27.8	35.0	*24.9*	*21.7*
Free Cash Flow Yield %	-9.3	-8.8	*32.5*	*-2.5*
Dividend Yield %	5.1	3.7	*2.9*	*3.1*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,530	15.6	12.77
Present Value Stage II	13,992	17.4	14.26
Present Value Stage III	54,003	67.1	55.03
Total Firm Value	**80,525**	**100.0**	**82.06**
Cash and Equivalents	1,182	—	1.20
Debt	0	—	-43.23
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**39,350**	**—**	**40.10**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**41.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*342*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***2,980***
Income Tax Expense	774	373	370	*525*	*566*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,414***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.46***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,414*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.46***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,303*	*1,224*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,496***	***10,833***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,192***	***115,332***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,714*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,798***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*60*	*410*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,623*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,186***	***36,534***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,186***	***36,534***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,414*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*220*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,934***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*60*	*350*
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-11,157***	***62***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,121***	***-1,079***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Valuation Analysis

		Price/Earnings			EV/EBITDA			Price/Free Cash Flow			Price/Book			Price/Sales		
Company/Ticker	Price/Fair Value	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	1.07	18.3	19.4	18.2	143.9	13.2	12.6	NM	16.7	NM	—	—	—	3.5	3.5	3.4
FirstEnergy Corp FE USA	1.00	16.0	17.7	16.7	13.6	11.8	11.2	64.8	10.9	NM	—	—	—	2.1	2.0	2.0
Entergy Corp ETR USA	1.04	18.7	18.7	17.3	10.9	12.9	11.8	NM	NM	NM	—	—	—	1.9	2.2	2.1
Average		17.7	18.6	17.4	56.1	12.6	11.9	64.8	13.8	—	—	—	—	2.5	2.6	2.5
Exelon Corp EXC US	**1.20**	**23.7**	**20.5**	**19.0**	**10.9**	**13.1**	**12.0**	**NM**	**3.1**	**NM**	**—**	**—**	**—**	**1.6**	**2.4**	**2.3**

Returns Analysis

		ROIC %			Adjusted ROIC %			Return on Equity %			Return on Assets %			Dividend Yield %		
Company/Ticker	Last Historical Year Total Assets (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	48,999 USD	-3.9	6.1	6.4	-3.9	6.1	6.4	-4.3	12.1	12.3	-1.3	3.6	3.8	3.1	3.2	3.3
FirstEnergy Corp FE USA	45,432 USD	5.0	5.8	6.4	5.9	6.8	7.6	16.1	15.0	15.0	2.9	3.0	3.1	3.8	3.7	3.8
Entergy Corp ETR USA	59,454 USD	4.4	4.6	4.9	4.5	4.6	4.9	9.9	10.6	10.9	1.9	2.1	2.3	3.4	3.5	3.7
Average		1.8	5.5	5.9	2.2	5.8	6.3	7.2	12.6	12.7	1.2	2.9	3.1	3.4	3.5	3.6
Exelon Corp EXC US	**133,013** USD	**1.1**	**-1.2**	**4.7**	**1.2**	**-1.3**	**5.2**	**5.1**	**6.4**	**6.7**	**1.3**	**1.8**	**2.1**	**3.7**	**2.9**	**3.1**

Growth Analysis

		Revenue Growth %			EBIT Growth %			EPS Growth %			Free Cash Flow Growth %			Dividend/Share Growth %		
Company/Ticker	Last Historical Year Revenue (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	9,722 USD	1.2	-0.9	2.7	-137.7	-420.5	3.5	6.4	-3.6	6.5	-192.3	-834.3	-117.6	4.1	5.9	5.6
FirstEnergy Corp FE USA	11,132 USD	3.2	6.1	2.7	-14.6	28.7	5.0	8.7	-8.8	6.4	-190.2	433.8	-89.0	—	—	2.6
Entergy Corp ETR USA	11,743 USD	16.1	-9.3	3.9	17.5	6.7	13.1	6.4	3.5	7.7	120.4	-130.1	-74.3	—	9.6	5.9
Average		6.8	-1.4	3.1	-44.9	-128.4	7.2	7.2	-3.0	6.9	-87.4	-176.9	-93.6	4.1	7.8	4.7
Exelon Corp EXC US	**36,347** USD	**10.0**	**-48.4**	**4.6**	**-3.5**	**28.3**	**14.8**	**-45.9**	**31.1**	**7.6**	**-97.6**	**NM**	**-102.4**	**—**	**7.1**	**6.7**

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Profitability Analysis

		Gross Margin %			EBITDA Margin %			Operating Margin %			Net Margin %			Free Cash Flow Margin %		
Company/Ticker	Last Historical Year Net Income (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	1,840 USD	64.0	64.7	65.2	3.7	40.9	41.9	-8.8	28.5	28.7	18.9	18.3	19.0	-10.1	21.2	-9.0
FirstEnergy Corp FE USA	1,417 USD	69.1	70.2	70.3	31.0	33.7	34.4	16.6	20.1	20.6	12.7	11.5	12.0	3.3	18.6	-0.2
Entergy Corp ETR USA	1,215 USD	68.2	75.8	76.4	37.1	37.6	39.4	18.0	21.1	23.0	10.4	12.0	12.6	-32.3	0.1	-3.5
Average		67.1	70.2	70.6	23.9	37.4	38.6	8.6	23.2	24.1	14.0	13.9	14.5	-13.0	13.3	-4.2
Exelon Corp EXC US	**1,706** USD	**52.2**	**65.3**	**66.1**	**24.1**	**35.5**	**37.1**	**7.5**	**18.6**	**20.4**	**4.7**	**11.9**	**12.3**	**-13.7**	**79.4**	**-5.8**

Leverage Analysis

		Debt/Equity %			Debt/Total Cap %			EBITDA/Interest Exp.			Total Debt/EBITDA			Assets/Equity		
Company/Ticker	Last Historical Year Total Debt (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	19,438 USD	134.6	125.1	125.9	57.4	55.6	55.7	0.6	7.2	7.1	54.0	4.7	4.7	3.4	3.3	3.3
FirstEnergy Corp FE USA	23,854 USD	275.0	247.6	231.5	73.3	71.2	69.8	3.0	3.5	3.7	6.9	5.8	5.5	5.2	4.9	4.7
Entergy Corp ETR USA	27,082 USD	227.1	219.0	209.7	69.4	68.7	67.7	5.2	4.5	4.8	6.2	6.9	6.5	5.0	4.8	4.7
Average		212.2	197.2	189.0	66.7	65.2	64.4	2.9	5.1	5.2	22.4	5.8	5.6	4.5	4.3	4.2
Exelon Corp EXC US	**42,417** USD	**123.3**	**94.2**	**93.8**	**55.2**	**48.5**	**48.4**	**5.6**	**5.1**	**5.3**	**4.8**	**5.0**	**4.7**	**3.9**	**3.2**	**3.2**

Liquidity Analysis

		Cash per Share			Current Ratio			Quick Ratio			Cash/Short-Term Debt			Payout Ratio %		
Company/Ticker	Market Cap (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	34,114 USD	1.62	1.79	0.23	0.88	0.67	0.56	0.84	0.63	0.51	0.19	0.27	0.03	-158.7	61.4	60.8
FirstEnergy Corp FE USA	24,008 USD	2.68	3.82	2.10	0.73	0.95	0.82	0.67	0.88	0.73	0.91	1.46	0.97	66.4	65.9	63.5
Entergy Corp ETR USA	23,654 USD	2.19	5.07	3.76	0.59	0.62	0.57	0.39	0.44	0.40	0.20	0.46	0.35	69.3	65.8	64.7
Average		2.16	3.56	2.03	0.73	0.75	0.65	0.63	0.65	0.55	0.43	0.73	0.45	-7.7	64.4	63.0
Exelon Corp EXC US	**45,831** USD	**1.21**	**2.35**	**1.25**	**0.87**	**1.48**	**1.17**	**0.75**	**1.37**	**1.08**	**0.18**	**1.54**	**0.49**	**87.9**	**59.1**	**58.7**

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

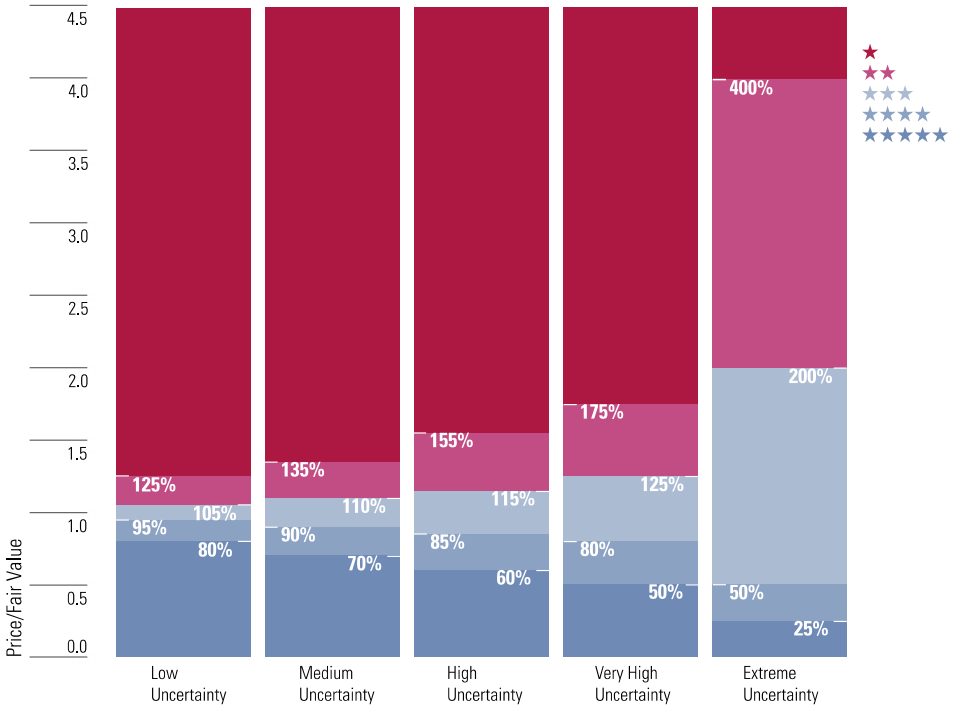

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	1.16	45.83 USD Bil	Narrow	Stable	Low	Standard	
11 May 2022	11 May 2022 20:37, UTC		10 May 2022					4 May 2022 05:00, UTC

Price vs. Fair Value

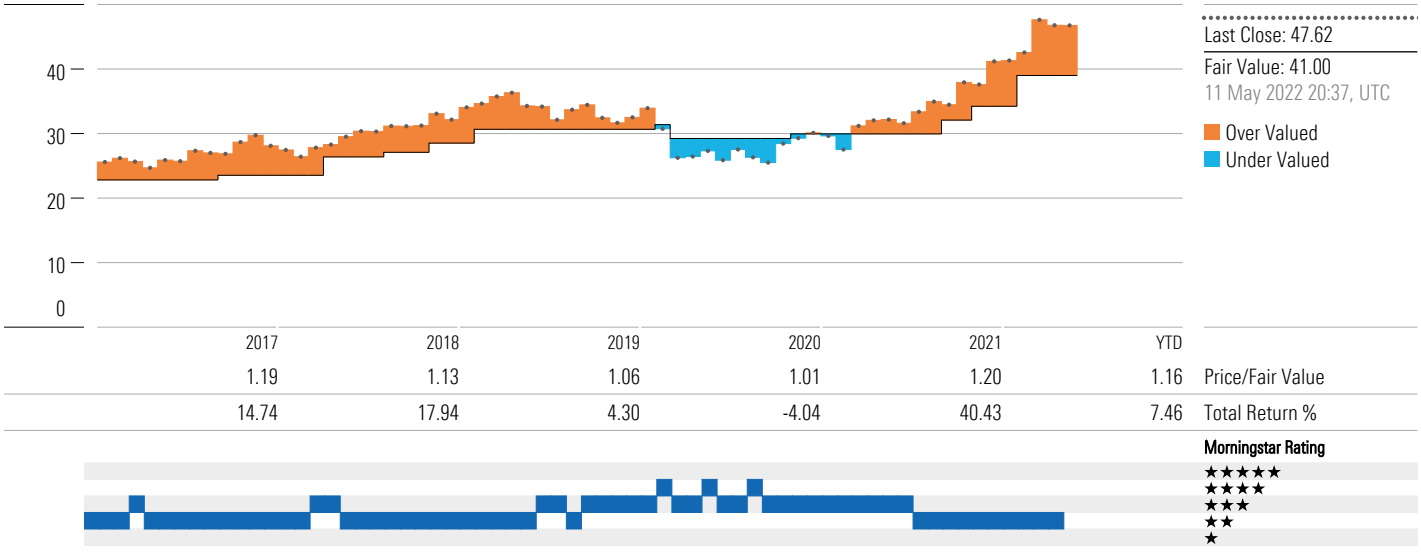

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	1.16
Total Return %	14.74	17.94	4.30	-4.04	40.43	7.46

Total Return % as of 10 May 2022. Last Close as of 11 May 2022. Fair Value as of 11 May 2022 20:37, UTC.

Contents

Business Description
Business Strategy & Outlook (11 May 2022)
Bulls Say / Bears Say (11 May 2022)
Economic Moat (11 May 2022)
Fair Value and Profit Drivers (11 May 2022)
Risk and Uncertainty (11 May 2022)
Capital Allocation (11 May 2022)
Analyst Notes Archive
Financials
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Exelon's Fully Regulated Earnings Much More Stable

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should graudally increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD 11 May 2022	41.00 USD 11 May 2022 20:37, UTC	1.16	45.83 USD Bil 10 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Diversified

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD 11 May 2022	41.00 USD 11 May 2022 20:37, UTC	1.16	45.83 USD Bil 10 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

Competitors

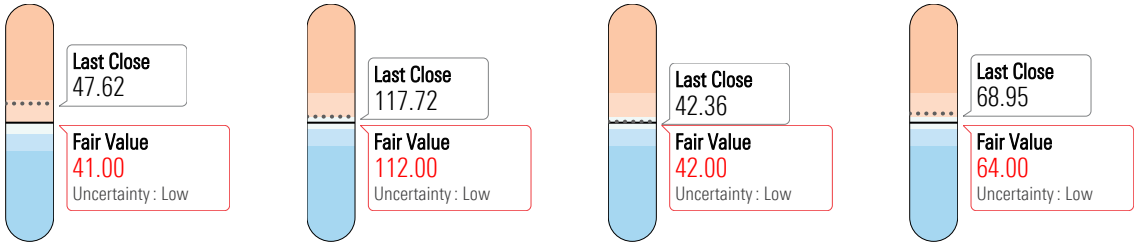

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	112.00 6 Dec 2021 17:08, UTC	42.00 22 Feb 2021 20:37, UTC	64.00 18 Feb 2022 23:32, UTC
1-Star Price	51.25	140.00	52.50	80.00
5-Star Price	32.80	89.60	33.60	51.20
Assessment	Over Valued 10 May 2022	Over Valued 10 May 2022	Fairly Valued 10 May 2022	Over Valued 10 May 2022
Morningstar Rating	★★11 May 2022 20:42, UTC	★★10 May 2022 21:18, UTC	★★★10 May 2022 21:18, UTC	★★10 May 2022 21:18, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.16	1.05	1.01	1.08
Price/Sales	1.26	2.00	2.04	3.76
Price/Book	1.33	2.01	2.74	2.51
Price/Earning	26.87	22.20	19.56	—
Dividend Yield	3.18%	3.42%	3.71%	3.03%
Market Cap	45.83 Bil	23.65 Bil	24.01 Bil	34.11 Bil
52-Week Range	30.52—50.71	98.50—126.82	35.42—48.85	58.96—75.61
Investment Style	Large Value	Mid Value	Mid Value	Mid Value

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Our fair value estimate is $41.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD 11 May 2022	41.00 USD 11 May 2022 20:37, UTC	1.16	45.83 USD Bil 10 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 11 May 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think Exelon's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD 11 May 2022	41.00 USD 11 May 2022 20:37, UTC	1.16	45.83 USD Bil 10 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results

Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 May 2022

We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD 11 May 2022	41.00 USD 11 May 2022 20:37, UTC	1.16	45.83 USD Bil 10 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate Andrew Bischof, CFA, CPA, Senior Equity Analyst, 2 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD 11 May 2022	41.00 USD 11 May 2022 20:37, UTC	1.16	45.83 USD Bil 10 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

Exelon Edging Closer to Spinning Off Merchant Unit; Reports Q3 Earnings Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Nov 2021

We are increasing our fair value estimate to $48 per share from $45 after Exelon announced third-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD 11 May 2022	41.00 USD 11 May 2022 20:37, UTC	1.16	45.83 USD Bil 10 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

quarter adjusted earnings per share of $1.09 compared with $1.04 in the same year-ago period. Management narrowed their full-year EPS guidance to $2.70-$2.90 from their previous $2.60-$3.00 range. Our fair value estimate increase is due to an increase in Morningstar's midcycle natural gas price to $3.30 per thousand cubic feet from $2.80, which boosted the nuclear fleet's midcycle margins. Our narrow moat and stable moat trend ratings are unchanged.

Recently management secured $700 million in subsidies from Illinois legislation that will keep the company's Dresden and Byron nuclear plants operating. We assume that subsidies for the plants will continue beyond 2025 given the role nuclear must play as Illinois pursues its aggressive clean energy goal. Management has successfully lobbied for subsidies across its merchant nuclear fleet. Policymakers view of nuclear generation is beginning to align with our view that nuclear' s clean energy attributes and reliable generation will be instrumental in meeting aggressive emission reduction goals.

Exelon continues to progress on the spin-off of its competitive merchant unit. The company has received FERC approval, and continues progress toward receiving approvals from New York regulators and the Nuclear Regulatory Commission. Exelon has named a management team for the new unit, to be named Constellation, which we view is a sign management is confident they can complete the spin-off. Management expects to complete the transaction in the first quarter of 2022.

In the quarter, rate increases and ongoing utility investments supported earnings. Lower capacity revenue, increased nuclear outage days, and unrealized and realized gains on equity investments had a negative impact on generation segment earnings. Trailing 12-month returns were 9.3%, down from 9.4% last quarter.

Exelon Secures Another Legislative Win; Byron and Dresden to Remain Open Andrew Bischof, CFA, CPA, Senior Equity Analyst, 14 Sep 2021

We are increasing our Exelon fair value estimate to $45 per share from $42 after Illinois lawmakers passed energy legislation that would provide subsidies to Exelon's Dresden and Byron nuclear plants. Gov. J.B. Pritzker has indicated he plans to sign the legislation, and Exelon has said it is in the process of refueling both plants. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon has taken a hard line with Illinois policymakers on the future of its unregulated nuclear facilities in the state. Last year, Exelon announced plans to close the two nuclear generating stations. After filing Post Shutdown Decommissioning Activity Reports with the Nuclear Regulatory Commission in July, Exelon is now preparing to refuel both Byron and Dresden nuclear facilities. We had previously estimated the plants were running at break-even, resulting in no change to our fair value estimate.

The $700 million in subsidies Exelon will receive from the legislation was the primary source of our fair value estimate increase. We assume that the subsidies will continue beyond our five-year forecast, in

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD 11 May 2022	41.00 USD 11 May 2022 20:37, UTC	1.16	45.83 USD Bil 10 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

part to help the state meet the legislation's 100% clean energy target by 2050. The legislation also sets targets for Illinois that include zero carbon emissions by the end of 2045 and 50% renewable energy by 2040. Dresden's operating license expires later this decade and Byron's operating license expires for both of its units by 2046. Time-value appreciation since our last update increased our fair value estimate $1 per share.

We previously thought Exelon faced an uphill battle to secure additional subsidies for its nuclear fleet in the state, in large part due to the deferred prosecution agreement Exelon entered into last year related to the company's lobbying practices in the state. However, the state's clean energy goals, and the contribution of Exelon's nuclear fleet to those goals, ultimately led to successful lobbying efforts.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

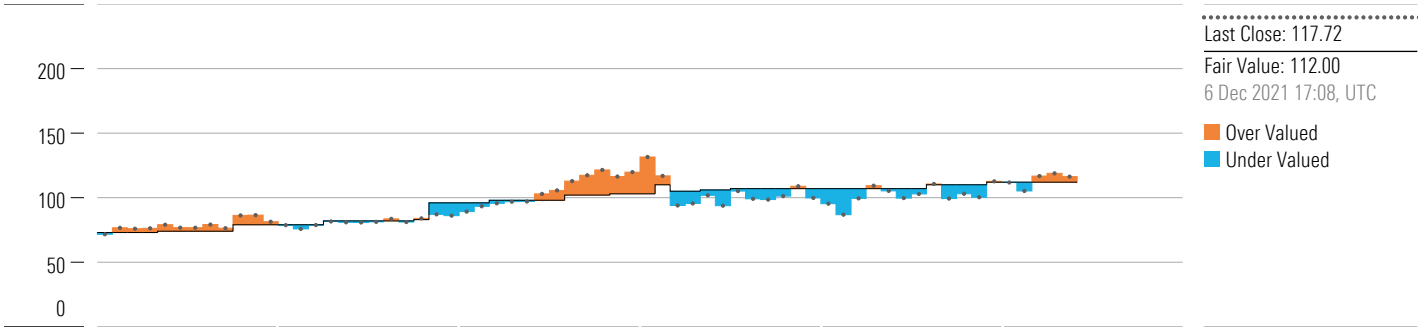

	2017	2018	2019	2020	2021	YTD	
	1.03	0.90	1.16	0.93	1.01	1.05	Price/Fair Value
	15.54	10.15	43.44	-13.54	16.70	5.04	Total Return %



Total Return % as of 10 May 2022. Last Close as of 11 May 2022. Fair Value as of 6 Dec 2021 17:08, UTC.

FirstEnergy Corp FE

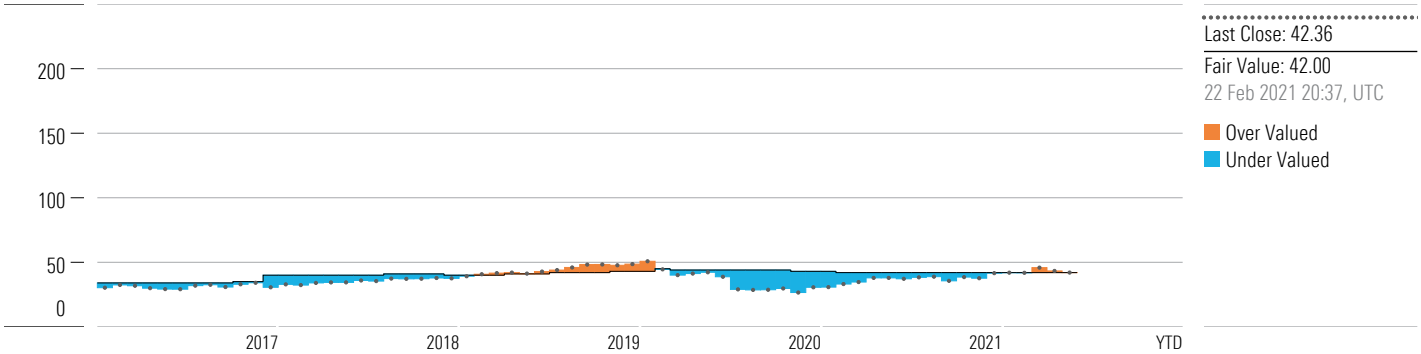

	2017	2018	2019	2020	2021	YTD	
	0.77	0.94	1.13	0.71	0.99	1.01	Price/Fair Value
	3.52	27.34	33.48	-33.81	40.97	2.98	Total Return %

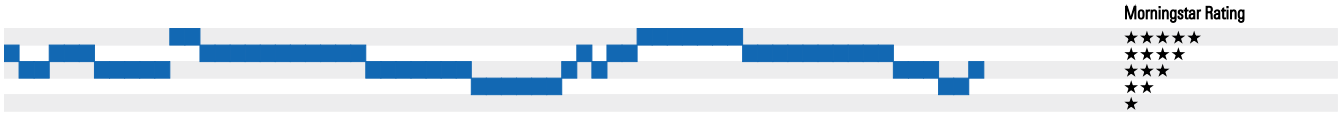

Total Return % as of 10 May 2022. Last Close as of 11 May 2022. Fair Value as of 22 Feb 2021 20:37, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Public Service Enterprise Group Inc PEG

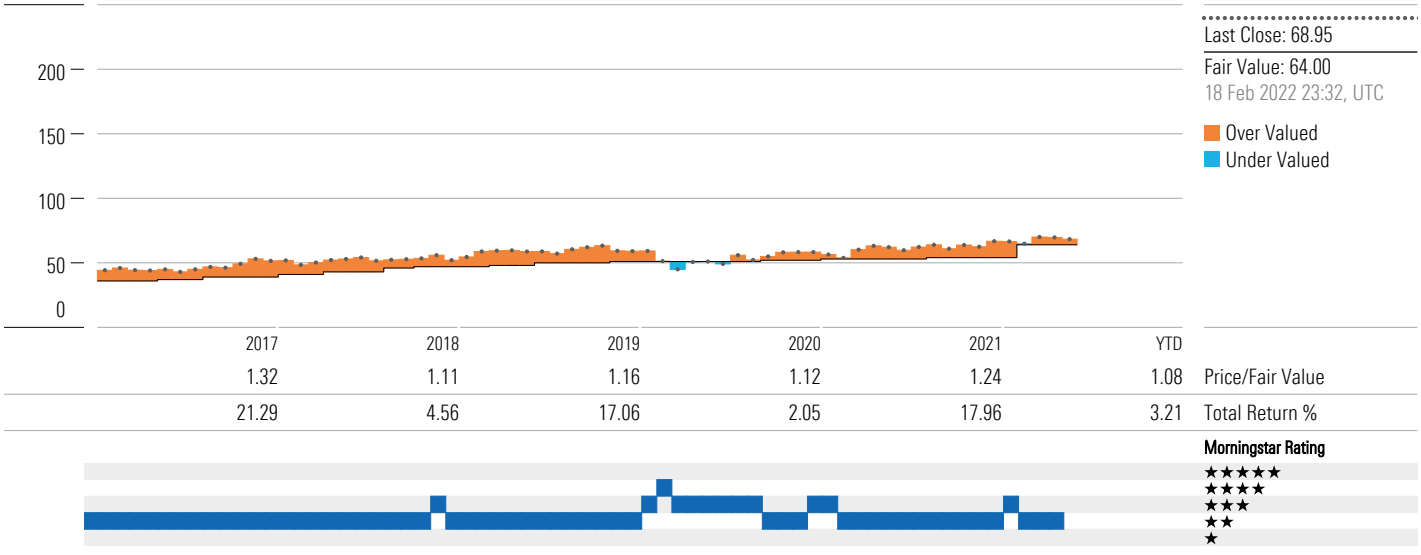

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	1.08	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	3.21	Total Return %

Total Return % as of 10 May 2022. Last Close as of 11 May 2022. Fair Value as of 18 Feb 2022 23:32, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 11 May 2022 20:42, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.62 USD	41.00 USD	1.16	45.83 USD Bil	Narrow	Stable	Low	Standard	
11 May 2022	11 May 2022 20:37, UTC		10 May 2022					4 May 2022 05:00, UTC

Morningstar Historical Summary

Financials as of 31 Dec 2021

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
Revenue (USD Bil)	23	25	27	29	31	34	36	34	33	36	36	36
Revenue Growth %	23.2	6.0	10.2	7.4	6.5	7.0	7.2	-4.3	-4.1	10.0	10.0	10.0
EBITDA (USD Bil)	6.81	7.91	7.42	8.35	9.09	10.76	9.75	11.38	10.50	11.35	11.35	11.35
EBITDA Margin %	29.0	31.8	27.1	28.4	29.0	32.1	27.1	33.1	31.8	31.2	31.2	31.2
Operating Income (USD Mil)	2,471	3,646	2,390	4,391	3,260	3,939	3,835	4,342	2,799	2,522	2,522	2,522
Operating Margin %	10.5	14.6	8.7	14.9	10.4	11.7	10.7	12.6	8.5	6.9	6.9	6.9
Net Income (USD Mil)	1,160	1,719	1,623	2,269	1,121	3,779	2,005	2,936	1,963	1,706	1,706	1,706
Net Margin %	4.9	6.9	5.9	7.7	3.6	11.3	5.6	8.5	5.9	4.7	4.7	4.7
Diluted Shares Outstanding (Mil)	819	860	864	893	927	949	969	974	977	980	980	980
Diluted Earnings Per Share (USD)	1.42	2.00	1.88	2.54	1.21	3.98	2.07	3.01	2.01	1.74	1.74	1.74
Dividends Per Share (USD)	2.10	1.46	1.24	1.24	1.26	1.31	1.38	1.45	1.53	1.53	1.53	1.53

Valuation as of 29 Apr 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Price/Sales	1.0	0.9	1.2	0.8	1.1	1.1	1.2	1.3	1.2	1.6	1.3	1.3
Price/Earnings	21.0	14.6	15.2	12.4	26.9	17.7	11.7	19.2	17.4	33.8	27.4	26.9
Price/Cash Flow	4.0	4.0	5.7	3.8	3.5	5.5	5.1	6.0	7.5	13.6	15.5	15.2
Dividend Yield %	5.3	5.31	3.34	4.47	3.56	3.32	3.06	3.18	3.62	2.65	3.12	3.17
Price/Book	1.2	1.1	1.4	1.0	1.3	1.4	1.4	1.4	1.3	1.7	1.4	1.3
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating Performance / Profitability as of 31 Dec 2021

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
ROA %	1.7	2.2	2.0	2.5	1.1	3.3	1.7	2.4	1.5	1.3	1.3	1.3
ROE %	6.5	7.8	7.2	9.4	4.3	13.6	6.6	9.3	6.1	5.1	5.1	5.1
ROIC %	5.1	6.1	5.5	6.1	3.6	7.4	5.2	6.2	4.7	4.4	4.4	4.4
Asset Turnover	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3

Financial Leverage

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Debt/Capital %	46.1	44.6	46.8	48.5	55.5	52.1	52.9	49.6	52.1	50.9	50.9	—
Equity/Assets %	27.3	28.4	26.2	27.0	22.5	25.6	25.7	25.8	25.2	25.9	25.9	—
Total Debt/EBITDA	2.9	2.5	3.0	3.2	4.0	3.3	3.7	3.3	3.7	3.7	3.7	—
EBITDA/Interest Expense	7.3	5.8	7.0	8.1	5.9	6.9	6.3	7.0	6.4	7.2	7.2	7.2

Morningstar Analyst Historical/Forecast Summary as of 11 May 2022

Financials

Fiscal Year, ends 31 Dec	2020	2021	Estimates 2022	2023	2024
Revenue (USD Bil)	33	36	19	20	20
Revenue Growth %	-3.8	10.0	-48.4	4.6	3.9
EBITDA (USD Mil)	7,837	8,759	6,661	7,281	7,802
EBITDA Margin %	23.7	24.1	35.5	37.1	38.3
Operating Income (USD Mil)	2,823	2,723	3,493	4,009	4,327
Operating Margin %	8.5	7.5	18.6	20.4	21.2
Net Income (USD Mil)	3,146	1,706	2,237	2,414	2,601
Net Margin %	9.5	4.7	11.9	12.3	12.8
Diluted Shares Outstanding (Mil)	977	980	980	983	992
Diluted Earnings Per Share(USD)	3.22	1.74	2.28	2.46	2.62
Dividends Per Share(USD)	1.53	1.53	1.35	1.44	1.54

Forward Valuation

	2020	2021	Estimates 2022	2023	2024
Price/Sales	1.2	1.6	2.4	2.3	2.2
Price/Earnings	9.4	23.7	20.5	19.0	17.8
Price/Cash Flow	-10.8	-11.4	3.1	-40.2	-45.3
Dividend Yield %	5.08	3.71	2.89	3.08	3.29
Price/Book	—	—	—	—	—
EV/EBITDA	10.0	10.9	13.1	12.0	11.2

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to

Morningstar Equity Research Star Rating Methodology

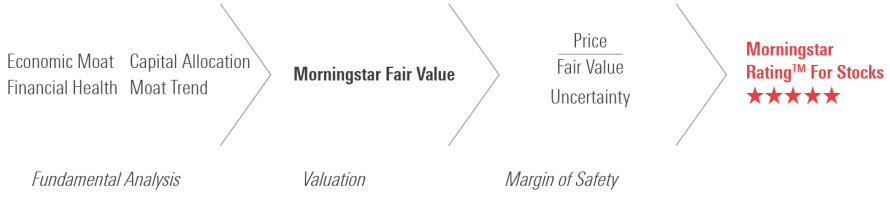

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close

Morningstar Equity Research Star Rating Methodology

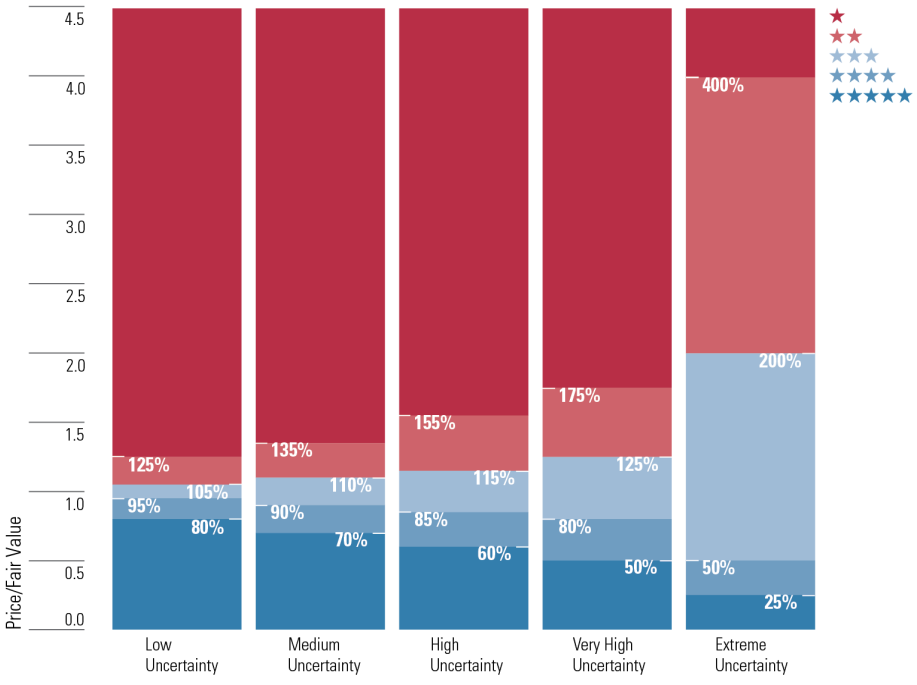

tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exem-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

plary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
DUK	110.80	Buy
EXC	46.73	Neutral
NRG	41.43	Neutral

Power & Utilities May 10, 2022

The Guggenheim Daily Transmission: DUK, EXC, CA, Power, ERCOT, VT/Policy, NRG/PJM, NRG/ERCOT

For details on our Guggenheim-hosted client Utility events including: our CNP NDR (TODAY); AGA Conference meetings; EVRG NDR; AWK NDR; EXC NDR; LNT NDR; ES NDR; SO NDR; CMS NDR; DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; OGS NDR; and other events, scroll down…

DUK: Slight Miss on Adj. 1Q22 EPS Driven by One-Time Storm Costs; 2022 EPS & 5-7% LT Guidance Reiterated; 2024 Solar Commentary Driven by Conservatism (see note HERE)

EXC: Exelon Enters Its Sleep-at-Night Phase… (see note HERE)

CA – CPUC ALJ issues ruling reopening record for more comments in NEM 3.0 docket

Power – Talen announces restructuring and recapitalization

ERCOT – Texas poised to set May demand record amid heatwave

VT/Policy – Governor vetoes clean heat standard; legislators discuss override

NRG/PJM – Indian River 4 RMR draws criticism at FERC

NRG/ERCOT – WA Parish Unit 8 experiences fire

CA – CPUC ALJ issues ruling reopening record for more comments in NEM 3.0 docket

- "On December 13, 2021, the Commission issued a proposed decision in R.20-08-020 entitled Decision Revising Net Energy Metering Tariff and Subtariffs. Parties filed opening comments to the proposed decision on January 7, 2022 and reply comments on January 14, 2022. In response to these comments, I am setting aside submission of the proceeding record to further explore three elements of the proposed decision: (A.) the glide path approach, (B.) non-bypassable charges on gross consumption; and (C.) community distributed energy resources." - ALJ
- More HERE

Guggenheim takeaway: *Heads up on what remains an extremely noisy process. For key takes, see note from our renewables analyst Joe Osha HERE*

Power – Talen announces restructuring and recapitalization

- "Talen Energy Corporation ("TEC") [PRIVATE] today announced a major step in its corporate transformation with a recapitalization transaction that is expected to greatly strengthen the financial position of its Talen Energy Supply LLC ("TES" or the "Company") subsidiary. The transaction will include a new equity investment of up to $1.65 billion, which will accelerate TES' clean power transformation, advance carbon-free data center growth initiatives, and maximize value to stakeholders" - release
- "In order to effectuate the consensual restructuring contemplated by the RSA, TES and certain of its subsidiaries have voluntarily filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. Pursuant to the RSA, the Company plans to confirm its plan of reorganization approximately six months following the commencement of this restructuring." - release
- More HERE

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Guggenheim takeaway: *Interesting FYI and not a surprise given media coverage of liquidity issues at the company for some time. We remain on the lookout for any potential asset divestitures as the process advances.*

ERCOT – Texas poised to set May demand record amid heatwave

- The state is reportedly poised to hit an all-time high for May demand in the coming days as temperatures remain unseasonably high across the region
- More HERE

Guggenheim takeaway: *As we highlighted yesterday. While lower outages and slightly lower peak temperature forecasts have taken some pressure off the emergency, the market remains tight in the NT.*

VT/Policy – Governor vetoes clean heat standard; legislators discuss override

- The governor vetoed legislation that would have required a step down in fuels sold for heating over time, including 15% by 2025 and 40% by 2030
- "What the Legislature has passed is a bill that includes some policy, with absolutely no details on costs and impacts, and a lot of authority and policy making delegated to the Public Utility Commission (PUC), an unelected board" – Governor
- "If this becomes law, every seller of oil heat, propane, kerosene, natural gas, and coal will have to register with the PUC, show how much fuel they bought, how much fuel they sold, where it came from, and where it was delivered" - Vermont Fuel Dealers Association
- More HERE

Guggenheim takeaway: *Interesting battle in one of the more environmentally liberal states as it is also home to significant winter heating demand.*

NRG/PJM – Indian River 4 RMR draws criticism at FERC

- Multiple parties have filed comments and protests on the MD plant's RMR agreement, which could see it run through most of 2026
- "The Market Monitor appreciates NRG's willingness to continue to operate, consistent with good utility practice and NRG's and PJM's reliability obligations. NRG has not, however, proposed just and reasonable compensation for operating the unit and its filing should be rejected." - IMM
- ER22-1539 - More HERE

Guggenheim takeaway: *Minor FYI and part of the process for RMRs (e.g., Mystic or Midway-Sunset).*

NRG/ERCOT – WA Parish Unit 8 experiences fire

- The hydrogen fire reportedly broke out late Sunday night at unit 8, and required an associated release of steam in the unit
- According to several outlets no injuries were reported, and other units at the site are expected to stay online
- More HERE

Guggenheim takeaway: *Heads up.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

David Lesar, *President and Chief Executive Officer*
Jason Wells, *EVP & Chief Financial Officer*
Jackie Richert, *VP, Investor Relations and Treasurer*

Date
Monday, May 9, 2022 – Baltimore/New York
Tuesday, May 10, 2022 – New York

Meeting Format
In-person NDR - 1:1 Meetings, Group Lunch, Group Dinner

Company Information
Market Cap: $17.9bn
CenterPoint Energy, Inc. is a holding company, which engages in the business of power generation and distribution. It operates through the following segments: Houston Electric Transmission & Distribution (T&D), Indiana Electric Integrated, Natural Gas Distribution, Energy Services, Infrastructure Services, Midstream Investments, and Corporate and Other. The Electric T&D segment offers electric transmission and distribution services. The Indiana Electric Integrated segment includes energy delivery services to electric customers and electric generation assets to serve electric customers and optimize those assets in the wholesale power market. The Natural Gas Distribution segment provides regulated natural gas distribution services. The Energy Services segment offers non-rate regulated natural gas sales to, and transportation and storage services, for commercial and industrial customers. The Infrastructure Services segment focuses on underground pipeline construction and repair services. The Midstream Investments segment consists of the equity method investment in Enable. The Other Operations segment consists of office buildings and other real estate used for business operations and home repair protection plans. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Corporate Access

SAVE THE DATE

2022 AGA Financial Forum

The Guggenheim Utilities Research Team will be hosting meetings with company management.

Client Dinner

We will be hosting a dinner with Shar Pourreza and Mark McLain on May 16th at 6:30PM ET.

Location: Byblos Miami.

Tuesday, May 17th	
Time	*Co.*
9:30–10:10	AVA
10:20–11:00	D
11:10–11:50	NWE
12:00–12:40	BKH
12:50–1:30	NJR
1:40–2:20	PEG
2:30–3:10	DTE
3:20–4:00	DUK
4:10–4:50	ED/NWN

Wednesday, May 18th	
Time	*Co.*
8:40–9:20	SRE
9:30–10:10	SR
10:20–11:00	AEE
11:10–11:50	SO
12:00–12:40	WEC
1:00–1:40	CMS
1:50–2:30	OGS
2:40–3:20	CPK
3:30–4:10	CNP
4:20–5:00	NI

Dates

May 16 (Dinner only), May 17–May 18 (1x1 meetings)

Location

Loews Miami Beach Hotel, 1601 Collins Avenue, Miami Beach, Florida

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

Evergy, Inc. (EVRG)

Kirk Andrews, *Chief Financial Officer*
Lori Wright, *VP, Corporate Planning, IR and Treasurer*
Cody VandeVelde, *Director, Investor Relations*

Dates & Locations

Tuesday, May 24 | Boston
Wednesday, May 25 | Virtual

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $16.2bn

Evergy, Inc. (EVRG) is a holding company, which engages in the provision of electricity through its subsidiaries. It focuses on the regulation of electric utilities and development of electric transmission projects. The company was founded in 2017 and is headquartered in Kansas City, MO. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President, Chief Executive Officer and Chief Financial Officer*
Cheryl Norton, *EVP and Chief Operating Officer*
John Griffith, *Incoming EVP and Chief Financial Officer**
Aaron Musgrave, *Senior Director, Investor Relations*

** effective May 16, 2022*

Date
Thursday, May 26, 2022
New York (Guggenheim Securities – 330 Madison Ave)

Meeting Format
1:1 Meetings & Group Lunch

Company Information
Market Cap: $31.1bn
American Water Works Co., Inc. engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment provides water and wastewater services to customers. The Market-Based Businesses segment is responsible for Military Services Group, Contract Operations Group, Homeowner Services Group, and Keystone Operations. The Other segment includes corporate costs that are not allocated to the Company's operating segments, eliminations of inter-segment transactions, fair value adjustments and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Joseph Nigro, *Chief Financial Officer*
Jeanne Jones, *SVP, Corporate Finance*
Andrew Plenge, *VP, Investor Relations*

Date
June 1 & 2, 2022
Midwest

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $49.1bn
Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

Southern Company (SO)

Daniel Tucker, Chief Financial Officer

Scott Gammill, Director, Investor Relations

Date

June 9 & 10, 2022
West Coast

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $16.2bn

American Water Works Co., Inc. is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, Florida, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Florida, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings

Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite

Location: TBD

Tuesday, July 12th

11:30 AM | Lunch

Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience

Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game

Southern Company C-Suite will host in their private box. Dinner will be served.

Participating Guggenheim Analyst

Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*

Logistics

Transportation details, logistics and hotel recommendations to follow

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Guggenheim's Power & Utility Comp Sheet

5/9/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$60.39	3,442	3.75	3.89	4.06	4.32	–	–	–	(0.09)	16.1x	15.5x	14.9x	14.0x	-21%	-19%	-17%	-17%	7.6%	4.4%	71%	Neutral	$65	12%	Neutral	$67	16%
AVA	$42.38	3,070	1.94	2.47	2.59	2.72	–	–	–	–	21.8x	17.2x	16.4x	15.6x	7%	-11%	-9%	-8%	6.7%	4.2%	92%	Sell	$34	-16%	Neutral	$43	7%
NWE	$58.92	3,190	3.34	3.57	3.88	4.05	0.06	–	0.21	–	17.6x	16.5x	15.2x	14.5x	-14%	-14%	-15%	-14%	3.8%	4.3%	77%	Neutral	$58	3%	Buy	$63	10%
POR	$46.92	4,186	2.58	2.98	3.12	3.25	–	0.07	0.08	0.08	18.2x	15.7x	15.0x	14.4x	-11%	-18%	-16%	-15%	4.6%	3.9%	71%	Buy	$57	25%	Neutral	$53	17%
		13,888									**18.4x**	**16.2x**	**15.4x**	**14.6x**	**-10%**	**-15%**	**-14%**	**-13%**	**5.7%**	**4.2%**	**78%**						
Mid/Large Cap Electric																											
AEE	$92.68	23,920	4.04	4.32	4.64	4.95	–	(0.04)	(0.04)	–	22.9x	21.5x	20.0x	18.7x	12%	12%	11%	11%	6.5%	2.6%	59%	Buy	$99	9%	Buy	$99	9%
AEP	$99.69	51,195	4.98	5.30	5.64	6.00	–	–	–	–	20.0x	18.8x	17.7x	16.6x	-2%	-2%	-2%	-2%	6.1%	3.2%	65%	Buy	$109	13%	Buy	$106	10%
CMS	$69.18	20,071	2.88	3.14	3.41	3.64	–	–	–	–	24.0x	22.0x	20.3x	19.0x	17%	15%	13%	13%	8.3%	2.7%	66%	Neutral	$70	4%	Buy	$72	7%
CNP	$30.38	19,122	1.38	1.49	1.61	1.73	–	–	–	–	22.0x	20.4x	18.9x	17.6x	8%	6%	5%	4%	8.0%	2.3%	51%	Buy	$34	14%	Buy	$33	11%
D	$83.77	67,960	4.12	4.40	4.70	5.00	–	–	–	–	20.3x	19.0x	17.8x	16.8x	-1%	-1%	-1%	-1%	6.1%	3.3%	66%	Buy	$90	11%	Buy	$90	10%
DTE	$129.52	25,093	5.98	6.29	6.73	7.13	0.04	0.04	0.05	(0.05)	21.7x	20.6x	19.2x	18.2x	6%	7%	7%	8%	4.5%	2.8%	61%	Buy	$145	15%	Buy	$138	9%
DUK	$110.80	85,316	5.48	5.81	6.15	6.50	–	0.03	–	(0.04)	20.2x	19.1x	18.0x	17.0x	-1%	-1%	0%	1%	5.5%	3.7%	74%	Buy	$119	11%	Buy	$115	7%
ED	$94.38	33,438	4.51	4.89	5.18	5.38	–	0.09	0.11	0.07	20.9x	19.3x	18.2x	17.5x	2%	1%	1%	4%	5.3%	3.4%	71%	Sell	$80	-12%	Sell	$86	-6%
EIX	$70.06	26,707	4.64	4.92	5.25	5.60	0.11	0.04	0.07	0.23	15.1x	14.2x	13.3x	12.5x	-26%	-26%	-26%	-26%	5.1%	4.1%	61%	Buy	$82	21%	Buy	$75	12%
ES	$90.54	31,225	4.10	4.34	4.65	5.00	–	(0.03)	–	(0.06)	22.1x	20.9x	19.5x	18.1x	8%	9%	8%	7%	6.7%	2.9%	64%	Neutral	$92	4%	Neutral	$93	6%
ETR	$119.26	24,254	6.33	6.81	7.21	7.57	–	0.07	0.09	–	18.8x	17.5x	16.5x	15.8x	-8%	-9%	-8%	-7%	5.9%	3.5%	65%	Buy	$129	12%	Buy	$128	11%
EVRG	$67.90	15,413	3.52	3.77	4.02	4.30	–	–	–	–	19.3x	18.0x	16.9x	15.8x	-6%	-6%	-6%	-6%	5.0%	3.5%	67%	Buy	$77	17%	Buy	$74	12%
EXC	$46.73	45,802	2.27	2.41	2.58	2.82	–	–	–	–	20.6x	19.4x	18.1x	16.6x	1%	1%	1%	-2%	–	3.0%	62%	Neutral	$49	8%	Buy	$49	8%
FE	$42.17	24,076	2.44	2.57	2.75	2.95	0.03	–	–	–	17.3x	16.4x	15.3x	14.3x	-15%	-15%	-15%	-15%	3.2%	3.7%	65%	Neutral	$43	6%	Buy	$48	18%
LNT	$58.72	14,728	2.75	2.90	3.04	3.23	–	–	(0.03)	(0.04)	21.4x	20.2x	19.3x	18.2x	4%	5%	8%	8%	5.3%	3.0%	64%	Neutral	$60	5%	Neutral	$64	12%
OGE	$39.20	7,848	2.28	2.39	2.52	2.64	0.19	0.27	0.28	0.22	17.2x	16.4x	15.6x	14.8x	-16%	-15%	-13%	-12%	4.0%	4.2%	73%	Buy	$43	14%	Buy	$42	11%
PCG	$12.09	29,805	1.11	1.24	1.34	1.45	–	–	–	–	10.9x	9.8x	9.0x	8.3x	-47%	-49%	-50%	-51%	9.7%	0.3%	3%	Buy	$19	57%	Buy	$16	34%
PEG	$69.06	34,479	3.56	3.73	4.18	4.55	0.08	0.04	0.13	0.08	19.4x	18.5x	16.5x	15.2x	-5%	-4%	-8%	-10%	5.7%	3.2%	62%	Buy	$75	12%	Buy	$77	14%
PNW	$74.25	8,390	4.05	4.25	4.50	4.75	–	–	–	–	18.3x	17.5x	16.5x	15.6x	-10%	-9%	-8%	-7%	-3.5%	4.7%	86%	Sell	$60	-15%	Sell	$74	4%
PPL	$28.79	21,187	1.57	1.72	1.79	1.85	0.12	0.09	0.04	–	18.3x	16.7x	16.1x	15.6x	-10%	-13%	-10%	-8%	15.2%	3.3%	60%	Buy	$33	18%	Buy	$31	12%
SO	$74.23	78,923	3.55	3.80	4.15	4.40	–	–	0.04	–	20.9x	19.5x	17.9x	16.9x	2%	2%	-0%	-0%	6.6%	3.7%	77%	Buy	$76	6%	Neutral	$74	3%
WEC	$101.94	32,155	4.38	4.59	4.89	5.21	–	–	–	(0.03)	23.3x	22.2x	20.8x	19.6x	14%	16%	16%	16%	6.1%	2.9%	68%	Neutral	$104	5%	Neutral	$105	6%
Mid/Lg Cap (excl. EIX, PCG)											**20.5x**	**19.2x**	**18.0x**	**16.9x**					**5.5%**	**3.3%**	**66%**						
Regulated Electrics		**734,996**									**20.1x**	**18.7x**	**17.5x**	**16.5x**					**5.5%**	**3.4%**	**68%**						

		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$41.99	4,595	2.21	2.41	2.47	2.69	0.07	0.12	0.07	0.06	19.0x	17.4x	17.0x	15.6x	-7%	-9%	-5%	-8%	4.6%	3.4%	64%	Neutral	$41	1%	Sell	$41	1%
NEE	$70.71	138,910	2.84	3.07	3.31	3.59	–	0.03	0.04	0.07	24.9x	23.0x	21.4x	19.7x	22%	20%	19%	17%	8.9%	2.5%	62%	Buy	$91	31%	Buy	$92	33%
SRE	$162.03	50,927	8.54	9.08	9.58	10.21	0.03	0.10	–	0.07	19.0x	17.8x	16.9x	15.9x	-7%	-7%	-6%	-6%	4.9%	3.0%	56%	Buy	$174	10%	Buy	$174	10%
		194,432									**21.0x**	**19.4x**	**18.4x**	**17.1x**	**2%**	**1%**	**3%**	**1%**	**6.1%**	**2.9%**	**61%**						
Gas LDCs																											
NI	$29.44	11,947	1.45	1.53	1.70	1.84	–	–	–	–	20.3x	19.2x	17.3x	16.0x	1%	3%	-1%	-3%	7.7%	3.3%	66%	Buy	$32	12%	Buy	$32	13%
CPK	$127.66	2,263	5.13	5.55	5.93	6.32	–	–	0.05	0.07	24.9x	23.0x	21.5x	20.2x	24%	23%	23%	22%	7.6%	1.7%	42%	Neutral	$136	8%	Buy	$141	12%
NJR	$44.21	4,251	2.35	2.43	2.62	2.78	0.03	–	(0.12)	0.04	18.8x	18.2x	16.9x	15.9x	-6%	-3%	-4%	-4%	6.5%	3.4%	65%	Neutral	$41	-4%	Neutral	$47	9%
NWN	$49.54	1,697	2.56	2.73	2.83	2.97	–	0.07	–	–	19.4x	18.1x	17.5x	16.7x	-4%	-3%	-0%	1%	3.8%	3.9%	76%	Neutral	$49	3%	Buy	$54	14%
OGS	$85.42	4,620	4.08	4.38	4.65	5.00	–	–	–	–	20.9x	19.5x	18.4x	17.1x	4%	4%	5%	3%	6.8%	3.0%	62%	Neutral	$77	-7%	Buy	$89	7%
SJI	$33.59	4,112	1.71	1.82	1.94	2.05	(0.05)	0.05	–	–	19.6x	18.5x	17.3x	16.4x	-2%	-1%	-1%	-1%	6.2%	3.8%	74%	Neutral	$26	-19%	Neutral	$34	3%
SR	$75.55	3,938	3.84	4.27	4.91	5.03	(0.09)	(0.11)	0.13	0.09	19.7x	17.7x	15.4x	15.0x	-2%	-5%	-12%	-9%	0.9%	3.7%	73%	Neutral	$67	-8%	Neutral	$75	3%
		32,828									**20.5x**	**19.2x**	**17.8x**	**16.8x**	**2%**	**3%**	**1%**	**1%**	**5.6%**	**3.3%**	**65%**						
Regulated Water																											
AWK	$145.79	26,498	4.44	4.85	5.23	5.70	–	–	0.04	0.04	32.8x	30.1x	27.9x	25.6x	61%	57%	55%	51%	-4.8%	1.8%	60%	Neutral	$155	8%	Neutral	$161	12%

		Market	Guggenheim EBITDA Ests				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'21–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$57.62	18,822	2,525	2,721	2,895	2,867	(95)	(255)	(463)	(610)	9.2x	8.3x	7.4x	7.1x	23,350	22,553	21,399	20,225	-0.7%	1.0%	18%	Neutral	$51	-10%	Buy	$64	12%
NRG	$41.43	9,831	2,120	2,237	2,282	2,225	(81)	(33)	(100)	(159)	7.5x	6.8x	6.4x	6.0x	15,875	15,281	14,692	13,370	-2.1%	3.5%	21%	Neutral	$43	7%	Buy	$44	11%
VST	$24.13	10,420	3,117	3,508	3,555	3,738	–	(24)	–	233	6.6x	5.9x	5.7x	5.3x	20,654	20,595	20,418	19,904	17.8%	3.1%	34%	Buy	$32	36%	Buy	$31	32%
Other																											
ALTO	$4.92	364	73	85	86	87	–	(129)	(179)	(238)									3.1%	–	–	Buy	$9	83%	Buy	$12	137%
IEA	$8.58	415	152	174	199	220	–	–	–	–									13.0%	–	–	Buy	$16	86%	Buy	$17	98%
NEP	$66.33	5,565	1,660	1,775	1,889	2,003	(89)	(136)	(206)	(244)									10.2%	4.8%	–	Buy	$85	33%	Buy	$86	35%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

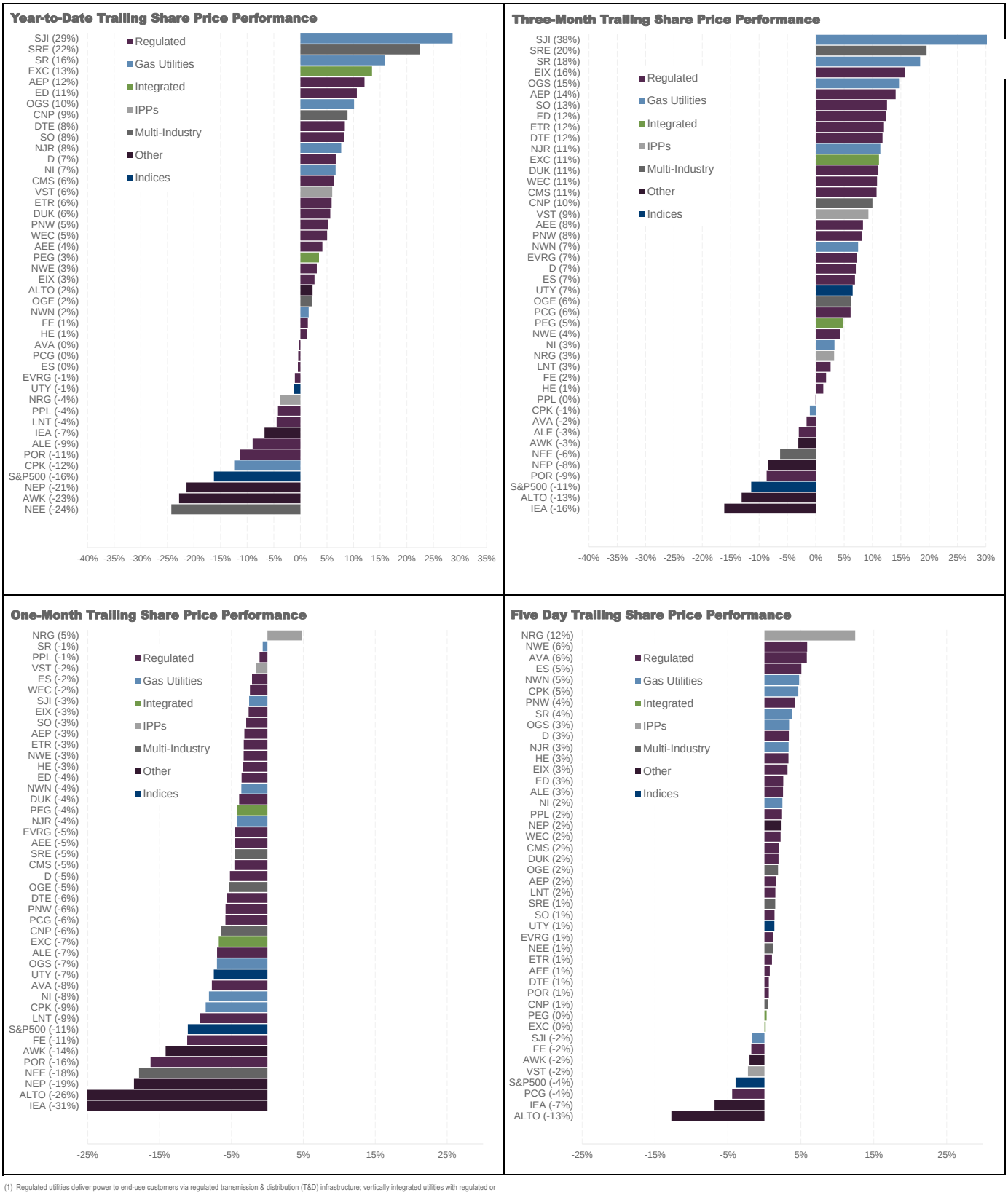

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/24–5/25	TBC
AWK	5/26	New York
EXC	6/1–6/2	Midwest
LNT	6/7–6/8	New York
ES	6/8	Boston or Virtual
SO	6/9–6/10	West Coast
CMS	6/16	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
POR	8/9-8/10	New York
NEE	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Generation and Mix

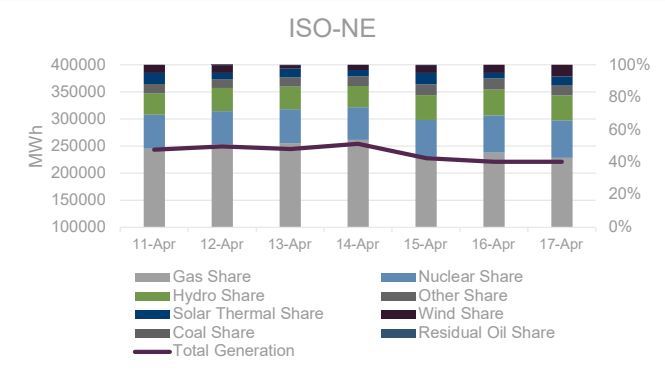

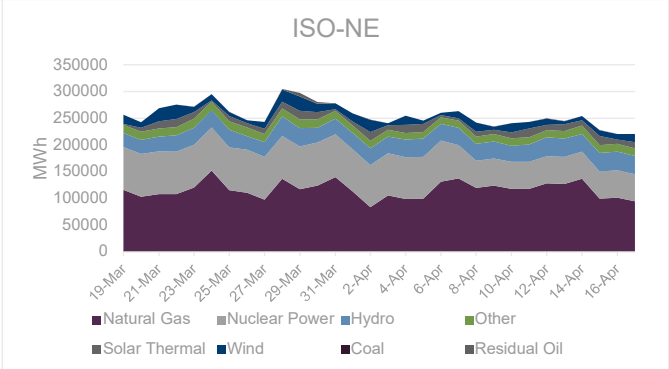

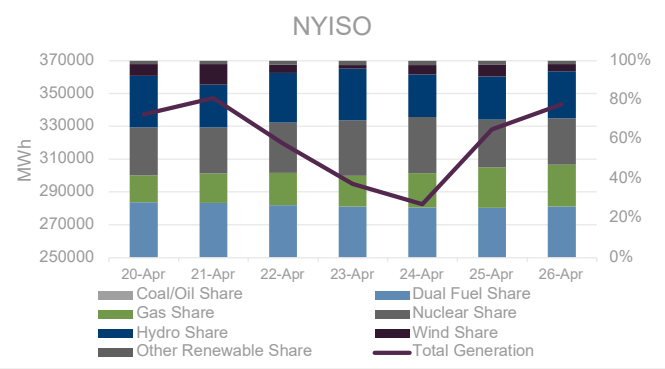

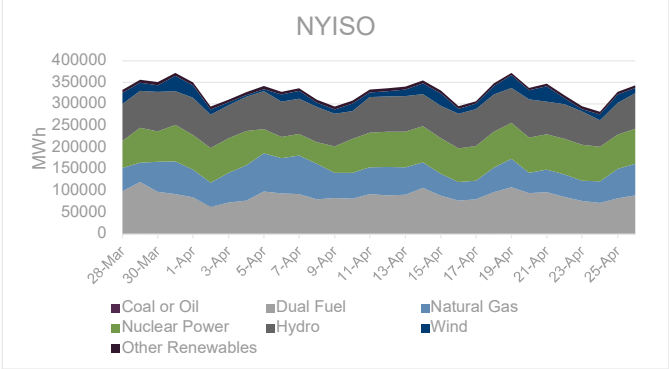

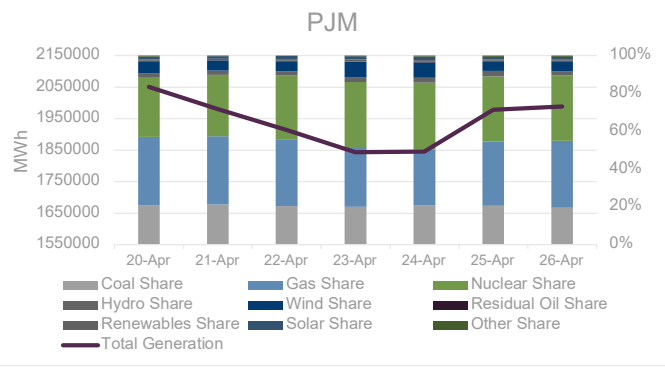

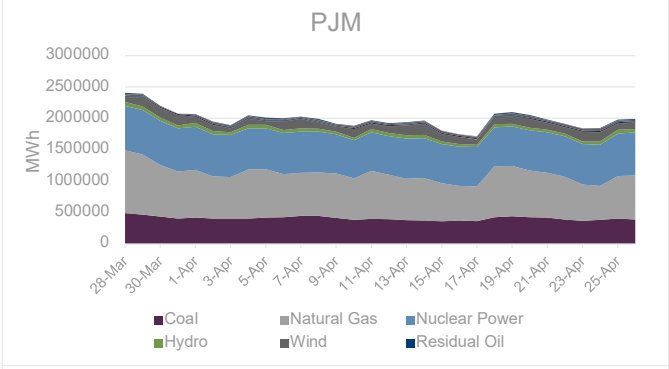

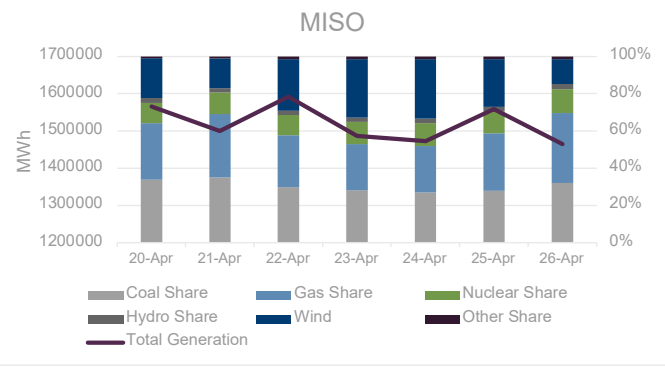

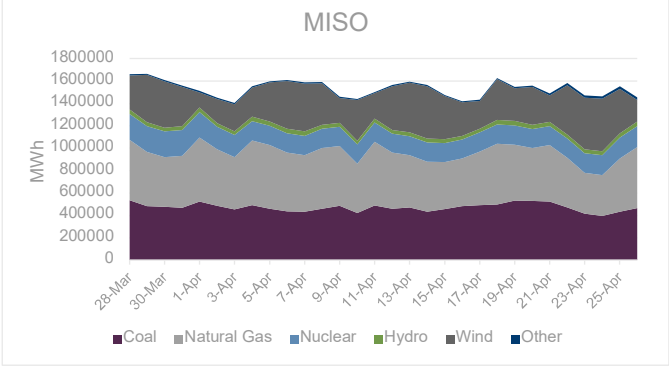

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

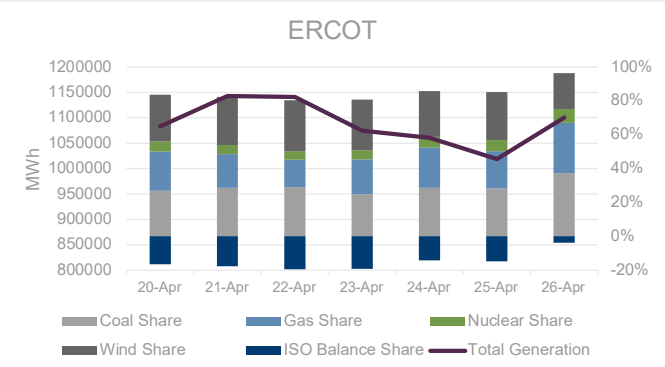

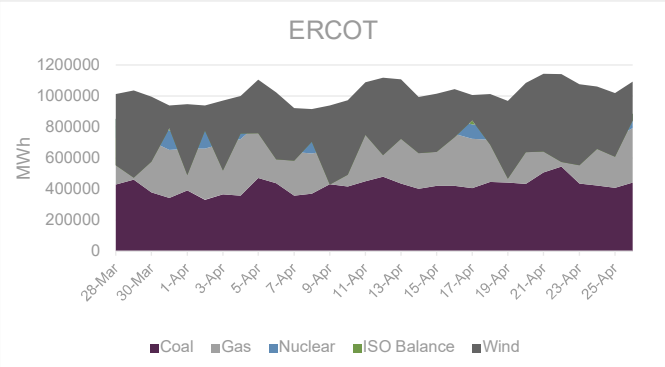

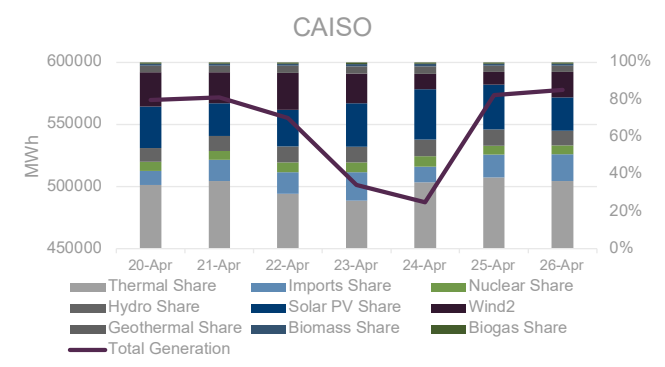

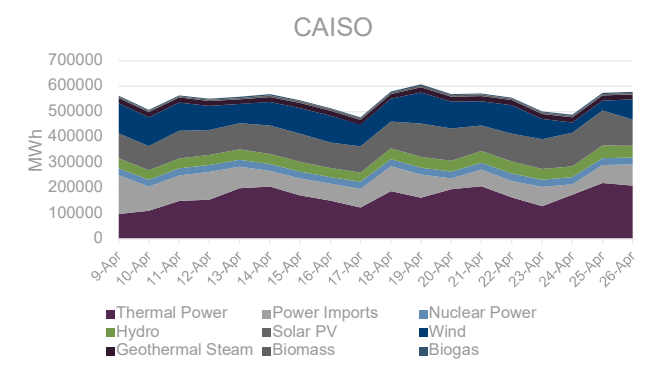

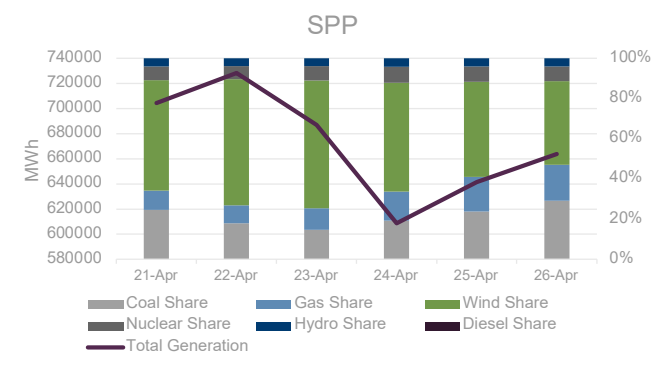

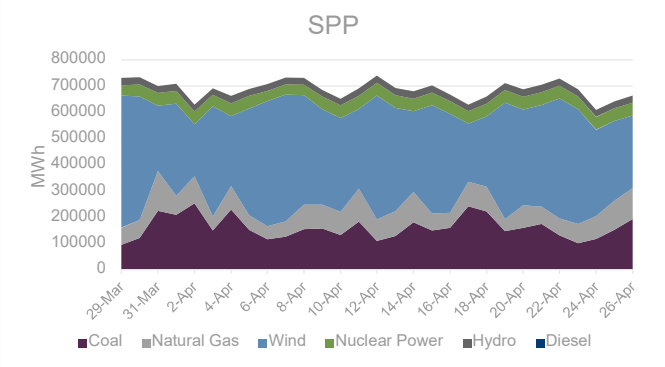

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Weather

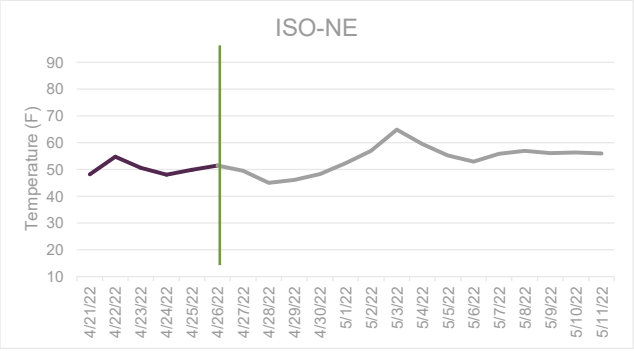

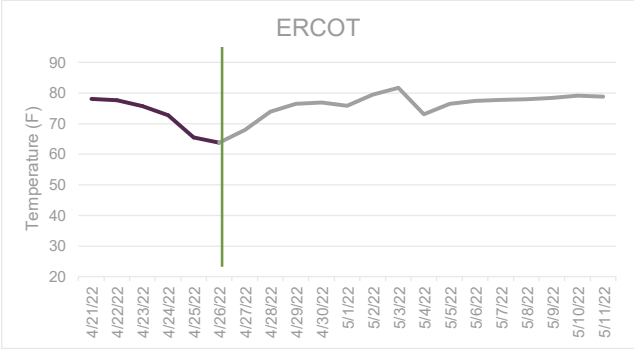

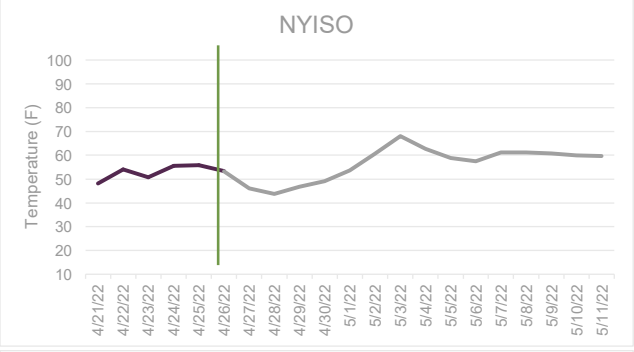

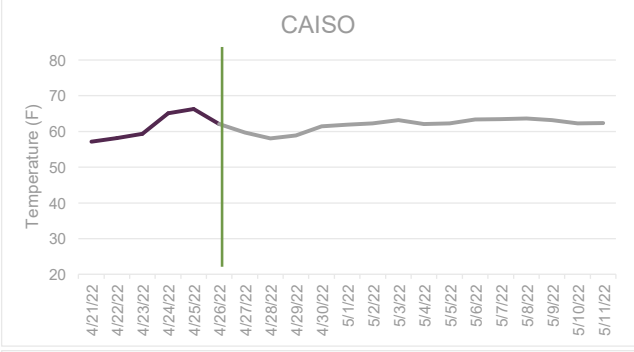

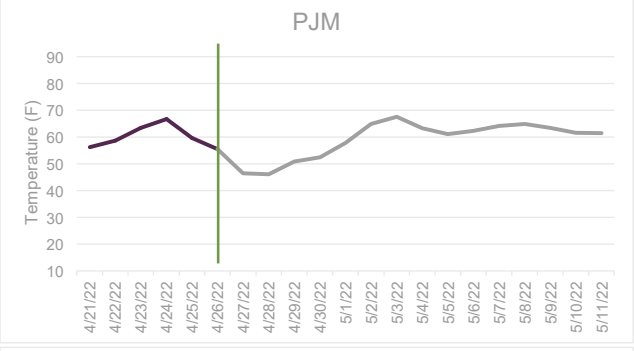

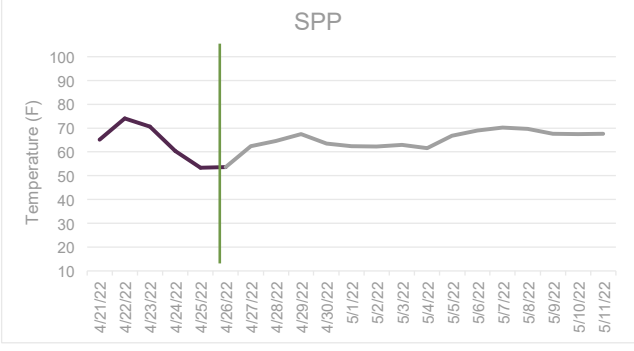

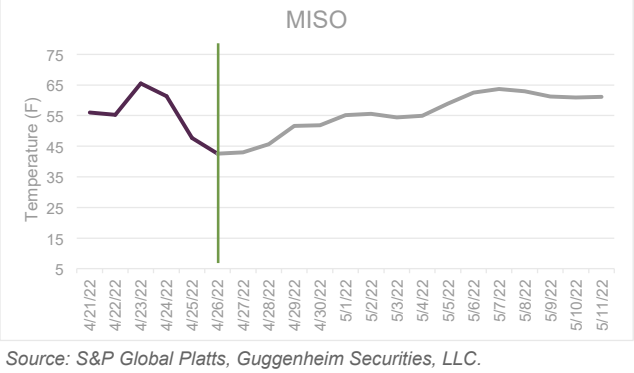

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR – Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR – Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC managed or co-managed a public offering of securities for Duke Energy Corporation during the past 12 months.

Duke Energy Corporation is or was during the 12-month period preceding the date of the distribution of this report a client of Guggenheim Securities, LLC. Guggenheim Securities, LLC provided Duke Energy Corporation investment banking services.

Guggenheim Securities, LLC or its affiliates received compensation for investment banking services from Duke Energy Corporation during the past 12 months.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Duke Energy Corporation, Exelon Corporation and NRG Energy, Inc. in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Duke Energy Corporation (DUK) as of 05-09-2022



Created by: BlueMatrix

Rating and Price Target History for: Exelon Corporation (EXC) as of 05-09-2022

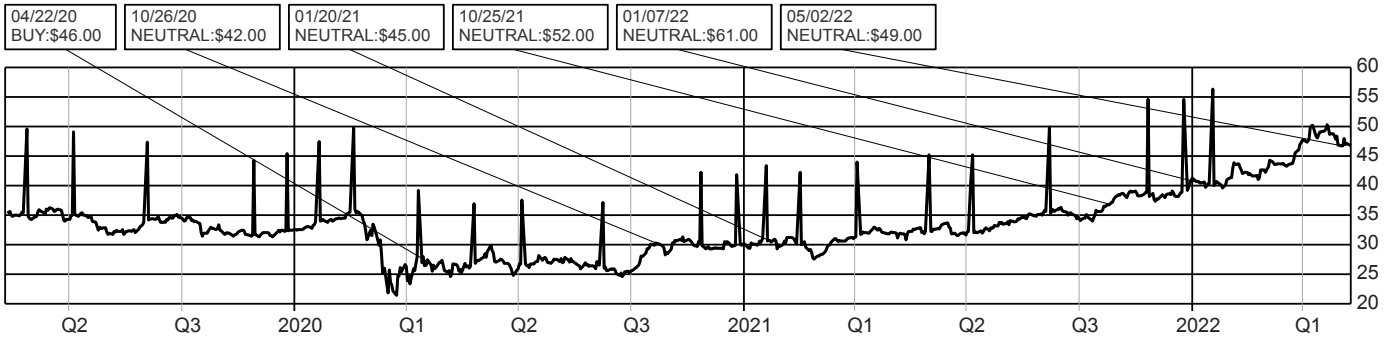

Created by: BlueMatrix

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Rating and Price Target History for: NRG Energy, Inc. (NRG) as of 05-09-2022

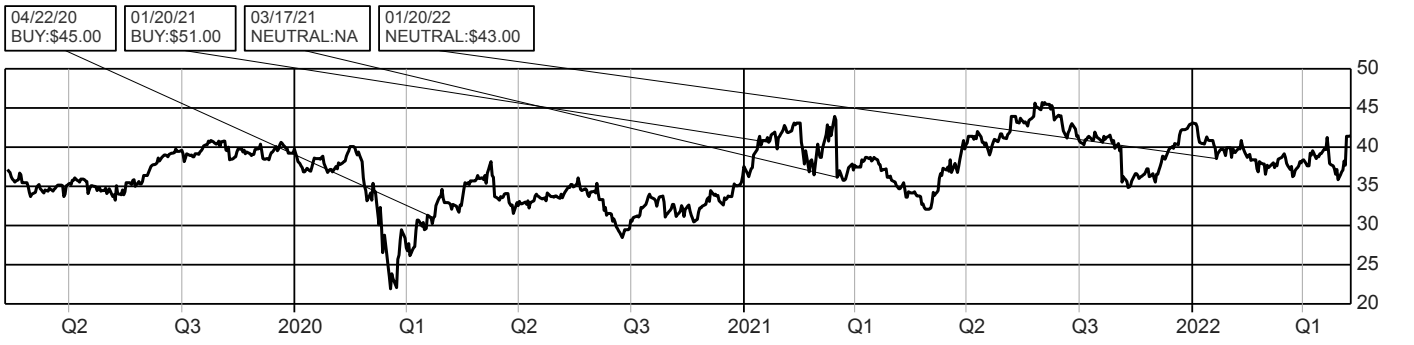

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	234	65.73%	58	24.79%
NEUTRAL	117	32.87%	14	11.97%
SELL	5	1.40%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Hold

Exelon (EXC)

Pure-play T&D journey begins

Jonathan Arnold
ja@verticalresearchpartners.com
203-276-5660

Price and Target	as of 05/09/22
Price	$46.73
Target Price	$49
Dividend Yield	2.9%
Total Return	7.7%

Capitalization Data (mn USD$)	
Shares Out (mn)	980.0
Market Cap	45,795
Net Debt	36,976
Enterprise Value	82,771

Performance (%)	1M	YTD	1Y
Exelon	-6.8	13.5	46.7
Rel S&P 500	1.5	31.1	50.6

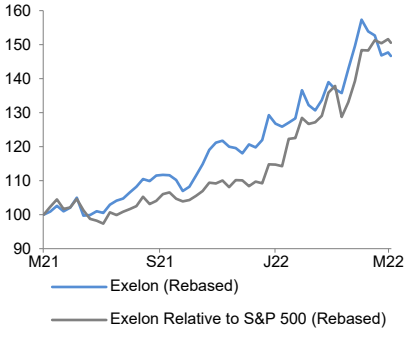

First standalone quarter. Exelon's first standalone quarter since separating from ExGen (now CEG) delivered $0.64 of operating EPS versus our $0.65E and $0.65 consensus. GAAP EPS were $0.49 and included a deferred tax adjustment related to the separation. Under accounting rules, Exelon was required to recognize $0.02 of operating expense for January overhead that was allocated to (and paid by) ExGen before the separation. This is not expected to recur.

PECO came in ahead of our estimate and BGE missed. Looking at the segments, the combined utilities missed our estimate by a penny with Corporate rounding to a penny beat. PECO came in $0.03 above our number on higher distribution rates with less of an offset from weather and O&M than we had penciled in. BGE missed us by $0.03 on higher D&A and other costs.

Guidance and growth rate reaffirmed. Guidance for 2022 was reiterated at $2.18-$2.32 and EXC also reaffirmed their 6-8% earnings CAGR through 2025. We initially missed the growth rate but it was lurking towards the back of the slide deck. The base for 6-8% continues to be the $2.10 guidance midpoint for 2021. Average trailing 12M earned ROE dropped to 8.9% through March from 9.2% at year-end but should be back in the 9-10% target range by year-end. This was attributed to the timing of utility equity contributions from the parent, with the 10-Q revealing $1.1B infused during 1Q including over $700M going into PHI.

Rising rates an earnings benefit. EXC has positive leverage to rising interest rates, at least through 2023 while the formula ROE for ComEd remains pegged to a fixed 580bp margin over the average 30-Year Treasury yield. Management sensitivities show $0.04 per 50bp of yield, with an offsetting negative $0.01 from short-term financing cost exposure at the parent. Guidance for ComEd was set based on year-end 30-Year yields of 1.94% and the YTD average is running at almost 2.45%. This implies ~$0.04 of potential upside with a penny having materialized in first quarter. If the 30-Year stays where it is now through year-end we could see ~95bp upside and ~$0.07 of favorability to guidance holding all else equal.

EV opportunity in focus; ComEd 2023 rate offsets. EXC spent time on the call reviewing some current investment projects as well as framing out longer-term opportunities related to anticipated electric vehicle adoption in their service territories. While not a huge piece of the current growth and spending plan, there should be opportunities to drive incremental grid investment while aligning with state policy goals. Another notable item was that EXC see the recently filed ComEd formula rate for 2023 resulting in a net reduction to customer bills once latest power procurements, capacity prices and CMC credits are taken into account. This is a favorable differentiator for ComEd, particularly versus the $199M headline increase.

Estimates and PT unchanged. We leave headline estimates unchanged and update segment modeling now that we have the standalone balance sheet. Our price target remains $49 and incorporates a premium of 5% over our 18x 2024E target regulated multiple.

Key Estimates (FY, $, mn)	2021	2022E	2023E	2024E	2025E
Operating EPS	$2.82	$2.25	$2.45	$2.60	$2.80
DPS	$1.53	$1.35	$1.45	$1.55	$1.67
Payout Ratio	54%	60%	59%	60%	60%
P/E	14.6x	20.8x	19.1x	18.0x	16.7x
EV/EBITDA	9.4x	11.5x	11.1x	10.8x	10.5x
Dividend Yield	2.6%	2.9%	3.1%	3.3%	3.6%

Figure 1: Exelon – Vertical Research Estimates & Multiples

	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	4-Yr. CAGR 2021-2025E
ComEd	$0.66	$0.77	$0.87	$0.98	$1.05	$1.14	10.3%
PECO	$0.47	$0.53	$0.59	$0.61	$0.63	$0.67	6.1%
BGE	$0.37	$0.43	$0.47	$0.52	$0.55	$0.59	8.2%
PHI	$0.52	$0.62	$0.66	$0.70	$0.75	$0.81	6.9%
Exelon Utilities	**$2.02**	**$2.34**	**$2.59**	**$2.81**	**$2.98**	**$3.21**	**8.2%**
Exelon Generation	$1.44	$0.74	--	--	--	--	NM
Corporate & Other	($0.24)	($0.26)	($0.34)	($0.36)	($0.38)	($0.41)	NM
EXC Operating EPS	**$3.22**	**$2.82**	**$2.25**	**$2.45**	**$2.60**	**$2.80**	**-0.2%**
Adjustments	($1.21)	($1.08)	($0.04)	$0.00	$0.00	$0.00	NM
EXC GAAP EPS	**$2.01**	**$1.74**	**$2.21**	**$2.45**	**$2.60**	**$2.80**	**12.6%**
DPS - Yr. End Indicated	**$1.53**	**$1.53**	**$1.35**	**$1.45**	**$1.55**	**$1.67**	**2.2%**
Payout Ratio	48%	54%	60%	59%	60%	60%	--
Company Guidance	**--**	**--**	**$2.18 - $2.32**	**--**	**--**	**--**	**--**
VRP vs. Mid-Point	--	--	$0.00	--	--	--	--
Consensus	**--**	**--**	**$2.26**	**$2.41**	**$2.59**	**$2.78**	**-0.3%**
Number of Estimates	**--**	**--**	**18**	**17**	**16**	**8**	**--**
VRP vs. Consensus	--	--	($0.01)	$0.04	$0.01	$0.02	--
Stock Price	**$42.22**	**$57.76**	**$46.73**	**$46.73**	**$46.73**	**$46.73**	--
P/E Ratio	13.1x	20.5x	20.8x	19.1x	18.0x	16.7x	--
EV/EBITDA	8.7x	10.6x	11.5x	11.2x	10.9x	10.6x	--
FCF Yield	2.4%	1.1%	-1.8%	-2.4%	-2.5%	-1.8%	--
Dividend Yield	3.6%	2.6%	2.9%	3.1%	3.3%	3.6%	--

Source: Company Reports, FactSet and Vertical Research Partners.

Figure 2: Exelon – Vertical Research Valuation

Segment	Valuation Metric	FY2024E	Multiple	Valuation Components($MM) Ent. Val.	Less Debt	Plus Cash	Equity	Value $/Sh.
ComEd Utility	P/E	$1.05	18.9x				19,733	$20
PECO Utility	P/E	$0.63	18.9x				11,838	$12
BGE Utility	P/E	$0.55	18.9x				10,368	$10
PHI Utility	P/E	$0.75	18.9x				14,169	$14
Exelon Utilities		**$2.98**	**18.9x**				**56,107**	**$56**
Exelon Corporate	P/E	($0.38)	18.9x				(7,238)	($7)
Exelon Corp. (EXC)		**$2.60**	**18.9x**				**48,869**	**$49**
EXC Diluted Average Shares (FY2024E)							*996*	

Source: Vertical Research Partners

Figure 3: Exelon – Quarterly Earnings Variance

	1Q22A	1Q21E	1Q22A vs. VRP Est. Var. $	Var. %	1Q22A vs. 1Q21A 1Q21A	Chg.	Chg. %
ComEd	$0.20	$0.21	($0.01)	-5%	$0.20	$0.00	0%
PECO	$0.21	$0.18	$0.03	17%	$0.17	$0.04	24%
BGE	$0.20	$0.23	($0.03)	-13%	$0.22	($0.02)	-9%
PHI	$0.14	$0.14	$0.00	0%	$0.13	$0.01	8%
Exelon Utilities	**$0.75**	**$0.76**	**($0.01)**	**-1%**	**$0.72**	**$0.03**	**4%**
ExGen	--	--	--	--	($0.58)	$0.58	NM
Corporate	($0.10)	($0.11)	$0.01	-9%	($0.20)	$0.10	-50%
EXC Operating	**$0.64**	**$0.65**	**($0.01)**	**-2%**	**($0.06)**	**$0.70**	**-1167%**
Adjustments	($0.16)	$0.00	($0.16)	NM	($0.24)	$0.08	-33%
Exelon GAAP	**$0.49**	**$0.65**	**($0.16)**	**-25%**	**($0.30)**	**$0.79**	**-263%**

Source: Vertical Research Partners. Note: Per share totals may not foot due to rounding.

Exelon – Model Summary

Figure 4: Exelon – Consolidated Income Statement (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Income Statement	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	1Q2022A	FY2022E	FY2023E	FY2024E	FY2025E
Operating Revenue	34,441	32,929	9,973	8,155	9,545	9,632	37,305	5,327	19,369	20,097	20,752	21,490
Fuel & Purchased Power	(15,273)	(14,215)	(6,172)	(3,516)	(4,380)	(4,772)	(18,840)	(2,078)	(6,812)	(6,945)	(7,077)	(7,212)
Gross Margin	**19,168**	**18,714**	**3,801**	**4,639**	**5,165**	**4,860**	**18,465**	**3,249**	**12,557**	**13,152**	**13,674**	**14,278**
O&M Expense	(8,652)	(8,504)	(2,152)	(2,083)	(2,082)	(2,229)	(8,546)	(1,159)	(4,323)	(4,344)	(4,365)	(4,386)
Other Income / (Expense)	(1,222)	(1,081)	(130)	(107)	(364)	(70)	(671)	(217)	(905)	(1,037)	(1,102)	(1,175)
EBITDA	**9,294**	**9,129**	**1,519**	**2,449**	**2,719**	**2,561**	**9,248**	**1,873**	**7,328**	**7,771**	**8,208**	**8,717**
Depreciation & Amortization	(3,938)	(4,075)	(1,055)	(1,033)	(1,051)	(1,049)	(4,188)	(817)	(3,331)	(3,393)	(3,553)	(3,717)
EBIT	**5,356**	**5,054**	**464**	**1,416**	**1,668**	**1,512**	**5,060**	**1,056**	**3,997**	**4,378**	**4,654**	**5,000**
Interest Income / (Expense)	(1,578)	(1,609)	(389)	(396)	(398)	(392)	(1,575)	(338)	(1,438)	(1,527)	(1,617)	(1,708)
Other	--	--	--	--	--	--	--	--	--	--	--	--
Earnings Before Taxes	**3,778**	**3,445**	**75**	**1,020**	**1,270**	**1,120**	**3,485**	**718**	**2,559**	**2,851**	**3,038**	**3,292**
Income Tax Charge	(618)	(399)	(90)	(125)	(148)	(239)	(602)	(84)	(351)	(424)	(452)	(491)
Effective Tax Rate	*16.4%*	*11.6%*	*120.0%*	*12.3%*	*11.7%*	*21.3%*	*17.3%*	*11.7%*	*13.7%*	*14.9%*	*14.9%*	*14.9%*
Preferred Dividends	0	0	0	0	0	0	0	0	0	0	0	0
Minority & Other	(20)	104	(44)	(26)	(52)	(1)	(123)	0	0	0	0	0
Net Income - Operating	**3,140**	**3,150**	**(59)**	**869**	**1,070**	**880**	**2,760**	**634**	**2,208**	**2,427**	**2,586**	**2,801**
Adjustments, Net	(204)	(1,187)	(230)	(468)	133	(489)	(1,054)	(36)	(36)	0	0	0
Net Income - GAAP	**2,936**	**1,963**	**(289)**	**401**	**1,203**	**391**	**1,706**	**598**	**2,172**	**2,427**	**2,586**	**2,801**
EPS - Operating	**$3.22**	**$3.22**	**($0.06)**	**$0.89**	**$1.09**	**$0.90**	**$2.82**	**$0.64**	**$2.25**	**$2.45**	**$2.60**	**$2.80**
EPS - GAAP	**$3.01**	**$2.01**	**($0.30)**	**$0.41**	**$1.23**	**$0.40**	**$1.74**	**$0.49**	**$2.21**	**$2.45**	**$2.60**	**$2.80**
DPS - Paid	**$1.45**	**$1.53**	**$0.38**	**$0.38**	**$0.38**	**$0.38**	**$1.53**	**$0.34**	**$1.35**	**$1.45**	**$1.55**	**$1.67**
Payout Ratio	45%	48%	NM	NM	NM	NM	54%	NM	60%	59%	60%	60%
End of Period Shares (MM)	*973*	*976*	*977*	*978*	*978*	*979*	*979*	*980*	*985*	*990*	*995*	*1,000*
Diluted Average Shares (MM)	*974*	*977*	*977*	*979*	*980*	*980*	*980*	*981*	*983*	*990*	*996*	*1,001*

Source: Company Reports and Vertical Research Partners

Figure 5: Exelon – Consolidated Balance Sheet (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Balance Sheet	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	1Q2022A	FY2022E	FY2023E	FY2024E	FY2025E
Cash and Cash Equivalents	587	663	1,908	1,578	2,957	1,182	1,182	2,476	1,495	1,883	1,861	2,028
Accounts Receivable, net	6,175	4,629	4,816	4,492	4,660	5,126	5,126	3,043	2,691	2,790	2,883	2,988
Other	5,275	7,270	6,273	6,278	7,260	7,649	7,649	2,626	2,626	2,626	2,626	2,626
Total Current Assets	**12,037**	**12,562**	**12,997**	**12,348**	**14,877**	**13,957**	**13,957**	**8,145**	**6,811**	**7,299**	**7,370**	**7,642**
Net Property, Plant & Equipment	80,233	82,584	82,588	82,120	82,852	84,219	84,219	65,465	67,883	71,205	74,742	78,165
Long-Term Investments	464	440	431	421	435	443	443	244	244	244	244	244
Other	32,243	33,731	33,984	34,507	34,457	34,394	34,394	18,844	19,144	19,442	19,842	20,242
Total Assets	**124,977**	**129,317**	**130,000**	**129,396**	**132,621**	**133,013**	**133,013**	**92,698**	**94,082**	**98,191**	**102,198**	**106,293**
Short-Term Debt	1,370	2,031	3,128	1,865	2,667	3,330	3,330	1,900	1,046	1,046	1,046	1,046
Long-Term Debt, Current	4,710	1,819	2,281	3,633	3,375	3,373	3,373	2,154	800	800	1,307	1,600
Accounts Payable	3,565	3,567	3,435	3,552	3,694	4,141	4,141	2,181	2,306	2,341	2,372	2,404
Other	4,540	5,354	4,736	4,869	6,090	5,267	5,267	2,400	2,400	2,400	2,400	2,400
Total Current Liabilities	**14,185**	**12,771**	**13,580**	**13,919**	**15,826**	**16,111**	**16,111**	**8,635**	**6,552**	**6,587**	**7,125**	**7,450**
Deferred Taxes	12,351	13,035	13,129	13,194	13,816	14,194	14,194	11,089	11,224	11,404	11,584	11,764
Pension & Benefits	6,323	6,514	5,939	5,863	5,757	4,677	4,677	2,247	2,247	2,247	2,247	2,247
Environmental Costs & AROs	10,846	12,300	12,405	12,502	12,907	13,090	13,090	273	273	273	273	273
Other	14,980	14,346	13,996	13,951	14,397	14,432	14,432	11,565	11,565	11,565	11,565	11,565
Total Non-Current Liabilities	**44,500**	**46,195**	**45,469**	**45,510**	**46,877**	**46,393**	**46,393**	**25,174**	**25,309**	**25,489**	**25,669**	**25,849**
Long-Term Debt	31,719	35,483	36,638	35,467	35,659	35,714	35,714	35,398	37,902	40,552	42,546	44,752
Preferred Stock	--	--	--	--	--	--	--	--	--	--	--	--
Minority Interest	--	--	--	--	--	--	--	--	--	--	--	--
Shareholders' Equity	34,573	34,868	34,313	34,500	34,259	34,795	34,795	23,491	24,319	25,563	26,859	28,242
Total Liabilities & Capitalization	**124,977**	**129,317**	**130,000**	**129,396**	**132,621**	**133,013**	**133,013**	**92,698**	**94,082**	**98,191**	**102,198**	**106,293**

Source: Company Reports and Vertical Research Partners

Figure 6: Exelon – Consolidated Cash Flow Statement (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Consolidated Cash Flow Statement	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	1Q2022A	FY2022E	FY2023E	FY2024E	FY2025E
Net Income - GAAP	3,028	1,954	(264)	475	1,230	388	1,829	598	2,172	2,427	2,586	2,801
Depreciation & Amortization	5,780	6,527	2,104	2,076	2,024	1,369	7,573	1,024	3,538	3,393	3,553	3,717
Deferred Taxes	681	309	(142)	(21)	118	63	18	110	245	180	180	180
Other Operating Cash Flow	346	244	(513)	(363)	(567)	600	(843)	384	384	0	0	0
Working Capital Changes	(3,176)	(4,799)	(2,446)	232	198	(3,549)	(5,565)	(334)	143	(65)	(62)	(73)
Operating Cash Flow	**6,659**	**4,235**	**(1,261)**	**2,399**	**3,003**	**(1,129)**	**3,012**	**1,782**	**6,482**	**5,935**	**6,257**	**6,625**
Capital Expenditure	(7,248)	(8,048)	(2,140)	(1,900)	(1,930)	(2,011)	(7,981)	(1,922)	(7,154)	(7,115)	(7,490)	(7,540)
Investments, net	12	46	680	44	77	76	877	16	16	0	0	0
Other Investing Cash Flow	(24)	3,666	1,555	571	832	829	3,787	87	87	0	0	0
Investing Cash Flow	**(7,260)**	**(4,336)**	**95**	**(1,285)**	**(1,021)**	**(1,106)**	**(3,317)**	**(1,819)**	**(7,051)**	**(7,115)**	**(7,490)**	**(7,540)**
Changes in ST Debt	656	661	1,097	(1,263)	802	663	1,299	100	(754)	0	0	0
Changes in LT Debt	664	1,067	1,626	199	(37)	53	1,841	4,295	5,445	2,650	2,500	2,500
Preferred Stock (Net)	--	--	--	--	--	--	--	--	--	--	--	--
Equity Issuance (Net)	112	45	31	16	16	17	80	9	259	250	250	250
Preferred Dividends	--	--	--	--	--	--	--	--	--	--	--	--
Common Dividends	(1,408)	(1,492)	(374)	(373)	(374)	(376)	(1,497)	(332)	(1,328)	(1,433)	(1,540)	(1,667)
Other Financing Cash Flow	(82)	(136)	(46)	(18)	(914)	13	(965)	(2,656)	(2,656)	0	0	0
Financing Cash Flow	**(58)**	**145**	**2,334**	**(1,439)**	**(507)**	**370**	**758**	**1,416**	**966**	**1,467**	**1,210**	**1,083**
Other Cash Flow	(103)	32	77	(5)	(96)	90	66	(85)	(85)	102	0	0
Opening Cash & Equivalents	1,349	587	663	1,908	1,578	2,957	663	1,182	1,182	1,495	1,883	1,861
Closing Cash & Equivalents	587	663	1,908	1,578	2,957	1,182	1,182	2,476	1,495	1,883	1,861	2,028
Net Cash Flow	**(762)**	**76**	**1,245**	**(330)**	**1,379**	**(1,775)**	**519**	**1,294**	**313**	**389**	**(22)**	**167**
Unlevered Free Cash Flow	989	(2,204)	(3,012)	895	1,471	(2,748)	(3,394)	198	767	347	384	793
Free Cash Flow (Excl. Working Capital)	2,587	986	(955)	267	875	409	596	194	(815)	(1,116)	(1,171)	(842)
FCF to Equity after Dividends	1,179	(506)	(1,329)	(106)	501	33	(901)	(138)	(2,143)	(2,549)	(2,711)	(2,510)

Source: Company Reports and Vertical Research Partners

Figure 7: Exelon – Credit & Other Metrics (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Credit & Other Metrics	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	1Q2022A	FY2022E	FY2023E	FY2024E	FY2025E
Net Debt (GAAP)	**37,212**	**38,670**	**40,139**	**39,387**	**38,744**	**41,235**	**41,235**	**36,976**	**38,253**	**40,515**	**43,037**	**45,370**
Minority & Preferred	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders' Equity	34,573	34,868	34,313	34,500	34,259	34,795	34,795	23,491	24,319	25,563	26,859	28,242
Total Capitalization	**71,785**	**73,538**	**74,452**	**73,887**	**73,003**	**76,030**	**76,030**	**60,467**	**62,573**	**66,078**	**69,896**	**73,612**
Adjusted Net Debt	**37,212**	**38,670**	**40,139**	**39,387**	**38,744**	**41,235**	**41,235**	**36,976**	**38,253**	**40,515**	**43,037**	**45,370**
Adjusted Capitalization	**71,785**	**73,538**	**74,452**	**73,887**	**73,003**	**76,030**	**76,030**	**60,467**	**62,573**	**66,078**	**69,896**	**73,612**
EBITDA - Income Statement	9,294	9,129	1,519	2,449	2,719	2,561	9,248	1,873	7,328	7,771	8,208	8,717
Leases & Other Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA - Adjusted	**9,294**	**9,129**	**1,519**	**2,449**	**2,719**	**2,561**	**9,248**	**1,873**	**7,328**	**7,771**	**8,208**	**8,717**
			--	--	--	--		--				
Net Debt / Capitalization - GAAP	51.8%	52.6%	53.9%	53.3%	53.1%	54.2%	54.2%	61.2%	61.1%	61.3%	61.6%	61.6%
Net Debt / Capitalization - Adjusted	51.8%	52.6%	53.9%	53.3%	53.1%	54.2%	54.2%	61.2%	61.1%	61.3%	61.6%	61.6%
Net Debt: EBITDA - GAAP	4.0x	4.2x	--	--	--	--	4.5x	--	5.2x	5.2x	5.2x	5.2x
Net Debt: EBITDA - Adjusted	4.0x	4.2x	--	--	--	--	4.5x	--	5.2x	5.2x	5.2x	5.2x
EBITDA / Interest	5.9x	5.7x	--	--	--	--	5.9x	--	5.1x	5.1x	5.1x	5.1x
Retained Cash Flow / CapEx	0.7x	0.3x	--	--	--	--	0.2x	--	0.7x	0.6x	0.6x	0.7x
Recurring Net Income	3,140	3,150	--	--	--	--	2,760	--	2,208	2,427	2,586	2,801
Total Assets (Average)	122,322	127,147	--	--	--	--	131,165	--	113,548	96,137	100,195	104,246
Return on Assets - ROA	2.6%	2.5%	--	--	--	--	2.1%	--	1.9%	2.5%	2.6%	2.7%
Recurring NOPAT	4,480	4,469	--	--	--	--	4,186	--	3,449	3,727	3,962	4,254
Capital Employed (Average)	70,985	73,287	--	--	--	--	75,707	--	70,640	66,014	69,859	73,699
Return on Capital Employed - ROCE	6.3%	6.1%	--	--	--	--	5.5%	--	4.9%	5.6%	5.7%	5.8%
Recurring Net Income	3,140	3,150	--	--	--	--	2,760	--	2,208	2,427	2,586	2,801
Shareholders' Equity (Average)	33,822	34,721	--	--	--	--	34,832	--	29,557	24,941	26,211	27,551
Return on Equity - ROE	9.3%	9.1%	--	--	--	--	7.9%	--	7.5%	9.7%	9.9%	10.2%
Book Value per Share	$35.53	$35.73	$35.12	$35.28	$35.02	$35.54	$35.54	$23.97	$24.69	$25.82	$26.99	$28.23

Source: Company Reports and Vertical Research Partners

Figure 8: Exelon – Valuation & Growth Metrics (ExGen/Constellation Excluded from 2022E)

Exelon Corporation (Nasdaq: EXC) Valuation & Growth Metrics	FY2019A	FY2020A	1Q2021A	2Q2021A	3Q2021A	4Q2021A	FY2021A	1Q2022A	FY2022E	FY2023E	FY2024E	FY2025E
Diluted EPS - Operating	$3.22	$3.22	($0.06)	$0.89	$1.09	$0.90	$2.82	$0.64	$2.25	$2.45	$2.60	$2.80
Diluted EPS - GAAP	$3.01	$2.01	($0.30)	$0.41	$1.23	$0.40	$1.74	$0.49	$2.21	$2.45	$2.60	$2.80
DPS - Period End Rate	$1.45	$1.53	$1.53	$1.53	$1.53	$1.53	$1.53	$1.35	$1.35	$1.45	$1.55	$1.67
Payout Ratio	45.0%	47.5%	--	--	--	--	54.3%	--	60.0%	59.2%	59.6%	59.6%
Op. CFPS (Excl. Working Capital)	$10.10	$9.25	$1.21	$2.21	$2.86	$2.47	$8.75	$2.16	$6.45	$6.06	$6.35	$6.69
Free CFPS (Excl. Working Capital)	$2.66	$1.01	($0.98)	$0.27	$0.89	$0.42	$0.61	$0.20	($0.83)	($1.13)	($1.18)	($0.84)
Pricing Date	12/31/2019	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	12/31/2021	3/31/2022	5/9/2022	5/9/2022	5/9/2022	5/9/2022
Stock Price - $/Sh	**$45.59**	**$42.22**	**$43.74**	**$44.31**	**$48.34**	**$57.76**	**$57.76**	**$47.63**	**$46.73**	**$46.73**	**$46.73**	**$46.73**
P/E - Operating	14.2x	13.1x	--	--	--	--	20.5x	--	20.8x	19.1x	18.0x	16.7x
P/E - GAAP	15.1x	21.0x	--	--	--	--	33.2x	--	21.1x	19.1x	18.0x	16.7x
P/CF	4.5x	4.6x	--	--	--	--	6.6x	--	7.2x	7.7x	7.4x	7.0x
P/BV	1.3x	1.2x	--	--	--	--	1.6x	--	1.9x	1.8x	1.7x	1.7x
Market Capitalization	44,359	41,207	--	--	--	--	56,547	--	46,034	46,272	46,511	46,749
Adjusted Net Debt	37,212	38,670	--	--	--	--	41,235	--	38,253	40,515	43,037	45,370
Enterprise Value - EV	**81,571**	**79,877**	--	--	--	--	**97,782**	--	**84,287**	**86,787**	**89,548**	**92,119**
Adjusted EBITDA	9,294	9,129	--	--	--	--	9,248	--	7,328	7,771	8,208	8,717
Adjusted EV/EBITDA	8.8x	8.7x	--	--	--	--	10.6x	--	11.5x	11.2x	10.9x	10.6x
Dividend Yield	3.2%	3.6%	--	--	--	--	2.6%	--	2.9%	3.1%	3.3%	3.6%
Operating Earnings Yield	7.1%	7.6%	--	--	--	--	4.9%	--	4.8%	5.2%	5.6%	6.0%
Free Cash Flow Yield	5.8%	2.4%	--	--	--	--	1.1%	--	-1.8%	-2.4%	-2.5%	-1.8%
Revenue Growth (Y/Y)	-5.0%	-4.4%	16.4%	11.7%	8.3%	16.8%	13.3%	-46.6%	-48.1%	3.8%	3.3%	3.6%
EBITDA Growth	0.0%	-1.8%	-33.5%	32.8%	3.3%	8.2%	1.3%	23.3%	-20.8%	6.0%	5.6%	6.2%
Net Income - Operating	3.8%	0.3%	-106.9%	62.1%	5.3%	17.7%	-12.4%	-1174.6%	-20.0%	9.9%	6.6%	8.3%
Operating EPS	3.2%	0.0%	-106.9%	61.8%	4.8%	18.4%	-12.4%	-1166.7%	-20.2%	8.9%	6.1%	7.7%
DPS	5.1%	5.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-11.8%	-11.8%	7.4%	6.9%	7.7%
ROCE	6.3%	6.1%	--	--	--	--	5.5%	--	4.9%	5.6%	5.7%	5.8%
Cost of Debt (After-Tax)	3.6%	3.7%	--	--	--	--	3.2%	--	3.0%	3.2%	3.2%	3.1%
Cost of Equity (1/PE Ratio)	7.1%	7.6%	--	--	--	--	4.9%	--	4.8%	5.2%	5.6%	6.0%
WACC	5.2%	5.6%	--	--	--	--	4.0%	--	3.7%	4.0%	4.1%	4.2%
Calculated EVA	758	397	--	--	--	--	1,186	--	823	1,107	1,112	1,129
Calculated EVA/Share	$0.78	$0.41	--	--	--	--	$1.21	--	$0.84	$1.12	$1.12	$1.13

Source: Company Reports and Vertical Research Partners

Disclosures

Analyst Certification

Each of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report hereby certifies that the recommendations and opinions expressed in this report accurately reflect such analyst's personal views about the subject securities and issuers and that no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report. Analysts named in this report may have from time to time discussed with our clients or may discuss in this report or elsewhere, trading strategies or ideas that reference events that may have a near-term or medium-term impact on the market price on the securities in this report. This impact may be directionally counter to the analyst's published price targets, forecasts and other expectations. Any such trading strategies or ideas are distinct from and do not affect the analyst's fundamental rating for such securities, and the fundamental rating reflects the analyst's current 12-month view of total return as described in the analyst's report. VRP has no obligation to update, modify or amend this report or otherwise notify a recipient if any opinion, forecast or estimate contained in this report changes or becomes inaccurate. Coverage and the frequency of changes in market conditions and in both general and company-specific economic prospects make it difficult to update research at defined intervals. When updates are published is at the sole discretion of the coverage analyst or company management.

Transactions in Securities

Vertical Research Partners, LLC is a provider of equity research services. We are not a registered broker-dealer and do not trade or carry proprietary positions with firm capital in any covered or other securities.

Employees and partners of Vertical Research Partners, LLC may from time to time own beneficial positions in securities of the issuers we cover or derivatives thereof ("covered securities'). Our employees and partners are prohibited from transacting in such covered securities once we have begun the analytical process that may result in a change of recommendation, or within 48 hours after a change of recommendation or initiation of coverage. We require our employees and partners to pre-clear all transactions in covered securities with us. Please contact us if you are interested in further information.

Other Disclosures

Although the information contained in this document has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. We make no warranties or representations relating to the accuracy, completeness, usefulness or timeliness of such information and opinions. We assume no responsibility to anyone relying on such information or opinions for their particular purposes. Such information and opinions are subject to change without notice, and we assume no responsibility to update or amend them. Any views presented in this document are expressly those of the Vertical Research Partners, LLC analysts whose names appear on the front page of this research report, except where such views are expressly attributed to Vertical Research Partners, LLC or another named individual. This document, and all its contents, unless specifically indicated otherwise, is copyright 2022 Vertical Research Partners, LLC. All rights reserved. This document and its contents are solely for the use of clients of Vertical Research Partners, LLC. Neither this document nor any of its contents may be excerpted, copied, forwarded or otherwise distributed to any other party without our prior, express, written permission. We are not responsible for the consequences of any trading conducted in reliance on any of our content. This document is provided as general and impersonalized business and financial information and commentary. This document has been prepared without regard to the financial circumstances or objectives of any particular person. This document does not constitute investment advisory services or a recommendation, offer or solicitation to purchase, sell or otherwise trade in relation to any particular security. The appropriateness of a particular security or strategy will depend on an investor's individual circumstances and objectives. The securities and strategies that may be discussed in our content may not be suitable for any particular investor. Investors should independently evaluate particular securities and strategies with the assistance of financial advisors. Our notes and research reports may contain "forward-looking statements." All projections, forecasts and related statements and expressions constitute "forward-looking statements." Although the authors of our content believe that the expectations reflected in such "forward-looking statements" are reasonable, no one can assure that such expectations will be correct. Such "forward-looking statements" may not be regarded as a guarantee, prediction or definitive statement of fact or probability.

Nothing in our research reports or this website is intended to constitute legal, tax, securities or investment advice.

REDACTED

Exelon

BMO Capital Markets

EXC-NSDQ	Rating	Price: May-9	Target ↓	Total Rtn
	Outperform	$46.73	$51.00	12%

Utilities, Power & Renewables

James M. Thalacker Analyst
james.thalacker@bmo.com (212) 885-4007
Edward M DeArias, CFA Associate
edward.dearias@bmo.com (212) 702-1200
Tanmay Pandit Associate
tanmay.pandit@bmo.com (929) 837-9154
Legal Entity: BMO Capital Markets Corp.

Calm Breeze in the Windy City

Bottom Line:

EXC reported 1Q22 EPS of 64c versus our 66c and consensus 65c estimates. Year-over-year results increased by 9c with the utilities adding ~+3c and the HoldCo adding 6c. **The company reaffirmed 2022 guidance at $2.18-2.32 (Street at $2.26 and $2.25 for BMO Research) as well as its 6-8% EPS growth for 2021-2025. We maintain our Outperform rating, but our target price declines to $51 as we mark to market our group multiples.** Our 2022-2025 EPS estimates remain unchanged at $2.25, $2.41, $2.60, and $2.78.

Key Points

Management continues to expect to issue a maximum of $1bn of equity through 2025. The company did not have additional explicit details on the timing or method of equity issuance, but management reiterated its commitment to maintaining a strong balance sheet and a desire to match up any issuance with the timing of cash needs rather than simply issuing the equity to have it completed. **However, we do not see the equity as a concern given that in aggregate it only represents ~2% of the company's market cap and if done ratably it would only be ~54bps per year. Nevertheless, if the company were to issue the entire balance tomorrow at ~$46, we estimate only about a ~$0.03 headwind to 2022 EPS and ~$0.05 to 2023 EPS given the full-year effect, which is rather small and manageable compared to our current 2022 and 2023 estimates of $2.25 and $2.41, respectively.**

For IL, the company filed proposed metrics with the ICC in January and workshops will continue throughout the year. ComEd will need to decide if it is going to opt into the new Multi-Year Rate Plan or proceed down a traditional single-year forward-looking test year by January 20, 2023. For 2023, the company will operate under its final year with formula rates and reiterated that every 50bps of ROE change is worth about $0.04 EPS on a full-year basis. On a consolidated basis, the company also has some exposure to floating rate debt, where every 50bps rate increase is a roughly $0.01 impact that partially offsets the ROE benefit.

Bottom Line: EXC's results were in line to start the year and the company reaffirmed its 2022 EPS guidance and long-term growth rate**. Furthermore, management continues to execute on its plan, and we expect continued execution to drive multiple expansion.**



Company Data			in $
Dividend	$1.35	Shares O/S (mm)	980.1
Yield	2.9%	Market Cap (mm)	$45,802
P/BV	2.0x	Net Debt (mm)	$30,821

BMO Estimates			in $
(FY-Dec.)	2021A	2022E	2023E
EPS	$2.10	$2.25	$2.41
DPS	$1.53	$1.35	$1.44
EBIT	$3,303	$3,679	$4,118
EBITDA	$8,466	$7,142	$7,755

Consensus Estimates			
	2021A	2022E	2023E
EPS		$2.26	$2.41

Valuation			
	2021A	2022E	2023E
P/E	22.3x	20.8x	19.4x
Div. Yield (%)	3.3%	2.9%	3.1%

QTR. EPS	Q1	Q2	Q3	Q4
2021A	$0.52	$0.49	$0.65	$0.44
2022E	$0.64a	$0.46	$0.64	$0.50
2023E	$0.69	$0.50	$0.68	$0.54

Notes : Prior numbers reflect our pre-spin estimates

Key Changes	
	Target
	$51.00↓
	$53.00

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook, and supportive regulatory environment position the company well to drive multiple expansion.

For disclosure statements, including the Analyst Certification, please refer to page(s) 7 to 11.

Exelon - Block Summary Model

Income Statement	2021A	2022E	2023E
Generation	0	0	0
Com Ed	1,327	1,412	1,526
PECO	736	808	876
BGE	513	657	725
PHI	778	885	1,073
Parent and Other	(52)	(82)	(82)
Consolidated EBIT	3,512	3,924	4,363
Depreciation & Amortization	4,954	3,218	3,391
EBITDA	8,466	7,142	7,755
Interest Expense	1,347	1,438	1,538
Income Tax	159	334	499
Income from continuing operations	2,052	2,199	2,372
Weighted Average Shares Outstanding	979	979	982
Diluted Operating EPS	$2.10	$2.25	$2.41
Dividends per Share	$1.53	$1.35	$1.44
Cash Flow Statement	**2021A**	**2022E**	**2023E**
Operating Cash Flow	7,906	5,416	5,763
Investing Cash Flow	(8,250)	(6,950)	(7,050)
Financing Cash Flow	3	918	1,312
Net Change in Cash Flow	(341)	(615)	26
EOP Cash on Balance Sheet	825	210	236
Common stock (net)	0	0	250
Net debt issued/(repaid)	1,501	2,240	2,475
Dividends paid	(1,498)	(1,322)	(1,413)
Balance Sheet	**2021A**	**2022E**	**2023E**
Common Equity	22,837	23,708	24,917
Preferred Equity	0	0	0
Total Debt	31,646	36,186	38,661
Enterprise Value	$71,449	$76,604	$79,284
Common equity %	41.9%	39.6%	39.2%
Preferred equity %	0.0	0.0	0.0
Total Debt %	58.1%	60.4%	60.8%
Book Value per Share	$23.33	$24.22	$25.36

Source: BMO Capital Markets, Company Reports

New Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2024E EPS as a base, which we then adjust (premium, discount, or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $56.00

Our upside scenario reflects continued multiple expansion associated with the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $43.00

Our downside scenario reflects a tightening monetary policy and a deceleration of the company's rate base growth.

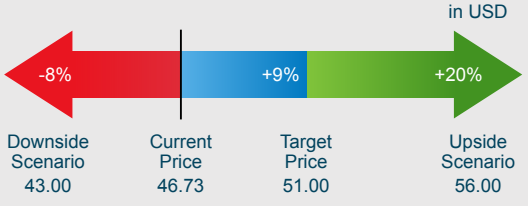

Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18-month as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 85% of rate base.

EXC-NSDQ Research

Glossary

Company Models

Calm Breeze in the Windy City

Bottom Line: EXC's results were in line to start the year and the company reaffirmed its 2022 EPS and long-term growth ranges. **Furthermore, management continues to execute on its plan, and we expect continued execution to drive further multiple expansion. We maintain our Outperform rating, but our target price declines to $51 as we mark to market our group multiples.** Our 2022-2025 EPS estimates remain unchanged at $2.25, $2.41, $2.60, and $2.78.

EXC reported 1Q22 EPS of 64c versus our 66c and consensus 65c estimates. Year-over-year results increased by 9c with the utilities adding ~+3c as ComEd was flat, BGE declined (2c), PHI added 1c, and PECO added 4c. The HoldCo added 6c as (1c) of Other, which reflects higher interest expense, was offset by 7c of BSC allocations adjustment for discontinued operations with ExGen. The TTM ROE was down modestly to 8.9% from 9.2% in 4Q21, but the company reaffirmed its 9-10% target range by year-end as the timing of equity infusions balances out. **The company reaffirmed 2022 guidance at $2.18-2.32 (Street at $2.26 and $2.25 for BMO Research) as well as its 6-8% EPS growth for 2021-2025.**

Management also reaffirmed the ~$29bn capital plan over the 2022-2025 period and continues to expect to issue a maximum of $1bn of equity through 2025. The company did not have additional explicit details on the timing or method of equity issuance, but management reiterated its commitment to maintaining a strong balance sheet and a desire to match up any issuance with the timing of cash needs rather than simply issuing the equity to have it completed. **However, we do not see the equity as a concern given that in aggregate it only represents ~2% of the company's market cap and if done ratably it would only be ~54bps per year. Nevertheless, if the company were to issue the entire balance tomorrow at ~$46, we estimate only about a ~$0.03 headwind to 2022 EPS and ~$0.05 to 2023 EPS given the full-year effect, which is rather small and manageable compared to our current 2022 and 2023 estimates of $2.25 and $2.41, respectively.** Of note, we see no credit-related pressure for the company to accelerate its equity requirements as the company's credit ratings are stable at all three agencies and it currently has a healthy cushion above its 12% downgrade threshold, which should allow it flexibility on the timing of any equity issuance.

In Illinois, the company filed proposed metrics with the ICC in January and workshops will continue throughout the year. ComEd will need to decide if it is going to opt into the new Multi-Year Rate Plan or proceed down a more traditional single-year forward-looking test year proceeding by January 20, 2023. Through 2023, the company will operate under its final year of formula rates and reiterated that every 50bps of ROE change is worth about $0.04 EPS on a full-year basis. Results for 1Q reflect a roughly ~$0.01 benefit for 1Q, but rates have continued to backup further in 2Q. On a consolidated basis, the company also has some exposure to floating rate debt, where every 50bps rate increase is a roughly $0.01 impact that partially offsets the ROE benefit. Going forward, in the multi-year rate plan the ROE would be set at a level deemed reasonable by the ICC. While that process remains a tad opaque, we note that recent gas awards in the state have been in the ~9.7% range, which is materially higher than the 7.85% formulaic ROE in ComEd's most recent filing.

In other updates, the company provided a breakdown of the opportunity to support customers and the jurisdictions' EV targets by providing fuel savings for customers and reduced emissions. The company expects a ~20x increase in EVs across its current jurisdictions by 2045, based on the EV targets set by the states. Though still in its infancy, we see the state policies supporting and promoting EV adoption throughout EXC's service territories as a secular tailwind to both load growth and additional capital investment.

On the regulatory front, the company had the following updates:

- On January 14, DPL DE filed an application with the DPSC seeking a $14.5mm increase in gas distribution base rates, reflecting a 10.3% ROE, to support major enhancements that are being made to the local natural gas system and key projects to strengthen and create additional capacity

in the company's natural gas delivery system that have been critical to meet growing load. As permitted by Delaware law, DPL DE will implement full allowable rates on August 14, subject to refund.

- On March 2, DPL MD received the final order for its distribution electric rate case with the MDPSC approving the proposed settlement order by the Chief Public Utility Law Judge that recommended a $12.5mm increase in annual electric distribution rates, reflecting a ROE of 9.6%.

- On March 31, PECO filed a gas distribution rate case with the PAPUC, seeking a revenue increase of $82mm to support significant investments in critical infrastructure which will modernize and enhance the natural gas system and allow EXC to continue delivering safe and reliable natural gas service and reduce methane emissions. In addition, the filing proposes enhanced energy efficiency and customer safety programs, increased customer assistance with additional low-income funding, and the continuation of small business grant programs. The company expects an order in 4Q22.

- On April 15, ComEd filed its annual distribution formula rate update with the ICC, seeking a $199mm increase to electric distribution base rates that results in a $2.20 increase in the average monthly residential bill starting January 2023. While ComEd is requesting a delivery charge increase, there will be offsets. Specifically, when considering higher energy prices based on the recent procurement auction and forwards offset by lower capacity prices, the carbon mitigation credits, and accelerated tax benefits, the company currently estimates a net reduction to the average monthly residential bill. ComEd's residential customer rates next January are expected to be at least 10% below the average of rates in the ten largest U.S. metropolitan areas. In its final formula rate filing, ComEd's request supports investments needed to sustain the record level reliability performance for residential and commercial customers and helps advance the goals of the Climate and Equitable Jobs Act passed in Illinois to address climate change, create clean energy jobs, ensure equity, and prioritize a just transition to a green economy. Management expects to receive an order by early December.

Exhibit 1: EXC Summary Model

EXC Model Summary	2020A	2021E	2022E	2023E	2024E	2025E	5-Year Growth
EPS By Segment				$0.26			
EXC Gen	$1.44						
Com Ed	$0.66	$0.79	$0.85	$0.93	$0.98	$1.04	7.0%
PECO	$0.47	$0.56	$0.59	$0.63	$0.68	$0.72	6.6%
BGE	$0.37	$0.42	$0.44	$0.48	$0.52	$0.55	7.1%
PHI	$0.52	$0.58	$0.65	$0.69	$0.78	$0.85	10.0%
Parent & Other	($0.24)	($0.26)	($0.27)	($0.31)	($0.35)	($0.38)	10.7%
Consolidated E.P.S.	**$3.22**	**$2.10**	**$2.25**	**$2.41**	**$2.60**	**$2.78**	**7.3%**
Growth				7.5%	7.8%	6.8%	
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**	**6.5%**
Growth				6.5%	6.5%	6.5%	
Implied Payout Ratio	47.6%	73.0%	60.1%	59.5%	58.8%	58.7%	
Dividend Yield	3.0%	3.0%	2.7%	2.9%	3.0%	3.2%	
Valuation Metrics							
Price to Earnings	12.9x	19.8x	18.5x	17.2x	15.9x	14.9x	
Price to Book Value	1.2x	1.8x	1.7x	1.6x	1.6x	1.5x	
Funding Sources							
Cash Flow from Operations	$4,235	$7,906	$5,416	$5,763	$6,142	$6,469	**$23,790**
Total Debt Financings	$8,168	$3,075	$4,300	$3,275	$3,350	$3,110	**$14,035**
Total Equity Financings	$45	$0	$0	$250	$250	$250	**$750**
Credit Metrics							
Total Debt/Capitlization	55%	60%	60%	61%	61%	60%	
FFO/Total Debt	21%	24%	15%	15%	15%	16%	
EBITDA/Interest Expense	7.0x	6.3x	5.0x	5.0x	5.1x	5.1x	
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%	
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%	
Regulated Operations Performance - Realized ROE (1)							
ComEd	8.7%	9.6%	9.5%	9.8%	9.8%	10.0%	
PECO	11.0%	11.8%	11.2%	10.9%	10.8%	10.6%	
BGE	9.7%	10.2%	9.8%	9.9%	10.0%	9.9%	
PHI	9.1%	9.4%	9.7%	9.6%	10.1%	10.2%	

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 2: EXC Model Assumptions

Key Model Assumptions	2020A	2021E	2022E	2023E	2024E	2025E	'21-25 Growth
Total Capital Expenditures by Segment							
ComEd	$2,350	$2,375	$2,475	$2,550	$2,575	$2,650	$10,250
PECO	1,250	1,275	1,350	1,350	1,550	1,600	$5,850
BGE	1,350	1,200	1,250	1,325	1,375	1,400	$5,350
PHI	1,700	1,750	1,875	1,825	1,950	1,900	$7,550
Parent & Other	-	-	-	-	-	-	-
Consolidated Capital Expenditures	**$6,650**	**$6,600**	**$6,950**	**$7,050**	**$7,450**	**$7,550**	**$29,000**
YE Rate Base Estimates							
Com Ed	$16,496	$17,848	$19,096	$20,370	$21,358	$22,309	5.7%
PECO	8,416	9,443	10,391	11,358	12,594	13,712	9.8%
BGE	7,475	8,148	8,918	9,610	10,322	11,044	7.9%
PHI	11,622	12,462	13,547	14,451	15,848	17,180	8.4%
Total Rate Base	**$44,009**	**$47,900**	**$51,952**	**$55,790**	**$60,123**	**$64,245**	**7.6%**
Growth		*8.8%*	*8.5%*	*7.4%*	*7.8%*	*6.9%*	
2022 AD Guidance							
Electric Distribution	$29,300	$31,400	$33,900	$36,300	$39,000	$41,300	7.1%
Electric Transmission	9,200	9,900	10,900	11,600	12,900	14,400	9.8%
Gas Delivery & Other	5,400	6,200	7,200	7,800	8,600	9,300	10.7%
Total Rate Base	**$43,900**	**$47,500**	**$52,000**	**$55,700**	**$60,500**	**$65,000**	**8.2%**

Source: BMO Capital Markets, Company Filings

Exhibit 3: EXC Model Assumptions

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2024E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	8%	$0.98	16.6x	$16	19.6x	$19	21.6x	$21
PECO	EPS	3%	$0.68	15.7x	$11	18.7x	$13	21.6x	$15
BGE	EPS	6%	$0.52	16.3x	$8	19.3x	$10	21.6x	$11
PHI	EPS	10%	$0.78	17.0x	$13	20.0x	$16	21.6x	$17
Parent & Other	EPS	7%	($0.35)	16.5x	($6)	19.5x	($7)	21.6x	($8)
Utility Value			**$2.60**	**16.5x**	**$43**	**19.5x**	**$51**	**21.6x**	**$56**
Upside/(Downside)					(8%)		8%		20%
Current Yield					3%		3%		3%
Total Return					**(6%)**		**11%**		**23%**

Source: BMO Capital Markets, Company Filings

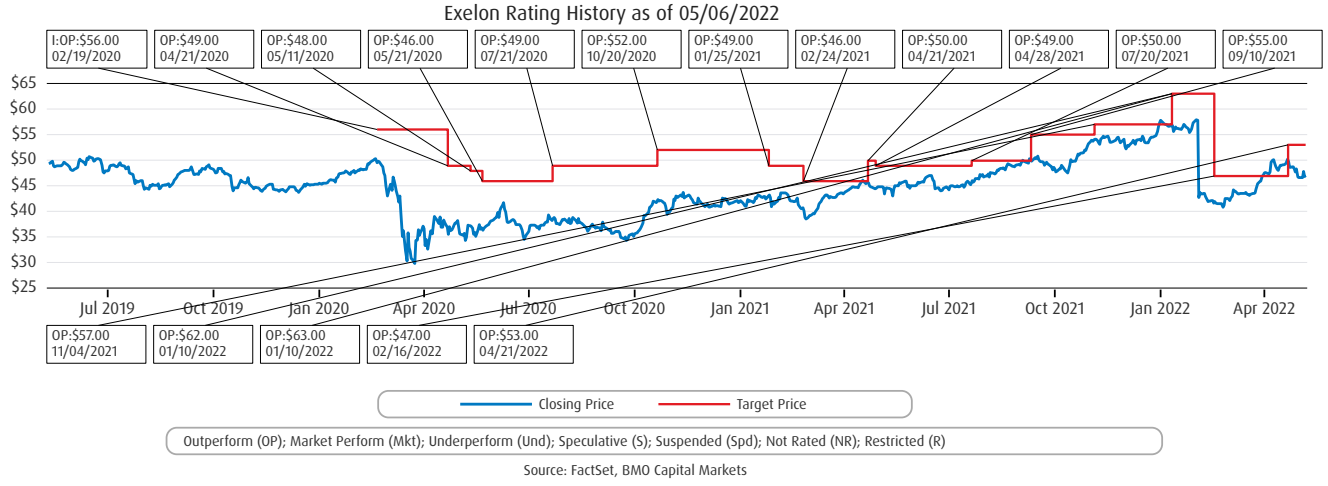

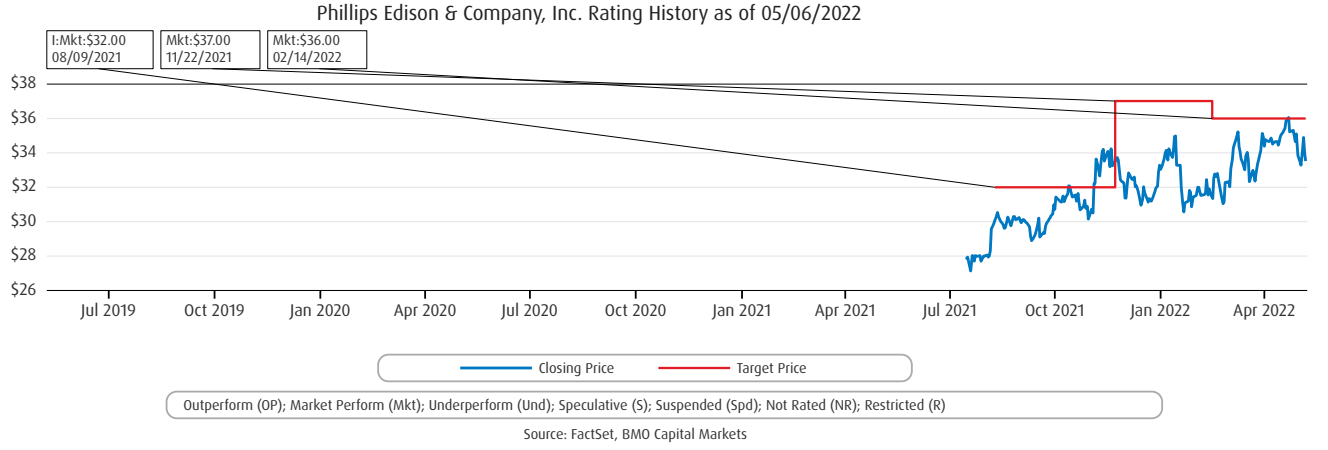

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 1: BMO Capital Markets has undertaken an underwriting liability with respect to Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 2: BMO Capital Markets has provided investment banking services with respect to Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 3: BMO Capital Markets has managed or co-managed a public offering of securities with respect to Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 4: BMO Capital Markets or an affiliate has received compensation for investment banking services from Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 5: BMO Capital Markets or an affiliate received compensation for products or services other than investment banking services within the past 12 months from Phillips Edison & Company, Inc..

Disclosure 6A: Phillips Edison & Company, Inc. is a client (or was a client) of BMO Nesbitt Burns Inc., BMO Capital Markets Corp., BMO Capital Markets Limited or an affiliate within the past 12 months: A) Investment Banking Services

Disclosure 6C: Phillips Edison & Company, Inc. is a client (or was a client) of BMO Nesbitt Burns Inc., BMO Capital Markets Corp., BMO Capital Markets Limited or an affiliate within the past 12 months: C) Non-Securities Related Services.

Disclosure 9B: BMO Capital Markets makes a market in Exelon and Phillips Edison & Company, Inc. in United States.

Disclosure 19: BMO Capital Markets Corp. ("BMO CMC") is acting as an agent to Phillips Edison and Company, Inc. on an at-the-market equity offering program. BMO CMC is being paid a fee based on the program. BMO CMC follows information control procedures which prevent its research analysts who are issuing research from having access to material non-public information received by BMO CMC's investment banking personnel in connection with the transaction. Accordingly, it is possible that individual employees at BMO CMC may have material non-public information or opinions which are not included in, and may not be consistent with, the information and opinions in this research report.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC generation assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Failure to pass a version of the "Clean Energy Jobs Act" in the upcoming legislative session that sufficiently expands financial support for EXC Gen's nuclear plants would cause us to re-evaluate our rating, all else equal. The Governor's opposition to the existing Formulaic Based Rate Plan in IL may result in a new set of regulations that could be adverse to the company's ComEd Utility. Nuclear operations are subject to additional safety and regulatory oversight.

Methodology and Risks to Target Price/Valuation for Phillips Edison & Company, Inc. (PECO-NSDQ)

Methodology: Our target price is based on a combination of our NAV and DCF analyses, taking into account FFO/AFFO multiples relative to peers, other REITs and earnings expectations.

Risks: Primary risks including a softening leasing environment and elevated store closings, rising interest rates, rising capitalization rates, the health of the economy and fluctuations in occupancy/rent levels, availability and cost of capital, financial stability of tenants, new competitive supply, environmental matters, and higher costs of maintaining vacant space (labor, energy/utilities, repairs and maintenance, etc.).

Distribution of Ratings (May 08, 2022)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	54.4 %	24.5 %	58.2 %	56.4 %	60.4 %	57.7%
Hold	Market Perform	44.1 %	20.0 %	38.5 %	42.2 %	37.7 %	37.5%
Sell	Underperform	1.5 %	50.0 %	3.3 %	1.3 %	1.8 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory

authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at May 09, 2022, 21:43 ET. and disseminated at May 09, 2022, 21:43 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2022 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

Equity Research

WELLS FARGO

Price Target Change — May 9, 2022

Diversified Electric Utilities
Regulated Electric Utilities

DUK/EXC: Q1 Earnings Round Up

Our Call

DUK & EXC reported Q1'22 EPS on 5/9. We continue to rate both shares of both DUK & EXC Equal Weight as we think the in-line P/E multiples vs. peers are fair. That being said, the stories continue to improve. For DUK, an improving regulatory backdrop in NC + substantial energy transition opportunities post '25. For EXC, planned wires investment plus a likely improvement in ComEd's allowed ROE could result in a strong 8% EPS CAGR.

DUK. Mgmt. affirmed '22 EPS guidance of $5.30-5.60 along with the 5-yr EPS CAGR of 5-7%. The Department of Commerce's recent decision to investigate potential circumvention of AD/CVD in four southeast Asian countries is not expected to impact DUK's '22 solar plans. That being said, depending on the duration of the investigation, ~400 MW, or 50%, of Commercial Renewables '23 solar projects planned for '23 could slip into '24. All else equal, we believe this poses a roughly $0.05 impact to EPS. The amount is negligible (<1% of annual EPS power) and mgmt. does not believe that it poses a risk to the 5-7% growth rate in '23.

Separately, DUK continues to pursue substantial energy transition opportunities in the Carolinas & Indiana (pending RFP for 2,400 MW of generation). In NC, DUK plans to file a Carbon Plan with the NCUC on 5/16, which will include substantial solar/battery storage options along with onshore & offshore wind and new nuclear (small modular reactors). The outcome of the Carbon Plan will be a key driver of DUK's post '25 capex outlook. No change to our 22-26E EPS of $5.45, $5.80, $6.15, $6.50 & $6.80. We reiterate our Equal Weight rating and increase our forward price target to $120/sh (20.5-21.0X our 23E EPS) from $109/sh on materially higher peer group multiples. On a P/E multiple basis, shares trade in-line with Regulated Electric peers on our 22-24E EPS, which we view as fair given in-line EPS growth prospects (6%).

EXC. Mgmt. affirmed the '22 EPS guidance range of $2.18-2.32. While acknowledging that ComEd's formulaic ROE could be an EPS tailwind (positively linked to the 30-yr Treasury yield), mgmt. also pointed out that the higher interest rates will likely be, at least, a partial offset. Under ComEd's current construct, the allowed ROE is premised on the average 30-Yr Treasury yield for '22 plus 580 bps. The EPS sensitivity is +/- $0.04 for every 50 bps change. Year-to-date, the average 30-Year Treasury yield is ~2.4%, or 50 bps higher than the '21 year-end yield. Separately, mgmt. pointed out that a 50 bps move in interest rates across the company's variable debt has a $0.01 impact on EPS.

We maintain our 22-26E EPS of $2.30, $2.42, $2.65, $2.83 & $3.05, which represents an 8% CAGR off the 21A EPS of $2.08 (EXC guidance is 6-8%). We point out that our earned ROE assumptions for ComEd are 8.0-8.5% in '22 & '23 and 8.5-9.0% thereafter, which reflects our belief that the allowed ROE will be 9%+ once the new regulatory compact is implemented (either traditional rate-making or a performance-based model). We reiterate our Equal Weight rating and nudge down our forward price target to $50/sh from $52/sh on lower peer group multiples since our price target was last updated. We apply the '22 peer group multiple of 20.5-21.0X to our 23E EPS. That said, a case can be made for a relative premium to peers given EXC's strong growth prospects (8% CAGR based on our outlook) and low risk regulated wires & pipes strategy.

Equity Analyst(s)

Neil Kalton, CFA
Senior Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

David Welkener, CFA
Associate Equity Analyst | Wells Fargo Securities, LLC
David.Welkener@wellsfargo.com | 314-875-2054

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

All estimates/forecasts are as of 5/9/2022 unless otherwise stated. 5/9/2022 19:17:07EDT. Please see page 7 for rating definitions, important disclosures and required analyst certifications.
Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

Financials

$ Company Name (Ticker)	Rating Curr.	Rating Prior	Price 05/09/22	2021A	FY EPS 2022E Curr.	FY EPS 2022E Prior	FY EPS 2023E Curr.	FY EPS 2023E Prior	FY P/E 2022	FY P/E 2023	Price Target To	Price Target From
Diversified Electric Utilities												
Exelon Corporation (EXC)	2	NC	$46.73	2.82	2.30	NC	2.42	NC	20.4x	19.3x	$50.00	$52.00
Regulated Electric Utilities												
Duke Energy Corp. (DUK)	2	NC	$110.80	5.24	5.45	NC	5.80	NC	20.3x	19.1x	$120.00	$109.00

Source: Company data and Wells Fargo Securities, LLC estimates, and Refinitiv.
1 = Overweight, 2 = Equal Weight, 3 = Underweight, NR = Not Rated, SR = Suspended
NA = Not Available, NC = No Change, NE = No Estimate, NM = Not Meaningful

DUK Earnings Model ($ millions except per share data)	2020	2021E	2022E	2023E	2024E	2025E	2026E
Revenues	**$23,868**	**$25,660**	**$26,933**	**$27,951**	**$28,892**	**$29,833**	**$30,610**
Expenses							
Purchased Power/Fuel/Power Cost Adjustments	6,511	6,871	6,890	6,938	6,986	7,035	7,085
Other O&M	5,788	6,042	6,100	6,137	6,170	6,205	6,224
Depreciation	4,705	5,167	5,502	5,863	6,212	6,561	6,913
Other	2,321	1,440	1,470	1,500	1,531	1,564	1,597
Total Expenses	**$19,325**	**$19,520**	**$19,961**	**$20,438**	**$20,899**	**$21,365**	**$21,818**
EBIT	**$3,001**	**$6,677**	**$7,498**	**$8,021**	**$8,494**	**$8,969**	**$9,293**
EBITDA	**$7,706**	**$11,844**	**$13,000**	**$13,884**	**$14,706**	**$15,530**	**$16,205**
Other Income	(1,552)	537	527	507	501	501	501
Interest Expense	2,162	2,312	2,470	2,653	2,794	2,959	3,105
Income Taxes	(236)	341	839	948	1,014	1,074	1,107
Tax Rate	*-28%*	*8%*	*17%*	*18%*	*18%*	*18%*	*18%*
Earnings							
Income from Continuing Operations	$1,370	$4,163	$4,344	$4,655	$4,927	$5,201	$5,432
Discontinued Operations	7	0	0	0	0	0	0
Adjustment for Non-Controlling Interest	(295)	(139)	(155)	(235)	(241)	(265)	(352)
Net Income	**$1,270**	**$4,033**	**$4,189**	**$4,457**	**$4,727**	**$4,996**	**$5,227**
Avg. Diluted Shares Outstanding	738	769	769	769	769	769	769
EPS	$1.72	$5.24	$5.45	$5.80	$6.15	$6.50	$6.80
Non-Recurring	3.40	0.00	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$5.12**	**$5.24**	**$5.45**	**$5.80**	**$6.15**	**$6.50**	**$6.80**
Q1A EPS	1.24	1.26	1.30				
Q2A EPS	1.08	1.15	1.05				
Q3A EPS	1.84	1.88	2.05				
Q4 EPS	0.96	0.94	1.05				

DUK Supplemental Information	2020	2021E	2022E	2023E	2024E	2025E	2026E
Dividend Information							
Dividends Per Share - YE Rate	$3.86	$3.94	$4.04	$4.14	$4.34	$4.54	$4.74
Dividends Paid Per Share	3.82	3.90	4.00	4.10	4.30	4.50	4.70
Payout Ratio	75%	74%	73%	71%	70%	69%	69%
Cash Flow & Balance Sheet Items							
Capital Expenditures (millions)	$9,907	$9,874	$12,249	$11,499	$11,199	$11,374	$11,370
Book ROE	8.5%	8.7%	8.8%	9.1%	9.4%	9.7%	9.8%
FFO/Debt	14.6%	14.4%	14.5%	14.0%	14.2%	14.3%	14.5%
Debt/EBITDA	8.1x	5.6x	5.4x	5.3x	5.3x	5.2x	5.2x
Common Equity as % of Total Capitalization	42%	41%	40%	39%	39%	39%	39%

2021 remains an estimate pending a full 10-K update

sp50

EXC Earnings Model						
($ millions except per share data)	**2021**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**
Revenues	**$36,347**	**$18,928**	**$19,543**	**$20,318**	**$20,983**	**$21,676**
Expenses						
Purchased Power/Fuel/Power Cost Adjustments	17,364	6,398	6,412	6,427	6,441	6,456
Other O&M	8,659	4,238	4,276	4,315	4,354	4,393
Depreciation & Amortization	6,036	3,135	3,380	3,630	3,891	4,152
Other	1,565	1,249	1,264	1,279	1,294	1,309
Total Expenses	**$33,624**	**$15,078**	**$15,389**	**$15,708**	**$16,038**	**$16,368**
EBIT	**$2,723**	**$3,851**	**$4,154**	**$4,610**	**$4,945**	**$5,308**
EBITDA	**$8,759**	**$6,986**	**$7,533**	**$8,241**	**$8,836**	**$9,460**
Other Income	1,056	266	266	266	266	266
Interest Expense	1,571	1,356	1,271	1,237	1,169	1,089
Income Taxes	370	393	450	538	578	630
Tax Rate	*17%*	*15%*	*16%*	*17%*	*17%*	*17%*
Earnings						
Income from Continuing Operations	$1,838	$2,257	$2,398	$2,642	$2,840	$3,077
Nonrecurring	0	0	0	0	0	0
Adjustment for Non-Controlling Interest	(123)	0	0	0	0	0
Net Income	**$1,706**	**$2,257**	**$2,398**	**$2,642**	**$2,840**	**$3,077**
Avg. Diluted Shares Outstanding	980	983	990	996	1,002	1,007
EPS	$1.74	$2.30	$2.42	$2.65	$2.83	$3.05
Non-Recurring	(1.08)	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$2.82**	**$2.30**	**$2.42**	**$2.65**	**$2.83**	**$3.05**
Q1 EPS	(0.06)	0.66				
Q2 EPS	0.89	0.50				
Q3 EPS	1.09	0.66				
Q3 EPS	0.90	0.50				

EXC Supplemental Information	2021	2022E	2023E	2024E	2025E	2026E
Dividend Information						
Dividends Per Share - YE Rate	$1.53	$1.35	$1.44	$1.55	$1.67	$1.80
Dividends Paid Per Share	1.53	1.35	1.44	1.55	1.67	1.80
Payout Ratio	54%	59%	60%	58%	59%	59%
Cash Flow & Balance Sheet Items						
Capital Expenditures (millions)	$7,981	$7,025	$7,125	$7,525	$7,600	$7,600
Book ROE	8.2%	7.8%	9.9%	10.3%	10.5%	10.7%
FFO/Debt	10%	14%	14%	14%	13%	13%
Debt/EBITDA	4.8x	5.4x	5.5x	5.5x	5.6x	5.6x
Common Equity as % of Total Capitalization	45%	38%	38%	37%	36%	36%

Source: Wells Fargo Securities, LLC estimates and company filings

Acronyms

AD/CVD - Antidumping/Countervailing Duties

NCUC – North Carolina Utilities Commission

Investment Thesis, Valuation and Risks

Duke Energy Corp. (DUK)

Investment Thesis

Our Equal Weight rating reflects DUK's attractive regulated utility franchise and sharpened strategic focus tempered by valuation considerations.

Target Price Valuation for DUK: $120.00 from $109.00

Our $120/sh price target is based on P/E multiple and dividend discount analyses. We apply a P/E multiple of 20.5-21.0X (in line with the '21 Large/Mid Cap Regulated Electric peer group median) on our 23E EPS of $5.80. Separately, our DDM supports a price target of $120/sh. Key assumptions include long-term earnings and dividend growth of 2.5% and a discount rate of 6.75%.

Risks to Our Price Target and Rating for DUK

Risks to our price target include stronger operational execution & higher capex than embedded in our outlook (upside risk) and unexpected adverse regulatory outcomes (downside risk).

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (8%) and wires-centric asset mix are balanced by our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $50.00 from $52.00

Our $50/sh price target is based on a P/E multiple analysis. We apply a P/E of 20.5-21.0X to our 23E EPS of $2.42. Our multiple is in-line with the '22 Regulated Electric peer group median as we balance positive features (strong 8% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '22 median to our 23E EPS due to the forward-looking nature of our price target.

Our DDM analysis supports a forward price target in excess of $55/sh. Key assumptions include long-term earnings and dividend growth of 3% and a 6.75% discount rate.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater than expected ESG appetite for a wires-centric company (upside).

Required Disclosures

I, Neil Kalton, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

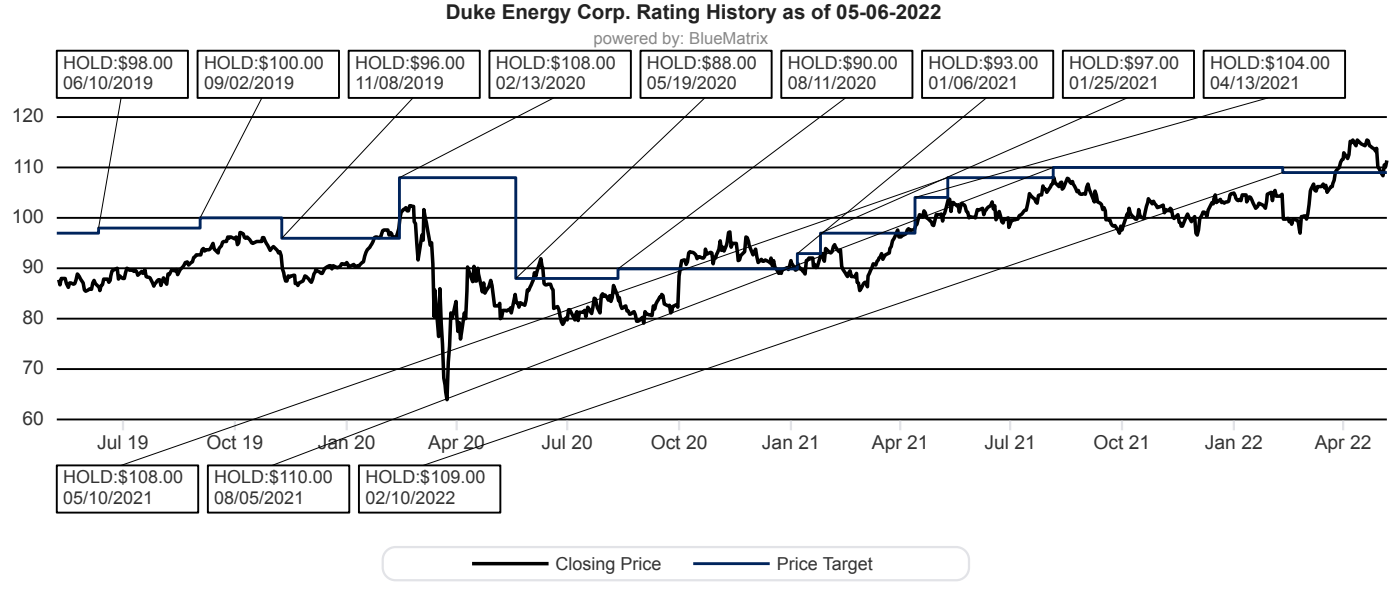

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

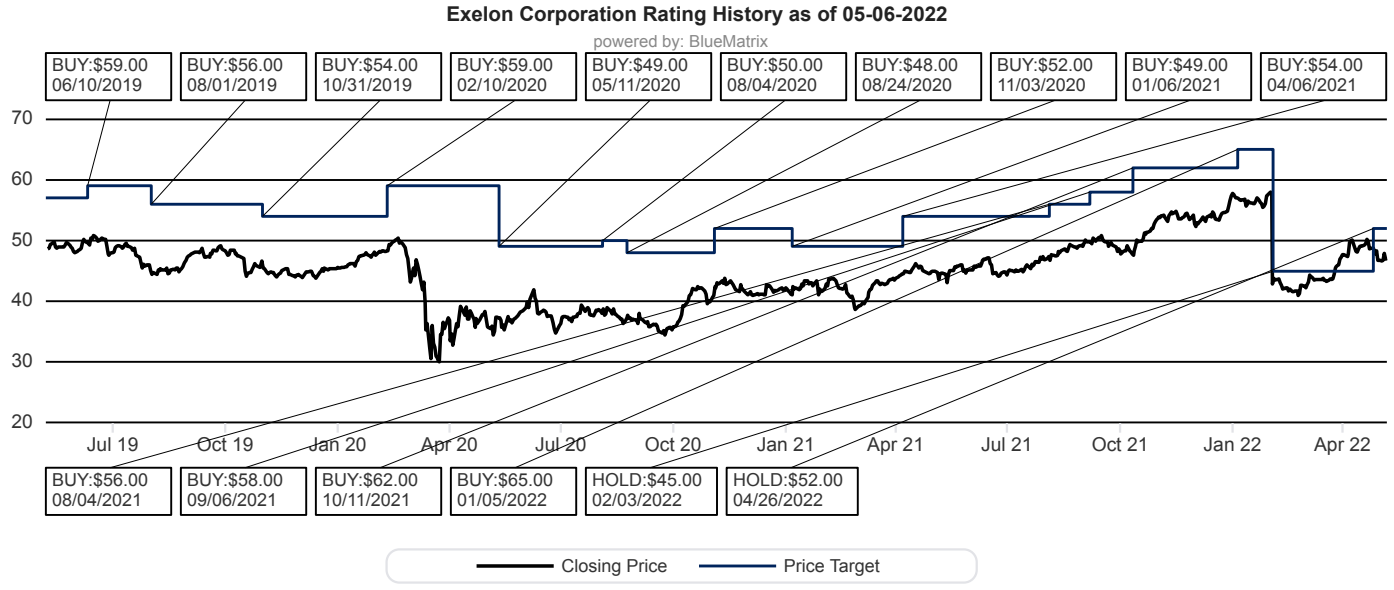

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC and/or its affiliates, have beneficial ownership of 0.5% or more of any class of the common stock of Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Duke Energy Corp. in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public offering of securities for an affiliate of Duke Energy Corp. within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Duke Energy Corp..

Duke Energy Corp. currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-investment banking securities-related services to Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public offering of securities for Duke Energy Corp. within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Duke Energy Corp. in the next three months.

A director or officer of Wells Fargo & Company serves on the board of directors of Duke Energy Corp.. Wells Fargo & Company is the parent of Wells Fargo Securities, LLC.

Wells Fargo Securities, LLC, received compensation for products or services other than investment banking services from Duke Energy Corp. in the past 12 months.

Duke Energy Corp. currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-securities services to Duke Energy Corp..

Duke Energy Corp. currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Duke Energy Corp. in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Wells Fargo Securities, LLC, received compensation for products or services other than investment banking services from Exelon Corporation in the past 12 months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-securities services to Exelon Corporation.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

1=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

2=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

3=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of May 8, 2022
56.0% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
37.0% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
7.0% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 48.9% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 42.3% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 34.4% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC, Wells Fargo Securities International Limited and Wells Fargo Securities Asia Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States, Wells Fargo Securities International Limited is regulated under laws of the United Kingdom, and Wells Fargo Securities Asia Limited is regulated under the laws of Hong Kong. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC, Wells Fargo Securities International Limited or Wells Fargo Securities Asia Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States, United Kingdom or Hong Kong and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

Hong Kong – This report is issued and distributed in Hong Kong by Wells Fargo Securities Asia Limited ("WFSAL"), a Hong Kong incorporated investment firm licensed and regulated by the Securities and Futures Commission to carry on types 1, 4, 6 and 9 regulated activities (as defined in the Securities and Futures Ordinance (Cap. 571 The Laws of Hong Kong), "the SFO"). This report is not intended for, and should not be relied on by, any person other than professional

investors (as defined in the SFO). Any securities and related financial instruments described herein are not intended for sale, nor will be sold, to any person other than professional investors (as defined in the SFO). The author or authors of this report is or are not licensed by the Securities and Futures Commission. Professional investors who receive this report should direct any queries regarding its contents to Kelly Chiang and Mandy Wan at WFSAL (email: wfsalresearch@wellsfargo.com).

Japan – This report is distributed in Japan by Wells Fargo Securities (Japan) Co., Ltd, registered with the Kanto Local Finance Bureau to conduct broking and dealing of type 1 and type 2 financial instruments and agency or intermediary service for entry into investment advisory or discretionary investment contracts. This report is intended for distribution only to professional investors (Tokutei Toushika) and is not intended for, and should not be relied upon by, ordinary customers (Ippan Toushika). The ratings stated on the document are not provided by rating agencies registered with the Financial Services Agency of Japan (JFSA) but by group companies of JFSA-registered rating agencies. These group companies may include Moody's Investors Services Inc., Standard & Poor's Rating Services and/or Fitch Ratings. Any decisions to invest in securities or transactions should be made after reviewing policies and methodologies used for assigning credit ratings and assumptions, significance and limitations of the credit ratings stated on the respective rating agencies' websites.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, should not be considered a recommendation tailored to a particular investor with respect to (i) the security or securities or (ii) any investment strategy or strategies discussed in the report. Interested parties are advised to contact the entity with which they deal, or the entity that provided this report to them, if they desire further information or they wish to effect transactions in the securities discussed in this report. The information in this report has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Additional distribution may be effected via email, fax or regular mail. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research. Each of Wells Fargo Securities, LLC, Wells Fargo Securities International Limited and Wells Fargo Securities Europe S.A. is a separate legal entity and distinct from affiliated banks. Copyright © 2022 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

GUGGENHEIM

May 9, 2022

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC – Exelon Enters Its Sleep-at-Night Phase…

EXC NEUTRAL
Exelon Corporation
Sector: Power & Utilities

Earnings Release

Share Price	$47.06
Price Target	$49.00

EPS ($) (FY DEC)	1Q	2Q	3Q	4Q	FY
2022	0.64	0.46E	0.73E	0.44E	2.27E
Prior	*0.62*	—	*0.74E*	—	—
P/E					20.7x
2023	0.60E	0.50E	0.84E	0.47E	2.41E
P/E					19.5x
2024	0.65E	0.54E	0.89E	0.51E	2.58E
P/E					18.2x

Market Data

52-Week Range	$30.52 - $50.71
Dividend	$1.38
Dividend Yield	2.9%
Market Cap (M)	$46,125
Shares Out (M)	980.1
ADV (3 mo; 000)	8,368

Key Message: EXC's first post-spin earnings call was decidedly straightforward, with management utilizing the extra elbow room to detail a series of regulatory, ESG, and EV updates alongside an in-line 1Q22 print. As we expected heading into the call, there were few major incremental updates on the heels of the post-spin analyst day, with the company continuing to work the process in IL ahead of MYP filings early next year. Looking ahead, our focus will be on the regulatory front, with the FRP and PECO gas case both heading into intervenor direct testimony in June. In our view, EXC remains an attractive higher growth T&D utility without many of the carbon or capex (solar) overhangs that have permeated our coverage this year – we continue to seek an entry point.

Straightforward post-spin update… Exelon's 1Q22 update came with few major updates as management continues to hone its post-spin execution – as we had expected. Alongside the untangling of some spin accounting at the parent, management provided a series of updates on its regulatory and strategic initiatives through the quarter, with even the case cycle itself relatively quiet vs. prior quarters thanks in part to the newer MYPs in place across the mid-Atlantic. The utilities remains on track for direct testimony in the June-July time frame for each of the open cases (DPL/PECO gas, ComEd FRP), alongside ongoing progress in the ComEd PBR (see our note for rebuttal testimony HERE).

EXC's call was relatively devoid of many of the topics that have permeated almost all of the calls this quarter, namely O&M, pension, and capex challenges... We touched base with management after the call and hit on several of these, with none jumping out as particularly notable at this juncture. Specifically, the pension sat at 87% funded at YE, and while market performance has been poor YTD, the discount rate provides an almost equal offset – very consistent with many of the conversations we had last week with other utilities. On O&M, the company continues to lever its scale and purchasing power to hold down costs, and while it doesn't provide a LT target, it has a successful track record of holding cost growth well below inflation (~1.4% CAGR from '16-22). We continue to see its multistate T&D profile as potentially better positioned to weather any prolonged period of inflation vs. smaller peers. Finally, that same T&D profile removes much of the solar-specific capex risk we have heard this quarter. We continue to see EXC as a favorably differentiated story for investors as even as compared to its wires-only peers (ES, FE).

EXC reported 1Q22 performance of $0.64 just between our estimate of $0.62 and street of $0.65… YoY earnings were $0.09 higher on a noisy 2021 comp thanks to allocation adjustments for discontinued operations (ExGen). Across the utilities, ComEd earnings were flat YoY, with higher distribution rates (investment and treasuries) offset by other items (DPA). Earnings were $0.04 higher at PECO from higher distribution rates and $0.01 higher at PHI, where higher rates (+$0.03) were partially offset by D&A and storm costs during the quarter. BG&E was $0.02 lower YoY on the back of higher D&A and other items. As we expected, the quarter also featured some noise at the parent on the back of the generation separation, with the allocation adjustments for BSC netting to $0.07, which was partially offset by higher interest expense. **Looking ahead, management affirmed 2022 EPS guidance from the range of $2.18 to $2.32 vs. our $2.27,** which remains unchanged.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Valuation

Our valuation is based on our 2024E EPS of $2.58 applied to a 19.5x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 19.5x multiple, we continue to apply a one-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (riders, MYPs) and underlying growth/incremental investment opportunities, except for ComEd. This blended 20.2x multiple, applied to our 2024E EPS and discounted back one year, equals our $49 PT

Risks

EXC comprises regulated distribution and transmission assets, which face traditional risk factors and upside drivers inherent with all utilities, including: (1) positive/negative rate case outcomes above/below our expectations, (2) higher/lower capex outlooks, and (3) interest rate changes above/below what we account for in our regression model.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 05-06-2022

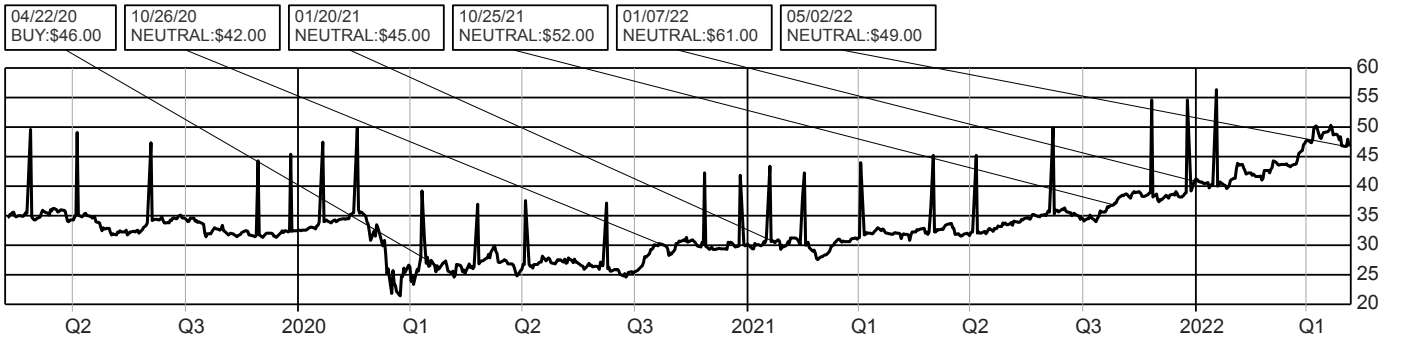

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	234	65.73%	58	24.79%
NEUTRAL	117	32.87%	14	11.97%
SELL	5	1.40%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:42 AM.

EVERCORE ISI

Energy | Power & Utilities

May 09, 2022

Exelon Corp.

EXC | $47.06

Outperform | Target Price/Base Case: $50.00 (from $47.00)

Company Update

Durgesh Chopra
212-653-8998
durgesh.chopra@evercoreisi.com

Michael Lonegan
212-653-8997
michael.lonegan@evercoreisi.com

Company Statistics

Market Capitalization (M)	$45,427
Shares Outstanding (M)	974
Dividend	1.68
Dividend Yield	3.6%
Payout Ratio	74.7%
Expected Total Return	10.8%
Fiscal Year End	Dec

Earnings Summary

	2022E	2023E	2024E
EPS	**$2.25**	**$2.41**	**$2.57**
P/E	**20.7**	**19.4**	**18.1**
EPS vs Consensus	**(0.4)%**	**0.1%**	**(0.9)%**
Consensus EPS	**$2.26**	**$2.41**	**$2.59**
Consensus P/E	**20.6**	**19.4**	**18.0**

1 Year Price History

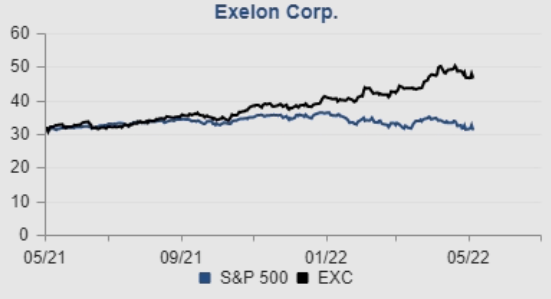

Source: FactSet

In Line Quarter, Risk/Reward Still Attractive

Exelon's 1Q22 adjusted EPS was largely in line with expectations. EXC posted 1Q22 adjusted EPS of $0.64 versus consensus of $0.65, our estimate of $0.60, and 1Q21 of $0.55. The Company's trailing 12-month ROE was 8.9% versus 9.2% for 4Q21 and Exelon continues to expect to return to the 9-10% range by year-end 2022 as the timing of equity infusions resolve. EXC maintained its 2022 EPS guidance of $2.18-2.32/share and still expects to deliver 6-8% EPS growth for 2021-2025 based off of the $2.10 midpoint of 2021 adjusted EPS guidance. EXC also reaffirmed its capex plan of $29 billion for 2022-2025, which is expected to drive 8.1% rate base CAGR for 2021-2025. Exelon still expects to finance this plan with no more than $1 billion of equity through 2025, which is intended to target a 2022-2024 average FFO to debt of 13-14% for S&P's current BBB rating which has a downgrade threshold of 12%, and CFO (pre-WC) to debt of 13-14% for Moody's current Baa2 rating which has a downgrade threshold of 12%. Exelon projects to grow its dividend in line with operating earnings through 2025, targeting a 60% dividend payout ratio. The Company highlighted that higher interest rates provide a tailwind in Illinois with a 50 bps increase in the 30-year Treasury yield translating into a net $0.03 annual EPS benefit. Exelon in its prepared remarks also highlighted material fuel cost savings from EV adoption ($1,500 gasoline costs vs $250 Illustrative EV charging cost per year) and expects 20x EV penetration over the next 20 years, bolstering their long-term investment outlook.

EXC is working with stakeholders in IL on performance metrics associated with the multi-year rate settling plan as set forth by SB 2408 passed into law last year. A commission order establishing those metrics is expected in Q3 2022, which will serve as the basis of EXC's filing in Q1 2023. Exelon has the option to establish new rates on either a traditional rate review using a future test year, or an investment and operating cost plan for a four-year period, to be submitted by January 20, 2023 to the Illinois commission for review and approval for rates effective the beginning of 2024 after the existing formula rate plan framework sunsets in 2023.

Regulatory update: On January 14, Delmarva Power filed a gas rate case with the Delaware PSC requesting a $14.5MM revenue increase with a 10.3% ROE and 49.94% equity ratio on a rate base of $497MM with a January 1, 2021-December 31, 2021 test year. On February 28th, DPL filed supplemental direct testimony requesting an updated revenue requirement of the same $14.5MM on twelve months actual test period ending December 31, 2021. A final Commission order is expected in Q1 2023. Separately, on March 31, PECO filed a gas rate case with the Pennsylvania PUC requesting a $82MM revenue increase with a 10.95% ROE and 53.41% equity ratio on a rate base of $2,884MM with a January 1, 2023-December 31, 2023 test year. A final decision is expected in November/December 2022. On April 15, ComEd filed its final annual distribution formula rate update with the Illinois commission seeking a $199MM rate increase with a 7.85% ROE and 49.45% equity ratio on a rate base of $13,883MM with a January 1, 2022-December 31, 2021 test year.

Reaffirming our Outperform rating but raising our target price. We are maintaining our 2022-2024 EPS estimates of $2.25, $2.41 and $2.57, respectively. We are increasing our target price to $50/share from $47/share as we now value Exelon on a 20.0x multiple (versus 18.9x previously), based on a slight premium to our utility target multiple of 19.0x (up from 18.0x previously) applied to our 2024 EPS estimate. We are raising our peer target multiple to 19.0x to be closer to where the group is trading today and also to be similar to our scenario 2 in our DDM analysis shown on pg. 5 of our April 24 note. The slight premium multiple we apply for our target price reflects Exelon's asset mix as a T&D utility and above-average 6-8% EPS growth rate for 2021-2025.

Please see the analyst certification and important disclosures on page 4 of this report. Evercore ISI and affiliates do and seek to do business with companies covered in its research reports. Investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.
© 2022. Evercore Group L.L.C. All rights reserved.

EXC Valuation

Our new base case valuation of $50/share (up from $47) applies a slight premium multiple to our new 19.0x peer target multiple (up from 18.0x) to our 2024 EPS forecast of $2.57/share, which is based on 7% annual EPS growth, the midpoint of the Company's 6-8% forecast for 2021-2025.

Our new bull case of $54/share (up from $51) applies a 20.5x multiple (still 1.0x higher than our base scenario, which is now higher, as mentioned) to a 2024 EPS forecast of $2.65/share, which is based on 8% annual EPS growth, the high end of the Company's guidance.

Our new bear case of $45/share (up from $42) applies an 18.0x multiple (still 1.5x lower than our base case which is now higher, as mentioned) to a 2024 EPS forecast of $2.50/share, which is based on 6% annual EPS growth, the top end of the Company's guidance.

Exhibit 1: Exelon Base, Bull and Bear Case Scenarios

EXC Valuation		
Base Case		
EXC 2024 EPS	$/share	$2.57
Multiple	x	19.5x
Base Case Valuation	**$/share**	**$50**
Bull Case		
EXC 2024 EPS	$/share	$2.65
Multiple	x	20.5x
Bull Case Valuation	**$/share**	**$54**
Bear Case		
EXC 2024 EPS	$/share	$2.50
Multiple	x	18.0x
Bear Case Valuation	**$/share**	**$45**

Source: Evercore ISI

VALUATION METHODOLOGY

Our valuation is based on a P/E multiple of 2024 EPS.

RISKS

Unfavorable outcomes in regulatory proceedings would cause our valuation to be lower. Higher interest rates would pull utility earnings up in IL but pressure multiples so the net impact would likely be negative overall.

COMPANIES UNDER COVERAGE BY AUTHOR

Symbol	Company	Rating	Price (2022-09-05)	Evercore ISI Target
AEE	Ameren Corp.	Outperform	$92.65	$102.00
AEP	American Electric Power	Outperform	$99.65	$107.00
AES	The AES Corporation	Outperform	$20.94	$25.00
AWK	American Water Works Company, Inc.	Outperform	$149.01	$170.00
AWR	American States Water Company	Underperform	$75.89	$70.00
CEG	Constellation Energy Corp	Outperform	$60.27	$55.00
CMS	CMS Energy Corp.	In Line	$67.75	$71.00
CNP	CenterPoint Energy, Inc.	Outperform	$30.73	$32.00
CWT	California Water Service Group	In Line	$50.54	$50.00
D	Dominion Energy, Inc	Outperform	$84.02	$90.00
DTE	DTE Energy Co.	Outperform	$129.68	$140.00
DUK	Duke Energy Corp.	In Line	$111.32	$105.00
ED	Consolidated Edison Inc.	Underperform	$93.98	$86.00
EIX	Edison International	In Line	$70.30	$75.00
EOSE	Eos Energy Enterprises, Inc	Outperform	$2.09	$14.00
ES	Eversource Energy	In Line	$90.40	$96.00
ETR	Entergy Corp.	Outperform	$119.27	$127.00
EVRG	Evergy	In Line	$68.10	$72.00
EXC	Exelon Corp.	Outperform	$47.06	$50.00
FLNC	Fluence Energy, Inc.	Outperform	$10.39	$34.00
HE	Hawaiian Electric Industries Inc.	In Line	$41.74	$40.00
NEE	NextEra Energy Inc	In Line	$72.47	$90.00
NI	NiSource Inc	Outperform	$29.49	$32.00
NRG	NRG Energy Inc.	In Line	$41.40	$42.00
OGE	OGE Energy Corp	In Line	$39.33	$41.00
PCG	PG&E Corp.	Rating Suspended	$12.56	
PEG	Public Service Enterprise Group	Outperform	$69.43	$75.00
PPL	PPL Corp.	In Line	$29.23	$31.00
SJW	SJW Group	In Line	$57.99	$67.00
SO	Southern Co.	In Line	$74.67	$69.00
SRE	Sempra Energy	Outperform	$164.90	$171.00
VST	Vistra Energy Corp	Outperform	$26.62	$31.00
WEC	WEC Energy Group, Inc.	In Line	$100.66	$103.00
WTRG	Essential Utilities Inc.	Outperform	$44.61	$53.00
XEL	Xcel Energy Inc.	Outperform	$73.08	$79.00

TIMESTAMP

(Article 3(1)e and Article 7 of MAR)

Time of dissemination: May 09 2022 2:40 PM ET

ANALYST CERTIFICATION

The analysts, Durgesh Chopra, Michael Lonegan, primarily responsible for the preparation of this research report attest to the following: (1) that the views and opinions rendered in this research report reflect his or her personal views about the subject companies or issuers; and (2) that no part of the research analyst's compensation was, is, or will be directly related to the specific recommendations or views in this research report.

IMPORTANT DISCLOSURES

This report is approved and/or distributed by Evercore Group L.L.C. ("Evercore Group"), a U.S. licensed broker-dealer regulated by the Financial Industry Regulatory Authority ("FINRA"), and Evercore ISI International Limited ("ISI UK"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The institutional sales, trading and research businesses of Evercore Group and ISI UK collectively operate under the global marketing brand name Evercore ISI ("Evercore ISI"). Both Evercore Group and ISI UK are subsidiaries of Evercore Inc. ("Evercore "). The trademarks, logos and service marks shown on this report are registered trademarks of Evercore.

The analysts and associates responsible for preparing this report receive compensation based on various factors, including Evercore's Partners' total revenues, a portion of which is generated by affiliated investment banking transactions. Evercore ISI seeks to update its research as appropriate, but various regulations may prevent this from happening in certain instances. Aside from certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Evercore ISI generally prohibits analysts, associates and members of their households from maintaining a financial interest in the securities of any company in the analyst's area of coverage. Any exception to this policy requires specific approval by a member of our Compliance Department. Such ownership is subject to compliance with applicable regulations and disclosure. Evercore ISI also prohibits analysts, associates and members of their households from serving as an officer, director, advisory board member or employee of any company that the analyst covers.

This report may include a Tactical Call, which describes a near-term event or catalyst affecting the subject company or the market overall and which is expected to have a short-term price impact on the equity shares of the subject company. This Tactical Call is separate from the analyst's long-term recommendation (Outperform, In Line or Underperform) that reflects a stock's forward 12-month expected return, is not a formal rating and may differ from the target prices and recommendations reflected in the analyst's long-term view.

Applicable current disclosures regarding the subject companies covered in this report are available at the offices of Evercore ISI: 55 East 52nd Street, New York, NY 10055, and at the following site: https://evercoreisi.mediasterling.com/disclosure.

Evercore and its affiliates, and I or their respective directors, officers, members and employees, may have, or have had, interests or qualified holdings on issuers mentioned in this report. Evercore and its affiliates may have, or have had, business relationships with the companies mentioned in this report.

Additional information on securities or financial instruments mentioned in this report is available upon request.

Ratings Definitions

Current Ratings Definition

Evercore ISI's recommendations are based on a stock's total forecasted return over the next 12 months. Total forecasted return is equal to the expected percentage price return plus gross dividend yield. We divide our stocks under coverage into three primary ratings categories, with the following return guidelines:

Outperform- the total forecasted return is expected to be greater than the expected total return of the analyst's coverage sector.
In Line- the total forecasted return is expected to be in line with the expected total return of the analyst's coverage sector.
Underperform- the total forecasted return is expected to be less than the expected total return of the analyst's coverage sector.
Coverage Suspended- the rating and target price have been removed pursuant to Evercore ISI policy when Evercore is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.*
Rating Suspended- Evercore ISI has suspended the rating and target price for this stock because there is not sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, a rating or target price. The previous rating and target price, if any, are no longer in effect for this company and should not be relied upon.*

*Prior to October 10, 2015, the "Coverage Suspended" and "Rating Suspended" categories were included in the category "Suspended."

FINRA requires that members who use a ratings system with terms other than "Buy," "Hold/Neutral" and "Sell" to equate their own ratings to these categories. For this purpose, and in the Evercore ISI ratings distribution below, our Outperform, In Line, and Underperform ratings can be equated to Buy, Hold and Sell, respectively.

Historical Ratings Definitions

Prior to March 2, 2017, Evercore ISI's recommendations were based on a stock's total forecasted return over the next 12 months:

Buy- the total forecasted return is expected to be greater than 10%

Hold- the total forecasted return is expected to be greater than or equal to 0% and less than or equal to 10%
Sell -the total forecasted return is expected to be less than 0%

On October 31, 2014, Evercore Partners acquired International Strategy & Investment Group LLC ("ISI Group") and ISI UK (the "Acquisition") and transferred Evercore Group's research, sales and trading businesses to ISI Group. On December 31, 2015, the combined research, sales and trading businesses were transferred back to Evercore Group in an internal reorganization. Since the Acquisition, the combined research, sales and trading businesses have operated under the global marketing brand name Evercore ISI.

ISI Group and ISI UK:

Prior to October 10, 2014, the ratings system of ISI Group LLC and ISI UK which was based on a 12-month risk adjusted total return:

Strong Buy- Return > 20%
Buy- Return 10% to 20%
Neutral - Return 0% to 10%
Cautious- Return -10% to 0%
Sell- Return< -10%

For disclosure purposes, ISI Group and ISI UK ratings were viewed as follows: Strong Buy and Buy equate to Buy, Neutral equates to Hold, and Cautious and Sell equate to Sell.

Evercore Group:

Prior to October 10, 2014, the rating system of Evercore Group was based on a stock's expected total return relative to the analyst's coverage universe over the following 12 months. Stocks under coverage were divided into three categories:

Overweight- the stock is expected to outperform the average total return of the analyst's coverage universe over the next 12 months.
Equal-Weight- the stock is expected to perform in line with the average total return of the analyst's coverage universe over the next 12 months.
Underweight -the stock is expected to underperform the average total return of the analyst's coverage universe over the next 12 months.
Suspended- the company rating, target price and earnings estimates have been temporarily suspended.

For disclosure purposes, Evercore Group's prior "Overweight," "Equal-Weight" and "Underweight" ratings were viewed as "Buy," "Hold" and "Sell," respectively.

Ratings Definitions for Portfolio-Based Coverage

Evercore ISI utilizes an alternate rating system for companies covered by analysts who use a model portfolio-based approach to determine a company's investment recommendation. Covered companies are included or not included as holdings in the analyst's Model Portfolio, and have the following ratings:

Long- the stock is a positive holding in the model portfolio; the total forecasted return is expected to be greater than 0%.
Short- the stock is a negative holding in the model portfolio; the total forecasted return is expected to be less than 0%.
No Position- the stock is not included in the model portfolio.
Coverage Suspended- the rating and target price have been removed pursuant to Evercore ISI policy when Evercore is acting in an advisory capacity in a merger or strategic transaction involving this company, and in certain other circumstances; a stock in the model portfolio is removed.
Rating Suspended - Evercore ISI has suspended the rating and/or target price for this stock because there is not sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, a rating or target price. The previous rating and target price, if any, are no longer in effect for this company and should not be relied upon; a stock in the model portfolio is removed.

Stocks included in the model portfolio will be weighted from 0 to 100% for Long and 0 to -100% for Short. A stock's weight in the portfolio reflects the analyst's degree of conviction in the stock's rating relative to other stocks in the portfolio. The model portfolio may also include a cash component. At any given time the aggregate weight of the stocks included in the portfolio and the cash component must equal100%.

Stocks assigned ratings under the alternative model portfolio-based coverage system cannot also be rated by Evercore ISI's Current Ratings definitions of Outperform, In Line and Underperform.

FINRA requires that members who use a ratings system with terms other than "Buy," "Hold/Neutral" and "Sell," to equate their own ratings to these categories. For this purpose, and in the Evercore ISI ratings distribution below, our Long, No Position and Short ratings can be equated to Buy, Hold and Sell respectively.

Evercore ISI rating (as of 05/09/2022)

Coverage Universe			**Investment Banking Services I Past 12 Months**		
Ratings	**Count**	**Pct.**	**Ratings**	**Count**	**Pct.**
Buy	528	62	Buy	99	19
Hold	292	34	Hold	30	10
Sell	14	2	Sell	0	0
Coverage Suspended	10	1	Coverage Suspended	2	20
Rating Suspended	10	1	Rating Suspended	6	60

Issuer-Specific Disclosures (as of May 09, 2022)

Exelon Corp. is a client of Evercore LLC, and Evercore LLC has provided investment banking services to Exelon Corp. in the last 12 months.

Evercore ISI or an affiliate has received compensation from Exelon Corp. for investment banking services in the last 12 months.

Price Charts



Ratings Key

B	Buy	OP	Outperform	L	Long	CS	Coverage Suspended
H	Hold	IL	In Line	NP	No Position	RS	Rating Suspended
S	Sell	UP	Underperform	S	Short		

GENERAL DISCLOSURES

This report is approved and/or distributed by Evercore Group L.L.C. (“Evercore Group”), a U.S. licensed broker-dealer regulated by the Financial Industry Regulatory Authority (“FINRA”) and by International Strategy & Investment Group (UK) Limited (“ISI UK”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The institutional sales, trading and research businesses of Evercore Group and ISI UK collectively operate under the global marketing brand name Evercore ISI ("Evercore ISI"). Both Evercore Group and ISI UK are subsidiaries of Evercore Inc. ("Evercore"). The trademarks, logos and service marks shown on this report are registered trademarks of Evercore Inc.

This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. The information and opinions in this report were prepared by employees of affiliates of Evercore. The information herein is believed by Evercore ISI to be reliable and has been obtained from public sources believed to be reliable, but Evercore ISI makes no representation as to the accuracy or completeness of such information. Opinions, estimates and projections in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Evercore or its affiliates and are subject to change without notice. In addition, opinions, estimates and projections in this report may differ from or be contrary to those expressed by other business areas or groups of Evercore and its affiliates. Evercore ISI has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Facts and views in Evercore ISI research reports and notes have not been reviewed by, and may not reflect information known to, professionals in other Evercore affiliates or business areas, including investment banking personnel.

Evercore ISI does not provide individually tailored investment advice in research reports. This report has been prepared without regard to the particular investments and circumstances of the recipient. The financial instruments discussed in this report may not suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Securities and other financial instruments discussed in this report, or recommended or offered by Evercore ISI, are not insured by the Federal Deposit Insurance Corporation and are not deposits of or other obligations of any insured depository institution. If a financial instrument is denominated in a currency other than an investor’s currency, a change in exchange rates may adversely affect the price or value of, or the income derived from the financial instrument, and such investor effectively assumes such currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Estimates of future performance are based on assumptions that may not be realized. Furthermore, past performance is not necessarily indicative of future performance.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Evercore ISI salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed in this research. Our asset management affiliates and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Electronic research is simultaneously available to all clients. This report is provided to Evercore ISI clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Evercore ISI. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion or information contained in this report (including any investment recommendations, estimates or target prices) without first obtaining express permission from Evercore ISI.

This report is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

For investors in the UK: In making this report available, Evercore makes no recommendation to buy, sell or otherwise deal in any securities or investments whatsoever and you should neither rely or act upon, directly or indirectly, any of the information contained in this report in respect of any such investment activity. This report is being directed at or distributed to, (a) persons who fall within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”)); (b) persons falling within the definition of high net worth companies, unincorporated associations, etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This report must not be acted on or relied on by persons who are not relevant persons.

Evercore does not have an Australian Financial Services License ("AFSL"). This report is only to be distributed to persons who fall within the definition of "wholesale" investors under section 761G of the Corporations Act 2001 (Cth). This report must not be acted on or relied on by persons who are not wholesale investors. Evercore relies on the relief provided under ASIC Corporations (Foreign Financial Services Providers—Limited Connection) Instrument 2017/182 to provide this report to wholesale investors in Australia without an AFSL.

The distribution of these materials to persons or entities in Switzerland is not intended to, and does not, constitute a financial service under the Swiss Financial Services Act (FinSA). In particular, the distribution of these materials does not constitute the provision of personal recommendations on transactions with financial instruments (investment advice) within the meaning of Article 3(c)(4) of FinSA.

This material has been prepared by Evercore Group L.L.C. for distribution in New Zealand to financial advisers and wholesale clients only and has not been prepared by Evercore for retail clients in New Zealand (as those terms are defined in the Financial Markets Conduct Act 2013 (‘FMCA’)). Evercore Group L.L.C. is not, and is not required to be, registered or licensed under the FMCA, and unless otherwise stated any financial products referred to in this material are generally only available in New Zealand for issue to those satisfying the wholesale investor criteria in the FMCA.

Applicable current disclosures regarding the subject companies covered in this report are available at the offices of Evercore ISI, and at the following site: https://evercoreisi.mediasterling.com/disclosure.

In compliance with the European Securities and Markets Authority's Market Abuse Regulation, a list of all Evercore ISI recommendations disseminated in the preceding 12 months for the subject companies herein, may be found at the following site: https://evercoreisi.mediasterling.com/disclosure.

© 2022. Evercore Group L.L.C. All rights reserved.

Exelon Corp

In-Line 1Q'22 & Guidance Reaffirmed

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$54.00**
Price (09 May 2022)	**US$46.46**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.95-40.97
Market cap.	US$45.6b
Shares o/s	982m (COM)
Free float	100%
Avg. daily volume ('000)	8,121
Avg. daily value (m)	US$366.4
Common s/h equity (12/22E)	US$20.6b
P/BV (12/22E)	2.2x
Net debt to EBITDA (12/22E)	5.1x

EPS (UBS, diluted) (US$)

	12/22E			
	From	To	% ch	Cons.
Q1	0.62	0.64	4	0.66
Q2E	0.42	0.42	0	0.46
Q3E	0.66	0.66	0	0.66
Q4E	0.51	0.48	-5	0.47
12/22E	2.21	2.21	0	2.26
12/23E	2.37	2.37	0	2.42
12/24E	2.55	2.55	0	2.59

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

1Q'22 Results

EXC reported 1Q'22 Adj. EPS $0.64 vs. $0.65 consensus. For a detailed review of drivers, see our earlier note. Management stated that that the current ROE of 8.9% of 1Q'22 should increase to 9%-10% in the following quarters as the company goes through the rate cases currently active and performs as planned. Management reiterated 2022 guidance of $2.18-$2.32 with a 6%-8% long term eps growth target and up to $1Bln in equity needs through 2025.

Updates: Rate Case Schedules & Capital Investments

Back in April'22, the company filed rate case for ComEd requesting revenue of $198.8mln, which includes $55mln from 2021 annual reconciliation, requested ROE of 7.85% (7.78% ROE and 7 bps penalty). Management expects the following schedule for ComEd to take place in 2022: intervenor testimony and rebuttal testimony by June and July, evidentiary hearings by September, initial briefs and reply briefs by October with an expected order from the commission by December of this year. For PECO gas rate case filed in March'22, intervenor and rebuttal testimony expected by June and July, with evidentiary hearings by August, and initial and reply briefs by September with expected commission order by Q4'22. For rate case at DPL in DE, the intervenor and rebuttal testimony are expected by July and August, with evidentiary hearing by October. For the ComEd filing under Illinois legislation management expects an order from the IL Commission on 8 performance metrics in 3Q'22 to inform an early 2023 filing (statutorily required by Jan. 20, 2023). Stakeholder meetings will be held to determine the positioning around a traditional one year filing or a four year rate plan.

CapEx Opportunities with Electric Vehicles (EV)

Currently, EXC has ~215k EVs deployed/driving from ~17mln registered vehicle owners across its jurisdictions. Management sees upside potential in EV demand infrastructure as MD, NJ, IL, DC, and PA forecast EV demands for the next 25+ years. MD expects ~300k EVs by '25, NJ ~330k by '25 with 2mln by '35, IL 1mln by '30, DE with 20% of its registered vehicles by '25, DC with 25% by '30 and 100% by '45 and PA with 25%. The company believes that the projected expectations are indications to start building the infrastructure that will be required to sustain them and at the same time preparing the framework that will be needed to maintain it.

Valuation:

We maintain our Price Target of $54 premised on a 17% premium to the group multiple of 19.3x our $2.37/share earnings forecast for 2023. Our 17% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current

Highlights (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenues	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
EBIT (UBS)	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Net earnings (UBS)	1,866	1,738	2,036	2,172	2,340	2,523	2,849	3,057
EPS (UBS, diluted) (US$)	1.92	1.78	2.08	2.21	2.37	2.55	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	1.55	1.65	1.80	1.95
Net (debt) / cash	(29,221)	(31,684)	(34,608)	(38,461)	(41,083)	(43,787)	(46,161)	(48,204)
Profitability/valuation	**12/19**	**12/20**	**12/21**	**12/22E**	**12/23E**	**12/24E**	**12/25E**	**12/26E**
EBIT (UBS) margin %	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
ROIC (EBIT) %	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
EV/EBITDA (UBS core) x	13.0	12.3	12.0	11.0	10.4	9.7	8.9	8.4
P/E (UBS, diluted) x	24.7	22.5	22.6	21.0	19.6	18.3	16.2	15.2
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.3)	(2.9)	(2.9)	(1.8)	(0.8)
Dividend yield (net) %	2.6	2.9	2.9	3.1	3.3	3.6	3.9	4.2

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 46.46 on 09-May-2022 13:37:52 EDT

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 6.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% premium for a 2nd quartile regulatory ranking overall, a 5% premium for 1st quartile earnings growth.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
Revenues	**15,514**	**15,436**	**16,422**	**17,146**	*4.4*	**17,632**	*2.8*	**18,263**	**19,070**	**19,696**
Gross profit	9,694	9,715	10,701	11,425	*6.8*	11,911	*4.2*	12,542	13,349	13,975
EBITDA (UBS)	**6,303**	**5,961**	**6,930**	**7,573**	*9.3*	**7,999**	*5.6*	**8,567**	**9,316**	**9,889**
Depreciation & amortisation	(2,622)	(2,812)	(3,030)	(3,341)	*-10.3*	(3,489)	*-4.4*	(3,732)	(3,978)	(4,223)
EBIT (UBS)	**3,681**	**3,149**	**3,900**	**4,232**	*8.5*	**4,510**	*6.6*	**4,835**	**5,338**	**5,665**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(1,187)	(1,278)	(1,362)	(1,501)	*-10.2*	(1,589)	*-5.9*	(1,682)	(1,772)	(1,837)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**2,494**	**1,871**	**2,537**	**2,731**	*7.6*	**2,921**	*7.0*	**3,153**	**3,565**	**3,829**
Tax	(353)	(118)	(501)	(559)	*-11.7*	(581)	*-3.9*	(630)	(717)	(772)
Profit after tax	**2,141**	**1,753**	**2,036**	**2,172**	*6.6*	**2,340**	*7.7*	**2,523**	**2,849**	**3,057**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(275)	(15)	0	0	-	0	-	0	0	0
Extraordinary items	(30)	(50)	(127)	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,836**	**1,688**	**1,909**	**2,172**	*13.7*	**2,340**	*7.7*	**2,523**	**2,849**	**3,057**
Net earnings (UBS)	**1,866**	**1,738**	**2,036**	**2,172**	*6.6*	**2,340**	*7.7*	**2,523**	**2,849**	**3,057**
Tax rate (%)	14.2	6.3	19.7	20.5	*3.8*	19.9	*-2.8*	20.0	20.1	20.2

Per Share (US$)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
EPS (UBS, diluted)	1.92	1.78	2.08	2.21	*6.4*	2.37	*7.2*	2.55	2.86	3.06
EPS (local GAAP, diluted)	1.89	1.73	1.95	2.21	*13.5*	2.37	*7.2*	2.55	2.86	3.06
EPS (UBS, basic)	1.92	1.78	2.08	2.21	*6.4*	2.37	*7.2*	2.55	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	*7.4*	1.55	*6.9*	1.65	1.80	1.95
Cash EPS (UBS, diluted) [1]	4.61	4.66	5.17	5.61	*8.6*	5.91	*5.2*	6.31	6.86	7.28
Book value per share	19.24	20.66	21.20	20.99	*-1.0*	21.97	*4.7*	23.02	24.23	25.48
Average shares (diluted)	974	977	980	982	*0.2*	987	*0.5*	991	996	1,000

Balance Sheet (US$m)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
Cash and equivalents	496	786	275	92	*-66.6*	115	*25.1*	136	112	119
Other current assets	4,465	4,829	4,989	5,128	*2.8*	5,220	*1.8*	5,341	5,495	5,615
Total current assets	**4,961**	**5,615**	**5,265**	**5,220**	*-0.8*	**5,336**	*2.2*	**5,477**	**5,608**	**5,734**
Net tangible fixed assets	56,040	60,370	63,940	67,474	*5.5*	71,060	*5.3*	74,778	78,300	81,577
Net intangible fixed assets	6,630	6,630	6,630	6,630	*0.0*	6,630	*0.0*	6,630	6,630	6,630
Investments / other assets	8,351	8,608	8,608	8,608	*0.0*	8,608	*0.0*	8,608	8,608	8,608
Total assets	**75,982**	**81,223**	**84,442**	**87,932**	*4.1*	**91,633**	*4.2*	**95,493**	**99,146**	**102,549**
Trade payables & other ST liabilities	4,313	5,019	4,940	4,937	*-0.1*	4,933	*-0.1*	4,930	4,927	4,924
Short term debt	2,578	2,813	2,813	2,813	*0.0*	2,813	*0.0*	2,813	2,813	2,813
Total current liabilities	**6,891**	**7,832**	**7,753**	**7,750**	*0.0*	**7,746**	*0.0*	**7,743**	**7,740**	**7,737**
Long term debt	26,927	29,308	32,020	35,690	*11.5*	38,335	*7.4*	41,060	43,410	45,460
Other long term liabilities	23,416	23,886	23,886	23,886	*0.0*	23,886	*0.0*	23,886	23,886	23,886
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**57,234**	**61,026**	**63,659**	**67,326**	*5.8*	**69,967**	*3.9*	**72,689**	**75,036**	**77,083**
Common s/h equity	**18,740**	**20,186**	**20,772**	**20,595**	*-0.9*	**21,655**	*5.1*	**22,793**	**24,099**	**25,456**
Minority interests	8	11	11	11	*0.0*	11	*0.0*	11	11	11
Total liabilities & equity	**75,982**	**81,223**	**84,442**	**87,932**	*4.1*	**91,633**	*4.2*	**95,493**	**99,146**	**102,549**

Cash Flow (US$m)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
Net income (before pref divs)	1,836	1,688	1,909	2,172	*13.7*	2,340	*7.7*	2,523	2,849	3,057
Depreciation & amortisation	2,622	2,812	3,030	3,341	*10.3*	3,489	*4.4*	3,732	3,978	4,223
Net change in working capital	(1,894)	(1,754)	(239)	(142)	*40.7*	(96)	*32.5*	(124)	(158)	(123)
Other operating	789	708	0	0	-	0	-	0	0	0
Operating cash flow	**3,353**	**3,454**	**4,700**	**5,371**	*14.3*	**5,732**	*6.7*	**6,131**	**6,669**	**7,157**
Tangible capital expenditure	(5,403)	(6,301)	(6,600)	(6,875)	*-4.2*	(7,075)	*-2.9*	(7,450)	(7,500)	(7,500)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	10	7	0	(1,175)	-	0	-	0	0	0
Investing cash flow	**(5,393)**	**(6,294)**	**(6,600)**	**(8,050)**	*-22.0*	**(7,075)**	*12.1*	**(7,450)**	**(7,500)**	**(7,500)**
Equity dividends paid	(509)	(1,486)	(1,323)	(1,424)	*-7.7*	(1,529)	*-7.4*	(1,635)	(1,792)	(1,950)
Share issues / (buybacks)	0	0	0	250	-	250	*0.0*	250	250	250
Other financing	140	1,629	0	0	-	0	-	0	0	0
Change in debt & pref shares	1,771	2,602	2,712	3,670	*35.3*	2,645	*-27.9*	2,725	2,350	2,050
Financing cash flow	**1,402**	**2,745**	**1,389**	**2,496**	*79.7*	**1,366**	*-45.3*	**1,340**	**808**	**350**
Cash flow inc/(dec) in cash	**(638)**	**(95)**	**(511)**	**(183)**	*64.1*	**23**	-	**21**	**(23)**	**7**
FX / non cash items	(462)	385	0	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(1,100)**	**290**	**(511)**	**(183)**	*64.1*	**23**	-	**21**	**(23)**	**7**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. [1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Exelon Corp (EXC.O)

Valuation (x)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
P/E (local GAAP, diluted)	25.2	23.1	24.2	21.3	19.8	18.5	16.4	15.4
P/E (UBS, diluted)	24.7	22.5	22.6	21.3	19.8	18.5	16.4	15.4
P/CEPS	10.3	8.6	9.1	8.4	8.0	7.4	6.9	6.5
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.3)	(2.9)	(2.9)	(1.8)	(0.7)
Dividend yield (net) %	2.6	2.9	2.9	3.1	3.3	3.5	3.8	4.1
P/BV	2.5	1.9	2.2	2.2	2.1	2.0	1.9	1.8
EV/revenues (core)	5.3	4.8	5.1	4.9	4.7	4.6	4.4	4.2
EV/EBITDA (UBS core)	13.0	12.3	12.0	11.0	10.5	9.8	9.0	8.5
EV/EBIT (core)	22.3	23.4	21.4	19.8	18.5	17.3	15.7	14.8
EV/OpFCF (core)	22.3	23.4	21.4	19.8	18.5	17.3	15.7	14.8
EV/op. invested capital	1.2	1.3	1.4	1.3	1.3	1.2	1.1	1.1

Enterprise value (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Market cap.	45,845	38,844	45,975	46,213	46,213	46,213	46,213	46,213
Net debt (cash)	32,200	30,453	33,146	33,146	33,146	33,146	33,146	33,146
Buy out of minorities	8	11	11	11	11	11	11	11
Pension provisions/other	4,247	4,503	4,503	4,503	4,503	4,503	4,503	4,503
Total enterprise value	**82,299**	**73,811**	**83,635**	**83,873**	**83,873**	**83,873**	**83,873**	**83,873**
Non core assets	(229)	(256)	(256)	(256)	(256)	(256)	(256)	(256)
Core enterprise value	**82,070**	**73,555**	**83,379**	**83,617**	**83,617**	**83,617**	**83,617**	**83,617**

Growth (%)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenue	(0.2)	(0.5)	6.4	4.4	2.8	3.6	4.4	3.3
EBITDA (UBS)	13.1	(5.4)	16.3	9.3	5.6	7.1	8.7	6.2
EBIT (UBS)	18.5	(14.5)	23.8	8.5	6.6	7.2	10.4	6.1
EPS (UBS, diluted)	9.4	(7.1)	16.8	6.4	7.2	7.4	12.4	6.8
Net DPS	9.4	(7.1)	16.8	7.4	6.9	6.5	9.1	8.3

Margins & Profitability (%)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Gross profit margin	62.5	62.9	65.2	66.6	67.6	68.7	70.0	71.0
EBITDA margin	40.6	38.6	42.2	44.2	45.4	46.9	48.8	50.2
EBIT (UBS) margin	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
Net earnings (UBS) margin	12.0	11.3	12.4	12.7	13.3	13.8	14.9	15.5
ROIC (EBIT)	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
ROIC post tax	4.6	5.3	5.3	5.4	5.4	5.5	5.8	5.8
ROE (UBS)	7.5	8.9	9.9	10.5	11.1	11.4	12.2	12.3

Capital structure & Coverage (x)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Net debt / EBITDA	4.6	5.3	5.0	5.1	5.1	5.1	5.0	4.9
Net debt / total equity %	155.9	156.9	166.5	186.7	189.6	192.0	191.5	189.3
Net debt / (net debt + total equity) %	60.9	61.1	62.5	65.1	65.5	65.8	65.7	65.4
Net debt/EV %	39.1	41.3	39.6	43.6	47.4	50.6	53.6	56.3
Capex / depreciation %	NM	NM	NM	NM	NM	199.6	188.6	177.6
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	3.1	2.5	2.9	2.8	2.8	2.9	3.0	3.1
Dividend cover (UBS)	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6
Div. payout ratio (UBS) %	64.9	64.9	64.9	65.5	65.3	64.8	62.8	63.7

Revenues by division (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Others	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
Total	**15,514**	**15,436**	**16,422**	**17,146**	**17,632**	**18,263**	**19,070**	**19,696**

EBIT (UBS) by division (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Others	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Total	**3,681**	**3,149**	**3,900**	**4,232**	**4,510**	**4,835**	**5,338**	**5,665**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Forecast returns

Forecast price appreciation	+16.2%
Forecast dividend yield	3.2%
Forecast stock return	+19.5%
Market return assumption	7.7%
Forecast excess return	+11.7%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 4) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 5) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $54 premised on a 17% premium to the group multiple of 19.3x our $2.37/share earnings forecast for 2023. Our 17% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% premium for a 2nd quartile regulatory ranking overall, a 5% premium for 1st quartile earnings growth.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 09 May 2022 06:10 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please click https://neo.ubs.com/quantitative, or speak to your UBS sales representative for access to the report.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	56%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	28%
Sell	FSR is > 6% below the MRA.	8%	22%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2022.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$47.06	06 May 2022

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

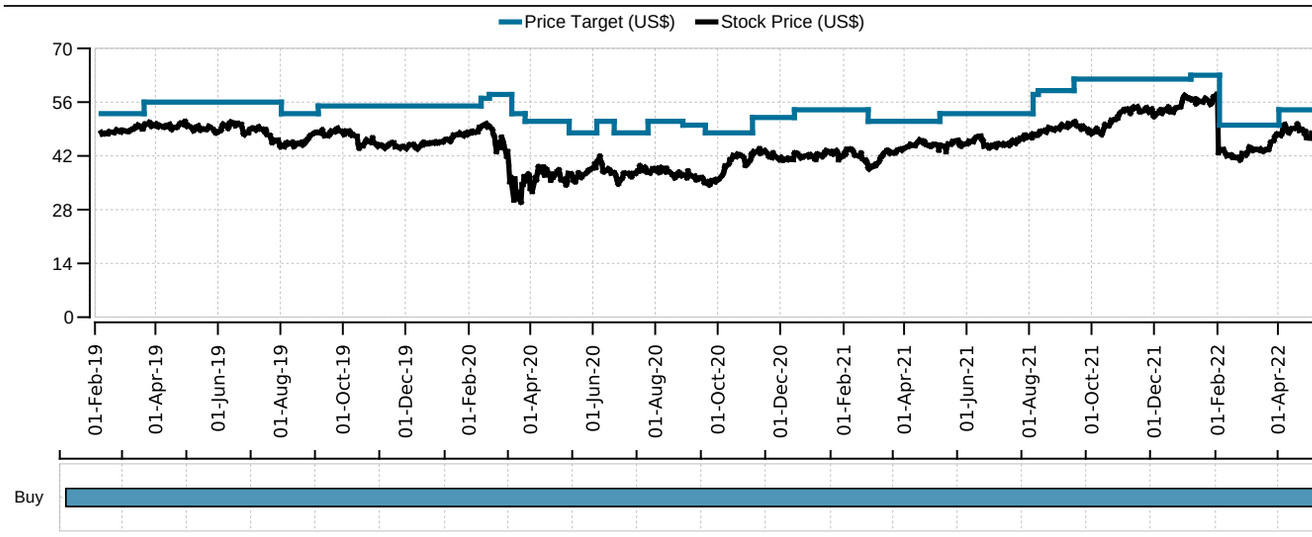

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-02-06	47.32	53.00	Buy
2019-03-20	49.10	56.00	Buy
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy

Source: UBS; as of 06-May-2022

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/ clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is for your information only; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution.**Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Greece**: UBS AG and its subsidiaries and affiliates (UBS) are premier global financial services firms offering wealth management services to individual, corporate and institutional investors. UBS AG and UBS Switzerland AG are established in Switzerland and operate under Swiss law. UBS operates in over 50 countries and from all major financial centers. UBS is not licensed as a bank or financial institution under Greek legislation and does not provide banking, nor financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This material was provided to you as a result of

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt.**Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales.**Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: UBS AG and its branches and subsidiaries (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission (SEC) and do not undertake banking or investment business activities in Nigeria. The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. If you are interested in products of this nature, please let us know and we will direct you to someone who can advise you. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). Any material relating to Collective Investment Schemes has been provided to you at your specific unsolicited request and for your information only. The investment products mentioned in such material are not being offered or made available for sale by UBS in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. **Philippines:** This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37.**Singapore**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed.**USA**:Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Analyst Note 09 May 2022

We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these

Important Disclosure
The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 09 May 2022
Estimates as of 09 Mar 2022
Pricing data through 06 May 2022 00:00
Rating updated as of 06 May 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 04 May 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Analyst Note 1
Morningstar Analyst Forecasts 3
Methodology for Valuing Companies

Vital Statistics

Market Cap (USD Mil)	46,125
52-Week High (USD)	50.71
52-Week Low (USD)	30.51
52-Week Total Return %	42.8
YTD Total Return %	8.0
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.3
Price/Fair Value	1.21

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*20.6*	*18.8*
EV/EBITDA	10.0	10.9	*13.1*	*12.0*
EV/EBIT	27.8	35.0	*25.0*	*21.8*
Free Cash Flow Yield %	-9.3	-8.8	*32.3*	*-2.4*
Dividend Yield %	5.1	3.7	*2.9*	*3.1*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,460*
Net Income YoY %	0.3	-45.8	*31.1*	*10.0*
Diluted EPS	3.22	1.74	*2.28*	*2.50*
Diluted EPS YoY %	—	-45.9	*31.1*	*9.6*
Free Cash Flow	324	8	*12,819*	*-302*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

benefits were higher depreciation and storm costs.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*10.0*	*12.1*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*9.6*	*11.3*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.8*	*26.6*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*137.9*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.5*	*13.0*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.5*	*14.1*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.2*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.9*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.49*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*20.6*	*18.8*
EV/EBITDA	10.0	10.9	*13.1*	*12.0*
EV/EBIT	27.8	35.0	*25.0*	*21.8*
Free Cash Flow Yield %	-9.3	-8.8	*32.3*	*-2.4*
Dividend Yield %	5.1	3.7	*2.9*	*3.1*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,453	15.8	12.69
Present Value Stage II	13,657	17.3	13.92
Present Value Stage III	52,711	66.9	53.72
Total Firm Value	**78,821**	**100.0**	**80.32**
Cash and Equivalents	1,182	—	1.20
Debt	-42,417	—	-43.23
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**37,646**	**—**	**38.36**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**39.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*399*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***3,037***
Income Tax Expense	774	373	370	*525*	*577*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,460***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.50***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,460*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.50***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,303*	*1,275*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,496***	***10,884***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,192***	***115,383***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,719*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,803***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*60*	*410*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,669*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,186***	***36,580***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,186***	***36,580***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,460*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*225*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,985***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*60*	*350*
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-11,157***	***62***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,121***	***-1,028***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

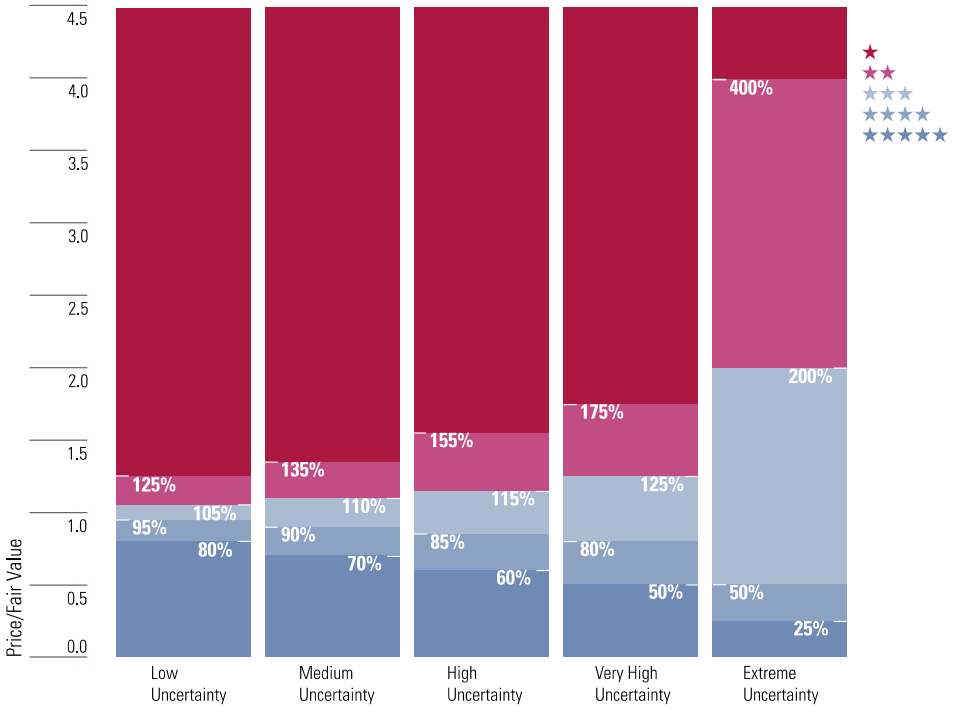

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD 6 May 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.21	46.13 USD Bil 6 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

Price vs. Fair Value

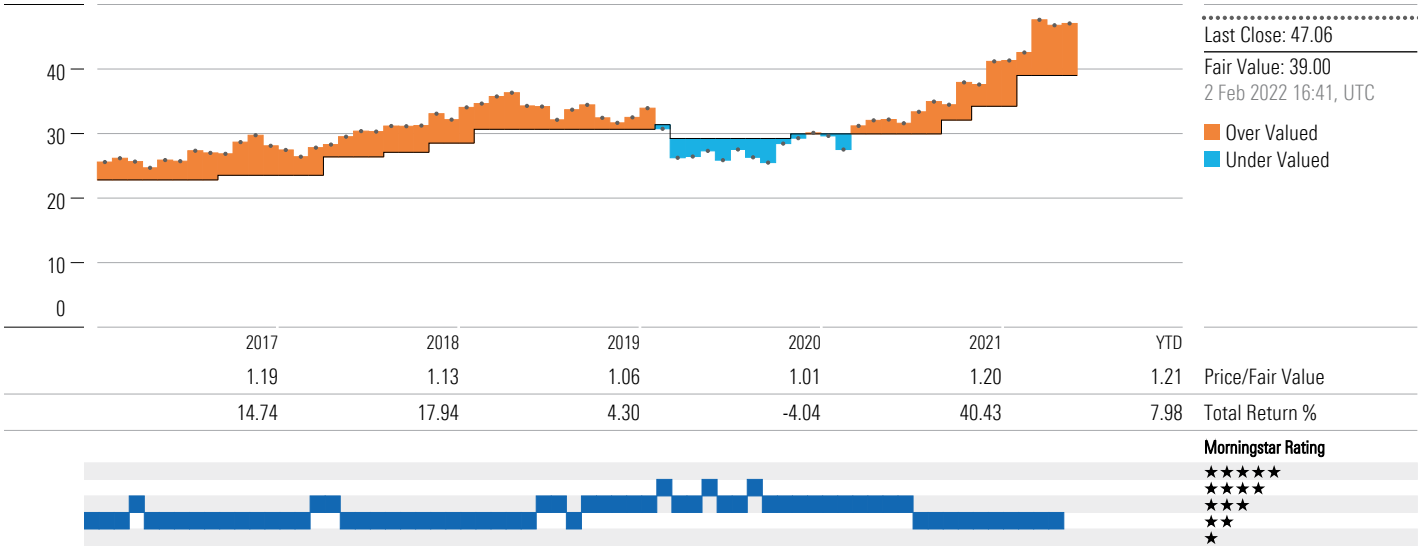

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	1.21
Total Return %	14.74	17.94	4.30	-4.04	40.43	7.98

Morningstar Rating

Total Return % as of 6 May 2022. Last Close as of 6 May 2022. Fair Value as of 2 Feb 2022 16:41, UTC.

Contents

Analyst Note (9 May 2022)
Business Description
Business Strategy & Outlook (9 Mar 2022)
Bulls Say / Bears Say (9 Mar 2022)
Economic Moat (9 Mar 2022)
Fair Value and Profit Drivers (9 Mar 2022)
Risk and Uncertainty (9 Mar 2022)
Capital Allocation (9 Mar 2022)
Analyst Notes Archive
Financials
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 May 2022

We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD 6 May 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.21	46.13 USD Bil 6 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Diversified

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

We view the separation positively for shareholders. We previously valued Exelon at a discount to its fully regulated peers in large part because of its generation and retail operations. A stand-alone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024 or default to traditional ratemaking. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD 6 May 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.21	46.13 USD Bil 6 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

Competitors

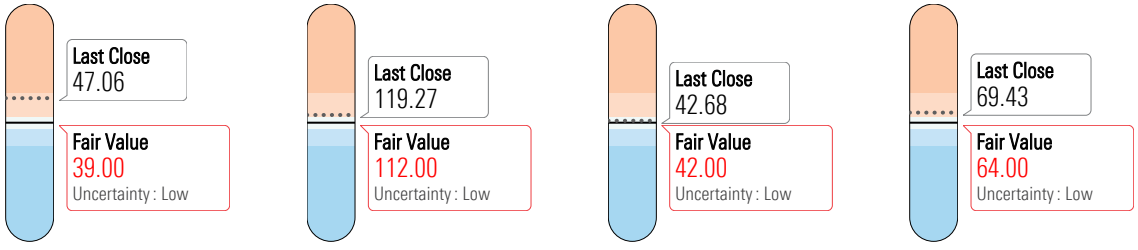

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	39.00 2 Feb 2022 16:41, UTC	112.00 6 Dec 2021 17:08, UTC	42.00 22 Feb 2021 20:37, UTC	64.00 18 Feb 2022 23:32, UTC
1-Star Price	48.75	140.00	52.50	80.00
5-Star Price	31.20	89.60	33.60	51.20
Assessment	Over Valued 8 May 2022	Over Valued 8 May 2022	Fairly Valued 8 May 2022	Over Valued 8 May 2022
Morningstar Rating	★★6 May 2022 21:23, UTC	★★6 May 2022 21:23, UTC	★★★6 May 2022 21:23, UTC	★★6 May 2022 21:23, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.21	1.06	1.02	1.08
Price/Sales	1.27	2.05	2.07	3.82
Price/Book	1.34	2.06	2.78	2.55
Price/Earning	27.05	22.76	19.85	—
Dividend Yield	3.16%	3.34%	3.66%	2.98%
Market Cap	46.13 Bil	24.26 Bil	24.37 Bil	34.66 Bil
52-Week Range	30.52—50.71	98.50—126.82	35.42—48.85	58.96—75.61
Investment Style	Large Value	Mid Value	Mid Value	Mid Value

prices that have dragged down returns recently.

- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD 6 May 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.21	46.13 USD Bil 6 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

Our fair value estimate is $39.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD 6 May 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.21	46.13 USD Bil 6 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD 6 May 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.21	46.13 USD Bil 6 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate Andrew Bischof, CFA, CPA, Senior Equity Analyst, 2 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD 6 May 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.21	46.13 USD Bil 6 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

Exelon Edging Closer to Spinning Off Merchant Unit; Reports Q3 Earnings Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Nov 2021

We are increasing our fair value estimate to $48 per share from $45 after Exelon announced third-quarter adjusted earnings per share of $1.09 compared with $1.04 in the same year-ago period. Management narrowed their full-year EPS guidance to $2.70-$2.90 from their previous $2.60-$3.00

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD 6 May 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.21	46.13 USD Bil 6 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

range. Our fair value estimate increase is due to an increase in Morningstar's midcycle natural gas price to $3.30 per thousand cubic feet from $2.80, which boosted the nuclear fleet's midcycle margins. Our narrow moat and stable moat trend ratings are unchanged.

Recently management secured $700 million in subsidies from Illinois legislation that will keep the company's Dresden and Byron nuclear plants operating. We assume that subsidies for the plants will continue beyond 2025 given the role nuclear must play as Illinois pursues its aggressive clean energy goal. Management has successfully lobbied for subsidies across its merchant nuclear fleet. Policymakers view of nuclear generation is beginning to align with our view that nuclear' s clean energy attributes and reliable generation will be instrumental in meeting aggressive emission reduction goals.

Exelon continues to progress on the spin-off of its competitive merchant unit. The company has received FERC approval, and continues progress toward receiving approvals from New York regulators and the Nuclear Regulatory Commission. Exelon has named a management team for the new unit, to be named Constellation, which we view is a sign management is confident they can complete the spin-off. Management expects to complete the transaction in the first quarter of 2022.

In the quarter, rate increases and ongoing utility investments supported earnings. Lower capacity revenue, increased nuclear outage days, and unrealized and realized gains on equity investments had a negative impact on generation segment earnings. Trailing 12-month returns were 9.3%, down from 9.4% last quarter.

Exelon Secures Another Legislative Win; Byron and Dresden to Remain Open Andrew Bischof, CFA, CPA, Senior Equity Analyst, 14 Sep 2021

We are increasing our Exelon fair value estimate to $45 per share from $42 after Illinois lawmakers passed energy legislation that would provide subsidies to Exelon's Dresden and Byron nuclear plants. Gov. J.B. Pritzker has indicated he plans to sign the legislation, and Exelon has said it is in the process of refueling both plants. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon has taken a hard line with Illinois policymakers on the future of its unregulated nuclear facilities in the state. Last year, Exelon announced plans to close the two nuclear generating stations. After filing Post Shutdown Decommissioning Activity Reports with the Nuclear Regulatory Commission in July, Exelon is now preparing to refuel both Byron and Dresden nuclear facilities. We had previously estimated the plants were running at break-even, resulting in no change to our fair value estimate.

The $700 million in subsidies Exelon will receive from the legislation was the primary source of our fair value estimate increase. We assume that the subsidies will continue beyond our five-year forecast, in part to help the state meet the legislation's 100% clean energy target by 2050. The legislation also sets targets for Illinois that include zero carbon emissions by the end of 2045 and 50% renewable energy by

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD 6 May 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.21	46.13 USD Bil 6 May 2022	Narrow	Stable	Low	Standard	4 May 2022 05:00, UTC

2040. Dresden's operating license expires later this decade and Byron's operating license expires for both of its units by 2046. Time-value appreciation since our last update increased our fair value estimate $1 per share.

We previously thought Exelon faced an uphill battle to secure additional subsidies for its nuclear fleet in the state, in large part due to the deferred prosecution agreement Exelon entered into last year related to the company's lobbying practices in the state. However, the state's clean energy goals, and the contribution of Exelon's nuclear fleet to those goals, ultimately led to successful lobbying efforts.

Exelon Reports Improved Second-Quarter Earnings; Byron and Dresden Near Retirement Andrew Bischof, CFA, CPA, Senior Equity Analyst, 4 Aug 2021

We are maintaining our $42 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.89, compared with $0.55 earnings per share in the same year-ago period. Management reaffirmed its $2.60 to $3.00 per share earnings guidance. Our narrow moat and stable moat trend ratings are also unchanged.

Last week, Exelon filed Post Shutdown Decommissioning Activity Reports with the Nuclear Regulatory Commission for its Byron and Dresden nuclear facilities. Management has long sought additional subsidies for the two nuclear plants, with the most recent proposals failing to pass in the spring legislative session. State legislators continue to work on clean energy legislation; however, there is only a narrow window for legislation to pass, given the plants' pending closures this fall. We estimate the plants are running at break-even, resulting in no change to our fair value estimate. Potential subsidies could add up to $1 per share to our fair value estimate.

Regulatory filings with New York regulators, FERC, and the Nuclear Regulatory Commission are ongoing for the company's proposed spin-off of its merchant unit. We continue to view the separation positively, as we value Exelon at a discount to its fully regulated peers, in large part because of its merchant operations. Management expects to complete the transaction in the first quarter of 2022.

Exelon's utilities received constructive rate outcomes across its PECO, Pepco, and ACE subsidiaries. Allowed returns range from 9.275% to 10.25% and were in line with our expectations. Trailing 12-month returns were 9.4%, up from 8.9% last quarter.

In the quarter, earnings were supported by absence of storm restoration costs and recovery of ongoing utility investments. Generation earnings were also up, supported by realized gains on nuclear decommissioning fund, unrealized and realized gains on equity investments, and fewer nuclear outage days.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

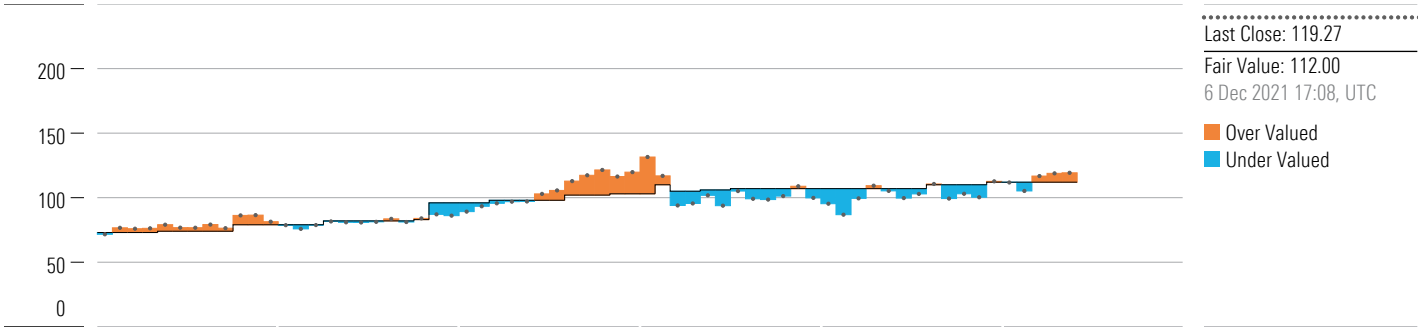

	2017	2018	2019	2020	2021	YTD	
	1.03	0.90	1.16	0.93	1.01	1.06	Price/Fair Value
	15.54	10.15	43.44	-13.54	16.70	7.67	Total Return %



Total Return % as of 6 May 2022. Last Close as of 6 May 2022. Fair Value as of 6 Dec 2021 17:08, UTC.

FirstEnergy Corp FE

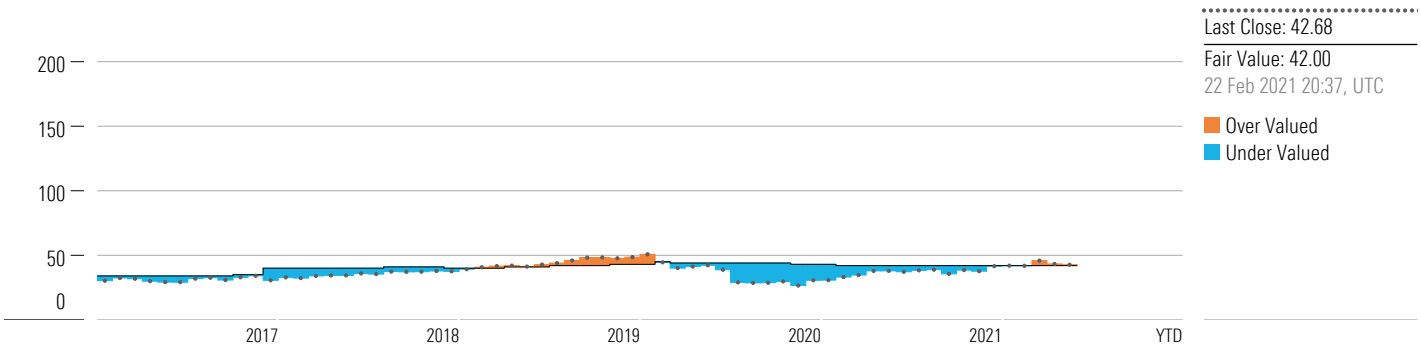

	2017	2018	2019	2020	2021	YTD	
	0.77	0.94	1.13	0.71	0.99	1.02	Price/Fair Value
	3.52	27.34	33.48	-33.81	40.97	4.50	Total Return %

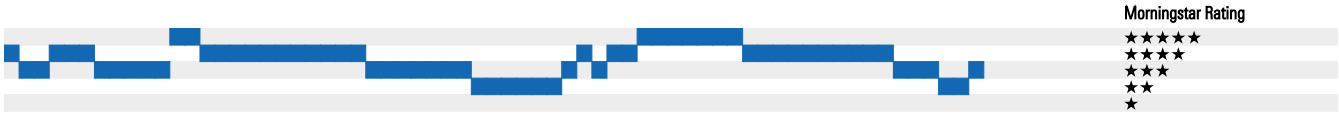

Total Return % as of 6 May 2022. Last Close as of 6 May 2022. Fair Value as of 22 Feb 2021 20:37, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Public Service Enterprise Group Inc PEG

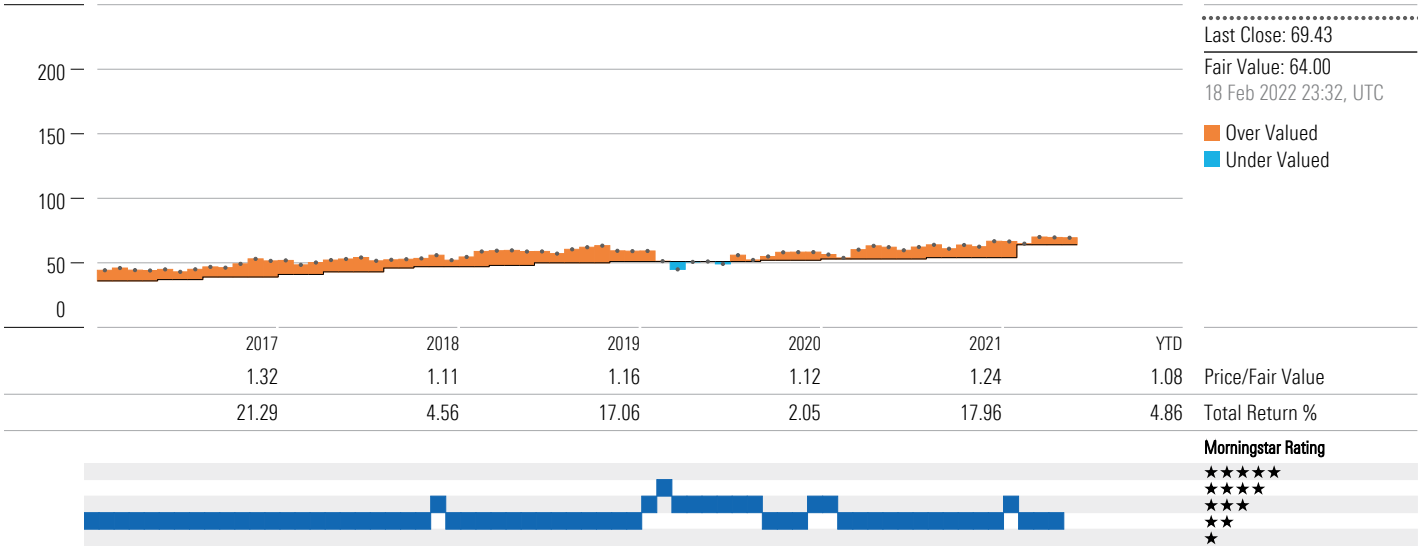

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	1.08	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	4.86	Total Return %

Total Return % as of 6 May 2022. Last Close as of 6 May 2022. Fair Value as of 18 Feb 2022 23:32, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 6 May 2022 21:23, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
47.06 USD	39.00 USD	1.21	46.13 USD Bil	Narrow	Stable	Low	Standard	
6 May 2022	2 Feb 2022 16:41, UTC		6 May 2022					4 May 2022 05:00, UTC

Morningstar Historical Summary

Financials as of 31 Dec 2021

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
Revenue (USD Bil)	23	25	27	29	31	34	36	34	33	36	36	36
Revenue Growth %	23.2	6.0	10.2	7.4	6.5	7.0	7.2	-4.3	-4.1	10.0	10.0	10.0
EBITDA (USD Bil)	6.81	7.91	7.42	8.35	9.09	10.76	9.75	11.38	10.50	11.35	11.35	11.35
EBITDA Margin %	29.0	31.8	27.1	28.4	29.0	32.1	27.1	33.1	31.8	31.2	31.2	31.2
Operating Income (USD Mil)	2,471	3,646	2,390	4,391	3,260	3,939	3,835	4,342	2,799	2,522	2,522	2,522
Operating Margin %	10.5	14.6	8.7	14.9	10.4	11.7	10.7	12.6	8.5	6.9	6.9	6.9
Net Income (USD Mil)	1,160	1,719	1,623	2,269	1,121	3,779	2,005	2,936	1,963	1,706	1,706	1,706
Net Margin %	4.9	6.9	5.9	7.7	3.6	11.3	5.6	8.5	5.9	4.7	4.7	4.7
Diluted Shares Outstanding (Mil)	819	860	864	893	927	949	969	974	977	980	980	980
Diluted Earnings Per Share (USD)	1.42	2.00	1.88	2.54	1.21	3.98	2.07	3.01	2.01	1.74	1.74	1.74
Dividends Per Share (USD)	2.10	1.46	1.24	1.24	1.26	1.31	1.38	1.45	1.53	1.53	1.53	1.53

Valuation as of 29 Apr 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Price/Sales	1.0	0.9	1.2	0.8	1.1	1.1	1.2	1.3	1.2	1.6	1.3	1.3
Price/Earnings	21.0	14.6	15.2	12.4	26.9	17.7	11.7	19.2	17.4	33.8	27.4	26.9
Price/Cash Flow	4.0	4.0	5.7	3.8	3.5	5.5	5.1	6.0	7.5	13.6	15.5	15.2
Dividend Yield %	5.3	5.31	3.34	4.47	3.56	3.32	3.06	3.18	3.62	2.65	3.12	3.17
Price/Book	1.2	1.1	1.4	1.0	1.3	1.4	1.4	1.4	1.3	1.7	1.4	1.3
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating Performance / Profitability as of 31 Dec 2021

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
ROA %	1.7	2.2	2.0	2.5	1.1	3.3	1.7	2.4	1.5	1.3	1.3	1.3
ROE %	6.5	7.8	7.2	9.4	4.3	13.6	6.6	9.3	6.1	5.1	5.1	5.1
ROIC %	5.1	6.1	5.5	6.1	3.6	7.4	5.2	6.2	4.7	4.4	4.4	4.4
Asset Turnover	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3

Financial Leverage

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Debt/Capital %	46.1	44.6	46.8	48.5	55.5	52.1	52.9	49.6	52.1	50.9	50.9	—
Equity/Assets %	27.3	28.4	26.2	27.0	22.5	25.6	25.7	25.8	25.2	25.9	25.9	—
Total Debt/EBITDA	2.9	2.5	3.0	3.2	4.0	3.3	3.7	3.3	3.7	3.7	3.7	—
EBITDA/Interest Expense	7.3	5.8	7.0	8.1	5.9	6.9	6.3	7.0	6.4	7.2	7.2	7.2

Morningstar Analyst Historical/Forecast Summary as of 09 Mar 2022

Financials

Fiscal Year, ends 31 Dec	2020	2021	Estimates 2022	2023	2024
Revenue (USD Bil)	33	36	19	20	20
Revenue Growth %	-3.8	10.0	-48.4	4.6	3.9
EBITDA (USD Mil)	7,837	8,759	6,661	7,281	7,802
EBITDA Margin %	23.7	24.1	35.5	37.1	38.3
Operating Income (USD Mil)	2,823	2,723	3,493	4,009	4,327
Operating Margin %	8.5	7.5	18.6	20.4	21.2
Net Income (USD Mil)	3,146	1,706	2,237	2,460	2,675
Net Margin %	9.5	4.7	11.9	12.5	13.1
Diluted Shares Outstanding (Mil)	977	980	980	983	992
Diluted Earnings Per Share(USD)	3.22	1.74	2.28	2.50	2.70
Dividends Per Share(USD)	1.53	1.53	1.35	1.44	1.54

Forward Valuation

	2020	2021	Estimates 2022	2023	2024
Price/Sales	1.2	1.6	2.5	2.4	2.3
Price/Earnings	9.4	23.7	20.6	18.8	17.4
Price/Cash Flow	-10.8	-11.4	3.1	-42.3	-49.0
Dividend Yield %	5.08	3.71	2.87	3.06	3.27
Price/Book	—	—	—	—	—
EV/EBITDA	10.0	10.9	13.1	12.0	11.2

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to

Morningstar Equity Research Star Rating Methodology

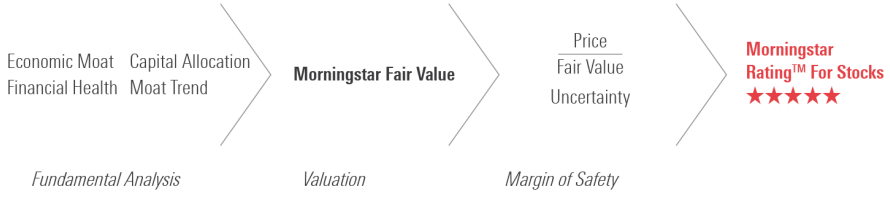

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close

Morningstar Equity Research Star Rating Methodology

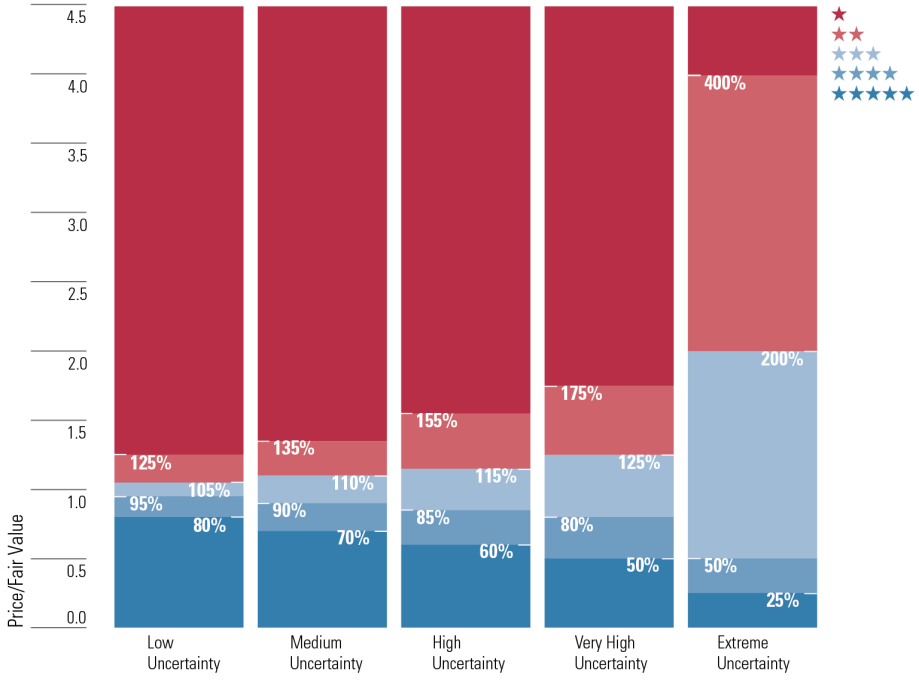

tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exem-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

plary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

KeyBanc Capital Markets

Alert

May 09, 2022

Energy: Electric Utilities

NYSE: EXC

Exelon Corporation

EXC: Delivering on Track Results as a Regulated Utility

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

EXC reported an in line quarter and maintained its 2022 guidance. This was EXC's first report since the spin of Constellation. The path forward appears well-defined with a 6-8% long-term EPS growth rate targeted and a $1B equity issuance plan through 2025. The timing of the equity will depend on the markets and the need for liquidity. In the short term, the proceedings to finalize the rate framework in IL bears watching. EXC will decide on the path forward based on the outcome of the PBR workshops, whether to file for a multiyear rate case in 2023 or a traditional future test year plan. We remain OW and maintain that EXC should be a core utility holding in a risk-off environment.

1Q22 Earnings in Line, Guidance Maintained:

- EXC reported an in line quarter with adjusted EPS of $0.64 matching our forecast (albeit missing the consensus of $0.66). Earnings across the utilities were mostly in line with our model.
- Management reiterated the 2022 adjusted EPS guidance of $2.18-2.32 (our estimate is $2.25) while also maintaining the long-term operating earnings target of 6-8% through 2025 (off the 2021 midpoint).

Figure 1 - 1Q22 Earnings Comparison

1Q22	EXC	KBCM
ComEd	$0.20	$0.22
PECO	0.21	0.17
BG&E	0.20	0.21
PHI	0.14	0.14
Parent	(0.11)	(0.10)
EXC	**$0.64**	**0.64**
Consensus	**0.66**	

Source: Company Reports, KBCM Estimates

ROE improvement targeted through year-end; no change to equity plans: EX reported a 12-month trailing earned ROE of 8.9% but maintained its goal of moving it up to the targeted 9-10% range by the end of the year through a combination of new rate implementation and ongoing operating efficiency measures. Management also maintained its equity issuance targets of $1B by 2025 but timing and the exact format remain TBD, hinging both on market conditions and the need for liquidity.

Regulatory Update:

- **ComEd IL formula rate plan:** ComEd filed a formula rate plan proposal for a $199M revenue increase premised on 7.85% ROE, 49.45% equity, and a rate base of $13.9B. The calculation of the ROE in the FRP is formulaic and set by the FRP statute. ComEd's previous rate plan was approved at 7.36% ROE in 2021. A final decision is expected toward the end of the year with new rates effective in 2023. This will be EXC's last formula rate plan filing in IL. At present, EXC is engaged with stakeholders and the ICC to finalize the performance metrics that will make it into the final PBR framework. A final outcome on that is expected in 3Q, at which point ComEd will decide on whether to file a four-year rate plan in 2023 or a traditional future test year plan. A filing is expected in early 2023.
- **DPL DE gas rate case:** EXC is seeking a $14.5M rate increase based on a 10.3% ROE and 49.94% equity. The increase includes $5.8M for the distribution system improvement charge, or DSIC, making the net increase requested $13.7M. EXC is seeking rates to be effective August 14, based on a 2021 test year. The previous gas rate case concluded in 2021 and authorized a rate increase of $6.7M increase based on a 9.6% ROE and 50.37% equity layer.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

- **PECO PA gas rate case in PA:** PECO is seeking an $82M rate increase on a 10.95% ROE, 53.41% equity, and a rate base of $2.9B. The rate increase intends to cover for gas main replacement programs and investments to comply with safety and reliability requirements. PECO's previous rate case was approved at 10.24% ROE in mid-2021. A final decision is expected by the end of 2022 with new rates effective in January 2023.

Valuation: Based on a stock price of $47.06 (5/6/22 close) and our 2023E EPS of $2.40, shares of EXC are trading at a P/E ratio of ~20x, in line with Integrated Utilities trading at ~20x. Our Overweight rating and $53 price target assume that EXC can trade at a 2x premium to our fair value sector multiple of 20.0x.

Risks: EXC's regulated utilities are exposed to a number of risks, including regulatory risk in its jurisdictions and on the federal level, weather variations affecting electricity demand and the reliability of its system, interest rate risk affecting its cost of capital, and macroeconomic risk as underlying economic activity affects demand for electric power and gas. Should the impacts of these risks be greater than we currently anticipate, the Company and the shares may underperform relative to our expectations. Conversely, should the impact of these risks be less than currently anticipated, the Company and the shares may outperform relative to our current expectations. These risks could impede the stock from achieving our price target.

Disclosure Appendix

Important Disclosures

Exelon Corporation - EXC

We have managed or co-managed a public offering of securities for Exelon Corporation within the past 12 months.

Exelon Corporation is an investment banking client of ours.

We have received compensation for investment banking services from Exelon Corporation during the past 12 months.

We expect to receive or intend to seek compensation for investment banking services from Exelon Corporation within the next three months.

During the past 12 months, Exelon Corporation has been a client of the firm or its affiliates for non-securities related services.

As of the date of this report, we make a market in Exelon Corporation.

Current analyst Sophie Karp assumed coverage on June 4, 2019. Rating and price target activity prior to that date was the work of a previous analyst.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History

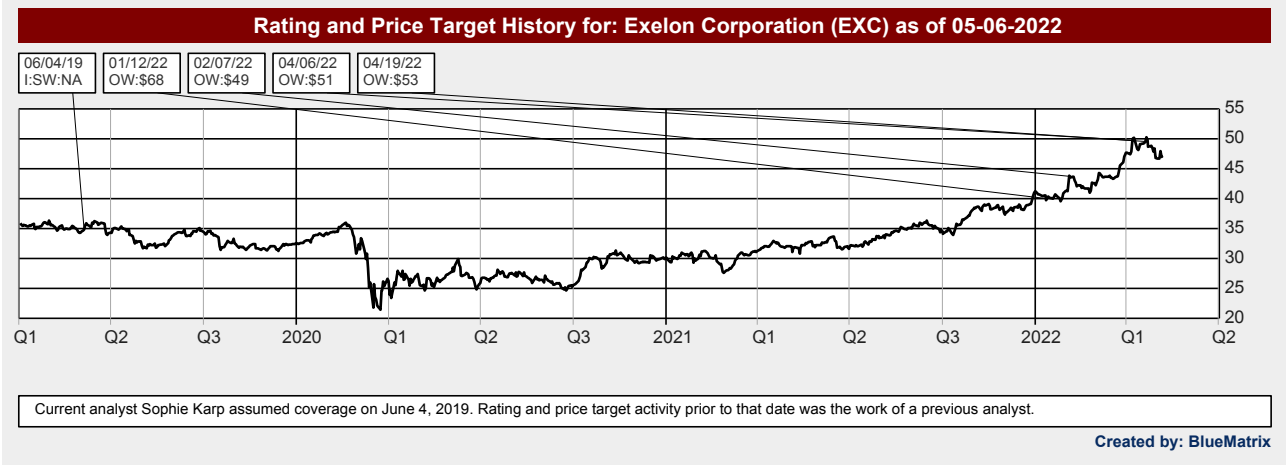

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	306	53.03	90	29.41
Sector Weight [SW]	259	44.89	59	22.78
Underweight [UW]	12	2.08	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	33	51.56	14	42.42
Sector Weight [SW]	29	45.31	14	48.28
Underweight [UW]	2	3.12	1	50.00

Disclosure Appendix (cont'd)

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC (“KBCMI”), and KeyBank National Association (“KeyBank N.A.”), are marketed.

KeyBanc Capital Markets Inc. (“KBCMI”) does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst’s compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> PowerPoints: EXC, DUK, WTRG, & HE Earnings. ES/AGR Updates, Cali, OGE, AY
- **Publication Date/Time** : Monday, May 09, 2022 02:18:30 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=69M5ZHrD9ARQnlD!Aza2aA__&reid=ACE334F00CF911EDA7DD31AA3B068BF1

UBS

First Read

Exelon Corp

1Q'22 Adj. EPS $0.64 vs. $0.65 Cons./$0.62 UBSe

Q: How did the results compare vs expectations?

A: In-line. EXC reported 1Q'22 Adj. EPS of $0.64 vs. $0.65 consensus, $0.62 UBSe, and $0.55 in 1Q'21.

Q: What were the most noteworthy areas in the results?

A: Drivers for the quarter were at BGE $0.20 v. $0.22, with +$0.01 from distribution and transmission rates, ($0.01) from depreciation and amortization, and ($0.02) from other. At PECO $0.21 v. $0.17, with +$0.04 from distribution rates. At PHI $0.14 v. $0.13, with +$0.03 from distribution and transmission rates, ($0.01) from storm costs, and ($0.01) from depreciation and amortization. At ComEd $0.20 v. $0.20, with +$0.01 from distribution rates and ($0.01) from other. HoldCo. ($0.09) v. ($0.08), and discontinued operations and adjustments ($0.02) v. ($0.09), with +$0.07 from BSC allocations adjustment for discontinued operations.

Q: Has the company's outlook/guidance changed?

A: EXC reaffirmed 2022 Adj. EPS guidance of $2.18-$2.32 with 6%-8% annual EPS growth from '21-'25 and 8.1% expected rate base growth. In 1Q'22 EXC Trailing Twelve Month (TTM) ROE is 8.9% and the company expects it to return to the range of 9%-10% by the end of 2022.

Q: How would we expect investors to react?

A: Neutral on in-line. During the call, we will listen for an update on the plan and the related cost for the completed separation of Exelon Utilities and Exelon Generation, and on the recently filed rate cases at PECO and ComEd.

Key Metrics ($)

	Consensus estimates	UBS estimates	Actual	% diff vs. UBS
1Q'22 Adj. EPS	$0.65	$0.62	$0.64	+3.2%

Source: FactSet, Company data and UBS

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$54.00**
Price (09 May 2022)	**US$47.06**
RIC: EXC.O **BBG:** EXC US	

Trading data and key metrics

52-wk range	US$57.95-40.97
Market cap.	US$46.1b
Shares o/s	980m (COM)
Free float	100%
Avg. daily volume ('000)	8,075
Avg. daily value (m)	US$364.3
Common s/h equity (12/22E)	US$20.6b
P/BV (12/22E)	2.2x
Net debt to EBITDA (12/22E)	5.1x

EPS (UBS, diluted) (US$)

	12/22E	
	UBS	Cons.
Q1E	0.62	0.66
Q2E	0.42	0.46
Q3E	0.66	0.66
Q4E	0.51	0.47
12/22E	2.21	2.26
12/23E	2.37	2.42
12/24E	2.55	2.59

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Highlights (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenues	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
EBIT (UBS)	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Net earnings (UBS)	1,866	1,738	2,036	2,172	2,340	2,523	2,849	3,057
EPS (UBS, diluted) (US$)	1.92	1.78	2.08	2.21	2.37	2.55	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	1.55	1.65	1.80	1.95
Net (debt) / cash	(29,221)	(31,684)	(34,608)	(38,461)	(41,083)	(43,787)	(46,161)	(48,204)
Profitability/valuation	**12/19**	**12/20**	**12/21**	**12/22E**	**12/23E**	**12/24E**	**12/25E**	**12/26E**
EBIT (UBS) margin %	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
ROIC (EBIT) %	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
EV/EBITDA (UBS core) x	13.0	12.3	12.0	11.0	10.4	9.7	9.0	8.4
P/E (UBS, diluted) x	24.7	22.5	22.6	21.3	19.8	18.5	16.4	15.4
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.3)	(2.9)	(2.9)	(1.8)	(0.7)
Dividend yield (net) %	2.6	2.9	2.9	3.1	3.3	3.5	3.8	4.1

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 47.06 on 09-May-2022 09:07:56 EDT

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 3.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Forecast returns

Forecast price appreciation	+14.7%
Forecast dividend yield	3.1%
Forecast stock return	+17.9%
Market return assumption	7.7%
Forecast excess return	+10.1%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We value Exelon at $54/share premised on a 17% premium to the group multiple of 19.3x our $2.37/share earnings forecast for 2023. Our 17% net premium is derived from a 10% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 2% premium for a 2nd quartile regulatory ranking overall, a 5% premium for 1st quartile earnings growth.

Risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 09 May 2022 01:51 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please click https://neo.ubs.com/quantitative, or speak to your UBS sales representative for access to the report.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	56%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	28%
Sell	FSR is > 6% below the MRA.	8%	22%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2022.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$47.06	06 May 2022

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

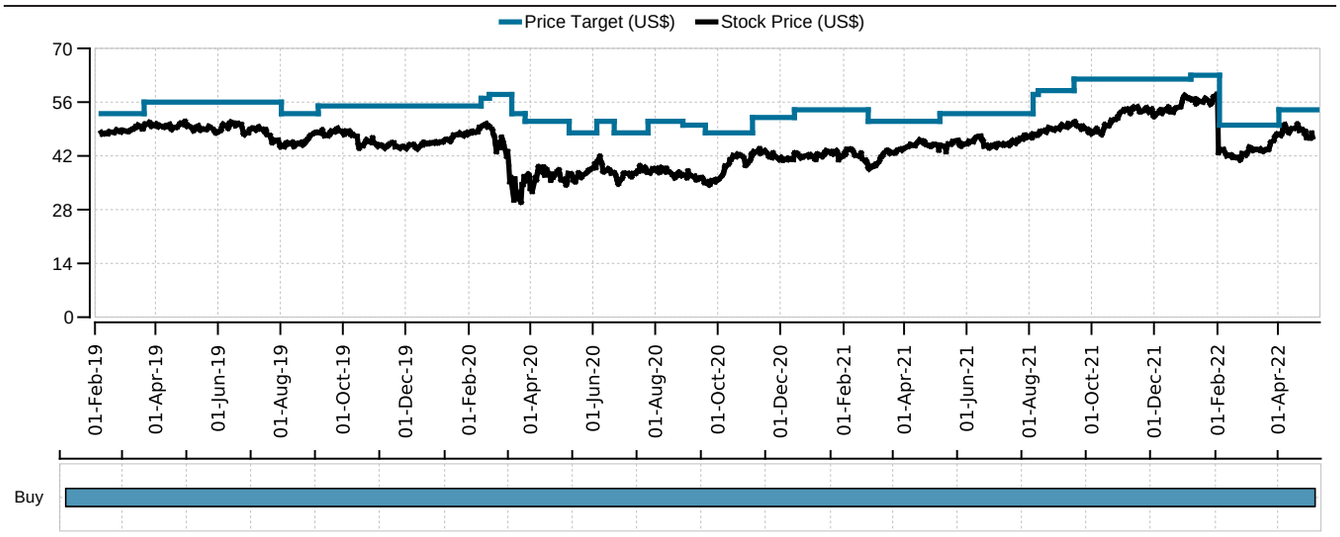

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-02-06	47.32	53.00	Buy
2019-03-20	49.10	56.00	Buy
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy

Source: UBS; as of 06-May-2022

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/ clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is for your information only; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution.**Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Greece**: UBS AG and its subsidiaries and affiliates (UBS) are premier global financial services firms offering wealth management services to individual, corporate and institutional investors. UBS AG and UBS Switzerland AG are established in Switzerland and operate under Swiss law. UBS operates in over 50 countries and from all major financial centers. UBS is not licensed as a bank or financial institution under Greek legislation and does not provide banking, nor financial services in Greece. Consequently, UBS provides such services from branches outside of Greece, only. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in Greece. Therefore, this document may not be considered as a public offering made or to be made to residents of Greece. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This material was provided to you as a result of

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt.**Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales.**Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: UBS AG and its branches and subsidiaries (UBS) are not licensed, supervised or regulated in Nigeria by the Central Bank of Nigeria or the Nigerian Securities and Exchange Commission (SEC) and do not undertake banking or investment business activities in Nigeria. The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. If you are interested in products of this nature, please let us know and we will direct you to someone who can advise you. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). Any material relating to Collective Investment Schemes has been provided to you at your specific unsolicited request and for your information only. The investment products mentioned in such material are not being offered or made available for sale by UBS in Nigeria and they have not been submitted for approval nor registered with the Nigerian SEC. **Philippines:** This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37.**Singapore**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed.**USA**:Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. UBS Financial Services Incorporated of Puerto Rico is a subsidiary of UBS Financial Services Inc. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	92.65	Buy
CMS	67.75	Neutral
CNP	30.73	Buy
D	84.02	Buy
DUK	111.32	Buy
ETR	119.27	Buy
EXC	47.06	Neutral
HE	41.74	Neutral
NEE	72.47	Buy
NRG	41.40	Neutral
OGE	39.33	Buy
PCG	12.56	Buy
SR	73.95	Neutral
VST	26.62	Buy

The Guggenheim Daily Transmission: NRG, VST, AEE, SR, DUK, EXC, HE, CMS/ETR, CNP, NEE, OGE, PCG, D, ERCOT, Uranium, FERC

For details on our Guggenheim-hosted client Utility events including: our CNP NDR; AGA Conference meetings; EVRG NDR; AWK NDR; EXC NDR; LNT NDR; ES NDR; SO NDR; CMS NDR; DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; OGS NDR; and other events, scroll down…

NRG: Bring "Home" the Messaging on Stability Despite Commodity Backdrop: Execution Outpaces Investor Trepidations (see note HERE)

VST: Hedging While the Hedging's Good (see note HERE)

AEE: Quieter Quarter of Execution Amid IL and MO Externalities (see note HERE)

SR: 2Q22 Beat; FY22 Guidance Narrowed; MO Rate Case Gets Underway (see note HERE)

DUK – DUK reports 1Q22 adj. EPS of $1.30 vs Gugg/cons at $1.35/$1.33; reaffirms 2022 adj. EPS guidance of $5.30–$5.60 ($5.45 midpoint) vs Gugg/cons at $5.48/$5.46; 5%-7% EPS CAGR reaffirmed

EXC – EXC reports 1Q22 results

HE – HE reports 1Q EPS Beat; Solid Fundamentals, Sold EV charging equity investment

CMS/ETR – Palisades closure media coverage suggests MI climate goals are at risk

CNP – CNP Ohio gas utilities likely to see large bill increases

NEE – KCC regulator offers dissent on intervention for transmission planning

OGE – OK Supreme Court criticized AG for weak intervention on utility rates

PCG – Stakeholder groups critical of CA Governor Newsom's call to extend Diablo Canyon operations

D – ODEC comments in CVOW docket

ERCOT – Early heat wave prompts ERCOT warning, outages rescheduling

Uranium – DOE initiates interagency process to study uranium supply chain and potential bans

FERC – Joint Federal-State Task Force on Electric Transmission holds third meeting

DUK reports 1Q22 adj. EPS of $1.30 vs Gugg/cons at $1.35/$1.33; reaffirms 2022 adj. EPS guidance of $5.30–$5.60 ($5.45 midpoint) vs Gugg/cons at $5.48/$5.46; 5%-7% EPS CAGR reaffirmed

- $-0.03 1Q22 weather vs normal; net $-0.01 weather vs 1Q21 (1Q21 was $-0.02 vs normal)
- $-0.07 of storm expenses in 1Q22
- Commercial Renewables was $-0.02 YoY; $-0.06 due to fewer projects placed in service, offset by $+0.04 Texas Storm Uri impact from 1Q21
- Commercial Renewables YoY operations saw GWh increase +15.5% vs 1Q21 and +10.7% net proportional MW in service

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- +3.8% rolling 12-month retail load growth through 1Q22; DUK expects that figure to moderate to **1.5% load growth in 2022** (equivalent to a ~0.4% load growth CAGR since 2019)
- +1.8% total customer growth vs 1Q21
- Reaffirmed 5%-7% EPS CAGR through 2026 off of 2021 original guidance midpoint of $5.15
- Call is at **10:00am ET** at **833.927.1758;** Access code**: 527418**

Guggenheim takeaway: *We caught up with the company ahead of the earnings call and clarified that storm costs in 1Q21 were both normal and representative of what's embedded in ongoing guidance. The $-0.07 of storm costs booked in 1Q22 were therefore in excess of normal and in our view should be backed out for comparability, resulting in DUK's adjusted 1Q22 result actually being $1.37 for comparability. We also note that while 1Q22 may appear to be off to a slow start to some, we expect O&M timing (from plant outages, etc.) to result in a strong 2H22. We have been getting questions from investors on DUK's Commercial Renewables segment and remind investors that the lack of changes to the commercial business in our view is because DUK was ahead of the curve and already right-sized expectations on the 4Q21 call to $150m.*

EXC ─ EXC reports 1Q22 results

- EXC reported 1Q22 EPS of $0.64, as compared to Gugg/Cons $0.62/0.65
- Reaffirmed 2022 EPS guidance of $2.18-$2.32 vs. Gugg/Cons of $2.27/2.26
- TTM ROE of 8.9% (vs. 9.2% as of 1Q22)
- Provides regulatory roundup of utility activities to date (ComEd, FRP, Delmarva, etc.)
- Earnings package with statistics HERE
- Slides HERE
- Call at 10am (833)-397-0944, Code 5895167

HE – HE reports 1Q EPS Beat; Solid Fundamentals, Sold EV charging equity investment

- HE reported 1Q EPS of $0.63 vs. $0.45 consensus and our $0.45 estimate
- Results included $8M gain on the sale of equity investments
- The ASB bank also recorded a $3M negative provision for credit loss
- Earnings call today at 4:15pm ET; Dial in: 1-844-200-6205, Passcode: 275546.

CMS/ETR – Palisades closure media coverage suggests MI climate goals are at risk

- Media coverage of the Palisades closure suggested Michigan climate goals are at risk if nuclear retirement is not avoided.
- The coverage picks up after MI governor started looking for federal assistance to keep the plant running.
- More here.

Guggenheim takeaway: *FYI. More thoughts on Palisades retirement here.*

CNP – CNP Ohio gas utilities likely to see large bill increases

- CNP Ohio gas utility has received media coverage for supply charge increases
- The increase is a part of the broader gas supply pricing inflation.
- More here.

Guggenheim takeaway: *FYI.*

NEE – KCC regulator offers dissent on intervention for transmission planning

- The KCC chairman offered a partial dissent and acceptance of a KCC order limiting a party's intervention status.
- The KCC order allows intervention with only retail rates commentary for a late filer.
- The Intervention is related to the NEE Wolf Creek Blackberry project.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- More here.

Guggenheim takeaway: *FYI.*

OGE – OK Supreme Court criticized AG for weak intervention on utility rates

- Oklahoma Supreme Court criticized the office of the Attorney General for not intervening more aggressively in OG&E's utility ratemaking.
- The criticism came from the latest securitization for winter storm costs.
- More here.

Guggenheim takeaway: *FYI.*

PCG – Stakeholder groups critical of CA Governor Newsom's call to extend Diablo Canyon operations

- Stakeholder groups voiced opposition to the CA Governor Newsom statements regarding extension of operations at Diablo Canyon Nuclear.
- Groups feel any decision making at this point could be wasteful or detrimental to the established plans for decommission.
- More here.

Guggenheim takeaway: *FYI.*

D – ODEC comments in CVOW docket

- ODEC, one of the largest cooperatives in VA, has provided comments in the CVOW rider docket emphasizing that costs like the transmission interconnections not be allocated to it
- More HERE

Guggenheim takeaway: *Part of the process in our view – there were also several procedural filings on confidentiality, for your awareness.*

ERCOT – Early heat wave prompts ERCOT warning, outages rescheduling

- The state could see prolonged 100-degree days through Tuesday across most of the ISO's territory
- "Generators and transmission owners have worked with us to reschedule maintenance outages. Those changes, along with a slight drop in forecasted temperatures, have given us sufficient reserves," - ERCOT
- More HERE

Guggenheim takeaway: *ICYMI heading into the weekend – while lower outages and peak temperature forecasts have taken some pressure off the emergency, the market remains tight in the NT.*

Uranium – DOE initiates interagency process to study uranium supply chain and potential bans

- The revelation came during the DOE Secretary's budget meeting before the Senate
- "We want to make sure, for example, that we are able to supply HALEU as well as low-enriched uranium to our civilian nuclear fleet. If we move away from Russia, we want to make sure we have the ability to continue to keep the fleet afloat." – Granholm to the ENR
- More HERE

Guggenheim takeaway: *For more on the current state of affairs in the uranium supply chain* ***see our recent baseline note HERE.***

FERC – Joint Federal-State Task Force on Electric Transmission holds third meeting

- "To the extent we can have a more anticipatory, longer-term transmission planning process that takes into account some of these issues, and a lot of the transmission is built as it should be through the transmission planning process, I think what that does is it will certainly result in a much more expedited interconnection process…I think to the extent we can make some significant progress, and I think we can on transmission planning, the results will be over the medium and longer terms a much better interconnection process as well." – Chair Glick via Platts
- Webcast of meeting HERE

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- Docket HERE

Guggenheim takeaway: *For your awareness, and hot on the heels of the recent cost allocation NOPR. This process has been part of FERC's effort to work with the states on planning improvements – a delicate area in our view, although all parties appear to be interested in improvements.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

David Lesar, *President and Chief Executive Officer*
Jason Wells, *EVP & Chief Financial Officer*
Jackie Richert, *VP, Investor Relations and Treasurer*

Date

Monday, May 9, 2022 – Baltimore/New York
Tuesday, May 10, 2022 – New York

Meeting Format

In-person NDR - 1:1 Meetings, Group Lunch, Group Dinner

Company Information

Market Cap: $17.9bn

CenterPoint Energy, Inc. is a holding company, which engages in the business of power generation and distribution. It operates through the following segments: Houston Electric Transmission & Distribution (T&D), Indiana Electric Integrated, Natural Gas Distribution, Energy Services, Infrastructure Services, Midstream Investments, and Corporate and Other. The Electric T&D segment offers electric transmission and distribution services. The Indiana Electric Integrated segment includes energy delivery services to electric customers and electric generation assets to serve electric customers and optimize those assets in the wholesale power market. The Natural Gas Distribution segment provides regulated natural gas distribution services. The Energy Services segment offers non-rate regulated natural gas sales to, and transportation and storage services, for commercial and industrial customers. The Infrastructure Services segment focuses on underground pipeline construction and repair services. The Midstream Investments segment consists of the equity method investment in Enable. The Other Operations segment consists of office buildings and other real estate used for business operations and home repair protection plans. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Corporate Access

SAVE THE DATE

2022 AGA Financial Forum

The Guggenheim Utilities Research Team will be hosting meetings with company management.

Client Dinner

We will be hosting a dinner with Shar Pourreza and Mark McLain on May 16th at 6:30PM ET.

Location: Byblos Miami.

Tuesday, May 17th	
Time	*Co.*
9:30–10:10	AVA
10:20–11:00	D
11:10–11:50	NWE
12:00–12:40	BKH
12:50–1:30	NJR
1:40–2:20	PEG
2:30–3:10	DTE
3:20–4:00	DUK
4:10–4:50	ED/NWN

Wednesday, May 18th	
Time	*Co.*
8:40–9:20	SRE
9:30–10:10	SR
10:20–11:00	AEE
11:10–11:50	SO
12:00–12:40	WEC
1:00–1:40	CMS
1:50–2:30	OGS
2:40–3:20	CPK
3:30–4:10	CNP
4:20–5:00	NI

Dates

May 16 (Dinner only), May 17–May 18 (1x1 meetings)

Location

Loews Miami Beach Hotel, 1601 Collins Avenue, Miami Beach, Florida

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Evergy, Inc. (EVRG)

Kirk Andrews, *Chief Financial Officer*
Lori Wright, *VP, Corporate Planning, IR and Treasurer*
Cody VandeVelde, *Director, Investor Relations*

Dates & Locations

Tuesday, May 24 | Boston
Wednesday, May 25 | Virtual

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $16.2bn

Evergy, Inc. (EVRG) is a holding company, which engages in the provision of electricity through its subsidiaries. It focuses on the regulation of electric utilities and development of electric transmission projects. The company was founded in 2017 and is headquartered in Kansas City, MO. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President, Chief Executive Officer and Chief Financial Officer*
Cheryl Norton, *EVP and Chief Operating Officer*
John Griffith, *Incoming EVP and Chief Financial Officer**
Aaron Musgrave, *Senior Director, Investor Relations*

** effective May 16, 2022*

Date
Thursday, May 26, 2022
New York (Guggenheim Securities – 330 Madison Ave)

Meeting Format
1:1 Meetings & Group Lunch

Company Information
Market Cap: $31.1bn
American Water Works Co., Inc. engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment provides water and wastewater services to customers. The Market-Based Businesses segment is responsible for Military Services Group, Contract Operations Group, Homeowner Services Group, and Keystone Operations. The Other segment includes corporate costs that are not allocated to the Company's operating segments, eliminations of inter-segment transactions, fair value adjustments and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Joseph Nigro, *Chief Financial Officer*
Jeanne Jones, *SVP, Corporate Finance*
Andrew Plenge, *VP, Investor Relations*

Date
June 1 & 2, 2022
Midwest

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $49.1bn
Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO)

Daniel Tucker, Chief Financial Officer

Scott Gammill, Director, Investor Relations

Date

June 9 & 10, 2022
West Coast

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $16.2bn

American Water Works Co., Inc. is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, Florida, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Florida, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings

Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite

Location: TBD

Tuesday, July 12th

11:30 AM | Lunch

Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience

Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game

Southern Company C-Suite will host in their private box. Dinner will be served.

Participating Guggenheim Analyst

Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*

Logistics

Transportation details, logistics and hotel recommendations to follow

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim's Power & Utility Comp Sheet

5/8/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$60.12	3,426	3.75	3.89	4.06	4.32	–	–	–	(0.09)	16.0x	15.5x	14.8x	13.9x	-22%	-20%	-18%	-18%	7.6%	4.4%	71%	Neutral	$65	13%	Neutral	$67	16%
AVA	$41.71	3,021	1.94	2.47	2.59	2.72	–	–	–	–	21.5x	16.9x	16.1x	15.3x	5%	-12%	-10%	-9%	6.7%	4.3%	93%	Sell	$34	-14%	Neutral	$44	9%
NWE	$58.70	3,178	3.34	3.57	3.88	4.05	0.06	–	0.21	–	17.6x	16.4x	15.1x	14.5x	-14%	-14%	-16%	-14%	3.8%	4.4%	77%	Neutral	$58	3%	Buy	$63	11%
POR	$46.94	4,188	2.58	2.98	3.12	3.25	–	0.07	0.08	0.08	18.2x	15.8x	15.0x	14.4x	-11%	-18%	-16%	-15%	4.6%	3.9%	71%	Buy	$57	25%	Neutral	$53	17%
		13,814									**18.3x**	**16.1x**	**15.3x**	**14.5x**	**-10%**	**-16%**	**-15%**	**-14%**	**5.7%**	**4.3%**	**78%**						
Mid/Large Cap Electric																											
AEE	$92.65	23,912	4.04	4.32	4.64	4.95	–	–	–	–	22.9x	21.4x	20.0x	18.7x	12%	12%	11%	11%	6.5%	2.6%	60%	Buy	$99	9%	Buy	$99	10%
AEP	$99.65	51,175	4.98	5.30	5.64	6.00	–	–	–	–	20.0x	18.8x	17.7x	16.6x	-2%	-2%	-2%	-2%	6.1%	3.2%	65%	Buy	$109	13%	Buy	$106	10%
CMS	$67.75	19,656	2.88	3.14	3.41	3.64	–	–	–	–	23.5x	21.6x	19.9x	18.6x	15%	12%	11%	10%	8.3%	2.8%	66%	Neutral	$70	6%	Buy	$72	9%
CNP	$30.73	19,342	1.38	1.49	1.61	1.73	–	–	–	–	22.3x	20.6x	19.1x	17.8x	9%	7%	6%	5%	8.0%	2.3%	51%	Buy	$34	13%	Buy	$33	10%
D	$84.02	68,163	4.12	4.40	4.70	5.00	–	–	–	–	20.4x	19.1x	17.9x	16.8x	-0%	-1%	-1%	-1%	6.1%	3.3%	66%	Buy	$90	10%	Buy	$90	10%
DTE	$129.68	25,124	5.98	6.29	6.73	7.13	0.04	0.04	0.05	(0.05)	21.7x	20.6x	19.3x	18.2x	6%	7%	7%	8%	4.5%	2.8%	61%	Buy	$145	15%	Buy	$138	9%
DUK	$111.32	85,705	5.48	5.81	6.15	6.50	–	0.03	–	(0.04)	20.3x	19.2x	18.1x	17.1x	-1%	-0%	1%	1%	5.5%	3.6%	74%	Buy	$119	11%	Buy	$114	6%
ED	$93.98	33,297	4.51	4.89	5.18	5.38	–	0.07	0.09	0.04	20.8x	19.2x	18.1x	17.5x	2%	-0%	1%	3%	5.3%	3.4%	71%	Sell	$80	-11%	Sell	$86	-5%
EIX	$70.30	26,798	4.64	4.92	5.25	5.60	0.11	0.04	0.07	0.23	15.2x	14.3x	13.4x	12.6x	-26%	-26%	-26%	-26%	5.1%	4.1%	61%	Buy	$82	21%	Buy	$75	11%
ES	$90.40	31,177	4.10	4.34	4.65	5.00	–	–	–	(0.05)	22.0x	20.8x	19.4x	18.1x	8%	8%	8%	7%	6.7%	2.9%	64%	Neutral	$92	5%	Neutral	$89	2%
ETR	$119.27	24,256	6.33	6.81	7.21	7.57	–	0.08	0.09	–	18.8x	17.5x	16.5x	15.8x	-8%	-9%	-8%	-7%	5.9%	3.5%	65%	Buy	$129	12%	Buy	$128	11%
EVRG	$68.10	15,458	3.52	3.77	4.02	4.30	–	–	–	–	19.3x	18.1x	16.9x	15.8x	-6%	-6%	-6%	-6%	5.0%	3.5%	67%	Buy	$77	17%	Buy	$74	11%
EXC	$47.06	46,125	2.27	2.41	2.58	2.82	–	–	–	–	20.7x	19.5x	18.2x	16.7x	1%	2%	1%	-1%	–	3.0%	61%	Neutral	$49	7%	Buy	$49	8%
FE	$42.68	24,367	2.44	2.57	2.75	2.95	0.03	–	–	–	17.5x	16.6x	15.5x	14.5x	-15%	-14%	-14%	-14%	3.2%	3.7%	65%	Neutral	$43	4%	Buy	$48	16%
LNT	$58.74	14,733	2.75	2.90	3.04	3.23	–	–	(0.03)	(0.04)	21.4x	20.3x	19.3x	18.2x	4%	5%	7%	8%	5.3%	3.0%	64%	Neutral	$60	5%	Neutral	$64	11%
OGE	$39.33	7,874	2.28	2.39	2.52	2.64	0.19	0.27	0.28	0.22	17.3x	16.5x	15.6x	14.9x	-16%	-14%	-13%	-12%	4.0%	4.2%	73%	Buy	$43	14%	Buy	$42	10%
PCG	$12.56	30,963	1.11	1.24	1.34	1.45	–	–	–	–	11.3x	10.1x	9.4x	8.7x	-45%	-47%	-48%	-49%	9.7%	0.3%	3%	Buy	$19	52%	Buy	$16	29%
PEG	$69.43	34,664	3.56	3.73	4.18	4.55	0.08	0.04	0.10	–	19.5x	18.6x	16.6x	15.3x	-5%	-3%	-8%	-10%	5.7%	3.2%	62%	Buy	$75	11%	Buy	$76	13%
PNW	$74.12	8,376	4.05	4.25	4.50	4.75	–	–	–	–	18.3x	17.4x	16.5x	15.6x	-11%	-9%	-8%	-8%	-3.5%	4.7%	86%	Sell	$60	-14%	Sell	$74	4%
PPL	$29.23	21,510	1.57	1.72	1.79	1.85	0.10	0.11	0.06	–	18.6x	17.0x	16.3x	15.8x	-9%	-12%	-9%	-7%	15.2%	3.2%	59%	Buy	$33	16%	Buy	$31	10%
SO	$74.67	79,391	3.55	3.80	4.15	4.40	–	–	0.03	–	21.0x	19.7x	18.0x	17.0x	3%	2%	0%	0%	6.6%	3.7%	77%	Buy	$76	5%	Neutral	$74	2%
WEC	$100.66	31,752	4.38	4.59	4.89	5.21	–	–	–	(0.03)	23.0x	21.9x	20.6x	19.3x	12%	14%	14%	14%	6.1%	3.0%	68%	Neutral	$104	6%	Neutral	$105	7%
Mid/Lg Cap (excl. EIX, PCG)											**20.5x**	**19.2x**	**18.0x**	**16.9x**					**5.5%**	**3.3%**	**66%**						
Regulated Electrics		**737,633**									**20.1x**	**18.7x**	**17.5x**	**16.5x**					**5.5%**	**3.4%**	**68%**						

		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$41.74	4,568	2.21	2.41	2.47	2.69	0.07	0.12	0.07	0.06	18.9x	17.3x	16.9x	15.5x	-8%	-10%	-6%	-8%	4.6%	3.4%	64%	Neutral	$41	2%	Sell	$41	2%
NEE	$72.47	142,367	2.84	3.07	3.31	3.59	–	0.03	0.04	0.07	25.5x	23.6x	21.9x	20.2x	25%	23%	22%	19%	8.9%	2.4%	62%	Buy	$91	28%	Buy	$92	29%
SRE	$164.90	52,071	8.54	9.08	9.58	10.21	0.03	0.10	–	0.07	19.3x	18.2x	17.2x	16.2x	-6%	-6%	-4%	-4%	4.9%	2.9%	56%	Buy	$174	8%	Buy	$174	8%
		199,006									**21.2x**	**19.7x**	**18.7x**	**17.3x**	**4%**	**2%**	**4%**	**2%**	**6.1%**	**2.9%**	**61%**						
Gas LDCs																											
NI	$29.49	11,967	1.45	1.53	1.70	1.84	–	–	–	–	20.3x	19.3x	17.3x	16.0x	1%	3%	-1%	-3%	7.7%	3.3%	66%	Buy	$32	12%	Buy	$32	13%
CPK	$127.56	2,261	5.13	5.55	5.93	6.32	–	(0.07)	0.05	0.04	24.9x	23.0x	21.5x	20.2x	24%	23%	23%	22%	7.6%	1.7%	42%	Neutral	$136	8%	Buy	$141	12%
NJR	$43.76	4,208	2.35	2.43	2.62	2.78	0.03	–	(0.12)	0.04	18.6x	18.0x	16.7x	15.7x	-7%	-4%	-5%	-5%	6.5%	3.5%	65%	Neutral	$41	-3%	Neutral	$47	10%
NWN	$49.34	1,690	2.56	2.73	2.83	2.97	–	0.07	–	–	19.3x	18.1x	17.4x	16.6x	-4%	-3%	-1%	1%	3.8%	3.9%	76%	Neutral	$49	3%	Buy	$54	14%
OGS	$85.13	4,605	4.08	4.38	4.65	5.00	–	–	–	–	20.9x	19.4x	18.3x	17.0x	4%	4%	4%	3%	6.8%	3.0%	62%	Neutral	$77	-7%	Buy	$89	7%
SJI	$34.31	4,200	1.71	1.82	1.94	2.05	(0.05)	0.05	–	–	20.1x	18.9x	17.7x	16.7x	-0%	1%	1%	1%	6.2%	3.7%	74%	Neutral	$26	-21%	Neutral	$34	1%
SR	$73.95	3,854	3.84	4.27	4.91	5.03	(0.09)	(0.11)	0.13	0.09	19.3x	17.3x	15.1x	14.7x	-4%	-7%	-14%	-11%	0.9%	3.8%	73%	Neutral	$67	-6%	Neutral	$74	4%
		32,785									**20.5x**	**19.1x**	**17.7x**	**16.7x**	**2%**	**2%**	**1%**	**1%**	**5.6%**	**3.3%**	**65%**						
Regulated Water																											
AWK	$149.01	27,083	4.44	4.85	5.23	5.70	–	–	0.04	0.04	33.6x	30.7x	28.5x	26.1x	64%	60%	58%	55%	-4.8%	1.8%	60%	Neutral	$155	6%	Neutral	$161	10%

		Market	Guggenheim EBITDA Ests				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'21–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$60.27	19,688	2,525	2,721	2,895	2,867	(95)	(255)	(463)	(610)	9.6x	8.6x	7.7x	7.4x	24,216	23,419	22,265	21,091	-0.7%	1.0%	18%	Neutral	$51	-14%	Buy	$64	7%
NRG	$41.40	9,824	2,120	2,237	2,282	2,225	–	(34)	(67)	(113)	7.5x	6.8x	6.4x	6.0x	15,868	15,274	14,685	13,363	-2.1%	3.5%	31%	Neutral	$43	7%	Buy	$44	11%
VST	$26.62	11,495	3,117	3,508	3,555	3,738	110	62	44	465	7.0x	6.2x	6.0x	5.6x	21,729	21,671	21,493	20,980	17.8%	2.9%	27%	Buy	$32	23%	Buy	$30	17%
Other																											
ALTO	$5.43	402	73	85	86	87	–	(129)	(179)	(238)									3.1%	–	–	Buy	$9	66%	Buy	$12	115%
IEA	$9.17	440	152	174	199	220	–	–	–	–									13.0%	–	–	Buy	$16	74%	Buy	$17	85%
NEP	$67.24	5,642	1,660	1,775	1,889	2,003	(89)	(136)	(206)	(244)									10.2%	4.7%	–	Buy	$85	31%	Buy	$86	33%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

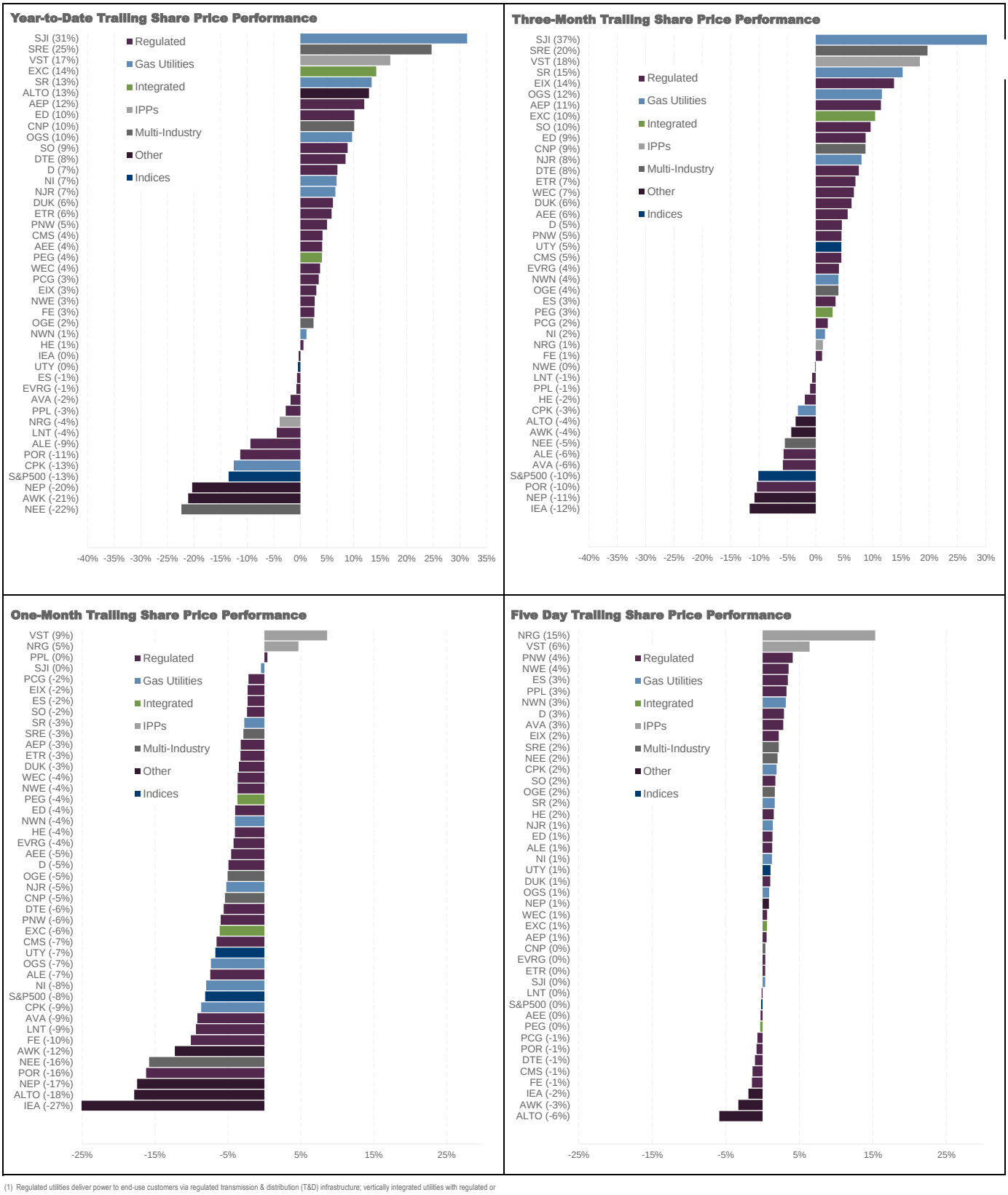

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/24–5/25	TBC
AWK	5/26	New York
EXC	6/1–6/2	Midwest
LNT	6/7–6/8	New York
ES	6/8	Boston or Virtual
SO	6/9–6/10	West Coast
CMS	6/16	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
POR	8/9-8/10	New York
NEE	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Generation and Mix

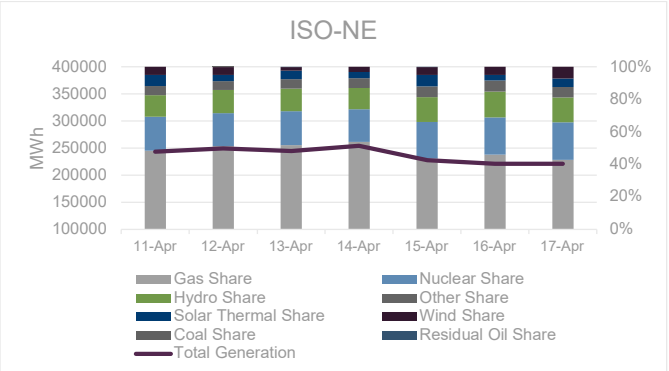

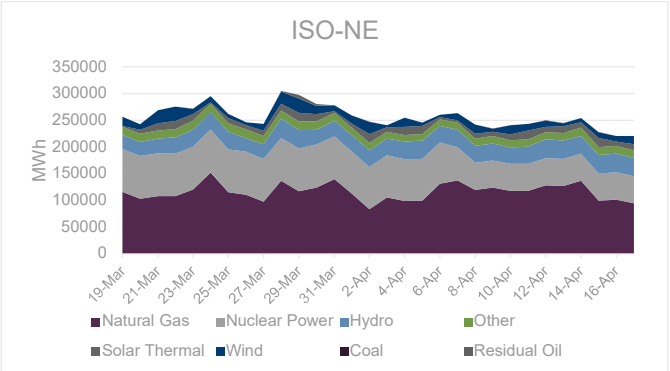

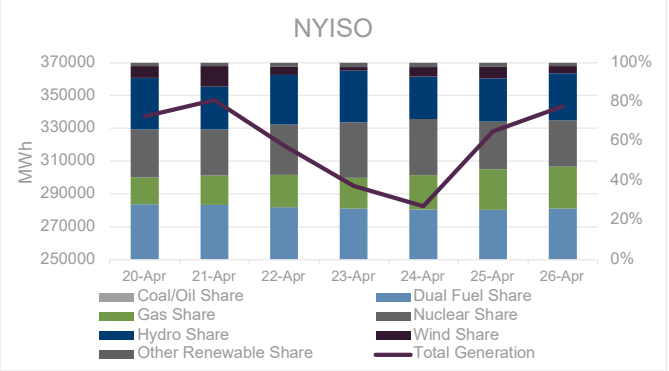

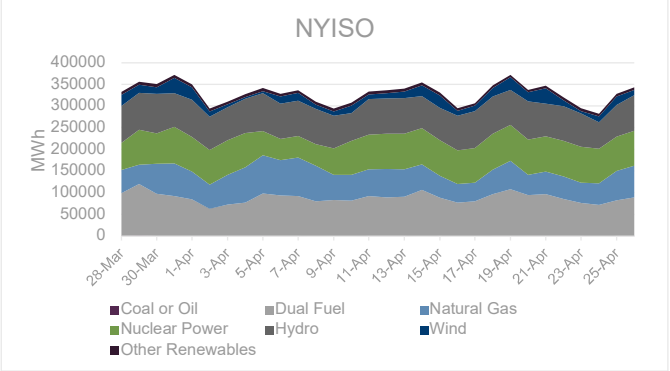

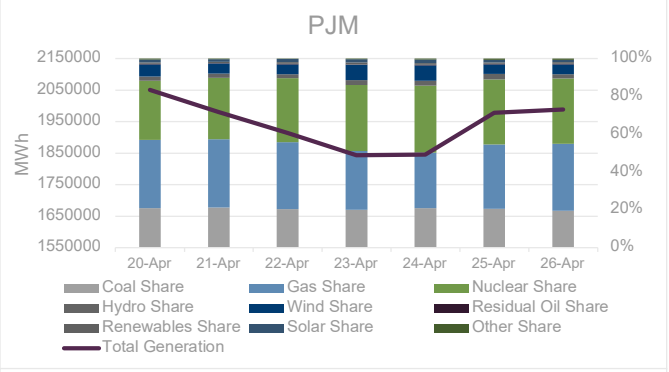

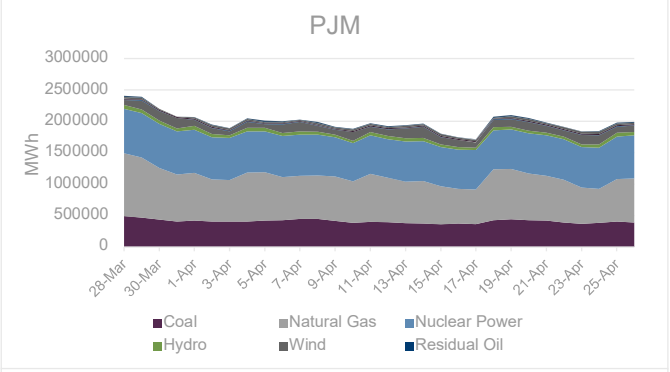

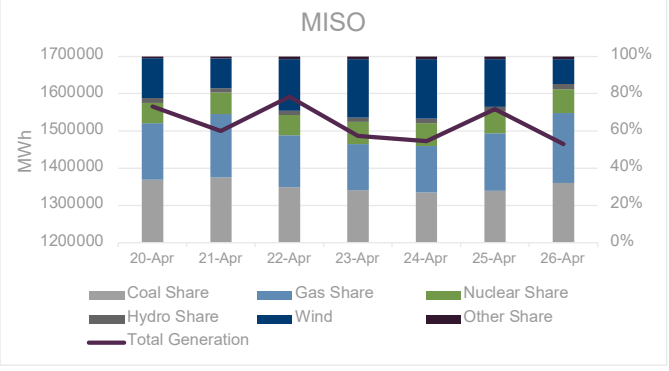

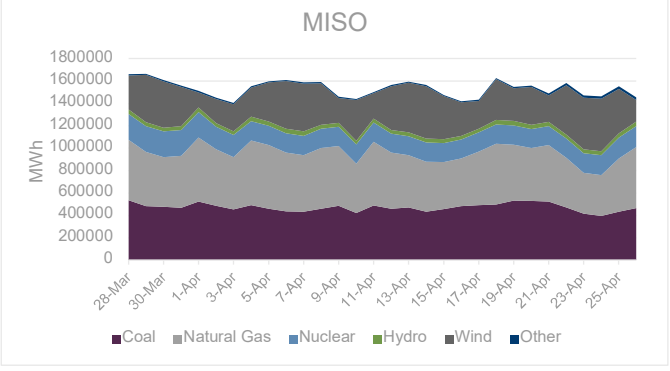

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

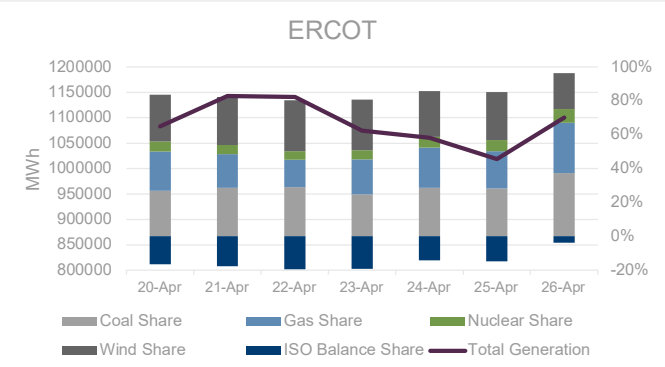

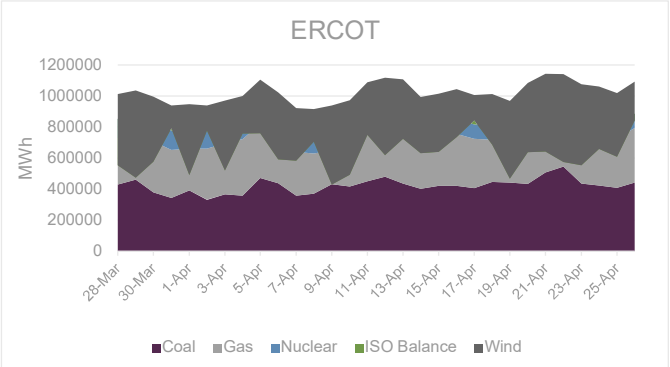

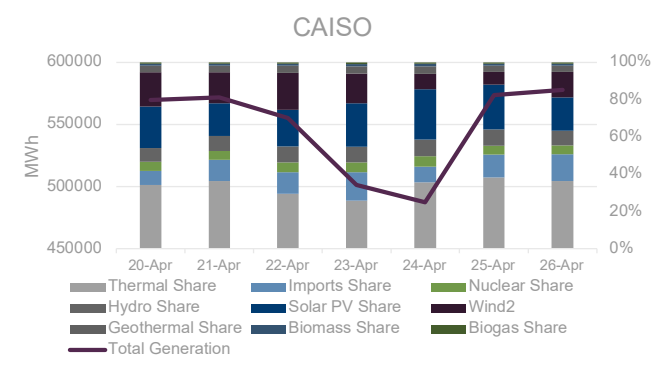

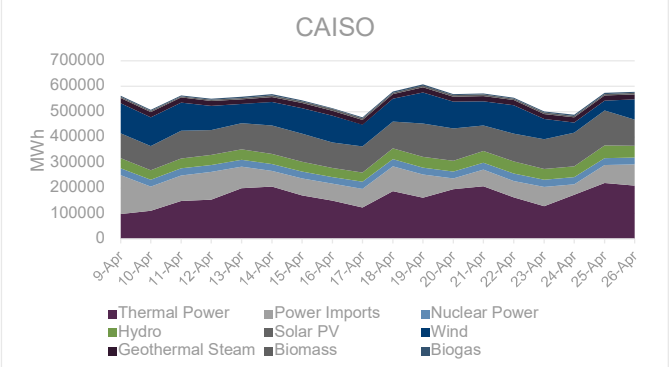

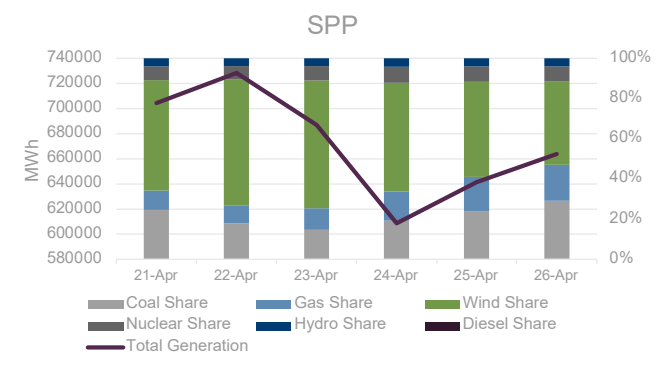

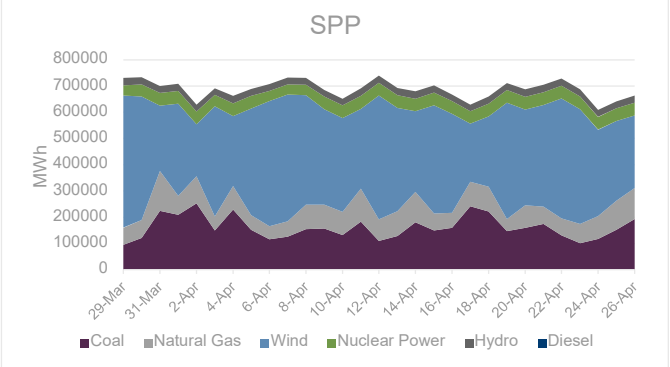

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Weather

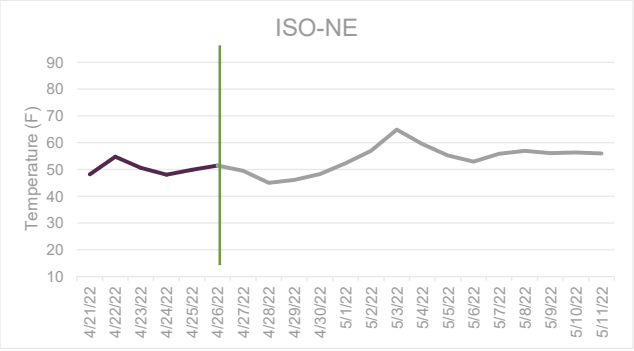

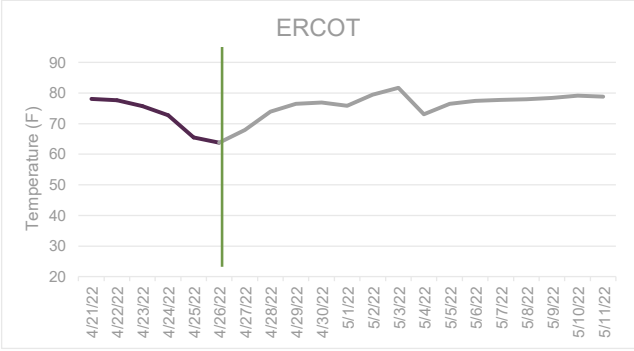

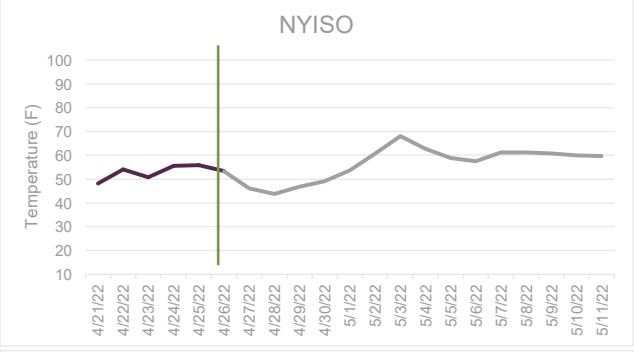

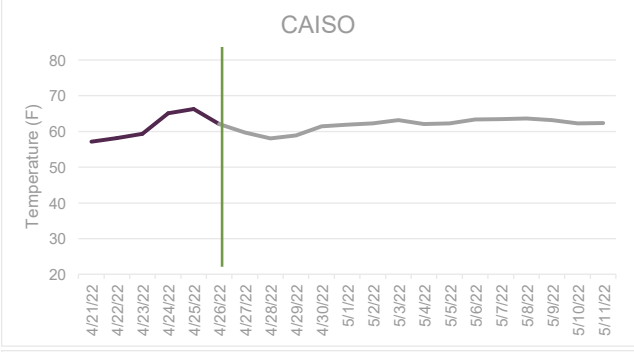

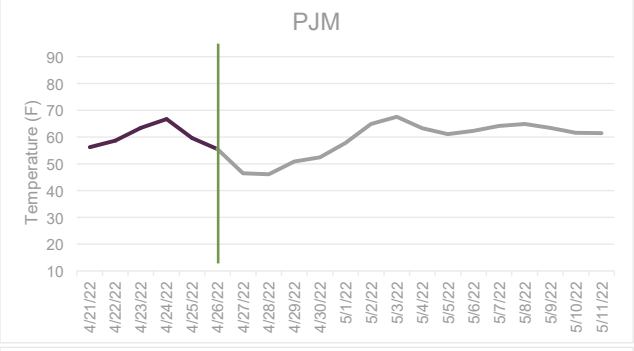

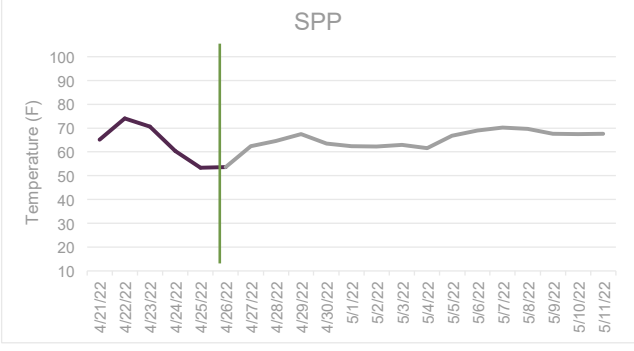

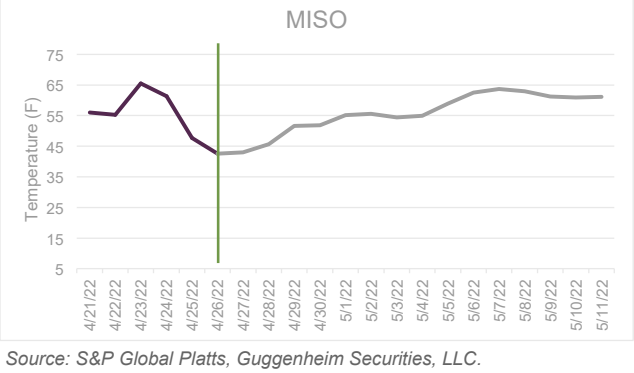

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR – Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR – Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	234	65.73%	58	24.79%
NEUTRAL	117	32.87%	14	11.97%
SELL	5	1.40%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

EQUITY RESEARCH FIRST GLANCE

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Wynne Lam, CFA (Senior Associate)
(212) 266-4040, wynne.lam@rbccm.com

May 9, 2022

Exelon Corporation

1Q22 results in line with consensus; reiterates 2022 EPS guidance

Sentiment: Neutral

Our view: We expect Exelon to perform in line with peers this morning despite a penny miss. We believe the spotlight will center on ComEd's earnings expectations under a supportive rate environment. Exelon expects a 4-cent positive EPS impact per 50-bps increase in distribution ROE. On the call, we expect management to cover regulatory updates, inflation, headroom for ratemaking, and balance sheet management.

First impression:

Exelon Corp. reported 1Q22 adjusted EPS of $0.64, same as our estimate and a penny below consensus. EXC reaffirmed full-year 2022 adjusted EPS guidance of $2.18-$2.32.

Regulatory updates: ComEd filed its last annual distribution formula rate update with the ICC earlier in April. An approval is due by December with rates effective starting 2023. The filing is based on a ROE of 7.85%, reflecting average monthly yields for 30-year treasuries plus 580 bps. Turning to PECO's gas distribution rate case, EXC expects a final order some time in 4Q22.

Below are segment results for the quarter compared to our estimates:

- Utilities: $0.75 vs. $0.74 RBC
- Corp: -$0.11 vs. -$0.10 RBC

A conference call is scheduled for 10AM ET. Please dial in at 833-397-0944, pass code 5895167.

Sector Perform

NYSE: EXC; USD 47.06

Price Target USD 46.00

All values in USD unless otherwise noted.
Priced as of prior trading day's market close, EST (unless otherwise noted).

Disseminated: May 9, 2022 08:42EDT; Produced: May 9, 2022 08:42EDT
For Required Conflicts Disclosures, see page 2

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:48 AM

RBC Capital Markets appreciates your consideration in the 2022 Institutional Investor All-America and All-Canada Research Team survey.

Capital Markets

Company description

Exelon is one of the largest power companies in the U.S. Its six T&D utilities (ComEd, PECO, BG&E, PEPCO, DPL, ACE) serve more than 10 million electric and gas customers in DE, DC, IL, NJ, PA, and MD. Exelon operates 11,160 miles of regulated electric transmission lines and expects to have a total rate base of $52 billion by 2022. EXC separated from its generation business, Constellation, in February 2022.

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 31-Mar-2022

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	841	57.68	330	39.24
HOLD [Sector Perform]	569	39.03	172	30.23
SELL [Underperform]	48	3.29	3	6.25

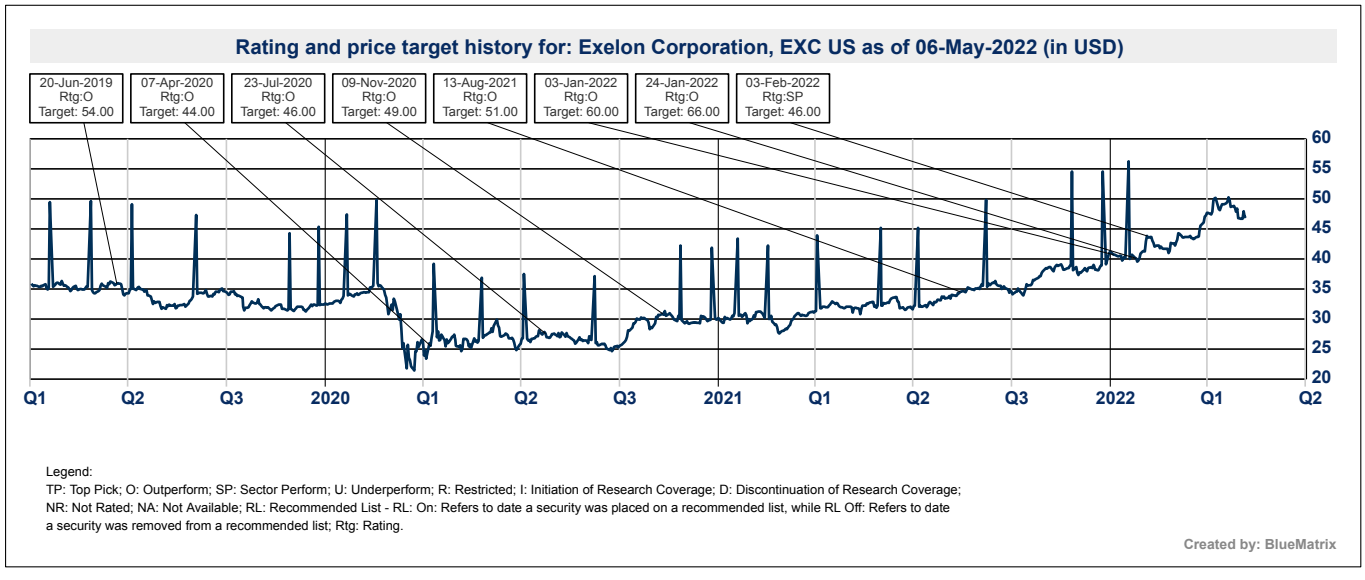

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). RBC Capital Markets recommended lists include the Strategy Focus List and the Fundamental Equity Weightings (FEW) portfolios. The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

RBC Capital Markets

Exelon Corporation

Valuation

Our $46 price target assumes a 19.1x P/E multiple on 2023E utilities EPS of $2.42. Our multiple reflects a slight 4% discount to our base case blended electric and gas multiple of 19.8x, resulting in equity value per share of $46. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Deteriorating credit metrics at utilities limit capital investments and/or lead to equity dilution
- Dividend growth slows
- Approval of decoupling mechanisms for remaining utilities leads to improved earnings and cash flow stability

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research and short-term trade ideas

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Equity Research Reports and to SPARC on the Firm's proprietary INSIGHT website, via email and via third-party vendors. SPARC contains market color and commentary regarding subject companies on which the Firm currently provides equity research coverage. Research Analysts may, from time to time, include short-term trade ideas in Research Reports and / or in SPARC. A short-term trade idea offers a short-term view on how a security may trade, based on market and trading events, and the resulting trading opportunity that may be available. A short-term trade idea may differ from the price targets and recommendations in our published Research Reports reflecting the Research Analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that a subject company's common equity that is considered a long-term 'Sector Perform' or even an 'Underperform' might present a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'Outperform' could be considered susceptible to a short-term downward price correction. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm generally does not intend, nor undertakes any obligation, to maintain or update short-term trade ideas. Short-term trade ideas may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at https://www.rbcinsightresearch.com.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party-disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

References herein to "LIBOR", "LIBO Rate", "L" or other LIBOR abbreviations means the London interbank offered rate as administered by ICE Benchmark Administration (or any other person that takes over the administration of such rate).

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Capital Markets

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Exelon Corp. (EXC): First Take: 1Q2022 misses GS, a little light of consensus; reiterating 2022 guidance

Michael Lapides
+1(212)357-6307 | michael.lapides@gs.com
Goldman Sachs & Co. LLC

Insoo Kim, CFA
+1(212)902-0459 | insoo.kim@gs.com
Goldman Sachs & Co. LLC

Rebecca Yuan, CFA
+1(212)357-4977 | rebecca.yuan@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(801)884-4034 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Exelon Corp (EXC, Neutral) reported 1Q2022 operating EPS of $0.64, below the GSe of $0.68 and Factset consensus of $0.65. For 2022, EXC reaffirmed its EPS guidance range of $2.18-$2.32 which compares to GS/consensus of $2.19/$2.26. The company also reiterated its long-term EPS growth target of 6%-8%.

Highlights from EXC's release and results include:

- **In 1Q2022, EXC beat at PECO and missed at ComEd and the Parent segment - relative to our forecasts.** ComEd, EXC's largest segment, reported 1Q2022 operating earnings of $0.20, below GS estimate of $0.23 and compared to 1Q2021 EPS of $0.20. Among the other subsidiaries, PECO reported $0.21 vs GS at $0.18, BGE at $0.20 vs GS at $0.20 and the PHI utilities at $0.14 vs GS at $0.14. Parent EPS of ($0.11) compared to our ($0.06) view although we note EXC's slides highlight +$0.07 impact for corporate allocations in 1Q2022.
- **EXC maintained guidance for the year,** despite higher interest rates likely leading, due to the authorized RoE formula in Illinois, to higher potential earnings power for its distribution business there.

Topics to monitor on EXC's call include: (1) current inflationary environment and impact to customer bills, (2) sources of potential upside for capital spending, (3) financing needs (including equity, if any), (4) updates in various rate case filings, especially the gas rate case at PECO, and (5) O&M cost management.

We are Neutral rated on EXC with a $45, 12-month price target based on a 19x P/E multiple on our 2023 EPS. Key risks include utility regulation, cost management and financing.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

EXC	12m Price Target: **$45.00**	Price: **$47.06**	Downside: **4.4%**

Neutral

Market cap: $46.1bn
Enterprise value: $81.6bn
3m ADTV: $378.5mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/21	12/22E	12/23E	12/24E
Revenue ($ mn)	16,698.0	17,353.1	18,024.3	18,782.9
EBITDA ($ mn)	6,102.0	6,782.1	7,387.7	8,031.7
EBIT ($ mn)	3,069.0	3,573.3	4,017.5	4,488.9
EPS ($)	2.08	2.19	2.39	2.64
P/E (X)	22.6	21.5	19.7	17.8
EV/EBITDA (X)	12.8	12.0	11.4	10.9
FCF yield (%)	(5.0)	(4.0)	(3.1)	(2.9)
Dividend yield (%)	3.3	2.9	3.1	3.3
Net debt/EBITDA (X)	5.3	5.2	5.1	5.0

	12/21	3/22E	6/22E	9/22E
EPS ($)	0.42	0.68	0.44	0.65

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 6 May 2022 close.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Disclosure Appendix

Reg AC

I, Michael Lapides, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Clearway Energy Inc., Consolidated Edison Inc., Constellation Energy Corp., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NRG Energy Inc., NextEra Energy Inc., NextEra Energy Partners, NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group, Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($47.06)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($47.06)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($47.06)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($47.06)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($47.06)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($47.06)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($47.06)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	35%	15%	65%	57%	45%

As of April 1, 2022, Goldman Sachs Global Investment Research had investment ratings on 3,143 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

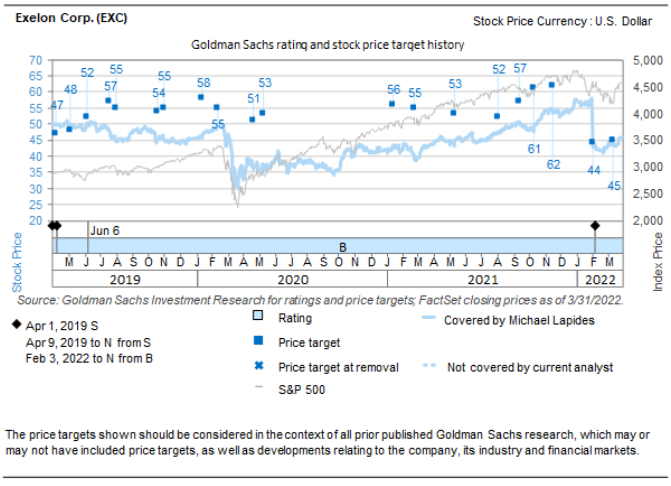

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at:

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region's Investment Review Committee manages Regional Conviction lists, which represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Effective from the date of the United Kingdom's departure from the European Union and the European Economic Area ("Brexit Day") the following information with respect to distributing entities will apply:

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland, the Republic of Cyprus and the Republic of Ireland; GS -Succursale de Paris (Paris branch) which, from Brexit Day, will be authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by the Global Investment Research division of GS may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2022 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Exelon Corp.

1Q22 Meet the Street; Minor Regulatory Updates Highlight Quiet Quarter

Overweight

EXC, EXC US
Price: $47.06
06 May 2022

North American Utilities
Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>
Ryan Karnish
(1-212) 622-1270
ryan.karnish@jpmchase.com
Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com
Brandon Travis, CFA
(1-646) 320-9830
brandon.travis@jpmchase.com
J.P. Morgan Securities LLC

- **1Q22 results in line with consensus.** EXC reported 1Q22 adjusted EPS of $0.64, in line with the Street median $0.65 and shy of the JPMe $0.68. ComEd represented the largest delta versus our estimates, with a customer refund driving lower earnings YoY. New rates across EXC's utilities largely drove YoY growth, before partial offsets from higher expenses and other factors. Results also include a -1c storm cost headwind at PHI. Additionally, EXC's Parent drag reflects -2c of BSC costs related to ExGen that do not qualify for discontinued operations, which the company has factored into its 2022 guidance. EXC reaffirmed its $2.18-2.32 2022 guidance range (JPMe/Street median $2.28/$2.26).
- **Minor regulatory updates highlight a quiet quarter.** At the end of March, PECO Gas filed a request for an +$82mm rate increase, with a decision expected by year-end. Outside of PECO, EXC's regulatory calendar remains light, with only small Delmarva cases currently in progress. Moreover, last month ComEd filed its last distribution formula rate update in IL for rates that would take effect in 2023. Early next year, ComEd will make its first multi-year plan filing under recent IL legislation transitioning the state away from formula rates. We remain focused on the proceeding given potential increases to ComEd's ROE and will look for a progress update on the call.
- **Conference call details.** EXC will host a conference call to discuss 1Q22 results on Monday, May 9, at 10:00 AM EDT. Dial-in: 833-397-0944; PIN: 5895167.

Table 1: EXC 1Q22 Results

Income Statement:	Actual 1Q21	Actual 1Q22	JPM 1Q22E	% Chg Y/Y	% Chg vs JPMe	YoY Drivers
Adj Op EPS by Segment						
ComEd	$0.20	$0.20	$0.22	-3%	-10%	+1c distribution rates, -1c other
PECO	$0.17	$0.21	$0.20	22%	7%	+4c distribution rates
BGE	$0.22	$0.20	$0.21	-6%	-5%	+1c T&D rates, -1c D&A, -2c other
PHI	$0.13	$0.14	$0.15	4%	-10%	+3c T&D rates, -1c storm costs, -1c D&A
Corporate & Other	($0.20)	($0.11)	($0.10)	-48%	3%	Includes a -2c discontinued ops adjustment
Adjusted Operating EPS	**$0.52**	**$0.64**	**$0.68**	**22%**	**-6%**	

Source: Company reports and J.P. Morgan estimates. 1Q21 results reflect original reporting; amounts subsequently restated for ExGen separation.

See page 2 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
09-May-19	N	46.90	51
02-Aug-19	N	44.40	49
13-Oct-19	N	47.51	52
05-Nov-19	N	44.50	49
15-Jan-20	N	45.81	47
20-Feb-20	N	49.60	51
21-Apr-20	N	37.07	46
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), Nextera Energy Partners (NEP), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), Shell Midstream Partners, L.P. (SHLX), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

J.P. Morgan Equity Research Ratings Distribution, as of April 02, 2022

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	51%	37%	12%
IB clients**	52%	47%	36%
JPMS Equity Research Coverage*	51%	37%	12%
IB clients**	75%	68%	51%

*Please note that the percentages might not add to 100% because of rounding.
**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is regulated by the OJK a.k.a. BAPEPAM LK. **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

(FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 093/09/2021 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. Any data discrepancies in this material could be the result of different calculations and/or adjustments. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised April 09, 2022.

Copyright 2022 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

Morgan Stanley | RESEARCH

UPDATE

May 6, 2022 05:31 PM GMT

Exelon Corp | North America

Risk Reward Update

Stock Rating	Industry View	Price Target
Overweight	In-Line	$54.00

Risk Reward for Exelon Corp (EXC.O) has been updated

WHAT'S CHANGED

Updated Components

EPS

Reason for change

We are updating our model with 4Q21 actuals.

MORGAN STANLEY & CO. LLC

Stephen C Byrd
EQUITY ANALYST
Stephen.Byrd@morganstanley.com +1 212 761-3865

Exelon Corp (EXC.O, EXC US)

Regulated Utilities / United States of America

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	**$54.00**
Shr price, close (May 5, 2022)	$46.90
52-Week Range	$50.71-30.52

Fiscal Year Ending	**12/21**	**12/22e**	**12/23e**	**12/24e**
EPS ($)**	2.82	2.24	2.39	2.60
Prior EPS ($)**	2.70	2.26	2.41	2.63

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Morgan Stanley | RESEARCH

UPDATE

Risk Reward – Exelon Corp (EXC.O)

Low Risk, Wires-Only Utility at an Attractive Entry Point

PRICE TARGET $54.00

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8%, a lower business risk profile, long tail of investment opportunities, strong ESG profile, and low exposure to physical risks of climate change.

Consensus Price Target Distribution

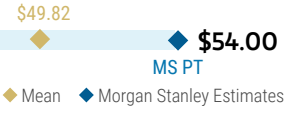

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

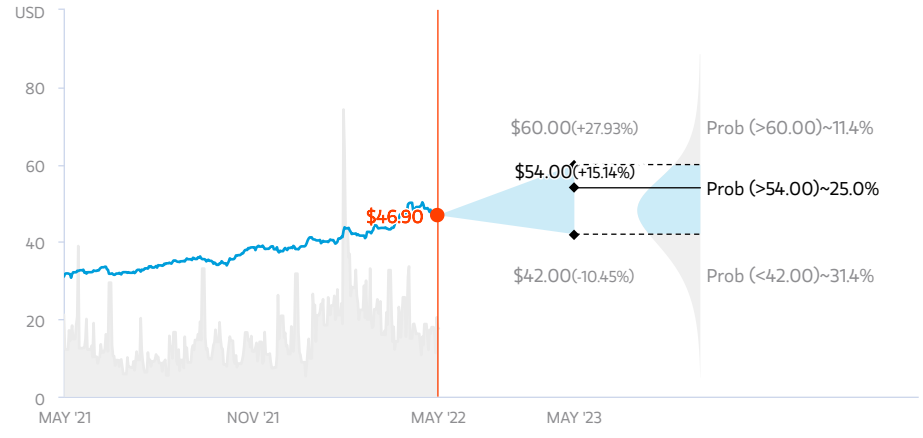

Key: Historical Stock Performance Current Stock Price Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 05 May, 2022. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

Post-spin of the merchant business EXC becomes a low risk, wires-only utility that, in our view, deserves to trade at a valuation premium to the large cap electric group given:

- Above-average EPS growth of 6-8% vs. a typical annual 6% growth rate for peers;
- Low business risk associated with being a wires-only utility;
- Material need for transmission infrastructure in the country that drives a long tail of strong growth opportunities;
- Strong ESG profile with no generation exposure (no exposure to fossil fuels); and
- Low exposure to physical risks from climate change

Consensus Rating Distribution

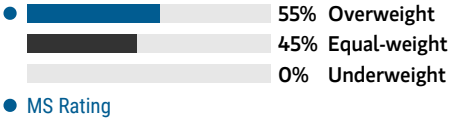

Source: Refinitiv, Morgan Stanley Research

BULL CASE $60.00

10% premium to peer group

Earnings that grow at a 10% annual rate from 2021 levels and a 15% premium to the large cap electric peer group that reflects the higher growth profile.

BASE CASE $54.00

10% premium to peer group

We value the regulated utilities' 2023 earnings by applying the large-cap regulated group P/E multiple at a 10% premium to account for above average earnings growth of 6-8%, a lower business risk profile, long tail of investment opportunities, strong ESG profile, and low exposure to physical risks of climate change.

BEAR CASE $42.00

In-line P/E multiple

Lower earnings driven by a 9.5% ROE and a 45% equity ratio and an in-line P/E multiple to the peer group.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Risk Reward – Exelon Corp (EXC.O)

KEY EARNINGS INPUTS

Drivers	2021	2022e	2023e	2024e
EPS Growth (%)	(12.5)	(20.4)	6.4	8.8
Rate Base Growth (%)	8.9	9.1	6.4	8.2
FFO/Debt (%)	20.2	14.4	14.6	14.7

INVESTMENT DRIVERS

- Rate case (ROE, Equity Ratio) and other regulatory outcomes
- Capital expenditures and Rate Base growth opportunities
- Reliability of earnings growth
- O&M management
- Regulatory/legislative environment in IL

GLOBAL REVENUE EXPOSURE



100% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

SUSTAINABILITY & ESG

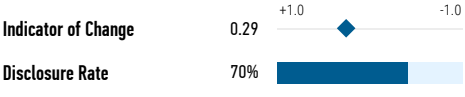

RISKS TO PT/RATING

RISKS TO UPSIDE

- Clean energy policy legislation that supports the build out of T&D infrastructure
- Material capital upside relative to current capital
- Additional O&M reduction programs

RISKS TO DOWNSIDE

- Unfavorable regulatory/legislative outcomes
- Failure to execute on growth en-devours and to achieve cost reduction targets

OWNERSHIP POSITIONING

Inst. Owners, % Active	60.8%
HF Sector Long/Short Ratio	1.2x
HF Sector Net Exposure	0.5%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2023e

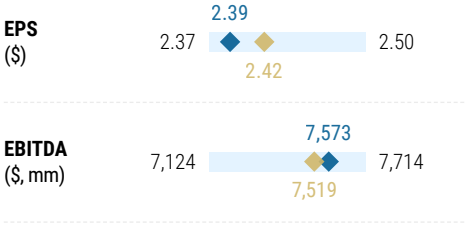

Source: Refinitiv, Morgan Stanley Research

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., and/or Morgan Stanley Canada Limited. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., Morgan Stanley Canada Limited and their affiliates as necessary.
For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.
For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Stephen C Byrd.

.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

As of April 29, 2022, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Duke Energy Corp, Edison International, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Spire Inc.
Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Algonquin Power & Utilities Corp, Ameren Corp, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, PG&E Corp, Sempra Energy, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Algonquin Power & Utilities Corp, Ameren Corp, AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, PPL Corp, Sempra Energy, Southern Company, Xcel Energy Inc.
In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
Morgan Stanley & Co. LLC makes a market in the securities of Ameren Corp, Atmos Energy Corp., CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, ONE Gas Inc, PG&E Corp, Pinnacle West Capital Corp, PPL Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.
The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.
Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.
Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Morgan Stanley | RESEARCH

UPDATE

Global Stock Ratings Distribution

(as of April 30, 2022)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm. For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)			OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC)	
STOCK RATING CATEGORY	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	COUNT	% OF TOTAL OTHER MISC
Overweight/Buy	**1424**	**40%**	**374**	**44%**	**26%**	**626**	**40%**
Equal-weight/Hold	**1564**	**44%**	**373**	**44%**	**24%**	**705**	**45%**
Not-Rated/Hold	**0**	**0%**	**0**	**0%**	**0%**	**0**	**0%**
Underweight/Sell	**564**	**16%**	**95**	**11%**	**17%**	**219**	**14%**
TOTAL	**3,552**		**842**			**1550**	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Morgan Stanley | RESEARCH

UPDATE

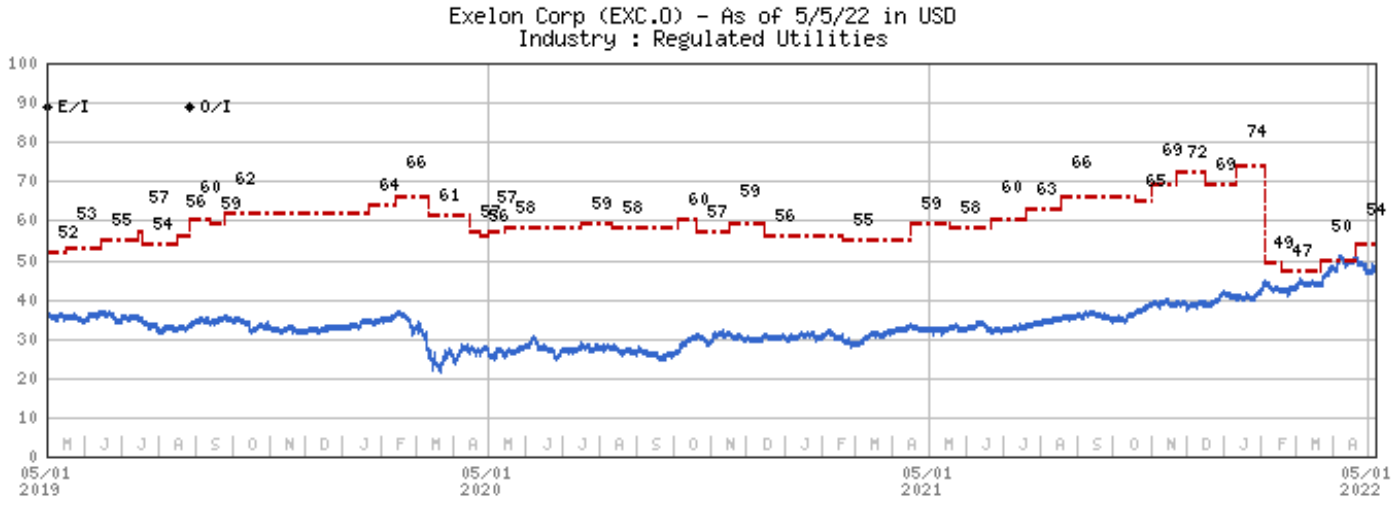

Stock Rating History: 5/1/17 : E/I; 8/27/19 : O/I

Price Target History: 4/10/17 : 39; 6/7/17 : 40; 7/10/17 : 37; 9/8/17 : 40; 10/11/17 : 39; 11/10/17 : 42; 12/13/17 : 43; 1/11/18 : 42; 2/8/18 : 41; 3/8/18 : 40; 4/13/18 : 43; 5/15/18 : 42; 6/13/18 : 41; 7/13/18 : 43; 9/11/18 : 46; 9/21/18 : 48; 9/26/18 : 47; 11/2/18 : 48; 11/9/18 : 49; 12/14/18 : 52; 1/11/19 : 47; 2/12/19 : 49; 3/13/19 : 50; 4/18/19 : 52; 5/16/19 : 53; 6/14/19 : 55; 7/16/19 : 57; 7/19/19 : 54; 8/16/19 : 56; 8/27/19 : 60; 9/13/19 : 59; 9/25/19 : 62; 1/22/20 : 64; 2/14/20 : 66; 3/12/20 : 61; 4/15/20 : 57; 4/23/20 : 56; 4/30/20 : 57; 5/15/20 : 58; 7/17/20 : 59; 8/11/20 : 58; 10/5/20 : 60; 10/20/20 : 57; 11/17/20 : 59; 12/15/20 : 56; 2/18/21 : 55; 4/16/21 : 59; 5/18/21 : 58; 6/21/21 : 60; 7/20/21 : 63; 8/19/21 : 66; 10/19/21 : 65; 11/2/21 : 69; 11/22/21 : 72; 12/16/21 : 69; 1/11/22 : 74; 2/3/22 : 49; 2/18/22 : 47; 3/22/22 : 50; 4/20/22 : 54

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)

Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC & E*TRADE Securities LLC Customers

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC or Morgan Stanley or any of their affiliates, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to www.morganstanley.com/researchdisclosures.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC and E*TRADE Securities LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of Algonquin Power & Utilities Corp, Ameren Corp, Atmos Energy Corp., AVANGRID, Inc, CenterPoint Energy Inc, CMS Energy Corp, Consolidated Edison Inc, Dominion Energy Inc, DTE Energy Co., Duke Energy Corp, Edison International, Entergy Corp, Eversource Energy, **Exelon Corp**, FirstEnergy Corp, PG&E Corp, Sempra Energy, South Jersey Industries Inc, Southern Company, Spire Inc, Xcel Energy Inc.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Asia International Limited, Hong Kong Branch; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Asia International Limited, Singapore Branch (Registration number T11FC0207F); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of and takes responsibility for its contents in Canada; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia , and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Morgan Stanley | RESEARCH

UPDATE

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.
Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.
Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.
The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products.
Morgan Stanley may hold, from time to time, material financial and commercial interests regarding the company subject to the Research report.

INDUSTRY COVERAGE: Regulated Utilities

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/05/2022)
David Arcaro, CFA		
AVANGRID, Inc (AGR.N)	++	$44.23
Consolidated Edison Inc (ED.N)	U (07/02/2020)	$92.66
Eversource Energy (ES.N)	E (10/19/2021)	$89.82
Stephen C Byrd		
Algonquin Power & Utilities Corp (AQN.N)	++	$13.82
Ameren Corp (AEE.N)	E (04/14/2020)	$93.25
Atmos Energy Corp. (ATO.N)	O (12/15/2020)	$115.04
CenterPoint Energy Inc (CNP.N)	O (02/17/2022)	$30.94
CMS Energy Corp (CMS.N)	E (07/31/2017)	$67.48
Dominion Energy Inc (D.N)	E (08/31/2021)	$83.04
DTE Energy Co. (DTE.N)	O (01/06/2022)	$128.83
Duke Energy Corp (DUK.N)	E (08/25/2014)	$110.05
Edison International (EIX.N)	E (01/12/2015)	$68.82
Entergy Corp (ETR.N)	U (01/06/2022)	$118.30
Exelon Corp (EXC.O)	O (08/27/2019)	$46.90
FirstEnergy Corp (FE.N)	O (03/23/2020)	$42.48
ONE Gas Inc (OGS.N)	E (01/06/2022)	$84.79
PG&E Corp (PCG.N)	E (11/15/2018)	$12.61
Pinnacle West Capital Corp (PNW.N)	E (03/23/2020)	$72.80
PPL Corp (PPL.N)	E (07/16/2013)	$28.80
Sempra Energy (SRE.N)	E (08/10/2018)	$161.12
Southern Company (SO.N)	U (08/13/2014)	$74.06
South Jersey Industries Inc (SJI.N)	E (05/28/2021)	$34.18
Spire Inc (SR.N)	E (09/01/2020)	$73.52
Xcel Energy Inc (XEL.O)	E (10/19/2021)	$72.79

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

© 2022 Morgan Stanley

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	93.25	Buy
ALE	59.81	Neutral
D	83.04	Buy
ED	92.66	Sell
ES	89.82	Neutral
EVRG	68.28	Buy
EXC	46.90	Neutral
NJR	43.19	Neutral
NRG	37.71	Neutral
OGE	39.34	Buy
PCG	12.61	Buy
PPL	28.80	Buy
SR	73.52	Neutral
SRE	161.12	Buy
VST	25.41	Buy

The Guggenheim Daily Transmission: ALE, D, ED, ES, EVRG, NJR, OGE, PPL, SRE, VST, NRG, AEE, SR, Solar, PCG, EXC, Nuclear/CT

For details on our Guggenheim-hosted client Utility events including: our CNP NDR; AGA Conference meetings; EVRG NDR; AWK NDR; EXC NDR; LNT NDR; ES NDR; SO NDR; CMS NDR; DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; OGS NDR; and other events, scroll down…

ALE: MN Power Heads Into Key Regulatory Stretch (see our note HERE)

D: Solid Quarter Comes with Excellent Solar Update, and No, Millstone Still Isn't For Sale (see our note HERE)

ED: 1Q EPS Largely In-Line With a Sense of Normalcy in a Turbulent Market; No Surprises as ED Turns in a Benign Quarter, But Valuation Remains Elevated (see our note HERE)

ES: Is 1Q the New 4Q? Offshore Wind Goes on the Block – We Fully Agree, Time to Focus on Basics (see our note HERE)

EVRG: Good Start to 2022 as MO Cases Come Into Focus (see our note HERE)

NJR: Energy Services One-Timer Drives Beat and 2022 Raise; 7%–9% Annual Growth Reiterated Despite Solar Capex Cuts but Questions Remain (see our note HERE)

OGE – 1Q EPS Beat: Post COVID Recovery in Full Swing; ET Transformation Coming Together (see our note HERE)

PPL: Ocean State? More Like Waiting State… (see our note HERE)

SRE: 1Q Beat Sets Strong Start for '22; All Focus on LNG Gyrations; We See Path to 45 MTPA but Timeline Still Unclear (see our note HERE)

VST – VST reports 1Q22 results; call at **8:00am ET**

NRG – NRG to report 1Q22 results; call at **9:00am ET**

AEE – AEE reports 1Q22 results; call at **10:00am ET**

SR – SR reports F2Q22 results; call at **11:00am ET**; Net economic EPS of $3.42 vs Gugg/consensus at $3.10/$3.12; narrows FY22 net economic EPS guidance of to $3.75-3.95 ($3.85 midpoint unchanged)

Solar – DOE secretary voices concern of DOC solar tariff anti-circumvention investigation

PCG – PCG issues $3.6B securitization

EXC – Rebuttal testimony filed in ComEd performance docket

Nuclear/CT – New nuclear construction legislation advances in CT

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

SR reports F2Q22 net economic EPS of $3.42 vs. Gugg/consensus at $3.10/$3.12; narrows FY22 net economic EPS guidance to $3.75-3.95 ($3.85 midpoint unchanged) vs. $3.70-4.00 ($3.85) previously, and compared to Gugg/consensus at $3.84/3.95

- Narrowed FY22 midpoint of **$3.85 compares vs. Gugg at $3.84** and consensus at $3.95.
- Reiterates confidence in 5%-7% long-term EPS growth.
- Capex: $3.1bn budget through 2026 remains unchanged.
- FY22 capex now expected to be $540m (reflecting the deferral of non-operational overhead costs for Spire Missouri into a regulatory asset).
- Reiterates 7%-8% annual rate base growth.
- *Presentation and accompanying details not yet released.*
- Earnings call will be held today at **11:00 AM ET**… Dial-in: **844-824-3832**…(**no access code**)

Solar ─ DOE secretary voices concern of DOC solar tariff anti-circumvention investigation

- Energy Secretary Jennifer Granholm voiced concern over the DOC warned a Senate panel that the investigation could be detrimental to clean energy goals and economic development.
- "At stake is the complete smothering of the investment and jobs and the independence that we would be seeking as a nation to get our fuel from our own generation sources," Granholm from Senate budget meeting.
- More media coverage here.

Guggenheim takeaway: FYI. The voices from within the administration now appear clearly supportive, in our view, of an expedited resolution to the DOC investigation.

PCG ─ PCG issues $3.6B securitization

- PCG announced the PG&E has entered into an agreement to issue the $3.6B rate neutral securitization bonds as part of the post-bankruptcy financing approval.
- More on PG&E SEC filings here.

Guggenheim takeaway: FYI, as we anticipated, PG&E continues to move through post-bankruptcy securitization. The mechanisms for securitization have been scrutinized and first bond issuances are commencing.

EXC ─ Rebuttal testimony filed in ComEd performance docket

- "Staff and many intervenors provided a variety of perspectives on that proposal in their direct testimonies. ComEd appreciates the feedback and proposals provided by Staff and Intervenors and we considered all of them carefully. While ComEd continues to believe its original proposal was worthy of approval, ComEd has decided to voluntarily modify seven (7) of its eight (8) proposed performance metrics and two (2) of the tracking metrics, and add two (2) new tracking metrics for a total of 13 tracking metrics." - EXC
- More HERE.

Guggenheim takeaway: *Minor FYI – this docket is part of the performance opportunities introduced with CEJA.*

Nuclear/CT ─ New nuclear construction legislation advances in CT

- HB5202 appears to have passed the House and Senate.
- More HERE.

Guggenheim takeaway: *Minor FYI – the bill appears to be narrowly tailored to the Millstone site and has waste requirements.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

David Lesar, *President and Chief Executive Officer*
Jason Wells, *EVP & Chief Financial Officer*
Jackie Richert, *VP, Investor Relations and Treasurer*

Date

Monday, May 9, 2022 – Baltimore/New York
Tuesday, May 10, 2022 – New York

Meeting Format

In-person NDR - 1:1 Meetings, Group Lunch, Group Dinner

Company Information

Market Cap: $17.9bn

CenterPoint Energy, Inc. is a holding company, which engages in the business of power generation and distribution. It operates through the following segments: Houston Electric Transmission & Distribution (T&D), Indiana Electric Integrated, Natural Gas Distribution, Energy Services, Infrastructure Services, Midstream Investments, and Corporate and Other. The Electric T&D segment offers electric transmission and distribution services. The Indiana Electric Integrated segment includes energy delivery services to electric customers and electric generation assets to serve electric customers and optimize those assets in the wholesale power market. The Natural Gas Distribution segment provides regulated natural gas distribution services. The Energy Services segment offers non-rate regulated natural gas sales to, and transportation and storage services, for commercial and industrial customers. The Infrastructure Services segment focuses on underground pipeline construction and repair services. The Midstream Investments segment consists of the equity method investment in Enable. The Other Operations segment consists of office buildings and other real estate used for business operations and home repair protection plans. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Corporate Access

SAVE THE DATE

2022 AGA Financial Forum

The Guggenheim Utilities Research Team will be hosting meetings with company management.

Client Dinner

We will be hosting a dinner with Shar Pourreza and Mark McLain on May 16th at 6:30PM ET.

Location: Byblos Miami.

Tuesday, May 17th	
Time	*Co.*
9:30–10:10	AVA
10:20–11:00	D
11:10–11:50	NWE
12:00–12:40	BKH
12:50–1:30	NJR
1:40–2:20	PEG
2:30–3:10	DTE
3:20–4:00	DUK
4:10–4:50	ED/NWN

Wednesday, May 18th	
Time	*Co.*
8:40–9:20	SRE
9:30–10:10	SR
10:20–11:00	AEE
11:10–11:50	SO
12:00–12:40	WEC
1:00–1:40	CMS
1:50–2:30	OGS
2:40–3:20	CPK
3:30–4:10	CNP
4:20–5:00	NI

Dates

May 16 (Dinner only), May 17–May 18 (1x1 meetings)

Location

Loews Miami Beach Hotel, 1601 Collins Avenue, Miami Beach, Florida

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Evergy, Inc. (EVRG)

Kirk Andrews, *Chief Financial Officer*
Lori Wright, *VP, Corporate Planning, IR and Treasurer*
Cody VandeVelde, *Director, Investor Relations*

Dates & Locations

Tuesday, May 24 | Boston
Wednesday, May 25 | Virtual

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $16.2bn

Evergy, Inc. (EVRG) is a holding company, which engages in the provision of electricity through its subsidiaries. It focuses on the regulation of electric utilities and development of electric transmission projects. The company was founded in 2017 and is headquartered in Kansas City, MO. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President, Chief Executive Officer and Chief Financial Officer*
Cheryl Norton, *EVP and Chief Operating Officer*
John Griffith, *Incoming EVP and Chief Financial Officer**
Aaron Musgrave, *Senior Director, Investor Relations*

** effective May 16, 2022*

Date
Thursday, May 26, 2022
New York (Guggenheim Securities – 330 Madison Ave)

Meeting Format
1:1 Meetings & Group Lunch

Company Information
Market Cap: $31.1bn
American Water Works Co., Inc. engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment provides water and wastewater services to customers. The Market-Based Businesses segment is responsible for Military Services Group, Contract Operations Group, Homeowner Services Group, and Keystone Operations. The Other segment includes corporate costs that are not allocated to the Company's operating segments, eliminations of inter-segment transactions, fair value adjustments and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Joseph Nigro, *Chief Financial Officer*
Jeanne Jones, *SVP, Corporate Finance*
Andrew Plenge, *VP, Investor Relations*

Date
June 1 & 2, 2022
Midwest

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $49.1bn
Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO)

Daniel Tucker, Chief Financial Officer

Scott Gammill, Director, Investor Relations

Date

June 9 & 10, 2022

West Coast

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $16.2bn

American Water Works Co., Inc. is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, Florida, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Florida, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings

Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite

Location: TBD

Tuesday, July 12th

11:30 AM | Lunch

Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience

Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game

Southern Company C-Suite will host in their private box. Dinner will be served.

Participating Guggenheim Analyst

Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*

Logistics

Transportation details, logistics and hotel recommendations to follow

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim's Power & Utility Comp Sheet

5/5/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$59.81	3,409	3.75	3.89	4.06	4.32	–	–	–	–	15.9x	15.4x	14.7x	13.8x	-22%	-20%	-18%	-18%	7.6%	4.5%	72%	Neutral	$65	13%	Neutral	$67	17%
AVA	$40.86	2,960	1.94	2.47	2.59	2.72	–	–	–	–	21.1x	16.5x	15.8x	15.0x	3%	-14%	-12%	-11%	6.7%	4.4%	93%	Sell	$34	-12%	Neutral	$44	12%
NWE	$58.37	3,160	3.34	3.57	3.88	4.05	0.04	0.04	0.17	–	17.5x	16.4x	15.0x	14.4x	-14%	-15%	-16%	-14%	3.8%	4.4%	77%	Neutral	$58	4%	Buy	$63	11%
POR	$46.91	4,186	2.58	2.98	3.12	3.25	–	0.07	0.08	0.08	18.2x	15.7x	15.0x	14.4x	-11%	-18%	-16%	-14%	4.6%	3.9%	71%	Buy	$57	25%	Neutral	$53	17%
		13,714									**18.2x**	**16.0x**	**15.1x**	**14.4x**	**-11%**	**-16%**	**-15%**	**-14%**	**5.7%**	**4.3%**	**78%**						
Mid/Large Cap Electric																											
AEE	$93.25	24,067	4.04	4.32	4.64	4.95	–	(0.03)	–	–	23.1x	21.6x	20.1x	18.8x	13%	13%	12%	12%	6.5%	2.6%	60%	Buy	$95	4%	Buy	$98	8%
AEP	$99.66	51,180	4.98	5.30	5.64	6.00	–	–	–	–	20.0x	18.8x	17.7x	16.6x	-2%	-2%	-1%	-1%	6.1%	3.2%	65%	Buy	$109	13%	Buy	$106	10%
CMS	$67.48	19,578	2.88	3.14	3.41	3.64	–	–	–	–	23.4x	21.5x	19.8x	18.5x	15%	12%	11%	10%	8.3%	2.8%	66%	Neutral	$70	7%	Buy	$72	10%
CNP	$30.94	19,475	1.38	1.49	1.61	1.73	–	–	–	–	22.4x	20.8x	19.2x	17.9x	10%	9%	7%	6%	8.0%	2.3%	51%	Buy	$34	12%	Buy	$33	9%
D	$83.04	67,368	4.12	4.40	4.70	5.00	–	–	–	–	20.2x	18.9x	17.7x	16.6x	-1%	-1%	-1%	-1%	6.1%	3.3%	66%	Buy	$90	12%	Buy	$90	12%
DTE	$128.83	24,960	5.98	6.29	6.73	7.13	0.04	0.04	0.05	(0.05)	21.5x	20.5x	19.1x	18.1x	6%	7%	7%	7%	4.5%	2.8%	61%	Buy	$145	15%	Buy	$138	10%
DUK	$110.05	84,727	5.48	5.81	6.15	6.50	–	0.03	–	(0.04)	20.1x	18.9x	17.9x	16.9x	-1%	-1%	-0%	1%	5.5%	3.7%	74%	Buy	$119	12%	Buy	$114	8%
ED	$92.66	32,829	4.51	4.89	5.18	5.38	–	0.05	0.14	0.14	20.5x	18.9x	17.9x	17.2x	1%	-1%	-0%	2%	5.3%	3.5%	71%	Sell	$80	-10%	Sell	$85	-5%
EIX	$68.82	26,234	4.64	4.92	5.25	5.60	0.11	0.04	0.07	0.23	14.8x	14.0x	13.1x	12.3x	-27%	-27%	-27%	-27%	5.1%	4.1%	61%	Buy	$82	23%	Buy	$75	14%
ES	$89.82	30,965	4.10	4.34	4.65	5.00	–	–	–	–	21.9x	20.7x	19.3x	18.0x	7%	8%	8%	7%	6.7%	2.9%	64%	Neutral	$92	5%	Neutral	$93	7%
ETR	$118.30	24,059	6.33	6.81	7.21	7.57	–	0.07	0.08	–	18.7x	17.4x	16.4x	15.6x	-8%	-9%	-8%	-7%	5.9%	3.5%	65%	Buy	$129	13%	Buy	$128	12%
EVRG	$68.28	15,499	3.52	3.77	4.02	4.30	–	–	–	–	19.4x	18.1x	17.0x	15.9x	-5%	-5%	-5%	-6%	5.0%	3.5%	67%	Buy	$77	16%	Buy	$74	11%
EXC	$46.90	45,968	2.27	2.41	2.58	2.82	–	–	–	–	20.7x	19.5x	18.2x	16.6x	1%	2%	2%	-1%	–	3.0%	61%	Neutral	$49	7%	Buy	$49	8%
FE	$42.48	24,253	2.44	2.57	2.75	2.95	0.03	–	–	–	17.4x	16.5x	15.4x	14.4x	-15%	-14%	-14%	-14%	3.2%	3.7%	65%	Neutral	$43	5%	Buy	$48	17%
LNT	$58.86	14,763	2.75	2.90	3.04	3.23	–	–	(0.03)	(0.04)	21.4x	20.3x	19.4x	18.2x	5%	6%	8%	8%	5.3%	3.0%	64%	Neutral	$60	5%	Neutral	$64	11%
OGE	$39.34	7,876	2.28	2.39	2.52	2.64	0.15	0.26	0.27	0.18	17.3x	16.5x	15.6x	14.9x	-15%	-14%	-13%	-11%	4.0%	4.2%	73%	Buy	$43	14%	Buy	$42	10%
PCG	$12.61	31,086	1.11	1.24	1.34	1.45	–	–	–	–	11.4x	10.2x	9.4x	8.7x	-44%	-47%	-47%	-48%	9.7%	0.2%	3%	Buy	$19	51%	Buy	$16	28%
PEG	$68.89	34,394	3.56	3.73	4.18	4.55	0.08	0.04	0.10	–	19.4x	18.5x	16.5x	15.1x	-5%	-3%	-8%	-10%	5.7%	3.2%	62%	Buy	$75	12%	Buy	$76	14%
PNW	$72.80	8,226	4.05	4.25	4.50	4.75	–	–	–	–	18.0x	17.1x	16.2x	15.3x	-12%	-10%	-10%	-9%	-3.5%	4.8%	86%	Sell	$60	-13%	Sell	$74	6%
PPL	$28.80	21,194	1.57	1.72	1.79	1.85	0.07	0.06	0.05	0.05	18.3x	16.7x	16.1x	15.6x	-10%	-12%	-10%	-7%	15.2%	3.4%	62%	Buy	$33	18%	Buy	$31	12%
SO	$74.06	78,742	3.55	3.80	4.15	4.40	–	–	–	0.04	20.9x	19.5x	17.8x	16.8x	2%	2%	-0%	0%	6.6%	3.7%	77%	Buy	$76	6%	Neutral	$74	3%
WEC	$101.07	31,881	4.38	4.59	4.89	5.21	–	–	–	(0.03)	23.1x	22.0x	20.7x	19.4x	13%	15%	15%	15%	6.1%	2.9%	68%	Neutral	$104	6%	Neutral	$105	7%
Mid/Lg Cap (excl. EIX, PCG)											**20.4x**	**19.1x**	**17.9x**	**16.8x**					**5.5%**	**3.3%**	**66%**						
Regulated Electrics		**733,040**									**20.0x**	**18.6x**	**17.4x**	**16.4x**					**5.5%**	**3.5%**	**68%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	LTG EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$41.40	4,530	2.21	2.41	2.47	2.69	0.07	0.12	0.07	0.06	18.7x	17.2x	16.8x	15.4x	-8%	-10%	-6%	-9%	4.6%	3.4%	64%	Neutral	$41	2%	Sell	$41	2%
NEE	$71.84	141,130	2.84	3.07	3.31	3.59	–	0.03	0.04	0.07	25.3x	23.4x	21.7x	20.0x	24%	22%	21%	19%	8.9%	2.4%	62%	Buy	$91	29%	Buy	$92	31%
SRE	$161.12	50,877	8.54	9.08	9.58	10.21	–	0.08	–	0.07	18.9x	17.7x	16.8x	15.8x	-7%	-7%	-6%	-6%	4.9%	3.0%	56%	Buy	$174	11%	Buy	$174	11%
		196,537									**21.0x**	**19.4x**	**18.4x**	**17.1x**	**3%**	**2%**	**3%**	**1%**	**6.1%**	**2.9%**	**61%**						
Gas LDCs																											
NI	$29.31	11,894	1.45	1.53	1.70	1.84	–	–	–	–	20.2x	19.2x	17.2x	15.9x	1%	3%	-1%	-3%	7.7%	3.3%	66%	Buy	$32	12%	Buy	$32	13%
CPK	$128.53	2,278	5.13	5.55	5.93	6.32	–	(0.07)	0.05	0.09	25.1x	23.2x	21.7x	20.3x	25%	24%	24%	24%	7.6%	1.7%	42%	Neutral	$136	7%	Buy	$141	11%
NJR	$43.19	4,153	2.35	2.43	2.62	2.78	0.05	–	–	–	18.4x	17.8x	16.5x	15.5x	-8%	-5%	-5%	-5%	6.5%	3.5%	65%	Neutral	$41	-2%	Neutral	$46	11%
NWN	$49.02	1,679	2.56	2.73	2.83	2.97	–	0.07	–	–	19.1x	18.0x	17.3x	16.5x	-4%	-4%	-1%	0%	3.8%	4.0%	76%	Neutral	$49	4%	Buy	$54	15%
OGS	$84.79	4,586	4.08	4.38	4.65	5.00	–	–	–	–	20.8x	19.4x	18.2x	17.0x	4%	4%	5%	3%	6.8%	3.0%	62%	Neutral	$77	-6%	Buy	$89	8%
SJI	$34.18	4,184	1.71	1.82	1.94	2.05	–	–	–	–	20.0x	18.8x	17.6x	16.7x	-0%	1%	1%	1%	6.2%	3.6%	73%	Neutral	$26	-20%	Neutral	$34	2%
SR	$73.52	3,805	3.84	4.27	4.91	5.03	(0.11)	(0.11)	0.26	0.17	19.1x	17.2x	15.0x	14.6x	-4%	-7%	-14%	-11%	0.9%	3.8%	73%	Neutral	$62	-12%	Neutral	$74	4%
		32,579									**20.4x**	**19.1x**	**17.6x**	**16.7x**	**2%**	**2%**	**1%**	**1%**	**5.6%**	**3.3%**	**65%**						
Regulated Water																											
AWK	$148.36	26,965	4.44	4.85	5.23	5.70	–	–	0.04	0.04	33.4x	30.6x	28.4x	26.0x	64%	60%	59%	55%	-4.8%	1.8%	60%	Neutral	$155	6%	Neutral	$161	10%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'21–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$60.16	19,652	2,525	2,721	2,895	2,867	(95)	(255)	(463)	(610)	9.6x	8.6x	7.7x	7.3x	24,180	23,383	22,229	21,055	-0.7%	1.0%	18%	Neutral	$51	-14%	Buy	$64	7%
NRG	$37.71	9,132	2,120	2,237	2,282	2,225	–	(57)	(67)	(100)	7.2x	6.5x	6.1x	5.7x	15,176	14,582	13,993	12,671	-2.1%	3.8%	39%	Neutral	$43	18%	Buy	$44	21%
VST	$25.41	11,206	3,117	3,508	3,555	3,738	(28)	81	188	378	6.9x	6.1x	6.0x	5.5x	21,440	21,381	21,204	20,690	17.8%	2.9%	39%	Buy	$32	29%	Buy	$30	19%
Other																											
ALTO	$5.62	416	73	85	86	87	–	(129)	(179)	(238)									3.1%	–	–	Buy	$9	60%	Buy	$12	108%
IEA	$9.61	462	152	174	199	220	–	–	–	–									13.0%	–	–	Buy	$16	66%	Buy	$17	77%
NEP	$67.25	5,643	1,660	1,775	1,889	2,003	(89)	(136)	(206)	(244)									10.2%	4.7%	–	Buy	$85	31%	Buy	$86	33%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

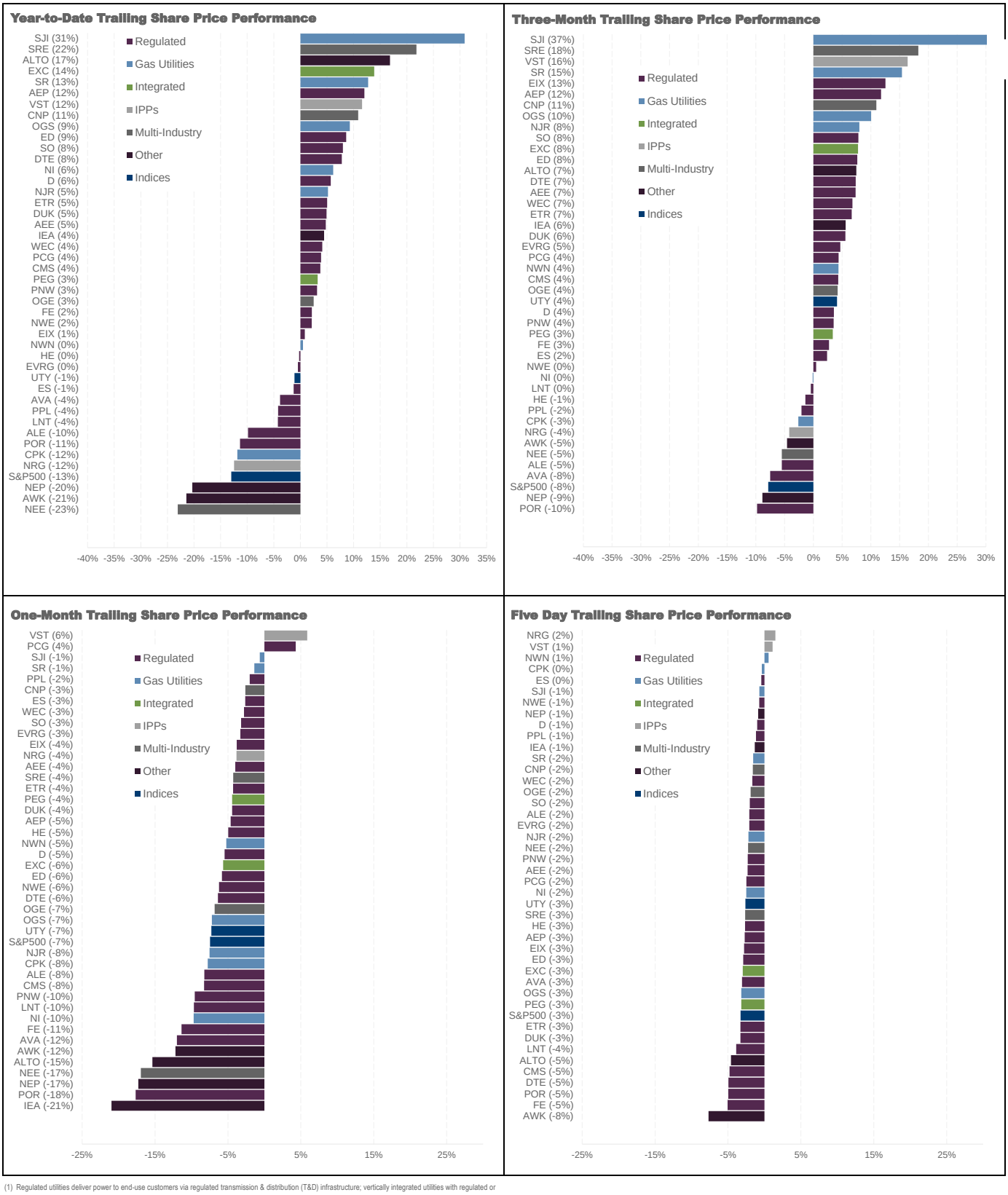

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/24–5/25	TBC
AWK	5/26	New York
EXC	6/1–6/2	Midwest
LNT	6/7–6/8	New York
ES	6/8	Boston or Virtual
SO	6/9–6/10	West Coast
CMS	6/16	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
POR	8/9-8/10	New York
NEE	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Generation and Mix

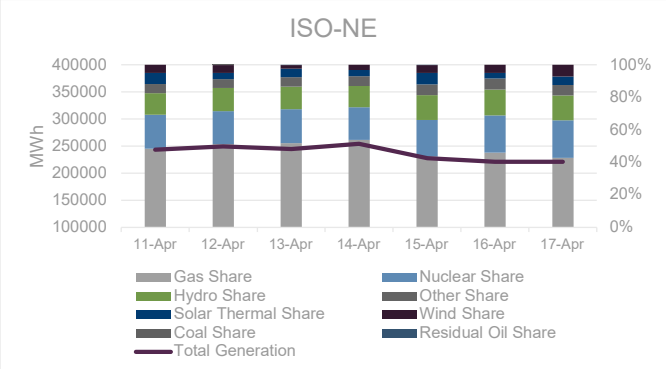

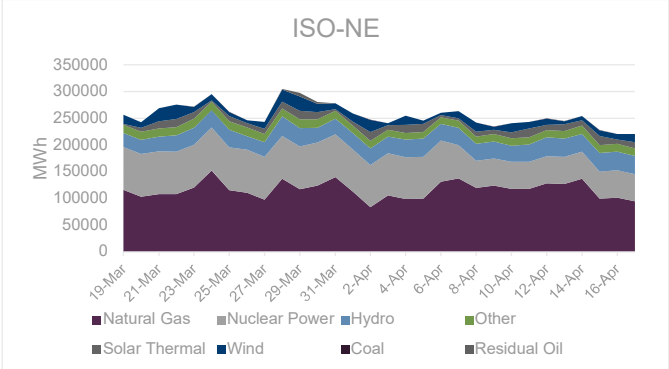

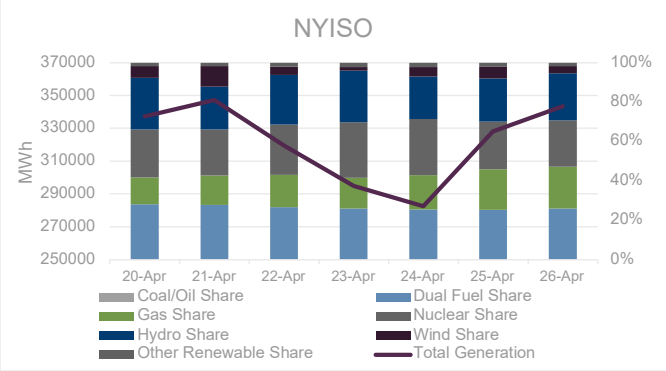

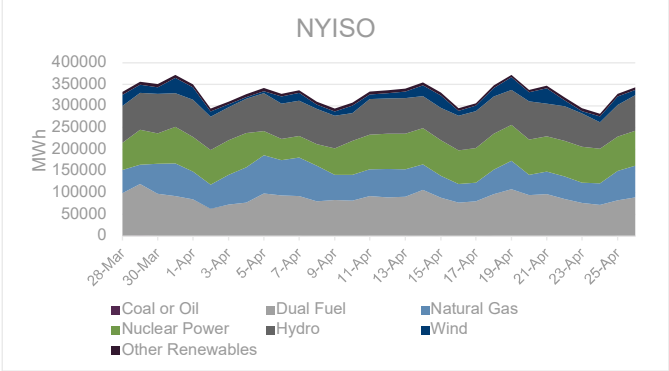

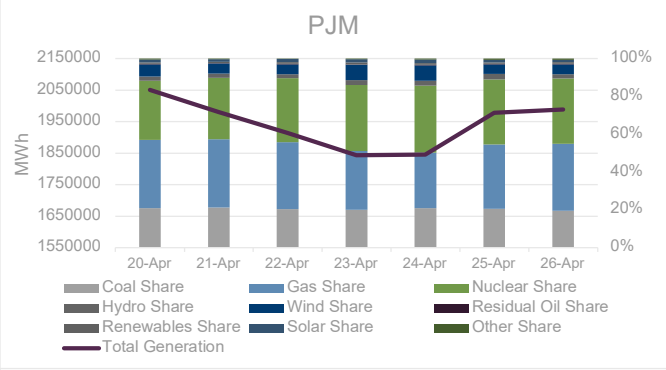

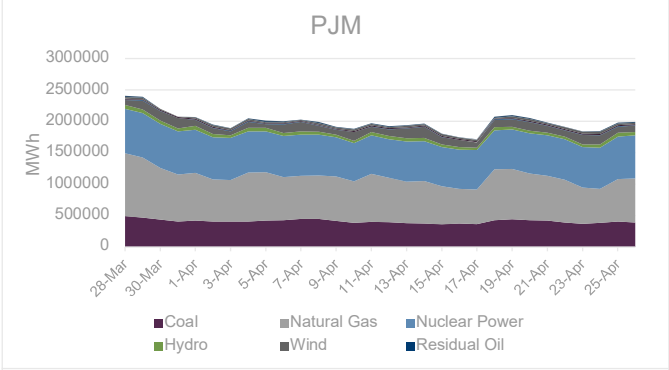

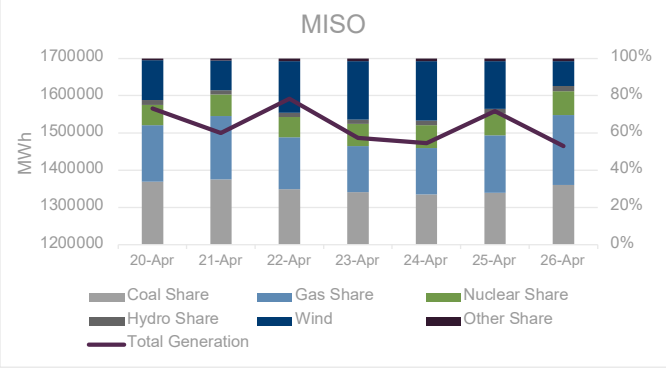

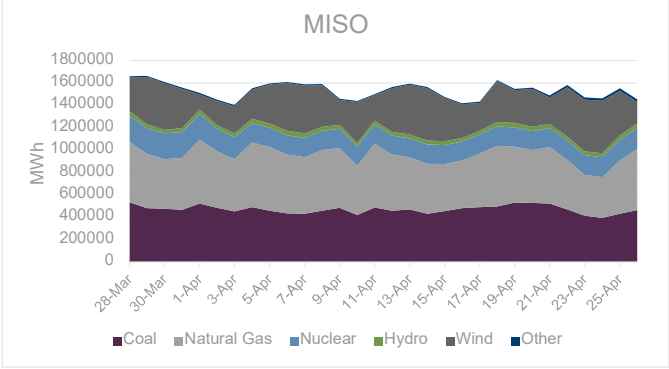

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

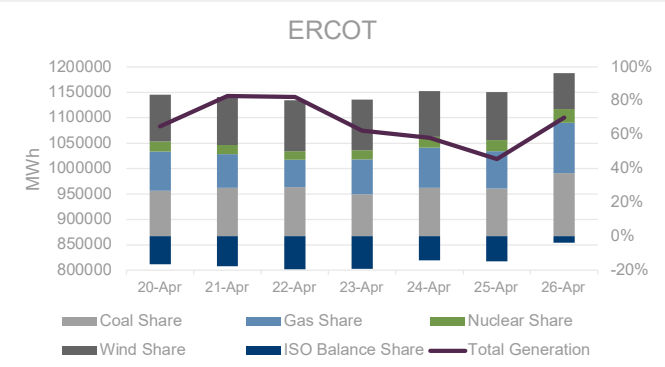

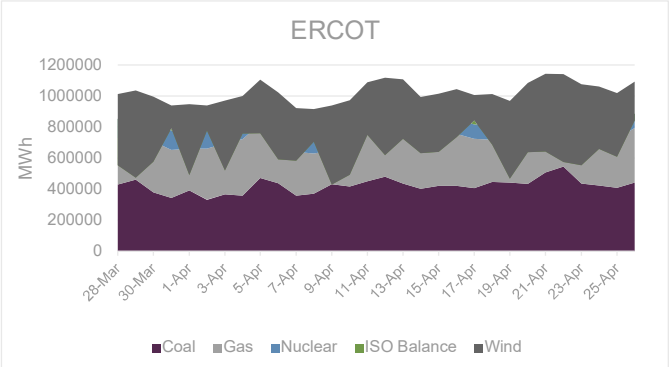

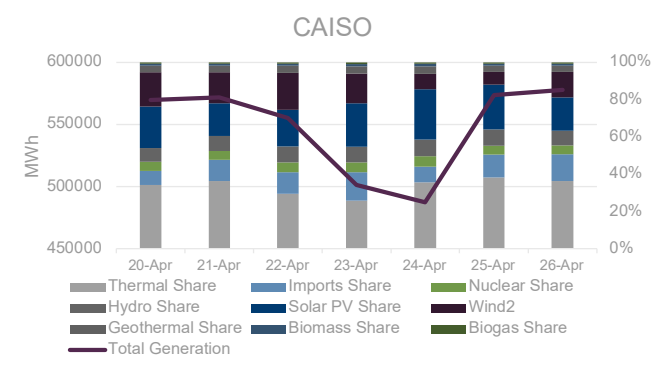

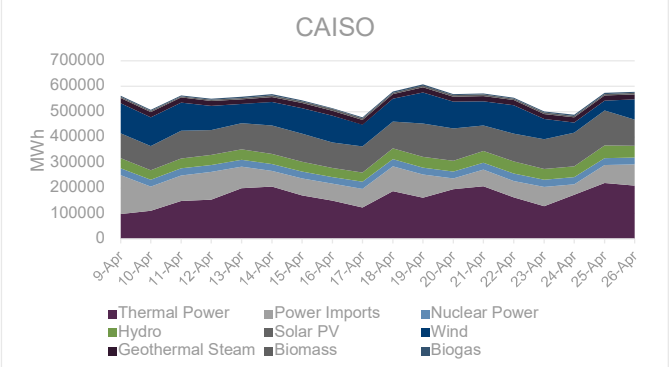

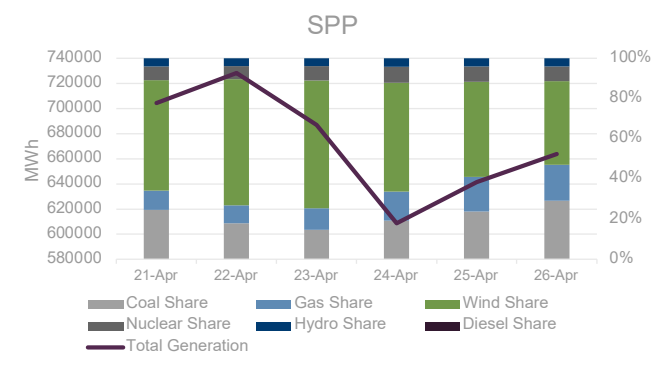

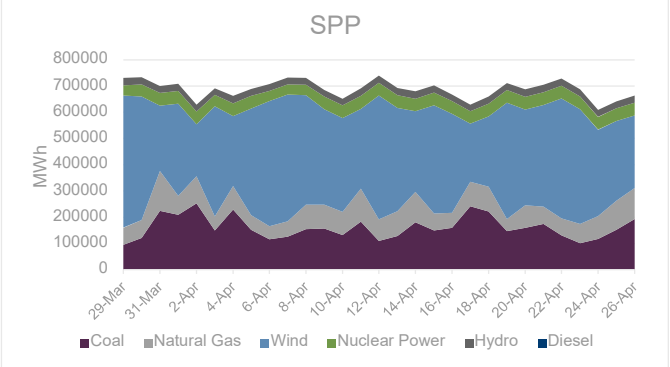

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Weather

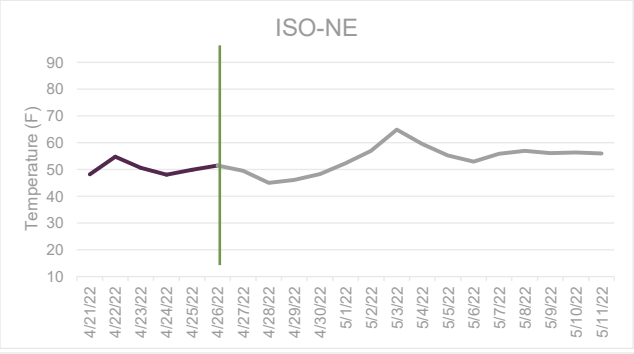

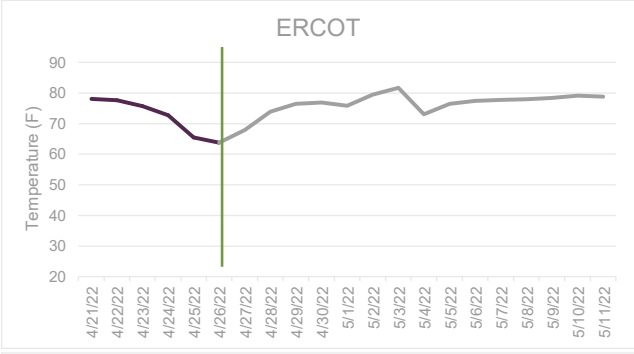

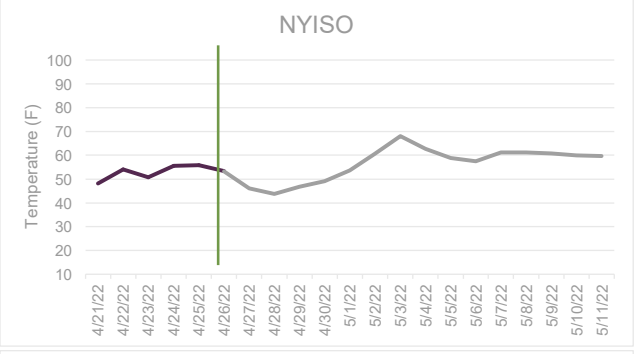

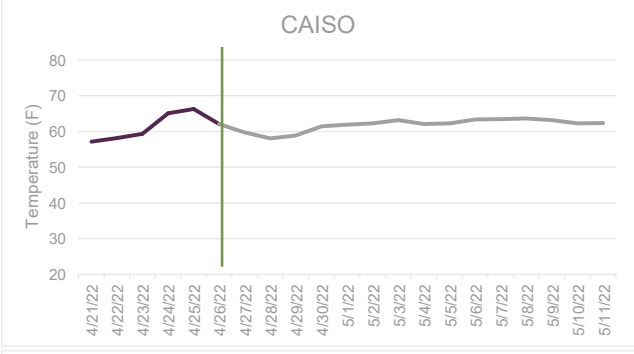

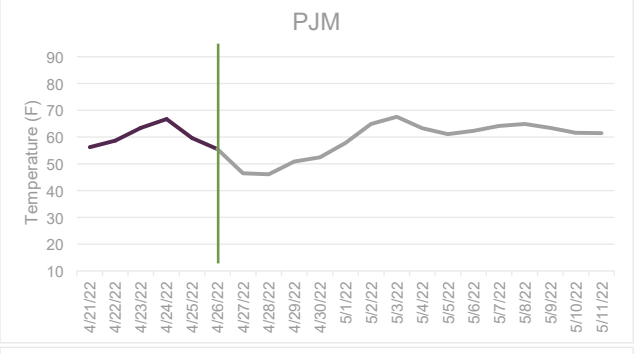

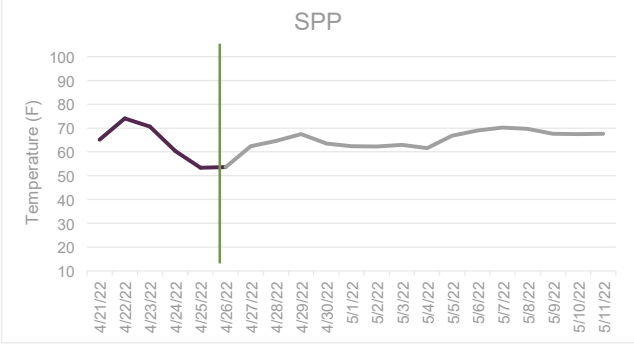

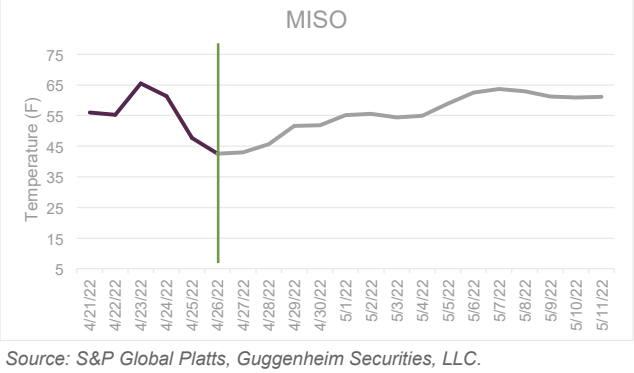

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR – Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR – Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	233	65.45%	58	24.89%
NEUTRAL	118	33.15%	14	11.86%
SELL	5	1.40%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

GUGGENHEIM

Power & Utilities May 5, 2022

The Guggenheim Daily Transmission: NI, PNW, AVA, CPK, NWN, ES, SRE, OGE, NJR, AEP, D, MISO/IL, EXC/MD, CNP

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	100.72	Buy
AVA	41.73	Sell
CNP	31.34	Buy
CPK	130.36	Neutral
D	82.51	Buy
ES	88.57	Neutral
EXC	47.92	Neutral
NI	29.67	Buy
NJR	44.60	Neutral
NWN	49.16	Neutral
OGE	39.68	Buy
PNW	74.22	Sell
SRE	164.51	Buy

For details on our Guggenheim-hosted client Utility events including: our CNP NDR; AGA Conference meetings; EVRG NDR; AWK NDR; EXC NDR; LNT NDR; ES NDR; SO NDR; CMS NDR; DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; OGS NDR; and other events, scroll down…

NI: Slight Miss on 1Q22; 2022 Analyst Day "Officially" Pushed Out; Solar Issues Pervasive… But Electrification Should Remain on Track (see note HERE)

PNW: Inflationary Pressures Being Felt; Strong Load Growth and Cost Cutting Keep Them at Bay for Now (see note HERE)

AVA: Beat and Cut… AVA Pointing to Lower End of 2022 Guidance Range; 2023 Guidance Reiterated but Hinges on Positive Washington Outcome (see note HERE)

CPK: 1Q22 Continues Solid Growth Record; Business Mix and Strategic Optionality Continue to Provide Upside; We Remain Neutral on Valuation (see note HERE)

NWN: Straightforward Quarter as Management Focuses on Ongoing Execution (see note HERE)

ES – ES reports 1Q22 results

SRE – reported 1Q EPS beat; guidance reiterated; CA/TX rate case filings this month; minor LNG progress

OGE – reported 1Q EPS beat; reiterated OG&E guidance; sold 21M ET Shares

NJR — NJR reports F2Q22 NFEPS of $1.36 vs. Guggenheim at $1.30 and consensus of $1.26; raising FY22 NFEPS guidance

AEP – KY PSC approves AEP sale of Kentucky businesses

D – $61mm in additional VC Summer refunds headed to DESC customers

MISO/IL – Concerns over downstate power supplies continue to propagate

EXC/MD – Gov Hogan appoints new commissioner following resignation

CNP – IURC approves CNP solar PPAs related to the IN IRP

ES – ES reports 1Q22 results

- ES reported 1Q22 EPS of $1.28, as compared to Gugg/Cons of $1.20.
- Reaffirmed 2022 EPS guidance of $4.00-$4.17 vs. Gugg/Cons of $4.10.
- Management has announced a strategic review of the non-regulated offshore wind portfolio, including a potential full sale of the JV.
- The review will be completed 'during' 2022.
- "Eversource expects potential proceeds from such transaction would likely be used to support Eversource's regulated investments in strengthening, modernizing and decarbonizing its regulated energy and water delivery systems" - release.
- CFO Phil Lembo will also retire, to be succeeded by John Moreira.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- Slides provide an update on wind portfolio metrics since the 4Q21 update – no changes (total investment to date has increased, as expected).
- Regulated capex unchanged.
- $1.2bn ATM expected to commence in 2Q22.
- More HERE.
- Slides HERE.

SRE reported 1Q EPS beat; guidance reiterated; CA/TX rate case filings this month; minor LNG progress

- SRE reported first-quarter EPS of $2.91, beating $2.80 consensus and our $2.70 EPS estimate.
- Cameron LNG Phase 2 expansion project reached HOAs with its partners at the Cameron LNG joint venture (provides the commercial framework for the expansion of the facility).
- SRE previously announced an MOU with TotalEnergies for the Vista Pacífico LNG.
- SRE affirmed its full-year 2022 adjusted EPS guidance range of $8.10 to $8.70, and full-year 2023 EPS guidance range of $8.60 to $9.20.
- SRE will be filing general rate cases in TX and CA later this month.
- SRE completed $750M of share repurchase through April 2022; $132/sh average price.

OGE reported 1Q EPS beat; reiterated OG&E guidance; sold 21M ET Shares

- OGE reported 1Q EPS of $1.39 (inclusive of gains on ET shares and tax timing).
- Excluding the 283M pretax gain on ET shares at a statutory tax rate of ~30%, OGE reported 1Q EPS of $0.40 vs. $0.15 consensus and our $0.18 estimate.
- OG&E Utility reported EPS of $0.19 vs. $0.18 embedded in our estimate.
- OGE's reported Other Operations net income of $10.4M includes a tax benefit impact due to a consolidating tax adjustment of $11.9M, which is due to reverse in the remainder of 2022.
- Through the end of April 2022, OGE has sold 21.75M shares of Energy Transfer (ET) resulting in pre-tax net proceeds of $246M and a remaining ownership percentage of ~2% (~80M).

NJR reports F2Q22 NFEPS of $1.36 vs. Guggenheim at $1.30 and consensus of $1.26; raising FY22 NFEPS guidance to $2.30-$2.40 ($2.35 midpoint) vs. $2.20-$2.30 ($2.25 midpoint), previously

- Outperformance at Energy Services drove the increase to FY22 guidance to $2.30-$2.40 from previously issued guidance of $2.20-$2.30.
- Reiterated 7%-9% LT annual growth off FY22.
- Revised FY22's business mix guidance ranges of:
  - New Jersey Natural Gas: **60%-62%** (vs. *60%-65%* prior)
  - Clean Energy Ventures: **17%-20%** (vs. *20%-23%* prior)
  - Storage and Transportation: **5%-8%** (vs. *5%-10%* prior)
  - Energy Services: **13%-15%** (vs. *9%-11%* prior)
  - Home Services and Other: **~0%-1%** (vs. *0%-1%* prior)
- CEV has a ~680 MW pipeline of projects under contract, construction or exclusivity through fiscal 2027.
- Construction 90% completed at Adelphia Gateway; flowing gas to its South Zone (serving the Philadelphia metro area).
- ~1.8K new customer additions at NJNG in F2Q22 vs. +1.7K in F1Q22.
- Earnings call will be held today at **10:00 AM ET**… Dial-in: **844-200-6205**…Access code: **373548**

AEP – KY PSC approves AEP sale of Kentucky businesses

- **"Final Order Entered: 1. Liberty's acquisition of Kentucky Power from AEP is approved subject to the modifications set forth in this Order.** 2. Kentucky Power

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

shall record a $30 million regulatory liability for increased transmission expenses in 2022 and 2023. 3. Three years of the $15 million annual subsidization of transmission costs is suspended conditioned on the Joint Applicants, including AEP, immediately and actively seeking the best solution for Kentucky Power and its customers regarding Kentucky Power either establishing its own PJM zone, joining another PJM zone, or another solution that results in Kentucky Power and its customers receiving benefits commensurate with its cost of participation. 4. Within five days of the closing of the acquisition, Liberty shall file a written notice setting forth the date of the acquisition. 5. Kentucky Power shall record a $43.561 million regulatory liability for deferred distribution restoration expenses. 6. The $40 million FAC Credit, as modified in the body of this Order, is approved. 7. The BSDR Deferral, as modified in the body of this Order, is approved. 8. Within ten days of receipt of regulatory and judicial decisions on pending applications, Joint Applicants shall file notice of all regulatory and judicial approvals that are pending as of the date of this Order."

- Docket HERE.
- Also… "**Final Order Entered: 1. Kentucky Power's request for approval of the Mitchell Ownership Agreement and the Mitchell O&M Agreement, as contained in the March 15, 2022 amended application and the April 14, 2022 post-hearing brief, is granted** subject to the modifications discussed in this Order. 2. Within 20 days of the date of this Order, Kentucky Power shall file the modified Mitchell Agreements, as approved in this Order, into the post-case correspondence file and reference this case number. 3. This case is closed and removed from the Commission's docket."
- Docket HERE.

Guggenheim takeaway: *AEP is to file any remaining approvals required with the KY PSC within 10 days of this order and looks to us to be on track to close the sale of its Kentucky businesses to AQN-TSX's US subsidiary in 2Q22 as originally contemplated. For more, see our recent thoughts HERE.*

D ─ $61mm in additional VC Summer refunds headed to DESC customers

- A judge has reportedly approved $61mm in refunds to SC customers following the successful sale of several properties associated with the defunct nuclear project.
- The ultimate avenue of flowback to customers remains under evaluation.
- More HERE.

Guggenheim takeaway: *Minor FYI and not a surprise to us as this is the second round of refunds.*

MISO/IL ─ Concerns over downstate power supplies continue to propagate

- An IL House committee heard yesterday from manufacturers and retailers concerned about the downstate impact of fossil plant closures, with the groups pushing for the recently tabled amendment 8.
- More HERE.
- "Because of self-inflicted overburdensome regulation of Illinois' energy supply by Governor Pritzker and the state power agency, residential ratepayers could see as much as $41 more a month on their electricity bill. This is outrageous. Something can and must be done and we can start by allowing 2 of our clean coal-fired power plants scheduled to close this year to stay open" – Rep. Dan Caulkins Op-Ed HERE
- "There are major plants in central and southern Illinois that right now are trying to figure out how they're going to run their operation in eight years because wind and solar don't generate steam…There are major facilities that employ thousands of people and jobs that average $100,000 a year. They're calling me and telling me we don't know how we're going to operate in eight years." - IMA President and CEO Mark Denzler HERE

Guggenheim takeaway: *Yet another IL data point flagged for your awareness and zero surprise in our view given the noise to date.*

EXC/MD ─ Gov. Hogan appoints new commissioner following resignation

- Commissioner Mindy Herman reportedly resigned effective yesterday, with Gov. Hogan appointing Patty Bubar to her place on the 5-person PSC.
- More HERE.

Guggenheim takeaway: *FYI.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

CNP – IURC approves CNP solar PPAs related to the IN IRP

- CNP Indiana South received approval from the Indiana Utility Regulatory Commission (IURC) for 2 solar PPAs for 335 MWs.
- PPAs are part of CNP IN part of the long-term electric generation transition plan (IRP).
- PPA terms are 15-20 years.
- More here.

Guggenheim takeaway: *FYI.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

David Lesar, *President and Chief Executive Officer*
Jason Wells, *EVP & Chief Financial Officer*
Jackie Richert, *VP, Investor Relations and Treasurer*

Date

Monday, May 9, 2022 – Baltimore/New York
Tuesday, May 10, 2022 – New York

Meeting Format

In-person NDR - 1:1 Meetings, Group Lunch, Group Dinner

Company Information

Market Cap: $17.9bn

CenterPoint Energy, Inc. is a holding company, which engages in the business of power generation and distribution. It operates through the following segments: Houston Electric Transmission & Distribution (T&D), Indiana Electric Integrated, Natural Gas Distribution, Energy Services, Infrastructure Services, Midstream Investments, and Corporate and Other. The Electric T&D segment offers electric transmission and distribution services. The Indiana Electric Integrated segment includes energy delivery services to electric customers and electric generation assets to serve electric customers and optimize those assets in the wholesale power market. The Natural Gas Distribution segment provides regulated natural gas distribution services. The Energy Services segment offers non-rate regulated natural gas sales to, and transportation and storage services, for commercial and industrial customers. The Infrastructure Services segment focuses on underground pipeline construction and repair services. The Midstream Investments segment consists of the equity method investment in Enable. The Other Operations segment consists of office buildings and other real estate used for business operations and home repair protection plans. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Corporate Access

SAVE THE DATE

2022 AGA Financial Forum

The Guggenheim Utilities Research Team will be hosting meetings with company management.

Client Dinner

We will be hosting a dinner with Shar Pourreza and Mark McLain on May 16th at 6:30PM ET.

Location: Byblos Miami.

Tuesday, May 17th	
Time	*Co.*
9:30–10:10	AVA
10:20–11:00	D
11:10–11:50	NWE
12:00–12:40	BKH
12:50–1:30	NJR
1:40–2:20	PEG
2:30–3:10	DTE
3:20–4:00	DUK
4:10–4:50	ED/NWN

Wednesday, May 18th	
Time	*Co.*
8:40–9:20	SRE
9:30–10:10	SR
10:20–11:00	AEE
11:10–11:50	SO
12:00–12:40	WEC
1:00–1:40	CMS
1:50–2:30	OGS
2:40–3:20	CPK
3:30–4:10	CNP
4:20–5:00	NI

Dates

May 16 (Dinner only), May 17–May 18 (1x1 meetings)

Location

Loews Miami Beach Hotel, 1601 Collins Avenue, Miami Beach, Florida

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Evergy, Inc. (EVRG)

Kirk Andrews, *Chief Financial Officer*
Lori Wright, *VP, Corporate Planning, IR and Treasurer*
Cody VandeVelde, *Director, Investor Relations*

Dates & Locations
Tuesday, May 24 | Boston
Wednesday, May 25 | Virtual

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $16.2bn
Evergy, Inc. (EVRG) is a holding company, which engages in the provision of electricity through its subsidiaries. It focuses on the regulation of electric utilities and development of electric transmission projects. The company was founded in 2017 and is headquartered in Kansas City, MO. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President, Chief Executive Officer and Chief Financial Officer*
Cheryl Norton, *EVP and Chief Operating Officer*
John Griffith, *Incoming EVP and Chief Financial Officer**
Aaron Musgrave, *Senior Director, Investor Relations*

** effective May 16, 2022*

Date
Thursday, May 26, 2022
New York (Guggenheim Securities – 330 Madison Ave)

Meeting Format
1:1 Meetings & Group Lunch

Company Information
Market Cap: $31.1bn
American Water Works Co., Inc. engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment provides water and wastewater services to customers. The Market-Based Businesses segment is responsible for Military Services Group, Contract Operations Group, Homeowner Services Group, and Keystone Operations. The Other segment includes corporate costs that are not allocated to the Company's operating segments, eliminations of inter-segment transactions, fair value adjustments and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Joseph Nigro, *Chief Financial Officer*
Jeanne Jones, *SVP, Corporate Finance*
Andrew Plenge, *VP, Investor Relations*

Date
June 1 & 2, 2022
Midwest

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $49.1bn
Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO)

Daniel Tucker, Chief Financial Officer

Scott Gammill, Director, Investor Relations

Date

June 9 & 10, 2022
West Coast

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $16.2bn

American Water Works Co., Inc. is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, Florida, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Florida, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings

Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite

Location: TBD

Tuesday, July 12th

11:30 AM | Lunch

Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience

Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game

Southern Company C-Suite will host in their private box. Dinner will be served.

Participating Guggenheim Analyst

Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*

Logistics

Transportation details, logistics and hotel recommendations to follow

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim's Power & Utility Comp Sheet

5/4/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$61.44	3,501	3.75	3.89	4.06	4.32	–	–	(0.04)	0.06	16.4x	15.8x	15.1x	14.2x	-20%	-18%	-16%	-16%	7.6%	4.3%	71%	Neutral	$65	10%	Neutral	$67	14%
AVA	$41.73	3,023	1.94	2.47	2.59	2.72	–	–	–	–	21.5x	16.9x	16.1x	15.3x	5%	-13%	-11%	-10%	6.7%	4.2%	91%	Sell	$34	-14%	Neutral	$44	9%
NWE	$59.06	3,197	3.34	3.57	3.88	4.05	0.04	0.04	0.17	–	17.7x	16.5x	15.2x	14.6x	-14%	-14%	-16%	-14%	3.8%	4.3%	77%	Neutral	$58	3%	Buy	$63	10%
POR	$46.82	4,177	2.58	2.98	3.12	3.25	–	0.07	0.08	0.08	18.1x	15.7x	15.0x	14.4x	-12%	-19%	-17%	-15%	4.6%	3.9%	71%	Buy	$57	26%	Neutral	$53	17%
		13,899									**18.4x**	**16.2x**	**15.4x**	**14.6x**	**-10%**	**-16%**	**-15%**	**-14%**	**5.7%**	**4.2%**	**77%**						
Mid/Large Cap Electric																											
AEE	$93.86	24,224	4.04	4.32	4.64	4.95	–	(0.04)	–	–	23.2x	21.7x	20.2x	19.0x	13%	12%	12%	11%	6.5%	2.6%	60%	Buy	$95	4%	Buy	$98	7%
AEP	$100.72	51,724	4.98	5.30	5.64	6.00	–	–	–	–	20.2x	19.0x	17.9x	16.8x	-2%	-2%	-1%	-1%	6.1%	3.2%	65%	Buy	$109	11%	Buy	$106	9%
CMS	$68.84	19,972	2.88	3.14	3.41	3.64	–	–	–	–	23.9x	21.9x	20.2x	18.9x	16%	13%	12%	11%	8.3%	2.7%	66%	Neutral	$70	4%	Buy	$72	8%
CNP	$31.34	19,726	1.38	1.49	1.61	1.73	–	–	–	–	22.7x	21.0x	19.5x	18.1x	10%	9%	8%	6%	8.0%	2.3%	51%	Buy	$34	11%	Buy	$33	8%
D	$82.51	66,889	4.12	4.40	4.70	5.00	–	–	0.03	–	20.0x	18.8x	17.6x	16.5x	-3%	-3%	-3%	-3%	6.7%	3.3%	66%	Buy	$90	12%	Buy	$90	12%
DTE	$130.76	25,334	5.98	6.29	6.73	7.13	0.04	0.04	0.05	(0.05)	21.9x	20.8x	19.4x	18.3x	6%	8%	7%	8%	4.5%	2.8%	61%	Buy	$145	14%	Buy	$138	8%
DUK	$110.51	85,082	5.48	5.81	6.15	6.50	–	0.03	–	(0.04)	20.2x	19.0x	18.0x	17.0x	-2%	-2%	-1%	-0%	5.5%	3.7%	74%	Buy	$119	11%	Buy	$114	7%
ED	$93.50	33,117	4.51	4.73	4.89	5.07	–	(0.08)	(0.18)	(0.18)	20.7x	19.8x	19.1x	18.4x	1%	2%	6%	8%	3.8%	3.4%	71%	Sell	$71	-21%	Sell	$85	-6%
EIX	$70.36	26,821	4.64	4.92	5.25	5.60	0.11	0.04	0.07	0.23	15.2x	14.3x	13.4x	12.6x	-26%	-26%	-26%	-26%	5.1%	4.0%	61%	Buy	$82	21%	Buy	$75	11%
ES	$88.57	30,534	4.10	4.34	4.65	5.00	–	(0.06)	–	–	21.6x	20.4x	19.0x	17.7x	5%	6%	5%	4%	6.7%	2.9%	62%	Neutral	$92	7%	Neutral	$93	8%
ETR	$118.66	24,107	6.33	6.81	7.21	7.57	–	0.07	0.08	–	18.7x	17.4x	16.5x	15.7x	-9%	-10%	-9%	-8%	5.9%	3.5%	65%	Buy	$129	12%	Buy	$128	12%
EVRG	$68.73	15,601	3.52	3.77	4.02	4.30	–	–	–	0.05	19.5x	18.2x	17.1x	16.0x	-5%	-6%	-6%	-6%	5.0%	3.5%	68%	Buy	$77	15%	Buy	$74	10%
EXC	$47.92	46,968	2.27	2.41	2.58	2.82	–	–	–	–	21.1x	19.9x	18.6x	17.0x	3%	3%	3%	-0%	–	2.9%	61%	Neutral	$49	5%	Buy	$49	6%
FE	$43.65	24,921	2.44	2.57	2.75	2.95	0.03	–	–	–	17.9x	17.0x	15.9x	14.8x	-13%	-12%	-12%	-13%	3.2%	3.6%	65%	Neutral	$43	2%	Buy	$48	14%
LNT	$59.21	14,851	2.75	2.90	3.04	3.23	–	–	(0.03)	(0.04)	21.5x	20.4x	19.5x	18.3x	5%	6%	8%	8%	5.3%	3.0%	64%	Neutral	$60	4%	Neutral	$64	11%
OGE	$39.68	7,944	2.28	2.39	2.52	2.64	0.13	0.28	0.31	0.25	17.4x	16.6x	15.7x	15.0x	-15%	-14%	-13%	-12%	4.0%	4.2%	73%	Buy	$42	10%	Buy	$42	9%
PCG	$13.03	32,122	1.11	1.24	1.34	1.45	–	–	–	–	11.7x	10.5x	9.7x	9.0x	-43%	-46%	-46%	-47%	9.7%	0.2%	3%	Buy	$19	46%	Buy	$16	24%
PEG	$69.27	34,584	3.56	3.73	4.18	4.55	0.08	0.04	0.10	–	19.5x	18.6x	16.6x	15.2x	-5%	-4%	-8%	-11%	5.7%	3.2%	62%	Buy	$75	11%	Buy	$76	13%
PNW	$74.22	8,387	4.05	4.25	4.50	4.75	–	–	–	–	18.3x	17.5x	16.5x	15.6x	-11%	-10%	-9%	-8%	-3.5%	4.7%	86%	Sell	$60	-14%	Sell	$74	4%
PPL	$28.89	21,256	1.57	1.72	1.79	1.86	0.06	0.06	0.05	0.05	18.4x	16.8x	16.1x	15.5x	-10%	-13%	-11%	-9%	15.4%	3.4%	62%	Buy	$33	18%	Buy	$31	11%
SO	$74.57	79,284	3.55	3.80	4.15	4.40	–	–	–	0.04	21.0x	19.6x	18.0x	16.9x	2%	2%	-1%	-0%	6.6%	3.7%	77%	Buy	$76	6%	Neutral	$74	3%
WEC	$101.56	32,036	4.38	4.59	4.89	5.21	–	–	–	(0.03)	23.2x	22.1x	20.8x	19.5x	13%	14%	15%	15%	6.1%	2.9%	68%	Neutral	$104	5%	Neutral	$105	6%
Mid/Lg Cap (excl. EIX, PCG)											**20.6x**	**19.3x**	**18.1x**	**17.0x**					**5.5%**	**3.3%**	**66%**						
Regulated Electrics		**739,384**									**20.2x**	**18.8x**	**17.6x**	**16.6x**					**5.5%**	**3.4%**	**68%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	LTG EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$42.17	4,615	2.21	2.41	2.47	2.69	0.07	0.12	0.07	0.06	19.1x	17.5x	17.1x	15.7x	-7%	-9%	-6%	-8%	4.6%	3.4%	64%	Neutral	$41	1%	Sell	$41	1%
NEE	$73.06	143,526	2.84	3.07	3.31	3.59	–	0.03	0.04	0.07	25.7x	23.8x	22.1x	20.4x	25%	23%	22%	20%	8.9%	2.4%	62%	Buy	$91	27%	Buy	$92	28%
SRE	$164.51	51,948	8.54	9.08	9.58	10.21	0.04	0.13	0.06	0.09	19.3x	18.1x	17.2x	16.1x	-6%	-6%	-5%	-5%	4.9%	2.9%	55%	Buy	$174	9%	Buy	$173	8%
		200,089									**21.4x**	**19.8x**	**18.8x**	**17.4x**	**4%**	**2%**	**4%**	**2%**	**6.1%**	**2.9%**	**60%**						
Gas LDCs																											
NI	$29.67	12,040	1.45	1.53	1.70	1.84	–	–	–	–	20.5x	19.4x	17.5x	16.1x	1%	3%	-1%	-3%	7.7%	3.2%	66%	Buy	$32	11%	Buy	$32	12%
CPK	$130.36	2,311	5.13	5.55	5.93	6.32	(0.10)	(0.24)	–	–	25.4x	23.5x	22.0x	20.6x	26%	25%	25%	24%	7.6%	1.6%	41%	Neutral	$136	6%	Buy	$141	10%
NJR	$44.60	4,284	2.25	2.43	2.62	2.78	–	–	(0.19)	(0.11)	19.8x	18.4x	17.0x	16.0x	-2%	-2%	-4%	-3%	6.5%	3.4%	68%	Neutral	$41	-5%	Neutral	$46	7%
NWN	$49.16	1,684	2.56	2.73	2.83	2.97	–	0.04	–	–	19.2x	18.0x	17.4x	16.6x	-5%	-4%	-2%	-0%	3.8%	4.0%	76%	Neutral	$49	4%	Buy	$54	15%
OGS	$85.82	4,642	4.08	4.38	4.65	5.00	–	–	–	–	21.0x	19.6x	18.5x	17.2x	4%	4%	5%	3%	6.8%	3.0%	62%	Neutral	$77	-7%	Buy	$89	7%
SJI	$34.44	4,216	1.71	1.82	1.94	2.05	0.04	0.04	0.07	0.11	20.1x	18.9x	17.8x	16.8x	-0%	1%	1%	1%	6.2%	3.7%	74%	Neutral	$26	-21%	Neutral	$34	1%
SR	$74.35	3,848	3.84	4.27	4.91	5.03	(0.11)	(0.11)	0.26	0.17	19.4x	17.4x	15.1x	14.8x	-4%	-7%	-14%	-11%	0.9%	3.8%	73%	Neutral	$62	-13%	Neutral	$74	3%
		33,025									**20.8x**	**19.3x**	**17.9x**	**16.9x**	**3%**	**3%**	**1%**	**1%**	**5.6%**	**3.2%**	**66%**						
Regulated Water																											
AWK	$152.50	27,717	4.44	4.85	5.23	5.70	–	–	0.04	0.04	34.3x	31.4x	29.2x	26.8x	67%	63%	61%	57%	-4.8%	1.7%	60%	Neutral	$155	3%	Neutral	$161	7%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'21–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$61.81	20,191	2,525	2,721	2,895	2,867	(95)	(255)	(463)	(610)	9.8x	8.8x	7.9x	7.5x	24,719	23,922	22,768	21,594	-0.7%	0.9%	18%	Neutral	$51	-17%	Buy	$64	4%
NRG	$38.25	9,262	2,120	2,237	2,282	2,225	–	(57)	(67)	(100)	7.2x	6.6x	6.2x	5.8x	15,307	14,713	14,124	12,802	-2.1%	3.8%	39%	Neutral	$43	16%	Buy	$44	19%
VST	$25.92	11,431	3,117	3,508	3,555	3,738	(28)	81	188	378	7.0x	6.2x	6.0x	5.6x	21,665	21,606	21,429	20,915	17.8%	2.8%	39%	Buy	$32	26%	Buy	$30	17%
Other																											
ALTO	$5.89	436	73	85	86	87	–	(129)	(179)	(238)									3.1%	–	–	Buy	$9	53%	Buy	$12	98%
IEA	$9.97	479	152	174	199	220	–	–	–	–									13.0%	–	–	Buy	$16	60%	Buy	$17	71%
NEP	$69.22	5,808	1,660	1,775	1,889	2,003	(89)	(136)	(206)	(244)									10.2%	4.6%	–	Buy	$85	27%	Buy	$86	29%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

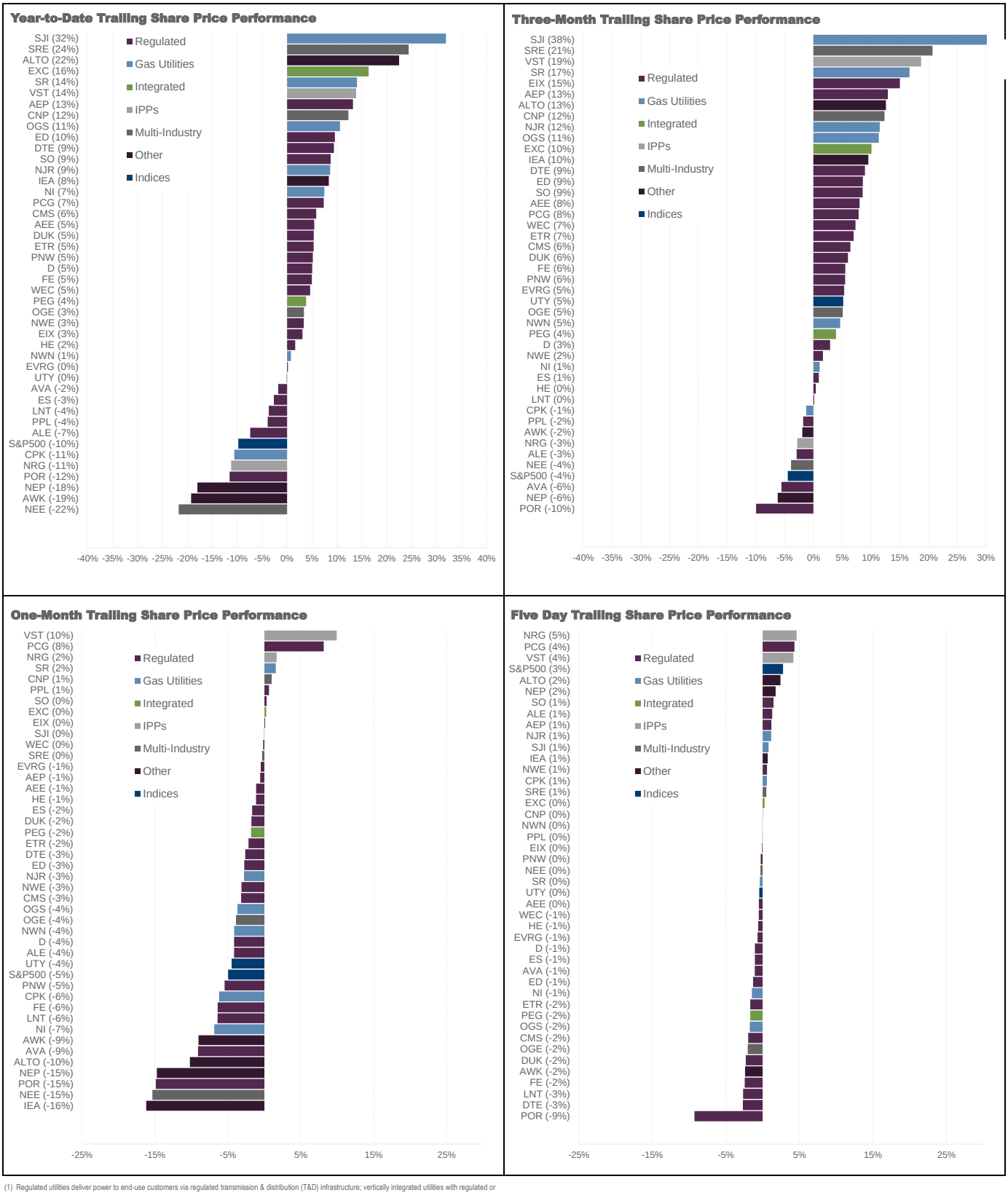

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/24–5/25	TBC
AWK	5/26	New York
EXC	6/1–6/2	Midwest
LNT	6/7–6/8	New York
ES	6/8	Boston or Virtual
SO	6/9–6/10	West Coast
CMS	6/16	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
POR	8/9-8/10	New York
NEE	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Generation and Mix

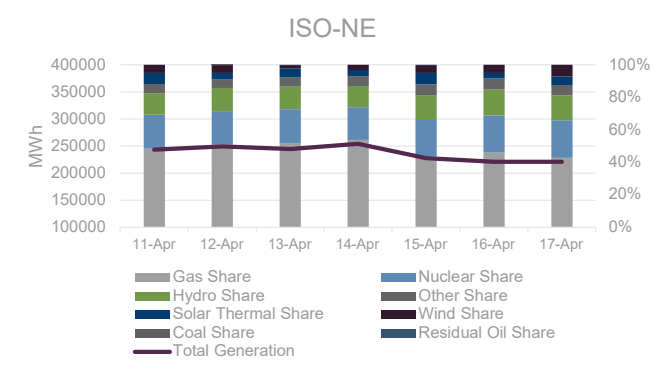

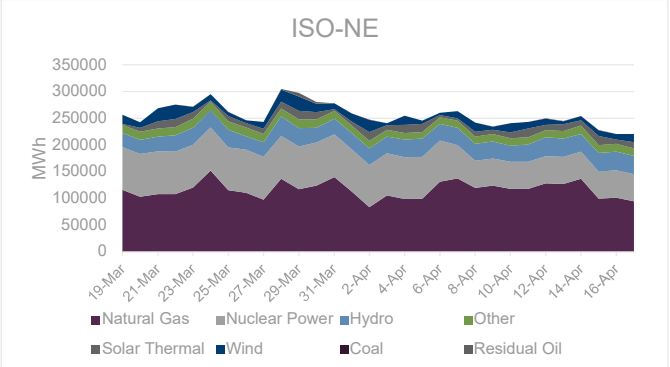

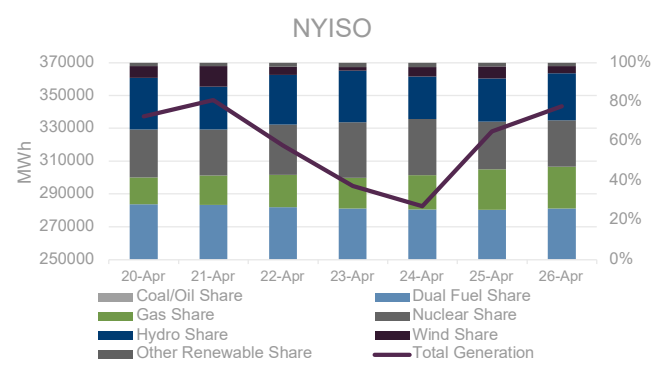

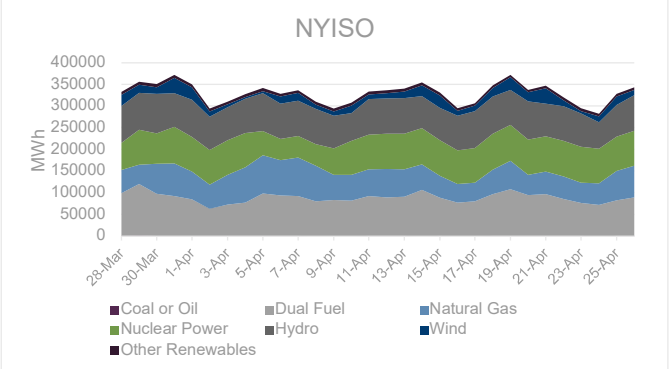

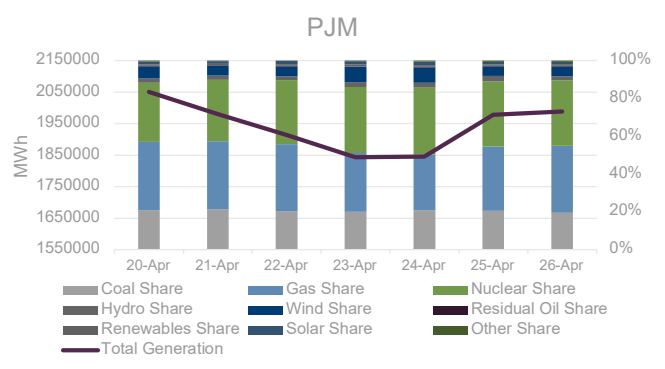

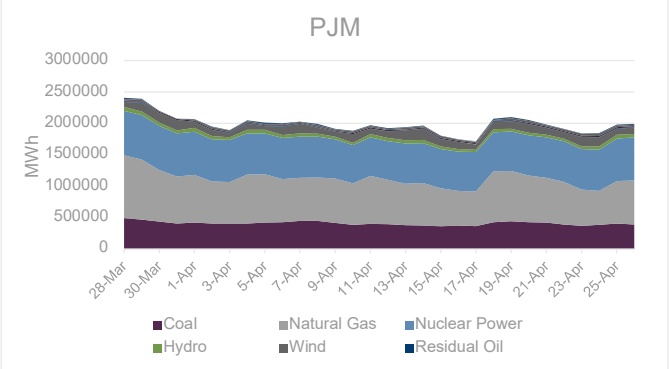

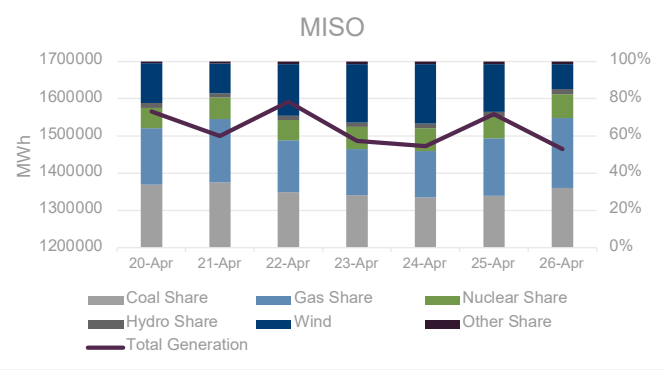

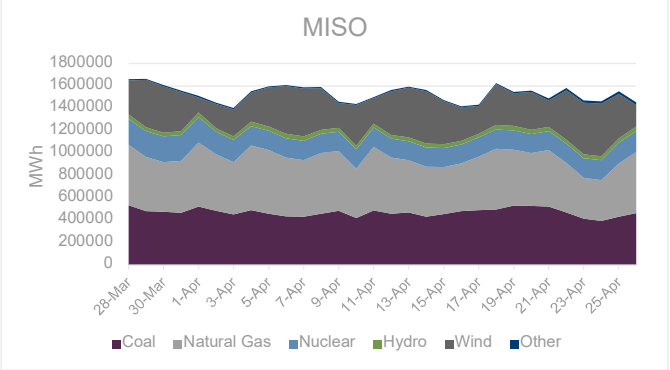

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

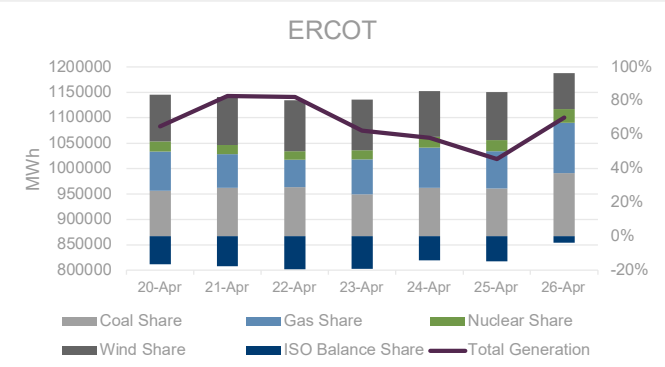

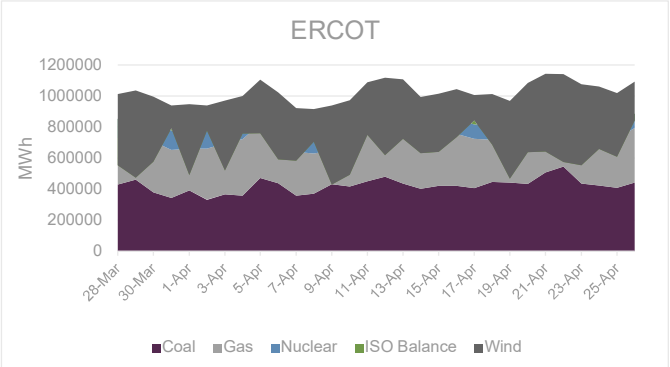

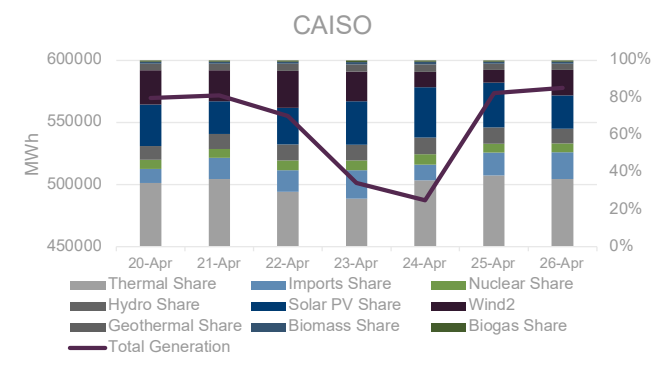

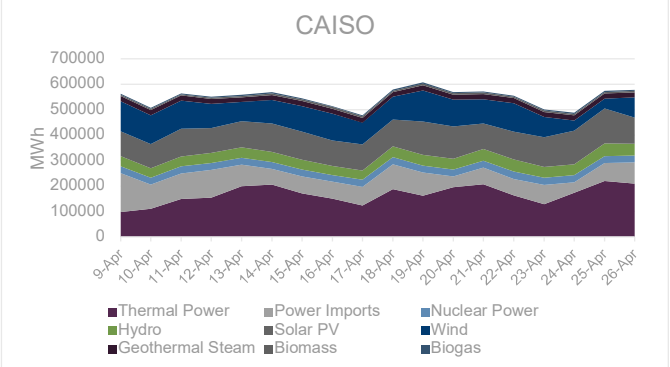

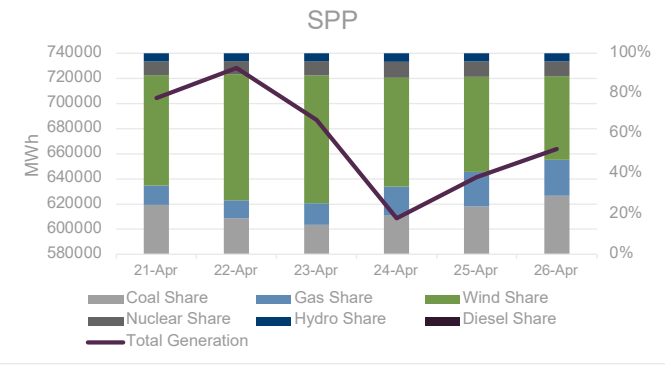

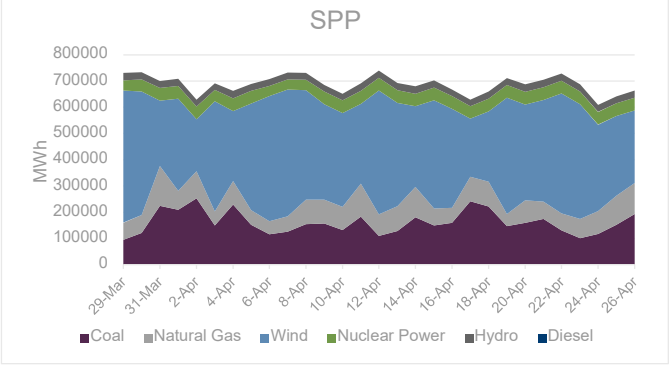

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Weather

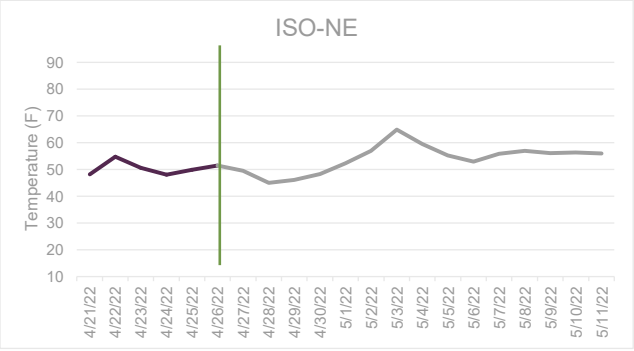

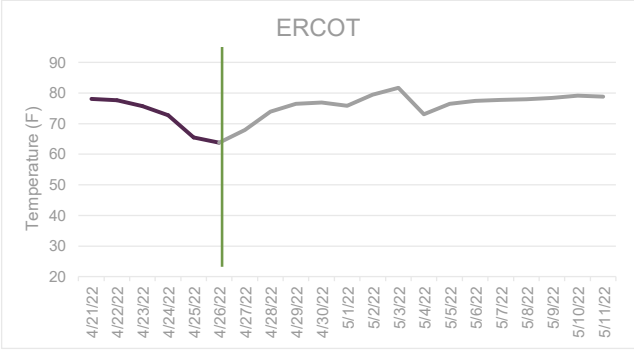

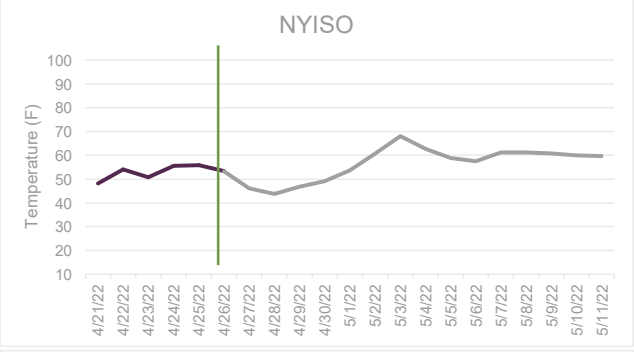

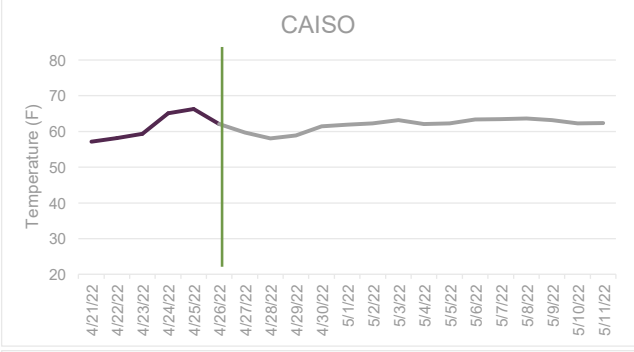

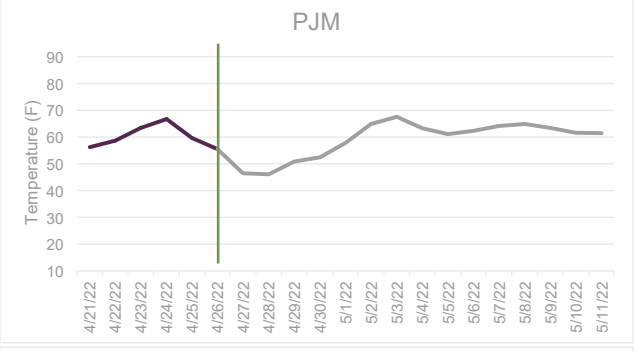

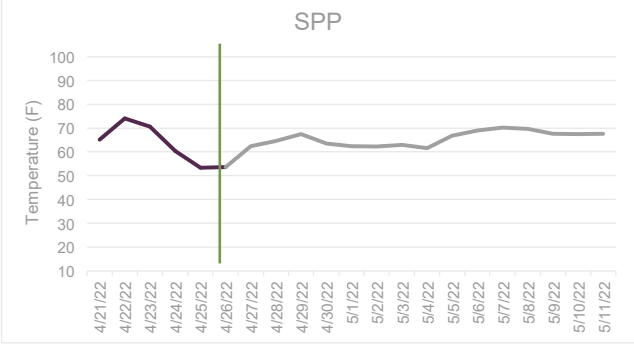

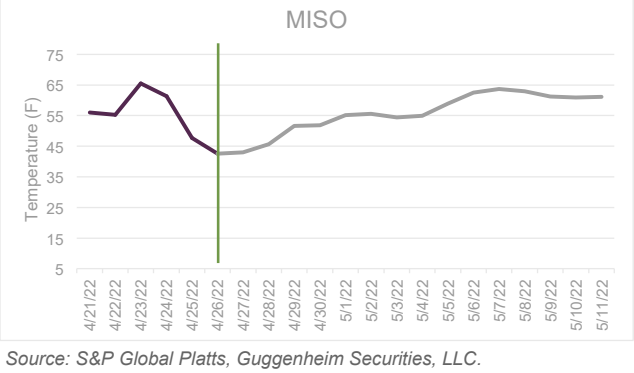

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR – Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR – Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	65.17%	58	25.00%
NEUTRAL	119	33.43%	14	11.76%
SELL	5	1.40%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

KeyBanc Capital Markets

Alert

May 04, 2022

Energy: Electric Utilities

Midweek Thoughts — Update on AD/CVD Investigations, NOVA, EXC, ES, AEE, XEL, CNP

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

1Q earnings dominate the news flow. WEC, CNP, CMS, OTTR, PEG, EIX, HASI, AVA, and PNW reported results earlier this week. ES, D, SRE, ED, AEE, and RUN are on tap for the remainder of the week. We provide an update on the AD/CVD investigations as it relates to the DoC issuing a memo clarifying certain components of the investigation; NEE and TSLA make filings putting forward their case against the investigation and a group of 22 U.S. senators write to the president requesting an expedited conclusion to the proceedings. NOVA announced a new market-rate-based energy plan for new customers that would set rates at a specific discount to utility rates for a 25-year period; MD governor appoints new commissioner at PSC following an off-cycle vacancy; CT legislature passes ambitious EV target for state fleet; FERC rejects a MISO proposal to allow transmission owners to self-fund HVDC network upgrades, and CNP received commission approval for 335 MW of solar PPAs in IN.

Upcoming Earnings Reports

ES, D, and SRE report BMO tomorrow (Thursday). **ED** is scheduled to report results AMC tomorrow and **AEE** reports BMO on Friday. Among our renewable names, **RUN** reports AMC today. Our recently published preview includes our thesis, expectations, and estimates for our coverage.

Earlier this week, **WEC, CNP, CMS, OTTR, PEG, EIX, HASI, AVA, and PNW** reported earnings. Scroll down for our takeaways.

Industry News and News from Companies in Our Coverage

AD/CVD Investigation Update: The DoC issued a memo providing some clarification on the pending investigation. NEE and TSLA made filings with the DoC outlining their position, and a bipartisan group of senators is urging the administration for a speedy ending to the investigation.

- The DoC issued some clarification on the pending investigation. The memo outlines the certification process that it has used in prior CV inquiries where the department has made affirmative determinations. The memo also says that wafers produced outside China with polysilicon sourced from China are not subject to the CV inquiries. Commerce clarified that if Chinese origin wafers are used in the completion of solar cells or modules in the four targeted counties and were supplied by a Chinese manufacturer under specific rate structures, and if the DoC makes an affirmative determination, the cash deposit for the relevant imports will be the same as that currently applied for that Chinese manufacturer or the exporter's company-specific rate. The memo, in our opinion, provides some boundaries on what an affirmative determination could entail for importers.
- TSLA and NEE made filings with Commerce. TSLA called the investigation overly broad and based on false assumptions and offered proof that the components in solar cells imported from the four mentioned countries are not always produced using Chinese inputs. NEE argued that the process of cell production is complicated, highly technical, and exceeds the legal bar of minor manufacturing that is needed to prove circumvention.
- A bipartisan group of 22 senators has written a letter to the president to request an expedited outcome in the pending AD/CVD investigations initiated by the DoC. The letter requests that the administration make an expedited preliminary determination and that the determination make careful consideration regarding policy ramifications and reject the request for retroactive tariffs. The four Southeast Asian countries subject to the investigation contribute more than 80% of the CSPV panel imports into the U.S. and more than half of the total U.S. panel supply. Thus far, it appears that there has been no change in the DoC's schedule and the deadline for a preliminary determination remains August 29. Based on our expert call, a deliberate process will be time-consuming and a determination is unlikely before the August 29 deadline.
- Earnings commentary from companies in our coverage thus far has been consistent—2022 projects are on track, and the industry may hit an air pocket in six to nine months, potentially delaying 2023 schedules or warranting a pivot from solar to wind. NiSource (Not Covered), however, expects a delay in the development of several solar projects, including two under construction, and will

postpone the retirement of two coal-fired units in IN (~722 MW) that were previously scheduled to be retired in 2023. NiSource management said that it expects a delay of 6-18 months for most solar projects scheduled for COD in 2022/2023.

NOVA — NOVA is launching an energy plan that offers new customers a fixed percentage discount on utility rates: NOVA is offering a 25-year market-based rate as a new solar rate option where the market-based rate will move with market rates. The Company will monitor utility rates and adjust customer pricing to the targeted discount percentage rate for that year. The discount percentage will vary by market but will remain the same vs. the local utility rate over the life of the contract. The plan allows customers to benefit from market-based variability in utility rates vs. traditional plans that are set at the contract and built-in annual escalators regardless of market pricing.

CNP — CNP IN-S receives approval for 335 MW of solar PPAs: IURC approved that CNP Indiana South can enter into two PPAs for an additional 335 MW of solar energy. The PPAs are part of CNP's energy transition plan in the state. The PPAs consists of a 15-year PPA for 185 MW of solar power and 150 MW under a 20-year PPA. CNP is awaiting approval to construct two natural gas combustion turbines to replace a portion of its coal-fired generation fleet.

EXC — Commissioner turnover at the MD PSC: Commissioner Herman resigned her position effective May 4, prompting Governor Hogan (R) to appoint Patrice Bubar as a replacement. The appointment is subject to confirmation by the MD Senate. Commissioner Herman's term did not expire until 2024. Bubar has been the deputy director of the MD DEP since 2015. Their prior experience includes positions at EPS and NRC. If the Senate approves the appointment, Bubar will hold the position until 2024. The MD Commission consists of five members. Governor Hogan is not eligible for reelection during this November's gubernatorial elections. EXC does not have any open GRC proceedings in MD at present.

ES — CT legislature passes a bill requiring 100% of the state vehicle fleet to be EV by 2030: The legislature passed SB 4, which sets a goal for 50% of its fleet to be light-duty EVs by 2026, 75% by 2028, and 100% by 2030. The state will not approve diesel-fueled buses for purchase starting in 2024. The bill sets a target for 30% of the state's buses to be zero emissions by 2030. The bill is expected to be signed into law by Governor Lamont (D) and will bring CT EV targets roughly in line with those in place in CA.

AEE, XEL — FERC rejects MISO's proposal that transmission owners self-fund HVDC network upgrades: FERC rejected that MISO could allow incumbent transmission owners to unilaterally pay for, and earn a return on, upgrades needed to interconnect merchant HVDC transmission facilities. FERC ruled that MISO did not provide adequate justification for not extending other funding options to merchant developers. Renewable power project developers opposed MISO's proposal as one that would force clean energy developers to pay for the regulated return on the investments made by the transmission owners. FERC previously made a similar decision against NYISO and a PJM proposal for transmission owners to earn a 10.3% return on network upgrades is pending with the FERC. SPP also recently approved a self-funding proposal. FERC in its ruling classified the merchant HVDC connection as a necessary upgrade with only one way to fund it and thus the transmission owner designs and builds the necessary upgrade at the expense of the merchant developer. Developers needing network upgrades, on the other hand, have more options, including constructing the infrastructure themselves, and thus allowing incumbent transmission owners to build and earn a return on such upgrades would be discriminatory.

Earnings Recap

PNW — PNW reported EPS of $0.15, which was ahead of our consensus matching estimate of $0.06. The Company continued to experience strong customer and sales growth, which has largely mitigated the inflationary pressures so far. 1Q22 was relatively quiet as PNW builds toward filing a new rate case and continues through its Appeals process. See our note here.

AVA — AVA reported EPS of $0.99, which was ahead of our estimate of $0.95 and consensus of $0.91, as a result of tax benefits from its recent rate cases going into effect. The Company maintained 2022 consolidated guidance, but pointed toward the lower end, as the Utility segment is expected to come in below the lower end of the segment's range due to higher power supply costs, which will be partially mitigated by its recent inclusion in the Western EIM. Longer-term, management expects to mitigate higher power costs through its pending GRC filings and reaffirmed its 2023 EPS guidance. See our note here.

HASI — HASI reported a mostly in-line quarter and reiterated the long-term growth rate of 10-13% for distributable EPS and 5-8% for dividends. Thus far, the Company has navigated the rising rate environment and inflationary backdrop effectively as it has not seen spread compression. That said, the ongoing AD/CVD investigations could potentially involve a pivot away from solar to other technologies if the investigation continues on the current timeline. See our note here.

EIX — EIX reported an operationally uneventful 1Q, beating both consensus and our estimates as revenue increases more than offset operational cost increases and higher D&A. The Company edged closer to the resolution of the outstanding wildfire claims and is eyeing late 2023 for potential recovery filing, which we view as an encouraging development. See our note here.

PEG — PEG reported a strong quarter as the Power segment earnings beat our forecasts. Nonetheless, the Company maintained guidance for the year. A BPU outcome on the Infrastructure Advancement Plan and the Coastal Wind Link offshore transmission

outcome are both expected later this year and would inform the next capex reiteration that PEG could offer in the fall. In the meantime, the Company continues to execute on the simplified asset base while waiting on a long-term solution from the Federal government on the nuclear tax credits. See our note here.

OTTR — OTTR had another strong performance with another beat and raise as the Plastics segment continued to benefit from market conditions. Overall, OTTR posted EPS of $1.72 vs. a consensus of $1.18 and raised 2022 EPS guidance by ~35%. OTTR is now forecasting for conditions in the PVC resin market to continue into the 2Q and begin to taper in the latter half of the year, although recent data has suggested longer-term trends benefiting PVC resin prices and sales prices. Management is in the midst of a strategic review process and will connect with the Board this summer to discuss long-term strategy, which will include plans around the Plastics segment. We should expect additional color on the 2Q earnings call. See our note here.

CMS — CMS reported a strong quarter as weather helped results. Full-year guidance is unchanged, and management reiterated confidence in achieving the high end of the 6-8% EPS long-term growth rate. A constructive settlement in the MI IRP provides CMS with a long runway of capital opportunities and potentially extends the tenure of the 6-8% EPS growth rate beyond the current 5-year horizon. Management addressed inflation concerns by alluding to its labor contracts and its procurement policies to mitigate the impact of rising material costs. See our note here.

CNP — There were no surprises in CNP's 1Q22 release. EPS tracked in line with expectation and guidance was reiterated. Management remains committed to its 10-year $40B+ capex plan and tweaked the 2021-2025 plan up by $100M to $19.3B. This is the second capex upgrade since analyst day, but is probably not the last as management highlighted that the Resilient Now program under development at Houston Electric and industrial demand growth in the Greater Houston area are likely to add further capex upside. See our note here.

WEC — WEC started 2022 off strong with EPS of $1.79, vs. a consensus of $1.67. Subsequently, WEC introduced 2Q22 guidance of $0.82-$0.84 and raised its 2022 guidance to $4.34-$4.38, up $0.05 at the midpoint. Near the end of last week, WEC filed five rate cases across its WI jurisdictions, which will be worth monitoring after a stay-out in 2021. Overall, WEC feels confident in its $17B five-year capital plan but could see some shifting on a year-over-year basis or between investments. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

California Dreamin': EIX, SRE - Notes from Management Meetings

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

HASI: Notes from Meetings with Management

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CMS: Notes from Meetings with Management

CMS: First Read on MI IRP Proposed Decision

NEE: Upgrading to Overweight on Valuation with $87 Price Target

SRE: PT Reached — Downgrading to Sector Weight on Valuation

NWE: MT Coal Mine Ruling Adds Another Wrinkle to Colstrip Story

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

XEL: Meeting Notes and Thesis Review

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

AY: Notes from Management Meetings

Thematic Pieces

Utilities 1Q22 Earnings Preview: Boring Is Good

Movers and Shakers: Utilities Earnings Recap

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	306	53.03	90	29.41
Sector Weight [SW]	259	44.89	59	22.78
Underweight [UW]	12	2.08	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	33	51.56	14	42.42
Sector Weight [SW]	29	45.31	14	48.28
Underweight [UW]	2	3.12	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Power & Utilities May 2, 2022

The Guggenheim Daily Transmission: NWE, WEC, HE, PCG/CA, AEE/IL, Uranium, D, AWK, EXC, BBB, DOE, ERCOT, SRE/CA, PNW, DUK

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	92.90	Buy
AWK	154.08	Neutral
D	81.64	Buy
DUK	110.16	Buy
EXC	46.78	Neutral
HE	41.11	Neutral
NWE	56.69	Neutral
PCG	12.65	Buy
PNW	71.20	Sell
SRE	161.36	Buy
WEC	100.05	Neutral

For details on our Guggenheim-hosted client Utility events including: our CNP NDR; AGA Conference meetings; EVRG NDR; AWK NDR; EXC NDR; LNT NDR; ES NDR; SO NDR; CMS NDR; DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; OGS NDR; and other events, scroll down…

NWE: Laurel Construction Underway but Capacity Shortfall Still Large and Unknown Until Colstrip Clarity Arrives; Mid-2022 Rate Case Positives (see our note HERE)

WEC – WEC reports 1Q22 EPS of $1.79 vs Gugg estimate of $1.76 and consensus at $1.69; raises 2022 guidance

HE – ASB reports 1Q earnings; consistent bank performance

PCG/CA – CA reconsidering Diablo Canyon retirement decision, could be different than Palisades situation in MI

AEE/IL – Ameren and other parties begin getting the message out on the customer impacts of MISO's latest PRA

Uranium – Germany reportedly open to sanctioning Russian civil nuclear industry

D – Dominion issues RFP for solar, wind, and storage projects

AWK – PA American Water files new rate case in PA

EXC – ComEd 2023 FRP status hearing scheduled for 5/12

BBB – Senator Manchin records ad criticizing BBB for Republican candidate

DOE – $2.3bn BIF grid mod program begins seeking public comment

DOE – DOE head talks budget, policy, in Senate budget hearing

ERCOT – ISO starts new supply chain map

ERCOT – New proposed rule could have implications for generator outages

SRE/CA – Media reports 350k customers behind on bills in SDG&E territory

PNW – ACC files APS Customer Education and Outreach Plan decision to docket

DUK – 'Bigger fights': Opposition to solar farms growing in NC

WEC reports 1Q22 EPS of $1.79 vs Gugg estimate of $1.76 and consensus at $1.69; raised 2022 EPS guidance to $4.34-$4.38 (pointing to $4.38 top end) vs prior guidance of $4.29-$4.33 ($4.31 midpoint) and $4.29/$4.30 for Gugg/consensus

- One-time items included $-0.02/sh from Rabbi Trust Performance and a $0.01/sh gain on Clean Energy Fund
- +0.01/sh from higher weather-normalized sales volumes
- +0.05/sh from weather in 1Q22 YoY
- Weather diverged significantly across Wisconsin, with Wisconsin Public Service seeing HDDs of +5.4% vs normal, and Wisconsin Electric seeing HDDs of +1.8% vs normal

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- +0.7% YoY weather-normalized retail electric sales vs 1Q21 (excluding the iron ore mine); +3.6% YoY weather-normal natural gas deliveries vs 1Q21
- **Recall 2022 sales expectations:** +0.5% weather-normal electric deliveries (excluding iron ore mines), +0.5% YoY weather-normal natural gas deliveries.
- Wisconsin rate cases filed April 28th; requesting unchanged ROEs and +50bps to equity layers
  - Order expected in 4Q22 for new rates effective Jan 1, 2023

- Earnings call will be at **2:00 PM ET** — Dial-in: **833-968-2232;** Conference ID **9378353.**

HE – ASB reports 1Q earnings; consistent bank performance

- HE's American Savings Bank (ASB) reported 1Q earnings.
- ASB reported first quarter 2022 net income of $23.9M, compared to $22.1M in the fourth, or linked quarter of 2021.
- Net interest margin was 2.79% in the first quarter, consistent with the linked quarter
- ASB recorded a negative provision for credit losses of $3.3M compared to a negative provision for credit losses of $3.5M in the linked quarter.
- Total loans were $5.2 billion as of March 31, 2022, consistent with December 31, 2021 as lower commercial markets, PPP and residential loan balances were offset by higher loan balances across the remainder of the loan portfolio, primarily in commercial real estate.

Guggenheim takeaway: *The 1Q report from ASB was ahead of our net income contribution estimate of $21.5M, which excludes the negative provision for credit losses. The overall performance is in-line with our expectations for ASB, as the bank remains a consistent performer in a low yield environment.*

PCG/CA – CA reconsidering Diablo Canyon retirement decision, could be different than Palisades situation in MI

- Media reported that CA Governor Newsom's administration is considering alternatives to the Diablo Canyon Shutdown.
- Speaking to the LA Times, Newsom stated the state would look at the federal support program to keep the plan open.
- PG&E is on track to shut down the first reactor in 2024, and the second in 2025 upon conditions set as part of a long debated CPUC proceeding and replacement resources already contracted

Guggenheim takeaway: *Obviously everyone seeing the headlines over the weekend. We did catch up with the company this morning. There are productive discussions with the State occurring including around midterm reliability with the Governor. In our view, while the directive is to decommission and retire the asset, PCG could be open to exploring options within a regulated constructive. This situation could turn out differently than the Palisades nuclear plant in MI – i.e., PCG has more time to pivot if possible.*

AEE/IL – Ameren and other parties begin getting the message out on the customer impacts of MISO's latest PRA

- "We're anticipating bill impacts on a typical residential customer in excess of $500 a year," - Jim Blessing, Ameren Illinois's vice president of regulatory policy and energy supply
- "It's about $15 to $20 a month, is what we're estimating. So I think that's consistent. Look, there's no question that that's a difficult situation" - David Kolata, Citizens Utility Board
- "This price spike suggests that we need to move even faster than the timeline in that bill," - CUB
- More HERE

Guggenheim takeaway: *As we have highlighted repeatedly in recent weeks, the outcomes of the PRA for Zone 4 continue to create noise within IL – as expected.*

Uranium – Germany reportedly open to sanctioning Russian civil nuclear industry

- Politico reported last night that 5 EU diplomats had indicated Germany now supports efforts by the bloc to sanction Russian civil nuclear activities, setting off additional schisms within the bloc
- More HERE

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim takeaway: *The nuclear industry has largely avoided anything crippling to date, so interesting to see the Germans open to further action.* ***For more on the current state of affairs in the uranium supply chain see our recent baseline note HERE.***

D – Dominion issues RFP for solar, wind, and storage projects

- "In a Request for Proposals (RFP) issued today, Dominion Energy Virginia (DEV) is soliciting proposals for the acquisition of up to 1,200 megawatts (MW) of new solar and onshore wind development assets, as well as approximately 125 MW of energy storage. The company will host an informational webinar for interested bidders at 1 p.m. ET on June 9, 2022. A separate RFP seeking proposals for Power Purchase Agreements (PPA) will be issued on September 1, 2022." - D
- More HERE

Guggenheim takeaway: *Part of the process for D's VCEA buildout – flagged for your awareness.*

AWK – PA American Water files new rate case in PA

- "In today's filing, Pennsylvania American Water is seeking an annual revenue increase of approximately $173.2 million. If the company's proposed rates are approved as requested, the monthly water bill for the average residential customer using 3,212 gallons per month would increase from the current charge of $60.49 to $75.49, and the average monthly residential wastewater bill would increase from $76.64 to $95.69. Any new rates would not take effect until early 2023 except for certain recently acquired systems where the rate increases are proposed to take effect at later dates." - AWK
- More HERE

Guggenheim takeaway: *Zero surprise following the 1Q call last week (see HERE) – we expect the regulatory cycle to pick up over the balance of the year following filings in NJ and IL in 1Q and the recent beginning of interim ratesin VA.*

EXC – ComEd 2023 FRP status hearing scheduled for 5/12

- "Notice is hereby given by the Administrative Law Judges that a status hearing in the above entitled matter will be held on May 12, 2022, in Chicago, Illinois, at the hour of 10:00 A.M. The hearing will be held via WebEx" - Filing
- More HERE

Guggenheim takeaway: *For your calendar.*

BBB – Senator Manchin records ad criticizing BBB for Republican candidate

- The ad is in support of David McKinley, a Republican candidate
- ""I've always said, 'If I can't go home and explain it, I can't vote for it. And that is why I opposed Build Back Better." - Senator Manchin
- More HERE

Guggenheim takeaway: *Another nail in the BBB plan, although Senator Manchin remains open to energy legislation in our view.*

DOE – $2.3bn BIF grid mod program begins seeking public comment

- The program, which will seek to support grid modernization across the states and tribal areas is seeking comments on the structure of the program
- Comments are due June 27
- More HERE

Guggenheim takeaway: *Interesting BIF data point.*

DOE – DOE head talks budget, policy, in Senate budget hearing

- The program, which will seek to support grid modernization across the states and tribal areas, is seeking comments on the structure of the program
- "We have done everything we can to encourage the oil and gas community to increase supply at this moment," – U.S. Energy Secretary Granholm
- "I think the chairman and FERC itself have been listening and have pulled back a bit to be able to take into account the concerns of those who want to see certainty for the oil and

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

gas industry…They're an independent agency, but I believe that they are very concerned about making sure that they are responsive to this moment as well." – Granholm via Platts
- More HERE
- Granholm opening remarks HERE

Guggenheim takeaway: *While these budgetary hearings are part of the process, they have taken on new importance in light of the ongoing geopolitical backdrop.*

ERCOT – ISO starts new supply chain map

- The ISO has adopted a supply chain map identifying more than 65,000 critical points in support of reliability following the passage of SB3 last year
- More HERE, HERE

Guggenheim takeaway: *Minor FYI.*

ERCOT – New proposed rule could have implications for generator outages

- The proposed change would require ERCOT approval for outages scheduled more than 45 days in advance, reversing prior policy
- NPRR1108 HERE
- More HERE

Guggenheim takeaway: *Minor FYI.*

SRE/CA – Media reports 350k customers behind on bills in SDG&E territory

- Media reported that ~350,000 customers are still behind on bills in the SDG&E service territory.
- CA had a strong moratorium on shutoffs during the pandemic.

Guggenheim takeaway: *FYI.*

PNW – ACC files APS Customer Education and Outreach Plan decision to docket

- Based on feedback received by the Commission, Utilities Division Staff was directed to investigate the implementation of the CEOP to determine whether the dissemination of the information was delivered by APS to its customers in a reasonable and comprehensive manner.
- Overall, Staff found that the CEOP Focus Area plans APS has detailed are appropriate and should achieve a sufficient level of education to minimize customer confusion.
- Staff did make several recommendations however, including that APS begin using text messages as a means of more quickly reaching a broader audience.
- Decision HERE

Guggenheim takeaway: *ICYMI – while docketed only late last week, the filing relates to the ACC's vote at its April 12th/13th meeting.*

DUK – 'Bigger fights': Opposition to solar farms growing in NC

- State policy and the desire by solar developers to get a return on their sizeable upfront investments have driven the growing size of new arrays, leading to several municipalities denying permits. Now, at least four North Carolina counties have instituted moratoriums on new solar farms.
- "You're seeing bigger fights ... because of the size of these projects," Abele said. "At the same time, we've seen more organization from opposition groups in the state that have gone out and teed up op-eds and talking points to communities in opposition of solar… I anticipate it continuing to happen." – NCSEA Director of Communications Matt Abele
- More HERE

Guggenheim takeaway: *FYI – something to watch as DUK's Carbon Plan is filed (by May 16th), and during the stakeholder review processes expected to occur between then and a final Carbon Plan being approved by the NCUC by Dec 31, 2022.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

David Lesar, *President and Chief Executive Officer*
Jason Wells, *EVP & Chief Financial Officer*
Jackie Richert, *VP, Investor Relations and Treasurer*

Date

Monday, May 9, 2022 – Baltimore/New York
Tuesday, May 10, 2022 – New York

Meeting Format

In-person NDR - 1:1 Meetings, Group Lunch, Group Dinner

Company Information

Market Cap: $17.9bn

CenterPoint Energy, Inc. is a holding company, which engages in the business of power generation and distribution. It operates through the following segments: Houston Electric Transmission & Distribution (T&D), Indiana Electric Integrated, Natural Gas Distribution, Energy Services, Infrastructure Services, Midstream Investments, and Corporate and Other. The Electric T&D segment offers electric transmission and distribution services. The Indiana Electric Integrated segment includes energy delivery services to electric customers and electric generation assets to serve electric customers and optimize those assets in the wholesale power market. The Natural Gas Distribution segment provides regulated natural gas distribution services. The Energy Services segment offers non-rate regulated natural gas sales to, and transportation and storage services, for commercial and industrial customers. The Infrastructure Services segment focuses on underground pipeline construction and repair services. The Midstream Investments segment consists of the equity method investment in Enable. The Other Operations segment consists of office buildings and other real estate used for business operations and home repair protection plans. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Corporate Access

SAVE THE DATE

2022 AGA Financial Forum

The Guggenheim Utilities Research Team will be hosting meetings with company management.

Client Dinner

We will be hosting a dinner with Shar Pourreza and Mark McLain on May 16th at 6:30PM ET.

Location: Byblos Miami.

Tuesday, May 17th	
Time	*Co.*
9:30–10:10	AVA
10:20–11:00	D
11:10–11:50	NWE
12:00–12:40	BKH
12:50–1:30	NJR
1:40–2:20	PEG
2:30–3:10	DTE
3:20–4:00	DUK
4:10–4:50	ED/NWN

Wednesday, May 18th	
Time	*Co.*
8:40–9:20	SRE
9:30–10:10	SR
10:20–11:00	AEE
11:10–11:50	SO
12:00–12:40	WEC
1:00–1:40	CMS
1:50–2:30	OGS
2:40–3:20	CPK
3:30–4:10	CNP
4:20–5:00	NI

Dates

May 16 (Dinner only), May 17–May 18 (1x1 meetings)

Location

Loews Miami Beach Hotel, 1601 Collins Avenue, Miami Beach, Florida

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Evergy, Inc. (EVRG)

Kirk Andrews, *Chief Financial Officer*
Lori Wright, *VP, Corporate Planning, IR and Treasurer*
Cody VandeVelde, *Director, Investor Relations*

Dates & Locations
Tuesday, May 24 | Boston
Wednesday, May 25 | Virtual

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $16.2bn
Evergy, Inc. (EVRG) is a holding company, which engages in the provision of electricity through its subsidiaries. It focuses on the regulation of electric utilities and development of electric transmission projects. The company was founded in 2017 and is headquartered in Kansas City, MO. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President, Chief Executive Officer and Chief Financial Officer*

Cheryl Norton, *EVP and Chief Operating Officer*

Aaron Musgrave, *Senior Director, Investor Relations*

Date

Thursday, May 26, 2022
New York (Guggenheim Securities – 330 Madison Ave)

Meeting Format

1:1 Meetings & Group Lunch

Company Information

Market Cap: $31.1bn

American Water Works Co., Inc. engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment provides water and wastewater services to customers. The Market-Based Businesses segment is responsible for Military Services Group, Contract Operations Group, Homeowner Services Group, and Keystone Operations. The Other segment includes corporate costs that are not allocated to the Company's operating segments, eliminations of inter-segment transactions, fair value adjustments and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Joseph Nigro, *Chief Financial Officer*
Jeanne Jones, *SVP, Corporate Finance*
Andrew Plenge, *VP, Investor Relations*

Date
June 1 & 2, 2022
Midwest

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $49.1bn
Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO)

Daniel Tucker, Chief Financial Officer

Scott Gammill, Director, Investor Relations

Date

June 9 & 10, 2022

West Coast

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $16.2bn

American Water Works Co., Inc. is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, Florida, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Florida, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings

Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite

Location: TBD

Tuesday, July 12th

11:30 AM | Lunch

Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience

Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game

Southern Company C-Suite will host in their private box. Dinner will be served.

Participating Guggenheim Analyst

Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*

Logistics

Transportation details, logistics and hotel recommendations to follow

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim's Power & Utility Comp Sheet

4/29/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$59.34	3,382	3.75	3.89	4.06	4.32	–	–	(0.04)	0.06	15.8x	15.3x	14.6x	13.7x	-22%	-20%	-19%	-19%	7.6%	4.5%	71%	Neutral	$65	14%	Neutral	$67	18%
AVA	$40.57	2,929	2.04	2.47	2.59	2.72	–	–	–	–	19.9x	16.4x	15.7x	14.9x	-2%	-14%	-13%	-12%	6.7%	4.4%	88%	Sell	$35	-9%	Neutral	$44	13%
NWE	$56.69	3,069	3.34	3.57	3.88	4.05	–	–	–	–	17.0x	15.9x	14.6x	14.0x	-17%	-17%	-19%	-17%	3.8%	4.4%	75%	Neutral	$58	7%	Buy	$63	15%
POR	$47.33	4,223	2.58	2.98	3.12	3.25	–	0.10	0.08	0.08	18.3x	15.9x	15.2x	14.6x	-10%	-17%	-16%	-14%	4.6%	3.9%	71%	Buy	$57	24%	Neutral	$53	16%
		13,603									**17.8x**	**15.9x**	**15.0x**	**14.3x**	**-13%**	**-17%**	**-16%**	**-15%**	**5.7%**	**4.3%**	**76%**						
Mid/Large Cap Electric																											
AEE	$92.90	23,977	4.04	4.31	4.61	4.86	–	(0.05)	(0.03)	(0.06)	23.0x	21.6x	20.2x	19.1x	13%	13%	12%	13%	6.1%	2.6%	59%	Buy	$95	5%	Buy	$98	8%
AEP	$99.11	50,897	4.98	5.30	5.64	6.00	–	–	–	0.04	19.9x	18.7x	17.6x	16.5x	-2%	-2%	-2%	-2%	6.1%	3.2%	64%	Buy	$109	13%	Buy	$106	10%
CMS	$68.69	19,929	2.88	3.14	3.41	3.64	–	–	–	–	23.9x	21.9x	20.1x	18.9x	17%	14%	12%	12%	8.3%	2.7%	66%	Neutral	$66	-1%	Buy	$73	9%
CNP	$30.61	19,267	1.38	1.49	1.61	1.73	–	–	–	–	22.2x	20.5x	19.0x	17.7x	9%	7%	6%	5%	8.0%	2.3%	50%	Buy	$34	13%	Buy	$33	10%
D	$81.64	66,183	4.12	4.40	4.70	5.00	–	–	0.03	–	19.8x	18.6x	17.4x	16.3x	-3%	-3%	-3%	-3%	6.7%	3.3%	66%	Buy	$90	14%	Buy	$90	14%
DTE	$131.04	25,388	5.98	6.29	6.73	7.13	0.05	0.04	0.05	(0.05)	21.9x	20.8x	19.5x	18.4x	8%	9%	8%	9%	4.5%	2.8%	61%	Buy	$145	13%	Buy	$138	8%
DUK	$110.16	84,812	5.48	5.81	6.15	6.50	–	0.03	–	(0.04)	20.1x	19.0x	17.9x	16.9x	-1%	-1%	-0%	0%	5.5%	3.7%	74%	Buy	$119	12%	Buy	$114	8%
ED	$92.74	32,848	4.51	4.73	4.89	5.07	–	(0.08)	(0.18)	(0.18)	20.6x	19.6x	19.0x	18.3x	1%	3%	6%	8%	3.8%	3.5%	71%	Sell	$71	-20%	Sell	$85	-5%
EIX	$68.79	26,195	4.64	4.92	5.25	5.60	0.12	0.09	0.06	0.12	14.8x	14.0x	13.1x	12.3x	-27%	-27%	-27%	-27%	5.1%	4.2%	62%	Buy	$77	16%	Buy	$75	13%
ES	$87.40	30,131	4.10	4.34	4.65	5.00	–	–	–	–	21.3x	20.1x	18.8x	17.5x	5%	5%	5%	3%	6.7%	3.0%	63%	Neutral	$92	8%	Neutral	$93	9%
ETR	$118.85	24,145	6.33	6.81	7.21	7.57	–	0.08	0.09	–	18.8x	17.5x	16.5x	15.7x	-8%	-9%	-8%	-7%	5.9%	3.5%	65%	Buy	$129	12%	Buy	$128	11%
EVRG	$67.85	15,401	3.52	3.77	4.02	4.30	–	–	–	0.05	19.3x	18.0x	16.9x	15.8x	-5%	-6%	-6%	-7%	5.0%	3.5%	67%	Buy	$77	17%	Buy	$74	12%
EXC	$46.78	45,851	2.27	2.39	2.54	2.74	–	–	(0.06)	(0.04)	20.6x	19.6x	18.4x	17.1x	1%	2%	3%	1%	-0.5%	3.0%	62%	Neutral	$61	33%	Buy	$49	8%
FE	$43.31	24,727	2.44	2.57	2.75	2.95	0.03	–	–	–	17.8x	16.9x	15.7x	14.7x	-13%	-12%	-12%	-13%	3.2%	3.6%	65%	Neutral	$43	3%	Buy	$48	14%
LNT	$58.81	14,750	2.75	2.90	3.04	3.23	–	–	(0.03)	(0.03)	21.4x	20.3x	19.3x	18.2x	5%	6%	8%	8%	5.3%	3.0%	64%	Neutral	$60	5%	Neutral	$64	12%
OGE	$38.68	7,744	2.28	2.39	2.52	2.64	0.13	0.28	0.35	0.32	17.0x	16.2x	15.3x	14.7x	-17%	-15%	-15%	-13%	4.0%	4.3%	73%	Buy	$42	13%	Buy	$42	12%
PCG	$12.65	31,185	1.11	1.24	1.34	1.45	–	–	–	–	11.4x	10.2x	9.4x	8.7x	-44%	-47%	-47%	-48%	9.7%	0.2%	3%	Buy	$19	50%	Buy	$16	28%
PEG	$69.66	34,975	3.56	3.72	3.92	4.23	0.08	–	(0.06)	(0.03)	19.6x	18.7x	17.8x	16.5x	-4%	-2%	-1%	-3%	3.8%	3.2%	62%	Buy	$71	5%	Buy	$77	13%
PNW	$71.20	8,045	4.05	4.25	4.50	4.75	0.03	0.06	0.04	0.06	17.6x	16.8x	15.8x	15.0x	-14%	-12%	-12%	-11%	-3.5%	4.9%	86%	Sell	$60	-11%	Sell	$74	9%
PPL	$28.31	20,829	1.57	1.72	1.79	1.86	0.06	0.06	0.05	0.05	18.0x	16.5x	15.8x	15.2x	-11%	-14%	-12%	-10%	15.4%	3.6%	64%	Buy	$33	20%	Buy	$31	14%
SO	$73.39	78,030	3.55	3.80	4.15	4.40	–	–	–	(0.10)	20.7x	19.3x	17.7x	16.7x	2%	1%	-2%	-1%	6.6%	3.7%	77%	Buy	$76	7%	Neutral	$74	4%
WEC	$100.05	31,559	4.29	4.57	4.87	5.18	–	–	–	–	23.3x	21.9x	20.5x	19.3x	15%	15%	14%	14%	6.0%	3.0%	69%	Neutral	$101	4%	Neutral	$104	7%
Mid/Lg Cap (excl. EIX, PCG)											**20.3x**	**19.1x**	**18.0x**	**16.9x**					**5.3%**	**3.3%**	**66%**						
Regulated Electrics		**730,473**									**19.9x**	**18.6x**	**17.5x**	**16.5x**					**5.4%**	**3.5%**	**68%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	LTG EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$41.11	4,499	2.21	2.41	2.47	2.69	0.07	0.12	0.07	0.06	18.6x	17.1x	16.6x	15.3x	-8%	-11%	-7%	-10%	4.6%	3.5%	64%	Neutral	$41	3%	Sell	$41	3%
NEE	$71.02	139,519	2.84	3.07	3.31	3.59	–	0.03	0.04	0.07	25.0x	23.1x	21.5x	19.8x	23%	21%	19%	17%	8.9%	2.5%	62%	Buy	$91	31%	Buy	$92	32%
SRE	$161.36	50,953	8.54	9.08	9.58	10.21	0.04	0.13	0.06	0.09	18.9x	17.8x	16.8x	15.8x	-7%	-7%	-6%	-7%	4.9%	2.9%	55%	Buy	$166	6%	Buy	$172	10%
		194,970									**20.8x**	**19.3x**	**18.3x**	**17.0x**	**2%**	**1%**	**2%**	**0%**	**6.1%**	**2.9%**	**60%**						
Gas LDCs																											
NI	$29.12	11,815	1.45	1.53	1.70	1.84	–	–	(0.04)	(0.04)	20.1x	19.0x	17.1x	15.8x	1%	2%	-2%	-4%	7.8%	3.3%	66%	Buy	$30	6%	Buy	$32	14%
CPK	$125.17	2,215	5.13	5.55	5.93	6.32	0.04	0.06	0.08	0.11	24.4x	22.6x	21.1x	19.8x	23%	21%	21%	20%	7.6%	1.7%	41%	Neutral	$132	7%	Buy	$139	13%
NJR	$43.16	4,146	2.25	2.43	2.62	2.78	–	–	(0.19)	(0.11)	19.2x	17.8x	16.5x	15.5x	-4%	-4%	-6%	-6%	6.5%	3.5%	68%	Neutral	$41	-1%	Neutral	$46	11%
NWN	$47.83	1,638	2.56	2.73	2.83	2.97	–	–	0.03	–	18.7x	17.5x	16.9x	16.1x	-6%	-6%	-3%	-2%	3.8%	4.1%	76%	Neutral	$49	6%	Buy	$55	19%
OGS	$84.37	4,564	4.12	4.38	4.65	5.00	–	–	–	–	20.5x	19.3x	18.1x	16.9x	3%	4%	4%	2%	6.8%	3.0%	62%	Neutral	$77	-6%	Buy	$87	6%
SJI	$34.19	4,185	1.71	1.82	1.94	2.05	0.04	0.04	0.07	0.11	20.0x	18.8x	17.6x	16.7x	0%	1%	1%	1%	6.2%	3.7%	74%	Neutral	$26	-20%	Neutral	$34	2%
SR	$72.75	3,765	3.84	4.27	4.91	5.03	(0.11)	(0.11)	0.26	0.17	18.9x	17.0x	14.8x	14.5x	-5%	-8%	-15%	-12%	0.9%	3.9%	74%	Neutral	$62	-11%	Neutral	$74	5%
		32,328									**20.3x**	**18.9x**	**17.5x**	**16.5x**	**2%**	**2%**	**-0%**	**-0%**	**5.7%**	**3.3%**	**66%**						
Regulated Water																											
AWK	$154.08	28,005	4.44	4.85	5.23	5.70	–	–	0.04	–	34.7x	31.8x	29.5x	27.0x	71%	66%	64%	60%	-4.8%	1.7%	60%	Neutral	$155	2%	Neutral	$163	7%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'21–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$59.21	19,342	2,525	2,721	2,895	2,867	(95)	(255)	(463)	(610)	9.5x	8.5x	7.6x	7.2x	23,870	23,073	21,919	20,744	-0.7%	1.0%	18%	Neutral	$51	-13%	Buy	$65	10%
NRG	$35.90	8,693	2,092	2,289	2,283	2,263	(39)	–	(92)	(72)	7.0x	6.2x	5.9x	5.4x	14,738	14,144	13,555	12,233	-1.7%	4.0%	37%	Neutral	$43	24%	Buy	$44	27%
VST	$25.02	11,034	3,120	3,298	3,325	3,223	(22)	(128)	(42)	(137)	6.8x	6.4x	6.3x	6.4x	21,268	21,209	21,032	20,518	13.5%	2.9%	39%	Buy	$27	11%	Buy	$29	20%
Other																											
ALTO	$5.77	425	73	85	86	87	–	(129)	(179)	(238)									3.1%	–	–	Buy	$9	56%	Buy	$12	102%
IEA	$9.35	449	152	174	199	220	–	–	–	–									13.0%	–	–	Buy	$16	71%	Buy	$17	82%
NEP	$66.66	5,593	1,660	1,775	1,889	2,003	(76)	(114)	(165)	(214)									10.2%	4.7%	–	Buy	$85	32%	Buy	$86	34%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

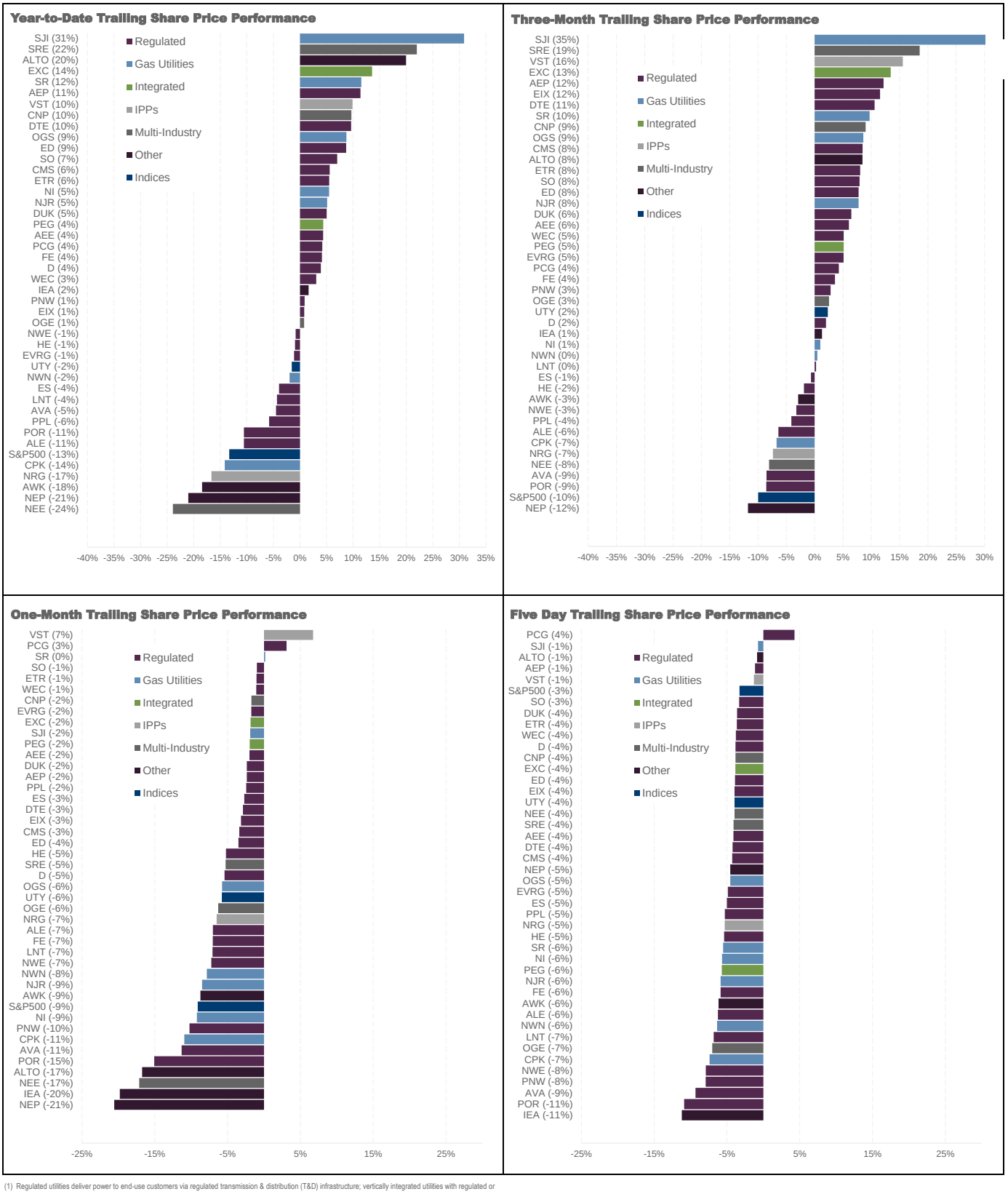

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/24–5/25	TBC
AWK	5/26	New York
EXC	6/1–6/2	Midwest
LNT	6/7–6/8	New York
ES	6/8	Boston or Virtual
SO	6/9–6/10	West Coast
CMS	6/16	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
POR	8/9-8/10	New York
NEE	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Generation and Mix

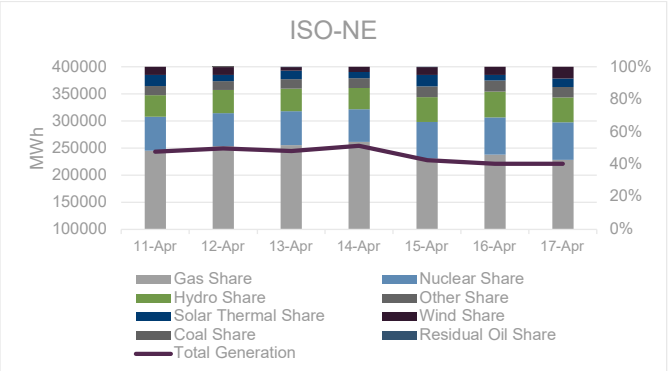

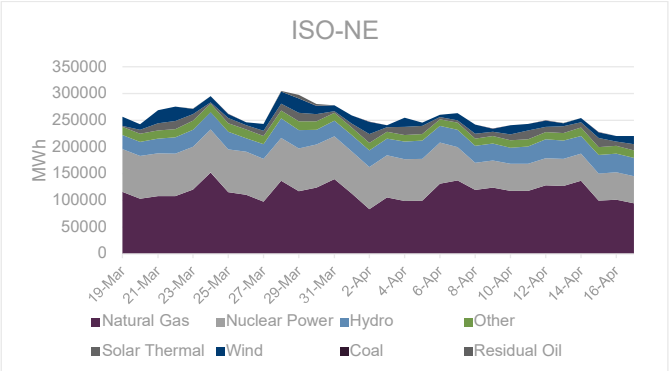

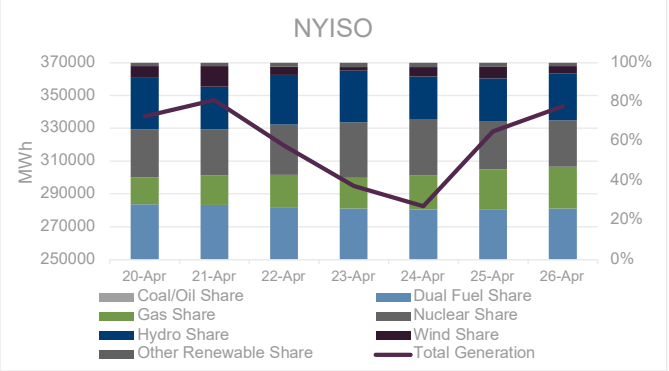

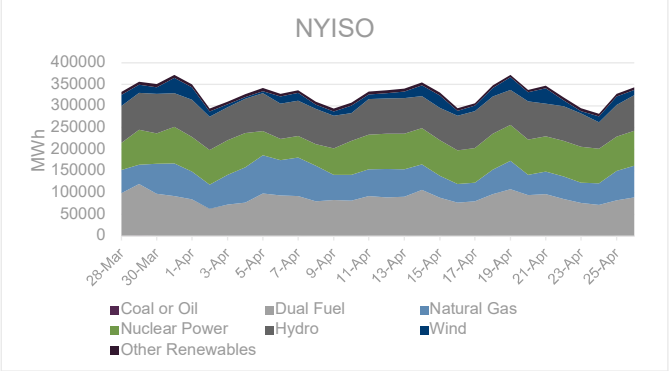

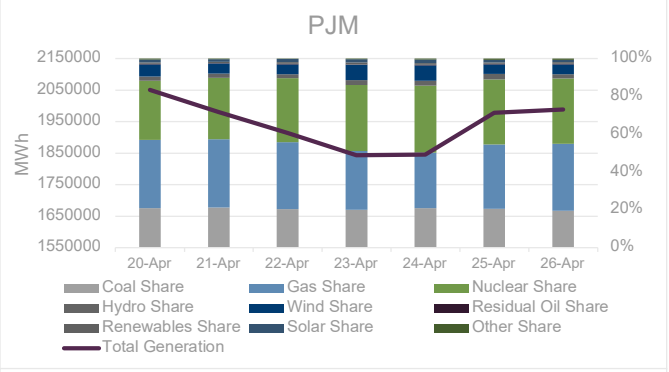

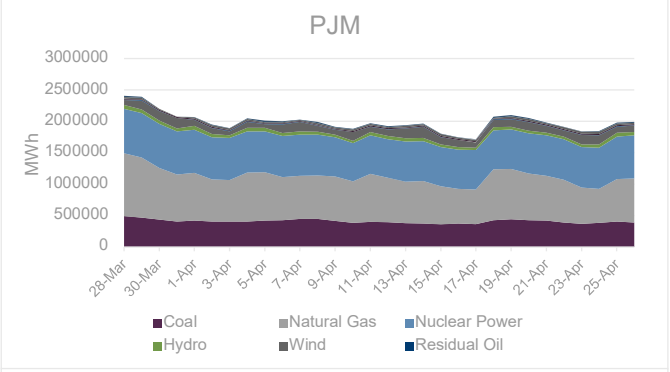

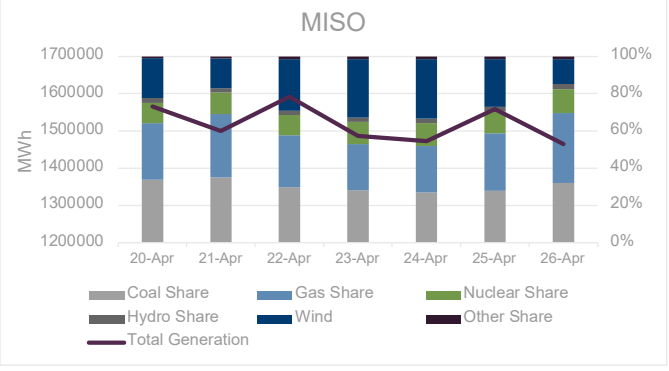

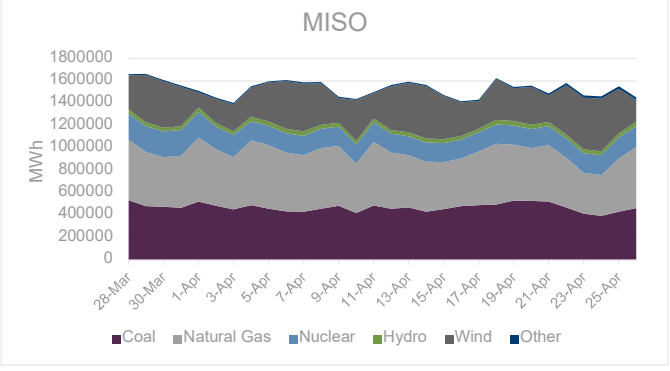

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

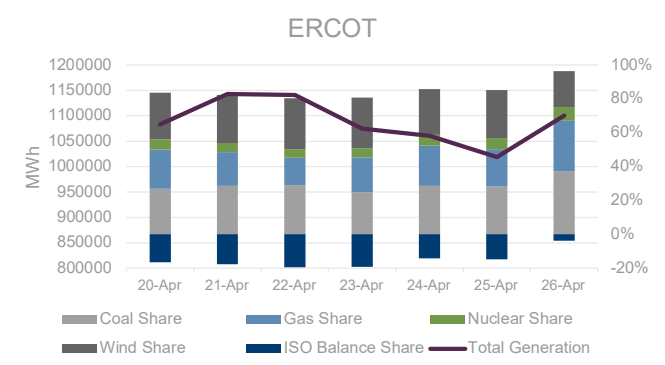

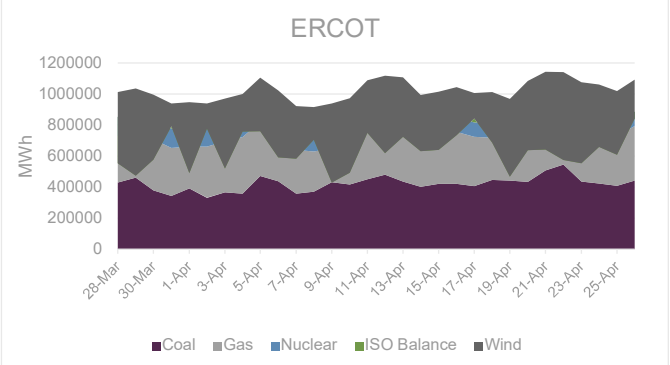

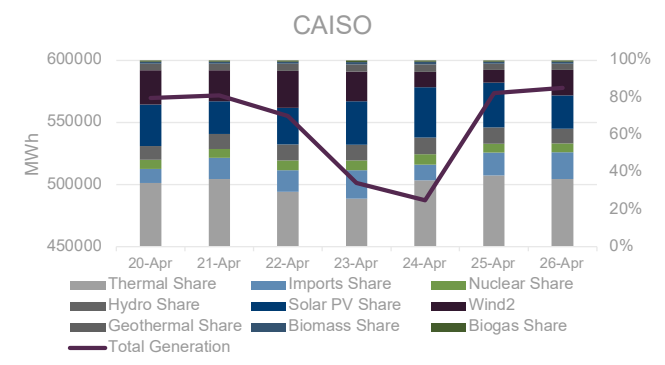

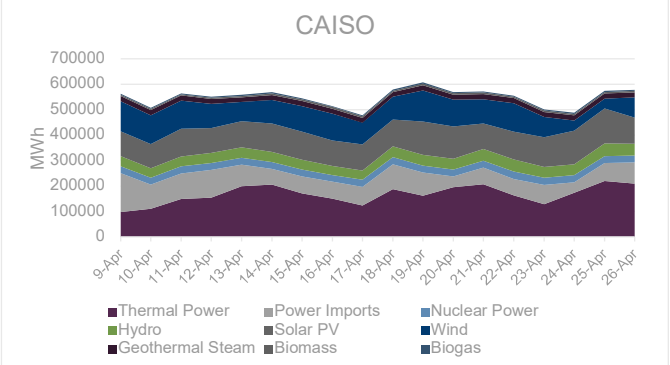

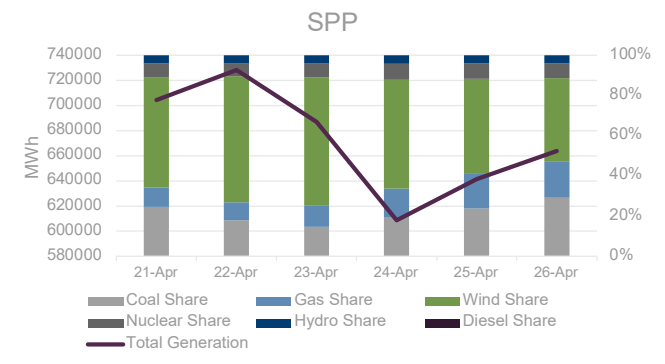

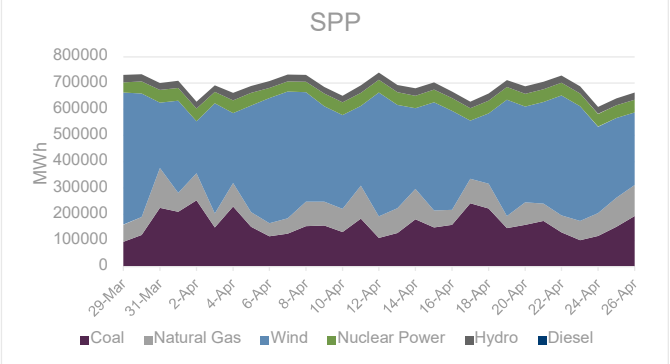

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Weather

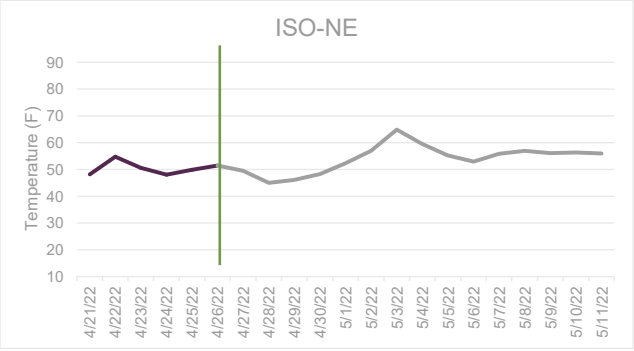

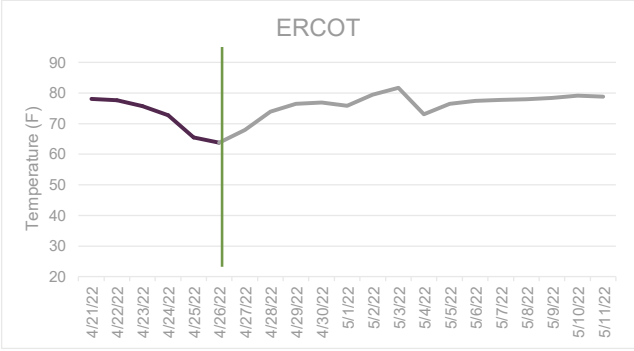

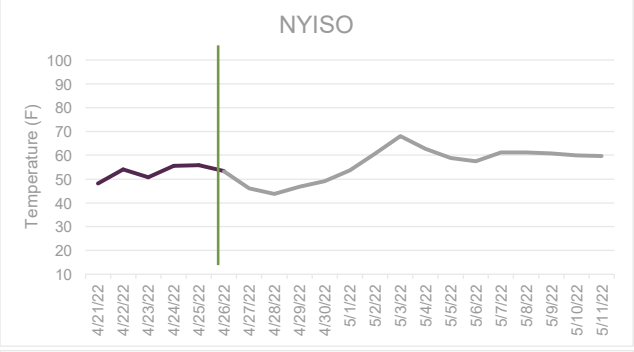

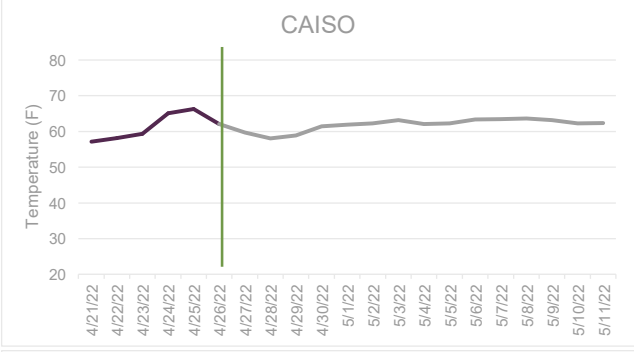

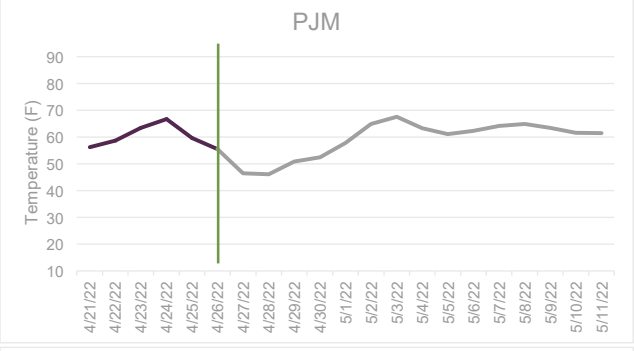

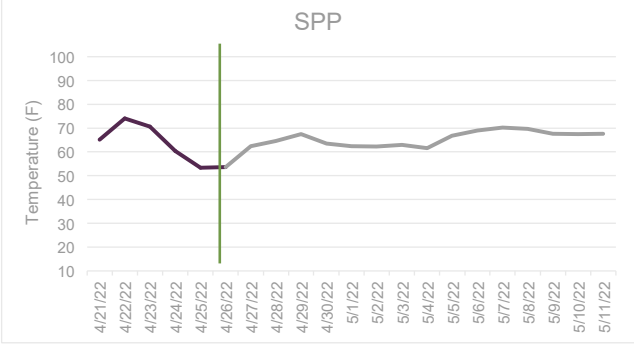

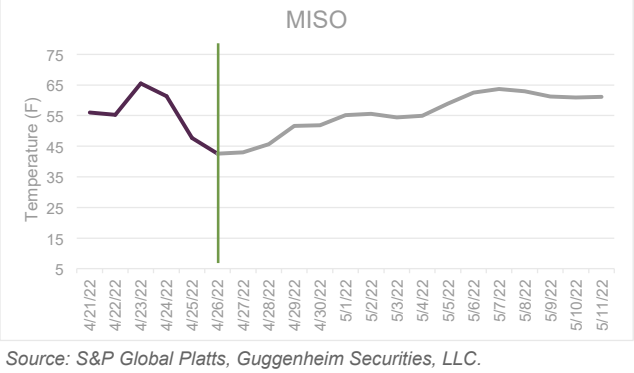

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR – Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR – Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	65.35%	58	25.00%
NEUTRAL	118	33.24%	14	11.86%
SELL	5	1.41%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD 29 Apr 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.20	47.38 USD Bil 28 Apr 2022	Narrow	Stable	Low	Standard	6 Apr 2022 05:00, UTC

Price vs. Fair Value

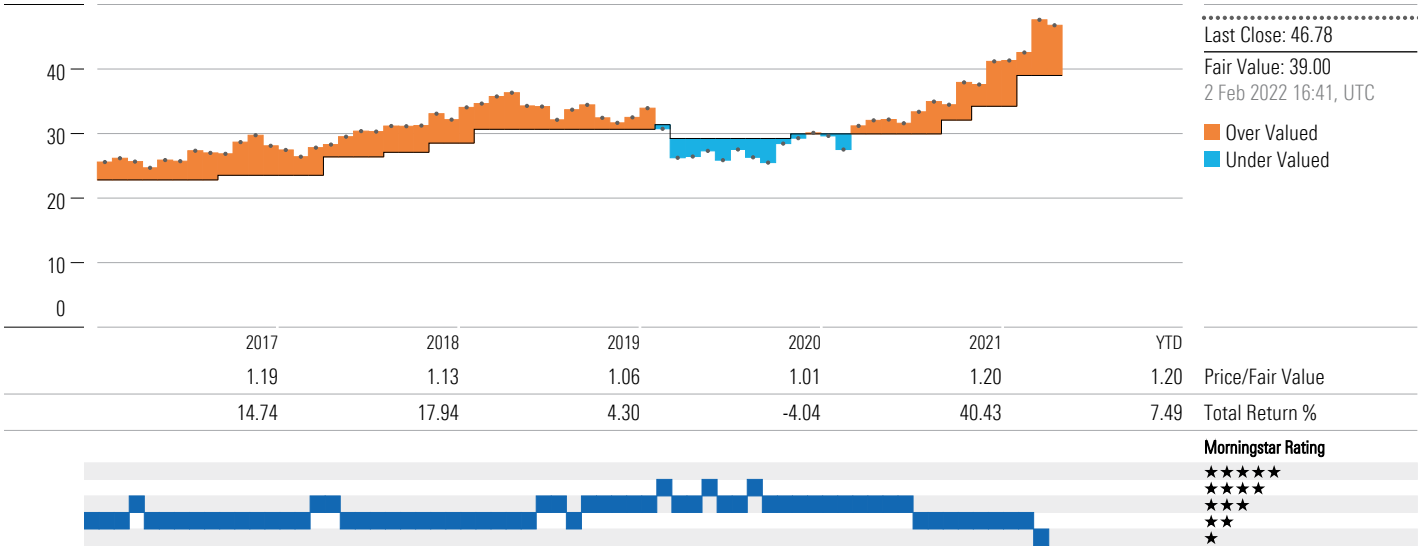

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	1.20
Total Return %	14.74	17.94	4.30	-4.04	40.43	7.49

Total Return % as of 30 Apr 2022. Last Close as of 29 Apr 2022. Fair Value as of 2 Feb 2022 16:41, UTC.

Contents

Business Description
Business Strategy & Outlook (9 Mar 2022)
Bulls Say / Bears Say (9 Mar 2022)
Economic Moat (9 Mar 2022)
Fair Value and Profit Drivers (9 Mar 2022)
Risk and Uncertainty (9 Mar 2022)
Capital Allocation (9 Mar 2022)
Analyst Notes Archive
Financials
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Exelon Now a Fully Regulated Utility After Constellation Spinoff

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

We view the separation positively for shareholders. We previously valued Exelon at a discount to its fully regulated peers in large part because of its generation and retail operations. A stand-alone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD 29 Apr 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.20	47.38 USD Bil 28 Apr 2022	Narrow	Stable	Low	Standard	6 Apr 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Diversified

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024 or default to traditional ratemaking. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD 29 Apr 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.20	47.38 USD Bil 28 Apr 2022	Narrow	Stable	Low	Standard	6 Apr 2022 05:00, UTC

Competitors

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
	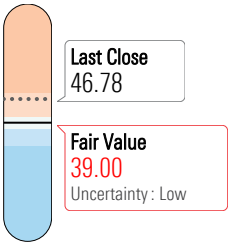	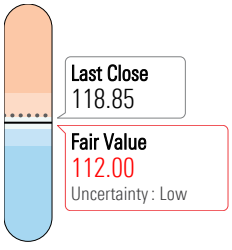	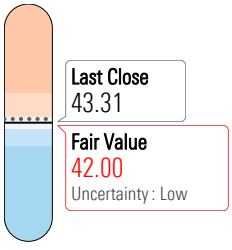	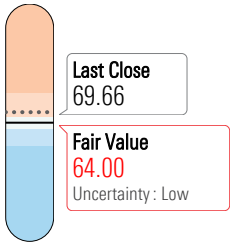
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	39.00 2 Feb 2022 16:41, UTC	112.00 6 Dec 2021 17:08, UTC	42.00 22 Feb 2021 20:37, UTC	64.00 18 Feb 2022 23:32, UTC
1-Star Price	48.75	140.00	52.50	80.00
5-Star Price	31.20	89.60	33.60	51.20
Assessment	Significantly Over Valued 28 Apr 2022	Over Valued 28 Apr 2022	Over Valued 28 Apr 2022	Over Valued 28 Apr 2022
Morningstar Rating	★★29 Apr 2022 21:16, UTC	★★29 Apr 2022 21:16, UTC	★★29 Apr 2022 21:16, UTC	★★29 Apr 2022 21:16, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.20	1.06	1.03	1.09
Price/Sales	1.30	2.10	2.17	3.69
Price/Book	1.38	2.11	2.92	2.47
Price/Earning	27.78	23.34	20.81	—
Dividend Yield	3.07%	3.20%	3.49%	2.91%
Market Cap	47.38 Bil	24.85 Bil	25.54 Bil	35.72 Bil
52-Week Range	30.52—50.71	98.50—126.82	35.42—48.85	58.96—75.61
Investment Style	Large Value	Mid Value	Mid Value	Mid Value

demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022
Our fair value estimate is $39.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD 29 Apr 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.20	47.38 USD Bil 28 Apr 2022	Narrow	Stable	Low	Standard	6 Apr 2022 05:00, UTC

regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD 29 Apr 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.20	47.38 USD Bil 28 Apr 2022	Narrow	Stable	Low	Standard	6 Apr 2022 05:00, UTC

lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate Andrew Bischof, CFA, CPA, Senior Equity Analyst, 2 Feb 2022

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD 29 Apr 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.20	47.38 USD Bil 28 Apr 2022	Narrow	Stable	Low	Standard	6 Apr 2022 05:00, UTC

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD 29 Apr 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.20	47.38 USD Bil 28 Apr 2022	Narrow	Stable	Low	Standard	6 Apr 2022 05:00, UTC

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

Exelon Edging Closer to Spinning Off Merchant Unit; Reports Q3 Earnings Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Nov 2021

We are increasing our fair value estimate to $48 per share from $45 after Exelon announced third-quarter adjusted earnings per share of $1.09 compared with $1.04 in the same year-ago period. Management narrowed their full-year EPS guidance to $2.70-$2.90 from their previous $2.60-$3.00 range. Our fair value estimate increase is due to an increase in Morningstar's midcycle natural gas price to $3.30 per thousand cubic feet from $2.80, which boosted the nuclear fleet's midcycle margins. Our narrow moat and stable moat trend ratings are unchanged.

Recently management secured $700 million in subsidies from Illinois legislation that will keep the company's Dresden and Byron nuclear plants operating. We assume that subsidies for the plants will continue beyond 2025 given the role nuclear must play as Illinois pursues its aggressive clean energy goal. Management has successfully lobbied for subsidies across its merchant nuclear fleet. Policymakers view of nuclear generation is beginning to align with our view that nuclear' s clean energy attributes and reliable generation will be instrumental in meeting aggressive emission reduction goals.

Exelon continues to progress on the spin-off of its competitive merchant unit. The company has received FERC approval, and continues progress toward receiving approvals from New York regulators and the Nuclear Regulatory Commission. Exelon has named a management team for the new unit, to be named Constellation, which we view is a sign management is confident they can complete the spin-off. Management expects to complete the transaction in the first quarter of 2022.

In the quarter, rate increases and ongoing utility investments supported earnings. Lower capacity revenue, increased nuclear outage days, and unrealized and realized gains on equity investments had a negative impact on generation segment earnings. Trailing 12-month returns were 9.3%, down from 9.4% last quarter.

Exelon Secures Another Legislative Win; Byron and Dresden to Remain Open Andrew Bischof, CFA,

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD 29 Apr 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.20	47.38 USD Bil 28 Apr 2022	Narrow	Stable	Low	Standard	6 Apr 2022 05:00, UTC

CPA, Senior Equity Analyst, 14 Sep 2021

We are increasing our Exelon fair value estimate to $45 per share from $42 after Illinois lawmakers passed energy legislation that would provide subsidies to Exelon's Dresden and Byron nuclear plants. Gov. J.B. Pritzker has indicated he plans to sign the legislation, and Exelon has said it is in the process of refueling both plants. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon has taken a hard line with Illinois policymakers on the future of its unregulated nuclear facilities in the state. Last year, Exelon announced plans to close the two nuclear generating stations. After filing Post Shutdown Decommissioning Activity Reports with the Nuclear Regulatory Commission in July, Exelon is now preparing to refuel both Byron and Dresden nuclear facilities. We had previously estimated the plants were running at break-even, resulting in no change to our fair value estimate.

The $700 million in subsidies Exelon will receive from the legislation was the primary source of our fair value estimate increase. We assume that the subsidies will continue beyond our five-year forecast, in part to help the state meet the legislation's 100% clean energy target by 2050. The legislation also sets targets for Illinois that include zero carbon emissions by the end of 2045 and 50% renewable energy by 2040. Dresden's operating license expires later this decade and Byron's operating license expires for both of its units by 2046. Time-value appreciation since our last update increased our fair value estimate $1 per share.

We previously thought Exelon faced an uphill battle to secure additional subsidies for its nuclear fleet in the state, in large part due to the deferred prosecution agreement Exelon entered into last year related to the company's lobbying practices in the state. However, the state's clean energy goals, and the contribution of Exelon's nuclear fleet to those goals, ultimately led to successful lobbying efforts.

Exelon Reports Improved Second-Quarter Earnings; Byron and Dresden Near Retirement Andrew Bischof, CFA, CPA, Senior Equity Analyst, 4 Aug 2021

We are maintaining our $42 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.89, compared with $0.55 earnings per share in the same year-ago period. Management reaffirmed its $2.60 to $3.00 per share earnings guidance. Our narrow moat and stable moat trend ratings are also unchanged.

Last week, Exelon filed Post Shutdown Decommissioning Activity Reports with the Nuclear Regulatory Commission for its Byron and Dresden nuclear facilities. Management has long sought additional subsidies for the two nuclear plants, with the most recent proposals failing to pass in the spring legislative session. State legislators continue to work on clean energy legislation; however, there is only a narrow window for legislation to pass, given the plants' pending closures this fall. We estimate the plants are running at break-even, resulting in no change to our fair value estimate. Potential subsidies

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD 29 Apr 2022	39.00 USD 2 Feb 2022 16:41, UTC	1.20	47.38 USD Bil 28 Apr 2022	Narrow	Stable	Low	Standard	6 Apr 2022 05:00, UTC

could add up to $1 per share to our fair value estimate.

Regulatory filings with New York regulators, FERC, and the Nuclear Regulatory Commission are ongoing for the company's proposed spin-off of its merchant unit. We continue to view the separation positively, as we value Exelon at a discount to its fully regulated peers, in large part because of its merchant operations. Management expects to complete the transaction in the first quarter of 2022.

Exelon's utilities received constructive rate outcomes across its PECO, Pepco, and ACE subsidiaries. Allowed returns range from 9.275% to 10.25% and were in line with our expectations. Trailing 12-month returns were 9.4%, up from 8.9% last quarter.

In the quarter, earnings were supported by absence of storm restoration costs and recovery of ongoing utility investments. Generation earnings were also up, supported by realized gains on nuclear decommissioning fund, unrealized and realized gains on equity investments, and fewer nuclear outage days.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

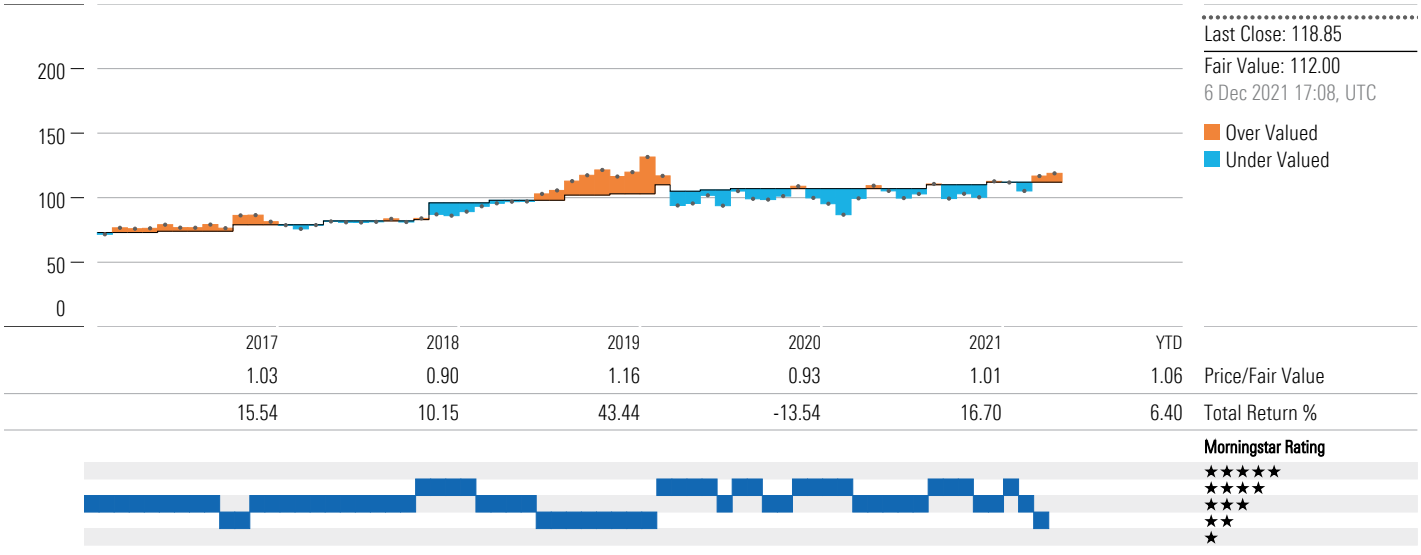

	2017	2018	2019	2020	2021	YTD	
	1.03	0.90	1.16	0.93	1.01	1.06	Price/Fair Value
	15.54	10.15	43.44	-13.54	16.70	6.40	Total Return %

Total Return % as of 30 Apr 2022. Last Close as of 29 Apr 2022. Fair Value as of 6 Dec 2021 17:08, UTC.

FirstEnergy Corp FE

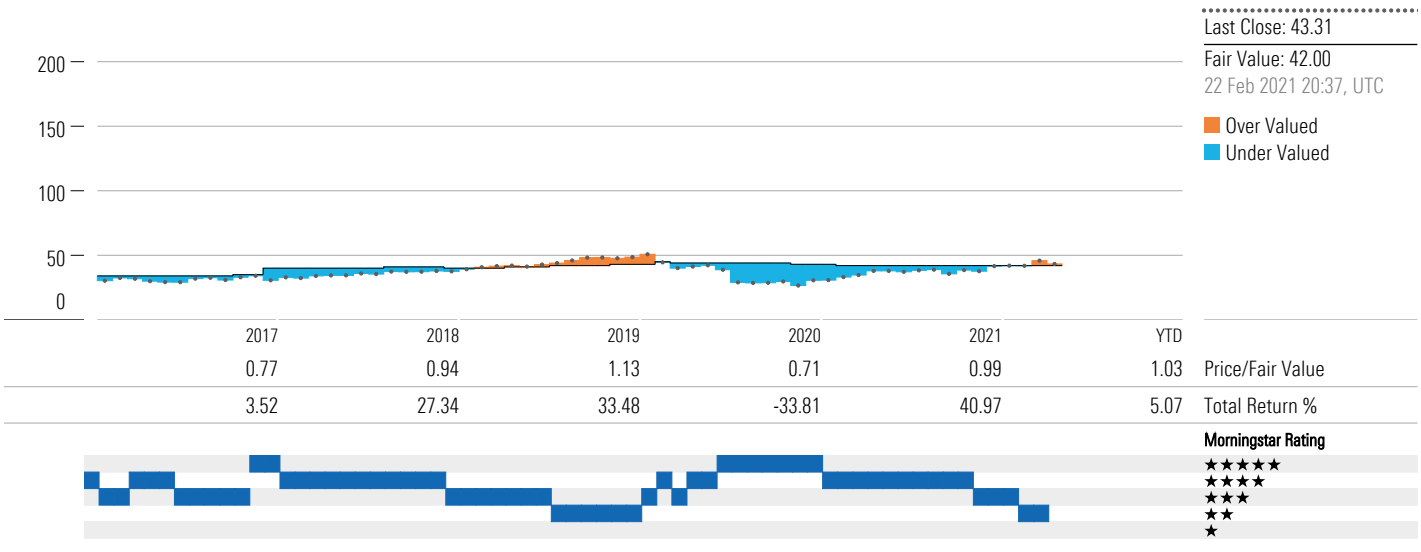

	2017	2018	2019	2020	2021	YTD	
	0.77	0.94	1.13	0.71	0.99	1.03	Price/Fair Value
	3.52	27.34	33.48	-33.81	40.97	5.07	Total Return %

Total Return % as of 30 Apr 2022. Last Close as of 29 Apr 2022. Fair Value as of 22 Feb 2021 20:37, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Public Service Enterprise Group Inc PEG

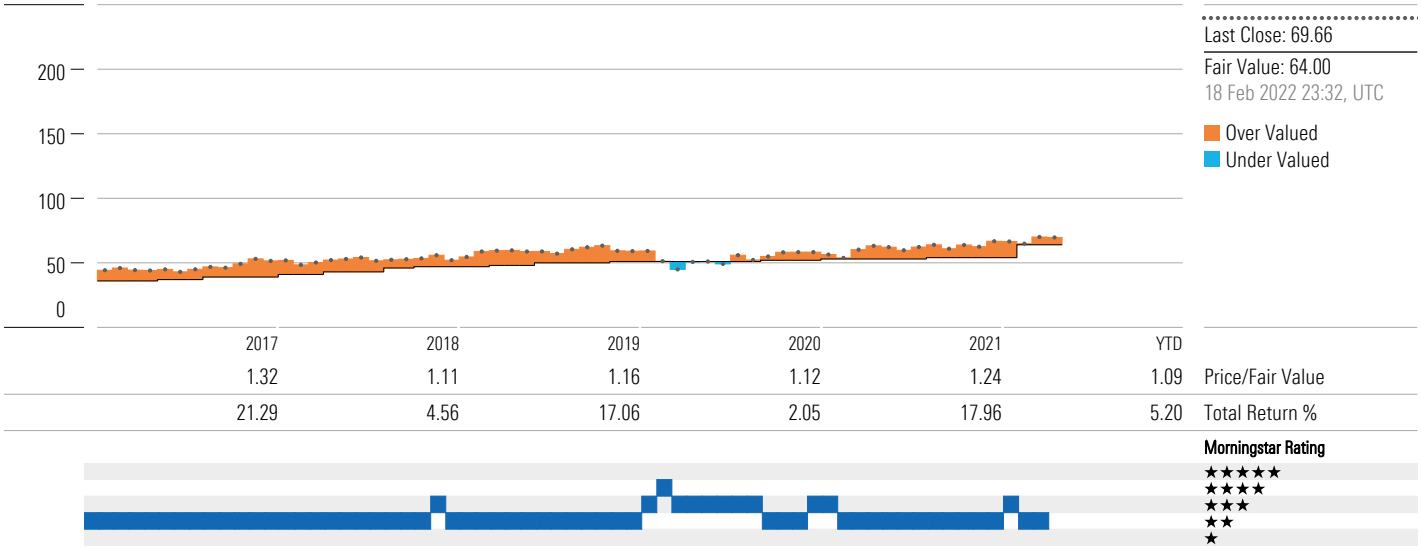

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	1.09	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	5.20	Total Return %

Total Return % as of 30 Apr 2022. Last Close as of 29 Apr 2022. Fair Value as of 18 Feb 2022 23:32, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 29 Apr 2022 21:16, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
46.78 USD	39.00 USD	1.20	47.38 USD Bil	Narrow	Stable	Low	Standard	
29 Apr 2022	2 Feb 2022 16:41, UTC		28 Apr 2022					6 Apr 2022 05:00, UTC

Morningstar Historical Summary

Financials as of 31 Dec 2021

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
Revenue (USD Bil)	23	25	27	29	31	34	36	34	33	36	36	36
Revenue Growth %	23.2	6.0	10.2	7.4	6.5	7.0	7.2	-4.3	-4.1	10.0	10.0	10.0
EBITDA (USD Bil)	6.81	7.91	7.42	8.35	9.09	10.76	9.75	11.38	10.50	11.35	11.35	11.35
EBITDA Margin %	29.0	31.8	27.1	28.4	29.0	32.1	27.1	33.1	31.8	31.2	31.2	31.2
Operating Income (USD Mil)	2,471	3,646	2,390	4,391	3,260	3,939	3,835	4,342	2,799	2,522	2,522	2,522
Operating Margin %	10.5	14.6	8.7	14.9	10.4	11.7	10.7	12.6	8.5	6.9	6.9	6.9
Net Income (USD Mil)	1,160	1,719	1,623	2,269	1,121	3,779	2,005	2,936	1,963	1,706	1,706	1,706
Net Margin %	4.9	6.9	5.9	7.7	3.6	11.3	5.6	8.5	5.9	4.7	4.7	4.7
Diluted Shares Outstanding (Mil)	819	860	864	893	927	949	969	974	977	980	980	980
Diluted Earnings Per Share (USD)	1.42	2.00	1.88	2.54	1.21	3.98	2.07	3.01	2.01	1.74	1.74	1.74
Dividends Per Share (USD)	2.10	1.46	1.24	1.24	1.26	1.31	1.38	1.45	1.53	1.53	1.53	1.53

Valuation as of 29 Apr 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Price/Sales	1.0	0.9	1.2	0.8	1.1	1.1	1.2	1.3	1.2	1.6	1.3	1.3
Price/Earnings	21.0	14.6	15.2	12.4	26.9	17.7	11.7	19.2	17.4	33.8	27.4	26.9
Price/Cash Flow	4.0	4.0	5.7	3.8	3.5	5.5	5.1	6.0	7.5	13.6	15.5	15.2
Dividend Yield %	5.3	5.31	3.34	4.47	3.56	3.32	3.06	3.18	3.62	2.65	3.12	3.17
Price/Book	1.2	1.1	1.4	1.0	1.3	1.4	1.4	1.4	1.3	1.7	1.4	1.3
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating Performance / Profitability as of 31 Dec 2021

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
ROA %	1.7	2.2	2.0	2.5	1.1	3.3	1.7	2.4	1.5	1.3	1.3	1.3
ROE %	6.5	7.8	7.2	9.4	4.3	13.6	6.6	9.3	6.1	5.1	5.1	5.1
ROIC %	5.1	6.1	5.5	6.1	3.6	7.4	5.2	6.2	4.7	4.4	4.4	4.4
Asset Turnover	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3

Financial Leverage

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Debt/Capital %	46.1	44.6	46.8	48.5	55.5	52.1	52.9	49.6	52.1	50.9	50.9	—
Equity/Assets %	27.3	28.4	26.2	27.0	22.5	25.6	25.7	25.8	25.2	25.9	25.9	—
Total Debt/EBITDA	2.9	2.5	3.0	3.2	4.0	3.3	3.7	3.3	3.7	3.7	3.7	—
EBITDA/Interest Expense	7.3	5.8	7.0	8.1	5.9	6.9	6.3	7.0	6.4	7.2	7.2	7.2

Morningstar Analyst Historical/Forecast Summary as of 09 Mar 2022

Financials

Fiscal Year, ends 31 Dec	2020	2021	Estimates 2022	2023	2024
Revenue (USD Bil)	33	36	19	20	20
Revenue Growth %	-3.8	10.0	-48.4	4.6	3.9
EBITDA (USD Mil)	7,837	8,759	6,661	7,281	7,802
EBITDA Margin %	23.7	24.1	35.5	37.1	38.3
Operating Income (USD Mil)	2,823	2,723	3,493	4,009	4,327
Operating Margin %	8.5	7.5	18.6	20.4	21.2
Net Income (USD Mil)	3,146	1,706	2,237	2,460	2,675
Net Margin %	9.5	4.7	11.9	12.5	13.1
Diluted Shares Outstanding (Mil)	977	980	980	983	992
Diluted Earnings Per Share(USD)	3.22	1.74	2.28	2.50	2.70
Dividends Per Share(USD)	1.53	1.53	1.35	1.44	1.54

Forward Valuation

	2020	2021	Estimates 2022	2023	2024
Price/Sales	1.2	1.6	2.4	2.3	2.2
Price/Earnings	9.4	23.7	20.5	18.7	17.3
Price/Cash Flow	-10.8	-11.4	3.1	-42.1	-48.7
Dividend Yield %	5.08	3.71	2.89	3.08	3.29
Price/Book	—	—	—	—	—
EV/EBITDA	10.0	10.9	13.1	12.0	11.2

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to

Morningstar Equity Research Star Rating Methodology

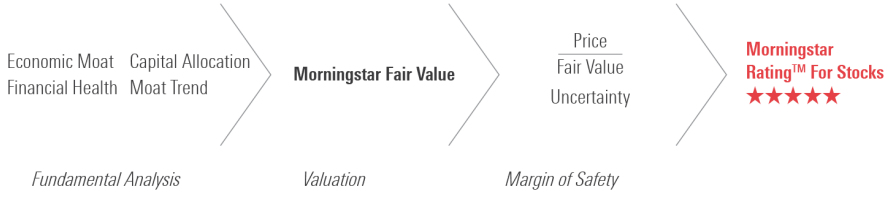

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thor ough and ongoing analysis, raise or lower their fair value estimates as warranted.

Morningstar Equity Research Star Rating Methodology

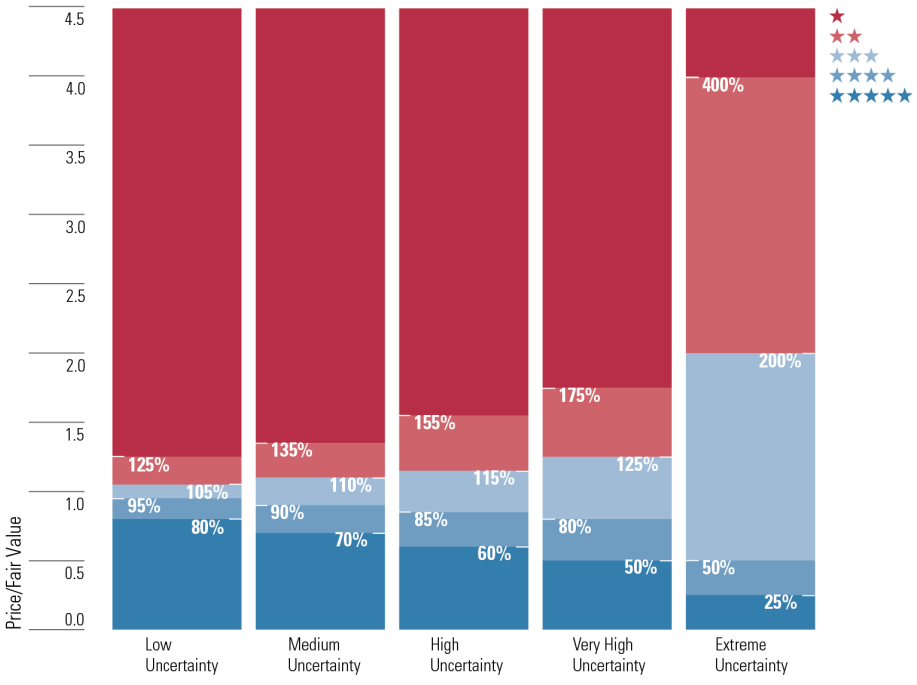

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exem-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

plary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AWK	160.68	Neutral
CEG	61.31	Neutral
DTE	135.52	Buy
EXC	48.34	Neutral
LNT	61.23	Neutral
NWE	58.79	Neutral
OGE	40.10	Buy
PCG	12.93	Buy
POR	49.36	Buy
WEC	102.78	Neutral

The Guggenheim Daily Transmission: LNT, NWE, WEC, EXC/CEG/IL, PCG/CA, NJ, Coal. OGE, PCG, DTE, POR, AWK

For details on our Guggenheim-hosted client Utility events including: our CNP NDR; AGA Conference meetings; EVRG NDR; AWK NDR; EXC NDR; LNT NDR; ES NDR; SO NDR; CMS NDR; DTE NDR; OGE NDR; EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; POR NDR; OGS NDR; and other events, scroll down…

LNT – LNT reports 1Q22 results

NWE – 1Q22 Adj. Non-GAAP EPS of $1.09, vs Gugg/cons at $1.14/1.17; 2022 guidance unch; LT EPS CAGR; Rate base CAGR unch

WEC – Wisconsin rate cases filed; requesting unchanged ROEs and +50bps to ratemaking equity layers

EXC/CEG/IL – CMC credits to flow to ComEd customers

PCG/CA – CA Senate undergrounding legislation set for hearing May 9

NJ – NJ and ORSTED announce agreement on New Jersey Wind Port to be utilized for Ocean Wind I construction

Coal – CO House passes coal support legislation

OGE – OG&E posts draft RFP for flexible resource procurement

PCG: 1Q EPS Beat; Transformation Back in the Crosshair, Execution Datapoints Continue to Build; Dividend, Undergrounding and S&P Inclusion w/in Sight (see our note HERE)

DTE: 1Q EPS Beat Keeps Building on Contingency for 2022; DTE Remains Primed for Growth With Resiliency and Energy Transition (see our note HERE)

POR: Deferrals Charge Overshadows RFP Shortlist (see our note HERE)

AWK: Strong Quarter as AWK Continues to Settle Around Its LT Regulated Plan with Key Mgmt Bench in Place (see our note HERE)

LNT – LNT reports 1Q22 results

- LNT reported $0.77 vs. Gugg/street $0.72
- Reaffirmed 2022 guidance of $2.67 - $2.81 vs. Gugg $2.75
- Received verbal approval of WPL solar tranche 2's CA at the PSCW's open meeting yesterday
- Provided details on recent changes to the IA corporate tax rate, which could provide additional cushion to customer rates in the state over time
- Presentation HERE

NWE reported 1Q22 Adj. Non-GAAP EPS of $1.09, vs Gugg/cons at $1.14/1.17; maintains 2022 EPS guidance of $3.20-$3.40 ($3.30 midpoint) vs Gugg/cons of $3.34/ $3.30; reiterates 3%-6% LT EPS growth rate and 4%-5% rate base growth

- Compared to 1Q21:
  - +0.04 from higher MT electric transmission

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- +0.01 higher retail electric sales
- –0.01 lower nat gas volumes
- –0.01 reduced nat gas production rates
- +0.01 other/misc

- NWE estimates **supply chain issues** have increased 2022 capital spend by **+2%,** and anticipates the potential for further impacts
- Nearing completion of 58 MW SD generation project
- Site work at 175 MW Laurel project in MT is underway
- Snowfall last week significantly improved Snow Water Equivalent %; now only slightly below 30yr medians
- Laurel construction just began in recent weeks; $50m of $275m budget incurred through end of 1Q22; company projecting COD by 4Q23/1Q24
- MT GRC on track for mid-2022 filing as expected, with 2021 test year; rate case asks to include lag reducing mechanism including cash flow generation
- Continuing to target 14%-15% FFO/debt ratio
- **Earnings call today at 2:30 PM Eastern… no dial-in (even sell-side)…** sign up here: www.northwesternenergy.com/earnings-registration

WEC – Wisconsin rate cases filed; requesting unchanged ROEs and +50bps to ratemaking equity layers

- If WEC's ask is approved, rates would be set using a 53.0% equity layer vs 52.5% at present.
- The PSCW will conduct hearings on the We Energies proposals and is expected to make a final decision later this year. **New rates are expected to take effect in January 2023**.
- Company release HERE

Guggenheim takeaway: Investors should recall that while the level of equity for ratemaking purposes is certainly meaningful, WEC's greater strength is arguably its earnings sharing mechanisms and equity layer ranges, allowing the utilities to vary their capitalization between 50%–55% equity.

EXC/CEG/IL – CMC credits to flow to ComEd customers

- "The Illinois Commerce Commission announced today that Commonwealth Edison ("ComEd") has submitted a filing indicating that for the June 1, 2022-May 31, 2023 delivery year, it will provide a credit to all of its delivery customers equal to 3.087 cents per kWh. This credit will lower consumer bills by about $19.71 per month for customers of ComEd, saving the average family $237 per year." - ICC release HERE, also repeated by the Governor HERE
- More HERE
- Filing HERE
- The news comes as the ICC has reportedly had difficulty procuring peak power for the upcoming season on behalf of ComEd customers - HERE

Guggenheim takeaway: In case you missed it, and not a surprise given the current state of energy markets but nonetheless interesting to see the CMC in action already. Like CT with the Millstone contract, the ComEd zone has found itself well hedged against rising gas prices thanks to prior policy action. In our view the situation further inflames intrastate frictions over CEJA and resource adequacy, with the recent Zone 4 results in the MISO PRA kick starting downstate concerns over costs and reliability. We expect IL to remain somewhat noisy in the NT.

PCG/CA – CA Senate undergrounding legislation set for hearing May 9

- CA undergrounding bill in the CA Senate is set for Hearing on May 9.
- As proposed, the CPUC would be mandated to introduce and administer an undergrounding program for CA.
- CA Senate undergrounding bill text here (SB884).

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- CA Assembly side efforts on undergrounding (AB-2889)
- Legislative session runs through August.

Guggenheim takeaway: The bill has been gaining media attention despite the relatively early inning of the legislative session. We acknowledge the uncertainty surrounding the investment recovery mechanisms as currently written (i.e., 60 month deferred earnings performance mechanism) but do not see the bill functional as-is. Procedurally, the bills are still in early stages as they would first have to get passed out of their respective chambers by end of May. As history has shown, the legislative process can see bills amended or gutted almost entirely until the tail end of the session in August. PCG has made the 10,000 mi undergrounding goal without legislative support. Catching up with PCG on the bills in their current state, mgmt. sees it too early to draw any conclusions or plan for outcomes. Given the uncertain constructs in some of the bills we do not see it feasible for PG&E to put capital at risk, and more broadly we don't see the bills as proposed achieving the objective of guiding investment and supporting regulatory constructs.

NJ ─ NJ and ORSTED announce agreement on New Jersey Wind Port to be utilized for Ocean Wind I construction

- NJ Governor Murphy's office and ORSTED announced an agreement for use of the NJ Wind Port for construction of Ocean Wind I.
- New Jersey Economic Development Authority (NJEDA) signed a Letter of Intent (LOI) with Ørsted on use of the new facility to be deployed in Salem County NJ, bringing offshore wind construction work to NJ.
- NJ agreed on the investment in developing the first purpose-built port for offshore wind in the United States, and the Ocean Wind I project seized the opportunity to utilize the New Jersey Wind Port, being the first to officially join the state's effort to develop the nation-leading wind power supply chain.
- More here.

Guggenheim takeaway: FYI. Orsted and Ocean Wind I (A joint venture with PEG) continue to build a foundation for collaboration in NJ and the mid-Atlantic.

Coal ─ CO House passes coal support legislation

- The legislation would shift $15mm from the general fund to transition efforts
- More here.

Guggenheim takeaway: Interesting development and not unlike other efforts we have seen in coal-heavy states.

OGE – OG&E posts draft RFP for flexible resource procurement

- OG&E issued the RFP for flexible resources in OK.
- The requirements are a 30-year life, multi-cycle operations on a daily basis, 50-500MW of capacity and availability in service no later than May 1, 2027.
- The final RFP issue date will be June 1, 2022 and Bids will be due by September 15, 2022 (selection and negotiation through January 27, 2023).
- The OG&E IRP included 850MW of retirements and a plan to replace capacity through RFPs for preferred resources.
- More here

Guggenheim takeaway: *The RFP is part of the vetted IRP process. OG&E previously planned to issue an RFP(s) for the resources identified in the preferred plan which includes solar replacement capacity (counted at 60% efficacy) and CTs.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

David Lesar, *President and Chief Executive Officer*
Jason Wells, *EVP & Chief Financial Officer*
Jackie Richert, *VP, Investor Relations and Treasurer*

Date

Monday, May 9, 2022 – Baltimore/New York
Tuesday, May 10, 2022 – New York

Meeting Format

In-person NDR - 1:1 Meetings, Group Lunch, Group Dinner

Company Information

Market Cap: $17.9bn

CenterPoint Energy, Inc. is a holding company, which engages in the business of power generation and distribution. It operates through the following segments: Houston Electric Transmission & Distribution (T&D), Indiana Electric Integrated, Natural Gas Distribution, Energy Services, Infrastructure Services, Midstream Investments, and Corporate and Other. The Electric T&D segment offers electric transmission and distribution services. The Indiana Electric Integrated segment includes energy delivery services to electric customers and electric generation assets to serve electric customers and optimize those assets in the wholesale power market. The Natural Gas Distribution segment provides regulated natural gas distribution services. The Energy Services segment offers non-rate regulated natural gas sales to, and transportation and storage services, for commercial and industrial customers. The Infrastructure Services segment focuses on underground pipeline construction and repair services. The Midstream Investments segment consists of the equity method investment in Enable. The Other Operations segment consists of office buildings and other real estate used for business operations and home repair protection plans. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Corporate Access

SAVE THE DATE

2022 AGA Financial Forum

The Guggenheim Utilities Research Team will be hosting meetings with company management.

Client Dinner

We will be hosting a dinner with Shar Pourreza and Mark McLain on May 16th at 6:30PM ET.

Location: Byblos Miami.

Tuesday, May 17th	
Time	*Co.*
9:30–10:10	AVA
10:20–11:00	D
11:10–11:50	NWE
12:00–12:40	BKH
12:50–1:30	NJR
1:40–2:20	PEG
2:30–3:10	DTE
3:20–4:00	DUK
4:10–4:50	ED/NWN

Wednesday, May 18th	
Time	*Co.*
8:40–9:20	SRE
9:30–10:10	SR
10:20–11:00	AEE
11:10–11:50	SO
12:00–12:40	WEC
1:00–1:40	CMS
1:50–2:30	OGS
2:40–3:20	CPK
3:30–4:10	CNP
4:20–5:00	NI

Dates

May 16 (Dinner only), May 17–May 18 (1x1 meetings)

Location

Loews Miami Beach Hotel, 1601 Collins Avenue, Miami Beach, Florida

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Evergy, Inc. (EVRG)

Kirk Andrews, *Chief Financial Officer*
Lori Wright, *VP, Corporate Planning, IR and Treasurer*
Cody VandeVelde, *Director, Investor Relations*

Dates & Locations
Tuesday, May 24 | Boston
Wednesday, May 25 | Virtual

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $16.2bn
Evergy, Inc. (EVRG) is a holding company, which engages in the provision of electricity through its subsidiaries. It focuses on the regulation of electric utilities and development of electric transmission projects. The company was founded in 2017 and is headquartered in Kansas City, MO. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President, Chief Executive Officer and Chief Financial Officer*

Cheryl Norton, *EVP and Chief Operating Officer*

Aaron Musgrave, *Senior Director, Investor Relations*

Date

Thursday, May 26, 2022
New York (Guggenheim Securities – 330 Madison Ave)

Meeting Format

1:1 Meetings & Group Lunch

Company Information

Market Cap: $31.1bn

American Water Works Co., Inc. engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment provides water and wastewater services to customers. The Market-Based Businesses segment is responsible for Military Services Group, Contract Operations Group, Homeowner Services Group, and Keystone Operations. The Other segment includes corporate costs that are not allocated to the Company's operating segments, eliminations of inter-segment transactions, fair value adjustments and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Joseph Nigro, *Chief Financial Officer*
Jeanne Jones, *SVP, Corporate Finance*
Andrew Plenge, *VP, Investor Relations*

Date
June 1 & 2, 2022
Midwest

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $49.1bn
Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings

Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite

Location: TBD

Tuesday, July 12th

11:30 AM | Lunch

Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience

Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game

Southern Company C-Suite will host in their private box. Dinner will be served.

Participating Guggenheim Analyst

Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*

Logistics

Transportation details, logistics and hotel recommendations to follow

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim's Power & Utility Comp Sheet

4/28/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$61.08	3,481	3.75	3.89	4.06	4.32	–	–	(0.04)	0.06	16.3x	15.7x	15.0x	14.1x	-22%	-20%	-19%	-19%	7.6%	4.3%	71%	Neutral	$65	11%	Neutral	$67	14%
AVA	$42.16	3,044	2.04	2.47	2.59	2.72	–	–	–	–	20.7x	17.1x	16.3x	15.5x	-1%	-13%	-12%	-11%	6.7%	4.2%	88%	Sell	$35	-13%	Neutral	$44	9%
NWE	$58.79	3,183	3.34	3.57	3.88	4.05	–	–	–	–	17.6x	16.5x	15.2x	14.5x	-16%	-16%	-18%	-17%	3.8%	4.3%	75%	Neutral	$58	3%	Buy	$63	11%
POR	$49.36	4,404	2.58	2.98	3.12	3.25	(0.06)	0.07	0.07	0.07	19.1x	16.6x	15.8x	15.2x	-9%	-16%	-15%	-13%	4.6%	3.7%	71%	Buy	$57	19%	Neutral	$54	14%
		14,111									18.4x	16.5x	15.6x	14.8x	-12%	-17%	-16%	-15%	5.7%	4.2%	76%						
Mid/Large Cap Electric																											
AEE	$95.45	24,635	4.04	4.31	4.61	4.86	–	(0.05)	(0.03)	(0.06)	23.6x	22.1x	20.7x	19.6x	13%	12%	12%	13%	6.1%	2.5%	59%	Buy	$95	2%	Buy	$98	6%
AEP	$102.43	52,602	4.98	5.30	5.64	6.00	–	–	–	–	20.6x	19.3x	18.2x	17.1x	-2%	-2%	-2%	-2%	6.1%	3.1%	65%	Buy	$109	10%	Buy	$106	7%
CMS	$70.87	20,562	2.88	3.14	3.41	3.64	–	–	–	–	24.6x	22.6x	20.8x	19.5x	17%	14%	12%	12%	8.3%	2.7%	66%	Neutral	$66	-4%	Buy	$73	6%
CNP	$31.44	19,789	1.38	1.49	1.61	1.73	–	–	–	–	22.8x	21.1x	19.5x	18.2x	9%	7%	5%	4%	8.0%	2.2%	50%	Buy	$34	10%	Buy	$33	7%
D	$83.87	67,991	4.12	4.40	4.70	5.00	–	–	0.03	–	20.4x	19.1x	17.8x	16.8x	-3%	-3%	-4%	-4%	6.7%	3.2%	66%	Buy	$90	11%	Buy	$90	11%
DTE	$135.52	26,256	5.98	6.29	6.73	7.13	–	0.05	0.05	–	22.7x	21.5x	20.1x	19.0x	8%	9%	9%	9%	4.5%	2.7%	61%	Buy	$145	10%	Buy	$138	4%
DUK	$113.80	87,615	5.48	5.81	6.15	6.50	–	0.03	–	(0.04)	20.8x	19.6x	18.5x	17.5x	-1%	-1%	-0%	0%	5.5%	3.6%	74%	Buy	$119	8%	Buy	$114	4%
ED	$95.44	33,804	4.51	4.73	4.89	5.07	–	(0.08)	(0.18)	(0.18)	21.2x	20.2x	19.5x	18.8x	1%	2%	5%	8%	3.8%	3.4%	71%	Sell	$71	-22%	Sell	$85	-8%
EIX	$70.80	26,960	4.64	4.92	5.25	5.60	0.12	0.09	0.06	0.11	15.3x	14.4x	13.5x	12.6x	-27%	-27%	-27%	-28%	5.1%	4.0%	62%	Buy	$77	13%	Buy	$75	10%
ES	$90.20	31,096	4.10	4.34	4.65	5.00	–	–	–	–	22.0x	20.8x	19.4x	18.0x	5%	5%	5%	3%	6.7%	2.9%	63%	Neutral	$92	5%	Neutral	$93	6%
ETR	$122.32	24,850	6.33	6.81	7.21	7.57	–	0.08	0.09	–	19.3x	18.0x	17.0x	16.2x	-8%	-9%	-8%	-7%	5.9%	3.4%	65%	Buy	$129	9%	Buy	$128	8%
EVRG	$69.73	15,828	3.52	3.77	4.02	4.30	–	–	–	0.04	19.8x	18.5x	17.3x	16.2x	-6%	-6%	-6%	-7%	5.0%	3.4%	67%	Buy	$77	14%	Buy	$74	9%
EXC	$48.34	47,380	2.27	2.39	2.54	2.74	–	–	(0.06)	(0.04)	21.3x	20.2x	19.0x	17.6x	2%	3%	3%	1%	-0.5%	2.9%	62%	Neutral	$61	29%	Buy	$49	4%
FE	$44.74	25,544	2.44	2.57	2.75	2.95	0.03	–	–	–	18.3x	17.4x	16.3x	15.2x	-13%	-12%	-12%	-13%	3.2%	3.5%	65%	Neutral	$43	-0%	Buy	$48	11%
LNT	$61.23	15,357	2.75	2.90	3.04	3.23	–	–	–	–	22.3x	21.1x	20.1x	19.0x	6%	7%	9%	9%	5.3%	2.8%	62%	Neutral	$60	1%	Neutral	$64	8%
OGE	$40.10	8,028	2.28	2.39	2.52	2.64	0.13	0.28	0.35	0.32	17.6x	16.8x	15.9x	15.2x	-16%	-15%	-14%	-13%	4.0%	4.2%	73%	Buy	$42	9%	Buy	$42	8%
PCG	$12.93	31,875	1.11	1.24	1.34	1.45	–	0.03	–	–	11.6x	10.4x	9.6x	8.9x	-44%	-47%	-48%	-49%	9.7%	0.3%	3%	Buy	$19	47%	Buy	$16	24%
PEG	$71.15	35,723	3.56	3.72	3.92	4.23	0.08	–	(0.06)	(0.03)	20.0x	19.1x	18.2x	16.8x	-5%	-3%	-2%	-4%	3.8%	3.1%	62%	Buy	$71	3%	Buy	$77	11%
PNW	$74.51	8,419	4.05	4.25	4.50	4.75	0.03	0.06	0.04	0.06	18.4x	17.5x	16.6x	15.7x	-12%	-11%	-11%	-10%	-3.5%	4.6%	86%	Sell	$60	-15%	Sell	$74	4%
PPL	$29.14	21,440	1.57	1.72	1.79	1.86	0.06	0.06	0.05	0.05	18.6x	16.9x	16.3x	15.7x	-11%	-14%	-12%	-10%	15.4%	3.5%	64%	Buy	$33	17%	Buy	$31	11%
SO	$75.58	80,358	3.55	3.80	4.15	4.40	–	–	–	–	21.3x	19.9x	18.2x	17.2x	2%	1%	-2%	-2%	6.6%	3.6%	77%	Buy	$76	4%	Neutral	$74	1%
WEC	$102.78	32,420	4.29	4.57	4.87	5.18	–	–	–	–	24.0x	22.5x	21.1x	19.8x	14%	14%	14%	14%	6.0%	2.9%	69%	Neutral	$101	1%	Neutral	$104	4%
Mid/Lg Cap (excl. EIX, PCG)											**21.0x**	**19.7x**	**18.5x**	**17.5x**					**5.3%**	**3.2%**	**66%**						
Regulated Electrics		**752,646**									**20.5x**	**19.2x**	**18.0x**	**17.0x**					**5.4%**	**3.4%**	**68%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	LTG EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$42.53	4,654	2.21	2.41	2.47	2.69	0.07	0.12	0.07	0.06	19.2x	17.6x	17.2x	15.8x	-8%	-10%	-7%	-9%	4.6%	3.3%	64%	Neutral	$41	-0%	Sell	$41	-0%
NEE	$73.49	144,371	2.84	3.07	3.31	3.59	–	0.03	0.04	0.07	25.9x	23.9x	22.2x	20.5x	23%	21%	20%	17%	8.9%	2.4%	62%	Buy	$91	26%	Buy	$92	28%
SRE	$165.50	52,260	8.54	9.08	9.58	10.21	0.04	0.13	0.06	0.09	19.4x	18.2x	17.3x	16.2x	-8%	-8%	-7%	-7%	4.9%	2.8%	55%	Buy	$166	3%	Buy	$172	7%
		201,285									**21.5x**	**19.9x**	**18.9x**	**17.5x**	**3%**	**1%**	**2%**	**0%**	**6.1%**	**2.8%**	**60%**						
Gas LDCs																											
NI	$30.06	12,196	1.45	1.53	1.70	1.84	–	–	(0.04)	(0.04)	20.7x	19.6x	17.7x	16.3x	1%	2%	-2%	-4%	7.8%	3.2%	66%	Buy	$30	3%	Buy	$32	11%
CPK	$129.00	2,283	5.13	5.55	5.93	6.32	0.04	0.06	0.08	0.11	25.1x	23.2x	21.8x	20.4x	22%	21%	21%	20%	7.6%	1.6%	41%	Neutral	$132	4%	Buy	$139	10%
NJR	$44.16	4,242	2.25	2.43	2.62	2.78	–	–	(0.19)	(0.11)	19.6x	18.2x	16.9x	15.9x	-4%	-5%	-7%	-7%	6.5%	3.4%	68%	Neutral	$41	-4%	Neutral	$46	8%
NWN	$48.74	1,670	2.56	2.73	2.83	2.97	–	–	0.03	–	19.0x	17.9x	17.2x	16.4x	-7%	-7%	-5%	-4%	3.8%	4.0%	76%	Neutral	$49	5%	Buy	$55	17%
OGS	$87.57	4,737	4.12	4.38	4.65	5.00	–	–	–	–	21.3x	20.0x	18.8x	17.5x	3%	4%	4%	3%	6.8%	2.9%	62%	Neutral	$77	-9%	Buy	$87	2%
SJI	$34.42	4,213	1.71	1.82	1.94	2.05	0.04	0.04	0.07	0.11	20.1x	18.9x	17.7x	16.8x	-2%	-1%	-2%	-1%	6.2%	3.7%	74%	Neutral	$26	-21%	Neutral	$34	1%
SR	$74.67	3,864	3.84	4.27	4.91	5.03	(0.11)	(0.11)	0.26	0.17	19.4x	17.5x	15.2x	14.8x	-5%	-9%	-16%	-13%	0.9%	3.8%	74%	Neutral	$62	-13%	Neutral	$74	2%
		33,205									**20.8x**	**19.3x**	**17.9x**	**16.9x**	**1%**	**1%**	**-1%**	**-1%**	**5.7%**	**3.2%**	**66%**						
Regulated Water																											
AWK	$160.68	29,204	4.44	4.85	5.23	5.70	–	–	0.04	–	36.2x	33.1x	30.7x	28.2x	73%	68%	66%	62%	-4.8%	1.6%	60%	Neutral	$155	-2%	Neutral	$162	3%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'21–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$61.31	20,028	2,525	2,721	2,895	2,867	(100)	(282)	(467)	(743)	9.7x	8.7x	7.8x	7.5x	24,556	23,759	22,605	21,430	-0.7%	1.0%	19%	Neutral	$51	-16%	Buy	$65	7%
NRG	$37.15	8,996	2,092	2,289	2,283	2,263	(39)	–	(92)	(72)	7.2x	6.3x	6.1x	5.5x	15,041	14,447	13,857	12,536	-1.7%	3.9%	37%	Neutral	$43	20%	Buy	$44	23%
VST	$25.13	11,082	3,120	3,298	3,325	3,223	(22)	(128)	(42)	(137)	6.8x	6.4x	6.3x	6.4x	21,316	21,258	21,080	20,567	13.5%	2.9%	39%	Buy	$27	10%	Buy	$29	19%
Other																											
ALTO	$5.89	434	73	85	86	87	–	(129)	(179)	(238)									3.1%	–	–	Buy	$9	53%	Buy	$12	98%
IEA	$9.74	468	152	174	199	220	–	–	–	–									13.0%	–	–	Buy	$16	64%	Buy	$17	75%
NEP	$67.83	5,691	1,660	1,775	1,889	2,003	(76)	(114)	(165)	(214)									10.2%	4.7%	–	Buy	$85	30%	Buy	$86	32%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

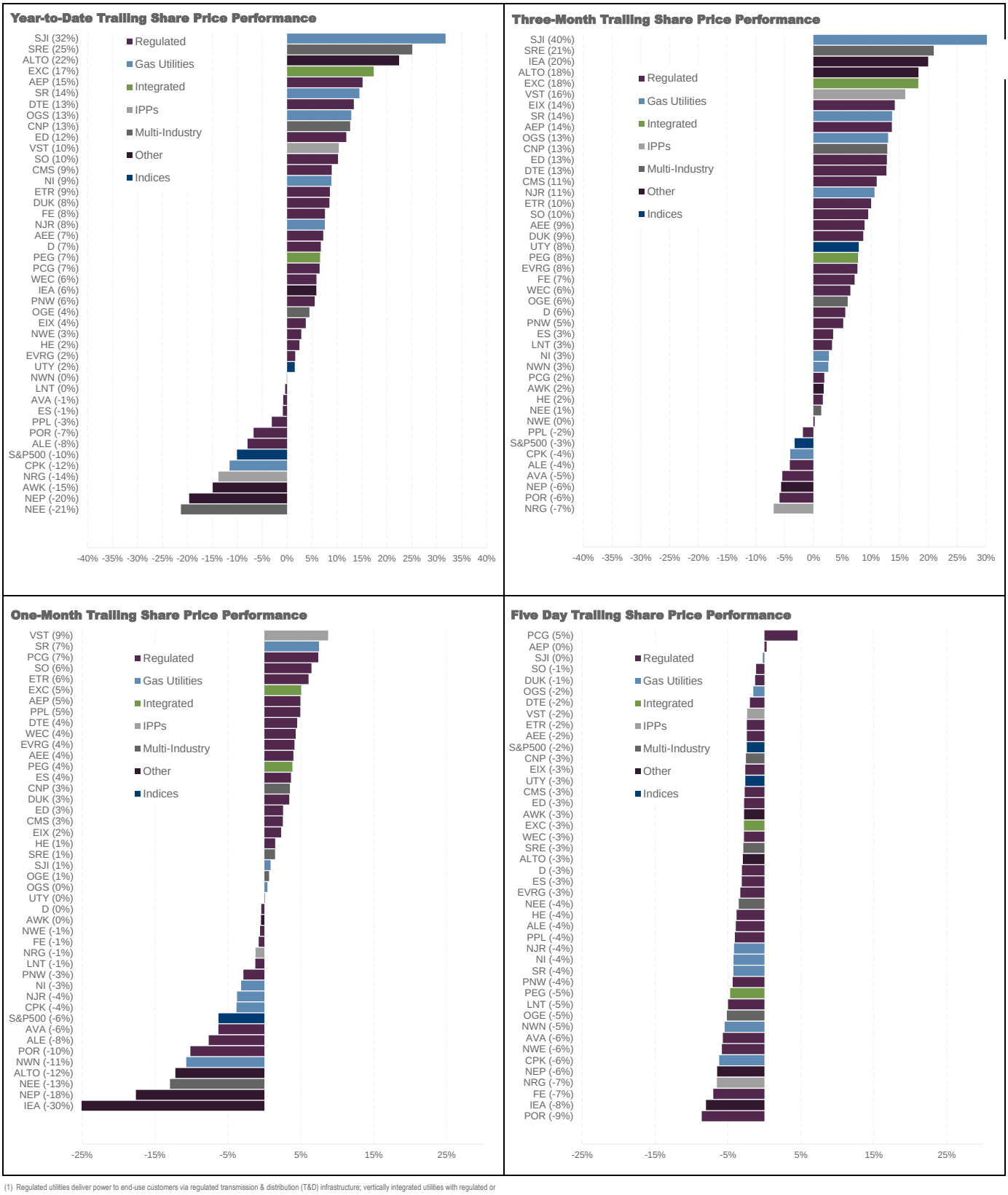

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/24–5/25	TBC
AWK	5/26	New York
EXC	6/1–6/2	Midwest
LNT	6/7–6/8	New York
ES	6/8	Boston or Virtual
SO	6/9–6/10	West Coast
CMS	6/16	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
POR	8/9-8/10	New York
NEE	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Generation and Mix

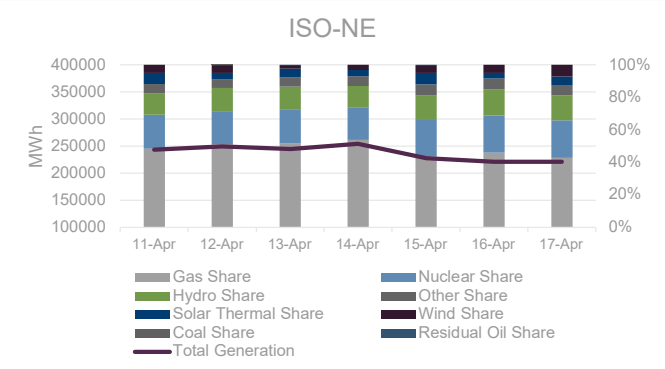

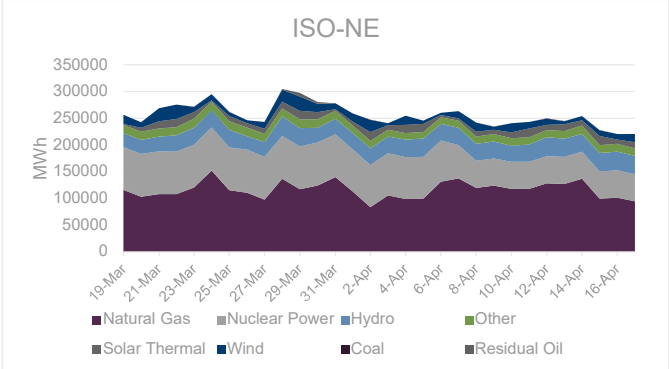

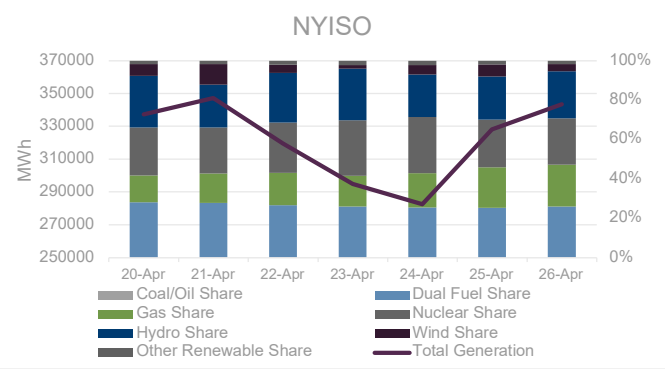

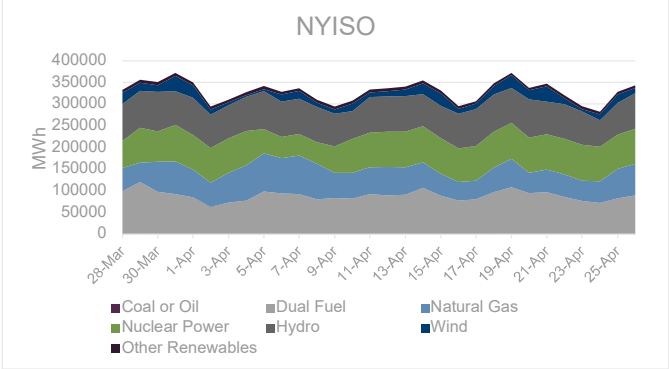

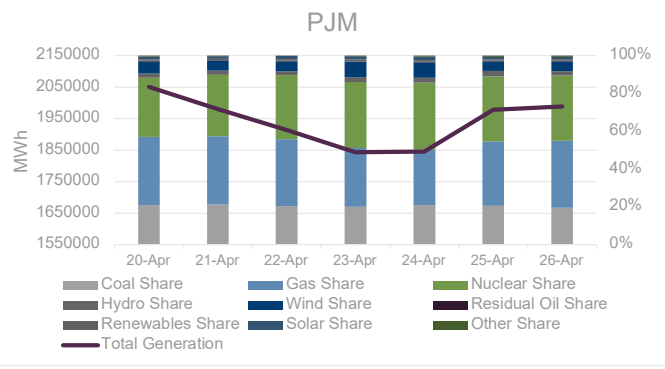

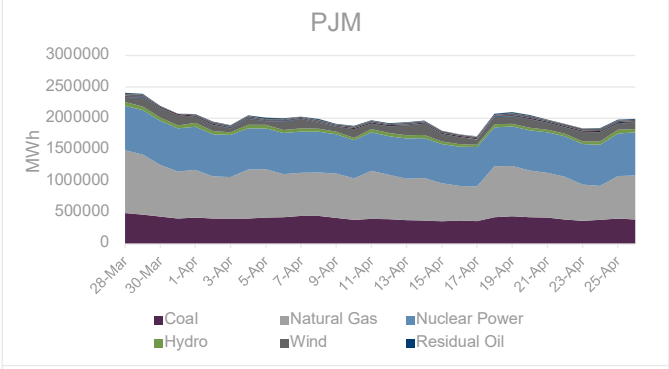

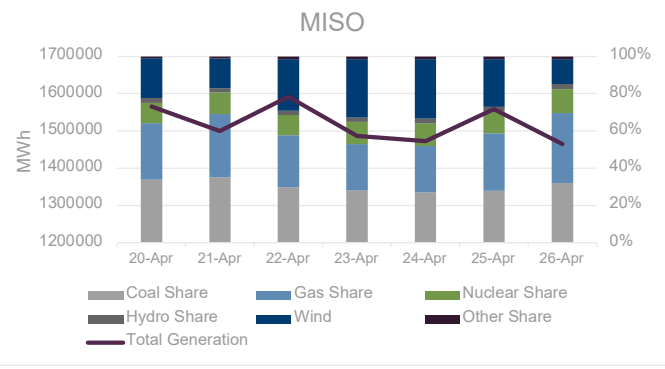

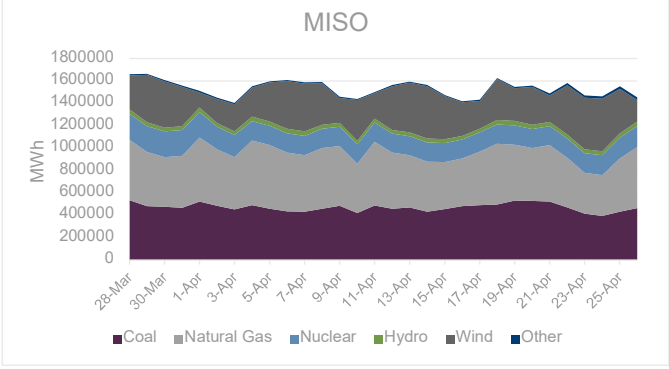

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

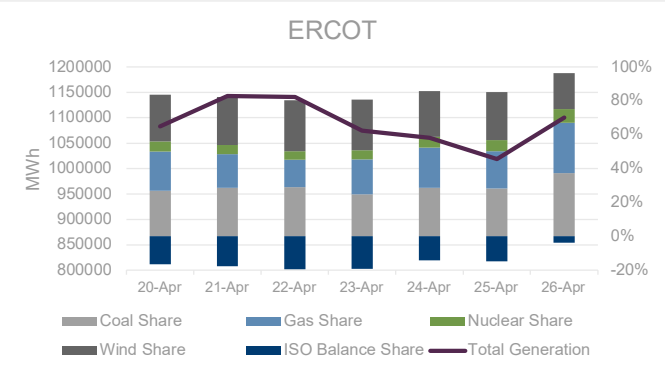

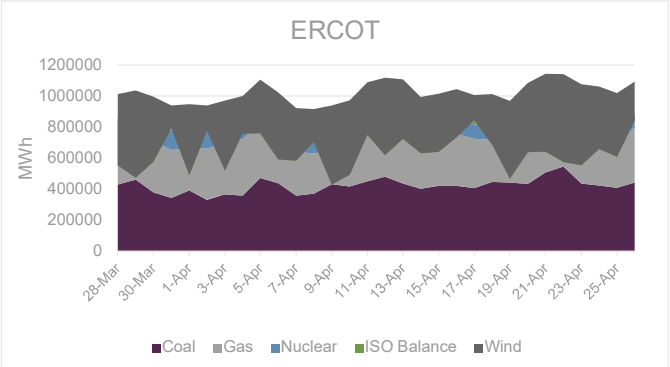

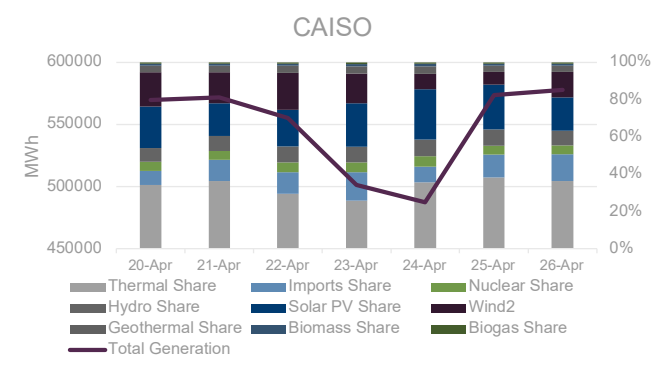

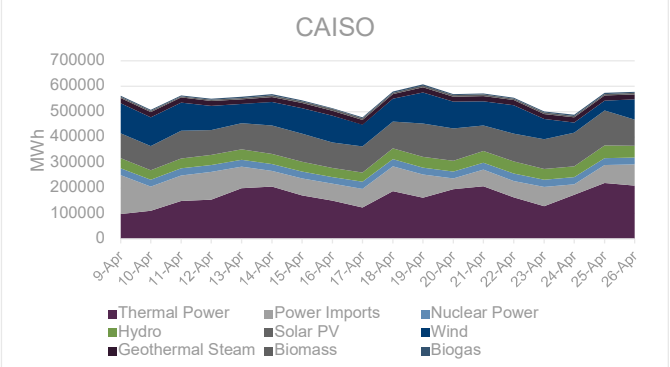

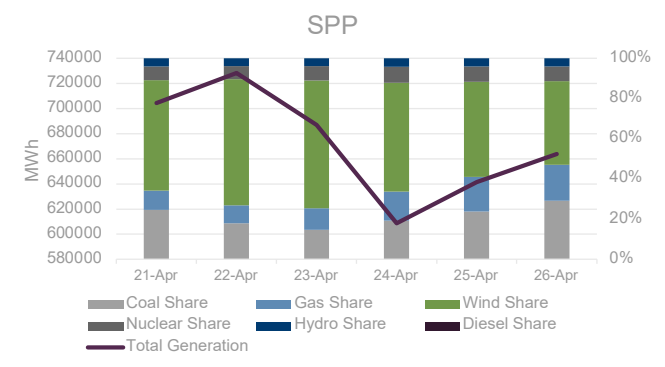

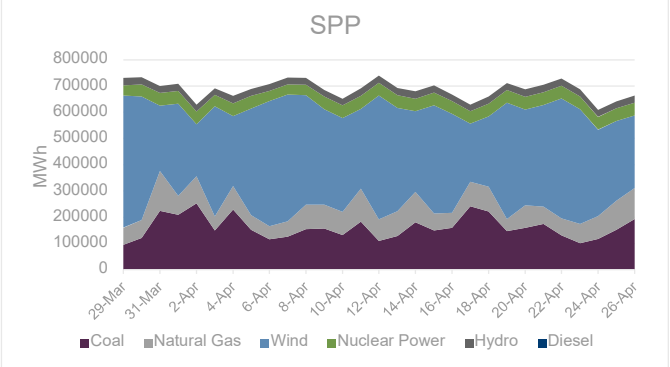

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Weather

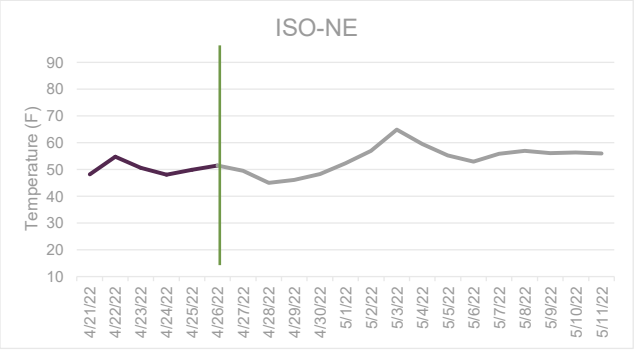

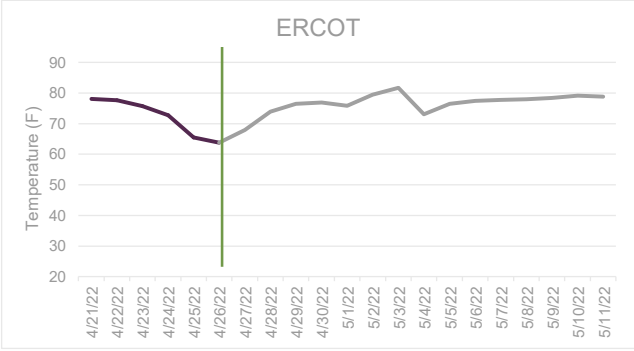

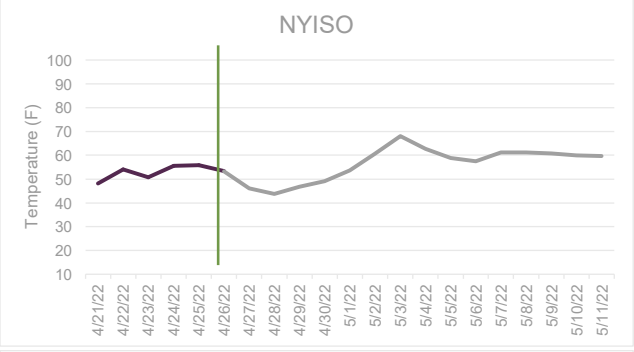

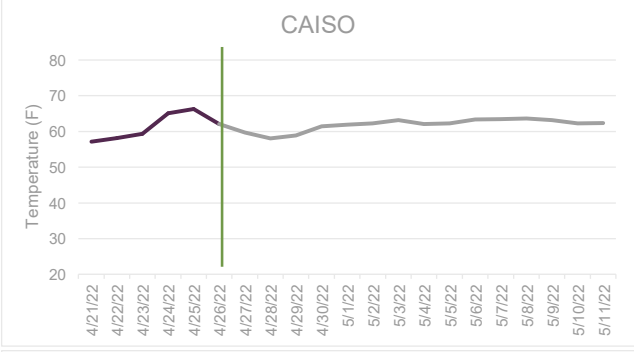

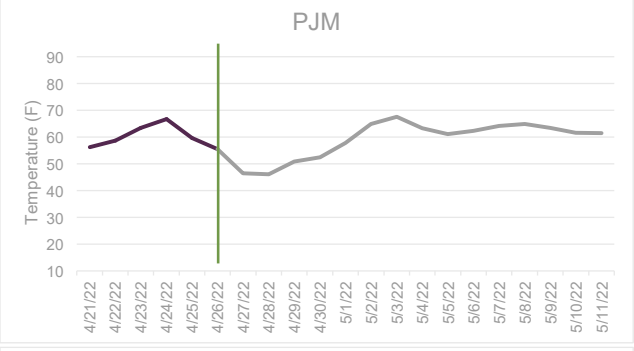

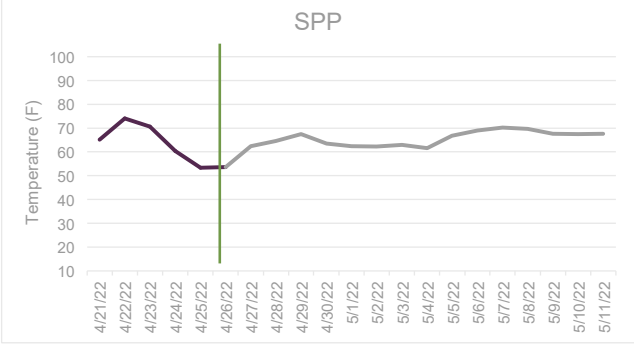

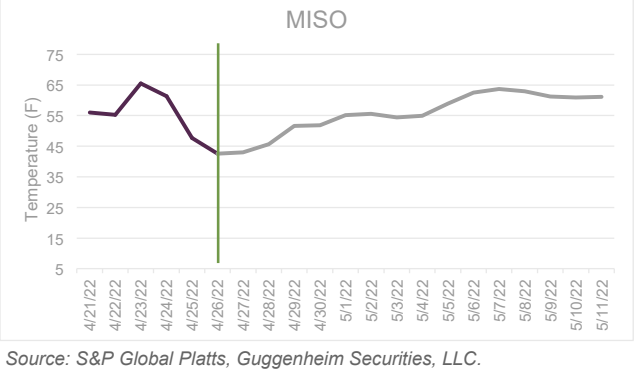

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR – Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR – Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	65.35%	58	25.00%
NEUTRAL	118	33.24%	14	11.86%
SELL	5	1.41%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

KeyBanc Capital Markets

Alert

April 27, 2022

Energy: Electric Utilities

Midweek Thoughts — CMS, POR, AVA, XEL, PEG, FE, EXC, DUK, AGR, Onshore Wind, Climate Legislation

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

1Q earnings dominate the news flow. ETR, AGR, and ENPH reported results earlier this week. AEP, DTE, XEL, POR, SO, NWE, NOVA, and FSLR are on tap for the remainder of the week. GE discusses weakness in U.S. onshore wind demand; discussions pick up in Congress on the climate bill; DoC to consider climate implications in policymaking; CMS files a summary for the impending electric GRC filing; POR receives an order in the electric GRC; WA state updates commercial energy code to increase electrification; XEL files an updated settlement and proposes a 2031 retirement of Comanche 3, OR PUC approves Wildfire Mitigation plan; Ocean Wind 1 awarded three EPC contracts; WV PSC conditionally approves 50MW of solar projects; PA is set to join the RGGI on July 1; DUK invests in two RNG facilities, and a federal judge in Mexico orders the CRE to restore a self-supply generation permit for Iberdrola's combined cycle plant.

Upcoming Earnings Reports

AEP, DTE, XEL, POR, and SO report BMO tomorrow (Thursday). **NWE** is scheduled to report results AMC on Thursday with a call on Friday morning. Among our renewable names, **NOVA and FSLR** report AMC today and tomorrow, respectively. Our recently published preview includes our thesis, expectations, and estimates for our coverage.

Earlier this week, **AGR, ETR,** and **ENPH** reported earnings. Scroll down for our takeaways.

Industry News and News from Companies in Our Coverage

Onshore wind — GE's 1Q commentary for renewables focuses on supply chain constraints and U.S. policy inaction: GE reported weaker than expected renewable energy results, led by lower U.S. onshore deliveries and margin contraction from inflation. Wind repowering earnings were strong. As we head into the thick of 1Q22 earnings, we see GE's commentary as a harbinger of things to come, in terms of renewables' commentary from utilities. Reasons for the weak renewable results include U.S. policy inaction (lack of clarity on the timing of renewal of PTCs), margin pressure from steel and transportation cost inflation, and supply chain shortages. Higher inflation is impacting project economics and likely delaying investment decisions, while supply chain shortages are delaying equipment deliveries. COVID-19 shutdowns in China were also cited as adding to the supply chain constraints. GE management expects some deliveries originally planned for 2022 to move into 2023. Note that most of the Chinese shutdowns did not occur until late in 1Q/early 2Q, thus putting 2Q deliveries also at some risk. NEE on its 1Q22 call cited increased demand for wind power to offset the slowdown in solar installations caused by the DoC investigations. GE's comments would indicate that even wind projects may face delays.

Climate and Energy Bill conversations rekindled: Press reports on meetings between Democrats and Republicans in Congress on the possibility of Clean Energy legislation appear to have picked up. In recent days, members have met to negotiate a version of the clean energy provisions included in the BBB. We would caution against any exuberance given that Senator Manchin is said to favor a bipartisan bill in the flavor of the Infrastructure Bill, whereas most other Democrats want to construct a carve-out that can pass as part of the Reconciliation bill. Given that we are nearing the midterms, it is hard to get too excited about the prospect of another bipartisan bill taking shape. That said, it appears that a 10-year extension of renewable and energy storage tax credits is being discussed, as is a nuclear production tax credit, an extension of the carbon capture credit, and incentives for domestic manufacturing of clean energy equipment. From our vantage point, an extension of ITC and PTC for wind and solar investments will be most valuable in providing a clear line of sight into renewables development for utilities, as well as the renewable names in our coverage.

DoC to consider climate implications in policymaking: Secretary Raimondo issued a department administrative order on Earth Day to integrate climate considerations into policymaking. The statement notes that the department is prepared to leverage all of its bureaus to ensure that communities have the data, tools, and resources to mitigate the impacts of climate change. The department intends to coordinate its broader climate work, including on WH initiatives. We do not expect that this statement in any way changes

the DoC's process concerning the recently initiated AD/CVD investigations — which we expect will work through the Department's normal course of business unless the complaint is withdrawn. See our note here.

CMS — CMS files summary of upcoming electric rate case: In a summary filed with the MPSC, CMS plans to request a $272M base rate increase on 10.25% ROE. CMS has a gas rate case pending that is requesting a 10.5% ROE. The electric rate case filing was expected and follows a somewhat restrictive outcome in the 2021 rate case where the commission disallowed the inclusion of $128M of capex related to a solar project, which we presumed to be due to the timing of the approval of a certain project and will potentially be included in the planned rate case. The main drivers of the present case include investments in new solar and natural gas-fired generation, system reliability, and resilience.

POR — OR PUC issues an order in the pending electric GRC: As part of the order, the PUC adopted the four previous stipulations and approved a revised rate. The Commission authorized a revenue increase of $10M, based on a 9.5% ROE and 50% equity with rates effective May 9. The ROE was set in the first partial stipulation. Regarding the storm accrual mechanism that collects funds from ratepayers based on a 10-year average of storm outage costs, the PUC ruled that POR can carry a negative balance, subject to a cap of 2x the annual accrual amount. The PUC also expanded the scope of outage events to include uninsured wildfire costs. Cost recovery treatment for the Faraday hydro plant was moved to the next GRC when the project is in service. PUC did not include any rate adjustment mechanisms for wildfire mitigation and vegetation management, but asked POR to file a cost recovery filing under SB 763 (discussed below). The PUC authorized deferrals of costs related to the 2020 retirement of the 575 MW Boardman coal generation facility and will conduct an earnings test to evaluate if the continued recovery of Boardman costs in rates resulted in ratepayers overpaying. If allowed, POR would be allowed to earn a return of 20 bps below the authorized ROE. Lastly, while the decoupling mechanism was eliminated, the PUC directed POR to justify why the PUC should not re-implement the mechanism during the next GRC.

XEL — XEL files a settlement to close Comanche 3 in 2031: As expected, XEL filed a modified settlement agreement with the CO PUC to close the 750 MW Comanche 3 coal unit in 2031 vs. the prior plan of 2034 as was proposed in the ERP settlement. The modified settlement agreement is likely to be considered at the Commissioners' meeting on April 27. Recently all three Commissioners expressed opposition to the settlement for a 2034 retirement date and proposed to agree to a more complete analysis to plan for a 2029 retirement. XEL is expected to seek securitization treatment for the $690M net book value. If a regulatory asset is approved for the recovery of the remaining plant balance of Comanche, XEL will agree to earn a cost of debt for the carrying cost related to the regulatory asset. XEL will gradually phase down operations at Comanche to 33% of the annual capacity factor by 2029. As for replacement generation, XEL will conduct competitive solicitations. XEL will own ~$690M in capex or 500 MW of the accredited capacity for the resources that replace Comanche 3.

POR — OR PUC approves Wildfire Mitigation Plan: OR PUC approved the 2022 WMP for OR utilities as was required by the passage of SB 762. The bill encourages the establishment of standards for electric utility wildfire mitigation plans, including identifying the high-risk area and establishing protocols to minimize PSPS. The OR law requires that utilities file WMP annually. PUC has asked that the utilities collaborate with staff to improve the 2023 plans based on the conditions of the approval of the 2022 plans.

PEG — Offshore wind project Ocean Wind 1 awards three EPC contracts: The awards are for two high voltage substations and ~nine miles of underground cable that will connect the offshore wind farm to the onshore grid at two landfall points. Construction is estimated to begin in September 2023. Ocean Wind 1 is a 1.1 GW offshore wind project that is the first in NJ and is planned to come online in 2025. PEG is a partner in the project through a JV with Orsted.

FE — WV PSC issues conditional order for solar projects: The order conditionally approved 50MW of solar projects across WV for ~$100M. The approval is contingent on FE securing customer commitments to either purchase 85% of the capacity or SRECs produced by the project. FE must also obtain approval from the off-takers for the proposed cost recovery surcharge. Those subscribing to the project will pay a $40/MWh voluntary renewable electricity rider and also be liable for any cost recovery deficiency through a surcharge. PSC approved a 9.8% ROE for the project. The projects are expected to be in service by 2025.

EXC — PA is scheduled to join RGGI on July 1: After a series of back and forths, including in the state legislature and the courts, PA is set to join the RGGI after the Commonwealth Court reversed the prior stay of the rule filed by the PA DEP for the state to join the RGGI. We expect the debate in PA on RGGI to reemerge in the upcoming PA governor's elections. Since the rules were not implemented by statute, a subsequent administration could alter the rules. The RGGI is a cooperative cap and trade effort. The system targets a CO_2 reduction of 30% from 2020 to 2030. Allowances are offered through quarterly, regional CO_2 allowance auctions that are sealed-bid, uniform price auctions open to all participants, resulting in a single quarterly clearing price. All power plants with a capacity of 25 MW or more need to purchase CO_2 allowances for each ton of carbon emitted. PA will become the 12th state in the RGGI.

DUK — DUK announces investments in two RNG facilities: The two projects will convert landfill gas from two NC landfills into RNG, and Piedmont will transport the gas through its infrastructure to third-party customers. Each project is expected to produce ~500k Dth and enter service by the end of 2022. Construction is underway.

AGR — Mexican Courts asks Energy Regulatory Commission to restore a self-supply generation permit for AGR parent Iberdrola: A federal judge in Mexico ordered that the Energy Reg Commission (CRE) restore a self-supply generation permit for Iberdrola's 300 MW combined cycle power plant (Dulces Nombres). The CRE has repeatedly refused to renew the permit for the plant, which expired on Jan 31. We believe that the new ruling stems from the recent rejection in the Mexican legislature of AMLO's plan to increase the CFE's role in domestic power markets. The proposal, if passed, would have canceled long-term energy contracts and clean energy PPAs. The plan would have put state-owned coal/gas plants first in line to sell power into the grid and take precedence over private natural gas/renewable plants.

AVA — WA updates the state's commercial energy code in favor of electrification: The Washington State Building Code Council voted to update the commercial energy code to require all-electric space and water heating in new commercial and multifamily construction. The council also advanced proposals to restrict fossil fuel use in residential buildings. If approved, the residential proposal would go into effect in 2023, at the same time as the commercial code is updated. WA is the first state to approve an electrification mandate into its statewide energy code, which aligns with state law and requires the council to adopt energy codes that reduce annual net energy consumption in buildings by 70% from 2006 levels by 2031.

Earnings Recap

AGR — AGR's 1Q results were helped by the gain on offshore lease restructuring, and management maintained the 2022E EPS guide of $2.20-$2.38, which includes ~$0.47 benefit from the lease restructuring. Offshore wind projects are continuing apace with certain milestones achieved and Vineyard Wind 1 is still on plan for a 2024 COD. Onshore renewables projects for 2022 appear on the track, but the ongoing AD/CVD investigations, inflation, and supply chain constraints could render some 2023 COD dates somewhat fluid. Higher power prices should help against the inflationary backdrop, but policy initiatives create an overhang on project decisions. With a new CEO scheduled to start fairly soon, we would expect a detailed rundown of long-term strategy and outlook either on the 2Q earnings call or a standalone Analyst Day. See our note here.

ETR — ETR reported EPS of $1.32, which was below our estimate of $1.43 and consensus of $1.34. Despite the miss, the Company reaffirmed its $6.15-$6.45 2022 EPS guidance, slightly upped its volume growth expectations, and maintained its long-term EPS growth forecast. ETR highlighted that its 2022 solar projects remain secure; however, it expects some delays in other near-term solar projects. The Company also discussed securitization recovery progress and reiterated its commitment to exiting merchant nuclear. ETR will be hosting an analyst day on June 16, where it will provide longer-term outlooks. See our note here.

ENPH — ENPH reported strong 1Q results ahead of our consensus estimates on most metrics and introduced 2Q22 guidance above the Street/our estimates. The Company reported no significant disruptions to its supply chain at the moment, offered a measured assessment of the U.S. solar policy implications, and highlighted growth opportunities in Europe. We maintain that ENPH is the best-positioned name in our Alternative Energy coverage given the current backdrop. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

California Dreamin': EIX, SRE - Notes from Management Meetings

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

HASI: Notes from Meetings with Management

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CMS: Notes from Meetings with Management

CMS: First Read on MI IRP Proposed Decision

NEE: Upgrading to Overweight on Valuation with $87 Price Target

SRE: PT Reached — Downgrading to Sector Weight on Valuation

NWE: MT Coal Mine Ruling Adds Another Wrinkle to Colstrip Story

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

XEL: Meeting Notes and Thesis Review

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

AY: Notes from Management Meetings

Thematic Pieces

Utilities 1Q22 Earnings Preview: Boring Is Good

Movers and Shakers: Utilities Earnings Recap

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	307	53.11	90	29.32
Sector Weight [SW]	259	44.81	60	23.17
Underweight [UW]	12	2.08	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	33	51.56	14	42.42
Sector Weight [SW]	29	45.31	14	48.28
Underweight [UW]	2	3.12	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

April 20, 2022

Energy: Electric Utilities

Midweek Thoughts — PEG, CMS, XEL, EXC, AEE, ED, WEC, ETR, CEG, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

CMS reaches a settlement in the IRP; XEL explores earlier retirement of Comanche 3; EXC and AEE file annual FRPs; ED proposes an offshore wind energy hub and seeks cost recovery; IA regulators deny a pause for construction in the Cardinal-Hickory Creek transmission line; MI Governor rethinks the closure of the Palisades nuclear plant; CEG receives DOE award to explore direct air capture technology; PEG CEO Ralph Izzo announces retirement; Mexican legislature blocks a modification to the country's Electric Industry Law; and WI Governor introduces a Clean Energy Plan.

ICYMI

We published our **quarterly preview** for our utilities and alternative energy coverage — Boring IsGood.

Upcoming Earnings Reports

NEE and **NEP** kick off 1Q earnings season and will report before market opens tomorrow (Thursday). **FE** is scheduled to report on Thursday after market close followed by a call on Friday morning.

News from Companies in our Coverage

CMS — CMS reaches a settlement in the IRP:

- **What is included?:** As part of the settlement, CMS will retire all coal generation by 2025 and collect the unrecovered book value of Campbell units 1-3 through the design life of the units (2031 for units 1-2 and 2039 for unit 3). CMS will earn a 9% ROE on the retired assets. As proposed, CMS will buy the Covert gas plant for $815M in 2023. The ALJ was critical of the timing of the Campbell 3 retirement, positing that more work was needed before making a decision, thus its inclusion in the settlement is a positive for CMS. CMS was not in favor of relegating the cost recovery of the coal units into a separate proceeding. To that end, the settlement is constructive in including cost recovery for the coal units.
- **What is not?:** Instead of acquiring assets from Enterprise, as CMS had proposed, the settlement calls for the company conducting an RFP for PPAs of up to 700 MW of MI-based capacity starting in 2025. Enterprises can participate in the RFP. CMS had requested approval to acquire 2 GW of natural gas fired units for $1.34B—four units in total—the largest of which is the Covert plant (cost: $815M, capacity 1.2 GW), and put them in the rate base. The other three plants would have ~1 GW of capacity, cost $530M, and include the DIG plant, of which CMS already owns a portion.

XEL — XEL is exploring plans to close Comanche earlier than planned: XEL may file a modified settlement agreement early next week (potentially April 26). In the plan, XEL is expected to propose closing Comanche 3 (750 MW) earlier than the current plan of 2034 as proposed in the ERP settlement. The company informed the PUC that it is in discussions with parties to potentially modify the settlement. Recently all three Commissioners expressed opposition to the settlement for a 2034 retirement date and proposed to agree to a more complete analysis to plan for a 2029 retirement. The view of the Commissioners likely stems from the fact that the unit was in an extended outage since late January, and had two outages in 2020. Comanche 3 is among the newer coal units in the country and came into service in 2010.

EXC, AEE — IL electric distribution utilities file annual FRPs

- **EXC — ComEd files annual formula rate planin IL:** EXC's ComEd filed a proposal for a $223M revenue increase premised on 7.85% ROE, 49.45% equity, and a rate base of $13.9B. The calculation of the ROE in the FRP is formulaic and set by the FRP statute. ComEd's previous rate plan was approved at 7.36% ROE in 2021. A final decision is expected toward the end of the year with new rates effective in 2023. This will be EXC's last formula rate plan filing in IL.
- **AEE — Similar to ComEd, AEE's IL sub also filed an annual formula rate plan:** AEE is seeking an $85M rate increase on a 7.85% ROE, 53.99% equity, and a rate base of $3.9B. ComEd's previous rate plan was approved at 7.36% ROE in 2021. A final decision is expected by the end of 2022 with new rate effective in January 2023.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

- **The 2021 IL Energy Legislation ends FRP and introduces PBR with multi-year rate plans instead:** Utilities may file four-year Multi-Year Rate Plans by 2023 for rates effective 2024. Final metrics for the PBR are currently being debated. Importantly, the bill breaks the link to U.S. Treasuries and provides authority to the ICC to set ROE and allows up to 50% equity ratio, with a higher equity ratio requiring specific commission approval. An extended period of low Treasury rates has led to both AEE's and EXC's authorized ROEs in IL to trend below peers in other parts of the country.

ED — ED proposes plan for offshore wind transmission: ED filed a plan with NY regulators for $1B in cost recovery to build a grid hub to support offshore wind power. The plan, Brooklyn Clean Energy Hub, proposes repurposing two Brooklyn gas turbine locations to create eight new points of interconnection for offshore wind and other renewables. In tandem with two existing substations, the energy hub would be able to handle ~6GW of electricity. The plan responds to the NY PSC's request in January for ED to draw up a detailed proposal for a grid hub capable of connecting 5-6 GW of offshore wind. ED's plan is designed to link the output from the offshore wind projects to a high-voltage system. NY has a plan to install 9 GW of offshore wind power by 2035 to meet the commitments in the NY Climate Bill (Climate Leadership and Community Protection Act). Phase 1 of the Brooklyn Hub project is anticipated to be energized by the end of 2027. ED has commenced engineering on the project and plans to begin long lead time equipment procurement this year. Later this year, offshore developers are expected to present plans on how they plan to feed power into a shared offshore transmission network (mesh) that would ultimately connect to the Brooklyn Hub. ES is a partner in the 130 MW South Fork Wind project being built offshore NY.

WEC — Iowa regulators deny a pause in construction of the Cardinal-Hickory Creek transmission line: The 100-mile, 345-kV Cardinal-Hickory Creek transmission line received a ruling from the Iowa Utilities Board denying the request for a pause of construction of the transmission line that is designed to cross the Upper Mississippi National Wildlife Refuge. Ongoing litigation in federal courts has delayed the line's construction and risks the construction timeline. In January, a federal judge ruled that the environmental review was inadequate. The project is being developed jointly by WEC's subsidiary ATC, ITC Midwest, and Dairyland Power Cooperative. The utilities are appealing the decision blocking the Mississippi River crossing. The project is expected to be complete by the end of 2023. When complete, the transmission line will be entered into MISO and help supply renewable resources to the region.

ETR — MI Governor rethinks closure of Palisades nuclear plant: Palisades is a 777 MW capacity nuclear plant in MI that is owned by ETR. ETR announced plans in 2017 to retire the plant in the spring of 2022 (the plant is licensed to operate until 2031). Governor Whitmer's optimism to save the plant from an early retirement stems from the DOE's announcement that it is seeking applications for the $6B Civil Nuclear Credit Program that was implemented as part of the Bipartisan Infrastructure Bill. The program is designed to preserve existing nuclear reactors that are uneconomic to continue operating. The first award cycle for which applications are currently open will prioritize reactors that have already announced an intent to cease operations and plan to permanently cease operations before September 2026. The credits, if awarded, will be allocated over a four-year period. According to ETR, the plant is scheduled to shut down at the end of May and the company is already in contract to transfer ownership to Holtec for a decommissioning process. The deadline to apply for assistance through the CNC is May 12. There are many questions if Palisades does continue to operate beyond the currently stated timeline and those would include the potential ownership of the plant and whether it would be operated as a state regulated utility or as a merchant power plant.

CEG — CEG receives a DOE award to explore direct air capture technology: DOE awarded a $2.5M grant to CEG and its project partners to study the benefits of direct air capture at the Byron nuclear plant in IL. Even though the plant does not produce any carbon emissions, the technology would remove CO_2 directly from the atmosphere. In the proposed study, a chemical solution would be added to water flowing through the facility's main condenser on the non-nuclear side of the plant. After traveling through the condenser, the water would travel out to the cooling towers, where CO_2 in the air will attach itself to the chemical solution and become captured and sequestered for later use. The study is expected to conclude in 2023 and will inform on future decisions to integrate such a direct air capture technology with a nuclear plant.

PEG — CEO Ralph Rizzo to retire at the end of 2022: Ralph Izzo, Chair, President, and CEO of PEG, will retire at the end of 2022. Current COO Ralph LaRossa will assume the role of President and CEO effective September 1, and Dr. Izzo will remain executive chairman of the Board through the end of the year. We view the announcement as a planned senior management transition.

SRE — Mexican legislature blocks AMLO's plan to increase CFE's role in domestic power markets: As a background, the Mexican President had introduced a constitutional reform plan to modify the country's Electric Industry Law that would have led to the cancelation of multiple private power plants that sell power into the national grid and declare illegal others that sell power directly to C&I customers. The proposal would also cancel long-term energy contracts and clean energy PPAs. The plan put state-owned coal/gas plants first in line to sell power into the grid and take precedence over private natural gas/renewable plants. The legislature did allow some modifications to the Electric Industry Law, including prioritizing CFE owned hydropower units in dispatch sequencing over others. Some components of the law are still tied up in courts. Importantly, the vote in the legislature is a positive for SRE, even though the company has a very small generation portfolio in the country and a vast majority of its generation projects are not connected to CFE, but rather dispatch directly to CAISO.

WEC — Governor Evers introduces the WI Clean Energy Plan: The plan is meant to act as a blueprint for meeting the Governor's goal of carbon-free electricity generation by 2050 in the state. The plan calls for providing clean energy technology through a $100M rate payer funded program, updating emission goals for electricity generation, reducing demand through EE, updating building codes, and supporting the transition to EVs. Additionally, the plan calls for additional development of utility-scale solar projects and the phaseout of natural gas-fired plants. WEC expects to phase coal out by 2035 and has a long-term net-zero carbon emission goal from its generation fleet by 2050.

Select Recent Research

California Dreamin': EIX, SRE - Notes from Management Meetings

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

HASI: Notes from Meetings with Management

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CMS: Notes from Meetings with Management

CMS: First Read on MI IRP Proposed Decision

NEE: Upgrading to Overweight on Valuation with $87 Price Target

SRE: PT Reached — Downgrading to Sector Weight on Valuation

NWE: MT Coal Mine Ruling Adds Another Wrinkle to Colstrip Story

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

XEL: Meeting Notes and Thesis Review

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

AY: Notes from Management Meetings

Thematic Pieces

Utilities 1Q22 Earnings Preview: Boring Is Good

Movers and Shakers: Utilities Earnings Recap

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	321	52.97	95	29.60
Sector Weight [SW]	271	44.72	61	22.51
Underweight [UW]	14	2.31	2	14.29

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	33	51.56	14	42.42
Sector Weight [SW]	29	45.31	14	48.28
Underweight [UW]	2	3.12	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Exelon Corp.

Clear Eyes, Full Hearts, Compelling Landscape: Upgrade to OW

▲ **Overweight**
Previous: Neutral

EXC, EXC US
Price (19 Apr 22): $49.50

▲ **Price Target (Dec-22): $55.00**
Prior (Dec-22): $47.00

In its transition to a pure-play regulated utility, Exelon has refocused its core operations around an advantaged T&D portfolio with leverage to infrastructure renewal efforts across an aging urban network and long-term electrification tailwinds (as highlighted in our 2022 Outlook). Years of regulatory engagement have yielded multi-year plan frameworks in MD and DC amid improving regulatory outcomes across both jurisdictions (as discussed in our NARUC Meeting Takeaways), plus the prospects of ROE normalization in IL's upcoming ratemaking transition. We see earned ROE upside under both and incremental to the company's already attractive 6-8% EPS growth. EXC's projected 8.1% rate base CAGR screens as top tier and is coupled with B/S flexibility to absorb incremental capital investment as grid needs increase with incremental renewables, broader economy electrification, and growing system resiliency/reliability needs. Additionally, we see near-term qualitative benefits in the company's relatively light regulatory calendar over the balance of 2022 and long-term tailwinds from its T&D portfolio amid ever increasing ESG forces. At EXC's current -0.8% 2024 P/E discount, we see compelling upside to high quality peers AEE, CMS, WEC, and XEL, which currently stand at an ~10% average premium to the group. As a result, we upgrade EXC to Overweight (YE22 PT to $55, from $47).

- **Light regulatory calendar this year ahead of IL filing in early 2023.** We expect a relatively quiet regulatory update after EXC successfully implemented multi-year plans in MD and DC and settled the PECO electric late last year. In IL, workshops remain ongoing in the state's effort to transition away from formula rates/treasury tied ROEs. With the first filing expected early next year, the key focus remains on a potential ROE step-up in 2024. Recall, the 30-year US treasury + 580bps currently drives ComEd's ROE and could step up ~70bps, assuming an ROE in line with the 9.45% sector average. That said, the recent rates run-up has helped mitigate the severity of the prospective step, which we view as a clear positive from an optics standpoint.

- **Electrification & other tailwinds set to drive long-term benefits.** EXC has an advantaged T&D portfolio with leverage to infrastructure renewal efforts across an aging urban network and long-term electrification tailwinds. Owning no electric generation, EXC's premium growth platform targets $29bn of capex focused on low risk T&D investments supporting expanded electrification and reliability. Moreover, EXC's constructive regulatory mechanisms allow for favorable recovery across ~98% of the company's rate base growth.

- **Valuation stands out amid premium qualities.** At EXC's current -0.8% 2024 P/E discount, we see compelling upside to high quality peers AEE, CMS, WEC, and XEL, which currently stand at an ~10% average group premium. We see legacy ComEd concerns fading and lift our relative multiple.

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Ryan Karnish
(1-212) 622-1270
ryan.karnish@jpmchase.com

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Brandon Travis, CFA
(1-646) 320-9830
brandon.travis@jpmchase.com

J.P. Morgan Securities LLC

Key Changes (FYE Dec)

	Prev	Cur
Adj. EPS - 22E ($)	2.27	2.28
Adj. EPS - 23E ($)	2.35	2.41

Quarterly Forecasts (FYE Dec)

Adj. EPS ($)	2021A	2022E	2023E
Q1	0.52	0.68	
Q2	0.48	0.50	
Q3	0.66	0.68	
Q4	0.43	0.42	
FY	2.09	2.28	2.41

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	8	2	1	2	1
Growth	90	90	80	25	66
Momentum	54	15	88	50	67
Quality	23	75	38	66	71
Low Vol	83	30	47	9	60
ESGQ	76	71	86	10	18

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

See page 5 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

North America Equity Research
20 April 2022

J.P.Morgan

Price Performance

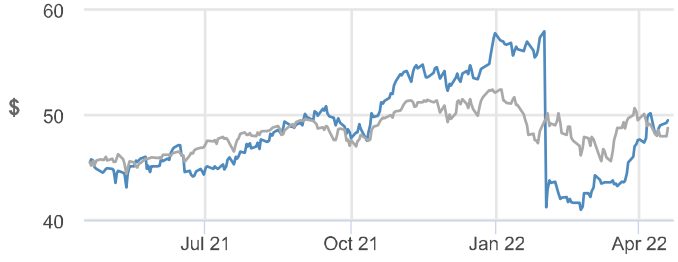

	YTD	1m	3m	12m
Abs	-13.3%	14.4%	-12.4%	8.8%
Rel	-6.9%	14.5%	-10.8%	1.6%

Company Data

Shares O/S (mn)	980
52-week range ($)	50.29-30.52
Market cap ($ mn)	48,485.25
Exchange rate	1.00
Free float(%)	98.8%
3M - Avg daily vol (mn)	9.70
3M - Avg daily val ($ mn)	448.0
Volatility (90 Day)	20
Index	S&P 500
BBG BUY|HOLD|SELL	12|8|1

Key Metrics (FYE Dec)

$ in millions	FY21A	FY22E	FY23E	FY24E
Financial Estimates				
Revenue	16,698	18,710	19,121	19,571
Adj. EBITDA	6,363	7,075	7,482	7,903
Adj. EBIT	3,330	3,930	4,239	4,558
Adj. net income	2,047	2,236	2,378	2,598
Adj. EPS	2.09	2.28	2.41	2.62
BBG EPS	2.57	2.26	2.41	2.60
Cashflow from operations	3,012	5,260	5,582	5,921
FCFF	(3,785)	(494)	(258)	(265)
Margins and Growth				
Revenue growth	(49.3%)	12.0%	2.2%	2.4%
EBITDA margin	38.1%	37.8%	39.1%	40.4%
EBITDA growth	(30.3%)	11.2%	5.8%	5.6%
EBIT margin	19.9%	21.0%	22.2%	23.3%
Net margin	12.3%	12.0%	12.4%	13.3%
Adj. EPS growth	(35.2%)	8.9%	5.8%	8.8%
Ratios				
Adj. tax rate	7.1%	13.3%	15.4%	15.3%
Interest cover	5.0	5.2	5.2	5.3
Net debt/Equity	1.2	1.6	1.6	1.6
Net debt/EBITDA	6.4	5.4	5.4	5.5
ROCE	4.2%	4.9%	5.6%	5.7%
ROE	6.1%	7.7%	9.7%	10.1%
Valuation				
FCFF yield	(7.8%)	(1.0%)	(0.5%)	(0.5%)
Dividend yield	3.1%	2.7%	2.9%	3.1%
EV/EBITDA	11.9	10.3	10.1	9.9
EV/Revenue	4.5	3.9	3.9	4.0
Adj. P/E	23.7	21.8	20.6	18.9

Summary Investment Thesis and Valuation

In its transition to a pure-play regulated utility, Exelon has refocused its core operations around an advantaged T&D portfolio with leverage to infrastructure renewal efforts across an aging urban network and long-term electrification tailwinds. Years of regulatory engagement have yielded multi-year plan frameworks in MD and DC amid improving regulatory outcomes across both jurisdictions, plus the prospects of ROE normalization in IL's upcoming ratemaking transition. We see earned ROE upside under both and incremental to the company's already attractive 6-8% EPS growth. EXC's projected 8.1% rate base CAGR screens as top tier and is coupled with balance sheet flexibility to absorb incremental capital investment as grid needs increase with incremental renewables, broader economy electrification, and growing system resiliency/reliability needs. At EXC's current -0.8% 2024 P/E discount, we see compelling upside to high quality peers AEE, CMS, WEC, and XEL, which currently stand at an ~10% average premium to the group. As a result, we upgrade EXC to Overweight (Dec 2022 PT to $55, from $47).

Our December 2022 price target of $55 is based on a SOTP valuation using our 2023 estimates. We use an average 22.9x P/E multiple for the regulated utility and corporate business segments, which is at a modest premium to peers given the constructive regulatory setup and robust electrification investment opportunity.

Performance Drivers

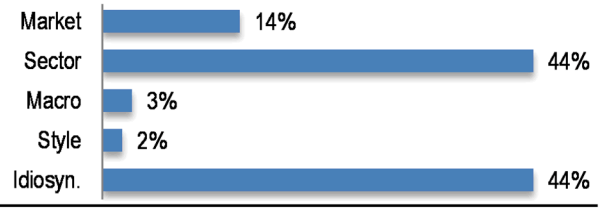

Factors	6M Corr	1Y Corr
Market: MSCI US	0.41	0.35
Sect: Utilities	0.64	0.69
Ind: Utilities	0.64	0.69
Macro:		
Non-Energy Commodity	0.30	0.19
Economic Surprise	0.02	0.18
Crude Oil	0.31	0.14
Quant Styles:		
Size	0.40	0.33
LowVol	0.18	0.26
Quality	0.27	0.23

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Investment Thesis, Valuation and Risks

Exelon Corp. *(Overweight; Price Target: $55.00)*

Investment Thesis

In its transition to a pure-play regulated utility, Exelon has refocused its core operations around an advantaged T&D portfolio with leverage to infrastructure renewal efforts across an aging urban network and long-term electrification tailwinds. Years of regulatory engagement have yielded multi-year plan frameworks in MD and DC amid improving regulatory outcomes across both jurisdictions, plus the prospects of ROE normalization in IL's upcoming ratemaking transition. We see earned ROE upside under both and incremental to the company's already attractive 6-8% EPS growth. EXC's projected 8.1% rate base CAGR screens as top tier and is coupled with balance sheet flexibility to absorb incremental capital investment as grid needs increase with incremental renewables, broader economy electrification, and growing system resiliency/reliability needs. Additionally, we see near-term qualitative benefits in the company's relatively light regulatory calendar over the balance of 2022 and long-term tailwinds from its T&D portfolio amid ever increasing ESG forces. At EXC's current -0.8% 2024 P/E discount, we see compelling upside to high quality peers AEE, CMS, WEC, and XEL, which currently stand at an ~10% average premium to the group. As a result, we upgrade EXC to Overweight (Dec 2022 PT to $55, from $47).

Valuation

We raise our December 2022 price target to $55 from $47 prior. Our valuation is based on a sum-of-the-parts analysis using our 2023 forecasts. We use an average 22.9x P/E multiple for the regulated utility and corporate business segments, which is at a modest premium to peers given the constructive regulatory setup and robust electrification investment opportunity. Our higher price target due to higher peer average multiples, stronger 2023 earnings from rising treasury yields, and a higher premium assigned to utility operations due to the improving regulatory environment and fading ComEd concerns.

Risks to Rating and Price Target

- Regulated electric and gas utilities are subject to strict federal and state regulation, including determinations of allowed revenues. Any change to regulations may cause future earnings power to differ materially from current expectations.
- ComEd currently operates under a deferred prosecution agreement (set to end in 2023) due to past lobbying practices in Illinois. These legacy issues bring up the potential for negative headline risk if new information comes to light.
- The company possesses attractive leverage to growing electrification trends. However, if these investments develop slower than we anticipate it could lead to a weaker earnings outlook than we currently forecast.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exelon Corp.: Summary of Financials

Income Statement - Annual	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	**32,929**	**16,698**	**18,710**	**19,121**	**19,571**
COGS	(14,215)	(5,201)	(6,384)	(6,384)	(6,384)
Gross profit	**18,714**	**11,497**	**12,326**	**12,737**	**13,187**
SG&A	(10,217)	(5,395)	**(5,422)**	**(5,406)**	**(5,435)**
Adj. EBITDA	**9,129**	**6,363**	**7,075**	**7,482**	**7,903**
D&A	(4,075)	(3,033)	(3,145)	(3,243)	(3,345)
Adj. EBIT	**5,054**	**3,330**	**3,930**	**4,239**	**4,558**
Net Interest	(1,609)	(1,274)	(1,351)	(1,430)	(1,492)
Adj. PBT	**3,445**	**2,056**	**2,579**	**2,810**	**3,066**
Tax	(399)	(145)	(343)	(432)	(468)
Minority Interest	104	(1)	0	0	0
Adj. Net Income	**3,150**	**2,047**	**2,236**	**2,378**	**2,598**
Reported EPS	3.22	2.09	2.28	2.41	2.62
Adj. EPS	**3.22**	**2.09**	**2.28**	**2.41**	**2.62**
DPS	**1.53**	**1.53**	**1.35**	**1.44**	**1.55**
Payout ratio	47.5%	73.2%	59.3%	60.0%	59.0%
Shares outstanding	977	980	983	988	992

Income Statement - Quarterly	1Q22E	2Q22E	3Q22E	4Q22E
Revenue	**4,798**	**4,215**	**5,040**	**4,658**
COGS	(1,653)	(1,322)	(1,810)	(1,599)
Gross profit	**3,145**	**2,893**	**3,230**	**3,059**
SG&A	(1,322)	(1,250)	(1,374)	(1,476)
Adj. EBITDA	**1,866**	**1,685**	**1,898**	**1,626**
D&A	(774)	(780)	(786)	(806)
Adj. EBIT	**1,093**	**905**	**1,113**	**819**
Net Interest	(328)	(335)	(340)	(348)
Adj. PBT	**765**	**570**	**773**	**471**
Tax	(96)	(80)	(106)	(61)
Minority Interest	0	0	0	0
Adj. Net Income	**669**	**491**	**666**	**410**
Reported EPS	0.68	0.50	0.68	0.42
Adj. EPS	**0.68**	**0.50**	**0.68**	**0.42**
DPS	**0.34**	**0.34**	**0.34**	**0.34**
Payout ratio	49.5%	67.6%	49.8%	81.0%
Shares outstanding	981	982	983	985

Balance Sheet & Cash Flow Statement	FY20A	FY21A	FY22E	FY23E	FY24E
Cash and cash equivalents	1,166	1,619	0	0	0
Accounts receivable	4,629	5,126	5,126	5,126	5,126
Other current assets	6,767	7,212	7,558	7,911	8,283
Current assets	**12,562**	**13,957**	**12,684**	**13,037**	**13,409**
PP&E	82,584	84,219	68,520	72,327	76,432
Other non current assets	34,171	34,837	34,955	35,074	35,192
Total assets	**129,317**	**133,013**	**116,159**	**120,437**	**125,033**
Short term borrowings	3,850	6,703	3,401	3,401	3,401
Payables	3,562	4,136	4,136	4,136	4,136
Other short term liabilities	5,359	5,272	5,272	5,272	5,272
Current liabilities	**12,771**	**16,111**	**12,809**	**12,809**	**12,809**
Long-term debt	35,483	35,714	34,527	37,172	39,984
Other long term liabilities	46,195	46,393	44,986	45,418	45,886
Total liabilities	**94,449**	**98,218**	**92,322**	**95,399**	**98,679**
Shareholders' equity	32,585	34,393	23,830	25,032	26,347
Minority interests	2,283	402	7	7	7
Total liabilities & equity	**129,317**	**133,013**	**116,159**	**120,437**	**125,033**
BVPS	**33.39**	**35.13**	**24.21**	**25.31**	**26.51**
y/y Growth	*0.8%*	*5.2%*	*(31.1%)*	*4.5%*	*4.8%*
Net debt/(cash)	38,167	40,798	37,928	40,573	43,385
Cash flow from operating activities	**4,235**	**3,012**	**5,260**	**5,582**	**5,921**
o/w Depreciation & amortization	6,527	7,573	3,145	3,243	3,345
o/w Changes in working capital	(4,799)	(5,565)	(346)	(353)	(373)
Cash flow from investing activities	**(4,336)**	**(3,317)**	**(8,675)**	**(7,050)**	**(7,450)**
o/w Capital expenditure	(8,048)	(7,981)	(6,925)	(7,050)	(7,450)
as % of sales	*24.4%*	*47.8%*	*37.0%*	*36.9%*	*38.1%*
Cash flow from financing activities	**145**	**758**	**2,300**	**1,468**	**1,529**
o/w Dividends paid	(1,492)	(1,497)	(1,326)	(1,426)	(1,533)
o/w Net debt issued/(repaid)	1,067	1,841	3,376	2,644	2,813
Net change in cash	**44**	**453**	**(1,115)**	**(0)**	**(0)**
Adj. Free cash flow to firm	**(2,390)**	**(3,785)**	**(494)**	**(258)**	**(265)**
y/y Growth	*(427.1%)*	*58.3%*	*(87.0%)*	*(47.7%)*	*2.6%*

Ratio Analysis	FY20A	FY21A	FY22E	FY23E	FY24E
Gross margin	56.8%	68.9%	65.9%	66.6%	67.4%
EBITDA margin	27.7%	38.1%	37.8%	39.1%	40.4%
EBIT margin	15.3%	19.9%	21.0%	22.2%	23.3%
Net profit margin	9.6%	12.3%	12.0%	12.4%	13.3%
ROE	9.7%	6.1%	7.7%	9.7%	10.1%
ROA	2.5%	1.6%	1.8%	2.0%	2.1%
ROCE	6.3%	4.2%	4.9%	5.6%	5.7%
SG&A/Sales	31.0%	32.3%	29.0%	28.3%	27.8%
Net debt/equity	1.1	1.2	1.6	1.6	1.6
P/E (x)	15.4	23.7	21.8	20.6	18.9
P/BV (x)	1.5	1.4	2.0	2.0	1.9
EV/EBITDA (x)	8.0	11.9	10.3	10.1	9.9
Dividend Yield	3.1%	3.1%	2.7%	2.9%	3.1%
Sales/Assets (x)	0.3	0.1	0.2	0.2	0.2
Interest cover (x)	5.7	5.0	5.2	5.2	5.3
Operating leverage	128.4%	69.2%	149.6%	358.6%	319.1%
Revenue y/y Growth	(4.4%)	(49.3%)	12.0%	2.2%	2.4%
EBITDA y/y Growth	(1.8%)	(30.3%)	11.2%	5.8%	5.6%
Tax rate	11.6%	7.1%	13.3%	15.4%	15.3%
Adj. Net Income y/y Growth	0.3%	(35.0%)	9.2%	6.3%	9.3%
EPS y/y Growth	0.0%	(35.2%)	8.9%	5.8%	8.8%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exelon Corp. (EXC, EXC US) Price Chart

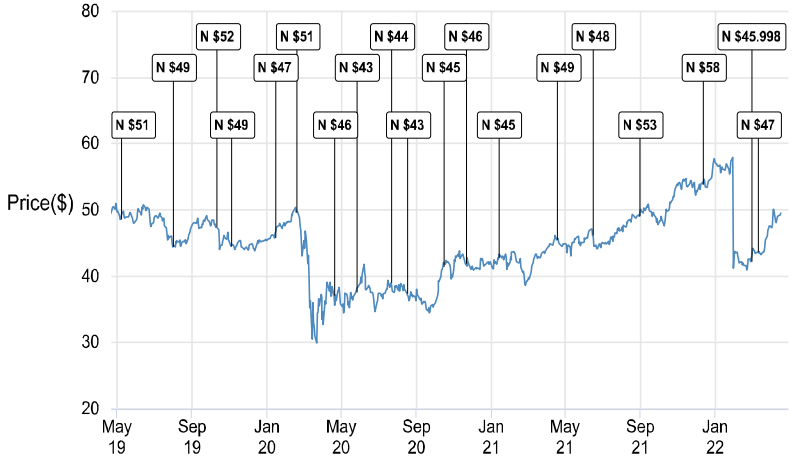

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
09-May-19	N	48.58	51
02-Aug-19	N	44.40	49
13-Oct-19	N	47.51	52
05-Nov-19	N	44.50	49
15-Jan-20	N	45.81	47
20-Feb-20	N	49.60	51
21-Apr-20	N	37.07	46
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), Nextera Energy Partners (NEP), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), Shell Midstream Partners, L.P. (SHLX), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P. Morgan Equity Research Ratings Distribution, as of April 02, 2022

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	51%	37%	12%
IB clients**	52%	47%	36%
JPMS Equity Research Coverage*	51%	37%	12%
IB clients**	75%	68%	51%

*Please note that the percentages might not add to 100% because of rounding.
**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is regulated by the OJK a.k.a. BAPEPAM LK. **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited,

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 093/09/2021 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. Any data discrepancies in this material could be the result of different calculations and/or adjustments. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised April 09, 2022.

Copyright 2022 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

GUGGENHEIM

Power & Utilities April 18, 2022

The Guggenheim Daily Transmission: ALE, Policy, ESG, EXC, ES, MA, NY, Solar, PCG, CA, Wind, ND, LNT, DUK, VA, NYISO, NEE, NH

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
ALE	63.44	Neutral
DUK	114.85	Buy
ES	92.60	Neutral
EXC	49.03	Neutral
LNT	63.39	Neutral
NEE	82.81	Buy
PCG	12.30	Buy

For details on our Guggenheim-hosted client Utility events including our quarterly utility roundtable dinner w/clients on Wednesday, our CNP NDR, AGA Conference meetings, EVRG NDR, AWK NDR, EXC NDR, LNT NDR, ES NDR, SO NDR, CMS NDR, DTE NDR, OGE NDR, EIX NDR, POR NDR and OGS NDR, among other events, scroll down…

ALE – New Energy Equity transaction closes

Policy/ESG – Climate change lobbying report calls out multiple US utilities for 'negative engagement'

EXC – ComEd files 2023 FRP

ES/MA – Multiple filings docketed in DPU's EV docket

NY/Solar – NY Governor Hochul announces framework for 10GW of distributed solar by 2030

PCG/CA – CA Undergrounding legislation reset for committee hearing on April 20, continues to advance through legislative process

Wind / ND – North Dakota counties are looking to review wind development ordinances

LNT – IPL dockets joint schedule proposal in solar ratemaking docket

DUK – DUK kicks off community solar program in FL

VA – Governor Youngkin signs property tax exemption for resi/small solar

NYISO – CHPE HVDC line gets contract approval from PSC

NEE – FPL acknowledges natural gas cost impacts on supply costs

ES/NH – NH lawmakers continue to advance DER legislation

ALE – New Energy Equity transaction closes

- The $165.5mm transaction has closed, bringing ALE's nonregulated arm a new line of business in distributed solar development, with a focus on C&I
- "More New Energy Equity, with headquarters in Annapolis, Maryland, has successfully completed more than 250 distributed solar projects across the nation totaling more than 330 megawatts. The company has a development pipeline of about 2 gigawatts across 26 states over the next three years." - ALE
- More HERE

Guggenheim takeaway: *Heads up and as expected, with more details on the acquisition forthcoming on the 1Q call in our view. As a reminder, ALE has a track record of executing on nonregulated businesses lines like these (e.g., ACE), and had been exploring different ways to expand into new opportunities for over a year now. The acquisition comes at a busy time for solar developer M&A (e.g., PPL and Safari – see HERE), with a specific focus, in this case, on C&I and smaller ground mount systems across the Midwest and Northeast (incl. a significant presence in MN). The comp set for transactions like these is admittedly small, but the ~8x 21 EBITDA does not seem particularly expensive – management has indicated that the transaction will be accretive in the first full year - we look forward to more details now that the deal has closed.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Policy/ESG – Climate change lobbying report calls out multiple US utilities for 'negative engagement'

- The report calls 11 of 25 analyzed utilities 'laggards,' with their work on opposing gas bans specifically cited as an obstructionist activity by the authors
- More HERE

Guggenheim takeaway: *Flagged for your awareness as the report has been generating some local headlines in recent days (e.g., HERE).*

EXC – ComEd files 2023 FRP

- The company has filed a $199mm rate increase, which could potentially be dampened by a concurrent $65 EDIT flowback proposal and lower YoY capacity prices
- "The evidence submitted herewith establishes that ComEd's rates should be designed to recover a 2023 Rate Year Net Revenue Requirement of $ $2,910,460,000. That sum includes a 2023 Initial Rate Year Revenue Requirement of $2,860,028,000, a reconciliation adjustment of $60,241,000, including interest, based on a 2021 Reconciliation Revenue Requirement of $2,733,799,000, and a ROE Collar adjustment of ($9,809,000). Those revenue requirements and their calculation are described in detail in the testimony of ComEd witness Diccion" - filing
- Docket HERE
- More HERE
- CUB statement HERE

Guggenheim takeaway: *The final FRP lands as-expected, setting off a process that will run for 8 months ahead of new rates in '23. While CUB's initial comments are part of the process, we continue to monitor IL, alongside other jurisdictions, for any signs of rate fatigue in the current inflationary environment.*

ES/MA – Multiple filings docketed in DPU's EV docket

- Multiple stakeholders, including EV infrastructure providers and consumer advocates, have filed their initial briefs in the ongoing process for the Phase II EV infrastructure program
- "The companies' proposed plans are necessary to increase transportation electrification in all of the communities served by the companies and assist Massachusetts in achieving its decarbonization goals. Therefore, CLF recommends that the Department approve the companies' proposed plans, subject to several improvements aimed at increasing support for environmental justice ("EJ") populations and increasing support for transportation electrification in the critical medium-duty and heavy-duty ("MD-HD") fleet sector." - Conservation Law Foundation
- More HERE

Guggenheim takeaway: *Multiple filings for your awareness in the ongoing EV docket. As a reminder, EV spending remains a relatively smaller, but growing, share of current spend vs. other irregular opportunities like AMI and offshore wind interconnections.*

NY/Solar – NY Governor Hochul announces framework for 10GW of distributed solar by 2030

- NY Governor Hochul announced last week the approval of a distributed solar framework to help reach a 10GW distributed solar target in New York State.
- Per the Governor's announcement, the framework would include a $1.5 billion investment of ratepayer-funded incentives (NY-Sun program) and the state agencies anticipate another $4.4 billion in private investment

Guggenheim takeaway: *FYI and in case you missed from last week. The framework seeks to add incentives and investment into distributed solar, with a specific focus of access for low-income customers. On a wholesale level, distributed solar remains a high-cost resource in our view, especially in lower irradiation geographies.*

PCG/CA – CA Undergrounding legislation reset for committee hearing on April 20, continues to advance through legislative process

- CA undergrounding bill is set hearing in the senate Government and Finance committee on April 20, 2022.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- As proposed, the CPUC would be mandated to introduce and administer an undergrounding program for CA.
- CA undergrounding bill text here (SB884).
- Legislative session runs through August.

Guggenheim takeaway: *FYI. The bill is getting some media attention as legislators vent frustration at the speed of wildfire mitigation – in particular undergrounding at PG&E. While PCG has made the 10,000 mi undergrounding goal without legislative support, a more formal program could accelerate deployment in a non-GRC construct, which would potentially be accretive to our valuation and EPS forecasting/growth rate.*

Wind / ND – North Dakota counties are looking to review wind development ordinances

- McLean and Mercer counties are considering new ordinances that could allow for zoning rules to include wind development.
- McLean County adopted zoning restrictions making it harder to interconnect new wind and Mercer County had a two year moratorium on new wind projects implemented.
- The counties are working on proposals to balance the needs of landowners, existing generation and new wind development.
- North Dakota is a very coal and wind rich geography.
- More here.

Guggenheim takeaway: *FYI. Interesting debate on new wind development potential in North Dakota. The developers included in the debate of the ordinance are private developers as well as NEER (NEE).*

LNT – IPL dockets joint schedule proposal in solar ratemaking docket

- The joint proposal would see rebuttal testimony due June 20th and hearings in mid August
- More HERE

Guggenheim takeaway: *Heads up for your calendars, and not a surprise after IPL's April 5th motion.*

DUK – DUK kicks off community solar program in FL

- The roughly 750MW program will see allocations across C&I, resi, municipal, and low income customer classes
- More HERE

Guggenheim takeaway: *Minor FYI.*

VA – Governor Youngkin signs property tax exemption for resi/small solar

- The legislation creates a property tax exemption for solar systems up to 25kw
- More HERE

Guggenheim takeaway: *Interesting data point in light of some of the political noise in the state.*

NYISO – CHPE HVDC line gets contract approval from PSC

- The state PUC approved on a 5-2 vote the proposed 25-year contract for the project
- More HERE

Guggenheim takeaway: *ICYMI last week.*

NEE – FPL acknowledges natural gas cost impacts on supply costs

- FPL acknowledged with regulators on Friday that natural gas costs have contributed to near-term supply cost inflation.
- FPL is not currently seeking to pass through increased commodity costs to bills.
- Fuel and Purchase Power Docket: 20220001

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

- Media here.

Guggenheim takeaway: *FYI. Sustained high natural gas prices have started to permeate supply cost conversations, and we continue to monitor broader impacts from commodity cost pressure.*

ES/NH – NH lawmakers continue to advance DER legislation

- SB321 would create a pilot program to update compensation for projects in the 1-5MW range
- "SB 321 appears to seek to provide limited producers, as defined in the statute, a venue to sell energy to entities other than the investor-owned electric company, specifically non-residential customers or to competitive suppliers… This proposal raises jurisdictional issues under the Federal Power Act under which energy sales for resale are the jurisdiction of FERC." - EEI
- More HERE
- Bill HERE

Guggenheim takeaway: *Minor heads up on another statehouse DER/NEM conversation.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



View from the Trading Desk

Utilities Investor Discussion

Please join us for the quarterly utilities investor discussion on Wednesday, April 20th.

Date
Wednesday, April 20, 2022
5:30PM ET

Location
Bobby Van's
131 E 54th Street
New York, NY 10022

Guggenheim Participants
Mark McLain, *Managing Director, Equity Trading*
Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

David Lesar, *President and Chief Executive Officer*
Jason Wells, *EVP & Chief Financial Officer*
Jackie Richert, *VP, Investor Relations and Treasurer*

Date

Monday, May 9, 2022 – Baltimore/New York
Tuesday, May 10, 2022 – New York

Meeting Format

In-person NDR - 1:1 Meetings, Group Lunch, Group Dinner

Company Information

Market Cap: $17.9bn

CenterPoint Energy, Inc. is a holding company, which engages in the business of power generation and distribution. It operates through the following segments: Houston Electric Transmission & Distribution (T&D), Indiana Electric Integrated, Natural Gas Distribution, Energy Services, Infrastructure Services, Midstream Investments, and Corporate and Other. The Electric T&D segment offers electric transmission and distribution services. The Indiana Electric Integrated segment includes energy delivery services to electric customers and electric generation assets to serve electric customers and optimize those assets in the wholesale power market. The Natural Gas Distribution segment provides regulated natural gas distribution services. The Energy Services segment offers non-rate regulated natural gas sales to, and transportation and storage services, for commercial and industrial customers. The Infrastructure Services segment focuses on underground pipeline construction and repair services. The Midstream Investments segment consists of the equity method investment in Enable. The Other Operations segment consists of office buildings and other real estate used for business operations and home repair protection plans. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Corporate Access

SAVE THE DATE

2022 AGA Financial Forum

The Guggenheim Utilities Research Team will be hosting meetings with company management.

Client Dinner

We will be hosting a dinner with Shar Pourreza and Mark McLain on May 16th at 6:30PM ET.

Location: Byblos Miami.

Tuesday, May 17th	
Time	*Co.*
9:30–10:10	AVA
10:20–11:00	D
11:10–11:50	NWE
12:00–12:40	BKH
12:50–1:30	NJR
1:40–2:20	PEG
2:30–3:10	DTE
3:20–4:00	DUK
4:10–4:50	ED/NWN

Wednesday, May 18th	
Time	*Co.*
8:40–9:20	SRE
9:30–10:10	SR
10:20–11:00	AEE
11:10–11:50	SO
12:00–12:40	WEC
1:00–1:40	CMS
1:50–2:30	OGS
2:40–3:20	CPK
3:30–4:10	CNP
4:20–5:00	NI

Dates

May 16 (Dinner only), May 17–May 18 (1x1 meetings)

Location

Loews Miami Beach Hotel, 1601 Collins Avenue, Miami Beach, Florida

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

Evergy, Inc. (EVRG)

Kirk Andrews, *Chief Financial Officer*
Lori Wright, *VP, Corporate Planning, IR and Treasurer*
Cody VandeVelde, *Director, Investor Relations*

Dates & Locations

Tuesday, May 24 | Boston
Wednesday, May 25 | Virtual

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $16.2bn

Evergy, Inc. (EVRG) is a holding company, which engages in the provision of electricity through its subsidiaries. It focuses on the regulation of electric utilities and development of electric transmission projects. The company was founded in 2017 and is headquartered in Kansas City, MO. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President, Chief Executive Officer and Chief Financial Officer*

Cheryl Norton, *EVP and Chief Operating Officer*

Aaron Musgrave, *Senior Director, Investor Relations*

Date

Thursday, May 26, 2022
New York (Guggenheim Securities – 330 Madison Ave)

Meeting Format

1:1 Meetings & Group Lunch

Company Information

Market Cap: $31.1bn

American Water Works Co., Inc. engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment provides water and wastewater services to customers. The Market-Based Businesses segment is responsible for Military Services Group, Contract Operations Group, Homeowner Services Group, and Keystone Operations. The Other segment includes corporate costs that are not allocated to the Company's operating segments, eliminations of inter-segment transactions, fair value adjustments and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim's Power & Utility Comp Sheet

4/17/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$63.44	3,615	3.75	3.89	4.06	4.32	–	–	(0.04)	0.06	16.9x	16.3x	15.6x	14.7x	-21%	-19%	-17%	-18%	7.5%	4.2%	71%	Neutral	$65	7%	Neutral	$67	10%
AVA	$44.56	3,217	2.04	2.47	2.59	2.72	–	–	–	–	21.8x	18.0x	17.2x	16.4x	2%	-10%	-9%	-8%	6.7%	4.0%	87%	Sell	$35	-17%	Neutral	$44	3%
NWE	$59.84	3,239	3.34	3.57	3.88	4.06	–	0.06	0.21	0.09	17.9x	16.8x	15.4x	14.7x	-16%	-17%	-18%	-17%	3.7%	4.3%	77%	Neutral	$58	1%	Neutral	$62	8%
POR	$54.37	4,870	2.84	2.98	3.12	3.25	–	–	–	–	19.1x	18.2x	17.4x	16.7x	-11%	-9%	-8%	-6%	4.6%	3.3%	64%	Buy	$57	8%	Neutral	$55	4%
		14,942									**19.0x**	**17.3x**	**16.4x**	**15.6x**	**-11%**	**-14%**	**-13%**	**-12%**	**5.6%**	**3.9%**	**75%**						
Mid/Large Cap Electric																											
AEE	$96.25	24,841	4.04	4.31	4.61	4.86	–	(0.05)	(0.03)	(0.10)	23.8x	22.3x	20.9x	19.8x	11%	11%	10%	11%	6.1%	2.5%	59%	Buy	$95	1%	Buy	$95	1%
AEP	$102.04	51,484	4.98	5.30	5.64	6.00	–	–	–	–	20.5x	19.3x	18.1x	17.0x	-4%	-4%	-4%	-5%	6.1%	3.1%	64%	Buy	$109	10%	Buy	$104	5%
CMS	$71.55	20,759	2.88	3.14	3.41	3.64	–	–	–	(0.03)	24.8x	22.8x	21.0x	19.7x	16%	13%	11%	10%	8.3%	2.6%	65%	Neutral	$66	-5%	Buy	$70	1%
CNP	$32.40	20,394	1.38	1.49	1.61	1.73	–	–	–	–	23.5x	21.7x	20.1x	18.7x	10%	8%	6%	5%	8.0%	2.2%	51%	Buy	$32	1%	Buy	$32	-1%
D	$87.40	70,853	4.12	4.40	4.70	5.00	–	–	0.04	0.04	21.2x	19.9x	18.6x	17.5x	-1%	-1%	-2%	-2%	6.7%	3.1%	66%	Buy	$90	6%	Buy	$88	4%
DTE	$137.17	26,576	5.95	6.26	6.70	7.10	–	–	–	(0.08)	23.1x	21.9x	20.5x	19.3x	8%	9%	8%	8%	4.3%	2.6%	61%	Buy	$133	-0%	Buy	$133	-0%
DUK	$114.85	88,423	5.48	5.81	6.15	6.50	–	0.04	–	–	21.0x	19.8x	18.7x	17.7x	-2%	-2%	-1%	-1%	5.5%	3.5%	74%	Buy	$119	7%	Buy	$112	1%
ED	$98.03	34,722	4.51	4.73	4.89	5.07	–	(0.07)	(0.18)	(0.22)	21.7x	20.7x	20.0x	19.3x	2%	3%	6%	9%	3.8%	3.3%	71%	Sell	$71	-24%	Sell	$82	-13%
EIX	$71.84	27,356	4.64	4.92	5.25	5.60	0.13	0.09	0.05	0.12	15.5x	14.6x	13.7x	12.8x	-28%	-27%	-28%	-28%	5.1%	4.0%	61%	Buy	$77	11%	Buy	$73	6%
ES	$92.60	31,923	4.10	4.34	4.65	5.00	–	–	–	(0.05)	22.6x	21.3x	19.9x	18.5x	6%	6%	5%	4%	6.7%	2.8%	63%	Neutral	$92	2%	Neutral	$91	1%
ETR	$124.20	25,277	6.33	6.81	7.21	7.57	–	0.07	0.09	0.04	19.6x	18.2x	17.2x	16.4x	-8%	-9%	-9%	-8%	5.9%	3.4%	66%	Buy	$129	7%	Buy	$124	3%
EVRG	$70.81	16,073	3.52	3.77	4.02	4.30	–	–	–	0.07	20.1x	18.8x	17.6x	16.5x	-6%	-7%	-7%	-8%	5.0%	3.3%	67%	Buy	$77	12%	Buy	$71	4%
EXC	$49.03	48,056	2.27	2.39	2.54	2.74	–	–	(0.06)	(0.04)	21.6x	20.5x	19.3x	17.9x	1%	2%	2%	0%	-0.5%	2.9%	62%	Neutral	$61	27%	Buy	$47	-1%
FE	$47.40	27,061	2.44	2.57	2.75	2.95	–	–	–	–	19.4x	18.4x	17.2x	16.1x	-9%	-8%	-9%	-10%	3.2%	3.3%	65%	Neutral	$43	-6%	Buy	$45	-1%
LNT	$63.39	15,899	2.75	2.90	3.04	3.23	–	–	(0.04)	(0.04)	23.1x	21.9x	20.9x	19.6x	8%	9%	10%	10%	5.3%	2.7%	63%	Neutral	$60	-3%	Neutral	$62	1%
OGE	$41.63	8,334	2.28	2.39	2.52	2.64	0.21	0.27	0.34	0.32	18.3x	17.4x	16.5x	15.8x	-15%	-13%	-13%	-11%	4.0%	4.0%	73%	Buy	$42	5%	Buy	$40	-0%
PCG	$12.30	30,322	1.11	1.24	1.34	1.45	–	–	–	–	11.1x	9.9x	9.2x	8.5x	-48%	-51%	-51%	-52%	9.7%	0.3%	3%	Buy	$19	55%	Buy	$16	27%
PEG	$72.80	36,551	3.56	3.72	3.92	4.23	0.09	–	(0.05)	(0.03)	20.4x	19.6x	18.6x	17.2x	-4%	-3%	-2%	-3%	3.8%	3.0%	62%	Buy	$71	1%	Buy	$74	5%
PNW	$77.54	8,762	4.05	4.25	4.50	4.75	0.04	0.06	0.04	0.08	19.1x	18.2x	17.2x	16.3x	-11%	-9%	-9%	-8%	-3.5%	4.5%	86%	Sell	$60	-18%	Sell	$72	-3%
PPL	$29.20	21,484	1.57	1.72	1.79	1.86	0.07	0.06	0.04	0.05	18.6x	17.0x	16.3x	15.7x	-13%	-16%	-14%	-12%	15.4%	3.3%	62%	Buy	$33	16%	Buy	$31	8%
SO	$75.99	80,794	3.55	3.80	4.15	4.40	–	–	–	(0.03)	21.4x	20.0x	18.3x	17.3x	0%	-1%	-3%	-3%	6.6%	3.6%	77%	Buy	$76	4%	Neutral	$70	-5%
WEC	$103.19	32,550	4.29	4.57	4.87	5.18	–	–	–	(0.04)	24.1x	22.6x	21.2x	19.9x	12%	12%	12%	12%	6.0%	2.9%	69%	Neutral	$101	1%	Neutral	$101	0%
Mid/Lg Cap (excl. EIX, PCG)											**21.4x**	**20.1x**	**18.9x**	**17.8x**					**5.3%**	**3.1%**	**66%**						
Regulated Electrics		**763,436**									**21.0x**	**19.7x**	**18.5x**	**17.4x**					**5.4%**	**3.3%**	**68%**						

		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$43.88	4,802	2.21	2.41	2.47	2.69	0.05	0.10	0.05	0.13	19.9x	18.2x	17.8x	16.3x	-7%	-9%	-6%	-8%	4.6%	3.2%	64%	Neutral	$41	-3%	Sell	$41	-3%
NEE	$82.81	162,675	2.84	3.07	3.31	3.59	0.05	0.05	0.07	0.09	29.2x	27.0x	25.0x	23.1x	36%	34%	32%	30%	8.9%	2.1%	61%	Buy	$95	17%	Buy	$93	14%
SRE	$171.25	54,076	8.54	9.08	9.58	10.21	0.04	0.11	0.10	0.10	20.1x	18.9x	17.9x	16.8x	-6%	-6%	-5%	-6%	4.9%	2.7%	55%	Buy	$166	-0%	Buy	$165	-1%
		221,553									**23.0x**	**21.3x**	**20.2x**	**18.7x**	**8%**	**6%**	**7%**	**5%**	**6.1%**	**2.7%**	**60%**						
Gas LDCs																											
NI	$31.75	12,871	1.45	1.53	1.70	1.84	–	–	(0.04)	(0.04)	21.9x	20.8x	18.7x	17.3x	4%	6%	1%	-1%	7.8%	3.0%	66%	Buy	$30	-3%	Buy	$31	2%
CPK	$136.56	2,417	5.13	5.55	5.93	6.32	0.04	–	0.07	0.11	26.6x	24.6x	23.0x	21.6x	27%	25%	25%	24%	7.6%	1.5%	41%	Neutral	$132	-2%	Buy	$139	4%
NJR	$45.79	4,399	2.25	2.43	2.62	2.78	–	–	(0.19)	(0.11)	20.4x	18.8x	17.5x	16.5x	-3%	-4%	-5%	-6%	6.5%	3.3%	67%	Neutral	$41	-7%	Neutral	$46	4%
NWN	$49.88	1,709	2.56	2.73	2.83	2.93	–	–	0.03	(0.04)	19.5x	18.3x	17.6x	17.0x	-7%	-7%	-5%	-2%	3.4%	3.9%	76%	Neutral	$49	2%	Buy	$55	14%
OGS	$89.02	4,815	4.12	4.38	4.65	5.00	–	–	–	–	21.6x	20.3x	19.1x	17.8x	3%	3%	4%	2%	6.8%	2.8%	61%	Neutral	$77	-11%	Buy	$84	-2%
SJI	$34.56	4,230	1.71	1.82	1.94	2.05	0.04	0.04	0.10	0.21	20.2x	19.0x	17.8x	16.9x	-4%	-3%	-4%	-3%	6.2%	3.6%	73%	Neutral	$26	-21%	Neutral	$32	-3%
SR	$75.49	3,907	3.84	4.27	4.91	5.03	(0.06)	(0.08)	0.33	0.25	19.7x	17.7x	15.4x	15.0x	-6%	-10%	-17%	-14%	0.9%	3.7%	73%	Neutral	$62	-14%	Neutral	$68	-6%
		34,347									**21.4x**	**19.9x**	**18.4x**	**17.4x**	**2%**	**1%**	**-0%**	**-0%**	**5.6%**	**3.1%**	**65%**						
Regulated Water																											
AWK	$166.16	30,200	4.44	4.85	5.23	5.70	–	–	–	0.05	37.4x	34.3x	31.8x	29.2x	75%	70%	68%	64%	7.6%	1.6%	59%	Neutral	$155	-5%	Neutral	$165	1%

		Market	Guggenheim EBITDA Ests				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'21–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$62.55	20,433	2,525	2,721	2,895	2,867	–	(164)	(325)	(643)	9.9x	8.9x	7.9x	7.6x	24,961	24,164	23,010	21,835	-0.7%	0.9%	21%	Neutral	$51	-18%	Buy	$60	-3%
NRG	$39.19	9,490	2,092	2,289	2,283	2,263	(83)	–	(92)	(89)	7.4x	6.5x	6.3x	5.8x	15,535	14,941	14,351	13,030	-1.7%	3.6%	38%	Neutral	$43	13%	Buy	$45	18%
VST	$24.03	10,597	3,120	3,298	3,325	3,223	(23)	–	31	(114)	6.7x	6.3x	6.2x	6.2x	20,831	20,772	20,595	20,082	13.5%	3.0%	37%	Buy	$27	15%	Buy	$28	21%
Other																											
ALTO	$7.08	522	73	85	86	87	–	–	–	–									3.1%	–	–	Buy	$9	27%	Buy	$12	65%
IEA	$11.60	557	152	174	199	220	–	–	27	37									13.0%	–	–	Buy	$16	38%	Buy	$17	47%
NEP	$76.61	6,431	1,660	1,775	1,889	2,003	(68)	(113)	(149)	(173)									10.2%	4.1%	–	Buy	$90	22%	Buy	$88	19%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

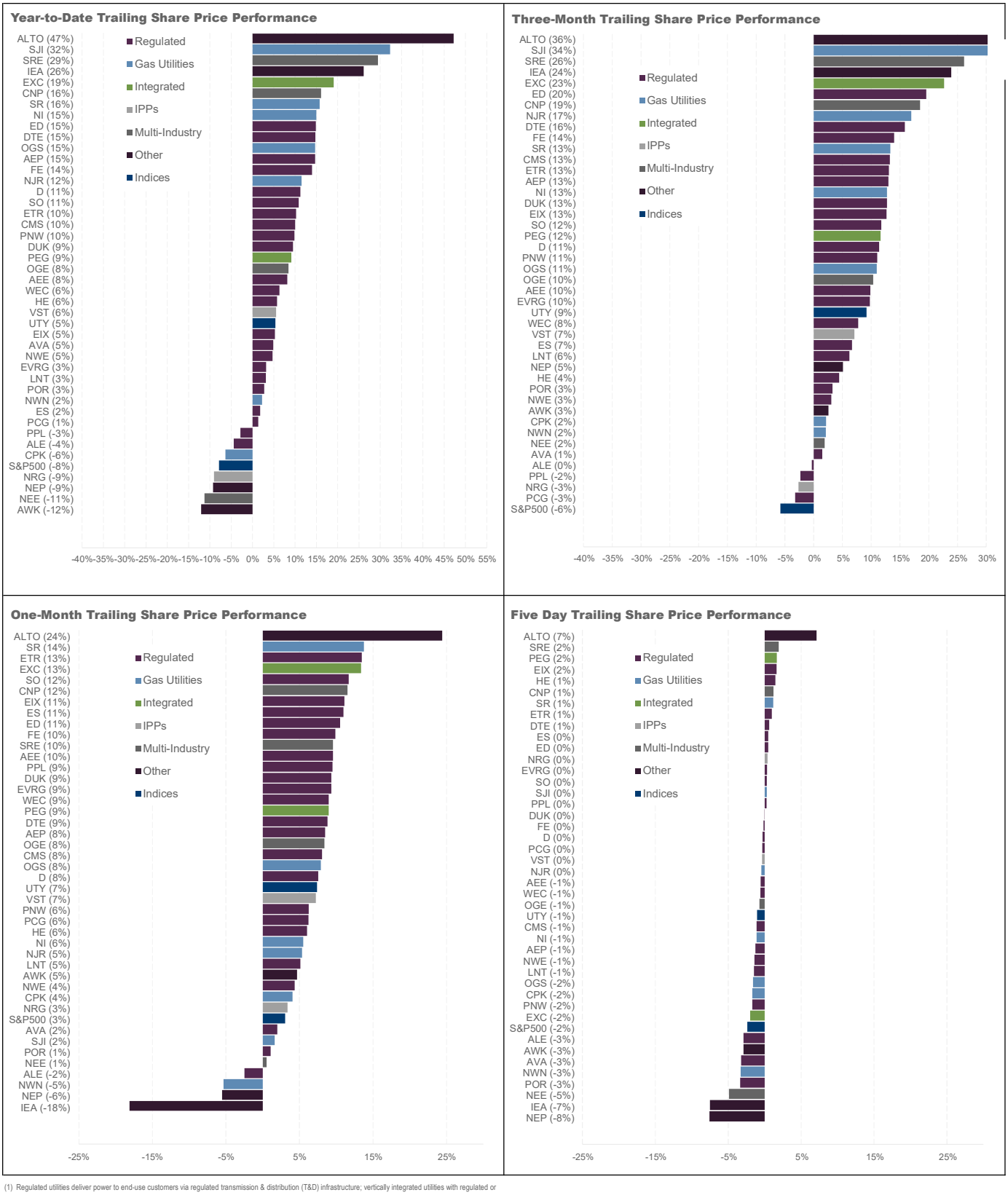

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/24–5/25	TBC
AWK	5/26	New York
EXC	6/1–6/2	Midwest
LNT	6/7–6/8	New York
ES	6/8	Boston or Virtual
SO	6/9–6/10	West Coast
CMS	6/16	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
POR	8/9-8/10	New York
NEE	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Generation and Mix

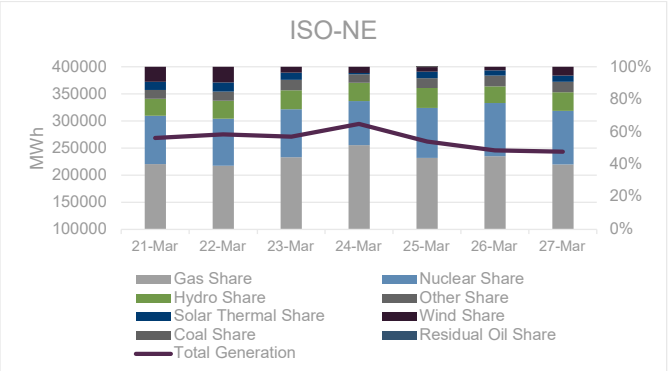

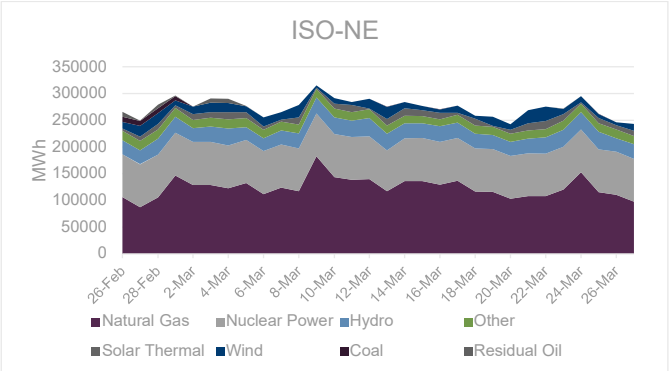

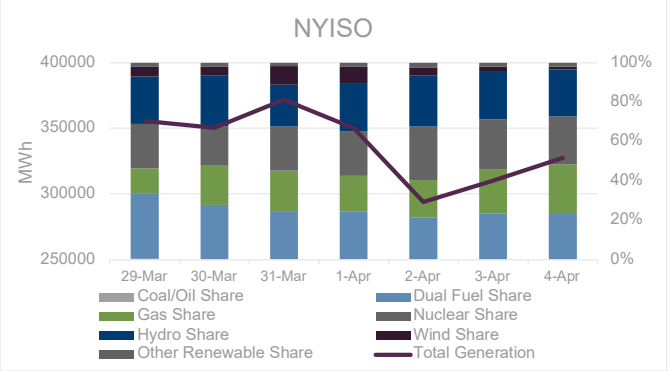

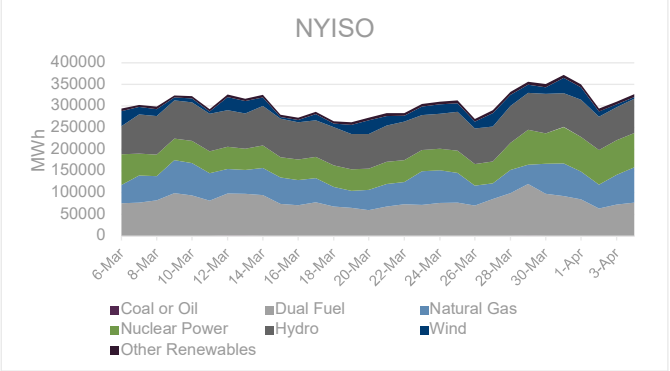

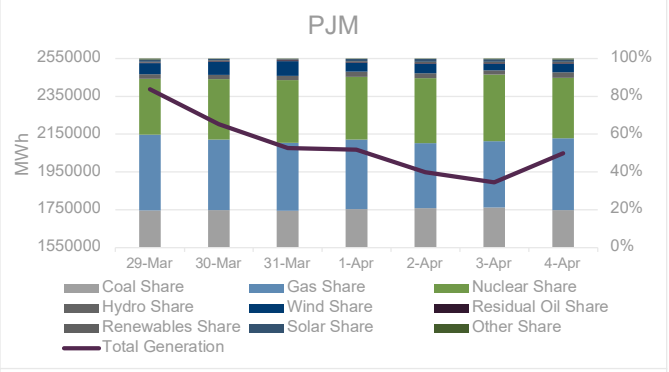

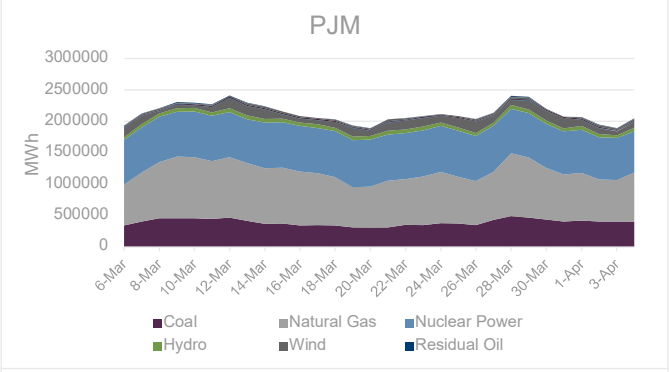

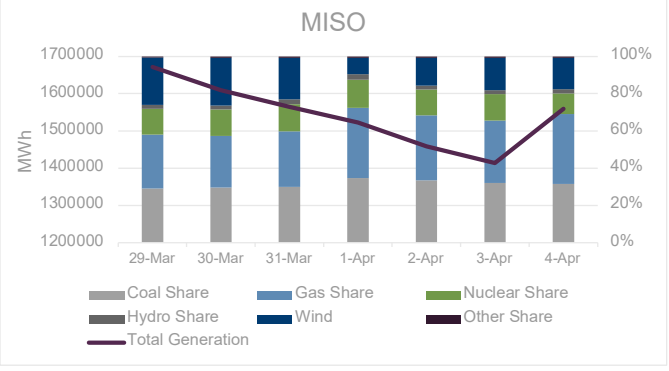

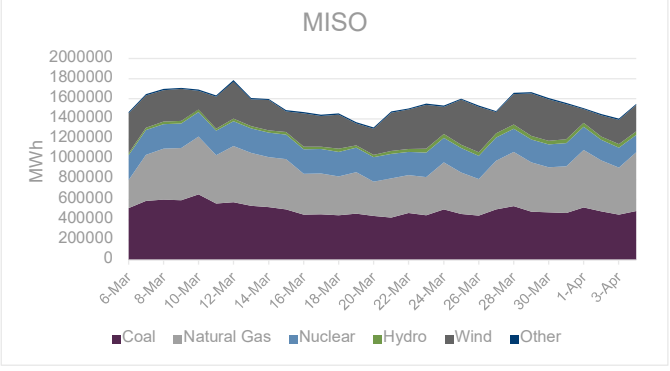

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

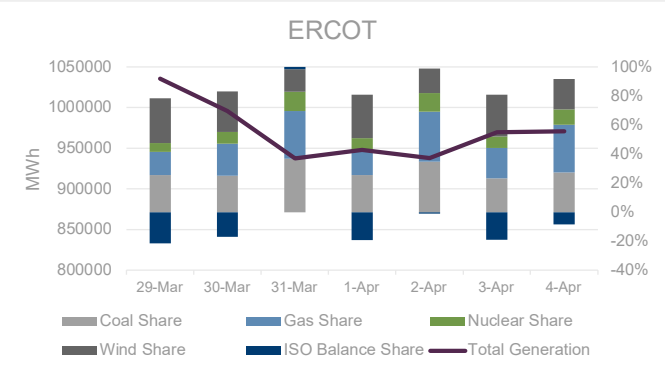

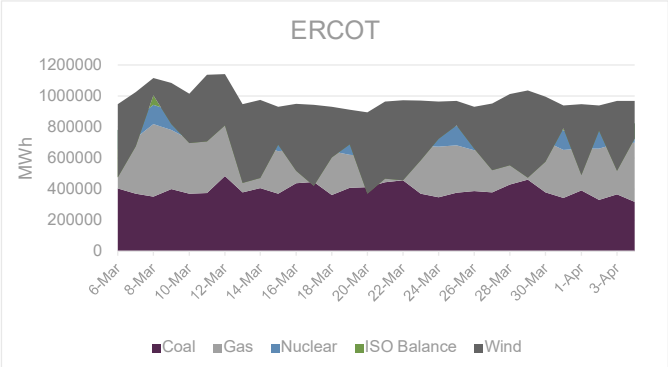

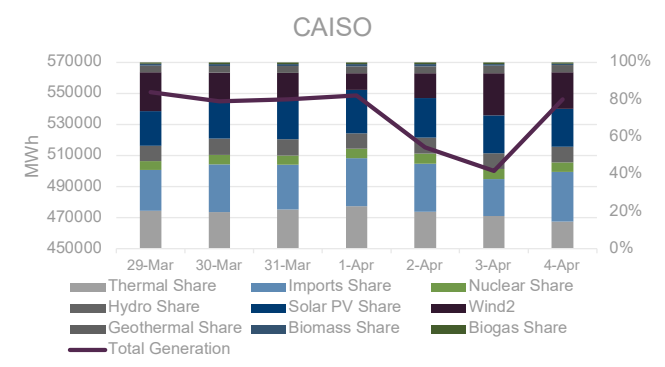

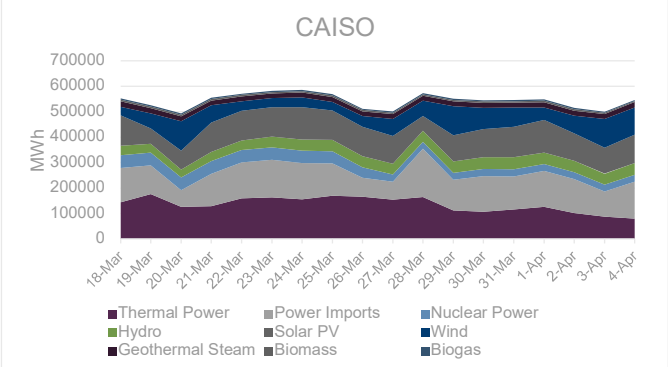

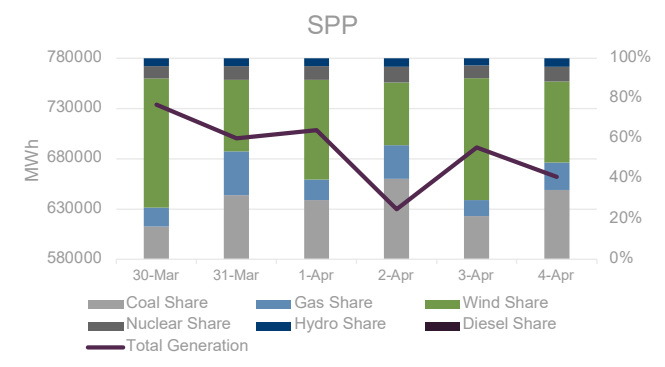

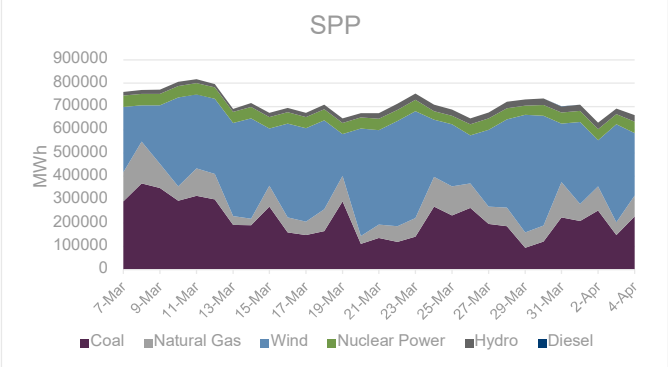

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Weather

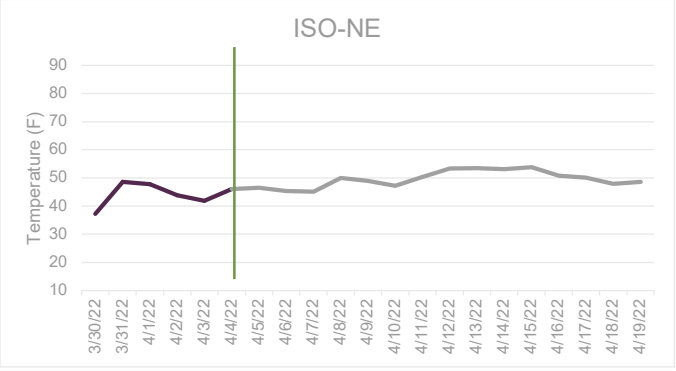

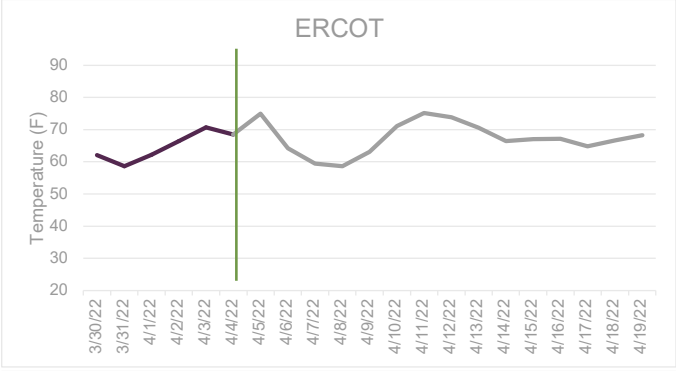

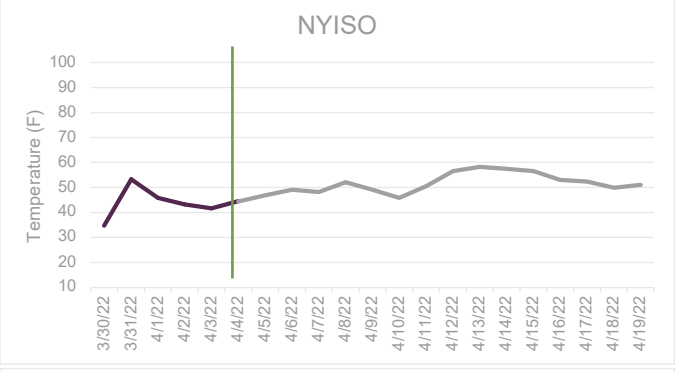

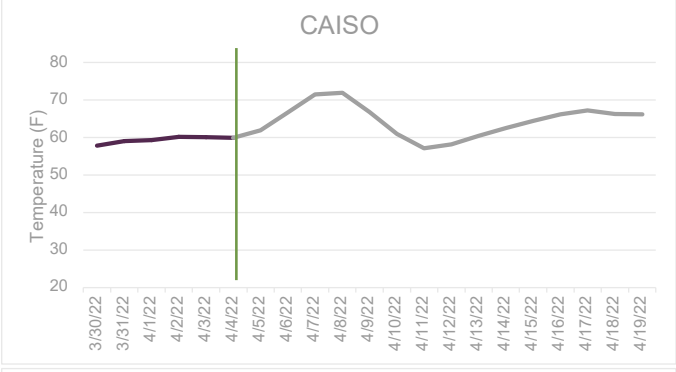

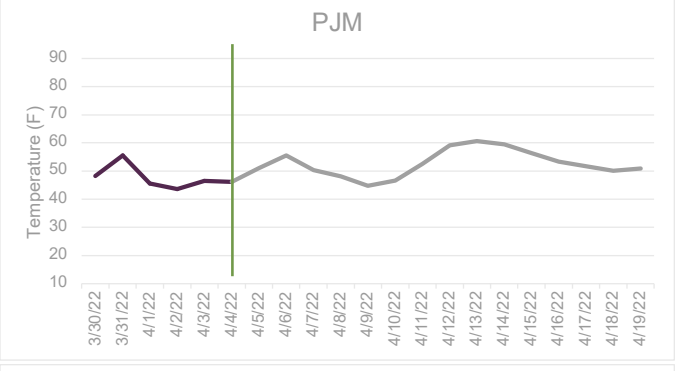

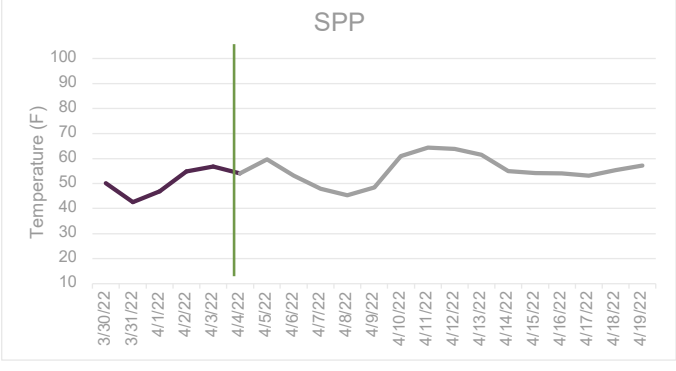

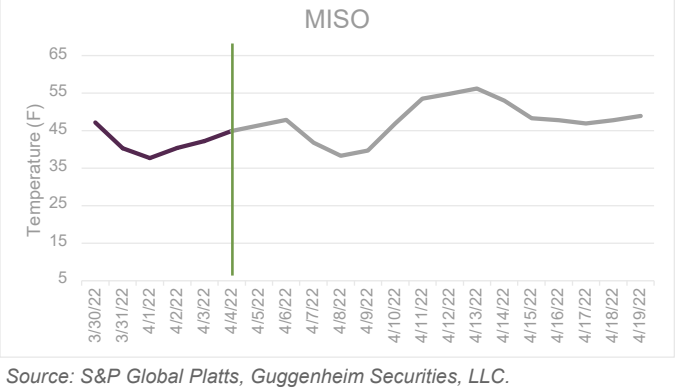

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR – Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR – Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	247	65.17%	62	25.10%
NEUTRAL	127	33.51%	14	11.02%
SELL	5	1.32%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AVA	46.05	Sell
ES	92.14	Neutral
EXC	50.02	Neutral
POR	56.26	Buy
SO	75.76	Buy
SRE	168.05	Buy

Power & Utilities April 8, 2022

The Guggenheim Daily Transmission: Nuclear, SO, Renewable Fuels, LNG, EXC/IL, ERCOT, ES/Wind, Hydro

For details on our Guggenheim-hosted client Utility events including our CNP NDR, AGA Conference meetings, EVRG NDR, AWK NDR, EXC NDR, LNT NDR, ES NDR, SO NDR, CMS NDR, DTE NDR, OGE NDR, EIX NDR, POR NDR and OGS NDR, among other events, scroll down…

Nuclear – HALEU enrichment legislation introduced in Senate

SO – Georgia Power exec testifies on coal ash plans, including 10 ash ponds which will be capped in place by 2028

Renewable Fuels – US Senate introduces a bill for renewable diesel and aviation fuel

LNG – NextDecade LNG and ENN sign 20-year LNG purchase agreement

EXC/IL – Direct testimony lands in ComEd performance metrics docket

ERCOT – March GIS report details new capacity additions

ES/Wind – South Fork developers ink helicopter services contract

Wind – Offshore wind providers point to reversal of longstanding declining cost trends

Hydro/POR/AVA – Northwest snow melt occurring earlier than usual due to dry and warm conditions

Nuclear – HALEU enrichment legislation introduced in Senate

- "This legislation will ensure a domestic supply of high-assay, low-enriched uranium (HALEU) for advanced nuclear reactors. It will direct the Department of Energy (DOE) to prioritize establishing a domestic HALEU enrichment capability. It will also direct DOE to make HALEU available from their inventories to ensure advanced reactors have the fuel they need until U.S. commercial enrichment is available." - Barrasso
- More HERE

Guggenheim takeaway: *Interesting heads up as this is something, we expected following our recent uranium baseline (see our research note HERE). While in our view the prospects for individual pieces of legislation like this remain murky amid a busy calendar, we expect this to remain a bipartisan priority going forward.*

SO – Georgia Power exec testifies on coal ash plans, including 10 ash ponds which will capped in place by 2028

- Aaron Mitchell, Georgia Power's director of environmental affairs, testified to the Georgia PSC on the subject of coal ash ponds during the second of two days of hearings related to Georgia Power's 2022 IRP. Although excavating and physically removing coal ash from ponds would ensure no groundwater contamination occurs, Mr. Mitchell testified the EPA has declared both removal and closure in place are acceptable.
- "EPA has said both methods are equally as protective of the environment if the performance standards are complied with," he said. "We believe our designs are compliant." – Aaron Mitchell on Georgia PSC webcast
- More HERE
- Docket HERE

Guggenheim takeaway: *Headlines around coal ash are always touchy. SO is balancing federal and state requirements over the next decade along with its own efforts to*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

decarbonize. We expect that as has historically been the case, the Georgia PSC will arrive at a pragmatic solution to the coal ash issue in the state. We continue to monitor the IRP docket in the state.

Renewable Fuels – US Senate introduces a bill for renewable diesel and aviation fuel

- U.S. Senator John Barrasso (R-WY) as lead sponsor, along with Senators Dianne Feinstein (D-CA), Bill Cassidy (R-LA), Ben Ray Luján (D-NM), and Steve Daines (R-MT) introduced the Renewable Diesel and Sustainable Aviation Fuel Parity Act of 2022.
- The bill would require the Department of Energy to track foreign imports and domestic production of renewable diesel and sustainable aviation fuel.
- The bill also provides incentives to produce renewable fuels domestically and eliminate regulations that limit the use of renewable diesel in California.
- Bill text here.

Guggenheim takeaway: *FYI. There continues to be bipartisan support for renewable fuels and alternative transportation fuels.*

LNG – NextDecade LNG and ENN sign 20-year LNG purchase agreement

- NextDecade (NEXT) and ENN (ENN NG 600803.SH) signed a 20-year supply agreement for LNG from the Rio Grande LNG terminal.
- The agreement is for a term of 20 years and supply will be from the first two trains at NextDecade's Rio Grande LNG export project in Brownsville, Texas.
- The first train scheduled to start commercial operations as early as 2026 (per NEXT).
- More here

Guggenheim takeaway: *FYI. Constructive signal for the Global LNG market warming up. This is a constructive signal for SRE in our coverage as the company is working towards FID on Cameron 4 expansion and has multiple East and West coast projects in pre-FID phases (Port Arthur, Vista Pacifico, ECA II). The ET contract is 20 years but is not as de-risked as SRE's fixed price tolling arrangements.*

EXC/IL ─ Direct testimony lands in ComEd performance metrics docket

- Direct testimony continues to land in the process, with the ICC staff and consumer reps opposing parts of the framework proposed by ComEd
- More HERE

Guggenheim takeaway: *Minor FYI – this docket is a part of setting up the final performance incentives/penalties, and it is not a surprise to see somewhat of a bid-ask in the initial comments across intervenors/stakeholders. In our view this remains a positive process and supportive of what we see as an improving regulatory backdrop in IL.*

ERCOT ─ March GIS report details new capacity additions

- The ISO's latest monthly report detailed a large volume of battery storage, wind, and solar expected to come online in the coming quarters, in addition to several GWs of newly synchronized resources
- The latest synchronization include the ~400MW Rabbs Power Station gas CT, alongside a ~350MW solar project and a 100MW storage project
- More HERE

Guggenheim takeaway: *Important month to month details on the underlying market dynamics, however with gas still the marginal fuel for most intervals, pricing in Texas remains subject to the interaction of both renewables volatility and natural gas commodity volatility. Both have fed into strong forwards and elevated sparks. While the overall supply/demand backdrop remains bearish from a reserve margin standpoint thanks to a large tranche of solar and storage planned, we continue to monitor for project delays and scarcity events. As a reminder the PUCT continues to look at Phase II of its design process – focused on resource adequacy.*

ES/Wind ─ South Fork developers ink helicopter services contract

- As a crew transport service, helicopters reportedly enable longer on-site hours and higher productivity vs. sea transfers
- More HERE

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim takeaway: *Interesting data point as the process continues to build momentum.*

Wind – Offshore wind providers point to reversal of longstanding declining cost trends

- Several major offshore wind executives have pointed to a new era of pricing dynamics for offshore wind projects in light of rising costs, per an S&P recap of WindEurope 2022
- "We are living in a different world right now… Whoever thought that [levelized cost of energy] is a one-way road that just goes down, down, down — that doesn't work anymore." - Martin Neubert, chief commercial officer and deputy CEO Ørsted, via S&P [CPSE:ORSTED]
- ""If we have to pay £1 billion to get our hands on a site, that's a lost opportunity and lost money that we need to [invest in] the supply chain" - Iberdrola rep [BME:IBE]

Guggenheim takeaway: *Zero surprise as many of these data points were driven home during the YE calls and subsequently in developer comments following the NY Bight results, with manufacturers growing increasingly sensitive to margin compression in current contracts/backlog.*

Hydro – Northwest snow melt occurring earlier than usual due to dry and warm conditions

- Precipitation improved across the southwestern US in March but not enough to get out of below-normal levels while conditions were dry and warm in the Northwest leading to an earlier snowmelt, according to hydrologists during regional water supply briefings yesterday, April 7th. – Platts
- More HERE

Guggenheim takeaway: *Weather conditions have kept the summer hydro outlook weak for most of the West as drought conditions continue. Summer supply concerns caused Mid-C and NP15 power forwards to reach highs this week.*

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

David Lesar, *President and Chief Executive Officer*
Jason Wells, *EVP & Chief Financial Officer*
Jackie Richert, *VP, Investor Relations and Treasurer*

Date

Monday, May 9, 2022 – Baltimore/New York
Tuesday, May 10, 2022 – New York

Meeting Format

In-person NDR - 1:1 Meetings, Group Lunch, Group Dinner

Company Information

Market Cap: $17.9bn

CenterPoint Energy, Inc. is a holding company, which engages in the business of power generation and distribution. It operates through the following segments: Houston Electric Transmission & Distribution (T&D), Indiana Electric Integrated, Natural Gas Distribution, Energy Services, Infrastructure Services, Midstream Investments, and Corporate and Other. The Electric T&D segment offers electric transmission and distribution services. The Indiana Electric Integrated segment includes energy delivery services to electric customers and electric generation assets to serve electric customers and optimize those assets in the wholesale power market. The Natural Gas Distribution segment provides regulated natural gas distribution services. The Energy Services segment offers non-rate regulated natural gas sales to, and transportation and storage services, for commercial and industrial customers. The Infrastructure Services segment focuses on underground pipeline construction and repair services. The Midstream Investments segment consists of the equity method investment in Enable. The Other Operations segment consists of office buildings and other real estate used for business operations and home repair protection plans. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.



Equity Research | Corporate Access

SAVE THE DATE

2022 AGA Financial Forum

The Guggenheim Utilities Research Team will be hosting meetings with company management.

Client Dinner

We will be hosting a dinner with Shar Pourreza and Mark McLain on May 16th at 6:30PM ET.

Location: Byblos Miami.

Tuesday, May 17th	
Time	*Co.*
9:30–10:10	AVA
10:20–11:00	D
11:10–11:50	NWE
12:00–12:40	BKH
12:50–1:30	NJR
1:40–2:20	PEG
2:30–3:10	DTE
3:20–4:00	DUK
4:10–4:50	ED/NWN

Wednesday, May 18th	
Time	*Co.*
8:40–9:20	SRE
9:30–10:10	SR
10:20–11:00	AEE
11:10–11:50	SO
12:00–12:40	WEC
1:00–1:40	CMS
1:50–2:30	OGS
2:40–3:20	CPK
3:30–4:10	CNP
4:20–5:00	NI

Dates

May 16 (Dinner only), May 17–May 18 (1x1 meetings)

Location

Loews Miami Beach Hotel, 1601 Collins Avenue, Miami Beach, Florida

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim's Power & Utility Comp Sheet

4/7/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$65.33	3,723	3.75	3.89	4.06	4.32	–	–	(0.04)	0.06	17.4x	16.8x	16.1x	15.1x	-19%	-17%	-15%	-15%	7.5%	4.1%	71%	Neutral	$65	4%	Neutral	$67	7%
AVA	$46.05	3,324	2.04	2.47	2.59	2.72	–	–	–	(0.06)	22.6x	18.6x	17.8x	16.9x	5%	-8%	-6%	-5%	6.7%	3.9%	87%	Sell	$35	-20%	Neutral	$43	-4%
NWE	$60.70	3,286	3.34	3.57	3.88	4.06	–	–	0.23	0.22	18.2x	17.0x	15.6x	15.0x	-15%	-16%	-17%	-16%	3.7%	4.2%	76%	Neutral	$58	-0%	Neutral	$62	7%
POR	$56.26	5,039	2.84	2.98	3.12	3.25	–	–	–	–	19.8x	18.9x	18.0x	17.3x	-8%	-6%	-5%	-3%	4.6%	3.2%	63%	Buy	$57	5%	Neutral	$54	-1%
		15,373									**19.5x**	**17.8x**	**16.9x**	**16.1x**	**-9%**	**-12%**	**-11%**	**-10%**	**5.6%**	**3.8%**	**74%**						
Mid/Large Cap Electric																											
AEE	$96.80	24,983	4.04	4.31	4.61	4.86	–	(0.03)	(0.03)	(0.13)	24.0x	22.5x	21.0x	19.9x	12%	11%	11%	12%	6.1%	2.5%	59%	Buy	$95	1%	Buy	$94	-1%
AEP	$103.37	52,155	4.98	5.30	5.64	6.00	–	–	–	–	20.8x	19.5x	18.3x	17.2x	-3%	-3%	-3%	-3%	6.1%	3.1%	64%	Buy	$109	9%	Buy	$101	1%
CMS	$72.36	20,994	2.88	3.14	3.41	3.64	–	–	–	(0.03)	25.1x	23.0x	21.2x	19.9x	17%	14%	12%	11%	8.3%	2.6%	65%	Neutral	$66	-6%	Buy	$70	-1%
CNP	$32.01	20,148	1.38	1.49	1.61	1.73	–	–	–	–	23.2x	21.5x	19.9x	18.5x	8%	7%	5%	4%	8.0%	2.2%	51%	Buy	$32	2%	Buy	$31	-0%
D	$87.66	71,064	4.12	4.40	4.70	5.00	–	–	0.04	0.04	21.3x	19.9x	18.7x	17.5x	-1%	-1%	-2%	-2%	6.7%	3.1%	66%	Buy	$90	6%	Buy	$87	3%
DTE	$136.33	26,413	5.95	6.26	6.70	7.10	–	–	–	(0.09)	22.9x	21.8x	20.3x	19.2x	7%	8%	7%	8%	4.3%	2.6%	61%	Buy	$133	0%	Buy	$132	-1%
DUK	$114.86	88,431	5.48	5.81	6.15	6.50	–	0.04	–	–	21.0x	19.8x	18.7x	17.7x	-2%	-2%	-1%	-1%	5.5%	3.5%	74%	Buy	$119	7%	Buy	$110	-1%
ED	$97.56	34,555	4.51	4.73	4.89	5.07	–	(0.08)	(0.19)	(0.22)	21.6x	20.6x	20.0x	19.2x	1%	2%	5%	8%	3.8%	3.3%	71%	Sell	$71	-24%	Sell	$81	-14%
EIX	$70.69	26,918	4.64	4.92	5.25	5.60	0.13	0.09	0.04	0.11	15.2x	14.4x	13.5x	12.6x	-29%	-29%	-29%	-29%	5.1%	4.0%	61%	Buy	$77	13%	Buy	$72	6%
ES	$92.14	31,765	4.10	4.34	4.65	5.00	–	–	–	(0.05)	22.5x	21.2x	19.8x	18.4x	5%	5%	5%	3%	6.7%	2.8%	63%	Neutral	$92	3%	Neutral	$90	0%
ETR	$122.99	25,030	6.33	6.81	7.21	7.57	–	0.07	0.09	0.04	19.4x	18.1x	17.1x	16.2x	-9%	-10%	-10%	-9%	5.9%	3.4%	66%	Buy	$129	8%	Buy	$123	3%
EVRG	$70.58	16,021	3.52	3.77	4.02	4.30	–	–	–	0.07	20.1x	18.7x	17.6x	16.4x	-6%	-7%	-7%	-8%	5.0%	3.4%	67%	Buy	$77	12%	Buy	$70	3%
EXC	$50.02	49,026	2.27	2.39	2.54	2.74	–	–	(0.06)	(0.04)	22.0x	20.9x	19.7x	18.3x	3%	4%	4%	2%	-0.5%	2.8%	62%	Neutral	$61	25%	Buy	$47	-3%
FE	$47.48	27,106	2.44	2.57	2.75	2.95	–	–	–	–	19.5x	18.5x	17.3x	16.1x	-9%	-8%	-9%	-10%	3.2%	3.3%	65%	Neutral	$43	-6%	Buy	$45	-1%
LNT	$64.33	16,135	2.75	2.90	3.04	3.23	–	–	(0.04)	(0.04)	23.4x	22.2x	21.2x	19.9x	9%	10%	12%	12%	5.3%	2.7%	63%	Neutral	$60	-4%	Neutral	$62	-1%
OGE	$41.93	8,394	2.28	2.39	2.52	2.64	0.21	0.27	0.34	0.32	18.4x	17.5x	16.6x	15.9x	-14%	-13%	-12%	-11%	4.0%	4.0%	73%	Buy	$42	4%	Buy	$40	-1%
PCG	$12.34	30,420	1.11	1.24	1.34	1.45	–	–	–	–	11.1x	10.0x	9.2x	8.5x	-48%	-51%	-51%	-52%	9.7%	0.3%	3%	Buy	$19	54%	Buy	$15	25%
PEG	$71.61	35,954	3.56	3.72	3.92	4.23	0.09	–	–	–	20.1x	19.3x	18.3x	16.9x	-6%	-4%	-4%	-5%	3.8%	3.1%	62%	Buy	$71	2%	Buy	$73	5%
PNW	$78.88	8,913	4.05	4.25	4.50	4.75	0.04	0.06	0.04	0.08	19.5x	18.6x	17.5x	16.6x	-9%	-8%	-7%	-7%	-3.5%	4.4%	86%	Sell	$60	-20%	Sell	$71	-5%
PPL	$29.13	21,433	1.57	1.72	1.79	1.86	0.07	0.06	0.04	0.04	18.6x	16.9x	16.3x	15.7x	-13%	-16%	-14%	-12%	15.4%	3.3%	62%	Buy	$33	17%	Buy	$31	9%
SO	$75.76	80,291	3.55	3.80	4.15	4.40	–	–	–	(0.03)	21.3x	19.9x	18.3x	17.2x	-0%	-1%	-4%	-4%	6.6%	3.6%	77%	Buy	$76	4%	Neutral	$70	-5%
WEC	$103.81	32,745	4.29	4.57	4.87	5.18	–	–	–	(0.04)	24.2x	22.7x	21.3x	20.0x	13%	13%	13%	12%	6.0%	2.8%	69%	Neutral	$101	0%	Neutral	$100	-1%
Mid/Lg Cap (excl. EIX, PCG)											**21.4x**	**20.2x**	**18.9x**	**17.8x**					**5.3%**	**3.1%**	**66%**						
Regulated Electrics		**764,268**									**21.1x**	**19.8x**	**18.6x**	**17.5x**					**5.4%**	**3.2%**	**68%**						

		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$43.24	4,732	2.21	2.41	2.47	2.69	0.05	0.10	0.05	0.13	19.6x	17.9x	17.5x	16.1x	-9%	-11%	-8%	-10%	4.6%	3.3%	64%	Neutral	$41	-2%	Sell	$41	-2%
NEE	$87.08	171,063	2.84	3.07	3.31	3.59	0.05	0.05	0.07	0.09	30.7x	28.4x	26.3x	24.3x	43%	41%	39%	36%	8.9%	2.0%	61%	Buy	$95	11%	Buy	$92	8%
SRE	$168.05	53,065	8.54	9.08	9.58	10.21	0.04	0.11	0.11	0.15	19.7x	18.5x	17.5x	16.5x	-8%	-8%	-7%	-8%	4.9%	2.8%	55%	Buy	$166	2%	Buy	$163	-1%
		228,861									**23.3x**	**21.6x**	**20.5x**	**18.9x**	**9%**	**7%**	**8%**	**6%**	**6.1%**	**2.7%**	**60%**						
Gas LDCs																											
NI	$32.11	13,017	1.45	1.53	1.70	1.84	–	–	(0.04)	(0.04)	22.1x	21.0x	18.9x	17.5x	5%	6%	2%	-1%	7.8%	3.0%	66%	Buy	$30	-4%	Buy	$31	1%
CPK	$138.91	2,458	5.13	5.55	5.93	6.32	0.04	0.06	0.08	0.11	27.1x	25.0x	23.4x	22.0x	28%	27%	26%	25%	7.6%	1.4%	37%	Neutral	$132	-4%	Buy	$139	2%
NJR	$46.01	4,420	2.25	2.43	2.62	2.78	–	–	(0.19)	(0.11)	20.4x	18.9x	17.6x	16.6x	-3%	-4%	-6%	-6%	6.5%	3.3%	67%	Neutral	$41	-8%	Neutral	$46	3%
NWN	$51.57	1,736	2.56	2.73	2.83	2.93	0.03	–	0.03	(0.06)	20.1x	18.9x	18.2x	17.6x	-5%	-4%	-2%	0%	3.4%	3.8%	76%	Neutral	$49	-1%	Buy	$55	10%
OGS	$90.46	4,893	4.12	4.38	4.65	5.00	–	–	–	–	22.0x	20.7x	19.5x	18.1x	4%	4%	5%	3%	6.8%	2.8%	61%	Neutral	$77	-12%	Buy	$84	-4%
SJI	$34.46	4,045	1.71	1.82	1.94	2.05	0.04	0.04	0.10	0.21	20.2x	18.9x	17.8x	16.8x	-5%	-4%	-5%	-4%	6.2%	3.6%	73%	Neutral	$26	-21%	Neutral	$32	-3%
SR	$74.62	3,862	3.84	4.27	4.91	5.03	(0.06)	(0.08)	0.33	0.25	19.4x	17.5x	15.2x	14.8x	-8%	-12%	-18%	-15%	0.9%	3.8%	73%	Neutral	$62	-13%	Neutral	$68	-5%
		34,430									**21.6x**	**20.1x**	**18.6x**	**17.6x**	**2%**	**2%**	**0%**	**0%**	**5.6%**	**3.1%**	**65%**						
Regulated Water																											
AWK	$171.14	31,105	4.44	4.85	5.23	5.70	–	–	–	0.05	38.5x	35.3x	32.7x	30.0x	80%	75%	73%	68%	7.6%	1.5%	59%	Neutral	$155	-8%	Neutral	$162	-4%

		Market	Guggenheim EBITDA Ests				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'21–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$60.91	19,897	2,525	2,721	2,895	2,867	–	(184)	(303)	(598)	9.7x	8.7x	7.8x	7.4x	24,425	23,628	22,474	21,300	-0.7%	0.9%	22%	Neutral	$51	-15%	Buy	$58	-3%
NRG	$39.04	9,454	2,092	2,289	2,283	2,263	(83)	–	(92)	(89)	7.4x	6.5x	6.3x	5.7x	15,498	14,904	14,315	12,993	-1.7%	3.7%	31%	Neutral	$43	14%	Buy	$45	18%
VST	$24.12	10,637	3,120	3,298	3,325	3,223	(23)	–	31	(114)	6.7x	6.3x	6.2x	6.2x	20,871	20,812	20,635	20,121	13.5%	3.0%	37%	Buy	$27	15%	Buy	$28	20%
Other																											
ALTO	$6.61	487	73	85	86	87	–	–	–	–									3.1%	–	–	Buy	$9	36%	Buy	$12	77%
IEA	$12.54	602	152	174	199	220	–	–	27	37									13.0%	–	–	Buy	$16	28%	Buy	$17	36%
NEP	$82.89	6,958	1,660	1,775	1,889	2,003	(179)	(186)	(159)	–									10.2%	3.7%	–	Buy	$90	12%	Buy	$88	10%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

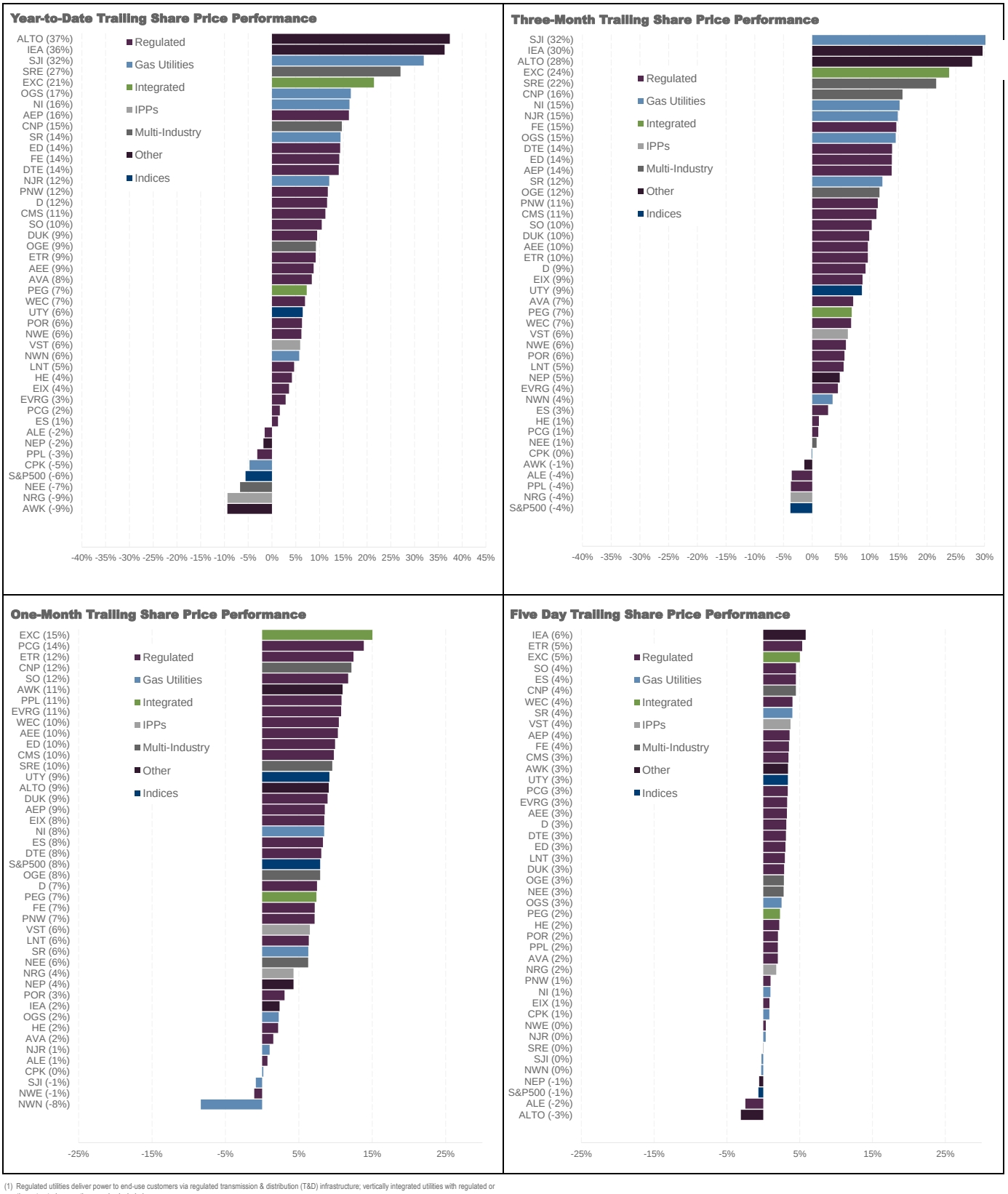

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/24–5/25	TBC
AWK	5/26	New York
EXC	6/1–6/2	Midwest
LNT	6/7–6/8	New York
ES	6/8	Boston or Virtual
SO	6/9–6/10	West Coast
CMS	6/16	Virtual
DTE	6/27-6/28	New York
OGE	6/29-6/30	TBC
EIX	7/8	Boston
POR	8/9-8/10	New York
NEE	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Generation and Mix

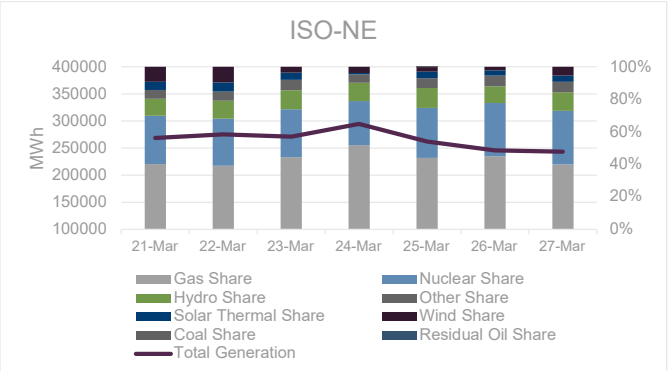

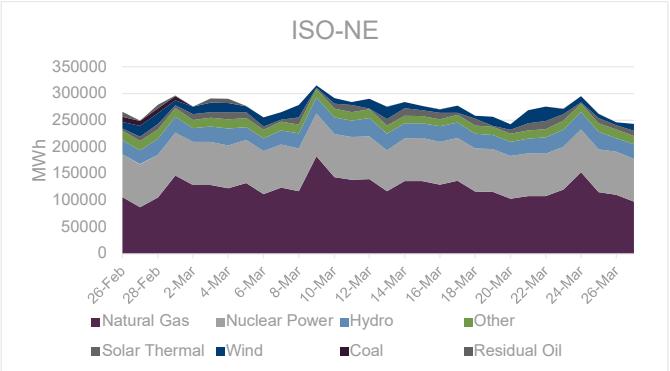

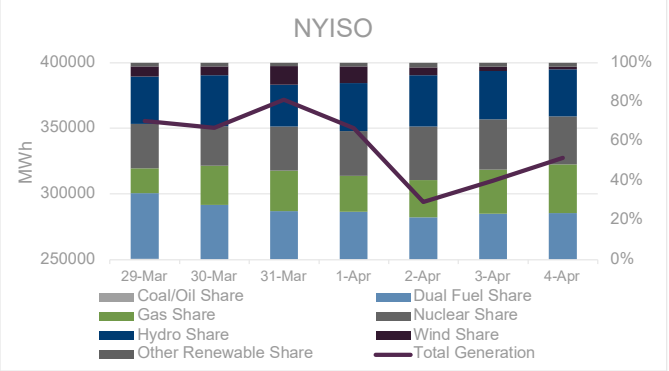

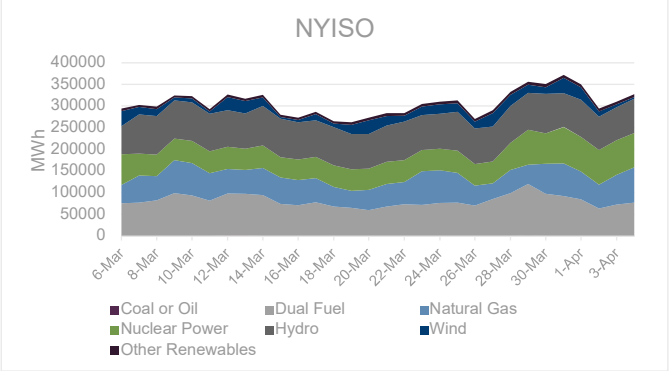

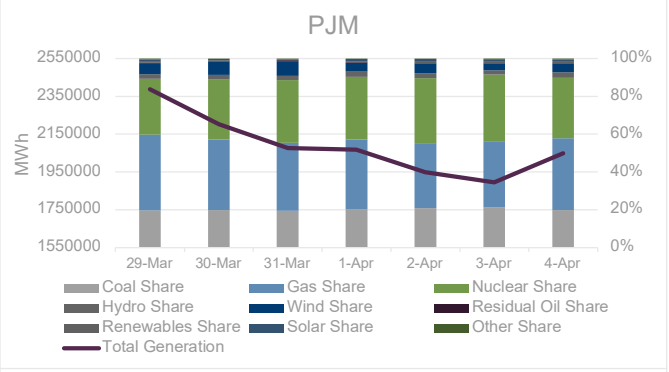

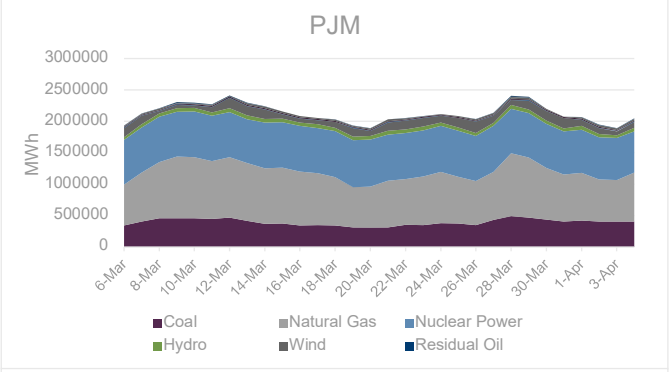

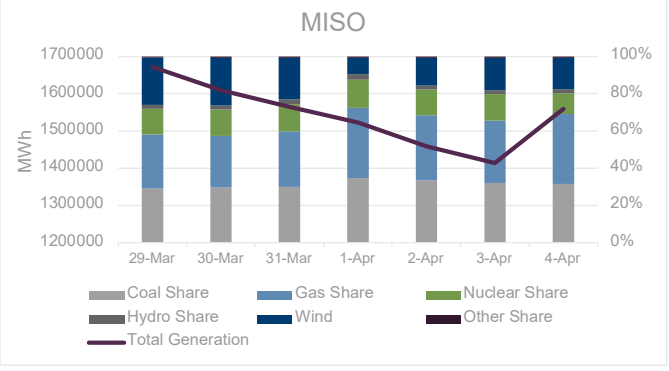

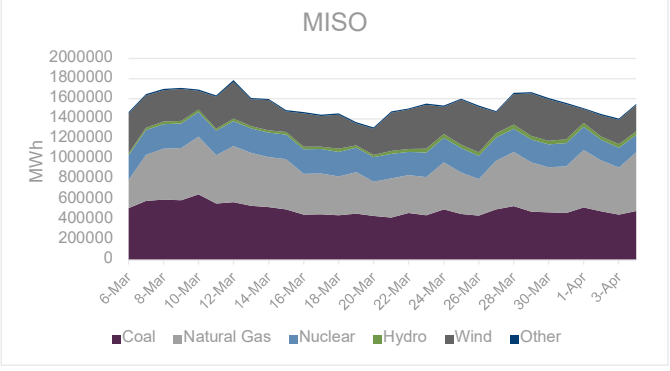

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

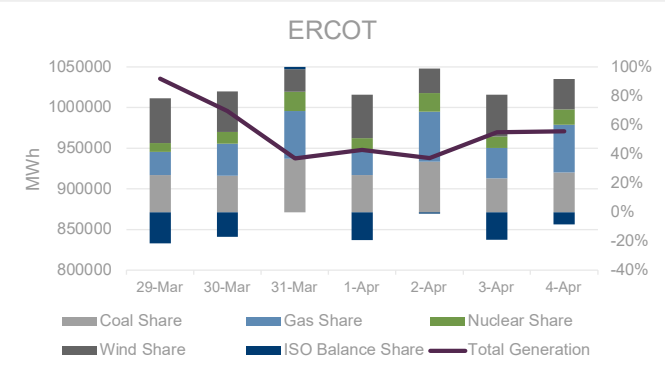

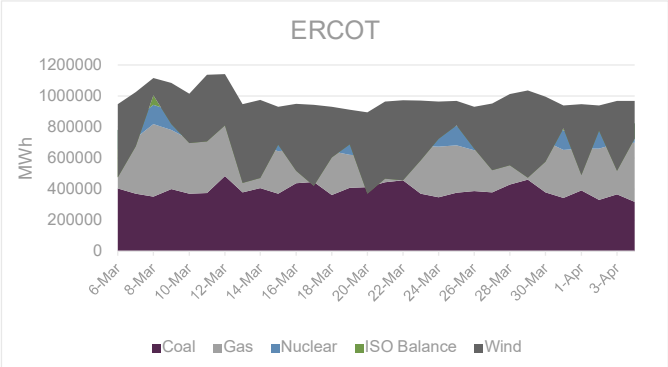

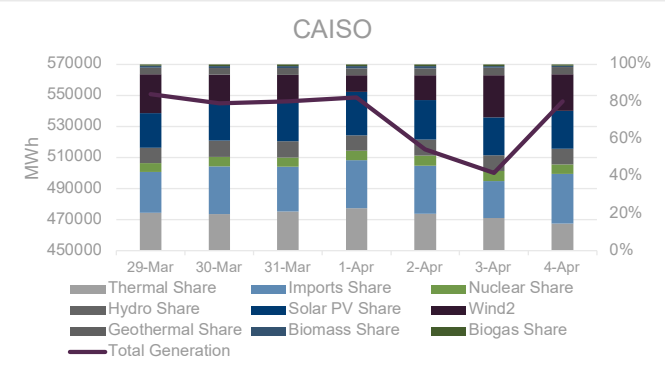

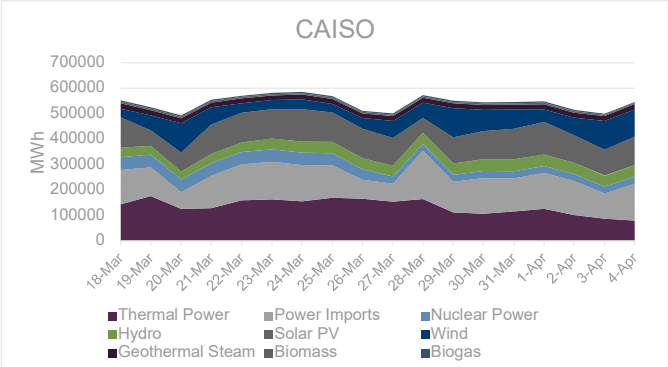

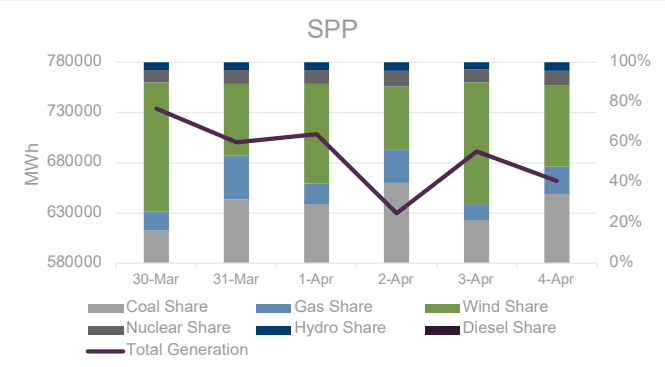

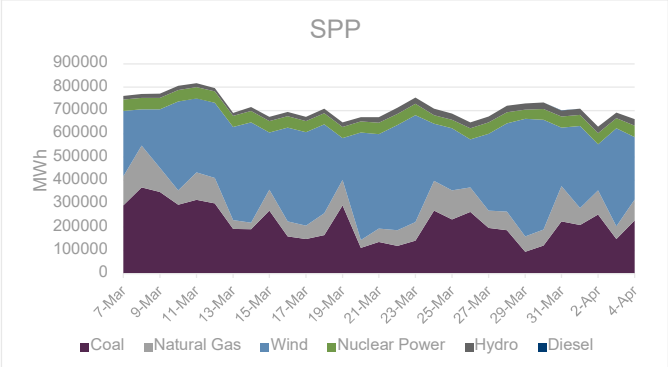

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Weather

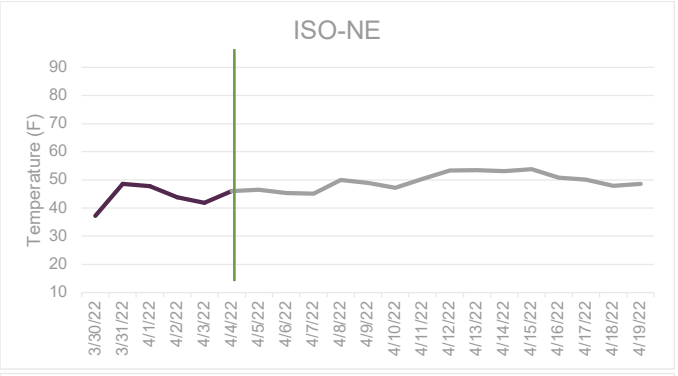

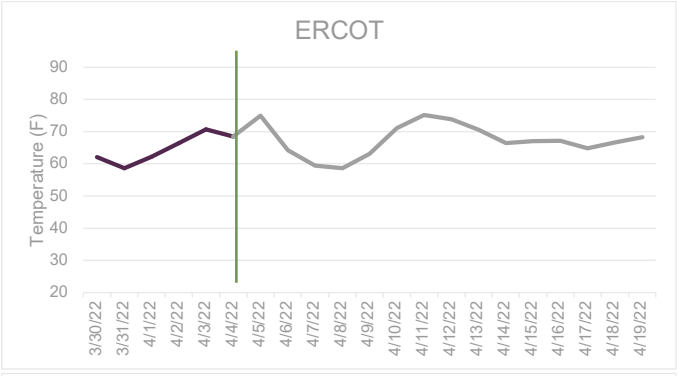

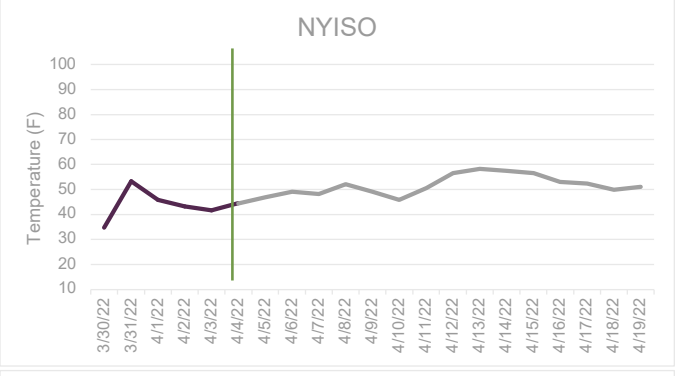

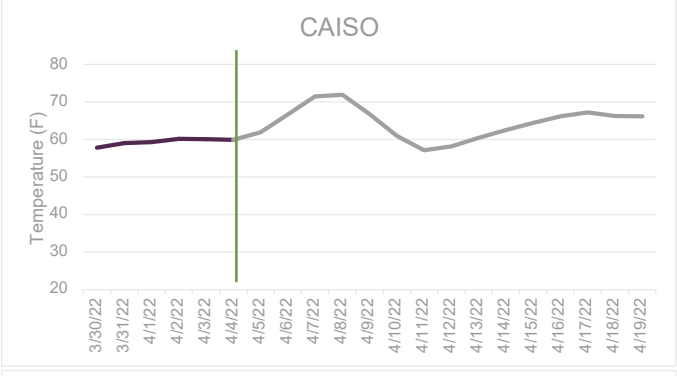

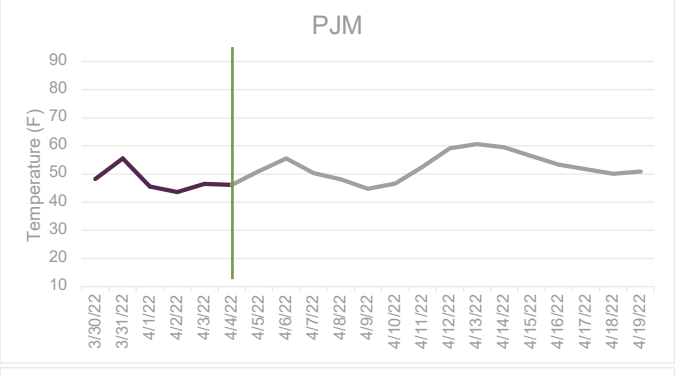

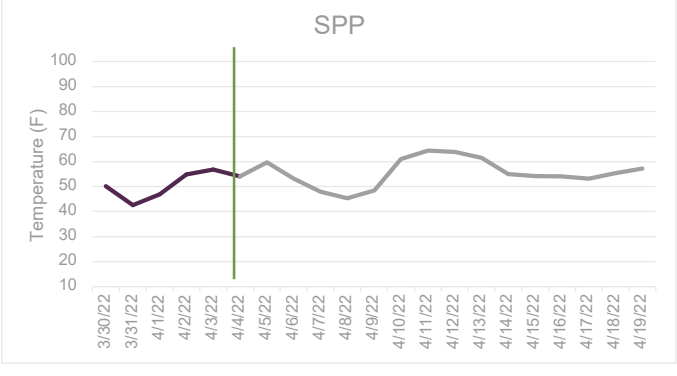

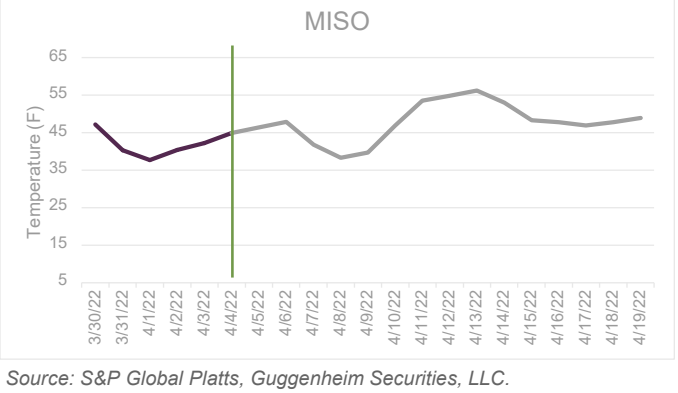

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR – Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR – Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	243	65.15%	62	25.51%
NEUTRAL	125	33.51%	14	11.20%
SELL	5	1.34%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Beverages & Food Producers
Laurent Grandet 212.372.6368
Laurent.Grandet@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Energy & Power Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Medical Supplies & Devices
Chris Pasquale 212.518.9420
Chris.Pasquale@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Lindsay Cox at Exelon Corp on 26-Jul-2022 11:43 AM.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Exelon Now a Fully Regulated Utility After Constellation Spinoff

Updated Forecasts and Estimates from 09 Mar 2022

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Business Strategy and Outlook 09 Mar 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2026, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $36 billion of capital investment through 2026. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

We view the separation positively for shareholders. We previously valued Exelon at a discount to its fully regulated peers in large part because of its generation and retail operations. A stand-alone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given allegations of inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon subsequently entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024 or default to traditional ratemaking. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates.

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 09 Mar 2022
Estimates as of 09 Mar 2022
Pricing data through 07 Apr 2022 00:00
Rating updated as of 07 Apr 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 06 Apr 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Business Strategy and Outlook	1
Morningstar Analysis	
Analyst Note	3
Fair Value & Profit Drivers	3
Scenario Analysis	3
Economic Moat	4
Moat Trend	4
Bulls Say/Bears Say	6
Financial Strength	7
Risk & Uncertainty	7
Management & Ownership	9
Analyst Note Archive	10
Additional Information	-
Morningstar Analyst Forecasts	13
Comparable Company Analysis	17
Methodology for Valuing Companies	19

Vital Statistics

Market Cap (USD Mil)	49,026
52-Week High (USD)	50.13
52-Week Low (USD)	30.51
52-Week Total Return %	47.9
YTD Total Return %	13.1
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.3
Price/Fair Value	1.28

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*21.9*	*20.0*
EV/EBITDA	10.0	10.9	*13.6*	*12.4*
EV/EBIT	27.8	35.0	*25.8*	*22.5*
Free Cash Flow Yield %	-9.3	-8.8	*30.4*	*-2.2*
Dividend Yield %	5.1	3.7	*2.7*	*2.9*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,460*
Net Income YoY %	0.3	-45.8	*31.1*	*10.0*
Diluted EPS	3.22	1.74	*2.28*	*2.50*
Diluted EPS YoY %	—	-45.9	*31.1*	*9.6*
Free Cash Flow	324	8	*12,819*	*-302*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analysis

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices 09 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest report, "Inflation Unraveling U.S. Utilities' Safety Net."

Fair Value & Profit Drivers 09 Mar 2022

Our fair value estimate is $39.

We expect 7% average earnings growth through 2026, the midpoint of management's 6% to 8% earnings guidance. We forecast $36 billion of capital expenditures through 2026 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Scenario Analysis

Our uncertainty rating for Exelon is low. The company's regulated rate structure and transparent growth outlook reduce the difference between our bull- and bear scenarios.

In our bull-case scenario, we assume rate-case outcomes are 25% higher and operating expenses are 2% lower than in our base-case scenario. This results in a $5 per-share increase to our base-case fair value estimate. In our bear-case scenario, a similar decline in rate-case outcomes and increase in operating expense results in a $5 fair value estimate decrease.

If operating expenses increase by 100 basis points, our fair value estimate would drop by $2 per share, all else equal.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

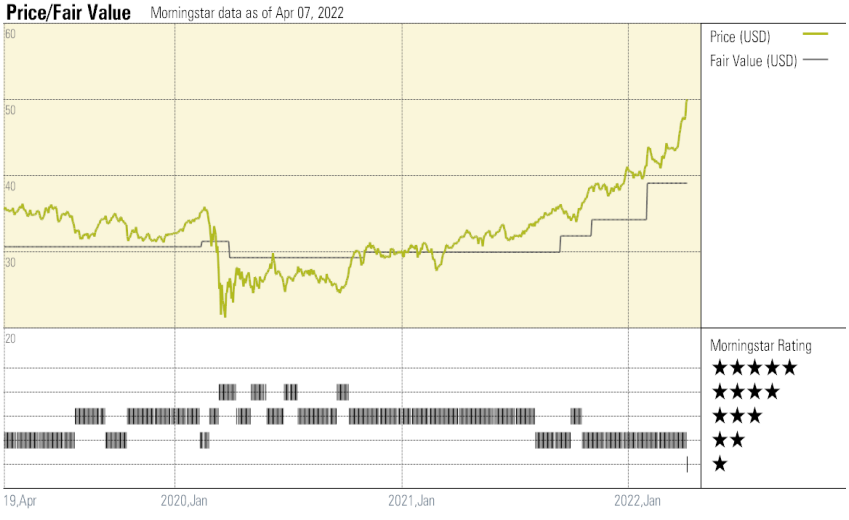

Economic Moat

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Moat Trend

We assign Exelon a stable moat trend rating. The regulatory environments in Illinois, Pennsylvania, and Maryland have stabilized, allowing the company's distribution utilities fair returns. Nearly all of Exelon's rate-base growth will have rate trackers or formula rates, minimizing regulatory lag. Exelon faces the biggest challenge boosting regulated earned returns.

Exelon's stable business model and difficult-to-replicate asset base support our view that the firm's narrow moat is stable. We don't anticipate a change in the regulatory compact between utilities and ratepayers that ensures capital providers earn a fair return on their investments. As with all regulated utilities, we think revenue caps preclude Exelon from establishing a wide economic moat.

Regulated utilities' moat trends consider changes in the regulatory environment, near-term investment requirements and growth opportunities, energy demand trends, and management's strategic direction. In assessing the changing regulatory environment, we consider the level of automatic rate mechanisms, allowed returns on equity versus interest rates, fuel cost recovery mechanisms, and the history of regulatory relations.

Using these factors, we assess whether fundamental changes will give a utility a better opportunity to earn or overearn its cost of capital in the near term, or whether

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

fundamental changes will make it more difficult for a utility to earn its cost of capital. The regulatory framework that caps revenue and returns prevents the firm from attaining a wide moat, as with all regulated utilities that we cover.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Bulls Say/Bears Say

Bulls Say

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Five Year Adjusted Cash Flow Forecast (USD Mil)

	2022(E)	2023(E)	2024(E)	2025(E)	2026(E)
Cash and Equivalents (beginning of period)	1,182	2,303	1,275	582	1,233
Adjusted Available Cash Flow	9,215	712	1,063	3,922	3,322
Total Cash Available before Debt Service	10,397	3,015	2,338	4,505	4,556
Principal Payments	-1,483	-1,626	-1,600	-2,000	-2,275
Interest Payments	-1,301	-1,372	-1,424	-1,566	-1,666
Other Cash Obligations and Commitments	-303	-303	-463	-464	-463
Total Cash Obligations and Commitments	-3,087	-3,301	-3,487	-4,030	-4,404

Cumulative Annual Cash Flow Cushion

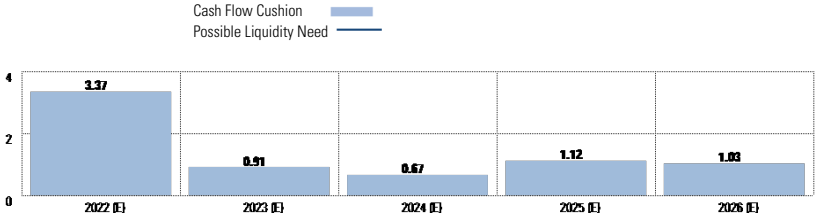

Adjusted Cash Flow Summary

	USD Millions	% of Commitments
Beginning Cash Balance	1,182	6.5
Sum of 5-Year Adjusted Free Cash Flow	18,235	99.6
Sum of Cash and 5-Year Cash Generation	19,417	106.1
Revolver Availability	—	—
Asset Adjusted Borrowings (Repayment)	—	—
Sum of Cash, 5-Year Cash Generation, Revolver and Adjustments	19,417	106.1
Sum of 5-Year Cash Commitments	-18,308	—

Financial Strength

With over 4.0 times interest coverage, Exelon's financial health is sound for a regulated utility, particularly given its stable, low-risk business model. With our forecast for $36 billion of capital spending planned through 2026, Exelon will be a frequent debt issuer. The company has manageable long-term debt maturities and we anticipate it will be able to refinance its debt as it comes due, maintaining its current debt/capital ratio. We expect the company to issue $1.0 billion in equity to fund its capital investment plan, in line with management's expectations.We expect total debt/EBITDA to remain in the 4.5-5.0 times range. Exelon will target a 60% dividend payout ratio. We expect dividend growth in line with our 7% annual earnings per-share growth forecast through 2026.

Risk & Uncertainty

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Management & Ownership

Management Activity

Name	Position	Shares Held	Report Date*	InsiderActivity
MR. CHRISTOPHER M. CRANE	Director, President and CEO, Director	294,252	08 Feb 2022	—
MR. MAYO A. SHATTUCK, III	Director, Chairman of the Board, Director	267,649	31 Mar 2022	—
MR. JOSEPH NIGRO	Sr EVP & CFO	111,338	28 Jan 2022	—
MR. DAVID M. VELAZQUEZ	Pres. & CEO, Pepco Holdings	46,624	25 Jan 2021	—
MR. CALVIN G. BUTLER,JR	Sr EVP & Chf Operating Officer	45,176	31 Jan 2022	26708
MR. JOHN F. YOUNG	Director,Director	36,807	31 Dec 2007	—
MR. DUANE M. DESPARTE	SVP and Controller	15,696	29 Jan 2018	—
MR. DAVID GLOCKNER	EVP Compliance & Audit	10,110	06 Jan 2022	—

*Represents the date on which the owner's name, position, and common shares held were reported by the holder or issuer.

Fund Ownership

Top Owners	% of Shares Held	% of Fund Assets	Change (k)	Portfolio Date
Vanguard Total Stock Market Index Fund	2.91	0.10	525	31 Mar 2022
Vanguard US Total Market Shares ETF	2.91	0.10	525	31 Mar 2022
Vanguard Wellingtonâ„¢ Fund	2.66	1.18	628	31 Mar 2022
American Funds Washington Mutual Fund	2.27	0.75	-3	31 Mar 2022
Capital Group Wash Mutual Invtrs Comp	2.27	0.75	-3	31 Mar 2022
Concentrated Holders				
FidelityÂ® VIP Utilities Portfolio	0.04	8.30	—	31 Mar 2022
Fidelity AdvisorÂ® Utilities Fund	0.12	7.94	-81	31 Mar 2022
MainStay VP Fidelity Ins AM Utilts Pf	0.21	7.90	-72	31 Mar 2022
FidelityÂ® Select Utilities Portfolio	0.20	7.89	-47	31 Mar 2022
Franklin K2 Electron Glbl UCITS Fd	0.04	7.80	114	31 Mar 2022

Institutional Transactions

Top 5 Buyers	% of Shares Held	% of Fund Assets	Shares Bought/ Sold (k)	Portfolio Date
Wellington Management Group, LLP	7.69	—	75,360	31 Mar 2022
Morgan Stanley Smith Barney LLC	1.48	0.19	14,511	31 Mar 2022
Hartford Funds Management Company, LLC	1.53	11.02	7,595	31 Mar 2022
Newton Investment Management Ltd	0.66	23.36	6,459	31 Mar 2022
Invesco Advisers, Inc.	1.57	23.66	5,578	31 Mar 2022
Top 5 Sellers				
BlackRock Institutional Trust Company NA	—	—	-26,170	31 Mar 2022
BlackRock Advisors LLC	—	—	-10,162	31 Mar 2022
BlackRock Group Ltd.	—	—	-10,057	31 Mar 2022
BlackRock Investment Management, LLC	—	—	-6,712	31 Mar 2022
T. Rowe Price Associates, Inc.	2.07	0.11	-5,246	31 Mar 2022

Capital Allocation 09 Mar 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices 09 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest report, "Inflation Unraveling U.S. Utilities' Safety Net."

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate 02 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance incentives after 2023, when the legislation takes effect.

New York Regulatory Approval Moves Exelon Closer to Merchant Separation 17 Dec 2021

We are maintaining our $48 per share fair value estimate for Exelon after the company received New York regulators' approval for the company's plan to separate into two companies. Our narrow moat and stable moat trend ratings remain unchanged.

The New York State Public Service Commission approved the settlement agreement that Exelon earlier reached with the State Attorney General's Office, commission staff, and other interested parties. The approval will allow the company to transfer its state nuclear facilities to Constellation, the name of the new merchant generation company. We considered New York regulatory approval the most challenging to receive. Management is to be commended for its ability to work with regulators to receive approval. Entergy abandoned its nuclear separation after failing to receive New York regulatory approval in 2010. FERC and the Nuclear Regulatory Commission recently approved the separation.

The only remaining approvals are the final sign off from Exelon's board of directors and Form 10 registration with the SEC. New York regulatory approval puts the company on track to complete the separation in the first quarter of 2022.

We continue to believe the separation is a positive for shareholders. Constellation will consist of approximately 31 gigawatts of merchant generation and its retail unit. The unit's nuclear fleet produces nearly 12% of clean energy in the U.S. and has benefited recently from higher power prices and additional subsidies in Illinois.

Legacy Exelon will house the company's seven regulated utilities in the Midwest and Northeast. The unit's $27 billion capital investment plan supports 7.5% annual rate base growth and should support 6% to 8% earnings growth. Management must continue to work with regulators to earn timely and fair returns on its investments. The conversion to a fully regulated utility strengthens Exelon's narrow moat and could lead us to lower our cost of capital assumption.

Exelon Edging Closer to Spinning Off Merchant Unit; Reports Q3 Earnings 03 Nov 2021

We are increasing our fair value estimate to $48 per share from $45 after Exelon announced third-quarter adjusted earnings per share of $1.09 compared with $1.04 in the same year-ago period. Management narrowed their full-year EPS guidance to $2.70-$2.90 from their previous $2.60-$3.00 range. Our fair value estimate increase is due to an increase in Morningstar's midcycle natural gas price to $3.30 per thousand cubic feet from $2.80, which boosted the nuclear fleet's midcycle margins. Our narrow moat and stable moat trend ratings are unchanged.

Recently management secured $700 million in subsidies from Illinois legislation that will keep the company's Dresden and Byron nuclear plants operating. We assume that subsidies for the plants will continue beyond 2025 given the role nuclear must play as Illinois pursues its aggressive clean energy goal. Management has successfully lobbied for subsidies across its merchant nuclear fleet. Policymakers view of nuclear generation is beginning to align with our view that nuclear' s clean energy attributes and reliable generation will be instrumental in meeting aggressive emission reduction goals.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Exelon continues to progress on the spin-off of its competitive merchant unit. The company has received FERC approval, and continues progress toward receiving approvals from New York regulators and the Nuclear Regulatory Commission. Exelon has named a management team for the new unit, to be named Constellation, which we view is a sign management is confident they can complete the spin-off. Management expects to complete the transaction in the first quarter of 2022.

In the quarter, rate increases and ongoing utility investments supported earnings. Lower capacity revenue, increased nuclear outage days, and unrealized and realized gains on equity investments had a negative impact on generation segment earnings. Trailing 12-month returns were 9.3%, down from 9.4% last quarter.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*10.0*	*12.1*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*9.6*	*11.3*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.8*	*26.6*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*137.9*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.5*	*13.0*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.5*	*14.1*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.2*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.9*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.49*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*21.9*	*20.0*
EV/EBITDA	10.0	10.9	*13.6*	*12.4*
EV/EBIT	27.8	35.0	*25.8*	*22.5*
Free Cash Flow Yield %	-9.3	-8.8	*30.4*	*-2.2*
Dividend Yield %	5.1	3.7	*2.7*	*2.9*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,453	15.8	12.69
Present Value Stage II	13,657	17.3	13.92
Present Value Stage III	52,711	66.9	53.72
Total Firm Value	**78,821**	**100.0**	**80.32**
Cash and Equivalents	1,182	—	1.20
Debt	-42,417	—	-43.23
Preferred Stock	—	—	—
Other Adjustments	60	—	0.06
Equity Value	**37,646**	**—**	**38.36**
Projected Diluted Shares	981		
Fair Value per Share (USD)	**39.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*399*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***3,037***
Income Tax Expense	774	373	370	*525*	*577*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,460***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.50***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,460*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.50***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,303*	*1,275*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,496***	***10,884***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,192***	***115,383***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,719*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,803***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*60*	*410*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,669*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,186***	***36,580***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,186***	***36,580***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,460*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*225*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,985***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*60*	*350*
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-11,157***	***62***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,121***	***-1,028***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Valuation Analysis

		Price/Earnings			EV/EBITDA			Price/Free Cash Flow			Price/Book			Price/Sales		
Company/Ticker	Price/Fair Value	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	1.12	18.3	20.4	19.2	143.9	13.9	13.3	NM	18.6	NM	—	—	—	3.5	3.8	3.7
FirstEnergy Corp FE USA	1.13	16.0	20.0	18.8	13.6	12.4	11.9	64.8	12.3	NM	—	—	—	2.1	2.3	2.2
Entergy Corp ETR USA	1.10	18.7	19.7	18.3	10.9	12.9	11.8	NM	NM	NM	—	—	—	1.9	2.3	2.3
Average		17.7	20.0	18.8	56.1	13.1	12.3	64.8	15.5	—	—	—	—	2.5	2.8	2.7
Exelon Corp EXC US	**1.28**	**23.7**	***21.9***	***20.0***	**10.9**	***13.6***	***12.4***	**NM**	***3.3***	***NM***	**—**	**—**	**—**	**1.6**	***2.6***	***2.5***

Returns Analysis

		ROIC %			Adjusted ROIC %			Return on Equity %			Return on Assets %			Dividend Yield %		
Company/Ticker	Last Historical Year Total Assets (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	48,999 USD	-3.9	6.1	6.3	-3.9	6.1	6.3	-4.3	12.1	12.3	-1.3	3.6	3.7	3.1	3.0	3.2
FirstEnergy Corp FE USA	45,432 USD	5.0	5.8	6.4	5.9	6.8	7.6	16.1	15.0	15.0	2.9	3.0	3.1	3.8	3.3	3.4
Entergy Corp ETR USA	59,454 USD	4.4	4.6	4.9	4.5	4.6	4.9	9.9	10.6	10.9	1.9	2.1	2.3	3.4	3.3	3.5
Average		1.8	5.5	5.9	2.2	5.8	6.3	7.2	12.6	12.7	1.2	2.9	3.0	3.4	3.2	3.4
Exelon Corp EXC US	**133,013** USD	**1.1**	***-1.2***	***4.7***	**1.2**	***-1.3***	***5.2***	**5.1**	***6.4***	***6.9***	**1.3**	***1.8***	***2.2***	**3.7**	***2.7***	***2.9***

Growth Analysis

		Revenue Growth %			EBIT Growth %			EPS Growth %			Free Cash Flow Growth %			Dividend/Share Growth %		
Company/Ticker	Last Historical Year Revenue (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	9,722 USD	1.2	-1.5	2.6	-137.7	-419.9	3.3	6.4	-3.8	6.3	-192.3	-857.3	-119.0	4.1	5.9	5.6
FirstEnergy Corp FE USA	11,132 USD	3.2	6.1	2.7	-14.6	28.7	5.0	8.7	-8.8	6.4	-190.2	433.8	-89.0	—	—	2.6
Entergy Corp ETR USA	11,743 USD	16.1	-9.3	3.9	17.5	6.7	13.1	6.4	3.5	7.7	120.4	-130.1	-74.3	—	9.6	5.9
Average		6.8	-1.6	3.1	-44.9	-128.2	7.1	7.2	-3.0	6.8	-87.4	-184.5	-94.1	4.1	7.8	4.7
Exelon Corp EXC US	**36,347** USD	**10.0**	***-48.4***	***4.6***	**-3.5**	***28.3***	***14.8***	**-45.9**	***31.1***	***9.6***	**-97.6**	***NM***	***-102.4***	**—**	***7.1***	***6.7***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Profitability Analysis

Company/Ticker	Last Historical Year Net Income (Mil)	Gross Margin %			EBITDA Margin %			Operating Margin %			Net Margin %			Free Cash Flow Margin %		
		2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	1,840 USD	64.0	65.1	65.5	3.7	41.1	42.1	-8.8	28.6	28.8	18.9	18.4	19.0	-10.1	20.2	-9.6
FirstEnergy Corp FE USA	1,417 USD	69.1	70.2	70.3	31.0	33.7	34.4	16.6	20.1	20.6	12.7	11.5	12.0	3.3	18.6	-0.2
Entergy Corp ETR USA	1,215 USD	68.2	75.8	76.4	37.1	37.6	39.4	18.0	21.1	23.0	10.4	12.0	12.6	-32.3	0.1	-3.5
Average		67.1	70.4	70.7	23.9	37.5	38.6	8.6	23.3	24.1	14.0	14.0	14.5	-13.0	13.0	-4.4
Exelon Corp EXC US	**1,706** USD	**52.2**	**65.3**	**66.1**	**24.1**	**35.5**	**37.1**	**7.5**	**18.6**	**20.4**	**4.7**	**11.9**	**12.5**	**-13.7**	**79.4**	**-5.6**

Leverage Analysis

Company/Ticker	Last Historical Year Total Debt (Mil)	Debt/Equity %			Debt/Total Cap %			EBITDA/Interest Exp.			Total Debt/EBITDA			Assets/Equity		
		2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	19,438 USD	134.6	125.1	125.3	57.4	55.6	55.6	0.6	7.2	7.1	54.0	4.7	4.7	3.4	3.3	3.3
FirstEnergy Corp FE USA	23,854 USD	275.0	247.6	231.5	73.3	71.2	69.8	3.0	3.5	3.7	6.9	5.8	5.5	5.2	4.9	4.7
Entergy Corp ETR USA	27,082 USD	227.1	219.0	209.7	69.4	68.7	67.7	5.2	4.5	4.8	6.2	6.9	6.5	5.0	4.8	4.7
Average		212.2	197.2	188.8	66.7	65.2	64.4	2.9	5.1	5.2	22.4	5.8	5.6	4.5	4.3	4.2
Exelon Corp EXC US	**42,417** USD	**123.3**	**94.2**	**93.7**	**55.2**	**48.5**	**48.4**	**5.6**	**5.1**	**5.3**	**4.8**	**5.0**	**4.7**	**3.9**	**3.2**	**3.2**

Liquidity Analysis

Company/Ticker	Market Cap (Mil)	Cash per Share			Current Ratio			Quick Ratio			Cash/Short-Term Debt			Payout Ratio %		
		2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	35,954 USD	1.62	1.96	0.09	0.88	0.70	0.56	0.84	0.65	0.51	0.19	0.30	0.01	-158.7	61.5	61.1
FirstEnergy Corp FE USA	27,106 USD	2.68	3.82	2.10	0.73	0.95	0.82	0.67	0.88	0.73	0.91	1.46	0.97	66.4	65.9	63.5
Entergy Corp ETR USA	25,030 USD	2.19	5.07	3.76	0.59	0.62	0.57	0.39	0.44	0.40	0.20	0.46	0.35	69.3	65.8	64.7
Average		2.16	3.62	1.98	0.73	0.76	0.65	0.63	0.66	0.55	0.43	0.74	0.44	-7.7	64.4	63.1
Exelon Corp EXC US	**49,026** USD	**1.21**	**2.35**	**1.30**	**0.87**	**1.48**	**1.18**	**0.75**	**1.37**	**1.08**	**0.18**	**1.54**	**0.51**	**87.9**	**59.1**	**57.6**

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

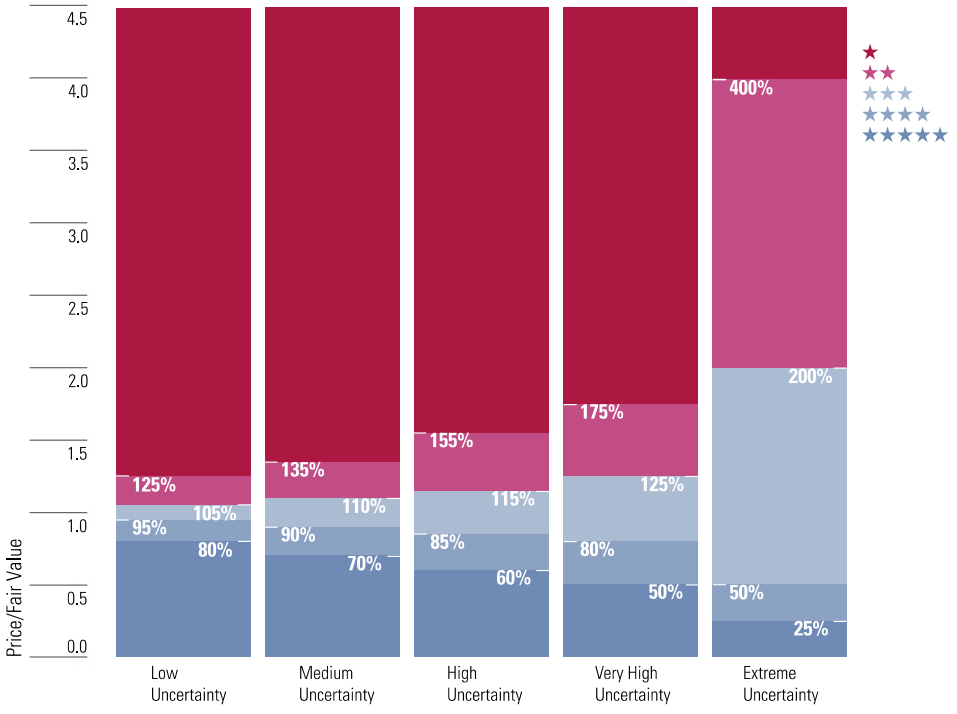

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
50.02 USD	39.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

KeyBanc Capital Markets

Alert

April 06, 2022

Energy: Electric Utilities

Midweek Thoughts — SRE, NEP, NEE, POR, AVA, ED, AEP, EXC, CNP

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

SRE announces plans for Cameron Phase 2; NEP sells TX natural gas pipeline; NEE and DOJ enter agreement on eagle fatalities; parties reached a settlement in lawsuit relating to POR's trading losses; public comments highlight the challenges ahead for ED's proposed rate increases; members of KY legislature and KY AG oppose AEP's sale of Kentucky Power; spring storms cause outages in AVA and POR's service areas; EXC's PECO files a natural gas rate case in PA; CNP files a $1.6B DCRF in TX; and CNP signs up with Itron to install gas smart meters.

SRE — Building on LNG momentum with an HOA on Cameron LNG Phase 2:

- SRE signed an HOA with Mitsubishi, Mitsui, and Total (all partners in Cameron Phase 1) for development of Cameron LNG Phase 2. Phase 2 includes adding a 6.75 MTPA Train 4 to the existing Cameron Trains 1-3 (total capacity 12 MTPA), and increasing the capacity of the existing trains by 25% through debottlenecking. Terms of the HOA for Cameron Train 4 are similar to that of Phase 1 in that SIP will have 50.2% of the production capacity of Train 4 under tolling agreements and the remaining capacity will be allocated to the three partners. SIP will sell the LNG pertaining to its capacity under a long-term agreement before an FID is taken (similar to its position for Trains 1-3). SIP will own 25% of the projected debottlenecking capacity (debottlenecking expected to add 1 MTPA gross).
- Based on prior comments, an FID on Cameron expansion is expected in 2023 and the project is expected to take another four years after that to complete (3Q27 project completion target). SRE filed an amendment with the FERC earlier this year to add a single 6.75 MTPA train for the expansion project vs. the prior plan for two ~5 MTPA trains. The revised plan includes a plan to use electric drives (to reduce emissions) and tie-ins to allow for carbon sequestration.
- Our view — We see the announcement as a directionally positive one. SRE has long argued that the global LNG markets were headed into a tight supply-demand situation as Asian demand rises. The energy crisis in Europe, led by the war, has validated this thesis sooner than anticipated. However, we do not believe that there is much that can be done by SIP to accelerate bringing LNG to market given the usual lead times with approvals and construction. That said, SRE is strongly positioned to expand its LNG footprint over time with Cameron expansion and potentially bringing the 10 MTPA Port Arthur facility back in the mix.
- In other news, SRE announced a partnership with Korea Gas to explore opportunities to transition toward lower carbon and zero carbon fuels through project developments in LNG, CCS and hydrogen infrastructure.

NEP — NEP announces sale of gas pipeline, reiterates guidance: NEP announced that it has completed the sale of a TX pipeline. Monument Pipeline is a 156-mile pipeline with a capacity to transport 250 mmcf/d. NEP received $203M from the transaction. Proceeds will be redeployed to higher yielding renewable assets. NEP still has an interest in three other pipelines in TX and one in PA. NEP also took the opportunity to reiterate guidance of a YE22 run-rate adjusted EBITDA of $1.775B-$1.975B and CAFD of $675M-$765M. NEP also reiterated its expectation pf 12-15% annual growth in limited distributions through 2024.

NEE — NEER sub and DOJ enter agreement on eagle fatalities at wind farms: NEER subsidiary ESI Energy was sentenced by the DOJ for violations of the Migratory Birth Treaty Act (MTPBA). ESI pled guilty to three misdemeanor counts of violating the MBTA on deaths of eagles from wind turbine blades where ESI did not have necessary permits. The sentence includes up to $35M in fines, restitution, and implementation of an Eagle Management Plan. The agreement pertains to NEER's wind facilities in WY or NM. In a statement NEE said that it disagrees with the government's underlying enforcement policy, but sought the most expedient solution to resolve the dispute.

POR — Parties reach a settlement in shareholder derivative suit relating to trading losses: The initial lawsuit was filed in November 2020, a month after POR announced the trading losses in its energy portfolio. As part of the settlement, POR will create a new subcommittee of the Risk Committee that will oversee Power Operations trading and Power Operations risk management. POR will also make changes to the Audit and Risk procedures to its Board Composition. As part of the settlement, POR will pay $750K for plaintiff's legal costs. The settlement helps to remove an overhang on the company.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

ED — Public comments highlight challenges ahead for proposed rate increases: NY PSC concluded public hearings in ED's gas and electric rate cases. Ratepayers, public advocates, and state politicians provided testimony during public comments. Comments included requests for debt forgiveness on unpaid balances and the impact from increased rates on ratepayers already feeling the impact from rising inflation and recovery from a COVID slowdown. NY still has a shut-off moratorium in place that is expected to end soon. As a reminder, ED is requesting a ~$1.2B electric rate increase and a gas rate increase of $0.5B, effective January 2023. In effect, ED is seeking an 11% increase in electric rates and an 18% increase in gas rates. Both requests are based on a 10% ROE and 50% equity layer (in comparison to an 8.8% ROE and 48% equity that is in its 2020 three-year rate plan). ED plans to explore options for a multiyear rate plan in settlement discussions.

AEP — Members of KY legislature and KY AG oppose AEP's sale of Kentucky Power: AEP announced in October that it was selling its KY sub to Liberty, a subsidiary of Algonquin Power. In the alternative, the group opposing the transaction are demanding that the utility refund a portion (90%) of the profits from the sale to ratepayers.

POR, AVA — Spring storm causes power outages: High winds and mountain snow in parts of the Pacific Northwest on Monday led to POR and AVA both reporting that customers had lost power. As of Monday evening, ~10K POR customers had lost power in OR and ~5K AVA customers were without power in WA and OR. A winter storm warning was in effect until Tuesday morning.

EXC — PECO files gas rate case in PA: EXC's PECO sub is seeking an $82M rate increase on a 10.95% ROE, 53.41% equity, and a rate base of $2.9B. The rate increase intends to cover for gas main replacement programs and investments to comply with safety and reliability requirements. PECO's previous rate case was approved at 10.24% ROE in mid-2021. A final decision is expected by the end of 2022 with new rate effective in January 2023.

CNP — CNP files DCRF application in TX, its first since the 2019-2020 GRC: CNP is seeking $1.6B in distribution capex over the three-year period from 2019-2021. The primary factors driving the investments include system improvement projects (including rehab of existing distribution infrastructure such as wires, poles and insulators), load growth projects (to serve the increasing demand from electrification and population growth in the Greater Houston area), and intelligent grid projects (including investments in remote switches and automated equipment to locate line outages and other issues in real time). The DCRF also includes cost recovery for deploying emergency mobile generation facilities as passed by the legislature (as part of the reforms post Uri).

CNP — CNP signs up with Itron to install smart meters: Through the agreement, Itron will provide 3M natural gas smart meters to CNP for installing through CNP's natural gas footprint across IN, LA, MN, MS, OH, and TX. The smart meters include a built-in automatic shutoff valve that can be configured to shut off automatically in the event of a high flow or high temperature incident to minimize an explosion risk.

Select Recent Research

HASI: Notes from Meetings with Management

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CMS: Notes from Meetings with Management

CMS: First Read on MI IRP Proposed Decision

NEE: Upgrading to Overweight on Valuation with $87 Price Target

SRE: PT Reached — Downgrading to Sector Weight on Valuation

Movers and Shakers: Utilities Earnings Recap

NWE: MT Coal Mine Ruling Adds Another Wrinkle to Colstrip Story

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

SO: 2022 IRP — First Read

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

AY: Notes from Management Meetings

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

SRE: Another Stake Sale in SIP Crystallizes Value

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

AGR: Navigating Choppy Waters — Takeaways from Management Meetings

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

XEL: Meeting Notes and Thesis Review

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Electric Utilities: Industry Primer

NWE: West Is Best — Initiating Coverage with OW Rating, $65 PT

EIX: Launching Coverage with an Overweight Rating

PNW: Turning Toward the Sun? Launching with SW Rating

POR: Initiating Coverage with SW Rating

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	326	53.71	101	30.98
Sector Weight [SW]	267	43.99	59	22.10
Underweight [UW]	14	2.31	2	14.29

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	35	54.69	18	51.43
Sector Weight [SW]	27	42.19	12	44.44
Underweight [UW]	2	3.12	1	50.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Contents

04	30 SEP '22 7:24P.M.	Raising U.S. Electricity Demand Growth Outlook, Reaffirming Utilities Fair Value Estimates (Morningstar Equity Research) - 16 Pages
20	28 SEP '22 8:00A.M.	The Guggenheim Daily Transmission: NEE, SO, Policy/MVP, AEE/EXC, ERCOT, OH/VST, Uranium (Guggenheim Securities) - 19 Pages
39	27 SEP '22 1:46P.M.	Morningstar | Raising U.S. Electricity Demand Growth Outlook, Reaffirming Utilities Fair Value Estimates (Morningstar Equity Research) - 11 Pages
50	26 SEP '22 10:20A.M.	US Utilities & IPPs >> Power Points: PCG S&P 500 & Mosquito, NEE Solar, ES Bills, and EXC ComEd (BofA Global Research) - 10 Pages
51	26 SEP '22 6:01A.M.	Heads Up - The Week Ahead in Utilities: AGR, EXC, SO, D, NEE, ETR, Energy Permitting Bill (KeyBanc Capital Markets) - 10 Pages
61	22 SEP '22 6:55P.M.	Inflation Reduction Act: Increasing Our Confidence in Utilities' Long-Term Growth (Morningstar Equity Research) - 16 Pages
77	21 SEP '22 7:52A.M.	The Guggenheim Daily Transmission: EXC, PCG, NEE, DUK, VA/AEP/D, ERCOT (Guggenheim Securities) - 18 Pages
95	18 SEP '22 8:18P.M.	EXC: Early IRA withdrawals overdone; mgmt meetings (Wolfe Research) - 9 Pages
104	16 SEP '22 10:53A.M.	US Electric Utilities & IPPs >> PowerPoints: WEC Testimony, AWK M&A, AEP, ED Arrears, FTCI ATM, & EXC DPL (BofA Global Research) - 12 Pages
105	15 SEP '22 8:33A.M.	Analyst's Notes >> EXELON CORP (Argus Research) - 5 Pages
110	12 SEP '22 6:02A.M.	Heads Up - The Week Ahead in Utilities: D, EXC, CMS, DTE, SRE, PEG, EIX, POR, XEL, DUK, NEE (KeyBanc Capital Markets) - 10 Pages
120	06 SEP '22 6:01A.M.	Heads Up - The Week Ahead in Utilities: FE, AEE, EXC, DUK, WEC, ES, SO, D, PEG, SRE, EEI Schedule (KeyBanc Capital Markets) - 9 Pages
129	31 AUG '22 3:01A.M.	Taxman: Treatment of AMT Under IRA Remains Obscure; Adj Ests for Most Conservative Outcome (Mizuho Securities USA) - 10 Pages
139	29 AUG '22 6:01A.M.	Heads Up - The Week Ahead in Utilities: AEE, XEL, DUK, EXC, SRE, CMS, D, ES, AGR, CNP (KeyBanc Capital Markets) - 8 Pages
147	26 AUG '22 11:51A.M.	US Electric Utilities & IPPs >> Power Points: EXC PA audit, AGR Maine referendum, JKS earnings, LNG, EIA data (BofA Global Research) - 12 Pages
148	24 AUG '22 11:30A.M.	US Electric Utilities & IPPs >> Power Points: EVRG MO case, EXC MD testimony, NWN OR third stipulation (BofA Global Research) - 10 Pages
149	23 AUG '22 8:44A.M.	The Guggenheim Daily Transmission: SO, NWE, Supply Chain, EXC, ES/CT, FE, CMS/Power, EVRG, NWN, WEC (Guggenheim Securities) - 20 Pages

169	22 AUG '22 8:00A.M.	The Guggenheim Daily Transmission: ETR, PCG, EXC, DUK, ES/MA, EVRG/KS, PEG (Guggenheim Securities) - 20 Pages
189	22 AUG '22 6:01A.M.	Heads Up - The Week Ahead in Utilities: CMS, EXC, DUK, SRE, AEP, AVA, EIX, ETR, ES, CNP, FERC (KeyBanc Capital Markets) - 10 Pages
199	18 AUG '22 11:36A.M.	US Electric Utilities & IPPs >> Power Points: SO Nuclear, EVRG bills, XEL & ALE wind, EXC ICC, AES/ FLNC, & More (BofA Global Research) - 15 Pages
200	18 AUG '22 4:03A.M.	Utility and Infrastructure Daily >> Comments on ETR, EXC & Water Utilities (Wells Fargo Securities) - 9 Pages
209	17 AUG '22 12:15P.M.	US Utilities & Clean Tech >> Power Points: IRA, FE, ETR transition, NI, SWX, Modules, EXC tax impact (BofA Global Research) - 11 Pages
210	17 AUG '22 12:05P.M.	Cause I'm The Tax Man - Updated IRA Estimate (BMO Capital Markets) - 5 Pages
215	16 AUG '22 1:46P.M.	Morningstar | Inflation Reduction Act: Increasing Our Confidence in Utilities' Long-Term Growth (Morningstar Equity Research) - 13 Pages
228	15 AUG '22 6:01A.M.	Heads Up - The Week Ahead in Utilities: EXC, XEL, AEE, AVA, DUK, CNP, FE, NWE, SRE (KeyBanc Capital Markets) - 9 Pages
237	08 AUG '22 6:01A.M.	Heads Up - The Week Ahead in Utilities: CEG, EXC, XEL, CNP, AGR, AVA, ED, D, NWE (KeyBanc Capital Markets) - 11 Pages
248	05 AUG '22 9:40A.M.	US Utilities & IPPs >> PowerPoints: AES 2Q Beat & Reaffirm, EXC Equity & Min Tax, SO Vogtle, EIX, UTL (BofA Global Research) - 13 Pages
249	05 AUG '22 5:30A.M.	Electric Utilities & Power >> Sparking Credit: 2Q22 Earnings Continued: BKH, CNP, CEG, DUK, ETR, EVRG, EXC, NI, PEG, PNM, PNW, PPL, SRE, WEC, WTRG (JP Morgan) - 28 Pages
277	04 AUG '22 10:42A.M.	Exelon >> Potential tax increase spooks investors; EXC well-positioned to mitigate. Reit. BUY (BofA Global Research) - 15 Pages
278	04 AUG '22 8:44A.M.	The Guggenheim Daily Transmission: Pensions, PNW, AVA, NI, ALE, PPL, EXC, ETR, DUK, NJR, SR, SRE, OGE, CPK, CEG, NRG, EVRG, NWN, SO, PCG/CA (Guggenheim Securities) - 22 Pages
300	03 AUG '22 8:18P.M.	EXC: First the ATM, then the AMT (Wolfe Research) - 8 Pages
308	03 AUG '22 7:56P.M.	Crosswinds Blowing Across The Windy City - Buyers Of The Weakness (BMO Capital Markets) - 10 Pages
318	03 AUG '22 3:03P.M.	Exelon Corp "AMT Could Be Headwind, But Long-Term Thesis Intact" (Buy) Fowler >> AMT Could Be Headwind, But Long-Term Thesis Intact (UBS) - 13 Pages
331	03 AUG '22 2:52P.M.	EXC - Tax Policy and Equity Update Cloud an Otherwise Straightforward Quarter (Guggenheim Securities) - 5 Pages
336	03 AUG '22 2:25P.M.	Morningstar | Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan (Morningstar Equity Research) - 13 Pages

349	03 AUG '22 2:24P.M.	Morningstar | Exelon's Equity Issuance To Support Capital Investment Plan (Morningstar Equity Research) - 26 Pages
375	03 AUG '22 2:23P.M.	Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan (Morningstar Equity Research) - 17 Pages
392	03 AUG '22 12:26P.M.	EXC: No Surprises in the Quarter, but the IRA Could Bring a Bigger Tax Bill (KeyBanc Capital Markets) - 4 Pages
396	03 AUG '22 10:40A.M.	US Electric Utilities & IPPs >> Earnings First Takes: PNW beat, ETR top half, EXC miss, ALE beat, PPL, GNRC, AY (BofA Global Research) - 12 Pages
397	03 AUG '22 8:28A.M.	The Guggenheim Daily Transmission: Pensions, WEC, PEG, CNP, OGS, PNW, PPL, ETR, NI, EXC, ALE, AVA, Policy, Uranium, IL/MISO, NRG/PJM (Guggenheim Securities) - 21 Pages
418	03 AUG '22 7:35A.M.	Exelon Corp. >> Financing Update Taps 2022 Equity of $500mm, Reiterates $1bn Total; 2Q22 Just Below Estimates (JP Morgan) - 8 Pages
426	03 AUG '22 7:17A.M.	EXC: 2-cent miss on 2Q22 earnings; reaffirms 2022 guidance range (RBC Capital Markets) - 5 Pages
431	03 AUG '22 6:58A.M.	First Read: Exelon Corp "Slight Miss vs. Consensus; $500mm in Equity Coming..." >> Slight Miss vs. Consensus; $500mm in Equity Coming in 2022 (UBS) - 11 Pages
442	03 AUG '22 6:54A.M.	Exelon Corp. (EXC): First Take: EXC beats GS, misses consensus slightly, updates 2022 financing plans (Goldman Sachs) - 6 Pages
448	01 AUG '22 6:01A.M.	Heads Up - The Week Ahead in Utilities: XEL, EXC, ED, AGR, ES, SO, SRE, CNP (KeyBanc Capital Markets) - 10 Pages
458	25 JUL '22 6:31A.M.	Heads Up - The Week Ahead in Utilities: SO, DUK, EXC, AGR, SRE, AVA, XEL, DTE, FERC, NERC (KeyBanc Capital Markets) - 9 Pages
467	22 JUL '22 10:30A.M.	EXC: Non-Material Estimate Change (Wells Fargo Securities) - 6 Pages
473	18 JUL '22 6:02A.M.	Heads Up - The Week Ahead in Utilities: SO, AEE, EXC, SRE, FE, EXC, DUK, OTTR (KeyBanc Capital Markets) - 8 Pages
481	06 JUL '22 11:46A.M.	US Utilities & IPPs >> PowerPoints: Keep Buy on EXC & VST post pullback. Refreshing FE/PNW pensions. (BofA Global Research) - 10 Pages
482	06 JUL '22 4:01A.M.	Americas Utilities: After outperformance, utilities still fine for defensive purposes; upgrading SRE from Neutral to Buy (Goldman Sachs) - 19 Pages
501	05 JUL '22 6:01A.M.	Heads Up - The Week Ahead in Utilities: POR, ED, AGR, SRE, SO, WEC, ETR, PNM, DUK, XEL, EXC, EIX, AEE, PCG, DOE, SCOTUS, CA Energy Legislation, NEM 3.0 (KeyBanc Capital Markets) - 9 Pages
510	01 JUL '22 9:59A.M.	US Utilities & IPPs >> PowerPoints: EIX CPUC, EXC Top Idea, NY climate legislation/crypto mining, NWN (BofA Global Research) - 10 Pages
511	01 JUL '22 7:36A.M.	The Guggenheim Daily Transmission: OGE, EPA/Policy, PCG/CA, ED, AWK, DOE/PCG, EXC, DOI/Policy (Guggenheim Securities) - 19 Pages

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD	41.00 USD	0.91	37.50 USD Bil	Narrow	Stable	Low	Standard	
30 Sep 2022	11 May 2022 20:37, UTC		29 Sep 2022					7 Sep 2022 05:00, UTC

Price vs. Fair Value

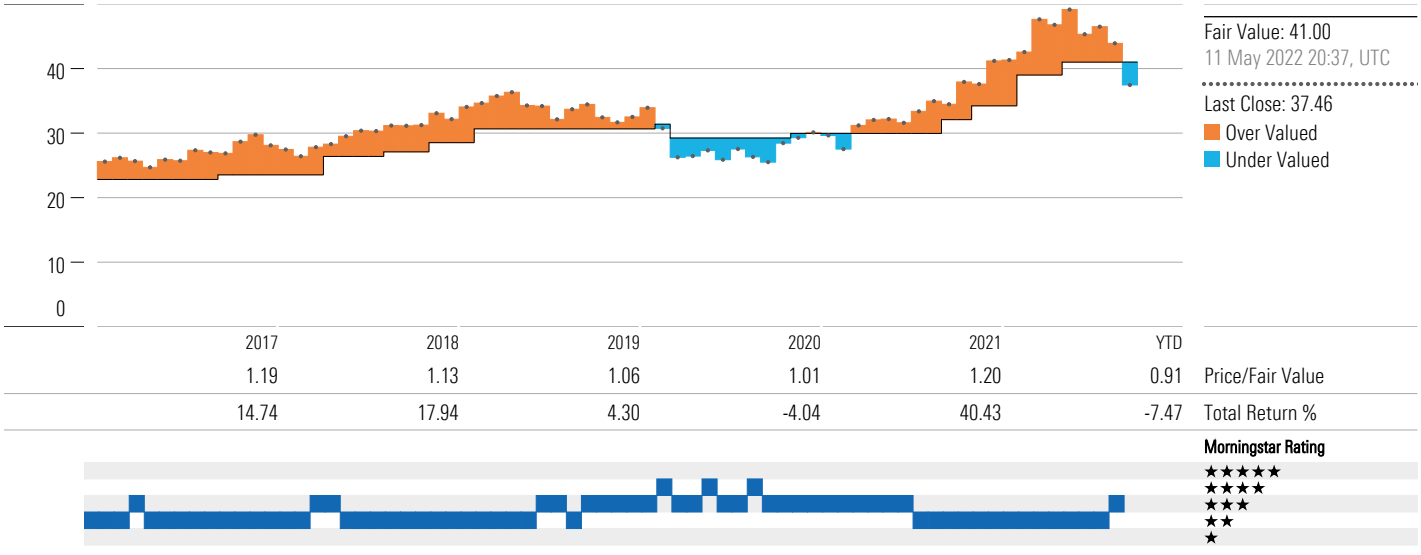

	2017	2018	2019	2020	2021	YTD	
	1.19	1.13	1.06	1.01	1.20	0.91	Price/Fair Value
	14.74	17.94	4.30	-4.04	40.43	-7.47	Total Return %

Total Return % as of 30 Sep 2022. Last Close as of 30 Sep 2022. Fair Value as of 11 May 2022 20:37, UTC.

Contents

Analyst Note (27 Sep 2022)
Business Description
Business Strategy & Outlook (3 Aug 2022)
Bulls Say / Bears Say (3 Aug 2022)
Economic Moat (3 Aug 2022)
Fair Value and Profit Drivers (3 Aug 2022)
Risk and Uncertainty (3 Aug 2022)
Capital Allocation (3 Aug 2022)
Analyst Notes Archive
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Raising U.S. Electricity Demand Growth Outlook, Reaffirming Utilities Fair Value Estimates

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 27 Sep 2022

We are reaffirming our fair value estimates for U.S. utilities after raising our 10-year annual U.S. electricity demand growth forecast to 1.4%, up from 1.2% in our previous forecast two years ago. We also are reaffirming our economic moat and moat trend ratings for all U.S. utilities.

We believe the path to eliminate carbon emissions and meet environmental targets will lead to accelerating electricity demand growth and new infrastructure growth investment opportunities for utilities. We forecast 6%-8% annual earnings and dividend growth for most utilities through the decade to support electricity demand growth. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 8%-9% long-term annualized total returns even if valuations compress, as we think they will. We consider the sector 5% overvalued on a median basis as of Sept. 27.

Our new electricity demand forecast is more bullish than most. We think other forecasts underestimate the speed and scale of the U.S. clean energy transition. With many regions already facing strained electric grids, electricity demand growth presents opportunities and challenges for utilities as they manage the surge of electric vehicles, Big Data, building electrification, and other mandates.

We expect electricity demand from electric vehicles will grow faster than any other new source of electricity demand in our forecast, climbing 15-fold by 2032. Data centers, already sizable electricity

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD 30 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.91	37.50 USD Bil 29 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Sector Utilities

Industry Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

users, are the second-fastest-growing new source of electricity demand in our forecast. Building and industrial electrification represents upside to our forecast.

Energy efficiency gains will offset some of the core electricity demand growth that we forecast. We expect U.S. electricity intensity of the economy to fall 12% over our forecast period. Energy efficiency gains have held U.S. electricity demand mostly flat for the last decade.

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2025, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $29 billion of capital investment through 2025. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should gradually increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

▶ Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD 30 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.91	37.50 USD Bil 29 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Competitors

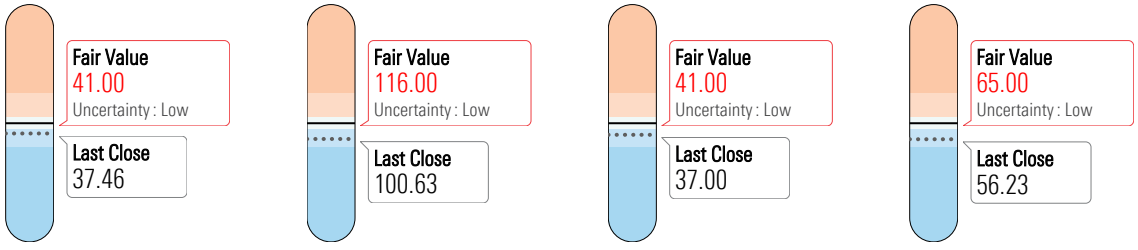

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	116.00 17 Aug 2022 19:27, UTC	41.00 8 Aug 2022 15:03, UTC	65.00 10 Aug 2022 10:48, UTC
1-Star Price	51.25	145.00	51.25	81.25
5-Star Price	32.80	92.80	32.80	52.00
Assessment	Fairly Valued 29 Sep 2022	Under Valued 29 Sep 2022	Under Valued 29 Sep 2022	Under Valued 29 Sep 2022
Morningstar Rating	★★★★30 Sep 2022 21:22, UTC	★★★★30 Sep 2022 21:22, UTC	★★★★30 Sep 2022 21:22, UTC	★★★★30 Sep 2022 21:22, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	0.91	0.87	0.90	0.87
Price/Sales	0.99	1.69	1.79	3.05
Price/Book	1.59	1.77	1.96	2.11
Price/Earning	20.63	16.99	15.62	—
Dividend Yield	3.70%	3.94%	4.20%	3.74%
Market Cap	37.50 Bil	20.88 Bil	21.24 Bil	28.40 Bil
52-Week Range	33.87—50.71	99.09—126.82	35.32—48.85	56.82—75.61
Investment Style	Large Value	Mid Value	Mid Core	Mid Value

prices that have dragged down returns recently.

- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD 30 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.91	37.50 USD Bil 29 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Our fair value estimate is $41.

We expect 7% average earnings growth through 2025, the midpoint of management's 6% to 8% earnings guidance. We forecast $29 billion of capital expenditures through 2025 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD 30 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.91	37.50 USD Bil 29 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Inflation Reduction Act: Increasing Our Confidence in Utilities' Long-Term Growth Andrew Bischof, CFA, CPA, Senior Equity Analyst, 16 Aug 2022

Our initial analysis of the U.S. Inflation Reduction Act that President Joe Biden plans to sign on Aug. 16 has led us to reaffirm or make slight increases to our fair value estimates for U.S. utilities. We are

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD 30 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.91	37.50 USD Bil 29 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

reaffirming our moat and moat trend ratings.

Overall, the act gives us more confidence in our 5%-7% annual average long-term growth outlooks for most utilities. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 7%-8% long-term annualized total returns even if valuation multiples compress, as we think they will. We consider the sector 13% overvalued on a median basis.

Utilities likely will not benefit directly from the act's clean energy tax credits since they will pass the savings to customers. However, utilities should benefit indirectly from lower regulatory risk as tax benefits offset bill increases related to their growth investments. Utilities with the largest share of renewable energy investments relative to their total investment budgets should have an easier time hitting their earnings growth targets without substantial customer bill increases.

Electric utilities should benefit from more electricity demand and infrastructure growth opportunities if the act speeds adoption of electric vehicles and building electrification, two areas that have been slow to decarbonize.

Partially offsetting those customer benefits is the act's 15% minimum tax, which we estimate will raise cash taxes for most mid- and large-cap utilities. Ultimately, utilities will recover these higher taxes by raising customer bills. Customers also might lose the long-term benefits from accelerated tax depreciation, especially for utilities with large growth investment plans. The act's tax on book income rather than taxable income might cause a slight near-term reduction in utilities' cash flow but should accelerate long-term earnings growth. We don't expect this tax change to have a material impact on our long-term valuations.

Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

We are reaffirming our $41 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.44, up from $0.36 in the same year ago period. Comparable earnings were adjusted for the divestiture of the company's merchant generation business earlier this year. Management reaffirmed its full-year EPS guidance of $2.18 to $2.32 in 2022 and 6% to 8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon announced plans to issue up to $1 billion in equity through 2025 to help fund the company's $29 billion investment plan over this period. The equity was in line with our estimates over this period, though timing differed. Exelon aims to issue $500 million in equity this year, with the remaining completed over the remaining three years. With Exelon trading at an 11% premium to our fair value estimate as of early August, we expect the equity issuance to be slightly value accretive.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD 30 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.91	37.50 USD Bil 29 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Exelon's returns on equity continued to be below its allowed returns and are among the lowest of its peers. The company's trailing 12-month earned returns on equity were 8.8%, down from 8.9% during the first quarter and below management's 9%-10% targeted range. Timing of equity infusions negatively affected returns, partially offset by increased earnings from investments.

Pending regulatory outcomes at PECO and DPL should boost earned returns. ComEd's returns are tied to 30-year Treasury rates, which should lead to higher returns next year at the subsidiary. We think new legislation supporting more traditional ratemaking starting in 2024 likely will lead to higher returns, which have been among the lowest in the sector given low Treasury rates.

In the quarter, earnings were supported by rate increases and the absence of merchant generation. Partially offsetting these benefits were higher depreciation and other expenses.

Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates Andrew Bischof, CFA, CPA, Senior Equity Analyst, 15 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the median utility in our coverage now trades in line with our fair value estimate, after the Morningstar US Utilities Sector Index declined 12% since Wednesday, June 8.

We think the selloff was sparked in large part by the U.S. Bureau of Labor Statistics' Consumer Price Index reading last week, which reported inflation was at a four decade high for May. Utilities peaked at 17% overvalued as of late April, and were 13% overvalued as of June 8, as global uncertainty drove investors to U.S. utilities.

Up until last week, investors had largely ignored the risk of inflation, which we considered the largest threat to utilities' long-term returns. Utilities have historically significantly underperformed the S&P 500 in inflationary environments, as utilities have fixed revenue, high capital and labor costs, and large energy pass-through costs. With higher-than-expected inflation, the market has increased expectations for the Fed to expedite interest rate increases. The utilities sector median 3.3% dividend yield is now a mere 18 basis point discount to the 10-year U.S. Treasury, making utility dividends less attractive to income-focused investors. In early March, the dividend yield was a 150 basis point premium to the 10-year U.S. Treasury.

No utility was trading below our fair value estimate mid-last week. Now, nearly half of our utility coverage trades at or below our fair value estimates and we now think there are opportunities for long-term utility investors. While there are a few utilities that trade at a larger discount to our fair values, we think long-term investors are best served focusing on utilities in constructive regulatory environments that are better positioned to address inflationary headwinds, with Dominion Energy, Entergy, NextEra Energy, and NiSource our top picks.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD 30 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.91	37.50 USD Bil 29 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades Andrew Bischof, CFA, CPA, Senior Equity Analyst, 10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.

Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.

While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy, NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected Andrew Bischof, CFA, CPA, Senior Equity Analyst, 6 Jun 2022

We are reaffirming our fair value estimates, moat ratings, and moat trend ratings for all utilities after the Biden administration announced it would not apply solar panel tariffs on East Asian countries for at least the next two years. Some utilities' management teams had suggested that potential tariffs resulting from a U.S. Department of Commerce anticircumvention investigation would slow their growth plans. We never thought the investigation would have a material impact on our long-term outlooks given the Biden administration's and most states' support for renewable energy. The Biden administration also announced plans to boost U.S. solar panel manufacturing, which will support solar

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD 30 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.91	37.50 USD Bil 29 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

growth.

Two of our top utilities picks, NextEra Energy and NiSource, were among those utilities whose stocks took the hardest hit because of the solar tariff fears. The management team of each firm said it was postponing a portion of its large solar growth plans because of tariff-related supply concerns. AES and Alliant Energy are among many other utilities that have made solar key parts of their growth plans.

NextEra's stock fell as much as 16% in the three weeks after management said that it might delay up to 2.8 gigawatts of a possible 15 GW solar project pipeline. The stock has since rebounded to near our $78 fair value estimate. We are reaffirming our 8% annual earnings growth outlook. NiSource's stock fell 11% in late April before management said $500 million of its planned solar investments could be delayed. The stock has since rebounded to near our $31 per share fair value estimate. We continue to assume NiSource invests $8 billion in 2022-24, including $2 billion on renewable energy, supporting our 7% annual earnings growth outlook.

Solar panel tariffs remain a risk pending the outcome of the DOC's investigation into whether Chinese manufacturers sidestepped tariffs by shipping panels through tariff-free Asian countries. We expect an initial DOC report this fall.

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results

Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 May 2022

We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
37.46 USD 30 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.91	37.50 USD Bil 29 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

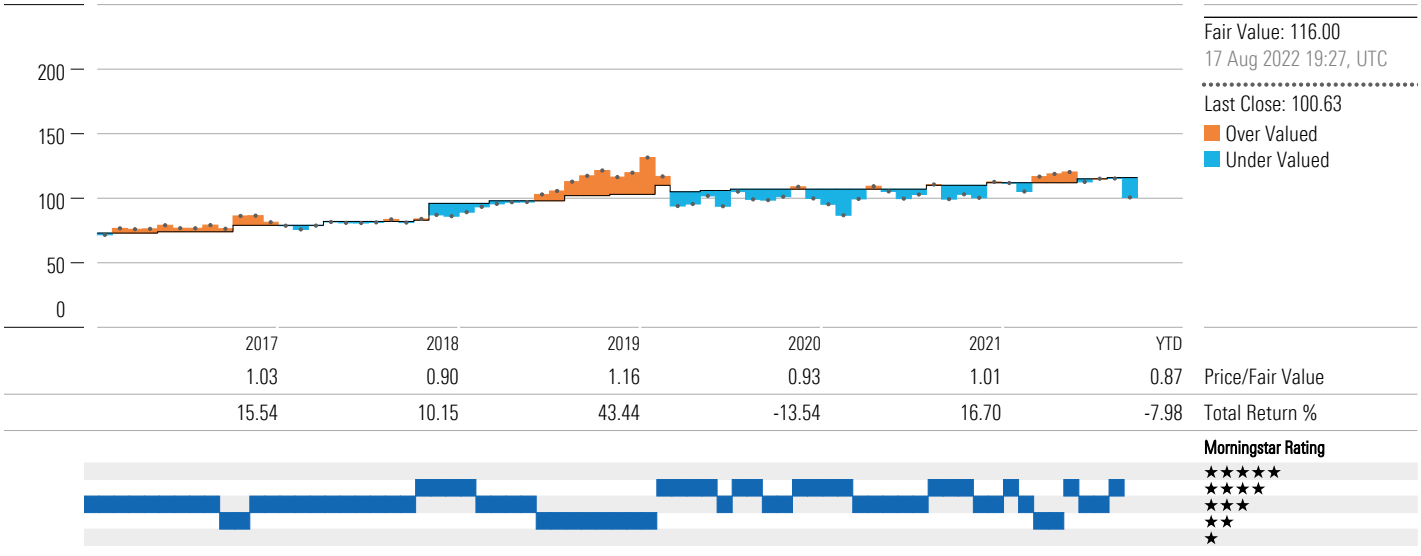

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.03	0.90	1.16	0.93	1.01	0.87
Total Return %	15.54	10.15	43.44	-13.54	16.70	-7.98

Morningstar Rating

Total Return % as of 30 Sep 2022. Last Close as of 30 Sep 2022. Fair Value as of 17 Aug 2022 19:27, UTC.

FirstEnergy Corp FE

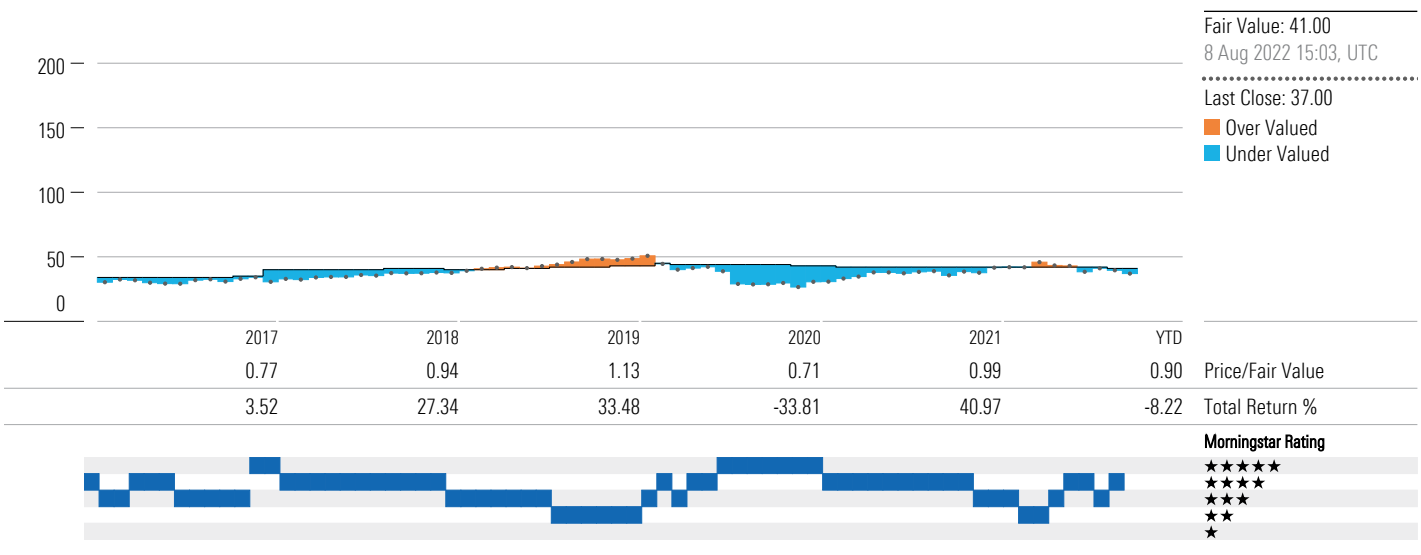

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	0.77	0.94	1.13	0.71	0.99	0.90
Total Return %	3.52	27.34	33.48	-33.81	40.97	-8.22

Morningstar Rating

Total Return % as of 30 Sep 2022. Last Close as of 30 Sep 2022. Fair Value as of 8 Aug 2022 15:03, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 30 Sep 2022 21:22, UTC

Public Service Enterprise Group Inc PEG

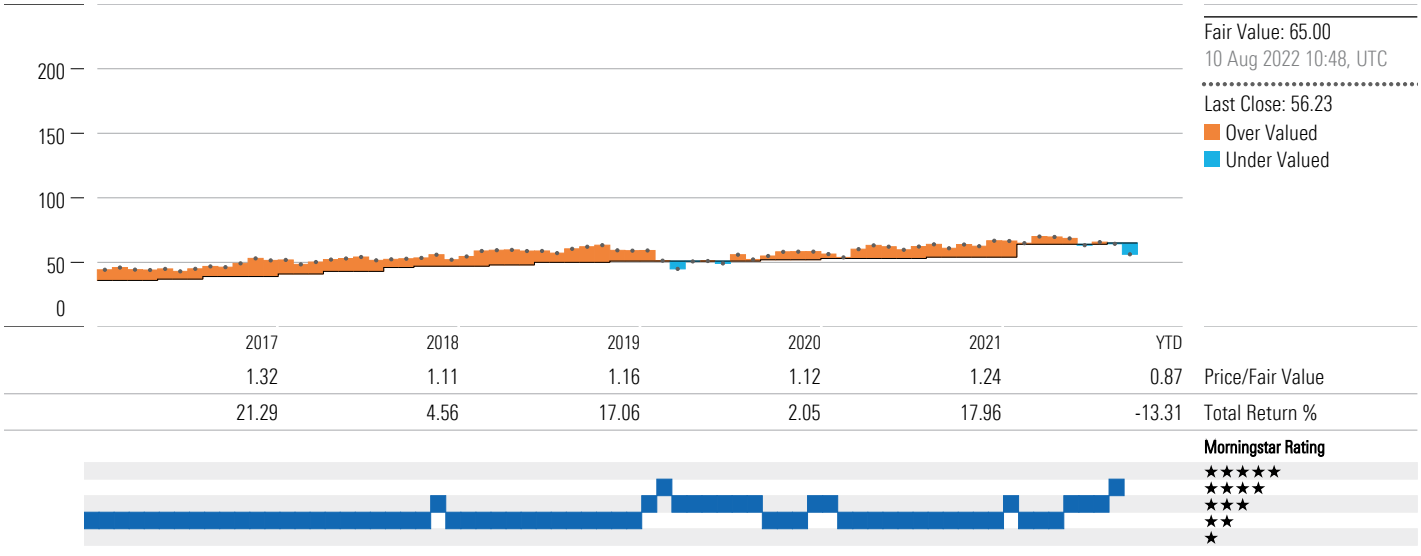

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	0.87	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	-13.31	Total Return %

Total Return % as of 30 Sep 2022. Last Close as of 30 Sep 2022. Fair Value as of 10 Aug 2022 10:48, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is

Morningstar Equity Research Star Rating Methodology

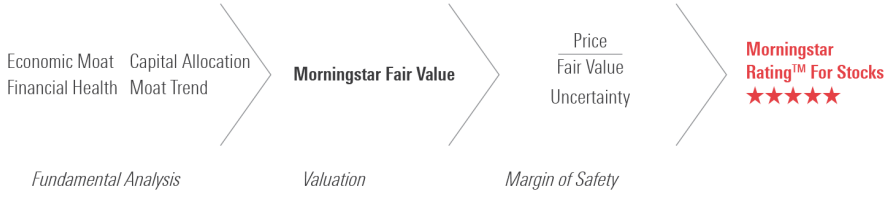

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

Morningstar Equity Research Star Rating Methodology

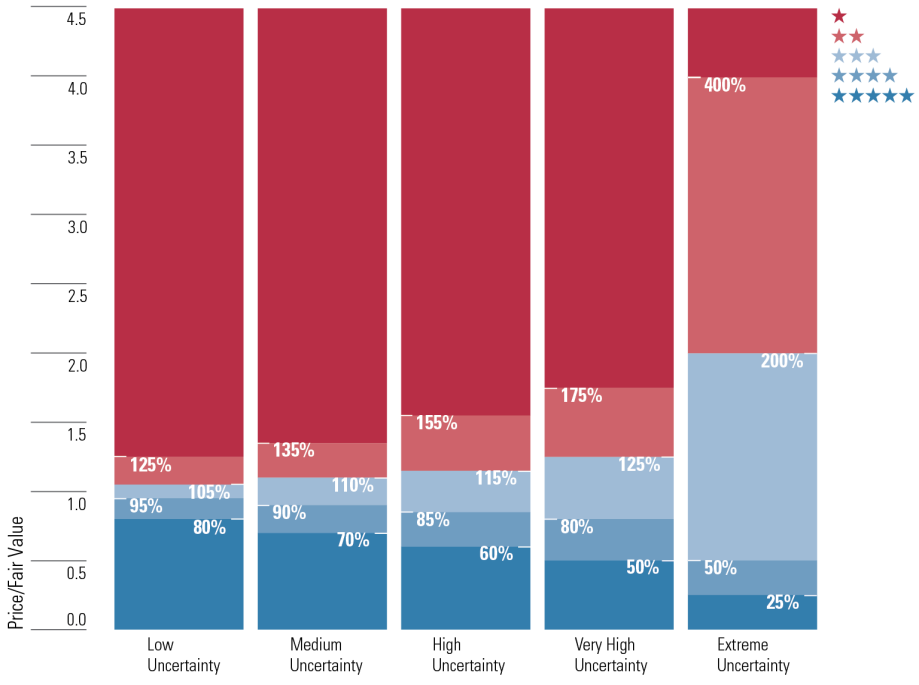

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors. Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar,

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.
- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in New Zealand: This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). Morningstar is the provider of the regulated financial advice and takes responsibility for the production of this report. To the extent the report contains regulated financial advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Advice Provider Disclosure Statement at www.morningstar.com.au/s/fapds.pdf for more information.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	82.75	Buy
EXC	38.48	Neutral
NEE	81.19	Buy
SO	69.73	Buy
VST	21.47	Buy

Power & Utilities September 28, 2022

The Guggenheim Daily Transmission: NEE, SO, Policy/MVP, AEE/EXC, ERCOT, OH/VST, Uranium

For details on our Guggenheim-hosted client Utility events including our EEI Conference meetings; and other events, scroll down…

NEE – New public comments being filed in FPL rate case against additional increases

SO – Southern Environmental Law Center (SELC) follows through with July announcement to sue Alabama Power over coal ash

NEE – FERC approves transmission rate consolidation for FPL & Gulf Power

Policy/MVP – Senator Manchin's Energy Independence Act removed from the budget extension package

AEE/EXC — ICC issues final orders in PBR dockets

ERCOT — Texas manufacturing survey points to growth, services weaken

OH/VST — Ohio governmental aggregator responds to Dynegy complaint at PUCO; seeks dismissal

Uranium — Nuclear energy likely excluded from EU's seventh Russian sanctions package

NEE – New public comments being filed in FPL rate case against additional increases

- New public comment is being filed in the FPL rate case docket in opposition of additional rate increases after interest rates triggered an ROE band adjustment.
- FPSC filed a notice of public hearing to take comments on the ROE band adjustment and implementation as dictated by the adopted FPL settlement in the FPL rate case.
- FPSC previously issued an order on the FPSC ROE band adjustment as stipulated in the FPL rate case settlement.
- The settlement allowed for an ROE adjustment with rising quantitative cost of capital factors, which reset the band 20bp higher.
- FPL's authorized ROE shall, after an elective filing by FPL, be increased by 20 basis points to be within a range of 9.8% to 11.8% with a mid-point of 10.8%.
- Docket: 20210015

Guggenheim takeaway: *FYI. The FPSC regulatory jurisdiction is now the first to account for the quantitative factors in cost of capital ratemaking. Simultaneously, utility bills have been a volatile subject in Florida between base rate increases and rising fuel costs.*

SO – Southern Environmental Law Center (SELC) follows through with July announcement to sue Alabama Power over coal ash

- "On July 20, 2022, Mobile Baykeeper, through its counsel Southern Environmental Law Center, released an advance notice of intent to sue Alabama Power for alleged violations of the Resource Conservation and Recovery Act (RCRA) and regulations governing CCR. Mobile Baykeeper claims that Alabama Power's plan to close the Plant Barry ash pond under the closure-in-place methodology violates regulations governing CCR and the RCRA. Under the RCRA, Mobile Baykeeper is **required to give Alabama Power advance notice of intent at least 60 days before filing suit**." – SO's 2Q22, 10-Q pg 137
- SELC's July announcement is HERE.
- Current media coverage HERE, and HERE.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- Also, see Note 6 to the financial statements in Item 8 of SO's 2021 10-K for a discussion of Alabama Power's ARO liabilities related to facilities that are subject to the CCR Rule and the related state rule.

Guggenheim takeaway:*Well telegraphed and anticipated by the company (see 10-Q/K filings above for more). Ultimately, SELC wants to make Alabama Power abandon what it refers to as "an illegal plan" to purportedly leave more than 21m tons of coal ash in an unlined pit at Plant Barry, located north of Mobile along the Mobile River.*

NEE – FERC approves transmission rate consolidation for FPL & Gulf Power

- FERC approved consolidation of the FPL and Gulf transmission tariff but set a hearing for further inputs on reasonableness.
- The consolidation request came after Gulf Power's merger with FPL, and Gulf Power's tariff will be canceled.
- The consolidation also raised questions of additional facts to determine if the formula rates are just and reasonable.
- Docket: ER22-1836, ER22-1837 via FERC search.

Guggenheim takeaway: *FYI. Procedural items at FERC for consolidation of formula rates.*

Policy – Senator Manchin's Energy Independence Act removed from the budget extension package

- Senator Manchin's proposed Energy Independence Act is now taken out of the budget extension.
- Manchin removed the permitting reform elements due to lack of support from across the aisle and a desire to keep the budget portion running smoothly.
- The Act includes language on FERC jurisdiction over hydrogen pipeline regulation.
- Energy Independence and Security Act of 2022 text can be found here.

Guggenheim takeaway:*FYI. As previously disclosed, Senator Manchin is looking at a comprehensive energy infrastructure reform but that vote will be delayed until a later date when parties can find consensus. Any improvements with hydrogen process/regulation could be a strong read to many of our utilities, including CEG, NEE etc. Regarding energy projects, for now it's really MVP with modest benefits for NEE (31% ownership, 1-2% of market cap at current $6.6B cost estimate) and ED (~10% ownership, similarly 1-2% of market cap) within our coverage.*

AEE/EXC – ICC issues final orders in PBR dockets

- The ICC issued final orders in AEE and EXC's PBR dockets, calling for 24 and 32bps, respectively.
- "Based on the proposed metrics offered by ComEd and other parties in this proceeding, the Commission adopts ComEd's and Staff's proposal on exceptions to approve a total of 32 basis points. However, the Commission disagrees with ComEd's and Staff's proposed overall points allocation and allocates basis points as discussed in Section IV.B of this Order." - ICC
- "The Commission approves Ameren's proposed 24 BPs, but assigns the basis points to each of the approved metrics as discussed below. The Commission agrees with Staff and Intervenors that in this first Multi-Year Rate Plan it is best to start with a lower total; as we enter this new ratemaking structure, the outcomes are unclear." – ICC
- "As an initial matter, the Commission agrees that there is no evidence in the record to suggest that the incentive structure that is appropriate for Ameren would be equally appropriate for ComEd. The fact that a different total number of basis points is being adopted in the Ameren proceeding is immaterial to the appropriate amount of basis points that should be awarded in this proceeding." - ICC
- EXC HERE.
- AEE HERE.

Guggenheim takeaway: *Good to get closure on the process, with the final landing points not a major surprise in light of the preceding positions in the case history (e.g., Staff) this summer. The finalization of the performance metrics is a key part of the implementation of multiyear rate plans, which we expect both utilities to file next year.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

ERCOT – Texas manufacturing survey points to growth, services weaken

- The two gauges painted a mixed picture of activity in the state as both sectors remained in growth mode, partially dampened by negative perceptions of business conditions.
- "Growth in Texas factory activity picked up in September, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose eight points to 9.3, a reading suggestive of stronger output growth." – Fed HERE
- "Activity in the Texas service sector increased at a slower pace in September, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, weakened from 7.2 in August to 5.9 in September, although the share of firms reporting increasing revenues remained steady at 30 percent." Fed HERE

Guggenheim takeaway: *Economic growth continues in Texas despite the increasingly volatile macro backdrop, with economic activity a multiplier for both total load in the ISO, and ongoing capital investment needs at the T&D level.*

OH/VST – Ohio governmental aggregator responds to Dynegy complaint at PUCO; seeks dismissal

- NOPEC spends most of 13 pages denying the complaint paragraph-by-paragraph with boilerplate language, alongside a separate lengthy motion to dismiss.
- "Throughout its Complaint, Dynegy makes speculative (and some would say cataclysmic) claims of the effect the return of NOPEC's customers will have on the future competitive electric market in Ohio. Like much of its Complaint, Dynegy's claims are over-stated and simply wrong. If there is any merit to Dynegy's claims, then ample processes are available for Dynegy to seek an amendment to the SSO agreements that bind it to serve SSO customers, or to seek reform to the electric distribution utility competitive bid process design. Dynegy cannot solve its business problems on the backs of Ohio consumers." - NOPEC
- More HERE.

Guggenheim takeaway: *Flagged for your awareness as this will likely remain noisy in the press and at PUCO. For more context, see our notes HERE, HERE.*

Uranium – Nuclear energy likely excluded from EU's seventh Russian sanctions package

- The industry will remain outside of the current sanctions regime according to EU diplomats, following pushback from several member states who rely upon Russian technology and raw materials.
- More HERE.

Guggenheim takeaway: *Not a surprise to us, but the prospects for further sanctions remain a possibility – as a reminder, we did a deep dive on the uranium supply chain last spring – see HERE.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

ONE Gas, Inc. (OGS)

Sid McAnnally, *President & Chief Executive Officer*
Caron Lawhorn, *SVP & Chief Financial Officer*
Brandon Lohse, *Director Investor Relations*

Dates & Locations
September 27 & 28
Chicago

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $4.34bn
ONE Gas, Inc. (OGS) engages in the provision of natural gas distribution services. It offers natural gas to residential, commercial, industrial, and transportation customers. The firm operates through three divisions: Oklahoma Natural Gas, Kansas Gas Service and Texas Gas Service. The company was founded in 1906 and is headquartered in Tulsa, OK. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Invite: 57th EEI Financial Conference

Dates
November 13 - 15, 2022

Location
The Diplomat Beach Resort
Hollywood, FL

Company Dinners (Hosted by Guggenheim)
Sunday, November 13, 2022
5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Hyde Beach House
4010 South Ocean Drive, Hollywood, FL 33019

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO and others
Terrazas at Hyde Hollywood
4111 S Ocean Drive, Hollywood, FL 33019

Monday, November 14, 2022
6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO and others
ETARU
111 S Surf Rd, Hallandale Beach, FL 33009

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales
Tuesday, November 15, 2022
6:00 p.m. | *Billy's Stone Crab - 400 North Ocean Drive, Hollywood, FL 33019*

Company Meetings
More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim's Power & Utility Comp Sheet

9/27/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22-'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$52.99	3,024	3.75	3.91	4.14	4.43	3.74	3.92	4.12	4.41	–	–	–	–	14.1x	13.6x	12.8x	12.0x	-26%	-24%	-23%	-24%	5.7%	5.1%	72%	Neutral	$66	30%	Neutral	$67	31%
AVA	$38.95	2,842	1.94	2.47	2.59	2.72	1.95	2.45	2.63	2.78	–	–	(0.04)	(0.06)	20.1x	15.8x	15.0x	14.3x	5%	-12%	-10%	-9%	11.9%	4.7%	94%	Sell	$34	-8%	Neutral	$43	14%
NWE	$49.94	2,804	3.30	3.57	3.88	4.05	n/a	n/a	n/a	n/a	–	–	–	–	15.1x	14.0x	12.9x	12.3x	-21%	-22%	-23%	-21%	7.1%	5.0%	76%	Neutral	$58	21%	Neutral	$60	26%
POR	$46.79	4,176	2.83	2.92	3.02	3.18	2.82	2.81	3.01	3.20	–	0.11	–	–	16.5x	16.0x	15.5x	14.7x	-13%	-11%	-7%	-6%	4.0%	4.0%	66%	Buy	$56	24%	Neutral	$53	17%
		12,847													**16.5x**	**14.8x**	**14.1x**	**13.3x**	**-14%**	**-17%**	**-16%**	**-15%**	**7.2%**	**4.7%**	**77%**						
Mid/Large Cap Electric																														
AEE	$85.11	21,966	4.04	4.32	4.64	4.95	4.08	4.36	4.65	5.01	(0.04)	(0.04)	–	(0.06)	21.1x	19.7x	18.3x	17.2x	11%	10%	10%	10%	7.0%	2.9%	61%	Buy	$99	19%	Buy	$98	18%
AEP	$92.86	47,705	5.00	5.30	5.64	6.00	4.99	5.28	5.62	5.99	–	–	–	–	18.6x	17.5x	16.5x	15.5x	-3%	-2%	-2%	-1%	6.3%	3.6%	66%	Buy	$109	21%	Buy	$106	18%
CMS	$61.75	17,920	2.88	3.14	3.41	3.64	2.88	3.13	3.35	3.66	–	–	0.06	–	21.4x	19.7x	18.1x	17.0x	13%	10%	8%	8%	8.1%	3.1%	67%	Neutral	$70	16%	Buy	$72	19%
CNP	$29.89	18,814	1.38	1.49	1.61	1.73	1.39	1.50	1.59	1.74	–	–	–	–	21.7x	20.1x	18.6x	17.3x	14%	12%	11%	10%	7.8%	2.4%	52%	Buy	$35	19%	Buy	$33	14%
D	$74.03	61,630	4.12	4.40	4.70	5.00	4.12	4.37	4.61	5.00	–	0.03	0.09	–	18.0x	16.8x	15.8x	14.8x	-6%	-6%	-6%	-6%	6.7%	3.8%	68%	Buy	$90	25%	Buy	$89	24%
DTE	$121.70	23,578	6.06	6.29	6.73	7.13	6.04	6.24	6.63	7.11	–	0.05	0.10	–	20.1x	19.3x	18.1x	17.1x	5%	8%	8%	9%	5.6%	3.1%	62%	Buy	$145	22%	Buy	$139	17%
DUK	$98.32	75,706	5.48	5.81	6.15	6.50	5.45	5.75	6.12	6.50	–	0.06	0.03	–	17.9x	16.9x	16.0x	15.1x	-6%	-6%	-4%	-4%	5.9%	4.2%	75%	Buy	$119	25%	Buy	$115	21%
ED	$90.77	32,185	4.51	4.85	5.16	5.47	4.51	4.82	5.09	5.39	–	0.03	0.07	0.08	20.1x	18.7x	17.6x	16.6x	6%	4%	5%	6%	6.6%	3.6%	72%	Neutral	$94	7%	Sell	$89	1%
EIX	$61.37	23,408	4.64	4.92	5.25	5.60	4.49	4.86	5.25	5.45	0.15	0.06	–	0.15	13.2x	12.5x	11.7x	11.0x	-31%	-30%	-30%	-30%	6.5%	4.7%	62%	Buy	$82	38%	Buy	$74	25%
ES	$82.49	28,578	4.10	4.42	4.75	5.11	4.11	4.39	4.64	5.03	–	0.03	0.11	0.08	20.1x	18.7x	17.4x	16.1x	6%	4%	4%	3%	7.6%	3.2%	65%	Buy	$97	21%	Neutral	$94	17%
ETR	$105.80	21,522	6.43	6.81	7.21	7.57	6.35	6.77	7.25	7.70	0.08	0.04	(0.04)	(0.13)	16.5x	15.5x	14.7x	14.0x	-14%	-13%	-12%	-11%	5.6%	4.0%	66%	Buy	$129	26%	Buy	$129	26%
EVRG	$62.93	14,441	3.56	3.77	4.02	4.30	3.56	3.77	4.05	4.23	–	–	–	0.07	17.7x	16.7x	15.7x	14.6x	-7%	-7%	-6%	-7%	6.5%	3.9%	68%	Buy	$77	26%	Buy	$71	17%
EXC	$40.15	39,819	2.27	2.41	2.58	2.82	2.26	2.41	2.58	2.79	–	–	–	–	17.7x	16.7x	15.6x	14.2x	-7%	-7%	-7%	-9%	7.5%	3.6%	64%	Neutral	$49	26%	Buy	$49	25%
FE	$38.21	21,833	2.40	2.57	2.75	2.95	2.42	2.53	2.74	2.87	–	0.04	–	0.08	15.9x	14.9x	13.9x	13.0x	-16%	-17%	-17%	-18%	7.1%	4.2%	66%	Neutral	$43	17%	Buy	$45	22%
LNT	$56.84	14,263	2.78	2.90	3.04	3.23	2.78	2.92	3.08	3.28	–	–	(0.04)	(0.05)	20.4x	19.6x	18.7x	17.6x	7%	9%	12%	12%	5.1%	3.2%	64%	Neutral	$60	9%	Buy	$65	17%
OGE	$38.15	7,638	1.99	2.06	2.21	2.30	2.12	2.06	2.17	2.29	(0.13)	–	0.04	–	19.2x	18.5x	17.3x	16.6x	1%	3%	3%	6%	4.9%	4.4%	85%	Buy	$43	17%	Buy	$42	14%
PCG	$12.41	24,667	1.11	1.24	1.34	1.45	1.09	1.23	1.33	1.43	–	–	–	–	11.2x	10.0x	9.3x	8.6x	-41%	-44%	-45%	-45%	9.3%	0.7%	8%	Buy	$19	54%	Buy	$16	31%
PEG	$59.56	29,712	3.53	3.58	4.06	4.39	3.48	3.58	3.99	4.30	0.05	–	0.07	0.09	16.9x	16.6x	14.7x	13.6x	-11%	-7%	-12%	-14%	7.5%	3.8%	64%	Buy	$76	31%	Buy	$74	27%
PNW	$68.25	7,715	4.05	4.25	4.50	4.75	4.02	4.19	4.48	4.73	–	0.06	–	–	16.9x	16.1x	15.2x	14.4x	-12%	-10%	-9%	-8%	5.5%	5.1%	87%	Sell	$60	-7%	Sell	$73	12%
PPL	$27.11	19,958	1.39	1.58	1.70	1.81	1.41	1.60	1.70	1.82	–	–	–	–	19.5x	17.2x	15.9x	15.0x	2%	-4%	-5%	-5%	9.2%	3.5%	68%	Buy	$33	25%	Buy	$31	19%
SO	$71.72	76,204	3.60	3.80	4.15	4.40	3.60	3.80	4.08	4.40	–	–	0.07	–	19.9x	18.9x	17.3x	16.3x	5%	5%	3%	4%	6.9%	3.9%	77%	Buy	$80	15%	Neutral	$76	10%
WEC	$94.77	29,894	4.40	4.59	4.89	5.21	4.39	4.60	4.89	5.27	–	–	–	(0.06)	21.5x	20.6x	19.4x	18.2x	13%	15%	16%	16%	5.8%	3.2%	70%	Neutral	$104	13%	Neutral	$106	15%
Mid/Lg Cap (excl. EIX, PCG)															**19.1x**	**17.9x**	**16.7x**	**15.7x**					**6.7%**	**3.6%**	**68%**						
Regulated Electrics		**672,004**													**18.6x**	**17.4x**	**16.3x**	**15.3x**					**6.7%**	**3.8%**	**70%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	'22-'25 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$35.85	3,924	2.21	2.41	2.47	2.69	2.14	2.30	2.42	2.57	0.07	0.11	0.05	0.12	16.2x	14.9x	14.5x	13.3x	-15%	-17%	-13%	-15%	6.8%	4.0%	65%	Neutral	$41	18%	Sell	$41	18%
NEE	$81.08	159,304	2.84	3.07	3.38	3.66	2.87	3.11	3.38	3.65	(0.03)	(0.04)	–	–	28.5x	26.4x	24.0x	22.2x	50%	47%	43%	41%	8.8%	2.2%	64%	Buy	$108	35%	Buy	$96	21%
SRE	$154.15	48,451	8.54	9.08	9.58	10.21	8.64	9.03	9.66	10.19	(0.10)	0.05	(0.08)	–	18.1x	17.0x	16.1x	15.1x	-5%	-5%	-4%	-4%	6.1%	3.2%	57%	Buy	$174	16%	Buy	$175	16%
		211,680													**20.9x**	**19.4x**	**18.2x**	**16.9x**	**10%**	**8%**	**9%**	**7%**	**7.2%**	**3.1%**	**62%**						
Gas LDCs																														
NI	$26.86	10,904	1.45	1.53	1.70	1.84	1.45	1.55	1.75	1.90	–	–	(0.05)	(0.06)	18.5x	17.6x	15.8x	14.6x	-1%	1%	-3%	-5%	8.3%	3.7%	68%	Buy	$32	23%	Buy	$33	25%
CPK	$121.16	2,149	5.13	5.55	5.93	6.32	n/a	n/a	n/a	n/a	–	–	–	–	23.6x	21.8x	20.4x	19.2x	27%	25%	26%	25%	7.2%	1.8%	42%	Neutral	$136	14%	Buy	$142	19%
NJR	$41.11	3,956	2.45	2.43	2.64	2.81	2.46	2.46	2.73	2.84	–	–	(0.09)	–	16.8x	16.9x	15.6x	14.6x	-10%	-3%	-4%	-4%	4.7%	3.8%	64%	Neutral	$41	4%	Neutral	$47	18%
NWN	$45.58	1,561	2.56	2.73	2.83	2.98	2.52	2.68	2.75	3.00	0.04	0.05	0.08	–	17.8x	16.7x	16.1x	15.3x	-4%	-4%	-1%	-0%	5.2%	4.3%	76%	Neutral	$49	12%	Buy	$56	27%
OGS	$74.05	4,009	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	18.1x	16.9x	15.9x	14.8x	-3%	-3%	-2%	-3%	7.0%	3.5%	64%	Neutral	$86	20%	Buy	$88	23%
SJI	$33.08	4,051	1.71	1.82	1.94	2.05	1.73	1.79	1.88	1.94	–	0.03	0.06	0.11	19.3x	18.2x	17.1x	16.1x	4%	4%	5%	5%	6.2%	3.8%	74%	Neutral	$36	13%	Neutral	$35	9%
SR	$64.91	3,407	3.84	4.27	4.91	5.03	3.89	4.39	4.60	4.88	(0.05)	(0.12)	0.31	0.16	16.9x	15.2x	13.2x	12.9x	-9%	-13%	-19%	-16%	9.4%	4.4%	75%	Neutral	$67	8%	Neutral	$75	20%
		30,038													**18.7x**	**17.6x**	**16.3x**	**15.4x**	**1%**	**1%**	**0%**	**0%**	**6.9%**	**3.6%**	**66%**						
Regulated Water																														
AWK	$134.71	24,488	4.44	4.85	5.23	5.70	4.45	4.82	5.20	5.65	–	–	0.04	0.05	30.3x	27.8x	25.8x	23.6x	59%	55%	54%	51%	8.7%	2.0%	62%	Neutral	$155	17%	Neutral	$161	22%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'22-'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$83.97	27,430	2,605	3,269	3,424	3,675	2,656	3,134	3,462	3,685	(51)	135	(39)	–	12.3x	9.4x	8.5x	7.4x	32,017	30,636	29,058	27,324	12.2%	0.8%	19%	Buy	$121	45%	Buy	$90	8%
NRG	$39.39	9,262	2,008	2,247	2,312	2,276	1,992	2,252	2,371	2,340	–	–	(59)	(64)	8.1x	7.0x	6.5x	6.0x	16,248	15,703	15,092	13,765	4.3%	3.7%	30%	Neutral	$43	13%	Buy	$44	15%
VST	$22.02	9,168	3,117	3,508	3,555	3,738	3,157	3,696	3,567	3,348	(40)	(188)	–	391	6.3x	5.5x	5.3x	4.8x	19,722	19,403	18,947	17,945	6.2%	3.5%	30%	Buy	$32	49%	Buy	$32	48%
Other																														
ALTO	$3.67	272	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	200%	Buy	$12	218%
IEA	$13.82	672	147	164	174	178	145	165	N/A	N/A	N/A	–	–	–	–								6.7%	–	–	Neutral	$14	1%	Buy	$14	-1%
NEP	$74.18	6,224	1,660	1,775	1,889	2,003	1,777	1,954	2,161	2,312	(117)	(179)	(272)	(309)									6.5%	4.4%	–	Buy	$85	19%	Buy	$86	21%
SMR	$12.50	531	(156)	(100)	(57)	8	(143)	(106)	(85)	(38)	–	–	28	46										–	–	Buy	$18	44%	Buy	$17	39%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

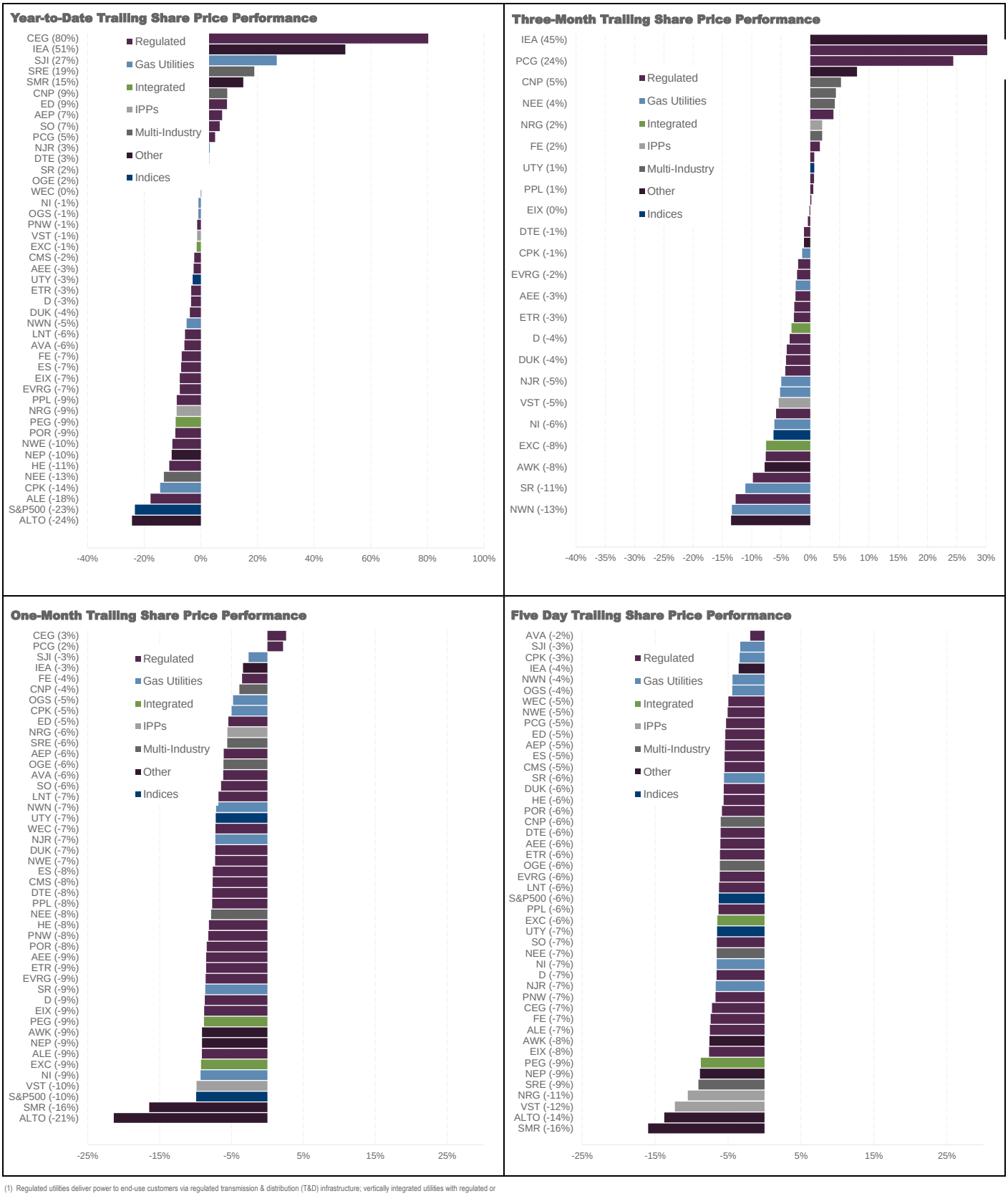

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
PCG Group Video Call	9/6	Virtual
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Generation and Mix

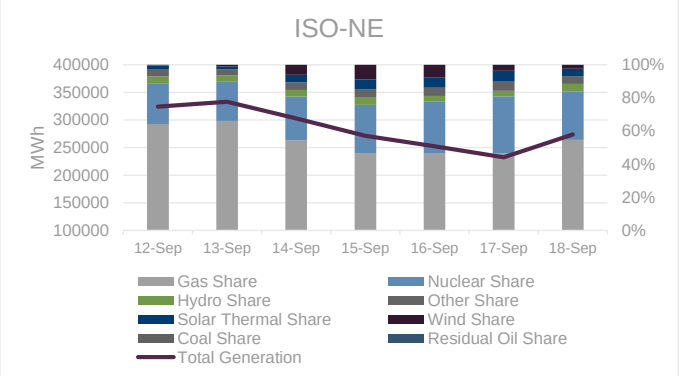

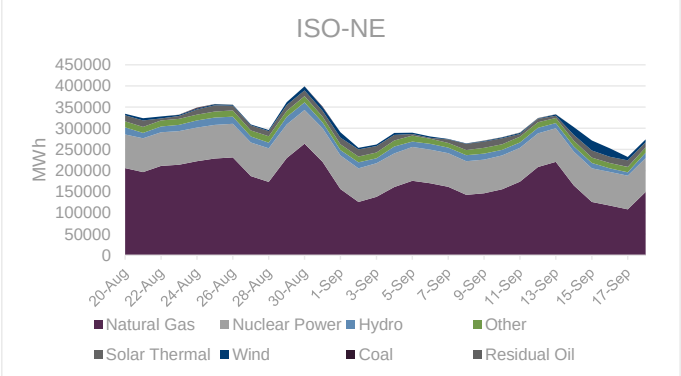

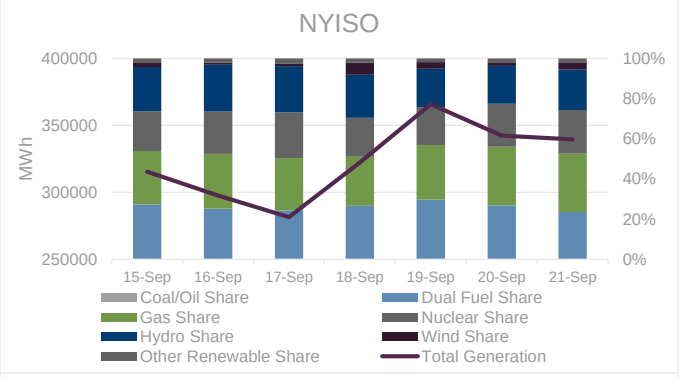

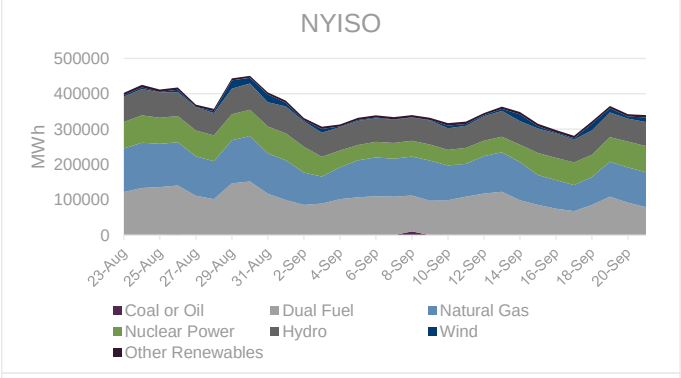

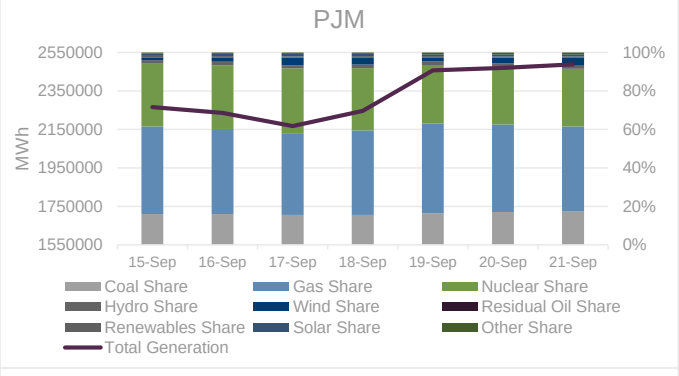

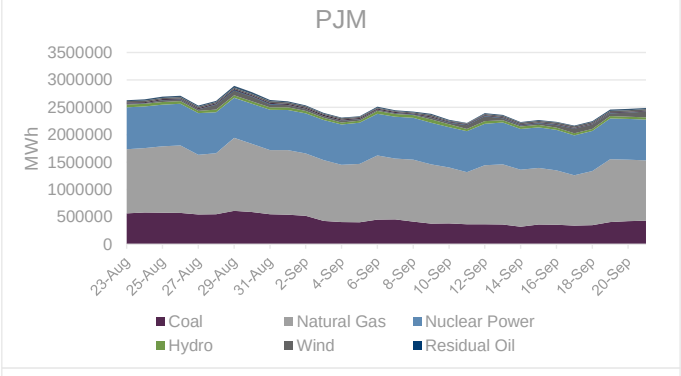

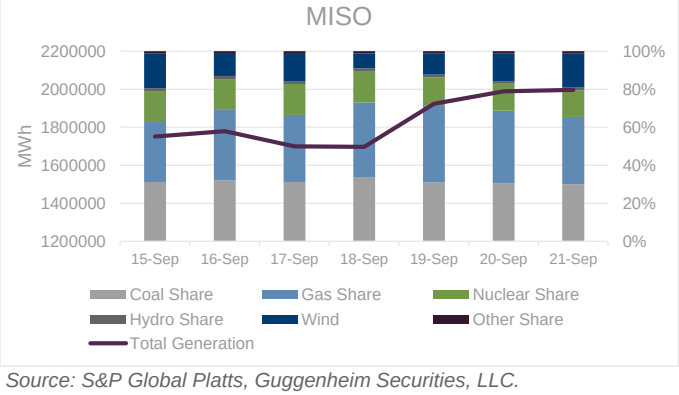

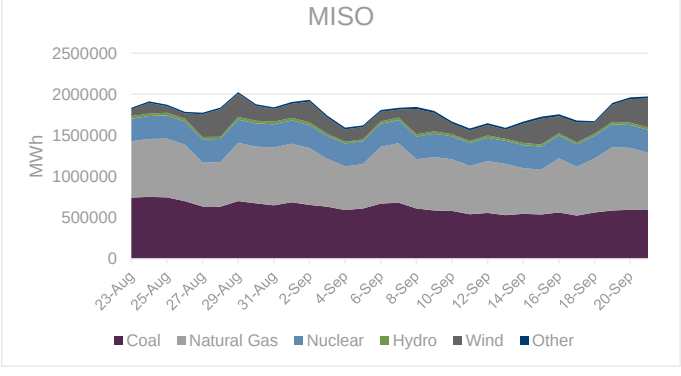

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

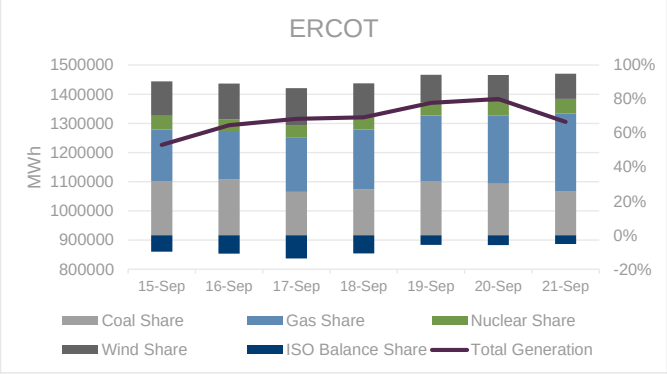

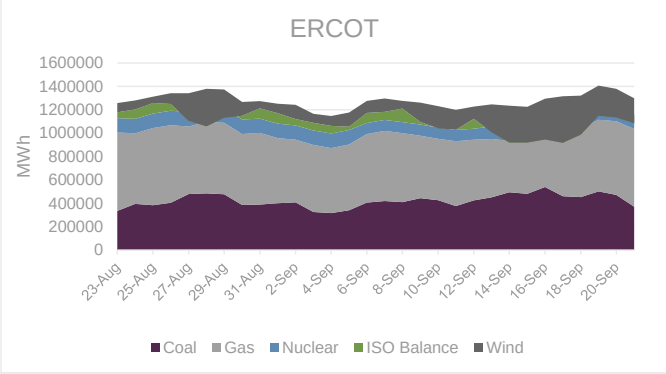

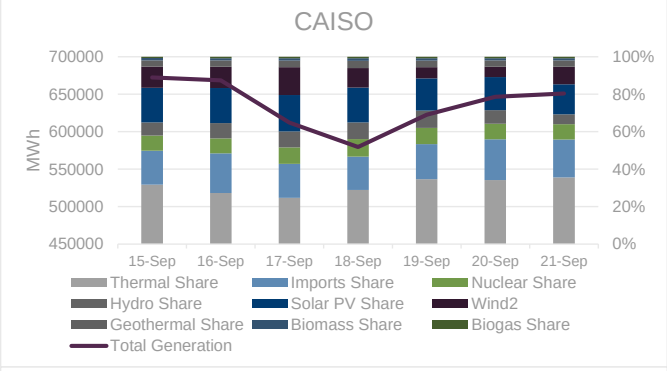

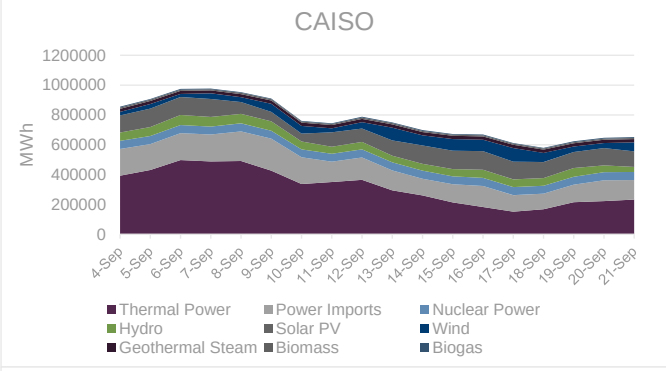

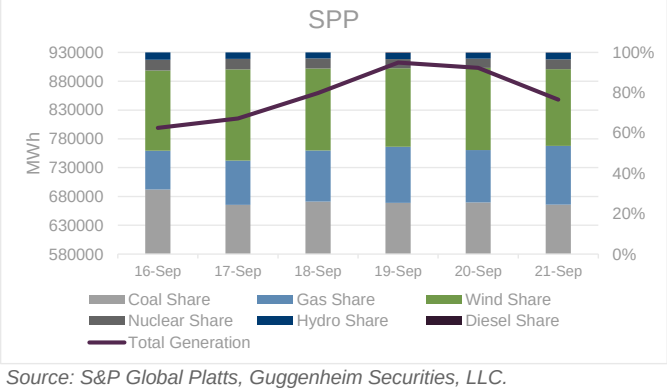

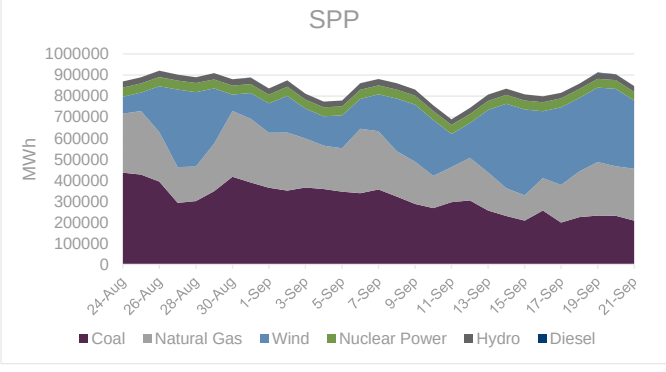

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Weather

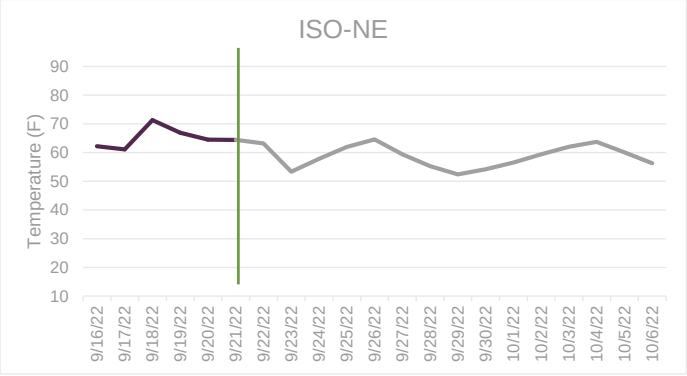

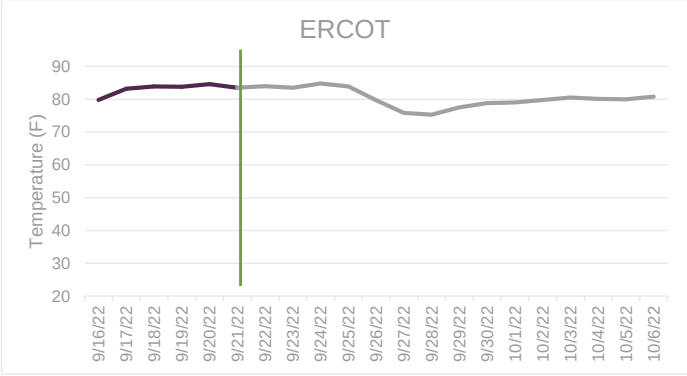

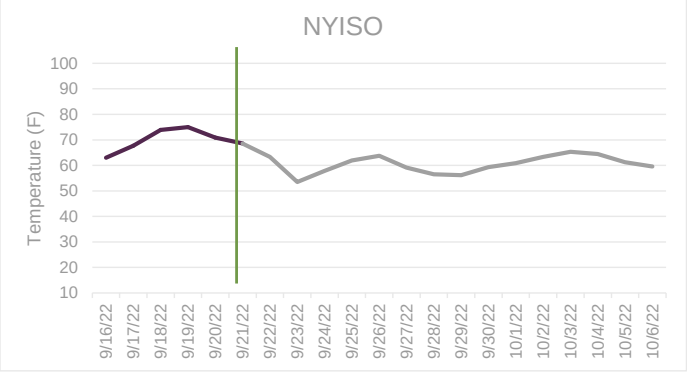

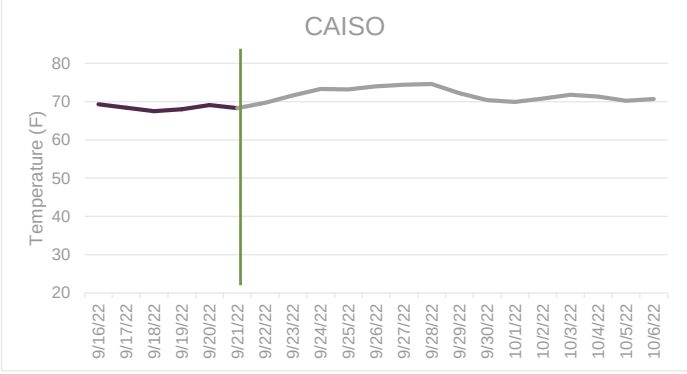

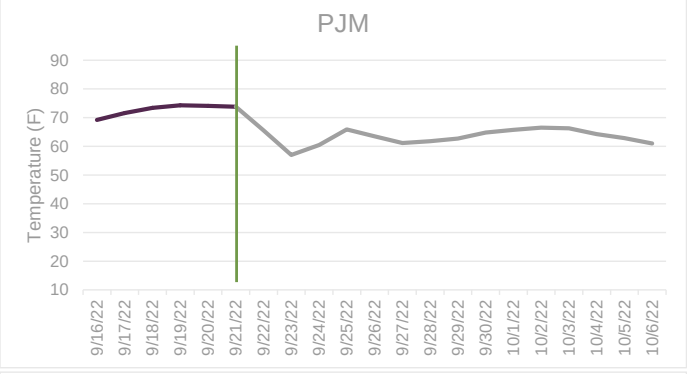

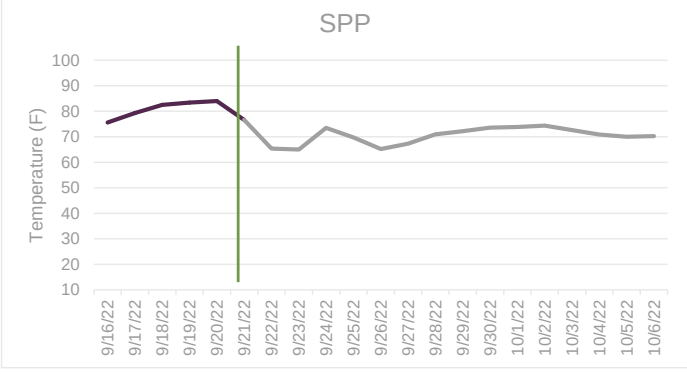

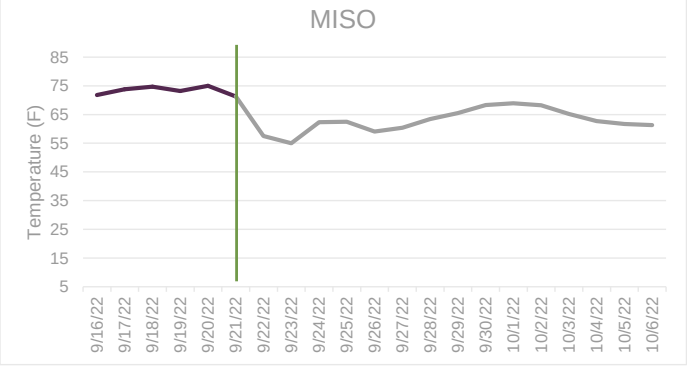

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Peak Load

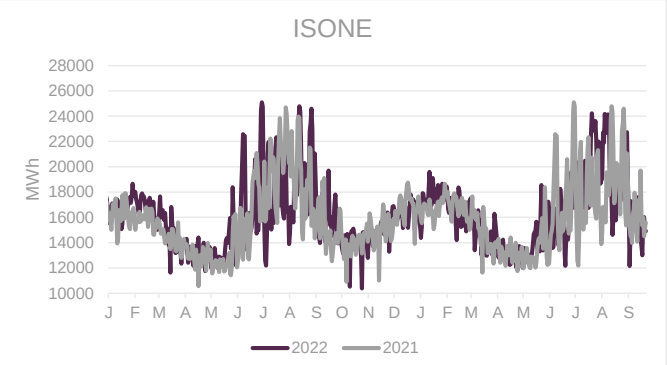

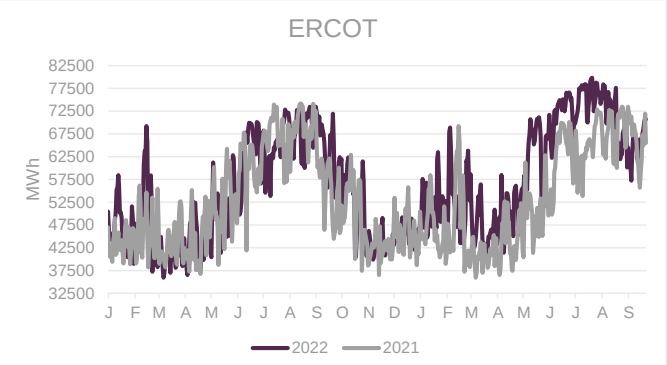

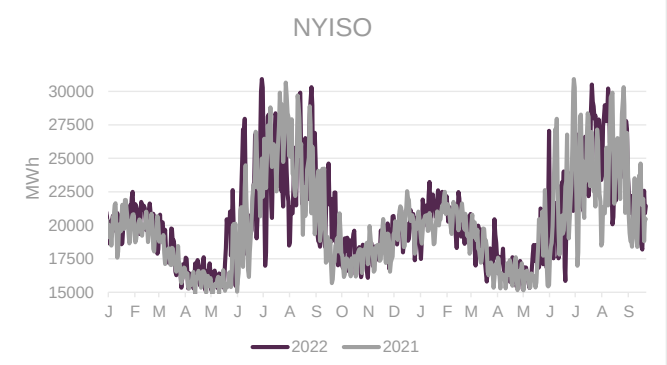

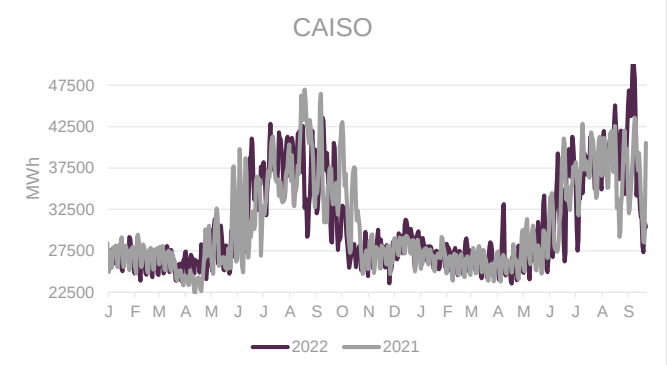

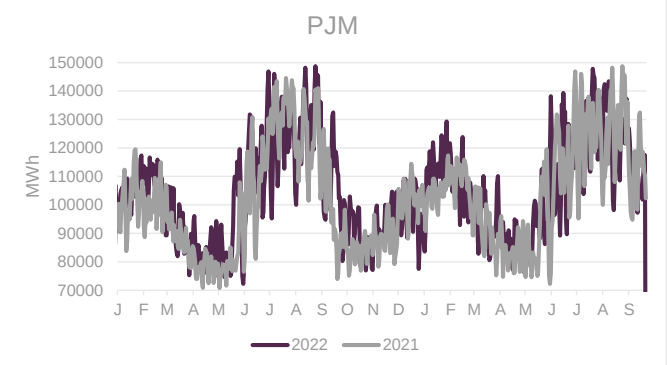

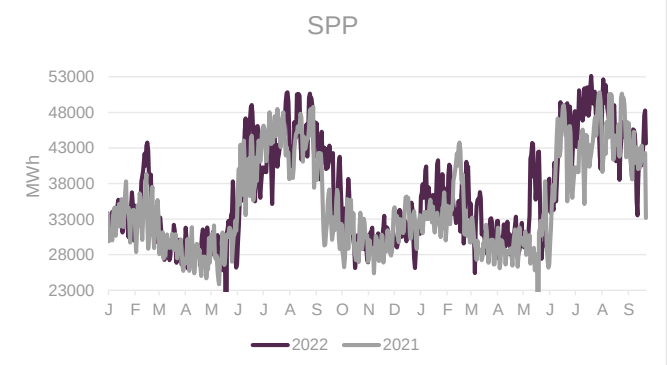

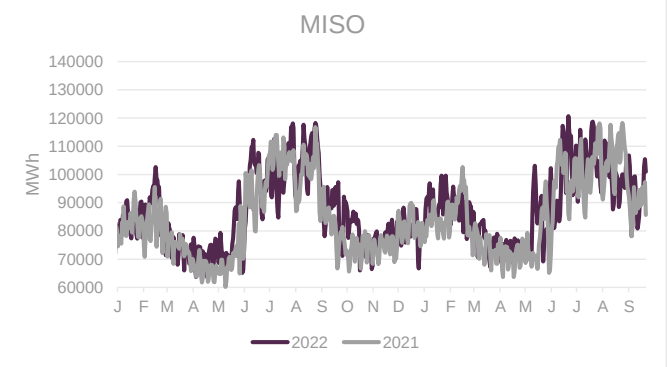

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
ISONE	6.2%	0.0%	-0.5%	1.5%	-1.2%	6.6%
NYISO	6.1%	-0.3%	0.6%	2.1%	-0.1%	4.7%
PJM	8.0%	3.1%	2.5%	3.9%	3.8%	0.9%
MISO	7.2%	3.4%	2.5%	4.0%	5.0%	0.6%
CAISO	4.0%	-0.2%	-2.6%	1.6%	1.2%	2.9%
ERCOT	1.9%	4.4%	2.5%	13.7%	19.1%	7.6%
SPP	3.2%	6.3%	0.5%	5.9%	9.7%	5.8%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (10/1/2022 - 12/31/2022)

Date	State	Ticker	Utility/Event	Docket	Description
9/26/2022-10/5/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearings scheduled in rate case
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/27/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Replies due to comments on reconsideration
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Reply briefs due in cost of capital proceeding
9/30/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Reply briefs due in cost of capital proceeding
9/30/2022	MA	ES	Boston Gas Co.	DPU 22-74	DPU decision expected on performance-based rate adjustment
9/30/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Comments due in SAVE rider update proceeding
10/1/2022-10/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/1/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Commission order expected
10/1/2022-10/15/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearing Examiner's report may be issued in ERAC proceeding
10/3/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Commission decision expected
10/4/2022	FL	NEE	Florida Power & Light Co.	20210015 - ROE trigger	Hearing, possible commission decision in limited issue proceeding
10/5/2022-10/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00020 (BC-RAC)	Hearings scheduled in BC-RAC proceeding
10/5/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Intervening parties to file testimony in Rider B proceeding
10/7/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Rebuttal testimony due in rate proceeding
10/12/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Evidentiary hearings to take place in gas rate proceeding
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Initial briefs due
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Initial briefs due
10/14/2022-10/28/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Briefs to be filed in rate case
10/14/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Reply briefs due
10/19/2022-11/2/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Briefs to be filed in rate case
10/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Staff to file testimony in RIder B case
10/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Final order due
10/20/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Reply briefs due
10/26/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Briefs due in electric rate case
10/28/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Public Utility Law Judge to issue proposed order in rate case — suspended due to settlement talks
10/31/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Administrative Law Judge's recommended decision likely in rate case
10/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Decision likely to be issued in ERAC proceeding
10/31/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Decision expected in Rider RBB proceeding
10/31/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Decision may be issued in SAVE Rider proceeding
10/31/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in late October in ENEC proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Decision possible in rate proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Decision possible in rate proceeding
11/1/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	New rates effective
11/2/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Proposed order expected to be issued in formula rate plan proceeding
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Opening briefs due
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Opening briefs due
11/4/2022	IL	AEE	Ameren Illinois	D-22-0297	Proposed order expected to be issued in formula rate plan proceeding
11/9/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Settlement conference to begin in rate proceeding
11/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Proposed decision in cost of capital proceeding expected
11/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Proposed decision expected in cost of capital proceeding
11/10/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Appeals of judge's proposed order due in rate case — suspended due to settlement talks
11/14/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Reply briefs due in electric rate case
11/14/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	End of initial suspension period in rate case
11/16/2022-11/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing scheduled in Rider B proceeding
11/18/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Replies to appeals of judge's proposed order due — suspended due to settlement talks
11/28/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Hearing to begin in rate proceeding
11/30/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	DPU decision expected in rate case
11/30/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	ALJ recommendation likely to be issued in rate case
12/1/2022-12/31/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Decision expected in FRP proceeding
12/7/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Intervening parties to file testimony in Rider U proceeding
12/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Staff to file testmony in Rider W update proceeding
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Reply briefs due
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Reply briefs due
12/9/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	End of suspension period; decision expected in rate case
12/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Decision expected in cost of capital proceeding after
12/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Decision expected in cost of capital proceeding after
12/15/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	End of suspension period, decision expected in rate case
12/15/2022-1/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing Examiners report may be issued in Rider B proceeding
12/16/2022	MI	CMS	Consumers Energy Co.	C-U-21224	ALJ proposed decision expected in rate case
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Intervenors to file testimony in US 3 proceeding
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Intervening parties to file testimony in Rider US 4 proceeding
12/17/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	End of suspension period, decision expected in rate case
12/21/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Staff to file testimony in Rider U proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- CEG: You Want a Unicorn, You Pay the Price – Raising TP to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Ameren Corporation, Exelon Corporation, NextEra Energy, Inc., Southern Company and Vistra Energy Corp. in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

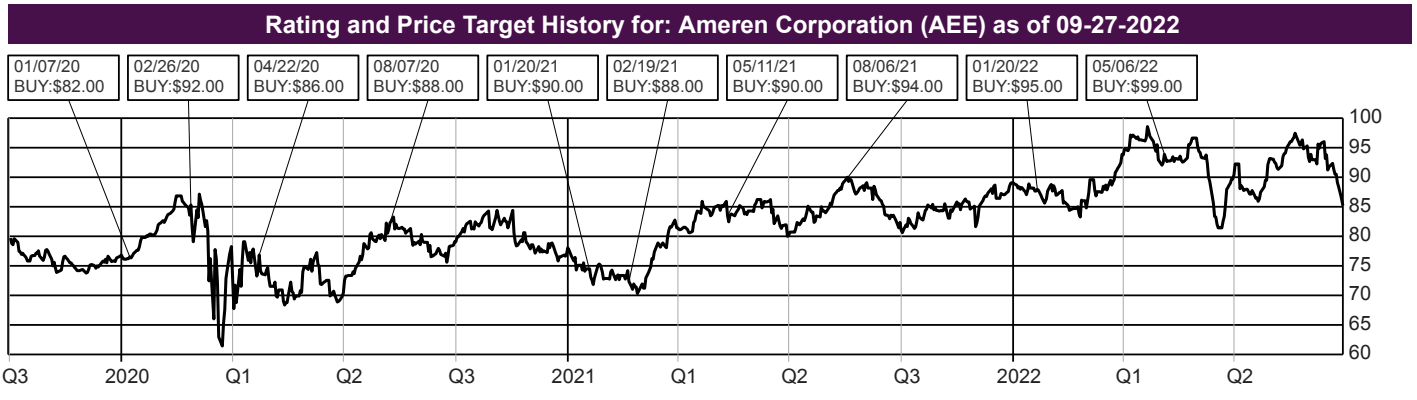

Created by: BlueMatrix

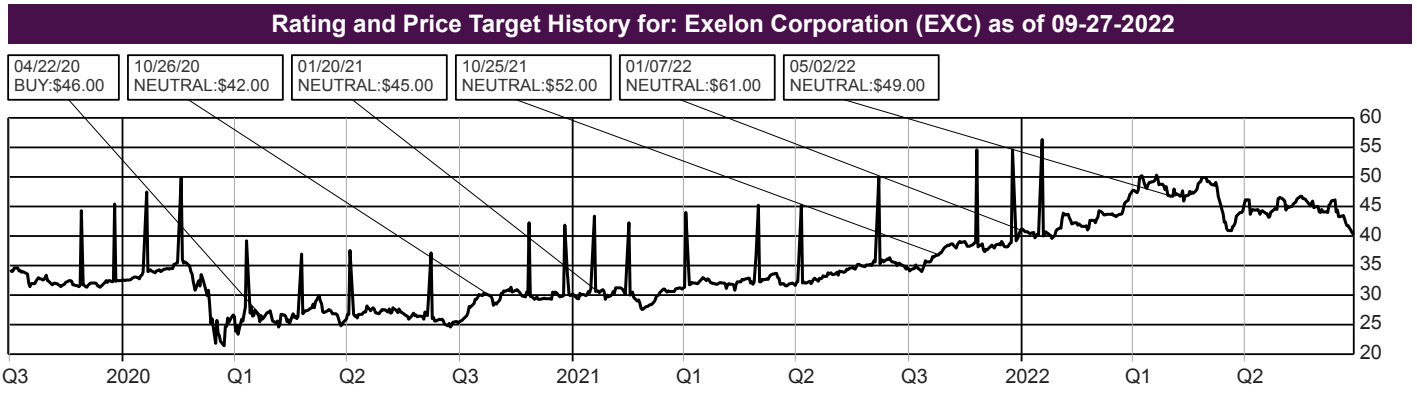

Created by: BlueMatrix

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Rating and Price Target History for: NextEra Energy, Inc. (NEE) as of 09-27-2022

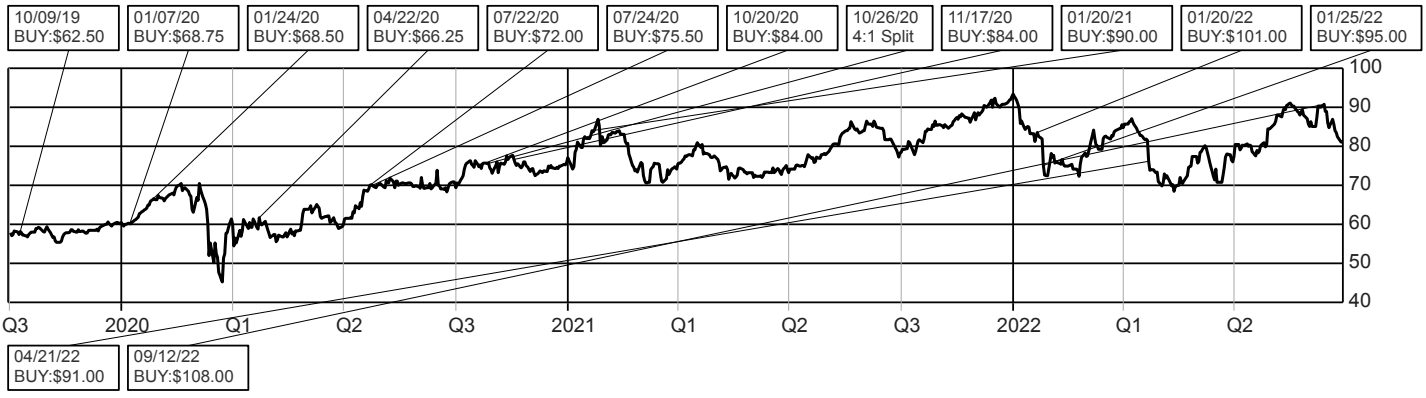

Created by: BlueMatrix

Rating and Price Target History for: Southern Company (SO) as of 09-27-2022



Created by: BlueMatrix

Rating and Price Target History for: Vistra Energy Corp. (VST) as of 09-27-2022



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	230	65.71%	41	17.83%
NEUTRAL	115	32.86%	5	4.35%
SELL	5	1.43%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exelon Corp EXC ★★★ 26 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.58 USD	41.00 USD	0.99	40.31 USD Bil	Narrow	Stable	Low	Standard	
26 Sep 2022	11 May 2022 20:37, UTC		26 Sep 2022					7 Sep 2022 05:00, UTC

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar
+1 312 696 6433
andrew.bischof@morningstar.com

Contents

Analyst Note (27 Sep 2022)
Business Description
Financials
Research Methodology for Valuing Companies

Important Disclosure
The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

Reporting Currency: USD | Trading Currency: USD
Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Raising U.S. Electricity Demand Growth Outlook, Reaffirming Utilities Fair Value Estimates

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 27 Sep 2022

We are reaffirming our fair value estimates for U.S. utilities after raising our 10-year annual U.S. electricity demand growth forecast to 1.4%, up from 1.2% in our previous forecast two years ago. We also are reaffirming our economic moat and moat trend ratings for all U.S. utilities.

We believe the path to eliminate carbon emissions and meet environmental targets will lead to accelerating electricity demand growth and new infrastructure growth investment opportunities for utilities. We forecast 6%-8% annual earnings and dividend growth for most utilities through the decade to support electricity demand growth. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 8%-9% long-term annualized total returns even if valuations compress, as we think they will. We consider the sector 5% overvalued on a median basis as of Sept. 27.

Our new electricity demand forecast is more bullish than most. We think other forecasts underestimate the speed and scale of the U.S. clean energy transition. With many regions already facing strained electric grids, electricity demand growth presents opportunities and challenges for utilities as they manage the surge of electric vehicles, Big Data, building electrification, and other mandates.

We expect electricity demand from electric vehicles will grow faster than any other new source of electricity demand in our forecast, climbing 15-fold by 2032. Data centers, already sizable electricity users, are the second-fastest-growing new source of electricity demand in our forecast. Building and industrial electrification represents upside to our forecast.

Financial Summary and Key Statistics

	Actual		Forecast	
	2020	2021	2022	2023
Revenue (USD Mil)	33,039	36,347	18,753	19,615
Revenue Growth %	-3.8	10.0	-48.4	4.6
Operating Income	2,823	2,723	3,493	4,009
Operating Margin %	8.5	7.5	18.6	20.4
Adjusted EBITDA	7,837	8,759	6,661	7,281
Adjusted EBITDA Margin %	23.7	24.1	35.5	37.1
Earnings Per Share (Diluted) (USD)	2.01	1.74	2.28	2.46
Adjusted Earnings Per Share (Diluted) (USD)	3.22	1.74	2.28	2.46
Adjusted EPS Growth %	0.0	-45.9	31.1	7.6
Price/Earnings	9.4	23.7	17.8	16.5
Price/Book	—	—	—	—
EV/EBITDA	10.0	10.9	11.7	10.7
Free Cash Flow Yield %	-9.3	-8.8	36.9	-2.8

Source: Morningstar Valuation Model. Data as of 03 Aug 2022.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 26 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.58 USD 26 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	0.99	40.31 USD Bil 26 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

Energy efficiency gains will offset some of the core electricity demand growth that we forecast. We expect U.S. electricity intensity of the economy to fall 12% over our forecast period. Energy efficiency gains have held U.S. electricity demand mostly flat for the last decade.

For more details on our electricity demand forecast, see our Utilities Observer, "Electrifying the U.S.: Utilities Control the Path to Decarbonization."

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 26 Sep 2022 21:21, UTC

Price vs. Fair Value

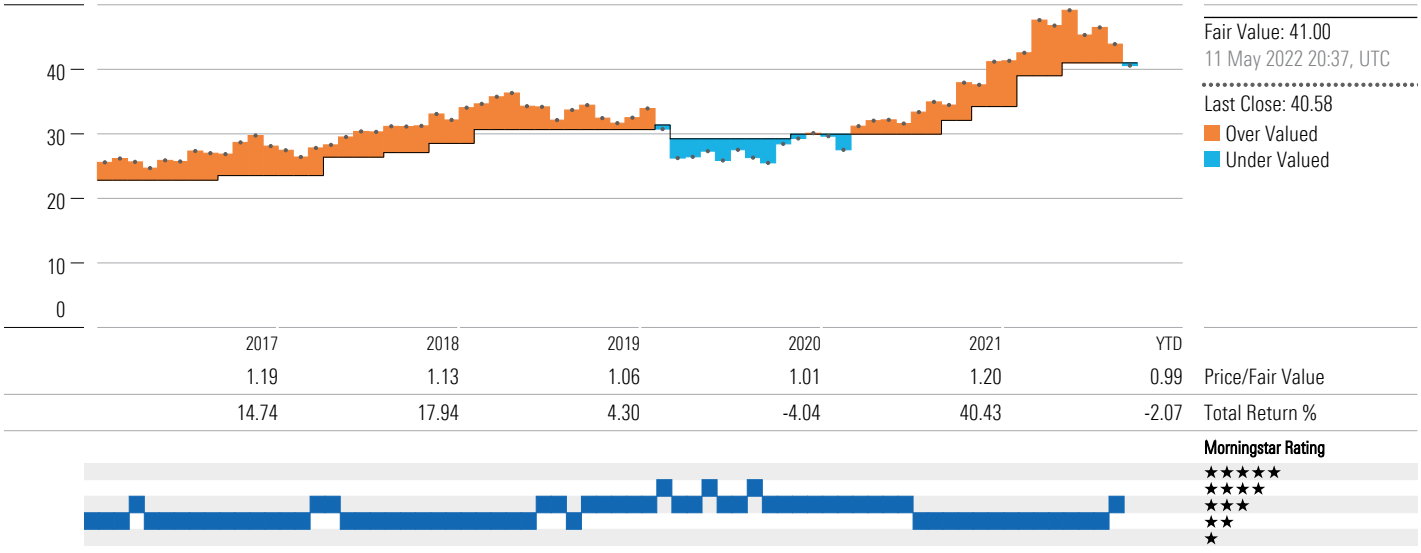

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	0.99
Total Return %	14.74	17.94	4.30	-4.04	40.43	-2.07

Competitors

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
	Fair Value 41.00 Uncertainty : Low; Last Close 40.58	Fair Value 116.00 Uncertainty : Low; Last Close 108.81	Fair Value 41.00 Uncertainty : Low; Last Close 38.77	Fair Value 65.00 Uncertainty : Low; Last Close 60.80
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	116.00 17 Aug 2022 19:27, UTC	41.00 8 Aug 2022 15:03, UTC	65.00 10 Aug 2022 10:48, UTC
1-Star Price	51.25	145.00	51.25	81.25
5-Star Price	32.80	92.80	32.80	52.00
Morningstar Rating	★★★26 Sep 2022 21:21, UTC	★★★26 Sep 2022 21:21, UTC	★★★26 Sep 2022 21:21, UTC	★★★26 Sep 2022 21:21, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	0.99	0.94	0.95	0.94
Price/Sales	1.07	1.79	1.87	3.26
Price/Book	1.70	1.87	2.04	2.26
Price/Earnings	22.17	18.01	16.29	—
Dividend Yield	3.44%	3.71%	4.02%	3.50%
Market Cap	40.31 Bil	22.13 Bil	22.15 Bil	30.33 Bil
52-Week Range	33.87—50.71	98.50—126.82	35.32—48.85	58.19—75.61
Investment Style	Large Value	Mid Value	Mid Core	Mid Value

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★ 26 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.58 USD	41.00 USD	0.99	40.31 USD Bil	Narrow	Stable	Low	Standard	
26 Sep 2022	11 May 2022 20:37, UTC		26 Sep 2022					7 Sep 2022 05:00, UTC

Morningstar Valuation Model Summary

Financials as of 03 Aug 2022

Fiscal Year, ends 31 Dec	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026
Revenue (USD Mil)	34,348	33,039	36,347	18,753	19,615	20,383	21,198	21,965
Operating Income (USD Mil)	4,284	2,823	2,723	3,493	4,009	4,327	4,684	4,999
EBITDA (USD Mil)	10,064	9,350	10,296	6,661	7,281	7,802	8,366	8,876
Adjusted EBITDA (USD Mil)	8,536	7,837	8,759	6,661	7,281	7,802	8,366	8,876
Net Income (USD Mil)	2,846	1,963	1,706	2,237	2,414	2,601	2,800	3,002
Adjusted Net Income (USD Mil)	3,136	3,146	1,706	2,237	2,414	2,601	2,800	3,002
Free Cash Flow To The Firm (USD Mil)	-330	324	8	12,819	-307	-108	329	702
Weighted Average Diluted Shares Outstanding (Mil)	974	977	980	980	983	988	993	999
Earnings Per Share (Diluted) (USD)	2.92	2.01	1.74	2.28	2.46	2.63	2.82	3.01
Adjusted Earnings Per Share (Diluted) (USD)	3.22	3.22	1.74	2.28	2.46	2.63	2.82	3.01
Dividends Per Share (USD)	1.45	1.53	1.53	1.35	1.44	1.54	1.65	1.77

Margins & Returns as of 03 Aug 2022

	3 Year Avg	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026	5 Year Avg
Operating Margin %	9.5	12.5	8.5	7.5	18.6	20.4	21.2	22.1	22.8	21.0
EBITDA Margin %	—	29.3	28.3	28.3	35.5	37.1	38.3	39.5	40.4	—
Adjusted EBITDA Margin %	24.2	24.9	23.7	24.1	35.5	37.1	38.3	39.5	40.4	38.2
Net Margin %	6.3	8.3	5.9	4.7	11.9	12.3	12.8	13.2	13.7	12.8
Adjusted Net Margin %	7.8	9.1	9.5	4.7	11.9	12.3	12.8	13.2	13.7	12.8
Free Cash Flow To The Firm Margin %	0.0	-1.0	1.0	0.0	68.4	-1.6	-0.5	1.6	3.2	14.2

Growth & Ratios as of 03 Aug 2022

	3 Year CAGR	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026	5 Year CAGR
Revenue Growth %	0.3	-4.6	-3.8	10.0	-48.4	4.6	3.9	4.0	3.6	-9.6
Operating Income Growth %	-11.3	9.9	-34.1	-3.5	28.3	14.8	7.9	8.2	6.7	12.9
EBITDA Growth %	0.0	—	—	—	—	—	—	—	—	0.0
Adjusted EBITDA Growth %	2.0	3.5	-8.2	11.8	-24.0	9.3	7.2	7.2	6.1	0.3
Earnings Per Share Growth %	-13.4	—	—	—	—	—	—	—	—	11.5
Adjusted Earnings Per Share Growth %	-13.4	20.2	0.0	-45.9	31.1	7.6	7.2	7.1	6.7	11.5

Valuation as of 03 Aug 2022

	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026
Price/Earnings	10.1	9.4	23.7	17.8	16.5	15.4	14.4	13.5
Price/Sales	1.3	1.2	1.6	2.1	2.1	2.0	1.9	1.8
Price/Book	—	—	—	—	—	—	—	—
Price/Cash Flow	-75.3	-10.8	-11.4	2.7	-35.3	-39.8	-60.6	-116.5
EV/EBITDA	9.4	10.0	10.9	11.7	10.7	10.0	9.3	8.8
EV/EBIT	18.7	27.8	35.0	22.4	19.5	18.1	16.7	15.6
Dividend Yield %	4.5	5.1	3.7	3.3	3.6	3.8	4.1	4.4
Dividend Payout %	49.6	76.1	87.9	59.1	58.7	58.5	58.5	58.9
Free Cash Flow Yield %	-1.3	-9.3	-8.8	36.9	-2.8	-2.5	-1.7	-0.9

Operating Performance / Profitability as of 03 Aug 2022

Fiscal Year, ends 12-31-2021	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026
ROA %	2.3	1.5	1.3	1.8	2.1	2.2	2.3	2.4
ROE %	9.0	6.1	5.1	6.4	6.7	7.0	7.2	7.5
ROIC %	3.5	1.6	1.1	-1.2	4.7	4.8	4.9	5.2

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★ 26 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.58 USD	41.00 USD	0.99	40.31 USD Bil	Narrow	Stable	Low	Standard	
26 Sep 2022	11 May 2022 20:37, UTC		26 Sep 2022					7 Sep 2022 05:00, UTC

Financial Leverage (Reporting Currency)	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Debt/Capital %	54.0	54.7	55.2	48.2	48.4	48.5	49.2	49.2
Assets/Equity	3.9	4.0	3.9	3.2	3.2	3.1	3.1	3.1
Net Debt/EBITDA	3.7	4.1	4.0	4.6	4.5	4.5	4.5	4.4
Total Debt/EBITDA	4.4	5.0	4.8	5.0	4.7	4.6	4.6	4.5
EBITDA/ Net Interest Expense	5.3	4.8	5.6	5.1	5.3	5.5	5.3	5.3

Forecast Revisions as of 3 Aug 2022	2022		2023		2024	
Prior data as of 11 May 2022	**Current**	**Prior**	**Current**	**Prior**	**Current**	**Prior**
Fair Value Estimate Change (Trading Currency)	41.00	40.50	—	—	—	—
Revenue (USD Mil)	18,753	18,753	19,615	19,615	20,383	20,383
Operating Income (USD Mil)	3,493	3,493	4,009	4,009	4,327	4,327
EBITDA (USD Mil)	6,661	6,661	7,281	7,281	7,802	7,802
Net Income (USD Mil)	2,237	2,237	2,414	2,414	2,601	2,601
Earnings Per Share (Diluted) (USD)	2.28	2.28	2.46	2.46	2.63	2.62
Adjusted Earnings Per Share (Diluted) (USD)	2.28	2.28	2.46	2.46	2.63	2.62
Dividends Per Share (USD)	1.35	1.35	1.44	1.44	1.54	1.54

Key Valuation Drivers as of 03 Aug 2022

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at https://pitchbook.com/.

Discounted Cash Flow Valuation as of 03 Aug 2022

	USD Mil
Present Value Stage I	12,530
Present Value Stage II	13,992
Present Value Stage III	54,003
Total Firm Value	**80,525**
Cash and Equivalents	1,182
Debt	-42,417
Other Adjustments	500
Equity Value	**39,790**
Projected Diluted Shares	991
Fair Value per Share (USD)	**41.00**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★ 26 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.58 USD	41.00 USD	0.99	40.31 USD Bil	Narrow	Stable	Low	Standard	
26 Sep 2022	11 May 2022 20:37, UTC		26 Sep 2022					7 Sep 2022 05:00, UTC

Income Statement (USD)	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Revenue (Mil)	**34,348**	**33,039**	**36,347**	**18,753**	**19,615**	**20,383**	**21,198**	**21,965**
Cost of Goods Sold (Mil)	15,497	14,104	17,364	6,512	6,642	6,775	6,910	7,048
Gross Profit (Mil)	**18,851**	**18,935**	**18,983**	**12,241**	**12,973**	**13,608**	**14,288**	**14,916**
Selling, General, Administrative & Other Expenses (Mil)	8,615	9,408	8,659	4,321	4,407	4,495	4,585	4,677
Advertising & Marketing Expenses	—	—	—	—	—	—	—	—
Research & Development	—	—	—	—	—	—	—	—
Depreciation & Amortization (if reported separately) (Mil)	4,252	5,014	6,036	3,168	3,272	3,475	3,682	3,877
Adjusted Operating Income (Mil)	**4,284**	**2,823**	**2,723**	**3,493**	**4,009**	**4,327**	**4,684**	**4,999**
Financial Non-Cash (Gains)/Losses (Mil)	0	0	0	0	0	0	0	0
Irregular Cash (Gains)/Losses (Mil)	0	0	0	0	0	0	0	0
Operating Income (Mil)	**4,284**	**2,823**	**2,723**	**3,493**	**4,009**	**4,327**	**4,684**	**4,999**
Net Interest Expense (Mil)	0	0	0	0	0	0	0	0
Income Tax Expense (Mil)	774	373	370	525	566	610	657	704
After-Tax Items (Mil)	0	0	0	0	0	0	0	0
(Minority Interest) (Mil)	-92	9	-123	—	—	—	—	—
Net Income (Mil)	**2,846**	**1,963**	**1,706**	**2,237**	**2,414**	**2,601**	**2,800**	**3,002**
Adjusted Net Income (Mil)	**3,136**	**3,146**	**1,706**	**2,237**	**2,414**	**2,601**	**2,800**	**3,002**
Weighted Average Diluted Shares Outstanding (Mil)	974	977	980	980	983	988	993	999
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	**2.28**	**2.46**	**2.63**	**2.82**	**3.01**
Diluted Adjusted Earnings Per Share	**3.22**	**3.22**	**1.74**	**2.28**	**2.46**	**2.63**	**2.82**	**3.01**
Dividends Per Common Share	1.45	1.53	1.53	1.35	1.44	1.54	1.65	1.77
EBITDA (Mil)	**10,064**	**9,350**	**10,296**	**6,661**	**7,281**	**7,802**	**8,366**	**8,876**
Adjusted EBITDA (Mil)	**8,536**	**7,837**	**8,759**	**6,661**	**7,281**	**7,802**	**8,366**	**8,876**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★ 26 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.58 USD	41.00 USD	0.99	40.31 USD Bil	Narrow	Stable	Low	Standard	
26 Sep 2022	11 May 2022 20:37, UTC		26 Sep 2022					7 Sep 2022 05:00, UTC

Key Cash Flow Items (USD)	**Actual**			**Forecast** as of 3 Aug				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Cash from Working Capital	—	—	—	—	—	—	—	—
(Capital Expenditures) (K)	-7,248,000	-8,048,000	-7,981,000	12,725,000	-7,075,000	-7,450,000	-7,500,000	-7,700,000
Depreciation (K)	5,780,000	6,527,000	7,573,000	3,168,153	3,271,971	3,474,939	3,682,271	3,876,650
Amortization (K)	—	—	—	0	0	0	0	0
Net New (Investment), Organic (K)	**-5**	**-3**	**-1**	**14**	**-4**	**-4**	**-4**	**-4**
(Purchases)/Sales of Companies & Assets (K)	0	0	0	0	0	0	0	0
Net New (Investment), Total (K)	**-5**	**-3**	**-1**	**14**	**-4**	**-4**	**-4**	**-4**
Other Non-Cash Items, From Cash Flows (K)	0	0	-1	0	0	0	0	0
Free Cash Flow to the Firm (K)	**-330,269**	**324,495**	**7,833**	**12,819,425**	**-306,674**	**-108,250**	**328,833**	**701,513**

Balance Sheet (USD)	**Actual**			**Forecast**				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Assets								
Cash and Equivalents (Mil)	587	663	1,182	2,743	1,314	455	826	387
Inventory (Mil)	1,768	1,722	1,869	856	873	891	909	927
Accounts Receivable (Mil)	6,175	4,629	5,126	3,237	3,386	3,518	3,659	3,791
Net Property, Plant and Equipment (Mil)	80,233	82,584	84,219	68,326	72,129	76,104	79,922	83,745
Goodwill (Mil)	6,677	6,677	6,677	6,677	6,677	6,677	6,677	6,677
Other Intangibles (Mil)	—	—	—	0	0	0	0	0
Other Operating Assets (Mil)	0	0	0	0	0	0	0	0
Non-Operating Assets (Mil)	0	0	0	0	0	0	0	0
Total Assets (Mil)	**124,977**	**129,317**	**133,013**	**112,632**	**115,422**	**118,938**	**123,535**	**127,320**
Liabilities								
Accounts Payable (Mil)	3,565	3,567	4,141	1,784	1,729	1,763	1,799	1,835
Debt (Mil)	0	0	0	0	0	0	0	0
Other Operating Liabilities (Mil)	0	0	0	0	0	0	0	0
Non-Operating Liabilities (Mil)	0	0	0	0	0	0	0	0
Total Liabilities (Mil)	**90,404**	**94,449**	**98,218**	**77,006**	**78,798**	**80,984**	**84,171**	**86,472**
Equity								
Shareholders' Equity (Mil)	32,224	32,585	34,393	35,626	36,624	37,953	39,364	40,848
Minority Interest (Mil)	2,349	2,283	402	0	0	0	0	0
Total Equity (Mil)	**34,573**	**34,868**	**34,795**	**35,626**	**36,624**	**37,953**	**39,364**	**40,848**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to

Morningstar Equity Research Star Rating Methodology

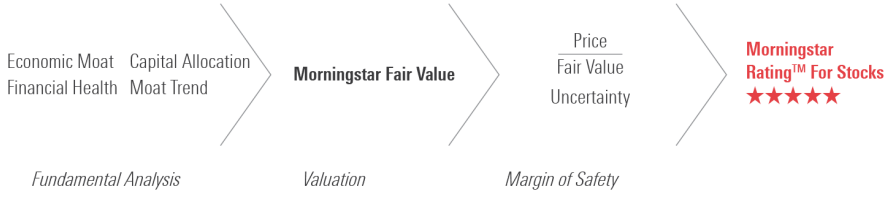

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thor ough and ongoing analysis, raise or lower their fair value estimates as warranted.

Morningstar Equity Research Star Rating Methodology

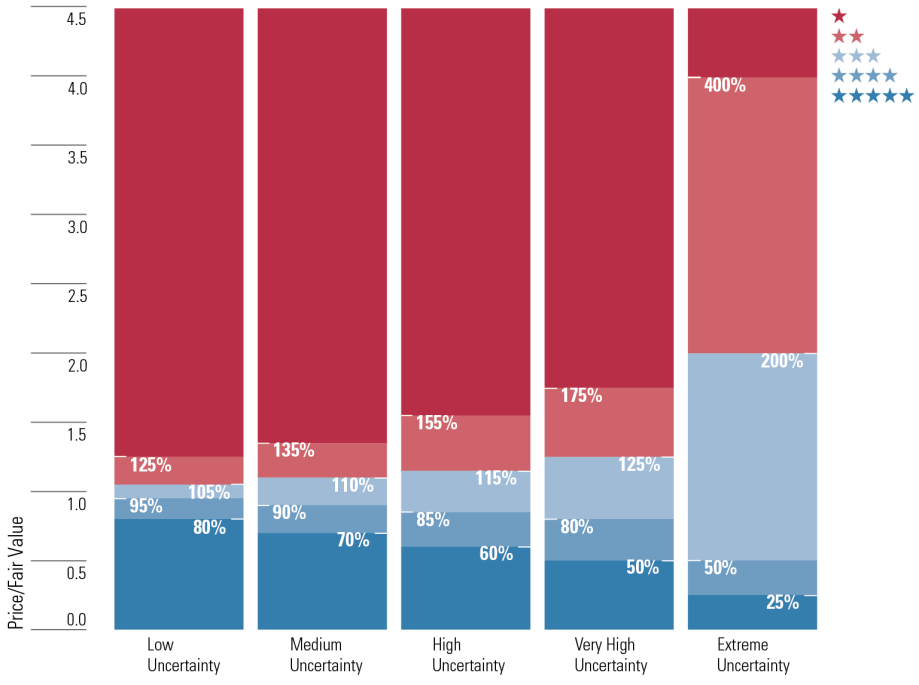

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exem-

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

plary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section http://investorrelations.morningstar.com/sec.cfm?doctype=Proxy&year=&x=12.
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> Power Points: PCG S&P 500 & Mosquito, NEE Solar, ES Bills, and EXC ComEd
- **Publication Date/Time** : Monday, September 26, 2022 03:20:37 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=mNZc34GRYRtQnlD!Aza2aA__&reid=4F680B887D6611ED8685AB97945289B1

KeyBanc Capital Markets

Alert

September 26, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AGR, EXC, SO, D, NEE, ETR, Energy Permitting Bill

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Join us at the EEI conference in FL from November 13-15 (schedule included). ICYMI, we attended the RE+ Power Conference in CA and AGR's analyst day in NY—our comments are included below. This week, we are tracking proceedings in AGR's NYSEG and RGE's rate cases, EXC's MD electric rate case, SO's GP rate case, and D's response to the reconsideration of the CVOW project approval. In other news, Senator Manchin introduced the text of the energy permitting bill, D's DESC filed an update to the IRP proposing a delay in retiring a coal unit, NEE's FPL quantifies customer savings from IRA, AGR's CT utility UIL filed a GRC, ETR and SO's MS subs are opposing the NEM rules approved by the state, and ETR LA received approval to add solar capacity in the state.

KBCM Invites You to Join Us at the EEI Financial Conference from November 13-15 in Hollywood, FL.
Scroll down for our full schedule, including dinners with **PEG** and **NWE**.

ICYMI

RE+ Power Conference — We attended the SPI/RE+ Power Conference in CA: See our key takeaways from our meetings at the event here.

AGR — AGR hosted an in-depth analyst day in NYC last Thursday: The event allowed for a formal introduction to the new management team, but in our opinion, it was not enough to warrant a refresh of our thesis. See our report for takeaways from the event.

Regulatory Calendar

AGR — Staff and Intervenor testimony in NYSEG's and RGE's electric and natural gas rate cases is due on September 26: AGR filed one-year electric and gas rate cases for both NYSEG and RGE. AGR seeks a cumulative $430M rate increase based on a 10.2% ROE and 50% equity layer vs. its last rate filing, which settled at an 8.8% ROE and 48% equity. AGR requests new rates to be effective May 1, 2023, just as its prior three-year rate case ends. We expect the Company to support a settlement process to achieve a multiyear settlement (as was the case in AGR's last NY rate cases that reached a three-year settlement). AGR is requesting approval for a multiyear capital plan of $8.6B ($7.7B for the electric utility) with a focus on increased reliability, storm response, and spending related to the implementation of NY's Climate Law, which mandates 70% renewable generation by 2030, and the residual rate pressure deferred from the last rate case. The filing includes a proposed symmetrical inflation tracker.

EXC — Evidentiary hearings in Delmarva's MD multiyear electric rate case set to begin September 27: Staff (Docket No. 9681) filed testimony for a cumulative rate increase of $23.7M for the three years from 2023-2025. The increase is premised on a 9.55% ROE and 50.50% equity layer. The Staff does not agree with the offsets in RY1 and RY2, which would result in higher revenue increases in the future. This compares to EXC's request for a cumulative rate increase of $37.5M for the three years 2023-2025, based on a 10.25% ROE and 50.5% equity layer. DP&L is requesting a $22.7M increase in 2023, followed by $7.9M and $6.8M in 2024 and 2025, respectively. The lower ROE and lower capital spending for reliability projects proposed by staff vs. EXC are driving the delta. After accelerating the refund of certain regulatory liabilities, the net increase in rates will be $11.4M in 2023, $11.6M in 2024, and $14.5M in 2025 as proposed by Delmarva. This is Delmarva's first multiyear plan filing in MD after the PSC adopted rules in 2020 allowing multiyear rate plans. The following regulatory item in the case is the rebuttal testimony due on September 19. A PSC decision is expected before the end of the year, with new rates effective January 1, 2023.

SO — Hearings in GP's electric GRC begin on September 27: In June, GP filed a rate case requesting a $1B revenue increase spread over three years—$852M in 2023, followed by $107M in 2024 and $45M in 2025. The request is based on an 11% ROE and 56% equity. Other items in the filing include a continuation of the Alternate Rate Plan that has been in place since 1995. Base rates exclude any cost recovery for Vogtle Units 3 and 4, which will be added later following a prudence review once the units reach COD. GP received a constructive outcome in the previous rate case, receiving ~97% of the cumulative ask ($909M vs. $942M), based on a 10.5% ROE and 56% equity. GP is seeking a continuation of earnings to be evaluated against a dead band of 9.5-12%, with 80% of the earnings above the 12% ROE being shared with ratepayers and the remaining 20% retained by the utility. GP is also seeking to continue the option to file for interim cost recovery if earnings fall below the low end of the dead band. Staff and intervenor testimony are expected to be filed by October 20, and a GA PSC decision is expected by December 20.

D — Company response to VEPCO's filing for limited reconsideration of the CVOW project approval is due on September 29:

- D requested the SCC for a reconsideration of the performance guarantee clause that requires D to meet a 42% net capacity factor on a three-year rolling average basis throughout the life of the project in favor of a more reasonable and flexible standard. See our note here, discussing the SCC's performance guarantee clause and D's position. D posits that the SCC lacks the authority to impose a performance guarantee of this nature and is unreasonably broad in scope, leaving D to manage factors that may be outside its control. In the filing, D says it may have to terminate all development and construction activities relating to the project if the condition is allowed to stand.
- We read through the responses submitted by various parties to D's request for a limited reconsideration. Sierra Club and Appalachian Voices objected to VEPCO's filing for limited reconsideration and support the inclusion of a performance guarantee as part of the Commission's final order in the docket as long as the requirement does not render CVOW uneconomical and also claim that the Commission is well within its authority to set performance guarantees. Other interveners held a similar view that the Commission should condition its approval on any costs or performance guarantees that may be appropriate to protect customers from financial risk. The office of the AG also opposes D's application for limited consideration.

Recent Developments for Companies Under Our Coverage

From our midweek: AGR is hosting an analyst and investor event in NYC tomorrow. This week we discuss transmission planning and pending reforms in detail, including the FERC's transmission planning NOPR, a proposed permitting roadmap from the Senate, DOE's blueprint to ease the interconnection backlog, and progress that has already been made in solving the issue of transmission planning and interconnects. In other news, BE and XEL announce plans to install an electrolyzer pilot at the Prairie Island nuclear plant; the City of San Diego explores municipalizing SDG&E, again; SRE is discussing the potential for blue hydrogen exports to Asia; AGR announces consolidation of renewables businesses under one head; the SPP is drafting scenarios for renewables deployment as part of its long-term transmission planning process; MN governor releases a climate plan aimed to reach 100% carbon-free power by 2040; DUK enters a multi-party settlement in the OH electric rate case; expert hearings continue in DUK's NC Carbon Plan; and ALJ issued a PD in DTE's pending electric rate case.

The Energy Independence and Security Act of 2022 — Senator Manchin's permitting guidelines were released last week: As we had written in our **midweek**, from the perspective of the power industry, the bill aims to do the following:

- Enhance federal permitting authority for interstate electric transmission facilities that have been determined by the Secretary of Energy and recommended by FERC to be in the national interest. The bill defines the various criteria the project must satisfy (serving an area with energy constraints, being in the interest of national energy policy, improving the ability of intermittent resources to connect to the grid, etc.). Once a project is deemed to be in the national interest, FERC would be able to issue a construction permit and allocate costs of the project to its customers and approve payments from utilities to jurisdictions impacted by the project.
- The bill sets timelines for permitting review, including a maximum of two years for NEPA reviews for major projects and one year for others.

The bill also asks that FERC be put in charge of interstate hydrogen infrastructure in that FERC would permit them and set rates. It is unclear what the path of the bill in Congress will look like. There is opposition on both sides—from the Democrats regarding the carve-out for MVP and from the Republicans regarding the FERC oversight of transmission planning. There is another strange provision in the bill: it asks that the president will designate at least 25 projects as those being of national importance, and in the first seven years, at least four of the projects will be for mining of critical minerals, six for clean energy generation or energy storage projects, five for fossil fuel-related projects, two for electric transmission, two for CCUS, and one for clean hydrogen. The makeup of the presidential projects changes after the first seven years. Even though permitting and cost allocation are the two primary barriers to the development of transmission infrastructure, it is unclear if extensive federal oversight as proposed in the bill will placate several state administrations who are already opposing the provisions.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

D — DESC filed an annual update to the 2020 IRP and is proposing to delay the retirement of a coal unit by two years to 2030: SC IRP statute requires utilities to file a full IRP every third year with interim annual updates. DESC is currently working off the 2020 IRP and will file the next IRP in January 2023. In the second annual update, DESC is proposing that it delay the retirement of the 610 MW Williams coal plant by two years to 2030 as a means to preserve reliability. DESC said that its updated resource optimization modeling suggests that 2030 is the earliest feasible retirement date for Williams. DESC still plans to retire the 684 MW Wateree coal plant in 2028. As indicated in the 2021 IRP updates, DESC will seek a 20-year license renewal for the ~1 GW VC Summer nuclear plant. If the NRC approves the renewal, it will keep the plant online until 2062. The current license expires in 2042. The plant went into service in 1984.

NEE — FPL quantifies customer savings from IRA: NEE's FL utility announced that it will refund ~$400M to ratepayers over time as it receives the benefits from the recently enacted IRA and the solar PTCs contained therein. FPL is planning a one-time $25M refund in January 2023 and will phase in $360M through 2025. While limited in the near term, the refund should help to alleviate customer bill pressure caused by elevated fuel costs in 2023.

AGR — AGR's CT utility United Illuminating filed a multiyear rate case: In line with expected timing, UIL filed with the PURA proposing a three-year electric distribution rate plan for the period from September 2023 through August 2026. UIL is seeking a $102M rate increase in RY1, $17M in RY2, and another $17M in RY3. In line with its other recent rate filings such as those in NY, AGR is seeking a symmetric inflation tracker, which would adjust the ROE annually to reflect market conditions and avoid regulatory lag in the current inflationary backdrop. The filing also includes a rate levelization proposal where the proposed increase in RY1 would be spread over the three years of the rate plan such that the annual rate increase would be $54M. AGR's filing is premised on a 10.2% ROE and 52% equity. This is UIL's first filing since 2019 and the utility aims to invest ~$600M over the three-year period—mostly on grid reliability and grid modernization.

ETR, SO — MS utilities oppose NEM rules approved by the PSC: The MS PSC approved new rules in July on self-generation that are similar to net metering rules adopted in other states. The state is referring to them as Net Renewable Generation Rules since the compensation to customers is set at less than the full retail rate. The updated PSC order expands reimbursements for low-income customers, creates a rebate for residential and small business owners, and incentives for schools to install rooftop solar. ETR and SO's MS subsidiaries both filed for a stay and the PSC has granted a new hearing on September 27. ETR and SO have argued that the Commission include a customer charge for residential customers in the next annual FRP to mitigate the cost shifting caused by increased participation in net metering. Utilities in MS and elsewhere have long argued that expanding self-generation adds costs to non-participating customers (see the prolonged NEM reform proceedings in CA as a prime example). We expect parties to attempt a settlement prior to the hearings to avoid lengthy litigation that could stall solar expansion in the state.

ETR — ETR LA receives approval from the PSC to add 475 MW of solar capacity: The commission also approved a green tariff, which will provide customers the chance to subscribe and benefit from renewable resources. ETR will add the 475 MW from four solar facilities in the state that will come online in 2024 and 2025. ETR will sign 20-year PPAs for 325 MW of the capacity (three facilities) and own one 150 MW facility under a BOT agreement. DESRI is building two of the facilities that will be under the PPA. Once complete, this will nearly triple ETR's solar capacity in LA.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

KBCM EEI Schedule Tentative Agenda (All Times Eastern):

Sunday, November 13, 2022

12:00 PM — Eversource Energy (ES)
1:00 PM — CenterPoint Energy, Inc (CNP)
2:00 PM — Xcel Energy Inc. (XEL)
3:00 PM — Sempra Energy (SRE)
4:00 PM — WEC Energy Group, Inc. (WEC)
5:00 PM — Atlantica Sustainable Infrastructure plc (AY)
*Dinner — Dinner with Public Service Enterprise Group Incorporated (PEG)**

Monday, November 14, 2022

8:00 AM — Duke Energy Corporation (DUK)
8:45 AM — Avangrid, Inc. (AGR)**
9:00 AM — Pinnacle West Capital Corporation (PNW)
10:00 AM — Exelon Corporation (EXC)
11:00 AM — Edison International (EIX)
12:00PM — DTE Energy Company (DTE)
1:00 PM — NorthWestern Corp (NWE)
2:00 PM — American Electric Power Company, Inc. (AEP)
3:00 PM — Portland General Electric Company (POR)
4:00 PM — FirstEnergy Corp. (FE)
*Dinner — Dinner with NorthWestern Corp (NWE)**

Tuesday, November 15, 2022

7:00 AM — Entergy Corporation (ETR)
7:00 AM — Southern Company (SO)
8:00 AM — Ameren Corporation (AEE)
9:00 AM — CMS Energy Corporation (CMS)
10:00 AM — Consolidated Edison, Inc. (ED)
11:00 AM — Avista Corporation (AVA)
11:00 AM — Otter Tail Corporation (OTTR)

**Dinner event.*
***30-minute meeting.*

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	9/26/2022	Staff and Intervenor Testimony
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	9/26/2022	Staff and Intervenor Testimony
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	9/27/2022	Evidentiary Hearings Begin
GA	Georgia Power Co.	SO	D-44280	Electric	9/27/2022	GP Direct Hearing
VA	Virginia Electric & Power Co.	D	C-PUR-2021-00142	Electric	9/29/2022	Company Response Due in CVOW Filing
MN	CenterPoint Energy Resources	CNP	D-G-008/GR-21-435	Natural Gas	10/3/2022	Commission Decision Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	10/3/2022	Surrebuttal Testimony Due
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	10/3/2022	Prefiled Direct Testimony
	American Electric Power	AEP			10/4/2022	Analyst Day in New York City
	Duke Energy	DUK			10/4/2022	ESG Day - Virtual
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	10/4/2022	Rebuttal Testimony
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	10/5/2022	Staff and Intervenors Objections Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	10/10/2022	Revised Testimony Due
	Short-Term Energy Outlook	EIA			10/12/2022	STEO release for Winter Fuels Outlook
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	10/12/2022	Evidentiary Hearing
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	10/12/2022	Briefs Due
	CPI Release	BLS			10/13/2022	CPI release for Prior Month
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/13/2022	Surrebuttal Testimony Due (Phase I)
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/13/2022	Rebuttal Testimony Due (Phase II)
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	10/18/2022	Rebuttal Testimony
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	10/18/2022	Rebuttal Testimony
	Plug Power	PLUG			10/18/2022	Analyst Day - Rochester, NY
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/19/2022	Hearings Begin (Phase I)
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	10/19/2022	Reply Briefs
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	10/20/2022	Company Response Due
	Federal Energy Reg Comm	FERC			10/20/2022	Open Meeting
GA	Georgia Power Co.	SO	D-44280	Electric	10/20/2022	Staff & Intervenor Testimony Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Utilities Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('22E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	23.0	Sector Weight	NA	$89.08	2.6%	58%	4.07	4.33	4.64	21.9x	20.6x	19.2x	4.08	4.37	4.67	21.8x	20.4x	19.1x
AEP	American Electric Power Company Ir	50.2	Sector Weight	NA	$97.74	3.2%	64%	4.99	5.35	5.72	19.6x	18.3x	17.1x	4.99	5.28	5.61	19.6x	18.5x	17.4x
CMS	CMS Energy Corp	18.9	Sector Weight	NA	$65.26	2.8%	64%	2.90	3.16	3.44	22.5x	20.7x	19.0x	2.88	3.13	3.40	22.6x	20.8x	19.2x
CNP	CenterPoint Energy Inc	19.9	Overweight	$34	$31.56	2.1%	47%	1.38	1.50	1.64	22.9x	21.0x	19.2x	1.38	1.50	1.62	22.8x	21.0x	19.4x
D	Dominion Energy Inc	64.7	Overweight	$88	$77.75	3.5%	65%	4.12	4.36	4.64	18.9x	17.8x	16.8x	4.12	4.38	4.68	18.9x	17.8x	16.6x
DTE	DTE Energy Co	24.3	Sector Weight	NA	$125.66	2.8%	59%	6.02	6.25	6.65	20.9x	20.1x	18.9x	6.02	6.28	6.71	20.9x	20.0x	18.7x
DUK	Duke Energy Corp	79.9	Overweight	$116	$103.71	3.9%	74%	5.44	5.78	6.15	19.1x	17.9x	16.9x	5.46	5.74	6.12	19.0x	18.1x	17.0x
ETR	Entergy Corp	22.7	Sector Weight	NA	$111.59	3.7%	64%	6.40	6.68	7.19	17.4x	16.7x	15.5x	6.37	6.75	7.21	17.5x	16.5x	15.5x
ES	Eversource Energy	30.1	Sector Weight	NA	$86.85	2.9%	62%	4.12	4.38	4.65	21.1x	19.8x	18.7x	4.11	4.39	4.69	21.1x	19.8x	18.5x
ED	Consolidated Edison Inc	33.9	Underweight	$75	$95.47	3.3%	71%	4.47	4.78	5.02	21.4x	20.0x	19.0x	4.50	4.82	5.08	21.2x	19.8x	18.8x
EIX	Edison International	24.7	Sector Weight	NA	$64.86	4.3%	62%	4.57	4.85	5.14	14.2x	13.4x	12.6x	4.50	4.85	5.16	14.4x	13.4x	12.6x
EXC	Exelon Corp	41.4	Overweight	$48	$41.67	3.3%	61%	2.24	2.43	2.60	18.6x	17.1x	16.0x	2.26	2.41	2.59	18.4x	17.3x	16.1x
FE	FirstEnergy Corp	22.9	Overweight	$47	$40.05	3.9%	64%	2.38	2.54	2.74	16.8x	15.8x	14.6x	2.42	2.53	2.72	16.5x	15.8x	14.7x
PEG	Public Service Enterprise Group Inc	31.4	Sector Weight	NA	$62.94	3.4%	62%	3.49	3.70	3.93	18.0x	17.0x	16.0x	3.48	3.58	3.96	18.1x	17.6x	15.9x
SO	Southern Co	79.7	Sector Weight	NA	$74.99	3.6%	75%	3.60	3.83	4.18	20.8x	19.6x	17.9x	3.59	3.80	4.13	20.9x	19.7x	18.2x
WEC	WEC Energy Group Inc	31.4	Overweight	$109	$99.57	2.9%	66%	4.39	4.62	4.83	22.7x	21.6x	20.6x	4.39	4.60	4.89	22.7x	21.6x	20.3x
XEL	Xcel Energy Inc	39.6	Overweight	$78	$71.56	2.7%	61%	3.18	3.45	3.63	22.5x	20.7x	19.7x	3.17	3.39	3.62	22.6x	21.1x	19.8x
					Average:	**3.2%**	**64%**				**20.0x**	**18.7x**	**17.5x**				**20.0x**	**18.8x**	**17.5x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.0	Sector Weight	NA	$41.42	4.2%	90%	1.95	2.50	2.66	21.2x	16.6x	15.6x	1.96	2.44	2.62	21.2x	17.0x	15.8x
NWE	NorthWestern Corp	3.0	Overweight	$64	$52.70	4.8%	77%	3.34	3.51	3.69	15.8x	15.0x	14.3x	3.30	3.52	3.70	16.0x	15.0x	14.3x
OTTR	Otter Tail Corp	2.7	Sector Weight	NA	$65.15	2.5%	23%	7.08	4.27	3.70	9.2x	15.3x	17.6x	7.06	4.26	3.60	9.2x	15.3x	18.1x
PNW	Pinnacle West Capital Corp	8.1	Underweight	$62	$71.27	4.8%	85%	3.99	4.24	4.47	17.9x	16.8x	15.9x	4.03	4.20	4.48	17.7x	17.0x	15.9x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$49.08	3.7%	64%	2.81	2.94	3.08	17.5x	16.7x	15.9x	2.80	2.80	3.00	17.6x	17.6x	16.4x
					Average:	**4.0%**	**68%**				**16.3x**	**16.1x**	**15.9x**				**16.3x**	**16.3x**	**16.1x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	17.5	Underweight	$41	$45.28	3.9%	76%	2.34	2.35	2.48	19.4x	19.3x	18.3x	2.33	2.26	2.41	19.4x	20.0x	18.8x
NEE	Nextera Energy Inc	162.1	Overweight	$93	$82.52	2.1%	59%	2.90	3.08	3.34	28.5x	26.8x	24.7x	2.87	3.09	3.36	28.8x	26.7x	24.5x
SRE	Sempra Energy	50.8	Sector Weight	NA	$161.78	2.8%	53%	8.63	8.91	9.58	18.7x	18.2x	16.9x	8.65	9.05	9.68	18.7x	17.9x	16.7x
					Average:	**2.9%**	**63%**				**22.2x**	**21.4x**	**20.0x**				**22.3x**	**21.5x**	**20.0x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	27.4	Overweight	$87	$83.85	0.7%	27%	1.26	4.21	4.63	66.5x	19.9x	18.1x	2.03	4.56	5.43	41.3x	18.4x	15.4x
NRG	NRG Energy Inc	9.6	Not Covered	NA	$40.63	3.4%	20%	NA	NA	NA	NA	NA	NA	7.06	4.32	5.28	5.8x	9.4x	7.7x
VST	Vistra Corp	9.7	Not Covered	NA	$23.37	3.0%	34%	NA	NA	NA	NA	NA	NA	2.08	2.84	2.76	11.2x	8.2x	8.5x
					Average:	**2.4%**	**27%**				**66.5x**	**19.9x**	**18.1x**				**19.4x**	**12.0x**	**10.5x**

Source: Company reports, KBCM Estimates, Thomson Reuters

Figure 3 - Stock Price Performance

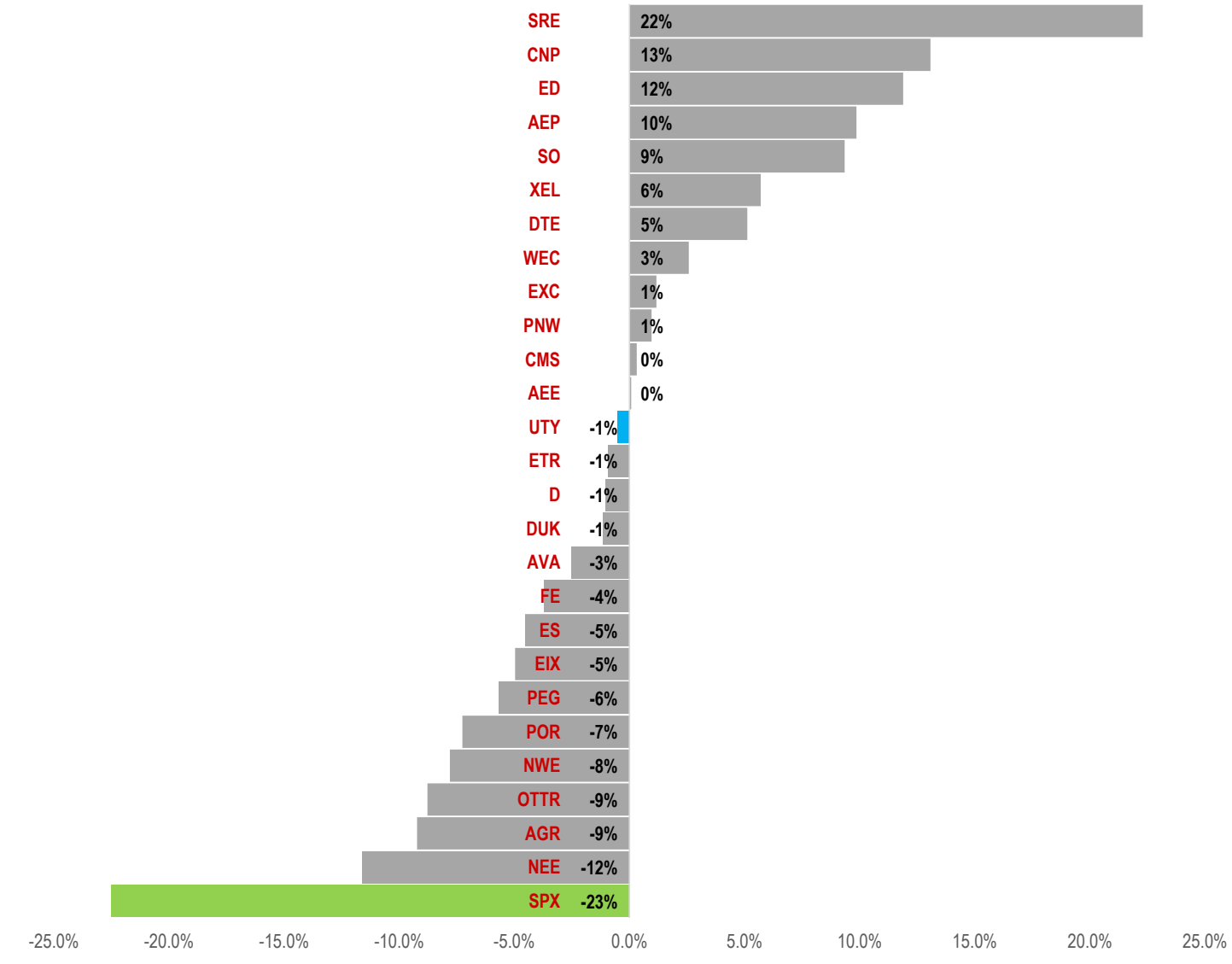

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

AGR: Analyst Day Takeaways, Reiterate Underweight

DTE: Highlights from Our Management Meetings

FE: A Day of Management Meetings

CNP: On the Road with Management

DUK: Notes from Management Meetings

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

POR: On the Road with Management — Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	310	50.32	66	21.29
Sector Weight [SW]	294	47.73	61	20.75
Underweight [UW]	12	1.95	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	28	51.85	12	42.86
Sector Weight [SW]	23	42.59	12	52.17
Underweight [UW]	3	5.56	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD	41.00 USD	1.02	41.82 USD Bil	Narrow	Stable	Low	Standard	
22 Sep 2022	11 May 2022 20:37, UTC		21 Sep 2022					7 Sep 2022 05:00, UTC

Price vs. Fair Value

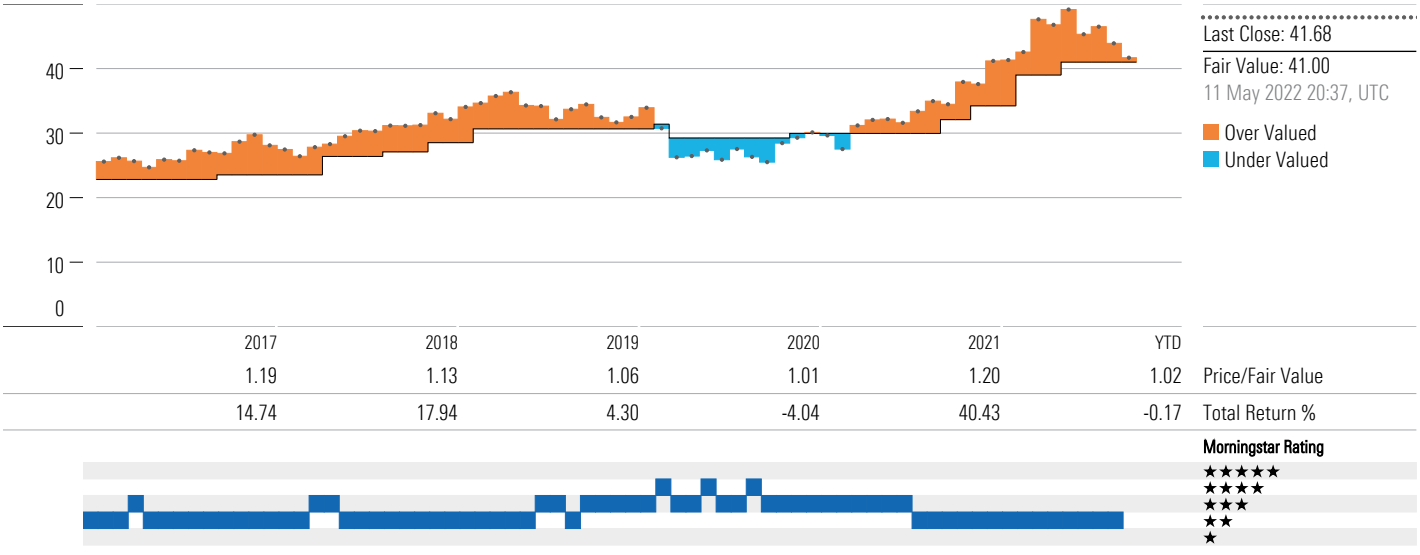

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	1.02
Total Return %	14.74	17.94	4.30	-4.04	40.43	-0.17

Total Return % as of 22 Sep 2022. Last Close as of 22 Sep 2022. Fair Value as of 11 May 2022 20:37, UTC.

Contents

Analyst Note (16 Aug 2022)
Business Description
Business Strategy & Outlook (3 Aug 2022)
Bulls Say / Bears Say (3 Aug 2022)
Economic Moat (3 Aug 2022)
Fair Value and Profit Drivers (3 Aug 2022)
Risk and Uncertainty (3 Aug 2022)
Capital Allocation (3 Aug 2022)
Analyst Notes Archive
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Inflation Reduction Act: Increasing Our Confidence in Utilities' Long-Term Growth

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 16 Aug 2022

Our initial analysis of the U.S. Inflation Reduction Act that President Joe Biden plans to sign on Aug. 16 has led us to reaffirm or make slight increases to our fair value estimates for U.S. utilities. We are reaffirming our moat and moat trend ratings.

Overall, the act gives us more confidence in our 5%-7% annual average long-term growth outlooks for most utilities. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 7%-8% long-term annualized total returns even if valuation multiples compress, as we think they will. We consider the sector 13% overvalued on a median basis.

Utilities likely will not benefit directly from the act's clean energy tax credits since they will pass the savings to customers. However, utilities should benefit indirectly from lower regulatory risk as tax benefits offset bill increases related to their growth investments. Utilities with the largest share of renewable energy investments relative to their total investment budgets should have an easier time hitting their earnings growth targets without substantial customer bill increases.

Electric utilities should benefit from more electricity demand and infrastructure growth opportunities if the act speeds adoption of electric vehicles and building electrification, two areas that have been slow to decarbonize.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD 22 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.82 USD Bil 21 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Sector Utilities

Industry Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

Partially offsetting those customer benefits is the act's 15% minimum tax, which we estimate will raise cash taxes for most mid- and large-cap utilities. Ultimately, utilities will recover these higher taxes by raising customer bills. Customers also might lose the long-term benefits from accelerated tax depreciation, especially for utilities with large growth investment plans. The act's tax on book income rather than taxable income might cause a slight near-term reduction in utilities' cash flow but should accelerate long-term earnings growth. We don't expect this tax change to have a material impact on our long-term valuations.

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2025, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $29 billion of capital investment through 2025. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should gradually increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD 22 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.82 USD Bil 21 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Competitors

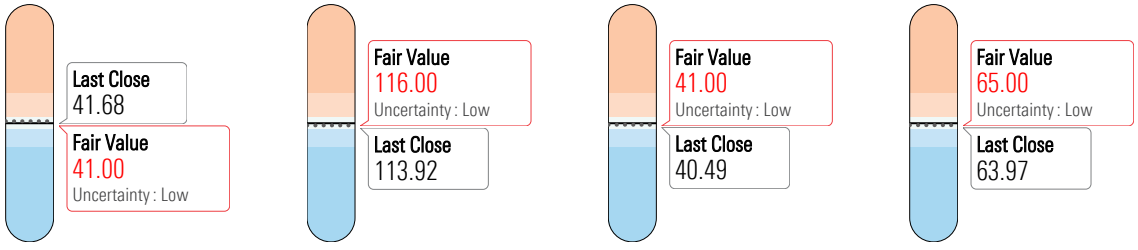

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	116.00 17 Aug 2022 19:27, UTC	41.00 8 Aug 2022 15:03, UTC	65.00 10 Aug 2022 10:48, UTC
1-Star Price	51.25	145.00	51.25	81.25
5-Star Price	32.80	92.80	32.80	52.00
Assessment	Over Valued 21 Sep 2022	Fairly Valued 21 Sep 2022	Fairly Valued 21 Sep 2022	Fairly Valued 21 Sep 2022
Morningstar Rating	★★★22 Sep 2022 21:21, UTC	★★★22 Sep 2022 21:21, UTC	★★★22 Sep 2022 21:21, UTC	★★★22 Sep 2022 21:21, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.02	0.98	0.99	0.98
Price/Sales	1.11	1.86	1.98	3.46
Price/Book	1.77	1.95	2.16	2.40
Price/Earning	23.01	18.74	17.23	—
Dividend Yield	3.31%	3.57%	3.80%	3.30%
Market Cap	41.82 Bil	23.02 Bil	23.43 Bil	32.17 Bil
52-Week Range	33.87—50.71	98.50—126.82	35.32—48.85	58.19—75.61
Investment Style	Large Value	Mid Value	Mid Core	Mid Value

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD 22 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.82 USD Bil 21 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Our fair value estimate is $41.

We expect 7% average earnings growth through 2025, the midpoint of management's 6% to 8% earnings guidance. We forecast $29 billion of capital expenditures through 2025 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD 22 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.82 USD Bil 21 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD 22 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.82 USD Bil 21 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

We are reaffirming our $41 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.44, up from $0.36 in the same year ago period. Comparable earnings were adjusted for the divestiture of the company's merchant generation business earlier this year. Management reaffirmed its full-year EPS guidance of $2.18 to $2.32 in 2022 and 6% to 8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon announced plans to issue up to $1 billion in equity through 2025 to help fund the company's $29 billion investment plan over this period. The equity was in line with our estimates over this period, though timing differed. Exelon aims to issue $500 million in equity this year, with the remaining completed over the remaining three years. With Exelon trading at an 11% premium to our fair value estimate as of early August, we expect the equity issuance to be slightly value accretive.

Exelon's returns on equity continued to be below its allowed returns and are among the lowest of its peers. The company's trailing 12-month earned returns on equity were 8.8%, down from 8.9% during the first quarter and below management's 9%-10% targeted range. Timing of equity infusions negatively affected returns, partially offset by increased earnings from investments.

Pending regulatory outcomes at PECO and DPL should boost earned returns. ComEd's returns are tied to 30-year Treasury rates, which should lead to higher returns next year at the subsidiary. We think new legislation supporting more traditional ratemaking starting in 2024 likely will lead to higher returns, which have been among the lowest in the sector given low Treasury rates.

In the quarter, earnings were supported by rate increases and the absence of merchant generation. Partially offsetting these benefits were higher depreciation and other expenses.

Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates Andrew Bischof, CFA, CPA, Senior Equity Analyst, 15 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the median utility in our coverage now trades in line with our fair value estimate, after the Morningstar US Utilities Sector Index declined 12% since Wednesday, June 8.

We think the selloff was sparked in large part by the U.S. Bureau of Labor Statistics' Consumer Price Index reading last week, which reported inflation was at a four decade high for May. Utilities peaked at 17% overvalued as of late April, and were 13% overvalued as of June 8, as global uncertainty drove investors to U.S. utilities.

Up until last week, investors had largely ignored the risk of inflation, which we considered the largest threat to utilities' long-term returns. Utilities have historically significantly underperformed the S&P 500 in inflationary environments, as utilities have fixed revenue, high capital and labor costs, and large

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD 22 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.82 USD Bil 21 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

energy pass-through costs. With higher-than-expected inflation, the market has increased expectations for the Fed to expedite interest rate increases. The utilities sector median 3.3% dividend yield is now a mere 18 basis point discount to the 10-year U.S. Treasury, making utility dividends less attractive to income-focused investors. In early March, the dividend yield was a 150 basis point premium to the 10-year U.S. Treasury.

No utility was trading below our fair value estimate mid-last week. Now, nearly half of our utility coverage trades at or below our fair value estimates and we now think there are opportunities for long-term utility investors. While there are a few utilities that trade at a larger discount to our fair values, we think long-term investors are best served focusing on utilities in constructive regulatory environments that are better positioned to address inflationary headwinds, with Dominion Energy, Entergy, NextEra Energy, and NiSource our top picks.

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades Andrew Bischof, CFA, CPA, Senior Equity Analyst, 10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.

Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.

While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy, NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD 22 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.82 USD Bil 21 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected Andrew Bischof, CFA, CPA, Senior Equity Analyst, 6 Jun 2022

We are reaffirming our fair value estimates, moat ratings, and moat trend ratings for all utilities after the Biden administration announced it would not apply solar panel tariffs on East Asian countries for at least the next two years. Some utilities' management teams had suggested that potential tariffs resulting from a U.S. Department of Commerce anticircumvention investigation would slow their growth plans. We never thought the investigation would have a material impact on our long-term outlooks given the Biden administration's and most states' support for renewable energy. The Biden administration also announced plans to boost U.S. solar panel manufacturing, which will support solar growth.

Two of our top utilities picks, NextEra Energy and NiSource, were among those utilities whose stocks took the hardest hit because of the solar tariff fears. The management team of each firm said it was postponing a portion of its large solar growth plans because of tariff-related supply concerns. AES and Alliant Energy are among many other utilities that have made solar key parts of their growth plans.

NextEra's stock fell as much as 16% in the three weeks after management said that it might delay up to 2.8 gigawatts of a possible 15 GW solar project pipeline. The stock has since rebounded to near our $78 fair value estimate. We are reaffirming our 8% annual earnings growth outlook. NiSource's stock fell 11% in late April before management said $500 million of its planned solar investments could be delayed. The stock has since rebounded to near our $31 per share fair value estimate. We continue to assume NiSource invests $8 billion in 2022-24, including $2 billion on renewable energy, supporting our 7% annual earnings growth outlook.

Solar panel tariffs remain a risk pending the outcome of the DOC's investigation into whether Chinese manufacturers sidestepped tariffs by shipping panels through tariff-free Asian countries. We expect an initial DOC report this fall.

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 May 2022

We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD 22 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.82 USD Bil 21 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.68 USD 22 Sep 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.82 USD Bil 21 Sep 2022	Narrow	Stable	Low	Standard	7 Sep 2022 05:00, UTC

raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

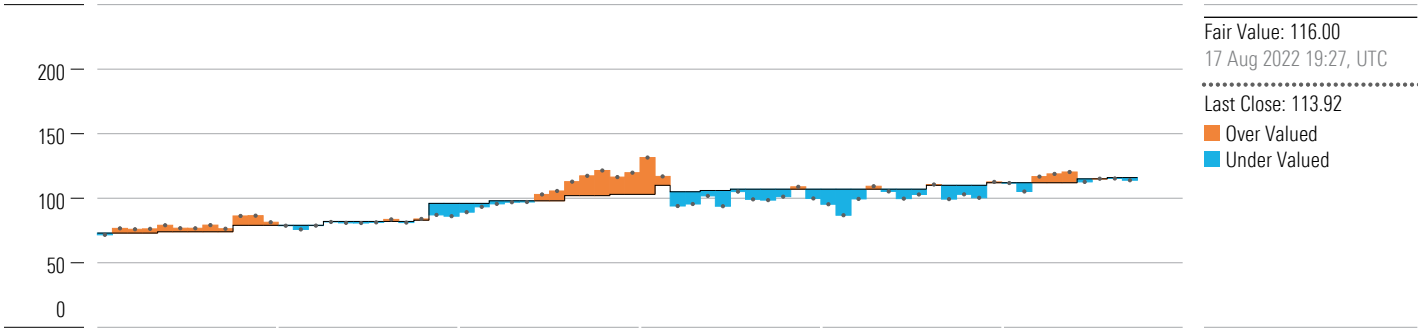

	2017	2018	2019	2020	2021	YTD	
	1.03	0.90	1.16	0.93	1.01	0.98	Price/Fair Value
	15.54	10.15	43.44	-13.54	16.70	3.82	Total Return %



Total Return % as of 22 Sep 2022. Last Close as of 22 Sep 2022. Fair Value as of 17 Aug 2022 19:27, UTC.

FirstEnergy Corp FE

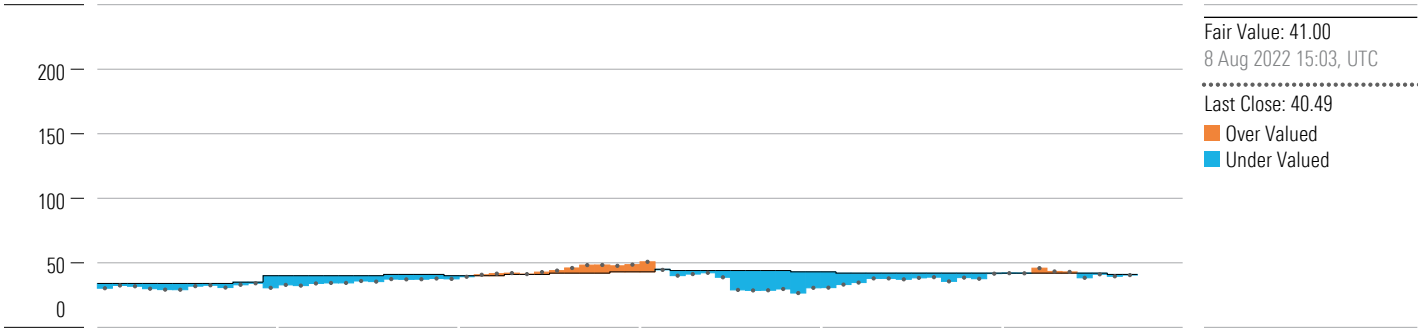

	2017	2018	2019	2020	2021	YTD	
	0.77	0.94	1.13	0.71	0.99	0.99	Price/Fair Value
	3.52	27.34	33.48	-33.81	40.97	0.17	Total Return %

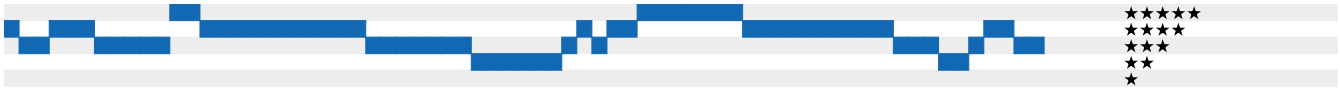

Total Return % as of 22 Sep 2022. Last Close as of 22 Sep 2022. Fair Value as of 8 Aug 2022 15:03, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 22 Sep 2022 21:21, UTC

Public Service Enterprise Group Inc PEG

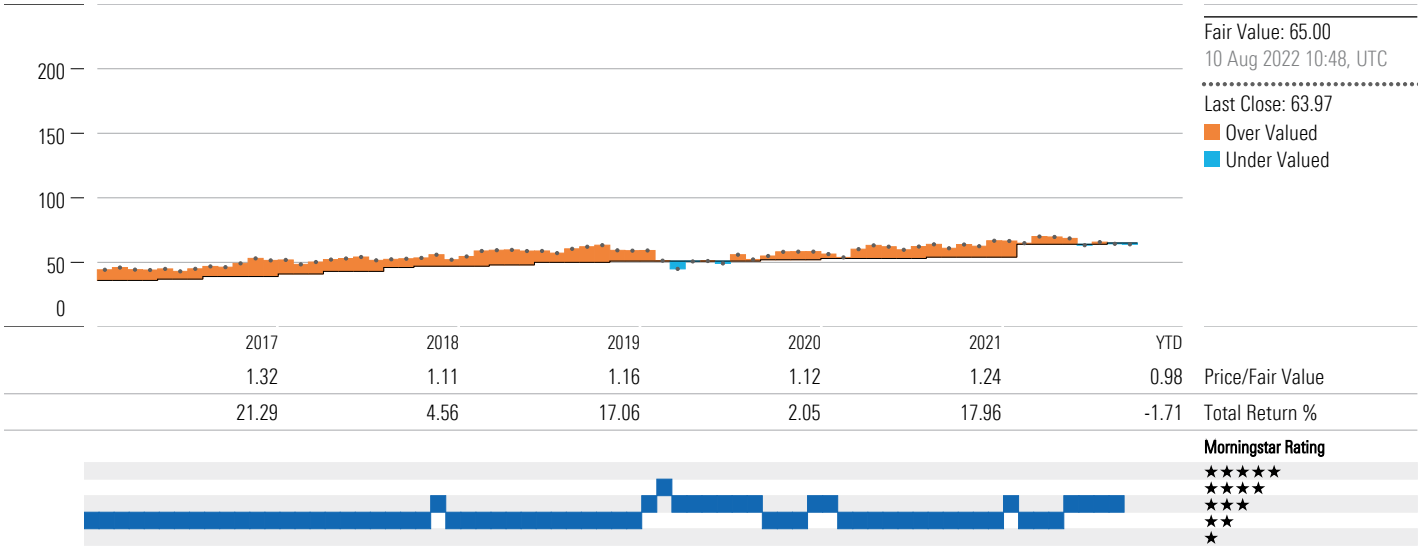

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	0.98	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	-1.71	Total Return %

Total Return % as of 22 Sep 2022. Last Close as of 22 Sep 2022. Fair Value as of 10 Aug 2022 10:48, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to

Morningstar Equity Research Star Rating Methodology

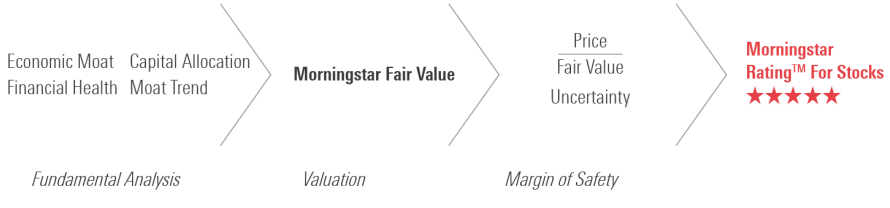

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close

Morningstar Equity Research Star Rating Methodology

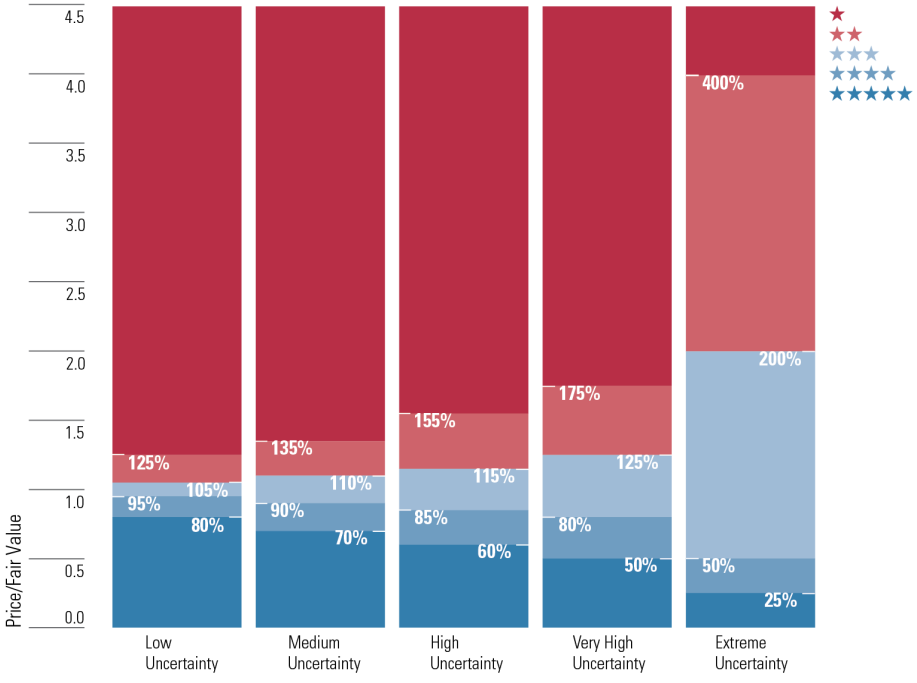

tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exem-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

plary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

GUGGENHEIM

Power & Utilities September 21, 2022

The Guggenheim Daily Transmission: EXC, PCG, NEE, DUK, VA/AEP/D, ERCOT

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	88.23	Buy
D	71.09	Buy
DUK	95.33	Buy
EXC	38.48	Neutral
NEE	81.19	Buy
PCG	13.11	Buy

For details on our Guggenheim-hosted client Utility events including: our OGS NDR; EEI Conference meetings; and other events, scroll down…

EXC – IL AG seeks larger refunds over ComEd criminality

PCG – PG&E files notice of settlement conference in the PG&E 2023 GRC

NEE – Notice of public hearing filed in FPL rate case

DUK – Hearings for DUK's NC Carbon Plan included testimony reiterating the company's case for merging its Carolinas and Progress utilities

DUK – Multiple headlines relating to EPA disclosures ranking DUK among the largest leakers of sulfur hexafluoride

PCG – PG&E Elkhorn energy storage facility fire caused by Tesla megapack module

VA/AEP/D – Advocates call for fuel clause cost sharing as increases roll through to bills

ERCOT – TRC posts gas weatherization requirements

ERCOT – ISO hosts first day of proposed Brazos settlement presentations

EXC – IL AG seeks larger refunds over ComEd criminality

- "Raoul, the city of Chicago and CUB argued that customers should receive larger refunds after ComEd financed a $200 million contribution from its parent company, Exelon Corporation, as an equity infusion to pay a criminal penalty from a July 2020 deferred prosecution agreement (DPA) ComEd entered into to resolve a federal criminal investigation. ComEd's accounting treatment is argued to have permanently increased ComEd's equity capitalization, resulting in the electric utility collecting $7 million more in revenues from its customers." – AG's office
- "According to briefs filed by Raoul's office, ComEd's accounting treatment of Exelon's $200 million contribution resulted in ComEd collecting $7 million more in revenues from its customers, which Raoul and the group recommended be refunded to customers. They also requested the equity infusion be removed in future rate proceedings to ensure customers do not pay higher rates as a result of how ComEd financed its DPA penalty payment." - release
- More HERE

Guggenheim takeaway: *Noise, especially as state transitions to a new rate format. That said, for your awareness and not a major surprise given the parties involved.*

PCG – PG&E files notice of settlement conference in the PG&E 2023 GRC

- PG&E filed a notice of settlement conference on September 28, 2022 in the GRC proceeding.
- PG&E previously filed updated testimony in the 2023 General Rate Case which incorporates updated cost escalation on O&M and capital, as well as tax law changes which impact revenue requirements.
- The updated testimony results in a 2023 base year revenue requirement increase of $835M (the bulk of the contribution from expense escalation, $641M).
- Escalation for 2024-2026 results in revenue requirement increases of $31M, $105M and $119M in the respective attrition years.
- Capital cost escalation also results in increased to rate base, with a 2023 base year step up to $50.9B (+$1.7B vs prior request) and up to $68B by 2026 (+$5.4B vs. prior request)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- Docket: A2106021

Guggenheim takeaway: *Despite PCG's continued efforts to balance spending with cost efficiencies, cost of service in the current inflationary environment continues to escalate. Intervenors have previously been focused on specific revenue reductions, including alternative insurance proposals, reduction in operating costs, reduction in capital programs including undergrounding, etc. Between the broader stakeholder support for undergoing, and legislative outcomes (**noted HERE**), there is a clear push to do more in CA, but we acknowledge the regulatory process bid-ask and intervenor scrutiny. Ultimately, we still see an upside to the base capex for PCG even among the bid-ask as system needs are not going away.* ***More on our thesis here. PCG still remains one of our TOP utility ideas for '22.***

NEE – Notice of public hearing filed in FPL rate case

- FPSC filed a notice of public hearing to take comments on the ROE band adjustment and implementation as dictated by the adopted FPL settlement in the FPL rate case.
- FPSC previously issued an order on the FPSC ROE band adjustment as stipulated in the FPL rate case settlement.
- The settlement allowed for an ROE adjustment with rising quantitative cost of capital factors which reset the band 20bp higher.
- FPL's authorized ROE shall, after an elective filing by FPL, be increased by 20 basis points to be within a range of 9.8% to 11.8% with a mid-point of 10.8%
- Docket: 20210015

Guggenheim takeaway: *FYI. The FPSC regulatory jurisdiction is now the first to account for the quantitative factors in cost of capital ratemaking.*

DUK – Hearings for DUK's NC Carbon Plan included testimony reiterating the company's case for merging its Carolinas and Progress utilities

- Yesterday, witnesses for DUK reiterated the company's stance on a potential merger of DEC and DEP, at the NCUC's Carbon Plan hearing.
- "The companies believe that a merger of DEP and DEC would be in the long-term best interest of customers, [and]… would provide additional benefits for customers and allow for a more efficient achievement of the (N.C. mandated) 2050 carbon neutrality target," including "balancing investments needed for a combined system …, helping to moderate rate impacts by spreading new investments over a larger customer base, development of single resource plan and joint unit commitment." – Nelson Peeler, Senior Vice President for Transmission and Fuels Policy
- A merger of the two utility subsidiaries would require regulatory approvals, including from the NCUC, SC PSC, and FERC.
- Docket No. E-100, Sub 179
- More HERE

Guggenheim takeaway: *Investors should recall that this messaging is consistent with the company's pre-filed testimony from Aug. 19th (link HERE), where DUK states its belief that a merger of DEC and DEP is in the long-term best interest of customers from an overall efficiency perspective, if it can be achieved equitably. Several hurdles would need to be resolved or at least need to have a path to resolution laid out before a merger could proceed. For example, the presumed increase to DEC bills in order to close the gap with DEP's higher rates post-merger would certainly be a focus for DEC ratepayers, and South Carolina's continued opposition to cost sharing agreements may end up necessitating the creation of* ***separate utilities*** *in that state.*

DUK – Multiple headlines relating to EPA disclosures ranking DUK among the largest leakers of sulfur hexafluoride

- Several articles were published in recent days pointing to DUK as a significant emitter of this gas, which per NBC News is purportedly "25,000 times more polluting than carbon dioxide".
- More HERE, and HERE

Guggenheim takeaway: *Flagging for your awareness, but noting that it represents a one-sided view at best. Additionally, the articles note that electric utilities in general (rather than DUK alone) make use of the gas, which serves as an insulator to prevent electrical equipment from arcing.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

PCG – PG&E Elkhorn energy storage facility fire caused by Tesla megapack module

- Tesla (TSLA) Megapack battery caught fire at the PG&E Elkhorn Battery Storage facility in Moss Landing
- The facility was disconnected from the grid as firefighters worked to contain the fire.
- PG&E said in the statement that its safety systems "worked as designed when the issue was detected".
- Media coverage here.

Guggenheim takeaway: *FYI. The incident highlights the risks with lithium ion storage systems and certainly a flag for utility investors who are very sensitive to fire related issues which tend to impact shares even when the evidence of an incident points to other parties.*

VA/AEP/D – Advocates call for fuel clause cost sharing as increases roll through to bills

- Advocates from Clean Virginia and Virginia Interfaith Power and Light have been pushing within the state to have utilities split fuel costs with customers
- More HERE

Guggenheim takeaway: *A nonstarter, but flagged for your awareness as fuel adjustments continue to prompt sticker shock across jurisdictions.*

ERCOT – TRC posts gas weatherization requirements

- The updated rules propose raising the well sizing winterization thresholds
- "The Commission proposes amendments to the list of critical gas suppliers in subsection (b)(1). The commission received multiple comments on the original proposal of §3.65 expressing concern that the list of critical gas suppliers encompassed too many facilities such that electric utilities may experience a burden in prioritizing the facilities for load-shed purposes. Similarly, comments on proposed §3.66 requested reducing facilities on the list by excluding more gas wells and oil leases with marginal production. The amendments now proposed to §3.65(b)(1) exclude gas wells producing an average of 250 Mcf of natural gas per day or less and oil leases producing an average of 500 Mcf of natural gas per day or less." - TRC
- More HERE

Guggenheim takeaway: *Minor FYI.*

ERCOT – ISO hosts first day of proposed Brazos settlement presentations

- ERCOT has posted a lengthy overview of the settlement as a part of its ongoing presentations on the matter, including illustrations of several market participant claim recoveries
- "Entire ERCOT claim amount of $1,886.6mm (Brazos Short Pay Claim) to be allowed and ERCOT will avoid further litigation" - ERCOT
- More HERE

Guggenheim takeaway: *Heads up and as expected after we highlighted the notice and the prior settlement data points. The settlement process sets up a vote deadline of October 28th as participants continue to digest the details.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

ONE Gas, Inc. (OGS)

Sid McAnnally, *President & Chief Executive Officer*
Caron Lawhorn, *SVP & Chief Financial Officer*
Brandon Lohse, *Director Investor Relations*

Dates & Locations
September 27 & 28
Chicago

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $4.34bn
ONE Gas, Inc. (OGS) engages in the provision of natural gas distribution services. It offers natural gas to residential, commercial, industrial, and transportation customers. The firm operates through three divisions: Oklahoma Natural Gas, Kansas Gas Service and Texas Gas Service. The company was founded in 1906 and is headquartered in Tulsa, OK. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

GUGGENHEIM



Save the Date: 57th EEI Financial Conference

Dates

November 13 - 15, 2022

Company Dinners (Hosted by Guggenheim)

Sunday, November 13, 2022

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO and others

Location TBD

Monday, November 14, 2022

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO and others

Location TBD

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales
Tuesday, November 15, 2022

6:00 p.m. | Location TBD

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim's Power & Utility Comp Sheet

9/21/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$58.27	3,326	3.75	3.91	4.14	4.43	3.74	3.92	4.12	4.41	–	–	–	–	15.5x	14.9x	14.1x	13.2x	-24%	-23%	-22%	-22%	5.7%	4.6%	72%	Neutral	$66	18%	Neutral	$64	14%
AVA	$40.40	2,948	1.94	2.47	2.59	2.72	1.93	2.44	2.50	2.78	–	–	0.09	(0.06)	20.8x	16.4x	15.6x	14.9x	2%	-15%	-13%	-12%	11.9%	4.5%	94%	Sell	$34	-11%	Neutral	$43	10%
NWE	$53.64	3,012	3.30	3.57	3.88	4.05	3.30	3.52	3.59	3.96	–	0.05	0.29	0.09	16.3x	15.0x	13.8x	13.2x	-21%	-22%	-23%	-21%	7.1%	4.8%	77%	Neutral	$58	13%	Neutral	$60	17%
POR	$50.46	4,503	2.83	2.92	3.02	3.18	2.81	2.81	3.01	3.20	–	0.11	–	–	17.8x	17.3x	16.7x	15.9x	-13%	-10%	-7%	-6%	4.0%	3.7%	66%	Buy	$56	15%	Neutral	$53	9%
		13,789													**17.6x**	**15.9x**	**15.1x**	**14.3x**	**-14%**	**-17%**	**-16%**	**-15%**	**7.2%**	**4.4%**	**77%**						
Mid/Large Cap Electric																														
AEE	$91.24	23,548	4.04	4.32	4.64	4.95	4.08	4.36	4.65	5.01	(0.04)	(0.04)	–	(0.06)	22.6x	21.1x	19.7x	18.4x	10%	10%	10%	9%	7.0%	2.7%	61%	Buy	$99	11%	Buy	$99	11%
AEP	$99.76	51,250	5.00	5.30	5.64	6.00	4.99	5.28	5.62	5.99	–	–	–	–	20.0x	18.8x	17.7x	16.6x	-2%	-2%	-1%	-1%	6.3%	3.3%	66%	Buy	$109	13%	Buy	$107	10%
CMS	$66.75	19,371	2.88	3.14	3.41	3.64	2.88	3.13	3.35	3.66	–	–	0.06	–	23.2x	21.3x	19.6x	18.3x	13%	10%	9%	9%	8.1%	2.9%	67%	Neutral	$70	8%	Buy	$72	10%
CNP	$31.99	20,136	1.38	1.49	1.61	1.73	1.39	1.50	1.59	1.74	–	–	–	–	23.2x	21.5x	19.9x	18.5x	13%	12%	11%	10%	7.8%	2.2%	52%	Buy	$35	12%	Buy	$33	7%
D	$80.03	66,625	4.12	4.40	4.70	5.00	4.12	4.38	4.61	5.00	–	–	0.09	–	19.4x	18.2x	17.0x	16.0x	-5%	-6%	-5%	-5%	6.7%	3.5%	67%	Buy	$90	16%	Buy	$89	15%
DTE	$128.67	24,929	6.06	6.29	6.73	7.13	6.03	6.27	6.69	7.15	0.03	–	0.04	–	21.2x	20.5x	19.1x	18.0x	4%	6%	7%	7%	5.6%	2.9%	61%	Buy	$145	16%	Buy	$139	11%
DUK	$105.64	81,343	5.48	5.81	6.15	6.50	5.45	5.75	6.11	6.48	–	0.06	0.04	–	19.3x	18.2x	17.2x	16.3x	-6%	-6%	-4%	-4%	5.9%	3.9%	74%	Buy	$119	17%	Neutral	$114	12%
ED	$97.37	34,526	4.51	4.85	5.16	5.47	4.51	4.81	5.10	5.39	–	0.04	0.07	0.08	21.6x	20.1x	18.9x	17.8x	6%	4%	5%	6%	6.6%	3.3%	72%	Neutral	$94	-0%	Sell	$88	-6%
EIX	$67.71	25,827	4.64	4.92	5.25	5.60	4.49	4.86	5.25	5.45	0.15	0.06	–	0.15	14.6x	13.8x	12.9x	12.1x	-29%	-29%	-28%	-28%	6.5%	4.3%	62%	Buy	$82	25%	Buy	$73	13%
ES	$88.61	30,698	4.10	4.42	4.75	5.11	4.11	4.39	4.64	5.03	–	0.03	0.11	0.08	21.6x	20.0x	18.7x	17.3x	6%	4%	4%	3%	7.6%	3.0%	65%	Buy	$97	12%	Neutral	$93	8%
ETR	$114.30	23,251	6.43	6.81	7.21	7.57	6.35	6.77	7.25	7.70	0.08	0.04	(0.04)	(0.13)	17.8x	16.8x	15.9x	15.1x	-13%	-13%	-12%	-10%	5.6%	3.7%	66%	Buy	$129	17%	Buy	$129	16%
EVRG	$66.71	15,308	3.56	3.77	4.02	4.30	3.56	3.77	4.05	4.23	–	–	–	0.07	18.7x	17.7x	16.6x	15.5x	-8%	-8%	-8%	-8%	6.5%	3.6%	68%	Buy	$77	19%	Buy	$71	11%
EXC	$42.78	42,427	2.27	2.41	2.58	2.82	2.26	2.42	2.58	2.79	–	–	–	–	18.8x	17.8x	16.6x	15.2x	-8%	-8%	-8%	-10%	7.5%	3.4%	64%	Neutral	$49	18%	Buy	$49	18%
FE	$41.38	23,644	2.40	2.57	2.75	2.95	2.41	2.53	2.74	2.87	–	0.04	–	0.08	17.2x	16.1x	15.0x	14.0x	-16%	-16%	-16%	-17%	7.1%	3.8%	66%	Neutral	$43	8%	Buy	$45	13%
LNT	$61.13	15,339	2.78	2.90	3.04	3.23	2.78	2.92	3.08	3.28	–	–	(0.04)	(0.05)	22.0x	21.1x	20.1x	18.9x	8%	9%	12%	12%	5.1%	2.9%	64%	Neutral	$60	1%	Buy	$65	9%
OGE	$41.02	8,212	1.99	2.06	2.21	2.30	2.12	2.06	2.17	2.29	(0.13)	–	0.04	–	20.6x	19.9x	18.6x	17.8x	1%	3%	3%	6%	4.9%	4.1%	85%	Buy	$43	9%	Buy	$42	5%
PCG	$13.30	26,436	1.11	1.24	1.34	1.45	1.09	1.23	1.33	1.43	–	–	–	–	12.0x	10.7x	9.9x	9.2x	-41%	-44%	-45%	-46%	9.3%	0.7%	8%	Buy	$19	44%	Buy	$16	22%
PEG	$65.38	32,615	3.53	3.58	4.06	4.39	3.48	3.58	3.97	4.27	0.05	–	0.09	0.12	18.5x	18.3x	16.1x	14.9x	-9%	-5%	-10%	-12%	7.5%	3.4%	64%	Buy	$76	20%	Buy	$74	16%
PNW	$73.31	8,287	4.05	4.25	4.50	4.75	4.02	4.19	4.47	4.70	–	0.06	–	0.05	18.1x	17.2x	16.3x	15.4x	-11%	-10%	-9%	-8%	5.5%	4.8%	87%	Sell	$60	-13%	Sell	$72	2%
PPL	$28.90	21,276	1.39	1.58	1.70	1.81	1.41	1.60	1.70	1.82	–	–	–	–	20.8x	18.3x	17.0x	16.0x	2%	-5%	-5%	-5%	9.2%	3.2%	68%	Buy	$33	17%	Buy	$31	11%
SO	$77.22	82,048	3.60	3.80	4.15	4.40	3.60	3.80	4.08	4.40	–	–	0.07	–	21.5x	20.3x	18.6x	17.6x	5%	6%	4%	4%	6.9%	3.6%	77%	Buy	$80	7%	Neutral	$76	3%
WEC	$100.96	31,846	4.40	4.59	4.89	5.21	4.39	4.61	4.90	5.22	–	–	–	–	22.9x	22.0x	20.6x	19.4x	12%	14%	15%	15%	5.8%	3.0%	69%	Neutral	$104	6%	Neutral	$106	8%
Mid/Lg Cap (excl. EIX, PCG)															**20.5x**	**19.3x**	**18.0x**	**16.9x**					**6.7%**	**3.4%**	**68%**						
Regulated Electrics		**722,732**													**20.0x**	**18.7x**	**17.5x**	**16.4x**					**6.7%**	**3.5%**	**70%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	'22–'25 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$38.44	4,208	2.21	2.41	2.47	2.69	2.14	2.30	2.41	2.56	0.07	0.11	0.06	0.13	17.4x	16.0x	15.6x	14.3x	-15%	-17%	-13%	-15%	6.8%	3.8%	65%	Neutral	$41	10%	Sell	$41	10%
NEE	$85.69	168,362	2.84	3.07	3.38	3.66	2.87	3.11	3.38	3.64	(0.03)	(0.04)	–	–	30.2x	27.9x	25.4x	23.4x	48%	45%	41%	39%	8.8%	2.1%	64%	Buy	$108	28%	Buy	$96	14%
SRE	$168.86	53,074	8.54	9.08	9.58	10.21	8.64	9.03	9.65	10.15	(0.10)	0.05	(0.07)	0.07	19.8x	18.6x	17.6x	16.5x	-3%	-3%	-2%	-2%	6.1%	2.9%	57%	Buy	$174	6%	Buy	$176	7%
		225,644													**22.4x**	**20.8x**	**19.5x**	**18.1x**	**10%**	**8%**	**9%**	**7%**	**7.2%**	**2.9%**	**62%**						
Gas LDCs																															
NI	$28.86	11,716	1.45	1.53	1.70	1.84	1.45	1.55	1.75	1.90	–	–	(0.05)	(0.06)	19.9x	18.9x	17.0x	15.7x	-0%	1%	-3%	-5%	8.3%	3.4%	68%	Buy	$32	14%	Buy	$33	16%
CPK	$128.71	2,283	5.13	5.55	5.93	6.32	5.11	5.56	5.88	6.25	–	–	0.05	0.07	25.1x	23.2x	21.7x	20.4x	26%	24%	24%	24%	7.2%	1.7%	43%	Neutral	$136	7%	Buy	$141	11%
NJR	$44.70	4,301	2.45	2.43	2.64	2.81	2.46	2.46	2.73	2.84	–	–	(0.09)	–	18.2x	18.4x	16.9x	15.9x	-9%	-2%	-3%	-3%	4.7%	3.5%	64%	Neutral	$41	-5%	Neutral	$46	6%
NWN	$47.91	1,641	2.56	2.73	2.83	2.98	2.52	2.68	2.75	3.00	0.04	0.05	0.08	–	18.7x	17.5x	16.9x	16.1x	-6%	-6%	-3%	-2%	5.2%	4.1%	76%	Neutral	$49	6%	Buy	$55	18%
OGS	$79.87	4,324	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	19.6x	18.2x	17.2x	16.0x	-2%	-2%	-2%	-3%	7.0%	3.3%	64%	Neutral	$86	11%	Buy	$90	15%
SJI	$34.23	4,192	1.71	1.82	1.94	2.05	1.73	1.79	1.88	1.94	–	0.03	0.06	0.11	20.0x	18.8x	17.6x	16.7x	0%	1%	1%	2%	6.2%	3.7%	74%	Neutral	$36	9%	Neutral	$36	9%
SR	$69.49	3,648	3.84	4.27	4.91	5.03	3.89	4.39	4.61	4.88	(0.05)	(0.12)	0.30	0.16	18.1x	16.3x	14.2x	13.8x	-9%	-13%	-19%	-16%	9.4%	4.1%	75%	Neutral	$67	1%	Neutral	$77	15%
		32,105													**19.9x**	**18.8x**	**17.4x**	**16.4x**	**-0%**	**0%**	**-1%**	**-0%**	**6.9%**	**3.4%**	**66%**						
Regulated Water																															
AWK	$145.44	26,439	4.44	4.85	5.23	5.70	4.45	4.82	5.20	5.65	–	–	0.04	0.05	32.8x	30.0x	27.8x	25.5x	60%	56%	55%	51%	8.7%	1.9%	62%	Neutral	$155	8%	Neutral	$163	14%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$87.75	28,665	2,605	3,015	3,056	3,174	2,668	3,117	3,432	3,613	(63)	(102)	(376)	(439)	12.8x	10.5x	9.8x	8.9x	33,250	31,665	29,930	28,096	6.8%	0.7%	17%	Buy	$92	6%	Buy	$88	1%
NRG	$42.80	10,064	2,008	2,247	2,312	2,276	1,997	2,259	2,372	2,340	–	–	(60)	(64)	8.5x	7.3x	6.9x	6.4x	17,050	16,505	15,894	14,567	4.3%	3.4%	30%	Neutral	$43	4%	Buy	$43	4%
VST	$24.91	10,371	3,117	3,508	3,555	3,738	3,157	3,693	3,572	3,348	(40)	(185)	–	391	6.7x	5.9x	5.7x	5.1x	20,926	20,606	20,150	19,148	6.2%	3.1%	30%	Buy	$32	32%	Buy	$32	31%
Other																															
ALTO	$4.09	303	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	169%	Buy	$12	185%
IEA	$14.31	696	147	164	174	178	145	165	N/A N/A	N/A N/A	–	–	–	–									6.7%	–	–	Neutral	$14	-2%	Buy	$14	-4%
NEP	$82.25	6,901	1,660	1,775	1,889	2,003	1,776	1,963	2,169	2,312	(116)	(188)	(280)	(309)									6.5%	4.0%	–	Buy	$85	7%	Buy	$87	9%
SMR	$13.46	572	(156)	(100)	(57)	8	(146)	(85)	(54)	9	–	–	–	–										–	–	Buy	$18	34%	Buy	$17	29%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

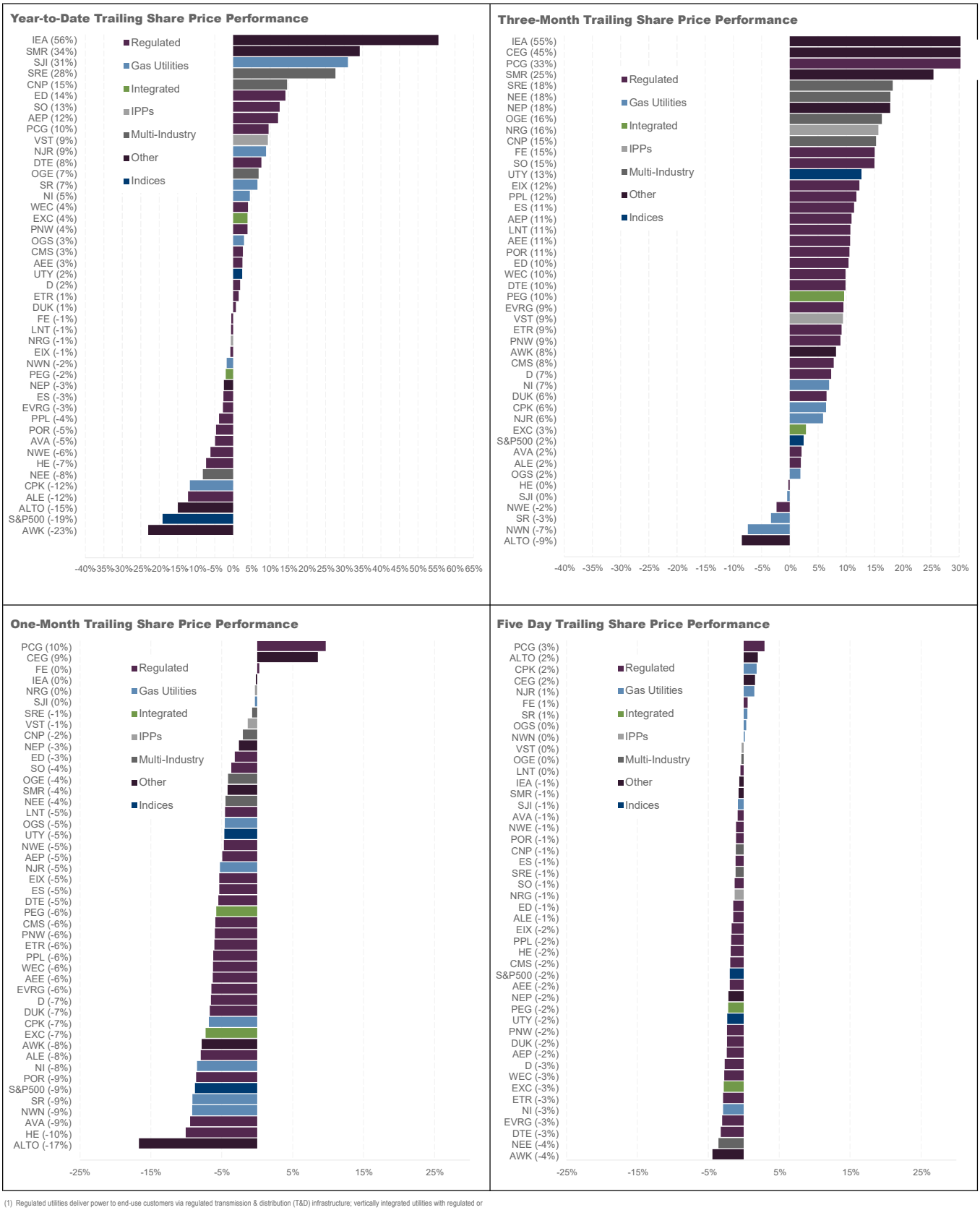

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
PCG Group Video Call	9/6	Virtual
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Generation and Mix

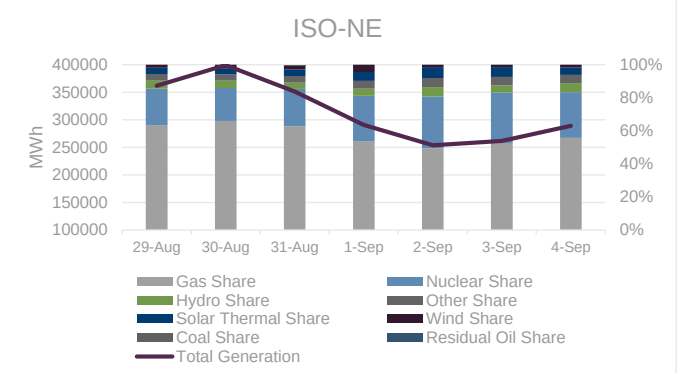

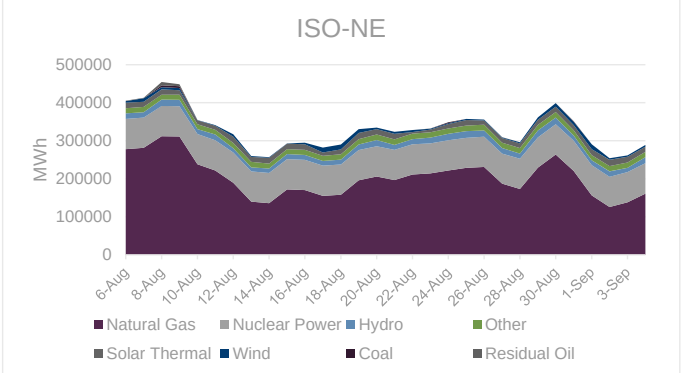

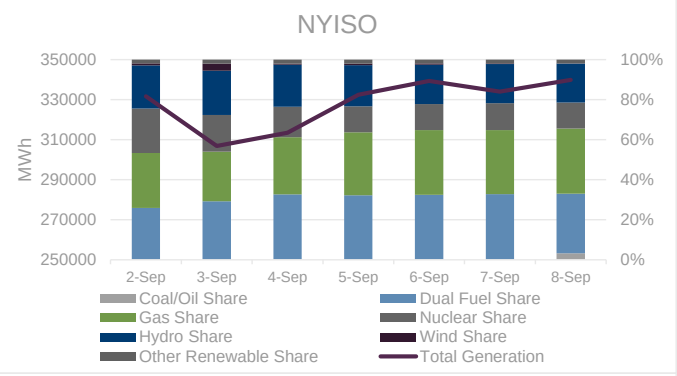

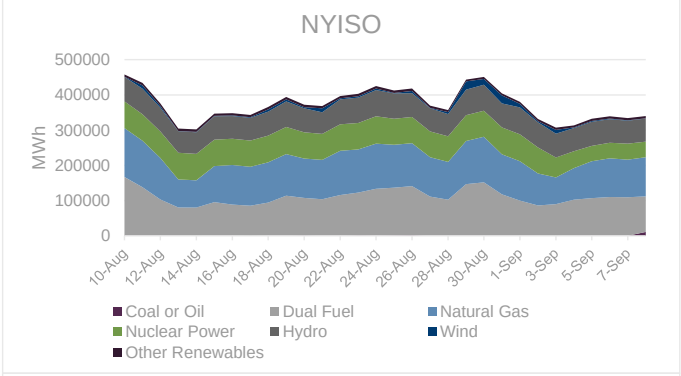

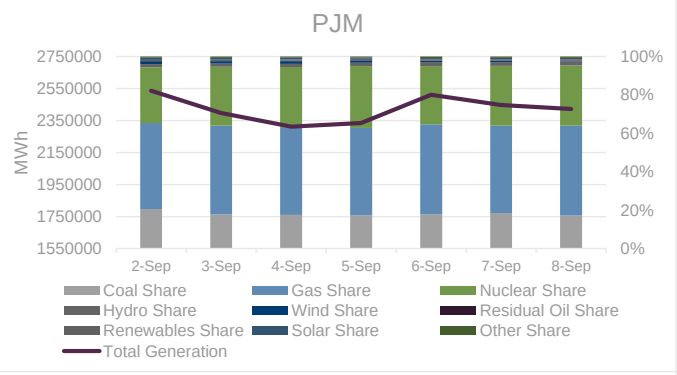

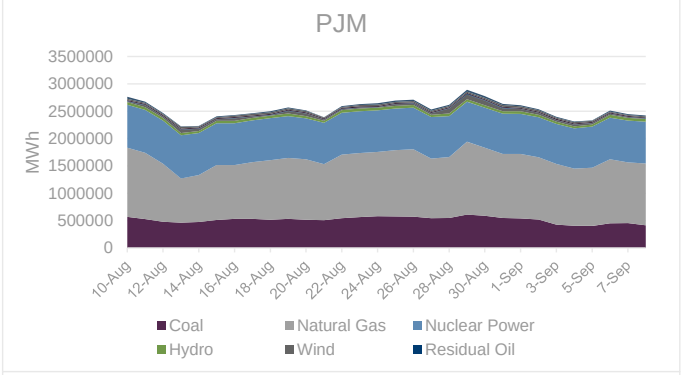

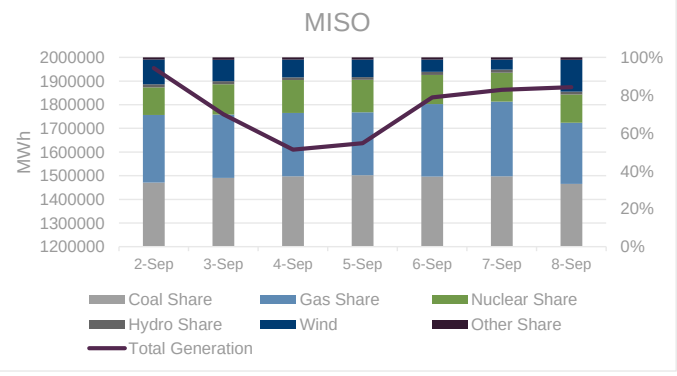

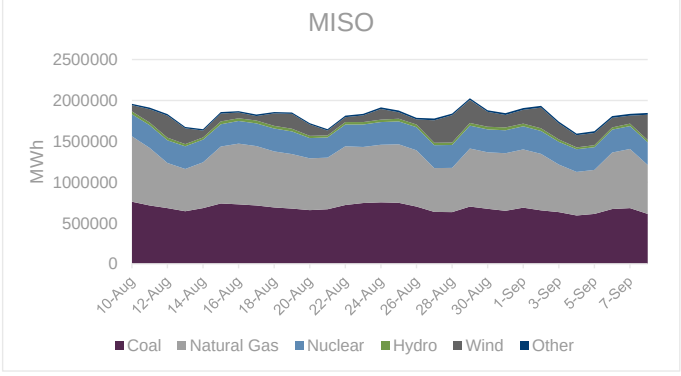

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

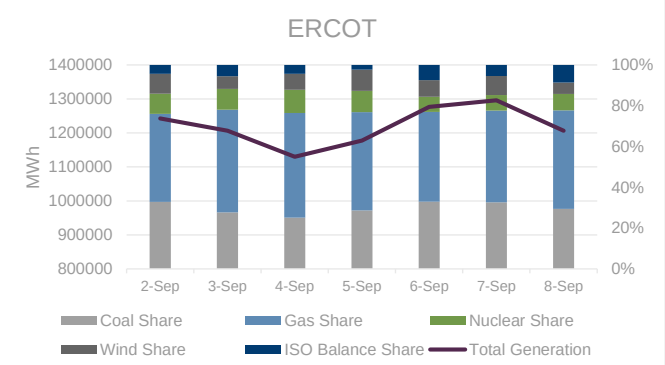

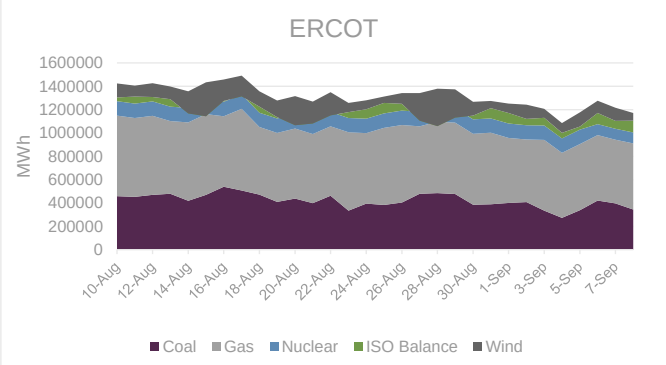

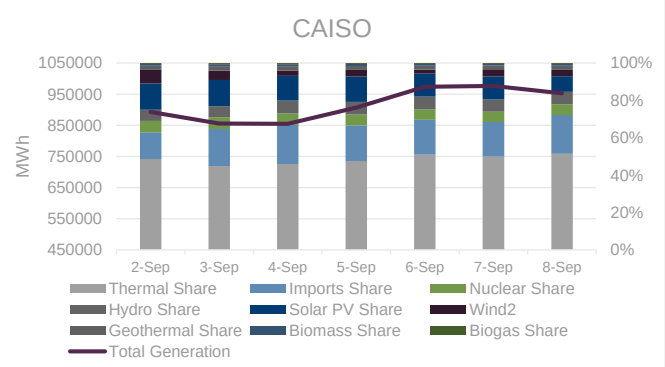

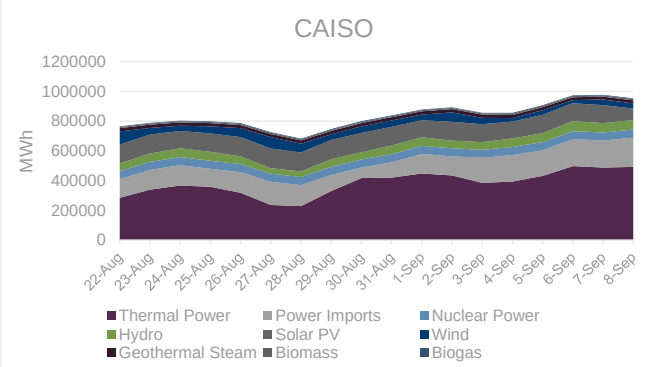

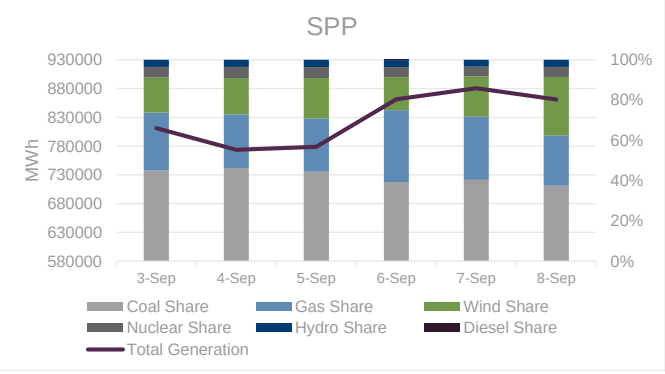

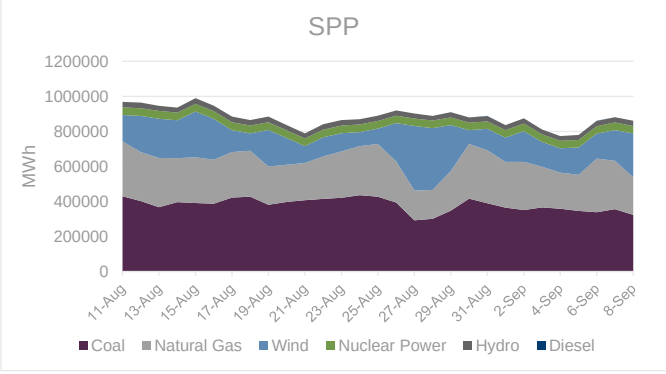

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Weather

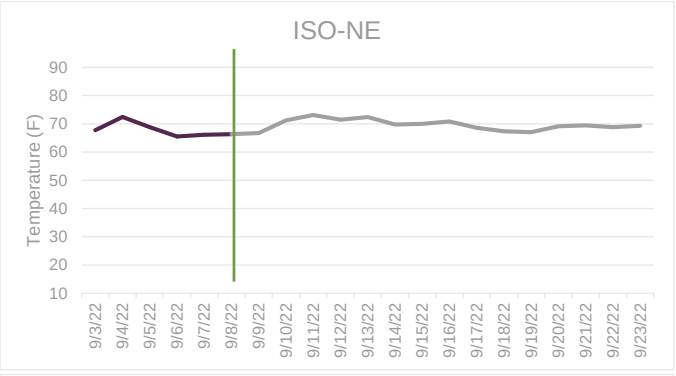

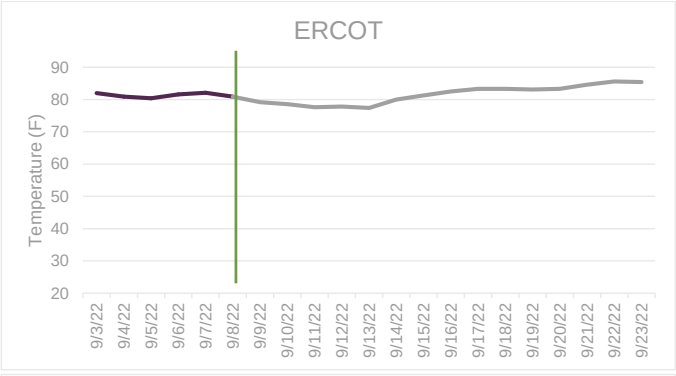

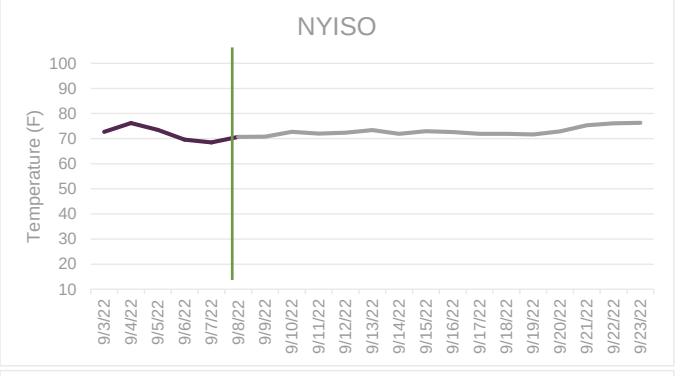

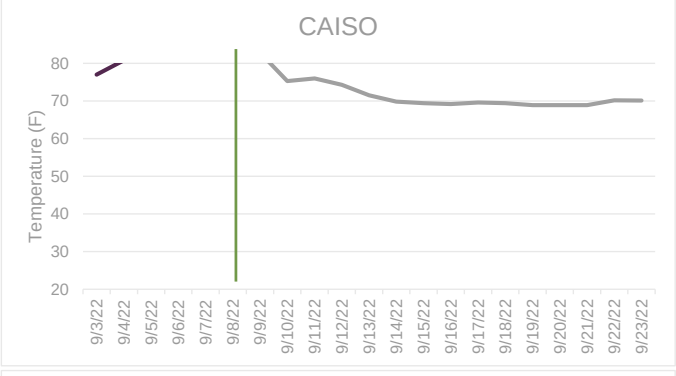

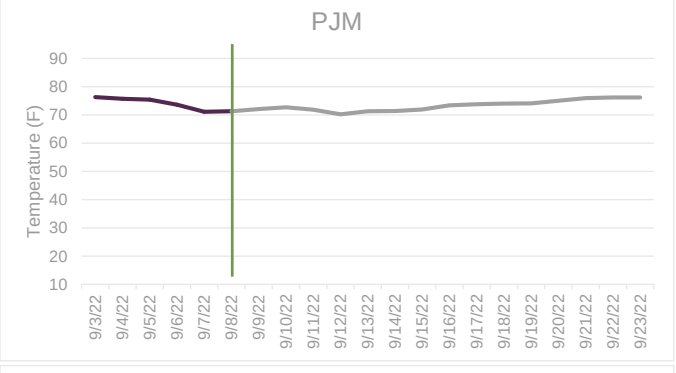

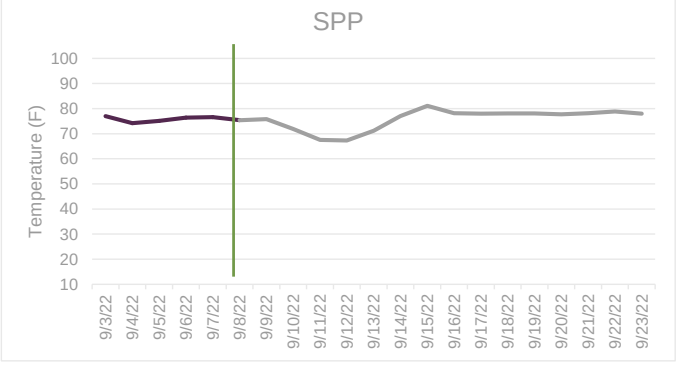

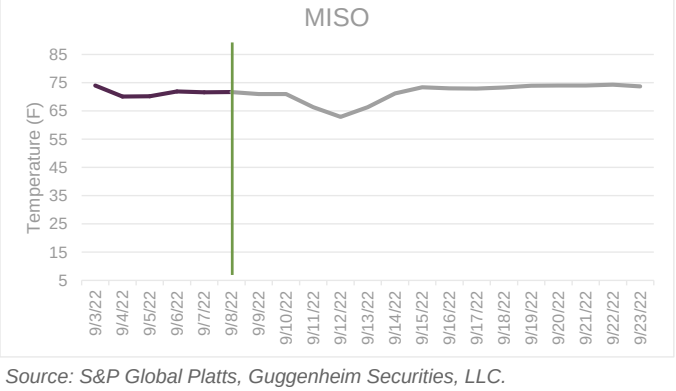

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Peak Load

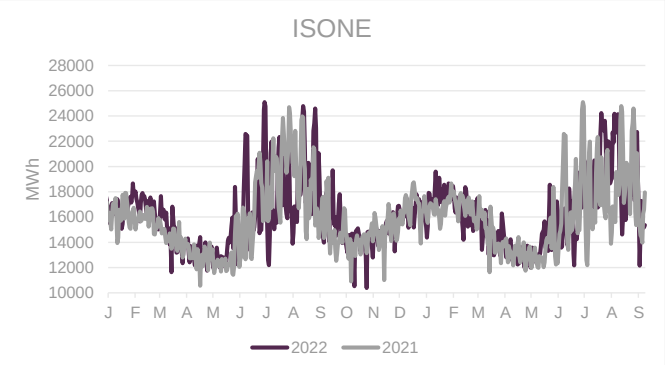

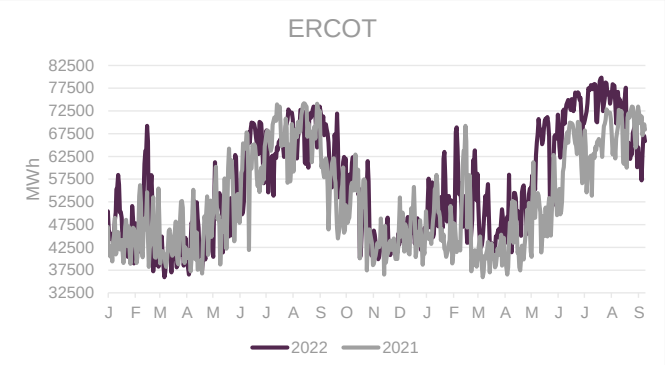

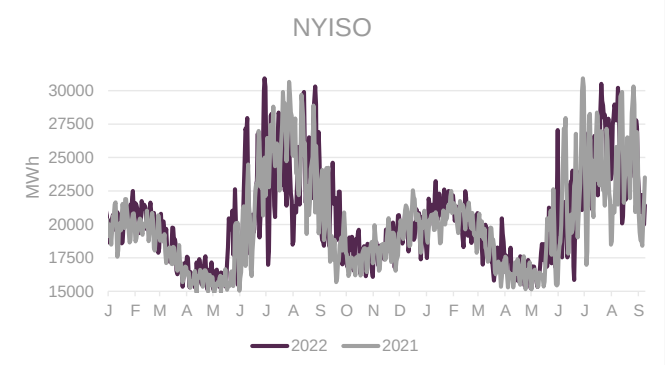

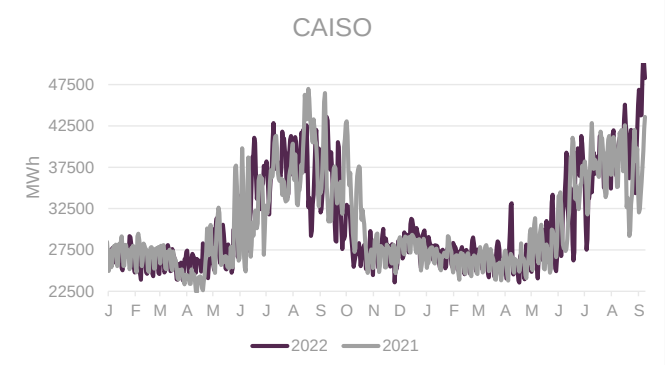

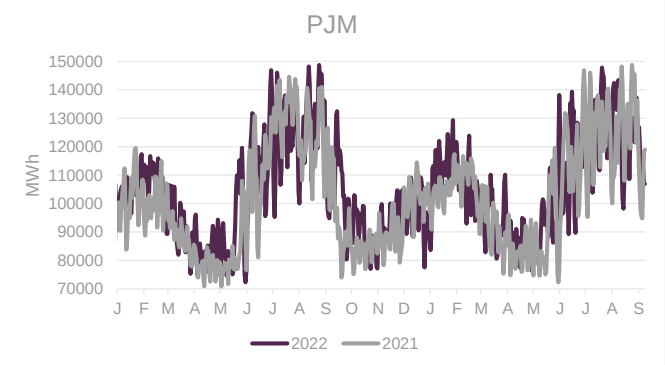

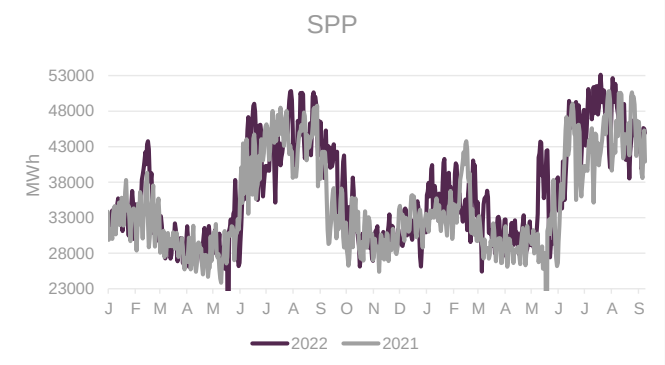

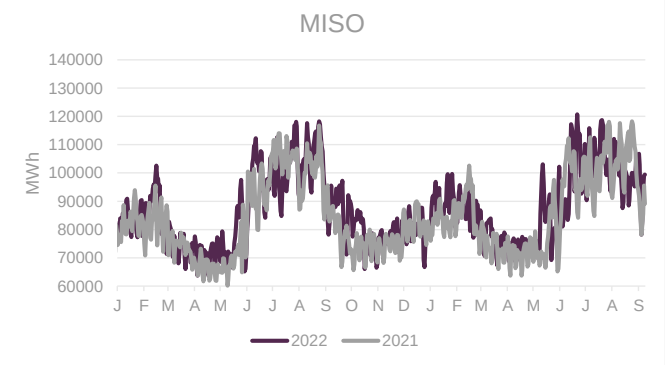

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
ISONE	6.2%	0.0%	-0.5%	1.5%	-1.2%	8.3%
NYISO	6.1%	-0.3%	0.6%	2.1%	-0.1%	5.7%
PJM	8.0%	3.1%	2.5%	3.9%	3.8%	2.0%
MISO	7.2%	3.4%	2.5%	4.0%	5.0%	0.4%
CAISO	4.0%	-0.2%	-2.6%	1.6%	1.2%	4.8%
ERCOT	1.9%	4.4%	2.5%	13.7%	19.1%	8.0%
SPP	3.2%	6.3%	0.5%	5.9%	9.7%	6.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (7/6/2022 - 9/30/2022)

Date	State	Ticker	Utility/Event	Docket	Description
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Settlement discussions to commence in rate case
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Settlement discussions to commence in rate case
7/6/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Rebuttal testimony due in rate case
7/7/2022-7/27/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Commission decision expected
7/12/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	ALJ report due
7/12/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor testimony due by
7/12/2022-7/13/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearings scheduled in Rider E update
7/13/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Rebuttal testimony due in rate proceeding
7/13/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Rebuttal testimony due in rate proceeding
7/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Staff to file testimony in Rider CCR update proceeding
7/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural surrebuttal testimony due
7/21/2022	IL	AEE	Ameren Illinois	D-22-0297	Company rebuttal testimony due in formula rate plan proceeding
7/21/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Rebuttal testimony due in rate case
7/22/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Company testimony due
7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Briefing schedule to be established
7/25/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Public hearing scheduled
7/26/2022	MI	DTE	DTE Electric Co.	C-U-20836	Briefs due in rate case
7/26/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Company rebuttal testimony due by
7/27/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Company rebuttal testimony due in formula rate plan proceeding
7/27/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Intervening parties to file testimony in rate case
7/27/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Intervening parties to file testimony in Rider RBB update proceeding
7/29/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Intervening parties to file testimony in ERAC proceeding
7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Decision expected in RAC-EE update proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Decision likely in Rider OSW proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Decision expected in Rider NSA proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Decision expected in Rider US-2 update proceeding
8/1/2022-8/31/2022	MO	AEE	Union Electric Co.	C-ER-2022-0337	Electric rate case filing expected
8/1/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Staff testimony due in Rider RBB proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Decision likely in Rider DSM proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearing examiner's report may be isssued in Rider E update
8/1/2022-8/31/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
8/2/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Hearing
8/2/2022-8/4/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Hearings scheduled in rate case
8/2/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Rebuttal testimony due in Rider CCR update proceeding
8/5/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor surrebuttal testimony due by
8/11/2022-8/12/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Hearings scheduled in rate case
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
8/15/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Rebuttal testimony due in gas rate proceeding
8/15/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Opening briefs due
8/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	Reply briefs due in rate case
8/17/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Rebuttal testimony due in rate case
8/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Intervening parties to file testimony in rate case
8/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Settlement conference to be held in rate proceeding
8/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Settlement conference to be held in rate proceeding
8/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Closing briefs due
8/22/2022-8/23/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing scheduled in Rider CCR update proceeding
8/23/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Main briefs due in rate case
8/23/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	SCC staff to file testimony in ERAC proceeding
8/24/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Testimony due in electric rate case
8/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Intervenor direct testimony due in rate proceeding
8/29/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Hearing to begin in rate proceeding
8/29/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Hearing to begin in rate proceeding
9/1/2022-9/30/2022	IN	DUK	Duke Energy Indiana, LLC	Ca-44720-TDSIC-11	Decision possible in TDSIC proceeding
9/1/2022-9/30/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Decision possible in rate proceeding
9/1/2022-9/30/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Final decision may be issued in Rider E update
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2022-9/30/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
9/2/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Reply briefs due in rate case
9/2/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Staff direct testimony due in rate proceeding
9/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Rebuttal testimony to be filed testimony in ERAC proceeding
9/7/2022	IL	AEE	Ameren Illinois	D-22-0297	Hearing to begin in formula rate plan proceeding
9/7/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Main briefs due in rate case
9/7/2022-9/8/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing scheduled in Rider RBB case
9/12/2022-9/23/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Hearings scheduled in rate case
9/14/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Hearing to begin in formula rate plan proceeding
9/15/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3) expected by
9/15/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Rebuttal testimony due in electric rate case
9/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	ALJ proposed decision target date
9/16/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Company rebuttal testimony due in rate proceeding
9/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Rebuttal testimony due in rate case
9/19/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Reply briefs due in rate case
9/20/2022-9/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearings scheduled in ERAC proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Second settlement conference to take place in gas rate proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Settlement conference to take place in gas rate proceeding
9/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearing to begin in rate proceeding
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing Examiner report may be issued in Rider RBB proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	230	65.71%	41	17.83%
NEUTRAL	115	32.86%	5	4.35%
SELL	5	1.43%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

EXELON CORP (EXC)

EXC: Early IRA withdrawals overdone; mgmt meetings

September 18, 2022

Rating:
Outperform
Price:
$43.21
Price Target:
$49.00
% Upside:
13.4%

View EXC Model
View Comp Table

Company Information

52-Week Range	$41 - $58
Market Cap. (MM)	$42,854
Enterprise Value (MM)	$79,342
Shares Out. (MM)	991.8
Dividend Yield	0.0%
Dividend Payout Ratio	73.5%
ROE	9.7%
Debt to Cap	54.1%
Avg. Value Traded (MM)	$248.71



Source: FactSet

Priced as of 09/16/22

The Wolfe Byte
We recently hosted investor meetings with EXC management, and we came away thinking the weakness in the stock post IRA is overdone. EXC still sees 6-8% EPS growth and has already issued over half of the $1B of equity it needs through 2025. There is some upside to IL ROEs.

Takeaway from mgmt meetings is the stock hit from IRA is overdone. We recently hosted EXC's CFO Joe Nigro for investor meetings in CA, and our primary takeaway is the stock reaction to the Inflation Reduction Act is overdone. EXC's $200M estimated cash hit from the corporate AMT is a worst case and before any mitigating efforts. EXC has reaffirmed its 6-8% EPS growth target through 2025 despite the IRA impact. Another takeaway is upside to ComEd returns from a higher 30Y UST yield in 2022-23 and from higher allowed ROEs and potential incentives under multiyear rate plans beginning in 2024. EXC already issued over $500M of equity last month, with the rest by YE25. While the stock is beating the UTY by ~230bp YTD, it has meaningfully lagged since the IRA was announced. EXC now trades at a ~1.5x discount to the utility avg P/E on 2024E. Our PT remains $49, reflecting a half-turn premium to our group avg P/E, given EXC's low-risk T&D business and above avg LT EPS/div growth. We view EXC's recent weakness as more messaging than fundamentals, and we think this should be fixable in time. In our view, EXC's business is a lot more stable than recent news flow would suggest.

AMT impact is conservative, will update after IRS guidelines. EXC assumes the AMT is determined at the consolidated level, meaning potential benefits from lower deferred taxes (= higher rate base) would not materialize at the utility subs. And EXC's $200M cash hit assumes the repairs and maintenance deduction is not treated like accelerated D&A in the IRA. But the IRS has yet to issue guidelines. EXC also is exploring ways to mitigate the impact.

Upside from higher potential earned ROEs. We currently see upside to our 2023-25E earned returns mostly at ComEd, in which we estimate every 50bp is $0.04. With a potential 36bp ROE performance incentive starting in 2024, ComEd earned ROEs could be higher than our 9.5% estimate in 2024-25.

ESTIMATES

($)	2022E	2023E	2024E	2025E
EPS FY	2.27 E	2.39 E	2.56 E	2.80 E
Cons.	2.26 E	2.42 E	2.58 E	2.79 E
P/E	19.1x	18.1x	16.9x	15.4x

Source: Company Documents, Wolfe Research, FactSet
Numbers may not add up due to rounding; Fiscal Year Ends December



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

WOLFE RESEARCH

September 18, 2022

Investment Conclusion

We believe EXC is a low-risk utility stock with ESG-friendly investments. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%. We think the stock hit from IRA is overdone and see it getting to a modest premium to peers. But we think execution and better messaging will be key over time to trade in line with low-risk, high-quality utilities.

Valuation

Our $49PT is based on a half-turn premium to our utility group P/E of 18.5x 2024E. We think a half-turn premium is warranted given EXC is a T&D, coal-free utility growing EPS above the industry average and operating under constructive regulatory frameworks.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Select takeaways from meetings:

- **$200M negative cash impact from IRA is worst case; not expected to pressure B/S**: EXC did not update its comments from last month regarding the expected impact from the *Inflation Reduction Act*: it may result in an increase in cash taxes of up to approximately $200M/yr starting in 2023. That reflects impact from the 15% corporate alternative minimum tax at the consolidated level. While the IRA includes a provision on the deduction of accelerated depreciation, the legislation is silent on other deductions, primarily the repairs and maintenance expense. EXC is continuing to assess the net impact and potential mitigants. It will update estimates after its full budget process is done on the YE call in 1Q23. Even using the $200M hit, we believe EXC should still be above the credit rating downgrade thresholds of 12% FFO/Debt and any incremental equity needs would be minor within the 6-8% overall EPS growth rate.

- **Above-average 6-8% EPS growth intact; nonlinear given timing of PECO lag**: EXC also reaffirmed its above-average 6-8% EPS growth through 2025, inclusive of the $200M maximum hit to cash from the IRA, as growth is driven by its $29B capital plan through 2025. EXC projects earned returns to be 9-10% across its utility businesses. As mgmt. noted earlier this year, the EPS growth is not linear because EXC's PECO utility in PA tends to get rate relief every three years, with the next rate increase anticipated 1/1/25. Therefore, EPS growth off 2021A of $2.10 may be below the 6-8% midpoint in 2024, when PECO is in the final year before rate relief and therefore when PECO earned returns are projected to be at their lowest in between rate increases.

- **ComEd earned returns under new MYP starting in 2024 could include up to 36bp of incentives**: One key assumption embedded in our estimates is ComEd distribution's earned ROE. Through 2023, it will still reflect the 30Y UST yield plus 580bp under the current formulaic ratemaking. Our 2023E still assumes a 2.9% 30Y UST, but that would be 60-70bp higher using the current 30Y UST yield. Every 50bp is about $0.04 in 2023E. But in 2024, ComEd has the option to file under a multiyear rate plan framework, which is expected to include performance incentives that could total up to 36bp (6bp for each of the six metrics). That is on top of the allowed ROE, which will be determined by IL regulators. Our 2024E of $2.56 reflects about a 9.5% ROE for ComEd distribution. The IL gas utilities have been authorized ROEs around 9.7% over the past couple of years, implying over 50bp upside, or over $0.04 to our 2024-25E from both a higher allowed ROE and performance incentives. EXC has not disclosed the ComEd 2024-25 ROE forecasts but said that its 6-8% EPS growth target has "stress-tested" several assumptions.

- **2023 is busy regulatory year**: This year was relatively quiet for EXC on the rate case front, with its MD and DC utilities under multiyear frameworks, PECO just completing a rate case in 2021 and IL under formulaic rates. Next year is the opposite:
  - IL: In Jan 2023, ComEd will file a rate case, likely under the new 4-year framework starting Jan 2024, with performance-based incentives (up to 6pb for each of the six measures, or 36bp total).

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

- DC/MD: Also in early 2023, EXC's DC and MD utilities are expected to file reconciliations under the current MYPs, which will be the first under those plans. We don't expect significant issues with the reconciliations (i.e., recovery of costs earlier in the MYPs in 2024). But they will be important as precedent setting in those jurisdictions. Then, the next round of MYPs in those states are expected to be filed at some point thereafter.

- M&A a big focus of investors, but not front-burner for management: EXC continually gets questions on M&A. Although the company has successfully done M&A over the past decade (Constellation and PHI), management appears focused on its $29B capital plan and delivering 6-8% EPS growth. M&A in the utility space is not easy – with social, regulatory and execution hurdles. And frankly, EXC doesn't have the currency to do M&A at the moment with the stock trading at a meaningful discount to the sector.

Relative stock performance and Comps

As shown in Exhibit 1, EXC has given back nearly all of its YTD outperformance vs large cap peers. EXC trades at a nearly 1.5x discount to regulated peers and well below low-risk, high-quality utility names; see Exhibit 2.

Exhibit 1: EXC Relative Performance vs. Large-Cap Utilities

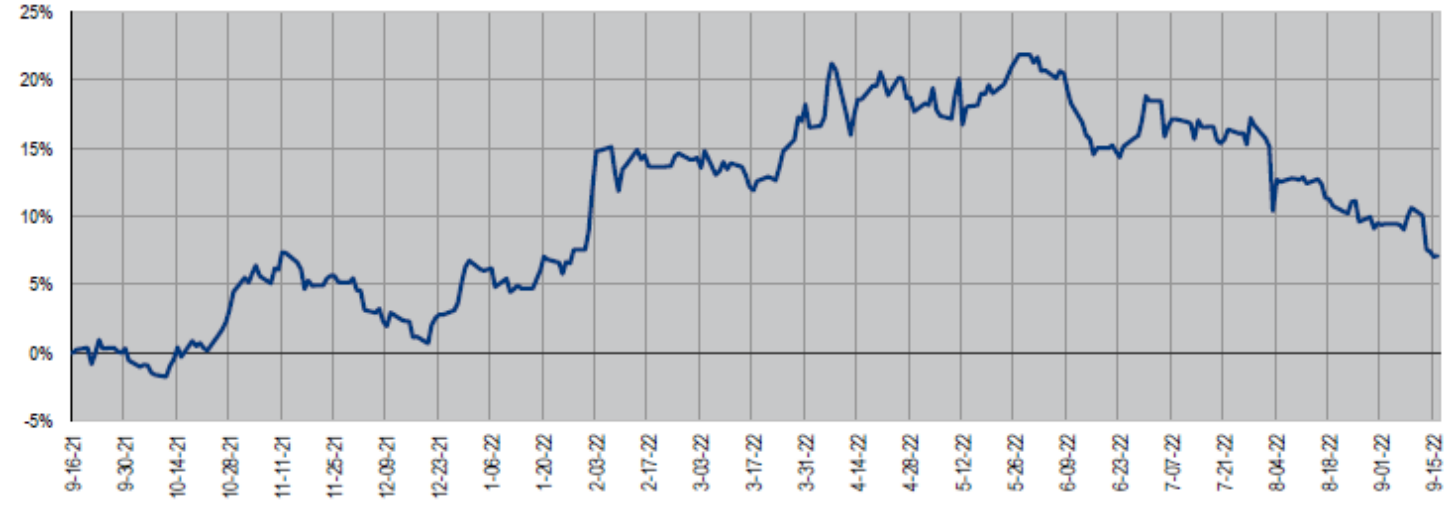

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

WOLFE RESEARCH

September 18, 2022

Exhibit 2: Regulated Utility Comps

Company Name	Ticker	Current Price	Current Shares	Mkt Cap ($M)	P/E 2022E	P/E 2023E	P/E 2024E	P/E 2025E	Div Yield	Div Growth (E)	Payout Ratio	Price/ Book	Equity Ratio
AES Corp.	AES	$25.92	668	$17,313	16.1x	14.5x	13.6x	12.3x	2.4%	5.0%	39%	8.0x	16%
Alliant Energy	LNT	$60.86	251	$15,271	22.1x	21.1x	19.8x	18.7x	2.8%	6.2%	62%	2.5x	43%
Ameren	AEE	91.73	258	23,700	22.5x	21.0x	19.4x	18.4x	2.6%	7.0%	58%	2.4x	40%
American Electric	AEP	100.36	514	51,558	20.1x	18.9x	17.9x	16.8x	3.1%	6.0%	63%	2.1x	39%
Avangrid	AGR	49.32	387	19,068	21.3x	23.1x	21.6x	N/A	3.6%	0.0%	76%	1.0x	70%
CenterPoint Energy	CNP	32.04	630	20,169	23.2x	21.4x	19.8x	18.5x	2.1%	8.0%	49%	2.2x	40%
CMS Energy	CMS	66.84	290	19,397	23.3x	21.3x	19.8x	18.5x	2.8%	5.7%	64%	2.9x	36%
Con Edison	ED	97.41	355	34,540	21.5x	20.4x	19.2x	18.4x	3.3%	3.0%	70%	1.7x	44%
Dominion	D	80.82	831	67,133	19.7x	18.4x	17.2x	16.0x	3.3%	6.0%	65%	2.5x	39%
DTE Energy	DTE	129.90	194	25,167	21.6x	20.7x	19.5x	18.1x	2.8%	7.0%	60%	2.9x	31%
Duke Energy	DUK	106.11	770	81,694	19.5x	18.8x	17.4x	16.4x	3.8%	2.0%	74%	1.7x	41%
Edison International	EIX	67.52	381	25,754	15.6x	14.4x	13.4x	12.4x	4.1%	5.7%	65%	2.1x	34%
Emera*	EMA	61.04	266	16,224	20.5x	18.7x	17.8x	16.9x	4.4%	3.9%	90%	1.8x	38%
Entergy	ETR	115.42	203	23,479	18.0x	17.1x	16.0x	15.0x	3.7%	6.0%	67%	2.0x	31%
Evergy	EVRG	67.07	230	15,394	18.9x	17.5x	16.6x	15.6x	3.5%	7.0%	66%	1.7x	44%
Eversource Energy	ES	88.80	346	30,764	21.7x	20.2x	18.1x	17.1x	2.9%	6.2%	62%	2.0x	41%
Exelon	EXC	43.21	992	42,854	19.0x	18.1x	16.9x	15.5x	3.1%	7.0%	59%	1.8x	38%
FirstEnergy	FE	41.20	571	23,541	17.0x	17.0x	15.7x	14.7x	3.8%	0.0%	64%	2.2x	34%
Fortis*	FTS	56.85	479	27,214	20.2x	18.8x	18.0x	17.4x	3.8%	6.0%	77%	1.5x	43%
NextEra Energy	NEE	84.79	1,986	168,428	29.7x	27.5x	25.1x	23.3x	2.0%	10.0%	59%	4.6x	36%
NiSource	NI	28.83	406	11,704	19.9x	18.9x	16.6x	N/A	3.3%	6.0%	65%	2.1x	40%
OGE Energy	OGE	40.91	200	8,190	19.9x	20.2x	18.9x	17.9x	4.0%	2.0%	80%	1.9x	46%
PG&E	PCG	13.08	1,988	25,999	12.0x	11.0x	10.0x	9.2x	0.0%	N/A	0%	1.2x	30%
Pinnacle West	PNW	73.63	113	8,323	18.4x	17.9x	16.7x	15.8x	4.6%	2.5%	85%	1.4x	41%
Portland General	POR	50.15	89	4,476	17.8x	17.5x	16.3x	15.6x	3.6%	5.0%	63%	1.6x	43%
PPL Corp.	PPL	28.92	736	21,290	21.1x	18.2x	16.9x	16.1x	3.1%	6.5%	66%	1.5x	50%
PSEG	PEG	66.36	499	33,104	19.1x	18.6x	17.6x	16.3x	3.3%	5.9%	62%	2.5x	39%
Sempra	SRE	168.44	314	52,942	19.7x	18.9x	17.6x	N/A	2.9%	8.0%	57%	2.0x	51%
Southern Company	SO	77.25	1,088	84,067	21.5x	20.6x	18.6x	17.3x	3.5%	3.8%	76%	2.9x	34%
WEC Energy Group	WEC	101.29	315	31,950	23.1x	22.1x	20.8x	19.4x	2.9%	7.4%	66%	2.8x	42%
Xcel Energy	XEL	73.90	547	40,423	23.3x	21.8x	20.5x	19.4x	2.6%	6.0%	61%	2.5x	39%
Average					**20.2x**	**19.2x**	**17.9x**	**16.7x**	**3.1%**	**5.4%**	**64%**	**2.3x**	**40%**
Average (ex EIX & PCG)					**20.7x**	**19.6x**	**18.3x**	**17.1x**	**3.2%**	**5.4%**	**66%**	**2.4x**	**40%**

Source: Wolfe Utilities & Power Research, FactSet

*Current price shown in CAD

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

WOLFE RESEARCH

September 18, 2022

Exelon Corp. Snapshot

Exhibit 3: Financial Summary

Financial Summary	2022E	2023E	2024E	2025E
EPS	$2.27	$2.39	$2.56	$2.79
Consensus EPS	$2.26	$2.42	$2.58	$2.79
Dividends Per Share	$1.35	$1.44	$1.55	$1.65
Payout on Utility net Parent	59%	60%	60%	59%
Equity ratio	34%	34%	34%	34%
FFO/Net Debt	15%	15%	15%	15%
Diluted Shares Outstanding	985	996	1,000	1,003
Valuation Metrics				
P/E	19.0x	18.1x	16.9x	15.5x
Dividend Yield	3.1%	3.3%	3.6%	3.8%
Segment EPS	**2022E**	**2023E**	**2024E**	**2025E**
ComEd	0.88	0.94	1.08	1.13
PECO	0.58	0.59	0.57	0.71
BGE	0.43	0.46	0.49	0.52
Pepco	0.66	0.70	0.74	0.78
Parent	(0.27)	(0.30)	(0.32)	(0.34)
Total EPS	**$2.27**	**$2.39**	**$2.56**	**$2.79**
Realized ROE by Utility				
ComEd	9.1%	9.3%	9.9%	9.9%
PECO	10.8%	10.1%	9.1%	10.3%
BGE	9.8%	10.0%	9.8%	9.8%
Pepco	9.8%	9.9%	9.8%	9.7%
Average Rate Base ($M)	$49,399	$53,159	$56,989	$60,880

Source: Wolfe Utilities & Power Research

Exhibit 4: Modeling Assumptions

Assumptions	2022E	2023E	2024E	2025E
Capex by Segment ($M)				
ComEd	$2,475	$2,550	$2,575	$2,650
PECO	1,350	1,350	1,550	1,600
BGE	1,250	1,325	1,375	1,400
Pepco	1,875	1,825	1,950	1,900
Parent/other	0	0	0	0
Total EXC Capex	**$6,950**	**$7,050**	**$7,450**	**$7,550**
EXC				
Equity Issued/(Repurchased)	$563	$167	$167	$167
Debt Issued/(Repurchased)	2,250	2,325	2,350	2,200

Source: Wolfe Utilities & Power Research

Exhibit 5: 2024 EPS by Subsidiary

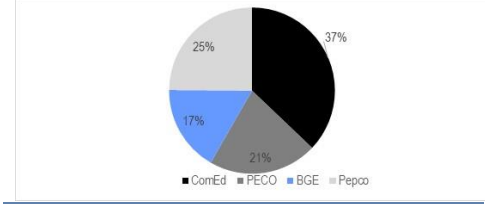

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with ESG-friendly investments. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%. We also see upside from multiple expansion over time.

Valuation

Our $49 PT is based on a 0.5x premium to our utility group P/E of 18.5x 2024E. We think a modest premium is warranted given EXC is a T&D, coal-free utility growing above the industry avg and operating under constructive frameworks. Risks are less capex, lower returns, less cash or more equity needs, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

WOLFE RESEARCH

September 18, 2022

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

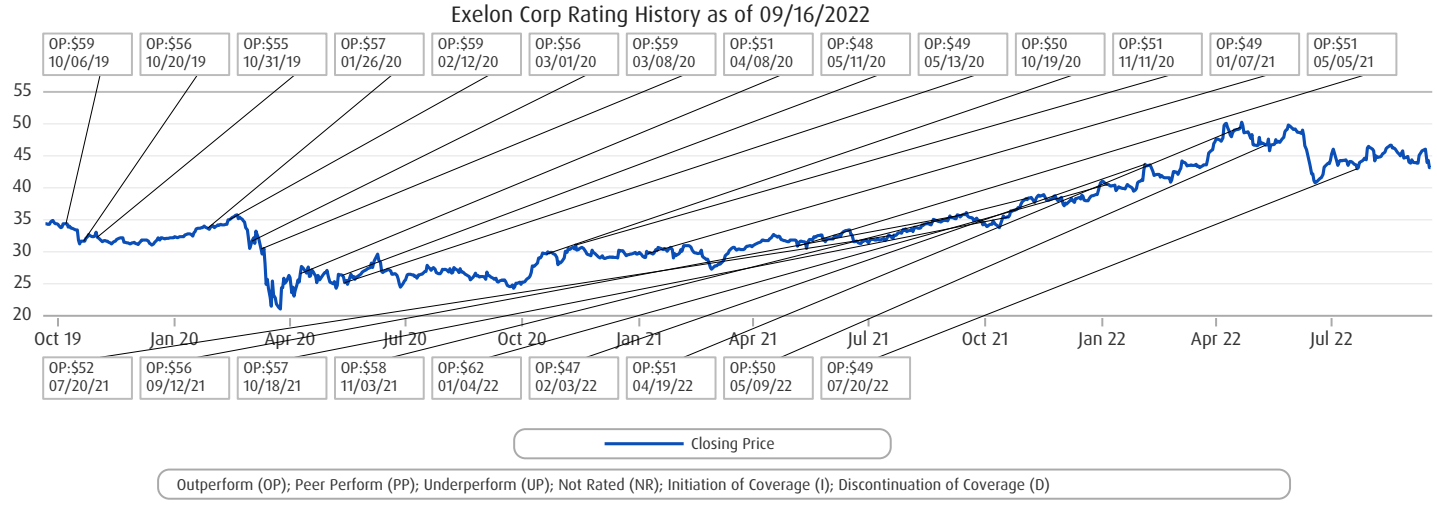

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Effective August 1, 2022, Wolfe Research, LLC will no longer publish target prices for Peer Perform rated companies.

Wolfe Research, LLC uses a relative rating system using terms such as Outperform, Peer Perform and Underperform (see definitions above). Please carefully read the definitions of all ratings used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of September 18, 2022):

Outperform:	52%	9% Investment Banking Clients within the previous 12 months
Peer Perform:	39%	8% Investment Banking Clients within the previous 12 months
Underperform:	10%	2% Investment Banking Clients within the previous 12 months

Wolfe Research, LLC does not assign ratings of Buy, Hold or Sell to the stocks it covers. Outperform, Peer Perform and Underperform are not the respective equivalents of Buy, Hold and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Securities is responsible for the contents of this material. Any analysts publishing these reports are associated with each of Wolfe Research, LLC and Wolfe Research Securities.

The Wolfe Daily Howl is a subscription-based service for Institutional investor subscribers only and is a product of Wolfe Research, LLC. The products received may contain previously published research which has been repackaged for Wolfe Daily Howl subscribers. The types of services provided to you by Wolfe Research, LLC, vary as compared to that provided to other external clients of Wolfe Research. Wolfe Research, LLC, its affiliates, officers, directors, employees and agents will not be liable for any investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

WOLFE RESEARCH

September 18, 2022

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein. Opinions in this communication constitute the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable but Wolfe Research and its affiliates, including but not limited to Wolfe Research Securities, makes no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC or any affiliate to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regards to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts and electronic publication to our proprietary website.

Copyright © Wolfe Research, LLC 2022. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research. Authorized users have received an encryption decoder which legislates and monitors the access to Wolfe Research, LLC content. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> PowerPoints: WEC Testimony, AWK M&A, AEP, ED Arrears, FTCI ATM, & EXC DPL
- **Publication Date/Time** : Friday, September 16, 2022 03:53:01 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-smith
- **Link to Document** : https://rsch.baml.com/r?q=Hyx!1KSDQOlQnlD!Aza2aA__&reid=4218B9327D6611EDAFAB20CE945289B1

ARGUS

NASDAQ: EXC

EXELON CORP

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution. About 90% of EXC's current revenues are from the electricity segment.

Analyst's Notes

Analysis by Marie Ferguson, September 14, 2022

ARGUS RATING: BUY

- Maintaining BUY following 2Q results
- We have a positive view of Exelon's transformation into a pure-play transmission and distribution utility through the spinoff of its competitive generation business, Constellation Energy.
- Exelon recently reported 2Q22 non-GAAP operating EPS of $0.44, up 22% from 2Q21, driven mainly by growth in the rate base.
- The company has increased its long-term debt significantly since the spinoff. The long-term debt/cap ratio at the end of 2Q22 was 60%, in line with the peer average but up from 47% at the end of 2021.
- EXC projects 6%-8% dividend growth through 2025, in line with estimated growth in operating earnings. The current yield is about 3.1%, in line with the peer average.

INVESTMENT THESIS

We are maintaining our BUY rating on Exelon Corp. (NYSE: EXC), which provides electricity and natural gas to about 10 million customers in Illinois, Maryland, Pennsylvania, New Jersey, Delaware, and the District of Columbia. We have a positive view of the company's transformation into a pure-play transmission utility through the recent spinoff of its competitive energy business, Constellation Energy (CEG). The move should also lower future earnings volatility. Management projects long-term earnings growth of 6%-8% from the company's utilities, which we believe is achievable. Exelon is also benefiting from favorable rate case decisions, as well as from its cleaner transmission mix and focus on hydrogen and hydro power to reduce emissions from its distribution lines.

In conjunction with the February 2022 Constellation spinoff, EXC shareholders received one share of CEG for every three shares of EXC. Exelon shares were repriced as a result of this separation. While the shares have benefited from recent strength in the Utility sector, we will monitor the company's balance sheet and growing debt for a possible rating change. Our revised target price is $50, lowered from $54. The company has managed costs better than peers, but we believe that rising interest rates and high transmission and

Market Data

Pricing reflects previous trading week's closing price.

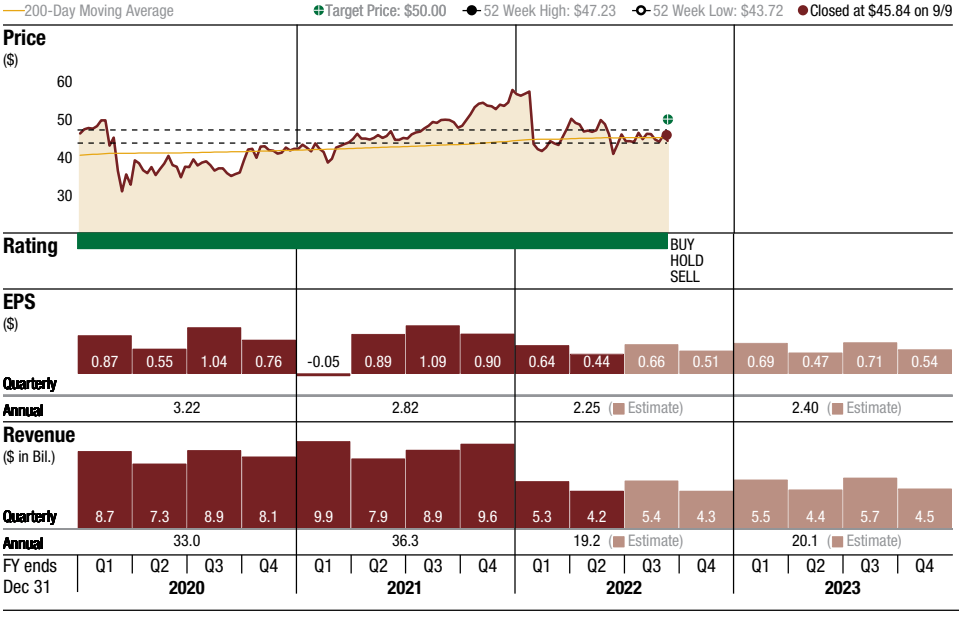

Argus Recommendations

Twelve Month Rating	SELL	HOLD	**BUY**
Five Year Rating	SELL	HOLD	**BUY**
Sector Rating	Under Weight	**Market Weight**	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 71% Buy, 29% Hold.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	**$44.35**
Target Price	**$50.00**
52 Week Price Range	**$40.11 to $58.21**
Shares Outstanding	**976.76 Million**
Dividend	**$1.35**

Sector Overview

Sector	**Utility**
Sector Rating	**MARKET WEIGHT**
Total % of S&P 500 Market Cap.	**3.00%**

Financial Strength

Financial Strength Rating	**MEDIUM**
Debt/Capital Ratio	**55.6%**
Return on Equity	**9.3%**
Net Margin	**9.4%**
Payout Ratio	**0.60**
Current Ratio	**0.87**
Revenue	**$28.11 Billion**
After-Tax Income	**$2.66 Billion**

Valuation

Current FY P/E	**19.71**
Prior FY P/E	**15.73**
Price/Sales	**1.54**
Price/Book	**1.84**
Book Value/Share	**$24.14**
Market Capitalization	**$43.32 Billion**

Forecasted Growth

1 Year EPS Growth Forecast
-20.21%
5 Year EPS Growth Forecast
7.00%
1 Year Dividend Growth Forecast
-11.76%

Risk

Beta	**0.84**
Institutional Ownership	**0.81%**

Please see important information about this report on page 5

©2022 Argus Research Company

Analyst's Notes...Continued

purchased fuel costs could pressure earnings.

RECENT DEVELOPMENTS

EXC's split-adjusted shares have underperformed the S&P 500 over the past three months, rising 1% compared to a 5% gain for the index. The shares have outperformed over the past year, rising 23% compared to a 12% loss for the S&P 500 and a 12% gain for the S&P Utility Sector ETF, XLU.

Exelon recently reported 2Q22 split-adjusted non-GAAP operating EPS of $0.44, up 22% from $0.36 in 2Q21. This is the second set of quarterly results that have been adjusted for the spinoff of the generation and competitive electric business, and reflects the fact that approximately 25% of pre-spinoff revenue had come from this business. The increase in adjusted earnings was driven by strong performance at ComEd, and rate base increases at PECO and BGE, partly offset by decoupling at ACE.

Quarterly revenues rose in both the electric and gas segments. Second-quarter electric revenues rose 5% from the prior year to $3.9 billion, while natural gas revenues rose 31% to $307 million. The spinoff of the company's generation fleet was intended to reduce cost volatility, and second-quarter expenses were kept in check better than at most peers. Operating expenses rose just 3% from 2Q21, to $3.5 billion. Purchased power and purchased fuel were the largest line items.

Management is focused on capital investment to improve reliability and provide cleaner energy, with $29 billion expected to be allocated to new infrastructure by 2025. As a result, the company has significantly increased its debt.

Along with the 2Q earnings, management reaffirmed its 2022 adjusted EPS forecast of $2.18-$2.32. It also projected 6%-8% dividend growth through 2025, in line with estimated growth in operating earnings.

EARNINGS & GROWTH ANALYSIS

Following the spinoff, Exelon has six utility subsidiaries: PECO (1.7 million electric and 0.5 million gas customers near Philadelphia); PEPCO (1 million electric customers in Maryland and DC); DPL (0.5 million electric and 0.1 million gas customers in Delaware); ACE (0.6 million electric customers in New Jersey); BGE (1.3 million electric and 0.7 million gas customers near Baltimore); and ComEd (4 million electric customers in Illinois).

The company now reports adjusted operating earnings for four segments: ComEd, PECO, BGE, and PHI. PHI includes ACE, PEPCO, and DPL.

Segment results were mixed in the second quarter. At ComEd, adjusted operating earnings rose 17% from the prior year to $229 million. PECO adjusted earnings rose 25% to $134 million and BGE earnings fell 21% to $38 million, primarily due to higher depreciation expense. At PHI, earnings fell 30% to $101 million, reflecting the impact of unfavorable weather and revenue decoupling at ACE.

Going forward, the company should benefit from favorable rate

Growth & Valuation Analysis

GROWTH ANALYSIS

($ in Millions, except per share data)	2017	2018	2019	2020	2021
Revenue	33,558	35,978	34,438	33,039	36,347
COGS	24,060	26,007	24,112	23,512	26,023
Gross Profit	9,498	9,971	10,326	9,527	10,324
SG&A	—	—	—	—	—
R&D	—	—	—	—	—
Operating Income	3,939	3,835	4,342	2,799	2,522
Interest Expense	1,560	1,554	1,616	1,635	1,571
Pretax Income	3,775	2,225	3,985	2,333	2,208
Income Taxes	-126	118	774	373	370
Tax Rate (%)	—	5	19	16	17
Net Income	3,779	2,005	2,936	1,963	1,706
Diluted Shares Outstanding	949	969	974	977	980
EPS	3.98	2.07	3.01	2.01	1.74
Dividend	1.31	1.38	1.45	1.53	1.53
GROWTH RATES (%)					
Revenue	7.0	7.2	-4.3	-4.1	10.0
Operating Income	20.8	-2.6	13.2	-35.5	-9.9
Net Income	237.1	-46.9	46.4	-33.1	-13.1
EPS	228.9	-48.0	45.4	-33.2	-13.4
Dividend	3.6	5.3	5.1	5.5	
Sustainable Growth Rate	3.2	8.2	2.9	2.8	0.5
VALUATION ANALYSIS					
Price: High	$42.67	$47.40	$51.18	$50.54	$58.01
Price: Low	$33.30	$35.57	$43.42	$29.28	$38.35
Price/Sales: High-Low	1.2 - 0.9	1.3 - 1.0	1.4 - 1.2	1.5 - 0.9	1.6 - 1.0
P/E: High-Low	10.7 - 8.4	22.9 - 17.2	17.0 - 14.4	25.1 - 14.6	33.3 - 22.0
Price/Cash Flow: High-Low	5.9 - 4.6	5.4 - 4.1	6.8 - 5.7	9.0 - 5.2	13.7 - 9.0

Financial & Risk Analysis

FINANCIAL STRENGTH	2019	2020	2021
Cash ($ in Millions)	587	663	1,182
Working Capital ($ in Millions)	-2,148	-209	-2,154
Current Ratio	0.85	0.98	0.87
LT Debt/Equity Ratio (%)	98.4	108.9	103.8
Total Debt/Equity Ratio (%)	117.3	120.7	123.3
RATIOS (%)			
Gross Profit Margin	30.0	28.8	28.4
Operating Margin	12.6	8.5	6.9
Net Margin	8.5	5.9	4.7
Return On Assets	2.4	1.5	1.3
Return On Equity	9.3	6.1	5.1
RISK ANALYSIS			
Cash Cycle (days)	19.2	15.0	5.2
Cash Flow/Cap Ex	0.9	0.5	0.4
Oper. Income/Int. Exp. (ratio)	3.5	2.4	2.4
Payout Ratio	35.2	60.4	62.1

The data contained on this page of this report has been provided by Morningstar, Inc. (© 2022 Morningstar, Inc. All Rights Reserved). This data (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. This data is set forth herein for historical reference only and is not necessarily used in Argus' analysis of the stock set forth on this page of this report or any other stock or other security. All earnings figures are in GAAP.

Please see important information about this report on page 5

©2022 Argus Research Company

Analyst's Notes...Continued

case outcomes. In its 4Q21 report, management projected approximately 8% growth in its consolidated rate base through the end of 2025. It expects a 3% average annual increase in electric distribution during this period, and a 1% average annual increase in gas delivery and electric transmission. It plans to address rising O&M expense through multiyear labor agreements and cost-focused technology, and projects capital spending of $29 billion in 2022-2025. The spinoff of the generation and wholesale energy business should also help to reduce earnings volatility.

We expect earnings to reflect the impact of rate base growth. The company has kept expenses in check despite higher transmission and fuel costs, but we continue to watch costs in these areas. We are maintaining our EPS estimates of $2.25 for 2022 and $2.40 for 2023. We adjusted our estimates in1Q22 to reflect the Constellation spinoff.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Exelon is Medium, lowered from Medium-High as a result of the Constellation spinoff. Moody's rates the company's debt at an investment-grade Baa2. S&P lowered its rating from BBB to BBB- and Fitch lowered its rating from BBB+ to BBB in 2021.

The company's 2Q22 balance sheet shows a significant increase in debt. Cash and equivalents were $816 million, up from $672 million at the end of 2021 but down from $2.5 billion at the end of 1Q22. At the end of 2Q22, the current portion of long-term debt was $505 million, down from $2.2 billion at year-end. However, long-term debt at the end of the quarter was $35.8 billion, up from $30.7 billion. The long-term debt/cap ratio at the end of 2Q22 was 60%, in line with the peer average but up significantly from 47% at the end of 2021. We note that the increase in the debt/cap ratio reflected both an increase in debt and a reduction in stockholders' equity due to the spinoff.

After the end of the quarter, the company announced the pricing of a public offering of 11,330,000 shares that it expects to generate proceeds of approximately $500 million before expenses. Management will use the proceeds to repay debt.

Following the Constellation spinoff, Exelon lowered its quarterly dividend by 12% to $0.3375 per share, or $1.35 annually. The current yield of about 3.1% is in line with peers. Our dividend estimates are $1.35 for 2022 and $1.45 for 2023.

MANAGEMENT & RISKS

The CEO of Exelon is Christopher Crane. Prior to becoming CEO in 2012, he served as the company's president and COO. Joseph Nigro is the CFO and Jeanne Jones is SVP of Corporate Finance. Mayo Shattuck II is the company's independent chairman.

Risks for Exelon shareholders include cooler-than-normal conditions during the summer air-conditioning season or warmer-than-normal temperatures during the winter heating season. The transmission business may also be hurt by extreme weather events. Other risks include those related to authorized

Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare EXC versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- **The scatterplot shows how EXC stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.**
- **The table builds on the scatterplot by displaying more financial information.**
- **The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how EXC might fit into or modify a diversified portfolio.**

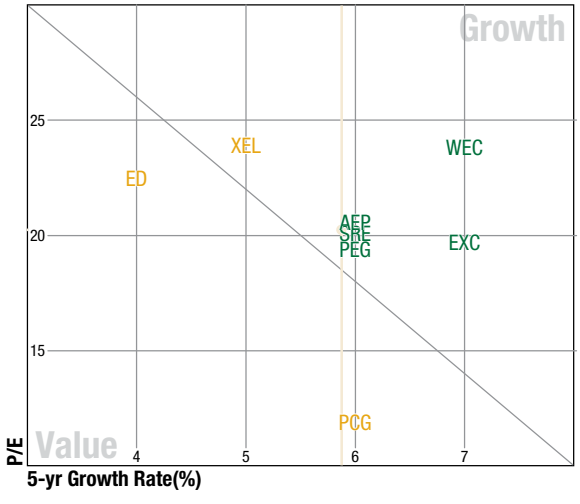

Ticker	Company	Market Cap ($ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
SRE	Sempra Energy	54,728	6.0	20.1	8.2	4.0	BUY
AEP	American Electric Power Co Inc	51,686	6.0	20.6	14.4	4.6	BUY
EXC	Exelon Corp.	43,319	7.0	19.7	9.4	6.7	BUY
XEL	Xcel Energy, Inc.	40,550	5.0	23.9	11.7	7.9	HOLD
ED	Consolidated Edison, Inc.	35,328	4.0	22.5	11.2	5.6	HOLD
PEG	Public Serv Enterprise Grp Inc	34,010	6.0	19.4	-10.6	4.0	BUY
WEC	WEC Energy Group Inc	32,944	7.0	23.8	15.2	5.0	BUY
PCG	PG&E Corp.	32,561	6.0	11.9	1.0	8.1	HOLD
Peer Average		**40,641**	**5.9**	**20.2**	**7.6**	**5.8**	



Please see important information about this report on page 5

©2022 Argus Research Company

Analyst's Notes...Continued

ROE, including exposure to state regulatory commissions and the correlation between authorized ROE and Treasury yields.

Utility stocks in general are susceptible to commodity price fluctuations, regulatory issues (especially construction cost recovery), and potential environmental and safety liabilities. In addition, the capital-intensive nature of the utility industry creates ongoing liquidity risk. Utility stock performance also tends to be sensitive to interest rates; when rates rise, utility yields often rise.

COMPANY DESCRIPTION

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution. About 90% of EXC's current revenues are from the electricity segment.

Through its regulated utility subsidiaries, Exelon delivers electricity and natural gas to about 10 million customers, primarily in central Maryland (Baltimore Gas & Electric Co.), northern Illinois (ComEd), and southeastern Pennsylvania (PECO). In late 2021, the company announced 'Path to Clean' goals, which include cutting 15% of operations-driven emissions by 2022 relative to 2015 levels. The company plans to cut emissions by 50% by 2030 and to achieve net-zero emissions by 2050. It is also investing in hydrogen technology. The shares are a component of the S&P 500.

VALUATION

EXC shares have benefited from sector rotation into utility stocks, and have soundly outperformed both the S&P 500 and the S&P Utility Sector ETF, XLU, over the past 52 weeks. At current prices near $44, the shares are trading near the midpoint of their 52-week range of $33.87-$50.71 and appear undervalued based on several key metrics. They are trading at 19.7-times our 2022 EPS estimate, below the average of 22.4 for Argus-covered utilities. The PEG multiple of 2.4 is below the peer average of 3.9, and the price/sales multiple of 2.4 is below the peer average of 3. The EV/EBITDA multiple of 11.6 is near the peer average of 11.8.

We believe that EXC shares offer value based on the company's size and scale, and reduced earnings volatility following the Constellation spinoff. We also like Exelon's focus on clean energy and the absence of coal in its transmission mix. At the same time, the company plans to invest heavily to increase reliability and will need to manage its debt amid rising rates. We are maintaining our BUY rating with a revised target price of $50, reduced from $54.

On September 14, BUY-rated EXC traded at $44.35, up $0.33.

Please see important information about this report on page 5

©2022 Argus Research Company

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

Argus Research Disclaimer

Argus Research Co. (ARC) is an independent investment research provider whose parent company, Argus Investors' Counsel, Inc. (AIC), is registered with the U.S. Securities and Exchange Commission. Argus Investors' Counsel is a subsidiary of The Argus Research Group, Inc. Neither The Argus Research Group nor any affiliate is a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc. The information contained in this research report is produced and copyrighted by Argus Research Co., and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. In addition, this content is not prepared subject to Canadian disclosure requirements. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance. Argus has provided independent research since 1934. Argus officers, employees, agents and/or affiliates may have positions in stocks discussed in this report. No Argus officers, employees, agents and/or affiliates may serve as officers or directors of covered companies, or may own more than one percent of a covered company's stock. Argus Investors' Counsel (AIC), a portfolio management business based in Stamford, Connecticut, is a customer of Argus Research Co. (ARC), based in New York. Argus Investors' Counsel pays Argus Research Co. for research used in the management of the AIC core equity strategy and model portfolio and UIT products, and has the same access to Argus Research Co. reports as other customers. However, clients and prospective clients should note that Argus Investors' Counsel and Argus Research Co., as units of The Argus Research Group, have certain employees in common, including those with both research and portfolio management responsibilities, and that Argus Research Co. employees participate in the management and marketing of the AIC core equity strategy and UIT and model portfolio products.

Morningstar Disclaimer

© 2022 Morningstar, Inc. All Rights Reserved. Certain financial information included in this report: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

KeyBanc Capital Markets

Alert

September 12, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: D, EXC, CMS, DTE, SRE, PEG, EIX, POR, XEL, DUK, NEE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Join us at the EEI conference in FL from November 13-15 (schedule included). This week, we are tracking proceedings in D's reconsideration of the CVOW project approval, proceedings in EXC's ComEd FRP in IL, CMS's electric rate case in MI, D's Questar gas case in UT, DTE's electric case in MI, and SRE's Oncor rate case in TX. In other news, PEG has made a filing with the BPU to request approval to modify pension accounting for rate-making and financial statements; SRE is alerting customers to a storm in the San Diego area and EIC and POR are contemplating PSPS as risks of wildfires grow; we provide more details on XEL's partner to exit its stake in Comanche 3; interveners have made public their testimony in EXC's PECO gas rate case; SC PSC approved a multiparty settlement in DUK's Piedmont gas rate case; NEE and partners can go ahead with an EV charging JV in the U.S. after a European Commission approval for one of the partners; NEE transmission has entered into a JV with an entity to develop and construct offshore wind transmission infrastructure in NJ; and VA's General Assembly ended its special session without electing a member to fill the third seat on the SCC.

KBCM Invites You to Join Us at the EEI Financial Conference from November 13-15 in Hollywood, FL.
Scroll down for our full schedule, including dinners with **PEG** and **NWE**.

Regulatory Calendar

D — Responses in VEPCO's limited reconsideration of the CVOW project approval are due on September 13: D requested the SCC for a reconsideration of the performance guarantee clause that requires D to meet a 42% net capacity factor on a three-year rolling average basis throughout the life of the project in favor of a more reasonable and flexible standard. See our note here, where we discuss the SCC's performance guarantee clause and D's position. D posits that the SCC lacks the authority to impose a performance guarantee of this nature and that it is unreasonably broad in scope, leaving D to manage factors that may be outside its control. In the filing, D says that it may have to terminate all development and construction activities relating to the project if the condition is allowed to stand.

EXC — Evidentiary hearings in ComEd's IL electric rate case are scheduled to begin on September 14: Staff filed rebuttal testimony recommending a $200M revenue increase, in line with ComEd's updated revenue requirement filed in rebuttal testimony. Staff and ComEd's increases are premised on a 7.85% ROE (which is formulaic), 49.45% equity, and a rate base of ~$14B. A final decision is expected toward year-end, with new rates effective in 2023. This will be EXC's last formula rate plan filing in IL. EXC is currently engaged in finalizing the PBR framework that will make its way into the next rate case, which is expected to be filed in early 2023 for rates effective in 2024.

CMS — Rebuttal testimony in CMS's MI electric rate case is scheduled for September 15: MI PSC Staff filed testimony recommending a $170M revenue increase, premised on 9.70% ROE and 51.0% equity. The delta lies primarily in the lower recommended ROE. CMS is seeking a revenue increase of $274M (net increase of $266M) based on a 10.25% ROE, a 51.5% equity layer, and a projected YE23 test year. The drivers of the present case include investments in new solar and natural gas-fired generation, system reliability, resilience, and cost recovery for the planned acquisition of the Covert plant in 2023. CMS requests rates to be effective March 1, 2023. We view staff testimony as constructive, especially compared to the last electric case outcome, and expect the ultimate outcome to be bookended by CMS's ask and testimony offered by staff.

D — Direct testimony in Phase II of Questar's natural gas rate case is scheduled for September 15: Phase II will address the cost of service among customer classes and rate design, while Phase I will address all issues necessary to determine D's cost of capital and revenue requirement. Phase I direct testimony was previously filed, and the Division of Public Utilities recommended a $49.6M revenue increase premised on a 9.3% ROE and 53.21% equity. The main difference between DPU's recommendation and the Company's

request is the lower ROE. As background, Questar filed a distribution rate case in May seeking a $70.5M rate increase based on a 10.3% ROE and 53.21% equity layer. The primary factors contributing to the proposed rate increase are capital investments, including the Magna LNG terminal expected to enter service by the end of 2022. Questar must file a rate case every three years as part of an infrastructure replacement adjustment tracker. Questar proposes to continue the mechanism. Questar's last rate case was approved in 2020 for a $2.7M rate increase on a 9.5% ROE and 55% equity layer. A commission decision is expected by January 1.

DTE — A proposed decision in DTE's electric rate case is expected by September 16: Staff is recommending a 9.6% ROE and a 50% equity ratio vs. DTE's request of a 10.25% ROE and a 50% equity layer. Staff recommends a revenue increase of $145.1M with a lower recommended ROE, O&M, D&A, and rate base contributing. In an updated filing, DTE is requesting a $368M revenue increase. The rate filing is DTE's first since the prior case was settled in mid-2020 at a 9.9% ROE. The 10.25% ROE request is below recent requests made at 10.5%. Recent MI rate cases have been settled at 9.9%. The rate filing is driven by DTE's distribution and generation investments, and it is also seeking approval of certain accounting requests, including accounting treatment of costs to expand its EV program, the regulatory accounting treatment for costs associated with TOU rates, a COVID-19 compliance expense regulatory asset, and a customer outage credit regulatory asset. See our comments on the staff testimony here.

SRE — Oncor's rebuttal testimony in the TX electric rate case is scheduled for September 16: Staff filed testimony recommending a 9.3% ROE and a 40% equity layer—compared to Oncor's ask of 10.3% ROE and a 45% equity layer. Oncor filed a GRC in May, seeking a $251M net increase in rates ($287M increase in distribution rates offset by a $36.5M reduction in transmission rates). Staff is recommending adjusting the total revenue requirement from SRE's requested 5.8B to $5.6B—a reduction of $229.5M—thus reducing the requested revenue increase from $287M to $57.5M. The reductions span the gamut with the biggest delta attributable to the lower ROE and lower equity layer and a lower recommended federal tax allowance (staff recommended ROR is 6.35% vs. Oncor's 7.05% requested). Staff testimony appears restrictive at first glance given that Oncor's last rate case was settled in 2016 at 9.8%, 42.5% equity layer, and the uptrend in interest rates since then. Oncor's primary reasons for seeking the rate increase were the move to a higher equity layer and a higher ROE, the growth in Oncor's under-recovered self-insurance reserve balance, and expenses associated with the COVID response, among others.

Recent Developments for Companies Under Our Coverage

From our midweek: NC Staff and interveners file testimony in DUK's 2022 NC Carbon Plan; CA avoids rolling blackouts as conservation kicks in, but the state is not out of the woods yet; a Comanche Unit 3 co-owner announces its intention to exit ownership stake with XEL to acquire its stake; EIX submits a report notifying the CPUC about circuit activity on its system around the time of the Fairview Fire, and the EIA released its September Short-Term Energy Outlook.

PEG — PEG makes a filing with the BPU to modify pension accounting for rate-making purposes: PEG is seeking an accounting order from the Commission to change the method for determining the market value of pension assets for the purpose of calculating pension expense. Specifically, the subject of this petition is the treatment of the amortization of net gains or losses associated with pension assets. PEG currently uses the fair value of plan assets to determine the market value of the assets in the pension trust and would like to change that to use a smoothed-out methodology instead that recognizes the change in the fair value in a more systematic way—and thus reduce the volatility in net periodic pension expense as reflected in company earnings. PEG points to available accounting standards that permit this treatment. The issue has become pressing this year with declines in the equity indices. Most utilities use a smoothing mechanism, and we believe that PEG and FE are among the minority that use a strict mark-to-market methodology annually with no mechanism to use a calculated value that evens out the year-to-year fluctuations. PEG is requesting that the revised methodology be applied effective 2023 and that it would record the difference in the amortization of the net gain or loss component of pension expense (or income) between the current methodology and the proposed methodology for purposes of financial reporting as a regulatory asset/liability, to be reviewed in future rate case proceedings.

SRE, EIX, POR — storms and wildfires add to the mix: Following days of emergency alerts from CAISO to manage the grid during a record heat wave, the next challenges are tropical storms and wildfires.

- **SRE —** SDG&E has issued an update to prepare its customers for Tropical Storm Kay, which could bring strong winds and thus potentially cause power outages from downed electric infrastructure. The utility has activated its emergency operations center to manage the potential fallout from the current heatwave and the impending storm.
- **EIX —** SCE has issued an alert to its customers that it may have to implement Public Safety Power Shutoffs in certain communities to manage against the potential for elevated fire risk. PSPS is a preventive measure implemented during periods of high risk of wildfires to prevent the electric system from becoming the source of ignition.
- **POR —** POR has announced that it is monitoring high-risk fire conditions and may need to implement a PSPS in 10 areas within its service territory in OR deemed at high risk. A final determination will involve a review of wind speeds, temperature, and information from local fire departments.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

XEL — More than what meets the eye — about a partner's decision to exit its stake in Comanche 3: We wrote in our midweek that a Comanche Unit 3 co-owner has announced its intention to exit ownership stake with XEL required to acquire its stake. As a follow-up, we have learned that CORE can only withdraw from the ownership agreement if there is a default and PSCo fails to cure the default within 180 days. If the right to withdraw is triggered, PSCo will choose an independent appraiser, subject to CORE's approval, and then buy out CORE's share at the appraiser's valuation. Under the joint owners' agreement, if the parties dispute whether a default has occurred, then the dispute must be resolved, and one of the methods to resolve it is through litigation. The parties are currently in litigation for the events that CORE claims were defaults by PSCo, and it does not appear that CORE can implement a forced withdrawal while litigation is pending.

EXC — Interveners make recommendations public in PECO's PA gas rate case: The PA Public Utility Commissions Bureau of Investigation and Enforcement and the Office of Consumer Advocate made their testimony public, in which the interveners recommended revenue requirements of $49.3M and $6.2M, respectively. The PA BIE's recommendation is premised on a 9.58% ROE, 53.41% equity layer, and a $2.9B rate base. The OCA premised its revenue requirement on an 8.75% ROE, 50% equity layer, and a $2.9B rate base. The lower ROE in both recommendations is the main driver in the delta between the interveners and the Company, while the OCA also proposes additional reductions to test year expenses including management compensation, G&A, and others. As a reminder, PECO is seeking an $82M rate increase on a 10.95% ROE, and 53.41% equity, on a rate base of $2.9B. The rate increase intends to cover gas main replacement programs and investments to comply with safety and reliability requirements. PECO's previous rate case was approved at a 10.24% ROE in mid-2021. Evidentiary hearings were completed in August and briefs are expected to be filed in September with a final decision expected by the end of 2022, and new rates effective in January 2023.

DUK — SC PSC approves multiparty settlement in DUK Piedmont gas rate case: The Commission approved a previously reached multi-party settlement for a net revenue decrease of $0.02M premised on a 9.49% ROE and 53.5% equity layer. The net decrease includes a revenue increase of $2.88M and a $2.9M revenue adjustment for the cost of gas demand. This compares to DUK's initial request of a $6.7M net revenue increase on a 9.9% ROE (54.56% equity with a $505M YE21 rate base) and Staff's proposed $0.2M net revenue decrease premised on a 9.3% ROE and 53.05% equity. As a reminder, this was Piedmont's first rate-case filing in nearly two decades. The utility has been operating under SC's Rate Stabilization Act since 2005. This allows the gas utility to adjust rates regularly based on gas prices and other factors, but DUK reached a settlement in June, allowing the rate case to proceed instead of the rate adjustment this year.

NEE — European Commission approves Daimler's proposed EV charging JV with NEE and BlackRock: The Commission provided Daimler the required approval for the agreement that the three parties entered into earlier this year. As part of the agreement, NEER will partner with Daimler and BlackRock's renewable power fund to invest a joint $650M to build a national EV charging infrastructure for commercial vehicles. The project is meant to accelerate the transition to heavy-duty battery and hydrogen fuel cell vehicles. The charging infrastructure will be developed along the East and West Coast and TX.

NEE — NEE Transmission enters an MOU with Elia Group subsidiary to develop and construct offshore wind transmission infrastructure in NJ: NJ is scheduled to announce awards in October 2022 with winning projects likely in service by 2029. In 2021, the BPU and PJM opened a competitive solicitation for offshore wind transmission utilizing PJM's State Agreement Approach. NEE, PEG, FE, and other utilities have formed partnerships to submit bids for constructing offshore wind transmission infrastructure to support the offshore wind construction in the state.

D — VA General Assembly ends its special session without electing a new member of the SCC: The SCC's third seat has been open since February, when Angela Navarro (a Northam appointee) ended her term. The position could possibly remain open until the 2023 legislative session convenes in January and runs for 30 days. Otherwise, Governor Youngkin (R) could exercise his right to appoint an interim commissioner, or another special session could be convened. Aside from the usual rider proceedings, D has a reconsideration petition pending at the SCC regarding the CVOW project.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

KBCM EEI Schedule Tentative Agenda (All Times Eastern):

Sunday, November 13, 2022

12:00 PM — Eversource Energy (ES)
1:00 PM — CenterPoint Energy, Inc (CNP)
2:00 PM — Xcel Energy Inc. (XEL)
3:00 PM — Sempra Energy (SRE)
4:00 PM — WEC Energy Group, Inc. (WEC)
5:00 PM — Atlantica Sustainable Infrastructure plc (AY)
*Dinner — Dinner with Public Service Enterprise Group Incorporated (PEG)**

Monday, November 14, 2022

8:00 AM — Duke Energy Corporation (DUK)
8:45 AM — Avangrid, Inc. (AGR)**
9:00 AM — Pinnacle West Capital Corporation (PNW)
10:00 AM — Exelon Corporation (EXC)
11:00 AM — Edison International (EIX)
12:00PM — DTE Energy Company (DTE)
1:00 PM — NorthWestern Corp (NWE)
2:00 PM — American Electric Power Company, Inc. (AEP)
3:00 PM — Portland General Electric Company (POR)
4:00 PM — FirstEnergy Corp. (FE)
*Dinner — Dinner with NorthWestern Corp (NWE)**

Tuesday, November 15, 2022

7:00 AM — Entergy Corporation (ETR)
7:00 AM — Southern Company (SO)
8:00 AM — Ameren Corporation (AEE)
9:00 AM — CMS Energy Corporation (CMS)
10:00 AM — Consolidated Edison, Inc. (ED)
11:00 AM — Avista Corporation (AVA)
11:00 AM — Otter Tail Corporation (OTTR)

**Dinner event.*
***30-minute meeting.*

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/12/2022	Surrebuttal Testimony
VA	Virginia Electric & Power Co.	D	C-PUR-2021-00142	Electric	9/13/2022	Responses Due in CVOW Filing
	CPI Release	BLS			9/13/2022	CPI Release for Prior Month
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/14/2022	Evidentiary Hearings
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	9/15/2022	Rebuttal Testimony
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	9/15/2022	Direct Testimony Due (Phase II)
MI	DTE Electric Co.	DTE	C-U-20836	Electric	9/16/2022	PFD Target Date
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	9/16/2022	Oncor Rebuttal Testimony
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	9/19/2022	Rebuttal Testimony
	Transmission Planning NOPR	FERC	RM21-17-000	Transmission	9/19/2022	Reply Comments Due
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	9/21/2022	Statements of Position
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	9/21/2022	Rebuttal Testimony Due (Phase I)
WA	Avista Corp.	AVA	D-UE-220053	Electric/Gas	9/21/2022	Settlement Hearing
VA	Virginia Electric & Power Co.	D	C-PUR-2021-00142	Electric	9/22/2022	Company Response Due in CVOW Filing
	Avangrid	AGR			9/22/2022	Analyst Day in New York City
	Federal Energy Reg Comm	FERC			9/22/2022	Open Meeting
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	9/23/2022	Settlement Conference
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	9/23/2022	Rebuttal Testimony Due
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	9/26/2022	Staff and Intervenor Testimony
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	9/26/2022	Staff and Intervenor Testimony
GA	Georgia Power Co.	SO	D-44280	Electric	9/27/2022	GP Direct Hearing
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	9/27/2022	Evidentiary Hearings Begin
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	9/29/2022	Pre-Hearing Conference
SC	Piedmont Natural Gas Co.	DUK	D-2022-89-G	Natural Gas	10/1/2022	Commission Order Expected
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	10/3/2022	Prefiled Direct Testimony
MN	CenterPoint Energy Resources	CNP	D-G-008/GR-21-435	Natural Gas	10/3/2022	Commission Decision Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	10/3/2022	Surrebuttal Testimony Due
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	10/4/2022	Rebuttal Testimony
	American Electric Power	AEP			10/4/2022	Analyst Day in New York City
	Duke Energy	DUK			10/4/2022	ESG Day - Virtual
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	10/5/2022	Staff and Intervenors Objections Due
	Consolidated Edison	ED			10/7/2022	ESG Day - Virtual

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('22E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	24.7	Sector Weight	NA	$95.61	2.5%	58%	4.07	4.33	4.64	23.5x	22.1x	20.6x	4.08	4.36	4.66	23.4x	21.9x	20.5x
AEP	American Electric Power Company In	52.2	Sector Weight	NA	$104.71	3.0%	64%	4.99	5.35	5.72	21.0x	19.6x	18.3x	4.99	5.28	5.61	21.0x	19.8x	18.7x
CMS	CMS Energy Corp	20.2	Sector Weight	NA	$69.85	2.6%	64%	2.90	3.16	3.44	24.1x	22.1x	20.3x	2.88	3.13	3.40	24.2x	22.3x	20.6x
CNP	CenterPoint Energy Inc	20.6	Overweight	$34	$32.85	2.0%	47%	1.38	1.50	1.64	23.8x	21.9x	20.0x	1.38	1.50	1.62	23.8x	21.9x	20.2x
D	Dominion Energy Inc	69.4	Overweight	$88	$83.16	3.2%	65%	4.12	4.36	4.64	20.2x	19.1x	17.9x	4.12	4.38	4.68	20.2x	19.0x	17.8x
DTE	DTE Energy Co	26.2	Sector Weight	NA	$135.50	2.6%	59%	6.02	6.25	6.65	22.5x	21.7x	20.4x	6.02	6.28	6.71	22.5x	21.6x	20.2x
DUK	Duke Energy Corp	84.9	Overweight	$116	$109.88	3.7%	74%	5.44	5.78	6.15	20.2x	19.0x	17.9x	5.46	5.74	6.12	20.1x	19.1x	18.0x
ETR	Entergy Corp	24.2	Sector Weight	NA	$119.94	3.4%	64%	6.40	6.68	7.19	18.7x	18.0x	16.7x	6.37	6.75	7.21	18.8x	17.8x	16.6x
ES	Eversource Energy	31.8	Sector Weight	NA	$91.63	2.8%	62%	4.12	4.38	4.65	22.2x	20.9x	19.7x	4.11	4.38	4.69	22.3x	20.9x	19.5x
ED	Consolidated Edison Inc	35.9	Underweight	$75	$100.85	3.1%	71%	4.47	4.78	5.02	22.6x	21.1x	20.1x	4.50	4.83	5.08	22.4x	20.9x	19.8x
EIX	Edison International	25.9	Sector Weight	NA	$69.10	4.1%	62%	4.57	4.85	5.14	15.1x	14.2x	13.4x	4.50	4.85	5.16	15.4x	14.2x	13.4x
EXC	Exelon Corp	43.6	Overweight	$48	$45.84	3.0%	61%	2.24	2.43	2.60	20.5x	18.9x	17.6x	2.26	2.42	2.59	20.3x	19.0x	17.7x
FE	FirstEnergy Corp	23.5	Overweight	$47	$41.51	3.8%	65%	2.38	2.54	2.74	17.4x	16.3x	15.1x	2.41	2.53	2.72	17.2x	16.4x	15.2x
PEG	Public Service Enterprise Group Inc	33.5	Sector Weight	NA	$68.00	3.2%	62%	3.49	3.70	3.93	19.5x	18.4x	17.3x	3.48	3.58	3.95	19.6x	19.0x	17.2x
SO	Southern Co	84.8	Sector Weight	NA	$79.52	3.4%	75%	3.60	3.83	4.18	22.1x	20.8x	19.0x	3.59	3.80	4.13	22.1x	20.9x	19.3x
WEC	WEC Energy Group Inc	33.5	Overweight	$109	$106.44	2.7%	66%	4.39	4.62	4.83	24.2x	23.0x	22.0x	4.39	4.60	4.89	24.2x	23.1x	21.8x
					Average:	**3.1%**	**64%**				**21.1x**	**19.8x**	**18.5x**				**21.1x**	**19.9x**	**18.5x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AVA	Avista Corp	3.0	Sector Weight	NA	$41.13	4.3%	91%	1.95	2.50	2.66	21.1x	16.5x	15.5x	1.94	2.44	2.62	21.2x	16.9x	15.7x
NWE	NorthWestern Corp	3.0	Overweight	$64	$55.20	4.6%	77%	3.34	3.51	3.69	16.5x	15.7x	15.0x	3.30	3.52	3.70	16.7x	15.7x	14.9x
OTTR	Otter Tail Corp	3.1	Sector Weight	NA	$75.28	2.2%	23%	7.08	4.27	3.70	10.6x	17.6x	20.3x	7.06	4.26	3.60	10.7x	17.7x	20.9x
PNW	Pinnacle West Capital Corp	8.7	Underweight	$62	$77.04	4.4%	85%	3.99	4.24	4.47	19.3x	18.2x	17.2x	4.03	4.20	4.48	19.1x	18.4x	17.2x
POR	Portland General Electric Co	4.7	Sector Weight	NA	$52.15	3.4%	64%	2.81	2.94	3.08	18.6x	17.7x	16.9x	2.80	2.82	3.00	18.7x	18.5x	17.4x
					Average:	**3.8%**	**68%**				**17.2x**	**17.1x**	**17.0x**				**17.3x**	**17.4x**	**17.2x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AGR	Avangrid Inc	19.1	Underweight	$40	$49.65	3.6%	75%	2.45	2.20	2.31	20.3x	22.6x	21.5x	2.34	2.21	2.37	21.2x	22.4x	20.9x
NEE	Nextera Energy Inc	177.3	Overweight	$93	$89.90	1.9%	59%	2.90	3.08	3.34	31.0x	29.2x	26.9x	2.87	3.09	3.36	31.4x	29.1x	26.7x
SRE	Sempra Energy	54.5	Sector Weight	NA	$173.76	2.6%	53%	8.63	8.91	9.58	20.1x	19.5x	18.1x	8.65	9.03	9.65	20.1x	19.2x	18.0x
					Average:	**2.7%**	**63%**				**23.8x**	**23.8x**	**22.2x**				**24.2x**	**23.6x**	**21.9x**

Source: Thomson Reuters, KeyBanc Capital Markets Inc. estimates, company reports

Figure 3 - Stock Price Performance

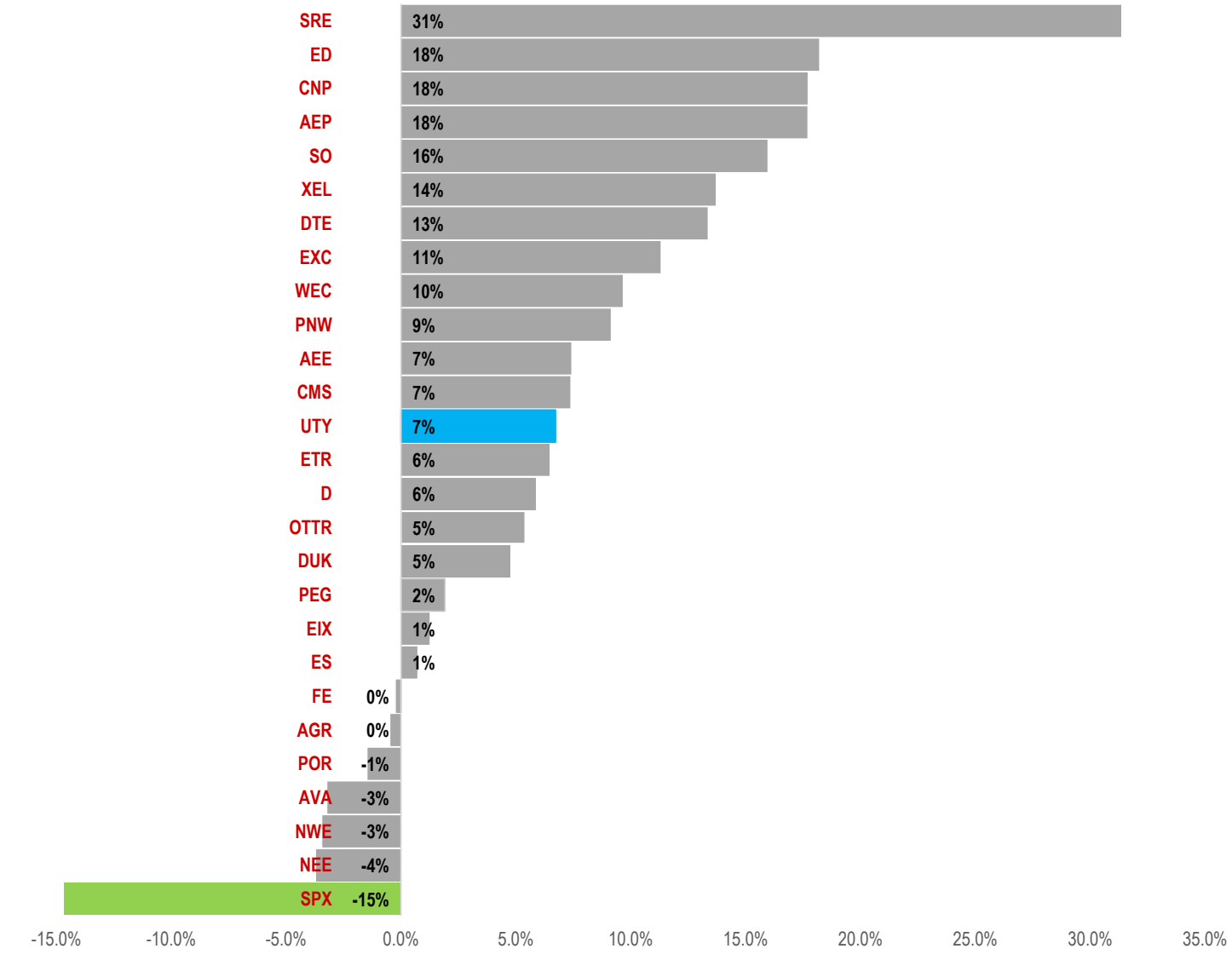

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

FE: A Day of Management Meetings

CNP: On the Road with Management

DUK: Notes from Management Meetings

NWE: Long Awaited MT GRC Filing - First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	274	48.24	67	24.45
Sector Weight [SW]	279	49.12	62	22.22
Underweight [UW]	15	2.64	1	6.67

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	16	43.24	11	68.75
Sector Weight [SW]	18	48.65	11	61.11
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

September 06, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: FE, AEE, EXC, DUK, WEC, ES, SO, D, PEG, SRE, EEI Schedule

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

ICYMI, we hosted management meetings with FE last week. A link to our notes from the meetings is below. This week, we are tracking proceedings in AEE's IL FRP, EXC's DE gas rate case, DUK's 2022 Carbon Plan, and WEC's WI rate cases. In other news, DEP sets off Carolinas rate case proceedings with an SC electric GRC filing; Aquarion files an MYRP with the CT PURA; Staff filed testimony in Oncor's TX rate case; DUK's OH electric rate case enters settlement discussions; SO files VCM 27; SO will seek a license extension for the 1.8 GW Hatch nuclear plant; Duke Energy Florida completes the last solar project of its 700 MW plan; D completes the sale of Hope Gas in WV; the VA governor plans to submit a notice to begin the rulemaking process to exit RGGI; and Ralph LaRossa assumes the role of president and CEO at PEG.

KBCM Invites You to Join Us at the EEI Financial Conference from November 13-15 in Hollywood, FL.
Scroll down for our full schedule, including dinners with **PEG** and **NWE**.

ICYMI
FE — Last week, we hosted **FE**'s senior management for a day of in-person meetings. Investors focused on the mark-to-market impact of pension expense on 2023 earnings, potential factors offsetting the drag on EPS, ongoing portfolio review, the strength of the balance sheet, and upcoming regulatory proceedings. Read more in our note here.

Regulatory Calendar
Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

AEE — Evidentiary hearings in AEE's IL FRP are scheduled to begin on September 7: In rebuttal testimony, Staff proposed a revenue increase of $61M vs. AEE's rebuttal requesting an $83.7M revenue increase. The Staff proposes a 50% equity layer vs. the Company's proposed 53.99% equity on a $3.9B rate base. The ROE of 7.85% is formulaic. A final decision is expected by the end of 2022, with new rates effective in January 2023. This may be AEE's last FRP filing in IL, with the next rate review likely being an MYRP. The ICC is expected to approve PBR to be used under the new framework this fall.

EXC — Settlement conference in Delmarva's DE gas rate case is scheduled for September 7: EXC's updated request seeks an $18.8M rate increase based on a 10.3% ROE and 49.94% equity. The increase includes $5.8M for the distribution system improvement charge, or DSIC, making the net increase requested $13.0M. DE PSC Staff previously filed testimony in Delmarva's rate case recommending a $9M revenue increase based on a 9.28% ROE and 49.94% equity layer. With the inclusion of the DSIC, the net increase is $3.2M. Interim rates of $20.3M, subject to refund, went into effect on August 14. The previous gas rate case concluded in 2021 and authorized a rate increase of $6.7M based on a 9.6% ROE and 50.37% equity layer.

DUK — Rebuttal testimony in the 2022 NC Carbon Plan is due on September 9: DUK provided testimony to address the Commission-identified issues for its 2022 Carbon Plan. DUK replied to several topics brought up by the NCUC that need to be addressed in the near term to keep DUK on the proper trajectory for the Carbon Plan. The actions include procuring substantial solar and battery resources, improvements to the transmission system to enable solar interconnections, additional coal retirements, and the addition of hydrogen-capable natural gas units. DUK does not believe it will be able to address all the issues at this time but will continue to address concerns as the Company gathers more information about market dynamics, technology, and customer behaviors. As part of the plan, DUK offered four portfolios, which outline a path to 70% carbon reduction in the early 2030s and requires the utilities to be carbon-neutral by 2050. One of the portfolios achieves 70% CO_2 reduction by 2030, and the other three achieve the target between 2032 and 2034, including offshore wind, small nuclear, or both. NCUC will rule on the plan by the end of 2022. See our note here where we discuss the Carbon Plan in detail.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

WEC — Staff and intervenor testimony in WEC's WI electric and gas rate cases is scheduled for September 9: WEC filed five rate cases across its WI utilities, seeking a cumulative $472M rate increase while maintaining the currently authorized returns on equity (10% for WEPCO and WPSC and 10.2% for WG). The utilities request an equity layer of 53% vs. the current 52.5%. The drivers for the rate case include capital investments in wind, solar, and battery storage—several of which have already received PSC approvals (including the Badger Hollow II solar project where WEC will own 100 MW and the Paris solar+storage project). The rate increase requested also reflects grid hardening and reliability investments.

Recent Developments for Companies Under Our Coverage

From our midweek: First Solar announces plans to invest in U.S. manufacturing; AGR receives some good news as the ME Law Court rules that the referendum blocking NECEC is unconstitutional; UT DPU files testimony in Questar natural gas rate case; intervenor files testimony in XEL's MN gas rate; TX bankruptcy judge allows Talen to pursue Colstrip arbitration; AK Commission approves an interim rate increase in AEL&P's case; and AVA and others commit support to SPP's Market+.

DUK — DEP sets off Carolinas rate case proceedings with an SC electric GRC filing: DEP filed an electric rate case in SC seeking a $68M net revenue increase premised on a 10.2% ROE and 53% equity layer. DEP is proposing to layer in the rate increase over a two-year period, with a $53M rate increase in RY1, followed by a $15M increase in RY2. The main drivers for the rate increase include significant capital investments since the last rate case and the recovery of costs associated with coal ash pond closures. DEP is proposing the acceleration of return of deferred income tax benefits to ratepayers to help partially offset rate increases. DEP last filed an SC electric rate case in 2018 and was granted a $41.5M rate increase based on a 9.50% ROE and 53% equity. DUK requests a decision by March 1, 2023, with rates effective April 1, 2023. This rate filing is the start of DUK's rate filings in the Carolinas. Following the SC DEP filing, we expect a similar filing in NC in 4Q22, to be followed by DEC filings in early 2023.

ES — Aquarion files MYRP with PURA: ES filed a three-year rate case with the CT PURA for Aquarion Water requesting a ~$27.5M rate increase in RY1, ~$13.6M in RY2, and ~$8.8M in RY3. The request is based on a 10.35% ROE and 53.06% equity. Aquarion is seeking revenue requirements based on a 2021 test year for rates effective March 15, 2023. The Company has invested ~$740M on infrastructure investments since the last rate case in 2013, with only 25-30% of water capex covered under trackers, creating a regulatory lag (ES earning ROE at the 7% level vs. the authorized 9.63%). In its last rate case, Aquarion received a $13.9M revenue increase based on a 9.6% ROE and 51.5% equity layer. The pre-hearing scheduling conference is set for September 8.

SRE — Staff files testimony in Oncor's TX electric rate case: Staff filed testimony recommending a 9.3% ROE and a 40% equity layer—compared to Oncor's ask of 10.3% ROE and a 45% equity layer. Oncor filed a GRC in May, seeking a $251M net increase in rates ($287M increase in distribution rates offset by a $36.5M reduction in transmission rates). Staff is recommending adjusting the total revenue requirement from SRE's requested 5.8B to $5.6B—a reduction of $229.5M—thus reducing the requested revenue increase from $287M to $57.5M. The reductions span the gamut with the biggest delta attributable to the lower ROE and lower equity layer and a lower recommended federal tax allowance (staff recommended ROR is 6.35% vs. Oncor's 7.05% requested). Staff testimony appears restrictive at first glance given that Oncor's last rate case was settled in 2016 at 9.8%, 42.5% equity layer, and the uptrend in interest rates since then. Oncor's primary reasons for seeking the rate increase were the move to a higher equity layer and a higher ROE, the growth in Oncor's under-recovered self-insurance reserve balance, and expenses associated with the COVID response, among others.

DUK — DUK's OH electric rate case proceedings are on pause as parties pursue settlement discussions: The OH PUC vacated the procedural schedule as parties pursue settlement conversations. DUK will file weekly reports to update the status of the discussions. Staff recommended a revenue increase in the range of $1.9M-$15.3M, based on an ROE range of 8.84-9.85%, and an equity layer of 50.5%. The delta vs. DUK's filing seems to be driven by the difference in the ROE. This compares to the Company's request for a $55M revenue increase on a 10.3% ROE and a 50.5% equity layer to support investments in grid upgrades and modernization.

SO — SO files VCM 27: GP's VCM 27 pertains to the January-June 2022 period. In this filing, GP presents $522M in capex for review only and does not request the Commission to take any action at this time. Under an agreement with the GA PSC, the semiannual VCM approval process will continue, but the Commission will wait until Vogtle Units 3 and 4 are complete before determining the reasonableness and prudence of the cost overruns and their attribution to ratepayers. The agreement was part of the VCM 24 Order when SO agreed that it would not seek approval of any costs exceeding the $7.3B cost recovery previously deemed reasonable by the Commission until the prudence review is complete. In VCM 27, GP's cost forecast is relatively unchanged at ~$10B and the Company maintained the in-service dates for 1Q23 and 4Q23 for Units 3 and 4, respectively. Unit 3 Fuel load is projected by the end of October, while SO expects to begin Unit 4 fuel load by July 2023. The estimated remaining capex to complete the project is ~$1.0B, including GP's share of project contingency.

SO — SO will seek a 20-year extension to the operating license for the 1.8 GW Hatch nuclear plant in GA: SO notified regulators of its intent to seek a 20-year license extension for the ~1.8 GW Hatch nuclear plant, which, if approved, will allow the plant to operate for 80 years. The Company will submit the license extension request in 2025; licenses for Units 1 and 2 are currently set to expire in 2034 and 2038, respectively. The plants are currently operating on the 20-year license extension past the original 40-year operating license. The Company received GA PSC approval to renew the licenses as part of its 2022 IRP settlement. The NRC is currently

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

reevaluating how it evaluates environmental impact reviews during the license renewal processes and thus expects license renewals to take about 24 months.

DUK — DEF completes the last solar project of the 700 MW plan: DUK completed the 75 MW Charlie Creek solar project in FL to complete the Company's plan to add 10 solar projects and 700 MW of solar from 2018-2022. The plan was part of the 2017 rate case settlement that required DEF to construct or acquire the projects and allowed the Company to earn a 10.5% ROE on the investments through the Solar Base Rate Adjustment mechanism. Earlier this year, DUK added the 75 MW Sandy Creek Solar Project into service, while the other eight solar projects were completed throughout 2018-2021. The 700 MW is a part of DUK's larger goal to invest a total of $2B in adding 1,500 MW of solar energy in FL by 2024, including 25 solar power plants across the state.

D — D completes the sale of Hope Gas: D announced that it has closed the sale of Hope Gas, its WV natural gas utility, to a portfolio company of Ullico Inc.'s infrastructure fund for $690M. With the closing, D's only WV operations include the ~1.7 GW Mount Storm coal plant, owned and operated by VEPCO. D announced the sale of Hope Gas in February. We see the transaction as another step by the Company to streamline its asset base following the sale of the GSP assets in 2020/2021. The valuation at 2x 2021 YE rate base reflects the robust valuations secured by regulated natural gas LDCs in recent years (CNP sold its AK and OK LDCs at 2.5x in 2021). Initial proceeds will be used toward parent debt reduction.

D — VA governor plans to submit a notice for the rulemaking process to exit RGGI: The governor intends to issue a notice of intended regulatory action to set the process in motion to repeal VA's participation in the RGGI. The process would likely take 18-24 months and this effort comes after the governor previously tried to issue an EO to remove the state's participation. A protracted process to exit the RGGI will likely create uncertainty for utilities, impacting resource planning decisions for vertically integrated utilities. VA is one of the 11 states in the Regional Greenhouse Gas Initiative, a cap and trade program designed to reduce CO_2 emissions from power generators. Operators buy purchase allowances through a regional auction to offset emissions that exceed a preset threshold. VA joined the RGGI in 2020. D favors exiting the RGGI since the credits purchased are funded by ratepayers and prefers more cost-effective ways to reduce emissions.

PEG — Ralph LaRossa assumes president and CEO role: As previously announced as part of the management transition, Ralph LaRossa has begun his new role as president and CEO of PEG. He replaces retiring CEO Ralph Izzo, who will remain as executive chairman of the board through the end of the year. Mr. LaRossa joined PEG in 1985 and served as COO since January 2020.

KBCM EEI Schedule Tentative Agenda (All Times Eastern):
Sunday, November 13, 2022

12:00 PM — Eversource Energy (ES)
1:00 PM — CenterPoint Energy, Inc (CNP)
2:00 PM — Xcel Energy Inc. (XEL)
3:00 PM — Sempra Energy (SRE)
4:00 PM — WEC Energy Group, Inc. (WEC)
5:00 PM — Atlantica Sustainable Infrastructure plc (AY)
*Dinner — Dinner with Public Service Enterprise Group Incorporated (PEG)**

Monday, November 14, 2022

8:00 AM — Duke Energy Corporation (DUK)
8:45 AM — Avangrid, Inc. (AGR)**
9:00 AM — Pinnacle West Capital Corporation (PNW)
10:00 AM — Exelon Corporation (EXC)
11:00 AM — Edison International (EIX)
12:00PM — DTE Energy Company (DTE)
1:00 PM — NorthWestern Corp (NWE)
2:00 PM — American Electric Power Company, Inc. (AEP)
3:00 PM — Portland General Electric Company (POR)
4:00 PM — FirstEnergy Corp. (FE)
*Dinner — Dinner with NorthWestern Corp (NWE)**

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Tuesday, November 15, 2022

7:00 AM — Entergy Corporation (ETR)
7:00 AM — Southern Company (SO)
8:00 AM — Ameren Corporation (AEE)
9:00 AM — CMS Energy Corporation (CMS)
10:00 AM — Consolidated Edison, Inc. (ED)
11:00 AM — Avista Corporation (AVA)
11:00 AM — Otter Tail Corporation (OTTR)

**Dinner event.*
***30-minute meeting.*

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IL	Ameren Illinois	AEE	D-22-0297	Electric	9/7/2022	Evidentiary Hearings Begin
	Short-Term Energy Outlook	EIA			9/7/2022	STEO Release
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	9/7/2022	Settlement Conference
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	9/9/2022	Rebuttal Testimony Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	9/9/2022	Staff and Intervenor Testimony Due
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/12/2022	Surrebuttal Testimony
	CPI Release	BLS			9/13/2022	CPI Release for Prior Month
VA	Virginia Electric & Power Co.	D	C-PUR-2021-00142	Electric	9/13/2022	Responses Due in CVOW Filing
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/14/2022	Evidentiary Hearings
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	9/15/2022	Rebuttal Testimony
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	9/15/2022	Direct Testimony Due (Phase II)
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track3)	Electric	9/15/2022	Track 3 Proposed Decision
MI	DTE Electric Co.	DTE	C-U-20836	Electric	9/16/2022	PFD Target Date
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	9/16/2022	Oncor Rebuttal Testimony
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	9/19/2022	Rebuttal Testimony
	Transmission Planning NOPR	FERC	RM21-17-000	Transmission	9/19/2022	Reply Comments Due
WA	Avista Corp.	AVA	D-UE-220053	Electric/Gas	9/21/2022	Settlement Hearing
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	9/21/2022	Rebuttal Testimony Due (Phase I)
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	9/21/2022	Statements of Position
	Avangrid	AGR			9/22/2022	Analyst Day in New York City
VA	Virginia Electric & Power Co.	D	C-PUR-2021-00142	Electric	9/22/2022	Company Response Due in CVOW Filing
	Federal Energy Reg Comm	FERC			9/22/2022	Open Meeting
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	9/23/2022	Settlement Conference
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	9/23/2022	Rebuttal Testimony Due
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	9/26/2022	Staff and Intervenor Testimony
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	9/26/2022	Staff and Intervenor Testimony
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	9/27/2022	Evidentiary Hearings Begin
GA	Georgia Power Co.	SO	D-44280	Electric	9/27/2022	GP Direct Hearing
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	9/29/2022	Pre-Hearing Conference

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('22E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	24.0	Sector Weight	NA	$92.93	2.5%	58%	4.07	4.33	4.64	22.8x	21.5x	20.0x	4.08	4.36	4.66	22.8x	21.3x	19.9x
AEP	American Electric Power Company Ir	51.9	Sector Weight	NA	$101.09	3.1%	64%	4.99	5.35	5.72	20.3x	18.9x	17.7x	4.99	5.28	5.61	20.3x	19.1x	18.0x
CMS	CMS Energy Corp	19.5	Sector Weight	NA	$67.14	2.7%	64%	2.90	3.16	3.44	23.2x	21.2x	19.5x	2.88	3.13	3.39	23.3x	21.5x	19.8x
CNP	CenterPoint Energy Inc	20.0	Overweight	$34	$31.78	2.1%	47%	1.38	1.50	1.64	23.0x	21.2x	19.4x	1.38	1.50	1.62	23.0x	21.2x	19.6x
D	Dominion Energy Inc	68.1	Overweight	$88	$81.83	3.3%	65%	4.12	4.36	4.64	19.9x	18.8x	17.6x	4.12	4.38	4.68	19.9x	18.7x	17.5x
DTE	DTE Energy Co	25.4	Sector Weight	NA	$131.14	2.7%	59%	6.02	6.25	6.65	21.8x	21.0x	19.7x	6.02	6.28	6.71	21.8x	20.9x	19.5x
DUK	Duke Energy Corp	82.4	Overweight	$116	$107.00	3.7%	73%	5.44	5.78	6.15	19.7x	18.5x	17.4x	5.46	5.74	6.12	19.6x	18.6x	17.5x
ETR	Entergy Corp	23.6	Sector Weight	NA	$116.22	3.5%	64%	6.40	6.68	7.19	18.2x	17.4x	16.2x	6.37	6.75	7.21	18.2x	17.2x	16.1x
ES	Eversource Energy	31.0	Sector Weight	NA	$89.55	2.8%	62%	4.12	4.38	4.65	21.7x	20.4x	19.3x	4.11	4.38	4.69	21.8x	20.4x	19.1x
ED	Consolidated Edison Inc	34.9	Underweight	$75	$98.48	3.2%	71%	4.47	4.78	5.02	22.0x	20.6x	19.6x	4.50	4.83	5.08	21.9x	20.4x	19.4x
EIX	Edison International	25.9	Sector Weight	NA	$67.96	4.1%	62%	4.57	4.85	5.14	14.9x	14.0x	13.2x	4.50	4.86	5.17	15.1x	14.0x	13.1x
EXC	Exelon Corp	43.8	Overweight	$48	$44.08	3.1%	61%	2.24	2.43	2.60	19.7x	18.1x	17.0x	2.26	2.42	2.59	19.5x	18.2x	17.0x
FE	FirstEnergy Corp	22.8	Overweight	$47	$39.91	3.9%	65%	2.38	2.54	2.74	16.8x	15.7x	14.6x	2.41	2.53	2.72	16.6x	15.8x	14.7x
PEG	Public Service Enterprise Group Inc	31.9	Sector Weight	NA	$64.01	3.4%	62%	3.49	3.70	3.93	18.3x	17.3x	16.3x	3.48	3.58	3.95	18.4x	17.9x	16.2x
SO	Southern Co	82.8	Sector Weight	NA	$77.87	3.5%	75%	3.60	3.83	4.18	21.6x	20.3x	18.6x	3.59	3.80	4.13	21.7x	20.5x	18.9x
WEC	WEC Energy Group Inc	32.5	Overweight	$109	$103.01	2.8%	66%	4.39	4.62	4.83	23.5x	22.3x	21.3x	4.39	4.60	4.89	23.5x	22.4x	21.1x
XEL	Xcel Energy Inc	40.7	Overweight	$78	$74.41	2.6%	61%	3.18	3.45	3.63	23.4x	21.6x	20.5x	3.17	3.39	3.62	23.5x	21.9x	20.5x
					Average:	**3.1%**	**64%**				**20.6x**	**19.3x**	**18.1x**				**20.6x**	**19.4x**	**18.1x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.0	Sector Weight	NA	$40.66	4.3%	91%	1.95	2.50	2.66	20.9x	16.3x	15.3x	1.93	2.44	2.62	21.0x	16.7x	15.5x
NWE	NorthWestern Corp	3.0	Overweight	$64	$53.33	4.7%	77%	3.34	3.51	3.69	16.0x	15.2x	14.5x	3.30	3.52	3.70	16.2x	15.1x	14.4x
OTTR	Otter Tail Corp	3.1	Sector Weight	NA	$75.64	2.2%	23%	7.08	4.27	3.70	10.7x	17.7x	20.4x	7.06	4.26	3.60	10.7x	17.7x	21.0x
PNW	Pinnacle West Capital Corp	8.5	Underweight	$62	$74.90	4.6%	85%	3.99	4.24	4.47	18.8x	17.7x	16.8x	4.03	4.20	4.48	18.6x	17.8x	16.7x
POR	Portland General Electric Co	4.6	Sector Weight	NA	$51.72	3.5%	64%	2.81	2.94	3.08	18.4x	17.6x	16.8x	2.80	2.82	3.00	18.5x	18.4x	17.3x
					Average:	**3.9%**	**68%**				**16.9x**	**16.9x**	**16.7x**				**17.0x**	**17.2x**	**17.0x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	19.0	Underweight	$40	$49.08	3.6%	75%	2.45	2.20	2.31	20.0x	22.3x	21.2x	2.34	2.21	2.37	20.9x	22.2x	20.7x
NEE	Nextera Energy Inc	167.2	Overweight	$93	$85.11	2.0%	59%	2.90	3.08	3.34	29.3x	27.6x	25.5x	2.86	3.08	3.36	29.7x	27.6x	25.3x
SRE	Sempra Energy	52.4	Sector Weight	NA	$166.80	2.8%	53%	8.63	8.91	9.58	19.3x	18.7x	17.4x	8.65	9.03	9.65	19.3x	18.5x	17.3x
					Average:	**2.8%**	**63%**				**22.9x**	**22.9x**	**21.4x**				**23.3x**	**22.8x**	**21.1x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	26.5	Overweight	$87	$81.07	0.7%	24%	1.26	4.21	4.63	64.3x	19.3x	17.5x	2.33	4.58	5.44	34.8x	17.7x	14.9x
NRG	NRG Energy Inc	9.8	Not Covered	NA	$41.47	3.4%	19%	NA	NA	NA	NA	NA	NA	7.47	4.32	5.30	5.5x	9.6x	7.8x
VST	Vistra Corp	10.4	Not Covered	NA	$24.96	2.8%	34%	NA	NA	NA	NA	NA	NA	2.10	2.58	2.52	11.9x	9.7x	9.9x
					Average:	**2.3%**	**25%**				**64.3x**	**19.3x**	**17.5x**				**17.4x**	**12.3x**	**10.9x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 3 - Stock Price Performance

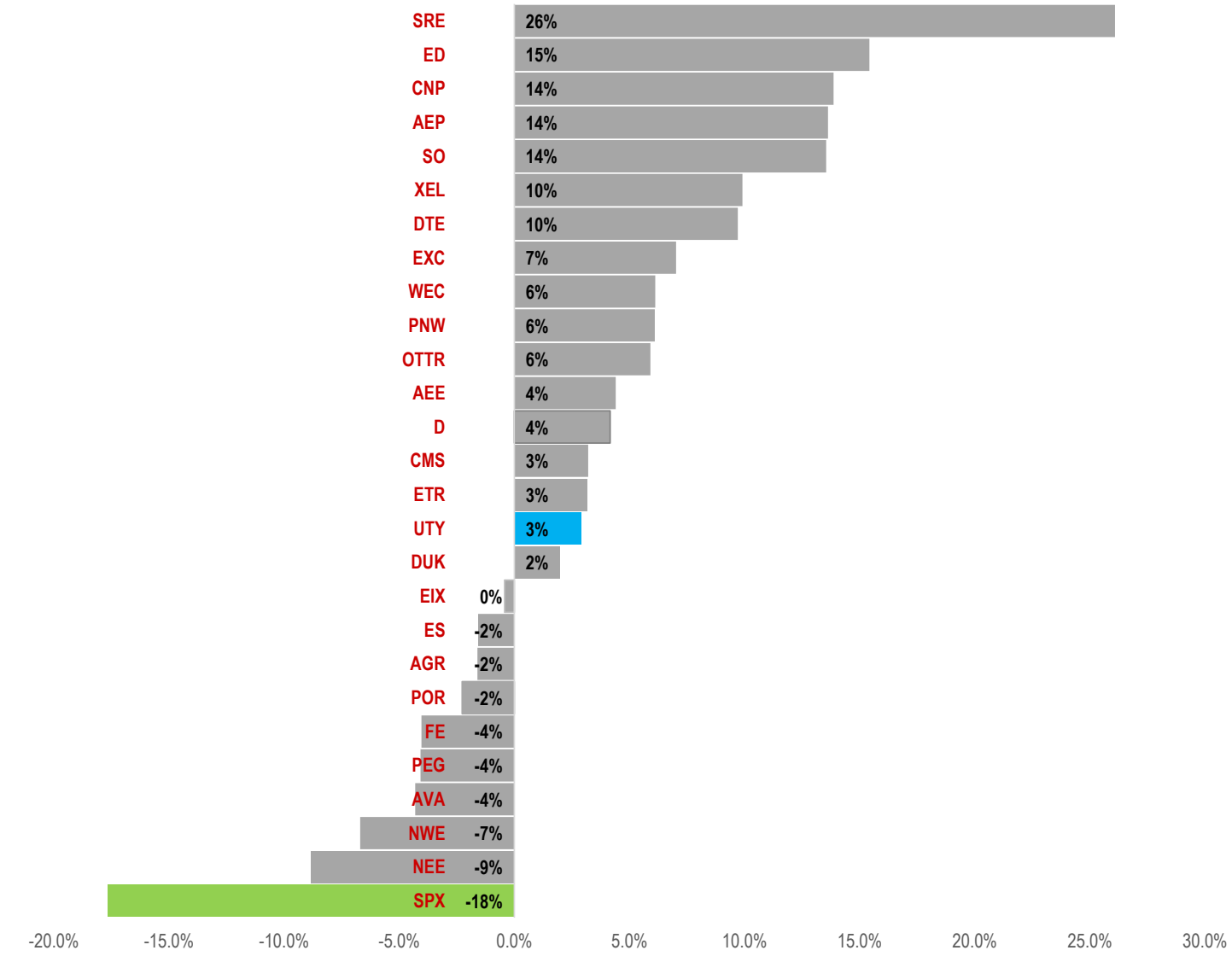

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

CNP: On the Road with Management

DUK: Notes from Management Meetings

NWE: Long Awaited MT GRC Filing - First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	275	48.42	68	24.73
Sector Weight [SW]	278	48.94	62	22.30
Underweight [UW]	15	2.64	1	6.67

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	16	43.24	11	68.75
Sector Weight [SW]	18	48.65	11	61.11
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

MIZUHO Mizuho Securities USA LLC

Energy Research
Utilities
Price Target Change

U.S. Equity Research **August 31, 2022**

Exelon Corporation

Taxman: Treatment of AMT Under IRA Remains Obscure; Adj Ests for Most Conservative Outcome

Summary

Exelon expects the most conservative implementation of the alternative minimum tax (AMT) provision of the Inflation Reduction Act (IRA) to result in a $200 million annual reduction in cash flow. The actual accounting treatment of this tax is subject to significant uncertainty until the Department of Treasury provides additional guidance. We are raising our EPS estimates to reflect higher expected returns at Commonwealth Edison (CWE), partly offset by lower cash flows and accelerated equity issuance. We remain Buy-rated on EXC shares and increase our PT to $47 (from $46) to reflect current market multiples.

Key Points

- ***Should 5% appear too small be thankful I don't take it all.*** Exelon disclosures assume that AMT payments are the obligation of the holding company, not its operating utilities.
- Exelon issued $575 million of common stock earlier this month. Current plans include an additional $425 million of equity over the period 2023-25. Management has indicated that it would update its equity needs later this year.
- Mizuho revised estimates assume an additional $675 million of equity over the same three-year period ($250 million above the company's current projection). FFO/Debt in our forecast remains at 13% or above.
- Our forecast assumes Commonwealth Edison's return on equity is reset to 9% in the upcoming general rate case filing anticipated early next year. This is consistent with the current return implied under the company's formula rate plan.
- We are increasing our 2023-24 EPS estimates and introducing our 2025 EPS estimate of $2.70.

Rating	**Buy**
Previous Rating	No Change
Price (8/30)	**$44.06**
Price Target	**$47.00**
Previous Price Target	$46.00

Key Data

Symbol	EXC(NYSE)
52-Week Range	$50.71 - $33.87
Market Cap ($mm)	$43,697
Shares Outstanding (mm)	991.8
Float	981.0
Average Daily Volume	6,205,746
Dividend/Yield	$1.53/3.5%

Fiscal Year-End: Dec 31

	2022E	2023E Prior	2023E Curr	2024E Prior	2024E Curr
Earnings per Share ($)					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.28E**	**2.42E**	**2.50E**	**2.57E**	**2.61E**
P/E	19.3x	–	17.6x	–	16.9x

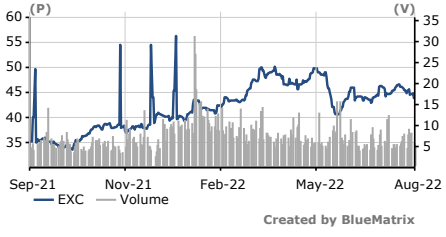

Paul Fremont
Managing Director
+1 212 205 7854
Paul.Fremont@mizuhogroup.com

Anthony Crowdell
Managing Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Brandon Lee, CFA
Senior Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

PLEASE REFER TO PAGE 8 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Estimate Changes

We are updating our forecast following the release 2Q2022 results.

Exhibit 1: EPS Estimate Changes

Consolidated	2022E	2023E	2024E	2025E
Current	$2.28	$2.50	$2.61	$2.70
Prior	$2.28	$2.42	$2.57	
Difference	$0.00	$0.08	$0.04	

Source: Company reports, MSUSA estimates

We are maintaining our 2022 EPS estimate of $2.28.

We are increasing our 2023 and 2024 EPS estimates by $0.08 and $0.04, respectively, to $2.50 and $2.61. The improvement reflects stronger assumed results at Commonwealth Edison attributable to higher interest rates, partly offset by the earlier timing of equity and lower parent cash flow.

We are introducing our 2025 EPS estimate of $2.70.

Mizuho estimates compound annual growth in EPS off of the midpoint of 2022 guidance of 6.2%, at the lower end of the company's 6%-8% EPS growth target through 2025. Our forecast assumes an authorized return on equity of 9% in Illinois for 2024 following its general rate case filing early next year.

Our forecast assumes FFO/Debt between 13%-14%, which is above the company's downgrade threshold of 12%. Our forecast is consistent with management's comments that it anticipates FFO/Debt to be between 13%-14%.

Our estimates do not include possible improvement in authorized returns for Commonwealth Edison beginning in 2024, when the ICC is expected to establish new cost of capital metrics. We would anticipate return on equity to be the same or better than ROE under the current formula rate plan. We also do not include the possible benefit of incentive returns.

Alternative Minimum Tax (AMT)

A key question will be how the AMT approved under the Inflation Reduction Act will affect tax normalization. One of the primary principles of normalization states that deferred taxes should be booked at the level where economic activity occurs in order to appropriately represent the economic reality of business activities. Most of Exelon's business activities occur within its operating utilities. In a prior version of the AMT passed by Congress, the only language related to normalization was limited to depreciation differences, while the IRA is silent with respect to normalization.

Effectively this will leave decisions on how normalization will be applied to company managements, their accountants, and the Department of Treasury.

Exelon has recently asserted that the AMT included in the IRA recently passed in congress will have a $200m annual impact on cash taxes paid according to a 8-K published by the company on August 16th. This is a revision from the previous estimate of a $300m impact stated in their Q2 2022 10-Q. We believe the estimate is based on the most conservative interpretation of the new law whereby the incremental tax would be booked at the holding company (versus Exelon's operating utilities).

The primary driver that determines where the tax is booked is the tax code. Under the tax code, the Department of Treasury has encouraged companies to use the separate return method whereby each subsidiary would calculate its tax obligation on a stand-alone basis using its own books and underlying records. Using this approach, Exelon utilities would not be subject to the AMT insofar as their net income is below the $1.0 billion minimum threshold under the IRA.

Under regulatory rules, companies are permitted to make modifications to the separate returns method to reflect that they are part of a consolidated group. An example would be booking net operating losses at a level where the NOLs can be monetized if a subsidiary is incurring net losses. Given that the operating companies all have less than $1.0 bn in operating income, Exelon believes that the AMT may need to be applied at the holding company level in accordance with the separate returns method where the operating companies are treated as separate businesses for tax purposes. In our forecast, Commonwealth Edison should surpass $1.0 billion of net income in 2025 which would further mitigate Exelon exposure to the AMT using this approach. Exelon expects the Department of Treasury to provide companies with guidance on how to apply the AMT. Historically this has been done through regulations, notices, and/or private letter rulings.

A secondary determining factor of where taxes should be booked is ASC 740. This accounting standard provides wide discretion to company managements and their outside auditors as to where to book an incremental tax.

Assuming that Exelon's discretion is constrained by the separate return methodology, it would need to recognize the AMT at the holding company level (not at its operating utilities). Under this scenario we believe it would be difficult for the company to recover the lost cash flow from rate-payers. If the lower deferred tax arising from the AMT were to be booked at utility level, there would be a dollar for dollar offsetting increase in rate base. Essentially, the utilities could arrive at the same level of rate base in their forecast by spending less money on capital spending.

While the company disclosures are based on the most conservative reading of the IRA, Exelon expects the Department of Treasury to provide further guidance between now and the end of the year. Our estimates are consistent with the separate

return methodology but we believe it is too early to determine where the AMT will ultimately be booked.

Valuation

Base Case

Using a sum of the parts analysis on 2024 results we derive a price target of $47 per share. Based on yesterday's closing price of $44.06, this represents price appreciation potential of 6.7% and total return potential of 9.7% including a current yield of 3.0%. Our price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.49 using a P/E multiple of 19.5 times, a 5% premium to our electric group average multiple, resulting in a price target of $48.50.

We value the regulated gas distribution 2024 earnings of $0.48 using a P/E multiple of 17.6 times, a 5% premium to our gas group average multiple, resulting in a price target of $8.50.

We trade EXC's utilities at a 5% P/E premium to the electric and gas groups because it operates in states with above average regulatory jurisdictions.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Company Models

In the pages that follow, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet for Exelon Corporation from 2019 to 2024. To derive the consolidated results, we modeled full financials for each operating subsidiary. Clients who would like the full models may obtain them through their MSUSA representative or by direct request to the authors.

Exhibit 2: EXC Income Statement

Consolidated Income Statement ($ millions)	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Revenues	$34,441	$32,929	$24,837	$25,479	$26,120	$26,700	$27,330
Cost of Goods Sold	15,273	14,215	13,320	13,394	13,403	13,433	13,475
O&M	8,652	8,494	3,974	4,026	4,079	4,132	4,186
Other Expenses	(5)	(11)	0	(4)	(4)	(4)	(4)
Taxes Other then Income	1,732	1,713	1,288	1,300	1,313	1,325	1,338
EBITDA	**$8,789**	**$8,518**	**$6,255**	**$6,762**	**$7,329**	**$7,814**	**$8,335**
D&A	3,938	4,075	3,044	3,213	3,388	3,570	3,757
EBIT	**$4,851**	**$4,443**	**$3,211**	**$3,549**	**$3,941**	**$4,244**	**$4,578**
Interest	1,578	1,609	1,241	1,401	1,543	1,766	2,025
Other Income	505	611	174	177	181	186	191
EBT	**$3,778**	**$3,445**	**$2,144**	**$2,325**	**$2,579**	**$2,664**	**$2,744**
Taxes	618	399	106	72	78	48	15
Preferred Dividends	20	(104)	(1)	(1)	(1)	(1)	(1)
Net Income	**$3,140**	**$3,150**	**$2,040**	**$2,254**	**$2,502**	**$2,618**	**$2,730**
EPS	**$3.22**	**$3.23**	**$2.08**	**$2.28**	**$2.50**	**$2.61**	**$2.70**

Source: Company reports, MSUSA estimates

Exhibit 3: EXC Cash Flow Statement

Consolidated Cash Flow Statement ($ millions)	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Net Income	$3,142	$3,039	$2,663	$2,254	$2,502	$2,618	$2,730
Depreciation	3,836	3,973	3,979	3,111	3,286	3,468	3,655
Deferred Taxes	(80)	(570)	(524)	(181)	(378)	(376)	(371)
Maintenance Cap-Ex	(3,356)	(3,526)	(3,516)	(3,003)	(3,178)	(3,360)	(3,547)
Grow th Cap-Ex	(3,144)	(4,149)	(3,784)	(3,947)	(3,872)	(4,090)	(3,978)
Net Cash Generation	**398**	**(1,233)**	**(1,181)**	**(1,766)**	**(1,640)**	**(1,741)**	**(1,511)**
EBITDA + Other Income	9,182	9,006	8,751	6,802	7,369	7,854	8,375
Interest Expense	774	888	1,004	1,426	1,568	1,792	2,051
Pfd. Dividends	(2)	(1)	(1)	(1)	(1)	(1)	(1)
Common Dividends	(1,410)	(1,417)	(1,501)	1,346	1,447	1,556	1,683

Source: Company reports, MSUSA estimates

Exhibit 4: EXC Balance Sheet

Consolidated Balance Sheet ($ millions)	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Cash & Equivalents	$1,122	$1,166	$1,176	$1,836	$872	$872	$872
Short Term Debt	$838	$1,644	$1,644	$702	$702	$702	$702
Revolver	0	0	0	0	309	512	585
Current Portion of Long Term Debt	3,206	1,791	2,993	800	800	1,307	1,600
Long Term Debt	33,531	35,580	34,479	35,947	37,672	40,140	42,815
Total Debt	**$37,575**	**$39,015**	**$39,115**	**$37,449**	**$39,483**	**$42,661**	**$45,702**
Preferred Stock	0	0	0	0	0	0	0
Total Debt & Preferred	**$37,575**	**$39,015**	**$39,115**	**$37,449**	**$39,483**	**$42,661**	**$45,702**
Shareholder's Equity	31,184	32,018	20,092	32,366	30,779	29,026	27,023
Goodwill Portion of Equity	0	0	0	0	0	0	0
Goodwill / Shareholder's Equity	0	0	0	0	0	0	0
Total Book Capitalization	**$68,759**	**$71,033**	**$59,207**	**$69,815**	**$70,262**	**$71,687**	**$72,725**
Off-Balance Sheet Debt	0	0	0	0	0	0	0
Consolidated Debt/Pfd. Assoc. w/Min. Int. Exp.	0	0	0	0	0	0	0
Total Credit Capitalization	**$68,759**	**$71,033**	**$59,207**	**$69,815**	**$70,262**	**$71,687**	**$72,725**

Source: Company reports, MSUSA estimates

Price Target Calculation and Key Risks

Price Target Calculations: Our $47 price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.49 using a P/E multiple of 19.5 times, a 5% premium to our electric group average multiple, resulting in a price target of $48.50.

We value the regulated gas distribution 2024 earnings of $0.48 using a P/E multiple of 17.6 times, a 5% premium to our gas group average multiple, resulting in a price target of $8.50.

We trade EXC's utilities at a 5% P/E premium to the electric and gas groups because it operates in states with above average regulatory jurisdictions

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: Equity overhang, weak commodity outlook, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates makes a market in the following securities: Exelon Corporation

Mizuho Securities USA LLC and or its affiliates has received compensation for investment banking services for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates expects to receive or intends to seek compensation for investment banking services for Exelon Corporation in the next 3 months.

Mizuho Securities USA LLC and or its affiliates has managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates have provided investment banking services for Exelon Corporation who is or was a client in the past 12 months.

The compensation of the research analyst writing this report, in whole or part, is based on MSUSA's annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA's internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Paul Fremont, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock's total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform.

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a riskadjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of August 30)	% of coverage	IB service past 12 mo
Buy (Buy)	63.06%	61.92%
Hold (Neutral)	35.62%	48.15%
Sell (Underperform)	1.32%	40.00%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

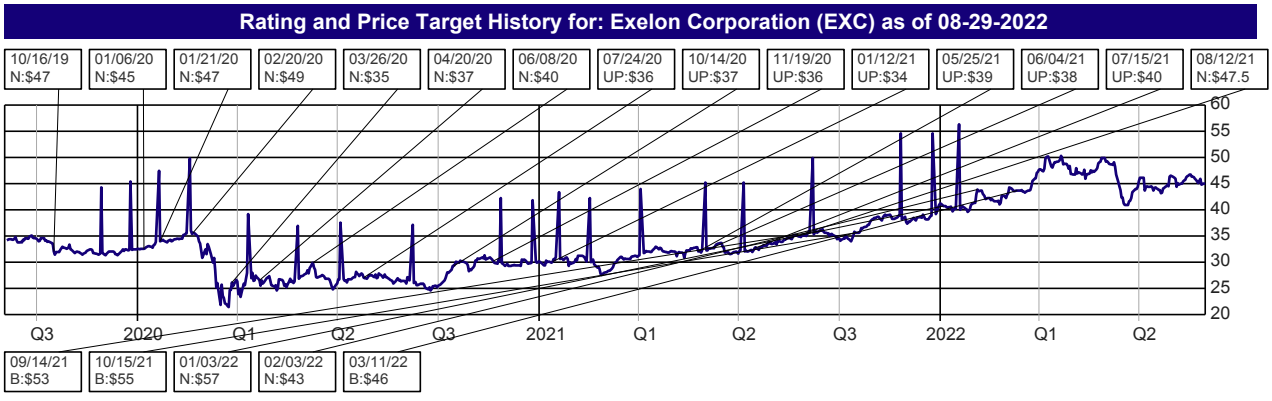

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any

transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2022. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

KeyBanc Capital Markets

Alert

August 29, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AEE, XEL, DUK, EXC, SRE, CMS, D, ES, AGR, CNP

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

ICYMI, we hosted management meetings with DUK and CNP last week. Links to our takeaways are included below. In the upcoming week, we are tracking proceedings in AEE's IL FRP, XEL's MN gas rate case, DUK's 2022 Carbon Plan, ComEd's IL electric rate case, and Oncor's TX electric rate case. In other news, Staff submits testimony in CMS's MI electric rate case; the VA SCC issues an order approving limited reconsideration of the SCC approval of CVOW project; and CT PURA permits AGR and ES to resume CT shutoff moratoriums next May.

ICYMI

We held management meetings with **DUK** and **CNP** this week. You can read our notes here and here.

Regulatory Calendar

Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

AEE — Surrebuttal testimony in AEE's IL FRP is scheduled for August 30: In rebuttal testimony, Staff proposed a revenue increase of $61M. In the Company's rebuttal testimony, AEE is requesting a revenue increase of $83.7M. The Staff proposes a 50% equity layer vs. the Company's proposed 53.99% equity on a $3.9B rate base. The ROE of 7.85% is formulaic. A final decision is expected by the end of 2022, with new rates effective in January 2023. This may be AEE's last FRR filing in IL with the next rate review likely being an MYRP. The ICC is expected to approve PBR to be used under the new framework this fall.

XEL — Direct testimony in XEL's MN gas rate case is due on August 30: NSP-MN filed a gas rate case for $36M based on a 10.5% ROE and an equity ratio of 52.5%. In addition to the filing, XEL filed a petition for approval of a deferral of depreciation expense, distribution O&M expenses, and property tax expenses for the calendar year 2022 as an alternative to litigating the rate case proceeding. A gas interim rate increase of $25M went into effect on January 1.

DUK — Staff and intervenor testimony in the 2022 NC Carbon Plan is due on September 2: DUK provided testimony to address the Commission-identified issues for its 2022 Carbon Plan. DUK replied to several topics brought up by the NCUC that need to be addressed in the near term to keep DUK on the proper trajectory for the Carbon Plan. The actions include procuring substantial solar and battery resources, improvements to the transmission system to enable solar interconnections, additional coal retirements, and the addition of hydrogen-capable natural gas units. DUK does not believe it will be able to address all the issues at this time but will continue to address concerns as the Company gathers more information about market dynamics, technology, and customer behaviors. As part of the plan, DUK offered four portfolios, which outline a path to 70% carbon reduction in the early 2030s and requires the utilities to be carbon-neutral by 2050. One of the portfolios achieves 70% CO_2 reduction by 2030, and the other three achieve the target between 2032 and 2034, including offshore wind, small nuclear, or both. NCUC will rule on the plan by the end of 2022. See our note here where we discuss the Carbon Plan in detail.

EXC — Surrebuttal testimony in ComEd's IL electric rate case is scheduled for September 2: Staff filed rebuttal testimony recommending a $200M revenue increase, in line with ComEd's updated revenue requirement filed in rebuttal testimony. Staff and ComEd's increases are premised on a 7.85% ROE (which is formulaic), 49.45% equity, and a rate base of ~$14B. A final decision is expected toward the end of the year, with new rates effective in 2023. This will be EXC's last formula rate plan filing in IL. EXC is currently engaged in finalizing the PBR framework that will make its way into the next rate case, which is expected to be filed in early 2023 for rates effective in 2024. **Updated for rebuttal testimony.**

SRE — Staff testimony in Oncor's TX electric rate case is scheduled for September 2: In intervenor testimony, the OPUC highlights $78.6M of adjustments, implying a required revenue increase of $172M. The main differences are depreciation (~$37M) and self-insurance reserve losses ($40M). Oncor filed a GRC in May, seeking a $251M net increase in rates ($287M increase in distribution

rates offset by a $36.5M reduction in transmission rates) with a 10.3% ROE, 45% equity layer, and a 2021 rate base of $18.8B. Oncor's last rate case was settled in 2016 at 9.8%, 42.5% equity layer. The primary factors contributing to the proposed rate increase are the move to a higher equity layer and a higher ROE, the growth in Oncor's under-recovered self-insurance reserve balance, and expenses associated with COVID response, among others.

Recent Developments for Companies Under Our Coverage

From our midweek: The DoC staff recommends an extension of the deadline for preliminary determination in the AD/CVD inquiries; VEPCO files a petition for limited reconsideration of the SCC approval of the CVOW project; FE receives final approval for the $180M settlement in the shareholder derivative litigation; the Supreme Court orders a postponement in the GA PSC elections; MISO submits an SSR Agreement to extend Rush Island plant operations; Staff files testimony in Delmarva's MD multiyear electric rate case; the MN PUC approves the settlement in CNP's gas rate case; the DOJ requests PUCO to delay the investigations into FE that resulted from the bribery scandal for six months; AR contemplates joining LA's Fifth Circuit filing with reference to Grand Gulf; and AGR and ES seek to end the CT shutoff moratorium.

CMS — Staff submits testimony in CMS's MI electric rate case: MI PSC Staff filed testimony recommending a $170M revenue increase, premised on 9.70% ROE and 51.0% equity. The delta lies primarily in the lower recommended ROE. CMS is seeking a revenue increase of $274M (net increase of $266M) based on 10.25% ROE, a 51.5% equity layer, and a projected YE23 test year. The drivers of the present case include investments in new solar and natural gas-fired generation, system reliability, resilience, and cost recovery for the planned acquisition of the Covert plant in 2023. CMS requests rates to be effective March 1, 2023. We view staff testimony as constructive, especially compared to the last electric case outcome, and expect the ultimate outcome to be bookended by CMS's ask and testimony offered by staff.

Figure 1 - CMS Electric Rate Case Summary

2022E Net Income Calc ($M)	CMS	Staff
Rate Base	13,801.8	13,432.5
Projected Net Operating Income	601.3	621.8
ROR (Calculated)	4.36%	4.63%
ROR (Required)	5.84%	5.58%
Income Required	806.0	749.5
Income Deficiency	204.7	127.7
Revenue Conversion Factor	1.3391	1.3391
Revenue Requirement	274.2	171.0

Rate of Return Calculation	CMS	Staff
Rate Base ($ M)	13,801.8	13,432.5
ROE	**10.25%**	**9.70%**
Equity to Total Cap	52%	51%
ROR	5.84%	5.58%
Cost of Debt	3.69%	3.69%

Projected Net Operating Income ($ M)	CMS	Staff
Operating Revenue	4,538.6	4,511.7
Power Supply Costs	2,207.1	2,183.1
O&M	697.5	691.3
D&A	721.2	701.4
Property Taxes	219.1	214.4
Federal, State and Other Income Taxes	116.2	123.3
AFUDC and Other Adjustments	23.8	23.7
Total Net Operating Income	**601.3**	**621.8**

Source: Company filings, regulatory filings, KeyBanc Capital Markets Inc. estimates

D — SCC issues order approving limited reconsideration of recent SCC order regarding CVOW project: The SCC issues an order agreeing to reconsider the performance guarantee requirement to meet a 42% net capacity factor on a three-year rolling average basis throughout the life of the project and will allow the Rider OSW to be implemented on an interim basis. The order comes after D requested a reconsideration of the SCC's prior decision in favor of a more reasonable and flexible standard. See our note here wherein we discuss the SCC's performance guarantee clause and D's position on it. D posits that the SCC lacks the authority to impose a performance guarantee of this nature and that it is unreasonably broad in scope, leaving D to manage factors that may be outside its control. In the filing, D went as far as saying that it may have to terminate all development and construction activities relating to the project if the condition is allowed to stand. The next dates to watch are responses from objecting parties due by September 13 and D's reply by September 22.

AGR, ES — CT PURA permits AGR and ES to resume CT shutoff moratoriums beginning next May: The CT PURA will permit AGR and ES to resume service shutoff for hardship service customers with unpaid bills in May 2023. The lead time will allow the

customers adequate time to be informed and protect customers from being shut off during the winter period. CT is the last state with a shut-off moratorium in place, which went into effect at the beginning of the pandemic. The utilities have ~$171M of bills that are more than 60 days outstanding and, without any recourse from PURA, will be forced to pass the unpaid bills to ratepayers. Other states have resumed disconnections and implemented bill credit programs to assist customers with overdue bills.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IL	Ameren Illinois	AEE	D-22-0297	Electric	8/30/2022	AEE surrebuttal testimony due
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	8/30/2022	Prefiled Direct Testimony
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	9/2/2022	Staff and Intervenor Testimony Due
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/2/2022	Surrebuttal Testimony
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	9/2/2022	Staff Direct Testimony
IL	Ameren Illinois	AEE	D-22-0297	Electric	9/7/2022	Evidentiary hearings begin
	Short-Term Energy Outlook	EIA			9/7/2022	STEO release
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	9/7/2022	Settlement Conference
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	9/9/2022	Rebuttal Testimony
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	9/9/2022	Rebuttal Testimony Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	9/9/2022	Staff and Intervenor Testimony Due
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	9/12/2022	Staff Testimony
	CPI Release	BLS			9/13/2022	CPI release for Prior Month
VA	Virginia Electric & Power Co.	D	C-PUR-2021-00142	Electric	9/13/2022	Responses Due
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/14/2022	Evidentiary Hearings
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	9/15/2022	Rebuttal Testimony
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track3)	Electric	9/15/2022	Track 3 Proposed Decision
MI	DTE Electric Co.	DTE	C-U-20836	Electric	9/16/2022	PFD Target Date
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	9/16/2022	Oncor Rebuttal Testimony
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	9/19/2022	Evidentiary Hearings Begin
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	9/19/2022	Rebuttal Testimony
	Transmission Planning NOPR	FERC	RM21-17-000	Transmission	9/19/2022	Reply Comments Due
WA	Avista Corp.	AVA	D-UE-220053	Electric/Gas	9/21/2022	Settlement Hearing
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	9/21/2022	Statements of Position
	Avangrid	AGR			9/22/2022	Analyst Day in New York City
VA	Virginia Electric & Power Co.	D	C-PUR-2021-00142	Electric	9/22/2022	Company Response Due
	Federal Energy Reg Comm	FERC			9/22/2022	Open Meeting
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	9/23/2022	Settlement Conference
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	9/23/2022	Rebuttal Testimony Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
						Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	24.9	Sector Weight	NA	$94.79	2.5%	58%	4.07	4.33	4.64	23.3x	21.9x	20.4x	4.08	4.37	4.67	23.2x	21.7x	20.3x
AEP	American Electric Power Company Ir	53.1	Sector Weight	NA	$101.82	3.1%	63%	4.99	5.35	5.72	20.4x	19.0x	17.8x	4.99	5.28	5.61	20.4x	19.3x	18.2x
CMS	CMS Energy Corp	20.2	Sector Weight	NA	$68.76	2.7%	64%	2.90	3.16	3.44	23.7x	21.8x	20.0x	2.88	3.13	3.39	23.8x	22.0x	20.3x
CNP	CenterPoint Energy Inc	20.4	Overweight	$34	$31.75	2.1%	47%	1.38	1.50	1.64	23.0x	21.2x	19.4x	1.38	1.50	1.62	23.0x	21.1x	19.6x
D	Dominion Energy Inc	70.2	Overweight	$88	$83.08	3.2%	65%	4.12	4.36	4.64	20.2x	19.1x	17.9x	4.12	4.38	4.68	20.2x	19.0x	17.8x
DTE	DTE Energy Co	26.1	Sector Weight	NA	$133.22	2.7%	59%	6.02	6.25	6.65	22.1x	21.3x	20.0x	6.02	6.28	6.71	22.1x	21.2x	19.9x
DUK	Duke Energy Corp	85.2	Overweight	$116	$108.73	3.7%	74%	5.44	5.78	6.15	20.0x	18.8x	17.7x	5.45	5.75	6.11	20.0x	18.9x	17.8x
ETR	Entergy Corp	24.3	Sector Weight	NA	$118.97	3.4%	64%	6.40	6.68	7.19	18.6x	17.8x	16.5x	6.37	6.76	7.21	18.7x	17.6x	16.5x
ES	Eversource Energy	32.2	Sector Weight	NA	$91.60	2.8%	62%	4.12	4.38	4.65	22.2x	20.9x	19.7x	4.11	4.38	4.68	22.3x	20.9x	19.6x
ED	Consolidated Edison Inc	35.3	Underweight	$75	$98.53	3.2%	71%	4.47	4.78	5.02	22.0x	20.6x	19.6x	4.50	4.82	5.08	21.9x	20.4x	19.4x
EIX	Edison International	26.7	Sector Weight	NA	$69.27	4.1%	62%	4.57	4.85	5.14	15.2x	14.3x	13.5x	4.50	4.86	5.17	15.4x	14.3x	13.4x
EXC	Exelon Corp	45.5	Overweight	$48	$44.71	3.1%	61%	2.24	2.43	2.60	20.0x	18.4x	17.2x	2.26	2.42	2.58	19.8x	18.5x	17.3x
FE	FirstEnergy Corp	23.4	Overweight	$47	$40.19	3.9%	65%	2.38	2.54	2.74	16.9x	15.8x	14.7x	2.41	2.53	2.72	16.7x	15.9x	14.8x
PEG	Public Service Enterprise Group Inc	33.8	Sector Weight	NA	$66.69	3.2%	62%	3.49	3.70	3.93	19.1x	18.0x	17.0x	3.48	3.58	3.95	19.2x	18.6x	16.9x
SO	Southern Co	84.1	Sector Weight	NA	$78.20	3.5%	75%	3.60	3.83	4.18	21.7x	20.4x	18.7x	3.59	3.80	4.13	21.8x	20.6x	18.9x
WEC	WEC Energy Group Inc	33.5	Overweight	$109	$104.79	2.8%	66%	4.39	4.62	4.83	23.9x	22.7x	21.7x	4.39	4.60	4.89	23.9x	22.8x	21.4x
XEL	Xcel Energy Inc	41.6	Overweight	$78	$74.93	2.6%	61%	3.18	3.45	3.63	23.6x	21.7x	20.6x	3.17	3.39	3.62	23.6x	22.1x	20.7x
					Average:	**3.1%**	**63%**				**20.9x**	**19.6x**	**18.4x**				**20.9x**	**19.7x**	**18.4x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AVA	Avista Corp	3.1	Sector Weight	NA	$42.64	4.1%	91%	1.95	2.50	2.66	21.9x	17.1x	16.0x	1.93	2.44	2.62	22.1x	17.5x	16.3x
NWE	NorthWestern Corp	3.1	Overweight	$64	$55.45	4.6%	77%	3.34	3.51	3.69	16.6x	15.8x	15.0x	3.30	3.51	3.70	16.8x	15.8x	15.0x
OTTR	Otter Tail Corp	3.3	Sector Weight	NA	$77.69	2.1%	23%	7.08	4.27	3.70	11.0x	18.2x	21.0x	7.06	4.26	3.60	11.0x	18.2x	21.6x
PNW	Pinnacle West Capital Corp	8.7	Underweight	$62	$75.92	4.5%	85%	3.99	4.24	4.47	19.0x	17.9x	17.0x	4.03	4.20	4.48	18.9x	18.1x	16.9x
POR	Portland General Electric Co	4.8	Sector Weight	NA	$52.57	3.4%	64%	2.81	2.94	3.08	18.7x	17.9x	17.1x	2.80	2.82	3.00	18.8x	18.7x	17.5x
					Average:	**3.7%**	**68%**				**17.4x**	**17.4x**	**17.2x**				**17.5x**	**17.7x**	**17.5x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AGR	Avangrid Inc	19.6	Underweight	$40	$50.09	3.5%	75%	2.45	2.20	2.31	20.4x	22.8x	21.7x	2.34	2.21	2.37	21.4x	22.6x	21.1x
NEE	Nextera Energy Inc	175.6	Overweight	$93	$88.06	1.9%	59%	2.90	3.08	3.34	30.4x	28.6x	26.4x	2.86	3.08	3.36	30.7x	28.6x	26.2x
SRE	Sempra Energy	53.0	Sector Weight	NA	$166.54	2.8%	54%	8.63	8.91	9.58	19.3x	18.7x	17.4x	8.60	8.98	9.58	19.4x	18.6x	17.4x
					Average:	**2.7%**	**63%**				**23.4x**	**23.4x**	**21.8x**				**23.8x**	**23.3x**	**21.6x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
CEG	Constellation Energy Corp	27.0	Overweight	$87	$80.83	0.7%	24%	1.26	4.21	4.63	64.2x	19.2x	17.5x	2.33	4.58	5.44	34.7x	17.7x	14.9x
NRG	NRG Energy Inc	10.1	Not Covered	NA	$41.72	3.4%	19%	NA	NA	NA	NA	NA	NA	7.47	4.32	5.30	5.6x	9.7x	7.9x
VST	Vistra Corp	10.7	Not Covered	NA	$24.93	2.8%	34%	NA	NA	NA	NA	NA	NA	2.10	2.33	2.52	11.9x	10.7x	9.9x
					Average:	**2.3%**	**25%**				**64.2x**	**19.2x**	**17.5x**				**17.4x**	**12.7x**	**10.9x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

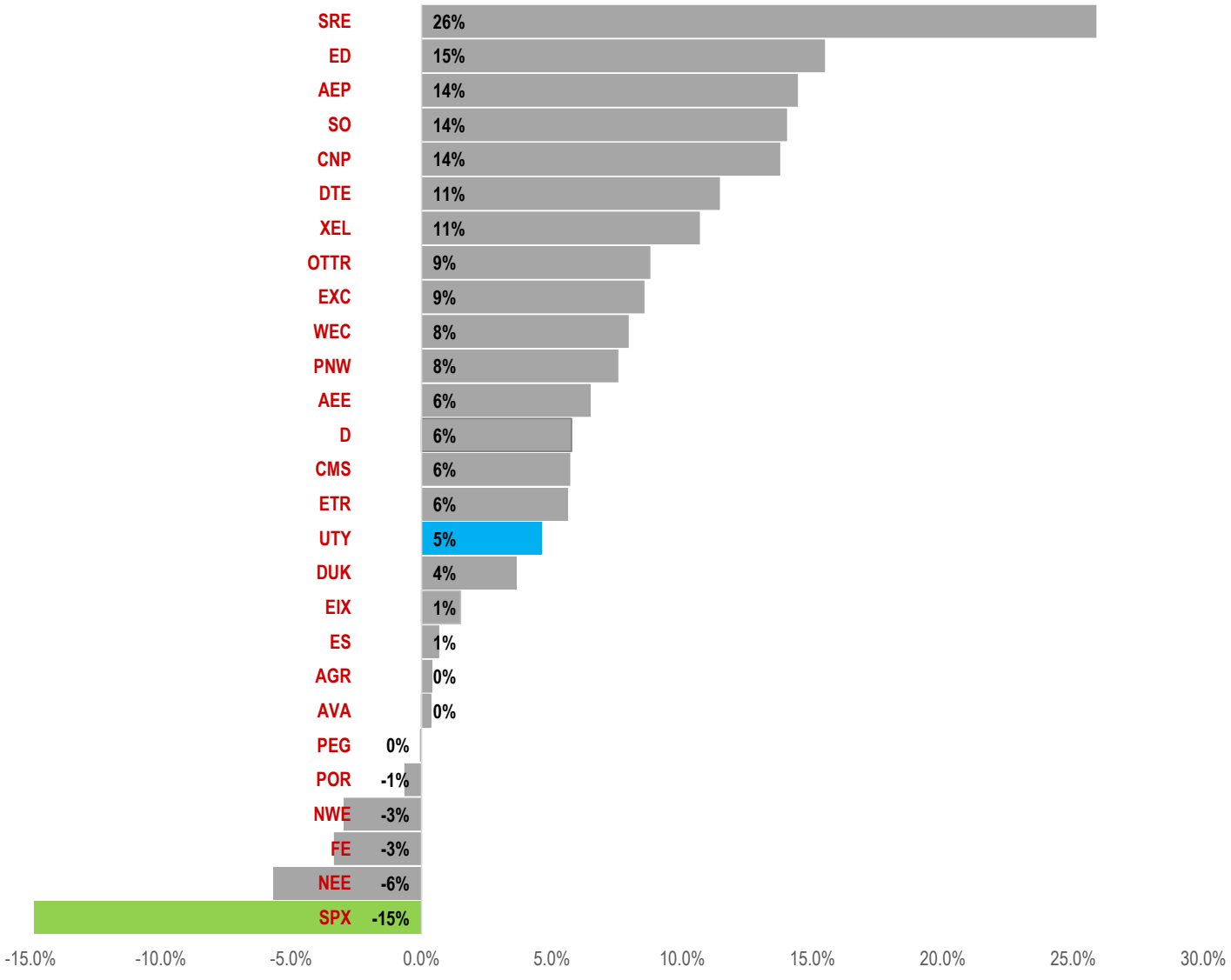

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

HASI: Parsing Through Short Seller Report

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	275	48.42	68	24.73
Sector Weight [SW]	278	48.94	62	22.30
Underweight [UW]	15	2.64	1	6.67

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	16	43.24	11	68.75
Sector Weight [SW]	18	48.65	11	61.11
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> Power Points: EXC PA audit, AGR Maine referendum, JKS earnings, LNG, EIA data
- **Publication Date/Time** : Friday, August 26, 2022 04:51:52 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=ZE18zkDx4KJQnlD!Aza2aA__&reid=491D918A7D6611ED90B882A9945289B1

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> Power Points: EVRG MO case, EXC MD testimony, NWN OR third stipulation
- **Publication Date/Time** : Wednesday, August 24, 2022 04:30:53 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=-4j6B4acby5QnlD!Aza2aA__&reid=4124584C7D6611EDBDF498C1945289B1

GUGGENHEIM

Power & Utilities August 23, 2022

The Guggenheim Daily Transmission: SO, NWE, Supply Chain, EXC, ES/CT, FE, CMS/Power, EVRG, NWN, WEC

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CMS	70.08	Neutral
ES	92.26	Buy
EVRG	70.26	Buy
EXC	45.35	Neutral
FE	40.44	Neutral
NWE	55.65	Neutral
NWN	51.38	Neutral
SO	79.11	Buy
WEC	106.78	Neutral

For details on our Guggenheim-hosted client Utility events including: our NEE NDR; CEG NDR; OGS NDR; EEI Conference meetings; and other events, scroll down…

SO – Georgia PSC will not have November elections, special election to follow in 2023

NWE – Evacuations ordered for fire burning off Eagle Bay Drive near Canyon Ferry Lake

Supply chain – Transformer shortage hits utilities as peak U.S. hurricane season arrives

EXC – ComEd customers' RICO suit dismissed in federal court

ES/CT – CT utilities seek end to COVID shutoff moratorium

FE – U.S. District Judge issues order accusing FirstEnergy defendants of "numerous misrepresentations of fact"

CMS/Power – Covert plant owners file with FERC for sale to CMS

EVRG – Statement of positions filed in MO cases

NWN – Closing briefs filed in GRC

WEC – Amended procedural schedule issued in Wisconsin rate cases

SO – Georgia PSC will not have November elections, special election to follow in 2023

- A judge postponed the elections a few weeks ago, ruling the electoral structure (statewide elections for regional district seats) disenfranchises Black voters.
- A week later an appeals court reversed that decision, pending the state's appeal of that first ruling.
- On Friday, the U.S. Supreme Court weighed in, ruling the elections shouldn't go forward after all while the appeal continues. The state isn't fighting that decision.
- SCOTUS Order HERE.

Guggenheim takeaway: *The elections will not happen in November, despite the state continuing to appeal the judge's ruling. Regardless of the outcome, a special election will have to happen with either the existing or revised electoral district structure, likely next year. Commissioners Tim Echols and Fitz Johnson are up for re-election. See our comprehensive note following our in-person meetings with the entire PSC in GA HERE.*

NWE – Evacuations ordered for fire burning off Eagle Bay Drive near Canyon Ferry Lake

- The fire has been named the Rising Moon Fire. According to the Sheriff's Office, the fire was first reported about 9:30 p.m.
- Officials have not released a possible cause of the fire or estimated size. The Helena area and the Big Belt Mountains saw hundreds of lightning strikes Monday night as storms rolled through the area.
- NorthWestern Energy's outage map says power is out for about 1,800 customers near the fire. Power is expected to be restored around 8:00 a.m.
- More from the Lewis & Clark County Sheriff's Office HERE.

Guggenheim takeaway: *FYI – monitoring. See our note on our expert call last year regarding inverse condemnation in Montana HERE.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Supply chain – Transformer shortage hits utilities as peak U.S. hurricane season arrives

- A lack of replacements could delay recovery from major storms, although the dimensions of that risk are not clear, according to electric industry officials.
- When the American Public Power Association surveyed members at the beginning of 2022 asking how long delivery of new transformers was taking, the average was about a year, compared with an average three-month wait in 2018, according to Corry Marshall, Senior Director for Government Relations.
- More HERE.

Guggenheim takeaway: *More color regarding the ongoing supply chain shortage affecting transformers and other vital utility equipment. See our Daily write-up last week (HERE) for more.*

EXC – ComEd customers' RICO suit dismissed in federal court

- 9 ComEd customers had sought to charge the utility under the Racketeer Influenced and Corrupt Organizations Act for legislation passed under Speaker Madigan.
- More HERE.

Guggenheim takeaway: *Minor FYI – the case was dismissed on state-federal lines – not dissimilar to many industry jurisdictional lines, in our view.*

ES/CT – CT utilities seek end to COVID shutoff moratorium

- CT is the last state in the nation to have a COVID shutoff moratorium.
- Customers have accrued $171mm in bills 60+ days overdue.
- More HERE.

Guggenheim takeaway: *Interesting data points as PURA looks to strike a balance between low income customers and allocation to other classes.*

FE – U.S. District Judge issues order accusing FirstEnergy defendants of "numerous misrepresentations of fact"

- With U.S. District Judge John Adams of Akron on the verge of appointing new shareholder lawyers to resume litigating derivative claims against directors and officers of the Ohio utility FirstEnergy Corp, FirstEnergy board members tried Saturday to halt, at least temporarily, the revival of a case they regard as settled.
- Adams responded on Monday afternoon with an order accusing the FirstEnergy defendants of "numerous misrepresentations of fact." The judge rejected defendants' assertion that he "injected" false information into the record of the case by engaging in extrajudicial internet research. He also suggested that he's not going to allow FirstEnergy defendants to continue to obstruct depositions of former top executives.
- More HERE.

Guggenheim takeaway: *FYI — the HB 6 saga continues.*

CMS/Power – Covert plant owners file with FERC for sale to CMS

- The ~1.2GW CCGT will be rolled into CMS's ongoing IRP and capex plans.
- More HERE.

Guggenheim takeaway: *Part of the process – see our 2Q note HERE for more info.*

EVRG – Statement of positions filed in MO cases

- Multiple parties, including Staff and the OPC have filed their position statements.
- EVRG HERE.
- Docket HERE.

Guggenheim takeaway: *Heads up and some lengthy helpful summaries of the current bid-asks as the process heads into conferences and a key stretch for potential settlement.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

NWN – Closing briefs filed in GRC

- OPUC Staff and others have filed their closing briefs in the ongoing case.
- "In this brief Staff responds to arguments related to the AAC and rate spread for SB 98 projects and responds to an additional argument raised by the Coalition in its Opening Brief related to the prudence of NW Natural's Lexington RNG Project." - Staff
- Docket HERE.

Guggenheim takeaway: *Minor FYI – most of the items were included in the prior stipulations, with the remaining puts and takes relatively straightforward, in our view – Staff pushes back against many intervenor criticisms of SB98 spend.*

WEC – Amended procedural schedule issued in Wisconsin rate cases

- As below:
  - 09/09/2022 4:00 PM Offered Evidence Direct : Intervenor and Commission Staff
  - 09/22/2022 1:30 PM Offered Evidence Rebuttal : Parties and Commission Staff
  - 09/27/2022 1:00 PM Hearing: Public Session
  - 09/27/2022 6:00 PM Hearing: Public Session
  - 09/30/2022 1:30 PM Offered Evidence Surrebuttal : Parties and Commission Staff
  - 10/03/2022 1:30 PM Offered Evidence Other: Errata Testimony and Replacement Exhibits
  - 10/04/2022 10:00 AM Hearing: Party Session
  - 10/06/2022 4:30 PM Transcript: Draft Transcript
  - 10/07/2022 1:30 PM Offered Evidence Other: Exhibits Offered and Received at Hearing
  - 10/07/2022 1:30 PM Offered Evidence Other: Revised Testimony
  - 10/07/2022 1:30 PM Offered Evidence Other: Witness Verification Affidavits
  - 10/11/2022 1:30 PM Transcript: Proposed Corrections to Draft Transcript
  - 10/13/2022 1:30 PM Transcript: Objections to Proposed Corrections to Draft Transcript
  - 10/13/2022 1:30 PM Brief: Initial Brief
  - 10/20/2022 1:30 PM Brief: Reply Brief
- More HERE

Guggenheim takeaway: *For your calendar.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

Kirk Crews, *Chief Financial Officer*
Jessica Geoffroy, *Head of Investor Relations*

Date
August 30–September 1, 2022
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $155.02bn
NextEra Energy, Inc. (NEE) is an electric power and energy infrastructure company. It operates through the following segments: FPL and NEER. The FPL segment engages primarily in the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. It provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas production and pipeline infrastructure development, and owns a retail electricity provider. The company was founded in 1984 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Joseph Dominguez, *Chief Executive Officer*
Dan Eggers, *Chief Financial Officer*
Emily Duncan, *Vice President, Investor Relations*

Dates & Locations
September 7 & 8 | New York
September 9 | Boston

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $31.66bn
Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *Sr. Vice President – Corporate Communications and Investor Relations*

Dates & Locations

September 13 | Los Angeles
September 14 | Dallas

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $31.66bn

WEC Energy Group, Inc. (WEC) is a holding company, which engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

GUGGENHEIM



Save the Date: 57th EEI Financial Conference

Dates

November 13 - 15, 2022

Company Dinners (Hosted by Guggenheim)

Sunday, November 13, 2022

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO and others

Location TBD

Monday, November 14, 2022

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO and others

Location TBD

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales
Tuesday, November 15, 2022

6:00 p.m. | Location TBD

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Guggenheim's Power & Utility Comp Sheet

8/22/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22-'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$61.71	3,522	3.75	3.91	4.14	4.43	3.74	3.95	4.14	4.41	–	(0.04)	–	–	16.5x	15.8x	14.9x	13.9x	-23%	-21%	-20%	-21%	5.7%	4.3%	72%	Neutral	$66	11%	Neutral	$66	12%
AVA	$43.60	3,182	1.94	2.47	2.59	2.72	1.93	2.44	2.62	2.78	–	0.03	(0.03)	(0.06)	22.5x	17.7x	16.8x	16.0x	6%	-12%	-10%	-9%	11.9%	4.2%	94%	Sell	$34	-18%	Neutral	$43	2%
NWE	$55.65	3,125	3.30	3.57	3.88	4.05	3.30	3.52	3.70	3.96	–	0.05	0.18	0.09	16.9x	15.6x	14.3x	13.7x	-21%	-22%	-23%	-22%	7.1%	4.6%	77%	Neutral	$58	9%	Neutral	$60	13%
POR	$54.27	4,843	2.83	2.92	3.02	3.18	2.82	2.87	3.04	3.19	–	0.05	–	–	19.2x	18.6x	18.0x	17.1x	-10%	-7%	-4%	-3%	4.0%	3.4%	66%	Buy	$56	7%	Neutral	$53	0%
		14,672													**18.7x**	**16.9x**	**16.0x**	**15.2x**	**-12%**	**-16%**	**-14%**	**-13%**	**7.2%**	**4.1%**	**77%**						
Mid/Large Cap Electric																														
AEE	$95.83	24,733	4.04	4.32	4.64	4.95	4.06	4.35	4.67	5.02	–	–	(0.03)	(0.07)	23.7x	22.2x	20.7x	19.4x	12%	11%	11%	10%	7.0%	2.6%	61%	Buy	$99	6%	Buy	$97	4%
AEP	$103.41	53,125	5.00	5.30	5.64	6.00	4.99	5.28	5.61	7.11	–	–	0.03	(1.11)	20.7x	19.5x	18.3x	17.2x	-3%	-3%	-2%	-2%	6.3%	3.2%	65%	Buy	$109	9%	Buy	$106	5%
CMS	$70.08	20,337	2.88	3.14	3.41	3.64	2.88	3.13	3.40	3.66	–	–	–	–	24.3x	22.3x	20.6x	19.3x	14%	12%	10%	10%	8.1%	2.7%	67%	Neutral	$70	3%	Buy	$72	5%
CNP	$32.03	20,161	1.38	1.49	1.61	1.73	1.39	1.50	1.62	1.74	–	–	–	–	23.2x	21.5x	19.9x	18.5x	9%	7%	7%	6%	7.8%	2.2%	51%	Buy	$35	11%	Buy	$34	7%
D	$84.57	70,405	4.12	4.40	4.70	5.00	4.12	4.38	4.69	5.00	–	–	–	–	20.5x	19.2x	18.0x	16.9x	-3%	-4%	-4%	-3%	6.7%	3.3%	67%	Buy	$90	10%	Buy	$89	9%
DTE	$134.64	26,085	6.06	6.29	6.73	7.13	6.03	6.27	6.64	7.01	0.03	–	0.09	0.12	22.2x	21.4x	20.0x	18.9x	5%	7%	7%	8%	5.6%	2.7%	61%	Buy	$145	10%	Buy	$139	6%
DUK	$112.05	86,279	5.48	5.81	6.15	6.50	5.45	5.76	6.12	6.48	0.03	0.05	–	–	20.4x	19.3x	18.2x	17.2x	-4%	-4%	-2%	-2%	5.9%	3.6%	74%	Buy	$119	10%	Neutral	$115	6%
ED	$99.41	35,249	4.51	4.85	5.16	5.47	4.51	4.81	5.10	5.40	–	0.04	0.07	0.07	22.0x	20.5x	19.3x	18.2x	4%	2%	3%	4%	6.6%	3.2%	72%	Neutral	$94	-2%	Sell	$89	-7%
EIX	$70.23	26,788	4.64	4.92	5.25	5.60	4.48	4.87	5.21	5.46	0.16	0.05	0.04	0.14	15.1x	14.3x	13.4x	12.5x	-29%	-29%	-28%	-28%	6.5%	4.1%	62%	Buy	$82	21%	Buy	$74	10%
ES	$92.26	31,963	4.10	4.42	4.75	5.11	4.11	4.37	4.68	5.04	–	0.05	0.07	0.07	22.5x	20.9x	19.4x	18.1x	6%	4%	4%	3%	7.6%	2.9%	65%	Buy	$97	8%	Neutral	$93	4%
ETR	$120.67	24,546	6.43	6.81	7.21	7.57	6.35	6.77	7.22	7.70	0.08	0.04	–	(0.13)	18.8x	17.7x	16.7x	15.9x	-12%	-11%	-10%	-9%	5.6%	3.5%	66%	Buy	$129	10%	Buy	$129	10%
EVRG	$70.26	16,123	3.56	3.77	4.02	4.30	3.57	3.77	4.04	4.23	–	–	–	0.07	19.7x	18.6x	17.5x	16.3x	-7%	-7%	-6%	-7%	6.5%	3.4%	68%	Buy	$77	13%	Buy	$71	4%
EXC	$45.35	44,976	2.27	2.41	2.58	2.82	2.26	2.42	2.59	2.80	–	–	–	–	20.0x	18.8x	17.6x	16.1x	-6%	-6%	-6%	-8%	7.5%	3.2%	64%	Neutral	$49	11%	Buy	$49	11%
FE	$40.44	23,107	2.40	2.57	2.75	2.95	2.41	2.53	2.72	2.86	–	0.04	0.03	0.09	16.9x	15.7x	14.7x	13.7x	-21%	-21%	-21%	-22%	7.1%	3.9%	66%	Neutral	$43	10%	Buy	$45	14%
LNT	$63.32	15,889	2.78	2.90	3.04	3.23	2.78	2.92	3.08	3.28	–	–	(0.04)	(0.05)	22.8x	21.8x	20.8x	19.6x	7%	9%	12%	12%	5.1%	2.8%	64%	Neutral	$60	-2%	Buy	$65	6%
OGE	$42.20	8,449	1.99	2.06	2.21	2.30	2.17	2.07	2.18	2.30	(0.18)	–	0.03	–	21.2x	20.5x	19.1x	18.3x	-0%	2%	2%	5%	4.9%	4.0%	85%	Buy	$43	6%	Buy	$41	2%
PCG	$11.72	23,295	1.11	1.24	1.34	1.45	1.10	1.22	1.33	1.43	–	–	–	–	10.6x	9.5x	8.7x	8.1x	-50%	-53%	-53%	-54%	9.3%	0.6%	6%	Buy	$19	63%	Buy	$16	39%
PEG	$67.85	33,848	3.53	3.58	4.06	4.39	3.47	3.60	3.96	4.29	0.06	–	0.10	0.10	19.2x	19.0x	16.7x	15.5x	-10%	-5%	-10%	-12%	7.5%	3.3%	63%	Buy	$76	15%	Buy	$74	12%
PNW	$76.86	8,689	4.05	4.25	4.50	4.75	4.03	4.19	4.48	4.70	–	0.06	–	0.05	19.0x	18.1x	17.1x	16.2x	-11%	-10%	-8%	-8%	5.5%	4.5%	86%	Sell	$60	-17%	Sell	$73	-1%
PPL	$30.23	22,255	1.39	1.58	1.70	1.81	1.40	1.59	1.70	1.83	–	–	–	–	21.7x	19.1x	17.8x	16.7x	2%	-4%	-5%	-5%	9.2%	3.1%	67%	Buy	$33	12%	Buy	$31	6%
SO	$79.11	84,056	3.60	3.80	4.15	4.40	3.60	3.80	4.13	4.42	–	–	–	–	22.0x	20.8x	19.1x	18.0x	3%	4%	2%	3%	6.9%	3.5%	77%	Buy	$80	5%	Neutral	$76	-0%
WEC	$106.78	33,682	4.40	4.59	4.89	5.21	4.39	4.62	4.90	5.22	–	–	–	–	24.3x	23.3x	21.8x	20.5x	14%	16%	17%	17%	5.8%	2.8%	69%	Neutral	$104	0%	Neutral	$105	1%
Mid/Lg Cap (excl. EIX, PCG)															**21.3x**	**20.0x**	**18.7x**	**17.5x**					**6.7%**	**3.2%**	**68%**						
Regulated Electrics		**748,711**													**20.8x**	**19.5x**	**18.2x**	**17.1x**					**6.7%**	**3.4%**	**69%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	'22-'25 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$41.60	4,554	2.21	2.41	2.47	2.69	2.14	2.28	2.38	2.56	0.07	0.13	0.10	0.13	18.8x	17.3x	16.8x	15.5x	-11%	-14%	-10%	-12%	6.8%	3.5%	65%	Neutral	$41	2%	Sell	$41	2%
NEE	$88.54	173,962	2.84	3.07	3.38	3.66	2.88	3.11	3.38	3.65	(0.04)	(0.04)	–	–	31.2x	28.8x	26.2x	24.2x	47%	44%	40%	38%	8.8%	2.0%	63%	Buy	$91	5%	Buy	$93	7%
SRE	$168.17	52,858	8.54	9.08	9.58	10.21	8.61	8.98	9.57	10.15	(0.07)	0.10	–	0.07	19.7x	18.5x	17.6x	16.5x	-7%	-7%	-6%	-6%	6.1%	2.9%	57%	Buy	$174	6%	Buy	$172	5%
		231,373													**23.2x**	**21.5x**	**20.2x**	**18.7x**	**9%**	**8%**	**8%**	**7%**	**7.2%**	**2.8%**	**62%**						
Gas LDCs																														
NI	$31.21	12,670	1.45	1.53	1.70	1.84	1.45	1.55	1.73	1.82	–	–	–	–	21.5x	20.4x	18.4x	17.0x	3%	5%	1%	-1%	8.3%	3.1%	67%	Buy	$32	6%	Buy	$32	7%
CPK	$134.26	2,381	5.13	5.55	5.93	6.32	5.11	5.56	5.88	6.26	–	–	0.05	0.06	26.2x	24.2x	22.6x	21.2x	26%	24%	24%	24%	7.2%	1.6%	43%	Neutral	$136	3%	Buy	$142	7%
NJR	$46.24	4,450	2.45	2.43	2.64	2.81	2.44	2.46	2.74	2.85	–	(0.03)	(0.10)	(0.04)	18.9x	19.0x	17.5x	16.5x	-9%	-2%	-4%	-4%	4.7%	3.4%	64%	Neutral	$41	-8%	Neutral	$47	5%
NWN	$51.38	1,760	2.56	2.73	2.83	2.98	2.51	2.68	2.75	3.05	0.05	0.05	0.08	(0.07)	20.1x	18.8x	18.2x	17.2x	-4%	-3%	-0%	1%	5.2%	3.8%	76%	Neutral	$49	-1%	Buy	$56	13%
OGS	$82.06	4,443	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	20.1x	18.7x	17.6x	16.4x	-3%	-4%	-3%	-4%	7.0%	3.2%	64%	Neutral	$86	8%	Buy	$90	13%
SJI	$34.07	4,172	1.71	1.82	1.94	2.05	1.71	1.79	1.87	1.95	–	0.03	0.07	0.10	19.9x	18.7x	17.6x	16.6x	-4%	-4%	-4%	-3%	6.2%	3.7%	74%	Neutral	$36	9%	Neutral	$35	6%
SR	$74.57	3,914	3.84	4.27	4.91	5.03	3.88	4.37	4.62	4.82	(0.04)	(0.10)	0.29	0.22	19.4x	17.5x	15.2x	14.8x	-7%	-10%	-17%	-13%	9.4%	3.8%	74%	Neutral	$67	-6%	Neutral	$75	5%
		33,790													**20.9x**	**19.6x**	**18.2x**	**17.1x**	**0%**	**1%**	**-0%**	**-0%**	**6.9%**	**3.2%**	**66%**						
Regulated Water																														
AWK	$155.18	28,210	4.44	4.85	5.23	5.70	4.44	4.82	5.20	5.65	–	0.03	0.04	0.05	35.0x	32.0x	29.7x	27.2x	64%	60%	59%	55%	8.7%	1.8%	61%	Neutral	$155	2%	Neutral	$161	6%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'22-'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$79.65	26,019	2,605	3,015	3,056	3,174	2,637	3,163	3,404	3,588	(32)	(147)	(348)	(414)	11.7x	9.6x	8.9x	8.0x	30,604	29,019	27,284	25,450	6.8%	0.8%	16%	Buy	$92	16%	Buy	$84	6%
NRG	$42.10	9,900	2,008	2,247	2,312	2,276	2,001	2,264	2,360	2,340	–	–	(48)	(64)	8.4x	7.3x	6.8x	6.3x	16,885	16,340	15,730	14,402	4.3%	3.5%	21%	Neutral	$43	6%	Buy	$44	7%
VST	$24.73	10,296	3,117	3,508	3,555	3,738	3,185	3,632	3,512	3,237	(68)	(125)	43	501	6.7x	5.9x	5.6x	5.1x	20,851	20,531	20,075	19,073	6.2%	3.1%	33%	Buy	$32	32%	Buy	$32	32%
Other																															
ALTO	$4.69	348	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	135%	Buy	$12	149%
IEA	$14.29	695	147	164	174	178	144	159	182	215	–	–	–	(37)									6.7%	–	–	Neutral	$14	-2%	Neutral	$14	-3%
NEP	$83.91	7,041	1,660	1,775	1,889	2,003	1,770	1,954	2,141	2,312	(110)	(179)	(252)	(309)									6.5%	3.9%	–	Buy	$85	5%	Buy	$87	7%
SMR	$14.16	602	(156)	(100)	(57)	8	(156)	(100)	(57)	8	–	–	–	–										–	–	Buy	$18	27%	Buy	$18	24%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

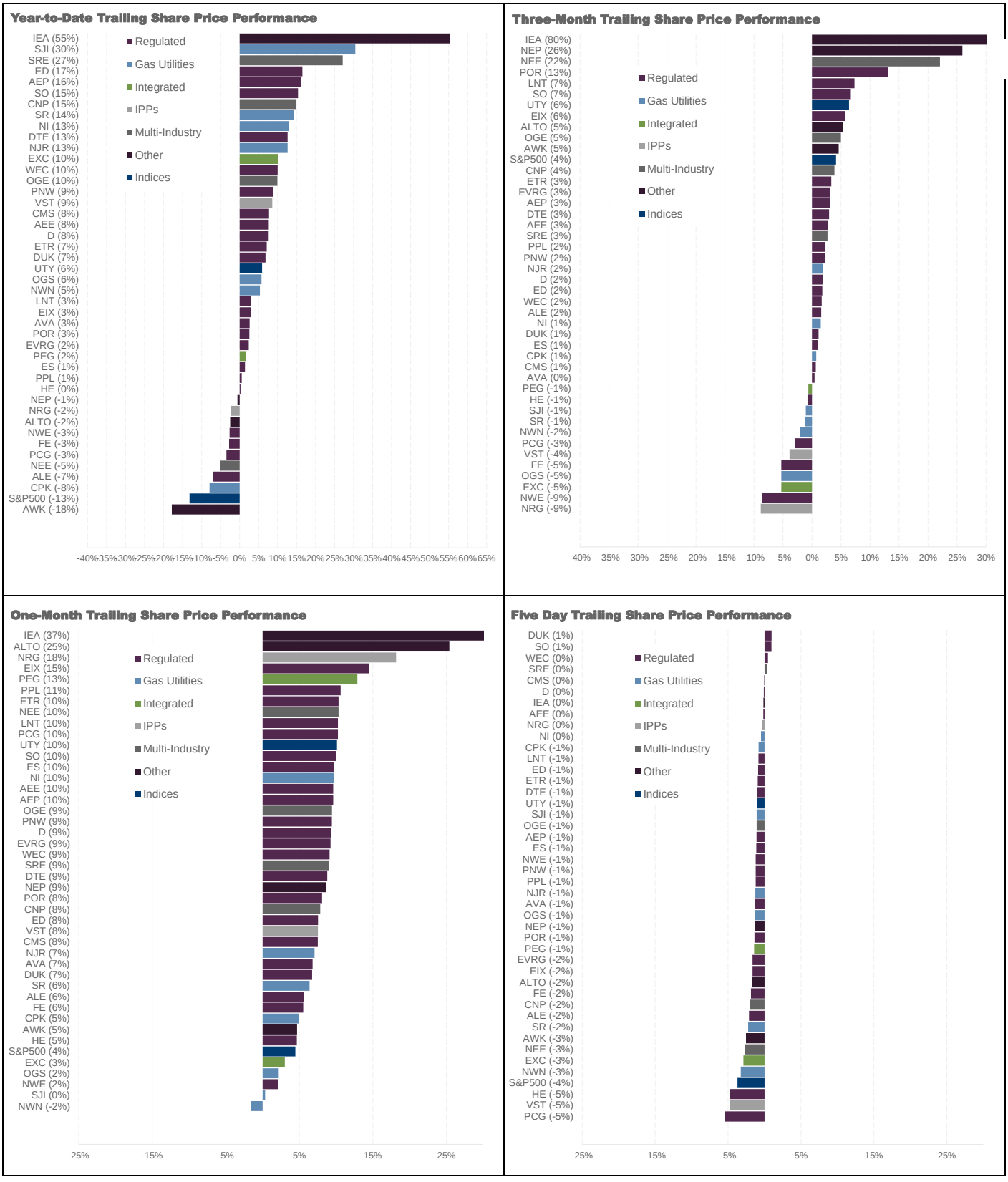

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Generation and Mix

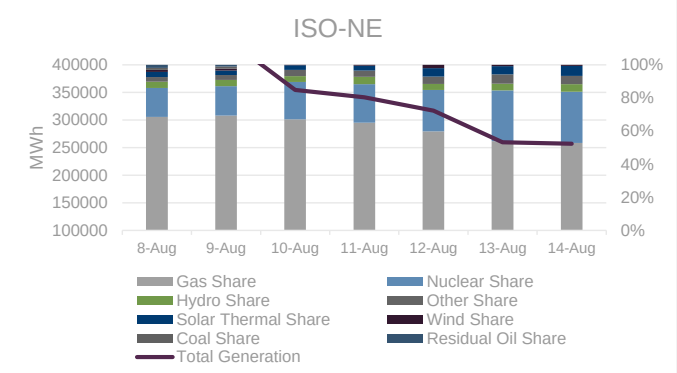

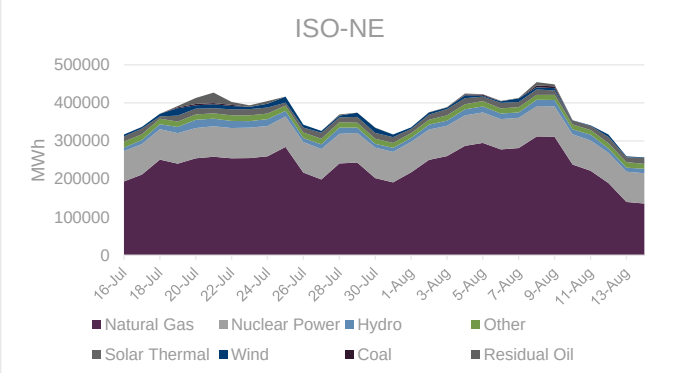

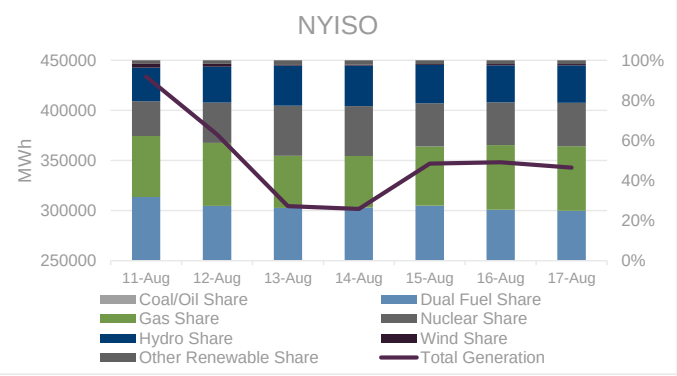

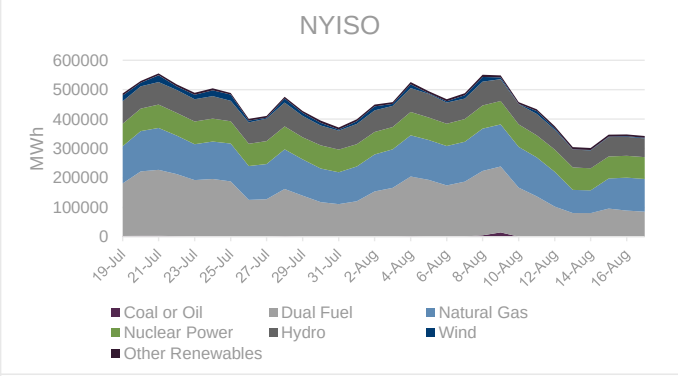

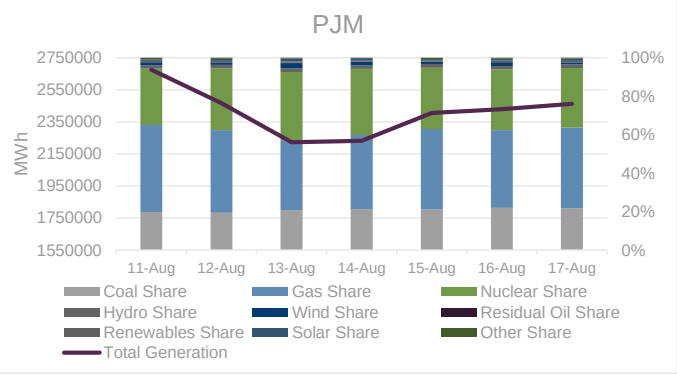

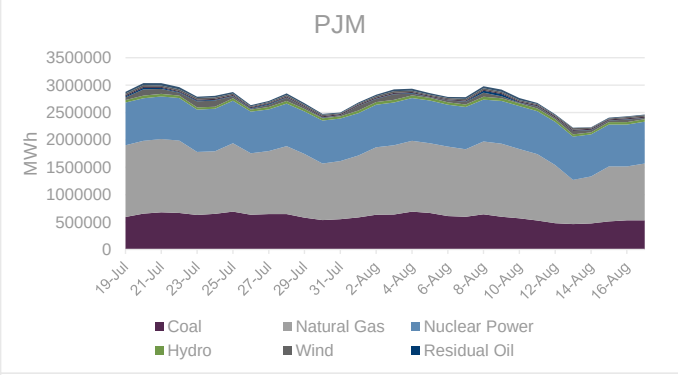

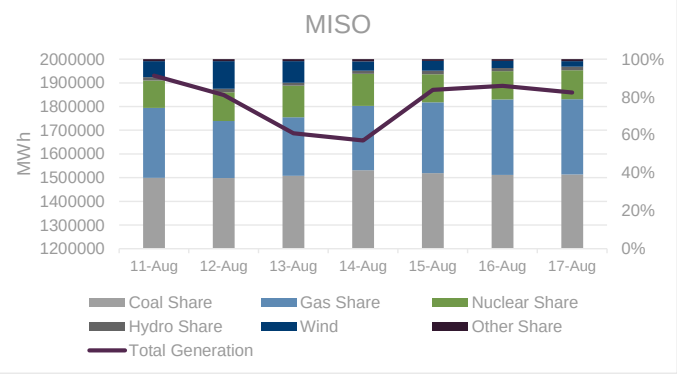

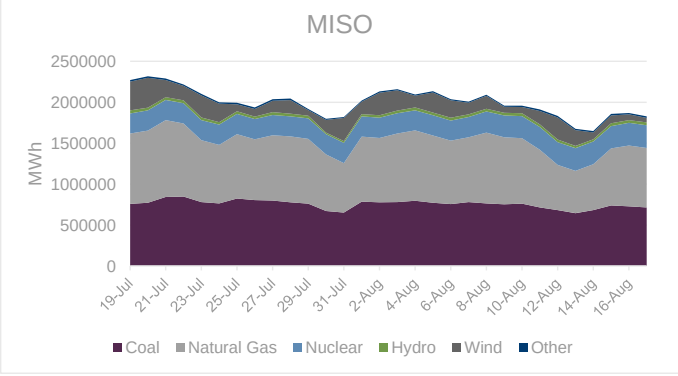

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

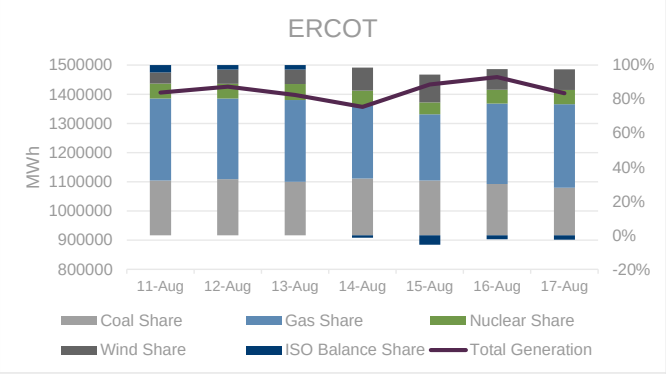

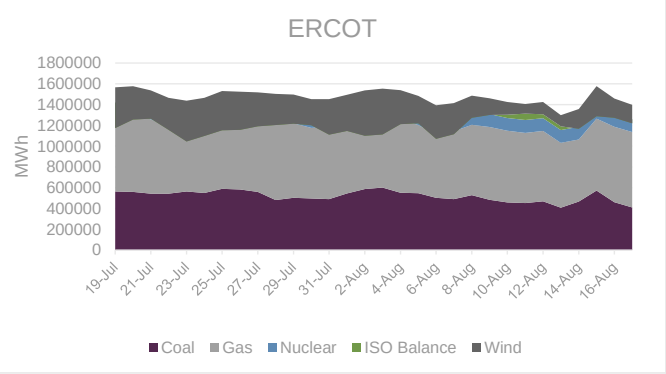

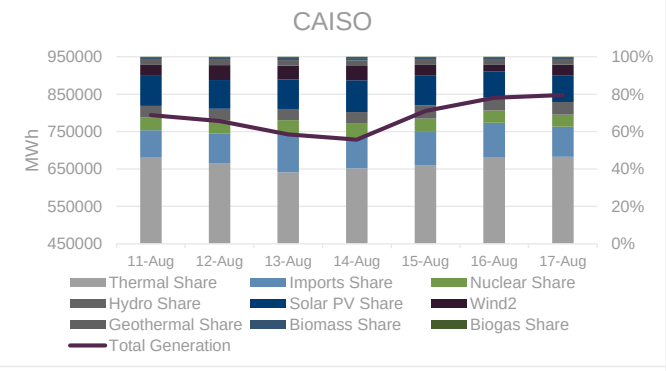

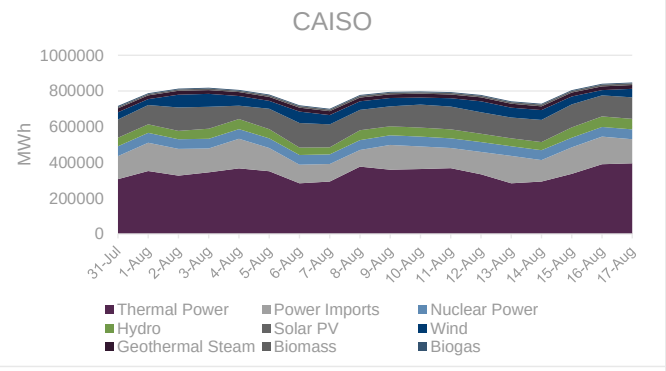

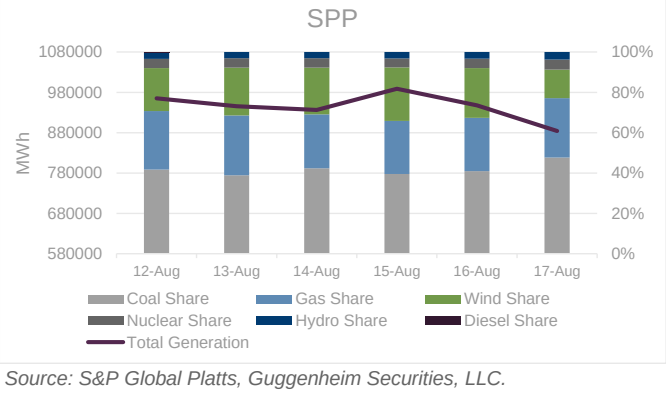

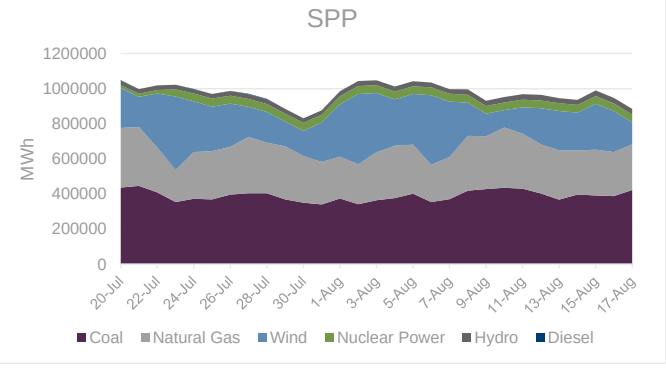

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Weather

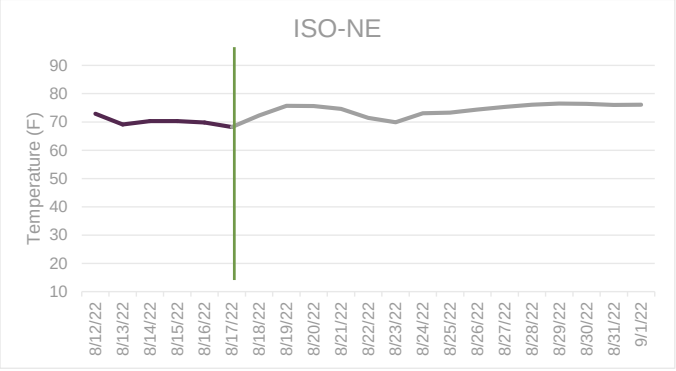

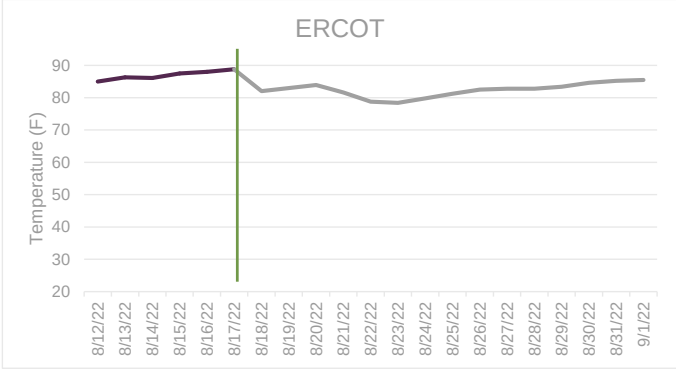

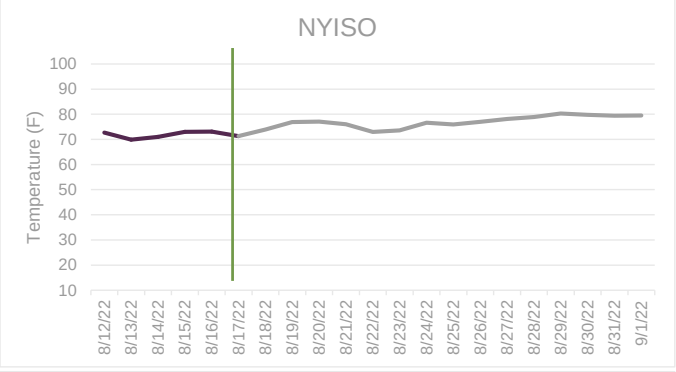

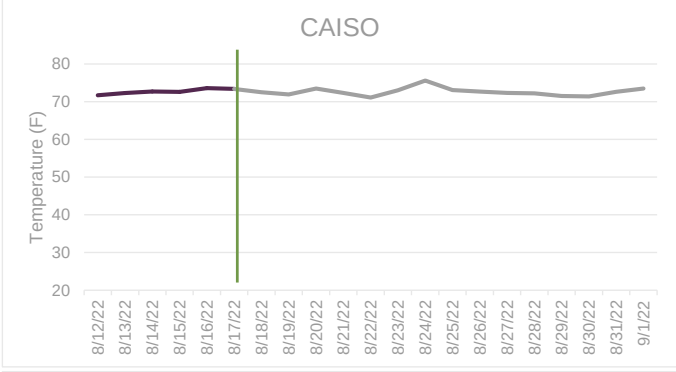

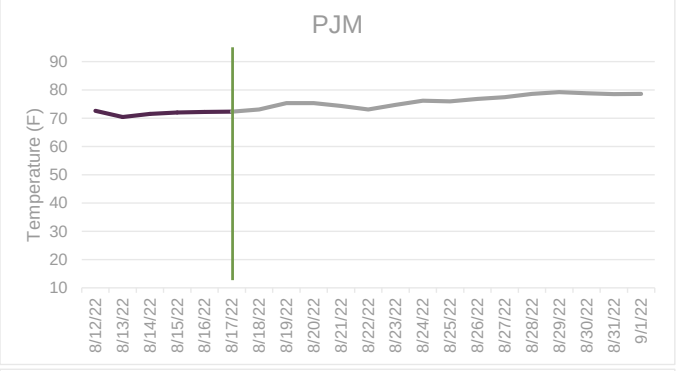

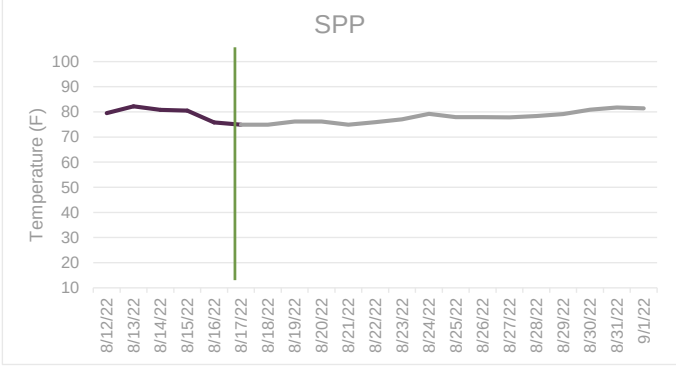

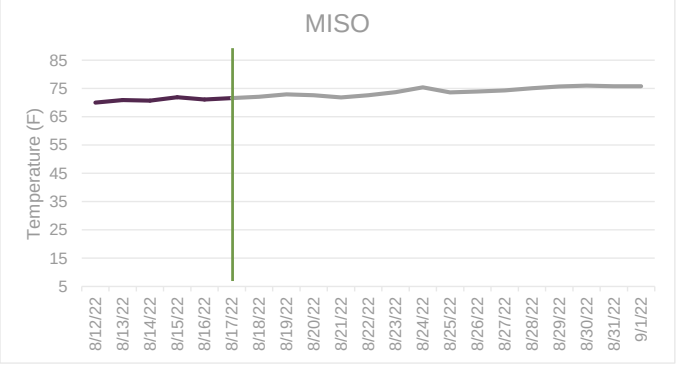

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Peak Load

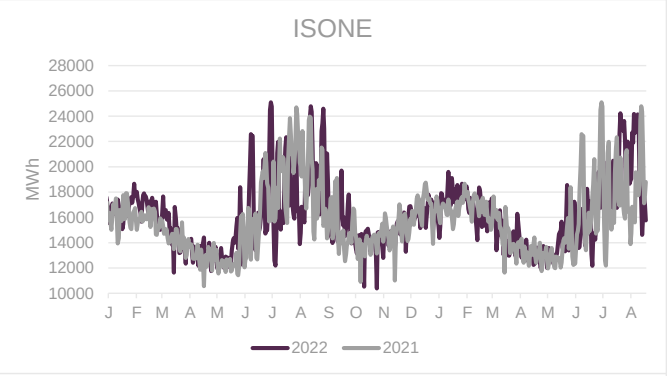

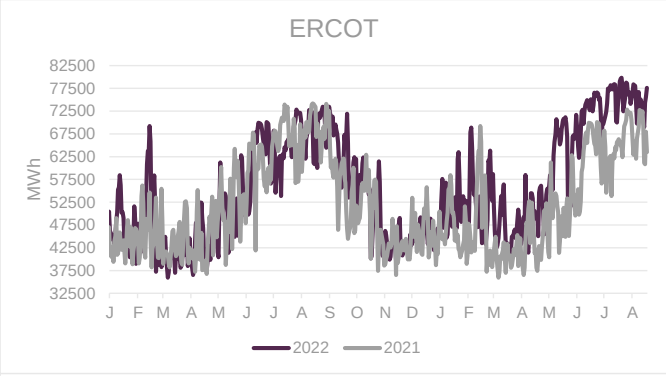

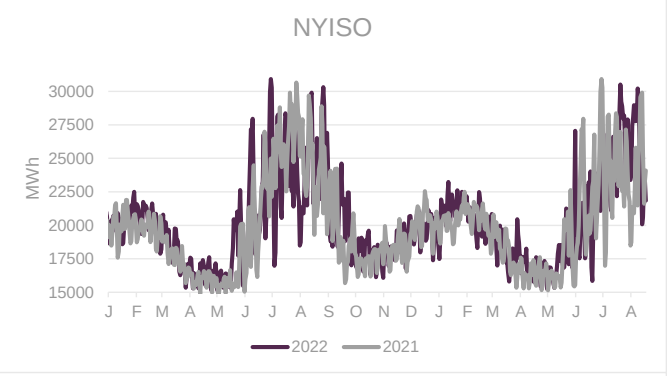

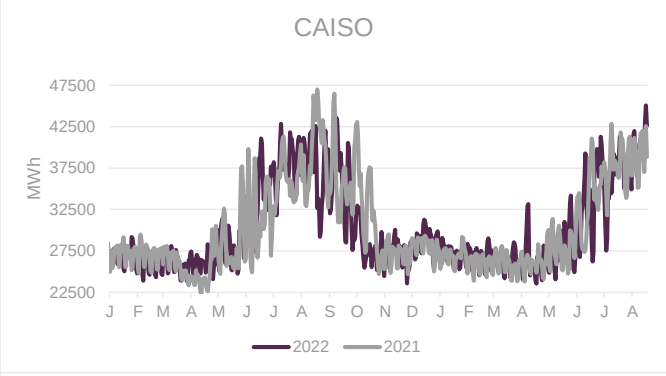

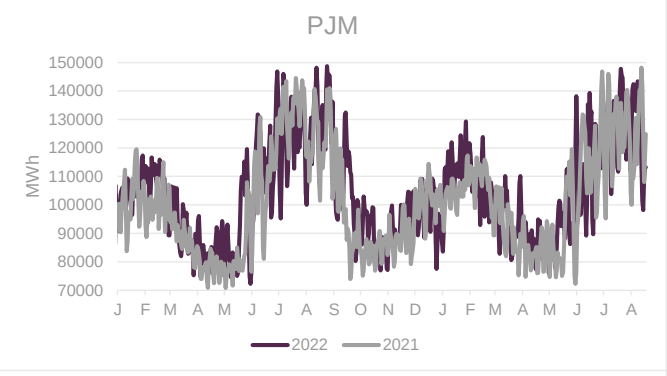

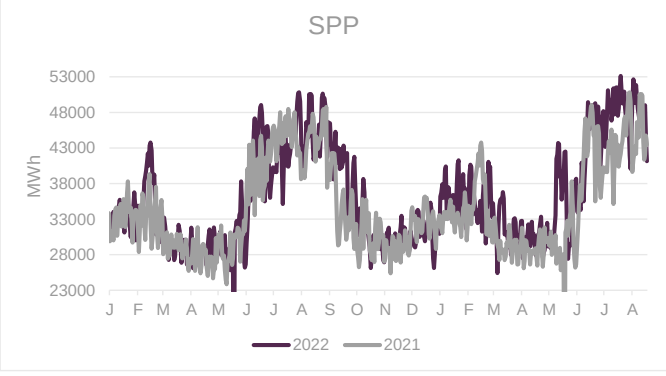

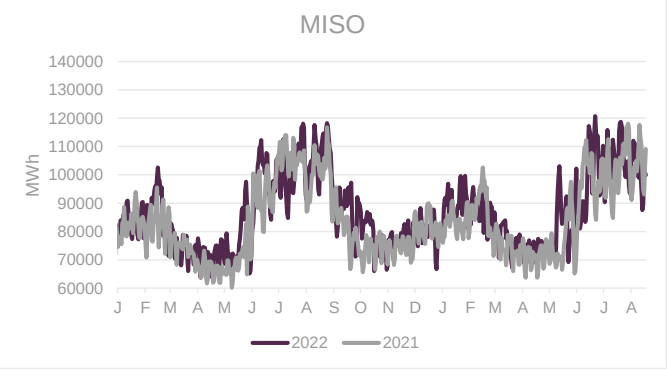

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
ISONE	6.2%	0.0%	-0.5%	1.5%	-1.2%	13.1%
NYISO	6.1%	-0.3%	0.6%	2.1%	-0.1%	7.6%
PJM	8.0%	3.1%	2.5%	3.9%	4%	3%
MISO	7.2%	3.4%	2.5%	4.0%	5.0%	1.9%
CAISO	4.0%	-0.2%	-2.6%	1.6%	1.2%	-1.7%
ERCOT	1.9%	4.4%	2.5%	13.7%	19.1%	15.0%
SPP	3.2%	6.3%	0.5%	5.9%	9.7%	10.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (7/6/2022 - 9/30/2022)

Date	State	Ticker	Utility/Event	Docket	Description
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Settlement discussions to commence in rate case
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Settlement discussions to commence in rate case
7/6/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Rebuttal testimony due in rate case
7/7/2022-7/27/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Commission decision expected
7/12/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	ALJ report due
7/12/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor testimony due by
7/12/2022-7/13/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearings scheduled in Rider E update
7/13/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Rebuttal testimony due in rate proceeding
7/13/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Rebuttal testimony due in rate proceeding
7/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Staff to file testimony in Rider CCR update proceeding
7/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural surrebuttal testimony due
7/21/2022	IL	AEE	Ameren Illinois	D-22-0297	Company rebuttal testimony due in formula rate plan proceeding
7/21/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Rebuttal testimony due in rate case
7/22/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Company testimony due
7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Briefing schedule to be established
7/25/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Public hearing scheduled
7/26/2022	MI	DTE	DTE Electric Co.	C-U-20836	Briefs due in rate case
7/26/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Company rebuttal testimony due by
7/27/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Company rebuttal testimony due in formula rate plan proceeding
7/27/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Intervening parties to file testimony in rate case
7/27/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Intervening parties to file testimony in Rider RBB update proceeding
7/29/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Intervening parties to file testimony in ERAC proceeding
7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Decision expected in RAC-EE update proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Decision likely in Rider OSW proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Decision expected in Rider NSA proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Decision expected in Rider US-2 update proceeding
8/1/2022-8/31/2022	MO	AEE	Union Electric Co.	C-ER-2022-0337	Electric rate case filing expected
8/1/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Staff testimony due in Rider RBB proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Decision likely in Rider DSM proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearing examiner's report may be isssued in Rider E update
8/1/2022-8/31/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
8/2/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Hearing
8/2/2022-8/4/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Hearings scheduled in rate case
8/2/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Rebuttal testimony due in Rider CCR update proceeding
8/5/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor surrebuttal testimony due by
8/11/2022-8/12/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Hearings scheduled in rate case
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
8/15/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Rebuttal testimony due in gas rate proceeding
8/15/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Opening briefs due
8/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	Reply briefs due in rate case
8/17/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Rebuttal testimony due in rate case
8/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Intervening parties to file testimony in rate case
8/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Settlement conference to be held in rate proceeding
8/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Settlement conference to be held in rate proceeding
8/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Closing briefs due
8/22/2022-8/23/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing scheduled in Rider CCR update proceeding
8/23/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Main briefs due in rate case
8/23/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	SCC staff to file testimony in ERAC proceeding
8/24/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Testimony due in electric rate case
8/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Intervenor direct testimony due in rate proceeding
8/29/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Hearing to begin in rate proceeding
8/29/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Hearing to begin in rate proceeding
9/1/2022-9/30/2022	IN	DUK	Duke Energy Indiana, LLC	Ca-44720-TDSIC-11	Decision possible in TDSIC proceeding
9/1/2022-9/30/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Decision possible in rate proceeding
9/1/2022-9/30/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Final decision may be issued in Rider E update
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2022-9/30/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
9/2/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Reply briefs due in rate case
9/2/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Staff direct testimony due in rate proceeding
9/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Rebuttal testimony to be filed testimony in ERAC proceeding
9/7/2022	IL	AEE	Ameren Illinois	D-22-0297	Hearing to begin in formula rate plan proceeding
9/7/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Main briefs due in rate case
9/7/2022-9/8/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing scheduled in Rider RBB case
9/12/2022-9/23/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Hearings scheduled in rate case
9/14/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Hearing to begin in formula rate plan proceeding
9/15/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3) expected by
9/15/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Rebuttal testimony due in electric rate case
9/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	ALJ proposed decision target date
9/16/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Company rebuttal testimony due in rate proceeding
9/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Rebuttal testimony due in rate case
9/19/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Reply briefs due in rate case
9/20/2022-9/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearings scheduled in ERAC proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Second settlement conference to take place in gas rate proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Settlement conference to take place in gas rate proceeding
9/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearing to begin in rate proceeding
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing Examiner report may be issued in Rider RBB proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	233	66.76%	44	18.88%
NEUTRAL	109	31.23%	7	6.42%
SELL	7	2.01%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

GUGGENHEIM

Power & Utilities August 22, 2022

The Guggenheim Daily Transmission: ETR, PCG, EXC, DUK, ES/MA, EVRG/KS, PEG

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
DUK	113.24	Buy
ES	93.63	Buy
ETR	121.65	Buy
EVRG	71.33	Buy
EXC	46.14	Neutral
PCG	12.13	Buy
PEG	69.40	Buy

For details on our Guggenheim-hosted client Utility events including: our NEE NDR; CEG NDR; OGS NDR; EEI Conference meetings; and other events, scroll down…

Forward Power Curves, Genco MtM, and Weekly Commentary (see our note HERE)

ETR – Entergy exploring minority stake sale

ETR – LA PSC files suit over SERI process

PCG – Lawmakers draft plan pushing back on Governor's Diablo Canyon efforts

EXC – PO filed in performance metric docket

DUK – Further testimony filed in Carbon Plan docket

ES/MA – Initial briefs filed in NStar Electric case

EVRG/KS – EVRG IRP Update comment deadline extended to 8/29

PCG – CPUC to hold virtual evidentiary hearing in cost of capital docket

PEG – NY governor meets with utilities on LI ahead of storm season

PCG – PCG to begin building remote grids in 4 locations

ETR – Entergy exploring minority stake sale

- According to multiple reports late last week, ETR is exploring a stake sale in its Gulf utility holdco (AR, LA, MI, NOLA) across a two-tranche process (remaining 50% by 3Q25).
- More HERE.

Guggenheim takeaway: *Very much in line with our thoughts following the analyst day in June, when the team acknowledged the valuation arbitrage between the stock and private asset valuation and discretely called out strategic financing options in the analyst day presentation* ***(also see our NDR note here)****, although it was interesting to see that Entergy TX is not part of the potential transaction. Mgmt. did not see any jurisdiction as non-core (i.e., leaving the door open to partial OpCo equity monetization). Incremental commentary in June was mgmt. being open to strategic options, which would include some work on regulatory and stakeholder alignment. In our view, ETR continues to execute on a plan with increasing upside potential and financial headwinds continue finding constructive resolution, which in our view is a repeating and constructive signal of utility fundamentals.*

ETR – LA PSC files suit over SERI process

- The PSC has filed a suit in the US 5th Circuit Court of Appeals claiming that FERC is delaying the hearing process.
- "Because of federal preemption, (Entergy) continues to collect excessive rates and state regulators can do nothing but seek relief at FERC, which the agency puts off through delay," – lawsuit, per The Advocate
- More HERE.

Guggenheim takeaway: *As we noted following the MPSC settlement, intervenors will continue to push for incremental benefits for customers. ETR mgmt. has previously disclosed that the financial plan had already accounted for the proposed decision (FERC ALJ, noted here) on cost of capital, while the cash refund portion was not explicitly in the plan presented at analyst day, the position of the MPSC settlement was contemplated in*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

planning scenarios (and therefore ETR reaffirmed EPS guidance). We maintain our view that ETR conservatism and flex in plan can absorb the potential EPS impacts (i.e., financing $588M is within the range of the improved credit metric trajectory from Analyst day). More thoughts on the analyst day here.

PCG – Lawmakers draft plan pushing back on Governor's Diablo Canyon efforts

- The plan from lawmakers would divert the Governor's proposed funds for the plant (~$1.4bn) towards EE, transmission, and renewables, alongside separate ratepayer support efforts.
- The proposal ""feels like fantasy and fairy dust, and reflects a lack of vision and a lack of understanding about the scope of the climate problem," according to a spokesman via the AP.
- More HERE.

Guggenheim takeaway: *Another interesting point on the nuclear shutdown debate from CA. The shutdown plans have been in place for a long time including both a path to decommission and replace the resources, but with the bridge financing and administrative support from the state there is adequate time for a potential extension. PCG mgmt. previously indicated there have been productive discussions with the State including around midterm reliability with the Governor. In our view, while the directive is to decommission and retire the asset, PCG could potentially be open to exploring options within a regulated constructive. This situation could turn out differently than the Palisades nuclear plant in MI – i.e., PCG has more time to pivot, if possible.*

EXC – PO filed in performance metric docket

- The ICC has filed a lengthy proposed order in ComEd's ongoing performance metrics docket.
- "As an initial matter, the Commission agrees that there is no evidence in the record to suggest that the incentive structure that is appropriate for Ameren would be equally appropriate for ComEd. The fact that a different total number of basis points is being adopted in the Ameren proceeding is immaterial to the appropriate amount of basis points that should be awarded in this proceeding. ComEd requests that the Commission approve the statutory maximum of 60 total basis points…. Based on the proposed metrics offered by ComEd and other parties in this proceeding, and the arguments regarding basis point allocation addressed infra, the Commission approves Staff's proposal to adopt a total of 36 basis points." – ICC
- "The Commission finds that there is insufficient information on which metrics will provide the most benefits and therefore should be given more basis points. Because the Commission adopts Staff's equal division of basis points among the six statutory categories (see Section IV.B.8 of this Order), the Commission further adopts Staff's proposal to evenly distribute the six basis points within the reliability and resiliency category among Performance Metrics 1-3 that are discussed in Section VI.A of this Order." - ICC
- Order HERE.

Guggenheim takeaway: *Heads up on the lengthy order, which we continue to parse. It would appear that the ICC has hewed closer to Staff, which is not a surprise, in our view.*

DUK – Further testimony filed in Carbon Plan docket

- Public and confidential testimony filed by Duke Energy relating to its Carbon Plan in North Carolina.
- Docket HERE.

Guggenheim takeaway: *The NCUC's evaluation of DUK's Carbon Plan continues to progress towards its Dec 31st statutory deadline.*

ES/MA – Initial briefs filed in NStar Electric case

- Multiple initial briefs have been filed in the ongoing electric case, with the DOER and others continuing to focus on the PBR plans, trackers, rate term (five-year rate vs. ten) and other familiar items.
- AG continues to propose an 8.95% ROE.
- Docket HERE.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim takeaway: *Nothing jumping out in our initial reads of the briefs following the evidentiary hearings, as the window for settlement remains open ahead of the reply briefs in another ~4 weeks. As a reminder, we recently upgraded ES and held an NDR with the C-Suite where we discussed the case –* ***see those notes HERE and HERE.***

EVRG/KS – EVRG IRP Update comment deadline extended to 8/29

- "KEPCo's Motion for Extension of Time to File Comments on the Evergy Kansas Central and Evergy Metro 2022 Integrated Resource Plan Annual Update is granted…. All parties' comments to Evergy's 2022 Integrated Resource Plan Annual Update are due August 29, 2022."
- More HERE.

Guggenheim takeaway: *Minor FYI.*

PCG – CPUC to hold virtual evidentiary hearing in cost of capital docket

- "NOTICE IS HEREBY GIVEN that the Public Utilities Commission of the State of California has set a virtual evidentiary hearing in the above-entitled matter before Administrative Law Judge Brian Stevens for September 12-16, 2022" - CPUC
- More HERE.

Guggenheim takeaway: *For you calendars.*

PEG – NY governor meets with utilities on LI ahead of storm season

- The governor held a press conference and meeting to discuss the state's preparedness efforts as the peak of hurricane season approaches.
- More HERE.

Guggenheim takeaway: *Minor FYI.*

PCG – PCG to begin building remote grids in 4 locations

- The utility is deploying remote grids in an effort to lower the need for overhead transmission in high-threat areas.
- The first project in Tehama County will reportedly remove the need for 2 miles of overhead line.
- More HERE.

Guggenheim takeaway: *Interesting data point.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

Kirk Crews, *Chief Financial Officer*
Jessica Geoffroy, *Head of Investor Relations*

Date
August 30–September 1, 2022
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $155.02bn
NextEra Energy, Inc. (NEE) is an electric power and energy infrastructure company. It operates through the following segments: FPL and NEER. The FPL segment engages primarily in the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. It provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas production and pipeline infrastructure development, and owns a retail electricity provider. The company was founded in 1984 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Joseph Dominguez, *Chief Executive Officer*
Dan Eggers, *Chief Financial Officer*
Emily Duncan, *Vice President, Investor Relations*

Dates & Locations
September 7 & 8 | New York
September 9 | Boston

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $31.66bn
Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *Sr. Vice President – Corporate Communications and Investor Relations*

Dates & Locations

September 13 | Los Angeles
September 14 | Dallas

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $31.66bn

WEC Energy Group, Inc. (WEC) is a holding company, which engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

GUGGENHEIM



Save the Date: 57th EEI Financial Conference

Dates

November 13 - 15, 2022

Company Dinners (Hosted by Guggenheim)

Sunday, November 13, 2022

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO and others

Location TBD

Monday, November 14, 2022

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO and others

Location TBD

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales
Tuesday, November 15, 2022

6:00 p.m. | Location TBD

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim's Power & Utility Comp Sheet

8/19/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$63.33	3,614	3.75	3.91	4.14	4.43	3.75	3.94	4.12	4.47	–	(0.03)	–	(0.04)	16.9x	16.2x	15.3x	14.3x	-22%	-20%	-19%	-20%	5.7%	4.2%	72%	Neutral	$66	8%	Neutral	$66	9%
AVA	$44.63	3,257	1.94	2.47	2.59	2.72	1.93	2.44	2.62	2.78	–	0.03	(0.03)	(0.06)	23.0x	18.1x	17.2x	16.4x	7%	-11%	-9%	-8%	11.9%	4.1%	94%	Sell	$34	-20%	Neutral	$43	-1%
NWE	$56.29	3,161	3.30	3.57	3.88	4.05	3.30	3.52	3.70	3.96	–	0.05	0.18	0.09	17.1x	15.8x	14.5x	13.9x	-21%	-22%	-23%	-22%	7.1%	4.5%	77%	Neutral	$58	8%	Neutral	$60	12%
POR	$55.23	4,929	2.83	2.92	3.02	3.18	2.82	2.86	3.04	3.18	–	0.06	–	–	19.5x	18.9x	18.3x	17.4x	-9%	-7%	-3%	-2%	4.0%	3.4%	66%	Buy	$56	5%	Neutral	$53	-1%
		14,961													19.1x	17.2x	16.3x	15.5x	-11%	-15%	-14%	-13%	7.2%	4.1%	77%						
Mid/Large Cap Electric																														
AEE	$97.35	25,125	4.04	4.32	4.64	4.95	4.06	4.34	4.67	5.02	–	–	–	(0.07)	24.1x	22.5x	21.0x	19.7x	12%	11%	11%	11%	7.0%	2.5%	61%	Buy	$99	4%	Buy	$96	2%
AEP	$104.94	53,911	5.00	5.30	5.64	6.00	4.99	5.28	5.60	6.00	–	–	0.04	–	21.0x	19.8x	18.6x	17.5x	-3%	-2%	-2%	-2%	6.3%	3.1%	65%	Buy	$109	7%	Buy	$105	4%
CMS	$70.94	20,586	2.88	3.14	3.41	3.64	2.88	3.13	3.40	3.66	–	–	–	–	24.6x	22.6x	20.8x	19.5x	14%	11%	10%	10%	8.1%	2.7%	67%	Neutral	$70	1%	Buy	$72	4%
CNP	$32.65	20,551	1.38	1.49	1.61	1.73	1.39	1.50	1.62	1.74	–	–	–	–	23.7x	21.9x	20.3x	18.9x	10%	8%	7%	6%	7.8%	2.2%	51%	Buy	$35	9%	Buy	$33	4%
D	$85.62	71,279	4.12	4.40	4.70	5.00	4.12	4.38	4.68	5.00	–	–	–	–	20.8x	19.5x	18.2x	17.1x	-4%	-4%	-4%	-4%	6.7%	3.2%	67%	Buy	$90	8%	Buy	$89	7%
DTE	$136.14	26,376	6.06	6.29	6.73	7.13	6.01	6.28	6.63	7.01	0.05	–	0.10	0.12	22.5x	21.6x	20.2x	19.1x	4%	7%	7%	7%	5.6%	2.7%	61%	Buy	$145	9%	Buy	$139	4%
DUK	$113.24	87,195	5.48	5.81	6.15	6.50	5.45	5.76	6.12	6.48	0.03	0.05	–	–	20.7x	19.5x	18.4x	17.4x	-4%	-4%	-3%	-2%	5.9%	3.6%	74%	Buy	$119	9%	Neutral	$115	5%
ED	$100.55	35,653	4.51	4.85	5.16	5.47	4.51	4.81	5.09	5.40	–	0.04	0.07	0.07	22.3x	20.7x	19.5x	18.4x	3%	2%	3%	3%	6.6%	3.2%	72%	Neutral	$94	-3%	Sell	$88	-9%
EIX	$71.54	27,288	4.64	4.92	5.25	5.60	4.48	4.88	5.21	5.46	0.16	0.04	0.04	0.14	15.4x	14.5x	13.6x	12.8x	-28%	-28%	-28%	-28%	6.5%	4.0%	62%	Buy	$82	19%	Buy	$74	7%
ES	$93.63	32,437	4.10	4.42	4.75	5.11	4.11	4.37	4.68	5.04	–	0.05	0.07	0.07	22.8x	21.2x	19.7x	18.3x	6%	4%	4%	3%	7.6%	2.8%	65%	Buy	$97	6%	Neutral	$93	2%
ETR	$121.65	24,746	6.43	6.81	7.21	7.57	6.35	6.77	7.22	7.70	0.08	0.04	–	(0.13)	18.9x	17.9x	16.9x	16.1x	-12%	-12%	-11%	-10%	5.6%	3.5%	65%	Buy	$129	10%	Buy	$128	9%
EVRG	$71.33	16,369	3.56	3.77	4.02	4.30	3.57	3.77	4.04	4.23	–	–	–	0.07	20.0x	18.9x	17.7x	16.6x	-7%	-7%	-6%	-7%	6.5%	3.4%	68%	Buy	$77	11%	Buy	$71	3%
EXC	$46.14	45,760	2.27	2.41	2.58	2.82	2.26	2.42	2.59	2.80	–	–	–	–	20.3x	19.1x	17.9x	16.4x	-6%	-6%	-6%	-8%	7.5%	3.2%	64%	Neutral	$49	9%	Buy	$49	9%
FE	$41.27	23,581	2.40	2.57	2.75	2.95	2.41	2.53	2.72	2.86	–	0.04	0.04	0.09	17.2x	16.1x	15.0x	14.0x	-20%	-21%	-21%	-21%	7.1%	3.8%	66%	Neutral	$43	8%	Buy	$44	12%
LNT	$64.04	16,069	2.78	2.90	3.04	3.23	2.78	2.92	3.08	3.28	–	–	(0.04)	(0.05)	23.0x	22.1x	21.1x	19.8x	7%	9%	11%	12%	5.1%	2.8%	64%	Neutral	$60	-4%	Buy	$65	4%
OGE	$42.78	8,565	1.99	2.06	2.21	2.30	2.17	2.07	2.18	2.30	(0.18)	–	0.03	–	21.5x	20.8x	19.4x	18.6x	-0%	2%	2%	5%	4.9%	3.9%	85%	Buy	$43	4%	Buy	$41	1%
PCG	$12.13	24,110	1.11	1.24	1.34	1.45	1.10	1.22	1.34	1.43	–	–	–	–	10.9x	9.8x	9.1x	8.4x	-49%	-52%	-52%	-53%	9.3%	0.5%	6%	Buy	$19	57%	Buy	$16	33%
PEG	$69.40	34,621	3.53	3.58	4.06	4.39	3.47	3.60	3.94	4.29	0.06	–	0.12	0.10	19.7x	19.4x	17.1x	15.8x	-9%	-4%	-10%	-11%	7.5%	3.2%	63%	Buy	$76	13%	Buy	$74	9%
PNW	$77.96	8,813	4.05	4.25	4.50	4.75	4.03	4.19	4.48	4.70	–	0.06	–	0.05	19.2x	18.3x	17.3x	16.4x	-11%	-10%	-8%	-8%	5.5%	4.5%	86%	Sell	$60	-19%	Sell	$72	-3%
PPL	$30.81	22,682	1.39	1.58	1.70	1.81	1.41	1.60	1.71	1.83	–	–	–	–	22.2x	19.5x	18.1x	17.0x	3%	-4%	-4%	-4%	9.2%	3.0%	67%	Buy	$33	10%	Buy	$31	3%
SO	$80.16	85,172	3.60	3.80	4.15	4.40	3.58	3.80	4.12	4.40	–	–	–	–	22.3x	21.1x	19.3x	18.2x	3%	4%	2%	3%	6.9%	3.4%	77%	Buy	$80	3%	Neutral	$76	-2%
WEC	$107.69	33,969	4.40	4.59	4.89	5.21	4.39	4.62	4.90	5.22	–	–	–	–	24.5x	23.5x	22.0x	20.7x	14%	16%	16%	16%	5.8%	2.8%	69%	Neutral	$104	-1%	Neutral	$105	0%
Mid/Lg Cap (excl. EIX, PCG)															**21.6x**	**20.3x**	**18.9x**	**17.8x**					**6.7%**	**3.2%**	**68%**						
Regulated Electrics		**759,820**													**21.2x**	**19.8x**	**18.5x**	**17.4x**					**6.7%**	**3.3%**	**69%**						

		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$42.75	4,680	2.21	2.41	2.47	2.69	2.14	2.28	2.38	2.56	0.07	0.13	0.10	0.13	19.3x	17.7x	17.3x	15.9x	-10%	-13%	-9%	-11%	6.8%	3.4%	65%	Neutral	$41	-1%	Sell	$41	-1%
NEE	$89.71	176,260	2.84	3.07	3.38	3.66	2.88	3.11	3.38	3.65	(0.04)	(0.04)	–	–	31.6x	29.2x	26.5x	24.5x	46%	44%	40%	38%	8.8%	2.0%	63%	Buy	$91	3%	Buy	$93	6%
SRE	$170.06	53,452	8.54	9.08	9.58	10.21	8.61	8.98	9.57	10.15	(0.07)	0.10	–	0.07	19.9x	18.7x	17.8x	16.7x	-8%	-8%	-6%	-6%	6.1%	2.9%	57%	Buy	$174	5%	Buy	$172	4%
		234,392													**23.6x**	**21.9x**	**20.5x**	**19.0x**	**10%**	**8%**	**8%**	**7%**	**7.2%**	**2.7%**	**62%**						
Gas LDCs																														
NI	$31.54	12,804	1.45	1.53	1.70	1.84	1.45	1.55	1.73	1.82	–	–	–	–	21.8x	20.6x	18.6x	17.1x	3%	4%	0%	-1%	8.3%	3.1%	67%	Buy	$32	5%	Buy	$32	5%
CPK	$138.16	2,451	5.13	5.55	5.93	6.32	5.11	5.56	5.88	6.26	–	–	0.05	0.06	26.9x	24.9x	23.3x	21.9x	27%	26%	26%	26%	7.2%	1.6%	43%	Neutral	$136	0%	Buy	$142	4%
NJR	$47.19	4,541	2.45	2.43	2.64	2.81	2.44	2.46	2.74	2.85	–	(0.03)	(0.10)	(0.04)	19.3x	19.4x	17.9x	16.8x	-9%	-2%	-3%	-3%	4.7%	3.3%	64%	Neutral	$41	-10%	Neutral	$47	3%
NWN	$52.76	1,807	2.56	2.73	2.83	2.98	2.51	2.68	2.75	3.05	0.05	0.05	0.08	(0.07)	20.6x	19.3x	18.6x	17.7x	-3%	-2%	1%	2%	5.2%	3.7%	76%	Neutral	$49	-3%	Buy	$56	10%
OGS	$83.71	4,532	4.08	4.38	4.65	5.00	4.08	4.39	4.64	4.99	–	–	–	–	20.5x	19.1x	18.0x	16.7x	-3%	-3%	-3%	-4%	7.0%	3.1%	63%	Neutral	$86	6%	Buy	$89	10%
SJI	$34.35	4,207	1.71	1.82	1.94	2.05	1.71	1.79	1.87	1.95	–	0.03	0.07	0.10	20.1x	18.9x	17.7x	16.8x	-5%	-5%	-4%	-4%	6.2%	3.7%	74%	Neutral	$36	8%	Neutral	$35	5%
SR	$76.47	4,014	3.84	4.27	4.91	5.03	3.88	4.37	4.62	4.82	(0.04)	(0.10)	0.29	0.22	19.9x	17.9x	15.6x	15.2x	-6%	-9%	-16%	-13%	9.4%	3.7%	74%	Neutral	$67	-9%	Neutral	$75	2%
		34,355													**21.3x**	**20.0x**	**18.5x**	**17.5x**	**1%**	**1%**	**0%**	**0%**	**6.9%**	**3.2%**	**66%**						
Regulated Water																														
AWK	$157.81	28,688	4.44	4.85	5.23	5.70	4.44	4.82	5.20	5.66	–	–	0.04	0.04	35.5x	32.5x	30.2x	27.7x	65%	60%	59%	56%	8.7%	1.7%	61%	Neutral	$155	-0%	Neutral	$161	4%

		Market	Guggenheim EBITDA Ests				Consensus				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$80.84	26,408	2,605	3,015	3,056	3,174	2,636	3,153	3,386	3,588	(31)	(138)	(330)	(414)	11.9x	9.8x	9.1x	8.1x	30,993	29,408	27,673	25,839	6.8%	0.8%	16%	Buy	$92	15%	Buy	$84	4%
NRG	$42.95	10,100	2,008	2,247	2,312	2,276	1,994	2,257	2,357	2,340	–	–	(45)	(64)	8.5x	7.4x	6.9x	6.4x	17,085	16,540	15,930	14,602	4.3%	3.4%	21%	Neutral	$43	4%	Buy	$43	5%
VST	$25.25	10,513	3,117	3,508	3,555	3,738	3,188	3,640	3,488	3,237	(71)	(133)	67	501	6.8x	5.9x	5.7x	5.2x	21,067	20,747	20,292	19,290	6.2%	3.0%	34%	Buy	$32	30%	Buy	$32	29%
Other																														
ALTO	$4.91	364	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	124%	Buy	$12	138%
IEA	$14.34	697	147	164	174	178	145	165	N/A N/A	N/A N/A	–	–	–	–									6.7%	–	–	Neutral	$14	-2%	Neutral	$14	-4%
NEP	$84.44	7,085	1,660	1,775	1,889	2,003	1,770	1,954	2,141	2,312	(110)	(179)	(252)	(309)									6.5%	3.9%	–	Buy	$85	5%	Buy	$87	6%
SMR	$14.05	597	(156)	(100)	(57)	8	(156)	(100)	(57)	8	–	–	–	–											–	Buy	$18	28%	Buy	$18	25%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

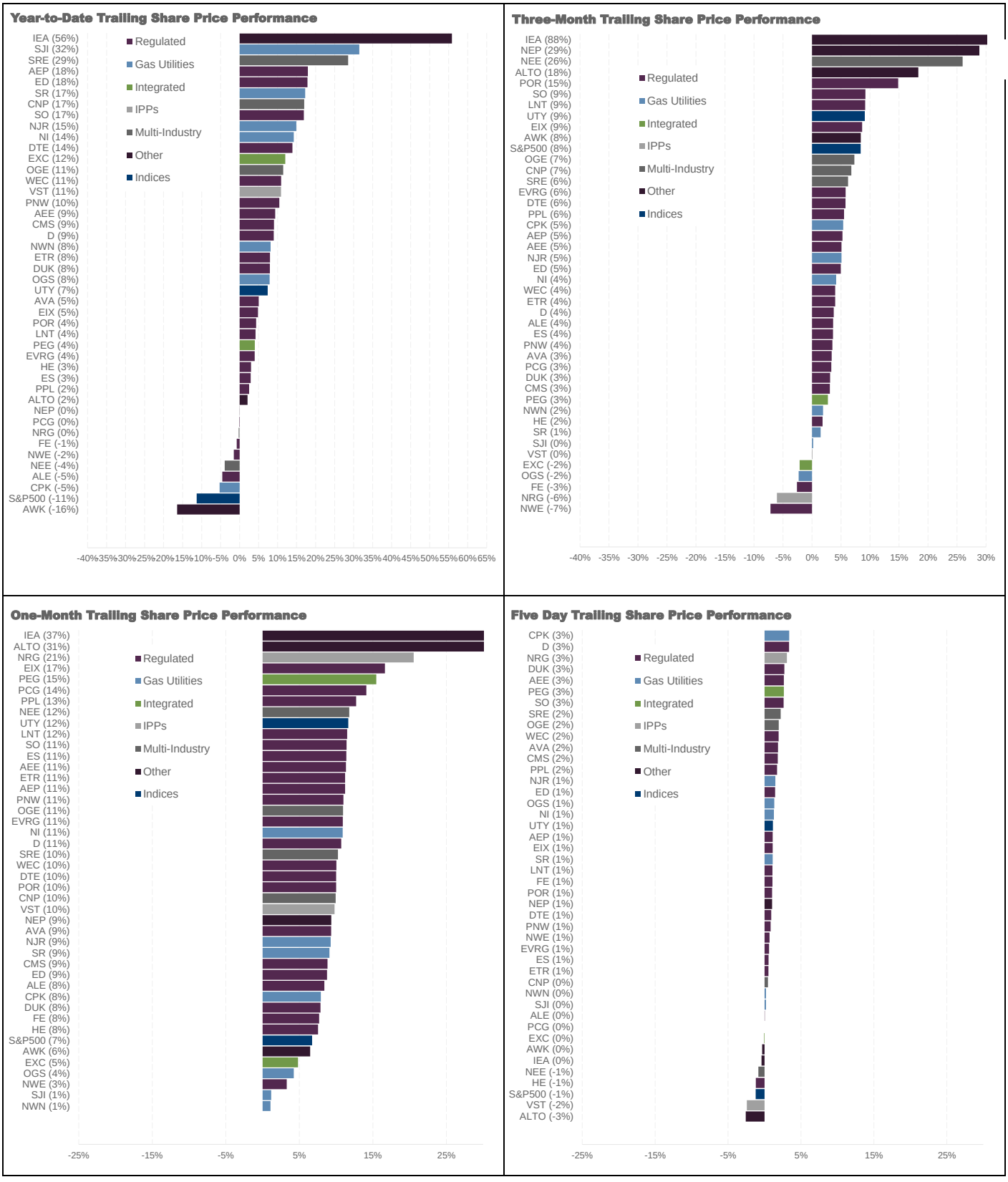

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Generation and Mix

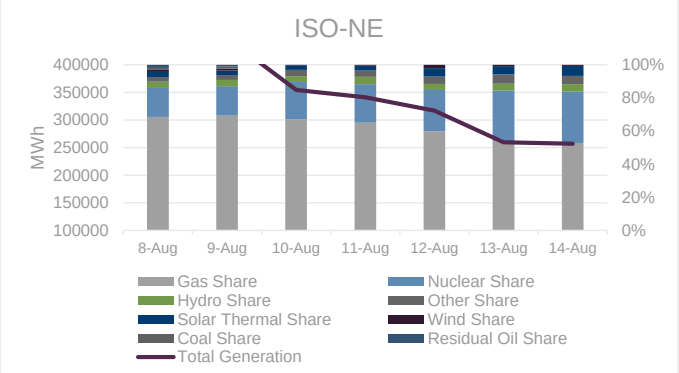

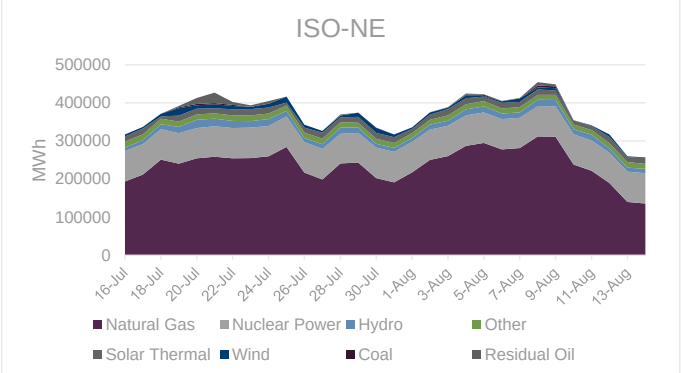

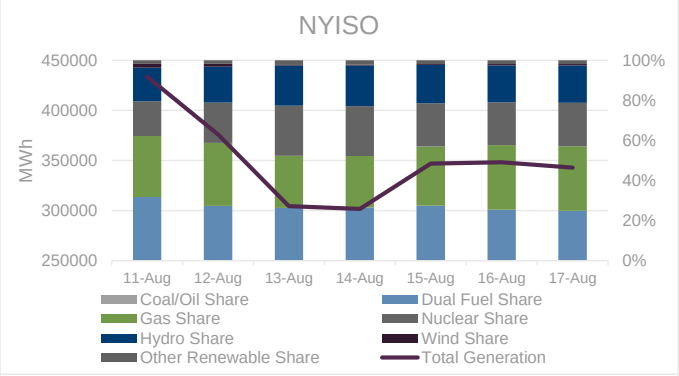

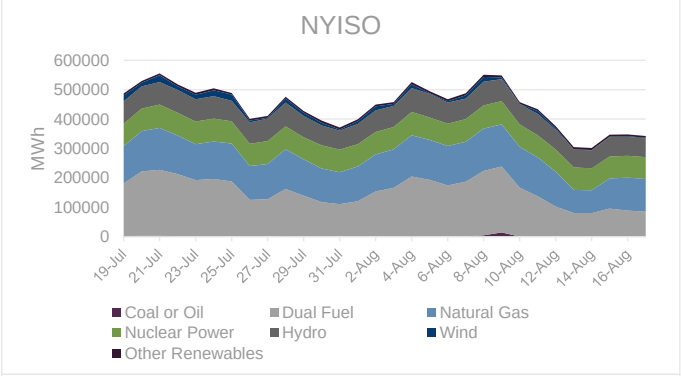

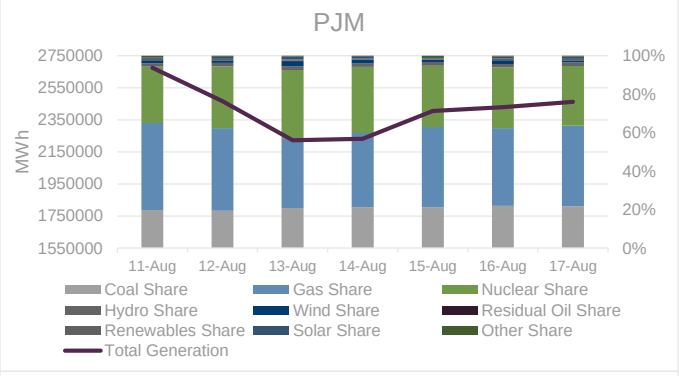

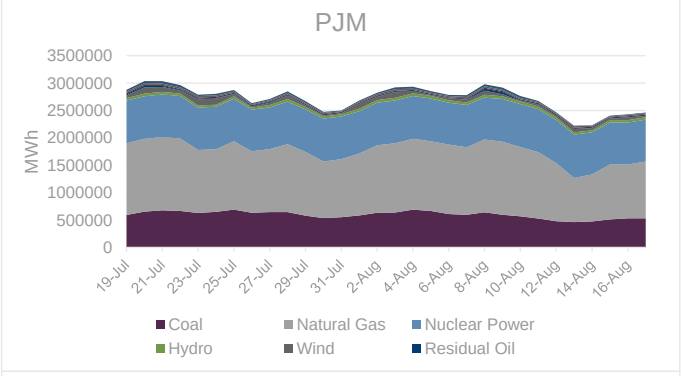

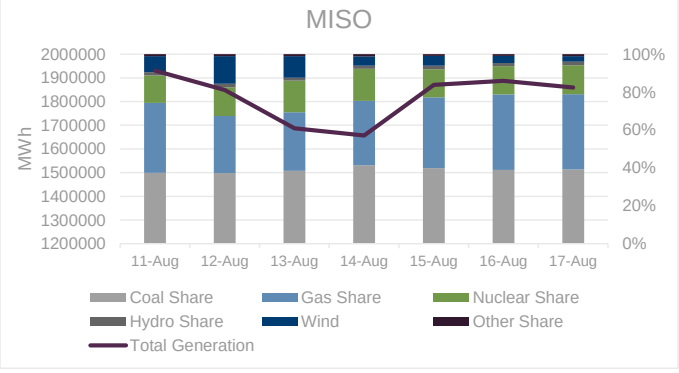

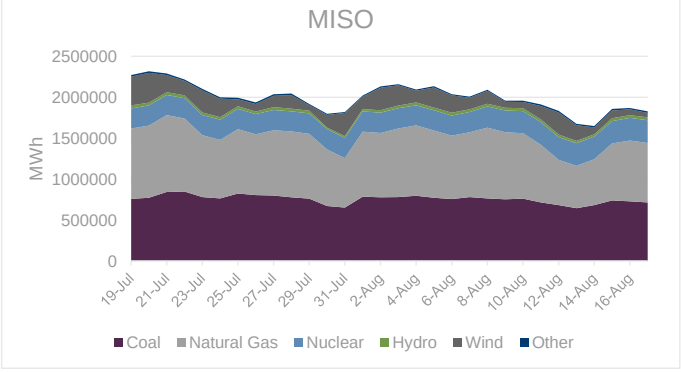

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

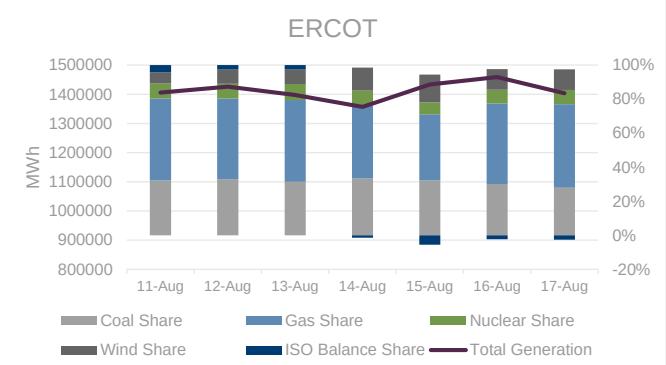

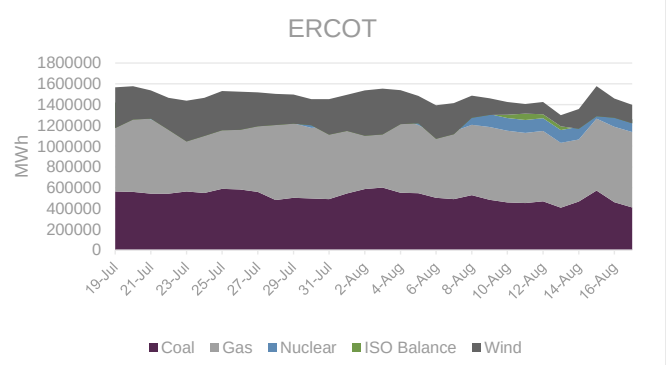

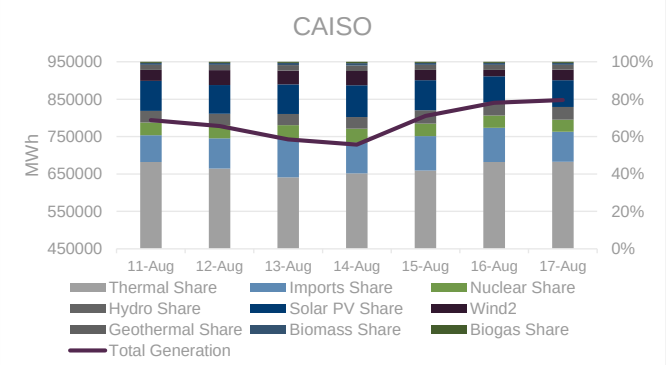

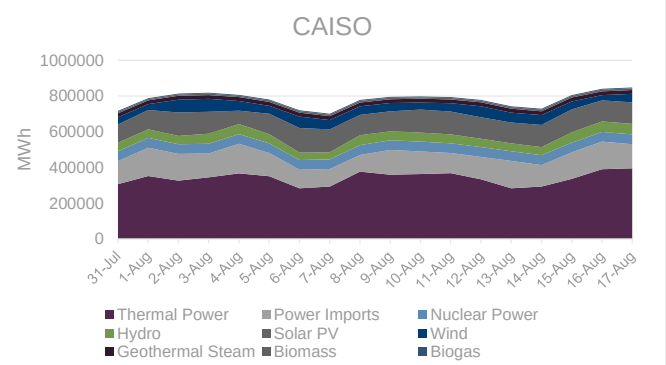

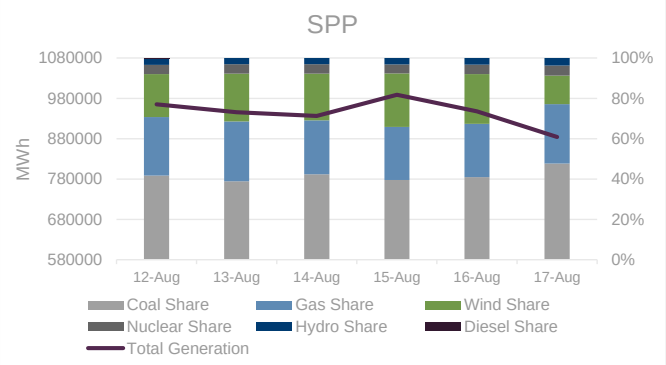

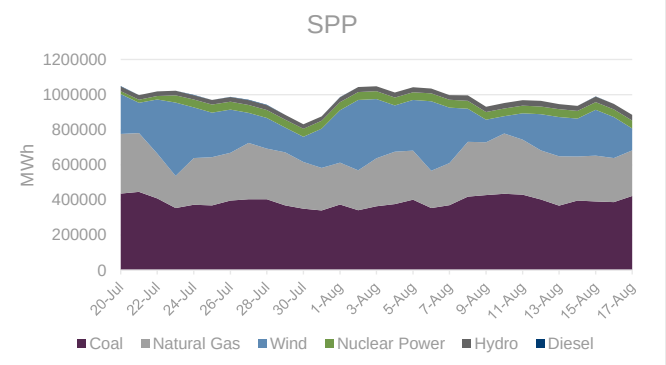

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Weather

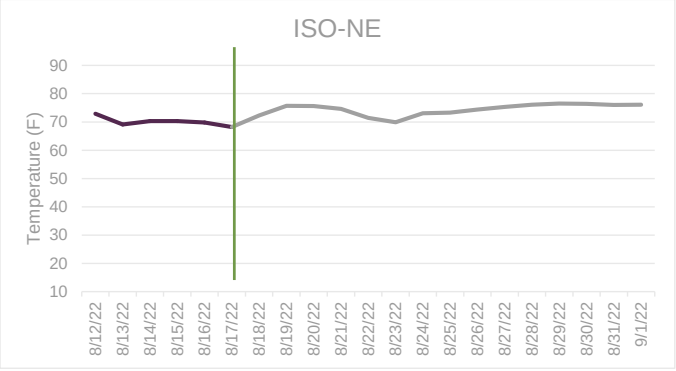

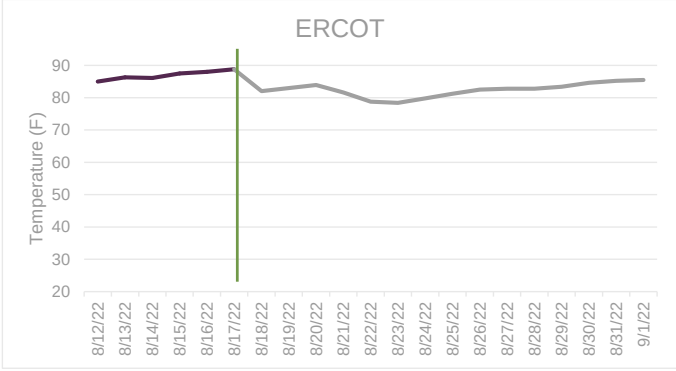

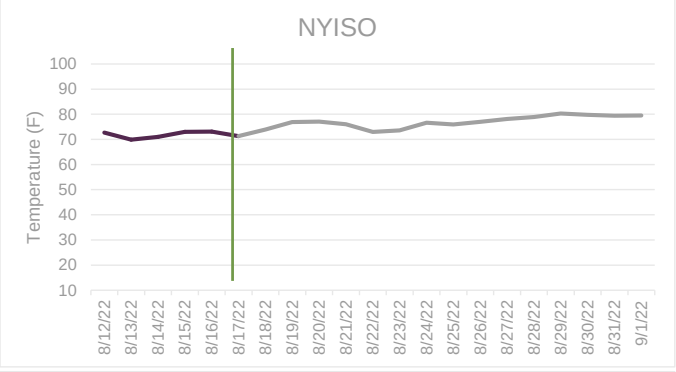

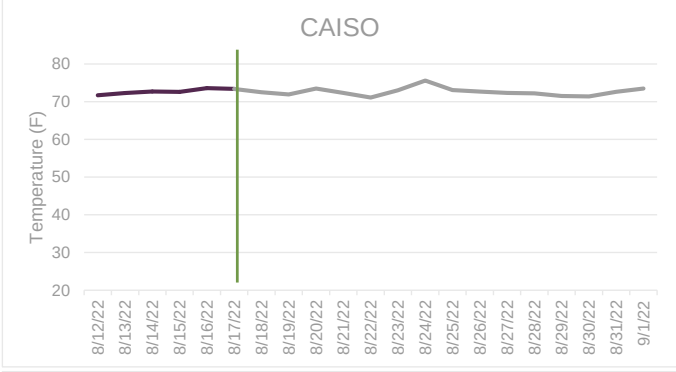

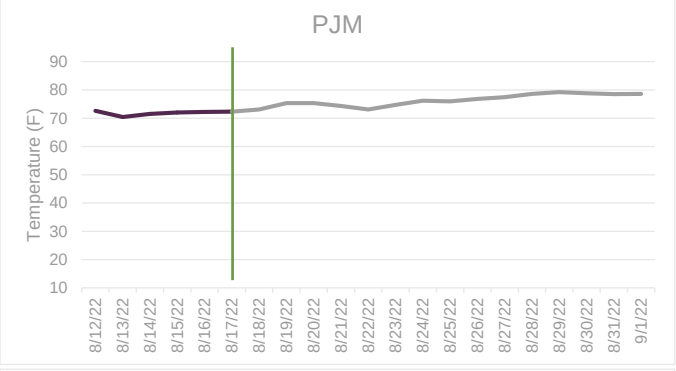

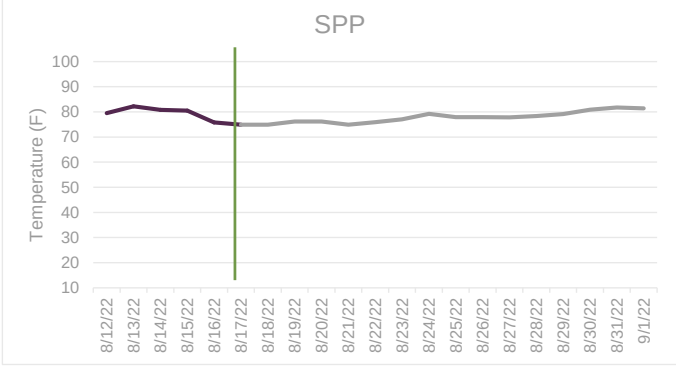

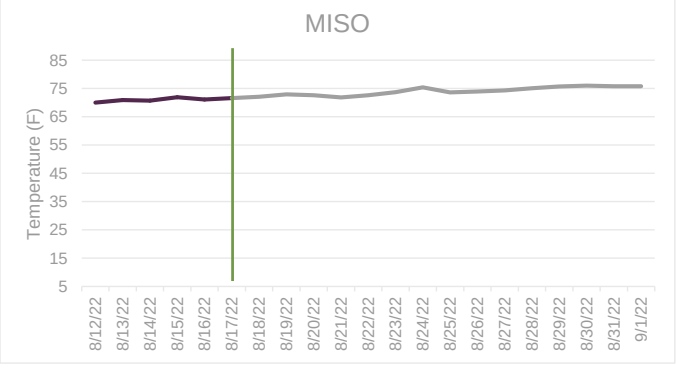

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Peak Load

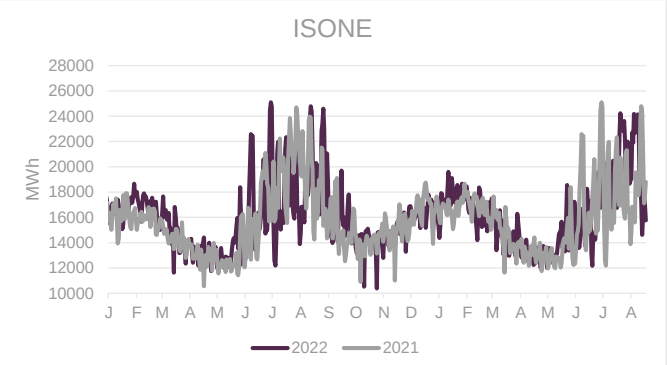

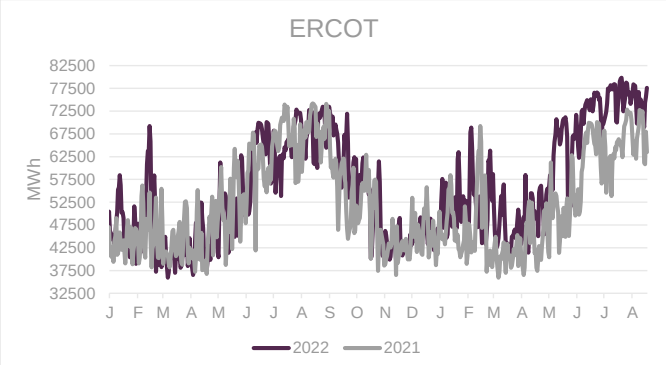

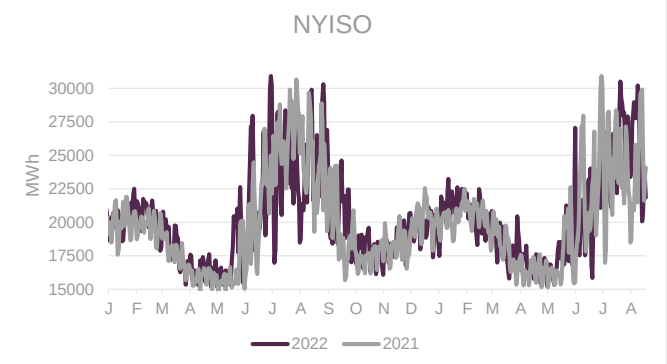

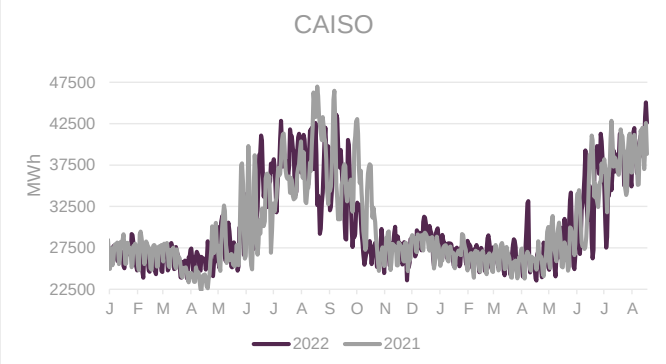

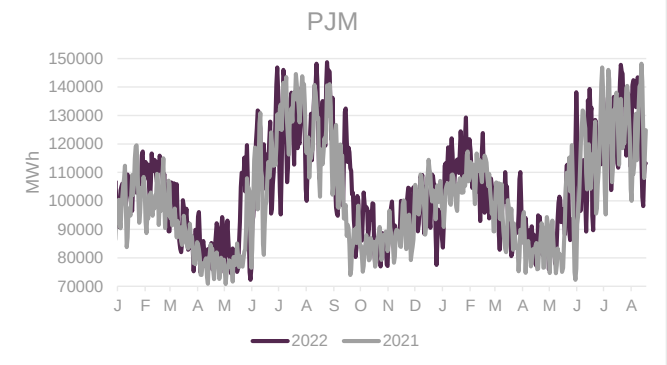

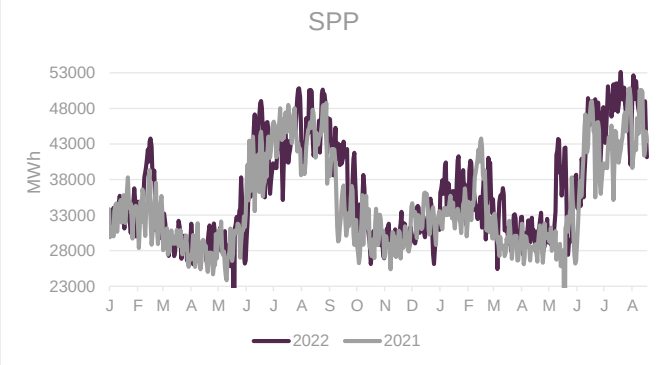

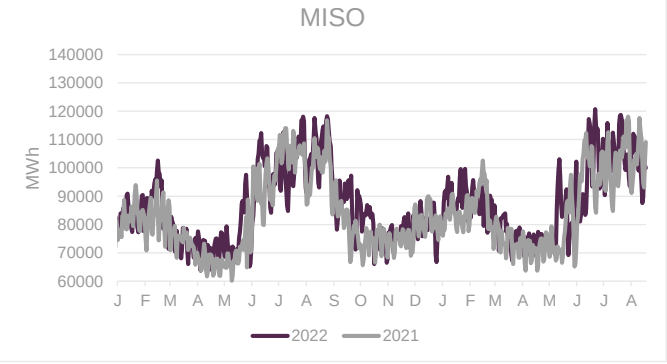

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
ISONE	6.2%	0.0%	-0.5%	1.5%	-1.2%	13.1%
NYISO	6.1%	-0.3%	0.6%	2.1%	-0.1%	7.6%
PJM	8.0%	3.1%	2.5%	3.9%	4%	3%
MISO	7.2%	3.4%	2.5%	4.0%	5.0%	1.9%
CAISO	4.0%	-0.2%	-2.6%	1.6%	1.2%	-1.7%
ERCOT	1.9%	4.4%	2.5%	13.7%	19.1%	15.0%
SPP	3.2%	6.3%	0.5%	5.9%	9.7%	10.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (7/6/2022 - 9/30/2022)

Date	State	Ticker	Utility/Event	Docket	Description
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Settlement discussions to commence in rate case
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Settlement discussions to commence in rate case
7/6/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Rebuttal testimony due in rate case
7/7/2022-7/27/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Commission decision expected
7/12/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	ALJ report due
7/12/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor testimony due by
7/12/2022-7/13/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearings scheduled in Rider E update
7/13/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Rebuttal testimony due in rate proceeding
7/13/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Rebuttal testimony due in rate proceeding
7/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Staff to file testimony in Rider CCR update proceeding
7/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural surrebuttal testimony due
7/21/2022	IL	AEE	Ameren Illinois	D-22-0297	Company rebuttal testimony due in formula rate plan proceeding
7/21/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Rebuttal testimony due in rate case
7/22/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Company testimony due
7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Briefing schedule to be established
7/25/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Public hearing scheduled
7/26/2022	MI	DTE	DTE Electric Co.	C-U-20836	Briefs due in rate case
7/26/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Company rebuttal testimony due by
7/27/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Company rebuttal testimony due in formula rate plan proceeding
7/27/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Intervening parties to file testimony in rate case
7/27/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Intervening parties to file testimony in Rider RBB update proceeding
7/29/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Intervening parties to file testimony in ERAC proceeding
7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Decision expected in RAC-EE update proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Decision likely in Rider OSW proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Decision expected in Rider NSA proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Decision expected in Rider US-2 update proceeding
8/1/2022-8/31/2022	MO	AEE	Union Electric Co.	C-ER-2022-0337	Electric rate case filing expected
8/1/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Staff testimony due in Rider RBB proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Decision likely in Rider DSM proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearing examiner's report may be isssued in Rider E update
8/1/2022-8/31/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
8/2/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Hearing
8/2/2022-8/4/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Hearings scheduled in rate case
8/2/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Rebuttal testimony due in Rider CCR update proceeding
8/5/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor surrebuttal testimony due by
8/11/2022-8/12/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Hearings scheduled in rate case
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
8/15/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Rebuttal testimony due in gas rate proceeding
8/15/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Opening briefs due
8/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	Reply briefs due in rate case
8/17/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Rebuttal testimony due in rate case
8/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Intervening parties to file testimony in rate case
8/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Settlement conference to be held in rate proceeding
8/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Settlement conference to be held in rate proceeding
8/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Closing briefs due
8/22/2022-8/23/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing scheduled in Rider CCR update proceeding
8/23/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Main briefs due in rate case
8/23/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	SCC staff to file testimony in ERAC proceeding
8/24/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Testimony due in electric rate case
8/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Intervenor direct testimony due in rate proceeding
8/29/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Hearing to begin in rate proceeding
8/29/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Hearing to begin in rate proceeding
9/1/2022-9/30/2022	IN	DUK	Duke Energy Indiana, LLC	Ca-44720-TDSIC-11	Decision possible in TDSIC proceeding
9/1/2022-9/30/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Decision possible in rate proceeding
9/1/2022-9/30/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Final decision may be issued in Rider E update
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2022-9/30/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
9/2/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Reply briefs due in rate case
9/2/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Staff direct testimony due in rate proceeding
9/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Rebuttal testimony to be filed testimony in ERAC proceeding
9/7/2022	IL	AEE	Ameren Illinois	D-22-0297	Hearing to begin in formula rate plan proceeding
9/7/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Main briefs due in rate case
9/7/2022-9/8/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing scheduled in Rider RBB case
9/12/2022-9/23/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Hearings scheduled in rate case
9/14/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Hearing to begin in formula rate plan proceeding
9/15/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3) expected by
9/15/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Rebuttal testimony due in electric rate case
9/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	ALJ proposed decision target date
9/16/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Company rebuttal testimony due in rate proceeding
9/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Rebuttal testimony due in rate case
9/19/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Reply briefs due in rate case
9/20/2022-9/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearings scheduled in ERAC proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Second settlement conference to take place in gas rate proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Settlement conference to take place in gas rate proceeding
9/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearing to begin in rate proceeding
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing Examiner report may be issued in Rider RBB proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	233	66.76%	44	18.88%
NEUTRAL	109	31.23%	7	6.42%
SELL	7	2.01%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

KeyBanc Capital Markets

Alert

August 22, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: CMS, EXC, DUK, SRE, AEP, AVA, EIX, ETR, ES, CNP, FERC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We have a full slate of meetings and dinners planned at the EEI and invite you to join us. In the upcoming week, we are tracking proceedings in CMS's MI electric rate case, ComEd's IL electric rate case, DUK's OH electric rate case, and Oncor's TX electric rate case. In other news, the VA Supreme Court remands APCO's 2020 rate case back to the VA SCC; AVA files rebuttal testimony for its WA electric and gas rate case settlements; DUK Piedmont reaches settlement in its SC gas rate case; CA utilities file a joint motion to include IRA provisions in net-metering proceedings; the NOCC approves ETR's New Orleans 2021 IRP; the ICC approves ComEd's $38M customer refund proposal; DUK files testimony in the 2022 NC Carbon Plan; the NH PUC approves ES's EV infrastructure program settlement; CNP delays the retirement of a 90 MW coal unit as part of its 2022 IN IRP; we review comments filed in the FERC NOPR on transmission planning; and CA legislature challenges proposed $1.4B loan to extend Diablo Canyon's operation.

KBCM Invites You to Join Us at the EEI Financial Conference from November 13-15 in Hollywood, FL. Scroll down for our full schedule, including dinners with PEG and NWE.

Regulatory Calendar

Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

CMS — Staff and intervenor testimony in the MI electric rate case is scheduled for August 24: CMS filed an electric GRC with the MPSC requesting a $272M base rate increase on a 10.25% ROE and a projected YE23 test year. The main drivers of the present case include investments in new solar and natural gas-fired generation, system reliability, resilience, and cost recovery for the planned acquisition of the Covert plant in 2023.

EXC — Staff's rebuttal testimony in ComEd's IL electric rate case is scheduled for August 24: Staff filed testimony recommending a $195M revenue increase, in line with ComEd's formula rate plan proposal for a $199M revenue increase. Staff and ComEd's increases are premised on a 7.85% ROE, 49.45% equity, and a rate base of ~$14B. ROE calculation in the FRP is formulaic. ComEd's previous rate plan was approved at a 7.36% ROE in 2021. A final decision is expected toward the end of the year, with new rates effective in 2023. This will be EXC's last formula rate plan filing in IL. EXC is currently engaged in finalizing the PBR framework that will make its way into the next rate case, which is expected to be filed in early 2023 for rates effective in 2024.

DUK — Intervenor testimony in DUK's OH electric rate case is due on August 26: In an investigation report, Staff recommended a revenue increase in the range of $1.9M-$15.3M, based on an ROE range of 8.84-9.85%, and an equity layer of 50.50%. The delta vs. DUK's filing seems to be driven by the difference in the ROE. This compares to the Company's request for a $55M revenue increase on a 10.3% ROE and a 50.5% equity layer to support investments in grid upgrades and modernization.

SRE — Intervenor testimony in Oncor's TX electric rate case is scheduled for August 26: Oncor filed a GRC in May, seeking a $251M net increase in rates ($287M increase in distribution rates offset by a $36.5M reduction in transmission rates) with a 10.3% ROE, 45% equity layer, and a 2021 rate base of $18.8B. Oncor's last rate case was settled in 2016 at 9.8%, 42.5% equity layer. The primary factors contributing to the proposed rate increase are the move to a higher equity layer and a higher ROE, the growth in Oncor's under-recovered self-insurance reserve balance, and expenses associated with COVID response, among others.

Recent Developments for Companies Under Our Coverage

From our midweek: The Inflation Reduction Act was signed into law but will impact utilities differently. In other news, the ALJ proposes to extend the deadline for NEM 3.0 tariff structure proceedings; CMP files a three-year rate plan proposal with the ME PUC; DUK FL seeks a 25 bps increase to authorized ROE; FE receives approval to end monitoring at former coal ash landfill site and will seek to repurpose it as a solar farm; XEL seeks FERC approval to acquire 120 MW of wind; BE announces the issuance of 13M shares of common stock; NJ seeks carve-out for Ocean Wind turbines; CAISO issues Flex Alert; SoCalGas partners with Ford on Fuel Cell truck; PNW partners with Generac for DER system; ETR CEO Leo Denault will step down at the end of October and be succeeded by CFO Drew Marsh; NJ Senate confirms BPU commissioner; and ERCOT names its new CEO.

AEP — VA Supreme Court rules that the VA SCC must reconsider APCO's 2020 rate case: The VA Supreme Court sent AEP's APCO 2020 rate case (Docket: 2020-00015) back to the SCC with a ruling that APCO is allowed to record costs of early coal plant retirements as asset impairments. The ruling stems from a difference between AEP's and SCC's positions during the rate case involving the treatment of costs associated with the early retirement of certain coal and oil-fired plants. At the time, the SCC determined that APCO should have amortized the coal plants over 10 years from 2015 vs. impairing them in 2019. The reconsideration ruling from the VA Supreme Court comes after AEP appealed the decision to the Supreme Court in March 2021 and the SCC affirmed, with some modifications, its original decision during a rehearing. In its original ruling, the Commission concluded that no rate change was required as APCO had earned 9.48% for the 2017-2019 period, within the 8.72-10.12% ROE band prescribed by VA state law.

AVA — AVA files rebuttal testimony in WA electric and gas rate cases: AVA filed rebuttal testimony in response to WA AG's Public Council Unit's opposition to the WA multiparty electric and gas settlement. AVA argues that the PCU's recommendation for a lower ROR is unreasonable, resulting in a $19M reduction to the revenue requirement and would be lower than AVA's current allowed ROR. AVA would continue to under-earn its authorized ROE based on the proposed revenue requirement and would see even more regulatory lag. AVA also believes the customer has significant protection through the overall earnings test, the ERM mechanism, actual net rate base tracking, and expense balancing accounts that address $56M of the PUC's concerns. As a reminder, WA AG's PCU filed testimony opposing the multi-party settlement previously reached. In its testimony, the PCU contended that AVA overstated the request for rate increases in Y1 and Y2 and that the settlement is higher than AVA's revenue deficiency. The PCU determined that AVA requires electric revenue increases of $0.4M and $2.8M and gas revenue increases of $1.7M and $0.2M in RY1 and RY2, respectively. The PCU concludes that the ROR should be 6.46%, compared to the 7.03% ROR in the settlement. This compares to the settlement agreement for increases of $38.0M and $12.5M for electric, and $7.5M and $1.5M for gas in RY1 and RY2, respectively. Settlement hearings begin on September 19, and new rates are expected to go into effect in December 2022.

DUK — DUK Piedmont reaches settlement in SC gas rate case: DUK reached a multi-party settlement for a net revenue decrease of $0.02M premised on a 9.49% ROE and 53.5% equity layer. The net decrease includes a revenue increase of $2.88M and a $2.90M revenue adjustment for the cost of gas demand. The SC Department of Consumer Affairs reserved its right to contest the agreed-upon ROE and equity layer at the merits hearing. This compares to DUK's initial request of a $6.7M net revenue increase on a 9.9% ROE (54.56% equity with a $505M YE21 rate base) and Staff's proposed $0.19M net revenue decrease premised on a 9.3% ROE and 53.05% equity. As a reminder, this was Piedmont's first rate-case filing in nearly two decades. The utility has been operating under SC's Rate Stabilization Act since 2005. This allows the gas utility to adjust rates regularly based on gas prices and other factors, but DUK reached a settlement in June, allowing the rate case to serve instead of the rate adjustment this year.

EIX, SRE — CA utilities file a joint motion to include IRA provisions in net-metering proceedings: The CA utilities filed a joint motion with the CPUC to include provisions of the IRA into NEM 3.0 deliberations. Specifically, the extension of tax credits in the IRA will reduce solar adoption costs, reducing the payback period for customers. As a result, the modeling assumptions initially included in the ALJ's PD in December 2021 should change as those accounted for a lower tax credit and near-term phase-out of the credits. The proceeding at the CPUC to determine a tariff structure to succeed NEM 2.0 are likely to extend for another year after the ALJ recently proposed an extension to the statutory deadline for the net metering proceedings until August 27, 2023.

FERC — Initial comments on FERC's transmission planning NOPR show conflicting views on ROFR: Comments were filed last week in the FERC's NOPR to address regional transmission planning and cost allocation to facilitate renewables integration (FERC Docket RM21-17). The DOJ and the FTC are both urging FERC not to reinstate the ROFR for existing utilities as is currently included in the NOPR. The agencies have a longstanding antitrust policy and find the proposals anti-competitive and recommend replacing a ROFR with rules requiring competition in transmission buildouts. On the other hand, EEI is proposing that the FERC restore a full ROFR arguing that competition has not served the industry well in that it has caused project delays and increased costs. Transmission owners within the MISO footprint are proposing rescinding the ROFR provisions in Order 1000 entirely even though MISO itself is not taking a formal position other than to say that competitive bidding tends to delay projects and cost more. Several entities have also requested additional details on the ROFR provisions in the NOPR. FERC's last major transmission planning initiative was Order 1000, a decade ago. The NOPR proposes to amend Order 1000 to eliminate the federal right of first refusal for projects selected for regional cost allocation. We wrote here on some of the early comments that were filed.

ETR — NOCC approves ETR's New Orleans 2021 IRP: The NOCC unanimously approved ETR's New Orleans 2021 triennial IRP (Docket: UD-20-02). ETR included twelve portfolio options in the IRP but is not required to select a preferred portfolio. ETR does not see a need for additional capacity until the back half of the decade and believes it will be able to achieve future capacity needs through a combination of solar, battery, and wind. The NOCC did not specifically approve any assets or resource acquisitions as part of its approval. ETR will need to file for NOCC permission before future acquisitions. Furthermore, ETR will need to file a separate proceeding for the timing of the closing of the 2,158 MW Union Power natural gas facility. According to its analysis. ETR determined it would be more beneficial to keep the plant operating until 2033 vs. deactivation in 2025, as proposed in a portfolio that analyzed earlier generation retirement. ETR must file an IRP every three years in New Orleans that projects the future power supply need for the next twenty years while targeting net-zero carbon emissions by 2040 and reducing all CO_2 emissions by 2050.

EXC — ICC approves ComEd's $38M customer refund proposal: The IL Commerce Commission issued an order approving EXC's proposal to refund customers ~$38M. EXC proposed, in surrebuttal testimony, that it would refund $31.3M through ICC-jurisdictional rates and $5.0M plus $1.9M of interest through FERC-jurisdictional rates to address the two pending dockets (Dockets: 21-0607; 21-0739). Furthermore, the ICC rejected intervenors' proposals to reduce ComEd's equity ratio retroactively or in future rate cases and approved ComEd's proposed Rider DPA Refund to pay customers. Notably, all parties agreed that ComEd did not use any ratepayer funds toward the $200M DPA fine. The refunds are tied to the pay and benefits received by ComEd executives who were mentioned in the 2020 DPA. One of the dockets mentioned was opened in August 2021, and another one following the passage of the IL Clean Energy Bill that asked the ICC to investigate how ratepayer funds were used in connection with the conduct outlined in the ComEd DPA. See our note on the IL legislation here.

DUK — DUK files testimony in the 2022 NC Carbon Plan: DUK provided testimony to address the Commission-identified issues for its 2022 Carbon Plan. DUK replied to several topics brought up by the NCUC that need to be addressed in the near term to keep DUK on the proper trajectory for the Carbon Plan. The actions include procuring substantial solar and battery resources, improvements to the transmission system to enable solar interconnections, additional coal retirements, and the addition of hydrogen-capable natural gas units. DUK does not believe it will be able to address all the issues at this time but will continue to address concerns as the Company gathers more information about market dynamics, technology, and customer behaviors. As part of the plan, DUK offered four portfolios, which outline a path to 70% carbon reduction in the early 2030s and requires the utilities to be carbon-neutral by 2050. One of the portfolios achieves 70% CO_2 reduction by 2030, and the other three achieve the target between 2032 and 2034, including offshore wind, small nuclear, or both. NCUC will rule on the plan by the end of 2022. See our note here where we discuss the Carbon Plan in detail.

ES — NH PUC approves ES's EV infrastructure settlement: The NH PUC issued an order approving a settlement between ES and parties for the New Hampshire EV-Make Ready program. As part of the program, ES will invest $2.1M in EV service equipment that the utility will be able to book as a regulatory asset and seek to recover in its next rate case. $0.65M of that capital will be eligible to earn a return on capital. Furthermore, the PUC approved the optional Demand Charge Alternative rate for public EV charging stations, which will be offered for an initial three-year period, in addition to an optional commercial EV TOU rate and a general C&I service rate. The DCA rates will go into effect on September 1. Part of the program will be financed through NH's share of Volkswagen AG's $2.9B Environmental Mitigation Trust. The Make-Ready EV charging Infrastructure Program was included in ES's last electric rate case.

CNP — CNP delays the retirement of 90 MW coal unit as part of IN IRP: As part of the IN IRP process, CNP is delaying the retirement of the 90 MW Culley 2 coal unit by two years, and now expects to retire the plant in 2025. CNP highlighted the required investment in Culley to meet CCR rules, whether the unit remains operational or not, as partial reasoning for the delay. CNP will not need any incremental investments in Culley 2 to keep the unit running for the additional two years while reducing CNP's exposure to MISO's capacity market. The delay was announced in tandem with the commencement of the stakeholder process of the 2022 IRP. CNP will be filing the IRP in 2023 (the deadline Is June 1, 2023) and should consider the remaining coal retirements with potential benefits likely from the Inflation Reduction Act of 2022. Several utilities in MISO have recently announced plans to extend the lives of coal plants, including WEC, which attributed the decision to delays in renewable generation projects.

PCG (Not Covered) — CA legislature challenges the proposed $1.4B loan to extend Diablo Canyon's operation: CA Democratic legislators proposed to reject Governor Newsom's plan to issue a $1.4B loan to PG&E to extend operations at Diablo Canyon past its 2025 scheduled closing date. CA would instead use $1B for renewable energy, transmission buildout, and increased storage. This proposal comes after Governor Newsom recently proposed to keep Diablo Canyon operating through 2035, or 10 years past its planned closure date in 2025, by giving PG&E a $1.4B forgivable loan. The proposal was part of a draft legislative language that would exempt the Diablo Canyon extension from the CA Environmental Quality Act and other environmental rules that nuclear opponents could use to challenge the extension. State officials are worried that the grid could become compromised without Diablo Canyon, CA's single largest power source at 2,250 MW.

Scroll down for a complete EEI schedule...

KBCM EEI Schedule Tentative Agenda (All Times Eastern):
Sunday, November 13, 2022

12:00 PM – Eversource Energy (ES)
1:00 PM – CenterPoint Energy, Inc (CNP)
2:00 PM – Xcel Energy Inc. (XEL)
3:00 PM – Sempra Energy (SRE)
4:00 PM – WEC Energy Group, Inc. (WEC)
5:00 PM – Atlantica Sustainable Infrastructure plc (AY)
*Dinner – Dinner with Public Service Enterprise Group Incorporated (PEG)**

Monday, November 14, 2022

8:00 AM – Duke Energy Corporation (DUK)
8:45 AM – Avangrid, Inc. (AGR)**
9:00 AM – Pinnacle West Capital Corporation (PNW)
10:00 AM – Exelon Corporation (EXC)
11:00 AM – Edison International (EIX)
12:00PM – DTE Energy Company (DTE)
1:00 PM – NorthWestern Corp (NWE)
2:00 PM – American Electric Power Company, Inc. (AEP)
3:00 PM – Portland General Electric Company (POR)
4:00 PM – FirstEnergy Corp. (FE)
*Dinner – Dinner with NorthWestern Corp (NWE)**

Tuesday, November 15, 2022

7:00 AM – Entergy Corporation (ETR)
7:00 AM – Southern Company (SO)
8:00 AM – Ameren Corporation (AEE)
9:00 AM – CMS Energy Corporation (CMS)
10:00 AM – Consolidated Edison, Inc. (ED)
11:00 AM – Avista Corporation (AVA)
11:00 AM – Otter Tail Corporation (OTTR)

**Dinner event.*
***30-minute meeting.*

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	8/24/2022	Staff/Intervenor Testimony
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	8/24/2022	Staff/Intervenor Rebuttal Testimony
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	8/26/2022	Intervenor Testimony
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	8/26/2022	Intervenor Direct Testimony
IL	Ameren Illinois	AEE	D-22-0297	Electric	8/30/2022	AEE surrebuttal testimony due
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	8/30/2022	Prefiled Direct Testimony
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	9/2/2022	Staff and Intervenor Testimony Due
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/2/2022	Surrebuttal Testimony
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	9/2/2022	Staff Direct Testimony
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	9/2/2022	Staff and Intervenor Testimony Due
IL	Ameren Illinois	AEE	D-22-0297	Electric	9/7/2022	Evidentiary hearings begin
	Short-Term Energy Outlook	EIA			9/7/2022	STEO release
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	9/7/2022	Settlement Conference
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	9/9/2022	Rebuttal Testimony
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	9/9/2022	Rebuttal Testimony Due
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	9/12/2022	Staff Testimony
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	9/12/2022	Rebuttal Testimony Due
	CPI Release	BLS			9/13/2022	CPI release for Prior Month
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/14/2022	Evidentiary Hearings
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	9/15/2022	Rebuttal Testimony
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track3)	Electric	9/15/2022	Track 3 Proposed Decision
MI	DTE Electric Co.	DTE	C-U-20836	Electric	9/16/2022	PFD Target Date
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	9/16/2022	Oncor Rebuttal Testimony

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('22E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	25.2	Sector Weight	NA	$97.35	2.4%	58%	4.07	4.33	4.64	23.9x	22.5x	21.0x	4.08	4.37	4.66	23.9x	22.3x	20.9x
AEP	American Electric Power Company In	53.9	Sector Weight	NA	$104.94	3.0%	63%	4.99	5.35	5.72	21.0x	19.6x	18.3x	5.00	5.29	5.61	21.0x	19.8x	18.7x
CMS	CMS Energy Corp	20.6	Sector Weight	NA	$70.94	2.6%	64%	2.90	3.16	3.44	24.5x	22.4x	20.6x	2.89	3.13	3.40	24.6x	22.6x	20.9x
CNP	CenterPoint Energy Inc	20.6	Overweight	$34	$32.65	2.0%	47%	1.38	1.50	1.64	23.7x	21.8x	19.9x	1.38	1.50	1.62	23.6x	21.7x	20.1x
D	Dominion Energy Inc	71.3	Overweight	$88	$85.62	3.1%	65%	4.12	4.36	4.64	20.8x	19.6x	18.5x	4.12	4.38	4.67	20.8x	19.6x	18.3x
DTE	DTE Energy Co	26.4	Sector Weight	NA	$136.14	2.6%	59%	6.02	6.25	6.65	22.6x	21.8x	20.5x	6.02	6.29	6.71	22.6x	21.7x	20.3x
DUK	Duke Energy Corp	87.2	Overweight	$116	$113.24	3.5%	74%	5.44	5.78	6.15	20.8x	19.6x	18.4x	5.45	5.75	6.11	20.8x	19.7x	18.5x
ETR	Entergy Corp	24.7	Sector Weight	NA	$121.65	3.3%	64%	6.40	6.68	7.19	19.0x	18.2x	16.9x	6.37	6.76	7.21	19.1x	18.0x	16.9x
ES	Eversource Energy	32.4	Sector Weight	NA	$93.63	2.7%	62%	4.12	4.38	4.65	22.7x	21.4x	20.1x	4.11	4.38	4.68	22.8x	21.4x	20.0x
ED	Consolidated Edison Inc	35.7	Underweight	$75	$100.55	3.2%	71%	4.47	4.78	5.02	22.5x	21.0x	20.0x	4.50	4.82	5.08	22.4x	20.9x	19.8x
EIX	Edison International	27.3	Sector Weight	NA	$71.54	3.9%	62%	4.57	4.85	5.14	15.7x	14.8x	13.9x	4.50	4.86	5.17	15.9x	14.7x	13.8x
EXC	Exelon Corp	45.8	Overweight	$48	$46.14	3.0%	61%	2.24	2.43	2.60	20.6x	19.0x	17.7x	2.26	2.42	2.58	20.4x	19.1x	17.9x
FE	FirstEnergy Corp	23.6	Overweight	$47	$41.27	3.8%	65%	2.38	2.54	2.74	17.3x	16.2x	15.1x	2.41	2.53	2.72	17.1x	16.3x	15.2x
PEG	Public Service Enterprise Group Inc	34.6	Sector Weight	NA	$69.40	3.1%	62%	3.49	3.70	3.93	19.9x	18.8x	17.7x	3.48	3.58	3.95	20.0x	19.4x	17.6x
SO	Southern Co	85.2	Sector Weight	NA	$80.16	3.4%	75%	3.60	3.83	4.18	22.3x	20.9x	19.2x	3.58	3.80	4.13	22.4x	21.1x	19.4x
					Average:	**3.0%**	**63%**				**21.2x**	**19.8x**	**18.5x**				**21.2x**	**19.9x**	**18.5x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.3	Sector Weight	NA	$44.63	3.9%	91%	1.95	2.50	2.66	22.9x	17.9x	16.8x	1.93	2.43	2.62	23.1x	18.3x	17.0x
NWE	NorthWestern Corp	3.2	Overweight	$64	$56.29	4.5%	77%	3.34	3.51	3.69	16.9x	16.0x	15.3x	3.30	3.51	3.73	17.1x	16.0x	15.1x
OTTR	Otter Tail Corp	3.4	Sector Weight	NA	$80.99	2.0%	23%	7.08	4.27	3.70	11.4x	19.0x	21.9x	7.06	4.26	3.60	11.5x	19.0x	22.5x
PNW	Pinnacle West Capital Corp	8.8	Underweight	$62	$77.96	4.4%	85%	3.99	4.24	4.47	19.5x	18.4x	17.4x	4.03	4.20	4.48	19.4x	18.6x	17.4x
POR	Portland General Electric Co	4.9	Sector Weight	NA	$55.23	3.3%	66%	2.81	2.94	3.08	19.7x	18.8x	17.9x	2.73	2.84	3.03	20.2x	19.4x	18.2x
					Average:	**3.6%**	**68%**				**18.1x**	**18.0x**	**17.9x**				**18.2x**	**18.3x**	**18.0x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	19.7	Underweight	$40	$50.95	3.5%	75%	2.45	2.20	2.31	20.8x	23.2x	22.1x	2.34	2.21	2.36	21.8x	23.0x	21.6x
NEE	Nextera Energy Inc	176.3	Overweight	$93	$89.71	1.9%	59%	2.90	3.08	3.34	30.9x	29.1x	26.9x	2.86	3.08	3.36	31.3x	29.1x	26.7x
SRE	Sempra Energy	53.5	Sector Weight	NA	$170.06	2.7%	54%	8.63	8.91	9.58	19.7x	19.1x	17.8x	8.59	8.99	9.61	19.8x	18.9x	17.7x
					Average:	**2.7%**	**63%**				**23.8x**	**23.8x**	**22.2x**				**24.3x**	**23.7x**	**22.0x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	26.4	Overweight	$87	$80.84	0.7%	24%	1.26	4.21	4.63	64.2x	19.2x	17.5x	2.34	4.55	5.41	34.5x	17.8x	14.9x
NRG	NRG Energy Inc	10.1	Not Covered	NA	$42.95	3.3%	17%	NA	NA	NA	NA	NA	NA	8.26	4.30	5.26	5.2x	10.0x	8.2x
VST	Vistra Corp	10.5	Not Covered	NA	$25.25	2.8%	32%	NA	NA	NA	NA	NA	NA	2.18	2.24	2.47	11.6x	11.3x	10.2x
					Average:	**2.2%**	**24%**				**64.2x**	**19.2x**	**17.5x**				**17.1x**	**13.0x**	**11.1x**

Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 3 - Stock Price Performance

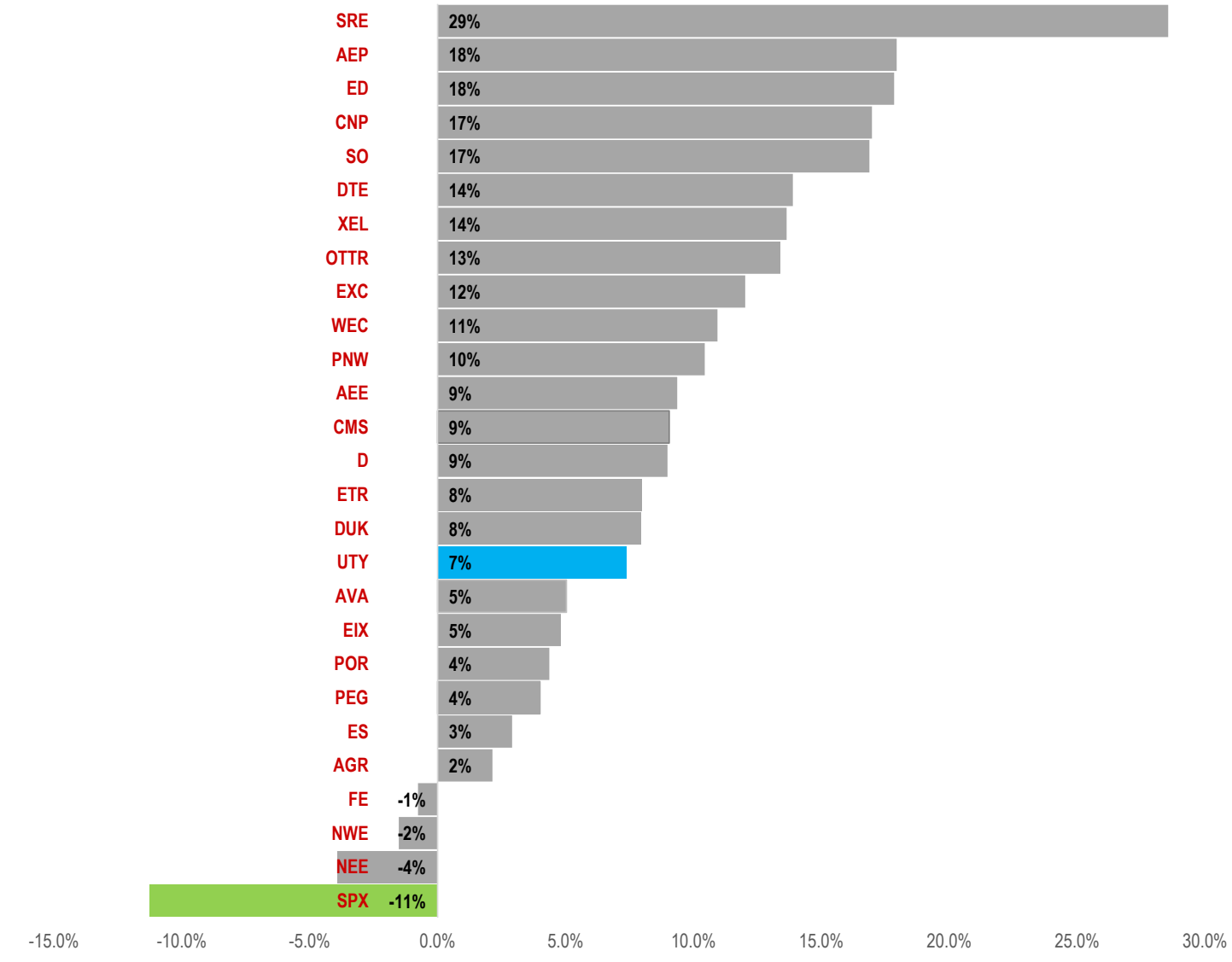

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

HASI: Parsing Through Short Seller Report

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	276	48.59	68	24.64
Sector Weight [SW]	280	49.30	62	22.14
Underweight [UW]	12	2.11	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	16	43.24	11	68.75
Sector Weight [SW]	18	48.65	11	61.11
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> Power Points: SO Nuclear, EVRG bills, XEL & ALE wind, EXC ICC, AES/FLNC, & More
- **Publication Date/Time** : Thursday, August 18, 2022 04:36:30 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=8Z5eMxuafm9QnlD!Aza2aA__&reid=50DB69D87D6611ED887398C1945289B1

Equity Research

Industry Update — August 18, 2022

Utilities

Utility and Infrastructure Daily

Comments on ETR, EXC & Water Utilities

Our Call

Quick thoughts from Wells Fargo Securities, LLC Utility & Infrastructure Team:

Utilities

Entergy (ETR/Overweight) (Kalton) — Is there something in the water? On 8/17, ETR announced that Leo Denault would step down from the CEO role to be succeeded by CFO Drew Marsh effective 11/1/22. Mr. Denault will remain Executive Chairman until his planned retirement in '23. There have been several notable utility CEO retirements over the last several months, including AEP & NEE. Like the others, we view the ETR announcement as a natural transition. Mr. Denault has been CEO for 10 years, while Mr. Marsh has been in the CFO role since 2013 (Chief Accounting Officer Kimberly Fontan will succeed Mr. Marsh in the CFO role). We see no change to ETR's attractive regulated rate base growth strategy with an emphasis on improving storm resiliency. Longer term, we think ETR is uniquely positioned to benefit from the parallel trends of decarbonization as the company's Gulf Coast industrial base increasingly electrifies their operations.

Exelon (EXC/Equal Weight) (Kalton) — On 8/17, EXC issued an 8-K spelling out the expected annual cash flow impact of the recently passed Inflation Reduction Act. While not as bad as initially feared, EXC thinks the 15% minimum corporate tax rate will negatively impact annual cash flow by $200M (higher cash taxes) vs. prior guidance of ~$300M annually. We think the lower cash flow will necessitate additional equity needs above and beyond the $1B guidance during the period '22-25. On 8/3, EXC issued ~ $560M (including the overallotment) toward this goal.

By our math, a $200M reduction to our '23 estimated FFO has a negative 50 bps impact on FFO/Debt and would require ~$1.5B of new equity to immediately and completely offset (~3% dilution). That said, the level and timing of potential equity needs will depend on several factors including (1) potential positive cash flow offsets (i.e., cost savings), (2) balance sheet strategy — there is some wiggle room as mgmt. targets a 13-14% FFO/ Debt ratio, which is above the downgrade threshold of 12%, and (3) capex plans — while suboptimal, EXC could pare back capex plans to reduce external equity financing needs. Lastly, we highlight that mgmt. previously expressed confidence in achieving the 6-8% EPS CAGR guidance through '25 even assuming the negative $300M cash flow impact. Our analysis supports this statement, as we think potentially higher equity needs could have a negative 100 bps impact on the CAGR (prior to any mitigation).

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Sarah Akers, CFA
Equity Analyst | Wells Fargo Securities, LLC
Sarah.Akers@wellsfargo.com | 314-875-2040

Jonathan Reeder
Equity Analyst | Wells Fargo Securities, LLC
Jonathan.Reeder@wellsfargo.com | 314-875-2052

David Welkener, CFA
Associate Equity Analyst | Wells Fargo Securities, LLC
David.Welkener@wellsfargo.com | 314-875-2054

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

All estimates/forecasts are as of 8/17/2022 unless otherwise stated. 8/18/2022 5:00:00EDT. Please see page 5 for rating definitions, important disclosures and required analyst certifications.
Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

Water Utility Regulatory Updates (Reeder) — We highlight a few regulatory developments among our water utilities that could be of interest to investors.

- **AWK's NJ rate case settlement approval.** On 8/17, the BPU approved the 7/25 settlement, which outlined a $45.5M revenue increase premised on a 9.6% allowed ROE and 54.6% equity ratio — the return parameters were unchanged from AWK's '20 rate order. Importantly, the outcome incorporated AWK's updated estimates of production costs — items that have been impacted the most by inflation such as chemicals, fuel & power costs — as well as deferral accounting treatment for pension & OPEB expense starting 1/1/23. We view the outcome to be at least supportive of our 2022-26E EPS of $4.43, $4.82, $5.17, $5.57 & $6.05 with potential modest upside given (1) a slightly earlier effective date (9/1/22) than our model assumes, as well as (2) successfully addressing key expense pressures. We also note that AWK reached the NJ settlement days before providing the Q2'22 update. AWK still has rate cases pending in the key states of IL, MO & PA.
- **Water Cost of Capital.** While we are still awaiting a proposed decision from the ALJ, we have been keeping a close eye on the Moody's AA Utilities Bond Yield Average. Thus far in August it has traded pretty much sideways. By our calculations, it would need to average roughly 4.75% from now until the end of September, as compared to the 8/16 close of 4.47%. Certainly not impossible but each day that passes without a leg up makes it increasingly less likely. We wouldn't be surprised if the ALJ is waiting to see if the Water Cost of Capital Mechanism triggers an upward ROE adjustment effective 1/1/23 prior to issuing a proposed decision.
- **Cal Water's 2023-25 GRC.** It is taking longer than expected to reach at least a partial settlement agreement in the pending GRC. The parties had expected to file one by 8/12; however, on 8/16, the ALJ granted the parties' request to extend the time to 9/2. At least the sides are still working towards a settlement! We continue to anticipate a constructive GRC outcome and are optimistic the settlement will not only cover less controversial issues like the sales forecast and appropriate supply mix but also the capex budget and perhaps even a supply cost recovery mechanism like the Full Cost Balancing Account that is included in San Jose Water's pending GRC settlement agreement.

Acronyms

ALJ – Administrative Law Judge

BPU – Board of Public Utilities

GRC – General Rate Case

OPEB – Other Post-Employment Benefits

American Water Works (AWK/Underweight/$28.5B market cap) 8/17/22 closing price: $158.94

California Water Service (CWT/Underweight/$3.3B market cap) 8/17/22 closing price: $63.52

Entergy Corp. (ETR/Overweight/$24.0B market cap) 8/17/22 closing price: $121.27

Exelon Corporation (EXC/Equal Weight/$44.6B market cap) 8/17/22 closing price: $46.25

Investment Thesis, Valuation and Risks

American Water Works Company, Inc. (AWK)

Investment Thesis

We believe AWK is well positioned to capitalize on favorable industry dynamics that should lead to above-average rate base, EPS, and DPS growth. In addition, AWK is the only liquid, pure play water utility option for mid- and large-cap investors, including those with ESG mandates. That said, our Underweight rating reflects valuation considerations as AWK shares trade at roughly 5% P/E premiums to "large-cap" pure play water utility peers. We believe applying more of an in-line multiple to the peer group P/E median is more appropriate at this juncture as the aforementioned positive features combined with recession-concerned investor appetite for low risk, liquid names are counterbalanced by the following considerations: (1) AWK's revised regulated strategy introduces a new level of execution risk as it relates to capex deployment, regulatory recovery, maintaining bill affordability especially with current inflationary pressures, etc. (2) Water utilities as a whole trade at lofty absolute and relative valuations, including roughly 60-65% P/E premiums to regulated electric utilities and gas LDCs. We question the sustainability of the current premium multiples longer term, and since many investors consider AWK to be the "de facto" water utility to own, it may be adversely impacted the most if/when a group re-rating occurs. (3) The water utility median reflects both a scarcity premium and a takeover premium, two characteristics that we do not believe are as applicable to AWK.

Target Price Valuation for AWK: $154.00

Our $154/sh price target is based on a blend of (1) a P/E multiple analysis (~$157/sh) - apply the median 22E P/E multiple of our covered pure play water utilities of ~33x to our 23E EPS of $4.82 and (2) a DDM analysis (~$147/sh), which assumes a 6.5% discount rate. We believe applying a roughly peer group P/E median is appropriate at this juncture as above-average growth prospects and recession-concerned investors' appetite for low-risk, liquid names are counterbalanced by (1) AWK's revised regulated strategy which introduces a new level of execution risk, (2) lofty water utility group multiples and (3) the water utility median reflects both a scarcity premium and takeover premium, two characteristics that we do not believe are as applicable to AWK.

Risks to Our Price Target and Rating for AWK

Key upside risks include (1) sustainability and/or expansion of the water group's premium valuations, (2) more positive regulatory treatment resulting in higher-than-anticipated earned ROEs and (3) delivering on more than the $1.3B of regulated M&A growth that we assume over the 2022-26 period.

California Water Service (CWT)

Investment Thesis

We regard CWT as a low-risk water utility with a secure and growing dividend. EPS growth is highly dependent upon California regulation, which offers the state's utilities generally constructive regulatory principles. That said, more recently the overall constructiveness of CA regulation has been called into question (including the shift from fully decoupled rates in the years ahead) and bears monitoring. This is particularly relevant as CWT's regulatory risk profile is elevated with the pending '21 cost of capital proceeding as well as the 2023-25 GRC filing. Our Underweight rating reflects our belief that shares of CWT offer one of the lowest potential total returns over the next 12-18 months of the five water utilities that we cover. CWT shares trade at roughly 0-5% P/E multiple discounts to "large cap" pure play water utility peers on our 22-24E EPS. We believe a 5-10% discount is appropriate given a nearer-term flattish EPS outlook that is subject to execution risk, the likely downward cost of capital pressure in '22 as well as the potential added risk/volatility from the transition to the Monterey-WRAM/ICBA framework in '23.

Target Price Valuation for CWT: $58.00

Our $58/sh price target is based on a 75%/25% blend of (1) a P/E multiple analysis (~$60/sh)—apply a 5-10% discount to the median 22E P/E multiple of our covered pure play water utilities of ~33x to our 23E of $1.98 and (2) a DDM analysis (~$52/sh), which assumes a 6.5% discount rate. Our applied 5-10% P/E discount balances the constructive resolution of the 2020-22 GRC in December 2020 against execution risk as well as pending '21 regulatory filings (CA cost of capital proceeding and the 2023-25 GRC, which includes a transition to the Monterey WRAM/ICBA regulatory framework).

Risks to Our Price Target and Rating for CWT

Key risks include regulatory, execution, and minimal geographical diversity. Specific upside risks include better-than-expected regulatory outcomes in the '21 cost of capital proceeding and 2023-25 GRC, delivering cost controls that allow Cal Water to consistently over-earn the allowed ROE, and success in de-risking the transition to the Monterey-WRAM/ICBA framework.

Entergy Corp. (ETR)

Investment Thesis

Our Overweight rating reflects our assessment that the current share price does not adequately reflect ETR's strong EPS growth outlook (driven by regulated infrastructure investment) and above-average regulatory frameworks.

Target Price Valuation for ETR: $138.00

Our $138/sh price target is based on a P/E multiple analysis and supported by our DDM analysis. (1) P/E Multiple ($138/sh)—we apply a 0-5% discount the '22 Mid/Large Cap Regulated median P/E multiple of 21.0X on our 23E EPS of $6.75. (2) DDM Analysis ($137/sh)—key assumptions include 10-yr EPS and dividend per share growth of 4.5-5.0%, long-term sustainable growth of 3% and a 6.75% discount rate.

Risks to Our Price Target and Rating for ETR

Risks to our target include possible adverse regulatory outcomes (most notably SERI) and elevated storm damage risks (cost recovery) related to hurricanes due to ETR's Gulf Coast footprint.

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (8%) and wires-centric asset mix are balanced by modest balance sheet concerns and our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $49.00

Our $49/sh price target is based on a P/E multiple analysis. We apply a P/E of 20.0-21.0X to our 23E EPS of $2.40. Our multiple represents a 0-5% discount to the '22 Regulated Electric peer group median as we balance positive features (strong 8% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '22 median to our 23E EPS due to the forward-looking nature of our price target.

Our DDM analysis supports a forward valuation in excess of $55/sh. Key assumptions include long-term earnings and dividend growth of 3% and a 6.75% discount rate.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

We, Neil Kalton, Sarah Akers and Jonathan Reeder, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

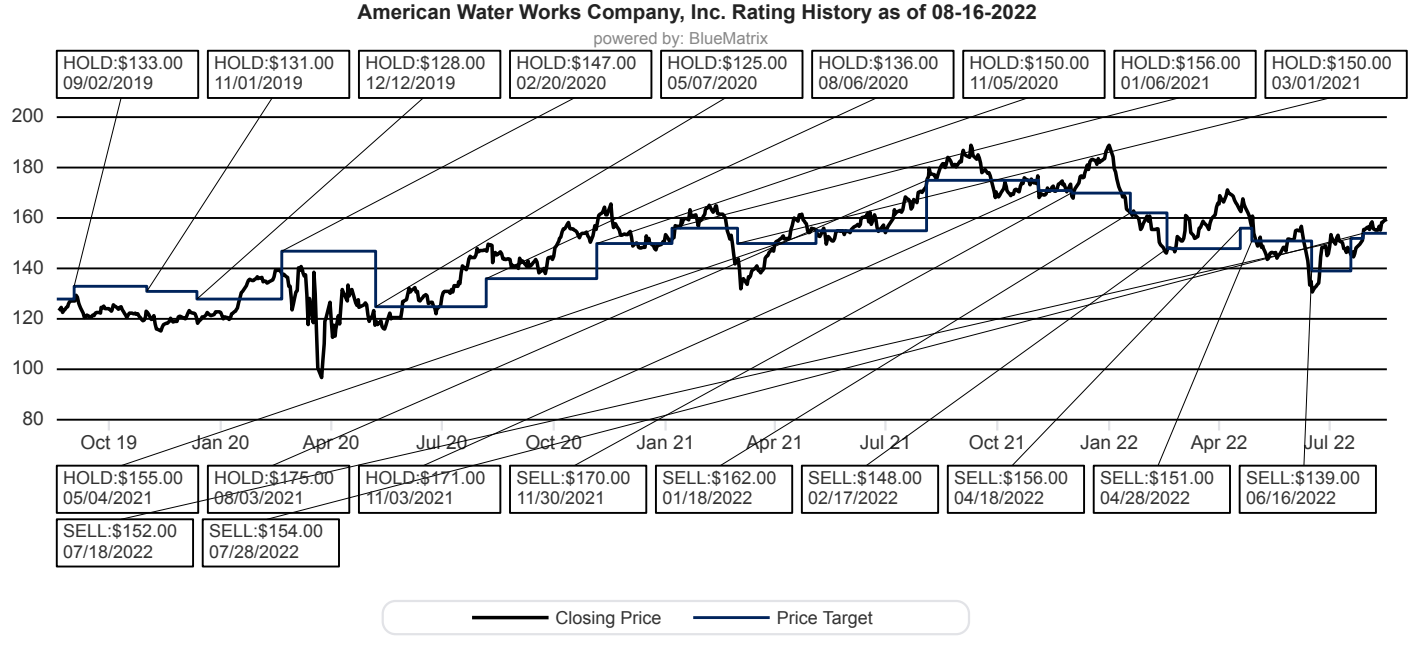

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

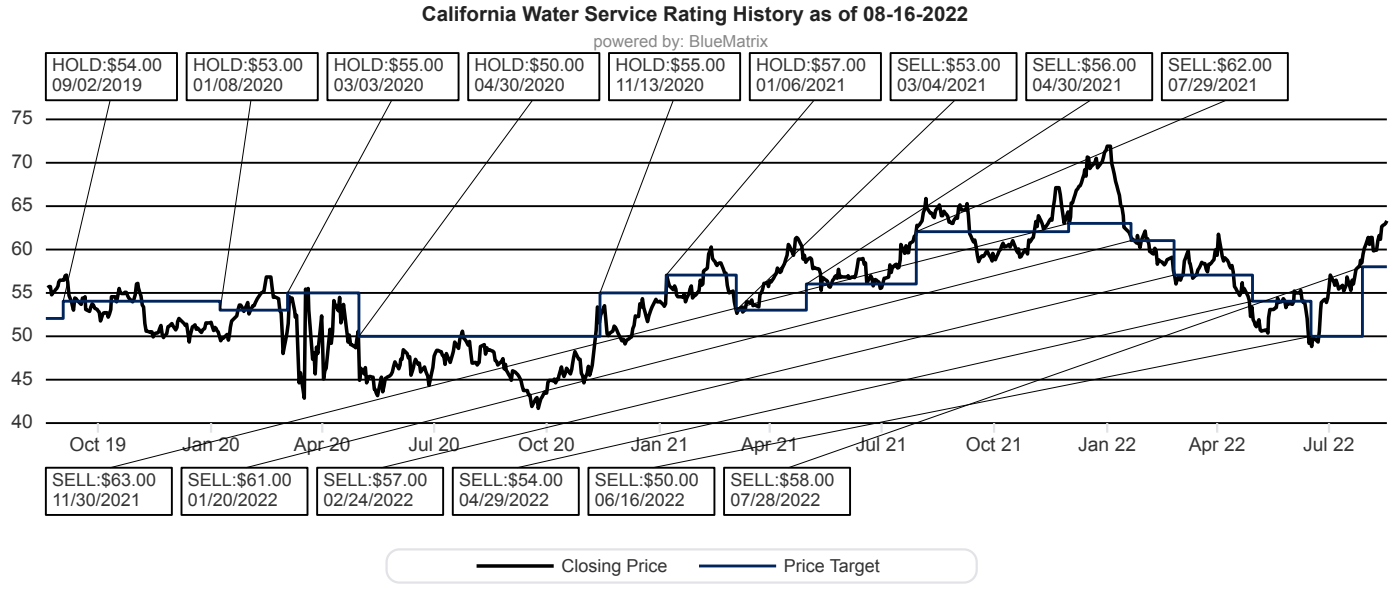

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

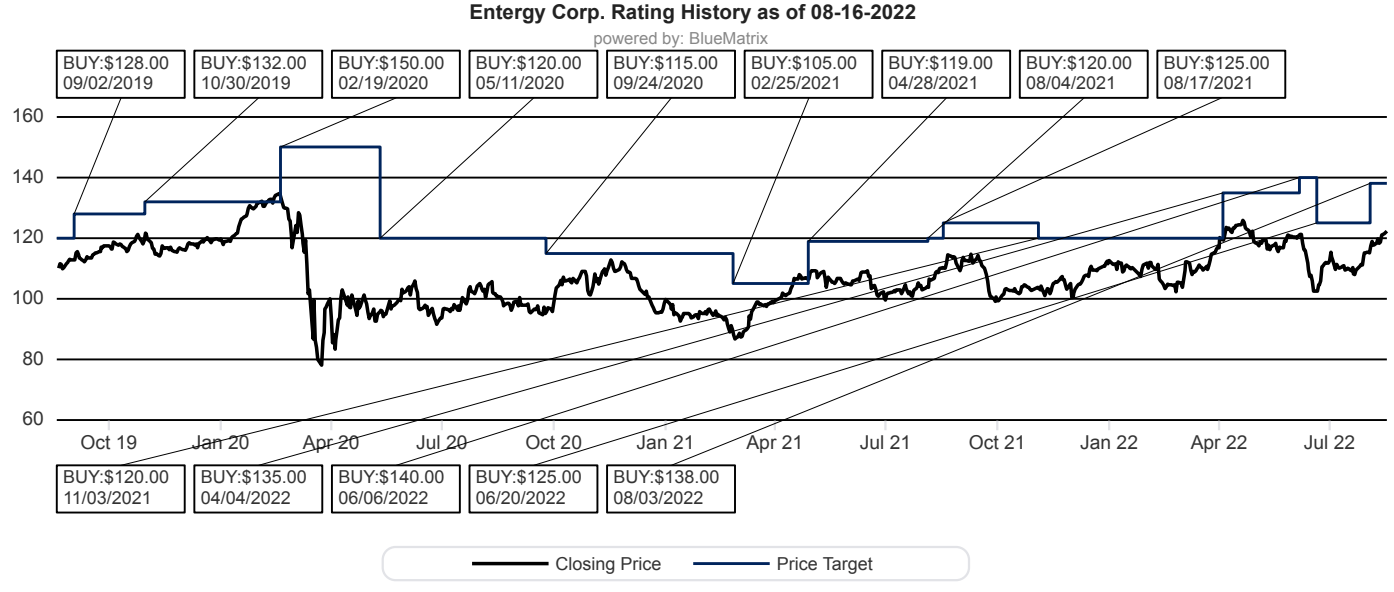

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

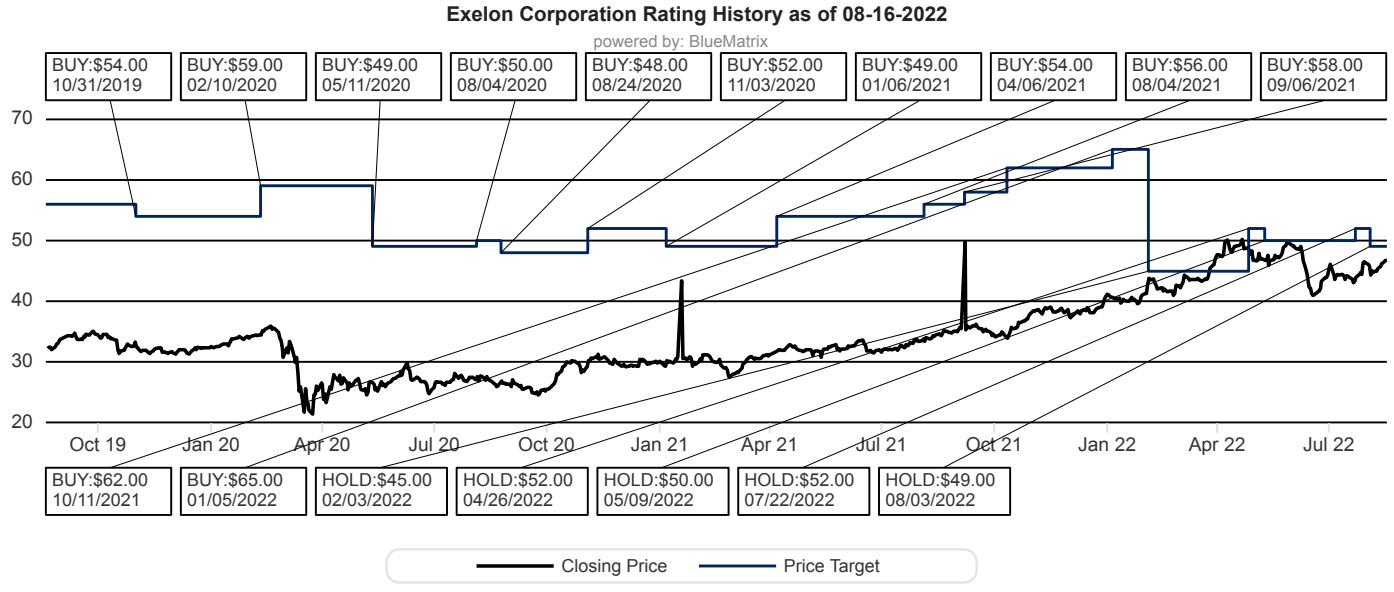

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC and/or its affiliates, have beneficial ownership of 0.5% or more of any class of the common stock of American Water Works Company, Inc..

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from American Water Works Company, Inc. in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of American Water Works Company, Inc..

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public offering of securities for an affiliate of American Water Works Company, Inc. within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of American Water Works Company, Inc..

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from American Water Works Company, Inc. in the next three months.

American Water Works Company, Inc. currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to American Water Works Company, Inc..

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in American Water Works Company, Inc..

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of American Water Works Company, Inc. in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from California Water Service in the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of California Water Service.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from California Water Service in the next three months.

California Water Service currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to California Water Service.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Entergy Corp. in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Entergy Corp..

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public offering of securities for an affiliate of Entergy Corp. within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Entergy Corp..

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Entergy Corp. in the next three months.

Entergy Corp. currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Entergy Corp..

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Entergy Corp..

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Entergy Corp. in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public offering of securities for an affiliate of Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

1=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

2=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

3=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of August 17, 2022
54.7% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
37.0% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
8.2% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 44.9% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 34.9% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 33.3% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department (“WFS Research”) personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company’s common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company’s common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company’s common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm’s fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited (“WFSIL”). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the “Act”), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU (“MiFID2”). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. (“WFSE”). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU (“MiFID2”). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, should not be considered a recommendation tailored to a particular investor with respect to (i) the security or securities or (ii) any investment strategy or strategies discussed in the report. Interested parties are advised to contact the entity with which they deal, or the entity that provided this report to them, if they desire further information or they wish to effect transactions in the securities discussed in this report. The information in this report has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Additional distribution may be effected via email, fax or regular mail. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research. Each of Wells Fargo Securities, LLC, Wells Fargo Securities International Limited and Wells Fargo Securities Europe S.A. is a separate legal entity and distinct from affiliated banks. Copyright © 2022 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & Clean Tech >> Power Points: IRA, FE, ETR transition, NI, SWX, Modules, EXC tax impact
- **Publication Date/Time** : Wednesday, August 17, 2022 05:15:02 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=IgKcTFLDF4VQnlD!Aza2aA__&reid=3DFE7EE07D6611ED918082A9945289B1

FLASH

Exelon

EXC-NSDQ	Rating	Price: Aug-16	Target	Total Rtn
	Outperform	$46.69	$51.00	12%

Cause I'm The Tax Man - Updated IRA Estimate

Bottom Line:
EXC released an 8-K this morning updating their estimated impact from the Inflation Reduction Act. **The company now expects the legislation could increase their cash tax payments by ~$200mn compared with the initial estimate of ~$300mn disclosed on the 2Q22 earnings call**. We continue to see the impact on FFO as manageable as the company has a variety of tools to offset the impact. **We reiterate our Outperform rating and $51 price target.**

Key Points

With the Inflation Reduction Act (IRA) signed into law yesterday, EXC updated their estimated impact of the 15% corporate alternative minimum tax. The company now expects that the legislation could increase cash tax payments by ~ $200mn per year, beginning in 2023. This is an approximately ~$100mn reduction from the potential ~$300mn per year impact the company had identified in conjunction with their 2Q22 results.

With the language of the final legislation being modestly tweaked after the company's 2Q call, we believe investors were expecting the company's initial estimate to be revised downward due to the inclusion of accelerated depreciation. **While the $100mn reduction is positive in absolute terms, it may have been slightly below investor expectations.**

Nevertheless, we continue to see the cash flow impact as manageable and note that the company has sufficient cushion relative to their 12% downgrade threshold. **We estimate that the ~$200mn headwind would decrease CFO Pre-WC to Total Debt by ~50bps from its current healthy ~13.5% range in 2023 (and our original ~80bps decline estimate).**

We continue to see several mitigation actions available to the company including EPS-accretive O&M management as well as modestly dilutive capex reductions and incremental equity financing available to manage the potential impacts. Although sustainability will be the primary limitation, we see O&M management as the best and most impactful mitigant. Modest incremental equity is the next best option relative to any reduction in capex, given it does not reduce the FFO associated with new investments. **A combination of O&M cuts ($45mm, 10bps, +$0.03-0.04 accretive), lower capex ($500mm, 10bps, ~$0.02-0.03 dilutive), and higher equity ($500mm 20 b/p, ~$0.02 dilutive) could offset 40bps and be roughly breakeven to our current forecast.**

We reiterate our Outperform rating and $51 price target.

For disclosure statements, including the Analyst Certification, please refer to page(s) 2 to 5.

BMO Capital Markets

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (212) 885-4007

Edward M DeArias, CFA — Associate
edward.dearias@bmo.com — (212) 702-1200

Tanmay Pandit — Associate
tanmay.pandit@bmo.com — (929) 837-9154

Legal Entity: BMO Capital Markets Corp.

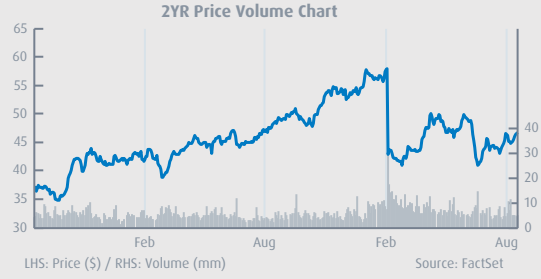

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 85% of rate base.

EXC-NSDQ Research

Glossary

Company Models

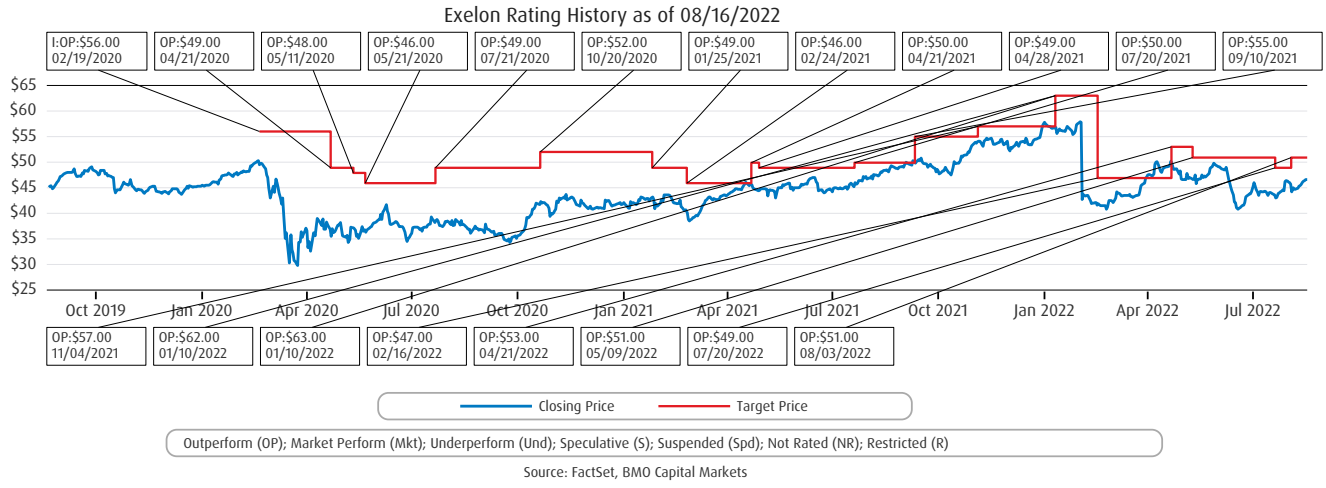

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC generation assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Failure to pass a version of the "Clean Energy Jobs Act" in the upcoming legislative session that sufficiently expands financial support for EXC Gen's nuclear plants would cause us to re-evaluate our rating, all else equal. The Governor's opposition to the existing Formulaic Based Rate Plan in IL may result in a new set of regulations that could be adverse to the company's ComEd Utility. Nuclear operations are subject to additional safety and regulatory oversight.

Distribution of Ratings (August 16, 2022)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	53.7 %	18.2 %	51.5 %	56.6 %	58.8 %	57.7%
Hold	Market Perform	44.5 %	19.0 %	44.4 %	42.0 %	38.3 %	37.5%
Sell	Underperform	1.7 %	44.4 %	4.0 %	1.3 %	2.9 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents

have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at August 17, 2022, 13:02 ET. and disseminated at August 17, 2022, 13:02 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2022 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Inflation Reduction Act: Increasing Our Confidence in Utilities' Long-Term Growth

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Analyst Note 16 Aug 2022

Our initial analysis of the U.S. Inflation Reduction Act that President Joe Biden plans to sign on Aug. 16 has led us to reaffirm or make slight increases to our fair value estimates for U.S. utilities. We are reaffirming our moat and moat trend ratings.

Overall, the act gives us more confidence in our 5%-7% annual average long-term growth outlooks for most utilities. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 7%-8% long-term annualized total returns even if valuation multiples compress, as we think they will. We consider the sector 13% overvalued on a median basis.

Utilities likely will not benefit directly from the act's clean energy tax credits since they will pass the savings to customers. However, utilities should benefit indirectly from lower regulatory risk as tax benefits offset bill increases related to their growth investments. Utilities with the largest share of renewable energy investments relative to their total investment budgets should have an easier time hitting their earnings growth targets without substantial customer bill increases.

Electric utilities should benefit from more electricity demand and infrastructure growth opportunities if the act speeds adoption of electric vehicles and building electrification, two areas that have been slow to decarbonize.

Partially offsetting those customer benefits is the act's 15% minimum tax, which we estimate will raise cash taxes for most mid- and large-cap utilities. Ultimately, utilities will recover these higher taxes by raising customer bills. Customers also might lose the long-term benefits from accelerated tax depreciation, especially for utilities with large growth investment plans. The act's tax on book income

Important Disclosure
The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 16 Aug 2022
Estimates as of 03 Aug 2022
Pricing data through 15 Aug 2022 00:00
Rating updated as of 15 Aug 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 03 Aug 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Analyst Note 1
Morningstar Analyst Forecasts 3
Methodology for Valuing Companies

Vital Statistics

Market Cap (USD Mil)	46,316
52-Week High (USD)	50.71
52-Week Low (USD)	33.87
52-Week Total Return %	30.4
YTD Total Return %	8.5
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.5
Price/Fair Value	1.14

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*20.5*	*19.0*
EV/EBITDA	10.0	10.9	*12.6*	*11.6*
EV/EBIT	27.8	35.0	*24.1*	*21.0*
Free Cash Flow Yield %	-9.3	-8.8	*32.1*	*-2.5*
Dividend Yield %	5.1	3.7	*2.9*	*3.1*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,414*
Net Income YoY %	0.3	-45.8	*31.1*	*7.9*
Diluted EPS	3.22	1.74	*2.28*	*2.46*
Diluted EPS YoY %	—	-45.9	*31.1*	*7.6*
Free Cash Flow	324	8	*12,819*	*-307*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

rather than taxable income might cause a slight near-term reduction in utilities' cash flow but should accelerate long-term earnings growth. We don't expect this tax change to have a material impact on our long-term valuations.

We think the act will only exceed its target 40% carbon emissions reduction from 2005 if tax incentives lead to more electric vehicle purchases, building electrification, and energy efficiency. We estimate the transportation, residential, commercial, and industrial sectors must reduce their emissions 14% by 2030 to meet the act's target. This will take a substantial acceleration of carbon emissions reductions for these sectors, which have cut their carbon emissions by only 12% during the last 15 years, according to the U.S. Environmental Protection Agency data.

The power generation sector, which primarily contains utilities, has already cut carbon emissions more than 40% since 2005. We estimate growth in wind and solar energy will result in a 64% reduction in power generation carbon emissions by 2030 based on utilities' investment plans, state policies, and corporate renewable energy demand. We think it's unlikely the act will result in any carbon emissions reductions in the power generation sector incremental to our forecast without more solar and wind manufacturing capacity and a faster regulatory process for project development.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*7.9*	*12.0*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*7.6*	*11.5*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.2*	*27.2*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*145.7*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.3*	*12.8*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.6*	*14.2*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.1*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.7*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.48*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*20.5*	*19.0*
EV/EBITDA	10.0	10.9	*12.6*	*11.6*
EV/EBIT	27.8	35.0	*24.1*	*21.0*
Free Cash Flow Yield %	-9.3	-8.8	*32.1*	*-2.5*
Dividend Yield %	5.1	3.7	*2.9*	*3.1*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,530	15.6	12.64
Present Value Stage II	13,992	17.4	14.12
Present Value Stage III	54,003	67.1	54.49
Total Firm Value	**80,525**	**100.0**	**81.25**
Cash and Equivalents	1,182	—	1.19
Debt	0	—	-42.80
Preferred Stock	—	—	—
Other Adjustments	500	—	0.50
Equity Value	**39,790**	**—**	**40.15**
Projected Diluted Shares	991		
Fair Value per Share (USD)	**41.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*342*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***2,980***
Income Tax Expense	774	373	370	*525*	*566*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,414***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.46***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,414*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.46***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,743*	*1,314*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,936***	***10,923***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,632***	***115,422***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,714*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,798***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*500*	*500*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,623*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,626***	***36,624***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,626***	***36,624***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,414*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*220*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,934***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*500*	—
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-10,717***	***-288***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,561***	***-1,429***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

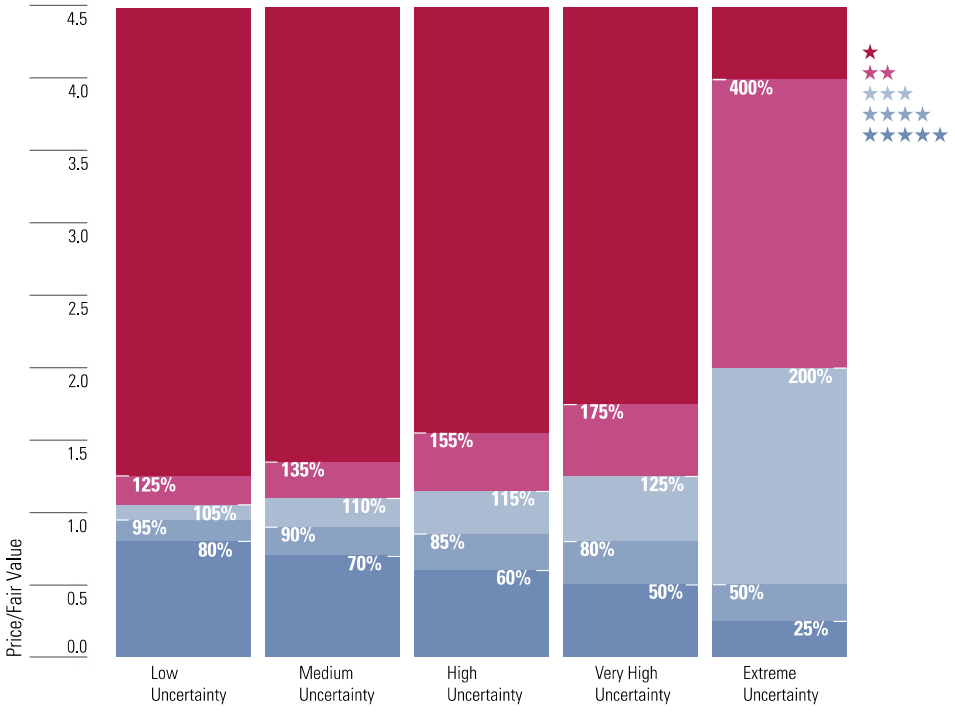

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
46.70 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

KeyBanc Capital Markets

Alert

August 15, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: EXC, XEL, AEE, AVA, DUK, CNP, FE, NWE, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We have a full slate of meetings and dinners planned at the EEI and invite you to join us. In the upcoming week, we are tracking proceedings in EXC's DE gas rate case, FERC's transmission planning NOPR, XEL's CO gas rate case, AEE's IL FRP, AVA's WA rate cases, DUK's Carbon Plan, and EXC's MD electric rate case. In other news, a federal appeals court vacates MISO's transmission ROEs set by FERC; the MN PUC issues an order in Uri-related gas cost recovery proceedings; FE reaches a settlement to keep 2 WV coal plants running past 2028; the MT PSC denies NWE's application for preapproval of the 50 MW Beartooth battery project; SDG&E partners with Mitsubishi on four CA battery projects; AEE joins partnership to plan a regional hydrogen hub in the Midwest; and the WA governor appoints a third commissioner to the UTC.

ICYMI

Renewables Reboot — Last week we published a thesis refresh on the renewable names (we upgraded FSLR to Overweight and raised our price target on Overweight-rated ENPH and NEP) following the Senate's vote to pass the IRA 2022. See our note here.

KBCM Invites You to Join Us at the EEI Financial Conference from November 13-15 in Hollywood, FL. Scroll down for our full schedule, including dinners with **PEG** and **NWE**.

Regulatory Calendar

Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

EXC — Rebuttal testimony in Delmarva's DE gas rate case is scheduled for August 15: DE PSC Staff previously filed testimony in Delmarva's rate case (Docket: D-22-0002) recommending a $9.0M revenue increase based on a 9.28% ROE and 49.94% equity layer. With the inclusion of the DSIC, the net increase is $3.2M. EXC is seeking a $20.3M rate increase based on a 10.3% ROE and 49.94% equity. The increase includes $5.8M for the distribution system improvement charge, or DSIC, making the net increase requested $14.5M. EXC is seeking rates to be effective August 14, based on a 2021 test year. The previous gas rate case concluded in 2021 and authorized a rate increase of $6.7M based on a 9.6% ROE and 50.37% equity layer.

FERC — Initial comments on FERC's transmission planning NOPR are due by August 17: FERC issued a NOPR in April to address regional transmission planning and cost allocation to facilitate renewables integration (FERC Docket RM21-17). The NOPR focuses on encouraging long-term transmission planning with a specific focus on meeting transmission needs driven by the growth of renewable generation. The rule also provides more authority to states in terms of transmission planning. Highlights of the rule include: **1) Proposed Changes to Regional Transmission Planning —** Transmission providers will be asked to identify transmission needs and plan on a long-term basis with changes in the resource mix and demand in mind. The rule will ask that multiple long-term scenarios be used that include the effects of extreme weather, state and local laws, resource retirements, and generator interconnection requests. Under the new proposals, developers will not be able to get CWIP rate treatment, thus putting a further onus on the developers to complete the project before earning a return. **2) Proposed Changes to Cost Allocation —** The proposal gives states reasonable power in that transmission providers will be asked to seek state approvals regarding cost allocation for the transmission facilities selected and establish a cost allocation method in agreement with the states. Early buy-in from states could help in alleviating issues with project siting. FERC is also proposing incumbent transmission owners a right of first refusal for jointly owned regional projects. FERC's last major transmission planning initiative was Order 1000, a decade ago. The NOPR proposes to amend Order 1000 to eliminate the federal right of first refusal for projects selected for regional cost allocation. We wrote here on some of the early comments that were filed.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

XEL — Evidentiary hearings begin in PSCo's gas rate case on August 17: In rebuttal, PSCo (Docket: 22AL-0046G) reduced the requested revenue increase (to reflect updated data) by $12.6M to a $94.5M net revenue increase, which is net of the $107.5M revenue being collected through the PSIA rider. Other parameters including the 10.25% ROE, 55.66% equity layer, and 2022 test year are unchanged. XEL also maintained the $40M and $41M revenue increases for November 2023 and November 2024, respectively. This compares to CO PUC Staff's filed testimony recommending a $31M net revenue increase, based on a 9% ROE and 55% equity layer. Staff recommended that the PUC use a historical test year and that the commission reject the revenue increases requested for 2023 and 2024. A final decision is expected in October, and PSCo requests rates to be effective on November 1.

AEE — Staff's rebuttal testimony in AEE's IL FRP is scheduled for August 18: In rebuttal testimony, AEE increased its revenue requirement to $83.7M (+$0.5M). This compares to Staff testimony, proposing a 50% equity layer vs. the Company's proposed 53.99% equity and recommending a $62M rate increase. AEE initially requested an $83.2M rate increase on a 7.85% ROE, 53.99% equity, and a rate base of $3.9B. The ROE of 7.85% is formulaic. A final decision is expected by the end of 2022, with new rates effective in January 2023. This may be AEE's last FRP filing in IL with the next rate review likely being an MYRP. The ICC is expected to approve PBR to be used under the new framework this fall.

AVA — Rebuttal testimony in AVA's WA electric and gas rate case is scheduled for August 19: As background, WA AG's Public Council Unit filed testimony opposing the multi-party settlement previously reached. In its testimony, the PCU contends that AVA overstated the request for rate increases in Y1 and Y2 and that the settlement is higher than AVA's revenue deficiency. The PCU determined that AVA requires electric revenue increases of $0.4M and $2.8M, and gas revenue increases of $1.7M and $0.2M in RY1 and RY2, respectively. The PCU concludes that the ROR should be 6.46%, compared to the 7.03% ROR in the settlement. This compares to the settlement agreement for increases of $39.0M and $12.5M for electric, and $7.5M and $1.5M for gas in RY1 and RY2, respectively. The PCU compared its analysis to AVA's initial request due to the black-box nature of the settlement. Settlement hearings begin on September 19 and new rates are expected to go into effect in December 2022.

DUK — Direct testimony in the 2022 NC Carbon Plan is due on August 19: DUK has offered four portfolios as part of its 2022 carbon plan, which outlines a path to 70% carbon reduction by 2030 and requires the utilities to be carbon-neutral by 2050. One of the portfolios achieves 70% CO_2 reduction by 2030 and the other three achieve the target between 2032 and 2034 and include offshore wind, small nuclear, or both. NCUC will rule on the plan by the end of 2022. See our note here where we discuss the Carbon Plan in detail.

EXC — Intervenor testimony in Delmarva's MD multiyear electric rate case is due on August 19: EXC's MD sub is requesting a cumulative rate increase of $37.5M for the three years 2023-2025, based on a 10.25% ROE and 50.5% equity layer. DP&L is requesting (Docket No. 9681) a $22.7M increase in 2023, followed by $7.9M and $6.8M in 2024 and 2025, respectively. The net increase in rates after accelerating the refund of certain regulatory liabilities will be $11.4M in 2023, $11.6M in 2024, and $14.5M in 2025. This is Delmarva's first multiyear plan filing in MD after the PSC adopted rules in 2020 allowing multiyear rate plans. A PSC decision is expected before the end of the year with new rates effective January 1, 2023.

Recent Developments for Companies Under Our Coverage

From our midweek: NWE filed its 2022 MT electric and gas rate cases. In other news, ED's renewables business is seeing interest from European energy companies; DEP files a petition with the SC PSC for securitization of storm costs; PUCT gets a full house as the fifth commissioner is appointed; the city of Chicago and CEG announce a renewables power agreement; DTE and Ford announced a 650 MW solar partnership; AEP CEO Nicholas Akins will step down at the end of the year and be replaced by current CFO Julie Sloat; AVA announces management changes, and the EIA released its August Short-Term Energy Outlook.

Federal appeals court vacates MISO transmission ROEs set by FERC, taking the process back to the start line: In what has been a decade-long saga, a federal appeals court for the DC Circuit vacated a FERC order setting MISO ROE for transmission. For some history, this decision stems from a 2013 complaint that argued that MISO ROEs were too high. FERC in response, through a series of steps, lowered the MISO ROE from 12.38% to 10.32%, then revised it further down to 9.88% as it decided to remove the risk premium. At this point, the MISO transmission owners sought reconsideration from FERC and FERC added the risk premium back and set the ROE at 10.02%. The federal appeals court in its ruling said that the FERC was unable to explain its decision-making and vacated the FERC's orders taking the process back to the starting line.

CNP, XEL — MN PUC issues order in Uri-related gas cost recovery proceedings: MN PUC issued a final order in the Uri-related gas cost recovery proceedings. We see the outcome as constructive. While we are still waiting on the release of the final order on the docket, according to news reports, the PUC ruled to disallow $35.7M and $19M for CNP and XEL, respectively. The full amounts that CNP and XEL were seeking prudence review of were $409M and $179M, respectively. The companies have been recovering since September 2021. We believe that this was the last major Uri-related cost recovery docket that was pending.

FE — FE reaches a settlement to keep two WV coal plants running past 2028: As part of the settlement, FE agreed to invest $142M in the 1,098 MW Fort Martin plant and the 1,984 MW Harrison plant to meet Effluent Limitation Guidelines. The investments

include wastewater upgrades, which must be completed by 2028, and the settlement calls for extending the lives of the Fort Martin plant and Harrison plant until 2035 and 2040, respectively. FE will be allowed to recover the costs through a surcharge at a 9.8% ROE beginning January 1, 2024.

NWE — MT PSC denies the application for preapproval of 50 MW battery project: The commission formally dismissed NWE's request for the preapproval of the 50 MW Beartooth Battery project. The commission pointed to the recent decision by a MT hudge to overturn the Electric Utility Industry Generation Reintegration Act, or the MT preapproval law, as the reasoning. NWE has not determined the future path for the battery project, although the Company could still plan on building the project and then seeking recovery in a future rate case. Additionally, NWE has requested a reliability rider in its latest rate case filing, which, if approved, could potentially apply to the project offering reassurance.

SRE — SDG&E partners with Mitsubishi on four CA battery projects: SRE has selected Mitsubishi to provide storage solutions for four microgrid projects in the San Diego area. The projects have received CPUC approval and will total 39 MW of BESS. The battery storage is intended to improve grid reliability during peak-demand periods, including peak evening hours, when solar generation is unavailable. SRE has identified the need for 1.5 GW of battery storage by 2030 across SDGE's service territory to meet its net zero objectives.

AEE — AEE joins partnership to create a regional hydrogen hub: AEE announced a partnership with a number of businesses to create the Greater St. Louis and IL Regional Clean Hydrogen Hub Industrial Cluster. The collaboration aims to develop infrastructure to meet individual and regional decarbonization goals. The DOE is expected to announce a full funding opportunity in the fall of 2022 for the previously released selection criteria for up to $8B of federal funding for hydrogen development projects, over a period of five years. The department plans to designate 6-10 hydrogen hubs with each receiving up to $1.0B-$1.25B in federal funding, and preference will be given to projects led by a single entity but include "numerous key partners or sub-recipients that will bring together diverse technologies." The DOE plans to select at least one hub focused on the production of hydrogen from fossil fuels, one on renewable energy, and one on nuclear energy.

AVA — WA governor appoints third commissioner to UTC: Governor Inslee appointed Milton Doumit to the WA UTC, filling the final seat of the three-member commission and one that has been open since March. Commissioner Doumit's term will begin September 1 and extend through January 2023. Governor Inslee (D) was required to appoint a Republican or non-affiliated commissioner, as the commission is not allowed to have more than two representatives of the same party, and current Commissioner Rendahl and Chair Danner are both Democrats. AVA has a current rate case pending before the commission.

KBCM EEI Schedule

Tentative Agenda (All Times Eastern):

Sunday, November 13, 2022

12:00 PM – Eversource Energy (ES)
1:00 PM – CenterPoint Energy, Inc (CNP)
2:00 PM – Xcel Energy Inc. (XEL)
3:00 PM – Sempra Energy (SRE)
4:00 PM – WEC Energy Group, Inc. (WEC)
5:00 PM – Atlantica Sustainable Infrastructure plc (AY)
*Dinner – Dinner with Public Service Enterprise Group Incorporated (PEG)**

Monday, November 14, 2022

8:00 AM – Duke Energy Corporation (DUK)
8:45 AM – Avangrid, Inc. (AGR)**
9:00 AM – Pinnacle West Capital Corporation (PNW)
10:00 AM – Exelon Corporation (EXC)
11:00 AM – Edison International (EIX)
12:00PM – DTE Energy Company (DTE)
1:00 PM – NorthWestern Corp (NWE)
2:00 PM – American Electric Power Company, Inc. (AEP)
3:00 PM – Portland General Electric Company (POR)
4:00 PM – FirstEnergy Corp. (FE)

*Dinner – Dinner with NorthWestern Corp (NWE)**

Tuesday, November 15, 2022

7:00 AM – Entergy Corporation (ETR)
7:00 AM – Southern Company (SO)
8:00 AM – Ameren Corporation (AEE)
9:00 AM – CMS Energy Corporation (CMS)
10:00 AM – Consolidated Edison, Inc. (ED)
11:00 AM – Avista Corporation (AVA)
11:00 AM – Otter Tail Corporation (OTTR)

**Dinner event.*
***30-minute meeting.*

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	8/15/2022	Delmarva Rebuttal Testimony
	Transmission Planning NOPR	FERC	RM21-17-000	Transmission	8/17/2022	Initial Comments Due
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	8/17/2022	Evidentiary Hearings Begin
IL	Ameren Illinois	AEE	D-22-0297	Electric	8/18/2022	Staff/Intervenor rebuttal testimony due
WA	Avista Corp.	AVA	D-UE-220053	Electric/Gas	8/19/2022	Avista Rebuttal Testimony
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	8/19/2022	Direct Testimony Due
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	8/19/2022	Intervenor Testimony
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	8/24/2022	Staff/Intervenor Testimony
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	8/24/2022	Staff/Intervenor Rebuttal Testimony
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	8/26/2022	Staff and Intervenors Testimony
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	8/26/2022	Intervenor Direct Testimony
IL	Ameren Illinois	AEE	D-22-0297	Electric	8/30/2022	AEE surrebuttal testimony due
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	8/30/2022	Prefiled Direct Testimony
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	9/1/2022	Report on SCE's RAMP Submission
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	9/2/2022	Staff and Intervenor Testimony Due
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/2/2022	Surrebuttal Testimony
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	9/2/2022	Staff Direct Testimony
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	9/2/2022	Staff and Intervenor Testimony Due
IL	Ameren Illinois	AEE	D-22-0297	Electric	9/7/2022	Evidentiary hearings begin
	Short-Term Energy Outlook	EIA			9/7/2022	STEO release
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	9/7/2022	Settlement Conference
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	9/9/2022	Rebuttal Testimony
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	9/9/2022	Rebuttal Testimony Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
						Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	24.3	Sector Weight	NA	$94.83	2.5%	58%	4.07	4.33	4.64	23.3x	21.9x	20.4x	4.08	4.37	4.66	23.3x	21.7x	20.3x
AEP	American Electric Power Company Ir	52.0	Sector Weight	NA	$103.78	3.0%	63%	4.99	5.35	5.72	20.8x	19.4x	18.1x	5.00	5.28	5.61	20.8x	19.7x	18.5x
CMS	CMS Energy Corp	19.9	Sector Weight	NA	$69.67	2.6%	64%	2.90	3.16	3.44	24.0x	22.0x	20.3x	2.88	3.14	3.40	24.2x	22.2x	20.5x
CNP	CenterPoint Energy Inc	20.1	Overweight	$34	$32.50	2.0%	47%	1.38	1.50	1.64	23.6x	21.7x	19.8x	1.38	1.50	1.62	23.5x	21.6x	20.0x
D	Dominion Energy Inc	68.1	Overweight	$88	$82.83	3.2%	65%	4.12	4.36	4.64	20.1x	19.0x	17.9x	4.12	4.38	4.68	20.1x	18.9x	17.7x
DTE	DTE Energy Co	25.8	Sector Weight	NA	$134.91	2.6%	59%	6.02	6.25	6.65	22.4x	21.6x	20.3x	6.02	6.29	6.71	22.4x	21.5x	20.1x
DUK	Duke Energy Corp	83.5	Overweight	$116	$110.25	3.6%	74%	5.44	5.78	6.14	20.3x	19.1x	18.0x	5.45	5.75	6.11	20.2x	19.2x	18.0x
ETR	Entergy Corp	24.2	Sector Weight	NA	$121.01	3.4%	64%	6.31	6.69	7.17	19.2x	18.1x	16.9x	6.36	6.75	7.21	19.0x	17.9x	16.8x
ES	Eversource Energy	31.7	Sector Weight	NA	$93.11	2.7%	62%	4.12	4.38	4.65	22.6x	21.3x	20.0x	4.10	4.38	4.68	22.7x	21.3x	19.9x
ED	Consolidated Edison Inc	34.9	Underweight	$75	$99.11	3.2%	71%	4.47	4.79	5.06	22.2x	20.7x	19.6x	4.50	4.82	5.09	22.0x	20.6x	19.5x
EIX	Edison International	26.3	Sector Weight	NA	$70.75	4.0%	62%	4.57	4.85	5.14	15.5x	14.6x	13.8x	4.50	4.86	5.17	15.7x	14.6x	13.7x
EXC	Exelon Corp	44.6	Overweight	$48	$46.17	3.0%	61%	2.24	2.43	2.60	20.6x	19.0x	17.8x	2.26	2.42	2.59	20.4x	19.1x	17.9x
FE	FirstEnergy Corp	22.9	Overweight	$47	$40.83	3.8%	65%	2.38	2.54	2.74	17.2x	16.1x	14.9x	2.41	2.53	2.72	17.0x	16.1x	15.0x
PEG	Public Service Enterprise Group Inc	33.3	Sector Weight	NA	$67.61	3.2%	62%	3.49	3.70	3.93	19.4x	18.3x	17.2x	3.47	3.58	3.94	19.5x	18.9x	17.2x
SO	Southern Co	82.8	Sector Weight	NA	$78.12	3.5%	76%	3.60	3.83	4.18	21.7x	20.4x	18.7x	3.58	3.80	4.13	21.8x	20.6x	18.9x
WEC	WEC Energy Group Inc	32.9	Overweight	$109	$105.64	2.8%	66%	4.39	4.62	4.83	24.1x	22.9x	21.9x	4.39	4.61	4.90	24.1x	22.9x	21.6x
XEL	Xcel Energy Inc	41.1	Overweight	$78	$75.96	2.6%	61%	3.18	3.45	3.63	23.9x	22.0x	20.9x	3.17	3.40	3.62	23.9x	22.4x	21.0x
					Average:	**3.0%**	**64%**				**21.2x**	**19.9x**	**18.6x**				**21.2x**	**19.9x**	**18.6x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AVA	Avista Corp	3.1	Sector Weight	NA	$43.82	4.0%	91%	1.94	2.47	2.62	22.6x	17.7x	16.7x	1.93	2.43	2.61	22.7x	18.0x	16.8x
NWE	NorthWestern Corp	3.1	Overweight	$64	$55.91	4.5%	77%	3.34	3.51	3.69	16.7x	15.9x	15.2x	3.30	3.51	3.73	17.0x	15.9x	15.0x
OTTR	Otter Tail Corp	3.3	Sector Weight	NA	$81.43	2.0%	23%	7.08	4.27	3.70	11.5x	19.1x	22.0x	7.06	4.26	3.60	11.5x	19.1x	22.6x
PNW	Pinnacle West Capital Corp	8.6	Underweight	$62	$77.32	4.4%	85%	3.97	4.24	4.45	19.5x	18.2x	17.4x	4.01	4.19	4.48	19.3x	18.5x	17.3x
POR	Portland General Electric Co	4.8	Sector Weight	NA	$54.66	3.3%	66%	2.81	2.94	3.08	19.5x	18.6x	17.7x	2.73	2.84	3.03	20.0x	19.2x	18.0x
					Average:	**3.7%**	**68%**				**18.0x**	**17.9x**	**17.8x**				**18.1x**	**18.1x**	**17.9x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AGR	Avangrid Inc	19.3	Underweight	$40	$50.89	3.5%	76%	2.45	2.20	2.31	20.8x	23.1x	22.0x	2.32	2.18	2.30	21.9x	23.3x	22.2x
NEE	Nextera Energy Inc	175.7	Overweight	$93	$90.47	1.9%	59%	2.90	3.08	3.34	31.2x	29.4x	27.1x	2.86	3.08	3.35	31.6x	29.4x	27.0x
SRE	Sempra Energy	51.5	Sector Weight	NA	$166.37	2.8%	54%	8.63	8.91	9.58	19.3x	18.7x	17.4x	8.59	8.98	9.58	19.4x	18.5x	17.4x
					Average:	**2.7%**	**63%**				**23.7x**	**23.7x**	**22.2x**				**24.3x**	**23.7x**	**22.2x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
CEG	Constellation Energy Corp	25.8	Overweight	$87	$81.50	0.7%	24%	1.26	4.21	4.63	64.7x	19.4x	17.6x	2.34	4.47	5.39	34.8x	18.2x	15.1x
NRG	NRG Energy Inc	9.5	Not Covered	NA	$41.67	3.4%	17%	NA	NA	NA	NA	NA	NA	8.26	4.30	5.26	5.0x	9.7x	7.9x
VST	Vistra Corp	10.6	Not Covered	NA	$25.88	2.7%	32%	NA	NA	NA	NA	NA	NA	2.18	2.24	2.47	11.8x	11.6x	10.5x
					Average:	**2.3%**	**24%**				**64.7x**	**19.4x**	**17.6x**				**17.2x**	**13.2x**	**11.2x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 3 - Stock Price Performance

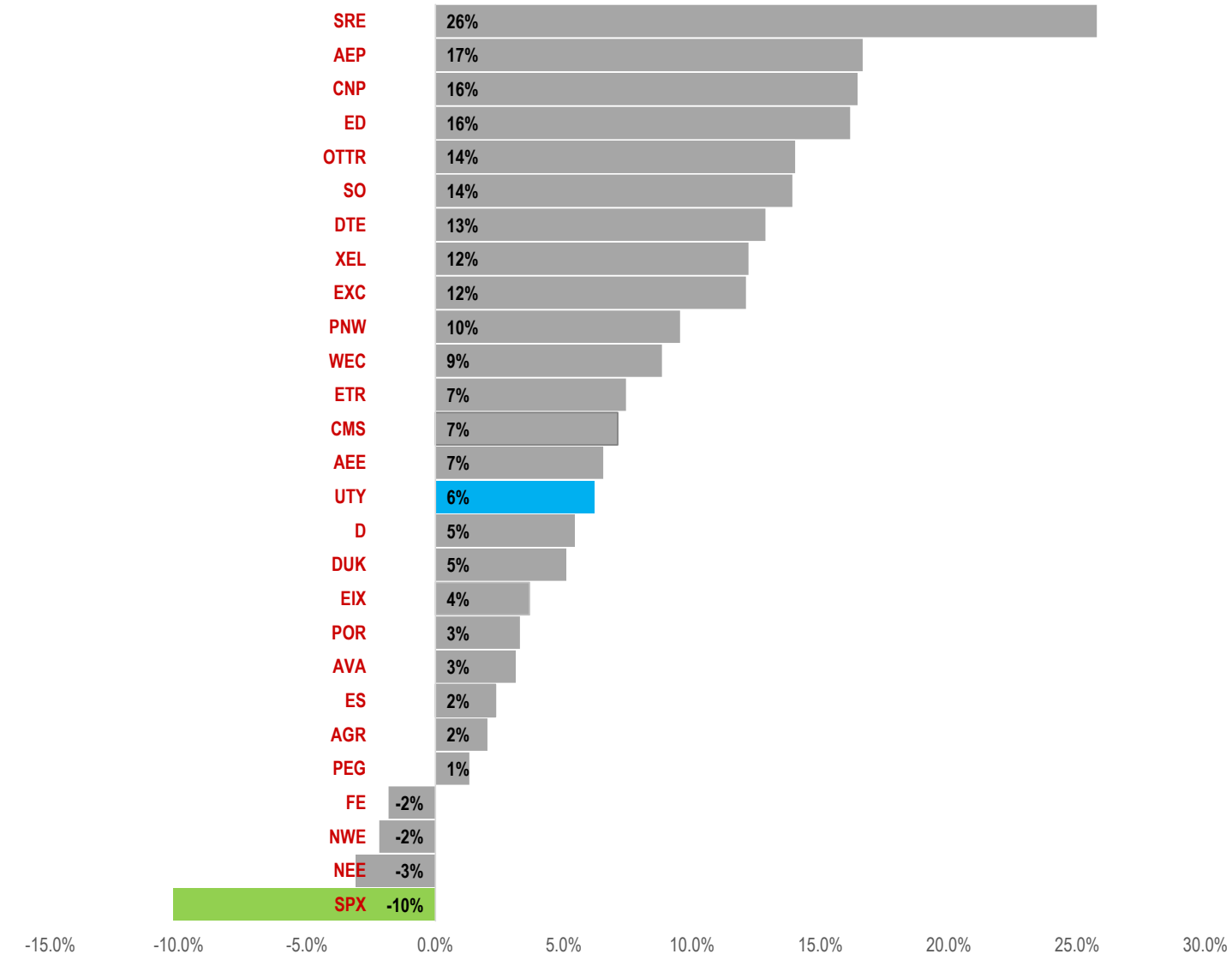

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

NWE: Long Awaited MT GRC Filing - First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	277	48.68	71	25.63
Sector Weight [SW]	280	49.21	60	21.43
Underweight [UW]	12	2.11	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	16	43.24	10	62.50
Sector Weight [SW]	18	48.65	10	55.56
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

August 08, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: CEG, EXC, XEL, CNP, AGR, AVA, ED, D, NWE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We wrap up 2Q earnings for the sector with D reporting results today. Aside from earnings, we are tracking proceedings in EXC's PA gas rate case, XEL and CNP's Uri-related storm cost proceedings, and NYSEG and RGE's electric and gas rate case. In other news, WA AG's office files response testimony to AVA's electric and gas rate case settlement; ED files to request an extension of the suspension date of its GRC; the SCC approves cost recovery for Coastal VA Offshore Wind Project; NWE files a notice of intent with the MT PSC for its electric and natural gas rate case filings; OR PUC approves two-partial settlements in AVA's OR natural gas rate case, and EXC announces the issuance of $500M of common stock:

It is finally happening

The Senate passed the Inflation Reduction Act of 2022 on Sunday afternoon in an expected party line vote with VP Harris casting the tie-breaking vote. We could expect a vote in the House of Representatives in the coming week with the bill signed into law soon after. ICYMI, we wrote about the key energy/climate/renewable energy provisions here.

ICYMI

CEG — With Senate passing the IRA, it becomes highly likely that the bill is signed into law, we published a note raising our price target and highlighting how the Nuclear PTC included in the bill can be transformative for CEG since the assets now will resemble long-term contracted assets vs. a merchant portfolio subject to the volatility of merchant power prices. See our detailed note here.

Takeaways from Week 2 of Earnings

We concluded week two of utility earnings (with just D left to report this week). The key themes that we outlined last week remained the key points of discussion this week. With a week to digest the elements of the Inflation Reduction Act of 2022, managements were able to afford a more nuanced view on certain aspects of the bill including the corporate minimum tax provision as well as the direct pay and transferability of tax credits.

Corporate Minimum Tax: The provision applies to companies with pre-tax book income in excess of $1B. As is currently written, it would apply for the taxable years 2023 and beyond. Most utility managements opined that the provision would have little to no impact n the cash taxes paid, or that the impact would be mostly offset by available NOLs and the package of clean energy tax credits included in the bill (since these credits could be used to offset up to 75% of the minimum tax bill). Exelon, which is a pure T&D company, quantified the cash impact of the Corporate Minimum Tax at $300M per year, and was the only company to provide a clear outline of what the tax could entail. Others including SRE, WEC, DTE, DUK, and SO all pointed to the extra cash tax payment as manageable against available credits. We believe that once the bill is final, we will learn more about the specifics as to how they apply to each company and potential mitigating factors including passing them on to ratepayers through rate case proceedings or taking advantage of the tax credit transferability provision for cash accretions.

A favorable feature of the climate bill is the transferability of tax credits: While the IRA does not have the same direct pay provisions that the BBB included (except in the case of tax-exempt entities such as munis and co-ops and for carbon sequestration and clean hydrogen projects), it does have the provision for transferability of tax credits. This means that utilities can transfer tax credits to a third party, effectively eliminating the need for a tax equity partner that has been the dominant way to monetize the tax credits until now. Under tax equity partnerships, developers typically tie up with cash-paying entities (usually banks) to enter a partnership and the process can be both expensive and complicated (not to mention that it delays the cash inflow to the developers until the tax equity partner is paid out) to execute. Several utility executives expressed support for the transferability option in that it would be simpler to execute and eliminate the need for a complicated tax equity structure. Overall, this should make it easier for utilities to own renewable projects.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Heatwaves in TX featured on CNP, ETR, CEG, and SRE's calls: All TX-exposed utilities highlighted the stronger volumes from the persistent and record heat waves in TX. CEG provided color on the performance of its natural gas fleet during the weather event. Aside from earnings tailwinds from the heat, the companies emphasized the importance of grid resiliency, vegetation management, and supplemental/mobile generation to meet the challenge. We expect grid resiliency to be a major factor in the ongoing ETR and Oncor rate cases. CNP recently reached a settlement in the DCRF filing and is in the process of making an additional filing for the mobile generators.

Regulatory Calendar

Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

EXC — Evidentiary hearings set to begin in PECO's PA gas rate case on August 11: Surrebuttal testimony was filed on August 4. PECO is seeking an $82M rate increase on a 10.95% ROE, 53.41% equity, on a rate base of $2.9B. The rate increase intends to cover gas main replacement programs and investments to comply with safety and reliability requirements. PECO's previous rate case was approved at a 10.24% ROE in mid-2021. A final decision is expected by the end of 2022 with new rates effective in January 2023.

XEL, CNP — MN Commission is expected to issue a decision in Uri-related storm cost proceedings on August 11: ALJ has previously concluded that XEL and CNP acted prudently and should be allowed full costs recovery of ~$179M and ~$409M, respectively. The MN ALJ ruling is a positive step toward resolving Uri-related dockets since the cost recovery issue in MN was complicated by a debate around the availability of LNG storage facilities when prices spiked. The MN DoC, an intervenor, recommended a $120M disallowance to XEL and a $45M disallowance to CNP.

AGR — Updated testimony in NYSEG's and RGE's electric and natural gas rate cases is due on August 12: AGR filed one-year electric and gas rate cases for both NYSEG and RGE. AGR is seeking a 10.2% ROE and 50% equity layer vs, its last rate filing, which were settled at an 8.8% ROE and 48% equity. AGR requests new rates to be effective May 1, 2023, just as its prior three-year rate case ends. The present rate case focuses on investments in increased reliability; storm response; spending related to the implementation of NY's Climate Law, which mandates 70% renewable generation by 2030; and the residual rate pressure deferred from the last rate case.

Recent Developments for Companies Under Our Coverage

From our midweek: In other news, Vogtle Unit 3 takes a big step toward fuel load with a 103(g) filing issued by the NRC, Ameren files MO electric GRC, SERI overhang drags on as LA, NOLA, and AR decline to opt into the settlement reached by MS with SERI on the Grand Gulf dockets, AGR reaches an agreement to assume operatorship of Vineyard Wind 1, DUK CFO named Chief Commercial Officer; Brian Savoy to assume the CFO position, XEL files a proposal with MN to implement a zero-carbon transportation plan by 2050, and AEP's SWEPCO issues multiple RFPs for up to 2.4 GW of renewable resources.

AVA — WA AG Office files response testimony in AVA's electric and gas rate case settlement: The WA AG's Public Council Unit filed testimony opposing the multi-party settlement previously reached. In its testimony, the PCU contends that AVA overstated the request for rate increases in Y1 and Y2 and that the settlement is higher than AVA's revenue deficiency. The PCU determined that AVA requires electric revenue increases of $0.4M and $2.8M, and gas revenue increases of $1.7M and $0.2M in RY1 and RY2, respectively. This compares to the settlement agreement for increases of $39.0M and $12.5M for electric, $7.5M and $1.5M for gas in RY1 and RY2, respectively. The PCU concludes that the ROR should be 6.46%, compared to the 7.03% ROR in the settlement, driving much of the delta. The PCU compared its analysis to AVA's initial request due to the black-box nature of the settlement. The settling parties will file a rebuttal on August 19, settlement hearings begin on September 19. New rates are expected to go into effect in December 2022.

ED — ED files to request an extension of the suspension date: ED submitted a request to extend the suspension date in the ongoing rate case proceedings from the current January 25, 2023, by another 60 days to March 26, 2023. The original suspension date was December 26. The extension would however be subject to a make-whole provision so that ED and its customers would be covered from January 1 through March 26 (i.e., the effective date of new rates would still be January 1). Delays in NY rate case settlements are not a new phenomenon and similar extensions have been made in previous NYS rate cases.

D — SCC approves cost recovery for Coastal VA Offshore Wind Project: VA SCC approves the $5.5M annual Rider PPA for cost recovery associated with the 2.6 GW CVOW project, effective September 1. As part of the order, D must file annual revisions for the Rider PPA. Furthermore, D must file a notice with the SCC within 30 calendar days if it determines the total project costs are expected to exceed the current $9.8B cost estimate or if the final turbine installation will be delayed beyond February 4, 2027. D must also file an annual rider update application and include any material changes to the project. The project is a critical part of the VCEA, which requires D to achieve 100% renewable power by 2045 and for the state to have 5.2 GW of solar by 2035. D is anticipating an in-service date by the end of 2026 and is currently securing approvals and permits for beginning construction in 2Q24.

NWE — NWE files notice of intent with MT PSC for electric and natural gas rate case filing: NWE filed the notice (docket 2022.07.078) with the expectation that it will file electric and gas rate cases in August. The rate cases will be the first MT electric and gas cases since 2018 and 2016, respectively. NWE will seek to include ~$700M in incremental investment into the rate base,

re-examine poorly functioning regulatory mechanisms such as the PCCAM, and address the need for contemporaneous recovery mechanisms in the filing. According to our math, we anticipate NWE's ask to be for ~$80M.

AVA — OR PUC approves two-partial settlements in AVA's OR natural gas rate case: The OR PUC issued an order adopting the two partial settlements as part of AVA's natural gas rate case. The adopted settlements result in a net revenue decrease of $1.4M, premised on a 9.4% ROE and 50% equity layer. The parties agreed to a $1.6M revenue increase but agreed to return annual tax credits of $2.2M and $0.8M, resulting in a net decrease. Rates will go into effect on August 22.

EXC — EXC announces the issuance of $500M of common stock: EXC announced a $500M issuance of shares, with the option for the underwriters to purchase an additional $75M of common shares within 30 days. Management has maintained its plans to issue $1B of equity by 2025, with half now complete. Timing for the remainder $500M issuance remains TBD and could come through one or more methods, including an ATM or a block offering. The potential issuance was discussed on the recent 2Q call.

Earnings Recap

AEE — AEE reported a lighter than estimated 2Q but maintained full-year guidance and the 6-8% LT growth rate. We believe that the next event to watch is a capex update that the Company usually provides with 4Q results. With an updated MO IRP (~$14B through 2040) and the recent allocations in the MISO Tranche 1 LRTP (~$1.8B+), we believe that both the five-year and 10-year capex plans have significant upside potential - lending support to the 6-8% long-term growth outlook. Otherwise, we are tracking the recently filed MO Electric GRC and a new rate filing in IL in early 2023, which will be an MYRP under the recently enacted IL Energy Law. See our note here.

ED — ED reported EPS of $0.64, ahead of our $0.56 estimate as results at CECONY exceeded our expectations. The Company maintained 2022 guidance and a long-term EPS growth rate of 5-7%. The two near-term catalysts worth watching are a potential settlement in the CECONY GRC and the outcome of the strategic review of the CEB business. See our note here.

SRE — SRE reported better than expected results as marketing and transportation revenue supported results at Sempra Infrastructure. Management reiterated guidance with a bias to the high end of 2022 estimates. At the regulated utilities, we are watching upcoming proceedings at SDG&E, SoCalGas, and Oncor. The focus of the call was the infrastructure segment where the momentum in LNG demand is allowing SRE to push forward on Cameron Phase 2 as well Port Arthur Phase 1 — both of which could potentially FID in 2023 if contracts are finalized earlier than anticipated. Progress is also ongoing on negotiations with the Mexican government on a slate of projects in Mexico. On the Inflation Reduction Act, SRE should benefit from increased electrification opportunities arising from the EV credits offered in the bill. While the Company could see the minimum corporate income tax provision raising its cash taxes, the impact should be manageable. See our note here.

DUK — DUK reported a strong quarter with results of $1.14 vs. our estimate of $1.11 and a consensus of $1.07, as it continues to see growth in usage and customers. As a result, DUK raised its growth forecast for the year to the 1.5-2% range and maintained its 2022 EPS guidance. DUK announced the commencement of a strategic review of its Commercial business and would look to use the proceeds of a sale to help strengthen the balance sheet and fund the regulated business capital plans. DUK has a significant opportunity ahead with the build-out for its clean-energy transition that will become clearer with the upcoming results of the Carbon Plan. See our note here.

CEG — CEG reported higher than expected 2Q22 EBITDA and reiterated 2022 guidance for gross margin and adjusted EBITDA. In addition, taking advantage of the stronger power curves, the Company added hedges to 2023 and 2024 and raised 2023 gross margin forecasts. The commercial business activity showed momentum in 2Q22 and could likely sustain if power prices remain elevated. Management is optimistic about the final passage of the IRA 2022, and we should hear about the capital allocation strategy on the 3Q call. In the meantime, it is business as usual as the Company continues to execute on its core operations. See our note here.

PNW — PNW reported another strong quarter on the heels of the continued customer and usage growth. The story remains the same with strong in-migration trends, guidance maintained, and PNW working toward the upcoming general rate case filing later this year. Notably, PNW maintained its O&M guidance for the year, which saw a $0.10 drag in the quarter, and is expected to see some headwinds in 2023 related to the pension as a result of market volatility, which management said would be unlikely to offset all the headwinds. See our note here.

ETR — ETR reported a strong quarter on the back of favorable weather trends and volume growth in its territory. 2Q results have substantially de-risked FY guidance, with the Company now expecting to come in at the upper half of the reaffirmed $6.15-$6.45 range while pulling forward some O&M. With that said, we expect that SERI settlement negotiations with remaining parties and related uncertainties will continue to weigh on the shares in the medium term. See our note here.

AVA — AVA reported 2Q EPS of $0.16 vs. consensus of $0.17, as the Others segment buoyed the performance of Utility. Subsequently, AVA maintained 2022 consolidated EPS guidance but lowered Utility guidance by $0.10 and offset it by raising guidance at the Other segment. AVA continues to battle challenging inflationary pressure, resulting in an increase in its capital plan and capital needs. The

Company expects some relief in 2023 with forecasts for inflation to rise at a lower level relative to this year and will recover some costs if its WA rate case settlement is approved. AVA has a busy regulatory calendar with two settlements awaiting approval, a recently filed AK rate case, and a pending ID rate case filing in 1Q23. See our note here.

EXC — EXC reported an in-line quarter, reiterated guidance, and detailed progress on the regulatory activity underway at its various jurisdictions. Of note is the Company providing additional color on the $1B planned equity issuance, with $500M scheduled for 2022. Management also quantified the potential impact of the minimum corporate tax proposed in the Inflation Reduction Act of 2022 — pegging it at $300M of additional cash taxes starting in 2024. It is still not clear what the additional cash taxes will mean for long-term capital plans or financial plans, or what the net impact could be after mitigants are considered. That said, the 2022 EPS guidance of $2.18-$2.32 remains intact as is the 6-8% long-term EPS growth rate. See our note here.

WEC — WEC reported another strong quarter to follow up 1Q, with another beat and raise in 2Q22. The Company reported EPS of $0.91, ahead of our estimate of $0.84, and raised its 2022 EPS guidance by $0.02 at the midpoint. WEC has a very executable capital plan and could see tailwinds from the IRA, EV adoption, and the MISO LRTP. The Company will be rolling forward its capital plan this fall, which could include some of these opportunities in the latter portion of the plan. WEC will also continue to work on its rate case in the back half of the year, which has historically resulted in constructive outcomes. See our note here.

PEG — PEG's 2Q results were in line and the guidance is unchanged at $3.35-$3.55, with the multi-year 5-7% CAGR also intact. Questions on the call, however, focused on the intra-period volatility in EPS as PEG addresses the potential pension headwinds depending on where the markets end the year. Management offered confidence in its ability to pursue several initiatives that could soften the potential pension impact (which could be some O&M management). On the positive, the Inflation Reduction Act, if passed, would be a significant plus for PEG's NJ nuclear portfolio and provide it with the stable long-term cash flow profile for which management has long been advocating. Capex is maintained for now, but depending on the offshore transmission awards, we could see some upside. No new details were offered on the offshore wind portfolio, but we expect that management remains open to options depending on how the market responds to assets currently on the market. See our note here.

OTTR — OTTR did not disappoint as it reported another quarter significantly ahead of consensus and raised guidance on the continued strong performance of the Plastics segment. OTTR shifted its future mix as it now expects the Plastics segment opportunity to be 25% larger than previously thought based on outside market data. OTTR maintained its long-term growth rate of 5-7%, which it reset off of 2024 earnings when it expects normalized earnings, after continued strong performance through the back half of 2022 and inventory build-up in 2023. OTTR is generating significant cash flow from its ancillary business and will use it for incremental rate base growth. See our note here.

CNP — CNP reported another strong quarter and raised 2022 guidance to reflect the strength in 1H results. Grid resiliency, especially in the wake of the recent heat waves, remains at the forefront of regulators and management, and we expect it to be a major part of the upcoming capex upgrade. The Company is benefiting from strong demographic trends and a robust C&I demand framework that does not appear to be showing any signs of a slowdown. Coal retirements and consequent renewable expansion continue in IN with another IRP expected next year. The Inflation Reduction Act is likely to play a part in how CNP structures the upcoming IRP. Overall, we expect to see more constructive capital spending opportunities with corresponding management of bill headroom through proactive O&M management. See our note here.

ES — ES reported an in-line quarter and narrowed 2022 guidance with the midpoint up modestly. The offshore wind portfolio is being actively marketed and the level of interest from potential acquirers appears robust—not surprising given the strong policy tailwinds and recent transaction history. Management spent a decent amount of time addressing the capital allocation priorities once the wind portfolio sale is concluded as it makes up for the EPS loss from offshore wind and maintains its targeted 5-7% long-term EPS growth range. See our note here.

NWE — NWE posted an in-line quarter in 2Q22 and maintained its 2022 EPS guidance. NWE is ramping up for a busy period as it looks to file electric and natural gas rate cases in MT in August. Additionally, the Company will be filing IRPs in SD and MT later this year and might be receiving some clarity around the future of Colstrip within the coming weeks. NWE will be proceeding through these filings with new leadership, as current COO Brian Bird will be stepping into the CEO role upon Bob Rowe's retirement at the end of the year. See our note here.

EIX — EIX reported quarterly results that were ahead of our estimates and consensus. Management reiterated 2022 core guidance of $4.40-$4.70 and the long-term 5-7% EPS CAGR. 2023 guidance will hinge on the outcome of the CoC docket in which EIX is seeking a higher ROE than the current 10.3%. Track 4 proceedings in the 2021 GRC have commenced, wildfire claim resolutions continue with ~89% of claims settled, and the timing to file for cost recovery with the CPUC is still late 2023. See our note here.

SO — SO reported EPS of $1.07 vs. our $0.81 estimate and guidance of $0.80, as it saw strong tailwinds from sales growth as the Southeast continues to outpace the rest of the country in growth. SO also benefited from much warmer weather including the second warmest June in the past fifty years. Although SO has performed well in the first half of the year, the Company maintained guidance

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

and will look at refreshing the range along with its 3Q earnings release. SO continues to progress on Vogtle 3, with only 2 ITAACs remaining, and will subsequently file for the 103(g) letter. Specifically, SO narrowed in-service dates to the back half of its previous ranges, which are 1Q23 and 4Q23 for Units 3 and 4, respectively. See our note here.

POR — POR posted EPS results of $0.72, which was significantly ahead of our $0.61 estimate and consensus of $0.55. POR was better positioned in 2Q22 due to favorable hydro conditions resulting from record snowfall and rainfall in the April-June period, allowing the Company to capitalize on favorable power markets. The beat led to POR raising its GAAP guidance and the introduction of non-GAAP guidance to adjust for the Company's future earnings power and remove the recent deferral ruling from operating earnings, which we view as a welcome development. POR noted that it is experiencing significant tailwinds from the industrial growth in its service territory, which should be further aided by the recent Chips act. In line with prior expectations, POR hopes to conclude its RFP process before the end of the year and could see elevated prices after the bidders refresh pricing due to inflation. See our note here.

CMS — CMS reported better than expected results and reiterated 2022 guidance. Favorable weather and O&M management in 1H provide a reasonable cushion as CMS heads into 2H. Constructive rate case outcomes further de-risk the 2022 earnings guide. With the IRP approved, we are looking next at a capex refresh and the potential options for financing the Covert gas plant that CMS agreed to buy as part of the IRP. The newly proposed Inflation Reduction Act should support renewables development as provided in the recent IRP. CMS is consistently executing on its core priorities and is well positioned to deliver on the 6-8% targeted long-term growth outlook, in our view. See our note here.

XEL — XEL posted an in-line quarter and subsequently reaffirmed 2022 guidance. Sales and customer growth remained strong, resulting in XEL raising its electric sales growth to 2% for the year even though the Company expects these benefits to be largely offset by inflationary pressures on O&M and higher interest costs. XEL maintained its five-year capital plan and noted that it will roll forward the plan with 3Q22 earnings, which could include the recent MISO Future 1 decision and incremental investment opportunities in transmission and renewables. See our note here.

DTE — DTE reported a lighter than expected quarter but raised guidance as some O&M factors leading to the 2Q miss level off in 2H. Guidance for 2022 was raised by $0.10 at the midpoint — expressing confidence in O&M management in the current inflationary environment. Load trends are shifting to pre-pandemic breakdowns (in line with expectations) and weather trends early in 3Q are pointing toward some tailwinds. The upcoming MI IRP remains the main item to watch in 2H. The recently announced Inflation Reduction Act of 2022 (aka revised BBB) should offer positive impetus for renewable developments as the energy transition unfolds. Thus far it appears that the headwinds from the minimum corporate income tax will be minimal. All in all, DTE continues to execute the plan with a firm handle on operations and regulations and is on target to deliver on the $18B five-year capex plan and long-term 5-7% EPS growth targets. See our note here.

FE — FE reported an in-line quarter with EPS of $0.53 vs. our estimate of $0.52. The Company results were boosted by contributions from a JV in a MT mining facility and lower interest expenses as a result of retiring ~$2.4B of Holdco debt in 1H22. Consequently, FE has received upgrades from Fitch and pulled its 13% FFO/debt target to 2023. The pension remains a headwind for the Company, which now expects a $0.30 drag on 2023 earnings as a result of market volatility. FE has identified a number of measures in the near term to offset the EPS impact and remains confident in its 2023 range and long-term EPS growth rate, while it has begun initial steps in exploring long-term alternatives. See our note here.

AEP — AEP reported 2Q22 EPS roughly in line with our and consensus estimates as it continues to experience strong load growth across its customer base. Specifically, the load has surpassed pre-pandemic levels and is in an expansion phase, which has the management team cautiously optimistic for the latter half of the year. However, management has kept 2022 forecasts the same, including an expected reduction in Commercial sales, up 4.1% YTD. We expect an update to load growth assumptions at the Company's analyst day on October 4. Other updates expected at the analyst day include an update on the KY Power sale, incremental data points to the contracted renewable asset sale, and the introduction of 2023 guidance. See our note here.

AGR — AGR reported strong 2Q results and maintained guidance for the year. Results bested our forecast on outperformance in the network segment. We expect the upcoming investor day to be the next pivot point at which management is likely to outline long-term financial targets and capital allocation optionality, including potential asset rotation or partnerships to fund the offshore capex, as well as a potential PNM closing. In the meantime, we are tracking the many rate cases in progress and an imminent court ruling on the NECEC project. See our note here.

NEE — NEE reported results ahead of expectations as FPL benefited from capex spending and NEER from stronger wind resources in the quarter. The call offered few incremental data points as it followed a detailed analyst day and the EPS guidance was maintained. NEER continues to show strong growth as management navigates the challenges posed by the UFLPA and the AD/CVD investigations. Notably, the 24-month tariff reprieve provided by the administration has resulted in projects being halted as a result of the investigation being restarted. As such, the growth from new projects at NEER will be back-end-loaded in the year. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
	Short-Term Energy Outlook	EIA			8/9/2022	STEO release
	CPI Release	BLS			8/10/2022	CPI release for Prior Month
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	8/11/2022	Evidentiary Hearings Begin
MN	Northern States Power Co.	XEL	G002/CI-21-610	Storm Cost	8/11/2022	Decision Expected
MN	CenterPoint Energy Minnesota Gas	CNP	G008/M-21-138	Storm Cost	8/11/2022	Decision Expected
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	8/12/2022	Updated Testimony
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	8/12/2022	Updated Testimony
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	8/15/2022	Delmarva Rebuttal Testimony
	Transmission Planning NOPR	FERC	RM21-17-000	Transmission	8/17/2022	Initial Comments Due
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	8/17/2022	Evidentiary Hearings Begin
IL	Ameren Illinois	AEE	D-22-0297	Electric	8/18/2022	Staff/Intervenor rebuttal testimony due
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	8/18/2022	Staff and Intervenors Testimony
WA	Avista Corp.	AVA	D-UE-220053	Electric/Gas	8/19/2022	Avista Rebuttal Testimony
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	8/19/2022	Direct Testimony Due
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	8/19/2022	Intervenor Testimony
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	8/24/2022	Staff/Intervenor Testimony
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	8/24/2022	Staff/Intervenor Rebuttal Testimony
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	8/26/2022	Intervenor Direct Testimony
IL	Ameren Illinois	AEE	D-22-0297	Electric	8/30/2022	AEE surrebuttal testimony due
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	8/30/2022	Prefiled Direct Testimony
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	9/1/2022	Rebuttal Testimony
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	9/1/2022	Report on SCE's RAMP Submission
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	9/2/2022	Staff and Intervenor Testimony Due
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	9/2/2022	Surrebuttal Testimony
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	9/2/2022	Staff Direct Testimony
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	9/2/2022	Staff and Intervenor Testimony Due

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	23.6	Sector Weight	NA	$91.30	2.6%	58%	4.05	4.35	4.61	22.5x	21.0x	19.8x	4.07	4.37	4.66	22.4x	20.9x	19.6x
AEP	American Electric Power Company Ir	51.1	Sector Weight	NA	$99.46	3.2%	63%	4.99	5.35	5.72	19.9x	18.6x	17.4x	5.00	5.28	5.61	19.9x	18.8x	17.7x
CMS	CMS Energy Corp	19.6	Sector Weight	NA	$67.61	2.7%	64%	2.90	3.16	3.44	23.3x	21.4x	19.7x	2.88	3.13	3.39	23.5x	21.6x	19.9x
CNP	CenterPoint Energy Inc	19.8	Overweight	$33	$31.47	2.1%	47%	1.38	1.50	1.64	22.8x	21.0x	19.2x	1.38	1.50	1.62	22.8x	21.0x	19.4x
D	Dominion Energy Inc	67.0	Overweight	$88	$82.57	3.2%	65%	4.12	4.38	4.66	20.0x	18.9x	17.7x	4.12	4.38	4.67	20.1x	18.8x	17.7x
DTE	DTE Energy Co	25.0	Sector Weight	NA	$129.10	2.7%	59%	6.03	6.27	6.63	21.4x	20.6x	19.5x	6.00	6.29	6.71	21.5x	20.5x	19.2x
DUK	Duke Energy Corp	84.0	Overweight	$116	$109.16	3.7%	74%	5.44	5.78	6.14	20.1x	18.9x	17.8x	5.45	5.75	6.13	20.0x	19.0x	17.8x
ETR	Entergy Corp	24.0	Sector Weight	NA	$117.74	3.5%	64%	6.31	6.69	7.17	18.7x	17.6x	16.4x	6.36	6.75	7.19	18.5x	17.4x	16.4x
ES	Eversource Energy	31.3	Sector Weight	NA	$90.38	2.8%	62%	4.12	4.38	4.65	21.9x	20.6x	19.4x	4.10	4.38	4.68	22.0x	20.6x	19.3x
ED	Consolidated Edison Inc	34.5	Underweight	$75	$97.19	3.3%	70%	4.47	4.79	5.06	21.7x	20.3x	19.2x	4.50	4.84	5.09	21.6x	20.1x	19.1x
EIX	Edison International	26.0	Sector Weight	NA	$68.26	4.1%	62%	4.57	4.85	5.14	14.9x	14.1x	13.3x	4.50	4.86	5.17	15.2x	14.0x	13.2x
FE	FirstEnergy Corp	21.9	Overweight	$47	$38.37	4.1%	65%	2.38	2.54	2.74	16.1x	15.1x	14.0x	2.41	2.53	2.72	15.9x	15.2x	14.1x
PEG	Public Service Enterprise Group Inc	32.3	Sector Weight	NA	$64.74	3.3%	62%	3.49	3.70	3.93	18.6x	17.5x	16.5x	3.47	3.56	3.91	18.6x	18.2x	16.6x
SO	Southern Co	82.1	Sector Weight	NA	$77.27	3.5%	76%	3.60	3.83	4.18	21.5x	20.2x	18.5x	3.57	3.79	4.13	21.6x	20.4x	18.7x
XEL	Xcel Energy Inc	40.4	Overweight	$78	$73.80	2.6%	61%	3.18	3.45	3.63	23.2x	21.4x	20.3x	3.18	3.40	3.62	23.2x	21.7x	20.4x
					Average:	**3.2%**	**64%**				**20.4x**	**19.1x**	**17.9x**				**20.5x**	**19.2x**	**17.9x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.1	Sector Weight	NA	$42.07	4.2%	90%	1.94	2.47	2.62	21.7x	17.0x	16.1x	1.96	2.46	2.62	21.5x	17.1x	16.0x
NWE	NorthWestern Corp	3.1	Overweight	$64	$54.50	4.6%	77%	3.34	3.51	3.69	16.3x	15.5x	14.8x	3.30	3.50	3.73	16.5x	15.5x	14.6x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$75.74	2.2%	25%	5.37	3.81	3.84	14.1x	19.9x	19.7x	6.64	4.15	3.63	11.4x	18.3x	20.9x
PNW	Pinnacle West Capital Corp	8.5	Underweight	$62	$75.42	4.5%	85%	3.97	4.24	4.45	19.0x	17.8x	16.9x	4.02	4.19	4.47	18.8x	18.0x	16.9x
POR	Portland General Electric Co	4.7	Sector Weight	NA	$52.48	3.4%	66%	2.81	2.94	3.08	18.7x	17.9x	17.0x	2.72	2.86	3.04	19.3x	18.4x	17.3x
					Average:	**3.8%**	**69%**				**18.0x**	**17.6x**	**16.9x**				**17.5x**	**17.5x**	**17.1x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	18.9	Underweight	$40	$48.83	3.6%	76%	2.45	2.20	2.31	19.9x	22.2x	21.1x	2.32	2.18	2.31	21.0x	22.4x	21.1x
SRE	Sempra Energy	50.2	Sector Weight	NA	$159.79	2.9%	54%	8.49	8.96	9.64	18.8x	17.8x	16.6x	8.56	8.99	9.58	18.7x	17.8x	16.7x
					Average:	**3.2%**	**65%**				**19.4x**	**20.0x**	**18.9x**				**19.8x**	**20.1x**	**18.9x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	24.3	Overweight	$87	$74.30	0.7%	22%	1.26	4.21	4.63	59.0x	17.6x	16.0x	2.56	4.22	5.07	29.0x	17.6x	14.6x
NRG	NRG Energy Inc	9.0	Not Covered	NA	$38.46	3.6%	40%	NA	NA	NA	NA	NA	NA	3.52	4.36	5.32	10.9x	8.8x	7.2x
VST	Vistra Corp	10.2	Not Covered	NA	$24.60	2.9%	32%	NA	NA	NA	NA	NA	NA	2.20	2.23	2.48	11.2x	11.0x	9.9x
					Average:	**2.4%**	**31%**				**59.0x**	**17.6x**	**16.0x**				**17.0x**	**12.5x**	**10.6x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 3 - Stock Price Performance

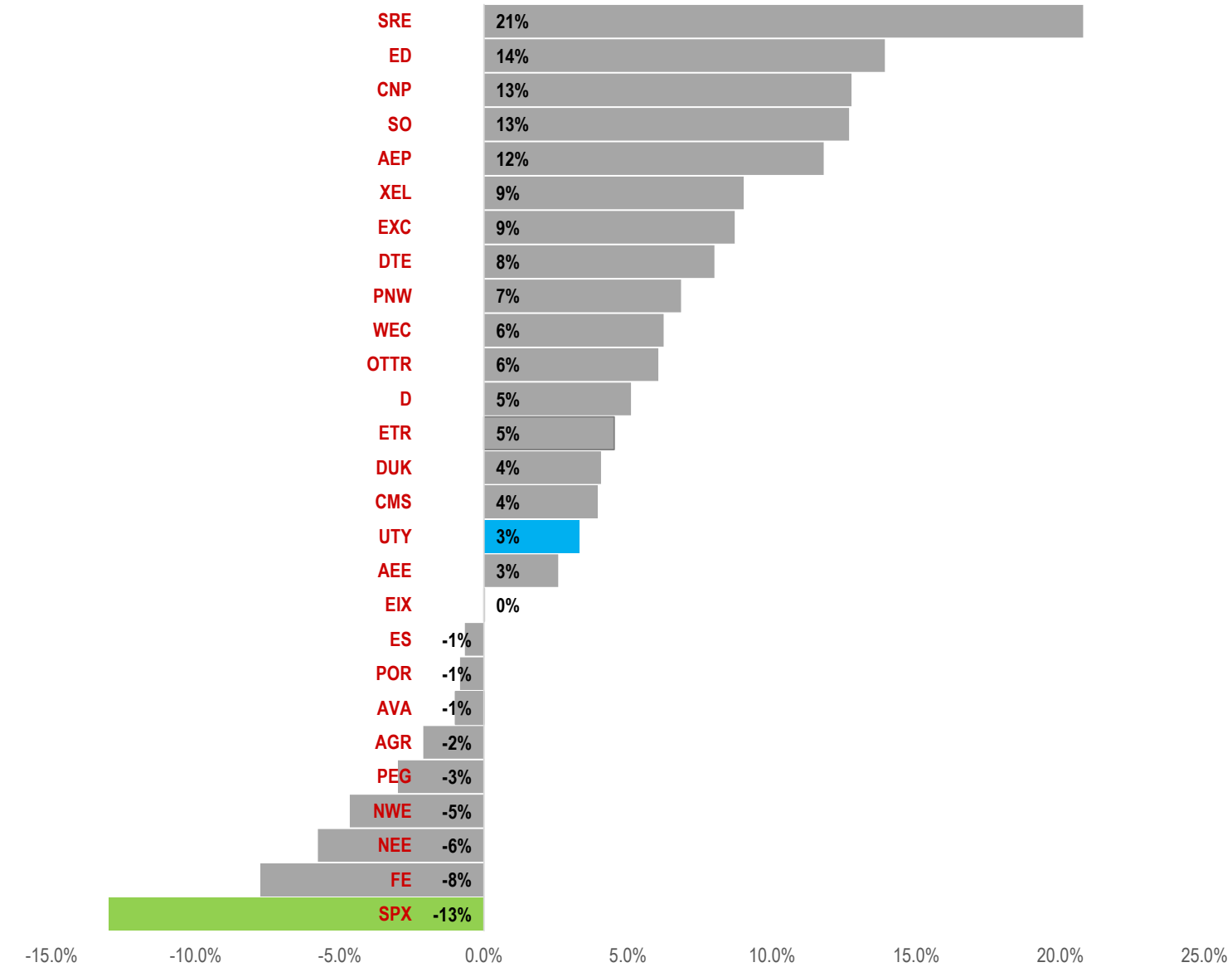

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

HASI: Parsing Through Short Seller Report

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	277	48.68	71	25.63
Sector Weight [SW]	280	49.21	60	21.43
Underweight [UW]	12	2.11	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	15	40.54	10	66.67
Sector Weight [SW]	19	51.35	10	52.63
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: AES 2Q Beat & Reaffirm, EXC Equity & Min Tax, SO Vogtle, EIX, UTL
- **Publication Date/Time** : Friday, August 05, 2022 02:40:00 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=Sgc1uVyGyopQnlD!Aza2aA__&reid=47CACDFC7D6611ED822398C1945289B1

Electric Utilities & Power

Sparking Credit: 2Q22 Earnings Continued: BKH, CNP, CEG, DUK, ETR, EVRG, EXC, NI, PEG, PNM, PNW, PPL, SRE, WEC, WTRG

- **Upcoming Events and Recent Publications**
  - NRG: Steady 2Q22; FY22 EBITDA Guidance Reaffirmed
  - CWEN: Solid 2Q22, 413MW Wind Acquisition Announced
  - NEP: Strong 2Q22; New IDR fee structure in 3Q
  - HY Power & Utilities Model Book
  - IG/HY Power & Utilities Midyear Outlook Webinar Replay
- **We provide a summary of takeaways from this week's 2Q22 earnings beginning on page 2 of this report.**
- **Over the past week, Utilities tightened -3bp versus a -3bp tightening in the JULI index and a -2bp tightening in the JULI Non-Financial Index.** Utility GenCos tightened -8bp, OpCos tightened -3bp and HoldCo's tightened -5bp. Secured OpCos tightened -2bp and unsecured OpCos tightened -3bp. YTD, Utilities widened 37bp versus a 48bp widening in the JULI index and a 43bp widening in the JULI Non-Financial Index. Utilities are currently trading 3bp through to the JULI index at 160bp and OpCos are trading 24bp inside of HoldCos at 152bp.
- **Issuance ramped up this week.** Consumers Energy Co came to market with $350mn 10 year notes and $450mn 30 year notes, while DTE issued $1.3 billion 2 year notes. Additionally, Brooklyn Union Gas issued $800mn Senior Unsecureds. One Gas, EIX and NEE also issued during the week. We estimate YTD issuance of $68.52 billion, compared to our updated FY22 forecast of $90 billion.
- **Rating actions**. This week, S&P revised Dominion Energy's outlook to stable from positive and affirmed its rating at BBB+. The stable outlook reflects the agency's view that Dominion will maintain its financial metrics while undertaking elevated capital spending over the next three years.
- The last natural gas active contract traded at $8.21/mcf. Natural gas rallied by 0.9% over the last week. The EIA reported a 41 Bcf net build last week, which was bearish compared to Bloomberg consensus estimates of 30 Bcf. The build brought working gas storage volumes to 2,457 Bcf.
- **Week over week, the UTY index gained by 2.03% compared to the S&P Utilities Index which gained by 1.7% and the S&P, which gained by 2.03%.. Outperformers:** SPWR (+15.0%), OTTR (+10.9%), and MDU (+6.4%). **Underperformers:** SWX (-12.6%), FE (-3.2%), and NEP (-2.9%).

Electric Utilities
Kevin L Kwan AC
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com
Lan Kuang
(1-212) 834 4445
lan.kuang@jpmchase.com
J.P. Morgan Securities LLC

Contents

2Q22 Earnings Recap	2
Earnings Calendar	9
JULI Snapshot	10
IG Issuance	11
IG Funding Guidance	12
IG Relative Value	14
ESG Ranking	17
IG Financial Metrics	18
Ratings Action	19
IG Maturities	20
HY Relative Value	21
Generation and Forecasts	22

Table 1: JULI Snapshot

	Last	Δ1 Wk	ΔYTD
JULI	163	-3	48
Non-Fin	161	-2	43
Utes	160	-3	37
HoldCo	177	-5	50
OpCo	152	-3	32
GenCo	211	-8	46

Figure 1: JULI vs JULI Utes

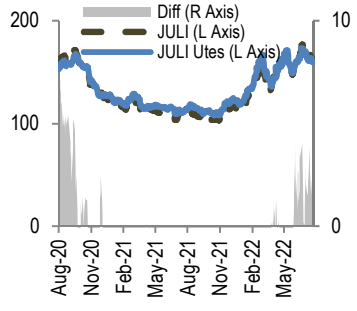

Source: J.P. Morgan.

See page 24 for analyst certification and important disclosures.

J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

2Q22 Earnings Recap

Black Hills Corporation

BKH 2Q22 EPS of $0.52 beats Bloomberg consensus of $0.42 and 2Q21 EPS of $0.40. The y/y increase was mainly driven by new rates, rider recovery and a one-time true-up for Winter Storm Uri carrying costs, partially tempered by higher O&M costs. Management affirmed FY22 EPS guidance range of $3.95-$4.15, in-line with Bloomberg consensus of $4.06. During the call, BKH highlighted its recently filed Clean Energy Plan in Colorado, which aims to reduce GHG emissions by 90% by 2030 off a 2005 baseline. The company plans to add up to 450MW of renewable energy resources and battery storage in CO, as well as 120MW of renewables and battery in SD and WY. **On the other hand, while the company is still in the process of reviewing the proposed Inflation Reduction Act, management pointed to the tax credit transferability as particularly positive and would allow them to be more competitive in the RFPs bidding process going forward. Overall, BKH reported a decent quarter with headline beats and clean energy plan on track.**

CenterPoint Energy

CNP reported 2Q22 adjusted EPS of $0.31 compared to Bloomberg consensus of $0.27 and 2Q21 EPS of $0.24. The y/y increase was primarily driven by favorable weather, as well as strong usage and growth in the Houston area, which was partially offset by higher interest expenses. **Management also raised FY22 guidance modestly to $1.37-1.39 from $1.36-1.38, which is more in-line with Bloomberg consensus of $1.38.** The company also reaffirmed its adjusted EPS growth of 8% for 2023 and 2024, and expects to be on the high end of the range for its 6-8% EPS CAGR from 2025-2030. On the call, **the company highlighted its previously announced completion of its Vectren integration, more efficient capital structure, and expectation to recapitalize Indiana Electric with first mortgage bonds to reduce inter-company borrowings from the parent.** Overall, the CNP story remains on track as the company remains focused on its $40 billion 10 year program in a service area that has strong organic growth relative to peers. **We continue to see CNP as a steady utility that remains in execution mode and has several opportunities to grow its rate base organically. Regardless, we think bonds trade fair to its mid-BBB peers, and we maintain our Neutral rating.**

Clearway Energy

Clearway reported adjusted 2Q22 EBITDA of $366 million, beating consensus estimates of $354 million and our $364 million forecast. Compared with our estimate, the beat was driven by stronger contribution out of the company's renewable portfolio, which was slightly offset by weaker conventional segment results during the quarter. We look to the call for any commentary on the recently proposed clean energy package.

Please see link to the full note here: https://www.jpmm.com/research/content/GPS-4165626-0

Constellation Energy Corp

CEG reported 2Q22 adjusted EBITDA of $604 million, beating Bloomberg consensus of $565 million, but below 2Q21 EBITDA of $656 million. The y/y decline was primarily driven by lower capacity revenues and planned nuclear

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

outages, which was partially offset by favorable market conditions including higher energy prices and lower fuel costs at Dresden and Byron. The company also reaffirmed FY22 guidance of $2,350-2,750, compared to consensus of $2,600, and **management also highlighted its largest renewable contract to date, a 15 year, 300MW agreement with Doral Renewables to develop a solar project in Indiana**. **During the call, the company had very positive commentary on the Inflation Reduction Act, highlighting that the bill would lower customer bills, particularly for nuclear assets that could potentially provide baseload power longer than any existing renewable asset if they are granted a license extension. On the AMT, management noted that they are an increasing cash tax payer in the next few years, to the AMT impact would be relatively muted.** Management also continued to reiterate the competitive advantage of their investment grade ratings, which continues to be a core tenant for the company. **Overall, CEG reported a strong quarter and we see fundamentals for the company improving, particularly with strong power price fundamentals and broader federal support for nuclear power by way of the IRA bill.**

Duke Energy Corp

DUK reported 2Q22 adjusted EPS of $1.14, beating Bloomberg consensus of $1.08, and compared to 2Q21 adjusted EPS of $1.15.The y/y decrease was led by higher O&M and interest expenses, and the impact of GIC minority interest, mostly offset by favorable weather, higher volumes, and positive rate case contributions. Management reaffirmed FY22 adjusted EPS guidance range of $5.30- $5.60, with midpoint matching Bloomberg consensus of $5.45**. Notably, DUK announced a strategic review of its Commercial Renewable business[1], which consists of net ownership of ~3.5GW of wind and solar. Potential sales proceeds are earmarked for debt repayment and avoidance, a credit positive. Management expects to conclude the review by the end of this year or early next year.** Also, with respect to the IRA, management pointed to meaningful benefits to customers from the renewable tax credits, but at the same time mentioned that the company would be impacted by the corporate minimum tax, with specific impacts still under evaluation. **Lastly, management also said that the company does not intend to participate in a "first-of-kind' nuclear project and would be in a position to potentially invest in an advanced nuclear facility to come into service in the early 2030s, if things go well in this decade. Overall, we view the announcement of a potential sale of the Commercial Renewable business as positive, given that the company intends to focus more on its regulated business and use the sales proceeds for debt repayment and avoidance.**

Entergy Corporation

ETR reported 2Q22 adjusted EPS of $1.78, handily beating Bloomberg consensus of $1.40 and compared to 2Q21 EPS of $1.34. The y/y improvement was driven by strong retail sales from customer growth and favorable weather, as well as a strong recovery in industrial load. Management reaffirmed its FY22 EPS of $6.15-6.45, compared to consensus of $6.34, but with the 2Q beat are positioned well to meet the higher end of the range. **The company reiterated that it is on track to achieve FFO/debt just over its downgrade threshold of 14% by YE23**. During the call, management emphasized that it was very focused on offsetting increased fuel costs to customers with investments in renewables and efficient generation. **In addition, the company expects to refund $235 million to ETR-MS customers after seeing some proceeds from the partial SERI settlement, which could increase to as**

[1] Book value of ~$4bn, and the segment has a targeted 2022 net income of ~$150mn

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

much as $588 million. Management also noted that if SERI were to settle as currently written, FFO/debt could be pressured in the short-term, but the company would not expect any changes to its long-term targets. On the Inflation Reduction Act, the company sees the bill as mostly positive for the industry, and expects the ITCs to mostly offset the proposed AMT. We recognize that bill headroom remains a large concern for several of ETR's service territories, but overall we see these headwinds as manageable, particularly given the strong regulatory support in the company's respective service areas, as well as strong retail growth overall.

Essential Utilities

WTRG reported 2Q22 EPS of $0.31, matching Bloomberg consensus and compared to 2Q21 EPS of $0.32. Management affirmed FY22 EPS guidance of $1.75-$1.80, in-line with Bloomberg consensus of $1.78. The company now have pending base rate cases or infrastructure surcharges in OH, NC, TX for its regulated water segment, and expects to add ~$44.4mn in revenue once approved. WTRG currently have seven signed agreements to acquire municipal water and wastewater systems, which would add ~$418mn of rate base. During the call, management highlighted its pending transaction with Bucks County Water and Sewer Authority (BCWSA). **Aqua Pennsylvania offered ~$1.1bn, with $935mn paid at closing for the existing wastewater assets and $195mn paid over-time for the wastewater retained capacity. The completion of Asset Purchase Agreement (APA) is conditioned on a final vote by BCWSA and WTRG expects ~9-12 months of regulatory process upon signing the APA. Management also intends to keep its FFO/Debt ratio above the 12% downgrade threshold as they finance their acquisitions and capex programs.** Lastly, WTRG does not see any significant impact from the IRA at this point, as its size does not qualify for AMT. **Overall, we see WTRG reported an in-line quarter. While the size of the BCWSA transaction is significant and might temporarily constrain the company's credit metrics, we see limited impact on its rating as the assets will most likely go into the rate base.**

Evergy

EVRG reported 2Q22 adjusted EPS of $0.86, compared to Bloomberg consensus of $0.84 and 2Q21 adjusted EPS of $0.85. The y/y difference was largely attributed to higher weather-normalized demand, favorable weather and higher transmission margin, partially offset by higher O&M costs and D&A expenses. FY22 adjusted EPS guidance of $3.43 - $3.63 was reaffirmed, compared to Bloomberg consensus of $3.56. During the call, management also provided updates on its 2022 IRP, highlighting the shift of 190MW of solar and LEC coal retirement to 2024, as well as the shift of 2026 solar to wind and increased capacity, in response to supply chain pressure. The company also made further progress on recovery of Winter Storm Uri costs during the quarter**. Specifically, EVRG expects the commission financing order for the securitization of ~$300mn of storm costs in Missouri in mid-October, and received approval from KCC to recover roughly ~$120mn over two years starting in April 2023. Also, management highlighted the good performance of its wind portfolio, with over 50% capacity factor at many sites. Nonetheless, EVRG also acknowledged that there are curtailment issues in Central and Western Kansas where there is congestion. While congestion costs did not impact earnings as it flowed to the fuel costs, EVRG remains attentive and advocated projects that can reduce congestion costs for customers. Overall, we see EVRG reported a positive quarter, as it saw retail sales growth and continued to make progress on the recovery of Winter Storm Uri costs.**

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Exelon Corporation

EXC reported 2Q22 adjusted EPS of $0.44, compared with Bloomberg consensus of $0.46 and 2Q21 EPS of $0.36. The y/y increase was driven by higher allowed electric distribution ROE at ComEd as well as higher rate increases at PECO, BGE, and PHI, which was offset by less favorable weather and volumes at ACE. Management reaffirmed FY22 guidance of $2.18-2.32, which is basically in-line with consensus of $2.26. **The company also noted a number of rate cases that are pending for PECO, ComEd, and DPL MD, with expected decisions by YE22. The company also clarified that of its $1 billion in expected equity issuance through 2025, approximately $500 million is expected to be issued in 2022 through the company's ATM, with proceeds earmarked to pay down short-term debt**. During the call, the company also commented on their interpretation of the Inflation Reduction Act, and believes that the **corporate minimum tax would offset many of the benefits of the renewable tax credits and would result in incremental taxes of $300 million per year for EXC starting in 2023. Overall, we thought the company's update went well as one of the first quarters as a T&D only utility and while we like the trajectory of the company, bonds generally trade just tight to fully regulated mid-BBB peers, which we think is fairly valued.**

NiSource

NI reported 2Q22 adjusted EPS of $0.12, mostly in-line with Bloomberg consensus of $0.11 and 2Q21 adjusted EPS of $0.13. FY22 adjusted EPS guidance was reaffirmed at $1.42-$1.48, with midpoint matching Bloomberg consensus**. Notably, NI sees projects delayed by 6-18 months by the DOC solar investigation, now with in-service dates in the 2023/24 timeframes. In order to make up for the ~$2bn delayed renewable investments and zero out impact on 2024 EPS, the company plans to pull forward ~$400-$500mn tracked/other investments into 2022/23 and reduces O&M.** The company continues to expect to retire Schahfer units 17 &18 by the end of 2025 and Michigan City unit to retire between 2026-28. During the Q&A, management also briefly discussed the ongoing strategic review and **continued to expect decision in November around its Fall investor day. Specifically, management mentioned that they viewed their standalone plants as robust and see potential O&M reduction opportunities within NI, while also comparing to see what LDCs monetization opportunities look like**. On the other hand, NI pointed out that customer bills are already up about 19-20% y/y due to higher gas prices. Nonetheless, the company tries to balance out commodities payments with adjusting prices over a 12 or 18 month period in some cases**. Lastly, the company sees no near-term material impacts to their plan if an AMT was implemented as it still has NOLs through the first half of the decade and thus does not meet the earnings thresholds. Overall, we see this as a relatively quiet quarter for NI as we continue to wait for updates on the strategic review at its upcoming Fall investor day in November.**

NRG Energy

NRG reported 2Q22 adjusted EBITDA of $358 million, which was basically in line with Bloomberg consensus of $360 million and our $372 million forecast. The company reaffirmed its FY22 EBITDA guidance of $1,950 – 2,250mn, compared to Bloomberg consensus of $2,000mn. On a y/y basis, some of the EBITDA decline was driven by the sale of 4.8GW of fossil assets in the East segment and an outage at W.A. Parish Unit 8 in Texas, which was partially offset by favorable weather.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Please see link to the full note here: https://www.jpmm.com/research/content/GPS-4168840-0

Pinnacle West Capital Corporation

PNW reported 2Q22 EPS of $1.45, above Bloomberg consensus estimate of $1.29 and below 2Q21 EPS of $1.91, which was still mainly attributed to unfavorable outcome of the company's last general rate case. Management reaffirmed FY22 EPS guidance range of $3.90-$4.10, in-line with Bloomberg consensus of $4.00. **APS filed Notice of Intent in June for a new general retail rate case filing and expects to file the application by the end of October 2022, though the company is still in the process of appeal of last rate case.** During the call, PNW highlighted that it expects some headwind for pension in 2023 if the markets remain where they are today. However, PNW also hedged its pension so that it is agnostic to changes in interest rates from a funded status perspective to mitigate volatility of benefit costs. **Lastly, the company sees no AMT effect and generally views the IRA, if passed, as helpful to improve customer affordability. We see PNW reported a roughly in-line quarter despite of headline beats, as earnings continued to be pressured by unfavorable outcome from the last general rate case. We keep an eye out for the new retail rate case filing in the fourth quarter of this year.**

PNM Resources

PNM reported 2Q22 adjusted EPS of $0.57, compared to Bloomberg consensus of $0.53 and 2Q21 EPS of $0.55. The y/y improvement was driven by strong demand growth and favorable weather, which was partially offset by O&M increases and plant outage costs. Regardless, management noted on the call that **load growth is still behind expectations as industrial customers continue to deal with supply chain issues.** Management reaffirmed FY22 guidance of $2.50-2.60, which is in-line with guidance of $2.56. On the call management highlighted its ongoing appeal process with regulators on its merger with Avangrid, stating that the company plants to request oral arguments this week, though there is no statutory requirement or deadline for the court to respond to the request. **Management continues to expect a 12-18 month appeals process since the company's initial filing in January, which places the timeframe in 1H23 for a decision. Overall, PNM reported decent results, but the company's ongoing merger appeal with regulators continue to overshadow steady operational performance.**

PPL Corporation

PPL reported 2Q22 adjusted EPS of $0.30, which was basically in-line with Bloomberg consensus and compares to 2Q21 EPS of $0.19. The y/y increase was driven by stronger earnings from Kentucky, which saw higher rates and volumes, Pennsylvania, which had higher peak transmission demand, and the inclusion of Rhode Island in results. **Overall, the company saw strong retail demand recovering across all customer segments on a weather adjusted basis**. In addition, management reaffirmed its FY22 EPS guidance of $1.30-1.45, compared to consensus of $1.42, and reaffirmed its EPS CAGR expectation of 6-8% through 2025. On the call, management noted **that 55% of its 5 year capex plan is expected to have recoveries from riders and formula rates, which supports the company's solid credit metrics and limits the need for new equity**. **On the Inflation Reduction Act, management sees the bill as mostly positive for the company due to the production tax credits and implications on its ongoing KY generation update. In addition, management sees limited impact from the 15% AMT provision since the company is a cash tax payer. Compared to other fully regulated BBB+ names, PPL spreads look interesting, though it seems that the**

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

market is still trying to find fair value following the company's UK sale and RI acquisition, as well the potential utilization of HoldCo debt capacity.

Public Service Enterprise Group

PEG reported 2Q22 adjusted EPS of $0.64, which was basically in-line with Bloomberg consensus, and compared to 2Q21 EPS of $0.70. On a y/y basis, improved electric and gas margins were more than offset by higher O&M and interest expenses compared to the 1Q21 period. The company reaffirmed FY22 guidance of $3.35-3.55, compared to consensus of $3.48, and also reiterated its 5-7% EPS CAGR target from 2022-2025. During the call, **the company briefly addressed some of their recent financing actively to support collateral postings, which were up to $2.5 billion at the 2nd of the 2nd quarter. While we think these postings could put pressure on FFO/debt in the near-term below their mid-teens downgrade threshold, but we largely see this as a temporary decline in credit metrics that should recover as soon as hedges roll off in following quarters.** Finally, on the Inflation Reduction Act, **management noted that the proposed nuclear PTC essentially places a floor on nuclear power prices at around $25/MWh, which provides strong support for nuclear baseload going forward. Overall, PEG reported a fairly in-line quarter and we continue to think the bonds will trade just slightly tight to other mid-BBB peers as we continue to view the company as a high quality, primarily regulated utility that will continue to benefit from a strong regulatory relationship in NJ**.

Sempra Energy

Sempra reported 2Q22 adjusted EPS of $1.98, beating Bloomberg consensus of $1.77 and 2Q21 EPS of $1.63. The y/y beat was driven by higher Texas earnings, consumption growth, as well as higher base operating margins in CA. The company is also guiding to the high end of its reaffirmed FY22 EPS guidance range of $8.10-8.70, compared to consensus of $8.53, and expects the EPS growth CAGR to remain in the 6-8% range. The company highlighted the strength of its infrastructure and emissions reduction opportunities at Sempra California, strong transmission growth and hardening program at Oncor, and strong LNG market at Sempra Infrastructure. **Cameron LNG phase 2 is targeting an online date of summer 2023 while Port Arthur is progressing on its marketing efforts and could see FID as soon as 2023.** On the call, **management also highlighted the potential for increasing its capex plans at Oncor in October given the increased cadence of demand in the state.** In regards to the Inflation Reduction Act, **Sempra sees very limited impact on earnings, and the AMT would have a very slight cash tax impact, but would be manageable. Overall, SRE reported solid headline results, but execution risk remains top of mind as the management continues to juggle a number of infrastructure projects even as we think the company is positioned in some of the best markets in the country.**

WEC Energy

WEC reported 2Q22 EPS of $0.91, beating Bloomberg consensus estimate of $0.85 and 2Q21 EPS of $0.87. The y/y difference was mainly driven by favorable weather and strong performance form the infrastructure segment. **Notably, management raised FY22 EPS guidance to $4.36-$4.40, a modest increase from the prior range of $4.34-$4.38, and compared to Bloomberg consensus of $4.37.** WEC also expects to reach the top end of the EPS guidance range for the year, assuming normal weather patterns. During the call, the company also highlighted the recently announced power plant retirement schedule adjustments. **WEC now delays the retirement of Oak Creek coal plant units 5 &6 by a year until May 2024, and**

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

units 7&8 by about 18 months until late 2025, due to tight energy supply in the Midwest power market and the expected delays in renewable projects. The company only expects to use these plants seasonally at peak demand time, and remains committed to a complete coal exit by the end of 2035. Finally, on the Inflation Reduction Act, **the company sees very manageable impact from AMT, in the range of $20-30mn. Furthermore, WEC expects stronger credit metrics, benefiting from the monetization of tax credits and/or lower debt financing, as well as benefits to customers and future renewable investment opportunities**. **It is important to note that company's current $17.7bn five-year capital plan does not rely not rely on the passage of IRA, but would see some tailwind if this is passed.**

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Earnings Calendar

Table 2: Utilities Earnings Calendar

Earnings Release Date	Earnings Release Time	Ticker	Company Name	Conf. Call Date	Conf. Call Time (EST)
Thu, 04-Aug	AMC	AES	AES Corporation	5-Aug	10:00 AM
Thu, 04-Aug	AMC	AEE	Ameren Corporation	5-Aug	10:00 AM
Thu, 04-Aug	AMC	LNT	Alliant Energy Corporation	5-Aug	10:00 AM
Fri, 05-Aug	BMO	VST	Vistra Corporation	5-Aug	8:00 AM
Fri, 05-Aug	BMO	TA	TransAlta Corporation	5-Aug	11:00 AM
Mon, 08-Aug	BMO	D	Dominion Resources	8-Aug	10:00 AM
Tue, 09-Aug	BMO	H	Hydro One	9-Aug	8:00 AM
Wed, 10-Aug	BMO	EMA	Emera, Inc.	10-Aug	8:30 AM
Thu, 11-Aug	AMC	AQN	Algonquin Power	12-Aug	10:00 AM

Source: Bloomberg Finance L.P. BMO = Before Market Open, AMC = After Market Close.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

JULI Snapshot

Table 3: JULI Snapshot

	Spread					Spread Change			
	03-Aug-22	27-Jul-22	05-Jul-22	05-May-22	31-Dec-21	7d	30d	90d	YTD
Financials	**168**	**173**	**181**	**150**	**103**	**-6**	**-13**	**18**	**65**
Banks	167	174	181	150	98	-7	-14	17	69
Finance Companies	168	172	184	146	102	-4	-16	22	66
Insurance	168	171	178	150	115	-3	-11	18	53
Non-Financials	**161**	**163**	**176**	**153**	**118**	**-2**	**-15**	**9**	**43**
Automotive	182	185	195	154	103	-3	-13	28	79
Basic Industries	192	194	196	162	124	-1	-4	30	68
Capital Goods	147	151	165	141	109	-4	-18	6	38
Consumer	161	167	181	154	117	-5	-20	7	44
Energy	184	190	200	171	144	-6	-16	13	41
Healthcare/Pharma	136	137	152	135	103	0	-16	1	33
Media/Entertainment	214	210	226	199	142	4	-12	15	72
Metals & Mining	202	210	215	177	152	-8	-13	25	51
REITs	184	190	196	148	106	-5	-12	36	79
Retail	129	132	147	127	94	-3	-18	2	35
Technology	142	139	155	135	104	3	-13	7	38
Telecoms	173	174	185	165	137	0	-12	8	36
Transportation	154	158	174	152	114	-4	-20	2	40
Utilities	**160**	**163**	**173**	**156**	**123**	**-3**	**-14**	**4**	**37**
Holdco	177	181	192	166	127	-5	-15	11	50
Opco	152	155	165	151	121	-3	-13	1	32
Secured	146	148	160	146	115	-2	-14	0	31
Unsecured	163	166	175	161	130	-3	-12	1	33
Genco	211	220	228	196	165	-8	-17	15	46
JULI	**163**	**166**	**177**	**152**	**115**	**-3**	**-14**	**11**	**48**

Source: J.P. Morgan.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

J.P.Morgan

IG Issuance

Table 4: Recent Issuance Table

Issue	Maturity	TKR	Issuer	CPN	Principal	Term	New Issue	Mdy	S&P	Rank[1]	Type
8/3/22	11/1/24	DTE	Dte Energy Co	2.25	1300	2	112.5	Baa2	BBB-	SUN	HoldCo
8/2/22	9/1/24	NEE	Nextera Energy Capital	4.26	1500	2	105	Baa1		SUN	HoldCo
8/2/22	8/5/27	NGGLN	Brooklyn Union Gas Co	4.63	400	5	177	Baa2	BBB+	SUN	OpCo
8/2/22	8/5/32	NGGLN	Brooklyn Union Gas Co	4.87	400	10	212	Baa2	BBB+	SUN	OpCo
8/1/22	8/15/25	EIX	Edison International	4.70	400	3	190	Baa3	BBB-	SUN	HoldCo
8/1/22	8/15/32	CMS	Consumers Energy Co	3.60	350	10	100	A1	A	FMB	OpCo
8/1/22	9/1/52	CMS	Consumers Energy Co	4.20	450	30	125	A1	A	FMB	OpCo
7/28/22	8/1/32	AEP	Appalachian Power Co	4.50	500	10	185	Baa1	A-	SUN	OpCo
7/13/22	6/1/31	PCG	Pg&E Wildfire Recovery	4.02	613	9		Aaa	AAA	FMB	OpCo
7/13/22	6/1/37	PCG	Pg&E Wildfire Recovery	4.72	600	15		Aaa	AAA	FMB	OpCo
7/13/22	6/1/41	PCG	Pg&E Wildfire Recovery	5.08	500	19		Aaa	AAA	FMB	OpCo
7/13/22	12/1/47	PCG	Pg&E Wildfire Recovery	5.21	1150	25		Aaa	AAA	FMB	OpCo
7/13/22	6/1/52	PCG	Pg&E Wildfire Recovery	5.10	1037	30		Aaa	AAA	FMB	OpCo
7/7/22	7/12/24	TE	Tampa Electric Co	3.88	300	2	85	A3	BBB+	SUN	HoldCo
7/7/22	7/15/52	TE	Tampa Electric Co	5.00	300	30	180	A3	BBB+	SUN	HoldCo
6/21/22	7/15/27	ORA	Ormat Technologies Inc	2.50	431	5				SUN	HoldCo
6/22/22	6/27/24	ES	Eversource Energy	4.20	900	2	115	Baa1	BBB+	SUN	HoldCo
6/22/22	7/1/27	ES	Eversource Energy	4.60	600	5	140	Baa1	BBB+	SUN	HoldCo
6/21/22	6/20/24	NEE	Nextera Energy Capital	4.20	750	2	100	Baa1	BBB+	SUN	OpCo
6/21/22	6/20/25	NEE	Nextera Energy Capital	4.45	1000	3	110	Baa1	BBB+	SUN	OpCo
6/21/22	7/15/27	NEE	Nextera Energy Capital	4.63	1250	5	125	Baa1	BBB+	SUN	OpCo
6/21/22	7/15/32	NEE	Nextera Energy Capital	5.00	1000	10	170	Baa1	BBB+	SUN	OpCo
6/10/22	3/1/31	CNL	Cleco Securitization I	4.02	125	9		Aaa	AAA	FMB	OpCo
6/10/22	9/1/42	CNL	Cleco Securitization I	4.65	300	20		Aaa	AAA	FMB	OpCo
6/8/22	6/15/28	DUK	Duke Energy Corp	3.10	636	6	199.2	Baa2	BBB	SUN	HoldCo
6/8/22	6/15/34	DUK	Duke Energy Corp	3.85	530	12	254.3	Baa2	BBB	SUN	HoldCo
6/7/22	7/1/32	CNP	Centerpoint Energy Res	4.40	500	10	145	A3	BBB+	SUN	OpCo
6/7/22	6/15/52	NI	Nisource Inc	5.00	350	30	190	Baa2	BBB+	SUN	HoldCo
6/7/22	6/15/52	AEP	Aep Transmission Co Llc	4.50	550	30	140	A2	A-	SUN	OpCo
6/6/22	6/15/32	PCG	Pacific Gas & Electric	5.90	600	10	290	Baa3	BBB-	FMB	OpCo
6/6/22	6/15/27	PCG	Pacific Gas & Electric	5.45	450	5	245	Baa3	BBB-	FMB	OpCo
6/6/22	6/8/25	PCG	Pacific Gas & Electric	4.95	450	3	205	Baa3	BBB-	FMB	OpCo
6/1/22	6/1/52	EXC	Baltimore Gas & Electric	4.55	500	30	145	A3	A	SUN	OpCo
5/23/22	6/1/52	XEL	Southwestern Public Serv	5.15	200	30	210	A3	A	FMB	OpCo
5/18/22	6/1/25	EIX	Southern Cal Edison	4.20	300	3	140	A3	A-	FMB	OpCo
5/18/22	6/1/27	EIX	Southern Cal Edison	4.70	600	5	185	A3	A-	FMB	OpCo
5/18/22	6/1/52	EIX	Southern Cal Edison	5.45	350	30	240	A3	A-	FMB	OpCo
5/18/22	5/1/52	WTRG	Essential Utilities Inc	5.30	500	30	225	Baa2	A-	SUN	HoldCo
5/17/22	6/1/32	ONCRTX	Oncor Electric Delivery	4.15	400	10	122	A2	A+	FMB	OpCo
5/17/22	6/1/52	ONCRTX	Oncor Electric Delivery	4.60	400	30	147	A2	A+	FMB	OpCo
5/17/22	5/15/52	EXC	Peco Energy Co	4.60	350	30	147	Aa3	A	FMB	OpCo
5/16/22	5/15/32	AEP	Aep Texas Inc	4.70	500	10	185	Baa2	A-	SUN	OpCo
5/16/22	5/15/52	AEP	Aep Texas Inc	5.25	500	30	215	Baa2	A-	SUN	OpCo
5/16/22	5/15/27	D	Virginia Elec & Power Co	3.75	600	5	98	A2	BBB+	SUN	OpCo
5/16/22	5/15/52	D	Virginia Elec & Power Co	4.63	600	30	160	A2	BBB+	SUN	OpCo
5/12/22	6/1/52	ES	Nstar Electric Co	4.55	450	30	157	A1	A	SUN	OpCo

Source: J.P. Morgan and Bloomberg Finance L.P.

1. FMB: First Mortgage Bonds, SUN: Senior Unsecured Notes; CTB: Collateral Trust Bonds.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

IG Funding Guidance

Table 5: 2022 Company Funding Guidance

Company	Tkr	Entity	2022 Guide	YTD	Remaining	Notes
American Electric Power	**AEP**					JPM Energy, Power Conf Slides
		HoldCo	$800	$805	$0	
		AEP Generation	$100	$0	$100	
		AEP Texas	$1,200	$1,000	$200	
		Appalachian Power	$650	$500	$150	
		Indiana Michigan	$0	$0	$0	
		Kentucky Power	$0	$0	$0	
		Ohio Power	$300	$0	$300	
		PSO	$850	$0	$850	
		SWEPCo	$0	$0	$0	
		AEP Transco	$600	$550	$0	
			$4,500	**$2,855**	**$1,600**	
Avista Corp	**AVA**					Feb BofA Conference Slides
		AVA consolidated	$400	$400	$0	
			$400	**$400**	**$0**	
Berkshire Hathaway Energy	**BRK HEC**					2Q22 Slides
		Berkshire Hathaway Energy Co	$0	$0	$0	
		PacifiCorp	$800	$0	$800	
			$800	**$0**	**$800**	
CMS Energy	**CMS**					4Q21 Slides
		HoldCo	$0	$0	$0	
		Consumers	$800	$800	**$0**	
			$800	**$800**	**$0**	
Consolidated Edison	**ED**					4Q21 Slides
		ED consolidated	$800-$1,400	$0	$800-$1,400	Also planning $850 million in common equity
			$800-$1,400	**$0**	**$800-$1,400**	
Dominion	**D**					4Q21 slides
		Dominion Energy VA	$2,000-$2,500	$1,800	$200-$700	
		Gas Distribution	$200-$400	$0	$200-$400	
		HoldCo (DEI)	$1,000-$1,500	$0	$1,000-1,500	
			$3,200-$4,400	**$1,800**	**$1,400-$2,600**	
DTE Energy	**DTE**					2Q22 Slides
		DTE consolidated	$3,500	$1,200	$2,300	
			$3,500	**$1,200**	**$2,300**	

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Company	Tkr	Entity	2022 Guide	YTD	Remaining	Notes
Duke Energy	**DUK**					2Q22 slides
		Duke Energy	$5,984 - $6,484	$2,984	$3,000 - $3,500	
		Duke Energy Carolinas	$1,000-$1,300	$1,150	$0	
		Duke Energy Progress	$1,200-$1,400	$900	$300-$500	
		Duke Energy Florida	$400-$600	$0	$400-$600	
		Duke Energy Indiana	$50-$75	$67	$0	
		Piedmont	$300-$500	$400	$0.00	
		Duke Energy Kentucky	$40-60	$50	$0	
			$9,301 - $10,201	**$5,601**	**$3,700 - $4,600**	
FirstEnergy	**FE**					2Q22 Slides
		Ohio Edison	$300	$0	$300	$1.35B HoldCo Paydown
		Penn Power	$150	$0	$150	($100mm refinance)
		West Penn Power	$300	$0	$300	($100mm refinance)
			$750	**$0**	**$750**	
Southern Co.	**SO**					2Q22 Slides
		Alabama Power	$1,300	$700	$600	
		Georgia Power	$1,500	$1,500	$0	
		Mississippi Power	$0	$0	$0	
		Southern Power	$0	$0	$0	
		Southern Company Gas	$500	$0	$500	
		Nicor	$175	$0	$175	
		Holding Company	$1,725	$1,725	$0	
			$5,200	**$3,925**	**$1,275**	
Xcel Energy	**XEL**					1Q22 slides
		HoldCo	$700	$700	$0	
		NSP - Minnesota	$500	$500	$0	
		NSP - Wisconsin	$100	$0	$100	
		PS Colorado	$700	$700	$0	
		Southwestern Public Service	$200	$200	$0	
			$2,200	**$2,100**	**$100**	

Source: Company reports

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

IG Relative Value

Table 6: IG Utilities Relative Value

Ticker	Company Name	Ratings	FFO / Debt	Spread to Benchmark (bp) 10 Year	Spread to Benchmark (bp) 30 Year	10s/30s	JPM View
Fully Regulated Holding Companies				**JULI Regulated HoldCo**			**OW**
AEE	Ameren Corp	Baa1/BBB/N.A.	17.7%	153			OW
AEP	American Electric Power Co Inc	Baa2/BBB+/BBB	14.6%	157	170	13	OW
AWK	American Water Capital Corp	Baa1/A/N.A.	13.0%	119	140	21	N
BKH	Black Hills Corp	Baa2/BBB+/BBB+	10.9%	190	199	9	OW
BRKHEC	Berkshire Hathaway Energy Co	A3/A-/N.A.	16.4%	113	134	21	N
CMS	CMS Energy Corp	Baa2/BBB/BBB	15.8%	127			N
CNL	Cleco Corporate Holdings LLC	Baa3/BBB-/BBB-	15.4%	210	221	11	NC
DQE	Duquesne Light Holdings Inc	Baa3/BBB-/N.A.	10.8%	210			OW
DUK	Duke Energy Corp	Baa2/BBB/N.A.	14.4%	150	178	29	N
EIX	Edison International	Baa3 (Pos)/BBB-/BBB- (Pos)	15.7%	227			N
EMACN	Emera US Finance LP	Baa3/BBB-/BBB	9.7%	169	227	59	NC
EVRG	Evergy Inc	Baa2/BBB+ (Neg)/N.A.	17.6%	181			OW
ES	Eversource Energy	Baa1 (Neg)/BBB+ (Pos)	11.4%	142	155	13	NC
FE	FirstEnergy Corp	Ba1 (Pos)/BB+/BBB-	10.1%	178	200	22	OW
FTSCN	Fortis Inc/Canada	Baa3/BBB+/N.A.	12.2%	153			NC
LNT	Alliant Energy Finance LLC	Baa2/BBB+/N.A.	17.4%	185			NC
NI	NiSource Inc	Baa2/BBB+/BBB	15.5%	160	178	18	N
PPL	PPL Capital Funding Inc	Baa1/BBB+/N.A.	21.3%	162			N
WEC	WEC Energy Group Inc	Baa1/BBB+/BBB+	16.2%	140			N
WTRG	Essential Utilities Inc	Baa2/A-/N.A.	12.3%	163	167	4	N
XEL	Xcel Energy Inc	Baa1/BBB+/BBB+	15.8%	143	147	4	UW
Integrated Utility Holding Companies				**JULI HoldCo**			**OW**
D	Dominion Energy Inc	Baa2/BBB/BBB+	14.3%	143	167	24	N
BRKHEC	Eastern Energy Gas Holdings LLC	Baa1/A/WD	31.0%		176		N
DTE	DTE Energy Co	Baa2/BBB/BBB	14.4%	164			N
CNP	CenterPoint Energy Inc	Baa2/BBB/BBB	13.5%	140	162	22	N
ETR	Entergy Corp	Baa2 (Neg)/BBB/N.A.	10.4%	180	185	5	OW
EXC	Exelon Corp	Baa2/BBB (Pos)	15.1%	140	170	30	N
NEE	NextEra Energy Capital Holdings Inc	Baa1/BBB+/A-	16.1%	149			UW
PEG	Public Service Enterprise Group Inc	Baa2/BBB/N.A.	13.1%	138			N
SO	Southern Co/The	Baa2/BBB/BBB+ (Neg)	12.8%	150	189	40	N
SRE	Sempra Energy	Baa2/BBB (Neg)/BBB+	10.5%	125	178	53	OW

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Ticker	Company Name	Ratings	Spread to Benchmark (bp) 10 Year	Spread to Benchmark (bp) 30 Year	10s/30s	JPM View
Operating Companies			**JULI OpCo**			**N**
AEE	Ameren Illinois Co	A1/A/N.A.	95	130	35	NC
AEE	Union Electric Co	A2/A/N.A.	133	116	(18)	NC
AEP	Ohio Power Co	A3 (Neg)/A-/A	131	170	39	N
AEP	AEP Transmission Co LLC	A2/A-/A	86	140	54	N
AEP	Indiana Michigan Power Co	A3 (Pos)/A-/A	121	170	49	N
AEP	AEP Texas Inc	Baa2/A-/BBB+	157	163	6	N
AEP	Appalachian Power Co	Baa1/A-/A-	116	177	61	N
AEP	Southwestern Electric Power Co	Baa2/A-/BBB+	147	201	55	OW
AES	Indianapolis Power & Light Co	A2/A- (Pos)		170		NC
AGR	New York State Electric & Gas Corp	Baa1/A-/A-	101	153	52	NC
AGR	Rochester Gas and Electric Corp	A2/A/A	170			NC
WGL	Washington Gas Light Co	A3u/A-/A		154		NC
ATO	Atmos Energy Corp	A1/A- (Neg)/N.A.	114	139	25	NC
AVA	Avista Corp	A3/A-/N.A.		161		NC
BRKHEC	MidAmerican Energy Co	Aa2/A+/N.A.	94			OW
BRKHEC	Sierra Pacific Power Co	A2/A+/WD	91			UW
BRKHEC	PacifiCorp	A1/A+/N.A.	125	135	10	UW
CMS	Consumers Energy Co	A1/A/A+		118		N
CNP	CenterPoint Energy Houston Electric	A2/A/A	78			NC
CNP	CenterPoint Energy Resources Corp	A3/BBB+/A-	125			OW
D	Virginia Electric and Power Co	A2/BBB+/A	107	125	19	N
DTE	DTE Electric Co	Aa3/A/A+	105	116	11	N
DUK	Duke Energy Carolinas LLC	Aa3/A/N.A.	115	126	11	UW
DUK	Duke Energy Progress LLC	Aa3/A/N.A.	109	117	8	UW
DUK	Duke Energy Indiana LLC	Aa3/A/N.A.		138		OW
DUK	Duke Energy Florida LLC	A1/A/N.A.	121	165	44	N
DUK	Duke Energy Ohio Inc	A2/A/N.A.		157		OW
ED	Consolidated Edison Co of New York	Baa1/A- (Neg)/A-	121	147	27	NC
EIX	Southern California Edison Co	A3 (Pos)/A-/BBB+ (Pos)	160	161	1	N
TE	Tampa Electric Co	A3/BBB+/A		147		NC
ES	Connecticut Light and Power Co/The	A1/A+ (Pos)		120		NC
ETR	Entergy Louisiana LLC	A2 (Neg)/A/N.A.	136	131	(6)	N
ETR	Entergy Mississippi LLC	A2 (Pos)/A/N.A.		160		N
ETR	Entergy Arkansas LLC	A2 (Pos)/A/N.A.	104	124	20	OW
EVRG	Evergy Kansas Central Inc	A2/A (Neg)/N.A.	93			NC
EVRG	Evergy Metro Inc	A2/A+ (Neg)/N.A.	116	155	39	NC
EXC	PECO Energy Co	Aa3/A (Pos)		111		N
EXC	Commonwealth Edison Co	A1/A (Pos)	96	120	24	N
EXC	Delmarva Power & Light Co	A2/A/A		140		OW
EXC	Baltimore Gas and Electric Co	A3/A/A		126		OW
FE	Mid-Atlantic Interstate Transmission	A3/BBB/BBB+	133			NC
FE	American Transmission Systems Inc	A3/BBB/BBB+	152	160	8	OW
FE	Trans-Allegheny Interstate Line Co	A3/BBB/BBB+	131			OW
FE	Cleveland Electric Illuminating Co/The	Baa2 (Neg)/BBB/BBB+	171			N
FE	Pennsylvania Electric Co	Baa1/BBB/BBB+	143			OW
LNT	Wisconsin Power and Light Co	A3/A (Neg)/N.A.	120			NC
LNT	Interstate Power and Light Co	Baa1/A-/N.A.	144	153	9	NC
NEE	Florida Power & Light Co	Aa2/A+/AA-		107		OW
NGGLN	Brooklyn Union Gas Co/The	Baa2/BBB+/BBB+	195	220	25	NC
PPL	Narragansett Electric Co/The	A3/A-/N.A.	135			NC
NGGLN	Boston Gas Co	Baa1/BBB+/N.A.	167			NC
NGGLN	Massachusetts Electric Co	Baa1/BBB+/N.A.	170			NC
NGGLN	New England Power Co	A3/BBB+/N.A.		173		NC

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

J.P.Morgan

Ticker	Company Name	Ratings	Spread to Benchmark (bp) 10 Year	Spread to Benchmark (bp) 30 Year	10s/30s	JPM View
Operating Companies			**JULI OpCo**			**N**
OGE	Oklahoma Gas and Electric Co	A3/A-/A	144			NC
PCG	Pacific Gas and Electric Co	Baa3/BBB-/BBB- (Pos)	304	315	11	N
PEG	Public Service Electric and Gas Co	A1/A/N.A.		110		N
PNW	Arizona Public Service Co	A3 (Neg)/BBB+ (Neg)/A- (Neg)	158	185	27	NC
PPL	PPL Electric Utilities Corp	A1/A+/N.A.		122		NC
PSD	Puget Sound Energy Inc	A2/A-/A		149		NC
SO	Alabama Power Co	A1/A-/A+ (Neg)	99	150	50	N
NEE	Gulf Power Co	A1/A/A+	79			NC
SO	Mississippi Power Co	Baa1/BBB+/A-	131			OW
SO	Georgia Power Co	Baa1/BBB+/BBB+	148	172	24	OW
SRE	San Diego Gas & Electric Co	A1/A/A	115	143	28	NC
SRE	Southern California Gas Co	Aa3/A+ (Neg)/AA-	107	165	58	NC
ONCRTX	Oncor Electric Delivery Co LLC	A2/A+/A	93	123	30	N
WEC	Wisconsin Public Service Corp	A2/A-/A+		128		NC
XEL	Public Service Co of Colorado	A1/A/A+	96	118	22	NC
XEL	Northern States Power Co/MN	Aa3/A/A+		109		NC
XEL	Southwestern Public Service Co	A3/A/A-		137		NC
Generating Companies			**JULI Generating Cos**			**N**
SO	Southern Power Co	Baa1/BBB/BBB+ (Neg)		214		UW
CEG	Constellation Energy Generation LLC	Baa2/BBB- (Pos)		221		N

Source: Bloomberg Finance L.P., SNL, J.P. Morgan. OW = Overweight, N = Neutral, UW = Underweight, NC = Not Covered, NR = Not Rated.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

ESG Ranking

Table 7: Utilities ESG Ranking (0-100)

Rank	Company	Ticker	ESG Score	Environmental (80%)	Social (10%)	Governance (10%)
Top Tier	Xcel Energy Inc.	XEL	96	73	57	60
	Edison International	EIX	93	68	66	57
	American Electric Power Co.	AEP	87	63	32	78
	Duke Energy Corporation	DUK	84	59	45	76
	Southern Company	SO	81	61	30	64
	Dominion Energy, Inc.	D	78	61	33	46
Middle Tier	NextEra Energy, Inc.	NEE	75	62	14	57
	AES Corporation	AES	72	59	72	21
	Public Service Enterprise Group	PEG	69	52	86	42
	WEC Energy Group, Inc.	WEC	66	52	60	55
	Entergy Corporation	ETR	60	55	42	49
	Consolidated Edison, Inc.	ED	57	50	92	32
	Exelon Corporation	EXC	54	52	26	66
	DTE Energy Company	DTE	51	52	57	36
	Vistra Corp.	VST	48	52	56	29
	PNM Resources, Inc.	PNM	45	52	29	29
	Black Hills Corporation	BKH	42	48	42	25
	NRG Energy, Inc.	NRG	39	48	18	36
	NiSource Inc.	NI	36	41	54	43
Bottom Tier	FirstEnergy Corp.	FE	33	38	68	40
	Sempra Energy	SRE	30	40	32	61
	Pinnacle West Capital Corporation	PNW	27	44	14	49
	Ameren Corporation	AEE	21	34	71	63
	CMS Energy Corporation	CMS	15	35	42	50
	PPL Corporation	PPL	6	29	44	30

Source: SNL, EEI/AGA, Bloomberg Finance L.P., Company Reports and J.P. Morgan.
Note: Our final ranking is derived from a weighted average of percentiles across multiple variables.
Categories are weighted as follows: Environmental – Current (35%), Historical (30%), Future (15%); Social (10%); Governance (10%). See our note and follow-up for methodology and takeaways.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

IG Financial Metrics

Figure 2: FFO/Debt in 1Q21 and 1Q22

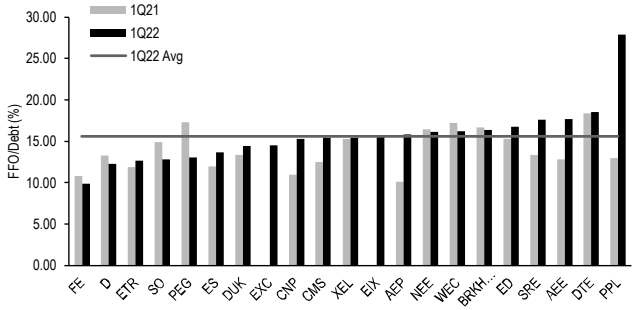

Source: SNL, S&P Cap IQ, J.P. Morgan.

Figure 3: Average FFO/Debt over time

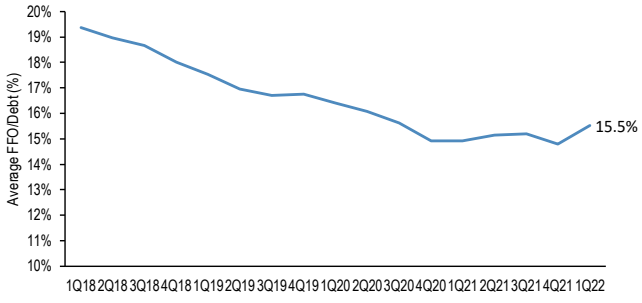

Source: SNL, J.P. Morgan.

Figure 4: Leverage in 1Q21 and 1Q22

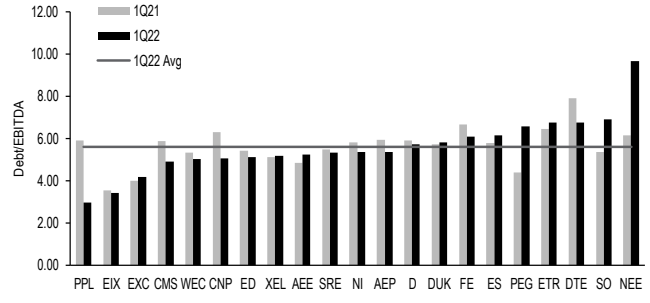

Source: SNL, Bloomberg Finance L.P., J.P. Morgan. Net leverage includes lease adjustments.

Figure 5: Average leverage over time

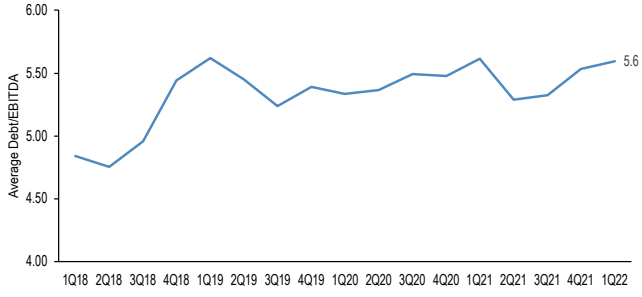

Source: SNL, Bloomberg Finance L.P., J.P. Morgan. Net leverage includes lease adjustments.

Figure 6: 1Q22 Debt/Capitalization

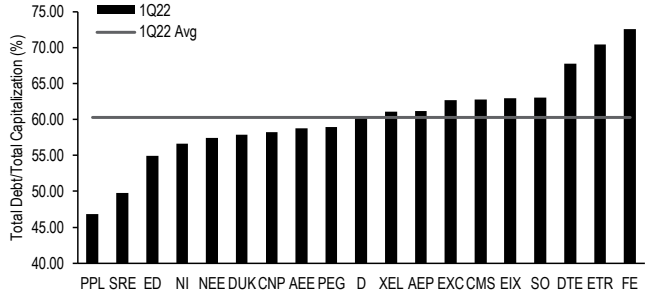

Source: SNL, Bloomberg Finance L.P., J.P. Morgan.

Figure 7: Average Debt/Capitalization over time

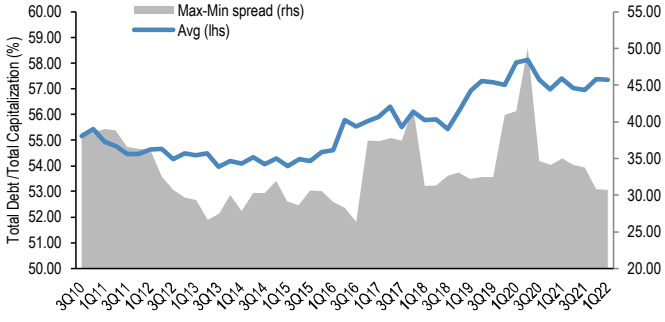

Source: SNL, Bloomberg Finance L.P., J.P. Morgan.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Ratings Action

Table 8: Recent Ratings Action for Utilities

Date	Company Name	Rating Type	Agency	Current Rating	Prior Rating
08/03/2022	Dominion Energy Inc	Outlook	S&P	STABLE	
08/03/2022	Dominion Energy South Carolina Inc	Outlook	S&P	STABLE	
08/03/2022	East Ohio Gas Co/The	Outlook	S&P	STABLE	
08/03/2022	Public Service Co of North Carolina Inc	Outlook	S&P	STABLE	
08/03/2022	Questar Gas Co	Outlook	S&P	STABLE	
08/03/2022	SCANA Corp	Outlook	S&P	STABLE	
08/03/2022	Virginia Electric and Power Co	Outlook	S&P	STABLE	
08/01/2022	Rayburn Country Electric Co-op Inc	Issuer Rating	Moody's	Baa3	
08/01/2022	Rayburn Country Electric Co-op Inc	Long Term Rating	Moody's	Baa3	
08/01/2022	Rayburn Country Electric Co-op Inc	Outlook	Moody's	STABLE	
07/28/2022	Borger Energy Associates LP / Borger Funding Corp	Long Term Rating	Moody's	WR	
07/22/2022	Allegheny Generating Co	LT Issuer Default Rating	Fitch	BBB	BBB-
07/22/2022	Allegheny Generating Co	Outlook	Fitch	STABLE	
07/22/2022	American Transmission Systems Inc	LT Issuer Default Rating	Fitch	BBB	BBB-
07/22/2022	American Transmission Systems Inc	Senior Unsecured Debt	Fitch	BBB+	BBB
07/22/2022	American Transmission Systems Inc	Outlook	Fitch	STABLE	
07/22/2022	Cleveland Electric Illuminating Co/The	LT Issuer Default Rating	Fitch	BBB	BBB-
07/22/2022	Cleveland Electric Illuminating Co/The	Senior Unsecured Debt	Fitch	BBB+	BBB
07/22/2022	Cleveland Electric Illuminating Co/The	Senior Secured Debt	Fitch	A-	BBB+
07/22/2022	Cleveland Electric Illuminating Co/The	Outlook	Fitch	STABLE	
07/22/2022	EnfraGen LLC	LT Corp Family Rating	Moody's	WR	Ba3
07/22/2022	FirstEnergy Corp	ST Issuer Default Rating	Fitch	F3	B
07/22/2022	FirstEnergy Corp	LT Issuer Default Rating	Fitch	BBB-	BB+
07/22/2022	FirstEnergy Corp	Senior Unsecured Debt	Fitch	BBB-	BB+
07/22/2022	FirstEnergy Corp	Outlook	Fitch	STABLE	
07/22/2022	FirstEnergy Transmission LLC	ST Issuer Default Rating	Fitch	F3	B
07/22/2022	FirstEnergy Transmission LLC	LT Issuer Default Rating	Fitch	BBB-	BB+
07/22/2022	FirstEnergy Transmission LLC	Senior Unsecured Debt	Fitch	BBB-	BB+
07/22/2022	FirstEnergy Transmission LLC	Outlook	Fitch	STABLE	
07/22/2022	Jersey Central Power & Light Co	LT Issuer Default Rating	Fitch	BBB	BBB-
07/22/2022	Jersey Central Power & Light Co	Senior Unsecured Debt	Fitch	BBB+	BBB

Source: Moody's, S&P, Fitch and Bloomberg Finance L.P.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

IG Maturities

Table 9: Upcoming Maturities

Tkr	Obligor	Amt Out ($ mln)	Coupon	Rank	Maturity	Moody's	S&P
DUK	Duke Energy Indiana LLC	3	8.230%	1ST MORTGAGE	8/11/2022	A2	BBB+
DUK	Duke Energy Indiana LLC	10	8.200%	1ST MORTGAGE	8/12/2022	A2	BBB+
NRUC	National Rural Utilities Cooperative Finance Corp	7	2.450%	SR UNSECURED	8/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	2	3.000%	SR UNSECURED	8/15/2022	A2	A-
DUK	Duke Energy Indiana LLC	5	8.180%	1ST MORTGAGE	8/15/2022	A2	BBB+
NRUC	National Rural Utilities Cooperative Finance Corp	0	3.000%	SR UNSECURED	8/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	3.000%	SR UNSECURED	8/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	2	2.450%	SR UNSECURED	8/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	4	3.000%	SR UNSECURED	8/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	2	3.000%	SR UNSECURED	8/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	5	4.000%	SR UNSECURED	8/15/2022	A2	A-
DUK	Duke Energy Corp	500	2.400%	SR UNSECURED	8/15/2022	Baa2	BBB+
NRUC	National Rural Utilities Cooperative Finance Corp	4	2.450%	SR UNSECURED	8/15/2022	A2	A-
DUK	Duke Energy Indiana LLC	10	8.240%	1ST MORTGAGE	8/22/2022	A2	BBB+
NI	Northern Indiana Public Service Co LLC	10	7.400%	SR UNSECURED	8/30/2022	Baa1	BBB+
BRKHEC	PacifiCorp	14	8.050%	1ST MORTGAGE	9/1/2022	A3	A
BRKHEC	PacifiCorp	15	8.050%	1ST MORTGAGE	9/1/2022	A3	A
AEE	Ameren Illinois Co	400	2.700%	SR SECURED	9/1/2022	A3	BBB+
DUK	Duke Energy Florida Project Finance LLC	22	1.731%	SR SECURED	9/1/2022		
PPL	PPL Electric Utilities Corp	250	2.500%	1ST MORTGAGE	9/1/2022	A3	A
D	Virginia Electric and Power Co	300	3.450%	SR UNSECURED	9/1/2022	A2	BBB+
ONCRTX	Oncor Electric Delivery Co LLC	482	7.000%	SR SECURED	9/1/2022	A2	A
BRKHEC	PacifiCorp	8	8.070%	1ST MORTGAGE	9/9/2022	A3	A
BRKHEC	PacifiCorp	50	8.120%	1ST MORTGAGE	9/9/2022	A3	A
BRKHEC	PacifiCorp	12	8.110%	1ST MORTGAGE	9/9/2022	A3	A
BRKHEC	PacifiCorp	5	8.069%	1ST MORTGAGE	9/9/2022	A3	A
BRKHEC	PacifiCorp	10	8.050%	1ST MORTGAGE	9/14/2022	A3	A
NRUC	National Rural Utilities Cooperative Finance Corp	3	3.000%	SR UNSECURED	9/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	3	3.000%	SR UNSECURED	9/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	0	2.750%	SR UNSECURED	9/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.750%	SR UNSECURED	9/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.500%	SR UNSECURED	9/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	0	2.750%	SR UNSECURED	9/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	2	3.000%	SR UNSECURED	9/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	2	3.000%	SR UNSECURED	9/15/2022	A2	A-
TE	Tampa Electric Co	250	2.600%	SR UNSECURED	9/15/2022	A3	BBB+
NRUC	National Rural Utilities Cooperative Finance Corp	4	3.000%	SR UNSECURED	9/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	350	2.300%	SR UNSECURED	9/15/2022	A2	A-
D	Dominion Energy Inc	350	2.750%	SR UNSECURED	9/15/2022	Baa2	BBB+
EIX	Edison International	400	2.400%	SR UNSECURED	9/15/2022	Baa3	BBB
BRKHEC	PacifiCorp	51	8.080%	1ST MORTGAGE	10/14/2022	A3	A
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.750%	SR UNSECURED	10/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	1	2.650%	SR UNSECURED	10/15/2022	A2	A-
NRUC	National Rural Utilities Cooperative Finance Corp	2	3.000%	SR UNSECURED	10/15/2022	A2	A-
ES	NSTAR Electric Co	400	2.375%	SR UNSECURED	10/15/2022	A1	A
DTE	DTE Energy Co	500	2.250%	SR UNSECURED	11/1/2022	Baa2	BBB+

Source: J.P. Morgan and Bloomberg Finance L.P.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

HY Relative Value

Table 10: HY Utilities Relative Value

Coupon	Description	Rec.	Maturity	Ratings Moody's S&P	Amount Out ($ mn)	Recent Quotes Offer	Yield	Spread	YTW Date	Next Call Date
Calpine Corp. (CPN)		**UNDERWEIGHT**								
L + 200	TLB-9 (Cov-lite)	**Neutral**	1-Apr-26	Ba2/BB+	$950	$97.35	5.78%	280bp		
L + 200	TLB (Cov-lite)	**Neutral**	12-Aug-26	Ba2/BB+	$750	$97.70	5.58%	265bp		
L + 250	TLB-5 (Cov-lite)	**Neutral**	16-Dec-27	Ba2/BB+	$1,000	$98.13	5.74%	291bp		
5.250%	Sr Sec Nts (1st Lien)	**Underweight**	1-Jun-26	Ba2/BB+	$420	$99.56	5.38%	246bp	1-Jun-26	1-Jun-23
4.500%	Sr Sec Nts (1st Lien)	**Underweight**	15-Feb-28	Ba2/BB+	$1,250	$95.94	5.36%	255bp	15-Feb-28	15-Feb-23
5.125%	Sr Nts	**Underweight**	15-Mar-28	B2/B+	$900	$87.13	5.67%	293bp	1-Mar-31	1-Mar-26
4.625%	Sr Nts	**Underweight**	1-Feb-29	B2/B+	$1,400	$95.25	6.14%	333bp	15-Mar-28	15-Mar-23
5.000%	Sr Nts	**Underweight**	1-Feb-31	B2/B+	$650	$90.25	6.49%	370bp	1-Feb-29	1-Feb-24
Clearway Energy (CWEN)		**OVERWEIGHT**								
4.750%	Sr Nts	**Overweight**	15-Mar-28	Ba2/BB	$850	$98.53	5.05%	224bp	15-Mar-28	15-Mar-23
3.750%	Sr Nts	**Overweight**	15-Feb-31	Ba2/BB	$925	$89.48	5.30%	256bp	15-Feb-31	15-Feb-26
3.750%	Sr Nts	**Overweight**	15-Jan-32	Ba2/BB	$350	$87.25	5.50%	278bp	15-Jan-32	15-Jan-27
NextEra Energy (NEP)		**NEUTRAL**								
4.250%	Sr Nts	**Neutral**	15-Jul-24	Ba1/BB	$700	$99.40	4.58%	151bp	15-Jul-24	15-Apr-24
4.250%	Sr Nts	**Neutral**	15-Sep-24	Ba1/BB	$50	$97.63	5.45%	240bp	15-Sep-24	15-Jul-24
3.875%	Sr Nts	**Neutral**	15-Oct-26	Ba1/BB	$500	$98.43	4.29%	140bp	15-Oct-26	15-Jul-26
4.500%	Sr Nts	**Neutral**	15-Sep-27	Ba1/BB	$550	$98.75	4.78%	196bp	15-Sep-27	15-Jul-27
NRG Energy, Inc. (NRG)		**OVERWEIGHT**								
3.750%	Sr Sec Nts (1st Lien)	**Overweight**	15-Jun-24	Baa3/BBB-	$600	$97.53	5.16%	209bp	15-Jun-24	15-May-24
2.000%	Sr Sec Nts (1st Lien)	**Overweight**	2-Dec-25	Baa3/BBB-	$500	$90.86	5.02%	206bp	2-Dec-25	2-Nov-25
2.450%	Sr Sec Nts (1st Lien)	**Overweight**	2-Dec-27	Baa3/BBB-	$900	$87.43	5.18%	236bp	2-Dec-27	2-Oct-27
4.450%	Sr Sec Nts (1st Lien)	**Overweight**	15-Jun-29	Baa3/BBB-	$500	$91.78	5.92%	315bp	15-Jun-29	15-Mar-29
6.625%	Sr Nts	**Overweight**	15-Jan-27	Ba2/BB+	$375	$101.13	6.00%	294bp	15-Jul-24	15-Jul-23
5.750%	Sr Nts	**Overweight**	15-Jan-28	Ba2/BB+	$821	$97.25	6.35%	354bp	15-Jan-28	15-Jan-23
3.375%	Sr Nts	**Overweight**	15-Feb-29	Ba2/BB+	$500	$86.75	5.85%	306bp	15-Feb-29	15-Feb-24
5.250%	Sr Nts	**Overweight**	15-Jun-29	Ba2/BB+	$733	$95.99	5.97%	319bp	15-Jun-29	15-Jun-24
3.625%	Sr Nts	**Overweight**	15-Feb-31	Ba2/BB+	$1,030	$85.31	5.84%	310bp	15-Feb-31	15-Feb-26
3.875%	Sr Nts	**Overweight**	15-Feb-32	Ba2/BB+	$1,100	$85.15	5.94%	322bp	15-Feb-32	15-Feb-27
PG&E Corp (PCG)		**NEUTRAL**								
5.000%	Sr Sec Nts (1st Lien)	**Neutral**	1-Jul-28	B1/BB-	$1,000	$92.38	6.58%	377bp	1-Jul-28	1-Jul-23
5.250%	Sr Sec Nts (1st Lien)	**Neutral**	1-Jul-30	B1/BB-	$1,000	$90.00	6.91%	416bp	1-Jul-30	1-Jul-25
TransAlta Corp (TACN)		**NEUTRAL**								
4.500%	Sr Nts	**Neutral**	15-Nov-22	Ba1/BB+	$400	$100.00	4.46%	242bp	15-Aug-22	15-Aug-22
6.500%	Sr Nts	**Neutral**	15-Mar-40	Ba1/BB+	$300	$97.80	6.71%	392bp	15-Mar-40	nc
Talen Energy (TLN)		**NEUTRAL**								
L + 375	TLB (Cov-lite)	**Neutral**	8-Jul-26	Caa3/D	$500	$95.16	8.16%	521bp		
7.250%	Sr Sec Nts	**Neutral**	15-May-27	NR/NR	$750	$99.75	7.31%		15-May-27	15-May-23
6.625%	Sr Sec Nts	**Neutral**	15-Jan-28	NR/NR	$470	$98.25	7.02%		15-Jan-28	15-Jan-23
7.625%	Sr Sec Nts	**Neutral**	1-Jun-28	NR/NR	$400	$99.50	7.73%		1-Jun-28	1-Jun-23
6.500%	Sr Nts	**Neutral**	1-Jun-25	NR/NR	$543	$75.63	17.85%		1-Jun-25	1-Jun-23
10.500%	Sr Nts	**Neutral**	15-Jan-26	NR/NR	$610	$75.00	21.05%		15-Jan-26	15-Jan-23
6.000%	Sr Nts	**Neutral**	15-Dec-36	NR/NR	$119	$70.00	9.97%		15-Dec-36	nc
TerraForm Power, Inc. (TERP)		**NEUTRAL**								
5.000%	Sr Nts	**Neutral**	31-Jan-28	Ba3/BB-	$700	$96.63	5.72%	291bp	31-Jan-28	31-Jul-27
4.750%	Sr Nts	**Neutral**	15-Jan-30	Ba3/BB-	$700	$94.13	5.73%	296bp	15-Jan-30	15-Jan-25
Vistra Energy Corp. (VST)		**OVERWEIGHT**								
L + 200	TLB-3 (Cov-lite)	**Overweight**	31-Dec-25	Baa3/BBB-	$2,050	$98.31	5.31%	230bp		
3.550%	Sr Sec Nts (1st Lien)	**Overweight**	15-Jul-24	Baa3/BBB-	$1,500	$96.47	5.49%	243bp	15-Jul-24	15-Jun-24
3.700%	Sr Sec Nts (1st Lien)	**Overweight**	30-Jan-27	Baa3/BBB-	$800	$92.86	5.52%	265bp	30-Jan-27	30-Nov-26
4.300%	Sr Sec Nts (1st Lien)	**Overweight**	15-Jul-29	Baa3/BBB-	$800	$92.48	5.62%	285bp	15-Jul-29	15-Apr-29
5.500%	Sr Nts	**Overweight**	1-Sep-26	Ba2/BB	$1,100	$99.45	5.34%	233bp	13-May-25	nc
5.625%	Sr Nts	**Overweight**	15-Feb-27	Ba2/BB	$1,000	$100.25	5.25%	221bp	1-Sep-23	1-Sep-22
5.000%	Sr Nts	**Overweight**	31-Jul-27	Ba2/BB	$1,300	$99.50	5.75%	289bp	15-Feb-27	15-Feb-23

Source: J.P. Morgan and Bloomberg Finance L.P.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Generation and Forecasts

Table 11: U.S. Electric Generation

GWh

	Total Electric Generation			Residential			Commercial			Industrial		
	2021	2020	Δ	2021	2020	Δ	2021	2020	Δ	2021	2020	Δ
Dec	339,684	344,346	-1.4%	118,085	129,761	-9.0%	106,357	105,456	0.9%	81,618	79,492	2.7%
4Q	974,817	1,141,100	1.6%	323,696	334,936	-3.4%	321,829	311,821	3.2%	247,182	241,030	2.6%
3Q	1,166,303	935,921	2.2%	445,840	453,871	-1.8%	377,195	363,384	3.8%	264,392	252,101	4.9%
2Q	985,117	970,987	5.3%	328,509	334,978	-1.9%	321,482	295,298	8.9%	246,688	225,509	9.4%
1Q	989,304	959,127	1.9%	378,523	340,820	11.1%	304,275	316,937	-4.0%	228,535	240,443	-5.0%

Source: Bloomberg Finance L.P.

Figure 8: Planned Solar Capacity Additions, Top 10 States

GW

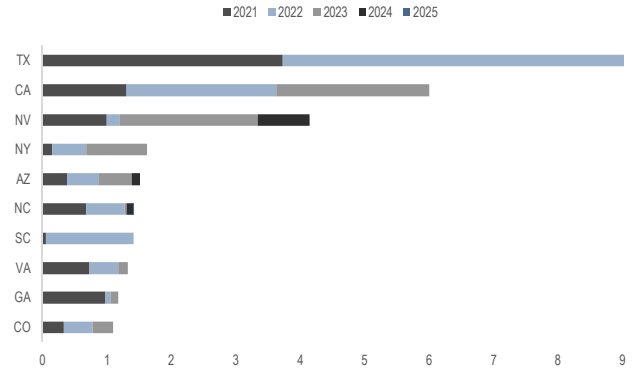

Source: EIA.

Figure 9: Planned Wind Capacity Additions, Top 10 States

GW

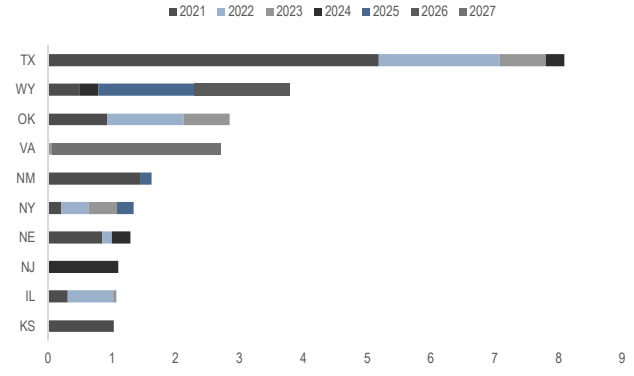

Source: EIA.

Note: Capacity from facilities with a total generator nameplate capacity less than 1 MW are excluded from EIA data. This exclusion may represent a significant portion of capacity for some technologies such as solar photovoltaic generation.

Table 12: U.S. Heating and Cooling Degree Days

	Heating Degree Days						Cooling Degree Days					
	2021	2020	2019	Norm	y/y Δ	Norm Δ	2021	2020	2019	Norm	y/y Δ	Norm Δ
4Q	1,302	1,449	1,480	1,665	-10.1%	-21.8%	110	136	128	96	-19.1%	14.6%
3Q	50	66	37	75	-24.2%	-33.3%	955	945	951	792	1.1%	20.6%
2Q	570	626	520	620	-8.9%	-8.1%	346	352	349	300	-1.7%	15.3%
1Q	2,071	1,963	2,283	2,330	5.5%	-11.1%	27	46	35	33	-41.3%	-18.2%

Source: Bloomberg Finance L.P.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Power Curves and Spark Spreads

Figure 10: PJM West ATC Price Curve

$/MWh

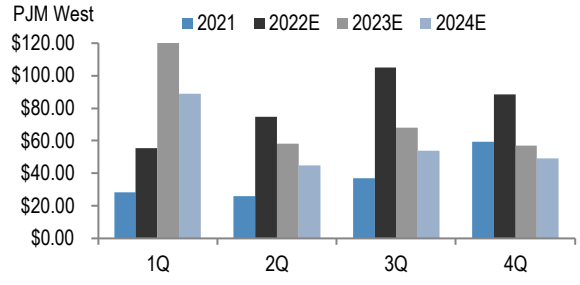

Source: Bloomberg Finance L.P.

Figure 11: PJM West ATC Spark Spread

$/MWh

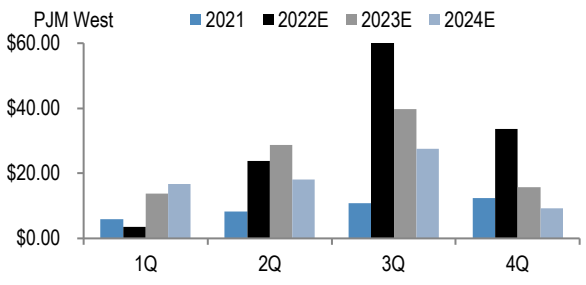

Source: Bloomberg Finance L.P.

Figure 12: NEPOOL ATC Price Curve

$/MWh

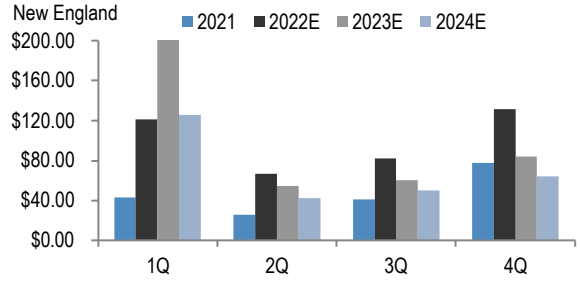

Source: Bloomberg Finance L.P.

Figure 13: NEPOOL ATC Spark Spread

$/MWh

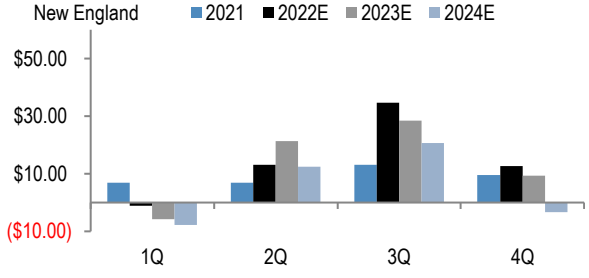

Source: Bloomberg Finance L.P.

Figure 14: WECC – P15 ATC Price Curve

$/MWh

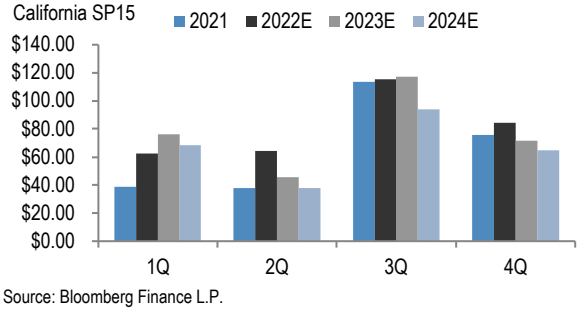

Source: Bloomberg Finance L.P.

Figure 15: WECC – P15 ATC Spark Spread

$/MWh

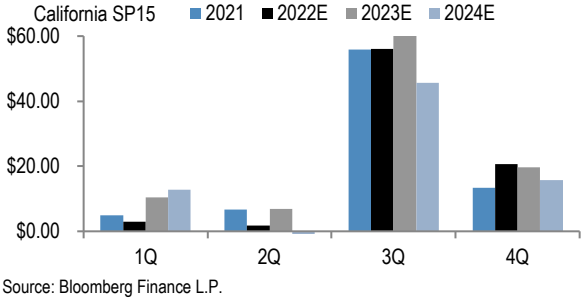

Source: Bloomberg Finance L.P.

Figure 16: ERCOT – Houston ATC Price Curve

$/MWh

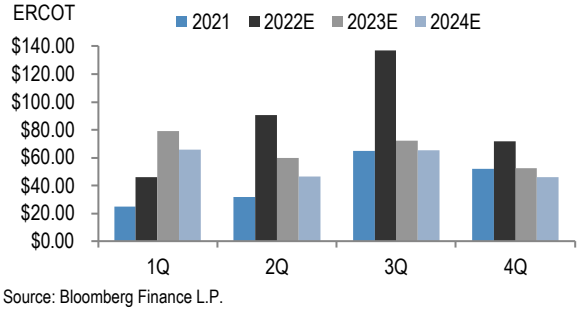

Source: Bloomberg Finance L.P.

Figure 17: ERCOT – Houston ATC Spark Spread

$/MWh

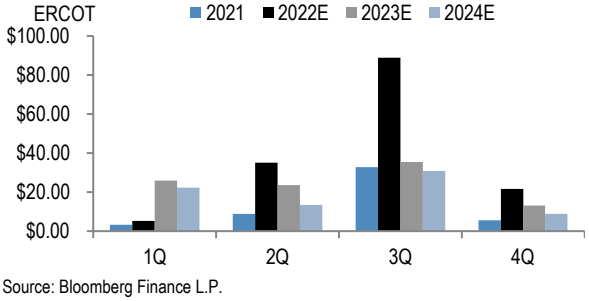

Source: Bloomberg Finance L.P.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Explanation of Credit Research Valuation Methodology, Ratings and Risk to Ratings:
J.P. Morgan uses a bond-level rating system that incorporates valuations (relative value) and our fundamental view on the security. Our fundamental credit view of an issuer is based on the company's underlying credit trends, overall creditworthiness and our opinion on whether the issuer will be able to service its debt obligations when they become due and payable. We analyze, among other things, the company's cash flow capacity and trends and standard credit ratios, such as gross and net leverage, interest coverage and liquidity ratios. We also analyze profitability, capitalization and asset quality, among other variables, when assessing financials. Analysts also rate the issuer, based on the rating of the benchmark or representative security. Unless we specify a different recommendation for the company's individual securities, an issuer recommendation applies to all of the bonds at the same level of the issuer's capital structure. We may also rate certain loans and preferred securities, as applicable. This report also sets out within it the material underlying assumptions used.

We use the following ratings for bonds (issues), issuers, loans, and preferred securities: Overweight (over the next three months, the recommended risk position is expected to outperform the relevant index, sector, or benchmark); Neutral (over the next three months, the recommended risk position is expected to perform in line with the relevant index, sector, or benchmark); and Underweight (over the next three months, the recommended risk position is expected to underperform the relevant index, sector, or benchmark). J.P. Morgan Emerging Markets Sovereign Research uses Marketweight, which is equivalent to Neutral. NR is Not Rated. In this case, J.P. Morgan has removed the rating for this particular security or issuer because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating no longer should be relied upon. An NR designation is not a recommendation or a rating. NC is Not Covered. An NC designation is not a rating or a recommendation.

For CDS, we use the following rating system: Long Risk (over the next three months, the credit return on the recommended position is expected to exceed the relevant index, sector or benchmark); Neutral (over the next three months, the credit return on the recommended position is expected to match the relevant index, sector or benchmark); and Short Risk (over the next three months, the credit return on the recommended position is expected to underperform the relevant index, sector or benchmark).

J.P. Morgan Credit Research Ratings Distribution, as of July 02, 2022

	Overweight	Neutral	Underweight
Global Credit Research Universe*	32%	53%	15%
IB clients**	62%	60%	60%

*Please note that the percentages might not add to 100% because of rounding.
**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.
The Credit Research Rating Distribution is at the issuer level. Issuers with an NR or an NC designations are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 093/09/2021 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. Any data discrepancies in this material could be the result of different calculations and/or adjustments. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this

Kevin L Kwan
(1-212) 270-9455
kevin.l.kwan@jpmorgan.com

material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised July 02, 2022.

Copyright 2022 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Potential tax increase spooks investors; EXC well-positioned to mitigate. Reit. BUY
- **Publication Date/Time** : Thursday, August 04, 2022 03:42:33 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Paul Zimbardo
- **Link to Document** : https://rsch.baml.com/r?q=!QJWLSFgFI1QnlD!Aza2aA__&reid=38B850007D6611EDACEB0E85945289B1

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
ALE	63.03	Neutral
AVA	42.07	Sell
CEG	67.17	Buy
CPK	136.42	Neutral
DUK	110.82	Buy
ETR	117.38	Buy
EVRG	68.37	Buy
EXC	44.31	Neutral
NI	30.27	Buy
NJR	45.20	Neutral
NRG	37.37	Neutral
NWN	53.32	Neutral
OGE	40.67	Buy
PCG	11.12	Buy
PNW	75.27	Sell
PPL	28.99	Buy
SO	77.26	Buy
SR	73.69	Neutral
SRE	164.57	Buy

The Guggenheim Daily Transmission: Pensions, PNW, AVA, NI, ALE, PPL, EXC, ETR, DUK, NJR, SR, SRE, OGE, CPK, CEG, NRG, EVRG, NWN, SO, PCG/CA

For details on our Guggenheim-hosted client Utility events including: our DTE NDR; POR NDR; NEE NDR; CEG NDR; WEC NDR; OGS NDR; and other events, scroll down…

Utilities — Life, Death… and Pension Expense? (see our note HERE)

PNW – Pension Headwinds Still Have Unclear Offsets; End Result Less Relevant Without 2023 EPS Guidance (see note HERE)

AVA – Moment of Truth Draws Near as Long-Time 2023 EPS Target Hangs in the Balance (see note HERE)

NI – All Eyes on November Update; We Expect Revamped Guidance for an Otherwise Intact NiSource; M&A Less Likely, in Our View (see note HERE)

ALE – 2Q Beat; Transmission and Non-Reg Execution Bring Fresh Opportunities as Key Case Events Loom (see note HERE)

PPL – Low Key 2Q on the Heels of RI Close (see note HERE)

EXC – Tax Policy and Equity Update Cloud an Otherwise Straightforward Quarter (see note HERE)

ETR – 2Q Strong EPS Beat; Strong Usage and Weather Trend Restores Contingency Flex and Helps Customer Bill Offsets (see note HERE)

DUK – reports 2Q22 adj. EPS of $1.14 vs Gugg/cons at $1.09/$1.07; reaffirms 2022 adj. EPS guidance of $5.30–$5.60 ($5.45) vs Gugg/cons $5.48/$5.45; 5%-7% EPS CAGR reaffirmed

NJR – reports F3Q22 NFE of -$0.04 vs Guggenheim/consensus at $0.17/$0.06; raising FY22 NFE guidance to $2.40-$2.50 ($2.45) vs $2.30-$2.40 ($2.35 midpoint) previously, vs Gugg/cons $2.35/$2.35

SR – reports F3Q22 net economic EPS of $0.01 vs Gugg/consensus at $0.04/$0.02; reaffirms FY22 NEEPS guidance of $3.75-3.95 ($3.85) vs Gugg/cons $3.84/3.90

SRE – SRE reported 2Q22 EPS of $1.98 beating a $1.81 consensus; 2022 EPS guidance reiterated and now in top half

OGE – OGE reported 2Q22 adjusted EPS of $0.45 vs. $0.43 consensus and our $0.41 estimate; 2022 EPS guidance reiterated; now in top half

CPK – CPK reported 2Q22 EPS of $0.96 vs. $0.83 consensus and our $0.83 estimate; Near term Capex delays, but Reiterated LT guidance

CEG – CEG reports 2Q22 earnings

NRG – NRG reports 2Q22 earnings

EVRG – EVRG reports 2Q22 earnings

NWN – NWN reports 2Q22 earnings

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

SO – Southern gets permission to load fuel for Vogtle Unit 3

PCG/CA – CA undergrounding legislation gets first reading in Assembly committee

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

DUK – reports 2Q22 adj. EPS of $1.14 vs Gugg/cons at $1.09/$1.07; reaffirms 2022 adj. EPS guidance of $5.30–$5.60 ($5.45 midpoint) vs Gugg/cons at $5.48/$5.45; 5%-7% EPS CAGR reaffirmed

- +$0.10 2Q22 weather vs normal; net +$0.09 weather vs 2Q21 (2Q21 was +$0.01 vs normal)
- +1.5% rolling 12-month retail load growth through 2Q22; DUK expects that figure to moderate to raised guidance for 2022 of **2.0% load growth** vs **1.5% previously**
- +1.8% total customer growth vs 2Q21
- **Announced strategic review of commercial renewables business**
  - **~3.5 GW net ownership** of ~5.1 GW of operational wind and solar at Commercial Renewables (**details on slide 17**)
  - Duke Energy's smallest segment, representing **less than ~5% of consolidated earnings**, with a slower growth trajectory than regulated electric and gas utilities
  - If sold, majority of proceeds would be used for debt repayment and avoidance
- Reaffirmed 5%-7% EPS CAGR through 2026 off of base of 2021 original guidance midpoint of $5.15
- Call is at **10:00am ET** at **888-510-2359;** Access code**: 2999899**

NJR – reports F3Q22 NFE of -$0.04 vs Guggenheim/consensus at $0.17/$0.06; raising FY22 NFE guidance to $2.40-$2.50 ($2.45 midpoint) vs $2.30-$2.40 ($2.35 midpoint) previously, compares vs Gugg/consensus at $2.35/$2.35

- Outperformance at Energy Services once again drove the increase to FY22 guidance to $2.40–$2.50 from previously issued guidance of $2.30–$2.40
- CEV has a >675 MW pipeline of projects under contract, construction or exclusivity through fiscal 2027
- Construction at Adelphia Gateway scheduled to be completed by Dec 31, 2022
- ~1.7K new customers additions at NJNG in F2Q22 vs +1.8K in F2Q22
- Reiterated 7%–9% LT annual growth off FY22's original guidance midpoint of $2.25
- Earnings call will be held today at **10:00 AM ET.** Dial-in: **844-200-6205;** Access code: **901964**

SR – reports F3Q22 net economic EPS of $0.01 vs Gugg/consensus at $0.04/$0.02; reaffirms FY22 net economic EPS guidance of $3.75-3.95 ($3.85 midpoint) vs Gugg/consensus at $3.84/3.90

- Reiterates confidence in 5-7% long-term EPS growth
- Capex: $3.1bn budget through 2026 remains unchanged
- FY22 capex guidance unchanged at $540m (*reflecting the deferral of non-operational overhead costs for Spire Missouri into a regulatory asset*)
- Reiterates 7-8% annual rate base growth
- *Presentation and accompanying details not yet released*
- Earnings call will be held today at 1**:00 PM ET.** Dial-in: **844-824-3832** (**no access code**)

SRE – reported 2Q22 EPS of $1.98 beating a $1.81 consensus; 2022 EPS guidance reiterated and now in top half

- SRE reported 2Q22 EPS of $1.98 per share, beating consensus of $1.81 and our $1.52 estimate
- SRE reiterated 2022 EPS guidance range of $8.10 to $8.70 and is guiding to the high end.
- SRE also is affirming its full-year 2023 EPS guidance range of $8.60 to $9.20.

OGE – reported 2Q22 adjusted EPS of $0.45 vs. $0.43 consensus and our $0.41 estimate; 2022 EPS guidance reiterated and now in top half; OGE completed majority of ET ownership sale in July

- OGE reported earnings of $0.36 per diluted share including midstream, and $0.45 per share on a comparable basis vs $0.43 consensus and our $0.41 estimate
- OG&E contributed net income of $100.7M, or $0.50 per share in the second quarter, compared to $85.1M, or $0.42 per share.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- Results in 2Q were driven largely by weather.
- Other Operations resulted in a loss of $0.05 per share in the second quarter compared to a loss of $0.02 per share in the same period of 2021; Driven by a partial reversal of a tax benefit
- OG&E's 2022 earnings guidance is unchanged; $1.87 to $1.97 per share; OGE anticipates results in the top half of its 2022 earnings guidance range due to strong weather and sales.

CPK – reported 2Q22 EPS of $0.96 vs. $0.83 consensus and our $0.83 estimate; Near term Capex delays, but Reiterated LT guidance

- CPK reported 2Q22 EPS of $0.96 vs. our $0.83 estimate and consensus
- 2Q results Included a one-time gain of $1.9 million or $0.08 in EPS related to a building sale
- Performance in the first half of 2022 was driven by the acquisition of Diversified Energy, pipeline expansions, natural gas organic growth, regulatory initiatives and higher earnings in the Company's unregulated businesses during the first half of the year.
- CPK experienced delays in capex deployment in 2Q; lowering its full year capital expenditure guidance range to $140 to $175M
- CPK expects these delays in timing to be temporary and reiterates its long-term capital expenditures and EPS guidance ranges of $750M to $1B in 2021 through 2025 and $6.05 to $6.25 for 2025 (respectively).

CEG ─ reports 2Q22 earnings

- CEG reported EBITDA of $603mm vs. Gugg/Consensus $501/565
- Reaffirmed 2022 guidance of $2,350-2,750 (vs. Gugg $2,547)
- 2023 gross margin +$200mm vs. 3/31
- 2023 volumes ~90% hedged
- Call at 10am ET - registration HERE

NRG ─ reports 2Q22 earnings

- NRG reported EBITDA of $358mm vs. Gugg/Consensus $350/363mm
- Reaffirmed 2022 guidance of $1,950-2,250mm (vs. Gugg $2,000mm)
- Reaffirmed FCF guide $1,140-1,440mm
- WA Parish outage and growth/other dragged $90mm
- Executed $102mm in share repurchases between 5/1 and 7/31

EVRG ─ reports 2Q22 earnings

- EVRG reported $0.86 vs. Gugg/Consensus $0.82/0.84
- Reaffirmed 2022 guidance of $ $3.43 to $3.63 (vs. Gugg $3.52)
- $0.06 of weather, 4% increase in weather-norm demand (+$0.10)
- Details minor IRP shifts in slides, alongside regulatory calendar
- KS rate case to be filed in April of '23
- Call at 9am ET – register HERE

NWN ─ reports 2Q22 earnings

- NWN reported $0.05 vs. Gugg/Consensus ($0.06)
- Reaffirmed 2022- guidance of $2.45-2.65 (vs. Gugg $2.56)
- Reaffirmed 4-6% LT EPS growth guide
- Call at 11am ET - 1-844-200-6205 password: 452188

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

SO – Southern gets permission to load fuel for Vogtle Unit 3

- Southern Nuclear Operating received permission from the US Nuclear Regulatory Commission Aug. 3 to load fuel at the long-delayed 1,150-MW Vogtle-3 nuclear unit in Georgia, although the company has said the milestone is likely to take place in late October.
- More HERE

Guggenheim takeaway: *A positive surprise versus widely held investor expectations of permission to load fuel coming later this fall.*

PCG/CA – CA undergrounding legislation gets first reading in Assembly committee

- CA Senate SB884 legislation was read the first time in the Assembly natural resource committee and placed on suspense file
- The assembly committee on utilities previously removed the language around a delayed investment recovery for undergrounding projects.
- The language was replaced with a mandate for an accountability process that would be CPUC driven.
- CA Senate undergrounding bill text here (SB884).
- Legislative session runs through August.

Guggenheim takeaway: *The bill is once again gaining traction at the Assembly level. As history has shown, the legislative process can see bills amended or gutted almost entirely until the tail end of the session in August. The amendments remove a large portion of the contested language that would potentially be at odds with incentivizing undergrounding, and instead shows the political will for alignment on wildfire safety.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chief Executive Officer*

Barbara Tuckfield, *Director, Investor Relations*

Date

August 8 & 9, 2022
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $25.7bn

DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment composed of various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

Portland General Electric Co. (POR)

Jim Ajello, *Chief Financial Officer & Treasurer*
Jardon Jaramillo, *Sr. Director of Finance, Investor Relations and Risk Management*
Nick White, *Sr. Investor Relations Analyst*

Date
August 9 & 10, 2022
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $4.27bn
Portland General Electric (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial, and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

Kirk Crews, *Chief Financial Officer*
Jessica Geoffroy, *Head of Investor Relations*

Date
August 30–September 1, 2022
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $155.02bn
NextEra Energy, Inc. (NEE) is an electric power and energy infrastructure company. It operates through the following segments: FPL and NEER. The FPL segment engages primarily in the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. It provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas production and pipeline infrastructure development, and owns a retail electricity provider. The company was founded in 1984 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Joseph Dominguez, *Chief Executive Officer*
Dan Eggers, *Chief Financial Officer*
Emily Duncan, *Vice President, Investor Relations*

Dates & Locations
September 7 & 8 | New York
September 9 | Boston

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $31.66bn
Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *Sr. Vice President – Corporate Communications and Investor Relations*

Dates & Locations

September 13 | Los Angeles
September 14 | Dallas

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $31.66bn

WEC Energy Group, Inc. (WEC) is a holding company, which engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim's Power & Utility Comp Sheet

8/3/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$63.03	3,597	3.75	3.91	4.14	4.43	3.75	3.88	4.12	4.47	–	0.03	–	(0.04)	16.8x	16.1x	15.2x	14.2x	-19%	-17%	-16%	-17%	5.7%	4.3%	72%	Neutral	$66	9%	Neutral	$66	9%
AVA	$42.07	3,070	1.94	2.47	2.59	2.72	1.94	2.41	n/a	n/a	–	0.06	–	–	21.7x	17.0x	16.2x	15.5x	5%	-13%	-11%	-9%	11.9%	4.3%	93%	Sell	$34	-15%	Neutral	$43	6%
NWE	$54.16	3,041	3.30	3.57	3.88	4.05	3.30	3.54	3.69	3.96	–	0.03	0.19	0.09	16.4x	15.2x	14.0x	13.4x	-21%	-22%	-23%	-22%	7.1%	4.7%	77%	Neutral	$58	12%	Neutral	$61	18%
POR	$52.40	4,676	2.83	2.92	3.02	3.18	2.80	2.86	3.04	3.18	0.03	0.06	–	–	18.5x	17.9x	17.4x	16.5x	-11%	-8%	-5%	-3%	4.0%	3.6%	66%	Buy	$56	10%	Neutral	$53	4%
		14,385													**18.4x**	**16.6x**	**15.7x**	**14.9x**	**-12%**	**-15%**	**-14%**	**-13%**	**7.2%**	**4.2%**	**77%**						
Mid/Large Cap Electric																														
AEE	$92.30	23,822	4.04	4.32	4.64	4.95	4.07	4.37	4.66	4.94	(0.03)	(0.05)	–	–	22.8x	21.4x	19.9x	18.6x	10%	10%	9%	9%	7.0%	2.7%	61%	Buy	$99	10%	Buy	$96	6%
AEP	$99.59	51,163	5.00	5.30	5.64	6.00	4.99	5.29	5.62	5.99	–	–	–	–	19.9x	18.8x	17.7x	16.6x	-4%	-3%	-3%	-3%	6.3%	3.3%	65%	Buy	$109	13%	Buy	$105	8%
CMS	$69.34	20,122	2.88	3.14	3.41	3.64	2.88	3.13	3.41	3.67	–	–	–	–	24.1x	22.1x	20.3x	19.0x	16%	13%	12%	12%	8.1%	2.8%	67%	Neutral	$70	4%	Buy	$71	5%
CNP	$31.69	19,947	1.38	1.49	1.61	1.73	1.39	1.50	1.62	1.74	–	–	–	–	23.0x	21.3x	19.7x	18.3x	11%	9%	8%	7%	7.8%	2.3%	52%	Buy	$35	13%	Buy	$33	7%
D	$83.20	67,498	4.12	4.40	4.70	5.00	4.12	4.38	4.68	5.00	–	–	–	–	20.2x	18.9x	17.7x	16.6x	-3%	-3%	-3%	-3%	6.7%	3.3%	67%	Buy	$90	11%	Buy	$88	9%
DTE	$130.42	25,268	6.06	6.29	6.73	7.13	5.94	6.27	6.71	7.20	0.12	–	–	(0.07)	21.5x	20.7x	19.4x	18.3x	4%	6%	7%	7%	5.6%	2.8%	61%	Buy	$145	14%	Buy	$137	8%
DUK	$110.82	85,331	5.48	5.81	6.15	6.50	5.45	5.76	6.14	6.51	–	0.05	–	–	20.2x	19.1x	18.0x	17.0x	-3%	-2%	-1%	-0%	5.9%	3.7%	74%	Buy	$119	11%	Buy	$113	5%
ED	$98.10	34,756	4.51	4.89	5.18	5.38	4.50	4.84	5.12	5.42	–	0.05	0.06	(0.04)	21.8x	20.1x	18.9x	18.2x	5%	3%	4%	7%	6.1%	3.3%	71%	Neutral	$94	-1%	Sell	$86	-9%
EIX	$69.30	26,433	4.64	4.92	5.25	5.60	4.48	4.88	5.16	5.40	0.16	0.04	0.09	0.20	14.9x	14.1x	13.2x	12.4x	-28%	-28%	-27%	-28%	6.5%	4.2%	62%	Buy	$82	22%	Buy	$73	9%
ES	$90.83	31,325	4.10	4.42	4.75	5.11	4.11	4.38	4.69	5.06	–	0.04	0.06	0.05	22.2x	20.5x	19.1x	17.8x	7%	6%	5%	4%	7.6%	2.9%	64%	Buy	$97	10%	Neutral	$92	5%
ETR	$117.38	23,877	6.43	6.81	7.21	7.57	6.32	6.76	7.19	7.69	0.11	0.05	–	(0.12)	18.3x	17.2x	16.3x	15.5x	-12%	-11%	-10%	-9%	5.6%	3.6%	65%	Buy	$129	13%	Buy	$126	11%
EVRG	$68.37	15,689	3.52	3.77	4.02	4.30	3.55	3.78	4.05	4.24	(0.03)	–	–	0.06	19.4x	18.1x	17.0x	15.9x	-6%	-7%	-6%	-7%	6.9%	3.5%	69%	Buy	$77	16%	Buy	$71	7%
EXC	$44.31	43,430	2.27	2.41	2.58	2.82	2.25	2.42	2.59	2.81	–	–	–	–	19.5x	18.4x	17.2x	15.7x	-6%	-6%	-5%	-8%	7.5%	3.2%	62%	Neutral	$49	14%	Buy	$48	12%
FE	$39.40	22,513	2.40	2.57	2.75	2.95	2.41	2.53	2.72	2.86	–	0.04	0.03	0.09	16.4x	15.3x	14.3x	13.4x	-21%	-21%	-21%	-22%	7.1%	4.0%	66%	Neutral	$43	13%	Buy	$45	17%
LNT	$61.27	15,367	2.75	2.90	3.04	3.23	2.75	2.89	3.08	3.27	–	–	(0.04)	(0.04)	22.3x	21.1x	20.2x	19.0x	7%	9%	11%	11%	5.5%	2.9%	64%	Neutral	$60	1%	Neutral	$63	5%
OGE	$40.67	8,142	1.99	2.06	2.21	2.30	2.12	2.09	2.19	2.31	(0.13)	(0.03)	–	–	20.4x	19.7x	18.4x	17.7x	-1%	1%	1%	4%	4.9%	4.1%	85%	Buy	$43	10%	Buy	$41	5%
PCG	$11.12	22,103	1.11	1.24	1.34	1.45	1.09	1.22	1.34	1.45	–	–	–	–	10.0x	9.0x	8.3x	7.7x	-52%	-54%	-54%	-55%	9.3%	0.4%	4%	Buy	$19	71%	Buy	$16	44%
PEG	$65.38	32,615	3.56	3.73	4.18	4.55	3.47	3.57	3.94	4.35	0.09	0.16	0.24	0.20	18.4x	17.5x	15.6x	14.4x	-11%	-10%	-14%	-16%	8.5%	3.4%	63%	Buy	$75	18%	Buy	$73	15%
PNW	$75.27	8,509	4.05	4.25	4.50	4.75	4.04	4.17	4.46	4.68	–	0.08	0.04	0.07	18.6x	17.7x	16.7x	15.8x	-10%	-9%	-8%	-7%	5.5%	4.6%	86%	Sell	$60	-16%	Sell	$72	-0%
PPL	$28.99	21,342	1.39	1.58	1.70	1.81	1.42	1.56	1.70	1.81	(0.03)	–	–	–	20.9x	18.3x	17.1x	16.0x	1%	-6%	-6%	-6%	9.2%	3.2%	66%	Buy	$33	17%	Buy	$31	10%
SO	$77.26	82,091	3.60	3.80	4.15	4.40	3.59	3.81	4.15	4.44	–	–	–	(0.04)	21.5x	20.3x	18.6x	17.6x	3%	4%	2%	3%	6.9%	3.6%	77%	Buy	$80	7%	Neutral	$74	-1%
WEC	$104.08	32,830	4.40	4.59	4.89	5.21	4.39	4.62	4.92	5.24	–	–	–	(0.03)	23.7x	22.7x	21.3x	20.0x	14%	16%	17%	17%	5.8%	2.9%	69%	Neutral	$104	3%	Neutral	$104	3%
Mid/Lg Cap (excl. EIX, PCG)															**20.7x**	**19.5x**	**18.2x**	**17.1x**					**6.7%**	**3.3%**	**68%**						
Regulated Electrics		**728,559**													**20.3x**	**19.0x**	**17.8x**	**16.7x**					**6.8%**	**3.5%**	**69%**						

		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$42.47	4,648	2.21	2.41	2.47	2.69	2.15	2.29	2.38	2.56	0.06	0.12	0.09	0.13	19.2x	17.6x	17.2x	15.8x	-7%	-9%	-5%	-8%	6.8%	3.4%	65%	Neutral	$41	-0%	Neutral	$41	0%
NEE	$86.46	169,875	2.84	3.07	3.38	3.66	2.88	3.11	3.38	3.64	(0.04)	(0.04)	–	–	30.4x	28.2x	25.6x	23.6x	47%	45%	41%	38%	8.8%	2.1%	63%	Buy	$91	7%	Buy	$91	8%
SRE	$164.57	51,725	8.54	9.08	9.58	10.21	8.53	8.98	9.59	10.11	–	0.10	–	0.10	19.3x	18.1x	17.2x	16.1x	-7%	-7%	-5%	-6%	6.1%	2.9%	57%	Buy	$174	9%	Buy	$170	6%
		226,247													**23.0x**	**21.3x**	**20.0x**	**18.5x**	**11%**	**9%**	**10%**	**8%**	**7.2%**	**2.8%**	**62%**						
Gas LDCs																														
NI	$30.27	12,288	1.45	1.53	1.70	1.84	1.45	1.55	1.71	1.84	–	–	–	–	20.9x	19.8x	17.8x	16.5x	3%	4%	0%	-2%	8.3%	3.3%	68%	Buy	$32	9%	Buy	$32	9%
CPK	$136.42	2,420	5.13	5.55	5.93	6.32	n/a	n/a	n/a	n/a	–	–	–	–	26.6x	24.6x	23.0x	21.6x	31%	29%	30%	29%	7.2%	1.6%	42%	Neutral	$136	1%	Buy	$141	5%
NJR	$45.20	4,346	2.35	2.43	2.62	2.78	2.35	2.43	2.73	2.81	–	–	(0.11)	(0.03)	19.2x	18.6x	17.3x	16.3x	-5%	-2%	-3%	-3%	5.8%	3.4%	66%	Neutral	$41	-6%	Neutral	$46	6%
NWN	$53.32	1,826	2.56	2.73	2.83	2.97	2.52	2.69	2.80	2.99	0.04	0.04	0.03	–	20.8x	19.5x	18.8x	18.0x	2%	3%	6%	7%	5.1%	3.6%	76%	Neutral	$49	-4%	Buy	$55	7%
OGS	$82.14	4,447	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	20.1x	18.8x	17.7x	16.4x	-1%	-1%	-1%	-2%	7.0%	3.1%	63%	Neutral	$86	8%	Buy	$89	11%
SJI	$34.56	4,230	1.71	1.82	1.94	2.05	1.69	1.78	1.86	1.83	–	0.04	0.08	0.22	20.2x	19.0x	17.8x	16.9x	-1%	0%	0%	1%	6.2%	3.7%	74%	Neutral	$26	-21%	Neutral	$34	1%
SR	$73.69	3,841	3.84	4.27	4.91	5.03	3.90	4.38	4.65	4.88	(0.06)	(0.11)	0.26	0.15	19.2x	17.3x	15.0x	14.7x	-6%	-9%	-15%	-12%	9.4%	3.9%	74%	Neutral	$67	-5%	Neutral	$74	5%
		33,399													**21.0x**	**19.6x**	**18.2x**	**17.2x**	**3%**	**3%**	**2%**	**3%**	**7.0%**	**3.2%**	**66%**						
Regulated Water																														
AWK	$157.65	28,659	4.44	4.85	5.23	5.70	4.43	4.83	5.19	5.65	–	–	0.04	0.05	35.5x	32.5x	30.1x	27.7x	71%	67%	66%	62%	8.7%	1.7%	61%	Neutral	$155	0%	Neutral	$161	4%

		Market	Guggenheim EBITDA Ests				Consensus				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$67.17	21,942	2,547	3,203	3,511	3,412	2,600	2,998	3,356	3,521	(53)	206	155	(109)	11.2x	8.4x	7.1x	6.8x	28,608	26,900	25,038	23,230	10.2%	0.9%	17%	Buy	$70	5%	Buy	$67	1%
NRG	$37.37	8,867	2,000	2,247	2,312	2,276	2,047	2,293	2,382	2,384	(48)	(46)	(70)	(108)	7.9x	6.8x	6.4x	5.9x	15,861	15,316	14,705	13,378	4.4%	3.9%	26%	Neutral	$43	19%	Buy	$44	20%
VST	$25.46	10,994	3,117	3,508	3,555	3,738	3,194	3,600	3,647	3,607	(77)	(93)	(92)	132	6.9x	6.1x	5.8x	5.3x	21,549	21,229	20,773	19,771	6.2%	3.0%	35%	Buy	$32	29%	Buy	$31	25%
Other																														
ALTO	$4.43	328	73	74	75	76	56	136	198	320	–	(62)	(123)	(243)									1.3%	–	–	Buy	$8	81%	Buy	$11	141%
IEA	$14.25	692	147	164	174	178	143	157	182	215	–	–	–	(37)									6.7%	–	–	Neutral	$14	-2%	Neutral	$14	-3%
NEP	$80.29	6,737	1,660	1,775	1,889	2,003	1,750	1,923	2,067	2,315	(90)	(148)	(178)	(311)									6.5%	4.0%	–	Buy	$85	10%	Buy	$86	11%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

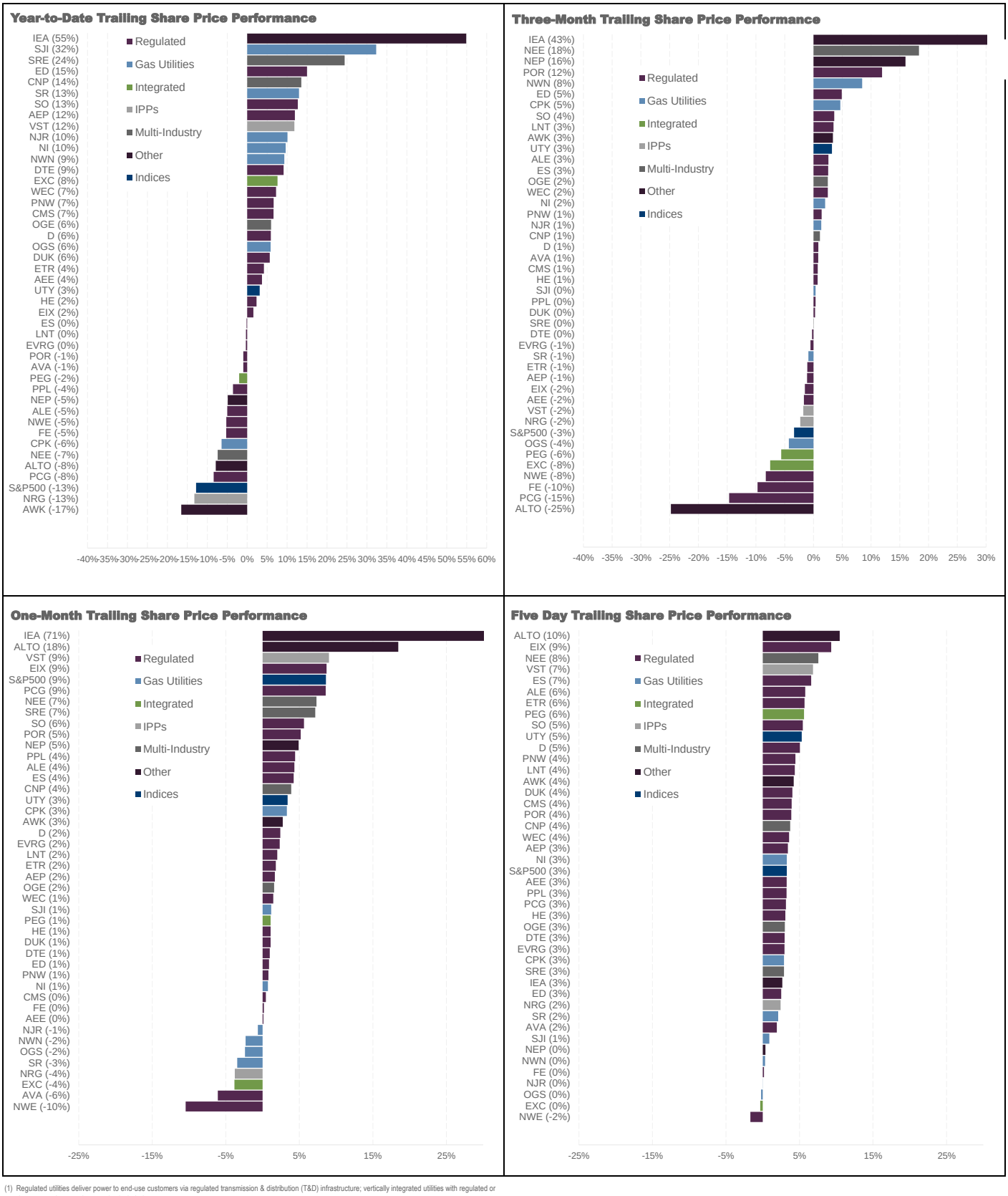

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
WEC	9/13–9/14	LA (9/13) & Dallas (9/14)
OGS	9/27–9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Generation and Mix

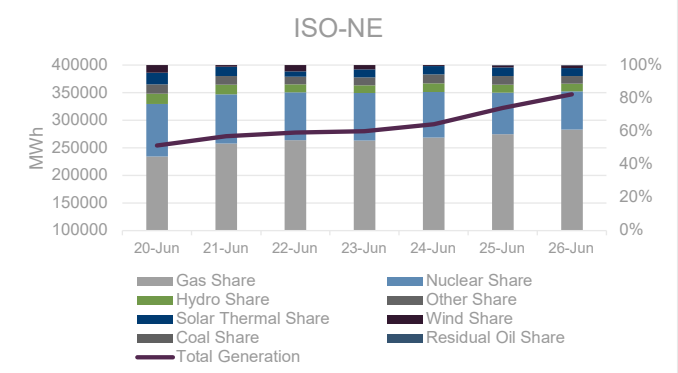

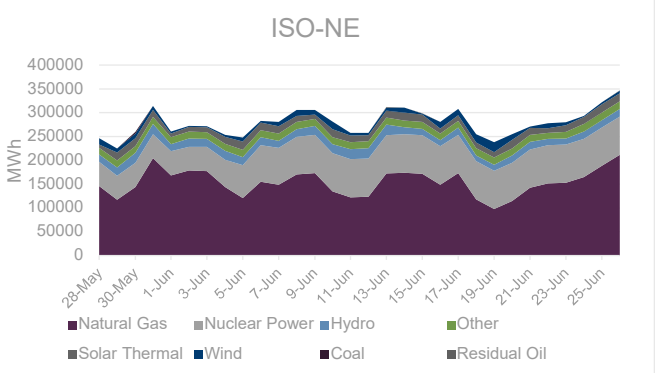

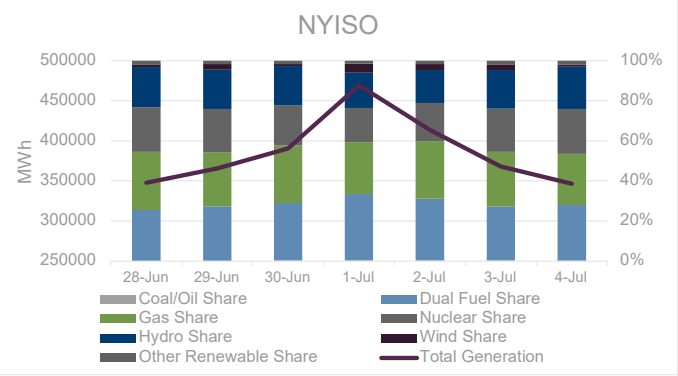

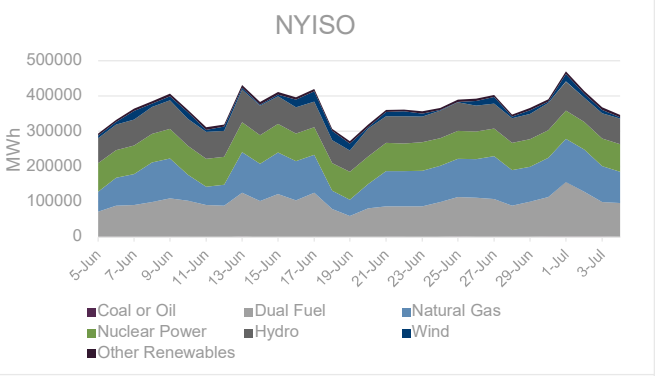

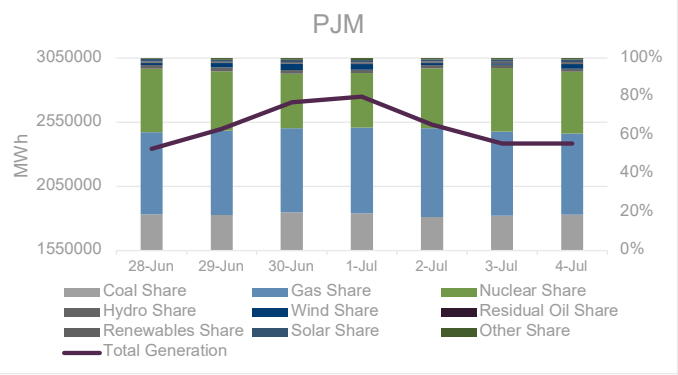

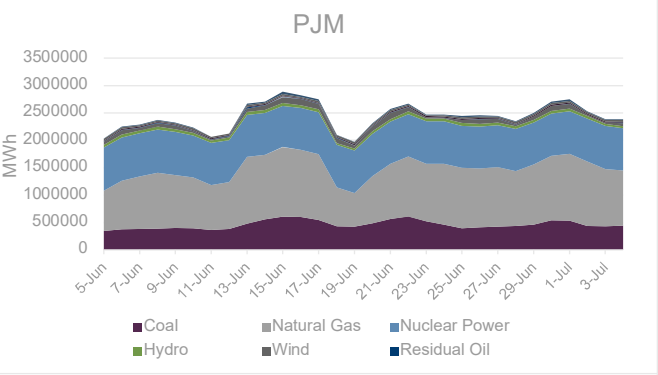

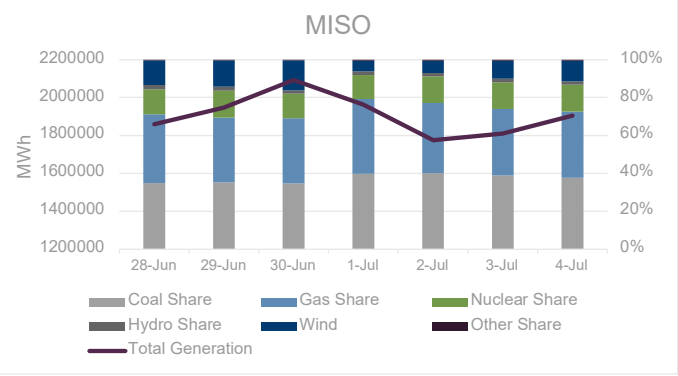

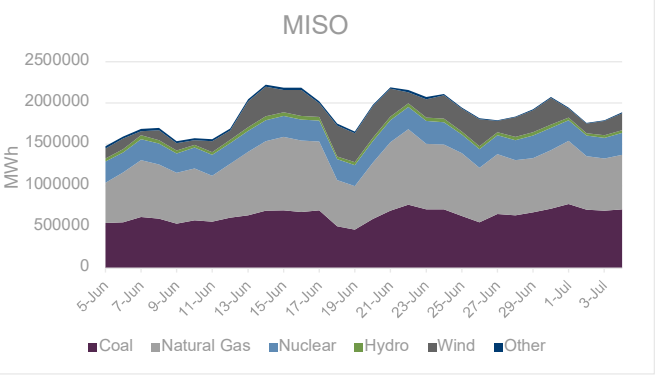

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

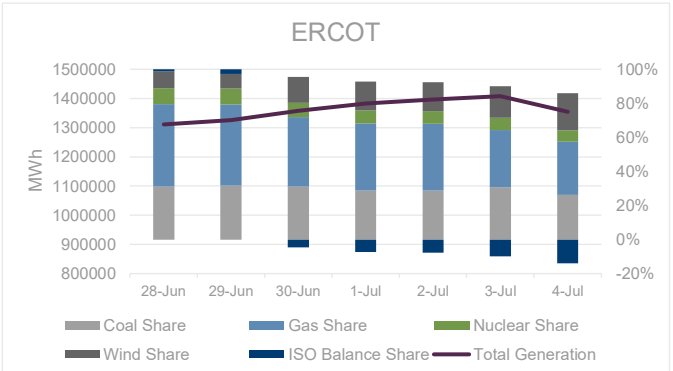

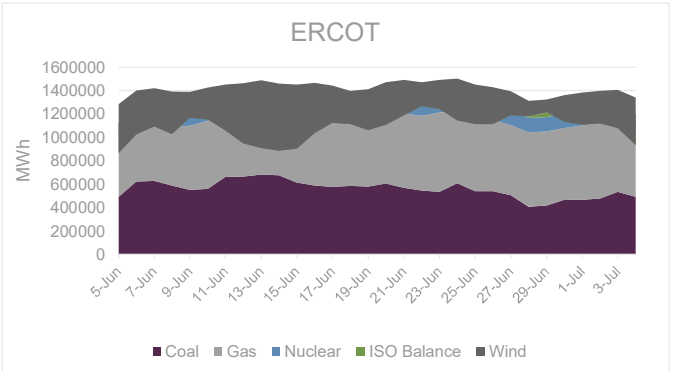

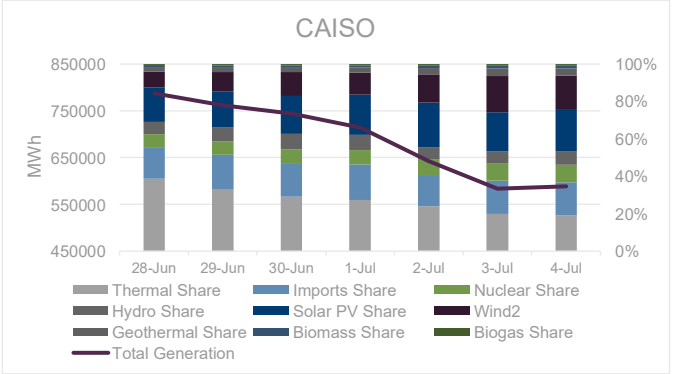

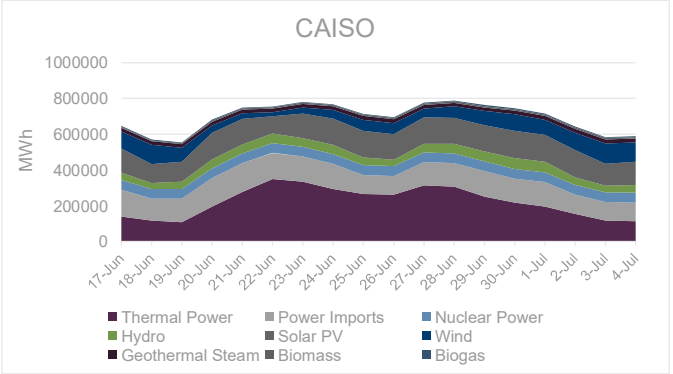

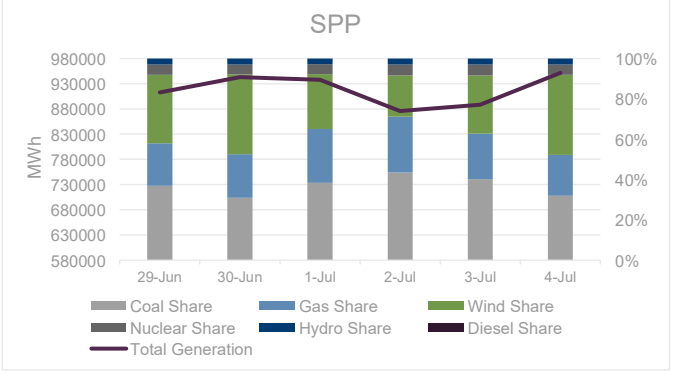

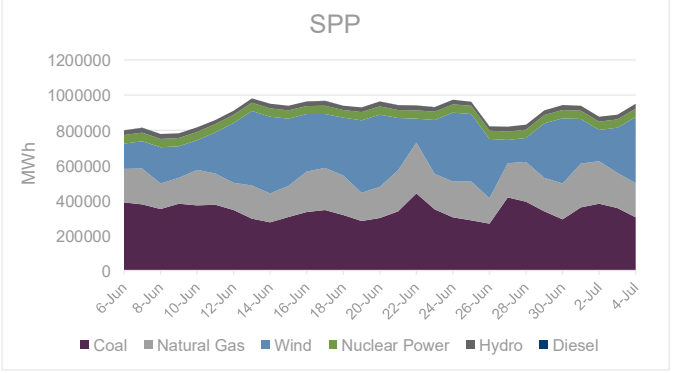

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Weather

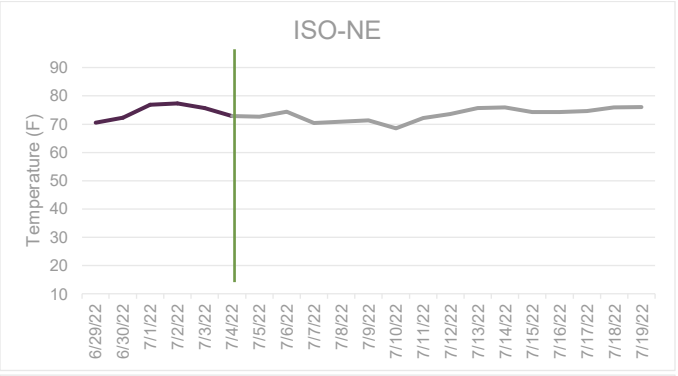

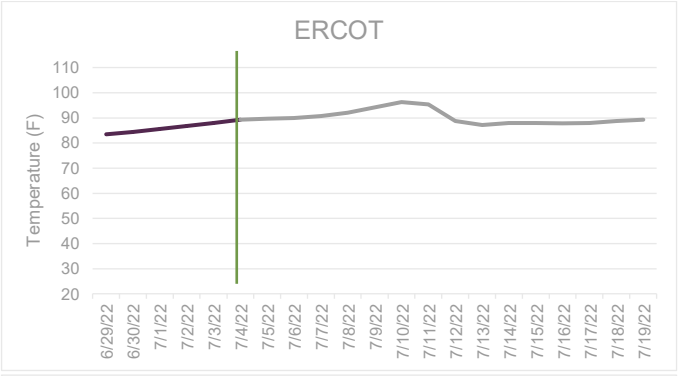

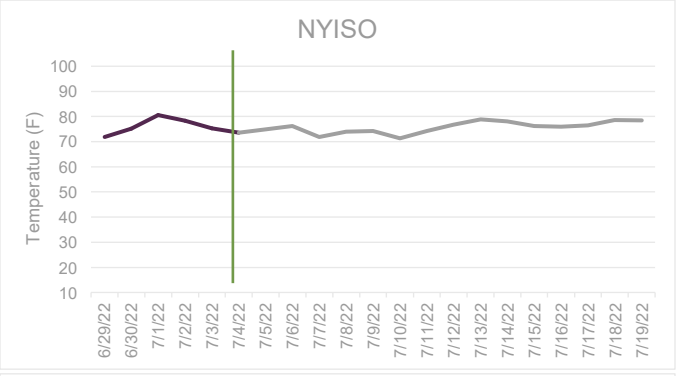

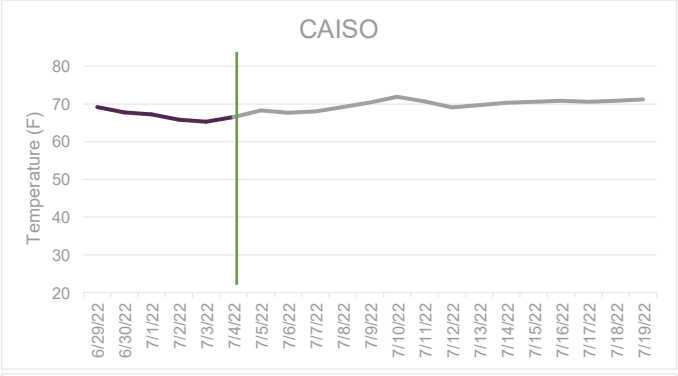

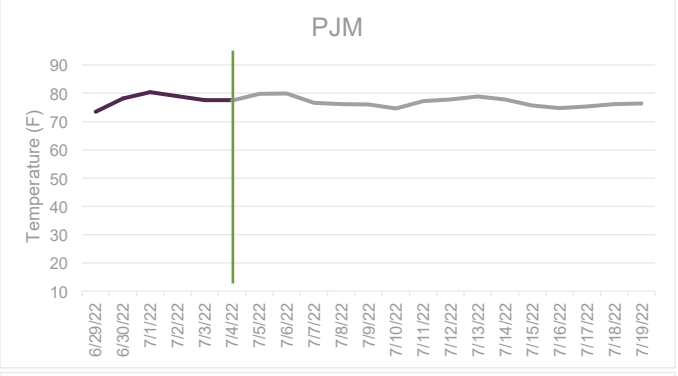

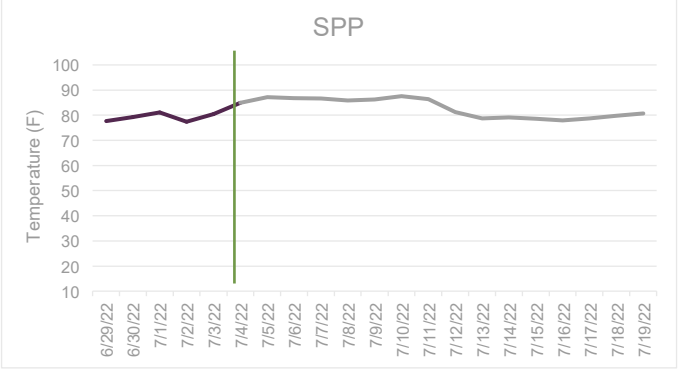

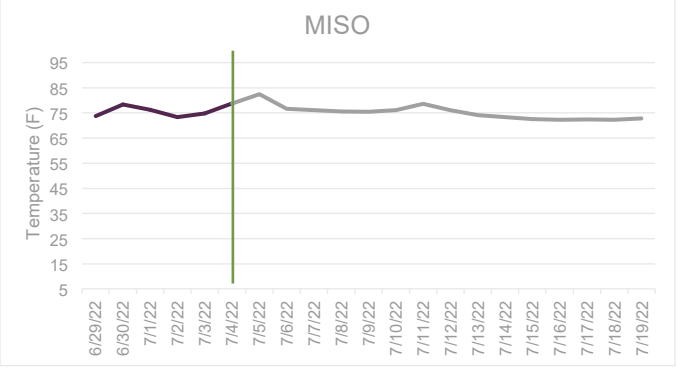

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (7/6/2022 - 9/30/2022)

Date	State	Ticker	Utility/Event	Docket	Description
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Settlement discussions to commence in rate case
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Settlement discussions to commence in rate case
7/6/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Rebuttal testimony due in rate case
7/7/2022-7/27/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Commission decision expected
7/12/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	ALJ report due
7/12/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor testimony due by
7/12/2022-7/13/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearings scheduled in Rider E update
7/13/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Rebuttal testimony due in rate proceeding
7/13/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Rebuttal testimony due in rate proceeding
7/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Staff to file testimony in Rider CCR update proceeding
7/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural surrebuttal testimony due
7/21/2022	IL	AEE	Ameren Illinois	D-22-0297	Company rebuttal testimony due in formula rate plan proceeding
7/21/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Rebuttal testimony due in rate case
7/22/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Company testimony due
7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Briefing schedule to be established
7/25/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Public hearing scheduled
7/26/2022	MI	DTE	DTE Electric Co.	C-U-20836	Briefs due in rate case
7/26/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Company rebuttal testimony due by
7/27/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Company rebuttal testimony due in formula rate plan proceeding
7/27/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Intervening parties to file testimony in rate case
7/27/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Intervening parties to file testimony in Rider RBB update proceeding
7/29/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Intervening parties to file testimony in ERAC proceeding
7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Decision expected in RAC-EE update proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Decision likely in Rider OSW proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Decision expected in Rider NSA proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Decision expected in Rider US-2 update proceeding
8/1/2022-8/31/2022	MO	AEE	Union Electric Co.	C-ER-2022-0337	Electric rate case filing expected
8/1/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Staff testimony due in Rider RBB proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Decision likely in Rider DSM proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearing examiner's report may be isssued in Rider E update
8/1/2022-8/31/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
8/2/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Hearing
8/2/2022-8/4/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Hearings scheduled in rate case
8/2/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Rebuttal testimony due in Rider CCR update proceeding
8/5/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor surrebuttal testimony due by
8/11/2022-8/12/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Hearings scheduled in rate case
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
8/15/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Rebuttal testimony due in gas rate proceeding
8/15/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Opening briefs due
8/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	Reply briefs due in rate case
8/17/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Rebuttal testimony due in rate case
8/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Intervening parties to file testimony in rate case
8/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Settlement conference to be held in rate proceeding
8/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Settlement conference to be held in rate proceeding
8/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Closing briefs due
8/22/2022-8/23/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing scheduled in Rider CCR update proceeding
8/23/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Main briefs due in rate case
8/23/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	SCC staff to file testimony in ERAC proceeding
8/24/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Testimony due in electric rate case
8/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Intervenor direct testimony due in rate proceeding
8/29/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Hearing to begin in rate proceeding
8/29/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Hearing to begin in rate proceeding
9/1/2022-9/30/2022	IN	DUK	Duke Energy Indiana, LLC	Ca-44720-TDSIC-11	Decision possible in TDSIC proceeding
9/1/2022-9/30/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Decision possible in rate proceeding
9/1/2022-9/30/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Final decision may be issued in Rider E update
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2022-9/30/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
9/2/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Reply briefs due in rate case
9/2/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Staff direct testimony due in rate proceeding
9/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Rebuttal testimony to be filed testimony in ERAC proceeding
9/7/2022	IL	AEE	Ameren Illinois	D-22-0297	Hearing to begin in formula rate plan proceeding
9/7/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Main briefs due in rate case
9/7/2022-9/8/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing scheduled in Rider RBB case
9/12/2022-9/23/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Hearings scheduled in rate case
9/14/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Hearing to begin in formula rate plan proceeding
9/15/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3) expected by
9/15/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Rebuttal testimony due in electric rate case
9/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	ALJ proposed decision target date
9/16/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Company rebuttal testimony due in rate proceeding
9/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Rebuttal testimony due in rate case
9/19/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Reply briefs due in rate case
9/20/2022-9/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearings scheduled in ERAC proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Second settlement conference to take place in gas rate proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Settlement conference to take place in gas rate proceeding
9/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearing to begin in rate proceeding
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing Examiner report may be issued in Rider RBB proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **Utilities — Life, Death… and Pension Expense?**
- **Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In**
- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	223	66.77%	60	26.91%
NEUTRAL	109	32.63%	14	12.84%
SELL	2	0.60%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

EXELON CORP (EXC)

EXC: First the ATM, then the AMT

August 3, 2022

Rating:
Outperform
Price:
$44.31
Price Target:
$49.00
% Upside:
10.6%

View EXC Model
View Comp Table

Company Information

52-Week Range	$41 - $58
Market Cap. (MM)	$43,433
Enterprise Value (MM)	$80,014
Shares Out. (MM)	980.2
Dividend Yield	0.0%
Dividend Payout Ratio	73.4%
ROE	9.7%
Debt to Cap	54.1%
Avg. Value Traded (MM)	$244.34



Priced as of 08/03/22



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

The Wolfe Byte
EXC Q2 missed but FY22 guidance was affirmed. The stock fell 400bp relative to the UTY after EXC said it plans to issue $500M of equity by YE22 and estimates a $300M/yr reduction from the corp alternative minimum tax in the IRA bill. Reaction understandable but overdone.

Guidance and 6-8% EPS growth affirmed; but stock hit on equity, IRA comments. EXC reported 2Q22 EPS of $0.44, missing consensus of $0.46. EXC affirmed 2022 guidance of $2.18-2.32, as a tailwind from higher than expected 30Y UST yields, which directly benefits ComEd, were partially offset by small unexpected charges in 1H22 and higher interest costs. EXC also noted potential summer storms. EXC will update guidance on the Q3 call. Notably, EXC now plans to issue $500M by YE 2022 through an ATM or block. EXC also projects a $300M/yr reduction in FFO from corporate AMT in the IRA bill. The stock underperformed the UTY by ~405bp and now trades at a 1x discount to the utility avg P/E on 2024E. While the timing was sooner, EXC had previously announced $1B of equity through 2025. And the AMT comments sounded like a worst case impact to EXC, and we read it as a message to policymakers that the tax bill has unintended consequences, reminiscent of what NEE did on the Q1 call on solar AD/CVD. EXC still sees 6-8% EPS growth even with the AMT. Our PT remains $49, as we reduce our premium multiple to a half-turn from full-turn, but our group avg P/E rises to 18.5x 2024 from 18.0x. We still see a modest premium, given EXC's low-risk T&D business and above avg LT EPS growth. But a track record of execution will be needed to get to a big premium.

AMT impact may be conservative; partial offsets possible. EXC projects 13-14% FFO/Debt on avg in 2022-24 vs 12% downgrade threshold at rating agencies. The $300M/yr impact from the AMT would reduce FFO/Debt by 70-80bp, we estimate. EXC assumes the AMT is determined at the consolidated level, meaning potential benefits from lower deferred taxes (= higher rate base) would not materialize at the utility subs. But that is TBD.

Trim 2023-24E on equity earlier than expected. We are shaving $0.01 off our 2023-24E on the $500M equity in late 2022. We previously had $250M/yr. Our 2025E is unchanged at $2.80 and implies 7% growth (off 2021A of $2.10).

ESTIMATES

($)	2022E	2023E	2024E	2025E
EPS FY	2.27 E	2.39 E	2.56 E	2.80 E
Prior	-	2.40 E	2.57 E	-
P/E	19.5x	18.5x	17.3x	15.8x

Source: Company Documents, Wolfe Research, FactSet
Numbers may not add up due to rounding; Fiscal Year Ends December

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

WOLFE RESEARCH

August 3, 2022

Investment Conclusion

We believe EXC is a low-risk utility stock with ESG-friendly investments. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%. We see upside from multiple expansion over time, as the stock still trades at a discount and well below low-risk, high-quality utilities.

Valuation

Our $49PT is based on a half-turn premium to our utility group P/E of 18.5x 2024E. We think a half-turn premium is warranted given EXC is a T&D, coal-free utility growing EPS above the industry average and operating under constructive regulatory frameworks.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

WOLFE RESEARCH

August 3, 2022

Exelon Corp. Snapshot

Exhibit 1: Financial Summary

Financial Summary	2022E	2023E	2024E	2025E
EPS	$2.27	$2.39	$2.56	$2.80
Consensus EPS	$2.26	$2.41	$2.59	$2.79
Dividends Per Share	$1.35	$1.44	$1.55	$1.65
Payout on Utility net Parent	59%	60%	60%	59%
Equity ratio	34%	34%	34%	34%
FFO/Net Debt	15%	15%	15%	15%
Diluted Shares Outstanding	984	994	998	1,002
Valuation Metrics				
P/E	19.5x	18.5x	17.3x	15.8x
Dividend Yield	3.0%	3.3%	3.5%	3.7%
Segment EPS	**2022E**	**2023E**	**2024E**	**2025E**
ComEd	0.88	0.94	1.08	1.13
PECO	0.58	0.59	0.57	0.71
BGE	0.43	0.46	0.49	0.52
Pepco	0.66	0.71	0.74	0.78
Parent	(0.27)	(0.30)	(0.32)	(0.34)
Total EPS	**$2.27**	**$2.39**	**$2.56**	**$2.80**
Realized ROE by Utility				
ComEd	9.1%	9.3%	9.9%	9.9%
PECO	10.8%	10.1%	9.1%	10.3%
BGE	9.8%	10.0%	9.8%	9.8%
Pepco	9.8%	9.9%	9.8%	9.7%
Average Rate Base ($M)	$49,399	$53,159	$56,989	$60,880

Source: Wolfe Utilities & Power Research

Exhibit 2: Modeling Assumptions

Assumptions	2022E	2023E	2024E	2025E
Capex by Segment ($M)				
ComEd	$2,475	$2,550	$2,575	$2,650
PECO	1,350	1,350	1,550	1,600
BGE	1,250	1,325	1,375	1,400
Pepco	1,875	1,825	1,950	1,900
Parent/other	0	0	0	0
Total EXC Capex	**$6,950**	**$7,050**	**$7,450**	**$7,550**
EXC				
Equity Issued/(Repurchased)	$500	$167	$167	$167
Debt Issued/(Repurchased)	2,350	2,275	2,375	2,200

Source: Wolfe Utilities & Power Research

Exhibit 3: 2024 EPS by Subsidiary

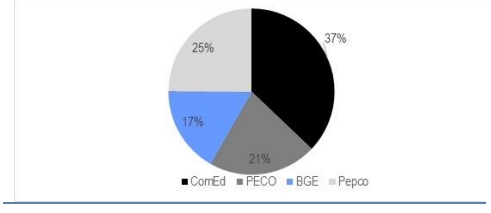

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with ESG-friendly investments. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%. We also see upside from multiple expansion over time.

Valuation

Our $49PT is based on a half-turn premium to our utility group P/E of 18.5x 2024E. We think a half-turn premium is warranted given EXC is a T&D, coal-free utility growing above the industry average and operating under constructive regulatory frameworks. Risks are less capex, lower returns than projected, more equity needs than estimated, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Sales growth sensitivities

EXC sees no signs of recession in its service territory, in Northern IL and the Mid-Atlantic. EXC's utility sales are 75-80% decoupled from usage for every 100bp change is sales growth. EXC has not provided EPS sensitivities to changes in sales growth. We estimate every 100bp change in total sales (which would only impact PECO and Delmarva-DE) is $0.01.

Relative stock performance and Comps

As shown in Exhibit 4, EXC has given back about half of its YTD outperformance vs large cap peers. EXC trades at a 1x discount to regulated peers and well below low-risk, high-quality utility names; see Exhibit 5.

Exhibit 4: EXC Relative Performance vs. Large-Cap Utilities

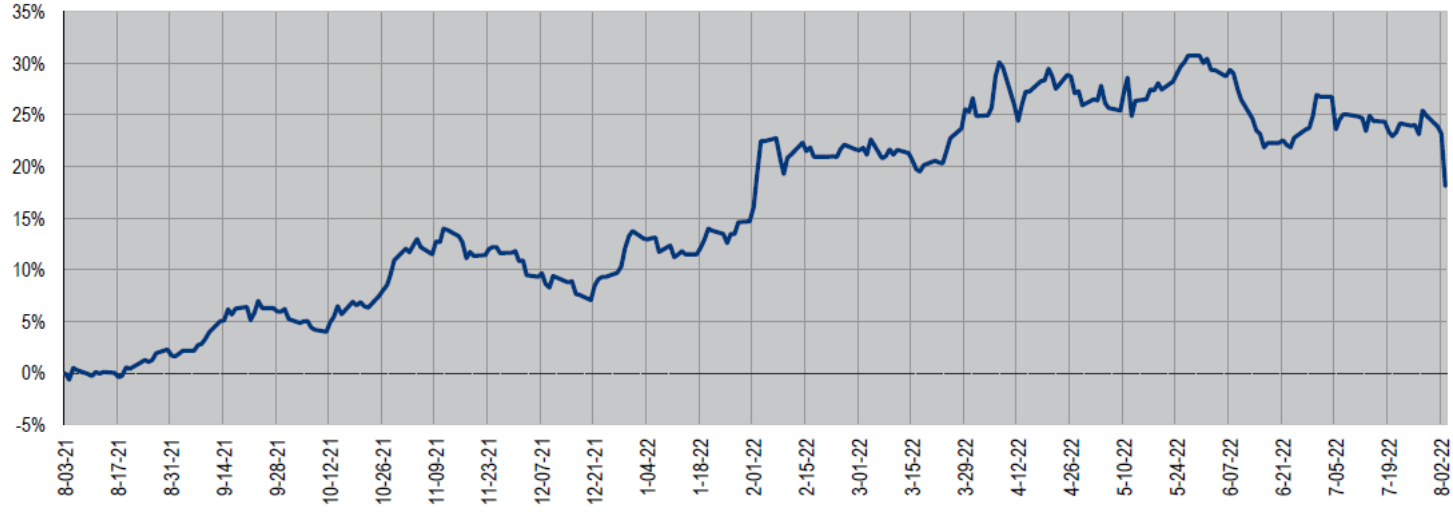

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

WOLFE RESEARCH

August 3, 2022

Exhibit 5: Regulated Utility Comps

Company Name	Ticker	Current Price	Current Shares	Mkt Cap ($M)	P/E 2022E	P/E 2023E	P/E 2024E	P/E 2025E	Div Yield	Div Growth (E)	Payout Ratio	Price/ Book
AES Corp.	AES	$22.55	668	$15,060	13.9x	12.7x	11.8x	10.7x	2.8%	5.0%	39%	6.8x
Alliant Energy	LNT	$61.27	251	$15,367	22.3x	21.3x	20.0x	18.8x	2.8%	6.2%	62%	2.5x
Ameren	AEE	92.30	258	23,834	22.6x	21.1x	19.5x	18.5x	2.6%	7.0%	58%	2.4x
American Electric	AEP	99.59	514	51,163	20.0x	18.8x	17.7x	16.7x	3.2%	6.0%	63%	2.1x
Avangrid	AGR	49.50	387	19,138	21.3x	23.8x	22.8x	N/A	3.6%	0.0%	76%	1.0x
CenterPoint Energy	CNP	31.69	629	19,947	23.0x	21.2x	19.6x	18.3x	2.1%	8.0%	49%	2.2x
CMS Energy	CMS	69.34	290	20,118	24.1x	22.1x	20.5x	19.1x	2.7%	5.7%	64%	3.0x
Con Edison	ED	98.10	354	34,756	21.6x	20.6x	19.3x	18.5x	3.3%	3.0%	70%	1.7x
Dominion	D	83.20	811	67,498	20.3x	18.9x	17.7x	16.5x	3.2%	6.0%	65%	2.6x
DTE Energy	DTE	130.42	194	25,267	21.7x	20.8x	19.5x	18.2x	2.8%	7.0%	60%	2.9x
Duke Energy	DUK	110.82	770	85,320	20.4x	19.4x	18.1x	17.1x	3.6%	2.0%	74%	1.8x
Edison International	EIX	69.30	381	26,417	16.0x	14.8x	13.8x	12.8x	4.0%	5.7%	65%	2.2x
Emera*	EMA	59.76	264	15,759	19.4x	18.0x	17.0x	16.1x	4.5%	3.9%	87%	1.8x
Entergy	ETR	117.38	203	23,872	18.6x	17.4x	16.3x	15.2x	3.6%	6.0%	68%	2.0x
Evergy	EVRG	68.37	229	15,689	19.3x	17.8x	16.9x	15.9x	3.4%	7.0%	66%	1.7x
Eversource Energy	ES	90.83	345	31,325	22.1x	20.6x	18.5x	17.5x	2.8%	6.2%	62%	2.1x
Exelon	EXC	44.31	980	43,433	19.5x	18.5x	17.3x	15.8x	3.0%	7.0%	59%	1.8x
FirstEnergy	FE	39.40	571	22,495	16.3x	16.2x	15.0x	14.1x	4.0%	0.0%	64%	2.1x
Fortis*	FTS	59.71	477	28,488	21.2x	19.8x	18.9x	18.3x	3.6%	6.0%	77%	1.5x
NextEra Energy	NEE	86.46	1,965	169,875	30.3x	28.0x	25.6x	23.7x	2.0%	10.0%	59%	4.7x
NiSource	NI	30.27	406	12,284	20.9x	19.8x	17.4x	N/A	3.1%	6.0%	65%	2.2x
OGE Energy	OGE	40.67	200	8,142	19.7x	20.1x	18.8x	17.7x	4.1%	2.0%	80%	1.9x
PG&E	PCG	11.12	1,987	22,101	10.2x	9.4x	8.5x	7.8x	0.0%	N/A	0%	1.0x
Pinnacle West	PNW	75.27	113	8,506	18.8x	18.3x	17.0x	16.2x	4.5%	2.5%	85%	1.4x
Portland General	POR	52.40	89	4,675	18.5x	18.2x	17.1x	16.3x	3.4%	5.0%	63%	1.7x
PPL Corp.	PPL	28.99	736	21,334	21.2x	18.2x	16.9x	16.1x	3.1%	6.5%	66%	1.5x
PSEG	PEG	65.38	499	32,642	18.8x	18.3x	17.4x	N/A	3.3%	5.9%	62%	2.4x
Sempra	SRE	164.57	314	51,725	19.3x	18.5x	17.2x	N/A	3.0%	8.0%	57%	2.1x
Southern Company	SO	77.26	1,088	84,078	21.5x	20.6x	18.6x	17.3x	3.5%	3.8%	76%	2.9x
WEC Energy Group	WEC	104.08	315	32,830	23.7x	22.7x	21.3x	19.9x	2.8%	7.4%	66%	2.9x
Xcel Energy	XEL	74.31	545	40,473	23.5x	21.9x	20.7x	19.5x	2.6%	6.0%	61%	2.5x
Average					**20.3x**	**19.3x**	**18.0x**	**16.8x**	**3.1%**	**5.4%**	**64%**	**2.3x**
Average (ex EIX & PCG)					**20.8x**	**19.8x**	**18.4x**	**17.3x**	**3.2%**	**5.4%**	**66%**	**2.4x**

Source: Wolfe Utilities & Power Research, FactSet

*Current price shown in CAD

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

WOLFE RESEARCH

August 3, 2022

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

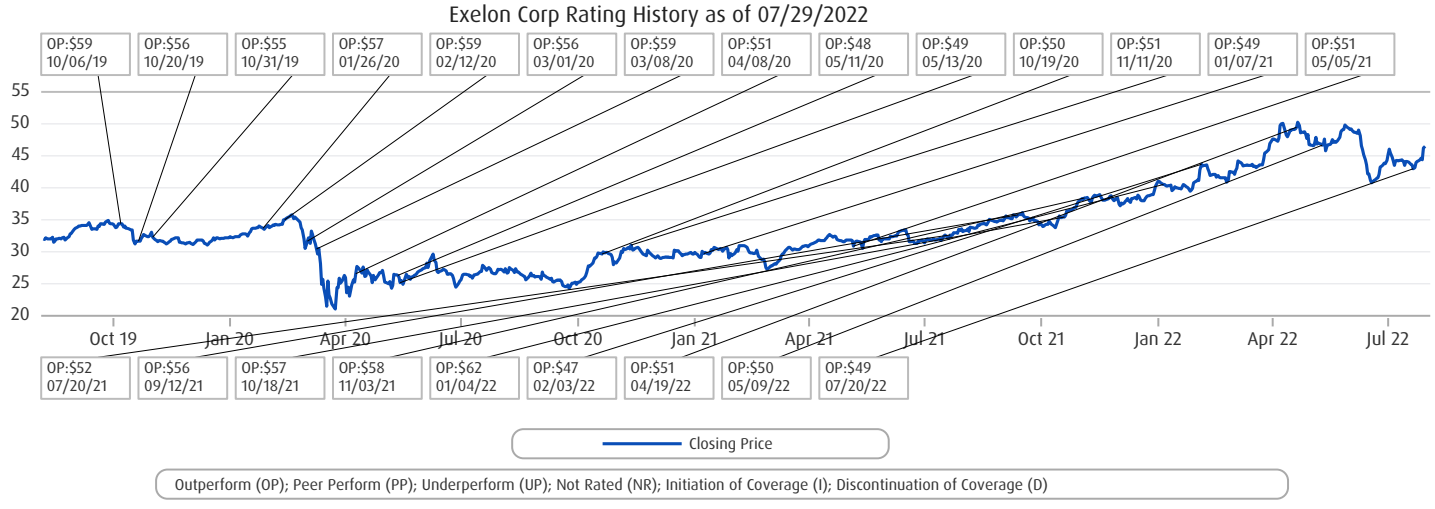

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Wolfe Research, LLC uses a relative rating system using terms such as Outperform, Peer Perform and Underperform (see definitions above). Please carefully read the definitions of all ratings used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of August 3, 2022):

Outperform:	51%	10% Investment Banking Clients within the previous 12 months
Peer Perform:	39%	9% Investment Banking Clients within the previous 12 months
Underperform:	10%	2% Investment Banking Clients within the previous 12 months

Wolfe Research, LLC does not assign ratings of Buy, Hold or Sell to the stocks it covers. Outperform, Peer Perform and Underperform are not the respective equivalents of Buy, Hold and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Securities is responsible for the contents of this material. Any analysts publishing these reports are associated with each of Wolfe Research, LLC and Wolfe Research Securities.

The Wolfe Daily Howl is a subscription-based service for Institutional investor subscribers only and is a product of Wolfe Research, LLC. The products received may contain previously published research which has been repackaged for Wolfe Daily Howl subscribers. The types of services provided to you by Wolfe Research, LLC, vary as compared to that provided to other external clients of Wolfe Research. Wolfe Research, LLC, its affiliates, officers, directors, employees and agents will not be liable for any investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein. Opinions in this communication constitute the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable but Wolfe Research and its affiliates, including but not limited to Wolfe Research Securities, makes no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC or any affiliate to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regards to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts and electronic publication to our proprietary website.

Copyright © Wolfe Research, LLC 2022. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research. Authorized users have received an encryption decoder which legislates and monitors the access to Wolfe Research, LLC content. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Redacted

BMO Capital Markets

Exelon

EXC-NSDQ	Rating	Price: Aug-3	Target ↑	Total Rtn
	Outperform	$44.31	$51.00	18%

Crosswinds Blowing Across The Windy City - Buyers Of The Weakness

Bottom Line:

EXC underperformed by over 4% due to a combination of both a modest acceleration of its common equity program and a larger-than-expected "cash" impact from the AMT provision included in the Inflation Protection Act of 2022. While we understand that EXC was one of the first managements to outline a net negative impact from the proposed Federal legislation, we believe today's reaction was overdone, and we see only a modest potential impact to the company's EPS should the legislation pass as written. **We reiterate our Outperform Rating on EXC shares.**

Key Points

Current Equity Plan More Front End Loaded But Impact Negligible to EPS and Stock Price. We estimate the EPS impact in 2022 and 2023 to be (~$0.01/share) relative to our previous assumption of only $250mm being issued via the company's ATM program over the course of both years.

Our take on AMT Impact. If unmitigated we see EXC's CFO Pre-WC to Total Debt declining -80 b/p from its already healthy ~13.5% range in 2023. Not only would this unmitigated impact leave the company's credit metrics well above its 12% downgrade threshold, but we see several mitigation actions available to the company including EPS-accretive O&M management as well as modestly dilutive capex reductions and incremental equity financing available to manage the potential impacts. Although sustainability will be the primary limitation, we see O&M management as the best and most impactful mitigant. Modest incremental equity is the next best option relative to any reduction in capex given it does not reduce the FFO associated with new investment. **Should management target at least a 50% mitigation of the 80 b/p of estimated impact to its CFO Pre-WC to Total Debt, a combination of O&M cuts ($45mm or 10 b/p), lower capex ($500mm 10 b/p) and higher equity ($500mm 20 b/p) could add 40 b/p and be roughly breakeven to our current forecast.**

As such we reiterate our Outperform Rating on EXC shares and would be buyers of the name at its attractive 7% discount to the group. Our target price moves to $51 as we mark to market our group multiples. We have slightly adjusted our 2022-2023 EPS to reflect the change in timing of the company's current equity financing program. Our estimates move to $2.24 and $2.40, respectively. Our 2024 and 2025 estimates remain unchanged at $2.60, and $2.78, respectively.

Key Changes			
Target	Estimates	2022E	2023E
$51.00↑	EPS	$2.24	$2.40
$49.00	*Previous*	*$2.25*	*$2.41*
	EBIT	$3,683	$4,127
	Previous	*$3,679*	*$4,118*

For disclosure statements, including the Analyst Certification, please refer to page(s) 7 to 10.

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (212) 885-4007

Edward M DeArias, CFA — Associate
edward.dearias@bmo.com — (212) 702-1200

Tanmay Pandit — Associate
tanmay.pandit@bmo.com — (929) 837-9154

Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.35	Shares O/S (mm)	980.2
Yield	3.0%	Market Cap (mm)	$43,433
P/BV	1.9x	Net Debt (mm)	$30,821

BMO Estimates				in $
(FY-Dec.)	2020A	2021A	2022E	2023E
EPS	$3.22	$2.10	$2.24↓	$2.40↓
DPS	$1.53	$1.53	$1.35	$1.44
EBIT	$4,422	$3,303	$3,683↑	$4,127↑
EBITDA	$11,581	$8,466	$7,145↑	$7,764↑

Consensus Estimates				
	2020A	2021A	2022E	2023E
EPS			$2.26	$2.41

Valuation				
	2020A	2021A	2022E	2023E
P/E	13.8x	21.1x	19.8x	18.5x
Div. Yield (%)	3.5%	3.5%	3.0%	3.2%

QTR. EPS	Q1	Q2	Q3	Q4
2020A	$0.87	$0.55	$1.04	$0.76
2021A	$0.52	$0.49	$0.65	$0.44
2022E	$0.64a	$0.44a	$0.64	$0.53
2023E	$0.68	$0.50	$0.68	$0.54

Notes : Prior numbers reflect our pre-spin estimates

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook, and supportive regulatory environment position the company well to drive multiple expansion.

Exelon - Block Summary Model

Income Statement	2020A	2021A	2022E	2023E
Generation	1,604	0	0	0
Com Ed	1,169	1,327	1,415	1,533
PECO	564	736	808	878
BGE	512	513	657	725
PHI	639	778	885	1,073
Parent and Other	(66)	(52)	(82)	(82)
Consolidated EBIT	5,054	3,512	3,928	4,372
Depreciation & Amortization	6,527	4,954	3,218	3,391
EBITDA	11,581	8,466	7,145	7,764
Interest Expense	1,655	1,347	1,438	1,538
Income Tax	399	159	334	501
Income from continuing operations	3,150	2,052	2,201	2,379
Weighted Average Shares Outstanding	979	979	982	992
Diluted Operating EPS	$3.22	$2.10	$2.24	$2.40
Dividends per Share	$1.53	$1.53	$1.35	$1.44
Cash Flow Statement	**2020A**	**2021A**	**2022E**	**2023E**
Operating Cash Flow	4,235	7,906	5,419	5,771
Investing Cash Flow	(4,336)	(8,250)	(6,950)	(7,050)
Financing Cash Flow	145	3	1,415	1,216
Net Change in Cash Flow	44	(341)	(116)	(63)
EOP Cash on Balance Sheet	1,166	825	709	646
Common stock (net)	45	0	500	167
Net debt issued/(repaid)	1,728	1,501	2,240	2,475
Dividends paid	(1,492)	(1,498)	(1,325)	(1,426)
Balance Sheet	**2020A**	**2021A**	**2022E**	**2023E**
Common Equity	34,868	22,837	24,206	25,327
Preferred Equity	0	0	0	0
Total Debt	39,333	31,646	36,186	38,661
Enterprise Value	$78,795	$71,449	$76,567	$79,258
Common equity %	47.0%	41.9%	40.1%	39.6%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	53.0%	58.1%	59.9%	60.4%
Book Value per Share	$35.62	$23.33	$24.66	$25.54

Source: BMO Capital Markets, Company Reports

Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2024E EPS as a base, which we then adjust (premium, discount, or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $56.00

Our upside scenario reflects continued multiple expansion associated with the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $43.00

Our downside scenario reflects a tightening monetary policy and a deceleration of the company's rate base growth.

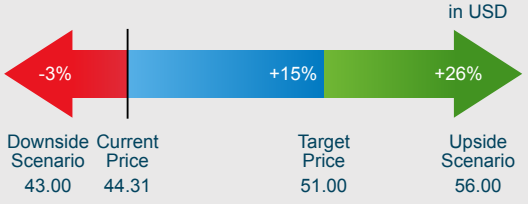

Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18-month as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 85% of rate base.

EXC-NSDQ Research

Glossary

Company Models

Crosswinds Blowing Across The Windy City

Bottom Line: EXC shares underperformed the broader utility sector by over 4% due to a combination of both a modest acceleration of its common equity program as well as a larger-than-expected "cash" impact from the AMT provision included in the Inflation Reduction Act of 2022 (if passed as proposed). While we understand that EXC was one of the first managements to outline a net negative impact from the proposed Federal legislation, we believe today's reaction was overdone and we see only a modest potential impact to the company's EPS should the legislation pass as written. Specifically, if unmitigated we see EXC's CFO Pre-WC to Total Debt declining -80 b/p from its already healthy ~13.5% range in 2023. Not only would this unmitigated impact still leave the company's credit metrics well above its 12% downgrade threshold, but we see several mitigation actions available to the company including EPS-accretive O&M management as well as modestly dilutive capex reductions and incremental equity financing available to management to manage the potential impacts. Although sustainability will be the primary limitation, we see O&M management as the best and most impactful mitigant. Modest incremental equity is the next best option relative to any reduction in capex given it does not reduce the FFO associated with new investment. **So should management target at least a 50% mitigation of the 80 b/p of estimated impact to its CFO Pre-WC to Total Debt, a combination of O&M cuts ($45 million or 10 b/p), lower capex ($500 million 10 b/p) and higher equity ($500 million 20 b/p) could add 40 b/p and be roughly breakeven to our current forecast. As such we reiterate our Outperform Rating on EXC shares and would be buyers of the name at its attractive 7% discount to the group. Our target price moves to $51 as we mark to market our group multiples. We have slightly adjusted our 2022-2023 EPS to reflect the change in timing of the company's current equity financing program. Our estimates move to $2.24 and $2.40, respectively. Our 2024 and 2025 estimates remain unchanged at $2.60, and $2.78, respectively.**

EXC reported 2Q22 EPS of $0.44 vs our $0.45 and consensus $0.46 estimates. YoY results increased by +$0.08 with a flat contribution from Utilities (ComEd +$0.03, BGE ($0.01), PHI ($0.05), and PECO +$0.03). The Holdco segment was overall flattish Y-O-Y (-7c vs -6c) after removing the negative impact of the BSC allocations adjustment for discontinued operations in 2Q21. On a consolidated basis EXC's TTM ROE was down modestly to 8.8% from 8.9% in 1Q22 and 9.2% in 4Q21, but the company reaffirmed their 9-10% target range by year-end as the timing of equity contributions at the regulated OPCOs balances out. **The Company reaffirmed 2022 guidance at $2.18-2.32 (street at $2.26 and $2.25 for BMO) as well their 6-8% EPS growth target for the 2021-2025 period. Management also reaffirmed the ~$29bn capital plan over the 2022-2025 period and continues to expect to issue a maximum of $1 billion of equity through 2025.**

Current Equity Plan More Front End Loaded But Impact Should be Negligible to EPS and Stock Price. With 2Q22 results, management provided additional details on the cadence and potential methods for satisfying its current $1 billion equity needs. Specifically, management announced it would issue $500mm (~11mm shares at last price or 1.7 days of volume) in 2022 or half of its $1bn program. This could come via their to-be-established ATM program, a block offering or combination of the methods. The company expects to complete the remaining $500 million over the 2023-2025 period. While the front end loaded equity issuance is not a welcome announcement, we believe this provides the clarity investors were looking for in terms of the expected dilution from the equity issuance and remains relatively small compared to ADV. We estimate the EPS impact in 2022 and 2023 to be (~$0.01/share) relative to our previous assumption of only $250 million being issued via the company's ATM program over the course of both years.

Inflation Reduction Act of 2022 – First Potential Net Negative Impact. Management started out the call addressing head on the potential impact to the company of the AMT provision contained in the Inflation Reduction Act of 2022 (IRA) if passed as currently written. In its current form, management believes the AMT provision could represent ~$300 million increase in cash taxes paid annually beginning in 2023. Management was quick to note that the legislation's provisions and associated impacts still remain fluid

given the legislation is not yet finalized and the company continues to work through its own internal analysis of the bill which is only a week old. As such the company was only able to provide several high level mitigating actions it could take to address the "cash" impact including: 1) additional O&M management; 2) the timing and overall level of capital investment; and 3) the issuance of additional equity outside of its current $1 billion program. The company expects to provide an updated financing plan on the 4Q call, as per its normal cadence, to allow for enough time to complete its year end budgeting process.

Although only a preliminary analysis of the potential sensitivity to the company's mitigation options, we see only a modest potential impact to the company's EPS should the legislation pass as written. Firstly, if unmitigated we see EXC's CFO Pre-WC to Total Debt declining ~80 b/p from its already healthy forecast range of ~13.5% in 2023 ($4.9bn FFO and $36.5b of total debt). While this unmitigated impact would still leave the company's credit metrics well above its 12% downgrade threshold, we understand management continues to target a healthy cushion above this level and will likely employ one or more mitigation actions to address the cashflow impacts on its credit metrics: 1) O&M cost management - Although sustainability will be the primary limitation, we see O&M management as the best and most impactful mitigant. With total O&M of ~$4.5-4.6b, a 100 b/p reduction in pre-tax O&M could reduce the 80 b/p impact by 10 b/p and it would be 3.5-4c/share accetive too EPS; 2) Modest incremental equity is the next best option relative to any reduction in capex given it does not reduce the FFO associated with new investment. Each $250 million in incremental equity (in lieu of debt financing) would add 10 b/p to EXC's CFO Pre-WC to Total Debt at the cost of ~1c/share; and 3) a reduction in capex we find to be the least impactful due to the fact that the positive impacts from lower overall debt is offset by the loss of FFO generated by the avoided capex. Specifically, we see for each $500 million of lower capex (7% of our 2023 estimate) EXC's CFO Pre-WC to Total Debt improves by only 8-10 b/p and is ~2-3c dilutive.

So should management target at least a 50% mitigation of the 80 b/p of estimated impact to its CFO Pre-WC to Total Debt, a combination of O&M cuts ($45 million or 10 b/p), lower capex ($500 million 10 b/p) and higher equity ($500 million 20 b/p) could add 40 b/p and be roughly break even to our current forecast. This would be consistent with management comments on the call today that they remain committed to the 6-8% earnings CAGR through 2025 and will provide additional details on financing requirements along with its financing plan on the 4Q call.

Illinois Regulatory Update. In addition to a final order in its last formula rate case coming this December, ComEd continues to work on the components of the new regulatory framework outlined in SB2408, including proposed performance metrics, with an expected final order by the end of 3Q22. In addition, on July 1st, ComEd filed its first beneficial electrification plan with ICC as required by the CEJA. ComEd proposes spending approximately $300 million from 2023 to 2025. The plan is designated to reduce barriers to beneficial electrification, including barriers to electric vehicles like adoption of costs and charging availability. As a reminder, ComEd's first multi-year rate plan (MYRP) filed under the new provision outlined in SB2408 will be filed in early 2023 for rate effective in 2024.

On the regulatory front, the company had a relatively quiet quarter with just one notable race case filing. On May 19, Delmarva Power Maryland filed its first multi-year plan with MD PSC. The filing outlines the company's plans to invest hundreds of millions of dollars in the local energy grid and other customer experience improvements during the 3-year period from 2023 to 2025. Specifically, the plan includes investments in the electric distribution system to continue to improve reliability and customer service, advance technologies to modernize the distribution system and provide tools to assist customers in managing their usage. The company expects an order by the end of the year.

Exhibit 1: EXC Summary Model

EXC Model Summary	2020A	2021E	2022E	2023E	2024E	2025E	5-Year Growth
EPS By Segment							
EXC Gen	$1.44						
Com Ed	$0.66	$0.79	$0.85	$0.92	$0.98	$1.05	7.2%
PECO	$0.47	$0.56	$0.59	$0.62	$0.68	$0.72	6.7%
BGE	$0.37	$0.42	$0.44	$0.48	$0.52	$0.55	6.9%
PHI	$0.52	$0.58	$0.64	$0.68	$0.77	$0.84	9.9%
Parent & Other	($0.24)	($0.26)	($0.27)	($0.30)	($0.34)	($0.38)	10.5%
Consolidated E.P.S.	**$3.22**	**$2.10**	**$2.24**	**$2.40**	**$2.60**	**$2.78**	**7.3%**
Growth				7.0%	8.2%	7.2%	
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**	**6.5%**
Growth				6.5%	6.5%	6.5%	
Implied Payout Ratio	47.6%	73.0%	60.2%	59.9%	59.0%	58.6%	
Dividend Yield	3.5%	3.5%	3.0%	3.2%	3.5%	3.7%	
Valuation Metrics							
Price to Earnings	12.9x	19.8x	18.5x	17.3x	16.0x	14.9x	
Price to Book Value	1.2x	1.8x	1.7x	1.6x	1.6x	1.5x	
Funding Sources							
Cash Flow from Operations	$4,235	$7,906	$5,419	$5,771	$6,154	$6,486	**$23,830**
Total Debt Financings	$8,168	$3,075	$4,300	$3,275	$3,350	$3,110	**$14,035**
Total Equity Financings	$45	$0	$500	$167	$167	$167	**$1,000**
Credit Metrics							
Total Debt/Capitlization	55%	60%	59%	60%	61%	60%	
FFO/Total Debt	21%	24%	15%	14%	15%	16%	
EBITDA/Interest Expense	7.0x	6.3x	5.0x	5.0x	5.1x	5.1x	
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%	
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%	
Regulated Operations Performance - Realized ROE (1)							
ComEd	8.7%	9.6%	9.6%	9.8%	9.9%	10.2%	
PECO	11.0%	11.8%	11.2%	11.0%	10.8%	10.6%	
BGE	9.7%	10.2%	9.8%	9.9%	10.0%	9.9%	
PHI	9.1%	9.4%	9.7%	9.6%	10.1%	10.2%	

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 2: EXC Model Assumptions

Key Model Assumptions	2020A	2021E	2022E	2023E	2024E	2025E	'21-25 Growth
Total Capital Expenditures by Segment							
ComEd	$2,350	$2,375	$2,475	$2,550	$2,575	$2,650	$10,250
PECO	1,250	1,275	1,350	1,350	1,550	1,600	$5,850
BGE	1,350	1,200	1,250	1,325	1,375	1,400	$5,350
PHI	1,700	1,750	1,875	1,825	1,950	1,900	$7,550
Parent & Other	-	-	-	-	-	-	-
Consolidated Capital Expenditures	**$6,650**	**$6,600**	**$6,950**	**$7,050**	**$7,450**	**$7,550**	**$29,000**
YE Rate Base Estimates							
Com Ed	$16,496	$17,848	$19,096	$20,370	$21,358	$22,309	5.7%
PECO	8,416	9,443	10,391	11,358	12,594	13,712	9.8%
BGE	7,475	8,148	8,918	9,610	10,322	11,044	7.9%
PHI	11,622	12,462	13,547	14,451	15,848	17,180	8.4%
Total Rate Base	**$44,009**	**$47,900**	**$51,952**	**$55,790**	**$60,123**	**$64,245**	**7.6%**
Growth		*8.8%*	*8.5%*	*7.4%*	*7.8%*	*6.9%*	
2022 AD Guidance							
Electric Distribution	$29,300	$31,400	$33,900	$36,300	$39,000	$41,300	7.1%
Electric Transmission	9,200	9,900	10,900	11,600	12,900	14,400	9.8%
Gas Delivery & Other	5,400	6,200	7,200	7,800	8,600	9,300	10.7%
Total Rate Base	**$43,900**	**$47,500**	**$52,000**	**$55,700**	**$60,500**	**$65,000**	**8.2%**

Source: BMO Capital Markets, Company Filings

Exhibit 3: EXC Model Assumptions

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2024E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	8%	$0.98	16.7x	$16	19.7x	$19	21.7x	$21
PECO	EPS	3%	$0.68	15.9x	$11	18.9x	$13	21.7x	$15
BGE	EPS	6%	$0.52	16.4x	$8	19.4x	$10	21.7x	$11
PHI	EPS	10%	$0.77	17.1x	$13	20.1x	$15	21.7x	$17
Parent & Other	EPS	7%	($0.34)	16.6x	($6)	19.6x	($7)	21.7x	($7)
Utility Value			**$2.60**	**16.6x**	**$43**	**19.6x**	**$51**	**21.7x**	**$56**
Upside/(Downside)					(3%)		15%		27%
Current Yield					3%		3%		3%
Total Return					**0%**		**18%**		**30%**

Source: BMO Capital Markets, Company Filings

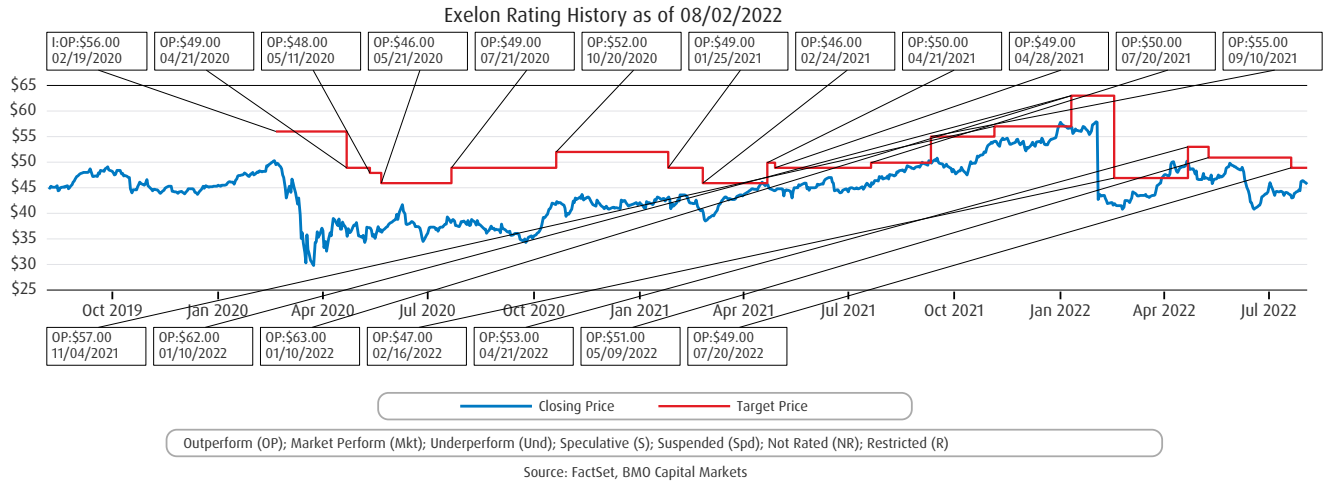

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC generation assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Failure to pass a version of the "Clean Energy Jobs Act" in the upcoming legislative session that sufficiently expands financial support for EXC Gen's nuclear plants would cause us to re-evaluate our rating, all else equal. The Governor's opposition to the existing Formulaic Based Rate Plan in IL may result in a new set of regulations that could be adverse to the company's ComEd Utility. Nuclear operations are subject to additional safety and regulatory oversight.

Distribution of Ratings (August 02, 2022)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	53.7 %	19.2 %	51.9 %	56.6 %	59.7 %	57.7%
Hold	Market Perform	44.6 %	19.7 %	44.2 %	41.8 %	37.5 %	37.5%
Sell	Underperform	1.7 %	44.4 %	3.8 %	1.4 %	2.8 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents

have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at August 03, 2022, 20:53 ET. and disseminated at August 03, 2022, 20:53 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2022 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

Exelon Corp

AMT Could Be Headwind, But Long-Term Thesis Intact

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$49.00**
Price (03 Aug 2022)	**US$44.19**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.95-40.91
Market cap.	US$43.4b
Shares o/s	982m (COM)
Free float	100%
Avg. daily volume ('000)	6,329
Avg. daily value (m)	US$287.8
Common s/h equity (12/22E)	US$20.8b
P/BV (12/22E)	2.1x
Net debt to EBITDA (12/22E)	5.0x

EPS (UBS, diluted) (US$)

	12/22E			
	From	To	% ch	Cons.
Q1	0.64	0.64	-0	0.64
Q2	0.42	0.44	5	0.46
Q3E	0.66	0.66	-0	0.69
Q4E	0.48	0.46	-4	0.47
12/22E	2.21	2.21	-0	2.26
12/23E	2.37	2.36	-0	2.42
12/24E	2.55	2.54	-0	2.59

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Alternative Minimum Tax Would Present A Headwind

Management disclosed that should the Inflation Relief Act become law and include the Alternative Minimum Tax language as currently written at 15% this could present a $300mm per year cash shortfall to EXC vs. the status quo. This would be the impact before any mitigation efforts on the part of the company. We estimate, before any offsets, this could impact EXC's FFO/Debt by ~70bps. Importantly, we see EXC's current FFO/Debt at close to 14% vs. the 12% threshold the rating agencies apply to them. If EXC needed to finance the cash shortfall we think the impact to 2025 would be a ~5c or 1.6% hit to EPS. The company stressed it would need to review any potential change in the tax law in a holistic way as part of its longer-term financial planning and analysis. We believe the company has shown dexterity in the past with overcoming headwinds and we believe would likely be able to do so again. We believe the long-term earnings growth story of 6-8% through 2025 remains unchanged.

Equity Issuance Update Entirely Consistent With Plan

EXC will be establishing an At-the-Market (ATM) equity program to assist in the issuing the previously guided $1.0bn of equity it anticipates needing '22-'25. For 2022, EXC will issue $500mm, with the rest done over '23-'25. Issuing half of the targeted amount in '22 will allow the company to pay down short-term debt that was issued at the time of the Constellation separation. We had previously assumed ratable equity issuances, so our 2023/2024 EPS estimates have come down by 1c to $2.36/$2.54.

Earnings Remain On Track For the Year

EXC reported 44c of operating earnings vs. consensus of 46c and UBS of 42c, while reaffirming 2022 EPS guidance of $2.18-$2.32. While the company missed consensus slightly, we believe the timing around some O&M items were a drag in the quarter but should reverse out likely in Q4. The rise in interest rates has been a help given the way the allowed ROE in Illinois floats with the 30 YR treasury yield, but this benefit is being offset in 2022 by higher than expected financing costs on ST debt. We do believe that EXC should capture more of the benefit from a higher ROE in IL in 2023. The company will update its long-term capital expenditure and financing guidance on the Q4'22 call.

Valuation:

We maintain our price target of $49 premised on a 5% premium to the group multiple of 18.3x on our $2.54/share earnings forecast for 2024.

Highlights (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenues	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
EBIT (UBS)	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Net earnings (UBS)	1,866	1,738	2,036	2,172	2,340	2,523	2,849	3,057
EPS (UBS, diluted) (US$)	1.92	1.78	2.08	2.21	2.36	2.54	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	1.55	1.65	1.80	1.95
Net (debt) / cash	(29,221)	(31,684)	(34,608)	(38,214)	(40,942)	(43,749)	(46,173)	(48,216)

Profitability/valuation	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
EBIT (UBS) margin %	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
ROIC (EBIT) %	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
EV/EBITDA (UBS core) x	13.0	12.3	12.0	10.7	10.1	9.4	8.7	8.2
P/E (UBS, diluted) x	24.7	22.5	22.6	20.0	18.7	17.4	15.4	14.5
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.5)	(3.1)	(3.0)	(1.9)	(0.8)
Dividend yield (net) %	2.6	2.9	2.9	3.3	3.5	3.7	4.1	4.4

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 44.19 on 03-Aug-2022 15:38:00 EDT

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
Revenues	**15,514**	**15,436**	**16,422**	**17,146**	*4.4*	**17,632**	*2.8*	**18,263**	**19,070**	**19,696**
Gross profit	9,694	9,715	10,701	11,425	*6.8*	11,911	*4.2*	12,542	13,349	13,975
EBITDA (UBS)	**6,303**	**5,961**	**6,930**	**7,573**	*9.3*	**7,999**	*5.6*	**8,567**	**9,316**	**9,889**
Depreciation & amortisation	(2,622)	(2,812)	(3,030)	(3,341)	*-10.3*	(3,489)	*-4.4*	(3,732)	(3,978)	(4,223)
EBIT (UBS)	**3,681**	**3,149**	**3,900**	**4,232**	*8.5*	**4,510**	*6.6*	**4,835**	**5,338**	**5,665**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(1,187)	(1,278)	(1,362)	(1,501)	*-10.2*	(1,589)	*-5.9*	(1,682)	(1,772)	(1,837)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**2,494**	**1,871**	**2,537**	**2,731**	*7.6*	**2,921**	*7.0*	**3,153**	**3,565**	**3,829**
Tax	(353)	(118)	(501)	(559)	*-11.7*	(581)	*-3.9*	(630)	(717)	(772)
Profit after tax	**2,141**	**1,753**	**2,036**	**2,172**	*6.6*	**2,340**	*7.7*	**2,523**	**2,849**	**3,057**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(275)	(15)	0	0	-	0	-	0	0	0
Extraordinary items	(30)	(50)	(127)	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,836**	**1,688**	**1,909**	**2,172**	*13.7*	**2,340**	*7.7*	**2,523**	**2,849**	**3,057**
Net earnings (UBS)	**1,866**	**1,738**	**2,036**	**2,172**	*6.6*	**2,340**	*7.7*	**2,523**	**2,849**	**3,057**
Tax rate (%)	14.2	6.3	19.7	20.5	*3.8*	19.9	*-2.8*	20.0	20.1	20.2

Per Share (US$)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
EPS (UBS, diluted)	1.92	1.78	2.08	2.21	*6.2*	2.36	*7.1*	2.54	2.86	3.06
EPS (local GAAP, diluted)	1.89	1.73	1.95	2.21	*13.2*	2.36	*7.1*	2.54	2.86	3.06
EPS (UBS, basic)	1.92	1.78	2.08	2.21	*6.2*	2.36	*7.1*	2.54	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	*7.4*	1.55	*6.9*	1.65	1.80	1.95
Cash EPS (UBS, diluted) [1]	4.61	4.66	5.17	5.60	*8.3*	5.89	*5.1*	6.30	6.85	7.28
Book value per share	19.24	20.66	21.20	21.19	*0.0*	22.03	*4.0*	23.02	24.21	25.47
Average shares (diluted)	974	977	980	984	*0.5*	990	*0.6*	993	996	1,000

Balance Sheet (US$m)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
Cash and equivalents	496	786	275	339	*23.1*	256	*-24.3*	174	100	107
Other current assets	4,465	4,829	4,989	5,128	*2.8*	5,220	*1.8*	5,341	5,495	5,615
Total current assets	**4,961**	**5,615**	**5,265**	**5,467**	*3.8*	**5,477**	*0.2*	**5,515**	**5,595**	**5,722**
Net tangible fixed assets	56,040	60,370	63,940	67,474	*5.5*	71,060	*5.3*	74,778	78,300	81,577
Net intangible fixed assets	6,630	6,630	6,630	6,630	*0.0*	6,630	*0.0*	6,630	6,630	6,630
Investments / other assets	8,351	8,608	8,608	8,608	*0.0*	8,608	*0.0*	8,608	8,608	8,608
Total assets	**75,982**	**81,223**	**84,442**	**88,178**	*4.4*	**91,775**	*4.1*	**95,531**	**99,134**	**102,537**
Trade payables & other ST liabilities	4,313	5,019	4,940	4,937	*-0.1*	4,933	*-0.1*	4,930	4,927	4,924
Short term debt	2,578	2,813	2,813	2,813	*0.0*	2,813	*0.0*	2,813	2,813	2,813
Total current liabilities	**6,891**	**7,832**	**7,753**	**7,750**	*0.0*	**7,746**	*0.0*	**7,743**	**7,740**	**7,737**
Long term debt	26,927	29,308	32,020	35,690	*11.5*	38,335	*7.4*	41,060	43,410	45,460
Other long term liabilities	23,416	23,886	23,886	23,886	*0.0*	23,886	*0.0*	23,886	23,886	23,886
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**57,234**	**61,026**	**63,659**	**67,326**	*5.8*	**69,967**	*3.9*	**72,689**	**75,036**	**77,083**
Common s/h equity	**18,740**	**20,186**	**20,772**	**20,842**	*0.3*	**21,796**	*4.6*	**22,831**	**24,087**	**25,443**
Minority interests	8	11	11	11	*0.0*	11	*0.0*	11	11	11
Total liabilities & equity	**75,982**	**81,223**	**84,442**	**88,178**	*4.4*	**91,775**	*4.1*	**95,531**	**99,134**	**102,537**

Cash Flow (US$m)	12/19	12/20	12/21	12/22E	%ch	12/23E	%ch	12/24E	12/25E	12/26E
Net income (before pref divs)	1,836	1,688	1,909	2,172	*13.7*	2,340	*7.7*	2,523	2,849	3,057
Depreciation & amortisation	2,622	2,812	3,030	3,341	*10.3*	3,489	*4.4*	3,732	3,978	4,223
Net change in working capital	(1,894)	(1,754)	(239)	(142)	*40.7*	(96)	*32.5*	(124)	(158)	(123)
Other operating	789	708	0	0	-	0	-	0	0	0
Operating cash flow	**3,353**	**3,454**	**4,700**	**5,371**	*14.3*	**5,732**	*6.7*	**6,131**	**6,669**	**7,157**
Tangible capital expenditure	(5,403)	(6,301)	(6,600)	(6,875)	*-4.2*	(7,075)	*-2.9*	(7,450)	(7,500)	(7,500)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	10	7	0	(1,175)	-	0	-	0	0	0
Investing cash flow	**(5,393)**	**(6,294)**	**(6,600)**	**(8,050)**	*-22.0*	**(7,075)**	*12.1*	**(7,450)**	**(7,500)**	**(7,500)**
Equity dividends paid	(509)	(1,486)	(1,323)	(1,427)	*-7.9*	(1,535)	*-7.5*	(1,638)	(1,793)	(1,950)
Share issues / (buybacks)	0	0	0	500	-	150	*-70.0*	150	200	250
Other financing	140	1,629	0	0	-	0	-	0	0	0
Change in debt & pref shares	1,771	2,602	2,712	3,670	*35.3*	2,645	*-27.9*	2,725	2,350	2,050
Financing cash flow	**1,402**	**2,745**	**1,389**	**2,743**	*97.4*	**1,260**	*-54.1*	**1,237**	**757**	**350**
Cash flow inc/(dec) in cash	**(638)**	**(95)**	**(511)**	**63**	-	**(82)**	-	**(82)**	**(74)**	**7**
FX / non cash items	(462)	385	0	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(1,100)**	**290**	**(511)**	**63**	-	**(82)**	-	**(82)**	**(74)**	**7**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exelon Corp (EXC.O)

Valuation (x)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
P/E (local GAAP, diluted)	25.2	23.1	24.2	20.8	19.4	18.0	16.0	15.0
P/E (UBS, diluted)	24.7	22.5	22.6	20.8	19.4	18.0	16.0	15.0
P/CEPS	10.3	8.6	9.1	8.2	7.8	7.3	6.7	6.3
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.3)	(3.0)	(2.9)	(1.8)	(0.8)
Dividend yield (net) %	2.6	2.9	2.9	3.2	3.4	3.6	3.9	4.3
P/BV	2.5	1.9	2.2	2.2	2.1	2.0	1.9	1.8
EV/revenues (core)	5.3	4.8	5.1	4.8	4.7	4.5	4.3	4.2
EV/EBITDA (UBS core)	13.0	12.3	12.0	10.9	10.3	9.6	8.8	8.3
EV/EBIT (core)	22.3	23.4	21.4	19.5	18.3	17.0	15.4	14.5
EV/OpFCF (core)	22.3	23.4	21.4	19.5	18.3	17.0	15.4	14.5
EV/op. invested capital	1.2	1.3	1.4	1.3	1.2	1.2	1.1	1.1

Enterprise value (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Market cap.	45,845	38,844	45,975	45,005	45,005	45,005	45,005	45,005
Net debt (cash)	32,200	30,453	33,146	33,146	33,146	33,146	33,146	33,146
Buy out of minorities	8	11	11	11	11	11	11	11
Pension provisions/other	4,247	4,503	4,503	4,503	4,503	4,503	4,503	4,503
Total enterprise value	**82,299**	**73,811**	**83,635**	**82,665**	**82,665**	**82,665**	**82,665**	**82,665**
Non core assets	(229)	(256)	(256)	(256)	(256)	(256)	(256)	(256)
Core enterprise value	**82,070**	**73,555**	**83,379**	**82,409**	**82,409**	**82,409**	**82,409**	**82,409**

Growth (%)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenue	(0.2)	(0.5)	6.4	4.4	2.8	3.6	4.4	3.3
EBITDA (UBS)	13.1	(5.4)	16.3	9.3	5.6	7.1	8.7	6.2
EBIT (UBS)	18.5	(14.5)	23.8	8.5	6.6	7.2	10.4	6.1
EPS (UBS, diluted)	9.4	(7.1)	16.8	6.2	7.1	7.5	12.6	6.9
Net DPS	9.4	(7.1)	16.8	7.4	6.9	6.5	9.1	8.3

Margins & Profitability (%)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Gross profit margin	62.5	62.9	65.2	66.6	67.6	68.7	70.0	71.0
EBITDA margin	40.6	38.6	42.2	44.2	45.4	46.9	48.8	50.2
EBIT (UBS) margin	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
Net earnings (UBS) margin	12.0	11.3	12.4	12.7	13.3	13.8	14.9	15.5
ROIC (EBIT)	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
ROIC post tax	4.6	5.3	5.3	5.4	5.4	5.5	5.8	5.8
ROE (UBS)	7.5	8.9	9.9	10.4	11.0	11.3	12.1	12.3

Capital structure & Coverage (x)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Net debt / EBITDA	4.6	5.3	5.0	5.0	5.1	5.1	5.0	4.9
Net debt / total equity %	155.9	156.9	166.5	183.3	187.7	191.5	191.6	189.4
Net debt / (net debt + total equity) %	60.9	61.1	62.5	64.7	65.2	65.7	65.7	65.4
Net debt/EV %	39.1	41.3	39.6	44.0	47.9	51.2	54.4	57.1
Capex / depreciation %	NM	NM	NM	NM	NM	199.6	188.6	177.6
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	3.1	2.5	2.9	2.8	2.8	2.9	3.0	3.1
Dividend cover (UBS)	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6
Div. payout ratio (UBS) %	64.9	64.9	64.9	65.7	65.5	64.9	62.9	63.7

Revenues by division (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Others	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
Total	**15,514**	**15,436**	**16,422**	**17,146**	**17,632**	**18,263**	**19,070**	**19,696**

EBIT (UBS) by division (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Others	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Total	**3,681**	**3,149**	**3,900**	**4,232**	**4,510**	**4,835**	**5,338**	**5,665**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Forecast returns

Forecast price appreciation	+10.9%
Forecast dividend yield	3.5%
Forecast stock return	+14.3%
Market return assumption	8.1%
Forecast excess return	+6.3%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price toearnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. Firstquartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%; 4) ESG: A potential 5% premium for a risk adjusted clean energy transition growth opportunity; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% of unregulated earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-offAdjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

We maintain our price target of $49 premised on a 5% premium to the group multiple of 18.3x our $2.54/share earnings forecast for 2024. Our 5% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 5% premium for ESG attributes and a 5% discount for the regulatory ranking overall.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 03 August 2022 08:02 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	57%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	26%
Sell	FSR is > 6% below the MRA.	9%	21%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2022.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$45.83	02 Aug 2022

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

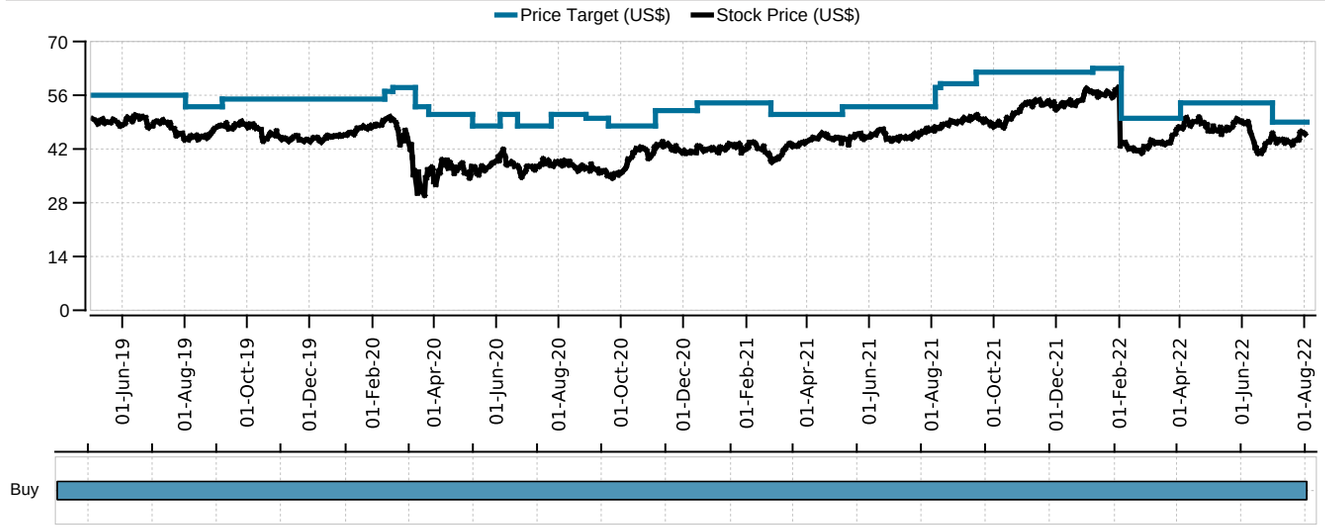

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-05-02	49.73	56.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy

Source: UBS;as of 02-Aug-2022. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd.,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/ clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is for your information only; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution.**Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved or endorsed by or registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales.**Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed.**USA**:Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

GUGGENHEIM

August 3, 2022

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC – Tax Policy and Equity Update Cloud an Otherwise Straightforward Quarter

Key Message: An otherwise straightforward update came with two key datapoints on tax policy and equity as EXC reported 2Q results just below our expectations and reaffirmed its 2022 guidance. Specifically, management laid out potential cash tax impact of $300mm/yr under the current incarnation of the IRA's 15% minimum tax, while deferring on the discussion of specific balance sheet impacts as the legislation remains in process. In our view, like the earlier solar tariff chatter, these comments were partially meant for ears outside of the direct financial community as factions in DC continue to harden their positions around certain provisions. Closer to home, management also announced that it will issue half of the $1bn in planned 2022-205 equity by year end, potentially via a block. We caught up with management after the call, which helped further our understanding of the rationale here – see below. While investors today have expressed to us some exasperation over the prospects of a block in the NT, we subscribe to the view that the overall size relative to the market cap remains small. Most importantly, management repeatedly stressed that its core 6-8% earnings CAGR remains the guidepost.

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Earnings Release

Share Price	$45.83
Price Target	$49.00

EPS ($) (FY DEC)	1Q	2Q	3Q	4Q	FY
2022	0.64	0.44	0.73E	0.45E	2.27E
Prior	—	*0.46*	—	*0.44E*	—
P/E					20.2x
2023	0.60E	0.50E	0.84E	0.47E	2.41E
P/E					19.0x
2024	0.65E	0.54E	0.89E	0.51E	2.58E
P/E					17.7x

Market Data

52-Week Range	$33.10 - $50.71
Dividend	$1.35
Dividend Yield	2.9%
Market Cap (M)	$44,920
Shares Out (M)	980.1
ADV (3 mo; 000)	6,330

As a reminder, we very recently hosted EXC management for a multi-day NDR – see our note from those meetings HERE.

Tax policy implications and equity plans buffet an otherwise straightforward quarter… Management opened today's update with a resounding criticism of the IRA's 15% minimum tax, striking a more specific tone than almost every other corporate this earnings cycle. The team put a $300mm figure on the potential 2023-onward annual cash drag, while repeatedly emphasizing that it remains too early in the process to discuss further as they do not know how even the draft legislation may interact with the opcos vs. consolidated holdco. Thinking back to the 2017 tax cuts and associated remeasurements of ADIT, we asked on the call about how this could interact with the MYPs across the mid-Atlantic utilities; however, management noted, again, that it remains too early to say. We also asked about the potential for an update by 3Q/EEI should the legislation pass as-is; however, the team noted that it would have to get through its normal capital planning process (and pension remark) at YE before introducing any tweaks to the current financing plan. It remains unclear to us how the AMT for larger utilities would even interact with the opcos.

On the financing plan, management also announced that it anticipates it will issue $500mm out of its $1bn in total equity by year end via the ATM, a block, or a combo. In our view, the move to open the door to a larger upfront block vs. a more prolonged ATM dribble may have caught some investors off guard, and while we had not expected or modeled a band-aid rip to this degree, hindsight on the timeline constraints does help us understand management's rationale. Specifically, a combination of post-spin filing requirements and blackout periods narrowed the opportunity in 1H22, with management facing additional challenges in the balance of the calendar around 3Q blackouts, ongoing market volatility, and a rising rate backdrop against a ST debt balance it has sought to whittle down. **Given these factors we understand why management decided to act decisively, while also giving itself some cushion for the balance of the need in the current plan.**

EXC reported 2Q22 performance of $0.44, just below our estimate of $0.46, which was in line with the Street… YoY earnings were $0.08 higher on another quarter of slightly noisy 2021 comps, with higher distribution rates at the utilities partially offset by a variety of different factors. Across the opcos, ComEd earnings were +$0.03 YoY thanks to another quarter of higher distribution rates (investment and treasuries). Earnings were $0.03 higher at PECO from higher distribution rates, while a series of puts and takes at PHI ultimately dragged $0.05. Specifically, higher rates (+$0.02) were fully offset by D&A (-$0.01), weather (-$0.01), credit loss expense (-$0.01), income tax timing (-$0.01) and other expenses (-$0.03) related to O&M timing and interest expense. BG&E was $0.01 lower YoY on the back of higher D&A and other items, which offset $0.01 of higher rates. As expected, the quarter also featured ongoing noise at the parent on the back of the generation separation, with the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

allocation adjustments for BSC netting to $0.09, which was partially offset by higher interest expense. **Looking ahead, management affirmed 2022 EPS guidance in the range of $2.18 to $2.32 vs. our $2.27,** which remains unchanged.

Valuation

Our valuation is based on our 2024E EPS of $2.58 applied to a 19.5x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 19.5x multiple, we continue to apply a one-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (riders, MYPs) and underlying growth/incremental investment opportunities, except for ComEd. This blended 20.2x multiple, applied to our 2024E EPS and discounted back one year, equals our $49 PT.

Risks

EXC comprises regulated distribution and transmission assets, which face traditional risk factors and upside drivers inherent with all utilities, including: (1) positive/negative rate case outcomes above/below our expectations, (2) higher/lower capex outlooks, and (3) interest rate changes above/below what we account for in our regression model.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 08-02-2022

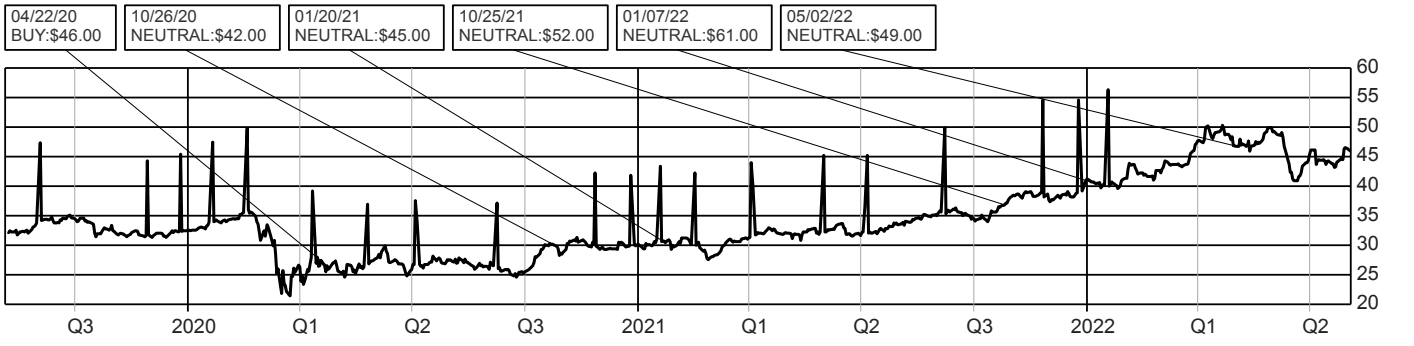

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	224	67.07%	60	26.79%
NEUTRAL	108	32.34%	14	12.96%
SELL	2	0.60%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:23 PM.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Analyst Note 03 Aug 2022

We are reaffirming our $41 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.44, up from $0.36 in the same year ago period. Comparable earnings were adjusted for the divestiture of the company's merchant generation business earlier this year. Management reaffirmed its full-year EPS guidance of $2.18 to $2.32 in 2022 and 6% to 8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon announced plans to issue up to $1 billion in equity through 2025 to help fund the company's $29 billion investment plan over this period. The equity was in line with our estimates over this period, though timing differed. Exelon aims to issue $500 million in equity this year, with the remaining completed over the remaining three years. With Exelon trading at an 11% premium to our fair value estimate as of early August, we expect the equity issuance to be slightly value accretive.

Exelon's returns on equity continued to be below its allowed returns and are among the lowest of its peers. The company's trailing 12-month earned returns on equity were 8.8%, down from 8.9% during the first quarter and below management's 9%-10% targeted range. Timing of equity infusions negatively affected returns, partially offset by increased earnings from investments.

Pending regulatory outcomes at PECO and DPL should boost earned returns. ComEd's returns are tied to 30-year Treasury rates, which should lead to higher returns next year at the subsidiary. We think new legislation supporting more traditional ratemaking starting in 2024 likely will lead to higher returns, which have been among the lowest in the sector given low Treasury rates.

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 03 Aug 2022
Estimates as of 03 Aug 2022
Pricing data through 02 Aug 2022 00:00
Rating updated as of 02 Aug 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 03 Aug 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Analyst Note 1
Morningstar Analyst Forecasts 3
Methodology for Valuing Companies

Vital Statistics

Market Cap (USD Mil)	44,923
52-Week High (USD)	50.71
52-Week Low (USD)	33.10
52-Week Total Return %	32.3
YTD Total Return %	6.4
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.5
Price/Fair Value	1.12

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*20.1*	*18.6*
EV/EBITDA	10.0	10.9	*11.8*	*10.8*
EV/EBIT	27.8	35.0	*22.6*	*19.7*
Free Cash Flow Yield %	-9.3	-8.8	*33.1*	*-2.5*
Dividend Yield %	5.1	3.7	*3.0*	*3.1*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,414*
Net Income YoY %	0.3	-45.8	*31.1*	*7.9*
Diluted EPS	3.22	1.74	*2.28*	*2.46*
Diluted EPS YoY %	—	-45.9	*31.1*	*7.6*
Free Cash Flow	324	8	*12,819*	*-307*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

In the quarter, earnings were supported by rate increases and the absence of merchant generation. Partially offsetting these benefits were higher depreciation and other expenses.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*7.9*	*12.0*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*7.6*	*11.5*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.2*	*27.2*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*145.7*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.3*	*12.8*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.6*	*14.2*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.1*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.7*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.48*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*20.1*	*18.6*
EV/EBITDA	10.0	10.9	*11.8*	*10.8*
EV/EBIT	27.8	35.0	*22.6*	*19.7*
Free Cash Flow Yield %	-9.3	-8.8	*33.1*	*-2.5*
Dividend Yield %	5.1	3.7	*3.0*	*3.1*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,530	15.6	12.64
Present Value Stage II	13,992	17.4	14.12
Present Value Stage III	54,003	67.1	54.49
Total Firm Value	**80,525**	**100.0**	**81.25**
Cash and Equivalents	1,182	—	1.19
Debt	0	—	-42.80
Preferred Stock	—	—	—
Other Adjustments	500	—	0.50
Equity Value	**39,790**	**—**	**40.15**
Projected Diluted Shares	991		
Fair Value per Share (USD)	**41.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December

	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*342*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***2,980***
Income Tax Expense	774	373	370	*525*	*566*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,414***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.46***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,414*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.46***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,743*	*1,314*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,936***	***10,923***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,632***	***115,422***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,714*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,798***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*500*	*500*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,623*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,626***	***36,624***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,626***	***36,624***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,414*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*220*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,934***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*500*	—
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-10,717***	***-288***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,561***	***-1,429***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

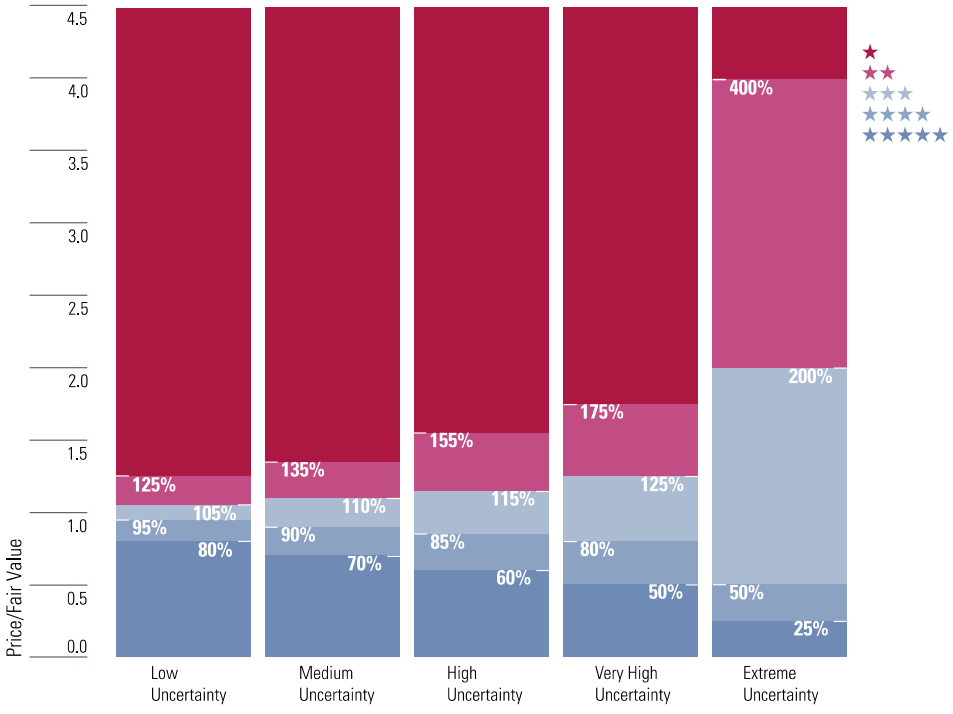

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Exelon's Equity Issuance To Support Capital Investment Plan

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar

Business Strategy and Outlook 03 Aug 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2025, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $29 billion of capital investment through 2025. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should gradually increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, visit http://global.morningstar.com/equitydisclosures

The primary analyst covering this company does not own its stock.

Research as of 03 Aug 2022
Estimates as of 03 Aug 2022
Pricing data through 02 Aug 2022 00:00
Rating updated as of 02 Aug 2022 00:00

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.
Rating as of 03 Aug 2022 00:00

Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

Contents

Business Strategy and Outlook	1
Morningstar Analysis	
Analyst Note	2
Fair Value & Profit Drivers	2
Scenario Analysis	2
Economic Moat	3
Moat Trend	3
Bulls Say/Bears Say	5
Financial Strength	6
Risk & Uncertainty	6
Management & Ownership	8
Analyst Note Archive	9
Additional Information	-
Morningstar Analyst Forecasts	14
Comparable Company Analysis	18
Methodology for Valuing Companies	20

Vital Statistics

Market Cap (USD Mil)	44,923
52-Week High (USD)	50.71
52-Week Low (USD)	33.10
52-Week Total Return %	32.3
YTD Total Return %	6.4
Last Fiscal Year End	31 Dec 2021
5-Yr Forward Revenue CAGR %	-9.6
5-Yr Forward EPS CAGR %	11.5
Price/Fair Value	1.12

Valuation Summary and Forecasts

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Price/Earnings	9.4	23.7	*20.1*	*18.6*
EV/EBITDA	10.0	10.9	*11.8*	*10.8*
EV/EBIT	27.8	35.0	*22.6*	*19.7*
Free Cash Flow Yield %	-9.3	-8.8	*33.1*	*-2.5*
Dividend Yield %	5.1	3.7	*3.0*	*3.1*

Financial Summary and Forecasts (USD Mil)

Fiscal Year:	2020	2021	*2022(E)*	*2023(E)*
Revenue	33,039	36,347	*18,753*	*19,615*
Revenue YoY %	-3.8	10.0	*-48.4*	*4.6*
EBIT	2,823	2,723	*3,493*	*4,009*
EBIT YoY %	-34.1	-3.5	*28.3*	*14.8*
Net Income, Adjusted	3,146	1,706	*2,237*	*2,414*
Net Income YoY %	0.3	-45.8	*31.1*	*7.9*
Diluted EPS	3.22	1.74	*2.28*	*2.46*
Diluted EPS YoY %	—	-45.9	*31.1*	*7.6*
Free Cash Flow	324	8	*12,819*	*-307*
Free Cash Flow YoY %	-198.3	-97.6	*NM*	*-102.4*

Historical/forecast data sources are Morningstar Estimates and may reflect adjustments.

Profile

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analysis

Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan 03 Aug 2022

We are reaffirming our $41 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.44, up from $0.36 in the same year ago period. Comparable earnings were adjusted for the divestiture of the company's merchant generation business earlier this year. Management reaffirmed its full-year EPS guidance of $2.18 to $2.32 in 2022 and 6% to 8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon announced plans to issue up to $1 billion in equity through 2025 to help fund the company's $29 billion investment plan over this period. The equity was in line with our estimates over this period, though timing differed. Exelon aims to issue $500 million in equity this year, with the remaining completed over the remaining three years. With Exelon trading at an 11% premium to our fair value estimate as of early August, we expect the equity issuance to be slightly value accretive.

Exelon's returns on equity continued to be below its allowed returns and are among the lowest of its peers. The company's trailing 12-month earned returns on equity were 8.8%, down from 8.9% during the first quarter and below management's 9%-10% targeted range. Timing of equity infusions negatively affected returns, partially offset by increased earnings from investments.

Pending regulatory outcomes at PECO and DPL should boost earned returns. ComEd's returns are tied to 30-year Treasury rates, which should lead to higher returns next year at the subsidiary. We think new legislation supporting more traditional ratemaking starting in 2024 likely will lead to higher returns, which have been among the lowest in the sector given low Treasury rates.

In the quarter, earnings were supported by rate increases and the absence of merchant generation. Partially offsetting these benefits were higher depreciation and other expenses.

Fair Value & Profit Drivers 03 Aug 2022

Our fair value estimate is $41.

We expect 7% average earnings growth through 2025, the midpoint of management's 6% to 8% earnings guidance. We forecast $29 billion of capital expenditures through 2025 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Scenario Analysis

Our uncertainty rating for Exelon is low. The company's regulated rate structure and transparent growth outlook reduce the difference between our bull- and bear scenarios.

In our bull-case scenario, we assume rate-case outcomes are 25% higher and operating expenses are 2% lower than in our base-case scenario. This results in a $5 per-share increase to our base-case fair value estimate. In our bear-case scenario, a similar decline in rate-case outcomes and increase in operating expense results in a $5 fair value estimate decrease.

If operating expenses increase by 100 basis points, our fair

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



value estimate would drop by $2 per share, all else equal.

Economic Moat

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing. Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Moat Trend

We assign Exelon a stable moat trend rating. The regulatory environments in Illinois, Pennsylvania, and Maryland have stabilized, allowing the company's distribution utilities fair returns. Nearly all of Exelon's rate-base growth will have rate trackers or formula rates, minimizing regulatory lag. Exelon faces the biggest challenge boosting regulated earned returns.

Exelon's stable business model and difficult-to-replicate asset base support our view that the firm's narrow moat is stable. We don't anticipate a change in the regulatory compact between utilities and ratepayers that ensures capital providers earn a fair return on their investments. As with all regulated utilities, we think revenue caps preclude Exelon from establishing a wide economic moat.

Regulated utilities' moat trends consider changes in the regulatory environment, near-term investment requirements and growth opportunities, energy demand trends, and management's strategic direction. In assessing the changing regulatory environment, we consider the level of automatic rate mechanisms, allowed returns on equity versus interest rates, fuel cost recovery mechanisms, and the history of regulatory relations.

Using these factors, we assess whether fundamental changes will give a utility a better opportunity to earn or

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

overearn its cost of capital in the near term, or whether fundamental changes will make it more difficult for a utility to earn its cost of capital. The regulatory framework that caps revenue and returns prevents the firm from attaining a wide moat, as with all regulated utilities that we cover.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Bulls Say/Bears Say

Bulls Say

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Five Year Adjusted Cash Flow Forecast (USD Mil)

	2022(E)	2023(E)	2024(E)	2025(E)	2026(E)
Cash and Equivalents (beginning of period)	1,182	2,743	1,314	455	826
Adjusted Available Cash Flow	9,655	311	897	3,642	3,188
Total Cash Available before Debt Service	10,837	3,054	2,211	4,097	4,014
Principal Payments	-1,483	-1,626	-1,600	-2,000	-2,275
Interest Payments	-1,301	-1,372	-1,424	-1,566	-1,666
Other Cash Obligations and Commitments	-303	-303	-463	-464	-463
Total Cash Obligations and Commitments	-3,087	-3,301	-3,487	-4,030	-4,404

Cumulative Annual Cash Flow Cushion

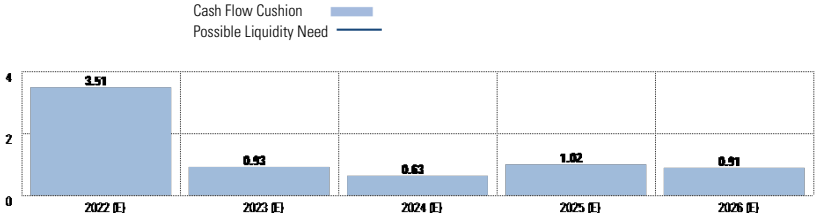

Adjusted Cash Flow Summary

	USD Millions	% of Commitments
Beginning Cash Balance	1,182	6.5
Sum of 5-Year Adjusted Free Cash Flow	17,693	96.6
Sum of Cash and 5-Year Cash Generation	18,875	103.1
Revolver Availability	—	—
Asset Adjusted Borrowings (Repayment)	—	—
Sum of Cash, 5-Year Cash Generation, Revolver and Adjustments	18,875	103.1
Sum of 5-Year Cash Commitments	-18,308	—

Financial Strength

With over 4.0 times interest coverage, Exelon's financial health is sound for a regulated utility, particularly given its stable, low-risk business model. With our forecast for $29 billion of capital spending planned through 2025, Exelon will be a frequent debt issuer. The company has manageable long-term debt maturities and we anticipate it will be able to refinance its debt as it comes due, maintaining its current debt/capital ratio. We expect the company to issue $1.0 billion in equity to fund its capital investment plan through 2025, with $500 million issued in 2022, in line with management's expectations.

We expect total debt/EBITDA to remain in the 4.5-5.0 times range. Exelon will target a 60% dividend payout ratio. We expect dividend growth in line with our 7% annual earnings per-share growth forecast through 2025.

Risk & Uncertainty

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Management & Ownership

Management Activity

Name	Position	Shares Held	Report Date*	InsiderActivity
MR. CHRISTOPHER M. CRANE	Director, President and CEO, Director	294,252	08 Feb 2022	—
MR. JOSEPH NIGRO	Sr EVP & CFO	111,338	28 Jan 2022	—
MR. DAVID M. VELAZQUEZ	Pres. & CEO, Pepco Holdings	46,624	25 Jan 2021	—
MR. CALVIN G. BUTLER,JR	Sr EVP & Chf Operating Officer	45,176	31 Jan 2022	—
MR. JOHN F. YOUNG	Director,Director	36,807	31 Dec 2007	—
MR. JOSEPH R. TRPIK, JR	SVP & Corp. Controller	26,662	10 May 2022	—
MR. DUANE M. DESPARTE	SVP and Controller	15,696	29 Jan 2018	—
MR. DAVID GLOCKNER	EVP Compliance & Audit	10,110	06 Jan 2022	—

*Represents the date on which the owner's name, position, and common shares held were reported by the holder or issuer.

Fund Ownership

Top Owners	% of Shares Held	% of Fund Assets	Change (k)	Portfolio Date
Vanguard Total Stock Market Index Fund	2.95	0.12	227	31 Jul 2022
Vanguard US Total Market Shares ETF	2.92	0.12	290	31 Jul 2022
Vanguard Wellingtonâ„¢ Fund	2.84	1.20	179	31 Jul 2022
Vanguard 500 Index Fund	2.21	0.14	356	31 Jul 2022
Capital Group American Mutual Comp	1.86	0.98	-2,580	31 Jul 2022
Concentrated Holders				
Q3 Power Momentum - Blue Chip	0.00	20.50	0	31 Jul 2022
Portformulas Freedom N100	0.01	9.62	-1	31 Jul 2022
Resolution Capital Global Listed Infras	0.00	8.19	—	31 Jul 2022
GUGG Utilities 31	0.00	7.57	—	31 Jul 2022
GUGG Utilities 36	0.00	6.97	—	31 Jul 2022

Institutional Transactions

Top 5 Buyers	% of Shares Held	% of Fund Assets	Shares Bought/ Sold (k)	Portfolio Date
GQG Partners LLC	2.74	2.96	23,221	31 Jul 2022
Wellington Management Company LLP	9.51	0.76	15,573	31 Jul 2022
Bank of New York Mellon Corp	3.28	0.30	12,205	31 Jul 2022
JPMorgan Chase & Co	1.55	0.09	12,098	31 Jul 2022
FMR Inc	4.03	0.15	7,876	31 Jul 2022
Top 5 Sellers				
Capital Research & Mgmt Co - Division 3	3.21	0.34	-28,372	31 Jul 2022
Capital Research & Mgmt Co - Division 3	3.21	0.34	-28,372	31 Jul 2022
T. Rowe Price Associates, Inc.	0.59	0.03	-14,464	31 Jul 2022
Capital Group	3.77	4.86	-12,635	31 Jul 2022
Barrow Hanley Mewhinney & Strauss LLC	0.20	0.30	-6,679	31 Jul 2022

Capital Allocation 03 Aug 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan 03 Aug 2022

We are reaffirming our $41 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.44, up from $0.36 in the same year ago period. Comparable earnings were adjusted for the divestiture of the company's merchant generation business earlier this year. Management reaffirmed its full-year EPS guidance of $2.18 to $2.32 in 2022 and 6% to 8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon announced plans to issue up to $1 billion in equity through 2025 to help fund the company's $29 billion investment plan over this period. The equity was in line with our estimates over this period, though timing differed. Exelon aims to issue $500 million in equity this year, with the remaining completed over the remaining three years. With Exelon trading at an 11% premium to our fair value estimate as of early August, we expect the equity issuance to be slightly value accretive.

Exelon's returns on equity continued to be below its allowed returns and are among the lowest of its peers. The company's trailing 12-month earned returns on equity were 8.8%, down from 8.9% during the first quarter and below management's 9%-10% targeted range. Timing of equity infusions negatively affected returns, partially offset by increased earnings from investments.

Pending regulatory outcomes at PECO and DPL should boost earned returns. ComEd's returns are tied to 30-year Treasury rates, which should lead to higher returns next year at the subsidiary. We think new legislation supporting more traditional ratemaking starting in 2024 likely will lead to higher returns, which have been among the lowest in the sector given low Treasury rates.

In the quarter, earnings were supported by rate increases and the absence of merchant generation. Partially offsetting these benefits were higher depreciation and other expenses.

Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates 14 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the median utility in our coverage now trades in line with our fair value estimate, after the Morningstar US Utilities Sector Index declined 12% since Wednesday, June 8.

We think the selloff was sparked in large part by the U.S. Bureau of Labor Statistics' Consumer Price Index reading last week, which reported inflation was at a four decade high for May. Utilities peaked at 17% overvalued as of late April, and were 13% overvalued as of June 8, as global uncertainty drove investors to U.S. utilities.

Up until last week, investors had largely ignored the risk of inflation, which we considered the largest threat to utilities' long-term returns. Utilities have historically significantly underperformed the S&P 500 in inflationary environments, as utilities have fixed revenue, high capital and labor costs, and large energy pass-through costs. With higher-than-expected inflation, the market has increased expectations for the Fed to expedite interest rate increases. The utilities sector median 3.3% dividend yield is now a mere 18 basis point discount to the 10-year U.S. Treasury, making utility dividends less attractive to income-focused investors. In early March, the dividend yield was a 150 basis point premium to the 10-year U.S. Treasury.

No utility was trading below our fair value estimate mid-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

last week. Now, nearly half of our utility coverage trades at or below our fair value estimates and we now think there are opportunities for long-term utility investors. While there are a few utilities that trade at a larger discount to our fair values, we think long-term investors are best served focusing on utilities in constructive regulatory environments that are better positioned to address inflationary headwinds, with Dominion Energy, Entergy, NextEra Energy, and NiSource our top picks.

Dominion Energy has transitioned to a predominantly rate-regulated utility operating in highly constructive regulatory environments. The company's five-year $37 billion capital investment plan focusing on clean energy supports our 6.5% annual earnings growth forecast. Virginia is the company's most important subsidiary and has the most constructive regulation. Dominion expects 90% of its capital investment in the region will be eligible for rate riders, reducing regulatory risk in an inflationary environment.

We think Entergy has several advantages over its peers in an inflationary environment. The company's five southeast utilities should benefit from a jump in U.S. energy demand, constructive state regulation, and substantial opportunities for clean energy growth. More than 90% of Entergy's investments flow through customer rates with little regulatory lag. This minimizes the impact from inflation. We expect Entergy to invest $4 billion annually through 2025 to upgrade its expansive grid and replace coal generation with mostly solar. This supports our annual earnings growth estimate at the high end of management's 7%-9% target.

Constructive regulation in Florida supports industry-leading returns and growth for NextEra Energy. Florida's highly constructive rate-setting mechanisms support investment in the state. NextEra benefits from one of the highest allowed returns in the industry. The utility also has among the lowest electricity bills and highest customer growth across its peer group, helping protect itself in an inflationary environment. At the company's competitive renewable business, NextEra is well positioned to for the clean energy transition. A U.S. Department of Commerce anti-circumvention investigation regarding the import of solar panels from certain Asian countries had created uncertainty to the company's near-term development program; however, the Biden administration's recent decision to not apply solar panel tariffs for at least the next two years brings near-term clarity.

NiSource's transition from coal to renewable energy in Indiana along with regulatory support in the states where it operates natural gas systems should support more than $10 billion of investment over the next four years and 8% annual earnings growth, among the highest in the sector. We think this is an opportunity to buy a high-growth utility at a discount to recent market acquisitions involving similar natural gas distribution utilities. New CEO Lloyd Yates could shake up NiSource's portfolio to capitalize on those market valuations while boosting the share of earnings from its high-growth electric business.

For a more detailed analysis of how inflation affects utilities, see our latest reports, "Inflation Unraveling U.S. Utilities' Safety Net" and "Utility Regulation Critical To Manage Inflation Risk."

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades 10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.

Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.

While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy, NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest reports, "Inflation Unraveling U.S. Utilities' Safety Net" and "Utility Regulation Critical To Manage Inflation Risk."

Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected 06 Jun 2022

We are reaffirming our fair value estimates, moat ratings, and moat trend ratings for all utilities after the Biden administration announced it would not apply solar panel tariffs on East Asian countries for at least the next two years. Some utilities' management teams had suggested that potential tariffs resulting from a U.S. Department of Commerce anticircumvention investigation would slow their growth plans. We never thought the investigation would have a material impact on our long-term outlooks given the Biden administration's and most states' support for renewable energy. The Biden administration also announced plans to boost U.S. solar panel manufacturing, which will support solar growth.

Two of our top utilities picks, NextEra Energy and NiSource, were among those utilities whose stocks took the hardest hit because of the solar tariff fears. The management team of each firm said it was postponing a portion of its large solar growth plans because of tariff-related supply concerns. AES and Alliant Energy are among many other utilities that have made solar key parts of their growth plans.

NextEra's stock fell as much as 16% in the three weeks after management said that it might delay up to 2.8 gigawatts of a possible 15 GW solar project pipeline. The stock has since rebounded to near our $78 fair value estimate. We are reaffirming our 8% annual earnings growth outlook. NiSource's stock fell 11% in late April before management said $500

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

million of its planned solar investments could be delayed. The stock has since rebounded to near our $31 per share fair value estimate. We continue to assume NiSource invests $8 billion in 2022-24, including $2 billion on renewable energy, supporting our 7% annual earnings growth outlook.

Solar panel tariffs remain a risk pending the outcome of the DOC's investigation into whether Chinese manufacturers sidestepped tariffs by shipping panels through tariff-free Asian countries. We expect an initial DOC report this fall.

For more on our long-term solar growth outlook for U.S. utilities, see our report, "U.S. Utility-Scale Solar: Top Picks Hiding In Shadows." Our most recent utilities sector report, "Constructive Utility Regulation Critical to Reduce Inflation Risk," addresses key issues that we think will impact our top utilities picks, including NextEra Energy and NiSource.

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results 09 May 2022

We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices 09 Mar 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Analyst Notes

Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

For a more detailed analysis of how inflation affects utilities, see our latest report, "Inflation Unraveling U.S. Utilities' Safety Net."

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Financial Summary and Forecasts

Fiscal Year Ends in December

Growth (% YoY)	3-Year Hist. CAGR	2019	2020	2021	Forecast 2022	Forecast 2023	5-Year Proj. CAGR
Revenue	*0.3*	-4.6	-3.8	10.0	*-48.4*	*4.6*	*-9.6*
EBIT	*-11.3*	9.9	-34.1	-3.5	*28.3*	*14.8*	*12.9*
EBITDA	*2.0*	3.5	-8.2	11.8	*-24.0*	*9.3*	*0.3*
Net Income	*-13.1*	20.8	0.3	-45.8	*31.1*	*7.9*	*12.0*
Diluted EPS	*-13.4*	20.2	—	-45.9	*31.1*	*7.6*	*11.5*
Earnings Before Interest, after Tax	*-36.8*	-17.1	-27.9	-57.8	*-166.1*	*-498.2*	*27.2*
Free Cash Flow	*-85.0*	-114.1	-198.3	-97.6	*NM*	*-102.4*	*145.7*

Profitability	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Operating Margin %	*9.5*	12.5	8.5	7.5	*18.6*	*20.4*	*21.0*
EBITDA Margin %	*24.2*	24.9	23.7	24.1	*35.5*	*37.1*	*38.2*
Net Margin %	*7.8*	9.1	9.5	4.7	*11.9*	*12.3*	*12.8*
Free Cash Flow Margin %	*0.0*	-1.0	1.0	0.0	*68.4*	*-1.6*	*14.2*
ROIC %	*2.0*	3.5	1.6	1.1	*-1.2*	*4.7*	*3.7*
Adjusted ROIC %	*2.2*	3.8	1.7	1.2	*-1.3*	*5.2*	*4.0*
Return on Assets %	*1.7*	2.3	1.5	1.3	*1.8*	*2.1*	*2.2*
Return on Equity %	*6.7*	9.0	6.1	5.1	*6.4*	*6.7*	*7.0*

Leverage	3-Year Hist. Avg	2019	2020	2021	2022	2023	5-Year Proj. Avg
Debt/Capital	*0.55*	0.54	0.55	0.55	*0.48*	*0.48*	*0.49*
Total Debt/EBITDA	*4.76*	4.43	5.02	4.84	*4.98*	*4.71*	*4.66*
EBITDA/Interest Expense	*5.22*	5.28	4.79	5.58	*5.12*	*5.31*	*5.32*

Valuation Summary and Forecasts

	2020	2021	2022(E)	2023(E)
Price/Fair Value	1.01	1.20	—	—
Price/Earnings	9.4	23.7	*20.1*	*18.6*
EV/EBITDA	10.0	10.9	*11.8*	*10.8*
EV/EBIT	27.8	35.0	*22.6*	*19.7*
Free Cash Flow Yield %	-9.3	-8.8	*33.1*	*-2.5*
Dividend Yield %	5.1	3.7	*3.0*	*3.1*

Key Valuation Drivers

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at http://select.morningstar.com.

Discounted Cash Flow Valuation

	USD Mil	Firm Value (%)	Per Share Value
Present Value Stage I	12,530	15.6	12.64
Present Value Stage II	13,992	17.4	14.12
Present Value Stage III	54,003	67.1	54.49
Total Firm Value	**80,525**	**100.0**	**81.25**
Cash and Equivalents	1,182	—	1.19
Debt	0	—	-42.80
Preferred Stock	—	—	—
Other Adjustments	500	—	0.50
Equity Value	**39,790**	**—**	**40.15**
Projected Diluted Shares	991		
Fair Value per Share (USD)	**41.00**		

The data in the table above represent base-case forecasts in the company's reporting currency as of the beginning of the current year. Our fair value estimate may differ from the equity value per share shown above due to our time value of money adjustment and in cases where probability-weighted scenario analysis is performed.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Income Statement (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Revenue	**34,348**	**33,039**	**36,347**	***18,753***	***19,615***
Cost of Goods Sold	15,497	14,104	17,364	*6,512*	*6,642*
Gross Profit	**18,851**	**18,935**	**18,983**	***12,241***	***12,973***
Selling, General & Administrative Expenses	8,615	9,408	8,659	*4,321*	*4,407*
Other Operating Expense (Income)	1,732	1,714	1,766	*1,260*	*1,285*
Other Operating Expense (Income)	-32	-24	-201	—	—
Depreciation & Amortization (if reported separately)	4,252	5,014	6,036	*3,168*	*3,272*
Operating Income (ex charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Restructuring & Other Cash Charges	—	—	—	—	—
Impairment Charges (if reported separately)	—	—	—	—	—
Other Non-Cash (Income)/Charges	—	—	—	—	—
Operating Income (incl charges)	**4,284**	**2,823**	**2,723**	***3,493***	***4,009***
Interest Expense	1,616	1,635	1,571	*1,301*	*1,372*
Interest Income	1,044	1,139	1,047	*570*	*342*
Pre-Tax Income	**3,712**	**2,327**	**2,199**	***2,762***	***2,980***
Income Tax Expense	774	373	370	*525*	*566*
Other After-Tax Cash Gains (Losses)	—	—	—	—	—
Other After-Tax Non-Cash Gains (Losses)	—	—	—	—	—
(Minority Interest)	-92	9	-123	—	—
(Preferred Dividends)	—	—	—	—	—
Net Income	**2,846**	**1,963**	**1,706**	***2,237***	***2,414***
Weighted Average Diluted Shares Outstanding	974	977	980	*980*	*983*
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	***2.28***	***2.46***
Adjusted Net Income	3,136	3,146	1,706	*2,237*	*2,414*
Diluted Earnings Per Share (Adjusted)	**3.22**	**3.22**	**1.74**	***2.28***	***2.46***
Dividends Per Common Share	1.45	1.53	1.53	*1.35*	*1.44*
EBITDA	**10,064**	**9,350**	**10,296**	***6,661***	***7,281***
Adjusted EBITDA	**8,536**	**7,837**	**8,759**	***6,661***	***7,281***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Balance Sheet (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Cash and Equivalents	587	663	1,182	*2,743*	*1,314*
Investments	—	—	—	—	—
Accounts Receivable	6,175	4,629	5,126	*3,237*	*3,386*
Inventory	1,768	1,722	1,869	*856*	*873*
Deferred Tax Assets (Current)	—	—	—	—	—
Other Short Term Assets	3,507	5,548	5,780	*5,100*	*5,350*
Current Assets	**12,037**	**12,562**	**13,957**	***11,936***	***10,923***
Net Property Plant, and Equipment	80,233	82,584	84,219	*68,326*	*72,129*
Goodwill	6,677	6,677	6,677	*6,677*	*6,677*
Other Intangibles	—	—	—	—	—
Deferred Tax Assets (Long-Term)	—	—	—	—	—
Other Long-Term Operating Assets	8,335	8,759	8,224	*5,757*	*5,757*
Long-Term Non-Operating Assets	17,695	18,735	19,936	*19,936*	*19,936*
Total Assets	**124,977**	**129,317**	**133,013**	***112,632***	***115,422***
Accounts Payable	3,565	3,567	4,141	*1,784*	*1,729*
Short-Term Debt	6,080	3,850	6,703	*1,500*	*2,500*
Deferred Tax Liabilities (Current)	—	—	—	—	—
Other Short-Term Liabilities	4,540	5,354	5,267	*4,500*	*5,000*
Current Liabilities	**14,185**	**12,771**	**16,111**	***7,784***	***9,229***
Long-Term Debt	31,719	35,483	35,714	*31,657*	*31,784*
Deferred Tax Liabilities (Long-Term)	12,351	13,035	14,194	*10,494*	*10,714*
Other Long-Term Operating Liabilities	9,986	9,485	9,628	*4,500*	*4,500*
Long-Term Non-Operating Liabilities	22,163	23,675	22,571	*22,571*	*22,571*
Total Liabilities	**90,404**	**94,449**	**98,218**	***77,006***	***78,798***
Preferred Stock	—	—	—	—	—
Common Stock	19,274	19,373	20,324	*20,324*	*20,324*
Additional Paid-in Capital	—	—	—	*500*	*500*
Retained Earnings (Deficit)	16,267	16,735	16,942	*17,625*	*18,623*
(Treasury Stock)	-123	-123	-123	*-123*	*-123*
Other Equity	-3,194	-3,400	-2,750	*-2,700*	*-2,700*
Shareholder's Equity	**32,224**	**32,585**	**34,393**	***35,626***	***36,624***
Minority Interest	2,349	2,283	402	—	—
Total Equity	**34,573**	**34,868**	**34,795**	***35,626***	***36,624***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Morningstar Analyst Forecasts

Cash Flow (USD Mil)

Fiscal Year Ends in December	2019	2020	2021	Forecast 2022	Forecast 2023
Net Income	3,028	1,954	1,829	*2,237*	*2,414*
Depreciation	5,780	6,527	7,573	*3,168*	*3,272*
Amortization	—	—	—	—	—
Stock-Based Compensation	—	—	—	—	—
Impairment of Goodwill	—	—	—	—	—
Impairment of Other Intangibles	—	—	—	—	—
Deferred Taxes	681	309	18	*-3,700*	*220*
Other Non-Cash Adjustments	346	430	-843	—	—
(Increase) Decrease in Accounts Receivable	-243	697	-703	*1,889*	*-149*
(Increase) Decrease in Inventory	-87	-85	-141	*1,013*	*-17*
Change in Other Short-Term Assets	-2,421	-5,468	-5,161	*680*	*-250*
Increase (Decrease) in Accounts Payable	-425	-129	440	*-2,357*	*-55*
Change in Other Short-Term Liabilities	—	—	—	*-767*	*500*
Cash From Operations	**6,659**	**4,235**	**3,012**	***2,163***	***5,934***
(Capital Expenditures)	-7,248	-8,048	-7,981	*12,725*	*-7,075*
Net (Acquisitions), Asset Sales, and Disposals	-41	—	—	—	—
Net Sales (Purchases) of Investments	—	—	—	—	—
Other Investing Cash Flows	29	3,712	4,664	*-2,661*	—
Cash From Investing	**-7,260**	**-4,336**	**-3,317**	***10,064***	***-7,075***
Common Stock Issuance (or Repurchase)	112	45	80	*500*	—
Common Stock (Dividends)	-1,408	-1,492	-1,497	*-1,554*	*-1,416*
Short-Term Debt Issuance (or Retirement)	656	661	1,299	*-5,203*	*1,000*
Long-Term Debt Issuance (or Retirement)	664	1,067	1,841	*-4,058*	*128*
Other Financing Cash Flows	-185	-104	-933	*-402*	—
Cash From Financing	**-161**	**177**	**790**	***-10,717***	***-288***
Exchange Rates, Discontinued Ops, etc. (net)	—	—	—	*50*	—
Net Change in Cash	**-762**	**76**	**485**	***1,561***	***-1,429***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Valuation Analysis

		Price/Earnings			EV/EBITDA			Price/Free Cash Flow			Price/Book			Price/Sales		
Company/Ticker	Price/Fair Value	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	1.02	18.3	18.5	17.4	143.9	12.8	12.2	NM	15.9	NM	—	—	—	3.5	3.4	3.3
Entergy Corp ETR USA	1.00	18.7	18.0	16.7	10.9	12.7	11.6	NM	NM	NM	—	—	—	1.9	2.2	2.1
FirstEnergy Corp FE USA	0.94	16.0	16.7	15.7	13.6	10.9	10.4	64.8	10.3	NM	—	—	—	2.1	1.9	1.9
Average		17.7	17.7	16.6	56.1	12.1	11.4	64.8	13.1	—	—	—	—	2.5	2.5	2.4
Exelon Corp EXC US	**1.12**	**23.7**	**20.1**	**18.6**	**10.9**	**11.8**	**10.8**	**NM**	**3.0**	**NM**	**—**	**—**	**—**	**1.6**	**2.4**	**2.3**

Returns Analysis

		ROIC %			Adjusted ROIC %			Return on Equity %			Return on Assets %			Dividend Yield %		
Company/Ticker	Last Historical Year Total Assets (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	48,999 USD	-3.9	6.1	6.4	-3.9	6.1	6.4	-4.3	12.1	12.3	-1.3	3.6	3.8	3.1	3.3	3.5
Entergy Corp ETR USA	59,454 USD	4.4	4.6	4.8	4.4	4.6	4.8	9.9	10.9	11.2	1.9	2.2	2.3	3.4	3.6	3.8
FirstEnergy Corp FE USA	45,432 USD	5.0	5.8	6.4	5.9	6.8	7.6	16.1	15.0	15.0	2.9	3.0	3.1	3.8	3.9	4.0
Average		1.8	5.5	5.9	2.1	5.8	6.3	7.2	12.7	12.8	1.2	2.9	3.1	3.4	3.6	3.8
Exelon Corp EXC US	**133,013** USD	**1.1**	**-1.2**	**4.7**	**1.2**	**-1.3**	**5.2**	**5.1**	**6.4**	**6.7**	**1.3**	**1.8**	**2.1**	**3.7**	**3.0**	**3.1**

Growth Analysis

		Revenue Growth %			EBIT Growth %			EPS Growth %			Free Cash Flow Growth %			Dividend/Share Growth %		
Company/Ticker	Last Historical Year Revenue (Mil)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	9,722 USD	1.2	-0.9	2.7	-137.7	-420.5	3.5	6.4	-3.6	6.5	-192.3	-834.3	-117.6	4.1	5.9	5.6
Entergy Corp ETR USA	11,743 USD	16.1	-8.6	3.9	17.5	8.3	11.0	6.4	6.0	7.8	120.4	-123.9	-88.2	—	9.6	5.9
FirstEnergy Corp FE USA	11,132 USD	3.2	6.1	2.7	-14.6	28.7	5.0	8.7	-8.8	6.4	-190.2	433.8	-89.0	—	—	2.6
Average		6.8	-1.1	3.1	-44.9	-127.8	6.5	7.2	-2.1	6.9	-87.4	-174.8	-98.3	4.1	7.8	4.7
Exelon Corp EXC US	**36,347** USD	**10.0**	**-48.4**	**4.6**	**-3.5**	**28.3**	**14.8**	**-45.9**	**31.1**	**7.6**	**-97.6**	**NM**	**-102.4**	**—**	**7.1**	**6.7**

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

Comparable Company Analysis

These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Profitability Analysis

Company/Ticker	Last Historical Year Net Income (Mil)	Gross Margin %			EBITDA Margin %			Operating Margin %			Net Margin %			Free Cash Flow Margin %		
		2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	1,840 USD	64.0	64.7	65.2	3.7	40.9	41.9	-8.8	28.5	28.7	18.9	18.3	19.0	-10.1	21.2	-9.0
Entergy Corp ETR USA	1,215 USD	68.2	75.9	76.6	37.1	37.7	39.6	18.0	21.3	22.8	10.4	12.2	12.8	-32.3	-0.9	-3.8
FirstEnergy Corp FE USA	1,417 USD	69.1	70.2	70.3	31.0	33.7	34.4	16.6	20.1	20.6	12.7	11.5	12.0	3.3	18.6	-0.2
Average		67.1	70.3	70.7	23.9	37.4	38.6	8.6	23.3	24.0	14.0	14.0	14.6	-13.0	13.0	-4.3
Exelon Corp EXC US	**1,706** USD	**52.2**	***65.3***	***66.1***	**24.1**	***35.5***	***37.1***	**7.5**	***18.6***	***20.4***	**4.7**	***11.9***	***12.3***	**-13.7**	***79.4***	***-5.8***

Leverage Analysis

Company/Ticker	Last Historical Year Total Debt (Mil)	Debt/Equity %			Debt/Total Cap %			EBITDA/Interest Exp.			Total Debt/EBITDA			Assets/Equity		
		2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	19,438 USD	134.6	125.1	125.9	57.4	55.6	55.7	0.6	7.2	7.1	54.0	4.7	4.7	3.4	3.3	3.3
Entergy Corp ETR USA	27,082 USD	227.1	218.4	214.8	69.4	68.6	68.2	5.2	4.5	4.8	6.2	6.8	6.5	5.0	4.8	4.7
FirstEnergy Corp FE USA	23,854 USD	275.0	247.6	231.5	73.3	71.2	69.8	3.0	3.5	3.7	6.9	5.8	5.5	5.2	4.9	4.7
Average		212.2	197.0	190.7	66.7	65.1	64.6	2.9	5.1	5.2	22.4	5.8	5.6	4.5	4.3	4.2
Exelon Corp EXC US	**42,417** USD	**123.3**	***93.1***	***93.6***	**55.2**	***48.2***	***48.4***	**5.6**	***5.1***	***5.3***	**4.8**	***5.0***	***4.7***	**3.9**	***3.2***	***3.2***

Liquidity Analysis

Company/Ticker	Market Cap (Mil)	Cash per Share			Current Ratio			Quick Ratio			Cash/Short-Term Debt			Payout Ratio %		
		2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Public Service Enterprise Group Inc	32,527 USD	1.62	1.79	0.23	0.88	0.67	0.56	0.84	0.63	0.51	0.19	0.27	0.03	-158.7	61.4	60.8
Entergy Corp ETR USA	23,410 USD	2.19	4.05	3.85	0.59	0.58	0.57	0.39	0.41	0.41	0.20	0.37	0.36	69.3	64.3	63.1
FirstEnergy Corp FE USA	22,673 USD	2.68	3.82	2.10	0.73	0.95	0.82	0.67	0.88	0.73	0.91	1.46	0.97	66.4	65.9	63.5
Average		2.16	3.22	2.06	0.73	0.73	0.65	0.63	0.64	0.55	0.43	0.70	0.45	-7.7	63.9	62.5
Exelon Corp EXC US	**44,923** USD	**1.21**	***2.80***	***1.34***	**0.87**	***1.53***	***1.18***	**0.75**	***1.42***	***1.09***	**0.18**	***1.83***	***0.53***	**87.9**	***59.1***	***58.7***

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Qualitative Equity Research Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. We believe this bottom-up, long-term, fundamentally based approach allows our analysts to focus on long-term business drivers, which have the greatest valuation impact, rather than short-term market noise.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at an uncertainty-adjusted discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk-adjusted discount to their fair values whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

Morningstar Research Methodology for Valuing Companies



2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.
Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working-capital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes, or EBI, and the net new investment, or NNI, to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital, or RONIC, and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until the perpetuity stage is reached. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

- Low–margin of safety for 5-star rating is a 20% discount and for 1-star rating is 25% premium.
- Medium–margin of safety for 5-star rating is a 30% discount and for 1-star rating is 35% premium.
- High–margin of safety for 5-star rating is a 40% discount and for 1-star rating is 55% premium.
- Very High–margin of safety for 5-star rating is a 50% discount and for 1-star rating is 75% premium.
- Extreme–margin of safety for 5-star rating is a 75% discount and for 1-star rating is 300% premium.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed, which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

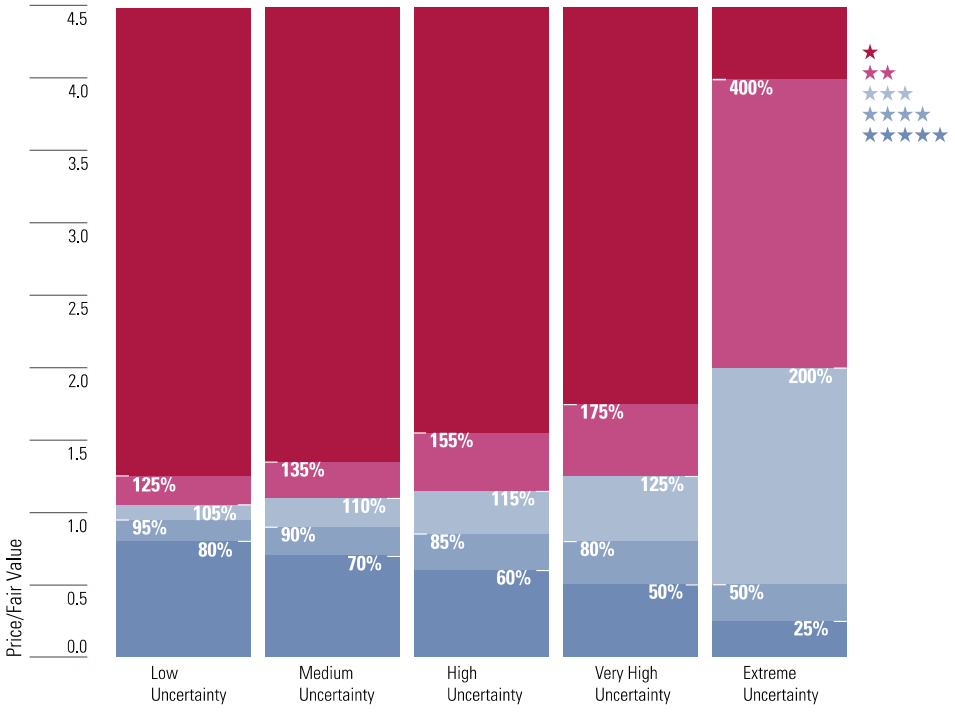

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. The current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. The market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Research Methodology for Valuing Companies

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environmental, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/.

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

- Undervalued: Last Price is below Morningstar's quantitative fair value estimate.
- Fairly Valued: Last Price is in line with Morningstar's quantitative fair value estimate.
- Overvalued: Last Price is above Morningstar's quantitative fair value estimate.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	



General Disclosure

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar's equity research group. The equity research group consists of various Morningstar, Inc. subsidiaries ("Equity Research Group)". In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission.

The opinions expressed within the report are given in good faith, are as of the date of the report and are subject to change without notice. Neither the analyst nor Equity Research Group commits themselves in advance to whether and in which intervals updates to the report are expected to be made. The written analysis and Morningstar Star Rating for stocks are statements of opinions; they are not statements of fact.

The Equity Research Group believes its analysts make a reasonable effort to carefully research information contained in the analysis. The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, Bloomberg and any other the relevant press sources. Only the information obtained from such sources is made available to the issuer who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this sharing of information result in considerable changes, a statement of that fact will be noted within the report. While the Equity Research Group has obtained data, statistics and information from sources it believes to be reliable, neither the Equity Research Group nor Morningstar, Inc.performs an audit or seeks independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest:

• No interests are held by the analyst with respect to the security subject of this investment research report.
– Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.• Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.

• Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.

• Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.

• Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

previous 12-months of any publicly disclosed offer of financial instruments of the issuer.

• Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https: //shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx

• Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf .

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at http://global.morningstar.com/equitydisclosures .

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC (NAS) | ★★

Last Price	Fair Value	Uncertainty	Economic Moat™	Moat Trend™	Capital Allocation	Industry Group	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	Low	Narrow	Stable	Standard	Utilities - Regulated	

body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	1.12	44.92 USD Bil	Narrow	Stable	Low	Standard	
2 Aug 2022	11 May 2022 20:37, UTC		2 Aug 2022					3 Aug 2022 05:00, UTC

Price vs. Fair Value

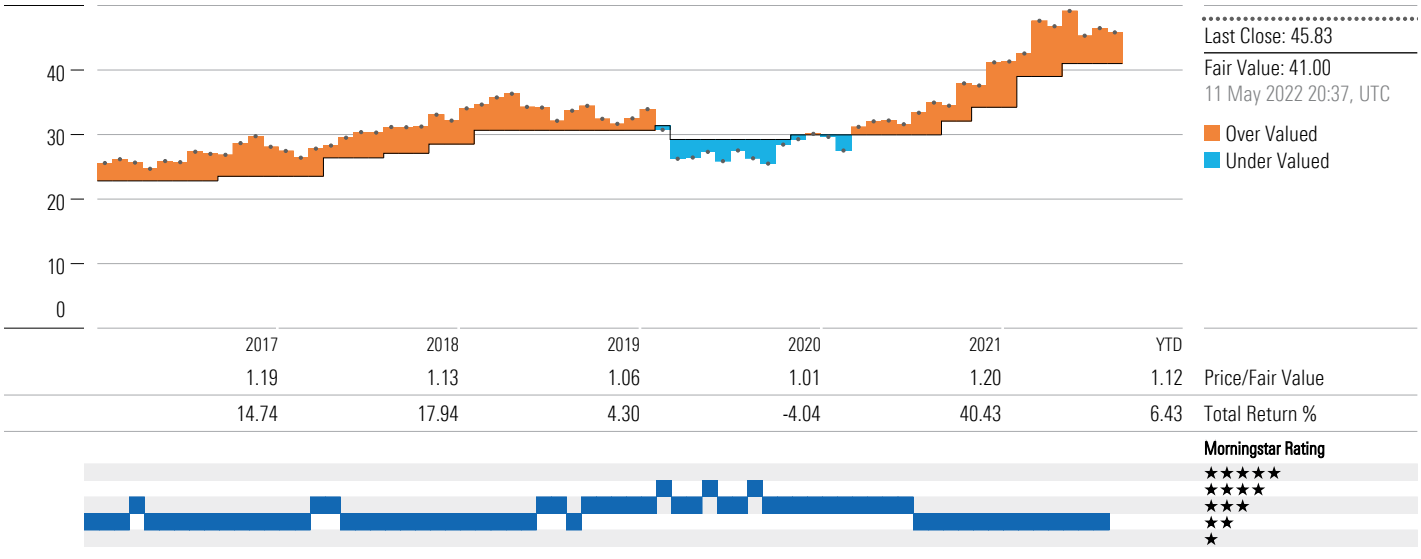

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	1.12
Total Return %	14.74	17.94	4.30	-4.04	40.43	6.43

Total Return % as of 2 Aug 2022. Last Close as of 2 Aug 2022. Fair Value as of 11 May 2022 20:37, UTC.

Contents

Analyst Note (3 Aug 2022)
Business Description
Business Strategy & Outlook (3 Aug 2022)
Bulls Say / Bears Say (3 Aug 2022)
Economic Moat (3 Aug 2022)
Fair Value and Profit Drivers (3 Aug 2022)
Risk and Uncertainty (3 Aug 2022)
Capital Allocation (3 Aug 2022)
Analyst Notes Archive
Financials
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

We are reaffirming our $41 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.44, up from $0.36 in the same year ago period. Comparable earnings were adjusted for the divestiture of the company's merchant generation business earlier this year. Management reaffirmed its full-year EPS guidance of $2.18 to $2.32 in 2022 and 6% to 8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon announced plans to issue up to $1 billion in equity through 2025 to help fund the company's $29 billion investment plan over this period. The equity was in line with our estimates over this period, though timing differed. Exelon aims to issue $500 million in equity this year, with the remaining completed over the remaining three years. With Exelon trading at an 11% premium to our fair value estimate as of early August, we expect the equity issuance to be slightly value accretive.

Exelon's returns on equity continued to be below its allowed returns and are among the lowest of its peers. The company's trailing 12-month earned returns on equity were 8.8%, down from 8.9% during the first quarter and below management's 9%-10% targeted range. Timing of equity infusions negatively affected returns, partially offset by increased earnings from investments.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD 2 Aug 2022	41.00 USD 11 May 2022 20:37, UTC	1.12	44.92 USD Bil 2 Aug 2022	Narrow	Stable	Low	Standard	3 Aug 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

Pending regulatory outcomes at PECO and DPL should boost earned returns. ComEd's returns are tied to 30-year Treasury rates, which should lead to higher returns next year at the subsidiary. We think new legislation supporting more traditional ratemaking starting in 2024 likely will lead to higher returns, which have been among the lowest in the sector given low Treasury rates.

In the quarter, earnings were supported by rate increases and the absence of merchant generation. Partially offsetting these benefits were higher depreciation and other expenses.

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2025, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $29 billion of capital investment through 2025. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should gradually increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD 2 Aug 2022	41.00 USD 11 May 2022 20:37, UTC	1.12	44.92 USD Bil 2 Aug 2022	Narrow	Stable	Low	Standard	3 Aug 2022 05:00, UTC

Competitors

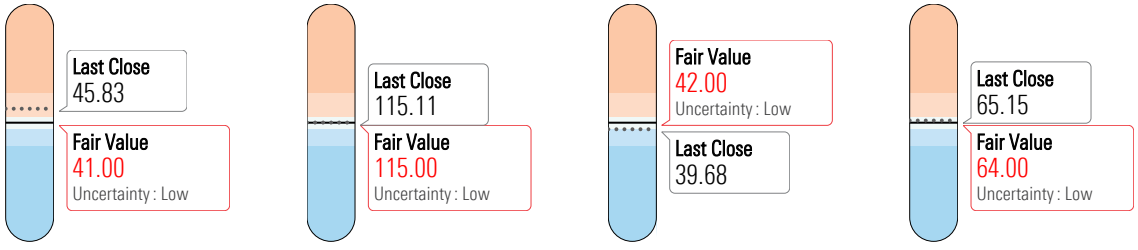

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	115.00 22 Jun 2022 08:30, UTC	42.00 22 Feb 2021 20:37, UTC	64.00 18 Feb 2022 23:32, UTC
1-Star Price	51.25	143.75	52.50	80.00
5-Star Price	32.80	92.00	33.60	51.20
Assessment	Over Valued 2 Aug 2022	Fairly Valued 2 Aug 2022	Under Valued 2 Aug 2022	Fairly Valued 3 Aug 2022
Morningstar Rating	★★2 Aug 2022 21:20, UTC	★★★2 Aug 2022 21:20, UTC	★★★★2 Aug 2022 21:20, UTC	★★★2 Aug 2022 21:20, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.12	1.00	0.94	1.02
Price/Sales	1.21	1.98	1.92	3.58
Price/Book	1.91	1.99	2.09	2.39
Price/Earning	26.96	21.97	16.67	—
Dividend Yield	3.14%	3.46%	3.93%	3.22%
Market Cap	44.92 Bil	23.41 Bil	22.67 Bil	32.50 Bil
52-Week Range	33.10—50.71	98.50—126.82	35.32—48.85	58.19—75.61
Investment Style	Large Value	Mid Value	Mid Value	Mid Value

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD 2 Aug 2022	41.00 USD 11 May 2022 20:37, UTC	1.12	44.92 USD Bil 2 Aug 2022	Narrow	Stable	Low	Standard	3 Aug 2022 05:00, UTC

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Our fair value estimate is $41.

We expect 7% average earnings growth through 2025, the midpoint of management's 6% to 8% earnings guidance. We forecast $29 billion of capital expenditures through 2025 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD 2 Aug 2022	41.00 USD 11 May 2022 20:37, UTC	1.12	44.92 USD Bil 2 Aug 2022	Narrow	Stable	Low	Standard	3 Aug 2022 05:00, UTC

good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates Andrew Bischof, CFA, CPA, Senior Equity Analyst, 15 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the median utility in our coverage now trades in line with our fair value estimate, after the Morningstar US

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD 2 Aug 2022	41.00 USD 11 May 2022 20:37, UTC	1.12	44.92 USD Bil 2 Aug 2022	Narrow	Stable	Low	Standard	3 Aug 2022 05:00, UTC

Utilities Sector Index declined 12% since Wednesday, June 8.

We think the selloff was sparked in large part by the U.S. Bureau of Labor Statistics' Consumer Price Index reading last week, which reported inflation was at a four decade high for May. Utilities peaked at 17% overvalued as of late April, and were 13% overvalued as of June 8, as global uncertainty drove investors to U.S. utilities.

Up until last week, investors had largely ignored the risk of inflation, which we considered the largest threat to utilities' long-term returns. Utilities have historically significantly underperformed the S&P 500 in inflationary environments, as utilities have fixed revenue, high capital and labor costs, and large energy pass-through costs. With higher-than-expected inflation, the market has increased expectations for the Fed to expedite interest rate increases. The utilities sector median 3.3% dividend yield is now a mere 18 basis point discount to the 10-year U.S. Treasury, making utility dividends less attractive to income-focused investors. In early March, the dividend yield was a 150 basis point premium to the 10-year U.S. Treasury.

No utility was trading below our fair value estimate mid-last week. Now, nearly half of our utility coverage trades at or below our fair value estimates and we now think there are opportunities for long-term utility investors. While there are a few utilities that trade at a larger discount to our fair values, we think long-term investors are best served focusing on utilities in constructive regulatory environments that are better positioned to address inflationary headwinds, with Dominion Energy, Entergy, NextEra Energy, and NiSource our top picks.

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades Andrew Bischof, CFA, CPA, Senior Equity Analyst, 10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.

Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD 2 Aug 2022	41.00 USD 11 May 2022 20:37, UTC	1.12	44.92 USD Bil 2 Aug 2022	Narrow	Stable	Low	Standard	3 Aug 2022 05:00, UTC

While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy, NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected Andrew Bischof, CFA, CPA, Senior Equity Analyst, 6 Jun 2022

We are reaffirming our fair value estimates, moat ratings, and moat trend ratings for all utilities after the Biden administration announced it would not apply solar panel tariffs on East Asian countries for at least the next two years. Some utilities' management teams had suggested that potential tariffs resulting from a U.S. Department of Commerce anticircumvention investigation would slow their growth plans. We never thought the investigation would have a material impact on our long-term outlooks given the Biden administration's and most states' support for renewable energy. The Biden administration also announced plans to boost U.S. solar panel manufacturing, which will support solar growth.

Two of our top utilities picks, NextEra Energy and NiSource, were among those utilities whose stocks took the hardest hit because of the solar tariff fears. The management team of each firm said it was postponing a portion of its large solar growth plans because of tariff-related supply concerns. AES and Alliant Energy are among many other utilities that have made solar key parts of their growth plans.

NextEra's stock fell as much as 16% in the three weeks after management said that it might delay up to 2.8 gigawatts of a possible 15 GW solar project pipeline. The stock has since rebounded to near our $78 fair value estimate. We are reaffirming our 8% annual earnings growth outlook. NiSource's stock fell 11% in late April before management said $500 million of its planned solar investments could be delayed. The stock has since rebounded to near our $31 per share fair value estimate. We continue to assume NiSource invests $8 billion in 2022-24, including $2 billion on renewable energy, supporting our 7% annual earnings growth outlook.

Solar panel tariffs remain a risk pending the outcome of the DOC's investigation into whether Chinese manufacturers sidestepped tariffs by shipping panels through tariff-free Asian countries. We expect an

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD 2 Aug 2022	41.00 USD 11 May 2022 20:37, UTC	1.12	44.92 USD Bil 2 Aug 2022	Narrow	Stable	Low	Standard	3 Aug 2022 05:00, UTC

initial DOC report this fall.

Fully Regulated Exelon Highlights Earnings Power of Core Utilities; Reports First-Quarter Results
Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 May 2022
We are reaffirming our $39 fair value estimate for Exelon after the company announced first-quarter adjusted earnings per share of $0.64 compared with $0.55 in the year-ago period. Management reaffirmed its guidance for full-year EPS of $2.18-$2.32 and 6%-8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings are unchanged.

Earlier this year, Exelon completed its transition to a fully regulated utility after spinning off its wholesale generation unit, Constellation Energy, into a separately traded public company. As a fully regulated utility, we see average earnings growth of 7% and $29 billion of capital investment through 2025. Alternative recovery mechanisms help reduce regulatory risk across Exelon's service territories for growth capital. Significant capital needs are designated to support electric vehicle adoption, system modernization, and customer growth.

The company's trailing 12-month earned returns on equity were low at 8.9%, down from 9.2% during the fourth quarter and below management's 9%-10% target range. ComEd should continue to benefit as rates tied to the 30-year U.S. Treasury yield will rise. New Illinois legislation also allows for traditional ratemaking. ComEd is preparing to file for new rates in 2023, effective in 2024. We think the company will chose traditional ratemaking, which should lead to higher allowed returns. The unit has also filed for proposed performance incentives, as the legislation allows.

Pending regulatory outcomes at PECO and DPL should also help management push its earned returns up into its target range by year-end.

In the quarter, earnings were supported by rate increases and ongoing utility investments. Partially offsetting these benefits were higher depreciation and storm costs.

Utilities Could Start to Feel Pressure From Inflation, Higher Energy Prices Andrew Bischof, CFA, CPA, Senior Equity Analyst, 9 Mar 2022
We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover ahead of the U.S. Bureau of Labor Statistics' Consumer Price Index report March 10. We consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 8% premium to our fair value estimates, which assume 2.3% long-term inflation. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by midyear if inflation remains above 3%.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD 2 Aug 2022	41.00 USD 11 May 2022 20:37, UTC	1.12	44.92 USD Bil 2 Aug 2022	Narrow	Stable	Low	Standard	3 Aug 2022 05:00, UTC

Utilities are up 9% during the last two weeks, but we think that rally will be short-lived. The Morningstar US Utilities Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 5.5% in December and 6.0% in January, the largest 12-month change since mid-1982, based on BLS data. A recent polling of economists estimate inflation near 8% for March, according to The Wall Street Journal.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2020. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Low inflation and interest rates have helped most utilities increase earnings with only moderate customer bill impacts. Electric and gas utility bills have fallen from 2.2% of total household spending in 2008 to 1.6% in 2021. This is primarily due to mostly flat operating costs and lower interest costs offsetting a near doubling of capital investment during the last decade.

Exelon Completes Constellation Spin-Off; Initiating $39 Standalone Fair Value Estimate Andrew Bischof, CFA, CPA, Senior Equity Analyst, 2 Feb 2022

Our stand-alone fair value estimate for Exelon is $39 after the company completed the spinoff of its merchant generation unit, Constellation. We think Exelon's narrow moat is strengthened by the divestiture as the company is now fully regulated, and has divested its merchant generation and retail businesses that had experienced earnings volatility due to fluctuating commodity prices. Our stable moat trend rating remains unchanged.

We expect 7% average annual earnings growth through 2025 for the stand-alone Exelon, in line with management's 6% to 8% guidance, supported by the company's plan to invest $29 billion over this time period. Exelon's dividend policy is to pay out 60% of earnings, which we view as appropriate given the company's sound balance sheet and low revenue cyclicality. The company's planned $1.35 per-share payout currently yields 3.3%, in line with the median utility yield as of early February.

Exelon will now house rate-regulated gas and electric utilities across the Midwest and Northeast. Regulatory relationships have at times been strained across its Northeast utilities, resulting in lower allowed returns than its peer group. Alternative recovery mechanisms help reduce regulatory risk for growth investment across the regions.

Regulatory relationships at the company's most important subsidiary, Comed, will likely remain strained given its lobbying practices tied to previously passed utility legislation. However, recently passed legislation should provide opportunities for higher returns and the potential to earn performance

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD 2 Aug 2022	41.00 USD 11 May 2022 20:37, UTC	1.12	44.92 USD Bil 2 Aug 2022	Narrow	Stable	Low	Standard	3 Aug 2022 05:00, UTC

incentives after 2023, when the legislation takes effect.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

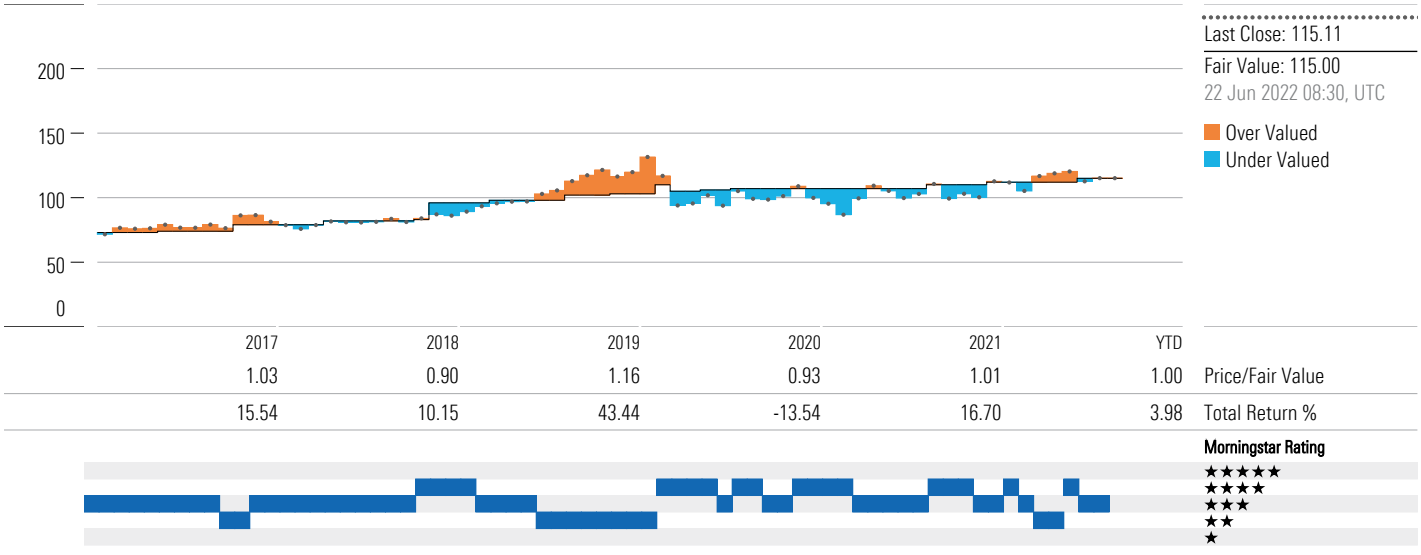

	2017	2018	2019	2020	2021	YTD	
	1.03	0.90	1.16	0.93	1.01	1.00	Price/Fair Value
	15.54	10.15	43.44	-13.54	16.70	3.98	Total Return %

Total Return % as of 2 Aug 2022. Last Close as of 2 Aug 2022. Fair Value as of 22 Jun 2022 08:30, UTC.

FirstEnergy Corp FE

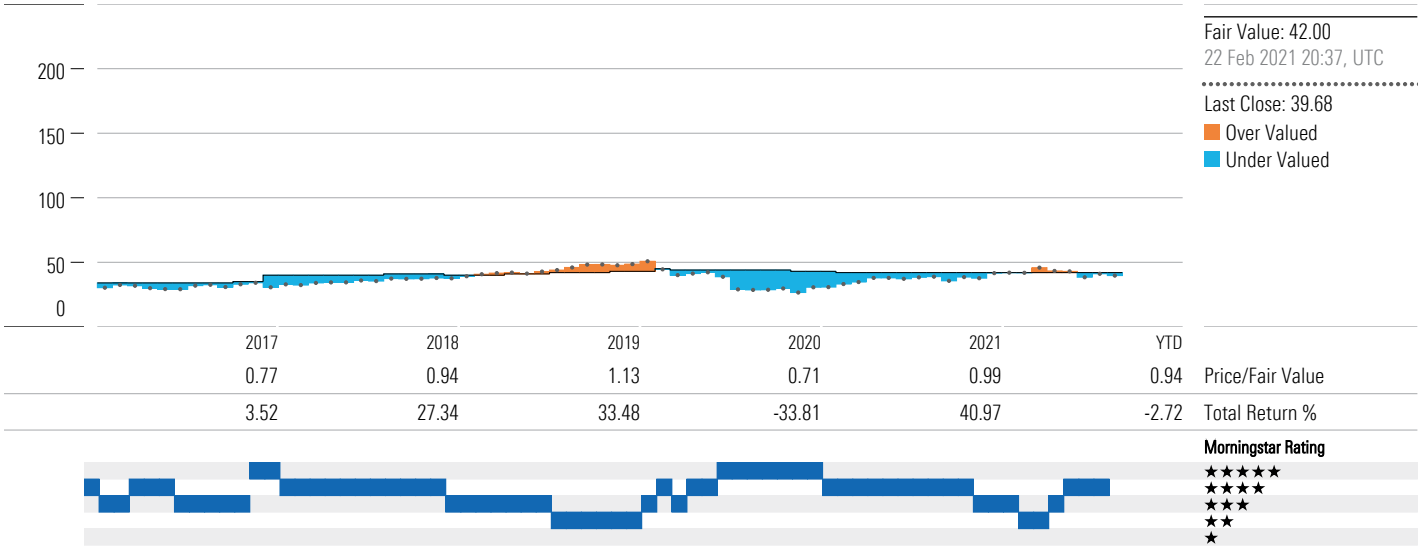

	2017	2018	2019	2020	2021	YTD	
	0.77	0.94	1.13	0.71	0.99	0.94	Price/Fair Value
	3.52	27.34	33.48	-33.81	40.97	-2.72	Total Return %

Total Return % as of 2 Aug 2022. Last Close as of 2 Aug 2022. Fair Value as of 22 Feb 2021 20:37, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Public Service Enterprise Group Inc PEG

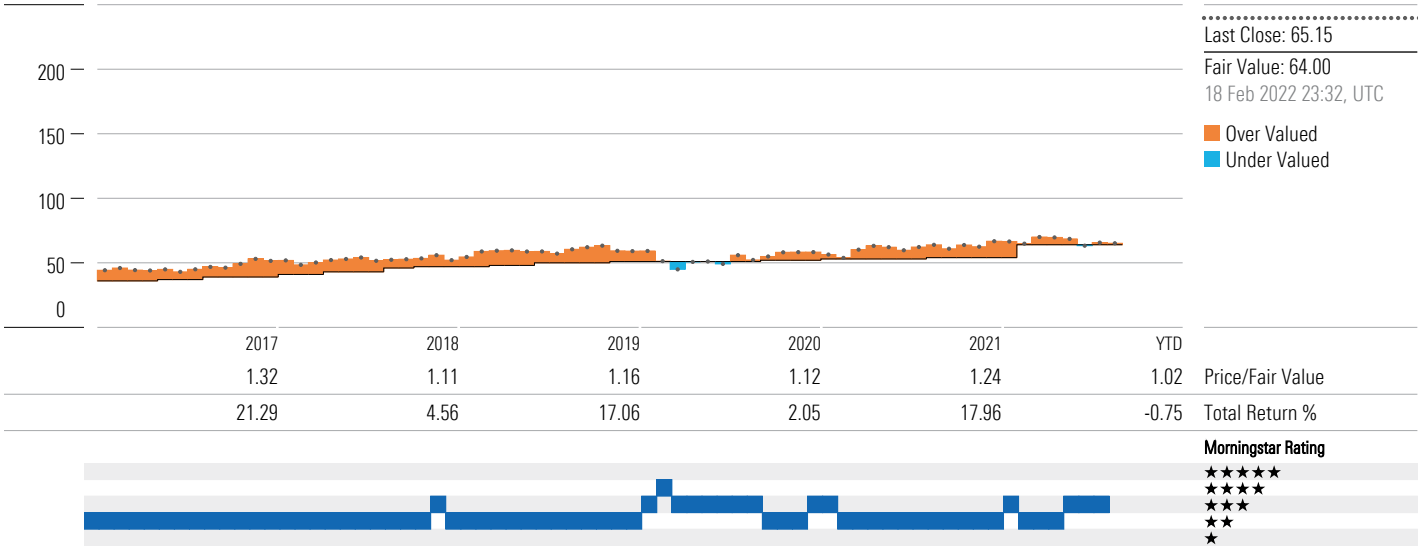

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	1.02	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	-0.75	Total Return %

Total Return % as of 2 Aug 2022. Last Close as of 2 Aug 2022. Fair Value as of 18 Feb 2022 23:32, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★ 2 Aug 2022 21:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
45.83 USD	41.00 USD	1.12	44.92 USD Bil	Narrow	Stable	Low	Standard	
2 Aug 2022	11 May 2022 20:37, UTC		2 Aug 2022					3 Aug 2022 05:00, UTC

Morningstar Historical Summary

Financials as of 31 Mar 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
Revenue (USD Bil)	23	25	27	29	31	34	36	34	33	36	5	37
Revenue Growth %	23.2	6.0	10.2	7.4	6.5	7.0	7.2	-4.3	-4.1	10.0	15.0	8.4
EBITDA (USD Bil)	6.81	7.91	7.42	8.35	9.09	10.76	9.75	11.38	10.50	11.35	2.06	10.43
EBITDA Margin %	29.0	31.8	27.1	28.4	29.0	32.1	27.1	33.1	31.8	31.2	38.7	28.2
Operating Income (USD Mil)	2,471	3,646	2,390	4,391	3,260	3,939	3,835	4,342	2,799	2,522	900	2,598
Operating Margin %	10.5	14.6	8.7	14.9	10.4	11.7	10.7	12.6	8.5	6.9	16.9	7.0
Net Income (USD Mil)	1,160	1,719	1,623	2,269	1,121	3,779	2,005	2,936	1,963	1,706	597	2,592
Net Margin %	4.9	6.9	5.9	7.7	3.6	11.3	5.6	8.5	5.9	4.7	11.2	7.0
Diluted Shares Outstanding (Mil)	819	860	864	893	927	949	969	974	977	980	981	981
Diluted Earnings Per Share (USD)	1.42	2.00	1.88	2.54	1.21	3.98	2.07	3.01	2.01	1.74	0.61	2.65
Dividends Per Share (USD)	2.10	1.46	1.24	1.24	1.26	1.31	1.38	1.45	1.53	1.53	0.34	1.49

Valuation as of 29 Jul 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Price/Sales	1.0	0.9	1.2	0.8	1.1	1.1	1.2	1.3	1.2	1.6	1.2	1.2
Price/Earnings	21.0	14.6	15.2	12.4	26.9	17.7	11.7	19.2	17.4	33.8	26.7	27.3
Price/Cash Flow	4.0	4.0	5.7	3.8	3.5	5.5	5.1	6.0	7.5	13.6	7.3	7.5
Dividend Yield %	5.3	5.31	3.34	4.47	3.56	3.32	3.06	3.18	3.62	2.65	3.18	3.1
Price/Book	1.2	1.1	1.4	1.0	1.3	1.4	1.4	1.4	1.3	1.7	1.9	1.9
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating Performance / Profitability as of 31 Mar 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
ROA %	1.7	2.2	2.0	2.5	1.1	3.3	1.7	2.4	1.5	1.3	0.5	2.3
ROE %	6.5	7.8	7.2	9.4	4.3	13.6	6.6	9.3	6.1	5.1	2.1	9.3
ROIC %	5.1	6.1	5.5	6.1	3.6	7.4	5.2	6.2	4.7	4.4	1.2	5.6
Asset Turnover	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3

Financial Leverage

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Debt/Capital %	46.1	44.6	46.8	48.5	55.5	52.1	52.9	49.6	52.1	50.9	60.1	—
Equity/Assets %	27.3	28.4	26.2	27.0	22.5	25.6	25.7	25.8	25.2	25.9	25.3	—
Total Debt/EBITDA	2.9	2.5	3.0	3.2	4.0	3.3	3.7	3.3	3.7	3.7	19.1	—
EBITDA/Interest Expense	7.3	5.8	7.0	8.1	5.9	6.9	6.3	7.0	6.4	7.2	6.1	6.6

Morningstar Analyst Historical/Forecast Summary as of 03 Aug 2022

Financials

Fiscal Year, ends 31 Dec	2020	2021	Estimates 2022	2023	2024
Revenue (USD Bil)	33	36	19	20	20
Revenue Growth %	-3.8	10.0	-48.4	4.6	3.9
EBITDA (USD Mil)	7,837	8,759	6,661	7,281	7,802
EBITDA Margin %	23.7	24.1	35.5	37.1	38.3
Operating Income (USD Mil)	2,823	2,723	3,493	4,009	4,327
Operating Margin %	8.5	7.5	18.6	20.4	21.2
Net Income (USD Mil)	3,146	1,706	2,237	2,414	2,601
Net Margin %	9.5	4.7	11.9	12.3	12.8
Diluted Shares Outstanding (Mil)	977	980	980	983	988
Diluted Earnings Per Share(USD)	3.22	1.74	2.28	2.46	2.63
Dividends Per Share(USD)	1.53	1.53	1.35	1.44	1.54

Forward Valuation

	2020	2021	Estimates 2022	2023	2024
Price/Sales	1.2	1.6	2.4	2.3	2.2
Price/Earnings	9.4	23.7	20.1	18.6	17.4
Price/Cash Flow	-10.8	-11.4	3.0	-39.4	-44.4
Dividend Yield %	5.08	3.71	2.95	3.14	3.36
Price/Book	—	—	—	—	—
EV/EBITDA	10.0	10.9	11.8	10.8	10.1

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to

Morningstar Equity Research Star Rating Methodology

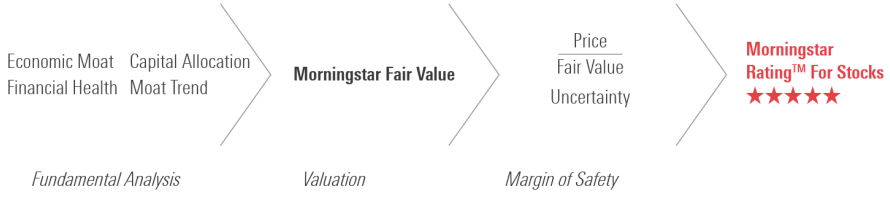

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, exposure to material ESG risks, and other company-specific factors.

Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate. In cases where there is less than a 25% probability of an event, but where the event could result in a material decline in value, analysts may adjust the uncertainty rating to reflect the increased risk. Analysts may also make a fair value adjustment to reflect the impact of this event.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close

Morningstar Equity Research Star Rating Methodology

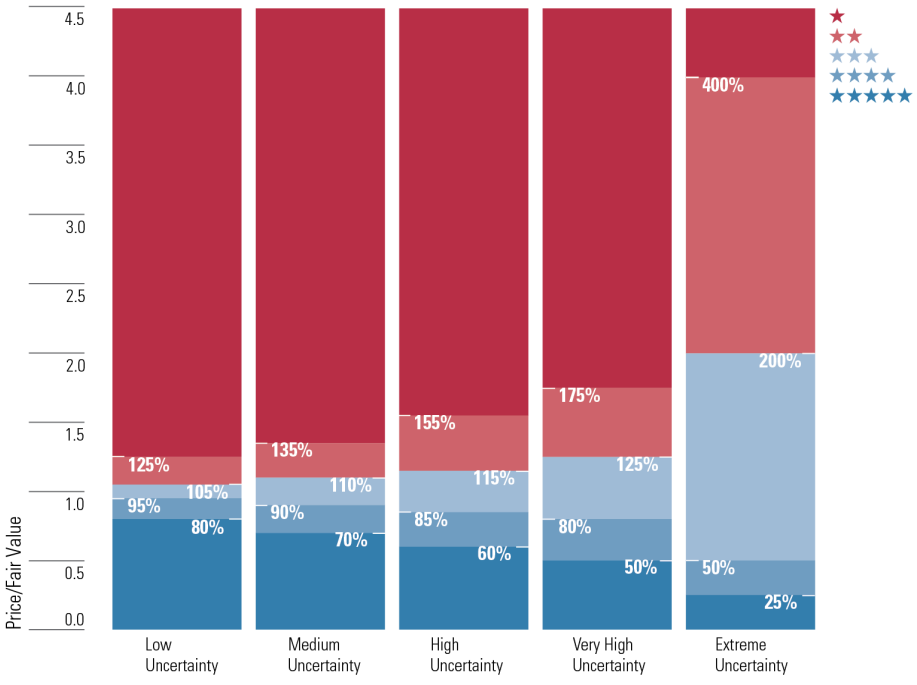

tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exem-

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

plary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

KeyBanc Capital Markets

Alert

August 03, 2022

Energy: Electric Utilities

NYSE: EXC

Exelon Corporation

EXC: No Surprises in the Quarter, but the IRA Could Bring a Bigger Tax Bill

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

EXC reported an in line quarter, reiterated guidance, and detailed progress on the regulatory activity underway at its various jurisdictions. Of note is the Company providing additional color on the $1B planned equity issuance, with $500M scheduled for 2022. Management also quantified the potential impact of the minimum corporate tax proposed in the Inflation Reduction Act of 2022 — pegging it at $300M of additional cash taxes starting in 2024. It is still not clear what the additional cash taxes will mean for long-term capital plans or financial plans, or what the net impact could be after mitigants are considered. That said, the 2022 EPS guidance of $2.18-$2.32 remains intact as is the 6-8% long-term EPS growth rate.

2Q22 earnings mostly in line, guidance unchanged:

- EXC reported a mostly in line quarter with adjusted EPS of $0.44 modestly below our forecast and consensus of $0.46. Below we present a breakdown of our segment estimates vs. reported results.
- Management reiterated the 2022 adjusted EPS guidance of $2.18-$2.32 (our estimate is $2.26) while also maintaining the long-term operating earnings target of 6-8% through 2025 (off the 2021 midpoint).

Figure 1 - 2Q22 Earnings Breakdown

2Q22	EXC	KBCM
ComEd	0.23	0.26
PECO	0.14	0.08
BG&E	0.04	0.04
PHI	0.10	0.14
Parent	(0.07)	(0.06)
EXC	**0.44**	**0.46**
Consensus	**0.46**	

Source: Company Reports, KBCM Estimates and Thomson Reuters

Equity issuance to commence; ROE improvement should follow: EXC reported a 12-month trailing earned ROE of 8.8%, but maintained a goal of moving it up to the targeted 9-10% range by the end of the year through a combination of new rate implementation (including the transition of ComEd away from an FRP to standard rate making), ongoing operating efficiency efforts, and a planned equity infusion. Management provided some details on the planned $1B equity issuance through 2025. The Company plans to establish a $1B ATM program and anticipates using half of that in 2022 through one or more methods, including an ATM, or a block offering. Timing for the remainder $500M issuance remains TBD.

Inflation Reduction Act — the positive impact of clean energy tax credits could be partially offset by the 15% minimum corporate tax rate: EXC outlined the impact that the 15% minimum corporate tax rate could have on EXC's cash tax payments. If passed into law as currently written, the bill would result in ~$300M in additional cash taxes for EXC per year effective 2024. It is unclear how this development will impact EXC's multi-year capex plan, the Company's financing plans, or how the mechanics of the higher cash taxes will flow through to customers. Management is unlikely to provide an update earlier than the normally timed annual update scheduled for early 2023, but in the meantime will evaluate potential offsets, including prioritizing capital projects, O&M management, etc.

Regulatory update:

- **ComEd IL FRP:** Proceedings continue in EXC's FRP in IL. Staff filed testimony recommending a $195M revenue increase, in line with ComEd's formula rate plan proposal for a $199M revenue increase. Staff and ComEd's increases are premised on a 7.85% ROE, 49.45% equity, and a rate base of ~$14B. ROE calculation in the FRP is formulaic. ComEd's previous rate plan was approved at a 7.36% ROE in 2021. A final decision is expected toward the end of the year, with new rates effective in 2023. This will be EXC's last formula rate plan filing in IL. EXC is currently engaged in finalizing the PBR framework that will make its way into the next rate case, which is expected to be filed in early 2023 for rates effective in 2024.
- **PECO PA gas rate case:** PECO is seeking an $82M rate increase on a 10.95% ROE, 53.41% equity, on a rate base of $2.9B. The rate increase intends to cover gas main replacement programs and investments to comply with safety and reliability requirements. PECO's previous rate case was approved at a 10.24% ROE in mid-2021. A final decision is expected by the end of 2022 with new rates effective in January 2023.
- **Delmarva MD multi-year rate case:** This is Delmarva's first multi-year plan filing in MD after the PSC adopted rules in 2020 allowing multi-year rate plans. EXC is requesting a cumulative rate increase of $37.5M for the three years 2023-2025, based on a 10.25% ROE and 50.5% equity layer. DP&L is requesting (Docket No. 9681) a net increase in rates after accelerating the refund of certain regulatory liabilities of $11.4M in 2023, $11.6M in 2024, and $14.5M in 2025. A PSC decision is expected before the end of the year with new rates effective Jan 1, 2023.
- **Delmarva's DE gas rate case:** Staff recently ordered interim rates of $20.3M effective August 14, subject to refund. EXC is expected to file rebuttal testimony on August 15, after Staff proposed a $9.0M revenue increase premised on a 9.28% ROE and 49.94% equity. Excluding the $5.8M DSIC currently in rates, the proposed net increase is $3.8M. This compares to EXC's request for a $20.3M rate increase based on a 10.3% ROE and 50.63% equity. The increase includes $5.8M for the distribution system improvement charge, making the net increase requested $14.5M. A decision is expected in early 2023.

Disclosure Appendix

Important Disclosures

Exelon Corporation - EXC

We have managed or co-managed a public offering of securities for Exelon Corporation within the past 12 months.

Exelon Corporation is an investment banking client of ours.

We have received compensation for investment banking services from Exelon Corporation during the past 12 months.

We expect to receive or intend to seek compensation for investment banking services from Exelon Corporation within the next three months.

During the past 12 months, Exelon Corporation has been a client of the firm or its affiliates for non-securities related services.

As of the date of this report, we make a market in Exelon Corporation.

Current analyst Sophie Karp assumed coverage on June 4, 2019. Rating and price target activity prior to that date was the work of a previous analyst.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History

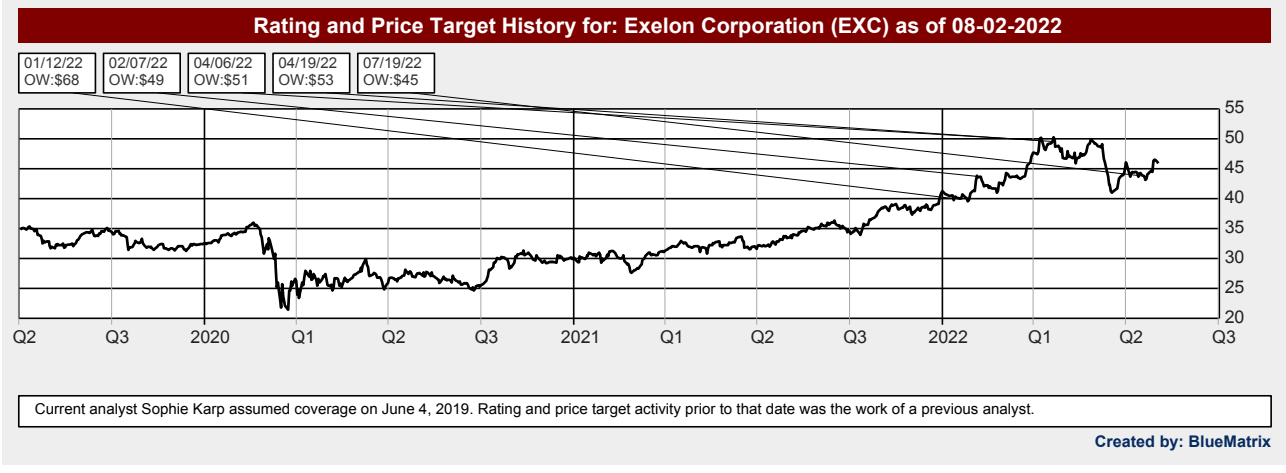

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	279	49.03	71	25.45
Sector Weight [SW]	278	48.86	60	21.58
Underweight [UW]	12	2.11	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	15	40.54	10	66.67
Sector Weight [SW]	19	51.35	10	52.63
Underweight [UW]	3	8.11	1	33.33

Disclosure Appendix (cont'd)

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC (“KBCMI”), and KeyBank National Association (“KeyBank N.A.”), are marketed.

KeyBanc Capital Markets Inc. (“KBCMI”) does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst’s compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> Earnings First Takes: PNW beat, ETR top half, EXC miss, ALE beat, PPL, GNRC, AY
- **Publication Date/Time** : Wednesday, August 03, 2022 03:40:34 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=Gx8Scp9WR!RQnlD!Aza2aA__&reid=3A4F7E0C7D6611EDBF5B41C9945289B1

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
ALE	62.17	Neutral
AVA	42.96	Sell
CNP	31.70	Buy
ETR	115.11	Buy
EXC	45.83	Neutral
NI	30.10	Buy
NRG	37.28	Neutral
OGS	82.97	Neutral
PEG	65.15	Buy
PNW	73.77	Sell
PPL	29.10	Buy
WEC	103.65	Neutral

Power & Utilities August 3, 2022

The Guggenheim Daily Transmission: Pensions, WEC, PEG, CNP, OGS, PNW, PPL, ETR, NI, EXC, ALE, AVA, Policy, Uranium, IL/MISO, NRG/PJM

For details on our Guggenheim-hosted client Utility events including: our DTE NDR; POR NDR; NEE NDR; CEG NDR; WEC NDR; OGS NDR; and other events, scroll down…

Utilities — Life, Death… and Pension Expense? (see our note HERE)

WEC – 2Q22 Beat and Raise; Firing on All Cylinders (see note HERE)

PEG – 2Q in Line; Pension Impacts Cast a Cloud, but Nuclear and OSW Value Debate Continues (see note HERE)

CNP – 2Q EPS Beat; Optimization and Organic Growth Build on "Resiliency Now" Upside with Financing Flexibility (see note HERE)

OGS – Q2 Pension Plan Remeasurement Removes 2022 Overhang; Strong Regulatory and Operational Execution Continues (see note HERE)

PNW reports 2Q22 EPS of $1.45 vs. Gugg/consensus at $1.46/$1.31; maintained 2022 guidance of $3.90-$4.10 ($4.00 midpoint) vs. Gugg/consensus at $4.05/$4.01; maintained 5%-7% EPS CAGR through 2026 (based off of current 2022 guidance midpoint)

PPL – **PPL reports 2Q22 earnings**

ETR reported 2Q22 EPS of $1.78 vs. $1.37 consensus and our $1.43 estimate; 2022 EPS guidance reiterated and now in top half

NI reports 2Q22 net operating EPS of $0.12 vs Gugg/consensus at $0.15/$0.12; maintains 2022 guidance of $1.42-$1.48 ($1.45 midpoint) vs Gugg/consensus at $1.45/$1.45; reiterates 7%-9% 2021–2024 CAGR based on 2021's $1.37 actual, and 5%-7% growth through 2023

EXC – **EXC reports 2Q22 earnings**

ALE – **ALE reports 2Q22 earnings**

AVA reports 2Q22 EPS of $0.16 vs Gugg/consensus at $0.29/$0.16; maintained existing 2022 EPS range of $1.93-$2.13 (pointing to lower end), and compared to Gugg/consensus at $1.94/$1.95; reiterated 2023 EPS guidance of $2.42-$2.62 ($2.52 midpoint) vs Gugg/consensus at $2.47/$2.47

Policy – Inflation Reduction Act could see floor vote as soon as this week

AVA – Washington Public Counsel opposes rate increase requests by Avista Utilities

Uranium – Additional uranium producers point to restarts as secondary stockpiles dwindle

IL/MISO – IPA approves operating permit for new CCGT; draws pushback from ICJC

NRG/PJM – NRG files to deactivate additional PJM units

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

PNW reports 2Q22 EPS of $1.45 vs. Gugg/consensus at $1.46/$1.31; maintained 2022 guidance of $3.90-$4.10 ($4.00 midpoint) vs. Gugg/consensus at $4.05/$4.01; maintained 5%-7% EPS CAGR through 2026 (based off of current 2022 guidance midpoint)

- +$0.20 weather impact vs. normal in 2Q22
- No quantification of currently projected 2023 pension/OPEB drag; recall that our estimate stands at $0.38 (see our note HERE)
- Reiterated 1.5%-2.5% customer growth guidance through 2024
- Reiterated ~1.5%-2.5% weather-normalized retail electricity sales growth in 2022, and electric sales growth of 3.5%-4.5% through 2024
- Capex plan unchanged: $4.7bn for 2022-2026 reiterated; rate base guidance reiterated as well
- Still no plans to issue equity before conclusion of yet-to-be-filed next rate case
- 2019 GRC: Court of Appeals process remains ongoing **(**more **HERE)**
- Original 2022 guidance was $3.80-$4.00 ($3.90 midpoint); LT CAGR grows off higher 2022 guidance, not this figure, however
- Conference call will be at **11am ET: 888-506-0062 (PIN: 507998)**

PPL — PPL reports 2Q22 earnings

- PPL reported $0.30 vs. our $0.28 and Cons $0.29
- Reaffirmed guidance of $1.30-1.45 (partial year of RI) and 6-8% LT growth off proforma 2022 $1.40-1.55
- Provides color on O&M savings targets to '25 in deck (HERE)
- Call at 11am ET - 1-888-346-8683 code 0662630

ETR reported 2Q22 EPS of $1.78 vs. $1.37 consensus and our $1.43 estimate; 2022 EPS guidance reiterated and now in top half

- ETR reported 2Q22 EPS of $1.78 vs. $1.37 consensus and our $1.43 estimate.
- ETR recorded $$0.24 benefit vs. normal weather in 2Q and weather adjusted sales were 4.6% above the same quarter last year.
- ETR anticipates the benefits of sales volumes to be partially offset by flex spending increases, higher interest costs (-5c utility, -10c holdco)
- ETR now expects 2.9% annualized load growth vs. 2.0% prior.
- ETR reiterated 2022 EPS guidance of $6.15-6.45, and is now in the top end of the range.
- ETR LT EPS guidance reiterated.

NI reports 2Q22 net operating EPS of $0.12 vs Gugg/consensus at $0.15/$0.12; maintains 2022 guidance of $1.42-$1.48 ($1.45 midpoint) vs Gugg/consensus at $1.45/ $1.45; reiterates 7%-9% 2021–2024 CAGR based on 2021's $1.37 actual, and 5%-7% growth through 2023

- Reaffirmed 2024 EPS guidance with unchanged (2Q22 HERE, and 1Q22 HERE) slide 8 of presentation detailing EPS increments/decrements to **maintain 2024 EPS guidance** despite delayed solar in-service dates vs prior plans.
- NI continues to guide to $10bn in 2021–2024 capex, with ~$2bn for renewable projects expected, primarily between 2022–2024, with **any remainder expected in 2025** (*this is the same 2025 messaging as per 1Q22 call*)
- Reiterated rate base CAGR guidance of 10%–12% **for each of the company's businesses through 2024**.
- Reiterated coal retirement plans from 1Q22 call: Schahfer Generating Station Units 17 & 18 (the last two coal units) are now expected to retire by the end of 2025 vs 2023 previously. However, Michigan City Generating Station still expected to retire on schedule between 2026-2028.
- Maintained 2021–2024 financing plan and target of LT adjusted FFO/total debt of **~14%–15%**
- **2021 IRP update:** new RFP solicitation process expected to launch in August 2022
- Conference call will be held at **11:00am ET —** Dial-in: **(888) 330-2391...** Access code: **28323**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

EXC – EXC reports 2Q22 earnings

- EXC reported $0.44 vs. Gugg/Consensus $0.46
- Reaffirmed 20222 guidance of $2.18-2.23 (vs. Gugg $2.27)
- Results include $0.07 of drags at PHI ($0.05, net of higher distribution rates)
- Expects to issue $500mm in equity via ATM over remainder of year, or a block (a part of the previously-disclosed $1bn by '25)
- Call at 10am EST - registration HERE

ALE – ALE reports 2Q22 earnings

- ALE reported $0.67 vs. Gugg $0.64, Consensus $0.60
- Results included $0.07 of adjustments and $0.03 of fees tied to the purchase of NEE
- ALE reaffirmed 2022 guidance of $3.60-3.90 (vs. Gugg $3.75)
- Results included a drag at ACE from SPP congestion and 'extreme volatility' impacting the Caddo wind farm
- NEE has contributed ~$17mm in revenue since April
- Call at 10am EST – registration HERE

AVA reports 2Q22 EPS of $0.16 vs Gugg/consensus at $0.29/$0.16; maintained existing 2022 EPS range of $1.93-$2.13 (pointing to lower end), and compared to Gugg/consensus at $1.94/$1.95; reiterated 2023 EPS guidance of $2.42-$2.62 ($2.52 midpoint) vs Gugg/consensus at $2.47/$2.47

- "Other business" segment contribution to 2022 EPS guidance raised by $0.10
  - "Earnings at our other businesses increased due to net investment gains recognized during the period primarily due to fair value adjustments in certain equity investments, resulting in net unrealized gains." - AVA 2Q22 earnings release
- Avista Utilities' segment contribution to 2022 EPS guidance lowered by $0.10
  - "Earnings at Avista Utilities were lower than expected, primarily due to a write-off of the Dry Ash Disposal project at Colstrip as agreed upon in our 2022 Washington rate case settlement, as well as increased costs due to the impacts of rising interest rates and inflation." – AVA CEO
- Alaska Electric Light & Power filed a general rate case in July, as planned
- **Financing plans:**
  - **Debt:** $400m of LT debt issued in 1Q22, with no expectation of further issuances this year
  - **Equity:** AVA expects to issue $135m of equity in 2022 (vs $120m previously), including $60.8m issued during 1H22
- Conference call will be held at **10:30am ET —** Dial-ins use **personal PIN numbers**, generated by registering HERE

Policy – Inflation Reduction Act could see floor vote as soon as this week

- The timing data point from the Washington Post comes as Senator Sinema's stance remains unclear
- "We are on schedule to consider this bill later this week" - Senator Schumer
- More HERE

Guggenheim takeaway: *Interesting timing data point as Senator Sinema's views remain shrouded and Republicans continue to hammer on the legislation. As noted by the Washington Post, this will likely be a more protracted process given the intricacies of reconciliation and the ability for roadblocks to be thrown up in the process.*

AVA – Washington Public Counsel opposes rate increase requests by Avista Utilities

- "For Avista, the unit says the settlement provides rates over two years that are about $47 million too high for electric rates and $7 million too high for natural gas rates." - Washington Attorney General's office
- Public Counsel's announcement HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- Rate case docket HERE

Guggenheim takeaway: *No surprise, as the Public Counsel always takes this stance. The question now is how much influence the Public Counsel's opinion will have in swaying the final order, given supportive legislation and a settlement involving all relevant parties other than the Public Counsel itself.*

Uranium – Additional uranium producers point to restarts as secondary stockpiles dwindle

- Additional operators are restarting mines according to attendees at the Digger & Dealers Mining Forum in Australia, with one CEO putting the forecasted annual deficit at 40mm lbs. in the coming years
- More HERE

Guggenheim takeaway: *Minor FYI.* ***See our deep dive uranium baseline note from 1Q HERE for more thoughts.***

IL/MISO – IPA approves operating permit for new CCGT; draws pushback from ICJC

- The 1.1GW CCGT would be operational in 2024 and have the ability to co fire varying levels of hydrogen
- Plant HERE
- More HERE

Guggenheim takeaway: *Interesting power data point following the passage of CEJA last year as MISO Zone 4 remains tight on capacity.*

NRG/PJM – NRG files to deactivate additional PJM units

- Joliet Units 6-8 represent 1.3GW of gas-fired ST capacity, with NRG requesting deactivation by 06/2023
- More HERE

Guggenheim takeaway: *Zero surprise given NRG's retirement actions following last year's BRA.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chief Executive Officer*

Barbara Tuckfield, *Director, Investor Relations*

Date

August 8 & 9, 2022
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $25.7bn

DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment composed of various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

Portland General Electric Co. (POR)

Jim Ajello, *Chief Financial Officer & Treasurer*
Jardon Jaramillo, *Sr. Director of Finance, Investor Relations and Risk Management*
Nick White, *Sr. Investor Relations Analyst*

Date
August 9 & 10, 2022
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $4.27bn
Portland General Electric (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial, and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

Kirk Crews, *Chief Financial Officer*
Jessica Geoffroy, *Head of Investor Relations*

Date
August 30–September 1, 2022
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $155.02bn
NextEra Energy, Inc. (NEE) is an electric power and energy infrastructure company. It operates through the following segments: FPL and NEER. The FPL segment engages primarily in the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. It provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas production and pipeline infrastructure development, and owns a retail electricity provider. The company was founded in 1984 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Joseph Dominguez, *Chief Executive Officer*
Dan Eggers, *Chief Financial Officer*
Emily Duncan, *Vice President, Investor Relations*

Dates & Locations
September 7 & 8 | New York
September 9 | Boston

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $31.66bn
Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *Sr. Vice President – Corporate Communications and Investor Relations*

Dates & Locations

September 13 | Los Angeles
September 14 | Dallas

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $31.66bn

WEC Energy Group, Inc. (WEC) is a holding company, which engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim's Power & Utility Comp Sheet

8/2/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$62.17	3,548	3.75	3.89	4.06	4.32	3.68	3.89	4.06	4.29	0.07	–	–	0.04	16.6x	16.0x	15.3x	14.4x	-20%	-18%	-15%	-15%	4.8%	4.3%	71%	Neutral	$65	9%	Neutral	$66	11%
AVA	$42.96	3,135	1.94	2.47	2.59	2.72	1.95	2.47	2.62	2.76	–	–	–	(0.03)	22.1x	17.4x	16.6x	15.8x	7%	-10%	-8%	-7%	11.9%	4.2%	93%	Sell	$34	-17%	Neutral	$43	3%
NWE	$54.48	3,059	3.30	3.57	3.88	4.05	3.30	3.54	3.69	3.96	–	0.03	0.19	0.09	16.5x	15.3x	14.0x	13.5x	-20%	-21%	-22%	-21%	7.1%	4.7%	77%	Neutral	$58	11%	Neutral	$61	17%
POR	$51.27	4,575	2.83	2.92	3.02	3.18	2.80	2.86	3.04	3.18	0.03	0.06	–	–	18.1x	17.6x	17.0x	16.1x	-12%	-9%	-6%	-5%	4.0%	3.6%	66%	Buy	$56	13%	Neutral	$53	6%
		14,318													**18.3x**	**16.5x**	**15.7x**	**14.9x**	**-11%**	**-15%**	**-13%**	**-12%**	**6.9%**	**4.2%**	**77%**						
Mid/Large Cap Electric																														
AEE	$92.53	23,881	4.04	4.32	4.64	4.95	4.07	4.37	4.66	4.94	(0.03)	(0.05)	–	–	22.9x	21.4x	19.9x	18.7x	11%	10%	10%	10%	7.0%	2.6%	61%	Buy	$99	10%	Buy	$96	6%
AEP	$98.46	50,582	5.00	5.30	5.64	6.00	4.99	5.29	5.62	5.99	–	–	–	–	19.7x	18.6x	17.5x	16.4x	-4%	-4%	-3%	-3%	6.3%	3.3%	65%	Buy	$109	14%	Buy	$105	10%
CMS	$68.90	19,994	2.88	3.14	3.41	3.64	2.88	3.13	3.41	3.67	–	–	–	–	23.9x	21.9x	20.2x	18.9x	16%	13%	12%	11%	8.1%	2.8%	67%	Neutral	$70	4%	Buy	$71	6%
CNP	$31.70	19,953	1.38	1.49	1.61	1.73	1.39	1.49	1.62	1.74	–	–	–	–	23.0x	21.3x	19.7x	18.3x	11%	10%	9%	8%	7.8%	2.3%	52%	Buy	$35	13%	Buy	$33	6%
D	$82.16	66,654	4.12	4.40	4.70	5.00	4.12	4.38	4.68	5.00	–	–	–	–	19.9x	18.7x	17.5x	16.4x	-3%	-4%	-3%	-3%	6.7%	3.4%	67%	Buy	$90	13%	Buy	$88	10%
DTE	$129.90	25,167	6.06	6.29	6.73	7.13	5.94	6.27	6.71	7.20	0.12	–	–	(0.07)	21.4x	20.7x	19.3x	18.2x	4%	7%	7%	7%	5.6%	2.9%	61%	Buy	$145	14%	Buy	$137	9%
DUK	$109.62	84,407	5.48	5.81	6.15	6.50	5.45	5.76	6.14	6.51	–	0.05	–	–	20.0x	18.9x	17.8x	16.9x	-3%	-3%	-1%	-1%	5.9%	3.7%	74%	Buy	$119	12%	Buy	$113	6%
ED	$98.05	34,739	4.51	4.89	5.18	5.38	4.50	4.84	5.12	5.42	–	0.05	0.06	(0.04)	21.7x	20.1x	18.9x	18.2x	6%	3%	5%	7%	6.1%	3.3%	71%	Neutral	$94	-1%	Sell	$86	-9%
EIX	$68.62	26,174	4.64	4.92	5.25	5.60	4.48	4.88	5.16	5.40	0.16	0.04	0.09	0.20	14.8x	13.9x	13.1x	12.3x	-28%	-28%	-28%	-28%	6.5%	4.2%	62%	Buy	$82	24%	Buy	$73	11%
ES	$90.24	31,122	4.10	4.42	4.75	5.11	4.10	4.37	4.69	5.06	–	0.05	0.06	0.05	22.0x	20.4x	19.0x	17.7x	7%	5%	5%	4%	7.6%	2.9%	64%	Buy	$97	10%	Neutral	$92	5%
ETR	$115.11	23,410	6.33	6.81	7.21	7.57	6.34	6.76	7.21	7.69	–	0.05	–	(0.12)	18.2x	16.9x	16.0x	15.2x	-12%	-13%	-12%	-11%	6.1%	3.7%	66%	Buy	$129	16%	Buy	$124	12%
EVRG	$68.00	15,605	3.52	3.77	4.02	4.30	3.55	3.78	4.05	4.24	(0.03)	–	–	0.06	19.3x	18.0x	16.9x	15.8x	-6%	-7%	-6%	-7%	6.9%	3.5%	69%	Buy	$77	17%	Buy	$71	8%
EXC	$45.83	44,920	2.27	2.41	2.58	2.82	2.26	2.41	2.59	2.79	–	–	–	–	20.2x	19.0x	17.8x	16.3x	-2%	-2%	-2%	-4%	7.5%	3.1%	63%	Neutral	$49	10%	Buy	$48	9%
FE	$39.68	22,673	2.40	2.57	2.75	2.95	2.41	2.53	2.72	2.86	–	0.04	0.03	0.09	16.5x	15.4x	14.4x	13.5x	-20%	-20%	-20%	-21%	7.1%	4.0%	66%	Neutral	$43	12%	Buy	$45	16%
LNT	$60.79	15,247	2.75	2.90	3.04	3.23	2.75	2.89	3.08	3.27	–	–	(0.04)	(0.04)	22.1x	21.0x	20.0x	18.8x	7%	8%	11%	11%	5.5%	2.9%	64%	Neutral	$60	2%	Neutral	$63	6%
OGE	$40.49	8,106	1.99	2.06	2.21	2.30	2.12	2.09	2.19	2.31	(0.13)	(0.03)	–	–	20.3x	19.7x	18.3x	17.6x	-1%	1%	1%	4%	4.9%	4.2%	85%	Buy	$43	10%	Buy	$41	5%
PCG	$11.02	21,904	1.11	1.24	1.34	1.45	1.09	1.22	1.34	1.45	–	–	–	–	9.9x	8.9x	8.2x	7.6x	-52%	-54%	-55%	-55%	9.3%	0.4%	4%	Buy	$19	73%	Buy	$16	45%
PEG	$65.15	32,501	3.56	3.73	4.18	4.55	3.47	3.60	3.96	4.23	0.09	0.13	0.22	0.32	18.3x	17.5x	15.6x	14.3x	-11%	-10%	-14%	-16%	8.5%	3.4%	63%	Buy	$75	19%	Buy	$73	15%
PNW	$73.77	8,336	4.05	4.25	4.50	4.75	4.01	4.19	4.49	4.72	0.04	0.06	–	–	18.2x	17.4x	16.4x	15.5x	-12%	-10%	-9%	-9%	5.5%	4.7%	86%	Sell	$60	-14%	Sell	$71	2%
PPL	$29.10	21,415	1.48	1.58	1.70	1.81	1.42	1.60	1.72	1.82	0.06	–	–	–	19.7x	18.4x	17.1x	16.1x	-5%	-5%	-5%	-5%	6.9%	3.2%	63%	Buy	$33	17%	Buy	$31	8%
SO	$75.93	80,678	3.60	3.80	4.15	4.40	3.58	3.79	4.12	4.42	–	–	–	–	21.1x	20.0x	18.3x	17.3x	2%	3%	1%	2%	6.9%	3.6%	76%	Buy	$80	9%	Neutral	$73	0%
WEC	$103.65	32,695	4.40	4.59	4.89	5.21	4.39	4.62	4.92	5.24	–	–	–	(0.03)	23.6x	22.6x	21.2x	19.9x	14%	16%	17%	17%	5.8%	2.9%	69%	Neutral	$104	3%	Neutral	$104	3%
Mid/Lg Cap (excl. EIX, PCG)															**20.6x**	**19.4x**	**18.1x**	**17.0x**					**6.6%**	**3.3%**	**68%**						
Regulated Electrics		**724,480**													**20.2x**	**18.9x**	**17.7x**	**16.7x**					**6.7%**	**3.5%**	**69%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	'22–'25 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$42.53	4,654	2.21	2.41	2.47	2.69	2.15	2.29	2.38	2.56	0.06	0.12	0.09	0.13	19.2x	17.6x	17.2x	15.8x	-7%	-9%	-5%	-7%	6.8%	3.4%	65%	Neutral	$41	-0%	Neutral	$41	0%
NEE	$85.67	168,323	2.84	3.07	3.38	3.66	2.88	3.11	3.38	3.64	(0.04)	(0.04)	–	–	30.2x	27.9x	25.3x	23.4x	46%	44%	40%	38%	8.8%	2.1%	63%	Buy	$91	8%	Buy	$91	9%
SRE	$163.70	51,452	8.54	9.08	9.58	10.21	8.53	8.98	9.59	10.11	–	0.10	–	0.10	19.2x	18.0x	17.1x	16.0x	-7%	-7%	-6%	-6%	6.1%	2.9%	57%	Buy	$174	9%	Buy	$170	7%
		224,428													**22.9x**	**21.2x**	**19.9x**	**18.4x**	**11%**	**9%**	**10%**	**8%**	**7.2%**	**2.8%**	**62%**						
Gas LDCs																															
NI	$30.10	12,215	1.45	1.53	1.70	1.84	1.45	1.55	1.74	1.88	–	–	(0.04)	(0.04)	20.8x	19.7x	17.7x	16.4x	3%	4%	0%	-2%	8.3%	3.2%	67%	Buy	$32	10%	Buy	$32	9%
CPK	$136.17	2,414	5.13	5.55	5.93	6.32	5.11	5.57	5.89	6.24	–	–	0.04	0.08	26.5x	24.5x	23.0x	21.5x	31%	30%	30%	29%	7.2%	1.6%	43%	Neutral	$136	1%	Buy	$141	5%
NJR	$45.71	4,395	2.35	2.43	2.62	2.78	2.35	2.43	2.73	2.81	–	–	(0.11)	(0.03)	19.5x	18.8x	17.4x	16.4x	-4%	-1%	-1%	-1%	5.8%	3.4%	66%	Neutral	$41	-7%	Neutral	$46	5%
NWN	$53.61	1,836	2.56	2.73	2.83	2.97	2.52	2.69	2.80	2.99	0.04	0.04	0.03	–	20.9x	19.6x	18.9x	18.1x	4%	4%	7%	8%	5.1%	3.6%	76%	Neutral	$49	-5%	Buy	$55	6%
OGS	$82.97	4,492	4.08	4.38	4.65	5.00	4.08	4.36	4.63	4.99	–	–	–	–	20.3x	18.9x	17.8x	16.6x	1%	0%	1%	-0%	7.0%	3.1%	63%	Neutral	$86	7%	Buy	$89	10%
SJI	$34.41	4,212	1.71	1.82	1.94	2.05	1.69	1.78	1.86	1.83	–	0.04	0.08	0.22	20.1x	18.9x	17.7x	16.8x	-1%	-0%	0%	1%	6.2%	3.7%	74%	Neutral	$26	-21%	Neutral	$34	1%
SR	$74.13	3,864	3.84	4.27	4.91	5.03	3.90	4.38	4.65	4.88	(0.06)	(0.11)	0.26	0.15	19.3x	17.4x	15.1x	14.7x	-5%	-8%	-15%	-12%	9.4%	3.8%	74%	Neutral	$67	-6%	Neutral	$74	4%
		33,428													**21.1x**	**19.7x**	**18.2x**	**17.2x**	**4%**	**4%**	**3%**	**3%**	**7.0%**	**3.2%**	**66%**						
Regulated Water																															
AWK	$155.48	28,264	4.44	4.85	5.23	5.70	4.43	4.83	5.19	5.65	–	–	0.04	0.05	35.0x	32.1x	29.7x	27.3x	70%	65%	64%	60%	8.7%	1.7%	61%	Neutral	$155	1%	Neutral	$161	5%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$65.84	21,508	2,547	3,203	3,511	3,412	2,600	2,998	3,356	3,521	(53)	206	155	(109)	11.1x	8.3x	7.0x	6.7x	28,174	26,466	24,603	22,796	10.2%	0.9%	18%	Buy	$70	7%	Buy	$67	3%
NRG	$37.28	8,846	2,000	2,247	2,312	2,276	2,047	2,293	2,382	2,384	(48)	(46)	(70)	(108)	7.9x	6.8x	6.4x	5.9x	15,839	15,294	14,684	13,356	4.4%	3.9%	26%	Neutral	$43	19%	Buy	$44	21%
VST	$25.26	10,908	3,117	3,508	3,555	3,738	3,194	3,600	3,647	3,607	(77)	(93)	(92)	132	6.9x	6.0x	5.8x	5.3x	21,462	21,143	20,687	19,685	6.2%	3.0%	35%	Buy	$32	30%	Buy	$31	26%
Other																															
ALTO	$4.47	331	73	74	75	76	56	136	198	320	–	(62)	(123)	(243)									1.3%	–	–	Buy	$8	79%	Buy	$11	139%
IEA	$14.18	689	147	164	174	178	143	157	182	215	–	–	–	(37)									6.7%	–	–	Neutral	$14	-1%	Neutral	$14	-3%
NEP	$79.75	6,691	1,660	1,775	1,889	2,003	1,748	1,924	2,046	2,255	(88)	(149)	(157)	(252)									6.5%	4.0%	–	Buy	$85	11%	Buy	$86	12%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

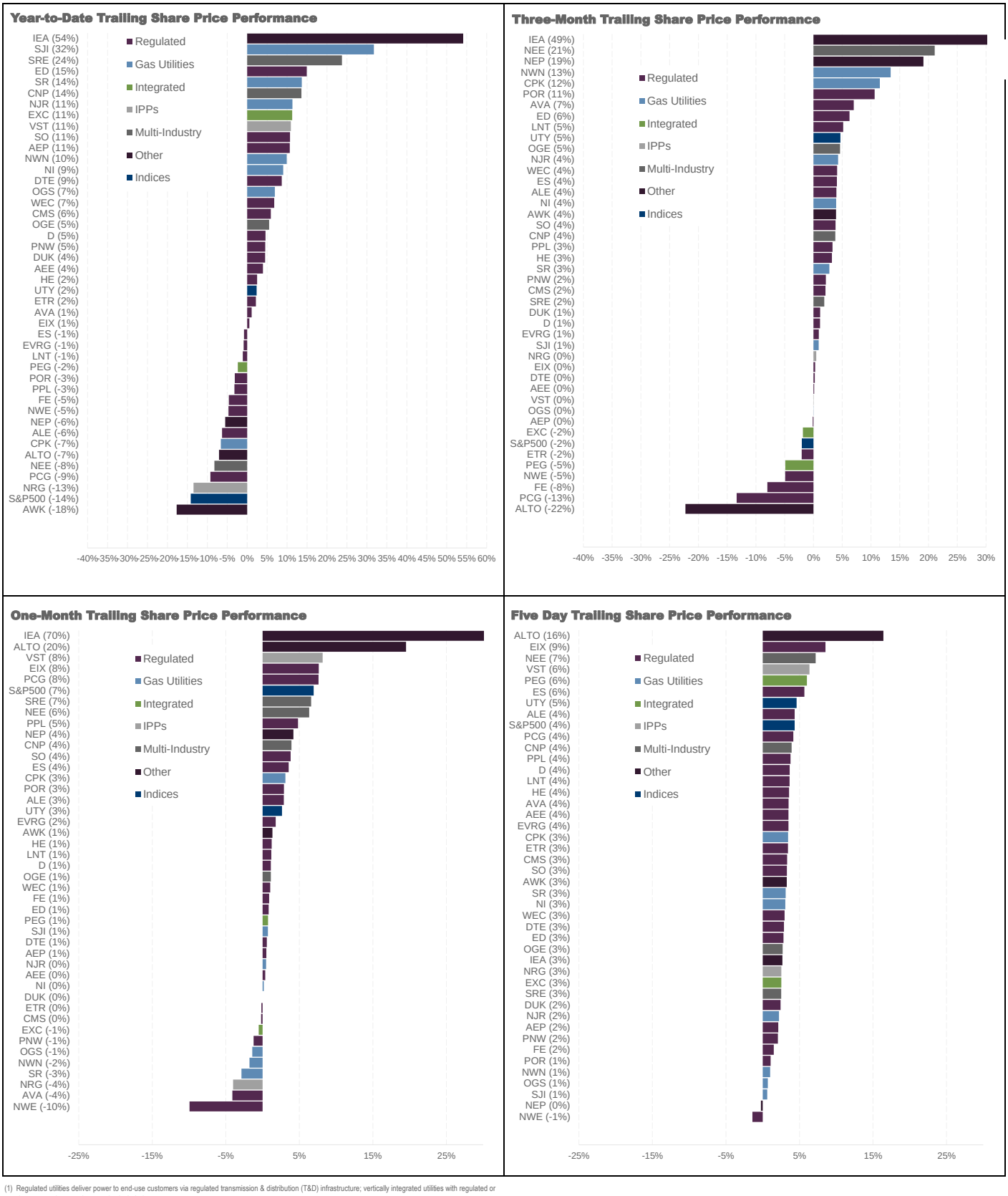

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
WEC	9/13–9/14	LA (9/13) & Dallas (9/14)
OGS	9/27–9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Generation and Mix

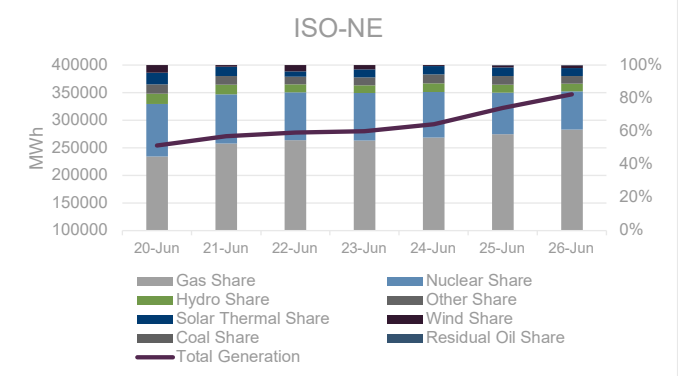

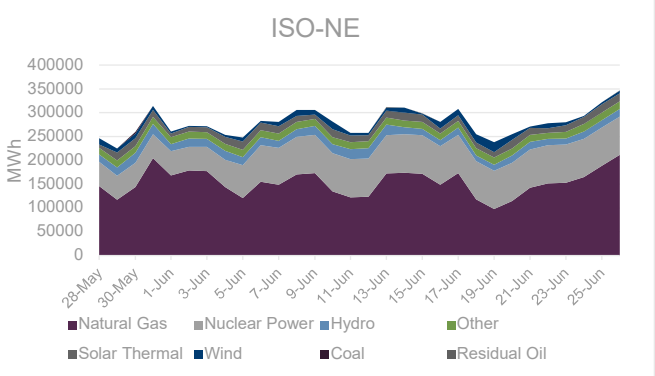

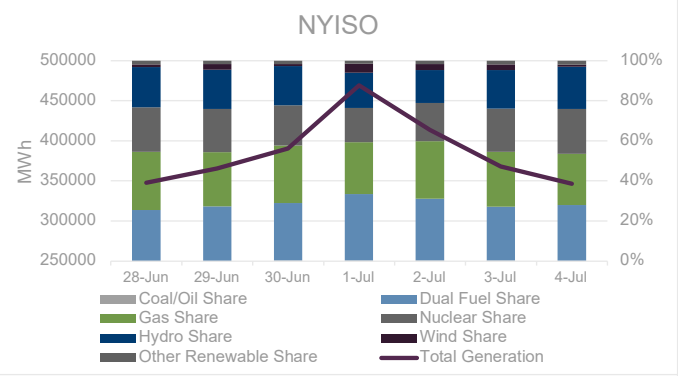

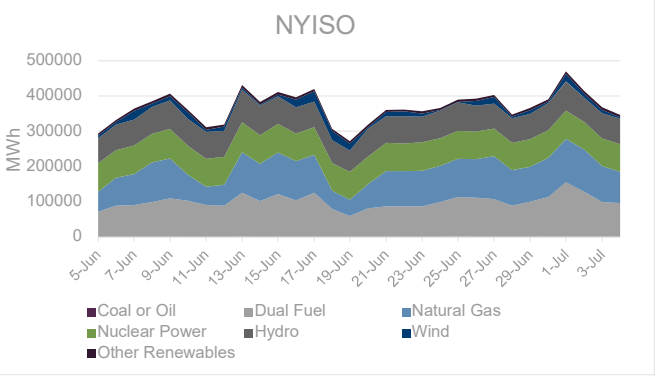

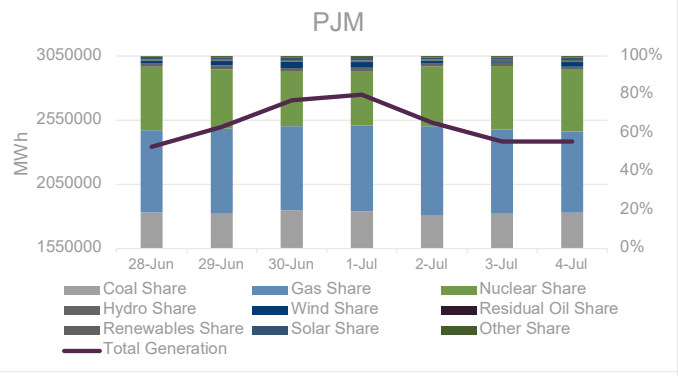

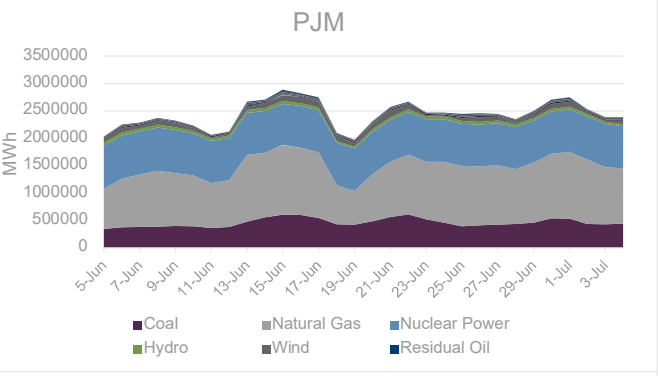

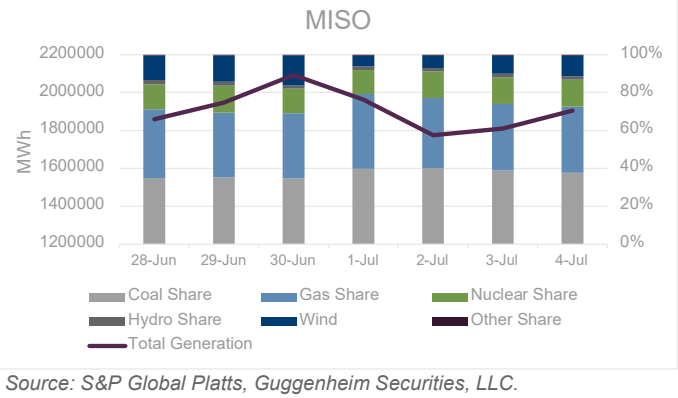

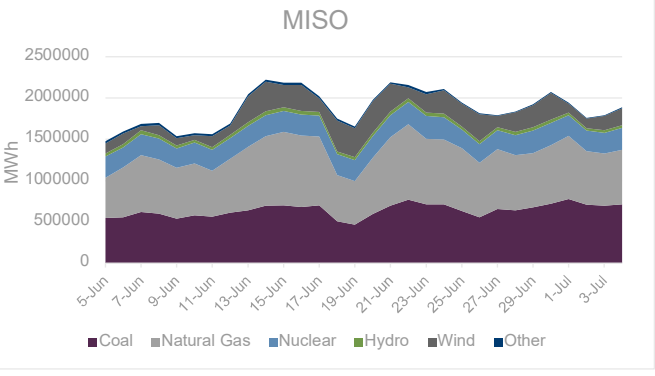

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

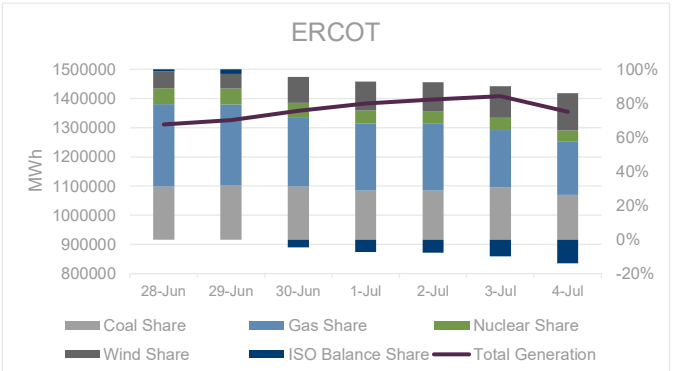

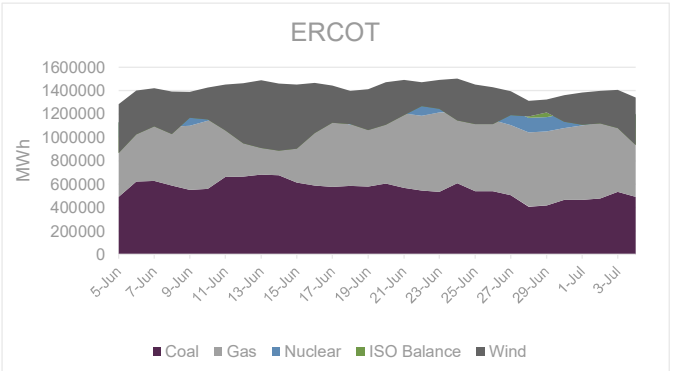

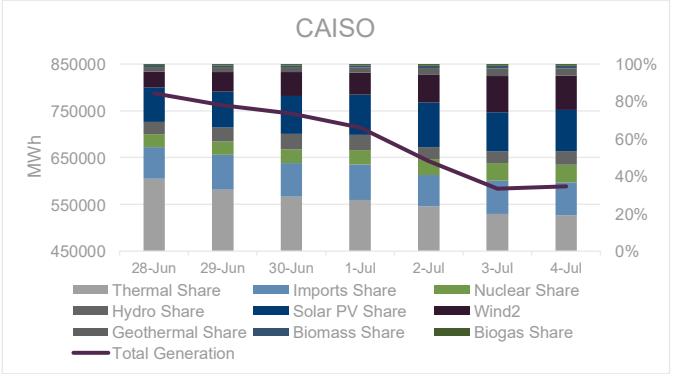

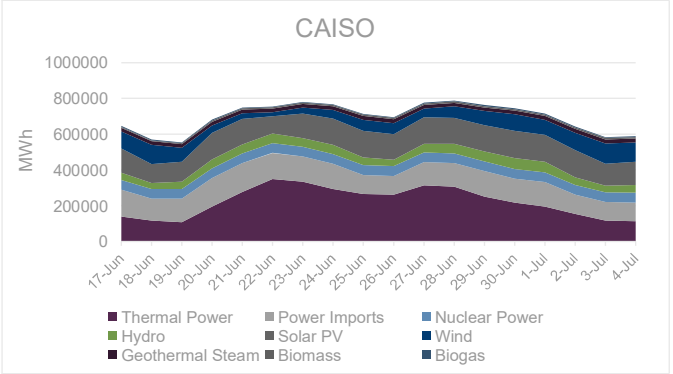

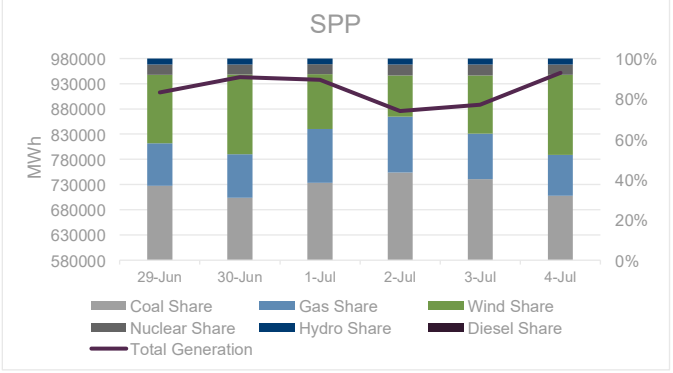

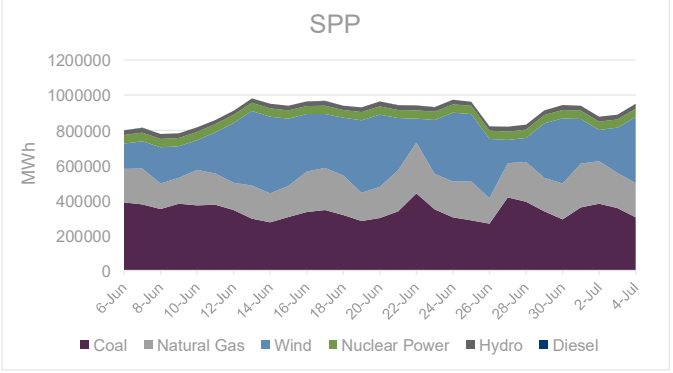

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Weather

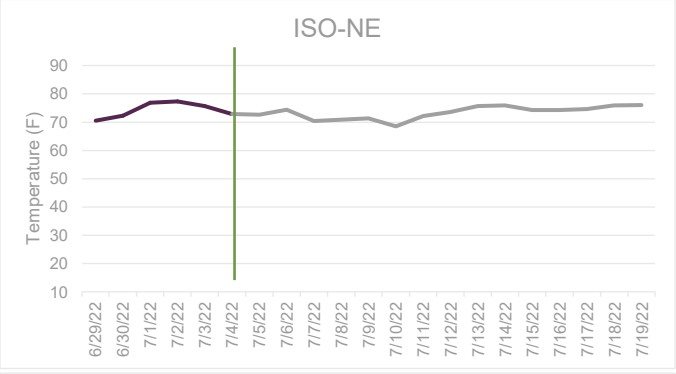

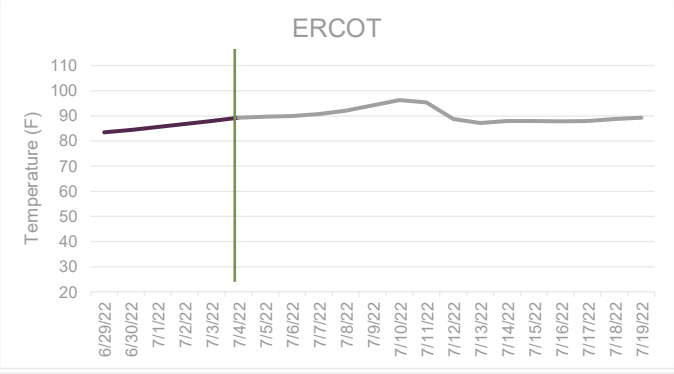

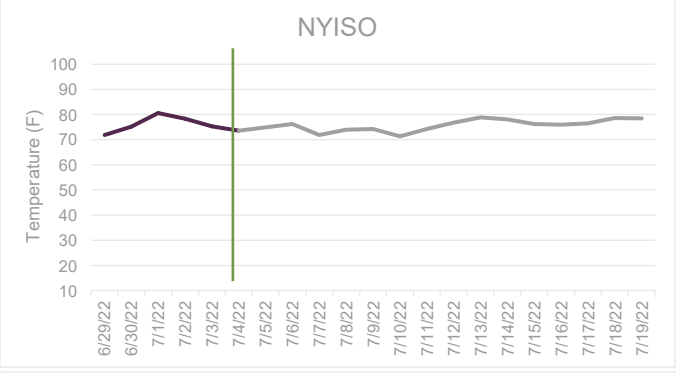

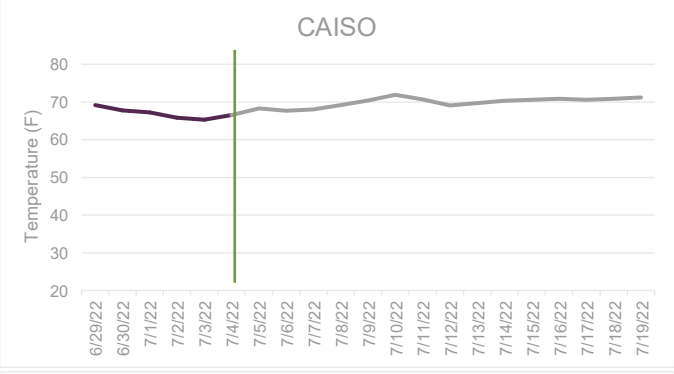

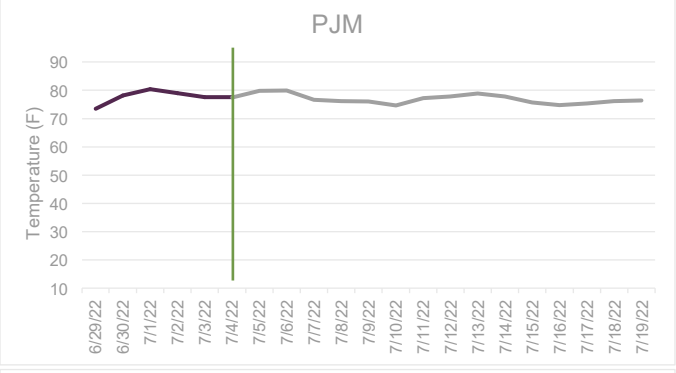

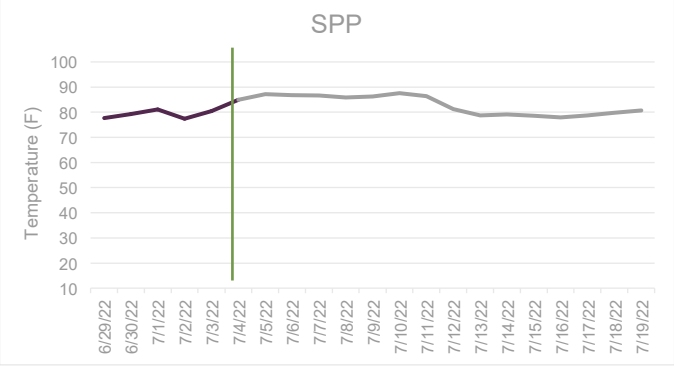



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (7/6/2022 - 9/30/2022)

Date	State	Ticker	Utility/Event	Docket	Description
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Settlement discussions to commence in rate case
7/6/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Settlement discussions to commence in rate case
7/6/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Rebuttal testimony due in rate case
7/7/2022-7/27/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Commission decision expected
7/12/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	ALJ report due
7/12/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor testimony due by
7/12/2022-7/13/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearings scheduled in Rider E update
7/13/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Rebuttal testimony due in rate proceeding
7/13/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Rebuttal testimony due in rate proceeding
7/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Staff to file testimony in Rider CCR update proceeding
7/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural surrebuttal testimony due
7/21/2022	IL	AEE	Ameren Illinois	D-22-0297	Company rebuttal testimony due in formula rate plan proceeding
7/21/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Rebuttal testimony due in rate case
7/22/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Company testimony due
7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Briefing schedule to be established
7/25/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Public hearing scheduled
7/26/2022	MI	DTE	DTE Electric Co.	C-U-20836	Briefs due in rate case
7/26/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Company rebuttal testimony due by
7/27/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Company rebuttal testimony due in formula rate plan proceeding
7/27/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Intervening parties to file testimony in rate case
7/27/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Intervening parties to file testimony in Rider RBB update proceeding
7/29/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Intervening parties to file testimony in ERAC proceeding
7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Decision expected in RAC-EE update proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Decision likely in Rider OSW proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Decision expected in Rider NSA proceeding
7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Decision expected in Rider US-2 update proceeding
8/1/2022-8/31/2022	MO	AEE	Union Electric Co.	C-ER-2022-0337	Electric rate case filing expected
8/1/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Staff testimony due in Rider RBB proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Decision likely in Rider DSM proceeding
8/1/2022-8/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Hearing examiner's report may be isssued in Rider E update
8/1/2022-8/31/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
8/2/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Hearing
8/2/2022-8/4/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Hearings scheduled in rate case
8/2/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Rebuttal testimony due in Rider CCR update proceeding
8/5/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Staff and intervenor surrebuttal testimony due by
8/11/2022-8/12/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Hearings scheduled in rate case
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
8/15/2022-8/26/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
8/15/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Rebuttal testimony due in gas rate proceeding
8/15/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Opening briefs due
8/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	Reply briefs due in rate case
8/17/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Rebuttal testimony due in rate case
8/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Intervening parties to file testimony in rate case
8/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Settlement conference to be held in rate proceeding
8/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Settlement conference to be held in rate proceeding
8/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Closing briefs due
8/22/2022-8/23/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing scheduled in Rider CCR update proceeding
8/23/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Main briefs due in rate case
8/23/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	SCC staff to file testimony in ERAC proceeding
8/24/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Testimony due in electric rate case
8/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Intervenor direct testimony due in rate proceeding
8/29/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Hearing to begin in rate proceeding
8/29/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Hearing to begin in rate proceeding
9/1/2022-9/30/2022	IN	DUK	Duke Energy Indiana, LLC	Ca-44720-TDSIC-11	Decision possible in TDSIC proceeding
9/1/2022-9/30/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Decision possible in rate proceeding
9/1/2022-9/30/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Final decision may be issued in Rider E update
9/1/2022-9/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2022-9/30/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
9/2/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Reply briefs due in rate case
9/2/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Staff direct testimony due in rate proceeding
9/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Rebuttal testimony to be filed testimony in ERAC proceeding
9/7/2022	IL	AEE	Ameren Illinois	D-22-0297	Hearing to begin in formula rate plan proceeding
9/7/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Main briefs due in rate case
9/7/2022-9/8/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing scheduled in Rider RBB case
9/12/2022-9/23/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Hearings scheduled in rate case
9/14/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Hearing to begin in formula rate plan proceeding
9/15/2022	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 3)	Proposed decision in electric rate case (Track 3) expected by
9/15/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Rebuttal testimony due in electric rate case
9/16/2022	MI	DTE	DTE Electric Co.	C-U-20836	ALJ proposed decision target date
9/16/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Company rebuttal testimony due in rate proceeding
9/19/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Rebuttal testimony due in rate case
9/19/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	Reply briefs due in rate case
9/20/2022-9/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearings scheduled in ERAC proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Second settlement conference to take place in gas rate proceeding
9/23/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Settlement conference to take place in gas rate proceeding
9/26/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearing to begin in rate proceeding
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Hearing Examiner report may be issued in Rider RBB proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **Utilities — Life, Death… and Pension Expense?**
- **Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In**
- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	224	67.07%	60	26.79%
NEUTRAL	108	32.34%	14	12.96%
SELL	2	0.60%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exelon Corp.

Financing Update Taps 2022 Equity of $500mm, Reiterates $1bn Total; 2Q22 Just Below Estimates

Overweight

EXC, EXC US
Price: $45.83
02 Aug 2022

North American Utilities
Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>
Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com
Brandon Travis, CFA
(1-646) 320-9830
brandon.travis@jpmchase.com
J.P. Morgan Securities LLC

- **2Q22 lands just below estimates; 2022 EPS guide reaffirmed.** EXC reported 2Q22 adj EPS of $0.44, slightly behind the $0.46 JPM/Street median estimate, but consistent with the 44-46c range implied by EXC's 2022 guidance and 20% 2Q earnings seasonality. Distribution rate increases boosted ComEd and PECO by +3c each. BGE landed -1c lower YoY, as higher D&A and other more than offset higher rates. Similarly, PHI declined -5c YoY on unfavorable weather/load (-1c), credit losses (-1c) and several timing items (-4c), net of several other drivers. Excluding ExGen separation impacts on comparability, EXC's parent drag widened -1c on higher interest expense. EXC reaffirmed its 2022 guidance range of $2.18-2.32 (JPMe/Street median $2.29/$2.26).

- **Financing update identifies $500mm of 2022 equity, clarifying timing to $1bn total plan equity need.** EXC reiterated its $1bn total 2022-2025 equity need and now expects to issue $500mm in 2022 using the ATM or a one-time offering (or combination of both), leaving the remaining $500mm for 2023-2025. This update brings the first incremental clarity to equity timing since EXC's January analyst day and meaningfully defines overall timing considerations relative to the company's prior market conditions/potential cash need-focused messaging. The somewhat front-end loading is generally unsurprising given management's prior commentary around 1Q equity infusions into the utilities. With the company's to-be-established $1bn ATM sized to cover all targeted equity, we see the annual issuance needs as modest overall, although acknowledge the potential for a block issuance could create a minor equity overhang.

- **MD/DC regulatory backdrop improvement underappreciated.** Our NARUC meetings continue to highlight MD's commitment to maintain an improved regulatory environment, even after three RRA upgrades over the past three years. This dynamic extends to stated aspirations for future RRA upgrades, plus ongoing commission modernization efforts (new docket to modernize) and an expanding PSC headcount. Even with employing gradualism, our conversations lead us to believe that MD will continue to authorize ROEs above industry averages and utilize multi-year planning to mitigate regulatory lag. DC also highlighted a constructive outlook. Bottom line, we continue to believe the market underappreciates the material improvements in the MD regulatory environment, which fed into our EXC upgrade.

- **Conference call details.** EXC will host a webcast to discuss 2Q22 results on Wednesday, August 3 at 10:00 AM EDT.

See page 3 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Table 1: EXC 2Q22 Results

Income Statement:	Actual 2Q21	Actual 2Q22	JPM 2Q22E	% Chg Y/Y	% Chg vs JPMe	YoY Drivers
Adj Op EPS by Segment						
ComEd	$0.20	$0.23	$0.22	18%	4%	+3c distribution rates
PECO	$0.11	$0.14	$0.11	26%	19%	+3c distribution rates
BGE	$0.05	$0.04	$0.05	-19%	-17%	+1c distribution rates, -1c D&A, -1c other
PHI	$0.15	$0.10	$0.15	-30%	-30%	+2c distribution rates, -1c w eather/load, -1c credit losses, -1c D&A, -1c tax timing, -3c other timing
Corporate & Other	($0.02)	($0.07)	($0.07)	228%	-1%	-1c interest expense; includes a -9c discontinued ops adjustment
Adjusted Operating EPS	**$0.48**	**$0.44**	**$0.46**	**-8%**	**-4%**	

Source: Company reports and J.P. Morgan estimates. 2Q21 results reflect original reporting; amounts subsequently restated for ExGen separation.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
13-Oct-19	N	47.51	52
05-Nov-19	N	44.50	49
15-Jan-20	N	45.81	47
20-Feb-20	N	49.60	51
21-Apr-20	N	37.07	46
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), Nextera Energy Partners (NEP), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Rattler Midstream LP (RTLR), Sempra Energy (SRE), Shell Midstream Partners, L.P. (SHLX), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P. Morgan Equity Research Ratings Distribution, as of July 02, 2022

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	52%	37%	12%
IB clients**	50%	44%	34%
JPMS Equity Research Coverage*	51%	37%	12%
IB clients**	72%	65%	52%

*Please note that the percentages might not add to 100% because of rounding.
**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 093/09/2021 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. Any data discrepancies in this material could be the result of different calculations and/or adjustments. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised July 02, 2022.

Copyright 2022 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

EQUITY RESEARCH QUICK TAKE

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com

August 3, 2022

Exelon Corporation

2-cent miss on 2Q22 earnings; reaffirms 2022 guidance range

NYSE: EXC | USD 45.83 | Sector Perform | Price Target USD 47.00

Sentiment: Neutral

Our view: Despite a modest earnings miss, we believe the stock should perform in line with peers. We incorporated $500M equity issuance in the remainder of 2022 and do not believe the equity issuance update should impact our earnings estimates for the year. We expect questions today related to the cadence of remaining $500M issuances during 2023-2025. On the call, we expect topics to cover corporate minimum tax rate, potential opportunities from the Inflation Reduction Act, expectation on ComEd's next rate filing, conversations with credit rating agencies, and other regulatory activities.

EXC reported 2Q22 adjusted EPS of $0.44, compared to our estimate of $0.48 and consensus of $0.46. EXC reaffirms 2022 adjusted EPS range of $2.18-$2.32. EXC's trailing 12-month ROE was 8.8%, down from 8.9% last quarter. EXC expects ROE to return to 9-10% targeted range by year-end.

Update on equity issuance. EXC continues to expect $1 billion of equity issuance through 2025. In 2022, EXC will establish a $1 billion ATM program and anticipates issuing $500M either through this ATM, a one-time common equity offering, or a combo of these methods. EXC expects to complete the remaining $500M in 2023-2025 and will provide updates on ATM activities in future earnings calls.

Regulatory updates. EXC anticipates final order of the DPL Delaware gas base rate case in 1Q23 and that for PECO gas base rate in Nov-Dec 2022. For electric, the company expects a final order for ComEd and DPL Maryland cases in Dec 2022.

Below shows segment results compared to our estimates:

- **Utilities: $0.51 vs. $0.56 RBCe.** Negative variance primarily due to higher operating expenses and higher credit loss expense at PHI. Higher operating expenses included a 3-cent expense this quarter related to higher contracting costs partially due to timing of maintenance projects and higher interest expense.
- **Corporate: -$0.07 vs. -$0.08 RBCe.** No noteworthy variances.

A conference call is scheduled for 10AM ET. Please register for a dial-in here.

All values in USD unless otherwise noted. Priced as of prior trading day's market close, EST (unless otherwise noted).
Disseminated: Aug 3, 2022 08:09EDT; Produced: Aug 3, 2022 08:09EDT
For Required Conflicts Disclosures, see page 2

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Capital Markets

Contributing Authors

RBC Capital Markets, LLC
Wynne Lam, CFA (Senior Associate) **(212) 266-4040** **wynne.lam@rbccm.com**

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Capital Markets

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 30-Jun-2022

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	851	58.41	290	34.08
HOLD [Sector Perform]	560	38.44	169	30.18
SELL [Underperform]	46	3.16	6	13.04

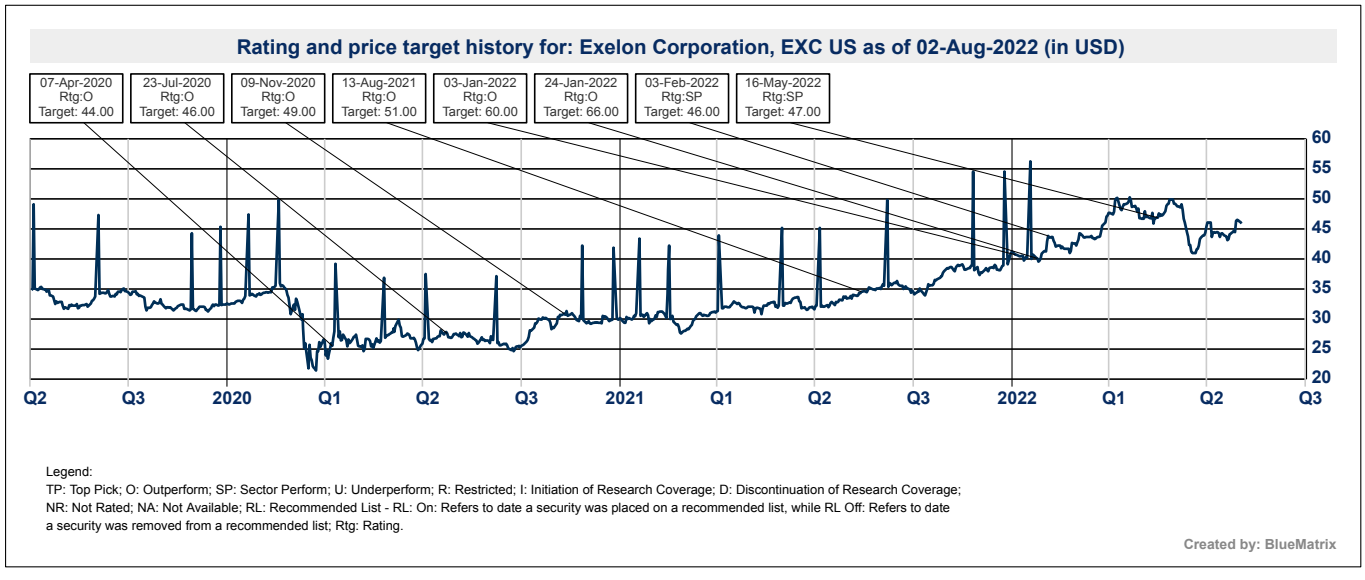

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). RBC Capital Markets recommended lists include the Strategy Focus List and the Fundamental Equity Weightings (FEW) portfolios. The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $47 price target assumes a 19.3x P/E multiple on 2023E utilities EPS of $2.42. Our multiple reflects a slight 2.5% discount to our

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

base case blended electric and gas multiple of 19.8x, resulting in equity value per share of $47. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory overhang and lower ROE at ComEd currently. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Deteriorating credit metrics at utilities limit capital investments and/or lead to equity dilution
- Dividend growth slows
- Approval of decoupling mechanisms for remaining utilities leads to improved earnings and cash flow stability
- Accelerated increase in treasury rates could support higher ROEs at ComEd in the near-term

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

UBS

First Read

Exelon Corp

Slight Miss vs. Consensus; $500mm in Equity Coming in 2022

Q: How did the results compare vs expectations?

A: EXC reported 44c of operating earnings vs. consensus of 46c and UBS of 42c. The company reported 36c for Q2 '21.

Q: What were the most noteworthy areas in the results?

A: Higher distribution rates were +9c yoy, while higher interest costs and timing of O&M were -4c. The absence of legacy Constellation costs at the Parent was +9c.

Q: Has the company's outlook/guidance changed?

A: The company reaffirmed 2022 guidance of $2.18-$2.32/share. The company updated its equity financing plan. The previous plan was $1.0bn issued '22-'25, EXC continues to see $1.0bn issued, but will be establishing an ATM program and anticipates issuing $500mm through the program or via one-time offering in 2022.

Q: How would we expect investors to react?

A: Neutral to negative. The slight miss vs. consensus and the front loading of half equity issuance into 2022 may weigh on the stock.

Key Metrics

	Consensus estimates	UBS estimates	Actual	% diff vs. UBS
Adjusted EPS	$0.46	$0.42	$0.44	4.8%

Source: UBSe, FactSet, Company reports

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$49.00**
Price (02 Aug 2022)	**US$45.83**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.95-40.91
Market cap.	US$45.0b
Shares o/s	982m (COM)
Free float	100%
Avg. daily volume ('000)	6,314
Avg. daily value (m)	US$287.3
Common s/h equity (12/22E)	US$20.6b
P/BV (12/22E)	2.2x
Net debt to EBITDA (12/22E)	5.1x

EPS (UBS, diluted) (US$)

	12/22E	
	UBS	Cons.
Q1	0.64	0.64
Q2E	0.42	0.46
Q3E	0.66	0.69
Q4E	0.48	0.47
12/22E	2.21	2.26
12/23E	2.37	2.42
12/24E	2.55	2.59

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Highlights (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenues	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
EBIT (UBS)	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Net earnings (UBS)	1,866	1,738	2,036	2,172	2,340	2,523	2,849	3,057
EPS (UBS, diluted) (US$)	1.92	1.78	2.08	2.21	2.37	2.55	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	1.55	1.65	1.80	1.95
Net (debt) / cash	(29,221)	(31,684)	(34,608)	(38,461)	(41,083)	(43,787)	(46,161)	(48,204)
Profitability/valuation	**12/19**	**12/20**	**12/21**	**12/22E**	**12/23E**	**12/24E**	**12/25E**	**12/26E**
EBIT (UBS) margin %	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
ROIC (EBIT) %	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
EV/EBITDA (UBS core) x	13.0	12.3	12.0	10.9	10.3	9.6	8.8	8.3
P/E (UBS, diluted) x	24.7	22.5	22.6	20.7	19.3	18.0	16.0	15.0
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.3)	(3.0)	(2.9)	(1.8)	(0.8)
Dividend yield (net) %	2.6	2.9	2.9	3.2	3.4	3.6	3.9	4.3

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 45.83 on 02-Aug-2022

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 3.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Forecast returns

Forecast price appreciation	+6.9%
Forecast dividend yield	3.3%
Forecast stock return	+10.2%
Market return assumption	8.1%
Forecast excess return	+2.1%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%; 4) ESG: A potential 5% premium for a risk adjusted clean energy transition growth opportunity; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/ Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% of unregulated earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

We maintain our Price Target of $49 premised on a 5% premium to the group multiple of 18.3x our $2.55/share earnings forecast for 2024. Our 5% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 5% premium for ESG attributes and a 5% discount for the regulatory ranking overall.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 03 August 2022 11:57 AM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	57%	32%
Neutral	FSR is between -6% and 6% of the MRA.	35%	26%
Sell	FSR is > 6% below the MRA.	9%	21%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2022.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$45.83	02 Aug 2022

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

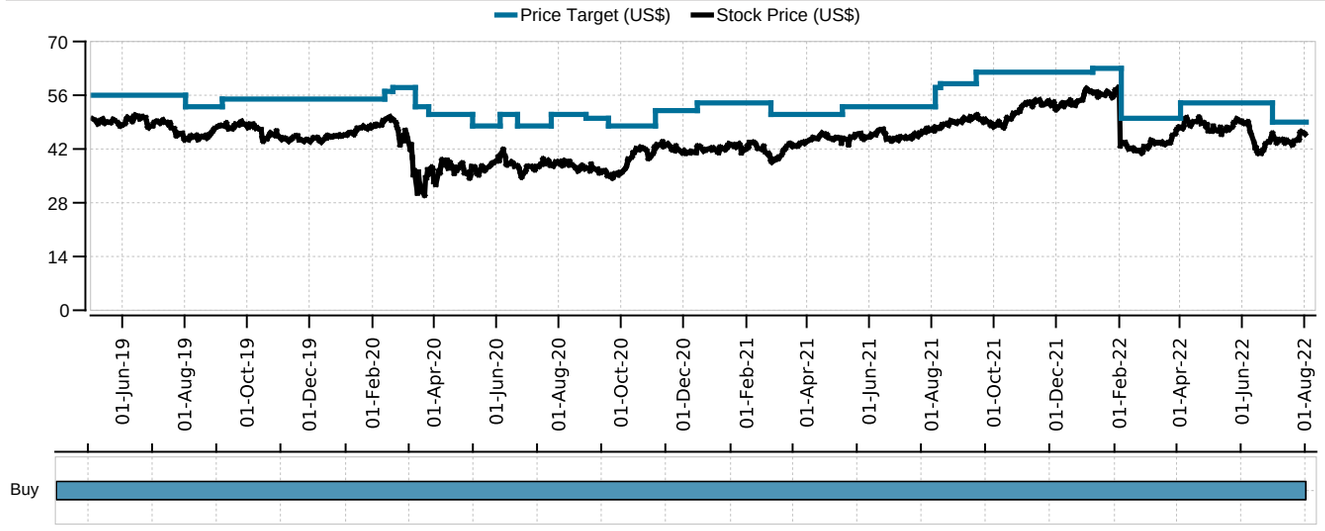

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-05-02	49.73	56.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy

Source: UBS;as of 02-Aug-2022. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This Document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the Document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (http://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (http://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (http://www.ubs.com/global/en/homepage/cookies/cookie-management.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at http://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [MCI (P) 026/08/2021 and Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd.,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/ clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is for your information only; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution.**Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: http://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved or endorsed by or registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice and/or investment marketing and is not replacing any investment advice and/or investment marketing provided by the relevant licensee which is adjusted to each person needs. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its derivatives shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales.**Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This material was provided to you as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly destroy/delete it and inform UBS immediately. Any and all advice provided and/or trades executed by UBS pursuant to the material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. The material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the material, and by receiving the material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Poland**: UBS is a premier global financial services firm offering wealth management services to individual, corporate and institutional investors. UBS is established in Switzerland and operates under Swiss law and in over 50 countries and from all major financial centres. UBS Switzerland AG is not licensed as a bank or as an investment firm under Polish legislation and is not permitted to provide banking and financial services in Poland. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the United Arab Emirates (UAE) by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed.**USA**:Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exelon Corp. (EXC): First Take: EXC beats GS, misses consensus slightly, updates 2022 financing plans

Michael Lapides
+1(212)357-6307 |
michael.lapides@gs.com
Goldman Sachs & Co. LLC

Insoo Kim, CFA
+1(212)902-0459 | insoo.kim@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(801)884-4034 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Exelon Corp (EXC, Neutral) reported 2Q22 operating EPS of $0.44, a bit above our $0.43 estimate, but below FactSet consensus of $0.46. For 2022, EXC reaffirmed its EPS guidance range of $2.18-$2.32 which compares to GS/consensus of $2.18/$2.26. The company also outlined equity financing plans for the year — with a $500mn issuance planned for 2H2022. This comes as part of the company's previously disclosed plans to issue $1bn in new common equity between 2022-2025.

Highlights from EXC's release and results include:

- **In 2Q2022, EXC missed our forecast at ComEd, its largest segment, while beating elsewhere.** We note, on a net income basis, ComEd came in roughly $16mn below our forecast, mostly on timing given the formula rate plan structure. The PECO subsidiary, however, more than offset this, beating our view by $20mn and PHI beat by $11mn, offset by holding company costs and a small miss at BG&E.
- **EXC maintained guidance for the year,** despite higher interest rates likely leading, due to the authorized RoE formula in Illinois, to higher potential earnings power for its distribution business there.

Topics to monitor on EXC's call include: (1) current inflationary environment and impact to customer bills, (2) sources of potential upside for capital spending longer term, (3) financing needs for 2023+, (4) updates in various rate case filings, especially the gas rate case at PECO and new cases filed elsewhere and (5) insights into the ComEd electrification plan filed and the upcoming potential multi year rate plan docket in 2023.

We are Neutral rated on EXC with a $47, 12-month price target based on a 18x P/E multiple on our 2024 EPS. Key risks include utility regulation, cost management and financing.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

EXC	12m Price Target: **$47.00**	Price: **$45.83**	Upside: **2.6%**

Neutral

Market cap: $45.0bn
Enterprise value: $83.2bn
3m ADTV: $287.3mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/21	12/22E	12/23E	12/24E
Revenue ($ mn)	16,698.0	19,215.6	19,839.1	20,625.2
EBITDA ($ mn)	6,102.0	6,737.8	7,286.2	7,959.2
EBIT ($ mn)	3,069.0	3,539.8	3,926.0	4,424.7
EPS ($)	2.08	2.18	2.32	2.59
P/E (X)	22.6	21.0	19.8	17.7
EV/EBITDA (X)	12.8	12.3	11.8	11.2
FCF yield (%)	(5.0)	(3.8)	(3.3)	(3.2)
Dividend yield (%)	3.3	2.9	3.1	3.3
Net debt/EBITDA (X)	5.3	5.7	5.6	5.4

	3/22	6/22E	9/22E	12/22E
EPS ($)	0.65	0.43	0.65	0.45

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 2 Aug 2022 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Disclosure Appendix

Reg AC

I, Michael Lapides, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Clearway Energy Inc., Consolidated Edison Inc., Constellation Energy Corp., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NRG Energy Inc., NextEra Energy Inc., NextEra Energy Partners, NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group, Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($45.83)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($45.83)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($45.83)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($45.83)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($45.83)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($45.83)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($45.83)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	35%	15%	65%	58%	45%

As of July 1, 2022, Goldman Sachs Global Investment Research had investment ratings on 3,132 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

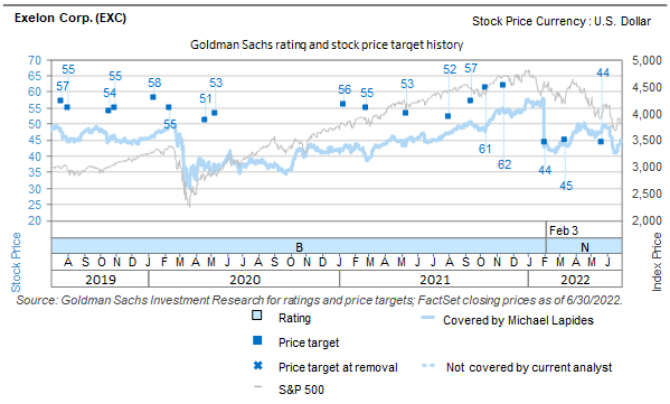

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region's Investment Review Committee manages Regional Conviction lists, which represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Effective from the date of the United Kingdom's departure from the European Union and the European Economic Area ("Brexit Day") the following information with respect to distributing entities will apply:

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland, the Republic of Cyprus and the Republic of Ireland; GS -Succursale de Paris (Paris branch) which, from Brexit Day, will be authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by the Global Investment Research division of GS may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2022 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

KeyBanc Capital Markets

Alert

August 01, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: XEL, EXC, ED, AGR, ES, SO, SRE, CNP

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We continue with earnings with CNP, PEG, OTTR, WEC, EXC, AVA, ETR, PNW, CEG, DUK, SRE, ED, and AEE scheduled to report. AY, RUN, and HASI within our alternative energy coverage will also report. Aside from earnings, we are tracking proceedings in XEL's CO gas rate case and EXC's PA gas rate case. In other news, NYS issues the third offshore wind solicitation for at least 2,000 MW; DE Staff approves interim rates in Delmarva's gas rate case; SO completes the ITAAC process for Vogtle Unit 3; SRE seeks extension for construction of Port Arthur; NY Bill credit program to assist low-income households with utility bills will be implemented August 1; and SO CEO Tom Fanning is reportedly planning to retire.

ICYMI

Don't be fooled by the name — the Inflation Reduction Act of 2022 is largely an energy/climate bill. The bill includes $370B in clean energy/climate provisions, long-dated (10 years) ITC and PTC credits, loans for zero-emission technologies, transmission expansion, and more. In our view, the legislation goes even beyond the defunct BBB in that it includes technology-agnostic ITC and PTC credits until potentially 2032 for non-GHG-emitting technologies. If passed, which we think is likely, the bill would be the largest support mechanism for alternative energy that we have seen in a long time (maybe even a decade). It is all the more surprising since just two weeks ago we thought all hopes for a comprehensive climate bill were lost. The technology-agnostic credit through 2032 should go a long way toward smoothing out the differences between the incentives for solar, wind, hydrogen, and nuclear and provide the much-needed scaffold for emerging tech such as clean hydrogen. To a large extent, the bill renders moot the many solar overhangs that have handicapped the industry for the last couple of years. Our nuclear spotlight event focused on policy support to provide the nuclear power industry with long-term support in decarbonizing the electricity generation sector. We believe that the newly introduced bill goes a long way toward doing just that.

Takeaways from a Week of Earnings

We went through a whirlwind of utility and alternative energy last week. The overarching themes as expected were: 1) are there any obvious signs of an economic slowdown, how are companies handling inflationary pressures, the potential impact of the stock market weakness on pension funding status and on the P&L, and the most recently introduced Inflation Reduction Act of 2022.

Based on management commentary, utilities are not seeing any decline in volumes that could signal a slowdown in economic activity. Companies reported a post-COVID recovery in C&I volumes even as residential load growth slowed to reflect a return to physical work and school. C&I volumes were strong in the Midwest, Southeast, and Northwest. Most companies that reported last week demonstrated a strong handle on inflationary pressures in labor and material costs through bundling of services, signing long-dated contracts, and procuring essential materials ahead of time. Few companies raised O&M expense budgets for the year. Pension, which has been a concern given asset performance this year, has so far been a non-factor for most companies as higher discount rates offset asset performance for the purposes of calculating levels of funding. With respect to impact on earnings, FE stood out given its annual MtM accounting approach. Last but not the least, all managements were asked their view on the newly introduced Inflation Reduction Act. We heard unequivocal support for the bill. According to the management teams, the legislation will go a long way toward supporting the clean energy transition, provide a technology-agnostic support mechanism, and provide a much-needed 10-year runway to achieve the decarbonization objectives. The minimum 15% corporate tax rate should not be a significant drag for the utilities given the many mechanisms for offset.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Earnings Calendar

2Q earnings continue: CNP, PEG, OTTR, WEC, EXC, AVA, ETR, PNW, CEG, DUK, SRE, ED, and AEE are scheduled to report this week (see calendar below). Our recently published preview includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

2Q22 Earnings Calls			
Company Name	Ticker	Date	Time (ET)
CenterPoint Energy Inc	CNP	8/2/2022	8:00 AM
Public Service Enterprise Group Inc	PEG	8/2/2022	11:00 AM
Otter Tail Corp	OTTR	8/2/2022	11:00 AM
WEC Energy Group Inc	WEC	8/2/2022	2:00 PM
Exelon Corp	EXC	8/3/2022	10:00 AM
Avista Corp	AVA	8/3/2022	10:30 AM
Entergy Corp	ETR	8/3/2022	11:00 AM
Pinnacle West Capital Corp	PNW	8/3/2022	12:00 PM
Constellation Energy	CEG	8/4/2022	10:00 AM
Duke Energy Corp	DUK	8/4/2022	10:00 AM
Sempra Energy	SRE	8/4/2022	12:00 PM
Consolidated Edison Inc	ED	8/4/2022	NA
Ameren Corp	AEE	8/5/2022	10:00 AM

Source: Company filings, KeyBanc Capital Markets Inc.
Note: ED does not host a conference call.

Regulatory Calendar

Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

XEL — Settlement and supporting testimony in PSCo's gas rate case is due on August 3: In rebuttal, PSCo (Docket: 22AL-0046G) lowered the requested revenue increase by $12.6M to a $94.5M net revenue increase, which is net of the $107.5M revenue being collected through the PSIA rider. Other parameters including the 10.25% ROE, 55.66% equity layer, and 2022 test year are unchanged. XEL also maintained the $40M and $41M revenue increases for November 2023 and November 2024, respectively. The revised revenue request in rebuttal reflects the use of updated actual data. This compares to CO PUC Staff's filed testimony recommending a $31M net revenue increase, based on a 9% ROE and 55% equity layer. Staff recommended that the PUC uses a historical test year and that the commission reject the revenue increases requested for 2023 and 2024. A final decision is expected in October, and PSCo requests rates to be effective on November 1.

EXC — Surrebuttal testimony in PECO's PA gas rate case is scheduled for August 4: Rebuttal testimony was filed on July 21 and intervenor testimony was filed on June 22. PECO is seeking an $82M rate increase on a 10.95% ROE, 53.41% equity, on a rate base of $2.9B. The rate increase intends to cover gas main replacement programs and investments to comply with safety and reliability requirements. PECO's previous rate case was approved at a 10.24% ROE in mid-2021. A final decision is expected by the end of 2022 with new rates effective in January 2023.

Recent Developments for Companies Under Our Coverage

From our midweek: In other news, MISO announces projects in Tranche 1 of the Long Range Transmission Planning process; the ICC asks AEE to look into the cost-benefit of being a MISO member vs. a PJM member; AGR confirms Patricia Cosgel as CFO; ETR implements temporary shut-off moratorium to help customers during peak summer and hurricane season; the ME PUC approves new performance standards for utilities; and the Western Market Exploratory Group adds 11 new members.

ED, AGR, ES — NYS issues third offshore wind solicitation: The state is seeking RFPs for at least 2,000 MW of offshore wind power. The solicitation includes $500M of investment in related ports, manufacturing, and supply chain infrastructure. The state has a 9,000 MW target for offshore wind by 2035 as set in the Climate Leadership and Community Protection Act. Of this, 5,700 MW have been allocated in the previous RFPs. There are currently five projects under various stages of development in NY totaling over 4,300 MW (see our offshore wind discussion here and the table below). NYSERDA's deadline for proposal submissions is December 22, with contracts expected to be awarded and executed during 1Q23 and contracts executed in 2Q23.

Figure 2 - NY Offshore Wind Projects

Project Owners	Project Name	Capacity (MW)
Orsted/Eversource	Southfork Wind	130
Orsted/Eversource	Sunrise Wind	924
Equinor/BP	Empire Wind	816
Equinor/BP	Empire Wind 2	1,260
Equinor/BP	Beacon Wind	1,230
		4,360

Source: Industry reports, KeyBanc Capital Markets Inc. estimates

EXC — Staff approves interim rates in Delmarva's DE gas rate case: Staff ordered interim rates of $20.3M effective August 14, subject to refund. As part of the same order, Staff adjusts the current DSIC rate from 7.50% to 0.51%. EXC will file rebuttal testimony on August 15, after Staff proposed a $9.0M revenue increase premised on a 9.28% ROE and 49.94% equity. Excluding the $5.8M DSIC currently in rates, the proposed net increase is $3.8M. This compares to EXC's request for a $20.3M rate increase based on a 10.3% ROE and 50.63% equity. The increase includes $5.8M for the distribution system improvement charge, making the net increase requested $14.5M.

SO — SO completes ITAAC process for Vogtle Unit 3: After announcing on last week's earnings call that there were only two ITAACs remaining, SO followed up with the announcement that it had filed the last ITAAC. Next, SO will likely submit a completion letter and await the 103(g) letter from the NRC, which could take up to 17 days. This is a pivotal step in the process and precedes the pre-operational tests and commencement of fuel load in October. Vogtle Unit 3 is expected to enter service during 1Q23.

SRE — SRE seeks extension for construction of Port Arthur: SRE filed a request with FERC for a four-year extension to build the Port Arthur LNG facility and associated natural gas pipelines due to uncertainties created by the pandemic. The current deadline for the facility to be in service is April 2024. SRE is requesting a new deadline of June 18, 2028. The eventual two-train 13.5 MTPA facility remains in the development stage. The project's location on the TX/LA coast makes it more suited for cargoes to Europe. SRE recently signed an agreement with COP for an equity stake in Phase 1, providing offtake certainty and the investment needed to bring the project to fruition.

ED, AGR — Bill credit program to assist low-income households to be implemented August 1: Low-income customers are expected to receive bill credits beginning on August 1. The governor previously announced that she is making $567M available to low-income households to help defray past utility bills, benefiting more than 327,000 households. The NY PSC is leveraging $250M from the FY23 State Budget to require utilities to provide one-time COVID-19-related relief to customers enrolled in the Energy Affordability Program to eliminate unpaid utility bills accrued through May 1, 2022. In addition, the State Office of Temporary and Disability Assistance's Emergency Rental Assistance Program will provide $100M of relief, and $36M will come from utility shareholder contributions made to date. To make up the $567M, utility ratepayers will bear $181M of burden. Additionally, the state has begun working on a second program for customers that do not qualify for low-income programs and small commercial customers that have $1.7B of outstanding bills. NY has taken the longest to devise a framework for COVID-related bill relief, and it is encouraging to see some progress in this regard.

SO — CEO Tom Fanning expected to announce retirement: According to reports, Tom Fanning is expected to announce his retirement from his position as CEO of Southern Company. The timing is not certain as he is likely to remain at the helm until the completion of the Vogtle project, which is expected in 4Q23. SO has reportedly begun a search for Mr. Fanning's successor. Fanning has been at SO since 1980 and CEO since 2010.

CNP — CNP enters an agreement with Invenergy to buy a 130 MW solar project upon completion: The transaction is part of CNP's IN IRP and will be subject to IURC approval. If approved, it will take CNP's solar generation in IN to nearly 800 MW.

Earnings Recap

ES — ES reported an in-line quarter and narrowed 2022 guidance with the midpoint up modestly. The offshore wind portfolio is being actively marketed and the level of interest from potential acquirers appears robust—not surprising given the strong policy tailwinds and recent transaction history. Management spent a decent amount of time addressing the capital allocation priorities once the wind portfolio sale is concluded as it makes up for the EPS loss from offshore wind and maintains its targeted 5-7% long-term EPS growth range. See our note here.

NWE — NWE posted an in-line quarter in 2Q22 and maintained its 2022 EPS guidance. NWE is ramping up for a busy period as it looks to file electric and natural gas rate cases in MT in August. Additionally, the Company will be filing IRPs in SD and MT later this year and might be receiving some clarity around the future of Colstrip within the coming weeks. NWE will be proceeding through these filings with new leadership, as current COO Brian Bird will be stepping into the CEO role upon Bob Rowe's retirement at the end of the year. See our note here.

EIX — EIX reported quarterly results that were ahead of our estimates and consensus. Management reiterated 2022 core guidance of $4.40-$4.70 and the long-term 5-7% EPS CAGR. 2023 guidance will hinge on the outcome of the CoC docket in which EIX is seeking a higher ROE than the current 10.3%. Track 4 proceedings in the 2021 GRC have commenced, wildfire claim resolutions continue with ~89% of claims settled, and the timing to file for cost recovery with the CPUC is still late 2023. See our note here.

SO — SO reported EPS of $1.07 vs. our $0.81 estimate and guidance of $0.80, as it saw strong tailwinds from sales growth as the Southeast continues to outpace the rest of the country in growth. SO also benefited from much warmer weather including the second warmest June in the past fifty years. Although SO has performed well in the first half of the year, the Company maintained guidance and will look at refreshing the range along with its 3Q earnings release. SO continues to progress on Vogtle 3, with only 2 ITAACs remaining, and will subsequently file for the 103(g) letter. Specifically, SO narrowed in-service dates to the back half of its previous ranges, which are 1Q23 and 4Q23 for Units 3 and 4, respectively. See our note here.

POR — POR posted EPS results of $0.72, which was significantly ahead of our $0.61 estimate and consensus of $0.55. POR was better positioned in 2Q22 due to favorable hydro conditions resulting from record snowfall and rainfall in the April-June period, allowing the Company to capitalize on favorable power markets. The beat led to POR raising its GAAP guidance and the introduction of non-GAAP guidance to adjust for the Company's future earnings power and remove the recent deferral ruling from operating earnings, which we view as a welcome development. POR noted that it is experiencing significant tailwinds from the industrial growth in its service territory, which should be further aided by the recent Chips act. In line with prior expectations, POR hopes to conclude its RFP process before the end of the year and could see elevated prices after the bidders refresh pricing due to inflation. See our note here.

CMS — CMS reported better than expected results and reiterated 2022 guidance. Favorable weather and O&M management in 1H provide a reasonable cushion as CMS heads into 2H. Constructive rate case outcomes further de-risk the 2022 earnings guide. With the IRP approved, we are looking next at a capex refresh and the potential options for financing the Covert gas plant that CMS agreed to buy as part of the IRP. The newly proposed Inflation Reduction Act should support renewables development as provided in the recent IRP. CMS is consistently executing on its core priorities and is well positioned to deliver on the 6-8% targeted long-term growth outlook, in our view. See our note here.

XEL — XEL posted an in-line quarter and subsequently reaffirmed 2022 guidance. Sales and customer growth remained strong, resulting in XEL raising its electric sales growth to 2% for the year even though the Company expects these benefits to be largely offset by inflationary pressures on O&M and higher interest costs. XEL maintained its five-year capital plan and noted that it will roll forward the plan with 3Q22 earnings, which could include the recent MISO Future 1 decision and incremental investment opportunities in transmission and renewables. See our note here.

DTE — DTE reported a lighter than expected quarter but raised guidance as some O&M factors leading to the 2Q miss level off in 2H. Guidance for 2022 was raised by $0.10 at the midpoint — expressing confidence in O&M management in the current inflationary environment. Load trends are shifting to pre-pandemic breakdowns (in line with expectations) and weather trends early in 3Q are pointing toward some tailwinds. The upcoming MI IRP remains the main item to watch in 2H. The recently announced Inflation Reduction Act of 2022 (aka revised BBB) should offer positive impetus for renewable developments as the energy transition unfolds. Thus far it appears that the headwinds from the minimum corporate income tax will be minimal. All in all, DTE continues to execute the plan with a firm handle on operations and regulations and is on target to deliver on the $18B 5-year capex plan and long-term 5-7% EPS growth targets. See our note here.

FE — FE reported an in-line quarter with EPS of $0.53 vs. our estimate of $0.52. The Company results were boosted by contributions from a JV in a MT mining facility and lower interest expenses as a result of retiring ~$2.4B of Holdco debt in 1H22. Consequently, FE has received upgrades from Fitch and pulled its 13% FFO/debt target to 2023. The pension remains a headwind for the Company, which now expects a $0.30 drag on 2023 earnings as a result of market volatility. FE has identified a number of measures in the near term to offset the EPS impact and remains confident in its 2023 range and long-term EPS growth rate, while it has begun initial steps in exploring long-term alternatives. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

AEP — AEP reported 2Q22 EPS roughly in line with our and consensus estimates as it continues to experience strong load growth across its customer base. Specifically, the load has surpassed pre-pandemic levels and is in an expansion phase, which has the management team cautiously optimistic for the latter half of the year. However, management has kept 2022 forecasts the same, including an expected reduction in Commercial sales, up 4.1% YTD. We expect an update to load growth assumptions at the Company's analyst day on October 4. Other updates expected at the analyst day include an update on the KY Power sale, incremental data points to the contracted renewable asset sale, and the introduction of 2023 guidance. See our note here.

AGR — AGR reported strong 2Q results and maintained guidance for the year. Results bested our forecast on outperformance in the network segment. We expect the upcoming investor day to be the next pivot point at which management is likely to outline long-term financial targets and capital allocation optionality, including potential asset rotation or partnerships to fund the offshore capex, as well as a potential PNM closing. In the meantime, we are tracking the many rate cases in progress and an imminent court ruling on the NECEC project. See our note here.

FE — FE reported an in-line quarter with EPS of $0.53 vs. our estimate of $0.52. The Company's results were boosted by contributions from a JV in a MT mining facility and lower interest expenses as a result of retiring ~$2.4B of Holdco debt in 1H22. Consequently, FE has received upgrades from Fitch and pulled its 13% FFO/debt target to 2023. The pension remains a headwind for the Company, which now expects a $0.30 drag on 2023 earnings as a result of market volatility. FE has identified a number of measures in the near term to offset the EPS impact and remains confident in its 2023 range and long-term EPS growth rate, while it has begun initial steps in exploring long-term alternatives. See our note here.

NEE — NEE reported results ahead of expectations as FPL benefited from capex spending and NEER from stronger wind resources in the quarter. The call offered few incremental data points as it followed a detailed analyst day and the EPS guidance was maintained. NEER continues to show strong growth as management navigates the challenges posed by the UFLPA and the AD/CVD investigations. Notably, the 24-month tariff reprieve provided by the administration has resulted in projects being halted as a result of the investigation being restarted. As such, the growth from new projects at NEER will be back-end-loaded in the year. See our note here.

NEP — NEP reported results above our expectations and maintained YE22 run rate guidance. Management once again reiterated the 12-15% distribution growth target. Following a detailed analyst day, there were few incremental data points, but the core thesis remains unchanged. NEP is well positioned to benefit from the decarbonization cycle — especially given the support from NEER's asset portfolio. Higher borrowing costs should be effectively offset by higher PPA prices and by NEP's access to multiple funding options. As the headwinds from the solar investigations begin to abate, we believe that NEP's robust portfolio of long-dated, contractual assets will drive investor interest. See our note here.

Figure 3 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	8/3/2022	Settlement & Supporting Testimony
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	8/4/2022	Surrebuttal Testimony
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	8/9/2022	Evidentiary Hearings Begin
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	8/10/2022	Target Date for Commission Decision
	CPI Release	BLS			8/10/2022	CPI release for Prior Month
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	8/11/2022	Evidentiary Hearings Begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	8/12/2022	Updated Testimony
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	8/12/2022	Updated Testimony
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	8/14/2022	Interim Rate Effective
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	8/15/2022	Delmarva Rebuttal Testimony
	Transmission Planning NOPR	FERC	RM21-17-000	Transmission	8/17/2022	Initial Comments Due
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	8/17/2022	Evidentiary Hearings Begin
IL	Ameren Illinois	AEE	D-22-0297	Electric	8/18/2022	Staff/Intervenor rebuttal testimony due
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	8/19/2022	Intervenor Testimony
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	8/22/2022	Effective Date
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	8/24/2022	Staff/Intervenor Testimony
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	8/24/2022	Staff/Intervenor Rebuttal Testimony
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	8/26/2022	Intervenor Direct Testimony

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 4 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	23.8	Sector Weight	NA	$93.12	2.5%	58%	4.05	4.35	4.61	23.0x	21.4x	20.2x	4.07	4.37	4.66	22.9x	21.3x	20.0x
AEP	American Electric Power Company In	50.2	Sector Weight	NA	$98.56	3.2%	63%	4.99	5.34	5.74	19.8x	18.5x	17.2x	5.00	5.28	5.62	19.7x	18.7x	17.6x
CMS	CMS Energy Corp	19.9	Sector Weight	NA	$68.73	2.7%	64%	2.89	3.07	3.33	23.8x	22.4x	20.6x	2.88	3.12	3.39	23.9x	22.0x	20.3x
CNP	CenterPoint Energy Inc	19.8	Overweight	$32	$31.69	2.1%	47%	1.37	1.49	1.60	23.1x	21.3x	19.8x	1.37	1.49	1.61	23.1x	21.2x	19.6x
D	Dominion Energy Inc	66.0	Overweight	$88	$81.98	3.3%	65%	4.12	4.38	4.66	19.9x	18.7x	17.6x	4.12	4.38	4.67	19.9x	18.7x	17.5x
DTE	DTE Energy Co	25.0	Sector Weight	NA	$130.30	2.7%	59%	6.03	6.27	6.63	21.6x	20.8x	19.7x	5.99	6.28	6.70	21.7x	20.7x	19.4x
DUK	Duke Energy Corp	83.9	Overweight	$116	$109.93	3.7%	74%	5.44	5.78	6.14	20.2x	19.0x	17.9x	5.45	5.76	6.14	20.2x	19.1x	17.9x
ETR	Entergy Corp	23.2	Sector Weight	NA	$115.13	3.5%	64%	6.31	6.69	7.17	18.2x	17.2x	16.1x	6.34	6.75	7.19	18.1x	17.1x	16.0x
ES	Eversource Energy	30.4	Sector Weight	NA	$88.22	2.9%	62%	4.11	4.36	4.64	21.5x	20.2x	19.0x	4.11	4.37	4.67	21.5x	20.2x	18.9x
ED	Consolidated Edison Inc	34.9	Underweight	$75	$99.27	3.2%	70%	4.47	4.79	5.06	22.2x	20.7x	19.6x	4.50	4.84	5.09	22.0x	20.5x	19.5x
EIX	Edison International	25.0	Sector Weight	NA	$67.77	4.1%	62%	4.51	4.74	5.02	15.0x	14.3x	13.5x	4.50	4.85	5.17	15.1x	14.0x	13.1x
FE	FirstEnergy Corp	22.9	Overweight	$47	$41.10	3.8%	65%	2.38	2.55	2.73	17.3x	16.1x	15.1x	2.40	2.53	2.72	17.1x	16.2x	15.1x
PEG	Public Service Enterprise Group Inc	32.7	Sector Weight	NA	$65.67	3.3%	62%	3.45	3.75	4.06	19.0x	17.5x	16.2x	3.49	3.61	4.00	18.8x	18.2x	16.4x
SO	Southern Co	80.6	Sector Weight	NA	$76.89	3.5%	76%	3.54	3.76	4.13	21.7x	20.4x	18.6x	3.56	3.79	4.13	21.6x	20.3x	18.6x
WEC	WEC Energy Group Inc	32.5	Overweight	$104	$103.81	2.8%	67%	4.37	4.61	4.84	23.8x	22.5x	21.4x	4.37	4.60	4.90	23.8x	22.6x	21.2x
XEL	Xcel Energy Inc	36.9	Overweight	$78	$73.18	2.7%	61%	3.14	3.43	3.62	23.3x	21.3x	20.2x	3.17	3.40	3.63	23.1x	21.5x	20.2x
					Average:	**3.1%**	**64%**				**20.8x**	**19.5x**	**18.3x**				**20.8x**	**19.5x**	**18.2x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.1	Sector Weight	NA	$42.26	4.2%	90%	1.94	2.47	2.62	21.8x	17.1x	16.1x	1.95	2.47	2.62	21.6x	17.1x	16.1x
NWE	NorthWestern Corp	3.0	Overweight	$64	$55.45	4.6%	77%	3.29	3.51	3.66	16.9x	15.8x	15.2x	3.28	3.50	3.72	16.9x	15.8x	14.9x
OTTR	Otter Tail Corp	2.9	Sector Weight	NA	$70.27	2.3%	32%	5.37	3.81	3.84	13.1x	18.4x	18.3x	5.09	3.46	3.59	13.8x	20.3x	19.6x
PNW	Pinnacle West Capital Corp	8.3	Underweight	$62	$73.47	4.7%	85%	3.97	4.24	4.45	18.5x	17.3x	16.5x	4.02	4.19	4.48	18.3x	17.6x	16.4x
POR	Portland General Electric Co	4.6	Sector Weight	NA	$51.34	3.5%	69%	2.57	2.81	2.94	20.0x	18.3x	17.5x	2.59	2.84	3.03	19.8x	18.0x	16.9x
					Average:	**3.8%**	**71%**				**18.0x**	**17.4x**	**16.7x**				**18.1x**	**17.8x**	**16.8x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	18.8	Underweight	$40	$48.73	3.6%	79%	2.33	2.19	2.31	20.9x	22.3x	21.1x	2.23	2.21	2.36	21.8x	22.0x	20.7x
NEE	Nextera Energy Inc	166.1	Overweight	$88	$84.49	2.0%	59%	2.85	3.05	3.33	29.6x	27.7x	25.4x	2.86	3.08	3.35	29.5x	27.4x	25.2x
SRE	Sempra Energy	51.4	Sector Weight	NA	$165.80	2.8%	54%	8.49	8.96	9.64	19.5x	18.5x	17.2x	8.54	8.99	9.60	19.4x	18.4x	17.3x
					Average:	**2.8%**	**64%**				**23.4x**	**22.8x**	**21.2x**				**23.6x**	**22.6x**	**21.0x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	21.1	Overweight	$70	$66.10	0.8%	21%	2.22	3.64	4.06	29.8x	18.2x	16.3x	2.56	4.15	5.25	25.8x	15.9x	12.6x
NRG	NRG Energy Inc	8.9	Not Covered	NA	$37.75	3.7%	39%	NA	NA	NA	NA	NA	NA	3.59	4.32	5.25	10.5x	8.7x	7.2x
VST	Vistra Corp	10.7	Not Covered	NA	$25.85	2.8%	33%	NA	NA	NA	NA	NA	NA	2.20	2.24	2.46	11.7x	11.5x	10.5x
					Average:	**2.4%**	**31%**				**29.8x**	**18.2x**	**16.3x**				**16.0x**	**12.1x**	**10.1x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Stock prices are taken from July 29, 2022.

Figure 5 - Stock Price Performance

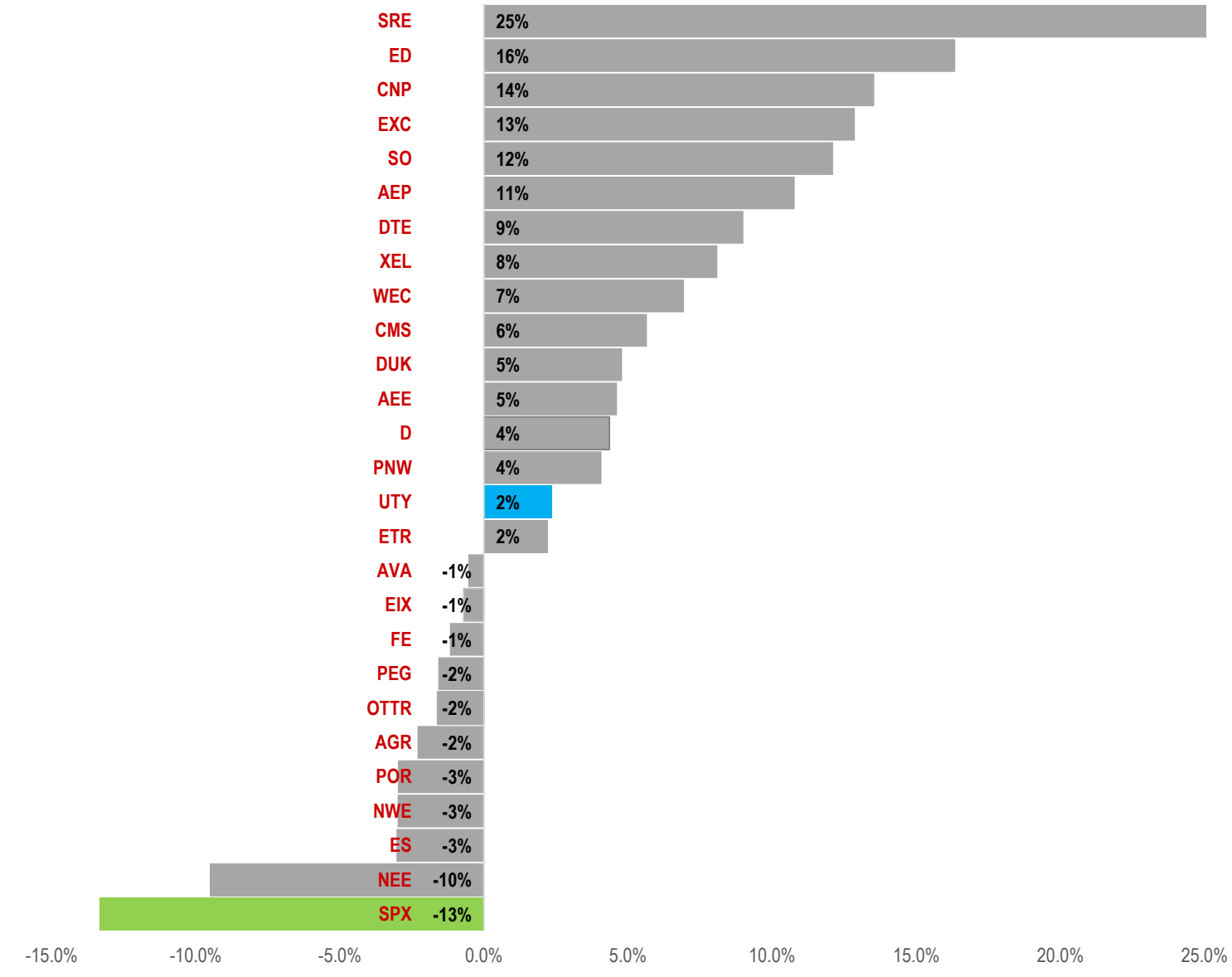

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

HASI: Parsing Through Short Seller Report

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	283	49.30	71	25.09
Sector Weight [SW]	279	48.61	60	21.51
Underweight [UW]	12	2.09	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	15	40.54	10	66.67
Sector Weight [SW]	19	51.35	10	52.63
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

July 25, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: SO, DUK, EXC, AGR, SRE, AVA, XEL, DTE, FERC, NERC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We are entering the first full week of earnings, with AEP, AGR, FE, DTE, CMS, XEL, POR, SO, NWE, EIX, and ES scheduled to report. ENPH, NOVA, and FSLR, within our alternative energy coverage, will also report. Aside from earnings, we are tracking proceedings in SO's VCM 26, Piedmont's natural gas rate case, and ComEd's FRP. In other news, NERC cautions against premature transition away from gas to renewables and proposed transmission expansion; AGR gets a reprieve in ME as the DEP upholds a permit for NECEC; GA PSC approves GP's 2022 IRP settlement; SRE and CFE to expand infrastructure partnership; AEL&P files AK GRC; XEL begins planning for a 140-mile transmission line in MN and an RNG deal could have implications for DTE's Vantage segment.

Earnings Calendar

2Q earnings continue: AEP, AGR, FE, DTE, CMS, XEL, POR, SO, NWE, EIX, and ES are scheduled to report this week (see calendar below). Our recently published preview includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

2Q22 Earnings Calls			
Company Name	Ticker	Date	Time (ET)
American Electric Power Co	AEP	7/27/2022	9:00 AM
Avangrid Inc	AGR	7/27/2022	10:00 AM
FirstEnergy Corp	FE	7/27/2022	11:00 AM
DTE Energy Co	DTE	7/28/2022	8:30 AM
CMS Energy Corp	CMS	7/28/2022	9:30 AM
Xcel Energy Inc	XEL	7/28/2022	10:00 AM
Portland General Electric Co	POR	7/28/2022	11:00 AM
Southern Co	SO	7/28/2022	1:00 PM
NorthWestern Corp	NWE	7/28/2022	3:30 PM
Edison International	EIX	7/28/2022	4:30 PM
Eversource Corp	ES	7/29/2022	9:00 AM

Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

SO — Rebuttal testimony in VCM 26 is due on July 25: Previously, in testimony Staff mentioned that Unit 3 COD by February 2023 as shown in the current risk-adjusted schedule is reasonable but not without risk. The risk to the February 2023 schedule stems from the significant amount of work to be completed after fuel load when the plant is subject to the technical specifications or the operating rules for a nuclear power plant. Unit 4 COD on a risk-adjusted basis is forecast to be December 2023, assuming the Company learns the lessons from the delays in Unit 3. Staff believes that the Company will be able to complete the project at the cost estimate provided by the Company in February of this year — assuming COD in February and December 2023, respectively. GP's VCM 26 pertains to the July-December 2021 period. In this filing, GP presents $584M in capex for review only and does not request the Commission to

take any action at this time. In VCM 26, GP also projects an increase in its share of the project cost to $10B (+$745M since VCM 25) and provides new in-service dates. The estimated remaining capex to complete the project is ~$1.5B, including GP's share of project contingency.

DUK — Rebuttal testimony in Piedmont's natural gas rate case is due on July 26: In previously provided testimony Staff recommended a $2.7M revenue increase premised on 9.3% ROE and 53.05% equity. After factoring in ~$2.8M associated with the cost of gas demand revenues to align with fixed gas costs, rates would see a net decrease of ~$187K. As a reminder, Piedmont is seeking a $9.6M revenue increase on a 9.9% ROE (54.56% equity with a $505M YE21 rate base). This is Piedmont's first rate-case filing in nearly two decades. After factoring in $3M associated with the cost of gas demand revenues to align with fixed gas costs, the net increase sought is $6.7M. Piedmont is also seeking continued reg asset treatment for certain environmental remediation expenses and a continuation of previously approved depreciation rates. The utility has been operating under SC's Rate Stabilization Act since 2005. This allows the gas utility to adjust rates regularly based on gas prices and other factors.

EXC — Rebuttal testimony in the ComEd FRP filing is scheduled for July 27: Previously Staff filed testimony recommending a $195M revenue increase, in line with ComEd's formula rate plan proposal for a $199M revenue increase. Staff and ComEd's increases are premised on a 7.85% ROE, 49.45% equity, and a rate base of ~$14B. ROE calculation in the FRP is formulaic and set by statute. ComEd's previous rate plan was approved at a 7.36% ROE in 2021. A final decision is expected toward the end of the year, with new rates effective in 2023. This will be EXC's last formula rate plan filing in IL. EXC is currently engaged with stakeholders and the ICC to finalize the performance metrics that will make it into the final PBR framework. An outcome is expected in 3Q, at which point ComEd will decide whether to file a four-year rate plan in 2023 or a traditional future test year plan. A filing is expected in early 2023.

FERC — FERC's Open Meeting is scheduled for July 28: A copy of the Sunshine Notice is included here.

Recent Developments for Companies Under Our Coverage

From our midweek: We published our 2Q22 earnings preview, and 2Q earnings season begins with NEE and NEP scheduled to report results on Friday. In other news, the CPUC launches proceedings to improve demand flexibility through real-time electric rates; FE files for a $626M OH Grid Mod II program; XEL files rebuttal testimony in PSCo's gas rate case; Kingsport Power reaches a settlement in its TN electric GRC; the NY PSC issues an order for customer credits in the event of prolonged outages; ApCo receives an SCC approval for ~500 MW of solar and wind power; and AEP announces a fuel-flexible linear generator pilot in OK.

NERC warns against premature shift away from natural gas and emphasizes the importance of added transmission infrastructure sharing as climate-related grid failures rise. NERC's 2022 State of Reliability report underscores the challenges faced by the grid as it grapples with the transition to renewables and with extreme weather events.

- The report emphasizes the importance of maintaining gas as a bridge fuel for grid reliability. According to the report, a failure of gas generation was one of the reasons for the outages in TX during Storm Uri. As a result of the winter storm event, the amount of unserved energy caused by operator-initiated load shedding was the highest since NERC started keeping records and 100x higher than the previous year (1,015 GWh in 2021 vs. 13 GWh in 2020). The report also singled out grid interconnection-related emergencies in TX and CA where solar generation tripped as inverters ceased operation. Inverters are one of the most critical components in a solar generation system, enabling the conversion of DC to AC. Growing renewable generation (500 GW of solar and 400 GW of wind expected to come online over the next 10 years) makes added transmission an imperative. The grid tripping highlights the need for more interregional electric transmission to allow different regions to share power when grid conditions become tight.
- To this end, FERC has initiated rule-making proceedings to jumpstart the grid buildout (Docket RM21-17) and interconnection procedures (Docket RM22-14).
- Democratic Congressmen from CA have proposed two bills in Congress that if enacted could address the NERC's concerns. The two bills address the issues of reinforcing the power grid against extreme weather. One bill called the Reinforcing the Grid Against Extreme Weather Act would require the FERC to establish minimum transfer capacity requirements between RTOs and would fall under the Federal Power Act. The other bill, the Grid Resilience Act would direct FERC and NERC to jointly study a reliability standard for thermoelectric power plants during droughts.

AGR — DEP upholds permit for NECEC transmission project, a positive for AGR: The ME DEP made a unanimous decision to uphold a previously issued permit. The permit was suspended in November last year after a ME Superior Court judge rendered a one-mile lease issued by the Bureau of Public Lands invalid. Recall that construction on the NECEC project has been halted since the referendum of 2020 when the DEP suspended the work license. The ME Supreme Judicial Court is currently deliberating on two separate cases related to NECEC: 1) whether NECEC has a valid lease to cross a stretch of state land; and 2) whether the November referendum affects NECEC's right to continue construction along the planned route. The DEP's decision to uphold the previously issued permit may render the first issue moot if the Court decides to send the issue back to the BPL. A decision from the court is expected this summer. See our more detailed write-up on the pending issues here and here.

SO — GA PSC approves GP's 2022 IRP settlement: The GA PSC approved the IRP settlement between SO and interveners, which will put SO on a trajectory to retire all company-operated coal units by 2028, except for Plant Bowen Units 1-2 (806 MW, 789 MW), which will be re-evaluated as part of the next IRP. If the units are kept open past the end of 2027, GP would be allowed cost recovery. To support the transition, the PSC approved SO to add 2,300 MW of renewables over the next three years and 6,000 MW by 2035. SO will also make additional investments at two of its hydro plants — Sinclair and Burton. The PSC has tentatively approved the 265 MW McGrau Ford Battery facility, which will undergo additional review before construction. SO received approval for an incremental 500 MW of battery storage and will acquire 2 GW of natural gas-fired capacity via PPAs to maintain reliability. We wrote about SO's initial IRP filing here.

SRE — SRE and CFE to expand infrastructure partnership: SRE and Mexico's Federal Electricity Commission (CEF) agreed to advance the joint venture in developing energy infrastructure. The agreements include advancing service restoration of the Guaymas-El Oro pipeline, defining the configuration of the proposed Vista Pacifico LNG terminal (planned as a 4 MTPA facility), and studying the potential for developing an LNG terminal in Salina Cruz, Oaxaca. Vista Pacifico is planned to be located near an existing refined products terminal owned by SRE and will have access to Permian gas through two existing pipelines currently under-utilized. All of these projects have the potential to use existing natural gas infrastructure to increase global LNG supply.

AVA — AEL&P files AK GRC: AVA filed an electric rate case in AK, requesting a $3.2M revenue increase premised on 13.45% ROE and 60.7% equity layer. AVA is requesting that $1.6M in interim rates become effective Sept. 1, subject to a refund. The last AK rate case was settled in 2017 with a $3.4M rate increase based on 11.95% ROE and 58.18% equity. A decision is expected no later than 4Q23.

XEL — XEL begins planning for a 140-mile transmission line in MN: XEL is planning a 140-mile transmission line to connect renewable resources to the existing grid at the 2.2 GW Sherco coal plant. Construction is expected to start in 2026 with a project completion timeline of 2028. The line will use the existing substation infrastructure at Sherco and the project is expected to cost $500M. The MN PUC approved the project as part of the recent IRP order.

DTE — BlackRock is acquiring an RNG operator: BlackRock agreed to buy privately held RNG operator Vanguard Renewables. According to the WSJ, BLK paid $700M for Vanguard Renewables and plans to invest at least $1B to build out its anaerobic digester network. Vanguard runs 6 anaerobic digesters across MA and VT and plans to commission over 100 anaerobic digesters to produce natural gas in the U.S. by 2026. Vanguard mitigates GHG emissions from food waste and cow manure through an anaerobic co-digestion process that converts inedible food and beverage waste and dairy manure into RNG and liquid low-carbon fertilizer. DTE within our utility coverage has an RNG business (Vantage), which we have viewed as a business that the Company may monetize at the right value.

Earnings Recap

NEE — NEE reported results ahead of expectations as FPL benefited from capex spending and NEER from stronger wind resources in the quarter. The call offered few incremental data points as it followed a detailed analyst day and the EPS guidance was maintained. NEER continues to show strong growth as management navigates the challenges posed by the UFLPA and the AD/CVD investigations. Notably, the 24-month tariff reprieve provided by the administration has resulted in projects being halted as a result of the investigation being restarted. As such, the growth from new projects at NEER will be back-end-loaded in the year. See our note here.

NEP — NEP reported results above our expectations and maintained YE22 run rate guidance. Management once again reiterated the 12-15% distribution growth target. Following a detailed analyst day, there were few incremental data points, but the core thesis remains unchanged. NEP is well positioned to benefit from the decarbonization cycle — especially given the support from NEER's asset portfolio. Higher borrowing costs should be effectively offset by higher PPA prices and by NEP's access to multiple funding options. As the headwinds from the solar investigations begin to abate, we believe that NEP's robust portfolio of long-dated, contractual assets will drive investor interest. See our note here.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	7/25/2022	Rebuttal Testimony Due
SC	Piedmont Natural Gas Co.	DUK	D-2022-89-G	Natural Gas	7/26/2022	Rebuttal Testimony Due
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	7/27/2022	Rebuttal Testimony Due
	Federal Energy Reg Comm	FERC			7/28/2022	Open Meeting
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	8/2/2022	Hearings on Rebuttal Testimony
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	8/3/2022	Settlement & Supporting Testimony
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	8/4/2022	Surrebuttal Testimony
SC	Piedmont Natural Gas Co.	DUK	D-2022-89-G	Natural Gas	8/5/2022	Staff and Intervenor Surrebuttal Testimony Due
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	8/9/2022	Evidentiary Hearings Begin
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	8/10/2022	Target Date for Commission Decision
	CPI Release	BLS			8/10/2022	CPI release for Prior Month
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	8/11/2022	Evidentiary Hearings Begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	8/12/2022	Updated Testimony
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	8/12/2022	Updated Testimony
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	8/14/2022	Interim Rate Effective
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	8/15/2022	Delmarva Rebuttal Testimony
	Transmission Planning NOPR	FERC	RM21-17-000	Transmission	8/17/2022	Initial Comments Due
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	8/17/2022	Evidentiary Hearings Begin
IL	Ameren Illinois	AEE	D-22-0297	Electric	8/18/2022	Staff/Intervenor rebuttal testimony due
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	8/19/2022	Intervenor Testimony

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('22E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	22.3	Sector Weight	NA	$87.43	2.7%	58%	4.05	4.35	4.61	21.6x	20.1x	19.0x	4.07	4.37	4.66	21.5x	20.0x	18.8x
AEP	American Electric Power Company Ir	47.7	Sector Weight	NA	$94.35	3.4%	63%	4.99	5.34	5.74	18.9x	17.7x	16.4x	5.00	5.29	5.63	18.9x	17.8x	16.8x
CMS	CMS Energy Corp	18.5	Sector Weight	NA	$65.18	2.8%	64%	2.89	3.07	3.33	22.6x	21.2x	19.6x	2.88	3.12	3.39	22.6x	20.9x	19.2x
CNP	CenterPoint Energy Inc	18.5	Overweight	$32	$29.70	2.2%	47%	1.37	1.49	1.60	21.7x	19.9x	18.6x	1.37	1.49	1.61	21.6x	19.9x	18.4x
D	Dominion Energy Inc	61.6	Overweight	$88	$77.35	3.5%	65%	4.12	4.38	4.66	18.8x	17.7x	16.6x	4.12	4.38	4.67	18.8x	17.7x	16.5x
DTE	DTE Energy Co	23.5	Sector Weight	NA	$123.75	2.9%	59%	6.03	6.27	6.63	20.5x	19.7x	18.7x	5.98	6.28	6.70	20.7x	19.7x	18.5x
DUK	Duke Energy Corp	79.7	Overweight	$116	$104.98	3.8%	74%	5.44	5.78	6.14	19.3x	18.2x	17.1x	5.45	5.76	6.14	19.3x	18.2x	17.1x
ETR	Entergy Corp	22.0	Sector Weight	NA	$109.37	3.7%	64%	6.31	6.69	7.17	17.3x	16.3x	15.3x	6.34	6.75	7.19	17.2x	16.2x	15.2x
ES	Eversource Energy	28.6	Sector Weight	NA	$84.06	3.0%	62%	4.11	4.36	4.64	20.5x	19.3x	18.1x	4.11	4.38	4.67	20.5x	19.2x	18.0x
ED	Consolidated Edison Inc	32.2	Underweight	$75	$92.44	3.4%	70%	4.47	4.79	5.06	20.7x	19.3x	18.3x	4.51	4.84	5.09	20.5x	19.1x	18.2x
EIX	Edison International	23.2	Sector Weight	NA	$61.33	4.6%	62%	4.51	4.74	5.02	13.6x	12.9x	12.2x	4.50	4.85	5.16	13.6x	12.6x	11.9x
EXC	Exelon Corp	42.4	Overweight	$45	$44.02	3.1%	61%	2.26	2.42	2.59	19.5x	18.2x	17.0x	2.26	2.42	2.59	19.5x	18.2x	17.0x
FE	FirstEnergy Corp	21.6	Overweight	$47	$38.32	4.1%	65%	2.38	2.55	2.73	16.1x	15.0x	14.0x	2.40	2.54	2.73	15.9x	15.1x	14.0x
PEG	Public Service Enterprise Group Inc	29.8	Sector Weight	NA	$60.10	3.6%	62%	3.45	3.75	4.06	17.4x	16.0x	14.8x	3.49	3.61	4.01	17.2x	16.6x	15.0x
SO	Southern Co	75.3	Sector Weight	NA	$71.94	3.8%	76%	3.54	3.76	4.13	20.3x	19.1x	17.4x	3.56	3.79	4.13	20.2x	19.0x	17.4x
WEC	WEC Energy Group Inc	30.4	Overweight	$104	$97.86	3.0%	67%	4.37	4.61	4.84	22.4x	21.2x	20.2x	4.37	4.60	4.90	22.4x	21.3x	20.0x
XEL	Xcel Energy Inc	36.9	Overweight	$78	$68.67	2.8%	61%	3.14	3.43	3.62	21.9x	20.0x	19.0x	3.17	3.40	3.63	21.6x	20.2x	18.9x
					Average:	**3.3%**	**64%**				**19.6x**	**18.4x**	**17.2x**				**19.5x**	**18.3x**	**17.1x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.0	Sector Weight	NA	$40.82	4.3%	90%	1.94	2.47	2.62	21.0x	16.5x	15.6x	1.95	2.47	2.62	20.9x	16.6x	15.6x
NWE	NorthWestern Corp	2.9	Overweight	$64	$54.50	4.6%	77%	3.29	3.51	3.66	16.6x	15.5x	14.9x	3.29	3.50	3.71	16.6x	15.6x	14.7x
OTTR	Otter Tail Corp	2.7	Sector Weight	NA	$65.84	2.5%	32%	5.37	3.81	3.84	12.3x	17.3x	17.1x	5.09	3.46	3.59	12.9x	19.0x	18.3x
PNW	Pinnacle West Capital Corp	7.8	Underweight	$62	$70.24	4.9%	85%	3.97	4.24	4.45	17.7x	16.6x	15.8x	4.02	4.19	4.48	17.5x	16.8x	15.7x
POR	Portland General Electric Co	4.5	Sector Weight	NA	$50.21	3.6%	70%	2.57	2.81	2.94	19.5x	17.9x	17.1x	2.59	2.85	3.02	19.4x	17.6x	16.6x
					Average:	**4.0%**	**71%**				**17.4x**	**16.8x**	**16.1x**				**17.5x**	**17.1x**	**16.2x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	17.4	Underweight	$40	$45.34	3.9%	80%	2.33	2.19	2.31	19.5x	20.7x	19.6x	2.23	2.21	2.36	20.4x	20.5x	19.2x
NEE	Nextera Energy Inc	154.9	Overweight	$88	$80.25	2.1%	59%	2.85	3.05	3.33	28.2x	26.3x	24.1x	2.85	3.08	3.34	28.1x	26.1x	24.0x
SRE	Sempra Energy	48.2	Sector Weight	NA	$154.24	3.0%	54%	8.49	8.96	9.64	18.2x	17.2x	16.0x	8.54	8.99	9.60	18.1x	17.2x	16.1x
					Average:	**3.0%**	**64%**				**21.9x**	**21.4x**	**19.9x**				**22.2x**	**21.2x**	**19.8x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	17.7	Overweight	$70	$54.00	1.0%	21%	2.22	3.64	4.06	24.3x	14.8x	13.3x	2.56	4.27	5.26	21.1x	12.7x	10.3x
NRG	NRG Energy Inc	8.6	Not Covered	NA	$35.63	3.9%	39%	NA	NA	NA	NA	NA	NA	3.59	4.32	5.25	9.9x	8.3x	6.8x
VST	Vistra Corp	10.1	Not Covered	NA	$23.00	3.1%	35%	NA	NA	NA	NA	NA	NA	2.04	2.34	2.42	11.3x	9.8x	9.5x
					Average:	**2.7%**	**32%**				**24.3x**	**14.8x**	**13.3x**				**14.1x**	**10.2x**	**8.9x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 4 - Stock Price Performance

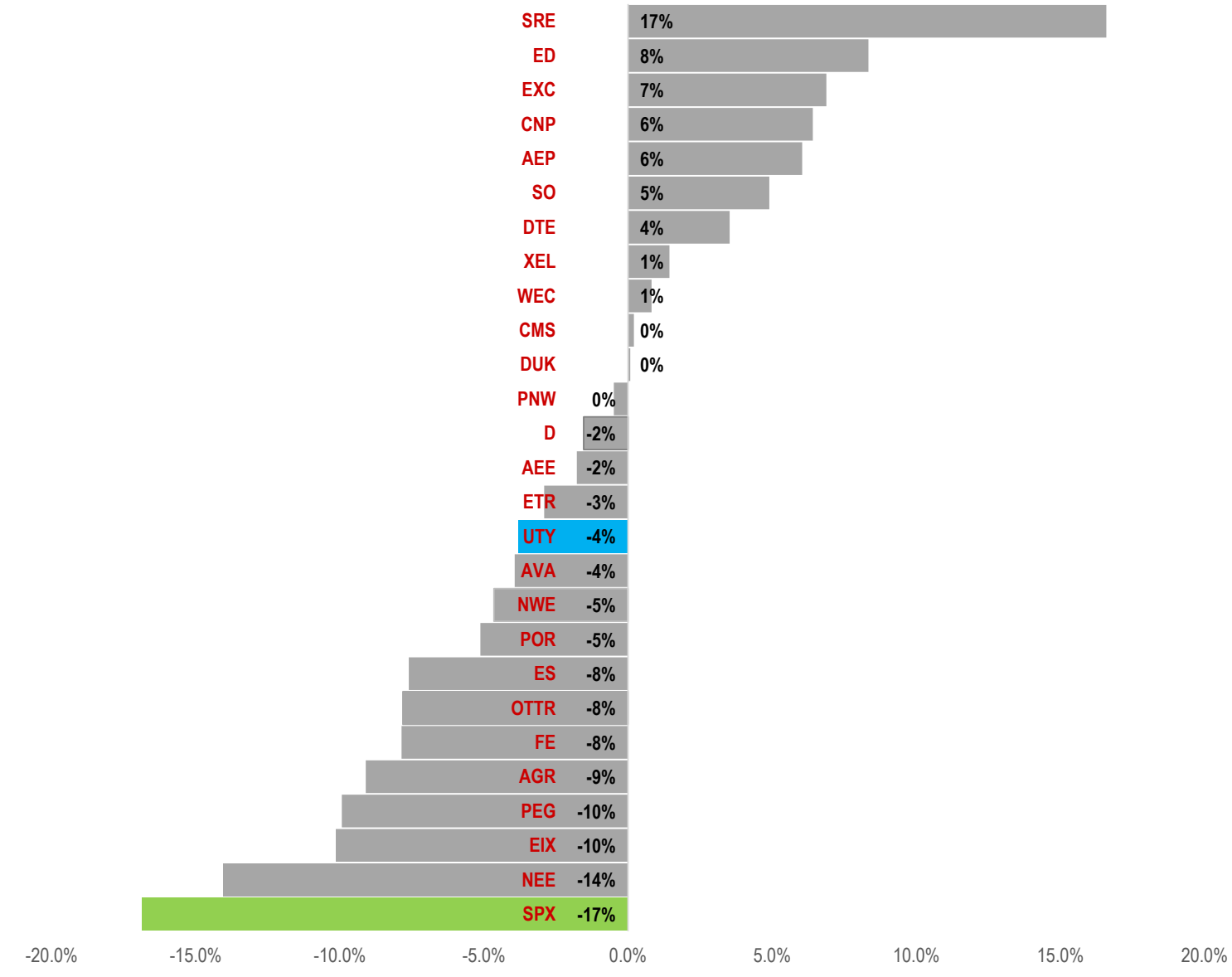

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

HASI: Parsing Through Short Seller Report

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	285	49.57	72	25.26
Sector Weight [SW]	278	48.35	60	21.58
Underweight [UW]	12	2.09	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	15	40.54	10	66.67
Sector Weight [SW]	19	51.35	10	52.63
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Equity Research

Earnings Estimates Revised — July 22, 2022

Diversified Electric Utilities

Exelon Corporation (EXC)

EXC: Non-Material Estimate Change

Slight changes to 2022 quarterly estimates

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

Rating	Equal Weight
Ticker	**EXC**
Price Target/Prior:	**$52.00/$50.00**
Upside/(Downside) to Target	**20.2%**
Price (07/21/2022)	**$43.26**
52 Week Range	$32.66 - 50.71
Shares Outstanding	980,209,605
Market Cap (MM)	$42,404
Enterprise Value (MM)	$80,181
Average Daily Volume	6,815,493
Average Daily Value (MM)	$295
Dividend (NTM)	$1.53
Dividend Yield	3.5%
Net Debt (MM) - last reported	$37,777
ROIC - Current year est.	10%
3 Yr EPS CAGR from current year (unless otherwise noted)	(9)%

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.

FY(Dec) $		2021A	2022E Curr.	2022E Prior	2023E Curr.	2023E Prior
EPS	Q1 (Mar)	(0.06) A	0.64 A	0.66A	-	NC
	Q2 (Jun)	0.89 A	0.46 E	0.50E	-	NC
	Q3 (Sep)	1.09 A	0.68 E	0.66E	-	NC
	Q4 (Dec)	0.90 A	0.52 E	0.50E	-	NC
	AN	2.82 A	2.30 E	NC	2.42 E	NC
Rev. (MM)		36,347.0 A	18,928.5 E	NC	19,543.3 E	NC
EBIT (MM)		2,723.0 A	3,850.7 E	NC	4,153.9 E	NC
EBITDA (MM)		8.76B A	6.99B E	NC	7.53B E	NC
DPS		1.53 A	1.35 E	NC	1.44 E	NC
EV/EBITDA		9.2x	11.5x		10.6x	
EV/Revenue		2.2x	4.2x		4.1x	
P/E		15.3x	18.8x		17.9x	

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.
NA = Not Available, Volatility = Historical trading volatility

All estimates/forecasts are as of 7/22/2022 unless otherwise stated. 7/22/2022 11:29:26EDT. Please see page 4 for rating definitions, important disclosures and required analyst certifications. Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

EXC Earnings Model ($ millions except per share data)	2021	2022E	2023E	2024E	2025E	2026E
Revenues	**$36,347**	**$18,928**	**$19,543**	**$20,318**	**$20,993**	**$21,671**
Expenses						
Purchased Power/Fuel/Power Cost Adjustments	17,364	6,398	6,412	6,427	6,441	6,456
Other O&M	8,659	4,238	4,276	4,315	4,354	4,393
Depreciation & Amortization	6,036	3,135	3,380	3,630	3,891	4,152
Other	1,565	1,249	1,264	1,279	1,294	1,309
Total Expenses	**$33,624**	**$15,078**	**$15,389**	**$15,708**	**$16,038**	**$16,368**
EBIT	**$2,723**	**$3,851**	**$4,154**	**$4,610**	**$4,955**	**$5,303**
EBITDA	**$8,759**	**$6,986**	**$7,533**	**$8,241**	**$8,846**	**$9,455**
Other Income	1,056	271	266	266	266	261
Interest Expense	1,571	1,356	1,271	1,237	1,169	1,089
Income Taxes	370	393	449	539	581	630
Tax Rate	*17%*	*15%*	*16%*	*17%*	*17%*	*17%*
Earnings						
Income from Continuing Operations	$1,838	$2,259	$2,394	$2,643	$2,852	$3,076
Nonrecurring	0	0	0	0	0	0
Adjustment for Non-Controlling Interest	(123)	0	0	0	0	0
Net Income	**$1,706**	**$2,259**	**$2,394**	**$2,643**	**$2,852**	**$3,076**
Avg. Diluted Shares Outstanding	980	983	990	996	1,002	1,007
EPS	$1.74	$2.30	$2.42	$2.65	$2.85	$3.05
Non-Recurring	(1.08)	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$2.82**	**$2.30**	**$2.42**	**$2.65**	**$2.85**	**$3.05**
Q1 EPS	(0.06)	0.64				
Q2 EPS	0.89	0.46				
Q3 EPS	1.09	0.68				
Q3 EPS	0.90	0.52				

EXC Supplemental Information	2021	2022E	2023E	2024E	2025E	2026E
Dividend Information						
Dividends Per Share - YE Rate	$1.53	$1.35	$1.44	$1.55	$1.67	$1.80
Dividends Paid Per Share	1.53	1.35	1.44	1.55	1.67	1.80
Payout Ratio	54%	59%	60%	58%	59%	59%
Cash Flow & Balance Sheet Items						
Capital Expenditures (millions)	$7,981	$7,025	$7,125	$7,525	$7,600	$7,600
Book ROE	8.2%	7.8%	9.8%	10.3%	10.5%	10.7%
FFO/Debt	10%	13%	13%	13%	12%	12%
Debt/EBITDA	4.8x	5.8x	5.8x	5.8x	5.9x	5.9x
Common Equity as % of Total Capitalization	45%	37%	36%	36%	35%	35%

Source: Wells Fargo Securities, LLC estimates and company filings

Investment Thesis, Valuation and Risks

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (8%) and wires-centric asset mix are balanced by our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $52.00 from $50.00

Our $50/sh price target is based on a P/E multiple analysis. We apply a P/E of 20.5-21.0X to our 23E EPS of $2.42. Our multiple is in line with the '22 Regulated Electric peer group median as we balance positive features (strong 8% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '22 median to our 23E EPS due to the forward-looking nature of our price target.

Our DDM analysis supports a forward valuation in excess of $55/sh. Key assumptions include long-term earnings and dividend growth of 3% and a 6.75% discount rate.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

I, Neil Kalton, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

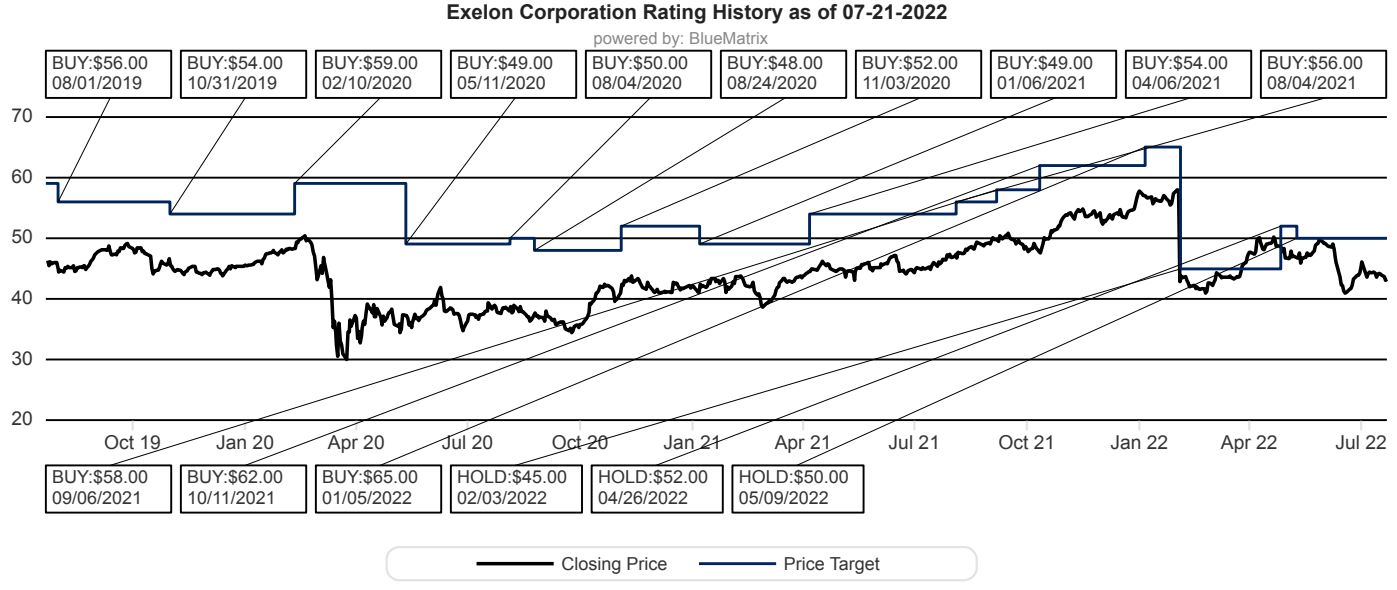

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public offering of securities for an affiliate of Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Wells Fargo Securities, LLC, received compensation for products or services other than investment banking services from Exelon Corporation in the past 12 months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-securities services to Exelon Corporation.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

1=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

2=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

3=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of July 21, 2022
55.4% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
36.6% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
8.0% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 46.3% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 39.0% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 34.7% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, should not be considered a recommendation tailored to a particular investor with respect to (i) the security or securities or (ii) any investment strategy or strategies discussed in the report. Interested parties are advised to contact the entity with which they deal, or the entity that provided this report to them, if they desire further information or they wish to effect transactions in the securities discussed in this report. The information in this report has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Additional distribution may be effected via email, fax or regular mail. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research. Each of Wells Fargo Securities, LLC, Wells Fargo Securities International Limited and Wells Fargo Securities Europe S.A. is a separate legal entity and distinct from affiliated banks. Copyright © 2022 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

KeyBanc Capital Markets

Alert

July 18, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: SO, AEE, EXC, SRE, FE, EXC, DUK, OTTR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We published a deep-dive on the renaissance in the nuclear power industry. The report builds on our virtual Spotlight event from the prior week and discusses all the key considerations for the industry as well as takeaways from the experts who anchored the panels. This week we are tracking regulatory proceedings in AEE's IL FRP and EXC's PA gas rate case, and expect a commission decision from the GA PSC on SO's GA IRP. In other news, it appears that Senator Manchin will not support the clean energy initiatives that were to be included in the reconciliation bill; Sempra enters an agreement with COP on Port Arthur; FE's derivative lawsuit settlement takes a detour as the judge seeks to appoint counsel to review the settlement; Staff files testimony in Delmarva's gas rate case and EXC files for interim rates; SC Staff files testimony in Piedmont's SC gas rate case; and OTTR files an application for a grid infrastructure rider in ND.

ICYMI

Entering the Nuclear Renaissance: We published a deep-dive on the renaissance in the nuclear power industry. The report builds on our virtual Spotlight event from the prior week and discusses all the key considerations for the industry as well as takeaways from the experts who anchored the panels. Find a copy of the report here.

Regulatory Calendar

Below we provide details on some regulatory events for this week. A detailed regulatory calendar is provided later in this report.

SO — GA PSC is expected to issue a decision in the pending 2022 IRP on July 21: SO and the interveners reached a settlement in the pending 2022 IRP. GP had filed to retire a series of coal-fired units and leave Bowen Units 3 and 4 operating. The stipulation maintained SO's plans for Wansley coal Units 1-2 to be retired in August this year. The settlement also grants SO the retirement of peakers Wansley Unit 5A and Plant Boulevard Unit 1 by August 2022 as planned. With respect to Bowen Units 1 and 2, SO filed to retire them by the end of 2027 but the parties agreed that a retirement date for Bowen Units 1-2 (806 MW, 789 MW) be determined via a separate docket—contingent upon the completion of certain transmission system improvements. If the units are kept open past the end of 2027, GP would be allowed cost recovery. The other coal plants (Scherer Unit 3, Gaston Units 1-4) will be retired by the end of 2028 as planned. Gas peaker Gaston Unit A will also be retired at the end of 2028 as originally framed by SO. The parties agreed to SO's plan for installing scrubbers to comply with ELG mandates for Bowen Units 3-4 (952 MW each) and Scherer Units 1-2.

AEE — Rebuttal testimony in AEE's IL FRP is scheduled for July 21: In testimony, the Staff proposed a 50% equity layer vs. the Company's proposed 53.99% equity and is recommending a $62M rate increase. AEE is presently seeking an $85M rate increase on a 7.85% ROE, 53.99% equity, and a rate base of $3.9B. The ROE of 7.85% is formulaic. A final decision is expected by the end of 2022, with new rates effective in January 2023. This may be AEE's last FRR filing in IL with the next rate review likely being an MYRP until the IL Energy Transition Law. The ICC is expected to approve PBR to be used under the new framework this fall.

EXC — Rebuttal testimony in PECO's PA gas rate case is scheduled for July 21: Intervenor testimony was filed June 22 but was not made public. PECO is seeking an $82M rate increase on a 10.95% ROE, 53.41% equity, and a rate base of $2.9B. The rate increase intends to cover gas main replacement programs and investments to comply with safety and reliability requirements. PECO's previous rate case was approved at 10.24% ROE in mid-2021. A final decision is expected by the end of 2022 with new rates effective in January 2023.

Recent Developments for Companies Under Our Coverage

From our midweek: We hosted a virtual meeting with the MI PSC to discuss the MI regulatory environment. In other news, we published a note following a short seller report on HASI's accounting practices and earnings quality; CNP reaches a settlement in its TX DCRF application; FPL withdraws T&D winterization program from 10-year Storm Protection Plan; TX bankruptcy judge orders

Talen to come up with a plan for Colstrip; SCE continues wildfire mitigation work with 3,500 miles of covered conductors completed; NY State officials are working on a second customer assistance program for unpaid utility bill; VA SCC approves minimum bill for community solar users; NEET commissions 20-mile NY transmission line; NEER completes TX wastewater acquisition; the Spanish government announces special taxes on utilities and banks; and ETR COO Paul Hinnenkamp announces retirement.

Senator Manchin takes his ball and goes home:

- **Will he or won't he?** After months of behind-the-scenes negotiations, the latest iteration of the news cycle is suggesting that Manchin has informed the Senate majority leader that he will oppose the package it if includes climate or energy provisions. In a previous version, it appeared that Manchin was mostly in line with the climate provisions except for the direct pay provision and credits for EVs and would have required more provisions to support domestic oil & gas drilling. The reason du jour appears to be the headline inflation data from last week. Since this report, the WV senator has also been quoted as saying to a WV TV channel that he wants to see the July CPI before making a decision and that he remains committed to energy funding. It appears that the president would like the reconciliation package to go through without the climate provisions and follow up with executive action on his climate/clean energy priorities.
- **So, now what?** On a big picture basis, we believe that the energy transition is here to stay. There is enough support at the state level and from C&I users of electricity to continue transitioning toward cleaner sources of power. The companies in our coverage have not factored in any of the key provisions of the BBB into guidance or projections. That said, the ITC and PTC provisions for wind and solar have a history of being renewed, and we would still expect that a tax extender package for their renewal could materialize before year-end (see the table provided here for a snapshot of the timeline of current wind and solar ITC and PTC).
- **That said, we do not want to underplay the importance of a long-term climate framework for the alternative energy space.** The bipartisan infrastructure bill has one-time funding for several initiatives—including existing nuclear plants (civil nuclear credit program), the creation of hydrogen hubs, and R&D dollars for emerging tech. But to make long-term investments, the industry needs more than one-time funding and a scaffold of durable tax credits to allow it to bend the cost curve down over time (see the evolution of the solar and wind industry as an example).
- **Who does this impact the most?** CEG is a merchant nuclear power producer that would have benefited from the nuclear tax credit, over the longer term. At present, there are adequate state levels credits for the plants to continue running, all CEG's units within PJM cleared the recent auction and merchant power prices are at elevated levels to support merchant generators. Residential solar providers and solar component companies were all weak on Friday as were fuel cell names. Fuel cell companies would have benefited meaningfully from the hydrogen tax credit proposed in the climate provisions. However, the fuel cell companies are more global in their operations, and given the higher level of support in Europe and elsewhere for hydrogen infrastructure, we expect the impact to be somewhat moderated through international expansions.
- Several utilities and renewables companies have written to elected representatives requesting swift passage of comprehensive energy and climate provisions to reduce GHG emissions and ensure energy security and price stability through the development of robust domestic supply chains. See our note on the provisions in the BBB for what could have been.

SRE — Sempra enters an agreement with COP on Port Arthur, taking the project closer to FID: SRE announced a partnership framework with COP that includes a plan to develop Port Arthur LNG.

- SRE announced that it has entered an HOA with COP whereby COP could enter into a definitive agreement with SRE for a 20-year LNG tolling arrangement for 5 MTPA of capacity at Phase 1 of Port Arthur LNG. The HOA also provides for COP to take a 30% equity interest in Phase 1. COP will supply natural gas to the facility. The agreement also includes the option for COP to acquire LNG offtake and equity ownership from future developments at Port Arthur. SIP would have the option to participate in carbon capture and sequestration projects developed by COP in connection with the Port Arthur LNG project. The HOA also includes provisions for collaborating on LNG offtake, natural gas supply, and equity investments in ECA Phase 2 that could include up to a third of the exported LNG volumes.
- The HOA with COP brings SRE to a point where it has mostly completed marketing Phase 1 of the project. The Company previously signed HOAs with INEOS for 1.4 MTPA, with PGNiG for 1-3 MTPA, and with RWE for 2.25 MTPA. The COP HOA takes the total to 9.65-11.65 MTPA, Port Arthur Phase 1 is a permitted project and will have a capacity of up to 13.5 MTPA and include two trains. Sempra is also marketing a similar-sized Phase 2 project. ECA Phase 2 on the other hand is in earlier stages of development while Phase 1 is currently under construction. Separately, SRE is also working on Cameron LNG Phase 2, which will include a 6.75 MTPA train.
- The strong demand for LNG exports following natural gas supply disruptions caused by the war in Europe has helped SRE bring Port Arthur to a point where it can complete FEED and potentially FID sooner than originally planned. The location of the project on the TX/LA coast makes it more suited for cargoes to Europe. A wide-ranging partnership with COP should be a positive for SRE as it provides offtake certainty as well as the investment needed to bring the project to fruition.

FE — Derivative lawsuit settlement takes a detour: Judge Adams of the Northern District of OH, who issued an order rejecting a $180M settlement to resolve the shareholder derivative lawsuits, said that he will appoint a counsel to diligently prosecute the settlement. The judge, in rejecting the order, believed that the settlement was unfair and violated the first to file doctrine, which requires

that the court in which the first suit was filed (Northern District) be the one proceeding to judgment. The settlement was filed and approved by a judge in the Southern District.

EXC — Staff files testimony in Delmarva's DE gas rate case; EXC files for interim rates: Staff filed a proposal for a $9.0M revenue increase premised on a 9.28% ROE and 49.94% equity. Excluding the $5.8M DSIC currently in rates, the proposed net increase is $3.8M. The lower ROE and rate base adjustments are the main drivers of the delta. After Staff's testimony, EXC filed for interim rates to be effective August 14, subject to a refund. As a reminder, EXC is requesting a $20.3M rate increase based on a 10.3% ROE and 50.63% equity. The increase includes $5.8M for the distribution system improvement charge, making the net increase requested $14.5M. Rebuttal testimony is due on August 15. The previous gas rate case concluded in 2021 and authorized a rate increase of $6.7M based on a 9.6% ROE and 50.37% equity layer.

DUK — Staff files testimony in Piedmont's SC gas rate case: Staff filed a proposed $2.7M revenue increase premised on a 9.3% ROE and 53.05% equity. After factoring in ~$2.8M associated with the cost of gas demand revenues to align with fixed gas costs, rates would see a net decrease of ~$187K. As a reminder, DUK's natural gas utility is seeking a $9.6M revenue increase on a 9.9% ROE (54.56% equity with a $505M YE 2021 rate base). This is Piedmont's first rate-case filing in nearly two decades. After factoring in $3M associated with the cost of gas demand revenues to align with fixed gas costs, the net increase sought is $6.7M. Piedmont is also seeking continued reg asset treatment for certain environmental remediation expenses and a continuation of previously approved depreciation rates. The utility has been operating under SC's Rate Stabilization Act since 2005. This allows the gas utility to adjust rates regularly based on gas prices and other factors.

OTTR — OTTR files an application for grid infrastructure rider in ND: In the filing, OTTR is requesting an Advanced Grid Infrastructure Cost Recovery Rider to recover forecasted costs of $3.1M in 2023 for the construction of three projects, including AMI, demand response, and outage management systems. OTTR previously received approval for the AMI and DR projects from the ND PSC through an Advanced Determination of Prudence filing. OTTR has evaluated and included the three multiyear projects as part of the Company's Innovation 2030 Initiative, through which it seeks to improve the reliability and safety of its system.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
GA	Georgia Power Co.	SO	Docket #44160	IRP	7/21/2022	Commission Decision Due
IL	Ameren Illinois	AEE	D-22-0297	Electric	7/21/2022	Rebuttal Testimony Due
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	7/21/2022	Rebuttal Testimony Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	7/25/2022	Rebuttal Testimony Due
SC	Piedmont Natural Gas Co.	DUK	D-2022-89-G	Natural Gas	7/26/2022	Rebuttal Testimony Due
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	7/27/2022	Rebuttal Testimony Due
	Federal Energy Reg Comm	FERC			7/28/2022	Open Meeting
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	8/2/2022	Hearings on Rebuttal Testimony
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	8/3/2022	Settlement & Supporting Testimony
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	8/4/2022	Surrebuttal Testimony
SC	Piedmont Natural Gas Co.	DUK	D-2022-89-G	Natural Gas	8/5/2022	Staff and Intervenor Surrebuttal Testimony Due
OH	Duke Energy Ohio Inc.	DUK	C-21-0887-EL-AIR	Electric	8/9/2022	Evidentiary Hearings Begin
OR	Avista Corp.	AVA	D-UG 433	Natural Gas	8/10/2022	Target Date for Commission Decision
	CPI Release	BLS			8/10/2022	CPI release for Prior Month
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	8/11/2022	Evidentiary Hearings Begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	8/12/2022	Updated Testimony
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	8/12/2022	Updated Testimony

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 2 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('22E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	22.5	Sector Weight	NA	$87.75	2.7%	58%	4.07	4.34	4.60	21.6x	20.2x	19.1x	4.07	4.37	4.66	21.5x	20.1x	18.8x
AEP	American Electric Power Company Ir	48.4	Sector Weight	NA	$95.22	3.3%	63%	4.98	5.33	5.73	19.1x	17.9x	16.6x	4.99	5.29	5.61	19.1x	18.0x	17.0x
CMS	CMS Energy Corp	19.1	Sector Weight	NA	$66.20	2.8%	64%	2.89	3.07	3.32	22.9x	21.6x	19.9x	2.88	3.12	3.39	23.0x	21.2x	19.6x
CNP	CenterPoint Energy Inc	18.3	Overweight	$34	$29.61	2.2%	48%	1.37	1.49	1.60	21.6x	19.9x	18.5x	1.37	1.49	1.60	21.6x	19.9x	18.5x
D	Dominion Energy Inc	63.9	Overweight	$92	$79.20	3.4%	65%	4.12	4.34	4.64	19.2x	18.2x	17.1x	4.12	4.39	4.67	19.2x	18.0x	17.0x
DTE	DTE Energy Co	24.1	Sector Weight	NA	$125.18	2.8%	59%	6.17	6.26	6.62	20.3x	20.0x	18.9x	5.98	6.28	6.69	20.9x	19.9x	18.7x
DUK	Duke Energy Corp	82.3	Overweight	$121	$107.43	3.7%	74%	5.44	5.78	6.15	19.7x	18.6x	17.5x	5.46	5.76	6.14	19.7x	18.7x	17.5x
ETR	Entergy Corp	22.3	Sector Weight	NA	$110.12	3.7%	64%	6.34	6.68	7.17	17.4x	16.5x	15.4x	6.35	6.75	7.19	17.4x	16.3x	15.3x
ES	Eversource Energy	28.8	Sector Weight	NA	$83.66	3.0%	62%	4.11	4.36	4.64	20.4x	19.2x	18.0x	4.11	4.38	4.67	20.4x	19.1x	17.9x
ED	Consolidated Edison Inc	32.9	Underweight	$72	$93.40	3.4%	71%	4.47	4.79	5.06	20.9x	19.5x	18.5x	4.50	4.84	5.09	20.7x	19.3x	18.4x
EIX	Edison International	23.4	Sector Weight	NA	$61.56	4.6%	62%	4.59	4.83	5.11	13.4x	12.7x	12.0x	4.51	4.86	5.17	13.7x	12.7x	11.9x
EXC	Exelon Corp	43.3	Overweight	$53	$44.23	3.1%	61%	2.27	2.42	2.59	19.5x	18.3x	17.1x	2.26	2.41	2.59	19.5x	18.3x	17.1x
FE	FirstEnergy Corp	21.3	Overweight	$51	$37.47	4.2%	65%	2.39	2.54	2.74	15.7x	14.8x	13.7x	2.40	2.54	2.74	15.6x	14.7x	13.7x
PEG	Public Service Enterprise Group Inc	30.1	Sector Weight	NA	$60.55	3.6%	62%	3.47	3.73	3.95	17.4x	16.2x	15.3x	3.49	3.63	4.01	17.4x	16.7x	15.1x
SO	Southern Co	76.4	Sector Weight	NA	$72.33	3.7%	76%	3.54	3.78	4.15	20.4x	19.1x	17.4x	3.56	3.79	4.12	20.3x	19.1x	17.5x
WEC	WEC Energy Group Inc	31.6	Overweight	$104	$100.75	2.9%	67%	4.37	4.61	4.83	23.1x	21.9x	20.9x	4.37	4.60	4.89	23.1x	21.9x	20.6x
XEL	Xcel Energy Inc	37.7	Overweight	$79	$69.96	2.8%	61%	3.15	3.44	3.63	22.2x	20.3x	19.3x	3.17	3.40	3.63	22.0x	20.6x	19.3x
					Average:	**3.3%**	**64%**				**19.7x**	**18.5x**	**17.4x**				**19.7x**	**18.5x**	**17.3x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.0	Sector Weight	NA	$42.19	4.2%	90%	1.95	2.48	2.63	21.6x	17.0x	16.0x	1.96	2.47	2.62	21.6x	17.1x	16.1x
NWE	NorthWestern Corp	3.1	Overweight	$67	$57.29	4.4%	77%	3.29	3.52	3.66	17.4x	16.3x	15.7x	3.29	3.50	3.71	17.4x	16.4x	15.4x
OTTR	Otter Tail Corp	2.7	Sector Weight	NA	$66.94	2.5%	32%	5.37	3.81	3.84	12.5x	17.6x	17.4x	5.09	3.46	3.59	13.2x	19.3x	18.6x
PNW	Pinnacle West Capital Corp	8.0	Underweight	$64	$70.74	4.8%	85%	4.02	4.25	4.46	17.6x	16.6x	15.9x	4.02	4.19	4.48	17.6x	16.9x	15.8x
POR	Portland General Electric Co	4.3	Sector Weight	NA	$49.49	3.6%	70%	2.55	2.81	2.95	19.4x	17.6x	16.8x	2.57	2.84	3.01	19.3x	17.4x	16.4x
					Average:	**3.9%**	**71%**				**17.7x**	**17.0x**	**16.4x**				**17.8x**	**17.4x**	**16.5x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	17.4	Underweight	$40	$45.52	3.9%	79%	2.36	2.19	2.31	19.3x	20.8x	19.7x	2.23	2.23	2.36	20.4x	20.4x	19.3x
NEE	Nextera Energy Inc	157.4	Overweight	$89	$78.71	2.2%	60%	2.85	3.05	3.33	27.6x	25.8x	23.6x	2.85	3.07	3.33	27.6x	25.6x	23.7x
SRE	Sempra Energy	46.5	Sector Weight	NA	$151.24	3.0%	54%	8.44	8.91	9.58	17.9x	17.0x	15.8x	8.52	8.98	9.59	17.8x	16.8x	15.8x
					Average:	**3.0%**	**64%**				**21.6x**	**21.2x**	**19.7x**				**21.9x**	**21.0x**	**19.6x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	18.9	Overweight	$71	$55.66	1.0%	22%	2.07	3.71	3.34	26.9x	15.0x	16.7x	2.52	4.29	5.41	22.1x	13.0x	10.3x
NRG	NRG Energy Inc	8.6	Not Covered	NA	$35.98	3.9%	37%	NA	NA	NA	NA	NA	NA	3.80	4.23	5.01	9.5x	8.5x	7.2x
VST	Vistra Corp	9.9	Not Covered	NA	$22.58	3.2%	36%	NA	NA	NA	NA	NA	NA	1.99	2.29	2.28	11.4x	9.9x	9.9x
					Average:	**2.7%**	**32%**				**26.9x**	**15.0x**	**16.7x**				**14.3x**	**10.4x**	**9.1x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 3 - Stock Price Performance

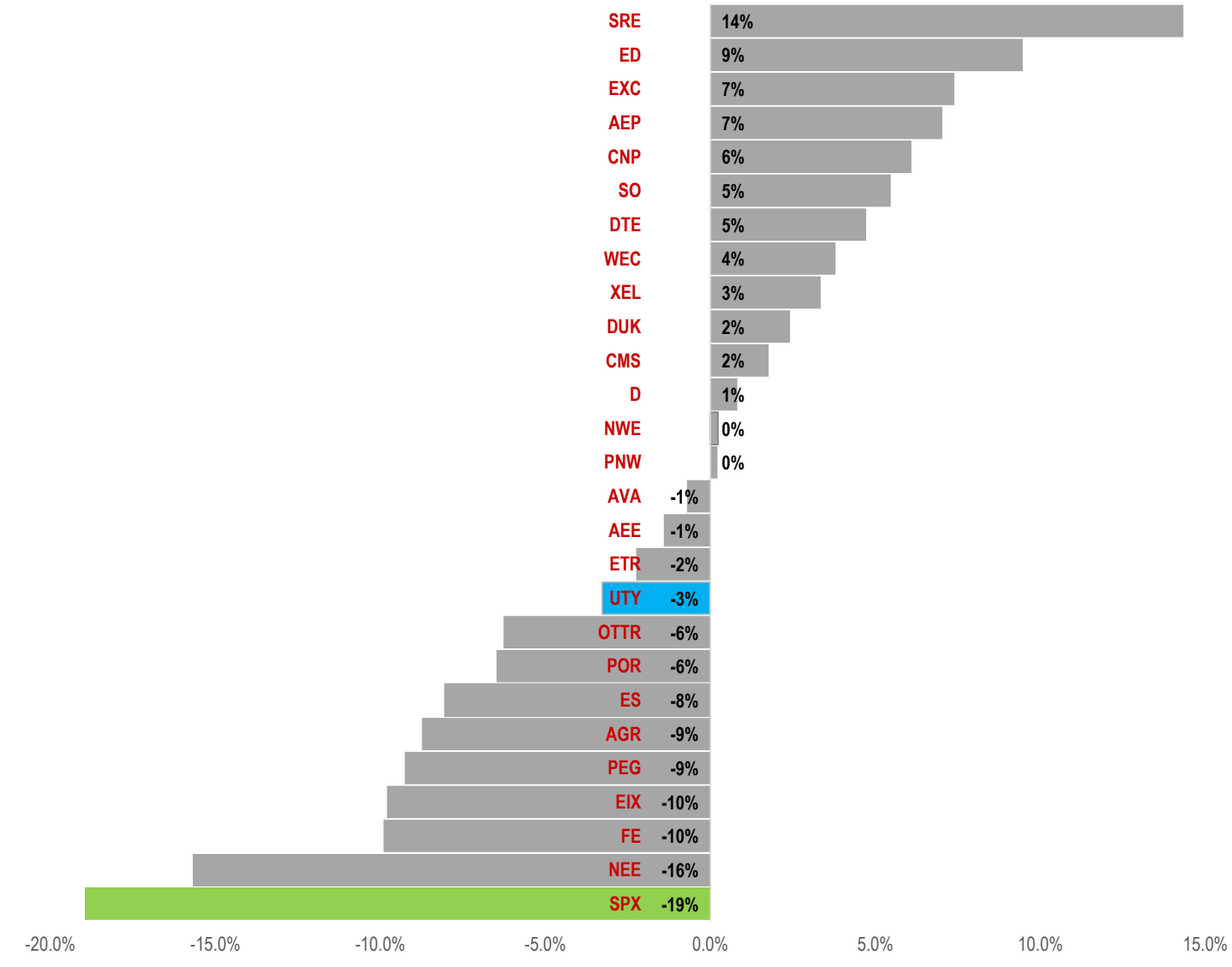

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

HASI: Notes from Meetings with Management

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

SRE: PT Reached — Downgrading to Sector Weight on Valuation

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	277	49.64	72	25.99
Sector Weight [SW]	268	48.03	57	21.27
Underweight [UW]	13	2.33	1	7.69

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	15	40.54	10	66.67
Sector Weight [SW]	19	51.35	10	52.63
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: Keep Buy on EXC & VST post pullback. Refreshing FE/PNW pensions.
- **Publication Date/Time** : Wednesday, July 06, 2022 04:46:34 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=KqYKbG1JjDBQnlD!Aza2aA__&reid=3951DAE07D6611EDB68243B8945289B1

Americas Utilities

After outperformance, utilities still fine for defensive purposes; upgrading SRE from Neutral to Buy

Michael Lapides
+1(212)357-6307 | michael.lapides@gs.com
Goldman Sachs & Co. LLC

Insoo Kim, CFA
+1(212)902-0459 | insoo.kim@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(801)884-4034 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

PM Summary

Utilities do not screen attractively for investors seeking outsized returns, but do offer a defensive alternative in this volatile market. Relative valuation versus the market does not appear overly compelling – we forecast just 6% total return on average across our utilities coverage — but the regulated business model likely shields utilities, relative to other sectors in the S&P, from major EPS negative revisions. We believe regulated utilities' earnings growth profile remains largely intact despite the current macro-economic environment, offering 5-8% EPS growth and 3-4% average dividend yield for an ~8-12% long-term or multi-year total return proposition as per our estimates. That said, the current sector P/E multiple of 19.1x reflects a 20%/25% premium to the S&P 500 on 2023 GSe/FactSet consensus EPS estimate, which screens elevated relative to historical relationship in a 3+% 10-year treasury yield environment that warrants a multiple more in-line or at a modest discount to the broader market. On an absolute basis, the multiple screens modestly above the 5-year average P/E of 18x but below the 21.6x peak multiple (in early 2020).

We recommend investors remain selective in gaining utility sector exposure while maintaining a balanced approach, acknowledging that increasing recession risk — and concerns that the S&P 500 could face downward earnings revisions — could support current utility valuations near-term. With this note, we roll forward our valuation year, now applying a 17x base utility P/E multiple on 2024E EPS (versus 18x P/E on 2023E prior), which screens modestly below Factset consensus S&P500 target P/E of ~18x.

In our coverage universe of Regulated Utilities and Diversified Utilities, we highlight Buy rated DTE (on CL), and XEL as premium defensive oriented business models we find attractive, while also recommending value oriented stocks like FE, PPL, ETR and PCG. Among Diversified Utilities, AES screens attractively as a sum of the parts story — and in this note, we upgrade large cap SRE from Neutral to Buy on attractive valuation, solid growth at its Texas/California utility and its exposure to potential LNG export capacity growth projects.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 1: We upgrade SRE to Buy, adding to our Diversified Utilities recommendation
Ratings Grid

	Regulated Utilities	Diversified Utilities	IPPs
Buy	CMS, POR DTE*, EIX, ETR FE, NI, PCG WTRG, XEL, PPL	AES PEG SRE	NEP* NRG* CEG
Neutral	AEE, AWK DUK, ES, EXC EVRG, CNP WEC, ATO	NEE OGE	CWEN
Sell	AEP ED PNW, SO	AGR D	
Not Rated			

*On Americas Conviction List

Source: Goldman Sachs Global Investment Research

Exhibit 2: US utilities currently trade at a 20% premium to S&P 500, but trade relatively in-line to S&P 500 in a recessionary scenario...
Current utility P/E vs S&P 500 P/E at base case/recession scenario EPS for S&P 500

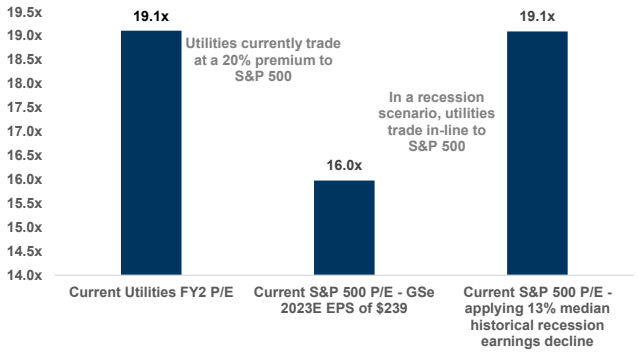

S&P 500 earnings estimate for 2023E: GSe base case EPS = $239; recession scenario EPS = $200 (13% median historical recession earnings revision applied to base case EPS)

Source: Goldman Sachs Global Investment Research

Exhibit 3: ...with YTD XLU outperformance potentially reflecting relative confidence in utility earnings power versus that for the broader market
Changes in Price of XLU and S&P 500 and respective consensus 2023 EPS estimates YTD

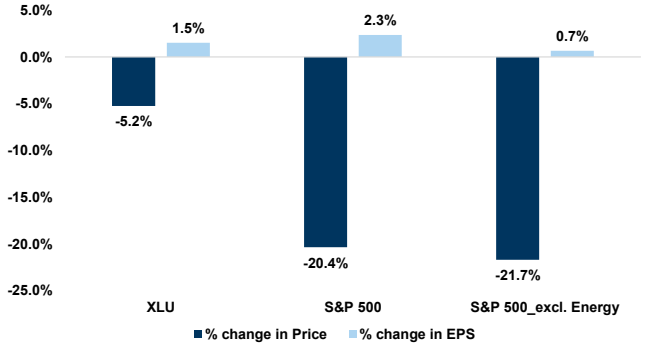

The % change in EPS represent 2023 estimates

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 4: Our new 17x baseline P/E multiple - now on 2024E - reflects a 7% discount to consensus S&P P/E for 2024E

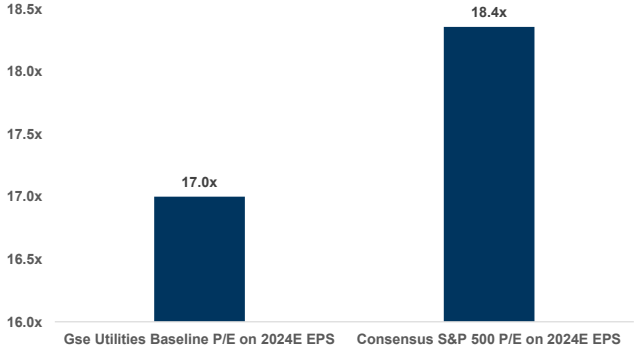

FactSet S&P 500 2022YE price target is 4,969.29; 2024E Earnings estimate is $270.69. These estimates are based on on the target prices of S&P 500 individual constituents. Data as of 6/29/2022

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Risk/reward for relative utility valuations skewed to the downside, but market earnings power remains key

Key Summary: While US utilities trade below their peak P/E multiples — almost 11% below these levels — the sector on a relative basis screens at a ~20% premium to the S&P 500 (on GSe) which we do not view as attractive. That said, we do see a 6% total return to our US utilities coverage universe and view utilities as an appropriate investment option to position defensively. We recommend a selective approach to investing in utilities.

US utility valuations screen elevated versus historical relationship with 10-year yields... US utilities have outperformed the S&P 500 by ~17% year-to-date, despite US 10-year treasury yields rising from 1.6% to 3+% during the period. Over the past 20 years during periods of 3-3.5% 10-year treasury yields, utilities have traded relatively in-line with the broader market, while at a relative discount at yields over 3.5% (Exhibit 5). We note the current 25% P/E premium (on FactSet Consensus) is near the top of the historical range, although absolute valuations at 19.1x/17.9x on 2023E/2024E stand relatively in-line with its 5-year average levels. In addition, since 2000, utilities have traded at a discount to the market in periods when dividend yields are lower than the 10-year treasury yield (Exhibit 7); utilities currently offer a 3.3% average dividend yield versus 10-year yield at 3.1%.

...although more justified on a real-yield basis... In our 2022 outlook note, we noted how real rates in recent history had better explanatory power, with utilities trading at a relative discount in periods of negative real rates. From this perspective, with real rates (as measured by 10-year TIPS) now positive at 0.7% (Exhibit 8), this relationship implies the current utility valuation premium as justified, although still screening as largely reflected with limited further upside.

...and in a flattening term structure environment. Since 2010, during periods of bear flattening yield curve (10yr minus 2yr yield spread), utilities have outperformed all other sectors in the S&P 500 except for the energy sector (Exhibit 10). This seems logical, given recession concerns warrant some level of flight-to-safety to a relatively stable and defensive sector like utilities. Given increasing recession risk driving the current market downturn, we believe utilities could still trade at a relative premium valuation near-term; that said, we see risk/reward skewed negatively at current levels.

Broader market earnings power could dictate future relative performance... Utilities' current 20% P/E premium is based on the 2023 S&P 500 EPS estimate of $239 (GSe). If realized, we expect utilities to underperform the broader market and see a relatively in-line multiple as warranted. However, in a recession scenario - hair-cutting the S&P 500 EPS estimate by the 13% median historical recession earnings revision (per our GS strategy team analysis) - utilities screen in-line to the S&P 500. **We see meaningful S&P 500 downward earnings revisions as the key risk to our cautious relative sector view.**

...given utilities earnings remain resilient. We continue to see utilities' earnings

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

power as largely intact, with 5-8% EPS growth and 3-4% dividend yield offering 8-12% total return proposition per our estimates. For regulated utilities, which comprise the bulk of our coverage companies' earnings, higher costs - including fuel/purchased power and operational costs - represent either pass-through items or are periodically recovered via customer bills with no net income impact. That said, customer bill increases remain a key concern, which could elevate regulatory scrutiny over time as utilities look to recover its costs while also executing on its capital investments that drive earnings growth.

Remain selective and balanced in investing in utilities. With this macro backdrop, we see a balanced investing strategy between premium defensive utilities and dislocated value plays as appropriate. On the premium side, we recommend Buy-rated large-cap regulated utilities DTE Energy (DTE, on Conviction List) and Xcel Energy (XEL) for their consistent execution track record with above-average earnings growth. On the value side, we recommend Entergy (ETR), FirstEnergy (FE) and PPL Corp (PPL) for attractively valued regulated utility exposure, along with AES Corp (AES) for global clean energy exposure at a SOTP discount.

Exhibit 5: Current utility valuations screen elevated based on historical relationship in a 3-4% 10-year yield environment.
FY2 premium of utilities vs S&P 500 in different UST 10 year environments over the past 20 years

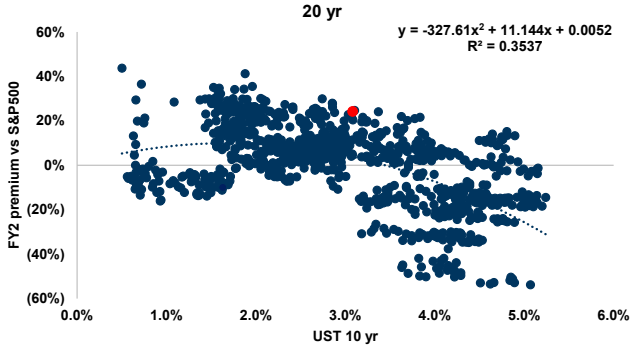

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 6: ...which presents relative downside risk for the sector at current premium valuation
FY2 Premium Regulated Utilities vs S&P 500 (LHS); UST 10 year inverted (RHS)

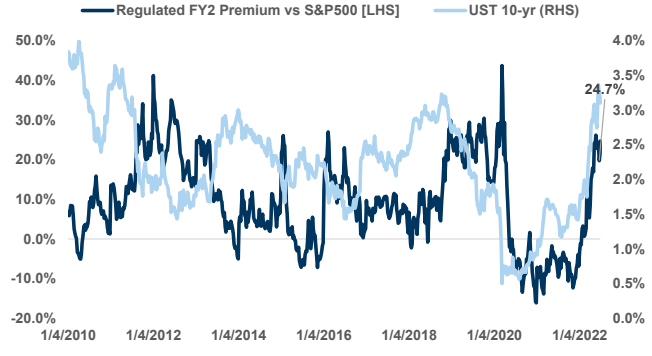

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 7: When yield spread (Utilities FY2 dividend yield minus UST 10yr yield) is zero or negative, utilities have traded at a discount to S&P 500. When spread has been positive, utilities have traded at a premium to S&P 500. The current spread at just 0.2% indicates risk to current premium valuations.
Utilities vs S&P 500 P/E Premium (Discount) vs Utilities yield spread (Utilities FY2 dividend yield minus UST 10yr yield)

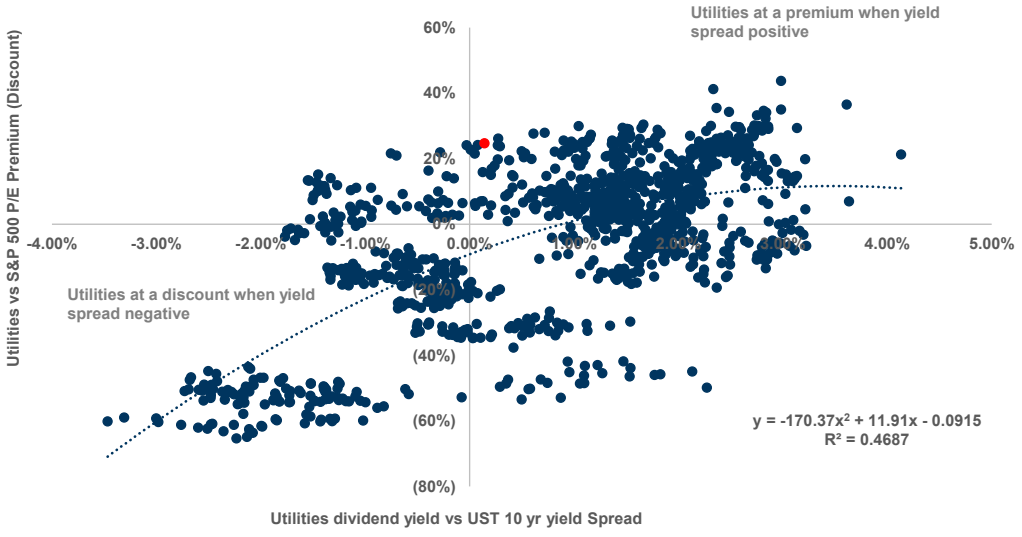

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 8: That said, the recent relationship with real rates paints a relatively different picture, somewhat justifying current valuations.
FY2 premium for utilities vs S&P 500 in various TIPS 10 yr environments, past 5 years

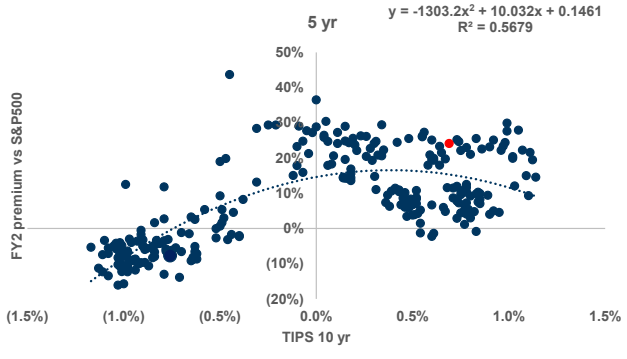

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 9: Our rates strategists expect the yield curve to continue to bear flatten through 2023, and even modestly invert...
Historical and GSe US treasury yield curve slope (10yr - 2yr)

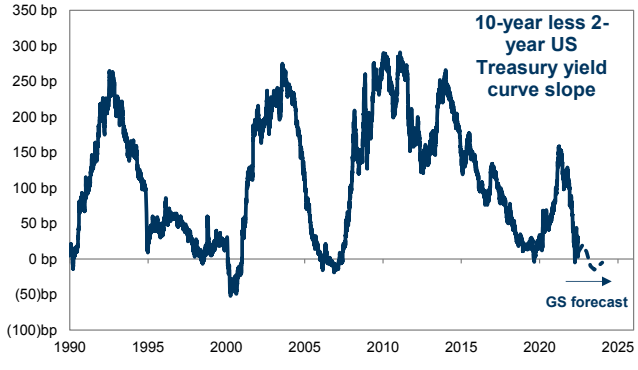

Source: FRB, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 10: ...which historically implies utilities outperformance vs. S&P 500

Sector returns when the yield curve is bear-flattening (2010-May 2022)

	Monthly returns in bear flattening		Hit
Sectors vs. S&P 500	Median	Average	rate
Energy	(0.5)pp	0.4 pp	48 %
Utilities	1.1	0.4	44
Health Care	0.1	0.3	48
Information Technology	(0.1)	0.3	57
Consumer Staples	0.3	0.3	55
Consumer Discretionary	0.5	0.1	60
Financials	0.2	(0.1)	47
Communication Services	(0.4)	(0.3)	49
Materials	(0.2)	(0.3)	51
Industrials	(0.1)	(0.3)	47
S&P 500	***0.8 %***	***0.8 %***	***75 %***

Source: Goldman Sachs Global Investment Research

Exhibit 11: We believe utilities' YTD outperformance embeds some risk of S&P 500 earnings revisions...

Current utility P/E vs S&P 500 P/E at base case/recession scenario EPS for S&P 500

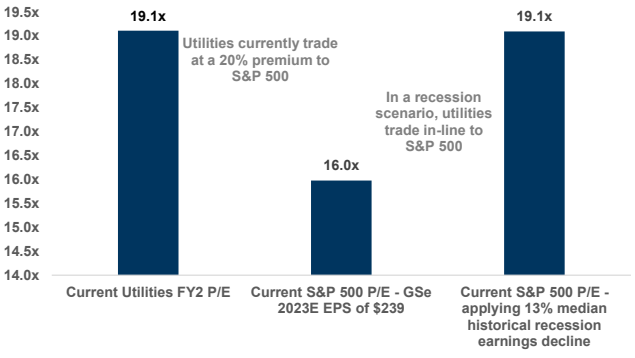

S&P 500 earnings estimate for 2023E: GSe base case EPS = $239; recession scenario EPS = $200 (13% median historical recession earnings revision applied to base case EPS)

Source: Goldman Sachs Global Investment Research

Exhibit 12: ...despite consensus estimates for the broader market actually modestly increasing YTD.

Changes in Price of XLU and S&P 500 and respective consensus 2023 EPS estimates YTD

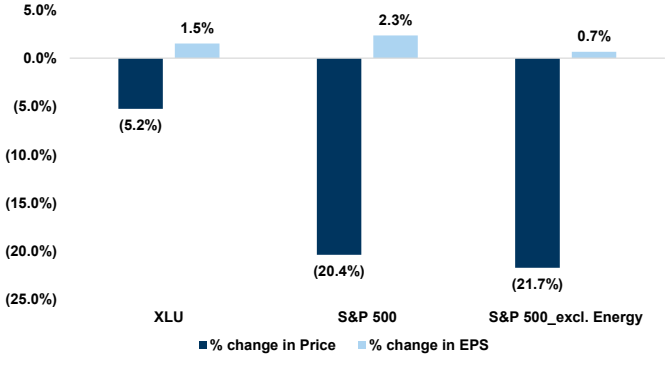

The % change in EPS represent 2023 estimates

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 13: On an absolute P/E basis, utilities trade roughly 11% below prior peak and relatively close to its 5-year average
Market cap-weighted FY2 & FY3 Regulated Utilities' P/E

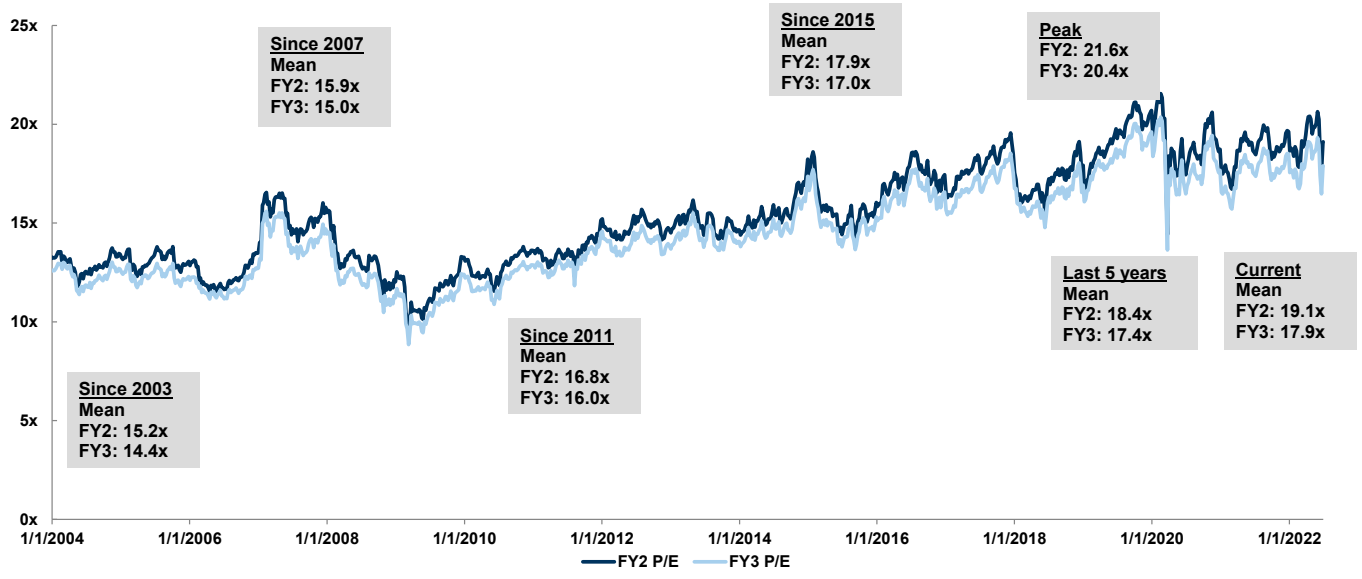

Source: FactSet, Goldman Sachs Global Investment Research

Rolling forward valuations to 2024E; see 6% total return to our coverage universe

We roll forward our coverage valuations, now utilizing 2024E EPS, while applying a 17x base P/E multiple for electric/gas utilities (versus 18x on 2023E EPS prior), below current FY3 trading P/E of 17.9x. While our GS strategy team has not yet forecasted target S&P 500 price and earnings for YE2023/2024E, we note our 17x base multiple screens as a modest discount to the FactSet consensus S&P 500 target P/E. For water utilities, we set a base P/E of 27x on 2024E, or a 10x premium to the electric/gas multiple, to continue reflecting our calculated fundamental advantages (and some scarcity factor) for water utility growth.

We see 6% total return to our coverage universe, with the highest total return for companies including PCG, EIX, and FE, and with negative total returns for companies including SO, AGR, and AEP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 14: Our new 17x baseline P/E multiple - now on 2024E - reflects a 7% discount to consensus S&P P/E for 2024E

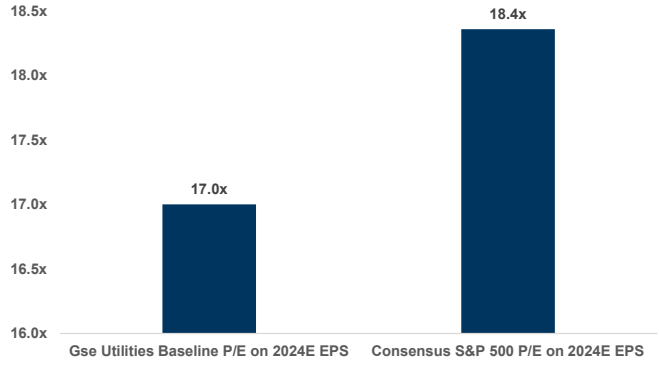

FactSet S&P 500 2022YE price target is 4,969.29; 2024E Earnings estimate is $270.69. These estimates are based on on the target prices of S&P 500 individual constituents. Data as of 6/29/2022

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 15: We update Price Targets for all utilities in our coverage as we roll forward to 2024
Old vs New 12-month Price Targets

Company	Ticker	Rating	PT (Old)	PT (New)	Current Price	Dividend Yield	Total Return
PG&E	PCG	Buy	$15	$16	$10.2	0.0%	56.3%
Edison International	EIX	Buy	$76	$77	$63.8	4.4%	25.7%
FirstEnergy	FE	Buy	$46	$44	$39.3	4.0%	16.2%
Public Service Enterprise	PEG	Buy	$81	$74	$64.7	3.4%	17.8%
PPL Corp	PPL	Buy	$32	$32	$27.8	3.2%	18.5%
DTE Energy	DTE	Buy	$138	$143	$129.2	2.8%	13.2%
AES Corp	AES	Buy	$26	$25	$21.5	2.9%	18.4%
CMS Energy	CMS	Buy	$72	$75	$69.0	2.7%	11.0%
Essential Utilities	WTRG	Buy	$55	$52	$47.4	2.3%	12.0%
NiSource Inc.	NI	Buy	$31	$32	$30.1	3.1%	9.6%
Xcel	XEL	Buy	$76	$77	$72.6	2.7%	8.5%
Sempra Energy	SRE	Buy	$164	$167	$153.6	3.1%	11.8%
Portland General Electric	POR	Buy	$52	$52	$49.8	3.6%	7.5%
Entergy	ETR	Buy	$119	$119	$115.3	3.4%	6.9%
Evergy	EVRG	Neutral	$66	$69	$66.8	3.5%	6.5%
OGE Energy Corp	OGE	Neutral	$40	$40	$40.0	4.1%	4.0%
Exelon	EXC	Neutral	$44	$47	$46.1	2.9%	3.9%
Eversource Energy	ES	Neutral	$88	$89	$87.2	2.9%	5.3%
Ameren	AEE	Neutral	$92	$93	$92.2	2.6%	3.6%
Atmos	ATO	Neutral	$113	$116	$115.2	2.4%	2.9%
NextEra Energy	NEE	Neutral	$78	$83	$80.6	2.1%	4.7%
WEC Energy Group	WEC	Neutral	$100	$102	$102.6	2.8%	2.1%
CenterPoint Energy	CNP	Neutral	$30	$30	$30.5	2.3%	1.6%
American Water	AWK	Neutral	$168	$155	$153.4	1.7%	3.0%
Duke Energy	DUK	Neutral	$103	$105	$109.6	3.6%	(0.6)%
Dominion Energy	D	Sell	$75	$76	$81.2	3.3%	(3.2)%
Pinnacle West Capital	PNW	Sell	$67	$68	$74.7	4.6%	(5.0)%
Consolidated Edison	ED	Sell	$82	$85	$97.2	3.2%	(9.3)%
American Elec Power	AEP	Sell	$84	$80	$98.0	3.2%	(14.8)%
Avangrid, Inc.	AGR	Sell	$39	$38	$47.8	3.7%	(16.9)%
Southern Company	SO	Sell	$51	$53	$73.1	3.7%	(23.8)%

DTE is on the Americas Conviction List

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 16: We update estimates for few other utilities in our coverage
EPS New vs Old & Drivers

Ticker	Price Target		2022			2023			2024			2025			Drivers
	New	Old	New	Old	vs Old	New	Old	vs Old	New	Old	vs Old	New	Old	vs Old	
AEP	$80	$84	$4.84	$4.91	-2%	$5.07	$5.27	-4%	$5.36	$5.60	-4%			--	updated for 10Q segment data and for various rate case & rate base assumptions
AES	$25	$26	$1.60	$1.59	0%	$1.76	$1.75	1%	$1.97	$1.96	1%	$2.11	$2.11	0%	updated FX and commodity prices
AGR	$38	$39	$1.89	$1.90	-1%	$1.98	$1.99	0%	$2.03	$2.03	0%			--	updated debt financing costs
DUK	$105	$103	$5.49	$5.48	0%	$5.63	$5.73	-2%	$6.18	$6.17	0%	$6.70	$6.70	0%	updated rate increase at OH/KY utilities
ETR	$119	$119	$6.52	$6.42	2%	$6.89	$7.00	-2%	$7.46	$7.36	1%			--	updated capital expenditure estimates and rate increases
NEE	$83	$78	$2.86	$2.79	2%	$2.95	$2.93	1%	$3.27	$3.21	2%	$3.60	$3.54	2%	updated cadence for O&M reductions, capex levels at FP&L and development of new renewables at NEER
PEG	$74	$81	$3.55	$3.55	0%	$3.65	$3.70	-1%	$3.94	$4.03	-2%			--	updated capacity revenues post PJM auction

Time frame for price targets is 12 months

Source: Goldman Sachs Global Investment Research

Upgrade SRE to Buy: Attractive SOTP story with leverage to LNG development growth and robust Texas electric demand

PM Summary

We upgrade Sempra Energy (SRE) from Neutral to Buy given (1) a more attractive valuation on a sum of the parts, after shares lagged peers in the past 2 months, (2) exposure – given multiple potential growth projects – to the major theme of LNG development, especially as we only give partial credit in our sum of the parts analysis to several growth projects, (3) solid demand growth in its Texas utility that could lead to potential rate base and earnings upside there, and (4) potential resolution by year-end of the California cost of capital docket given the schedule published by the CPUC stating a target year-end resolution could alleviate an overhang – we already embed an RoE reduction in estimates for three California utilities. We also note, in the near term, SRE maintains a solid FCF outlook and capital allocation could still come in above peer group levels in the coming years. We now see more than 11.8% total return potential to our revised $167/sh target price, which we derive via a sum of the parts analysis.

What changes in our views?

As with all utility stocks in our coverage, we roll forward valuation from 2023 to 2024 – a year where we see continued growth in the company's California and Texas utilities, with limited growth in that year for its non-regulated LNG and Mexico businesses. We capture some potential long term upside related to LNG development in the sum of the parts. We maintain our EPS estimates, so the bulk of our change comes in our target price update.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 17: We remain above consensus showing our optimism for SRE
GS v/s Consensus

	EPS Estimates		Difference
	GS	Cons	vs Cons
2022E	$8.60	$8.51	1%
2023E	$9.10	$8.96	1%
2024E	$9.64	$9.58	1%
2025E	$10.13	$10.12	0%

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 18: Steady growth in EPS year over year
EPS by year by segment ($ per share)

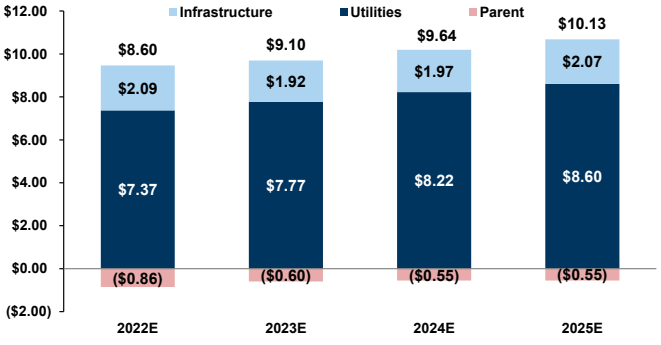

Source: Goldman Sachs Global Investment Research

Exhibit 19: We expect ONCOR's EPS to grow at a CAGR of 6.5% from 2020 to 2025
ONCOR EPS growth by year ($/share)

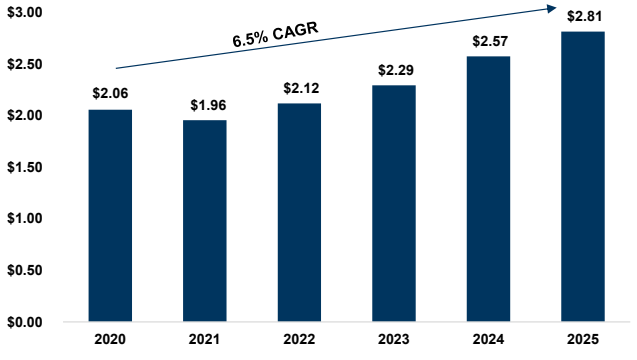

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 20: We expect SRE to generate healthy FCF going forward
FCF (CFO minus CFI by year)

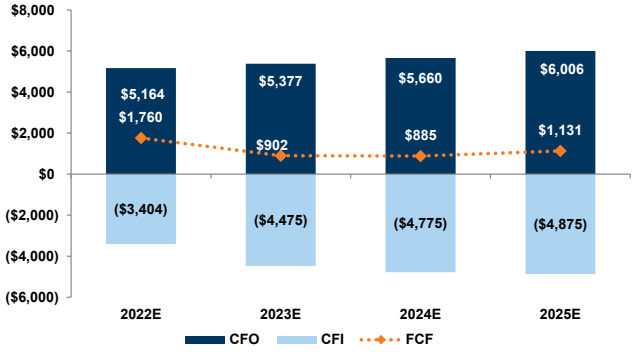

Source: Goldman Sachs Global Investment Research

Exhibit 21: We expect SRE to bring down its debt over the years
Net Debt/EBITDA by year

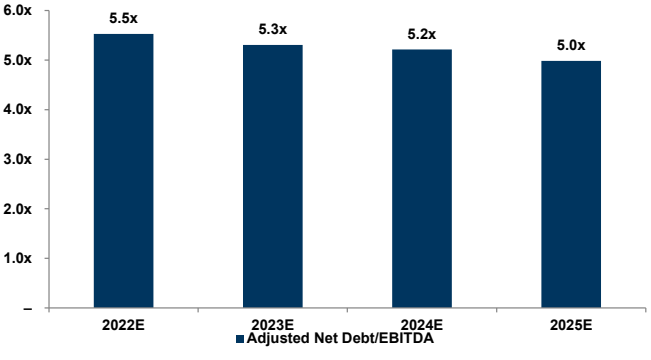

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 22: Our 12-month SOTP PT bakes in some of the LNG infrastructure growth and the expected earnings from its regulated utilities
Sempra Sum of the Parts Analysis

Sempra Fundamental Sum-of-the-Parts								
Segment	2024 EPS	2024 EBITDA	P/E	EV	Net debt	Present value factor	Shares (mn)	Equity value/share
SDG&E	$3.04		16.0x					$49
SoCalGas	$2.60		16.0x					$42
Oncor	$2.57		19.0x					$49
Utilities								**$140**
Sempra Infrastructure Partners		$968		$11,137	($6,020)	1.00	303	$17
US LNG Expansion - Port Arthur	2030 run-rate -->	$770	15% probability	$8,855	($3,413)	1.84	303	$1
US LNG Expansion - Cameron	2026 run-rate -->	$660	75% probability	$7,590	($1,063)	1.33	303	$12
ECA Phase One	2025 run-rate -->	$193	100% probability	$2,214	($1,050)	1.23	303	$3
ECA Phase Two	2030 run-rate -->	$424	15% probability	$4,870	($2,310)	1.84	303	$1
Vista Pacifico	2030 run-rate -->	$385	25% probability	$4,428	($1,365)	1.84	303	$1
Infrastructure								**$35**
HoldCo	($0.55)		15.0x					($8)
SRE total								**$167**

Source: Goldman Sachs Global Investment Research

Exhibit 23: SRE trades at an attractive level compared to other large cap utilities
P/E Multiples by year for Large Cap Utilities

		P/E Multiples		
Large-Cap Utilities	Ticker	2022	2023	2024
Public Service Enterprise	PEG	18.2x	17.7x	16.4x
American Elec Power	AEP	20.3x	19.3x	18.3x
Duke Energy	DUK	20.0x	19.5x	17.7x
DTE Energy	DTE	21.2x	20.6x	19.0x
Consolidated Edison	ED	21.4x	20.1x	19.4x
Edison International	EIX	13.5x	12.5x	11.5x
Entergy	ETR	17.7x	16.7x	15.5x
Evergy	EVRG	18.5x	17.1x	15.5x
Eversource Energy	ES	21.1x	19.8x	18.6x
Exelon	EXC	21.1x	19.9x	17.8x
FirstEnergy	FE	16.1x	14.6x	13.4x
PG&E	PCG	9.3x	8.2x	7.5x
PPL Corp	PPL	17.8x	15.5x	14.7x
Southern Company	SO	21.1x	20.2x	17.9x
WEC Energy Group	WEC	23.4x	22.6x	21.2x
Xcel	XEL	22.8x	21.2x	19.8x
Sempra Energy	SRE	17.8x	16.9x	15.9x
Median		*20.0x*	*19.3x*	*17.7x*
Mean		*17.8x*	*16.9x*	*15.9x*

Source: Goldman Sachs Global Investment Research

Valuation appears compelling on a sum of the parts basis — and we note SRE screens attractively on a P/E multiple as well. We utilize a sum of the parts to value SRE, in order to incorporate (1) credit to various LNG growth projects or initiatives that may not impact EPS or EBITDA until 2025+, (2) recognize uncertainty exists on when each of these potential LNG projects may move forward, so giving partial, different credit for each of them on a probability weighted basis and (3) a premium multiple for SRE's high growth Texas utility franchise and a discount one for its California business, given continued – albeit modest relative to its California peers – wildfire and regulatory risks ahead. As LNG projects move forward in the permitting and contracting aspects, we recognize probabilities may change – presenting upside risk to our sum of the parts analysis. We also note that on P/E multiples, SRE trades at an attractive level – at P/E multiples of 16.9x/15.9x on 2023/2024 earnings versus the large cap median (excluding PCG/EIX given wildfire risks) at 19.8x on 2023 and 17.9x on 2024 earnings.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

...and yet we recognize risks still exist. For the regulated businesses in the US, we note the outstanding rate cases in both Texas and California present risks to revenues — with the Texas case likely getting resolved by year-end given rate cases generally take 180 days to resolve in Texas but the California one continuing well into 2023 given CPUC schedule. While we – as described earlier – already embed a lower authorized RoE for SRE's California utilities than the current authorized level, we recognize the ongoing Cost of Capital docket also presents risks to our view if the authorized RoE or equity ratio comes in below our expectation. Delays in LNG project development or in contracting present a risk to that part of the Sempra Infrastructure Partners (SIP) segment, while operating risk exists still (in terms of volumes or pricing) for the various assets (renewable, gas generation especially) in the Mexico portion of SIP.

...and what events should investors monitor from here?

We highlight a number of events investors should monitor in the coming 12 months, starting with the company's regulated utilities in TX and CA... SRE maintains an active regulatory calendar this year for its US utility businesses — with a rate case just filed at its Texas utility and two proceedings in California, with its cost of capital docket and its rate cases there. We expect resolution of the Texas rate case late this year – and in fact note that upside risk to our estimates could emerge if SRE gains approval for a higher authorized equity ratio in Texas, a level closer to 45%, as we still assume slightly lower in our forecasts. We note SRE's Texas business maintains one of the lower authorized equity ratios among utilities under coverage – a higher level authorized by the state utility regulators there could drive upside risk to EPS in 2023+. SRE's California utilities remain involved in the cost of capital mechanism proceeding in California, a docket we expect to get resolved in late 2022 or early 2023 – we assume that this results, in 2023+, in a reduced authorized RoE level, despite all 3 utilities there (PCG, EIX and SRE) noting in public filings that the wildfire related risks they bear warrant a higher, not a lower authorized RoE. While we recognize this risk remains, we note the RoEs in California already remain above those authorized for most utilities under coverage – and we assume a very small reduction (25-30 bps) in our forecasts. Finally, SRE's utilities in California just filed general rate case proceedings – we do not expect resolution of this until late 2023 or so, and given the need for new electric infrastructure for the state's clean energy and vehicle electrification efforts (EVs), we do not see material downside risk or see these cases as serving as an overhang on SRE's shares, especially given the state generally approved 85%-90%+ of the company's capital spend and rate base requests in prior cases.

...and development activities at the LNG business within Sempra Infrastructure Partners (SIP) could drive material growth post 2025 – with contract announcements and permitting authorizations key to monitor from here. Given the rise in global natural gas prices and the focus on energy supply sources over the past 1-2 years – especially after the Russia/Ukraine conflict started this year – SRE via its Sempra Infrastructure Partners (SIP) venture continues development of multiple different LNG projects. We already include the small expansion (2.5 mtpa) at the Costa Azul site in Mexico — which adds to earnings only starting in 2025, given a multi year construction timeline. We do not give full credit to the other projects, like the Cameron

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

expansion (6-7 mtpa), the greenfield Port Arthur LNG (13.5 mtpa), the large scale Costa Azul expansion (12 mtpa), or the potential Vista Pacifico project (3-4 mtpa) – we only give partial or limited credit in our valuation analysis for these projects, given continued uncertainty on off-take contracting, permitting and project construction agreements. We see the Cameron LNG expansion as likely first in line owing to more commercial contracting and ownership agreements already announced relative to the other projects – with potential announcements of incremental contracts coming in the next 6+ months and with expected FERC approvals of the site design change in 1H2023, which could lead to a project FID in the next 9-12 months as per company guidance.

Key risks to our rating include:

(1) Rate case and regulatory risk given ongoing cases in both CA and TX — and the cost of capital docket in CA — our CA forecasts already assume a 25-30 bps reduction to the authorized RoE but a greater reduction could present downside.

(2) Wildfires in Southern CA — we do not embed wildfire related costs in our forecasts but recognize this could, if one occurs in the San Diego area where SRE owns an electric utility business, impact cash flows.

(3) Failure to move ahead with LNG export growth projects due to permitting or contracting challenges — cancellations would weigh on our target price as we assume partial credit for these projects.

(4) Cost management — higher than expected O&M expenses driven by inflation or other factors would reduce earnings potentially.

Exhibit 24: 38.6 Mtpa of potential capacity that SIP could get leaves a lot of room for upside
Waterfall showing potential SIP capacity (mtpa)

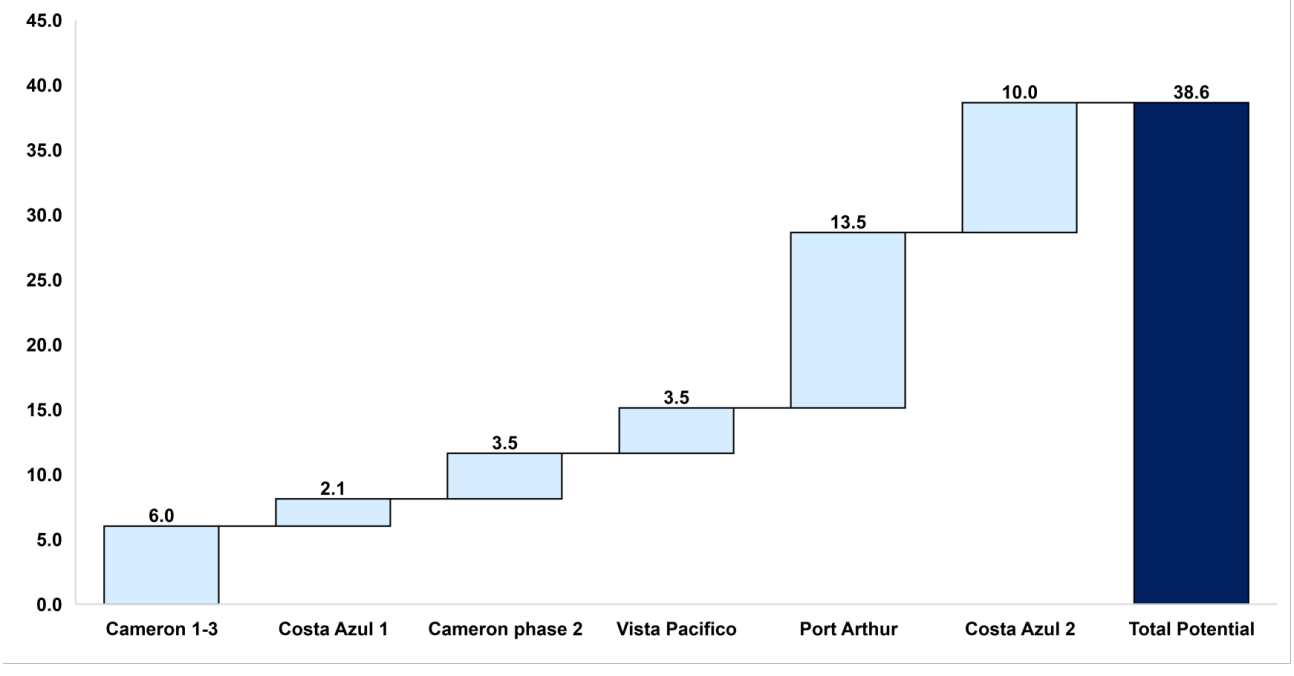

Source: Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 25: Contracts announced this year
Contract announcements

Project announcements			
Project	**Date**	**Mtpa**	**Transaction**
Cameron Phase 2/Port Arthur	June 2022	1.4	SIP and INEOS Sign HOA for LNG Supply
Port Arthur	May 2022	2.25	SIP and RWE Sign HOA for U.S. LNG Supply
Cameron Phase 2/Port Arthur	May 2022	3	SIP and PGNiG advance N.A. LNG alliance
Cameron Phase 2	April 2022	6.75	SIP announces HOA with TotalEnergies, Mitsui, Mitsubishi and NYK
General	April 2022	-	SIP and KOGAS sign MOU to explore new infrastructure opportunities

Source: Company data, Goldman Sachs Global Investment Research

Price Target and Risks

Exhibit 26: Price Target Methodologies and Key Risks
Time frame for price targets is 12 months

Price Target Methodologies and Key Risks									
Ticker	**Price Target Methodology**	**Rating**	**Price Target (New)**	**Price Target (Old)**	**7/1/2022 Close**	**2022 DPS**	**Dividend Yield**	**Total Return (%)**	**Key Risks**
Diversified Utilities									
PEG	SOTP 19x P/E on Regulated Utility and 7.5x EV/EBITDA on Carbon Free, Infrastructure and Other (CFIO)	Buy	$74	$81	$64.67	$2.17	3%	18%	**Downside:** 1) power prices, 2) power demand, 3) maintaining nuclear subsidies, 4) financing, and 5) cost management.
AES	SOTP 17x P/E on AES Ohio and Indiana, 13x EV/EBITDA on US non-reg. generation, AES' ownership of publicly traded equity market value of the South America SBU, 6x EV/EBITDA on MCAC SBU, 4x EV/EBITDA on Eurasia SBU and other investments using EV/SALES	Buy	$25	$26	$21.48	$0.63	2.9%	19%	**Downside**: 1) regulatory developments in OH and IN, 2) repricing of PPA contracts at expiry, 3) delayed timing of renewables and energy storage projects, 4) weather and hydrology conditions, and 5) expected growth for its AES Next Investments
AGR	SOTP 17x P/E on Regulated Utility and 10x EV/EBITDA on Renewables	Sell	$38	$39	$47.83	$1.76	3.7%	-17%	**Upside:** 1) AGR successfully wins its legal challenge in the NECEC project, improving earnings power, 2) AGR succeeds in acquiring PNM if it were to consider pursuing a rehearing request or other measures, 3) incremental O&M savings help offset other EPS headwinds, and 4) AGR's Vineyard Wind offshore wind project proceeds according to the latest schedule and budget
CNP	19x P/E on 2024 EPS	Neutral	$30	$30	$30.50	$0.69	2.3%	1%	**Upside:** 1) demand growth, 2) CNP's regulated utilities further increase capital opportunities, and 3) CNP further simplifies its portfolio via additional and accretive gas utility divestitures. **Downside:** 1) increased regulated expenses - including supply/labor costs - pressure customer bills, leading to regulatory overhang and 2) CNP's Indiana electric utility fails to secure any rate base utility-owned generation opportunities
D	SOTP - 17x PE on Regulated Utilities DEV & DESC, Gas LDC and Parent, 11.5x EV/EBITDA on Contracted Assets	Sell	$76	$75	$81.24	$2.67	3.3%	-3%	**Upside:** 1) utility regulation, 2) power demand and 3) project execution.
NEE	SOTP 22x P/E on Florida, 14x EV/EBITDA on NEER, 22x P/E on Parent, NEP LP value derived using NEE's share, NEP GP value derived from 7% Ke, 5% LT growth	Neutral	$83	$78	$80.56	$1.69	2.1%	5%	**Upside**: 1) demand growth, 2) renewable devlopment, 3) tax credit legislation and 4) operating cost management levels **Downside:** 1) power demand, 2) renewable development execution and financing, 3) Florida utility regulation
OGE	SOTP 17x P/E on 2024 EPS for Regulated Utility, 20% liquidity discount to OGE's stake in current ENBL market value	Neutral	$40	$40	$40.04	$1.66	4.1%	4%	**Upside**: 1) higher regulated capital spending driving upsized rate base growth and increased earnings growth profile, and 2) the company could be a target of a take-out. **Downside**: 1) OGE's utility jurisdiction experience moderating/decreasing customer and demand growth, and 2) unfavorable outcome in pending OK electric rate case
SRE	SOTP: using a 1x discount multiple of 16x 2024E EPS on the California utilities (SDG&E, SoCalGas), a 2x premium multiple of 19x on 2024E EPS on the Texas utilities (Oncor) , then an 11.5x EV/EBITDA multiple on Sempra Infrastructure Partners EBITDA --- and then, using an 11.5x EV/EBITDA multiple, probability weighted value for the various LNG growth projects (Port Arthur, Cameron, ECA Phase One and Two, and Vista Pacifico)	Buy	$167	$164	$153.56	$4.80	3.1%	12%	**Downside:** 1) wildfire related exposure, 2) utility regulation, 3) project execution, 4) litigation risk and financing, 5) potential further sell-downs of SIP, 6) higher rate base growth, 7) cost management
Diversified Utilities (median)							**3.2%**	**4.6%**	

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Exhibit 27: Price Target Methodologies and Key Risks

Time frame for price targets is 12 months

Price Target Methodologies and Key Risks

Ticker	Price Target Methodology	Rating	Price Target (New)	Price Target (Old)	7/1/2022 Close	2022 DPS	Dividend Yield	Total Return (%)	Key Risks
Regulated Utilities (Large-Cap)									
AEP	15x P/E on 2024 EPS	Sell	$80	$84	$97.95	3.16	3.2%	-15%	**Upside:** 1) demand, 2) financing, 3) cost management, and 4) rate base growth.
DUK	17x P/E on 2024 EPS	Neutral	$105	$103	$109.62	4.00	3.6%	-1%	**Upside:** 1) cost management & 2) future rate cases or proceedings in Carolinas/Midwest states DUK serves. **Downside:** 1) utility regulation, 2) cost management & 3) financing
DTE	21x P/E on 2024 EPS	Buy	$143	$138	$129.16	3.61	2.8%	14%	**Downside:** 1) unfavorable regulatory changes, 2) incentive returns & equity layers, 3) unfavorable legislation, & 4) customer demand & usage, & cost management.
ED	17x P/E on 2024 EPS	Sell	$85	$82	$97.24	3.16	3.2%	-9%	**Upside:** 1) NYPSC approves bulk of requested revenue/rate base increase at CECONY supporting an elevated earnings growth rate, 2) economic conditions in NYC from COVID-19 improve, & 3) ED executes an accretive monetization of the Clean Energy assets
EIX	14x P/E on 2024 EPS	Buy	$77	$76	$63.75	2.80	4.4%	25%	**Downside:** 1) wildfire risk, 2) litigation claims, and 3) regulatory risk.
ETR	16x P/E on 2024 EPS	Buy	$119	$119	$115.30	3.97	3.4%	7%	**Downside:** 1) utility regulation, 2) power demand, and 3) financing.
EVRG	16x P/E on 2024 EPS	Neutral	$69	$66	$66.81	2.33	3.5%	7%	**Upside:** 1) cost management. **Downside:** 1) Utility regulation, 2) power demand and 3) financing
ES	19x P/E on 2024 EPS	Neutral	$89	$88	$87.15	2.55	2.9%	5%	**Upside:** 1) improved offshore wind return forecasts, 2) reduced permitting/construction hurdles, 3) additional rate base investments. **downside:** 1) ineffective cost management, 2) slowing rate base growth, 3) utility regulatory environment
EXC	18x on 2024 EPS	Neutral	$47	$44	$46.07	1.35	2.9%	5%	**Upside:** 1) cost management. **Downside:** 1) Utility regulation, 2) power demand and 3) financing
FE	15x P/E on 2024 EPS	Buy	$44	$46	$39.33	1.56	4.0%	16%	**Downside:** 1) utility regulation, 2) power demand, and 3) financing.
PCG	50% weight each to (1) 13x P/E on 2024 EPS and, (2) DDM analysis on 35% dividend payout in 2025.	Buy	$16	$15	$10.24	0.00	0.0%	56%	**Downside:** 1) 2023 GRC proceeding, 2) general regulatory risk in CA, 3) wildfire related risk, 4) financing needs through both debt (including securitization) and equity issuance.
PPL	17x P/E on 2024 EPS	Buy	$32	$32	$27.76	0.88	3.2%	18%	**Downside:** 1) power demand in KY – a decrease in expected demand growth in Kentucky would negatively impact PPL earnings until future rate cases occur, 2) state utility regulation -- as negative regulatory outcomes would impact revenue set for PPL's regulated subsidiaries and 3) cost management – failure to reduce costs after successful completion of the Rhode Island acquisition could hamper earnings.
SO	13x P/E on 2024 EPS	Sell	$53	$51	$73.14	2.71	3.7%	-24%	**Upside**: 1) faster than expected completion of Vogtle Units 3 and 4, 2) greater than anticipated rate base growth, 3) financing, and 4) better than anticipated power demand or operating costs
WEC	21x P/E on 2024 EPS	Neutral	$102	$100	$102.58	2.91	2.8%	2%	1) utility regulation and rate cases, 2) power/gas demand in Wisconsin, & 3) rate base growth, renewable development, and the gas main replacement program in Northern Illinois.
XEL	21x P/E on 2024 EPS	Buy	$77	$76	$72.63	1.95	2.7%	9%	**Downside:** 1) Negative rate case outcomes, 2) XEL realizes less generation into rate base vs. PPA, impacting rate base growth & 3) PPA buyouts do not materialize, 4) Rising commodity prices
Regulated Utilities - Large Cap (median)							**3.2%**	**5.8%**	
Regulated Utilities - Large & Small Cap (median)							**3.1%**	**6.7%**	

DTE is on the Americas Conviction List

Source: Goldman Sachs Global Investment Research

Exhibit 28: Price Target Methodologies and Key Risks

Time frame for price targets is 12 months

Price Target Methodologies and Key Risks

Ticker	Price Target Methodology	Rating	Price Target (New)	Price Target (Old)	7/1/2022 Close	2022 DPS	Dividend Yield	Total Return (%)	Key Risks
Regulated Utilities (Small-Cap)									
ATO	18x P/E on 2024 EPS	Neutral	$116	$113	$115.15	2.72	2.4%	3%	**Upside**: 1) demand growth, and 2) ATO reduces annual equity needs through creation of a holding company or via accretive gas utility divestitures, **Downside:** 1) sustained elevated gas fuel cost pressure customer bills 2) Texas regulatory environment turns negative, and 3) market sentiment on gas utility business turns more negative, impacting absolute and relative P/E multiples.
AWK	30x P/E on 2024 EPS	Neutral	$155	$168	$153.43	2.57	1.7%	3%	**Upside:** 1) cost management, 2) ESG fund flows. **Downside:** 1) water quality issues, 2) regulatory environment
AEE	20x P/E on 2024 EPS	Neutral	$93	$92	$92.19	2.39	2.6%	3%	**Upside:** 1) utility investments to accelerate rate base/earnings growth,2) cost management, 3) outcomes in the upcoming Missouri electric rate case, **Downside:** 1) 30-year Treasury yields, and 2) equity financing needs.
CMS	22x P/E on 2024 EPS	Buy	$75	$72	$69.03	1.84	2.7%	11%	**Downside:** 1) Michigan's regulatory environment turns negative, impacting CMS's ability to earn a healthy rate of return, and 2) CMS's ability to achieve consistent cost savings slows, reducing bill headroom for future investments.
NI	18.35x Blended multiple on 2024 EPS	Buy	$32	$31	$30.05	0.94	3.1%	10%	**Downside:** (1) NI continues to face additional solar development delays which potentially pressure earnings power, (2) unfavorable outcome in the outstanding and upcoming rate cases which lowers allowed returns, (3) NI fails to realize rate base additions and instead has more PPA generation, and (4) NI announces strategic initiatives that are dilutive to EPS.
PNW	15x P/E on 2024 EPS	Sell	$68	$67	$74.68	3.42	4.6%	-4%	**Upside:** 1) AZ commission authorizes a higher ROE in the 2022 rate case, 2) PNW receives approval for contemporaneous recovery/return of clean energy investments, 3) robust electric demand growth, & 4) constructive federal renewable tax policies reduce future equity needs.
POR	17x P/E on 2024 EPS	Buy	$52	$52	$49.82	1.81	3.6%	8%	**Downside:**□1) POR secures little to no owned clean generation in the current RFP, capping earnings growth upside, 2) Oregon utility commission disallows recovery of a significant portion of the 2020-2021 significant events (ice storm, wildfire, power costs), impacting the balance sheet and elevating future equity issuance needs, and 3) POR experiences meaningful cost inflation that impacts EPS and/or requires filing another rate case near-term to seek recovery.
WTRG	SOTP 29x P/E on 2024 water EPS, 18x P/E on 2024 gas EPS	Buy	$52	$55	$47.44	1.11	2.3%	12%	**Downside**: 1) PA regulation turns less constructive, which impacts earnings growth potential given the bulk of WTRG's earnings are derived from the state's water/gas operations, 2) water system acquisitions do not receive necessary approvals for completion, which could impact longer-term water rate base growth outlook, and 3) equity issuances are meaningfully higher than expected, which dilutes EPS power.
Regulated Utilities - Small Cap (median)							**2.6%**	**5.7%**	
Regulated Utilities - Large & Small Cap (median)							**3.1%**	**6.7%**	

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Disclosure Appendix

Reg AC

We, Michael Lapides, Insoo Kim, CFA and John Miller, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Financial advisory disclosures

Goldman Sachs and/or one of its affiliates is acting as a financial advisor in connection with an announced strategic matter involving the following company or one of its affiliates: American Electric Power Company, Inc., Evergy, Inc., Eversource Energy

The rating(s) for Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Consolidated Edison Inc., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NextEra Energy Inc., NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group and Xcel Energy Inc. is/are relative to the other companies in its/their coverage universe: Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Clearway Energy Inc., Consolidated Edison Inc., Constellation Energy Corp., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NRG Energy Inc., NextEra Energy Inc., NextEra Energy Partners, NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group, Xcel Energy Inc.

Company-specific regulatory disclosures

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	35%	15%	65%	57%	45%

As of April 1, 2022, Goldman Sachs Global Investment Research had investment ratings on 3,143 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Price target and rating history chart(s)

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region's Investment Review Committee manages Regional Conviction lists, which represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Effective from the date of the United Kingdom's departure from the European Union and the European Economic Area ("Brexit Day") the following information with respect to distributing entities will apply:

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland, the Republic of Cyprus and the Republic of Ireland; GS -Succursale de Paris (Paris branch) which, from Brexit Day, will be authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by the Global Investment Research division of GS may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2022 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

KeyBanc Capital Markets

Alert

July 05, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: POR, ED, AGR, SRE, SO, WEC, ETR, PNM, DUK, XEL, EXC, EIX, AEE, PCG, DOE, SCOTUS, CA Energy Legislation, NEM 3.0

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We hosted POR for a series of meetings in NY and the Mid-Atlantic last week. We are not tracking any specific events this week, but we highlight rate cases where we are awaiting outcomes later this year, including ED and AGR's rate cases in NY, SRE's Oncor rate case in TX, SO's GP rate case, and WEC's rate cases in WI. In other news, the Supreme Court ruling in WV vs. EPA is unlikely to have an impact on clean energy investments; CA legislature passes a bill to support reliability reserve; the DOE amends the eligibility and agrees to extend the deadline, likely allowing PCG to apply for the Civil Nuclear Credit; we review the reply comments in CA's NEM 3.0 proceedings; ETR files TX GRC; PNM files emergency motion to stay a PRC order; ETR NO makes a $1.5B grid hardening and resilience filing; DUK files OH natural gas rate case; XEL files SD electric GRC; Staff files testimony in ComEd's FRP; CPUC issues a final order in Track 3 of the GRC filing; IL utilities file plans to meet Climate and Equitable Jobs Act requirements, and ETR Arkansas issues RFP for 1 GW of resources.

ICYMI

We hosted POR's senior management for two days of constructive meetings in New York City and the Mid-Atlantic. Investors were focused on the long runway for capital investment, potential for growth rate revisions, equity/funding needs, timing of the next rate cases, and regulatory strategy in OR. See our note here.

Regulatory Calendar

We are not tracking any specific events in this holiday shortened week. We summarize key rate cases where we are awaiting outcomes later this year.

ED — Settlement discussions in the CECONY rate cases to commence this week: Settlement negotiations are set to begin on July 6 as the procedural schedule has been put on pause to allow parties time to pursue discussions. ED is seeking rate increases of $1,037M and $402.2M for its electric and gas utilities, respectively, beginning January 1, 2023, and has included illustrative rate increases for 2024 and 2025 (electric: $744M, $615M, and gas: $205M, $176M) that could potentially be taken up in settlement discussions. Staff recommendation came in below expectations with a proposed rate increase of $299.5M for electric and $165.4M for gas based on 8.80% ROE (vs. ED's 10.00% request). The lower ROE directly resulted in a decrease of the revenue requirement by ~$260.7M and $95.7M for electric and gas, respectively. Property tax adjustments are another point of contention that account for ~$102.5M and $22.6M of the difference for the electric and gas rate cases, respectively. In rebuttal testimony, ED disagreed with the Staff's decision to reduce O&M by $200M for electric and gas by $44M. ED also objected to the use of three-year averages with no escalation in determining the proposed O&M. ED pointed out that the Staff's O&M reduction arbitrarily reduces programs to achieve a reduction in revenue requirements and is based on general growth rates with no basis in an actual program plan. For a detailed write-up on staff testimony and our take, see our note here.

AGR — NY rate case proceedings begin later this summer: AGR recently filed one-year electric and gas rate cases for both its NY utilities NYSEG and RGE. AGR is seeking a 10.2% ROE and 50% equity layer vs., the last rate filing, which settled at an 8.8% ROE and 48% equity (ED's previous rate case settled at 8.8%, and staff testimony in the present case has proposed an 8.8% ROE and 48% equity). AGR requests new rates to be effective May 1, 2023, just as its prior three-year rate case ends. The present rate case focuses on investments in increased reliability; storm response; spending related to the implementation of NY's Climate Law, which mandates 70% renewable generation by 2030; and the residual rate pressure deferred from the last rate case. Higher O&M and higher interest rates led by the inflationary trend also contribute to the requested rate increase. AGR seeks to expand NYSEG's vegetation management program from $57M annually to an annual five-year average of $64M. Storm cost treatment request is also tweaked vs. the last settlement in that AGR is seeking deferral treatment for both minor and major storms vs. the previous settlement that called for

deferrals of major storm expenses ($25.6M in the case of NYSEG Electric). AGR seeks a 6% inflation adjustment from the 2021 test year to RY1. The Company has filed traditional one-year rate cases but strongly supports a settlement process to achieve a multiyear settlement (as was the case in AGR's last NY rate cases that reached a three-year settlement), in which settlement negotiations would begin after the intervenor testimony (September 26). The first date to watch is August 12 when updated testimony is due.

SRE — Oncor rate case proceedings expected to commence this summer: Oncor filed a GRC in May, seeking a $251M net increase in rates ($287M increase in distribution rates offset by a $36.5M reduction in transmission rates) with a 10.3% ROE, 45% equity layer, and a 2021 rate base of $18.8B. Oncor's last rate case was settled in 2016 at 9.8%, 42.5% equity layer. The primary factors contributing to the proposed rate increase are the move to a higher equity layer and a higher ROE, the growth in Oncor's under-recovered self-insurance reserve balance to about $588M (driven by winter storm Uri), and expenses associated with COVID response, among others. While the ROEs in TX have come under some pressure, the comparatively lower equity ratio of 42.5% likely has room to come up and be an offsetting factor should ROEs remain pressured. The following dates bear watching: intervenor testimony is due on August 26 and Staff testimony is due on September 2. A PFD is expected by January 3.

SO — GP rate case proceedings will ramp up this fall with a decision expected by year-end: In June, GP filed a three-year rate case requesting a $1B revenue increase spread over three years—$852M in 2023, followed by $107M in 2024 and $45M in 2025. The request is based on an 11% ROE and 56% equity. Other items in the filing include a continuation of the Alternate Rate Plan that has been in place since 1995. Base rates exclude any cost recovery for Vogtle Units 3 and 4, which will be added later following a prudence review once the units reach COD. GP received a constructive outcome in the previous rate case, receiving ~97% of the cumulative ask ($909M vs. $942M), based on a 10.5% ROE and 56% equity. GP is seeking a continuation of earnings to be evaluated against a dead band of 9.5-12%, with 80% of the earnings above the 12% ROE being shared with ratepayers and the remaining 20% retained by the utility. GP is also seeking to continue the option to file for interim cost recovery if earnings fall below the low end of the dead band. Staff and intervenor testimony should be filed by October 17, and the Commission should offer a decision by December 20.

WEC — WI rate cases expected to conclude by year-end, with rates effective in January: WEC filed five rate cases across its WI utilities, seeking a cumulative $472M rate increase while maintaining the currently authorized returns on equity (10% for WEPCO and WPSC and 10.2% for WG). The utilities request an equity layer of 53% vs. the current 52.5%. The drivers for the rate case include capital investments in wind, solar, and battery storage—several of which have already received PSC approvals (including the Badger Hollow II solar project where WEC will own 100 MW and the Paris solar+storage project). The rate increase requested also reflects grid hardening and reliability investments. A procedural schedule in the proceedings is still pending.

Recent Developments for Companies Under Our Coverage

From our midweek: AVA reaches a multiparty settlement in the first multiyear GRC in WA; PEG receives BPU approval for Infrastructure Advancement Program; ETR completes exit from merchant nuclear business with the transfer of Palisades; AEE MO announces acquisition of a 200 MW solar facility; CNP receives IURC approval for building a natural gas-fired generation facility; Staff testimony in AEE's IL FRR proceeding proposes a lower equity ratio; utilities and interest groups submit comments on the EPA's proposed smog rule and CA braces for generation capacity shortfalls by implementing legislative fixes; and CAISO is attempting to ease the interconnection logjam.

Supreme Court ruling in WV vs. EPA is unlikely to have an impact on clean energy investments: In a 6-3 ruling, the SCOTUS ruled against the EPA and in favor of WV in that the EPA cannot set up programs that use generation-shifting among a fleet of power plants, as was advocated in Obama's Clean Power Plan. Since Obama's 2015 CPP, much has evolved as renewables' economics, state-driven decarbonization mandates, and RPS have assumed more significance and the generation transition is well underway. Besides, the ruling appears to be narrowly focused on the generation mix and should still allow the EPA to make rules such as the proposed smog rule. The court did not overturn Section 111, which means that the EPA can still require existing power plants to use the best available technology to reduce emissions (as is proposed in the smog rule—see our writeup here).

- The issue in front of the Supreme Court was whether the U.S. Constitution allows Congress to delegate broad authority to the EPA related to GHG emissions and whether the EPA can issue broad rules to recast the nation's electricity grid and decarbonize various sectors of the economy. The court ruled that Obama's CPP's approach to curbing power plant emissions (by mandating a change in the generation mix) exceeded the agency's authority. The court applied the "material questions" doctrine to say that the EPA can take actions that can have a dramatic impact only under a clear directive from Congress. The suit seemed confusing to begin with since it asked to apply a doctrine to a rule that was never in effect.
- Background: WV vs. EPA involved the scope of the powers granted to the EPA through the Clean Air Act. In 2015, the Obama EPA established the Clean Power Plan to create guidelines for GHG emission reduction from existing power plants. The plan was never implemented, but in 2019 the Trump EPA implemented the Affordable Clean Energy Rule, significantly narrowing the scope of EPA's mandate and repealing and replacing the CPP. Several groups challenged the legality of the ACE in federal court and the U.S. Court of Appeals for the D.C. Circuit vacated the EPA's repeal of the CPP and the ACE rule and sent it back to the EPA for further proceedings.

Parties submit reply comments in NEM 3.0 proceedings: Parties submitted comments in the reopened NEM proceedings. The utilities submitted joint comments emphasizing support for the PD and commenting that if changes are to be made, then the Commission defer setting the specific market transition mechanism, whether it be MTC or ACC plus to the implementation phased and should not be based on the inflated cost of solar. The utilities reiterated their preference for an MTC to the ACC plus and maintain that assessing non-bypassable charges is lawful and legally required. SEIA on the other hand contends that the Commission lacks jurisdiction to assess NBCs on BTM consumption and also that there is no cost causation link between BTM consumption and NBCs. SEIA concludes that an adequate ACC plus construct that is correctly structured to extend over a sufficient period of time and without an NBC or a Grid Access Charge would serve the Commission's purpose. There are no further dates on the docket calendar, so it is not clear when the Commission will issue an amended decision.

CA legislature passes bill to support reliability reserve: As a follow-up to our CA generation update included in the midweek (see here), the state legislature passed AB 205, which Governor Newsom negotiated to address CA's power generation capacity heading into the summer months. The bill if signed by the governor will create a Strategic Reliability Reserve to be overseen by the Department of Water Resources and will include up to 5 GW of capacity and allow the agency to build, own, operate, or purchase power from any facility that furthers the state's reliability objectives. The funding provided by the bill will allow the DWR to decide if it wants to purchase power from the Diablo Canyon nuclear units. More on the future of the Diablo Canyon units below.

DOE amends the requirements and agrees to extend the deadline for applying for the Civil Nuclear Credit Program, making it easier for Diablo Canyon to apply: The DOE expanded the eligibility of plants applying for the Civil Nuclear Credit and extended the deadline to apply to September 6 (from May 19). The change in eligibility requirements was requested by Governor Newsom and since then PCG has said that it would consider applying for the credit if the deadline were to be extended. Under original guidelines, only units operating in competitive markets and scheduled to close by 2026 were allowed to participate. DOE expanded eligibility to include plants that operate under regulated frameworks and recover costs from ratepayers—including Diablo Canyon (2,240 MW). The revised guidelines add a new condition that regulated utilities must have demonstrated the need for federal funding and that they have exhausted all other means.

ETR — ETR files TX GRC: As anticipated, ETR filed an electric rate case in TX requesting a $131M revenue increase based on a 10.8% ROE (10.5% ROE + a 30 bps performance added) and 51.21% equity layer. Investments of ~$2.3B since the 2018 GRC are driving the rate increase, including the addition of the Montgomery County power station and the Hardin County peaking facility, which are currently recovered under the GCRR rider. ETR proposes resetting the GCRR, DCRF, and TCRF rider balances to zero. The revenue increase is adjusted for new depreciation rates for earlier retirement dates for Nelson Unit 6 (524 MW) and Big Cajun II, Unit 3 (557 MW), and the extended useful lives of Sabine 1 (213 MW) and the Spindletop natural gas storage facility. The last rate case concluded in a black box settlement to reduce the net revenue requirement by $69M in Year 1, and $122M credit through the TCJA rider. ROR and rate base metrics were silent, but ETR TX was to utilize a 9.65% ROE based on a 50.9% equity layer for all other regulatory purposes.

PNM (not covered) — PNM files emergency motion to stay a PRC order: PNM filed an emergency motion to stay a NM PRC order that requires the utility to issue immediate rate credits of $128M over 2022-2023 following the retirement of the 847 MW San Juan coal unit. PNM was authorized, as part of the Energy Transition Act, to issue securitization bonds to recover the undepreciated investments in San Juan Units 1 and 4 upon their retirement. The Commission ruled that the PNM is employing delay tactics until after the Commission rules on the rate case that it will file at the end of 2022 (new rates effective in 2024) and the cost of the delay on PNM's part to issue the bonds should not be borne by ratepayers. PNM believes it is being penalized for delaying its rate case filings, which it did in consideration of the ongoing pandemic. PNM plans to file an appeal with the NM Supreme Court barring a stay from the Commission and file an emergency motion with the court seeing an interim stay of the order. Recall that AGR is in merger proceedings with PNM, and PNM is appealing the PRC's rejection of the proposed merger.

ETR — ETR NO makes a $1.5B grid hardening and resilience filing: ETR's New Orleans sub has filed a $1.5B resilience plan with the Commission. The plan includes several options (docket # UD-21-03) for the Commission to choose from, including grid resilience, hardening projects, and alternative technologies including microgrids. The project would cost $1.5B over a 10-year horizon. During the recent analyst day, ETR noted it would be recommending $4B of resilience spending to regulators across its service territories and that the overall resilience plan calls for $15B of spending over the next 10 years.

DUK — DUK files OH natural gas rate case: Duke Energy OH filed a GRC in OH requesting ~$49M revenue increase based on a 10.3% ROE and a YE22 test year with rates expected to go into effect in April 2023. Since the last rate case filing in OH in 2012, DUK has made capital investments of $1.4B that it is seeking to add to the rate base, as well as rolling the accelerated main replacement program rider into base rates. In the 2012 rate case, DUK entered a settlement to leave gas rates unchanged and used a 9.84% ROE and 53.5% equity layer.

XEL — XEL files SD electric GRC: XEL subsidiary Northern States Power Company, filed an electric GRC (docket # EL22-017) in SD seeking a $44M revenue increase based on a 10.75% ROE and 53% equity layer and based on a 2021 test year. The rate increase is

fueled by ongoing investments since the last rate case in 2014. In the previous rate case, XEL settled for a $15.2M revenue increase but did not disclose the ROE and equity layer (vs. the initial request of a $24.6M increase, 10.25% ROE, 53.86% equity layer).

EXC — Staff files testimony in ComEd's FRP: Staff filed a proposed $195M revenue increase, in line with ComEd's formula rate plan proposal for a $199M revenue increase. Staff and ComEd's increases are premised on a 7.85% ROE, 49.45% equity, and a rate base of ~$14B. ROE calculation in the FRP is formulaic and set by statute. ComEd's previous rate plan was approved at a 7.36% ROE in 2021. A final decision is expected toward the end of the year, with new rates effective in 2023. This will be EXC's last formula rate plan filing in IL. EXC is currently engaged with stakeholders and the ICC to finalize the performance metrics that will make it into the final PBR framework. An outcome is expected in 3Q, at which point ComEd will decide whether to file a four-year rate plan in 2023 or a traditional future test year plan. A filing is expected in early 2023.

EIX — CPUC issues a final order in Track 3 of the GRC filing: CPUC authorized the recovery of Track 3 incremental O&M of $385M and Track 2 capital-related revenue requirement of $15M. $385M is ~81% of SCE's request of $476M. The approved revenue requirements will be amortized over a 36-month period. The PUC also found reasonable $465M in wildfire mitigation capex, which is ~68% of SCE's ask of $679M. SCE had filed with the CPUC in 2021 for a rate recovery request of $497M associated with the 2020 wildfire mitigation and other costs that are tracked through memorandum and balancing accounts. The final order is very close to the amounts authorized by the ALJ in the PD.

EXC, AEE — IL utilities file plans to meet Climate and Equitable Jobs Act requirements: AEE IL and ComEd filed plans with the ICC to meet the targets set by the CEJA, including 50% renewable energy by 2040 and 100% clean energy by 2050. AEE's plan calls for creating four new customer education programs and riders for Real-Time Pricing and Power Smart Pricing. AEE forecasts revenue requirement of $3M and $5M in 2023 and 2024, respectively. ComEd's plan calls for the creation of a residential program and C&I program, each of which will have sub-programs supporting EV adoption programs for non-transportation electrification, and customer education programs, among others. ComEd plans to spend $100M annually between 2023 and 2025 and will recover the costs through a rider. The programs are expected to start by January 1, 2023.

ETR — ETR Arkansas issues RFP for 1 GW of resources: ETR Arkansas issued an RFP for 1 GW of solar and wind resources that will enter service between May 2025 and December 2026. Solar projects must be located in ETR's AR service territory, while the wind resources must be located in MISO or SPP. ETR will procure the resources through a combination of PPAs, BOT agreements, and self-build. The RFP should help fulfill ETR's AR long-term capacity requirement as it expects a deficit of >770MW by 2028 based on assumptions regarding capacity retirements, according to its 2021 IRP filing.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MN	CenterPoint Energy Resources	CNP	D-G-008/GR-21-435	Natural Gas	7/12/2022	ALJ Report Due
SC	Piedmont Natural Gas Co.	DUK	D-2022-89-G	Natural Gas	7/12/2022	Staff & Intervenor Testimony Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	7/12/2022	Hearings on pre-filed testimony
	CPI Release	BLS			7/13/2022	CPI release for Prior Month
CO	Public Service Co. of CO	XEL	D-22AL-0046G	Natural Gas	7/13/2022	Rebuttal/Cross Answer Testimony Due
CO	Public Service Co. of CO	XEL	21A-0192EG	Storm Cost	7/15/2022	Statutory Decision expected
GA	Georgia Power Co.	SO	Docket #44160	IRP	7/19/2022	Commission Decision Due
IL	Ameren Illinois	AEE	D-22-0297	Electric	7/21/2022	Rebuttal testimony due
PA	PECO Energy Co	EXC	D-R-3031114	Natural Gas	7/21/2022	Rebuttal Testimony
	Federal Energy Reg Comm	FERC			7/21/2022	Open Meeting
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	7/25/2022	Rebuttal Testimony Due
SC	Piedmont Natural Gas Co.	DUK	D-2022-89-G	Natural Gas	7/26/2022	Company rebuttal testimony due
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	7/27/2022	Rebuttal Testimony

Source: Regulatory filings, company reports, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	23.8	Sector Weight	NA	$92.19	2.5%	58%	4.07	4.34	4.60	22.7x	21.2x	20.0x	4.07	4.37	4.66	22.6x	21.1x	19.8x
AEP	American Electric Power Company Ir	50.3	Sector Weight	NA	$97.95	3.2%	63%	4.98	5.33	5.73	19.7x	18.4x	17.1x	5.00	5.30	5.63	19.6x	18.5x	17.4x
CMS	CMS Energy Corp	20.0	Sector Weight	NA	$69.03	2.7%	64%	2.89	3.07	3.32	23.9x	22.5x	20.8x	2.88	3.12	3.39	24.0x	22.1x	20.4x
CNP	CenterPoint Energy Inc	19.2	Overweight	$34	$30.50	2.1%	48%	1.37	1.49	1.60	22.3x	20.5x	19.1x	1.37	1.49	1.60	22.2x	20.5x	19.0x
D	Dominion Energy Inc	65.9	Overweight	$92	$81.24	3.3%	65%	4.12	4.34	4.64	19.7x	18.7x	17.5x	4.12	4.39	4.67	19.7x	18.5x	17.4x
DTE	DTE Energy Co	25.0	Sector Weight	NA	$129.16	2.7%	59%	6.17	6.26	6.62	20.9x	20.6x	19.5x	5.98	6.27	6.69	21.6x	20.6x	19.3x
DUK	Duke Energy Corp	84.4	Overweight	$121	$109.62	3.7%	74%	5.44	5.78	6.15	20.2x	19.0x	17.8x	5.46	5.77	6.14	20.1x	19.0x	17.8x
ETR	Entergy Corp	23.4	Sector Weight	NA	$115.30	3.5%	64%	6.34	6.68	7.17	18.2x	17.3x	16.1x	6.34	6.76	7.18	18.2x	17.1x	16.1x
ES	Eversource Energy	30.1	Sector Weight	NA	$87.15	2.9%	62%	4.11	4.36	4.64	21.2x	20.0x	18.8x	4.11	4.37	4.65	21.2x	20.0x	18.7x
ED	Consolidated Edison Inc	34.5	Underweight	$72	$97.24	3.3%	71%	4.47	4.79	5.06	21.8x	20.3x	19.2x	4.50	4.84	5.09	21.6x	20.1x	19.1x
EIX	Edison International	24.3	Sector Weight	NA	$63.75	4.4%	62%	4.59	4.83	5.11	13.9x	13.2x	12.5x	4.52	4.86	5.17	14.1x	13.1x	12.3x
EXC	Exelon Corp	45.2	Overweight	$53	$46.07	3.0%	61%	2.27	2.42	2.59	20.3x	19.0x	17.8x	2.26	2.41	2.59	20.3x	19.1x	17.8x
FE	FirstEnergy Corp	22.5	Overweight	$51	$39.33	4.0%	65%	2.39	2.54	2.74	16.5x	15.5x	14.4x	2.40	2.55	2.74	16.4x	15.4x	14.4x
PEG	Public Service Enterprise Group Inc	32.3	Sector Weight	NA	$64.67	3.3%	62%	3.47	3.73	3.95	18.6x	17.3x	16.4x	3.49	3.66	4.02	18.5x	17.7x	16.1x
SO	Southern Co	77.7	Sector Weight	NA	$73.14	3.7%	76%	3.54	3.78	4.15	20.7x	19.3x	17.6x	3.56	3.79	4.13	20.6x	19.3x	17.7x
WEC	WEC Energy Group Inc	32.4	Overweight	$104	$102.58	2.8%	67%	4.37	4.61	4.83	23.5x	22.3x	21.2x	4.37	4.60	4.89	23.5x	22.3x	21.0x
XEL	Xcel Energy Inc	39.6	Overweight	$79	$72.63	2.7%	61%	3.15	3.44	3.63	23.1x	21.1x	20.0x	3.17	3.40	3.63	22.9x	21.4x	20.0x
					Average:	**3.2%**	**64%**				**20.4x**	**19.2x**	**18.0x**				**20.4x**	**19.2x**	**17.9x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.2	Sector Weight	NA	$44.80	3.9%	90%	1.95	2.48	2.63	23.0x	18.1x	17.0x	1.96	2.47	2.62	22.9x	18.1x	17.1x
NWE	NorthWestern Corp	3.3	Overweight	$67	$60.49	4.2%	77%	3.29	3.52	3.66	18.4x	17.2x	16.5x	3.29	3.50	3.71	18.4x	17.3x	16.3x
OTTR	Otter Tail Corp	2.9	Sector Weight	NA	$69.46	2.4%	32%	5.37	3.81	3.84	12.9x	18.2x	18.1x	5.09	3.46	3.59	13.7x	20.1x	19.3x
PNW	Pinnacle West Capital Corp	8.4	Underweight	$64	$74.68	4.6%	85%	4.02	4.25	4.46	18.6x	17.6x	16.7x	4.02	4.22	4.48	18.6x	17.7x	16.7x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$49.82	3.6%	70%	2.55	2.81	2.95	19.5x	17.7x	16.9x	2.57	2.84	3.01	19.4x	17.5x	16.5x
					Average:	**3.7%**	**71%**				**18.5x**	**17.8x**	**17.1x**				**18.6x**	**18.1x**	**17.2x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	18.5	Underweight	$40	$47.83	3.7%	80%	2.36	2.19	2.31	20.3x	21.8x	20.7x	2.21	2.23	2.36	21.7x	21.5x	20.3x
NEE	Nextera Energy Inc	158.3	Overweight	$89	$80.56	2.1%	60%	2.85	3.05	3.33	28.3x	26.4x	24.2x	2.84	3.07	3.32	28.4x	26.3x	24.3x
SRE	Sempra Energy	48.3	Sector Weight	NA	$153.56	3.0%	54%	8.44	8.91	9.58	18.2x	17.2x	16.0x	8.51	8.98	9.58	18.0x	17.1x	16.0x
					Average:	**2.9%**	**65%**				**22.2x**	**21.8x**	**20.3x**				**22.7x**	**21.6x**	**20.2x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	18.8	Overweight	$71	$57.60	0.9%	22%	2.07	3.71	3.34	27.8x	15.5x	17.2x	2.52	4.29	5.41	22.8x	13.4x	10.6x
NRG	NRG Energy Inc	9.2	Not Covered	NA	$38.84	3.6%	37%	NA	NA	NA	NA	NA	NA	3.80	4.21	4.97	10.2x	9.2x	7.8x
VST	Vistra Corp	10.1	Not Covered	NA	$23.35	3.1%	36%	NA	NA	NA	NA	NA	NA	1.99	2.27	2.25	11.8x	10.3x	10.4x
					Average:	**2.5%**	**32%**				**27.8x**	**15.5x**	**17.2x**				**14.9x**	**11.0x**	**9.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 3 - Stock Price Performance

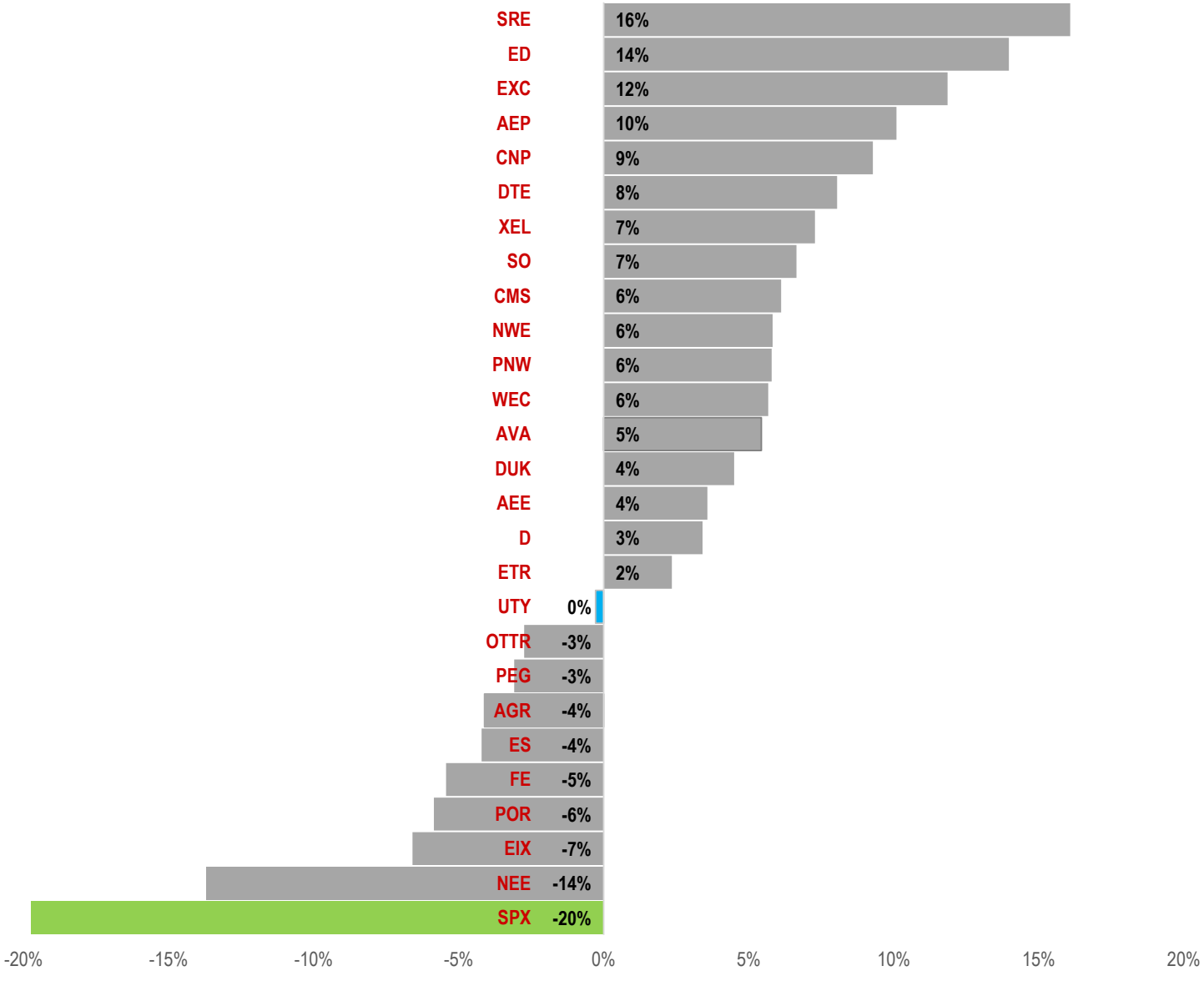

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

POR: On the Road with Management – Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

AGR: Downgrading to UW on Valuation

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

ED: Staff Recommendation Below Our Estimates; Reiterate UW

Notes from our Meetings at AGA — (WEC, AVA, DUK, DTE, AGR, CNP, AEE, SRE, XEL, NWE, SO, CMS, PEG)

Multi-Utilities: Refreshing Sector Views in Light of Recent Outperformance

HASI: Notes from Meetings with Management

CEG: Thesis Refresh in Light of Crisis in Eastern Europe, Reiterating OW, Raising PT

SRE: PT Reached — Downgrading to Sector Weight on Valuation

CEG: Room to Grow — Initiating Coverage with an OW Rating and $51 Price Target

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 1Q22 Earnings Preview: Boring Is Good

Solar Tariffs Are Back in the News (NEE, NEP, FSLR)

Utilities Earnings Halftime Report: Is Renewable Capex at Risk?

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

It Was Good While It Lasted: California ALJ Calls for Substantial Changes to Solar Net Metering Framework

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	286	51.91	77	26.92
Sector Weight [SW]	252	45.74	52	20.63
Underweight [UW]	13	2.36	1	7.69

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	15	40.54	10	66.67
Sector Weight [SW]	19	51.35	10	52.63
Underweight [UW]	3	8.11	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: EIX CPUC, EXC Top Idea, NY climate legislation/crypto mining, NWN
- **Publication Date/Time** : Friday, July 01, 2022 02:59:36 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=s96Xd4g7wDNQnlD!Aza2aA__&reid=4EE84F887D6611EDA4A282A9945289B1

GUGGENHEIM

Power & Utilities July 1, 2022

The Guggenheim Daily Transmission: OGE, EPA/ Policy, PCG/CA, ED, AWK, DOE/PCG, EXC, DOI/ Policy

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AWK	148.77	Neutral
ED	95.10	Neutral
EXC	45.32	Neutral
OGE	38.56	Buy
PCG	9.98	Buy

For details on our Guggenheim-hosted client Utility events including: our EIX NDR; Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings Guggenheim Event 7/11-12; DTE NDR; POR NDR; NEE NDR; WEC NDR; OGS NDR; and other events, scroll down…

OGE – Intervenors and OGE reach unopposed settlement for OG&E 2022 rate case

EPA/Policy – Supreme Court limits ability of EPA to regulated GHGs under CAA

PCG/CA – CA undergrounding legislation set for hearing in Assembly

ED – NY PSC allows extension for CECONY gas customer use analysis filing

AWK – AWK wins NAS Mayport contract

DOE/PCG – DOE amends CNC eligibility and timeline to potentially accommodate Diablo Canyon

EXC – ICC Staff file direct testimony in FRP, point to support for ComEd ask

DOI/Policy – House Appropriations Committee approves 2023 DOI funding bill

OGE – Intervenors and OGE reach unopposed settlement for OG&E 2022 rate case

- Intervenors in the OG&E rate case have signed on to a modified settlement agreement with OG&E, with no opposing parties (most intervenors signed on, AARP does not oppose).
- The updated settlement maintains ROE and capital structure at 9.5% and 53.3%, respectively, allows cost recovery of all the investments and extending the Grid Enhancement Mechanism.
- The net revenue increase will be $30M, down from $45M prior on non-EPS-impacting items like:
  1. $8.8M reduction by amortizing EDIT over 5 years instead of 10 years (non-earnings impact)
  2. $5.9M reduction by amortizing pension asset over 15 years (non-earnings impact)
  3. The grid enhancement mechanism cap is changed to $6 million for each program year ’22, ’23, and ‘24. The mechanism will expire no later than July 1, 2025.
- ALJ recommended approval and is awaiting a proposed order filing.
- Docket: PUD202100164 available through search.

Guggenheim takeaway: *The updated settlement is a big step in addressing the bid-ask from prior settlements/positions without sacrificing earnings power. We caught up with mgmt. and noted a constructive resolution to the rate case. Mgmt. continues to anticipate implementing interim rates on July 1, 2022, and incorporating the latest settlement. The final order timing is uncertain, but even with the prior more litigated path the schedule would have run through end of September (i.e., with an unopposed settlement an order could come significantly sooner). As a reminder, we just hosted C-Suite for a well-attended NDR in NY.*

EPA/Policy – Supreme Court limits ability of EPA to regulated GHGs under CAA

- The Court ruled 6-3 that the EPA’s ability to regulate carbon dioxide emissions under the Clean Air Act is limited.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- "Capping carbon dioxide emissions at a level that will force a nationwide transition away from the use of coal to generate electricity may be a sensible 'solution to the crisis of the day,'…A decision of such magnitude and consequence rests with Congress itself, or an agency acting pursuant to a clear delegation from that representative body." - Chief Justice John Roberts
- Useful overview HERE.
- Opinion HERE.
- More HERE.

Guggenheim takeaway: *In our view, this decision does not come as a surprise given the Court's makeup, the 2016 stay of the Obama-era Clean Power Plan (withdrawn by the subsequent administration), and the lines of questioning during arguments in February. While it presented a potential tool for the executive branch to proceed with changes at the federal level, in our view many of the states and utilities have already moved forward with carbon reductions independently, aware of the legal headwinds at the federal level. The EPA still has levers at its disposal (Good Neighbor/NOX) that will drive pollution mitigation and potential retirements, but the window for a wholesale Agency-led transition is now smaller.*

PCG/CA – CA undergrounding legislation set for hearing in Assembly

- CA Senate SB884 legislation was set for hearing on August 3, 2022 in the Assembly.
- The assembly committee on utilities previously removed the language around a delayed investment recovery for undergrounding projects.
- The language was replaced with a mandate for an accountability process that would be CPUC driven.
- CA Senate undergrounding bill text here (SB884).
- Legislative session runs through August.

Guggenheim takeaway: *The bill has been gaining media attention despite the relatively early inning of the legislative session. As history has shown, the legislative process can see bills amended or gutted almost entirely until the tail end of the session in August. The amendments remove a large portion of the contested language that would potentially be at odds with incentivizing undergrounding, and instead shows the political will for alignment on wildfire safety.*

ED – NY PSC allows extension for CECONY gas customer use analysis filing

- NYPSC approved an extension of time to file a CECONY gas use analysis.
- The extension allows for filings until July 15, 2022.
- Docket: 19-G-0066

Guggenheim takeaway:*FYI.*

AWK – AWK wins NAS Mayport contract

- "American Water Military Services LLC, Camden, New Jersey, has been awarded a $341,583,001 fixed-price with economic-price-adjustment contract for the ownership, operation and maintenance of the wastewater utility system at Naval Station Mayport, Florida. This was a competitive acquisition with four responses received. This is a 50-year contract with no option periods. Location of performance is Florida, with a Feb. 28, 2073, performance completion date. Using military service is Navy. Type of appropriation is fiscal 2022 through 2073 Navy operations and maintenance funds. The contracting activity is the Defense Logistics Agency Energy, Fort Belvoir, Virginia (SP0600-22-C-8343)." - DOD
- More HERE.

Guggenheim takeaway: *Right on the schedule management laid out on its 1Q call, and another strong win for MSG. While the segment is not a particularly large contributor to consolidated earnings, it remains a core competency for the company and strong proving ground for some of the nation's more challenging water conditions (e.g., contamination).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

DOE/PCG – DOE amends CNC eligibility and timeline to potentially accommodate Diablo Canyon

- "DOE recently amended the Guidance for applying to the Civil Nuclear Credit (CNC) Program. To incorporate these changes into the Guidance for the current award cycle and give potential applicants the time they need to respond, we have extended the application period to September 6, 2022. This will allow any reactors impacted by the change the time to submit an application based on the Amended Guidance." - DOE
- More HERE.

Guggenheim takeaway: *Zero surprise to us given the ongoing dialogue between the stakeholders, with DOE creating a pathway for PCG and the state to seek the necessary funds.*

EXC – ICC Staff file direct testimony in FRP, point to support for ComEd ask

- ICC Staff largely aligned with ComEd's FRP filing in their direct testimony, with Staff supporting a $220mm increase in the revenue requirement vs. the company's $223mm.
- More HERE.

Guggenheim takeaway: *Minor ICYMI as the final FRP works its way through the normal process.*

DOI/Policy – House Appropriations Committee approves 2023 DOI funding bill

- "In total, the bill includes $44.8 billion in regular appropriations, an increase of $6.8 billion – 18 percent – above the FY 2022 enacted level. There is also an additional $2.55 billion of funding provided under the fire suppression cap adjustment." – HAC
- The bill is roughly a 7% bump over the prior year's appropriation and includes boosts across the Department's traditional and renewable energy touch points (BOEM).
- More HERE.

Guggenheim takeaway: *Policy data point for your awareness as the fiscal process churns in the background on the Hill.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

Southern Company (SO), Racing Porsches, Mets/Braves Game & GA Commissioner Meetings? Yes, Please!

What do Racing Porsches, Southern Company C-Suite meetings, Georgia Commissioner meetings and the Mets/Braves have in common? Almost nothing! But we are combining all of them for an action-packed 1.5 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2022
Atlanta, Georgia

Schedule

Monday, July 11th

1:00 PM | Georgia PSC Meetings
Meetings with Chairman Pridemore, Commissioner Echols, Commissioner Shaw and potentially others.
Location: 244 Washington St. SW, Atlanta, GA 30334
NOTE: *Times may slightly change but plan on early afternoon arrival for PSC meetings*

6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Location: TBD

Tuesday, July 12th

11:30 AM | Lunch
Lunch with Southern Company and Georgia Power C-Suite teams
Location: Southern Co Headquarters, 30 Ivan Allen Jr. Blvd. NW, Atlanta, GA 30308

1:30 PM – 5:30 PM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

6:30 PM | Braves/Mets Game
Southern Company C-Suite will host in their private box. Dinner will be served.

Company Information

Market Cap: $79.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA.
(Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chief Executive Officer*
Barbara Tuckfield, *Director, Investor Relations*

Date
August 8 & 9, 2022
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $25.7bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment composed of various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim's Power & Utility Comp Sheet

6/30/2022		Market	Guggenheim EPS Ests				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				LTG	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																											
ALE	$58.78	3,350	3.75	3.89	4.06	4.32	–	(0.05)	(0.06)	(0.09)	15.7x	15.1x	14.5x	13.6x	-21%	-19%	-17%	-17%	7.6%	4.5%	71%	Neutral	$65	15%	Neutral	$67	18%
AVA	$43.51	3,152	1.94	2.47	2.59	2.72	–	–	(0.03)	(0.04)	22.4x	17.6x	16.8x	16.0x	13%	-5%	-3%	-2%	6.7%	4.1%	93%	Sell	$34	-18%	Neutral	$43	3%
NWE	$58.93	3,190	3.34	3.57	3.88	4.05	0.05	0.03	0.21	0.08	17.6x	16.5x	15.2x	14.6x	-11%	-11%	-13%	-11%	3.8%	4.3%	76%	Neutral	$58	3%	Neutral	$63	11%
POR	$48.33	4,312	2.58	2.98	3.12	3.25	–	0.12	0.10	0.10	18.7x	16.2x	15.5x	14.9x	-5%	-13%	-11%	-9%	4.6%	3.8%	72%	Buy	$57	22%	Buy	$53	13%
		14,004									**18.6x**	**16.4x**	**15.5x**	**14.8x**	**-6%**	**-12%**	**-11%**	**-10%**	**5.7%**	**4.2%**	**78%**						
Mid/Large Cap Electric																											
AEE	$90.36	23,321	4.04	4.32	4.64	4.95	(0.04)	(0.05)	–	(0.03)	22.4x	20.9x	19.5x	18.3x	13%	12%	12%	12%	6.5%	2.7%	60%	Buy	$99	12%	Buy	$97	10%
AEP	$95.94	49,269	4.98	5.30	5.64	6.00	(0.03)	–	–	0.04	19.3x	18.1x	17.0x	16.0x	-3%	-3%	-2%	-2%	6.1%	3.4%	65%	Buy	$109	17%	Buy	$106	14%
CMS	$67.50	19,584	2.88	3.14	3.41	3.64	–	–	–	–	23.4x	21.5x	19.8x	18.5x	18%	16%	14%	14%	8.3%	2.8%	66%	Neutral	$70	7%	Buy	$71	8%
CNP	$29.58	18,619	1.38	1.49	1.61	1.73	–	–	–	–	21.4x	19.9x	18.4x	17.1x	8%	7%	6%	5%	8.0%	2.4%	52%	Buy	$34	17%	Buy	$33	14%
D	$79.81	64,747	4.12	4.40	4.70	5.00	–	–	–	–	19.4x	18.1x	17.0x	16.0x	-2%	-2%	-2%	-2%	6.1%	3.4%	67%	Buy	$90	16%	Buy	$89	15%
DTE	$126.75	24,557	5.98	6.29	6.73	7.13	–	–	0.04	(0.05)	21.2x	20.2x	18.8x	17.8x	7%	8%	8%	9%	4.5%	2.9%	62%	Buy	$145	17%	Buy	$138	12%
DUK	$107.21	82,552	5.48	5.81	6.15	6.50	0.03	0.05	–	–	19.6x	18.5x	17.4x	16.5x	-1%	-1%	0%	1%	5.5%	3.8%	74%	Buy	$119	15%	Buy	$114	10%
ED	$95.10	33,693	4.51	4.89	5.18	5.38	–	0.04	0.05	(0.05)	21.1x	19.4x	18.4x	17.7x	7%	5%	6%	8%	5.3%	3.4%	71%	Neutral	$94	2%	Sell	$87	-5%
EIX	$63.24	24,107	4.64	4.92	5.25	5.60	0.12	0.07	0.08	0.19	13.6x	12.9x	12.0x	11.3x	-31%	-31%	-31%	-31%	5.1%	4.5%	62%	Buy	$82	34%	Buy	$74	22%
ES	$84.47	29,132	4.10	4.34	4.65	5.00	–	(0.04)	–	–	20.6x	19.5x	18.2x	16.9x	4%	5%	5%	4%	6.7%	3.1%	64%	Neutral	$92	12%	Neutral	$93	13%
ETR	$112.64	22,908	6.33	6.81	7.21	7.57	–	0.05	–	(0.10)	17.8x	16.5x	15.6x	14.9x	-10%	-11%	-10%	-9%	5.9%	3.7%	66%	Buy	$129	18%	Buy	$123	13%
EVRG	$65.25	14,973	3.52	3.77	4.02	4.30	–	–	(0.04)	–	18.5x	17.3x	16.2x	15.2x	-6%	-7%	-7%	-7%	5.0%	3.7%	68%	Buy	$77	22%	Buy	$72	14%
EXC	$45.32	44,420	2.27	2.41	2.58	2.82	–	–	–	–	20.0x	18.8x	17.6x	16.1x	1%	1%	1%	-2%	7.5%	3.2%	63%	Neutral	$49	11%	Buy	$49	11%
FE	$38.39	21,918	2.44	2.57	2.75	2.95	0.04	–	–	0.06	15.7x	14.9x	14.0x	13.0x	-20%	-20%	-20%	-20%	3.2%	4.1%	65%	Neutral	$43	16%	Buy	$46	24%
LNT	$58.61	14,700	2.75	2.90	3.04	3.23	–	–	(0.03)	(0.04)	21.3x	20.2x	19.3x	18.1x	8%	9%	11%	11%	5.3%	3.0%	64%	Neutral	$60	5%	Neutral	$64	13%
OGE	$38.56	7,720	2.28	2.39	2.52	2.64	0.12	0.28	0.30	0.22	16.9x	16.1x	15.3x	14.6x	-15%	-13%	-12%	-11%	4.0%	4.4%	74%	Buy	$43	16%	Buy	$42	12%
PCG	$9.98	19,835	1.11	1.24	1.34	1.45	–	–	–	–	9.0x	8.0x	7.4x	6.9x	-55%	-57%	-57%	-58%	9.7%	0.5%	4%	Buy	$19	91%	Buy	$16	62%
PEG	$63.28	31,593	3.56	3.73	4.18	4.55	0.07	0.08	0.13	0.10	17.8x	17.0x	15.1x	13.9x	-10%	-9%	-13%	-15%	5.7%	3.5%	62%	Buy	$75	22%	Buy	$74	21%
PNW	$73.12	8,263	4.05	4.25	4.50	4.75	–	0.05	–	0.04	18.1x	17.2x	16.2x	15.4x	-9%	-7%	-6%	-6%	-3.5%	4.7%	84%	Sell	$60	-13%	Sell	$73	5%
PPL	$27.13	19,965	1.48	1.58	1.70	1.81	0.06	–	–	–	18.3x	17.2x	16.0x	15.0x	-7%	-8%	-8%	-8%	14.6%	3.4%	63%	Buy	$33	25%	Buy	$31	18%
SO	$71.31	75,769	3.55	3.80	4.15	4.40	–	–	0.07	0.10	20.1x	18.8x	17.2x	16.2x	2%	1%	-1%	-1%	6.6%	3.9%	77%	Buy	$76	10%	Neutral	$73	7%
WEC	$100.64	31,745	4.38	4.59	4.89	5.21	–	–	–	–	23.0x	21.9x	20.6x	19.3x	16%	18%	18%	18%	6.1%	3.0%	68%	Neutral	$104	6%	Buy	$105	7%
Mid/Lg Cap (excl. EIX, PCG)											**19.8x**	**18.6x**	**17.4x**	**16.3x**					**5.9%**	**3.4%**	**67%**						
Regulated Electrics		**697,395**									**19.6x**	**18.2x**	**17.1x**	**16.1x**					**5.8%**	**3.6%**	**69%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	LTG EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$40.90	4,476	2.21	2.41	2.47	2.69	0.06	0.12	0.09	0.13	18.5x	17.0x	16.6x	15.2x	-6%	-9%	-5%	-7%	4.6%	3.5%	65%	Neutral	$41	4%	Neutral	$41	5%
NEE	$77.46	152,170	2.84	3.07	3.38	3.66	–	0.09	0.04	0.05	27.3x	25.2x	22.9x	21.2x	38%	36%	32%	30%	9.5%	2.3%	63%	Buy	$91	20%	Buy	$90	19%
SRE	$150.27	47,231	8.54	9.08	9.58	10.21	–	0.11	–	0.10	17.6x	16.5x	15.7x	14.7x	-11%	-11%	-10%	-10%	4.9%	3.2%	56%	Buy	$174	19%	Buy	$172	18%
		203,876									**21.1x**	**19.6x**	**18.4x**	**17.0x**	**7%**	**5%**	**6%**	**4%**	**6.3%**	**3.0%**	**61%**						
Gas LDCs																											
NI	$29.49	11,967	1.45	1.53	1.70	1.84	–	–	–	–	20.3x	19.3x	17.3x	16.0x	4%	6%	2%	-0%	7.7%	3.3%	67%	Buy	$32	12%	Buy	$32	13%
CPK	$129.55	2,297	5.13	5.55	5.93	6.32	–	–	0.04	0.08	25.3x	23.3x	21.8x	20.5x	29%	28%	28%	28%	7.6%	1.7%	42%	Neutral	$136	7%	Buy	$141	11%
NJR	$44.53	4,282	2.35	2.43	2.62	2.78	–	–	(0.11)	(0.03)	18.9x	18.3x	17.0x	16.0x	-3%	1%	-0%	-0%	6.5%	3.5%	65%	Neutral	$41	-4%	Neutral	$47	8%
NWN	$53.10	1,819	2.56	2.73	2.83	2.97	0.03	0.03	0.03	–	20.7x	19.5x	18.8x	17.9x	6%	7%	10%	11%	3.8%	3.7%	76%	Neutral	$49	-4%	Buy	$55	7%
OGS	$81.19	4,392	4.08	4.38	4.65	5.00	–	–	–	–	19.9x	18.5x	17.5x	16.2x	2%	2%	2%	1%	6.8%	3.2%	63%	Neutral	$77	-2%	Buy	$87	10%
SJI	$34.14	4,179	1.71	1.82	1.94	2.05	0.07	0.06	0.09	0.22	20.0x	18.8x	17.6x	16.7x	2%	3%	3%	4%	6.2%	3.7%	74%	Neutral	$26	-20%	Neutral	$34	2%
SR	$74.37	3,876	3.84	4.27	4.91	5.03	(0.07)	(0.11)	0.25	0.15	19.4x	17.4x	15.1x	14.8x	-1%	-4%	-11%	-8%	0.9%	3.8%	74%	Neutral	$67	-6%	Neutral	$74	4%
		32,811									**20.6x**	**19.3x**	**17.9x**	**16.9x**	**5%**	**6%**	**5%**	**5%**	**5.6%**	**3.2%**	**66%**						
Regulated Water																											
AWK	$148.77	27,039	4.44	4.85	5.23	5.70	–	–	–	–	33.5x	30.7x	28.4x	26.1x	69%	65%	64%	60%	-4.8%	1.8%	61%	Neutral	$155	6%	Neutral	$160	9%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'21–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$57.26	18,705	2,547	3,203	3,511	3,412	(48)	162	103	(22)	10.0x	7.4x	6.2x	5.9x	25,371	23,663	21,800	19,993	-0.3%	1.0%	18%	Buy	$70	23%	Buy	$67	18%
NRG	$38.17	9,057	2,120	2,237	2,282	2,225	(38)	(36)	(73)	(159)	7.3x	6.7x	6.3x	5.9x	15,561	15,026	14,447	13,171	-2.1%	3.8%	33%	Neutral	$43	16%	Buy	$45	20%
VST	$22.85	9,867	3,117	3,508	3,555	3,738	(40)	(76)	(28)	222	6.6x	5.7x	5.5x	5.0x	20,422	20,102	19,646	18,644	17.8%	3.3%	30%	Buy	$32	43%	Buy	$31	40%
Other																											
ALTO	$3.71	275	73	74	75	76	–	(62)	(123)	(243)									-0.2%	–	–	Buy	$8	116%	Buy	$11	188%
IEA	$8.03	388	147	164	174	178	–	–	–	–									7.2%	–	–	Buy	$12	49%	Buy	$14	79%
NEP	$74.16	6,222	1,660	1,775	1,889	2,003	(44)	(113)	(173)	(190)									10.2%	4.4%	–	Buy	$85	19%	Buy	$85	19%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

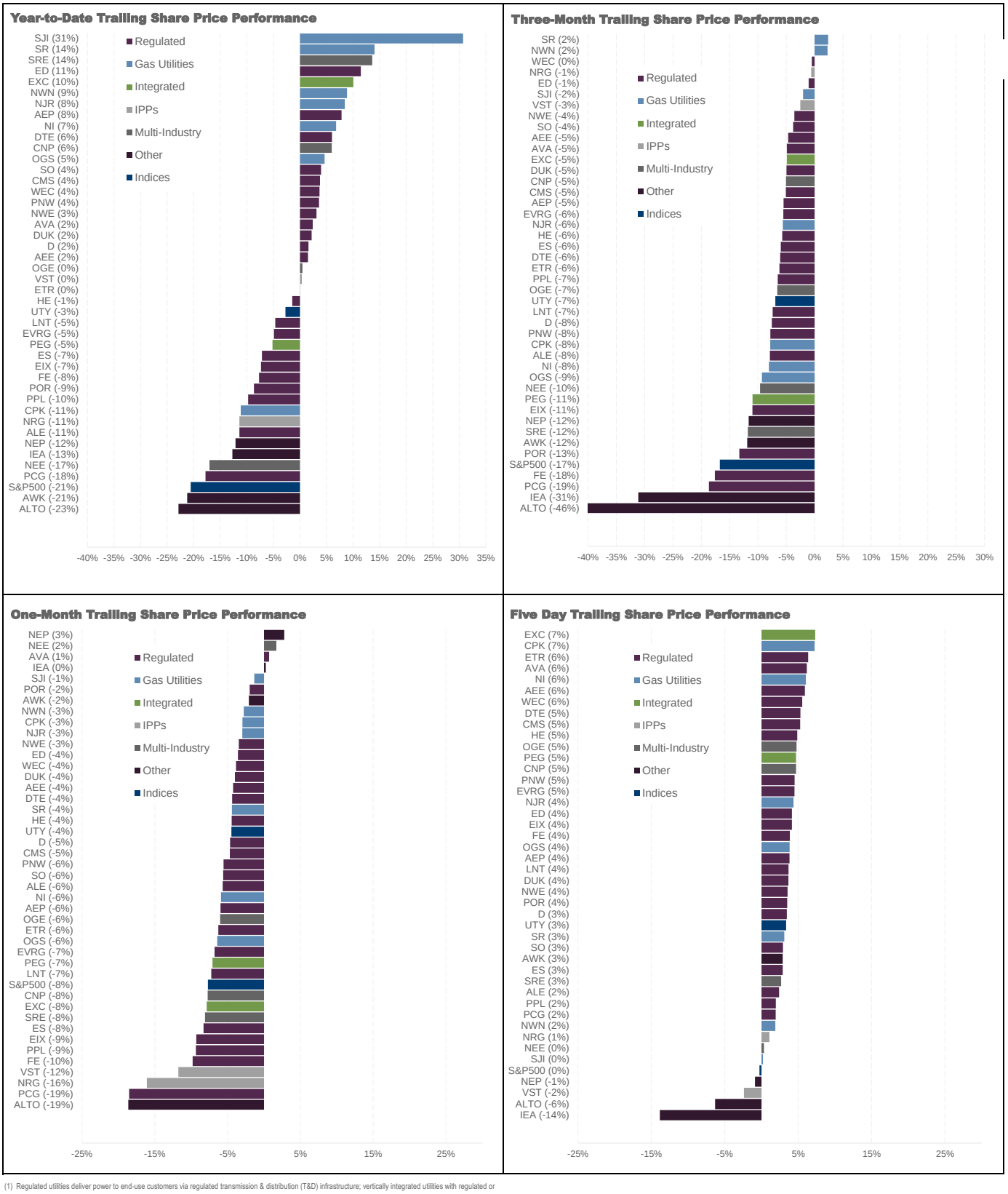

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PS	7/11–7/12	Atlanta
DTE	8/8-8/9	New York
POR	8/9-8/10	New York
NEE	8/30-9/2	West Coast
WEC	9/12-9/14	West Coast
OGS	9/27-9/28	New York

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Generation and Mix

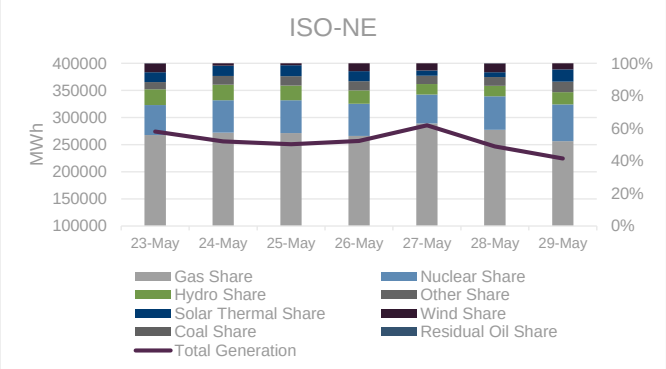

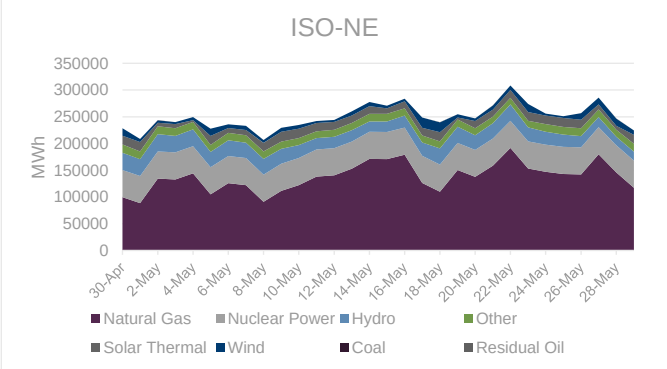

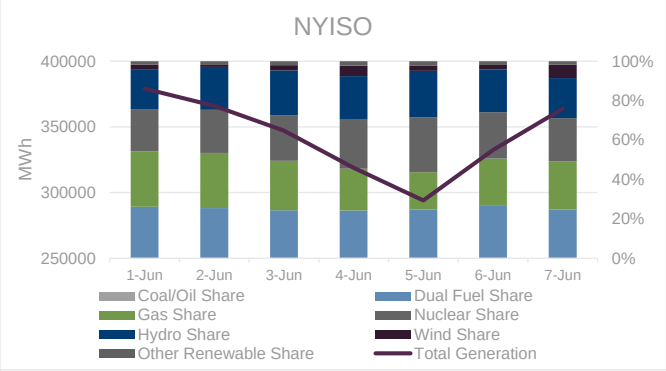

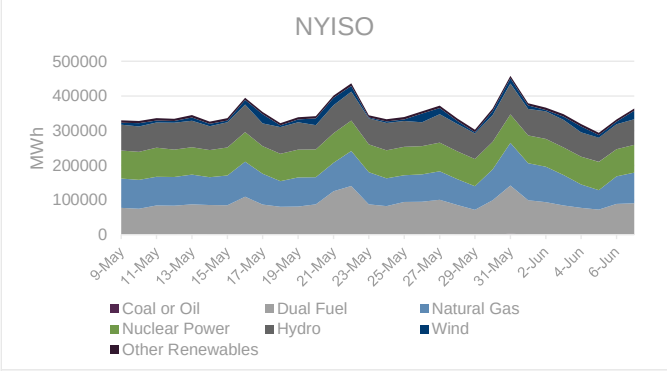

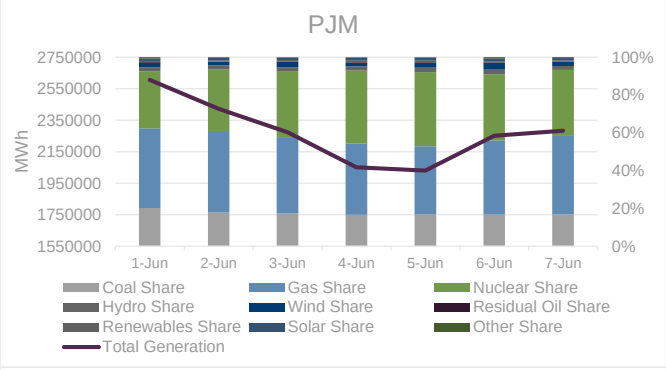

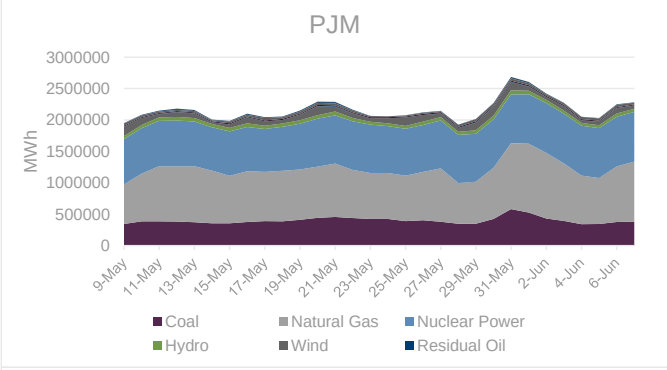

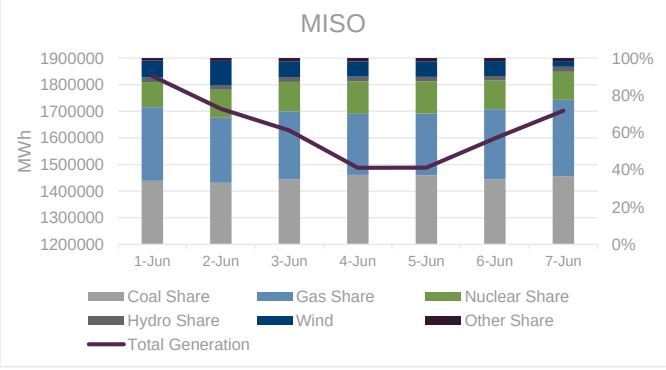

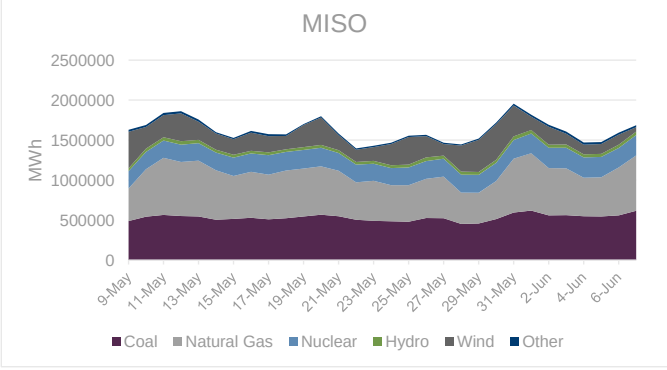

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

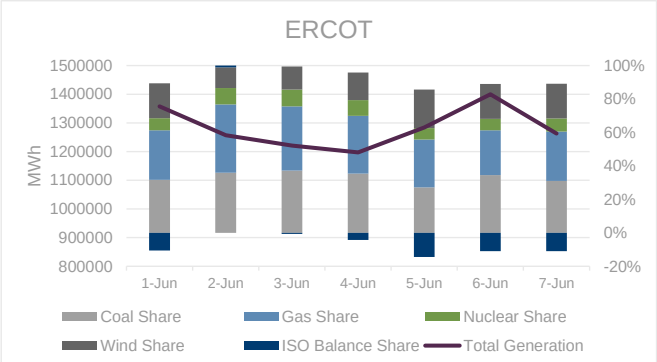

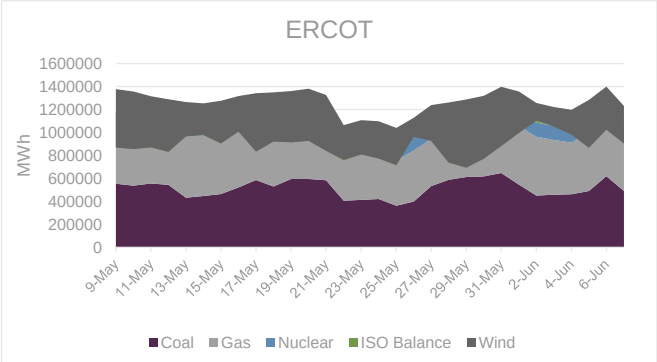

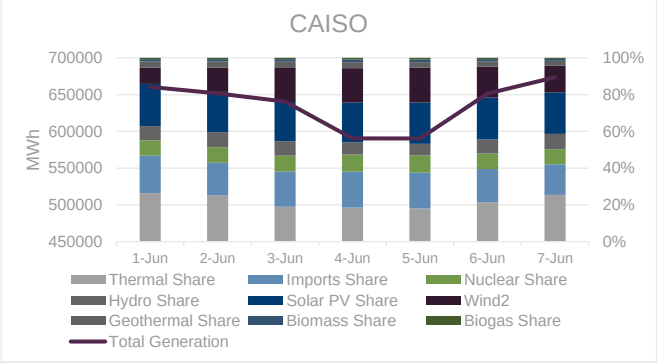

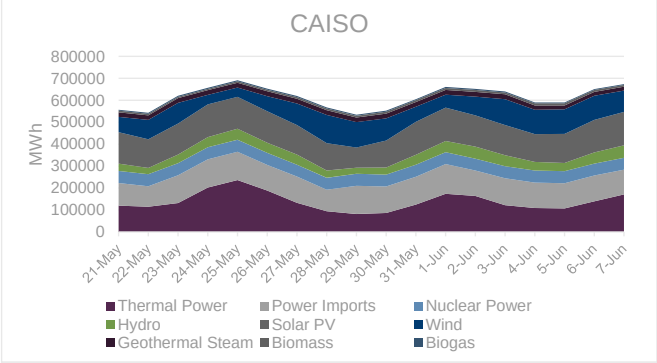

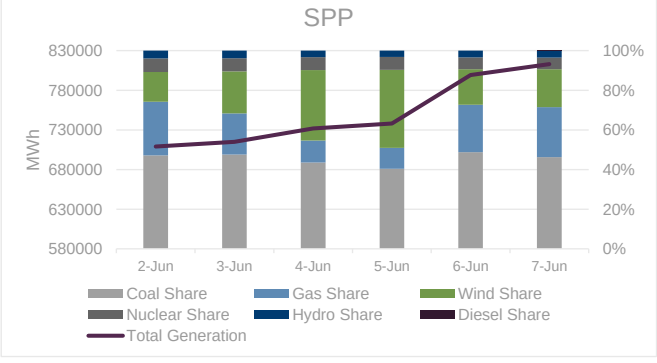

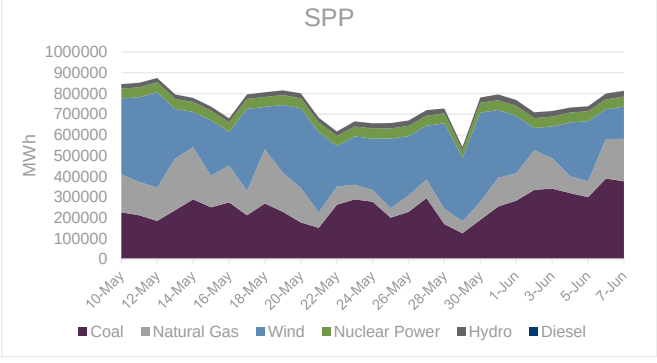

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Weather

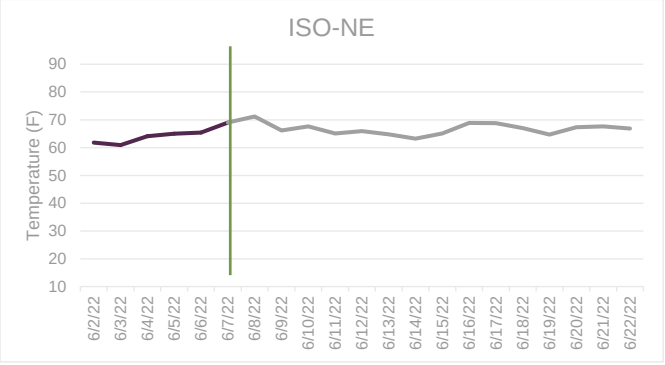

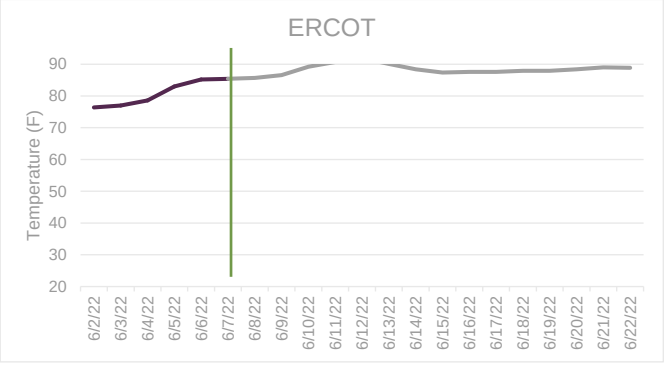

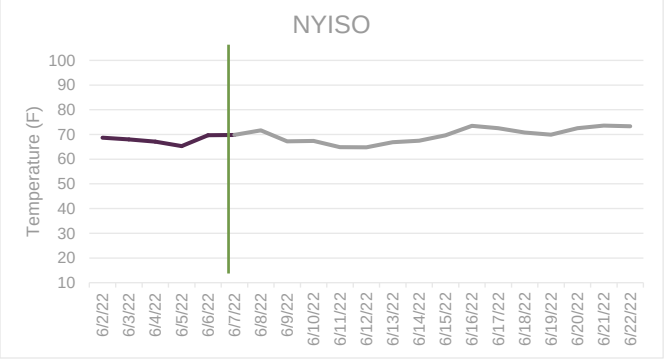

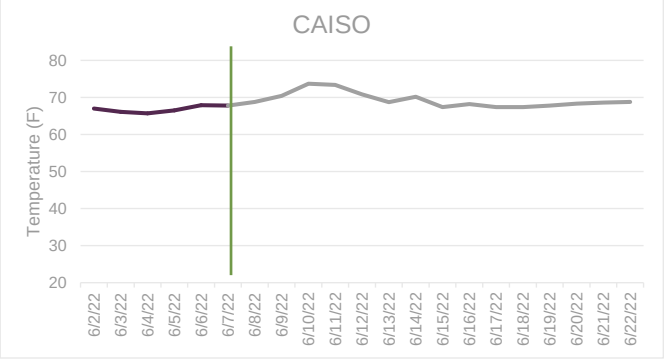

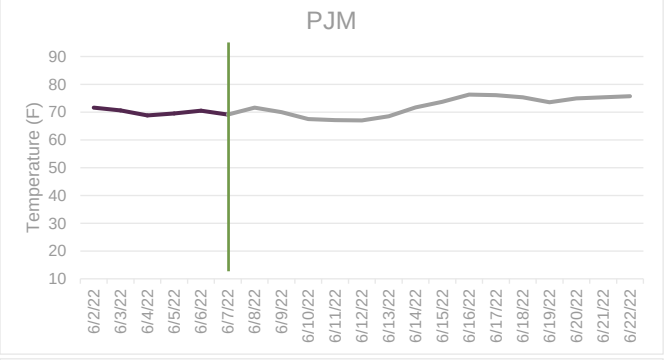

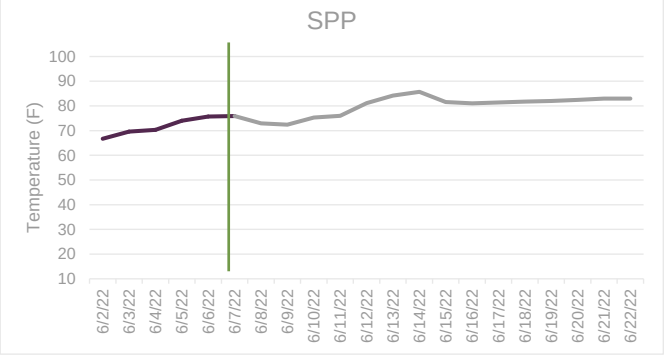

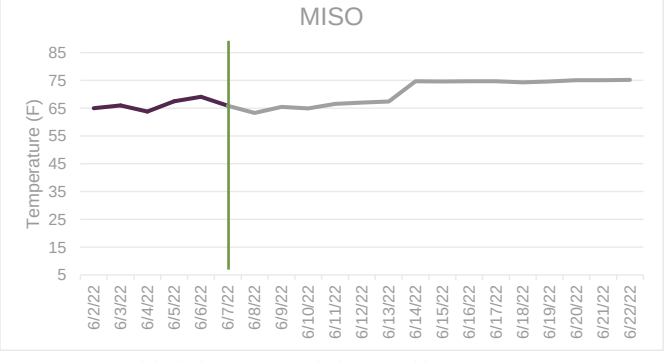

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/29/2022 - 7/1/2022)

Date	State	Ticker	Utility/Event	Docket	Description
3/29/2022-4/30/2022	TX	AEP	Southwestern Public Service Co	D-51802	Decision expected in rate case by the end of the first quarter
4/1/2022-4/30/2022	IL	AEE	Ameren Illinois		Formula rate plan filing expected
4/1/2022-4/30/2022	IL	EXC	Commonwealth Edison Co.		Formula rate plan filing expected
4/1/2022-6/30/2022	MI	CMS	Consumers Energy Co.		Company to file electric general rate case
4/1/2022-4/30/2022	UT	D	Questar Gas Co.		Gas rate case expected to be filed
4/1/2022-4/30/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Hearing Examiner's report likely in rate case
4/5/2022-4/6/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Heairngs scheduled in Rider BW proceeding
4/6/2022-4/8/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Evidentiary hearing scheduled
4/7/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Rebuttal testimony due in RPS-RAC proceeding
4/8/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Staff and intervenor testimony due
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rate case corrections and updates to be filed by company
4/8/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rate case corrections and updates to be filed by company
4/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Staff to file testimony in Rider OSW proceeding
4/13/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Staff to file testimony in RAC-EE proceeding
4/14/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Rebuttall testimony due in Rider SNA proceeding
4/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Hearing examiner report may be issued in Rider GT proceeding
4/20/2022-4/21/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearings scheduled in RPS-RAC proceeding
4/22/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor testimony due
4/25/2022	OR	POR	Portland General Electric Co.	D-UE-394	Final order due
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearings scheduled in Rider SNA proceeding
4/26/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Staff testimony due in Rider DSM proceeding
4/27/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
4/28/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Electric rate case to be filed on or after
4/29/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file testimony
4/29/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Initial briefs due in rate case
4/30/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00083 (Rider GT)	Decision may be issued in Rider GT proceeding
5/1/2022-7/31/2022	AZ	PNW	Arizona Public Service Co.		Electric rate case expected to be filed
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00229 (Rider SNA)	Hearing Examiners report may be issued in Rider SNA proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00238 (Rider US-2)	Hearing Examiner's report may be issued in Rider US-2 proceeding
5/1/2022-5/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00239 (Rider BW)	Hearing Examiners report likely to be issued in Rider BW proceeding
5/1/2022	WI	WEC	Wisconsin Public Service Corp.		Company to file general rate case by
5/4/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Testimony due in rate proceeding
5/4/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Settlement conference
5/11/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing scheduled in Rider DSM proceeding
5/13/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Reply briefs due
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Evidentiary hearings scheduled
5/16/2022-5/31/2022	CA	pcg	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Evidentiary hearings scheduled
5/16/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Rebuttal testimony due in rate proceeding
5/16/2022-5/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearings scheduled in Rider OSW proceeding
5/18/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Settlement conference to be held in rate proceeding
5/18/2022-5/19/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearings scheduled in RAC-EE proceeding
5/19/2022	MI	DTE	DTE Electric Co.	C-U-20836	Testimony due in rate case
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Staff and intervenor testimony to be filed
5/20/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Staff and intervenor testimony to be filed
5/23/2022	AR	AEP	Southwestern Electric Power Co	D-21-070-U	Decision expected in rate proceeding
5/24/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00006 (Rider E)	Intervening parties to file testimony in Rider E update
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-E-0074	PSC decision expected in rate case
5/25/2022	NY	ED	Orange & Rockland Utlts Inc.	C-21-G-0073	PSC decision expected in rate case
5/26/2022	OK	OGE	Oklahoma Gas and Electric Co.	Ca-PUD202100164	Hearing to begin in rate proceeding
5/31/2022	VA	PPL	Kentucky Utilities Co.	C-PUR-2021-00171	Decision expected in base rate case
6/1/2022-6/30/2022	TX	SRE	Oncor Electric Delivery Co.		Rate case filing expected -- extended from October 2021
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Hearing Examiner's report likely to be issued in RPS-RAC proceeding
6/1/2022-6/30/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00236 (RAC-EE)	Hearing Examiner's report may be issued
6/1/2022-6/30/2022	WV	AEP	Appalachian Power Co.	C-22-0304-E-P	Decision possible in modified rate base cost recovery rider proceeding
6/6/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	NW Natural reply testimony due
6/8/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/8/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on revenue requirement due in rate proceeding
6/10/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Rebuttal testimony to be filed
6/10/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Briefs due in rate case
6/15/2022-7/15/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Hearing examiner's report likely in Rider OSW proceeding
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-E-0064	Rebuttal testimony to be filed
6/17/2022	NY	ED	Consolidated Edison Co. of NY	C-22-G-0065	Rebuttal testimony to be filed
6/22/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Staff and intervenor testimony on rate design due in rate proceeding
6/22/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Staff and intervenor testimony on rate design due in rate proceeding
6/24/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Deadline for intervenors to file surrebuttal testimony
6/27/2022-7/22/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	Evidentiary hearings to be held
6/28/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Intervening parties to file testimony in Rider CCR update proceeding
6/29/2022	MI	CMS	Consumers Energy Co.	C-U-21148	Reply briefs due in rate case
6/30/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Staff, intervenor rebuttal testimony due
7/1/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Intervenor testimony due in gas rate proceeding
7/1/2022-7/31/2022	OK	OGS	Oklahoma Natural Gas Co	Ca-PUD202200023	Decision possible in PBR proceeding
7/1/2022-7/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2021-00206 (RPS-RAC)	Decision likely in Rider RPS-RAC proceeding
7/1/2022-7/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00247 (Rider DSM)	Hearing Examiner's report may be issued in Rider DSM proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- **'22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely**
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- What Comes Up Must Come Down? Persevering Against Rising Yields – Defensive Positioning, Higher EPS Growth, Constructive Policy and ROE Trends, We See Support for Utilities as Sector Decouples from Rates
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from American Water Works Company, Inc., Consolidated Edison, Inc., Exelon Corporation, OGE Energy Corp. and PG&E Corporation in the next 3 months.

Guggenheim Securities, LLC makes a market in the securities of OGE Energy Corp..

Guggenheim Securities, LLC managed or co-managed a public offering of securities for PG&E Corporation during the past 12 months.

PG&E Corporation is or was during the 12-month period preceding the date of the distribution of this report a client of Guggenheim Securities, LLC. Guggenheim Securities, LLC provided PG&E Corporation investment banking services.

Guggenheim Securities, LLC or its affiliates received compensation for investment banking services from PG&E Corporation during the past 12 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: American Water Works Company, Inc. (AWK) as of 06-30-2022

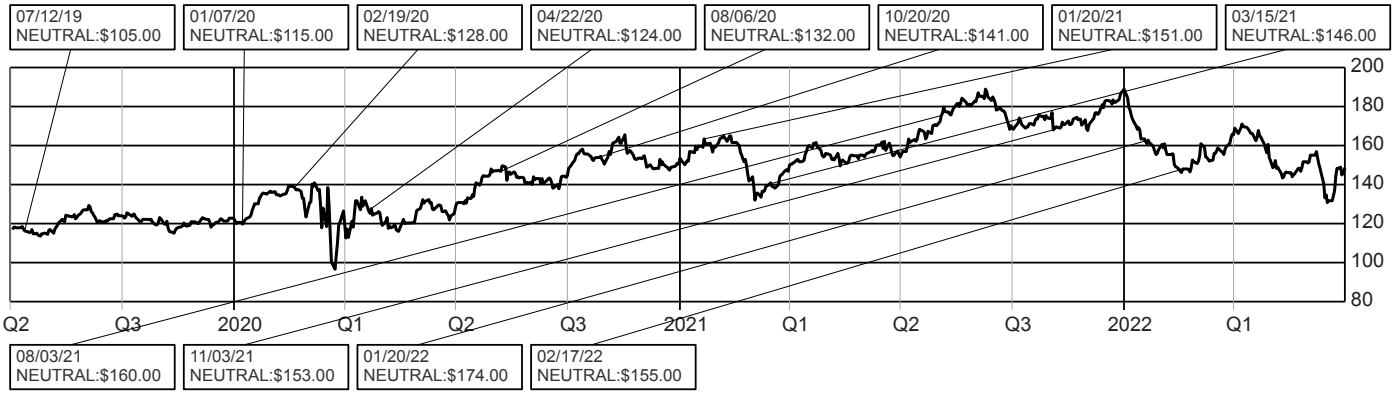

Created by: BlueMatrix

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Rating and Price Target History for: Consolidated Edison, Inc. (ED) as of 06-30-2022

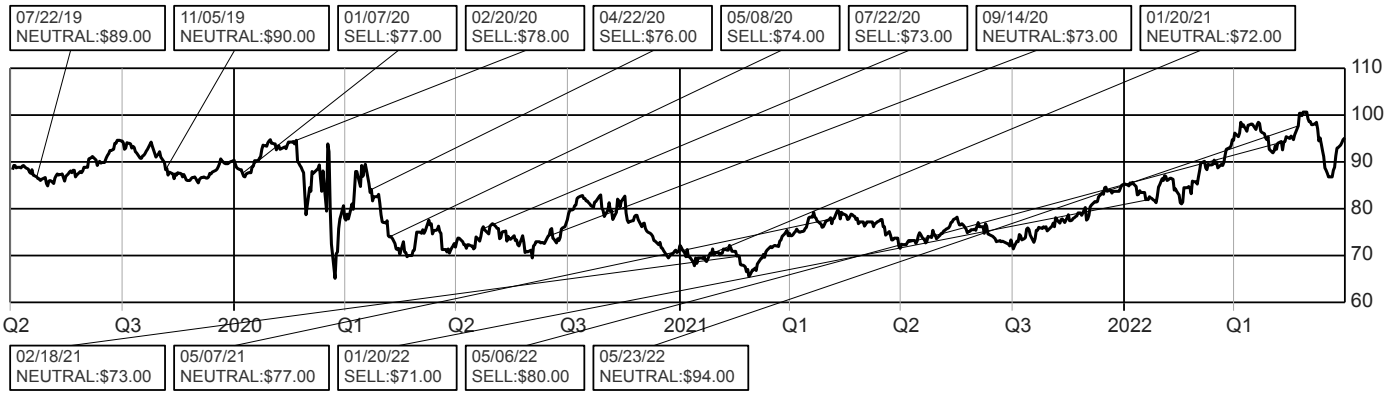

Created by: BlueMatrix

Rating and Price Target History for: Exelon Corporation (EXC) as of 06-30-2022

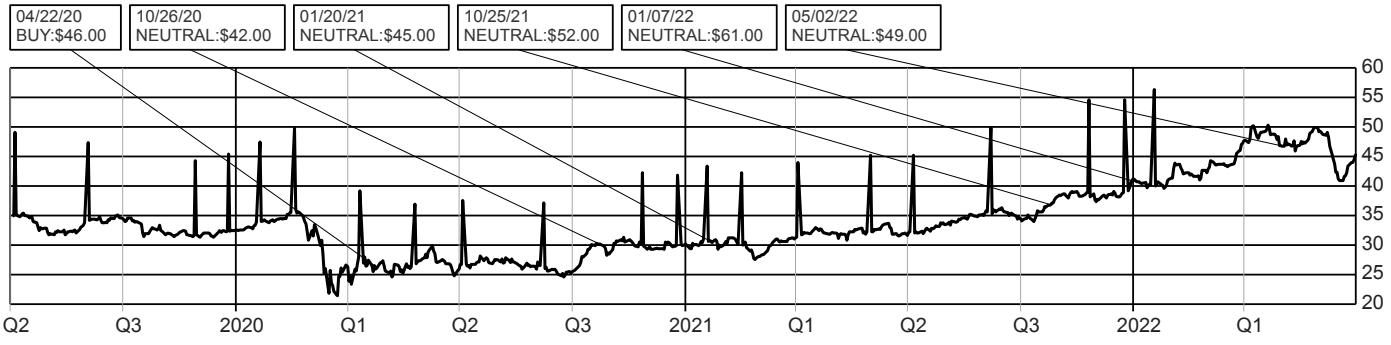

Created by: BlueMatrix

Rating and Price Target History for: OGE Energy Corp. (OGE) as of 06-30-2022

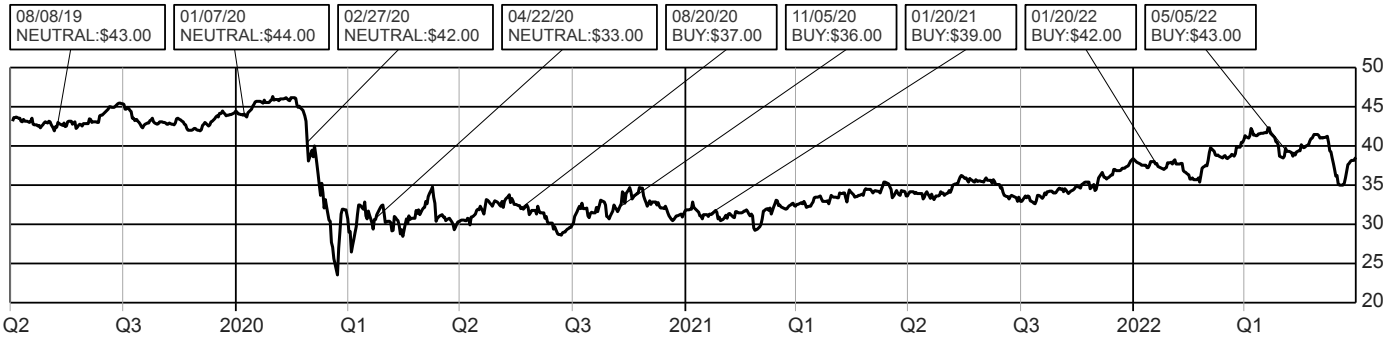

Created by: BlueMatrix

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Rating and Price Target History for: PG&E Corporation (PCG) as of 06-30-2022

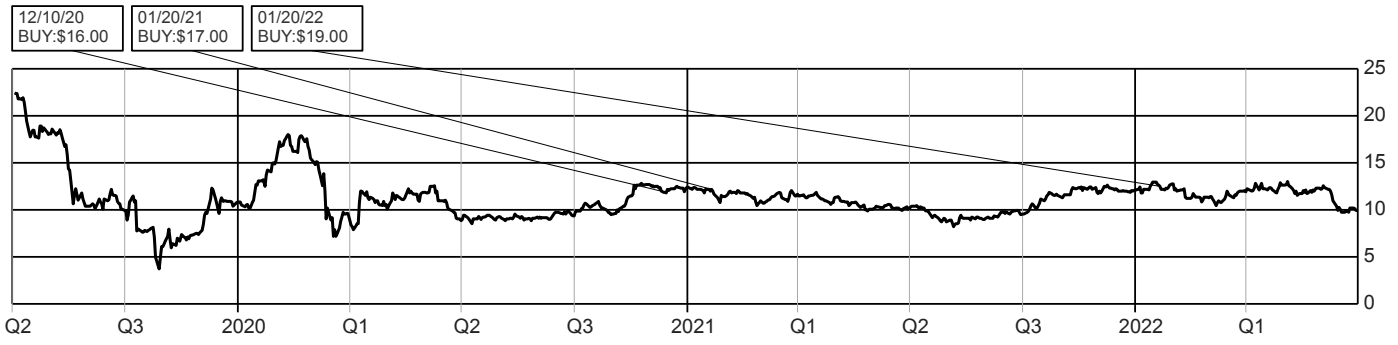

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	242	66.30%	62	25.62%
NEUTRAL	120	32.88%	14	11.67%
SELL	3	0.82%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Consumer Internet/E-Commerce
Seth Sigman 212.518.5337
Seth.Sigman@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Security & Infrastructure Software; Communication & Collaboration Software
Imtiaz Koujalgi 212.518.9398
Imtiaz.Koujalgi@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:22 PM.

Contents

04	12 DEC '22 5:56A.M.	Heads Up - The Week Ahead in Utilities: AGR, XEL, EXC, DUK, CMS, AEP, WEC, CNP, SO, DTE, AVA, NWE, PNW, POR (KeyBanc Capital Markets) - 9 Pages
13	05 DEC '22 5:48P.M.	Morningstar | New CEO Likely To Maintain Exelon's Focus on Regulated Utilities (Morningstar Equity Research) - 21 Pages
34	05 DEC '22 5:43P.M.	New CEO Likely To Maintain Exelon's Focus on Regulated Utilities (Morningstar Equity Research) - 18 Pages
52	30 NOV '22 9:32A.M.	US Utilities & IPPs >> PowerPoints: EXC Feedback, RNG M&A, and Advanced Nuclear Latest Setbacks (BofA Global Research) - 9 Pages
53	28 NOV '22 6:43P.M.	Exelon CEO to Step Down; Reports Third-Quarter Earnings (Morningstar Equity Research) - 18 Pages
71	21 NOV '22 5:01A.M.	Heads Up - The Week Ahead in Utilities: D, ES, DTE, ETR, EXC, AEP (KeyBanc Capital Markets) - 9 Pages
80	15 NOV '22 10:34A.M.	US Utilities & IPPs >> EEI Day 2: Looking for Rays of Sunshine in Florida. Dominion, Algonquin, Exelon, etc. (BofA Global Research) - 24 Pages
81	15 NOV '22 6:31A.M.	EEI Day Two: Notes from Meetings - DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE (KeyBanc Capital Markets) - 8 Pages
89	15 NOV '22 5:19A.M.	U.S. Power & Utilities: Day 2 Recap of EEI Conference >> AEP, BKH, ED, EIX, EXC, PCG, SO, WTRG (RBC Capital Markets) - 8 Pages
97	04 NOV '22 9:49A.M.	US Utilities & IPPs >> PowerPoints: EXC EPS Guide, DTE IRP, VST '23 guide takes & AES top-end '22 upset (BofA Global Research) - 11 Pages
98	04 NOV '22 8:40A.M.	The Guggenheim Daily Transmission: DTE, ED, ES, EXC, OGE, PNW, SRE, DUK, AEE, NEE, ERCOT (Guggenheim Securities) - 17 Pages
115	04 NOV '22 5:09A.M.	Seaport Research: EXC (Buy) We can live with lower '23/'24 EPS estimates, but gloomy pitches need to go; reducing PT to $42 (Seaport Global Securities) - 6 Pages
121	04 NOV '22 3:02A.M.	Inflation, Pension, and Interest Rates Weigh on Future Earnings; Lower Estimates/PT (Mizuho Securities USA) - 8 Pages
129	03 NOV '22 10:16P.M.	Earnings/Growth Clarity - Now What Is The Right Multiple? (BMO Capital Markets) - 10 Pages
139	03 NOV '22 6:04P.M.	EXC: I can EXC clearly now, the rain is gone (Wolfe Research) - 9 Pages
148	03 NOV '22 5:08P.M.	EXC: Management Addresses Growth Profile Questions Head On Amid Transitional Backdrop (Guggenheim Securities) - 5 Pages
153	03 NOV '22 1:46P.M.	EXC: 3Q Beats, Longer Term Growth Rate Reiterated, but Cadence Will Be Uneven (KeyBanc Capital Markets) - 4 Pages

157	03 NOV '22 1:35P.M.	Morningstar | Exelon CEO to Step Down; Reports Third-Quarter Earnings (Morningstar Equity Research) - 11 Pages
168	03 NOV '22 7:58A.M.	Exelon Corp. >> New 2023-2025 Drivers Outline Growth Shape; CEO Crane to Retire; 3Q22 Tops Street (JP Morgan) - 8 Pages
176	03 NOV '22 7:44A.M.	The Guggenheim Daily Transmission: ETR, ES, EXC, OGE, SRE, CNP, ES/MA, ERCOT (Guggenheim Securities) - 18 Pages
194	03 NOV '22 7:30A.M.	First Read: Exelon Corp "Solid Quarter, Another Leadership Change Announced" >> Solid Quarter, Another Leadership Change Announced (UBS) - 12 Pages
206	03 NOV '22 7:10A.M.	Exelon Corp. (EXC): First Take: beats on 3Q22, provides minor rate case updates and tightens EPS guidance range (Goldman Sachs) - 6 Pages
212	03 NOV '22 7:08A.M.	EXC: Reports solid 3Q22 results; reaffirms 6-8% EPS CAGR; CEO to step down by year end (RBC Capital Markets) - 5 Pages
217	31 OCT '22 5:01A.M.	Heads Up - The Week Ahead in Utilities: ETR, EXC, D, AEE, DUK, PNW, D, SRE (KeyBanc Capital Markets) - 11 Pages
228	26 OCT '22 7:48P.M.	Exelon >> Learning To Walk Before You Can Run: Weaker 2023-2024 but EPS CAGR Intact (BofA Global Research) - 17 Pages
229	24 OCT '22 8:00A.M.	The Guggenheim Daily Transmission: 3Q22 preview, DUK, Wind, EVRG, EXC/IL, VA/Nuclear, SO, EIX/ PCG/SRE, WEC, NEE/ED, PCG (Guggenheim Securities) - 18 Pages
247	24 OCT '22 5:01A.M.	Heads Up - The Week Ahead in Utilities: DUK, CMS, ETR, ES, SO, AGR, AEP, XEL, EIX, SRE, EXC, CNP, DTE (KeyBanc Capital Markets) - 11 Pages
258	21 OCT '22 5:24A.M.	Canary in the Coal Mine or Was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility (Guggenheim Securities) - 21 Pages
279	18 OCT '22 8:22A.M.	US Utilities & IPPs >> PowerPoints: EXC Management Transition, Hydro M&A, & SRE Aliso Settlement (BofA Global Research) - 9 Pages
280	18 OCT '22 8:08A.M.	The Guggenheim Daily Transmission: EXC, DTE, EIX, D, DUK, Hydrogen, M&A (Guggenheim Securities) - 18 Pages
298	18 OCT '22 5:25A.M.	The Times Are A-Changin' - but the Story Isn't (BMO Capital Markets) - 8 Pages
306	17 OCT '22 8:11P.M.	First Read: Exelon Corp "Management Changes Announced" (Buy) Fowler >> Management Changes Announced (UBS) - 12 Pages
318	17 OCT '22 5:56P.M.	EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air (Guggenheim Securities) - 4 Pages
322	17 OCT '22 5:01A.M.	Heads Up - The Week Ahead in Utilities: AGR, D, ETR, SO, AEE, EXC, SRE, XEL, FERC (KeyBanc Capital Markets) - 11 Pages
333	14 OCT '22 8:00A.M.	The Guggenheim Daily Transmission: ESG: ED, EIX, AEE, D, WEC, EXC, FE, PPL, SO, Talen, CT, AEE/IL, PJM, KY, OR/WA, SC, PCG, Hydrogen, PEG (Guggenheim Securities) - 18 Pages

351	10 OCT '22 5:01A.M.	Heads Up - The Week Ahead in Utilities: D, SRE, DUK, XEL, NEE, EXC, ETR, CMS, DTE (KeyBanc Capital Markets) - 10 Pages
361	07 OCT '22 8:13A.M.	The Guggenheim Daily Transmission: DUK, CMS/DTE, PCG, FE, CA/BOEM, DTE, OR, EXC, CNP, PA/ RGGI (Guggenheim Securities) - 18 Pages
379	03 OCT '22 5:01A.M.	Heads Up - The Week Ahead in Utilities: ED, D, DUK, NEE, AEP, XEL, ETR, NWE, EIX, AGR, SO, EXC, POR, SRE (KeyBanc Capital Markets) - 12 Pages

KeyBanc Capital Markets

Alert

December 12, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AGR, XEL, EXC, DUK, CMS, AEP, WEC, CNP, SO, DTE, AVA, NWE, PNW, POR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

In the week ahead we are tracking proceedings in AGR's CT electric rate case, XEL's MN electric GRC, FERC's interconnection NOPR, EXC's MD rate case, DUK's SC rate case, the CA NEM docket, and CMS's electric rate case. In other news, the ME Staff filed testimony in CMP's rate case; AEP filed an electric rate case in OK; the WI PSC approved WEC to acquire a solar plus storage project; the MN PUC denied reconsideration of CNP's and XEL's Uri-related storm cost proceedings; GP completed cold-hydro testing on Vogtle Unit 4; DTE announced the retirement of two coal plants; AVA announced a hydroelectric PPA; the transformer shortage has attracted the attention of Congress, and the options for a Western regional market expanded.

Regulatory Calendar

AGR — Staff and intervenor testimony in UIL's CT electric rate case is due on December 13: UIL is seeking a $102M rate increase in RY1, $17M in RY2, and $17M in RY3. In line with AGR's recent rate filings such as those in NY, the Company is seeking a symmetric inflation tracker, which would adjust the ROE annually to reflect market conditions and avoid regulatory lag in the current inflationary backdrop. The filing also includes a rate levelization proposal in which the proposed increase in RY1 would be spread over the three years of the rate plan such that the annual rate increase would be $54M. AGR's filing is premised on 10.2% ROE and 52% equity. This is UIL's first filing since 2019 and the utility aims to invest ~$600M over the three-year period—mostly on grid reliability and grid modernization.

XEL — Evidentiary hearings in the MN electric rate case are scheduled to begin December 13: In surrebuttal testimony, the MN DOC increased its recommendation to a cumulative $324M revenue increase over three years (vs. $274M), while maintaining its initial recommendation for a 9.25% ROE and 52.5% equity layer. This compares to XEL's rebuttal testimony request for a cumulative $498M rate increase over three years, based on a $234M increase in RY1 and increases of $94M and $170M in RY2 and RY3, respectively. XEL maintained the requested 10.2% ROE and 52.5% equity ratio sought in the initial filing. The lower revenue requirement includes recommendations from intervenors to adjust for the extension of the Monticello nuclear plant (-$35M adjustment), the MISO PRA Auction results (-$111M adjustment), and the EV rebate proposal (-$16M adjustment). XEL included revenue requirements for these items in its initial filing for a $677M cumulative rate increase as it did not know the outcome of the pending cases at the time. A final PUC decision is expected in 2Q23.

Reply comments on FERC's interconnection NOPR are scheduled for December 14: The reply comments follow opening comments from October 13 (see our writeup here). Under Docket RM22-14, FERC issued a NOPR to address the backlogs in the interconnection queue and proposed improved procedures. Among the proposals are: 1) implement a first-ready, first-served cluster study process in which the transmission providers will conduct large studies that include multiple generating facilities rather than individual studies for each facility; 2) improve the processing speed by imposing firm deadlines and penalties if transmission owners fail to complete the interconnections on time; 3) use technological advancements into the process to allow more than one resource to co-locate on a shared site behind a single point of interconnection and share a single interconnection request; and 4) update modeling and performance requirements to improve system reliability for non-synchronous generating facilities.

EXC — Commission decision in Delmarva's MD multi-year electric rate case is scheduled for December 15: EXC (Docket No. 9681) reached a partial settlement in its electric rate case for a $16.9M increase in 2023, followed by $6.0M increases in 2024 and 2025. The parties also agreed to a 9.6% ROE and 50.5% equity layer. The outstanding items include the Bill Stabilization Adjustment and the reconciliation mechanism. Previously, Staff filed testimony for a cumulative rate increase of $23.7M for the three years from 2023-2025. The increase is premised on a 9.55% ROE and 50.50% equity layer. This compares to EXC's request for a cumulative rate increase of $37.5M for the three years 2023-2025, based on a 10.25% ROE and 50.5% equity layer. DP&L requested a $22.7M increase in 2023, followed by $7.9M and $6.8M in 2024 and 2025, respectively. This is Delmarva's first multiyear plan filing in MD after the PSC adopted rules in 2020 allowing multiyear rate plans. New rates are expected to go into effect January 1, 2023.

DUK — Rebuttal testimony in DEP's SC electric rate case is due on December 15: Staff recommended a ~$40M revenue increase premised on a 9.4% ROE and 52.43% equity layer. This compares to DEP's request for an ~$89M revenue increase premised on a 10.2% ROE and 53% equity. The delta can largely be attributed to the lower ROE, cost differences in the coal ash adjustments, and adjustments to DUK's deferred costs. As a reminder, DEP proposed accelerating the return of deferred income tax benefits, resulting in a net ~$68M rate increase. DEP also proposed to layer in the rate increase over two years, with a $53M rate increase in RY1 and a $15M increase in RY2. The main drivers for the rate increase include capital investments since the last rate case and the recovery of costs associated with coal ash pond closures. DEP last filed an SC electric rate case in 2018 and was granted a $41.5M rate increase based on a 9.50% ROE and 53% equity. DUK requests a decision by March 1, 2023, with rates effective April 1, 2023.

EIX, SRE, PCG, NOVA, RUN, ENPH — Voting meeting in the NEM 3.0 docket in CA scheduled for December 15: The meeting follows a PD issued on November 10 (see our writeup here). The exact date when NEM 3.0 becomes effective depends on when a final decision is reached. The sunset date for customers to receive the more lucrative NEM 2.0 tariff structure is 120 days after a final decision is reached. See our earlier notes on the NEM proceedings here, here, here, here, and here.

FERC's Open Meeting is scheduled for October 20: A copy of the Sunshine Notice is included here.

CMS — PFD in CMS's MI electric rate case scheduled for December 16: In reply briefs, MI PSC Staff recommended a $140M net revenue increase, premised on 9.70% ROE and 51.0% equity. CMS is seeking a net revenue increase of $287M based on a 10.25% ROE, a 51.5% equity layer, and a projected YE23 test year. The drivers of the present case include investments in new solar and natural gas-fired generation, system reliability, resilience, and cost recovery for the planned acquisition of the Covert plant in 2023. CMS requested rates to be effective March 1, 2023.

Recent Developments for Companies Under Our Coverage

From our midweek: This week, the MN PUC voted to approve XEL's plan to offset the 2023 interim rate increase with excess revenue from the MISO Planning Auction; SIP signed another SPA for Port Arthur Phase 1; SIP's Cameron LNG and ETR announced a renewable ESA; NYSEG announced it will suspend late payment charges through the winter; an OH judge approved a class settlement involving FE; PNM filed its 2022 NM rate case; the MO PSC asked utilities to present opportunities from the application of the IIJA and IRA; MISO published a 2022 Regional Resource Assessment highlighting near-term capacity constraints; the Federal appeals court issued a ruling in FERC's MISO transmission case; the CO PUC issued new guidelines for state natural gas systems to help reach emission reduction targets; ISO NE issued a statement that it is adequately prepared for a mild-moderate winter, and the EIA's December STEO is out.

AGR — ME Staff files testimony in CMP rate case: In testimony, Staff recommended a 9.0% ROE and maintained CMP's 50% equity layer request. Staff raised concerns regarding CMP's $590M forecasted capital plan for 2023-2025 and the capital adjustment mechanism. Staff is requesting the Company provide new metrics and quantifiable means to verify the required revenue is spent on projects that provide maximum customer value and improve service and reliability. In the intervenor testimony, the OPA did not calculate the required revenue for AGR but recommended a $25.3M reduction to AGR's request in RY1, and recommended an 8.79% ROE and 47% equity layer. The primary items of difference between CMP's filing and the OPA proposal are differences in the ROR and capital structure with other reductions being in the late payment revenue and payroll expenses. The OPA also recommended that the Commission allow AGR only a single-year rate increase. As a reminder, AGR filed testimony seeking an increase to revenue requirements of $51.2M in RY1, $27.6M in RY2, and $23.0M in RY3, based on a 10.2% ROE, and 50% equity. The drivers for the increase include a higher ROE, recovery of investments, O&M associated with CMP's vegetation management program, and an increase in actual storm expenses. AGR is requesting for rates to become effective August 1, 2023. The last rate case in ME was authorized at an 8.25% ROE and 50% equity layer. The ROE included a 100 bps penalty that was recently removed.

AEP — AEP files OK rate case: AEP's subsidiary PSO filed an electric rate case with the OK Corporation Commission requesting a $173M net revenue increase, premised on a 10.4% ROE, 54.6% equity, and a $4.5B rate base as of June 30, 2022. The drivers of the rate increase include shifting the North Central Energy Facilities into the rate base, the acquisition of the Rock Falls Wind Facility, and the acceleration of the rate of depreciation for Northeastern Unit 3 to align with the 2026 retirement date. PSO is requesting a one-year formula-based rate pilot with a 100 bps deadband. If the OCC decides against the FBR pilot, PSO's alternative preference would include improving the current SPP Transmission Cost Tariffs, implementing a Grid Enhancement and Resiliency Rider, and changes to the Effective Tax Reserve rider. At the end of 3Q22, PSO had earned a 6.9% TTM ROE compared to a 9.4% authorized ROE. PSO requests a final decision by May 21, 2023, and for new rates to go into effect by January 1, 2024. In its 2021 rate case, AEP was authorized a $153.4M revenue increase premised on a 9.4% ROE.

WEC — WI PSC approves WEC to acquire a solar plus storage project: The WI PSC issued an order approving WEC's acquisition of the 250 MW Darien Solar Farm and the 75 MW battery energy storage facility. WEC's subsidiaries WEPCO and WPSC will acquire 187.5 MW and 37.5 MW of solar, respectively. The two subsidiaries will also acquire 56.25 MW and 11.25 MW of storage, respectively. MGE will acquire the remaining 25 MW of solar and 7.5 MW of storage. At the time of the filing in March 2021, the total project costs were estimated to be $446M, and WEC estimates its share of costs at ~$400M. The project was expected to be in service by January 2024 but experienced an eleven-month delay due to supply chain challenges, resulting in a new in-service date of November 2024. In

response, WEC delayed the retirement of four coal-fired units at Oak Creek to manage delays in the construction of the Darien Solar and Battery project and a 12-month delay at the Paris Battery project.

CNP, XEL — MN PUC denies reconsideration of CNP's and XEL's Uri-related storm cost recoveries: The MN PUC ruled not to reconsider its decision regarding CNP and XEL's Uri-related storm costs that were previously disallowed ($35.7M and $19M for CNP and XEL, respectively). CNP filed a petition with the MN PUC requesting the Commission to reconsider its decision and adopt the MN ALJ's recommendation for a full recovery of the ~$409M of costs associated with the February 2021 winter storm. XEL also filed a petition requesting the Commission to reconsider its decision to disallow $19M in natural gas. CNP and XEL sought a prudence review of the full amounts of $409M and $179M, respectively.

SO — Vogtle Unit 4 completes cold hydro testing as it progresses toward the 4Q23 in-service date: GP has completed cold hydro testing on Vogtle Unit 4. The cold hydro testing confirmed that the reactor's coolant system functions properly and verified that the welds, joints, pipes, and other components of the coolant system and associated high-pressure systems do not leak when under pressure. After the completion of cold hydro testing, SO is expected to begin hot functional testing in March 2023. HFT is the last series of major tests ahead of fuel load and is critical in verifying the successful operation of reactor components and systems together and confirm that the reactor is ready for fuel load. Fuel load is expected to begin in July 2023. SO maintained timelines, including Unit 3 entering service in 1Q23, followed by Unit 4 in 4Q23.

DTE — DTE announces the retirement of two coal plants: DTE announced the retirement of St. Clair and Trenton Chanel coal plants. The last operating units at the facilities were St. Clair Units 2-3 and 6-7, 1,065 MW in aggregate, and the 495 MW Trenton Channel Unit 9. DTE began the retirement process for both plants earlier this year, including placing the St. Clair units on standby-only status since the beginning of summer. The announcement aligns with the 2022 retirement date DTE agreed to in the 2019 IRP. DTE recently filed the 2022 IRP (read our note here), which includes the Company's plans to exit coal by 2035.

AVA — AVA announces PPA for 145 MW of hydroelectric generation: AVA finalized a PPA with Columbia Basin Hydropower for 145 MW of hydropower generation from seven hydro facilities. The contracts have a total duration of 23 years, and AVA will begin receiving deliveries from the projects as older contracts for the seven facilities expire. The agreement will help AVA to reach its carbon reduction goals and comply with the WA Clean Energy Transformation Act. The CETA was enacted in 2019 and requires all electricity in WA to be GHG-neutral by 2030 and 100% renewable or generated from zero-carbon sources by 2045.

Transformer shortage attracts the attention of the U.S. Congress: A group of House Democrats is lobbying Congress to enact the Defense Production Act and seek $1.8B in emergency funding to develop a domestic supply chain to produce transformers. The attention in Congress follows a letter from power industry groups to Congress asking for $1B in DPA funding to help address the supply chain crisis for electric distribution transformers. The delays in securing transformers could potentially impact grid reliability, delay grid expansion to accommodate renewable sources and create challenges for building out EV infrastructure. Lead times for transformers have increased by 443% from 2020 to 2022, leading to construction and electrification projects being deferred or canceled by utilities and the housing industry. Labor shortages and material availability are the most significant near-term challenges. A continuing resolution to fund the federal government expires on December 16, and the legislation could provide a chance to provide additional funding to support the transformer manufacturing crisis. The coalition includes the heads of the National Rural Electric Cooperative, American Public Power Association, EEI, Leading Builders of America, NAHB, and Associated General Contractors of America.

AVA, NWE, PNW, POR, XEL — Options for a Western regional market continue to expand:

- **Eleven members joined the Western Resource Adequacy Program:** AVA, POR, and nine other utilities became the first participants to join the Western Power Pool's Western Resource Adequacy Program. The WRAP is a region-wide reliability planning and compliance program allowing participants to share resources across the Western Interconnection. The WRAP proposes establishing consistent reliability metrics across the region and pooling resources to balance supply and demand amongst its participants. WPP requested a FERC decision on its WRAP tariff by Dec. 12.
- **CAISO's EDAM preparing to present the final proposal**: PacifiCorp announced its intention to join CAISO's Extended Day Ahead Market. The EDAM is a day-ahead market that will allow voluntary participation amongst its members and builds on CAISO's real-time Western Energy Imbalance Market, which is the most relatable option to a regional market that the Western Interconnection provides. The WEIM will grow to 22 participants by 2024. The EDAM final proposal will be presented to the CAISO Board of Governors and WEIM Governing Body at a joint meeting on Dec. 14, and a final decision is expected on Feb. 1, 2023. CAISO is targeting a 2024 launch for the EDAM.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	12/13/2022	Intervenor Testimony Due
	CPI Release	BLS			12/13/2022	CPI release for Prior Month
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	12/13/2022	Evidentiary Hearings Begin
	Improvements to Interconnection Proc	FERC	RM22-14-000	Transmission	12/14/2022	Reply Comments Due
CA		CPUC	R2008020	NEM 3.0	12/15/2022	NEM 3.0 on CPUC Voting Meeting agenda
SC	Duke Energy Progress	DUK	D-2022-254-E	Electric	12/15/2022	Company Rebuttal Testimony
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	12/15/2022	Commission Decision Due
	Federal Energy Reg Comm	FERC			12/15/2022	Open Meeting
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	12/16/2022	PFD Target Date
MT	NorthWestern Corp.	NWE	D-2022-7-78	Elec/Nat Gas	12/19/2022	Intervenor Testimony Due
GA	Georgia Power Co.	SO	D-44280	Electric	12/20/2022	GA PSC Decision
SC	Duke Energy Progress	DUK	D-2022-254-E	Electric	12/22/2022	Staff/Intervenor Surrebuttal Testimony
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	12/30/2022	Deadline for final Carbon Plan outcome
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	12/30/2022	Decision Expected
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	1/3/2023	Evidentiary Hearings begin
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	1/3/2023	Evidentiary Hearings begin
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	1/3/2023	Effective Date
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	1/3/2023	Staff and Intervenor Testimony Due
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	1/3/2023	PFD Target Date

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	22.9	Sector Weight	NA	$88.61	2.7%	58%	4.07	4.34	4.65	21.8x	20.4x	19.1x	4.07	4.36	4.68	21.8x	20.3x	18.9x
AEP	American Electric Power Company Ir	50.2	Sector Weight	NA	$96.58	3.3%	63%	5.03	5.33	5.70	19.2x	18.1x	16.9x	5.01	5.30	5.63	19.3x	18.2x	17.1x
CMS	CMS Energy Corp	18.1	Sector Weight	NA	$62.22	3.0%	64%	2.89	3.11	3.38	21.5x	20.0x	18.4x	2.89	3.11	3.38	21.6x	20.0x	18.4x
D	Dominion Energy Inc	48.6	Sector Weight	NA	$58.28	4.6%	65%	4.15	4.33	4.61	14.0x	13.5x	12.6x	4.11	4.23	4.48	14.2x	13.8x	13.0x
DTE	DTE Energy Co	22.7	Sector Weight	NA	$117.19	3.2%	62%	5.96	6.25	6.71	19.7x	18.8x	17.5x	6.02	6.26	6.69	19.5x	18.7x	17.5x
DUK	Duke Energy Corp	77.3	Overweight	$108	$100.35	4.0%	75%	5.24	5.67	6.03	19.2x	17.7x	16.6x	5.30	5.67	6.01	18.9x	17.7x	16.7x
ETR	Entergy Corp	23.8	Sector Weight	NA	$116.87	3.5%	64%	6.40	6.71	7.20	18.3x	17.4x	16.2x	6.38	6.76	7.22	18.3x	17.3x	16.2x
ES	Eversource Energy	29.3	Sector Weight	NA	$84.05	3.0%	62%	4.07	4.38	4.67	20.7x	19.2x	18.0x	4.10	4.37	4.68	20.5x	19.2x	17.9x
ED	Consolidated Edison Inc	34.3	Underweight	$69	$96.53	3.3%	70%	4.57	4.75	4.68	21.1x	20.3x	20.6x	4.52	4.80	5.10	21.4x	20.1x	18.9x
EIX	Edison International	25.1	Sector Weight	NA	$65.79	4.3%	61%	4.58	4.85	5.15	14.4x	13.6x	12.8x	4.58	4.81	5.16	14.4x	13.7x	12.7x
EXC	Exelon Corp	41.5	Sector Weight	NA	$41.42	3.3%	61%	2.28	2.34	2.50	18.2x	17.7x	16.6x	2.26	2.36	2.51	18.3x	17.5x	16.5x
FE	FirstEnergy Corp	23.7	Overweight	$44	$41.48	3.8%	64%	2.43	2.37	2.70	17.1x	17.5x	15.4x	2.44	2.50	2.70	17.0x	16.6x	15.4x
PEG	Public Service Enterprise Group Inc	29.8	Sector Weight	NA	$59.77	3.6%	63%	3.45	3.45	3.59	17.3x	17.3x	16.6x	3.45	3.49	3.84	17.3x	17.1x	15.6x
WEC	WEC Energy Group Inc	30.2	Overweight	$101	$95.73	3.0%	66%	4.39	4.63	4.95	21.8x	20.7x	19.3x	4.39	4.62	4.93	21.8x	20.7x	19.4x
XEL	Xcel Energy Inc	38.2	Overweight	$73	$69.84	2.8%	61%	3.17	3.33	3.54	22.0x	21.0x	19.7x	3.17	3.38	3.61	22.1x	20.7x	19.4x
					Average:	**3.4%**	**64%**				**19.1x**	**18.2x**	**17.1x**				**19.1x**	**18.1x**	**16.9x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.1	Underweight	$33	$42.52	4.1%	93%	1.89	2.37	2.45	22.5x	17.9x	17.4x	1.89	2.34	2.45	22.5x	18.2x	17.4x
NWE	NorthWestern Corp	3.4	Overweight	$59	$57.71	4.4%	77%	3.26	3.50	3.69	17.7x	16.5x	15.6x	3.28	3.50	3.64	17.6x	16.5x	15.9x
OTTR	Otter Tail Corp	2.5	Sector Weight	NA	$59.22	2.8%	25%	6.60	3.84	3.66	9.0x	15.4x	16.2x	6.62	3.90	3.45	8.9x	15.2x	17.2x
PNW	Pinnacle West Capital Corp	8.8	Underweight	$56	$77.50	4.4%	81%	4.28	4.25	4.67	18.1x	18.2x	16.6x	4.22	4.20	4.59	18.4x	18.4x	16.9x
POR	Portland General Electric Co	4.3	Sector Weight	NA	$48.56	3.7%	64%	2.85	2.70	2.93	17.0x	18.0x	16.6x	2.79	2.75	3.02	17.4x	17.6x	16.1x
					Average:	**3.9%**	**68%**				**16.9x**	**17.2x**	**16.5x**				**17.0x**	**17.2x**	**16.7x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	16.5	Underweight	$35	$42.64	4.1%	75%	2.36	2.29	2.43	18.1x	18.6x	17.5x	2.34	2.29	2.44	18.2x	18.6x	17.5x
NEE	Nextera Energy Inc	167.9	Overweight	$89	$84.51	2.0%	59%	2.90	3.12	3.41	29.1x	27.1x	24.8x	2.87	3.08	3.38	29.4x	27.4x	25.0x
SRE	Sempra Energy	50.7	Sector Weight	NA	$161.15	2.8%	52%	8.88	8.95	9.43	18.1x	18.0x	17.1x	8.85	9.07	9.69	18.2x	17.8x	16.6x
					Average:	**3.0%**	**62%**				**21.8x**	**21.2x**	**19.8x**				**21.9x**	**21.3x**	**19.7x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	29.9	Overweight	$99	$89.72	0.6%	25%	(0.05)	4.03	4.45	NA	22.3x	20.2x	2.22	4.61	5.90	40.3x	19.5x	15.2x
NRG	NRG Energy Inc	7.4	Not Covered	NA	$32.28	4.3%	22%	NA	NA	NA	NA	NA	NA	6.32	5.03	5.79	5.1x	6.4x	5.6x
VST	Vistra Corp	9.5	Not Covered	NA	$23.86	3.1%	61%	NA	NA	NA	NA	NA	NA	1.21	3.02	2.61	19.8x	7.9x	9.1x
					Average:	**2.7%**	**36%**				**NA**	**22.3x**	**20.2x**				**21.7x**	**11.3x**	**10.0x**

Source: Company reports, KBCM Estimates Thomson Reuters

Figure 3 - Stock Price Performance

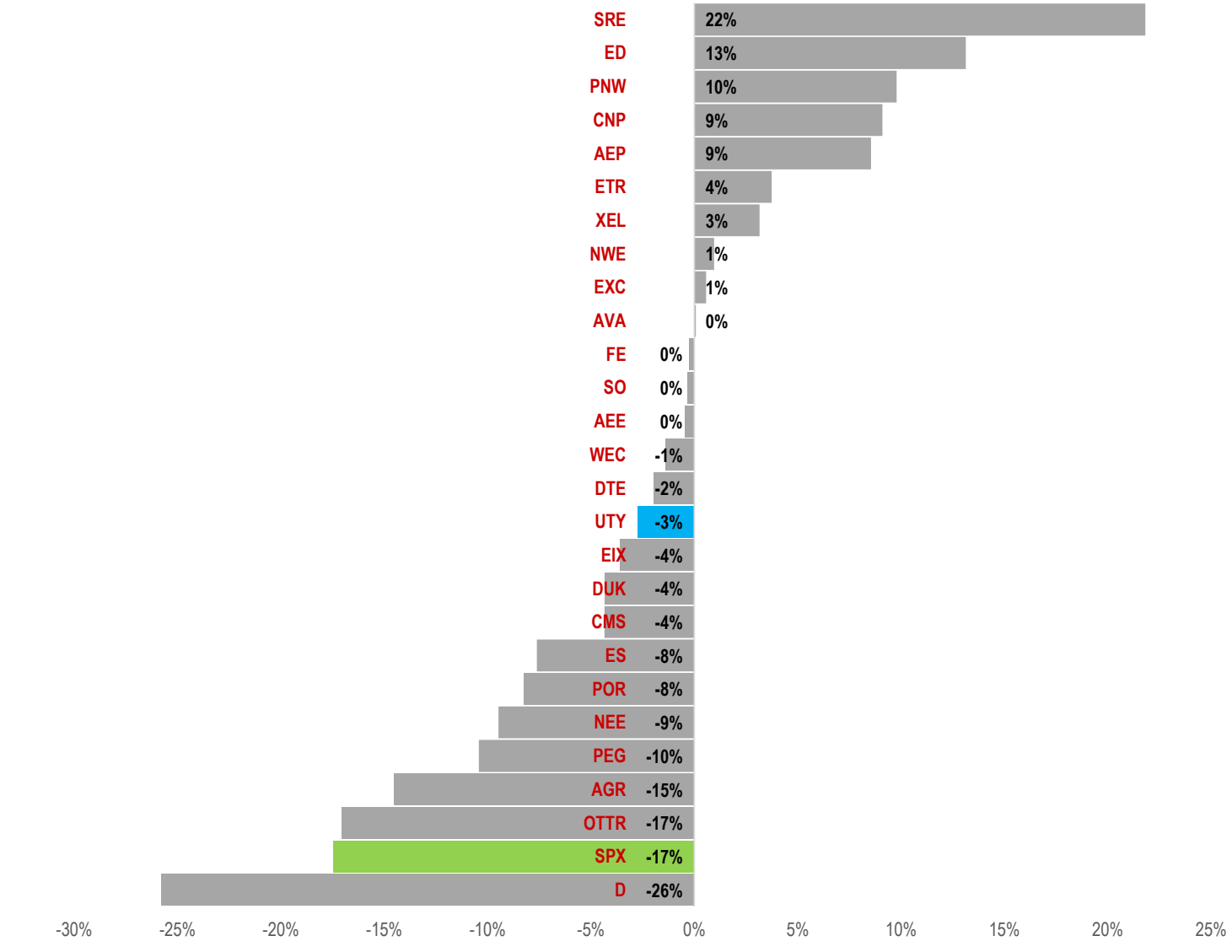

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

WEC: Long & Strong - Sustainable Self-Funded Growth Story; Takeaways from Management Meetings

AEP: Cleaning Up Its Closet; Takeaways from the Analyst Day

AVA: Notes from Management Meetings

AGR: Analyst Day Takeaways, Reiterate Underweight

DTE: Highlights from Our Management Meetings

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Utilities 3Q22 Earnings Preview: The Average Is Over: Staying Selective and Focusing on Catalysts Given Macro Headwinds

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	285	48.97	56	19.65
Sector Weight [SW]	284	48.80	48	16.90
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	27	50.00	10	37.04
Sector Weight [SW]	23	42.59	10	43.48
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD	41.00 USD	1.02	41.19 USD Bil	Narrow	Stable	Low	Standard	
5 Dec 2022	11 May 2022 20:37, UTC		2 Dec 2022					2 Nov 2022 05:00, UTC

Andrew Bischof
Senior Equity Analyst
Morningstar
+1 312 696 6433
andrew.bischof@morningstar.com

Contents

Business Description
Business Strategy & Outlook (5 Dec 2022)
Bulls Say / Bears Say (5 Dec 2022)
Fair Value and Profit Drivers (5 Dec 2022)
Economic Moat (2 Feb 2022)
Moat Trend (2 Feb 2022)
Risk and Uncertainty (5 Dec 2022)
Financial Strength (5 Dec 2022)
Capital Allocation (5 Dec 2022)
Financials
Recent Analyst Notes
Research Methodology for Valuing Companies

Important Disclosure
The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

Reporting Currency: USD | Trading Currency: USD
Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

New CEO Likely To Maintain Exelon's Focus on Regulated Utilities

Business Strategy & Outlook Andrew Bischof, Senior Equity Analyst, 5 Dec 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2025, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will invest $29 billion through 2025, supporting 8% rate base growth. This investment plan supports our earnings forecast and for dividend growth to be in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. We expect earned returns to be within management's 9%-10% goal.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Financial Summary and Key Statistics

	Actual		Forecast	
	2020	2021	2022	2023
Revenue (USD Mil)	33,039	36,347	18,753	19,615
Revenue Growth %	-3.8	10.0	-48.4	4.6
Operating Income (Mil)	2,823	2,723	3,493	4,009
Operating Margin %	8.5	7.5	18.6	20.4
Adjusted EBITDA (Mil)	7,837	8,759	6,661	7,281
Adjusted EBITDA Margin %	23.7	24.1	35.5	37.1
Earnings Per Share (Diluted) (USD)	2.01	1.74	2.28	2.46
Adjusted Earnings Per Share (Diluted) (USD)	3.22	1.74	2.28	2.46
Adjusted EPS Growth %	0.0	-45.9	31.1	7.6
Price/Earnings	9.4	23.7	18.3	17.0
Price/Book	0.9	1.2	1.1	1.1
EV/EBITDA	10.0	10.9	12.0	10.9
Free Cash Flow Yield %	-9.3	-8.8	35.9	-2.8

Source: Morningstar Valuation Model. Data as of 03 Aug 2022.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD	41.00 USD	1.02	41.19 USD Bil	Narrow	Stable	Low	Standard	
5 Dec 2022	11 May 2022 20:37, UTC		2 Dec 2022					2 Nov 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

Bulls Say Andrew Bischof, Senior Equity Analyst, 5 Dec 2022

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, Senior Equity Analyst, 5 Dec 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

Fair Value and Profit Drivers Andrew Bischof, Senior Equity Analyst, 5 Dec 2022

Our fair value estimate for Exelon is $41.

We expect 7% average earnings growth through 2025, the midpoint of management's 6% to 8% earnings guidance. We forecast $29 billion of capital expenditures through 2025 at the company's regulated operations, supporting 8% rate-base growth. We assume consistent regulatory treatment across Exelon's service territories. We assume earned returns are at the low end of management's 9%-10% goal.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Economic Moat Andrew Bischof, Senior Equity Analyst, 2 Feb 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Moat Trend Andrew Bischof, Senior Equity Analyst, 2 Feb 2022

We assign Exelon a stable moat trend rating. The regulatory environments in Illinois, Pennsylvania, and Maryland have stabilized, allowing the company's distribution utilities fair returns. Nearly all of Exelon's rate-base growth will have rate trackers or formula rates, minimizing regulatory lag. Exelon faces the biggest challenge boosting regulated earned returns.

Exelon's stable business model and difficult-to-replicate asset base support our view that the firm's narrow moat is stable. We don't anticipate a change in the regulatory compact between utilities and ratepayers that ensures capital providers earn a fair return on their investments. As with all regulated utilities, we think revenue caps preclude Exelon from establishing a wide economic moat.

Regulated utilities' moat trends consider changes in the regulatory environment, near-term investment requirements and growth opportunities, energy demand trends, and management's strategic direction. In assessing the changing regulatory environment, we consider the level of automatic rate mechanisms, allowed returns on equity versus interest rates, fuel cost recovery mechanisms, and the history of regulatory relations.

Using these factors, we assess whether fundamental changes will give a utility a better opportunity to earn or overearn its cost of capital in the near term, or whether fundamental changes will make it more difficult for a utility to earn its cost of capital. The regulatory framework that caps revenue and returns prevents the firm from attaining a wide moat, as with all regulated utilities that we cover.

Risk and Uncertainty Andrew Bischof, Senior Equity Analyst, 5 Dec 2022

We rate Exelon with a Morningstar Uncertainty Rating of Low.

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Financial Strength Andrew Bischof, Senior Equity Analyst, 5 Dec 2022

With over 4.0 times interest coverage, Exelon's financial health is sound for a regulated utility, particularly given its stable, low-risk business model. With our forecast for $29 billion of capital spending planned through 2025, Exelon will be a frequent debt issuer. The company has manageable long-term debt maturities and we anticipate it will be able to refinance its debt as it comes due, maintaining its current debt/capital ratio. We expect the company to issue $1.0 billion in equity to fund its capital investment plan through 2025, with $500 million issued in 2022, in line with management's expectations.

We expect total debt/EBITDA to remain in the 4.5-5.0 times range. Exelon will target a 60% dividend payout ratio. We expect dividend growth in line with our 7% annual earnings per-share growth forecast through 2025.

Capital Allocation Andrew Bischof, Senior Equity Analyst, 5 Dec 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary. However, new legislation in Illinois incorporating traditional ratemaking could help boost returns at the unit.

CEO Chris Crane's retirement at the end of 2022 is earlier than we anticipated due to health issues. Crane dealt with low power prices through most of his tenure before separating the nuclear merchant generation business leaving a regulated-only utility. We think this move was in shareholders' best interest. He also navigated through Exelon subsidiary ComEd's bribery scandal, agreeing to a deferred prosecution agreement with federal prosecutors. Crane successfully lobbied for significant subsidies for Exelon's nuclear fleet.

Replacing Crane is Calvin Butler, who was promoted to president and COO earlier this year, adding to his responsibilities as executive of the company's utilities group. We expect Butler to continue Exelon's focus on improving regulatory relationships and executing on the company's regulated growth opportunities.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Price vs. Fair Value

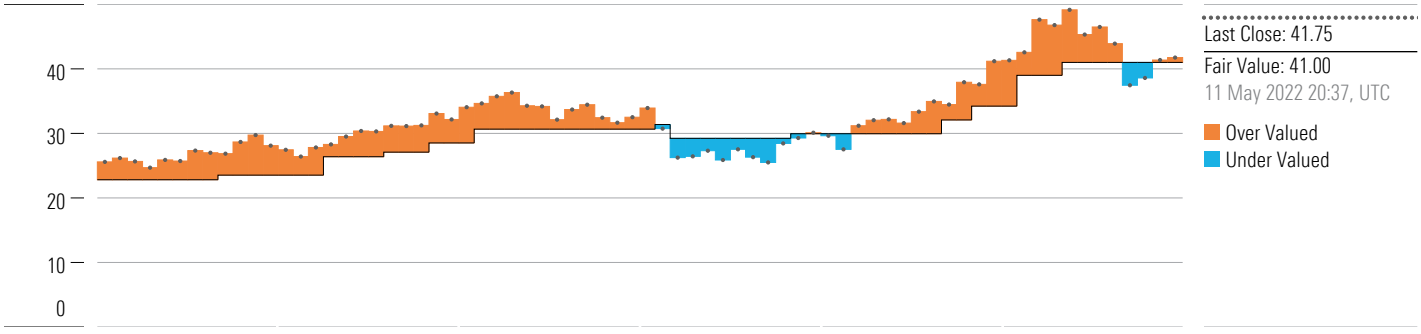

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	1.02
Total Return %	14.74	17.94	4.30	-4.04	40.43	0.54



Competitors

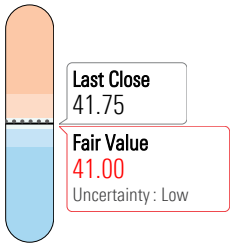

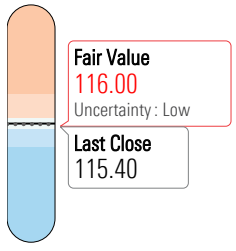

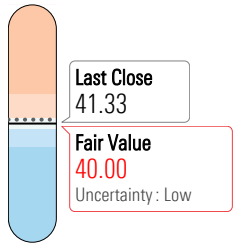

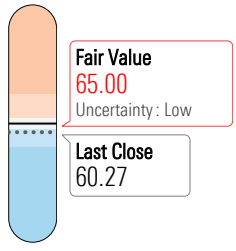

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service...rise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	116.00 11 May 2022 20:37, UTC1	40.00 11 May 2022 20:37, UTC2	65.00 11 May 2022 20:37, UTC3
1-Star Price	51.25	145.00	50.00	81.25
5-Star Price	32.80	92.80	32.00	52.00
Assessment	Fairly Valued 4 Dec 2022	Fairly Valued 4 Dec 2022	Fairly Valued 4 Dec 2022	Under Valued 4 Dec 2022
Morningstar Rating	★★★5 Dec 2022 22:21, UTC	★★★5 Dec 2022 22:21, UTC	★★★5 Dec 2022 22:21, UTC	★★★★5 Dec 2022 22:21, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.02	0.99	1.03	0.93
Price/Sales	1.09	1.79	1.97	3.15
Price/Book	1.68	2.02	2.20	2.29
Price/Earnings	20.12	18.82	18.87	44.79
Dividend Yield	3.26%	3.54%	3.76%	3.50%
Market Cap	41.19 Bil	24.45 Bil	23.74 Bil	30.40 Bil
52-Week Range	35.19—50.71	94.94—126.82	35.32—48.85	52.51—75.61
Investment Style	Large Value	Mid Value	Mid Core	Mid Value

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD	41.00 USD	1.02	41.19 USD Bil	Narrow	Stable	Low	Standard	
5 Dec 2022	11 May 2022 20:37, UTC		2 Dec 2022					2 Nov 2022 05:00, UTC

Morningstar Valuation Model Summary

Financials as of 03 Aug 2022	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Revenue (USD Mil)	34,348	33,039	36,347	18,753	19,615	20,383	21,198	21,965
Operating Income (USD Mil)	4,284	2,823	2,723	3,493	4,009	4,327	4,684	4,999
EBITDA (USD Mil)	10,064	9,350	10,296	6,661	7,281	7,802	8,366	8,876
Adjusted EBITDA (USD Mil)	8,536	7,837	8,759	6,661	7,281	7,802	8,366	8,876
Net Income (USD Mil)	2,846	1,963	1,706	2,237	2,414	2,601	2,800	3,002
Adjusted Net Income (USD Mil)	3,136	3,146	1,706	2,237	2,414	2,601	2,800	3,002
Free Cash Flow To The Firm (USD Mil)	-330	324	8	12,819	-307	-108	329	702
Weighted Average Diluted Shares Outstanding (Mil)	974	977	980	980	983	988	993	999
Earnings Per Share (Diluted) (USD)	2.92	2.01	1.74	2.28	2.46	2.63	2.82	3.01
Adjusted Earnings Per Share (Diluted) (USD)	3.22	3.22	1.74	2.28	2.46	2.63	2.82	3.01
Dividends Per Share (USD)	1.45	1.53	1.53	1.35	1.44	1.54	1.65	1.77

Margins & Returns as of 03 Aug 2022		Actual			Forecast					
	3 Year Avg	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**5 Year Avg**
Operating Margin %	9.5	12.5	8.5	7.5	18.6	20.4	21.2	22.1	22.8	21.0
EBITDA Margin %	—	29.3	28.3	28.3	35.5	37.1	38.3	39.5	40.4	—
Adjusted EBITDA Margin %	24.2	24.9	23.7	24.1	35.5	37.1	38.3	39.5	40.4	38.2
Net Margin %	6.3	8.3	5.9	4.7	11.9	12.3	12.8	13.2	13.7	12.8
Adjusted Net Margin %	7.8	9.1	9.5	4.7	11.9	12.3	12.8	13.2	13.7	12.8
Free Cash Flow To The Firm Margin %	0.0	-1.0	1.0	0.0	68.4	-1.6	-0.5	1.6	3.2	14.2

Growth & Ratios as of 03 Aug 2022		Actual			Forecast					
	3 Year CAGR	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**5 Year CAGR**
Revenue Growth %	0.3	-4.6	-3.8	10.0	-48.4	4.6	3.9	4.0	3.6	-9.6
Operating Income Growth %	-11.3	9.9	-34.1	-3.5	28.3	14.8	7.9	8.2	6.7	12.9
EBITDA Growth %	0.0	—	—	—	—	—	—	—	—	0.0
Adjusted EBITDA Growth %	2.0	3.5	-8.2	11.8	-24.0	9.3	7.2	7.2	6.1	0.3
Earnings Per Share Growth %	-13.4	—	—	—	—	—	—	—	—	11.5
Adjusted Earnings Per Share Growth %	-13.4	20.2	0.0	-45.9	31.1	7.6	7.2	7.1	6.7	11.5

Valuation as of 03 Aug 2022	Actual			Forecast				
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Price/Earnings	10.1	9.4	23.7	18.3	17.0	15.9	14.8	13.9
Price/Sales	1.3	1.2	1.6	2.2	2.1	2.0	2.0	1.9
Price/Book	1.0	0.9	1.2	1.1	1.1	1.1	1.1	1.0
Price/Cash Flow	-75.3	-10.8	-11.4	2.8	-36.4	-41.0	-62.4	-119.9
EV/EBITDA	9.4	10.0	10.9	12.0	10.9	10.2	9.5	9.0
EV/EBIT	18.7	27.8	35.0	22.8	19.9	18.4	17.0	15.9
Dividend Yield %	4.5	5.1	3.7	3.2	3.5	3.7	4.0	4.2
Dividend Payout %	49.6	76.1	87.9	59.1	58.7	58.5	58.5	58.9
Free Cash Flow Yield %	-1.3	-9.3	-8.8	35.9	-2.8	-2.4	-1.6	-0.8

Operating Performance / Profitability as of 03 Aug 2022	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
ROA %	2.3	1.5	1.3	1.8	2.1	2.2	2.3	2.4
ROE %	9.0	6.1	5.1	6.4	6.7	7.0	7.2	7.5
ROIC %	3.5	1.6	1.1	-1.2	4.7	4.8	4.9	5.2

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD	41.00 USD	1.02	41.19 USD Bil	Narrow	Stable	Low	Standard	
5 Dec 2022	11 May 2022 20:37, UTC		2 Dec 2022					2 Nov 2022 05:00, UTC

Financial Leverage	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Debt/Capital %	54.0	54.7	55.2	48.2	48.4	48.5	49.2	49.2
Assets/Equity	3.9	4.0	3.9	3.2	3.2	3.1	3.1	3.1
Net Debt/EBITDA	3.7	4.1	4.0	4.6	4.5	4.5	4.5	4.4
Total Debt/EBITDA	4.4	5.0	4.8	5.0	4.7	4.6	4.6	4.5
EBITDA/ Net Interest Expense	5.3	4.8	5.6	5.1	5.3	5.5	5.3	5.3

Key Valuation Drivers as of 03 Aug 2022

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at https://pitchbook.com/.

Discounted Cash Flow Valuation as of 03 Aug 2022

	USD Mil
Present Value Stage I	12,530
Present Value Stage II	13,992
Present Value Stage III	54,003
Total Firm Value	**80,525**
Cash and Equivalents	1,182
Debt	-42,417
Other Adjustments	500
Equity Value	**39,790**
Projected Diluted Shares	991
Fair Value per Share (USD)	**41.00**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD	41.00 USD	1.02	41.19 USD Bil	Narrow	Stable	Low	Standard	
5 Dec 2022	11 May 2022 20:37, UTC		2 Dec 2022					2 Nov 2022 05:00, UTC

Income Statement (USD)	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Revenue (Mil)	**34,348**	**33,039**	**36,347**	**18,753**	**19,615**	**20,383**	**21,198**	**21,965**
Cost of Goods Sold (Mil)	15,497	14,104	17,364	6,512	6,642	6,775	6,910	7,048
Gross Profit (Mil)	**18,851**	**18,935**	**18,983**	**12,241**	**12,973**	**13,608**	**14,288**	**14,916**
Selling, General, Administrative & Other Expenses (Mil)	8,615	9,408	8,659	4,321	4,407	4,495	4,585	4,677
Advertising & Marketing Expenses	—	—	—	—	—	—	—	—
Research & Development	—	—	—	—	—	—	—	—
Depreciation & Amortization (if reported separately) (Mil)	4,252	5,014	6,036	3,168	3,272	3,475	3,682	3,877
Adjusted Operating Income (Mil)	**4,284**	**2,823**	**2,723**	**3,493**	**4,009**	**4,327**	**4,684**	**4,999**
Financial Non-Cash (Gains)/Losses (Mil)	0	0	0	0	0	0	0	0
Irregular Cash (Gains)/Losses (Mil)	0	0	0	0	0	0	0	0
Operating Income (Mil)	**4,284**	**2,823**	**2,723**	**3,493**	**4,009**	**4,327**	**4,684**	**4,999**
Net Interest Expense (Mil)	0	0	0	0	0	0	0	0
Income Tax Expense (Mil)	774	373	370	525	566	610	657	704
After-Tax Items (Mil)	0	0	0	0	0	0	0	0
(Minority Interest) (Mil)	-92	9	-123	—	—	—	—	—
Net Income (Mil)	**2,846**	**1,963**	**1,706**	**2,237**	**2,414**	**2,601**	**2,800**	**3,002**
Adjusted Net Income (Mil)	**3,136**	**3,146**	**1,706**	**2,237**	**2,414**	**2,601**	**2,800**	**3,002**
Weighted Average Diluted Shares Outstanding (Mil)	974	977	980	980	983	988	993	999
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	**2.28**	**2.46**	**2.63**	**2.82**	**3.01**
Diluted Adjusted Earnings Per Share	**3.22**	**3.22**	**1.74**	**2.28**	**2.46**	**2.63**	**2.82**	**3.01**
Dividends Per Common Share (USD)	1.45	1.53	1.53	1.35	1.44	1.54	1.65	1.77
EBITDA (Mil)	**10,064**	**9,350**	**10,296**	**6,661**	**7,281**	**7,802**	**8,366**	**8,876**
Adjusted EBITDA (Mil)	**8,536**	**7,837**	**8,759**	**6,661**	**7,281**	**7,802**	**8,366**	**8,876**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD	41.00 USD	1.02	41.19 USD Bil	Narrow	Stable	Low	Standard	
5 Dec 2022	11 May 2022 20:37, UTC		2 Dec 2022					2 Nov 2022 05:00, UTC

Key Cash Flow Items (USD)	Actual			Forecast as of 3 Aug				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Cash from Working Capital (Mil)	0	0	0	0	0	0	0	0
(Capital Expenditures) (Mil)	-7,248	-8,048	-7,981	12,725	-7,075	-7,450	-7,500	-7,700
Depreciation (Mil)	5,780	6,527	7,573	3,168	3,272	3,475	3,682	3,877
Amortization (Mil)	—	—	—	0	0	0	0	0
Net New (Investment), Organic (Mil)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(Purchases)/Sales of Companies & Assets (Mil)	0	0	0	0	0	0	0	0
Net New (Investment), Total (Mil)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other Non-Cash Items, From Cash Flows (Mil)	0	0	0	0	0	0	0	0
Free Cash Flow to the Firm (Mil)	**-330**	**324**	**8**	**12,819**	**-307**	**-108**	**329**	**702**

Balance Sheet (USD)	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Assets								
Cash and Equivalents (Mil)	587	663	1,182	2,743	1,314	455	826	387
Inventory (Mil)	1,768	1,722	1,869	856	873	891	909	927
Accounts Receivable (Mil)	6,175	4,629	5,126	3,237	3,386	3,518	3,659	3,791
Net Property, Plant and Equipment (Mil)	80,233	82,584	84,219	68,326	72,129	76,104	79,922	83,745
Goodwill (Mil)	6,677	6,677	6,677	6,677	6,677	6,677	6,677	6,677
Other Intangibles (Mil)	—	—	—	0	0	0	0	0
Other Operating Assets (Mil)	0	0	0	0	0	0	0	0
Non-Operating Assets (Mil)	0	0	0	0	0	0	0	0
Total Assets (Mil)	**124,977**	**129,317**	**133,013**	**112,632**	**115,422**	**118,938**	**123,535**	**127,320**
Liabilities								
Accounts Payable (Mil)	3,565	3,567	4,141	1,784	1,729	1,763	1,799	1,835
Debt (Mil)	0	0	0	0	0	0	0	0
Other Operating Liabilities (Mil)	0	0	0	0	0	0	0	0
Non-Operating Liabilities (Mil)	0	0	0	0	0	0	0	0
Total Liabilities (Mil)	**90,404**	**94,449**	**98,218**	**77,006**	**78,798**	**80,984**	**84,171**	**86,472**
Equity								
Shareholders' Equity (Mil)	32,224	32,585	34,393	35,626	36,624	37,953	39,364	40,848
Minority Interest (Mil)	2,349	2,283	402	0	0	0	0	0
Total Equity (Mil)	**34,573**	**34,868**	**34,795**	**35,626**	**36,624**	**37,953**	**39,364**	**40,848**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD	41.00 USD	1.02	41.19 USD Bil	Narrow	Stable	Low	Standard	
5 Dec 2022	11 May 2022 20:37, UTC		2 Dec 2022					2 Nov 2022 05:00, UTC

Management & Ownership

Management Activity as of 31 Mar 2022

Name	Position	Share Held	Report Date*	Insider Activity
Christopher M. Crane	Director and Chief Executive Officer	510,045	31 Mar 2022	943,700
Calvin G. Butler	President and Chief Operating Officer	52,316	31 Mar 2022	253,858
Michael A. Innocenzo	President and Chief Executive Officer, PECO	8,481	31 Mar 2022	70,334
Carim V. Khouzami	Chief Executive Officer, BGE	5,702	31 Mar 2022	53,576
David Glockner	Executive Vice President, Compliance and Audit	54,033	31 Mar 2022	76,156
Nancy L Gioia	Independent Director	0	31 Mar 2016	—
Anthony K. Anderson	Independent Director	0	31 Mar 2013	2,576
Ann C. Berzin	Independent Director	56,284	31 Mar 2012	18,661
Jeanne M. Jones	Executive Vice President and Chief Financial Officer	3,485	31 Dec 2022	—
John F. Young	Independent Director	71,807	31 Dec 2007	2,576

Fund Ownership as of 30 Nov 2022

Top Owners	% of Shares Held	% of Fund Assets	Change (k)	Portfolio Date
Vanguard Total Stock Market Index Fund	2.99	0.10	165,507	31 Oct 2022
Vanguard US Total Market Shares ETF	2.99	0.10	165,507	31 Oct 2022
Vanguard Instl Ttl Stck Mkt Idx Tr	2.98	0.10	705,178	30 Sep 2022
Vanguard Wellington™ Fund	2.75	1.04	-221,793	31 Oct 2022
Vanguard 500 Index Fund	2.28	0.12	218,159	31 Oct 2022
Concentrated Holders				
Q3 Power Momentum - Blue Chip	0.00	20.50	100	30 Jun 2022
Beck Bode Income Growth	0.00	9.25	0	30 Sep 2022
Resolution Capital Global Listed Infras	0.00	7.71	350	31 Oct 2022
GUGG Utilities 32	0.00	6.50	0	12 Jul 2022
GUGG Utilities 36	0.00	6.45	15	30 Nov 2022

Institutional Transactions as of 30 Nov 2022

Top 5 Buyers	% of Shares Held	% of Fund Assets	Shrs Bought/Sold (k)	Portfolio Date
T. Rowe Price Associates, Inc.	1.20	0.07	9,899,186	30 Sep 2022
JPMorgan Chase & Co	2.03	0.13	5,009,836	30 Jun 2022
Vanguard Group Inc	9.08	0.10	2,279,491	30 Sep 2022
Acadian Asset Management LLC	0.24	0.20	2,274,553	30 Sep 2022
Deutsche Bank AG	0.60	0.15	2,212,924	30 Jun 2022
Top 5 Sellers				
Capital Research & Mgmt Co - Division 3	1.34	0.15	-19,822,704	30 Sep 2022
FMR Inc	3.18	0.14	-7,960,564	30 Jun 2022
Allianz Asset Management AG	0.35	0.27	-6,003,944	30 Sep 2022
GQG Partners LLC	2.15	2.31	-5,172,044	30 Sep 2022
Amvescap Plc.	1.59	0.22	-5,087,117	30 Jun 2022

*Represents the date on which the owner's name, position, and common shares held were reported by the holder or issuer.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD	41.00 USD	1.02	41.19 USD Bil	Narrow	Stable	Low	Standard	
5 Dec 2022	11 May 2022 20:37, UTC		2 Dec 2022					2 Nov 2022 05:00, UTC

Comparable Company Analysis These companies are chosen by the analyst and the data are shown by nearest calendar year in descending market capitalization order.

Valuation Analysis as of 03 Aug 2022	**Price/Earnings**			**EV/EBITDA**			**Price/Free Cash Flow**			**Price/Book**			**Price/Sales**		
Company/Ticker	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Entergy Corp ETR	18.7	18.1	16.8	10.9	12.6	11.6	-6.0	-238.1	-58.1	1.9	1.9	1.8	1.9	2.3	2.2
FirstEnergy Corp FE	16.0	16.9	16.6	13.6	11.2	10.7	64.9	10.6	-526.3	2.6	2.5	2.4	2.1	2.0	1.9
Public Service Enterprise Group Inc PEG	18.3	17.1	16.1	143.9	12.6	12.0	-34.2	14.3	-33.9	2.3	2.0	1.9	3.5	3.1	3.0
Average	17.7	17.4	16.5	56.1	12.1	11.4	8.2	-71.1	-206.1	2.3	2.1	2.0	2.5	2.5	2.4
Exelon Corp EXC	**23.7**	**18.3**	**17.0**	**10.9**	**12.0**	**10.9**	**-11.4**	**2.8**	**-36.4**	**1.2**	**1.1**	**1.1**	**1.6**	**2.2**	**2.1**

Returns Analysis as of 03 Aug 2022	**ROIC %**			**Adjusted ROIC %**			**Return on Equity %**			**Return on Assets %**			**Dividend Yield %**		
Company/Ticker	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Entergy Corp ETR	4.4	4.6	4.8	4.4	4.6	4.8	9.9	10.9	11.2	1.9	2.2	2.3	3.4	3.6	3.8
FirstEnergy Corp FE	5.0	5.8	6.4	5.9	6.8	7.6	16.1	15.5	14.7	2.9	3.1	3.1	3.8	3.8	3.9
Public Service Enterprise Group Inc PEG	-3.9	6.1	6.4	-3.9	6.1	6.4	-4.3	12.1	12.3	-1.3	3.6	3.8	3.1	3.6	3.8
Average	1.8	5.5	5.9	2.1	5.8	6.3	7.2	12.8	12.7	1.2	3.0	3.1	3.4	3.7	3.8
Exelon Corp EXC	**1.1**	**-1.2**	**4.7**	**1.2**	**-1.3**	**5.2**	**5.1**	**6.4**	**6.7**	**1.3**	**1.8**	**2.1**	**3.7**	**3.2**	**3.5**

Growth Analysis as of 03 Aug 2022	**Revenue Growth %**			**EBIT Growth %**			**EPS Growth %**			**FCF Growth %**			**DPS Growth %**		
Company/Ticker	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Entergy Corp ETR	16.1	-8.6	3.9	17.5	8.3	11.0	6.4	6.0	7.8	120.4	-123.9	-88.1	3.2	6.8	5.9
FirstEnergy Corp FE	3.2	6.1	2.7	-14.6	28.7	5.0	8.7	-6.1	1.9	-190.2	433.8	-89.0	0.0	0.0	2.6
Public Service Enterprise Group Inc PEG	1.2	-0.9	2.7	-137.7	-420.5	3.5	6.4	-3.6	6.5	-192.3	-847.8	-117.3	4.1	5.9	5.6
Average	6.8	-1.1	3.1	-44.9	-127.8	6.5	7.2	-1.2	5.4	-87.4	-179.3	-98.1	2.4	4.2	4.7
Exelon Corp EXC	**10.0**	**-48.4**	**4.6**	**-3.5**	**28.3**	**14.8**	**-45.9**	**31.1**	**7.6**	**-97.6**	**163566.5**	**-102.4**	**0.0**	**-11.8**	**6.7**

Profitability Analysis as of 03 Aug 2022	**Gross Margin %**			**EBITDA Margin %**			**Operating Margin %**			**Net Margin %**			**FCF Margin %**		
Company/Ticker	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Entergy Corp ETR	68.2	75.9	76.6	37.1	37.7	39.6	18.0	21.3	22.8	10.4	12.2	12.8	-32.3	-0.9	-3.8
FirstEnergy Corp FE	69.1	70.2	70.3	31.0	33.7	34.4	16.6	20.1	20.6	12.7	11.8	11.8	3.3	18.9	-0.4
Public Service Enterprise Group Inc PEG	64.0	64.7	65.2	3.7	40.9	41.9	-8.8	28.5	28.7	18.9	18.3	19.0	-10.1	21.8	-9.0
Average	67.1	70.3	70.7	23.9	37.4	38.6	8.6	23.3	24.0	14.0	14.1	14.5	-13.0	13.3	-4.4
Exelon Corp EXC	**52.2**	**65.3**	**66.1**	**24.1**	**35.5**	**37.1**	**7.5**	**18.6**	**20.4**	**4.7**	**11.9**	**12.3**	**-13.7**	**79.4**	**-5.8**

Leverage Analysis as of 03 Aug 2022	**Debt/Equity %**			**Debt/Total Cap %**			**EBITDA/Net Int. Exp**			**Total Debt/EBITDA**			**Asset/Equity**		
Company/Ticker	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Entergy Corp ETR	227.1	218.4	214.8	69.4	68.6	68.2	5.2	4.5	4.8	6.2	6.8	6.5	5.0	4.8	4.7
FirstEnergy Corp FE	275.0	246.5	231.1	73.3	71.1	69.8	3.0	3.5	3.7	6.9	5.8	5.5	5.2	4.9	4.7
Public Service Enterprise Group Inc PEG	134.6	125.1	125.9	57.4	55.6	55.7	0.6	7.2	7.1	54.0	4.7	4.7	3.4	3.3	3.3
Average	212.2	196.7	190.6	66.7	65.1	64.6	2.9	5.1	5.2	22.4	5.8	5.6	4.5	4.3	4.2
Exelon Corp EXC	**123.3**	**93.1**	**93.6**	**55.2**	**48.2**	**48.4**	**5.6**	**5.1**	**5.3**	**4.8**	**5.0**	**4.7**	**3.9**	**3.2**	**3.2**

Liquidity Analysis as of 03 Aug 2022	**Cash per Share**			**Current Ratio**			**Quick Ratio**			**Cash/Short-Term Debt**			**Payout Ratio %**		
Company/Ticker	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)	2021	2022(E)	2023(E)
Entergy Corp ETR	2.2	4.1	3.8	0.6	0.6	0.6	0.4	0.4	0.4	0.2	0.4	0.4	69.3	64.3	63.1
FirstEnergy Corp FE	2.7	3.9	2.1	0.7	1.0	0.8	0.7	0.9	0.7	0.9	1.5	1.0	66.4	64.0	64.4
Public Service Enterprise Group Inc PEG	1.6	1.9	0.3	0.9	0.7	0.6	0.8	0.6	0.5	0.2	0.3	0.1	-158.7	61.4	60.8
Average	1.9	3.2	1.9	0.8	1.0	0.8	0.7	0.8	0.7	0.4	1.0	0.5	16.2	62.2	61.8
Exelon Corp EXC	**1.2**	**2.8**	**1.3**	**0.9**	**1.5**	**1.2**	**0.8**	**1.4**	**1.1**	**0.2**	**1.8**	**0.5**	**87.9**	**59.1**	**58.7**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

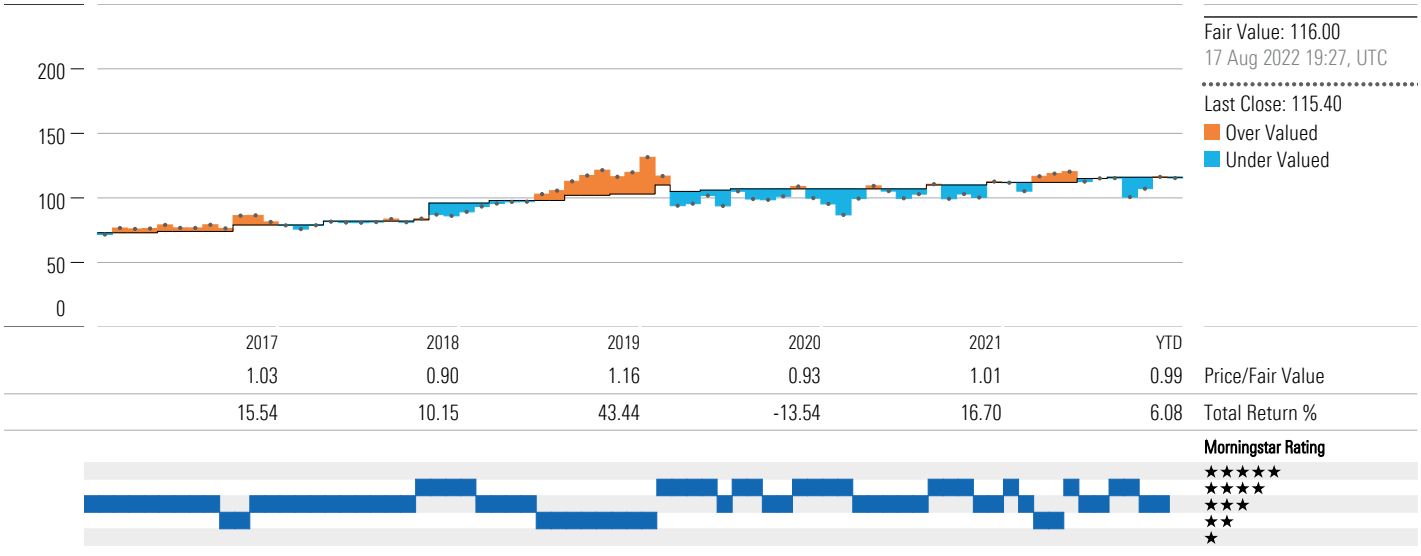

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.03	0.90	1.16	0.93	1.01	0.99
Total Return %	15.54	10.15	43.44	-13.54	16.70	6.08

Morningstar Rating

Total Return % as of 5 Dec 2022. Last Close as of 5 Dec 2022. Fair Value as of 17 Aug 2022 19:27, UTC.

FirstEnergy Corp FE

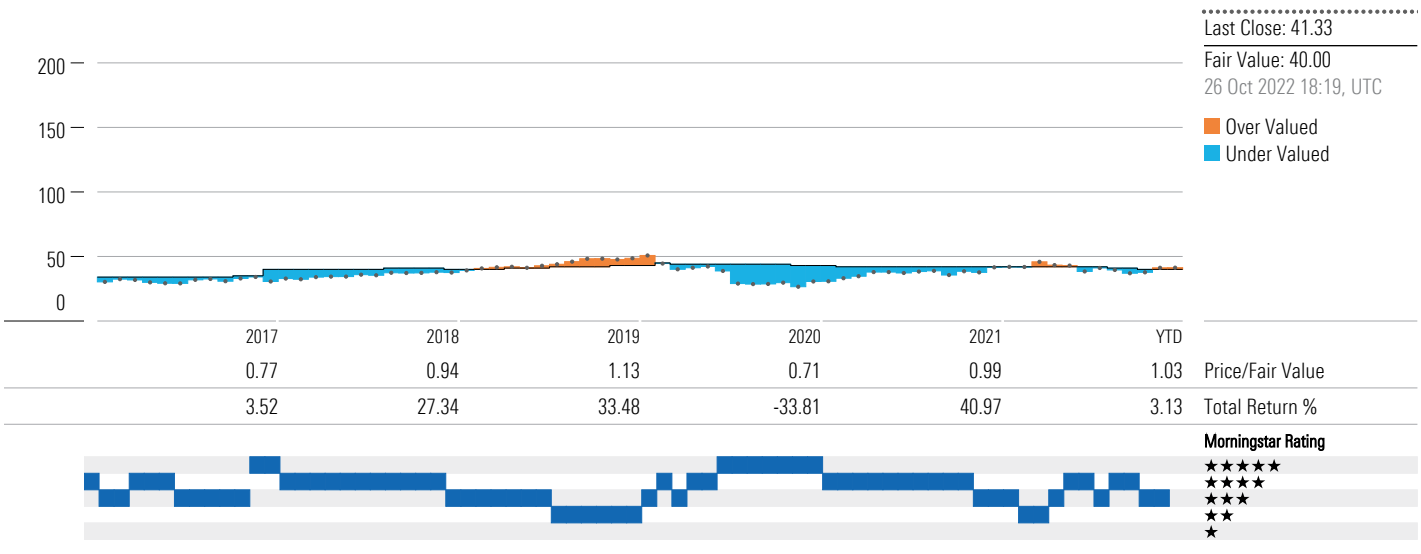

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	0.77	0.94	1.13	0.71	0.99	1.03
Total Return %	3.52	27.34	33.48	-33.81	40.97	3.13

Morningstar Rating

Total Return % as of 5 Dec 2022. Last Close as of 5 Dec 2022. Fair Value as of 26 Oct 2022 18:19, UTC.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Competitors Price vs. Fair Value (Continued)

Public Service Enterprise Group Inc PEG

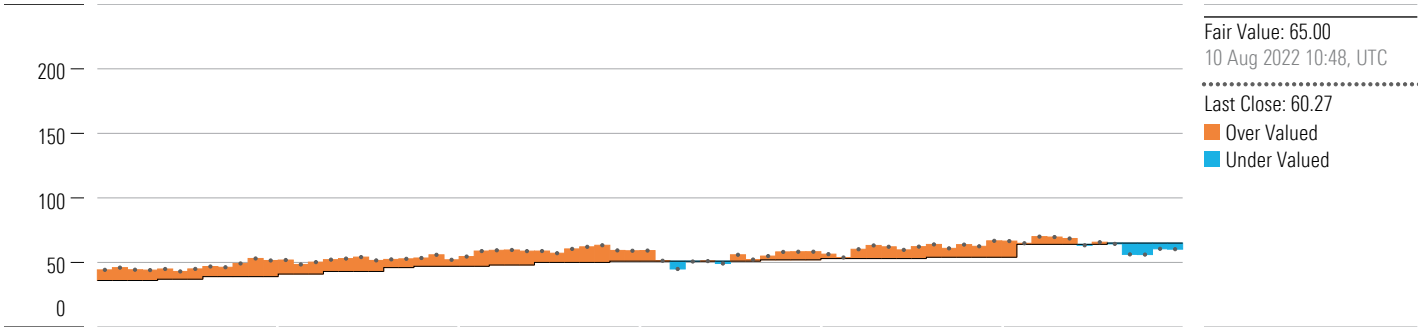

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.32	1.11	1.16	1.12	1.24	0.93
Total Return %	21.29	4.56	17.06	2.05	17.96	-7.25

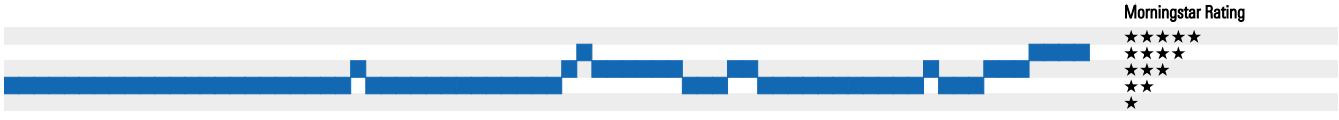

Total Return % as of 5 Dec 2022. Last Close as of 5 Dec 2022. Fair Value as of 10 Aug 2022 10:48, UTC.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Recent Analyst Notes

Exelon CEO to Step Down; Reports Third-Quarter Earnings Andrew Bischof,Senior Equity Analyst,3 Nov 2022

We are reaffirming our $41 per share fair value estimate for Exelon after it reported third-quarter adjusted earnings per share of $0.75 up from $0.61 in the same year-ago period. Comparable earnings were adjusted for the Constellation Energy divestiture earlier this year and discontinued operations.Management narrowed its 2022 full-year earnings guidance to $2.21-$2.29 per share from previous guidance of $2.18-$2.32. Our unchanged estimate remains within the new guidance range. Management reaffirmed Exelon's long-term 6%-8% annual earnings growth through 2025, with growth initially below this range and accelerating through the timeframe. Our narrow moat and stable moat trend ratings remain unchanged.The company announced that CEO Chris Crane will retire at the end of 2022, earlier than we anticipated, due to health issues. Crane dealt with low power prices that impacted Constellation's performance through most of his tenure. We viewed the Constellation divestiture and focus on becoming a regulated-only utility a positive for investors. Crane also navigated Exelon through subsidiary ComEd's bribery scandal, helping reach a deferred prosecution agreement with federal prosecutors. Crane successfully lobbied for significant subsidies for Exelon's nuclear fleet.Calvin Butler, who was promoted to president and COO earlier this year, will replace Crane. Butler is also an executive of the company's utilities group. We expect Butler to continue Exelon's focus on improving regulatory relationships and executing the company's regulated growth plan.Exelon's returns on equity continued improved notably in the quarter. The company's trailing 12-month earned returns on equity were 9.3%, up from 8.8% in the second quarter and now within management's 9%-10% target range. Timing of equity infusions and regulatory outcomes aided returns. In the quarter, rate increases and lower storm costs lifted earnings, partially offset by higher depreciation and interest expenses.

Raising U.S. Electricity Demand Growth Outlook, Reaffirming Utilities Fair Value Estimates Andrew Bischof,Senior Equity Analyst,27 Sep 2022

We are reaffirming our fair value estimates for U.S. utilities after raising our 10-year annual U.S. electricity demand growth forecast to 1.4%, up from 1.2% in our previous forecast two years ago. We also are reaffirming our economic moat and moat trend ratings for all U.S. utilities.We believe the path to eliminate carbon emissions and meet environmental targets will lead to accelerating electricity demand growth and new infrastructure growth investment opportunities for utilities. We forecast 6%-8% annual earnings and dividend growth for most utilities through the decade to support electricity demand growth. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 8%-9% long-term annualized total returns even if valuations compress, as we think they will. We consider the sector 5% overvalued on a median basis as of Sept. 27.Our new electricity demand forecast is more bullish than most. We think other forecasts underestimate the speed and scale of the U.S. clean energy transition. With many regions already facing strained electric grids, electricity demand growth presents opportunities and challenges for utilities as they manage the surge of electric vehicles,

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Big Data, building electrification, and other mandates.We expect electricity demand from electric vehicles will grow faster than any other new source of electricity demand in our forecast, climbing 15-fold by 2032. Data centers, already sizable electricity users, are the second-fastest-growing new source of electricity demand in our forecast. Building and industrial electrification represents upside to our forecast.Energy efficiency gains will offset some of the core electricity demand growth that we forecast. We expect U.S. electricity intensity of the economy to fall 12% over our forecast period. Energy efficiency gains have held U.S. electricity demand mostly flat for the last decade.

Inflation Reduction Act: Increasing Our Confidence in Utilities' Long-Term Growth Andrew Bischof,Senior Equity Analyst,16 Aug 2022

Our initial analysis of the U.S. Inflation Reduction Act that President Joe Biden plans to sign on Aug. 16 has led us to reaffirm or make slight increases to our fair value estimates for U.S. utilities. We are reaffirming our moat and moat trend ratings.Overall, the act gives us more confidence in our 5%-7% annual average long-term growth outlooks for most utilities. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 7%-8% long-term annualized total returns even if valuation multiples compress, as we think they will. We consider the sector 13% overvalued on a median basis.Utilities likely will not benefit directly from the act's clean energy tax credits since they will pass the savings to customers. However, utilities should benefit indirectly from lower regulatory risk as tax benefits offset bill increases related to their growth investments. Utilities with the largest share of renewable energy investments relative to their total investment budgets should have an easier time hitting their earnings growth targets without substantial customer bill increases.Electric utilities should benefit from more electricity demand and infrastructure growth opportunities if the act speeds adoption of electric vehicles and building electrification, two areas that have been slow to decarbonize.Partially offsetting those customer benefits is the act's 15% minimum tax, which we estimate will raise cash taxes for most mid- and large-cap utilities. Ultimately, utilities will recover these higher taxes by raising customer bills. Customers also might lose the long-term benefits from accelerated tax depreciation, especially for utilities with large growth investment plans. The act's tax on book income rather than taxable income might cause a slight near-term reduction in utilities' cash flow but should accelerate long-term earnings growth. We don't expect this tax change to have a material impact on our long-term valuations.

Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan Andrew Bischof,Senior Equity Analyst,3 Aug 2022

We are reaffirming our $41 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.44, up from $0.36 in the same year ago period. Comparable earnings were adjusted for the divestiture of the company's merchant generation business earlier this year. Management reaffirmed its full-year EPS guidance of $2.18 to $2.32 in 2022 and 6% to 8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings remain unchanged.Exelon announced plans to

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

issue up to $1 billion in equity through 2025 to help fund the company's $29 billion investment plan over this period. The equity was in line with our estimates over this period, though timing differed. Exelon aims to issue $500 million in equity this year, with the remaining completed over the remaining three years. With Exelon trading at an 11% premium to our fair value estimate as of early August, we expect the equity issuance to be slightly value accretive.Exelon's returns on equity continued to be below its allowed returns and are among the lowest of its peers. The company's trailing 12-month earned returns on equity were 8.8%, down from 8.9% during the first quarter and below management's 9%-10% targeted range. Timing of equity infusions negatively affected returns, partially offset by increased earnings from investments.Pending regulatory outcomes at PECO and DPL should boost earned returns. ComEd's returns are tied to 30-year Treasury rates, which should lead to higher returns next year at the subsidiary. We think new legislation supporting more traditional ratemaking starting in 2024 likely will lead to higher returns, which have been among the lowest in the sector given low Treasury rates.In the quarter, earnings were supported by rate increases and the absence of merchant generation. Partially offsetting these benefits were higher depreciation and other expenses.

Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates Andrew Bischof,Senior Equity Analyst,15 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the median utility in our coverage now trades in line with our fair value estimate, after the Morningstar US Utilities Sector Index declined 12% since Wednesday, June 8.We think the selloff was sparked in large part by the U.S. Bureau of Labor Statistics' Consumer Price Index reading last week, which reported inflation was at a four decade high for May. Utilities peaked at 17% overvalued as of late April, and were 13% overvalued as of June 8, as global uncertainty drove investors to U.S. utilities.Up until last week, investors had largely ignored the risk of inflation, which we considered the largest threat to utilities' long-term returns. Utilities have historically significantly underperformed the S&P 500 in inflationary environments, as utilities have fixed revenue, high capital and labor costs, and large energy pass-through costs. With higher-than-expected inflation, the market has increased expectations for the Fed to expedite interest rate increases. The utilities sector median 3.3% dividend yield is now a mere 18 basis point discount to the 10-year U.S. Treasury, making utility dividends less attractive to income-focused investors. In early March, the dividend yield was a 150 basis point premium to the 10-year U.S. Treasury.No utility was trading below our fair value estimate mid-last week. Now, nearly half of our utility coverage trades at or below our fair value estimates and we now think there are opportunities for long-term utility investors. While there are a few utilities that trade at a larger discount to our fair values, we think long-term investors are best served focusing on utilities in constructive regulatory environments that are better positioned to address inflationary headwinds, with Dominion Energy, Entergy, NextEra Energy, and NiSource our top picks.

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades Andrew Bischof,Senior Equity

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Analyst,10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy, NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value. Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar Equity Research Star Rating Methodology

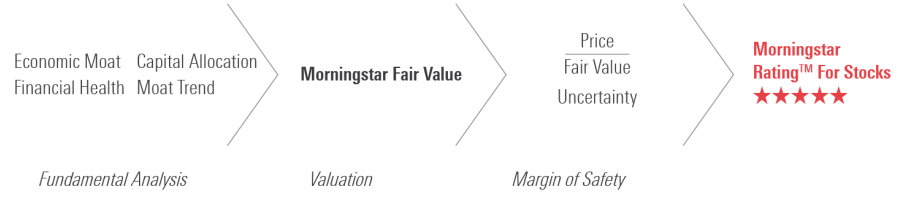

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

Morningstar Equity Research Star Rating Methodology

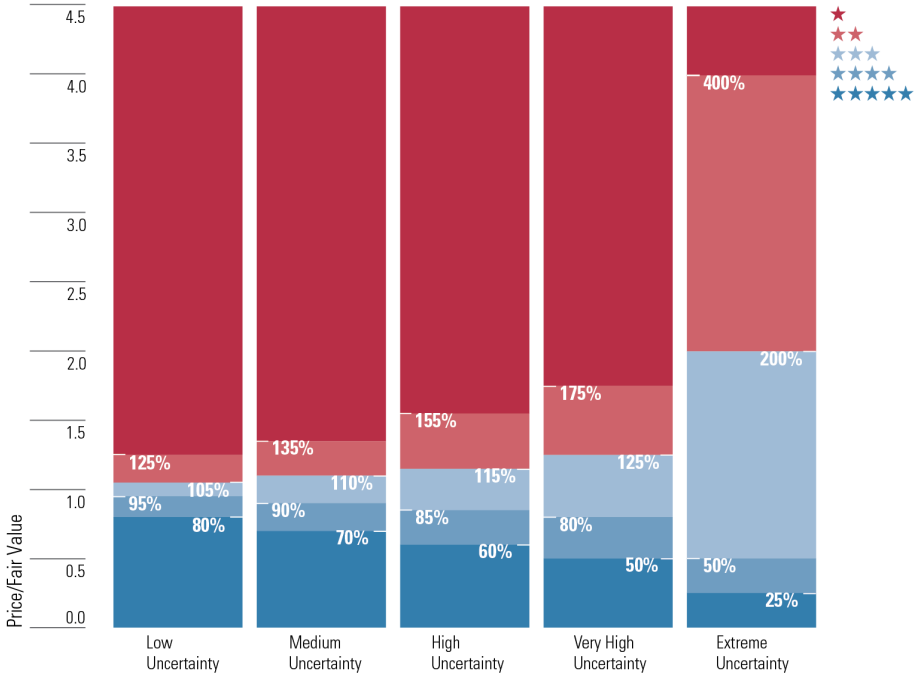

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.
- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in New Zealand: This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). Morningstar is the provider of the regulated financial advice and takes responsibility for the production of this report. To the extent the report contains regulated financial advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Advice Provider Disclosure Statement at www.morningstar.com.au/s/fapds.pdf for more information.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Price vs. Fair Value

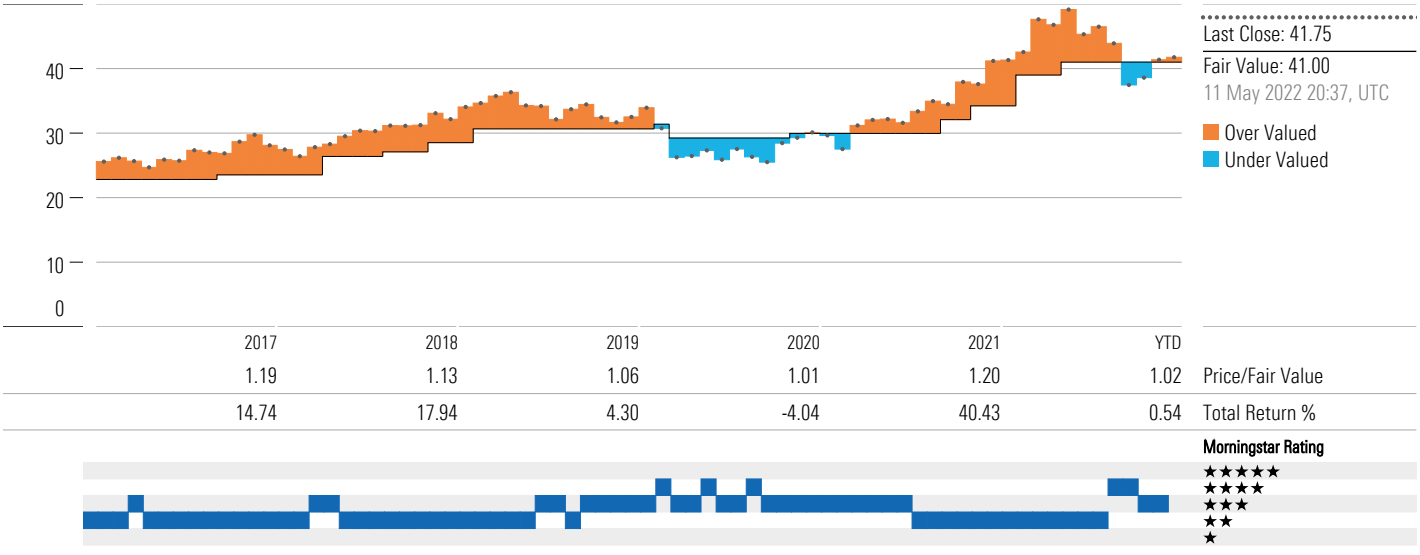

	2017	2018	2019	2020	2021	YTD	
	1.19	1.13	1.06	1.01	1.20	1.02	Price/Fair Value
	14.74	17.94	4.30	-4.04	40.43	0.54	Total Return %

Total Return % as of 5 Dec 2022. Last Close as of 5 Dec 2022. Fair Value as of 11 May 2022 20:37, UTC.

Contents

Business Description
Business Strategy & Outlook (5 Dec 2022)
Bulls Say / Bears Say (5 Dec 2022)
Economic Moat (5 Dec 2022)
Fair Value and Profit Drivers (5 Dec 2022)
Risk and Uncertainty (5 Dec 2022)
Capital Allocation (5 Dec 2022)
Analyst Notes Archive
Financials
Appendix
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

New CEO Likely To Maintain Exelon's Focus on Regulated Utilities

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 5 Dec 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2025, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will invest $29 billion through 2025, supporting 8% rate base growth. This investment plan supports our earnings forecast and for dividend growth to be in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. We expect earned returns to be within management's 9%-10% goal.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 5 Dec 2022

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity prices that have dragged down returns recently.
- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 5 Dec 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 5 Dec 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Competitors

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
	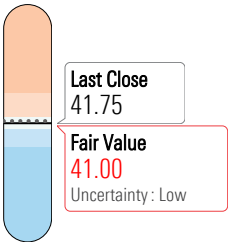	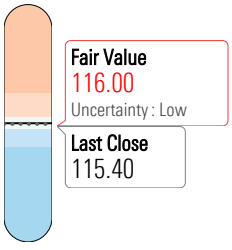	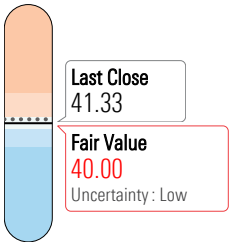	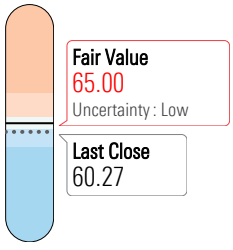
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	116.00 17 Aug 2022 19:27, UTC	40.00 26 Oct 2022 18:19, UTC	65.00 10 Aug 2022 10:48, UTC
1-Star Price	51.25	145.00	50.00	81.25
5-Star Price	32.80	92.80	32.00	52.00
Assessment	Fairly Valued 4 Dec 2022	Fairly Valued 4 Dec 2022	Fairly Valued 4 Dec 2022	Under Valued 4 Dec 2022
Morningstar Rating	★★★5 Dec 2022 22:21, UTC	★★★5 Dec 2022 22:21, UTC	★★★5 Dec 2022 22:21, UTC	★★★★5 Dec 2022 22:21, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	1.02	0.99	1.03	0.93
Price/Sales	1.09	1.79	1.97	3.15
Price/Book	1.68	2.02	2.20	2.29
Price/Earning	20.12	18.82	18.87	44.79
Dividend Yield	3.26%	3.54%	3.76%	3.50%
Market Cap	41.19 Bil	24.45 Bil	23.74 Bil	30.40 Bil
52-Week Range	35.19—50.71	94.94—126.82	35.32—48.85	52.51—75.61
Investment Style	Large Value	Mid Value	Mid Core	Mid Value

offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 5 Dec 2022

Our fair value estimate for Exelon is $41.

We expect 7% average earnings growth through 2025, the midpoint of management's 6% to 8% earnings guidance. We forecast $29 billion of capital expenditures through 2025 at the company's regulated operations, supporting 8% rate-base growth. We assume consistent regulatory treatment across Exelon's service territories. We assume earned returns are at the low end of management's 9%-10% goal.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 5 Dec 2022

We rate Exelon with a Morningstar Uncertainty Rating of Low.

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 5 Dec 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary. However, new legislation in Illinois incorporating traditional ratemaking could help boost returns at the unit.

CEO Chris Crane's retirement at the end of 2022 is earlier than we anticipated due to health issues. Crane dealt with low power prices through most of his tenure before separating the nuclear merchant generation business leaving a regulated-only utility. We think this move was in shareholders' best interest. He also navigated through Exelon subsidiary ComEd's bribery scandal, agreeing to a deferred prosecution agreement with federal prosecutors. Crane successfully lobbied for significant subsidies for Exelon's nuclear fleet.

Replacing Crane is Calvin Butler, who was promoted to president and COO earlier this year, adding to his responsibilities as executive of the company's utilities group. We expect Butler to continue Exelon's focus on improving regulatory relationships and executing on the company's regulated growth opportunities.

Analyst Notes Archive

Exelon CEO to Step Down; Reports Third-Quarter Earnings Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Nov 2022

We are reaffirming our $41 per share fair value estimate for Exelon after it reported third-quarter adjusted earnings per share of $0.75 up from $0.61 in the same year-ago period. Comparable earnings were adjusted for the Constellation Energy divestiture earlier this year and discontinued operations.

Management narrowed its 2022 full-year earnings guidance to $2.21-$2.29 per share from previous guidance of $2.18-$2.32. Our unchanged estimate remains within the new guidance range. Management reaffirmed Exelon's long-term 6%-8% annual earnings growth through 2025, with growth initially below this range and accelerating through the timeframe. Our narrow moat and stable moat trend ratings remain unchanged.

The company announced that CEO Chris Crane will retire at the end of 2022, earlier than we anticipated, due to health issues. Crane dealt with low power prices that impacted Constellation's performance through most of his tenure. We viewed the Constellation divestiture and focus on becoming a regulated-only utility a positive for investors. Crane also navigated Exelon through subsidiary ComEd's bribery scandal, helping reach a deferred prosecution agreement with federal prosecutors. Crane successfully lobbied for significant subsidies for Exelon's nuclear fleet.

Calvin Butler, who was promoted to president and COO earlier this year, will replace Crane. Butler is also an executive of the company's utilities group. We expect Butler to continue Exelon's focus on

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

improving regulatory relationships and executing the company's regulated growth plan.

Exelon's returns on equity continued improved notably in the quarter. The company's trailing 12-month earned returns on equity were 9.3%, up from 8.8% in the second quarter and now within management's 9%-10% target range. Timing of equity infusions and regulatory outcomes aided returns. In the quarter, rate increases and lower storm costs lifted earnings, partially offset by higher depreciation and interest expenses.

Raising U.S. Electricity Demand Growth Outlook, Reaffirming Utilities Fair Value Estimates Andrew Bischof, CFA, CPA, Senior Equity Analyst, 27 Sep 2022

We are reaffirming our fair value estimates for U.S. utilities after raising our 10-year annual U.S. electricity demand growth forecast to 1.4%, up from 1.2% in our previous forecast two years ago. We also are reaffirming our economic moat and moat trend ratings for all U.S. utilities.

We believe the path to eliminate carbon emissions and meet environmental targets will lead to accelerating electricity demand growth and new infrastructure growth investment opportunities for utilities. We forecast 6%-8% annual earnings and dividend growth for most utilities through the decade to support electricity demand growth. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 8%-9% long-term annualized total returns even if valuations compress, as we think they will. We consider the sector 5% overvalued on a median basis as of Sept. 27.

Our new electricity demand forecast is more bullish than most. We think other forecasts underestimate the speed and scale of the U.S. clean energy transition. With many regions already facing strained electric grids, electricity demand growth presents opportunities and challenges for utilities as they manage the surge of electric vehicles, Big Data, building electrification, and other mandates.

We expect electricity demand from electric vehicles will grow faster than any other new source of electricity demand in our forecast, climbing 15-fold by 2032. Data centers, already sizable electricity users, are the second-fastest-growing new source of electricity demand in our forecast. Building and industrial electrification represents upside to our forecast.

Energy efficiency gains will offset some of the core electricity demand growth that we forecast. We expect U.S. electricity intensity of the economy to fall 12% over our forecast period. Energy efficiency gains have held U.S. electricity demand mostly flat for the last decade.

Inflation Reduction Act: Increasing Our Confidence in Utilities' Long-Term Growth Andrew Bischof, CFA, CPA, Senior Equity Analyst, 16 Aug 2022

Our initial analysis of the U.S. Inflation Reduction Act that President Joe Biden plans to sign on Aug. 16 has led us to reaffirm or make slight increases to our fair value estimates for U.S. utilities. We are

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

reaffirming our moat and moat trend ratings.

Overall, the act gives us more confidence in our 5%-7% annual average long-term growth outlooks for most utilities. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 7%-8% long-term annualized total returns even if valuation multiples compress, as we think they will. We consider the sector 13% overvalued on a median basis.

Utilities likely will not benefit directly from the act's clean energy tax credits since they will pass the savings to customers. However, utilities should benefit indirectly from lower regulatory risk as tax benefits offset bill increases related to their growth investments. Utilities with the largest share of renewable energy investments relative to their total investment budgets should have an easier time hitting their earnings growth targets without substantial customer bill increases.

Electric utilities should benefit from more electricity demand and infrastructure growth opportunities if the act speeds adoption of electric vehicles and building electrification, two areas that have been slow to decarbonize.

Partially offsetting those customer benefits is the act's 15% minimum tax, which we estimate will raise cash taxes for most mid- and large-cap utilities. Ultimately, utilities will recover these higher taxes by raising customer bills. Customers also might lose the long-term benefits from accelerated tax depreciation, especially for utilities with large growth investment plans. The act's tax on book income rather than taxable income might cause a slight near-term reduction in utilities' cash flow but should accelerate long-term earnings growth. We don't expect this tax change to have a material impact on our long-term valuations.

Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

We are reaffirming our $41 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.44, up from $0.36 in the same year ago period. Comparable earnings were adjusted for the divestiture of the company's merchant generation business earlier this year. Management reaffirmed its full-year EPS guidance of $2.18 to $2.32 in 2022 and 6% to 8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon announced plans to issue up to $1 billion in equity through 2025 to help fund the company's $29 billion investment plan over this period. The equity was in line with our estimates over this period, though timing differed. Exelon aims to issue $500 million in equity this year, with the remaining completed over the remaining three years. With Exelon trading at an 11% premium to our fair value estimate as of early August, we expect the equity issuance to be slightly value accretive.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Exelon's returns on equity continued to be below its allowed returns and are among the lowest of its peers. The company's trailing 12-month earned returns on equity were 8.8%, down from 8.9% during the first quarter and below management's 9%-10% targeted range. Timing of equity infusions negatively affected returns, partially offset by increased earnings from investments.

Pending regulatory outcomes at PECO and DPL should boost earned returns. ComEd's returns are tied to 30-year Treasury rates, which should lead to higher returns next year at the subsidiary. We think new legislation supporting more traditional ratemaking starting in 2024 likely will lead to higher returns, which have been among the lowest in the sector given low Treasury rates.

In the quarter, earnings were supported by rate increases and the absence of merchant generation. Partially offsetting these benefits were higher depreciation and other expenses.

Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates Andrew Bischof, CFA, CPA, Senior Equity Analyst, 15 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the median utility in our coverage now trades in line with our fair value estimate, after the Morningstar US Utilities Sector Index declined 12% since Wednesday, June 8.

We think the selloff was sparked in large part by the U.S. Bureau of Labor Statistics' Consumer Price Index reading last week, which reported inflation was at a four decade high for May. Utilities peaked at 17% overvalued as of late April, and were 13% overvalued as of June 8, as global uncertainty drove investors to U.S. utilities.

Up until last week, investors had largely ignored the risk of inflation, which we considered the largest threat to utilities' long-term returns. Utilities have historically significantly underperformed the S&P 500 in inflationary environments, as utilities have fixed revenue, high capital and labor costs, and large energy pass-through costs. With higher-than-expected inflation, the market has increased expectations for the Fed to expedite interest rate increases. The utilities sector median 3.3% dividend yield is now a mere 18 basis point discount to the 10-year U.S. Treasury, making utility dividends less attractive to income-focused investors. In early March, the dividend yield was a 150 basis point premium to the 10-year U.S. Treasury.

No utility was trading below our fair value estimate mid-last week. Now, nearly half of our utility coverage trades at or below our fair value estimates and we now think there are opportunities for long-term utility investors. While there are a few utilities that trade at a larger discount to our fair values, we think long-term investors are best served focusing on utilities in constructive regulatory environments that are better positioned to address inflationary headwinds, with Dominion Energy, Entergy, NextEra Energy, and NiSource our top picks.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD 5 Dec 2022	41.00 USD 11 May 2022 20:37, UTC	1.02	41.19 USD Bil 2 Dec 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades Andrew Bischof, CFA, CPA, Senior Equity Analyst, 10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.

Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.

While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy, NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

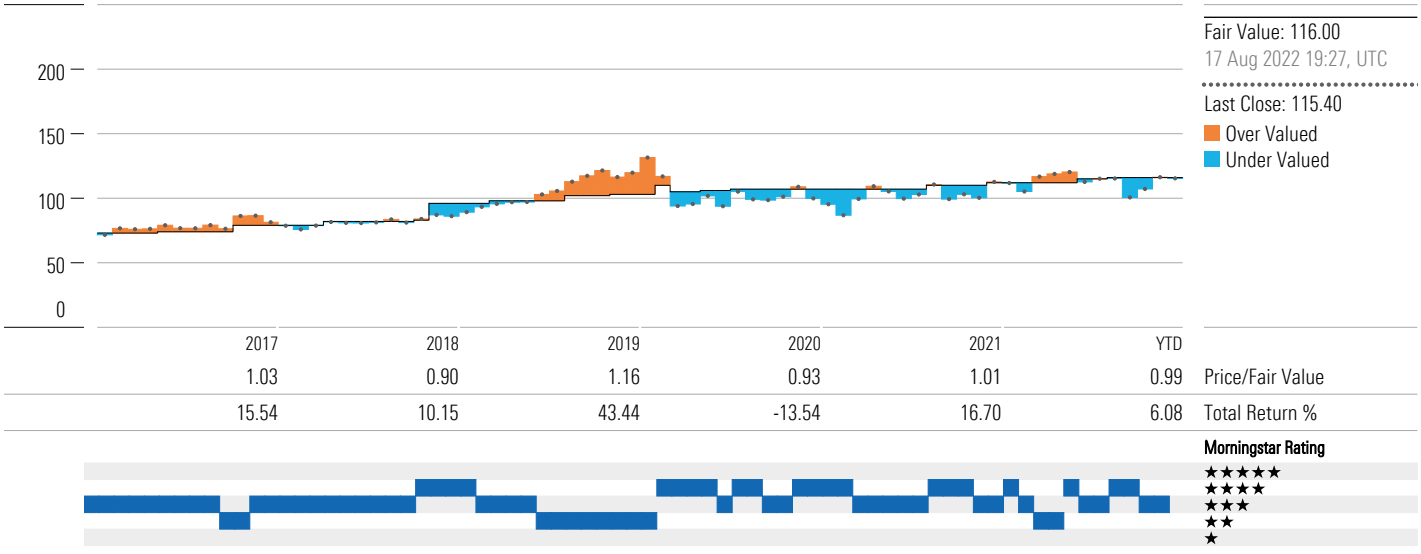

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.03	0.90	1.16	0.93	1.01	0.99
Total Return %	15.54	10.15	43.44	-13.54	16.70	6.08

Morningstar Rating

Total Return % as of 5 Dec 2022. Last Close as of 5 Dec 2022. Fair Value as of 17 Aug 2022 19:27, UTC.

FirstEnergy Corp FE

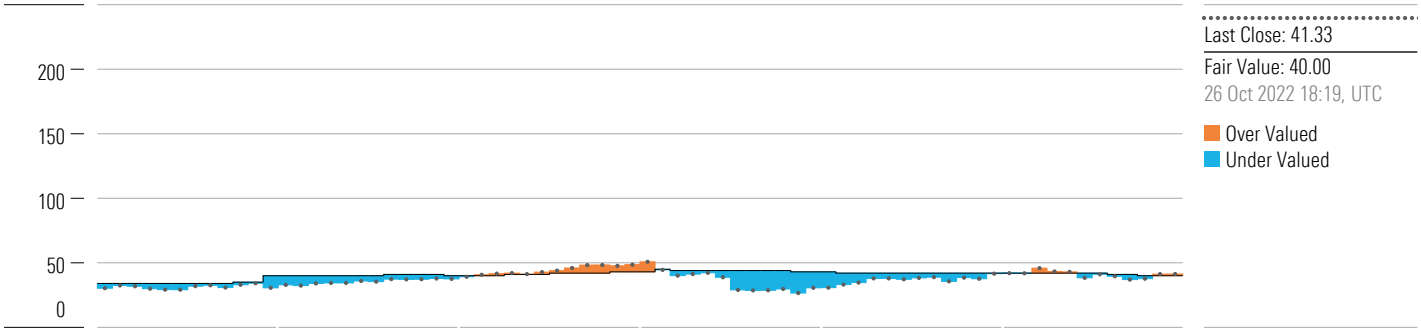

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	0.77	0.94	1.13	0.71	0.99	1.03
Total Return %	3.52	27.34	33.48	-33.81	40.97	3.13

Morningstar Rating

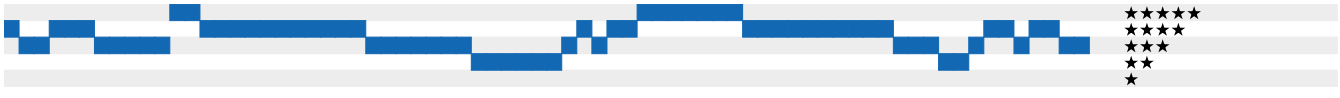

Total Return % as of 5 Dec 2022. Last Close as of 5 Dec 2022. Fair Value as of 26 Oct 2022 18:19, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Public Service Enterprise Group Inc PEG

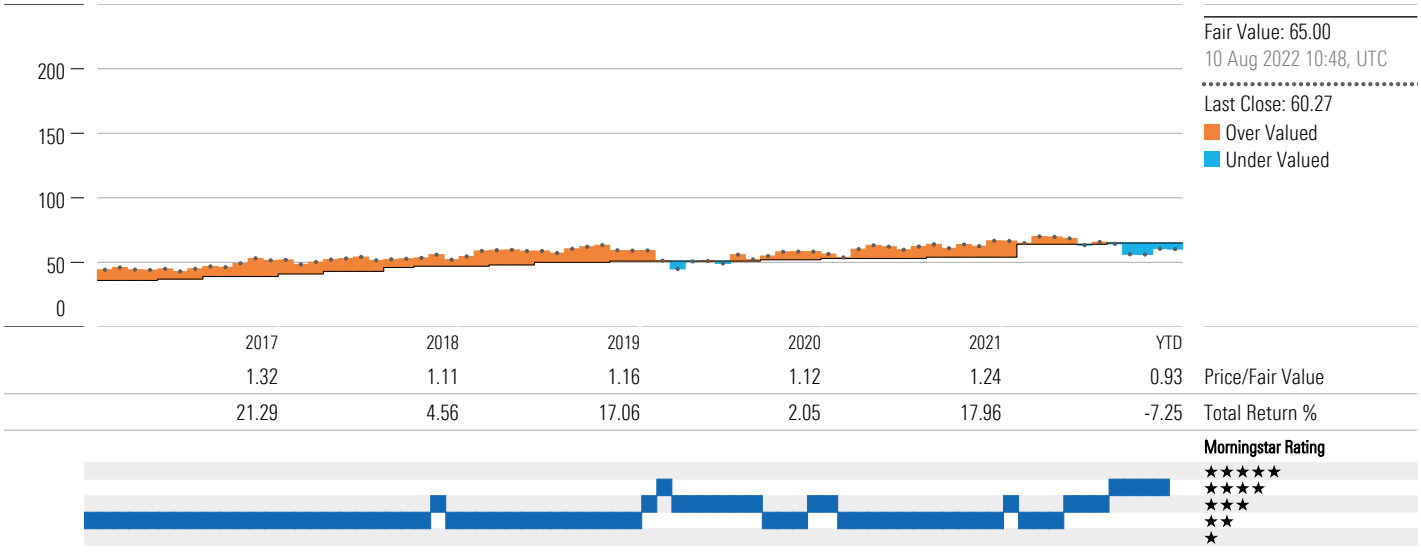

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	0.93	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	-7.25	Total Return %

Total Return % as of 5 Dec 2022. Last Close as of 5 Dec 2022. Fair Value as of 10 Aug 2022 10:48, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 5 Dec 2022 22:21, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
41.75 USD	41.00 USD	1.02	41.19 USD Bil	Narrow	Stable	Low	Standard	
5 Dec 2022	11 May 2022 20:37, UTC		2 Dec 2022					2 Nov 2022 05:00, UTC

Morningstar Historical Summary

Financials as of 30 Sep 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
Revenue (USD Bil)	23	25	27	29	31	34	36	34	33	36	14	37
Revenue Growth %	23.2	6.0	10.2	7.4	6.5	7.0	7.2	-4.3	-4.1	10.0	6.6	6.9
EBITDA (USD Bil)	6.81	7.91	7.42	8.35	9.09	10.76	9.75	11.38	10.50	11.35	5.51	10.73
EBITDA Margin %	29.0	31.8	27.1	28.4	29.0	32.1	27.1	33.1	31.8	31.2	38.3	28.8
Operating Income (USD Mil)	2,471	3,646	2,390	4,391	3,260	3,939	3,835	4,342	2,799	2,522	2,608	2,973
Operating Margin %	10.5	14.6	8.7	14.9	10.4	11.7	10.7	12.6	8.5	6.9	18.1	8.0
Net Income (USD Mil)	1,160	1,719	1,623	2,269	1,121	3,779	2,005	2,936	1,963	1,706	1,738	2,129
Net Margin %	4.9	6.9	5.9	7.7	3.6	11.3	5.6	8.5	5.9	4.7	12.1	5.7
Diluted Shares Outstanding (Mil)	819	860	864	893	927	949	969	974	977	980	984	984
Diluted Earnings Per Share (USD)	1.42	2.00	1.88	2.54	1.21	3.98	2.07	3.01	2.01	1.74	1.77	2.17
Dividends Per Share (USD)	2.10	1.46	1.24	1.24	1.26	1.31	1.38	1.45	1.53	1.53	1.01	1.40

Valuation as of 30 Nov 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Price/Sales	1.0	0.9	1.2	0.8	1.1	1.1	1.2	1.3	1.2	1.6	1.0	1.1
Price/Earnings	21.0	14.6	15.2	12.4	26.9	17.7	11.7	19.2	17.4	33.8	20.4	20.1
Price/Cash Flow	4.0	4.0	5.7	3.8	3.5	5.5	5.1	6.0	7.5	13.6	7.2	13.5
Dividend Yield %	5.3	5.31	3.34	4.47	3.56	3.32	3.06	3.18	3.62	2.65	3.72	3.26
Price/Book	1.2	1.1	1.4	1.0	1.3	1.4	1.4	1.4	1.3	1.7	1.6	1.7
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating Performance / Profitability as of 30 Sep 2022

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	TTM
ROA %	1.7	2.2	2.0	2.5	1.1	3.3	1.7	2.4	1.5	1.3	—	1.9
ROE %	6.5	7.8	7.2	9.4	4.3	13.6	6.6	9.3	6.1	5.1	—	7.3
ROIC %	5.1	6.1	5.5	6.1	3.6	7.4	5.2	6.2	4.7	4.4	—	4.9
Asset Turnover	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	—	0.3

Financial Leverage

Fiscal Year, ends 31 Dec	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Recent Qtr	TTM
Debt/Capital %	46.1	44.6	46.8	48.5	55.5	52.1	52.9	49.6	52.1	50.9	59.2	—
Equity/Assets %	27.3	28.4	26.2	27.0	22.5	25.6	25.7	25.8	25.2	25.9	26.3	—
Total Debt/EBITDA	2.9	2.5	3.0	3.2	4.0	3.3	3.7	3.3	3.7	3.7	7.0	—
EBITDA/Interest Expense	7.3	5.8	7.0	8.1	5.9	6.9	6.3	7.0	6.4	7.2	5.2	6.4

Morningstar Analyst Historical/Forecast Summary as of 03 Aug 2022

Financials

Fiscal Year, ends 12-31-2021	2020	2021	Estimates 2022	2023	2024
Revenue (USD Mil)	33,039	36,347	18,753	19,615	20,383
Revenue Growth %	-3.8	10.0	-48.4	4.6	3.9
EBITDA (USD Mil)	7,837	8,759	6,661	7,281	7,802
EBITDA Margin %	23.7	24.1	35.5	37.1	38.3
Operating Income (USD Mil)	2,823	2,723	3,493	4,009	4,327
Operating Margin %	8.5	7.5	18.6	20.4	21.2
Net Income (USD Mil)	3,146	1,706	2,237	2,414	2,601
Net Margin %	9.5	4.7	11.9	12.3	12.8
Diluted Shares Outstanding (Mil)	977	980	980	983	988
Diluted Earnings Per Share(USD)	3.22	1.74	2.28	2.46	2.63
Dividends Per Share(USD)	1.53	1.53	1.35	1.44	1.54

Forward Valuation

	2020	2021	Estimates 2022	2023	2024
Price/Sales	1.2	1.6	2.2	2.1	2.0
Price/Earnings	9.4	23.7	18.3	17.0	15.9
Price/Cash Flow	-10.8	-11.4	2.8	-36.4	-41.0
Dividend Yield %	5.1	3.7	3.2	3.5	3.7
Price/Book	0.9	1.2	1.1	1.1	1.1
EV/EBITDA	10.0	10.9	12.0	10.9	10.2

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Appendix

Historical Morningstar Rating

Exelon Corp EXC 5 Dec 2022 22:21, UTC

Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
—	—	—	—	—	—	—	—	—	—	—	—
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★	★★★	★★★★	★★★★	★★	★★	★★	★★	★★	★★	★★	★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★	★★	★★	★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★	★★★	★★★	★★★★	★★★	★★★	★★★★	★★★	★★★	★★★★	★★★	★★★
Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019	Feb 2019	Jan 2019
★★★	★★★	★★★	★★	★★★	★★★	★★	★★	★★	★★	★★	★★
Dec 2018	Nov 2018	Oct 2018	Sep 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018
★★	★★	★★	★★	★★	★★	★★	★★★	★★★	★★	★★	★★
Dec 2017	Nov 2017	Oct 2017	Sep 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017
★★	★★	★★	★★	★★	★★	★★	★★	★★★	★★	★★	★★

Entergy Corp ETR 5 Dec 2022 22:21, UTC

Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
—	—	—	—	—	—	—	—	—	—	—	—
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★	★★★	★★★★	★★★★	★★★	★★★	★★★★	★★	★★	★★★	★★★★	★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★	★★★★	★★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★★	★★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★★	★★★	★★★	★★★★	★★★★	★★★	★★★★	★★★★	★★★★	★★★★	★★	★★
Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019	Feb 2019	Jan 2019
★★	★★	★★	★★	★★	★★	★★★	★★★	★★★	★★★	★★★★	★★★★
Dec 2018	Nov 2018	Oct 2018	Sep 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018
★★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★
Dec 2017	Nov 2017	Oct 2017	Sep 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017
★★★	★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★

FirstEnergy Corp FE 5 Dec 2022 22:21, UTC

Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
—	—	—	—	—	—	—	—	—	—	—	—
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★	★★★	★★★★	★★★★	★★★	★★★★	★★★★	★★★	★★	★★	★★★	★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★	★★★★	★★★	★★★★	★★★	★★
Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019	Feb 2019	Jan 2019
★★	★★	★★	★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★
Dec 2018	Nov 2018	Oct 2018	Sep 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018
★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★★
Dec 2017	Nov 2017	Oct 2017	Sep 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017
★★★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★★	★★★★	★★★	★★★	★★★★

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
—	—	—	—	—	—	—	—	—	—	—	—
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★	★★★★	★★★★	★★★★	★★★	★★★	★★★	★★	★★	★★	★★★	★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★★	★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★	★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★	★★
Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019	Feb 2019	Jan 2019
★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★
Dec 2018	Nov 2018	Oct 2018	Sep 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018
★★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★
Dec 2017	Nov 2017	Oct 2017	Sep 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017
★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is

Morningstar Equity Research Star Rating Methodology

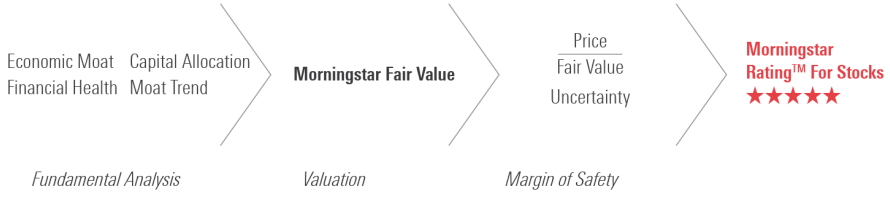

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

Morningstar Equity Research Star Rating Methodology

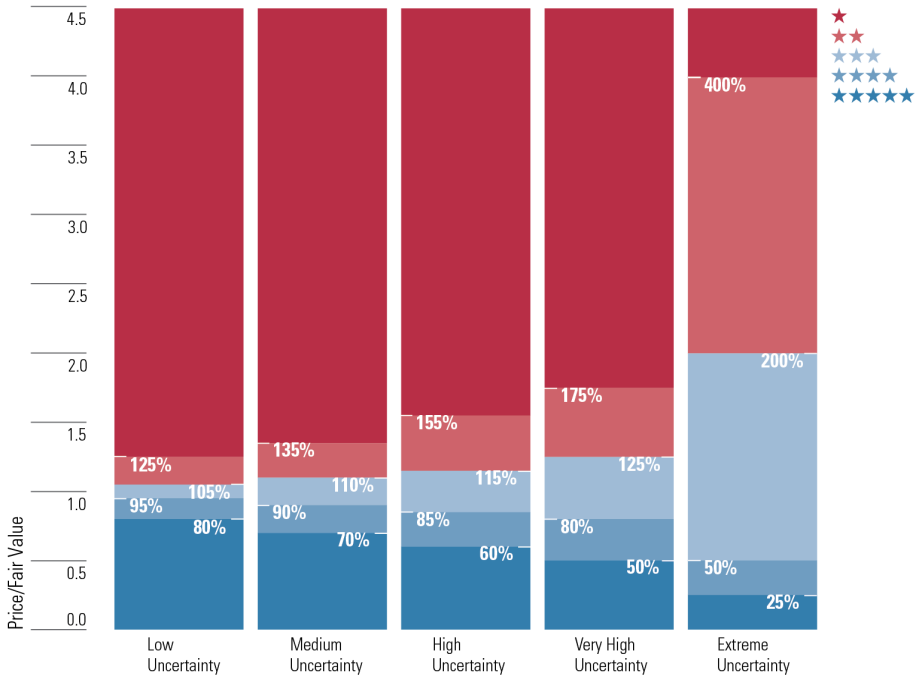

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors. Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar,

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.
- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in New Zealand: This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). Morningstar is the provider of the regulated financial advice and takes responsibility for the production of this report. To the extent the report contains regulated financial advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Advice Provider Disclosure Statement at www.morningstar.com.au/s/fapds.pdf for more information.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: EXC Feedback, RNG M&A, and Advanced Nuclear Latest Setbacks
- **Publication Date/Time** : Wednesday, November 30, 2022 03:32:23 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=VZqr8wxaNONQnlD!Aza2aA__&reid=F7DF9D6C7D6611EDA8FD0DCC945289B1

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD	41.00 USD	0.98	39.82 USD Bil	Narrow	Stable	Low	Standard	
28 Nov 2022	11 May 2022 20:37, UTC		25 Nov 2022					2 Nov 2022 05:00, UTC

Price vs. Fair Value

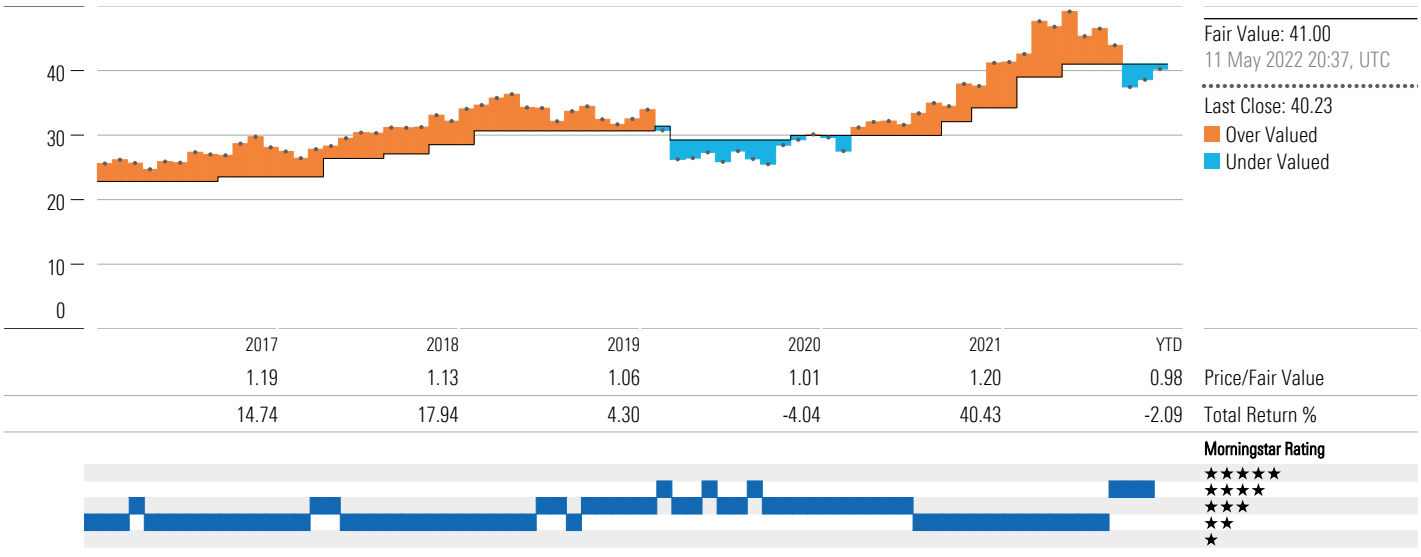

	2017	2018	2019	2020	2021	YTD
Price/Fair Value	1.19	1.13	1.06	1.01	1.20	0.98
Total Return %	14.74	17.94	4.30	-4.04	40.43	-2.09

Total Return % as of 28 Nov 2022. Last Close as of 28 Nov 2022. Fair Value as of 11 May 2022 20:37, UTC.

Contents

Analyst Note (3 Nov 2022)
Business Description
Business Strategy & Outlook (3 Aug 2022)
Bulls Say / Bears Say (3 Aug 2022)
Economic Moat (3 Aug 2022)
Fair Value and Profit Drivers (3 Aug 2022)
Risk and Uncertainty (3 Aug 2022)
Capital Allocation (3 Aug 2022)
Analyst Notes Archive
Appendix
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Exelon CEO to Step Down; Reports Third-Quarter Earnings

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Nov 2022

We are reaffirming our $41 per share fair value estimate for Exelon after it reported third-quarter adjusted earnings per share of $0.75 up from $0.61 in the same year-ago period. Comparable earnings were adjusted for the Constellation Energy divestiture earlier this year and discontinued operations.

Management narrowed its 2022 full-year earnings guidance to $2.21-$2.29 per share from previous guidance of $2.18-$2.32. Our unchanged estimate remains within the new guidance range. Management reaffirmed Exelon's long-term 6%-8% annual earnings growth through 2025, with growth initially below this range and accelerating through the timeframe. Our narrow moat and stable moat trend ratings remain unchanged.

The company announced that CEO Chris Crane will retire at the end of 2022, earlier than we anticipated, due to health issues. Crane dealt with low power prices that impacted Constellation's performance through most of his tenure. We viewed the Constellation divestiture and focus on becoming a regulated-only utility a positive for investors. Crane also navigated Exelon through subsidiary ComEd's bribery scandal, helping reach a deferred prosecution agreement with federal prosecutors. Crane successfully lobbied for significant subsidies for Exelon's nuclear fleet.

Calvin Butler, who was promoted to president and COO earlier this year, will replace Crane. Butler is also an executive of the company's utilities group. We expect Butler to continue Exelon's focus on improving regulatory relationships and executing the company's regulated growth plan.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD 28 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.98	39.82 USD Bil 25 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

Exelon's returns on equity continued improved notably in the quarter. The company's trailing 12-month earned returns on equity were 9.3%, up from 8.8% in the second quarter and now within management's 9%-10% target range. Timing of equity infusions and regulatory outcomes aided returns. In the quarter, rate increases and lower storm costs lifted earnings, partially offset by higher depreciation and interest expenses.

Business Strategy & Outlook Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

After spinning off its merchant generation and retail energy segment, Constellation Energy, through a distribution to Exelon shareholders, the new Exelon is now a pure-play electric and gas transmission and distribution utility providing investors a more stable earnings profile. We viewed the separation positively for shareholders. A standalone regulated utility strengthens Exelon's narrow moat and lowers the company's cost of capital.

Exelon's regulated utilities support our outlook for 7% earnings growth through 2025, the midpoint of the company's 6%-8% earnings growth guidance. We estimate the company will spend $29 billion of capital investment through 2025. This investment plan supports our earnings forecast and dividend growth in line with earnings growth.

Exelon operates a diverse set of regulated utilities, including five utilities in the Northeast and the largest investor-owned utility in Illinois. Regulatory relationships have at times been strained across its Northeast utilities, resulting in low allowed returns. Alternative recovery mechanisms help reduce regulatory lag and risk across the regions for Exelon's growth capital. Low earned returns below allowed regulated returns should gradually increase to within management's 9% to 10% goal.

Relationships at the company's most important subsidiary, ComEd, will likely remain strained given inappropriate lobbying practices tied to the passage of previous utility legislation. Exelon entered into a deferred prosecution agreement with federal prosecutors.

Recent Illinois legislation will bring significant changes to the state's regulatory framework. Current performance base-rate making, which ties allowed returns to the average 30-year Treasury rate, have produced some of the lowest returns among U.S. utilities. After 2023, Illinois utilities may opt in for a four-year rate plan beginning in 2024. Under the multiyear plan, ComEd would be allowed to "true-up" earned returns to allowed returns and continue usage-decoupled rates. Regulators could issue incentives and penalties based on performance. We think the legislation will likely lead to higher returns for the subsidiary.

Bulls Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

- Exelon's divestiture of its merchant generation eliminates its earnings sensitivity to cyclical commodity

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD 28 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.98	39.82 USD Bil 25 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Competitors

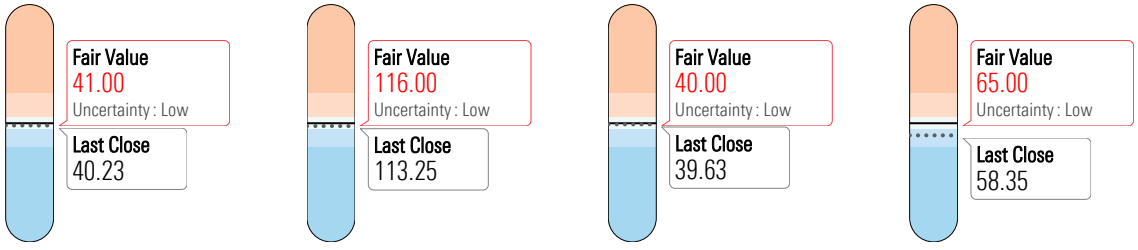

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service Enterprise Group Inc PEG
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	116.00 17 Aug 2022 19:27, UTC	40.00 26 Oct 2022 18:19, UTC	65.00 10 Aug 2022 10:48, UTC
1-Star Price	51.25	145.00	50.00	81.25
5-Star Price	32.80	92.80	32.00	52.00
Assessment	Under Valued 27 Nov 2022	Fairly Valued 27 Nov 2022	Fairly Valued 27 Nov 2022	Under Valued 27 Nov 2022
Morningstar Rating	★★★28 Nov 2022 22:20, UTC	★★★28 Nov 2022 22:20, UTC	★★★28 Nov 2022 22:20, UTC	★★★★28 Nov 2022 22:20, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	0.98	0.98	0.99	0.90
Price/Sales	1.06	1.76	1.89	3.06
Price/Book	1.62	1.97	2.12	2.23
Price/Earning	19.45	18.47	18.12	43.54
Dividend Yield	3.50%	3.66%	4.05%	3.69%
Market Cap	39.82 Bil	24.00 Bil	22.79 Bil	29.55 Bil
52-Week Range	35.19—50.71	94.94—126.82	35.32—48.85	52.51—75.61
Investment Style	Large Value	Mid Value	Mid Core	Mid Value

prices that have dragged down returns recently.

- Exelon has good regulated growth investment opportunities that should support earnings and dividend growth.
- Nearly all of the company's growth capital is recovered through constructive regulatory mechanisms that reduce regulatory lag.

Bears Say Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

- Exelon's large investment plan increases regulatory risk.
- Some of the company's regulated utilities operate in the Northeast, where regulators have a history of being less constructive relative to other jurisdictions.
- A federal lobbying scandal hurt Exelon's reputation with policymakers in Illinois, which could cause adverse outcomes in future rate proceedings.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD 28 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.98	39.82 USD Bil 25 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Economic Moat Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Considering Exelon's full suite of regulated businesses, we think the firm has a narrow economic moat.

Service territory monopolies and efficient scale advantages are the primary sources of an economic moat for regulated utilities such as Exelon. State and federal regulators typically grant regulated utilities exclusive rights to charge customers rates that allow the utilities to earn a fair return on and return of the capital they invest to build, operate, and maintain their distribution networks. In exchange for regulated utilities' service territory monopolies, state and federal regulators set returns at levels that aim to minimize customer costs while offering fair returns for capital providers.

This implicit contract between regulators and capital providers should, on balance, allow regulated utilities to outearn their costs of capital, though observable returns might vary in the short run based on demand trends, investment cycles, operating costs, and access to financing.

Intuitively, utilities should have an economic moat based on efficient scale, but in some cases regulation offsets this advantage, preventing excess returns on capital. The risk of adverse regulatory decisions precludes regulated utilities from earning wide economic moat ratings. However, the threat of material value destruction is low, and normalized returns exceed the costs of capital in most cases, leaving us comfortable assigning narrow moat ratings to many regulated utilities.

Fair Value and Profit Drivers Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Our fair value estimate is $41.

We expect 7% average earnings growth through 2025, the midpoint of management's 6% to 8% earnings guidance. We forecast $29 billion of capital expenditures through 2025 at the company's regulated operations, supporting rate-base growth slightly above our earnings growth outlook. We assume consistent regulatory treatment across Exelon's service territories.

In our discounted cash flow valuation, we use a 5.9% cost of capital based on a 7.5% cost of equity. This is lower than the 9% rate of return we expect investors will demand for a diversified equity portfolio, reflecting Exelon's lower sensitivity to the economic cycle and lower degree of operating leverage.

Risk and Uncertainty Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

Exelon's ability to earn regulatory approval for rate increases depends on maintaining constructive relations with regulators. If regulatory relations sour, regulators could cut the utility's allowed return, resulting in earnings and cash flow pressure.

Illinois and Maryland are two historically tough regulatory environments, and punitive rate decisions could have a material impact on earnings and growth. However, Exelon has done a solid job developing

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD 28 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.98	39.82 USD Bil 25 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

good regulatory relationships in the Northeast. New legislation in Illinois also helps mitigate some of Exelon's regulatory risk. We expect Exelon will be able to earn returns near its average allowed regulatory returns at its regulated utilities.

Exelon faces environmental, social, and governance risk, particularly with regard to corporate governance and business ethics. In 2020, Exelon reached a deferred prosecution agreement at its ComEd subsidiary helping to resolve a Justice Department investigation of its lobbying practices. ComEd admitted that it arranged jobs, vendor subcontracts, and monetary payments for various high-level elected state officials to influence and assist the subsidiary with state utility legislation. Additional oversight measures should help mitigate future risks. Exelon has less environmental risk than some of its fully integrated regulated utilities as it doesn't operate any fossil-fuel generation.

Capital Allocation Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

We assign Exelon a Standard capital allocation rating. The rating reflects our assessment of Exelon's balance sheet strength, management's investment decisions, and plans to return capital to shareholders.

We think the company's 60% dividend payout policy is appropriate, given the high quality and relatively stable nature of its rate-regulated operations. We expect the balance sheet to remain sound and in line with regulatory requirements, supported by the company's low revenue cyclicality. We expect the company's investment strategy to focus on growing assets through regulated investments, which we think is a reasonable approach.

Exelon's systemwide average earned return on equity at its utilities remains below the company's peers. Falling interest rates, storms, and unfavorable weather have hurt returns recently. The company's lobbying practices in Illinois, which led to a deferred prosecution agreement with the Justice Department, have led to a difficult political and regulatory environment for Exelon's ComEd subsidiary.

CEO Chris Crane has prioritized growth investment at the regulated utilities. Crane's biggest move was the decision to separate the company's regulated utilities from its merchant generation and retail unit, Constellation Energy, in February 2022. We think Exelon's transition to a fully regulated utility is in shareholders' best interests.

Analyst Notes Archive

Raising U.S. Electricity Demand Growth Outlook, Reaffirming Utilities Fair Value Estimates Andrew Bischof, CFA, CPA, Senior Equity Analyst, 27 Sep 2022

We are reaffirming our fair value estimates for U.S. utilities after raising our 10-year annual U.S. electricity demand growth forecast to 1.4%, up from 1.2% in our previous forecast two years ago. We

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD 28 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.98	39.82 USD Bil 25 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

also are reaffirming our economic moat and moat trend ratings for all U.S. utilities.

We believe the path to eliminate carbon emissions and meet environmental targets will lead to accelerating electricity demand growth and new infrastructure growth investment opportunities for utilities. We forecast 6%-8% annual earnings and dividend growth for most utilities through the decade to support electricity demand growth. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 8%-9% long-term annualized total returns even if valuations compress, as we think they will. We consider the sector 5% overvalued on a median basis as of Sept. 27.

Our new electricity demand forecast is more bullish than most. We think other forecasts underestimate the speed and scale of the U.S. clean energy transition. With many regions already facing strained electric grids, electricity demand growth presents opportunities and challenges for utilities as they manage the surge of electric vehicles, Big Data, building electrification, and other mandates.

We expect electricity demand from electric vehicles will grow faster than any other new source of electricity demand in our forecast, climbing 15-fold by 2032. Data centers, already sizable electricity users, are the second-fastest-growing new source of electricity demand in our forecast. Building and industrial electrification represents upside to our forecast.

Energy efficiency gains will offset some of the core electricity demand growth that we forecast. We expect U.S. electricity intensity of the economy to fall 12% over our forecast period. Energy efficiency gains have held U.S. electricity demand mostly flat for the last decade.

Inflation Reduction Act: Increasing Our Confidence in Utilities' Long-Term Growth Andrew Bischof, CFA, CPA, Senior Equity Analyst, 16 Aug 2022

Our initial analysis of the U.S. Inflation Reduction Act that President Joe Biden plans to sign on Aug. 16 has led us to reaffirm or make slight increases to our fair value estimates for U.S. utilities. We are reaffirming our moat and moat trend ratings.

Overall, the act gives us more confidence in our 5%-7% annual average long-term growth outlooks for most utilities. With most utilities yielding above 3%, we think utilities investors are well positioned to earn 7%-8% long-term annualized total returns even if valuation multiples compress, as we think they will. We consider the sector 13% overvalued on a median basis.

Utilities likely will not benefit directly from the act's clean energy tax credits since they will pass the savings to customers. However, utilities should benefit indirectly from lower regulatory risk as tax benefits offset bill increases related to their growth investments. Utilities with the largest share of renewable energy investments relative to their total investment budgets should have an easier time hitting their earnings growth targets without substantial customer bill increases.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD 28 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.98	39.82 USD Bil 25 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Electric utilities should benefit from more electricity demand and infrastructure growth opportunities if the act speeds adoption of electric vehicles and building electrification, two areas that have been slow to decarbonize.

Partially offsetting those customer benefits is the act's 15% minimum tax, which we estimate will raise cash taxes for most mid- and large-cap utilities. Ultimately, utilities will recover these higher taxes by raising customer bills. Customers also might lose the long-term benefits from accelerated tax depreciation, especially for utilities with large growth investment plans. The act's tax on book income rather than taxable income might cause a slight near-term reduction in utilities' cash flow but should accelerate long-term earnings growth. We don't expect this tax change to have a material impact on our long-term valuations.

Exelon Reports Solid Second Quarter Results as it Plans to Issue Equity to Fund Capital Investment Plan Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Aug 2022

We are reaffirming our $41 per share fair value estimate after Exelon announced second-quarter adjusted earnings per share of $0.44, up from $0.36 in the same year ago period. Comparable earnings were adjusted for the divestiture of the company's merchant generation business earlier this year. Management reaffirmed its full-year EPS guidance of $2.18 to $2.32 in 2022 and 6% to 8% earnings growth through 2025, in line with our expectations. Our narrow moat and stable moat trend ratings remain unchanged.

Exelon announced plans to issue up to $1 billion in equity through 2025 to help fund the company's $29 billion investment plan over this period. The equity was in line with our estimates over this period, though timing differed. Exelon aims to issue $500 million in equity this year, with the remaining completed over the remaining three years. With Exelon trading at an 11% premium to our fair value estimate as of early August, we expect the equity issuance to be slightly value accretive.

Exelon's returns on equity continued to be below its allowed returns and are among the lowest of its peers. The company's trailing 12-month earned returns on equity were 8.8%, down from 8.9% during the first quarter and below management's 9%-10% targeted range. Timing of equity infusions negatively affected returns, partially offset by increased earnings from investments.

Pending regulatory outcomes at PECO and DPL should boost earned returns. ComEd's returns are tied to 30-year Treasury rates, which should lead to higher returns next year at the subsidiary. We think new legislation supporting more traditional ratemaking starting in 2024 likely will lead to higher returns, which have been among the lowest in the sector given low Treasury rates.

In the quarter, earnings were supported by rate increases and the absence of merchant generation. Partially offsetting these benefits were higher depreciation and other expenses.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD 28 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.98	39.82 USD Bil 25 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Utility Selloff Now Has Sector Trading in Line With Our Fair Value Estimates Andrew Bischof, CFA, CPA, Senior Equity Analyst, 15 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the median utility in our coverage now trades in line with our fair value estimate, after the Morningstar US Utilities Sector Index declined 12% since Wednesday, June 8.

We think the selloff was sparked in large part by the U.S. Bureau of Labor Statistics' Consumer Price Index reading last week, which reported inflation was at a four decade high for May. Utilities peaked at 17% overvalued as of late April, and were 13% overvalued as of June 8, as global uncertainty drove investors to U.S. utilities.

Up until last week, investors had largely ignored the risk of inflation, which we considered the largest threat to utilities' long-term returns. Utilities have historically significantly underperformed the S&P 500 in inflationary environments, as utilities have fixed revenue, high capital and labor costs, and large energy pass-through costs. With higher-than-expected inflation, the market has increased expectations for the Fed to expedite interest rate increases. The utilities sector median 3.3% dividend yield is now a mere 18 basis point discount to the 10-year U.S. Treasury, making utility dividends less attractive to income-focused investors. In early March, the dividend yield was a 150 basis point premium to the 10-year U.S. Treasury.

No utility was trading below our fair value estimate mid-last week. Now, nearly half of our utility coverage trades at or below our fair value estimates and we now think there are opportunities for long-term utility investors. While there are a few utilities that trade at a larger discount to our fair values, we think long-term investors are best served focusing on utilities in constructive regulatory environments that are better positioned to address inflationary headwinds, with Dominion Energy, Entergy, NextEra Energy, and NiSource our top picks.

Utility Valuations Look Stretched Amid Highest Inflation in Four Decades Andrew Bischof, CFA, CPA, Senior Equity Analyst, 10 Jun 2022

We are reaffirming our fair value estimates and moat ratings for the U.S. utilities we cover after the U.S. Bureau of Labor Statistics' Consumer Price Index, or CPI, reported 8.6% inflation for May. We continue to consider inflation to be the largest threat to utilities' long-term returns and ability to pay robust, growing dividends.

Utilities trade at a median 10% premium to our fair value estimates. With utilities' market valuation multiples well above 20-year highs, we think the market is ignoring the potential for cuts in earnings growth and valuations by year-end if inflation remains above 3%.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD 28 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.98	39.82 USD Bil 25 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Utilities are flat year to date compared with the S&P 500's 18% decline, but we think that outperformance will be short-lived. The Morningstar US Utilities Sector Index has underperformed the S&P 500 by 18 percentage points on average over two-year periods following months when the CPI rose more than 3% year over year. Core CPI was up 8.6% in May, a four-decade high, with electricity prices up 12% over the 12-month period based on U.S. Bureau of Labor Statistics data.

While all utilities will be affected by inflation, we think utilities that operate in constructive regulatory environments, in which utilities are allowed to adjust customer rates for higher costs and higher returns on investments, can better offset inflation and rising interest rates. We think Dominion Energy, Entergy, NextEra Energy, and NiSource are the best positioned among utility peers to mitigate the impacts of inflation.

Inflation hurts utilities' earnings and returns on capital because utilities generally have fixed revenue, high capital and labor costs, and large energy pass-through costs that raise customer bills without raising earnings. We estimate utilities' operating and core capital costs were more than 70% of net revenue on average in 2021. Rising costs make it critical that utilities receive timely rate adjustments, a particularly tough task when energy costs also are rising.

Biden Pauses Potential Solar Tariffs; Utilities' Solar Growth Plans on Track as We Expected Andrew Bischof, CFA, CPA, Senior Equity Analyst, 6 Jun 2022

We are reaffirming our fair value estimates, moat ratings, and moat trend ratings for all utilities after the Biden administration announced it would not apply solar panel tariffs on East Asian countries for at least the next two years. Some utilities' management teams had suggested that potential tariffs resulting from a U.S. Department of Commerce anticircumvention investigation would slow their growth plans. We never thought the investigation would have a material impact on our long-term outlooks given the Biden administration's and most states' support for renewable energy. The Biden administration also announced plans to boost U.S. solar panel manufacturing, which will support solar growth.

Two of our top utilities picks, NextEra Energy and NiSource, were among those utilities whose stocks took the hardest hit because of the solar tariff fears. The management team of each firm said it was postponing a portion of its large solar growth plans because of tariff-related supply concerns. AES and Alliant Energy are among many other utilities that have made solar key parts of their growth plans.

NextEra's stock fell as much as 16% in the three weeks after management said that it might delay up to 2.8 gigawatts of a possible 15 GW solar project pipeline. The stock has since rebounded to near our $78 fair value estimate. We are reaffirming our 8% annual earnings growth outlook. NiSource's stock fell 11% in late April before management said $500 million of its planned solar investments could be

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
40.23 USD 28 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.98	39.82 USD Bil 25 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

delayed. The stock has since rebounded to near our $31 per share fair value estimate. We continue to assume NiSource invests $8 billion in 2022-24, including $2 billion on renewable energy, supporting our 7% annual earnings growth outlook.

Solar panel tariffs remain a risk pending the outcome of the DOC's investigation into whether Chinese manufacturers sidestepped tariffs by shipping panels through tariff-free Asian countries. We expect an initial DOC report this fall.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Competitors Price vs. Fair Value

Entergy Corp ETR

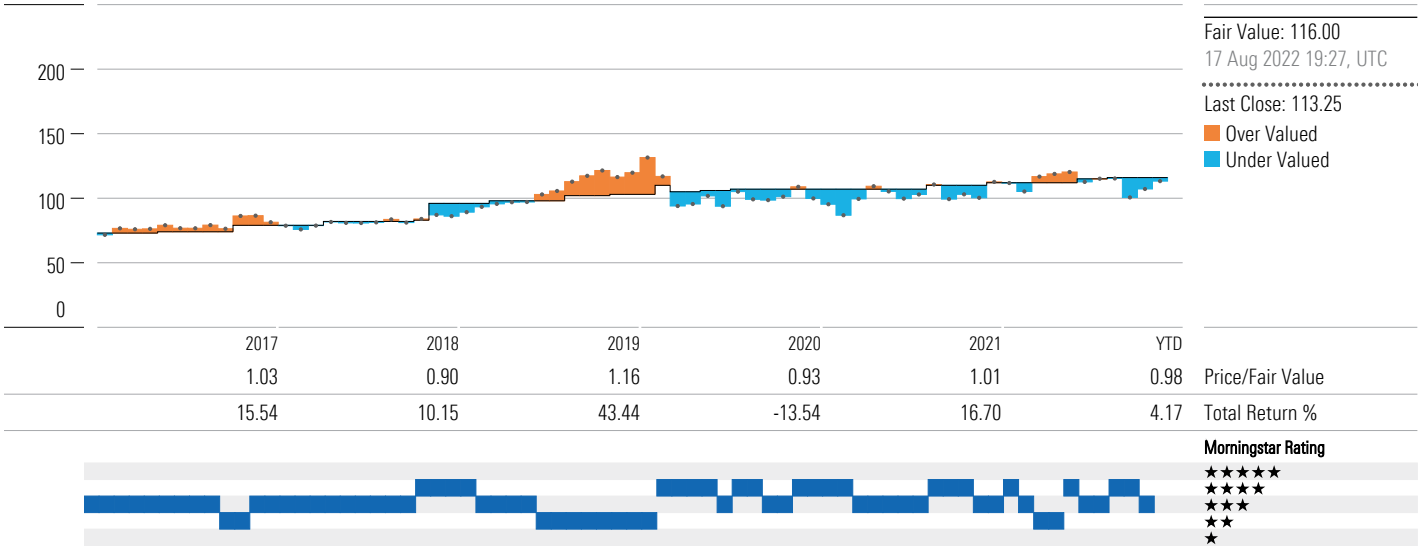

	2017	2018	2019	2020	2021	YTD	
	1.03	0.90	1.16	0.93	1.01	0.98	Price/Fair Value
	15.54	10.15	43.44	-13.54	16.70	4.17	Total Return %

Morningstar Rating

Total Return % as of 28 Nov 2022. Last Close as of 28 Nov 2022. Fair Value as of 17 Aug 2022 19:27, UTC.

FirstEnergy Corp FE

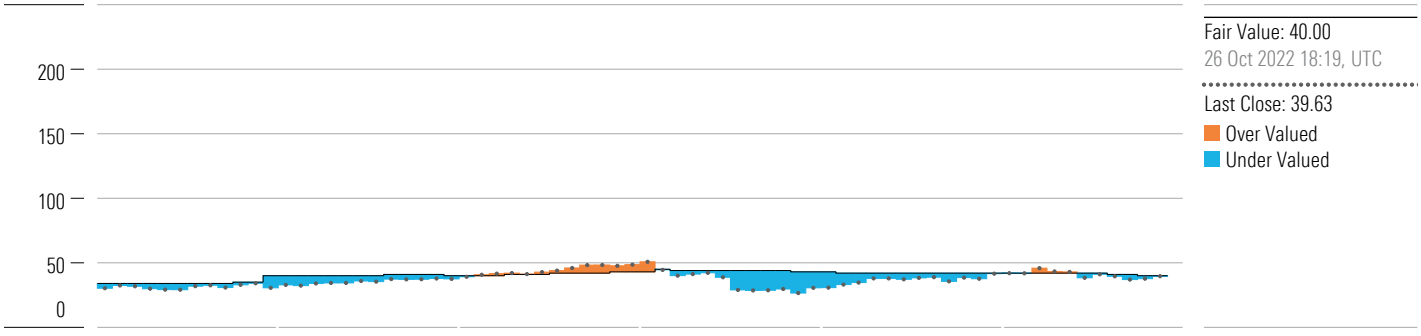

	2017	2018	2019	2020	2021	YTD	
	0.77	0.94	1.13	0.71	0.99	0.99	Price/Fair Value
	3.52	27.34	33.48	-33.81	40.97	-0.96	Total Return %

Morningstar Rating

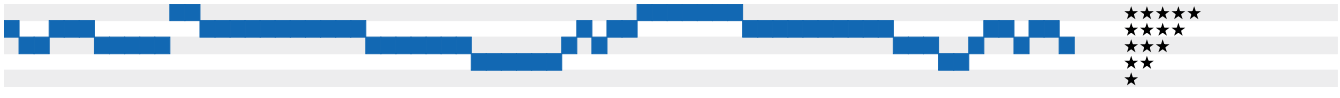

Total Return % as of 28 Nov 2022. Last Close as of 28 Nov 2022. Fair Value as of 26 Oct 2022 18:19, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★ 28 Nov 2022 22:20, UTC

Public Service Enterprise Group Inc PEG

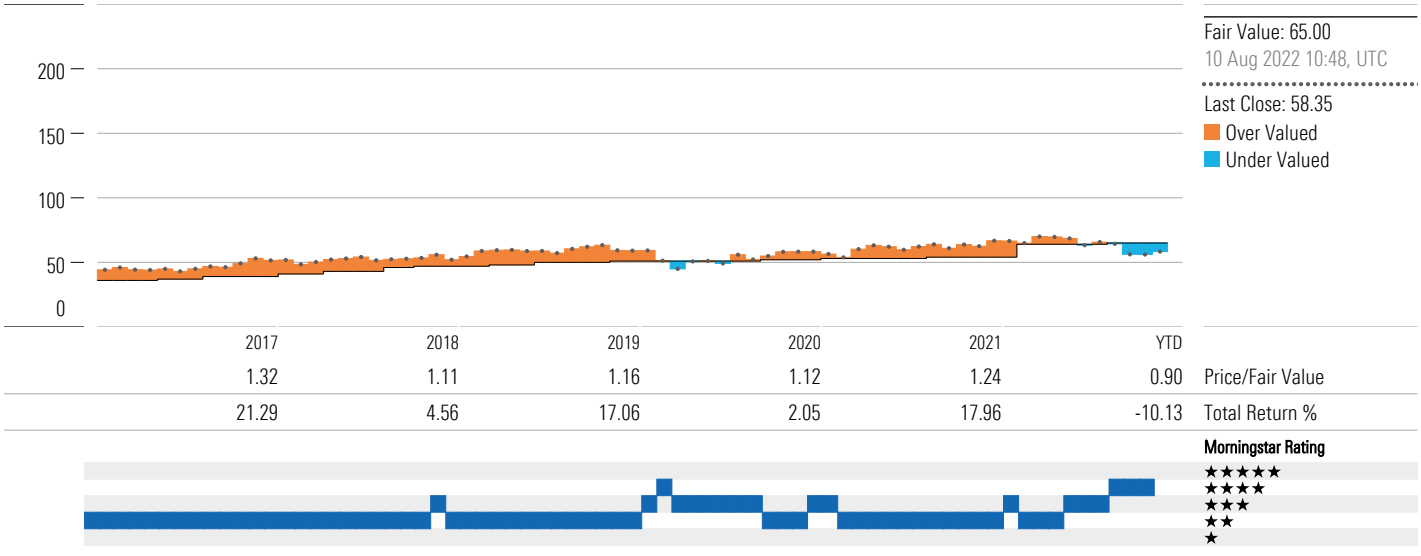

	2017	2018	2019	2020	2021	YTD	
	1.32	1.11	1.16	1.12	1.24	0.90	Price/Fair Value
	21.29	4.56	17.06	2.05	17.96	-10.13	Total Return %

Total Return % as of 28 Nov 2022. Last Close as of 28 Nov 2022. Fair Value as of 10 Aug 2022 10:48, UTC.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Appendix

Historical Morningstar Rating

Exelon Corp EXC 28 Nov 2022 22:20, UTC

Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
—	★★★★	★★★★	★★★★	★★	★★	★★	★★	★★	★★	★★	★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★	★★	★★	★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★	★★★	★★★	★★★★	★★★	★★★	★★★★	★★★	★★★	★★★★	★★★	★★★
Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019	Feb 2019	Jan 2019
★★★	★★★	★★★	★★	★★★	★★★	★★	★★	★★	★★	★★	★★
Dec 2018	Nov 2018	Oct 2018	Sep 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018
★★	★★	★★	★★	★★	★★	★★	★★★	★★★	★★	★★	★★
Dec 2017	Nov 2017	Oct 2017	Sep 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017
★★	★★	★★	★★	★★	★★	★★	★★	★★★	★★	★★	★★

Entergy Corp ETR 28 Nov 2022 22:20, UTC

Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
—	★★★	★★★★	★★★★	★★★	★★★	★★★★	★★	★★	★★★	★★★★	★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★	★★★★	★★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★★	★★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★★	★★★	★★★	★★★★	★★★★	★★★	★★★★	★★★★	★★★★	★★★★	★★	★★
Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019	Feb 2019	Jan 2019
★★	★★	★★	★★	★★	★★	★★★	★★★	★★★	★★★	★★★★	★★★★
Dec 2018	Nov 2018	Oct 2018	Sep 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018
★★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★
Dec 2017	Nov 2017	Oct 2017	Sep 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017
★★★	★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★

FirstEnergy Corp FE 28 Nov 2022 22:20, UTC

Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
—	★★★	★★★★	★★★★	★★★	★★★★	★★★★	★★★	★★	★★	★★★	★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★	★★★★	★★★	★★★★	★★★	★★
Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019	Feb 2019	Jan 2019
★★	★★	★★	★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★
Dec 2018	Nov 2018	Oct 2018	Sep 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018
★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★★
Dec 2017	Nov 2017	Oct 2017	Sep 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017
★★★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★★	★★★★	★★★	★★★	★★★★

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Public Service Enterprise Group Inc PEG 28 Nov 2022 22:20, UTC

Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
—	★★★★	★★★★	★★★★	★★★	★★★	★★★	★★	★★	★★	★★★	★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★★	★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★	★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★	★★
Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019	Feb 2019	Jan 2019
★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★
Dec 2018	Nov 2018	Oct 2018	Sep 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018
★★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★
Dec 2017	Nov 2017	Oct 2017	Sep 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017
★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is

Morningstar Equity Research Star Rating Methodology

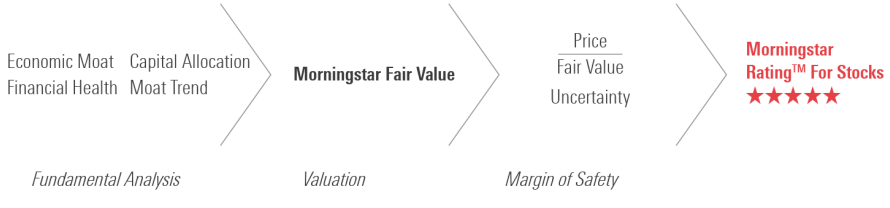

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

Morningstar Equity Research Star Rating Methodology

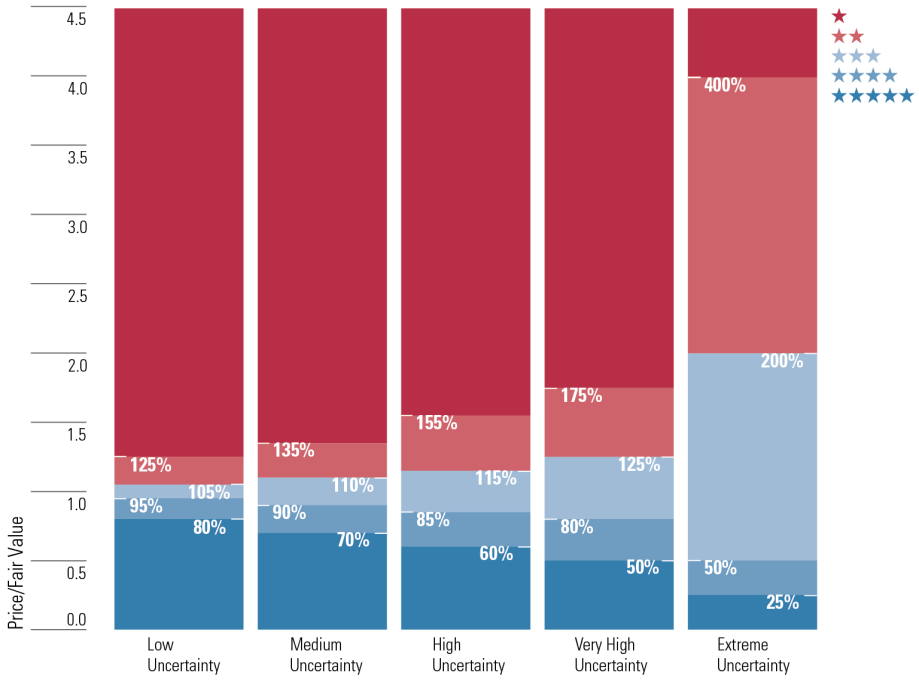

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors. Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar,

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.
- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in New Zealand: This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). Morningstar is the provider of the regulated financial advice and takes responsibility for the production of this report. To the extent the report contains regulated financial advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Advice Provider Disclosure Statement at www.morningstar.com.au/s/fapds.pdf for more information.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

© Morningstar 2022. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

KeyBanc Capital Markets

Alert

November 21, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: D, ES, DTE, ETR, EXC, AEP

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

On our regulatory calendar, we are tracking proceedings in VEPCO's limited reconsideration of the CVOW project approval and Aquarion's water rate case. In other news, the DOE announces financing for the electric grid's expansion and modernization; the DOE rejects funding to reopen Palisades nuclear plant; NERC publishes the 2022-2023 Winter Reliability Assessment report highlighting key vulnerabilities; the MI PSC issues an order in the electric rate case; FERC approves the global settlement between SERI and MS PSC; the IL ICC issues a final order in EXC's last IL FRP; PSO requests OCC approval for 996 MW of renewable generation, and DTE receives NY PSC approval for a RNG project.

ICYMI

We attended 25 meetings with utility management at the EEI Financial Conference in FL. See links to our notes below where we provide key thematic takeaways as well as individual company write-ups.

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

Regulatory Calendar

D — Settlement hearings in VEPCO's limited reconsideration of the CVOW project approval are scheduled for November 21: D entered into a settlement with the VA Office of the AG, and other intervenors to replace the performance guarantee in the CVOW approval with a cost-sharing approach for capital costs exceeding the budget and includes an enhanced SCC review of operating performance. The issue arose when the SCC ruled that D cannot pass the cost of procuring replacement power should the capacity factor at CVOW fall below 42% on a three-year rolling average. As part of the settlement, D will agree to share 50% of all costs in the range of $10.3B-$11.3B and shareholders will bear 100% of the costs in the range of $11.3B-$13.7B. There is no voluntary cost sharing for costs exceeding $13.7B. The current capex for the project is estimated at $9.8B. D will not guarantee an energy production level but will provide details on any shortfall in power production from the projected amount.

ES — Evidentiary hearings in ES's Aquarion water rate case set to begin November 22: In intervenor testimony, the OCC recommended a $6.7M rate increase for RY1 premised on a 9% ROE and 50.15% equity layer. The lower ROE is the primary driver of the delta. The PURA EOE staff recommended an 8.33% ROE and 48.43% equity layer, which would result in an $18.6M lower revenue requirement. ES filed a three-year rate case with the CT PURA for Aquarion Water, requesting a ~$27.5M rate increase in RY1, ~$13.6M in RY2, and ~$8.8M in RY3. The request is based on a 10.35% ROE, 53.06% equity, and a 2021 test year, with rates effective March 15, 2023. The Company has invested ~$740M on infrastructure investments since the last rate case in 2013, with only 25-30% of water capex covered under trackers, creating a regulatory lag (ES earning ROE at the 7% level vs. the authorized 9.63%). In its last rate case, Aquarion received a ~$14M revenue increase based on a 9.6% ROE and 51.5% equity.

Recent Developments for Companies Under Our Coverage

From our midweek: CPUC held hearings in the NEM 3.0 proceedings, and we summarize the highlights in this note—the utilities believe that a grid access fee should be implemented (albeit means-tested) while the solar lobby believes that the ramp from net metering rates to avoided costs should be longer and more gradual. In other news, Fitch lowered its outlook for the utility industry to negative from stable, AGR is asking the DPU to keep open the Commonwealth Wind PPA proceedings as it finds ways to move ahead with the project, FSLR selects AL for its new manufacturing facility, SRE signed an HOA with Williams for LNG takeaway and natural gas supply. ES announced a regulated water acquisition in MA.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

DOE announces $13B financing for the electric grid's expansion and modernization: The program's funding was set aside in the IIJA of 2021. The DOE is accepting applications for first-round funding ($3.8B) under the $10.5B Grid Resilience Innovation Partnership. The $3.8B will be spread across three areas: resilience, smart grid deployment, and innovation. DOE also released the first solicitation for the new Transmission Facilitation Program (TFP) that aims to support the construction of sizable interregional transmission lines by playing the role of an anchor tenant. The DOE can borrow up to $2.5B for this program and in certain cases would potentially own 50% of the line's capacity for as long as 40 years. Once the demand for takeaway increases, the DOE could sell its share to recycle the capital. The deadline for Phase funding is February 1, 2023. The TFP program is most suited for shovel-ready projects in regions that rely on point-to-point transmission.

DOE rejects funding to reopen Palisades nuclear plant: The DOE rejected Holtec International's application for funding from the $6B CNC program to reopen the Palisades nuclear power plant in MI according to the Company. Holtec had previously purchased the 805 MW nuclear power plant in May to decommission the facility and was potentially looking at funding under the new program to explore reopening the power plant. Holtec previously said if it had received funding under the CNC program it could potentially reactivate the Palisades nuclear reactor until SMRs become commercially available, but the plant is out of nuclear fuel, needed to fix a control rod drive seal issue, and potentially needed a new company to operate the facility.

NERC publishes 2022-2023 Winter Reliability Assessment report highlighting key vulnerabilities: NERC's Winter Reliability Assessment covers three months from December-February. In addition to highlighting the risks of LNG constraints in New England this winter (which ES has also put a spotlight on), the report highlights risks from lower coal inventories. The report highlights limited coal stocks and supply uncertainty caused by staffing shortages in the rail industry. Low fuel storage levels are creating risks for winter reliability, while domestic LNG supplies are competing with overseas demand. In addition to New England, the report highlights other vulnerable regions this winter. ERCOT is projected to have a reserve margin of -21.4% in the event of freezing weather due to a lack of generators and fuel supply infrastructure retrofitted for freezing weather. MISO is projected to have a reserve margin of -7.6% in a similar scenario due to the retirement of 4.2 GW of nuclear and coal-fired generation since last winter, resulting in a 500 bps decrease in the reserve margin, creating a risk of outages in Southern MISO territory due to inadequate weatherization. MISO is filing for changes to the resource adequacy construct to increase the winter Planning Reserve Margin to 25.5% beginning in the 2023/2024 winter period, vs. 8.7% previously. The Northwest is at a lower risk of supply shortages, given the forecast for an improved winter hydro outlook. The SPP is also at a lower risk due to the addition of 3,700 MW of natural gas generation since last winter.

ETR — FERC approves the global settlement between SERI and MS PSC: FERC issued an order approving the global settlement reached between SERI and MS PSC. As a result of the settlement, SERI will refund $235M to ETR MS, which announced that it would use the funds to credit customers to offset fuel surcharges. The approved settlement also specifies an ROE of 9.65% and a capital structure not to exceed 52% equity to be used in UPSA billings effective July 1, 2022, for four years. At the time of the settlement, which we wrote about here, SERI recorded a $551M pre-tax regulatory charge in 2Q to reflect the potential refunds, which included $116M, $95M, and $142M to be refunded to NO, LA, and AR customers, respectively. The NOCC, LPSC, and APSC all separately declined to opt into the settlement in favor of pursuing their claims through litigation. ETR remains in discussions with the three regulatory bodies, and based on our recent conversations with ETR management, we believe the FERC approval should open the door for LA, AR, and New Orleans to pursue a similar settlement.

DTE — MI PSC issues an order in the electric rate case with a reasonably restrictive outcome:

- DTE received a commission order on the pending electric rate case that appears somewhat restrictive at first glance. The PSC ordered a $30.5M rate increase on a 9.9% ROE and a 50% equity layer. While the ROE and the equity layer align with expectations, the revenue increase of $30.5M compares against DTE's revised ask of $368M, staff's brief of $145M, and a PD of $146M.
- The biggest driver appears to be the Commission's stance on residential sales forecasts post-COVID. The AG argued that DTE's residential sales forecasts are unreasonably low and that residential load continues to surge despite the end of pandemic-related disruptions. The Commission sides with the AG's argument that even though C&I volumes are increasing, electricity usage by the average residential customers continues to be elevated. By our initial math, but for the Commission's take on higher residential sales (and a related offset in fuel costs), the approved increase would have been ~$167M or a modest increase from the staff's brief and the PD, and in line with our current model, which assumes a $169.5M increase effective on January 1, 2023. Rates are expected to go into effect on November 25.
- Among other items, DTE requested approval for 17 pilot programs in its rate case request, several of which were approved for full or partial recovery in rates. The Commission, however, is discouraging the Company from including pilot proposals within a rate filing going forward, but rather seek stakeholder feedback in advance of filings and file them outside the GRC process. To this end, the PSC intends to provide guidance on a staff-proposed Expedited Pilot Review for Innovative Projects. PSC agreed with the ALJ on excluding the costs of a BESS pilot but encouraged the Company to seek recovery in future rate cases when the benefits and outcome are better known. The PSC also agreed with the ALJ on excluding the costs of a hydrogen pilot at Blue Water Energy Center.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 1 - DTE Electric Rate Case

Figure 1: Net Income Calc ($M)		DTE Brief	Staff Brief	PFD Proj.	MPSC Order
Rate Base	(a)	21,242.8	20,622.7	20,466.7	20,406.7
Projected Net Operating Income	(b) (see Fig 3	912.8	986.7	1,002.3	1,083.8
ROR (Calculated)	(c) =(b)/(a)	4.30%	4.78%	4.90%	5.31%
ROR (Required)	(d) (see Fig 2	5.56%	5.30%	5.42%	5.42%
Income Required	(e) = (d)*(a)	1,180.2	1,092.6	1,108.7	1,105.4
Income Deficiency	(f) = (e) - (b)	267.4	105.9	106.3	21.6
Revenue Conversion Factor	(g)	1.3496	1.3496	1.3496	1.3496
Revenue Requirement	(h) = (f)*(g)	360.9	142.9	143.5	29.2
Revenue Requirement (Tree Trimming)	(i)	7.0	2.2	2.2	1.4
Total Revenue Requirement	(j) = (h) + (i)	367.9	145.1	145.7	30.6

Figure 2: Rate of Return Calculation	DTE Brief	Staff Brief	PFD Proj.	MPSC Order
Rate Base ($ M)	21,242.8	20,622.7	20,466.7	20,406.7
ROE	**10.25%**	**9.60%**	**9.90%**	**9.90%**
Equity to Total Cap	50%	50%	50%	50%
ROR	5.56%	5.30%	5.42%	5.42%
Cost of Debt (implied)	0.86%	1.00%	0.93%	0.93%

Figure 3: Projected Net Operating Income ($ M)	DTE Brief	Staff Brief	PFD Proj.	MPSC Order
Operating Revenue	5,080.5	5,083.1	5,083.1	5,208.1
Fuel & Purchased Power	1,359.7	1,360.0	1,360.0	1,386.8
O&M	1,264.0	1,203.2	1,187.1	1,187.1
D&A	1,086.1	1,046.3	1,040.5	1,040.5
Property Taxes	307.7	307.7	307.7	307.7
Federal, State and Other Income Taxes	191.1	220.1	226.4	226.4
Other	(0.2)	(0.2)	(0.2)	16.5
AFUDC and Other Adjustments	40.8	40.8	40.8	40.8
Total Net Operating Income	**912.8**	**986.7**	**1,002.3**	**1,083.8**

Source: Regulatory filings, KeyBanc Capital Markets Inc. estimates

EXC — The IL ICC issues a final order in EXC's last IL FRP: The ICC issued an order approving ComEd for a $199M revenue increase, premised on a 49.45% equity layer and a $13.9B 2023 Initial Rate Year Rate Base. The ROE is set at 7.78% for the 2021 Reconciliation Year and 7.85% (which is formulaic) for the 2023 Rate Year. The order is in line with EXC and Staff's joint proposed draft order for a $199M revenue requirement premised on a 7.85% ROE, 49.45% equity, and a rate base of ~$14B. EXC's initial request was for a $223M revenue increase. New rates will go into effect on January 1. EXC will file a multiyear rate plan in IL in early 2023, for rates effective from 2024-2027. EXC will make a separate filing for reconciling 2022 costs in April 2023.

AEP — PSO requests OCC approval for 996 MW of renewable generation: PSO submitted an application with the Oklahoma Corporation Commission seeking approval of a 996 MW renewable portfolio that is expected to cost $2.4B. The portfolio consists of six projects composed of three solar projects totaling 443 MW of solar and 553 MW of wind, with in-service dates expected by the end of 2025. The projects were selected as part of a competitive bidding process that PSO completed in connection with its 2021 IRP. The IRP preferred plan determined that PSO would need to acquire 4,150 MW of new renewable resources, including 1,400 MWs of wind generation for each of the years 2024 and 2025 and 900 MWs of solar generation in 2024, and 450 MWs of solar generation in 2025.

DTE — DTE receives NY PSC approval for RNG project: The NY PSC approved DTE's subsidiary Bluebird Renewable Energy's CPCN to build, own, and operate an RNG project in New York. The project will include the construction of two pipelines, including a 5.5-mile pipeline that would run from the Aurora Ridge Dairy's anaerobic digester to the Sunnyside Farm processing facility. The second pipeline will be 1,500 feet long and transport raw biogas from the Sunnyside Farm digester to the processing facility at the Sunnyside farm. The NY Department of Public Service determined that over the life of 30 years, the project will result in a reduction in CO_2 GHG emissions to comply with the Climate Leadership and Community Protection Act requirements. The order also approves Bluebird to a lightened ratemaking regulation; the NY PSC has approved similar measures for other gas pipeline owners that operate exclusively at wholesale.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
VA	Virginia Electric & Power Co.	D	C-PUR-2021-00142	Electric	11/21/2022	Settlement Hearings in CVOW Filing
CT	Aquarion Water Company	ES	22-07-01	Water	11/22/2022	Evidentiary Hearings Begin
	Consolidated Edison	ED			11/29/2022	ESG Day - Virtual
GA	Georgia Power Co.	SO	D-44280	Electric	11/29/2022	GP Rebuttal Hearing
CA		CPUC	R2008020	NEM 3.0	11/30/2022	Opening comments in NEM 3.0 PD due
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	12/1/2022	Intervenor Testimony Due
SC	Duke Energy Progress	DUK	D-2022-254-E	Electric	12/1/2022	Staff/Intervenor Testimony
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	12/1/2022	Reply Comments on RAMP Submission
MA	NSTAR Electric Co.	ES	DPU 22-22	Electric	12/1/2022	Commission Decision Expected
	DoC Solar Investigations		A-570-979	AD/CVD	12/1/2022	Preliminary Determinations Due
ME	Central Maine Power Co.	AGR	D-2022-00152	Electric	12/2/2022	Staff/Intervenor Testimony
NC	Duke Energy	DUK	E-100 Sub 180	NEM	12/2/2022	Parties Proposed Orders Due
CA		CPUC	R2008020	NEM 3.0	12/5/2022	Reply comments in NEM 3.0 PD due
CA		BOEM		Offshore Wind	12/6/2022	Offshore Wind Lease Auction (CA)
	Short-Term Energy Outlook	EIA			12/6/2022	STEO release
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	12/6/2022	Hearings on the case of Staff and Intervenors
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	12/6/2022	Surrebuttal Testimony
IL	Ameren Illinois	AEE	D-22-0297	Electric	12/12/2022	Commission deadline for a decision
	CPI Release	BLS			12/13/2022	CPI release for Prior Month
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	12/14/2022	Commission Decision Due
	Improvements to Interconnection Proc	FERC	RM22-14-000	Transmission	12/14/2022	Reply Comments Due
CA		CPUC	R2008020	NEM 3.0	12/15/2022	NEM 3.0 on CPUC Voting Meeting agenda
SC	Duke Energy Progress	DUK	D-2022-254-E	Electric	12/15/2022	Company Rebuttal Testimony
MD	Delmarva Power & Light Co.	EXC	C-9681	Electric	12/15/2022	Commission Decision Due
	Federal Energy Reg Comm	FERC			12/15/2022	Open Meeting
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	12/16/2022	PFD Target Date

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	21.6	Sector Weight	NA	$86.18	2.7%	58%	4.07	4.34	4.65	21.2x	19.9x	18.5x	4.08	4.37	4.68	21.1x	19.7x	18.4x
AEP	American Electric Power Company Ir	45.8	Sector Weight	NA	$91.28	3.5%	63%	5.03	5.33	5.70	18.1x	17.1x	16.0x	5.01	5.30	5.64	18.2x	17.2x	16.2x
CMS	CMS Energy Corp	17.0	Sector Weight	NA	$60.00	3.1%	64%	2.89	3.12	3.38	20.8x	19.2x	17.8x	2.89	3.11	3.38	20.8x	19.3x	17.7x
CNP	CenterPoint Energy Inc	18.4	Overweight	$31	$29.67	2.2%	47%	1.40	1.49	1.61	21.2x	19.9x	18.4x	1.38	1.49	1.62	21.4x	19.9x	18.4x
D	Dominion Energy Inc	48.6	Sector Weight	NA	$59.16	4.5%	65%	4.15	4.33	4.61	14.3x	13.7x	12.8x	4.12	4.36	4.68	14.4x	13.6x	12.7x
DTE	DTE Energy Co	21.9	Sector Weight	NA	$114.60	3.3%	62%	5.96	6.25	6.59	19.2x	18.3x	17.4x	6.02	6.27	6.70	19.0x	18.3x	17.1x
DUK	Duke Energy Corp	73.6	Overweight	$108	$96.79	4.1%	76%	5.24	5.67	6.03	18.5x	17.1x	16.1x	5.29	5.68	6.08	18.3x	17.0x	15.9x
ETR	Entergy Corp	22.1	Sector Weight	NA	$111.92	3.6%	65%	6.40	6.71	7.20	17.5x	16.7x	15.5x	6.24	6.76	7.22	17.9x	16.6x	15.5x
ES	Eversource Energy	27.2	Sector Weight	NA	$79.65	3.2%	62%	4.08	4.38	4.67	19.5x	18.2x	17.1x	4.11	4.38	4.69	19.4x	18.2x	17.0x
ED	Consolidated Edison Inc	32.2	Underweight	$69	$93.53	3.4%	70%	4.57	4.75	4.68	20.5x	19.7x	20.0x	4.52	4.80	5.10	20.7x	19.5x	18.3x
EIX	Edison International	22.9	Sector Weight	NA	$61.72	4.5%	61%	4.58	4.85	5.15	13.5x	12.7x	12.0x	4.58	4.79	5.13	13.5x	12.9x	12.0x
EXC	Exelon Corp	37.2	Sector Weight	NA	$38.58	3.6%	61%	2.28	2.34	2.50	16.9x	16.5x	15.4x	2.26	2.36	2.51	17.1x	16.4x	15.4x
FE	FirstEnergy Corp	21.5	Overweight	$44	$38.48	4.1%	64%	2.43	2.37	2.70	15.8x	16.2x	14.3x	2.44	2.51	2.70	15.7x	15.3x	14.2x
PEG	Public Service Enterprise Group Inc	27.9	Sector Weight	NA	$57.69	3.7%	63%	3.45	3.64	3.85	16.7x	15.8x	15.0x	3.45	3.49	3.91	16.7x	16.5x	14.7x
SO	Southern Co	70.7	Overweight	$70	$65.57	4.1%	76%	3.58	3.81	4.17	18.3x	17.2x	15.7x	3.58	3.80	4.11	18.3x	17.3x	16.0x
					Average:	**3.6%**	**64%**				**18.1x**	**17.2x**	**16.1x**				**18.2x**	**17.2x**	**16.0x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	2.8	Underweight	$33	$38.93	4.5%	93%	1.89	2.37	2.45	20.6x	16.4x	15.9x	1.90	2.34	2.43	20.5x	16.7x	16.0x
NWE	NorthWestern Corp	3.1	Overweight	$59	$55.53	4.5%	77%	3.26	3.50	3.69	17.0x	15.9x	15.0x	3.28	3.49	3.64	16.9x	15.9x	15.3x
OTTR	Otter Tail Corp	2.3	Sector Weight	NA	$55.97	2.9%	24%	6.60	3.84	3.66	8.5x	14.6x	15.3x	6.73	3.98	3.50	8.3x	14.1x	16.0x
PNW	Pinnacle West Capital Corp	8.2	Underweight	$56	$73.73	4.6%	82%	4.28	4.25	4.67	17.2x	17.3x	15.8x	4.18	4.21	4.53	17.6x	17.5x	16.3x
POR	Portland General Electric Co	4.1	Sector Weight	NA	$47.13	3.8%	64%	2.85	2.70	2.93	16.5x	17.5x	16.1x	2.78	2.78	3.02	16.9x	16.9x	15.6x
					Average:	**4.1%**	**68%**				**16.0x**	**16.3x**	**15.6x**				**16.1x**	**16.2x**	**15.8x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	15.6	Underweight	$35	$41.70	4.2%	75%	2.33	2.28	2.42	17.9x	18.3x	17.2x	2.35	2.30	2.45	17.7x	18.1x	17.1x
NEE	Nextera Energy Inc	163.6	Overweight	$89	$83.20	2.0%	59%	2.90	3.12	3.41	28.7x	26.7x	24.4x	2.87	3.08	3.38	28.9x	27.0x	24.6x
SRE	Sempra Energy	48.4	Sector Weight	NA	$157.84	2.9%	52%	8.88	8.95	9.43	17.8x	17.6x	16.7x	8.82	9.07	9.69	17.9x	17.4x	16.3x
					Average:	**3.1%**	**62%**				**21.5x**	**20.9x**	**19.5x**				**21.5x**	**20.8x**	**19.3x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	29.4	Overweight	$99	$93.30	0.6%	29%	(0.05)	4.03	4.45	NA	23.2x	21.0x	1.95	4.51	5.41	47.8x	20.7x	17.3x
NRG	NRG Energy Inc	9.5	Not Covered	NA	$42.24	3.3%	18%	NA	NA	NA	NA	NA	NA	7.63	4.49	5.36	5.5x	9.4x	7.9x
VST	Vistra Corp	8.9	Not Covered	NA	$22.91	3.2%	61%	NA	NA	NA	NA	NA	NA	1.21	3.02	2.50	19.0x	7.6x	9.2x
					Average:	**2.4%**	**36%**				**NA**	**23.2x**	**21.0x**				**24.1x**	**12.6x**	**11.4x**

Source: Company reports, KeyBanc Capital Markets Inc. estimates, Thomson Reuters

Figure 4 - Stock Price Performance

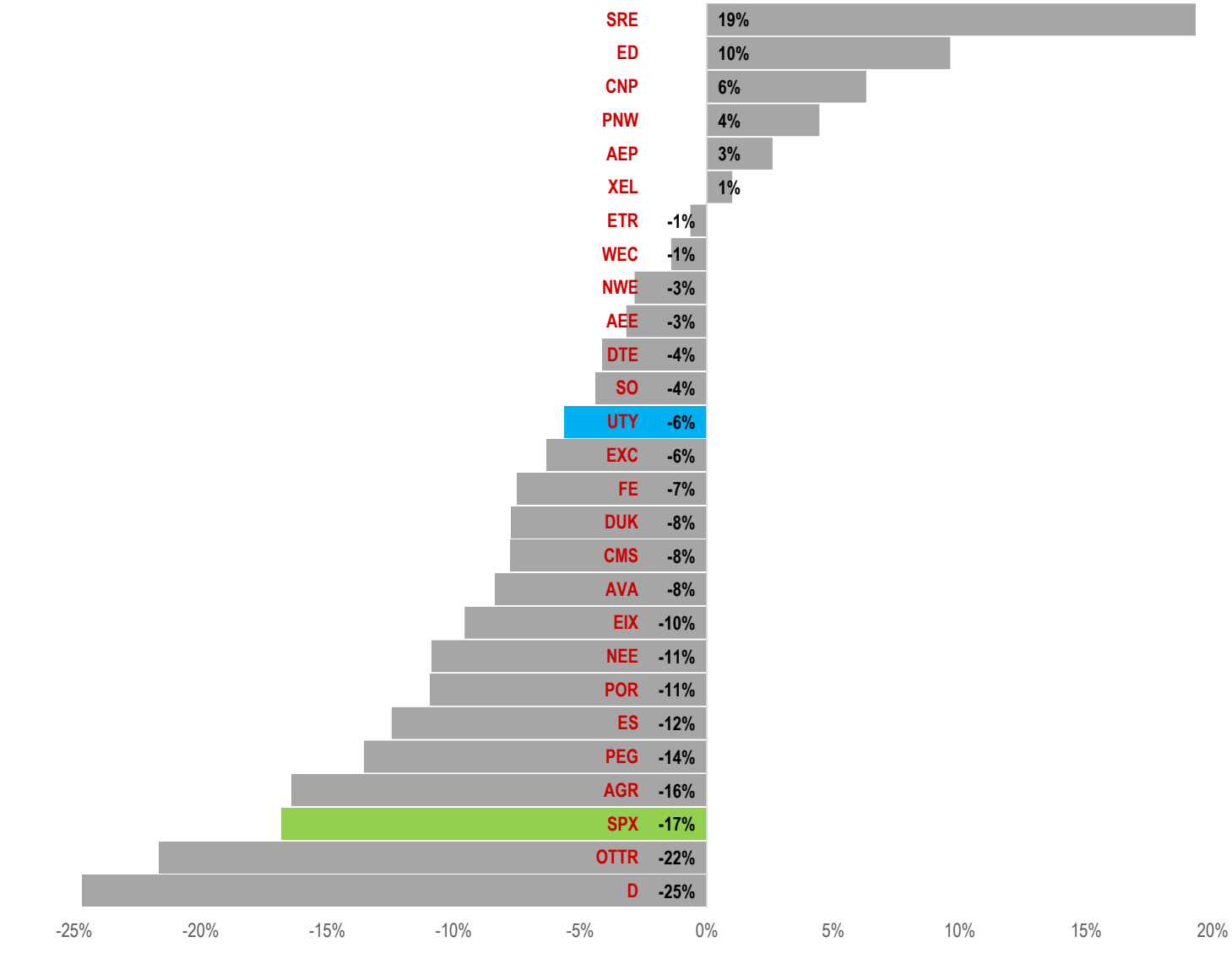

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

WEC: Long & Strong - Sustainable Self-Funded Growth Story; Takeaways from Management Meetings

AEP: Cleaning Up Its Closet; Takeaways from the Analyst Day

AVA: Notes from Management Meetings

AGR: Analyst Day Takeaways, Reiterate Underweight

DTE: Highlights from Our Management Meetings

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Utilities 3Q22 Earnings Preview: The Average Is Over: Staying Selective and Focusing on Catalysts Given Macro Headwinds

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	287	49.23	55	19.16
Sector Weight [SW]	283	48.54	47	16.61
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	27	50.00	10	37.04
Sector Weight [SW]	23	42.59	10	43.48
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> EEI Day 2: Looking for Rays of Sunshine in Florida. Dominion, Algonquin, Exelon, etc.
- **Publication Date/Time** : Tuesday, November 15, 2022 04:34:20 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=1lWtzv4AQRdQnlD!Aza2aA__&reid=F2E74C1A7D6611ED96928F79945289B1

KeyBanc Capital Markets

Alert

November 15, 2022

Energy: Electric Utilities

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

We attended a full day of meetings on day 2 of the EEI conference. Our meetings covered offshore wind planning, extensive integrated resource plans to meet the opportunities presented by the generation transition, benefits of the IRA in accelerating the transition to non emitting power and the challenges of ensuring reliability and resilience as utilities shift to increased percentage of renewables. We also discussed company specific rate case activity and the impact that higher inflation and interest rates could have on rate case outcomes and customer bill affordability.

Duke Energy Corporation (DUK)

We held meetings with DUK, where discussions were focused on the Carolinas, the pending Carbon Plan decision, subsequent IRPs in SC and NC, and the potential merger of DEC and DEP.

NC Carbon Plan the first domino: The NCUC is expected to issue a decision by December 31, which will be the near-term catalyst that will set the trajectory for the Carolinas. The plan will guide the NC IRP, and DUK will incorporate the results into its 2023 SC IRP filing. The SC IRP will be filed in 2H23. DUK noted substantial benefits from the "dual state" resource planning (e.g., NC and SC), and envisions various paths forward. Options may include allowing each state to "opt in" to receive the benefits of new resources (and bearing proportionate costs), as well as other cost and resource allocation methods.

DUK maintains its near-term view in the Carbon Plan: DUK is requesting a near-term action plan that sets a path for the next five years and highlights slight deviations between all parties over the next few years. The significant departure begins in the 2027 timeframe and would largely depend on the target year for the 70% reduction. If the NCUC maintains the 2030 target, DUK will be required to invest significantly more capital in near-term solar and wind, rather than waiting for other technologies to become commercially viable.

DEC/DEP merger: A potential merger surfaced during Carbon Plan hearings, and DUK is exploring the consolidation of DEC and DEP in SC and NC, essentially going from four companies with four jurisdictions down to two companies in two jurisdictions. In addition to simplifying the regulatory oversight, DUK could share costs and resource capacity across DEC and DEP. An example of this benefit includes solar availability based on the more conducive topography in DEP's territory that could be supplied to DEC customers. Any potential merger will be a multi-year process, with completion likely in the back half of this decade.

Commercial renewables sale expected in 1Q: DUK expects to announce a sale in 1Q23. The Company reiterated the rationale behind its decision to sell the business, including the competition for capital in the business. The assets continue to receive strong interest, and management highlighted the IRA as a tailwind for the sale and possible price. DUK also feels that another company would be a better owner operationally for the business.

Recent Research: DUK: De-Risked and Rebased; Focus Shifts Toward the Regulated Business; DUK: Notes from Management Meetings; DUK: Reviewing Commercial Strategy; Focusing on the Regulated Business

Avangrid, Inc. (AGR)

At our EEI meeting with AGR management, we discussed the ongoing rate cases, the next steps for NECEC, and the offshore wind contract renegotiation. The next event to watch is how the Commonwealth PPA renegotiation works out as it could serve as an example for some other offshore PPAs in the area.

Ongoing rate reviews move forward: AGR has rates cases in various stages in NY, CT, and ME. In NY, AGR commenced settlement negotiations, which would result in a 3-year rate outcome similar to that in the last rate cycle. It is still very early to know the progress of the settlements, but it is likely to be a lengthy process. New rates are expected to go into effect in May 2023 so there is still time for staff and AGR to work through the various items. As for the impact that inflation could have on an MYRP, AGR believes that it

has been thoughtful in its filing and is also seeking symmetrical inflation trackers in the filing. Management is encouraged that the Commission will take a constructive approach toward the rate filing given the investments needed to implement the provisions in the CLCPA (Climate Leadership and Community Protection Act) that would involve spending to bring renewable power from upstate NY (AGR service territory) to downstate population load centers. The next step in the ME CMP multi-year rate filing will be staff testimony later this year which will follow the technical conferences.

NECEC — still waiting for the legal process to take its course: AGR is still waiting for a ME Supreme Court ruling on the lease area controversy on whether AGR has the appropriate permit for using a stretch of land and whether using that stretch would constitute a "substantial change" to state land, in which case it would need two-thirds approval of the state legislature. A trial is scheduled in the district court to determine if the referendum to ban the NECEC project was unconstitutional. The trial commences on April 23, and it is expected to be a quick trial with a short turnaround, and given the Supreme Court's unanimous decision ruling that the referendum in the case of NECEC was actually unconstitutional puts a favorable outcome for AGR as a likely outcome. AGR is still maintaining a YE 2024 timeline to finish the project while acknowledging that it may be a tight timeline to meet given the legal delays.

Offshore Wind — waiting for AGR to respond to the MA DPU: Recall that AGR requested a 30-day suspension in the PPA approval process that was denied by the DPU, but the Company was granted time until today to file a response. As we understand, the response could include a request to dismiss the case and make a new filing, AGR may let the docket move forward and then file an appeal (a new DPU slate will take office in January) once an outcome is known, or it may decide to withdraw from the PPA altogether and seek to sell the lease or bid into an RFP in another state in the area (given that almost all have ambitious offshore wind targets). AGR believes that it will not be the only one seeking offshore wind PPA renegotiations given the strong uptick in inflation, and interest rates among other factors and those other offshore leaseholders with existing PPAs in NY, CT, and NJ are also likely to seek changes to preserve returns.

Recent Research: AGR: Quarter in Line, Guidance Maintained; Offshore Wind PPA Renegotiation Bear Watching; AGR: Analyst Day Takeaways, Reiterate Underweight; AGR: 2Q Beats on Networks; Looking for Long-Term Targets at Analyst Day; AGR: Downgrading to UW on Valuation with $40 Downside PT

Pinnacle West Capital Corporation (PNW)

During our meetings with PNW, we discussed the pending rate case, Management's view on the range of outcomes, and election impacts. The rate case will be the primary catalyst for PNW in 2023 and the Company will wait until the case's conclusion to issue guidance.

This time is different? PNW noted that the 2019 rate case was materially different since the Company was called in for the GRC due to the belief that PNW was over-earning, which essentially put PNW on a path to a revenue decrease. This time around, PNW filed the 2022 rate case after deliberately taking the time to hold in-depth discussions with the ACC to understand all side's positions better. PNW incorporated the Commission's thoughts and is now seeking the recovery of investments and a higher ROE that is closer to the national average. The action by rating agencies following the unfavorable outcome of the 2019 GRC should further boost PNW's argument for a fairer return profile. Additionally, the 2019 rate case did not afford the option to settle and required full litigation.

Not expecting to settle: That said, PNW expects to pursue a fully litigated case this time around, which comes as a slight surprise to us.

Regulatory relationships and the election impact: Since the 2019 rate case, PNW has invested the time to engage in more conversations with the Commission to expand the trust and bridge the gap between parties. PNW now believes that relationships will enable some trust between the parties, and PNW does not believe the final results of the election should be too impactful on relationships. The Company noted that the ACC will likely see two new commissioners following the elections (both R), and PNW would also work with those Commissioners to build relationships.

The renewable adjustment clause could benefit all parties: PNW emphasized simplifying the mechanisms as a part of its GRC, including reducing the total number of riders from 7 to 4. The renewable adjustment clause has the potential to provide significant benefits to PNW and customers. While the mechanism would allow PNW to recover costs in a more timely fashion and therefore reduce regulatory lag, the mechanism has two benefits for customers, in addition to improved reliability. PNW is conveying the message that: 1) it believes the mechanism will reduce the lumpiness of capital investments into the rate base, reducing the more significant increases associated with rate case filings in favor of a more gradual increase over time; and 2) the renewable mechanism would allow PNW to flow the tax credits associated with new projects contemporaneously and provide customers with the benefits sooner.

Recent Research: PNW: Weather and Sales Growth Provides Reprieve from Inflationary Pressures; All Eyes on the GRC; PNW: Story Remains Similar; Pending Rate Case, but Pension Uncertainty Arises; PNW: 1Q Ahead of Estimates; Relatively Quiet Quarter as Anticipation Builds Toward GRC Filing

Exelon Corporation (EXC)

We met with EXC's recently appointed CFO and other members of the senior management team. Our discussions focused on the Company's path through its regulatory proceedings to meet the 6-8% annualized EPS growth rate with a bias toward performing better

than the midpoint. The provisions in the IIJA and the IRA both support the Company's energy transition efforts in that it accelerates the transformation while making it more affordable.

2023 EPS growth could be slower as the rate structures are realigned to minimize regulatory lag in outer years: We discussed the Company's recent earnings call where the indication was that the EPS growth rate would fall below the 6-8% rate. The nonlinearity in the EPS growth rate is primarily related to the structural variability in the rate recovery at PECO, but as the other utilities move toward multi-year rate outcomes (including ComEd) with reconciliation mechanisms built in, the regulatory lag should decline over the near term. There are second MYRP scheduled to be filed for PEPCO DC, PEPCO MD, and BGE, which would set in the reconciliation mechanisms from the first MYRP and smooth out the EPS trajectory going forward.

ComEd's first MYRP will be filed in early 2023: EXC is getting ready to file the first multi-year rate plan in IL in early 2023 that will define rate effective from 2024-2027. Recent IL legislation created the rate-making mechanism that will allow for a multi-year filing with forward test years and break the link in the ROEs from the 30-year rate. EXC will make a separate filing for the reconciliation of 2022 costs in April 2023. The new IL rate-making mechanism includes 7 PBR metrics that can add up to 32 bps of benefit/penalty depending on the performance on those specific metrics.

Operations in states with progressive decarbonization goals and high-density load centers: The management highlighted EXC's presence in major population centers of the eastern U.S. including Washington D.C., Baltimore, Philadelphia, and Chicago, putting it in a favorable position to benefit from increased electrification in its territories.

T&D utility with no large project risk: Being a T&D utility, EXC is focused on a broad set of project investments and no significant project concentration risk, which puts it in a favorable spot given supply chain constraints and trade-related headwinds. Even in cases where the Company is facing supply chain constraints, it is using its significant purchasing power and extensive footprint to procure necessary equipment for timely T&D upgrades.

Recent Research: EXC: 3Q Beats, Longer Term Growth Rate Reiterated, but Cadence Will Be Uneven; EXC: No Surprises in the Quarter, but the IRA Could Bring a Bigger Tax Bill; EXC: Delivering on Track Results as a Regulated Utility; EXC: Refreshing Estimates to Reflect Constellation Spin; Maintain Overweight

CenterPoint Energy, Inc. (CNP)

Our meeting with CNP focused largely on the regulatory outlook in TX, CNP regulatory strategy across its utilities and the Company's cost management efforts and continuing strong growth outlook.

Watching Oncor's rate case and contemplating equity ratios: CNP is watching Oncor's ongoing rate case closely to better ascertain the mood at the new Commission and refine its priorities going into the 2024 GRC. The Company fielded investor questions on equity ratios that remain comparatively low across TX utilities, an issue that Oncor is also trying to address in its current proceeding. CNP noted other potential avenues to seek equity layer increases, including utilizing the sunset review process the PUC is slated to go through this year, as well as a legislative path. A legislative fix could potentially require an alignment of factual and regulatory capital structure. That said, the Company believes that a legislative strategy would require a collective effort among stakeholders in the state.

Anticipating increased regulatory activity ahead: CNP is contemplating several rate cases in the near to medium term, and the Company's strategy involves proper sequencing in order to minimize resulting regulatory lag. CNP will likely file TX Gas rate case first. TX Gas is regulated by the Railroad Commission, and the Company anticipates to continue focusing on its pipe modernization program, TX Gas GRC would them be followed by Houston Electric GRC in 2024 and MN gas and Southern Indiana Gas in the later periods.

Strong organic growth helps offset headwinds: Similar to its peers, CNP is making efforts to mitigate inflationary cost pressures. The Company noted that it still has some "low-hanging fruit" cost-cutting initiatives in its plan, and can proactively use weather benefits to manage the timing of O&M, particularly as it moves into 2H23 (the test period for the next GRC in TX). Ongoing strong population growth which CNP envisions continuing at 2.5% helps to offset customer bill impacts, and the Company expects this trend to continue.

TX energy market remains challenged, more transmission could be the answer: CNP noted that TX energy demand continues to outpace the growth in supply. With the influx of wind and solar, the state needs sufficient firm capacity, such as gas peakers, to complement these intermittent resources. However, the existing market construct has so far failed to incentivize greater generation buildout, as generation asset owners prefer to take advantage of congestion pricing rather than taking a risk on gas new builds in the absence of capacity market. While the idea of a capacity market in TX is not likely to gain traction, CNP believes that greater transmission availability, particularly connecting renewable generation with load centers and alleviating congestion, could present a partial solution - and allow CNP additional growth avenues.

Recent Research: CNP: 3Q Beat; Long-Term Growth Visibility Keeps Us OW; CNP: On the Road with Management; CNP: Guidance Raised to Reflect 1H Strength; Capex Upgrade Coming Soon

Edison International (EIX)

Our meeting with EIX focused on the recent CoC PD from the CPUC, the Company's 2024 rate filing, plans for a CPUC filing for wildfire claims recovery and the Company's thoughts on the recent NEM 3.0 PD and recent developments of microgrids and micro utilities.

CoC PD from the CPUC came in below expectations, but the outlook appears constructive: We discussed the recent PD on the 2023 CoC proceedings, which proposed a ROE that is 25 bps below the current authorized ROE (current: 10.05%, proposed: 9.8%, SCE request: 10.75%). The Company is not likely to contest the proceedings and believes that the stricture of the CoC mechanism in CA is still a robust construct that is correlated to interest rates. The Company will file comments on the PD on 11/29 and request oral arguments. The CPUC must vote on the PD for it to become final, and the earliest that could happen would be at the December 15 Commission meeting. We do not expect EIX to contest the PD.

Filing for recovery of wildfire damages: As was outlined on the recent earnings call, EIX expects to make a filing in late 2023 for the cost recovery of claims payments for the 2017 TKM event in late 2023 with a filing for the 2018 Woolsey event likely in 2024. For both events combined, the filing is likely to seek $6B in recovery vs. $8.8B in expected claims. Much of the balance will be recovered through insurance proceeds or FERC recoveries. While the statute of limitations for the Woolsey individual plaintiffs has passed, the Company is still finalizing the total expected claims. Once a filing is made, it is expected that the proceedings would take 15-18 months through the Commission proceedings.

The next GRC filing will focus on infrastructure investments, and reliability investments as EIX prepares for load growth from increased electrification: EIX will file the next GRC in May 2023, which will determine rates through 2028. The Company believes that it has made significant progress in wildfire mitigation and while it continues to work on it in the next rate cycle, it plans to file for investments for infrastructure resilience, focus on reliability enhancements, and accommodate for load growth. Wildfire mitigation programs thus far, including the covered conductor program, have proven effective against fires and the Company believes that its learnings and increased support from the state and federal governments are improving outcomes and helping to prevent fire-related damage.

NEM 3.0, microgrids, and micro utilities: We discussed the recent NEM 3.0 PD, which EIX believes is a step in the right direction. The grid access fee is now being considered under a separate proceeding, which has a July 2024 statutory deadline for a decision. A progressive grid access fee, in EIX's opinion, would allow for a more equitable cost allocation. EIX, along with its sister utilities in CA, is opposing NOVA's micro utility application in CA as it attempts to create a utility without being subject to the same regulations as the utilities, in EIX's opinion. EIX recently entered an agreement to set up a microgrid in a housing community with SPWR and KBH that will be powered with solar and battery storage and connected to a microgrid.

Recent Research: EIX: 3Q Misses, Guidance Narrowed; LT Growth Rate Reiterated, but Wildfire Claims Dominate the Story; EIX: Wildfire Claims Settlements Continue; Guidance Unchanged; EIX: 1Q Beat and Moving Toward Legal Claims Resolution; Remain Sector Weight

DTE Energy Company (DTE)

Our meeting with DTE centered around the recently announced IRP, updated capex, and the updated EPS growth guidance. The Company announced an increase in the LT operating EPS growth rate from 5-7% to 6-8% - a change that was largely expected.

Capex increase is focused on decarbonization, reliability, and affordability: DTE announced an increase in the five-year utility capex by $3.5B vs. the prior plan (from $18.1B to $21.6B or a 20% increase from the 2022-2026 plan to the 2023-2027 plan). The overall five-year capex now stands at $23B, up from $19.5B. The updated capex plan includes ~$1B for the recently announced IRP. Given the initial favorable response to the IRP, we would expect the plan to receive a constructive response from the Commission and a follow-through increase in capex.

IRP aims to retire coal, increase renewables generation, and support infrastructure to accommodate load growth from increased electrification: DTE's IRP is a careful exercise in retiring coal sooner than planned while supplementing with adequate dispatchable resources. Belle River (1.3 GW) will stop using coal by 2026 and instead operate as a peaking gas unit. Monroe (3.2 GW) will retire in two phases by 2035. As a replacement, DTE will deploy 5.4 GW of renewable generation and 760 MW of battery storage by 2032. It will be crucial to grow battery storage and peaker plants in line with the growth in renewable generation to maintain reliability. To that end, DTE is identifying dispatchable resources to replace Monroe and has put a 950 MW natural gas unit with CCUS on the IRP. See our more detailed note on the IRP here.

EPS growth raised upped to 6-8%: DTE raised the long-term operating growth rate from 5-7% to 6-8%. Effective cost management through an energy transition to more cost-effective generation assets and load growth from EV penetration (load from 3 EVs is roughly equivalent to one average residential customer) should allow for a sustained higher growth rate than previously guided.

Recent Research: DTE: Taking a First Look at the MI IRP Filing; DTE: Solid Quarter; All Eyes on IRP, Capex Refresh and Potential Growth Update; DTE: Highlights from Our Management Meetings

American Electric Power Company, Inc. (AEP)

We held meetings with AEP, and discussions revolved around the same talking points from the Analyst Day and third-quarter earnings call. The KY Power sale and commercial renewables business remain in similar phases at this point, with activity expected to ramp up in the last month of the year and early 2023. AEP provided more granular detail around its previously refreshed guidance.

Segment guidance: AEP provided more granular guidance for 2023 of $5.19-$5.39, including a breakdown across its segments. The Vertically-Integrated Utilities (+$0.20 y/y) and AEP Transmission HoldCo (+$0.19 y/y) are expected to drive much of the increase in 2023, slightly offset by the Generation & Marketing (-$0.24) segment. The sale of unregulated renewables drives the decrease in Generation & Marketing.

Update on both sale processes: The KY Power sale timeline remains consistent with the January closing and is premised on the FERC 203 approval in December. We note that FERC previously delayed its decision by six months, but there is no indication that FERC would further delay a decision. This closing date aligns with AEP's guidance, which assumes essentially all of 2023 without KY Power. Regarding the commercial sale, AEP does not have incremental color, but the business remains on pace for a 2Q23 close, and AEP notes the continued interest from several strategic and financial players. The use of proceeds will include reducing debt needs or retiring outstanding debt, and AEP could reduce some of the equity needs in the latter part of its five-year plan.

Unlocking transmission value: AEP remains heavily concentrated in its transmission business, and AEP continues to relay its message around the underappreciated transmission assets. Transmission is expected to deliver $2.97 EPS in 2024, or ~52% of our $5.70 EPS estimate, across the vertically integrated T&D and Transco HoldCo. AEP believes the assets are four turns below peer valuations and ~10-22x below recent transactions. AEP is allocating ~$15B of capital into the transmission business with >50% under a forward tracker.

Portfolio optimization: AEP continues to work on optimizing the portfolio and reducing the regulatory lag to raise its earned ROE. The Company expects to earn a 9.4% ROE in 2023, just slightly above the 9.3% it earned as of 3Q22. Over time, AEP expects to see improvement across its jurisdictions, and an improved ROE.

Recent Research: AEP: Momentum from Analyst Day Carries into Strong 3Q; AEP: Cleaning Up Its Closet; Takeaways from the Analyst Day; AEP: In-line 2Q Supported by Continuing Load Growth; Expect More Strategy Discussion at the Analyst Day

Portland General Electric Company (POR)

We held a meeting with POR management, where discussions revolved around the RFP, a near-term resolution, and subsequent RFPs. POR is incorporating a conservative level of ownership and is confident it can currently reach the upper range of its recently raised 5-7% long-term growth rate through its base capital plan and the Clearwater wind project.

An RFP update is the next item to be watched for: POR continues negotiating with remaining bidders on the final shortlist with expectations to finalize negotiations by the end of 2022 or 1Q23. POR is still looking for 75-200 MW of renewable resources, 375 MW of non-emitting dispatchable capacity resources, and 100 MW of renewable energy in support of the Green Energy Future Impact program. With the prices refreshed after the IRA, execution risks remain the primary risk associated with the projects.

More RFPs are coming: While POR is expected to conclude this RFP soon, the Company expects to file another in mid-2023 as it looks to increase its capacity. Additionally, POR expects to file a new Clean Energy Plan and Integrated Resource Plan in 2023 that will result in future RFP issuances and incremental ownership opportunities.

Long-term growth rate highly attainable: POR recently raised its long-term growth rate to 5-7% based on the midpoint of 2022 adj. EPS, compared to the previous 4-6% growth rate, off a 2019 base. The growth rate is achievable and assumes that POR maintains the base capital plan and the $415M investment associated with Clearwater. As a reminder, POR recently introduced its 2023-2027 capital plan and is guiding for $4.2B over the next five years. The 2.0% forecasted load growth through 2027 provides further confidence in the EPS growth rate.

Equity needs to be addressed: POR began addressing its equity needs through the announced forward equity offering, which will help POR finance the Clearwater Wind project and avoid unnecessary share dilution. Moving forward, POR will need equity for 50% of projects, which will be incremental to the current forecast.

No increase in rate cases expected: POR does not expect to change the cadence of rate case filings and will continue with the typical three-year period. POR is slightly shielded from new contracts for union laborers and has managed its headcount. POR is optimistic that this is an abnormal three-year period and expects the three-year cadence will be a reasonable time between filings. POR will need to file to recover the costs associated with Faraday, which began construction in 2020 and is expected to enter service in 2023 and contribute to EPS.

Recent Research: POR: Nothing but Good News - Constructive 3Q and LT Outlook Update; POR: Strong 2Q; Capitalizing on Power Markets Volatility; We Remain SW; POR: On the Road with Management – Focus on Growth and Regulatory Climate

FirstEnergy Corp. (FE)

Our FE meeting revolved around the questions on the CEO search and the execution of the strategic plan previously outlined by the Company.

CEO search continues: The Company indicated that its CEO search continues, and FE is engaged in early stage discussions with a number of candidates with varying backgrounds in the Utilities industry. FE continues to target late 2022 or early 2023 for the announcement of the new CEO. FE noted that it would be important for the incoming CEO to embrace and continue to execute previously laid out strategic plan, which includes asset sales and balance sheet improvement as well as operational initiatives.

Incremental asset sales process continues in parallel with the CEO search: The Company is moving forward with the previously discussed process of divesting a minority stake in either FET or some of its distribution assets. A deal announcement could come out by year-end or early next year. While the Company is still evaluating a range of options, a sale of a stake in FET appears to be more easily executable. FE noted that it continues seeing strong valuations despite recent interest rates volatility and expect the transaction to strengthen its balance sheet and help the Company achieve its target FFO/Debt ratio.

Regulatory activity to pick up: FE plans to file rate cases in WV, NJ and MD in 2023, with NJ being the largest jurisdiction/rate case. NJ rate case is expected to cover AMI deployments and deferred storm costs, among other things, while WV will see a new depreciation study. MD's rate case will focus on reliability investments and is expected to be relatively small. The Company also intends to seek some form of protection from pension related earnings volatility.

Inflation presents a headwind, but FE Forward helps: The Company noted that it continues to realize savings under FE Forward, the cost management program rolled out earlier. The savings are more modest compared to the original plan and expectations due to inflationary pressures; however, FE continues to see benefits. The Company remains committed to previously outlined offsets to pension headwinds from its ongoing opex management efforts.

Recent Research: FE: Turbulence Ahead - Inflation, Pension Headwinds and Management Search Likely to Dominate in the NT; FE: Reset 2.0 — CEO to Retire; More Asset Sales Likely; Seeing 2022 at the Upper End of Guidance; FE: A Day of Management Meetings

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	289	49.66	56	19.38
Sector Weight [SW]	280	48.11	50	17.86
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	27	50.00	11	40.74
Sector Weight [SW]	23	42.59	10	43.48
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

EQUITY RESEARCH

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462,
shelby.tucker@rbccm.com
Wynne Lam, CFA (Senior Associate)
(212) 266-4040,
wynne.lam@rbccm.com
Eleanor Firestein (Associate)
(212) 428-6543,
eleanor.firestein@rbccm.com
Kevin Patel (Associate)
(212) 428-5442,
kevin.patel@rbccm.com

November 15, 2022

U.S. Power & Utilities: Day 2 Recap of EEI Conference

AEP, BKH, ED, EIX, EXC, PCG, SO, WTRG

Our view: On day 2, discussions centered around a multitude of key topics, including the rising rate environment, asset sales/ M&A, and specific details on guidance for certain companies.

American Electric Power (AEP)

We met with Nicholas Akins (Chairman & CEO), Julie Sloat (President & CFO), Peggy Simmons (EVP, Utilities), Antonio Smyth (SVP, Grid Solutions), Matthew Satterwhite (SVP, Regulatory), and Darcy Reese (VP, IR)

No impact on Kentucky Power sale process from AQN's own challenges. AEP reiterated transaction close date some time in January 2023. Management noted no impact from AQN's recent earnings release. AQN is covered by our Canadian utilities analyst, Nelson Ng.

Notes tax normalization and utilization from the Inflation Reduction Act (IRA) as a benefit. Utilities will be able to claim PTCs for solar facilities and avoid normalization requirements (i.e. flow benefits to customers over a long period of time). Management also sees transferability to provide more flexibility in monetizing credits. This should increase utilities' competitiveness relative to renewable developers.

Remains bullish on transmission deployment. Despite some regulatory challenges (e.g. FERC Commissioner Glick's renewal, permitting reforms, etc.), AEP remains bullish in the space. Senator Schumer could ultimately adopt the Senator Manchin's proposal, perhaps with some changes. Currently AEP's $15B capex spend through 2027 is attributable to projects within its jurisdictions. AEP could benefit from new interstate projects given the company's jurisdictions are often located at key interconnection seams.

Maintaining current decarbonization plan. Current plan points to additional retirements or sales of coal plants through 2028. For Mitchell, AEP will regroup with Liberty Utilities post-transaction close of Kentucky Power to discuss the fate of the power plant after 2028.

Managing fuel and other recovery mechanisms. AEP's preferred treatment of fuel recovery is to minimize any deferrals and points to getting a sufficient return (i.e. WACC) to be key. As for bad debt, AEP notes no particular worries.

Electric vehicle deployment will take time. Modelling and simulating energy needs for EV appears to be complex as there is no interconnection process available. AEP will continue work on predictive analytics to understand EV growth within its jurisdictions.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Black Hills Corporation (BKH)

We met with Linn Evans (CEO), Richard Kinsley (outgoing CFO), Kimberly Nooney (Incoming CFO, previously treasurer), and Brian Iverson (Chief Compliance Officer.)

Guidance commentary. During 3Q22 earnings, BKH introduced weak 2023 EPS guidance of $4.00 - $4.25. We note that 2022 was the beneficiary of several one-timers that contributed ~29c of EPS YTD. Without the one-timers, 2022 growth would look mostly bleak. Management noted that 2022 faced some one-time O&M expense items and some projects were accelerated from 2023 to 2022, offsetting some benefits from positive one-timers. Given the acceleration of projects to 2022, management expects 2023 O&M to track flat or slightly lower than 2022. Finally, management sees enough margin drivers growth, rates, and riders to offset the impact of the one-timers that contributed to 2022.

Drivers past 2023. Management expects 5% to 7% growth off a 2022 base, which would imply growth to the higher end of the range after 2023. Management points to its robust rate base growth driven by its capital plan and robust growth through data center loads.

Gas Utility minority interest commentary. BKH previously announced its intentions to evaluate the sale of a minority interest in its gas utility portfolio. Management indicated to us a potential investment could be announced and closed by year-end. A sale of the portfolio could be a solution to push its equity needs for a few years.

Consolidated Edison, Inc (ED)

We met with Robert Hoglund (SVP & CFO), Jared Lee (IR), and Shao Moy.

CEB transaction use of proceeds. Although we previously noted that ED could drive its equity layer up to 50%, management did not view that as practical due to the fact CECONY would not be underearning. Therefore, they pointed to repurchasing shares as the remaining option for the proceeds after debt pay downs and normal utility contributions**.**

CECONY rate case and utility growth commentary. Although management did not have many new updates for us as the current settlement negotiations are ongoing, they did provide their thoughts on the reasoning for the longer-than-expected timeline. Management points to the elections cycle, clean energy intricacies, and more aggressive interveners. Management highlighted that investing in the current business provides strong utility growth, and it does not need to look elsewhere for reliable growth.

Duke Energy Corp. (DUK)

We met with Lynn Good (Chair & CEO), Stephen De May (NC State President), and Linda Miller (IR).

Commercial Renewables Proceeds. DUK expects to utilize proceeds to almost completely pay down debt and extend issuances to the extent it can. We estimate DUK has ~$3.7B of parent level coming due through 2024, which would satisfy almost the entirety of the $3.8B cash proceeds that we expect from the sale.

O&M commentary. DUK recently adjusted its 2023 O&M reduction expectation to $300M from $200M, with 75% of the reduction being sustainable long term. Management noted that ~$50M of the extra reduction is supply chain-related.

NC Carbon Plan. Management indicated the outcome of the IRA may reflect a mix of the pre- and post-IRA expectations. Additionally, a supplemental filing will be filed in 2023 to reflect the total expectations given the IRA.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Edison International (EIX)

We hosted Pedro Pizarro (President & CEO), Jill Anderson (EVP Operations, SCE), Aaron Moss (SVP & CFO, SCE) and Sam Ramraj (IR).

Takeaways from recent PD on 2023 Cost of Capital. The proposed decision called for a 25 bp reduction in the current ROE, which seems difficult to justify given the rising interest rate environment. Management noted the concerning part of the proposed decision was around bringing ROEs closer to the national utility average, as CA has historically been more generous with allowed returns. The PD still includes the cost of capital mechanism, which could result in a pickup in ROEs if rate hikes continue.

Outstanding wildfire claims. Now that the Woolsey statute of limitations has expired, it's a question of how quickly the company can work through the remaining claims. Since the company won't have 100% of the claims resolved by the timing of the filing, the proceeding will need to include a mechanism that incorporates the remaining claims. We imagine the company will explore multiple types of recovery mechanisms, such as securitization.

Essential Utilities (WTRG)

We met with Dan Schuller (EVP & CFO) and Brian Dingerdissen (VP, Investor Relations & Treasurer).

Priorities under fully staffed PA PUC. Management expects the commission's priority will be managing affordability by balancing customer bills and capital investments. With a fully-staffed commission, the hope is that commissioners will be able to take a more active role in the administrative process.

Outlook for acquisition of larger systems. Wastewater systems tend to be larger than water systems, as there are more regional wastewater authorities that serve a larger customer base, such as DELCORA. While we have recently seen noise and additional press around the acquisition of larger systems, there seem to be a decent number of takeout candidates that would be desirable acquisition targets. However, the smaller systems remain the company's primary targets.

Expect Peoples rate case in late-2023. WTRG is required to file for new rates by the end of 2023. The biggest issue in the case will likely be repair tax, as the benefit of repair tax and the resulting lower tax rate will now be adjusted for in the revenue requirement. This is the same process that occurred during the Aqua PA GRC a few rate cycles prior.

Exelon Corp. (EXC)

We met with Jeanne Jones (EVP & CFO), Carim Khouzami (President & CEO, BGE), and David Velazquez (Utility Operations, Exelon Corp.)

Expects reconciliations to reduce regulatory lag. While rate case timing could lower EPS growth in the near term, reconciliations of multi-year plan at PECO and BGE should help cost variances during the plan period and improve earnings recovery.

Controlling rising interest expense. EXC has implemented interest rate caps in most of its variable debt (~$1.9B as of 9/30/22). These caps will help limit negative earnings impact from rising interest rates but still retain flexibility should interest rates fall.

Focus on affordability. Thanks to approved carbon mitigation credits, ComEd has locked in 61% of energy supply at low $30s/MWh, providing significant benefit to customers. Any excess revenue generated by CMC-approved nuclear plants will also be returned to customers. Management also sees lower capacity pricing and backwardated forward power curves to be

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

helpful to customer bills.

Does not view meaningful impact from state elections. Incoming Maryland governor Wes Moore has a focus on greening the state and equity, which should align with EXC's goals well. Pennsylvania governorship will remain Democratic so EXC does not expect meaningful changes on the political front.

Confident about ComEd performance-based rates (PBR). As approved by the Illinois Commerce Commission, ComEd will be allowed up to 32 bps of PBR. Based on ComEd's good operating track record, management felt confident that they would be able to achieve favorable results under these PBR.

Will look to recently approved gas rate cases. Management sees ROE settling at 9.6%-9.7% to be reasonable, following recently approved cases.

Other industry tailwinds. EXC sees growth in energy demand from datacenters and electric vehicles. Energy demand from datacenters in Illinois has growth 300MW since 2019. ComEd's performance attributes – high reliability and low bills – fit well with their needs. EXC will continue to work with state commission to deploy EV infrastructure.

PG&E Corporation (PCG)

We hosted Chris Foster (EVP & CFO) and Marlene Santos (EVP & Chief Customer Officer, PG&E).

Inflationary impacts on wildfire claims. It seems the magnitude of wildfire claims have increased over the years due to multiple drivers. Management noted that California rebuild costs had already been increasing, which were exacerbated by COVID since people were spending more time at home.

CPUC Zogg penalty. Management noted that the magnitude of the CPUC Zogg penalty was not entirely surprising. The company has until November 21 to state whether it would like a hearing to be conducted, which we are expecting. The company reiterated the hope that the penalty that would not just add to the state general fund but rather be beneficial to customers, such as a capital disallowance.

Pacific Generation. Management noted it is seeing quite a bit of interest from potential buyers for the minority stake of Pacific Generation. It seems asset type is beneficial in this process, given the relatively clean nature of the generation assets. The timeline for marketing and diligence in the first quarter with a final decision before the end of 2023 remains unchanged.

Southern Company (SO)

We met with Tom Fanning (Chairman & CEO), Dan Tucker (CFO), Scott Gammill (VP IR & Treasurer), and Ashley Black (IR).

2024 guidance expected to the low end. Management previously guided to a post-Vogtle 2024 EPS of $4.00 - $4.30. While management expects to provide a narrowed and more detailed range after 4Q22, it seems likely that the range will be $4.00 - $4.10, including a 25c contribution from both Vogtle units 3 and 4. However, management previously highlighted that if Vogtle Unit 3 or 4 are delayed by 3 months, then quarterly EPS would be impacted by 3c and 5c, respectively. To get above the range, management would expect SO Power to provide the upside, which is not currently built into its investment plan.

M&A Strategy. Given the recent trend of asset sales, we asked management about the potential to sell SO Power if growth stalls over the long term. Based on our discussion, it seems that management might be willing to sell if the business lacked growth due and the market was

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

appealing.

Remaining regulatory items. Georgia Power has three key regulatory items remaining: the rate case, fuel case in early 2023, and the Vogtle prudence review in Summer 2023. Given the dynamics of the Georgia commission election, it seems likely that the current commission will work through all three of the items above.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Companies mentioned

American Electric Power Company, Inc. (NASDAQ: AEP US; $89.22; Outperform)
Black Hills Corporation (NYSE: BKH US; $67.40; Outperform)
Consolidated Edison, Inc. (NYSE: ED US; $89.70; Sector Perform)
Edison International (NYSE: EIX US; $60.67; Outperform)
Essential Utilities, Inc. (NYSE: WTRG US; $47.31; Outperform)
Exelon Corporation (NYSE: EXC US; $38.24; Sector Perform)
PG&E Corporation (NYSE: PCG US; $14.44; Outperform)
The Southern Company (NYSE: SO US; $65.89; Outperform)

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Capital Markets

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 30-Sep-2022

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	844	57.18	260	30.81
HOLD [Sector Perform]	580	39.30	161	27.76
SELL [Underperform]	52	3.52	5	9.62

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: EXC EPS Guide, DTE IRP, VST 1923 guide takes & AES top-end 1922 upset
- **Publication Date/Time** : Friday, November 04, 2022 02:49:29 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=KN9uVIoNnLxQnlD!Aza2aA__&reid=F4F312FA7D6611ED99D00E85945289B1

GUGGENHEIM

Power & Utilities November 4, 2022

The Guggenheim Daily Transmission: DTE, ED, ES, EXC, OGE, PNW, SRE, DUK, AEE, NEE, ERCOT

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	81.14	Buy
DTE	111.86	Buy
DUK	93.22	Buy
ED	88.73	Neutral
ES	76.20	Buy
EXC	36.96	Neutral
NEE	78.18	Buy
OGE	37.07	Buy
PNW	68.52	Sell
SRE	152.61	Buy

For details on our Guggenheim-hosted client Utility events including our EEI Conference meetings, D NDR, and other events, scroll down…

DTE – IRP Filing Cometh; DTE Aligns With MI Decarbonization and Strong DTE Fundamentals (see our note HERE)

ED – 3Q EPS Beat In Trademark, Strong Quarter on Fundamentals; Use of CED Proceeds Remains Debated With 2024 Equity Needs Under Evaluation (see our note HERE)

ES – Captain Nolan Finds More Buried Treasure in SEMA, Building Confidence on Wind Backfilling (see our note HERE)

EXC – Management Addresses Growth Profile Questions Head On Amid Transitional Backdrop (see our note HERE)

OGE – 3Q EPS Beat: Sales Growth Continues To Shine, Highlighting A Premium Competitive Position Into 2023 (see our note HERE)

PNW – 3Q22 Beat and 2022 Raise… But All Eyes Remain Fixed on Arizona's Regulatory Climate (see our note HERE)

SRE – Good Execution and 3Q EPS Beat Set Up Strong Base for 2023; All Eyes on LNG Puzzle Pieces (see our note HERE)

DUK – DUK reports 3Q22 adj. EPS of $1.14 vs. Gugg/cons at $1.85/$1.84; rebases growth (ex-Commercial Renewables) while maintaining 5%–7% LT EPS CAGR

AEE – AEE reports 3Q22 results

NEE – NEER reaches agreement on plan to build first RNG facility in Alabama

ERCOT – PUCT approves Brazos repayment process selected in ISO process

DUK – North Carolina regulators approve 1,200 MW procurement of solar

DUK reports 3Q22 adj. EPS of $1.14 vs. Gugg/cons at $1.85/$1.84; rebases growth (ex-Commercial Renewables) while maintaining 5%–7% LT EPS CAGR

- 2023 guidance introduced at a range of $5.55–$5.75 (midpoint $5.65) **vs. Guggenheim also at $5.65** and consensus at $5.74
  - **For more on our 2023 take ahead of the call, see our note:** DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- 2022 guidance lowered by $0.20 to strip out Commercial Renewables from 2022 as well; 2022 guidance is now $5.20–$5.30 (**$5.25 midpoint**) vs. previous guidance of $5.30–$5.60 (**$5.45 midpoint**), and **Gugg/cons both at $5.45/$5.45**
- **Rolled forward and reaffirmed 5%-7% LT EPS CAGR; now extends through 2027** (*vs. 2026 previously*)**, off of base of 2023 guidance midpoint of $5.65** (*vs. previous base of 2021 original guidance midpoint of $5.15*)
- **Commercial Renewables sale update:**
  - Duke reports sale process has generated "***robust interest***" in its operating assets and development pipeline
  - Mgmt. expects to announce a transaction in 1Q23 with closing by mid-year

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- Confirmed that Commercial Renewables sale addresses equity needs through "**at least 2027**"
- Recall: the segment includes **~3.5 GW net ownership** of ~5.1 GW of operational wind and solar

- +$0.03 3Q22 weather vs. normal; weather impact YTD now +$0.10 per share
- Call is at 9**:00am ET** at **833-927-1758…** Confirmation code**: 714151**

AEE – AEE reports 3Q22 results

- AEE reported 3Q22 EPS of $1.74, as compared to Gugg/Cons of $1.71/1.73
- Results included $0.02 of favorable weather vs. norm
- 2022 EPS guide narrowed to $4.00-4.15 vs. Gugg/Cons of $4.04/4.07
- Capex, rate base CAGR, etc. unchanged
- Other key points largely unchanged, including legislative and RTO (LRTP) data points
- "Incremental annual cash tax payments due to corporate minimum tax beyond 2023 not expected to be material" – slides
- Provides select 2023 earnings considerations (slide 23)
- Slides HERE

NEE – NEER reaches agreement on plan to build first RNG facility in Alabama

- NextEra Energy Resources and Coffee County, Alabama announced plans to build the state's first landfill renewable natural gas plant.
- The project will be located at a landfill owned and operated by Coffee County and interconnect with a local pipeline.
- RNG production facility that will capture and convert 1,100 standard cubic feet per minute of landfill methane gas.
- The project is expected to begin construction in the second quarter of 2023 and be operational in early 2024.
- More here.

Guggenheim takeaway: *FYI, in case you missed from yesterday. NEER moving quickly to expand RNG footprint.*

ERCOT – PUCT approves Brazos repayment process selected in ISO process

- The PUCT approved the authorization of the settlement, according to Platts, with the defunct generator to repay $1.3bn under the accelerated recovery option selected by stakeholders.
- More on the process HERE.

Guggenheim takeaway: *Zero surprise following the process in September, with the move putting to rest another one of the major post-storm overhangs in the market.*

DUK – North Carolina regulators approve 1,200 MW procurement of solar

- The previously announced plan, which have been written about in prior dailies, was approved.
- Docket Nos. E-2, Sub 1159, E-2, Sub 1297, E-7, Sub 1156, E-7, Sub 1268

Guggenheim takeaway: *FYI – in case you missed it.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

GUGGENHEIM



Invite: 57th EEI Financial Conference

Dates
November 13 - 15, 2022

Location
The Diplomat Beach Resort
Hollywood, FL

Company Dinners (Hosted by Guggenheim)

Sunday, November 13, 2022

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Hyde Beach House — 4010 South Ocean Drive, Hollywood, FL 33019

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Terrazas at Hyde Hollywood — 4111 S Ocean Drive, Hollywood, FL 33019

Monday, November 14, 2022

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
ETARU — 111 S Surf Rd, Hallandale Beach, FL 33009

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales

Tuesday, November 15, 2022

6:00 p.m. | *Billy's Stone Crab — 400 North Ocean Drive, Hollywood, FL 33019*

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.



Equity Research | Corporate Access

Dominion Energy, Inc. (D)

Robert "Bob" Blue, *Chairman, President and Chief Executive Officer*
Jim Chapman, *EVP, Chief Financial Officer and Treasurer*
David McFarland, *VP, Investor Relations*

Date

Monday, December 5, 2022
New York

Meeting Format

NDR - 1:1 Meetings & Group Meetings

Company Information

Market Cap: $57.93bn

Dominion Energy, Inc. (D) engages in the provision of electricity and natural gas to homes, businesses, and wholesale customers. Its operations also include a regulated interstate natural gas transmission pipeline and underground storage system. It operates through following business segments: Dominion Energy Virginia, Gas Distribution, Dominion Energy South Carolina, Contracted Assets and Corporate and Other. The company was founded by William W. Berry in 1983 and is headquartered in Richmond, VA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
PCG Group Video Call	9/6	Virtual
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL
D	12/5	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Comp Sheet

11/3/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$54.18	3,092	3.75	3.91	4.14	4.41	3.74	3.92	4.12	4.40	–	–	–	–	14.5x	13.8x	13.2x	12.3x	-20%	-19%	-18%	-18%	5.6%	5.0%	72%	Neutral	$53	3%	Neutral	$56	7%
AVA	$36.52	2,694	1.89	2.37	2.49	2.61	1.91	2.37	2.52	2.55	–	–	–	0.06	19.1x	15.4x	14.5x	14.3x	6%	-10%	-10%	-4%	11.4%	5.0%	97%	Sell	$32	-7%	Sell	$35	2%
NWE	$52.00	3,004	3.28	3.50	3.60	4.00	3.27	3.50	3.55	3.88	–	–	0.05	0.12	15.9x	14.9x	14.6x	13.4x	-12%	-13%	-9%	-11%	6.8%	5.0%	79%	Neutral	$48	-3%	Buy	$55	10%
POR	$44.73	4,513	2.83	2.84	3.02	3.17	2.81	2.77	3.02	3.22	–	0.07	–	(0.05)	15.9x	16.1x	14.8x	13.9x	-12%	-6%	-8%	-7%	3.9%	4.2%	66%	Buy	$48	12%	Buy	$48	12%
		13,304													16.4x	15.1x	14.3x	13.5x	-10%	-12%	-11%	-10%	6.9%	4.8%	78%						
Mid/Large Cap Electric																														
AEE	$81.14	20,964	4.04	4.32	4.64	4.95	4.07	4.36	4.65	5.00	–	(0.04)	–	(0.04)	19.9x	18.6x	17.4x	16.2x	10%	8%	9%	8%	7.0%	3.1%	61%	Buy	$84	7%	Buy	$89	13%
AEP	$88.68	45,569	5.00	5.30	5.64	6.00	5.02	5.30	5.64	6.01	–	–	–	–	17.7x	16.7x	15.7x	14.8x	-2%	-2%	-2%	-2%	6.3%	3.7%	66%	Buy	$93	9%	Buy	$98	14%
CMS	$56.90	16,515	2.88	3.13	3.45	3.69	2.89	3.11	3.38	3.63	–	–	0.08	0.06	19.7x	18.3x	16.9x	15.7x	9%	7%	5%	4%	8.6%	3.4%	68%	Neutral	$57	4%	Buy	$63	14%
CNP	$28.01	17,630	1.38	1.49	1.63	1.75	1.39	1.49	1.58	1.74	–	–	0.05	–	20.2x	18.7x	17.7x	16.1x	12%	9%	10%	7%	8.2%	2.6%	52%	Buy	$31	13%	Buy	$31	13%
D	$69.23	57,634	4.12	4.40	4.70	5.00	4.11	4.37	4.68	5.00	–	–	–	–	16.8x	15.8x	14.8x	13.9x	-7%	-8%	-8%	-8%	6.7%	4.1%	68%	Buy	$75	12%	Buy	$79	18%
DTE	$111.86	21,672	6.06	6.31	6.73	7.18	5.99	6.27	6.71	7.18	0.07	0.04	–	–	18.7x	17.9x	16.7x	15.6x	3%	4%	4%	4%	5.8%	3.4%	62%	Buy	$122	12%	Buy	$124	14%
DUK	$93.22	71,779	5.45	5.65	6.05	6.50	5.45	5.74	6.13	6.50	–	(0.09)	(0.08)	–	17.1x	16.2x	15.2x	14.3x	-6%	-5%	-5%	-4%	6.0%	4.4%	76%	Buy	$97	8%	Buy	$102	14%
ED	$88.73	31,487	4.51	4.71	5.18	5.48	4.52	4.80	5.12	5.39	–	(0.09)	0.06	0.09	19.6x	18.5x	17.3x	16.5x	8%	8%	8%	10%	6.7%	3.7%	72%	Neutral	$82	-4%	Sell	$81	-5%
EIX	$58.45	22,321	4.63	4.75	5.13	5.48	4.56	4.84	5.22	5.48	0.07	(0.09)	(0.09)	–	12.8x	12.1x	11.2x	10.7x	-29%	-30%	-30%	-29%	5.8%	5.0%	63%	Buy	$66	18%	Buy	$67	20%
ES	$76.20	26,399	4.10	4.42	4.75	5.11	4.10	4.38	4.65	5.03	–	0.04	0.10	0.08	18.6x	17.4x	16.4x	15.2x	3%	1%	2%	1%	7.6%	3.5%	65%	Buy	$82	11%	Buy	$84	14%
ETR	$109.35	22,251	6.43	6.78	7.27	7.74	6.38	6.77	7.26	7.72	0.05	–	–	–	17.1x	16.2x	15.1x	14.2x	-5%	-6%	-6%	-5%	6.4%	3.9%	66%	Buy	$123	16%	Buy	$119	13%
EVRG	$61.54	14,122	3.56	3.77	4.02	4.30	3.57	3.77	4.04	4.25	–	–	–	0.05	17.3x	16.3x	15.2x	14.5x	-5%	-5%	-5%	-3%	6.5%	4.0%	69%	Buy	$64	8%	Buy	$65	10%
EXC	$36.96	36,655	2.27	2.36	2.50	2.74	2.24	2.38	2.56	2.76	–	–	(0.06)	–	16.5x	15.5x	14.5x	13.4x	-9%	-10%	-10%	-11%	6.5%	3.9%	64%	Neutral	$39	9%	Buy	$43	20%
FE	$38.21	21,847	2.45	2.57	2.75	2.95	2.44	2.53	2.74	2.86	–	0.04	–	0.09	15.7x	15.1x	14.0x	13.4x	-13%	-12%	-13%	-11%	6.4%	4.2%	65%	Neutral	$34	-7%	Buy	$41	13%
LNT	$52.15	13,086	2.78	2.90	3.04	3.23	2.78	2.90	3.09	3.28	–	–	(0.05)	(0.05)	18.8x	18.0x	16.9x	15.9x	4%	5%	6%	6%	5.1%	3.5%	65%	Neutral	$50	-1%	Neutral	$58	14%
OGE	$37.07	7,422	2.08	2.10	2.26	2.36	2.05	2.05	2.18	2.31	0.03	0.05	0.08	0.05	18.1x	18.1x	17.0x	16.1x	-0%	5%	6%	7%	4.3%	4.6%	81%	Buy	$39	10%	Buy	$38	7%
PCG	$15.20	30,213	1.11	1.24	1.36	1.49	1.10	1.23	1.35	1.45	–	–	–	0.04	13.8x	12.4x	11.2x	10.5x	-24%	-28%	-30%	-30%	10.3%	0.7%	10%	Buy	$19	26%	Buy	$17	11%
PEG	$57.06	28,470	3.47	3.54	4.06	4.38	3.47	3.55	3.97	4.30	–	–	0.09	0.08	16.5x	16.1x	14.4x	13.3x	-9%	-6%	-10%	-12%	8.1%	4.0%	65%	Buy	$67	21%	Buy	$68	23%
PNW	$68.52	7,752	4.28	4.25	4.50	4.75	4.10	4.20	4.49	4.72	0.18	0.05	–	–	16.7x	16.3x	15.3x	14.5x	-8%	-5%	-5%	-3%	3.5%	5.1%	81%	Sell	$54	-16%	Sell	$67	3%
PPL	$26.58	19,568	1.39	1.58	1.70	1.80	1.41	1.61	1.71	1.82	–	–	–	–	18.8x	16.6x	15.6x	14.6x	4%	-3%	-3%	-2%	9.0%	3.6%	68%	Buy	$27	5%	Buy	$28	11%
SO	$64.85	68,905	3.60	3.80	4.15	4.40	3.59	3.78	4.08	4.41	–	–	0.07	–	18.1x	17.2x	15.9x	14.7x	-0%	0%	-1%	-2%	6.9%	4.3%	77%	Buy	$69	11%	Neutral	$69	10%
WEC	$90.39	28,512	4.40	4.60	4.91	5.24	4.40	4.61	4.91	5.24	–	–	–	–	20.6x	19.6x	18.4x	17.3x	13%	14%	15%	15%	6.0%	3.4%	70%	Neutral	$95	8%	Buy	$95	9%
Mid/Lg Cap (excl. EIX, PCG)															**18.1x**	**17.1x**	**16.0x**	**15.0x**					**6.6%**	**3.8%**	**68%**						
Regulated Electrics		**644,078**													**17.8x**	**16.8x**	**15.7x**	**14.7x**					**6.6%**	**4.0%**	**70%**						

		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$37.27	4,080	2.18	2.43	2.48	2.70	2.13	2.30	2.42	2.57	0.05	0.13	0.06	0.13	17.5x	16.2x	15.4x	14.5x	-3%	-6%	-4%	-3%	7.4%	3.9%	67%	Neutral	$36	0%	Sell	$37	3%
NEE	$78.18	155,356	2.90	3.12	3.42	3.73	2.88	3.11	3.38	3.65	–	–	0.04	0.08	27.1x	25.1x	23.1x	21.4x	50%	47%	45%	43%	8.8%	2.3%	63%	Buy	$99	29%	Buy	$92	20%
SRE	$152.61	47,967	8.93	9.08	9.58	10.21	8.69	9.04	9.67	10.19	0.24	0.04	(0.09)	–	17.6x	16.9x	15.8x	15.0x	-3%	-2%	-1%	-0%	4.6%	3.2%	55%	Buy	$165	11%	Buy	$165	11%
		207,403													**20.7x**	**19.4x**	**18.1x**	**17.0x**	**14%**	**13%**	**13%**	**13%**	**6.9%**	**3.2%**	**62%**						
Gas LDCs																														
NI	$25.66	10,417	1.45	1.54	1.73	1.76	1.45	1.55	1.72	1.86	–	–	–	(0.10)	17.7x	16.6x	14.9x	13.8x	-1%	-1%	-5%	-7%	6.7%	3.9%	69%	Buy	$32	29%	Buy	$30	21%
CPK	$109.47	1,942	5.08	5.49	5.87	6.26	5.10	5.54	5.86	6.24	–	(0.04)	–	–	21.5x	19.8x	18.7x	17.6x	20%	18%	19%	19%	7.2%	2.0%	44%	Neutral	$120	12%	Buy	$131	21%
NJR	$44.26	4,259	2.45	2.45	2.64	2.81	2.46	2.47	2.73	2.84	–	–	(0.09)	–	18.0x	17.9x	16.2x	15.6x	1%	7%	3%	6%	4.7%	3.6%	64%	Neutral	$40	-6%	Neutral	$44	3%
NWN	$46.10	1,579	2.56	2.73	2.83	2.98	2.53	2.68	2.76	2.99	0.03	0.05	0.07	–	18.2x	17.2x	16.7x	15.4x	2%	2%	6%	5%	5.2%	4.2%	76%	Neutral	$40	-9%	Buy	$52	17%
OGS	$79.93	4,327	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	19.6x	18.2x	17.2x	16.0x	10%	9%	10%	9%	7.0%	3.3%	64%	Neutral	$70	-9%	Buy	$81	4%
SJI	$34.21	4,190	1.71	1.82	1.94	2.05	1.72	1.79	1.88	1.94	–	–	0.06	0.11	19.9x	19.1x	18.2x	17.6x	11%	14%	16%	19%	6.2%	3.7%	74%	Neutral	$36	9%	Neutral	$36	9%
SR	$67.93	3,566	3.84	4.27	4.91	5.03	3.89	4.36	4.60	4.87	(0.05)	(0.09)	0.31	0.16	17.5x	15.6x	14.8x	13.9x	-2%	-7%	-6%	-5%	9.4%	4.3%	75%	Neutral	$67	3%	Neutral	$74	13%
		30,280													**18.9x**	**17.8x**	**16.7x**	**15.7x**	**6%**	**6%**	**6%**	**7%**	**6.6%**	**3.6%**	**67%**						
Regulated Water																														
AWK	$137.84	25,063	4.44	4.76	5.14	5.59	4.45	4.78	5.16	5.62	–	–	–	(0.03)	30.9x	28.8x	26.7x	24.5x	71%	68%	67%	64%	8.0%	2.0%	62%	Neutral	$135	-0%	Buy	$157	16%

		Market	Guggenheim EBITDA Ests				Consensus				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$94.41	30,840	2,605	3,269	3,424	3,675	2,652	3,109	3,485	3,695	(47)	159	(61)	–	13.4x	10.9x	9.3x	8.3x	35,427	34,046	32,468	30,735	12.2%	0.8%	19%	Buy	$121	29%	Buy	$95	1%
NRG	$43.63	10,259	1,950	2,287	2,309	2,274	1,982	2,296	2,371	2,371	(32)	–	(63)	(97)	8.9x	7.5x	7.0x	6.4x	17,720	17,121	16,501	15,162	5.3%	3.4%	29%	Neutral	$43	2%	Buy	$43	2%
VST	$23.23	9,672	3,126	3,505	3,608	3,797	3,126	3,686	3,605	3,280	–	(181)	–	517	6.8x	5.8x	5.9x	6.2x	21,341	21,309	21,097	20,345	6.7%	3.4%	27%	Buy	$32	41%	Buy	$31	38%
Other																														
ALTO	$4.09	303	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	169%	Buy	$12	185%
IEA	$13.72	667	147	164	174	178	145	165			–	–	–	–									6.7%	–	–	Neutral	$14	2%	Neutral	$14	2%
NEP	$75.56	6,539	1,660	1,775	1,889	2,003	1,801	1,898	2,032	2,238	(141)	(123)	(143)	(234)									6.5%	4.5%	–	Buy	$85	17%	Buy	$85	17%
SMR	$11.27	479	(156)	(100)	(57)	8	(125)	(78)	(49)	9	(31)	(23)	–	–										–	–	Buy	$18	60%	Buy	$16	44%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

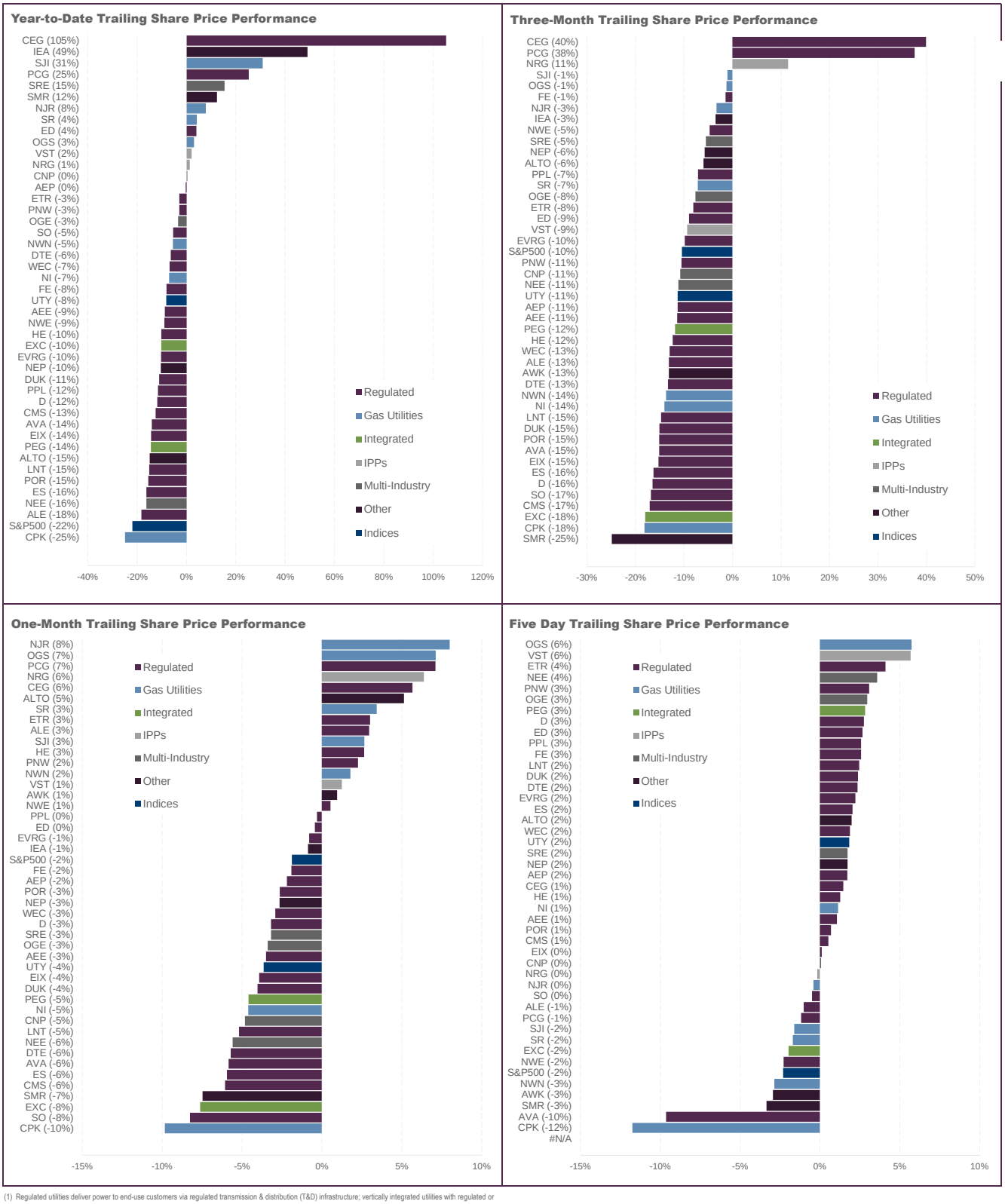

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Generation and Mix

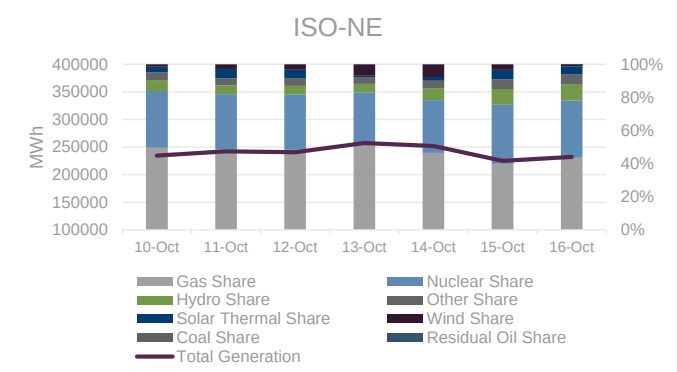

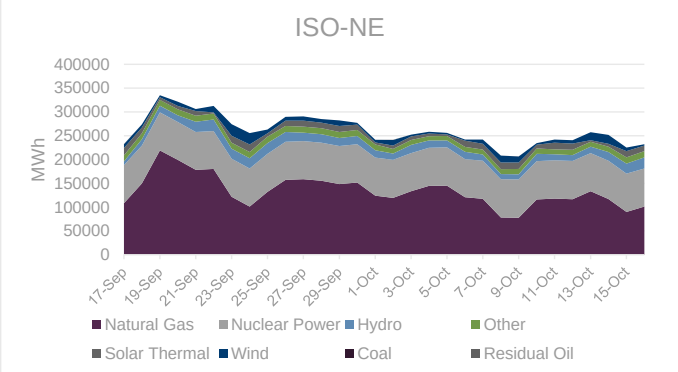

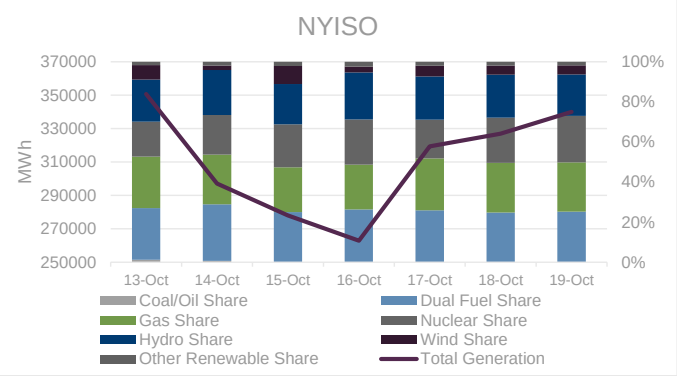

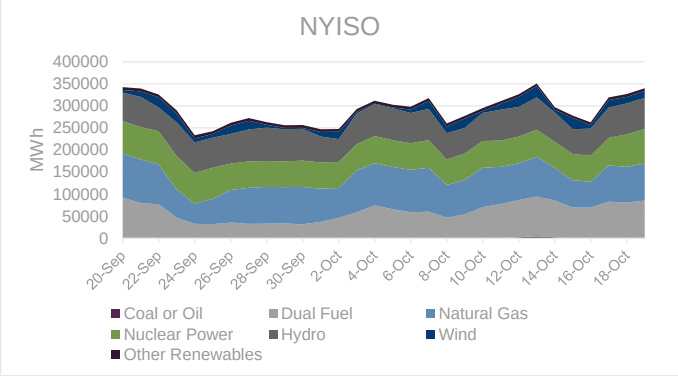

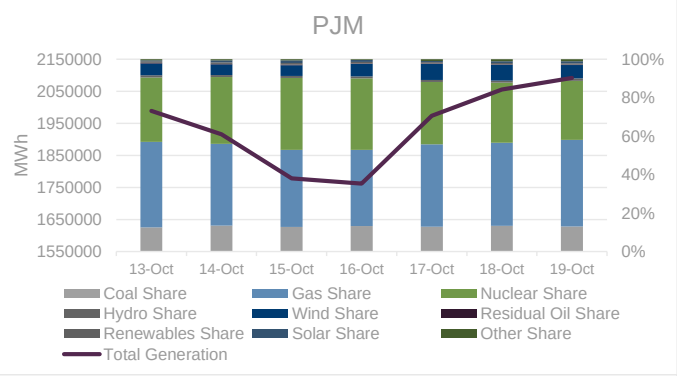

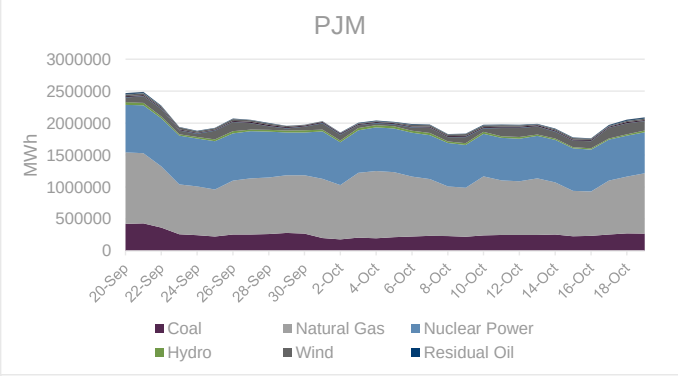

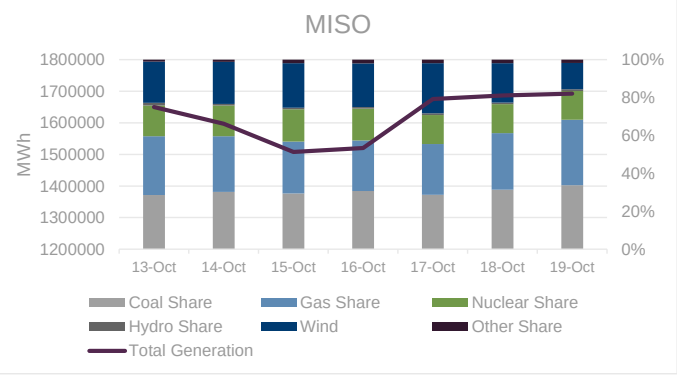

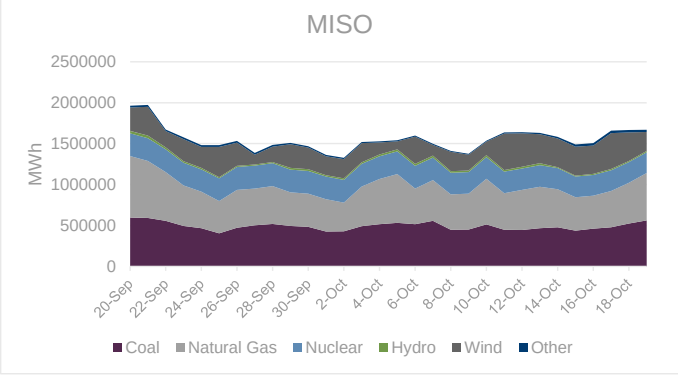

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Generation and Mix (continued)

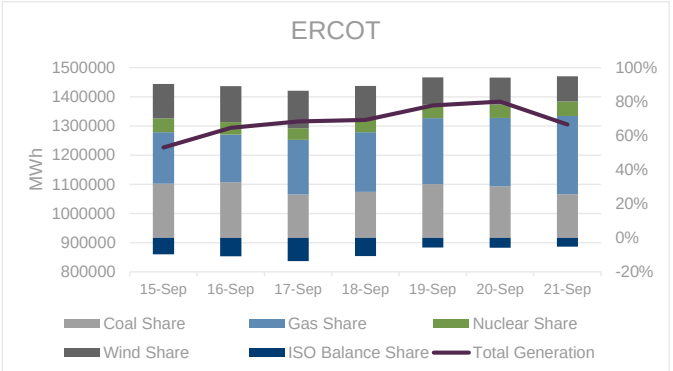

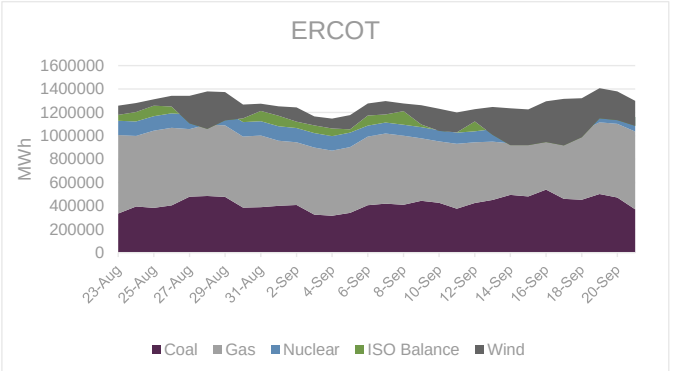

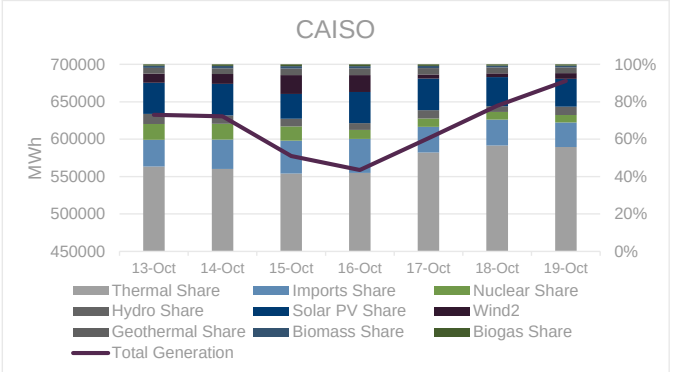

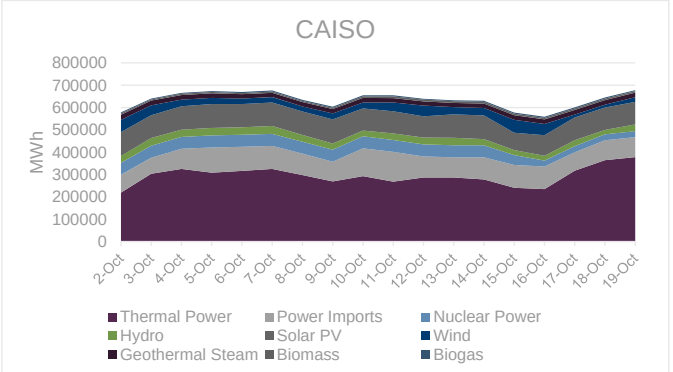

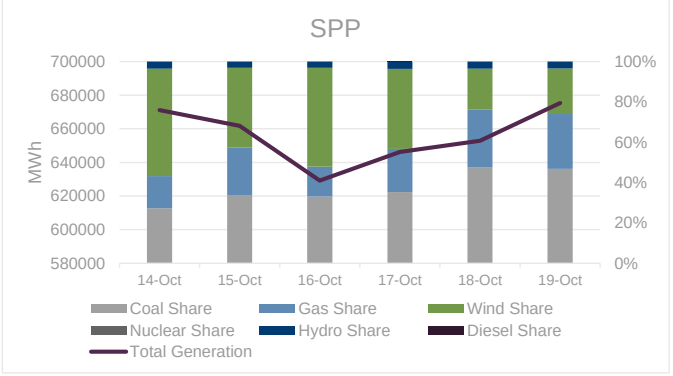

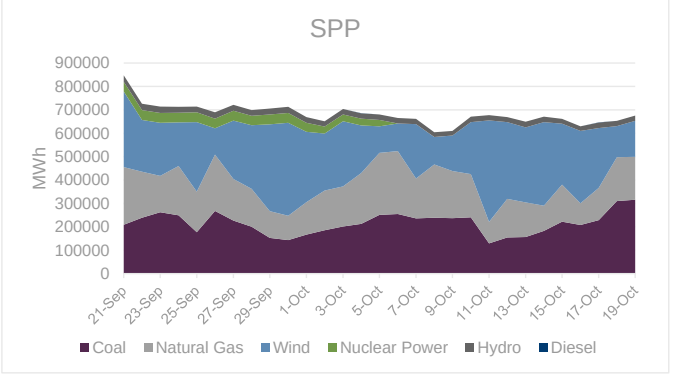

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Weather

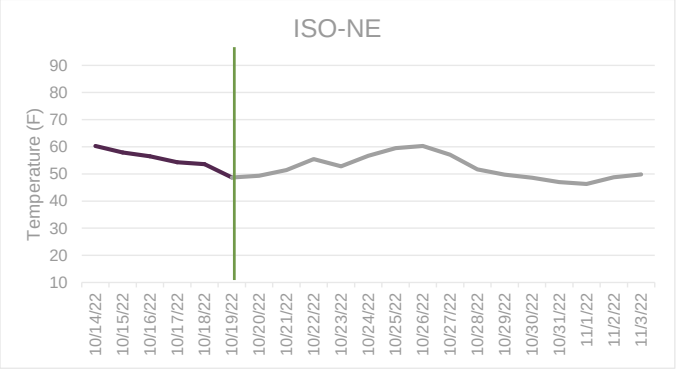

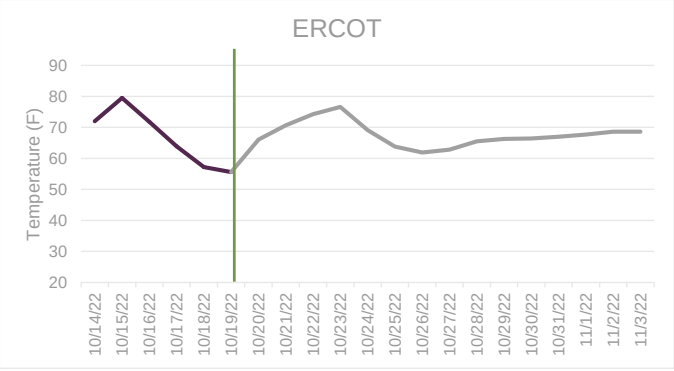

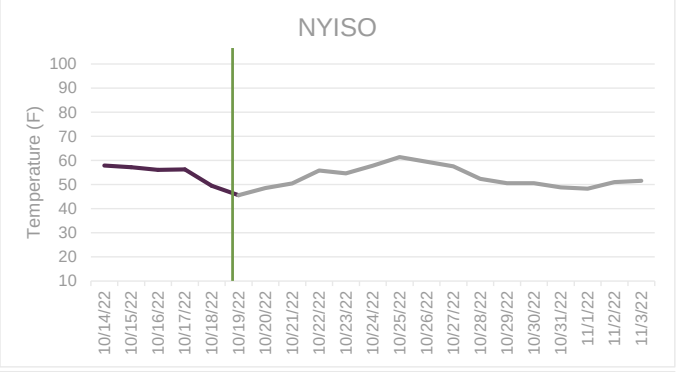

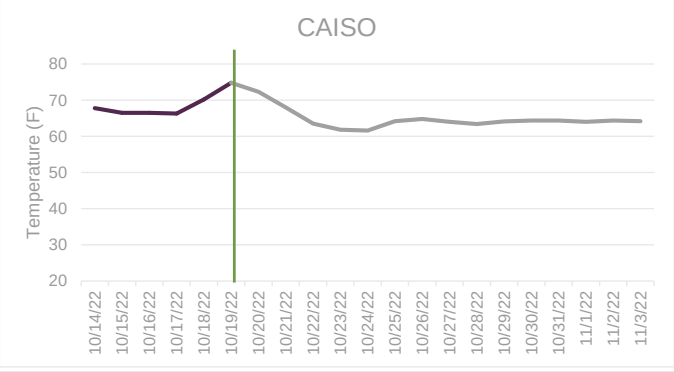

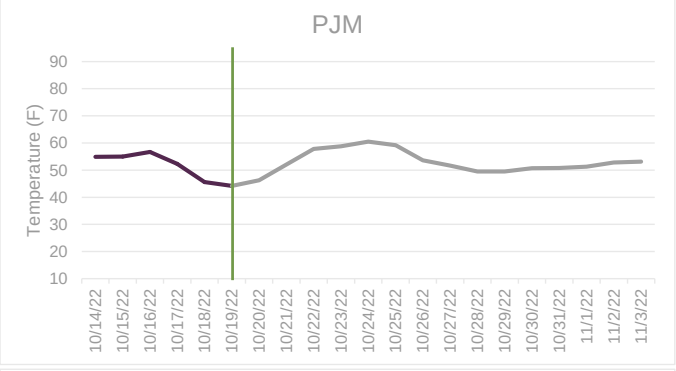

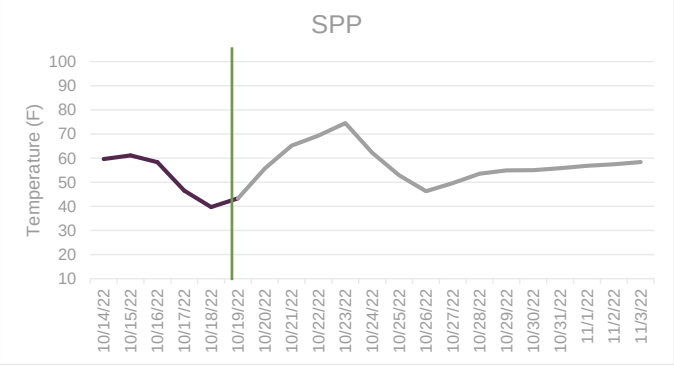



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Peak Load

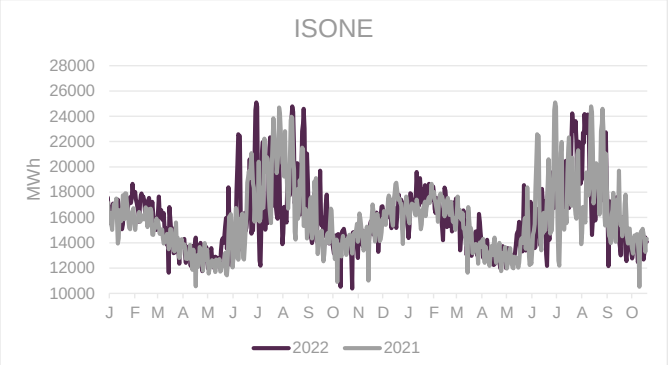

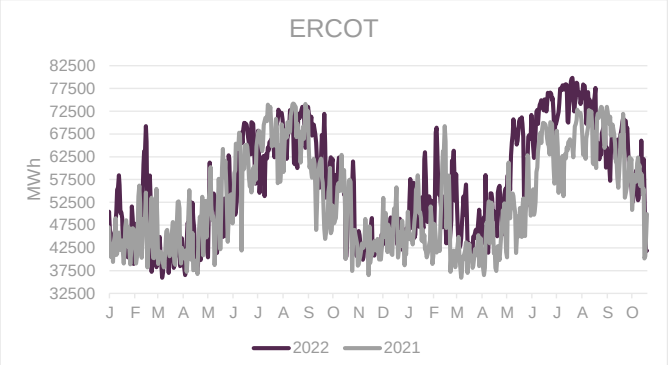

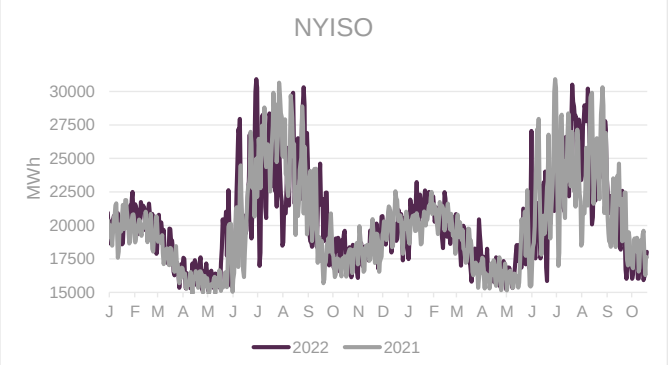

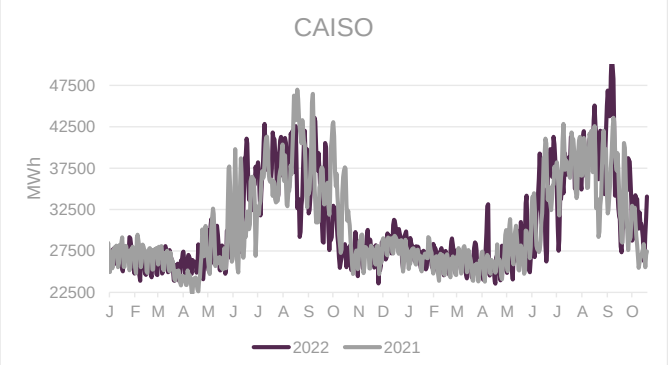

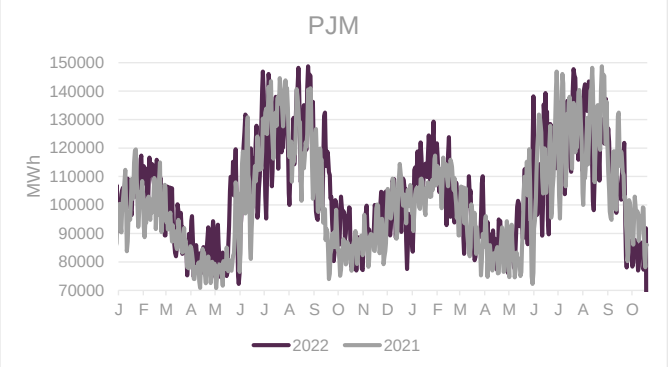

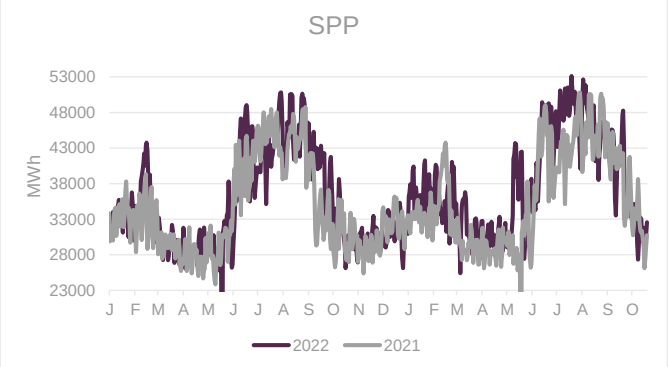

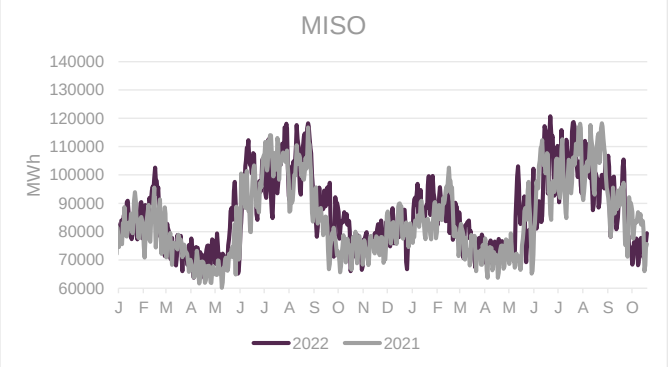

Average Deviation in Peak Load vs Prior Year

RTO/ISO	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
ISONE	0.0%	-0.5%	1.5%	-1.2%	5.1%	-1.6%
NYISO	-0.3%	0.6%	2.1%	-0.1%	3.5%	-4.7%
PJM	3.1%	2.5%	3.9%	3.8%	0.2%	-8.9%
MISO	3.4%	2.5%	4.0%	5.0%	0.1%	-7.4%
CAISO	-0.2%	-2.6%	1.6%	1.2%	4.0%	9.0%
ERCOT	4.4%	2.5%	13.7%	19.1%	7.9%	1.0%
SPP	6.3%	0.5%	5.9%	9.7%	5.0%	0.3%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (10/1/2022 - 12/31/2022)

Date	State	Ticker	Utility/Event	Docket	Description
9/26/2022-10/5/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearings scheduled in rate case
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/27/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Replies due to comments on reconsideration
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Reply briefs due in cost of capital proceeding
9/30/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Reply briefs due in cost of capital proceeding
9/30/2022	MA	ES	Boston Gas Co.	DPU 22-74	DPU decision expected on performance-based rate adjustment
9/30/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Comments due in SAVE rider update proceeding
10/1/2022-10/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/1/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Commission order expected
10/1/2022-10/15/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearing Examiner's report may be issued in ERAC proceeding
10/3/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Commission decision expected
10/4/2022	FL	NEE	Florida Power & Light Co.	20210015 - ROE trigger	Hearing, possible commission decision in limited issue proceeding
10/5/2022-10/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00020 (BC-RAC)	Hearings scheduled in BC-RAC proceeding
10/5/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Intervening parties to file testimony in Rider B proceeding
10/7/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Rebuttal testimony due in rate proceeding
10/12/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Evidentiary hearings to take place in gas rate proceeding
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Initial briefs due
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Initial briefs due
10/14/2022-10/28/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Briefs to be filed in rate case
10/14/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Reply briefs due
10/19/2022-11/2/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Briefs to be filed in rate case
10/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Staff to file testimony in RIder B case
10/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Final order due
10/20/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Reply briefs due
10/26/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Briefs due in electric rate case
10/28/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Public Utility Law Judge to issue proposed order in rate case — suspended due to settlement talks
10/31/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Administrative Law Judge's recommended decision likely in rate case
10/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Decision likely to be issued in ERAC proceeding
10/31/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Decision expected in Rider RBB proceeding
10/31/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Decision may be issued in SAVE Rider proceeding
10/31/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in late October in ENEC proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Decision possible in rate proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Decision possible in rate proceeding
11/1/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	New rates effective
11/2/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Proposed order expected to be issued in formula rate plan proceeding
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Opening briefs due
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Opening briefs due
11/4/2022	IL	AEE	Ameren Illinois	D-22-0297	Proposed order expected to be issued in formula rate plan proceeding
11/9/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Settlement conference to begin in rate proceeding
11/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Proposed decision in cost of capital proceeding expected
11/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Proposed decision expected in cost of capital proceeding
11/10/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Appeals of judge's proposed order due in rate case — suspended due to settlement talks
11/14/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Reply briefs due in electric rate case
11/14/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	End of initial suspension period in rate case
11/16/2022-11/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing scheduled in Rider B proceeding
11/18/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Replies to appeals of judge's proposed order due — suspended due to settlement talks
11/28/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Hearing to begin in rate proceeding
11/30/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	DPU decision expected in rate case
11/30/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	ALJ recommendation likely to be issued in rate case
12/1/2022-12/31/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Decision expected in FRP proceeding
12/7/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Intervening parties to file testimony in Rider U proceeding
12/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Staff to file testmony in Rider W update proceeding
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Reply briefs due
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Reply briefs due
12/9/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	End of suspension period; decision expected in rate case
12/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Decision expected in cost of capital proceeding after
12/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Decision expected in cost of capital proceeding after
12/15/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	End of suspension period, decision expected in rate case
12/15/2022-1/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing Examiners report may be issued in Rider B proceeding
12/16/2022	MI	CMS	Consumers Energy Co.	C-U-21224	ALJ proposed decision expected in rate case
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Intervenors to file testimony in US 3 proceeding
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Intervening parties to file testimony in Rider US 4 proceeding
12/17/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	End of suspension period, decision expected in rate case
12/21/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Staff to file testimony in Rider U proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	66.67%	39	16.81%
NEUTRAL	112	32.18%	6	5.36%
SELL	4	1.15%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

SEAPORT RESEARCH PARTNERS

November 04, 2022
Company Update
Utilities
Angie Storozynski | Senior Analyst
astorozynski@seaportrp.com | (917) 747-7228

Rating:	**Buy**
Price Target:	**$42.00**

Price Target Metrics:
17x 2024 EPS, in line with our '24 anchor P/E multiple for regulated utilities

Current Price:	**$36.96**
Float:	991.0MM
Diluted Shares:	992.7MM
Short Interest:	12.8MM
Average Daily Volume:	8,730k
52 Week Range:	$35.19 - $50.71
Market Cap:	**$36,692MM**
Cash and Investments:	$446MM
Debt:	$38,273MM
Enterprise Value:	$74,519MM

PRICE & VOLUME CHART

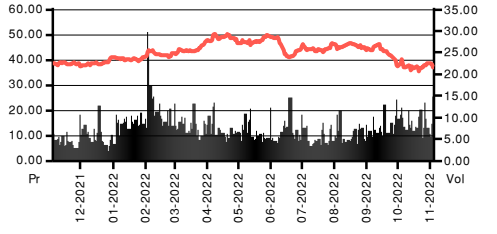

ESTIMATES $ (MMs except multiples & EPS)

	2022 Prior	2022 New	2023 Prior	2023 New	2024 Prior	2024 New	2025 New
EPS (Diluted)							
FY	$2.27	$2.26E	$2.37	$2.33E	$2.56	$2.47E	$2.77E
P/E		**16.3x**		**15.8x**		**14.9x**	**13.3x**
Dividends Per Share							
FY	$1.350	$1.350E	$1.440	$1.440E	$1.580	$1.580E	$1.700E
Dividend Yield		**3.7%**		**3.9%**		**4.3%**	**4.6%**

Exelon Corporation
(NYSE: EXC)

We can live with lower '23/'24 EPS estimates, but gloomy pitches need to go; reducing PT to $42

Summary:
We knew about the timing of PECO's next electric rate case and the recent frontend-loading of EXC's equity. What surprised us was the extent of the drop in the realized ROE at PECO in between rate cases and relatively weak YTD earnings at PHI and BGE, at least partly due to credit losses. We reduced our '23/'24 earnings expectations (to $2.33/2.47 from $2.37/2.56), but our '25 EPS estimate of $2.77 remains unchanged, and we're about to start valuing utility stocks based on '25 earnings. Now that a new CEO and CFO were named, and the company successfully talked down its '23/'24 earnings, we are hoping for a more upbeat pitch of EXC's premium T&D-only rate base growth and its strong earnings execution. We stick with our Buy rating, but lower our PT to $42 (from $44). EXC trades at a large 8.3% '24 P/E discount to an average utility even based on our below-consensus '24 EPS and a 12.5% discount on our '25 estimate.

Highlights

Lowering '23/'24 estimates: We knew about the timing of PECO's next electric rate case (with higher rates starting in '25) and the recent frontend-loading of EXC's equity. What surprised us was the extent of the drop in PECO's earnings in between rate cases ('23 and '24) and relatively weak YTD earnings at PHI and BGE, at least partly related to credit losses. We reduced our '23/'24 earnings expectations (to $2.33/2.47 from $2.37/2.56) on lower earnings at PECO, PHI and BGE being partly offset by higher earnings at ComEd on the higher 30 yr T yield. Our '25 EPS estimate of $2.77 remains unchanged and assumes a 9.5% allowed/realized ROE at ComEd. Please see inside for our 2022-2025 EPS projections by state.

Valuation: We are about to roll forward utility valuations from '24 to '25, but despite unchanged '25 EPS expectations we lowered our PT for EXC to $42 (from $44) as we are rattled by unexpected management changes (CEO and CFO were replaced within the last 17 days) and gloomy quarterly earnings calls throughout 2022. We stick with our Buy rating as EXC trades at a large 8.3% '24 discount to an average electric utility on our lowered '24 EPS estimate.

Company Description:
EXC operates six electric/gas T&D utilities in IL, PA, MD, NJ, DE, D.C. and VA) serving 9.1 million customer accounts. The spin off of Constellation Energy (CEG) from EXC was completed on Feb 1, '22.

EXC: EPS by segment ($)

EXC	2021A	2022E	2023E	2024E	2025E	'22-25 CAGR
Regulated utilities	2.35	2.56	2.68	2.94	3.29	8.8%
Parent/Corporate	(0.26)	(0.29)	(0.35)	(0.47)	(0.52)	18.2%
Total EPS	**2.08**	**2.26**	**2.33**	**2.47**	**2.77**	**7.2%**
DPS	**1.35**	**1.35**	**1.44**	**1.58**	**1.70**	**5.9%**

EXC - Regulated EPS	2021A	2022E	2023E	2024E	2025E	'22-25 CAGR
PECO	0.53	0.65	0.59	0.66	0.78	10.2%
ComEd	0.77	0.89	0.94	1.00	1.09	9.3%
BGE	0.43	0.44	0.50	0.53	0.56	6.9%
PHI/ACE/DPL	0.62	0.59	0.65	0.74	0.85	8.2%
Total regulated EPS	**2.35**	**2.56**	**2.68**	**2.94**	**3.29**	**8.8%**

Source: Company data for 2021; Seaport Research Partners

EXC	2021A	2022E	2023E	2024E	2025E
Sales	17,920	18,659	19,065	19,642	20,332
Operating expenses	14,542	14,893	15,080	15,301	15,521
EBITDA	6,577	7,240	7,637	8,153	8,801
D&A	3,199	3,474	3,652	3,812	3,990
EBIT	3,378	3,766	3,985	4,341	4,812
Interest expense	(1,109)	(1,310)	(1,385)	(1,535)	(1,637)
PBT	2,464	2,592	2,736	2,942	3,311
Income tax	(430)	(360)	(413)	(471)	(530)
Net profit	2,034	2,232	2,323	2,471	2,781
Diluted S/O (m)	980	987	996	999	1,003
EPS	**$2.08**	**$2.26**	**$2.33**	**$2.47**	**$2.77**
DPS	**$1.35**	**$1.35**	**$1.44**	**$1.58**	**$1.70**
Current assets	6,014	6,573	6,703	6,863	7,044
Property, plant, and equipm	65,885	69,316	72,739	76,377	79,887
Total assets	**84,494**	**88,694**	**92,461**	**96,478**	**100,393**
Current liabilities	6,379	6,340	6,341	6,341	6,341
Long-term debt	28,681	32,950	35,827	38,819	41,500
Shareholders' equity	22,720	22,450	22,598	22,880	23,371
Total liabilities and equity	**84,494**	**88,694**	**92,461**	**96,478**	**100,393**
Net income	2,034	2,232	2,323	2,471	2,781
Operating cashflow	**4,482**	**5,571**	**5,611**	**5,941**	**6,454**
Investing cashflow	**(6,600)**	**(6,905)**	**(7,075)**	**(7,450)**	**(7,500)**
Dividends paid	(1,322)	(1,331)	(1,433)	(1,578)	(1,704)
Financing cashflow	(4,581)	1,733	1,464	1,510	1,047
Change in cash	**(6,698)**	**398**	**0**	**0**	**0**
Cash at end of period	**302**	**700**	**700**	**700**	**700**

Exelon Corporation (EXC) Disclosures

I, Angie Storozynski, hereby certify: (1) that all of the views expressed in this report accurately reflect my personal views about any and all of the subject securities or issuers; and (2) that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

As with all employees of Seaport Global Securities LLC, a portion of our analysts' compensation is paid from the total collection of revenues from all areas of the firm including but not limited to Investment Banking and Sales and Trading departments. In no instance are research analysts' compensation directly derived from Investment Banking revenues.

Risks & Considerations for Exelon Corporation (EXC)

It's hard to predict the outcome of EXC's future rate cases: We assume that EXC's allowed ROE/equity ratios should remain unchanged in five ff its six jurisdictions (excl. IL/ComEd) though it's hard to predict the outcome of EXC's future rate cases even in the current inflationary environment.

ComEd's ROE remains linked to the 30 yr T yield until 2023: EXC's distribution ROE in IL (for ComEd) changes daily and is based on the 30 year T yield plus 580 bps. A recently adopted energy bill should break this formulaic ROE calculation starting in 2024 which in turn should result in a potentially higher allowed ROE for ComEd though we won't know the likely ROE/EPS uplift in IL until late 2023. It's hard for us to predict how ComEd's 2020 deferred prosecution agreement in IL should impact this future rate case in the state. Through the end of 2023, ComEd's allowed ROE will be driven by the 30 year T yield thus providing some inflationary protection.

Parent level drag increasing along with higher interest rates: EXC's earnings should be positively levered to rising interest rates as long as short-term and long-term rates rise at roughly the same pace. During 2H22, short- and medium-term interest rates rose much faster than the 30 year T yields. As a result, EXC's parent interest expense rose faster than regulated earnings at ComEd. Those recent changes are now embedded in our lowered 2022-2024 EPS estimates, but we could see more downside.

Price Target Metrics for Exelon Corporation (EXC)

17x 2024 EPS, in line with our '24 anchor P/E multiple for regulated utilities

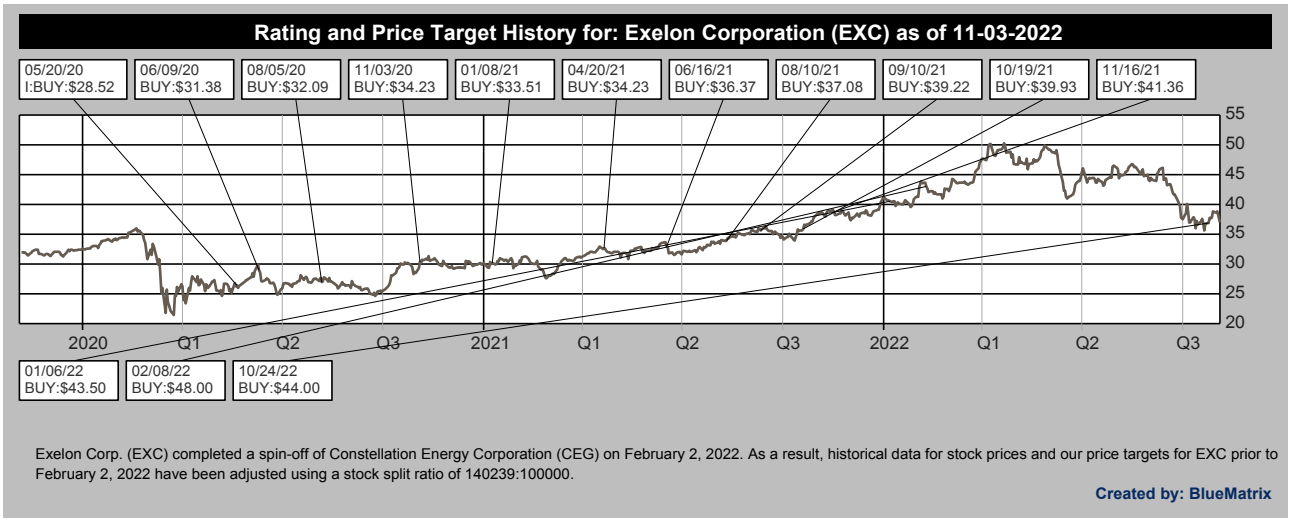

Please contact Seaport Global Securities LLC, for important disclosure information for covered companies. Contact the Director of Equity Research at (949) 274-8052 or write to Seaport Global Securities LLC, 600 Anton Boulevard, Suite 1700, Costa Mesa, CA 92626.

Clients should also refer to https://sgsecurities.bluematrix.com/sellside/Disclosures.action for price charts, as well as specific disclosures for covered companies.

Explanation of Ratings

Seaport Global Securities analyst ratings include (effective Feb. 1, 2017):

Buy - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Prior to Feb 1., 2017, Seaport Global Securities analyst ratings included:

Buy - The investment outlook and risk/reward over the following 12 months are very favorable on an absolute basis and relative to the peer group.
Speculative Buy - The investment outlook over the following 12 months is very favorable on an absolute basis and relative to the peer group, however, there is higher than average risk associated with the investment that could result in material loss.
Accumulate - The investment outlook and risk/reward over the following 12 months are favorable on an absolute basis and relative to the peer group.
Neutral - The investment outlook and risk/reward over the following 12 months are neutral on an absolute basis and relative to the peer group.
Reduce - The investment outlook and risk/reward over the following 12 months are unfavorable on an absolute basis and relative to the peer group.
Sell - The investment outlook and risk/reward over the following 12 months are very unfavorable on an absolute basis and relative to the peer group.
NA - A rating is not assigned.

Ratings Distribution

Rating	Research Coverage Count	Research Coverage % of Total	Investment Banking Clients* Count	Investment Banking Clients* % of Total	Investment Banking Clients* % of Rating Category
Buy	143	65.3%	11	91.7%	7.7%
Neutral	76	34.7%	1	8.3%	1.3%
Sell	0	0.0%	0	0.0%	0.0%
Total	219	100.0%	12	100.0%	5.5%

*Investment banking clients are companies for which Seaport Global Securities LLC provided investment banking services to in the last 12 months.

Note: Ratings Distribution as of September 30, 2022

Seaport Global Securities LLC is a U.S. registered broker-dealer, member FINRA and SiPC. Seaport Research Partners LLC is a registered investment advisor. This material has been prepared by Seaport Research Partners, which provides brokerage services as a division (dba Seaport Research Partners) of Seaport Global Securities LLC, and provides investment advisory services through Seaport Research Partners LLC. Seaport Global Securities LLC and Seaport Research Partners LLC are subsidiaries of Seaport Global Holdings LLC. Seaport Global Securities LLC and Seaport Research Partners LLC employ appropriate expertise, and in the belief that it is fair and not misleading. Seaport Global is the global brand name for Seaport Global Securities LLC ("SPGS") and its affiliates worldwide. Information, opinions or recommendations contained in the reports and updates are submitted solely for advisory and information purposes. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified. Therefore, we cannot guarantee its accuracy. Additional and supporting information is available upon request. This is neither an offer nor solicitation of an offer to buy or sell any security or investment. Any opinions or estimates constitute our best judgment as of this date, and are subject to change without notice. Not all products and services are available outside of the US or in all US states. © 2022. Seaport Global Securities LLC. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of SPGS. SPGS specifically prohibits the re-distribution of this report, via the Internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.

For Canadian Investors:

Seaport Global Securities LLC, is not registered in Canada, but relies on the International Dealer Exemption in each province. This report was not prepared in accordance with Canadian research disclosure requirements. The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

For UK and European Investors:

MARKETING COMMUNICATION

The Seaport Group Europe LLP ("SGE") and Sea Port Group Securities (Europe) LLP ("SPGSE") are authorized and regulated by the Financial Conduct Authority. Due to their size and structure, their analysts may represent the interests of the firm or of companies referred to in its research. As a result, SGE or SPGSE does not hold its research out as being impartial. This research is non-independent and is classified as a Marketing Communication under the FCA's rule COBS 12.2.18. As such it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research in COBS 12.2.21. However, SGE and SPGSE have adopted internal procedures which prohibit employees from dealing ahead of the publication of non- independent research, except for legitimate market making and fulfilling clients' unsolicited orders.

Analysts may forward a draft copy of the non-independent research, prior to publication, to the subject company in order to verify facts. Where such verification is sought, the analyst must remove any rating or investment summary from the non-independent research prior to forwarding it to the subject company. Any subsequent amendments to the non-independent research are to correct factual inaccuracies only. Any matters of judgment are the author's own and our analysts will not amend the non-independent research on the basis of an issuer's contrary view.

Price targets or Projections

Price targets or projections, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target or projection may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimate. Past performance is not indicative of future performance.

DISCLAIMERS

This material is: (i) for your private information, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any investments or other related financial instruments in any jurisdiction where such offer or solicitation would be illegal; and (iii) is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Opinions expressed are current opinions as of the original publication date appearing on this material only and the information, including the opinions contained herein, are subject to change without notice. Members of Seaport Global may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, members of Seaport Global, and / or its officers, directors and employees, may, from time to time, have long or short positions in, and buy or sell, the investments, securities, derivatives (including options) or other related financial instruments thereof, of companies mentioned herein, or related investments, securities, derivatives or other related financial instruments. In addition, members of Seaport Global may act as a market maker and principal, willing to buy and sell certain of the investments, securities or other related financial instruments

of companies mentioned herein. Further, members of Seaport Global may buy and sell certain of the investments, securities or other related financial instruments of companies mentioned herein, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. SGE, SPGSE and other non-US members of Seaport Global, their officers, directors and employees may, to the extent it relates to non-US issuers and is permitted by applicable law, have acted upon or used this material immediately following, its publication.

The securities described herein may not have been registered under the U.S. Securities Act of 1933 (“ACT”) , and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act.

Unless governing law permits otherwise, you must contact a Seaport Global entity in your home jurisdiction if you want to use our services in effecting a transaction in the investments, securities or other related financial instruments mentioned in this material.

This publication has been approved for distribution in the United Kingdom by The Seaport Group Europe LLP and Sea Port Group Securities (Europe) LLP, which are authorized and regulated by the Financial Conduct Authority (FCA). It is intended only for investors who are professional clients and eligible counterparties as defined by the FCA, and may not, therefore, be redistributed to other classes of investors.

The Seaport Group Europe LLP, Sea Port Group Securities (Europe) LLP and other Seaport Global entities manage conflicts identified through the following: their Information Barrier Wall, confidentiality and conflicts of interest policies, maintenance of a Restricted List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of investments, securities or other related financial instruments and disclosure to clients via client documentation.

MIZUHO Mizuho Securities USA LLC

Energy Research
Utilities
Price Target Change

U.S. Equity Research **November 4, 2022**

Exelon Corporation

Inflation, Pension, and Interest Rates Weigh on Future Earnings; Lower Estimates/PT

Summary

We are updating our forecast following the release of 3Q2022 results. The company expects earnings to increase by roughly 5% in 2023, 6% in 2024, and more than 8% in 2025, reflecting near-term cost pressures including pension, inflation and higher interest rates offset by longer term cost recovery in future rate cases. Our revised estimates result in 6.4% compound annual growth in earnings through 2024, which is below the midpoint of the company's 6%-8% target EPS growth through 2025.

Key Points

- Exelon 3Q2022 operating EPS was $0.75 versus consensus estimates of $0.70.
- The company narrowed its 2022 guidance to $2.21-$2.29 versus $2.18-$2.32 previously.
- Exelon expects EPS to be roughly 5% higher in 2023. This implies a range of $2.32-$2.40. Exelon will provide 2023 guidance on its 4Q2022 earnings call.
- Exelon subsidiary PECO is operating under a three-year rate plan and may not earn its authorized return until 2025 when new rates are expected to go into effect.

Rating	**Buy**
Previous Rating	No Change
Price (11/3)	**$36.96**
Price Target	**$39.00**
Previous Price Target	$47.00

Key Data

Symbol	EXC(NYSE)
52-Week Range	$50.71 - $35.19
Market Cap ($mm)	$37,726
Shares Outstanding (mm)	991.8
Float	981.5
Average Daily Volume	7,583,097
Dividend/Yield	$1.53/4.1%

Fiscal Year-End: Dec 31

	2022E	2023E Prior	2023E Curr	2024E Prior	2024E Curr
Earnings per Share ($)					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.25E**	**2.50E**	**2.35E**	**2.61E**	**2.50E**
P/E	16.4x	–	15.7x	–	14.8x

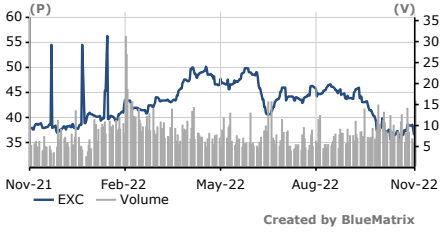

Paul Fremont
Managing Director
+1 212 205 7854
Paul.Fremont@mizuhogroup.com

Anthony Crowdell
Managing Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Brandon Lee, CFA
Senior Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

PLEASE REFER TO PAGE 6 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Estimate Changes

We are updating our forecast following the release 3Q2022 results.

Exhibit 1: EPS Estimate Changes

Consolidated	2022E	2023E	2024E	2025E
Current	$2.25	$2.35	$2.50	$2.70
Prior	$2.28	$2.50	$2.61	$2.70
Difference	($0.03)	($0.15)	($0.11)	($0.00)

Source: Company reports, MSUSA estimates

We are reducing our 2022-2024 EPS estimates by $0.03, $0.15 and $0.11 respectively to $2.25, $2.35 and $2.50. The reduction reflects weaker assumed utility results, particularly at PECO, due to the impact of inflation, pension and higher interest costs. These cost pressures are likely to result in Exelon utility companies under-earning their authorized returns until they are able to file for rate relief. We had previously assumed that the company could offset these rising costs with a reduction in its operating and maintenance expenses.

We are maintaining our 2025 EPS estimate of $2.70. We assume that by 2025 the company is able to recover rising costs through future rate proceedings.

Mizuho estimates compound annual growth in EPS off of the mid-pont of 2022 guidance of 6.4%, at the lower end of the company's 6%-8% EPS growth target through 2025 off of the mid-point of 2021 guidance.

Our forecast assumes FFO/Debt of 13% in 2024 which is above the company's downgrade threshold of 12%. Our forecast is consistent with management's comments that it anticipates FFO/Debt to be between 13%-14%.

Valuation

Base Case

Using a sum-of-the-parts analysis on 2024 results we derive a price target of $39 per share. Based on yesterday's closing price of $36.96, this represents price appreciation potential of 5.5% and total return potential of 9.1% including a current yield of 3.6%. Our price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.32 using a P/E multiple of 17.3 times, a 5% premium to our electric group average multiple, resulting in a price target of $40.00.

We value the regulated gas distribution 2024 earnings of $0.48 using a P/E multiple of 16.5 times, a 5% premium to our gas group average multiple, resulting in a price target of $8.00.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $9.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Company Models

In the pages that follow, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet for Exelon Corporation from 2019 to 2025. To derive the consolidated results, we modeled full financials for each operating subsidiary. Clients who would like the full models may obtain them through their MSUSA representative or by direct request to the authors.

Exhibit 2: EXC Income Statement

Consolidated Income Statement *($ millions)*	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Revenues	$34,441	$32,929	$24,837	$25,484	$26,002	$26,650	$27,357
Cost of Goods Sold	15,273	14,215	13,320	13,394	13,403	13,433	13,475
O&M	8,652	8,494	3,974	4,026	4,079	4,132	4,186
Other Expenses	(5)	(11)	0	(4)	(4)	(4)	(4)
Taxes Other then Income	1,732	1,713	1,288	1,300	1,313	1,325	1,338
EBITDA	**$8,789**	**$8,518**	**$6,255**	**$6,768**	**$7,212**	**$7,763**	**$8,362**
D&A	3,938	4,075	3,044	3,213	3,388	3,570	3,757
EBIT	**$4,851**	**$4,443**	**$3,211**	**$3,555**	**$3,824**	**$4,194**	**$4,605**
Interest	1,578	1,609	1,241	1,391	1,529	1,731	1,950
Other Income	505	611	174	120	124	129	134
EBT	**$3,778**	**$3,445**	**$2,144**	**$2,283**	**$2,419**	**$2,591**	**$2,788**
Taxes	618	399	106	60	70	73	59
Preferred Dividends	20	(104)	(1)	(1)	(1)	(1)	(1)
Net Income	**$3,140**	**$3,150**	**$2,040**	**$2,224**	**$2,350**	**$2,519**	**$2,730**
EPS	**$3.22**	**$3.23**	**$2.08**	**$2.25**	**$2.35**	**$2.50**	**$2.70**

Source: Company reports, MSUSA estimates

Exhibit 3: EXC Cash Flow Statement

Consolidated Cash Flow Statement ($ millions)	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Net Income	$3,142	$3,039	$2,663	$2,224	$2,350	$2,519	$2,730
Depreciation	3,836	3,973	3,979	3,111	3,286	3,468	3,655
Deferred Taxes	(80)	(570)	(524)	(181)	(378)	(376)	(371)
Maintenance Cap-Ex	(3,356)	(3,526)	(3,516)	(3,003)	(3,178)	(3,360)	(3,547)
Grow th Cap-Ex	(3,144)	(4,149)	(3,784)	(3,947)	(3,872)	(4,090)	(3,978)
Net Cash Generation	**398**	**(1,233)**	**(1,181)**	**(1,796)**	**(1,791)**	**(1,839)**	**(1,511)**
EBITDA + Other Income	9,182	9,006	8,751	6,751	7,195	7,746	8,344
Interest Expense	774	888	1,004	1,416	1,554	1,757	1,976
Pfd. Dividends	(2)	(1)	(1)	(1)	(1)	(1)	(1)
Common Dividends	(1,410)	(1,417)	(1,501)	1,346	1,449	1,560	1,679

Source: Company reports, MSUSA estimates

Exhibit 4: EXC Balance Sheet

Consolidated Balance Sheet ($ millions)	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Cash & Equivalents	$1,122	$1,166	$1,176	$1,836	$1,135	$918	$898
Short Term Debt	$838	$1,644	$1,644	$702	$702	$802	$802
Revolver	0	0	0	0	0	0	0
Current Portion of Long Term Debt	3,206	1,791	2,993	800	800	1,307	1,600
Long Term Debt	33,531	35,580	34,479	36,247	38,722	41,290	44,465
Total Debt	**$37,575**	**$39,015**	**$39,115**	**$37,749**	**$40,224**	**$43,399**	**$46,867**
Preferred Stock	0	0	0	0	0	0	0
Total Debt & Preferred	**$37,575**	**$39,015**	**$39,115**	**$37,749**	**$40,224**	**$43,399**	**$46,867**
Shareholder's Equity	31,184	32,018	20,092	34,566	35,582	36,602	37,406
Goodw ill Portion of Equity	0	0	0	0	0	0	0
Goodwill / Shareholder's Equity	0	0	0	0	0	0	0
Total Book Capitalization	**$68,759**	**$71,033**	**$59,207**	**$72,315**	**$75,805**	**$80,001**	**$84,273**
Off-Balance Sheet Debt	0	0	0	0	0	0	0
Consolidated Debt/Pfd. Assoc. w /Min. Int. Exp.	0	0	0	0	0	0	0
Total Credit Capitalization	**$68,759**	**$71,033**	**$59,207**	**$72,315**	**$75,805**	**$80,001**	**$84,273**

Source: Company reports, MSUSA estimates

Price Target Calculation and Key Risks

Price Target Calculations: Our $39 price target is derived as follows:

Using a sum-of-the-parts analysis on 2024 results we derive a price target of $39 per share. Based on yesterday's closing price of $36.96, this represents price appreciation potential of 5.5% and total return potential of 9.1% including a current yield of 3.6%. Our price target is derived as follows:

We value the regulated electric distribution and transmission 2024 earnings of $2.32 using a P/E multiple of 17.3 times, a 5% premium to our electric group average multiple, resulting in a price target of $40.00.

We value the regulated gas distribution 2024 earnings of $0.48 using a P/E multiple of 16.5 times, a 5% premium to our gas group average multiple, resulting in a price target of $8.00.

Adjusting for unallocated debt, net of a 28% tax shield, reduces the price by $9.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: Equity overhang, weak commodity outlook, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates makes a market in the following securities: Exelon Corporation

Mizuho Securities USA LLC and or its affiliates has received compensation for investment banking services for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates expects to receive or intends to seek compensation for investment banking services for Exelon Corporation in the next 3 months.

Mizuho Securities USA LLC and or its affiliates has managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates have provided investment banking services for Exelon Corporation who is or was a client in the past 12 months.

The compensation of the research analyst writing this report, in whole or part, is based on MSUSA's annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA's internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Paul Fremont, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock's total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform.

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a riskadjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of November 3)	% of coverage	IB service past 12 mo
Buy (Buy)	61.44%	60.25%
Hold (Neutral)	37.28%	50.34%
Sell (Underperform)	1.29%	20.00%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

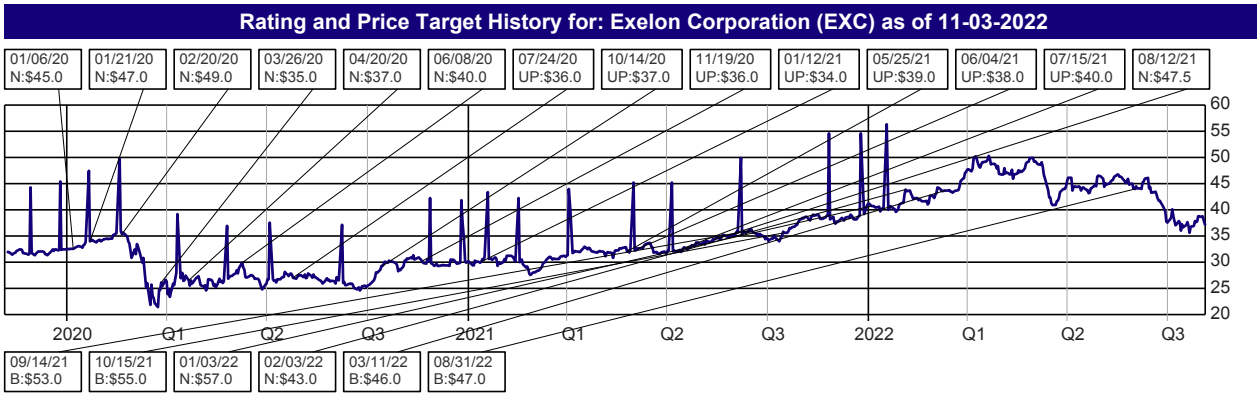

Created by: BlueMatrix

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any

transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2022. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

Exelon

BMO Capital Markets

EXC-NSDQ	Rating	Price: Nov-3	Target	Total Rtn
	Outperform	$36.96	$42.00	17%

Earnings/Growth Clarity – Now What Is The Right Multiple?

Bottom Line:

EXC reported EPS of $0.75 vs. our/consensus $0.71/$0.70. Management narrowed its 2022 guidance range to $2.21-2.29. **The call was highlighted by the company's illustrative 2023-2025 EPS which showed year-over-year growth of ~5% in 2023, ~6% in 2024 and ~8%+ in 2025 or ~6.7% '21-25. Still, we believe management's intended message was they are driving towards the midpoint or better through 2025**. We maintain our Outperform rating and our 2022 estimate is unchanged at $2.25, but our 2023-2025 estimates are now $2.36, $2.50 and $2.72, respectively.

Key Points

EXC shares underperformed by nearly 3.2% today as the company's illustrative 2023-2025 EPS and associated implied growth disappointed. Although the YOY primary drivers were largely consistent with expectations, and management continues to see rate base growth of 8.1% from 2021-2025, which underpins its 6-8% EPS growth outlook, the non-linear nature of the company's implied forward growth was even more pronounced than expected. Specifically, on a YOY basis, management's presentation would suggest growth in 2023, 2024, and 2025 of ~5%, ~6%, and ~8% +, respectively, which suggests an EPS CAGR of ~6.7% using its revised 2021 guidance range of $2.06-2.14. The primary driver of the lumpiness in the growth outlook continues to be related to the return profile at its PECO subsidiary and the associated electric rate case cycle.

We see today's announcements as a good first step towards derisking the story and at an 8%/10% discount to group on our revised 2024/2025 forecast, respectively, we believe EXC shares represent one of the more compelling relative value opportunities within our coverage over the next 12-months. However, given the recent management changes and several months of confusion regarding the company's 2023 outlook and the non-linearity of its LT growth rate, we would not be surprised to see investors remain cautious and take a more wait-and-see posture in the name. **With today's incremental clarity on the company's EPS growth path through 2025, we think investors have fewer questions on earnings power and the debate has squarely shifted to what is the right relative multiple.**

Given its lower-risk T&D profile, solid balance sheet, and constructive regulatory mechanisms (MYRP/MYPs/formula rate), we believe EXC's profile could garner a modest premium multiple over time. However, consistency and execution over the next 12-18 months will be key to the convergence of the company's multiple with its above-average growth and business profile.

Key Changes

Estimates	Q4 / 22E	2022E	2023E
EPS	$0.42	$2.25	$2.36
Previous	*$0.44*	*$2.24*	*$2.40*
EBIT		$3,780	$4,063
Previous		*$3,683*	*$4,127*

For disclosure statements, including the Analyst Certification, please refer to page(s) 7 to 10.

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (212) 885-4007

Edward M DeArias, CFA — Associate
edward.dearias@bmo.com — (212) 702-1200

Tanmay Pandit — Associate
tanmay.pandit@bmo.com — (929) 837-9154

Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.35	Shares O/S (mm)	991.8
Yield	3.7%	Market Cap (mm)	$36,655
P/BV	1.0x	Net Debt (mm)	$33,547

BMO Estimates (FY-Dec.)	2020A	2021A	2022E	2023E
EPS	$3.22	$1.83	$2.25↑	$2.36↓
DPS	$1.53	$1.53	$1.35	$1.44
EBIT	$4,422	$2,614	$3,780↑	$4,063↓
EBITDA	$11,581	$10,516	$7,236↑	$7,722↓

Consensus Estimates	2020A	2021A	2022E	2023E
EPS			$2.26	$2.39

Valuation	2020A	2021A	2022E	2023E
P/E	11.5x	20.2x	16.4x	15.7x
Div. Yield (%)	4.1%	4.1%	3.7%	3.9%

QTR. EPS	Q1	Q2	Q3	Q4
2020A	$0.87	$0.55	$1.04	$0.76
2021A	$0.52	$0.49	$0.65	$0.44
2022E	$0.64a	$0.44a	$0.75a	$0.42
2023E	$0.67	$0.49	$0.67	$0.53

Notes : Prior numbers reflect our pre-spin estimates

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook, and supportive regulatory environment position the company well to drive multiple expansion.

Exelon - Block Summary Model

Income Statement	2020A	2021A	2022E	2023E
Generation	1,604	0	0	0
Com Ed	1,169	1,255	1,412	1,467
PECO	564	651	780	838
BGE	512	481	651	721
PHI	639	801	997	1,062
Parent and Other	(66)	(574)	(61)	(26)
Consolidated EBIT	5,054	2,943	4,035	4,318
Depreciation & Amortization	6,527	7,573	3,201	3,404
EBITDA	11,581	10,516	7,236	7,722
Interest Expense	1,655	1,342	1,431	1,520
Income Tax	399	38	450	497
Income from continuing operations	3,150	1,791	2,207	2,353
Weighted Average Shares Outstanding	979	979	982	998
Diluted Operating EPS	$3.22	$1.83	$2.25	$2.36
Dividends per Share	$1.53	$1.53	$1.35	$1.44
Cash Flow Statement	**2020A**	**2021A**	**2022E**	**2023E**
Operating Cash Flow	4,235	3,012	5,208	5,557
Investing Cash Flow	(4,336)	(3,317)	(6,950)	(7,050)
Financing Cash Flow	145	758	1,415	1,506
Net Change in Cash Flow	44	453	(327)	13
EOP Cash on Balance Sheet	1,166	1,619	1,292	1,305
Common stock (net)	45	80	500	667
Net debt issued/(repaid)	1,728	3,140	2,240	2,275
Dividends paid	(1,492)	(1,497)	(1,325)	(1,436)
Balance Sheet	**2020A**	**2021A**	**2022E**	**2023E**
Common Equity	34,868	34,795	35,775	37,359
Preferred Equity	0	0	0	0
Total Debt	39,333	34,540	36,300	38,575
Enterprise Value	$78,795	$74,176	$76,098	$78,974
Common equity %	47.0%	50.2%	49.6%	49.2%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	53.0%	49.8%	50.4%	50.8%
Book Value per Share	$35.62	$35.54	$36.44	$37.42

Source: BMO Capital Markets, Company Reports

Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2024E EPS as a base, which we then adjust (premium, discount, or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $47.00

Our upside scenario reflects continued multiple expansion associated with the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $35.00

Our downside scenario reflects a tightening monetary policy and a deceleration of the company's rate base growth.

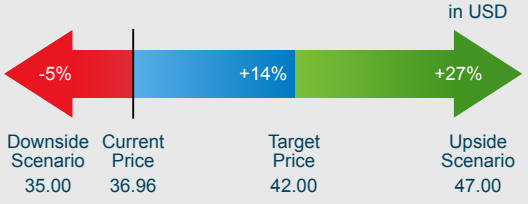

Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18-month as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 85% of rate base.

EXC-NSDQ Research
Glossary
Company Models

Earnings & Growth Clarity – Now What Is The Right Multiple?

Bottom Line: EXC shares underperformed the broader utility sector by nearly 3.2% today as the company's illustrative 2023-2025 EPS and associated implied growth disappointed. Although the primary drivers provided by the company were largely consistent with expectations and management continues to see rate base growth of 8.1% 2021-2025 which underpins its 6-8% EPS growth outlook, the non-linear nature of the company's implied forward growth was even more pronounced than expected. Specifically, on a year-over-year basis management's presentation would suggest growth in 2023, 2024 and 2025 of ~5%, ~6% and ~8%+, respectively which suggests an EPS CAGR of ~6.7% using its revised 2021 guidance range of $2.06-2.14/share (Exhibit 2). The primary driver of the lumpiness in the growth outlook continues to be related to the return profile at its PECO subsidiary the associated electric rate case cycle.

Given the implied growth extrapolated from the company's slide deck (Exhibit 1), there were several questions on the conference call regarding where management expected growth to be within the company's 6-8% growth target. Management said several times that given the disclosed drivers and the implied shape of the annual EPS trajectory it disclosed, that it expected to be squarely within the 6-8% range on a CAGR basis in 2025. However, in our discussion with investors there still remained sufficient confusion as to whether management is targeting the midpoint of the range. **Based on our conversations with management we believe the company's intended message was they are driving towards the midpoint or better through 2025 and it is consistent with what the shaping of its year-over-year growth illustration was intended to illustrate.**

We are revising our 2023-2025 EPS forecast to reflect a slightly more backwardated earnings path for PECO's electric and higher holding company interest rate assumptions. Our new estimates are $2.36, $2.50 and $2.72, respectively. Our revised forecast suggests a 6.7% CAGR 2021-2025 which is slightly below the midpoint of the company's 6-8% EPS growth target. **We would note that should company be able to reach the top end of the implied 2025 EPS range, our 2021-2025 CAGR would rise to 7%.**

Exhibit 1: Illustrative Year-over-Year Growth 2023-2025

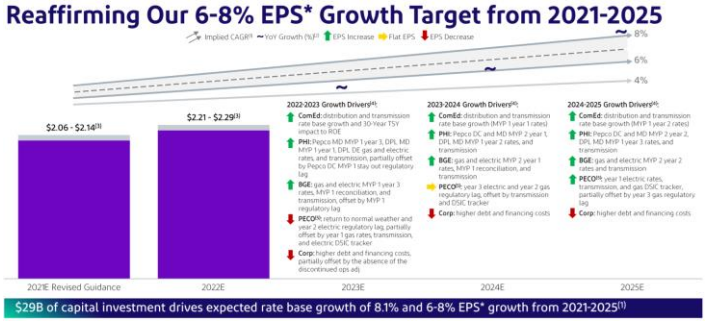

Source: BMO Capital Markets, Company Presentations

Exhibit 2: Implied 2023-2025 EPS Ranges

	2021E	2022E	2023E	2024E	2025E	'21-25 CAGR
Bottom	$2.06	$2.21	$2.32	$2.46	$2.66	
Top	$2.14	$2.29	$2.40	$2.55	$2.76	
Midpoint	**$2.10**	**$2.25**	**$2.36**	**$2.50**	**$2.72**	**6.7%**
YOY Implied Growth		*7.1%*	*5.0%*	*6.0%*	*8.7%*	

Source: BMO Capital Markets

We see today's announcements as a good first step towards derisking the story and at an 8% and 10% discount to group on our revised 2024 and 2025 forecast, respectively, we believe EXC shares represent one of the more compelling relative value opportunities within our coverage universe over the next 12 months. However, given the recent management changes and several months of confusion regarding the company's 2023 outlook and the non-linearity of its LT growth rate we would not be surprised to see investors remain cautious and take a more wait-and-see posture in the name. **With today's incremental clarity on the company's EPS growth path through 2025 we think investors have less questions on the earnings power of the company and the debate has squarely turned to what relative multiple should the company trade at.**

Our forecast suggests EPS growth at just under the 7% midpoint of the company's guidance range, which is at or above the group average growth rate for the larger cap names in our coverage universe. Given the company's lower-risk T&D profile (20% transmission), solid balance sheet, and constructive regulatory mechanisms as nearly 80% of its rate base is covered under either multi-year plans or formula rates, we believe EXC's profile could garner a premium multiple over time. However, given the recent series of miscommunications and the fact that premium valuations in the sector have been ascribed after years of execution as well as more linear realized growth rates, consistency and execution over the next 12-18 months will be key to the convergence of the company's multiple with its above-average growth outlook and business profile. At an 8-10% discount on 2024/2025 we continue to find EXC an attractive relative value. **We maintain our Outperform rating and our $42 target price is unchanged which reflects our lower 2024 EPS estimate and our current MTM of our peer group electric and gas multiples.**

3Q22 Earnings & Details on Other Updates

EXC reported EPS of $0.75 vs. our $0.71 BMO estimate and $0.70 consensus estimate. Year-over-year results increased +$0.22 compared to a revised $0.53 in 3Q21 reflecting only EXC continuing operations. ComEd added +$0.07 with $0.04 attributed to distribution rates and +$0.03 of other. PECO increased +$0.06 as growth of +$0.04 from distribution rates and +$0.03 of lower storm costs were partially offset by ($0.01) of D&A. BGE added +$0.03 with distribution rates adding +$0.02 and favorable storm costs contributing +$0.01. PHI grew by +$0.01 as +$0.02 of distribution rates was partially offset by ($0.01) of D&A. Corporate declined ($0.03) with ($0.02) of interest expense and ($0.01) of other. The BSC allocations adjustment for discontinued operations added +$0.08 compared to the $0.53 3Q21 number which included a ($0.08) headwind for the same driver. The results yielded a trailing twelve month earned ROE of 9.3%, which is in line with 3Q21, but represents a 50bps improvement over 2Q22.

With today's call EXC provided several updates to its financial guidance including a revised 2022 range, illustrative 2023-2025 guidance, reiteration of its equity financing needs and an update on the impact of the Inflation Reduction Act's CMAT provision.

- For 2022 management narrowed its guidance range to $2.21-2.29 vs. $2.18-2.32 with no change to the $2.25 midpoint which is in line with both the Street's and BMO at $2.25.
- In its slide deck and illustrated in Exhibit 1 above, using the "tildes" as a guide the company sees year-over-year growth 2022 to 2023 at ~5%, 2023 to 2024 at ~6% and 2024 to 2025 growth at ~8%+.
- Given 2023's 5% YOY growth was weaker-than-expected (-1.5%) and using the implied 6% and 8% growth in 2024 and 2025 off this lower implied 2023 range, the compounding impact on the implied EPS for 2024 and 2025 created a larger impact in the outer years of -2.5% in each year.
- Using this approach would imply ranges for **2023 EPS of $2.32-2.40** ($2.36 midpoint vs. the Street at $2.40), **2024 EPS of $2.46-2.55** ($2.50 midpoint vs. the Street at $2.57) and **2025 EPS of $2.66-2.76** ($2.72 midpoint vs. the Street at $2.78) – (Exhibit 2).
- Although management sees the ~$200mm in potential cash impact from the IRA's CMAT provision as a 60-70 bps reduction in the company's FFO metrics, given its mitigation plan the company does not see the need to issue any additional equity. We would note with FFO (Pre-WC)/Debt forecast of 13-14% 2022-2024, the company also has ample cushion relative to its 12% downgrade threshold at both S&P and Moody's.
- Yesterday EXC announced that CEO Chris Crane will be retiring from CEO and the EXC Board at year-end due to health reasons. Mr. Crane will be missed, and we wish him well in his

recovery. COO and recently appointed President Calvin Butler will replace Mr. Crane as CEO and on the EXC board. As we noted in our note, Mr. Butler is a known quantity to investors which should facilitate a smooth transition.

Exhibit 3: EXC Summary Model

EXC Model Summary	2020A	2021E	2022E	2023E	2024E	2025E	5-Year Growth
EPS By Segment							
EXC Gen	$1.44						
Com Ed	$0.66	$0.76	$0.86	$0.87	$0.93	$0.98	6.6%
PECO	$0.47	$0.51	$0.57	$0.60	$0.62	$0.74	9.6%
BGE	$0.37	$0.42	$0.43	$0.47	$0.50	$0.54	6.8%
PHI	$0.52	$0.57	$0.64	$0.67	$0.74	$0.81	9.2%
Parent & Other	($0.24)	($0.43)	($0.26)	($0.25)	($0.30)	($0.35)	-5.1%
Consolidated E.P.S.	**$3.22**	**$1.83**	**$2.25**	**$2.36**	**$2.50**	**$2.72**	**6.7%**
Growth							
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**	**6.5%**
Growth				6.5%	6.5%	6.5%	
Implied Payout Ratio	47.6%	83.6%	60.0%	61.0%	61.3%	59.9%	
Dividend Yield	4.1%	4.1%	3.7%	3.9%	4.1%	4.4%	
Valuation Metrics							
Price to Earnings	12.9x	22.7x	18.5x	17.6x	16.6x	15.2x	
Price to Book Value	1.2x	1.2x	1.1x	1.1x	1.1x	1.1x	
Funding Sources							
Cash Flow from Operations	$4,235	$3,012	$5,208	$5,557	$5,897	$6,271	**$22,933**
Total Debt Financings	$8,168	$4,780	$4,300	$3,075	$3,585	$3,748	**$14,708**
Total Equity Financings	$45	$80	$500	$667	$167	$167	**$1,500**
Credit Metrics							
Total Debt/Capitlization	55%	50%	51%	51%	51%	52%	
FFO/Total Debt	21%	28%	14%	13%	13%	14%	
EBITDA/Interest Expense	7.0x	7.8x	5.1x	5.1x	5.1x	5.0x	
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%	
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%	
Regulated Operations Performance - Realized ROE (1)							
ComEd	8.7%	9.2%	9.7%	9.3%	9.5%	9.6%	
PECO	11.0%	10.9%	11.0%	10.5%	10.0%	10.9%	
BGE	9.7%	10.1%	9.7%	9.8%	9.9%	10.0%	
PHI	9.1%	9.3%	9.6%	9.6%	9.8%	9.9%	

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 4: EXC Model Assumptions

Key Model Assumptions	2020A	2021E	2022E	2023E	2024E	2025E	'21-25 Growth
Total Capital Expenditures by Segment							
ComEd	$2,350	$2,375	$2,475	$2,550	$2,575	$2,650	$10,250
PECO	1,250	1,275	1,350	1,350	1,550	1,600	$5,850
BGE	1,350	1,200	1,250	1,325	1,375	1,400	$5,350
PHI	1,700	1,750	1,875	1,825	1,950	1,900	$7,550
Parent & Other	-	-	-	-	-	-	-
Consolidated Capital Expenditures	**$6,650**	**$6,600**	**$6,950**	**$7,050**	**$7,450**	**$7,550**	**$29,000**
YE Rate Base Estimates							
Com Ed	$16,496	$17,865	$19,118	$20,398	$21,392	$22,348	5.8%
PECO	8,416	9,433	10,406	11,399	12,660	13,804	10.0%
BGE	7,475	8,160	8,916	9,594	10,292	11,000	7.8%
PHI	11,622	12,421	13,495	14,388	15,775	17,096	8.3%
Total Rate Base	**$44,009**	**$47,879**	**$51,936**	**$55,780**	**$60,119**	**$64,247**	**7.6%**
Growth		*8.8%*	*8.5%*	*7.4%*	*7.8%*	*6.9%*	
2022 AD Guidance							
Electric Distribution	$29,300	$31,400	$33,900	$36,300	$39,000	$41,300	7.1%
Electric Transmission	9,200	9,900	10,900	11,600	12,900	14,400	9.8%
Gas Delivery & Other	5,400	6,200	7,200	7,800	8,600	9,300	10.7%
Total Rate Base	**$43,900**	**$47,500**	**$52,000**	**$55,700**	**$60,500**	**$65,000**	**8.2%**
Check	*109*	*379*	*(64)*	*80*	*(381)*	*(753)*	

Source: BMO Capital Markets, Company Filings

Exhibit 5: EXC Model Assumptions

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2024E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	5%	$0.93	13.9x	$13	16.9x	$16	18.9x	$18
PECO	EPS	3%	$0.62	13.6x	$8	16.6x	$10	18.9x	$12
BGE	EPS	6%	$0.50	14.0x	$7	17.0x	$9	18.9x	$10
PHI	EPS	7%	$0.74	14.2x	$11	17.2x	$13	18.9x	$14
Parent & Other	EPS	5%	($0.30)	13.9x	($4)	16.9x	($5)	18.9x	($6)
Utility Value			**$2.50**	**13.9x**	**$35**	**16.9x**	**$42**	**18.9x**	**$47**
Upside/(Downside)					(6%)		14%		28%
Current Yield					4%		4%		4%
Total Return					**(2%)**		**18%**		**32%**

Source: BMO Capital Markets, Company Filings

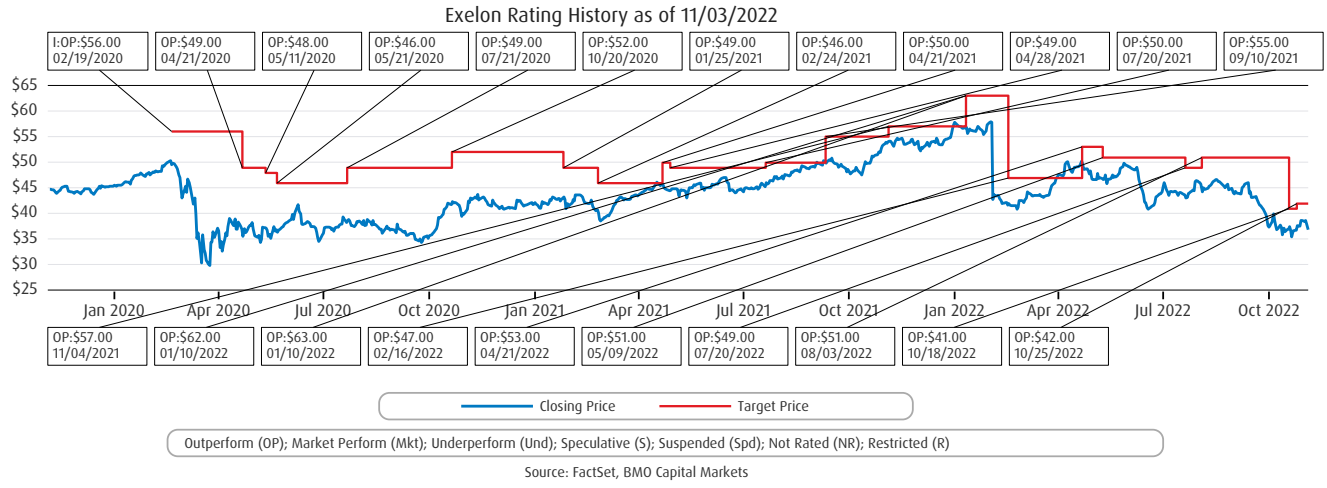

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Failure to pass a version of the "Clean Energy Jobs Act" in the upcoming legislative session that sufficiently expands financial support for EXC Gen's nuclear plants would cause us to re-evaluate our rating, all else equal. The Governor's opposition to the existing Formulaic Based Rate Plan in IL may result in a new set of regulations that could be adverse to the company's ComEd Utility. Nuclear operations are subject to additional safety and regulatory oversight.

Distribution of Ratings (November 02, 2022)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	53.5 %	17.5 %	52.8 %	56.6 %	57.7 %	57.7%
Hold	Market Perform	44.7 %	17.9 %	44.9 %	42.0 %	40.5 %	37.5%
Sell	Underperform	1.8 %	22.2 %	2.2 %	1.2 %	1.8 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents

have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at November 03, 2022, 23:14 ET. and disseminated at November 03, 2022, 23:14 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2022 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

EXELON CORP (EXC)

EXC: I can EXC clearly now, the rain is gone

November 3, 2022

Rating:
Outperform
Price:
$36.96
Price Target:
$44.00
Prior: $43.00
% Upside:
19.0%

View EXC Model
View Comp Table

Company Information

52-Week Range	$36 - $58
Market Cap. (MM)	$36,655
Enterprise Value (MM)	$73,768
Shares Out. (MM)	991.8
Dividend Yield	3.5%
Dividend Payout Ratio	73.5%
ROE	9.7%
Debt to Cap	54.1%
Avg. Value Traded (MM)	$330.92



Priced as of 11/03/22



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

The Wolfe Byte
EXC had several important updates that collectively we view as providing clarity on the long-term growth story. But given the stock's reaction, we think the market is missing the forest for the trees. We see an attractive entry point and reiterate our Outperform rating.

Updates provide clarity; stock overdone. EXC's 3Q22 of $0.75 beat consensus by $0.05 mostly on timing, and EXC shaved $0.03 off both ends of FY22 guidance, now $2.21-2.29, in line with consensus. EXC reaffirmed 6-8% EPS growth through 2025 off 2021A. But for the first time, EXC illustrated year-over-year growth. The nonlinearity of its EPS growth is not new, but now we have approximations, putting to bed the uncertainty over annual EPS being within 6-8% or not. EXC also announced the retirement of long-time CEO Chris Crane due to health issues, accelerating the planned succession of Calvin Butler. And EXC clarified no incremental equity is needed despite the potential cash hit of up to $200M/yr from the AMT. These disclosures provide visibility to EXC's low-risk T&D business and EPS growth outlook. Still, the stock lagged the UTY by 320bp. We think the market is overly focused on annual EPS. EXC has line of sight to "squarely within" 6-8% growth in 2025 and seemed comfortable with at least the middle of that range in our post-call. EXC is over a 2x discount to peers on 2025 right now; we see it getting back to at least an average over time as the self-inflicted noise over guidance this year quiets down. Reiterate Outperform and raise PT to $44 on roll to 2025 valuation year.

Annual EPS growth now clear. EXC yoy growth estimates are 4-6% in 2023, a little over 6% in 2024 and over 8% in 2025, supporting its 6-8% CAGR. Positive drivers are low-risk, as they include MYPs in most of EXC's jurisdictions and 3yr cadence of new PECO rates in 2025. Higher interest cost is main negative driver. We trim 2025E by $0.02 on less PECO uplift than previously assumed.

AMT impact is worst case, could decline with IRS guidelines; no new equity needs. EXC's $200M cash hit assumes the repairs and maintenance deduction is not treated like accelerated D&A in the IRA. But the IRS has yet to issue guidelines. EXC's equity needs are unchanged and still expects 13-14% FFO/D on avg through 2024.

ESTIMATES

($)	2022E	2023E	2024E	2025E
EPS FY	2.25 E	2.33 E	2.51 E	2.76 E
Prior	-	-	-	2.78 E
Cons.	2.25 E	2.39 E	2.57 E	2.78 E
P/E	16.4x	15.8x	14.7x	13.4x

Source: Company Documents, Wolfe Research, FactSet
Numbers may not add up due to rounding; Fiscal Year Ends December

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

WOLFE RESEARCH

November 3, 2022

Investment Conclusion

We believe EXC is a low-risk utility stock with ESG-friendly investments. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%. We think the stock hit from IRA and nonlinear EPS growth is overdone and see it getting to at least an in-line utility multiple. We think execution and better messaging will be key over time to trade in line with the low-risk, high-quality utilities.

Valuation

Our $44PT is based on our utility group P/E of 16x 2025E.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

More on select items:

- 6-8% EPS growth intact; nonlinear given timing of PECO lag: EXC reaffirmed its above-average 6-8% EPS growth off 2021A of $2.10 through 2025, inclusive of the $200M maximum hit to cash from the IRA, as growth is driven by its $29B capital plan through 2025. EXC provided the following EPS guidance for 2022 of $2.21-2.29 and annual growth drivers thereafter, which are mainly rate base growth under multiyear rate plans net regulatory lag at PECO until 2025 and higher debt/financing costs.
  - 2023: Positives are ComEd rate base growth and 30Y UST yield; Year 3 in Pepco MD and BG&E multiyear plans; and transmission rate base growth. Reconciliations in the MYPs could also help inform how EXC manages the next round of MYPs. Negatives are regulatory lag at PECO in Year 2 of 3-year plan and higher debt and financing costs.
  - 2024: Year 1 of ComEd 4yr distribution rate plan; Year 1 of new MYPs for Pepco DC, Pepco MD and BG&E; and transmission rate base growth. Negatives are higher debt and financing costs.
  - 2025: Year 2 of ComEd 4yr distribution rate plan; Year 2 of new MYPs for Pepco DC, Pepco MD and BG&E; and transmission rate base growth. Negatives are higher debt and financing costs

- $200M negative cash impact from IRA is worst case; no incremental equity needs: EXC assumes the AMT is determined at the consolidated level, meaning potential benefits from lower deferred taxes (= higher rate base) would not materialize at the utility subs. And EXC's $200M cash hit assumes the repairs and maintenance deduction is not treated like accelerated D&A in the IRA. The IRS has yet to issue guidelines, but the utility industry is engaged with the Treasury and hoping to get them as soon as possible. EXC also is exploring ways to mitigate the impact. If the cash hit were $200M, EXC still expects to be above the credit rating downgrade thresholds of 12% FFO/Debt but could be temporarily below its 13-14% FFO/Debt target if the $200M/yr cash hit is unmitigated. But EXC still expects to get back into 13-14% later in the plan. EXC does not see any incremental equity needs beyond the remaining $425M through 2025.

- ComEd earned returns under new MYP starting in 2024 could include up to 32bp of incentives: EXC plans to file a ComEd rate case in Jan 2023 under the new 4-year rate plan framework. In Sep, the ICC approved up to 32bp incentives to the ROE under the MYP framework, which we viewed as constructive. The ROE in 2024 and beyond is a TBD, but we believe it will be around the 9.6-9.7% ROEs authorized to gas LDCs in IL over the past two years, or possibly higher given the interest rate backdrop. Our 2022-23E reflect the forward 30Y UST yield, as of 9/30/22, plus 580bp under the current formulaic ratemaking. Every 50bp change in the 30Y UST yield is $0.04 in 2023E. Our 2024-25E, reflects ~9.5% earned returns. We do not include performance incentives that could total up to 32bp. IL regulators will determine the allowed ROE. They authorized ROEs around 9.7% for IL gas utilities over the past couple of years.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Relative stock performance and Comps

As shown in Exhibit 1, EXC has more than given back all of its YTD outperformance vs large cap peers. EXC trades at a nearly 2x discount to regulated peers; see Exhibit 2.

Exhibit 1: EXC Relative Performance vs. Large-Cap Utilities

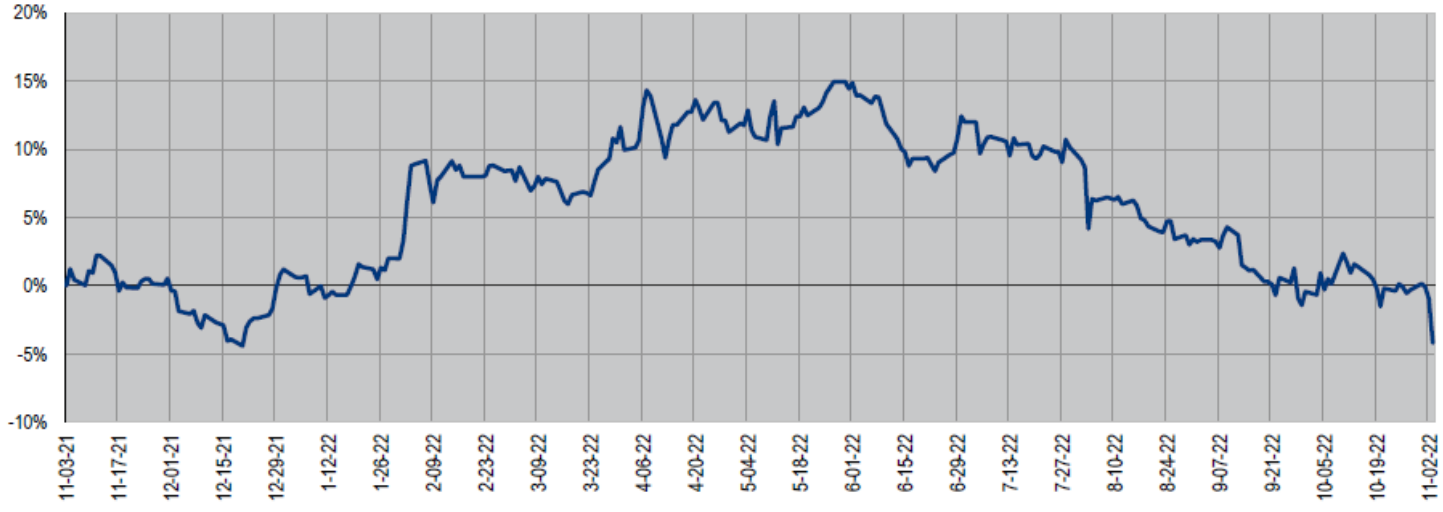

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

WOLFE RESEARCH

November 3, 2022

Exhibit 2: Regulated Utility Comps

Company Name	Ticker	Current Price	Current Shares	Mkt Cap ($M)	P/E 2022E	P/E 2023E	P/E 2024E	P/E 2025E	Div Yield	Div Growth (E)	Payout Ratio	Price/ Book
AES Corp.	AES	$26.19	668	$17,493	16.4x	14.8x	13.8x	12.5x	2.4%	5.0%	39%	8.1x
Alliant Energy	LNT	$52.15	251	$13,086	19.0x	18.1x	16.9x	15.9x	3.3%	6.2%	62%	2.1x
Ameren	AEE	81.14	258	20,964	19.9x	18.5x	17.2x	16.3x	2.9%	7.0%	58%	2.1x
American Electric	AEP	88.68	514	45,569	17.7x	16.7x	15.9x	14.8x	3.5%	6.0%	62%	1.9x
Avangrid	AGR	40.54	387	15,674	17.5x	19.0x	18.5x	16.7x	4.3%	0.0%	76%	0.8x
CenterPoint Energy	CNP	28.01	630	17,633	20.3x	18.8x	17.3x	15.9x	2.5%	7.7%	51%	1.9x
CMS Energy	CMS	56.90	290	16,515	19.7x	18.4x	17.1x	15.8x	3.2%	5.7%	64%	2.5x
Con Edison	ED	88.73	355	31,462	19.6x	18.6x	17.5x	16.7x	3.6%	3.0%	70%	1.5x
Dominion	D	69.23	833	57,634	16.9x	15.7x	14.7x	13.7x	3.9%	6.0%	65%	2.2x
DTE Energy	DTE	111.86	206	23,002	18.6x	17.9x	16.7x	15.6x	3.2%	7.0%	60%	2.4x
Duke Energy	DUK	93.22	770	71,770	17.2x	16.5x	15.3x	14.5x	4.3%	2.0%	74%	1.5x
Edison International	EIX	58.45	382	22,321	12.8x	12.2x	11.5x	10.4x	4.8%	5.7%	61%	1.7x
Emera*	EMA	49.57	266	13,176	16.7x	15.3x	14.5x	13.8x	5.4%	4.0%	90%	1.5x
Entergy	ETR	109.35	203	22,244	17.0x	16.2x	15.2x	14.2x	3.9%	6.0%	67%	1.9x
Evergy	EVRG	61.54	230	14,125	17.4x	16.0x	15.2x	14.4x	3.8%	7.0%	66%	1.5x
Eversource Energy	ES	76.20	346	26,399	18.6x	17.3x	15.6x	14.7x	3.4%	6.2%	62%	1.8x
Exelon	EXC	36.96	992	36,655	16.4x	15.8x	14.7x	13.4x	3.7%	7.0%	60%	1.5x
FirstEnergy	FE	38.21	572	21,847	15.8x	15.7x	14.6x	13.6x	4.1%	0.0%	64%	2.0x
Fortis*	FTS	53.36	479	25,543	19.4x	18.1x	17.2x	16.6x	4.1%	5.9%	79%	1.3x
NextEra Energy	NEE	78.18	1,987	155,356	27.4x	25.3x	23.1x	21.5x	2.2%	10.0%	59%	4.0x
NiSource	NI	25.66	406	10,417	17.8x	16.7x	15.2x	N/A	3.7%	6.0%	65%	1.8x
OGE Energy	OGE	37.07	200	7,422	16.8x	18.3x	17.1x	16.2x	4.4%	1.6%	75%	1.7x
PG&E	PCG	15.20	1,988	30,213	13.9x	12.6x	11.4x	10.4x	0.0%	N/A	0%	1.4x
Pinnacle West	PNW	68.52	113	7,746	16.0x	16.6x	15.5x	14.7x	5.0%	2.2%	80%	1.3x
Portland General	POR	44.73	89	3,993	15.7x	16.4x	14.5x	13.8x	4.0%	5.3%	63%	1.4x
PPL Corp.	PPL	26.58	736	19,568	19.4x	16.7x	15.5x	14.8x	3.4%	6.5%	66%	1.4x
PSEG	PEG	57.06	499	28,470	16.4x	16.0x	15.2x	14.0x	3.8%	5.9%	62%	2.1x
Sempra	SRE	152.61	314	47,967	17.9x	17.1x	16.0x	15.0x	3.2%	8.0%	57%	1.8x
Southern Company	SO	64.85	1,089	70,600	18.1x	17.3x	15.6x	14.5x	4.2%	3.8%	76%	2.3x
WEC Energy Group	WEC	90.39	315	28,512	20.5x	19.6x	18.4x	17.2x	3.2%	7.4%	66%	2.5x
Xcel Energy	XEL	65.15	547	35,653	20.6x	19.4x	18.1x	17.0x	3.0%	6.0%	61%	2.2x
Average					**18.0x**	**17.2x**	**16.0x**	**15.0x**	**3.6%**	**5.3%**	**63%**	**2.1x**
Average (ex EIX & PCG)					**18.3x**	**17.5x**	**16.3x**	**15.3x**	**3.6%**	**5.3%**	**66%**	**2.1x**

Source: Wolfe Utilities & Power Research, FactSet

*Current price shown in CAD

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

WOLFE RESEARCH

November 3, 2022

Exelon Corp. Snapshot

Exhibit 3: Financial Summary

Financial Summary	2022E	2023E	2024E	2025E
EPS	$2.25	$2.33	$2.51	$2.76
Consensus EPS	$2.25	$2.40	$2.57	$2.78
Dividends Per Share	$1.35	$1.44	$1.55	$1.65
Payout on Utility net Parent	60%	62%	61%	60%
Equity ratio	49%	49%	48%	47%
FFO/Net Debt	15%	15%	15%	15%
Diluted Shares Outstanding	987	998	1,003	1,007
Valuation Metrics				
P/E	16.4x	15.8x	14.7x	13.4x
Dividend Yield	3.7%	3.9%	4.2%	4.5%
Segment EPS	**2022E**	**2023E**	**2024E**	**2025E**
ComEd	0.88	0.96	1.09	1.16
PECO	0.57	0.55	0.55	0.68
BGE	0.43	0.46	0.49	0.52
Pepco	0.65	0.69	0.73	0.77
Parent	(0.28)	(0.32)	(0.34)	(0.36)
Total EPS	**$2.25**	**$2.33**	**$2.51**	**$2.76**
Realized ROE by Utility				
ComEd	9.1%	9.4%	9.9%	9.9%
PECO	10.4%	9.2%	8.5%	9.7%
BGE	9.7%	9.7%	9.6%	9.5%
Pepco	9.8%	9.7%	9.6%	9.6%
Average Rate Base ($M)	$49,683	$53,753	$57,791	$61,892

Source: Wolfe Utilities & Power Research

Exhibit 4: Modeling Assumptions

Assumptions	2022E	2023E	2024E	2025E
Capex by Segment ($M)				
ComEd	$2,475	$2,550	$2,575	$2,650
PECO	1,350	1,350	1,550	1,600
BGE	1,250	1,325	1,375	1,400
Pepco	1,875	1,825	1,950	1,900
Parent/other	0	0	0	0
Total EXC Capex	**$6,950**	**$7,050**	**$7,450**	**$7,550**
EXC				
Equity Issued/(Repurchased)	$563	$167	$167	$167
Debt Issued/(Repurchased)	2,250	2,325	2,300	2,200

Source: Wolfe Utilities & Power Research

Exhibit 5: 2024 EPS by Subsidiary

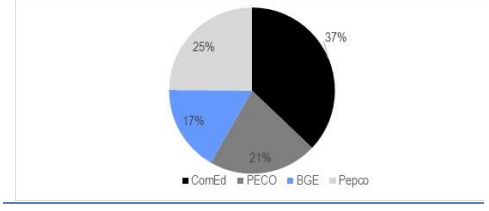

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with ESG-friendly investments and recently added clarity on CEO succession, EPS growth profile and equity needs. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%.

Valuation

Our $44 PT is based on our utility group average P/E of 16x 2025E. Risks are less capex, lower returns, less cash or more equity needs, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

WOLFE RESEARCH

November 3, 2022

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

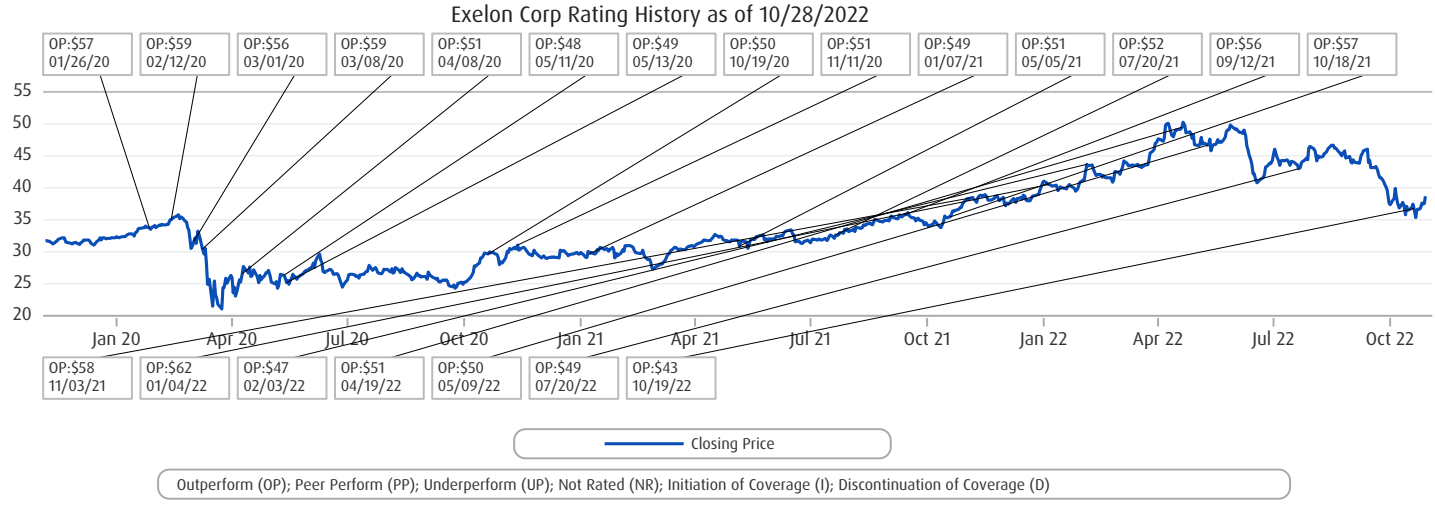

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Effective August 1, 2022, Wolfe Research, LLC will no longer publish target prices for Peer Perform rated companies.

Wolfe Research, LLC uses a relative rating system using terms such as Outperform, Peer Perform and Underperform (see definitions above). Please carefully read the definitions of all ratings used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of November 3, 2022):

Outperform:	51%	8% Investment Banking Clients within the previous 12 months
Peer Perform:	39%	6% Investment Banking Clients within the previous 12 months
Underperform:	10%	2% Investment Banking Clients within the previous 12 months

Wolfe Research, LLC does not assign ratings of Buy, Hold or Sell to the stocks it covers. Outperform, Peer Perform and Underperform are not the respective equivalents of Buy, Hold and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Securities is responsible for the contents of this material. Any analysts publishing these reports are associated with each of Wolfe Research, LLC and Wolfe Research Securities.

The Wolfe Daily Howl is a subscription-based service for Institutional investor subscribers only and is a product of Wolfe Research, LLC. The products received may contain previously published research which has been repackaged for Wolfe Daily Howl subscribers. The types of services provided to you by Wolfe Research, LLC, vary as compared to that provided to other external clients of Wolfe Research. Wolfe Research, LLC, its affiliates, officers, directors, employees and agents will not be liable for any investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein. Opinions in this communication constitute the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable but Wolfe Research and its affiliates, including but not limited to Wolfe Research Securities, makes no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC or any affiliate to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regards to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts and electronic publication to our proprietary website.

Copyright © Wolfe Research, LLC 2022. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research. Authorized users have received an encryption decoder which legislates and monitors the access to Wolfe Research, LLC content. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

GUGGENHEIM

November 3, 2022

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC: Management Addresses Growth Profile Questions Head On Amid Transitional Backdrop

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Earnings Release

Share Price	$36.96
Price Target	$39.00
Prior	*$40.00*

EPS ($) (FY DEC)	1Q	2Q	3Q	4Q	FY
2022	0.64	0.44	0.75	0.44E	2.27E
Prior	—	—	*0.68*	*0.50E*	—
P/E					16.3x
2023	0.60E	0.48E	0.81E	0.47E	2.36E
Prior	—	*0.47E*	*0.80E*	—	*2.34E*
P/E					15.7x
2024	0.63E	0.51E	0.87E	0.49E	2.50E
Prior	*0.65E*	*0.53E*	*0.90E*	*0.50E*	*2.58E*
P/E					14.8x

Market Data

52-Week Range	$35.19 - $50.71
Dividend	$1.37
Dividend Yield	3.7%
Market Cap (M)	$36,655
Enterprise Value (M)	$83,063
Shares Out (M)	991.8
ADV (3 mo; 000)	7,627

Key Message: In line with our expectations (HERE) heading into the call, management addressed investor questions over the NT growth profile head on, providing key drivers and considerations for the remaining 3 years of the current plan ('23-25) and reaffirming the 6-8% LT EPS growth target. **In our view, today's reaction reflects the likelihood that some investors were hard-pressed to see a situation where YoY growth would come in below the lower band of the guide, despite our own cautious tone (we were <5% hence minimal change to our estimates).** In addition, while 6-8% LT growth was reiterated, to get there the back end of the plan assumes YoY growth north of that range and itself rests on obtaining constructive outcomes in several different MYPs. To that end, **one of the key items we question with this story is whether investors who own regulated utilities, especially incremental investors in T&D utilities, are more accustomed to linear growth – not growth that gyrates above and below the range. While we understand that there will be times of regulatory lag (e.g., in case of PECO), we believe investors would expect an organization of this scale, free of the commodity-exposed genco, to better smooth earnings. Is this a clearing event? Potentially.** With shares underperforming UTY by ~9% since 8/2 and most of the more pressing questions now addressed (and the new team in place), we believe investors' focus will be on how the new team, with Calvin (who we have always supported) at the helm, rebuilds credibility and stabilizes messaging. Our PT moves from $40 to $39 as we update our estimates. We caught up with Calvin and team post earnings call.

Management addresses questions over yearly growth rates; reaffirms 6-8%. Our expectations heading into the call were centered squarely on growth messaging, with the team providing a clear set of drivers for each year of the plan alongside directional YoY growth indications. In line with our prior expectations and conversations, 2023 YoY growth will be below the LT 6-8% range, with our slightly updated $2.36 EPS estimate (prior $2.34) representing 4.8% growth off of the 2022 guidance midpoint of $2.25. As ComEd transitions to an MYP and the eastern utilities renew their own MYPs, management envisions 2024-2025 growth above 8%, helping to keep the overall CAGR within the LT 6-8% band. Using the 2021 $2.10 guidance midpoint, our updated estimates reflect a ~6.9% CAGR. Coming off this update, our focus now turns to 2026 and the forthcoming roll, which remains outside our current forecast window. We asked management for any initial thoughts on that year given the specificity provided today and the strong underlying rate base growth (>8%), but with the plan not yet finalized, they were not in a position to discuss. While this part of the update took up the bulk of today's conversations, the team also reaffirmed its equity issuance plan ($425mm remaining) and the estimated cash impact of the CAMT (~ $200mm). In our view, as supported by comments from other utilities, further refinement on CAMT impacts may not be forthcoming for some time as we await IRS clarity.

EXC reported 3Q22 EPS performance of $0.75, beating our estimate of $0.68 and consensus of $0.70. YoY earnings were $0.22 higher on another quarter of slightly noisy 2021 comps, with higher distribution rates at the utilities partially offset by a variety of different factors. Across the opcos, ComEd earnings were +$0.07 YoY thanks to another quarter of higher distribution rates (investment and treasuries) alongside FRP timing. Earnings were $0.06 higher at PECO, reflecting higher distribution rates (+$0.04) and the absence of storms vs. 2021. A similar dynamic held at BGE to total +$0.03 YoY. PHI added $0.01 as higher rates were partially offset by D&A. As expected, the quarter also featured ongoing noise at the parent on the back of the generation separation, with the allocation adjustments for BSC netting to $0.08, which was partially offset by higher interest expense and other (totaling $0.03). **Looking ahead, management narrowed the 2022 EPS guidance range to $2.21-2.29 from the prior $2.18-2.32,** as compared to our $2.27, which remains unchanged. As a reminder, we hosted EXC management for a multi-day NDR this summer – see our note from those meetings HERE. We also profiled the recent C-Suite changes in our note HERE.

See pages 3 - 4 for analyst certification and important disclosures.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Valuation

Our valuation is based on our 2024E EPS of $2.50 (previously $2.58) applied to a 16x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 16x multiple, we continue to apply a 1-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (riders, MYPs) and underlying growth/ incremental investment opportunities, except for ComEd. This blended 16.7x multiple, applied to our 2024E EPS and discounted back 1 year, equals our $39 PT.

EPS($)	1Q	2Q	3Q	4Q	FY
2022E	0.64A	0.44A	0.75E	0.44E	**2.27E**
Prior	*0.64E*	*0.44E*	*0.68E*	*0.50E*	*2.27E*
2023E	0.60E	0.48E	0.81E	0.47E	**2.36E**
Prior	*0.60E*	*0.47E*	*0.80E*	*0.47E*	*2.34E*
2024E	0.63E	0.51E	0.87E	0.49E	**2.50E**
Prior	*0.65E*	*0.53E*	*0.90E*	*0.50E*	*2.58E*
2025E	0.68E	0.56E	0.96E	0.53E	**2.74E**
Prior	*0.70E*	*0.58E*	*0.98E*	*0.55E*	*2.82E*

Risks

EXC comprises regulated distribution and transmission assets, which face traditional risk factors and upside drivers inherent with all utilities, including: (1) positive/negative rate case outcomes above/below our expectations, (2) higher/lower capex outlooks, and (3) interest rate changes above/below what we account for in our regression model.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

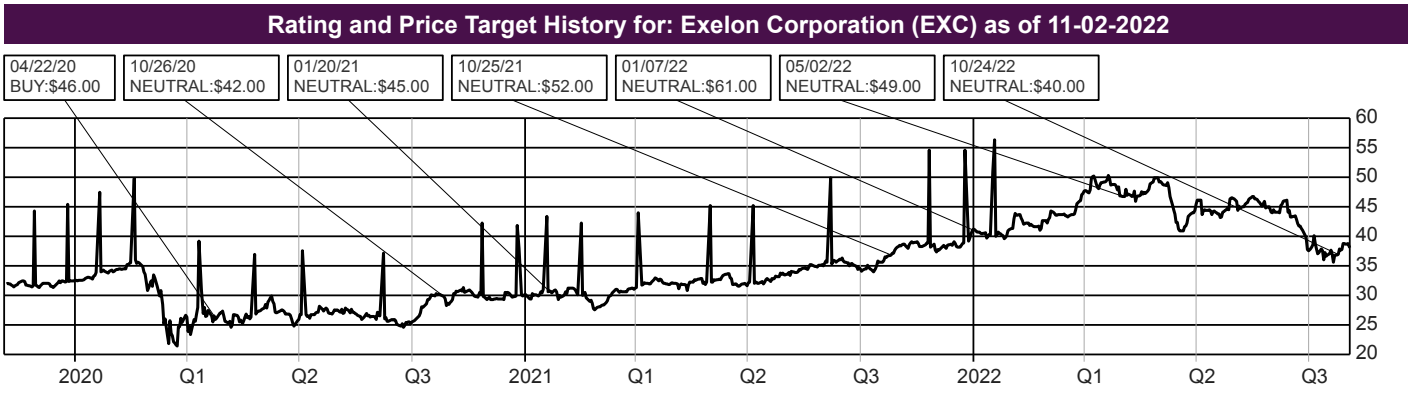

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	66.67%	39	16.81%
NEUTRAL	112	32.18%	6	5.36%
SELL	4	1.15%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

KeyBanc Capital Markets

Alert

November 03, 2022

Energy: Electric Utilities

NYSE: EXC

Exelon Corporation

EXC: 3Q Beats, Longer Term Growth Rate Reiterated, but Cadence Will Be Uneven

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

EXC reported a quarter that was modestly ahead of our estimates and narrowed 2022 EPS guidance while maintaining the midpoint at $2.25. Regulatory activity continues apace through its various service territories with the ComEd multi-year rate plan filing in IL in 2023 likely to be the most watched. The CMT impact from the IRA will likely be ~$200M annually, although the final count may be lower as the Dept. of Treasury finalizes rules. The cash tax impact from the CMT does not change management's financing plans, which include $1B in equity issuance through 2025, of which roughly half was issued in 3Q. While management reiterated the 6-8% EPS growth rate through 2025, the commentary seems to indicate that the low end is more likely with 2023 falling below the 6-8% range. We expect to get formal 2023 guidance and a capital refresh with 4Q results. We remain Sector Weight as we await more color on the cadence of the EPS growth rate and on the corporate minimum tax.

3Q results exceeded our estimates; the 2022 guidance range narrowed: EXC reported 3Q adjusted EPS of $0.75, vs. our $0.72 estimate and the consensus of $0.70. Earnings by utility were mostly in line with our forecasts except at PECO where we underestimated the increase in distribution rates. Management narrowed 2022 guidance from $2.18-$2.32 to $2.21-$2.29, the midpoint remains at $2.25. Our current forecast is $2.27 while the consensus is at $2.26.

Figure 1 - 3Q22 Earnings Breakdown

3Q22	EXC	KBCM
ComEd	0.30	0.31
PECO	0.18	0.14
BG&E	0.07	0.05
PHI	0.29	0.27
Parent	(0.08)	(0.05)
EXC	**0.75**	**0.72**
Consensus	**0.70**	

Source: Company Reports, KBCM Estimates, Thomson Reuters

Long-term guidance reiterated — cadence will be uneven; lower end of the range appears more likely: EXC maintained the 6-8% EPS CAGR through 2025, but it appears that the cadence will be uneven and based on commentary — it is more likely to trend toward the low end of the range. Among the factors causing this variability in the growth rate are the volatility in interest rates that will still drive ComEd outcomes until the end of 2023 (when the new rates under the MYRP come into effect), some regulatory lag at PECO as it enters Y2 of the MYRP in 2023, as well as the adverse effect of higher interest rates overall. Formal 2023 guidance and a capex refresh will be provided on the 4Q22 earnings call.

Figure 2 - Potential EPS Cadence

EPS Cadence	2021	2022	2023	2024	2025	CAGR
Likely EPS based on Comments	2.10	2.25	2.34	2.48	2.68	
Growth Rate		7.1%	4.0%	6.0%	8.0%	6.3%
KBCM estimates	2.08	2.27	2.41	2.58	2.75	
Growth Rate		8.9%	6.2%	7.1%	6.6%	7.2%
Consensus estimates	2.08	2.26	2.39	2.58	2.78	
Growth Rate		8.4%	6.0%	7.7%	8.0%	7.5%

Source: Company Reports, KBCM Estimates, Thomson Reuters

Equity issuance underway, ROE moves up to the targeted 9-10% range: As planned, EXC issued equity during the quarter and has $425M of the $1B program remaining (to be issued through 2025). The Company reported a 12-month trailing ROE of 9.3% during the quarter — returning to the targeted 9-10% range, helped by the recent equity issuance and new rates coming into effect.

Impact of CMT appears lower than previously expected: The Company expects the corporate minimum tax provision included in the IRA to result in $200M in additional cash taxes annually with the potential for some mitigation depending on the final outcome of the Treasury rules expected in 2023. This is lower than EXC's preliminary assessment of a $300M impact from the CMT (provided on the 2Q call). Management intends to manage the higher tax bill through existing balance sheet tools and cash flow and the planned equity issuance of $1B is unchanged, while still maintaining an FFO/Debt ratio above the downgrade threshold of 12% (estimated 13-14% through 2024). Over time, the provisions of the IRA that lead to growth in generation investments should also have a positive impact on EXC's T&D capex.

ComEd multi-year rate filing expected in early January: Following a lengthy period of engagements with the ICC and various stakeholders, ComEd received the final order on the performance tracking mechanisms, which paves the way for the first multi-year rate filing in early 2023. All in, the Commission has identified 7 performance metrics that could yield +/- 32 bps over the determined ROE. EXC has opted for the MYRP filing with a 4-year rate structure that will be effective in 2024 and continue through the end of 2026 — over the option for a one-year plan using a future test year. The MYRP should provide long-term visibility on investment decisions and removes the year-to-year volatility of the current FRP structure.

Regulatory proceedings continue apace with constructive outcomes in several rate cases during the year: Most recently, PA PUC approved a settlement in PECO's gas rate case settlement that included a $55M net rate increase effective Jan 1. DE PSC approved the DPL settlement for the gas distribution rate case for a $7.8M net rate increase with a 9.6% ROE (interim rates are in effect). DPL's electric rate case in MD has reached a settlement on key issues for the first MYRP (2023-25) and the last IL FRP filing for ComEd is expected to receive a final order before YE.

Management transition announced: CEO Chris Crane will retire as CEO and director at the end of the year. Current President and COO Calvin Butler will take over the role of CEO.

Recent Research: EXC: No Surprises in the Quarter, but the IRA Could Bring a Bigger Tax Bill; EXC: Delivering on Track Results as a Regulated Utility

Valuation: Based on a stock price of $38.04 and our 2023E EPS of $2.41, shares of EXC are trading at a P/E ratio of ~16x, representing a 7% discount to Large-Cap Regulated Utilities trading at ~17x. We view the shares as fairly priced at current levels.

Risks: EXC's regulated utilities are exposed to a number of risks, including regulatory risk in its jurisdictions and on the federal level, weather variations affecting electricity demand and the reliability of its system, interest rate risk affecting its cost of capital, and macroeconomic risk as underlying economic activity affects demand for electric power and gas. Should the impacts of these risks be greater than we currently anticipate, the Company and the shares may underperform relative to our expectations. Conversely, should these risks' impact be less than anticipated, the Company and the shares may outperform relative to our current expectations.

Disclosure Appendix

Important Disclosures

Exelon Corporation - EXC

We expect to receive or intend to seek compensation for investment banking services from Exelon Corporation within the next three months.

During the past 12 months, Exelon Corporation has been a client of the firm or its affiliates for non-securities related services.

As of the date of this report, we make a market in Exelon Corporation.

Current analyst Sophie Karp assumed coverage on June 4, 2019. Rating and price target activity prior to that date was the work of a previous analyst.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History

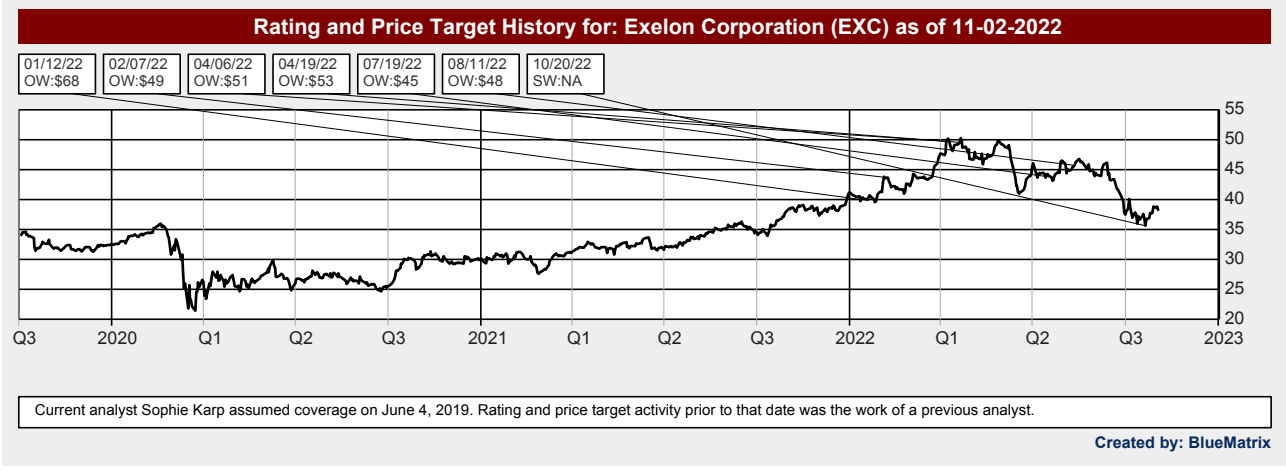

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	292	50.00	57	19.52
Sector Weight [SW]	279	47.77	50	17.92
Underweight [UW]	13	2.23	2	15.38

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	27	50.00	11	40.74
Sector Weight [SW]	23	42.59	10	43.48
Underweight [UW]	4	7.41	2	50.00

Disclosure Appendix (cont'd)

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC (“KBCMI”), and KeyBank National Association (“KeyBank N.A.”), are marketed.

KeyBanc Capital Markets Inc. (“KBCMI”) does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst’s compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Exelon Corp EXC ★★★★ 2 Nov 2022 21:55, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
38.04 USD	41.00 USD	0.93	37.79 USD Bil	Narrow	Stable	Low	Standard	
2 Nov 2022	11 May 2022 20:37, UTC		2 Nov 2022					2 Nov 2022 05:00, UTC

Andrew Bischof, CFA, CPA
Senior Equity Analyst
Morningstar
+1 312 696 6433
andrew.bischof@morningstar.com

Contents

Analyst Note (3 Nov 2022)
Business Description
Financials
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures.

The primary analyst covering this company does not own its stock.

Reporting Currency: USD | Trading Currency: USD
Currency amounts expressed with "$" are in U.S. dollars (USD) unless otherwise denoted.

[1]The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Exelon CEO to Step Down; Reports Third-Quarter Earnings

Analyst Note Andrew Bischof, CFA, CPA, Senior Equity Analyst, 3 Nov 2022

We are reaffirming our $41 per share fair value estimate for Exelon after it reported third-quarter adjusted earnings per share of $0.75 up from $0.61 in the same year-ago period. Comparable earnings were adjusted for the Constellation Energy divestiture earlier this year and discontinued operations.

Management narrowed its 2022 full-year earnings guidance to $2.21-$2.29 per share from previous guidance of $2.18-$2.32. Our unchanged estimate remains within the new guidance range. Management reaffirmed Exelon's long-term 6%-8% annual earnings growth through 2025, with growth initially below this range and accelerating through the timeframe. Our narrow moat and stable moat trend ratings remain unchanged.

The company announced that CEO Chris Crane will retire at the end of 2022, earlier than we anticipated, due to health issues. Crane dealt with low power prices that impacted Constellation's performance through most of his tenure. We viewed the Constellation divestiture and focus on becoming a regulated-only utility a positive for investors. Crane also navigated Exelon through subsidiary ComEd's bribery scandal, helping reach a deferred prosecution agreement with federal prosecutors. Crane successfully lobbied for significant subsidies for Exelon's nuclear fleet.

Calvin Butler, who was promoted to president and COO earlier this year, will replace Crane. Butler is also an executive of the company's utilities group. We expect Butler to continue Exelon's focus on improving regulatory relationships and executing the company's regulated growth plan.

Exelon's returns on equity continued improved notably in the quarter. The company's trailing 12-month earned returns on equity were 9.3%, up from 8.8% in the second quarter and now within management's 9%-10% target

Financial Summary and Key Statistics

	Actual		Forecast	
	2020	2021	2022	2023
Revenue (USD Mil)	33,039	36,347	18,753	19,615
Revenue Growth %	-3.8	10.0	-48.4	4.6
Operating Income (Mil)	2,823	2,723	3,493	4,009
Operating Margin %	8.5	7.5	18.6	20.4
Adjusted EBITDA (Mil)	7,837	8,759	6,661	7,281
Adjusted EBITDA Margin %	23.7	24.1	35.5	37.1
Earnings Per Share (Diluted) (USD)	2.01	1.74	2.28	2.46
Adjusted Earnings Per Share (Diluted) (USD)	3.22	1.74	2.28	2.46
Adjusted EPS Growth %	0.0	-45.9	31.1	7.6
Price/Earnings	9.4	23.7	16.7	15.5
Price/Book	0.9	1.2	1.0	1.0
EV/EBITDA	10.0	10.9	11.4	10.4
Free Cash Flow Yield %	-9.3	-8.8	39.4	-3.0

Source: Morningstar Valuation Model. Data as of 03 Aug 2022.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 2 Nov 2022 21:55, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
38.04 USD 2 Nov 2022	41.00 USD 11 May 2022 20:37, UTC	0.93	37.79 USD Bil 2 Nov 2022	Narrow	Stable	Low	Standard	2 Nov 2022 05:00, UTC

Sector
Utilities

Industry
Utilities - Regulated Electric

Business Description

Exelon serves approximately 10 million power and gas customers at its six regulated utilities in Illinois, Pennsylvania, Maryland, New Jersey, Delaware, and Washington, D.C.

range. Timing of equity infusions and regulatory outcomes aided returns. In the quarter, rate increases and lower storm costs lifted earnings, partially offset by higher depreciation and interest expenses.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 2 Nov 2022 21:55, UTC

Price vs. Fair Value

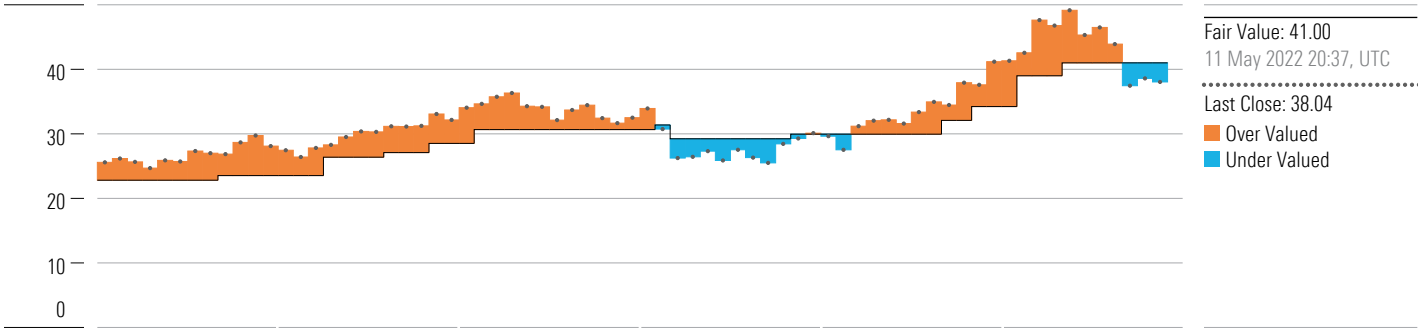

	2017	2018	2019	2020	2021	YTD	
	1.19	1.13	1.06	1.01	1.20	0.93	Price/Fair Value
	14.74	17.94	4.30	-4.04	40.43	-6.47	Total Return %



Competitors

	Exelon Corp EXC	Entergy Corp ETR	FirstEnergy Corp FE	Public Service...rise Group Inc PEG
	Fair Value 41.00 Uncertainty : Low; Last Close 38.04	Fair Value 116.00 Uncertainty : Low; Last Close 108.76	Fair Value 40.00 Uncertainty : Low; Last Close 37.98	Fair Value 65.00 Uncertainty : Low; Last Close 56.61
Economic Moat	Narrow	Narrow	Narrow	Narrow
Moat Trend	Stable	Stable	Stable	Stable
Currency	USD	USD	USD	USD
Fair Value	41.00 11 May 2022 20:37, UTC	116.00 17 Aug 2022 19:27, UTC	40.00 26 Oct 2022 18:19, UTC	65.00 10 Aug 2022 10:48, UTC
1-Star Price	51.25	145.00	50.00	81.25
5-Star Price	32.80	92.80	32.00	52.00
Assessment	Under Valued 2 Nov 2022	Under Valued 2 Nov 2022	Under Valued 2 Nov 2022	Under Valued 2 Nov 2022
Morningstar Rating	★★★★2 Nov 2022 21:55, UTC	★★★★2 Nov 2022 21:55, UTC	★★★★2 Nov 2022 21:55, UTC	★★★★2 Nov 2022 21:55, UTC
Analyst	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist	Andrew Bischof, Senior Equity Analyst	Travis Miller, Strategist
Capital Allocation	Standard	Standard	Standard	Standard
Price/Fair Value	0.93	0.94	0.95	0.87
Price/Sales	1.00	1.79	1.80	2.92
Price/Book	1.60	1.87	2.02	2.13
Price/Earnings	20.79	18.01	17.26	41.63
Dividend Yield	3.67%	3.71%	4.11%	3.76%
Market Cap	37.79 Bil	22.12 Bil	21.72 Bil	28.25 Bil
52-Week Range	35.19—50.71	94.94—126.82	35.32—48.85	52.51—75.61
Investment Style	Large Value	Mid Value	Mid Core	Mid Value

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★★ 2 Nov 2022 21:55, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
38.04 USD	41.00 USD	0.93	37.79 USD Bil	Narrow	Stable	Low	Standard	
2 Nov 2022	11 May 2022 20:37, UTC		2 Nov 2022					2 Nov 2022 05:00, UTC

Morningstar Valuation Model Summary

Financials as of 03 Aug 2022

Fiscal Year, ends 31 Dec	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026
Revenue (USD Mil)	34,348	33,039	36,347	18,753	19,615	20,383	21,198	21,965
Operating Income (USD Mil)	4,284	2,823	2,723	3,493	4,009	4,327	4,684	4,999
EBITDA (USD Mil)	10,064	9,350	10,296	6,661	7,281	7,802	8,366	8,876
Adjusted EBITDA (USD Mil)	8,536	7,837	8,759	6,661	7,281	7,802	8,366	8,876
Net Income (USD Mil)	2,846	1,963	1,706	2,237	2,414	2,601	2,800	3,002
Adjusted Net Income (USD Mil)	3,136	3,146	1,706	2,237	2,414	2,601	2,800	3,002
Free Cash Flow To The Firm (USD Mil)	-330	324	8	12,819	-307	-108	329	702
Weighted Average Diluted Shares Outstanding (Mil)	974	977	980	980	983	988	993	999
Earnings Per Share (Diluted) (USD)	2.92	2.01	1.74	2.28	2.46	2.63	2.82	3.01
Adjusted Earnings Per Share (Diluted) (USD)	3.22	3.22	1.74	2.28	2.46	2.63	2.82	3.01
Dividends Per Share (USD)	1.45	1.53	1.53	1.35	1.44	1.54	1.65	1.77

Margins & Returns as of 03 Aug 2022

	3 Year Avg	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026	5 Year Avg
Operating Margin %	9.5	12.5	8.5	7.5	18.6	20.4	21.2	22.1	22.8	21.0
EBITDA Margin %	—	29.3	28.3	28.3	35.5	37.1	38.3	39.5	40.4	—
Adjusted EBITDA Margin %	24.2	24.9	23.7	24.1	35.5	37.1	38.3	39.5	40.4	38.2
Net Margin %	6.3	8.3	5.9	4.7	11.9	12.3	12.8	13.2	13.7	12.8
Adjusted Net Margin %	7.8	9.1	9.5	4.7	11.9	12.3	12.8	13.2	13.7	12.8
Free Cash Flow To The Firm Margin %	0.0	-1.0	1.0	0.0	68.4	-1.6	-0.5	1.6	3.2	14.2

Growth & Ratios as of 03 Aug 2022

	3 Year CAGR	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026	5 Year CAGR
Revenue Growth %	0.3	-4.6	-3.8	10.0	-48.4	4.6	3.9	4.0	3.6	-9.6
Operating Income Growth %	-11.3	9.9	-34.1	-3.5	28.3	14.8	7.9	8.2	6.7	12.9
EBITDA Growth %	0.0	—	—	—	—	—	—	—	—	0.0
Adjusted EBITDA Growth %	2.0	3.5	-8.2	11.8	-24.0	9.3	7.2	7.2	6.1	0.3
Earnings Per Share Growth %	-13.4	—	—	—	—	—	—	—	—	11.5
Adjusted Earnings Per Share Growth %	-13.4	20.2	0.0	-45.9	31.1	7.6	7.2	7.1	6.7	11.5

Valuation as of 03 Aug 2022

	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026
Price/Earnings	10.1	9.4	23.7	16.7	15.5	14.5	13.5	12.6
Price/Sales	1.3	1.2	1.6	2.0	1.9	1.9	1.8	1.7
Price/Book	1.0	0.9	1.2	1.0	1.0	1.0	1.0	0.9
Price/Cash Flow	-75.3	-10.8	-11.4	2.5	-33.1	-37.3	-56.8	-109.2
EV/EBITDA	9.4	10.0	10.9	11.4	10.4	9.7	9.0	8.5
EV/EBIT	18.7	27.8	35.0	21.7	18.9	17.5	16.2	15.1
Dividend Yield %	4.5	5.1	3.7	3.6	3.8	4.1	4.3	4.7
Dividend Payout %	49.6	76.1	87.9	59.1	58.7	58.5	58.5	58.9
Free Cash Flow Yield %	-1.3	-9.3	-8.8	39.4	-3.0	-2.7	-1.8	-0.9

Operating Performance / Profitability as of 03 Aug 2022

Fiscal Year, ends 31 Dec	Actual 2019	2020	2021	Forecast 2022	2023	2024	2025	2026
ROA %	2.3	1.5	1.3	1.8	2.1	2.2	2.3	2.4
ROE %	9.0	6.1	5.1	6.4	6.7	7.0	7.2	7.5
ROIC %	3.5	1.6	1.1	-1.2	4.7	4.8	4.9	5.2

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★★ 2 Nov 2022 21:55, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
38.04 USD	41.00 USD	0.93	37.79 USD Bil	Narrow	Stable	Low	Standard	
2 Nov 2022	11 May 2022 20:37, UTC		2 Nov 2022					2 Nov 2022 05:00, UTC

Financial Leverage (Reporting Currency)	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Debt/Capital %	54.0	54.7	55.2	48.2	48.4	48.5	49.2	49.2
Assets/Equity	3.9	4.0	3.9	3.2	3.2	3.1	3.1	3.1
Net Debt/EBITDA	3.7	4.1	4.0	4.6	4.5	4.5	4.5	4.4
Total Debt/EBITDA	4.4	5.0	4.8	5.0	4.7	4.6	4.6	4.5
EBITDA/ Net Interest Expense	5.3	4.8	5.6	5.1	5.3	5.5	5.3	5.3

Forecast Revisions as of 3 Aug 2022	2022		2023		2024	
Prior data as of 11 May 2022	**Current**	**Prior**	**Current**	**Prior**	**Current**	**Prior**
Fair Value Estimate Change (Trading Currency)	41.00	40.50	—	—	—	—
Revenue (USD Mil)	18,753	18,753	19,615	19,615	20,383	20,383
Operating Income (USD Mil)	3,493	3,493	4,009	4,009	4,327	4,327
EBITDA (USD Mil)	6,661	6,661	7,281	7,281	7,802	7,802
Net Income (USD Mil)	2,237	2,237	2,414	2,414	2,601	2,601
Earnings Per Share (Diluted) (USD)	2.28	2.28	2.46	2.46	2.63	2.62
Adjusted Earnings Per Share (Diluted) (USD)	2.28	2.28	2.46	2.46	2.63	2.62
Dividends Per Share (USD)	1.35	1.35	1.44	1.44	1.54	1.54

Key Valuation Drivers as of 03 Aug 2022

Cost of Equity %	7.5
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	5.9
Long-Run Tax Rate %	21.0
Stage II EBI Growth Rate %	5.0
Stage II Investment Rate %	55.6
Perpetuity Year	15

Additional estimates and scenarios available for download at https://pitchbook.com/.

Discounted Cash Flow Valuation as of 03 Aug 2022

	USD Mil
Present Value Stage I	12,530
Present Value Stage II	13,992
Present Value Stage III	54,003
Total Firm Value	**80,525**
Cash and Equivalents	1,182
Debt	-42,417
Other Adjustments	500
Equity Value	**39,790**
Projected Diluted Shares	991
Fair Value per Share (USD)	**41.00**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Exelon Corp EXC ★★★★ 2 Nov 2022 21:55, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
38.04 USD	41.00 USD	0.93	37.79 USD Bil	Narrow	Stable	Low	Standard	
2 Nov 2022	11 May 2022 20:37, UTC		2 Nov 2022					2 Nov 2022 05:00, UTC

Income Statement (USD)	Actual			Forecast				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Revenue (Mil)	**34,348**	**33,039**	**36,347**	**18,753**	**19,615**	**20,383**	**21,198**	**21,965**
Cost of Goods Sold (Mil)	15,497	14,104	17,364	6,512	6,642	6,775	6,910	7,048
Gross Profit (Mil)	**18,851**	**18,935**	**18,983**	**12,241**	**12,973**	**13,608**	**14,288**	**14,916**
Selling, General, Administrative & Other Expenses (Mil)	8,615	9,408	8,659	4,321	4,407	4,495	4,585	4,677
Advertising & Marketing Expenses	—	—	—	—	—	—	—	—
Research & Development	—	—	—	—	—	—	—	—
Depreciation & Amortization (if reported separately) (Mil)	4,252	5,014	6,036	3,168	3,272	3,475	3,682	3,877
Adjusted Operating Income (Mil)	**4,284**	**2,823**	**2,723**	**3,493**	**4,009**	**4,327**	**4,684**	**4,999**
Financial Non-Cash (Gains)/Losses (Mil)	0	0	0	0	0	0	0	0
Irregular Cash (Gains)/Losses (Mil)	0	0	0	0	0	0	0	0
Operating Income (Mil)	**4,284**	**2,823**	**2,723**	**3,493**	**4,009**	**4,327**	**4,684**	**4,999**
Net Interest Expense (Mil)	0	0	0	0	0	0	0	0
Income Tax Expense (Mil)	774	373	370	525	566	610	657	704
After-Tax Items (Mil)	0	0	0	0	0	0	0	0
(Minority Interest) (Mil)	-92	9	-123	—	—	—	—	—
Net Income (Mil)	**2,846**	**1,963**	**1,706**	**2,237**	**2,414**	**2,601**	**2,800**	**3,002**
Adjusted Net Income (Mil)	**3,136**	**3,146**	**1,706**	**2,237**	**2,414**	**2,601**	**2,800**	**3,002**
Weighted Average Diluted Shares Outstanding (Mil)	974	977	980	980	983	988	993	999
Diluted Earnings Per Share	**2.92**	**2.01**	**1.74**	**2.28**	**2.46**	**2.63**	**2.82**	**3.01**
Diluted Adjusted Earnings Per Share	**3.22**	**3.22**	**1.74**	**2.28**	**2.46**	**2.63**	**2.82**	**3.01**
Dividends Per Common Share (USD)	1.45	1.53	1.53	1.35	1.44	1.54	1.65	1.77
EBITDA (Mil)	**10,064**	**9,350**	**10,296**	**6,661**	**7,281**	**7,802**	**8,366**	**8,876**
Adjusted EBITDA (Mil)	**8,536**	**7,837**	**8,759**	**6,661**	**7,281**	**7,802**	**8,366**	**8,876**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp EXC ★★★★ 2 Nov 2022 21:55, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Moat Trend™	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
38.04 USD	41.00 USD	0.93	37.79 USD Bil	Narrow	Stable	Low	Standard	
2 Nov 2022	11 May 2022 20:37, UTC		2 Nov 2022					2 Nov 2022 05:00, UTC

Key Cash Flow Items (USD)	**Actual**			**Forecast** as of 3 Aug				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Cash from Working Capital (K)	-1	0	0	0	0	0	0	0
(Capital Expenditures) (K)	-7,248,000	-8,048,000	-7,981,000	12,725,000	-7,075,000	-7,450,000	-7,500,000	-7,700,000
Depreciation (K)	5,780,000	6,527,000	7,573,000	3,168,153	3,271,971	3,474,939	3,682,271	3,876,650
Amortization (K)	—	—	—	0	0	0	0	0
Net New (Investment), Organic (K)	**-5**	**-3**	**-1**	**14**	**-4**	**-4**	**-4**	**-4**
(Purchases)/Sales of Companies & Assets (K)	0	0	0	0	0	0	0	0
Net New (Investment), Total (K)	**-5**	**-3**	**-1**	**14**	**-4**	**-4**	**-4**	**-4**
Other Non-Cash Items, From Cash Flows (K)	0	0	-1	0	0	0	0	0
Free Cash Flow to the Firm (K)	**-330,269**	**324,495**	**7,833**	**12,819,425**	**-306,674**	**-108,250**	**328,833**	**701,513**

Balance Sheet (USD)	**Actual**			**Forecast**				
Fiscal Year, ends 31 Dec	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Assets								
Cash and Equivalents (Mil)	587	663	1,182	2,743	1,314	455	826	387
Inventory (Mil)	1,768	1,722	1,869	856	873	891	909	927
Accounts Receivable (Mil)	6,175	4,629	5,126	3,237	3,386	3,518	3,659	3,791
Net Property, Plant and Equipment (Mil)	80,233	82,584	84,219	68,326	72,129	76,104	79,922	83,745
Goodwill (Mil)	6,677	6,677	6,677	6,677	6,677	6,677	6,677	6,677
Other Intangibles (Mil)	—	—	—	0	0	0	0	0
Other Operating Assets (Mil)	0	0	0	0	0	0	0	0
Non-Operating Assets (Mil)	0	0	0	0	0	0	0	0
Total Assets (Mil)	**124,977**	**129,317**	**133,013**	**112,632**	**115,422**	**118,938**	**123,535**	**127,320**
Liabilities								
Accounts Payable (Mil)	3,565	3,567	4,141	1,784	1,729	1,763	1,799	1,835
Debt (Mil)	0	0	0	0	0	0	0	0
Other Operating Liabilities (Mil)	0	0	0	0	0	0	0	0
Non-Operating Liabilities (Mil)	0	0	0	0	0	0	0	0
Total Liabilities (Mil)	**90,404**	**94,449**	**98,218**	**77,006**	**78,798**	**80,984**	**84,171**	**86,472**
Equity								
Shareholders' Equity (Mil)	32,224	32,585	34,393	35,626	36,624	37,953	39,364	40,848
Minority Interest (Mil)	2,349	2,283	402	0	0	0	0	0
Total Equity (Mil)	**34,573**	**34,868**	**34,795**	**35,626**	**36,624**	**37,953**	**39,364**	**40,848**

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is

Morningstar Equity Research Star Rating Methodology

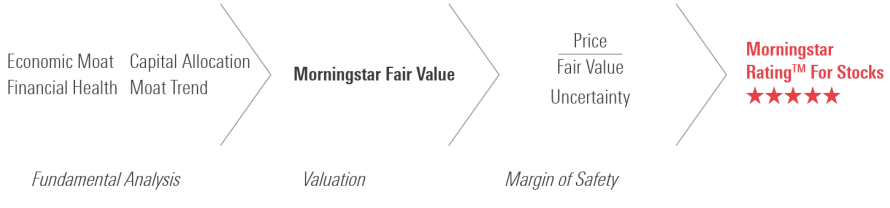

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns.An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the estimated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance.

Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com.

Morningstar Equity Research Star Rating Methodology

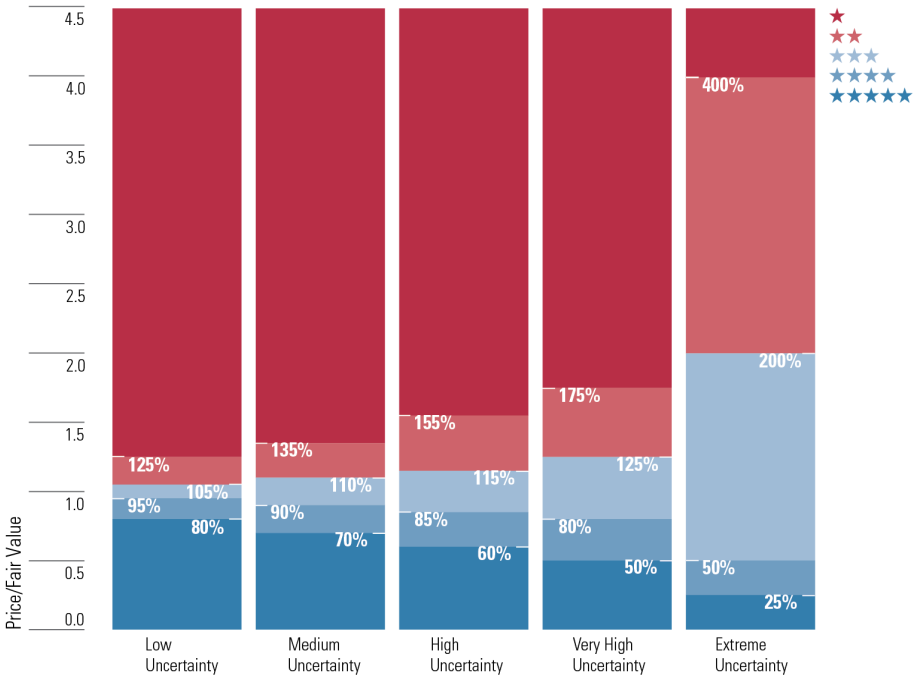

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

Research Methodology for Valuing Companies

quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Equity Research Group encourages recipients recipients of this report to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an in vestment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Research Methodology for Valuing Companies

responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.
- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com.
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section http://investorrelations.morningstar.com/sec.cfm?doctype=Proxy&year=&x=12.
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from https://shareholders.morningstar.com. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at https://shareholders.morningstar.com.

For recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this report should contact their financial professional in Singapore in relation to this report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869. Please see important disclosures at the end of this report.

MORNINGSTAR®

Exelon Corp.

New 2023-2025 Drivers Outline Growth Shape; CEO Crane to Retire; 3Q22 Tops Street

Overweight

EXC, EXC US
Price (02 Nov 22):$38.04

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Brandon Travis, CFA
(1-212) 622-6033
brandon.travis@jpmchase.com

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com
J.P. Morgan Securities LLC

- **2022 guidance narrowed; new 2023-2025 drivers outlined.** EXC narrowed the top and bottom end of its 2022 guidance by 3c for a revised $2.21-2.29 range (JPMe/Street median $2.29/$2.27). The company also outlined new detail on 2023-2025 EPS drivers and preliminary annual targets within its 2021-2025 6-8% EPS CAGR range. These disclosures point to ~5% YoY EPS growth in 2023, identifying headwinds from PECO's return to normal weather and year 2 regulatory lag plus higher parent debt and higher interest expense. While below EXC's long-term growth range, 2024 and 2025 disclosures point to a recovery with 6% and >8% annual EPS growth, respectively. We see the annual detail as ultimately positive in putting a floor on negative 2023 expectations and drawing a clearer picture around post-2023 growth tailwinds such as ComEd's upcoming ratemaking transition, new DC/MD MYPs, and new PECO electric rates in 2025.
- **CEO Chris Crane to retire at year-end.** Following recent executive transitions, yesterday EXC announced the retirement of CEO Chris Crane at year-end. Current President and COO Calvin Butler, will assume the CEO role upon Crane's retirement. We see the market as receptive to these changes, and look for incoming CEO Butler to continue EXC's current strategy. Alongside the company's initial succession update, management emphasized Butler's deep transaction and operation experience plus EXC's significant progress since its Constellation separation. We expect a similar message on the call.
- **3Q22 tops Street estimates on higher distribution rates and milder storm activity; in-line with JPMe.** EXC reported 3Q22 adj EPS of $0.75, surpassing the Street median of $0.70 and slightly above JPMe of $0.74. PECO landed +3c higher relative to our estimates, primarily driven by distribution rate increases and lower storm costs, partially offset by an uptick in depreciation expense. Aside from PECO, no segment meaningfully deviated from our expectations, and all results landed within 1c of our estimates. Overall, EXC delivered a strong quarter, backed by higher electric distribution rates at ComEd, and higher rate base and rate increases at PECO, BGE, and PHI, coupled with relatively mild storm activity in the period.
- **Equity financing plan remains on track; AMT impact reiterated.** EXC also reiterated its financing plan and prospective $200/yr unmitigated AMT impact. $425mm in 2023-2025 equity remains following the company's August equity issuance.
- **Conference call details .** EXC will host a webcast to discuss 3Q22 results on Thursday, November 3 at 10:00 AM ET.

See page 3 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Table 1: EXC 3Q22 Results

Income Statement:	Actual 3Q21	Actual 3Q22	JPM 3Q22E	% Chg Y/Y	% Chg vs JPMe	YoY Drivers
Adj Op EPS by Segment						
ComEd	$0.23	$0.30	$0.29	31%	2%	+4c distribution rates, +3c other
PECO	$0.12	$0.18	$0.15	49%	18%	+4c distribution rates, +3c storm costs, -1c depreciation/amortization
BGE	$0.04	$0.07	$0.08	73%	-8%	+2c distribution rates, +1c storm costs
PHI	$0.28	$0.29	$0.30	3%	-4%	+2c distribution rates, -1c depreciation/amortization
Corporate & Other	($0.01)	($0.08)	($0.08)	1020%	6%	+8c BSC discontinued operations, -2c interest expense, -1c other
Adjusted Operating EPS	**$0.66**	**$0.75**	**$0.74**	**14%**	**1%**	

Source: Company reports and J.P. Morgan estimates.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp. (EXC, EXC US) Price Chart

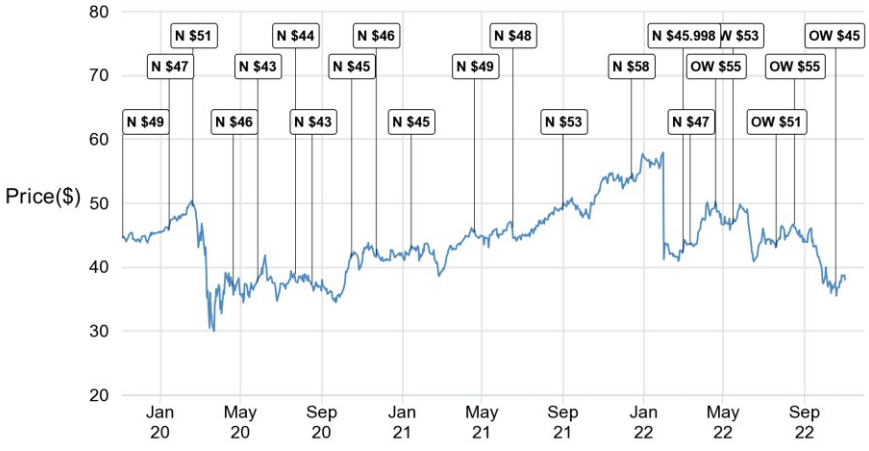

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
05-Nov-19	N	44.50	49
15-Jan-20	N	45.81	47
20-Feb-20	N	49.60	51
21-Apr-20	N	37.07	46
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), Nextera Energy Partners (NEP), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P. Morgan Equity Research Ratings Distribution, as of October 01, 2022

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	50%	37%	13%
IB clients**	50%	46%	33%
JPMS Equity Research Coverage*	50%	38%	12%
IB clients**	70%	68%	50%

***Please note that the percentages might not add to 100% because of rounding.**
****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.**
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 060/08/2022 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be data discrepancy in this material as a result of calculations, adjustments and/or translations to different languages, as applicable. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised October 22, 2022.

Copyright 2022 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

Completed 03 Nov 2022 08:57 AM EDT

Disseminated 03 Nov 2022 08:57 AM EDT

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CNP	28.11	Buy
ES	76.24	Buy
ETR	108.76	Buy
EXC	38.04	Neutral
OGE	36.42	Buy
SRE	150.54	Buy

Power & Utilities November 3, 2022

The Guggenheim Daily Transmission: ETR, ES, EXC, OGE, SRE, CNP, ES/MA, ERCOT

For details on our Guggenheim-hosted client Utility events including our EEI Conference meetings, D NDR, and other events, scroll down…

ETR – 3Q Beat Continues Strong EPS Trend; No Industrial Recession in Sight, Fundamentals Support LT Growth (see our note HERE)

ES – Reports 3Q22 results

EXC – Reports 3Q22 results

OGE – 3Q EPS Beat, 2022 guidance raised, strong load growth

SRE – Reports 3Q EPS beat; raises 2022 guidance, reaffirms 2023; Port Arthur FID announced for 1Q23

EXC – Chris Crane to step down at YE; Calvin Butler named CEO

CNP – Fire Marshal clears CNP from involvement in Evansville IN gas explosion

ES/MA – MA utilities push back against efforts by developers to reopen offshore wind PPAs

ERCOT – TRA approves rules that exempt smaller gas wells from weatherization requirements

ES reports 3Q22 results

- ES reported 3Q22 EPS of $1.01 vs Gugg/Cons of $1.04/1.03
- Reaffirmed 2022 guidance of $4.04 to $4.14 per share vs. Gugg/Cons of $4.10
- Issued ~950k shares in the 4 months through October via the ATM/DRIP
- Minimal updates on offshore wind sale process – reiterated potential for full or partial sale
- Slides provide details on up to $900mm of potential T&D opportunities in support of 6 DER clusters in MA, incremental to the ~$1.5bn of previously identified incremental spend
- Reiterated not material impact from CAMT under IRA
- OSW investment increased by $300mm between July and October
- No change to OSW fixed cost %, planned total spend, or schedules
- Slides HERE

EXC reports 3Q22 results

- EXC reported 3Q22 EPS of $0.75 vs. Gugg/Cons of $0.68/0.70
- Narrowed 2022 EPS guidance from $2.18-$2.32 to $2.21-2.29, vs. Gugg/Cons of $2.27/2.26
- Reaffirmed 6-8% growth rate off of 2021 midpoint
- Minimum tax (CAMT) impact remains $200mm
- Reaffirmed $1bn equity need through 2025
- TTM ROE improved to 9.3% as of 3Q22 vs. 8.8% in 2Q22
- Provides YoY growth drivers (slide 9) indicating 2022- 2024 growth below the midpoint of guidance range

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- 2022-2023 YoY growth of ~5%, 2023-2024 growth of ~6%, 2024-2025 growth of ~8%
- Slides HERE

OGE 3Q EPS Beat, 2022 guidance raised, strong load growth

- OGE reported 3Q EPS of $1.31 including midstream earnings
- On a comparable basis OGE reported Utility and Other EPS of $1.23 vs. $1.21 consensus and our $1.24 EPS estimate.
- OG&E expects to earn $2.08 to $2.12 EPS for 2022 (up from $1.87 to $1.97), OGE Energy HoldCo expects a loss of $0.01 to $0.03.
- On a comparable basis OGE 2022 EPS guidance is $2.07 to $2.09 vs. our $1.99 estimate and $2.05 consensus (consensus may include partial year midstream earnings, i.e., not comparable).
- As of September 30, 2022, OGE Energy sold all 95.4 million Energy Transfer limited partner units
- Customer growth for 3Q was 1.2% (ahead of the 1% embedded in planning)
- System sales grew 7.1% in 3Q driven by residential and commercial sales (gross basis)

SRE reports 3Q EPS beat; raises 2022 guidance, reaffirms 2023; Port Arthur FID announced for 1Q23

- SRE reported 3Q22 EPS of $1.97 vs. $1.81 consensus and our $1.73 estimate
- Sempra is raising its full-year 2022 adjusted EPS guidance range to $8.70 to $9.00 vs. $8.66 consensus and our $8.70 estimate
- Sempra also is affirming its full-year 2023 EPS guidance range of $8.60 to $9.20 vs. a $9.02 consensus and our $9.08 estimate
- Cameron 4 FID reiterated (Summer 2023).
- Port Arthur Progress marks substantial completion of Phase 1 marketing, FID expected Q1-2023
- SRE noted Port Arthur Phase 2 is also under active marketing

EXC – Chris Crane to step down at YE; Calvin Butler named CEO

- "Chief Executive Officer Chris Crane has announced that he will retire from his position as CEO and as a director of the Exelon Board effective Friday, Dec. 30, 2022. The Exelon Board has elected Calvin G. Butler Jr., currently president and chief operating officer (COO), to the role of president and chief executive officer as of Dec. 31, 2022. Butler also will join Exelon's Board of Directors. The company recently promoted Butler and expanded his responsibilities as a step in the company's leadership succession plans. Crane accelerated his retirement plans to focus on his health after learning in recent days that he will require treatment for significant spinal and hip issues." - release
- More HERE

Guggenheim takeaway: *We caught up briefly with the company last night, and we expect Chris Crane will be leading the call today. This is fully health-related and nothing else - we wish Chris a speedy recovery.*

CNP – Fire Marshal clears CNP from involvement in Evansville IN gas explosion

- Indiana State Fire Marshal report indicated no wrongdoing on behalf of CNP Indiana gas.
- The report further supports the CNP internal findings, determining that an accident occurred inside the house and was independent of CenterPoint Energy's system.
- More here

Guggenheim takeaway: *FYI in case you missed it from yesterday.*

ES/MA – MA utilities push back against efforts by developers to reopen offshore wind PPAs

- "With this letter, the Companies also acknowledge the respective Motions submitted by Commonwealth Wind and Mayflower Wind seeking to pause the Department's deliberations in these dockets by one month, in an effort to pursue renegotiation of key terms of the PPAs. Such a pause is unnecessary, however, given that the Companies do not intend to renegotiate the PPAs. The projects subject to the PPAs were selected by the Companies, in consultation with the DOER, pursuant to a robust competitive solicitation

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

and thorough evaluation. Moreover, the Companies negotiated the PPAs in good faith and have supported approval of the PPAs with unchallenged substantial evidence in these proceedings. Accordingly, the Companies request that the Department approve the PPAs expeditiously" - letter

- More HERE

Guggenheim takeaway: *That the utilities would take a firm line on the potential renegotiation of the PPAs comes as little surprise, with the overall situation confirmation of our view, at the time of bidding, that certain parties may have been more aggressive than others. We continue to track this process for 1) readthrough to other northeast projects underway, and 2) cost escalation data points for the industry more broadly. Stay tuned for more on ES' call today.*

ERCOT – TRA approves rules that exempt smaller gas wells from weatherization requirements

- The rules will now apply to wells larger than 250 mcf/d, versus the initial 50 mcf/d threshold, following pushback from producers
- More HERE

Guggenheim takeaway: *Zero surprise as this has been something in the works for several months following the initial rules late last year. As a reminder we flagged the recent deliberations in our note HERE.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

GUGGENHEIM



Invite: 57th EEI Financial Conference

Dates
November 13 - 15, 2022

Location
The Diplomat Beach Resort
Hollywood, FL

Company Dinners (Hosted by Guggenheim)
Sunday, November 13, 2022

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Hyde Beach House — 4010 South Ocean Drive, Hollywood, FL 33019

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Terrazas at Hyde Hollywood — 4111 S Ocean Drive, Hollywood, FL 33019

Monday, November 14, 2022

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
ETARU — 111 S Surf Rd, Hallandale Beach, FL 33009

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales
Tuesday, November 15, 2022

6:00 p.m. | *Billy's Stone Crab — 400 North Ocean Drive, Hollywood, FL 33019*

Company Meetings
More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.



Equity Research | Corporate Access

Dominion Energy, Inc. (D)

Robert "Bob" Blue, *Chairman, President and Chief Executive Officer*
Jim Chapman, *EVP, Chief Financial Officer and Treasurer*
David McFarland, *VP, Investor Relations*

Date

Monday, December 5, 2022
New York

Meeting Format

NDR - 1:1 Meetings & Group Meetings

Company Information

Market Cap: $57.93bn

Dominion Energy, Inc. (D) engages in the provision of electricity and natural gas to homes, businesses, and wholesale customers. Its operations also include a regulated interstate natural gas transmission pipeline and underground storage system. It operates through following business segments: Dominion Energy Virginia, Gas Distribution, Dominion Energy South Carolina, Contracted Assets and Corporate and Other. The company was founded by William W. Berry in 1983 and is headquartered in Richmond, VA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
PCG Group Video Call	9/6	Virtual
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL
D	12/5	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Comp Sheet

11/2/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$54.89	3,133	3.75	3.91	4.14	4.41	3.74	3.92	4.12	4.40	–	–	–	–	14.7x	14.0x	13.3x	12.5x	-19%	-18%	-16%	-16%	5.6%	4.9%	72%	Neutral	$53	1%	Neutral	$56	6%
AVA	$36.88	2,721	1.89	2.37	2.49	2.61	1.91	2.37	2.52	2.55	–	–	–	0.06	19.3x	15.6x	14.6x	14.5x	7%	-9%	-8%	-3%	11.4%	5.0%	97%	Sell	$32	-8%	Sell	$35	1%
NWE	$52.89	3,056	3.28	3.50	3.60	4.00	3.27	3.50	3.55	3.88	–	–	0.05	0.12	16.2x	15.1x	14.9x	13.6x	-11%	-11%	-7%	-9%	6.8%	4.9%	79%	Neutral	$48	-4%	Buy	$55	8%
POR	$44.82	4,522	2.83	2.84	3.02	3.17	2.81	2.77	3.02	3.22	–	0.07	–	(0.05)	16.0x	16.2x	14.8x	13.9x	-12%	-5%	-7%	-7%	3.9%	4.2%	66%	Buy	$48	11%	Buy	$48	12%
		13,431													16.5x	15.2x	14.4x	13.6x	-9%	-11%	-10%	-9%	6.9%	4.7%	78%						
Mid/Large Cap Electric																														
AEE	$81.17	20,972	4.04	4.32	4.64	4.95	4.07	4.36	4.65	5.00	–	(0.04)	–	(0.04)	19.9x	18.6x	17.5x	16.3x	10%	9%	9%	9%	7.0%	3.1%	61%	Buy	$84	7%	Buy	$89	13%
AEP	$88.21	45,328	5.00	5.30	5.64	6.00	5.02	5.30	5.64	6.01	–	–	–	–	17.6x	16.7x	15.7x	14.7x	-3%	-2%	-2%	-2%	6.3%	3.8%	66%	Buy	$93	9%	Buy	$98	15%
CMS	$57.04	16,556	2.88	3.13	3.45	3.69	2.89	3.11	3.38	3.63	–	–	0.08	0.06	19.8x	18.3x	16.9x	15.7x	9%	7%	6%	5%	8.6%	3.4%	68%	Neutral	$57	3%	Buy	$63	13%
CNP	$28.11	17,693	1.38	1.49	1.63	1.75	1.39	1.49	1.58	1.74	–	–	0.05	–	20.3x	18.8x	17.8x	16.1x	12%	10%	11%	8%	8.2%	2.6%	52%	Buy	$31	13%	Buy	$31	13%
D	$69.04	57,476	4.12	4.40	4.70	5.00	4.11	4.37	4.68	5.00	–	–	–	–	16.8x	15.8x	14.8x	13.8x	-7%	-7%	-8%	-7%	6.7%	4.1%	68%	Buy	$75	13%	Buy	$79	18%
DTE	$111.02	21,509	6.06	6.31	6.73	7.18	5.99	6.27	6.71	7.18	0.07	0.04	–	–	18.5x	17.7x	16.6x	15.5x	3%	4%	4%	3%	5.8%	3.4%	62%	Buy	$122	13%	Buy	$124	15%
DUK	$92.88	71,518	5.45	5.65	6.05	6.50	5.45	5.74	6.13	6.50	–	(0.09)	(0.08)	–	17.1x	16.2x	15.2x	14.3x	-6%	-5%	-5%	-4%	6.0%	4.4%	76%	Buy	$97	9%	Buy	$102	14%
ED	$88.21	31,278	4.51	4.71	5.18	5.48	4.52	4.80	5.12	5.39	–	(0.09)	0.06	0.09	19.5x	18.4x	17.2x	16.4x	8%	8%	8%	8%	6.7%	3.7%	72%	Neutral	$82	-3%	Sell	$81	-4%
EIX	$58.76	22,439	4.63	4.75	5.13	5.48	4.56	4.84	5.22	5.48	0.07	(0.09)	(0.09)	–	12.9x	12.1x	11.3x	10.7x	-29%	-29%	-29%	-28%	5.8%	5.0%	63%	Buy	$66	17%	Buy	$67	19%
ES	$76.24	26,413	4.10	4.42	4.75	5.11	4.10	4.38	4.65	5.03	–	0.04	0.10	0.08	18.6x	17.4x	16.4x	15.2x	3%	2%	3%	1%	7.6%	3.5%	65%	Buy	$82	11%	Buy	$85	15%
ETR	$108.76	22,131	6.43	6.78	7.27	7.74	6.38	6.77	7.26	7.71	0.05	–	–	0.03	17.1x	16.1x	15.0x	14.1x	-6%	-6%	-6%	-6%	6.4%	3.9%	66%	Buy	$123	17%	Buy	$118	13%
EVRG	$60.77	13,945	3.56	3.77	4.02	4.30	3.57	3.77	4.04	4.25	–	–	–	0.05	17.0x	16.1x	15.0x	14.3x	-6%	-5%	-6%	-4%	6.5%	4.0%	69%	Buy	$64	9%	Buy	$65	11%
EXC	$38.04	37,726	2.27	2.34	2.58	2.82	2.25	2.40	2.57	2.78	–	(0.06)	–	0.04	16.9x	15.9x	14.8x	13.7x	-6%	-7%	-7%	-8%	7.5%	3.8%	64%	Neutral	$40	9%	Buy	$44	19%
FE	$37.98	21,715	2.45	2.57	2.75	2.95	2.44	2.53	2.74	2.86	–	0.04	–	0.09	15.6x	15.0x	13.9x	13.3x	-14%	-12%	-13%	-11%	6.4%	4.2%	65%	Neutral	$34	-6%	Buy	$41	13%
LNT	$52.12	13,078	2.78	2.90	3.04	3.23	2.78	2.90	3.09	3.28	–	–	(0.05)	(0.05)	18.8x	18.0x	16.9x	15.9x	4%	5%	6%	6%	5.1%	3.5%	65%	Neutral	$50	-1%	Neutral	$58	14%
OGE	$36.42	7,291	1.99	2.08	2.22	2.32	2.04	2.07	2.17	2.30	(0.05)	–	0.05	–	17.9x	17.6x	16.8x	15.8x	-1%	3%	5%	6%	5.2%	4.7%	85%	Buy	$38	9%	Buy	$38	10%
PCG	$14.93	29,676	1.11	1.24	1.36	1.49	1.10	1.23	1.35	1.44	–	–	–	0.05	13.6x	12.1x	11.0x	10.4x	-25%	-29%	-31%	-30%	10.3%	0.7%	10%	Buy	$19	28%	Buy	$17	13%
PEG	$56.61	28,246	3.47	3.54	4.06	4.38	3.47	3.55	3.97	4.30	–	–	0.09	0.08	16.3x	15.9x	14.3x	13.2x	-10%	-7%	-11%	-12%	8.1%	4.0%	65%	Buy	$67	22%	Buy	$68	24%
PNW	$67.29	7,607	4.05	4.25	4.50	4.75	4.03	4.20	4.49	4.72	–	0.05	–	–	16.7x	16.0x	15.0x	14.3x	-8%	-6%	-6%	-6%	5.5%	5.2%	87%	Sell	$54	-15%	Sell	$67	5%
PPL	$26.12	19,229	1.39	1.58	1.70	1.80	1.41	1.61	1.71	1.82	–	–	–	–	18.5x	16.3x	15.3x	14.4x	2%	-5%	-4%	-4%	9.0%	3.6%	68%	Buy	$27	7%	Buy	$28	13%
SO	$64.80	68,852	3.60	3.80	4.15	4.40	3.59	3.78	4.08	4.41	–	–	0.07	–	18.0x	17.2x	15.9x	14.7x	-0%	0%	-1%	-2%	6.9%	4.3%	77%	Buy	$69	11%	Neutral	$69	11%
WEC	$90.25	28,468	4.40	4.60	4.91	5.24	4.40	4.61	4.91	5.24	–	–	–	–	20.5x	19.6x	18.4x	17.2x	14%	15%	15%	15%	6.0%	3.4%	70%	Neutral	$95	9%	Buy	$95	9%
Mid/Lg Cap (excl. EIX, PCG)															**18.1x**	**17.1x**	**16.0x**	**14.9x**					**6.8%**	**3.8%**	**69%**						
Regulated Electrics		**642,577**													**17.8x**	**16.8x**	**15.7x**	**14.7x**					**6.8%**	**4.0%**	**70%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	'22–'25 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$37.51	4,106	2.18	2.43	2.48	2.70	2.13	2.30	2.42	2.57	0.05	0.13	0.06	0.13	17.6x	16.3x	15.5x	14.6x	-3%	-4%	-3%	-2%	7.4%	3.9%	67%	Neutral	$36	-0%	Sell	$37	2%
NEE	$77.28	153,568	2.90	3.12	3.42	3.73	2.88	3.11	3.38	3.65	–	–	0.04	0.08	26.8x	24.8x	22.9x	21.2x	48%	45%	43%	42%	8.8%	2.4%	63%	Buy	$99	30%	Buy	$92	22%
SRE	$150.54	47,316	8.70	9.08	9.58	10.21	8.65	9.03	9.67	10.19	0.05	0.05	(0.09)	–	17.4x	16.7x	15.6x	14.8x	-4%	-2%	-2%	-1%	5.5%	3.2%	56%	Buy	$165	13%	Buy	$165	13%
		204,990													**20.6x**	**19.3x**	**18.0x**	**16.8x**	**14%**	**13%**	**13%**	**13%**	**7.2%**	**3.2%**	**62%**						
Gas LDCs																														
NI	$25.62	10,401	1.45	1.54	1.73	1.76	1.45	1.55	1.72	1.86	–	–	–	(0.10)	17.7x	16.6x	14.9x	13.7x	-1%	-1%	-5%	-7%	6.7%	3.9%	69%	Buy	$32	29%	Buy	$30	22%
CPK	$123.85	2,197	5.08	5.49	5.87	6.26	5.10	5.54	5.86	6.24	–	(0.04)	–	–	24.3x	22.4x	21.1x	19.9x	36%	33%	35%	35%	7.2%	1.8%	44%	Neutral	$120	-1%	Buy	$135	11%
NJR	$44.52	4,284	2.45	2.45	2.64	2.81	2.46	2.47	2.73	2.84	–	–	(0.09)	–	18.1x	18.0x	16.3x	15.7x	2%	8%	4%	7%	4.7%	3.5%	64%	Neutral	$40	-7%	Neutral	$44	2%
NWN	$46.80	1,603	2.56	2.73	2.83	2.98	2.53	2.68	2.76	2.99	0.03	0.05	0.07	–	18.5x	17.4x	17.0x	15.7x	4%	4%	8%	6%	5.2%	4.2%	76%	Neutral	$40	-10%	Buy	$52	15%
OGS	$79.37	4,297	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	19.5x	18.1x	17.1x	15.9x	9%	8%	9%	8%	7.0%	3.3%	64%	Neutral	$70	-8%	Buy	$81	5%
SJI	$34.50	4,225	1.71	1.82	1.94	2.05	1.72	1.79	1.88	1.94	–	–	0.06	0.11	20.0x	19.3x	18.4x	17.8x	12%	15%	17%	21%	6.2%	3.7%	74%	Neutral	$36	8%	Neutral	$36	8%
SR	$69.18	3,631	3.84	4.27	4.91	5.03	3.89	4.36	4.60	4.88	(0.05)	(0.09)	0.31	0.16	17.8x	15.9x	15.0x	14.2x	-0%	-5%	-4%	-4%	9.4%	4.2%	75%	Neutral	$67	1%	Neutral	$74	11%
		30,639													**19.4x**	**18.2x**	**17.1x**	**16.1x**	**9%**	**9%**	**9%**	**10%**	**6.6%**	**3.5%**	**67%**						
Regulated Water																														
AWK	$138.16	25,121	4.44	4.76	5.14	5.59	4.45	4.78	5.16	5.62	–	–	–	(0.03)	31.0x	28.9x	26.8x	24.6x	72%	69%	68%	65%	8.0%	2.0%	62%	Neutral	$135	-0%	Buy	$157	15%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$93.09	30,409	2,605	3,269	3,424	3,675	2,652	3,109	3,485	3,695	(47)	159	(61)	–	13.2x	10.8x	9.2x	8.2x	34,996	33,615	32,037	30,304	12.2%	0.8%	19%	Buy	$121	31%	Buy	$95	3%
NRG	$43.37	10,198	1,950	2,287	2,309	2,274	1,982	2,296	2,371	2,371	(32)	–	(63)	(97)	8.9x	7.4x	6.9x	6.4x	17,658	17,060	16,440	15,101	5.3%	3.4%	29%	Neutral	$43	3%	Buy	$43	3%
VST	$22.87	9,522	3,126	3,505	3,608	3,797	3,126	3,686	3,605	3,280	–	(181)	–	517	6.8x	5.7x	5.8x	6.2x	21,191	21,159	20,947	20,195	6.7%	3.4%	28%	Buy	$32	43%	Buy	$31	40%
Other																														
ALTO	$4.04	300	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	172%	Buy	$12	189%
IEA	$13.72	667	147	164	174	178	145	165			–	–	–	–									6.7%	–	–	Neutral	$14	2%	Neutral	$14	2%
NEP	$74.80	6,473	1,660	1,775	1,889	2,003	1,801	1,898	2,032	2,238	(141)	(123)	(143)	(234)									6.5%	4.6%	–	Buy	$85	18%	Buy	$85	18%
SMR	$11.39	484	(156)	(100)	(57)	8	(125)	(78)	(49)	9	(31)	(23)	–	–										–	–	Buy	$18	58%	Buy	$16	43%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

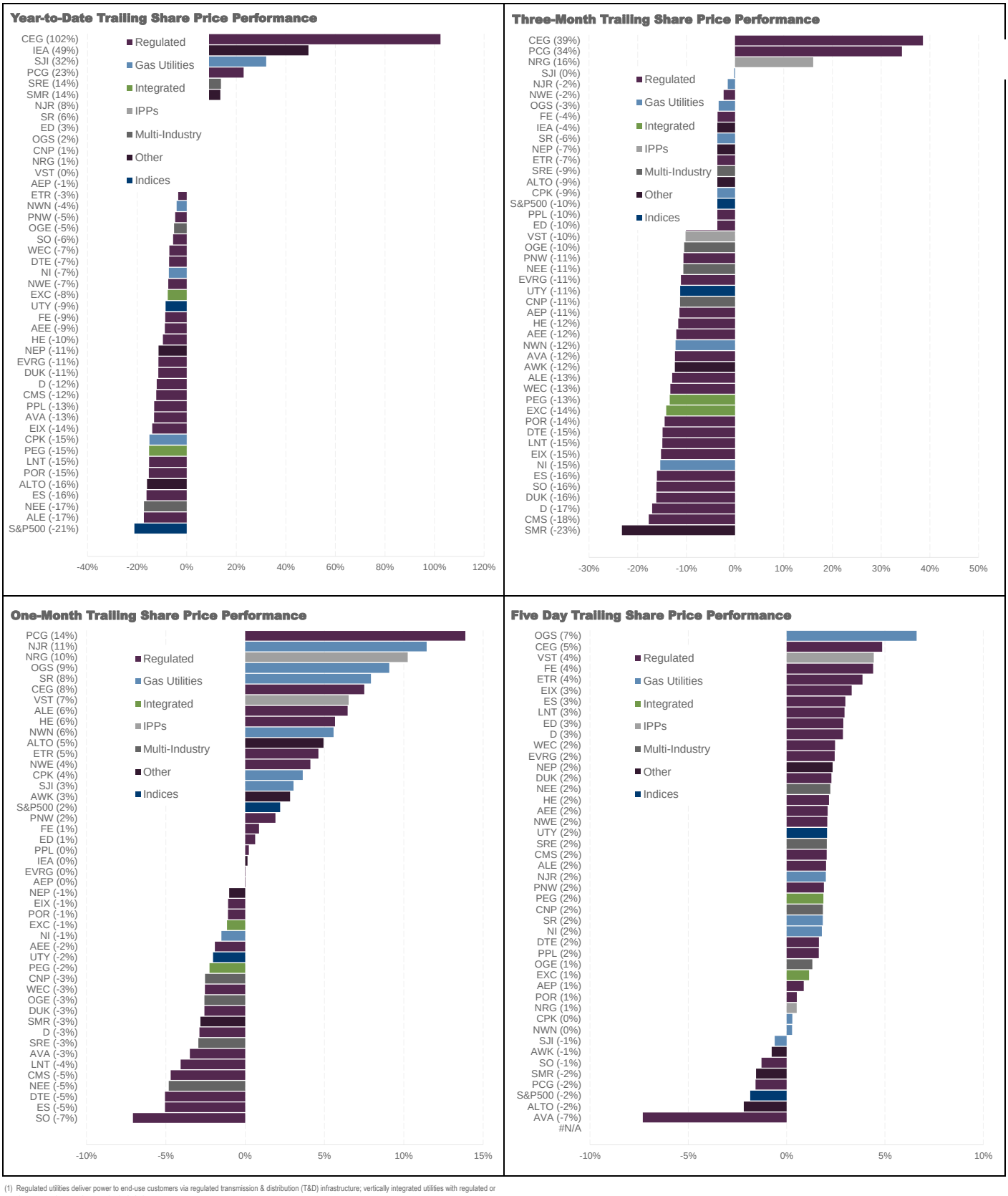

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Generation and Mix

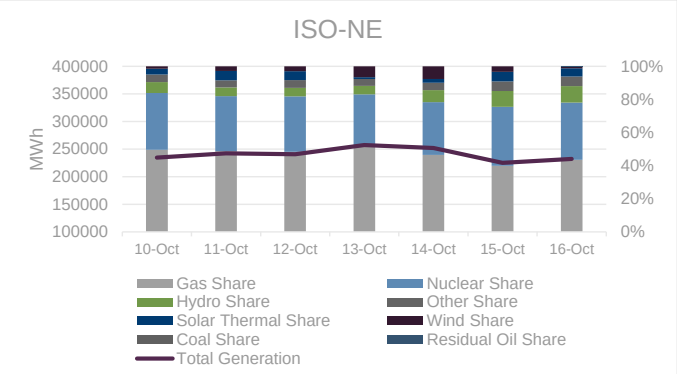

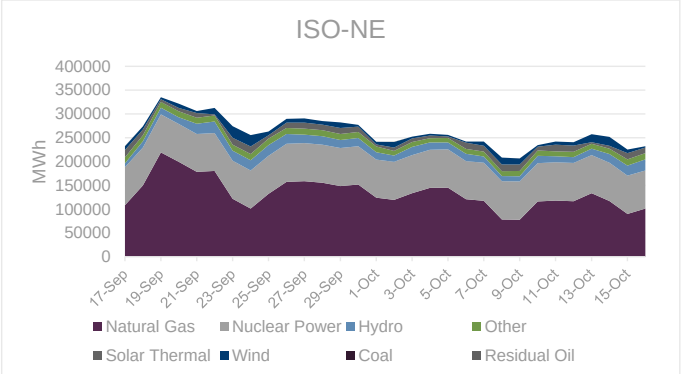

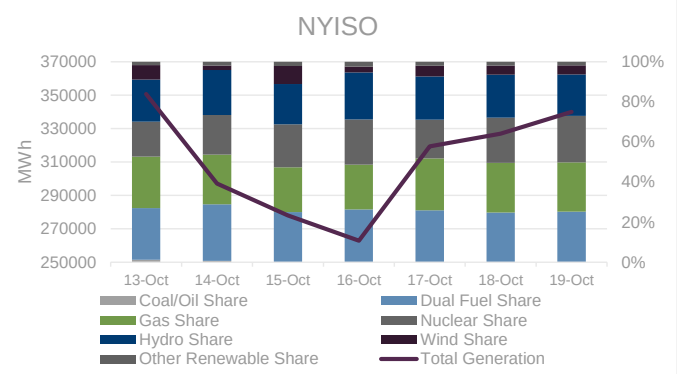

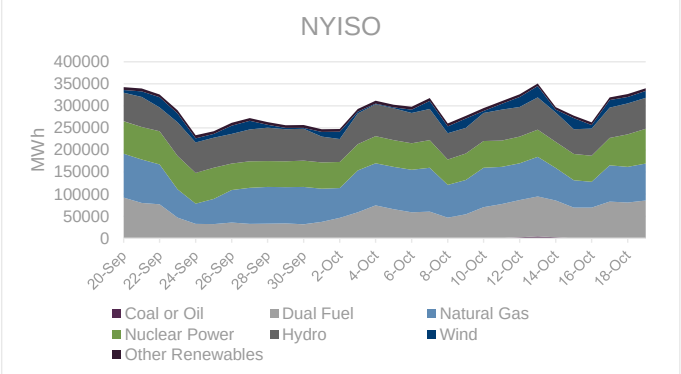

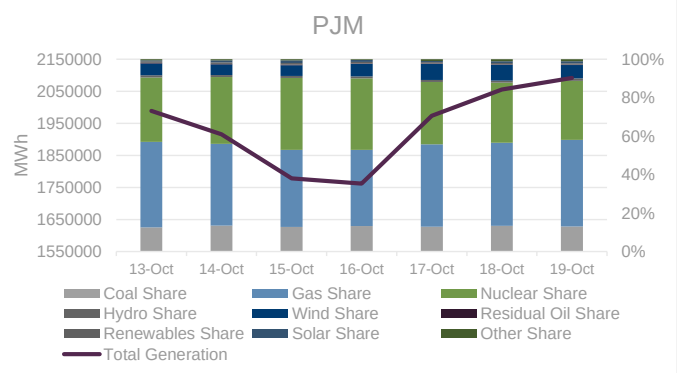

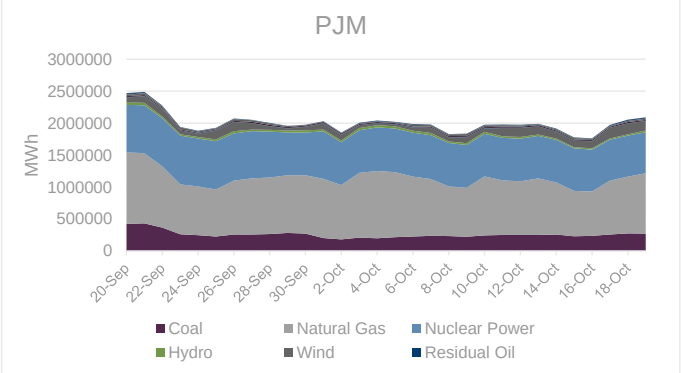

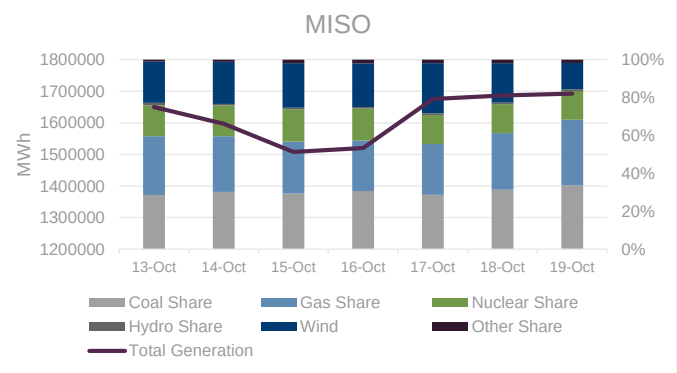

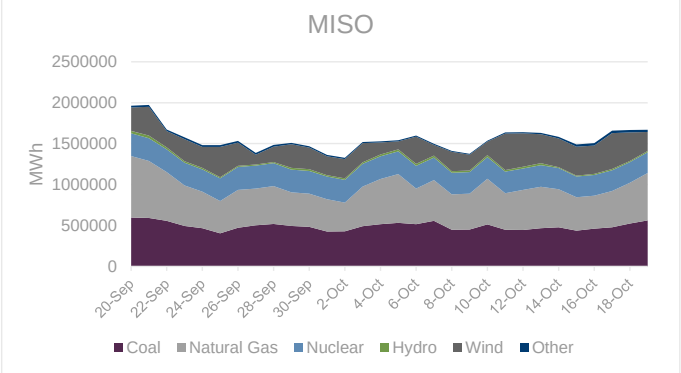

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Generation and Mix (continued)

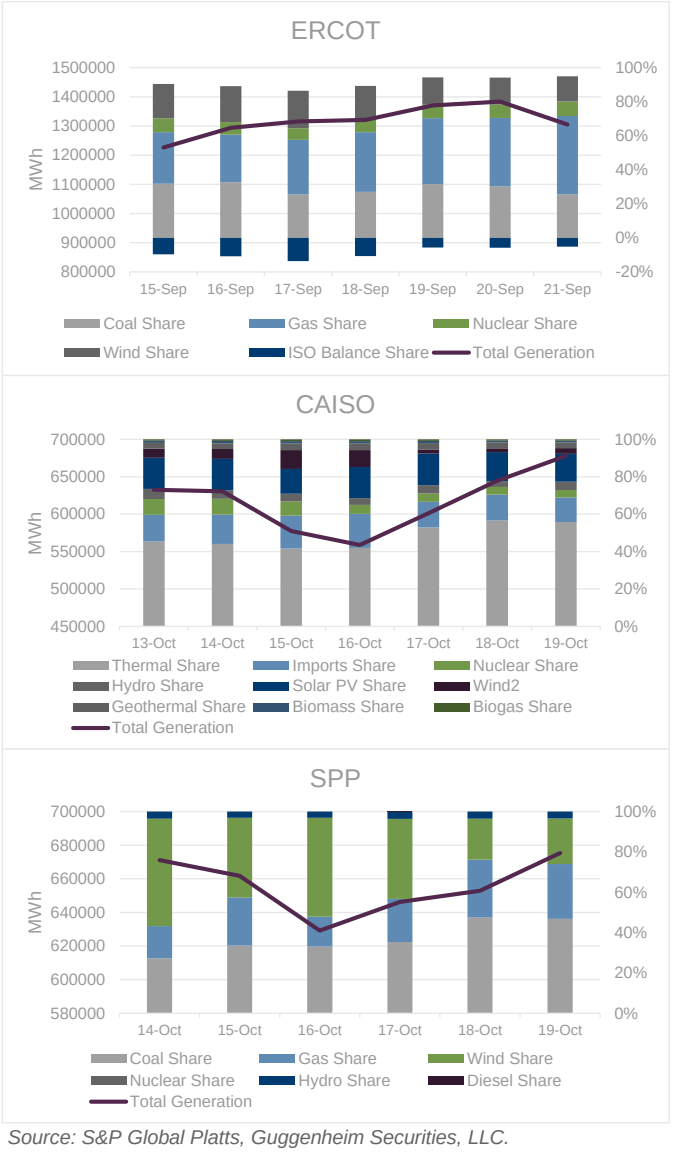

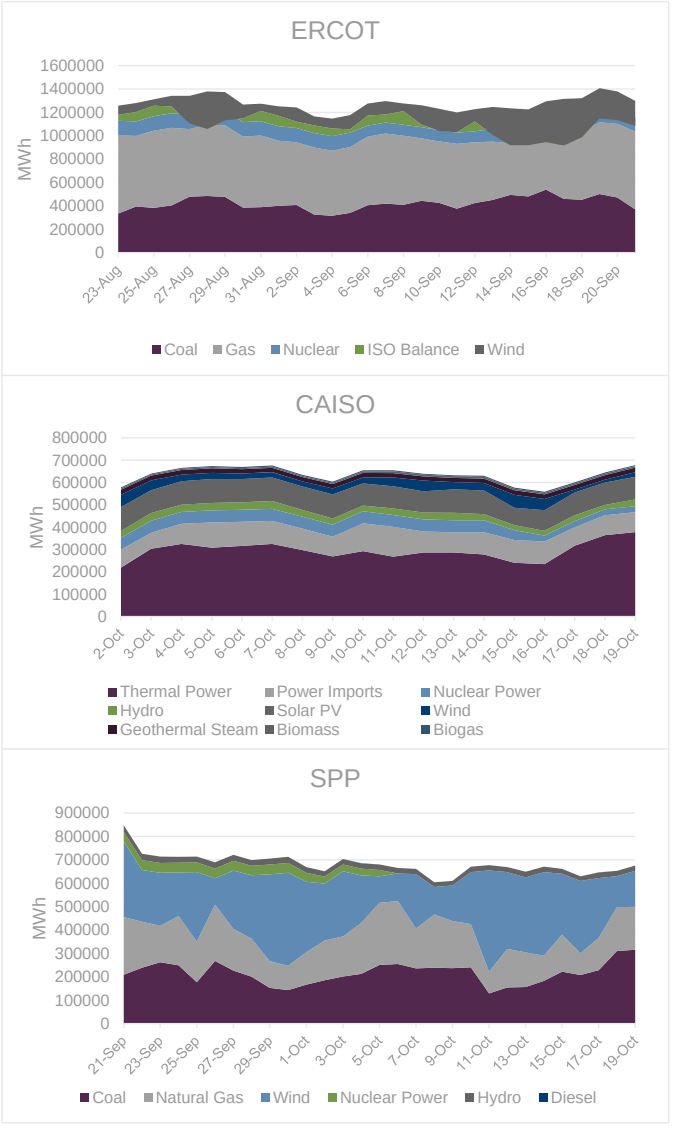

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Weather

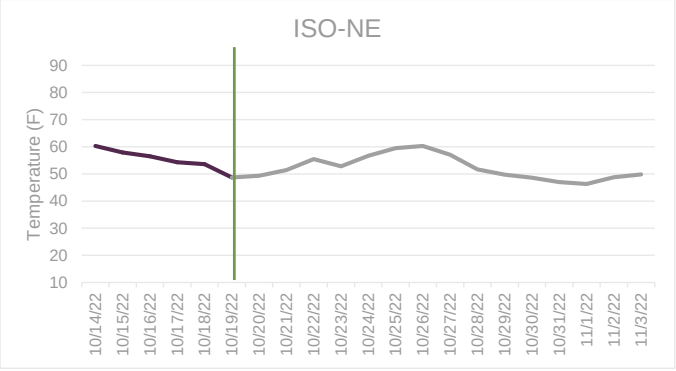

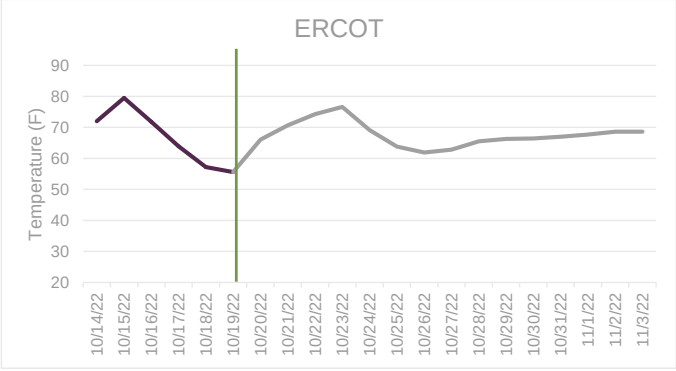

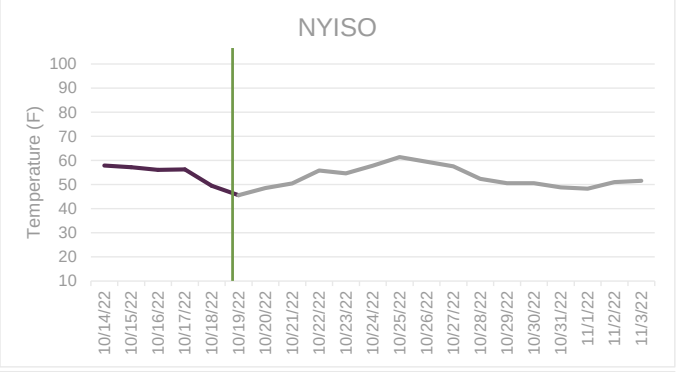

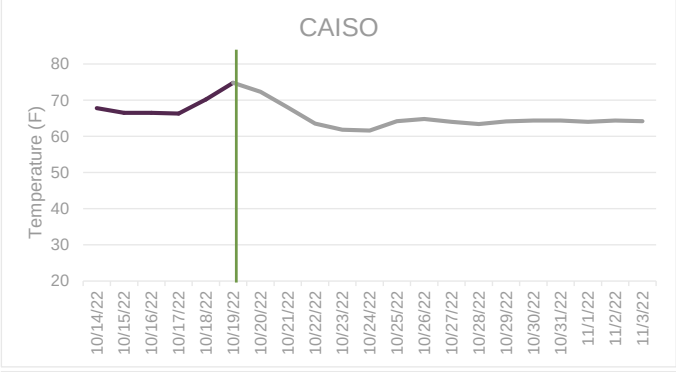

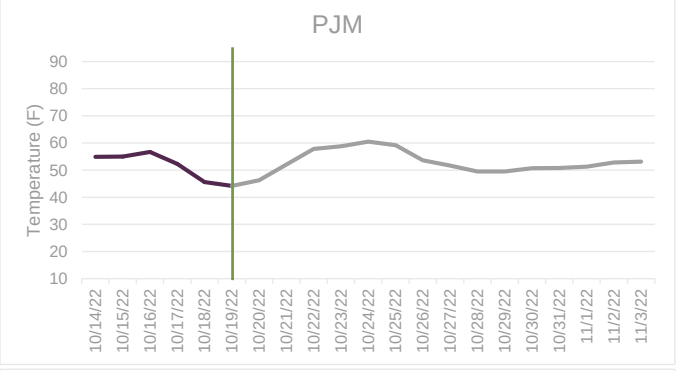

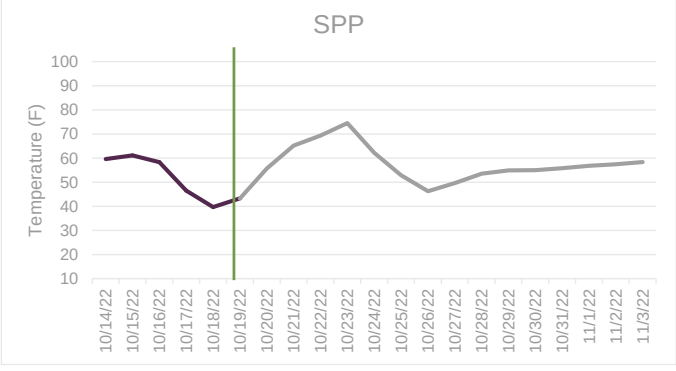



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Peak Load

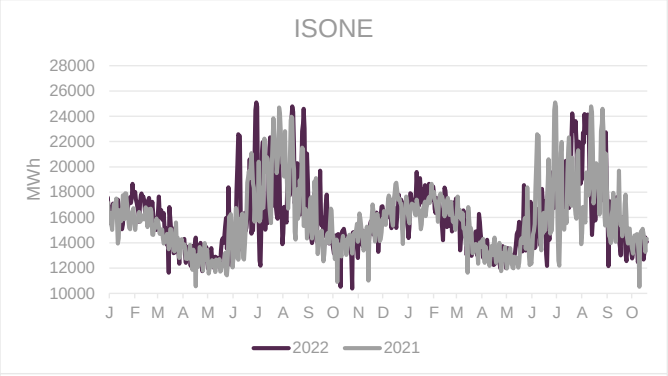

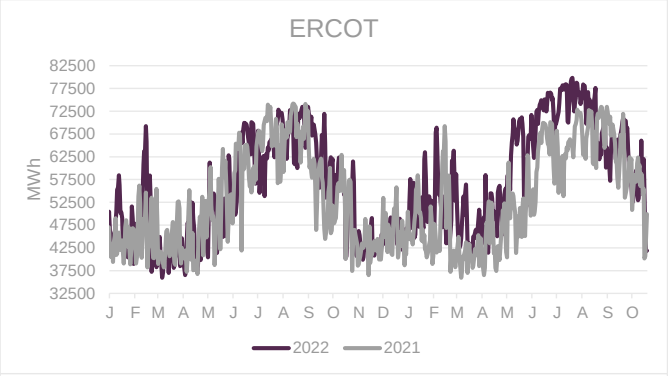

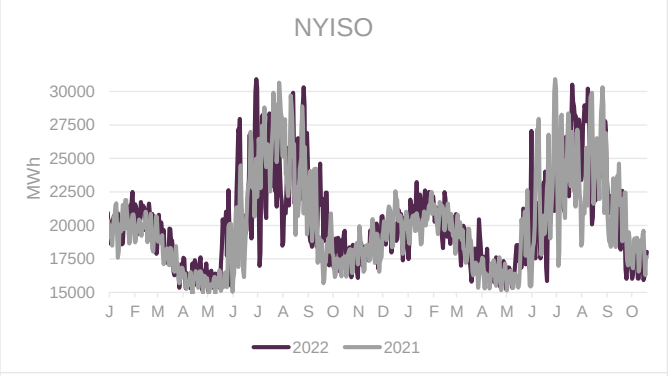

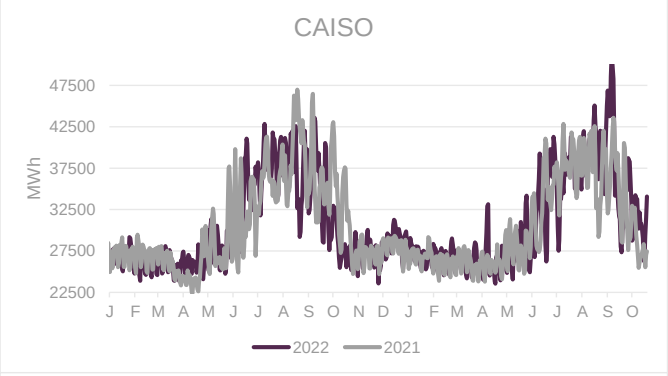

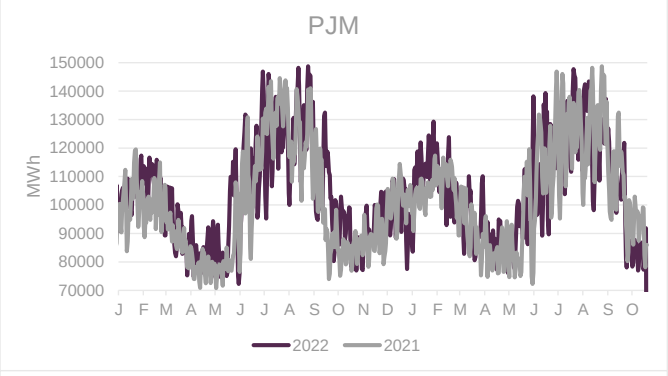

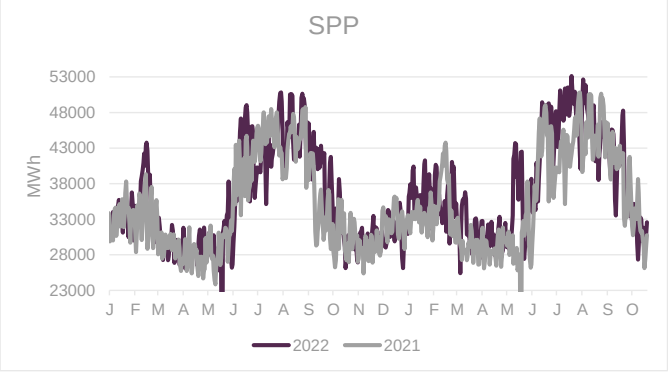

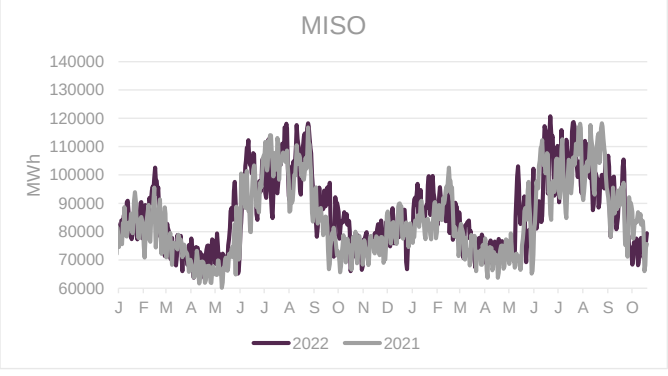

Average Deviation in Peak Load vs Prior Year

RTO/ISO	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
ISONE	0.0%	-0.5%	1.5%	-1.2%	5.1%	-1.6%
NYISO	-0.3%	0.6%	2.1%	-0.1%	3.5%	-4.7%
PJM	3.1%	2.5%	3.9%	3.8%	0.2%	-8.9%
MISO	3.4%	2.5%	4.0%	5.0%	0.1%	-7.4%
CAISO	-0.2%	-2.6%	1.6%	1.2%	4.0%	9.0%
ERCOT	4.4%	2.5%	13.7%	19.1%	7.9%	1.0%
SPP	6.3%	0.5%	5.9%	9.7%	5.0%	0.3%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (10/1/2022 - 12/31/2022)

Date	State	Ticker	Utility/Event	Docket	Description
9/26/2022-10/5/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearings scheduled in rate case
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/27/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Replies due to comments on reconsideration
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Reply briefs due in cost of capital proceeding
9/30/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Reply briefs due in cost of capital proceeding
9/30/2022	MA	ES	Boston Gas Co.	DPU 22-74	DPU decision expected on performance-based rate adjustment
9/30/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Comments due in SAVE rider update proceeding
10/1/2022-10/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/1/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Commission order expected
10/1/2022-10/15/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearing Examiner's report may be issued in ERAC proceeding
10/3/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Commission decision expected
10/4/2022	FL	NEE	Florida Power & Light Co.	20210015 - ROE trigger	Hearing, possible commission decision in limited issue proceeding
10/5/2022-10/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00020 (BC-RAC)	Hearings scheduled in BC-RAC proceeding
10/5/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Intervening parties to file testimony in Rider B proceeding
10/7/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Rebuttal testimony due in rate proceeding
10/12/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Evidentiary hearings to take place in gas rate proceeding
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Initial briefs due
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Initial briefs due
10/14/2022-10/28/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Briefs to be filed in rate case
10/14/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Reply briefs due
10/19/2022-11/2/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Briefs to be filed in rate case
10/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Staff to file testimony in RIder B case
10/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Final order due
10/20/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Reply briefs due
10/26/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Briefs due in electric rate case
10/28/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Public Utility Law Judge to issue proposed order in rate case — suspended due to settlement talks
10/31/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Administrative Law Judge's recommended decision likely in rate case
10/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Decision likely to be issued in ERAC proceeding
10/31/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Decision expected in Rider RBB proceeding
10/31/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Decision may be issued in SAVE Rider proceeding
10/31/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in late October in ENEC proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Decision possible in rate proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Decision possible in rate proceeding
11/1/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	New rates effective
11/2/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Proposed order expected to be issued in formula rate plan proceeding
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Opening briefs due
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Opening briefs due
11/4/2022	IL	AEE	Ameren Illinois	D-22-0297	Proposed order expected to be issued in formula rate plan proceeding
11/9/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Settlement conference to begin in rate proceeding
11/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Proposed decision in cost of capital proceeding expected
11/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Proposed decision expected in cost of capital proceeding
11/10/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Appeals of judge's proposed order due in rate case — suspended due to settlement talks
11/14/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Reply briefs due in electric rate case
11/14/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	End of initial suspension period in rate case
11/16/2022-11/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing scheduled in Rider B proceeding
11/18/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Replies to appeals of judge's proposed order due — suspended due to settlement talks
11/28/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Hearing to begin in rate proceeding
11/30/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	DPU decision expected in rate case
11/30/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	ALJ recommendation likely to be issued in rate case
12/1/2022-12/31/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Decision expected in FRP proceeding
12/7/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Intervening parties to file testimony in Rider U proceeding
12/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Staff to file testmony in Rider W update proceeding
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Reply briefs due
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Reply briefs due
12/9/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	End of suspension period; decision expected in rate case
12/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Decision expected in cost of capital proceeding after
12/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Decision expected in cost of capital proceeding after
12/15/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	End of suspension period, decision expected in rate case
12/15/2022-1/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing Examiners report may be issued in Rider B proceeding
12/16/2022	MI	CMS	Consumers Energy Co.	C-U-21224	ALJ proposed decision expected in rate case
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Intervenors to file testimony in US 3 proceeding
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Intervening parties to file testimony in Rider US 4 proceeding
12/17/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	End of suspension period, decision expected in rate case
12/21/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Staff to file testimony in Rider U proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	66.67%	39	16.81%
NEUTRAL	112	32.18%	6	5.36%
SELL	4	1.15%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

UBS

Global Research and Evidence Lab
3 November 2022

First Read

Exelon Corp

Solid Quarter, Another Leadership Change Announced

Q: How did the results compare vs expectations?

A: EXC reported operating Q3'22 EPS of $0.75 vs. UBS/Cons of $0.69/$0.70 and $0.53 for the comparable operations in Q3'21.

Q: What were the most noteworthy areas in the results?

A: Yesterday, after the close EXC announced the retirement of Chris Crane from his position as Chief Executive Officer and as a member of the Exelon Board, effective 12/30/2022, due to medical reasons. Calvin Butler will assume the role of President and CEO upon Mr. Crane's retirement, and he will also join Exelon's Board of Directors. In the quarter, positive drivers included a higher ROE at ComEd from the rise in treasury rates and higher rate base. At PECO, higher distribution rates and reduced storm costs were positives, partially offset by higher D&A. BGE and PHI also saw positive impacts from higher distribution rates. At corporate, higher interest costs were more than offset by the absence of BSC costs.

Q: Has the company's outlook/guidance changed?

A: EXC has narrowed 2022 adjusted EPS guidance to $2.21-$2.29 from $2.18-$2.32 vs. UBS/Cons of $2.21/$2.26. The company announced it will file its first multi-year rate plan at ComEd in January. The company reaffirmed 6-8% EPS growth from '21-'25, while noting that there is "year-over-year earnings variability from rate case timing". To that end, EXC did include a slide in the presentation that points to '23 yoy growth off the revised '22 guidance being below 6%, but then rising in '24 and '25. Additionally, the company reiterated the unmitigated cash impact from the CMT remains $200mm, but this can be absorbed on the balance sheet through the planning period. The company also stated it expects no incremental equity beyond the $1.0bn previously announced, of which $425mm remains to be issued.

Q: How would we expect investors to react?

A: Mixed. A lot of moving parts with surprise change in leadership announced, acknowledgement that '23 growth may be below the 6-8% LT target, but also affirmation that no new equity is needed. The conference call is at 10:00 AM EDT.

Equities

Americas
Electric Utilities

12-month rating	**Buy**
12m price target	**US$44.00**
Price (02 Nov 2022)	**US$38.04**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.95-35.54
Market cap.	US$37.4b
Shares o/s	982m (COM)
Free float	100%
Avg. daily volume ('000)	7,612
Avg. daily value (m)	US$315
Common s/h equity (12/22E)	US$20.8b
P/BV (12/22E)	1.8x
Net debt to EBITDA (12/22E)	5.0x

EPS (UBS, diluted) (US$)

	12/22E	
	UBS	Cons.
Q1	0.64	0.64
Q2	0.44	0.44
Q3E	0.69	0.70
Q4E	0.43	0.47
12/22E	2.21	2.26
12/23E	2.36	2.39
12/24E	2.54	2.58

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Highlights (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenues	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
EBIT (UBS)	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Net earnings (UBS)	1,866	1,738	2,036	2,172	2,340	2,523	2,849	3,057
EPS (UBS, diluted) (US$)	1.92	1.78	2.08	2.21	2.36	2.54	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	1.55	1.65	1.80	1.95
Net (debt) / cash	(29,221)	(31,684)	(34,608)	(38,214)	(40,942)	(43,749)	(46,173)	(48,216)

Profitability/valuation	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
EBIT (UBS) margin %	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
ROIC (EBIT) %	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
EV/EBITDA (UBS core) x	13.0	12.3	12.0	9.9	9.3	8.7	8.0	7.6
P/E (UBS, diluted) x	24.7	22.5	22.6	17.2	16.1	15.0	13.3	12.4
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(4.0)	(3.6)	(3.5)	(2.2)	(0.9)
Dividend yield (net) %	2.6	2.9	2.9	3.8	4.1	4.3	4.7	5.1

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 38.04 on 02-Nov-2022

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Key Metrics ($)

	Consensus estimates	UBS estimates	Actual	% diff vs. UBS
Operating EPS	$0.70	$0.69	$0.75	8.7%

Source: FactSet, UBS Estimates and Company Report

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Forecast returns

Forecast price appreciation	+15.7%
Forecast dividend yield	4.0%
Forecast stock return	+19.7%
Market return assumption	9.6%
Forecast excess return	+10.1%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%; 4) Clean Energy: A potential 5% premium for a risk adjusted clean energy transition growth opportunity; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% of unregulated earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events. We maintain our price target of $44 premised on a 9% premium to the group multiple or 17.3x our $2.54/share earnings forecast for 2024. Our 9% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bonds, a 5% premium for Clean Energy Transition attributes, a 5% discount for the regulatory ranking overall, and 4% premium for second quartile EPS growth. Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 03 November 2022 12:29 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	56%	26%
Neutral	FSR is between -6% and 6% of the MRA.	35%	22%
Sell	FSR is > 6% below the MRA.	9%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 September 2022.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$38.04	02 Nov 2022

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

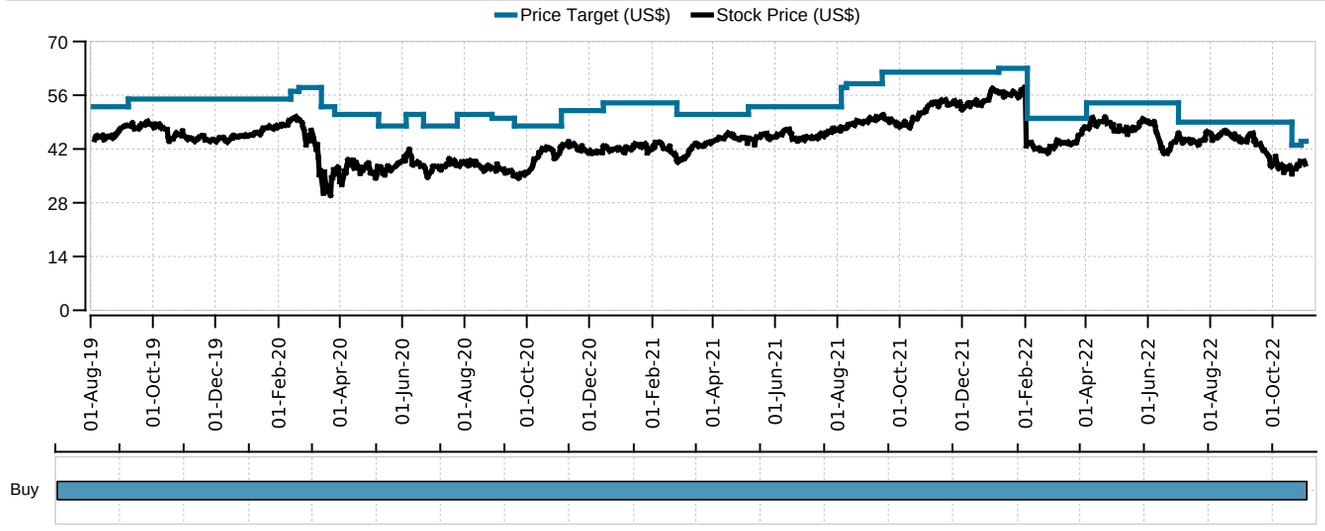

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-08-02	44.75	53.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy

Source: UBS;as of 02-Nov-2022. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is for your information only; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved or endorsed by or registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**:Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Exelon Corp. (EXC): First Take: beats on 3Q22, provides minor rate case updates and tightens EPS guidance range

Michael Lapides
+1(212)357-6307 |
michael.lapides@gs.com
Goldman Sachs & Co. LLC

Insoo Kim, CFA
+1(212)902-0459 | insoo.kim@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Shriya Dargan
+1(212)934-6047 |
shriya.dargan@gs.com
Goldman Sachs India SPL

Jaskaran Jaiya
+91(22)6616-9131 |
jaskaran.jaiya@gs.com
Goldman Sachs India SPL

Shuaib Joomun
+1(801)212-7241 |
shuaib.joomun@gs.com
Goldman Sachs & Co. LLC

Exelon Corp. (EXC, Neutral) reported 3Q22 operating EPS of $0.75, v/s GSe/FactSet consensus at $0.64/$0.70. EXC narrowed its 2022 EPS guidance range to $2.21-$2.29 ($2.25 mid-point) from $2.18-$2.32 ($2.25 mid-point), compared to GS/consensus of $2.16/$2.26. The company also reiterated its long-term EPS growth target of 6%-8%.

Highlights from EXC's release and results include:

- **In 3Q22, EXC beat at PECO, PHI and the Parent/Corp Segment and missed at ComEd - relative to our forecasts.** ComEd, EXC's largest segment, reported 3Q22 operating earnings of $0.30, below the GS estimate of $0.33 and compared to 3Q21 EPS of $0.23. Among the other subsidiaries, PECO reported $0.18 vs GS at $0.12, BGE at $0.07 vs GS at $0.04 and the PHI utilities at $0.29 vs GS at $0.26. Parent/Corp EPS of ($0.08) compared to our ($0.11) view.
- **EXC narrowed guidance for the year,** to $2.21-$2.29 from $2.18-$2.32 while maintaining the midpoint of $2.25 which compares to GSe/FactSet at $2.16/$2.26.
- **EXC expects to issue no incremental equity** over the $1bn previously announced and offered through a forward sale agreement earlier this year - while noting only $425mn of this remains to be issued through 2025

Topics to monitor on EXC's call include: (1) current inflationary environment and impact to customer bills, (2) sources of potential upside for capital spending longer term, (3) financing needs for 2023+, (4) updates in various rate case filings, especially the multi year plan filing coming in Illinois, and (5) O&M cost management.

We are Neutral rated on EXC with a $47, 12-month price target based on a 18x P/E multiple on our 2024 EPS. Key risks include utility regulation, cost management and financing.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

EXC	12m Price Target: **$47.00**	Price: **$38.04**	Upside: **23.6%**

Neutral

Market cap: $37.3bn
Enterprise value: $75.3bn
3m ADTV: $316.4mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/21	12/22E	12/23E	12/24E
Revenue ($ mn)	16,698.0	19,296.3	19,959.4	20,750.1
EBITDA ($ mn)	6,102.0	6,724.9	7,311.9	7,987.1
EBIT ($ mn)	3,069.0	3,521.5	3,948.3	4,449.0
EPS ($)	2.08	2.16	2.33	2.60
P/E (X)	22.6	17.6	16.3	14.6
EV/EBITDA (X)	12.8	11.2	10.7	10.2
FCF yield (%)	(5.0)	(4.1)	(3.8)	(3.6)
Dividend yield (%)	3.3	3.5	3.8	4.0
Net debt/EBITDA (X)	5.3	5.6	5.5	5.4

	3/22	6/22E	9/22E	12/22E
EPS ($)	0.65	0.44	0.64	0.44

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 2 Nov 2022 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Disclosure Appendix

Reg AC

We, Michael Lapides, Insoo Kim, CFA, John Miller, Shriya Dargan, Jaskaran Jaiya and Shuaib Joomun, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: Ameren Corp., American Electric Power, American Water Works, Atmos Energy Corp., Avangrid Inc., CMS Energy Corp., Centerpoint Energy Inc., Clearway Energy Inc., Consolidated Edison Inc., Constellation Energy Corp., DTE Energy Co., Dominion Energy Inc., Duke Energy Corp., Edison International, Entergy Corp., Essential Utilities Inc., Evergy Inc., Eversource Energy, Exelon Corp., FirstEnergy Corp., NRG Energy Inc., NextEra Energy Inc., NextEra Energy Partners, NiSource Inc., OGE Energy Corp., PG&E Corp., PPL Corp., Pinnacle West Capital Corp., Portland General Electric Co., Public Service Enterprise Group, Sempra Energy, Southern Co., The AES Corp., WEC Energy Group, Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($38.04)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($38.04)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($38.04)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($38.04)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($38.04)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($38.04)

Goldman Sachs has managed or co-managed a public or Rule 144A offering in the past 12 months: Exelon Corp. ($38.04)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($38.04)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	64%	59%	50%

As of October 1, 2022, Goldman Sachs Global Investment Research had investment ratings on 3,100 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

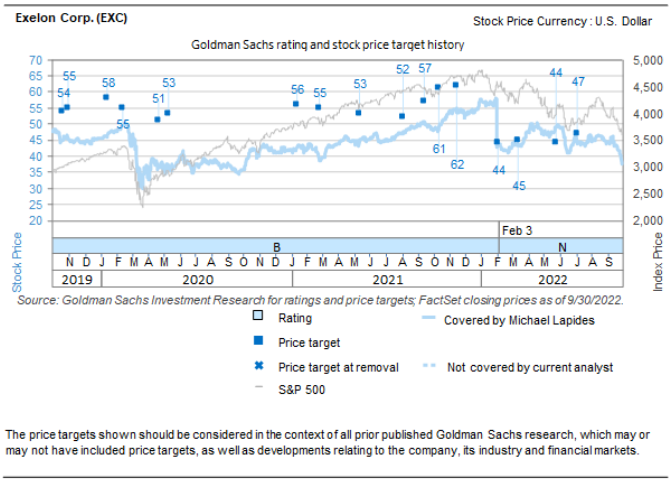

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region's Investment Review Committee manages Regional Conviction lists, which represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Effective from the date of the United Kingdom's departure from the European Union and the European Economic Area ("Brexit Day") the following information with respect to distributing entities will apply:

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland, the Republic of Cyprus and the Republic of Ireland; GS -Succursale de Paris (Paris branch) which, from Brexit Day, will be authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by the Global Investment Research division of GS may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2022 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

EQUITY RESEARCH QUICK TAKE

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com

November 3, 2022

Exelon Corporation

Reports solid 3Q22 results; reaffirms 6-8% EPS CAGR; CEO to step down by year end

NYSE: EXC | USD 38.04 | Sector Perform | Price Target USD 47.00

Sentiment: Neutral

Our view: We lean towards a mixed sentiment this morning. We like the quarterly performance guidance narrowing as well as improvement of consolidated ROE to 9.3% from 8.8% last quarter. However, interest expense pressure is clearly a drag to earnings growth. Growth in 2023-2024 may be bit muted as the presentation materials suggests, though we should see a step up in 2025. On the call, we expect topics to cover validation of EPS growth guidance, regulatory filings, inflation mitigation, ability to address interest recovery in future rate filings, and balance sheet management.

Exelon Corporation (EXC; Sector Perform; $38.04; PT $47) reported adjusted EPS of $0.75, tracking above consensus of $0.70 and our estimate of $0.72. EXC narrowed 2022 EPS guidance to $2.21-$2.29, from $2.18-$2.32 (midpoint unchanged). EXC reaffirmed its 6-8% EPS CAGR through 2025.

CEO Chris Crane to step down. Per the company's 8-K filing last night, EXC announced that Mr. Crane will retire from his current role as CEO effective 12/30/22. Calvin Butler, current President and Chief Operating Officer, will become CEO effective 12/31/22.

Regulatory calendar looks busy through mid-2023. Consistent with prior expectations, EXC announced the intent to file its first multi-year plan at ComEd. EXC plans to make the filing in January 2023. Through mid-2023, EXC expects to make a number of follow-up filings for its existing multi-year filings at BGE, PepCo DC and PepCo MD. In October, both PECO's gas rate settlement and DPL's gas rate case were approved with rates effective 1/1/23 and 11/1/22 respectively.

Financing expectations unchanged. EXC anticipates no incremental equity needs beyond the previously announced $1B through 2025. Post $575M equity offering in August, EXC plans to complete the remaining $425M issuance over 2023-2025.

Credit metrics and expectations on corporate minimum tax. EXC maintains FFO/Debt target of 13-14%, despite expectation of a 60-70 bp impact from corporate minimum tax in 2023-2025. For 2022-2024, EXC sees every $400M lower FFO or $3B higher debt to reduce FFO/Debt by ~1%. EXC expects effective tax rate of 15.1% in 2023, up from 13.6% in 2022.

Quarterly performance looks solid otherwise. This quarter's results included higher earnings at ComEd tied to higher treasury rates, better margins at PECO, BGE and PHI, partially offset by higher depreciation O&M costs.

A conference call has been scheduled for 10AM ET. Please dial in at 844-543-0451, pass code is 802164.

All values in USD unless otherwise noted. Priced as of prior trading day's market close, EST (unless otherwise noted).
Disseminated: Nov 3, 2022 08:07EDT; Produced: Nov 3, 2022 08:07EDT
For Required Conflicts Disclosures, see page 2

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Capital Markets

Contributing Authors

RBC Capital Markets, LLC
Wynne Lam, CFA (Senior Associate) **(212) 266-4040** **wynne.lam@rbccm.com**

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-investment banking securities-related services to Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Capital Markets

As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 30-Sep-2022

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	844	57.18	260	30.81
HOLD [Sector Perform]	580	39.30	161	27.76
SELL [Underperform]	52	3.52	5	9.62

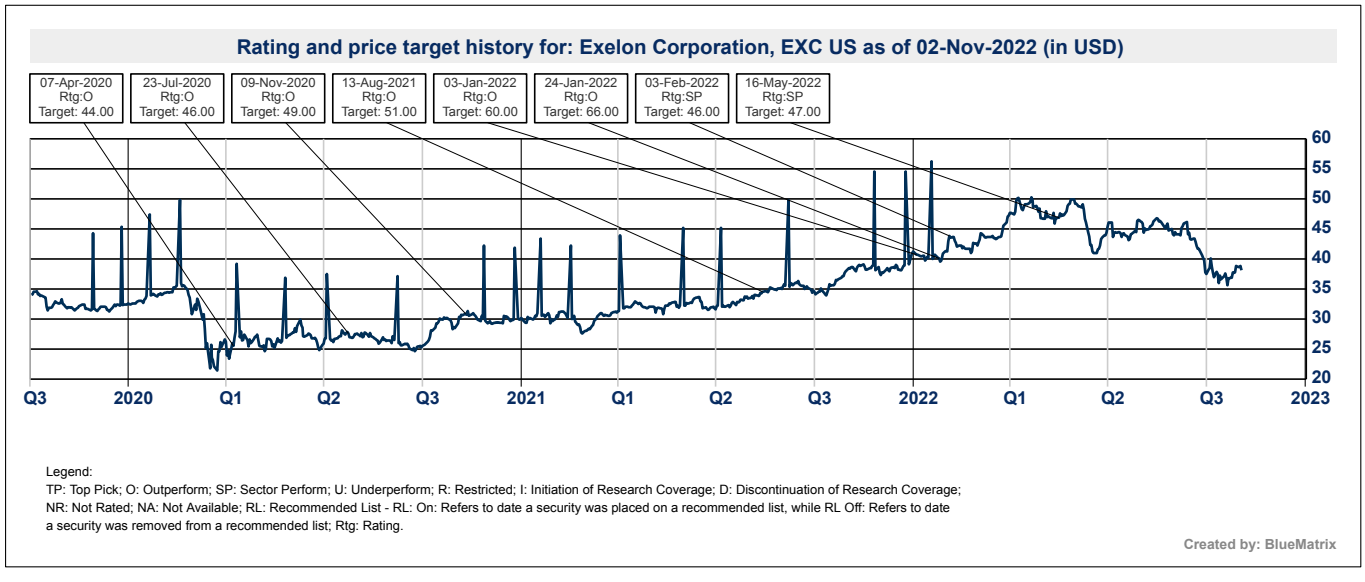

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). RBC Capital Markets recommended lists include the Strategy Focus List and the Fundamental Equity Weightings (FEW) portfolios. The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Equity valuation and risks

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $47 price target assumes a 19.3x P/E multiple on 2023E utilities EPS of $2.42. Our multiple reflects a slight 2.5% discount to our base case blended electric and gas multiple of 19.8x, resulting in equity value per share of $47. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory overhang and lower ROE at ComEd currently. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Deteriorating credit metrics at utilities limit capital investments and/or lead to equity dilution
- Dividend growth slows
- Approval of decoupling mechanisms for remaining utilities leads to improved earnings and cash flow stability
- Accelerated increase in treasury rates could support higher ROEs at ComEd in the near-term

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.



that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

KeyBanc Capital Markets

Alert

October 31, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: ETR, EXC, D, AEE, DUK, PNW, D, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

3Q earnings season continues with PEG, CNP, AVA, OTTR, WEC, EIX, ETR, ES, EXC, PNW, SRE, ED, DUK, AEE, and D reporting this week. On our regulatory calendar, we are tracking proceedings in ETR's TX GRC, EXC's IL FRP, D's Questar natural gas rate case, and AEE's IL FRP. In other news, PNW filed an AZ GRC; parties filed proposed orders and briefs in DUK's NC Carbon Plan; D reached a settlement in the limited reconsideration of the CVOW project; ETR filed its 2023 LA IRP; FERC approved MISO's SSR Agreement request to extend Rush Island plant operations; the PA PUC approved PECO's gas rate case settlement; ES wrote to the Biden administration warning about potential winter gas shortages; SRE and Silicon Valley Power signed a PPA for a 300 MW wind facility; and TerraPower and PacifiCorp announced a joint study to evaluate expanding Natrium technology deployment.

KBCM Invites You to Join Us at the EEI Financial Conference on November 13-15 in Hollywood, FL.
Scroll down for our full schedule, including a dinner with **NWE**

Takeaways from a Week of Earnings

10 utilities under our coverage (AGR, FE, NWE, POR, NEE, DTE, CMS, SO, XEL, AEP) reported earnings last week. Key discussion topics revolved around inflationary pressures, regulatory proceedings, and capex updates in light of IRA and beyond. Scroll down for the full earnings recap.

Earnings Calendar

3Q earnings continue: PEG, CNP, AVA, OTTR, WEC, EIX, ETR, ES, EXC, PNW, SRE, ED, DUK, AEE, and D are scheduled to report this week (see calendar below). Our recently published preview includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

3Q22 Utilities Earnings Calls			
Company Name	Ticker	Date	Time (ET)
Public Service Enterprise Group Inc	PEG	10/31/2022	11:00 AM
CenterPoint Energy Inc	CNP	11/1/2022	8:00 AM
Avista Corp	AVA	11/1/2022	10:30 AM
Otter Tail Corp	OTTR	11/1/2022	11:00 AM
WEC Energy Group Inc	WEC	11/1/2022	2:00 PM
Edison International	EIX	11/1/2022	4:30 PM
Entergy Corp	ETR	11/2/2022	11:00 AM
Eversource Corp	ES	11/3/2022	9:00 AM
Exelon Corp	EXC	11/3/2022	10:00 AM
Pinnacle West Capital Corp	PNW	11/3/2022	12:00 PM
Sempra Energy	SRE	11/3/2022	12:00 PM
Consolidated Edison Inc*	ED	11/3/2022	NA
Duke Energy Corp	DUK	11/4/2022	9:00 AM
Ameren Corp	AEE	11/4/2022	10:00 AM
Dominion Energy Inc	D	11/4/2022	10:00 AM

*ED does not hold a conference call and will release an earnings package after market close
Source: Company filings, KeyBanc Capital Markets Inc.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

.

Regulatory Calendar

ETR — Staff testimony in ETR's TX GRC is due on November 2: ETR is requesting a $131M revenue increase based on a 10.8% ROE (10.5% ROE + a 30 bps performance added) and 51.21% equity layer. Investments of ~$2.3B since the 2018 GRC including the addition of the Montgomery County power station and the Hardin County peaking facility, which are currently recovered under the GCRR rider, are driving the rate increase. ETR is proposing resetting the GCRR, DCRF, and TCRF rider balances to zero. A decision is expected by May 2023.

EXC — Proposed orders in EXC's IL FRP are due on November 2: EXC filed a draft proposed order for a $199M revenue requirement. The proposed order is premised on a 7.85% ROE (which is formulaic), 49.45% equity, and a rate base of ~$14B. This compares to EXC's initial request of $223M. A Commission decision is expected by December 12, and new rates will go into effect in 2023. This will be EXC's last formula rate plan filing in IL. EXC is currently engaged in finalizing the PBR framework that will make its way into the next rate case, which is expected to be filed in early 2023 for rates effective in 2024.

D — Surrebuttal testimony in Phase II of Questar's natural gas rate case is due on November 3: Phase II will address the cost of service among customer classes and rate design, while Phase I will address all issues necessary to determine D's cost of capital and revenue requirement. Questar's revised request for a $67M rate increase is based on a 10.3% ROE and 53.21% equity layer. This compares to Staff's direct testimony recommending a $49.6M revenue increase premised on a 9.3% ROE and 53.21% equity. The primary factors contributing to D's request are capital investments, including the Magna LNG terminal expected to enter service by YE22. Questar must file a rate case every three years as part of an infrastructure replacement adjustment tracker. Questar's last rate case was approved in 2020 for a $2.7M rate increase on a 9.5% ROE and 55% equity layer. A commission decision is expected by January 1.

AEE — Proposed orders in AEE's IL FRP are due on November 4: The parties filed position statements in AEE's IL FRP. ICC Staff and AEE agree on a 7.58% ROE but disagree on the equity layer. In its position statement, ICC Staff recommends a 50% equity layer vs. the Company's statement, requesting a 53.99% equity layer. The ROE of 7.85% is formulaic. AEE is seeking an $83.7M revenue increase vs. ICC's recommendation for a $61.0M rate increase. A final decision is expected by the end of 2022 and new rates effective in January 2023. This may be AEE's last FRP filing in IL, with the following rate review likely being an MYRP. The ICC is expected to approve PBR to be used under the new framework this fall.

Recent Developments for Companies Under Our Coverage

From our midweek: NJ BPU issues an order on the offshore wind transmission docket; POR announces a forward sale agreement for $375M of common stock; AGR's NECEC project gets a temporary setback as a requested injunction is denied; the Public Citizen is requesting that FERC expedite the ruling to name Blackstone and Icahn as FE affiliates; CO PUC prepares to decide on removing subsidies for new gas hookups; the first MN landfill gas to RNG facility commences operations; the CA DoF files a lawsuit against EIX for the Silverado Fire; and FSLR signs a 2Gw contract with Swift.

PNW — APS files 2022 electric GRC: APS filed an electric rate case (Docket: E-01345A-22-0144) in AZ seeking a net $460M revenue increase premised on a 10.25% ROE and 51.93% equity layer. The request highlights a $772M total revenue deficiency, including $108M for test year adjustor revenue transfers and $204M Day-One PSA and Renewable Energy adjustment charges. PNW requested to use a test year ending June 30, 2022, and will be able to include revenue expenses and investments from the first six months of 2022. Additionally, PNW proposed to enhance its Renewable Energy Adjustment Charge to recover renewable resources, which would smooth out investments and prevent PNW from frequently filing rate cases. This is PNW's first rate case filing since the 2019 rate case that resulted in a $120M revenue decrease and an 8.7% ROE. This rate case will reveal much about Arizona's current and future regulatory climate and will likely depend on the track PNW pursues, i.e., settlement or full litigation. PNW is requesting rates to go into effect on December 1, 2023, and the Company previously stated that it would not issue any guidance until an outcome is known.

DUK — Proposed orders and briefs filed in DUK's NC Carbon Plan: Parties filed post-hearing documents, including proposed orders, for the NC Carbon Plan.

- In DUK's proposed order, it maintained its near-term approach. It included recommendations to procure 1,200 MW of standalone solar in 2022, 2,350 MW of storage in 2023-2024, 600 MW of co-located storage, 1,000 MW of standalone storage, 600 MW of onshore wind, 800 MW of CT, and 1,200 MW of CC. DUK also proposed spending $440M to develop other technologies, including SMR, new pumped storage, and offshore wind. DUK proposes filing an IRP and information Carbon Plan update in 2023 and will file an updated IRP and Carbon Plan together in 2024.
- In Staff's proposed order, Staff proposes the NCUC select SP-5, which would meet the interim compliance date by 2032. Staff recommends that the NCUC authorize several near-term actions, including solar procurement of 1,200 MW in 2022, 2,100 MW for 2023-2024, and 800 MW of co-located storage in 2023-2024. Additionally, Staff recommends 600 MW of onshore wind and 2,000 MW of natural gas additions. Staff suggests that DUK should be able to proceed with its plans for SMR development and pumped storage hydro but not with offshore wind development until a 3P analysis has been conducted.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

- The NC AG filed a brief recommending that the NCUC deny DUK's recommendations and promoted its own SP-AGO. The AG argues that it remains too early to delay the 70% target deadline, and the Commission should reject all DUK's portfolios that do not reach the target by 2030, including SP-5 and SP-6. The AG also argues that DUK's only recommended portfolio that meets the 2030 target does so without the least-cost requirement. The AG recommends that the NCUC order several near-term items allowing DUK to achieve the mandate. Therefore, the AG recommends that DUK initiate procurement for 4,200 MW of solar for 2022-2024, 900 MW of onshore wind for 2023-2025, and 1,000 MW of battery storage enter service by 2029. Additionally, the AG recommends that DUK begin activities necessary to procure 800 MW of offshore wind by the end of 2029. The NCUC should defer any natural gas additions until at least the 2024 Carbon Plan update.

Throughout the hearings, the parties, including DUK, presented 11 portfolios to the Commission that varied in technologies and timing. There is less disagreement in the shorter-term targets, and DUK is requesting the NCUC approve the proposed near-term approach (through 2026) while debating the longer-lead-term proposals and possible technologies during future carbon plan filings, which are required biannually by law. The NCUC is required to present the first NC Carbon Plan by December 31.

D – Dominion reaches a settlement with multiple parties on the CVOW performance guarantee: D entered a settlement with the VA Office of the AG, and other intervenors to reconsider the performance guarantee in the SCC's final order approving the CVOW project. The settlement calls for replacing the performance guarantee with a cost-sharing approach for capital costs exceeding the budget and includes an enhanced SCC review of operating performance. The issue arose when the SCC ruled that D cannot pass on the cost of procuring replacement power should the capacity factor at CVOW fall below 42 on a three-year rolling average. In its filings, D used 42% as the projected 30-year average net capacity factor in its cost-benefit analysis and LCOE proposal. The SCC took this a step further to hold D accountable if the 42% capacity factor is not met over a relatively short period of time. As part of the settlement, D will agree to share 50% of all costs in the range of $10.3B-$11.3B and shareholders will bear 100% of the costs in the range of $11.3B-$13.7B. There is no voluntary cost sharing for costs exceeding $13.7B. The current capex for the project is estimated at $9.8B. D will not guarantee an energy production level as was put in the SCC's final order but will provide details on any shortfall in power production from the projected amount. The settlement is subject to SCC approval.

ETR — ETR LA files its 2023 IRP: ETR filed its 2023 Integrated Resource Plan in LA for the 2023-2042 period. ETR is forecasting a capacity deficit in 2025 that will be briefly resolved in 2026 due to ELL's ongoing Renewable RFPs. That deficit returns in 2027 and expands over time as forecasted customer demand increases and existing resources reach the end of their assumed useful lives. ETR's plan introduces three portfolios and calls for coal to be retired from the fleet by 2030. The proposed portfolios focus on incremental renewable generation capacity. Additionally, the Plan calls for eight action steps, including implementing four solar projects and the Geaux Green Tariff, completing the 2021 and 2022 RFPs, continuing with frequent RFP issuances, and exploring DG and DSM opportunities. In LA, utilities must file IRPs every four years that contain a 20-year planning horizon and a five-year action plan.

Figure 2 - ETR LA Proposed Portfolios

2032-2042 Modeling Results (MW)	Portfolio 1	Portfolio 2	Portfolio 3
Total Incremental Capacity	12,640	27,973	14,158
Natural Gas Additions	1,580	0	2,635
Renewable Capacity Additions	9,300	25,800	9,300
Battery Capacity Additions	450	500	550
DSM Capacity Additions	1,310	1,673	1,673
Renewable Addition %	**74%**	**92%**	**66%**

Source: Regulatory filings, company filings, KeyBanc Capital Markets Inc.

AEE — FERC approves SSR Agreement to extend Rush Island plant operations: FERC approved MISO's proposed Rush Island System Support Resource Agreement. MISO initially filed the request with FERC to extend the life of the ~1.2 GW Rush Island coal facility until 2025. MISO currently has thin reserve margins, and forecasts call for heightened risks of rolling blackouts during peak demand periods. AEE filed with MISO to suspend operations at Rush Island beginning September 1, 2022. MISO conducted a study after the filing and determined that discontinuing operations of Rush Island would result in MISO violating reliability standards. As a result, MISO designated Rush Island Units 1 and 2 as SSR units and expects the designations to remain until four proposed transmission upgrades are completed in 2025. The SSR Agreement can be terminated if it is determined that the units are no longer needed. In an updated 20-year IRP, AEE proposed to close Rush Island in 2025.

EXC — PA PUC approves PECO's gas rate case settlement: The PA PUC adopted the ALJ's recommendation to approve PECO's PA gas rate case settlement without modification. The settlement agrees to a $62M revenue increase ($55M net rate increase and a $7M resetting of the DSIC). The settlement is silent on the ROE and capital structure and includes a rate and DSIC stay-out until March 2024. New rates will likely go into effect in January 2023.

ES — ES writes to Biden administration warning about potential winter gas shortages: ES CEO Jo Nolan has written to the Biden administration requesting that it prepare for emergency measures to prevent a potential shortage of natural gas in the winter months. The letter follows a similar acknowledgment from the FERC that ISO-NE may be the most vulnerable with respect to fuel supplies in case of a more severe than normal winter. The NE relies on natural gas for both home heating and electric power and since pipeline capacity in the region is constrained, fuel sufficiency is a standing concern in times of extreme weather. See our Alternative Energy Weekly where we discuss the natural gas shortage in the NE in greater detail, along with the region's reliance on LNG cargoes, which this year will compete with increased international demand for natural gas resulting from the war in Europe.

SRE — SRE and Silicon Valley Power sign PPA for 300 MW wind facility: SRE's subsidiary Sempra Infrastructure Partners and Silicon Valley Power announced a 20-year PPA for the 300 MW Cimarron Wind project. The project is under development in Baja, Mexico, and will interconnect to the grid via SRE's existing infrastructure. The project does not currently have a timeline. SIP operates a 1,000 MW clean energy portfolio in Mexico—five solar and two wind facilities. In addition to the Cimarron project, SIP is developing a 500 MW ESS project.

PacifiCorp — TerraPower and PacifiCorp to expand Natrium technology deployment: TerraPower announced it is undertaking a joint study with PacifiCorp to evaluate the feasibility of deploying up to five additional Natrium reactors and integrated energy storage systems in PacifiCorp's service territory by 2035. Last year, the companies announced plans to install a Natrium demonstration plant in Kemmerer, WY, where a PacifiCorp coal power plant is expected to be retired. The study will evaluate the potential to install advanced reactors located near current fossil-fueled generation sites to help PacifiCorp repurpose its existing generation and transmission assets to benefit its customers as the companies look to identify opportunities to reduce costs for customers and more broadly deploy Natrium reactors.

KBCM EEI Schedule Agenda (All Times Eastern):

Sunday, November 13, 2022

12:00 PM — Eversource Energy (ES)
2:00 PM — Xcel Energy Inc. (XEL)
3:00 PM — Sempra Energy (SRE)
4:00 PM — WEC Energy Group, Inc. (WEC)
5:00 PM — Atlantica Sustainable Infrastructure plc (AY)

Monday, November 14, 2022

8:00 AM — Duke Energy Corporation (DUK)
8:45 AM — Avangrid, Inc. (AGR) *[30 min meeting]*
9:00 AM — Pinnacle West Capital Corporation (PNW)
10:00 AM — Exelon Corporation (EXC)
11:00 AM — Edison International (EIX)
11:00 AM — CenterPoint Energy, Inc (CNP)
12:00PM — DTE Energy Company (DTE)
1:00 PM — NorthWestern Corp (NWE)
2:00 PM — American Electric Power Company, Inc. (AEP)
3:00 PM — Portland General Electric Company (POR)
4:00 PM — FirstEnergy Corp. (FE)
Dinner — Dinner with NorthWestern Corp (NWE)*

Tuesday, November 15, 2022

7:00 AM — Entergy Corporation (ETR)
7:00 AM — Southern Company (SO)
8:00 AM — Ameren Corporation (AEE)
9:00 AM — CMS Energy Corporation (CMS)
10:00 AM — Consolidated Edison, Inc. (ED)
11:00 AM — Avista Corporation (AVA)
11:00 AM — Otter Tail Corporation (OTTR)
12:00 PM — Public Service Enterprise Group Incorporated (PEG)
3:00 PM — NextEra Energy (NEE)

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Earnings Recap

NEE — NEE reported 3Q results that came in ahead of our expectations and consensus, with the beat spread across FPL and NEER. Management maintained long-term guidance with a bias toward the high end of the range. The benefits of the IRA will play out for an extended period as we expect NEER to take advantage of the provisions to broaden the portfolio beyond wind, solar, and storage, as was evidenced by the $1.1 B acquisition of landfill to electric projects announced today. We expect more such announcements as NEER seeks to build scale in RNG and potentially in the clean hydrogen space over time. See our note here.

SO — SO reported EPS a tad below our and consensus estimates, as the Company faced higher O&M, but continued to benefit from strong retail growth in the Southeast. The Company maintained guidance and is looking towards the upper end of the range. SO has completed fuel load for Vogtle Unit 3 earlier this month and maintained the current in-service timeline for both units. On the regulatory front, SO continues to navigate its GA GRC, where Staff position was recently filed. SO expects a constructive outcome in the rate case in line with historical precedents on timing and recovery parameters. See our note here.

XEL — XEL posted 3Q EPS of $1.18, which was ahead of our estimates and below consensus. The Company narrowed its 2022 EPS range, with a $0.02 improvement to the midpoint, and introduced 2023 guidance in line with consensus. Additionally, XEL rolled-out a new five-year capital plan that includes incremental opportunities in the back half of the plan. XEL remains well positioned and is expected to see significant benefits from the passage of the IRA. See our note here.

AEP — AEP reported strong 3Q22 EPS as it continues to benefit from strong load growth and received a favorable outcome in its VA Triennial review. AEP maintained its guidance range and long-term EPS that was provided at the Analyst Day and will provide more color at the upcoming EEI event. Otherwise, AEP continues to work on closing the spread between its earned and allowed ROE and is working to complete all of its outstanding strategic items in 1H23. See our note here.

CMS — CMS reported an above-consensus quarter with the beat vs. our estimates spread across the segments. The Company also raised/narrowed 2022 EPS guidance to a new midpoint of $2.88 (vs. $2.87) and released preliminary 2023 EPS guidance of $3.05-$3.11 with a bias toward the top end and in line with the Company's long-standing 6-8% growth expectations. Expect growth in investments in renewables generation and energy storage as CMS works to execute the recently approved IRP. A capex refresh/ upgrade is expected in early 2023 to align with the provisions in the IRP. CMS continues to deliver on the targeted growth objectives with a disciplined approach. See our note here.

DTE — DTE reported a solid quarter, beating consensus by a couple of pennies as headwinds in Energy Trading and Corporate offset the strength in Utilities. However, we expect the upcoming IRP filing to be the bigger news, as it may pave the way for the Company to increase capex plan and potentially the LT EPS growth rate (previously seen at 5-7%). We believe the expectations of a step up in the LT growth rate have been substantially built into the investor sentiment at this point, setting the bar high for the guidance refresh at the EEI. See our note here.

FE — FE reported a strong quarter with EPS near the top end of its guidance range as the Company continued to benefit from Signal Peak mining facility earnings contribution and lower interest expenses from retiring higher-yielding debt. That said, projected pension headwinds for 2023 have grown since midyear; inflation pressures present a concern, in our view; and the Company is navigating its CEO search/transition. With no new rates until late 2023 or 2024 at the earliest, we envision that 2023 will be a challenging year for the shares. See our note here.

AGR — AGR reported a mostly in-line quarter (modestly below our expectations and consensus) and reiterated the 2022 guidance of $2.20-$2.38. Regulatory activity is underway in all key jurisdictions with settlement discussions expected to start in NY next week. Offshore wind PPA renegotiation for Commonwealth and Park City Wind, NECEC legal proceedings (likely next April), and any updates from the NM Supreme Court on the pending PNM merger remain the items to watch. See our note here.

NWE — NWE posted 3Q22 results below our and consensus estimates, as the Company saw lower transmission volumes and was impacted by higher power costs in the region. As a result, NWE lowered the top end of the 2022 guidance range, which aligns closer to our estimate for the full year. The MT GRC is the big-ticket item and will be instrumental in NWE being able to earn closer to its allowed return and recovery of future power costs in a timely manner. The interim rate implementation was a step in the right direction, and rates will be retroactively applied to October at the conclusion of the rate case. Management will wait until then to provide updated guidance. With the MT GRC and SD IRP filed, NWE will be looking to file its MT IRP by the end of the year. See our note here.

POR — POR reported solid 3Q results, settled a number of deferrals totaling ~$130M, announced a first RFP win worth $415M in capex, and raised its target LT growth rate to 5-7% (from 4-6% prior)—more in line with industry average. The slew of good news lead the shares higher intraday, and the company announced a sizable equity issuance after the close (see above). See our note here.

Figure 3 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
TX	Entergy Texas Inc.	ETR	D-53719	Electric	11/2/2022	Staff Testimony
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	11/2/2022	Proposed order expected
VA	Appalachian Power Company	AEP	PUR-2020-00015	Electric	11/2/2022	Remand Testimony Hearings
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	11/3/2022	Surrebuttal Testimony Due (Phase II)
IL	Ameren Illinois	AEE	D-22-0297	Electric	11/4/2022	Proposed order expected
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	11/7/2022	Hearings Begin (Phase II)
	Short-Term Energy Outlook	EIA			11/8/2022	STEO release
GA	Georgia Power Co.	SO	D-44280	Electric	11/8/2022	Staff & Intervenor Hearings
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	11/8/2022	Rebuttal Testimony
CT	Aquarion Water Company	ES	22-07-01	Water	11/9/2022	Rebuttal Testimony Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	11/9/2022	Hearings Begin
	CPI Release	BLS			11/10/2022	CPI release for Prior Month
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	11/15/2022	Opening Comments on RAMP Submission
TX	Entergy Texas Inc.	ETR	D-53719	Electric	11/16/2022	Rebuttal Testimony
	Federal Energy Reg Comm	FERC			11/17/2022	Open Meeting
	Sunnova Energy	NOVA			11/17/2022	Analyst Day in Houston
GA	Georgia Power Co.	SO	D-44280	Electric	11/18/2022	GP Rebuttal Testimony Due
	Ballard Power Systems	BLDP			11/22/2022	Analyst Day - Vancouver, Canada
CT	Aquarion Water Company	ES	22-07-01	Water	11/22/2022	Evidentiary Hearings Begin

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 4 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Retrieving...	20.0	Sector Weight	NA	$82.33	2.9%	58%	4.05	4.33	4.64	20.3x	19.0x	17.7x	4.07	4.37	4.67	20.2x	18.8x	17.6x
AEP	American Electric Power Company Ir	44.8	Sector Weight	NA	$89.40	3.5%	63%	5.03	5.30	5.67	17.8x	16.9x	15.8x	5.00	5.29	5.61	17.9x	16.9x	15.9x
CMS	CMS Energy Corp	16.4	Sector Weight	NA	$57.92	3.2%	64%	2.88	3.14	3.41	20.1x	18.4x	17.0x	2.88	3.12	3.39	20.1x	18.6x	17.1x
CNP	Retrieving...	17.0	Overweight	$31	$28.81	2.3%	47%	1.40	1.51	1.63	20.6x	19.1x	17.7x	1.38	1.49	1.62	20.8x	19.3x	17.8x
D	Dominion Energy Inc	56.1	Sector Weight	NA	$69.41	3.9%	65%	4.12	4.37	4.67	16.8x	15.9x	14.9x	4.11	4.39	4.70	16.9x	15.8x	14.8x
DTE	DTE Energy Co	21.2	Sector Weight	NA	$113.64	3.3%	62%	5.91	6.26	6.66	19.2x	18.2x	17.1x	6.01	6.27	6.70	18.9x	18.1x	17.0x
DUK	Retrieving...	68.1	Overweight	$108	$94.00	4.3%	74%	5.44	5.75	6.08	17.3x	16.3x	15.5x	5.45	5.73	6.12	17.3x	16.4x	15.4x
ETR	Entergy Corp	21.4	Sector Weight	NA	$107.73	3.8%	64%	6.38	6.70	7.21	16.9x	16.1x	14.9x	6.38	6.77	7.24	16.9x	15.9x	14.9x
ES	Retrieving...	25.1	Sector Weight	NA	$76.77	3.3%	62%	4.09	4.38	4.65	18.8x	17.5x	16.5x	4.11	4.37	4.68	18.7x	17.5x	16.4x
ED	Consolidated Edison Inc	30.6	Underweight	$69	$88.45	3.6%	70%	4.51	4.81	5.05	19.6x	18.4x	17.5x	4.51	4.80	5.12	19.6x	18.4x	17.3x
EIX	Edison International	22.3	Sector Weight	NA	$60.23	4.7%	62%	4.51	4.81	5.12	13.4x	12.5x	11.8x	4.53	4.85	5.19	13.3x	12.4x	11.6x
EXC	Exelon Corp	37.5	Sector Weight	NA	$38.76	3.6%	61%	2.27	2.41	2.58	17.1x	16.1x	15.0x	2.26	2.39	2.58	17.2x	16.2x	15.0x
FE	FirstEnergy Corp	21.3	Overweight	$44	$38.08	4.1%	64%	2.37	2.53	2.73	16.1x	15.1x	13.9x	2.43	2.53	2.72	15.7x	15.0x	14.0x
PEG	Public Service Enterprise Group Inc	27.7	Sector Weight	NA	$57.43	3.8%	62%	3.48	3.70	3.93	16.5x	15.5x	14.6x	3.47	3.59	3.97	16.6x	16.0x	14.5x
SO	Southern Co	69.3	Overweight	$70	$66.34	4.1%	75%	3.60	3.81	4.15	18.4x	17.4x	16.0x	3.59	3.79	4.11	18.5x	17.5x	16.1x
WEC	WEC Energy Group Inc	28.0	Overweight	$94	$91.60	3.2%	66%	4.39	4.63	4.86	20.9x	19.8x	18.8x	4.39	4.61	4.91	20.9x	19.9x	18.7x
XEL	Xcel Energy Inc	34.6	Overweight	$68	$65.37	3.0%	61%	3.14	3.33	3.52	20.8x	19.6x	18.6x	3.16	3.37	3.60	20.7x	19.4x	18.1x
					Average:	**3.5%**	**64%**				**18.3x**	**17.2x**	**16.1x**				**18.2x**	**17.2x**	**16.0x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AVA	Avista Corp	2.9	Sector Weight	NA	$41.12	4.3%	90%	1.99	2.48	2.61	20.7x	16.6x	15.8x	1.96	2.44	2.60	21.0x	16.8x	15.8x
NWE	NorthWestern Corp	3.1	Overweight	$59	$53.43	4.7%	77%	3.26	3.51	3.69	16.4x	15.2x	14.5x	3.28	3.48	3.64	16.3x	15.3x	14.7x
OTTR	Otter Tail Corp	2.8	Sector Weight	NA	$68.70	2.4%	23%	7.08	4.27	3.70	9.7x	16.1x	18.6x	7.04	4.20	3.59	9.8x	16.3x	19.2x
PNW	Pinnacle West Capital Corp	7.5	Underweight	$56	$68.30	5.0%	85%	4.03	4.25	4.48	16.9x	16.1x	15.2x	4.03	4.20	4.50	16.9x	16.2x	15.2x
POR	Portland General Electric Co	4.0	Sector Weight	NA	$45.46	3.9%	64%	2.81	2.89	3.03	16.2x	15.7x	15.0x	2.77	2.78	3.02	16.4x	16.4x	15.0x
					Average:	**4.1%**	**68%**				**16.0x**	**15.9x**	**15.8x**				**16.1x**	**16.2x**	**16.0x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AGR	Avangrid Inc	15.5	Underweight	$35	$40.91	4.3%	75%	2.34	2.31	2.46	17.5x	17.7x	16.6x	2.34	2.27	2.40	17.5x	18.0x	17.0x
NEE	Nextera Energy Inc	148.3	Overweight	$89	$79.03	2.1%	59%	2.90	3.08	3.34	27.3x	25.7x	23.7x	2.87	3.09	3.37	27.5x	25.6x	23.5x
SRE	Sempra Energy	47.1	Sector Weight	NA	$152.39	3.0%	53%	8.65	8.91	9.58	17.6x	17.1x	15.9x	8.67	9.03	9.67	17.6x	16.9x	15.8x
					Average:	**3.2%**	**62%**				**20.8x**	**20.2x**	**18.7x**				**20.9x**	**20.1x**	**18.7x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
CEG	Constellation Energy Corp	30.4	Overweight	$97	$93.75	0.6%	27%	1.26	4.21	4.63	74.4x	22.3x	20.2x	2.08	4.60	5.46	45.2x	20.4x	17.2x
NRG	Retrieving...	10.0	Not Covered	NA	$44.67	3.1%	26%	NA	NA	NA	NA	NA	NA	5.45	4.43	5.39	8.2x	10.1x	8.3x
VST	Vistra Corp	9.2	Not Covered	NA	$22.98	3.2%	37%	NA	NA	NA	NA	NA	NA	2.01	2.70	2.36	11.5x	8.5x	9.7x
					Average:	**2.3%**	**30%**				**74.4x**	**22.3x**	**20.2x**				**21.6x**	**13.0x**	**11.7x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 5 - Stock Price Performance

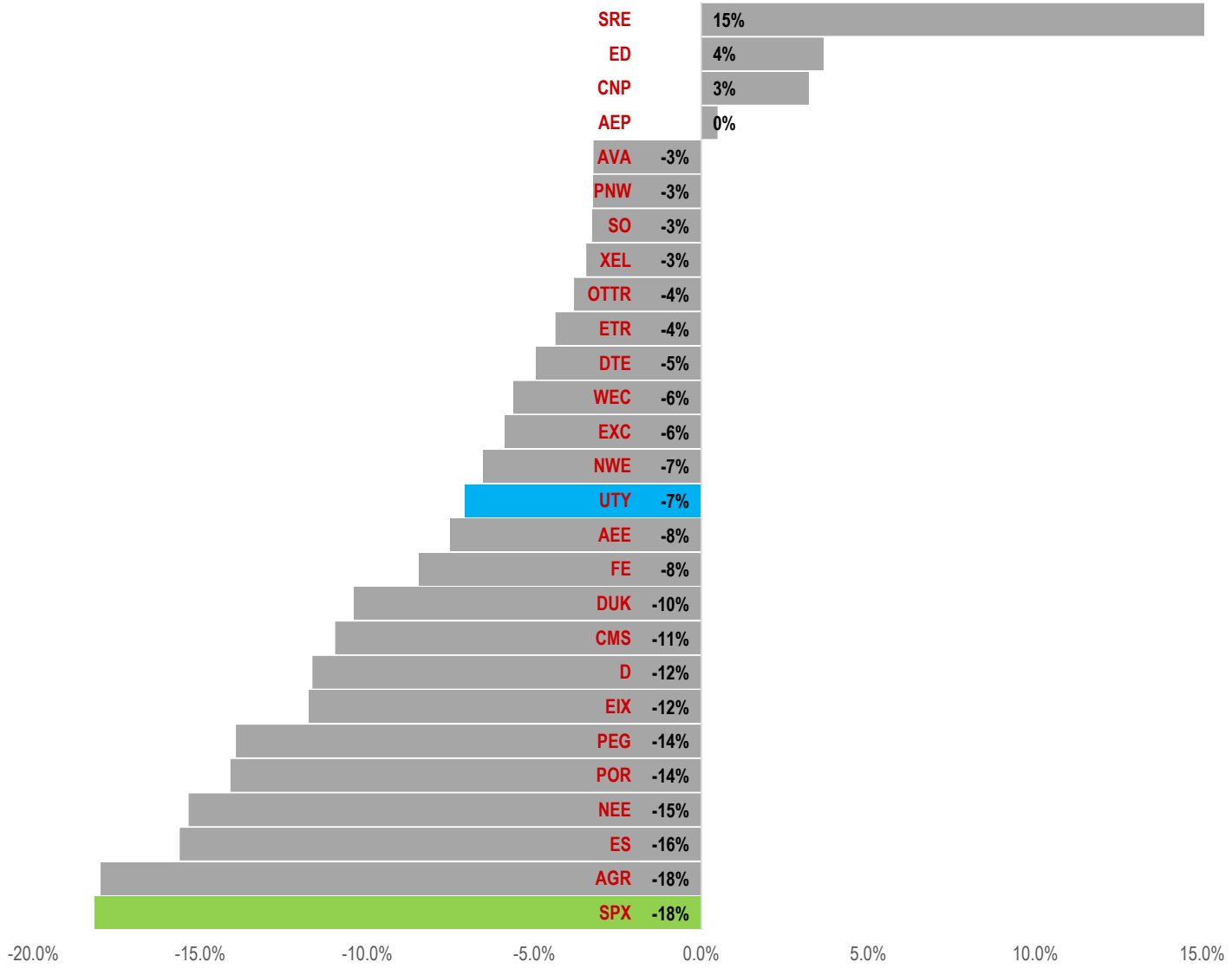

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

WEC: Long & Strong - Sustainable Self-Funded Growth Story; Takeaways from Management Meetings

AEP: Cleaning Up Its Closet; Takeaways from the Analyst Day

AVA: Notes from Management Meetings

AGR: Analyst Day Takeaways, Reiterate Underweight

DTE: Highlights from Our Management Meetings

FE: A Day of Management Meetings

CNP: On the Road with Management

DUK: Notes from Management Meetings

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

POR: On the Road with Management — Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

NEE: Analyst Day Brings Growth Opportunities to the Forefront

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Utilities 3Q22 Earnings Preview: The Average Is Over: Staying Selective and Focusing on Catalysts Given Macro Headwinds

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	294	50.34	57	19.39
Sector Weight [SW]	278	47.60	51	18.35
Underweight [UW]	12	2.05	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	27	50.00	11	40.74
Sector Weight [SW]	24	44.44	11	45.83
Underweight [UW]	3	5.56	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Learning To Walk Before You Can Run: Weaker 2023-2024 but EPS CAGR Intact
- **Publication Date/Time** : Thursday, October 27, 2022 12:48:35 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Paul Zimbardo
- **Link to Document** : https://rsch.baml.com/r?q=EP0cIxAZdK9QnlD!Aza2aA__&reid=EFAFE7467D6611ED946D3986945289B1

GUGGENHEIM

Power & Utilities October 24, 2022

The Guggenheim Daily Transmission: 3Q22 preview, DUK, Wind, EVRG, EXC/IL, VA/Nuclear, SO, EIX/ PCG/SRE, WEC, NEE/ED, PCG

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
DUK	88.46	Buy
ED	84.87	Neutral
EIX	55.64	Buy
EVRG	58.16	Buy
EXC	36.72	Neutral
NEE	71.65	Buy
PCG	14.50	Buy
SO	64.50	Buy
SRE	142.28	Buy
WEC	86.65	Neutral

For details on our Guggenheim-hosted client Utility events including our EEI Conference meetings; and other events, scroll down…

DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement (see note HERE)

Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments (see note HERE)

Forward Power Curves, Genco MtM, and Weekly Commentary (see note HERE)

Wind – AVANGRID seeks potential changes to Commonwealth Wind PPAs

EVRG – Reply briefs filed in MO cases

EXC/IL – Proposed order filed in final ComEd FRP process

VA/Nuclear – Momentum behind nuclear R&D continues to build in VA

DUK – NCUC prioritizes keeping on schedule in Carbon Plan proceeding

SO – Staff and Intervenor testimony filed in Georgia Power rate case

EIX/PCG/SRE – Comments filed on competing PDs in the CA Cost of Capital deferral proceeding

WEC – Reply briefs filed in Wisconsin rate cases

DUK – DEF ROE increase; final order issued

NEE/ED – MVP reported to halt eminent domain cases for MVP Southgate

PCG – PG&E power shutoff warning restarted this weekend, company continues monitoring conditions

Wind – AVANGRID seeks potential changes to Commonwealth Wind PPAs

- "In response to the unprecedented economic challenges facing all major infrastructure projects, including historic price increases for global commodities, sharp and sudden increases in interest rates, prolonged supply chain constraints, and persistent inflation, AVANGRID has filed a motion with the Massachusetts Department of Public Utilities seeking a one-month suspension in the review of the Power Purchase Agreements (PPAs) for the Commonwealth Wind project. A one-month suspension in the proceeding provides a needed opportunity for AVANGRID, the Massachusetts Electric Distribution Companies, state and regulatory officials, and stakeholders to evaluate the current economic challenges facing Commonwealth Wind and assess measures that would return the project to economic viability including, but not limited to, modest changes to the PPAs." – release [NYSE: AGR]
- More HERE

Guggenheim takeaway: *AGR's move to potentially change the PPAs for the project is yet another data point supportive of our view that some of the previous bidding behavior in the Northeast may have been aggressive. The prospects for upheaval in the space is another reason we see ES' intention to exit its JV as a positive move, and while AGR's actions may raise more questions about some of the more marginal projects underway, we don't think*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

this is something that will have readthrough to ES' process or even D's regulated work off Virginia given what has been a laser focus on cost and materials from both parties to date.

EVRG – Reply briefs filed in MO cases

- OPC, MECG, EVRG, Staff, and others have filed their reply briefs on the ongoing contested portions of the MW and Metro cases, including on familiar items like Sibley and AMI.
- "The Commission should apply the same logic here, and fairly apportion risk between shareholders and ratepayers by allowing return of but not on Sibley. Evergy's arguments that "such investment was made on behalf of customers, and that customers in fact benefitted from the Company retiring an uneconomic plant"27 ignores that customers will also have to pay the costs to replace Sibley's generation.28 OPC witness Dr. Marke discusses increased costs Evergy ratepayers may face due to replacement generation costs or increased purchased power from the Southwest Power Pool (SPP).29 Evergy witness Darrin Ives discusses a capacity contract that West entered into with Metro to meet SPP capacity requirements upon the closure of Sibley.30 It is only equitable that customers not pay for both the return of a retired plant, and the replacement generation for it.31 Utilities are not entitled to recover all prudent expenditures in its rates.32 The Courts have found "the PSC has broad discretion to include or exclude expenditures to arrive at rates it deems to be "just and reasonable."33 The Commission should exercise that discretion in this case, and deny Evergy's request for return on the NBV of Sibley." – Staff
- More HERE.

Guggenheim takeaway: *With several settlements/stipulations in these cases, the crux of the remaining issues in the briefs is firmly centered on the various avenues for resolving the remaining Sibley balance, alongside several familiar tertiary items (AMI, hydro PPA, etc.). While we excerpted parts of Staff's position above and note that others have put forward their own detailed positions in the initial post hearing briefs (see our note HERE), in our view, clarity will have to come from the PSC's final order, which we expect in the coming weeks around the 3Q earnings timeline. In our view, the potential for EVRG to not earn on the remaining Sibley balance has been disseminated for some time, and we continue to see this as a discrete legacy (postmerger) issue for EVRG.* ***We hosted EVRG management for an NDR this summer to discuss Sibley and the broader regulatory backdrop – see our note from those meetings HERE.***

EXC/IL – Proposed order filed in final ComEd FRP process

- The order calls for the formulaic 7.85% ROE as calculated by the company and supported by Staff, alongside the adoption of a ~$2.9bn revenue requirement.
- "Staff's recommended 2023 Initial Rate Year Revenue Requirement is presented in Appendix A to this Order,2 Schedule 1 FY, line 1 is $2,860,265,000. The Commission approves this figure based on the extensive evidence in the record and the reasons indicated below." - ICC
- More HERE.

Guggenheim takeaway: *Heads up and generally on schedule following briefs and ahead of a final order in the weeks ahead. As a reminder, this is EXC's last FRP under the current construct, with the utility slated to transition to multiyear rates in '24, should it elect to do so with a filing in January.*

VA/Nuclear – Momentum behind nuclear R&D continues to build in VA

- Multiple lawmakers and industry groups are seeking to build off the momentum of Governor Youngkin's recent SMR funding proposal, including efforts to work with West Virginia on securing federal funds.
- More HERE.

Guggenheim takeaway: *Interesting read as the state continues to rally around nuclear as a next-generation zero carbon resource, and in line with prior all-of-the-above commentary from the administration. We continue to see VA as one of the more active states on not only advanced nuclear, but also more familiar renewable resources.*

DUK – NCUC prioritizes keeping on schedule in Carbon Plan proceeding

- "The Commission has carefully considered the Joint Intervenors' Motion and Duke's Letter. The evidentiary record in this matter was closed on September 29, 2022, following

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

a hearing during which the record was developed. In accordance with N.C.G.S. § 62-110.9, the Commission must render a final decision in this docket by no later than December 31, 2022. Time is, as it has been, of the essence." – NCUC in Docket E-100 Sub 179
- Docket E-100 Sub 179

Guggenheim takeaway: *As we expected (see our prior daily HERE), the NCUC is sensitive to its Dec 31, 2022 deadline to have a Carbon Plan approved and in place.*

SO – Staff and Intervenor testimony filed in Georgia Power rate case

- Staff recommend an ROE of 9.45% (vs. 10.5% last authorized), within the range of 9.00%–9.90%.
- Staff also recommends lowering Georgia Power's equity layer to 51% (vs. 56% last authorized), effective 2024 once Vogtle Units 3 & 4 are in service.
- Docket 44280

Guggenheim takeaway: *The PSC has historically been supportive of Georgia Power's credit metrics and financial health, and we would expect the final decision in this rate case (expected in December), to continue that trend.*

EIX/PCG/SRE – Comments filed on competing PDs in the CA Cost of Capital deferral proceeding

- Intervenors filed comments on the proposed decisions in the cost of capital proceeding (2022).
- Majority of the opposition comments focus on claims of legal errors and departure from precedent contained in the proposed decision.
- CPUC previously issued 2 proposed decisions (PD and APD) on the 2022 cost of capital deferral.
- Both PD and APD agree an extraordinary event occurred and agree to waive the automatic ROE adjustment.
- While the PD seeks to continue the proceeding to determine 2022 ROE, President Reynolds' APD seeks to maintain current ROEs and close the proceeding.
- Consumer, TURN, and various energy coalition groups have previously filed in opposition arguing for allowing CCM due to both administrative rules and customer affordability factors.
- Reply Comments are due October 25th.
- Docket: A2108014
- Summary of PD / APD here.

Guggenheim takeaway:*The intervenor comments are in line with our expectations of attempting to find legal/administrative angles to oppose a cost of capital decision that does not lower rates. While this proceeding is for interim period rates (i.e., there is a 2023 cost of capital application outstanding and in the late phases of CPUC process), there are some datapoints on CPUC process. As we anticipated, there is a push to maintain status quo, especially as quantitative inputs have changed dramatically including interest rates and Moody's bond index. The APD approach seems reasonable to us and keeps the CPUC process flowing smoothly.*

WEC – Reply briefs filed in Wisconsin rate cases

- WEC's utilities make their case for maintaining their current ROEs of 10% (10.2% for Wisconsin Gas), which were set in 2019 when interest rates were much lower than they are today. CUB, by notable comparison, recommends a departure from previous methods and lower ROEs.
- Docket 6690-UR-127
- Docket 5-UR-110

Guggenheim takeaway: *Wisconsin has historically been a reasonable jurisdiction, and we would expect that to continue in these cases. Investors should also recall that WEC's utilities have settlements in place resolving most other matters, including raising the equity layer of each utility by 50bps.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

DUK – DEF ROE increase; final order issued

- As a result of DEF's petition and by operation of the 2021 Settlement Agreement, the company's authorized ROE shall be increased by 25 basis points to a mid-point of 10.10% and the authorized range adjusted to 9.10% to 11.10%, effective as of August 1, 2022.
- Docket 2022-0143

Guggenheim takeaway: *ICYMI, and as we've previously written about.*

NEE/ED – MVP reported to halt eminent domain cases for MVP Southgate

- MVP Southgate (MVP extension) was reported to halt eminent domain land acquisitions.
- MVP has faced challenges with local permitting including air permit denials.
- The main MVP pipeline likewise remains challenged.
- More here.
- FERC Docket: CP19-14

Guggenheim takeaway: *MVP Southgate has faced multiple setbacks in the past as local permitting agencies denied requests. Given the uncertain status of the main MVP project, the activities on Southgate could become moot. WE note that NEE and ED have taken a majority of value write downs on the main MVP project.*

PCG – PG&E power shutoff warning restarted this weekend, company continues monitoring conditions

- PG&E issued a notice it could restart power shutoffs due to dangerous wildfire conditions this weekend.
- Risk has been reduced over the weekend, but PG&E continues monitoring conditions for shutoffs.
- More here.

Guggenheim takeaway: *FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

GUGGENHEIM



Invite: 57th EEI Financial Conference

Dates

November 13 - 15, 2022

Location

The Diplomat Beach Resort
Hollywood, FL

Company Dinners (Hosted by Guggenheim)

Sunday, November 13, 2022

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Hyde Beach House — 4010 South Ocean Drive, Hollywood, FL 33019

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Terrazas at Hyde Hollywood — 4111 S Ocean Drive, Hollywood, FL 33019

Monday, November 14, 2022

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
ETARU — 111 S Surf Rd, Hallandale Beach, FL 33009

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales

Tuesday, November 15, 2022

6:00 p.m. | *Billy's Stone Crab — 400 North Ocean Drive, Hollywood, FL 33019*

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
PCG Group Video Call	9/6	Virtual
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Comp Sheet

10/21/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																															
ALE	$52.34	2,987	3.75	3.91	4.14	4.41	3.74	3.92	4.12	4.40	–	–	–	–	14.0x	13.3x	12.7x	11.9x	-19%	-19%	-17%	-17%	5.6%	5.2%	72%	Neutral	$53	6%	Neutral	$56	11%
AVA	$38.93	2,841	1.94	2.47	2.59	2.72	1.95	2.45	2.63	2.75	–	–	(0.04)	–	20.0x	15.9x	14.8x	14.2x	15%	-3%	-3%	-1%	11.9%	4.7%	94%	Sell	$33	-11%	Neutral	$39	6%
NWE	$52.18	2,930	3.30	3.57	3.88	4.05	3.28	3.51	3.59	3.96	–	0.06	0.29	0.09	15.9x	14.9x	14.5x	13.2x	-8%	-9%	-5%	-8%	7.1%	4.9%	78%	Neutral	$48	-3%	Buy	$57	14%
POR	$43.79	3,908	2.83	2.84	3.02	3.17	2.82	2.80	3.00	3.18	–	0.04	–	–	15.5x	15.7x	14.6x	13.8x	-11%	-4%	-5%	-4%	3.9%	4.3%	66%	Buy	$48	14%	Neutral	$50	19%
		12,666													**16.3x**	**14.9x**	**14.2x**	**13.3x**	**-6%**	**-9%**	**-7%**	**-8%**	**7.1%**	**4.8%**	**78%**						
Mid/Large Cap Electric																															
AEE	$77.58	20,044	4.04	4.32	4.64	4.95	4.07	4.36	4.65	5.00	–	(0.04)	–	(0.04)	19.1x	17.8x	16.7x	15.5x	10%	9%	9%	8%	7.0%	3.2%	61%	Buy	$84	11%	Buy	$91	20%
AEP	$85.63	43,991	5.00	5.30	5.64	6.00	5.00	5.28	5.62	6.00	–	–	–	–	17.1x	16.2x	15.2x	14.3x	-1%	-1%	-0%	-0%	6.3%	3.9%	66%	Buy	$93	12%	Buy	$99	20%
CMS	$54.43	15,795	2.88	3.13	3.45	3.69	2.88	3.12	3.39	3.66	–	–	0.06	0.03	18.9x	17.4x	16.1x	14.9x	9%	6%	5%	4%	8.6%	3.6%	68%	Neutral	$57	8%	Buy	$63	20%
CNP	$27.01	17,001	1.38	1.49	1.63	1.75	1.39	1.49	1.58	1.74	–	–	0.05	–	19.5x	18.1x	17.1x	15.5x	12%	10%	11%	8%	8.2%	2.7%	52%	Buy	$30	14%	Buy	$31	17%
D	$65.53	54,554	4.12	4.40	4.70	5.00	4.11	4.37	4.68	5.00	–	–	–	–	15.9x	15.0x	14.0x	13.1x	-8%	-9%	-9%	-9%	6.7%	4.3%	68%	Buy	$75	19%	Buy	$81	28%
DTE	$107.45	20,818	6.06	6.31	6.73	7.18	6.02	6.27	6.71	7.18	0.04	0.04	–	–	17.8x	17.2x	16.0x	15.0x	3%	5%	5%	4%	5.8%	3.5%	62%	Buy	$122	17%	Buy	$127	21%
DUK	$88.46	68,114	5.45	5.65	6.05	6.50	5.44	5.74	6.13	6.50	–	(0.09)	(0.08)	–	16.3x	15.4x	14.4x	13.6x	-6%	-6%	-6%	-5%	6.0%	4.6%	75%	Buy	$97	14%	Buy	$103	21%
ED	$84.87	30,093	4.51	4.71	5.18	5.48	4.51	4.80	5.12	5.39	–	(0.09)	0.06	0.09	18.8x	17.7x	16.6x	15.7x	8%	8%	8%	10%	6.7%	3.8%	72%	Neutral	$82	0%	Sell	$82	0%
EIX	$55.64	21,223	4.63	4.79	5.18	5.44	4.52	4.85	5.25	5.44	0.11	(0.06)	(0.07)	–	12.3x	11.5x	10.6x	10.2x	-29%	-30%	-31%	-29%	5.5%	5.2%	63%	Buy	$66	24%	Buy	$67	26%
ES	$72.59	25,148	4.10	4.42	4.75	5.11	4.10	4.38	4.65	5.03	–	0.04	0.10	0.08	17.7x	16.6x	15.6x	14.4x	2%	1%	2%	1%	7.6%	3.7%	65%	Buy	$82	17%	Buy	$86	22%
ETR	$102.29	20,808	6.43	6.78	7.27	7.74	6.38	6.78	7.27	7.71	0.05	–	–	–	16.0x	15.1x	14.1x	13.3x	-8%	-8%	-8%	-7%	6.4%	4.2%	66%	Buy	$117	19%	Buy	$120	21%
EVRG	$58.16	13,346	3.56	3.77	4.02	4.30	3.57	3.77	4.04	4.26	–	–	–	0.04	16.3x	15.4x	14.4x	13.7x	-6%	-6%	-6%	-5%	6.5%	4.2%	69%	Buy	$64	14%	Buy	$65	16%
EXC	$36.72	36,417	2.27	2.34	2.58	2.82	2.26	2.40	2.57	2.78	–	(0.06)	–	0.04	16.3x	15.3x	14.3x	13.2x	-6%	-7%	-7%	-8%	7.5%	4.0%	64%	Neutral	$40	13%	Buy	$44	25%
FE	$36.41	20,805	2.40	2.57	2.75	2.95	2.42	2.53	2.74	2.86	–	0.04	–	0.09	15.0x	14.4x	13.3x	12.7x	-13%	-12%	-13%	-11%	7.1%	4.4%	66%	Neutral	$34	-2%	Buy	$42	19%
LNT	$49.76	12,486	2.78	2.90	3.04	3.23	2.77	2.90	3.09	3.28	–	–	(0.05)	(0.05)	17.9x	17.1x	16.1x	15.2x	3%	5%	5%	6%	5.1%	3.6%	65%	Neutral	$50	4%	Neutral	$58	21%
OGE	$34.97	7,001	1.99	2.08	2.22	2.32	2.05	2.07	2.17	2.30	(0.06)	–	0.05	–	17.1x	16.9x	16.1x	15.2x	-2%	3%	5%	6%	5.2%	4.8%	85%	Buy	$38	14%	Buy	$38	14%
PCG	$14.50	28,821	1.11	1.24	1.36	1.49	1.10	1.23	1.35	1.44	–	–	–	0.05	13.2x	11.8x	10.8x	10.0x	-24%	-28%	-30%	-30%	10.3%	0.6%	8%	Buy	$19	32%	Buy	$16	11%
PEG	$54.30	27,088	3.50	3.58	4.06	4.39	3.47	3.58	3.99	4.33	0.03	–	0.07	0.06	15.7x	15.2x	13.6x	12.5x	-10%	-7%	-11%	-12%	7.8%	4.1%	64%	Buy	$71	35%	Buy	$70	33%
PNW	$64.18	7,255	4.05	4.25	4.50	4.75	4.03	4.20	4.49	4.72	–	0.05	–	–	15.9x	15.3x	14.3x	13.6x	-8%	-7%	-7%	-5%	5.5%	5.5%	86%	Sell	$54	-10%	Sell	$67	9%
PPL	$25.69	18,913	1.39	1.58	1.70	1.80	1.42	1.61	1.71	1.82	–	–	–	–	18.1x	16.0x	15.1x	14.1x	4%	-2%	-2%	-1%	9.0%	3.7%	68%	Buy	$27	9%	Buy	$29	16%
SO	$64.50	68,533	3.60	3.80	4.15	4.40	3.59	3.79	4.08	4.41	–	–	0.07	–	18.0x	17.0x	15.8x	14.6x	4%	4%	3%	2%	6.9%	4.3%	77%	Buy	$69	11%	Neutral	$70	12%
WEC	$86.65	27,332	4.40	4.59	4.89	5.21	4.39	4.61	4.90	5.23	–	–	–	–	19.7x	18.8x	17.7x	16.6x	14%	15%	15%	16%	5.8%	3.5%	69%	Neutral	$95	13%	Neutral	$95	13%
Mid/Lg Cap (excl. EIX, PCG)															**17.4x**	**16.4x**	**15.3x**	**14.3x**					**6.8%**	**4.0%**	**69%**						
Regulated Electrics		**618,253**													**17.2x**	**16.2x**	**15.1x**	**14.2x**					**6.8%**	**4.1%**	**70%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	'22–'25 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$35.93	3,933	2.18	2.43	2.48	2.70	2.13	2.30	2.42	2.57	0.05	0.13	0.06	0.13	16.9x	15.6x	14.8x	14.0x	-3%	-5%	-3%	-2%	7.4%	4.0%	67%	Neutral	$36	4%	Sell	$39	12%
NEE	$71.65	140,776	2.90	3.12	3.42	3.73	2.88	3.11	3.38	3.64	–	–	0.04	0.09	24.9x	23.0x	21.2x	19.7x	44%	41%	39%	37%	8.8%	2.6%	63%	Buy	$99	41%	Buy	$92	31%
SRE	$142.28	44,720	8.70	9.08	9.58	10.21	8.64	9.04	9.67	10.19	0.06	0.04	(0.09)	–	16.5x	15.7x	14.7x	14.0x	-5%	-4%	-4%	-3%	5.5%	3.4%	56%	Buy	$165	19%	Buy	$167	21%
		189,430													**19.4x**	**18.1x**	**16.9x**	**15.9x**	**12%**	**11%**	**10%**	**11%**	**7.2%**	**3.3%**	**62%**						
Gas LDCs																															
NI	$24.49	9,942	1.45	1.53	1.70	1.84	1.45	1.55	1.73	1.88	–	–	–	(0.04)	16.9x	15.8x	14.2x	13.0x	-2%	-2%	-6%	-8%	8.3%	4.1%	68%	Buy	$27	14%	Buy	$31	29%
CPK	$119.38	2,118	5.08	5.49	5.87	6.26	5.10	5.55	5.87	6.24	–	(0.05)	–	–	23.4x	21.5x	20.3x	19.1x	36%	33%	34%	35%	7.2%	1.9%	44%	Neutral	$120	2%	Buy	$137	16%
NJR	$42.08	4,049	2.45	2.45	2.64	2.81	2.46	2.46	2.73	2.84	–	–	(0.09)	–	17.1x	17.1x	15.4x	14.8x	-0%	6%	2%	5%	4.7%	3.7%	64%	Neutral	$40	-1%	Neutral	$45	10%
NWN	$45.81	1,569	2.56	2.73	2.83	2.98	2.53	2.68	2.76	2.99	0.03	0.05	0.07	–	18.1x	17.1x	16.6x	15.3x	5%	6%	10%	8%	5.2%	4.3%	76%	Neutral	$40	-8%	Buy	$52	18%
OGS	$73.08	3,956	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	17.9x	16.7x	15.8x	14.7x	4%	3%	4%	4%	7.0%	3.6%	64%	Neutral	$70	-1%	Buy	$82	15%
SJI	$34.39	4,212	1.71	1.82	1.94	2.05	1.72	1.79	1.88	1.94	–	–	0.06	0.11	20.0x	19.2x	18.3x	17.7x	16%	19%	21%	25%	6.2%	3.7%	74%	Neutral	$36	8%	Neutral	$36	8%
SR	$65.36	3,431	3.84	4.27	4.91	5.03	3.89	4.37	4.60	4.88	(0.05)	(0.10)	0.31	0.16	16.8x	15.0x	14.2x	13.4x	-2%	-7%	-6%	-5%	9.4%	4.4%	75%	Neutral	$67	7%	Neutral	$74	18%
		29,277													**18.6x**	**17.5x**	**16.4x**	**15.4x**	**8%**	**8%**	**8%**	**9%**	**6.9%**	**3.7%**	**67%**						
Regulated Water																															
AWK	$132.76	24,134	4.44	4.85	5.23	5.70	4.44	4.81	5.18	5.64	–	0.04	0.05	0.06	29.9x	27.6x	25.6x	23.5x	72%	68%	67%	64%	8.7%	2.1%	62%	Neutral	$138	6%	Buy	$154	18%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$87.28	28,511	2,605	3,269	3,424	3,675	2,645	3,108	3,462	3,661	(40)	161	(38)	–	12.5x	10.2x	8.7x	7.8x	33,098	31,717	30,139	28,406	12.2%	0.8%	20%	Buy	$121	39%	Buy	$93	7%
NRG	$42.36	9,961	1,950	2,287	2,309	2,274	1,982	2,250	2,365	2,338	(32)	37	(57)	(64)	8.8x	7.5x	6.9x	6.4x	17,421	16,822	16,202	14,863	5.3%	3.5%	32%	Neutral	$43	5%	Buy	$43	4%
VST	$21.75	9,056	3,126	3,505	3,608	3,797	3,156	3,685	3,536	3,280	(30)	(180)	72	517	6.6x	5.6x	5.8x	6.0x	20,725	20,693	20,481	19,729	6.7%	3.6%	27%	Buy	$32	51%	Buy	$32	49%
Other																															
ALTO	$4.17	309	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	164%	Buy	$12	180%
IEA	$13.72	667	147	164	174	178	145	165			–	–	–	–									6.7%	–	–	Neutral	$14	2%	Neutral	$14	2%
NEP	$69.33	5,817	1,660	1,775	1,889	2,003	1,770	1,996	2,163	2,317	(110)	(221)	(274)	(314)									6.5%	4.8%	–	Buy	$85	27%	Buy	$85	28%
SMR	$12.10	514	(156)	(100)	(57)	8	(146)	(85)	(54)	9	–	–	–	–										–	–	Buy	$18	49%	Buy	$17	43%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

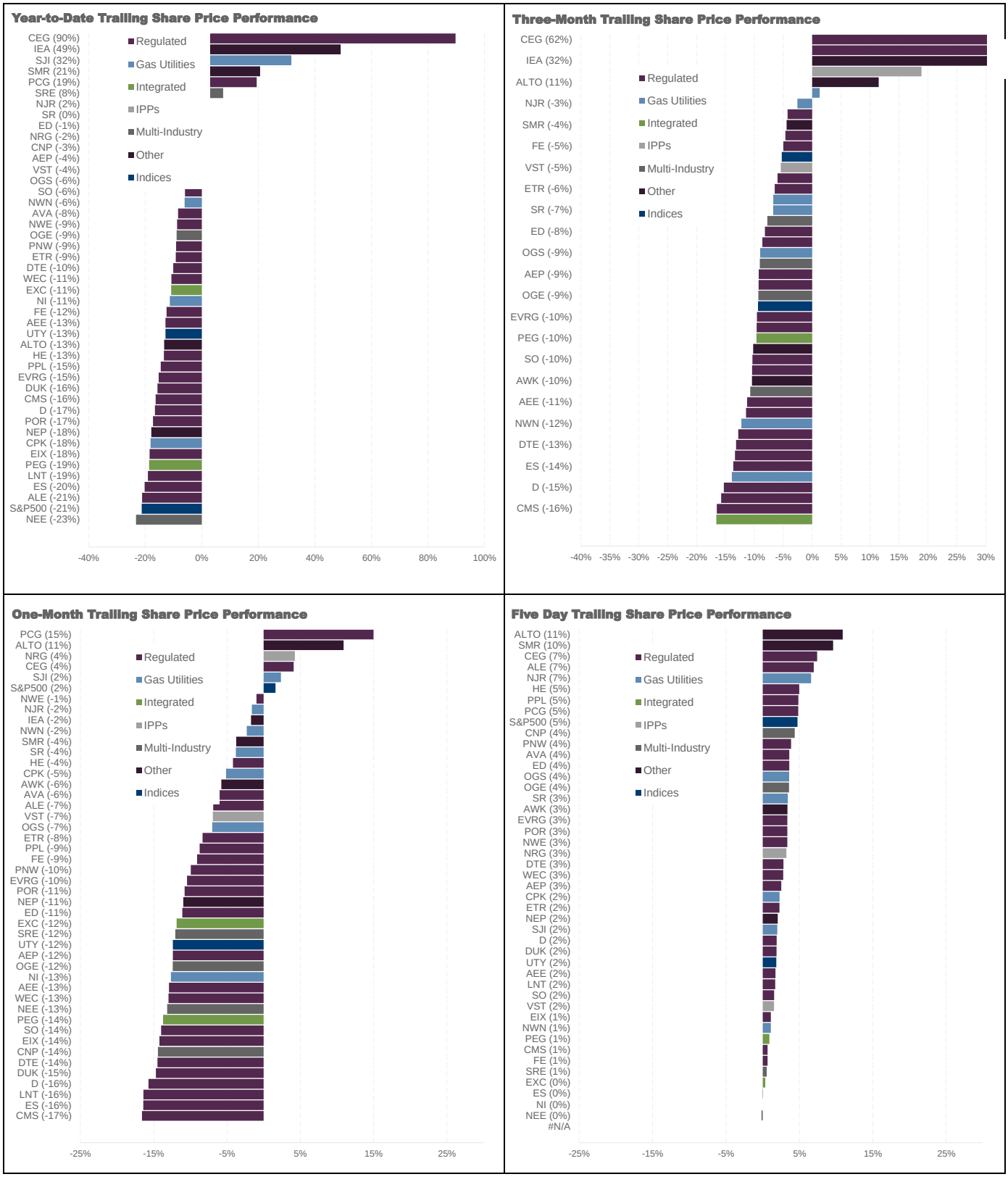

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Generation and Mix

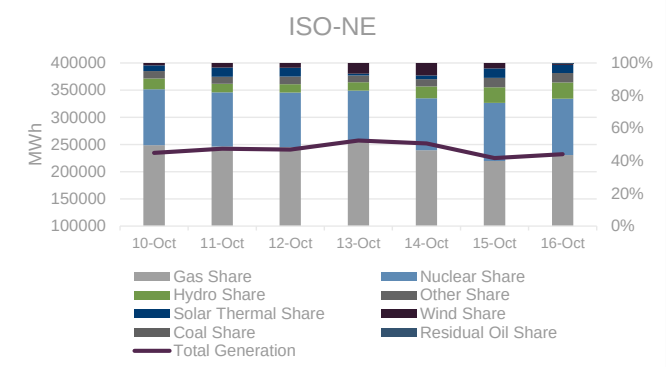

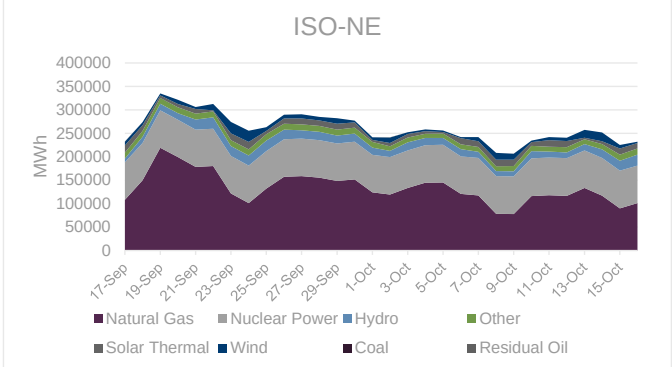

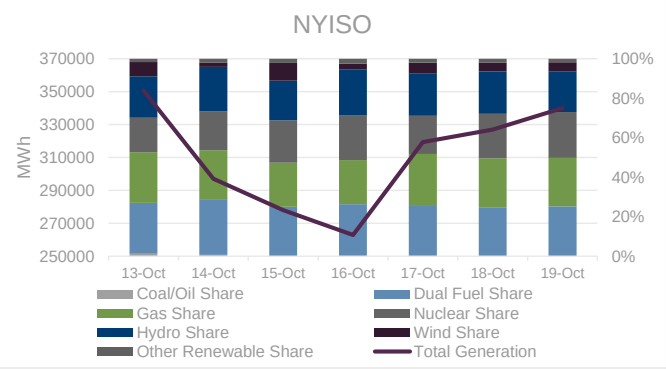

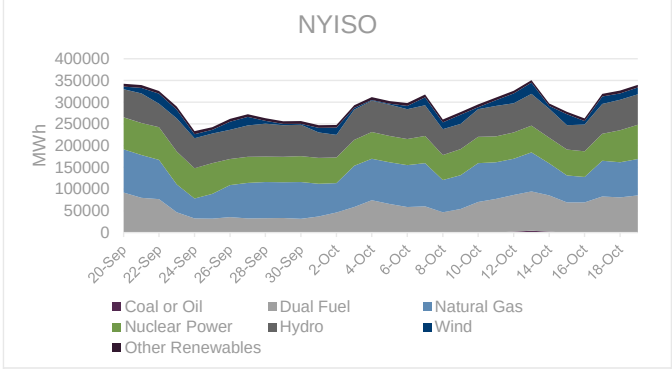

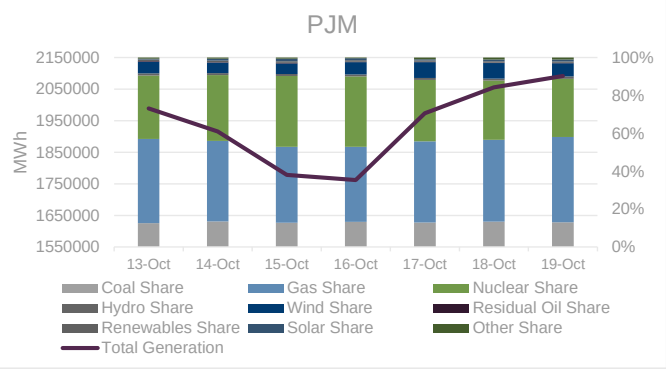

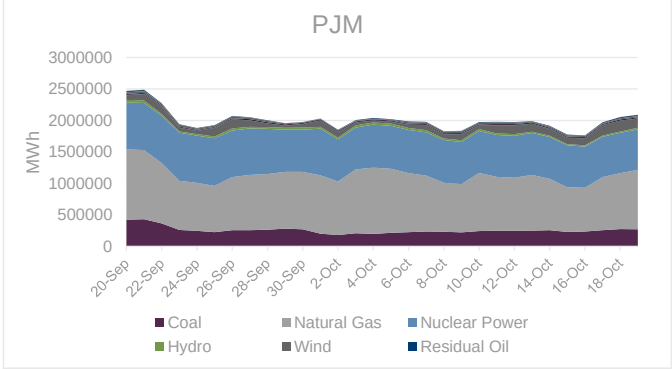

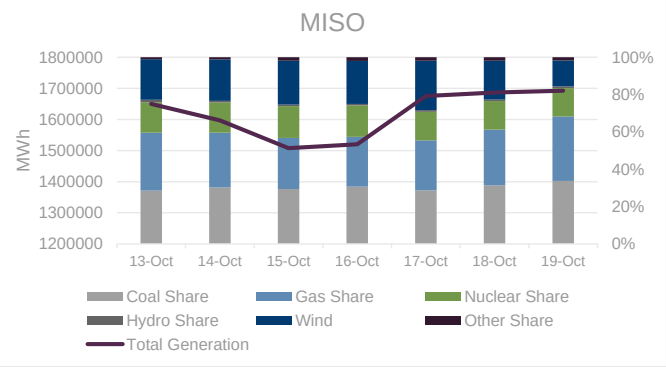

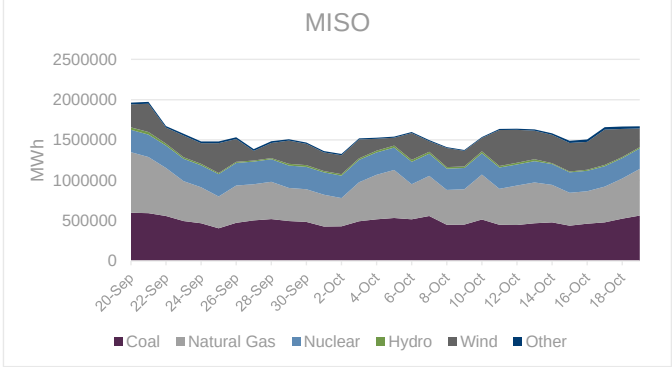

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Generation and Mix (continued)

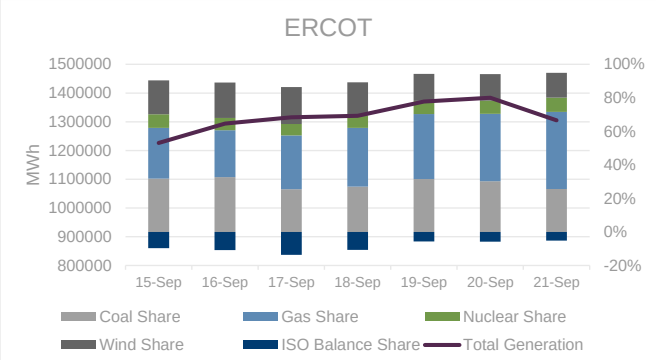

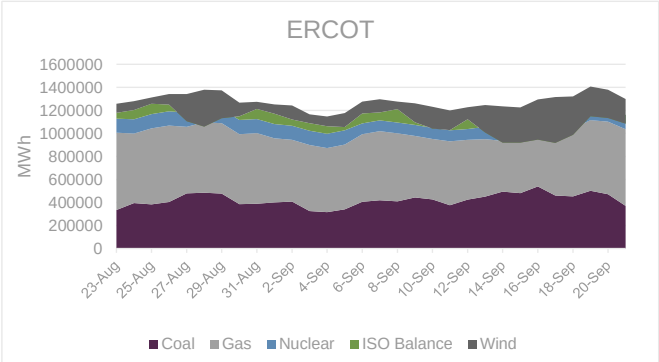

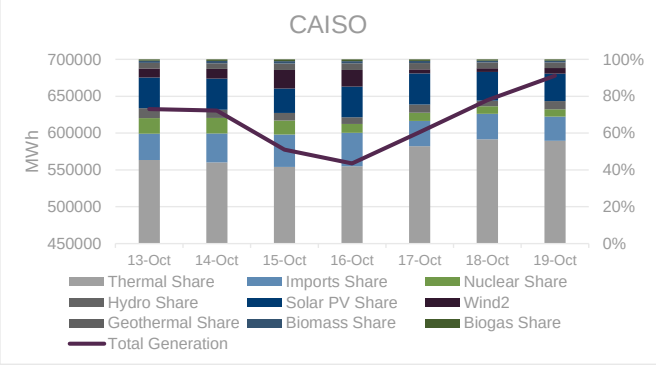

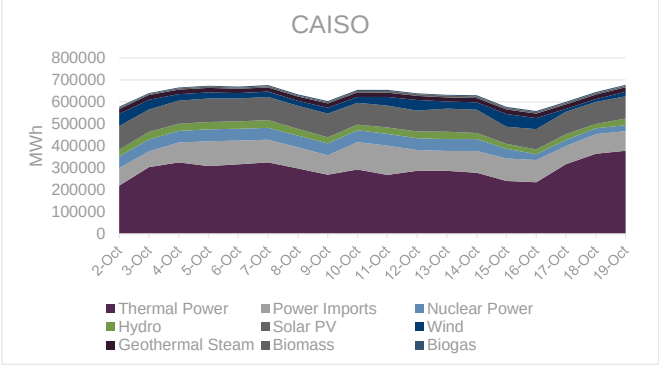

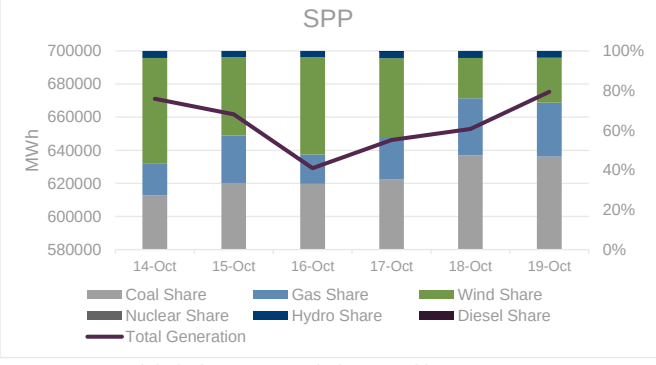

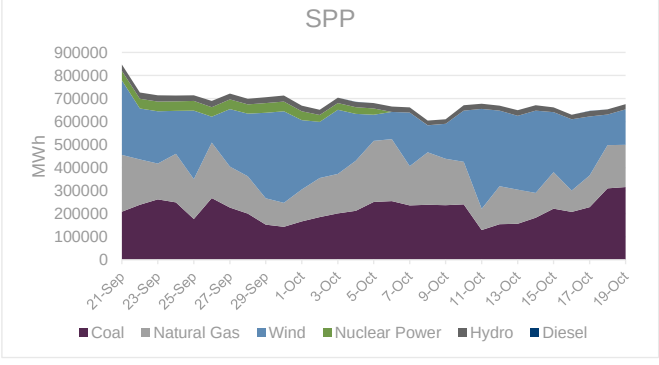

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Weather

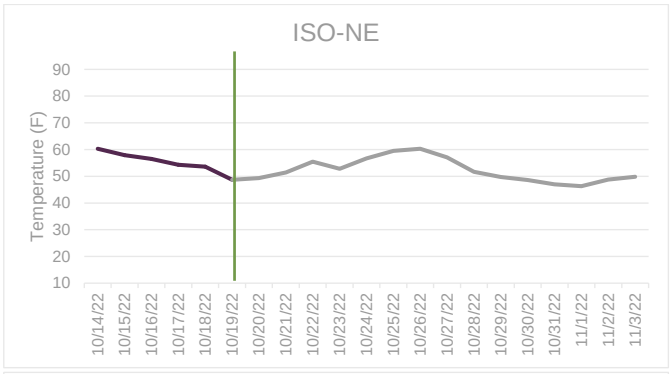

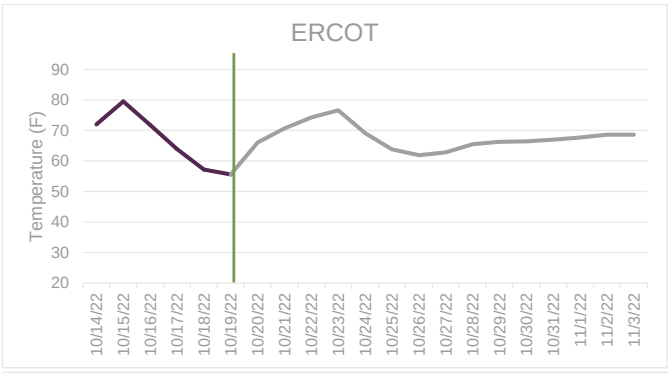

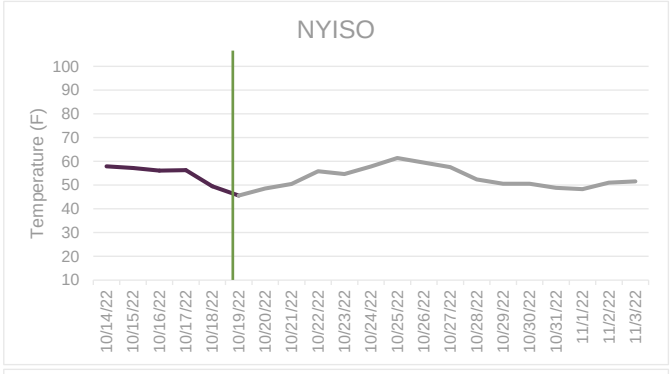

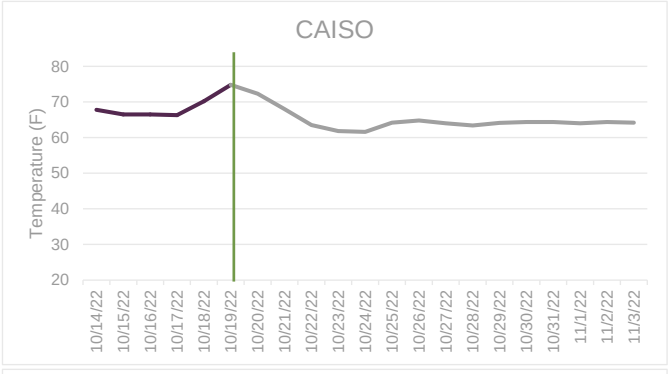

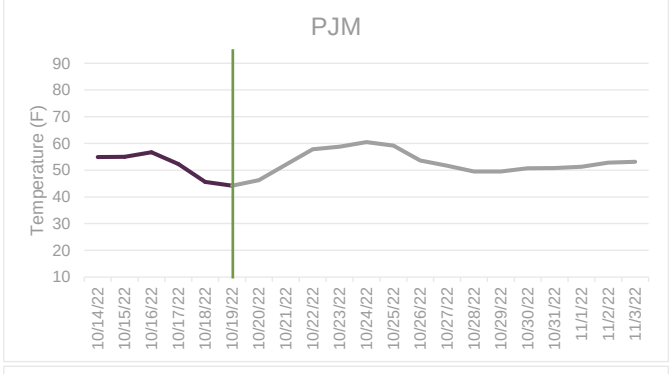

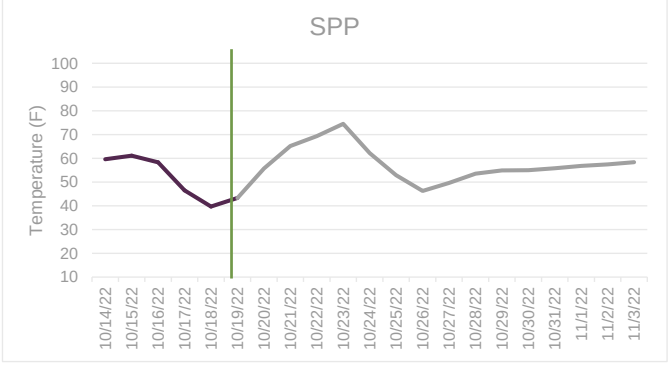



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Peak Load

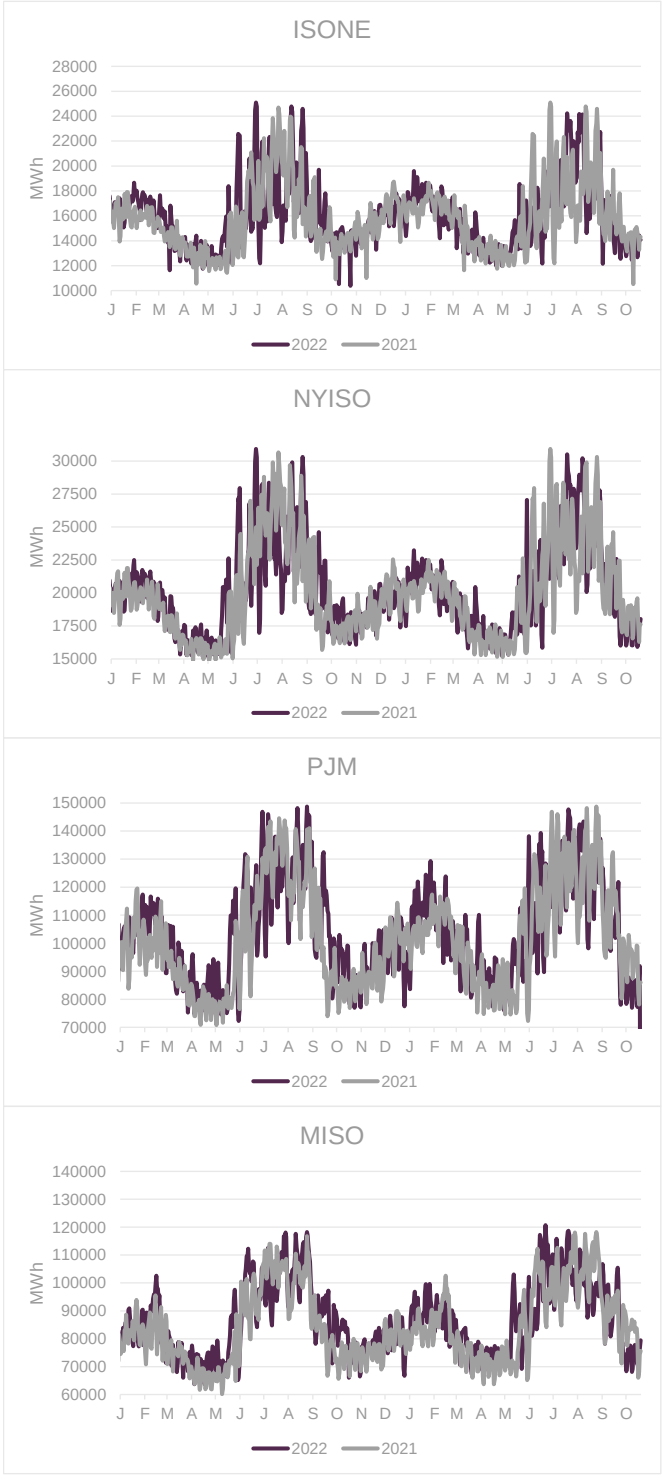

Source: S&P Global Platts, Guggenheim Securities, LLC.

Average Deviation in Peak Load vs Prior Year

RTO/ISO	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
ISONE	0.0%	-0.5%	1.5%	-1.2%	5.1%	-1.6%
NYISO	-0.3%	0.6%	2.1%	-0.1%	3.5%	-4.7%
PJM	3.1%	2.5%	3.9%	3.8%	0.2%	-8.9%
MISO	3.4%	2.5%	4.0%	5.0%	0.1%	-7.4%
CAISO	-0.2%	-2.6%	1.6%	1.2%	4.0%	9.0%
ERCOT	4.4%	2.5%	13.7%	19.1%	7.9%	1.0%
SPP	6.3%	0.5%	5.9%	9.7%	5.0%	0.3%

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (10/1/2022 - 12/31/2022)

Date	State	Ticker	Utility/Event	Docket	Description
9/26/2022-10/5/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearings scheduled in rate case
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/27/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Replies due to comments on reconsideration
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Reply briefs due in cost of capital proceeding
9/30/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Reply briefs due in cost of capital proceeding
9/30/2022	MA	ES	Boston Gas Co.	DPU 22-74	DPU decision expected on performance-based rate adjustment
9/30/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Comments due in SAVE rider update proceeding
10/1/2022-10/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/1/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Commission order expected
10/1/2022-10/15/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearing Examiner's report may be issued in ERAC proceeding
10/3/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Commission decision expected
10/4/2022	FL	NEE	Florida Power & Light Co.	20210015 - ROE trigger	Hearing, possible commission decision in limited issue proceeding
10/5/2022-10/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00020 (BC-RAC)	Hearings scheduled in BC-RAC proceeding
10/5/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Intervening parties to file testimony in Rider B proceeding
10/7/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Rebuttal testimony due in rate proceeding
10/12/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Evidentiary hearings to take place in gas rate proceeding
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Initial briefs due
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Initial briefs due
10/14/2022-10/28/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Briefs to be filed in rate case
10/14/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Reply briefs due
10/19/2022-11/2/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Briefs to be filed in rate case
10/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Staff to file testimony in RIder B case
10/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Final order due
10/20/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Reply briefs due
10/26/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Briefs due in electric rate case
10/28/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Public Utility Law Judge to issue proposed order in rate case — suspended due to settlement talks
10/31/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Administrative Law Judge's recommended decision likely in rate case
10/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Decision likely to be issued in ERAC proceeding
10/31/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Decision expected in Rider RBB proceeding
10/31/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Decision may be issued in SAVE Rider proceeding
10/31/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in late October in ENEC proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Decision possible in rate proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Decision possible in rate proceeding
11/1/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	New rates effective
11/2/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Proposed order expected to be issued in formula rate plan proceeding
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Opening briefs due
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Opening briefs due
11/4/2022	IL	AEE	Ameren Illinois	D-22-0297	Proposed order expected to be issued in formula rate plan proceeding
11/9/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Settlement conference to begin in rate proceeding
11/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Proposed decision in cost of capital proceeding expected
11/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Proposed decision expected in cost of capital proceeding
11/10/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Appeals of judge's proposed order due in rate case — suspended due to settlement talks
11/14/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Reply briefs due in electric rate case
11/14/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	End of initial suspension period in rate case
11/16/2022-11/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing scheduled in Rider B proceeding
11/18/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Replies to appeals of judge's proposed order due — suspended due to settlement talks
11/28/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Hearing to begin in rate proceeding
11/30/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	DPU decision expected in rate case
11/30/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	ALJ recommendation likely to be issued in rate case
12/1/2022-12/31/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Decision expected in FRP proceeding
12/7/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Intervening parties to file testimony in Rider U proceeding
12/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Staff to file testmony in Rider W update proceeding
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Reply briefs due
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Reply briefs due
12/9/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	End of suspension period; decision expected in rate case
12/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Decision expected in cost of capital proceeding after
12/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Decision expected in cost of capital proceeding after
12/15/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	End of suspension period, decision expected in rate case
12/15/2022-1/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing Examiners report may be issued in Rider B proceeding
12/16/2022	MI	CMS	Consumers Energy Co.	C-U-21224	ALJ proposed decision expected in rate case
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Intervenors to file testimony in US 3 proceeding
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Intervening parties to file testimony in Rider US 4 proceeding
12/17/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	End of suspension period, decision expected in rate case
12/21/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Staff to file testimony in Rider U proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	228	66.28%	38	16.67%
NEUTRAL	111	32.27%	6	5.41%
SELL	5	1.45%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

KeyBanc Capital Markets

Alert

October 24, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: DUK, CMS, ETR, ES, SO, AGR, AEP, XEL, EIX, SRE, EXC, CNP, DTE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

3Q earnings begin with POR, NWE, AGR, FE, DTE, AEP, CMS, XEL, SO, and NEE scheduled to report. Join us at the EEI conference in FL on November 13-15 (schedule included). On our regulatory calendar, we are tracking proceedings in DUK's NC Carbon Plan, CMS's MI electric rate case, ETR's TX GRC, ES's Aquarion water case, and SO's VCM 27. In other news, the GA Staff and interveners file testimony in SO's GA rate case; FERC releases its 2022/2023 Winter Assessment; AGR files to delay evidentiary hearings and commence settlement discussions in NYSEG's and RGE's electric and natural gas rate cases; PUCO Staff proposes stricter reliability standards for AEP; CO PUC considers proposing legislation to allow Community Choice Aggregation; AGR seeks a delay in the DPU's review of PPAs for Commonwealth Wind as it takes stock of inflation and supply chain constraints; CA Energy Commission adopts load management standards to reduce peak usage; XEL seeks regulatory approval for owning microgrids in MN; SRE and Bechtel execute a final EPC contract for Port Arthur LNG Phase 1; PA Senate confirms governor-appointed commissioners, returning the PUC to full strength; PA ALJ recommends approval of PECO's rate case settlement, and FERC approves a pipeline that will fuel CNP's 460 MW IN natural gas facility.

ICYMI

We published a quarterly earnings preview for our utilities and alternative energy coverage: The Average Is Over.

Earnings Calendar

3Q earnings begin: POR, NWE, AGR, FE, DTE, AEP, CMS, XEL, SO, and NEE are scheduled to report this week (see calendar below). Our recently published preview includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

3Q22 Utilities Earnings Calls			
Company Name	**Ticker**	**Date**	**Time (ET)**
Portland General Electric Co	POR	10/25/2022	11:00 AM
NorthWestern Corp	NWE	10/25/2022	3:30 PM
Avangrid Inc	AGR	10/26/2022	10:00 AM
FirstEnergy Corp	FE	10/26/2022	11:00 AM
DTE Energy Co	DTE	10/27/2022	8:30 AM
American Electric Power Co	AEP	10/27/2022	9:00 AM
CMS Energy Corp	CMS	10/27/2022	9:30 AM
Xcel Energy Inc	XEL	10/27/2022	10:00 AM
Southern Co	SO	10/27/2022	1:00 PM
NextEra Energy Inc	NEE	10/28/2022	9:00 AM

Source: Company filings, KeyBanc Capital Markets Inc.

KBCM Invites You to Join Us at the EEI Financial Conference on November 13-15 in Hollywood, FL.

Scroll down for our full schedule, including a dinner with **NWE.**

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Regulatory Calendar

DUK — Proposed orders and briefs in DUK's NC Carbon Plan are due on October 24: Parties have until October 24 to file post-hearing documents, including proposed orders. Throughout the hearings, the parties including DUK presented 11 portfolios to the Commission that varied in technologies and timing. There is less disagreement in the shorter-term targets and DUK is requesting the NCUC approve the proposed near-term approach (through 2026) while debating the longer-lead-term proposals and possible technologies during future carbon plan filings, which are required bi-annually by law. The NCUC is required to present the first NC Carbon Plan by December 31.

CMS — Briefs in the CMS MI electric rate case are due on October 26: MI PSC Staff filed testimony recommending a $170M revenue increase, premised on 9.70% ROE and 51.0% equity. CMS is seeking a revised revenue increase of $287M based on a 10.25% ROE, a 51.5% equity layer, and a projected YE23 test year. The delta lies primarily in the lower recommended ROE. The drivers of the present case include investments in new solar and natural gas-fired generation, system reliability, resilience, and cost recovery for the planned acquisition of the Covert plant in 2023. CMS requests rates to be effective March 1, 2023.

ETR — Intervenor testimony in ETR's TX GRC is due on October 26: ETR is requesting a $131M revenue increase based on a 10.8% ROE (10.5% ROE + a 30 bps performance added) and 51.21% equity layer. Investments of ~$2.3B since the 2018 GRC including the addition of the Montgomery County power station and the Hardin County peaking facility, which are currently recovered under the GCRR rider are driving the rate increase. ETR is proposing resetting the GCRR, DCRF, and TCRF rider balances to zero. A decision is expected by May 2023.

ES — Staff testimony in ES's Aquarion water rate case is due on October 26: ES filed a three-year rate case with the CT PURA for Aquarion Water requesting a ~$27.5M rate increase in RY1, ~$13.6M in RY2, and ~$8.8M in RY3. The request is based on 10.35% ROE, 53.06% equity, and a 2021 test year with rates effective March 15, 2023. The Company has invested ~$740M on infrastructure investments since the last rate case in 2013, with only 25-30% of water capex covered under trackers, creating a regulatory lag (ES earning ROE at the 7% level vs. the authorized 9.63%). In its last rate case, Aquarion received a ~$14M revenue increase based on 9.6% ROE and 51.5% equity.

SO — Company testimony in GP's VCM 27 is scheduled for October 27: GP's VCM 27 pertains to the January-June 2022 period. GP has presented a $522M capex for review only and is not seeking Commission action at this time. SO is under an agreement with the GA PSC, for a semiannual VCM approval process. The Commission will wait until Vogtle Units 3 and 4 are complete before determining the reasonableness and prudence of the cost overruns and their attribution to ratepayers. The agreement was part of the VCM 24 Order when SO agreed that it would not seek approval of any costs exceeding the $7.3B cost recovery previously deemed reasonable by the Commission until the prudence review is complete. In VCM 27, GP's cost forecast is relatively unchanged at ~$10B and the Company maintained the in-service dates for 1Q23 and 4Q23 for Units 3 and 4, respectively. The fuel load for Unit 3 has commenced and SO expects to begin the Unit 4 fuel load by July 2023. The remaining capex to complete the project is ~$1.0B, including GP's share of project contingency.

Recent Developments for Companies Under Our Coverage

From our midweek: GNRC pre-announced 3Q22 results October 19th, but we are unaware of any direct exposure ENPH, NOVA, and RUN may have. In other news, residents and environmentalists filed a lawsuit against NWE regarding its Yellowstone gas unit; the VA governor proposes $10M for energy research, including small modular reactors; an intense AZ storm causes outages in the PHX metro area over the weekend; D makes a third clean energy filing in VA; DEF follows NEE in quantifying customer savings from the provisions in the IRA; EXC announces leadership changes; the NJ BPU approves a four-year EV program for RECO; DTE and 7-Eleven announce a renewables partnership through DTE's voluntary MI Green Power.

FERC releases Winter Assessment: In the 2022/2023 Winter Assessment, FERC concludes that the U.S. should have more than adequate power supplies for normal conditions. Further, NOAA predicts a milder winter for many regions resulting in reduced natural gas and electric demand. The Northwest and West North Central regions are the only regions forecast to experience cooler-than-normal temperatures. However, some regions could experience capacity shortfalls during an extreme weather scenario, including ISO New England, MISO, TX, and parts of the Southeast. New England's grid is particularly vulnerable, given its limited natural gas pipeline capacity and high levels of gas-fired power generation. While domestic consumption will not benefit from LNG, exports are expected to increase, resulting in HH natural gas futures prices being 30% higher than last winter. Southern California and the Desert Southwest could face gas pipeline constraints due to increased exports and an ongoing pipeline outage. FERC's Winter Assessment covers the period from December-February.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

SO — We reviewed Staff and intervenor testimony in SO's GA rate case:

- Staff recommends a rate increase of $529M over three years - an $11M decrease in 2023, followed by increases of $153M in 2024 and $388M in 2025 - premised on 9.45% ROE and 56% equity layer in 2023. Staff proposes lowering the equity layer to 51% beginning in 2024 when Vogtle Units 3 and 4 come online.
- GP's filing includes a request to raise revenue by $1B over three years - $852M in 2023, $107M in 2024, and $45M in 2025. The request is based on 11% ROE and 56% equity. Other items in the filing include a continuation of the Alternate Rate Plan that has been in place since 1995. The base rate request excludes any cost recovery for Vogtle Units 3 and 4, which will be added later following a prudence review once the units reach COD.
- We are currently modeling that SO receives 60% (or $602M) of the ask and expect the outcome to fall between the $529M Staff testimony and the $1B request by GP.
- GP received a constructive outcome in the previous rate case, receiving ~97% of the cumulative ask ($909M vs. $942M) based on a 10.5% ROE and 56% equity. GP is seeking a continuation of earnings to be evaluated against a dead band of 9.5-12%, with 80% of the earnings above the 12% ROE being shared with ratepayers and the remaining 20% retained by the utility. GP is also seeking to continue the option to file for interim cost recovery if earnings fall below the low end of the dead band. A GA PSC decision is expected by December 20.
- GA SEIA filed intervenor testimony recommending that the Commission reject SO's proposal to introduce a $200 interconnection fee regardless of size and maintain the current fees of $5/kW for systems under 250 kW (which works out to ~$35 fee for an average-sized residential system). SEIA also recommends that the Commission deny SO's request to adjust revenue by $1.4M for lost revenue associated with the monthly netting cost shift, as SO has not appropriately accounted for exported energy in its cost of service study. SEIA recommends that the GA PSC reconsider the earnings band that has been part of GP's rate mechanism for a long time and calls it too wide.

AGR — AGR seeks a delay in the DPU's review of PPAs for Commonwealth Wind as it takes stock of inflation and supply chain constraints: AGR made a formal appeal to the MA DPU seeking a one-month suspension of the DPU's review of the PPAs for the 1,232 MW Commonwealth Wind project. At the recent analyst day, the management of AGR had alluded to a pause in the plans for the development of Commonwealth Wind and conversations around potential changes to PPA terms to improve the project's economics. So the formal filing does not come as a surprise. The filing asks that the DPU suspend proceedings for one month until the parties (the distribution companies and AGR) can consider the impact of the commodity price increases, interest rate hikes, and supply shortages on the viability of the project, including whether the project remains economical and whether it can continue to be financed under the current terms of the PPA. AGR intends to use the time to discuss with stakeholders and regulators the potential for changes to the PPA while still factoring in the potential benefits of the IRA.

AGR — AGR files to delay evidentiary hearings and commence settlement discussions in NYSEG's and RGE's rate cases: AGR filed with the NY PSC to request a 60-day delay (to November 2) in the evidentiary hearings to allow the parties to commence settlement negotiations. NYSEG and RGE support a settlement process incorporating a multiyear rate approval as they did in the last rate case proceedings. The parties are ~$126M apart as Staff recommends a $323 M revenue increase vs. AGR's cumulative request for $449M. Staff's revenue requirement is premised on an 8.85% ROE on 48% capital vs. AGR's ask for 10.2% ROE and 50% equity. AGR's last rate cases in NY settled at 8.8%/48% in 2020. New rates are expected to go into effect in May 2023, when the term of the last rate case ends.

XEL — XEL seeks regulatory approval for owning microgrids in MN: XEL has made a filing with the MN PUC seeking permission to own and operate microgrids that it is setting up for certain C&I customers in MN. The proposal aims for 28 projects by 2028. The filing is being met by opposition from solar developers who contend that XEL would have an unfair advantage given its incumbent status and would use its monopoly status to outcompete others. Microgrids are fast becoming a flashpoint between regulators, utilities, and clean energy developers. The creation of microgrids allows for standalone clean/renewable generation and storage infrastructure that communities can use to generate and share electricity and are a valuable resource in times of grid outages caused by downed power lines. Microgrids are also favored as a substitute for carbon-emitting backup power including diesel generators. Incidentally, a similar debate is playing out in CA where solar developer NOVA has applied to the CPUC for permission to operate a microgrid in certain newly constructed residential developments, and in that case, the utilities have filed a protest with the Commission saying that IOUs must be involved in microgrid deployment to ensure reliability.

XEL — CO PUC considers proposing legislation to allow Community Choice Aggregation: The CO PUC is considering whether to recommend to state legislators to allow CCA in the state. The PUC has been conducting a study since CO legislators signed HB 21-1269, requiring the Commission to analyze options. CCA is currently authorized in ten states, and four states are actively investigating the possibility, including CO. Those against CCA argue that it would threaten large-scale renewable projects and disrupt the clean energy transition, while those in favor believe it would allow for lower prices and faster connections to renewable power. XEL opposes the initiative saying that it would add risks without clear benefits. Previous efforts of this type — including the proposed municipalization of the grid in Boulder and Pueblo did not succeed. The PUC is expected to make its recommendation by December 15.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

EIX, SRE — CA Energy Commission adopts load management standards to reduce peak usage: The CA Energy Commission adopted standards requiring that utilities develop rates that change at least once an hour to improve grid reliability and more efficiently use renewable resources (primarily solar in CA) that tend to peak during the mid-day when demand is otherwise lower. According to the CEC, the new standards could reduce peak electricity use by 120 GWh. The new standards take effect in April 2023 and will apply to the PCG, SRE, and EIX among others.

SRE — SRE and Bechtel execute a final EPC contract for the construction of Port Arthur LNG Phase 1: SRE and Bechtel Energy executed an amended EPC contract for Port Arthur Phase 1 with an updated construction price of $10.5B, vs. $8.9B per the 2020 contract. The contract price assumes SRE issues Bechtel a full notice to proceed by February 8, 2023, with price escalations for any delays. The final contract is a critical step in advancing the project toward an FID. SRE has secured enough HOAs (9.65-11.65 MTPAs), which, if all converted to firm contracts, would be sufficient to fill the 10 MTPA offtake capacity for Phase 1. SRE recently received a 50-month extension to build the Port Arthur LNG facility and associated natural gas pipelines. SRE will now have until June 2028 to complete the project.

DTE — BP agrees to acquire U.S. RNG producer Archaea Energy for $4.1B: BP agreed to acquire Archaea Energy for $4.1B in cash and debt as part of its plans to expand its bioenergy business and meet decarbonization targets. Archaea operates 50 RNG and landfill gas-to-energy facilities in the U.S. producing ~6,000 boepd of RNG. The deal will increase BP's biogas supply volumes by 50% according to the Company. BP is targeting completing the purchase by the end of the year. DTE's Vantage business is a competitor of Archaea and we see the price paid by BP as an endorsement of the value of the asset in DTE's portfolio.

EXC — PA Senate confirms governor-appointed commissioners, returning the PUC to full strength: The PA Senate confirmed Vice Chairman John Coleman (R) and Stephen DeFrank (D) and Katie Zerfus (D) to fill the vacant seats at the PUC. The PA PUC has been operating with two of five commissioners since the beginning of October and with only three commissioners since April 2021. Coleman, whose term expired April 1 was forced to leave the commission effective October 1 based on statutory limits. The other two seats have been vacant since April 2020 and April 2021. The state legislature has been in a standoff with the Governor regarding the confirmation of the PUC Commissioners concerning the Governor's support for the state to enter the RGGI. The governor appoints the PUC commissioners to five-year terms.

EXC — ALJ recommends approval of PECO's rate case settlement: The ALJ recommended that PA PUC approve PECO's PA gas rate case settlement without modification. The settlement agrees to a $62M revenue increase, ($55M net rate increase and a $7M resetting of the DSIC). The settlement is silent on the ROE and capital structure and includes a rate and DSIC stay-out until March 2024. A final order from the Commission is expected by the end of 2022, and new rates will likely go into effect in January 2023.

EXC — EXC files a draft proposed order in ComEd IL FRP: EXC filed a draft proposed order for a $199M revenue requirement. The proposed order is premised on a 7.85% ROE (which is formulaic), 49.45% equity, and a rate base of ~$14B. This compares to EXC's initial request of $223M. A Commission decision is expected by December 12, and new rates will go into effect in 2023. This will be EXC's last formula rate plan filing in IL. EXC is currently engaged in finalizing the PBR framework that will make its way into the next rate case, which is expected to be filed in early 2023 for rates effective in 2024.

CNP — FERC approves pipeline that will fuel 460 MW IN natural gas facility: FERC approved the expansion of the Henderson City pipeline project. The expansion project is designed to deliver 220 MMBtu/d to two new natural gas generation units at the A.B. Brown Generating Station. CNP previously received approval from the Indian utility commission to build the new natural gas combustion turbines. As part of this approval, CNP will spend ~$334M on 460 MW of capacity to replace the retirement of A.B. Brown coal-fired units 1 and 2 (~490 MW) scheduled for late 2023. The investment is part of the Company's energy transition plan and stems from the 2020 IRP.

AEP — AEO and PUCO Staff diverge on reliability standards: In a reliability performance standards revision filing, PUCO Staff proposed an adjustment to AEP's reliability standards to a CAIDI of 136.52 and SAIFI of 1.16. This compares to AEP's 2022 request to increase the CAIDI to 158 and SAIFI to 1.30 for 2022 and 1.28 for 2023 and beyond. Per the 2018 settlement, which set the current standards for a CAIDI of 148 and a SAIFI of 1.18, AEP was directed to file a new application to establish new standards. AEP now believes the current targets are too optimistic given AEP's current system and challenges (e.g., falling trees), leading it to request to lower the standards. According to Staff's calculations, AEP missed the standards in 2018 and 2019. [SAIFI: System Average Interruption Frequency Index indicates the average number of interruptions experienced by a customer in a year; CAIDI: Customer Average Interruption Duration Index indicates the time elapsed between an outage and restoration of power].

SO — AL Power is accepting RFP proposals for renewable resources: AL Power issued an RFP for renewable resources expected to enter service between 2025-2027. The RFP is part of the AL PSC's 2015 order granting AL Power authority to acquire 500 MW of renewable resources by 2021; the AL PSC later extended the deadline to 2027. AL Power is seeking projects from 5-80 MW in size. The Company will consider bids for turnkey EPC agreements and PPAs for new-generation resources. The resources must be located in Alabama and connected to AL Power's system. Proposals are due by October 26, and short-listed bidders will be notified by March 20.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

KBCM EEI Schedule Tentative Agenda (All Times Eastern):

Sunday, November 13, 2022

12:00 PM — Eversource Energy (ES)
2:00 PM — Xcel Energy Inc. (XEL)
3:00 PM — Sempra Energy (SRE)
4:00 PM — WEC Energy Group, Inc. (WEC)
5:00 PM — Atlantica Sustainable Infrastructure plc (AY)

Monday, November 14, 2022

8:00 AM — Duke Energy Corporation (DUK)
8:45 AM — Avangrid, Inc. (AGR)**
9:00 AM — Pinnacle West Capital Corporation (PNW)
10:00 AM — Exelon Corporation (EXC)
11:00 AM — Edison International (EIX)
11:00 AM — CenterPoint Energy, Inc (CNP)
12:00PM — DTE Energy Company (DTE)
1:00 PM — NorthWestern Corp (NWE)
2:00 PM — American Electric Power Company, Inc. (AEP)
3:00 PM — Portland General Electric Company (POR)
4:00 PM — FirstEnergy Corp. (FE)
Dinner — Dinner with NorthWestern Corp (NWE)*

Tuesday, November 15, 2022

7:00 AM — Entergy Corporation (ETR)
7:00 AM — Southern Company (SO)
8:00 AM — Ameren Corporation (AEE)
9:00 AM — CMS Energy Corporation (CMS)
10:00 AM — Consolidated Edison, Inc. (ED)
11:00 AM — Avista Corporation (AVA)
11:00 AM — Otter Tail Corporation (OTTR)
12:00 PM — Public Service Enterprise Group Incorporated (PEG)
3:00 PM — NextEra Energy (NEE)

**Dinner event.*
***30-minute meeting.*

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	10/24/2022	Proposed Orders and Briefs Due
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	10/26/2022	Briefs Due
TX	Entergy Texas Inc.	ETR	D-53719	Electric	10/26/2022	Intervenor Testimony
CT	Aquarion Water Company	ES	22-07-01	Water	10/26/2022	Staff and Intervenor Testimony Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	10/27/2022	Direct Testimony Due
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	10/28/2022	Reply Briefs Due
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	11/2/2022	Evidentiary Hearings begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	11/2/2022	Evidentiary Hearings begin
TX	Entergy Texas Inc.	ETR	D-53719	Electric	11/2/2022	Staff Testimony
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	11/2/2022	Proposed order expected
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	11/3/2022	Surrebuttal Testimony Due (Phase II)
IL	Ameren Illinois	AEE	D-22-0297	Electric	11/4/2022	Proposed order expected
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	11/7/2022	Hearings Begin (Phase II)
	Short-Term Energy Outlook	EIA			11/8/2022	STEO release
GA	Georgia Power Co.	SO	D-44280	Electric	11/8/2022	Staff & Intervenor Hearings
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	11/8/2022	Rebuttal Testimony
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	11/9/2022	Hearings Begin
CT	Aquarion Water Company	ES	22-07-01	Water	11/9/2022	Rebuttal Testimony Due
	CPI Release	BLS			11/10/2022	CPI release for Prior Month
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	11/15/2022	Opening Comments on RAMP Submission
TX	Entergy Texas Inc.	ETR	D-53719	Electric	11/16/2022	Rebuttal Testimony
	Federal Energy Reg Comm	FERC			11/17/2022	Open Meeting
	Sunnova Energy	NOVA			11/17/2022	Analyst Day in Houston
GA	Georgia Power Co.	SO	D-44280	Electric	11/18/2022	GP Rebuttal Testimony Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	20.0	Sector Weight	NA	$77.58	3.0%	58%	4.05	4.33	4.64	19.2x	17.9x	16.7x	4.07	4.37	4.67	19.0x	17.8x	16.6x
AEP	American Electric Power Company Ir	44.0	Sector Weight	NA	$85.63	3.7%	63%	5.03	5.30	5.67	17.0x	16.2x	15.1x	5.00	5.29	5.61	17.1x	16.2x	15.3x
CMS	CMS Energy Corp	15.8	Sector Weight	NA	$54.43	3.4%	64%	2.88	3.14	3.41	18.9x	17.3x	16.0x	2.88	3.12	3.39	18.9x	17.4x	16.1x
CNP	CenterPoint Energy Inc	17.0	Overweight	$31	$27.01	2.4%	47%	1.40	1.51	1.63	19.3x	17.9x	16.6x	1.38	1.49	1.62	19.5x	18.1x	16.7x
D	Dominion Energy Inc	54.6	Sector Weight	NA	$65.53	4.1%	65%	4.12	4.37	4.67	15.9x	15.0x	14.0x	4.11	4.39	4.70	15.9x	14.9x	13.9x
DTE	DTE Energy Co	20.8	Sector Weight	NA	$107.45	3.5%	62%	5.91	6.26	6.66	18.2x	17.2x	16.1x	6.02	6.27	6.70	17.9x	17.1x	16.0x
DUK	Duke Energy Corp	68.1	Overweight	$108	$88.46	4.5%	74%	5.44	5.75	6.08	16.3x	15.4x	14.5x	5.45	5.74	6.13	16.2x	15.4x	14.4x
ETR	Entergy Corp	20.8	Sector Weight	NA	$102.29	4.0%	64%	6.38	6.70	7.21	16.0x	15.3x	14.2x	6.37	6.77	7.24	16.1x	15.1x	14.1x
ES	Eversource Energy	25.1	Sector Weight	NA	$72.59	3.5%	62%	4.09	4.38	4.65	17.7x	16.6x	15.6x	4.10	4.38	4.68	17.7x	16.6x	15.5x
ED	Consolidated Edison Inc	30.1	Underweight	$69	$84.87	3.7%	70%	4.51	4.81	5.05	18.8x	17.6x	16.8x	4.51	4.82	5.12	18.8x	17.6x	16.6x
EIX	Edison International	21.2	Sector Weight	NA	$55.64	5.0%	62%	4.51	4.81	5.12	12.3x	11.6x	10.9x	4.53	4.86	5.20	12.3x	11.5x	10.7x
EXC	Exelon Corp	36.5	Sector Weight	NA	$36.72	3.8%	61%	2.27	2.41	2.58	16.2x	15.2x	14.2x	2.26	2.41	2.58	16.3x	15.3x	14.2x
FE	FirstEnergy Corp	20.8	Overweight	$44	$36.41	4.3%	64%	2.37	2.53	2.73	15.4x	14.4x	13.3x	2.42	2.53	2.72	15.0x	14.4x	13.4x
PEG	Public Service Enterprise Group Inc	27.1	Sector Weight	NA	$54.30	4.0%	62%	3.48	3.70	3.93	15.6x	14.7x	13.8x	3.47	3.59	3.97	15.6x	15.1x	13.7x
SO	Southern Co	68.6	Overweight	$70	$64.50	4.2%	75%	3.60	3.81	4.15	17.9x	16.9x	15.5x	3.59	3.80	4.11	18.0x	17.0x	15.7x
WEC	WEC Energy Group Inc	27.3	Overweight	$94	$86.65	3.4%	66%	4.39	4.63	4.86	19.7x	18.7x	17.8x	4.39	4.61	4.90	19.7x	18.8x	17.7x
XEL	Xcel Energy Inc	33.3	Overweight	$68	$60.90	3.2%	61%	3.14	3.33	3.52	19.4x	18.3x	17.3x	3.17	3.37	3.60	19.2x	18.1x	16.9x
					Average:	**3.7%**	**64%**				**17.3x**	**16.2x**	**15.2x**				**17.3x**	**16.3x**	**15.2x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	2.8	Sector Weight	NA	$38.93	4.5%	90%	1.99	2.48	2.61	19.6x	15.7x	14.9x	1.96	2.44	2.60	19.8x	15.9x	14.9x
NWE	NorthWestern Corp	2.9	Overweight	$59	$52.18	4.8%	77%	3.26	3.51	3.69	16.0x	14.9x	14.1x	3.28	3.51	3.69	15.9x	14.9x	14.1x
OTTR	Otter Tail Corp	2.7	Sector Weight	NA	$64.64	2.5%	23%	7.08	4.27	3.70	9.1x	15.1x	17.5x	7.06	4.26	3.60	9.2x	15.2x	18.0x
PNW	Pinnacle West Capital Corp	7.3	Underweight	$56	$64.18	5.3%	85%	4.03	4.25	4.48	15.9x	15.1x	14.3x	4.03	4.20	4.50	15.9x	15.3x	14.3x
POR	Portland General Electric Co	3.9	Sector Weight	NA	$43.79	4.1%	64%	2.81	2.89	3.03	15.6x	15.2x	14.5x	2.79	2.79	2.99	15.7x	15.7x	14.6x
					Average:	**4.3%**	**68%**				**15.2x**	**15.2x**	**15.1x**				**15.3x**	**15.4x**	**15.2x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	15.2	Underweight	$35	$39.43	4.5%	76%	2.34	2.31	2.46	16.9x	17.1x	16.0x	2.33	2.27	2.42	16.9x	17.4x	16.3x
NEE	Nextera Energy Inc	140.8	Overweight	$89	$71.65	2.4%	59%	2.90	3.08	3.34	24.7x	23.3x	21.5x	2.87	3.09	3.36	25.0x	23.2x	21.3x
SRE	Sempra Energy	44.7	Sector Weight	NA	$142.28	3.2%	53%	8.65	8.91	9.58	16.4x	16.0x	14.9x	8.63	9.03	9.68	16.5x	15.7x	14.7x
					Average:	**3.3%**	**63%**				**19.3x**	**18.8x**	**17.4x**				**19.5x**	**18.8x**	**17.4x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	28.5	Overweight	$97	$87.28	0.6%	27%	1.26	4.21	4.63	69.3x	20.7x	18.9x	2.08	4.60	5.46	42.1x	19.0x	16.0x
NRG	NRG Energy Inc	10.0	Not Covered	NA	$42.36	3.3%	23%	NA	NA	NA	NA	NA	NA	6.04	4.39	5.48	7.0x	9.7x	7.7x
VST	Vistra Corp	9.1	Not Covered	NA	$21.75	3.3%	35%	NA	NA	NA	NA	NA	NA	2.01	2.69	2.35	10.8x	8.1x	9.3x
					Average:	**2.4%**	**28%**				**69.3x**	**20.7x**	**18.9x**				**20.0x**	**12.2x**	**11.0x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 4 - Stock Price Performance

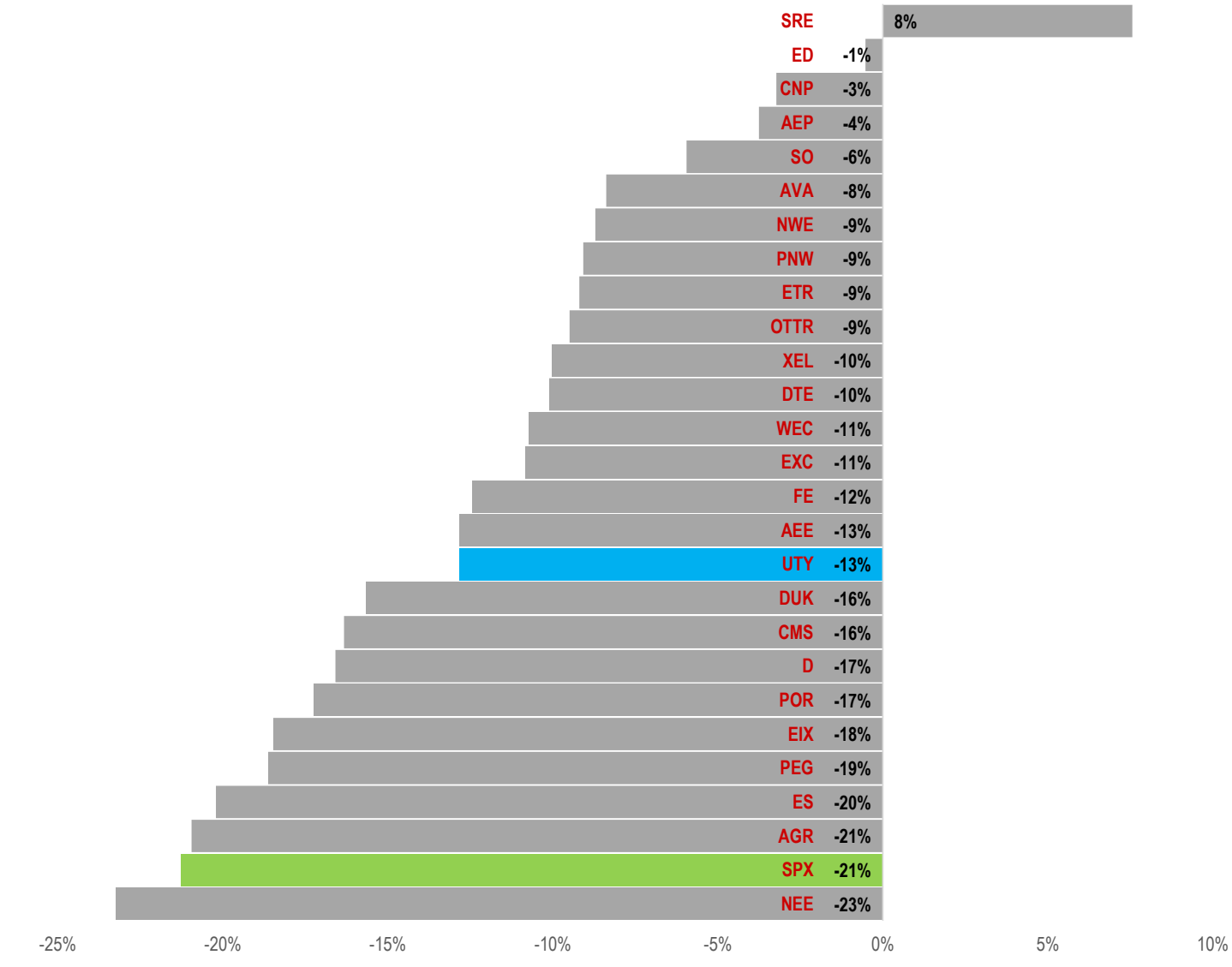

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

WEC: Long & Strong - Sustainable Self-Funded Growth Story; Takeaways from Management Meetings

AEP: Cleaning Up Its Closet; Takeaways from the Analyst Day

AVA: Notes from Management Meetings

AGR: Analyst Day Takeaways, Reiterate Underweight

DTE: Highlights from Our Management Meetings

FE: A Day of Management Meetings

CNP: On the Road with Management

DUK: Notes from Management Meetings

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

POR: On the Road with Management — Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	295	50.43	58	19.66
Sector Weight [SW]	278	47.52	50	17.99
Underweight [UW]	12	2.05	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	27	50.00	11	40.74
Sector Weight [SW]	24	44.44	11	45.83
Underweight [UW]	3	5.56	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	76.62	Buy
AEP	83.93	Buy
AWK	129.93	Neutral
CMS	53.97	Neutral
CNP	26.60	Buy
D	64.41	Buy
DTE	105.89	Buy
DUK	87.23	Buy
ED	83.42	Neutral
EIX	54.94	Buy
ES	71.68	Buy
ETR	99.97	Buy
EXC	35.54	Neutral
NEE	70.64	Buy
NRG	40.72	Neutral
NWE	51.16	Neutral
PCG	14.04	Buy
PEG	53.77	Buy
PPL	24.99	Buy
SO	63.50	Buy
SRE	139.74	Buy
WEC	85.44	Neutral

Power & Utilities

October 21, 2022

Canary in the Coal Mine or Was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility

Key Message: After EXC's initial $300m cash flow drag warnings (later reduced to $200m with a further update expected in Q3 print), most investors we spoke with in the following days **worried about the 15% Book Minimum Tax triggering broader incremental equity needs as early as 2023, especially if credit/balance sheet capacity was an issue**. Management teams spent 2Q22 calls easing investor concerns as best they could, given hurried internal analysis performed with fairly sparse information at the time. As the industry waits for **significant clarifications and new guidelines expected from Treasury next year**, there is considerable uncertainty that is unlikely to be resolved in the meantime. However, despite being a common topic during our several weeks of recent in-person marketing meetings, as well as a regular source of inbound questions, many investors seem almost too complacent on the topic, in our view, despite management teams **continuing to revise prior guidance and messaging** on whether the BMT applies to them at all, and if so, **what the magnitude of the impact could be**. Anticipating more discussion around the Inflation Reduction Act (IRA)/BMT during 3Q22 calls and EEI meetings, our goal is to provide investors with background, visibility, and projections around the BMT — **who's potentially exposed, key drivers,** and **"known unknowns"** for which the industry is awaiting Treasury guidance.

This note **complements our LCOE report** that incorporated anticipated impacts of the IRA's revised clean energy tax credits. For a thorough analysis of current technologies' LCOEs and the IRA's impacts**, *see our 2022 LCOE note HERE*.**

Canary in the coal mine, or unlucky one-off?... EXC's 10-Q disclosure of a potential $300m BMT-driven **cash flow drag annually** set off alarm bells for utility investors that continued even after the company revised down to $200m on August 16 (with a potential further reduction when they report Q3) when the **IRA was signed into law**. Driven by concerns of 2023 cash flow reductions and resulting incremental equity needs, especially for those with minimal balance sheet/credit capacity, investors rushed to better understand who was at risk, while management teams worked to reassure nervous investors that their company would not be affected due to mitigating factors (e.g., NOLs) or tax credits on hand and being continually generated.

Do-it-yourself AFSI for investors… We were able to leverage insights gleaned from **multiple deep-dive calls** with **senior tax accounting leadership** at several very large utilities and have incorporated their feedback to develop a proxy for AFSI using only data that investors have access to vs. the contents of the company's tax filings, which are not public. Our goal was for investors to be able to determine how likely it is that the BMT applies to a given company, and then approximate the resulting tax obligation**, to better engage with company management** on the issue, if they so desire.

2023 equity fears addressed, but clarity/certainty is still a long way away… We highlight several names that we believe investors should monitor beyond **EXC** for various reasons, including: **AWK** (HOS consumed remaining NOL carryforwards and it is now a cash taxpayer), **ES** (few offsets to a cash drag from its T&D profile)**, ETR** (has some complexities with IRA implementation with regulators but is generally balanced between AMT cash tax drag and offsets from renewables investments), **DTE** (has acknowledged a potential cash drag, but the capex plan includes potential offsets through renewables allocations), and **PEG** (not immediately impacted by AMT thresholds but could see some impacts of cash taxes in later periods). **For more, see Company Discussions on page 10.** Other names that **would have been included but have zero exposure due to not meeting the $1bn pretax income threshold** include **NWE** (due to amount of capex expensed for tax purposes vs. capitalized vs. book purposes)**, CNP** (highlighted being a 10% cash taxpayer), and **PCG** (flagged affordability concerns).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

PORTFOLIO MANAGER SUMMARY

No widespread near-term equity needs due to 15% BMT, but uncertainty likely to persist through next year.

Initially motivated by fears of widespread 2023 cash flow shortfalls driving incremental equity issuances, once satisfied that that was unlikely to happen, it appears to us that many investors simply ended their analysis of the 15% BMT. Corporates, by comparison, are quick to acknowledge that they are being forced to make many assumptions until proper clarity is provided by the federal government, likely in the form of **Treasury guidelines that could still be a year or more away**, according to senior tax experts at several of our utilities.

With important Treasury guidelines **unlikely to arrive anytime soon** and a current lack of federal guidance **requiring utilities to make significant assumptions in the meantime**, our goal in writing this note has been to provide investors with a better understanding of the 15% BMT and how it works while also incorporating **company messaging** and **insights from top tax experts** in response to investors' questions and concerns, which we gathered during several recent weeks' client meetings. **Driven by concerns around 2023 cash flow reductions resulting in incremental equity needs, investors rushed to better understand who was at risk, while management teams worked to reassure nervous investors that their company would not be affected** (*e.g., already paying significant cash taxes anyway, meaningful tax credit generation expected to offset, etc.*). While details were initially sparse, most companies have continued to provide additional clarity or even revised their original messaging since August.

While we are not accountants, we were able to leverage insights gleaned from **multiple deep-dive calls** with **senior tax accounting leadership** at several very large utilities and have incorporated their feedback to develop a proxy for AFSI using only data that investors have access to vs. the contents of the company's tax filings, which are not public. **Our goal was for investors to be able to determine how likely it is that the BMT applies to a given company, and then approximate the resulting tax obligation, to better engage with company management on not only near-term (2023) impacts, but also longer-term implications, given that many utilities' capital plans have uneven weighting between renewables/other generation/T&D from year to year throughout their respective planning horizons.**

We highlight EXC, AWK, ES, ETR, DTE, and PEG as names to continue monitoring.

2023 equity fears addressed, but clarity/certainty is still a long way away… We highlight several names that we believe investors should monitor beyond **EXC** for various reasons, including: **AWK** (HOS consumed remaining NOL carryforwards and it is now a cash taxpayer), **ES** (few offsets to a cash drag from its T&D profile)**, ETR** (has some complexities with IRA implementation with regulators but is generally balanced between AMT cash tax drag and offsets from renewables investments), **DTE** (has acknowledged a potential cash drag but the capex plan includes potential offsets through renewables allocations), and **PEG** (not immediately impacted by AMT thresholds but could see some impacts of cash taxes in later periods). **For more, see Company Discussions on page 10.** Other names that **would have been included but have zero exposure due to not meeting the $1bn pretax income threshold** include **NWE** (due to amount of capex expensed for tax purposes vs. capitalized vs. book purposes)**, CNP** (highlighted being a 10% cash taxpayer), and **PCG** (flagged affordability concerns).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

CONTENTS

Portfolio Manager Summary 2
Table of Figures 3
How Does It Work? 4
Computing AFSI 4
Offsetting the Book Minimum Tax with Zero-Emission Energy Credits 5
Section 48: Investment Tax Credit (ITC) 6
Section 45: Production Tax Credit (PTC) 7
Section 6418: Transfer of Credits 8
Who Could Potentially Be Subject to The BMT? 9
Company Discussions 10
Company-Specific Comments 10
Depreciation Schedule By Classification 14
Utility Capex By MACRS Class 15
Guggenheim Utilities Comp Sheet 18

TABLE OF FIGURES

Figure 1: Apprenticeship and Domestic Content Requirements 6
Figure 2: Current ITC (assuming 75% GHG reduction by 2032)vs. pre-IRA ITC 6
Figure 3: PTC under IRA (phaseout timing assumes 75% GHG reduction by 2032) 7
Figure 4: Trailing 3-year Unadjusted Pretax Book Income and Averages 9
Figure 5: MACRS required depreciation periods and rates 14
Figure 6: Utility capex by MACRS classification period 15
Figure 7: Utility capex by MACRS classification period (*continued…*) 16
Figure 8: Utility capex by MACRS classification period (*continued…*) 17
Figure 9: Comp Sheet 18

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Accurately calculating AFSI requires GAAP financial statements **and** values from a company's tax filings.

HOW DOES IT WORK?

Companies must calculate their adjusted financial statement income (AFSI) for each of the **three preceding years and take the average of the total**. If the three-year average of that adjusted, pretax figure exceeds $1bn, then the company is deemed to be an "**applicable corporation**". Applicable corporations must still prepare their regular federal corporate tax filing; however, they have the additional responsibility for tax years after December 31, 2022 to:

- Determine their AFSI for the current tax year.
- Apply a 15% tax rate to that figure.
- Reduce the now after-tax figure by any available tax credits, such as ITCs/PTCs, etc.
- Compare the amount of taxes owed under both the regular corporate tax regime and under the Book Minimum Tax and pay the IRS whichever is greater.
- To the extent that the company's taxes paid due to the Book Minimum Tax exceed what would have been owed under the regular tax regime, the taxpayer receives a credit that can be carried forward and applied against future corporate income tax obligations other than those arising from the BMT in future periods.

It is important to note that a company cannot accurately determine if it is an applicable corporation using only its financial statements. Calculating AFSI requires knowing values that are reported as part of the company's income tax filing, and likely nowhere else.

COMPUTING AFSI

1. Begin with GAAP (unadjusted) financial statements as reported.
2. Confirm the time tax and book financials' reported periods match or make the necessary adjustments to align them.
3. The AFSI of an affiliated group of corporations filing a consolidated return considers items on the group's AFS that are properly allocated to members of the group.
4. For items received from a corporation that is not on a consolidated return with a taxpayer, the taxpayer's AFSI considers **only the dividends** received from the other corporation and other amounts includible in **gross income.**
    a. *We believe this would include utilities with equity investments in unconsolidated affiliates,* ***e.g., WEC/LNT's stakes in ATC.***
5. **NOLs**: Reduce AFSI by the *lesser* of:
    a. The aggregate amount of financial statement NOL carryovers to the tax year.
    b. 80% of AFSI computed without regard to financial statement NOLs.
6. **Defined benefit pension plans**: Must remove all defined-benefit pension-related book income, costs, or expenses related to covered benefit plans, **including mark-to-market adjustments related to the defined benefit plan as well.**

A "Financial statement NOL" for any tax year is ***able to be carried over indefinitely****. "Financial statement NOL" is defined as* ***the amount of net loss on the corporation's AFS after applying the AFSI adjustments, for tax years ending after December 31, 2019.***

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

7. **Covered benefit plans (e.g., healthcare)**: Values from the company's tax return are used to increase AFSI by the amount included in the company's gross income under "other tax provisions" while **simultaneously reduced by the amount of any deductions permitted under other tax provisions**.
8. **Depreciation:**
    a. Apply the amount of MACRS deduction contained in the company's regular tax filing to its AFSI as well **(*see figures 6-8 for more*).**
        *i. Note that this could include individual projects and property **placed in service decades ago** which may be classified as 20-year property or longer.*
    b. Isolate the correct matching amount of straight-line depreciation included on the income statement which corresponds to all of the individual PP&E for which the previously mentioned MACRS deductions were made to AFSI.
    c. Finally, *consider other items Treasury specifies to properly account for the property*.
9. **Multiple by 15%:** Multiply the result of the above calculations by 15% to determine the initial tax obligation under the BMT.
10. **Tax credits:** Apply 75% of the value of the consolidated taxpayer's owned and applicable business credits (including ITCs/PTCs) directly to the calculated tax obligation in order to reduce the amount of income taxes actually owed.
11. **Compare and contrast:** Determine under which tax methodology the company's obligation is highest and pay that amount in taxes to the IRS.

Given the incredible complexity of undertaking the depreciation matching exercise described, we believe Treasury may end up determining a simplifying or generalizing rule to facilitate this onerous process.

OFFSETTING THE BOOK MINIMUM TAX WITH ZERO-EMISSION ENERGY CREDITS

The 15% BMT can theoretically be lowered to a floor of 3.75% if a sufficient amount of tax credits are applied in a given tax year.

The IRA contains clean energy tax provisions introduced by Senator Manchin and Majority Leader Schumer that set out to reduce greenhouse gas emissions in line with the goal of reducing greenhouse gas emissions 50-52% below 2005 levels by 2030, achieving a carbon pollution-free electricity sector by 2035 and achieving net-zero emissions by no later than 2050. Specific to renewable electricity generation, the IRA provides the potential for zero-emission projects to earn 100% ITC/PTCs through the later of 2032 or when greenhouse gas emissions for U.S. electric generation are reduced by 75% vs. 2022 levels. For example, this will allow new projects ***or repowerings*** to qualify for 10-year PTCs at the full inflation-adjusted rate through ***at least 2042***. Energy storage projects (including thermal) can now qualify for the ITC independent of connected generation facilities, as can several technologies that previously were not ITC-eligible. **Beginning in 2023, tax credits will now be able to be transferred to another party, reducing previous dependence on tax equity.** Tax-exempt entities are now eligible for "direct pay," allowing them to receive the tax credits despite the amounts naturally exceeding the amounts of federal taxes otherwise owing. Taxpaying entities will also be eligible for direct pay in the following limited specific circumstances: Section 45Q (credit for carbon capture and sequestration), Section 45V (clean hydrogen production credit), and Section 45X (advanced manufacturing production credit) for certain initial time periods.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Once Treasury guidance relating to the IRA's clean energy tax credits is issued (no timeline provided), projects beginning construction 60 days or more thereafter will be required to meet prevailing wage and apprenticeship requirements to qualify for the full ITC/PTC rate. For facilities placed in service beginning in 2025, to claim the full ITC/PTC rate, prevailing wage and apprenticeship requirements must be met. This means that laborers, mechanics, contractors, and subcontractors must be paid wages at least at prevailing rates (to be determined by the Secretary of Labor) during the construction, alteration, and repair of the facility and for either 5 years (ITC) or 10 years (PTC) thereafter. For projects beginning construction on or before December 31, 2022, 10% of the **total labor hours** must be performed by qualified apprentices, increasing to 12.5% in 2023 and finally 15% from January 1, 2024 onwards.

Additionally, projects that meet domestic content (e.g., steel, iron, manufactured products, etc.) requirements will become eligible for 10% ITC/PTC adders, meaning that an eligible project that meets prevailing wage and domestic content requirements would qualify for a 40% ITC, for example.

Figure 1: Apprenticeship and Domestic Content Requirements

Apprenticeship Requirements	2022	2023	2024	2025	2026	2027	2028+
Total labor hours applicable to a project	10.0%	12.5%	15.0%	15%	15%	15%	15%

Domestic Content % for Construction Begi	2022	2023	2024	2025	2026	2027	2028+
All projects other than offshore wind	40%	40%	45%	50%	55%	55%	
Offshore wind	20%	20%	27.5%	35%	45%	45%	

Note: Domestic content refers to the % of a project attributable to components which are mined, produced, or manufactured in the United States.

Source: H.R. 5376 and Guggenheim Securities, LLC analysis

Finally, an incremental 10% PTC and up to 20% ITC adder will be available for qualifying projects in low-income communities and "energy communities," including communities in which, after December 31, 1999, a coal mine or **after December 31, 2009, a coal-fired electric generating unit has been closed**.

SECTION 48: INVESTMENT TAX CREDIT (ITC)

Prevailing wage and apprenticeship attributes matter for full ITC credit.

The ITC was extended for projects that begin construction through 2024, with a base credit of 6% or a bonus credit of 30% of capital invested in qualified energy property being provided. To claim the higher 30% ITC rate, prevailing wage and apprenticeship requirements must be met, as described above. In addition to solar, wind, and combined heat and power (CHP) technologies, the credit is now available to energy storage projects (including thermal storage) of 5 kWh or greater, independent of associated generation facilities, as well as several previously unsupported technologies including linear generators (more HERE), microgrid controllers (more HERE), dynamic glass (more HERE), and biogas property (more HERE). Geothermal projects that begin construction through 2034 are eligible to claim the ITC as well.

Beginning in 2025, Section 48E, the Clean Electricity Investment Credit replaces the current ITC and is technology-neutral, provided that the project being placed in service generates greenhouse gas emissions of not more than zero.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Figure 2: Current ITC (assuming 75% GHG reduction by 2032) vs. pre-IRA ITC

Section 48 Investment Tax Credit	2022	2023	→	2032	2033	2034	2035	2036
Pre-IRA Investment Tax Credit	26%	22%		10%	10%	10%	10%	10%
Investment Tax Credit under the IRA								
Phaseout (assuming 75% GHG reduction by 2032)					*100%*	*75%*	*50%*	*–*
Base ITC	6%	6%		6%	6%	4.5%	3%	–
+ Adder if Labor Requirements met	24%	24%		24%	24%	18%	12%	–
= Base ITC if Labor Requirements met	30%	30%		30%	30%	23%	15%	–
+ Bonus if Domestic Content* satisfied		10%		10%	10%	7.5%	5%	–
+ Bonus if "Energy Community" site		10%		10%	10%	7.5%	5%	–
= Maximum Commercial ITC (>5 MWac)	**30%**	**50%**		**50%**	**50%**	**38%**	**25%**	**–**

*Note: Domestic content is defined beginning in 2023 as 100% American iron/steel and at least 40% American solar modules, inverters and electrical gear.

Source: H.R. 5376 and Guggenheim Securities, LLC analysis

PTCs no longer simply provide value for wind; solar and existing nuclear are now eligible, as well as a big boost for hydrogen.

SECTION 45: PRODUCTION TAX CREDIT (PTC)

The PTC was extended through 2024 for existing qualifying technologies, reinstated for solar energy through 2024 (the ITC can still be claimed in lieu), and new PTCs were created through 2032 for hydrogen (section 45V) and existing nuclear energy (section 45U). Beginning in 2025, a new technology-neutral credit, "Clean Energy Production Tax Credit" (Section 45Y) will be available. Projects placed in service on or after January 1, 2022 may now qualify for the full credit amount rather than a reduced phaseout amount; however, projects placed in service prior to January 1, 2022 will retain their historical phaseout-adjusted PTC amounts.

The base PTC of 0.3¢/kWh and full 100% PTC of 1.5¢/kWh (5x the base PTC) are subject to an IRS-determined Inflation Adjustment Factor which in 2022 stood at 1.7593x, resulting in a PTC of 2.6¢/kWh (the credit is rounded to the nearest multiple of 0.1 cent, or 0.05 cents in the case of the 0.3¢/kWh base PTC). **For hydrogen projects, the base PTC is set at $0.60/kg and bonus PTC of $3.00/kg, both indexed to inflation**, multiplied by the volume (in kilograms) of clean hydrogen produced by the taxpayer at a qualified facility during the taxable year. Any facility that meets the description of qualifying property under the clean electricity production credit shall be treated as five-year property under the General Depreciation System for purposes of Section 168 of the IRS Code.

Beginning in 2025, Section 45Y, the Clean Energy Production Tax Credit replaces the current PTC and is technology-neutral, provided that the project being placed in service generates greenhouse gas emissions of not more than zero.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Figure 3: PTC under IRA (phaseout timing assumes 75% GHG reduction by 2032)

Section 45 Production Tax Credit	2022	2023	→	2032	2033	2034	2035	2036
Inflation Adjustment Factor (IRS-provided)	1.7593x	1.7945x		2.1446x	2.1875x	2.2312x	2.2758x	2.3214x
YoY change	4.2%	2.0%		2.0%	2.0%	2.0%	2.0%	2.0%
PTC under the IRA (¢/kWh)								
Phaseout (assuming 75% GHG reduction by 2032)					*100%*	*75%*	*50%*	*–*
Base PTC	0.5	0.5		0.6	0.7	0.5	0.4	–
+ Adder if Labor Requirements met	2.1	2.2		2.6	2.6	2.0	1.4	–
= Base PTC if Labor Requirements met	2.6	2.7		3.2	3.3	2.6	1.7	–
+ Bonus if Domestic Content* satisfied		0.3		0.3	0.3	0.2	0.2	–
+ Bonus if "Energy Community" site		0.3		0.3	0.3	0.2	0.2	–
= Maximum PTC (ex-offshore wind)**		3.3		3.8	3.9	3.0	2.0	–

*Note: Domestic content is defined beginning in 2023 as 100% American iron/steel and at least 40% American solar modules, inverters and electrical gear.
**Note: Offshore wind qualifies for an additional 10% bonus.

Source: H.R. 5376 and Guggenheim Securities, LLC analysis

SECTION 6418: TRANSFER OF CREDITS

Tax credit transferability is a major boost for regulated utilities; BOT becomes more competitive, but the overall pie is also growing.

The IRA allows for some or all of the ITC, PTC, Section 45Y credit, and Section 48E credit to be transferred to another taxpayer under the newly created Section 6418. The election to transfer the credit must be made no later than the applicable filing date of the entity's tax return for that tax year, and once made is irrevocable. The transferee must pay for the credit in case, and the buyer may not deduct the amount paid for the credit or subsequently transfer it to another party. The cash payment received by the original generator of the credit will not be included in gross income, as it is intended to replace what otherwise would have been a reduction to the taxpayer's federal tax obligation.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

WHO COULD POTENTIALLY BE SUBJECT TO THE BMT?

Corporations with average annual AFSI that exceeds $1bn for any three consecutive tax years preceding the current tax year, beginning with tax years after 2022.

Figure 4: Trailing 3-year Unadjusted Pretax Book Income and Averages

		UNADJUSTED PRETAX INCOME				
3-year Unadjusted Average Book Pretax Income	**Ticker**	**2019**	**2020**	**2021**	**3yr Avg**	
The Southern Company	SO	6,542	3,496	2,576	**4,205**	← Unadjusted 3yr avg >$1bn
NextEra Energy, Inc.	NEE	3,836	2,413	3,175	**3,141**	|
Duke Energy Corporation	DUK	4,097	839	3,764	**2,900**	|
Exelon Corporation	EXC	3,985	2,333	2,208	**2,842**	|
American Electric Power Company, Inc.	AEP	1,835	2,146	2,512	**2,164**	|
Dominion Energy, Inc.	D	869	1,411	3,098	**1,793**	|
NRG Energy, Inc.	NRG	786	761	2,859	**1,469**	|
Consolidated Edison, Inc.	ED	1,736	1,234	1,383	**1,451**	|
Eversource Energy	ES	1,190	1,559	1,572	**1,440**	|
WEC Energy Group, Inc.	WEC	1,260	1,429	1,499	**1,396**	|
FirstEnergy Corp.	FE	1,117	1,129	1,559	**1,268**	|
Entergy Corporation	ETR	1,088	1,285	1,310	**1,228**	|
PPL Corporation	PPL	2,155	954	521	**1,210**	|
Sempra	SRE	1,734	1,489	219	**1,147**	|
American Water Works Company, Inc.	AWK	833	924	1,640	**1,132**	|
Ameren Corporation	AEE	1,016	1,032	1,152	**1,067**	|
Public Service Enterprise Group Incorporated	PEG	1,950	2,301	(1,089)	**1,054**	V
DTE Energy Company	DTE	1,013	1,082	656	**917**	← Unadjusted 3yr avg near $1bn
Evergy, Inc.	EVRG	773	724	1,001	**833**	|
Edison International	EIX	1,127	566	789	**827**	|
CMS Energy Corporation	CMS	764	809	823	**799**	V
Pinnacle West Capital Corporation	*PNW*	*542*	*648*	*746*	***645***	← Unadjusted 3yr avg well
Alliant Energy Corporation	*LNT*	*636*	*567*	*600*	***601***	below $1bn
Constellation Energy Corporation	*CEG*		*784*	*152*	***468***	|
NiSource Inc.	*NI*	*507*	*(31)*	*707*	***394***	|
OGE Energy Corp.	*OGE*	*463*	*(301)*	*879*	***347***	|
Hawaiian Electric Industries, Inc.	*HE*	*271*	*241*	*311*	***274***	|
ONE Gas, Inc.	*OGS*	*230*	*238*	*247*	***238***	|
CenterPoint Energy, Inc.	*CNP*	*774*	*(865)*	*778*	***229***	|
Portland General Electric Company	*POR*	*241*	*155*	*267*	***221***	|
Spire Inc.	*SR*	*219*	*101*	*340*	***220***	|
New Jersey Resources Corporation	*NJR*	*118*	*185*	*234*	***179***	|
Avista Corporation	*AVA*	*228*	*137*	*159*	***175***	|
NorthWestern Corporation	*NWE*	*182*	*144*	*190*	***172***	|
ALLETE, Inc.	*ALE*	*179*	*122*	*111*	***137***	|
Vistra Corp.	*VST*	*1,216*	*890*	*(1,722)*	***128***	|
Chesapeake Utilities Corporation	*CPK*	*82*	*94*	*113*	***96***	|
Northwest Natural Holding Company	*NWN*	*78*	*91*	*106*	***92***	|
PG&E Corporation	*PCG*	*(11,042)*	*(942)*	*748*	***(3,745)***	V

Source: company reports, Guggenheim Securities, LLC analysis.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

COMPANY DISCUSSIONS

Treasury guidance will be critical in having complete visibility into applicability and magnitude, in our view.

Regulatory complexity could likewise require Treasury guidance for utilities, especially for multi-opco, smaller-sized utilities. Since utility parent companies are the taxpayer entities that would be subject to AMT, the recognition of earnings generated from operating companies and associated cash tax treatment at the operating company would require either tax sharing agreement, IRS guidance, or other regulatory agreements. **The less complex scenarios, in our view, exist for single utility holdcos, where earnings subject to AMT would be generated from a single source** (i.e., easier attribution of tax attributes). This would potentially include names such as EIX and PCG. **The notably more complex scenarios, in our view, include companies with multiple operating companies of various sizes where standalone opcos would be split on AMT applicability.** For example, companies such as ED (CECONY/O&R), CMS (electric/gas), and DTE (electric/gas) could have earnings power generated from operating companies on both sides of the AMT threshold and would require regulatory agreement to allocate parent cash taxes to operating companies. **The more complex scenarios include companies such as ETR and CNP where individual, multi-state opcos may not be subject to AMT, but the holding company would (*we await regulatory and Treasury clarification on this issue*).** While it is reasonable to assume a pro-rata allocation of cash tax down to the opco, there may need to be incremental tax agreement from multi-state regulators. While we do believe this will ultimately get resolved either through Treasury guidance or regulatory process, some utilities will carry less risk. *As we have previously noted – cash taxes paid would theoretically offset deferred tax liabilities at the opco level, resulting in net rate base accretion, albeit rather small (similar in some regards to 2018's TCJA).*

We highlight EXC, ES, ETR, DTE, and PEG as names to continue monitoring.

After evaluating our full coverage list (including names that fall below the threshold of being subject to the AMT), we summarize the puts and takes of which names warrant most warrant investors' attention and monitoring beyond EXC, in our view, along with a brief explanation: **AWK** (HOS consumed remaining NOL carryforwards and it is now a cash taxpayer), **ES** (few offsets to a cash drag from its T&D profile)**, ETR** (has some complexities with IRA implementation with regulators but is generally balanced between AMT cash tax drag and offsets from renewables investments), **DTE** (has acknowledged a potential cash drag but the capex plan includes potential offsets through renewables allocations), and **PEG** (not immediately impacted by AMT thresholds but could see some impacts of cash taxes in later periods). **For more, see *Company-Specific Comments* below.** Other names that **would have been included but have zero exposure due to not meeting the $1bn pretax income threshold** include **NWE** (due to amount of capex expensed for tax purposes vs. capitalized vs. book purposes)**, CNP** (highlighted being a 10% cash taxpayer), and **PCG** (flagged affordability concerns).

COMPANY-SPECIFIC COMMENTS

AEE will be subject to the AMT, but messaging to date has been cautiously optimistic on cash flow impacts as manageable… While a cash drag could be a headline negative, the impact would likely result in more of a customer bill issue as a passthrough cost rather than EPS pressure. The company has significant generation needs in the decade beyond its current planning period (e.g., 2027-37), as of its very recent MO IRP update, but the NT profile remains weighted towards non-renewables.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

AEP plans to use existing tax credit carryforwards along with the generation of substantially more tax credits as its renewable portfolio ramps up, **to offset the BMT.** The company expressed a very high degree of confidence at its recent analyst day that its cash flows will not be affected and expressly stated on its slide discussing the IRA and minimum tax: "**We Expect to Maintain Our Target FFO/Debt of 14%-15%**" (link HERE).

AWK is still evaluating the potential applicability and impact of the AMT on cash flows. The entirety of the company's capex is subject to 25-year MACRS and straight-line depreciation. In regards to applicability of the $1bn threshold, the company is looking at how one-time sales are reflected in the calculation (e.g., HOS in 2021). The sale of HOS last year utilized the company's remaining NOLs, and as such they have already been a cash taxpayer for 2022. Indications have been to expect further updates with the 3Q call and EEI.

CMS may not fall under AMT in the near term, but future cash tax obligations would likely be balanced with tax credits and renewables investments.

CNP will likely see a small headwind from AMT, but offsets include coal transition from Indiana, and a smaller gap on cash tax status vs. the 15%. Management acknowledged that the minimum tax will likely be a very modest headwind for the company but small enough to efficiently overcome. As CNP continues transformative moves and increases spending, any headline impacts would be muted, especially as CNP pivots to Houston resiliency and management does not see any material equity needs in the future (remaining opportunistic on further asset sales). Regulatory alignment remains a risk given the multiple opcos and jurisdictions.

D will be subject to the AMT, but the company has already messaged its initial expectations for a minor impact, if that, as it is already a cash taxpayer and could see ongoing offsets from significant ongoing investment in renewable generation and the nuclear PTC. The company has not indicated since first discussing the IRA on the 2Q22 call any potential cash drag, with a goal to provide further details around EEI. The balance of the IRA remains a positive for D from a bill headroom perspective given its generation-heavy capex plan: $22B in zero carbon resources, equivalent to ~60% of its current 5-year plan.

DTE previously acknowledged a slight cash hit but the potential offsets and net impacts from IRA remain positive. DTE has not been a cash taxpayer in the company's current financial plan through 2025 (pre-IRA). DTE has acknowledged a potential cash drag but the capex plan includes potential offsets through renewables allocations that would create tax credit benefits and accelerated depreciation that would mitigate cash issues (in our view).

DUK was one of the major utilities where we spoke to a senior tax expert directly on this topic**. The company has tax sharing agreements already in place** at the NCUC and its other jurisdictions, with **specific language addressing Alternative Minimum Tax** when applicable as well as regular tax obligations**.**

ED would likely be subject to AMT, with fewer offsets to a cash drag, but with a simple business structure we anticipate a straightforward regulatory alignment. Any cash drag would also be easily offset with proceeds from the recent CED transaction.

EIX could in time fall into the AMT threshold, but the single utility, single jurisdiction structure would help resolve issues. While a cash drag would be

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

a headline negative, the impact would likely result in more of a customer bill issue as a passthrough cost rather than EPS pressure.

ES will be subject to the AMT threshold, with fewer offsets to a cash drag from its T&D profile, but we anticipate regulatory alignment on eventual flow through to bill. The company is already a cash taxpayer, with any incremental cash drag likely offset with proceeds from the ongoing offshore wind divestiture.

ETR has some complexities with IRA implementation with regulators but is generally balanced between AMT cash tax drag and offsets from renewables investments. While ETR screens for applicability of AMT, the ultimate outcome could be mitigated by accelerated depreciation and tax credit generation from new renewable investments. ETR's current capex plan has $2.3B earmarked for renewables and $6.8B on generation capex (36% of total), which could be flexible depending on IRS guidance and IRA implementation. ETR noted that early analysis has showed a largely cash flow neutral outcome.

EXC's most recent estimates raised the prospect of a $200mm cash drag from the 15% AMT. Importantly, the company has subsequently flagged that Treasury guidance on items such as tax repairs and overhead, as detailed elsewhere in this report, could ultimately lower that figure substantially. The process at Treasury will take some time (potentially a year), and management's most recent messaging has been that while they will seek to promptly communicate developments to the Street (including potential commentary on the upcoming 3Q call), major updates may not be coming forthcoming for some time (4Q22+). The company does not own any generation.

NEE is arguably best-positioned within the group from a minimum tax (AMT) standpoint, given the opportunity for IRA tax credits to offset cash tax obligations. NEE's availability of tax credits on the balance sheet and future credits from solar/wind investments could allow the company to lower the AMT effective tax rate to 3.75%. Given the tax credit position for NEE, NEE's capex skew towards renewables/generation is not material to offsetting minimum tax via accelerated depreciation on shorter-lived assets (although it's a further layer of insulation from cash tax impacts). We anticipate a minimal level of regulatory complexity for NEE, given minimal levels of AMT and FPL's rational regulatory constructs.

NRG has acknowledged potential for a slight increase in cash drags from the minimum tax. The company has discussed the potential for an incremental ~$50mm drag post-IRA, with additional details likely forthcoming with 3Q results next month. NRG is generating significant FCF ~$1.5bn/year, and as such does not face the same financing concerns (BS/credit) as the other regulated utilities discussed herein. The company remains disciplined in allocating FCF between growth and returning to shareholders; we do not expect major capital investments in generation in our forecast window.

PCG could in time fall into the AMT threshold, but the single-utility, single-jurisdiction structure would help resolve issues. While a cash drag would be a headline negative, the impact would likely result in more of a customer bill issue as a passthrough cost rather than EPS pressure. Management is specifically looking at the affordability issues while IRS guidance will ultimately drive the impacts analysis.

PEG is not immediately impacted by AMT thresholds but could see some impacts of cash taxes in later periods. The sale of the fossil portfolio has likely mitigated AMT issues for PEG in the near term, but the T&D nature of the core

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

PSE&G business could limit the offsets to future cash drag. PSEG CFIO (in particular Nuclear) complicates the story a bit with unregulated business exposure and the associate treatment of future cash tax obligations. The official statement from management has remained muted on impacts as the company is still analyzing impacts and would look to Treasury guidance.

PPL is not anticipating a headwind from the AMT based on its current cash tax position (already close to 15%). The company has minimal renewables generation in its current capex plans – partially a function of its weighting towards T&D (~60% of 2022 pro forma EPS).

SO already expected to be a cash taxpayer around the 15% mark even before the IRA and CAMT came into being and therefore does not expect to see a material change around cash taxes paid, regardless of the 15% BMT**.**

SRE impacts from AMT would likely be minimal from a cash perspective and insignificant from EPS standpoint (per management). SRE is more complex due to the various ownership structures CA Utilities, Oncor (80%) and SIP (70%). While the headline AMT applicability would result in a cash drag, with limited offsets in our view, SRE financial plans were already based on a cash taxpayer status and the existing cash flow generation would likely dwarf any changes in cash tax status.

WEC originally saw potential for exposure to the alternative minimum tax, when questioned on its 2Q22 call. Since then, the company has been able to perform more comprehensive analysis and now expresses certainty that: "**At WEC, no material impact expected from alternative minimum tax**" [*Source: September 2022 slides*].

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

DEPRECIATION SCHEDULE BY CLASSIFICATION

Figure 5: MACRS required depreciation periods and rates

MACRS Property Classification				
Classification	**Examples**	**GDS Depreciation Method[2]**	**GDS Recovery Period**	**Convention**
3-year property	•Tractor units for over-the-road use. •Any race horse more than two years old when placed in service.[2] •Any horse (other than a race horse) over 12 years old when placed in service. •Qualified rent-to-own property.[3]	200%[4] Declining balance	3 years	Half-year or mid-quarter
5-year property	•Automobiles, taxis, buses and trucks. •Computers and peripheral equipment. •Office machinery (such as typewriters, calculators and copiers). •Property used in research and experimentation. •Breeding cattle and dairy cattle. •Appliances, carpets, furniture, etc., used in a residential rental real estate activity. •Certain geothermal, solar and wind energy property.	200%[4] Declining balance	5 years	Half-year or mid-quarter
7-year property	•Office furniture and fixtures (such as desks, files and safes). •Agricultural machinery and equipment.[5] •Motorsports entertainment complex placed in service after October 22, 2004 and before 2017. •Property that does not have a class life and has not been designated by law as being in any other class. •Any natural gas gathering line placed in service after April 11, 2005.	200%[4] Declining balance	7 years	Half-year or mid-quarter
10-year property	•Vessels, barges, tugs and similar water transportation equipment. •Single purpose agricultural or horticultural structure (see Tab 7). •Any tree or vine bearing fruits or nuts.[6] •Qualified smart electric meters and qualified smart electric grid systems placed in service after October 3,	200%[4] Declining balance	10 years	Half-year or mid-quarter
15-year property	•Certain improvements made directly to land or added to it (such as fences, roads and bridges). •Retail motor fuels outlet (see Tab 7). •Any municipal wastewater treatment plant. •Qualified leasehold improvement property (see Tab 7).[6] •Qualified restaurant property (see Tab 7).[6] •Qualified retail improvement property (see Tab 7).[6] •Initial clearing and grading land improvements for gas utility property placed in service after October 22, 2004. •Electric transmission property (that is Section 1245 property) used in the transmission at 69 or more kilovolts of electricity placed in service after April 11, 2005.	150% Declining balance	15 years	Half-year or mid-quarter
20-year property	•Farm buildings (other than single purpose agricultural or horticultural structures). •Municipal sewers not classified as 25-year property. •Initial clearing and grading land improvements for electric utility transmission and distribution plants placed in service after October 22, 2004.	150% Declining balance	20 years	Half-year or mid-quarter
25-year property[8]	•Property that is an integral part of the gathering, treatment or commercial distribution of water, and that, without regard to this provision, would be 20-year property. •Municipal sewers placed in service after June 12, 1996, other than property placed in service under a binding contract in effect at all times since June 9, 1996.	Straight-line	25 years	Half-year or mid-quarter
Residential rental property	Any building or structure, such as a rental home (including a mobile home), if 80% or more of its gross rental income for the tax year is from dwelling units. **Note:** Units in a hotel, motel or other establishment where more than half the units are used on a transient basis are not dwelling units (see Tab 7).	Straight-line	27.5 years	Mid-month
Nonresidential real property[9]	Section 1250 property that is neither residential rental property nor property with a class life of less than 27.5 years (see Tab 7). Examples include office buildings, stores or warehouses.	Straight-line	39 years	Mid-month

[1] Elective methods may be available. See *MACRS Depreciation Methods Available for Regular Tax* on Page 2-1.
[2] Race horses placed in service after December 31, 2008 and before January 1, 2015, regardless of age, are three-year property. [IRC §168(e)(3)(A)]
[3] Five years for qualified rent-to-own property placed in service before August 6, 1997.
[4] If used in farming, must use 150% instead of 200% declining balance.
[5] New farm equipment placed in service in 2009 was five-year property. Five-year treatment was unavailable for grain bins, cotton ginning assets, fences or other land improvements. [IRC §168(e)(3)(B)(vii)]
[6] Must use straight-line method. [IRC §168(b)(3)(E) and (e)(3)(D)(ii)]
[7] Must use 150% declining balance method. [IRC §168(b)(2)(C)]
[8] 20 years for property placed in service before June 13, 1996, or under a binding contract in effect before June 10, 1996.
[9] 31.5 years for property placed in service before May 13, 1993.

Source: irs.gov, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

UTILITY CAPEX BY MACRS CLASS

We provide these as what we believe is a useful contextual tool for assessing which utilities have relatively more or less accelerated depreciation vs. one another. We acknowledge a frequent lack of visibility into capital that may be expensed for tax purposes rather than capitalized, capital that flows through fuel & purchased power, or otherwise through operating cash flow vs. cash from investing.

Figure 6: Utility capex by MACRS classification period

Southern Company	2022E	2023E	MACRS	
Vogtle 3 & 4	1.3	0.9	15 yrs	← *Electric Utility Nuclear Production Plant*
New Generation (ex-Vogtle)	0.3	0.2	15 yrs	← assuming all non-renewable generation gets 15yr CT treatment
Generation Maintenance	0.9	1.1	15 yrs	← assuming all non-renewable generation gets 15yr CT treatment
Environmental Compliance	0.1	0.1	–	
Ash Pond Closures	0.7	0.7	–	
Transmission	1.5	1.6	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Distribution	1.7	1.7	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Nuclear Fuel	0.2	0.3	–	← n/a because amortization of nuclear fuel flows through Fuel & PP, not D&A line.
General	0.6	0.6	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Gas LDCs	1.6	1.7	20 yrs	← *Gas Utility Distribution Facilities*
Southern Power	0.1	0.2	15 yrs	← assuming all non-renewable generation gets 15yr CT treatment
GAS Pipelines & Other	0.1	0.1	15 yrs	← *Gas Utility Trunk Pipelines & Related Storage Facilities*
Power Secure	0.1	–	–	
Other	0.2	0.1	–	
Total Southern Company	**9.4**	**9.3**		

Duke Energy	2022E	2023E	MACRS	
Electric: New generation	14	156	15 yrs	← assuming all non-renewable generation gets 15yr CT treatment
Electric: Regulated renewables	742	1,194	5 yrs	← *all renewables get 5yr treatment under IRA*
Electric: Major nuclear	252	186	15 yrs	← *Electric Utility Nuclear Production Plant*
Electric: Nuclear Fuel	453	366	*n/a*	← Capex/Dep'n not linked here. In Fuel & PP instead.
Electric Transmission	1,425	1,350	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Electric Distribution & other Grid Mod	2,729	3,034	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Customer additions	596	591	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Coal Ash (actually OpCF not Capex)	488	488	*n/a*	← "...coal ash closure spend...included in operating cash flows."
Electric: Environmental & Other	287	87	–	
Electric Maintenance capex	2,950	3,050	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Gas: Renewables Natural Gas	75	100	20 yrs	← *Gas Utility Distribution Facilities*
LDC - Non-Rider	350	375	20 yrs	← *Gas Utility Distribution Facilities*
LDC - Rider	525	575	20 yrs	← *Gas Utility Distribution Facilities*
Gas Maintenance capex	400	325	20 yrs	← *Gas Utility Distribution Facilities*
Commercial Renewables	–	–	–	← backed out of plan due to strategic review
Other	450	300	–	
Total Duke Energy	**$ 12,350**	**$ 12,975**		

WEC Energy Group	2022E	2023E	MACRS	
Regulated renewables	793	541	5 yrs	← *all renewables get 5yr treatment under IRA*
WI Generation (ex-We Power & Reg Renew)	131	398	15 yrs	← assuming all non-renewable generation gets 15yr CT treatment
WI Electric Delivery	579	665	20 yrs	← *Electric Utility Transmission & Distribution Plant*
WI Gas Delivery	649	559	20 yrs	← *Gas Utility Distribution Facilities*
Peoples' Gas Rider	290	290	20 yrs	← *Gas Utility Distribution Facilities*
Illinois (ex-PGL rider)	288	301	20 yrs	← *Gas Utility Distribution Facilities*
MERC/MGU	120	104	20 yrs	← *Gas Utility Distribution Facilities*
We Power	75	48	–	← n/a due to planned retirements
Bluewater	3	3	15 yrs	← *Gas Utility Trunk Pipelines & Related Storage Facilities*
Infrastructure Investments	793	275	5 yrs	← *all renewables get 5yr treatment under IRA*
Corporate and Other	22	18	*n/a*	
ATC Investment (no D&A impact)	333	343	*n/a*	
Total WEC Capital Plan	**$ 4,075**	**$ 3,544**		

Source: company reports, IRS.gov, Guggenheim Securities, LLC analysis.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Figure 7: Utility capex by MACRS classification period (*continued…*)

American Electric Power	2022E	2023E	MACRS	
Environmental	253	68	*n/a*	
Generation	503	340	5 yrs	← *all renewables get 5yr treatment under IRA*
Renewables	1,330	1,496	15 yrs	← assuming all non-renewable generation gets 15yr CT treatment
Transmission	2,849	2,584	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Distribution	2,013	1,836	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Other/Misc.	691.7	476	*n/a*	
Total AEP Capital Plan	**$ 7,639**	**$ 6,800**		

FirstEnergy Corp	2022E	2023E	MACRS	
Regulated Transmission	1.1	1.1	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Regulated Distribution	1.7	1.7	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Corporate and Other	0.1	0.1	*n/a*	
Total FirstEnergy Investment Plan	**$ 2.9**	**$ 2.9**		

PSEG	2022E	2023E	MACRS	
PSE&G				
Transmission	865	800	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Electric Distribution	840	1,185	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Gas Distribution	940	1,090	20 yrs	← *Gas Utility Distribution Facilities*
Clean Energy	275	390	5 yrs	← *all renewables get 5yr treatment under IRA*
"Unapproved range"	–	–	20 yrs	Unapproved is E&G distribution
Other	140	180	*n/a*	Nuclear / other General Capex
Total PSEG	**$ 3,060**	**$ 3,645**		

Sempra	2022E	2023E	MACRS	
SDG&E	2,700		20 yrs	← *Electric Utility Transmission & Distribution Plant*
SoCalGas	2,100		20 yrs	← *Electric Utility Transmission & Distribution Plant*
Sempra Texas Utilities	400		20 yrs	← *Gas Utility Distribution Facilities*
Sempra Infrastructure	1,000		15 yrs	← *Liquefied Natural Gas Plant*
Total Sempra	**$ 6,200**			

Entergy	2022E	2023E	MACRS	
Utility Generation	1,105	1,235	15 yrs	← assuming all non-renewable generation gets 15yr CT treatment
Utility Transmission	755	765	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Utility Distribution	1,285	1,535	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Utility Support	580	440	20 yrs	← Treating as 20yr
Entergy Wholesale Commodities and Other	10	–	*n/a*	
Total	**$ 3,735**	**$ 3,975**		

ConEdison	2022E	2023E	MACRS	
CECONY Environmental	670		15 yrs	← Assuming CECONY Electric related
CECONY Electric	1,915	3,473	15 yrs	← *assuming all non-renewable generation gets 15yr CT treatment*
CECONY Gas	1,192	1,173	20 yrs	← *Electric Utility Transmission & Distribution Plant*
CECONY Steam	116	116	20 yrs	← *Gas Utility Distribution Facilities*
O&R Electric	164	177	20 yrs	← *Electric Utility Transmission & Distribution Plant*
O&R Gas	77	76	20 yrs	← *Gas Utility Distribution Facilities*
Con Edison Transmission: CET Electric	72	42	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Con Edison Transmission: CET Gas	1	–	20 yrs	← *Gas Utility Distribution Facilities*
Clean Energy Businesses	–	–	*n/a*	← *CEB is sold*
Total Capital Plan	**$ 4,207**	**$ 5,057**		

CenterPoint	2022E	2023E	MACRS	
"$1bn of Reserve Capital"	1,000	1,000	20 yrs	<- CEHE upside
CEHE	1,780	2,172	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Indiana Electric	272	707	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Natural Gas: CERC	1,233	1,725	20 yrs	← *Gas Utility Distribution Facilities*
Natural Gas: Vectren	194	79	20 yrs	← *Gas Utility Distribution Facilities*
Corporate and Other	11	31	*n/a*	
Total Capital Plan	**$ 3,490**	**$ 4,714**		

Source: company reports, IRS.gov, Guggenheim Securities, LLC analysis.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Figure 8: Utility capex by MACRS classification period (*continued…*)

DTE	2022E	2023E	MACRS	
Electric: Cleaner generation incl. renewables	0.6	0.6	5 yrs	← *all renewables get 5yr treatment under IRA* ; could see 20-30% increase from IRA
Electric: Base infrastructure	0.8	0.8	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Electric: Distribution infrastructure	1.3	1.6	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Gas: Base infrastructure	0.4	0.3	20 yrs	← *Gas Utility Distribution Facilities*
Gas: Gas main renewal, etc.	0.3	0.3	20 yrs	← *Gas Utility Distribution Facilities*
Vantage	0.25	0.25	20 yrs	<-- RNG and COGEN
Corporate and Other	–	–	–	
Total Capital Plan	**$ 3.7**	**$ 3.9**		

CMS	2022E	2023E	MACRS	
Clean Energy Generation	0.7	0.6	5 yrs	← *all renewables get 5yr treatment under IRA* ; could see 20-30% increase from IRA
Electric Distribution & Other	0.8	1.1	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Gas Utility	1.1	1.2	20 yrs	← *Gas Utility Distribution Facilities*
Enterprises	–	–		
Corporate and Other	–	–		
Total Capital Plan	**$ 2.6**	**$ 2.9**		

EIX	2022E	2023E	MACRS	
SCE Distribution	4.5	3.6	20 yrs	← *Electric Utility Transmission & Distribution Plant*
SCE Transmission	0.5	0.6	20 yrs	← *Electric Utility Transmission & Distribution Plant*
SCE Generation	0.1	0.2	15 yrs	← assuming all non-renewable generation gets 15yr CT treatment
SCE: Wildfire mitigation-related capital expenditu	1.1	1.1	20 yrs	<- mostly distribution
Corporate and other Edison Int'l?	–	–		
Total EIX capital expenditures	**6.2**	**5.5**		

PCG	2022E	2023E	MACRS	
Total Capital Plan	**$ 8.4**	**$ 9.2**	20 yrs	← this is going to be Electric and Gas T&D; virtually no gen/renewables investment

Eversource	2022E	2023E	MACRS	
Regulated Transmission	1,118	979	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Regulated Electric Distribution	1,450	1,469	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Regulated Gas Distribution	921	849	20 yrs	← *Gas Utility Distribution Facilities*
Water Distribution	154	163	25 yrs	← *Water Distribution Facilities*
IT and Other	254	224	10 yrs	← *weighted average assumption*
Total Eversource Investment Plan	3,897	3,684		

Exelon	2022E	2023E	MACRS	
Regulated Transmission	1,500	1,525	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Regulated Electric Distribution	4,525	4,650	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Regulated Gas Distribution	875	900	20 yrs	← *Gas Utility Distribution Facilities*
Other	–	–	–	
Total Exelon Investment Plan	6,900	7,075		

Ameren	2022E	2023E	MACRS	
Environmental	*30*	*30*	–	
Renewables (800MW solar by '25 in IRP)	*360*	*360*	5 yrs	← *all renewables get 5yr treatment under IRA*
T&D, etc.	*1,270*	*1,371*	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Ameren Illinois Electric Distribution	580	633	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Ameren Illinois Natural Gas	370	347	20 yrs	← *Gas Utility Distribution Facilities*
Ameren Illinois Transmission	650	679	20 yrs	← *Electric Utility Transmission & Distribution Plant*
ATXI and other electric transmission subsidiarie	85	28	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Other	5	5	–	
Total Ameren Investment Plan	3,350	3,453		

Dominion Energy	2022E	2023E	MACRS	
Dominion Energy Virginia	5,800	7,200		
Renewables (using 55% approximation)	$ 4,066	$ 4,828	5 yrs	← *all renewables get 5yr treatment under IRA*
Nuclear (Rider SNA Phase 1)	$ 467	$ 467	15 yrs	← *Electric Utility Nuclear Production Plant*
T&D, etc.	$ 1,267	$ 1,905	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Gas Distribution	1,400	1,400	20 yrs	← *Gas Utility Distribution Facilities*
Dominion Energy South Carolina	800	900	20 yrs	← *Electric Utility Transmission & Distribution Plant*
Contracted Assets	600	900	5 yrs	← *all renewables get 5yr treatment under IRA*
Corporate and Other segment	100	100	–	
Total D Capital Plan	$ 8,700	$ 10,500		

Source: company reports, IRS.gov, Guggenheim Securities, LLC analysis.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Figure 9: Comp Sheet

10/20/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$50.67	2,892	3.75	3.91	4.14	4.43	3.74	3.92	4.12	4.41	–	–	–	–	13.5x	12.9x	12.3x	11.5x	-21%	-20%	-18%	-19%	5.7%	5.3%	72%	Neutral	$66	36%	Neutral	$58	19%
AVA	$38.14	2,783	1.94	2.47	2.59	2.72	1.95	2.45	2.63	2.78	–	–	(0.04)	(0.06)	19.6x	15.6x	14.5x	13.7x	15%	-3%	-4%	-3%	11.9%	4.8%	94%	Sell	$34	-6%	Neutral	$40	9%
NWE	$51.16	2,873	3.30	3.57	3.88	4.05	3.28	3.51	3.59	3.96	–	0.06	0.29	0.09	15.6x	14.6x	14.2x	12.9x	-9%	-10%	-6%	-8%	7.1%	5.0%	78%	Neutral	$58	18%	Buy	$58	19%
POR	$42.84	3,823	2.83	2.92	3.02	3.18	2.82	2.80	3.00	3.18	–	0.12	–	–	15.2x	15.3x	14.3x	13.5x	-11%	-5%	-5%	-4%	4.0%	4.4%	67%	Buy	$56	35%	Neutral	$51	24%
		12,371													**16.0x**	**14.6x**	**13.8x**	**12.9x**	**-6%**	**-9%**	**-8%**	**-9%**	**7.2%**	**4.9%**	**78%**						
Mid/Large Cap Electric																														
AEE	$76.62	19,796	4.04	4.32	4.64	4.95	4.07	4.36	4.65	5.00	–	(0.04)	–	(0.04)	18.8x	17.6x	16.5x	15.3x	10%	9%	9%	9%	7.0%	3.2%	61%	Buy	$99	32%	Buy	$92	23%
AEP	$83.93	43,118	5.00	5.30	5.64	6.00	5.00	5.28	5.62	6.00	–	–	–	–	16.8x	15.9x	14.9x	14.0x	-2%	-1%	-1%	-1%	6.3%	3.9%	66%	Buy	$109	34%	Buy	$101	24%
CMS	$53.97	15,662	2.88	3.14	3.41	3.64	2.88	3.13	3.35	3.67	–	–	0.06	–	18.7x	17.3x	16.1x	14.7x	10%	7%	7%	4%	8.1%	3.6%	68%	Neutral	$70	33%	Buy	$65	24%
CNP	$26.60	16,743	1.38	1.49	1.61	1.73	1.39	1.49	1.58	1.74	–	–	–	–	19.2x	17.8x	16.8x	15.3x	13%	10%	12%	8%	7.8%	2.7%	52%	Buy	$35	34%	Buy	$32	21%
D	$64.41	53,622	4.12	4.40	4.70	5.00	4.11	4.37	4.68	5.00	–	–	–	–	15.7x	14.7x	13.8x	12.9x	-8%	-9%	-9%	-9%	6.7%	4.4%	68%	Buy	$90	44%	Buy	$82	32%
DTE	$105.89	20,515	6.06	6.29	6.73	7.13	6.02	6.25	6.69	7.15	0.04	0.04	0.04	–	17.6x	16.9x	15.8x	14.8x	3%	5%	5%	5%	5.6%	3.5%	62%	Buy	$145	40%	Buy	$128	25%
DUK	$87.23	67,167	5.48	5.81	6.15	6.50	5.45	5.75	6.14	6.51	0.03	0.06	–	–	16.0x	15.2x	14.2x	13.4x	-6%	-6%	-6%	-5%	5.9%	4.7%	75%	Buy	$119	41%	Buy	$104	24%
ED	$83.42	29,579	4.51	4.85	5.16	5.47	4.51	4.81	5.12	5.39	–	0.04	0.04	0.08	18.5x	17.4x	16.3x	15.5x	8%	8%	8%	10%	6.6%	3.9%	72%	Neutral	$94	17%	Sell	$83	3%
EIX	$54.94	20,956	4.64	4.92	5.25	5.60	4.53	4.86	5.27	5.46	0.11	0.06	–	0.14	12.1x	11.3x	10.4x	10.1x	-29%	-30%	-31%	-29%	6.5%	5.3%	63%	Buy	$82	55%	Buy	$68	30%
ES	$71.68	24,833	4.10	4.42	4.75	5.11	4.11	4.38	4.64	5.02	–	0.04	0.11	0.09	17.5x	16.4x	15.5x	14.3x	2%	2%	3%	1%	7.6%	3.7%	65%	Buy	$97	39%	Buy	$87	25%
ETR	$99.97	20,336	6.43	6.81	7.21	7.57	6.35	6.78	7.27	7.69	0.08	0.03	(0.06)	(0.12)	15.7x	14.8x	13.8x	13.0x	-8%	-8%	-9%	-8%	5.6%	4.2%	66%	Buy	$129	33%	Buy	$122	26%
EVRG	$57.04	13,089	3.56	3.77	4.02	4.30	3.56	3.77	4.04	4.23	–	–	–	0.07	16.0x	15.1x	14.1x	13.5x	-6%	-6%	-6%	-4%	6.5%	4.3%	69%	Buy	$77	39%	Buy	$67	21%
EXC	$35.54	35,247	2.27	2.41	2.58	2.82	2.26	2.41	2.57	2.78	–	–	–	0.04	15.7x	14.8x	13.8x	12.8x	-8%	-8%	-8%	-9%	7.5%	4.1%	64%	Neutral	$49	42%	Buy	$45	31%
FE	$36.08	20,616	2.40	2.57	2.75	2.95	2.42	2.53	2.74	2.86	–	0.04	–	0.09	14.9x	14.2x	13.2x	12.6x	-13%	-12%	-13%	-11%	7.1%	4.4%	66%	Neutral	$43	24%	Buy	$42	22%
LNT	$48.70	12,220	2.78	2.90	3.04	3.23	2.78	2.90	3.08	3.28	–	–	(0.04)	(0.05)	17.5x	16.8x	15.8x	14.8x	3%	4%	5%	5%	5.1%	3.7%	65%	Neutral	$60	27%	Neutral	$59	25%
OGE	$34.36	6,879	1.99	2.06	2.21	2.30	2.05	2.06	2.17	2.29	(0.06)	–	0.04	–	16.8x	16.7x	15.8x	15.0x	-2%	3%	5%	6%	4.9%	4.9%	85%	Buy	$43	30%	Buy	$40	20%
PCG	$14.04	27,907	1.11	1.24	1.34	1.45	1.10	1.23	1.35	1.44	–	–	–	–	12.8x	11.4x	10.4x	9.8x	-25%	-29%	-31%	-31%	9.3%	0.7%	8%	Buy	$19	36%	Buy	$16	15%
PEG	$53.77	26,824	3.53	3.58	4.06	4.39	3.47	3.58	3.99	4.33	0.06	–	0.07	0.06	15.5x	15.0x	13.5x	12.4x	-9%	-7%	-11%	-12%	7.5%	4.2%	64%	Buy	$76	46%	Buy	$70	35%
PNW	$62.65	7,082	4.05	4.25	4.50	4.75	4.03	4.20	4.49	4.72	–	0.05	–	–	15.5x	14.9x	14.0x	13.3x	-9%	-7%	-7%	-6%	5.5%	5.6%	86%	Sell	$60	1%	Sell	$67	13%
PPL	$24.99	18,397	1.39	1.58	1.70	1.81	1.41	1.60	1.70	1.82	–	–	–	–	17.7x	15.6x	14.7x	13.7x	4%	-3%	-3%	-3%	9.2%	3.8%	68%	Buy	$33	36%	Buy	$29	21%
SO	$63.50	67,470	3.60	3.80	4.15	4.40	3.59	3.79	4.08	4.41	–	–	0.07	–	17.7x	16.7x	15.6x	14.4x	4%	4%	3%	2%	6.9%	4.4%	77%	Buy	$80	30%	Neutral	$70	15%
WEC	$85.44	26,951	4.40	4.59	4.89	5.21	4.39	4.61	4.90	5.22	–	–	–	–	19.5x	18.5x	17.4x	16.4x	14%	15%	16%	16%	5.8%	3.6%	69%	Neutral	$104	25%	Neutral	$96	16%
Mid/Lg Cap (excl. EIX, PCG)															**17.1x**	**16.1x**	**15.1x**	**14.1x**					**6.7%**	**4.0%**	**68%**						
Regulated Electrics		**607,380**													**16.9x**	**15.9x**	**14.9x**	**13.9x**					**6.7%**	**4.2%**	**70%**						

		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$35.13	3,846	2.21	2.41	2.47	2.69	2.14	2.30	2.42	2.57	0.07	0.11	0.05	0.12	16.4x	15.3x	14.5x	13.7x	-4%	-5%	-4%	-3%	6.8%	4.1%	66%	Neutral	$41	21%	Sell	$40	17%
NEE	$70.64	138,792	2.84	3.07	3.38	3.66	2.87	3.11	3.37	3.64	(0.03)	(0.04)	–	–	24.6x	22.7x	20.9x	19.4x	44%	41%	39%	38%	8.8%	2.6%	64%	Buy	$108	55%	Buy	$93	34%
SRE	$139.74	43,922	8.54	9.08	9.58	10.21	8.63	9.04	9.68	10.19	(0.09)	0.04	(0.10)	–	16.2x	15.5x	14.4x	13.7x	-5%	-4%	-4%	-3%	6.1%	3.5%	57%	Buy	$174	28%	Buy	$168	23%
		186,559													**19.1x**	**17.8x**	**16.6x**	**15.6x**	**12%**	**11%**	**10%**	**11%**	**7.2%**	**3.4%**	**62%**						
Gas LDCs																														
NI	$24.15	9,804	1.45	1.53	1.70	1.84	1.45	1.55	1.73	1.90	–	–	–	(0.06)	16.6x	15.6x	14.0x	12.7x	-1%	-2%	-6%	-9%	8.3%	4.1%	68%	Buy	$32	37%	Buy	$32	35%
CPK	$117.41	2,083	5.13	5.55	5.93	6.32	5.11	5.56	5.88	6.25	–	–	0.05	0.07	23.0x	21.1x	20.0x	18.8x	36%	33%	34%	35%	7.2%	1.9%	44%	Neutral	$136	18%	Buy	$139	21%
NJR	$40.77	3,923	2.45	2.43	2.64	2.81	2.46	2.46	2.73	2.84	–	–	(0.09)	–	16.6x	16.6x	14.9x	14.4x	-2%	4%	0%	3%	4.7%	3.9%	64%	Neutral	$41	4%	Neutral	$45	14%
NWN	$45.15	1,547	2.56	2.73	2.83	2.98	2.53	2.67	2.74	3.00	0.03	0.06	0.09	–	17.9x	16.9x	16.5x	15.1x	6%	7%	11%	8%	5.2%	4.3%	76%	Neutral	$49	13%	Buy	$54	23%
OGS	$72.39	3,919	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	17.7x	16.5x	15.6x	14.5x	5%	4%	5%	4%	7.0%	3.6%	64%	Neutral	$86	22%	Buy	$84	19%
SJI	$34.09	4,175	1.71	1.82	1.94	2.05	1.72	1.79	1.88	1.94	–	–	0.06	0.11	19.8x	19.0x	18.2x	17.5x	17%	20%	22%	26%	6.2%	3.7%	74%	Neutral	$36	9%	Neutral	$36	9%
SR	$64.80	3,402	3.84	4.27	4.91	5.03	3.89	4.37	4.60	4.88	(0.05)	(0.10)	0.31	0.16	16.7x	14.8x	14.1x	13.3x	-1%	-6%	-5%	-4%	9.4%	4.4%	75%	Neutral	$67	8%	Neutral	$74	19%
		28,852													**18.3x**	**17.2x**	**16.2x**	**15.2x**	**9%**	**9%**	**9%**	**9%**	**6.9%**	**3.7%**	**67%**						
Regulated Water																														
AWK	$129.93	23,620	4.44	4.85	5.23	5.70	4.44	4.81	5.18	5.64	–	0.04	0.05	0.06	29.2x	27.0x	25.1x	23.0x	71%	68%	66%	63%	8.7%	2.1%	62%	Neutral	$155	21%	Buy	$155	22%

		Market	Guggenheim EBITDA Ests				Consensus				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$84.56	27,623	2,605	3,269	3,424	3,675	2,645	3,108	3,462	3,661	(40)	161	(38)	–	12.2x	9.9x	8.5x	7.5x	32,210	30,829	29,251	27,517	12.2%	0.8%	20%	Buy	$121	44%	Buy	$93	10%
NRG	$40.72	9,575	2,008	2,247	2,312	2,276	2,010	2,251	2,366	2,339	–	–	(54)	(63)	8.2x	7.1x	6.5x	6.0x	16,561	16,016	15,405	14,077	4.3%	3.6%	32%	Neutral	$43	9%	Buy	$43	9%
VST	$21.52	8,960	3,117	3,508	3,555	3,738	3,146	3,685	3,536	3,280	(29)	(177)	–	458	6.2x	5.2x	5.3x	5.4x	19,514	19,195	18,739	17,737	6.2%	3.6%	28%	Buy	$32	52%	Buy	$32	50%
Other																														
ALTO	$4.02	298	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	174%	Buy	$12	190%
IEA	$13.72	667	147	164	174	178	145	165			–	–	–	–									6.7%	–	–	Neutral	$14	2%	Neutral	$14	2%
NEP	$68.89	5,780	1,660	1,775	1,889	2,003	1,777	1,996	2,163	2,317	(117)	(221)	(274)	(314)									6.5%	4.8%	–	Buy	$85	28%	Buy	$86	30%
SMR	$11.24	478	(156)	(100)	(57)	8	(146)	(85)	(54)	9	–	–	–	–										–	–	Buy	$18	60%	Buy	$17	54%

Source: Bloomberg, Guggenheim Securities, LLC analysis.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	228	66.28%	38	16.67%
NEUTRAL	111	32.27%	6	5.41%
SELL	5	1.45%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: EXC Management Transition, Hydro M&A, & SRE Aliso Settlement
- **Publication Date/Time** : Tuesday, October 18, 2022 01:22:06 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=IuBeAD0I3n5QnlD!Aza2aA__&reid=EB989B4E7D6611ED98180DCC945289B1

GUGGENHEIM

Power & Utilities October 18, 2022

The Guggenheim Daily Transmission: EXC, DTE, EIX, D, DUK, Hydrogen, M&A

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
D	65.28	Buy
DTE	107.00	Buy
DUK	89.10	Buy
EIX	57.12	Buy
EXC	37.10	Neutral

For details on our Guggenheim-hosted client Utility events including our EEI Conference meetings; and other events, scroll down…

2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade (see our note HERE)

EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air (see our note HERE)

DTE – Intervenors file replies to exceptions on proposal for decision in DTE Electric 2022 rate case

EIX – Fairview wildfire claims entered in court

D – Dominion files third clean energy filing; seeks 500MW of company owned projects, 300MW of third party PPAs

DUK – DEF seeking to pass along $56m in savings to customers

Hydrogen – Midwest states advance hydrogen hub plans

M&A – US Solar Fund is conducting strategic review

DTE – Intervenors file replies to exceptions on proposal for decision in DTE Electric 2022 rate case

- Intervenors filed replies to exceptions on the PFD in the DTE 2022 electric rate case.
- DTE replies support the original request for approval of O&M and capex, reiterate cost of capital arguments.
- The PFD largely maintains DTE fundamentals in ratemaking – with an ROE of 9.9% (flat vs. prior) and a 50% headline equity ratio (39.62% of the ratemaking capital structure, as requested, and 130bp improvement vs. prior authorized).
- PFD recommends that the Commission adopt DTE's capital structure and common equity balance, along with a long-term debt cost of 3.69%, a short-term debt cost of 1.74%.
- MPSC authorized a $146M rate increase vs. $368M requested and $167M recommended by staff.
- The PFD recommends a $777M reduction in rate base (3.7%), from $21.2B requested to $20.5B, adjusting for projected spending and plant in-service dates.
- Docket: U-20836

Guggenheim takeaway: *FYI. A generally constructive outcome resolving the rate case. We are still working through the 700+ pages of PFD testimony, but find that majority of issued are approached in a balanced manner, including cost of capital where the commission follows precedent from previous rate case final orders, noting the rate of return "should not be so high as to place an unnecessary burden on ratepayers, yet should be high enough to ensure investor confidence in the financial soundness of the enterprise." The debt parameters at DTE Electric are a bit tight given the steep rise in interest rates, but not a big issue as DTE remains a serial filer.*

EIX – Fairview wildfire claims entered in court

- Families impacted by the Fairview fire filed claims in court alleging negligence.
- Fairview fire: 20,000 acres, 44 structures damaged or destroyed.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- More in media here.
- More on Calfire incidents here.

Guggenheim takeaway: *We continue to monitor for wildfire conditions and damage assessments but despite the continued frequency of wildfires, damage reports have been minimal. While the Fairview fire threatened some more populated areas (more than 10,000 homes), Calfire has increased containment quickly and incident reports have shown damage that is well below the $1B insurance thresholds.*

D – Dominion files third clean energy filing; seeks 500MW of company owned projects, 300MW of third party PPAs

- Dominion is seeking to add another 800MW of resources to its portfolio in support of its ongoing VCEA buildout.
- "The proposal includes 10 solar and energy storage projects, totaling nearly 500 MW, that will be owned and operated by Dominion Energy Virginia. The proposal also includes power purchase agreements (PPAs) with 13 solar and energy storage projects, totaling more than 300 megawatts, that are owned by independent developers. The PPAs were selected through a competitive solicitation process." - D
- More HERE.

Guggenheim takeaway: *This is part of what has become a familiar process for DEV under the VCEA and associated clean energy filings (riders), with the projects going towards directly supporting the VCEA-mandated decarbonization targets for the state. As a reminder, DEV's latest plan was to spend $27bn through '26.*

DUK – DEF seeking to pass along $56m in savings to customers

- "DEF has determined that the IRA's change to PTCs for DEF's solar facilities results in a change to the effective tax rate recognized by DEF in FPSC adjusted reported net operating income. This provision also changes DEF's adjusted capital structure. . The Company has computed the resulting impact to base rates, a uniform percentage decrease to reflect a total amount to be flowed back to customers of $56.0 million." – Duke Energy Florida filing
- Docket 20220172

Guggenheim takeaway: *DUK is following suit in seeking to flow back tax benefits resulting from the IRA to customers, something FPL has already begun the process for. As a reminder, DEF (and FPL) also benefited from increases to their ROEs as a result of settlement clauses that were triggered as interest rates rose. DEF's take effect Jan. 1, 2023.*

Hydrogen – Midwest states advance hydrogen hub plans

- Media reports on a number of states starting work on hydrogen infrastructure.
- Illinois, Indiana, Michigan, Ohio and Kentucky, plus Wisconsin and Minnesota, are all part of an MOU on hydrogen development.
- The states have a lot of hydrocarbon production, with opportunities for a variety of hydrogen application including electrolyzers, carbon capture and transportation.
- More here.

Guggenheim takeaway: *FYI. The hydrogen hub plans have been advancing since IRA passage. The economics would now make a variety of applications economically feasible and the Midwest stands to benefit given the region's energy resource production and consumption from manufacturing and agriculture. Overall, the media source has a good overview of the technologies and applications.*

M&A – US Solar Fund is conducting strategic review

- USF [LON: USF] is conducting a strategic review, according to reports, including the potential for up to a 100% sale of the fund.
- "Structural challenges in the US solar sector alongside a recent sustained discount of the share price to its net asset value have impeded the company's ability to grow its asset base." - USF
- More HERE.

Guggenheim takeaway: *Interesting data point for your awareness – the fund appears to have a ~$275mm market cap.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

GUGGENHEIM



Invite: 57th EEI Financial Conference

Dates
November 13 - 15, 2022

Location
The Diplomat Beach Resort
Hollywood, FL

Company Dinners (Hosted by Guggenheim)

Sunday, November 13, 2022

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Hyde Beach House — 4010 South Ocean Drive, Hollywood, FL 33019

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Terrazas at Hyde Hollywood — 4111 S Ocean Drive, Hollywood, FL 33019

Monday, November 14, 2022

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
ETARU — 111 S Surf Rd, Hallandale Beach, FL 33009

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales

Tuesday, November 15, 2022

6:00 p.m. | *Billy's Stone Crab — 400 North Ocean Drive, Hollywood, FL 33019*

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim's Power & Utility Comp Sheet

10/17/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$51.12	2,918	3.75	3.91	4.14	4.43	3.74	3.92	4.12	4.41	–	–	–	–	13.7x	13.0x	12.4x	11.6x	-21%	-20%	-19%	-19%	5.7%	5.3%	72%	Neutral	$66	34%	Neutral	$61	24%
AVA	$38.24	2,791	1.94	2.47	2.59	2.72	1.95	2.45	2.63	2.78	–	–	(0.04)	(0.06)	19.6x	15.6x	14.6x	13.8x	13%	-4%	-5%	-4%	11.9%	4.8%	94%	Sell	$34	-6%	Neutral	$40	9%
NWE	$51.26	2,878	3.30	3.57	3.88	4.05	3.30	3.51	3.59	3.96	–	0.06	0.29	0.09	15.6x	14.6x	14.3x	12.9x	-10%	-11%	-7%	-9%	7.1%	5.0%	78%	Neutral	$58	18%	Buy	$60	21%
POR	$43.29	3,863	2.83	2.92	3.02	3.18	2.82	2.81	3.01	3.20	–	0.11	–	–	15.3x	15.4x	14.4x	13.5x	-11%	-5%	-6%	-5%	4.0%	4.3%	67%	Buy	$56	34%	Neutral	$53	26%
		12,450													16.0x	14.7x	13.9x	13.0x	-7%	-10%	-9%	-9%	7.2%	4.9%	78%						
Mid/Large Cap Electric																														
AEE	$77.71	20,078	4.04	4.32	4.64	4.95	4.08	4.36	4.65	5.00	(0.04)	(0.04)	–	(0.04)	19.1x	17.8x	16.7x	15.6x	10%	9%	10%	9%	7.0%	3.2%	61%	Buy	$99	31%	Buy	$97	28%
AEP	$85.05	43,693	5.00	5.30	5.64	6.00	5.00	5.28	5.62	6.00	–	–	–	–	17.0x	16.1x	15.1x	14.2x	-2%	-1%	-1%	-1%	6.3%	3.9%	66%	Buy	$109	32%	Buy	$106	29%
CMS	$55.36	16,065	2.88	3.14	3.41	3.64	2.88	3.13	3.35	3.67	–	–	0.06	–	19.2x	17.7x	16.5x	15.1x	11%	8%	8%	6%	8.1%	3.5%	67%	Neutral	$70	30%	Buy	$70	30%
CNP	$26.25	16,523	1.38	1.49	1.61	1.73	1.38	1.50	1.59	1.74	–	–	–	–	19.0x	17.5x	16.5x	15.1x	10%	7%	8%	6%	7.8%	2.7%	52%	Buy	$35	36%	Buy	$33	28%
D	$65.28	54,346	4.12	4.40	4.70	5.00	4.11	4.37	4.69	5.00	–	–	–	–	15.9x	14.9x	13.9x	13.1x	-8%	-8%	-9%	-9%	6.7%	4.3%	68%	Buy	$90	42%	Buy	$88	39%
DTE	$107.00	20,730	6.06	6.29	6.73	7.13	6.02	6.26	6.69	7.14	0.04	0.03	0.04	–	17.8x	17.1x	16.0x	15.0x	3%	5%	5%	5%	5.6%	3.5%	62%	Buy	$145	39%	Buy	$139	33%
DUK	$89.10	68,607	5.48	5.81	6.15	6.50	5.45	5.75	6.14	6.51	–	0.06	–	–	16.3x	15.5x	14.5x	13.7x	-5%	-5%	-5%	-4%	5.9%	4.6%	75%	Buy	$119	38%	Buy	$111	29%
ED	$83.02	29,437	4.51	4.85	5.16	5.47	4.51	4.80	5.09	5.36	–	0.05	0.07	0.11	18.4x	17.3x	16.3x	15.5x	7%	6%	7%	8%	6.6%	3.9%	72%	Neutral	$94	17%	Sell	$86	8%
EIX	$57.12	21,787	4.64	4.92	5.25	5.60	4.53	4.86	5.26	5.46	0.11	0.06	–	0.14	12.6x	11.8x	10.9x	10.5x	-27%	-28%	-29%	-27%	6.5%	5.1%	63%	Buy	$82	49%	Buy	$72	31%
ES	$73.87	25,592	4.10	4.42	4.75	5.11	4.11	4.39	4.64	5.02	–	0.04	0.11	0.09	18.0x	16.8x	15.9x	14.7x	4%	3%	4%	3%	7.6%	3.6%	65%	Buy	$97	35%	Buy	$93	29%
ETR	$101.32	20,610	6.43	6.81	7.21	7.57	6.35	6.77	7.25	7.69	0.08	0.04	(0.04)	(0.12)	16.0x	15.0x	14.0x	13.2x	-8%	-8%	-9%	-8%	5.6%	4.2%	66%	Buy	$129	32%	Buy	$127	29%
EVRG	$57.27	13,142	3.56	3.77	4.02	4.30	3.56	3.77	4.04	4.23	–	–	–	0.07	16.1x	15.2x	14.2x	13.5x	-7%	-7%	-7%	-5%	6.5%	4.3%	69%	Buy	$77	39%	Buy	$70	26%
EXC	$37.10	36,794	2.27	2.41	2.58	2.82	2.26	2.41	2.57	2.78	–	–	–	0.04	16.4x	15.4x	14.4x	13.3x	-5%	-6%	-6%	-7%	7.5%	3.9%	64%	Neutral	$49	36%	Buy	$48	34%
FE	$36.92	21,096	2.40	2.57	2.75	2.95	2.42	2.53	2.74	2.87	–	0.04	–	0.08	15.3x	14.6x	13.5x	12.9x	-12%	-11%	-12%	-10%	7.1%	4.3%	66%	Neutral	$43	21%	Buy	$45	26%
LNT	$49.74	12,481	2.78	2.90	3.04	3.23	2.78	2.90	3.08	3.28	–	–	(0.04)	(0.05)	17.9x	17.2x	16.2x	15.2x	4%	5%	6%	6%	5.1%	3.6%	65%	Neutral	$60	24%	Buy	$63	29%
OGE	$34.59	6,925	1.99	2.06	2.21	2.30	2.04	2.06	2.17	2.29	(0.05)	–	0.04	–	17.0x	16.8x	16.0x	15.1x	-2%	3%	4%	6%	4.9%	4.9%	85%	Buy	$43	29%	Buy	$40	21%
PCG	$14.16	28,145	1.11	1.24	1.34	1.45	1.10	1.22	1.34	1.44	–	–	–	–	12.9x	11.6x	10.6x	9.8x	-25%	-29%	-31%	-31%	9.3%	0.7%	8%	Buy	$19	35%	Buy	$16	16%
PEG	$55.27	27,572	3.53	3.58	4.06	4.39	3.47	3.58	3.98	4.33	0.06	–	0.08	0.06	15.9x	15.4x	13.9x	12.8x	-8%	-5%	-9%	-11%	7.5%	4.1%	64%	Buy	$76	42%	Buy	$74	38%
PNW	$62.61	7,078	4.05	4.25	4.50	4.75	4.02	4.19	4.47	4.72	–	0.06	–	0.03	15.6x	14.9x	14.0x	13.3x	-10%	-8%	-8%	-7%	5.5%	5.6%	87%	Sell	$60	1%	Sell	$71	19%
PPL	$24.89	18,324	1.39	1.58	1.70	1.81	1.41	1.60	1.70	1.82	–	–	–	–	17.6x	15.6x	14.6x	13.7x	2%	-5%	-4%	-4%	9.2%	3.8%	68%	Buy	$33	36%	Buy	$31	27%
SO	$64.28	68,299	3.60	3.80	4.15	4.40	3.59	3.80	4.08	4.41	–	–	0.07	–	17.9x	16.9x	15.7x	14.6x	3%	4%	3%	2%	6.9%	4.3%	77%	Buy	$80	29%	Neutral	$74	20%
WEC	$85.65	27,017	4.40	4.59	4.89	5.21	4.39	4.61	4.90	5.22	–	–	–	–	19.5x	18.6x	17.5x	16.4x	13%	14%	14%	15%	5.8%	3.6%	69%	Neutral	$104	25%	Neutral	$103	24%
Mid/Lg Cap (excl. EIX, PCG)															**17.3x**	**16.3x**	**15.3x**	**14.3x**					**6.7%**	**4.0%**	**68%**						
Regulated Electrics		**616,792**													**17.1x**	**16.0x**	**15.0x**	**14.1x**					**6.7%**	**4.1%**	**70%**						

		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$35.38	3,873	2.21	2.41	2.47	2.69	2.14	2.30	2.42	2.57	0.07	0.11	0.05	0.12	16.6x	15.4x	14.6x	13.8x	-4%	-6%	-4%	-4%	6.8%	4.1%	66%	Neutral	$41	20%	Sell	$41	20%
NEE	$73.65	144,706	2.84	3.07	3.38	3.66	2.87	3.11	3.37	3.65	(0.03)	(0.04)	–	–	25.6x	23.7x	21.8x	20.2x	48%	45%	43%	41%	8.8%	2.5%	64%	Buy	$108	49%	Buy	$96	32%
SRE	$144.87	45,534	8.54	9.08	9.58	10.21	8.63	9.04	9.68	10.17	(0.09)	0.04	(0.10)	0.04	16.8x	16.0x	15.0x	14.3x	-3%	-2%	-2%	-0%	6.1%	3.4%	57%	Buy	$174	23%	Buy	$172	22%
		194,113													19.7x	18.4x	17.1x	16.1x	14%	13%	12%	13%	7.2%	3.3%	62%						
Gas LDCs																														
NI	$24.89	10,104	1.45	1.53	1.70	1.84	1.45	1.55	1.74	1.90	–	–	(0.04)	(0.06)	17.1x	16.0x	14.3x	13.1x	0%	-0%	-5%	-7%	8.3%	4.0%	68%	Buy	$32	33%	Buy	$33	36%
CPK	$119.35	2,117	5.13	5.55	5.93	6.32	5.11	5.56	5.88	6.25	–	–	0.05	0.07	23.3x	21.5x	20.3x	19.1x	37%	34%	35%	36%	7.2%	1.9%	44%	Neutral	$136	16%	Buy	$141	20%
NJR	$40.43	3,891	2.45	2.43	2.64	2.81	2.46	2.46	2.73	2.84	–	–	(0.09)	–	16.5x	16.4x	14.8x	14.3x	-4%	2%	-1%	1%	4.7%	3.9%	64%	Neutral	$41	5%	Neutral	$46	17%
NWN	$45.96	1,574	2.56	2.73	2.83	2.98	2.52	2.68	2.75	3.00	0.04	0.05	0.08	–	18.2x	17.2x	16.7x	15.3x	7%	7%	11%	9%	5.2%	4.2%	76%	Neutral	$49	11%	Buy	$55	23%
OGS	$72.38	3,918	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	17.7x	16.5x	15.6x	14.5x	4%	3%	4%	3%	7.0%	3.6%	64%	Neutral	$86	22%	Buy	$87	24%
SJI	$33.95	4,158	1.71	1.82	1.94	2.05	1.73	1.79	1.88	1.94	–	0.03	0.06	0.11	19.6x	19.0x	18.1x	17.5x	15%	18%	20%	24%	6.2%	3.7%	74%	Neutral	$36	10%	Neutral	$36	10%
SR	$64.70	3,396	3.84	4.27	4.91	5.03	3.89	4.36	4.60	4.88	(0.05)	(0.09)	0.31	0.16	16.6x	14.8x	14.1x	13.3x	-3%	-8%	-7%	-6%	9.4%	4.5%	75%	Neutral	$67	8%	Neutral	$76	22%
		29,159													18.5x	17.3x	16.3x	15.3x	8%	8%	8%	9%	6.9%	3.7%	66%						
Regulated Water																														
AWK	$131.42	23,890	4.44	4.85	5.23	5.70	4.44	4.82	5.19	5.64	–	0.03	0.04	0.06	29.6x	27.3x	25.3x	23.3x	71%	67%	66%	63%	8.7%	2.1%	62%	Neutral	$155	20%	Neutral	$159	23%

		Market	Guggenheim EBITDA Ests				Consensus				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$85.19	27,828	2,605	3,269	3,424	3,675	2,637	3,122	3,459	3,665	(32)	147	(35)	–	12.3x	9.9x	8.5x	7.6x	32,416	31,034	29,457	27,723	12.2%	0.8%	20%	Buy	$121	43%	Buy	$92	9%
NRG	$41.91	9,855	2,008	2,247	2,312	2,276	1,992	2,247	2,367	2,345	–	–	(56)	(68)	8.5x	7.3x	6.6x	6.1x	16,840	16,295	15,685	14,357	4.3%	3.5%	32%	Neutral	$43	6%	Buy	$43	6%
VST	$22.03	9,172	3,117	3,508	3,555	3,738	3,152	3,708	3,552	3,320	(35)	(200)	–	418	6.3x	5.2x	5.3x	5.4x	19,727	19,407	18,951	17,949	6.2%	3.5%	28%	Buy	$32	49%	Buy	$32	47%
Other																														
ALTO	$4.00	297	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	175%	Buy	$12	192%
IEA	$13.72	667	147	164	174	178	145	165			–	–	–	–									6.7%	–	–	Neutral	$14	2%	Neutral	$14	2%
NEP	$71.19	5,973	1,660	1,775	1,889	2,003	1,779	2,002	2,168	2,323	(119)	(227)	(279)	(319)									6.5%	4.6%	–	Buy	$85	24%	Buy	$87	27%
SMR	$11.10	472	(156)	(100)	(57)	8	(146)	(85)	(54)	9	–	–	–	–										–	–	Buy	$18	62%	Buy	$17	56%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

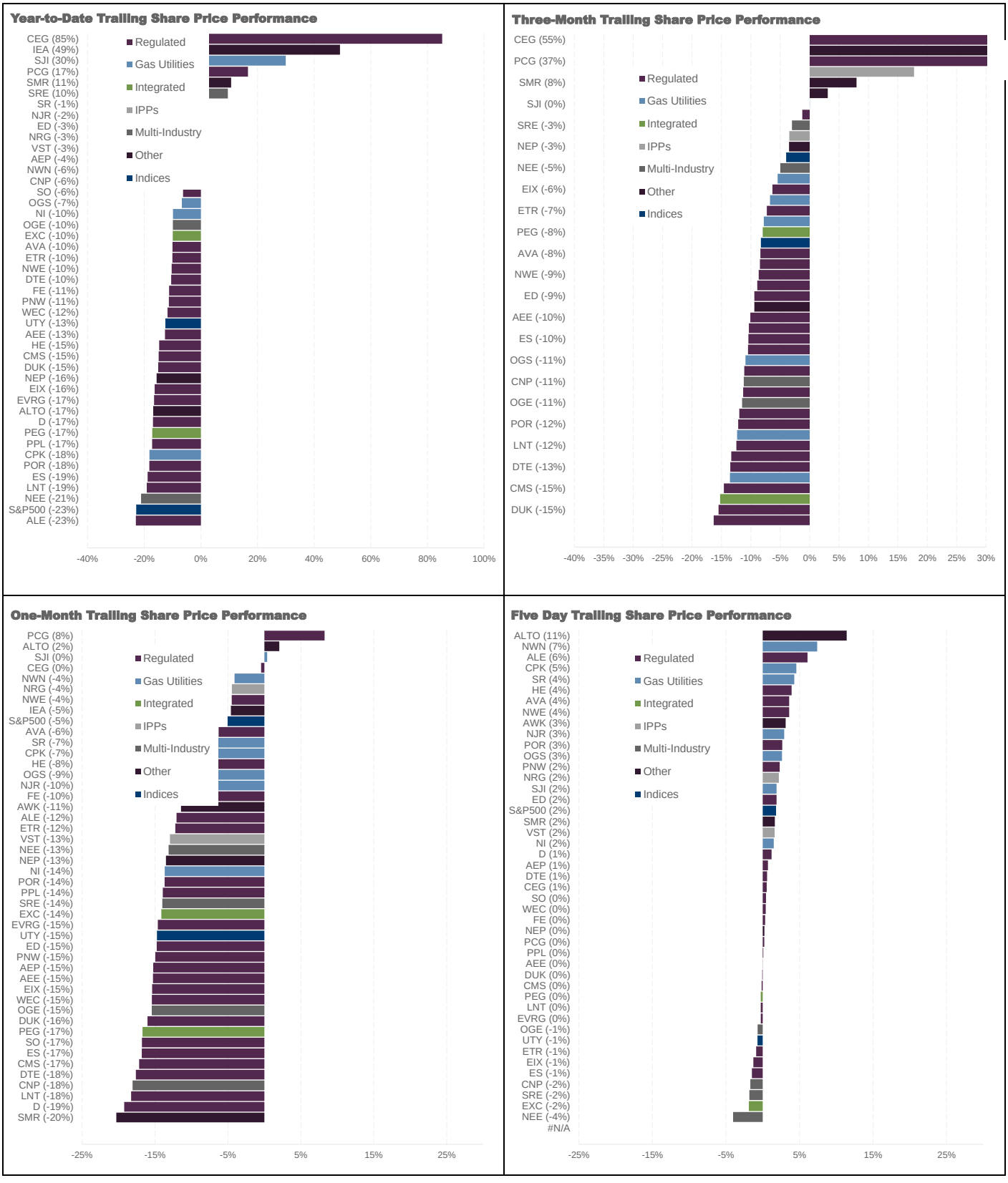

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
PCG Group Video Call	9/6	Virtual
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Generation and Mix

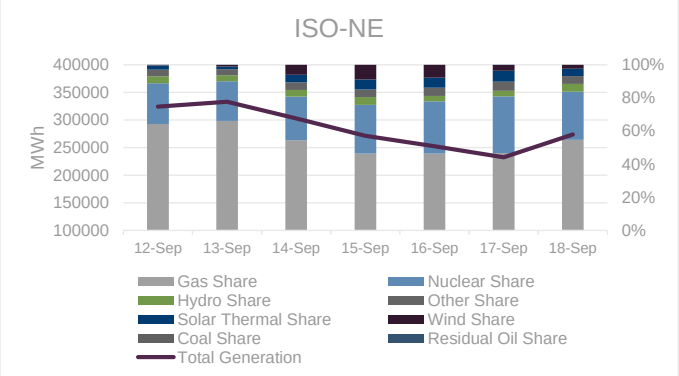

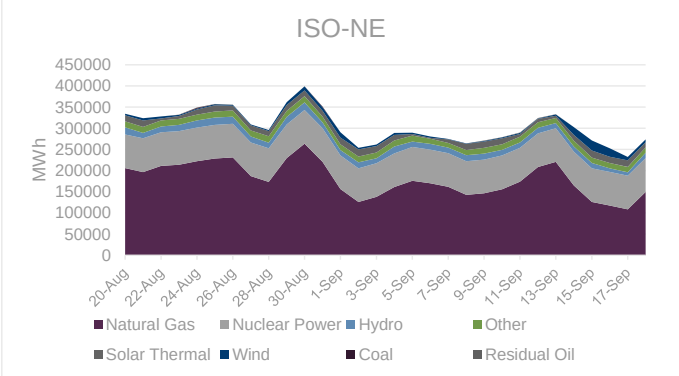

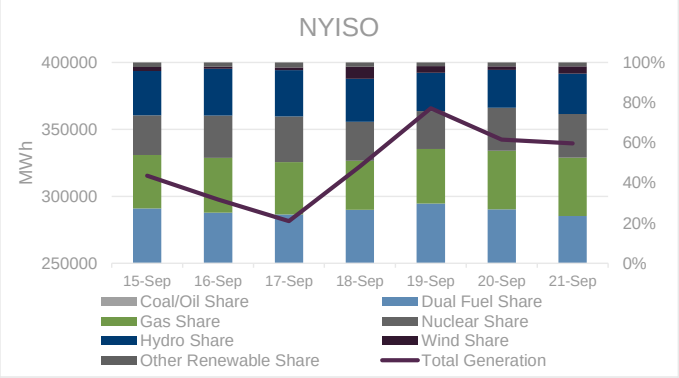

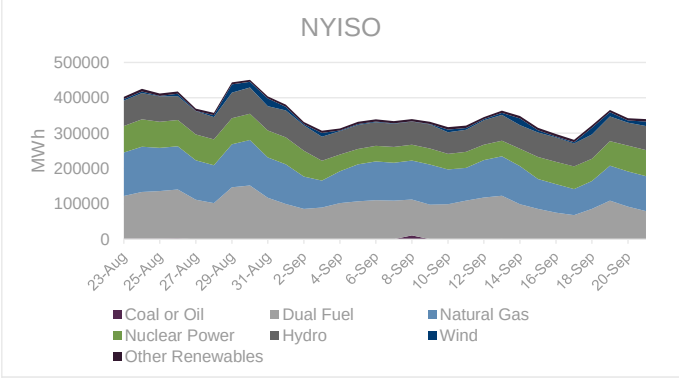

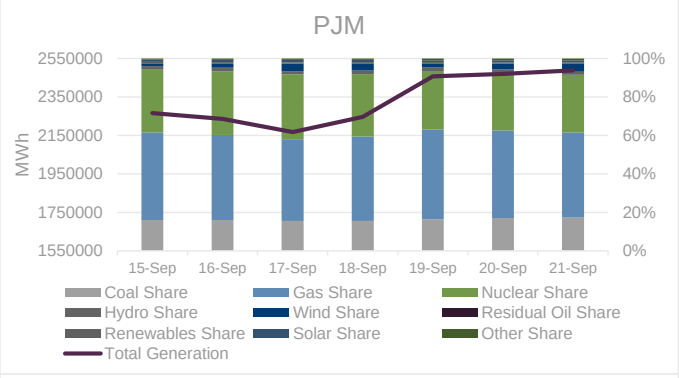

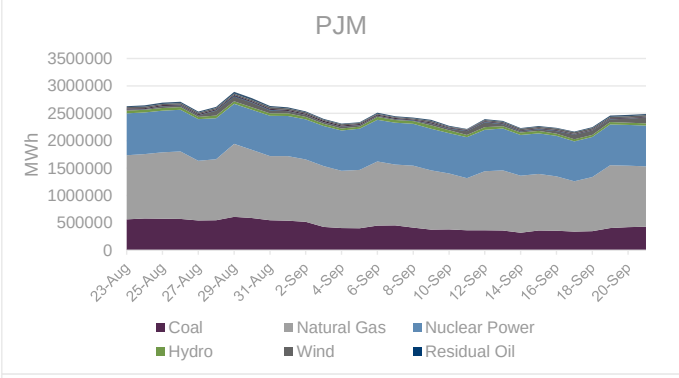

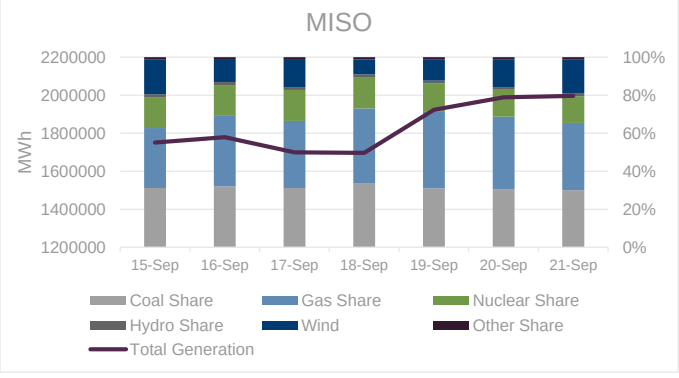

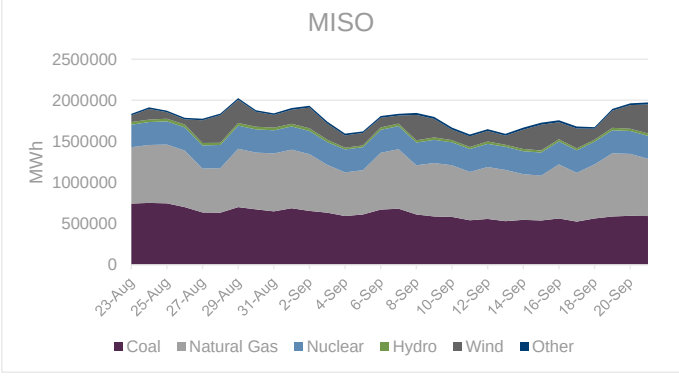

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

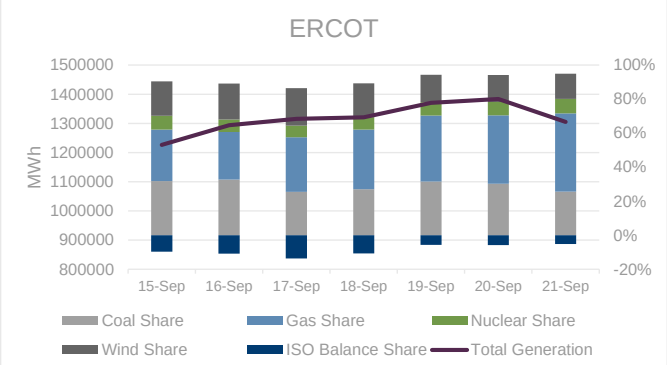

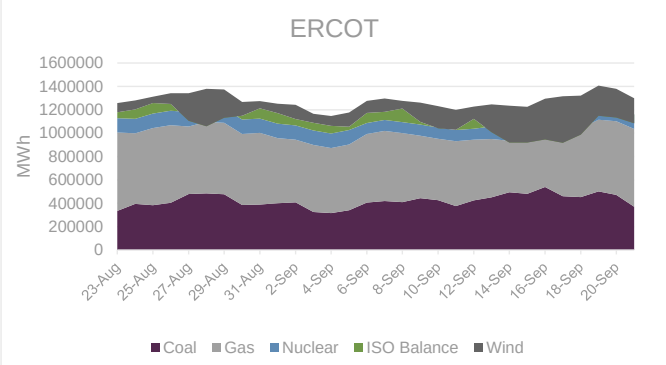

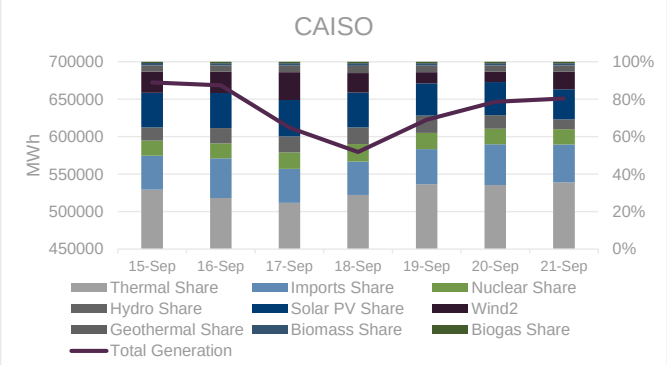

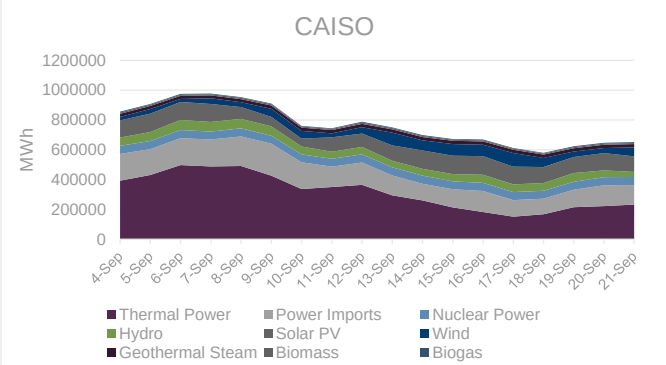

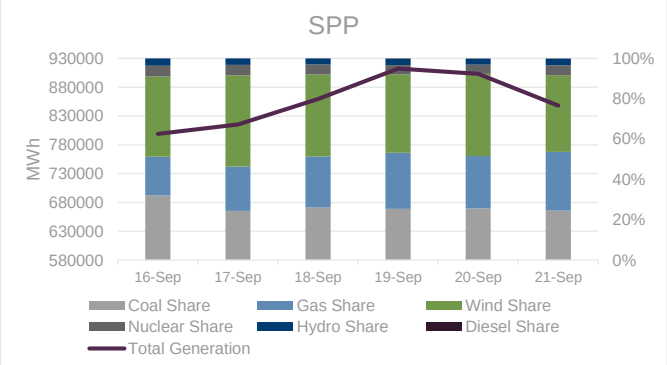

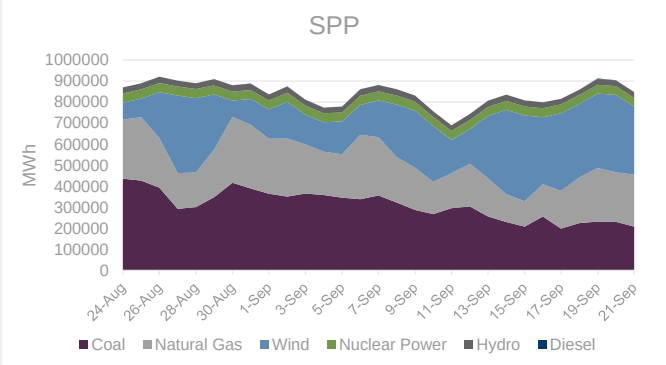

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Weather

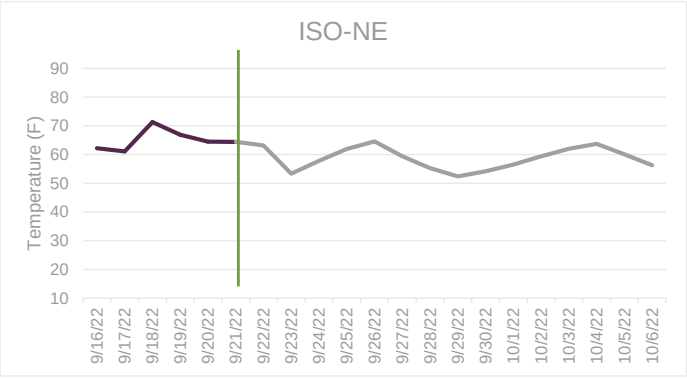

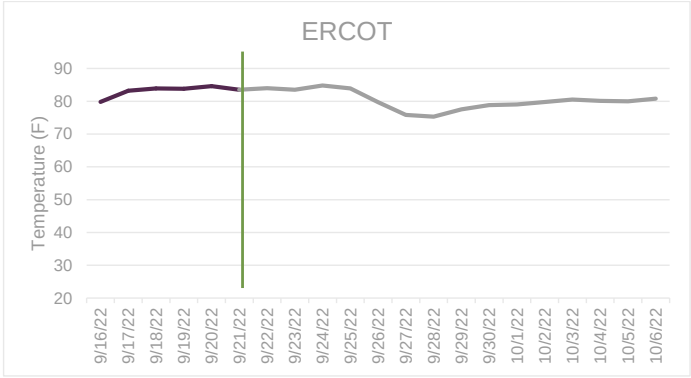

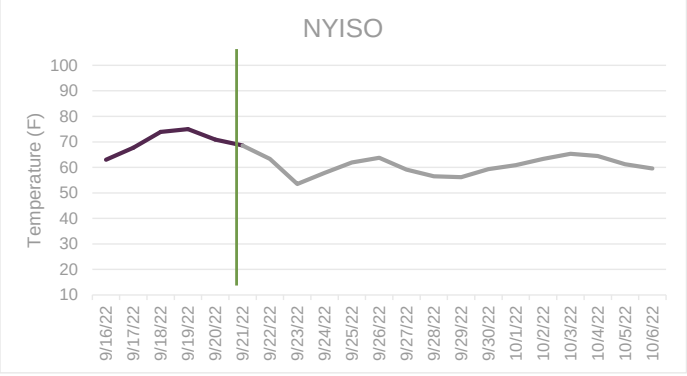

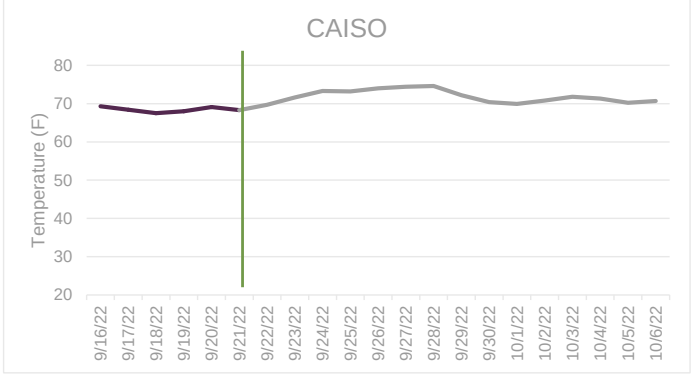

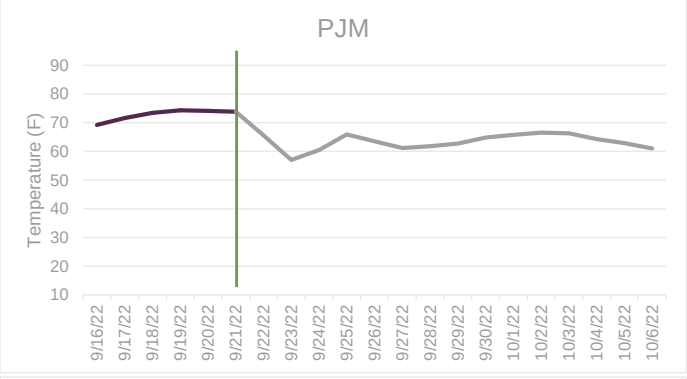

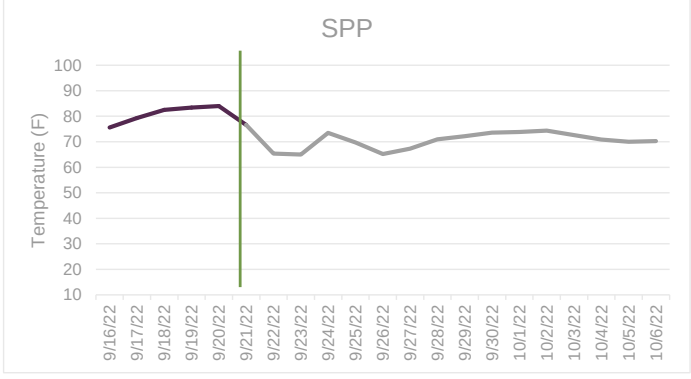

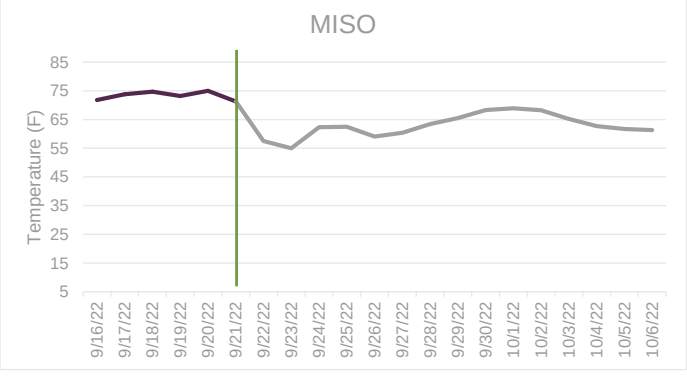

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Peak Load

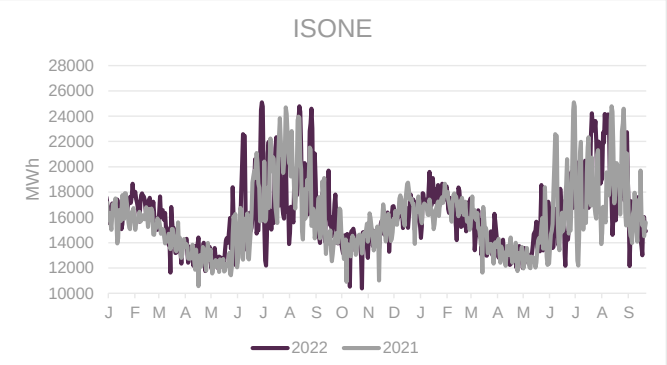

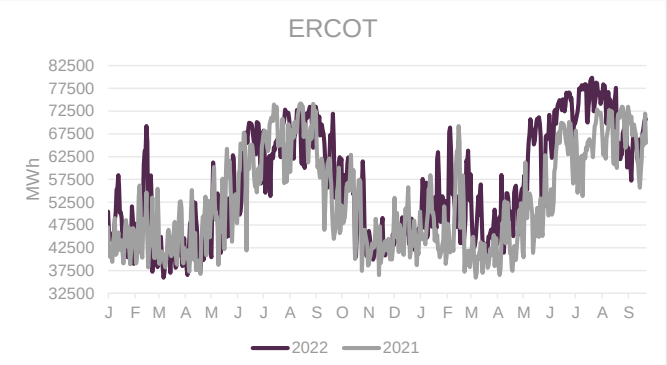

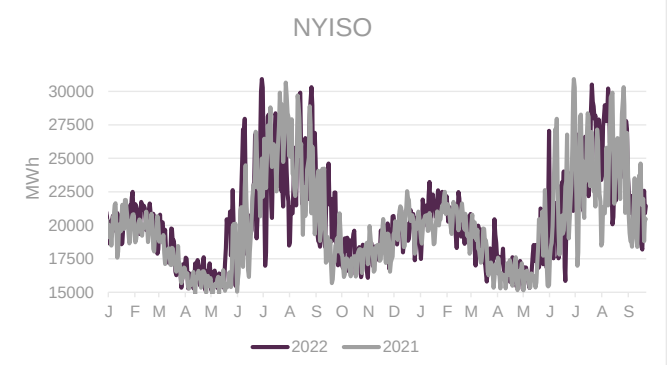

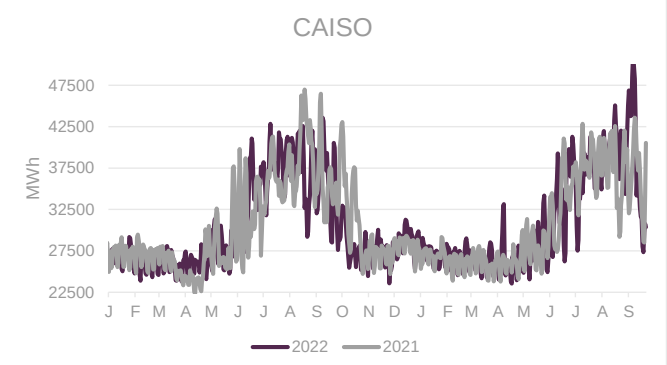

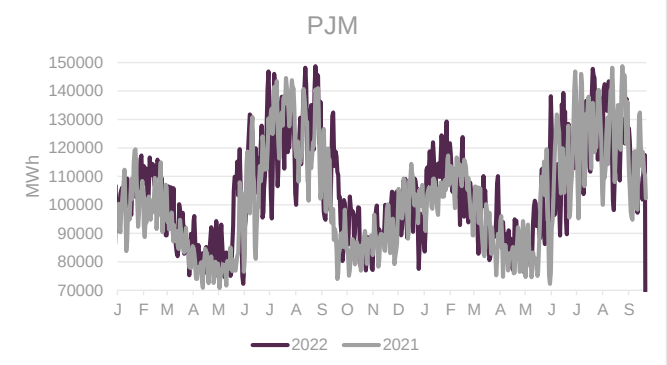

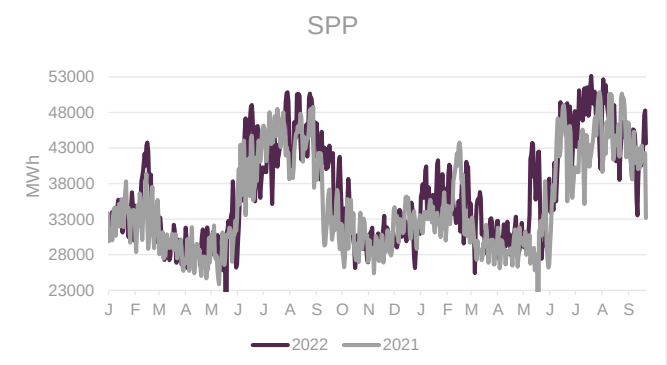

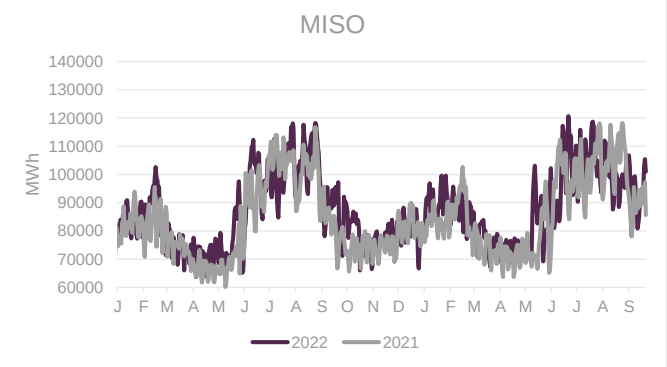

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
ISONE	6.2%	0.0%	-0.5%	1.5%	-1.2%	6.6%
NYISO	6.1%	-0.3%	0.6%	2.1%	-0.1%	4.7%
PJM	8.0%	3.1%	2.5%	3.9%	3.8%	0.9%
MISO	7.2%	3.4%	2.5%	4.0%	5.0%	0.6%
CAISO	4.0%	-0.2%	-2.6%	1.6%	1.2%	2.9%
ERCOT	1.9%	4.4%	2.5%	13.7%	19.1%	7.6%
SPP	3.2%	6.3%	0.5%	5.9%	9.7%	5.8%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (10/1/2022 - 12/31/2022)

Date	State	Ticker	Utility/Event	Docket	Description
9/26/2022-10/5/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearings scheduled in rate case
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/27/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Replies due to comments on reconsideration
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Reply briefs due in cost of capital proceeding
9/30/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Reply briefs due in cost of capital proceeding
9/30/2022	MA	ES	Boston Gas Co.	DPU 22-74	DPU decision expected on performance-based rate adjustment
9/30/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Comments due in SAVE rider update proceeding
10/1/2022-10/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/1/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Commission order expected
10/1/2022-10/15/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearing Examiner's report may be issued in ERAC proceeding
10/3/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Commission decision expected
10/4/2022	FL	NEE	Florida Power & Light Co.	20210015 - ROE trigger	Hearing, possible commission decision in limited issue proceeding
10/5/2022-10/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00020 (BC-RAC)	Hearings scheduled in BC-RAC proceeding
10/5/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Intervening parties to file testimony in Rider B proceeding
10/7/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Rebuttal testimony due in rate proceeding
10/12/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Evidentiary hearings to take place in gas rate proceeding
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Initial briefs due
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Initial briefs due
10/14/2022-10/28/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Briefs to be filed in rate case
10/14/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Reply briefs due
10/19/2022-11/2/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Briefs to be filed in rate case
10/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Staff to file testimony in RIder B case
10/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Final order due
10/20/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Reply briefs due
10/26/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Briefs due in electric rate case
10/28/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Public Utility Law Judge to issue proposed order in rate case — suspended due to settlement talks
10/31/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Administrative Law Judge's recommended decision likely in rate case
10/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Decision likely to be issued in ERAC proceeding
10/31/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Decision expected in Rider RBB proceeding
10/31/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Decision may be issued in SAVE Rider proceeding
10/31/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in late October in ENEC proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Decision possible in rate proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Decision possible in rate proceeding
11/1/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	New rates effective
11/2/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Proposed order expected to be issued in formula rate plan proceeding
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Opening briefs due
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Opening briefs due
11/4/2022	IL	AEE	Ameren Illinois	D-22-0297	Proposed order expected to be issued in formula rate plan proceeding
11/9/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Settlement conference to begin in rate proceeding
11/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Proposed decision in cost of capital proceeding expected
11/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Proposed decision expected in cost of capital proceeding
11/10/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Appeals of judge's proposed order due in rate case — suspended due to settlement talks
11/14/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Reply briefs due in electric rate case
11/14/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	End of initial suspension period in rate case
11/16/2022-11/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing scheduled in Rider B proceeding
11/18/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Replies to appeals of judge's proposed order due — suspended due to settlement talks
11/28/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Hearing to begin in rate proceeding
11/30/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	DPU decision expected in rate case
11/30/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	ALJ recommendation likely to be issued in rate case
12/1/2022-12/31/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Decision expected in FRP proceeding
12/7/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Intervening parties to file testimony in Rider U proceeding
12/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Staff to file testmony in Rider W update proceeding
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Reply briefs due
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Reply briefs due
12/9/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	End of suspension period; decision expected in rate case
12/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Decision expected in cost of capital proceeding after
12/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Decision expected in cost of capital proceeding after
12/15/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	End of suspension period, decision expected in rate case
12/15/2022-1/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing Examiners report may be issued in Rider B proceeding
12/16/2022	MI	CMS	Consumers Energy Co.	C-U-21224	ALJ proposed decision expected in rate case
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Intervenors to file testimony in US 3 proceeding
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Intervening parties to file testimony in Rider US 4 proceeding
12/17/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	End of suspension period, decision expected in rate case
12/21/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Staff to file testimony in Rider U proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising TP to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Guggenheim Securities, LLC managed or co-managed a public offering of securities for Dominion Energy, Inc. and Duke Energy Corporation during the past 12 months.

Guggenheim Securities, LLC or its affiliates received compensation for investment banking services from Dominion Energy, Inc. and Duke Energy Corporation during the past 12 months.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Dominion Energy, Inc., DTE Energy Company, Duke Energy Corporation, Edison International and Exelon Corporation in the next 3 months.

Dominion Energy, Inc. is currently a client of Guggenheim Securities, LLC and Guggenheim Securities, LLC is currently providing investment banking services to Dominion Energy, Inc..

Duke Energy Corporation is or was during the 12-month period preceding the date of the distribution of this report a client of Guggenheim Securities, LLC. Guggenheim Securities, LLC provided Duke Energy Corporation investment banking services.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Dominion Energy, Inc. (D) as of 10-17-2022

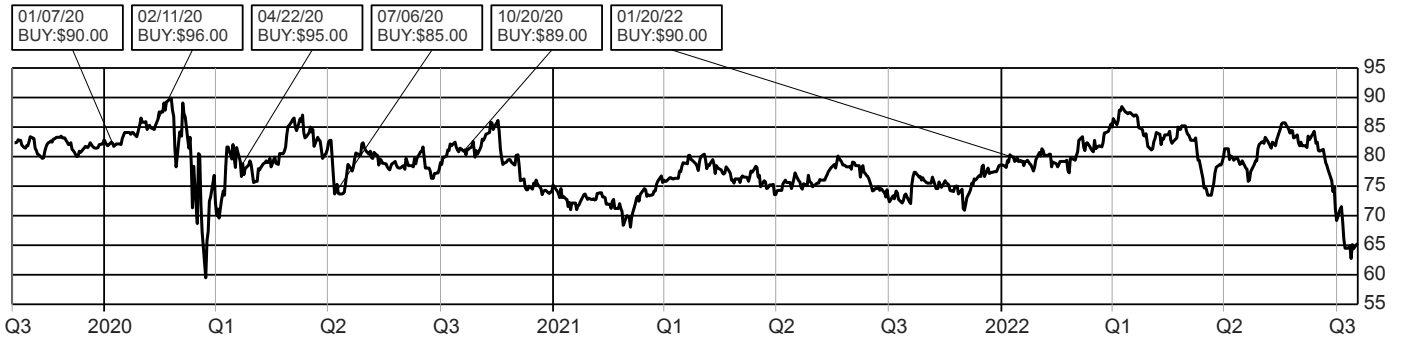

Created by: BlueMatrix

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Rating and Price Target History for: DTE Energy Company (DTE) as of 10-17-2022

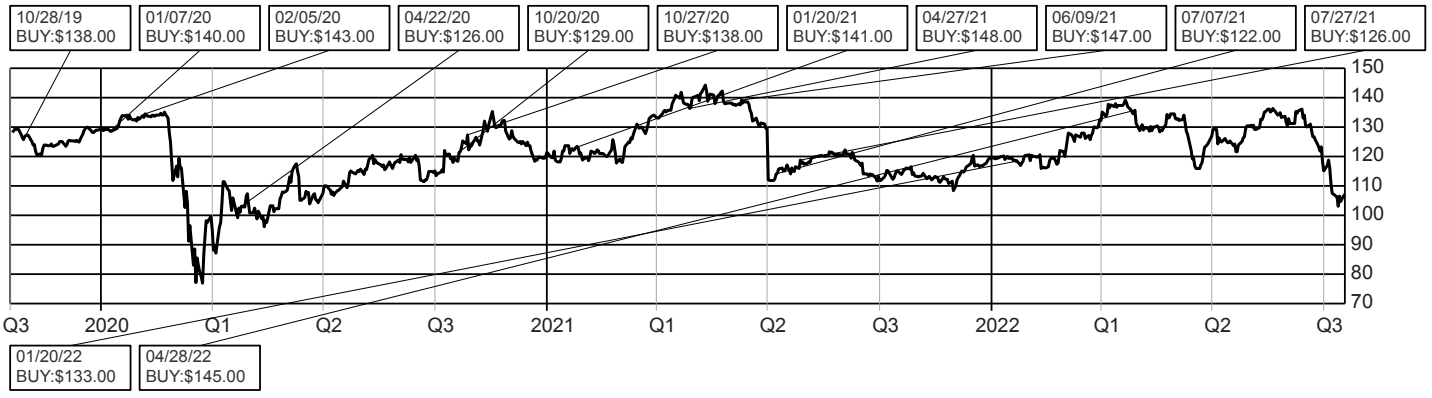

Created by: BlueMatrix

Rating and Price Target History for: Duke Energy Corporation (DUK) as of 10-17-2022



Created by: BlueMatrix

Rating and Price Target History for: Edison International (EIX) as of 10-17-2022



Created by: BlueMatrix

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

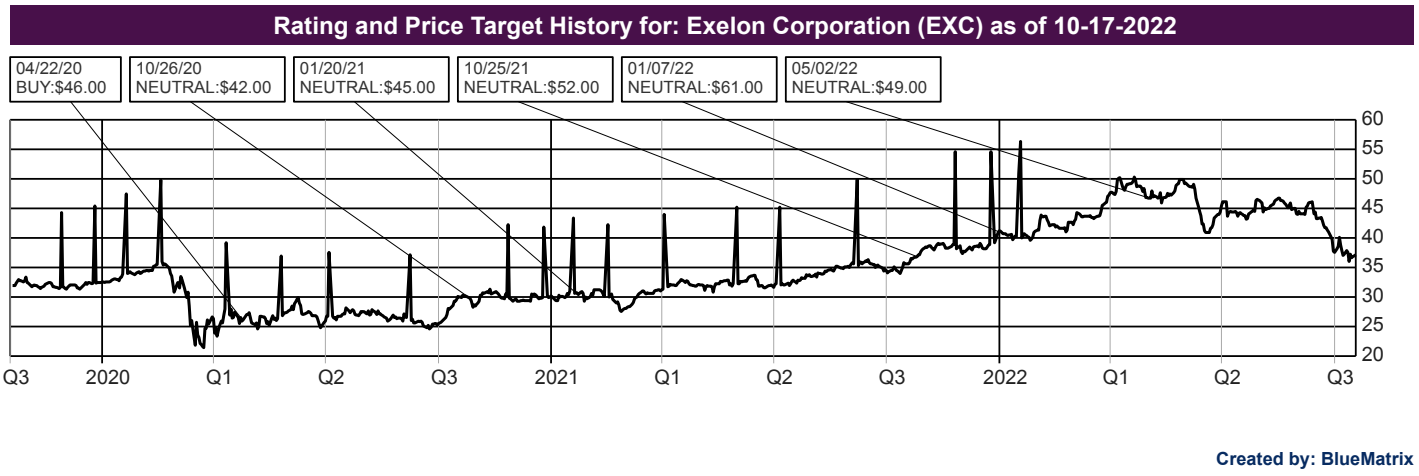

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	226	66.08%	40	17.70%
NEUTRAL	111	32.46%	6	5.41%
SELL	5	1.46%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

October 18, 2022 | 06:21 ET~

Exelon

EXC-NSDQ	Rating	Price: Oct-17	Target ↓	Total Rtn
	Outperform	$37.10	$41.00	14%

The Times Are A-Changin' - but the Story Isn't

Bottom Line:

EXC announced several changes to its senior management team as well as provided some clarity to the question of its longer-term succession planning. In addition to his title of Senior EVP & COO, Calvin Butler will also become President. Current SVP/Corporate Finance Jeanne Jones will become EVP and CFO. The company's current CFO Joseph Nigro is assuming the role of Senior Advisor to the CEO effective immediately. **We reiterate our Outperform rating but lower our target price to $41 as we mark to market our group multiples.**

Key Points

With the announcement, current Senior EVP & CFO Joseph Nigro will move to the role of Senior Advisor to Exelon's Chief Executive Officer in which he will serve until he leaves the company on March 31, 2023. SVP/Corporate Finance head Jeanne Jones will assume the title of EVP & CFO effective immediately.

Additionally, EXC announced that current COO and Senior EVP Calvin Butler will also assume the role of President effective immediately. Although we believe the announcements likely provide some additional clarity into the company's long-term succession planning, current President & CEO Chris Crane will continue serve as the company's Chief Executive Officer.

While we are admittedly surprised by the timing of the announcement and the abruptness of the changes, we believe that investors are very familiar with Ms. Jones and Mr. Butler from their current roles, which should facilitate a smooth transition. As such, we would expect no changes in the company's strategic focus and regulated growth plan.

Furthermore, with continuity at the CEO level and Mr. Butler's and Ms. Jones' involvement in the operating, regulatory and financial planning processes, **we see no change to EXC's 6-8% growth CAGR (2021-2025 using 2021 base) nor its 2022 outlook. In fact, as per usual we would expect management to narrow its $2.18-2.32 range on its 3Q earnings call (11/3).**

Additionally, while concerns of below-trend growth in 2023 continue to weigh on EXC shares due to higher interest rates, flattish y/y contribution at PECO, AMT-related mitigation and inflationary pressures, we believe management is actively looking at options and timing to help investors better frame 2023 drivers. Finally, the 2024 impacts of both ComEd's MYRP and BGE's/PHI's MYPs as well as new 2025 rates at PECO should drive growth in 2024/2025 that allows the company to meet its LT growth objectives.

Key Changes	
Target	
$41.00↓	
$51.00	

For disclosure statements, including the Analyst Certification, please refer to page(s) 5 to 8.

BMO Capital Markets

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (212) 885-4007

Edward M DeArias, CFA — Associate
edward.dearias@bmo.com — (212) 702-1200

Tanmay Pandit — Associate
tanmay.pandit@bmo.com — (929) 837-9154

Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.35	Shares O/S (mm)	991.8
Yield	3.6%	Market Cap (mm)	$36,794
P/BV	1.6x	Net Debt (mm)	$30,821

BMO Estimates				in $
(FY-Dec.)	2020A	2021A	2022E	2023E
EPS	$3.22	$2.10	$2.24	$2.40
DPS	$1.53	$1.53	$1.35	$1.44
EBIT	$4,422	$3,303	$3,683	$4,127
EBITDA	$11,581	$8,466	$7,145	$7,764

Consensus Estimates				
	2020A	2021A	2022E	2023E
EPS			$2.26	$2.41

Valuation				
	2020A	2021A	2022E	2023E
P/E	11.5x	17.7x	16.5x	15.5x
Div. Yield (%)	4.1%	4.1%	3.6%	3.9%

QTR. EPS	Q1	Q2	Q3	Q4
2020A	$0.87	$0.55	$1.04	$0.76
2021A	$0.52	$0.49	$0.65	$0.44
2022E	$0.64a	$0.45a	$0.64	$0.52
2023E	$0.68	$0.50	$0.68	$0.54

Notes : Prior numbers reflect our pre-spin estimates

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook, and supportive regulatory environment position the company well to drive multiple expansion.

Exelon - Block Summary Model

Income Statement	2020A	2021A	2022E	2023E
Generation	1,604	0	0	0
Com Ed	1,169	1,327	1,415	1,533
PECO	564	736	808	878
BGE	512	513	657	725
PHI	639	778	885	1,073
Parent and Other	(66)	(52)	(82)	(82)
Consolidated EBIT	5,054	3,512	3,928	4,372
Depreciation & Amortization	6,527	4,954	3,218	3,391
EBITDA	11,581	8,466	7,145	7,764
Interest Expense	1,655	1,347	1,438	1,538
Income Tax	399	159	334	501
Income from continuing operations	3,150	2,052	2,201	2,379
Weighted Average Shares Outstanding	979	979	982	992
Diluted Operating EPS	$3.22	$2.10	$2.24	$2.40
Dividends per Share	$1.53	$1.53	$1.35	$1.44
Cash Flow Statement	**2020A**	**2021A**	**2022E**	**2023E**
Operating Cash Flow	4,235	7,906	5,419	5,771
Investing Cash Flow	(4,336)	(8,250)	(6,950)	(7,050)
Financing Cash Flow	145	3	1,415	1,216
Net Change in Cash Flow	44	(341)	(116)	(63)
EOP Cash on Balance Sheet	1,166	825	709	646
Common stock (net)	45	0	500	167
Net debt issued/(repaid)	1,728	1,501	2,240	2,475
Dividends paid	(1,492)	(1,498)	(1,325)	(1,426)
Balance Sheet	**2020A**	**2021A**	**2022E**	**2023E**
Common Equity	34,868	22,837	24,206	25,327
Preferred Equity	0	0	0	0
Total Debt	39,333	31,646	36,186	38,661
Enterprise Value	$78,795	$71,449	$76,567	$79,258
Common equity %	47.0%	41.9%	40.1%	39.6%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	53.0%	58.1%	59.9%	60.4%
Book Value per Share	$35.62	$23.33	$24.66	$25.54

Source: BMO Capital Markets, Company Reports

Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2024E EPS as a base, which we then adjust (premium, discount, or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $46.00

Our upside scenario reflects continued multiple expansion associated with the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $33.00

Our downside scenario reflects a tightening monetary policy and a deceleration of the company's rate base growth.

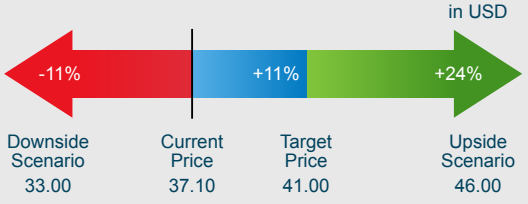

Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18-month as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 85% of rate base.

EXC-NSDQ Research

Glossary

Company Models

Exhibit 1: EXC Summary Model

EXC Model Summary	2020A	2021E	2022E	2023E	2024E	2025E	5-Year Growth
EPS By Segment							
EXC Gen	$1.44						
Com Ed	$0.66	$0.79	$0.85	$0.92	$0.98	$1.05	7.2%
PECO	$0.47	$0.56	$0.59	$0.62	$0.68	$0.72	6.7%
BGE	$0.37	$0.42	$0.44	$0.48	$0.52	$0.55	6.9%
PHI	$0.52	$0.58	$0.64	$0.68	$0.77	$0.84	9.9%
Parent & Other	($0.24)	($0.26)	($0.27)	($0.30)	($0.34)	($0.38)	10.5%
Consolidated E.P.S.	**$3.22**	**$2.10**	**$2.24**	**$2.40**	**$2.60**	**$2.78**	**7.3%**
Growth				7.0%	8.2%	7.2%	
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**	**6.5%**
Growth				6.5%	6.5%	6.5%	
Implied Payout Ratio	47.6%	73.0%	60.2%	59.9%	59.0%	58.6%	
Dividend Yield	4.1%	4.1%	3.6%	3.9%	4.1%	4.4%	
Valuation Metrics							
Price to Earnings	12.9x	19.8x	18.5x	17.3x	16.0x	14.9x	
Price to Book Value	1.2x	1.8x	1.7x	1.6x	1.6x	1.5x	
Funding Sources							
Cash Flow from Operations	$4,235	$7,906	$5,419	$5,771	$6,154	$6,486	**$23,830**
Total Debt Financings	$8,168	$3,075	$4,300	$3,275	$3,350	$3,110	**$14,035**
Total Equity Financings	$45	$0	$500	$167	$167	$167	**$1,000**
Credit Metrics							
Total Debt/Capitlization	55%	60%	59%	60%	61%	60%	
FFO/Total Debt	21%	24%	15%	14%	15%	16%	
EBITDA/Interest Expense	7.0x	6.3x	5.0x	5.0x	5.1x	5.1x	
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%	
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%	
Regulated Operations Performance - Realized ROE (1)							
ComEd	8.7%	9.6%	9.6%	9.8%	9.9%	10.2%	
PECO	11.0%	11.8%	11.2%	11.0%	10.8%	10.6%	
BGE	9.7%	10.2%	9.8%	9.9%	10.0%	9.9%	
PHI	9.1%	9.4%	9.7%	9.6%	10.1%	10.2%	

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 2: EXC Model Assumptions

Key Model Assumptions	2020A	2021E	2022E	2023E	2024E	2025E	'21-25 Growth
Total Capital Expenditures by Segment							
ComEd	$2,350	$2,375	$2,475	$2,550	$2,575	$2,650	$10,250
PECO	1,250	1,275	1,350	1,350	1,550	1,600	$5,850
BGE	1,350	1,200	1,250	1,325	1,375	1,400	$5,350
PHI	1,700	1,750	1,875	1,825	1,950	1,900	$7,550
Parent & Other	-	-	-	-	-	-	-
Consolidated Capital Expenditures	**$6,650**	**$6,600**	**$6,950**	**$7,050**	**$7,450**	**$7,550**	**$29,000**
YE Rate Base Estimates							
Com Ed	$16,496	$17,848	$19,096	$20,370	$21,358	$22,309	5.7%
PECO	8,416	9,443	10,391	11,358	12,594	13,712	9.8%
BGE	7,475	8,148	8,918	9,610	10,322	11,044	7.9%
PHI	11,622	12,462	13,547	14,451	15,848	17,180	8.4%
Total Rate Base	**$44,009**	**$47,900**	**$51,952**	**$55,790**	**$60,123**	**$64,245**	**7.6%**
Growth		*8.8%*	*8.5%*	*7.4%*	*7.8%*	*6.9%*	
2022 AD Guidance							
Electric Distribution	$29,300	$31,400	$33,900	$36,300	$39,000	$41,300	7.1%
Electric Transmission	9,200	9,900	10,900	11,600	12,900	14,400	9.8%
Gas Delivery & Other	5,400	6,200	7,200	7,800	8,600	9,300	10.7%
Total Rate Base	**$43,900**	**$47,500**	**$52,000**	**$55,700**	**$60,500**	**$65,000**	**8.2%**

Source: BMO Capital Markets, Company Filings

Exhibit 3: EXC SOTP Valuation

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2024E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	5%	$0.98	12.8x	$13	15.8x	$15	17.8x	$17
PECO	EPS	3%	$0.68	12.4x	$8	15.4x	$10	17.8x	$12
BGE	EPS	5%	$0.52	12.7x	$7	15.7x	$8	17.8x	$9
PHI	EPS	7%	$0.77	13.0x	$10	16.0x	$12	17.8x	$14
Parent & Other	EPS	5%	($0.34)	12.7x	($4)	15.7x	($5)	17.8x	($6)
Utility Value			**$2.60**	**12.7x**	**$33**	**15.7x**	**$41**	**17.8x**	**$46**
Upside/(Downside)					(11%)		10%		24%
Current Yield					4%		4%		4%
Total Return					**(7%)**		**14%**		**28%**

Source: BMO Capital Markets, Company Filings

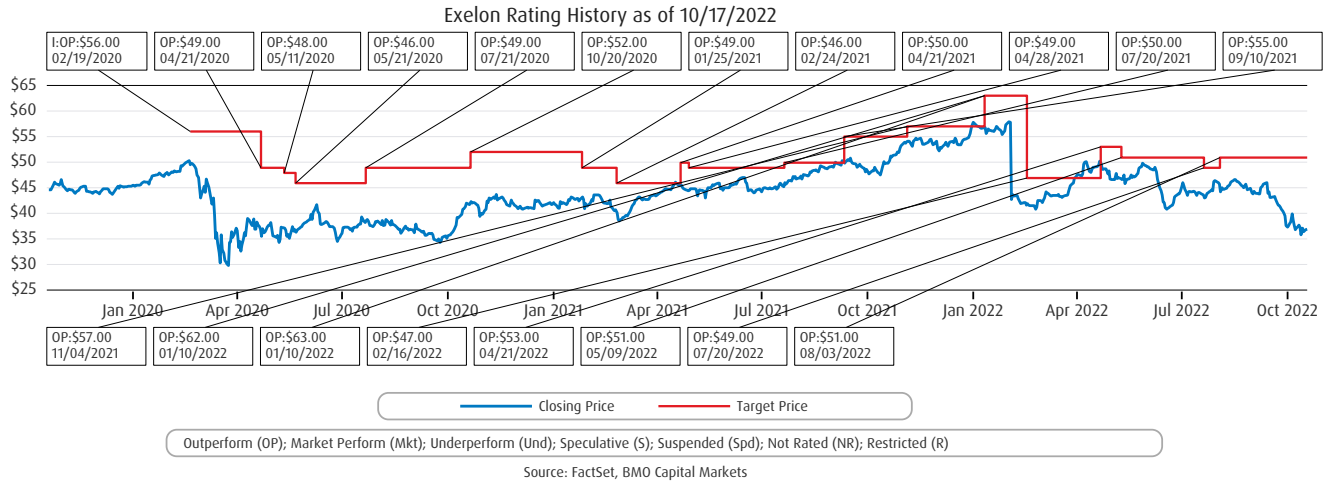

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Failure to pass a version of the "Clean Energy Jobs Act" in the upcoming legislative session that sufficiently expands financial support for EXC Gen's nuclear plants would cause us to re-evaluate our rating, all else equal. The Governor's opposition to the existing Formulaic Based Rate Plan in IL may result in a new set of regulations that could be adverse to the company's ComEd Utility. Nuclear operations are subject to additional safety and regulatory oversight.

Distribution of Ratings (October 17, 2022)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	53.7 %	17.1 %	51.1 %	56.7 %	56.8 %	57.7%
Hold	Market Perform	44.7 %	18.3 %	45.6 %	42.0 %	41.0 %	37.5%
Sell	Underperform	1.6 %	37.5 %	3.3 %	1.1 %	2.2 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents

have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at October 18, 2022, 06:21 ET. and disseminated at October 18, 2022, 06:21 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2022 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

UBS

Global Research and Evidence Lab
17 October 2022

First Read

Exelon Corp

Management Changes Announced

What Happened?

After the close today, Exelon announced that it promoted Calvin G. Butler Jr. to president and chief operating officer and Jeanne Jones to executive vice president and chief financial officer. Chris Crane, previously president and CEO, continues as Exelon's chief executive officer. Ms. Jones succeeds Joseph Nigro as CFO. Mr. Nigro will now serve as a senior advisor to the CEO through his departure on 3/31/23.

Why Now?

We believe these actions are the result of natural succession planning and the timing reflects the company wanting to put the new President / COO and CFO into their roles ahead of the upcoming third quarter call and EEI conference.

What's the Takeaway?

Mr. Butler previously has served as senior executive vice president and chief operating officer and has held senior leadership roles at ComED and BGE. We believe Mr. Butler was instrumental in improving earned returns at both BGE and PHI after their acquisitions by Exelon and believe he can execute in his role to focus on costs discipline to effectively manage affordability for customers. Particularly with the move of IT, Security, and Supply functions to direct responsibilities under Mr. Butler. Ms. Jones was previously senior vice president of Corporate Finance and has served as the CFO at ComEd and VP of Finance for Exelon Nuclear. We believe Ms. Jones moving to CFO will streamline investor communications with a focus on the go forward forecast through the upcoming ComEd and PECO rate filings across 2023 and 2024.

Valuation:

We maintain our Buy rating and $49 price target.

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$49.00**
Price (17 Oct 2022)	**US$37.10**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.95-35.96
Market cap.	US$36.4b
Shares o/s	982m (COM)
Free float	100%
Avg. daily volume ('000)	7,200
Avg. daily value (m)	US$306.6
Common s/h equity (12/22E)	US$20.8b
P/BV (12/22E)	1.8x
Net debt to EBITDA (12/22E)	5.0x

EPS (UBS, diluted) (US$)

	12/22E	
	UBS	Cons.
Q1	0.64	0.64
Q2	0.44	0.44
Q3E	0.69	0.69
Q4E	0.43	0.49
12/22E	2.21	2.26
12/23E	2.36	2.41
12/24E	2.54	2.58

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Highlights (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenues	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
EBIT (UBS)	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Net earnings (UBS)	1,866	1,738	2,036	2,172	2,340	2,523	2,849	3,057
EPS (UBS, diluted) (US$)	1.92	1.78	2.08	2.21	2.36	2.54	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	1.55	1.65	1.80	1.95
Net (debt) / cash	(29,221)	(31,684)	(34,608)	(38,214)	(40,942)	(43,749)	(46,173)	(48,216)
Profitability/valuation	**12/19**	**12/20**	**12/21**	**12/22E**	**12/23E**	**12/24E**	**12/25E**	**12/26E**
EBIT (UBS) margin %	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
ROIC (EBIT) %	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
EV/EBITDA (UBS core) x	13.0	12.3	12.0	9.7	9.2	8.6	7.9	7.5
P/E (UBS, diluted) x	24.7	22.5	22.6	16.8	15.7	14.6	13.0	12.1
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(4.1)	(3.7)	(3.6)	(2.3)	(0.9)
Dividend yield (net) %	2.6	2.9	2.9	3.9	4.2	4.4	4.9	5.3

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 37.10 on 17-Oct-2022

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Forecast returns

Forecast price appreciation	+32.1%
Forecast dividend yield	4.1%
Forecast stock return	+36.2%
Market return assumption	9.4%
Forecast excess return	+26.7%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%; 4) ESG: A potential 5% premium for a risk adjusted clean energy transition growth opportunity; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/ Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% of unregulated earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events. We maintain our price target of $49 premised on a 5% premium to the group multiple of 18.3x our $2.54/share earnings forecast for 2024. Our 5% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond rounded down to the nearest 5%, a 5% premium for Clean Energy Transition attributes and a 5% discount for the regulatory ranking overall. Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 18 October 2022 01:10 AM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	56%	26%
Neutral	FSR is between -6% and 6% of the MRA.	35%	22%
Sell	FSR is > 6% below the MRA.	9%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 September 2022.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$37.10	17 Oct 2022

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

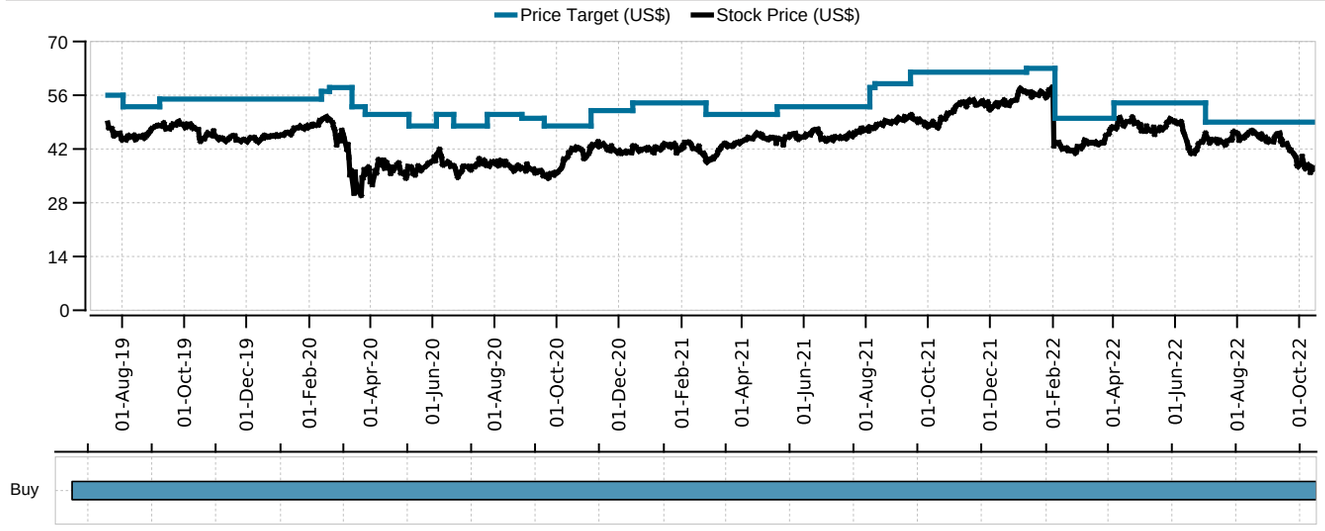

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-07-17	48.60	56.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-08-01	44.40	53.00	Buy
2019-09-06	48.12	55.00	Buy
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy

Source: UBS;as of 17-Oct-2022. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is for your information only; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS Financial Services Inc. does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS Financial Services Inc. and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Austria: This publication is not intended to constitute a public offer under Austrian law. It is distributed only for information purposes to clients of UBS Europe SE, Niederlassung Österreich, with place of business at Wächtergasse 1, A-1010 Wien. UBS Europe SE, Niederlassung Österreich is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Bahrain**: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the European Central Bank ("ECB"), and supervised by the ECB, the German Central Bank (Deutsche Bundesbank) and the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved or endorsed by or registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is a Portfolio Manager licensee which engages also in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank ("ECB"), the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS LUX"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS LUX is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and subject to the joint prudential supervision of BaFin, the central bank of Germany (Deutsche Bundesbank) and the European Central Bank. UBS LUX is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Spain**: This publication is not intended to constitute a public offer under Spanish law. It is distributed only for information purposes to clients of UBS Europe SE, Sucursal en España, with place of business at Calle María de Molina 4, C.P. 28006, Madrid. UBS Europe SE, Sucursal en España is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Spanish supervisory authority (Banco de España), to which this publication has not been submitted for approval. Additionally it is authorized to provide investment services on securities and financial instruments, regarding which it is supervised by the Comisión Nacional del Mercado de Valores as well. UBS Europe SE, Sucursal en España is a branch of UBS Europe SE, a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank ("ECB"), the German Central bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the ECB. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**:Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

GUGGENHEIM

FLASH NOTE

October 17, 2022

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air

Key Message: We caught up with the CEO, new COO, and CFO following the announced succession plans this evening.

Overall takes from our call - We caught up with EXC's senior management (CEO, COO, CFO) this evening following the surprising but also not surprising promotions of Calvin Butler and Jeanne Jones alongside a transition to an advisory role for Joe Nigro. Based on our conversations, while the move may have seemed abrupt to the market, it was grounded in a longer-running internal process, per management. That said, it was mentioned that C suite is aware of investor concerns around recent messaging and/lack of managing expectations (e.g., the recent equity issuance, 2023 expectations, IRA impact) and will be taking lessons learned from the feedback. In our view, these are "known" items by us and investors – our concern heading into the conversation with the team tonight was whether this decision was the product of "unknown" items like imprudence or something else more Draconian. To that end, management was clear that there was nothing else behind the move – e.g., no forthcoming investigations. The question we had with management was, given the fact there was clear internal and external disappointment around managing and setting expectations with above mentioned items, would this new team seek to right size expectations – i.e., in our view, management understands the importance of disclosing around 2023 sooner rather than later, and, as such: 1) they could provide 2023 guidance with 3Q earnings/EEI, and 2) that number could be below the midpoint of the LT growth rate towards the bottom end of 6-8% – some investors have floated estimates around or below the bottom end of their LT EPS growth rate in recent conversations.

What happened? EXC announced (HERE) the promotion of Calvin Butler to President and COO, from EVP and COO, and the promotion of Jeanne Jones to EVP and CFO, from SVP of Corporate Finance. The moves are effective immediately, with former CFO Joe Nigro to stay on as a Senior Advisor to CEO Chris Crane until the end of 1Q23. We caught up with EXC's management team to discuss the changes.

What's next? New management = rightsizing expectations? The move is effective immediately, with management noting that the October timing allows the team to tee up further conversations with 3Q earnings and at EEI – maximizing transparency and visibility ahead of 2023. Based on our conversation, we expect messaging will be further tweaked around the margins (e.g., IRA impacts) on the call and at EEI. **To us, the question becomes if the potential messaging and disclosures include efforts to right size expectations and potentially introduce 2023 guidance, which we believe could be unusually low given several tail risks including underearning at PECO, inflation, interest rate pressures, etc.**

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Company Update

Share Price	$37.10

Market Data

52-Week Range	$35.07 - $50.71
Dividend	$1.35
Dividend Yield	3.6%
Market Cap (M)	$36,794
Shares Out (M)	991.8
ADV (3 mo; 000)	7,114

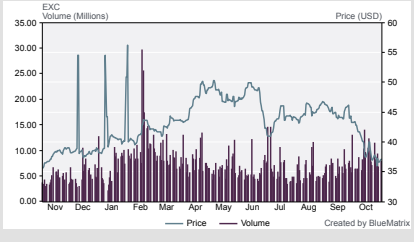

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

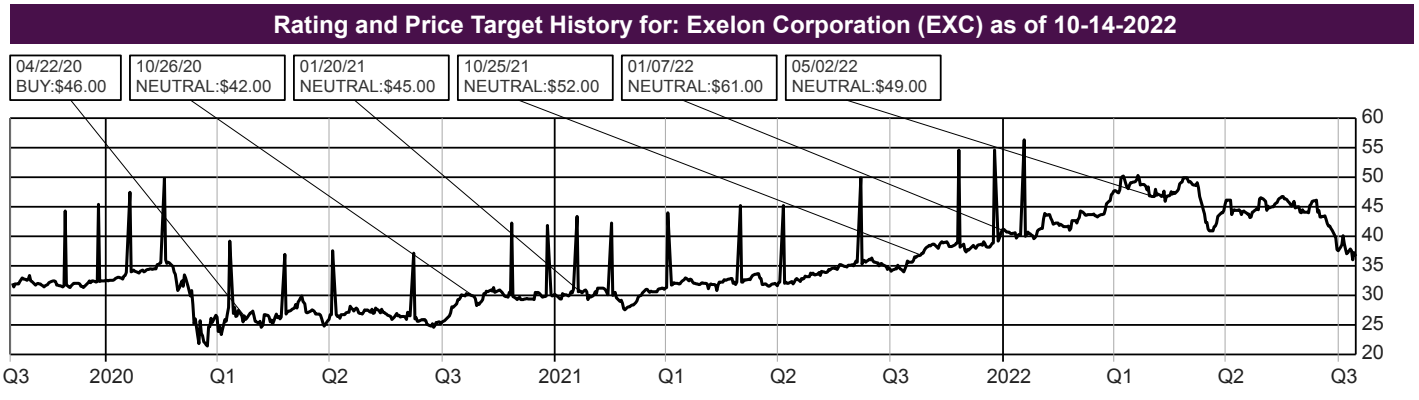

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	227	66.18%	40	17.62%
NEUTRAL	111	32.36%	6	5.41%
SELL	5	1.46%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

KeyBanc Capital Markets

Alert

October 17, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AGR, D, ETR, SO, AEE, EXC, SRE, XEL, FERC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Join us at the EEI conference in FL on November 13-15 (schedule included). On our regulatory calendar, we are tracking proceedings in AGR's rate cases, D's Questar gas rate case, ETR's AR FRP, and SO's GA GRC. In other news, we reviewed comments received by FERC on the interconnection NOPR; GP reached a significant milestone as Vogtle Unit 3 starts fuel load; AEE requests a deferral tracker in the MO electric GRC; the DE PSC approves EXC's DE gas rate case settlement; SRE receives a 50-month extension for construction of Port Arthur; SoCalGas's hydrogen blending demonstration program receives opposition; XEL requests 2023 interim rates in MN; parties file position statements in AEE's IL FRP; the VA SCC approves tariffs for shared solar programs, and the EIA published its Short-Term Energy Outlook and Winter Fuel Outlook.

KBCM Invites You to Join Us at the EEI Financial Conference on November 13-15 in Hollywood, FL.
Scroll down for our full schedule, including a dinner with **NWE**.

Regulatory Calendar

AGR — Rebuttal testimony in NYSEG's and RGE's electric and natural gas rate cases is due on October 18: Staff recommends an 8.85% ROE on 48% capital vs. AGR's ask for 10.2% ROE and 50% equity. The delta between the rate increases recommended by staff and those requested by AGR hinges largely on the lower ROE. AGR's last rate cases in NY settled at 8.8%/48% in 2020. NYSEG and RGE support a settlement process that would incorporate a multiyear rate approval as they did in the last rate case proceedings. New rates are expected to go into effect in May 2023, when the term of the last rate case ends.

D — Hearings in Phase 1 of Questar's natural gas rate case begin October 19: Phase I will address all issues necessary to determine D's cost of capital and revenue requirement, while Phase II addresses the cost of service among customer classes and rate design. Questar's revised request for a $67M rate increase is based on a 10.3% ROE and 53.21% equity layer. This compares to Staff's direct testimony recommending a $49.6M revenue increase premised on a 9.3% ROE and 53.21% equity. The primary factors contributing to D's request are capital investments, including the Magna LNG terminal expected to enter service by YE22. Questar must file a rate case every three years as part of an infrastructure replacement adjustment tracker. Questar's last rate case was approved in 2020 for a $2.7M rate increase on a 9.5% ROE and 55% equity layer. A commission decision is expected by January 1.

ETR — ETR response in the AR FRP is due on October 20: Staff filed an evaluation report in support of a $79M rate increase. Staff agrees with the $16M adjustment for the 2021 historical year and proposes a 2023 projected year revenue increase of $89M, which gets reduced to the $79M based on the 4% annual cap. As a reminder, ETR AR filed a 2022 Formula Rate Plan seeking a $79M rate increase. ETR requested a $16M adjustment for the 2021 historical year and a $105M revenue increase for the projected 2023 year but is capped at a 4% annual increase, resulting in the $79M request. The drivers for the 2023 projections include ongoing investments and changes in the cost of capital. ETR AR is allowed a return of 9.65% in the forecast year and 9.75% for the historical year. A Commission ruling on the plan is expected by December 14.

SO — Staff and Intervenor testimony in GP's electric GRC due on October 20: In June, GP filed a rate case requesting a $1B revenue increase spread over three years—$852M in 2023, followed by $107M in 2024 and $45M in 2025. The request is based on 11% ROE and 56% equity. Other items in the filing include a continuation of the Alternate Rate Plan that has been in place since 1995. Base rates exclude any cost recovery for Vogtle Units 3 and 4, which will be added later following a prudence review once the units reach COD. GP received a constructive outcome in the previous rate case, receiving ~97% of the cumulative ask ($909M vs. $942M), based on a 10.5% ROE and 56% equity. GP is seeking a continuation of earnings to be evaluated against a dead band of 9.5-12%, with 80% of the earnings above the 12% ROE being shared with ratepayers and the remaining 20% retained by the utility. GP is also seeking to continue the option to file for interim cost recovery if earnings fall below the low end of the dead band. A GA PSC decision is expected by December 20.

FERC — FERC's Open Meeting is scheduled for October 20: A copy of the Sunshine Notice is included here.

Recent Developments for Companies Under Our Coverage

From our midweek: We hosted WEC for a day of management meetings. In other news, a federal judge rules against MT state laws intended to protect Colstrip operations, and a federal judge rules that a planned expansion of the Rosebud mine that supplies coal to Colstrip was approved illegally; MA DPU approved grid mod filings made by ES; AGR and SRE enter into an HOA for green hydrogen and ammonia projects; DUK's FL operations agrees to join SEEM; Sempra enters a settlement to resolve an investigation related to the Aliso Canyon gas leak, and SDG&E begins testing a new energy storage project and commences construction on a microgrid.

FERC — FERC receives comments on the interconnection NOPR — we summarize the comments provided by EEI and SEIA:

- EEI supports the Commission's proposal to implement a first-ready, first-served cluster study process vs. the current first come, first served model that results in speculative projects or those that are not ready to crowd out the ones that are. EEI also recommends that FERC should recognize the importance of regional planning and allow the RTOs flexibility in interconnection processes (the FERC has approved changes to MISO and SPP's interconnection approaches to allow the cluster study approach). EEI also encourages FERC to look at the interconnection issue through the lens of long-term transmission planning to support the interconnection of new generation resources. As other parties have cautioned, EEI too cautions against disrupting, delaying, or precluding regional interconnection reforms. EEI supports withdrawal penalties (with a caveat) as a deterrent for speculative projects and maintaining discipline in the queue. [FERC Docket RM22-14]
- SEIA too supports the proposed rule for a first-ready, first-served cluster study process and supports higher deposit requirements to address issues that lead to cascading withdrawals of projects from the queue. SEIA recommends that FERC ask transmission providers to provide cost estimates at each stage of the interconnection process to allow developers to make more informed decisions earlier in the process. SEIA, however, opposes the proposal that interconnection customers provide either a demonstration of firm contractual obligations for the power capacity or pay a commercial readiness deposit, which would be returned later when commercial readiness is established. SEIA contends that developers should be able to demonstrate commercial readiness through means other than financial deposits of firm contracts and should be required later in the process so as not to place an undue burden on developers.

SO — It's been a long time coming — GP reaches a significant milestone as Vogtle Unit 3 starts fuel load: GP has commenced fuel load into Vogtle Unit 3. During fuel load, technicians will move the fuel assemblies to the reactor core and begin startup testing. The testing will demonstrate the integrated operation of the primary coolant system and steam supply system at design temperature and pressure with fuel inside the reactor. Completing the fuel load and testing is the last major milestone before the commercial operation, which is expected in 1Q23. According to the most recent update, GP's costs for its 45.7% share in Vogtle Units 3 and 4 are estimated at $10.5B. SO and Commission previously agreed to wait until Vogtle Units 3 and 4 are complete before determining the reasonableness and prudence of the cost overruns and their attribution to ratepayers. SO agreed that it would not seek approval of any costs exceeding the $7.3B cost recovery previously deemed reasonable by the Commission until the prudence review is complete. Unit 4 is expected to enter service in 4Q23.

AEE — IRA provisions are making their way into rate case filings — AEE requests a deferral tracker in the MO electric GRC: AEE filed supplemental testimony in the electric GRC to request a deferral mechanism to incorporate the savings from the IRA that can ultimately flow back to ratepayers. Details on several aspects of the IRA are still being finalized, but AEE has put forth preliminary estimates of savings, which will be minimal in the early years, ramping up toward the end of the decade (minimal in 2023-24, annual net savings of $50M-$100M for 2025-27 and $170M-$200M of annual savings from 2028-32). The primary source of tax credits will be solar PTCs where AEE expects $1.3B of credits over 10 years through 2032. The Company also includes potential tax credits from the nuclear generators, although given how that credit is structured, the amount could vary widely on a year-to-year basis. It highlights the transferability of tax credits as another source—if it chooses to transfer (monetize) the credits rather than hold the excess ITC or PTC for use in a future year and also factors in the impact from the corporate minimum tax (it expects to pay an additional $270M over the next decade). As a reminder, Union Electric filed an electric GRC requesting a $315.6M base rate increase to be implemented in mid-2023 and is premised on 10.2% ROE (51.93% equity).

EXC — DE PSC approves EXC's DE gas rate case settlement: The DE PSC issued an order approving the settlement in the DE gas rate case. The new rate will become effective November 1 and include a $13.4M revenue increase, premised on a 9.6% ROE and 49.94% equity layer. After excluding the $5.8M for the distribution system improvement charge, or DSIC that is currently in rates, the net increase will be $7.6M. Interim rates of $20.3M, went into effect on August 14, and EXC will have 30 days to file a refund plan. EXC sought an $18.8M rate increase based on a 10.3% ROE and 49.94% equity. The request included the $5.8M DSIC, making the net increase requested $13.0M. The previous gas rate case concluded in 2021 and authorized a rate increase of $6.7M based on a 9.6% ROE and 50.37% equity layer.

SRE — SRE receives a 50-month extension for construction of Port Arthur: FERC issued a 50-month extension to SRE to build the Port Arthur LNG facility and associated natural gas pipelines. SRE will have until June 2028 to complete the project. The previous deadline for the facility to be in service was April 2024. SRE filed a request with FERC for a four-year extension to build the facility and associated natural gas pipelines due to uncertainties created by the pandemic. The project is eventually expected to be a two-train 13.5 MTPA facility. The project's location on the TX/LA coast makes it more suited for cargo to Europe. SRE recently signed an agreement with COP for an equity stake in Phase 1, providing offtake certainty and the investment needed to bring the project to fruition.

SRE — SoCalGas's hydrogen blending demonstration program receives opposition:

- Various parties filed oppositions against SoCalGas's proposed hydrogen blending program, suggesting the filing was broad, vague, and speculative. SoCalGas filed an application earlier this year on behalf of itself, SDG&E, and Southwest Gas to establish memo accounts to record incremental costs to implement a hydrogen blending demonstration program. Sierra Club argues that blending hydrogen with natural gas will not make a meaningful dent in decarbonizing buildings and its carries significant safety risks in that it may be incompatible with existing natural gas infrastructure and appliances. Others argue that not enough details are available on the users of hydrogen infrastructure to make a decision on allowing a memo account. SoCalGas has a goal to decarbonize its operations by 2045.
- The project in question is the Angeles link hydrogen pipeline project. As proposed, the project aims to advance the CA's decarbonization and clean air goals by bringing green hydrogen into the Los Angeles Basin to support current and future green hydrogen end users, including "hard-to-electrify" industries, electric generation, and the heavy-duty transportation sector, and replace 25% of the natural gas distributed by SoCalGas with green hydrogen and ultimately lead to the closure of the Aliso Canyon underground natural gas storage. The project would also support the integration of more renewable resources that would be used for green hydrogen production.

XEL — XEL requests 2023 interim rates in MN as NSP electric rate case remains under review: XEL requested an interim rate increase of $122M to become effective on January 1, 2023. Initial comments are due by October 21. The $122M increase would be incremental to the previously approved interim rate increase of $247M for 2022. In its 2021 order setting 2022 interim rates, the PUC deferred action on XEL's request to increase interim rates in 2023. As a background, NSP-MN is seeking a $677M three-year electric rate increase based on a 10.2% ROE request and a 52.5% equity ratio. A final PUC decision is expected in 2Q23.

AEE — Parties file position statements in AEE's IL FRP: The parties filed position statements in AEE's IL FRP. ICC Staff and AEE agree on a 7.58% ROE but disagree on the equity layer. In its position statement, ICC Staff recommends a 50% equity layer vs. the Company's statement, requesting a 53.99% equity layer. The ROE of 7.85% is formulaic. AEE is seeking an $83.7M revenue increase vs. ICC's recommendation for a $61.0M rate increase. A proposed order is expected on November 4, with a final decision by the end of 2022 and new rates effective in January 2023. This may be AEE's last FRP filing in IL, with the following rate review likely being an MYRP. The ICC is expected to approve PBR to be used under the new framework this fall.

D — VA SCC approves tariffs for shared solar programs: The VA SCC issued orders approving two solar programs for customers that were created as part of the VCEA. In one order, the SCC approved a multi-family shared solar program that will include a $16.78 monthly administrative fee (lower than the proposed $87.68). Separately, the SCC issued an order confirming a prior ruling regarding the shared solar program. Parties had filed for reconsideration and clarification after the SCC ordered a $55.10/MWh minimum bill for residential users of community solar. The program is limited to 150 MW (extendable to 200 MW under certain conditions) and applies to customers who face some hindrance with respect to installing solar on their own rooftops. Under the VCEA, third-party groups develop community solar facilities, sign up interested customers, and sell the power to the utility. Participating customers get a bill credit from D in proportion to the power generated by the facility.

Takeaways from EIA's Short-Term Energy Outlook and Winter Fuel Outlook:

- Households will spend more on energy during the winter months this season relative to prior years, underpinned by higher fuel prices and higher demand due to forecasts for a colder winter season. Specifically, households are forecast to spend 28% more on natural gas and 10% more on electricity (prices +6%, usage +4%). The U.S power prices will average 14.8/KWh from October-March (+6% from last year), with prices in the NE expected to be up 8% or 20.1c/KWh.
- HH gas prices are expected to peak near $7.70/MMBtu in January before reaching $6.50/MMBtu by March (as higher production plays a role).
- Renewable generation continues to grow and EIA forecasts that wind and solar will contribute 16% of U.S. generation during the winter, up from ~15% last year. Natural gas (~36% share, flat y/y) and coal (20% share, -1% y/y) will contribute ~56% of the generation mix in the winter.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

KBCM EEI Schedule Tentative Agenda (All Times Eastern):

Sunday, November 13, 2022

12:00 PM — Eversource Energy (ES)
2:00 PM — Xcel Energy Inc. (XEL)
3:00 PM — Sempra Energy (SRE)
4:00 PM — WEC Energy Group, Inc. (WEC)
5:00 PM — Atlantica Sustainable Infrastructure plc (AY)

Monday, November 14, 2022

8:00 AM — Duke Energy Corporation (DUK)
8:45 AM — Avangrid, Inc. (AGR)**
9:00 AM — Pinnacle West Capital Corporation (PNW)
10:00 AM — Exelon Corporation (EXC)
11:00 AM — Edison International (EIX)
11:00 AM — CenterPoint Energy, Inc (CNP)
12:00PM — DTE Energy Company (DTE)
1:00 PM — NorthWestern Corp (NWE)
2:00 PM — American Electric Power Company, Inc. (AEP)
3:00 PM — Portland General Electric Company (POR)
4:00 PM — FirstEnergy Corp. (FE)
Dinner — Dinner with NorthWestern Corp (NWE)*

Tuesday, November 15, 2022

7:00 AM — Entergy Corporation (ETR)
7:00 AM — Southern Company (SO)
8:00 AM — Ameren Corporation (AEE)
9:00 AM — CMS Energy Corporation (CMS)
10:00 AM — Consolidated Edison, Inc. (ED)
11:00 AM — Avista Corporation (AVA)
11:00 AM — Otter Tail Corporation (OTTR)
12:00 PM — Public Service Enterprise Group Incorporated (PEG)
3:00 PM — NextEra Energy (NEE)

**Dinner event.*
***30-minute meeting.*

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	10/18/2022	Rebuttal Testimony
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	10/18/2022	Rebuttal Testimony
	Plug Power	PLUG			10/18/2022	Analyst Day - Rochester, NY
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/19/2022	Hearings Begin (Phase I)
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	10/20/2022	Company Response Due
	Federal Energy Reg Comm	FERC			10/20/2022	Open Meeting
GA	Georgia Power Co.	SO	D-44280	Electric	10/20/2022	Staff & Intervenor Testimony Due
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	10/24/2022	Proposed Orders and Briefs Due
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	10/26/2022	Briefs Due
TX	Entergy Texas Inc.	ETR	D-53719	Electric	10/26/2022	Intervenor Testimony
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	10/27/2022	Direct Testimony Due
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	10/28/2022	Reply Briefs Due
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	11/2/2022	Evidentiary Hearings begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	11/2/2022	Evidentiary Hearings begin
TX	Entergy Texas Inc.	ETR	D-53719	Electric	11/2/2022	Staff Testimony
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	11/2/2022	Proposed order expected
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	11/3/2022	Surrebuttal Testimony Due (Phase II)
IL	Ameren Illinois	AEE	D-22-0297	Electric	11/4/2022	Proposed order expected
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	11/7/2022	Hearings Begin (Phase II)
	Short-Term Energy Outlook	EIA			11/8/2022	STEO release
GA	Georgia Power Co.	SO	D-44280	Electric	11/8/2022	Staff & Intervenor Hearings
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	11/8/2022	Rebuttal Testimony
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	11/9/2022	Hearings Begin
	CPI Release	BLS			11/10/2022	CPI release for Prior Month

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('22E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	19.7	Sector Weight	NA	$76.25	3.1%	58%	4.07	4.33	4.64	18.7x	17.6x	16.4x	4.08	4.37	4.67	18.7x	17.5x	16.3x
AEP	American Electric Power Company Ir	43.6	Sector Weight	NA	$83.52	3.8%	64%	4.99	5.35	5.72	16.7x	15.6x	14.6x	4.99	5.29	5.61	16.7x	15.8x	14.9x
CMS	CMS Energy Corp	15.7	Sector Weight	NA	$54.07	3.4%	64%	2.90	3.16	3.44	18.6x	17.1x	15.7x	2.88	3.13	3.40	18.8x	17.3x	15.9x
CNP	CenterPoint Energy Inc	16.3	Overweight	$34	$25.88	2.5%	47%	1.38	1.50	1.64	18.8x	17.3x	15.8x	1.38	1.50	1.63	18.7x	17.2x	15.9x
D	Dominion Energy Inc	53.5	Overweight	$88	$64.31	4.2%	65%	4.12	4.36	4.64	15.6x	14.8x	13.9x	4.12	4.37	4.69	15.6x	14.7x	13.7x
DTE	DTE Energy Co	20.2	Sector Weight	NA	$104.50	3.4%	59%	6.02	6.25	6.65	17.4x	16.7x	15.7x	6.02	6.27	6.70	17.4x	16.7x	15.6x
DUK	Duke Energy Corp	66.8	Overweight	$116	$86.82	4.6%	74%	5.44	5.78	6.15	16.0x	15.0x	14.1x	5.45	5.74	6.13	15.9x	15.1x	14.2x
ETR	Entergy Corp	20.3	Sector Weight	NA	$100.01	4.1%	64%	6.40	6.68	7.19	15.6x	15.0x	13.9x	6.37	6.76	7.21	15.7x	14.8x	13.9x
ES	Eversource Energy	25.1	Sector Weight	NA	$72.56	3.5%	62%	4.12	4.38	4.65	17.6x	16.6x	15.6x	4.11	4.38	4.68	17.7x	16.5x	15.5x
ED	Consolidated Edison Inc	29.0	Underweight	$75	$81.91	3.9%	70%	4.47	4.78	5.02	18.3x	17.1x	16.3x	4.51	4.81	5.09	18.2x	17.0x	16.1x
EIX	Edison International	21.0	Sector Weight	NA	$55.03	5.1%	62%	4.57	4.85	5.14	12.0x	11.3x	10.7x	4.52	4.86	5.19	12.2x	11.3x	10.6x
EXC	Exelon Corp	37.0	Overweight	$48	$36.59	3.8%	61%	2.24	2.43	2.60	16.3x	15.1x	14.1x	2.26	2.41	2.58	16.2x	15.2x	14.2x
FE	FirstEnergy Corp	20.7	Overweight	$47	$36.17	4.3%	64%	2.38	2.54	2.74	15.2x	14.2x	13.2x	2.42	2.53	2.72	14.9x	14.3x	13.3x
PEG	Public Service Enterprise Group Inc	26.8	Sector Weight	NA	$53.81	4.0%	62%	3.49	3.70	3.93	15.4x	14.5x	13.7x	3.47	3.59	3.97	15.5x	15.0x	13.6x
SO	Southern Co	67.5	Sector Weight	NA	$63.51	4.3%	75%	3.60	3.83	4.18	17.6x	16.6x	15.2x	3.59	3.80	4.11	17.7x	16.7x	15.4x
WEC	WEC Energy Group Inc	26.6	Overweight	$109	$84.30	3.5%	66%	4.39	4.62	4.83	19.2x	18.2x	17.5x	4.39	4.60	4.90	19.2x	18.3x	17.2x
XEL	Xcel Energy Inc	32.7	Overweight	$78	$58.86	3.3%	61%	3.18	3.45	3.63	18.5x	17.1x	16.2x	3.17	3.39	3.62	18.6x	17.4x	16.3x
					Average:	**3.8%**	**64%**				**16.9x**	**15.9x**	**14.9x**				**16.9x**	**15.9x**	**14.9x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AVA	Avista Corp	2.7	Sector Weight	NA	$37.57	4.7%	90%	1.95	2.50	2.66	19.3x	15.0x	14.1x	1.96	2.44	2.62	19.2x	15.4x	14.4x
NWE	NorthWestern Corp	2.9	Overweight	$64	$50.49	5.0%	76%	3.34	3.51	3.69	15.1x	14.4x	13.7x	3.30	3.51	3.69	15.3x	14.4x	13.7x
OTTR	Otter Tail Corp	2.7	Sector Weight	NA	$63.57	2.6%	23%	7.08	4.27	3.70	9.0x	14.9x	17.2x	7.06	4.26	3.60	9.0x	14.9x	17.7x
POR	Portland General Electric Co	3.8	Sector Weight	NA	$42.37	4.2%	64%	2.81	2.94	3.08	15.1x	14.4x	13.8x	2.79	2.80	3.00	15.2x	15.2x	14.1x
					Average:	**4.1%**	**64%**				**14.6x**	**14.7x**	**14.7x**				**14.7x**	**15.0x**	**15.0x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
NEE	Nextera Energy Inc	141.0	Overweight	$93	$71.77	2.4%	59%	2.90	3.08	3.34	24.7x	23.3x	21.5x	2.87	3.09	3.37	25.0x	23.2x	21.3x
SRE	Sempra Energy	44.5	Sector Weight	NA	$141.50	3.2%	53%	8.63	8.91	9.58	16.4x	15.9x	14.8x	8.64	9.04	9.68	16.4x	15.7x	14.6x
					Average:	**2.8%**	**56%**				**20.6x**	**19.6x**	**18.1x**				**20.7x**	**19.4x**	**18.0x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
CEG	Constellation Energy Corp	27.4	Overweight	$87	$81.26	0.7%	27%	1.26	4.21	4.63	64.5x	19.3x	17.6x	2.04	4.67	5.49	39.8x	17.4x	14.8x
NRG	NRG Energy Inc	9.7	Not Covered	NA	$41.04	3.4%	23%	NA	NA	NA	NA	NA	NA	6.04	4.31	5.53	6.8x	9.5x	7.4x
VST	Vistra Corp	8.9	Not Covered	NA	$21.42	3.3%	35%	NA	NA	NA	NA	NA	NA	2.02	2.76	2.40	10.6x	7.8x	8.9x
					Average:	**2.5%**	**29%**				**64.5x**	**19.3x**	**17.6x**				**19.1x**	**11.6x**	**10.4x**

Source: Company reports, KeyBanc Capital Markets Inc. estimates, Thomson Reuters

Figure 3 - Stock Price Performance

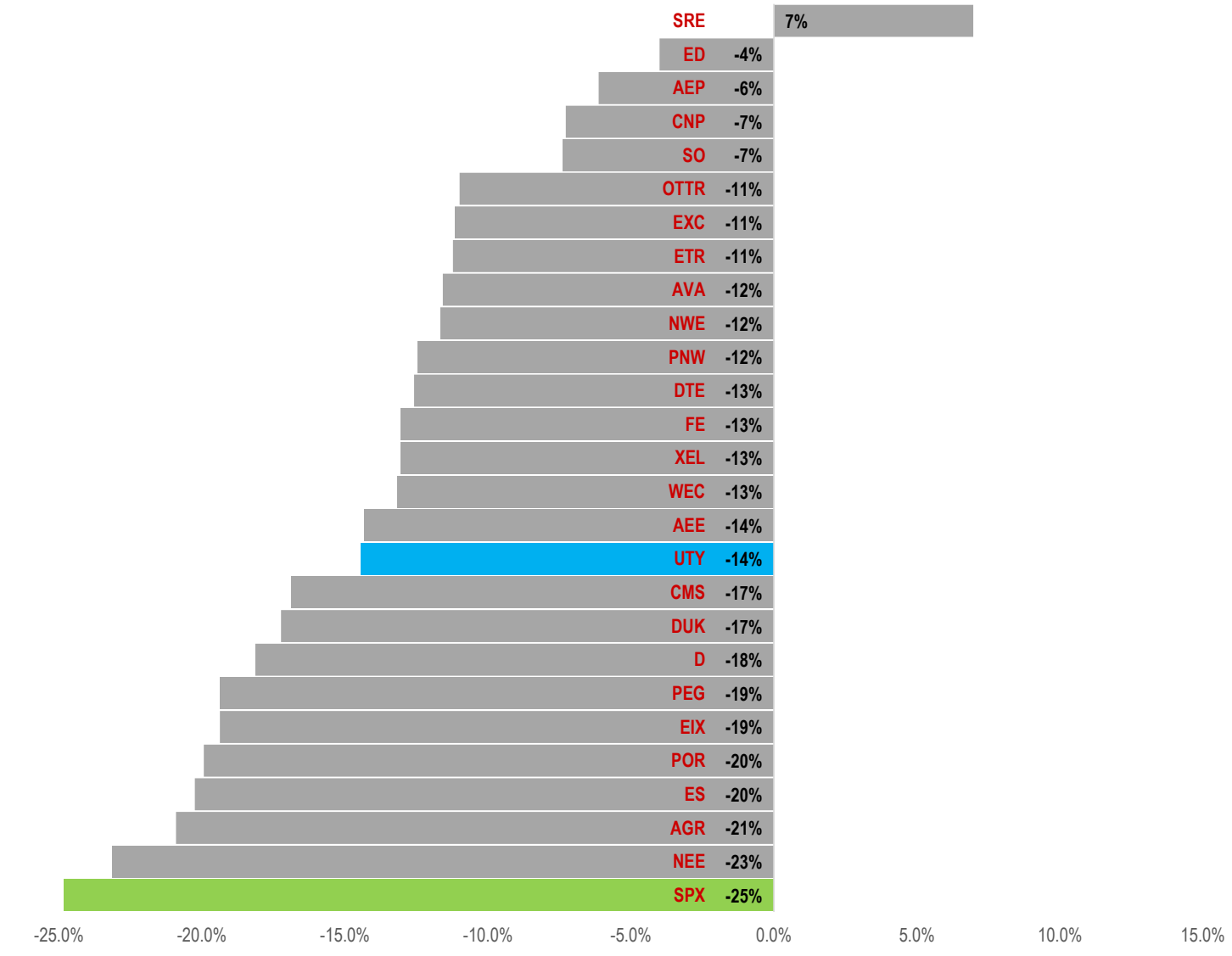

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

WEC: Long & Strong - Sustainable SelfFunded Growth Story; Takeaways from Management Meetings

AEP: Cleaning Up Its Closet; Takeaways from the Analyst Day

AVA: Notes from Management Meetings

AGR: Analyst Day Takeaways, Reiterate Underweight

DTE: Highlights from Our Management Meetings

FE: A Day of Management Meetings

CNP: On the Road with Management

DUK: Notes from Management Meetings

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

POR: On the Road with Management — Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	298	50.34	61	20.47
Sector Weight [SW]	282	47.64	55	19.50
Underweight [UW]	12	2.03	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	28	51.85	11	39.29
Sector Weight [SW]	23	42.59	11	47.83
Underweight [UW]	3	5.56	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	77.19	Buy
D	65.04	Buy
ED	82.15	Neutral
EIX	56.90	Buy
EXC	37.23	Neutral
FE	37.12	Neutral
PCG	14.31	Buy
PEG	54.97	Buy
PPL	24.67	Buy
SO	64.05	Buy
WEC	84.72	Neutral

Power & Utilities

October 14, 2022

The Guggenheim Daily Transmission: ESG: ED, EIX, AEE, D, WEC, EXC, FE, PPL, SO, Talen, CT, AEE/IL, PJM, KY, OR/WA, SC, PCG, Hydrogen, PEG

For details on our Guggenheim-hosted client Utility events including our EEI Conference meetings; and other events, scroll down…

2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade (see our note HERE)

ESG: ED, EIX, AEE, D, WEC, EXC, FE, PPL, SO – 2022 Zicklin Index posted; multiple utilities labeled as political discourse and accountability 'trendsetters'

SO – Vogtle Unit 3 announces commencement of fuel load

Talen – Unsecured creditors balk at ongoing crypto spending; partner characterization

CT – DEEP Commissioner Dykes gives interview on upcoming renewables RFPs; compliments Millstone contract

AEE/IL – Reply briefs filed alongside draft order in FRP docket

PJM – PJM posts additional BRA timelines

KY – KY muni warns of tight grid conditions

OR/WA – Regional business groups join forces over hydropower lobbying

SC – South Carolina to expand highway charging station availability for electric vehicles

PCG – CA legislature working on federal tax exception for Fire Victims Trust

Hydrogen – Cummins announces electrolyzer manufacturing expansion in US

PEG – NY state legislature working on LIPA restructuring alternatives

ESG: ED, EIX, AEE, D, WEC, EXC, FE, PPL, SO – 2022 Zicklin Index posted; multiple utilities labeled as political discourse and accountability 'trendsetters'

- ED, EIX, AEE, D, WEC, EXC, FE, PPL, and SO have all been named trendsetters in political discourse and accountability by the Wharton-led group
- "With this edition, the CPA-Zicklin Index breaks new ground. From its annual benchmarking of election-related spending transparency and accountability by companies belonging to the S&P 500, the 2022 Index now expands to rating companies belonging to a stock market index twice the size, the Russell 1000." - Zicklin Index report
- More HERE

Guggenheim takeaway: *Political transparency remains a key focus for LT investors in our conversations as they continue to focus on jurisdictional quality and whether that particular construct could begin to deteriorate as we have seen in a few states as a result of having, let's say, allegedly having too close of a relationship with regulators and swaying political results – those utilities with high or improving marks stand in contrast to more opaque regions, with many of the top names not a surprise in our view.*

SO – Vogtle Unit 3 announces commencement of fuel load

- "Startup testing will begin next and is designed to demonstrate the integrated operation of the primary coolant system and steam supply system at design temperature and pressure with fuel inside the reactor. Operators will also bring the plant from cold shutdown to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

initial criticality, synchronize the unit to the electric grid and systematically raise power to 100%. **Vogtle Unit 3 is projected to enter service in the first quarter of 2023**." – Georgia Power press release
- Georgia Power announcement HERE

Guggenheim takeaway: *With over 5 months remaining between now and the March '23 target in-service date for Unit 3, we see a strong probability that this Unit can begin to generate electricity ahead of the current 1Q target date which will be a key potential catalyst for the story and optically de-risk Unit 4 concerns especially with incremental buyers for SO shares. While the shares now trade at a modest premium to the group, post Vogtle and ~$700mm in cash flow unlocking and with GA, AL being some of the strong regulatory constructs in the country next to FL, WI etc, we see a scenario that, in time, shares could trade closer to the premium names like CMS, WEC, DTE etc.* ***For more from our recent trip to Georgia (where we met with SO's C-Suite, Georgia Power's mgmt., and all five GA PSC Commissioners) see our note HERE.***

Talen – Unsecured creditors balk at ongoing crypto spending; partner characterization

- The disagreement in the bankruptcy proceeding comes after the CEO testified that the stalled data center project adjacent to Susquehanna had a high quality customer, leading the judge to approve another $56mm disbursement towards the project, according to SparkSpread
- "The… testimony led the Committee to understand that the LOI that Cumulus had entered into was with a strategic counterparty that was the customer that would actually lease and occupy the Cumulus data center, and that such counterparty was a hyperscaler customer 'of a kind and character similar to' Amazon [AMZN], Microsoft [MSFT], Google [GOOG], and others," – UCC filing

Guggenheim takeaway: *The data center project adjacent to Talen remains an interesting first attempt at bringing load BTM, although we note that our recent meetings with CEG management raised some potential affiliate concerns as it relates to BTM gen and PTC eligibility. We continue to see Susquehanna as an attractive target for CEG –* ***see our note HERE for more.***

CT – DEEP Commissioner Dykes gives interview on upcoming renewables RFPs; compliments Millstone contract

- In a broad, high level interview, Commissioner Dykes laid out additional thoughts on upcoming solar/wind RFPs and investments to date stewarded by DEEP
- "The investments made to date are helping ratepayers survive the roller coaster of fossil fuel prices," - Dykes
- The agency will hold a procurement meeting on 10/19
- More HERE

Guggenheim takeaway: *Always interesting to get some soundbites from the Commission, with DEEP in our view very aligned with the need for spend to unlock further decarbonization pathways (e.g., OSW interconnections). As a reminder, incremental transmission and grid mod opportunities remain the key areas of incremental capex for ES in the state as it looks to identify a total $3bn of work ($1.5bn already identified) to offset the sale of the wind business.*

AEE/IL – Reply briefs filed alongside draft order in FRP docket

- Reply briefs from several parties, including ICC Staff, and a draft order have been filed in the MAP-P process
- "Staff and AIC agree that the cost of equity is 7.8520% which equals the 2.052% average of the twelve monthly 30-year U.S. Treasury bond yield averages in 2021, plus 580 basis points, as required under Section 16-108.5 of the Act. 220 ILCS 5/16-108.5(c)(3). The cost of equity for the 2022 revenue requirement is 7.8520%. Further, Staff and AIC agree the cost of equity for the 2021 reconciliation year revenue requirement must be adjusted by 0.070% for isperformance metrics penalty." - filing
- More HERE

Guggenheim takeaway: *Few major surprises in our first pass as the FRP heads into its final innings, with Staff's comments generally focused on familiar issues at this point, including the final common equity ratio (53.99% ask). As a reminder, AEE is planning to transition to MYPs beginning in '24, on the heels of a filing in 1Q23. All consistent with our model.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

PJM – PJM posts additional BRA timelines

- The RTO has posted fresh details of the upcoming RPM cycles, which we be stacked 3 months apart beginning in early December for the 24/25 cycle
- More HERE

Guggenheim takeaway: *For your awareness and calendars not that many investors are following this at this juncture.*

KY – KY muni warns of tight grid conditions

- The muni aggregator, which was created in 2019, has been warning customers of 'blackouts'
- More HERE, background HERE

Guggenheim takeaway: *While we do not view this as a major concern given the aggregators are interconnected to PPL, it is yet another data point on aggregators running into supply issues amid the current commodity backdrop.*

OR/WA – Regional business groups join forces over hydropower lobbying

- The move comes amid heightened concern over salmon stocks and river quality
- "OBI has joined with the Association of Washington Business (AWB), Washington's largest employer group, to form a coalition in support of hydropower, a low-cost, reliable and renewable energy source. The coalition will highlight the critical role that hydropower continues to play for families and employers throughout the Northwest. The Northwest dams have proven hugely successful, producing powerful results for our state, our region and our nation," Wilhelms said. "As we visit businesses and communities across the state, we hear routinely about the vital role that clean, reliable energy plays in creating opportunity today and for the future. Across the northwest, we share the same goals of a healthy environment and strong economy. It's not either-or." - release
- More HERE

Guggenheim takeaway: *The tug of war between salmon interests and hydropower remains a major flashpoint in the PNW and one that we have followed for some time given the already tight capacity landscape in the region. With Klamath as an example, we would not be surprised to see remediations of other smaller facilities in the years to come against the backdrop of federal concern.*

SC – South Carolina to expand highway charging station availability for electric vehicles

- Yesterday, Gov. Henry McMaster signed an executive order designed to "…grow [South Carolina's] charging network of approximately **918 public charging ports** with high-powered chargers along the almost **759 miles** of designated EV corridors within the state. Funding will come from **$25.3 million allocated from the Bipartisan Infrastructure Law for the fiscal years 2022 and 2023**. Over the course of the federal five-year plan (2022-2026), South Carolina would receive an estimated [~$70m] in federal funds." – Executive Order 2022–31
- Executive Order HERE

Guggenheim takeaway: *Another 'driver' of further grid modernization needs in South Carolina – utilities should begin, like CNP, to begin giving some "numbers" around EV adoption over the next couple of years as penetration begins to increase.*

PCG – CA legislature working on federal tax exception for Fire Victims Trust

- Legislators in CA are working on measures to protect fire victims from paying federal income tax on claims payouts.
- Victims are not subject to state tax, but still have to pay federal, which reduces the cash available for rebuilding.
- Many fire victims reported a lack of funds for rebuilding.
- More in media here.

Guggenheim takeaway: *FYI. Anything that helps the FVT should indirectly alleviate some pressure on PCG.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Hydrogen – Cummins announces electrolyzer manufacturing expansion in US

- Cummins (CMI) is expanding electrolyzer manufacturing in the US, with a new facility planned in Minnesota.
- The company is planning to have ~500MW of annual electrolyzer manufacturing capacity, callable to 1GW.
- The facility range of products can accommodate power needs from 1.25MW to more than 200MW for both small- and large-scale hydrogen generation projects.
- Expansion is imminent but no timeframe is set for opening date.
- PR here.

Guggenheim takeaway: *FYI. First steps for a nascent hydrogen economy starting up domestically. The general consensus from US utilities on hydrogen has been tepid due to challenges in acquiring enough hydrolyzers to see a material change in the power sector. Domestic manufacturing expansions are a first step to realize the hydrogen hub concepts for many states.*

PEG – NY state legislature working on LIPA restructuring alternatives

- NY state legislative committee tasked with LIPA restructuring reiterated the works schedule to have draft report by December and a final report done by April of next year.
- The committee is looking at outside advisory council to help move the process forward.
- The legislators noted that the process goes beyond the PSEG Long Island management contract, but will seek to restructure LIPA governance and accountability.
- More in media here.

Guggenheim takeaway: *FYI. Governance issues continue for LIPA, despite PSEG's best efforts on the operational and management contract side. While the committee has not targeted the contracted management structure it will be interesting to see the outcome of the restructuring analysis.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

GUGGENHEIM



Invite: 57th EEI Financial Conference

Dates
November 13 - 15, 2022

Location
The Diplomat Beach Resort
Hollywood, FL

Company Dinners (Hosted by Guggenheim)

Sunday, November 13, 2022

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Hyde Beach House — 4010 South Ocean Drive, Hollywood, FL 33019

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Terrazas at Hyde Hollywood — 4111 S Ocean Drive, Hollywood, FL 33019

Monday, November 14, 2022

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
ETARU — 111 S Surf Rd, Hallandale Beach, FL 33009

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales

Tuesday, November 15, 2022

6:00 p.m. | *Billy's Stone Crab — 400 North Ocean Drive, Hollywood, FL 33019*

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim's Power & Utility Comp Sheet

10/13/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																															
ALE	$49.56	2,828	3.75	3.91	4.14	4.43	3.74	3.92	4.12	4.41	–	–	–	–	13.2x	12.6x	12.0x	11.2x	-23%	-22%	-21%	-21%	5.7%	5.4%	72%	Neutral	$66	39%	Neutral	$61	28%
AVA	$38.31	2,796	1.94	2.47	2.59	2.72	1.95	2.45	2.63	2.78	–	–	(0.04)	(0.06)	19.6x	15.7x	14.6x	13.8x	15%	-3%	-4%	-3%	11.9%	4.8%	94%	Sell	$34	-6%	Neutral	$40	8%
NWE	$50.96	2,861	3.30	3.57	3.88	4.05	3.30	3.51	3.59	3.96	–	0.06	0.29	0.09	15.5x	14.5x	14.2x	12.9x	-10%	-11%	-7%	-9%	7.1%	5.0%	78%	Neutral	$58	19%	Buy	$60	22%
POR	$43.03	3,840	2.83	2.92	3.02	3.18	2.82	2.81	3.01	3.20	–	0.11	–	–	15.3x	15.3x	14.3x	13.5x	-11%	-5%	-6%	-5%	4.0%	4.4%	66%	Buy	$56	35%	Neutral	$53	27%
		12,326													15.9x	14.5x	13.8x	12.8x	-7%	-10%	-9%	-10%	7.2%	4.9%	78%						
Mid/Large Cap Electric																															
AEE	$77.19	19,944	4.04	4.32	4.64	4.95	4.08	4.36	4.65	5.01	(0.04)	(0.04)	–	(0.06)	18.9x	17.7x	16.6x	15.4x	10%	9%	9%	8%	7.0%	3.2%	61%	Buy	$99	31%	Buy	$100	33%
AEP	$84.78	43,554	5.00	5.30	5.64	6.00	5.00	5.28	5.62	6.00	–	–	–	–	17.0x	16.1x	15.1x	14.1x	-1%	-1%	-1%	-1%	6.3%	3.9%	66%	Buy	$109	32%	Buy	$107	30%
CMS	$54.52	15,821	2.88	3.14	3.41	3.64	2.88	3.13	3.35	3.67	–	–	0.06	–	18.9x	17.4x	16.3x	14.9x	10%	7%	7%	5%	8.1%	3.6%	67%	Neutral	$70	32%	Buy	$70	32%
CNP	$26.05	16,397	1.38	1.49	1.61	1.73	1.38	1.50	1.59	1.74	–	–	–	–	18.8x	17.3x	16.4x	15.0x	10%	7%	8%	5%	7.8%	2.8%	52%	Buy	$35	37%	Buy	$33	30%
D	$65.04	54,146	4.12	4.40	4.70	5.00	4.11	4.37	4.69	5.00	–	–	–	–	15.8x	14.9x	13.9x	13.0x	-8%	-8%	-9%	-8%	6.7%	4.3%	68%	Buy	$90	43%	Buy	$88	39%
DTE	$106.51	20,635	6.06	6.29	6.73	7.13	6.02	6.26	6.69	7.14	0.04	0.03	0.04	–	17.7x	17.0x	15.9x	14.9x	3%	5%	5%	5%	5.6%	3.5%	62%	Buy	$145	40%	Buy	$140	35%
DUK	$87.99	67,752	5.48	5.81	6.15	6.50	5.45	5.75	6.14	6.51	–	0.06	–	–	16.1x	15.3x	14.3x	13.5x	-6%	-6%	-6%	-5%	5.9%	4.7%	75%	Buy	$119	40%	Buy	$111	31%
ED	$82.15	29,129	4.51	4.85	5.16	5.47	4.51	4.81	5.09	5.36	–	0.04	0.07	0.11	18.2x	17.1x	16.1x	15.3x	6%	5%	6%	8%	6.6%	3.9%	72%	Neutral	$94	18%	Sell	$87	9%
EIX	$56.90	21,703	4.64	4.92	5.25	5.60	4.51	4.87	5.26	5.47	0.13	0.05	–	0.13	12.6x	11.7x	10.8x	10.4x	-26%	-28%	-29%	-27%	6.5%	5.1%	63%	Buy	$82	49%	Buy	$73	33%
ES	$73.76	25,554	4.10	4.42	4.75	5.11	4.11	4.39	4.64	5.02	–	0.03	0.11	0.09	18.0x	16.8x	15.9x	14.7x	5%	4%	5%	3%	7.6%	3.6%	65%	Buy	$97	35%	Buy	$93	29%
ETR	$100.56	20,456	6.43	6.81	7.21	7.57	6.35	6.77	7.25	7.69	0.08	0.04	(0.04)	(0.12)	15.8x	14.9x	13.9x	13.1x	-8%	-8%	-9%	-8%	5.6%	4.2%	66%	Buy	$129	32%	Buy	$127	30%
EVRG	$56.87	13,050	3.56	3.77	4.02	4.30	3.56	3.77	4.04	4.23	–	–	–	0.07	16.0x	15.1x	14.1x	13.4x	-7%	-7%	-7%	-5%	6.5%	4.3%	69%	Buy	$77	40%	Buy	$70	27%
EXC	$37.23	36,923	2.27	2.41	2.58	2.82	2.26	2.41	2.57	2.78	–	–	–	0.04	16.5x	15.5x	14.5x	13.4x	-4%	-5%	-5%	-6%	7.5%	3.9%	64%	Neutral	$49	36%	Buy	$49	35%
FE	$37.12	21,210	2.40	2.57	2.75	2.95	2.42	2.53	2.74	2.87	–	0.04	–	0.08	15.4x	14.6x	13.5x	12.9x	-10%	-10%	-11%	-9%	7.1%	4.3%	66%	Neutral	$43	20%	Buy	$45	25%
LNT	$49.49	12,418	2.78	2.90	3.04	3.23	2.78	2.91	3.08	3.28	–	–	(0.04)	(0.05)	17.8x	17.0x	16.1x	15.1x	4%	5%	6%	6%	5.1%	3.6%	65%	Neutral	$60	25%	Buy	$63	31%
OGE	$34.50	6,907	1.99	2.06	2.21	2.30	2.12	2.06	2.17	2.29	(0.13)	–	0.04	–	16.2x	16.7x	15.9x	15.1x	-5%	3%	5%	6%	4.9%	4.9%	85%	Buy	$43	30%	Buy	$41	23%
PCG	$14.31	28,444	1.11	1.24	1.34	1.45	1.10	1.23	1.34	1.44	–	–	–	–	13.1x	11.6x	10.7x	10.0x	-24%	-28%	-30%	-30%	9.3%	0.6%	8%	Buy	$19	33%	Buy	$16	16%
PEG	$54.97	27,422	3.53	3.58	4.06	4.39	3.47	3.58	3.98	4.33	0.06	–	0.08	0.06	15.8x	15.4x	13.8x	12.7x	-8%	-5%	-9%	-11%	7.5%	4.1%	64%	Buy	$76	42%	Buy	$74	38%
PNW	$62.06	7,015	4.05	4.25	4.50	4.75	4.02	4.19	4.47	4.72	–	0.06	–	0.03	15.4x	14.8x	13.9x	13.2x	-10%	-9%	-9%	-7%	5.5%	5.7%	87%	Sell	$60	2%	Sell	$71	20%
PPL	$24.67	18,162	1.39	1.58	1.70	1.81	1.41	1.60	1.70	1.82	–	–	–	–	17.5x	15.4x	14.5x	13.6x	2%	-5%	-4%	-4%	9.2%	3.8%	68%	Buy	$33	38%	Buy	$31	28%
SO	$64.05	68,055	3.60	3.80	4.15	4.40	3.59	3.80	4.08	4.41	–	–	0.07	–	17.8x	16.9x	15.7x	14.5x	4%	4%	3%	2%	6.9%	4.3%	77%	Buy	$80	29%	Neutral	$74	20%
WEC	$84.72	26,724	4.40	4.59	4.89	5.21	4.39	4.61	4.90	5.22	–	–	–	–	19.3x	18.4x	17.3x	16.2x	13%	13%	14%	14%	5.8%	3.6%	69%	Neutral	$104	26%	Neutral	$105	28%
Mid/Lg Cap (excl. EIX, PCG)															**17.1x**	**16.2x**	**15.2x**	**14.2x**					**6.7%**	**4.0%**	**68%**						
Regulated Electrics		613,748													**16.9x**	**15.9x**	**14.9x**	**14.0x**					**6.7%**	**4.2%**	**70%**						

		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$34.84	3,814	2.21	2.41	2.47	2.69	2.14	2.30	2.42	2.57	0.07	0.11	0.05	0.12	16.3x	15.2x	14.4x	13.6x	-5%	-6%	-5%	-4%	6.8%	4.2%	66%	Neutral	$41	22%	Sell	$41	22%
NEE	$73.09	143,606	2.84	3.07	3.38	3.66	2.87	3.11	3.37	3.65	(0.03)	(0.04)	–	–	25.4x	23.5x	21.7x	20.1x	48%	45%	43%	41%	8.8%	2.5%	64%	Buy	$108	50%	Buy	$96	34%
SRE	$143.03	44,956	8.54	9.08	9.58	10.21	8.63	9.04	9.68	10.17	(0.09)	0.04	(0.10)	0.04	16.6x	15.8x	14.8x	14.1x	-3%	-2%	-3%	-1%	6.1%	3.4%	57%	Buy	$174	25%	Buy	$173	24%
		192,375													**19.4x**	**18.2x**	**16.9x**	**15.9x**	**13%**	**12%**	**12%**	**12%**	**7.2%**	**3.4%**	**62%**						
Gas LDCs																															
NI	$25.24	10,246	1.45	1.53	1.70	1.84	1.45	1.55	1.74	1.90	–	–	(0.04)	(0.06)	17.4x	16.3x	14.5x	13.3x	3%	2%	-3%	-5%	8.3%	3.9%	68%	Buy	$32	31%	Buy	$33	34%
CPK	$118.12	2,095	5.13	5.55	5.93	6.32	5.11	5.56	5.88	6.25	–	–	0.05	0.07	23.1x	21.3x	20.1x	18.9x	36%	33%	34%	35%	7.2%	1.9%	43%	Neutral	$136	17%	Buy	$141	21%
NJR	$40.14	3,863	2.45	2.43	2.64	2.81	2.46	2.46	2.73	2.84	–	–	(0.09)	–	16.3x	16.3x	14.7x	14.2x	-4%	2%	-2%	1%	4.7%	3.9%	64%	Neutral	$41	6%	Neutral	$46	18%
NWN	$45.61	1,562	2.56	2.73	2.83	2.98	2.52	2.68	2.75	3.00	0.04	0.05	0.08	–	18.1x	17.0x	16.6x	15.2x	7%	7%	11%	9%	5.2%	4.3%	76%	Neutral	$49	12%	Buy	$55	24%
OGS	$71.96	3,896	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	17.6x	16.4x	15.5x	14.4x	4%	3%	4%	3%	7.0%	3.6%	64%	Neutral	$86	23%	Buy	$88	26%
SJI	$34.15	4,182	1.71	1.82	1.94	2.05	1.73	1.79	1.88	1.94	–	0.03	0.06	0.11	19.8x	19.1x	18.2x	17.6x	17%	20%	22%	26%	6.2%	3.7%	74%	Neutral	$36	9%	Neutral	$36	9%
SR	$65.36	3,431	3.84	4.27	4.91	5.03	3.89	4.36	4.60	4.88	(0.05)	(0.09)	0.31	0.16	16.8x	15.0x	14.2x	13.4x	-1%	-6%	-5%	-4%	9.4%	4.4%	75%	Neutral	$67	7%	Neutral	$76	21%
		29,275													**18.4x**	**17.3x**	**16.3x**	**15.3x**	**9%**	**9%**	**9%**	**9%**	**6.9%**	**3.7%**	**66%**						
Regulated Water																															
AWK	$128.98	23,447	4.44	4.85	5.23	5.70	4.44	4.82	5.19	5.64	–	0.03	0.04	0.06	29.0x	26.8x	24.9x	22.9x	69%	65%	64%	61%	8.7%	2.1%	62%	Neutral	$155	22%	Neutral	$159	26%

		Market	Guggenheim EBITDA Ests				Consensus				Δ vs Consensus (>$20m)				Implied EV/EBITDA multiple				Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$83.82	27,381	2,605	3,269	3,424	3,675	2,638	3,131	3,459	3,665	(32)	137	(35)	–	12.1x	9.8x	8.4x	7.4x	31,968	30,587	29,009	27,275	12.2%	0.8%	19%	Buy	$121	45%	Buy	$92	10%
NRG	$41.18	9,683	2,008	2,247	2,312	2,276	1,992	2,247	2,367	2,345	–	–	(56)	(68)	8.4x	7.2x	6.6x	6.1x	16,669	16,124	15,513	14,186	4.3%	3.6%	32%	Neutral	$43	8%	Buy	$43	8%
VST	$21.68	9,026	3,117	3,508	3,555	3,738	3,152	3,708	3,552	3,320	(35)	(200)	–	418	6.2x	5.2x	5.3x	5.4x	19,581	19,261	18,806	17,804	6.2%	3.6%	28%	Buy	$32	51%	Buy	$32	50%
Other																															
ALTO	$3.89	289	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	183%	Buy	$12	200%
IEA	$13.72	667	147	164	174	178	145	165			–	–	–	–									6.7%	–	–	Neutral	$14	2%	Neutral	$14	2%
NEP	$68.78	5,771	1,660	1,775	1,889	2,003	1,778	1,954	2,168	2,323	(118)	(179)	(279)	(319)									6.5%	4.8%	–	Buy	$85	28%	Buy	$87	31%
SMR	$11.19	476	(156)	(100)	(57)	8	(146)	(85)	(54)	9	–	–	–	–										–	–	Buy	$18	61%	Buy	$17	55%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

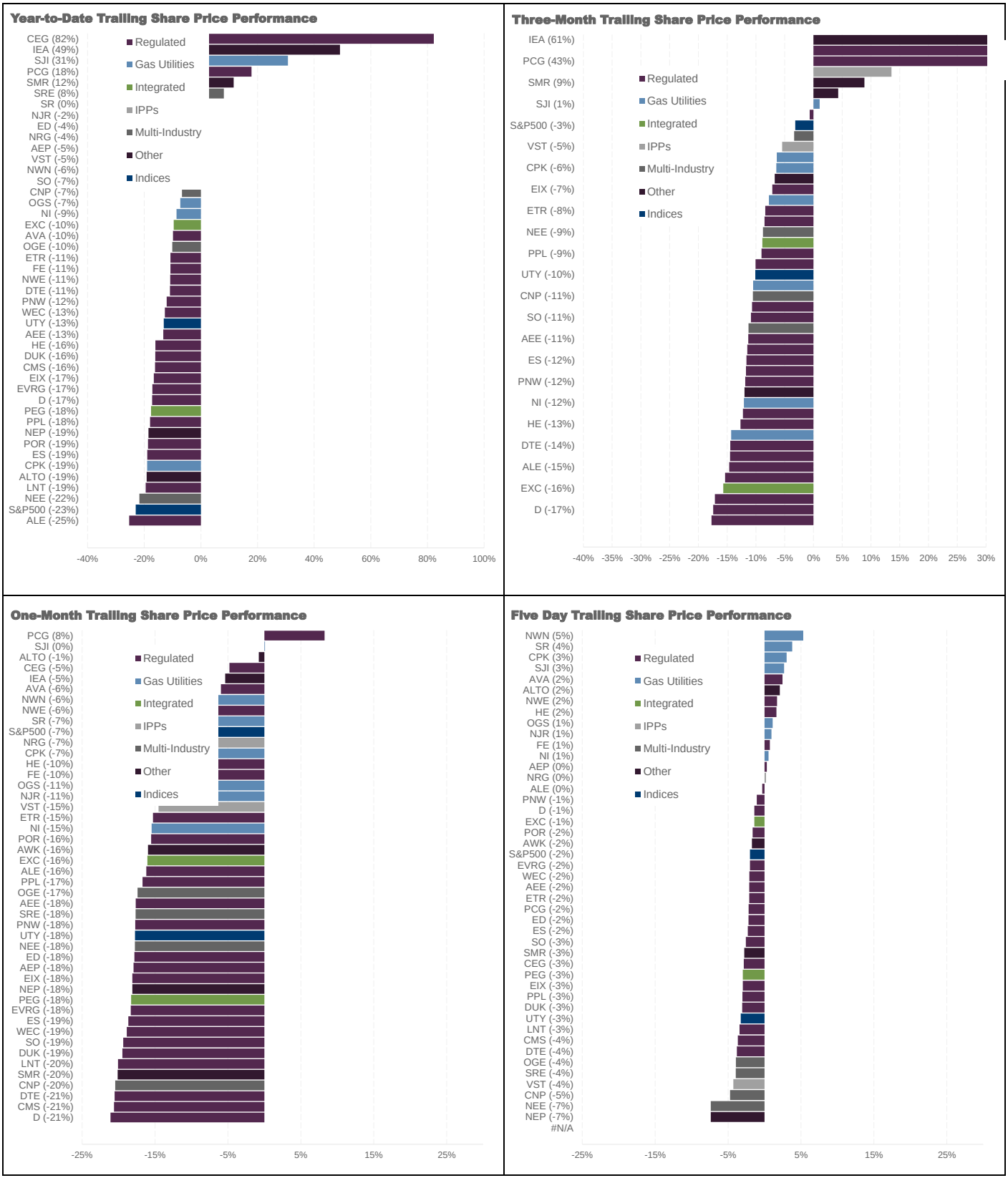

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
PCG Group Video Call	9/6	Virtual
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Generation and Mix

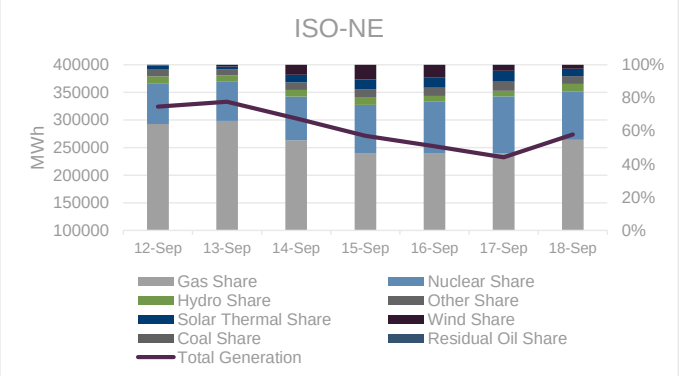

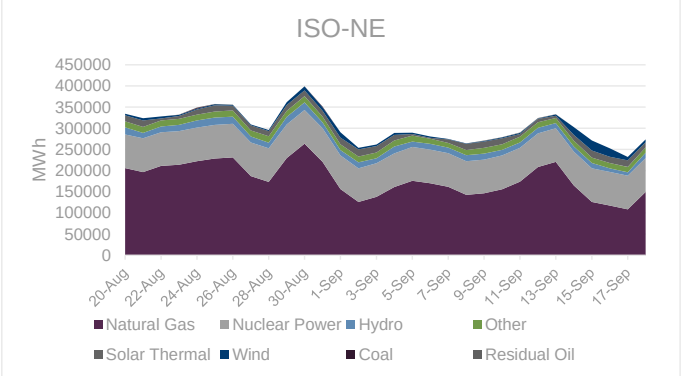

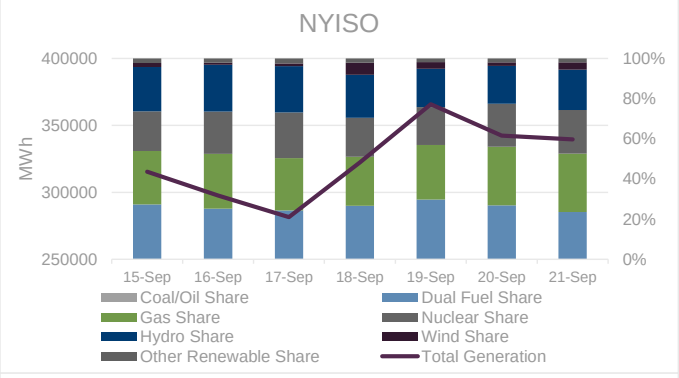

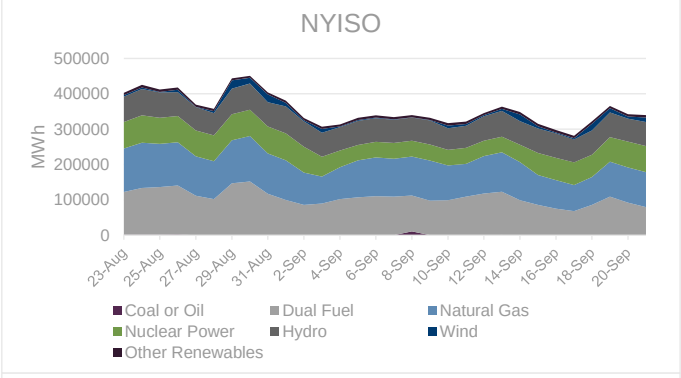

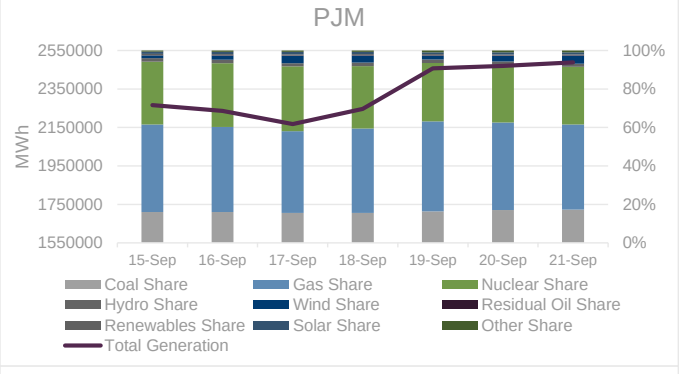

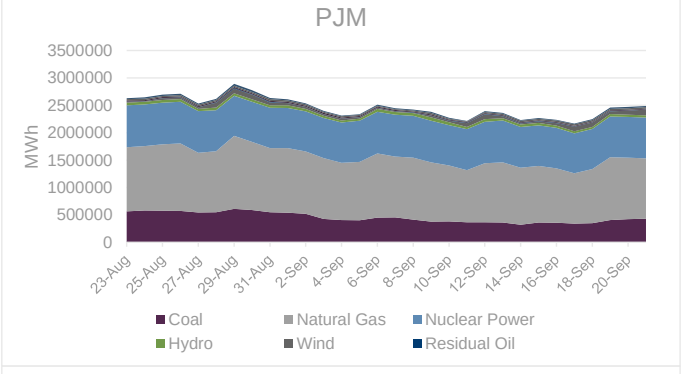

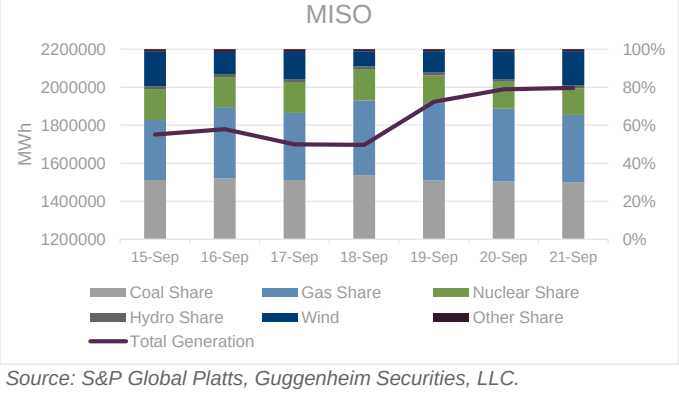

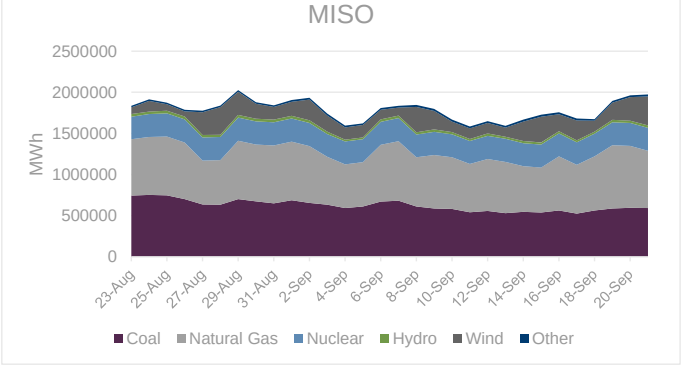

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

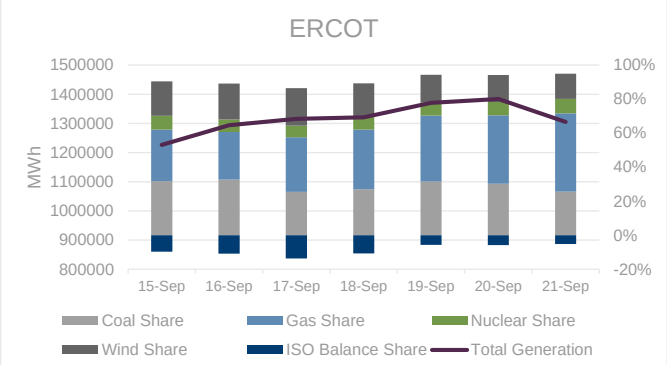

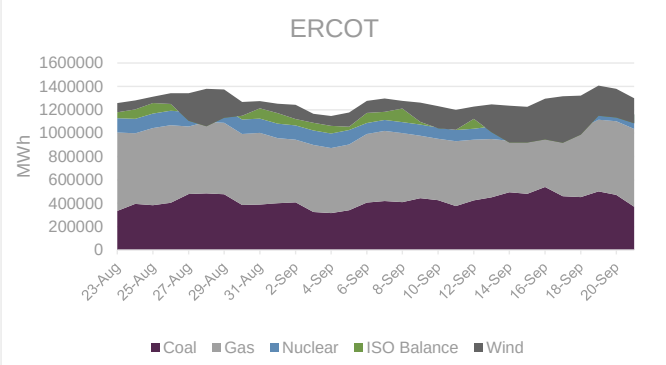

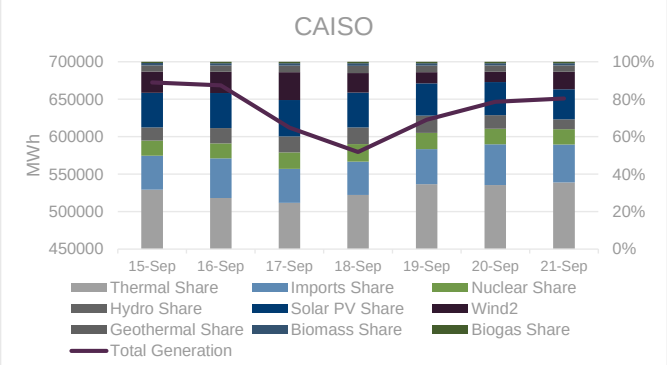

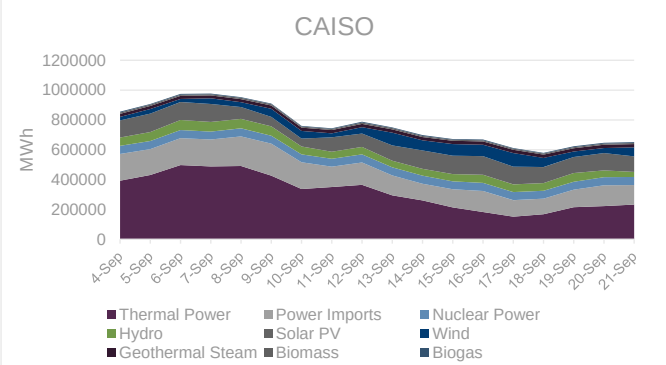

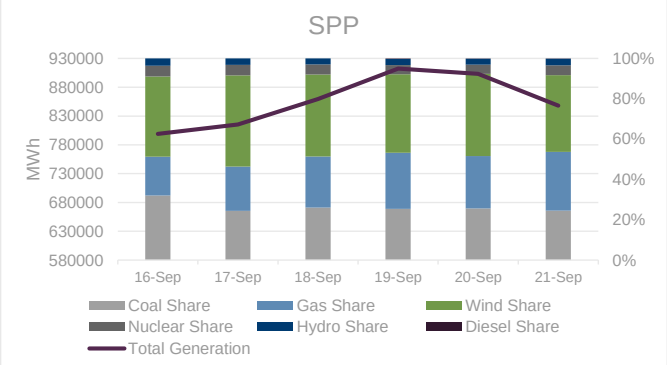

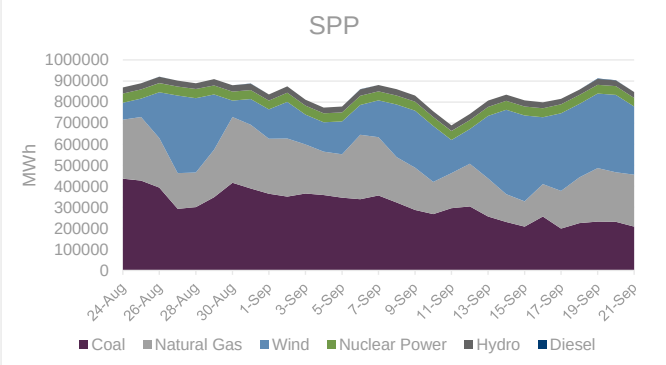

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Weather

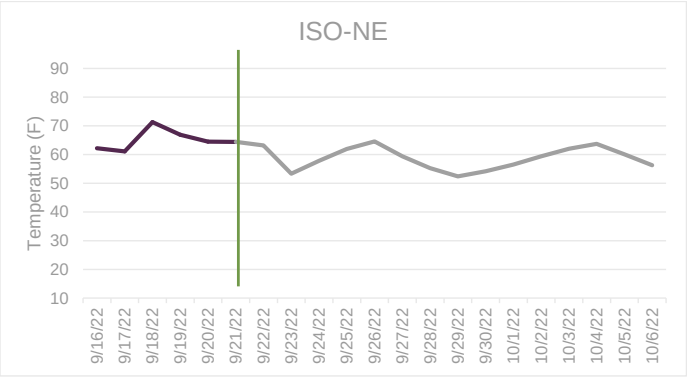

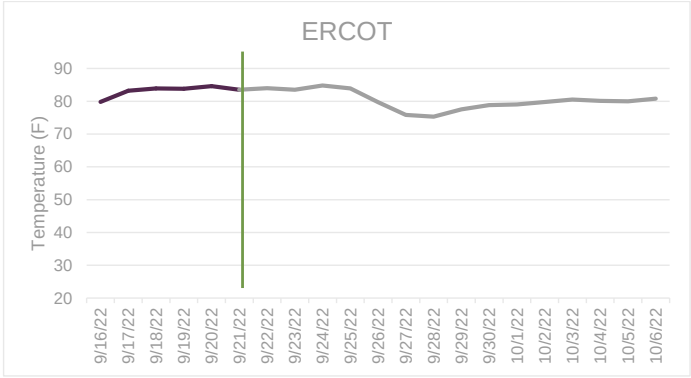

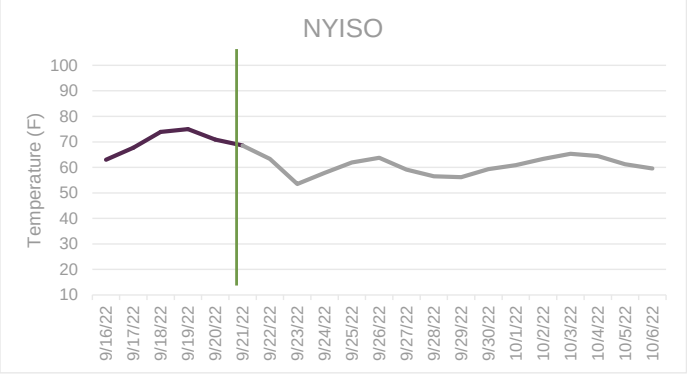

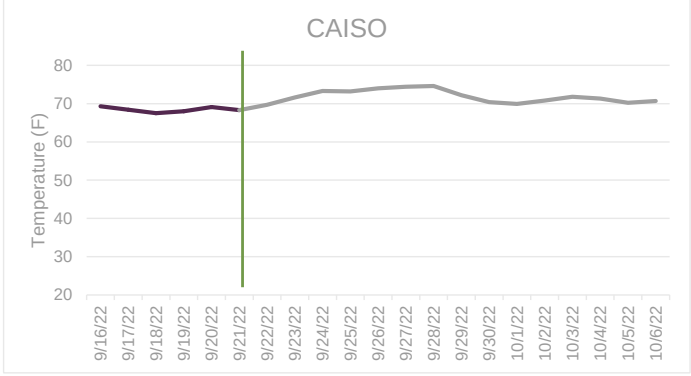

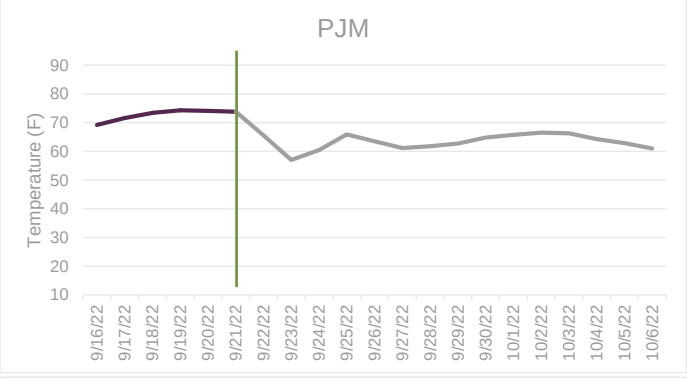

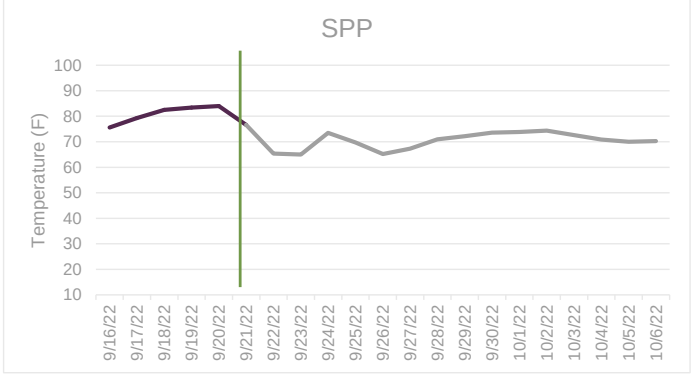

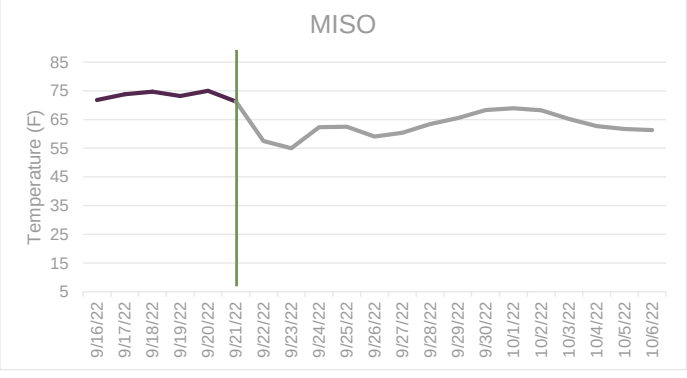

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Peak Load

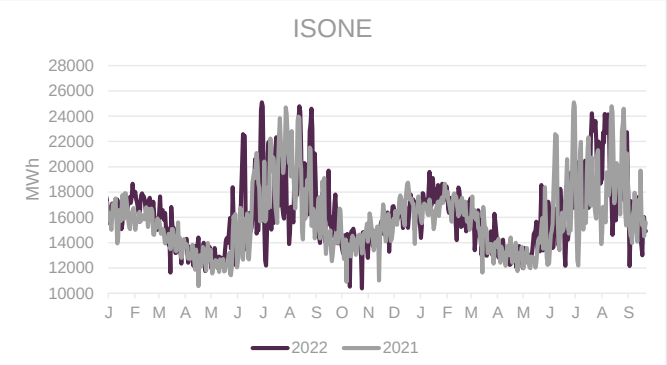

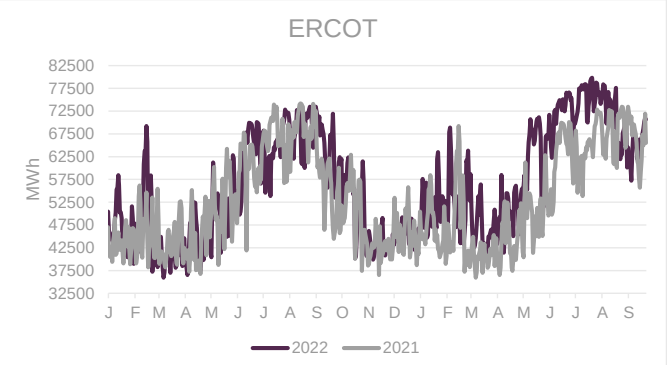

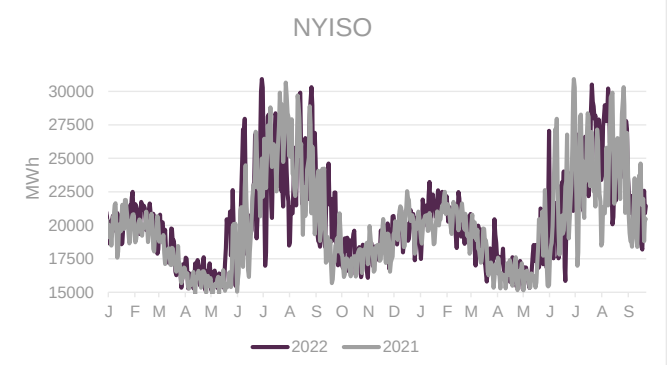

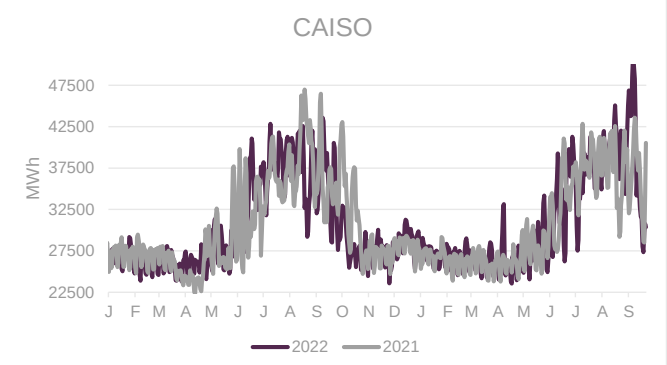

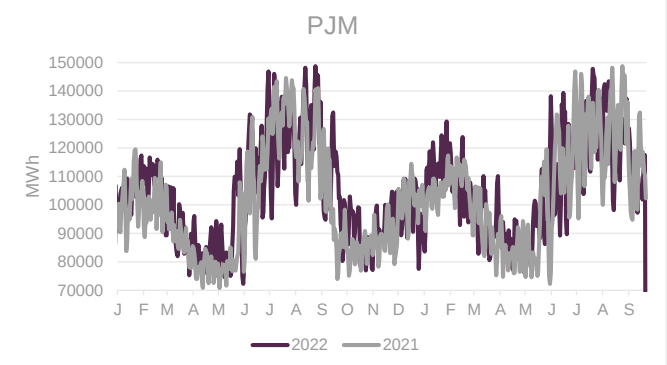

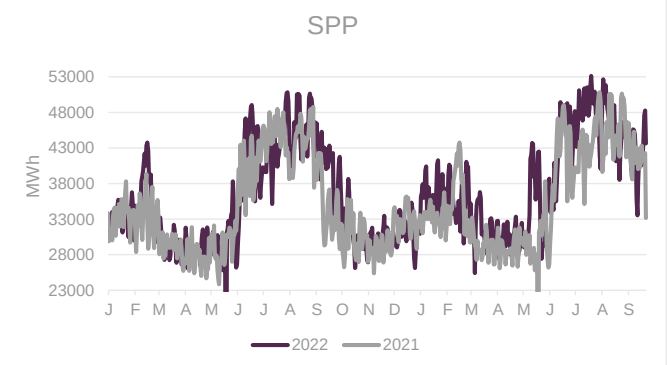

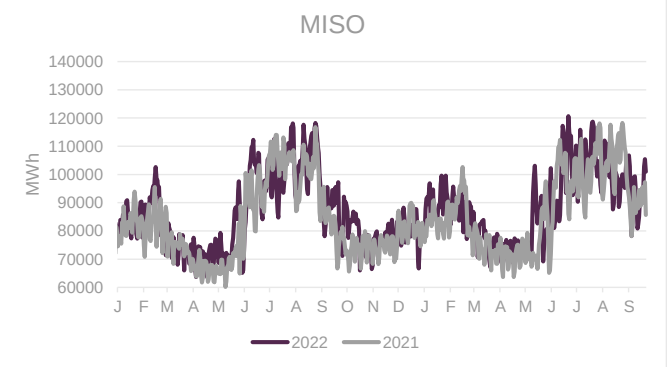

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
ISONE	6.2%	0.0%	-0.5%	1.5%	-1.2%	6.6%
NYISO	6.1%	-0.3%	0.6%	2.1%	-0.1%	4.7%
PJM	8.0%	3.1%	2.5%	3.9%	3.8%	0.9%
MISO	7.2%	3.4%	2.5%	4.0%	5.0%	0.6%
CAISO	4.0%	-0.2%	-2.6%	1.6%	1.2%	2.9%
ERCOT	1.9%	4.4%	2.5%	13.7%	19.1%	7.6%
SPP	3.2%	6.3%	0.5%	5.9%	9.7%	5.8%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (10/1/2022 - 12/31/2022)

Date	State	Ticker	Utility/Event	Docket	Description
9/26/2022-10/5/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearings scheduled in rate case
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/27/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Replies due to comments on reconsideration
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Reply briefs due in cost of capital proceeding
9/30/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Reply briefs due in cost of capital proceeding
9/30/2022	MA	ES	Boston Gas Co.	DPU 22-74	DPU decision expected on performance-based rate adjustment
9/30/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Comments due in SAVE rider update proceeding
10/1/2022-10/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/1/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Commission order expected
10/1/2022-10/15/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearing Examiner's report may be issued in ERAC proceeding
10/3/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Commission decision expected
10/4/2022	FL	NEE	Florida Power & Light Co.	20210015 - ROE trigger	Hearing, possible commission decision in limited issue proceeding
10/5/2022-10/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00020 (BC-RAC)	Hearings scheduled in BC-RAC proceeding
10/5/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Intervening parties to file testimony in Rider B proceeding
10/7/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Rebuttal testimony due in rate proceeding
10/12/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Evidentiary hearings to take place in gas rate proceeding
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Initial briefs due
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Initial briefs due
10/14/2022-10/28/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Briefs to be filed in rate case
10/14/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Reply briefs due
10/19/2022-11/2/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Briefs to be filed in rate case
10/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Staff to file testimony in RIder B case
10/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Final order due
10/20/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Reply briefs due
10/26/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Briefs due in electric rate case
10/28/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Public Utility Law Judge to issue proposed order in rate case — suspended due to settlement talks
10/31/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Administrative Law Judge's recommended decision likely in rate case
10/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Decision likely to be issued in ERAC proceeding
10/31/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Decision expected in Rider RBB proceeding
10/31/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Decision may be issued in SAVE Rider proceeding
10/31/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in late October in ENEC proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Decision possible in rate proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Decision possible in rate proceeding
11/1/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	New rates effective
11/2/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Proposed order expected to be issued in formula rate plan proceeding
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Opening briefs due
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Opening briefs due
11/4/2022	IL	AEE	Ameren Illinois	D-22-0297	Proposed order expected to be issued in formula rate plan proceeding
11/9/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Settlement conference to begin in rate proceeding
11/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Proposed decision in cost of capital proceeding expected
11/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Proposed decision expected in cost of capital proceeding
11/10/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Appeals of judge's proposed order due in rate case — suspended due to settlement talks
11/14/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Reply briefs due in electric rate case
11/14/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	End of initial suspension period in rate case
11/16/2022-11/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing scheduled in Rider B proceeding
11/18/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Replies to appeals of judge's proposed order due — suspended due to settlement talks
11/28/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Hearing to begin in rate proceeding
11/30/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	DPU decision expected in rate case
11/30/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	ALJ recommendation likely to be issued in rate case
12/1/2022-12/31/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Decision expected in FRP proceeding
12/7/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Intervening parties to file testimony in Rider U proceeding
12/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Staff to file testmony in Rider W update proceeding
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Reply briefs due
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Reply briefs due
12/9/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	End of suspension period; decision expected in rate case
12/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Decision expected in cost of capital proceeding after
12/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Decision expected in cost of capital proceeding after
12/15/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	End of suspension period, decision expected in rate case
12/15/2022-1/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing Examiners report may be issued in Rider B proceeding
12/16/2022	MI	CMS	Consumers Energy Co.	C-U-21224	ALJ proposed decision expected in rate case
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Intervenors to file testimony in US 3 proceeding
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Intervening parties to file testimony in Rider US 4 proceeding
12/17/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	End of suspension period, decision expected in rate case
12/21/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Staff to file testimony in Rider U proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising TP to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	227	66.18%	40	17.62%
NEUTRAL	111	32.36%	6	5.41%
SELL	5	1.46%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

KeyBanc Capital Markets

Alert

October 10, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: D, SRE, DUK, XEL, NEE, EXC, ETR, CMS, DTE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Join us at the EEI conference in FL on November 13-15 (schedule included). On our regulatory calendar, we are tracking proceedings in D's Questar gas rate case and SRE's Oncor electric rate case. In other news, utilities underperformed the broader market by nearly 500 bps last week; DEP filed a MYRP in NC; the MN DoC filed testimony in XEL's MN electric rate case; MI PSC orders CMS and DTE to report on compliance with outage and safety directives; FPL and DEF receive conditional approval for storm protection plans; the FL PSC approves ROE increases for DUK and NEE; EXC reached a settlement in its DE gas rate case and a partial settlement in the MD electric rate multiyear rate case; the SC PSC approved a multiparty settlement in the DUK Piedmont gas rate case; the AR PSC approves ETR's 250 MW solar project; and DUK proposes two new renewable programs in SC.

KBCM Invites You to Join Us at the EEI Financial Conference on November 13-15 in Hollywood, FL.

Scroll down for our full schedule, including a dinner with **NWE**.

Regulatory Calendar

D — Rebuttal testimony in Phase II and Surrebuttal testimony in Phase 1 of Questar's natural gas rate case is due on October 13: Phase II will address the cost of service among customer classes and rate design, while Phase I will address all issues necessary to determine D's cost of capital and revenue requirement. Phase I direct testimony recommended a $49.6M revenue increase premised on a 9.3% ROE and 53.21% equity vs. Questar's request for a $70.5M rate increase based on a 10.3% ROE and 53.21% equity layer. The main difference between DPU's recommendation and the Company's request is the lower ROE. The primary factors contributing to the proposed rate increase are capital investments, including the Magna LNG terminal expected to enter service by the end of 2022. Questar must file a rate case every three years as part of an infrastructure replacement adjustment tracker. Questar proposes to continue the mechanism. Questar's last rate case was approved in 2020 for a $2.7M rate increase on a 9.5% ROE and 55% equity layer. A commission decision is expected by January 1.

SRE — Briefs in Oncor's TX electric rate case are due on October 14: Staff filed testimony recommending a 9.3% ROE and a 40% equity layer—compared to Oncor's ask of 10.3% ROE and a 45% equity layer. Oncor filed a GRC in May, seeking a $251M net increase in rates ($287M increase in distribution rates offset by a $36.5M reduction in transmission rates). Staff is recommending adjusting the rate increase from SRE's requested 251M to $21M. The reductions span the gamut with the biggest delta attributable to the lower ROE and lower equity layer and a lower recommended federal tax allowance (staff recommended ROR is 6.35% vs. Oncor's 7.05% requested). Staff testimony appears restrictive at first glance given that Oncor's last rate case was settled in 2016 at 9.8%, 42.5% equity layer, and the uptrend in interest rates since then. Oncor's primary reasons for seeking the rate increase were the move to a higher equity layer and a higher ROE, the growth in Oncor's under-recovered self-insurance reserve balance, and expenses associated with the COVID response, among others.

Recent Developments for Companies Under Our Coverage

From our midweek: AEP hosted an analyst day and DUK hosted a virtual energy transition event. We provide detailed updates on both in this note. In other news, the VA Governor published the 2022 Energy Plan that aims to revise key provisions included in the VCEA; WEC received a constructive rate case settlement in WI and XEL announced a constructive settlement in the MN gas rate case. MS PSC issued revised guidelines for the NEM rules after ETR and SO appealed for a stay; PNM filed a grid mod plan in NM; ES closed on the acquisition of Torrington Water, and ME PUC is initiating a periodic inquiry into grid mod filings.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Are we there yet? The Philadelphia Utility Index UTY was down 322 bps in the past week (vs. the SPX up 150 bps). The large-cap regulated utility PEs (2023E) is currently trading at 16.1x, down ~4.4x since the peak in April and at the lowest level YTD (with virtually no earnings revisions). Notably, the UTY has maintained a steady outperformance of ~1,200 bps vs. the SPX throughout the year. The recent utility multiple compression is not surprising given our long-standing thesis that utility multiples tend to contract as recessionary expectations are realized and utilities begin to compete against cyclicals for investment dollars.

Figure 1 - Large Cap Regulated Utility: Forward P/E (2022 YTD)

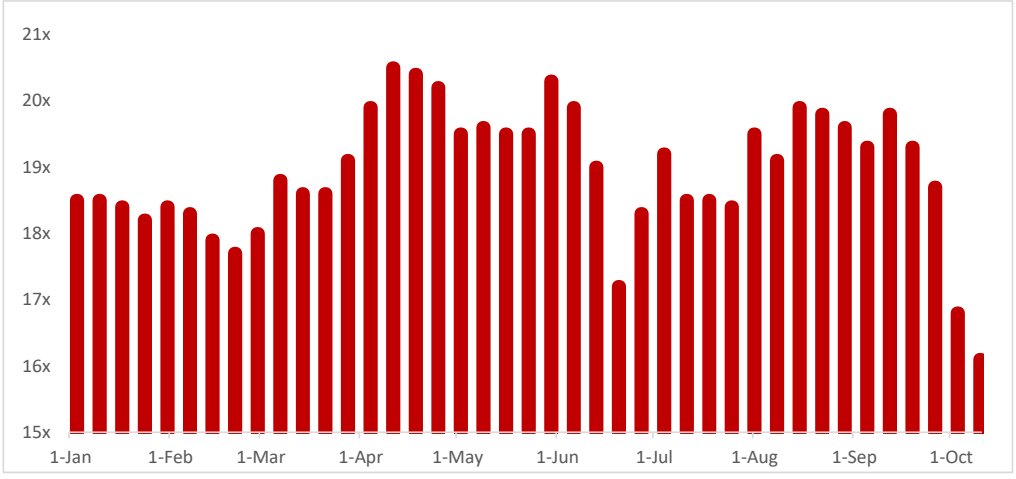

Source: Thomson Reuters, KeyBanc Capital Markets Inc. estimates

DUK — DEP files first MYRP in NC: DEP filed its first multiyear rate plan in NC seeking a cumulative $615M net rate increase. The request is premised on a 10.2% ROE and 53% equity layer. The net increase includes a $326M increase in RY1, $151M in RY2, and $138M in RY3. Recovery of historical and forecasted capital investments is driving the requested revenue increase. DUK is requesting interim rates to go into effect on June 1, 2023, and for approved total RY1 rates to go into effect no later than October 2023. The filing introduces the modernized rate-making tools approved in HB 951, including multiyear rate plans, performance incentive measures, and residential decoupling, which will help reduce rate volatility. Under the newly instituted PBR, DEP's excess earnings over 50 bps above the authorized ROE will be returned to ratepayers via a rider and if DUK's earnings fall below the authorized ROE it may file a rate case prior to the end of the multiyear rate plan. An NCUC rate case typically has a 10-month duration from filing to a decision. This is the first DEP rate case filing since 2019. The rate filing is in line with the previously guided timeline.

CMS, DTE — MI PSC orders CMS and DTE to report on compliance with outage and safety directives: The MPSC is concerned about the lack of progress made by the two MI utilities and commenced proceedings to order them to report to the Commission on their compliance with regulations and past orders regarding outage response and downed lines. The Commission has directed Staff to commence a third-party audit through an external consultant to review the utilities equipment and operations of their distribution systems (Docket: U-21305).

XEL — Interveners file testimony in XEL's MN electric rate case: The MN DoC filed testimony, recommending a cumulative $274M revenue increase over three years, based on 9.25% ROE and 52.5% equity. For settlement purposes, the MN DoC included recommended revenue increases of $76M and $90M for RY4 and RY5, respectively. The RoR adjustments and rate base adjustments make up a significant portion of the delta. As far as rate base adjustments, the DoC excluded $154M of capital additions for the three years associated with an EV rebate proposal, which the PUC had not voted on at the time of XEL's filing. Other items the DoC recommended removing from the rate base include a prepaid pension asset and lower required revenue associated with the extension of the Monticello nuclear plant and XEL wind farms. As a reminder, NSP-MN filed a three-year electric rate case in 2021 requesting a $677M cumulative rate increase, with an incremental $70M in RY4 and $118M RY5 for the possibility of a five-year settlement. The rate request is based on a 10.2% ROE and a 52.5% equity ratio. An interim rate increase of $288M went into effect on January 1. The next date to watch is rebuttal testimony due on November 8 and a final PUC decision is expected in 2Q23.

NEE, DUK — FPL, and DEF receive initial approval for Storm Protection Plans: The FL PSC approved DEF and FPL's storm protection plans. The PSC approved the storm hardening plans with some modifications to mitigate customer rate impacts. The commission removed some proposed programs that it deemed were routine utility updates and not specifically related to storm resilience. The utilities will file amended plans by October 25. The filings were made under a 2019 law that directs each FL utility to file a 10-year Storm Protection Plan, update the plan at least every three years, and direct the PSC to conduct an annual proceeding to determine the prudence of the SPP costs incurred to allow cost recovery through a rider separate from base rates. Both companies highlighted recent investments as part of the reason that the grid held up relative to prior storms during Hurricane Ian.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

DUK, NEE — FL PSC approves ROE increases for DUK and NEE's FL utilities: The FL PSC approved 25 bps and 20 bps increases in DEF and FPL's authorized ROEs, respectively. The utilities previously filed requests with the FL PSC to increase their ROEs in response to rising Treasury rates. The increase results in DUK's authorized level increasing to 9.1-11.1%, or 10.1% at the midpoint. FPL's new authorized level is 9.8-11.8% or a 10.8% midpoint. The 25 bps increase to DUK's ROE results in a ~$24.4M increase to the 2023 revenue requirement. DUK is postponing the increase in base rates until January 2023 to delay ratepayer impacts. FPL will not raise base rates in response to the higher ROE. The requests were in response to the ROE adjustment trigger provision included within the rate construct, which allows the utilities to request an increase to its ROE if the 30-year Treasury increases by 50 bps or more over six months.

EXC — EXC reaches a settlement in the DE gas rate case: EXC reached a constructive settlement in the DE gas rate case. The settlement includes a $13.4M revenue increase, premised on a 9.6% ROE and 49.94% equity layer. After excluding the $5.8M for the distribution system improvement charge, or DSIC that is currently in rates, the net increase will be $7.6M. EXC is requesting an effective date of November 1. Interim rates of $20.3M, went into effect on August 14, and EXC will have 30 days after an order to file a refund plan. EXC sought an $18.8M rate increase based on a 10.3% ROE and 49.94% equity. The request included the $5.8M DSIC, making the net increase requested $13.0M. The previous gas rate case concluded in 2021 and authorized a rate increase of $6.7M based on a 9.6% ROE and 50.37% equity layer.

EXC — EXC reaches a partial settlement in the MD electric rate case: EXC reached a partial settlement in its electric rate case with the items remaining to be settled being the Bill Stabilization Adjustment and the reconciliation mechanism. The details of the settlement are not public yet. Previously, staff (Docket No. 9681) filed testimony for a cumulative rate increase of $23.7M for the three years from 2023-2025. The increase is premised on a 9.55% ROE and 50.50% equity layer. This compares to EXC's request for a cumulative rate increase of $37.5M for the three years 2023-2025, based on a 10.25% ROE and 50.5% equity layer. DP&L is requesting a $22.7M increase in 2023, followed by $7.9M and $6.8M in 2024 and 2025, respectively. After accelerating the refund of certain regulatory liabilities, the net increase in rates will be $11.4M in 2023, $11.6M in 2024, and $14.5M in 2025 as proposed by Delmarva. This is Delmarva's first multiyear plan filing in MD after the PSC adopted rules in 2020 allowing multiyear rate plans. A PSC decision is expected before the end of the year, with new rates effective January 1, 2023.

DUK — SC PSC approves multiparty settlement in DUK Piedmont gas rate case: The Commission issued an order approving the previously reached settlement. The order approves a net revenue decrease of $1.2M, and the Commission authorized a 9.3% ROE and 52.2% equity layer. The net decrease includes a revenue increase of $1.66M and a $2.9M revenue adjustment for the cost of gas demand. The settlement initially filed with the PSC was for a net revenue decrease of $0.02M premised on a 9.49% ROE and 53.5% equity layer, but one party chose to litigate the ROE and capital structure. This compares to DUK's initial request of a $6.7M net revenue increase on a 9.9% ROE (54.56% equity with a $505M YE21 rate base) and Staff's proposed $0.2M net revenue decrease premised on a 9.3% ROE and 53.05% equity. Piedmont has operated under SC's Rate Stabilization Act since 2005. This allows the gas utility to adjust rates regularly based on gas prices and other factors, but DUK reached a settlement in June, allowing the rate case to proceed instead of the rate adjustment this year.

ETR — AR PSC approves 250 MW solar project: The AR PSC approved the planned 250 MW Driver Solar Project. Lightsource BP will build the project before transferring ownership to ETR AR. The Commission previously approved the Build-to-Own transfer agreement. The development and permitting of the solar field have all been completed. The project is expected to enter service in 2024 and will be recovered through ETR AR's forward test-year FRP.

DUK — DUK proposes two new renewable programs, and changes to a current program in SC: DUK filed proposals with the SC PSC to introduce two new renewable programs for nonresidential customers. The Renewable Choice program would allow large-load customers to contract with DUK's SC utilities to provide locally sourced environmental attributes, including RECs. The Clean Energy Impact program is proposed for customers that want renewable energy credit to further their ESG goals. DUK would procure and develop new solar and battery storage facilities through a competitive process as part of the programs. DUK is also requesting to update its Green Source Advantage program to allow large customers to offset their power purchase by securing renewable energy from projects connected to DUK's grid. DUK is proposing to enable customers to contract up to 100% of their energy from renewable sources, vs. the current 30%.

Scroll down for our schedule of meetings at the EEI

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

KBCM EEI Schedule Tentative Agenda (All Times Eastern):

Sunday, November 13, 2022

12:00 PM — Eversource Energy (ES)
1:00 PM — CenterPoint Energy, Inc (CNP)
2:00 PM — Xcel Energy Inc. (XEL)
3:00 PM — Sempra Energy (SRE)
4:00 PM — WEC Energy Group, Inc. (WEC)
5:00 PM — Atlantica Sustainable Infrastructure plc (AY)

Monday, November 14, 2022

8:00 AM — Duke Energy Corporation (DUK)
8:45 AM — Avangrid, Inc. (AGR)**
9:00 AM — Pinnacle West Capital Corporation (PNW)
10:00 AM — Exelon Corporation (EXC)
11:00 AM — Edison International (EIX)
12:00PM — DTE Energy Company (DTE)
1:00 PM — NorthWestern Corp (NWE)
2:00 PM — American Electric Power Company, Inc. (AEP)
3:00 PM — Portland General Electric Company (POR)
4:00 PM — FirstEnergy Corp. (FE)
*Dinner — Dinner with NorthWestern Corp (NWE)**

Tuesday, November 15, 2022

7:00 AM — Entergy Corporation (ETR)
7:00 AM — Southern Company (SO)
8:00 AM — Ameren Corporation (AEE)
9:00 AM — CMS Energy Corporation (CMS)
10:00 AM — Consolidated Edison, Inc. (ED)
11:00 AM — Avista Corporation (AVA)
11:00 AM — Otter Tail Corporation (OTTR)
12:00 PM — Public Service Enterprise Group Incorporated (PEG)

**Dinner event.*
***30-minute meeting.*

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
	Short-Term Energy Outlook	EIA			10/12/2022	STEO release for Winter Fuels Outlook
	CPI Release	BLS			10/13/2022	CPI release for Prior Month
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/13/2022	Surrebuttal Testimony Due (Phase I)
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/13/2022	Rebuttal Testimony Due (Phase II)
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	10/14/2022	Briefs Due
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	10/18/2022	Rebuttal Testimony
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	10/18/2022	Rebuttal Testimony
	Plug Power	PLUG			10/18/2022	Analyst Day - Rochester, NY
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/19/2022	Hearings Begin (Phase I)
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	10/20/2022	Company Response Due
	Federal Energy Reg Comm	FERC			10/20/2022	Open Meeting
GA	Georgia Power Co.	SO	D-44280	Electric	10/20/2022	Staff & Intervenor Testimony Due
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	10/24/2022	Proposed Orders and Briefs Due
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	10/26/2022	Briefs Due
TX	Entergy Texas Inc.	ETR	D-53719	Electric	10/26/2022	Intervenor Testimony
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	10/27/2022	Direct Testimony Due
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	10/28/2022	Reply Briefs Due
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	11/2/2022	Evidentiary Hearings begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	11/2/2022	Evidentiary Hearings begin
TX	Entergy Texas Inc.	ETR	D-53719	Electric	11/2/2022	Staff Testimony
IL	Commonwealth Edison Co.	EXC	D-22-0302	Electric	11/2/2022	Proposed order expected
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	11/3/2022	Surrebuttal Testimony Due (Phase II)
IL	Ameren Illinois	AEE	D-22-0297	Electric	11/4/2022	Proposed order expected

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	20.4	Sector Weight	NA	$76.96	3.1%	58%	4.07	4.33	4.64	18.9x	17.8x	16.6x	4.08	4.37	4.67	18.9x	17.6x	16.5x
AEP	American Electric Power Company Ir	43.4	Sector Weight	NA	$82.99	3.8%	64%	4.99	5.35	5.72	16.6x	15.5x	14.5x	4.99	5.29	5.61	16.6x	15.7x	14.8x
CMS	CMS Energy Corp	16.4	Sector Weight	NA	$55.29	3.3%	64%	2.90	3.16	3.44	19.1x	17.5x	16.1x	2.88	3.13	3.40	19.2x	17.7x	16.3x
CNP	CenterPoint Energy Inc	17.2	Overweight	$34	$26.81	2.4%	47%	1.38	1.50	1.64	19.4x	17.9x	16.3x	1.38	1.50	1.63	19.4x	17.8x	16.5x
D	Dominion Energy Inc	54.9	Overweight	$88	$64.39	4.2%	65%	4.12	4.36	4.64	15.6x	14.8x	13.9x	4.12	4.37	4.69	15.6x	14.7x	13.7x
DTE	DTE Energy Co	21.4	Sector Weight	NA	$107.49	3.3%	59%	6.02	6.25	6.65	17.9x	17.2x	16.2x	6.02	6.27	6.70	17.9x	17.1x	16.0x
DUK	Duke Energy Corp	69.9	Overweight	$116	$89.07	4.5%	74%	5.44	5.78	6.15	16.4x	15.4x	14.5x	5.45	5.74	6.13	16.3x	15.5x	14.5x
ETR	Entergy Corp	20.9	Sector Weight	NA	$101.23	4.0%	64%	6.40	6.68	7.19	15.8x	15.2x	14.1x	6.37	6.76	7.21	15.9x	15.0x	14.0x
ES	Eversource Energy	26.2	Sector Weight	NA	$74.25	3.4%	62%	4.12	4.38	4.65	18.0x	17.0x	16.0x	4.11	4.39	4.68	18.1x	16.9x	15.9x
ED	Consolidated Edison Inc	29.8	Underweight	$75	$81.58	3.9%	70%	4.47	4.78	5.02	18.3x	17.1x	16.3x	4.51	4.81	5.09	18.1x	17.0x	16.0x
EIX	Edison International	22.4	Sector Weight	NA	$58.63	4.8%	62%	4.57	4.85	5.14	12.8x	12.1x	11.4x	4.52	4.86	5.19	13.0x	12.1x	11.3x
EXC	Exelon Corp	37.5	Overweight	$48	$36.96	3.7%	61%	2.24	2.43	2.60	16.5x	15.2x	14.2x	2.26	2.41	2.58	16.4x	15.3x	14.3x
FE	FirstEnergy Corp	21.1	Overweight	$47	$36.10	4.3%	64%	2.38	2.54	2.74	15.2x	14.2x	13.2x	2.42	2.53	2.72	14.9x	14.2x	13.3x
PEG	Public Service Enterprise Group Inc	28.3	Sector Weight	NA	$55.32	3.9%	62%	3.49	3.70	3.93	15.9x	15.0x	14.1x	3.48	3.58	3.96	15.9x	15.4x	14.0x
SO	Southern Co	69.9	Sector Weight	NA	$64.12	4.2%	75%	3.60	3.83	4.18	17.8x	16.7x	15.3x	3.59	3.80	4.12	17.9x	16.9x	15.6x
WEC	WEC Energy Group Inc	27.3	Overweight	$109	$85.48	3.4%	66%	4.39	4.62	4.83	19.5x	18.5x	17.7x	4.39	4.60	4.90	19.5x	18.6x	17.5x
XEL	Xcel Energy Inc	33.8	Overweight	$78	$59.86	3.2%	61%	3.18	3.45	3.63	18.8x	17.4x	16.5x	3.17	3.39	3.62	18.9x	17.7x	16.6x
					Average:	**3.7%**	**64%**				**17.2x**	**16.1x**	**15.1x**				**17.2x**	**16.2x**	**15.1x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	2.7	Sector Weight	NA	$36.57	4.8%	90%	1.95	2.50	2.66	18.8x	14.6x	13.7x	1.96	2.44	2.62	18.7x	15.0x	14.0x
NWE	NorthWestern Corp	2.8	Overweight	$64	$49.81	5.1%	77%	3.34	3.51	3.69	14.9x	14.2x	13.5x	3.30	3.51	3.69	15.1x	14.2x	13.5x
OTTR	Otter Tail Corp	2.6	Sector Weight	NA	$61.75	2.7%	23%	7.08	4.27	3.70	8.7x	14.5x	16.7x	7.06	4.26	3.60	8.7x	14.5x	17.2x
POR	Portland General Electric Co	3.9	Sector Weight	NA	$42.40	4.2%	64%	2.81	2.94	3.08	15.1x	14.4x	13.8x	2.79	2.80	3.00	15.2x	15.2x	14.1x
					Average:	**4.2%**	**64%**				**14.4x**	**14.4x**	**14.4x**				**14.4x**	**14.7x**	**14.7x**

		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
NEE	Nextera Energy Inc	155.0	Overweight	$93	$76.73	2.2%	59%	2.90	3.08	3.34	26.5x	24.9x	23.0x	2.87	3.09	3.36	26.7x	24.8x	22.8x
SRE	Sempra Energy	46.8	Sector Weight	NA	$147.03	3.1%	53%	8.63	8.91	9.58	17.0x	16.5x	15.3x	8.65	9.05	9.70	17.0x	16.2x	15.2x
					Average:	**2.7%**	**56%**				**21.7x**	**20.7x**	**19.2x**				**21.9x**	**20.5x**	**19.0x**

Source: Company reports, KeyBanc Capital Markets Inc. estimates, Thomson Reuters

Figure 4 - Stock Price Performance

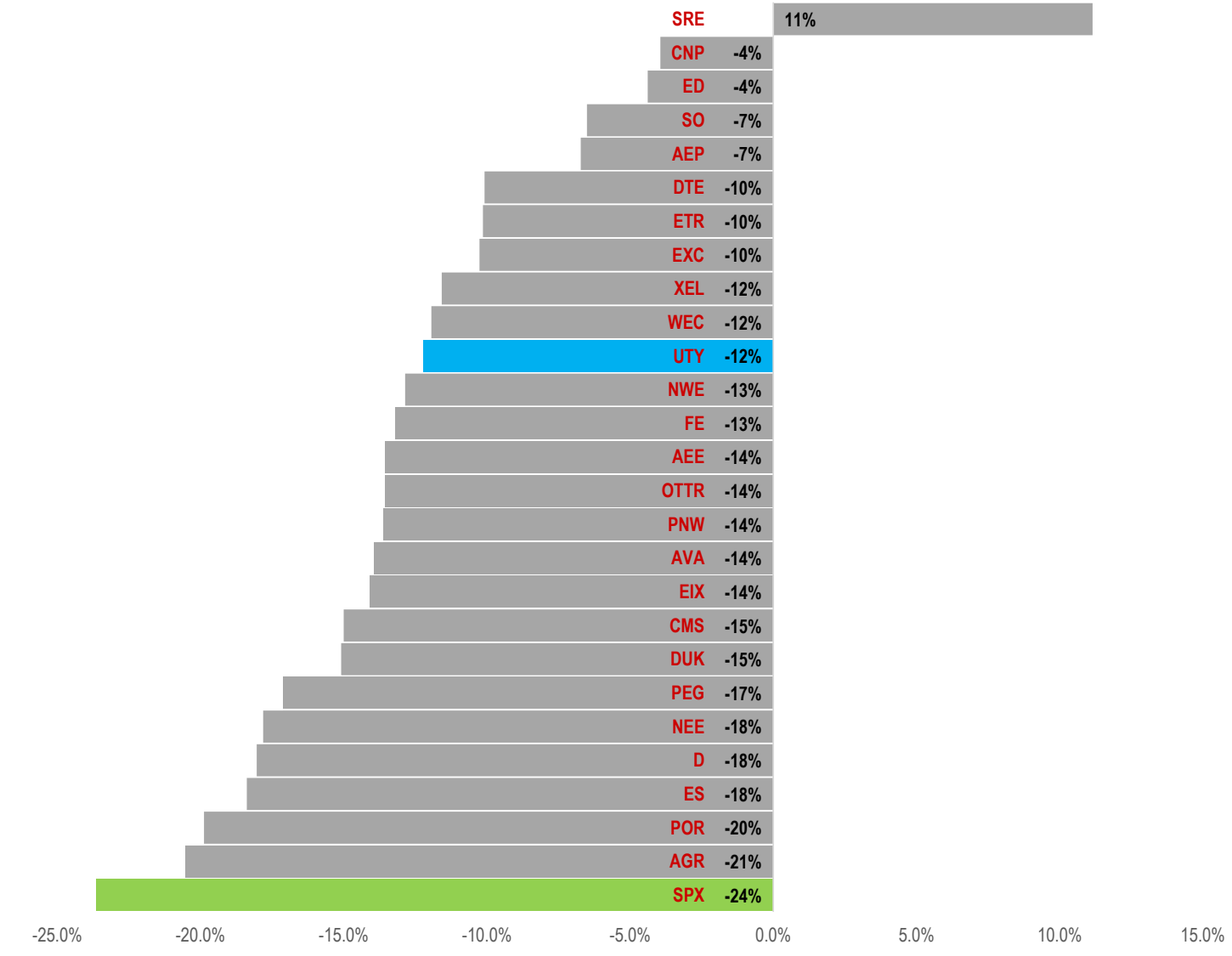

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

AEP: Cleaning Up Its Closet; Takeaways from the Analyst Day

AVA: Notes from Management Meetings

AGR: Analyst Day Takeaways, Reiterate Underweight

DTE: Highlights from Our Management Meetings

FE: A Day of Management Meetings

CNP: On the Road with Management

DUK: Notes from Management Meetings

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

POR: On the Road with Management — Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	295	50.17	62	21.02
Sector Weight [SW]	281	47.79	56	19.93
Underweight [UW]	12	2.04	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	28	51.85	11	39.29
Sector Weight [SW]	23	42.59	11	47.83
Underweight [UW]	3	5.56	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CMS	56.59	Neutral
CNP	27.34	Buy
DTE	110.71	Buy
DUK	90.77	Buy
EXC	37.76	Neutral
FE	36.85	Neutral
PCG	14.63	Buy

Power & Utilities October 7, 2022

The Guggenheim Daily Transmission: DUK, CMS/ DTE, PCG, FE, CA/BOEM, DTE, OR, EXC, CNP, PA/ RGGI

For details on our Guggenheim-hosted client Utility events including our EEI Conference meetings; and other events, scroll down…

2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade (see our note HERE)

DUK – Duke Energy Progress files North Carolina multi-year rate case under HB 951 construct

CMS/DTE – MPSC orders investigation into MI utility storm response

PCG – Media reports second PG&E lawsuit related to Mosquito fire

FE – Ohio Attorney General Dave Yost is pushing back on 33% fee in First Energy ratepayer class-action settlement

CA/BOEM – Now moving towards California offshore wind lease stake by Dec. 31, 2022

DTE – Intervenors file exceptions to proposal for decision in DTE Electric 2022 rate case

OR – OR Governor signs commitment to regional clean energy initiatives

EXC – Delmarva Power files settlement with DPSC

CNP – Houston Electric sees disputes surrounding contracts for mobile generation

PA/RGGI – Gubernatorial candidates debate RGGI

DUK – Duke Energy Progress files North Carolina multi-year rate case under HB 951 construct

- Yesterday, October 6th, DUK's DEP subsidiary in North Carolina filed its planned 4Q22 rate case. The company is asking for a $623.5m rate hike spread over three years, a total increase of 16% by 2025.
- Test year: Dec 31, 2021 (year-end)
- Equity layer: 53% ask (vs. 52% currently authorized)
- ROE: 10.2% ask (vs. 9.6% currently authorized)
- Docket No. E-2, Sub 1300

Guggenheim takeaway: *Investors should recall that HB 951 brought with it not only the potential for multi-year plans to reduce costs on both sides as well as regulatory lag, but also performance-based ratemaking, performance incentive measures, residential decoupling, and sharing mechanisms. Duke Energy Carolinas (DEC) is expected to file its rate case in North Carolina in 1Q23 as per DUK's CEO on the company's 2Q22 call.* ***Next up: Commercial sale announcement where we believe Duke will achieve a very healthy multiple commensurate with recent deals.***

CMS/DTE – MPSC orders investigation into MI utility storm response

- MPSC ordered an investigation into CMS and DTE storm response from last August.
- The utilities are ordered to report on compliance with outage and safety regulations.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- During the most recent storms on Aug. 29, with gusts exceeding 70 mph, nearly half a million Michigan customers were left without electricity for up to several days.
- The report must be filed by Nov. 4, 2022.
- Docket: U-21305
- MPSC release here.

Guggenheim takeaway:*FYI. MPSC taking proactive steps in addressing reliability issues. While the audit could be a downside risk, we note that the weather conditions could be stronger than design parameters in certain areas. Looking at past storm audits, DTE in particular scored well, with the least criticism from staff and intervenors.*

PCG – Media reports second PG&E lawsuit related to Mosquito fire

- Media has reported on a second lawsuit stemming from the Mosquito fire.
- The lawsuit was filed on behalf of residents who suffered property losses and damages due to the Mosquito Fire.
- The USFS has indicated to Pacific Gas and Electric Company an initial assessment that the fire started in the area of the Utility's power line on National Forest System lands and that the USFS is performing a criminal investigation into the 2022 Mosquito fire.
- On September 24, 2022, the USFS removed and took possession of one of the Utility's transmission poles and attached equipment.
- The Utility's investigation is ongoing.

Guggenheim takeaway: *FYI. The Mosquito fire destroyed or damaged 91 structures. While it is one of the biggest fires of 2022, the damage estimates remain below what we see as insurance thresholds. The lawsuit is standard process for fire victims to recognize their claims regardless of prudency reviews.*

FE – Ohio Attorney General Dave Yost is pushing back on 33% fee in First Energy ratepayer class-action settlement

- Ohio's AG has filed an objection (link HERE) on behalf of three state agencies, suggesting that a 10% fee is more appropriate based on the fact that the heavy lifting of discovering the crimes and stopping collection of the rider were done by the Ohio Attorney General's Office and the US Attorney.
- More HERE.

Guggenheim takeaway: *If accepted, Yost's objection would send an additional $10m. Attorneys would still receive approximately $5 million in fees. The court is scheduled to hold a hearing on objections on Nov. 9. Just more noise... we still remain on the sidelines pending more visibility around federal investigations, which can become very noisy post jury selection, Ohio investigations and CEO search… we remind investors that FE will need to file a rate case in time as well.*

CA/BOEM – Now moving towards California offshore wind lease stake by Dec. 31, 2022

- Yesterday, Oct. 6th, BOEM stated that it is working to hold a California offshore wind lease auction by the end of 2022.
- The final Environmental Assessment (EA) assesses potential impacts from the issuance of leases within nearly 240,898 acres (376 square miles) of the Morro Bay WEA off the coast of San Luis Obispo County, California.
- Recall that earlier this week, BOEM announced that it had completed its environmental review of the potential impacts of leases for offshore wind development in California's Morro Bay Wind Energy Area and proceeded to issue a "*finding of no significant impacts to environmental resources.*"
- More HERE.

Guggenheim takeaway: *Recall that the California Energy Commission (CEC) adopted an offshore wind report on Aug. 10, 2022, which set an initial goal of up to 5 GW of offshore wind by 2030 and a cumulative 25 GW by 2045 in order to achieve California's goal of 100% of its power being carbon-free by 2045. The report was developed as part of AB 525, which took effect Jan. 1st of this year, and required the commission to develop a strategic plan for offshore wind energy deployment in federal waters off of California's coast.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

DTE – Intervenors file exceptions to proposal for decision in DTE Electric 2022 rate case

- Intervenors filed exceptions to the PFD in the DTE 2022 electric rate case.
- The PFD largely maintains DTE fundamentals in ratemaking – with an ROE of 9.9% (flat vs. prior) and a 50% headline equity ratio (39.62% of the ratemaking capital structure, as requested and 130bp improvement vs. prior authorized).
- PFD recommends that the Commission adopt DTE's capital structure and common equity balance, along with a long-term debt cost of 3.69%, a short-term debt cost of 1.74%.
- MPSC authorized a $146M rate increase vs. $368M requested and $167M recommended by staff.
- The PFD recommends a $777M reduction in rate base (3.7%), from $21.2B requested to $20.5B, adjusting for projected spending and plant in service dates.
- Docket: U-20836

Guggenheim takeaway: *FYI. A generally constructive outcome resolving the rate case. We are still working through the 700+ pages of PFD testimony, but find that a majority of ratemaking issues are approached in a balanced manner, including cost of capital where the commission follows precedent from previous rate case final orders (9.9% ROE), noting the rate of return "should not be so high as to place an unnecessary burden on ratepayers, yet should be high enough to ensure investor confidence in the financial soundness of the enterprise". The debt parameters at DTE Electric are a bit tight given the steep rise in interest rates, but not a big issue as DTE remains a serial filer (annual rate case cycle).*

OR – OR Governor signs commitment to regional clean energy initiatives

- The regional policy agreement seeks a transition to cleaner energy and climate change action including:
  - expanding access by communities to low-carbon technologies,
  - extending the existing network of charging stations for electric vehicles,
  - promoting a cleaner electric grid,
  - doing more to avert wildfires and limit smoke and other impacts.
- Media Coverage here.

Guggenheim takeaway:*FYI. Continued commitment for West Coast states to adopt cleaner energy policy..*

EXC – Delmarva Power files settlement with DPSC

- DPL filed a gas rate case settlement with the Delaware PSC.
- The settlement includes DPL, Staff, Public Advocate and DEUG.
- The settlement proposes a total revenue requirement of 13.4M, with a rate effective date of November 1, 2022.
- Settlement is premised on rate of return on equity of 9.60% and an overall rate of return of 6.57% based on the company's cost of debt of 3.56% and its capital structure at December 31, 2021, consisting of 49.94% of common equity and 50.06% of long-term debt.
- Docket: 22-0002

Guggenheim takeaway:*FYI. Constructive datapoint for clearing regulatory proceedings for EXC. The settlement is small in terms of relative size but generally in line with our assumptions.*

CNP – Houston Electric sees disputes surrounding contracts for mobile generation

- Media reported on a new legal dispute with CNP over contracts signed in support of the new mobile generation program.
- CNP started the program as part of the support for state resiliency policy in the aftermath of winter storm Uri.
- Media here.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim takeaway:*FYI.*

PA/RGGI – Gubernatorial candidates debate RGGI

- RGGI would require power generators to pay for pollution allowances in an effort to lower emissions.
- Doug Mastriano has cast Gov. Tom Wolf's support of RGGI as ignoring Pennsylvania voters without a public benefit.
- An injunction has delayed Pennsylvania from becoming a part of RGGI.
- Media HERE, HERE, and HERE.

Guggenheim takeaway:*Interesting bill headroom data point as RGGI remains a very noisy topic in PA.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

GUGGENHEIM



Invite: 57th EEI Financial Conference

Dates
November 13 - 15, 2022

Location
The Diplomat Beach Resort
Hollywood, FL

Company Dinners (Hosted by Guggenheim)

Sunday, November 13, 2022

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Hyde Beach House — 4010 South Ocean Drive, Hollywood, FL 33019

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Terrazas at Hyde Hollywood — 4111 S Ocean Drive, Hollywood, FL 33019

Monday, November 14, 2022

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
ETARU — 111 S Surf Rd, Hallandale Beach, FL 33009

Guggenheim Hosted Utilities Investor Discussion Panel with Shar Pourreza and Trading/Sales

Tuesday, November 15, 2022

6:00 p.m. | *Billy's Stone Crab — 400 North Ocean Drive, Hollywood, FL 33019*

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 13th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	ALE
3:00PM	CNP
4:00PM	AWK
5:00PM	AVA

Monday, November 14th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AEP
4:00PM	D
5:00PM	NI

Tuesday, November 15th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
10:00AM	NEE
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	ES
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim's Power & Utility Comp Sheet

10/6/2022		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$49.72	2,838	3.75	3.91	4.14	4.43	3.74	3.92	4.12	4.41	–	–	–	–	13.3x	12.7x	12.1x	11.3x	-24%	-24%	-22%	-22%	5.7%	5.4%	72%	Neutral	$66	38%	Neutral	$63	31%
AVA	$37.39	2,729	1.94	2.47	2.59	2.72	1.95	2.45	2.63	2.78	–	–	(0.04)	(0.06)	19.2x	15.3x	14.2x	13.4x	9%	-8%	-8%	-8%	11.9%	4.9%	94%	Sell	$34	-4%	Neutral	$40	11%
NWE	$50.10	2,813	3.30	3.57	3.88	4.05	3.30	3.51	3.59	3.96	–	0.06	0.29	0.09	15.2x	14.3x	13.9x	12.7x	-13%	-14%	-10%	-13%	7.1%	5.1%	78%	Neutral	$58	21%	Buy	$60	25%
POR	$43.74	3,903	2.83	2.92	3.02	3.18	2.82	2.81	3.01	3.20	–	0.11	–	–	15.5x	15.6x	14.6x	13.7x	-12%	-6%	-6%	-6%	4.0%	4.3%	66%	Buy	$56	32%	Neutral	$52	24%
		12,283													**15.8x**	**14.5x**	**13.7x**	**12.8x**	**-10%**	**-13%**	**-12%**	**-12%**	**7.2%**	**4.9%**	**77%**						
Mid/Large Cap Electric																														
AEE	$78.84	20,348	4.04	4.32	4.64	4.95	4.08	4.36	4.65	5.01	(0.04)	(0.04)	–	(0.06)	19.3x	18.1x	17.0x	15.7x	10%	9%	9%	8%	7.0%	3.1%	61%	Buy	$99	29%	Buy	$99	29%
AEP	$84.51	43,416	5.00	5.30	5.64	6.00	4.99	5.28	5.62	6.00	–	–	–	–	16.9x	16.0x	15.0x	14.1x	-4%	-4%	-3%	-3%	6.3%	3.9%	66%	Buy	$109	33%	Buy	$108	31%
CMS	$56.59	16,422	2.88	3.14	3.41	3.64	2.88	3.13	3.34	3.66	–	–	0.07	–	19.6x	18.1x	16.9x	15.5x	12%	9%	9%	6%	8.1%	3.4%	67%	Neutral	$70	27%	Buy	$71	29%
CNP	$27.34	17,209	1.38	1.49	1.61	1.73	1.39	1.50	1.59	1.74	–	–	–	–	19.7x	18.2x	17.2x	15.7x	12%	9%	11%	8%	7.8%	2.6%	52%	Buy	$35	31%	Buy	$33	25%
D	$65.96	54,912	4.12	4.40	4.70	5.00	4.11	4.37	4.69	5.00	–	–	–	–	16.0x	15.1x	14.1x	13.2x	-9%	-9%	-9%	-9%	6.7%	4.2%	68%	Buy	$90	41%	Buy	$88	37%
DTE	$110.71	21,449	6.06	6.29	6.73	7.13	6.02	6.26	6.69	7.14	0.04	0.03	0.04	–	18.4x	17.7x	16.6x	15.5x	5%	7%	6%	7%	5.6%	3.4%	62%	Buy	$145	34%	Buy	$139	29%
DUK	$90.77	69,893	5.48	5.81	6.15	6.50	5.45	5.75	6.14	6.51	0.03	0.06	–	–	16.7x	15.8x	14.8x	13.9x	-5%	-5%	-5%	-4%	5.9%	4.5%	75%	Buy	$119	36%	Buy	$112	28%
ED	$84.00	29,785	4.51	4.85	5.16	5.47	4.51	4.81	5.10	5.37	–	0.04	0.06	0.10	18.6x	17.5x	16.5x	15.7x	6%	5%	6%	8%	6.6%	3.9%	72%	Neutral	$94	16%	Sell	$87	8%
EIX	$58.65	22,371	4.64	4.92	5.25	5.60	4.51	4.87	5.26	5.47	0.13	0.05	–	0.13	13.0x	12.1x	11.1x	10.7x	-26%	-27%	-28%	-26%	6.5%	4.9%	63%	Buy	$82	45%	Buy	$73	29%
ES	$75.49	26,153	4.10	4.42	4.75	5.11	4.11	4.39	4.64	5.03	–	0.03	0.11	0.08	18.4x	17.2x	16.3x	15.0x	5%	4%	5%	3%	7.6%	3.5%	65%	Buy	$97	32%	Neutral	$93	27%
ETR	$102.71	20,893	6.43	6.81	7.21	7.57	6.35	6.77	7.26	7.70	0.08	0.04	(0.05)	(0.13)	16.2x	15.2x	14.2x	13.3x	-8%	-9%	-9%	-8%	5.6%	4.1%	66%	Buy	$129	30%	Buy	$129	29%
EVRG	$58.03	13,317	3.56	3.77	4.02	4.30	3.56	3.77	4.05	4.23	–	–	–	0.07	16.3x	15.4x	14.3x	13.7x	-7%	-7%	-8%	-6%	6.5%	4.2%	69%	Buy	$77	37%	Buy	$71	26%
EXC	$37.76	37,449	2.27	2.41	2.58	2.82	2.26	2.41	2.57	2.79	–	–	–	–	16.7x	15.7x	14.7x	13.5x	-5%	-6%	-6%	-7%	7.5%	3.9%	64%	Neutral	$49	34%	Buy	$49	33%
FE	$36.85	21,056	2.40	2.57	2.75	2.95	2.42	2.53	2.74	2.87	–	0.04	–	0.08	15.2x	14.5x	13.4x	12.8x	-13%	-12%	-14%	-12%	7.1%	4.3%	66%	Neutral	$43	21%	Buy	$45	27%
LNT	$51.25	12,860	2.78	2.90	3.04	3.23	2.78	2.92	3.08	3.28	–	–	(0.04)	(0.05)	18.5x	17.6x	16.6x	15.6x	5%	6%	7%	8%	5.1%	3.5%	65%	Neutral	$60	21%	Buy	$64	29%
OGE	$35.91	7,189	1.99	2.06	2.21	2.30	2.12	2.06	2.17	2.29	(0.13)	–	0.04	–	16.9x	17.4x	16.6x	15.7x	-4%	5%	7%	8%	4.9%	4.7%	85%	Buy	$43	24%	Buy	$42	20%
PCG	$14.63	29,080	1.11	1.24	1.34	1.45	1.10	1.23	1.34	1.44	–	–	–	–	13.3x	11.9x	10.9x	10.2x	-24%	-28%	-30%	-30%	9.3%	0.6%	8%	Buy	$19	30%	Buy	$16	13%
PEG	$56.66	28,265	3.53	3.58	4.06	4.39	3.48	3.59	4.00	4.33	0.05	–	0.06	0.06	16.3x	15.8x	14.2x	13.1x	-7%	-5%	-9%	-10%	7.5%	4.0%	64%	Buy	$76	38%	Buy	$74	34%
PNW	$62.73	7,091	4.05	4.25	4.50	4.75	4.02	4.19	4.48	4.73	–	0.06	–	–	15.6x	15.0x	14.0x	13.3x	-11%	-10%	-10%	-9%	5.5%	5.6%	87%	Sell	$60	1%	Sell	$72	20%
PPL	$25.44	18,729	1.39	1.58	1.70	1.81	1.41	1.60	1.70	1.82	–	–	–	–	18.0x	15.9x	15.0x	14.0x	3%	-4%	-4%	-4%	9.2%	3.7%	68%	Buy	$33	33%	Buy	$31	26%
SO	$65.73	69,840	3.60	3.80	4.15	4.40	3.59	3.80	4.08	4.40	–	–	0.07	–	18.3x	17.3x	16.1x	14.9x	4%	4%	4%	3%	6.9%	4.2%	77%	Buy	$80	26%	Neutral	$76	19%
WEC	$86.52	27,291	4.40	4.59	4.89	5.21	4.39	4.61	4.90	5.22	–	–	–	–	19.7x	18.8x	17.7x	16.6x	12%	13%	14%	14%	5.8%	3.5%	69%	Neutral	$104	24%	Neutral	$105	25%
Mid/Lg Cap (excl. EIX, PCG)															**17.6x**	**16.6x**	**15.5x**	**14.5x**					**6.7%**	**3.9%**	**68%**						
Regulated Electrics		**627,300**													**17.3x**	**16.2x**	**15.2x**	**14.3x**					**6.7%**	**4.1%**	**70%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	'22–'25 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$34.28	3,753	2.21	2.41	2.47	2.69	2.14	2.30	2.42	2.57	0.07	0.11	0.05	0.12	16.0x	14.9x	14.2x	13.4x	-9%	-10%	-9%	-8%	6.8%	4.2%	66%	Neutral	$41	24%	Sell	$41	24%
NEE	$78.91	155,041	2.84	3.07	3.38	3.66	2.87	3.11	3.38	3.65	(0.03)	(0.04)	–	–	27.5x	25.4x	23.4x	21.6x	56%	53%	50%	49%	8.8%	2.3%	64%	Buy	$108	39%	Buy	$96	25%
SRE	$148.91	46,804	8.54	9.08	9.58	10.21	8.64	9.05	9.68	10.19	(0.10)	0.03	(0.10)	–	17.2x	16.5x	15.4x	14.6x	-2%	-1%	-1%	0%	6.1%	3.3%	57%	Buy	$174	20%	Buy	$175	21%
		205,597													**20.2x**	**18.9x**	**17.6x**	**16.5x**	**15%**	**14%**	**13%**	**14%**	**7.2%**	**3.3%**	**62%**						
Gas LDCs																														
NI	$25.10	10,189	1.45	1.53	1.70	1.84	1.45	1.55	1.74	1.90	–	–	(0.04)	(0.06)	17.3x	16.2x	14.4x	13.2x	0%	-1%	-5%	-7%	8.3%	3.9%	68%	Buy	$32	31%	Buy	$33	34%
CPK	$114.64	2,033	5.13	5.55	5.93	6.32	5.11	5.56	5.88	6.25	–	–	0.05	0.07	22.4x	20.6x	19.5x	18.3x	30%	27%	28%	29%	7.2%	1.9%	43%	Neutral	$136	21%	Buy	$141	25%
NJR	$39.76	3,826	2.45	2.43	2.64	2.81	2.46	2.46	2.73	2.84	–	–	(0.09)	–	16.2x	16.2x	14.6x	14.0x	-6%	-1%	-4%	-2%	4.7%	3.9%	64%	Neutral	$41	7%	Neutral	$46	19%
NWN	$43.31	1,484	2.56	2.73	2.83	2.98	2.52	2.68	2.75	3.00	0.04	0.05	0.08	–	17.2x	16.2x	15.8x	14.5x	-1%	-0%	3%	1%	5.2%	4.5%	76%	Neutral	$49	18%	Buy	$55	31%
OGS	$71.16	3,852	4.08	4.38	4.65	5.00	4.08	4.38	4.64	4.99	–	–	–	–	17.4x	16.2x	15.3x	14.3x	1%	-0%	1%	0%	7.0%	3.7%	64%	Neutral	$86	25%	Buy	$88	28%
SJI	$33.26	4,073	1.71	1.82	1.94	2.05	1.73	1.79	1.88	1.94	–	0.03	0.06	0.11	19.2x	18.6x	17.7x	17.1x	11%	14%	16%	20%	6.2%	3.8%	74%	Neutral	$36	12%	Neutral	$36	12%
SR	$62.97	3,305	3.84	4.27	4.91	5.03	3.89	4.36	4.60	4.88	(0.05)	(0.09)	0.31	0.16	16.2x	14.4x	13.7x	12.9x	-6%	-11%	-10%	-9%	9.4%	4.6%	75%	Neutral	$67	11%	Neutral	$76	26%
		28,764													**18.0x**	**16.9x**	**15.9x**	**14.9x**	**4%**	**4%**	**4%**	**5%**	**6.9%**	**3.8%**	**66%**						
Regulated Water																														
AWK	$131.24	23,858	4.44	4.85	5.23	5.70	4.44	4.82	5.19	5.64	–	–	0.04	0.06	29.6x	27.2x	25.3x	23.3x	68%	64%	63%	60%	8.7%	2.1%	62%	Neutral	$155	20%	Neutral	$162	26%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$86.28	28,185	2,605	3,269	3,424	3,675	2,635	3,133	3,451	3,685	(30)	136	(27)	–	12.4x	10.0x	8.6x	7.6x	32,772	31,391	29,813	28,079	12.2%	0.8%	19%	Buy	$121	41%	Buy	$92	7%
NRG	$41.10	9,665	2,008	2,247	2,312	2,276	1,988	2,252	2,371	2,340	–	–	(59)	(64)	8.4x	7.2x	6.5x	6.1x	16,650	16,105	15,494	14,167	4.3%	3.6%	31%	Neutral	$43	8%	Buy	$43	8%
VST	$22.65	9,430	3,117	3,508	3,555	3,738	3,157	3,696	3,567	3,348	(40)	(188)	–	391	6.3x	5.3x	5.4x	5.4x	19,985	19,665	19,209	18,207	6.2%	3.4%	26%	Buy	$32	45%	Buy	$32	43%
Other																														
ALTO	$3.81	283	59	74	75	76	54	167	255	305	–	(93)	(179)	(229)									9.0%	–	–	Buy	$11	189%	Buy	$12	206%
IEA	$13.72	667	147	164	174	178	145	165			–	–	–	–									6.7%	–	–	Neutral	$14	2%	Buy	$14	0%
NEP	$74.26	6,231	1,660	1,775	1,889	2,003	1,771	1,954	2,161	2,312	(111)	(179)	(272)	(309)									6.5%	4.4%	–	Buy	$85	19%	Buy	$87	21%
SMR	$11.51	489	(156)	(100)	(57)	8	(146)	(85)	(54)	9	–	–	–	–										–	–	Buy	$18	56%	Buy	$17	51%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

Year-to-Date Trailing Share Price Performance

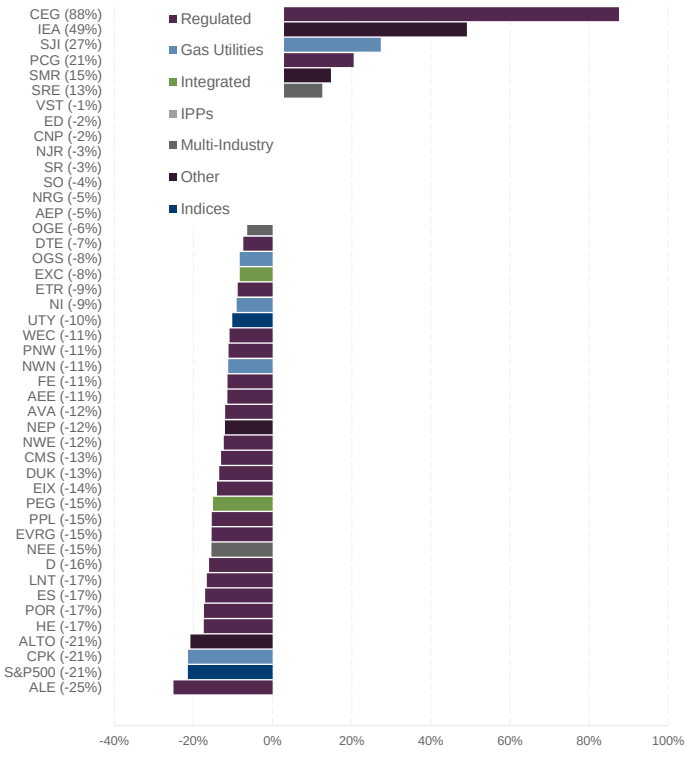

Three-Month Trailing Share Price Performance

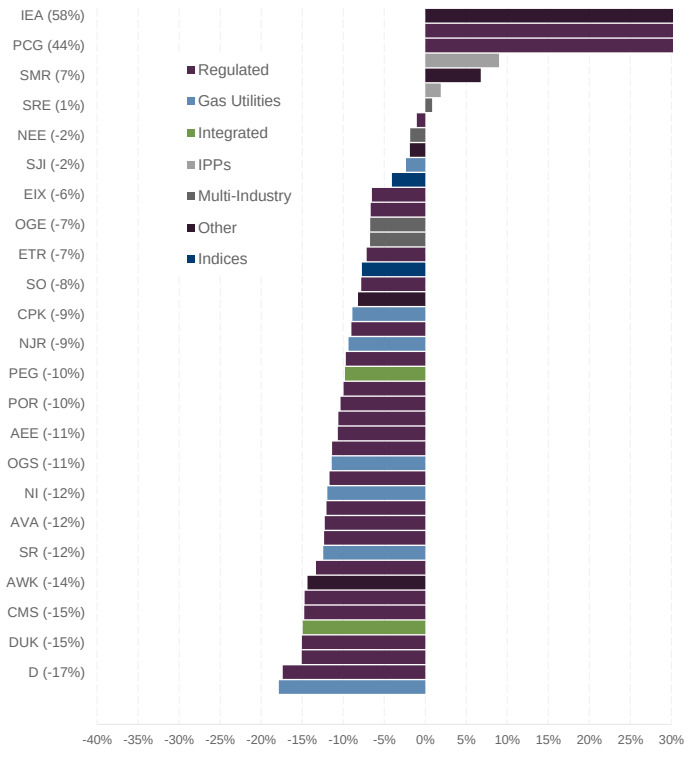

One-Month Trailing Share Price Performance

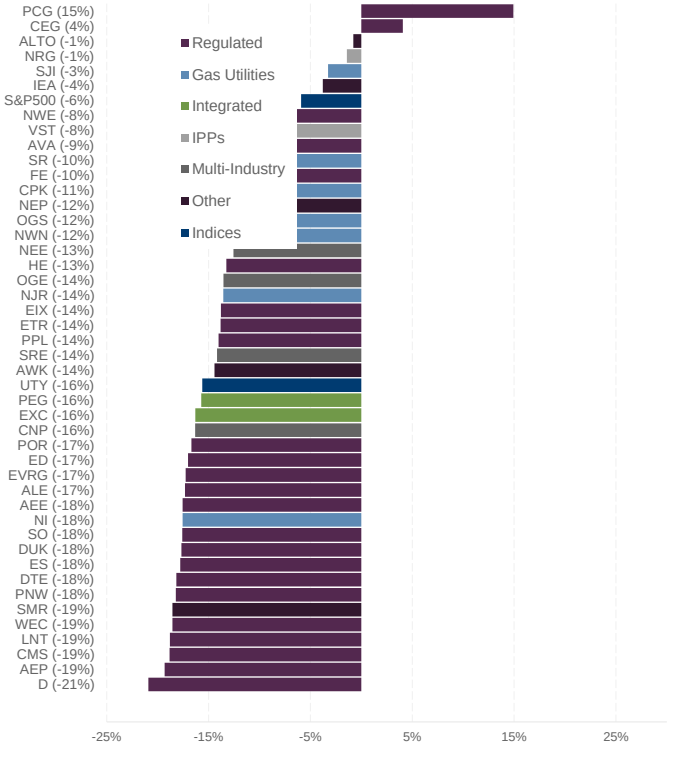

Five Day Trailing Share Price Performance

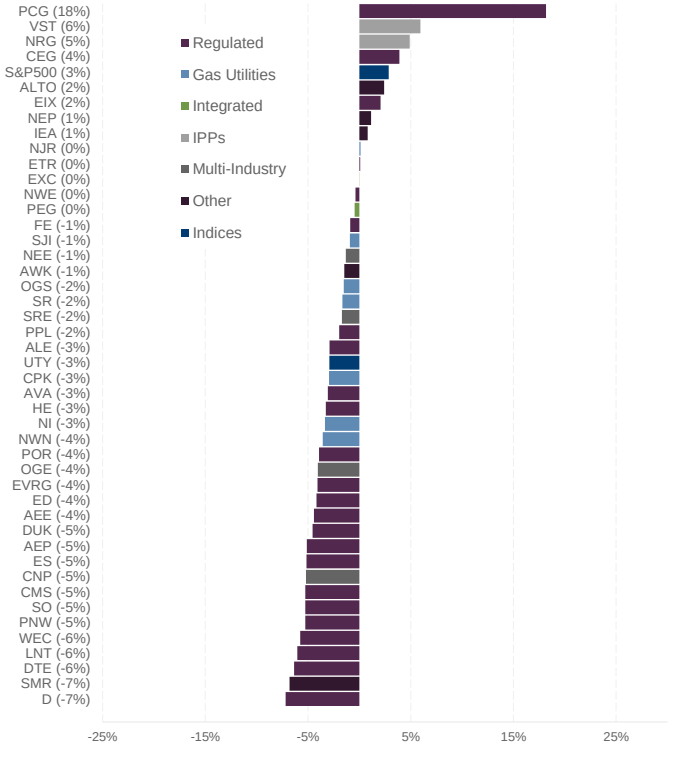

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim 2022 Client and Corporate Access Utility Events

Ticker	Dates	Regions
PNW	1/24	Virtual
Quarterly Utility Roundtable	1/26	Virtual
Commissioners Meeting	1/26	Virtual
DUK	2/14	Virtual
WEC	2/16 & 2/18	Virtual
PCG	2/17	In Person at Guggenheim
D	2/23	Virtual
ETR	3/16–3/17	NYC and Boston
AEE	3/22	Virtual
NWE	3/24	Virtual
D	3/28	NYC Dinner
NJ Utilities Dinner	3/31	NJ Dinner
Quarterly Utility Roundtable	4/20	NYC Dinner
CNP	5/9–5/10	NYC
AGA Conference	5/17–5/18	Miami
EVRG	5/23–5/24	Virtual/Boston
AWK	5/26	New York
EXC	5/31-6/2	Midwest (5/31-6/1) & Texas (6/2)
LNT	6/6–6/7	NYC/Boston
ES	6/8	Virtual
SO	6/9–6/10	West Coast
PPL	6/13	NYC/Virtual
CMS	6/15	Virtual
OGE	6/29	NYC/Virtual
EIX	7/8	Boston
SO Meeting, Porsche racing, baseball, & GA PSC	7/11–7/12	Atlanta
DTE	8/8–8/9	New York
POR	8/9–8/10	New York
NEE	8/30–9/2	West Coast
PCG Group Video Call	9/6	Virtual
CEG	9/7–9/9	NY (9/7-8) & Boston (9/9)
OGS	9/27–9/28	New York
EEI Conference	11/13–11/15	Hollywood, FL

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Generation and Mix

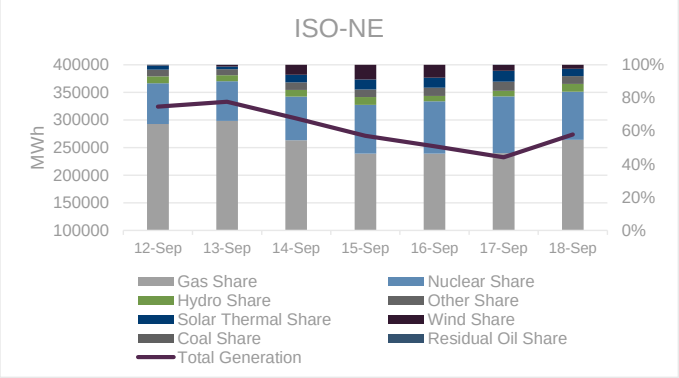

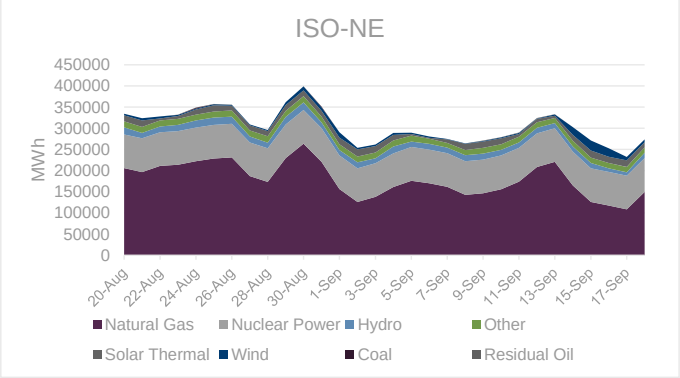

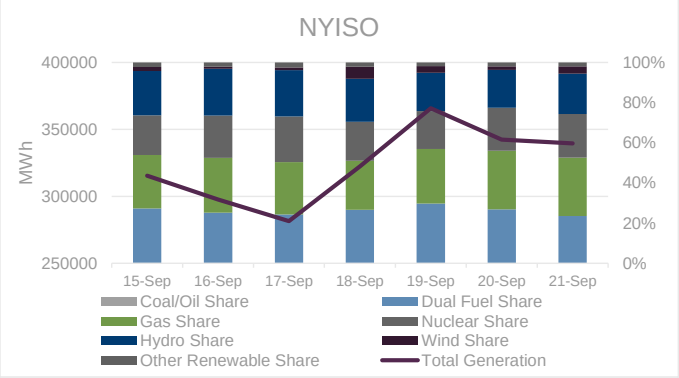

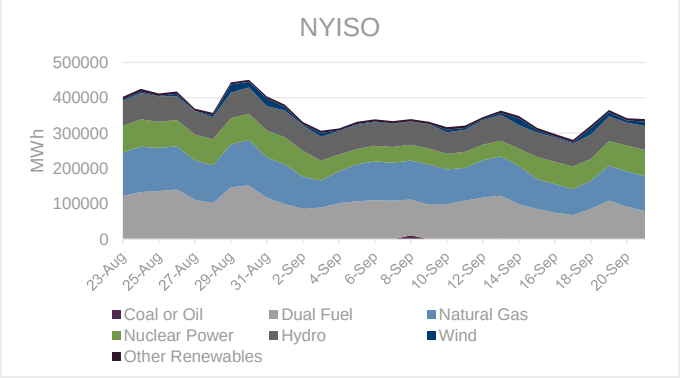

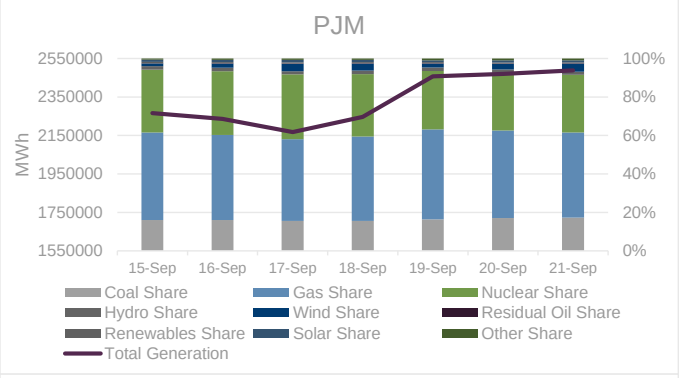

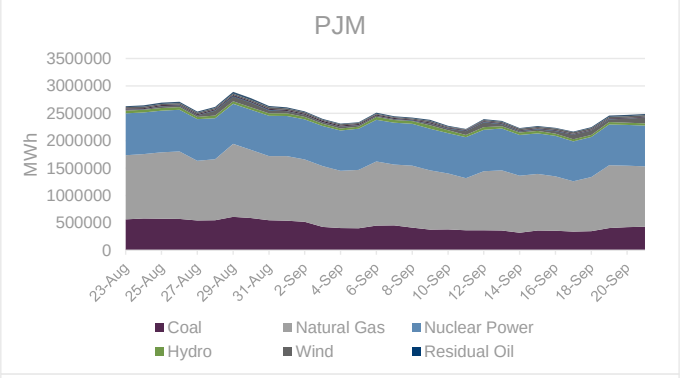

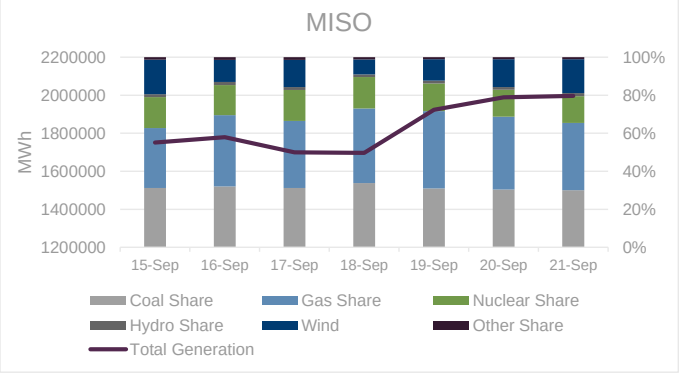

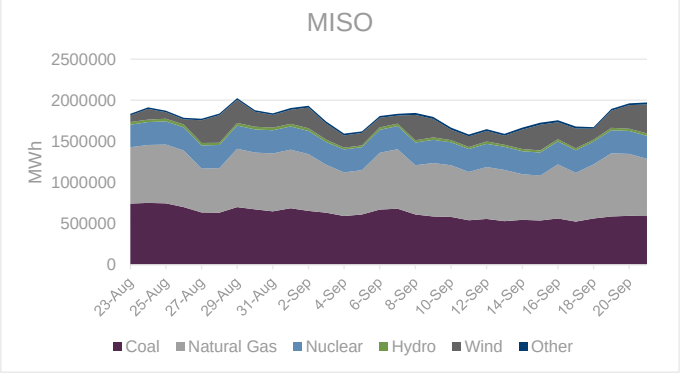

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

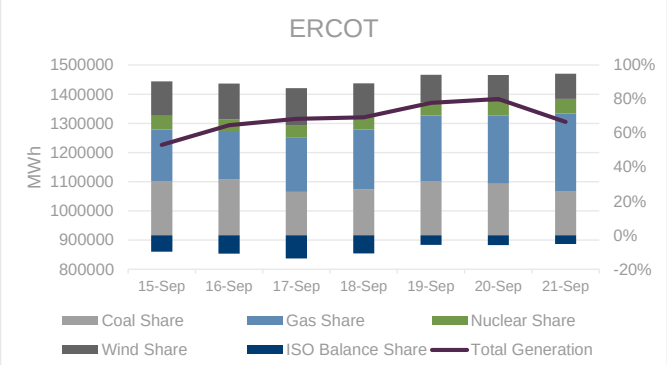

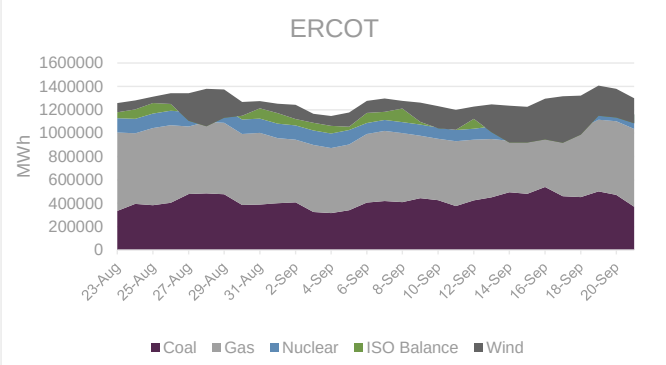

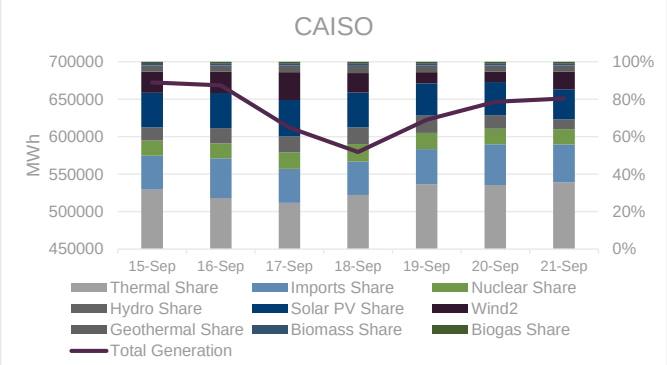

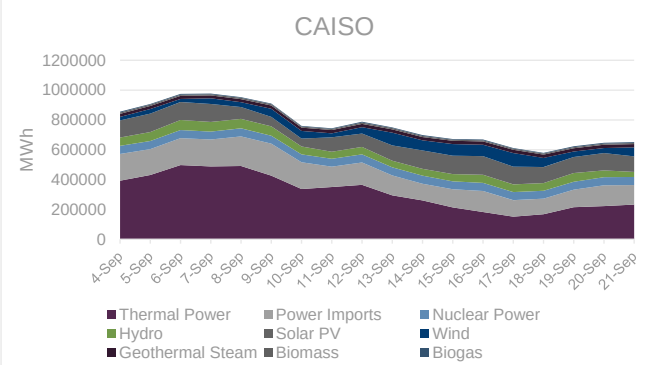

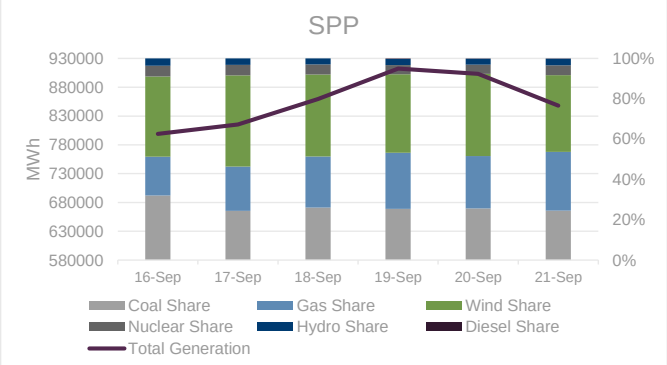

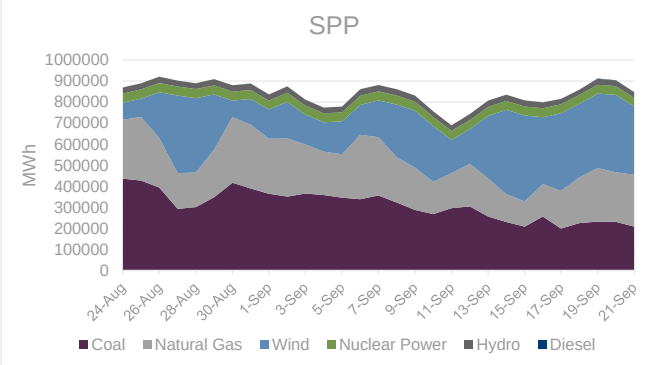

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Weather

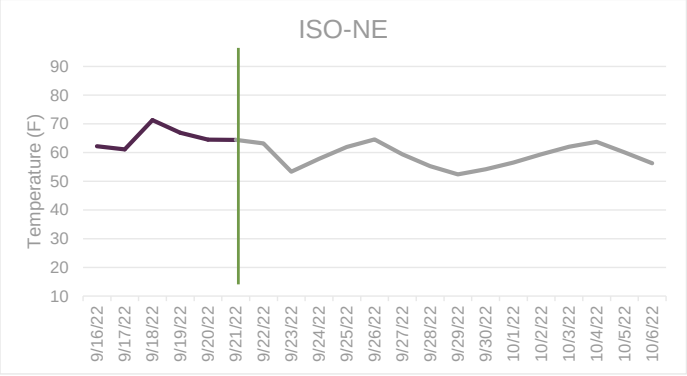

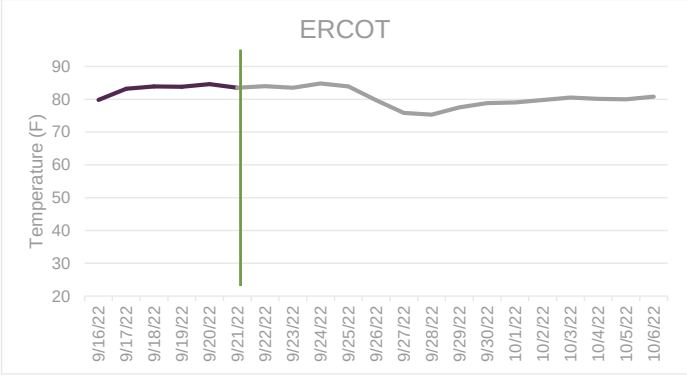

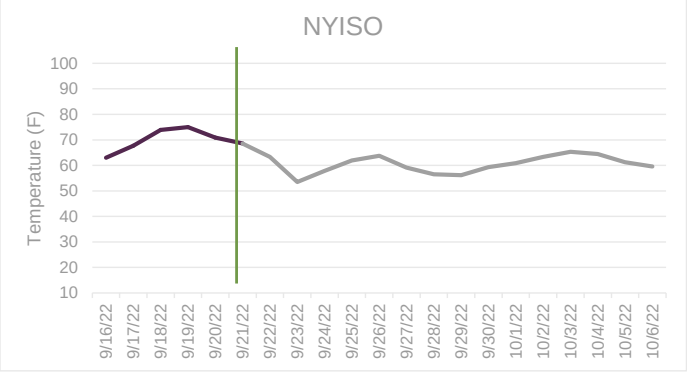

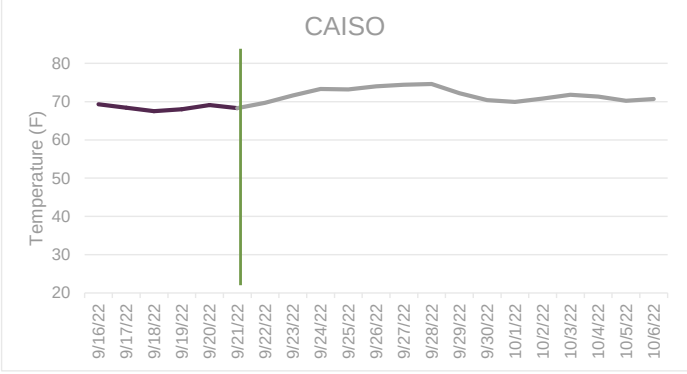

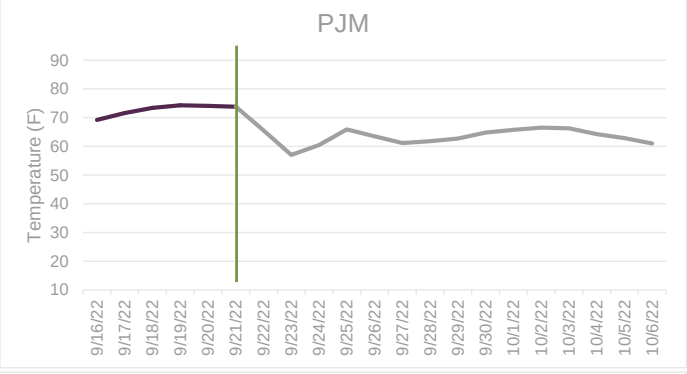

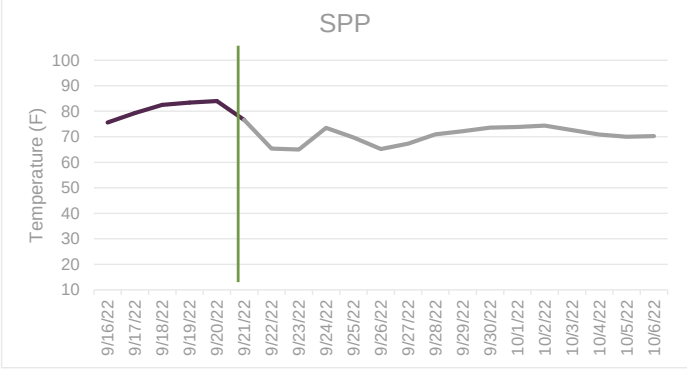

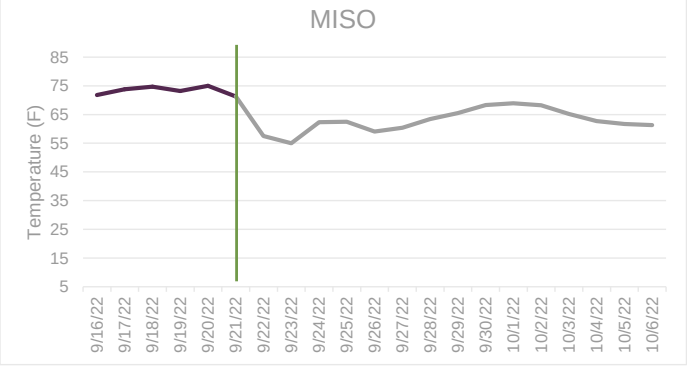

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Peak Load

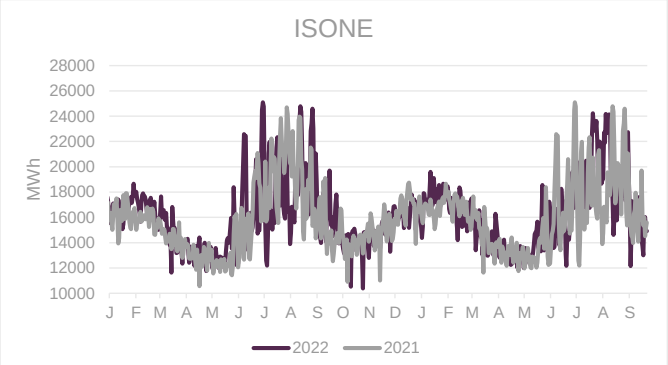

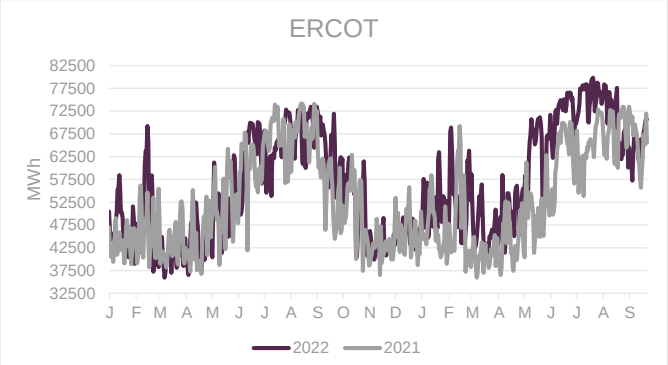

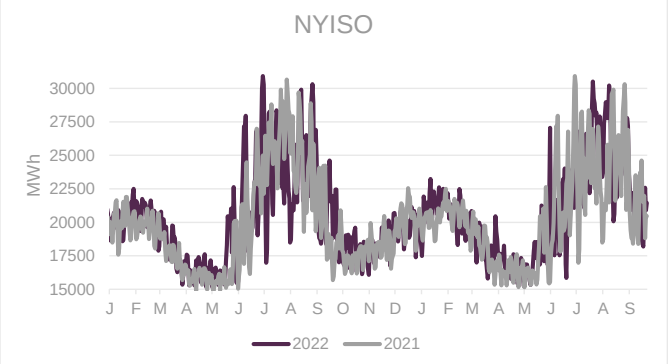

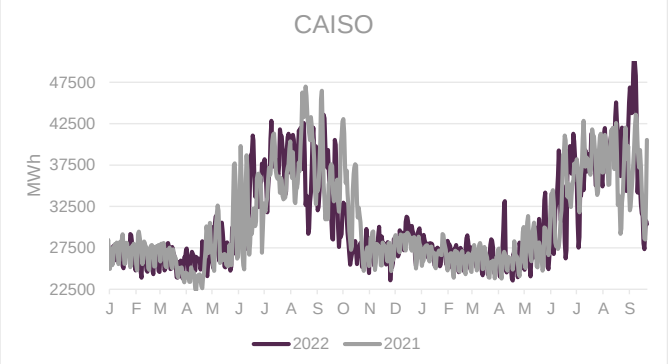

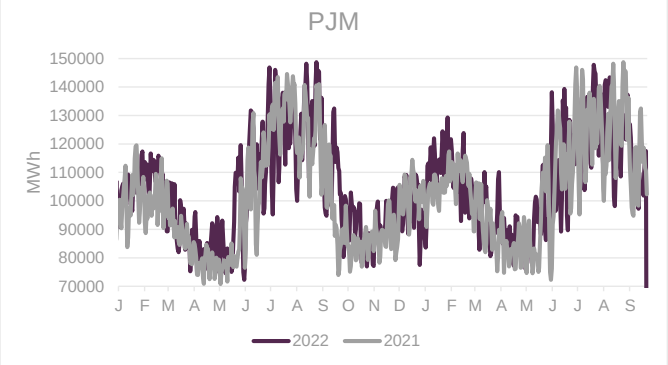

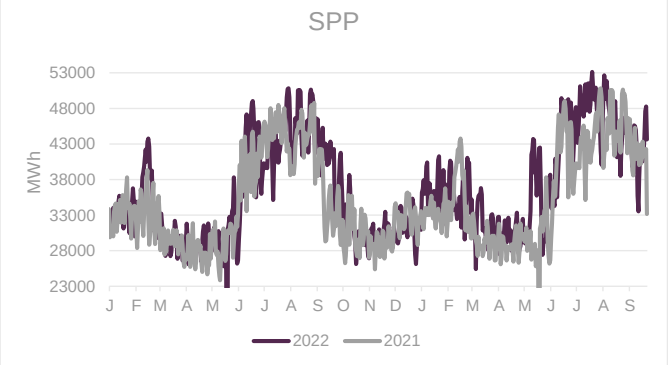

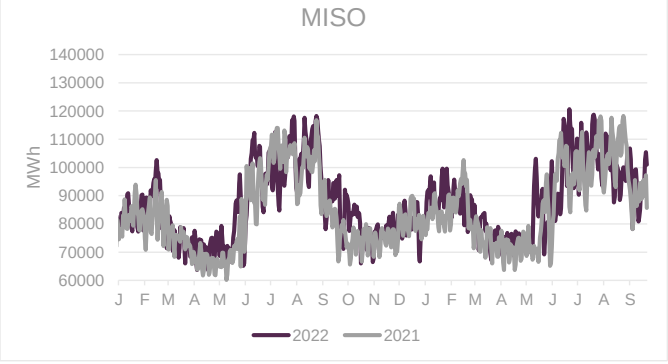

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
ISONE	6.2%	0.0%	-0.5%	1.5%	-1.2%	6.6%
NYISO	6.1%	-0.3%	0.6%	2.1%	-0.1%	4.7%
PJM	8.0%	3.1%	2.5%	3.9%	3.8%	0.9%
MISO	7.2%	3.4%	2.5%	4.0%	5.0%	0.6%
CAISO	4.0%	-0.2%	-2.6%	1.6%	1.2%	2.9%
ERCOT	1.9%	4.4%	2.5%	13.7%	19.1%	7.6%
SPP	3.2%	6.3%	0.5%	5.9%	9.7%	5.8%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (10/1/2022 - 12/31/2022)

Date	State	Ticker	Utility/Event	Docket	Description
9/26/2022-10/5/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Hearings scheduled in rate case
9/27/2022-10/4/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Hearings scheduled in rate case
9/27/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2021-00142 (Rider OSW)	Replies due to comments on reconsideration
9/28/2022-10/4/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Hearing scheduled in electric rate case
9/30/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Reply briefs due in cost of capital proceeding
9/30/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Reply briefs due in cost of capital proceeding
9/30/2022	MA	ES	Boston Gas Co.	DPU 22-74	DPU decision expected on performance-based rate adjustment
9/30/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Comments due in SAVE rider update proceeding
10/1/2022-10/31/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00033 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/1/2022	SC	DUK	Piedmont Natural Gas Co.	D-2022-89-G	Commission order expected
10/1/2022-10/15/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Hearing Examiner's report may be issued in ERAC proceeding
10/3/2022	MN	CNP	CenterPoint Energy Resources	D-G-008/GR-21-435	Commission decision expected
10/4/2022	FL	NEE	Florida Power & Light Co.	20210015 - ROE trigger	Hearing, possible commission decision in limited issue proceeding
10/5/2022-10/6/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00020 (BC-RAC)	Hearings scheduled in BC-RAC proceeding
10/5/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Intervening parties to file testimony in Rider B proceeding
10/7/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Rebuttal testimony due in rate proceeding
10/12/2022	DE	EXC	Delmarva Power & Light Co.	D-22-0002	Evidentiary hearings to take place in gas rate proceeding
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Initial briefs due
10/13/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Initial briefs due
10/14/2022-10/28/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	Briefs to be filed in rate case
10/14/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Gas)	Reply briefs due
10/19/2022-11/2/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	Briefs to be filed in rate case
10/19/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Staff to file testimony in RIder B case
10/20/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	Final order due
10/20/2022	WI	WEC	Wisconsin Public Service Corp.	D-6690-UR-127 (Elec)	Reply briefs due
10/26/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Briefs due in electric rate case
10/28/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Public Utility Law Judge to issue proposed order in rate case — suspended due to settlement talks
10/31/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	Administrative Law Judge's recommended decision likely in rate case
10/31/2022	VA	AEP	Appalachian Power Co.	C-PUR-2022-00001 (E-RAC)	Decision likely to be issued in ERAC proceeding
10/31/2022	VA	D	Virginia Electric & Power Co.	C- PUR-2022-00062(Rider RBB)	Decision expected in Rider RBB proceeding
10/31/2022	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00115 (SAVE)	Decision may be issued in SAVE Rider proceeding
10/31/2022	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in late October in ENEC proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Metro Inc	C-ER-2022-0129	Decision possible in rate proceeding
11/1/2022-11/30/2022	MO	EVRG	Evergy Missouri West	C-ER-2022-0130	Decision possible in rate proceeding
11/1/2022	OR	NWN	Northwest Natural Gas Co.	D-UG-435	New rates effective
11/2/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Proposed order expected to be issued in formula rate plan proceeding
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Opening briefs due
11/4/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Opening briefs due
11/4/2022	IL	AEE	Ameren Illinois	D-22-0297	Proposed order expected to be issued in formula rate plan proceeding
11/9/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Settlement conference to begin in rate proceeding
11/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Proposed decision in cost of capital proceeding expected
11/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Proposed decision expected in cost of capital proceeding
11/10/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Appeals of judge's proposed order due in rate case — suspended due to settlement talks
11/14/2022	MI	CMS	Consumers Energy Co.	C-U-21224	Reply briefs due in electric rate case
11/14/2022	TX	SRE	Oncor Electric Delivery Co.	D-53601	End of initial suspension period in rate case
11/16/2022-11/17/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing scheduled in Rider B proceeding
11/18/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	Replies to appeals of judge's proposed order due — suspended due to settlement talks
11/28/2022	MO	SR	Spire Missouri Inc.	C-GR-2022-0179	Hearing to begin in rate proceeding
11/30/2022	MA	ES	NSTAR Electric Co.	DPU 22-22	DPU decision expected in rate case
11/30/2022	PA	EXC	PECO Energy Co	D-R-2022-3031113	ALJ recommendation likely to be issued in rate case
12/1/2022-12/31/2022	IL	EXC	Commonwealth Edison Co.	D-22-0302	Decision expected in FRP proceeding
12/7/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Intervening parties to file testimony in Rider U proceeding
12/8/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Staff to file testmony in Rider W update proceeding
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Reply briefs due
12/9/2022	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Reply briefs due
12/9/2022	MD	NI	Columbia Gas of Maryland Inc	C-9680	End of suspension period; decision expected in rate case
12/10/2022	CA	PCG	Pacific Gas and Electric Co.	A-22-04-008	Decision expected in cost of capital proceeding after
12/10/2022	CA	EIX	Southern California Edison Co.	A-22-04-009	Decision expected in cost of capital proceeding after
12/15/2022	MD	EXC	Delmarva Power & Light Co.	C-9681	End of suspension period, decision expected in rate case
12/15/2022-1/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Hearing Examiners report may be issued in Rider B proceeding
12/16/2022	MI	CMS	Consumers Energy Co.	C-U-21224	ALJ proposed decision expected in rate case
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Intervenors to file testimony in US 3 proceeding
12/16/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Intervening parties to file testimony in Rider US 4 proceeding
12/17/2022	PA	NI	Columbia Gas of Pennsylvania	D-R-2022-3031211	End of suspension period, decision expected in rate case
12/21/2022	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Staff to file testimony in Rider U proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising TP to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

For the second quarter ending June 30, 2022, the Firm did not obtain from this Research Analyst (within 30 days of the end of the quarter), a certification representing that, in connection with public appearances, the views expressed were consistent with his personal views and that no part of his compensation was related to his recommendation. The certification was provided in the first half of September.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	226	65.89%	41	18.14%
NEUTRAL	112	32.65%	5	4.46%
SELL	5	1.46%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2022 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ali Faghri 310.319.2562
Ali.Faghri@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services
Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist
Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC
Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 16-Dec-2022 12:27 PM.

KeyBanc Capital Markets

Alert

October 03, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: ED, D, DUK, NEE, AEP, XEL, ETR, NWE, EIX, AGR, SO, EXC, POR, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Join us at the EEI conference in FL on November 13-15 (schedule included). ICYMI, we hosted AVA at a series of meetings. Find a link to our note below. This week, AEP is hosting an analyst day and DUK is hosting a virtual update on the clean energy transition. On our regulatory calendar, we are tracking proceedings in XEL's electric and gas cases in MN and ETR's FRP proceedings in AR. In other news, ED sells its clean energy portfolio to RWE for ~$7B; D, DUK, and NEE continue restoring power after Hurricane Ian while studying damage to infrastructure; AEP and Liberty amend an agreement for KY Power; VEPCO files a response in the matter related to the limited reconsideration of the CVOW project; expert hearings in DUK's Carbon Plan proceedings conclude; MT PSC approves interim rate increase for NWE; PCG to spin-off 49.9% interest in non-nuclear generation assets; EIX faces lawsuits from residents following Fairview Fire; ALJs issue a PD in the CoC proceedings with reference to the CA utilities SRE, EIX; a tentative court date for AGR's NECEC project review is announced; SO settles with a co-owner on certain cost-sharing provisions; AZ Supreme Court ruling could allow a single Commissioner to investigate IOUs; DUK is launching EV pilots in IN, SO announced senior management promotions; PECO reached a settlement in the PA gas rate case; and POR energized the Wheatridge facility in OR.

ICYMI

AVA — Last week, we met with AVA's management team. Read our notes from the meetings here.

KBCM Invites You to Join Us at the EEI Financial Conference on November 13-15 in Hollywood, FL.

Scroll down for our full schedule, including dinners with **PEG** and **NWE.**

In the week ahead

AEP — AEP is hosting an analyst day in NYC on October 4: We expect a thesis refresh following recent senior management promotions (including CEO), the progress on the decision to monetize the unregulated renewables portfolio, update on the recently amended KY Power sales agreement, 2023 guidance, and a traditional rollover of the five-year capital plan to include 2027. Given the new management team, we would expect a thorough review of the portfolio along with possible portfolio optimization strategies.

DUK — DUK is hosting an update on its clean energy transition on October 4: DUK is hosting a virtual event to provide an update on its clean energy transition. According to the release, the senior management team at DUK will provide updates on the Company's LT strategy and other business initiatives. DUK recently announced that it would market its portfolio of commercial renewable assets in favor of making regulated investments. Also on the radar is DUK's Carbon Plan in NC where hearings just concluded as DUK proposes plans to reduce carbon emissions by 70% by 2030.

Regulatory Calendar

XEL — Direct testimony in XEL's MN electric rate case is due on October 3: NSP-MN filed a three-year electric rate case in 2021 requesting a 677M cumulative rate increase based on 10.2% ROE and a 52.5% equity ratio. An interim rate increase of $288M went into effect on January 1. A final PUC decision is expected in 2Q23.

XEL — Rebuttal testimony in XEL's MN gas rate case is due on October 4: The MN Department of Commerce filed intervenor testimony, recommending a $17M revenue increase, premised on 9.15% ROE and 52.5% equity layer. As background, NSP-MN filed a gas rate case requesting a $36M rate increase based on 10.5% ROE and an equity ratio of 52.5%. The difference between the intervenor testimony and XEL's filing is driven by the lower ROE. The requested rate increase is net of $28.5M, which is currently being recovered through riders. An interim rate increase of $25M went into effect on January 1.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

ETR — Staff and Intervenor objections in ETR's AR FRP are due on October 5: ETR AR recently filed a 2022 Formula Rate Plan seeking a $79M rate increase. According to ETR's evaluation report, the Company requires a $16M adjustment for the 2021 historical year and a $105M revenue increase for the projected 2023 year but is capped at a 4% annual increase, resulting in the $79M request. The adjustment for the historical year includes lower revenues than projected, resulting in a $15M increase and an increase in the cost of capital requiring a $15M increase, offset by a $25M decrease for changes to O&M. The drivers for the 2023 projections include ongoing investments and changes in the cost of capital. ETR AR is allowed a return of 9.65% in the forecast year and 9.75% for the historical year. A Commission ruling on the plan is expected on December 14.

Recent Developments for Companies Under Our Coverage

From our midweek: This week, Senator Manchin's permitting reform language was dropped from the spending bill; MISO's generator interconnection queue application period ended with a record number of submissions; Staff files testimony in AGR's NY rate cases; FL utilities prepare for the aftermath of Hurricane Ian; the CPUC proposes ways to eliminate the need for the Aliso Canyon facility; OTTR and MDU announce a 95-mile transmission line; ETR LA and NO subsidiaries sign MOU for offshore wind project; and the PA governor appoints three commissioners to the PUC.

ED — RWE AG, a German energy company, agrees to buy ED's CEB for $6.8B or 11x EV/EBITDA:

- **The sale announced:** According to RWE, it is purchasing the assets at an EV/EBITDA multiple of 11x with the CEB assets EBITDA assessed at $600M. By our estimates, CEB has 3,004 MW of utility-scale renewable energy projects in service or under construction and 69 MW of BTM projects in service or under construction. Previously Bloomberg had reported an estimated $4B value for the assets (or a ~7x EV/EBITDA). The transaction is expected to close in 1H23. RWE was previously reported as one of the potential buyers of the CEB assets. The Company was also a winning bidder for one of the lease packages in the recent NY Bight offshore wind auction and has signed HOAs with SRE for LNG cargos from Port Arthur.
- **Our view:** We view the transaction multiple as attractive relative to expectations and should help to provide a basis for other renewable portfolios that are currently being marketed including those by AEP, DUK, and AGR. The passage of the IRA and the various tax incentives included therein should provide a step up for renewable portfolio valuations, and it's encouraging to see that materialize. The valuation places the transaction in line with publicly traded clean energy yield-cos (namely CWEN, BEP, and NEP) and ahead of AY.
- **ED is withdrawing plans to issue equity:** In light of the pending transaction, ED intends to forego its previously announced plan to issue up to $850M of common equity in 2022 and withdrew its equity guidance for 2023 and 2024 (previously guided at $750M over 2023-2024).

D, DUK, NEE — Hurricane Ian Update

- **The hurricane passes through FL, NC, and SC; now for the cleanup:** Hurricane Ian took another swing after passing through FL, putting more than 850K DUK customers in the Carolinas out of power. DUK has recruited technicians across its utilities and from mutual assistance organizations to stage repairs, but it may be a slow road back to recovery given the structural damage to infrastructure. D expected to restore power to all its customers in SC over the weekend. At the peak, 110K D customers in SC were without power. Meanwhile, in FL, over 1M customers' power has been restored from the original 2.5M that lost power. Most of the impact of the storm in FL appears to have been in NEE's service territory and given the catastrophic nature of the damage, the recovery may involve rebuilding portions of the grid — although according to FPL, the foundational transmission system did not lose any transmission structures during the storm.
- **Cost recovery mechanisms in FL, NC, and SC are fairly constructive:** FL offers constructive storm cost recovery mechanisms in that under a law enacted in 2019; the utilities are allowed a recovery framework for storm hardening and restoration costs through a storm protection plan cost recovery clause (SPPCRC) that is separate and apart from base rates. The PSC conducts an annual review to determine the costs that can be recovered through the recovery clause. The utilities must file an updated storm protection plan at least every three years that covers the next 10-year period. NEE, likely the one most impacted by the storm, maintains a storm and property insurance reserve fund to provide coverage toward FPL's storm damage costs. SC and NC regulations allow storm cost securitization. SC enacted SB 1077 earlier this year allowing the SC PSC to authorize the issuance of bonds to offset costs incurred for storm recovery. NC previously put securitization mechanisms in place for recovery of storm restoration costs.

AEP — AEP and Liberty amend an agreement for KY Power with a closing expected in January 2023: AEP reached an amended agreement in the pending acquisition of KY Power by Algonquin subsidiary Liberty. Per the agreement, AEP will receive $2.646B for KY Power and AEP KY Transco, $200M lower than the original agreement. The closing date of January 2023 is contingent on receiving FERC approval by December 16. To reflect the reduced sales proceeds and the changed timeline (from a prior expected Summer 2022 closing), AEP will record a $180M-$220M pre-tax loss in 3Q22 results. Also, AEP now expects net cash proceeds of $1.2B vs. the $1.4B initially expected. In exchange, Liberty agreed to waive the condition requiring the issuance of regulatory orders approving certain agreements for the Mitchell Plant. We wrote about the initial announcement of the sale here.

D —VEPCO files a response in the matter related to the limited reconsideration of the CVOW project: D filed a response to the parties in the CVOW performance guarantee docket. D maintains that the SCC does not have the authority to impose any performance guarantee that disallows reasonable and prudent costs associated with the project. D rebuts the multiple responses that have been submitted to the SCC as support for the performance guarantee clause and concludes that the performance guarantee that requires D to meet a 42% net capacity factor on a three-year rolling average basis is untenable and would prevent D from moving forward with the project, potentially resulting in the stranded cost of ~$839M of prudent and justifiable cost invested into the project to date. D requests the Commission grant reconsideration of the Final Order and amends the order to exclude the performance guarantee condition. D would remain open to the adoption of Stipulation Term 6 as an alternative, which is a performance provision and requires D to provide a detailed explanation of the factors contributing to any three-year average capacity factor less than 37%, for which the Commission could determine any appropriate remedy at that time.

DUK — Expert hearings in DUK's Carbon Plan proceedings conclude: Expert hearings in DUK's Carbon Plan concluded and parties have until October 24 to file post-hearing documents, including proposed orders, which should allow the NCUC enough time to meet its December 31 deadline to present the first NC Carbon Plan. DUK is requesting NCUC to approve the near-term approach (through 2026) while debating the longer-lead-term proposals during future carbon plan filings, which are required bi-annually by law. Throughout the hearings, the parties and DUK presented 11 portfolios to the Commission that varied in technologies and timing.

- DUK provided updated modeling assumptions to incorporate the potential benefits of the Inflation Reduction Act, which was not signed into law at the time that DUK modeled its initial portfolios (namely its preferred fifth portfolio proposal which aims for 70% carbon reduction by 2032). In DUK's updated analysis, it proposed eliminating or postponing a 1.2 GW gas generation unit at least until 2032, including 500 MW more solar and 600 MW more onshore wind and 200 MW less battery storage at least until 2032. The amended filing does not offer any changes to offshore wind, SMR, or pumped hydro.
- The intervening parties' focus has been on the cost allocation of resources between customers in NC and SC, and the potential merger of DEC and DEP by 2027 to streamline the ownership structure and rate profiles. Interveners argue that DUK's modeling assumptions will not allow DUK to achieve 70% carbon reduction by 2030 or will be at higher costs to ratepayers due to the reliance on newer, untested technologies such as small modular reactors (SMR). DUK has placed a cap on solar additions in the latter half of the decades based on assumptions for interconnection limits, which experts have argued as being arbitrary and thus restricting the potential for solar to meet the carbon reduction targets.
- DUK is optimistic that state policies will align in NC and SC, but if they do not, the utility would allocate costs based on the benefits of each resource to the respective states. DUK will file an SC IRP in 2023, informed by the outcome of the 2022 NC Carbon Plan. Notably, the variance in the proposed scenarios emerges in the medium term when it can be debated whether the longer-lead-time proposals, including offshore wind and modular nuclear, are prudent.

PCG (Not Covered) — PCG to spin off 49.9% interest in non-nuclear generation assets: In a move similar to those pursued by DUK with the sale of a 19.9% interest in Duke Energy Indiana and by FE with a sale of a minority stake in FE Transmission, PCG announced that it plans to create a separate entity called Pacific Generation, which will house the Company's non-nuclear generation assets. PCG will maintain a 50.1% interest in the new operating company and the remainder would be sold to one or more investors that are yet to be identified. The proposal will require CPUC approval and can be seen as an alternative to a potentially dilutive equity issuance (as it was in the case of DUK and FE). The proposed company would have a $3.5B rate base and 5.6 GW of generation capacity and would exclude the 2.24 GW Diablo Canyon nuclear facility that is currently in the midst of being extended through a loan from the state of CA and a potential grant from the DOE.

EIX — EIX faces lawsuits from residents following Fairview Fire: Multiple families in CA filed lawsuits against SCE alleging the utility failed to de-energize its lines resulting in the Fairview Fire. The fire is 98% contained but has burned ~28K acres and resulted in two deaths. The investigation into the cause of the fire is ongoing. As is required in CA, EIX submitted an Electric Safety Incident Report (ESIR) to the CPUC, notifying the regulator that circuit activity occurred close in time to the report time of the fire. CA utilities must submit a report in certain instances, including when significant public attention has been focused on such events, and the submission is not an admission of guilt. Parties filing the lawsuit claim that SCE failed to de-energize the lines despite a CPUC authorization to do so. This is the second instance this year of SCE being sued by homeowners following a wildfire, the first one being in Orange County following the Laguna Niguel fire.

EIX, SRE — ALJs in the CoC proceedings issue a PD, and the CPUC Chair issues an alternate PD: In response to an off-cycle CoC filing by SRE, EIX, and PCG for relief from the cost of capital mechanism because in the 12-month period from October 2020 to September 2021 the difference between the Moody's utility bond rates and the benchmark exceeded the 100 bps trigger and would lead to an automatic ROE reduction for the utilities. The utilities requested the CPUC to reject the formulaic ROE adjustment in light of the hardships caused by COVID-19 and the unprecedented Fed intervention that led bond yields to decline by as much as they did. In the PD, the assigned ALJs conclude that the CA utilities met the threshold requirements justifying the filing of the off-cycle CoC applications and that the extraordinary circumstances of the pandemic do warrant a departure from the normal CoC mechanism but do not propose alternate CoC but rather recommend the opening of a second phase to determine the fair and reasonable CoC in 2022.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

In an alternate PD, President Reynolds differs from the ALJs and proposes that the CoC remain at the levels previously approved (Decision 19-12-056) and proposes that the proceedings be closed.

Figure 1 - Summary View of ROE Comparisons

Utility	ROE for 2022 previously Approved	ROE for 2022 based on CCM Adjustment	ROE requested in off-cycle Applications
SCE (EIX)	10.30%	9.72%	10.53%
SDG&E (SRE)	10.20%	9.62%	10.55%
PG&E (PCG)	10.25%	9.67%	11.00%

Source: Regulatory Filings, KBCM Estimates

AGR — Tentative trial date announced for NECEC review: A Cumberland County District Court Judge has tentatively scheduled a trial for next April for a lawsuit related to the stalled NECEC pipeline. The schedule comes after the ME Supreme Judicial Court, in a unanimous decision, recently ruled that the referendum retroactively banning the NECEC project would be unconstitutional if the work performed on the pipeline is enough to give AGR vested rights in it before the referendum was held and the project should be allowed to resume under the terms of the agreement. If the District Court decides that NECEC had established vested rights, the project will likely move forward — although not without additional challenges, including that related to whether AGR had the appropriate permit for using a stretch of land and whether using that stretch would constitute a "substantial change" to state land, in which case it would need two-thirds approval of the state legislature.

SO — SO reaches a settlement with MEAG with respect to certain cost-sharing provisions in the joint ownership agreement; projects exposure to pending litigation with Oglethorpe and Dalton: SO reached an agreement with the Municipal Electric Authority of Georgia (MEAG) to resolve the dispute regarding the interpretation of the cost-sharing and tender provisions of the Vogtle Joint Ownership Agreement. As part of the cost-sharing provisions of the Vogtle JOA, GP would bear responsibility for up to $180M of qualifying construction costs of the other owners (including MEAG, Oglethorpe, and Dalton) of Units 3 and 4 if there are certain increases in the qualifying constructions costs for Units 3 and 4. The agreement also includes a provision for the other owners to tender a portion of its ownership interest to GP in exchange for GP paying 100% of the said owners remaining share of total construction costs in excess of the level that triggers the cap. As a result of the settlement, MEAG will not exercise its tender option and SO will pay $76M for a portion of MEAG's construction costs based on the current project capital cost forecast and 20% of all incremental construction costs above current projections. The settlement does not resolve similar lawsuits with Oglethorpe and Dalton. However, SO is estimating a further $165M pre-tax charge to income for the pending disputes with OPC and Dalton.

NWE — MT PSC approves interim rate increase: The MT PSC issued an order approving interim rates effective October 1. NWE will be able to increase electric and gas rates by $29M and ~$2M, respectively. In the same order, the PSC denied NWE's request to pass through 2022 property taxes and temporarily approved NWE to increase its PCCAM base costs to $200M, up from the current $139M. We recently met with NWE management and came away with the impression that NWE is optimistic about the regulatory process underway. As a reminder, NWE is seeking revenue increases of $171M and $23M for electric and gas operations, respectively. The rate increases are premised on a 10.6% ROE, 48.02% equity layer, and a 2021 year-end test year. 42% of the ask is flow-through costs for the PCCAM and property tax tracker, and the revenue requirement includes ~$4M associated with Colstrip Unit 4. NWE is requesting final rates to go into effect in May 2023.

PEG — NJ BPU approves the route of transmission line for Ocean Wind 1: The NJ BPU approved the proposed route that will connect the 1,100 MW Ocean Wind 1 project to the grid. The line will run through Ocean City, NJ, and connect the wind farm to the site of the former B.L. England Generating Station. PEG and Orsted are co-developing the project, which is expected to come online in late 2024. The project will use the GE Haliade-X 12 MW turbines and is ~15 miles off the coast of southern NJ and will have up to three offshore substations and export cables connecting the output to infrastructure in Ocean and Cape May counties.

IdaCorp, PacifiCorp (Not Covered) — Boardman to Hemingway transmission line receives site certificate: The proposed 300-mile 500 kV Boardman to Hemingway (B2H) transmission line received a site certificate from the OR's Energy Facility Siting Council and potentially sets the stage for a 2023 construction start (subject to additional permits from the OR and ID PUCs). The project is expected to cost anywhere between $1B to $2B and is expected to be operational in 2026 — a decade from when the project received a final EIS (environmental impact statement). The B2H transmission project is just one of nearly a dozen such projects that we are tracking in the western region where the need for transmission is very high to make up for the increased power demand from net in-migration into the mountain west states and the energy transition away from coal. The project is intended to be a bidirectional source of clean power (wind, solar and hydro) for the Pacific Northwest states in the winter months when their energy needs are at a peak and for the Mountain states in the summer when irrigation and air conditioning demand lead to peak power demand. PacifiCorp, ID Power, and BPA are the owners of the project.

PNW — AZ Supreme Court ruling will allow a single Commissioner to investigate state utilities: The AZ Supreme Court issued a ruling that will permit a single ACC commissioner to open an investigation into state utility spending. The case was filed by former Commissioner Bob Burns, who wanted to determine if PNW had funded two of his fellow commissioners' campaigns. As a reminder, AZ commissioners are elected officials, and PNW later confirmed a donation in the 2014 election. The ruling is not expected to have any immediate impact, and PNW has announced that it would no longer fund any Commissioner races in the future. APS was a defendant in the lawsuit.

DUK — DUK set to launch four EV pilots in Indiana: DUK launched four electric transportation pilot programs in Indiana on October 1. The IURC approved the pilots in June and will use the pilots to gather knowledge around preferences, behaviors, and benefits of electrifying the transportation sector. The four pilots include an off-peak charging credit for residential customers, a commercial charger rebate for commercial customers that install at least four chargers, fleet advisory consultations to fleet managers contemplating a transition, and partial funding for an electric school bus pilot program. DUK will run the pilots for two years.

SO — Senior Management changes announced: SO announced that current Southern Power President Bill Grantham will become EVP of Commercial Strategy for SO effective November 1. He has served in his current role since May 2019 and first joined SO in 1989. Mr. Grantham’s role will be assumed by Robin Boren, who currently serves as SVP of Finance and Treasurer for SO. Ms. Boren has served in her current role since January 2019. She joined AGL Resources in 2009, which later merged with an SO subsidiary in 2011. The Company also announced changes within the Finance team following Ms. Boren's promotion.

EXC — PECO reaches settlement in PA gas rate case: PECO reached a multi-party settlement in the pending gas rate case for a $62M revenue increase. The increase includes a $55M net rate increase and a $7M resetting of the distribution system improvement charge. The settlement was silent on the ROE and capital structure and includes a rate and DSIC stay-out until March 2024. The interveners recommended revenue requirements of $49.3M and $6.2M, respectively. As a reminder, PECO sought an $82M rate increase on a 10.95% ROE and 53.41% equity on a rate base of $2.9B. The rate increase intends to cover gas main replacement programs and investments to comply with safety and reliability requirements. PECO's previous rate case was approved at a 10.24% ROE in mid-2021. A final order from the Commission is expected by the end of 2022, and new rates will likely go into effect in January 2023.

ETR — AR Governor appoints chair to PSC: Governor Hutchinson announced the appointment of Katie Anderson as Chair of the PSC. Ms. Anderson currently serves as an ALJ for the AR Workers Compensation Commission. The chair's seat became open with the recent resignation of Ted Thomas, and Ms. Anderson will serve the remainder of Thomas's term, which expires in January 2027.

POR, NEE — Wheatridge Renewable Energy Facility energized in OR: The Wheatridge Renewable Energy Facility began operations in OR as the first solar+wind+storage facility in North America. The 300 MW wind + 50 MW solar facility is paired with 30 MW of storage with a four-hour duration (120 MWh) to reduce intermittency. POR and NEE are partners in the project with POR owning a third of the wind output, and it purchases all the facility’s power from NEE. NEE’s NEER developed and operates the site, in addition to owning two-thirds of the wind output, and all the solar output and storage.

Scroll down for a complete schedule of meetings at the EEI

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

KBCM EEI Schedule Tentative Agenda (All Times Eastern):

Sunday, November 13, 2022

12:00 PM — Eversource Energy (ES)
1:00 PM — CenterPoint Energy, Inc (CNP)
2:00 PM — Xcel Energy Inc. (XEL)
3:00 PM — Sempra Energy (SRE)
4:00 PM — WEC Energy Group, Inc. (WEC)
5:00 PM — Atlantica Sustainable Infrastructure plc (AY)
*Dinner — Dinner with Public Service Enterprise Group Incorporated (PEG)**

Monday, November 14, 2022

8:00 AM — Duke Energy Corporation (DUK)
8:45 AM — Avangrid, Inc. (AGR)**
9:00 AM — Pinnacle West Capital Corporation (PNW)
10:00 AM — Exelon Corporation (EXC)
11:00 AM — Edison International (EIX)
12:00PM — DTE Energy Company (DTE)
1:00 PM — NorthWestern Corp (NWE)
2:00 PM — American Electric Power Company, Inc. (AEP)
3:00 PM — Portland General Electric Company (POR)
4:00 PM — FirstEnergy Corp. (FE)
*Dinner — Dinner with NorthWestern Corp (NWE)**

Tuesday, November 15, 2022

7:00 AM — Entergy Corporation (ETR)
7:00 AM — Southern Company (SO)
8:00 AM — Ameren Corporation (AEE)
9:00 AM — CMS Energy Corporation (CMS)
10:00 AM — Consolidated Edison, Inc. (ED)
11:00 AM — Avista Corporation (AVA)
11:00 AM — Otter Tail Corporation (OTTR)

**Dinner event.*
***30-minute meeting.*

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	10/3/2022	Surrebuttal Testimony Due
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	10/3/2022	Prefiled Direct Testimony
	American Electric Power	AEP			10/4/2022	Analyst Day in New York City
	Duke Energy	DUK			10/4/2022	ESG Day - Virtual
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	10/4/2022	Rebuttal Testimony
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	10/5/2022	Staff and Intervenors Objections Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	10/10/2022	Revised Testimony Due
	Short-Term Energy Outlook	EIA			10/12/2022	STEO release for Winter Fuels Outlook
DE	Delmarva Power & Light Co.	EXC	D-22-0002	Natural Gas	10/12/2022	Evidentiary Hearing
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	10/12/2022	Briefs Due
	CPI Release	BLS			10/13/2022	CPI release for Prior Month
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/13/2022	Surrebuttal Testimony Due (Phase I)
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/13/2022	Rebuttal Testimony Due (Phase II)
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	10/14/2022	Briefs Due
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	10/18/2022	Rebuttal Testimony
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	10/18/2022	Rebuttal Testimony
	Plug Power	PLUG			10/18/2022	Analyst Day - Rochester, NY
UT	Questar Gas Co.	D	D-22-057-03	Natural Gas	10/19/2022	Hearings Begin (Phase I)
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110 (WEP-Elec)	Elec/Nat Gas	10/19/2022	Reply Briefs
AR	Entergy Arkansas LLC	ETR	D-16-036-FR (2022 review)	Electric	10/20/2022	Company Response Due
	Federal Energy Reg Comm	FERC			10/20/2022	Open Meeting
GA	Georgia Power Co.	SO	D-44280	Electric	10/20/2022	Staff & Intervenor Testimony Due
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	10/25/2022	Surrebuttal Testimony
MI	Consumers Energy Co.	CMS	C-U-21224	Electric	10/26/2022	Briefs Due
TX	Entergy Texas Inc.	ETR	D-53719	Electric	10/26/2022	Intervenor Testimony
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	10/28/2022	Reply Briefs Due

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	21.3	Sector Weight	NA	$80.55	2.9%	58%	4.07	4.33	4.64	19.8x	18.6x	17.4x	4.08	4.36	4.67	19.8x	18.5x	17.2x
AEP	American Electric Power Company Ir	45.8	Sector Weight	NA	$86.45	3.7%	64%	4.99	5.35	5.72	17.3x	16.2x	15.1x	4.99	5.28	5.61	17.3x	16.4x	15.4x
CMS	CMS Energy Corp	17.3	Sector Weight	NA	$58.24	3.2%	64%	2.90	3.16	3.44	20.1x	18.4x	16.9x	2.88	3.13	3.40	20.2x	18.6x	17.1x
CNP	CenterPoint Energy Inc	18.2	Overweight	$34	$28.18	2.3%	47%	1.38	1.50	1.64	20.4x	18.8x	17.2x	1.38	1.50	1.63	20.4x	18.8x	17.3x
D	Dominion Energy Inc	59.2	Overweight	$88	$69.11	3.9%	65%	4.12	4.36	4.64	16.8x	15.9x	14.9x	4.12	4.37	4.69	16.8x	15.8x	14.8x
DTE	DTE Energy Co	22.9	Sector Weight	NA	$115.05	3.1%	59%	6.02	6.25	6.65	19.1x	18.4x	17.3x	6.02	6.27	6.70	19.1x	18.3x	17.2x
DUK	Duke Energy Corp	73.2	Overweight	$116	$93.02	4.3%	74%	5.44	5.78	6.15	17.1x	16.1x	15.1x	5.45	5.74	6.13	17.1x	16.2x	15.2x
ETR	Entergy Corp	20.9	Sector Weight	NA	$100.63	4.0%	64%	6.40	6.68	7.19	15.7x	15.1x	14.0x	6.37	6.76	7.21	15.8x	14.9x	14.0x
ES	Eversource Energy	27.6	Sector Weight	NA	$77.96	3.3%	62%	4.12	4.38	4.65	18.9x	17.8x	16.8x	4.11	4.39	4.68	19.0x	17.8x	16.6x
ED	Consolidated Edison Inc	31.1	Underweight	$75	$85.76	3.7%	71%	4.47	4.78	5.02	19.2x	17.9x	17.1x	4.50	4.82	5.11	19.1x	17.8x	16.8x
EIX	Edison International	21.9	Sector Weight	NA	$56.58	5.0%	62%	4.57	4.85	5.14	12.4x	11.7x	11.0x	4.50	4.85	5.19	12.6x	11.7x	10.9x
EXC	Exelon Corp	39.4	Overweight	$48	$37.46	3.7%	61%	2.24	2.43	2.60	16.7x	15.4x	14.4x	2.26	2.41	2.59	16.6x	15.5x	14.5x
FE	FirstEnergy Corp	21.2	Overweight	$47	$37.00	4.2%	64%	2.38	2.54	2.74	15.5x	14.6x	13.5x	2.42	2.53	2.72	15.3x	14.6x	13.6x
PEG	Public Service Enterprise Group Inc	28.4	Sector Weight	NA	$56.23	3.8%	62%	3.49	3.70	3.93	16.1x	15.2x	14.3x	3.48	3.58	3.96	16.2x	15.7x	14.2x
SO	Southern Co	73.8	Sector Weight	NA	$68.00	4.0%	75%	3.60	3.83	4.18	18.9x	17.8x	16.3x	3.59	3.80	4.12	18.9x	17.9x	16.5x
WEC	WEC Energy Group Inc	29.0	Overweight	$109	$89.43	3.3%	66%	4.39	4.62	4.83	20.4x	19.4x	18.5x	4.39	4.60	4.90	20.4x	19.4x	18.3x
XEL	Xcel Energy Inc	37.7	Overweight	$78	$64.00	3.0%	61%	3.18	3.45	3.63	20.1x	18.6x	17.6x	3.17	3.39	3.62	20.2x	18.9x	17.7x
					Average:	**3.6%**	**64%**				**17.9x**	**16.8x**	**15.7x**				**17.9x**	**16.9x**	**15.7x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	2.8	Sector Weight	NA	$37.05	4.8%	90%	1.95	2.50	2.66	19.0x	14.8x	13.9x	1.96	2.44	2.62	18.9x	15.2x	14.2x
NWE	NorthWestern Corp	2.8	Overweight	$64	$49.28	5.1%	77%	3.34	3.51	3.69	14.8x	14.0x	13.4x	3.30	3.51	3.70	15.0x	14.0x	13.3x
OTTR	Otter Tail Corp	2.6	Sector Weight	NA	$61.52	2.7%	23%	7.08	4.27	3.70	8.7x	14.4x	16.6x	7.06	4.26	3.60	8.7x	14.4x	17.1x
POR	Portland General Electric Co	4.1	Sector Weight	NA	$43.46	4.1%	64%	2.81	2.94	3.08	15.5x	14.8x	14.1x	2.79	2.80	3.00	15.6x	15.5x	14.5x
					Average:	**4.2%**	**64%**				**14.5x**	**14.5x**	**14.5x**				**14.5x**	**14.8x**	**14.8x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
NEE	Nextera Energy Inc	157.1	Overweight	$93	$78.41	2.2%	59%	2.90	3.08	3.34	27.0x	25.5x	23.5x	2.87	3.09	3.36	27.3x	25.4x	23.3x
SRE	Sempra Energy	47.6	Sector Weight	NA	$149.94	3.1%	53%	8.63	8.91	9.58	17.4x	16.8x	15.7x	8.65	9.05	9.69	17.3x	16.6x	15.5x
					Average:	**2.6%**	**56%**				**22.2x**	**21.1x**	**19.6x**				**22.3x**	**21.0x**	**19.4x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	27.1	Overweight	$87	$83.19	0.7%	27%	1.26	4.21	4.63	66.0x	19.8x	18.0x	2.03	4.56	5.43	41.0x	18.2x	15.3x
NRG	NRG Energy Inc	9.2	Not Covered	NA	$38.27	3.7%	20%	NA	NA	NA	NA	NA	NA	7.06	4.32	5.28	5.4x	8.9x	7.2x
VST	Vistra Corp	8.9	Not Covered	NA	$21.00	3.4%	34%	NA	NA	NA	NA	NA	NA	2.08	2.84	2.76	10.1x	7.4x	7.6x
					Average:	**2.6%**	**27%**				**66.0x**	**19.8x**	**18.0x**				**18.8x**	**11.5x**	**10.1x**

Source: Company reports, KBCM Estimates, Thomson Reuters

Figure 4 - Stock Price Performance

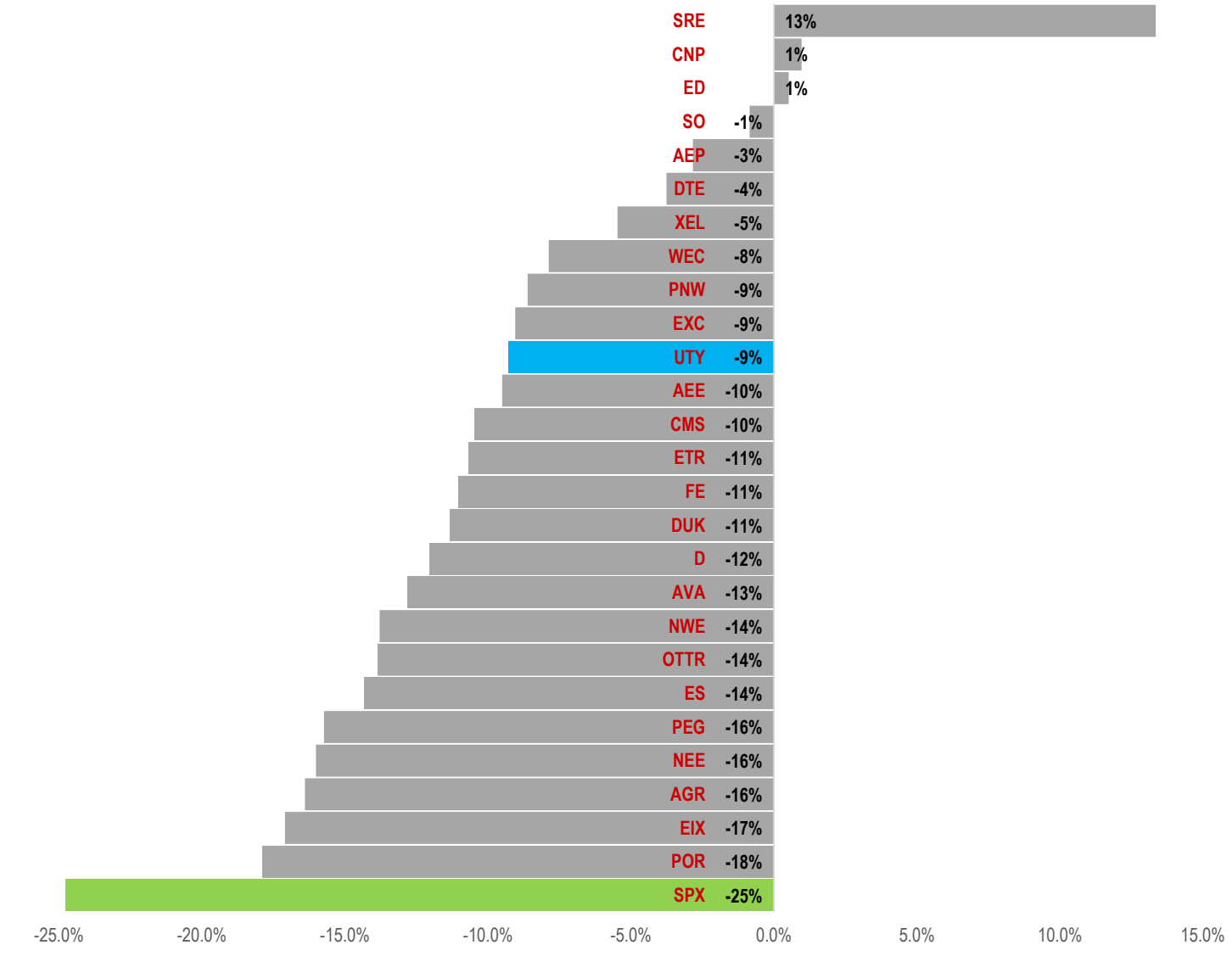

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

AGR: Analyst Day Takeaways, Reiterate Underweight

DTE: Highlights from Our Management Meetings

FE: A Day of Management Meetings

CNP: On the Road with Management

DUK: Notes from Management Meetings

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

POR: On the Road with Management — Focus on Growth and Regulatory Climate

WEC: Attractive Entry Point; Upgrading to OW

ETR: Positive Analyst Day Suggests Long Growth Runway

ES: Investor Meetings Focus on Offshore Wind Sale and CT/MA Regulatory Calendar

NEE: Analyst Day Brings Growth Opportunities to the Forefront

NOVA: Management Meetings Focus on Strong Momentum in the Face of Market Uncertainty

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 2Q22 Earnings Preview: Peak Recession Fear

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	309	50.16	64	20.71
Sector Weight [SW]	295	47.89	60	20.34
Underweight [UW]	12	1.95	1	8.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	28	51.85	11	39.29
Sector Weight [SW]	23	42.59	11	47.83
Underweight [UW]	3	5.56	1	33.33

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Contents

02	28 DEC '22 3:11P.M.	Midweek Thoughts - TX ALJ Disappoints (SRE, CNP), Also: DUK, EIX, EXC and It's a Wrap for 2022 (KeyBanc Capital Markets) - 5 Pages
07	27 DEC '22 10:13A.M.	Exelon Corp. >> Model Update (JP Morgan) - 10 Pages
17	27 DEC '22 6:46A.M.	Heads Up - The Week Ahead in Utilities: DUK, CMS, PEG, EXC, D, ED, ETR, CEG, AGR, ES (KeyBanc Capital Markets) - 8 Pages
25	21 DEC '22 3:41P.M.	Midweek Thoughts - NWE, SO, EXC, ETR, SRE, NEE, DUK, AGR, AVA, POR, ED, AEP (KeyBanc Capital Markets) - 7 Pages
32	20 DEC '22 5:26A.M.	Trucost Environmental Skyline: Exelon Corp (Trucost) - 1 Page
33	19 DEC '22 5:01A.M.	Heads Up - The Week Ahead in Utilities: NWE, SO, DUK, D, AGR, AEP, DTE, SRE, EIX, EXC (KeyBanc Capital Markets) - 10 Pages
43	18 DEC '22 4:38P.M.	WATTS COOKING? Weekly >> Topics: SO; CPUC; AEP/AQN; EXC; PPL; SR (RBC Capital Markets) - 8 Pages

KeyBanc Capital Markets

Alert

December 28, 2022

Energy: Electric Utilities

Midweek Thoughts — TX ALJ Disappoints (SRE, CNP), Also: DUK, EIX, EXC and It's a Wrap for 2022

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, the TX ALJ issues a PD in Oncor's electric rate case; DUK completes minority stake sale of DEI; SIP announces an SPA with RWE for Port Arthur capacity; the CA governor appoints a new commissioner and reappoints another to the CPUC; and the D.C. Council confirms the third commissioner to the PSC. We review some noteworthy research pieces from 2022. In particular, we discuss the CA net metering decision, the regulatory proceedings related to imports of solar panels and modules, and the Inflation Reduction Act of 2022.

Industry News and News from Companies in Our Coverage

SRE — ALJ issues PD in Oncor's TX electric rate case: The ALJ issued a PD recommending a $60M net revenue decrease, premised on a 9.3% ROE, 42.5% equity, and a $17.8B rate base. The recommended ROE is below SRE's currently authorized 9.8% ROE and in line with Staff's recommendation. At the same time, the recommended equity layer of 42.5% is in the middle of Staff's recommendation and SRE's request, and is maintained at the currently authorized level. While we are yet to see the full ALJ math, it appears that the delta between Oncor's request and the ultimate revenue decrease recommendations is largely driven by the lower ROE and equity layer. The PD dashes hopes of improved equity layer for Oncor and does not appear to be overly constructive on its face — either for Oncor and its parent SRE or other utilities in the state, notably CNP, which will be filing a rate case in 2023. If the PD is adopted as written, we expect investor sentiment on TX regulatory environment to take a hit in the NT.

As a reminder, Staff filed testimony recommending a $21M revenue increase, premised on a 9.3% ROE and a 40% equity layer, compared to Oncor's ask for a $251M net increase ($287M increase in distribution rates offset by a $36.5M reduction in transmission rates), premised on a 10.3% ROE and a 45% equity layer. Oncor's last rate case was settled in 2016 at 9.8%, 42.5% equity layer.

DUK — DUK completes minority stake sale of DEI: DUK and GIC completed the second tranche of the ~$2B minority sale of DEI for a 19.9% minority stake. The remaining 8.85% stake for $1.025B was expected to close no later than January 2023. DUK and GIC completed the transaction for the first 11% interest in 3Q21. As a reminder, the sale was first announced in January 2021 and eliminated DUK's equity needs for its five-year capital plan. See our note on the initial deal here.

SRE — SIP announces an SPA with RWE for Port Arthur capacity: SIP and RWE Supply & Trading executed a 15-year sale and purchase agreement for ~2.25 MTPA of LNG from SIP's Port Arthur LNG (TX) Phase 1. According to our estimates, ~9.6 MTPA of the 13 MTPA Port Arthur Phase 1 are under an SPA, which includes agreements with ConocoPhillips, INEOS, and ENGIE. For Phase 1, SRE is working on turning the HOAs into SPAs before taking an FID (could be as early as 1Q23) and securing project financing. See our notes from the EEI conference, where SRE discussed its LNG plans in detail.

SRE, EIX — New commissioner appointed, and another reappointed at CPUC: Governor Newsom appointed Karen Douglas to the PUC, who is likely to replace Commissioner Clifford Rechtschaffen at the end of his term in January 2023. Ms. Douglas has served as a senior advisor for energy in the Governor's office and was a CA Energy Commission member from 2008-2022. The Governor also reappointed John Reynolds after he was appointed on an interim basis in 2021 to a term set to expire in January 2023. With the CA NEM and costs of capital proceedings completed, the most pressing issues in front of the CPUC from our vantage point are matters regarding resource adequacy and several outstanding rate cases, including SRE's SDGE and SoCal Gas.

EXC — Council confirms the third commissioner to DC PSC: The Council of the District of Columbia confirmed D.C. Mayor Muriel Bowser's appointee, Ted Trabue, to the D.C. PSC. Mr. Trabue's term will be through June 2026. The confirmation fills the final seat of the three-member commission and one that has been open since November 2021. Mayor Bowser (D) was required to appoint a nominee with certain qualifications after the D.C. Council passed several acts requiring commissioners to have specific experience. The combination of actions requires one commissioner with experience in electric grid modernization and renewable energy integration, and a second member with experience in consumer protection, while the qualifications for a third commissioner were not specified.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Trabue brings expertise in EE and renewable energy programs. PEPCO D.C. is scheduled to file its second MYRP in 1H23 after agreeing to a three-year rate increase in 2021.

This week, we review some noteworthy events from the past year:

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0: The CPUC voted unanimously to approve the revised NEM 3.0 PD.

- The CPUC voted unanimously to approve the revised NEM 3.0 PD as written with a proposed tariff structure aimed at incentivizing storage attachments. The adopted PD is largely the same as the revised PD from November 2022, which made several concessions to the solar side of the docket, including establishing a longer transition path and avoiding the grid charge fee. The adopted outcome affirms four findings from the NEM 2.0 Lookback Study and adopts export compensation rates based on ACC values averaged across days in a month and, for the first five years, based on a nine-year schedule of values from the most recently adopted ACC. The decision also adopts the ACC Plus adder as a glidepath based on a cents per kWh amount and stepped down by 25% per year to zero, but is available to enrolled customers for nine years. The PD uses high differentiated time of use (TOU) rates currently available to all ratepayers and contains equity considerations for low-income households.
- After the original PD was issued in December 2021 and was widely criticized by the solar industry as overly punitive, the CPUC reopened the record and sought further comments on three areas of the original PD, with particular scrutiny directed to the glidepath approach. We discussed the original PD and its ramifications here and here, and viewed the original proposal as a significant departure from the prior net metering policy.

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset: The Inflation Reduction Act of 2022, which includes $370B in clean energy/climate provisions, was signed into law.

- The passage of the IRA was a surprise development that borrowed many provisions from the rejected Build Back Better bill. Important components of the bill include extending the existing ITC and PTC through 2025, expanding solar projects to become eligible for PTC, introducing technology-agnostic PTCs for zero-emission generation past 2025, providing credits for nuclear generation, incentivizing domestic renewable manufacturing via tax credits, mandating a15% minimum corporate tax rate, and offering tax credits to individuals for EVs and EE home retrofits.
- The IRS has issued initial high-level guidance on labor protections and sustainable aviation fuel credits. The Dept will issue a notice of proposed rulemaking in March with proposed guidance on the critical minerals and battery components requirements. In 2023, the IRS will continue working toward issuing guidance on tax incentives related to energy generation, credit enhancements, homes and buildings, consumer vehicle credits, manufacturing credits, and credit monetization.

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide: The Department of Commerce initiated an investigation into the four SE Asian countries and released preliminary determinations ruling in the affirmative in the AD/CVD inquiries.

- The U.S. Department of Commerce agreed to a petition filed by Auxin Solar to investigate whether solar cells/modules made in Cambodia, Thailand, Vietnam, and Malaysia are in effect using parts originating in China and thus bypassing the antidumping/ countervailing duties in place on Chinese imports. The DoC spent much of 2022 building up a factual record and applying the law to the facts leading up to issuing a preliminary determination on December 2. The preliminary findings provided a status on two supplies from each of the four countries under investigation: Cambodia, Vietnam, Thailand, and Malaysia. The Department found both entities from Thailand (CSIQ and Trina Solar) to be circumventing the duties against China, neither Hanwha nor Jinko to be violators, and one each from Cambodia and Vietnam to be circumventing the antidumping duties against China. However, since some companies in Malaysia, Thailand, and Vietnam did not respond to the DoC's questionnaires, the Department will follow precedent to deem that they are circumventing.
- A final determination in the proceedings (A-570-979) is expected by January 26, 2023, with the optionality of extending the deadline to April 3. Still, the President's EO imposing a two-year moratorium through mid-2024 on additional tariffs will mean that there will be no immediate impact from the final determinations — and provide the industry time to adjust its supply chains. With a combination of the IRA, the presidential EO, and the benefit of time that the EO affords, the industry will get the breathing room to find alternate suppliers, for existing suppliers to clean up the supply chains to satisfy the DoC, and for the plethora of tax credits in the IRA to spur restoring of solar investments to the U.S.

Select Recent Research

AEP: FERC Strikes Down on KY, OH - Likely Creating NT Overhang; Reiterate SW

SO: Constructive GA Rate Case Settlement Reduces NT Regulatory Overhangs

ENPH: Notes from the Headquarter Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

From Microgrids to Microutilities - How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Utilities 3Q22 Earnings Preview: The Average Is Over: Staying Selective and Focusing on Catalysts Given Macro Headwinds

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	282	48.29	49	17.38
Sector Weight [SW]	289	49.49	47	16.26
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	28	50.91	11	39.29
Sector Weight [SW]	23	41.82	10	43.48
Underweight [UW]	4	7.27	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Exelon Corp.

Model Update

We are updating our model to account for recent guidance, results and filings. Please see changes below.

Overweight

EXC, EXC US
Price (23 Dec 22):$43.04

▲**Price Target (Dec-23):$49.00**
Prior (Dec-23):$45.00

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>
J.P. Morgan Securities LLC

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com
J.P. Morgan Securities LLC

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com
J.P. Morgan Securities LLC

Sumanth Keshav Kotha
(91-22) 6157-5895
sumanthkeshav.kotha@jpmchase.com
J.P. Morgan India Private Limited

Key Changes (FYE Dec)

	Prev	Cur
Adj. EPS - 22E ($)	2.29	2.26
Adj. EPS - 23E ($)	2.43	2.36

Quarterly Forecasts (FYE Dec)

Adj. EPS ($)

	2021A	2022E	2023E
Q1	0.52	0.65A	0.67
Q2	0.48	0.44A	0.48
Q3	0.66	0.75A	0.73
Q4	0.43	0.42	0.49
FY	2.09	2.26	2.36

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	19	38	6	2	1
Growth	80	80	90	75	86
Momentum	76	12	17	85	24
Quality	64	28	56	50	54
Low Vol	90	82	26	34	63
ESGQ	45	78	34	5	17

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

See page 5 for analyst certification and important disclosures, including non-US analyst disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Price Performance



	YTD	1m	3m	12m
Abs	-24.6%	8.0%	3.3%	-21.0%
Rel	-5.3%	12.5%	-0.8%	-2.4%

Company Data

Shares O/S (mn)	981
52-week range ($)	50.71-35.19
Market cap ($ mn)	42,222.24
Exchange rate	1.00
Free float(%)	98.9%
3M - Avg daily vol (mn)	8.69
3M - Avg daily val ($ mn)	341.0
Volatility (90 Day)	31
Index	S&P 500
BBG BUY|HOLD|SELL	13|6|0

Key Metrics (FYE Dec)

$ in millions	FY21A	FY22E	FY23E	FY24E
Financial Estimates				
Revenue	16,698	19,124	19,748	20,118
Adj. EBITDA	6,363	7,180	7,699	8,038
Adj. EBIT	3,330	3,889	4,299	4,537
Adj. net income	2,047	2,228	2,356	2,495
Adj. EPS	2.09	2.26	2.36	2.50
BBG EPS	2.57	2.26	2.37	2.52
Cashflow from operations	3,012	5,323	5,499	5,742
FCFF	(3,785)	(400)	(251)	(342)
Margins and Growth				
Revenue growth	(49.3%)	14.5%	3.3%	1.9%
EBITDA margin	38.1%	37.5%	39.0%	40.0%
EBITDA growth	(30.3%)	12.8%	7.2%	4.4%
EBIT margin	19.9%	20.3%	21.8%	22.6%
Net margin	12.3%	11.7%	11.9%	12.4%
Adj. EPS growth	(35.2%)	8.1%	4.7%	5.6%
Ratios				
Adj. tax rate	7.1%	17.1%	15.0%	14.9%
Interest cover	5.0	5.0	5.0	5.0
Net debt/Equity	1.2	1.6	1.6	1.7
Net debt/EBITDA	6.4	5.3	5.3	5.5
ROCE	4.2%	4.6%	5.5%	5.5%
ROE	6.1%	7.5%	9.4%	9.5%
Valuation				
FCFF yield	(9.0%)	(0.9%)	(0.6%)	(0.8%)
Dividend yield	3.6%	3.1%	3.4%	3.6%
EV/EBITDA	11.9	10.2	9.9	9.9
EV/Revenue	4.5	3.8	3.9	4.0
Adj. P/E	20.6	19.1	18.2	17.2

Summary Investment Thesis and Valuation

Investment Thesis

As a pure-play regulated utility, Exelon has refocused its core operations around an advantaged T&D portfolio with leverage to infrastructure renewal efforts across an aging urban network and long-term electrification tailwinds. Years of regulatory engagement have yielded multi-year plan frameworks in MD and DC amid improving regulatory outcomes across both jurisdictions, plus the prospects of ROE normalization in IL's upcoming ratemaking transition. We see earned ROE upside under both and incremental to the company's already attractive 6-8% EPS growth. EXC's projected 8.1% rate base CAGR screens as top tier, with upside potential as grid needs increase due to incremental renewables, broader economy electrification, and growing system resiliency/reliability needs.

Valuation

We are updating our Dec'23 price target to $49, based on an SOTP valuation using our 2024 estimates. We use an average 19.5x P/E multiple for the regulated utility and corporate business segments.

Performance Drivers

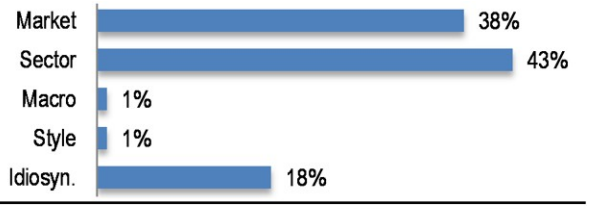

Factors	6M Corr	1Y Corr
Market: MSCI US	0.75	0.61
Sect: Utilities	0.87	0.83
Ind: Utilities	0.87	0.83
Macro:		
US 10yr yield	-0.55	-0.31
Non-Energy Commodity	-0.03	0.22
Crude Oil	0.10	0.21
Quant Styles:		
LowVol	0.52	0.45
Size	0.42	0.40
Quality	0.40	0.33

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Investment Thesis, Valuation and Risks

Exelon Corp. *(Overweight; Price Target: $49.00)*

Investment Thesis

As a pure-play regulated utility, Exelon has refocused its core operations around an advantaged T&D portfolio with leverage to infrastructure renewal efforts across an aging urban network and long-term electrification tailwinds. Years of regulatory engagement have yielded multi-year plan frameworks in MD and DC amid improving regulatory outcomes across both jurisdictions, plus the prospects of ROE normalization in IL's upcoming ratemaking transition. We see earned ROE upside under both and incremental to the company's already attractive 6-8% EPS growth. EXC's projected 8.1% rate base CAGR screens as top tier, with upside potential as grid needs increase due to incremental renewables, broader economy electrification, and growing system resiliency/reliability needs.

Valuation

We raise our Dec'23 price target to $49/share from $45/share. Our valuation is based on a sum-of-the-parts analysis using our 2024 forecasts. We use an average 19.5x P/E multiple for the regulated utility and corporate business segments, which is at a modest premium to peers given the constructive regulatory setup and robust electrification investment opportunity. The higher price target is due to increased peer average multiples.

Risks to Rating and Price Target

- Regulated electric and gas utilities are subject to strict federal and state regulation, including determinations of allowed revenues. Any change to regulations may cause future earning power to differ materially from current expectations.
- ComEd currently operates under a deferred prosecution agreement (set to end in 2023) due to past lobbying practices in Illinois. These legacy issues bring up the potential for negative headline risk if new information comes to light.
- The company possesses attractive leverage to growing electrification trends. However, if these investments develop slower than we anticipate it could lead to a weaker earnings outlook than we currently forecast.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp.: Summary of Financials

Income Statement - Annual	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	**32,929**	**16,698**	**19,124**	**19,748**	**20,118**
COGS	(14,215)	(5,201)	(6,435)	(6,436)	(6,436)
Gross profit	**18,714**	**11,497**	**12,689**	**13,312**	**13,682**
SG&A	(10,217)	(5,395)	**(5,979)**	**(5,765)**	**(5,796)**
Adj. EBITDA	**9,129**	**6,363**	**7,180**	**7,699**	**8,038**
D&A	(4,075)	(3,033)	(3,291)	(3,399)	(3,501)
Adj. EBIT	**5,054**	**3,330**	**3,889**	**4,299**	**4,537**
Net Interest	(1,609)	(1,274)	(1,432)	(1,529)	(1,605)
Adj. PBT	**3,445**	**2,056**	**2,457**	**2,770**	**2,932**
Tax	(399)	(145)	(419)	(415)	(437)
Minority Interest	104	(1)	1	0	0
Adj. Net Income	**3,150**	**2,047**	**2,228**	**2,356**	**2,495**
Reported EPS	3.22	2.09	2.26	2.36	2.50
Adj. EPS	**3.22**	**2.09**	**2.26**	**2.36**	**2.50**
DPS	**1.53**	**1.53**	**1.36**	**1.46**	**1.56**
Payout ratio	47.5%	73.2%	60.0%	61.6%	62.4%
Shares outstanding	977	980	987	997	1,000

Income Statement - Quarterly	1Q22A	2Q22A	3Q22A	4Q22E
Revenue	**5,327A**	**4,239A**	**4,845A**	**4,713**
COGS	(2,078)A	(1,274)A	(1,484)A	(1,599)
Gross profit	**3,249A**	**2,965A**	**3,361A**	**3,114**
SG&A	(1,532)A	(1,439)A	(1,525)A	(1,483)
Adj. EBITDA	**1,854A**	**1,699A**	**1,958A**	**1,669**
D&A	(817)A	(830)A	(825)A	(819)
Adj. EBIT	**1,037A**	**869A**	**1,133A**	**850**
Net Interest	(338)A	(358)A	(365)A	(371)
Adj. PBT	**699A**	**511A**	**768A**	**479**
Tax	(218)A	(46)A	(92)A	(63)
Minority Interest	1A	0A	0A	0
Adj. Net Income	**634A**	**433A**	**745A**	**416**
Reported EPS	0.65A	0.44A	0.75A	0.42
Adj. EPS	**0.65A**	**0.44A**	**0.75A**	**0.42**
DPS	**0.34A**	**0.34A**	**0.34A**	**0.34**
Payout ratio	52.2%A	76.5%A	45.1%A	81.3%
Shares outstanding	981A	982A	989A	995

Balance Sheet & Cash Flow Statement	FY20A	FY21A	FY22E	FY23E	FY24E
Cash and cash equivalents	1,166	1,619	1,000	1,000	1,000
Accounts receivable	4,629	5,126	3,430	3,430	3,430
Other current assets	6,767	7,212	2,439	2,791	3,164
Current assets	**12,562**	**13,957**	**6,869**	**7,221**	**7,594**
PP&E	82,584	84,219	68,484	72,135	76,084
Other non current assets	34,171	34,837	18,858	19,176	19,494
Total assets	**129,317**	**133,013**	**94,210**	**98,532**	**103,171**
Short term borrowings	3,850	6,703	2,990	2,990	2,990
Payables	3,562	4,136	2,693	2,693	2,693
Other short term liabilities	5,359	5,272	3,034	3,034	3,034
Current liabilities	**12,771**	**16,111**	**8,717**	**8,717**	**8,717**
Long-term debt	35,483	35,714	36,287	39,146	42,268
Other long term liabilities	46,195	46,393	24,546	24,961	25,397
Total liabilities	**94,449**	**98,218**	**69,550**	**72,824**	**76,383**
Shareholders' equity	32,585	34,393	24,660	25,708	26,789
Minority interests	2,283	402	0	0	0
Total liabilities & equity	**129,317**	**133,013**	**94,210**	**98,532**	**103,171**
BVPS	**33.39**	**35.13**	**24.81**	**25.78**	**26.78**
y/y Growth	*0.8%*	*5.2%*	*(29.4%)*	*3.9%*	*3.9%*
Net debt/(cash)	38,167	40,798	38,277	41,136	44,258
Cash flow from operating activities	**4,235**	**3,012**	**5,323**	**5,499**	**5,742**
o/w Depreciation & amortization	6,527	7,573	3,498	3,399	3,501
o/w Changes in working capital	(4,799)	(5,565)	(1,085)	(353)	(373)
Cash flow from investing activities	**(4,336)**	**(3,317)**	**(6,717)**	**(7,050)**	**(7,450)**
o/w Capital expenditure	(8,048)	(7,981)	(6,910)	(7,050)	(7,450)
as % of sales	*24.4%*	*47.8%*	*36.1%*	*35.7%*	*37.0%*
Cash flow from financing activities	**145**	**758**	**775**	**1,551**	**1,708**
o/w Dividends paid	(1,492)	(1,497)	(1,337)	(1,449)	(1,556)
o/w Net debt issued/(repaid)	1,067	1,841	4,348	2,859	3,122
Net change in cash	**44**	**453**	**(619)**	**(0)**	**(0)**
Adj. Free cash flow to firm	**(2,390)**	**(3,785)**	**(400)**	**(251)**	**(342)**
y/y Growth	*(427.1%)*	*58.3%*	*(89.4%)*	*(37.2%)*	*36.0%*

Ratio Analysis	FY20A	FY21A	FY22E	FY23E	FY24E
Gross margin	56.8%	68.9%	66.4%	67.4%	68.0%
EBITDA margin	27.7%	38.1%	37.5%	39.0%	40.0%
EBIT margin	15.3%	19.9%	20.3%	21.8%	22.6%
Net profit margin	9.6%	12.3%	11.7%	11.9%	12.4%
ROE	9.7%	6.1%	7.5%	9.4%	9.5%
ROA	2.5%	1.6%	2.0%	2.4%	2.5%
ROCE	6.3%	4.2%	4.6%	5.5%	5.5%
SG&A/Sales	31.0%	32.3%	31.3%	29.2%	28.8%
Net debt/equity	1.1	1.2	1.6	1.6	1.7
P/E (x)	13.3	20.6	19.1	18.2	17.2
P/BV (x)	1.3	1.2	1.7	1.7	1.6
EV/EBITDA (x)	8.0	11.9	10.2	9.9	9.9
Dividend Yield	3.6%	3.6%	3.1%	3.4%	3.6%
Sales/Assets (x)	0.3	0.1	0.2	0.2	0.2
Interest cover (x)	5.7	5.0	5.0	5.0	5.0
Operating leverage	128.4%	69.2%	115.5%	323.6%	294.6%
Revenue y/y Growth	(4.4%)	(49.3%)	14.5%	3.3%	1.9%
EBITDA y/y Growth	(1.8%)	(30.3%)	12.8%	7.2%	4.4%
Tax rate	11.6%	7.1%	17.1%	15.0%	14.9%
Adj. Net Income y/y Growth	0.3%	(35.0%)	8.8%	5.7%	5.9%
EPS y/y Growth	0.0%	(35.2%)	8.1%	4.7%	5.6%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
15-Jan-20	N	45.81	47
20-Feb-20	N	49.60	51
21-Apr-20	N	37.07	46
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), Nextera Energy Partners (NEP), NorthWestern Energy (NWE), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

J.P. Morgan Equity Research Ratings Distribution, as of October 01, 2022

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	50%	37%	13%
IB clients**	50%	46%	33%
JPMS Equity Research Coverage*	50%	38%	12%
IB clients**	70%	68%	50%

***Please note that the percentages might not add to 100% because of rounding.**
****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided**

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

investment banking services within the previous 12 months.
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Registration of non-US Analysts: Unless otherwise noted, the non-US analysts listed on the front of this report are employees of non-US affiliates of J.P. Morgan Securities LLC, may not be registered as research analysts under FINRA rules, may not be associated persons of J.P. Morgan Securities LLC, and may not be subject to FINRA Rule 2241 or 2242 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 060/08/2022 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be data discrepancy in this material as a result of calculations, adjustments and/or translations to different languages, as applicable. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised November 12, 2022.

Copyright 2022 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

Completed 27 Dec 2022 11:12 AM EST

Disseminated 27 Dec 2022 11:12 AM EST

KeyBanc Capital Markets

Alert

December 27, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: DUK, CMS, PEG, EXC, D, ED, ETR, CEG, AGR, ES

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

In the week ahead, we expect an NCUC decision on the 2022 NC Carbon Plan. In other news, CMS reaches a constructive multiparty settlement in MI electric rate case; PSC issues a $48M revenue increase in D's UT natural gas rate; FERC issues two orders in SERI proceedings; MA utilities urge DPU to deny AGR's request to dismiss the Commonwealth Wind PPA proceedings; Staff files surrebuttal testimony in DEP's SC electric rate case; ED nearing a joint proposal in settlement discussions; PJM delays publishing the results of the 2024/2025 capacity auction; and winter weather stresses the grid.

Holiday Reading

If you are looking for some thematic utility and clean energy reading for the holidays, we have recommendations — Electric Utilities: Industry Primer, From Microgrids to Microutilities - How DERs Are Transforming the Grid, Entering the Nuclear Renaissance, Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Regulatory Calendar

DUK — NCUC decision on the 2022 NC Carbon Plan is due by December 31: The NCUC is expected to issue the decision before year-end, which will guide DUK's NC IRP and be incorporated into the 2023 SC IRP. DUK's proposed order includes plans to procure 1,200 MW of standalone solar in 2022, 2,350 MW of storage in 2023-2024, 600 MW of co-located storage, 1,000 MW of standalone storage, 600 MW of onshore wind, 800 MW of CT, and 1,200 MW of CC. DUK also proposes spending $440M to develop technologies, including SMR, new pumped storage, and offshore wind. Throughout proceedings, the parties, including DUK, have presented 11 portfolios to the Commission that vary in the markup of the technologies and in timing. The parties are mostly in agreement on the short-term targets, and DUK is requesting that the NCUC approve the proposed NT approach (through 2026) while debating the longer-lead-term proposals and possible technologies during future biannual carbon plan filings. The filing is a result of HB 951, which required DUK to file a carbon plan before the end of 2022 that would outline its path to 70% carbon reduction by 2030. The law also provides the Commission leeway to push back the deadline by two years or longer if more time is needed to bring new nuclear and wind capacity online or to maintain the adequacy and reliability of the grid. Read more here.

Recent Developments for Companies Under Our Coverage

From our midweek: This week, the government funding bill proposes to increase spending in renewables; interveners file testimony in NWE's MT electric and gas rate cases; the GA PSC approves GP's electric GRC settlement with minor modifications; EXC files a DE rate case; ETR's SERI files for a rehearing of a FERC order investigating the complaint related to Grand Gulf investments; the SCC adopts the hearing examiner's recommendation for a $28M rate increase in APCO's 2020 rate case reconsideration; ETR LA files a $9.6B grid hardening and resilience plan; ECA LNG facility receives approval to send U.S. natural gas to Mexico to re-export as LNG; the FL Office of Public Counsel appeals the PSC decision in FPL and DEF Storm Protection Plans; the ME PUC denies the issuance of a one-time $75 credit by utilities to ratepayers; OR will ban sales of new cars with ICE by 2035; the BOEM releases a draft EIS for AGR's two-phase 2 GW offshore wind project; the NY State Climate Action Council approves a Scoping Plan to meet clean energy goals; reply comments were filed in FERC's interconnection reform NOPR; and NERC publishes its 2022 Long-Term Reliability Assessment report highlighting near-term concerns.

CMS — CMS reaches a constructive multiparty settlement in MI electric rate case:

- CMS, MI PSC Staff, and other interveners entered into a constructive settlement for a $161M revenue increase, including $6M for certain 2021 distribution deferrals. The parties agreed to a 9.9% ROE and 50.75% equity, the ROE in line with a series of recent MPSC rate case outcomes. In reply briefs, MI PSC Staff recommended a $140M net revenue increase, premised on 9.70% ROE/51.0% equity, while CMS sought an updated net revenue increase of $287M based on a 10.25% ROE/51.5% equity. CMS has requested rates to be effective March 1, 2023.

- Settling parties recommend that CMS be allowed to implement a pension and OPEB deferral mechanism that should help to reduce volatility in annual earnings. This rate case sets a band of $30M for pension expenses and $65.7M for OPEB beyond which a reg asset or liability will be recorded.
- The settlement includes a recommendation that the Commission approves CMS's proposed plans for decommissioning of coal units Karn 1 and 2, amortization of the related regulatory assets, and the amortization of the ash disposal costs for the Karn units as well as seven other units that the company decommissioned in 2016. The costs of decommissioning the Karn units will be amortized through 2031 (beginning in 2024) and the coal ash disposal costs for all the units will be amortized over 10 years starting in 2024.

D — PSC issues an order in D's UT natural gas rate: The UT PSC issued an order approving a $48M revenue increase, premised on a 9.6% ROE and 51% equity. The PSC also allowed the continuation of the infrastructure replacement and rural expansion trackers, which authorize $85M and $24M into base rates. The new rates will go into effect on January 1, 2023. The order compares to Questar's revised request for a $67M rate increase based on a 10.3% ROE and 53.21% equity. D must file a rate case every three years as part of the infrastructure replacement adjustment tracker.

ETR — FERC delivers two orders in SERI proceedings, dealing with the sale-leaseback issue and the treatment of uncertain tax positions (dockets EL18-152 and ER18-1182): Both orders affirmed the previously issued ALJ decisions (see: decision 1 and decision 2) with some modifications.

- **On sale-leaseback treatment,** the FERC order calls on SERI to refund customers $149M and disallows $17M in annual lease payment collections on the prospective basis. Net of the existing MS settlement, the incremental refund would amount to $89M and the prospective annual impact would be $10M. In its press release, ETR noted that it disagrees with this part of the ruling and would seek a rehearing. The Company has also reaffirmed its 2023 guidance.
- **On the uncertain tax positions treatment**, the FERC order directs SERI to compute customer refund taking into account IRS's 2015 ruling, which partially allowed some of SERI's tax positions. ETR has previously issued a one-time $25M refund associated with the 2015 IRS ruling, and has been providing ongoing rate base credit for ADIT related to the successful portion of uncertain tax position. Therefore, ETR appears to already be satisfying the remedy required by FERC in this order. The company is planning to file a compliance report supporting this view, which FERC will address separately.

ES, AGR — Utilities urge DPU to deny AGR's motion to dismiss the Commonwealth Wind PPA proceedings: As we have written before, AGR has filed a motion with the DPU to dismiss the proceedings reviewing the Commonwealth Wind PPAs since the terms no longer allow it to develop the project economically. AGR is asking that the current proceedings be dismissed and the state conduct an RFP where Commonwealth Wind can re-bid for the 1,200 MW of capacity. The utilities, including ES's NSTAR Electric, are requesting that the DPU deny the motion to dismiss since the PPAs were negotiated following a full and fair process and dismissing the process at this late stage would undermine the process that the state has established to encourage offshore wind development. Mayflower Wind (partly owned by Shell and EDP), which also bid into the same RFP that AGR is referring to, filed an answer to AGR's motion to dismiss. Mayflower remains committed to continuing to work to develop the project in line with the timelines in the PPA but recognizes that AGR is not alone in facing the pressures of inflation and higher costs of financing. Mayflower requests that the DPU allow time for discussions among interested parties before making a final decision on the Mayflower Wind PPAs.

DUK — Surrebuttal testimony in DEP's SC electric rate case was filed last week: In surrebuttal testimony, Staff raised the recommended revenue increase to $48M, from ~$40M, while maintaining a 9.4% ROE and 52.43% equity. In rebuttal testimony, DEP requested an $88.5M revenue increase ($90M previously) premised on 10.2% ROE and 53% equity. The delta between Staff and DUK results from lower ROE, cost differences in the coal ash adjustments, and adjustments to DUK's deferred costs. DEP is proposing accelerating the return of deferred income tax benefits, resulting in a $21M adjustment, and yielding a net $67.5M revenue increase. DEP proposes layering in the rate increase over two years, $52.5M in RY1 and $15M in RY2. The main drivers for the rate increase are capital investments since the last rate case and the recovery of costs associated with coal ash pond closures. In the last SC electric rate case in 2018, DEP received a $41.5M rate increase based on a 9.50% ROE/53% equity. Evidentiary hearings are set to begin on January 9. A final decision is expected by March 1, 2023, with rates effective April 1, 2023.

ED — Discussions continue, and a settlement may be imminent: In a status update, ED noted that parties, including Staff, are close to reaching a settlement with only a few issues outstanding. ED does not feel the need to request an extension to the suspension date. The ALJ responded that ED would need to file an extension of the suspension period by Dec. 23 with either a 30-day extension filing or file a joint proposal by Jan. 13. The NY PSC recently issued an extension to the suspension of proceedings through April 25, 2023. ED and Staff began settlement discussions in July. As a reminder, ED is seeking rate increases of $1,038M and $402M for its electric and gas utilities, respectively, and has included illustrative rate increases for 2024 and 2025 (electric: $744M and $615M, respectively; gas: $205M and $176M, respectively) that are most likely being reviewed in the settlement discussions. Staff recommended a proposed rate increase of $299.5M for electric and $165.4M for gas based on an 8.80% ROE (vs. ED's 10.00% request). ED requested rates to go into effect on Jan. 1, 2023, rates will be made whole for the period from January 1, 2023, to when the Commission sets new rates.

PEG, EXC, D, CEG — PJM delays releasing results of the 2024/2025 capacity auction: PJM did not receive offers from all the planned generation that it had factored into its model, thus creating an artificial shortage, especially in the local deliverability area

(LDA) covered by EXC's DPL and thus yielding a much higher clearing price than was anticipated. According to the PJM, additions of large and/or intermittent units in smaller LDAs like DPL-S can result in an increase in the reliability requirement since capacity transfers would be required to account for times when those intermittent resources are not available. So what is the remedy? PJM will have to file with the FERC to seek approval to add tariff language that will prospectively allow it to exclude resources from the LDA reliability requirement if those resources do not participate in the auctions where the reliability requirement increases materially. If approved, the PJM would recalculate the reliability requirement excluding the planned resources that did not offer. The challenge here could arise from an ideologically tied 2-2 FERC given that Chair Glick is planning to leave his position possibly by the end of the year.

Winter Storm Elliot and cold weather stress the grid: At the peak, ~1.7M customers were without power across the country due to the heavy snow and strong winds from Winter Storm Elliot and extreme winter weather driving up demand. The seasonally cold weather stressed the grid by driving demand to record levels across the country, resulting in several utilities calling for energy conservation. CNP, D, and ED called for customers to conserve energy during the cold weather. The SPP issued an Energy Emergency Alert 1 as the load exceeded a new record of 47 GW; the previous record was ~44 GW. We note that an EEA 1 indicates that the operator can currently meet demand, but reserves could be at risk if conditions worsen. PJM needed to issue an EEA Level 2, requiring customers across its territories who have agreed to curtail power during these times to do so, which is one of the last steps before implementing rolling blackouts. Customers in the Southeast seemed to be affected the most, as DUK had to implement rolling blackouts for NC customers, and the TN Valley Authority utilized rolling blackouts to shed load. ERCOT held up relatively well, even though the load reached ~80 GW and power prices spiked to $3,700/MWh before more thermal and solar came back online. In NE, gas prices reached $30/mmBtu, but the region was able to meet customer demand. The cold weather across most of the country is expected to retreat later this week. In its 2022/2023 winter assessment, NERC highlighted adequate resources this winter but noted that prolonged extreme weather could result in reliability risks in regions across the country. The regions at risk included TX, NE ISO, and MISO, and are at risk due to myriad factors, including the retirement of fossil fuel generation in MISO, lack of equipment retrofitted for winter in TX, and the LNG constraints in NE.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	12/30/2022	Deadline for final Carbon Plan
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	1/3/2023	Staff and Intervenor Testimony Due
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	1/3/2023	Proposed Decision Due
SC	Duke Energy Progress	DUK	D-2022-254-E	Electric	1/9/2023	Evidentiary Hearings Begin
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	1/10/2023	Direct Testimony (Rev. Req.)
	Short-Term Energy Outlook	EIA			1/10/2023	STEO release
	CPI Release	BLS			1/12/2023	CPI release for Prior Month
TX	Entergy Texas Inc.	ETR	D-53719	Electric	1/13/2023	Briefs Due
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	1/17/2023	Rebuttal Testimony Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	1/17/2023	Hearings on pre-filed testimony
	Federal Energy Reg Comm	FERC			1/19/2023	Open Meeting

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
						Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	23.1	Sector Weight	NA	$89.53	2.6%	58%	4.07	4.34	4.65	22.0x	20.6x	19.3x	4.07	4.36	4.68	22.0x	20.5x	19.1x
AEP	American Electric Power Company	49.0	Sector Weight	NA	$95.69	3.3%	63%	5.03	5.33	5.70	19.0x	18.0x	16.8x	5.02	5.30	5.65	19.1x	18.1x	16.9x
CMS	CMS Energy Corp	18.5	Sector Weight	NA	$63.62	2.9%	64%	2.89	3.11	3.38	22.0x	20.5x	18.8x	2.88	3.11	3.38	22.1x	20.5x	18.8x
D	Dominion Energy Inc	50.7	Sector Weight	NA	$60.79	4.4%	65%	4.15	4.33	4.61	14.6x	14.0x	13.2x	4.12	4.20	4.41	14.8x	14.5x	13.8x
DTE	DTE Energy Co	23.0	Sector Weight	NA	$118.54	3.2%	62%	5.96	6.25	6.71	19.9x	19.0x	17.7x	6.02	6.27	6.69	19.7x	18.9x	17.7x
DUK	Duke Energy Corp	79.3	Overweight	$108	$102.99	3.9%	75%	5.24	5.67	6.03	19.7x	18.2x	17.1x	5.29	5.67	6.02	19.5x	18.2x	17.1x
ETR	Entergy Corp	23.1	Sector Weight	NA	$113.43	3.6%	64%	6.40	6.71	7.20	17.7x	16.9x	15.8x	6.38	6.76	7.22	17.8x	16.8x	15.7x
ES	Eversource Energy	29.3	Sector Weight	NA	$84.23	3.0%	62%	4.07	4.38	4.67	20.7x	19.2x	18.0x	4.10	4.37	4.69	20.5x	19.3x	18.0x
ED	Consolidated Edison Inc	34.0	Underweight	$69	$95.85	3.3%	70%	4.57	4.75	4.68	21.0x	20.2x	20.5x	4.52	4.80	5.10	21.2x	20.0x	18.8x
EIX	Edison International	24.9	Sector Weight	NA	$65.18	4.3%	61%	4.58	4.85	5.15	14.2x	13.4x	12.7x	4.58	4.81	5.15	14.2x	13.5x	12.7x
EXC	Exelon Corp	42.8	Sector Weight	NA	$43.04	3.2%	61%	2.28	2.34	2.50	18.9x	18.4x	17.2x	2.26	2.36	2.51	19.0x	18.2x	17.1x
FE	FirstEnergy Corp	24.0	Overweight	$44	$42.00	3.7%	64%	2.43	2.37	2.70	17.3x	17.7x	15.6x	2.44	2.49	2.68	17.2x	16.9x	15.7x
PEG	Public Service Enterprise Group Inc	30.5	Sector Weight	NA	$61.08	3.5%	63%	3.45	3.45	3.59	17.7x	17.7x	17.0x	3.46	3.49	3.82	17.7x	17.5x	16.0x
WEC	WEC Energy Group Inc	30.1	Overweight	$101	$95.48	3.0%	66%	4.39	4.63	4.95	21.7x	20.6x	19.3x	4.39	4.61	4.92	21.7x	20.7x	19.4x
XEL	Xcel Energy Inc	38.5	Overweight	$73	$70.93	2.7%	61%	3.17	3.33	3.54	22.4x	21.3x	20.0x	3.17	3.38	3.61	22.4x	21.0x	19.7x
					Average:	**3.4%**	**64%**				**19.3x**	**18.4x**	**17.3x**				**19.3x**	**18.3x**	**17.1x**
						Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.2	Underweight	$33	$43.84	4.0%	93%	1.89	2.37	2.45	23.2x	18.5x	17.9x	1.89	2.34	2.45	23.2x	18.7x	17.9x
NWE	NorthWestern Corp	3.3	Overweight	$59	$58.49	4.3%	77%	3.26	3.50	3.69	17.9x	16.7x	15.9x	3.28	3.50	3.64	17.8x	16.7x	16.1x
OTTR	Otter Tail Corp	2.4	Sector Weight	NA	$58.24	2.8%	25%	6.60	3.84	3.66	8.8x	15.2x	15.9x	6.62	3.90	3.45	8.8x	14.9x	16.9x
PNW	Pinnacle West Capital Corp	8.8	Underweight	$56	$77.93	4.4%	80%	4.28	4.25	4.67	18.2x	18.3x	16.7x	4.24	4.20	4.60	18.4x	18.5x	16.9x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$48.99	3.7%	64%	2.85	2.70	2.93	17.2x	18.1x	16.7x	2.79	2.75	3.02	17.5x	17.8x	16.2x
					Average:	**3.8%**	**68%**				**17.1x**	**17.4x**	**16.6x**				**17.1x**	**17.4x**	**16.8x**
						Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	16.7	Underweight	$35	$43.24	4.1%	76%	2.36	2.29	2.43	18.3x	18.9x	17.8x	2.33	2.28	2.42	18.6x	18.9x	17.9x
NEE	Nextera Energy Inc	167.3	Overweight	$89	$84.17	2.0%	59%	2.90	3.12	3.41	29.0x	27.0x	24.7x	2.87	3.09	3.38	29.3x	27.2x	24.9x
SRE	Sempra Energy	49.6	Sector Weight	NA	$157.75	2.9%	52%	8.88	8.95	9.43	17.8x	17.6x	16.7x	8.85	9.05	9.64	17.8x	17.4x	16.4x
					Average:	**3.0%**	**62%**				**21.7x**	**21.2x**	**19.7x**				**21.9x**	**21.2x**	**19.7x**
						Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	28.8	Overweight	$99	$88.04	0.6%	24%	(0.05)	4.03	4.45	NA	21.8x	19.8x	2.31	4.59	5.83	38.1x	19.2x	15.1x
NRG	NRG Energy Inc	7.4	Not Covered	NA	$31.91	4.4%	35%	NA	NA	NA	NA	NA	NA	4.03	5.07	5.68	7.9x	6.3x	5.6x
VST	Vistra Corp	9.5	Not Covered	NA	$23.87	3.1%	61%	NA	NA	NA	NA	NA	NA	1.21	3.02	2.61	19.8x	7.9x	9.2x
					Average:	**2.7%**	**40%**				**NA**	**21.8x**	**19.8x**				**21.9x**	**11.1x**	**10.0x**

Source: Company reports, KBCM Estimates Thomson Reuters

Figure 3 - Stock Price Performance

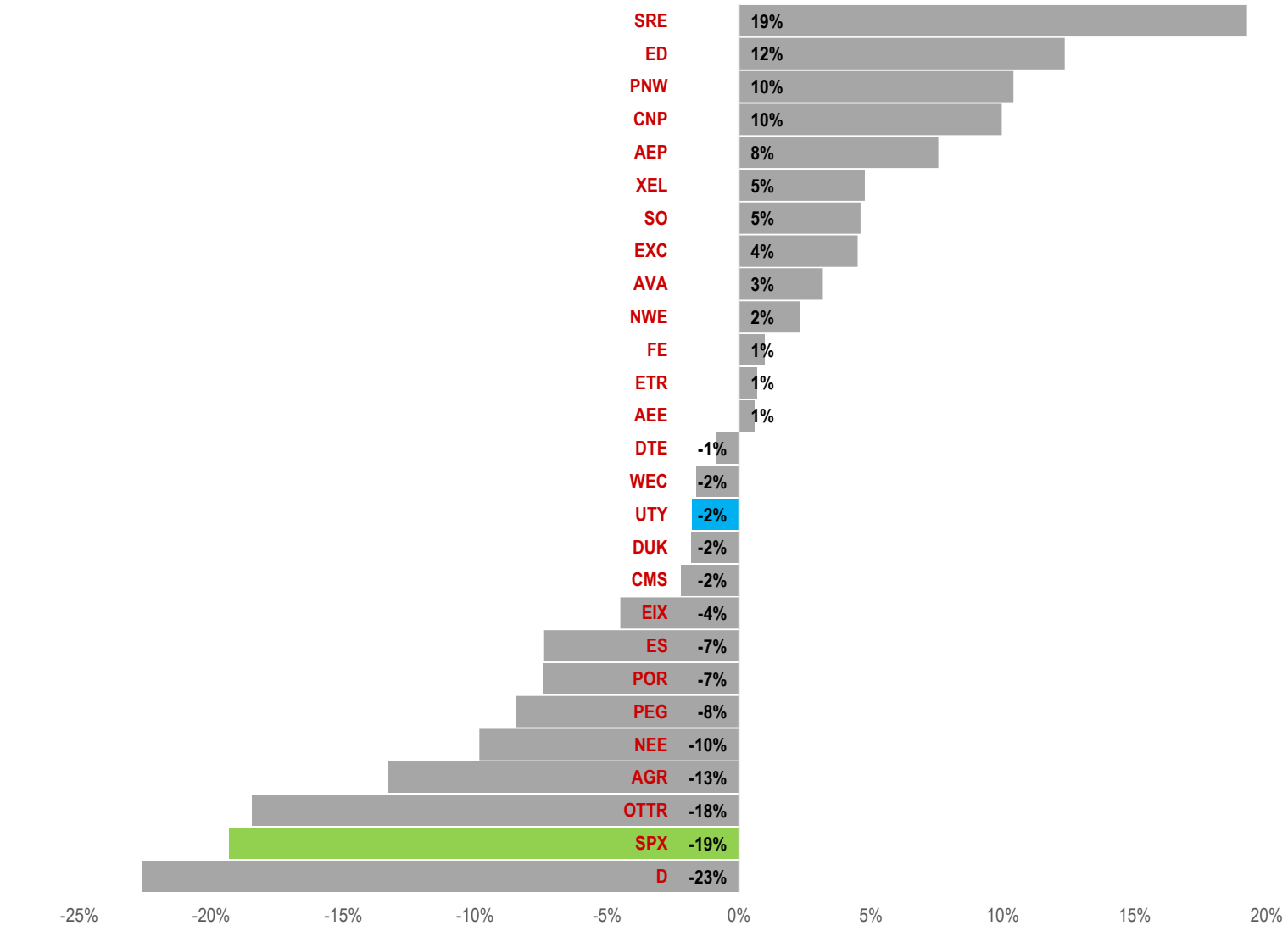

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

AEP: FERC Strikes Down on KY, OH - Likely Creating NT Overhang; Reiterate SW

SO: Constructive GA Rate Case Settlement Reduces NT Regulatory Overhangs

ENPH: Notes from the Headquarter Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

From Microgrids to Microutilities - How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Utilities 3Q22 Earnings Preview: The Average Is Over: Staying Selective and Focusing on Catalysts Given Macro Headwinds

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	282	48.29	49	17.38
Sector Weight [SW]	289	49.49	47	16.26
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	28	50.91	11	39.29
Sector Weight [SW]	23	41.82	10	43.48
Underweight [UW]	4	7.27	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

December 21, 2022

Energy: Electric Utilities

Midweek Thoughts — NWE, SO, EXC, ETR, SRE, NEE, DUK, AGR, AVA, POR, ED, AEP

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, the government funding bill proposes to increase spending in renewables; interveners file testimony in NWE's MT electric and gas rate cases; the GA PSC approves GP's electric GRC settlement with minor modifications; EXC files a DE rate case; ETR's SERI files for a rehearing of a FERC order investigating the complaint related to Grand Gulf investments; the SCC adopts the hearing examiner's recommendation for a $28M rate increase in APCO's 2020 rate case reconsideration; ETR LA files a $9.6B grid hardening and resilience plan; ECA LNG facility receives approval to send U.S. natural gas to Mexico to re-export as LNG; the FL Office of Public Counsel appeals the PSC decision in FPL and DEF Storm Protection Plans; the ME PUC denies the issuance of a one-time $75 credit by utilities to ratepayers; OR will ban sales of new cars with ICE by 2035; the BOEM releases a draft EIS for AGR's two-phase 2 GW offshore wind project; the NY State Climate Action Council approves a Scoping Plan to meet clean energy goals; reply comments were filed in FERC's interconnection reform NOPR; and NERC publishes its 2022 Long-Term Reliability Assessment report highlighting near-term concerns.

ICYMI

From Microgrids to Microutilities — How DERs Are Transforming the Grid: Recently, we hosted a Spotlight event dedicated to the ongoing advancements in the distributed energy resources (DERs) space, and related regulatory, technical, and operational challenges. In this note, we present relevant background and key takeaways from the virtual summit.

Industry News and News from Companies in Our Coverage

Omnibus spending bill includes funding for clean energy and renewables: The $1.7T funding bill currently being debated in Congress provides ~$47B to the Department of Energy. Of that, ~$16B will be for non-defense activities, including ~$3B allocated to the DOE's Office of Energy Efficiency and Renewable Energy (EERE). The ~$260M year-over-year increase will accelerate the EERE's efforts in EV technologies, hydrogen R&D, renewable generation resources, and renewable grid integration. The bill also includes $890M toward carbon capture and storage projects, $1.8B for continued funding of advanced reactor projects and a HALEU program, and $89M for the recently established Office of Clean Energy Demonstration, which works to deploy clean energy projects at scale. Notably, the bill did not include funding to increase the domestic production of electric transformers. Both chambers of Congress will vote on the bill before Dec. 23.

NWE — Intervenor testimony filed in NWE's MT electric and gas rate cases: The MT Consumer Council recommends $66.7M and $6.7M revenue increases for electric and gas, respectively, both premised on a 9% ROE and 48.02% equity. The Council also recommends that the PSC reject the reliability rider, wildfire mitigation rider, technology rider, and the NWE proposed PCCAM adjustments, which the Council believes would inherently shift more risks to the customers or are controllable costs that do not require trackers. This compares to NWE's request for revenue increases of $171M and $23M for electric and gas operations, respectively, based on a 10.6% ROE, 48.02% equity, and a YE21 test year. The main factors driving NWE's request are the recovery of ~$835M of capital invested in the electric segment and $267M in the gas operations. NWE proposed several contemporaneous recovery mechanisms for future investments, including a reliability rider and an enhanced wildfire mitigation plan rider to reduce regulatory lag. The revenue requirement also includes ~$4.2M associated with Colstrip Unit 4. 42% of the total ask are flow-through costs for the PCCAM ($68.1M) and a property tax tracker ($13.9M). Hearings are scheduled for April.

SO — GA PSC approves settlement in GP's electric GRC with minor modifications: Earlier this week, the PSC voted to approve GP's electric GRC settlement (read more here) with modifications. The PSC approved a 9.5-11.9% earnings-sharing band and voted to maintain the sharing allocation set in the 2019 rate case for earnings above the top end of the range. 40% of the over-earnings will go toward reducing regulated assets, 40% to customers, and 20% to be retained by SO, which compares to the settlement for 70%/10%/20%, respectively. The three-year rate plan will go into effect January 1, 2023, with a cumulative rate increase of $996M

over the 2023-2025 period ($215.7M in 2023, $376.5M in 2024, and $403.3M in 2025). The PSC also approved a 10.5% ROE and 56% equity layer. As a reminder, GP's initial request sought a $1B revenue increase over three years ($852M in 2023, $107M in 2024, and $45M in 2025) based on an 11% ROE and 56% equity.

EXC — EXC files DE rate case: EXC's subsidiary Delmarva Power filed an electric rate case (Docket: 22-0897) with the DE PSC requesting a $59M net revenue increase, premised on a 10.5% ROE and 55.5% equity. The request includes a transfer of $12.4M of revenues currently recovered through the Distribution System Improvement Charge (DSIC). The driver for the rate increase, among others, is the recovery of $290M of investment in the distribution system. The Company is proposing adjustments, including leveraging a pro forma capital structure, utilizing an O&M inflation adjustment, and applying year-end treatment to its rate base. EXC expects new rates to go into effect on July 15, 2023. In its 2020 rate case filing, EXC received authorization for a $16.8M revenue increase, premised on a 9.6% ROE.

ETR — SERI files for a rehearing of a FERC order investigating the complaint related to Grand Gulf investments: SERI is requesting a rehearing on the docket or at least a clarification of FERC's November order that authorized an investigation into the Grand Gulf docket pending before the agency (docket EL 21-56-00). SERI contends that FERC's review is not based on the Commission's own precedent as the complainants were previously involved in a due process leading to the 2012 uprate and permitted full recovery of the costs after adequate time to investigate. As a reminder, the complaint filed by LA, AR, and NO PUCs alleges long-term mismanagement at Grand Gulf (the nuclear power plant owned by SERI) and requested $360M in customer refunds for replacement power purchased by utilities due to lower availability of GG from 2016-2020, as well as a refund of capital costs expended on various upgrades, including a 178 MW uprate dating back to 2012, which approximately cost $800M. The complaint specifies that further discovery is needed to determine the final price tag. FERC's order sides with the appealing parties and sets in motion the process for setting a hearing date and the appointment of a settlement judge. In the same order, FERC denied the request to modify the Unit Power Sales Agreement (UPSA) to provide for advance review of projects over $125M. The parties have 60 days (~end of January) to reach a mutual agreement before evidentiary hearings commence.

AEP — The SCC adopts the hearing examiner's recommendation for a $28M rate increase in APCO's 2020 rate case reconsideration: The SCC issued an order adopting the hearing examiner's recommendation for a $28M rate increase for the 2020 triennial earnings review (Docket: 2020-00015). AEP is required to refund customers for the excess collections ($41M in interim rates went into effect on Oct 1, 2022). The hearing examiner found that AEP earned a 7.945% ROE during the 2017-2019 review period, below the 8.72-10.12% ROE band. The hearing examiner also recommended that AEP be allowed to recover uncollected revenue for 1/1/21 to 9/30/22 using a separate surcharge over 16 months, which will be recalculated using the findings of the order. The order comes after the VA Supreme Court sent AEP's APCO 2020 rate case back to the SCC, ruling that APCO is allowed to record costs of early coal plant retirements as asset impairments. The ruling stems from a difference between AEP's and SCC's positions during the rate case involving the treatment of costs associated with the early retirement of certain coal and oil-fired plants. At the time, the SCC determined that APCO should have amortized the coal plants over 10 years from 2015 vs. impairing them in 2019. In its original ruling, the Commission concluded that no rate change was required as APCO had earned 9.48% for the 2017-2019 period, within the 8.72-10.12% ROE band prescribed by VA state law. AEP appealed the decision to the Supreme Court in March 2021.

ETR — ETR LA makes a $9.6B grid hardening and resilience filing: ETR's New Orleans sub filed a $9.6B resilience plan with the LA PSC. The plan includes two phases implemented over 2024-2033. ETR's filing relates specifically to Phase 1, which covers the first five years at an estimated cost of $4.6B. Over the 10 years, ETR is proposing 9,600 distribution and hardening projects, that will harden more than 269K structures and more than 11K line miles. Other elements include constructing dead-end structures for transmission lines, investing in the resilience of the ETR's telecom systems, and a vegetation management program. ETR is also requesting approval for the Resilience Plan Cost Recovery Rider for contemporaneous recovery of costs associated with the plan. The Company expects a decision in 4Q23. The LA filings follow the $1.5B grid hardening plan filed in NO in July, and ETR anticipates a similar fling in TX in 1H23. During the analyst day, ETR noted it would recommend ~$4B of resilience spending to regulators across its service territories and that the overall resilience plan calls for $15B of spending over the next 10 years.

SRE — ECA LNG facility receives approval to send U.S. natural gas to Mexico to re-export as LNG: The DOE issued an order allowing SRE to ship natural gas via pipeline from the U.S. to Mexico where SRE is building the Energia Costa Azul (ECA) LNG Phase 1 and Phase 2 facilities, as well as Vista Pacifico (potentially 3-4 Mtpa). Due to its geographic location on the West Coast of Mexico, ECA is well-positioned to connect to the Pacific Basin and Asia. The 3.25 Mtpa Phase facility is currently under construction, and SRE expects it to begin operations in mid-2025. SRE has signed 20-year SPAs with Mitsui and Total for a cumulative 2.5 Mtpa of offtake. Phase 2 of the facility is currently under development and will add ~12 Mtpa; SRE has signed an HOA and two MOUs for Phase 2. Vista Pacifico is in the early stages of development planning.

AGR — BOEM releases draft EIS for AGR's Park City and Commonwealth Wind projects: BOEM issued a draft EIS for AGR's two-phase offshore wind project: Park City Wind (804 MW) and Commonwealth Offshore Wind (1.2 GW). The projects share the same lease area, and AGR plans to develop Park City Wind before building Commonwealth. The draft EIS proposes alternative routes to minimize impacts on fisheries habitats. Park City Wind is expected to be in service in 2027, followed by Commonwealth in 2028 (per recent management commentary). The draft EIS for the two-phase offshore wind project starts a 60-day public comment period, which will inform the preparation of the final EIS. This is the sixth draft EIS issuance from the BOEM, with the first five being Vineyard Wind I (806 MW), South Fork (130 MW), Ocean Wind I (1,100 MW), Coastal Virginia Offshore Wind (2.6 GW), and Sunrise Wind (924 MW). The issuance of a final EIS will be the final step before a Record of Decision is issued by BOEM, at which point construction can begin. A ROD is usually issued within 30 days of a final EIS.

NEE, DUK — FL Office of Public Counsel appeals PSC decision in FPL and DEF Storm Protection Plans: The Office of Public Counsel filed an appeal with the FL Supreme Court regarding the PSC decision to approve DEF (Docket: 20220050) and FPL's (Docket: 20220051) storm protection plans. A procedural schedule for the appeal has been set, with the schedule ending on April 19. It is unclear what relief the OPC is seeking. The PSC previously approved the storm hardening plans with modifications to mitigate customer rate impacts. The Commission removed some proposed programs that it deemed were routine utility updates and not specifically related to storm resilience. The filings were made under a 2019 law that directs each FL utility to file a 10-year Storm Protection Plan, update the plan at least every three years, and direct the PSC to conduct an annual proceeding to determine the prudence of the SPP costs incurred to allow cost recovery through a rider separate from base rates. Both companies highlighted recent investments as part of the reason that the grid held up relative to prior storms during Hurricane Ian.

AGR — ME PUC denies issuance of one-time $75 credit by utilities to ratepayers: The ME PUC rejected the Office of Public Advocates' request for a one-time $75 bill credit to support low-income customers. The OPA filed the emergency petition for the credit for CMP and Versant customers participating in ME's Low-Income Assistance Program (LIAP), which the utilities could recover in its next rate case. Last year, the ME PUC did approve a one-time $90 bill credit following a joint filing by the OPA and the Governor's Energy Office. The PUC does not believe the annual rate relief is sustainable. Unlike last year's credit, which the ME State Housing Authority funded, the ME ratepayers would have funded the proposed credit.

AVA, POR — OR will ban sales of new cars with ICE by 2035: The OR Dept of Environmental Quality voted to approve the Advance Clean Cars II rule, requiring all vehicles sold in the state by 2035 to be either electric, plug-in hybrids, or hydrogen fuel cell vehicles. The ACC II will go into effect immediately with the first compliance requirement in 2026, necessitating 35% of new cars sold to be zero-emission vehicles. The rule requires annual step-ups, reaching 68% by 2030 and 100% by 2035. The ACC II builds on a previous rule set to end in 2025 and requires 7.8% of 2025 new-car sales to be zero-emission vehicles, which has been met by the state.

ED — NY State Climate Action Council approves Scoping Plan to meet clean energy goals: The Climate Action Council approved the Scoping Plan, which will now be submitted to the NY Governor by Jan. 1. The plan proposes a number of recommendations for electrification of transportation, buildings, and other industries. Recommendations include transitioning to nearly 100% zero-emission vehicles by 2050, the electrification of 85% of homes and commercial buildings, and scaling up clean energy resources. The Scoping Plan was required to be submitted by the end of the year per the Climate Leadership and Community Protection Act. The CLPCA was approved in 2019 and sets state targets for 70% renewable energy by 2030, 100% zero-emission electricity by 2040, and net-zero emissions statewide by 2050.

Reply Comments filed in FERC's interconnection reform NOPR; we reviewed reply comments filed by EEI and SEIA:

- EEI agrees with parties who propose moving to a first-ready, first-serve process for interconnection approvals. It is apparent to all parties by now, we believe, that speculative projects that enter and leave the queue render harm to projects that are otherwise ready to connect by delaying or blocking their interconnection to the network. EEI supports a significant withdrawal penalty, commercial readiness requirements, and financial assurances to bring more discipline into the interconnection process and reduce the backlog. Note that most ISO/RTOs have already moved to a first-ready, first-served model, with PJM being the most recent one. EEI recognizes that regional processes should be allowed to move forward and that FERC should allow for permitting variances in the compliance filings from the various RTOs (i.e., reasonable efforts standard should be allowed to stand vs. a regime of deadlines and penalties as proposed by the FERC). EEI is also cautioning against increasing the burden on developers of providing data and details including proposals on informational interconnection studies, alternative technologies, etc. as these would contribute to delays.
- SEIA also argues that informational studies will only provide limited value to the process and would place a drain on limited transmission-provider resources. SEIA also concurs that transmission providers should have flexibility in structuring cluster studies and determining timelines. SEIA maintains that commercial readiness requirements are commercially infeasible and unnecessary while raising consumer costs. Suppose FERC were to include a commercial readiness requirement in the final rule: in that case, it should require a demo of readiness via an affidavit certifying that the developer will sell energy, capacity, and ancillary services. Still, this attestation should not have to be paired with showing that equipment orders have been placed. A commercial readiness deposit would discriminate against IPPs, in SEIA's opinion, and withdrawal penalties should be replaced with at-risk deposits.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

NERC publishes 2022 Long-Term Reliability Assessment report highlighting near-term concerns: NERC's Long-Term Reliability Assessment provided a 10-year outlook to highlight areas of concern and make recommendations to ensure reliable service. The report highlights reliability impacts as the country undergoes the energy transition. In the near term, NERC believes CAISO and MISO face a high risk of resource adequacy shortfalls during peak conditions from 2023-2027. In MISO, the report highlights a projected shortfall of 1,300 MW beginning next summer and growing throughout the 10-year outlook as more generation is retired than the amount of generation forecasted to come online. CAISO has been proactive in adding new resources, but the generation's variability could result in shortfalls ranging from 1-10 hours. The other regions in the U.S. meet the resource adequacy criteria, but TX, NE, the SPP, and the Western Interconnection could face elevated risks during extreme weather. Overall, the report highlights the integration of inverter-based resources, growth in distributed energy resources, generation retirements, fast transmission growth, and increased demand growth as contributing factors that could impact reliability over the next 10 years. The report found that ~88 GW of generating capacity will be retired across its footprint. In addition to investing in replacement capacity, NERC recommends making generation and transmission systems more resilient to extreme weather.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

AEP: FERC Strikes Down on KY, OH - Likely Creating NT Overhang; Reiterate SW

SO: Constructive GA Rate Case Settlement Reduces NT Regulatory Overhangs

ENPH: Notes from the Headquarter Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

From Microgrids to Microutilities - How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Utilities 3Q22 Earnings Preview: The Average Is Over: Staying Selective and Focusing on Catalysts Given Macro Headwinds

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	282	48.29	49	17.38
Sector Weight [SW]	289	49.49	46	15.92
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	28	50.91	11	39.29
Sector Weight [SW]	23	41.82	10	43.48
Underweight [UW]	4	7.27	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

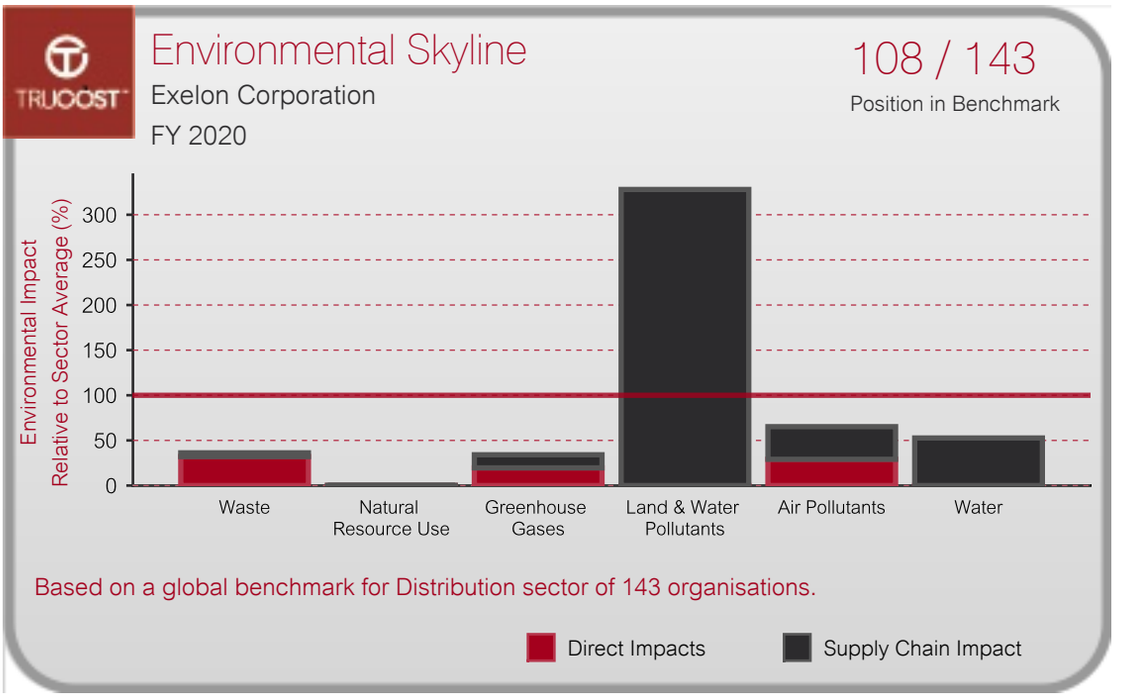

TRUCOST ENVIRONMENTAL SKYLINE EXPLANATORY NOTES

In a single graphic, you get a view of five different dimensions of corporate environmental impact:

- Trucost's Environmental Skyline is an assessment of the performance of an organisation across **six broad groups of environmental KPIs:** greenhouse gases, water, waste, air pollutants, natural resource use, and land/water pollutants. Environmental impacts are not just about carbon, and the Environmental Skyline gives you exactly that broader perspective, which is practically impossible to get without access to Trucost's data.

- Most organisations struggle to assess their direct impacts, let alone their indirect supply chain impacts. Trucost's Environmental Skyline offers an immediate evaluation of the **scale of direct and indirect environmental impacts** an organisation is causing, for each of the environmental KPIs listed above.

- Each organisation is assessed according to the scale of its different business activities for a particular year. Business activities are classified based upon North American Industrial Classification (NAICS) 6 digit codes. Each environmental KPI in the Environmental Skyline is offered as a **comparison to an industry benchmark**. The benchmark index of 100 represents average performance in the sector. The higher the index rating, the worse the performance of the organisation compared to its peers.

- Trucost rates an organisation's overall environmental performance by providing its **position in the benchmark**. The organisation is ranked against peers who share the same primary business activity at NAICS 3 digit code level.

- An organisation will have **a different Environmental Skyline each financial year**. The total number of organisations in the benchmark will increase as financial and environmental data becomes available for analysis by Trucost.

In essence, Trucost's Environmental Skyline offers a valuable assessment of an organisation's performance, covering issues that are near-impossible to assess without the use of Trucost's powerful data model and methodology.

www.trucost.com

KeyBanc Capital Markets

Alert

December 19, 2022

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: NWE, SO, DUK, D, AGR, AEP, DTE, SRE, EIX, EXC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

In the week ahead, we are tracking proceedings in NWE's MT electric and gas rate cases, SO's GA rate case, and DUK's SC electric rate case. In other news, the SCC approved the settlement on the CVOW project; AGR filed to dismiss the Commonwealth PPA proceedings with the DPU; FERC published the order on the KY Power sale; DTE filed a petition for rehearing in the MI electric rate case; the permitting reform bill failed to pass in the Senate; FERC Chair Glick is expected to leave his position at the end of the year or in early 2023; FERC approved a NOPR to clarify the process for siting certain transmission projects; FERC asked NERC to evaluate physical security around the bulk power system; Staff and intervenors filed testimony in UIL's CT electric rate case; CPUC adopted a 25 bps reduction in the 2023 cost of capital proceedings; OH PUC approved the settlement in DUK's OH electric rate case; MD PSC adopted the settlement in Delmarva's MYRP; parties filed proposed orders in NC's NEM case; and the CA PUC issued two rulings supporting further hydrogen development.

ICYMI

AEP — FERC issued a ruling denying Section 203 approval for the sale of AEP's KY operations to Liberty. Read more here.

SO — GP reached a constructive GRC settlement with the GA PSC Staff just prior to the Commission's scheduled meeting on the docket. Read more here.

Regulatory Calendar

NWE — Staff testimony in NWE's MT electric and gas rate cases is due on December 19: NWE (read more here) is seeking revenue increases of $171M and $23M for electric and gas operations, respectively. The rate increases are premised on a 10.6% ROE, 48.02% equity, and a 2021 year-end test year. The main drivers are the recovery of ~$835M of capital invested toward its electric segment and $267M in the MT gas operations. NWE has proposed a number of contemporaneous mechanisms to seek interim recovery of future investments, including a reliability rider and an enhanced wildfire mitigation plan rider. The revenue requirement also includes ~$4.2M associated with Colstrip Unit 4, and 42% of the total ask are flow-through costs for the PCCAM and property tax tracker. Hearings are scheduled for April.

SO — The GA PSC's decision in GP's electric GRC is expected on December 20: The PSC is expected to vote on a recent rate case settlement (read more here) for a three-year alternate rate plan effective January 1, 2023. The settlement includes a revenue increase of $990M over the 2023-2025 period ($214M in 2023, $375M in 2024, and $402M in 2025) and is based on a 10.5% ROE and 56% equity. The settlement maintains the earnings-sharing mechanism, although the PSC will determine the range in the meeting. Items not settled include pricing for the Community Solar program, and the additional amount to be paid for export energy pursuant to the RNR tariff. As a reminder, GP's initial request sought a $1B revenue increase over three years (852M in 2023, $107M in 2024, and $45M in 2025) and based on 11% ROE and 56% equity.

DUK — Surrebuttal testimony in DEP's SC electric rate case is due on December 22: In rebuttal testimony, DEP lowered the revenue request to $88.5M from the $90M supplemental testimony. 10.2% ROE and 53% equity request is unchanged. The lower revenue request stems from adjustments in test year expenses. DEP is proposing accelerating the return of deferred income tax benefits, resulting in a $21M adjustment, and yielding a net $67.5M revenue increase. DEP proposes to layer in the rate increase over two years, $52.5M in RY1 and $15M in RY2. DUK's request compares to Staff's recommendation for a ~$40M revenue increase premised on a 9.4% ROE and 52.43% equity. The delta can be attributed to the lower ROE, cost differences in the coal ash adjustments, and adjustments to DUK's deferred costs. The main drivers for the rate increase include capital investments since the last rate case and the recovery of costs associated with coal ash pond closures. In the last SC electric rate case in 2018, DEP was granted a $41.5M rate increase based on a 9.50% ROE and 53% equity. DUK requests a decision by March 1, 2023, with rates effective April 1, 2023.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.

KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Recent Developments for Companies Under Our Coverage

From our midweek: This week, the WA UTC approved AVA's WA MYRP; the BOEM released a draft EIS for D's CVOW (2.6 GW) and ES's Sunrise Wind (924 MW) offshore projects; FERC's role in the transmission siting is on the upcoming Open meeting agenda; FERC Staff issued an Environmental Analysis on the proposed Cameron Expansion; settlement discussions commenced in ETR's TX GRC; WEC introduced 2023 guidance, and DTE and Stellantis announced a 400 MW solar partnership.

D — SCC approved the settlement on the CVOW project: The VA SCC approved the settlement between D and interveners to replace the performance guarantee in the CVOW approval with a cost-sharing approach for capital costs exceeding the budget and includes an enhanced SCC review of operating performance. The issue arose when the SCC ruled that D could not pass the cost of procuring replacement power should the capacity factor at CVOW fall below 42% on a three-year rolling average. As part of the settlement, D will agree to share 50% of all costs in the range of $10.3B-$11.3B, and shareholders will bear 100% of the costs in the range of $11.3B-$13.7B. There is no voluntary cost sharing for costs exceeding $13.7B. The current capex for the project is estimated at $9.8B, and D will still need to request the recovery of any costs exceeding the $78.7M included in the Rider OSW. D expects the project to enter service in late 2026 or early 2027.

AGR — AGR files to dismiss Commonwealth PPA proceedings with the DPU, plans to participate in next RFP: AGR filed a motion with the MA DPU to dismiss the proceedings reviewing the Commonwealth Wind PPAs. The filing follows attempts by AGR to renegotiate the PPAs with off-takers, including ES, which did not progress. AGR contends that the project, under current terms,is not financially viable and would not be able to raise financing and be constructed under current terms. Instead, AGR asks that the current proceedings are dismissed and the state conducts an RFP where Commonwealth Wind can re-bid for the 1,200 MW of capacity. AGR bid into the third solicitation in September 2021 but since then the economic conditions have changed significantly, rendering the project financially unviable, per AGR. We expect that AGR views this decision as beneficial even against likely losing security deposits. We anticipate that the total financial impact from walking away from the current contract will likely be nominal and potentially put the company on a stronger footing when negotiating a new contract. It is unclear to us what the DPU's next steps would be in terms of granting AGR the request for dismissal.

AEP — FERC publishes order on KY Power sale: Last week, FERC issued a ruling denying Section 203 approval for the sale of AEP's KY operations to Liberty (read more here). In the order published since, FERC noted that AEP and Liberty failed to demonstrate that the proposed transaction would not have an adverse effect on rates. Specifically, FERC notes that the companies did not provide complete information to evaluate the impact of the transaction on rates, and potential changes to the cost of capital, including ROE, cost of debt, and capital structure. FERC also argued that AEP and Liberty did not provide enough analysis regarding rate impacts due to other costs of service components, including transmission revenue requirements, and transmission zone and zonal rates. AEP and Liberty can file a new application pursuant to section 203 but would need to provide adequate information to demonstrate effects on rates and propose protection or mitigation to address any negative rate impacts or demonstrate benefits from the transaction to offset the rate impacts.

DTE — DTE files a petition for rehearing in the MI electric rate case: DTE filed a petition with the MI PSC seeking a rehearing of the electric GRC order. DTE requests that the PSC adopt the sales forecast in the PFD and the Company's proposal to continue its voluntary credit program to refund the incremental margin to customers for any difference between the forecast and actual usage post-COVID. DTE argues that the adopted sales forecast does not accurately reflect the changing trend in customer usage. As a reminder, the PSC ordered a $30.5M rate increase on a 9.9% ROE and a 50% equity layer, vs. DTE's revised ask of $368M, staff's brief of $145M, and a PD of $146M. See our note here where we tabulate the decision. The AG in its filing argued that DTE's residential sales forecasts are unreasonably low and that residential load continues to surge despite the end of pandemic-related disruptions. The Commission sided with the AG's argument that even though C&I volumes are increasing, electricity usage by the average residential customers continues to be elevated. By our initial math, but for the Commission's take on higher residential sales (and a related offset in fuel costs), the approved increase would have been ~$167M, or a modest increase from the staff's brief and the PD.

Permitting reform bill fails to pass in the Senate: In an unsurprising turn of events, Senator Manchin's permitting reform bill could not gather the 60 votes needed for its passage in the Senate. Even if it had, it would have been an uphill task to pass it through the House of Representatives. See our write-up in the midweek where we discussed the low likelihood of the bill's passage and also the opposition from NARUC.

FERC Chair Glick is expected to leave his position at the end of the year or in early 2023: The Chairman said that he will leave FERC either at the end of 2022 or in early 2023 and that he will not seek renomination. Chair Glick was nominated by President Biden for a second term. Still, Senator Manchin, Chair of the Senate Energy and Natural Resources Committee (the one responsible for hearings on FERC nominees), has stalled a confirmation hearing with no clarity on the path forward. With his departure, the FERC will be left with four commissioners and an ideological tie, with two Democrats and two Republicans in charge. Even if the President nominates an alternative candidate, it could be 6 months before the candidate is vetted and voted into office.

FERC approves a NOPR to clarify the process for siting certain transmission projects: At the December 15 open meeting, FERC approved the draft proposal to clarify its backstop siting authority granted to the FERC under the IIJA. Congress originally gave FERC

backstop siting authority for transmission projects in DOE's National Interest Transmission Corridors as part of the Energy Policy Act of 2005. But the courts subsequently ruled that the authority only applied to projects that states did not act on, not to those that states denied. The IIJA introduced a provision clarifying FERC's authority and expanded its backstop authority over projects rejected by the states. The NOPR is meant to implement that provision.

FERC asks NERC to evaluate physical security around the bulk power system: Following a series of attacks on the physical electrical grid infrastructure in recent weeks, FERC has directed NERC to submit a report that examines the effectiveness of the current physical security standards and provides suggestions for improvements. NERC will have 120 days to provide an assessment. The Physical Security Reliability Standards were approved in 2014 and required applicable transmission owners to perform risk assessments periodically.

AGR — Staff and intervenor testimony filed in UIL's CT electric rate case: The OCC recommends an $80.6M revenue increase over the three years — $60M in RY1, $11M in RY 2, and $9M in RY3. The increase is based on a 50% equity layer and 9% ROE. This compares to UIL's request for a $136M rate increase — $102M in RY1, $17M in RY2, and $17M in RY3. Driving the difference between OCC's recommendations and UIL's filings are adjustments to O&M expenses, including payroll expenses and corporate service charges. PURA Staff's testimony did not include a revenue recommendation but recommends an 8.68% ROE and 46.04% equity layer. Staff recommended an ROE of 8.44% if the Commission adopts UIL's requested equity layer. In line with AGR's recent rate filings, such as those in NY, the Company is seeking a symmetric inflation tracker, which would adjust the ROE annually to reflect market conditions and avoid regulatory lag in the current inflationary backdrop. The filing also includes a rate levelization proposal in which the proposed increase in RY1 would be spread over the three years of the rate plan such that the annual rate increase would be $54M. AGR's filing is premised on 10.2% ROE and 52% equity. This is UIL's first filing since 2019, and the utility aims to invest ~ $600M over the three-year period on grid reliability and grid modernization. Rebuttal testimony on January 17 is the next item on the calendar and a final decision from PURA is expected by August 25.

SRE, EIX — CPUC adopts a 25 bps reduction in the 2023 cost of capital proceedings: The CA PUC adopted the ALJ's recommendation to reduce the current ROE levels by 25 bps and leave the equity layer at 52%. SRE's utilities had requested to increase the equity ratio to 54%. The PUC decision will lead SCE, SDG&E, and SCG to reduce their revenue requirements by $106M, $16M, and $36M, respectively. The ALJ left the adjustor mechanism in place through the 2023 cycle, which should provide an uplift in future periods should bond yields remain elevated. We summarize the currently approved ROEs, company requests, and 2023 approved ROEs in the table below.

Figure 1 - ROE Comparison

		ROE (%)			
Parent	Utility	Current Authorized	Proposed	PUC Adopted	Rev Req Impact ($M)
SRE	SDG&E	10.20%	10.55%	9.95%	($16)
SRE	SoCal Gas	10.05%	10.75%	9.80%	($36)
EIX	SCE	10.30%	10.53%	10.05%	($106)

Source: Regulatory Filings, KeyBanc Capital Markets Inc.

DUK — OH PUC approves a settlement in DUK OH electric rate case: The OH PUC issued an order adopting the multi-party settlement in DUK's OH electric case for a $22.6M revenue increase, premised on a 50.5% equity and 9.5% ROE. The settlement maintains the existing riders, including the distribution capital investment rider, the electric service reliability rider, the distribution decoupling rider, and the distribution storm rider. The distribution capital rider will remain in place through May 31, 2025, with an annual cap that can be increased based on the Company's ability to meet certain reliability metrics. DUK's initial request was for a $55M revenue increase on a 10.3% ROE and 50.5% equity to support grid upgrades and modernization investments.

EXC — MD PSC adopts settlement in Delmarva's MYRP: The MD PSC issued an order adopting the partial settlement in EXC's first multi-year rate plan in MD (Docket No. 9681). The settlement agreed to a $16.9M increase in 2023, and $6.0M increases in 2024 and 2025, premised on a 9.6% ROE and 50.5% equity. The Commission also approved EXC's request for the Bill Stabilization Adjustment and the reconciliation mechanism, the only outstanding items from the settlement. As a reminder, EXC's initial request was for a cumulative rate increase of $37.5M for 2023-2025, based on a 10.25% ROE and 50.5% equity ($22.7M increase in 2023, $7.9M in 2024, and $6.8M in 2025). This was Delmarva's first multiyear plan filing in MD after the PSC adopted rules in 2020 allowing multiyear rate plans. New rates will become effective in the new year.

DUK — DUK and Staff file proposed orders in NC's NEM proceedings:

- DUK's proposed order includes the adoption of the NEM Tariffs and bridge rates in line with the stipulation and adoption of a critical peak pricing (CPP) method proposed by the Staff. The stipulation includes a delay in implementing TOU rates to at least 2026, extending the grandfathering period to 15 years, and implementing a bridge rate to allow rooftop solar customers to continue with

NEM through 2026. The proposed bridge rate includes monthly netting at the avoided cost rate, non-bypassable charges, and a monthly minimum bill as originally proposed by DUK. Current NEM customers would transition to the bridge rate or a NEM-TOU rate in effect after 2026. DUK proposes for the NEM tariff structure to remain in place until at least December 31, 2033. DEC and DEP previously reached a settlement with key interveners to change the NEM policies, which came after NEM reforms were included in the NC clean energy bill HB 951 and an earlier bill HB 589, which asked for revisions in net metering rates to avoid cross-subsidization.

- In its proposed order, Staff asks that NCUC approve the NEM Tariffs, with modifications, to go into effect on July 1, 2023, for a four-year period. Staff agrees with DUK's proposal for netting imports and exports within the same peak period, but Staff includes netting imports and exports during critical peak pricing (CPP) periods. Staff also proposes adopting the monthly minimum bill, grid-access fee, and non-bypassable charges, and directs DUK to build an online saving calculator to model all aspects of a customer's bill. Staff also includes a proposal for DUK to develop an opt-out program for NEM customers to retain the RECs at no cost, or DUK will use the RECs to reduce compliance costs for customers if a customer does not opt-out of utility REC ownership. Staff recommends approval of the Proposed Bridge Rate described in the Stipulation to provide multiple options for current and future NEM customers.

SRE — CA PUC issues two rulings supporting further hydrogen development:

- **The CPUC will allow SoCalGas the authority to establish a memo account for costs related to hydrogen feasibility studies:** SRE (Docket: A2202007) will be allowed to record up to $26M of costs, with an option to increase the cap by 15%, for the first phase of feasibility studies. SRE will study supply and demand metrics, potential off-takers, and pipeline configurations and storage options during Phase 1. SRE estimated that a second phase would cost ~$92M to study the feasibility of a preferred pipeline system. A third phase will likely cost over $100M. SoCalGas filed an application earlier this year to establish memo accounts to record incremental costs to implement a hydrogen blending demonstration program. As proposed, the project aims to advance the CA's decarbonization and clean air goals by bringing green hydrogen into the LA Basin to support current and future green hydrogen end users, including "hard-to-electrify" industries, electric generation, and the heavy-duty transportation sector, and replace 25% of the natural gas distributed by SoCalGas with green hydrogen and ultimately lead to the closure of the Aliso Canyon underground natural gas storage. SoCalGas has a goal to decarbonize its operations by 2045.
- **In a separate ruling, the CPUC established guidelines for hydrogen blending pilot projects:** CPUC directed utilities to evaluate low-volume blends of 0.1-5% and advance toward testing blends of 5-20%. Utilities are required to measure, monitor, and report leaks that result from hydrogen blending and conduct pilots in closed systems or systems that simulate real-world conditions. The CA Energy Division will issue a report within four years of the pilots.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MT	NorthWestern Corp.	NWE	D-2022-7-78	Elec/Nat Gas	12/19/2022	Intervenor Testimony Due
GA	Georgia Power Co.	SO	D-44280	Electric	12/20/2022	GA PSC Decision
SC	Duke Energy Progress	DUK	D-2022-254-E	Electric	12/22/2022	Staff/Intervenor Surrebuttal Testimony
PA	PECO Energy Co	EXC	D-R-3031113	Natural Gas	12/30/2022	Decision Expected
NC	Duke Energy Carolinas LLC	DUK	E-100 Sub 179	Carbon Plan	12/30/2022	Deadline for final Carbon Plan outcome
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	1/3/2023	Evidentiary Hearings begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	1/3/2023	Evidentiary Hearings begin
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	1/3/2023	PFD Target Date
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	1/3/2023	Staff and Intervenor Testimony Due
SC	Duke Energy Progress	DUK	D-2022-254-E	Electric	1/9/2023	Evidentiary Hearings Begin
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	1/10/2023	Direct Testimony (Rev. Req.)
	Short-Term Energy Outlook	EIA			1/10/2023	STEO release
	CPI Release	BLS			1/12/2023	CPI release for Prior Month
TX	Entergy Texas Inc.	ETR	D-53719	Electric	1/13/2023	Briefs Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	22.7	Sector Weight	NA	$87.73	2.7%	58%	4.07	4.34	4.65	21.6x	20.2x	18.9x	4.07	4.36	4.68	21.6x	20.1x	18.7x
AEP	American Electric Power Company Ir	48.6	Sector Weight	NA	$94.57	3.4%	63%	5.03	5.33	5.70	18.8x	17.7x	16.6x	5.02	5.30	5.65	18.8x	17.8x	16.7x
CMS	CMS Energy Corp	18.0	Sector Weight	NA	$61.91	3.0%	64%	2.89	3.11	3.38	21.4x	19.9x	18.3x	2.88	3.11	3.38	21.5x	19.9x	18.3x
CNP	CenterPoint Energy Inc	18.9	Overweight	$31	$30.01	2.2%	47%	1.40	1.49	1.61	21.4x	20.1x	18.6x	1.38	1.49	1.61	21.7x	20.1x	18.6x
D	Dominion Energy Inc	48.8	Sector Weight	NA	$58.62	4.6%	65%	4.15	4.33	4.61	14.1x	13.5x	12.7x	4.11	4.22	4.47	14.2x	13.9x	13.1x
DTE	DTE Energy Co	22.4	Sector Weight	NA	$115.82	3.2%	62%	5.96	6.25	6.71	19.4x	18.5x	17.3x	6.02	6.27	6.69	19.2x	18.5x	17.3x
DUK	Duke Energy Corp	77.3	Overweight	$108	$100.34	4.0%	75%	5.24	5.67	6.03	19.1x	17.7x	16.6x	5.29	5.67	6.02	19.0x	17.7x	16.7x
ETR	Entergy Corp	23.3	Sector Weight	NA	$114.45	3.6%	64%	6.40	6.71	7.20	17.9x	17.1x	15.9x	6.38	6.76	7.22	17.9x	16.9x	15.9x
ES	Eversource Energy	28.8	Sector Weight	NA	$82.78	3.1%	62%	4.07	4.38	4.67	20.3x	18.9x	17.7x	4.10	4.37	4.69	20.2x	18.9x	17.7x
ED	Consolidated Edison Inc	33.8	Underweight	$69	$95.17	3.3%	70%	4.57	4.75	4.68	20.8x	20.0x	20.3x	4.52	4.80	5.10	21.1x	19.8x	18.6x
EIX	Edison International	24.9	Sector Weight	NA	$65.10	4.3%	61%	4.58	4.85	5.15	14.2x	13.4x	12.6x	4.58	4.81	5.16	14.2x	13.5x	12.6x
EXC	Exelon Corp	41.7	Sector Weight	NA	$41.93	3.3%	61%	2.28	2.34	2.50	18.4x	17.9x	16.8x	2.26	2.36	2.51	18.5x	17.8x	16.7x
FE	FirstEnergy Corp	23.4	Overweight	$44	$40.93	3.8%	64%	2.43	2.37	2.70	16.8x	17.3x	15.2x	2.44	2.49	2.68	16.8x	16.4x	15.3x
PEG	Public Service Enterprise Group Inc	29.6	Sector Weight	NA	$59.24	3.6%	63%	3.45	3.45	3.59	17.2x	17.2x	16.5x	3.45	3.47	3.81	17.1x	17.1x	15.6x
WEC	WEC Energy Group Inc	30.0	Overweight	$101	$95.13	3.1%	66%	4.39	4.63	4.95	21.7x	20.5x	19.2x	4.39	4.61	4.92	21.7x	20.6x	19.3x
XEL	Xcel Energy Inc	38.3	Overweight	$73	$69.92	2.8%	61%	3.17	3.33	3.54	22.1x	21.0x	19.8x	3.17	3.38	3.61	22.1x	20.7x	19.4x
					Average:	**3.4%**	**63%**				**19.1x**	**18.2x**	**17.1x**				**19.1x**	**18.1x**	**16.9x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.1	Underweight	$33	$42.20	4.2%	93%	1.89	2.37	2.45	22.3x	17.8x	17.2x	1.89	2.34	2.45	22.3x	18.0x	17.2x
NWE	NorthWestern Corp	3.3	Overweight	$59	$56.71	4.4%	77%	3.26	3.50	3.69	17.4x	16.2x	15.4x	3.28	3.50	3.64	17.3x	16.2x	15.6x
OTTR	Otter Tail Corp	2.4	Sector Weight	NA	$57.77	2.9%	25%	6.60	3.84	3.66	8.8x	15.0x	15.8x	6.62	3.90	3.45	8.7x	14.8x	16.7x
PNW	Pinnacle West Capital Corp	8.8	Underweight	$56	$77.90	4.4%	81%	4.28	4.25	4.67	18.2x	18.3x	16.7x	4.22	4.20	4.60	18.5x	18.5x	17.0x
POR	Portland General Electric Co	4.3	Sector Weight	NA	$48.37	3.7%	64%	2.85	2.70	2.93	17.0x	17.9x	16.5x	2.79	2.75	3.02	17.3x	17.6x	16.0x
					Average:	**3.9%**	**68%**				**16.7x**	**17.1x**	**16.3x**				**16.8x**	**17.0x**	**16.5x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	16.3	Underweight	$35	$42.09	4.2%	75%	2.36	2.29	2.43	17.8x	18.4x	17.3x	2.34	2.29	2.44	18.0x	18.4x	17.2x
NEE	Nextera Energy Inc	167.2	Overweight	$89	$84.14	2.0%	59%	2.90	3.12	3.41	29.0x	27.0x	24.7x	2.87	3.09	3.38	29.3x	27.2x	24.9x
SRE	Sempra Energy	49.5	Sector Weight	NA	$157.32	2.9%	52%	8.88	8.95	9.43	17.7x	17.6x	16.7x	8.82	9.04	9.64	17.8x	17.4x	16.3x
					Average:	**3.0%**	**62%**				**21.5x**	**21.0x**	**19.6x**				**21.7x**	**21.0x**	**19.5x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	28.8	Overweight	$99	$88.20	0.6%	24%	(0.05)	4.03	4.45	NA	21.9x	19.8x	2.31	4.59	5.83	38.2x	19.2x	15.1x
NRG	NRG Energy Inc	7.2	Not Covered	NA	$31.05	4.5%	35%	NA	NA	NA	NA	NA	NA	4.03	4.99	5.64	7.7x	6.2x	5.5x
VST	Vistra Corp	9.6	Not Covered	NA	$24.07	3.1%	61%	NA	NA	NA	NA	NA	NA	1.21	3.02	2.61	20.0x	8.0x	9.2x
					Average:	**2.7%**	**40%**				**NA**	**21.9x**	**19.8x**				**21.9x**	**11.1x**	**10.0x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 4 - Stock Price Performance

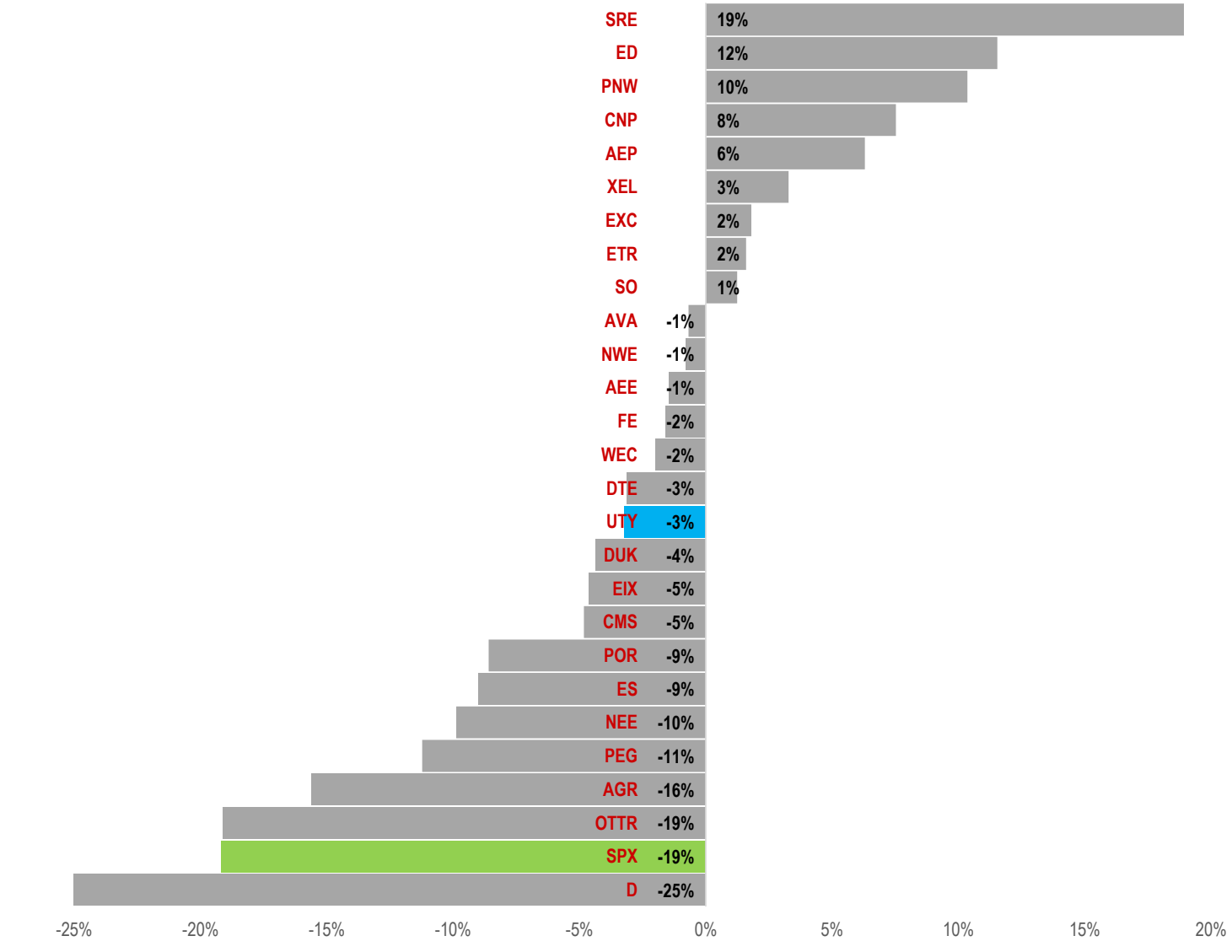

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

ENPH: Notes from the Headquarter Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

WEC: Long & Strong - Sustainable Self-Funded Growth Story; Takeaways from Management Meetings

AEP: Cleaning Up Its Closet; Takeaways from the Analyst Day

AVA: Notes from Management Meetings

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

HASI: Parsing Through Short Seller Report

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Utilities 3Q22 Earnings Preview: The Average Is Over: Staying Selective and Focusing on Catalysts Given Macro Headwinds

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	281	48.12	56	19.93
Sector Weight [SW]	290	49.66	51	17.59
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	28	50.91	11	39.29
Sector Weight [SW]	23	41.82	10	43.48
Underweight [UW]	4	7.27	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Wynne Lam, CFA (AVP)
(212) 266-4040, wynne.lam@rbccm.com
Eleanor Firestein (Associate)
(212) 428-6543, eleanor.firestein@rbccm.com
Kevin Patel (Associate)
(212) 428-5442, kevin.patel@rbccm.com

December 18, 2022

WATTS COOKING? Weekly

Topics: SO; CPUC; AEP/AQN; EXC; PPL; SR

Our view: Weekly developments that we found to be of interest.

WATTS on Your Mind

This past week, investors had a lot to talk about due to industry developments. Earlier in the week, questions focused more on the macro setting for utilities, in line with conversations that we have highlighted in prior *WATTS COOKING? Weekly*. By mid-week, questions shifted to company-specific developments, starting with Georgia Power's (**SO**) settlement with Staff, and **AES**'s order in Ohio. These were followed by decisions at the California PUC and FERC. For the most part, investor reactions were mixed. Most were not surprised by GP's settlement, the CPUC's net metering 3.0 decision, FERC's permanent authorization of STL Pipeline (see comments on page 2), and even the CPUC's reduced ROEs. The FERC's decision to deny the acquisition of Kentucky Power by **AQN** (covered by Nelson Ng) came as a real surprise. Some investors now believe that the decision may give AQN an out from the deal post April 26, 2023, the date on which the agreement with **AEP** expires.

WATTS on Our Mind

On Wednesday, the MD PUC approved **EXC**'s Delmarva Power & Light's (DPL) settlement on its multi-year rate case with a 9.6% ROE and 50.5% equity layer. New rates will be effective Jan 1 of each year during a 3-year period. The settlement includes a decoupling mechanism similar to that in Baltimore Gas & Electric's approved multi-year rate case, as well as a reconciliation at the end of the 3-year period that will true up actual vs. budgeted utility spending. **Our view: The approved rate case profile looks fair with no specific hiccups. A scheduled annual increase in rates and decoupling should help smooth out EPS trajectory through 2025.**

On Thursday, **PPL** announced plans to add a variety of new generation resources to replace aging coal generators. The application calls for two 621 MW combined cycle gas plants, 120 MW of new solar and 125 MW of battery storage, and acquiring 120 MW of solar. The plan also includes securing 600 MW of solar PPAs. **Our view: The current capex plan through 2030 includes $1-$2 billion. However, any investments made prior to 2026 would be incremental to the five-year plan that goes through 2026. The plan calls for one of the gas plants to come online in 2027, with the second plant online in 2028. We think we could see some incremental investment opportunities hit the outer years of the capex plan.**

On page 2: FERC issues permanent Certificate of Public Convenience and Necessity for the Spire STL Pipeline.

We will not be publishing a *WATTS COOKING? Weekly* next weekend. We wish each and every one of you a wonderful Holiday Season and a Happy New Year. Best wishes for 2023!

WATTS on the ShUFL - unchanged

Shelby's Utility Focus List (ShUFL)

Best Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
PCG	OP	0.0%	$19.00	21.3%
EIX	OP	4.3%	$82.00	29.7%
PEG	OP	3.5%	$76.00	28.3%
AEP	OP	3.5%	$109.00	18.1%

Defensive Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AWK	OP	1.7%	$186.00	22.7%
ETR	OP	3.7%	$129.00	15.0%
AEP	OP	3.5%	$109.00	18.1%
CNP	OP	2.3%	$34.00	13.2%

Least Favorite Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
ED	SP	3.2%	$90.00	-4.3%
UTL	SP	2.9%	$52.00	0.9%

Source: Factset; RBC Capital Markets estimates

Priced as of prior trading day's market close, EST (unless otherwise noted). All values in USD unless otherwise noted
Disseminated: Dec 18, 2022 17:37EST; Produced: Dec 18, 2022 17:37EST
For Required Conflicts Disclosures, see page 6

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 06-Jan-2023 10:05 AM.

Capital Markets

Shelby's Utility Focus List (ShUFL)

Our ShUFL is unchanged

Exhibit 1 – PCG tops Best Plays; AWK Best Defensive Plays; ED Least Favorite

Best Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
PG&E Corp.	PCG	Outperform	$16.08	0.0%	$19.00	18.2%
Edison International	EIX	Outperform	$65.10	4.3%	$82.00	30.3%
Public Service Enterprise	PEG	Outperform	$59.24	3.6%	$76.00	31.9%
American Electric Power	AEP	Outperform	$94.57	3.5%	$109.00	18.8%

Defensive Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
American Water Works	AWK	Outperform	$152.40	1.7%	$186.00	23.8%
Entergy Corp.	ETR	Outperform	$114.45	3.7%	$129.00	16.5%
American Electric Power	AEP	Outperform	$94.57	3.5%	$109.00	18.8%
CenterPoint Energy	CNP	Outperform	$30.01	2.4%	$34.00	15.7%

Least Favorite Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
Consolidated Edison	ED	Sector Perform	$95.17	3.3%	$90.00	-2.1%
Unitil Corp.	UTL	Sector Perform	$49.96	3.1%	$52.00	7.2%

Source: RBC Capital Markets, priced as of market close 12/16/22. Past performance is not necessarily indicative of future performance.

WATTS on Our Mind (cont'd)

On Thursday, FERC issued a permanent Certificate of Public Convenience and Necessity for the Spire STL Pipeline, which has been operating under a temporary certificate since 12/2/21. SR highlights that this marks the fourth time that FERC has issued an operation certificate for the pipeline. **Our view: The permanent certificate came earlier than our expectations (early 2023), although it makes sense given Chairman Glick's departure and our belief that he wanted to complete the process prior to his departure. Nonetheless, we did not foresee any material risk of the pipeline ultimately not getting the certificate, especially given current market dynamics.**

Notable Publications

FLNC US: One Year After – 2022.12.16

CA regulator reduces allowed ROEs by 25 bps – 2022.12.16

AEP US: FERC issued on denying the sale of Kentucky Power to Liberty Utilities, and more – 2022.12.16

AES US: PUCO issues order on AES Ohio's distribution rate case – 2022.12.16

SO US: Georgia Power reaches rate plan settlement with Staff – 2022.12.16

FLNC US: Reported 4Q22 revenues above consensus; initiated 2023 revenue and gross profit guidance – 2022.12.12

AES US: AES Announcement on Hydrogen Production Project with Air Products – 2022.12.08

Global Energy Best Ideas – 2022.12.07

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 06-Jan-2023 10:05 AM.

Capital Markets

2023 Global Energy Outlook – 2022.12.07

RBC Global Regulated Utilities – 2022.12.06

PNM US: PNM files GRC application for 2024 rates – 2022.12.05

WSJ reports the DOC found that four Chinese solar manufacturers circumvented tariffs – 2022.12.02

State of the IPPs Series | Part Two: When Electrons are Trapped – 2022.11.22

SR US: Somewhat inspired – 2022.11.21

NEP US: Acquires ~1,080 MW net interest of projects from NEE; entering into new CEPF – 2022.11.18

SR US: 2022 results slightly below consensus; launched 2023 and 10-year capex target through 2032 – 2022.11.16

U.S. Power & Utilities: Day 3 Recap of EEI Conference – 2022.11.16

U.S. Power & Utilities: Day 2 Recap of EEI Conference – 2022.11.15

Midstream Conference Preview – 2022.11.14

U.S. Power & Utilities: Day 1 Recap of EEI Conference – 2022.11.14

CA NEM Proposed Decision an Improvement for Solar vs. Initial Decision – 2022.11.10

AY US: Ramping up organic growth; reducing PT to $34 (from $38) to reflect FX and higher rates – 2022.11.09

AY US: Quick Take: 3Q22 results largely in-line; reiterating CAFD guidance – 2022.11.09

NWN US: 3Q22 beat, 2022 guidance reaffirmed, resolution of OR rate case – 2022.11.08

CEG US: Reports in-line EBITDA results; narrows 2022 guidance range with no change to midpoint – 2022.11.08

WTRG US: 3Q22 beat, 2022 guidance reaffirmed – 2022.11.07

WATTS UP! - 2022 State Commission Elections – 2022.11.06

PPL US: 3Q22 in line, 2022 guidance narrowed to the upper end of range – 2022.11.04

D US: 3Q22 beat, narrowed 2022 guidance, business review underway, new CFO – 2022.11.04

VST US: 3Q22 EBITDA slightly ahead of Street; narrows 2022 and initiates 2023 EBITDA guidance – 2022.11.04

DUK US: Reports 3Q22 miss to consensus; guidance updated reflecting Commercial Renewables as discontinued – 2022.11.04

PNM US: 3Q22 beat, increased 2022 guidance and four-year capex plan – 2022.11.04

AES US: Results beat helped by LNG sales; guides to high end of EPS range; reaffirms 7-9% CAGR – 2022.11.04

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 06-Jan-2023 10:05 AM.

Capital Markets

ED US: 3Q22 beat to consensus and RBC; guidance narrowed to the top end of previous range – 2022.11.03

PNW US: Strong 3Q22 beat, increased 2022 guidance, new rate case underway – 2022.11.03

SRE US: Meaningful 3Q22 beat, increased 2022 guidance, LNG projects progress – 2022.11.03

EXC US: Reports solid 3Q22 results; reaffirms 6-8% EPS CAGR; CEO to step down by year end – 2022.11.03

CPK US: 3Q22 results below consensus and RBC driven by one-time timers; guidance reiterated – 2022.11.03

BKH US: Reports 3Q22 below consensus; reaffirms 2022 guidance and initiates weak 2023 guidance – 2022.11.02

ETR US: Significant 3Q22 beat to consensus and RBC; Narrowed 2022 EPS guidance – 2022.11.02

CWEN US: 3Q22 results and 2022 guidance slightly lower; 2023 guidance and dividend slightly better – 2022.11.02

RBC Global Regulated Utilities – 2022.11.02

EIX US: 3Q22 in line, 2022 guidance narrowed, increased estimate of wildfire claims – 2022.11.01

UTL US: 3Q22 beats consensus and RBC; expects 2022 to be above 5-7% long-term EPS growth range – 2022.11.01

CNP US: 3Q22 EPS beat consensus; reaffirms 2022 and initiates 2023 EPS guidance; ups capital plan – 2022.11.01

AWK US: 3Q22 beat, 2023 guidance initiated, increased capex plan, higher equity need – 2022.10.31

D US: Dominion files proposed stipulation for Coastal Virginia Offshore Wind – 2022.10.31

PEG US: 3Q22 EPS results beat consensus; narrows 2022 guidance with midpoint unchanged – 2022.10.31

NEE US: Strong 3Q22 versus Street and RBC; 2022-2025 EPS guidance maintained – 2022.10.28

NEP US: 3Q22 misses Street and RBC expectations; DPU expectations unchanged – 2022.10.28

CMS US: CORRECTION - 3Q22 EPS beat; 2022 guidance expected at top end of previous range; 2023 guidance introduced – 2022.10.27

PCG US: 3Q22 beat, 2023 guidance in line, stronger rate base growth and mitigated equity need – 2022.10.27

AEP US: Reports favorable 3Q22 results; reaffirms 2022 EPS guidance and long-term CAGR – 2022.10.27

XEL US: Narrows 2022 guidance, 2023 guidance in line with consensus, increases capex plan – 2022.10.27

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 06-Jan-2023 10:05 AM.

RBC Capital Markets

Exhibit 2 - RBC Capital Markets U.S. Power and Utility Coverage Universe

Ticker	Company	Rating	Price 12/16/22	Price Target	Current Yield	Implied Tot. Return	Cap. ($MM)	EPS 2020A	EPS 2021A	EPS 2022E	EPS 2023E	EPS 2024E	EPS 2025E	P/E 2021A	P/E 2022E	P/E 2023E	P/E 2024E	P/E 2025E	Div. Payout	5-yr EPS Growth	'22 EV/ EBITDA	'23 EV/ EBITDA	Price/ BV	Debt/ EBITDA
DEFENSIVE UTILITIES																								
AEP	American Electric Power	Outperform	$94.57	$109.00	3.5%	18.8%	49,110	$4.42	$4.74	$5.02	$5.28	$5.62	$5.99	20.0	18.8	17.9	16.8	15.8	70.0%	6.3%	12.6	12.0	2.02	6.0
CMS	CMS Energy	Sector Perform	$61.91	$69.00	3.0%	14.4%	18,332	$2.67	$2.65	$2.88	$3.10	$3.43	$3.63	23.4	21.5	20.0	18.0	17.1	69.4%	6.3%	12.3	10.9	2.74	5.4
DUK	Duke Energy	Sector Perform	$100.34	$108.00	4.0%	11.6%	78,939	$5.12	$5.24	$5.25	$5.66	$6.01	$6.34	19.1	19.1	17.7	16.7	15.8	76.7%	4.4%	13.2	12.3	1.63	6.7
ED	Consolidated Edison	Sector Perform	$95.17	$90.00	3.3%	-2.1%	34,415	$4.17	$4.37	$4.53	$4.86	$5.10	$5.35	21.8	21.0	19.6	18.7	17.8	72.3%	5.1%	12.2	11.7	1.66	5.1
EIX	Edison International	Outperform	$65.10	$82.00	4.3%	30.3%	25,483	$4.52	$4.59	$4.59	$4.77	$5.12	$5.45	14.2	14.2	13.6	12.7	11.9	61.0%	3.8%	10.5	9.9	1.90	5.9
ETR	Entergy Corp.	Outperform	$114.45	$129.00	3.7%	16.5%	23,765	$5.66	$5.95	$6.36	$6.77	$7.22	$7.70	19.2	18.0	16.9	15.9	14.9	71.9%	6.3%	12.6	11.8	1.96	7.3
EXC	Exelon Corp.	Sector Perform	$41.93	$47.00	3.2%	15.3%	42,115	$3.22	$2.80	$2.26	$2.37	$2.51	$2.71	15.0	18.6	17.7	16.7	15.5	48.2%	-3.4%	11.0	10.3	1.71	5.6
FE	FirstEnergy	Outperform	$40.93	$48.00	3.8%	21.1%	24,014	$2.39	$2.60	$2.42	$2.55	$2.71	$2.91	15.7	16.9	16.1	15.1	14.1	60.0%	4.0%	10.7	10.2	2.23	4.9
NWN	Northwest Natural	Sector Perform	$46.34	$50.00	4.2%	12.1%	1,647	$2.30	$2.56	$2.56	$2.68	$2.80	$2.94	18.1	18.1	17.3	16.6	15.8	75.8%	5.0%	11.2	10.5	1.47	5.5
PCG	PG&E Corp.	Outperform	$16.08	$19.00	0.0%	18.2%	32,181	$1.61	$1.00	$1.10	$1.22	$1.35	$1.47	16.1	14.6	13.2	11.9	10.9	0.0%	-1.8%	10.4	9.5	1.45	9.0
PNM	PNM Resources	Sector Perform	$49.01	$50.30	2.8%	4.1%	4,206	$2.27	$2.45	$2.65	$2.67	$2.80	$3.00	20.0	18.5	18.4	17.5	16.3	56.7%	5.7%	11.6	10.9	1.91	5.7
PNW	Pinnacle West	Sector Perform	$77.90	$80.00	4.4%	7.1%	8,895	$4.87	$5.29	$4.28	$4.21	$4.48	$4.72	14.7	18.2	18.5	17.4	16.5	65.4%	-0.6%	11.9	11.2	1.42	5.3
PPL	PPL Corp.	Outperform	$29.13	$30.00	3.1%	6.1%	21,618	$2.40	$1.05	$1.40	$1.59	$1.69	$1.80	27.7	20.8	18.3	17.2	16.2	85.7%	-5.6%	10.6	9.5	1.56	4.1
SR	Spire Inc.	Sector Perform	$65.80	$75.00	4.4%	18.4%	3,511	$3.76	$4.86	$3.87	$4.21	$4.49	$4.87	13.5	17.0	15.6	14.7	13.5	59.3%	5.3%	13.5	12.4	1.36	6.9
SO	Southern Co.	Outperform	$69.43	$77.00	3.9%	14.8%	76,610	$3.23	$3.39	$3.58	$3.83	$4.12	$4.43	20.5	19.4	18.1	16.9	15.7	80.3%	6.5%	13.7	12.8	2.45	6.3
UTL	Unitil Corp.	Sector Perform	$49.96	$52.00	3.1%	7.2%	812	$2.15	$2.35	$2.57	$2.70	$2.86	$3.04	21.3	19.4	18.5	17.5	16.4	66.4%	7.2%	9.7	9.1	1.77	4.2
XEL	Xcel Energy	Sector Perform	$69.92	$76.00	2.8%	11.5%	38,647	$2.79	$2.97	$3.16	$3.36	$3.57	$3.80	23.5	22.1	20.8	19.6	18.4	65.7%	6.4%	12.8	12.1	2.36	5.8
	Average (exc. PCG, 5-yr. EPS growth excl. PNW, PPL)				3.6%	13.8%								19.7	19.2	18.0	16.9	15.8	70.2%	4.6%	12.4	11.6	1.99	5.9
DIVERSIFIED UTILITIES																								
BKH	Black Hills	Outperform	$68.75	$77.00	3.6%	15.6%	4,494	$3.73	$3.74	$4.06	$4.11	$4.44	$4.66	18.4	16.9	16.7	15.5	14.8	66.8%	4.6%	12.9	12.2	1.56	6.7
CNP	CenterPoint Energy	Outperform	$30.01	$34.00	2.4%	15.7%	19,283	$1.40	$1.64	$1.38	$1.49	$1.61	$1.73	18.3	21.7	20.1	18.6	17.3	43.9%	4.3%	11.8	11.2	2.10	5.7
CPK	Chesapeake Utilities	Sector Perform	$117.17	$126.00	1.8%	9.4%	2,063	$4.21	$4.73	$5.01	$5.43	$5.80	$6.19	24.8	23.4	21.6	20.2	18.9	45.2%	8.0%	13.6	12.7	2.53	4.0
D	Dominion Energy	Sector Perform	$58.62	$87.00	4.6%	53.0%	49,030	$3.54	$3.86	$4.12	$4.38	$4.68	$4.99	15.2	14.2	13.4	12.5	11.7	69.2%	7.1%	12.1	11.5	1.83	6.3
NEE	NextEra Energy, Inc.	Outperform	$84.14	$93.00	2.0%	12.6%	170,518	$2.31	$2.55	$2.85	$3.07	$3.34	$3.57	33.0	29.5	27.4	25.2	23.6	66.7%	9.1%	19.5	17.5	4.41	7.7
PEG	Public Service Enterprise	Outperform	$59.24	$76.00	3.6%	31.9%	30,107	$3.43	$3.63	$3.47	$3.56	$3.89	$4.19	16.3	17.1	16.6	15.2	14.1	59.5%	4.1%	12.8	12.3	2.26	4.8
SRE	Sempra Energy	Outperform	$157.32	$178.00	2.9%	16.1%	50,894	$8.03	$8.43	$8.83	$8.92	$9.48	$10.11	18.7	17.8	17.6	16.6	15.6	54.3%	4.7%	14.9	13.7	1.94	5.5
	Average (5-year growth excluding D)				2.7%	21.2%								25.4	23.6	22.2	20.5	19.2	63.0%	7.3%	16.5	15.1	3.25	6.7
	Total Average (Excluding PCG, 5-year growth excluding D, PNW, PPL)				3.1%	16.9%								22.1	21.0	19.7	18.4	17.2	67.2%	5.7%	14.1	13.1	2.52	6.3
WATER UTILITIES																								
AWK	American Water Works	Outperform	$152.40	$186.00	1.7%	23.8%	28,442	$3.91	$4.25	$4.46	$4.77	$5.14	$5.61	35.9	34.2	31.9	29.6	27.2	61.6%	7.5%	18.5	17.2	3.67	6.4
SJW	SJW Group	Restricted	$76.70	R	R	R	2,352	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
WTRG	Essential Utilities	Outperform	$46.50	$54.00	2.5%	18.6%	12,461	$1.58	$1.67	$1.78	$1.90	$2.03	$2.19	27.8	26.1	24.5	22.9	21.2	68.7%	6.7%	17.7	16.4	2.33	7.3
	Average				1.8%	21.0%								31.6	30.0	28.1	26.1	24.0	60.3%	6.9%	17.3	16.0	3.08	6.3
INDEPENDENT POWER PRODUCERS																								
AES	The AES Corp.	Outperform	$28.34	$30.00	2.2%	8.1%	19,177	$1.44	$1.52	$1.65	$1.77	$1.93	$2.08	18.6	17.2	16.0	14.7	13.6	41.6%	7.6%	10.8	10.0	7.46	5.8
CEG	Constellation Energy Corp.	Outperform	$88.20	$88.00	0.6%	0.4%	29,334	$1.77	-$0.25	$0.22	$4.71	$6.03	$5.25	NA	400.9	18.7	14.6	16.8	NA	24.3%	12.9	11.5	2.72	1.9
VST	Vistra Energy	Outperform	$24.07	$33.00	2.2%	39.3%	9,682	$1.30	-$2.62	-$1.85	$4.34	$1.09	-$0.31	NA	NA	5.5	22.1	NA	NA	N/M	7.3	6.2	2.75	5.9
	Average				1.4%	9.4%								6.1	207.7	15.6	15.9	13.0	13.7%	16.0%	11.3	10.1	4.28	3.9
YIELDCOs																								
AY	Atlantica Sustain. Infra.	Sector Perform	$26.42	$34.00	6.7%	35.4%	3,067	$0.12	-$0.27	$0.25	$0.76	$1.06	$1.28	NA	105.7	34.8	24.9	20.6	NA	N/M	10.2	8.7	1.92	6.1
BEP	Brookfield Renewables	Restricted	$26.64	R	R	R	17,461	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
CWEN	Clearway Energy	Sector Perform	$32.51	$35.00	4.5%	12.2%	3,839	$0.22	$0.44	$0.89	$1.21	$1.80	$2.46	73.9	36.5	26.9	18.1	13.2	333.8%	N/M	10.3	9.9	1.68	6.0
NEP	NextEra Energy Partners	Outperform	$72.50	$89.00	4.3%	27.1%	13,217	-$0.80	$1.77	$1.90	$2.09	$2.59	$2.70	41.0	38.2	34.7	28.0	26.9	178.0%	N/M	16.1	14.2	1.81	3.4
	Average				2.5%	13.7%								22.0	25.8	17.8	13.7	12.5	96.7%	N/M	7.5	6.7	0.96	2.3
ALT. ENERGY																								
FLNC	Fluence Energy	Outperform#	$19.93	$26.00	0.0%	30.5%	8,014	$0.00	-$0.89	-$1.58	-$0.34	$0.12	$0.83	NA	NA	NA	166.1	24.0	0.0%	N/A	-24.0	-85.4	6.13	10.8
SP50	Standard & Poor's 500 Index		$3,852	$4,100	1.8%	8.2%		$139.00	$217.19	$216.00	$199.00	N/A	N/A	17.7	17.8	19.4	N/A	N/A						
UTY	Philadelphia Utility Index		$910	$1,025	3.1%	15.7%				Utility P/E relative to S&P:				24.4%	17.8%	1.9%	N/A	N/A						

A - Actual; E - Estimated; R - Restricted; #Speculative Risk

Source: FactSet; RBC Capital Markets estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 06-Jan-2023 10:05 AM.

Capital Markets

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 30-Sep-2022

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	844	57.18	260	30.81
HOLD [Sector Perform]	580	39.30	161	27.76
SELL [Underperform]	52	3.52	5	9.62

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 06-Jan-2023 10:05 AM.

Capital Markets

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 06-Jan-2023 10:05 AM.

Capital Markets

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2022 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2022
Copyright © Royal Bank of Canada 2022
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 06-Jan-2023 10:05 AM.

ARGUS

NASDAQ: EXC

EXELON CORP

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Analyst's Notes

Analysis by Marie Ferguson, March 31, 2023

ARGUS RATING: BUY

- Stable earnings growth driven by increased rates
- Exelon recently reported 4Q22 operating EPS of $0.43, compared with $0.90 per share in 4Q21. The variance reflects that 4Q21 included results from Constellation Energy, which had accounted for approximately 40% of pre-spinoff revenue.
- We have a positive view of Exelon's transformation into a transmission and distribution utility through the spinoff of Constellation Energy and from the increase in rates across 4 largest utilities.
- EXC projects 6%-8% earnings growth through 2026, driven by increased gas and electric rates. When combined with the current yield of 3.5%, investors can obtain stable, moderate total returns.
- In February 2023, Exelon raised its quarterly dividend 6.6% to $0.36 or $1.44 per year.

INVESTMENT THESIS

We are maintaining our BUY rating on Exelon Corp. (NYSE: EXC), which provides electricity and natural gas to about 10 million customers in Illinois, Maryland, Pennsylvania, New Jersey, Delaware, and the District of Columbia. We have a positive view of the company's transformation into a pure-play transmission utility through the recent spinoff of its competitive energy business, Constellation Energy (CEG). The move should also lower earnings volatility. Management projects long-term earnings growth of 6%-8% from the company's utilities, which we believe is achievable. Exelon is also benefiting from favorable rate case decisions, as well as from its cleaner transmission mix and focus on hydro power.

In conjunction with the February 2022 Constellation spinoff, EXC shareholders received one share of CEG for every three shares of EXC. Exelon shares were repriced as a result of this separation. The shares have participated in recent selloff, which we believe is a result of the current interest rate environment. While we will monitor the company's balance sheet and growing debt, we believe current share prices can provide a buying opportunity for income oriented investors. Our target price is $50. The company has managed costs better than peers in the past, but without generating power, high fuel costs and rising interest rates can pressure earnings.

Market Data

Pricing reflects previous trading week's closing price.

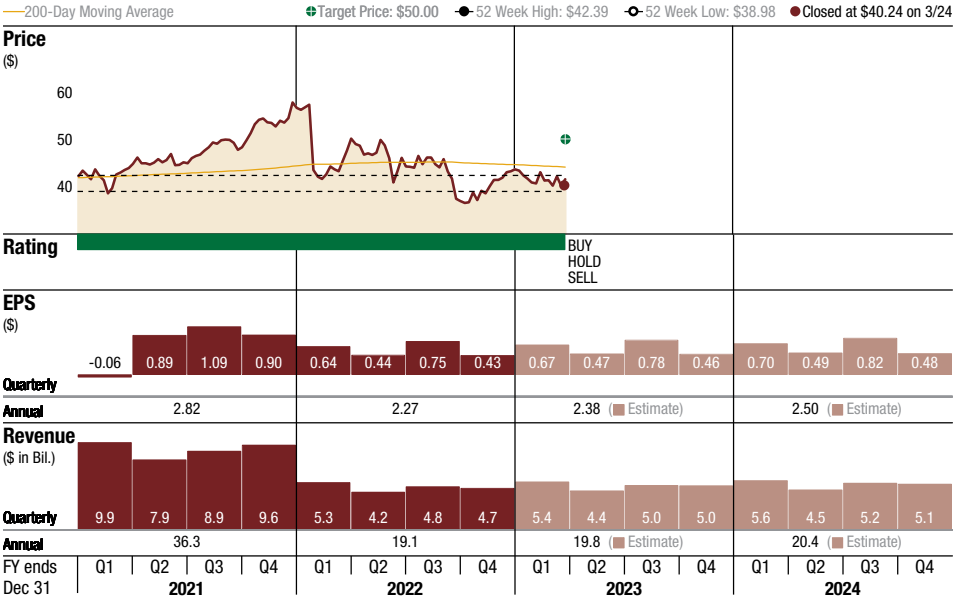

Argus Recommendations

Twelve Month Rating	SELL	HOLD	**BUY**
Five Year Rating	SELL	HOLD	**BUY**
Sector Rating	Under Weight	**Market Weight**	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 70% Buy, 29% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	**$41.45**
Target Price	**$50.00**
52 Week Price Range	**$35.19 to $50.71**
Shares Outstanding	**994.30 Million**
Dividend	**$1.44**

Sector Overview

Sector	**Utility**
Sector Rating	**MARKET WEIGHT**
Total % of S&P 500 Market Cap.	**2.00%**

Financial Strength

Financial Strength Rating	**MEDIUM**
Debt/Capital Ratio	**62.0%**
Return on Equity	**8.9%**
Net Margin	**11.4%**
Payout Ratio	**0.61**
Current Ratio	**0.69**
Revenue	**$19.09 Billion**
After-Tax Income	**$2.17 Billion**

Valuation

Current FY P/E	**17.42**
Prior FY P/E	**18.26**
Price/Sales	**2.16**
Price/Book	**1.64**
Book Value/Share	**$25.27**
Market Capitalization	**$41.21 Billion**

Forecasted Growth

1 Year EPS Growth Forecast	**4.85%**
5 Year EPS Growth Forecast	**7.00%**
1 Year Dividend Growth Forecast	**6.67%**

Risk

Beta	**0.81**
Institutional Ownership	**0.82%**

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes...Continued

RECENT DEVELOPMENTS

EXC's shares have underperformed the S&P 500 over the past three months, falling 4% compared to a 5% gain for the index, but a 6% loss for both the S&P Utility Sector Index (XLU) and the Utility ETF (IDU). The shares have outperformed over the past year, falling 12%, compared to a 13% loss for the S&P 500.

Exelon recently reported 4Q22 operating EPS of $0.43, compared with $0.90 per share in 4Q21. This is the fourth set of quarterly results since the spinoff of the generation and competitive electric business as approximately 40% of pre-spinoff revenue had come from this business. For the full year, operating EPS fell to $2.27 from $2.82 in 2021.

Fourth-quarter operating revenues came to $4.67 billion, compared with restated revenues of $4.4 billion in 4Q21. For the full year, revenues rose 6% to $19.1 billion, up from restated revenues of $17.9 billion in 2021. Fourth-quarter operating expenses increased 1.4% to $3.96 billion from restated expenses of $3.90 billion in 4Q21. The spinoff of the company's generation fleet was intended to reduce cost volatility and mitigate risk from nuclear generation.

On the regulatory front, EXC completed four distribution rate cases for DPL, PECO, and ComEd. In January 2023, ComEd filed its first multi-year plan and BGE and Pepco are planning to file multi-year plans in the first half of 2023. Pennsylvania utility commission approved a $55 million increase in gas distribution revenues, effective 1Q23. Separately, DPL/Delmarva received an $8 million increase in gas distribution rates and an ROE of 9.6%, effective year-end 2022. The company's average ROE is 9.4%, which is above average of transmission peers.

Management is focused on capital investment to improve reliability and provide cleaner energy, with $31 billion expected to be allocated to new infrastructure by 2026. Management expects improvements to increase its rate base by 8% through 2026. The company has significantly increased its debt and during 3Q22, EXC issued $650 million of long-term bonds.

Along with 4Q22 earnings, management issued 2023 adjusted EPS guidance of $2.30-$2.42 per share. EXC also projected 6%-8% growth for operating earnings through 2024-2026 and for dividend growth through 2025. The main driver of earnings growth is increased rates.

EARNINGS & GROWTH ANALYSIS

Following the spinoff, Exelon has six utility subsidiaries: PECO (1.7 million electric and 0.5 million gas customers near Philadelphia); PEPCO (1 million electric customers in Maryland and Washington DC); DPL (0.5 million electric and 0.1 million gas customers in Delaware); ACE (0.6 million electric customers in New Jersey); BGE (1.3 million electric and 0.7 million gas customers near Baltimore); and ComEd (4 million electric customers in Illinois).

The company generally breaks out results for four segments: ComEd, PECO, BGE, and PHI (which includes ACE, PEPCO, and

Growth & Valuation Analysis

GROWTH ANALYSIS

($ in Millions, except per share data)	2018	2019	2020	2021	2022
Revenue	35,978	34,438	33,039	17,938	19,078
COGS	26,007	24,112	23,512	10,932	11,046
Gross Profit	9,971	10,326	9,527	7,006	8,032
SG&A	—	—	—	—	—
R&D	—	—	—	—	—
Operating Income	3,835	4,342	2,799	2,682	3,317
Interest Expense	1,554	1,616	1,635	1,289	1,447
Pretax Income	2,225	3,985	2,333	1,654	2,403
Income Taxes	118	774	373	38	349
Tax Rate (%)	5	19	16	2	15
Net Income	2,005	2,936	1,963	1,706	2,170
Diluted Shares Outstanding	969	974	977	980	987
EPS	2.07	3.01	2.01	1.74	2.20
Dividend	1.38	1.45	1.53	1.53	1.35
GROWTH RATES (%)					
Revenue	7.2	-4.3	-4.1	-45.7	6.4
Operating Income	-2.6	13.2	-35.5	-4.2	23.7
Net Income	-46.9	46.4	-33.1	-13.1	27.2
EPS	-48.0	45.4	-33.2	-17.9	26.1
Dividend	5.3	5.1	5.5		-11.8
Sustainable Growth Rate	8.2	2.9	2.8	0.5	2.4
VALUATION ANALYSIS					
Price: High	$47.40	$51.18	$50.54	$58.01	$58.21
Price: Low	$35.57	$43.42	$29.28	$38.35	$35.19
Price/Sales: High-Low	1.3 - 1.0	1.4 - 1.2	1.5 - 0.9	3.2 - 2.1	3.0 - 1.8
P/E: High-Low	22.9 - 17.2	17.0 - 14.4	25.1 - 14.6	33.3 - 22.0	26.5 - 16.0
Price/Cash Flow: High-Low	5.4 - 4.1	6.8 - 5.7	9.0 - 5.2	13.7 - 9.0	19.0 - 11.5

Financial & Risk Analysis

FINANCIAL STRENGTH	2020	2021	2022
Cash ($ in Millions)	663	672	407
Working Capital ($ in Millions)	-209	-2,154	-3,275
Current Ratio	0.98	0.87	0.69
LT Debt/Equity Ratio (%)	108.9	90.5	144.1
Total Debt/Equity Ratio (%)	120.7	100.4	161.9
RATIOS (%)			
Gross Profit Margin	28.8	39.1	42.1
Operating Margin	8.5	15.0	17.4
Net Margin	5.9	9.5	11.4
Return On Assets	1.5	1.3	1.9
Return On Equity	6.1	5.1	7.3
RISK ANALYSIS			
Cash Cycle (days)	15.0	-8.8	-34.0
Cash Flow/Cap Ex	0.5	0.4	0.7
Oper. Income/Int. Exp. (ratio)	2.4	2.3	2.7
Payout Ratio	60.4	62.1	89.5

The data contained on this page of this report has been provided by Morningstar, Inc. (© 2023 Morningstar, Inc. All Rights Reserved). This data (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. This data is set forth herein for historical reference only and is not necessarily used in Argus' analysis of the stock set forth on this page of this report or any other stock or other security. All earnings figures are in GAAP.

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes...Continued

DPL). Compared with 2021, full-year results for the four segments is as follows: ComED revenues fell 10% while net income increased to $917 million from $742; PECO revenues rose 22% and net income earnings increased to $576 million from $504 million; BGE revenues rose 17% while net income decreased to $380 million from $408 million; PEPCO revenues rose about 12% and net income increased to $1.1 billion, up from $983 million in 2021.

Driving earnings overall were higher customer rates and favorable weather, offset by higher purchased power and fuel costs.

Going forward, the company should continue to benefit from favorable rate case outcomes and streamlined costs. The company has a mixed service region with cold winters in its Illinois region and more moderate, year-round weather in the remainder of PCG's mid-Atlantic region, which can help the company leverage costs. Argus remains positive on continued earnings drivers from economic growth in the Chicago and Philadelphia areas, offset by slower growth and higher unemployment in Baltimore. We expect the strongest segment results to be driven by rate growth from ComEd and BGE, with tighter earnings from PECO due to regulatory lag and higher debt costs.

The company's leading strength is its robust transmission improvement plans and EXC projects capital spending of $31 billion through 2025. Management has projected approximately 8% growth in its consolidated rate base through the end of 2026. The company also has solid authorized ROE across its operating segments.

EXC has been able to contain most costs and management plans to address rising O&M expense through multiyear labor agreements and cost-focused technology. The spinoff of its generation and wholesale energy business, and the accompanying high operating costs, should also help to reduce earnings volatility.

We expect earnings to reflect the impact of the rate growth. The company faces high interest rates, but has kept operating expenses in check and fuel costs have dropped in 2023. As such, we are maintaining our 2023 operating estimate of $2.38 per share. Our 2024 operating earnings estimate is $2.50 per share.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Exelon is Medium. Moody's rates the company's debt at an investment-grade Baa2. S&P and Fitch rate the company BBB.

The company's 4Q22 balance sheet shows a significant increase in long-term debt with a reduction in current liabilities and long-term debt due maturing within one year. At the end of 2022, long-term debt was $35 billion, up from $31 billion at the end of 2021. Cash and equivalents were $407 million, down from $672 million at the end of 2021. The long-term debt/cap ratio at the end of 4Q22 was 59%, in line with the peer average but up from 47% at the end of 2021. We note that the increase in the debt/cap ratio reflected both an increase in debt and a reduction in stockholders' equity and retained earnings. EXC's weighted average long-term debt maturity is about 17 years.

Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare EXC versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- **The scatterplot shows how EXC stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.**
- **The table builds on the scatterplot by displaying more financial information.**
- **The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how EXC might fit into or modify a diversified portfolio.**

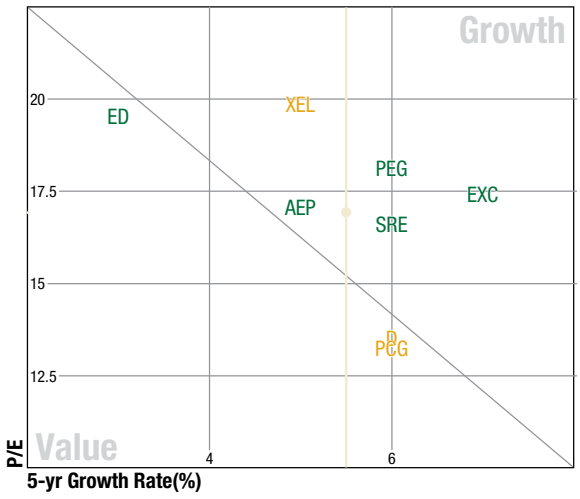

Ticker	Company	Market Cap ($ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
SRE	Sempra Energy	47,059	6.0	16.6	14.8	6.7	BUY
AEP	American Electric Power Co Inc	46,518	5.0	17.1	11.7	7.5	BUY
D	Dominion Energy Inc	46,515	6.0	13.5	5.8	4.4	HOLD
EXC	Exelon Corp.	41,214	7.0	17.4	11.4	5.0	BUY
XEL	Xcel Energy, Inc.	36,790	5.0	19.9	11.3	5.3	HOLD
ED	Consolidated Edison, Inc.	33,630	3.0	19.5	10.6	5.2	BUY
PCG	PG&E Corp.	31,597	6.0	13.2	8.4	8.3	HOLD
PEG	Public Serv Enterprise Grp Inc	30,859	6.0	18.1	10.5	10.9	BUY
Peer Average		**39,273**	**5.5**	**16.9**	**10.6**	**6.7**	



©2023 Argus Research Company

Analyst's Notes...Continued

Following the Constellation spinoff, Exelon lowered its quarterly dividend by 12% to $0.3375 per share, or $1.35 annually. In February 2023, the company increased its dividend 6.6% for the first time since the restructuring. The increase was larger than usual, as the average increase over the last 5 years was about 5.5%. The current quarterly dividend of $0.36, or $1.44 annually, provides a yield of about 3.5% versus a yield of 3.4% for peers. Our dividend estimates are $1.44, down from $1.45, for 2023 and $1.53 for 2024.

MANAGEMENT & RISKS

Christopher Crane retired as CEO at the end of 2022. In January 2023, Calvin Butler was promoted to president and COO. Joseph Nigro is the CFO and Jeanne Jones is SVP of Corporate Finance. Mayo Shattuck II is the company's independent chairman.

Risks for Exelon shareholders include cooler-than-normal conditions during the summer air-conditioning season or warmer-than-normal temperatures during the winter heating season. The transmission business may also be hurt by extreme weather events. Other risks include those related to ROE, including exposure to state regulatory commissions and the correlation between authorized ROE and Treasury yields.

Utility stocks in general are susceptible to commodity price fluctuations, regulatory issues (especially construction cost recovery), and potential environmental and safety liabilities. In addition, the capital-intensive nature of the utility industry creates ongoing liquidity risk. Utility stock performance also tends to be sensitive to interest rates; when rates rise, utility yields often rise.

COMPANY DESCRIPTION

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Through its regulated utility subsidiaries, Exelon delivers electricity and natural gas to about 10 million customers, primarily in central Maryland (Baltimore Gas & Electric Co.), northern Illinois (ComEd), and southeastern Pennsylvania (PECO). About 89% of EXC's 2022 revenues were from the electricity segment and about 42% of earnings are from the largest utility, ComEd. The company plans to cut emissions by 50% by 2030 and to achieve net-zero emissions by 2050. The shares are a component of the S&P 500.

VALUATION

EXC shares have followed sector trends and recent rotation out of utility stocks. At current prices near $42, the shares are trading at the midpoint of their 52-week range of $35-$50.71 and appear undervalued on several key metrics. They are trading at 17.6-times our 2023 EPS estimate, below the average of 19-times for Argus-covered utilities. The PEG multiple of 2.6 is below the peer average of 3.0, and the price/sales multiple of 2.0 is below the peer average of 2.6. The EV/EBITDA multiple of 10.9 is also below the peer average of 11.4.

We believe that EXC shares offer value based on the company's size and scale, and reduced earnings volatility following the Constellation spinoff. We like Exelon's regulatory environment and management's focus on renewable energy and cleaner transmissions. At the same time, the company plans to invest heavily to increase reliability and will need to manage its debt amid rising rates. Current prices could allow a buying opportunity for investors seeking a stable total return. We are maintaining our BUY rating with a target price of $50.

On March 31 at midday, BUY-rated EXC traded at $41.71, up $0.26,.

Please see important information about this report on page 5

©2023 Argus Research Company

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

Argus Research Disclaimer

Argus Research Co. (ARC) is an independent investment research provider whose parent company, Argus Investors' Counsel, Inc. (AIC), is registered with the U.S. Securities and Exchange Commission. Argus Investors' Counsel is a subsidiary of The Argus Research Group, Inc. Neither The Argus Research Group nor any affiliate is a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc. The information contained in this research report is produced and copyrighted by Argus Research Co., and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. In addition, this content is not prepared subject to Canadian disclosure requirements. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance. Argus has provided independent research since 1934. Argus officers, employees, agents and/or affiliates may have positions in stocks discussed in this report. No Argus officers, employees, agents and/or affiliates may serve as officers or directors of covered companies, or may own more than one percent of a covered company's stock. Argus Investors' Counsel (AIC), a portfolio management business based in Stamford, Connecticut, is a customer of Argus Research Co. (ARC), based in New York. Argus Investors' Counsel pays Argus Research Co. for research used in the management of the AIC core equity strategy and model portfolio and UIT products, and has the same access to Argus Research Co. reports as other customers. However, clients and prospective clients should note that Argus Investors' Counsel and Argus Research Co., as units of The Argus Research Group, have certain employees in common, including those with both research and portfolio management responsibilities, and that Argus Research Co. employees participate in the management and marketing of the AIC core equity strategy and UIT and model portfolio products.

Morningstar Disclaimer

© 2023 Morningstar, Inc. All Rights Reserved. Certain financial information included in this report: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

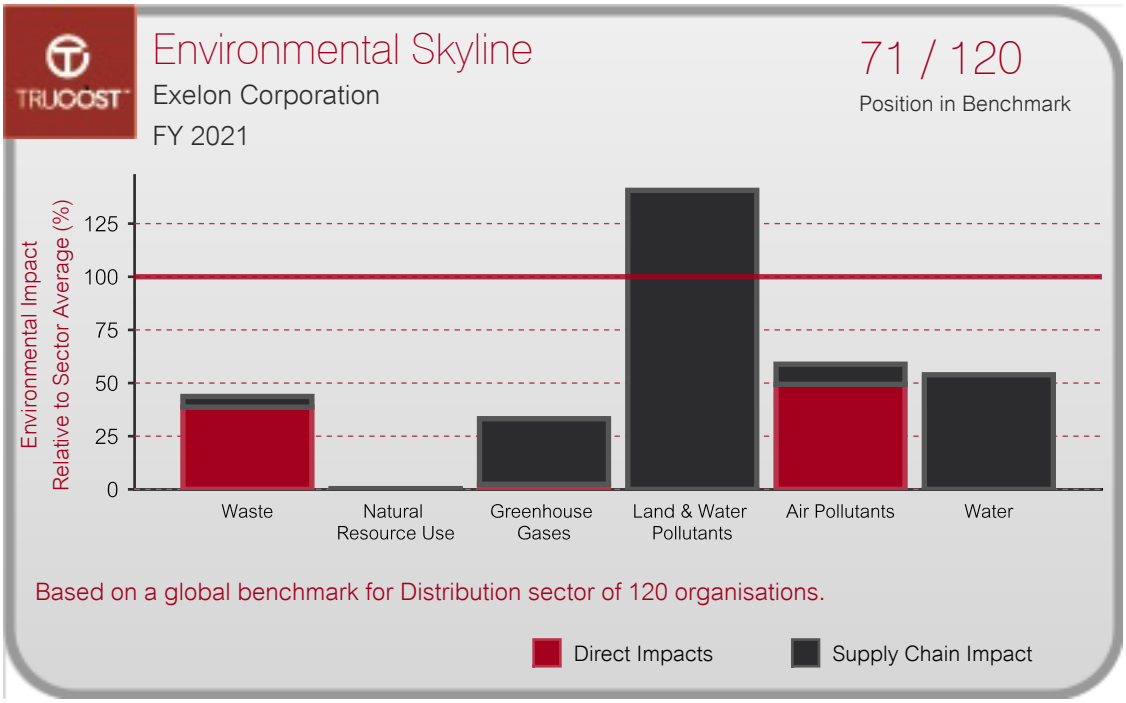

TRUCOST ENVIRONMENTAL SKYLINE EXPLANATORY NOTES

In a single graphic, you get a view of five different dimensions of corporate environmental impact:

- Trucost's Environmental Skyline is an assessment of the performance of an organisation across **six broad groups of environmental KPIs:** greenhouse gases, water, waste, air pollutants, natural resource use, and land/water pollutants. Environmental impacts are not just about carbon, and the Environmental Skyline gives you exactly that broader perspective, which is practically impossible to get without access to Trucost's data.

- Most organisations struggle to assess their direct impacts, let alone their indirect supply chain impacts. Trucost's Environmental Skyline offers an immediate evaluation of the **scale of direct and indirect environmental impacts** an organisation is causing, for each of the environmental KPIs listed above.

- Each organisation is assessed according to the scale of its different business activities for a particular year. Business activities are classified based upon North American Industrial Classification (NAICS) 6 digit codes. Each environmental KPI in the Environmental Skyline is offered as a **comparison to an industry benchmark**. The benchmark index of 100 represents average performance in the sector. The higher the index rating, the worse the performance of the organisation compared to its peers.

- Trucost rates an organisation's overall environmental performance by providing its **position in the benchmark**. The organisation is ranked against peers who share the same primary business activity at NAICS 3 digit code level.

- An organisation will have **a different Environmental Skyline each financial year**. The total number of organisations in the benchmark will increase as financial and environmental data becomes available for analysis by Trucost.

In essence, Trucost's Environmental Skyline offers a valuable assessment of an organisation's performance, covering issues that are near-impossible to assess without the use of Trucost's powerful data model and methodology.

www.trucost.com

Smart Insider
Global Data & Analysis

Tue, 21 Mar, 2023

Exelon Corp

www.exeloncorp.com

United States

Fundamentals

Market Cap:	$41,574 million
Year	31 - Dec
P/E:	10.53
Dividend	3.66
Listing Date:	6-Jul-1943

Listings — Common No Par Value

EPIC:	EXC US
ISIN:	US30161N1019
Shares In	994.1 million
Current Price:	$41.82
Traded In:	DE, US

Trade Bulletin (Traded 17th March)

Maximum Significance: 56

Total sold: **£205,833**

$249,900

Carim Khouzami **sold 6,000 @ $41.6500**, holding has decreased -32% to 13,008.

Share Performance Since (Index rebased) : 22-Mar-2021

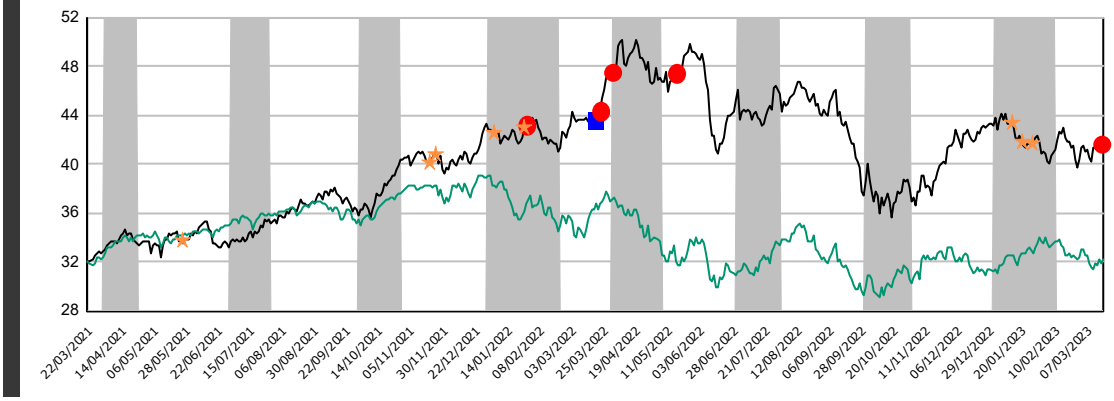

Price
S&P 500
Close Period
BUY
Subscribe
SELL
SP-X
Multiple

Results Dates

	Last	Next
Q1	9-May-22	3-May-23
INTERIM	3-Aug-22	3-Aug-23
Q3	3-Nov-22	2-Nov-23
FINAL	14-Feb-23	8-Feb-24

The Board & Their Holdings

⌘ = Other Directorships held

			Score	Holding	USD Value	⌘	Last
Executive	*Total Holding:* **65,412 (0.01%)**						
1	Butler Jr,Calvin.G	President & Chief Executive Offi	38	**65,412 (0.007%)**	$2.74m	2	⇔ Jan-23
Non-Executive	*Total Holding:* **268,497 (0.03%)**						
2	Anderson,Anthony.K		41	**51,467 (0.005%)**	$2.15m	4	↑ Dec-22
3	Berzin,Ann.C		55	**56,470 (0.006%)**	$2.36m	3	↑ Dec-22
4	Bowers,W. Paul		49	**9,792 (0.001%)**	$0.41m	4	↑ Dec-22
5	Cheshire,Marjorie.Rodgers		57	**10,380 (0.001%)**	$0.43m	2	↑ Dec-22
6	Gutierrez,Carlos		48	**4,274 (0.000%)**	$0.18m	7	↑ Dec-22
7	Jojo,Linda.P		40	**37,229 (0.004%)**	$1.56m	2	↑ Dec-22
8	Joskow,Prof Paul.Lewis		57	**78,307 (0.008%)**	$3.27m	8	↑ Dec-22
9	Young,John.F		40	**20,578 (0.002%)**	$0.86m	1	↑ Dec-22
Senior Officer	*Total Holding:* **13,008 (0.00%)**						
10	***Khouzami V,Carim***	Divisional Chief Executive Offic	24	**13,008 (0.001%)**	$0.54m	0	↓ Mar-23

History (Discretionary trades only)

= Adjusted, F = Former, P = Person Dispencing Managerial Responsibility, SP-X = Sale Post Exercise

Directors announcing trades today

Directors: 10,10	23-Jan-23	SP-X	13,612	@	$41.82
Khouzami, Carim	24-Mar-22	SELL	3,962	@	$44.35
# Directors: 10,10	28-Jan-22	SP-X	3,718	@	$43.00
# Khouzami, Carim	6-Jan-22	SP-X	1,855	@	$42.55
# Khouzami, Carim	18-Mar-21	SELL	12,239	@	$32.16

Other Directors

Jones, Jeanne	29-Jan-23	SP-X	6,745	@	$41.69
Directors: 1,1,P,P,P,P,P,P	23-Jan-23	SP-X	142,303	@	$42.17
Anthony, John	16-Jan-23	SP-X	2,498	@	$43.38
Anthony, John	18-May-22	SELL	4,451	@	$47.49
Souza, Fabian	1-Apr-22	SELL	21,400	@	$47.61

Financial Results

Year	Net T'over (m)	EBITDA (m)	EPS
2024			
2023			
2022			
2021			

Dividends

Year	Q1	Interim	Q3	Final	Annual
2024					
2023					
2022					
2021	38c(13-May)	38c(13-May)	38c (12-Nov)		= **115c**

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	90.70	Buy
CEG	76.77	Buy
DUK	96.39	Buy
ES	75.91	Buy
EVRG	59.87	Buy
EXC	42.14	Neutral
SMR	8.76	Buy
VST	24.84	Buy

Power & Utilities

March 20, 2023

The Guggenheim Daily Transmission: ERCOT, AEP, ES/RI, EVRG/MO, ES/CT, EXC, DUK, SMR, IL/ Nuclear, IN, AZ

For our AGA conference (May 20-23) meeting schedule, please scroll down…

For details on our Guggenheim-hosted client Utility events including our AEE NDR, PPL NDR, EXC NDR, ETR NDR, DTE NDR, PCG NDR, SMR NDR, ES NDR, LNT NDR, AWK NDR, PNW NDR, CMS NDR, POR NDR, and other events, scroll down…

Forward Power Curves, Genco MtM, and Weekly Commentary (see our note HERE)

ERCOT – Appeals court rules against PUCT price action during 2021 storms

AEP – AEP's former CEO allegedly met with now-convicted Larry Householder re: term limits

ES/RI – Eversource and Ørsted emerge as sole bidders for RI RFP

EVRG/MO – Reply briefs filed in Persimmon Creek CPCN process

ES/CT – PFD detailing Phase 1 investigation of PBRs docketed

EXC – FERC issues show-cause to ComEd over formula rate stakeholder process

DUK – Procedural schedule filing in DEC rate case

SMR – NRC comments on ongoing 77MW SDA

IL/Nuclear – IL lawmakers considering rescinding ban on new nuclear construction

DUK – Public staff filing regarding DEP's interim true-up adjustment letter for storm securitization

IN – IN house bill for greater consideration of reliability and resiliency in utility resource plans on second reading in Senate

AZ – AZ house bill requiring infrastructure planning and investment passes key senate committee action

ERCOT – Appeals court rules against PUCT price action during 2021 storms

- The Third Court of Appeals in Austin ruled in favor of a complaint brought against the PUCT over its decision to administratively set the cost of power at $9,000/MWh during the 2021 storm event for 32 hours
- The decision has been remanded for further consideration
- More HERE

Guggenheim takeaway: *While this is a surprise development, indications in media are already point to an appeal to the state supreme court. In our view the concept of going back and repricing something that occurred 2 years ago seems unlikely given the sheer complexity of untangling ITS linkages to everything from the Brazos bankruptcy process to the subsequent securitization (which has already been disbursed). Very difficult for us to see this unwound, but we continue to dig further. That said, the development could be a positive for IPPs who incurred significant losses due to the actions, like VST (who brought the suit) and CEG. However, both were also recipients of securitization proceeds as well, adding yet another layer of hypothetical complexity to the process.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

AEP – AEP's former CEO allegedly met with now-convicted Larry Householder re: term limits

- A prosecution witness claimed in last month's trial testimony that Nick Akins, former CEO of AEP, had met with Larry Householder regarding extending Ohio term limits.
- The purpose was to maintain Householder's legislative control for longer.
- More HERE

Guggenheim takeaway:*Media coverage recounting trial testimony has likely mostly concluded now that the trial is over, and a verdict has been rendered. We continue to monitor for any new developments or allegations potentially affecting any utilities with Ohio operations.*

ES/RI – Eversource and Ørsted emerge as sole bidders for RI RFP

- Revolution 2 was reportedly the only bidder into the latest RFP round following the March 13th submission deadline
- More HERE
- [CPN: Ørsted]

Guggenheim takeaway: *Interesting FYI, although not a surprise given the ongoing upheaval in the northeast (attempted MA RFP repricing). It remains unclear to us at this time how the lack of bidders may shape the ultimate process, however the commentary from the administrators in the link above indicates the evaluation will go on as normal.* ***See our note from Revolution 2's announcement HERE.***

EVRG/MO – Reply briefs filed in Persimmon Creek CPCN process

- EVRG, MO Staff, the OCC, and other intervenors have filed reply briefs in the ongoing CCN process
- "This Project does not justify its cost." - Staff
- "Staff's frequent resort to arguments more properly asserted in a general rate case must be disregarded in this Operating CCN case where the issue is simply whether Persimmon Creek is "necessary or convenient for the public service" under Section 393.170.3. Because this is not a general rate case where "all relevant factors are considered," Staff's arguments regarding rate increase and risks without any discussion of the benefits offered by Persimmon Creek must be rejected" – EVRG filing
- More HERE

Guggenheim takeaway: *Flagged for your awareness as the wind project continues to generate some stakeholder and Staff pushback in the process.*

ES/CT – PFD detailing Phase 1 investigation of PBRs docketed

- The Commission has docketed a PFD detailing its ongoing work on PBRs and advanced ratemaking tools, while detailing ongoing parameters for work on refining the process under Phase 2
- "The Decision provides, in order: (1) key procedural aspects of Phase 1 of the proceeding, including context on the need to reform the traditional utility business model, the impetus for PBR in Connecticut, other relevant work of the Authority, and how PURA sees the use of PBR, as well as major docket milestones and a summary of public comment received" – PURA
- "The Authority encourages all stakeholders to continue participating in Phase 2 of this PBR proceeding as it is only with your engagement that effective regulatory reform can be designed and implemented through Phase 2 or, indeed, the promise of PBR realized." - PURA
- More HERE

Guggenheim takeaway: *Part of the broader ongoing process at PURA to consider with stakeholders advanced regulatory mechanisms like MRPs, sharing (ESMs) and other key performance metrics. As a reminder, this process will continue through most of the year in Phase 2, with the preliminary timelines (PDF page 39-40) pointing to potential PFDs on Revenue Adjustment Mechanisms and PIMs in 2Q24. In our view PBRs would be beneficial to the overall construct given the opportunity for ROE improvements. As a reminder CT already has a fairly favorable regulatory framework in place (e.g., forward/forecasted test period)*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

EXC – FERC issues show-cause to ComEd over transmission formula rate stakeholder process

- "Based on our review, we find that ComEd's formula rate protocols on file with the Commission appear to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Therefore, we institute an investigation pursuant to FPA section 206, in Docket No. EL23-31-000, with respect to ComEd's formula rate protocols." – FERC
- "ComEd's formula rate protocols are deficient in the three areas the Commission identified in the MISO Investigation Order: (1) the scope of participation (i.e., who can participate in the information exchange); (2) the transparency of the information exchange (i.e., what information is exchanged); and (3) the ability of customers to challenge transmission owners' implementation of the formula rate as a result of the information exchange (i.e., how the parties may resolve their potential disputes)" – FERC
- "Based on our review, we find that ComEd's formula rate protocols may limit the ability of certain parties to obtain information about annual updates from transmission owners. ComEd's formula rate protocols do not include a definition of "interested parties" to generally identify which entities can participate in the review process. Without such a definition, ComEd's formula rate protocols may not provide sufficient clarity and may provide ComEd with the discretion to determine who is an interested party, and therefore appear to be unjust and unreasonable." - FERC
- More HERE

Guggenheim takeaway: *Flagged for your awareness – this appears to be narrowly focused on tariff updates around stakeholder participation at this time, however we continue to monitor.*

DUK – Procedural schedule filing in DEC rate case

- The hearings on June 19, June 21, June 22, July 24, and July 26, 2023, will be solely for the purpose of receiving the testimony of public witnesses.
- DEC requests that the Commission allow it to recover total additional base rate service revenues of $511.3 million in Rate Year One (including the traditional general rate case increase of $371.5 million and $139.8 million for MYRP projects in Year 1), to be effective January 1, 2024, through December 31, 2024; an additional base service revenues increase of $171.5 million in Rate Year Two, to be effective January 1, 2025, through December 31, 2025; and a further base service revenues increase of $150.3 million in Rate Year Three, to be effective January 1, 2026, through such time as new rates are approved by the Commission. The base revenues increase from January 1, 2024, to January 1, 2026, totals $833.2 million.
- Docket E-7 Sub 1276

Guggenheim takeaway:*For your calendar and awareness.*

SMR – NRC comments on ongoing 77MW SDA

- "The Nuclear Regulatory Commission staff will begin reviewing most of NuScale Power LLC's application for standard design approval of the company's 77 MWe/module Small Modular Reactor design. The remainder of NRC staff's review of the design will begin once the company provides additional details on a key safety topic… The staff has determined portions of the application, discussing steam generator safety performance under certain conditions, require additional information. Once NuScale provides that information, the staff will develop a full review schedule."
- More HERE

Guggenheim takeaway: *Part of the process – see our note from last week's update HERE for more.*

IL/Nuclear – IL lawmakers considering rescinding ban on new nuclear construction

- Several different pieces of legislation to end the moratorium on new nuclear construction are working their way through the statehouse, including HB1079 and SB76
- More HERE

Guggenheim takeaway: *Minor FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

DUK – Public staff filing regarding DEP's interim true-up adjustment letter for storm securitization

- The Public Staff has reviewed the filing for mathematical and clerical errors and is satisfied there are no such errors contained in the filing.
- Docket E-2 Sub 1262

Guggenheim takeaway:*Bond recovery true-up filing, for your awareness.*

IN — IN house bill for greater consideration of reliability and resiliency in utility resource plans on second reading in Senate

- IN Senate put the House bill for increased guidance on utility resource plans on second reading.
- The bill includes guidance for the regulators to consider reliability and resiliency of resources in IRPs.
- The process saw Senate add co-sponsors to the bill.
- Regulators would need to consider the ability of resources to provide dispatchable power.
- The guidance from the bill also includes affordability and competitive rates as a goal for the IURC.
- Bill text here: HB1007

Guggenheim takeaway: *FYI. The bill tries to bring a legislated balance to IN decarbonization focus (i.e., balancing reliability with intermittent resources like solar and wind). While the changes to the framework are open-ended, we could see a change in IRP approach from CNP, DUK and NI as the state's electric IOUs.*

AZ — AZ house bill requiring infrastructure planning and investment passes key senate committee action

- HB2440 has now passed in a 4-3 vote through the Senate Natural Resources, Energy and Water Committee.
- The legislation modifies existing code to stipulate required actions and planning by the AZCC and utilities operating in AZ.
- Bill text here: HB2440

Guggenheim takeaway:*FYI. The bill has already passed through the House as well as a second reading in the Senate. This bill would simplify grid and infrastructure planning for Arizona Public Service, among other AZ utilities, as it would prioritize affordability and reliability above all else. We note that environmental groups have publicly opposed this legislation as they believe it would prevent environmental considerations from being included in this process (more HERE).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Ameren Corporation (AEE)

Martin Lyons, *President & Chief Executive Officer*
Michael Moehn, *Executive VP, Chief Financial Officer*
Andrew Kirk, *Director, Investor Relations*

Date
Wednesday, March 22, 2023

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $22.3bn
Ameren Corp. is a public utility holding company that engages in the provision of electric and natural gas services. It operates through the following segments: Ameren Missouri, Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, Ameren Transmission, and Other. The Ameren Transmission segment consists of the aggregated electric transmission businesses of Ameren Illinois and Ameren Transmission Company of Illinois (ATXI). The company was founded in 1902 and is headquartered in St. Louis, MO. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

PPL Corporation (PPL)

Vince Sorgi, *President & Chief Executive Officer*
Andy Ludwig, *VP, Investor Relations*

Dates & Location
April 3 – 4, 2023
Boston

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $20.0bn
PPL Corp. (PPL) engages in the generation, transmission and distribution of electricity. It operates through the two reportable segments: Kentucky Regulated & Pennsylvania Regulated. The Kentucky Regulated segment consists of LKE's regulated electricity generation, transmission and distribution operations of Louisville Gas and Electric Company and Kentucky Utilities Company as well as regulated distribution and sale of natural gas of Louisville Gas and Electric Company. The Pennsylvania Regulated segment consists of the regulated electricity transmission and distribution operations of PPL Electric Utilities Corporation. The company was founded in 1994 and is headquartered in Allentown, PA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Calvin Butler, *President & Chief Executive Officer*
Jeanne Jones, *Chief Financial Officer*
Andrew Plenge, *VP, Investor Relations*

Dates & Location

May 15 – 16, 2023
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information

Market Cap: $42.4bn

Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chairman, President & Chief Executive Officer*
Barbara Tuckfield, *Director Investor Relations*

Dates & Location
June 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $22.4bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment includes various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	1/10 & 1/11	Boston & New York
Commissioner Roundtable Event	1/20	In Person at Guggenheim
2023 Utilities Conference Call	1/23	Dial-In
Virginia Policy Call	2/7	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	2/9	Virtual
WEC	2/14–2/16	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	2/17	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	2/27	Virtual
DUK	3/7-3/8	NYC
NEE	3/14-3/16	West Coast
AEE	3/22	Virtual
PPL	4/3–4/4	Boston
EXC	5/15–5/16	NYC
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
DTE	6/7	NYC
PCG	6/12	NYC
SMR	6/15	NYC
ES	6/21–6/22	NYC
LNT	7/17-7/18	NYC
AWK	8/7-8/8	West Coast
PNW	8/9–8/10	NYC
CMS	8/30–8/31	NYC
POR	9/13–9/14	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Comp Sheet

3/17/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																		
ALE	$63.82	3,654	3.38	3.70	4.17	4.56	4.87	3.69	3.70	4.05	4.31	4.83	(0.31)	–	0.13	0.25	0.04	17.3x	17.3x	15.8x	14.8x	13.2x	-3%	-5%	-5%	-5%	8.4%	4.3%	73%	Sell	$54	-11%	Neutral	$65	6%
AVA	$41.52	3,115	1.89	2.28	2.49	2.61	2.67	1.89	2.32	2.46	2.58	2.67	–	(0.04)	0.03	–	–	22.0x	17.9x	16.9x	16.1x	15.6x	1%	2%	4%	4%	7.6%	4.5%	79%	Sell	$35	-11%	Sell	$39	-2%
NWE	$56.45	3,374	3.18	3.42	3.55	3.75	3.91	3.28	3.45	3.56	3.73	3.88	(0.10)	(0.03)	–	–	0.03	17.2x	16.4x	15.8x	15.1x	14.5x	-8%	-4%	-2%	-2%	5.1%	4.6%	74%	Sell	$46	-14%	Buy	$58	8%
POR	$48.12	4,304	2.74	2.68	3.00	3.15	3.31	2.78	2.70	3.06	3.22	3.35	(0.04)	–	(0.06)	(0.07)	(0.04)	17.3x	17.8x	15.7x	14.9x	14.3x	0%	-5%	-4%	-4%	5.0%	4.0%	68%	Buy	$54	16%	Buy	$52	13%
		14,447																18.5x	17.3x	16.1x	15.2x	14.4x	-2%	-3%	-2%	-2%	6.6%	4.3%	74%						
Mid/Large Cap Electric																																		
AEE	$85.02	22,278	4.14	4.35	4.67	5.05	5.40	4.08	4.36	4.67	5.02	5.36	0.06	–	–	–	0.04	20.8x	19.5x	18.2x	16.9x	15.9x	10%	10%	9%	9%	6.5%	3.0%	58%	Neutral	$89	8%	Buy	$93	12%
AEP	$90.70	46,657	5.09	5.30	5.64	6.00	6.39	5.01	5.28	5.64	5.98	6.32	0.08	–	–	–	0.07	18.1x	17.2x	16.1x	15.2x	14.4x	-3%	-3%	-2%	-2%	6.0%	3.7%	63%	Buy	$105	19%	Buy	$102	16%
CMS	$61.34	17,866	2.89	3.12	3.41	3.65	3.91	2.88	3.10	3.35	3.63	3.87	–	–	0.06	–	0.04	21.3x	19.8x	18.3x	16.9x	15.8x	11%	11%	9%	9%	8.1%	3.2%	63%	Neutral	$68	14%	Buy	$68	14%
CNP	$29.05	18,285	1.38	1.51	1.62	1.74	1.89	1.38	1.49	1.61	1.73	1.85	–	–	–	–	0.04	21.0x	19.5x	18.0x	16.8x	15.7x	10%	9%	8%	8%	8.2%	2.6%	51%	Neutral	$32	13%	Buy	$32	12%
D	$55.40	46,273	4.11	4.15	3.75	3.97	4.24	4.11	3.95	3.85	4.04	4.44	–	0.20	(0.10)	(0.07)	(0.20)	13.5x	14.0x	14.4x	13.7x	12.5x	-21%	-13%	-12%	-12%	1.8%	4.8%	68%	Buy	$63	19%	Neutral	$62	16%
DTE	$107.04	22,062	6.10	6.26	6.73	7.19	7.75	6.01	6.24	6.70	7.17	7.65	0.09	–	0.03	–	0.10	17.8x	17.2x	16.0x	14.9x	14.0x	-3%	-3%	-4%	-4%	6.4%	3.6%	61%	Buy	$131	26%	Buy	$129	24%
DUK	$96.39	74,220	5.27	5.65	6.05	6.35	6.75	5.30	5.63	5.99	6.33	6.70	–	–	0.06	–	0.05	18.2x	17.1x	16.1x	15.2x	14.4x	-4%	-3%	-2%	-2%	6.3%	4.3%	72%	Buy	$114	23%	Buy	$107	16%
ED	$95.63	33,953	4.57	4.82	5.18	5.40	5.71	4.55	4.87	5.21	5.47	5.79	–	(0.05)	–	(0.07)	(0.08)	21.0x	19.6x	18.4x	17.5x	16.5x	11%	11%	13%	13%	5.5%	3.4%	66%	Neutral	$86	-7%	Sell	$89	-4%
EIX	$67.76	25,927	4.63	4.70	4.94	5.36	5.70	4.58	4.74	5.14	5.51	5.83	0.05	(0.04)	(0.19)	(0.15)	(0.13)	14.8x	14.3x	13.2x	12.3x	11.6x	-19%	-20%	-21%	-21%	5.7%	4.4%	61%	Buy	$75	15%	Buy	$71	9%
ES	$75.91	26,468	4.09	4.34	4.75	5.04	5.37	4.10	4.36	4.68	5.01	5.34	–	–	0.07	–	0.03	18.5x	17.4x	16.2x	15.1x	14.2x	-2%	-2%	-2%	-2%	6.9%	3.6%	62%	Buy	$91	23%	Buy	$88	19%
ETR	$104.57	22,178	6.42	6.71	7.16	7.76	8.31	6.39	6.72	7.20	7.75	8.28	–	–	(0.04)	–	0.03	16.4x	15.6x	14.5x	13.5x	12.6x	-12%	-12%	-13%	-13%	6.9%	4.2%	64%	Buy	$128	27%	Buy	$120	19%
EVRG	$59.87	13,739	3.71	3.65	3.97	4.24	4.47	3.65	3.64	3.95	4.20	4.38	0.06	–	–	0.04	0.09	16.4x	16.4x	15.2x	14.3x	13.7x	-7%	-8%	-8%	-8%	5.1%	4.2%	68%	Buy	$72	24%	Neutral	$64	11%
EXC	$42.14	41,900	2.27	2.36	2.50	2.74	2.93	2.26	2.37	2.51	2.73	2.93	–	–	–	–	–	18.6x	17.8x	16.8x	15.5x	14.4x	0%	2%	-0%	-0%	6.4%	3.5%	61%	Neutral	$45	10%	Buy	$46	12%
FE	$39.78	22,764	2.41	2.54	2.69	2.89	3.07	2.44	2.51	2.67	2.86	3.06	(0.03)	–	–	–	–	16.3x	15.8x	14.9x	13.9x	13.0x	-11%	-10%	-10%	-10%	6.3%	4.0%	63%	Buy	$46	20%	Buy	$44	14%
LNT	$53.17	13,353	2.80	2.90	3.08	3.27	3.50	2.80	2.89	3.15	3.28	3.47	–	–	(0.06)	–	0.03	19.0x	18.4x	16.9x	16.2x	15.3x	4%	2%	5%	5%	5.6%	3.5%	62%	Neutral	$52	1%	Neutral	$57	11%
OGE	$35.68	7,146	2.16	2.02	2.16	2.25	2.37	2.09	2.01	2.12	2.26	2.35	0.07	–	0.04	–	–	17.1x	17.8x	16.8x	15.8x	15.2x	0%	2%	2%	2%	2.8%	4.7%	83%	Neutral	$38	11%	Neutral	$39	13%
PCG	$16.10	32,014	1.10	1.22	1.37	1.47	1.61	1.10	1.22	1.35	1.47	1.59	–	–	–	–	–	14.7x	13.2x	12.0x	11.0x	10.1x	-25%	-28%	-29%	-29%	9.7%	0.8%	10%	Buy	$22	37%	Buy	$18	14%
PEG	$58.53	29,193	3.47	3.45	3.67	4.10	4.29	3.46	3.43	3.71	4.05	4.31	–	–	(0.04)	0.05	–	16.9x	17.0x	15.8x	14.5x	13.6x	-4%	-5%	-7%	-7%	5.8%	3.9%	66%	Buy	$68	20%	Buy	$66	17%
PNW	$77.64	8,787	4.26	4.05	4.60	4.80	5.05	4.31	4.11	4.74	4.92	5.21	(0.05)	(0.06)	(0.14)	(0.12)	(0.16)	18.0x	18.9x	16.4x	15.8x	14.9x	6%	-1%	2%	2%	4.7%	4.6%	83%	Neutral	$77	4%	Neutral	$75	1%
PPL	$26.83	19,765	1.41	1.58	1.71	1.82	1.96	1.41	1.59	1.71	1.83	1.95	–	–	–	–	–	19.1x	16.9x	15.7x	14.7x	13.8x	-5%	-5%	-5%	-5%	8.1%	3.6%	60%	Buy	$34	30%	Buy	$31	21%
SO	$67.90	73,921	3.60	3.60	4.05	4.30	4.55	3.58	3.61	4.02	4.29	4.52	–	–	0.03	–	–	19.0x	18.8x	16.9x	15.8x	15.0x	6%	2%	2%	2%	5.9%	4.1%	76%	Buy	$73	12%	Neutral	$71	8%
WEC	$94.25	29,730	4.45	4.60	4.91	5.24	5.61	4.40	4.61	4.90	5.26	5.61	0.05	–	–	–	–	21.4x	20.5x	19.2x	17.9x	16.8x	15%	16%	16%	16%	6.1%	3.3%	68%	Neutral	$99	8%	Buy	$101	11%
Mid/Lg Cap (excl. EIX, PCG)																		**18.4x**	**17.8x**	**16.5x**	**15.5x**	**15.5x**					**6.0%**	**3.8%**	**66%**						
SMID + Lg Cap		**662,925**																**18.4x**	**17.7x**	**16.5x**	**15.5x**	**14.6x**					**6.1%**	**3.9%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	2026E	Consensus 2022E	2023E	2024E	2025E	2026E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	2026E	Implied P/E Multiple 2022E	2023E	2024E	2025E	2026E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$37.57	4,113	2.20	2.32	2.50	2.63	2.76	2.18	2.28	2.46	2.59	2.75	–	0.04	0.04	0.04	–	17.3x	16.5x	15.3x	14.5x	13.7x	-7%	-8%	-6%	-6%	6%	3.8%	62%	Neutral	$42	16%	Sell	$39	9%
NEE	$75.67	150,394	2.90	3.13	3.43	3.69	3.99	2.88	3.11	3.39	3.67	4.01	–	–	0.04	–	–	26.2x	24.3x	22.3x	20.6x	18.9x	37%	35%	33%	33%	8%	2.5%	61%	Buy	$96	29%	Buy	$93	26%
SRE	$145.34	45,731	9.21	9.00	9.50	10.13	10.80	8.86	9.00	9.62	10.18	10.76	0.35	–	(0.12)	(0.05)	0.04	16.4x	16.2x	15.1x	14.3x	13.5x	-9%	-9%	-8%	-8%	5%	3.4%	54%	Buy	$174	23%	Buy	$170	20%
		200,238																**20.0x**	**19.0x**	**17.6x**	**16.5x**	**15.3x**	**7%**	**6%**	**6%**	**6%**	**6.2%**	**3.3%**	**59%**						
Gas LDCs																																			
NI	$27.47	11,332	1.47	1.57	1.68	1.82	1.95	1.45	1.56	1.68	1.81	1.95	–	–	–	–	–	18.9x	17.6x	16.4x	15.2x	14.1x	-0%	-0%	-2%	-2%	7%	3.7%	64%	Buy	$31	17%	Buy	$31	16%
CPK	$128.43	2,279	5.05	5.42	5.84	6.23	6.59	4.95	5.41	5.82	6.24	6.59	0.10	–	–	–	–	26.0x	23.7x	22.1x	20.6x	19.5x	34%	34%	33%	33%	7%	1.8%	42%	Neutral	$116	-8%	Buy	$135	7%
NJR	$52.11	5,049	2.50	2.67	2.65	2.85	3.05	2.45	2.68	2.75	2.93	3.15	0.05	–	(0.10)	(0.08)	(0.10)	21.3x	19.5x	19.0x	17.8x	16.6x	10%	15%	15%	15%	6%	3.1%	60%	Neutral	$46	-9%	Neutral	$51	1%
NWN	$47.30	1,660	2.54	2.65	2.83	2.98	3.09	2.55	2.67	2.78	2.99	3.05	–	–	0.05	–	0.04	18.5x	17.7x	17.0x	15.8x	15.5x	0%	3%	2%	2%	5%	4.1%	73%	Neutral	$45	-1%	Buy	$54	19%
OGS	$78.41	4,500	4.08	4.14	4.24	4.53	4.98	4.07	4.13	4.30	4.59	4.98	–	–	(0.06)	(0.06)	–	19.3x	19.0x	18.2x	17.1x	15.7x	7%	11%	10%	10%	5%	3.4%	63%	Neutral	$77	2%	Neutral	$80	5%
SR	$70.01	3,679	3.86	4.25	4.31	4.57	4.73	3.89	4.26	4.32	4.59	4.81	–	–	–	–	(0.08)	18.0x	16.4x	16.2x	15.2x	14.5x	-7%	-2%	-1%	-1%	5%	4.2%	69%	Neutral	$69	3%	Neutral	$72	7%
		28,498																**20.3x**	**19.0x**	**18.1x**	**16.9x**	**16.0x**	**7%**	**10%**	**10%**	**10%**	**5.8%**	**3.4%**	**62%**						
Regulated Water																																			
AWK	$141.81	27,599	4.51	4.76	5.14	5.59	5.98	4.47	4.78	5.14	5.59	6.04	0.04	–	–	–	(0.05)	31.8x	29.7x	27.6x	25.4x	23.5x	67%	67%	64%	64%	7%	2.0%	60%	Neutral	$152	9%	Neutral	$156	12%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	2026E	Consensus 2022E	2023E	2024E	2025E	2026E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	2026E	Implied EV/EBITDA Multiple 2022E	2023E	2024E	2025E	2026E	Enterprise Value 2023E	2024E	2025E	2026E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$76.77	25,078	2,667	3,100	3,254	3,333	3,455	2,578	3,056	3,460	3,563	3,362	89	44	(206)	(230)	93	11.5x	9.3x	7.8x	7.2x	–	28,492	27,062	25,605	24,098	7.7%	1.5%	28%	Buy	$110	45%	Buy	$97	28%
NRG	$31.48	7,312	1,754	3,084	3,136	3,140	n/a	1,783	2,778	2,881	2,982	2,820	(29)	305	255	158	–	7.3x	6.1x	5.4x	4.7x	–	16,875	15,607	14,083	–	21.4%	4.9%	27%	Neutral	$34	13%	Neutral	$38	26%
VST	$24.84	9,475	3,115	3,725	3,784	3,716	3,465	3,074	3,592	3,854	3,850	3,865	41	133	(70)	(134)	(399)	6.9x	6.1x	5.5x	5.3x	–	21,742	21,216	20,355	19,687	6.1%	3.3%	27%	Buy	$31	28%	Buy	$32	30%
Other																																			
ALTO	$1.73	130	13	24	40	46	42	16	27	47	262	316	–	–	–	(216)	(275)										54.8%	–	–	Buy	$9	420%	Buy	$7	305%
NEP	$62.01	5,368	1,796	1,837	1,977	2,143	2,325	1,728	1,910	2,047	2,031	1,983	68	(73)	(70)	112	342										6.1%	5.8%	–	Buy	$95	59%	Buy	$87	46%
SMR	$8.76	612	(188)	(100)	(57)	8	96	(133)	(87)	(33)	6	79	(55)	–	(23)	–	–													Buy	$18	105%	Buy	$16	81%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

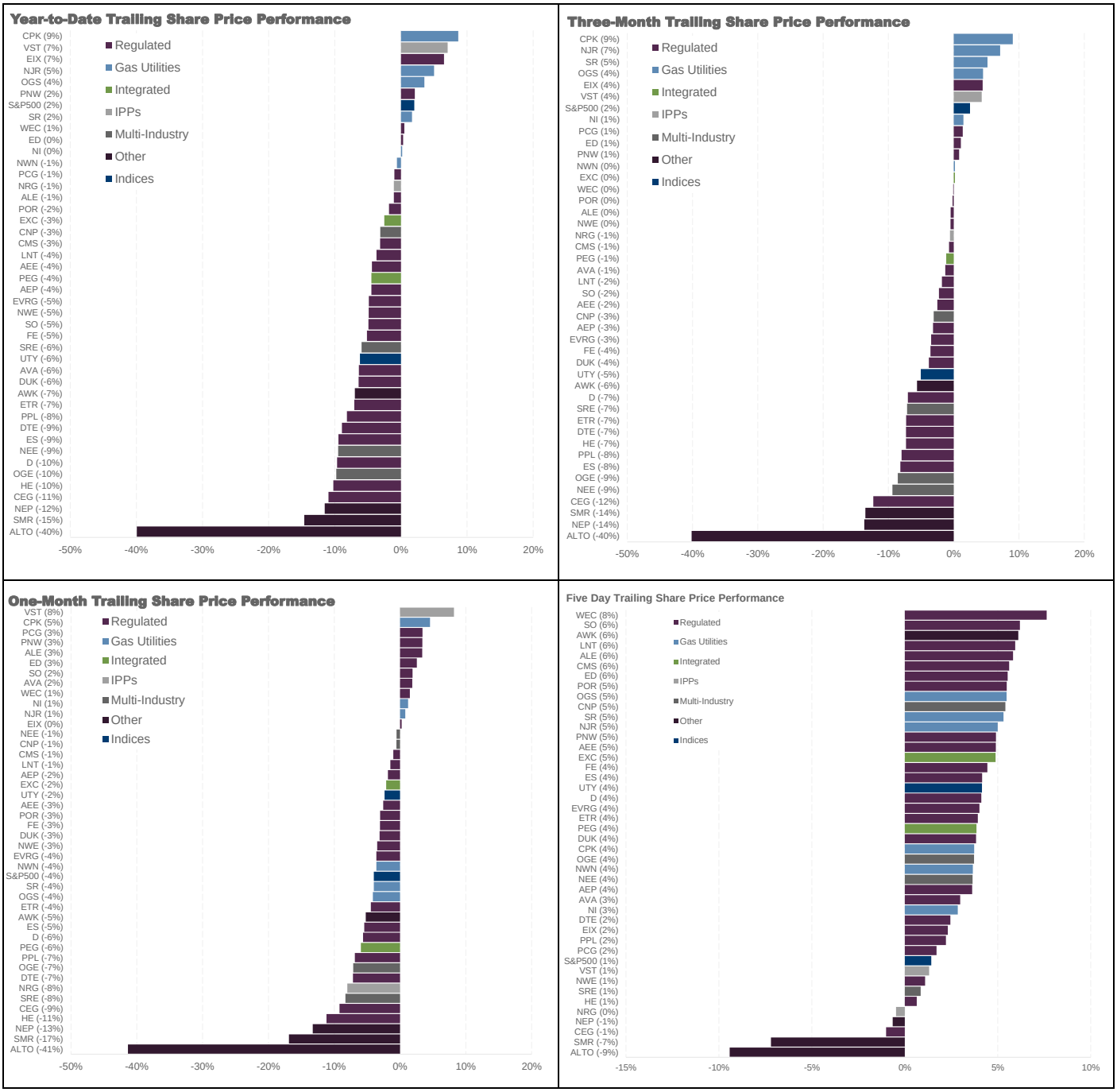

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix

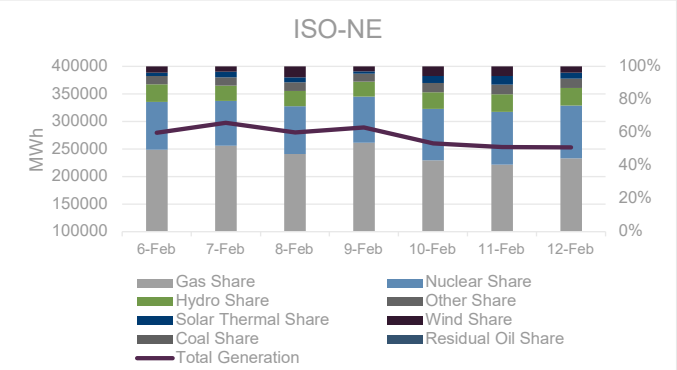

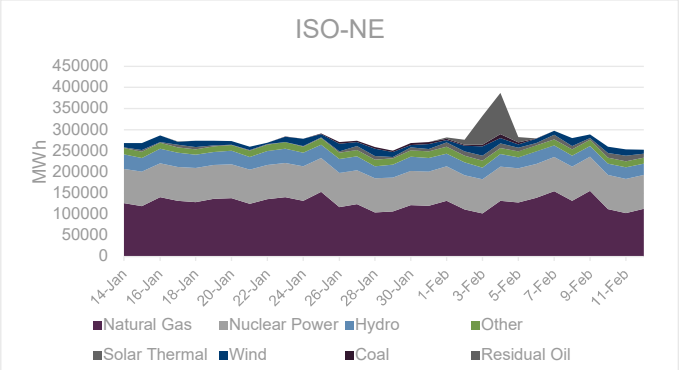

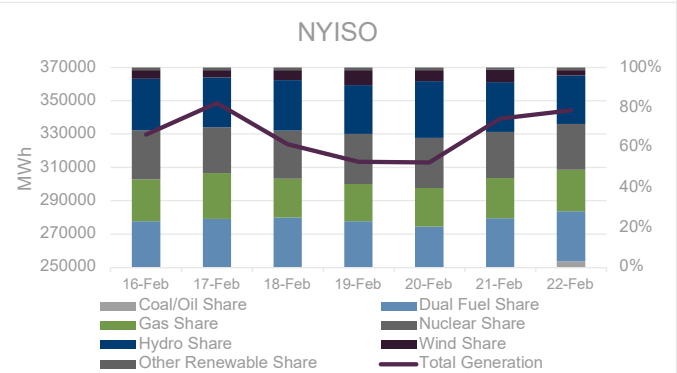

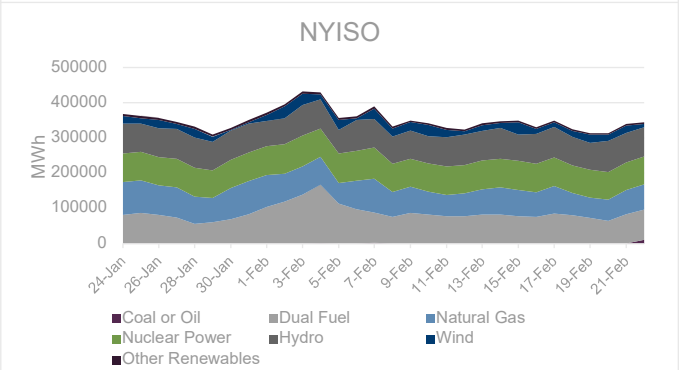

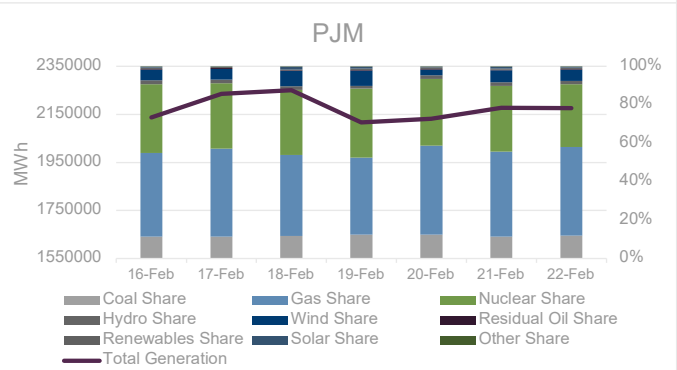

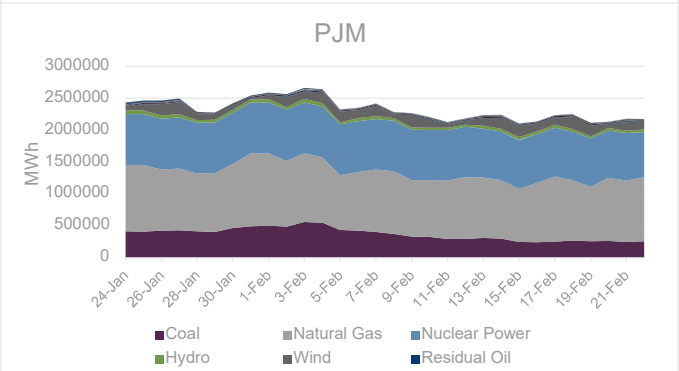

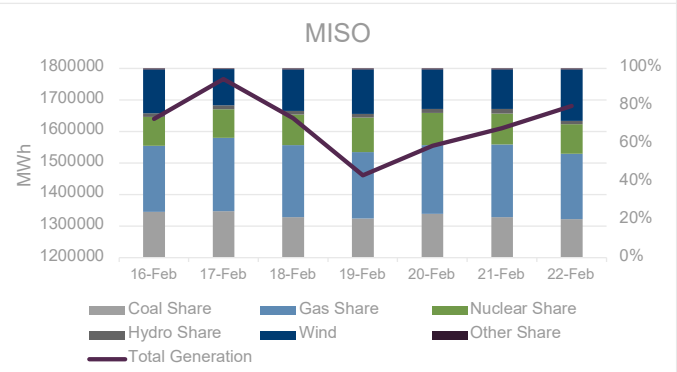

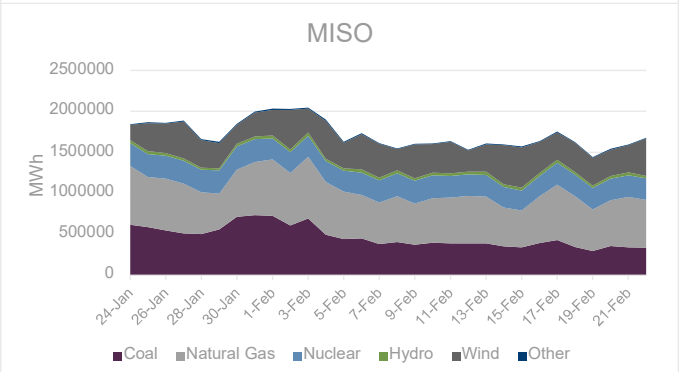

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix (continued)

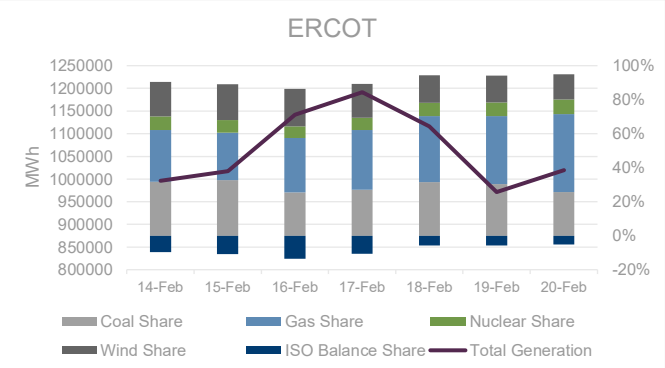

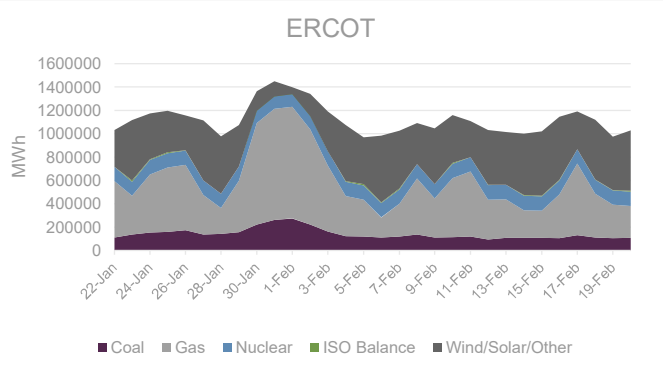

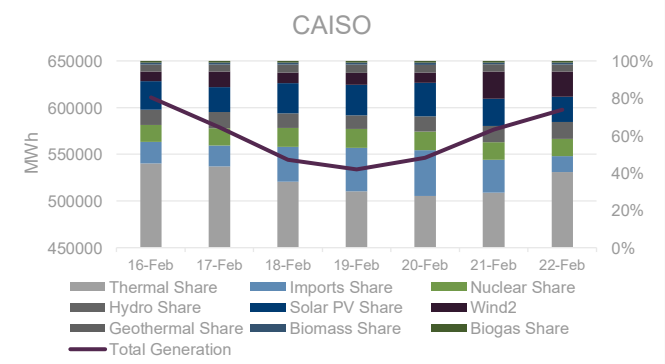

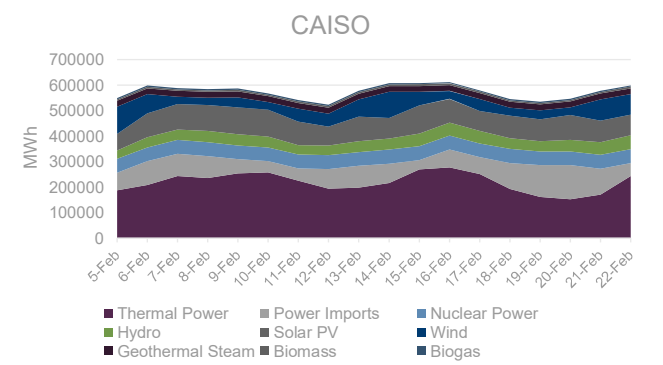

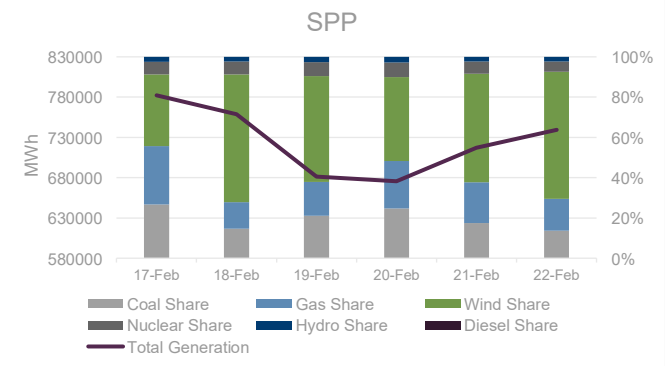

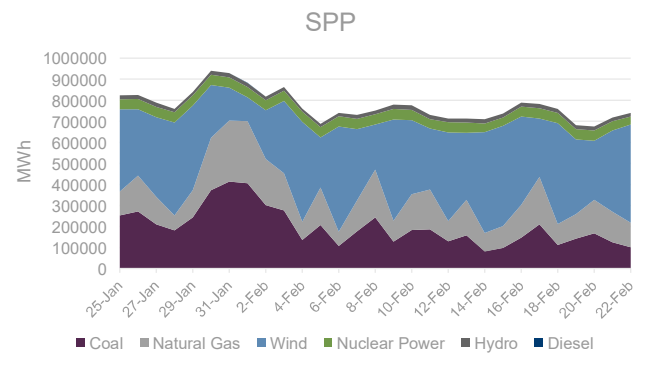

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Weather

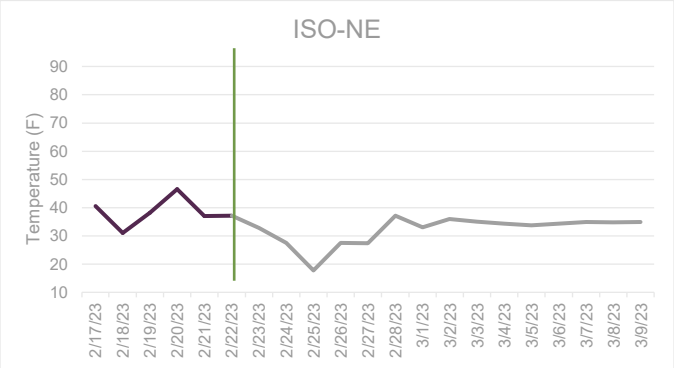

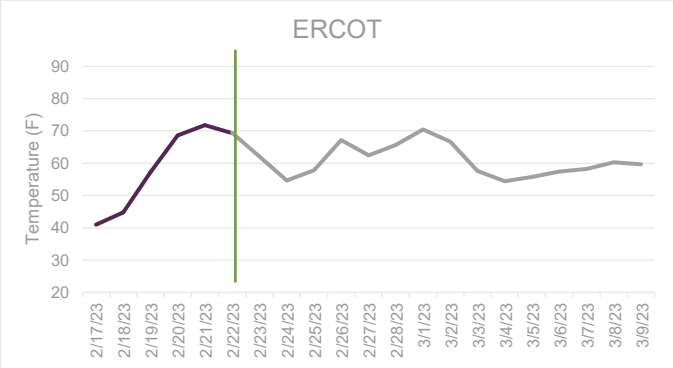

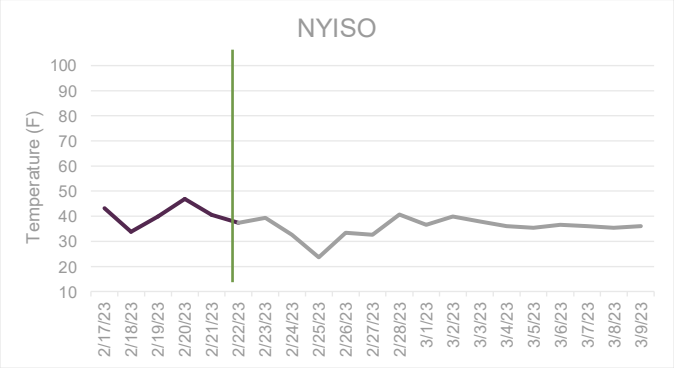

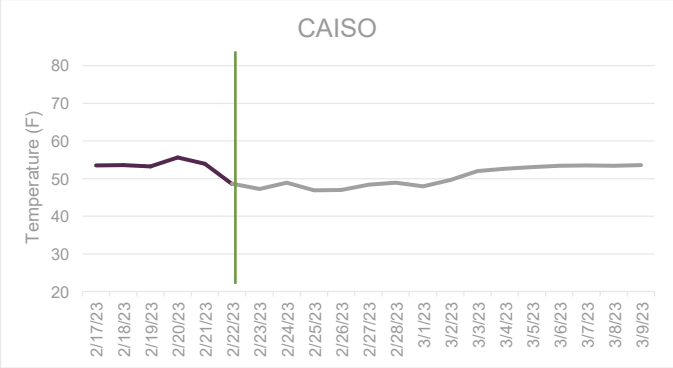

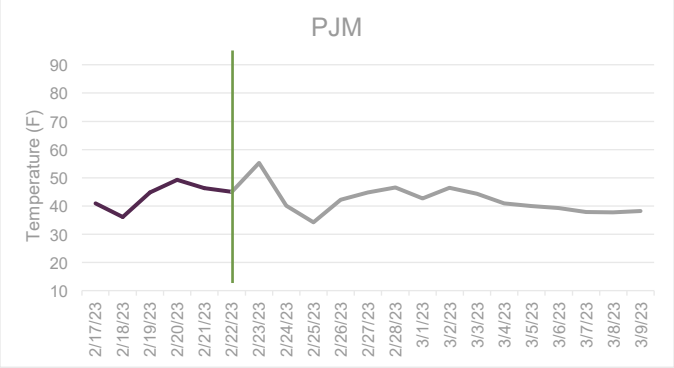

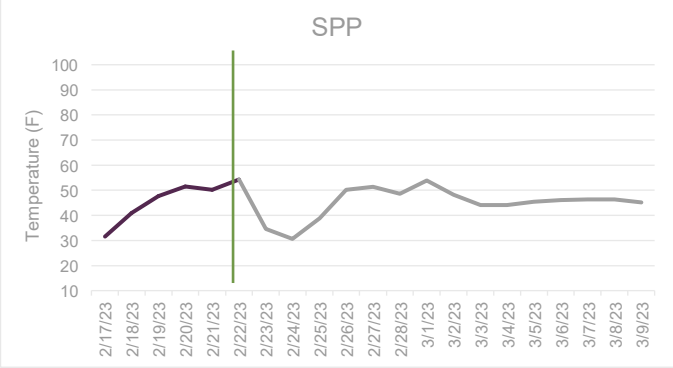



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

YTD Peak Load

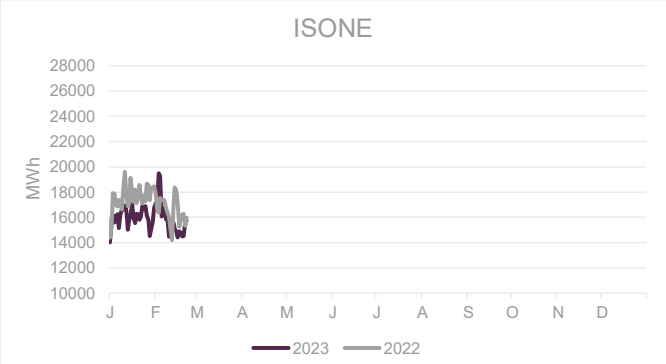

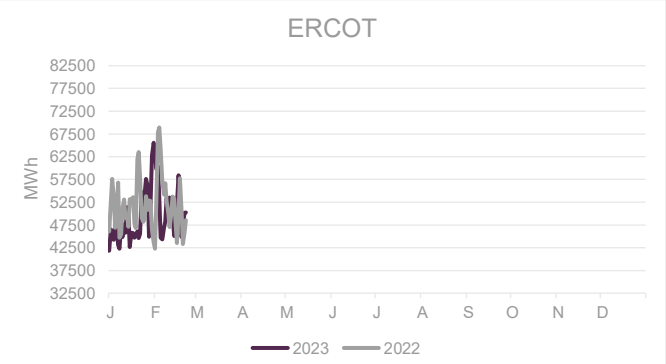



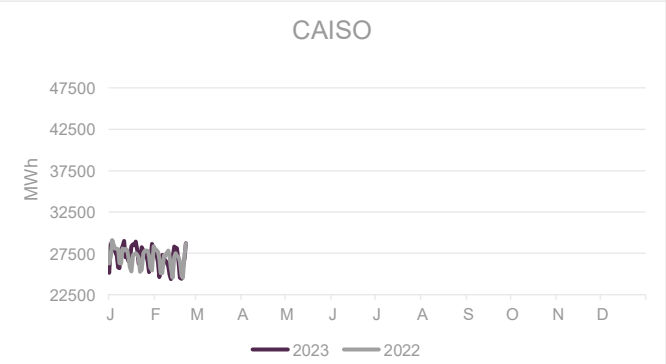

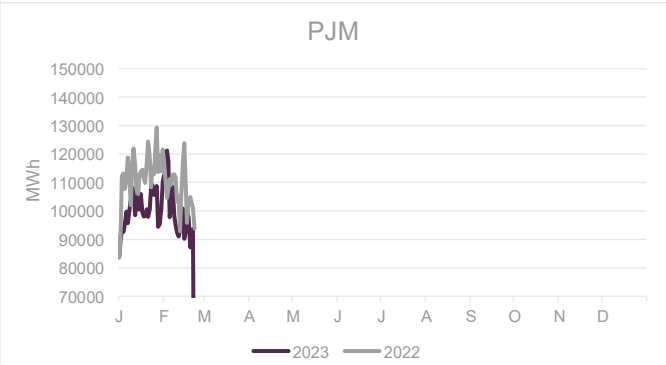

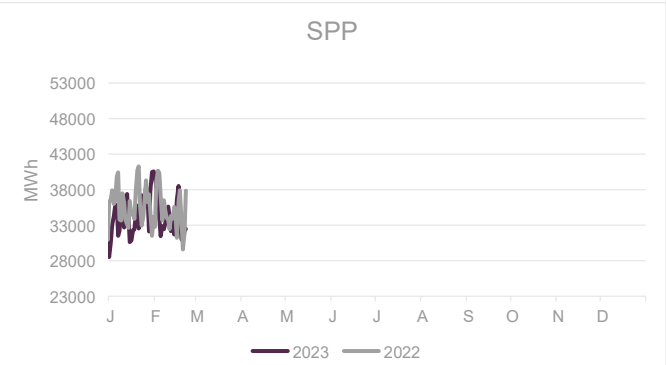

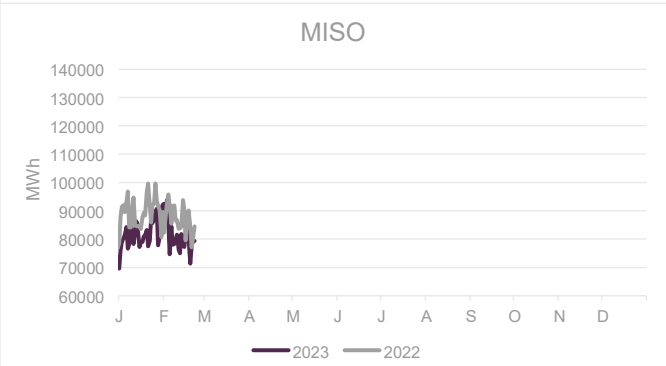

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q22	2Q22	3Q22	4Q22	1Q23
ISONE	1.5%	-1.2%	5.1%	-0.9%	-6.9%
NYISO	2.1%	-0.1%	3.5%	-0.7%	-7.4%
PJM	3.9%	3.8%	0.2%	2.1%	-9.2%
MISO	4.0%	5.0%	0.1%	0.7%	-7.4%
CAISO	1.6%	1.2%	4.0%	0.3%	0.2%
ERCOT	13.7%	19.1%	7.9%	7.4%	-2.9%
SPP	5.9%	9.7%	5.0%	7.1%	-3.0%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2023 - 3/31/2023)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2023-1/31/2023	IL	AEE	Ameren Illinois		Electric rate filing expected
1/1/2023-3/31/2023	IL	AEE	Ameren Illinois		Gas rate case filing expected
1/1/2023-1/31/2023	IL	EXC	Commonwealth Edison Co.		Electric rate filing expected
1/1/2023-1/31/2023	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-1	Decision possible in TDSIC proceeding
1/1/2023-1/31/2023	IN	NI	Northern IN Public Svc Co.	Ca-45557-TDSIC-2	Decision possible in TDSIC proceeding
1/1/2023-3/31/2023	NC	DUK	Duke Energy Carolinas LLC		Multi-year general rate case to be filed
1/1/2023-1/31/2023	OH	NI	Columbia Gas Ohio Inc.	C-21-0637-GA-AIR	Decision possible in rate proceeding
1/1/2023-1/31/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Hearning Examiner's report may be issused in rate case
1/1/2023-1/31/2023	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
1/9/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Evidentiary hearings begin
1/10/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding revenue requirement due in rate proceeding
1/10/2023	TX	ETR	Entergy Texas Inc.	D-53719	Settlement status report due in rate case
1/10/2023-1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearings slated in Rider W update proceeding
1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Staff to file testimony in Rider US 4 proceeding
1/13/2023-1/27/2023	TX	ETR	Entergy Texas Inc.	D-53719	Briefs to be filed in rate case—suspended due to settlement talks
1/18/2023-1/19/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearings scheduled in Rider U proceeding
1/20/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	OUCC and intervenor testimony due in rate proceeding
1/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Staff to file testimony in Rider US 3 proceeding
1/24/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding rate design due in rate proceeding
1/24/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Intervening parties to file testimony in Rider GT update proceeding
1/25/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearing Examiners report may be issued in Rider W update proceeding
1/30/2023-1/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing scheduled in Rider CE update proceeding
2/1/2023-2/28/2023	MO	EVRG	Evergy Missouri West	C-ER-2023-0185	Electric rate case filing expected
2/1/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearing Examiner report may be issued in Rider U proceeding
2/3/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Intervening parties to file testimony in Rider US 2 update proceeding
2/7/2023-2/8/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearings scheduled in Rider US 4 proceeding
2/15/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Rebuttal testimony due in rate proceeding
2/16/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Company rebuttal testimony due in rate proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Intervening parties to file testimony in Rider SNA adjustment proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Staff to file testimony in Rider US-2 proceeding
2/21/2023-3/20/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Hearings scheduled in electric rate case
2/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Staff to file testimony in Rider GT update proceeding
2/22/2023-2/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearings scheduled in Rider US 3 proceeding
2/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Briefs due in Track 2 proceeding
2/27/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Deadline for settlement to be filed in rate proceeding
2/28/2023	MI	CMS	Consumers Energy Co.	C-U-21224	Decision expected in rate case by
2/28/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Decision may be issued in Rider B proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Decision expected in Rider U update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Decision expected in Rider W update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
3/1/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Final order due in rate case
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearing Examiners report may be issued in Rider US 3 proceeding
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearing Examiners report may be issued in Rider US 4 proceeding
3/1/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/6/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Settlement conference to begin in rate proceeding
3/10/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Intervenor testimony due in rate proceeding
3/13/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Hearing to begin in rate proceeding
3/14/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Hearings scheduled in Rider US-2 proceeding
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Intervenor testimony due
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Intervenor testimony due
3/21/2023-3/22/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearings scheduled in Rider GT update proceeding
3/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Staff to file testimony in Rider SNA adjustment proceeding
3/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Reply briefs due in Track 2 proceeding
3/24/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Intervening parties to file testimony in rate case
3/27/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Public Staff, intervenor testimony due by
3/31/2023	TX	SRE	Oncor Electric Delivery Co.	D-53601	Decision may be issued in rate case
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision expected in Rider US 3 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D NDR – January Bounce? A Game of Chess, Not Checkers… Information Vacuum Persists, But that Gap Is Narrowing; Momentum Builds Quickly in New Year
- SR – What's In the Box? No One Knows – Limited Visibility Coupled With Arbitrary EPS Adjustments By Mgmt.; Cheap Valuation Keeps Us From D/g to Sell
- OGS – Macroeconomic Headwinds Claim Another Victim; Downgrade to SELL from NEUTRAL; Could Be Signal for Wide Valuation Dispersions in Our Space in '23
- EEI: Back at the Diplomat - What a Difference a Year Makes…
- Guggenheim EEI Takeaways - Day Three
- Guggenheim EEI Takeaways - Day Two
- Guggenheim EEI Takeaways - Day One
- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	234	64.64%	46	19.66%
NEUTRAL	119	32.87%	10	8.40%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CNP	29.09	Neutral
DUK	96.83	Buy
ES	76.82	Buy
ETR	105.09	Buy
EVRG	60.29	Buy
EXC	41.84	Neutral
PCG	15.86	Buy
SMR	9.00	Buy

Power & Utilities

March 16, 2023

The Guggenheim Daily Transmission: SMR, ES, PCG/CNP, EVRG, DUK, ETR, EXC, NC/Wind, EPA

For our AGA conference (May 20-23) meeting schedule, please scroll down…

For details on our Guggenheim-hosted client Utility events including our NEE NDR, AEE NDR, PPL NDR, EXC NDR, ETR NDR, DTE NDR, PCG NDR, SMR NDR, ES NDR, LNT NDR, AWK NDR, PNW NDR, CMS NDR, POR NDR, and other events, scroll down…

SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution (see our note HERE)

ES – PURA issues final order in Aquarion case

PCG/CNP – PCG CFO Chris Foster to join CNP as CFO, PCG announces Carolyn Burke transition to CFO

EVRG – Transmission charge bill advances in KS committee

DUK – Additional NC public hearing to be held 4/20

ETR – Stakeholders file support for ETR TX transportation electrification, settlement in ETR TX rate case

EXC – Judge to allow release of recordings in ComEd trial

NC/Wind – 189MW onshore wind project receives DEQ approval

EPA – Final good neighbor rule issued, draws pushback from Senator Manchin

ES – PURA issues final order in Aquarion case

- The 2-1 decision came with strong comments from each of the commissioners (see below) and hews closely to the initial PFD issued last month.
- "The approved annual revenue requirement represents a decrease of $1,969,517, or approximately 0.997%, from the Company's currently approved revenue requirement. While the Company requests a 10.35% return on equity, the Authority determines that an allowed return on equity of 8.70% is appropriate." - PURA
- Replay HERE.
- See our prior note for more HERE.

Guggenheim takeaway: *The current state of regulatory affairs in Connecticut was on full display yesterday during PURA's final decision on the Aquarion case, in which Commissioners Caron and Betkoski independently lamented the process and the outcome of the case, with Caron noting he was 'appalled' by the ROE and Betkoski indicating that he had never seen a decision that excluded so many items – noting, 'I have no doubt this will be appealed' (see his dissent HERE). The 2-1 split on the decision came as Caron's vote in favor was framed as an avoidance of the implementation of the company's higher request, while also noting that "even the OCC's ROE recommendation was higher."* ***In our view the outcome fits in with what has become an established rift between Gillett and the other two commissioners****, and while Caron took time to compliment the Chair as "one of the hardest working people I have ever seen,"* ***the outcome was similar to prior splits – most notably the 2021 settlement between CL&P, the governor, and other stakeholders.*** *We would not be surprised to see an appeal over this outcome, or another fresh case in the near future.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

PCG/CNP – PCG CFO Chris Foster to join CNP as CFO, PCG announces Carolyn Burke transition to CFO

- PCG and CNP announced concurrent CFO appointments and transitions, with Chris Foster leaving the PCG CFO position and Carolyn Burke being promoted to CFO.
- PCG hosted a call to discuss the transition and reaffirm consistency in financial plans.
- Chris will serve as CFO through the first quarter PCG earnings call on May 4, 2023.
- Chris Foster has a depth of experience at PG&E including challenging restructuring, securitizations and financing, as well as a prior history of working with Jason Wells (CNP) during his time at PCG.
- Carolyn Burke has served in an advisory capacity with PCG and Chris and has a diverse background in finance and strategy including Chevron Phillips Chemical (CVX), as well as Dynegy (private), and senior controller roles at NRG and JPM commodities.

Guggenheim takeaway: We caught up with the full PCG management team including CEO Patti Poppe, CFO Chris Foster, incoming CFO Carolyn Burke, special advisor Tom Webb and other members of mgmt.*The CFO transition on the PCG side was well planned, with Carolyn joining in an advisory capacity very early in the process, as well as an extended transition period through May 4, 2023. PCG mgmt. highlighted the deep bench of functional expertise that was built under Chris Foster as a continuation of strong financial and regulatory execution, with Carolyn Burke bringing a lot of practical process improvement frameworks and a competitive efficiency mindset to the role. For PCG, the transition intersects prior relationships of the board chair Bob Flexon (ex-Dynegy and NRG), as well as Julius Cox, current PCG EVP People, Shared Services and Supply Chain (ex-Dynegy). For Chris Foster, the transition is rejoining Jason Wells (CNP, ex-PCG) and a development opportunity into a multi-state utility CFO, after a storied 10+ year tenure at PCG. Chris verbalized the transition opportunity as timely, given the stability that has been established at PCG. Overall, there is no change in plans or major internal analysis for PCG, including no change in the May 24, 2023 Analyst Day plan or timing.*

EVRG – Transmission charge bill advances in KS committee

- The bill concerning changes to EVRG's transmission delivery charges has been amended to include language around regional rate competitiveness analyses in rate cases, a requirement for more details of transmission projects over $15mm and TDC ROE updates.
- "The bill would require, beginning January 1, 2024, and before April 1, 2024, that for any utility electing to recover the costs described regarding a TDC, the KCC to adjust the return on equity used to determine the revenue requirement of such costs from FERC's jurisdictional return on equity to the KCC's authorized return on equity last used to set the utility's base rates in effect at the time of filing the TDC update….The bill would state the KCC's authorized return on equity would not impact any project that was constructed as a result of a notification to construct or similar directive from a RTO or ISO that is regulated by FERC or any successor agency." – filing
- More HERE.

Guggenheim takeaway: *One of several utility-specific pieces of legislation we continue to monitor this session – KCC Staff's testimony on regional competitiveness to the Committee is available HERE. We continue to monitor the backdrop in KS as EVRG heads into its first post-merger case this spring. The KS Legislature adjourns on May 22nd.*

DUK – Additional public hearing to be held 4/20

- "However, in order to provide additional opportunities for public witnesses to participate, the Commission finds good cause to schedule a sixth public witness hearing on DEP's application for Thursday, April 20, 2023. The hearing shall be held remotely via Webex." - filing
- More HERE.

Guggenheim takeaway: *For your calendars.*

EXC – Judge to allow release of recordings in ComEd trial

- U.S. District Judge Harry Leinenweber will allow federal recordings of participants in the alleged bribery scheme to be released publicly.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- More HERE.

Guggenheim takeaway: *Flagged for your awareness as this process continues to generate headlines.*

NC/Wind – 189MW onshore wind project receives DEQ approval

- The 45 turbine facility would be interconnected via a ~6 mile 230Kv transmission line.
- "The North Carolina Department of Environmental Quality's Division of Energy, Mineral, and Land Resources (DEMLR) has issued a permit for the Timbermill Wind, LLC, proposal to construct, operate and decommission an onshore wind energy facility generating as many as 189 megawatts in Chowan County." - DEQ
- More HERE.

Guggenheim takeaway: *Interesting FYI as NC continues to mull potential offshore opportunities.*

EPA – Final good neighbor rule issued, draws pushback from Senator Manchin

- The final rule for NOX emissions has been promulgated by the EPA.
- "Beginning in the 2023 ozone season, power plants in 22 states will participate in a revised and strengthened Cross-State Air Pollution Rule ozone season trading program. To achieve emissions reductions as soon as possible, EPA is basing the initial control stringency on the level of reductions achievable through immediately available measures, including consistently operating emissions controls already installed at power plants. Further reductions will be phased in over several years starting in 2024 and reflect emissions levels that could be achieved through installation of new emissions controls." - EPA
- More HERE.
- "Today's reckless decision by the EPA totally disregards 23 states' existing plans to address ozone levels and completely ignores warnings from electricity reliability experts, elected officials and key manufacturing industries. This Administration is determined to advance a progressive, radical climate agenda." – Manchin HERE

Guggenheim takeaway: *This was the final step in a process that we and others have been monitoring for some time and brings closure to several resource adequacy processes (e.g., PPL's CPCN in KY). While the rule continues to generate pushback, we do not anticipate any changes in the trajectory of coal retirements nationally – especially given other regulations like ELGs and ash management.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

Kirk Crews, *Chief Financial Officer*

Dates & Location
March 14 – 16, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $151.6bn
NextEra Energy, Inc. (NEE) is an electric power and energy infrastructure company. It operates through the following segments: FPL and NEER. The FPL segment engages primarily in the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. It provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas production and pipeline infrastructure development, and owns a retail electricity provider. The company was founded in 1984 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Ameren Corporation (AEE)

Martin Lyons, *President & Chief Executive Officer*
Michael Moehn, *Executive VP, Chief Financial Officer*
Andrew Kirk, *Director, Investor Relations*

Date
Wednesday, March 22, 2023

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $22.3bn
Ameren Corp. is a public utility holding company that engages in the provision of electric and natural gas services. It operates through the following segments: Ameren Missouri, Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, Ameren Transmission, and Other. The Ameren Transmission segment consists of the aggregated electric transmission businesses of Ameren Illinois and Ameren Transmission Company of Illinois (ATXI). The company was founded in 1902 and is headquartered in St. Louis, MO. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

PPL Corporation (PPL)

Vince Sorgi, *President & Chief Executive Officer*
Andy Ludwig, *VP, Investor Relations*

Dates & Location
April 3 – 4, 2023
Boston

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $20.0bn
PPL Corp. (PPL) engages in the generation, transmission and distribution of electricity. It operates through the two reportable segments: Kentucky Regulated & Pennsylvania Regulated. The Kentucky Regulated segment consists of LKE's regulated electricity generation, transmission and distribution operations of Louisville Gas and Electric Company and Kentucky Utilities Company as well as regulated distribution and sale of natural gas of Louisville Gas and Electric Company. The Pennsylvania Regulated segment consists of the regulated electricity transmission and distribution operations of PPL Electric Utilities Corporation. The company was founded in 1994 and is headquartered in Allentown, PA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Calvin Butler, *President & Chief Executive Officer*
Jeanne Jones, *Chief Financial Officer*
Andrew Plenge, *VP, Investor Relations*

Dates & Location

May 15 – 16, 2023
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information

Market Cap: $42.4bn

Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	1/10 & 1/11	Boston & New York
Commissioner Roundtable Event	1/20	In Person at Guggenheim
2023 Utilities Conference Call	1/23	Dial-In
Virginia Policy Call	2/7	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	2/9	Virtual
WEC	2/14–2/16	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	2/17	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	2/27	Virtual
DUK	3/7-3/8	NYC
NEE	3/14-3/16	West Coast
AEE	3/22	Virtual
PPL	4/3–4/4	Boston
EXC	5/15–5/16	NYC
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
DTE	6/7	NYC
PCG	6/12	NYC
SMR	6/15	NYC
ES	6/21–6/22	NYC
LNT	7/17-7/18	NYC
AWK	8/7-8/8	West Coast
PNW	8/9–8/10	NYC
CMS	8/30–8/31	NYC
POR	9/13–9/14	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Comp Sheet

3/15/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																		
ALE	$63.27	3,622	3.38	3.70	4.17	4.56	4.87	3.69	3.73	4.03	4.35	4.83	(0.31)	–	0.14	0.21	0.04	17.2x	17.0x	15.7x	14.5x	13.1x	-5%	-5%	-7%	-7%	8.4%	4.3%	72%	Sell	$54	-10%	Neutral	$65	7%
AVA	$41.37	3,104	1.89	2.28	2.49	2.61	2.67	1.89	2.32	2.46	2.58	2.67	–	(0.04)	0.03	–	–	21.9x	17.9x	16.8x	16.0x	15.5x	0%	1%	3%	3%	7.6%	4.5%	79%	Sell	$35	-11%	Sell	$39	-2%
NWE	$56.70	3,389	3.18	3.42	3.55	3.75	3.91	3.28	3.46	3.60	3.77	3.88	(0.10)	(0.04)	(0.05)	–	0.03	17.3x	16.4x	15.8x	15.0x	14.6x	-8%	-5%	-4%	-4%	5.1%	4.6%	75%	Sell	$46	-14%	Buy	$58	7%
POR	$48.16	4,308	2.74	2.68	3.00	3.15	3.31	2.78	2.70	3.05	3.22	3.35	(0.04)	–	(0.05)	(0.07)	(0.04)	17.3x	17.9x	15.8x	15.0x	14.4x	0%	-5%	-4%	-4%	5.0%	4.0%	69%	Buy	$54	16%	Buy	$52	13%
		14,423																18.4x	17.3x	16.0x	15.1x	14.4x	-3%	-4%	-3%	-3%	6.6%	4.3%	74%						
Mid/Large Cap Electric																																		
AEE	$85.24	22,335	4.14	4.35	4.67	5.05	5.40	4.08	4.36	4.68	5.01	5.33	0.06	–	–	0.04	0.07	20.9x	19.5x	18.2x	17.0x	16.0x	10%	10%	9%	9%	6.5%	3.0%	58%	Neutral	$89	7%	Buy	$93	12%
AEP	$92.59	47,629	5.09	5.30	5.64	6.00	6.39	5.01	5.29	5.64	5.98	6.33	0.08	–	–	–	0.06	18.5x	17.5x	16.4x	15.5x	14.6x	-2%	-1%	-1%	-1%	6.0%	3.6%	63%	Buy	$105	17%	Buy	$102	14%
CMS	$61.66	17,959	2.89	3.12	3.41	3.65	3.91	2.88	3.10	3.35	3.63	3.87	–	–	0.06	–	0.04	21.4x	19.9x	18.4x	17.0x	15.9x	11%	11%	9%	9%	8.1%	3.2%	63%	Neutral	$68	14%	Buy	$68	13%
CNP	$29.09	18,310	1.38	1.51	1.62	1.74	1.89	1.38	1.49	1.62	1.73	1.86	–	–	–	–	–	21.0x	19.5x	18.0x	16.8x	15.6x	10%	8%	8%	8%	8.2%	2.6%	49%	Neutral	$32	13%	Buy	$32	12%
D	$55.91	46,699	4.11	4.15	3.75	3.97	4.24	4.11	3.98	3.84	4.07	4.52	–	0.17	(0.09)	(0.10)	(0.28)	13.6x	14.1x	14.5x	13.7x	12.4x	-21%	-12%	-12%	-12%	1.8%	4.8%	68%	Buy	$63	17%	Neutral	$62	15%
DTE	$108.97	22,460	6.10	6.26	6.73	7.19	7.75	6.01	6.24	6.70	7.17	7.65	0.09	–	0.03	–	0.10	18.1x	17.5x	16.3x	15.2x	14.2x	-2%	-2%	-2%	-2%	6.4%	3.6%	61%	Buy	$131	24%	Buy	$129	22%
DUK	$96.83	74,559	5.27	5.65	6.05	6.35	6.75	5.30	5.63	5.99	6.34	6.72	–	–	0.06	–	0.03	18.3x	17.2x	16.2x	15.3x	14.4x	-4%	-3%	-2%	-2%	6.3%	4.3%	73%	Buy	$114	22%	Buy	$107	15%
ED	$95.64	33,957	4.57	4.82	5.18	5.40	5.71	4.55	4.87	5.21	5.47	5.79	–	(0.05)	–	(0.07)	(0.08)	21.0x	19.6x	18.4x	17.5x	16.5x	10%	10%	12%	12%	5.5%	3.4%	66%	Neutral	$86	-7%	Sell	$89	-4%
EIX	$68.12	26,060	4.63	4.70	4.94	5.36	5.70	4.58	4.74	5.14	5.51	5.83	0.05	(0.04)	(0.20)	(0.15)	(0.13)	14.9x	14.4x	13.3x	12.4x	11.7x	-19%	-20%	-21%	-21%	5.7%	4.4%	61%	Buy	$75	14%	Buy	$71	9%
ES	$76.82	26,785	4.09	4.34	4.75	5.04	5.37	4.10	4.36	4.68	5.01	5.34	–	–	0.07	–	0.03	18.8x	17.6x	16.4x	15.3x	14.4x	-1%	-1%	-2%	-2%	6.9%	3.6%	62%	Buy	$91	22%	Buy	$88	18%
ETR	$105.09	22,289	6.42	6.71	7.16	7.76	8.31	6.39	6.71	7.20	7.73	8.25	–	–	(0.04)	–	0.06	16.4x	15.7x	14.6x	13.6x	12.7x	-12%	-12%	-13%	-13%	6.9%	4.2%	64%	Buy	$128	26%	Buy	$120	19%
EVRG	$60.29	13,835	3.71	3.65	3.97	4.24	4.47	3.65	3.64	3.95	4.20	4.38	0.06	–	–	0.04	0.09	16.5x	16.6x	15.3x	14.4x	13.8x	-7%	-8%	-8%	-8%	5.1%	4.2%	68%	Buy	$72	24%	Neutral	$63	9%
EXC	$41.84	41,601	2.27	2.36	2.50	2.74	2.93	2.26	2.36	2.51	2.72	2.91	–	–	–	–	–	18.5x	17.7x	16.7x	15.4x	14.4x	-1%	0%	-1%	-1%	6.4%	3.5%	61%	Neutral	$45	11%	Buy	$46	12%
FE	$39.72	22,730	2.41	2.54	2.69	2.89	3.07	2.44	2.51	2.67	2.86	3.06	(0.03)	–	–	–	–	16.3x	15.8x	14.9x	13.9x	13.0x	-11%	-11%	-11%	-11%	6.3%	4.0%	63%	Buy	$46	20%	Buy	$44	14%
LNT	$53.10	13,335	2.80	2.90	3.08	3.27	3.50	2.80	2.89	3.15	3.28	3.47	–	–	(0.06)	–	0.03	19.0x	18.4x	16.9x	16.2x	15.3x	3%	2%	4%	4%	5.6%	3.5%	62%	Neutral	$52	1%	Neutral	$57	11%
OGE	$35.70	7,150	2.16	2.02	2.16	2.25	2.37	2.09	2.01	2.12	2.26	2.35	0.07	–	0.04	–	–	17.1x	17.8x	16.8x	15.8x	15.2x	-0%	1%	2%	2%	2.8%	4.7%	83%	Neutral	$38	11%	Neutral	$39	13%
PCG	$15.86	31,537	1.10	1.22	1.37	1.47	1.61	1.10	1.22	1.35	1.47	1.59	–	–	–	–	–	14.4x	13.0x	11.8x	10.8x	10.0x	-27%	-29%	-31%	-31%	9.7%	0.8%	10%	Buy	$22	39%	Buy	$18	15%
PEG	$58.62	29,238	3.47	3.45	3.67	4.10	4.29	3.46	3.44	3.70	4.06	4.33	–	–	(0.03)	0.04	(0.04)	17.0x	17.0x	15.8x	14.4x	13.5x	-4%	-5%	-7%	-7%	5.8%	3.9%	66%	Buy	$68	20%	Buy	$66	17%
PNW	$78.21	8,851	4.26	4.05	4.60	4.80	5.05	4.31	4.11	4.71	4.88	5.15	(0.05)	(0.06)	(0.11)	(0.08)	(0.10)	18.1x	19.0x	16.6x	16.0x	15.2x	7%	-0%	3%	3%	4.7%	4.5%	83%	Neutral	$77	3%	Neutral	$75	0%
PPL	$27.24	20,067	1.41	1.58	1.71	1.82	1.96	1.41	1.59	1.71	1.83	1.95	–	–	–	–	–	19.4x	17.1x	16.0x	14.9x	14.0x	-4%	-4%	-4%	-4%	8.1%	3.6%	61%	Buy	$34	28%	Buy	$32	20%
SO	$67.65	73,649	3.60	3.60	4.05	4.30	4.55	3.58	3.61	4.02	4.30	4.47	–	–	0.03	–	0.08	18.9x	18.7x	16.8x	15.7x	15.1x	5%	1%	1%	1%	5.9%	4.1%	76%	Buy	$73	12%	Neutral	$71	9%
WEC	$94.69	29,868	4.45	4.60	4.91	5.24	5.61	4.40	4.61	4.90	5.26	5.61	0.05	–	–	–	–	21.5x	20.6x	19.3x	18.0x	16.9x	15%	16%	16%	16%	6.1%	3.3%	68%	Neutral	$99	8%	Buy	$101	10%
Mid/Lg Cap (excl. EIX, PCG)																		**18.5x**	**17.8x**	**16.6x**	**15.6x**	**15.6x**					**6.0%**	**3.8%**	**66%**						
SMID + Lg Cap		**665,328**																**18.5x**	**17.7x**	**16.5x**	**15.5x**	**14.6x**					**6.1%**	**3.9%**	**67%**						

		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$37.31	4,084	2.20	2.32	2.50	2.63	2.76	2.18	2.28	2.46	2.59	2.75	–	0.04	0.04	0.04	–	17.1x	16.3x	15.2x	14.4x	13.6x	-8%	-9%	-8%	-8%	6%	3.9%	62%	Neutral	$42	16%	Sell	$39	9%
NEE	$75.52	150,096	2.90	3.13	3.43	3.69	3.99	2.88	3.11	3.39	3.68	4.03	–	–	0.04	–	(0.04)	26.2x	24.3x	22.3x	20.5x	18.8x	36%	34%	32%	32%	8%	2.5%	60%	Buy	$96	30%	Buy	$93	26%
SRE	$146.36	46,052	9.21	9.00	9.50	10.13	10.80	8.86	9.00	9.62	10.18	10.76	0.35	–	(0.12)	(0.05)	0.04	16.5x	16.3x	15.2x	14.4x	13.6x	-9%	-8%	-8%	-8%	5%	3.4%	54%	Buy	$174	22%	Buy	$170	19%
		200,232																20.0x	19.0x	17.6x	16.4x	15.3x	6%	6%	5%	5%	6.2%	3.3%	59%						
Gas LDCs																																		
NI	$27.85	11,488	1.47	1.57	1.68	1.82	1.95	1.45	1.56	1.68	1.81	1.95	–	–	–	–	–	19.2x	17.9x	16.6x	15.4x	14.3x	1%	1%	-1%	-1%	7%	3.7%	64%	Buy	$31	15%	Buy	$31	14%
CPK	$127.99	2,271	5.05	5.42	5.84	6.23	6.59	4.95	5.41	5.82	6.24	6.59	0.10	–	–	–	–	25.9x	23.6x	22.0x	20.5x	19.4x	33%	33%	32%	32%	7%	1.8%	42%	Neutral	$116	-8%	Buy	$135	8%
NJR	$51.75	5,014	2.50	2.67	2.65	2.85	3.05	2.45	2.68	2.75	2.93	3.15	0.05	–	(0.10)	(0.08)	(0.10)	21.1x	19.3x	18.8x	17.7x	16.4x	9%	14%	14%	14%	6%	3.1%	59%	Neutral	$46	-8%	Neutral	$51	2%
NWN	$48.09	1,688	2.54	2.65	2.83	2.98	3.09	2.55	2.67	2.78	2.99	3.05	–	–	0.05	–	0.04	18.9x	18.0x	17.3x	16.1x	15.8x	1%	5%	4%	4%	5%	4.1%	73%	Neutral	$45	-2%	Buy	$54	17%
OGS	$77.14	4,427	4.08	4.14	4.24	4.53	4.98	4.07	4.13	4.30	4.59	4.98	–	–	(0.06)	(0.06)	–	19.0x	18.7x	17.9x	16.8x	15.5x	5%	8%	8%	8%	5%	3.4%	63%	Neutral	$77	3%	Neutral	$80	7%
SR	$69.54	3,654	3.86	4.25	4.31	4.57	4.73	3.89	4.26	4.33	4.60	4.81	–	–	–	(0.03)	(0.08)	17.9x	16.3x	16.1x	15.1x	14.4x	-8%	-3%	-3%	-3%	5%	4.2%	69%	Neutral	$69	3%	Neutral	$72	8%
		28,542																20.3x	19.0x	18.1x	16.9x	16.0x	7%	10%	9%	9%	5.8%	3.4%	62%						
Regulated Water																																		
AWK	$140.63	27,369	4.51	4.76	5.14	5.59	5.98	4.47	4.78	5.14	5.59	6.04	0.04	–	–	–	(0.05)	31.5x	29.5x	27.4x	25.2x	23.3x	65%	65%	62%	62%	7%	2.0%	60%	Neutral	$152	10%	Neutral	$158	14%

		Market	Guggenheim EBITDA Ests					Consensus					Δ vs Consensus (>$20m)					Implied EV/EBITDA Multiple					Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$77.33	25,261	2,667	3,100	3,254	3,333	3,455	2,578	3,066	3,455	3,590	3,362	89	34	(201)	(257)	93	11.6x	9.4x	7.9x	7.2x	–	28,675	27,245	25,788	24,281	7.7%	1.5%	28%	Buy	$110	44%	Buy	$97	27%
NRG	$30.82	7,082	1,754	3,084	3,136	3,140	n/a	1,783	2,797	2,912	3,024	2,733	(29)	287	224	116	–	7.2x	6.0x	5.3x	4.6x	–	16,645	15,377	13,853	–	21.4%	5.0%	26%	Neutral	$34	15%	Neutral	$38	27%
VST	$24.41	9,311	3,115	3,725	3,784	3,716	3,465	3,074	3,592	3,854	3,850	3,865	41	133	(70)	(134)	(399)	6.8x	6.0x	5.5x	5.2x	–	21,578	21,052	20,191	19,523	6.1%	3.4%	27%	Buy	$31	30%	Buy	$32	32%
Other																																		
ALTO	$1.85	139	13	24	40	46	42	16	27	47	262	316	–	–	–	(216)	(275)										54.8%	–	–	Buy	$9	386%	Buy	$7	278%
NEP	$62.12	5,378	1,796	1,837	1,977	2,143	2,325	1,728	1,910	2,047	2,031	1,983	68	(73)	(70)	112	342										6.1%	5.8%	–	Buy	$95	59%	Buy	$87	46%
SMR	$9.00	467	(188)	(100)	(57)	8	96	(133)	(74)	(49)	9	85	(55)	(26)	–	–	–													Buy	$18	100%	Buy	$18	94%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

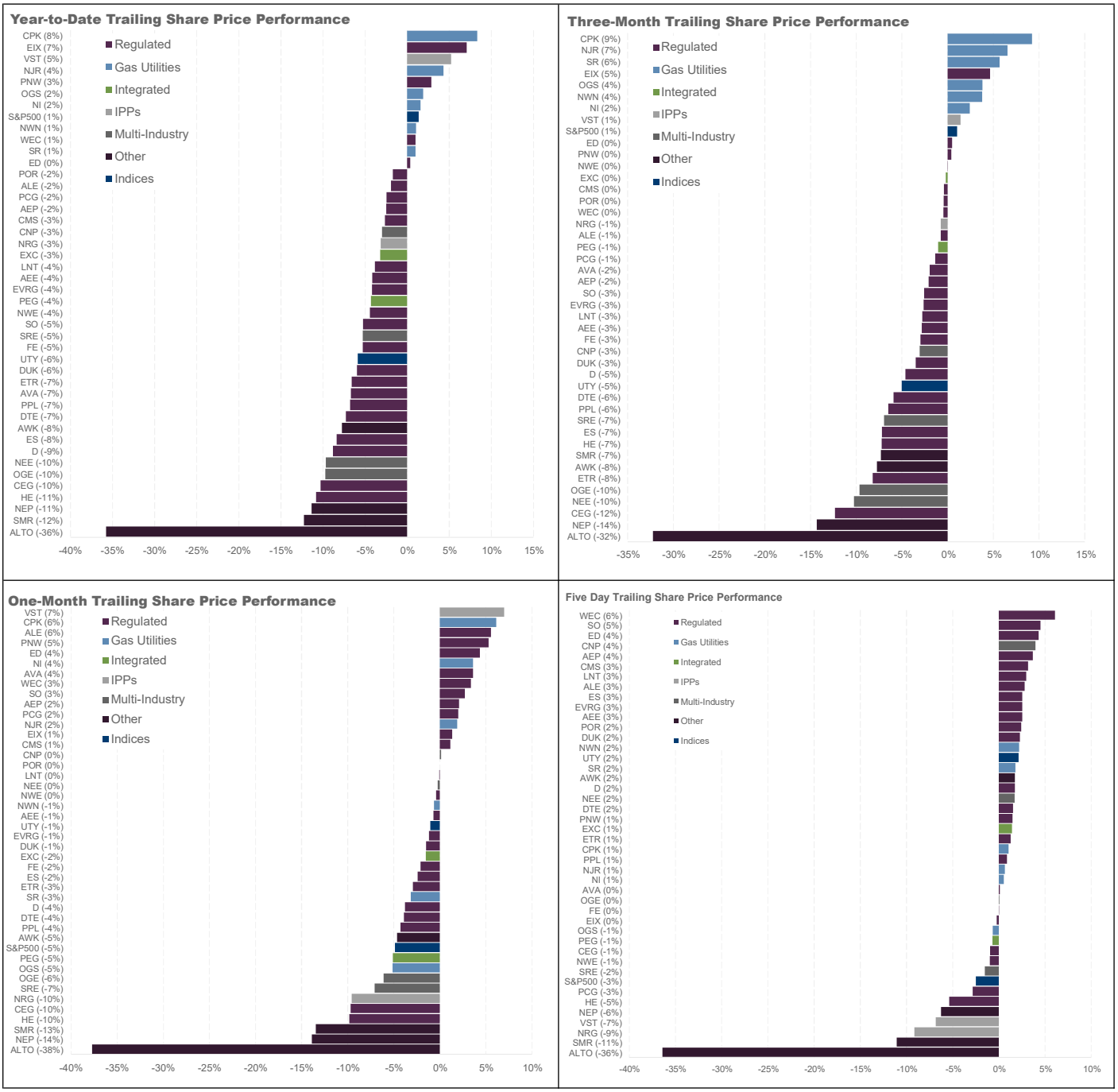

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.
Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix

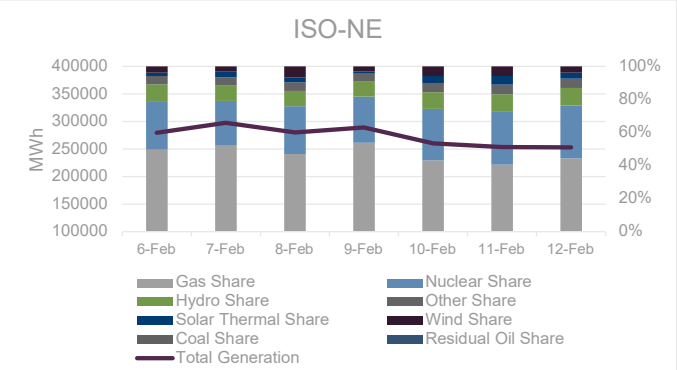

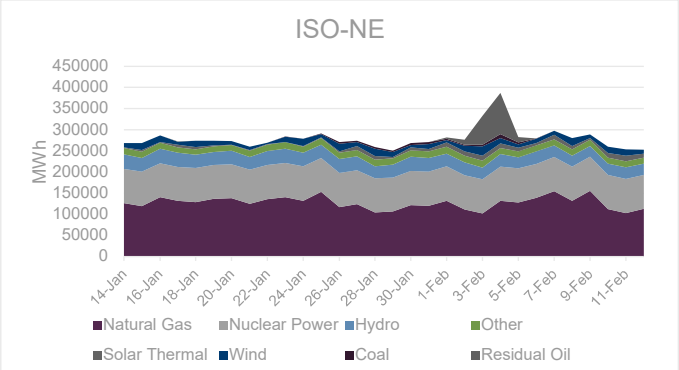

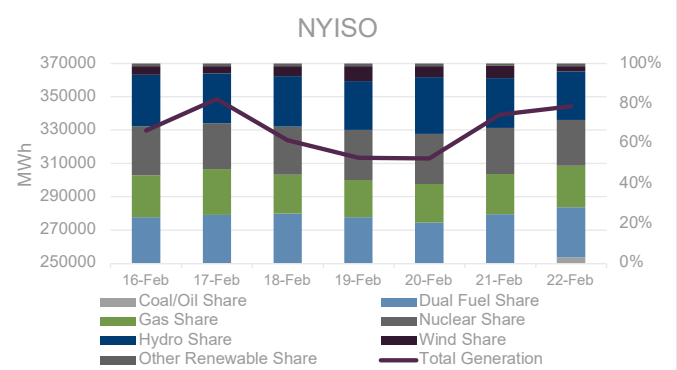

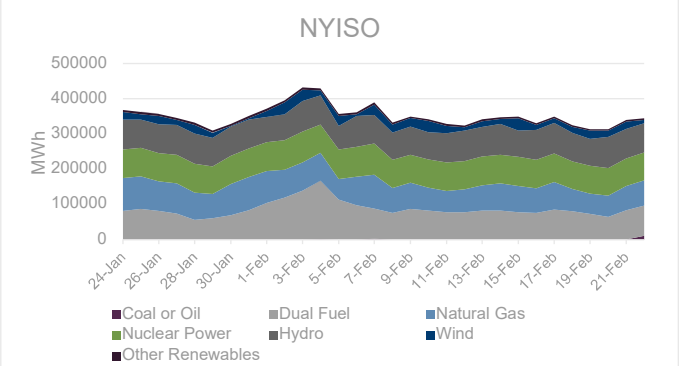

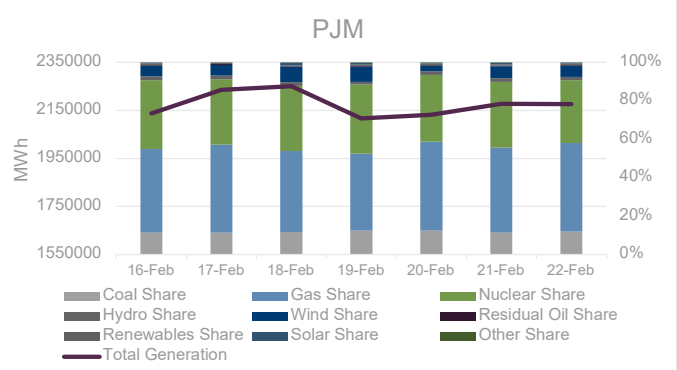

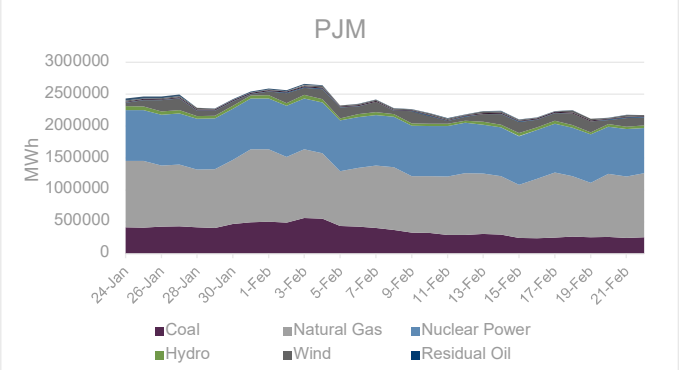

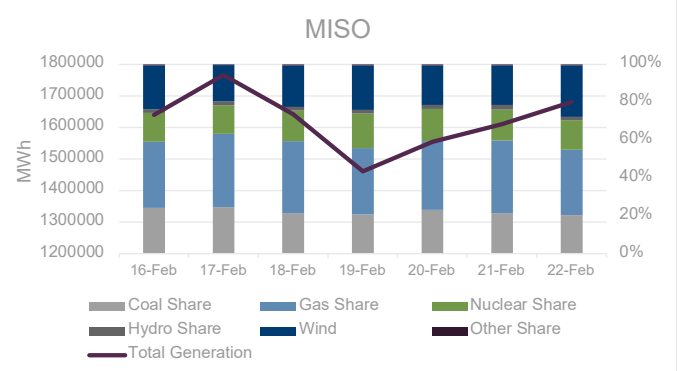

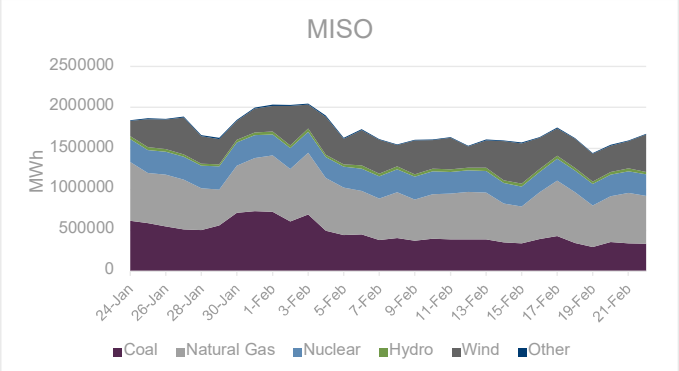

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix (continued)

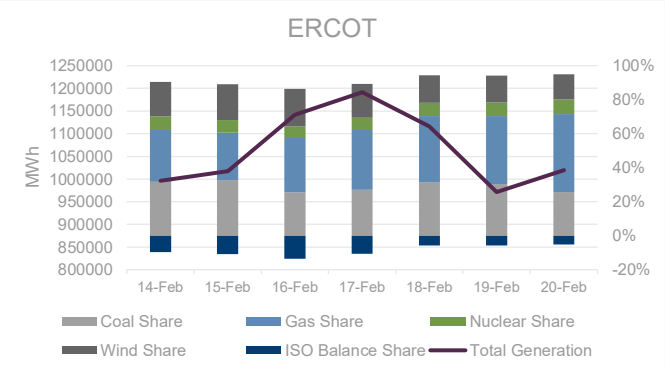

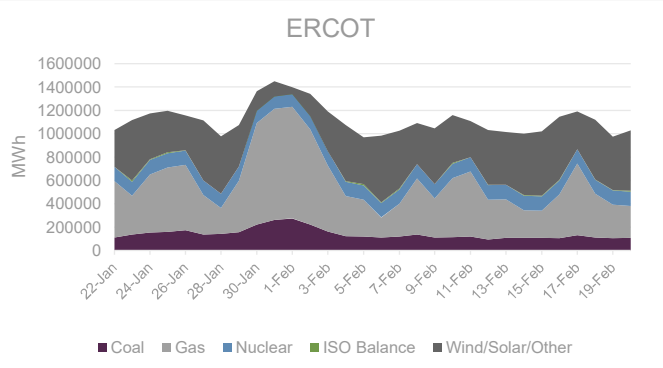

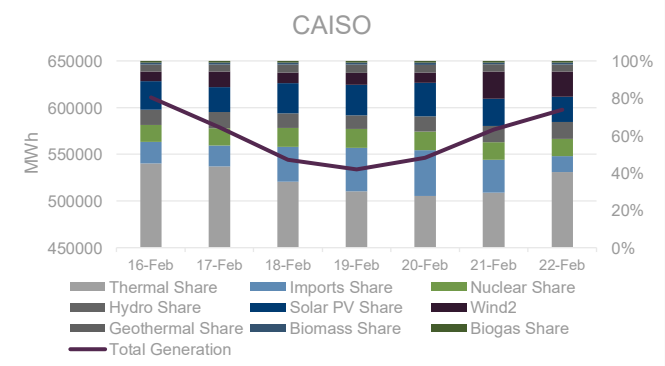

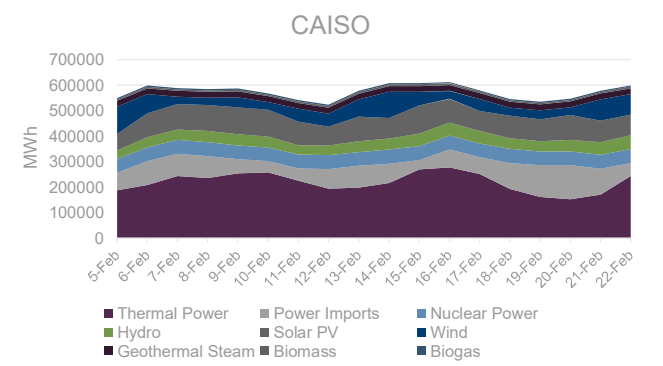

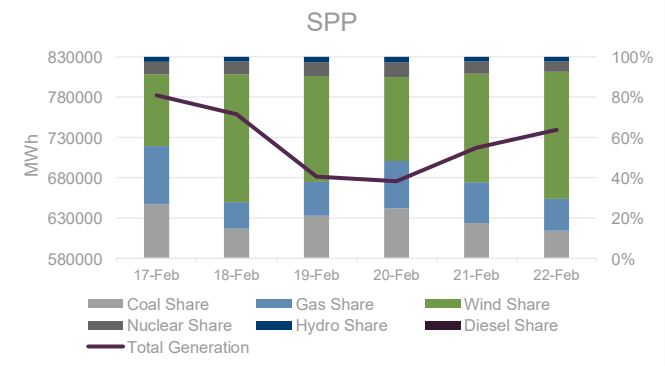

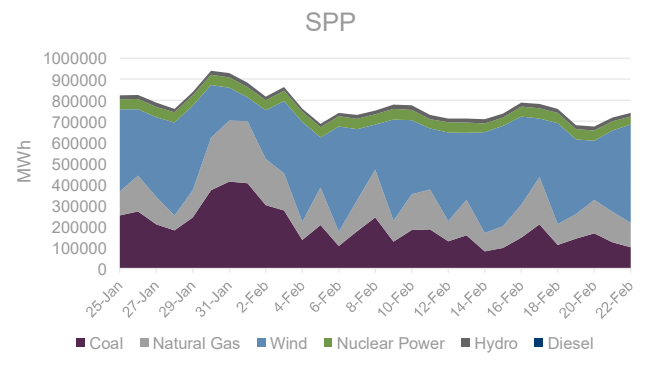

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Weather

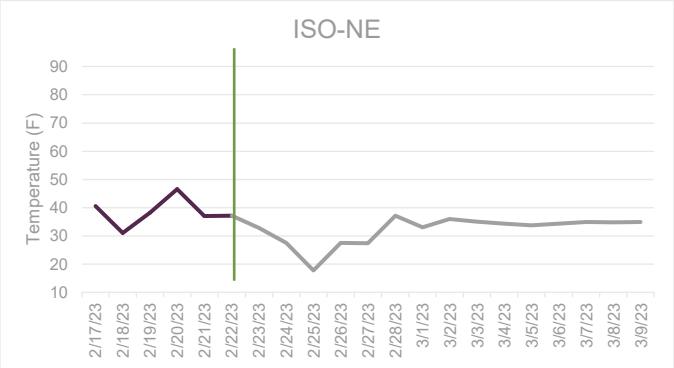

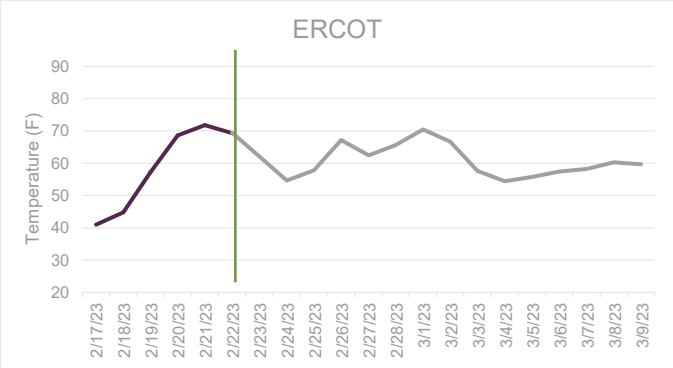

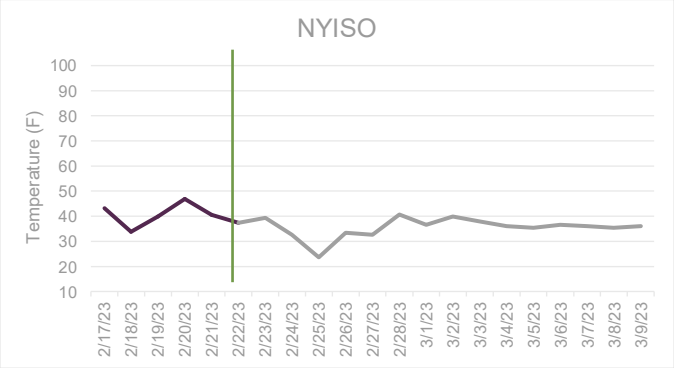

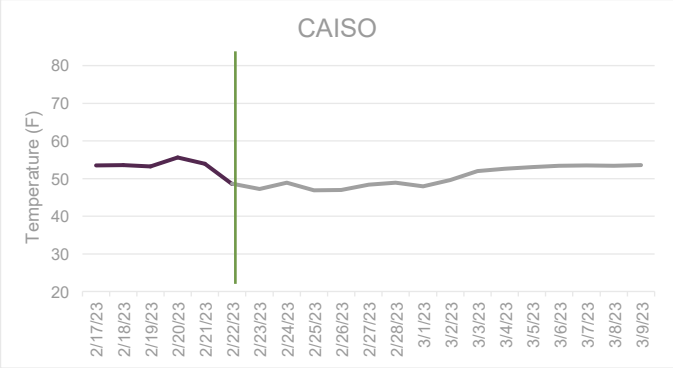

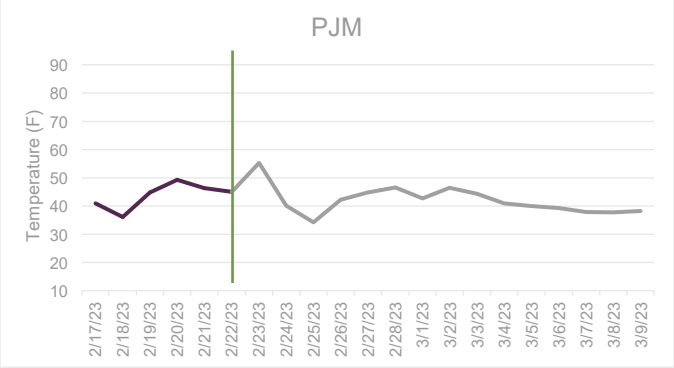

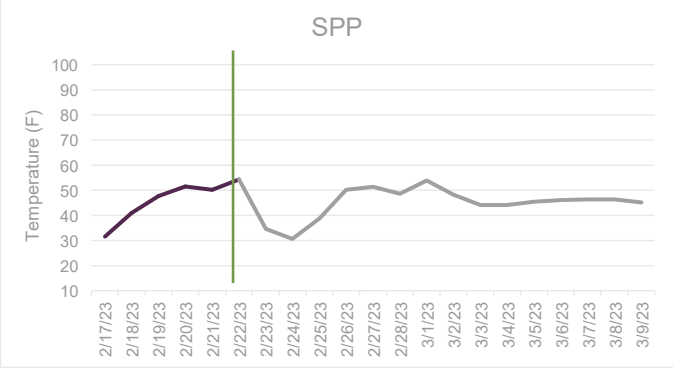



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

YTD Peak Load

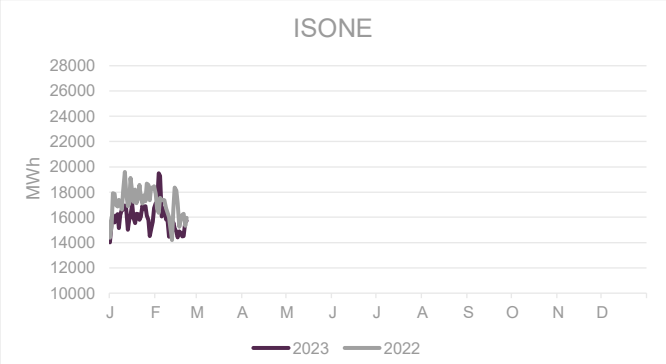

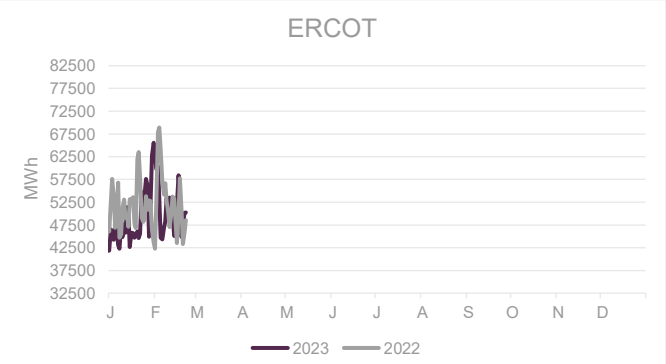



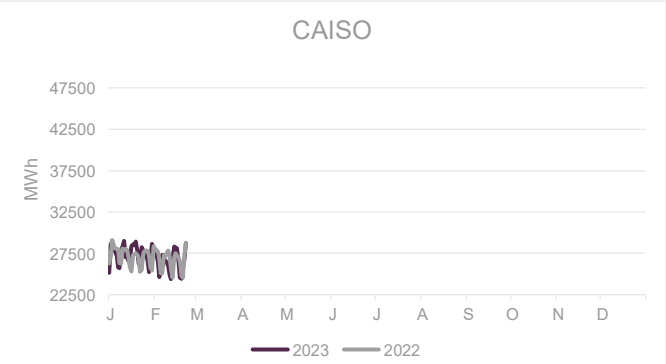

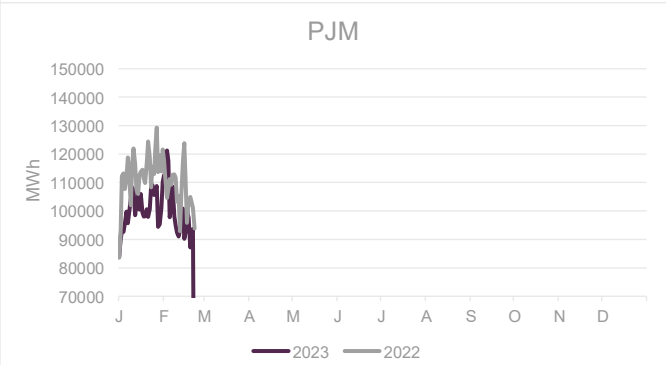

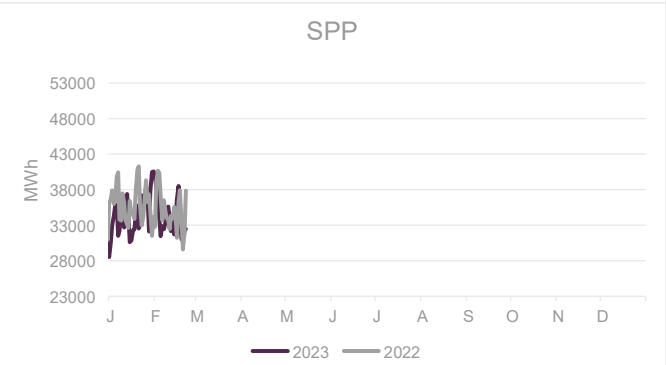

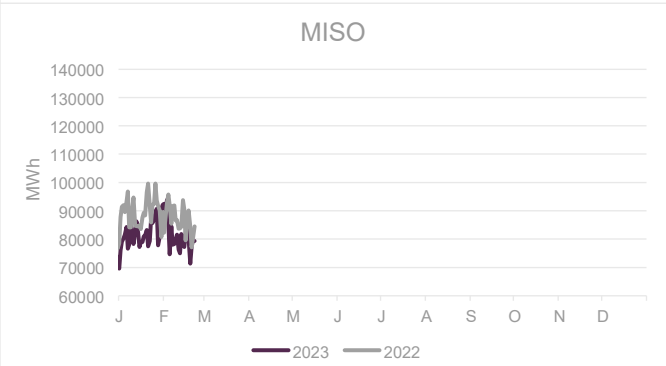

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q22	2Q22	3Q22	4Q22	1Q23
ISONE	1.5%	-1.2%	5.1%	-0.9%	-6.9%
NYISO	2.1%	-0.1%	3.5%	-0.7%	-7.4%
PJM	3.9%	3.8%	0.2%	2.1%	-9.2%
MISO	4.0%	5.0%	0.1%	0.7%	-7.4%
CAISO	1.6%	1.2%	4.0%	0.3%	0.2%
ERCOT	13.7%	19.1%	7.9%	7.4%	-2.9%
SPP	5.9%	9.7%	5.0%	7.1%	-3.0%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2023 - 3/31/2023)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2023-1/31/2023	IL	AEE	Ameren Illinois		Electric rate filing expected
1/1/2023-3/31/2023	IL	AEE	Ameren Illinois		Gas rate case filing expected
1/1/2023-1/31/2023	IL	EXC	Commonwealth Edison Co.		Electric rate filing expected
1/1/2023-1/31/2023	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-1	Decision possible in TDSIC proceeding
1/1/2023-1/31/2023	IN	NI	Northern IN Public Svc Co.	Ca-45557-TDSIC-2	Decision possible in TDSIC proceeding
1/1/2023-3/31/2023	NC	DUK	Duke Energy Carolinas LLC		Multi-year general rate case to be filed
1/1/2023-1/31/2023	OH	NI	Columbia Gas Ohio Inc.	C-21-0637-GA-AIR	Decision possible in rate proceeding
1/1/2023-1/31/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Hearning Examiner's report may be issused in rate case
1/1/2023-1/31/2023	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
1/9/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Evidentiary hearings begin
1/10/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding revenue requirement due in rate proceeding
1/10/2023	TX	ETR	Entergy Texas Inc.	D-53719	Settlement status report due in rate case
1/10/2023-1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearings slated in Rider W update proceeding
1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Staff to file testimony in Rider US 4 proceeding
1/13/2023-1/27/2023	TX	ETR	Entergy Texas Inc.	D-53719	Briefs to be filed in rate case—suspended due to settlement talks
1/18/2023-1/19/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearings scheduled in Rider U proceeding
1/20/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	OUCC and intervenor testimony due in rate proceeding
1/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Staff to file testimony in Rider US 3 proceeding
1/24/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding rate design due in rate proceeding
1/24/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Intervening parties to file testimony in Rider GT update proceeding
1/25/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearing Examiners report may be issued in Rider W update proceeding
1/30/2023-1/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing scheduled in Rider CE update proceeding
2/1/2023-2/28/2023	MO	EVRG	Evergy Missouri West	C-ER-2023-0185	Electric rate case filing expected
2/1/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearing Examiner report may be issued in Rider U proceeding
2/3/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Intervening parties to file testimony in Rider US 2 update proceeding
2/7/2023-2/8/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearings scheduled in Rider US 4 proceeding
2/15/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Rebuttal testimony due in rate proceeding
2/16/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Company rebuttal testimony due in rate proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Intervening parties to file testimony in Rider SNA adjustment proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Staff to file testimony in Rider US-2 proceeding
2/21/2023-3/20/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Hearings scheduled in electric rate case
2/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Staff to file testimony in Rider GT update proceeding
2/22/2023-2/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearings scheduled in Rider US 3 proceeding
2/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Briefs due in Track 2 proceeding
2/27/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Deadline for settlement to be filed in rate proceeding
2/28/2023	MI	CMS	Consumers Energy Co.	C-U-21224	Decision expected in rate case by
2/28/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Decision may be issued in Rider B proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Decision expected in Rider U update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Decision expected in Rider W update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
3/1/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Final order due in rate case
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearing Examiners report may be issued in Rider US 3 proceeding
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearing Examiners report may be issued in Rider US 4 proceeding
3/1/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/6/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Settlement conference to begin in rate proceeding
3/10/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Intervenor testimony due in rate proceeding
3/13/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Hearing to begin in rate proceeding
3/14/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Hearings scheduled in Rider US-2 proceeding
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Intervenor testimony due
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Intervenor testimony due
3/21/2023-3/22/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearings scheduled in Rider GT update proceeding
3/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Staff to file testimony in Rider SNA adjustment proceeding
3/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Reply briefs due in Track 2 proceeding
3/24/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Intervening parties to file testimony in rate case
3/27/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Public Staff, intervenor testimony due by
3/31/2023	TX	SRE	Oncor Electric Delivery Co.	D-53601	Decision may be issued in rate case
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision expected in Rider US 3 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D NDR – January Bounce? A Game of Chess, Not Checkers… Information Vacuum Persists, But that Gap Is Narrowing; Momentum Builds Quickly in New Year
- SR – What's In the Box? No One Knows – Limited Visibility Coupled With Arbitrary EPS Adjustments By Mgmt.; Cheap Valuation Keeps Us From D/g to Sell
- OGS – Macroeconomic Headwinds Claim Another Victim; Downgrade to SELL from NEUTRAL; Could Be Signal for Wide Valuation Dispersions in Our Space in '23
- EEI: Back at the Diplomat - What a Difference a Year Makes…
- Guggenheim EEI Takeaways - Day Three
- Guggenheim EEI Takeaways - Day Two
- Guggenheim EEI Takeaways - Day One
- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	235	64.92%	45	19.15%
NEUTRAL	118	32.60%	11	9.32%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

CREDIT SUISSE

Research Bulletin

US Utilities: Mid-Week Commentary and Data Points

PCG NDR; PNW Upgrade Feedback; NI/CNP/PCG Mgmt Changes; EXC Regulatory Update

Research Analysts

Nicholas Campanella / 212 325 7505
nicholas.campanella@credit-suisse.com

Fei She, CFA / 212 325 7648
fei.she@credit-suisse.com

Nathan Richardson / 212 325 7937
nathan.richardson@credit-suisse.com

- We provide key takeaways from PCG's recent NDR, investor feedback from PNW's upgrade to Outperform, quick take on NI/CNP mgmt. change and EXC's regulatory update.

- **PCG NDR with Chris Foster, Mgmt Update & C-Suite Dinner:** We held virtual meetings with Chris Foster (CFO) on March 13-14th where discussions focused on several factors which we thought overall were in-line with expectations from the 4th Quarter Conference Call. We also attended a dinner with C-Suite (Patti Poppe CEO, Carolyn Burke Incoming CFO, Chris Foster Outgoing CFO, and Tom Webb Strategic Advisor) on March 15th with additional takeaways surrounding the recent management changes. On March 15th PCG announced that Carolyn Burke will assume the role of CFO and Executive VP effective May 4th with Foster resigning to take the CFO role at CNP. Burke was most recently Executive VP/CFO at Chevron Phillips Chemical Company, with the company expressing during an investor call on the same day that they expect her to help enable the current plan laid out at the recent AD and reaffirmed all metrics set forth from it. First, we acknowledge CFO Foster's transition could pressure sures in the near term as investors will naturally be skeptical on the move away from one the largest discount stories (-28.5% P/E on '25E) in the sector, but overall, we're expecting messaging, strategy, communication and the ability to hit financial targets including the 10% EPS growth through 2024 and 9% growth in 2025 and 2026 to remain unchanged. Outgoing CFO Foster has been with PCG for ~11 years, and spear-headed regulatory policy initiatives while also taking on a large restructuring effort with then CFO Jason Wells who will be re-joining at CNP. As the company is now in a more stable spot relative to 2 years ago, discussions noted Foster remains comfortable in making the move to a multi-state utility where he has a clear skill set which is ready for new challenges. While Carolyn Burke has not acted in a CFO capacity, we note she has already served as an advisor to Chris through her time with the company and has been in the background making key financial decisions. We believe the transaction will be natural from an operational and financial perspective leading to no big changes for the company. Bottom line: We're comfortable with the recent mgmt change seeing it neutral for the stock.

- **PCG: Additional Points Following Mgmt Discussions: Financing considerations:** The company reiterated that they do not expect to issue equity in '23 and '24 and expects to finance growth in the current plan through the debt capital market transactions and the PacGen sale which remains on track. Regarding credit, the company keeps open lines of communication with all of the rating agencies and indicated that the agencies are focused on continued wildfire risk reduction, strong policy signals from the CA Commission, as well as the outcome of the pending GRC (2Q PD expected), PacGen sale and the prior recovery of wildfire expenses. Moody's revised PCG's credit outlook to positive, and we expect continued momentum on credit as the company executes their risk reduction plans. **O&M control:** PCG was able to cut O&M by 3% this past year despite the current inflationary environment, something that could create headroom in customer bills and allow for increased investment in electrification within the service territory. PCG retains one of the highest O&M / Capital ratios in the sector which we believe is an under-appreciated long-term opportunity for shares and we note that discussions at the March 15th dinner pointed to additional cost-cutting opportunities than what the executive team highlighted just a year ago. Regarding Load, PCG sees increased load via increased EV use-- with CA's current goal of 5Mn EV's by 2030 and 2Mn of which could be within PCG's service territory-- this could lead to increased investment in electrification and ultimately the spreading of fixed costs amongst more customers, a potential hedge for customer affordability. **Dividend:** The company indicated that they expect the initial return of the dividend to be small and is currently targeting 3Q for dividend eligibility. The company is currently deliberating on the initial dividend amount (dependent on BoD approval) and growth rate guidance, and more clarity is expected in the coming quarters. We believe while PCGs pay-out ratio will remain low, the company will still be able to target dividend growth that is above peers assuming growth in-line with earnings. **Storms:** While recent storms have caused outages in the service territory, state of emergencies have been declared at various times in the state which should allow for a deferral of these costs in our view (no ongoing PnL impact). The effect on higher snowpack and rain could lead to higher veg mgmt growth but is also helping address dead trees that may have otherwise been still standing come fire season. We maintain our Outperform rating on PCG shares.

- **PNW Upgrade Feedback:** We upgraded shares of PNW to Outperform from Neutral on 3/14 and are providing feedback from investor conversations. We note investors largely agreed with our view

DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, LEGAL ENTITY DISCLOSURE AND THE STATUS OF NON-US ANALYSTS. US Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

on PNW's EPS outlook post the SCR appellate court win, especially that EPS could be $5.00+ in 2024. We did receive some push back on our 2025E EPS ($5.23 vs Cons. $4.91) with some believing we're slightly too high due to parent drag and potential equity needs. We note our 2025E assumes a 9.3% allowed ROE while investors debated with us what the true level of earned returns could be where we note CSe assumes 70bps of ongoing retail lag out of the GRC. We also received push back on the timing of the call principally due to the lack of catalysts until the May '23 staff testimony, though we see ample opportunities for mgmt. to potentially communicate positive implications of the SCR appeal in the upcoming 1Q call and investor conferences. Overall while investors have agreed with the trajectory of EPS momentum, we don't believe PNW is a consensus Outperform among the buy-side and note continued bearish/neutral views from our competitors. See our upgrade note here.

- **NI: Management Rotation In-line for Shares:** On March 15th NI announced several leadership changes and additions including appointing Michael Luhrs to the executive leadership team as the VP of Strategy & Risk and Chief Commercial Officer, from Alliant Energy where he was previously the Senior VP of Customer Experience and Strategy. Additionally, Shawn Anderson will become the CFO, from his role prior as Senior VP of Risk and Chief Strategy, with Melody Birmingham to be the Executive VP of NiSource and Group President of NiSource Utilities. Donald Brown (current CFO) is transitioning to EVP and Chief Innovation Officer, succeeding Birmingham. All new appointments will begin effective March 27th. The timing of these leadership change announcements is largely due to the broader management team rotation and is not necessarily a signal of something more following the AD, based on our discussions, and is a part of less visible internal changes the company has done recently. Overall, we believe Shawn Anderson will be well received as the new CFO of the organization and we see the update as largely neutral to shares. We caught up with Anderson briefly yesterday and note the recent Indiana settlement achieved on 3/10 remains in-line with the current LT EPS growth plan and FY23 guidance. The process surrounding the NIPSCO NCI sale as communicated on the 4Q call also remains on track. We maintain our Outperform rating seeing NI as a top idea through FY23.

- **CNP: Chris Foster Incoming CFO is Positive for Shares:** On March 15th CNP announced that Chris Foster will assume the role of CFO and Executive Vice President of the company, effective May 5th. Prior to joining CNP Foster served as CFO for PCG. Foster will be rejoining Jason Wells (COO) who he previously worked closely with at PCG and we view the update as clearly positive for CenterPoint as we believe the addition of Foster adds further credibility to CNPs premium management team.

- **EXC: Watching Regulatory Moves:** We note several takeaways on EXCs regulatory outlook following commissioner changes: **1) Commissioner Turnovers:** During recent regulatory sessions, MD nominated two commissioners but one backed out due to pressure from the environmental side of intervenors, while in IL there were two vacancies on the commission but it was resolved last Friday when the governor announced Conrad Reddick and Stacey Paradis being appointed as new commissioners, pending confirmation by state Senate, but we believe the process should be relatively swift (does not require full confirmation). **2) ICC Chair Stepping Down:** Chairperson Carrie Zalewski is stepping down from her position as announced last week and will leave ICC on June 16. Governor Pritzker nominated former ICC chair Doug Scott to replace Zalewski. For the newly formed 5-person commission, no more than three commissioners from the same party are allowed and each term is five years. We note Doug Scott served as ICC chair from 2011-2015 and view having an experienced chairperson filling in as valuable to the upcoming ComEd rate case process. The Zalewski resignation does raise questions given the Madigan ComEd trial will kick off momentarily leading to some headline risk for shares, but ultimately, we're less concerned on broader fundamental impacts to EXC.

Provided for the exclusive use of Dominion Energy Services Inc. Copy on 14-Apr-2023 10:07 AM.

Valuation Methodology and Risks

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Exelon Corporation (EXC.OQ)

Method: We utilized an SOTP method to determine our target price of $46 per share and a blended P/E multiple of 16.8x for Outperform-rated EXC. We derived the blended P/E multiple by creating a proportion of each segment for the electric group, transmission group, and gas group. We based the proportion on each segment's contribution to rate base. We apply a 3% premium multiple to the current blended multiple of 16.3x. We believe that an improving regulatory environment in Illinois will be favorable for EXC investors by allowing ComEd to file a rate case that is in line with industry average. Changes in the allowed ROE structure could increase the allowed ROE by 2% in 2024. Another key driver is the execution of the $29Bn capital plan.

Risk: Risks to achieve our $46 target price and Outperform rating include: (1) management not meeting RAB projected growth; (2) not reaching stated growth metrics, including the 6-8% LT EPS CAGR; (3) increasing commodity cost for electric and gas service, natural disaster risk; (4) worse-than-expected regulatory outcomes; and (5) volatility to 30yr US Treasuries, as ComEd ROEs are linked to 30YR USTs.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for NiSource (NI.N)

Method: We value NI on a P/E approach that yields a $30 target price. Our base-case multiple of 18.0x is derived by taking the regulated electric and regulated gas group multiples and applying a weighted-average approach based on NI's rate base mix. We apply a 5% premium to this number to account for: (1) numerous tracking mechanisms in place to realize real-time return on capital; (2) new management, which is taking a refreshed view of the company's operating segments and pushing forward with a strategic review with the goal of creating value; and (3) potential upside to capex that isn't contemplated in our current EPS estimates. Our target price implied P/E multiple is in line to electrics and a premium to gas LDCs. We rate NI Outperform as we expect the stock's total return to be in line with peers over the next 12 months.

Risk: Risks to our Outperform rating and $30 target price include: Increased inflation above NI's cost-control ability, as well as headwinds delaying solar development via supply chain issues. Gas is a combustible molecule, and NI has a history of two separate high-profile explosions in the last 10 years, which could negatively affect the share price. Management also discussed buying and selling assets as part of its new strategy, and we think buying assets could weigh on NI's multiple. Climate change and increased scrutiny on GhG emissions is also a risk given ~70% of NI's rate base is coming from the gas distribution utility.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for PG&E Corporation (PCG.N)

Method: Our target price is $19. We value PCG on an SOTP. We apply a 20% discount to our 2025E electric earnings, a 15% discount to gas earnings, and 5% discount to transmission earnings relative to the 2025E electric and gas group P/E multiples. We impute ~$1.0Bn of net wildfire liabilities, which include an additional $1Bn wildfire liability for fires to handicap incremental wildfire event risk. We see ~14% total return for PCG in our base case, which is the above average for our coverage universe. Our target price implies an 12.8x consolidated P/E, a -18% discount, which is still one of the widest across the sector. We rate PCG Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to our Outperform rating and $19 target price include: PCG has a history of having utility assets involved with large wildfires in CA. Additional wildfires in 2022-24 could materially affect our valuation. PCG is subject to environmental factors such as severe weather conditions and climate change, which could increase wildfire events. PCG's higher-than-average debt/capital and lower-than-average FFO/debt, while we forecast improving lower cash flow from rate proceedings or materially adverse rate case outcomes, could drive incremental equity needs or reduce the likelihood of reinstating the dividend.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Pinnacle West Capital Corporation (PNW.N)

Method: We value PNW using a P/E approach, applying relative premiums/discounts to the various operating subsidiaries, which yields a $80 target price. We hold an outperform rated view on APS, given our view of an improving AZ regulatory climate and the pending SCR case which further strengthens the companies case around it's legacy SCR investment. We rate PNW Outperform as we expect the stock's total return to be above peers over the next 12 months.

Risk: Risks to our Outperform rating and $80 target price include: The uncertainties around the timely recovery of investment and operating expense associated with pollution control costs and earning sufficient return on equity to compensate the shareholder.

Companies Mentioned *(Price as of 15-Mar-2023)*

Exelon Corporation (EXC.OQ, $41.84)

NiSource (NI.N, $27.85)

PG&E Corporation (PCG.N, $15.86, OUTPERFORM, TP $19.0)

Pinnacle West Capital Corporation (PNW.N, $78.21, OUTPERFORM, TP $80.0)

Disclosure Appendix

Analyst Certification

I, Nicholas Campanella, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Exelon Corporation (EXC.OQ)

EXC.OQ	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
07-May-20	24.99	32.09	O
26-Jul-20	26.95	32.80	
27-Aug-20	26.31	31.37	
02-Nov-20	29.21	33.51	
04-Nov-20	30.11	34.94	
23-Feb-21	29.09	33.51	
10-May-21	31.75	34.23	
13-Jul-21	31.94		NC
03-Oct-22	38.48	43.00	O *
18-Oct-22	37.56	39.00	
03-Nov-22	36.96	42.00	
23-Jan-23	41.82	46.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

3-Year Price and Rating History for NiSource (NI.N)

NI.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
05-May-20	24.53	27.00	O
20-Jul-20	23.75	26.00	
03-Nov-20	24.03	28.00	
13-Apr-21	24.51		R
14-Apr-21	24.51	28.00	O
16-Apr-21	25.62	29.00	
13-Jul-21	24.97		NC
25-Apr-22	30.58	32.00	N *
04-May-22	29.67	31.00	
18-Jul-22	28.39	30.00	
24-Oct-22	24.67	27.00	
09-Nov-22	24.89	27.00	O
31-Jan-23	27.75	30.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

3-Year Price and Rating History for PG&E Corporation (PCG.N)

PCG.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
30-Jun-20	8.87		NR
25-Apr-22	11.82	17.00	O *
14-Jul-22	10.01	15.00	
29-Sep-22	12.38	16.00	
27-Oct-22	15.38	17.00	
31-Jan-23	15.90	18.00	
23-Feb-23	15.28	19.00	



** Asterisk signifies initiation or assumption of coverage.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Pinnacle West Capital Corporation (PNW.N)

PNW.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
16-Apr-20	79.01	88.00	O
08-May-20	73.87	84.00	
05-Aug-20	79.74	88.00	
23-Sep-20	70.93	81.00	
06-Oct-20	81.12	85.00	
16-Oct-20	81.07	87.00	
19-Nov-20	83.55	92.00	
18-Jan-21	78.55	86.00	
25-Feb-21	73.04	81.00	N
03-May-21	84.53	91.00	
13-Jul-21	83.10		NC
25-Apr-22	76.78	73.00	U *
05-Jul-22	71.66	67.00	
03-Aug-22	75.27	69.00	
10-Oct-22	61.19	57.00	
04-Nov-22	69.52	60.00	
21-Nov-22	75.21	73.00	N
03-Jan-23	74.63	77.00	
14-Mar-23	77.89	80.00	O



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

As of December 10, 2012 Analysts' stock rating are defined as follows:

Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European (excluding Turkey) ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin America, Turkey and Asia (excluding Japan and Australia), stock ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark (India - S&P BSE Sensex Index); for China A share the relevant index is the Shanghai Shenzhen CSI 300 (CSI300); prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.*

Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

Not Rated (NR) : Credit Suisse Equity Research does not have an investment rating or view on the stock or any other securities related to the company at this time.

Not Covered (NC) : Credit Suisse Equity Research does not provide ongoing coverage of the company or offer an investment rating or investment view on the equity security of the company or related products.

Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:

Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.

Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.

**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

Credit Suisse's distribution of stock ratings (and banking clients) is:

Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	52%	(26% banking clients)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Rating	Versus universe (%)	Of which banking clients (%)
Neutral/Hold*	37%	(22% banking clients)
Underperform/Sell*	10%	(21% banking clients)
Restricted	1%	

Please click here to view the MAR quarterly recommendations and investment services report for fundamental research recommendations.

**For purposes of the NYSE and FINRA ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Important Global Disclosures

Credit Suisse's research reports are made available to clients through our proprietary research portal on CS PLUS. Credit Suisse research products may also be made available through third-party vendors or alternate electronic means as a convenience. Certain research products are only made available through CS PLUS. The services provided by Credit Suisse's analysts to clients may depend on a specific client's preferences regarding the frequency and manner of receiving communications, the client's risk profile and investment, the size and scope of the overall client relationship with the Firm, as well as legal and regulatory constraints. To access all of Credit Suisse's research that you are entitled to receive in the most timely manner, please contact your sales representative or go to https://plus.credit-suisse.com.

Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.

Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research:https://www.credit-suisse.com/sites/disclaimers-ib/en/managing-conflicts.html.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Credit Suisse has decided not to enter into business relationships with companies that Credit Suisse has determined to be involved in the development, manufacture, or acquisition of anti-personnel mines and cluster munitions. For Credit Suisse's position on the issue, please see https://www.credit-suisse.com/media/assets/corporate/docs/about-us/responsibility/banking/policy-summaries-en.pdf.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

Please refer to the firm's disclosure website at https://rave.credit-suisse.com/disclosures/view/selectArchive for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names

Credit Suisse currently has, or had within the past 12 months, the following as investment banking client(s): PCG.N, NI.N, EXC.OQ

Credit Suisse provided investment banking services to the subject company (PCG.N, NI.N, EXC.OQ) within the past 12 months.

Within the last 12 months, Credit Suisse has received compensation for non-investment banking services or products from the following issuer(s): PCG.N, NI.N, EXC.OQ

Credit Suisse has managed or co-managed a public offering of securities for the subject company (PCG.N, NI.N, EXC.OQ) within the past 12 months.

Within the past 12 months, Credit Suisse has received compensation for investment banking services from the following issuer(s): PCG.N, NI.N, EXC.OQ

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (PCG.N, NI.N, EXC.OQ) within the next 3 months.

Credit Suisse currently has, or had within the past 12 months, the following issuer(s) as client(s), and the services provided were non-investment-banking, securities-related: PCG.N, NI.N, EXC.OQ

Credit Suisse currently has, or had within the past 12 months, the following issuer(s) as client(s), and the services provided were non-investment-banking, non securities-related: NI.N

Credit Suisse or a member of the Credit Suisse Group is a market maker or liquidity provider in the securities of the following subject issuer(s): EXC.OQ, NI.N, PCG.N, PNW.N

A member of the Credit Suisse Group is party to an agreement with, or may have provided services set out in sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and Council ("MiFID Services") to, the subject issuer (PCG.N, NI.N, EXC.OQ) within the past 12 months.

For date and time of production, dissemination and history of recommendation for the subject company(ies) featured in this report, disseminated within the past 12 months, please refer to the link: https://rave.credit-suisse.com/disclosures/view/report?i=782857&v=-2fjwjg2mo0m6faq63bshnkmoh.

Important Regional Disclosures

Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this research report.

Analysts who conduct site visits of covered issuers are not permitted to accept payment or reimbursement for travel expenses from the issuer for the site visit.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit https://www.credit-suisse.com/sites/disclaimers-ib/en/canada-research-policy.html.

Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

To the extent any Credit Suisse equity research analyst employed by Credit Suisse International (a "UK Analyst") has interactions with a Spanish domiciled client of Credit Suisse AG or its affiliates, such UK Analyst will be acting for and on behalf of Credit Suisse Bank (Europe), S.A. but not an employee of Credit Suisse Bank (Europe) S.A. , with respect only to the provision of equity research services to Spanish domiciled clients of Credit Suisse AG or its affiliates.

Pursuant to CVM Resolution No. 20/2021, of February 25, 2021, the author(s) of the report hereby certify(ies) that the views expressed in this report solely and exclusively reflect the personal opinions of the author(s) and have been prepared independently, including with respect to Credit Suisse. Part of the author(s)´s compensation is based on various factors, including the total revenues of Credit Suisse, but no part of the compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/ companies or the subject securities.

This research report is authored by:

Credit Suisse Securities (USA) LLC	Nicholas Campanella ; Fei She, CFA ; Nathan Richardson

There is currently no universal definition or exhaustive list defining the issues or factors that are covered by the concept of "ESG" (Environmental, Social, Governance). If not indicated otherwise, 'ESG' is used interchangeably with the terms 'sustainable' and 'sustainability'. Unless indicated otherwise, the views expressed herein are based on CS' own assumptions and interpretation of ESG at the time of drafting. CS' views on ESG may evolve over time and are subject to change.

Where a sustainability assessment is identified as including elements which track environmental, social or governance (ESG) objectives, CS is, wholly or in part, reliant on third-party sources of information (including, but not limited to, such information produced by the issuing/ manufacturing company itself) and external guidance. These sources of information may be limited in terms of accuracy, availability and timeliness. It is possible that the data from ESG data providers may be incorrect, unavailable (e.g., not existing, or absence of look-through), or not fully updated. CS has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. Additionally, as global laws, guidelines and regulations in relation to the tracking and provision of such data are evolving, all such disclosures are made on a non-reliance basis and are subject to change. Unless required by applicable law, CS is not obliged to provide updates on sustainability assessments. Any updates might be subject to a time lag, due to e.g. lack of available data.

An ESG assessment reflects the opinion of the assessing party (CS or external parties such as rating agencies or other financial institutions). In the absence of a standardized ESG assessment system, each assessing party has its own research and analysis framework/methodology. Therefore, ESG assessment or risk levels given by different assessing parties to the same company can vary. Further, ESG assessment is limited to considering company performance against certain ESG criteria only and does not take into account the other factors needed to assess the value of a company.

Important disclosures regarding companies that are the subject of this report are available by calling +1 (877) 291-2683. The same important disclosures, with the exception of valuation methodology and risk discussions, are also available on Credit Suisse's disclosure website at https://rave.credit-suisse.com/disclosures. For valuation methodology and risks associated with any recommendation, price target, or rating referenced in this report, please refer to the disclosures section of the most recent report regarding the subject company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

This report is produced by subsidiaries and affiliates of Credit Suisse ("CS") operating under its Securities Research function within the Investment Banking Division. For more information on our structure, please use the following link: https://www.credit-suisse.com/who-we-are All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS. CS will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Please note in particular that the bases and levels of taxation may change.

Information and opinions presented in this report have been obtained or derived from sources believed by CS to be reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented in this report. Those communications reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other communications are brought to the attention of any recipient of this report. Some investments referred to in this report will be offered solely by a single entity and in the case of some investments solely by CS, or an associate of CS or CS may be the only market maker in such investments. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk. Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase. Some investments discussed in this report may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed any such site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk.

This report may contain material that is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject CS to any registration or licensing requirement within such jurisdiction.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor.

This research report does not, and is not intended to be, an advertisement within the meaning of article 68 of the Swiss Financial Services Act and/or article 95 of the Swiss Financial Services Ordinance. This research report is not a prospectus, basic information sheet (BIB) or a key information document (KID). Any recipients of this document should, however, note that any communication forwarding or using this research report as a basis for discussion, would qualify as such advertisement if it is intended to draw the recipient's attention to specific financial instruments covered by this research report.

This report is issued and distributed in **United Kingdom and European Union (except Germany and Spain):** by Credit Suisse International, One Cabot Square, London E14 4QJ, England, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority; **Spain:** Credit Suisse Bank (Europe), S.A. regulated by the Comision Nacional del Mercado de Valores; **Germany:** Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht ("BaFin"). **United States:** Credit Suisse Securities (USA) LLC; **Canada:** Credit Suisse Securities (Canada), Inc.; **Switzerland:** Credit Suisse AG; **Brazil:** Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários or its affiliates; **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and Casa de Bolsa Credit Suisse (México), S.A. de C.V., Grupo Financiero Credit Suisse (México) ("Credit Suisse Mexico"). This document has been prepared for information purposes only and is exclusively distributed in Mexico to Institutional Investors. Credit Suisse Mexico is not responsible for any onward distribution of this report to non-institutional investors by any third party. The authors of this report have not received payment or compensation from any entity or company other than from the relevant Credit Suisse Group company employing them; **Japan:** by Credit Suisse Securities (Japan) Limited, Financial Instruments Firm, Director-General of Kanto Local Finance Bureau (*Kinsho*) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association. This report has been prepared and issued for distribution in Japan to Credit Suisse's clients, including institutional investors; **Hong Kong SAR:** Credit Suisse (Hong Kong) Limited; **Australia:** Credit Suisse Equities (Australia) Limited; **Thailand:** Credit Suisse Securities (Thailand) Limited, regulated by the Office of the Securities and Exchange Commission, Thailand, having registered address at 63 Wireless Road (Witthayu) Bangkok 10330, Thailand, Tel. +66 2614 6000; **Malaysia:** Credit Suisse Securities (Malaysia) Sdn Bhd; **Singapore:** Credit Suisse AG, Singapore Branch; **India:** Credit Suisse Securities (India) Private Limited (CIN no.U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr.A.B. Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777; **South Korea:** Credit Suisse Securities (Europe) Limited, Seoul Branch; **Taiwan (Chinese Taipei):** Credit Suisse AG Taipei Securities Branch; **Indonesia:** PT Credit Suisse Sekuritas Indonesia; **Philippines:** Credit Suisse Securities (Philippines) Inc., and elsewhere in the world by the relevant authorised affiliate of the above.

Additional Regional Disclaimers

Australia: Credit Suisse Securities (Europe) Limited ("CSSEL") and Credit Suisse International ("CSI") are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority under UK laws, which differ from Australian Laws. CSSEL and CSI do not hold an Australian Financial Services Licence ("AFSL") and are exempt from the requirement to hold an AFSL under the Corporations Act (Cth) 2001 ("Corporations Act") in respect of the financial services provided to Australian wholesale clients (within the meaning of section 761G of the Corporations Act) (hereinafter referred to as "Financial Services"). This material is not for distribution to retail clients and is directed exclusively at Credit Suisse's professional clients and eligible counterparties as defined by the FCA, and wholesale clients as defined under section 761G of the Corporations Act. Credit Suisse (Hong Kong) Limited ("CSHK") is licensed and regulated by the Securities and Futures Commission of Hong Kong under the laws of Hong Kong SAR, which differ from Australian laws. CSHKL does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Investment banking services in the United States are provided by Credit Suisse Securities (USA) LLC, an affiliate of Credit Suisse Group. CSSU is regulated by the United States Securities and Exchange Commission under United States laws, which differ from Australian laws. CSSU does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Credit Suisse Asset Management LLC (CSAM) is authorised by the Securities and Exchange Commission under US laws, which differ from Australian laws. CSAM does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. This material is provided solely to Institutional Accounts (as defined in the FINRA rules) who are Eligible Contract Participants (as defined in the US Commodity Exchange Act). Credit Suisse Equities (Australia) Limited (ABN 35 068 232 708) ("CSEAL") is an AFSL holder in Australia (AFSL 237237).
EU: This report has been produced by subsidiaries and affiliates of Credit Suisse operating under its Securities Research function within the Investment Banking Division.

In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

This material is issued and distributed in the U.S. by CSSU, a member of NYSE, FINRA, SIPC and the NFA, and CSSU accepts responsibility for its contents. Clients should contact analysts and execute transactions through a Credit Suisse subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

CS may provide various services to US municipal entities or obligated persons ("municipalities"), including suggesting individual transactions or trades and entering into such transactions. Any services CS provides to municipalities are not viewed as "advice" within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. CS is providing any such services and related information solely on an arm's length basis and not as an advisor or fiduciary to the municipality. In connection with the provision of the any such services, there is no agreement, direct or indirect, between any municipality (including the officials, management, employees or agents thereof) and CS for CS to provide advice to the municipality. Municipalities should consult with their financial, accounting and legal advisors regarding any such services provided by CS. In addition, CS is not acting for direct or indirect compensation to solicit the municipality on behalf of an unaffiliated broker, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by the municipality for or in connection with Municipal Financial Products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of the municipality. If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content. No information or communication provided herein or otherwise is intended to be, or should be construed as, a recommendation within the meaning of the US Department of Labor's final regulation defining "investment advice" for purposes of the Employee Retirement Income Security Act of 1974, as amended and Section 4975 of the Internal Revenue Code of 1986, as amended, and the information provided herein is intended to be general information, and should not be construed as, providing investment advice (impartial or otherwise).

Malaysia: Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn Bhd, to whom they should direct any queries on +603 2723 2020.
Singapore: This report has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations) only, and is also distributed by Credit Suisse AG, Singapore Branch to overseas investors (as defined under the Financial Advisers Regulations). Credit Suisse AG, Singapore Branch may distribute reports produced by its foreign entities or affiliates pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients should contact Credit Suisse AG, Singapore Branch at +65-6212-2000 for matters arising from, or in connection with, this report. By virtue of your status as an institutional investor, accredited investor, expert investor or overseas investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain compliance requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore Branch may provide to you.

Copyright © 2023 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

When you purchase non-listed Japanese fixed income securities (Japanese government bonds, Japanese municipal bonds, Japanese government guaranteed bonds, Japanese corporate bonds) from CS as a seller, you will be requested to pay the purchase price only.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

KeyBanc Capital Markets

Alert

March 08, 2023

Energy: Electric Utilities

Midweek Thoughts — NWE, SO, AGR, AEP, PNW, ED, DUK, PEG, EXC, FE, NOVA

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, NWE files rebuttal testimony in MT electric and gas rate cases; SO's Vogtle Unit 3 reaches initial criticality; parties continue discussions to salvage the Commonwealth Wind offshore project; November ballot referendums for and against municipalization of IOUs likely to move forward in ME; OK Staff filed testimony in PSO's electric rate case; the AZ Court of Appeals issues an opinion in favor of PNW in 2019 rate case appeal; ED announces a $1B share repurchase program; the FL PSC votes to approve recovery of DUK's 2022 fuel and storm restoration costs; DUK's Pisgah Ridge Solar facility in TX begins operations; the NJ governor names two new commissioners to BPU; NOVA partners with David Energy for customers to sell power to the grid; and EIA releases its March Short-Term Energy Outlook.

Industry News and News from Companies in Our Coverage

NWE — NWE files rebuttal testimony in MT electric and gas rate cases: NWE filed rebuttal testimony and updated its revenue request to $175M and $27M for electric and gas, respectively. NWE maintained its request for a 10.6% ROE, 48.02% equity, and a YE21 test year. This compares to NWE's initial request for revenue increases of $171M and $23M, respectively, and the MT Consumer Council's recommended $66.7M and $6.7M revenue increases, respectively. The MCC's recommendation is premised on a 9% ROE and 48.02% equity. NWE continued to advocate for the need of the three proposed riders, including the reliability rider, wildfire mitigation rider, and the technology rider, after the Council recommended that the PSC reject them. Evidentiary hearings are scheduled to begin on April 11, with an outcome expected by June.

Figure 1 - NWE Initial vs. Rebuttal Ask

	Initial		Rebuttal	
($M)	E	G	E	G
Base Rates	91.8	20.2	90.6	22.4
PCCAM	68.1	n/a	69.6	n/a
Property Tax	11.1	2.7	14.5	4.2
Total	171.0	23.0	174.8	26.6

Source: Regulatory filings, KeyBanc Capital Markets Inc.

SO — Vogtle Unit 3 reaches one of the final steps before entering service: SO announced that Vogtle Unit 3 reached initial criticality, one of the last steps before the unit enters service. Initial criticality is part of startup testing and highlights the beginning of a self-sustaining nuclear reaction inside the reactor. The timeline aligns with the Company's latest schedule of reaching initial criticality in March/April. As a reminder, the unit is expected to enter service in the May-June timeframe after delays due to pipe vibrations and two other more minor issues that occurred during startup and pre-operational testing. As of the 4Q22 earnings call, the Company's total cost forecast for Vogtle is expected to be ~$10.6B. As a reminder, SO will seek a prudence review for all costs exceeding $7.3B once HFT begins at Unit 4.

AGR — Discussions continue to salvage the Commonwealth Wind offshore project; outcome uncertain:

- According to press reports, the MA secretary of energy and environmental affairs is working with AGR to negotiate an agreement on revised contract terms for the 1.2 GW offshore wind project. Based on the letter from the secretary, it appears that the utilities are also willing to negotiate. AGR on the other hand believes that contract termination is the only financially viable outcome.
- As background, AGR requested the DPU allow it to renegotiate the PPAs with the off-takers ES and National Grid due to the deteriorating project economics (a function of inflation, higher rates, and supply chain bottlenecks). The utilities declined to take AGR up on its offer, at which point AGR requested the DPU dismiss the PPA approval proceedings, which the DPU declined to do. AGR plans to terminate the contract (the process of how that will be achieved is unclear) and bid into the new RFP.
- MA's Healey administration is also suggesting that AGR could be penalized if it terminates the contracts, and the experience of bidders will be a determining factor in future bids. Other elected leaders are going as far as proposing that AGR be banned from

bidding on any future projects if AGR proceeds with terminating the contracts, adding that simply charging a penalty ($24M-$48M) and allowing it to rebid would set a bad precedent.

AGR — November ballot referendums for and against municipalization of IOUs in ME likely to move ahead: A Superior Court judge rejected a lawsuit brought by supporters of municipalization. The lawsuit was brought by supporters of Our Power, saying that several signatures secured by an opposing referendum brought by No Blank Checks were incorrectly certified. The court ruled that the backers of the suit failed to prove that the signatures were collected improperly. Our Power is a citizens group that is supporting the creation of a state-owned utility called Pine Tree Power that would replace state IOUs Versant and AGR's CMP. No Blank Checks is a ballot initiative supported by the utilities asking that any state borrowing of over $1B should require voter approval.

AEP — Staff filed testimony in PSO's OK electric rate case: Staff proposed a $161M revenue increase, premised on a 9% ROE and 54.6% equity. This compares to PSO's request for a $294M revenue increase, premised on a 10.4% ROE and 54.6% equity. The main differences are the lower ROE and lower depreciation rates. Regarding rate design, PSO requested a one-year formula-based rate pilot with a 100 bps deadband, or as an alternative, PSO proposed improving the current SPP Transmission Cost Tariffs, implementing the Grid Enhancement and Resiliency (GEAR) Rider, and changes to the Effective Tax Reserve rider, while Staff opposed the Company's implementation of a GEAR Rider. If the OCC approved the GEAR rider, Staff would support a $5M annual revenue requirement cap with recoverable costs limited to those pertaining to automation. Staff will address the formula-based rate plan in its rate design testimony due on March 20. PSO requests a final decision by May 21, 2023, and for new rates to go into effect by January 1, 2024.

Figure 2 - AEP OK Electric Rate Case Comparative Analysis

Figure 1: Net Income Calc ($M)	AEP OK	Staff Brief
Rate Base	4,445.4	4,276.8
Projected Net Operating Income	107.8	163.7
ROR (Calculated)	2.42%	3.83%
ROR (Required)	7.43%	6.67%
Income Required	330.3	285.3
Income Deficiency	222.5	121.6
Revenue Conversion Factor	1.321157	1.324974
Revenue Requirement	294.0	161.1
Total Revenue Requirement	294.0	161.1

Figure 2: Rate of Return Calculation	AEP OK	Staff Brief
Rate Base ($ M)	4,445.4	4,276.8
ROE	**10.40%**	**9.00%**
Equity to Total Cap	55%	55%
ROR	7.43%	6.67%
Cost of Debt (implied)	3.86%	3.87%

Figure 3: Projected Net Operating Inc	AEP OK	Staff Brief
Operating Revenue	928.2	941.5
O&M	440.8	446.5
D&A	314.5	247.1
Property Taxes	60.4	60.7
Federal, State and Other Income Taxes	0.7	19.5
Other	4.0	4.0
Total Net Operating Income	**107.8**	**163.7**

Source: Regulatory filings, KeyBanc Capital Markets Inc. estimates

PNW — AZ Court of Appeals issues opinion in favor of PNW in 2019 rate case appeal: The AZ Court of Appeals issued an opinion vacating the 20 bps ROE reduction and allowing PNW to recover the costs of the Selective Catalytic Reduction projects totaling $215M. The opinion would allow PNW an ROE of 8.9%, compared to the 8.7% authorized ROE in the 2019 rate case. The case is remanded back to the ACC for further proceedings. Intervenors are able to seek an appeal at the Supreme Court. The allowed SCR recovery could provide a $200M benefit or ~$0.06 of EPS upside to current guidance.

ED — ED announces $1B share repurchase program: ED announced it entered into an accelerated share repurchase program to purchase ~8.7M shares for a total cost of ~$1B. ED made the $1B payment and received the shares on March 7. The total number

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

of shares can still change between now and when the transaction closes, which is expected to occur no later than 3Q23. ED is using a portion of the proceeds from the sale of its clean-energy business to conduct the share repurchase. ED also removed 2023/2024 equity needs and will repay $1.25B of outstanding debt from the sale proceeds.

DUK — FL PSC votes to approve recovery of 2022 fuel and storm restoration costs: DEF received Commission approval to recover $469M over 21 months for fuel costs due to higher actual fuel costs than forecast in 2022. The increase is due to the under-recovery of $1.2B in 2022, offset by a $710M reduction to DEF's fuel purchased power cost recovery clause (FCR) to reflect declining natural gas prices in 2023 compared to prior estimates. DUK will begin recovering the costs in April. Additionally, the Commission approved DEP to recover ~$442M in interim storm restoration costs related to several hurricanes. The storm costs will be recovered over a 12-month span beginning in April.

DUK — 250 MW Pisgah Ridge Solar facility in TX begins operations: DUK's subsidiary DESS began commercial operations of the 250 MW Pisgah Ridge Solar facility in TX. DUK will own and operate the project. The Company has signed PPAs for ~90% of the output, including 15-year virtual PPAs with Charles River Laboratories and Meijer for 102 MW and 83 MW, respectively. An undisclosed third company has signed a 15-year PPA, as well. DUK launched DESS in 2021, which unified Duke Energy Renewables, REC Solar, and Duke Energy One under one brand. The entity cumulatively owns and operates ~5.3 GW of renewable power projects. DUK is in the process of selling its Commercial Renewables business and expects a deal to close by 2H23.

PEG, EXC, FE — NJ governor names two new commissioners to BPU: Governor Murphy selected Christine Guhl Sadovy and Marian Abdou to replace Commissioners Bob Gordon (D) and Dianne Solomon (R), respectively. Mr. Gordon's term expires this month, while Ms. Solomon has served on an expired term since October 2019. Another commissioner, Mary-Anna Holden (R), is serving past her term, which expired in March 2021. As a reminder, the NJ BPU is made up of five commissioners that serve six-year terms. The primary proceedings we are tracking in NJ include the Offshore Wind Solicitation and EXC's ACE electric rate case, and FE expects to file a rate case by the end of the month.

NOVA — NOVA partners with David Energy for customers to sell power to the grid: NOVA announced a partnership with TX retail electric provider David Energy that will allow TX customers to sell excess capacity to the grid. The plan will bring NOVA's Adaptive Retail energy plan to TX allowing customers with solar and storage to sell the power in real-time based on the price of energy in the wholesale market. The plan will begin later this month.

EIA's March Short-Term Energy Outlook: EIA's March STEO forecasts that electricity generation will be down 1.9% in 2023 before rebounding by +1.6% in 2024. This compares to previous forecasts of -2.2% and +1.8% in 2023 and 2024, respectively. Mild weather in January and February resulted in lower natural gas demand, and the EIA now expects storage levels to be 23% higher than the five-year average at the close of the withdrawal season at the end of March, compared to February's estimate for storage levels to be at 16%. As a result, the EIA forecasts natural gas prices to drop ~53% compared to 2022 levels and average ~$3.02/MMBtu, before increasing to ~$3.89/MMBtu in 2024. This compares to prior estimates for ~$3.40/MMBtu in 2023 and $4.04/MMBtu in 2024. EIA maintained its forecasts for the electricity generation mix, which will continue the trend toward renewables, with the share of natural gas declining to 37% of U.S. generation in 2024 (vs. 39% in 2022), as solar and wind increase to 16% of U.S. generation in 2023 and 18% in 2024 (up from 14% in 2022). Coal will decline to 17% in 2023 and 17% in 2024 (from 20% in 2022). Wholesale power prices are expected to range from $30/MWh in ERCOT to $80/MWh in the Northwest. While power prices across the West are expected to decrease ~20% in 2023 compared to 2022, overall electricity demand in the region will keep power prices relatively high.

Figure 3 - EIA March STEO

EIA STEO Outlook	2023	2024
HH Forecast ($/MMBtu)	3.02	3.89
Previous forecast	3.40	4.04
Electricity Generation (billion KWh)	4,011	4,075
Previous forecast	4,000	4,070
m/m change	0.3%	0.1%
Total Electricity Sales (billion KWh)	3,859	3,924
Previous forecast	3,856	3,920
m/m change	0.1%	0.1%
Wind Power Generation (MW)	148,217	155,678
Previous forecast	148,136	154,824
m/m change	0.1%	0.6%
Solar Power Generation (MW)	100,345	135,031
Previous forecast	105,189	136,625
m/m change	-4.6%	-1.2%

Source: EIA, KeyBanc Capital Markets Inc.

Select Recent Research

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

ENPH: Notes from the Headquarters Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	249	48.44	40	16.06
Sector Weight [SW]	257	50.00	39	15.18
Underweight [UW]	8	1.56	3	37.50

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	42.86	8	33.33
Sector Weight [SW]	28	50.00	11	39.29
Underweight [UW]	4	7.14	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

J.P.Morgan

Exelon Corp.

Model Update

We are updating our model to account for recent results and filings. Please see changes below.

Overweight

EXC, EXC US
Price (07 Mar 23):$41.00

▼ **Price Target (Dec-23):$47.00**
Prior (Dec-23):$48.00

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com

Robin L Shillock
(1-212) 622-8223
robin.shillock@jpmchase.com
J.P. Morgan Securities LLC

Quarterly Forecasts (FYE Dec)

Adj. EPS ($)

	2022A	2023E	2024E
Q1	0.65	0.70	0.72
Q2	0.44	0.47	0.50
Q3	0.75	0.74	0.76
Q4	0.43	0.50	0.53
FY	2.27	2.40	2.51

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	32	29	4	2	1
Growth	80	80	92	75	82
Momentum	43	16	7	90	30
Quality	64	27	55	49	53
Low Vol	89	86	24	39	53
ESGQ	45	83	30	10	24

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

See page 5 for analyst certification and important disclosures.

J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

North America Equity Research
8 March 2023

J.P.Morgan

Price Performance



	YTD	1m	3m	12m
Abs	-5.2%	0.4%	-3.1%	-6.5%
Rel	-9.0%	4.7%	-4.4%	-1.3%

Company Data

Shares O/S (mn)	995
52-week range ($)	50.71-35.19
Market cap ($ mn)	40,795.00
Exchange rate	1.00
Free float(%)	98.8%
3M - Avg daily vol (mn)	7.06
3M - Avg daily val ($ mn)	296.4
Volatility (90 Day)	23
Index	S&P 500
BBG BUY|HOLD|SELL	12|6|0

Key Metrics (FYE Dec)

$ in millions	FY22A	FY23E	FY24E	FY25E
Financial Estimates				
Revenue	19,078	19,712	20,031	20,533
Adj. EBITDA	7,175	7,734	8,022	8,493
Adj. EBIT	3,850	4,280	4,464	4,821
Adj. net income	2,239	2,396	2,506	2,768
Adj. EPS	2.27	2.40	2.51	2.76
BBG EPS	2.26	2.37	2.52	2.73
Cashflow from operations	4,870	5,456	5,647	6,018
FCFF	(1,040)	(261)	(392)	(608)
Margins and Growth				
Revenue growth	14.3%	3.3%	1.6%	2.5%
EBITDA margin	37.6%	39.2%	40.0%	41.4%
EBITDA growth	12.8%	7.8%	3.7%	5.9%
EBIT margin	20.2%	21.7%	22.3%	23.5%
Net margin	11.7%	12.2%	12.5%	13.5%
Adj. EPS growth	8.6%	6.0%	4.3%	10.1%
Ratios				
Adj. tax rate	14.5%	10.5%	10.0%	9.9%
Interest cover	5.0	4.8	4.8	4.9
Net debt/Equity	1.6	1.6	1.7	1.7
Net debt/EBITDA	5.4	5.4	5.6	5.8
ROCE	4.6%	5.7%	5.7%	5.7%
ROE	7.6%	9.5%	9.5%	10.0%
Valuation				
FCFF yield	(2.6%)	(0.6%)	(1.0%)	(1.5%)
Dividend yield	3.3%	3.5%	3.8%	4.0%
EV/EBITDA	10.3	10.0	10.0	9.9
EV/Revenue	3.9	3.9	4.0	4.1
Adj. P/E	18.1	17.1	16.4	14.9

Summary Investment Thesis and Valuation

Investment Thesis

As a pure-play regulated utility, Exelon has refocused its core operations around an advantaged T&D portfolio with leverage to infrastructure renewal efforts across an aging urban network and long-term electrification tailwinds. Years of regulatory engagement have yielded multi-year plan frameworks in MD and DC amid improving regulatory outcomes across both jurisdictions, plus the prospects of ROE normalization in IL's upcoming ratemaking transition. We see earned ROE upside under both and incremental to the company's already attractive 6-8% EPS growth. EXC's projected 8.1% rate base CAGR screens as top tier, with upside potential as grid needs increase due to incremental renewables, broader economy electrification, and growing system resiliency/reliability needs.

Valuation

We lower our Dec 2023 price target to $47, from prior $48, based on an SOTP valuation using our 2024 estimates. We use an average 18.6x P/E multiple for the regulated utility and corporate business segments. The lower price target is due to decreased peer average multiples.

Performance Drivers

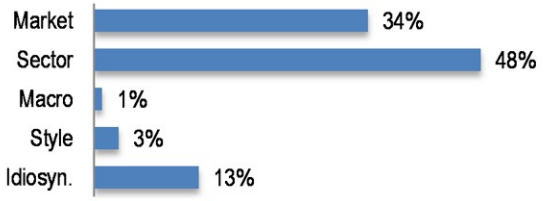

Factors	6M Corr	1Y Corr
Market: MSCI US	0.64	0.58
Sect: Utilities	0.76	0.86
Ind: Utilities	0.76	0.86
Macro:		
US 10yr yield	-0.22	-0.27
Non-Energy Commodity	-0.02	0.18
Crude Oil	-0.12	0.17
Quant Styles:		
LowVol	0.27	0.47
Size	0.15	0.39
Growth	-0.27	-0.38

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Investment Thesis, Valuation and Risks

Exelon Corp. *(Overweight; Price Target: $47.00)*

Investment Thesis

As a pure-play regulated utility, Exelon has refocused its core operations around an advantaged T&D portfolio with leverage to infrastructure renewal efforts across an aging urban network and long-term electrification tailwinds. Years of regulatory engagement have yielded multi-year plan frameworks in MD and DC amid improving regulatory outcomes across both jurisdictions, plus the prospects of ROE normalization in IL's upcoming ratemaking transition. We see earned ROE upside under both and incremental to the company's already attractive 6-8% EPS growth. EXC's projected 8.1% rate base CAGR screens as top tier, with upside potential as grid needs increase due to incremental renewables, broader economy electrification, and growing system resiliency/reliability needs.

Valuation

We lower our Dec 2023 price target to $47, from prior $48, based on an SOTP valuation using our 2024 estimates. We use an average 18.6x P/E multiple for the regulated utility and corporate business segments, which is at a modest premium to peers given the constructive regulatory setup and robust electrification investment opportunity. The lower price target is due to decreased peer average multiples.

Risks to Rating and Price Target

- Regulated electric and gas utilities are subject to strict federal and state regulation, including determinations of allowed revenues. Any change to regulations may cause future earning power to differ materially from current expectations.
- ComEd currently operates under a deferred prosecution agreement (set to end in 2023) due to past lobbying practices in Illinois. These legacy issues bring up the potential for negative headline risk if new information comes to light.
- The company possesses attractive leverage to growing electrification trends. However, if these investments develop slower than we anticipate it could lead to a weaker earnings outlook than we currently forecast.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp.: Summary of Financials

Income Statement - Annual	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	**16,698**	**19,078**	**19,712**	**20,031**	**20,533**
COGS	(5,201)	(6,373)	(6,375)	(6,375)	(6,375)
Gross profit	**11,497**	**12,705**	**13,337**	**13,656**	**14,158**
SG&A	(5,395)	(6,063)	**(5,785)**	**(5,816)**	**(5,847)**
Adj. EBITDA	**6,363**	**7,175**	**7,734**	**8,022**	**8,493**
D&A	(3,033)	(3,325)	(3,454)	(3,558)	(3,673)
Adj. EBIT	**3,330**	**3,850**	**4,280**	**4,464**	**4,821**
Net Interest	(1,274)	(1,447)	(1,602)	(1,679)	(1,747)
Adj. PBT	**2,056**	**2,403**	**2,678**	**2,785**	**3,073**
Tax	(145)	(349)	(282)	(279)	(305)
Minority Interest	(1)	0	0	0	0
Adj. Net Income	**2,047**	**2,239**	**2,396**	**2,506**	**2,768**
Reported EPS	2.09	2.27	2.40	2.51	2.76
Adj. EPS	**2.09**	**2.27**	**2.40**	**2.51**	**2.76**
DPS	**1.53**	**1.35**	**1.44**	**1.54**	**1.65**
Payout ratio	73.2%	59.5%	59.9%	61.5%	59.7%
Shares outstanding	980	987	997	1,000	1,003

Income Statement - Quarterly	1Q23E	2Q23E	3Q23E	4Q23E
Revenue	**5,491**	**4,394**	**5,005**	**4,822**
COGS	(2,078)	(1,275)	(1,484)	(1,538)
Gross profit	**3,413**	**3,119**	**3,521**	**3,284**
SG&A	(1,452)	(1,371)	(1,479)	(1,484)
Adj. EBITDA	**2,007**	**1,793**	**2,088**	**1,846**
D&A	(855)	(862)	(859)	(878)
Adj. EBIT	**1,152**	**931**	**1,229**	**968**
Net Interest	(392)	(398)	(402)	(410)
Adj. PBT	**759**	**533**	**827**	**558**
Tax	(66)	(66)	(91)	(60)
Minority Interest	0	0	0	0
Adj. Net Income	**693**	**467**	**736**	**499**
Reported EPS	0.70	0.47	0.74	0.50
Adj. EPS	**0.70**	**0.47**	**0.74**	**0.50**
DPS	**0.36**	**0.36**	**0.36**	**0.36**
Payout ratio	51.7%	76.8%	48.7%	72.0%
Shares outstanding	995	996	997	998

Balance Sheet & Cash Flow Statement	FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	1,619	1,090	1,000	1,000	1,000
Accounts receivable	5,126	3,561	3,561	3,561	3,561
Other current assets	7,212	2,685	3,043	3,420	3,830
Current assets	**13,957**	**7,336**	**7,604**	**7,981**	**8,391**
PP&E	84,219	69,076	72,772	76,764	81,291
Other non current assets	34,837	18,937	19,255	19,574	19,892
Total assets	**133,013**	**95,349**	**99,631**	**104,319**	**109,574**
Short term borrowings	6,703	4,388	4,388	4,388	4,388
Payables	4,136	3,382	3,382	3,382	3,382
Other short term liabilities	5,272	2,841	2,841	2,841	2,841
Current liabilities	**16,111**	**10,611**	**10,611**	**10,611**	**10,611**
Long-term debt	35,714	35,662	38,558	41,860	45,553
Other long term liabilities	46,393	24,332	24,614	24,893	25,198
Total liabilities	**98,218**	**70,605**	**73,784**	**77,364**	**81,362**
Shareholders' equity	34,393	24,744	25,847	26,955	28,212
Minority interests	402	0	0	0	0
Total liabilities & equity	**133,013**	**95,349**	**99,631**	**104,319**	**109,574**
BVPS	**35.13**	**24.89**	**25.91**	**26.94**	**28.10**
y/y Growth	*5.2%*	*(29.1%)*	*4.1%*	*3.9%*	*4.3%*
Net debt/(cash)	40,798	38,960	41,946	45,248	48,941
Cash flow from operating activities	**3,012**	**4,870**	**5,456**	**5,647**	**6,018**
o/w Depreciation & amortization	7,573	3,533	3,454	3,558	3,673
o/w Changes in working capital	(5,565)	(1,667)	(358)	(378)	(410)
Cash flow from investing activities	**(3,317)**	**(6,990)**	**(7,150)**	**(7,550)**	**(8,200)**
o/w Capital expenditure	(7,981)	(7,147)	(7,150)	(7,550)	(8,200)
as % of sales	*47.8%*	*37.5%*	*36.3%*	*37.7%*	*39.9%*
Cash flow from financing activities	**758**	**1,591**	**1,604**	**1,903**	**2,182**
o/w Dividends paid	(1,497)	(1,334)	(1,434)	(1,540)	(1,653)
o/w Net debt issued/(repaid)	1,841	4,236	2,896	3,301	3,694
Net change in cash	**453**	**(529)**	**(90)**	**0**	**(0)**
Adj. Free cash flow to firm	**(3,785)**	**(1,040)**	**(261)**	**(392)**	**(608)**
y/y Growth	*58.3%*	*(72.5%)*	*(74.9%)*	*50.4%*	*55.1%*

Ratio Analysis	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	68.9%	66.6%	67.7%	68.2%	69.0%
EBITDA margin	38.1%	37.6%	39.2%	40.0%	41.4%
EBIT margin	19.9%	20.2%	21.7%	22.3%	23.5%
Net profit margin	12.3%	11.7%	12.2%	12.5%	13.5%
ROE	6.1%	7.6%	9.5%	9.5%	10.0%
ROA	1.6%	2.0%	2.5%	2.5%	2.6%
ROCE	4.2%	4.6%	5.7%	5.7%	5.7%
SG&A/Sales	32.3%	31.8%	29.3%	29.0%	28.5%
Net debt/equity	1.2	1.6	1.6	1.7	1.7
P/E (x)	19.6	18.1	17.1	16.4	14.9
P/BV (x)	1.2	1.6	1.6	1.5	1.5
EV/EBITDA (x)	11.9	10.3	10.0	10.0	9.9
Dividend Yield	3.7%	3.3%	3.5%	3.8%	4.0%
Sales/Assets (x)	0.1	0.2	0.2	0.2	0.2
Interest cover (x)	5.0	5.0	4.8	4.8	4.9
Operating leverage	69.2%	109.6%	335.8%	266.4%	318.5%
Revenue y/y Growth	(49.3%)	14.3%	3.3%	1.6%	2.5%
EBITDA y/y Growth	(30.3%)	12.8%	7.8%	3.7%	5.9%
Tax rate	7.1%	14.5%	10.5%	10.0%	9.9%
Adj. Net Income y/y Growth	(35.0%)	9.4%	7.0%	4.6%	10.5%
EPS y/y Growth	(35.2%)	8.6%	6.0%	4.3%	10.1%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
21-Apr-20	N	37.07	46
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45
27-Dec-22	OW	43.04	49
25-Jan-23	OW	41.51	48

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), Nextera Energy Partners (NEP), NorthWestern Energy (NWE), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

J.P. Morgan Equity Research Ratings Distribution, as of January 01, 2023

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	48%	37%	14%
IB clients**	47%	45%	35%
JPMS Equity Research Coverage*	47%	40%	13%
IB clients**	65%	66%	55%

***Please note that the percentages might not add to 100% because of rounding.**
****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided**

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

investment banking services within the previous 12 months.
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 060/08/2022 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised February 04, 2023.

Copyright 2023 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

Completed 08 Mar 2023 12:59 PM EST

Disseminated 08 Mar 2023 12:59 PM EST

KeyBanc Capital Markets

Alert

March 06, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: NWE, AEP, DTE, SRE, DUK, CMS, XEL, PNW, ETR, EXC, CNP

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

On our regulatory calendar, we are tracking proceedings in NWE's electric and gas rate cases in MT, PSO's electric rate case in OK, DTE's MI IRP, Oncor's rate case in TX, and DUK's electric rate case in KY. In other news, MI Ice Storm and related outages bring attention back to grid resilience; the TX Legislature introduces several bills focusing on grid resilience; the CO PUC reaffirms guidelines for state natural gas systems to help reach emission reduction targets; lawmakers reject ROFR bills in MT and OK; the MT PUC approves NWE's restructuring plan; the SD PUC allows deferred accounting treatment for costs related to studying the feasibility of nuclear power; the SPP Markets+ prepares to develop an energy market for the Western states; ETR selects EPC consortium for Orange County Advanced Power Station; DEF prepares to begin construction on two solar projects, and a MD PSC nominee withdraws.

Regulatory Calendar

NWE — Rebuttal testimony in NWE's MT electric and gas rate cases is due on March 6: In intervenor testimony, the MT Consumer Council recommended $66.7M and $6.7M revenue increases for electric and gas, respectively, both premised on a 9% ROE and 48.02% equity. The Council also recommended that the PSC reject the reliability rider, wildfire mitigation rider, technology rider, and the NWE proposed PCCAM adjustments, which the Council believes would inherently shift more risks to the customers or are controllable costs that do not require trackers. This compares to NWE's request for revenue increases of $171M and $23M for electric and gas operations, respectively, based on a 10.6% ROE, 48.02% equity, and a YE21 test year. Evidentiary hearings are scheduled to begin on April 11, with an outcome expected by June.

AEP — Intervenor testimony in PSO's OK electric rate case is due on March 7: AEP's subsidiary PSO filed an electric rate case with the OCC requesting a $173M net revenue increase, premised on a 10.4% ROE, 54.6% equity, and a $4.5B rate base as of June 30, 2022. The drivers include incorporating portions (Maverick and Traverse) of the North Central Wind Facilities that are currently under rider-based recovery, into the rate base, acquisition of the Rock Falls Wind Facility (155 MW), and the accelerated depreciation for Northeastern Unit 3 (473 MW) to align with the 2026 retirement date. PSO is requesting a one-year formula-based rate pilot with a 100 bps deadband. As an alternative to the FBR pilot, PSO proposes improving the current SPP Transmission Cost Tariffs, implementing a Grid Enhancement and Resiliency Rider, and changes to the Effective Tax Reserve rider. PSO requests a final decision by May 21, 2023, for new rates to go into effect by January 1, 2024.

DTE — Staff and Intervenor testimony in DTE's MI IRP is due on March 9: DTE's IRP is an exercise in retiring coal sooner than planned while supplementing with adequate dispatchable resources. Belle River (1.3 GW) will stop using coal by 2026 and instead operate as a peaking gas unit. Monroe (3.2 GW) will retire in two phases by 2035. As a replacement, DTE will deploy 5.4 GW of renewable generation and 760 MW of battery storage by 2032. It will be crucial to increase battery storage and peaker plants in line with the growth in renewable generation to maintain reliability. To that end, DTE is identifying dispatchable resources to replace Monroe and has put a 950 MW natural gas unit with CCUS on the IRP. The plan takes the provisions of the IRA into consideration. See our detailed note on the IRP here. Management would be keen to pursue a settlement even as it expects some challenges to the timing of the retirement of the Monroe coal plant, and some pushback on adding natural gas resources.

SRE — Final order in SRE's Oncor TX rate case is expected on March 9: The Oncor rate case is on the PUCT open meeting agenda for March 9 and a formal order should follow. The ALJ issued a PD in December recommending a $60M net revenue decrease, premised on a 9.3% ROE, 42.5% equity, and a $17.8B rate base. The PD compared to Oncor's request for a $251M net increase in rates ($287M increase in distribution rates offset by a $36.5M reduction in transmission rates), premised on a 10.3% ROE and 45% equity layer. Since the ALJ report, Oncor filed reply briefs outlining several inconsistencies in the PD as well as mathematical errors pointed out by Staff since the PD was issued. See our write-up on the reply briefs here.

DUK — Intervenor testimony in DUK's KY electric rate case is due on March 10: DUK KY (Docket: 2022-00372) is seeking a $75M rate increase, premised on a 10.35% ROE and 52.51% equity layer. The drivers for the revenue increase include recovery of ~$300M in capital investments since the last rate case and adjustment of the depreciation rates for the coal-fired East Bend (600 MW) and gas peaker Woodsdale (572 MW) to align with the change in the expected lives of the plants from 2041 to 2035 for East Bend and from 2032 to 2040 for Woodsdale. Hearings are expected to commence in 2Q23, and new rates are expected to become effective in 3Q23.

Recent Developments for Companies Under Our Coverage

From our midweek: A MT bill proposes ROFR for transmission projects; AVA files a gas rate case in OR; NM PRC appears to be reviewing the AGR-PNM merger; PEG files a three-year gas system modernization program with the NJ BPU; FPL files to further reduce fuel cost true-up recovery; the WI Governor appoints new Commissioner to PSC, and ED completes the sale of its clean-energy business.

CMS, DTE — MI Ice Storm and related outages bring the need for grid resilience back to the forefront:

- MI regulators are reviewing grid resiliency measures in light of the recent ice storm that left over 700K customers (mostly in DTE's service territory, but also in CMS's territory) without power. The MPSC is undertaking a grid resilience study. While undergrounding is an option, according to Chair Scripps, it also leads to greater difficulty in restoring power from a flood-related event if the wires are underground, even though the risk of outages is lower. For now, it appears that tree trimming and vegetation management will remain the key part of grid maintenance while strengthening the vulnerable portions.
- Also, as such events tend to do, the discussion of municipalization appears to be back in the news as Ann Arbor residents ponder the option. Ann Arbor is undertaking a study currently whether to create a city-owned utility to replace DTE, the current energy provider which, in their mind, could also help accelerate the transition to renewable energy by creating a sustainable energy utility. As we have written in the past, municipalization has had a weak record in the past with recent instances of attempted municipalizations in San Diego, Chicago, and Boulder, CO all resulting in re-contracting with the incumbent utility. The EIA conducted a study in 2018 that showed that public utility customers face fewer outages than private ones and also that public utility customers tend to pay less on average for their power use than private utility customers.

CNP, ETR, AEP, XEL — Bills to watch in the current TX legislature: TX legislature is currently in session with grid security in focus. The session ends on May 29, and the outcomes of these bills will likely shape utility rate filings in the state including CNP's Houston Electric filing. We highlight some key filings below:

- **HB 3042:** HB 3042 proposes that PUCT calculates an ROIC using the capital ratio as reported on the utility's most recent financial statement before the rate case proceeding, vs. a hypothetical construct. If the equity layer exceeds 60%, the PUCT will use 60% as the equity layer.
- **SB 1015 and HB 3043:** SB 1015 and HB 3043 relate to periodic non-fuel rate adjustments petitioned by a utility, based on capital investments made. The bill proposes permitting up to two annual rate adjustments, vs. one currently.
- **HB 2262 and SB 1049:** HB 2262 and SB 1049 allow utilities to recover the costs of alternative gases (e.g., RNG, biomass, hydrogen) and the required infrastructure to acquire, interconnect, or produce the gas supply.
- **SB 1075:** SB 1075 proposes allowing T&D utilities to lease or own and operate facilities that provide temporary emergency power either when a significant outage is imminent or restoring power during a widespread power outage. The utilities would be able to procure facilities with a six-month lead time.
- **HB 2555:** HB 2555 proposes requiring T&D utilities to propose a system resiliency plan and the approach to be used over a minimum of three years. The plan would require utilities to harden electrical T&D facilities, and underground distribution lines, install lightning, and flood mitigation measures, implement cybersecurity measures, and implement vegetation management and wildfire mitigation and response.

XEL — CO PUC reaffirms guidelines for state natural gas systems to help reach emission reduction targets: The PUC issued a decision mostly reaffirming its prior decision to overhaul planning for natural gas distribution systems to help CO achieve GHG emission reduction targets. One of the few revisions the Commission made was to allow gas utilities to bank credits from capturing waste methane for future periods. Otherwise, the PUC reaffirmed the decisions regarding certificate of convenience and public necessity (CPCN) requirements (all projects exceeding $13M qualify) — a feature protested by utilities as an undue expansion of PUC authority. The PUC also maintained that customers must bear the full cost of new line extensions in connecting to the gas grid. Utilities will be required to make a bi-annual filing of planned capital projects to the PUC for approval, including every project expected to cost more than $3M. The plan will be gradually implemented over time, yielding toward a fully adjudicated process akin to rate cases. XEL will file the first gas infrastructure plan application in 2023. CO's law requires statewide GHG emission reductions of 26% by 2025, 50% by 2030, and 90% by 2050, compared to 2005 levels.

AEP, NWE — Lawmakers reject ROFR bills in MT, OK: ROFR-related bills in MT and OK, MT SB 353 and OK SB 498, failed in the current legislative sessions. SB 353 would have expanded the MT right-of-first-refusal law to include federally recognized reliability organizations (e.g., NWE) - beyond a 2017 bill that allowed rural electric co-ops ROFR in eastern MT to include the entire state. In

Sophie Karp (917) 368-2361 / sophie.karp@key.com

OK, SB 498 proposed ROFR on transmission projects to incumbent utilities in the state. Read more about recent developments of ROFR here and here.

NWE — MT PUC approves NWE's corporate restructuring plan: The MT PSC issued an order approving a settlement between NWE and interveners regarding the Company's proposed restructuring plan, which will legally separate the MT utility from the SD and NE utilities. NWE will also establish a holding company to hold the ownership interests of all subsidiaries. The MT PSC approval clears the last hurdle for the Company as the NE PSC, SD PUC, and the FERC approved the plan in 2022.

NWE — SD PUC allows deferred accounting treatment for costs related to studying the feasibility of nuclear power: The SD PUC issued an order allowing NWE to use deferred accounting for costs associated with a nuclear plant study beginning March 1. The costs will need to be approved in subsequent rate filings for recovery. NWE proposed adding an 80-320 MW nuclear plant to replace future coal generation retirements as part of its 2022 SD IRP. According to NWE, a new nuclear facility could cost between $1.2B-$1.6B. NWE will complete the study in 2023, and aim for DOE funding for new nuclear plants.

PNW — SPP Markets+ prepares to develop an energy market for the Western states: The SPP announced that it will start the first phase of developing Market+, a day-ahead, real-time energy market allowing members to participate voluntarily for those not ready to participate fully in an RTO. SPP's proposed plan includes two phases. The first phase consists of the design of market protocols and tariff structures and begins immediately. The second phase, which is dependent on FERC approvals, will include final commitments from the participating entities to fund the plan and integrate them into the system. The first development phase will begin immediately. Members committed to funding Markets+ phase one include PNW, Puget Sound, BPA, and others. CAISO's Western Energy Imbalance Market is currently the only regional market in the West.

ETR — ETR selects EPC consortium for Orange County Advanced Power Station: ETR selected a consortium of Mitsubishi Power Americas, Inc., Sargent & Lundy, and The Industrial Company to construct the Orange County Advanced Power Station located in TX. Sargent and TIC will be the engineer of record and constructor, respectively. Mitsubishi will supply the hydrogen-capable power train, which includes the gas turbines, steam turbine, steam generator, and advanced control system. The PUCT approved the 1,257 MW CT Orange County plant but did not approve ETR's proposal for a dual fuel capability for up to 30% hydrogen. Still, the Commission left the hydrogen issue open (Docket No. 52487) for now. The plant is expected to enter service in May 2026 and cost ~$1.55B.

DUK — DEF is set to begin construction on two solar projects: DUK's subsidiary DEF is preparing to commence construction on the 75 MW Mule Creek Renewable Energy Center and the 75 MW Winquepin Renewable Energy Center. The projects are expected to take 9-12 months to complete, implying a 1Q24 COD. The new facilities are part of DUK's Clean Energy Commitment, which allows customers to subscribe to solar power and earn credits toward their electricity bills without installing or maintaining their own equipment. The program comprises 10 solar generating facilities totaling 750 MW and costs ~$1B. DUK's larger goal is to invest $2B and add 1,500 MW of solar in FL by 2024, including 25 solar power plants across the state.

EXC — MD PSC nominee withdraws: MD PSC Commissioner Juan Alvarado withdrew from the PSC before receiving Senate confirmation. State legislators and environmentalists opposed Alvarado's candidacy given his prior work as an advocate for the natural gas industry. The MD PSC is a five-member commission with the governor nominating the members and the Senate confirming them. EXC's BGE and PEPCO are expected to file multiyear rate cases in MD later this year, as is FE's Potomac Edison.

Earnings Recap

SRE — SRE reported 2022 results above expectations and above the high end of the guidance range — led to a large extent by the stronger than-anticipated results at SIP (Cameron in particular) and with Oncor benefiting from more favorable weather trends. Management maintained the 2023 guidance at $8.60-$9.20, which while a step-down y/y, is +6% vs. the midpoint of the original 2022 guidance. SRE also reiterated the 6-8% long-term EPS CAGR. We expect more color on the 2023 EPS outlook, an initiation of the 2024 outlook, and a rollover of the 5-year capex with the 1Q call when the TX rate case will be in the rearview. In our view, SRE is becoming more of an LNG play with several projects either in construction (ECA Phase 1), on the cusp of starting construction (Port Arthur Phase 1), or in the advanced stages of planning (Cameron LNG Phase 2), with many others in the pipeline. See our note here.

PNW — PNW reported 4Q and 2022 results slightly below consensus but in line with guidance as ongoing headwinds from the 2019 rate case outcome and an impairment charge in the 4Q more than offset continued sales growth. The Company provided 2023 guidance amid the 2022 rate case proceedings and new rates not becoming effective until December. Recent signs have pointed to an improving regulatory construct, but we remain cautious until we see tangible data points. See our note here.

EIX — EIX reported 2022 results ahead of expectations and reiterated the 5-7% EPS CAGR through 2025, with a 2025 EPS range of $5.50-$5.90. 2023 growth will, however, be muted as higher interest costs on the wildfire claims balance eats into normal rate base growth — and making the long-term CAGR leveraged to 2024/25. That said, there is progress in putting the wildfire claims issue to rest with the first cost recovery filing planned for 3Q23. Management has also made strides in reducing the risk from wildfires through its multi-year covered conductor deployment program, which has reduced the need for PSPS. See our note here.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

AEP — AEP posted 4Q results ahead of guidance and consensus estimates, while maintaining 2023 guidance and its 6-7% long-term EPS growth rate. The earnings results were overshadowed by the Company's announcement last night that it reached an agreement to sell 100% of its commercial renewable business. The announced sale in tandem with the refiling of its FERC 203 application for the KY Power sale have the ability to strengthen the balance sheet and reduce future equity needs. See our note here.

DTE — DTE reported results at the high end of the guidance range and above our and consensus estimates. Management reiterated the 2023 EPS outlook of $6.09-$6.40 with a bias toward the midpoint as it plans to implement a series of cost management initiatives to offset the recent sub-optimal electric GRC outcome while still meeting the previously provided EPS guidance. Proceedings in the IRP bear watching as staff and intervenor testimony is scheduled for March. The initial response to the filing appears constructive. Also, on tap for the coming months are proceedings in the electric GRC where DTE is seeking a $619M rate increase. Management expressed interest in reaching settlements in both proceedings, and we expect these to drive news flow in the near term. See our note here.

AGR — AGR reported an in-line quarter and provided a 2023 EPS outlook while reiterating a 6-7% EPS growth rate through 2025. What remains unclear is the contribution from the core business in the earnings cadence vs. one-off events, including historical and anticipated gains on sales. 2023 EPS guidance of $2.20-$2.35 includes a $0.30 contribution from PNM, which we are not factoring in as yet, thus implying a downside to our forecast of $2.29. On operations, there are several items to watch, including the NECEC trial in April, follow-through on the Commonwealth Wind PPA termination and AGR's plan to participate in the next MA wind solicitation, and negotiations with stakeholders regarding the Park City PPA, as well as the onshore capital recycling initiatives. See our note here.

AVA — AVA reported 4Q results above consensus and the high-end of its guidance range, as the Other segment benefited from a fair market value adjustment for one of AVA's investments. The Company maintained 2023 guidance, including $0.04-$0.06 for the Other segment. AVA will likely continue to experience a significant regulatory lag in 2023 until a new WA rate case filing goes into effect sometime in 2025. See our note here.

PEG — PEG reported an in-line quarter, maintained the midpoint of 2023 guidance (narrowing the range), and reiterated the 5-7% long-term growth rate. We expect a long-term strategy discussion at the March 10th analyst day, even though PEG has simplified its story materially over the last couple of years. The next data points relate to monetization of the offshore acreage and the expected proceeds (including the use of proceeds likely towards the regulated business), potential investment to lengthen and strengthen the life of the nuclear assets, and additional steps to mitigate pension volatility. We also expect some initial color on the upcoming NJ rate case. See our note here.

CNP — CNP continues to deliver on its EPS growth targets and reported EPS in line with the midpoint of guidance despite higher debt service costs and an O&M pull forward. Management reiterated the short-term and long-term EPS growth CAGR of 6-8% (8% in the short term), the capex plan through 2030, and the commitment to fund the growth without external equity issuance. See our note here.

NWE — NWE posted 4Q22 results below our and consensus estimates, as the Company continues to be pressured by higher power costs in the region, O&M, and inflation. NWE is working to reduce its exposure to power markets and the mechanisms in the MT GRC will be instrumental in adding new generation and allowing timely recovery of power costs. We expect an outcome in the near term, and the upcoming MT IRP filing is another near-term catalyst. Constructive outcomes in both filings will validate our thesis around the long-term investment opportunity to fuel rate base growth. See our note here.

ED — ED reported an in-line quarter with EPS of $0.81, compared to a consensus of $0.80. ED also introduced 2023 EPS guidance and maintained its long-term growth rate rebased in 2023. The biggest announcement was that ED reached a settlement in its 2022 CECONY electric and gas rate cases, although we believe ED will find it challenging to achieve its long-term growth rate. See our note here.

SO — SO reported an in-line quarter for 4Q22, while providing relatively flat guidance for 2023 and lowering its 2024 guidance range, which was consistent with our expectations. Additionally, SO further delayed Vogtle Unit 3 and extended the window for Vogtle Unit 4. The delays and associated rate impacts and carrying costs have contributed to lower guidance for 2023 and 2024 vs. previously communicated figures. Longer term, SO maintained its growth rate and refreshed its five-year capital plan, highlighting the significant capital opportunity ahead. See our note here.

CEG — CEG reported an above-forecast EBITDA for 2022 and provided constructive guidance for 2023. More importantly, the Company laid out a capital allocation strategy, which is a combination of organic growth opportunities (including a significant investment in clean hydrogen), share buybacks, and a doubling of the dividend, while still retaining dry powder should attractive M&A opportunities arise. We view this approach to capital allocation as prudent, especially as the investment opportunities from the IRA are still emerging. Higher for longer power prices provide CEG with the internal resources to pursue organic growth while being protected on the downside by the nuclear PTC enshrined in the IRA. See our note here.

ETR — ETR reported results in line with consensus estimates and reaffirmed its long-term outlook, including 2023 EPS guidance. SERI proceedings continue to be an overhang, even though the management is hopeful for a resumption of settlement talks with the

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

regulators outside of MS, which were stalled by the December 2022 order by the FERC. Outside SERI issues, the Company continues with an active regulatory schedule as it is seeking a settlement in the TX GRC and is proceeding with its LA and NO grid resiliency filings. See our note here.

POR — POR reported a slight 4Q miss and released 2023 guidance pointing at lower y/y earnings at the midpoint, which was not a surprise given the well-understood 2023 headwinds from equity dilution. More importantly, the Company reaffirmed its 5-7% long-term growth target, describing 2023 as a transition year, and provided a bullish illustrative RB growth scenario with the impact of potential future RFP wins. Our quick math suggests that a successful execution on the upside scenario could translate into a >7.5% EPS CAGR through 2027, arguably making POR one of the most attractive names in the SMID peer group. With that said, given POR's in-line valuation at present, and multiple assumptions embedded in the upside scenario, we are inclined to wait for a more attractive entry point and/or further clarity on the RFP wins and capital plan. See our note here.

AEE — AEE reported 2022 results at the high end of guidance and maintained the long-term EPS CAGR of 6-8%. 2023 guidance of $4.25-$4.45 is in line with the 6-8% growth projection. Management also provided a 2023-2027 capex plan of $19.7B, +2.4B from the previous 2022-2026 plan. We expect the capex trend to remain elevated for AEE as it invests in the MISO LRTP and MO's clean energy transition. Also higher are anticipated equity needs, with AEE now expecting $500M of annual equity issuances vs. $300M prior. Overall, we view AEE as a steady and predictable utility with meaningful capex upside to support the rate base growth targets and 6-8% EPS growth projections. 2023 is likely to be dominated by MO and IL rate proceedings. See our note here.

OTTR — OTTR reported EPS of $1.00 vs. our estimate of $0.83 and introduced 2023 guidance in line with the Street. The Plastic and Manufacturing segments are both expected to see step-downs as levels normalize and OTTR shifts toward its long-term earnings mix. OTTR is preparing to file its amended IRP to incorporate recent developments and will likely file an updated capital plan shortly after. OTTR maintained its long-term growth rate of 5-7%. See our note here.

FE — FE reported below-consensus 4Q results, which still put it in the upper half of its FY22 guidance. Strong 2022 allowed the Company to pull forward enough O&M to fully offset pension headwinds in 2023, and as a result, FE issued 2023 guidance ahead of consensus estimates and within its long-term earnings growth rate. Importantly, the Company continues to outline the path to improved earnings quality moving forward and has established a 60-70% dividend payout policy, which should return its dividend back to the growth trajectory (and consistent with our model). The new CEO announcement should be the next near-term catalyst to watch for, and FE's regulatory schedule will remain active in 2023-2024. See our note here.

EXC — EXC reported an in-line quarter as ComEd results benefited from higher ROE (linked to 30-year Treasuries). Management provided clarity on the multiyear 6-8% EPS growth rate with 2023 to be below that range as several multiyear rate plans are built into the EPS trajectory. Long term, EXC reiterated a target of a 6-8% EPS CAGR through 2026 with a bias to the midpoint or higher. We expect the inaugural IL MYRP to be the biggest item to watch in 2023 as the outcome will define the EPS outlook to a meaningful extent. Management also rolled capex by a year, with the new four-year total of $31.3B higher than the prior by $2.3B, mostly to incorporate higher spending at ComEd. See our note here.

ES — ES reported a mostly in-line quarter and provided guidance that is also mostly in line with expectations. There is no change to the EPS CAGR of 5-7% with the bias retained toward the high end. Management outlined a capex plan for $21.5B for the 2023-2027 period, which is $3.3B higher than the prior five-year plan for 2022-2026 and takes into consideration the sale of the offshore wind assets and the subsequent loss of any contribution from those assets. The sale of the offshore wind projects and acreage is taking longer than planned and management now expects a decision by 2Q with a closing likely in the 2H. While interest remains robust, the timeline for an outcome has certainly stretched, and it could be a function of the evolving offshore wind-related cost environment, a wait-and-see approach for final IRS rulings on the provisions of the IRA, and even the volatile rate environment. See our note here.

DUK — DUK reported a strong quarter with EPS of $1.11 vs. our consensus-matching estimate of $1.07, as the Company continues to benefit from strong volume growth and ongoing cost savings. DUK maintained its 2023 EPS guidance and long-term EPS growth rate, although the Company saw a slight shift in the commercial renewables sales timeline. We do not believe the delay will have a material impact on near-term earnings, and we continue to like the pro forma portfolio that includes a strong capital plan that will fuel long-term EPS and rate base growth. See our note here.

D — D reported a 4Q headline number that was in line with the midpoint, but the impairment of the solar assets made the results somewhat noisy as did other YE adjustments. More importantly, we are getting a glimpse of what a new regulatory regime may look like in VA as multiple bills move through the legislature. The de-emphasis of the contracted solar portfolio may be step one of the strategic review, but there is a lot more to come, in our opinion. We outlined various scenarios that the strategic review can take, but ultimately, we believe that investors will need to see a clear path to a "new" Dominion, even as the stock appears inexpensive on a pro forma basis. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

WEC — WEC reported another above consensus/above guidance quarter and maintained the 2023 outlook and the 6.5-7% long-term EPS growth rate. We continue to view WEC as a top-tier utility with an extended runway for growth as coal retirements in WI create opportunities for renewables capex deployment and the recent WI rate case outcomes de-risk the 2023 outlook. See our note here.

CMS — CMS reported an in-line quarter and raised its 2023 EPS guidance by $0.01 at the midpoint. The guidance is in line with our forecast and consensus. As was expected, the Company rolled the five-year capex plan to 2023-2027, adding $1.2B vs. the prior plan (+$400M net of Covert). Also, management raised the anticipated equity issuance from up to $250M per year in the outer years of the capex plan to up to $350M—partly to fund the higher capex and to maintain financial flexibility. We expect management to be systematic in the equity raises via an ATM program. CMS's results and outlook show consistency in execution and the resulting stability in outcomes. See our note here.

XEL — XEL reported 4Q and 2022 EPS of $0.69 and $3.17, respectively, which was in line with our expectations. The Company was able to offset O&M headwinds with solid sales growth and derisk 2023. XEL maintained its 2023 EPS and long-term growth rate, which was rebased on 2022 EPS guidance. Furthermore, XEL maintained its five- and 10-year capital plans, which continue to offer incremental opportunities. Rate case activity will continue at an elevated level in 1H23, and we believe XEL will be able to continue its ability to achieve constructive regulatory outcomes, providing us confidence in the Company's long-term execution. See our note here.

NEE — NEE reported another quarter aligned with guidance and expectations and extended the 6-8% EPS cadence by another year to 2026. Management remains biased toward delivering on the high end of the guidance range. While 2022 saw a slew of regulatory headwinds, especially for solar, the long-term benefits of the IRA should provide an extended period of growth for NEER, especially as it expands its portfolio beyond solar, wind, and storage to include green hydrogen projects and previously announced initiatives in RNG. See our note here.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	3/6/2023	Settlement Conference
MT	NorthWestern Corp.	NWE	D-2022-7-78	Elec/Nat Gas	3/6/2023	Rebuttal Testimony Due
OK	Public Service Co. of OK	AEP	PUD2022-000093	Electric	3/7/2023	Intervenor Testimony
	Short-Term Energy Outlook	EIA			3/7/2023	STEO release
MI	DTE Electric Co.	DTE	U-21193	IRP	3/9/2023	Staff and Intervenor Testimony Due
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	3/9/2023	PUCT Meeting - Final Decision
KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	3/10/2023	Intervenor Testimony Due
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	3/13/2023	Surrebuttal Testimony
	CPI Release	BLS			3/14/2023	CPI release for Prior Month
	Federal Energy Reg Comm	FERC			3/16/2023	Open Meeting
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	3/16/2023	Intervenor Testimony Due
CA		CPUC	R2207005	Fixed Charges	3/17/2023	Concurrent opening testimony for proposals
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	3/24/2023	Staff and Intervenor Testimony Due
VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	3/24/2023	Intervenor Testimony
NC	Duke Energy Progress	DUK	D-E-2 Sub 1300	Electric	3/27/2023	Staff and Intervenor Testimony Due
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	3/27/2023	Intervenor Testimony
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	3/27/2023	Intervenor Testimony
CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	3/29/2023	Supplemental Direct Testimony Due
VA	Virginia Electric and Power Co.	D	-OUR-2022-00187 (Rider OSV	Rider	3/31/2023	Pre-filed Testimony Due
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	3/31/2023	SCE Rebuttal Testimony
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	3/31/2023	Report of ALJ Due
NM	Southwestern Public Service Co.	XEL	C-22-00286-UT	Electric	3/31/2023	Staff and Intervenor Testimony Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	21.9	Sector Weight	NA	$83.73	3.0%	58%	4.34	4.65	4.96	19.3x	18.0x	16.9x	4.36	4.69	5.02	19.2x	17.9x	16.7x
AEP	American Electric Power Company Ir	45.8	Sector Weight	NA	$89.09	3.8%	63%	5.30	5.68	6.01	16.8x	15.7x	14.8x	5.29	5.64	5.99	16.8x	15.8x	14.9x
CMS	CMS Energy Corp	17.4	Sector Weight	NA	$59.84	3.3%	63%	3.11	3.36	3.62	19.2x	17.8x	16.5x	3.10	3.34	3.62	19.3x	17.9x	16.5x
CNP	CenterPoint Energy Inc	17.9	Sector Weight	NA	$28.41	2.6%	50%	1.49	1.62	1.73	19.1x	17.5x	16.4x	1.49	1.62	1.73	19.0x	17.6x	16.4x
D	Dominion Energy Inc	46.7	Sector Weight	NA	$55.94	4.9%	68%	4.29	4.37	4.68	13.0x	12.8x	12.0x	3.99	3.82	4.03	14.0x	14.7x	13.9x
DTE	DTE Energy Co	22.5	Sector Weight	NA	$109.35	3.5%	61%	6.25	6.69	7.20	17.5x	16.3x	15.2x	6.25	6.71	7.19	17.5x	16.3x	15.2x
DUK	Duke Energy Corp	73.5	Overweight	$112	$95.39	4.3%	73%	5.68	6.06	6.40	16.8x	15.7x	14.9x	5.64	5.98	6.33	16.9x	16.0x	15.1x
ETR	Entergy Corp	22.2	Sector Weight	NA	$105.07	4.1%	64%	6.70	7.24	7.69	15.7x	14.5x	13.7x	6.71	7.20	7.74	15.7x	14.6x	13.6x
ES	Eversource Energy	26.3	Sector Weight	NA	$75.44	3.6%	62%	4.38	4.67	5.02	17.2x	16.2x	15.0x	4.37	4.68	5.01	17.3x	16.1x	15.1x
ED	Consolidated Edison Inc	32.2	Underweight	$70	$90.69	3.6%	67%	4.75	4.68	4.88	19.1x	19.4x	18.6x	4.87	5.18	5.45	18.6x	17.5x	16.6x
EIX	Edison International	25.7	Sector Weight	NA	$67.30	4.4%	62%	4.82	5.15	5.54	14.0x	13.1x	12.1x	4.72	5.10	5.53	14.3x	13.2x	12.2x
EXC	Exelon Corp	41.1	Sector Weight	NA	$41.38	3.6%	62%	2.37	2.51	2.73	17.5x	16.5x	15.2x	2.36	2.50	2.73	17.5x	16.5x	15.2x
FE	FirstEnergy Corp	22.8	Overweight	$45	$39.76	4.0%	63%	2.37	2.65	2.87	16.8x	15.0x	13.9x	2.51	2.68	2.85	15.8x	14.9x	14.0x
PEG	Public Service Enterprise Group Inc	30.1	Sector Weight	NA	$60.37	3.8%	66%	3.45	3.61	3.88	17.5x	16.7x	15.6x	3.44	3.72	4.08	17.5x	16.2x	14.8x
SO	Southern Co	70.6	Sector Weight	NA	$64.81	4.3%	77%	3.64	3.97	4.26	17.8x	16.3x	15.2x	3.62	4.03	4.30	17.9x	16.1x	15.1x
WEC	WEC Energy Group Inc	28.3	Overweight	$103	$89.59	3.5%	67%	4.62	4.91	5.24	19.4x	18.2x	17.1x	4.61	4.90	5.25	19.4x	18.3x	17.1x
XEL	Xcel Energy Inc	35.8	Overweight	$75	$65.10	3.2%	61%	3.36	3.56	3.78	19.4x	18.3x	17.2x	3.38	3.61	3.83	19.3x	18.0x	17.0x
					Average:	**3.7%**	**64%**				**17.4x**	**16.4x**	**15.3x**				**17.4x**	**16.3x**	**15.2x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	3.1	Underweight	$32	$41.53	4.4%	79%	2.34	2.44	2.56	17.7x	17.0x	16.2x	2.33	2.45	2.58	17.8x	16.9x	16.1x
NWE	NorthWestern Corp	3.4	Overweight	$62	$57.70	4.5%	75%	3.43	3.56	3.72	16.8x	16.2x	15.5x	3.44	3.59	3.76	16.8x	16.1x	15.4x
OTTR	Otter Tail Corp	3.0	Sector Weight	NA	$72.70	2.4%	44%	3.85	3.37	3.60	18.9x	21.6x	20.2x	3.94	3.41	3.56	18.4x	21.3x	20.4x
PNW	Pinnacle West Capital Corp	8.6	Underweight	$55	$76.42	4.6%	85%	4.15	4.61	4.85	18.4x	16.6x	15.8x	4.09	4.66	4.84	18.7x	16.4x	15.8x
POR	Portland General Electric Co	4.3	Sector Weight	NA	$47.71	3.9%	71%	2.64	2.99	3.21	18.1x	16.0x	14.9x	2.67	3.03	3.21	17.9x	15.7x	14.9x
					Average:	**4.0%**	**71%**				**18.0x**	**17.5x**	**16.5x**				**17.9x**	**17.3x**	**16.5x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
NEE	Nextera Energy Inc	146.7	Overweight	$93	$73.83	2.5%	60%	3.08	3.32	3.59	24.0x	22.2x	20.6x	3.10	3.37	3.64	23.8x	21.9x	20.3x
SRE	Sempra Energy	47.5	Sector Weight	NA	$150.89	3.2%	53%	8.99	9.56	10.11	16.8x	15.8x	14.9x	8.99	9.62	10.20	16.8x	15.7x	14.8x
					Average:	**2.8%**	**57%**				**20.4x**	**19.0x**	**17.7x**				**20.3x**	**18.8x**	**17.5x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	25.8	Overweight	$99	$78.98	1.2%	22%	3.98	4.60	5.50	19.8x	17.2x	14.4x	4.38	5.33	5.40	18.0x	14.8x	14.6x
NRG	NRG Energy Inc	7.7	Not Covered	NA	$33.64	4.5%	31%	NA	NA	NA	NA	NA	NA	4.79	5.45	6.97	7.0x	6.2x	4.8x
VST	Vistra Corp	8.2	Not Covered	NA	$21.41	3.8%	30%	NA	NA	NA	NA	NA	NA	2.65	3.23	3.60	8.1x	6.6x	5.9x
					Average:	**3.2%**	**28%**				**19.8x**	**17.2x**	**14.4x**				**11.0x**	**9.2x**	**8.5x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 3 - Stock Price Performance

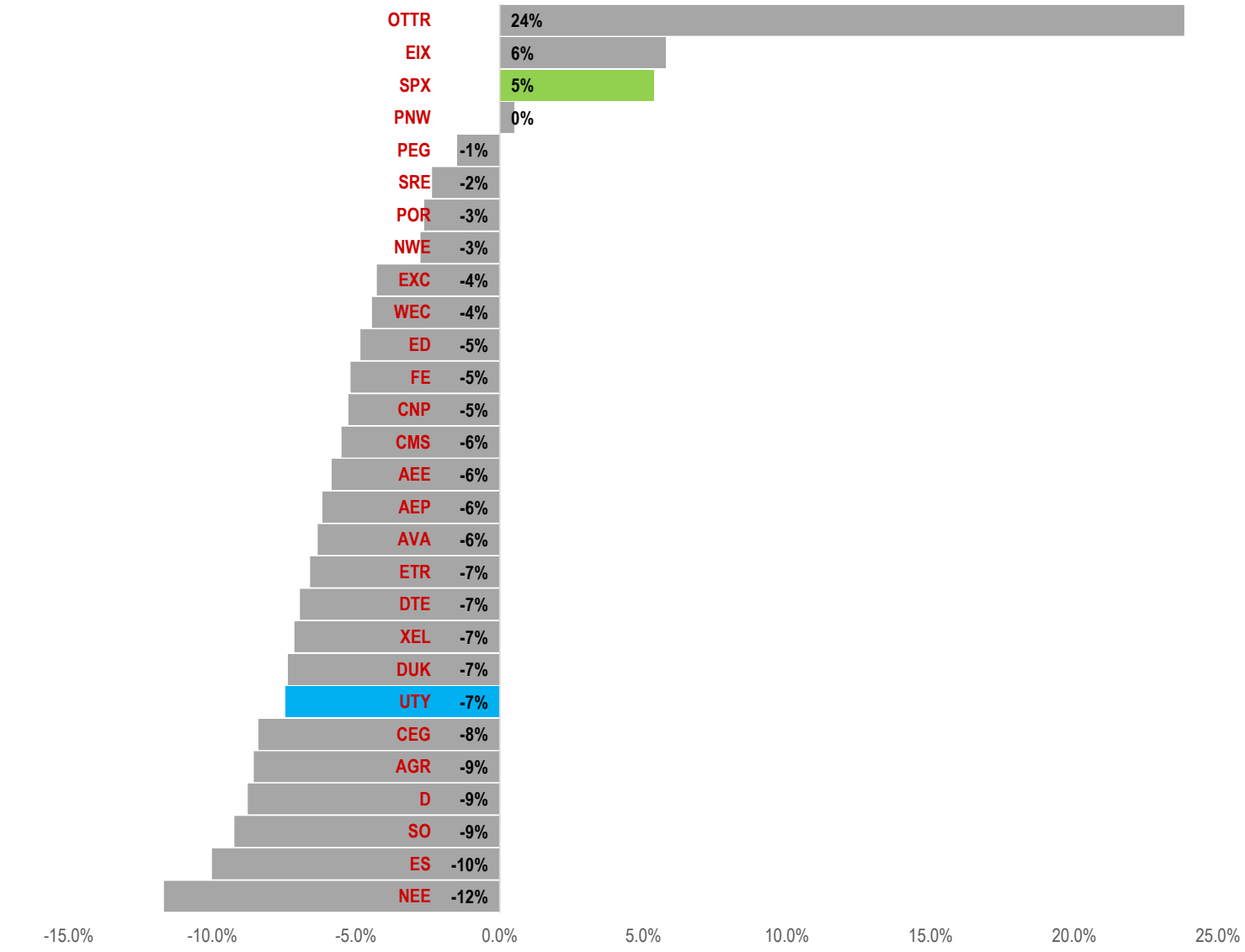

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

ENPH: Notes from the Headquarters Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	249	48.63	38	15.26
Sector Weight [SW]	255	49.80	39	15.29
Underweight [UW]	8	1.56	3	37.50

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	44.44	7	29.17
Sector Weight [SW]	26	48.15	11	42.31
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

February 27, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: EXC, AEP, CNP, D, AGR, ES, ETR, DTE, CMS

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

4Q earnings wrap up with PNW and SRE scheduled to report this week. In other news, BG&E files electric and gas multiyear rate plans in MD; ACE files NJ GRC; LA PSC approves settlement in AEP's LA rate case; AGR submits brief in opposition to OPA's motion to dismiss MYRP and capital adjustment mechanism; VA legislators and governor reach a broad-based compromise with reference to the state's utility regulatory framework; TX state senator supports CNP's TEEEF procurement and CNP files a reply to exceptions; VA legislation related to the development of offshore wind capacity passes both houses; VA bill for shared solar programs for ApCo customers fails in assembly; CT bill related to offshore wind compensation fund receives hearing; AEP signs PPA for the 188 MW solar project; ETR TX signs PPA for solar resources in TX; and winter storm causes 600K power outages in MI.

Earnings Calendar

4Q22 earnings wrapping up: PNW and **SRE** are scheduled to report this week. Our recently published 2023 Outlook includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

4Q22 Utilities Earnings Calls			
Company Name	Ticker	Date	Time (ET)
Pinnacle West Capital Corp	PNW	2/27/2023	11:00 AM
Sempra Energy	SRE	2/28/2023	12:00 PM

Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

We are not watching any items on the regulatory calendar this week.

Recent Developments for Companies Under Our Coverage

From our midweek: AY announces that it is embarking on a strategic review; the NY PSC postpones evidentiary hearings while NYSEG and RGE continue settlement discussions; the MD governor nominates two to the MD PSC; DUK partners with Daimler and Electrada to develop a micro-grid integrated EV charging center; the EPA restores 2012 Mercury and Air Toxic Standard rule for generators; FERC approves PJM's proposed rule change for the pending capacity auction; ETR requests a waiver for certain MISO seasonal capacity requirements, and VA legislature moving ahead on bills related to utility rate-making.

EXC — BG&E files Multiyear Rate Plans in MD: BG&E filed electric and gas multiyear rate plans in MD (Docket: C-9692) seeking a cumulative net increase of $602M. BG&E is seeking a net $313M electric rate increase and a $289M gas rate increase over 2024-2026. Both requests are premised on a 10.4% ROE and 52% equity. EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. The request includes a performance incentive mechanism with four performance metrics related to the state's policy goals. An MD PSC decision is expected by year-end, with new rates becoming effective in early 2024. In its first MYRPs in MD, BG&E received a cumulative $140M electric rate increase and $74M gas increase. The increases were premised on a 9.5% and 9.65% ROE, respectively. Both were approved for a 52% equity layer.

EXC — ACE files NJ GRC: ACE filed an electric rate case in NJ (Docket: ER23020091) seeking a net increase of $105M, premised on a 10.5% ROE and 50.2% equity. The main drivers of the request include recovery of investments to the distribution system and necessary investments for the utility to meet the targets set in NJ's Energy Master Plan. ACE also seeks recovery for higher interest rates, inflation, and storm costs. The NJ BPU is expected to issue an order by November 17. In its last rate case, ACE received a $41M revenue increase premised on a 9.6% ROE and 50.21% equity.

AEP — LA PSC approves settlement in AEP's LA rate case: The LA PSC issued an order approving the settlement between AEP, LA Staff, and other intervenors. AEP was authorized a $27M net revenue increase, premised on a 9.5% ROE. The settlement extends the formula rate plan for three years, from 2022-2024. The FRP provides for the authorized ROE of 9.5%, with the upper band set at 9.75% ROE and the lower band set at 9.25%. AEP initially filed the application in 2019 seeking a revenue increase of $134M premised on a 10.35% ROE and 50.8% equity, which the Company lowered to $114M to remove costs associated with Hurricanes Laura and Delta that will be recovered in a separate filing.

AGR — AGR submits brief in opposition to OPA's motion to dismiss MYRP and capital adjustment mechanism:

- AGR filed an opposition requesting the ME PUC to deny the OPA's motion to dismiss the Company's multiyear rate plan and capital adjustment mechanisms. AGR believes the plan and mechanisms are under the PUC's authority and should be thoroughly evaluated on record. If the MYRP and mechanisms were dismissed, it would represent a significant waste of time given the amount of time dedicated to the rate case at this point and likely result in CMP filing a new rate case sooner than expected.
- The OPA filed the motion to dismiss AGR's MYRP and capital adjustment mechanisms since it would result in unjust customer rates. Additionally, OPA notes that it would result in multiple rate increases and the utility overearning. OPA would like the rate case to be for a single-year revenue increase, similar to AGR's 2014 rate case when the Company also initially requested a multiyear plan. As a reminder, the OPA did not calculate the required revenue but recommended a $25.3M reduction to AGR's request in RY1 and an 8.79% ROE and 47% equity layer. The OPA also recommended that the Commission allow AGR only a single-year rate increase.
- In rebuttal testimony, AGR updated its revenue requests lowering the cumulative requested revenue increase to $94.9M ($43.5M in RY1, $27.7M in RY2, and $23.7M in RY3), compared to the original $101.8M ($51.2M in RY1, $27.6M in RY2, and $23.0M in RY3). AGR maintained a 10.2% ROE and 50% equity. Adjustments included higher forecasted sales in RY1 and other revenue items. In December, Staff recommended a 9.0% ROE and maintained CMP's 50% equity layer request while raising concerns regarding CMP's $590M forecasted capital plan for 2023-2025 and the capital adjustment mechanism. Evidentiary hearings are set to begin May 16, and AGR requests rates to become effective August 1, 2023. The last rate case in ME was authorized at an 8.25% ROE and 50% equity layer. The ROE included a 100 bps penalty that was recently removed.

D - VA legislators and governor reach a broad-based compromise with reference to the state's utility regulatory framework.

What happened? VA legislature and the governor's office have reached a near-unanimous compromise outcome that will define D's (and AEP's) regulatory framework in the state. The legislative solution will mark a "reset" for Dominion's VA utility and will help the Company formulate its overall corporate restructuring strategy. We provide key elements of the proposed legislation below. See bill text here: HB 1770; SB 1265.

- Both houses have agreed to set the ROE at 9.7% for two years. After that, the SCC will have the authority to set ROE. Currently, D has an authorized 9.35% ROE with a +/- 70 bps dead band; however, the most recent triennial review showed D in the material over-earnings position relative to the authorized level. The rationale for the higher ROE for the first two years is to provide D with enough earnings to be able to secure attractive debt financing to shore up its credit metrics as it seeks capital to build new generations and also to give it time to stabilize its earning profile before the SCC takes charge.
- The bill changes the thresholds for earnings sharing—with D allowed to retain 15% of excess earnings beyond the 70 bps in the upcoming rate case, vs. the prior allowance for keeping 30%. The bill also removes the current complex legislative framework where even though there was a provision for 70% of excess earnings to be returned to ratepayers, there was also a cap on customer refunds at $50M (via the Grid Transformation and Security Act) and it let the utility apply over-earnings toward renewable and grid transformation projects in lieu of refunds (CCRO or customer credit reinvestment offset). It appears that the new bill would leave the ROE band in place but put rate reductions at the discretion of the SCC.
- The bill will allow for biennial rate filings vs. the current triennial; the first filing is expected in the summer of 2023.
- ~$350M of rider-based rate recovery will be folded into base rates.
- D can issue $1.6B in fuel cost recovery-related securitization bonds with a 10-year period.
- The final bill removes the language that altered the plant closure schedule set by the VA Clean Energy Act but instead affords power to the SCC to monitor grid reliability when approving generation retirements.

What are the implications for D? As a result of the bill implementation, Dominion will likely see ~$350M in revenue reduction at VEPCO at the time of the implementation, creating the need for balance sheet repair. The Company is amid the strategic review, which we discussed at length in our Utilities 2023 Sector Outlook.

What comes next? The legislative session ended on Saturday (February 25), and the governor has until March 27 to sign the legislation. Strong support from multiple parties, including the governor (see statements here), indicates that the bill is likely to become law. On the SCC front, there appears to be little progress toward filling two vacant seats (the SCC currently has only one commissioner and is below the two-seat minimum needed to operate). Given its newly reacquired powers, the selection of the remaining commissioners bears a close watch.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

CNP — TX state senator supports CNP's TEEEF procurement; CNP files reply to exceptions:

- TX Senator Phil King filed a letter to the commission requesting it reject the ALJ's PDa and endorsing that CNP acted prudently to procure the required temporary emergency electricity energy facilities (TEEEF) to support the TX grid in the event of a widespread load shed event similar to Winter Storm Uri. Senator King was one of the authors of HB 2483 (a bill that allows transmission and distribution utilities to secure temporary emergency electricity to aid in power restoration during a widespread outage).
- CNP filed a reply to the TCPA's exception and requested the PUCT reject the exceptions as its process resulted in the lowest cost bid. TCPA filed its exceptions in response to the ALJ's PD, arguing that CNP's bidding process used faulty data to select the winning bidder, which resulted in unreasonable costs.
- As a reminder, the TX ALJ issued a PD recommending the PUCT deny CNP's request to recover $200M for TEEEF lease payments and operating costs, deeming it imprudent. The ALJ posits that CNP leased substantially more mobile generation capacity (~500 MW) than was reasonable or necessary and failed to establish the reasonableness of its decision. According to the agreement, CNP can terminate the leases based on an adverse outcome from the commission.

D — VA legislation related to the development of offshore wind capacity passes both houses: An amended version of SB 1477 was approved by the House and Senate and will head to the governor's desk. The bill allows D to establish an offshore wind affiliate to secure a non-controlling equity financing partner for offshore wind projects. The bill also states that any gain on the utility's cost basis for the project will revert to ratepayers through a RAC credit mechanism and includes language whereby the affiliate could construct, own, and operate the project and be entitled to cost recovery as a public utility. Dominion is constructing a $2.6 GW, $10B offshore wind project as a regulated investment in VA. The bill appears timely, given D's business review and potential asset restructuring. If D decides to divest a portion of the CVOW project, it could reduce or eliminate the need for other asset sales to offset potential balance sheet dilution from an anticipated restructuring of the VA rate-making framework (see our note here). Given the risks outlined for offshore wind development above, this approach would likely receive positive feedback. The VA legislative session, which commenced on January 11, adjourned on February 25.

AEP, D — VA bill for shared solar programs for ApCo customers fails in assembly: Proposed bill SB 1083 failed as the 2022 VA legislative session ended. The bill proposed adding Phase 1 utilities, including AEP's ApCo, customers to participate in a shared solar program similar to D customers. The 2020 legislative session established a Shared Solar Program for D customers. The program is limited to 150 MW (extendable to 200 MW under certain conditions). Under the legislation, third-party groups develop community solar facilities, sign up interested customers, and sell the power to the utility. Participating customers get a bill credit from D in proportion to the power generated by the facility.

AGR, ES — CT bill related to offshore wind compensation fund receives hearing: The CT Energy and Technology Committee held a hearing for proposed bill HB 5223 last week. The bill requires offshore wind energy developers to create a fund to compensate for adverse impacts on fisheries and the marine environment or does not deliver on creating as many jobs as agreed to in the contracts. The bill has bipartisan support and is similar to a 2020 proposed bill. The CT legislative session, which commenced on January 4, is scheduled to adjourn on June 7.

AEP — AEP signs PPA for the 188 MW solar project: AEP's subsidiary AEP Energy Partners and Lightsource BP signed a PPA for the 188 MW Honeysuckle Solar Farm. Lightsource BP will build, own, and operate the project. AEP Energy Partners will receive the output once it enters service. Construction began on the project and is expected to enter service in 2024.

ETR — ETR TX signs PPA for solar resources in TX: ETR TX and Longroad Energy signed a 20-year PPA for the 150 MW Umbriel solar project. The project is the first solar resource to come online for ETR TX and will allow C&I customers to participate in the Green Future Option tariff. The tariff is awaiting PUCT approval. Construction on the project recently commenced and is expected to enter service by the end of 2023.

CMS, DTE — Winter storm causes 600K power outages in MI: Winter weather across the Midwest and MI included an ice storm that damaged trees and utility lines. At the peak, more than 600K MI customers were without power. DTE and MI customers were working to restore power by Sunday.

Earnings Recap

EIX — EIX reported 2022 results ahead of expectations and reiterated the 5-7% EPS CAGR through 2025, with a 2025 EPS range of $5.50-$5.90. 2023 growth will, however, be muted as higher interest costs on the wildfire claims balance eats into normal rate base growth — and making the long-term CAGR leveraged to 2024/25. That said, there is progress in putting the wildfire claims issue to rest with the first cost recovery filing planned for 3Q23. Management has also made strides in reducing the risk from wildfires through its multi-year covered conductor deployment program, which has reduced the need for PSPS. See our note here.

AEP — AEP posted 4Q results ahead of guidance and consensus estimates, while maintaining 2023 guidance and its 6-7% long-term EPS growth rate. The earnings results were overshadowed by the Company's announcement last night that it reached an agreement

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

to sell 100% of its commercial renewable business. The announced sale in tandem with the refiling of its FERC 203 application for the KY Power sale have the ability to strengthen the balance sheet and reduce future equity needs. See our note here.

DTE — DTE reported results at the high end of the guidance range and above our and consensus estimates. Management reiterated the 2023 EPS outlook of $6.09-$6.40 with a bias toward the midpoint as it plans to implement a series of cost management initiatives to offset the recent sub-optimal electric GRC outcome while still meeting the previously provided EPS guidance. Proceedings in the IRP bear watching as staff and intervenor testimony is scheduled for March. The initial response to the filing appears constructive. Also, on tap for the coming months are proceedings in the electric GRC where DTE is seeking a $619M rate increase. Management expressed interest in reaching settlements in both proceedings, and we expect these to drive news flow in the near term. See our note here.

AGR — AGR reported an in-line quarter and provided a 2023 EPS outlook while reiterating a 6-7% EPS growth rate through 2025. What remains unclear is the contribution from the core business in the earnings cadence vs. one-off events, including historical and anticipated gains on sales. 2023 EPS guidance of $2.20-$2.35 includes a $0.30 contribution from PNM, which we are not factoring in as yet, thus implying a downside to our forecast of $2.29. On operations, there are several items to watch, including the NECEC trial in April, follow-through on the Commonwealth Wind PPA termination and AGR's plan to participate in the next MA wind solicitation, and negotiations with stakeholders regarding the Park City PPA, as well as the onshore capital recycling initiatives. See our note here.

AVA — AVA reported 4Q results above consensus and the high-end of its guidance range, as the Other segment benefited from a fair market value adjustment for one of AVA's investments. The Company maintained 2023 guidance, including $0.04-$0.06 for the Other segment. AVA will likely continue to experience a significant regulatory lag in 2023 until a new WA rate case filing goes into effect sometime in 2025. See our note here.

PEG — PEG reported an in-line quarter, maintained the midpoint of 2023 guidance (narrowing the range), and reiterated the 5-7% long-term growth rate. We expect a long-term strategy discussion at the March 10th analyst day, even though PEG has simplified its story materially over the last couple of years. The next data points relate to monetization of the offshore acreage and the expected proceeds (including the use of proceeds likely towards the regulated business), potential investment to lengthen and strengthen the life of the nuclear assets, and additional steps to mitigate pension volatility. We also expect some initial color on the upcoming NJ rate case. See our note here.

CNP — CNP continues to deliver on its EPS growth targets and reported EPS in line with the midpoint of guidance despite higher debt service costs and an O&M pull forward. Management reiterated the short-term and long-term EPS growth CAGR of 6-8% (8% in the short term), the capex plan through 2030, and the commitment to fund the growth without external equity issuance. See our note here.

NWE — NWE posted 4Q22 results below our and consensus estimates, as the Company continues to be pressured from higher power costs in the region, O&M, and inflation. NWE is working to reduce its exposure to power markets and the mechanisms in the MT GRC will be instrumental in adding new generation and allowing timely recovery of power costs. We expect an outcome in the near term, and the upcoming MT IRP filing is another near-term catalyst. Constructive outcomes in both filings will validate our thesis around the long-term investment opportunity to fuel rate base growth. See our note here.

ED — ED reported an in-line quarter with EPS of $0.81, compared to a consensus of $0.80. ED also introduced 2023 EPS guidance and maintained its long-term growth rate rebased on 2023. The biggest announcement was that ED reached a settlement in its 2022 CECONY electric and gas rate cases, although we believe ED will find it challenging to achieve its long-term growth rate. See our note here.

SO — SO reported an in-line quarter for 4Q22, while providing relatively flat guidance for 2023 and lowering its 2024 guidance range, which was consistent with our expectations. Additionally, SO further delayed Vogtle Unit 3 and extended the window for Vogtle Unit 4. The delays and associated rate impacts and carrying costs have contributed to lower guidance for 2023 and 2024 vs. previously communicated figures. Longer term, SO maintained its growth rate and refreshed its five-year capital plan, highlighting the significant capital opportunity ahead. See our note here.

CEG — CEG reported an above-forecast EBITDA for 2022 and provided constructive guidance for 2023. More importantly, the Company laid out a capital allocation strategy, which is a combination of organic growth opportunities (including a significant investment in clean hydrogen), share buybacks, and a doubling of the dividend, while still retaining dry powder should attractive M&A opportunities arise. We view this approach to capital allocation as prudent, especially as the investment opportunities from the IRA are still emerging. Higher for longer power prices provide CEG with the internal resources to pursue organic growth while being protected on the downside by the nuclear PTC enshrined in the IRA. See our note here.

ETR — ETR reported results in line with consensus estimates and reaffirmed its long-term outlook, including 2023 EPS guidance. SERI proceedings continue to be an overhang, even though the management is hopeful for a resumption of settlement talks with the regulators outside of MS, which were stalled by the December 2022 order by the FERC. Outside SERI issues, the Company continues

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

with an active regulatory schedule as it is seeking a settlement in the TX GRC and is proceeding with its LA and NO grid resiliency filings. See our note here.

POR — POR reported a slight 4Q miss and released 2023 guidance pointing at lower y/y earnings at the midpoint, which was not a surprise given the well-understood 2023 headwinds from equity dilution. More importantly, the Company reaffirmed its 5-7% long-term growth target, describing 2023 as a transition year, and provided a bullish illustrative RB growth scenario with the impact of potential future RFP wins. Our quick math suggests that a successful execution on the upside scenario could translate into a >7.5% EPS CAGR through 2027, arguably making POR one of the most attractive names in the SMID peer group. With that said, given POR's in-line valuation at present, and multiple assumptions embedded in the upside scenario, we are inclined to wait for a more attractive entry point and/or further clarity on the RFP wins and capital plan. See our note here.

AEE — AEE reported 2022 results at the high end of guidance and maintained the long-term EPS CAGR of 6-8%. 2023 guidance of $4.25-$4.45 is in line with the 6-8% growth projection. Management also provided a 2023-2027 capex plan of $19.7B, +2.4B from the previous 2022-2026 plan. We expect the capex trend to remain elevated for AEE as it invests in the MISO LRTP and MO's clean energy transition. Also higher are anticipated equity needs, with AEE now expecting $500M of annual equity issuances vs. $300M prior. Overall, we view AEE as a steady and predictable utility with meaningful capex upside to support the rate base growth targets and 6-8% EPS growth projections. 2023 is likely to be dominated by MO and IL rate proceedings. See our note here.

OTTR — OTTR reported EPS of $1.00 vs. our estimate of $0.83 and introduced 2023 guidance in line with the Street. The Plastic and Manufacturing segments are both expected to see step-downs as levels normalize and OTTR shifts toward its long-term earnings mix. OTTR is preparing to file its amended IRP to incorporate recent developments and will likely file an updated capital plan shortly after. OTTR maintained its long-term growth rate of 5-7%. See our note here.

FE — FE reported below-consensus 4Q results, which still put it in the upper half of its FY22 guidance. Strong 2022 allowed the Company to pull forward enough O&M to fully offset pension headwinds in 2023, and as a result, FE issued 2023 guidance ahead of consensus estimates and within its long-term earnings growth rate. Importantly, the Company continues to outline the path to improved earnings quality moving forward and has established a 60-70% dividend payout policy, which should return its dividend back to the growth trajectory (and consistent with our model). The new CEO announcement should be the next near-term catalyst to watch for, and FE's regulatory schedule will remain active in 2023-2024. See our note here.

EXC — EXC reported an in-line quarter as ComEd results benefited from higher ROE (linked to 30-year Treasuries). Management provided clarity on the multiyear 6-8% EPS growth rate with 2023 to be below that range as several multiyear rate plans are built into the EPS trajectory. Long term, EXC reiterated a target of a 6-8% EPS CAGR through 2026 with a bias to the midpoint or higher. We expect the inaugural IL MYRP to be the biggest item to watch in 2023 as the outcome will define the EPS outlook to a meaningful extent. Management also rolled capex by a year, with the new four-year total of $31.3B higher than the prior by $2.3B, mostly to incorporate higher spending at ComEd. See our note here.

ES — ES reported a mostly in-line quarter and provided guidance that is also mostly in line with expectations. There is no change to the EPS CAGR of 5-7% with the bias retained toward the high end. Management outlined a capex plan for $21.5B for the 2023-2027 period, which is $3.3B higher than the prior five-year plan for 2022-2026 and takes into consideration the sale of the offshore wind assets and the subsequent loss of any contribution from those assets. The sale of the offshore wind projects and acreage is taking longer than planned and management now expects a decision by 2Q with a closing likely in the 2H. While interest remains robust, the timeline for an outcome has certainly stretched, and it could be a function of the evolving offshore wind-related cost environment, a wait-and-see approach for final IRS rulings on the provisions of the IRA, and even the volatile rate environment. See our note here.

DUK — DUK reported a strong quarter with EPS of $1.11 vs. our consensus-matching estimate of $1.07, as the Company continues to benefit from strong volume growth and ongoing cost savings. DUK maintained its 2023 EPS guidance and long-term EPS growth rate, although the Company saw a slight shift in the commercial renewables sales timeline. We do not believe the delay will have a material impact on near-term earnings, and we continue to like the pro forma portfolio that includes a strong capital plan that will fuel long-term EPS and rate base growth. See our note here.

D — D reported a 4Q headline number that was in line with the midpoint, but the impairment of the solar assets made the results somewhat noisy as did other YE adjustments. More importantly, we are getting a glimpse of what a new regulatory regime may look like in VA as multiple bills move through the legislature. The de-emphasis of the contracted solar portfolio may be step one of the strategic review, but there is a lot more to come, in our opinion. We outlined various scenarios that the strategic review can take, but ultimately, we believe that investors will need to see a clear path to a "new" Dominion, even as the stock appears inexpensive on a pro forma basis. See our note here.

WEC — WEC reported another above consensus/above guidance quarter and maintained the 2023 outlook and the 6.5-7% long-term EPS growth rate. We continue to view WEC as a top-tier utility with an extended runway for growth as coal retirements in WI create opportunities for renewables capex deployment and the recent WI rate case outcomes de-risk the 2023 outlook. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

CMS — CMS reported an in-line quarter and raised its 2023 EPS guidance by $0.01 at the midpoint. The guidance is in line with our forecast and consensus. As was expected, the Company rolled the five-year capex plan to 2023-2027, adding $1.2B vs. the prior plan (+$400M net of Covert). Also, management raised the anticipated equity issuance from up to $250M per year in the outer years of the capex plan to up to $350M—partly to fund the higher capex and to maintain financial flexibility. We expect management to be systematic in the equity raises via an ATM program. CMS's results and outlook show consistency in execution and the resulting stability in outcomes. See our note here.

XEL — XEL reported 4Q and 2022 EPS of $0.69 and $3.17, respectively, which was in line with our expectations. The Company was able to offset O&M headwinds with solid sales growth and derisk 2023. XEL maintained its 2023 EPS and long-term growth rate, which was rebased on 2022 EPS guidance. Furthermore, XEL maintained its five- and 10-year capital plans, which continue to offer incremental opportunities. Rate case activity will continue at an elevated level in 1H23, and we believe XEL will be able to continue its ability to achieve constructive regulatory outcomes, providing us confidence in the Company's long-term execution. See our note here.

NEE — NEE reported another quarter aligned with guidance and expectations and extended the 6-8% EPS cadence by another year to 2026. Management remains biased toward delivering on the high end of the guidance range. While 2022 saw a slew of regulatory headwinds, especially for solar, the long-term benefits of the IRA should provide an extended period of growth for NEER, especially as it expands its portfolio beyond solar, wind, and storage to include green hydrogen projects and previously announced initiatives in RNG. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	3/6/2023	Settlement Conference
MT	NorthWestern Corp.	NWE	D-2022-7-78	Elec/Nat Gas	3/6/2023	Rebuttal Testimony Due
	Short-Term Energy Outlook	EIA			3/7/2023	STEO release
MI	DTE Electric Co.	DTE	U-21193	IRP	3/9/2023	Staff and Intervenor Testimony Due
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	3/9/2023	PUCT Open Meeting
KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	3/10/2023	Intervenor Testimony Due
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	3/13/2023	Surrebuttal Testimony
	CPI Release	BLS			3/14/2023	CPI release for Prior Month
	Federal Energy Reg Comm	FERC			3/16/2023	Open Meeting
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	3/16/2023	Intervenor Testimony Due
CA		CPUC	R2207005	Fixed Charges	3/17/2023	Concurrent opening testimony for proposals
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	3/24/2023	Staff and Intervenor Testimony Due
VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	3/24/2023	Intervenor Testimony

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
						Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	22.1	Sector Weight	NA	$84.37	2.8%	58%	4.05	4.34	4.65	20.8x	19.4x	18.1x	4.06	4.36	4.68	20.8x	19.3x	18.0x
AEP	American Electric Power Company Ir	46.6	Sector Weight	NA	$90.43	3.5%	63%	5.03	5.30	5.68	18.0x	17.1x	15.9x	5.02	5.29	5.64	18.0x	17.1x	16.0x
CMS	CMS Energy Corp	17.6	Sector Weight	NA	$60.42	3.0%	64%	2.89	3.11	3.36	20.9x	19.4x	18.0x	2.88	3.10	3.34	21.0x	19.5x	18.1x
CNP	CenterPoint Energy Inc	18.0	Sector Weight	NA	$28.57	2.3%	47%	1.40	1.49	1.61	20.4x	19.2x	17.7x	1.38	1.49	1.61	20.7x	19.2x	17.7x
D	Dominion Energy Inc	47.6	Sector Weight	NA	$57.00	4.7%	65%	4.06	4.29	4.37	14.0x	13.3x	13.0x	4.11	4.02	3.88	13.9x	14.2x	14.7x
DTE	DTE Energy Co	21.9	Sector Weight	NA	$113.00	3.2%	59%	5.94	6.25	6.69	19.0x	18.1x	16.9x	6.01	6.25	6.71	18.8x	18.1x	16.9x
DUK	Duke Energy Corp	74.6	Overweight	$112	$96.92	4.1%	75%	5.27	5.68	6.06	18.4x	17.1x	16.0x	5.29	5.64	5.99	18.3x	17.2x	16.2x
ETR	Entergy Corp	22.7	Sector Weight	NA	$107.31	3.8%	64%	6.43	6.70	7.24	16.7x	16.0x	14.8x	6.39	6.73	7.20	16.8x	15.9x	14.9x
ES	Eversource Energy	27.0	Sector Weight	NA	$77.38	3.3%	62%	4.07	4.38	4.67	19.0x	17.7x	16.6x	4.10	4.37	4.69	18.9x	17.7x	16.5x
ED	Consolidated Edison Inc	32.4	Underweight	$70	$91.26	3.5%	70%	4.57	4.75	4.68	20.0x	19.2x	19.5x	4.53	4.87	5.19	20.1x	18.7x	17.6x
EIX	Edison International	26.2	Sector Weight	NA	$68.63	4.1%	61%	4.54	4.82	5.15	15.1x	14.2x	13.3x	4.59	4.76	5.13	15.0x	14.4x	13.4x
EXC	Exelon Corp	41.6	Sector Weight	NA	$41.32	3.3%	61%	2.28	2.36	2.50	18.1x	17.5x	16.5x	2.26	2.36	2.50	18.3x	17.5x	16.5x
FE	FirstEnergy Corp	22.8	Overweight	$45	$39.80	3.9%	64%	2.46	2.37	2.65	16.2x	16.8x	15.0x	2.44	2.51	2.68	16.3x	15.8x	14.9x
PEG	Public Service Enterprise Group Inc	30.5	Sector Weight	NA	$61.15	3.5%	63%	3.45	3.45	3.59	17.7x	17.7x	17.0x	3.46	3.45	3.72	17.7x	17.7x	16.4x
SO	Southern Co	70.3	Sector Weight	NA	$64.56	4.2%	75%	3.58	3.64	3.97	18.0x	17.7x	16.3x	3.58	3.62	4.04	18.0x	17.8x	16.0x
WEC	WEC Energy Group Inc	28.7	Overweight	$103	$91.02	3.2%	66%	4.45	4.62	4.91	20.5x	19.7x	18.5x	4.39	4.61	4.90	20.7x	19.8x	18.6x
XEL	Xcel Energy Inc	36.3	Overweight	$75	$65.81	3.0%	62%	3.17	3.36	3.56	20.8x	19.6x	18.5x	3.16	3.37	3.61	20.8x	19.5x	18.3x
					Average:	**3.5%**	**64%**				**18.4x**	**17.6x**	**16.6x**				**18.5x**	**17.6x**	**16.5x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AVA	Avista Corp	3.1	Underweight	$32	$41.43	4.2%	94%	1.88	2.34	2.44	22.0x	17.7x	17.0x	1.88	2.31	2.45	22.0x	17.9x	16.9x
NWE	NorthWestern Corp	3.4	Overweight	$62	$57.73	4.4%	77%	3.23	3.48	3.64	17.9x	16.6x	15.9x	3.28	3.47	3.61	17.6x	16.6x	16.0x
OTTR	Otter Tail Corp	2.9	Sector Weight	NA	$70.93	2.3%	25%	6.60	3.85	3.45	10.7x	18.4x	20.6x	6.62	3.94	3.44	10.7x	18.0x	20.6x
PNW	Pinnacle West Capital Corp	8.3	Underweight	$55	$73.38	4.6%	80%	4.29	4.15	4.61	17.1x	17.7x	15.9x	4.28	4.14	4.63	17.2x	17.7x	15.8x
POR	Portland General Electric Co	4.3	Sector Weight	NA	$48.57	3.7%	65%	2.76	2.65	2.90	17.6x	18.3x	16.7x	2.75	2.67	3.04	17.7x	18.2x	16.0x
					Average:	**3.9%**	**68%**				**17.1x**	**17.7x**	**17.2x**				**17.0x**	**17.7x**	**17.1x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AGR	Avangrid Inc	15.6	Underweight	$36	$40.42	4.4%	76%	2.33	2.29	2.43	17.3x	17.7x	16.6x	2.31	2.24	2.38	17.5x	18.1x	17.0x
NEE	Nextera Energy Inc	144.9	Overweight	$93	$72.92	2.3%	59%	2.90	3.08	3.32	25.1x	23.7x	22.0x	2.88	3.10	3.36	25.3x	23.6x	21.7x
SRE	Sempra Energy	48.8	Sector Weight	NA	$155.28	2.9%	51%	8.85	8.99	9.56	17.5x	17.3x	16.2x	8.87	9.00	9.62	17.5x	17.2x	16.1x
					Average:	**3.2%**	**62%**				**20.0x**	**19.5x**	**18.3x**				**20.1x**	**19.6x**	**18.3x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
CEG	Constellation Energy Corp	25.9	Overweight	$99	$79.27	0.7%	33%	(0.10)	3.98	4.60	NA	19.9x	17.2x	1.70	3.84	4.68	46.5x	20.6x	16.9x
NRG	NRG Energy Inc	7.7	Not Covered	NA	$33.60	4.2%	26%	NA	NA	NA	NA	NA	NA	5.46	5.55	6.05	6.2x	6.1x	5.6x
VST	Vistra Corp	8.9	Not Covered	NA	$22.36	3.3%	103%	NA	NA	NA	NA	NA	NA	0.72	2.65	2.91	31.0x	8.4x	7.7x
					Average:	**2.7%**	**54%**				**NA**	**19.9x**	**17.2x**				**27.9x**	**11.7x**	**10.1x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

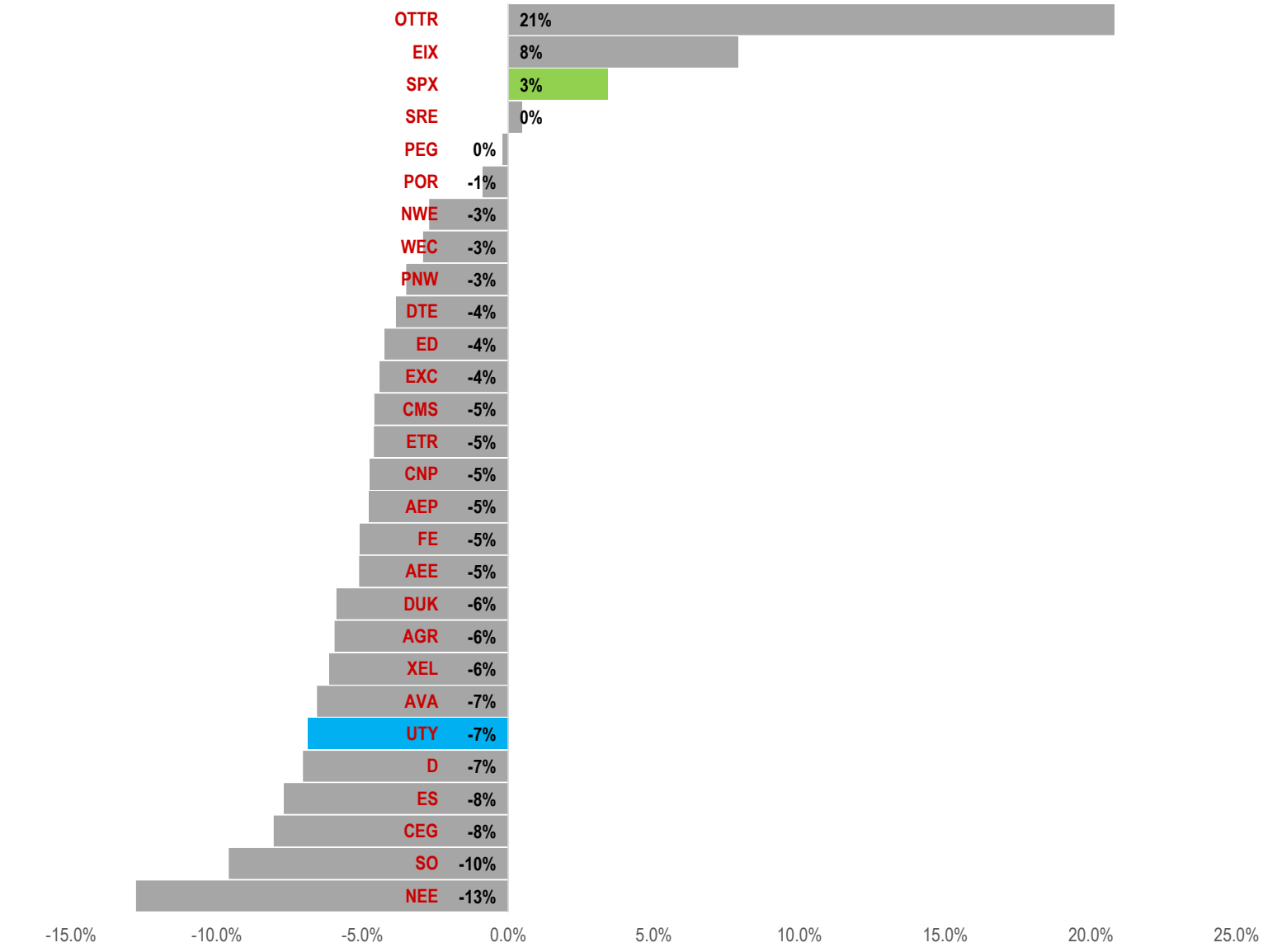

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

ENPH: Notes from the Headquarters Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	255	47.84	38	14.90
Sector Weight [SW]	270	50.66	39	14.44
Underweight [UW]	8	1.50	3	37.50

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	44.44	7	29.17
Sector Weight [SW]	26	48.15	11	42.31
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

EXELON CORP (EXC)

EXC: Story gets solid EXChange rate abroad; mgmt mtgs

February 26, 2023

Rating:
Outperform
Price:
$41.32
Price Target:
$45.00
% Upside:
8.9%

View EXC Model
View Comp Table

Company Information

52-Week Range	$36 - $50
Market Cap. (MM)	$41,077
Enterprise Value (MM)	$79,860
Shares Out. (MM)	994.1
Avg. Value Traded (MM)	$244.64
SI% of Float	1.0%



Source: FactSet

Priced as of 02/24/23



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

The Wolfe Byte

EXC took its story abroad for meetings with Australian-based investors. EXC has a busy year but will then have 3-4 yrs of certainty to deliver on its 6-8% EPS growth. EXC stock trades at over a half-turn discount. We see it getting to at least a half-turn premium. Outperform

Meetings with mgmt; solid communication; busy 2023 shapes LT certainty. We recently hosted virtual meetings with EXC mgmt and Australian-based investors. Our main takeaways are that mgmt is effectively communicating its 6-8% EPS growth story; the IL and MD regulatory cases this year will set up 3-4 years of certainty in the majority of EXC's business; and there is another $2B of upside to EXC's 5yr plan. The stock is beating the UTY by 245bp YTD but still trades at a 0.7x discount to peers on 2025E. We think a 0.5x premium is reasonable this busy regulatory year, given EXC is a mostly decoupled T&D utility with above-avg RB/EPS growth. But if those cases go well, we think EXC could ultimately trade closer to the high-quality, low-risk utilities that are at 1-1.5x premiums.

ComEd and BG&E MYPs key regulatory cases; no major concerns. EXC has ComEd's first 4-yr rate case in IL and both BG&E reconciliations filings and its second MYP in MD. For ComEd distribution (~25-30% of RB), intervenor testimony is on 5/18 and a decision by 12/20. For BG&E (~15-20%), decisions are expected by YE23. We don't see major concerns early in the cases, with ROEs expected to be one contested item. In IL, regulators have authorized gas utilities 9.6-9.8% ROEs. ComEd can also earn up to 32bp ROE incentives.

Upside to capital plan. EXC identified about $2B of capex (roughly half transmission) that it left out of its $31B capital plan. We view that as potential upside within 2023-26. Longer term, IRA is expected to facilitate electrification, which should be a tailwind.

No new equity, asset or minority interest sales. EXC repeated that its FFO/Debt target of 13-14% in 2023-26 continues to assume a $200M cash hit from the AMT. If the IRS allows the repairs & maintenance deduction to be treated like accelerated D&A, then EXC's FFO/D is closer to 14% than 13%. EXC's equity needs are unchanged at $425M by 2025. EXC has no plans for asset or minority interest sales. M&A also is not on the table.

ESTIMATES

($)	2023E	2024E	2025E
EPS FY	2.37 E	2.51 E	2.76 E
Cons.	2.36 E	2.51 E	2.72 E
P/E	17.4x	16.5x	15.0x

Source: Company Documents, Wolfe Research, FactSet
Numbers may not add up due to rounding; Fiscal Year Ends December

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 26, 2023

Investment Conclusion

We believe EXC is a low-risk utility stock. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%, driven by ~8% rate base growth. We think the stock hit last year on IRA and nonlinear EPS growth was overdone. We think the messaging and conviction on its LT outlook will be well-received. And we see the stock over time trading in line with the low-risk, high-quality utilities. This year, focus will be on a first multiyear rate case in IL, as well as a second multiyear filing in MD and reconciliations of the first MD/BGE multiyear case. Those are expected to add more certainty to an otherwise low-risk utility story.

Valuation

Our $45PT is based on a half-turn premium to our utility group P/E of 16x 2025E.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 26, 2023

Relative stock performance and Comps

As shown in Exhibit 1, EXC is off its bottom relative to peers, but it still has room to go. EXC trades at a roughly half-turn discount to regulated peers on 2025E; see Exhibit 2.

Exhibit 1: EXC Relative Performance vs. Large-Cap Utilities

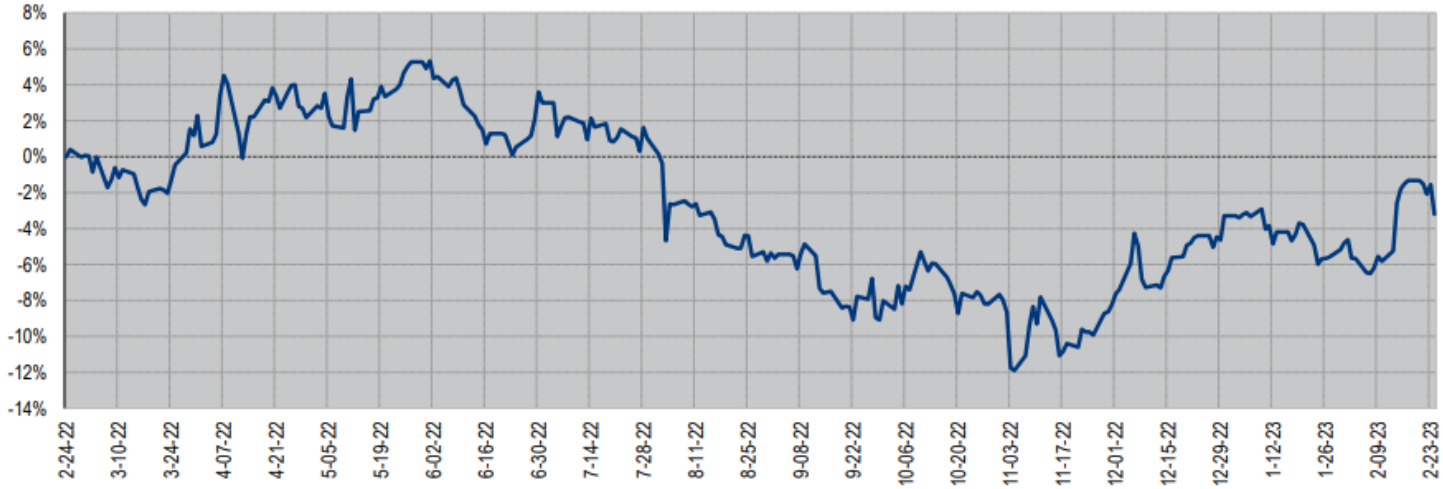

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 26, 2023

Exhibit 2: Regulated Utility Comps

Company Name	Ticker	Current Price	Current Shares	Mkt Cap ($M)	P/E 2022E	P/E 2023E	P/E 2024E	P/E 2025E	Div Yield	Div Growth (E)	Payout Ratio	Price/ Book
AES Corp.	AES	$25.32	668	$16,912	15.3x	14.3x	13.3x	12.1x	2.5%	5.0%	38%	6.6x
Alliant Energy	LNT	$52.72	251	$13,234	18.9x	18.2x	17.1x	16.1x	3.2%	6.2%	61%	2.1x
Ameren	AEE	84.37	262	22,107	20.4x	19.3x	17.9x	16.8x	2.8%	7.3%	57%	2.1x
American Electric	AEP	90.43	514	46,469	17.8x	17.1x	16.1x	15.1x	3.5%	6.0%	62%	1.9x
Avangrid	AGR	40.42	387	15,628	17.4x	19.8x	19.2x	17.4x	4.4%	0.0%	76%	0.8x
CenterPoint Energy	CNP	28.57	630	17,993	20.7x	19.2x	17.7x	16.4x	2.5%	7.7%	51%	1.9x
CMS Energy	CMS	60.42	291	17,598	21.0x	19.5x	18.1x	16.8x	3.0%	5.7%	64%	2.6x
Con Edison	ED	91.26	355	32,401	20.0x	18.8x	17.3x	16.6x	3.5%	1.9%	69%	1.6x
Dominion	D	57.00	835	47,606	13.9x	15.1x	15.8x	14.8x	4.7%	0.0%	65%	1.8x
DTE Energy	DTE	113.00	206	23,243	18.8x	18.0x	16.9x	15.8x	3.2%	7.5%	60%	2.4x
Duke Energy	DUK	96.92	770	74,634	18.4x	17.2x	16.3x	15.3x	4.1%	2.0%	76%	1.6x
Edison International	EIX	68.63	382	26,208	15.0x	14.6x	13.7x	12.4x	4.1%	5.7%	61%	1.9x
Emera*	EMA	54.64	268	14,660	18.4x	17.0x	16.1x	15.4x	4.9%	4.0%	90%	1.5x
Entergy	ETR	107.31	203	21,836	16.7x	15.9x	14.9x	13.9x	4.0%	6.0%	67%	1.8x
Evergy	EVRG	60.63	230	13,917	16.4x	16.7x	15.1x	14.2x	3.8%	7.0%	63%	1.4x
Eversource Energy	ES	77.38	348	26,966	18.9x	17.8x	16.6x	15.5x	3.3%	5.8%	62%	1.7x
Exelon	EXC	41.32	994	41,077	18.3x	17.4x	16.5x	15.0x	3.3%	7.0%	60%	1.7x
FirstEnergy	FE	39.80	572	22,775	16.5x	15.7x	14.6x	13.9x	3.9%	0.0%	65%	2.2x
Fortis*	FTS	54.80	482	26,425	19.9x	18.5x	17.7x	17.1x	4.0%	4.5%	79%	1.4x
NextEra Energy	NEE	72.92	1,987	144,928	25.5x	23.6x	21.6x	20.0x	2.3%	10.0%	59%	3.7x
NiSource	NI	27.82	406	11,299	18.9x	17.6x	16.6x	15.4x	3.4%	5.6%	64%	1.9x
OGE Energy	OGE	37.03	200	7,414	16.2x	18.5x	17.5x	16.6x	4.4%	1.6%	72%	1.7x
PG&E	PCG	15.78	1,988	31,366	14.4x	13.1x	11.9x	10.8x	0.0%	N/A	0%	1.4x
Pinnacle West	PNW	73.38	113	8,302	17.1x	18.6x	16.0x	15.3x	4.7%	2.2%	80%	1.3x
Portland General	POR	48.57	89	4,338	17.7x	18.1x	16.2x	15.4x	3.7%	5.3%	65%	1.6x
PPL Corp.	PPL	27.69	737	20,399	19.7x	17.5x	16.1x	15.0x	3.3%	6.5%	64%	1.5x
PSEG	PEG	61.15	499	30,511	17.6x	17.7x	16.7x	15.0x	3.5%	5.9%	62%	2.2x
Sempra	SRE	155.28	314	48,810	17.2x	17.4x	16.2x	15.3x	3.1%	8.0%	54%	1.9x
Southern Company	SO	64.56	1,089	70,300	17.9x	17.9x	16.0x	15.0x	4.2%	3.8%	75%	2.3x
WEC Energy Group	WEC	91.02	315	28,711	20.7x	19.8x	18.5x	17.3x	3.2%	7.4%	66%	2.5x
Xcel Energy	XEL	65.81	547	36,014	20.8x	19.6x	18.2x	17.1x	2.9%	6.0%	61%	2.2x
Average					**18.3x**	**17.7x**	**16.5x**	**15.4x**	**3.5%**	**5.1%**	**63%**	**2.0x**
Average (ex EIX & PCG)					**18.5x**	**18.0x**	**16.8x**	**15.7x**	**3.6%**	**5.0%**	**65%**	**2.1x**

Source: Wolfe Utilities & Power Research, FactSet

*Current price shown in CAD

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 26, 2023

Exelon Corp. Snapshot

Exhibit 3: Financial Summary

Financial Summary	2023E	2024E	2025E
EPS	$2.37	$2.51	$2.76
Consensus EPS	$2.37	$2.52	$2.73
Dividends Per Share	$1.44	$1.55	$1.65
Payout on Utility net Parent	61%	62%	60%
Equity ratio	48%	47%	47%
FFO/Net Debt	15%	14%	15%
Diluted Shares Outstanding	998	1,002	1,006
Valuation Metrics			
P/E	17.4x	16.5x	15.0x
Dividend Yield	3.5%	3.7%	4.0%
Segment EPS	**2023E**	**2024E**	**2025E**
ComEd	1.00	1.09	1.16
PECO	0.55	0.55	0.70
BGE	0.46	0.49	0.52
Pepco	0.69	0.73	0.77
Parent	(0.33)	(0.36)	(0.38)
Total EPS	**$2.37**	**$2.51**	**$2.76**
Realized ROE by Utility			
ComEd	9.9%	9.9%	9.9%
PECO	9.2%	8.5%	9.9%
BGE	9.7%	9.6%	9.5%
Pepco	9.7%	9.6%	9.6%
Average Rate Base ($M)	$53,753	$57,791	$61,892

Source: Wolfe Utilities & Power Research

Exhibit 4: Modeling Assumptions

Assumptions	2023E	2024E	2025E
Capex by Segment ($M)			
ComEd	$2,550	$2,575	$2,650
PECO	1,350	1,550	1,600
BGE	1,325	1,375	1,400
Pepco	1,825	1,950	1,900
Parent/other	0	0	0
Total EXC Capex	**$7,050**	**$7,450**	**$7,550**
EXC			
Equity Issued/(Repurchased)	$167	$167	$167
Debt Issued/(Repurchased)	2,575	2,550	2,450

Source: Wolfe Utilities & Power Research

Exhibit 5: 2024 EPS by Subsidiary

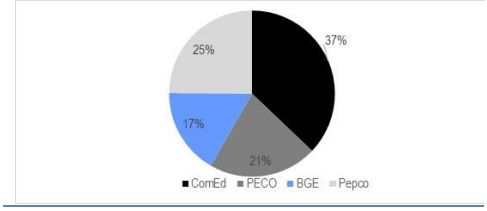

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with above average EPS growth. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%.

Valuation

Our $45 PT is based on a half-turn premium to our utility group average P/E of 16x 2025E. Risks are less capex, lower returns, less cash or more equity needs, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 26, 2023

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

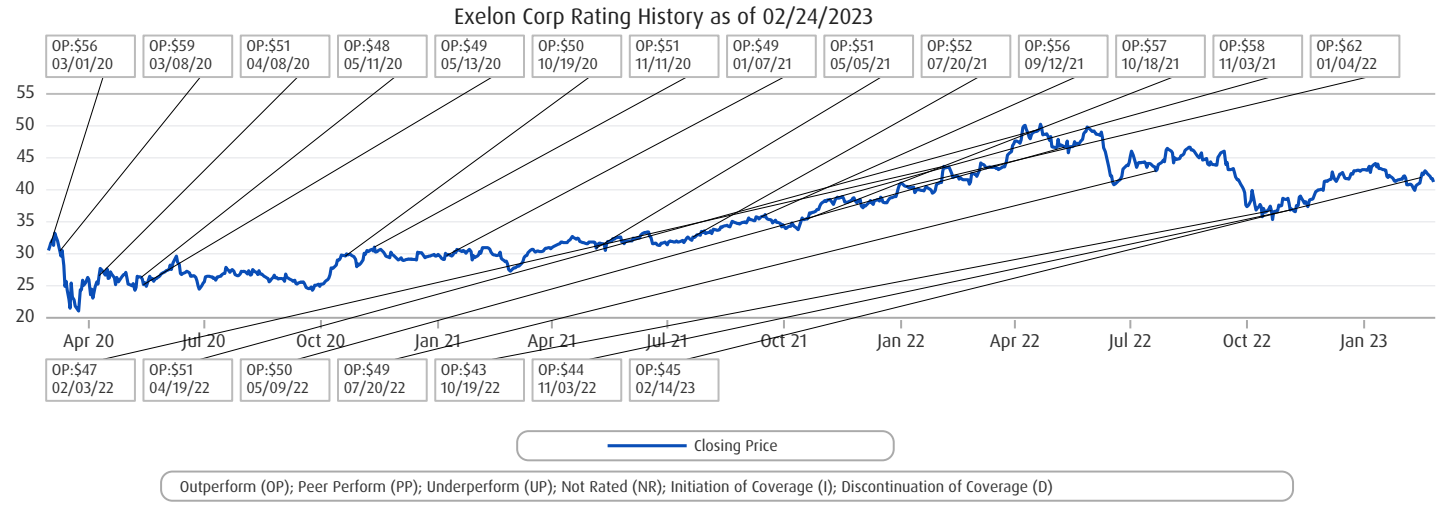

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 26, 2023

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Effective August 1, 2022, Wolfe Research, LLC will no longer publish target prices for Peer Perform rated companies.

Wolfe Research, LLC uses a relative rating system using terms such as Outperform, Peer Perform and Underperform (see definitions above). Please carefully read the definitions of all ratings used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of February 26, 2023):

Outperform:	45%	6% Investment Banking Clients within the previous 12 months
Peer Perform:	45%	2% Investment Banking Clients within the previous 12 months
Underperform:	10%	0% Investment Banking Clients within the previous 12 months

Wolfe Research, LLC does not assign ratings of Buy, Hold or Sell to the stocks it covers. Outperform, Peer Perform and Underperform are not the respective equivalents of Buy, Hold and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Securities is responsible for the contents of this material. Any analysts publishing these reports are associated with each of Wolfe Research, LLC and Wolfe Research Securities.

The Wolfe Daily Howl and Monthly Controversies Report are subscription-based products for Institutional investor subscribers only and are products of Wolfe Research, LLC. The products received may contain previously published research which have been repackaged for Wolfe Daily Howl and Monthly Controversies Report subscribers. The types of services provided to you by Wolfe Research, LLC, vary as compared to that provided to other external clients of Wolfe Research. Wolfe Research, LLC, its affiliates, officers, directors, employees and agents will not be liable for any

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein. Opinions in this communication constitute the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable but Wolfe Research and its affiliates, including but not limited to Wolfe Research Securities, makes no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC or any affiliate to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regards to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts and electronic publication to our proprietary website.

Copyright © Wolfe Research, LLC 2023. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research. Authorized users have received an encryption decoder which legislates and monitors the access to Wolfe Research, LLC content. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

KeyBanc Capital Markets

Alert

February 22, 2023

Energy: Electric Utilities

Midweek Thoughts — AY, AGR, EXC, DUK, ETR, D

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

PEG, AVA, and AGR reported results earlier this week. AEP, DTE, and EIX are scheduled to report later this week. In other news, AY announces that it is embarking on a strategic review; the NY PSC postpones evidentiary hearings while NYSEG and RGE continue settlement discussions; the MD governor nominates two to the MD PSC; DUK partners with Daimler and Electrada to develop a micro-grid integrated EV charging center; the EPA restores 2012 Mercury and Air Toxic Standard rule for generators; FERC approves PJM's proposed rule change for the pending capacity auction; ETR requests a waiver for certain MISO seasonal capacity requirements, and VA legislature moving ahead on bills related to utility rate-making.

Upcoming Earnings Reports

AEP and **DTE** report BMO tomorrow (Thursday), followed by **EIX** AMC tomorrow. Our recently published 2023 Outlook includes our thesis, expectations, and estimates for our coverage. Earlier this week, **PEG**, **AGR**, and **AVA** reported earnings. Please scroll down for our takeaways.

Industry News and News from Companies in Our Coverage

AY — Atlantica announces that it is embarking on a strategic review:

- In a 6-K filing released this week, AY said that its board of directors has commenced a process to explore strategic alternatives that may be available to the Company to maximize shareholder value. AY expects to maintain regular business operations during the pendency of this review. The Company is scheduled to report 4Q and 2022 results next week (March 1). We do not expect management to say much while the review is happening. From our perspective, the ongoing corporate restructuring at Algonquin (AQN; Not Covered) and its 40%+ ownership in AY could have something to do with the timing of the announcement. AQN has two directors on the nine-member AY board. AY initiated a restructuring in 2020 but concluded by reaffirming the current strategy and said that the then-market volatility did not allow for an opportunity to maximize shareholder value.
- **What could a review mean this time?** The review could take several paths including an outright sale of the Company, a managed sale of AQN's interest to another strategic renewables developer that could potentially offer a pipeline of drop-down opportunities, or a select divestment of assets to streamline the portfolio and potentially make it more leveraged to the markets that are offering clean energy incentives including North America and the EU. There are not many proxies for similar transactions in recent years, and the implementation of the IRA and similar initiatives in Europe have changed the market dynamics materially. We believe that given the geographical breadth of AY's assets (North America and EMEA), and some legacy contracts, any transaction would bring its own set of challenges.

D — VA legislature moving ahead on bills related to utility rate-making: Two bills related to utility rate-making passed out of both chambers and will be sent to the governor to be signed into law. Among these bills are SB 1321 and HB 1604 (Affordable Energy Act), which will allow the SCC to issue refunds to ratepayers if the utility is deemed to be earning “unreasonable revenues” in excess of its authorized rate of return. The bills would leave the concept of the ROE band unchanged but would make rate reductions a discretion of the SCC rather than be hamstrung by conflicting state laws that prevent it from happening. The VA legislative session, which commenced on January 11, is scheduled to adjourn on February 25. The new authority would be effective during rate reviews for Appalachian Power this year and for Dominion in 2024.

AGR — NY PSC postpones evidentiary hearings while NYSEG and RGE continue settlement discussions: The NY PSC agreed to postpone evidentiary hearings to allow parties to continue settlement discussions. The evidentiary hearings are now expected to commence on April 17. AGR asked for the postponement and extension of the suspension period by 30 days with a make-whole provision. Settlement discussions commenced in early November and, if successful, are likely to yield a multiyear rate outcome, as was the case in AGR’s last NY rate filing and ED’s recent settlement. AGR filed one-year electric and gas rate cases for NYSEG and RGE. AGR seeks a cumulative $430M rate increase based on a 10.2% ROE and 50% equity layer vs. its last rate filing, which settled

at an 8.8% ROE and 48% equity. The recent ED settlement was constructive on ROE (9.25% vs. the Commission's longstanding 8.8% ROE stance), even though the equity layer remained at 48%, the same as the last rate case settlement.

EXC — MD governor nominates two to the MD PSC: Newly elected Governor Wes Moore named Frederick Hoover and Juan Alvarado to serve five-year terms on the MD PSC. Upon Senate confirmation, Mr. Hoover will replace Chairman Jason Stanek in June at the end of his term. Mr. Alvarado was selected to replace Commissioner Linton, effective immediately, after Senate confirmation. A state senator has announced his intent to place a hold on Alvarado's nomination to seek answers regarding Alvarado's role in the investigation of a 2016 gas explosion that coincided with his time at the PSC. The governor has not made any announcements regarding Patrice Bubar, who is awaiting Senate confirmation after being nominated by the former MD governor. The moves were expected after Governor Moore rescinded two nominations to the PSC that were made by the prior governor but had not yet been confirmed by the Senate. The MD PSC is a five-member commission with the governor nominating the members and the Senate confirming them. EXC's BGE and PEPCO are expected to file multiyear rate cases in MD later this year, as is FE's Potomac Edison.

DUK — DUK partners with Daimler and Electrada to develop a micro-grid integrated EV charging center: DUK announced that it will build a fleet electrification center that integrates a microgrid. The Mount Holly Microgrid Center will provide a commercial-grade charging experience for DUK's fleet customers' evaluation or launching of an electrification strategy. The center will connect to the grid or be 100% powered by carbon-free resources through the microgrid, including incorporating solar, storage, and microgrid control software applications. DUK will be able to study charger use, performance, management, and energy integration. DUK is collaborating with Electrada, an electric fuel solutions company, and Daimler, North America's largest heavy-duty truck manufacturer. The Center is expected to be online by the end of 2023.

ETR — ETR requests a waiver for certain MISO seasonal capacity requirements: ETR filed with the FERC requesting a waiver in MS of the requirement that MISO assigns a zero value in Resource Adequacy hours when a resource startup time is longer than 24 hours. According to ETR, the new seasonal capacity accreditation requirements decrease the capacity for some of ETR's fossil plants, enough for it to have a capacity shortfall in MS, including a 25% reduction to the 738 MW Gerald Andrus plant. Other impacted plants include Independence Units 1 and 2 and White Bluff Units 1 and 2. ETR is seeking an expedited Commission action on this request by March 7 to allow the waiver to be implemented before MISO's upcoming Planning Resource Auction (PRA). At issue are new rules approved by FERC regarding MISO's PRA where MISO changed the rules for accreditation of conventional resources to be based on capacity available in times of the highest needs vs. the prior approach based on installed capacity (adjusted for forced outages).

EPA restores 2012 Mercury and Air Toxic Standard rule for generators: The EPA reaffirmed the 2012 Mercury and Air Toxic Standard (MATS) rule for power plants and consequently revoked a 2020 decision that regulating fossil fuel-fired generators for mercury emissions was not appropriate and necessary. The final ruling leaves the current emissions standards unchanged and continues to regulate air toxics emissions from coal and oil-fired power plants under the Clean Air Act. The rule requires generating units to install pollution controls to reduce emissions of hazardous air pollutants, including mercury. Analysis during the review also concluded that costs to comply with the rule are likely significantly less than the annual $9.6B estimate provided in 2011. The EPA is considering if more stringent limits for hazardous air pollution from power plants are feasible and warranted. A stricter MATS risk and technology review could be released next month. From a practical standpoint, a reinstatement of the rule should not mean much since utilities are for the most part in compliance with the dormant MATS rule.

FERC approves PJM's proposed rule change for the pending capacity auction: As a background, PJM delayed the release of the results of the 2024/2025 capacity auction because it did not receive offers from all the planned generation that it had factored into its model, thus creating an artificial shortage, especially in the local deliverability area (LDA) covered by EXC's DPL and thus yielding a much higher clearing price than was anticipated. So, PJM asked the FERC to intervene and approve a rule change that would allow it to reduce the LDA's reliability requirement during the auction process. FERC approved the proposed rule change, saying that capacity prices should reflect actual reliability needs in a manner consistent with supply and demand fundamentals. Merchant generators including CEG, NRG, and others opposed the rule change part way through the auction process saying that the FERC by intervening would prevent the market from sending a signal when additional capacity was needed. According to the PJM, additions of large and/or intermittent units in smaller LDAs like DPL-S can result in an increase in the reliability requirement since capacity transfers would be required to account for times when those intermittent resources are not available. FERC also decided that it will hold a forum to examine the PJM capacity market given the frequent complaints from stakeholders regarding its operation. Results of the 2024/2025 auction are now expected next week.

Earnings Recap

AGR — AGR reported an in-line quarter and provided a 2023 EPS outlook while reiterating a 6-7% EPS growth rate through 2025. What remains unclear is the contribution from the core business in the earnings cadence vs. one-off events, including historical and anticipated gains on sales. 2023 EPS guidance of $2.20-$2.35 includes a $0.30 contribution from PNM, which we are not factoring in as yet, thus implying a downside to our forecast of $2.29. On operations, there are several items to watch, including the NECEC trial in April, follow-through on the Commonwealth Wind PPA termination and AGR's plan to participate in the next MA wind solicitation, and negotiations with stakeholders regarding the Park City PPA, as well as the onshore capital recycling initiatives. See our note here.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

AVA — AVA reported 4Q results above consensus and the high-end of its guidance range, as the Other segment benefited from a fair market value adjustment for one of AVA's investments. The Company maintained 2023 guidance, including $0.04-$0.06 for the Other segment. AVA will likely continue to experience a significant regulatory lag in 2023 until a new WA rate case filing goes into effect sometime in 2025. See our note here.

PEG — PEG reported an in-line quarter, maintained the midpoint of 2023 guidance (narrowing the range), and reiterated the 5-7% long-term growth rate. We expect a long-term strategy discussion at the March 10th analyst day, even though PEG has simplified its story materially over the last couple of years. The next data points relate to monetization of the offshore acreage and the expected proceeds (including the use of proceeds likely towards the regulated business), potential investment to lengthen and strengthen the life of the nuclear assets, and additional steps to mitigate pension volatility. We also expect some initial color on the upcoming NJ rate case. See our note here.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

ENPH: Notes from the Headquarters Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	256	48.03	38	14.84
Sector Weight [SW]	269	50.47	39	14.50
Underweight [UW]	8	1.50	3	37.50

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	44.44	7	29.17
Sector Weight [SW]	26	48.15	11	42.31
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

February 21, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: ES, AGR, CNP, XEL, PEG, EXC, OTTR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

4Q earnings continue, with PEG, AGR, AVA, DTE, AEP, and EIX all scheduled to report this week. In other news, the CT Authority issues a PFD in ES's Aquarion water rate case; AGR files a request to extend the suspension date for NYSEG and RGE rates; CNP files exceptions to ALJ PD; the MN PUC issues an order to mitigate a repeat of extraordinary gas cost; FERC approves new winterization standards in response to Texas grid freeze; the NY PSC approves $4.4B of transmission upgrades; and the S&P SmallCap 600 adds OTTR shares.

Earnings Calendar

4Q22 earnings continue: PEG, AGR, AVA, DTE, AEP, and **EIX** are scheduled to report this week. Our recently published 2023 Outlook includes our thesis, expectations, and estimates for our coverage.

Figure 1 - 4Q22 Earnings Calendar

4Q22 Utilities Earnings Calls			
Company Name	**Ticker**	**Date**	**Time (ET)**
Public Service Enterprise Group Inc	PEG	2/21/2023	11:00 AM
Avangrid Inc	AGR	2/22/2023	10:00 AM
Avista Corp	AVA	2/22/2023	10:30 AM
DTE Energy Co	DTE	2/23/2023	9:00 AM
American Electric Power Co	AEP	2/23/2023	9:00 AM
Edison International	EIX	2/23/2023	4:30 PM

Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

We are not monitoring any regulatory items this week, but we highlight several events in the upcoming weeks. On March 6, rebuttal testimony is due in **NWE**'s MT GRC. We are also awaiting Staff and intervenor testimony in **DUK**'s DEP MYRP in NC, which is due on March 27.

We also highlight recent developments including the **POR** rate case filing in OR (read more here), and the settlement filed in **ED**'s 2022 electric and gas rate case (read more here).

Recent Developments for Companies Under Our Coverage

From our midweek: AEP and Liberty refile for FERC approval for the sale of Kentucky Power; DOE begins finalizing details on funding for the Building a Better Grid Initiative; CA ALJ issues PD to dismiss NOVA's "micro-utility" microgrid proposal; utilities request FERC to reject the SPP's decision to increase the planning reserve margin; FERC approves MISO proposal for early notification to retire generation units; judge denies Signal Peak mining expansion; ED files updated testimony in its NY steam rate case; SRE and CFE sign an MOU to expand its infrastructure partnership; EIX faces lawsuit from CA city for the Fairview Fire; and FERC approves a tariff for western resource sharing program.

ES — CT Authority issues PFD in ES's Aquarion water rate case:

- The CT Authority issued a PFD recommending a $0.4M revenue rate decrease, premised on an 8.7% ROE and 50.35% equity layer. The PFD suggests a 2021 test year and a $989M RB. The PFD compares to ES's three-year rate case filing, requesting a ~$27.5M rate increase in RY1 (effective March 15, 2023), ~$13.6M in RY2, and ~$8.8M in RY3. The request was based on a 10.35% ROE, 53.06% equity, $1.05B RB, and a 2021 test year.

- The PD rejects ES's rationale for a multiyear plan first saying that there is a Water Infrastructure and Conservation Adjustment provision that allows for recovery of capital investments between rate cases and allows for contemporaneous revenue increases. With this rate case, the WICA will be reset to zero allowing Aquarion to increase annual revenues by 5% per year and up to 10% between rate cases. Second, while ES requested a multiyear rate plan to ensure rate stability by extending the period between rate cases, the PD notes that Aquarion was not under an MYRP previously and has not been in a rate case in nearly a decade.
- Among the factors yielding the difference between ES's ask and the PD are a lower ROE, lower equity ratio, a lower inflation factor (6.8% vs. ES's ask for 12.15%), and some disallowances in several cost line items.
- The Company has invested ~$740M on infrastructure investments since the last rate case in 2013, with only 25-30% of water capex covered under trackers, creating a regulatory lag (ES earning ROE at the 7% level vs. the authorized 9.63%). In its last rate case, Aquarion received a ~$14M revenue increase based on a 9.6% ROE and 51.5% equity. The PURA is expected to issue a final decision on March 15.

AGR — Staff supports AGR's request to postpone evidentiary hearings and extend the suspension period while NYSEG and RGE continue settlement discussions: The Staff supports a 30-day postponement for evidentiary hearings, which were scheduled to begin on March 6. AGR also asked for an extension of the suspension period by 30 days with a make-whole provision. Settlement discussions commenced in early November and if successful, are likely to yield a multiyear rate outcome as was the case in AGR's last NY rate filing and ED's recent settlement. AGR filed one-year electric and gas rate cases for NYSEG and RGE. AGR seeks a cumulative $430M rate increase based on a 10.2% ROE and 50% equity layer vs. its last rate filing, which settled at an 8.8% ROE and 48% equity. The recent ED settlement was constructive on ROE (9.25% vs. the Commission's longstanding 8.8% ROE stance), even though the equity layer remained at 48%, the same as the last rate case settlement.

CNP — CNP files exceptions to ALJ PD:

- CNP filed exceptions to the ALJ's PD regarding the prudency of the short-term RFP process and the decision to procure 500 MW of temporary emergency electricity energy facilities (TEEEF). CNP argues that it used its experience from its long-term RFP, which the PD determined prudent, to select a vendor for the short-term RFP. CNP also claims that the lease for the 500 MW of TEEEF was prudent and necessary in the event of widespread outages. CNP agreed to lower its revenue request by ~$18M to reflect an extended amortization period on the short-term lease.
- As a reminder, the TX ALJ issued a PD recommending the PUCT deny CNP's request to recover $200M for TEEEF lease payments and operating costs, deeming it imprudent. The ALJ posits that CNP leased substantially more mobile generation capacity (~500 MW) than was reasonable or necessary and failed to establish the reasonableness of its decision. According to the agreement, CNP can terminate the leases based on an adverse outcome from the Commission.
- The TEEEF was a separate filing from CNP's DCRF and includes cost recovery for deploying emergency mobile generation facilities as required by law following the outages during Uri. The ALJ did not address the DCRF since CNP reached a settlement in the pending filing for a $78M revenue increase vs. CNP's ask for $85.8M. Interim rates were implemented on September 21. CNP's DCRF filing was to recover $1.3B in distribution capex over the three-year period from 2019-2021.

CNP, XEL — MN PUC issues order to mitigate a repeat of extraordinary gas costs: The MN PUC issued an order directing CNP, XEL, and other MN gas utilities to take steps to prevent a repeat of the extraordinary costs experienced during winter storm Uri. The order includes directing the gas utilities to explore the availability and costs of options to reduce exposure to price spikes, including further contracting, hedging, and increased supply. The Commission alsorejected the utilities' proposal to implement a two-part test that would trigger special actions on the part of the utilities. The order was in response to the Commission's decision last year that included directing the utilities to make proposals to prevent a repeat. As a reminder, the MN PUC ruled to disallow $35.7M and $19M for CNP and XEL, respectively. CNP and XEL were seeking a prudence review of the full amounts of $409M and $179M, respectively.

FERC approves new winterization standards in response to Texas grid freeze: FERC issued an order approving two new reliability standards for U.S. generators during extreme cold weather. The standards address more than 24 recommendations that were outlined in a Staff report analyzing the outages during winter storm Uri. The recommendations specifically focus on emergency operations and extreme cold weather preparedness and operations. The recommendations were proposed by NERC and approved, but the order directs NERC to revise the standards within the next 12 months to address concerns about implementation timelines and ensure the measures apply to all power generators. NERC is also required to monitor and assess power plant owners' implementation of the new requirements. NERC is preparing to propose a second set of cold weather standards late this year to address the remaining recommendations.

AGR — NY PSC approves $4.4B of transmission upgrades: The NY PSC authorized utilities to develop 62 local transmission upgrades in upstate NY. The upgrades include improvements to existing transmission lines, existing substations, and the construction of three new substations. The upgrades will reduce congestion and create capacity to integrate an incremental 3,500 MW of clean energy. The ruling will support the investments needed to implement the provisions in the CLCPA (Climate Leadership and Community Protection Act) that involves spending to bring renewable power from upstate NY (AGR service territory) to downstate population load centers. The projects are expected to be completed by 2030.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

OTTR — OTTR added to the S&P SmallCap 600: Last week, it was announced that OTTR shares will be added to the S&P 600 index. The Company will trade in the utilities GICS sector. The move is expected to go into effect before the market opens on February 23. Shares of OTTR are up 21% YTD vs. the UTY -4%.

Earnings Recap

CNP — CNP continues to deliver on its EPS growth targets and reported EPS in line with the midpoint of guidance despite higher debt service costs and an O&M pull forward. Management reiterated the short-term and long-term EPS growth CAGR of 6-8% (8% in the short term), the capex plan through 2030, and the commitment to fund the growth without external equity issuance. See our note here.

NWE — NWE posted 4Q22 results below our and consensus estimates, as the Company continues to be pressured from higher power costs in the region, O&M, and inflation. NWE is working to reduce its exposure to power markets and the mechanisms in the MT GRC will be instrumental in adding new generation and allowing timely recovery of power costs. We expect an outcome in the near term, and the upcoming MT IRP filing is another near-term catalyst. Constructive outcomes in both filings will validate our thesis around the long-term investment opportunity to fuel rate base growth. See our note here.

ED — ED reported an in-line quarter with EPS of $0.81, compared to consensus of $0.80. ED also introduced 2023 EPS guidance, and maintained its long-term growth rate rebased on 2023. The biggest announcement was that ED reached a settlement in its 2022 CECONY electric and gas rate cases, although we believe ED will find it challenging to achieve its long-term growth rate. See our note here.

SO — SO reported an in-line quarter for 4Q22, while providing relatively flat guidance for 2023 and lowering its 2024 guidance range, which was consistent with our expectations. Additionally, SO further delayed Vogtle Unit 3 and extended the window for Vogtle Unit 4. The delays and associated rate impacts and carrying costs have contributed to lower guidance for 2023 and 2024 vs. previously communicated figures. Longer term, SO maintained its growth rate and refreshed its five-year capital plan, highlighting the significant capital opportunity ahead. See our note here.

CEG — CEG reported an above-forecast EBITDA for 2022 and provided constructive guidance for 2023. More importantly, the Company laid out a capital allocation strategy, which is a combination of organic growth opportunities (including a significant investment in clean hydrogen), share buybacks, and a doubling of the dividend, while still retaining dry powder should attractive M&A opportunities arise. We view this approach to capital allocation as prudent, especially as the investment opportunities from the IRA are still emerging. Higher for longer power prices provide CEG with the internal resources to pursue organic growth while being protected on the downside by the nuclear PTC enshrined in the IRA. See our note here.

ETR — ETR reported results in line with consensus estimates and reaffirmed its long-term outlook, including 2023 EPS guidance. SERI proceedings continue to be an overhang, even though the management is hopeful for a resumption of settlement talks with the regulators outside of MS, which were stalled by the December 2022 order by the FERC. Outside SERI issues, the Company continues with an active regulatory schedule as it is seeking a settlement in the TX GRC and is proceeding with its LA and NO grid resiliency filings. See our note here.

POR — POR reported a slight 4Q miss and released 2023 guidance pointing at lower y/y earnings at midpoint, which was not a surprise given well understood 2023 headwinds from equity dilution. More importantly, the Company reaffirmed its 5-7% long-term growth target, describing 2023 as a transition year, and provided a bullish illustrative RB growth scenario with the impact of potential future RFP wins. Our quick math suggests that a successful execution on the upside scenario could translate into a >7.5% EPS CAGR through 2027, arguably making POR one of the most attractive names in the SMID peer group. With that said, given POR's in-line valuation at present, and multiple assumptions embedded in the upside scenario, we are inclined to wait for a more attractive entry point and/or further clarity on the RFP wins and capital plan. See our note here.

AEE — AEE reported 2022 results at the high end of guidance and maintained the long-term EPS CAGR of 6-8%. 2023 guidance of $4.25-$4.45 is in line with the 6-8% growth projection. Management also provided a 2023-2027 capex plan of $19.7B, +2.4B from the previous 2022-2026 plan. We expect the capex trend to remain elevated for AEE as it invests in the MISO LRTP and MO's clean energy transition. Also higher are anticipated equity needs, with AEE now expecting $500M of annual equity issuances vs. $300M prior. Overall, we view AEE as a steady and predictable utility with meaningful capex upside to support the rate base growth targets and 6-8% EPS growth projections. 2023 is likely to be dominated by MO and IL rate proceedings. See our note here.

OTTR — OTTR reported EPS of $1.00 vs. our estimate of $0.83 and introduced 2023 guidance in line with the Street. The Plastic and Manufacturing segments are both expected to see step-downs as levels normalize and OTTR shifts toward its long-term earnings mix. OTTR is preparing to file its amended IRP to incorporate recent developments and will likely file an updated capital plan shortly after. OTTR maintained its long-term growth rate of 5-7%. See our note here.

FE — FE reported below-consensus 4Q results, which still put it to the upper half of its FY22 guidance. Strong 2022 allowed the Company to pull forward enough O&M to fully offset pension headwinds in 2023, and as a result FE issued 2023 guidance ahead of

Sophie Karp (917) 368-2361 / sophie.karp@key.com

consensus estimates and within its long-term earnings growth rate. Importantly, the Company continues to outline the path to improved earnings quality moving forward and has established a 60-70% dividend payout policy, which should return its dividend back to the growth trajectory (and consistent with our model). The new CEO announcement should be the next near-term catalyst to watch for, and FE's regulatory schedule will remain active in 2023-2024. See our note here.

EXC — EXC reported an in-line quarter as ComEd results benefited from higher ROE (linked to 30-year Treasuries). Management provided clarity on the multiyear 6-8% EPS growth rate with 2023 to be below that range as several multiyear rate plans are built into the EPS trajectory. Long term, EXC reiterated a target of a 6-8% EPS CAGR through 2026 with a bias to the midpoint or higher. We expect the inaugural IL MYRP to be the biggest item to watch in 2023 as the outcome will define the EPS outlook to a meaningful extent. Management also rolled capex by a year, with the new four-year total of $31.3B higher than the prior by $2.3B, mostly to incorporate higher spending at ComEd. See our note here.

ES — ES reported a mostly in-line quarter and provided guidance that is also mostly in line with expectations. There is no change to the EPS CAGR of 5-7% with the bias retained toward the high end. Management outlined a capex plan for $21.5B for the 2023-2027 period, which is $3.3B higher than the prior five-year plan for 2022-2026 and takes into consideration the sale of the offshore wind assets and the subsequent loss of any contribution from those assets. The sale of the offshore wind projects and acreage is taking longer than planned and management now expects a decision by 2Q with a closing likely in the 2H. While interest remains robust, the timeline for an outcome has certainly stretched, and it could be a function of the evolving offshore wind-related cost environment, a wait-and-see approach for final IRS rulings on the provisions of the IRA, and even the volatile rate environment. See our note here.

DUK — DUK reported a strong quarter with EPS of $1.11 vs. our consensus-matching estimate of $1.07, as the Company continues to benefit from strong volume growth and ongoing cost savings. DUK maintained its 2023 EPS guidance and long-term EPS growth rate, although the Company saw a slight shift in the commercial renewables sales timeline. We do not believe the delay will have a material impact on near-term earnings, and we continue to like the pro forma portfolio that includes a strong capital plan that will fuel long-term EPS and rate base growth. See our note here.

D — D reported a 4Q headline number that was in line with the midpoint, but the impairment of the solar assets made the results somewhat noisy as did other YE adjustments. More importantly, we are getting a glimpse of what a new regulatory regime may look like in VA as multiple bills move through the legislature. The de-emphasis of the contracted solar portfolio may be step one of the strategic review, but there is a lot more to come, in our opinion. We outlined various scenarios that the strategic review can take, but ultimately, we believe that investors will need to see a clear path to a "new" Dominion, even as the stock appears inexpensive on a pro forma basis. See our note here.

WEC — WEC reported another above consensus/above guidance quarter and maintained the 2023 outlook and the 6.5-7% long-term EPS growth rate. We continue to view WEC as a top-tier utility with an extended runway for growth as coal retirements in WI create opportunities for renewables capex deployment and the recent WI rate case outcomes de-risk the 2023 outlook. See our note here.

CMS — CMS reported an in-line quarter and raised its 2023 EPS guidance by $0.01 at the midpoint. The guidance is in line with our forecast and consensus. As was expected, the Company rolled the five-year capex plan to 2023-2027, adding $1.2B vs. the prior plan (+$400M net of Covert). Also, management raised the anticipated equity issuance from up to $250M per year in the outer years of the capex plan to up to $350M—partly to fund the higher capex and to maintain financial flexibility. We expect management to be systematic in the equity raises via an ATM program. CMS's results and outlook show consistency in execution and the resulting stability in outcomes. See our note here.

XEL — XEL reported 4Q and 2022 EPS of $0.69 and $3.17, respectively, which was in line with our expectations. The Company was able to offset O&M headwinds with solid sales growth and derisk 2023. XEL maintained its 2023 EPS and long-term growth rate, which was rebased on 2022 EPS guidance. Furthermore, XEL maintained its five- and 10-year capital plans, which continue to offer incremental opportunities. Rate case activity will continue at an elevated level in 1H23, and we believe XEL will be able to continue its ability to achieve constructive regulatory outcomes, providing us confidence in the Company's long-term execution. See our note here.

NEE — NEE reported another quarter aligned with guidance and expectations and extended the 6-8% EPS cadence by another year to 2026. Management remains biased toward delivering on the high end of the guidance range. While 2022 saw a slew of regulatory headwinds, especially for solar, the long-term benefits of the IRA should provide an extended period of growth for NEER, especially as it expands its portfolio beyond solar, wind, and storage to include green hydrogen projects and previously announced initiatives in RNG. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	2/28/2023	Supplemental & Intervenor Testimony Due
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	3/6/2023	Settlement Conference
MT	NorthWestern Corp.	NWE	D-2022-7-78	Elec/Nat Gas	3/6/2023	Rebuttal Testimony Due
	Short-Term Energy Outlook	EIA			3/7/2023	STEO release
MI	DTE Electric Co.	DTE	U-21193	IRP	3/9/2023	Staff and Intervenor Testimony Due
TX	Oncor Electric Delivery Co.	SRE	D-53601	Electric	3/9/2023	PUCT Open Meeting
KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	3/10/2023	Intervenor Testimony Due
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	3/13/2023	Surrebuttal Testimony
	CPI Release	BLS			3/14/2023	CPI release for Prior Month
	Federal Energy Reg Comm	FERC			3/16/2023	Open Meeting
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	3/16/2023	Intervenor Testimony Due
CA		CPUC	R2207005	Fixed Charges	3/17/2023	Concurrent opening testimony for proposals

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	22.2	Sector Weight	NA	$87.26	2.7%	58%	4.05	4.34	4.65	21.5x	20.1x	18.8x	4.06	4.34	4.66	21.5x	20.1x	18.7x
AEP	American Electric Power Company Ir	46.6	Sector Weight	NA	$92.41	3.4%	63%	5.03	5.30	5.68	18.4x	17.4x	16.3x	5.02	5.29	5.64	18.4x	17.5x	16.4x
CMS	CMS Energy Corp	17.8	Sector Weight	NA	$61.97	3.0%	64%	2.89	3.11	3.36	21.4x	19.9x	18.4x	2.88	3.10	3.34	21.5x	20.0x	18.5x
CNP	CenterPoint Energy Inc	18.3	Sector Weight	NA	$29.21	2.2%	47%	1.40	1.49	1.61	20.9x	19.6x	18.1x	1.38	1.49	1.61	21.1x	19.6x	18.1x
D	Dominion Energy Inc	48.4	Sector Weight	NA	$58.70	4.6%	65%	4.06	4.29	4.37	14.5x	13.7x	13.4x	4.11	4.00	3.83	14.3x	14.7x	15.3x
DTE	DTE Energy Co	22.0	Sector Weight	NA	$115.30	3.1%	59%	5.94	6.25	6.69	19.4x	18.4x	17.2x	6.01	6.25	6.70	19.2x	18.5x	17.2x
DUK	Duke Energy Corp	75.7	Overweight	$112	$99.49	4.0%	75%	5.27	5.68	6.06	18.9x	17.5x	16.4x	5.29	5.64	6.00	18.8x	17.6x	16.6x
ETR	Entergy Corp	22.0	Sector Weight	NA	$109.43	3.7%	64%	6.43	6.70	7.24	17.0x	16.3x	15.1x	6.39	6.73	7.19	17.1x	16.3x	15.2x
ES	Eversource Energy	27.4	Sector Weight	NA	$80.27	3.2%	62%	4.07	4.38	4.67	19.7x	18.3x	17.2x	4.10	4.37	4.69	19.6x	18.4x	17.1x
ED	Consolidated Edison Inc	32.5	Underweight	$70	$93.25	3.4%	70%	4.57	4.75	4.68	20.4x	19.6x	19.9x	4.53	4.81	5.11	20.6x	19.4x	18.2x
EIX	Edison International	25.7	Sector Weight	NA	$67.59	4.1%	61%	4.54	4.82	5.15	14.9x	14.0x	13.1x	4.59	4.77	5.14	14.7x	14.2x	13.1x
EXC	Exelon Corp	42.2	Sector Weight	NA	$43.05	3.2%	61%	2.28	2.36	2.50	18.9x	18.2x	17.2x	2.26	2.36	2.50	19.0x	18.2x	17.2x
FE	FirstEnergy Corp	23.2	Overweight	$45	$41.03	3.8%	64%	2.46	2.37	2.65	16.7x	17.3x	15.5x	2.44	2.50	2.68	16.8x	16.4x	15.3x
PEG	Public Service Enterprise Group Inc	30.8	Sector Weight	NA	$62.23	3.5%	63%	3.45	3.45	3.59	18.0x	18.0x	17.3x	3.46	3.45	3.72	18.0x	18.0x	16.7x
SO	Southern Co	71.7	Sector Weight	NA	$66.63	4.1%	75%	3.58	3.64	3.97	18.6x	18.3x	16.8x	3.58	3.63	4.03	18.6x	18.3x	16.5x
WEC	WEC Energy Group Inc	28.8	Overweight	$103	$92.87	3.1%	66%	4.45	4.62	4.91	20.9x	20.1x	18.9x	4.39	4.61	4.90	21.1x	20.2x	19.0x
XEL	Xcel Energy Inc	36.8	Overweight	$75	$68.01	2.9%	62%	3.17	3.36	3.56	21.5x	20.2x	19.1x	3.16	3.38	3.60	21.5x	20.1x	18.9x
					Average:	**3.4%**	**64%**				**18.9x**	**18.1x**	**17.0x**				**18.9x**	**18.1x**	**17.0x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AVA	Avista Corp	2.9	Underweight	$32	$40.76	4.3%	94%	1.88	2.34	2.44	21.7x	17.4x	16.7x	1.88	2.31	2.45	21.7x	17.6x	16.7x
NWE	NorthWestern Corp	3.3	Overweight	$62	$58.48	4.3%	77%	3.23	3.48	3.64	18.1x	16.8x	16.1x	3.28	3.49	3.62	17.9x	16.8x	16.1x
OTTR	Otter Tail Corp	2.6	Sector Weight	NA	$71.22	2.3%	25%	6.60	3.85	3.45	10.8x	18.5x	20.6x	6.62	3.94	3.44	10.8x	18.1x	20.7x
PNW	Pinnacle West Capital Corp	8.4	Underweight	$55	$75.10	4.5%	80%	4.29	4.15	4.61	17.5x	18.1x	16.3x	4.28	4.14	4.63	17.6x	18.1x	16.2x
POR	Portland General Electric Co	4.3	Sector Weight	NA	$49.62	3.6%	65%	2.76	2.65	2.90	18.0x	18.7x	17.1x	2.75	2.70	3.05	18.1x	18.4x	16.3x
					Average:	**3.8%**	**68%**				**17.2x**	**17.9x**	**17.4x**				**17.2x**	**17.8x**	**17.2x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AGR	Avangrid Inc	15.7	Underweight	$36	$41.34	4.3%	76%	2.33	2.29	2.43	17.7x	18.1x	17.0x	2.31	2.28	2.42	17.9x	18.2x	17.1x
NEE	Nextera Energy Inc	150.4	Overweight	$93	$76.07	2.2%	59%	2.90	3.08	3.32	26.2x	24.7x	22.9x	2.88	3.10	3.37	26.4x	24.5x	22.6x
SRE	Sempra Energy	49.5	Sector Weight	NA	$158.49	2.9%	51%	8.85	8.99	9.56	17.9x	17.6x	16.6x	8.87	9.00	9.62	17.9x	17.6x	16.5x
					Average:	**3.1%**	**62%**				**20.6x**	**20.1x**	**18.8x**				**20.7x**	**20.1x**	**18.7x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
CEG	Constellation Energy Corp	28.0	Overweight	$99	$84.55	0.7%	33%	(0.10)	3.98	4.60	NA	21.2x	18.4x	1.70	4.38	5.30	49.6x	19.3x	15.9x
NRG	NRG Energy Inc	7.9	Not Covered	NA	$34.22	4.1%	26%	NA	NA	NA	NA	NA	NA	5.46	5.59	5.91	6.3x	6.1x	5.8x
VST	Vistra Corp	9.1	Not Covered	NA	$22.96	3.2%	103%	NA	NA	NA	NA	NA	NA	0.72	2.78	2.94	31.8x	8.3x	7.8x
					Average:	**2.7%**	**54%**				**NA**	**21.2x**	**18.4x**				**29.2x**	**11.2x**	**9.9x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

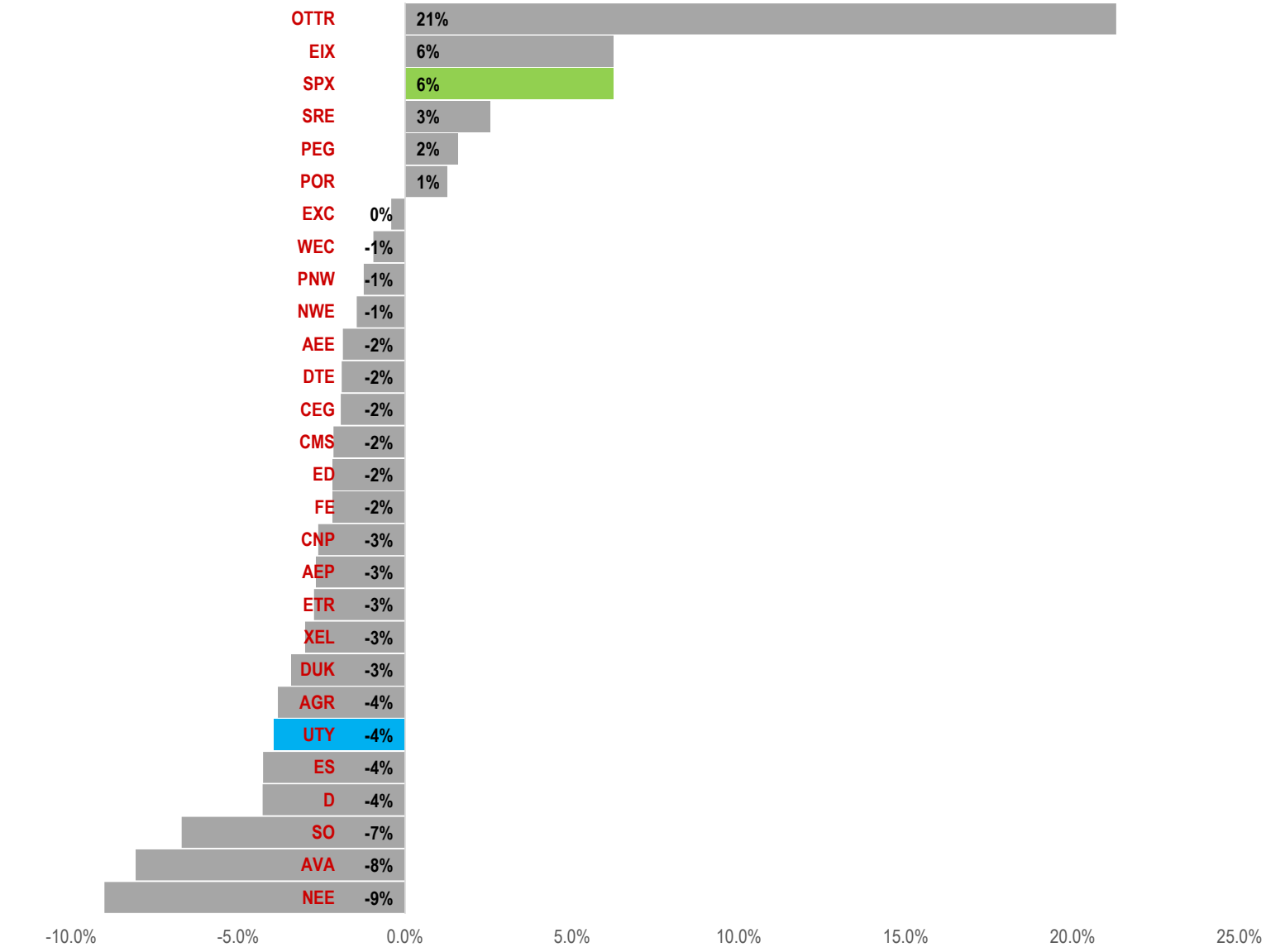

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

ENPH: Notes from the Headquarters Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	255	47.84	38	14.90
Sector Weight [SW]	270	50.66	39	14.44
Underweight [UW]	8	1.50	3	37.50

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	44.44	7	29.17
Sector Weight [SW]	26	48.15	11	42.31
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Constellation Energy Corp >> PTC Protection Only Part of the Equation: Downgrade to Neutral After Strong Run
- **Publication Date/Time** : Tuesday, February 21, 2023 11:01:44 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Paul Zimbardo
- **Link to Document** : https://rsch.baml.com/r?q=1sm2dX4263tQnlD!Aza2aA__&reid=C580B224DACD11EDB8135D05BC5B3026

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Wynne Lam, CFA (AVP)
(212) 266-4040, wynne.lam@rbccm.com
Eleanor Firestein (Associate)
(212) 428-6543, eleanor.firestein@rbccm.com
Kevin Patel (Associate)
(212) 428-5442, kevin.patel@rbccm.com

February 20, 2023

WATTS COOKING? Weekly

Topics: Utes macro; FE; EXC; D; Nuclear fuel; PNM

Our view: Weekly developments that we found to be of interest.

WATTS on Your Mind

This past week, we received some inquiries as to why utilities were underperforming the market. Indeed, since the beginning of 2023, the XLU is down 2.9% versus the SPX up 6.2% and the COMP up 12.6%. The recovery trade seems to taking place sooner than some had predicted. It is notable that while consensus earnings for the 2023 S&P 500 continued to decline (from $240.05 end Sept. to $222.25 on Friday), 2024 growth over 2023 expanded (from 8.5% to 11.6% late Sept. versus Friday). In our mind, the recovery trade is already taking place, as a few voices are calling for a very accommodating soft landing. We have written before that utilities are not likely to do well if this scenario holds. An unexpected tailwind in the form of weak U.S. gas prices could reduce the pressure from regulators regarding higher bills, and thus reduce the stock underperformance.

Switching to stocks, FE, EXC, D, and CEG were of most interest this past week. Some are concerned that the first three depend too much on positive outcomes from regulatory (FE and EXC) or legislative (D) initiatives. CEG has been regaining some of the positive IRA chatter that it had originally experienced when the IRA was first passed.

WATTS on Our Mind

On Wednesday, Senator Manchin (D-WV), Barrasso (R-WY) and Risch (R-ID) introduced the Nuclear Fuel Security Act of 2023. The bill will push Congress to develop the onshoring of uranium enrichment activities for advanced nuclear and the procurement of enriched uranium inventory from U.S. allies. The bill will also carry out the Nuclear Fuel Security Program to acquire minimum inventory of enriched uranium by 2026 and 2027. The Senate will now review the bill. **Our view: This bill should be impactful to nuclear operators like CEG and also emerging developers of small modular reactors (SMR). Depending on how the Russia/Ukraine conflict unfolds, the long-term supply of nuclear fuel could move away from Russia to Western allies permanently.**

On Friday, the New Mexico Commissioners held another closed meeting to discuss the PNM and AGR merger. The Commissioners have also planned another closed meeting for Tuesday 2/21. **Our view: The Commission has been quiet on the merger issue since the first closed meeting on February 2nd and Commissioner O'Connell's recusal earlier that week. The NMPRC will also be discussing PNM's cases at the Supreme Court on Tuesday. We currently don't expect the Commissioners to discuss takeaways from today's meeting at the upcoming Wednesday Open meeting, but we could see an update following Tuesday's meeting. We still believe the NMPRC will approve the deal.**

WATTS on the ShUFL — unchanged

Shelby's Utility Focus List (ShUFL)

Best Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
PCG	OP	0.0%	$20.00	28.5%
EIX	OP	4.4%	$82.00	25.7%
NEE	OP	2.2%	$98.00	31.1%
AY	OP	6.9%	$34.00	38.1%

Defensive Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AWK	OP	1.8%	$180.00	22.1%
CMS	SP	3.1%	$71.00	17.7%
XEL	SP	2.9%	$78.00	17.6%
PPL	OP	3.1%	$33.00	17.7%

Least Favorite Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
ED	SP	3.5%	$94.00	4.3%
UTL	SP	2.9%	$56.00	3.2%

Source: Factset; RBC Capital Markets estimates

3/7 - Connecticut mktg. (in person)
3/8-3/9 – Boston mktg. (in person)
3/20-3/21 – Sydney U.S. Utility conf. (in person)
3/28-3/29 – Mid-Atlantic mktg. (in person)
3/30 – Ohio mktg. (in person)
4/3-4/4 – California mktg. (in person)
4/11-4/13 – Midwest mktg. (in person)
4/17-4/19 – Southeast mktg. (in person)
4/20 – FLNC NDR in Boston (in person)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

RBC Capital Markets

Shelby's Utility Focus List (ShUFL)

Our ShUFL is unchanged.

Exhibit 1 – PCG tops Best Plays; AWK Best Defensive Plays; ED Least Favorite

Best Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
PG&E Corp.	PCG	Outperform	$15.57	0.0%	$20.00	28.5%
Edison International	EIX	Outperform	$67.59	4.4%	$82.00	25.7%
NextEra Energy, Inc.	NEE	Outperform	$76.07	2.2%	$98.00	31.1%
Atlantica Sustainable Inf.	AY	Outperform	$25.91	6.9%	$34.00	38.1%

Defensive Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
American Water Works	AWK	Outperform	$149.61	1.8%	$180.00	22.1%
CMS Energy	CMS	Sector Perform	$61.97	3.1%	$71.00	17.7%
Xcel Energy	XEL	Sector Perform	$68.01	2.9%	$78.00	17.6%
PPL Corporation	PPL	Outperform	$28.81	3.1%	$33.00	17.7%

Least Favorite Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
Consolidated Edison	ED	Sector Perform	$93.25	3.5%	$94.00	4.3%
Unitil Corp.	UTL	Sector Perform	$55.86	2.9%	$56.00	3.2%

Source: RBC Capital Markets, priced as of market close 2/17/23. Past performance is not necessarily indicative of future performance.

Notable Publications

PPL US: Reaffirming of 2023 of LT targets, cost savings to drive growth – 2023.02.17

CNP US: 4Q22 results in line with consensus; reiterates 2023 EPS guidance and long-term CAGR – 2023.02.17

ED US: 2022 beats RBC and consensus; CECONY rate case joint settlement filed – 2023.02.17

UTL US: Granite-like utility – 2023.02.16

SO US: Reports 2022 slight above consensus; introduces weak 2023 guidance; reduces 2024 guidance range – 2023.02.16

CEG US: 4Q22 EBITDA results beat consensus; initiates 2023 guidance and capital allocation plan – 2023.02.16

AWK US: 2022 results beat with help from weather; 2023 and LT expectations remain unchanged – 2023.02.16

ETR US: Reports 2022 adjusted EPS ahead of RBC and consensus; '23-'25 guidance ranges reaffirmed – 2023.02.16

AY US: 4Q22 Preview: FX hedges support CAFD in Q4, but 2023 growth slows – 2023.02.15

DUK US: Slowly getting their DUK-s in a row – 2023.02.15

EXC US: Shout Out to My EXC – 2023.02.15

FLNC US: Time to In-FLNC Your Destiny – 2023.02.13

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

WATTS COOKING? Weekly – 2023.02.12

EVs & the Grid Expert Panel Takeaways — 2023.02.10

BKH US: Rolling down the hill; downgrade to SP — 2023.02.10

D US: 2022 results in line, ongoing VA legislative session key to the Business Review — 2023.02.08

CMS US: Steady Growth; DIG-ing for Upside – 2023.02.07

FE US: Announces sale of additional 30% stake of FET for $3.5B – 2023.02.03

XEL US: A core defensive holding; maintain Sector Perform – 2023.02.01

RBC Global Regulated Utilities – 2023.02.01

Global Energy Best Ideas – 2023.02.01

NEE US: '23 and NEE; maintain Outperform – 2023.01.29

NEP US: Into 2023 and beyond, the growth outlook remains strong – 2023.01.29

AES US: On The Road With Management – 2023.01.20

2023 New Year Preview - Energy Infrastructure – 2023.01.17

SJW US: Simpler earnings story but downgrading to SP on valuation – 2023.01.17

CEG US: Taking a break from the CEG party; switching to SP – 2023.01.17

U.S. Power & Utilities: 2023 Best Ideas Portfolio – 2023.01.17

AY US: How does the tortoise win the race? Moving to OP – 2023.01.17

PPL US: Initiates 2023 guidance in line, increased capex plan and O&M savings – 2023.01.11

DUK US: NCUC issues order for DUK's Carbon Plan – 2023.01.02

CMS US: Consumers Energy reaches constructive settlement with staff for its electric rate case – 2022.12.23

FLNC US: One Year After – 2022.12.16

CA regulator reduces allowed ROEs by 25 bps – 2022.12.16

AEP US: FERC issued on denying the sale of Kentucky Power to Liberty Utilities, and more – 2022.12.16

AES US: PUCO issues order on AES Ohio's distribution rate case – 2022.12.16

SO US: Georgia Power reaches rate plan settlement with Staff – 2022.12.16

FLNC US: Reported 4Q22 revenues above consensus; initiated 2023 revenue and gross profit guidance – 2022.12.12

AES US: AES Announcement on Hydrogen Production Project with Air Products – 2022.12.08

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

2023 Global Energy Outlook – 2022.12.07

PNM US: PNM files GRC application for 2024 rates – 2022.12.05

WSJ reports the DOC found that four Chinese solar manufacturers circumvented tariffs – 2022.12.02

State of the IPPs Series | Part Two: When Electrons are Trapped – 2022.11.22

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

RBC Capital Markets

Exhibit 2 - RBC Capital Markets U.S. Power and Utility Coverage Universe

Ticker	Company	Rating	Price 02/17/23	Price Target	Current Yield	Implied Tot. Return	Cap. ($MM)	EPS 2020A	EPS 2021A	EPS 2022E	EPS 2023E	EPS 2024E	EPS 2025E	P/E 2021A	P/E 2022E	P/E 2023E	P/E 2024E	P/E 2025E	Div. Payout	5-yr EPS Growth	'22 EV/ EBITDA	'23 EV/ EBITDA	Price/ BV	Debt/ EBITDA
DEFENSIVE UTILITIES																								
AEP	American Electric Power	Outperform	$92.41	$109.00	3.6%	21.5%	46,721	$4.42	$4.74	$5.02	$5.28	$5.60	$5.93	19.5	18.4	17.5	16.5	15.6	70.0%	6.1%	12.2	11.8	1.92	6.0
CMS	CMS Energy	Sector Perform	$61.97	$71.00	3.1%	17.7%	17,820	$2.67	$2.65	$2.88	$3.10	$3.32	$3.56	23.4	21.5	20.0	18.7	17.4	73.6%	5.9%	13.2	11.4	2.62	6.0
CNP	CenterPoint Energy	Outperform	$29.21	$33.00	2.6%	15.6%	18,338	$1.40	$1.64	$1.38	$1.48	$1.59	$1.68	17.8	21.2	19.7	18.4	17.4	46.3%	3.7%	12.2	12.1	1.99	6.5
DUK	Duke Energy	Sector Perform	$99.49	$112.00	4.0%	16.6%	76,436	$5.12	$5.24	$5.27	$5.56	$5.90	$6.21	19.0	18.9	17.9	16.9	16.0	76.7%	3.9%	13.3	11.9	1.61	6.4
ED	Consolidated Edison	Sector Perform	$93.25	$94.00	3.5%	4.3%	32,364	$4.17	$4.37	$4.53	$4.87	$5.10	$5.32	21.3	20.6	19.1	18.3	17.5	74.1%	5.0%	11.7	11.3	1.56	4.8
EIX	Edison International	Outperform	$67.59	$82.00	4.4%	25.7%	25,853	$4.52	$4.59	$4.59	$4.77	$5.12	$5.51	14.7	14.7	14.2	13.2	12.3	64.3%	4.0%	10.7	10.1	1.93	5.9
ETR	Entergy Corp.	Outperform	$109.43	$126.00	3.9%	19.1%	21,885	$5.66	$5.95	$6.38	$6.77	$7.22	$7.70	18.4	17.2	16.2	15.2	14.2	71.9%	6.3%	12.6	11.2	1.81	6.6
EXC	Exelon Corp.	Sector Perform	$43.05	$47.00	3.1%	12.3%	42,419	$3.22	$2.80	$2.27	$2.36	$2.51	$2.74	15.4	19.0	18.2	17.2	15.7	48.2%	-3.2%	11.4	10.5	1.71	5.3
FE	FirstEnergy	Outperform	$41.03	$49.00	3.8%	23.2%	23,325	$2.39	$2.60	$2.42	$2.50	$2.73	$2.97	15.8	17.0	16.4	15.0	13.8	60.0%	4.4%	12.3	11.4	2.29	6.0
NWN	Northwest Natural	Sector Perform	$49.07	$52.00	4.0%	9.9%	1,705	$2.30	$2.56	$2.55	$2.67	$2.80	$2.95	19.2	19.2	18.4	17.5	16.6	75.8%	5.1%	11.5	10.8	1.52	5.5
PCG	PG&E Corp.	Outperform	$15.57	$20.00	0.0%	28.5%	31,465	$1.61	$1.00	$1.10	$1.21	$1.34	$1.47	15.6	14.2	12.9	11.6	10.6	0.0%	-1.8%	10.3	9.4	1.42	9.0
PNM	PNM Resources	Sector Perform	$49.23	$50.30	3.0%	3.7%	4,229	$2.27	$2.45	$2.68	$2.72	$2.81	$2.92	20.1	18.4	18.1	17.5	16.9	60.0%	5.2%	11.7	11.0	1.92	5.7
PNW	Pinnacle West	Sector Perform	$75.10	$81.00	4.6%	12.5%	8,446	$4.87	$5.29	$4.28	$4.23	$4.50	$4.76	14.2	17.5	17.8	16.7	15.8	65.4%	-0.5%	11.7	11.0	1.35	5.3
PPL	PPL Corp.	Outperform	$28.81	$33.00	3.1%	17.7%	21,118	$2.40	$1.05	$1.40	$1.59	$1.69	$1.80	27.4	20.6	18.1	17.0	16.0	85.7%	-5.6%	11.8	10.6	1.52	5.6
SR	Spire Inc.	Restricted	$72.92	R	R	R	3,783	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
SO	Southern Co.	Outperform	$66.63	$79.00	4.1%	22.6%	72,690	$3.23	$3.39	$3.58	$3.69	$4.06	$4.35	19.7	18.6	18.1	16.4	15.3	80.3%	6.1%	12.4	11.7	2.33	5.7
UTL	Unitil Corp.	Sector Perform	$55.86	$56.00	2.9%	3.2%	870	$2.15	$2.35	$2.59	$2.76	$2.86	$3.05	23.8	21.6	20.2	19.5	18.3	68.9%	7.2%	10.7	10.0	1.86	4.3
XEL	Xcel Energy	Sector Perform	$68.01	$78.00	2.9%	17.6%	37,158	$2.79	$2.97	$3.17	$3.36	$3.58	$3.80	22.9	21.5	20.2	19.0	17.9	65.7%	6.4%	12.6	11.9	2.27	5.2
	Average (exc. PCG, 5-yr. EPS growth excl. PNW, PPL)				3.6%	17.5%								19.2	18.8	17.8	16.7	15.7	69.1%	4.3%	12.2	11.3	1.92	5.8
DIVERSIFIED UTILITIES																								
BKH	Black Hills	Sector Perform	$64.72	$68.00	3.9%	8.9%	4,237	$3.73	$3.74	$3.97	$3.80	$3.90	$4.13	17.3	16.3	17.0	16.6	15.7	66.8%	2.1%	12.7	11.7	1.41	6.7
CPK	Chesapeake Utilities	Sector Perform	$122.83	$131.00	1.7%	8.4%	2,153	$4.21	$4.73	$5.01	$5.43	$5.81	$6.19	26.0	24.5	22.6	21.1	19.8	45.2%	8.0%	14.2	13.1	2.64	4.0
D	Dominion Energy	Sector Perform	$58.70	$71.00	4.5%	25.5%	48,538	$3.54	$3.86	$4.12	$4.38	$4.68	$4.99	15.2	14.2	13.4	12.5	11.8	69.2%	7.1%	11.1	10.5	1.81	5.1
NEE	NextEra Energy, Inc.	Outperform	$76.07	$98.00	2.2%	31.1%	152,892	$2.31	$2.55	$2.90	$3.13	$3.40	$3.65	29.8	26.2	24.3	22.4	20.8	66.7%	9.6%	25.1	16.7	3.96	5.1
PEG	Public Service Enterprise	Outperform	$62.23	$70.00	3.5%	16.0%	30,815	$3.43	$3.63	$3.43	$3.40	$3.73	$4.19	17.1	18.1	18.3	16.7	14.9	59.5%	4.1%	13.1	12.9	2.32	4.8
SRE	Sempra Energy	Outperform	$158.49	$182.00	2.9%	17.7%	49,787	$8.03	$8.43	$8.85	$8.92	$9.49	$10.11	18.8	17.9	17.8	16.7	15.7	54.3%	4.7%	14.9	13.8	1.90	5.5
	Average (5-year growth excluding D)				2.9%	25.7%								23.9	21.8	20.6	19.0	17.7	64.0%	7.7%	19.4	14.7	3.02	5.1
	Total Average (Excluding PCG, 5-year growth excluding D, PNW, PPL)				3.2%	21.0%								21.0	19.9	18.9	17.6	16.5	67.1%	5.6%	15.0	12.6	2.34	5.5
WATER UTILITIES																								
AWK	American Water Works	Outperform	$149.61	$180.00	1.8%	22.1%	27,138	$3.91	$4.25	$4.46	$4.77	$5.13	$5.54	35.2	33.5	31.4	29.2	27.0	61.6%	7.2%	18.6	17.2	3.53	6.1
SJW	SJW Group	Sector Perform	$77.70	$85.00	2.0%	11.4%	2,315	$2.14	$1.95	$2.35	$2.50	$2.64	$2.79	39.8	33.1	31.1	29.4	27.8	77.9%	5.4%	16.0	15.1	2.21	7.8
WTRG	Essential Utilities	Outperform	$46.15	$54.00	2.5%	19.5%	12,026	$1.58	$1.67	$1.78	$1.87	$1.99	$2.12	27.6	25.9	24.7	23.2	21.8	68.7%	6.1%	17.7	16.4	2.25	7.3
	Average				2.0%	20.7%								33.3	31.3	29.4	27.4	25.5	64.6%	6.8%	18.2	16.8	3.08	6.6
INDEPENDENT POWER PRODUCERS																								
AES	The AES Corp.	Outperform	$26.23	$32.00	2.5%	24.5%	17,828	$1.44	$1.52	$1.63	$1.76	$1.92	$2.05	17.3	16.1	14.9	13.7	12.8	43.7%	7.3%	10.2	9.2	6.93	5.8
CEG	Constellation Energy Corp.	Sector Perform	$84.55	$91.00	0.7%	8.3%	28,127	$1.77	-$0.25	$0.18	$4.65	$5.99	$5.21	NA	469.7	18.2	14.1	16.2	NA	24.1%	12.6	11.3	2.60	2.0
VST	Vistra Energy	Outperform	$22.96	$30.00	2.4%	33.0%	9,328	$1.30	-$2.62	-$1.33	$2.00	$2.64	$1.82	NA	NA	11.5	8.7	12.6	NA	N/M	7.2	6.1	2.65	5.9
	Average				1.6%	17.7%								5.6	244.2	16.0	13.1	14.5	14.1%	15.7%	10.9	9.8	4.01	3.9
YIELDCOs																								
AY	Atlantica Sustain. Infra.	Outperform	$25.91	$34.00	6.9%	38.1%	3,016	$0.12	-$0.10	-$0.16	$0.32	$0.58	$0.81	NA	NA	82.2	44.6	32.0	NA	N/M	10.3	9.8	1.89	6.1
BEP	Brookfield Renewables	Restricted	$27.86	R	R	R	17,971	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
CWEN	Clearway Energy	Sector Perform	$32.77	$36.00	4.5%	14.3%	3,902	$0.22	$0.44	$12.43	-$0.70	-$0.05	$0.26	74.5	2.6	NA	NA	126.0	333.8%	N/M	9.9	11.0	1.70	6.0
NEP	NextEra Energy Partners	Outperform	$71.49	$87.00	4.5%	26.2%	13,722	-$0.80	$1.77	$5.62	$1.82	$2.11	$2.40	40.4	12.7	39.3	33.9	29.8	183.6%	N/M	18.0	15.2	1.93	3.1
	Average				2.6%	13.8%								21.9	4.8	20.4	15.5	25.8	99.0%	N/M	8.2	7.3	1.00	2.2
ALT. ENERGY																								
FLNC	Fluence Energy	Outperform#	$20.37	$26.00	0.0%	27.6%	8,996	$0.00	-$0.94	-$1.58	-$0.45	$0.14	$0.80	NA	NA	NA	145.5	25.5	0.0%	N/A	-37.4	-85.7	7.13	10.3
SP50	Standard & Poor's 500 Index		$4,079	$4,100	1.8%	2.3%		$139.00	$217.19	$216.00	$199.00	N/A	N/A	18.8	18.9	20.5	N/A	N/A						
UTY	Philadelphia Utility Index		$883	$1,025	3.2%	19.3%				Utility P/E relative to S&P:				11.8%	5.6%	-7.8%	N/A	N/A						

A - Actual; E - Estimated; R - Restricted; #Speculative Risk

Source: FactSet; RBC Capital Markets estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 31-Dec-2022

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	839	56.05	225	26.82
HOLD [Sector Perform]	603	40.28	151	25.04
SELL [Underperform]	55	3.67	3	5.45

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

J.P.Morgan

North America Equity Research
14 February 2023

Exelon Corp.

Plan Roll Forward Illustrates Positive Growth & Equity Message; 4Q22 Matches Street

Overweight

EXC, EXC US
Price (15 Feb 23):$42.67

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com
J.P. Morgan Securities LLC

- **2023 initiated in line with company messaging; 6-8% CAGR extended through 2026 in a positive growth update.** EXC initiated 2023 adj EPS guidance of $2.30-2.42 ($2.36 JPMe/Street), implying ~5% growth based on the original 2022 guidance midpoint disclosed at the Jan 2022 Analyst Day, and consistent with EXC's 3Q/EEI growth message as PECO's rate cycle/weather/MYP reconciliations impact growth into 2023. In a positive update, EXC both reiterated its original 6-8% 2021-2025 EPS CAGR and rolled forward this 6-8% growth for 2022-2026. EXC expects the midpoint or better for both periods, plus outlined annual growth for 2024+ to be within or above this range. Subject to some debate into the update in consideration of how PECO's rate cycle lands across the period, we see this update as definitively settling the question on PECO's impact to growth.
- **4yr capital plan roll-forward sees $2.3bn raise, with equity unchanged.** EXC rolled forward its 4yr capital plan, increasing 2023-2026 capex to $31.3bn (previously $29.0bn for 2022-2025) for an attractive 7.9% rate base CAGR over the period. The company maintained its $1bn equity need, leaving $425mm remaining equity after EXC's 2022 issuance, in a positive driver relative to the higher capex targets. We highlight favorable balance sheet language pointing to a 100-200bp FFO/debt cushion relative to EXC's 12% downgrade threshold, with pending Treasury clarification on repairs treatment against AMT as the primary high/low range driver (EXC assumes no benefit, implying the low end of this 100-200bp range).
- **Chicago franchise agreement brings progress towards final resolution.** We highlight EXC's 15-year agreement with the city of Chicago as another positive, although steps remain to complete the agreement's ratification. EXC's plan includes the minor impact of its $100mm shareholder payment (the company will amortize over 15 years).
- **4Q22 matches Street**. EXC reported 4Q22 adj EPS of $0.43, in-line with the Street median and a penny ahead of JPMe. PECO landed -3c lower than our estimates, primarily driven be increases in depreciation, interest expense, and credit losses, partially offset by distribution rate increases. Aside from PECO, no segment meaningfully deviated from our expectations, and all landed within 2c of our estimates. Overall, EXC delivered a strong quarter, backed by higher YoY electric distribution rates at ComEd, and higher YoY rate increases at BGE, PECO, and PHI. EXC finished the year +2c ahead of the company's 2022 guidance midpoint, representing 8% growth from the 2021 guidance midpoint.

See page 3 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Table 1: EXC 4Q22 Results

Income Statement:	Actual 4Q21	Actual 4Q22	JPM 4Q22E	% Chg Y/Y	% Chg vs JPMe	YoY Drivers
Adj Op EPS by Segment						
ComEd	$0.14	$0.21	$0.19	51%	12%	+6c distribution and energy efficiency rates, +1c other
PECO	$0.14	$0.10	$0.13	-24%	-19%	+2c distribution rates, -1c depreciation and amortization, -1c credit loss expense, -1c interest expense, -2c othe
BGE	$0.12	$0.12	$0.12	-2%	-3%	+1c distribution rates, -1c other
PHI	$0.06	$0.09	$0.07	43%	37%	+2c distribution rates, +1c income tax timing, -1c depreciation/amortization, -1c credit loss expense, +2c other
Corporate & Other	($0.03)	($0.09)	($0.08)	192%	5%	-3c interest expense
Adjusted Operating EPS	**$0.43**	**$0.43**	**$0.42**	**0%**	**3%**	

Source: Company reports and J.P. Morgan estimates.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
20-Feb-20	N	49.60	51
21-Apr-20	N	37.07	46
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45
27-Dec-22	OW	43.04	49
25-Jan-23	OW	41.51	48

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), Nextera Energy Partners (NEP), NorthWestern Energy (NWE), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

J.P. Morgan Equity Research Ratings Distribution, as of January 01, 2023

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	48%	37%	14%
IB clients**	47%	45%	35%
JPMS Equity Research Coverage*	47%	40%	13%
IB clients**	65%	66%	55%

***Please note that the percentages might not add to 100% because of rounding.**

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.**
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 060/08/2022 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised February 04, 2023.

Copyright 2023 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

Completed 15 Feb 2023 07:21 PM EST

Disseminated 15 Feb 2023 07:21 PM EST

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Wynne Lam, CFA (AVP)
(212) 266-4040, wynne.lam@rbccm.com

February 15, 2023

Exelon Corporation

Shout Out to My EXC

Our view: We believe the 4Q22 financial update helped restore investors' confidence in EXC's ability to achieve earnings guidance, being fully aware of a weak 2023. Regulatory risk is relevant, in our view, as rapid growth in 2024 and 2025 would depend on favorable rate case outcomes. We tweak EPS expectations through 2027 in this update. We keep our price target at $47 a share and reiterate Sector Perform rating.

Key points:

EPS growth trajectory. EXC provided color to earnings drivers during the 2023-2026 planning period. We view 2025 to be critical as EXC makes up for expected slower earnings growth in 2023-2024. We expect new rates from multi-year plans (MYP) from ComEd and PECO (together ~60% of utility earnings ex. corporate) to be in ful swing in 2025. On a consolidated basis, we model 2023-2027 annual EPS growth rates of 4%, 6.3%, 9.1%, 7.2%, and 6.5% respectively, reflecting the uneven timing of rate cases.

Rate base growth should stay close to guidance 7.9% CAGR. We believe there are two driving factors. First, we view ComEd to be well-positioned to drive the majority of this growth, given the recent win of franchise agreements with the city of Chicago and strong political will to meet the goals of the Clean Energy Jobs Act (CEJA) in Illinois. Recall ComEd alone maked up 37% of consolidated rate base in 2022. Second, MYPs available in all utility jurisdictions should provide good visibility to capital deployment, as long as they are approved by their utility commissions.

However, balance sheet position could be better. Particularly if the U.S. Treasury does not provide relief on tax repair deductions for the utilities industry, we view a ~100-bp FFO/debt cushion above credit downgrade threshold (12%) to be a bit lacking. In contrast, many of EXC's large-cap peers are guiding toward 14-15% FFO/debt target. If EXC's metric falls further, we think it would be reasonable for EXC to turn to issuing moderate amounts of equity to shore up its balance sheet. We model to 13% FFO/debt through 2027 and anticipate more clarity on credit metrics once the U.S. Treasury issues additional tax guidance in spring 2023.

An alternative may be to turn to asset monetization of T&D assets. In particular, valuation of transmission assets appear to remain favorable in the private market, as we have seen with the minority stake sale of FirstEnergy Transmission (FE, Outperform) announced last month. EXC's total transmission rate base is ~$11B today. Hypothetically, a 10% ownership sale at a similar valuation (37x 2023 P/E on $550M earnings) could generate $1.6B net proceeds to go towards debt paydown and $25M net FFO accretion, resulting in a 58-bp increase in FFO/debt in proforma 2023.

Updating EPS estimates. We adjust 2024-2027 EPS to $2.51, $2.74, $2.93, and $3.12 from $2.54, $2.76, $2.97, and $3.20, respectively.

Sector Perform

NYSE: EXC; USD 42.03

Price Target USD 47.00

WHAT'S INSIDE	
☐ Rating/Risk Change	☐ Price Target Change
☐ In-Depth Report	☑ Est. Change
☐ Preview	☐ News Analysis

Scenario Analysis*

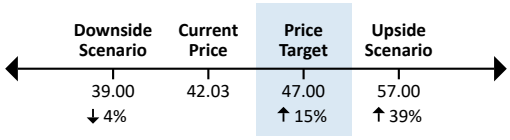

*Implied Total Returns

Key Statistics

Shares O/S (MM):	977.0	Market Cap (MM):	41,063
Dividend:	1.35	Yield:	3.2%
ROE:	9.2%	Tr. 12 ROE:	9.20%
Float (MM):	958.3	Enterprise Val. (MM):	71,226
Debt to Cap:	56%	Avg. Daily Volume:	5,881,713
Institutional Ownership:	80%		

RBC Estimates

FY Dec	2022A	2023E	2024E	2025E
EPS, Adj Diluted	2.27	2.36	2.51	2.74
Prev.	2.26		2.54	2.76
P/AEPS	18.5x	17.8x	16.7x	15.3x
DPS	1.35	1.44	1.55	1.65
Div Yield	3.2%	3.4%	3.7%	3.9%

EPS, Adj Diluted	Q1	Q2	Q3	Q4
2022	0.64A	0.47A	0.75A	0.41A
Prev.				0.43E

All values in USD unless otherwise noted.
Priced as of prior trading day's market close, EST (unless otherwise noted).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

Exelon Corp.	Shelby G. Tucker, CFA; RBC Capital Markets
Consolidated Income Statement	**+1 (212) 428-6462; shelby.tucker@rbccm.com**

Millions of Dollars Except for Per Share Amounts
Fiscal Year Ending December 31

	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
INCOME STATEMENT									
Total Operating Revenues	**34,438**	**33,039**	**36,347**	**19,078**	**20,486**	**20,786**	**21,320**	**22,186**	**23,089**
Fuel and Purchased Power	**(15,497)**	**(14,104)**	**(17,364)**	**(6,373)**	**(6,919)**	**(6,680)**	**(6,505)**	**(6,720)**	**(6,941)**
Gross Margin	**18,941**	**18,935**	**18,983**	**12,705**	**13,567**	**14,107**	**14,815**	**15,466**	**16,148**
Operation & Maintenance	(8,615)	(9,408)	(8,659)	(4,673)	(4,881)	(4,917)	(5,019)	(5,125)	(5,234)
Impairments	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	(4,252)	(5,014)	(6,036)	(3,325)	(3,466)	(3,636)	(3,823)	(4,009)	(4,191)
Taxes Other Than Income	(1,732)	(1,714)	(1,766)	(1,390)	(1,428)	(1,475)	(1,529)	(1,580)	(1,628)
Total Operating Expenses	**(30,096)**	**(30,240)**	**(33,825)**	**(15,761)**	**(16,693)**	**(16,708)**	**(16,876)**	**(17,434)**	**(17,995)**
Operating Income	**4,342**	**2,799**	**2,522**	**3,317**	**3,793**	**4,079**	**4,444**	**4,752**	**5,094**
Gain on sales of assets	31	24	201	(2)	-	-	-	-	-
Gain on consolidation and acquisition of businesses	1	-	-	-	-	-	-	-	-
Other, Net	1,227	1,145	1,056	535	566	566	566	566	566
EBIT	**5,601**	**3,968**	**3,779**	**3,850**	**4,359**	**4,645**	**5,010**	**5,318**	**5,660**
EBITDA	**9,853**	**8,982**	**9,815**	**7,175**	**7,825**	**8,281**	**8,833**	**9,327**	**9,851**
Interest Expense	(1,616)	(1,635)	(1,571)	(1,447)	(1,641)	(1,740)	(1,818)	(1,901)	(2,012)
Interest Expense to Affiliates, net	-	-	-	-	-	-	-	-	-
Total Other Income and Deductions	(1,616)	(1,635)	(1,571)	(1,447)	(1,641)	(1,740)	(1,818)	(1,901)	(2,012)
EBT	3,985	2,333	2,208	2,403	2,718	2,905	3,192	3,417	3,648
Income Taxes	(774)	(373)	(370)	(349)	(381)	(408)	(454)	(475)	(510)
Effective Tax Rate	19.4%	16.0%	16.8%	14.5%	14.0%	14.0%	14.2%	13.9%	14.0%
Income Before Extraordinary and Accounting Changes	3,211	1,960	1,838	2,054	2,337	2,497	2,738	2,942	3,138
Equity in Earnings (Losses) of Unconsolidated Affiliates	(183)	(6)	(9)	-	-	-	-	-	-
Net Income	3,028	1,954	1,829	2,054	2,337	2,497	2,738	2,942	3,138
Income from Discontinued Operations	-	-	-	-	-	-	-	-	-
Noncontrolling Interests and BGE Preference Stock Dividends	(92)	9	(123)	116	-	-	-	-	-
Cummulative effect of change in accounting principle	-	-	-	-	-	-	-	-	-
Net Income Attributable to common shareholders	**2,936**	**1,963**	**1,706**	**2,170**	**2,337**	**2,497**	**2,738**	**2,942**	**3,138**
Extraordinary Items and GAAP Changes	203	1,186	-	69	-	-	-	-	-
Ongoing Income	**3,139**	**3,149**	**1,706**	**2,239**	**2,337**	**2,497**	**2,738**	**2,942**	**3,138**
Earnings per share:									
Net Income (Diluted)	**$ 3.01**	**$ 2.01**	**$ 1.74**	**$ 2.20**	**$ 2.36**	**$ 2.51**	**$ 2.74**	**$ 2.93**	**$ 3.12**
Extraordinary Items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GAAP Changes	$ 0.21	$ 1.21	$ -	$ 0.07	$ -	$ -	$ -	$ -	$ -
Ongoing Income (Diluted)	**$ 3.22**	**$ 3.22**	**$ 1.74**	**$ 2.27**	**$ 2.36**	**$ 2.51**	**$ 2.74**	**$ 2.93**	**$ 3.12**
EPS % Growth	3.2%	0.0%	-46.0%	30.3%	4.0%	6.3%	9.1%	7.2%	6.5%
Average Shares Outstanding - Basic	973.0	976.0	979.0	986.0	989.4	994.5	999.3	1,002.3	1,004.0
Average Shares Outstanding - Diluted	974.0	977.0	980.0	987.0	990.4	995.5	1,000.3	1,003.3	1,005.0
Dividends per common share	1.4500	1.5300	1.5300	1.3500	1.4445	1.5456	1.6538	1.7696	1.8934
Dividend Growth	5.07%	5.52%	0.00%	-11.76%	7.00%	7.00%	7.00%	7.00%	7.00%
Dividend Payout Ratio	45%	47%	88%	60%	61%	62%	60%	60%	61%

Source: Company Reports, RBC Capital Markets Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

Exelon Corp.	Shelby G. Tucker, CFA; RBC Capital Markets
Balance Sheets and Statement of Cash Flows	**+1 (212) 428-6462; shelby.tucker@rbccm.com**

Millions of Dollars Except for Per Share Amounts
Fiscal Year Ending December 31

	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
BALANCE SHEET									
Assets									
Cash and Cash Equivalents	945	1,101	672	973	2,364	1,048	995	607	882
Accounts Receivable	6,175	4,629	2,865	3,561	2,904	2,944	3,013	3,137	3,264
Other Current Assets	4,917	6,832	10,420	2,802	1,526	1,752	2,187	2,592	2,701
Total Current Assets	12,037	12,562	13,957	7,336	6,794	5,744	6,196	6,336	6,847
Total PPE	104,212	109,311	78,988	85,006	92,358	98,821	105,923	113,181	120,509
Accumulated Depreciation	(23,979)	(26,727)	(14,430)	(15,930)	(21,357)	(24,932)	(28,694)	(32,641)	(36,771)
Property Plant & Equipment, net	80,233	82,584	64,558	69,076	71,002	73,889	77,230	80,540	83,738
Regulatory Assets	8,335	8,759	8,224	8,037	8,037	8,037	8,037	8,037	8,037
Nuclear Decommisioning Trust Funds	13,190	14,464	-	-	-	-	-	-	-
Investment in CENG	-	-	-	-	-	-	-	-	-
Investments	464	440	250	232	232	232	232	232	232
Goodwill, net	6,677	6,677	6,630	6,630	6,630	6,630	6,630	6,630	6,630
Derivative Assets	508	555	-	-	-	-	-	-	-
Other	3,533	3,276	39,394	4,038	4,038	4,038	4,038	4,038	4,038
Total Long-Term Assets	32,707	34,171	54,498	18,937	18,937	18,937	18,937	18,937	18,937
Total Assets	**124,977**	**129,317**	**133,013**	**95,349**	**96,733**	**98,570**	**102,362**	**105,813**	**109,522**
Liabilities And Shareholders' Equity									
Commercial Paper and Short-Term Loans	1,370	2,031	1,248	2,586	1,736	1,736	1,736	1,736	1,736
Long-Term Debt Due Within One Year	4,710	1,819	2,153	1,802	833	957	750	660	447
Current Maturities of Transitional Funding Trusts	-	-	-	-	-	-	-	-	-
Accounts Payable	3,560	3,562	2,379	3,382	2,074	1,993	1,932	1,996	2,062
Other Current Liabilities	4,545	5,359	10,331	2,841	2,470	1,663	1,720	1,820	2,470
Total Current Liabilities	14,185	12,771	16,111	10,611	7,113	6,349	6,138	6,212	6,715
Long Term Debt	31,329	35,093	30,749	35,272	40,406	41,899	45,299	48,289	51,893
Long Term Debt- VIE	-	-	-	-	-	-	-	-	-
Long-Term Debt to ComEd Transitional Funding Trustand PECO Transitio	-	-	-	-	-	-	-	-	-
Long-Term Debt to Other Transition Financing Trust	390	390	390	390	390	390	390	390	390
Total Long-Term Debt	31,719	35,483	31,139	35,662	40,796	42,289	45,689	48,679	52,283
Deferred Income Taxes	12,351	13,035	10,611	11,250	12,278	12,595	12,912	13,229	13,546
Spent Nuclear Fuel Obligation	1,199	1,208	-	-	-	-	-	-	-
Other	30,950	31,952	40,357	13,082	10,652	10,242	9,201	8,002	5,952
Total Long Term Liabilities	44,500	46,195	50,968	24,332	22,930	22,837	22,113	21,231	19,498
Total Liabilities	**90,404**	**94,449**	**98,218**	**70,605**	**70,839**	**71,475**	**73,940**	**76,122**	**78,495**
BGE Preference Stock Not Subject to Mandatory Redemption	-	-	-	-	-	-	-	-	-
Contingently redeemable noncontrolling interest	-	-	-	-					
Minority Interest of Consolidated Subs	2,349	2,283	-	-	-	-	-	-	-
Preferred	-	-	-	-	-	-	-	-	-
Common Stockholder's Equity	32,224	32,585	34,795	24,744	25,894	27,095	28,422	29,690	31,027
Total Liabilities and Stockholder's Equity	**124,977**	**129,317**	**133,013**	**95,349**	**96,733**	**98,570**	**102,362**	**105,813**	**109,522**

Source: Company Reports, RBC Capital Markets Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

Exelon Corp.	Shelby G. Tucker, CFA; RBC Capital Markets
Balance Sheets and Statement of Cash Flows	**+1 (212) 428-6462; shelby.tucker@rbccm.com**

Millions of Dollars Except for Per Share Amounts
Fiscal Year Ending December 31

	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
STATEMENT OF CASH FLOWS									
Net Income	3,028	1,954	1,829	2,171	2,337	2,497	2,738	2,942	3,138
Depreciation	4,273	5,044	7,573	3,533	3,466	3,636	3,823	4,009	4,191
Amortization of Nuclear Fuel	1,507	1,483	-	-	-	-	-	-	-
All Other Amortization	-	-	-	-	-	-	-	-	-
Impairment Charges	201	591	552	48	-	-	-	-	-
Gain on consolidation and acquisition of businesses	-	-	-	-	-	-	-	-	-
(Gain) loss on sales of assets	(27)	(24)	(201)	(8)	-	-	-	-	-
Deferred Income Taxes and Amortization of Investment Tax Credits	681	309	18	255	317	317	317	317	317
Net Realized and Unrealized Mark-to-Market Transactions	(441)	(647)	(408)	(53)	-	-	-	-	-
Net Cash from Divestitures	-	-	-	-	-	-	-	-	-
Other Non-Cash Operating Activities	613	592	(200)	370	400	400	400	400	400
Change in Working Capital	(1,286)	(5,592)	(4,900)	(1,051)	(1,124)	(1,153)	(1,153)	(1,173)	(1,157)
Pension/OPEB contributions	(408)	(601)	(665)	(616)	(310)	(310)	(310)	(310)	(310)
Other, Merger Agreements	(1,482)	1,126	(586)	221	325	325	325	325	325
Cash Flow from Operations	**6,659**	**4,235**	**3,012**	**4,870**	**5,411**	**5,712**	**6,141**	**6,510**	**6,904**
Additions to PP&E, excl. Capitalized Interest and AFDC	(7,248)	(8,048)	(7,981)	(7,147)	(7,175)	(7,600)	(8,225)	(8,375)	(8,469)
Proceeds/(Investments) from Nuclear Decommisioning Trust	(36)	(123)	(141)	(28)	-	-	-	-	-
Cash Acquired from Constellation	-	-	-	-	-	-	-	-	-
Proceeds from sale of long-lived assets	-	-	-	16	-	-	-	-	-
Sales (Purchase) of businesses	12	-	877	-	-	-	-	-	-
Net Change in Long-Term Investments	-	-	-	-	-	-	-	-	-
Other	12	3,835	3,928	169	250	250	250	250	250
Cash Flows from Investing Activities	**(7,260)**	**(4,336)**	**(3,317)**	**(6,990)**	**(6,925)**	**(7,350)**	**(7,975)**	**(8,125)**	**(8,219)**
Issuance of long-term debt, net of issuance costs	1,951	7,507	3,481	6,309	5,675	2,450	4,500	4,500	4,400
Retirement of long-term debt	(1,287)	(6,440)	(1,640)	(2,073)	(850)	(833)	(1,307)	(1,600)	(1,010)
Retirement of Long-Term Debt, VIE	-	-	-	-	-	-	-	-	-
Retirement of LTD to Financing Affiliates	-	-	-	-	-	-	-	-	-
Change in short-term debt	656	161	1,299	786	(850)	-	-	-	-
Issuance of common stock	-	-	-	563	142	142	142	-	-
Common stock repurchases	-	-	-	-	-	-	-	-	-
Redemption of preferred securities of subsidiaries	-	-	-	-	-	-	-	-	-
Issuance of preferred securities of subsidiaries	-	-	-	-	-	-	-	-	-
Sale of noncontrolling interest	-	-	-	-	-	-	-	-	-
Dividends on common stock	(1,408)	(1,492)	(1,497)	(1,334)	(1,429)	(1,537)	(1,653)	(1,774)	(1,901)
BGE Preference Stock Dividends Paid	-	-	-	-	-	-	-	-	-
Proceeds from Employee Stock Plans	112	45	80	36	100	100	100	100	100
Purchase of Treasury Stock	-	-	-	-	-	-	-	-	-
Purchase of Forward Contact in Relation to Certain Treasury Stock	-	-	-	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-	-	-	-
Other financing activities	(82)	364	(965)	(2,696)	-	-	-	-	-
Cash Flow from Financing Activities	**(58)**	**145**	**758**	**1,591**	**2,788**	**321**	**1,782**	**1,226**	**1,589**
Beginning Cash Balance	1,781	1,122	1,166	1,619	1,090	2,364	1,048	995	607
Change in Cash	(659)	44	453	(529)	1,274	(1,316)	(53)	(388)	275
Cash classified as held for sale	-	-	-	-	-	-	-	-	-
Ending Cash Balance	**1,122**	**1,166**	**1,619**	**1,090**	**2,364**	**1,048**	**995**	**607**	**882**

Source: Company Reports, RBC Capital Markets Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

RBC Capital Markets

Key ESG questions

This section is intended to highlight key ESG discussion points relevant to this company, as well as our views on the outlook. Both the questions we highlight and our responses will evolve over time as the dialogue between management, analysts and investors continues to advance. We welcome any feedback on the topics.

	Our view
How do EXC's utilities rank across peers operationally?	EXC utilities rank in the top quartile of transmission and distribution operators in terms of operating metrics and customer satisfaction scores, according to EXC presentation materials. EXC utility customer bills average modestly below the US average, which we believe has a positive social impact.
What are EXC utilities' key environmental goals?	EXC has committed to a net-zero by 2050 operations goal, with an interim target of 50% by 2030. Post-separation from Constellation, EXC owns no generation supply and enables ~2GW of distributed energy resources. EXC also expects 50% vehicle fleet electrification by 2030. EXC is promoting electrification by advancing EV infrastructure in its operating territories.
What are EXC's key governance matters?	In July 2020, ComEd entered into a two-year deferred prosecution agreement (DPA) with Federal authorities in relation to certain past political lobbying activities. We expect this to produce an overhang for some investors during the course of the DPA.
What is diversity like at the management/ board level?	As of 2022, 92% of board members (including Board Chair) are independent. 33% of Board of Directors are women while 22% are ethnically diverse.
What environmental disclosures does EXC provide?	EXC provides disclosures on GRI standards, SASB standards, EEI/AGA ESG templates, and scope 1-3 emissions information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

Target/Upside/Downside Scenarios

Exelon Corporation

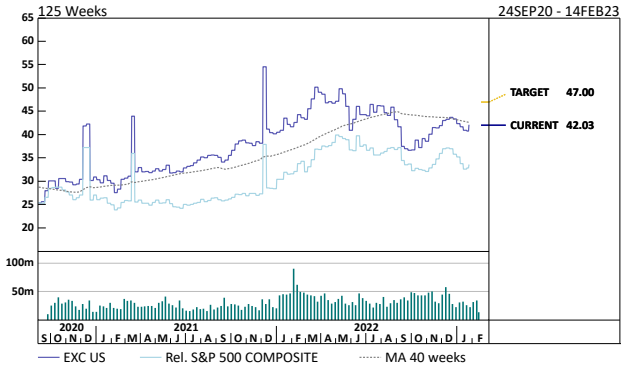

Source: Bloomberg and RBC Capital Markets estimates for Target

Valuation

Our $47 price target assumes a 18.6x P/E multiple on 2024E utilities EPS of $2.51. Our multiple reflects a slight 3% discount to our base case blended electric and gas multiple of 19.1x, resulting in equity value per share of $47. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Upside scenario

Upside scenario of $57. We assume that 30-bps improvement in overall ROE leads to $92M higher net income and 2024 EPS of $2.64. We then apply a 9% discount to our upside blended electric and gas multiple of 23.7x, resulting in an equity per share value of $57.

Downside scenario

Downside scenario of $39. We assume that higher O&M and lower ROE reduce 2024 EPS to $2.45. We apply a 10% premium on our downside blended electric and gas multiple of 14.5x. We give consideration to rate recovery benefits from a large contribution of multiyear rate plans and formula rates.

Investment summary

Exelon returns to a fully regulated T&D utility after a successful spinoff of its generation unit Constellation. One-third of Exelon's earnings comes from its primary utility, ComEd, which benefits from low-cost nuclear power generation. While the majority of rate base investments can be recovered via alternative recovery mechanisms, the timing of multi-year formula rate adjustments could result in annual EPS growth rates falling outside of long-term guidance for individual years. Over the 5-year period ending 2027, we project EPS CAGR of 7.2% and recognize headwinds in 2023 and 2024. In the near-term, we await a catalyst that could drive a better entry point.

Potential catalysts

- Approval of further multiyear rate plans
- Favorable rate case decision on ComEd leading to material increase in allowed ROE
- Equity issuances at favorable prices leading to less-than-expected dilution
- Management announces accretive utility transactions and further improves balance sheet

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Credit metrics deteriorate due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Approval of upcoming multi-year plans at favorable levels

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

RBC Capital Markets

Company description

Exelon is one of the largest power companies in the U.S. Its six T&D utilities (ComEd, PECO, BG&E, PEPCO, DPL, ACE) serve more than 10 million electric and gas customers in DE, DC, IL, NJ, PA, and MD. Exelon operates 11,160 miles of regulated electric transmission lines and expects to have a total rate base of $52 billion by 2022. EXC separated from its generation business, Constellation, in February 2022.

Companies mentioned

FirstEnergy Corp. (NYSE: FE US; $40.17; Outperform)

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for FirstEnergy Corp. in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from FirstEnergy Corp. in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of FirstEnergy Corp..

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from FirstEnergy Corp. during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to FirstEnergy Corp..

RBC Capital Markets has provided FirstEnergy Corp. with non-securities services in the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

RBC Capital Markets

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.

Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 31-Dec-2022

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	839	56.05	225	26.82
HOLD [Sector Perform]	603	40.28	151	25.04
SELL [Underperform]	55	3.67	3	5.45

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

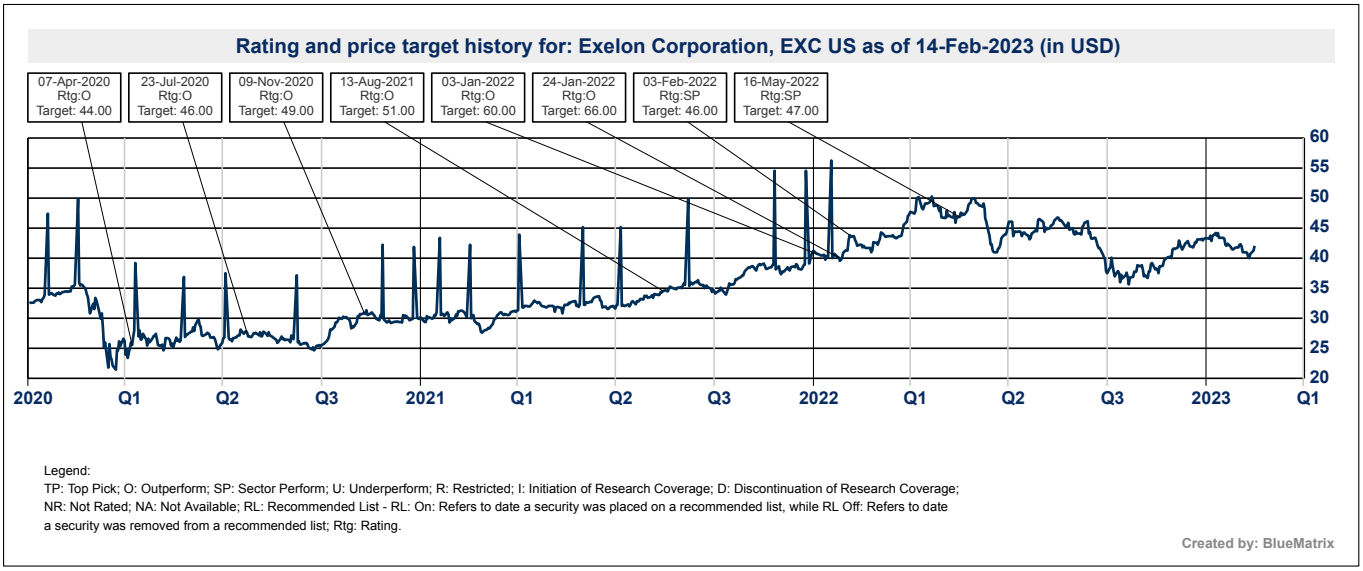

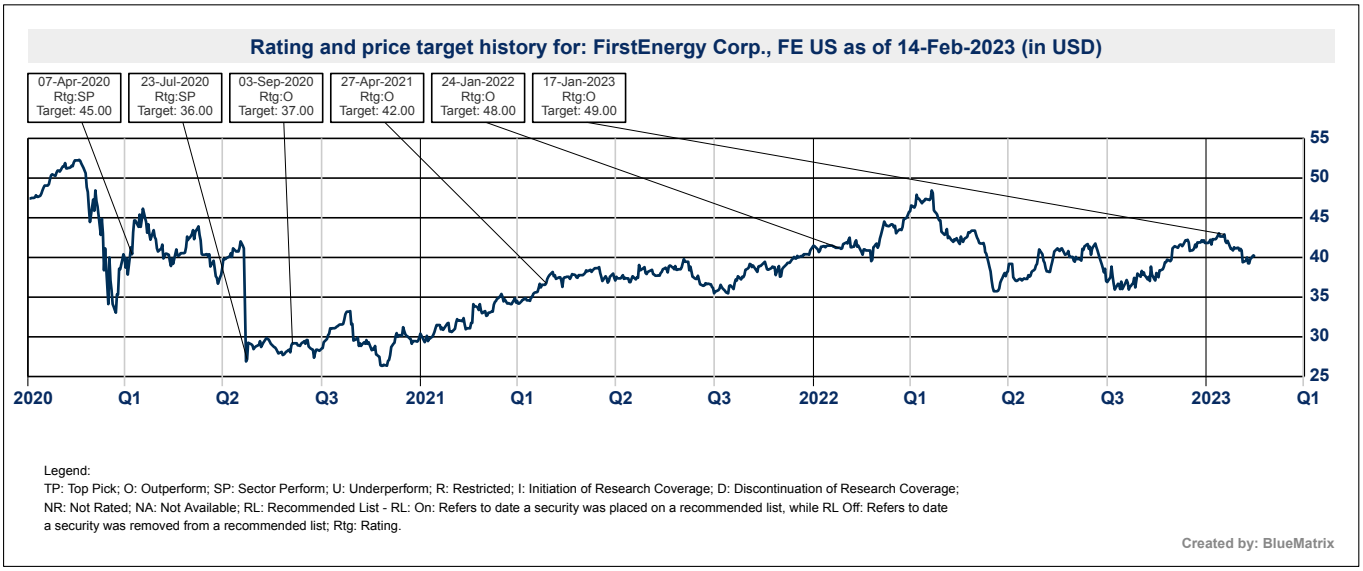

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). RBC Capital Markets recommended lists include the Strategy Focus List and the Fundamental Equity Weightings (FEW) portfolios. The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $47 price target assumes a 18.6x P/E multiple on 2024E utilities EPS of $2.51. Our multiple reflects a slight 3% discount to our base case blended electric and gas multiple of 19.1x, resulting in equity value per share of $47. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Credit metrics deteriorate due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Approval of upcoming multi-year plans at favorable levels

FirstEnergy Corp.

Valuation

Our base case of $49 places a 7% discount on our electric utility industry P/E multiple of 19.4x applied to 2024 EPS of $2.73. Our discount reflects ongoing regulatory uncertainty and below average credit metrics relative to peers, despite our view that a return to mid-teens FFO/Debt in 2024 is achievable. Recent transaction multiple on transmission evidences strong valuation on transmission, but we also consider a slower distribution segment hampered by a rate freeze in Ohio through 2024. Our valuation supports an Outperform rating.

Risks to rating and price target

- Financial and regulatory risks from ongoing Ohio investigations
- Weakened balance sheet and longer pathway to achieve IG ratings
- Further financial impact from pension expense in 2023/2024
- Potential equity dilution if future asset sales achieved at lower multiples
- Regulatory risks from 2023/2024 regulatory proceedings

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. (“MSCI”) and Standard & Poor's Financial Services LLC (“S&P”) and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Equity Research

WELLS FARGO

Earnings Estimates Revised — February 15, 2023

Regulated Electric Utilities

Exelon Corporation (EXC)

EXC: Non-Material Estimate Change

Corrected quarterly estimates for 2023

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

Rating	Equal Weight
Ticker	**EXC**
Price Target/Prior:	**$45.00/NC**
Upside/(Downside) to Target	**7.1%**
Price (02/14/2023)	**$42.03**
52 Week Range	$35.19 - 50.71
Shares Outstanding	993,452,030
Market Cap (MM)	$41,755
Enterprise Value (MM)	$77,517
Average Daily Volume	8,187,454
Average Daily Value (MM)	$344
Dividend (NTM)	$1.53
Dividend Yield	3.6%
Net Debt (MM) - last reported	$37,777
ROIC - Current year est.	10%
3 Yr EPS CAGR from current year (unless otherwise noted)	(10)%

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.

FY(Dec) $		2022A	2023E Curr.	2023E Prior	2024E Curr.	2024E Prior
EPS	Q1 (Mar)	0.64 A	0.67 E	0.64A	-	NC
	Q2 (Jun)	0.44 A	0.45 E	0.44A	-	NC
	Q3 (Sep)	0.75 A	0.78 E	0.75A	-	NC
	Q4 (Dec)	0.43 A	0.46 E	0.44A	-	NC
	AN	2.27 A	2.36 E	NC	2.50 E	NC
Rev. (MM)		18,941.0 A	19,611.6 E	NC	20,287.6 E	NC
EBIT (MM)		3,841.7 A	4,178.5 E	NC	4,537.5 E	NC
EBITDA (MM)		6.98B A	7.57B E	NC	8.18B E	NC
DPS		1.35 A	1.44 E	NC	1.55 E	NC
EV/EBIT		20.2x	18.6x		17.1x	
EV/EBITDA		11.1x	10.2x		9.5x	
EV/Revenue		4.1x	4.0x		3.8x	
P/E		18.5x	17.8x		16.8x	

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.
NA = Not Available, Volatility = Historical trading volatility

All estimates/forecasts are as of 2/15/2023 unless otherwise stated. 2/15/2023 10:36:14EST. Please see page 4 for rating definitions, important disclosures and required analyst certifications. Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

EXC Earnings Model						
($ millions except per share data)	**2021**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**
Revenues	**$36,347**	**$18,941**	**$19,612**	**$20,288**	**$21,065**	**$21,856**
Expenses						
Purchased Power/Fuel/Power Cost Adjustments	17,364	6,398	6,412	6,427	6,441	6,456
Other O&M	8,659	4,258	4,310	4,342	4,388	4,428
Depreciation & Amortization	6,036	3,137	3,389	3,646	3,922	4,211
Other	1,565	1,249	1,264	1,279	1,294	1,309
Total Expenses	**$33,624**	**$15,099**	**$15,433**	**$15,750**	**$16,103**	**$16,462**
EBIT	**$2,723**	**$3,842**	**$4,179**	**$4,537**	**$4,962**	**$5,394**
EBITDA	**$8,759**	**$6,979**	**$7,568**	**$8,183**	**$8,884**	**$9,605**
Other Income	1,056	271	266	276	281	271
Interest Expense	1,571	1,341	1,255	1,222	1,153	1,074
Income Taxes	370	390	444	511	557	602
Tax Rate	*17%*	*15%*	*16%*	*17%*	*17%*	*17%*
Earnings						
Income from Continuing Operations	$1,838	$2,241	$2,356	$2,503	$2,740	$2,956
Nonrecurring	0	0	0	0	0	0
Adjustment for Non-Controlling Interest	(123)	0	0	0	0	0
Net Income	**$1,706**	**$2,241**	**$2,356**	**$2,503**	**$2,740**	**$2,956**
Avg. Diluted Shares Outstanding	980	987	998	1,003	1,007	1,011
EPS	$1.74	$2.27	$2.36	$2.50	$2.72	$2.93
Non-Recurring	(1.08)	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$2.82**	**$2.27**	**$2.36**	**$2.50**	**$2.72**	**$2.93**
Q1 EPS	(0.06)	0.64A	0.67			
Q2 EPS	0.89	0.44A	0.45			
Q3 EPS	1.09	0.75A	0.78			
Q3 EPS	0.90	0.43A	0.46			

EXC Supplemental Information	2021	2022E	2023E	2024E	2025E	2026E
Dividend Information						
Dividends Per Share - YE Rate	$1.53	$1.35	$1.44	$1.55	$1.67	$1.80
Dividends Paid Per Share	1.53	1.35	1.44	1.55	1.67	1.80
Payout Ratio	54%	59%	61%	62%	61%	62%
Cash Flow & Balance Sheet Items						
Capital Expenditures (millions)	$7,981	$7,250	$7,250	$7,675	$8,300	$8,450
Book ROE	8.2%	7.7%	9.6%	9.7%	10.2%	10.5%
FFO/Debt	10%	13%	13%	13%	13%	13%
Debt/EBITDA	4.8x	5.6x	5.7x	5.6x	5.6x	5.5x
Common Equity as % of Total Capitalization	45%	38%	37%	36%	36%	35%

Note: 2022 financials remain estimates pending full 10-K update

Source: Wells Fargo Securities, LLC estimates and company filings

Investment Thesis, Valuation and Risks

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (7%) and wires-centric asset mix are balanced by modest balance sheet concerns and our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $45.00 from NC

Our $45/sh price target is based on a P/E multiple analysis. We apply a P/E of 17.5-18.0X to our 24E EPS of $2.50. Our multiple represents a 0-5% discount to the '23 Regulated Electric peer group median of 18.0-18.5X as we balance positive features (strong 7% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '23 median to our 24E EPS due to the forward-looking nature of our price target.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

I, Neil Kalton, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

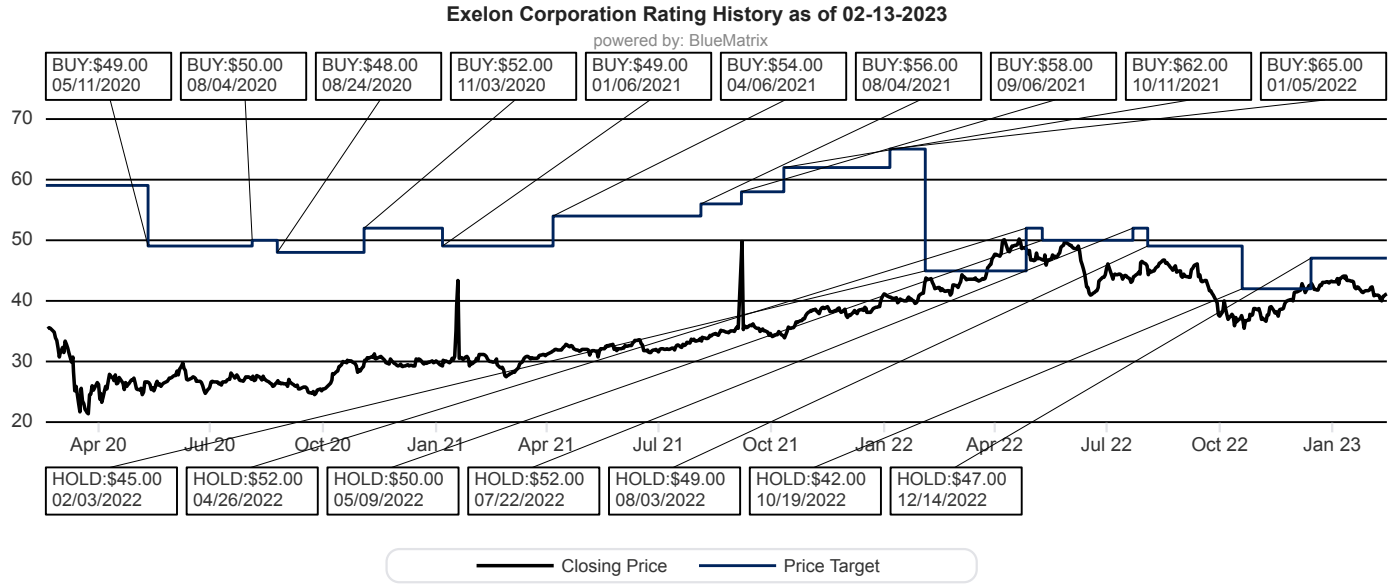

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public (or 144a) offering of securities for an affiliate of Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

1=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

2=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

3=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of February 14, 2023
51.6% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
39.1% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
9.4% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 32.5% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 32.6% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 25.0% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should seek professional advice, including tax advice, to determine whether any advice or recommendation in the

attached research report is suitable for their particular circumstances. The information in this report is provided as of the date of the report and has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. Copyright © 2023 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
D	58.06	Buy
ES	78.89	Buy
EVRG	60.65	Buy
EXC	42.03	Neutral
FE	40.17	Buy
HE	41.77	Neutral
NEE	76.03	Buy
PCG	15.58	Buy
SRE	156.85	Buy

Power & Utilities

February 15, 2023

The Guggenheim Daily Transmission: FE, EXC, ES, HE, PCG, NEE, SRE, D/CT, EVRG/KS, Nuclear

2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All? (see our note HERE)

For details on our Wisconsin call with Commissioner Huebner, AZ Commissioners call, and other events, scroll down…

For details on our Guggenheim-hosted client Utility events including our WEC NDR THIS WEEK, DUK NDR, NEE NDR, AEE NDR, EXC NDR, AGA Conference meetings, ETR NDR, DTE NDR, PCG NDR, ES NDR, PNW NDR, POR NDR, and other events, scroll down…

FE: 6%–8% Annual Earnings Growth Continues Post-2025, Supported by Accelerating Capital Investment Program (see our note HERE)

EXC: Relief Rally as New C-Suite Rolls Forward on 6-8% (see our note HERE)

ES – Management Stops Short of 6-8% Growth as Wind Sale Details Remain Elusive (see our note HERE)

HE – 4Q EPS Beat on Utility, Miss on Bank; Plan Set at Conservative Level While NT Headwinds Manageable (see our note HERE)

PCG – CPUC issues ruling to support record on latest PG&E GRC update

NEE – NextEra Transmission fighting at FERC to keep competitive TX transmission project in MISO from cancellation

SRE – Sempra Infrastructure, Grupo Carso and CFE sign MOU on natural gas pipeline development in Mexico

D/CT – Millstone site to potentially host data center

EVRG/KS – Senate Committee on Utilities recommends passage of ROFR Bill

Nuclear – Japan exploring extending nuclear plant operating life to 60 years

FE – $100m potential personal gain was at stake in bribery case, according to testimony

PCG – CPUC issues ruling to support record on latest PG&E GRC update

- CPUC issued a ruling admitting workpapers related to the track 2 settlement and certain PG&E exhibits on undergrounding.
- PG&E previously filed updated testimony in the 2023 General Rate Case that incorporates updated cost escalation on O&M and capital, as well as tax law changes which impact revenue requirements.
- The updated testimony results in a 2023 base year revenue requirement increase of $835M (the bulk of the contribution from expense escalation, $641M).
- Escalation for 2024-2026 results in revenue requirement increases of $31M, $105M and $119M in the respective attrition years.
- Capital cost escalation also results in increases to rate base, with a 2023 base year step up to $50.9B (+$1.7B vs. prior request) and up to $68B by 2026 (+$5.4B vs. prior request)
- Docket: A2106021

Guggenheim takeaway:*FYI. Intervenors have previously been focused on specific revenue reductions, including alternative insurance proposals, reduction in operating costs, reduction in capital programs including undergrounding, etc. Between the broader stakeholder support*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

for undergoing, and legislative outcomes (noted HERE), there is a clear push to do more in CA, but we acknowledge the regulatory process bid-ask and intervenor scrutiny. Ultimately, we still see an upside to the base capex for PCG even among the bid-ask as system needs are not going away. More on our thesis here.

NEE – NextEra Transmission fighting at FERC to keep competitive TX transmission project in MISO from cancellation

- NextEra Transmission, among other stakeholders, requested FERC deny MISO's request to cancel a competitively awarded MISO project in TX.
- The project is a $115M Hartburg-Sabine transmission line that MISO has delayed due to disputes on utility ROFRs and has found that the project has no benefits as previously calculated.
- ETR supports the project cancellation.
- FERC Docket: ER23-865, latest ETR filing here.

Guggenheim takeaway: *FYI. The dispute around TX transmission in non-ERCOT territories continues.*

SRE – Sempra Infrastructure, Grupo Carso and CFE sign MOU on natural gas pipeline development in Mexico

- Sempra Infrastructure, Mexico's Federal Electricity Commission (CFE), and Carso Energy (GPOVF, majority owned by Carlos Slim), announced a Memorandum of Understanding (MOU) to advance joint development of natural gas transportation infrastructure between the states of Sonora and Baja California, Mexico.
- The agreement is intended to increase CFE's electricity generation capacity and availability of natural gas in the northwest region of Mexico.
- The length of the proposed natural gas pipeline would be approximately 281 miles and would be interconnected with the already existing "Samalayuca – Sásabe" and "Sásabe - Guaymas" transportation systems in Mexico, owned by affiliates of Carso Energy and Sempra Infrastructure.
- More here.

Guggenheim takeaway: *FYI. Constructive datapoint on the SIP platform expansion opportunities as well as supportive of MX LNG ambitions.*

D/CT ─ Millstone site to potentially host data center

- A developer has reportedly reached out to the town of Waterford to build roughly 1 million SF of data center space across up to two buildings on the Millstone site.
- "Dominion Energy is exploring this opportunity with NE Edge to help respond to a critical data infrastructure need in our state… The data center's need to find a suitable site and the availability of space on Millstone Power Station property make this a potentially beneficial partnership for Dominion Energy." - Millstone Site Vice President Michael O'Connor.
- More HERE/HERE.

Guggenheim takeaway: *Interesting item for your awareness, with data center co-location not unusual at this point following similar efforts at eastern plants like Susquehanna. The scale of the computing power (and electric load) is not yet available.*

EVRG/KS ─ Senate Committee on Utilities recommends passage of ROFR Bill

- The Committee on Utilities has recommended the passage of ROFR legislation, with amendments that appear to include a 10-year sunset.
- More HERE.

Guggenheim takeaway: *Heads up as we continue to monitor.*

Nuclear ─ Japan exploring extending nuclear plant operating life to 60 years

- The Nuclear Regulation Authority has promulgated a new draft order to allow for operations beyond the current 40-year window.
- More HERE.

Guggenheim takeaway: *Minor FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

FE — $100m potential personal gain was at stake in bribery case, according to testimony

- A company lobbyist for FirstEnergy Solutions testified that executive John Kiani stood to personally gain $100m from the sale of two nuclear power plants.
- "Cespedes said in court that Kiani was in the know on the company's aggressive, $35 million lobbying campaign to support 2019 legislation that provided a $1.3 billion ratepayer-funded bailout to the plants. Specifically, Cespedes said Kiani was aware of what they called a "black ops" operation to bribe a signature collector, ad buys funded in secret with company cash, hiring private investigators to follow around signature gatherers seeking to repeal the bailout, and others." – Cleveland.com article
- More HERE.

Guggenheim takeaway: *Local media coverage of the ongoing HB6 trial of Larry Householder and Matt Borges. We continue to monitor.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP Corporate Communications & Investor Relations*

Dates & Locations

February 14 – 16, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meetings

Company Information

Market Cap: $29.8bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Regulatory Speaker Series: Getting the Lay of the Land in Wisconsin with Commissioner Huebner

Please join us for a deep discussion and viewpoints on the outlook for Wisconsin utility regulation with PSC Commissioner Huebner. Commissioner Huebner brings extensive utility experience to his role on the PSC, with the discussion to focus primarily on pathways forward for Wisconsin ratemaking and views on resource adequacy, in addition to other Wisconsin utility-focused topics of interest.

Topics

- Goals for improving ratemaking in WI
- Thoughts on general regulatory principles (capital flows, allowed returns)
- Interplay between the PSCW and the WI legislature
- *And other items related to this topic to be discussed*

Date and Time

Friday, February 17, 2023
2:00-3:00 PM EST

Speakers

Commissioner Tyler Huebner, *Public Service Commission of Wisconsin*

Dial-In

Please contact your Guggenheim Sales Representative for the Virtual Meeting Details

Participating Guggenheim Analyst

Shar Pourreza CFA, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Regulatory Speaker Series: Arizona's Path Forward with ACC Commissioners Kevin Thompson and Nick Myers

Please join us for a deep discussion and viewpoints on the outlook for Arizona utility regulation with ACC Commissioners Kevin Thompson and Nick Myers. Both bring extensive utility experience to their new roles on the ACC. The discussion will focus primarily on pathways forward for Arizona ratemaking, views on new capacity additions, as well as potential reforms including forward-looking test years and legislation clarifying the ACC's policy-making authority, in addition to other Arizona utility-focused topics of interest.

Topics

- Goals for improving ratemaking in AZ
- ACC vs AZ legislature's policy-making authority
- *And other items related to this topic to be discussed*

Date and Time

Monday, February 27, 2023
4:00PM – 5:00PM ET

Speakers

Commissioner Nick Myers, *Arizona Corporation Commission*
Commissioner Kevin Thompson, *Arizona Corporation Commission*

Dial-In

Please contact your Guggenheim Sales Representative for the Virtual Meeting Details

Participating Guggenheim Analyst

Shar Pourreza CFA, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, Chair, *President & Chief Executive Officer*
Abby Motsinger, *VP, Investor Relations*

Dates & Location
March 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meetings & Small Group Dinner

Company Information
Market Cap: $79.2bn
Duke Energy Corp. engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities & Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Commercial Renewables segment acquires, develops, builds, operates, and owns wind and solar renewable generation throughout the continental United States. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

Kirk Crews, *Chief Financial Officer*

Dates & Location
March 14 – 16, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $151.6bn
NextEra Energy, Inc. (NEE) is an electric power and energy infrastructure company. It operates through the following segments: FPL and NEER. The FPL segment engages primarily in the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. It provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas production and pipeline infrastructure development, and owns a retail electricity provider. The company was founded in 1984 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Ameren Corporation (AEE)

Martin Lyons, *President & Chief Executive Officer*
Michael Moehn, *Executive VP, Chief Financial Officer*
Andrew Kirk, *Director, Investor Relations*

Date
Wednesday, March 22, 2023

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $22.3bn
Ameren Corp. is a public utility holding company that engages in the provision of electric and natural gas services. It operates through the following segments: Ameren Missouri, Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, Ameren Transmission, and Other. The Ameren Transmission segment consists of the aggregated electric transmission businesses of Ameren Illinois and Ameren Transmission Company of Illinois (ATXI). The company was founded in 1902 and is headquartered in St. Louis, MO. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	1/10 & 1/11	Boston & New York
Commissioner Roundtable Event	1/20	In Person at Guggenheim
2023 Utilities Conference Call	1/23	Dial-In
VA Policy Call	2/7	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	2/9	Virtual
WEC	2/14–2/16	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	2/17	Virtual
Arizona Commissioners Call	2/27	Virtual
DUK	3/7-3/8	NYC
NEE	3/14-3/16	West Coast
AEE	3/22	Virtual
EXC	5/15–5/16	NYC
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	5/31–6/2	LA, SF, Denver
DTE	6/7	Boston
PCG	6/12	NYC
ES	6/21–6/22	NYC
PNW	8/9–8/10	NYC
POR	9/13–9/14	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Comp Sheet

2/14/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																		
ALE	$58.91	3,367	3.75	3.93	4.17	4.56	4.87	3.69	3.84	4.06	4.43	4.91	0.06	0.09	0.11	0.13	(0.04)	16.0x	15.3x	14.5x	13.3x	12.0x	-14%	-13%	-15%	-15%	6.2%	4.6%	71%	Sell	$54	-4%	Neutral	$65	14%
AVA	$39.95	2,947	1.89	2.28	2.49	2.61	2.67	1.89	2.31	2.43	2.54	2.68	–	(0.03)	0.06	0.07	–	21.2x	17.3x	16.5x	15.7x	14.9x	-4%	-2%	0%	0%	7.6%	4.6%	80%	Sell	$35	-8%	Sell	$39	2%
NWE	$56.41	3,259	3.28	3.42	3.55	3.75	3.91	3.28	3.48	3.62	3.82	3.95	–	(0.06)	(0.07)	(0.07)	(0.04)	17.2x	16.2x	15.6x	14.8x	14.3x	-10%	-7%	-6%	-6%	4.5%	4.6%	74%	Sell	$46	-14%	Buy	$58	7%
POR	$47.07	4,749	2.74	2.62	3.00	3.15	3.31	2.78	2.69	3.02	3.18	3.31	(0.04)	(0.07)	–	(0.03)	–	16.9x	17.5x	15.6x	14.8x	14.2x	-2%	-7%	-5%	-5%	5.0%	4.0%	69%	Buy	$54	19%	Buy	$51	13%
		14,323																17.8x	16.6x	15.5x	14.6x	13.9x	-7%	-7%	-6%	-6%	5.8%	4.5%	74%						
Mid/Large Cap Electric																																		
AEE	$85.20	22,013	4.08	4.32	4.67	5.05	5.40	4.08	4.36	4.68	5.01	5.37	–	(0.04)	–	0.04	0.03	20.9x	19.5x	18.2x	17.0x	15.9x	9%	9%	9%	9%	6.8%	3.0%	58%	Neutral	$89	7%	Buy	$94	13%
AEP	$90.48	46,494	5.00	5.30	5.64	6.00	6.39	5.01	5.28	5.63	5.97	6.35	–	–	–	0.03	0.04	18.1x	17.1x	16.1x	15.2x	14.3x	-4%	-4%	-3%	-3%	6.4%	3.7%	63%	Buy	$105	20%	Buy	$104	18%
CMS	$61.16	17,814	2.89	3.12	3.41	3.65	3.91	2.88	3.10	3.34	3.62	3.87	–	–	0.07	–	0.04	21.2x	19.7x	18.3x	16.9x	15.8x	10%	9%	8%	8%	8.1%	3.2%	63%	Neutral	$68	14%	Buy	$69	15%
CNP	$29.09	18,310	1.38	1.51	1.62	1.74	1.89	1.38	1.49	1.61	1.73	1.86	–	–	–	–	0.03	21.0x	19.5x	18.0x	16.8x	15.7x	9%	8%	8%	8%	8.2%	2.5%	49%	Neutral	$32	13%	Buy	$32	13%
D	$58.06	48,380	4.11	4.15	4.05	4.29	4.55	4.11	4.04	4.00	4.23	4.71	–	0.11	0.05	0.06	(0.16)	14.1x	14.4x	14.5x	13.7x	12.3x	-20%	-13%	-12%	-12%	3.3%	4.7%	68%	Buy	$69	24%	Neutral	$65	16%
DTE	$113.70	22,028	6.04	6.26	6.73	7.19	7.75	6.01	6.24	6.70	7.18	7.69	–	–	0.03	–	0.06	18.9x	18.2x	17.0x	15.8x	14.8x	2%	1%	1%	1%	6.6%	3.4%	61%	Buy	$131	19%	Buy	$130	18%
DUK	$99.47	76,592	5.27	5.65	6.05	6.35	6.75	5.30	5.64	6.00	6.35	6.72	–	–	0.05	–	–	18.8x	17.6x	16.6x	15.7x	14.8x	-2%	-1%	0%	0%	6.3%	4.1%	72%	Buy	$114	19%	Buy	$107	12%
ED	$91.10	32,328	4.51	5.00	5.30	5.49	5.71	4.55	4.83	5.12	5.43	5.58	(0.04)	0.17	0.18	0.06	0.14	20.0x	18.9x	17.8x	16.8x	16.3x	5%	6%	7%	7%	5.8%	3.6%	67%	Neutral	$97	10%	Sell	$89	1%
EIX	$67.54	25,792	4.56	4.70	4.94	5.37	5.70	4.41	4.77	5.12	5.53	5.79	0.15	(0.06)	(0.18)	(0.16)	(0.09)	15.3x	14.2x	13.2x	12.2x	11.7x	-21%	-21%	-22%	-22%	6.0%	4.4%	61%	Buy	$75	15%	Buy	$70	8%
ES	$78.89	27,478	4.09	4.34	4.75	5.04	5.37	4.10	4.37	4.69	5.03	5.34	–	–	0.06	–	–	19.3x	18.1x	16.8x	15.7x	14.8x	1%	1%	0%	0%	6.9%	3.5%	62%	Buy	$91	19%	Buy	$89	17%
ETR	$106.09	21,588	6.43	6.66	7.16	7.76	8.31	6.39	6.72	7.19	7.73	8.25	0.04	(0.06)	(0.03)	–	0.06	16.6x	15.8x	14.7x	13.7x	12.9x	-12%	-12%	-12%	-12%	6.9%	4.1%	64%	Buy	$128	25%	Buy	$122	19%
EVRG	$60.65	13,918	3.65	3.69	3.97	4.24	4.47	3.65	3.64	3.95	4.17	4.34	–	0.05	–	0.07	0.13	16.6x	16.6x	15.4x	14.5x	14.0x	-7%	-8%	-7%	-7%	5.4%	4.1%	67%	Buy	$72	23%	Neutral	$64	10%
EXC	$42.03	41,767	2.27	2.36	2.50	2.74	2.93	2.26	2.37	2.52	2.73	2.90	–	–	–	–	–	18.6x	17.8x	16.7x	15.4x	14.5x	-1%	-0%	-1%	-1%	6.4%	3.5%	62%	Neutral	$45	11%	Buy	$46	12%
FE	$40.17	22,987	2.41	2.54	2.69	2.89	3.07	2.44	2.48	2.67	2.87	2.99	(0.03)	0.06	–	–	0.09	16.5x	16.2x	15.1x	14.0x	13.5x	-10%	-10%	-10%	-10%	6.3%	4.0%	64%	Buy	$46	18%	Buy	$44	14%
LNT	$53.29	13,377	2.80	2.90	3.08	3.27	3.50	2.80	2.89	3.09	3.29	3.49	–	–	–	–	–	19.1x	18.5x	17.3x	16.2x	15.3x	3%	3%	4%	4%	5.6%	3.4%	63%	Sell	$46	-10%	Neutral	$59	14%
OGE	$38.36	7,680	2.11	2.04	2.21	2.30	2.42	2.21	2.04	2.16	2.28	2.39	(0.10)	–	0.05	–	0.03	17.3x	18.8x	17.8x	16.8x	16.1x	5%	6%	7%	7%	3.9%	4.4%	82%	Neutral	$40	9%	Buy	$40	9%
PCG	$15.58	30,968	1.10	1.22	1.37	1.47	1.61	1.10	1.22	1.35	1.45	1.59	–	–	–	–	–	14.2x	12.8x	11.6x	10.7x	9.8x	-29%	-31%	-32%	-32%	9.7%	0.8%	10%	Buy	$22	42%	Buy	$18	18%
PEG	$61.16	30,516	3.47	3.45	3.76	4.27	4.65	3.46	3.46	3.72	4.10	4.38	–	–	0.04	0.17	0.27	17.7x	17.7x	16.4x	14.9x	14.0x	-1%	-2%	-5%	-5%	7.3%	3.7%	66%	Buy	$71	20%	Buy	$67	13%
PNW	$74.07	8,380	4.28	4.00	4.60	4.80	5.05	4.31	4.14	4.65	4.83	5.05	(0.03)	(0.14)	(0.05)	–	–	17.2x	17.9x	15.9x	15.3x	14.7x	-0%	-5%	-2%	-2%	4.6%	4.7%	83%	Neutral	$77	9%	Neutral	$75	6%
PPL	$28.54	21,015	1.41	1.58	1.71	1.82	1.96	1.41	1.59	1.70	1.83	1.95	–	–	–	–	–	20.3x	18.0x	16.7x	15.6x	14.7x	0%	0%	-0%	-0%	8.1%	3.4%	61%	Buy	$34	23%	Buy	$32	17%
SO	$66.65	72,560	3.60	3.60	4.05	4.30	4.55	3.58	3.64	4.03	4.31	4.47	–	(0.04)	–	–	0.08	18.6x	18.3x	16.5x	15.5x	14.9x	2%	-1%	-1%	-1%	5.9%	4.2%	76%	Buy	$73	14%	Neutral	$72	12%
WEC	$91.70	28,925	4.45	4.60	4.91	5.24	5.61	4.40	4.61	4.90	5.25	5.61	0.05	–	–	–	–	20.9x	19.9x	18.7x	17.5x	16.3x	11%	12%	12%	12%	6.1%	3.4%	67%	Neutral	$99	11%	Buy	$102	15%
Mid/Lg Cap (excl. EIX, PCG)																		**18.6x**	**17.9x**	**16.7x**	**15.7x**	**15.7x**					**6.2%**	**3.7%**	**66%**						
SMID + Lg Cap		**665,233**																**18.5x**	**17.7x**	**16.5x**	**15.5x**	**14.6x**					**6.2%**	**3.9%**	**67%**						

		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$41.77	4,573	2.20	2.32	2.50	2.63	2.76	2.18	2.32	2.47	2.59	2.74	–	–	0.04	0.04	–	19.2x	18.0x	16.9x	16.1x	15.3x	1%	1%	3%	3%	6%	3.5%	63%	Neutral	$42	4%	Sell	$41	0%
NEE	$76.03	151,084	2.90	3.13	3.43	3.69	3.99	2.88	3.10	3.38	3.67	3.98	–	–	0.05	–	–	26.4x	24.5x	22.5x	20.7x	19.1x	37%	34%	32%	32%	8%	2.5%	60%	Buy	$96	29%	Buy	$94	27%
SRE	$156.85	49,303	8.84	9.00	9.50	10.13	10.80	8.86	9.01	9.63	10.19	10.75	–	–	(0.13)	(0.06)	0.05	17.7x	17.4x	16.3x	15.4x	14.6x	-3%	-3%	-2%	-2%	6%	3.2%	55%	Buy	$180	18%	Buy	$175	15%
		204,960																**21.1x**	**20.0x**	**18.6x**	**17.4x**	**16.3x**	**11%**	**11%**	**11%**	**11%**	**6.5%**	**3.1%**	**59%**						
Gas LDCs																																		
NI	$26.93	10,937	1.45	1.54	1.68	1.82	1.95	1.45	1.55	1.68	1.84	2.00	–	–	–	–	(0.05)	18.5x	17.4x	16.0x	14.7x	13.5x	-2%	-3%	-5%	-5%	7%	3.8%	65%	Buy	$31	19%	Buy	$31	18%
CPK	$120.53	2,138	4.97	5.38	5.73	6.10	6.46	4.95	5.40	5.77	6.14	6.50	–	–	(0.04)	(0.04)	(0.04)	24.4x	22.3x	20.9x	19.6x	18.6x	26%	26%	27%	27%	6%	1.9%	42%	Neutral	$112	-5%	Buy	$131	11%
NJR	$51.12	4,953	2.50	2.67	2.65	2.85	3.05	2.45	2.63	2.72	2.93	3.15	0.05	0.04	(0.07)	(0.08)	(0.10)	20.9x	19.4x	18.8x	17.4x	16.2x	10%	14%	13%	13%	6%	3.1%	60%	Neutral	$46	-7%	Neutral	$51	3%
NWN	$48.17	1,691	2.56	2.73	2.83	2.98	3.09	2.55	2.72	2.81	2.99	3.09	–	–	–	–	–	18.9x	17.7x	17.2x	16.1x	15.6x	-0%	4%	4%	4%	5%	4.1%	72%	Neutral	$45	-3%	Buy	$53	14%
OGS	$80.77	4,373	4.08	4.14	4.24	4.53	4.98	4.07	4.12	4.30	4.58	4.97	–	–	(0.06)	(0.05)	–	19.9x	19.6x	18.8x	17.6x	16.3x	11%	14%	14%	14%	5%	3.2%	63%	Neutral	$77	-1%	Neutral	$79	1%
SR	$71.57	3,761	3.86	4.25	4.31	4.57	4.73	3.89	4.22	4.30	4.58	4.81	–	0.03	–	–	(0.08)	18.4x	17.0x	16.6x	15.6x	14.9x	-4%	1%	1%	1%	5%	4.1%	69%	Neutral	$69	1%	Neutral	$73	5%
		27,853																**20.2x**	**18.9x**	**18.0x**	**16.9x**	**15.8x**	**7%**	**9%**	**9%**	**9%**	**5.8%**	**3.4%**	**62%**						
Regulated Water																																		
AWK	$149.31	27,149	4.44	4.76	5.14	5.59	5.98	4.47	4.79	5.16	5.61	6.03	–	–	–	–	(0.05)	33.4x	31.2x	28.9x	26.6x	24.7x	74%	73%	70%	70%	8%	1.9%	59%	Neutral	$152	4%	Neutral	$165	12%

		Market	Guggenheim EBITDA Ests					Consensus					Δ vs Consensus (>$20m)					Implied EV/EBITDA Multiple					Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$86.06	28,113	2,609	3,033	3,254	3,333	3,455	2,578	3,112	3,382	3,586	3,538	32	(79)	(128)	(253)	(83)	12.7x	10.1x	8.9x	8.0x	–	31,503	30,072	28,616	27,108	8.5%	0.8%	14%	Buy	$110	29%	Buy	$100	17%
NRG	$35.10	7,490	1,740	3,084	3,136	3,140	n/a	1,783	2,852	2,824	2,923	2,705	(43)	232	313	217	–	7.4x	6.0x	5.6x	4.9x	–	17,190	15,921	14,398	–	21.7%	4.3%	26%	Neutral	$34	1%	Neutral	$37	9%
VST	$23.01	9,157	3,096	3,725	3,784	3,716	3,465	3,076	3,654	3,645	3,630	3,587	–	71	140	86	(121)	6.8x	5.9x	5.7x	5.5x	–	21,439	20,913	20,052	19,383	6.3%	3.6%	30%	Buy	$31	38%	Buy	$30	33%
Other																																		
ALTO	$3.26	245	13	24	40	46	42	16	36	211	262	316	–	–	(170)	(216)	(275)										54.8%	–	–	Buy	$9	176%	Buy	$10	191%
NEP	$72.64	6,286	1,796	1,837	1,977	2,143	2,325	1,728	1,827	2,063	2,136	2,265	68	–	(86)	–	60										6.1%	4.9%	–	Buy	$95	36%	Buy	$88	26%
SMR	$10.46	543	(188)	(100)	(57)	8	96	(133)	(74)	(49)	9	85	(55)	(26)	–	–	–											–	–	Buy	$18	72%	Buy	$16	48%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

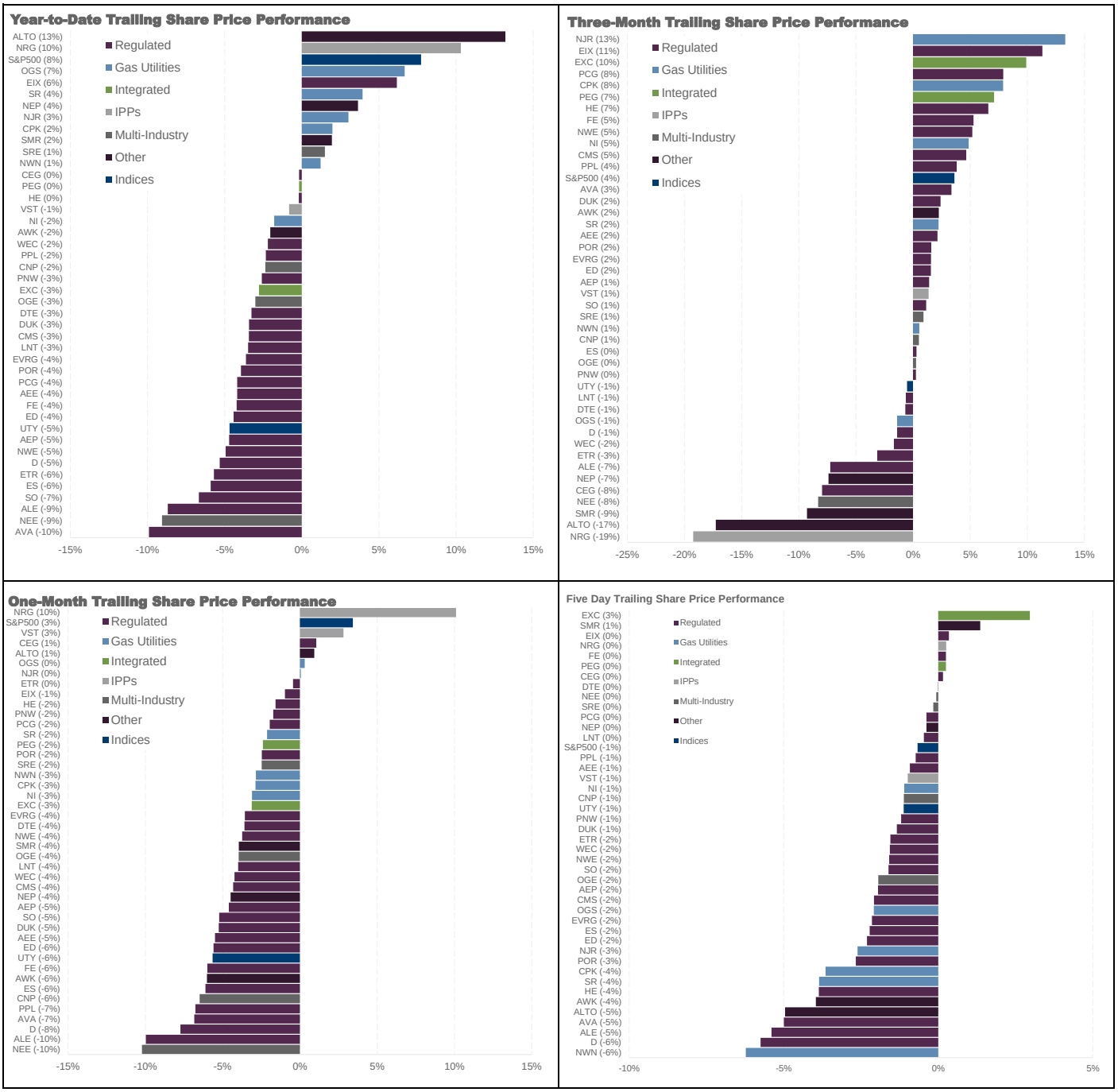

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix

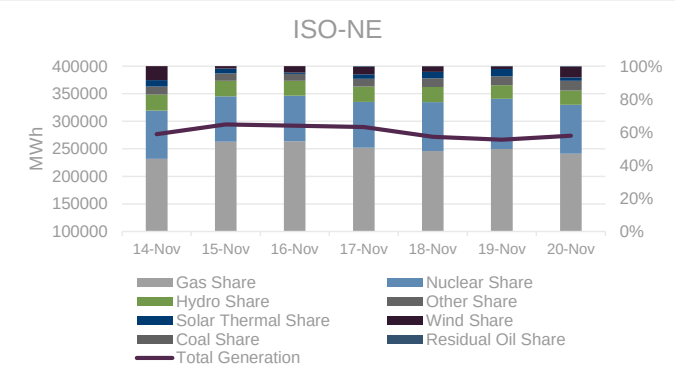

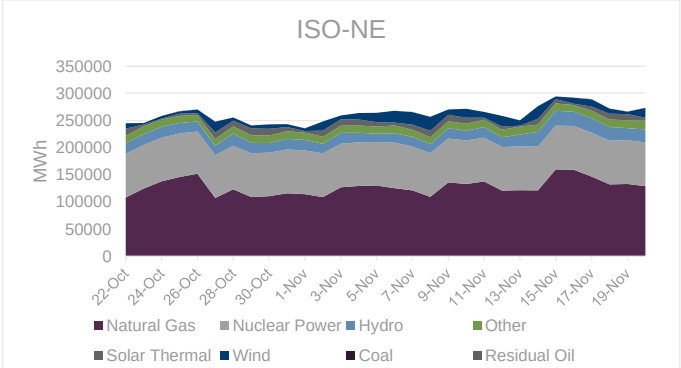

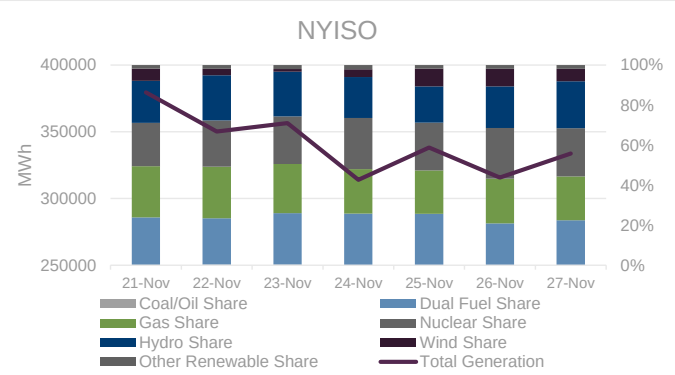

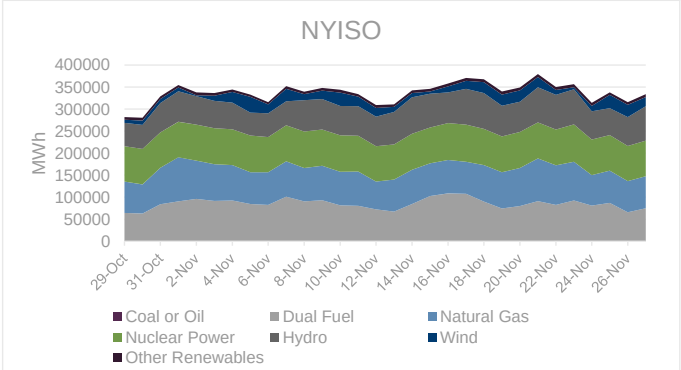

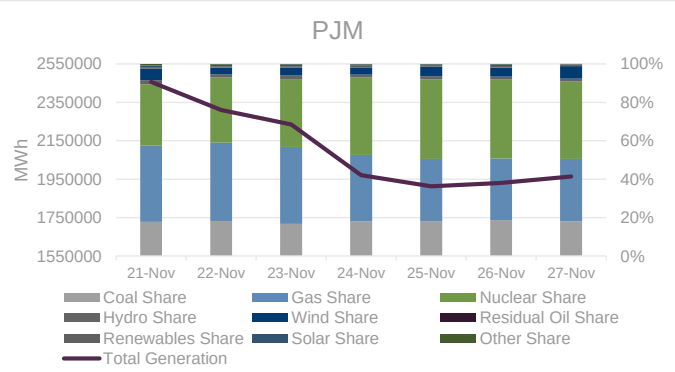

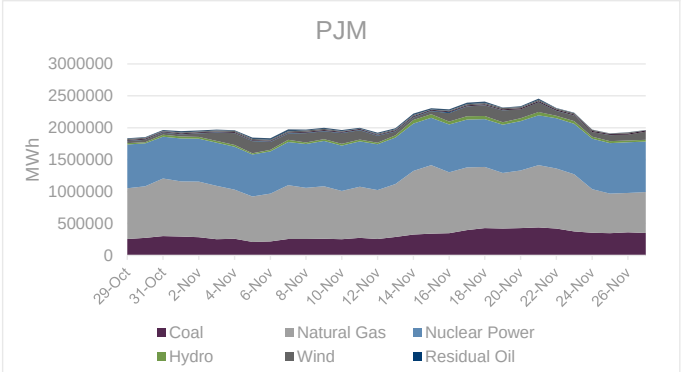

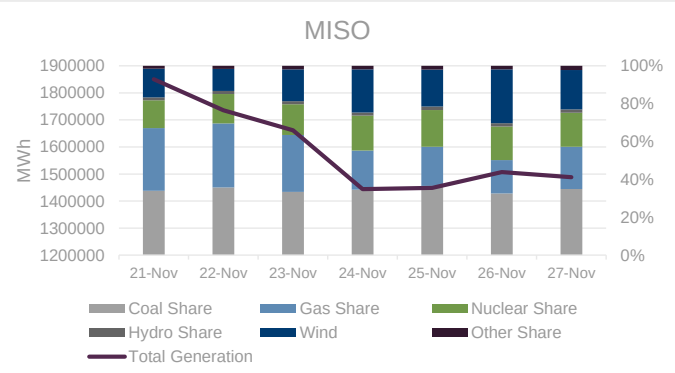

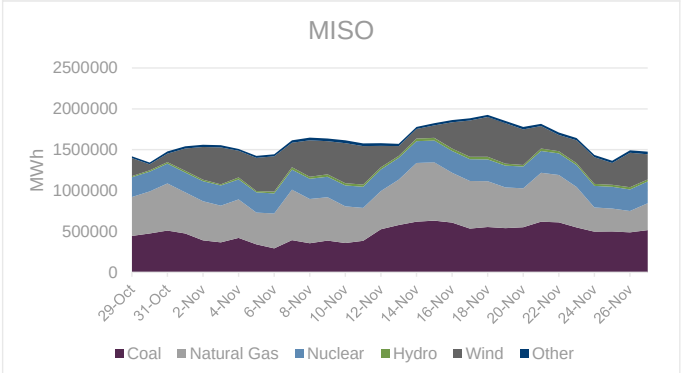

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix (continued)

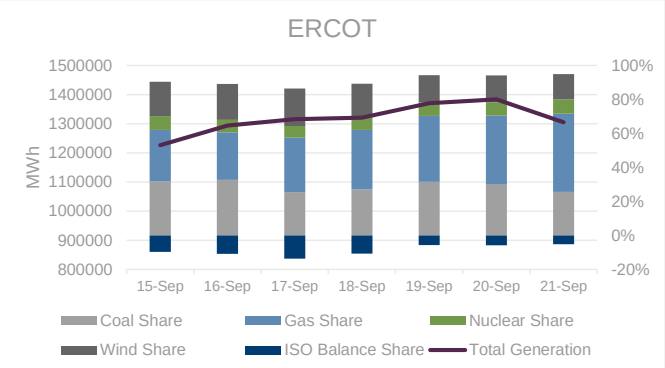

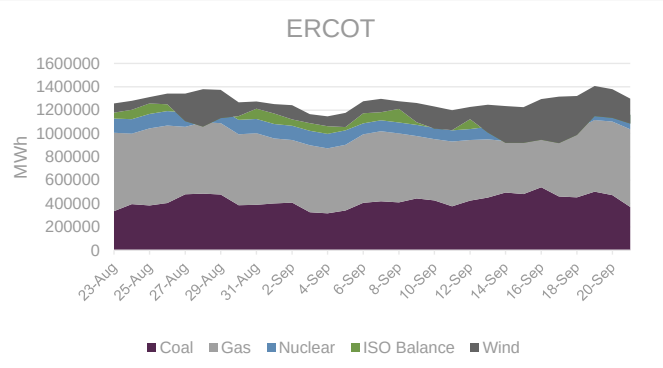

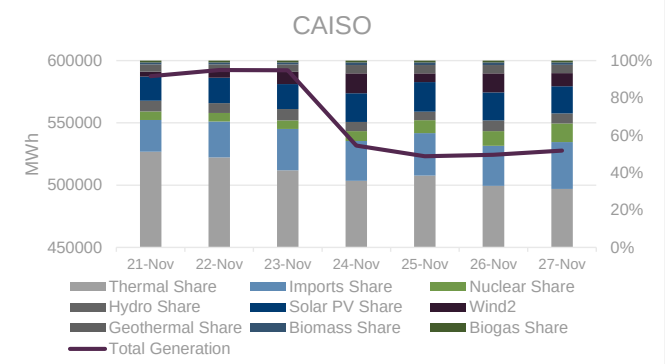

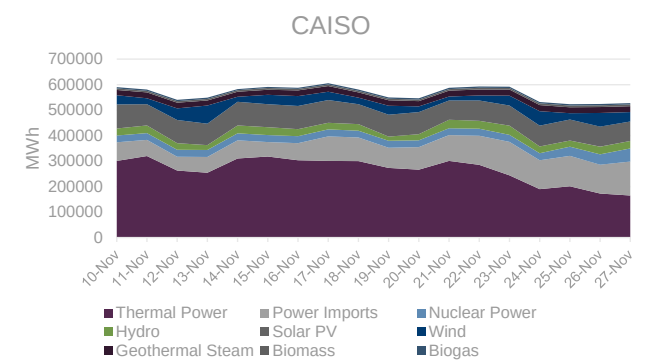

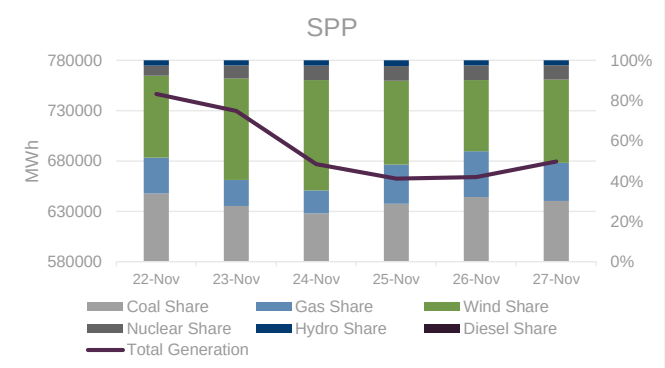

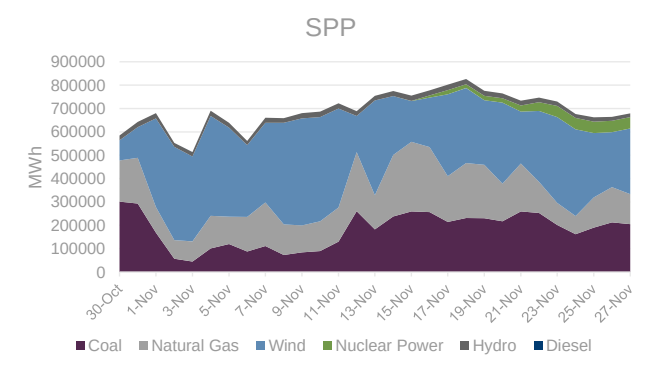

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Weather

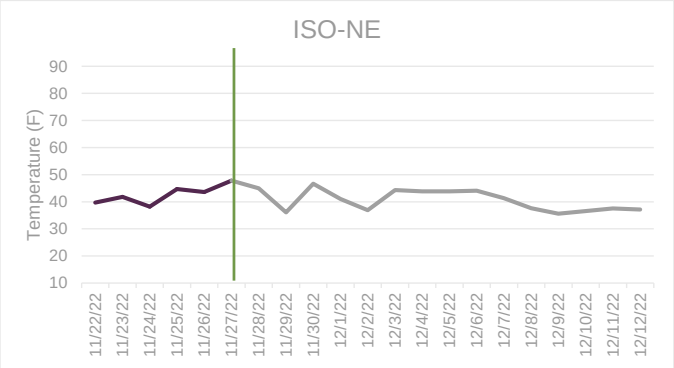

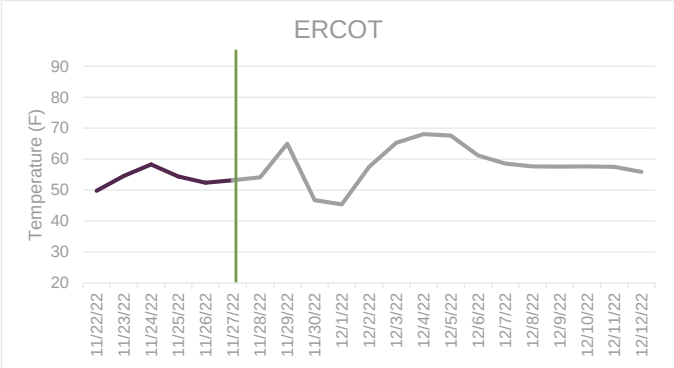

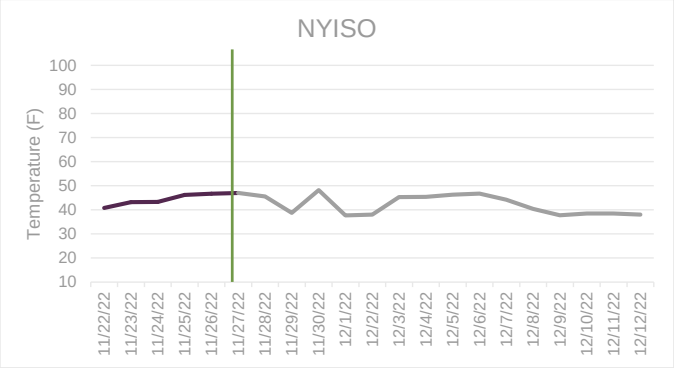

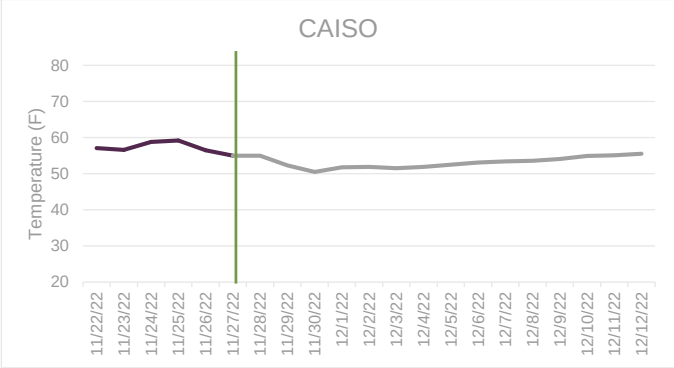

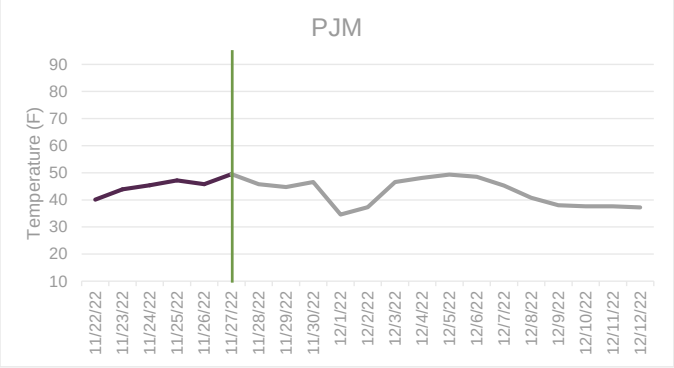

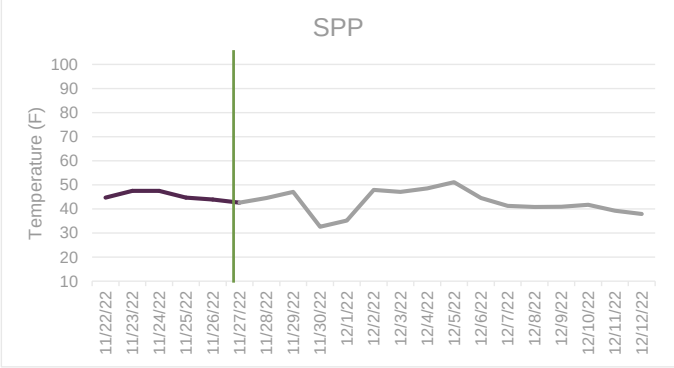

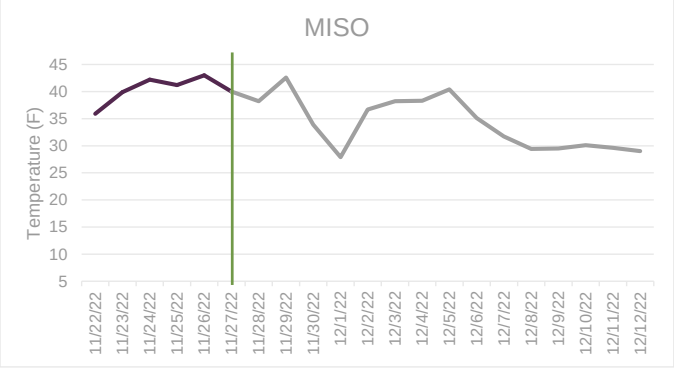

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Peak Load

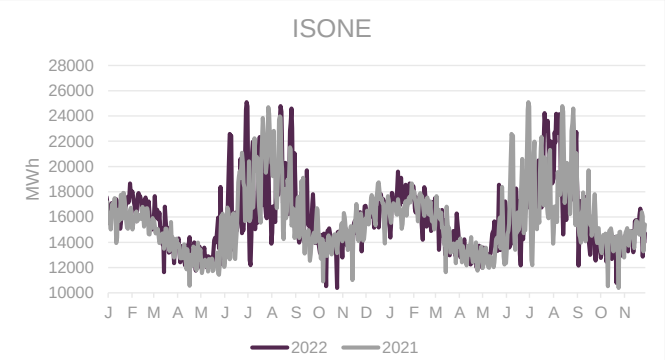

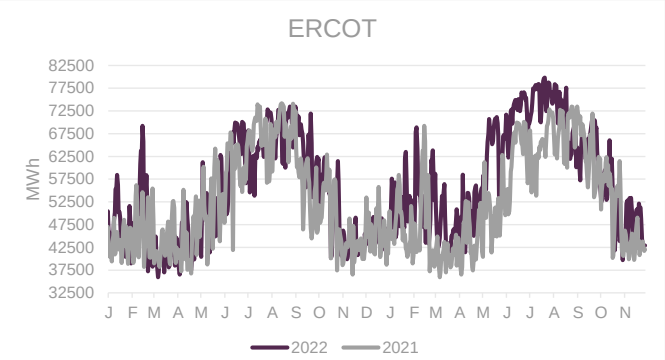

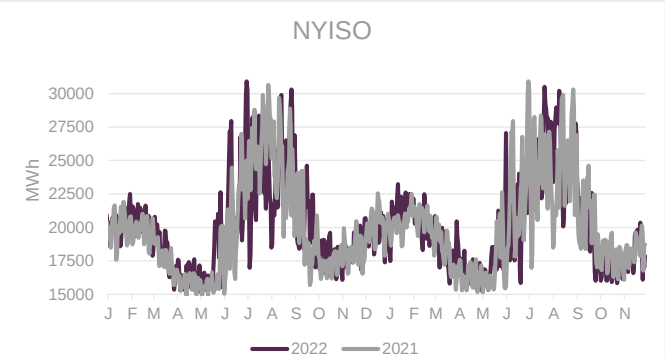

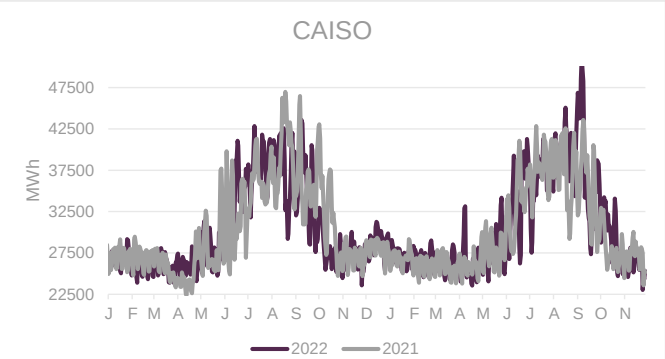

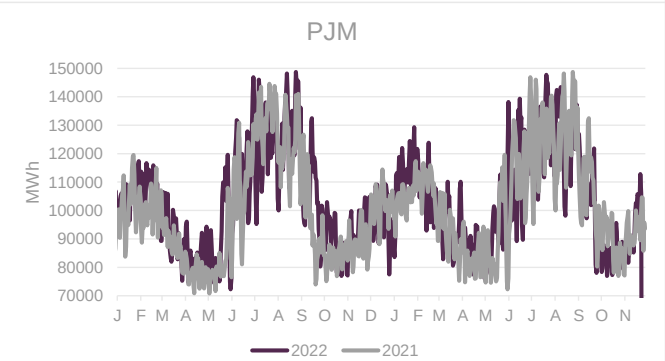

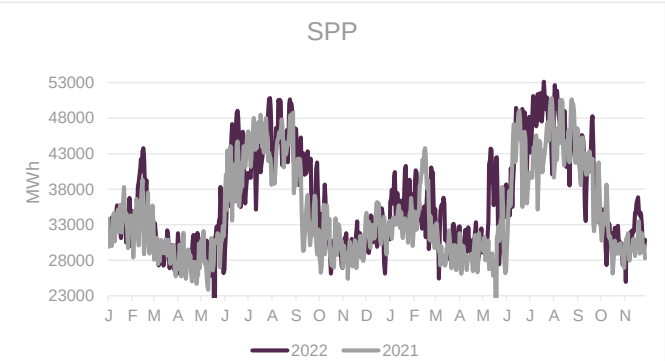

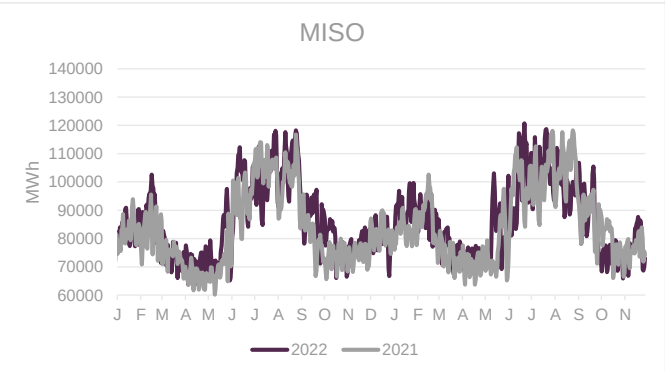

Average Deviation in Peak Load vs Prior Year

RTO/ISO	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
ISONE	0.0%	-0.5%	1.5%	-1.2%	5.1%	-1.1%
NYISO	-0.3%	0.6%	2.1%	-0.1%	3.5%	-2.3%
PJM	3.1%	2.5%	3.9%	3.8%	0.2%	-1.5%
MISO	3.4%	2.5%	4.0%	5.0%	0.1%	-2.3%
CAISO	-0.2%	-2.6%	1.6%	1.2%	4.0%	1.9%
ERCOT	4.4%	2.5%	13.7%	19.1%	7.9%	4.6%
SPP	6.3%	0.5%	5.9%	9.7%	5.0%	3.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2023 - 3/31/2023)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2023-1/31/2023	IL	AEE	Ameren Illinois		Electric rate filing expected
1/1/2023-3/31/2023	IL	AEE	Ameren Illinois		Gas rate case filing expected
1/1/2023-1/31/2023	IL	EXC	Commonwealth Edison Co.		Electric rate filing expected
1/1/2023-1/31/2023	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-1	Decision possible in TDSIC proceeding
1/1/2023-1/31/2023	IN	NI	Northern IN Public Svc Co.	Ca-45557-TDSIC-2	Decision possible in TDSIC proceeding
1/1/2023-3/31/2023	NC	DUK	Duke Energy Carolinas LLC		Multi-year general rate case to be filed
1/1/2023-1/31/2023	OH	NI	Columbia Gas Ohio Inc.	C-21-0637-GA-AIR	Decision possible in rate proceeding
1/1/2023-1/31/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Hearning Examiner's report may be issused in rate case
1/1/2023-1/31/2023	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
1/9/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Evidentiary hearings begin
1/10/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding revenue requirement due in rate proceeding
1/10/2023	TX	ETR	Entergy Texas Inc.	D-53719	Settlement status report due in rate case
1/10/2023-1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearings slated in Rider W update proceeding
1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Staff to file testimony in Rider US 4 proceeding
1/13/2023-1/27/2023	TX	ETR	Entergy Texas Inc.	D-53719	Briefs to be filed in rate case—suspended due to settlement talks
1/18/2023-1/19/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearings scheduled in Rider U proceeding
1/20/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	OUCC and intervenor testimony due in rate proceeding
1/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Staff to file testimony in Rider US 3 proceeding
1/24/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding rate design due in rate proceeding
1/24/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Intervening parties to file testimony in Rider GT update proceeding
1/25/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearing Examiners report may be issued in Rider W update proceeding
1/30/2023-1/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing scheduled in Rider CE update proceeding
2/1/2023-2/28/2023	MO	EVRG	Evergy Missouri West	C-ER-2023-0185	Electric rate case filing expected
2/1/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearing Examiner report may be issued in Rider U proceeding
2/3/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Intervening parties to file testimony in Rider US 2 update proceeding
2/7/2023-2/8/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearings scheduled in Rider US 4 proceeding
2/15/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Rebuttal testimony due in rate proceeding
2/16/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Company rebuttal testimony due in rate proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Intervening parties to file testimony in Rider SNA adjustment proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Staff to file testimony in Rider US-2 proceeding
2/21/2023-3/20/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Hearings scheduled in electric rate case
2/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Staff to file testimony in Rider GT update proceeding
2/22/2023-2/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearings scheduled in Rider US 3 proceeding
2/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Briefs due in Track 2 proceeding
2/27/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Deadline for settlement to be filed in rate proceeding
2/28/2023	MI	CMS	Consumers Energy Co.	C-U-21224	Decision expected in rate case by
2/28/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Decision may be issued in Rider B proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Decision expected in Rider U update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Decision expected in Rider W update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
3/1/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Final order due in rate case
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearing Examiners report may be issued in Rider US 3 proceeding
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearing Examiners report may be issued in Rider US 4 proceeding
3/1/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/6/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Settlement conference to begin in rate proceeding
3/10/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Intervenor testimony due in rate proceeding
3/13/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Hearing to begin in rate proceeding
3/14/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Hearings scheduled in Rider US-2 proceeding
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Intervenor testimony due
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Intervenor testimony due
3/21/2023-3/22/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearings scheduled in Rider GT update proceeding
3/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Staff to file testimony in Rider SNA adjustment proceeding
3/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Reply briefs due in Track 2 proceeding
3/24/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Intervening parties to file testimony in rate case
3/27/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Public Staff, intervenor testimony due by
3/31/2023	TX	SRE	Oncor Electric Delivery Co.	D-53601	Decision may be issued in rate case
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision expected in Rider US 3 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D NDR – January Bounce? A Game of Chess, Not Checkers… Information Vacuum Persists, But that Gap Is Narrowing; Momentum Builds Quickly in New Year
- SR – What's In the Box? No One Knows – Limited Visibility Coupled With Arbitrary EPS Adjustments By Mgmt.; Cheap Valuation Keeps Us From D/g to Sell
- OGS – Macroeconomic Headwinds Claim Another Victim; Downgrade to SELL from NEUTRAL; Could Be Signal for Wide Valuation Dispersions in Our Space in '23
- EEI: Back at the Diplomat - What a Difference a Year Makes…
- Guggenheim EEI Takeaways - Day Three
- Guggenheim EEI Takeaways - Day Two
- Guggenheim EEI Takeaways - Day One
- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	65.17%	44	18.97%
NEUTRAL	114	32.02%	7	6.14%
SELL	10	2.81%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC

Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Scotiabank
Global Equity Research

Daily Edge | Pre-market
Wednesday, February 15, 2023

Analyst Team

Andrew Weisel, CFA | Analyst
Scotia Capital (USA) Inc. | 212-225-5266

Rebecca Gaebler | Associate
Scotia Capital (USA) Inc. | 917-363-5697

Pertinent Data

Rating	**Sector Perform**
1-Yr. Target	**US$44.00**
EXC-Q	US$42.03
1-Yr. Return	8.1%
Div. (Curr.)	$1.35
Yield (Curr.)	3.2%
Quant Ranking	25

Valuation: 16.2x our 2025 EPS estimate

Capitalization

Market Cap. (M)	$41,063
Enterprise Value (M)	$80,140
Shares O/S (M)	977

Volume and Closing Price for EXC-Q

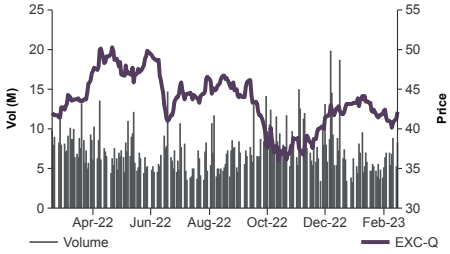

Source: FactSet.

Utilities & Energy Infrastructure

Exelon Corporation

EXC-Q: US$42.03 **Target:** US$44.00 **Rating:** Sector Perform

Delivering Despite Headwinds

OUR TAKE: Positive. We're impressed with the overall update, most notably a reiteration of the NT and LT outlooks and management's confidence in the balance sheet cushion. While 2023 EPS growth will be below trend, it'll still be very solid at ~5% y/y despite well-known macro headwinds. We credit management for tight O&M controls and balance sheet management. Beyond 2023, growth should accelerate to 6%-8% or even faster in some years, with dividends growing at around the same pace. Operationally, things seem to be running smoothly, including around the busy but effective regulatory strategy. Still, we see a high degree of uncertainty related to the ComEd rate case (we aren't expecting a tough outcome, but there's a wide range of possibilities given the new format), and see a strong, but perhaps delicate balance sheet. We believe that the peer-average P/E is reasonable. EXC reported 4Q22 EPS of $0.43, matching consensus and beating our estimate by a penny.

KEY POINTS

Solid financial update. As was alluded to on the 3Q22 earnings call, y/y growth in 2023E will be below the LT 6%-8% trend, but still solid at 5% y/y relative to the original 2022 midpoint (after 8% y/y growth in 2022 relative to the 2021 guidance midpoint). Specifically, 2023 guidance calls for EPS of $2.30-$2.42, in line with expectations (Scotia $2.37/Street $2.36). Relative to the LT guidance, 2023 will see challenges related to ubiquitous cost inflation, higher corporate debt expenses, and PECO being in the second year of its rate cycle/assuming a return to normal weather in 2023. Thereafter, EXC expects each year through at least 2026 to see y/y growth of 6%-8%, with management expecting to meet or exceed the midpoint every year (we expect some years may even exceed the high end, which would be a first for EXC since 2010). Concurrently, EXC increased the four-year capex plan along with the roll forward by an impressive 8% or $2.3B, to $31.3B for 2023-2026. This should drive 7.9% average annual rate base growth. Impressively, there are truly no big projects in the capex plan: the largest is a $300m transmission project at BGE, representing 1% of the total plan. On O&M, management targets only a 1% y/y increase in 2023 ($50m), significantly below the rate of inflation; we credit EXC for continuously identifying cost savings to the benefit of customers and investors. Lastly, we're impressed with the strong dividend increase of 6.7%, slightly faster than peers and essentially in line with LT guidance.

Busy rate case calendar (as usual), driving consistent improvement in earned ROEs. On a TTM basis, EXC earned a 9.4% ROE, the second consecutive year of sequential improvement, highest since 2019, and squarely within the targeted 9%-10% range. In terms of rate cases and regulatory filings, the company is always busy, but tends to deliver strong outcomes. In 4Q22, EXC completed rate cases at DPL DE Gas, PECO Gas, DPL MD, and ComEd (formula rates). The biggest upcoming case in our view is the ComEd multi-year plan, filed in January. This is the first rate case under the new setup, moving away from the prior structure and more toward a traditional MYP. We like the change, and expect a notably higher allowed ROE

Qtly Adj EPS (FD)	Q1	Q2	Q3	Q4	Year	Price/Adj. EPS
2022A	$0.64	$0.44	$0.75	$0.43	$2.27	19.1x
2023E	$0.59	$0.59	$0.59	$0.59	$2.37	17.7x
2024E	$0.63	$0.63	$0.62	$0.62	$2.50	16.8x
2025E	$0.69	$0.62	$0.72	$0.66	$2.70	15.6x

(FY-Dec.)	2021A	2022A	2023E	2024E	2025E
EPS Growth (y/y)	13.2%	33.3%	4.5%	5.4%	7.9%
Dividends per Share	$1.53	$1.35	$1.44	$1.54	$1.65
DPS Growth (y/y)	0.0%	(11.8)%	6.7%	7.0%	7.0%

Historical price multiple calculations use FYE prices. All values in US$ unless otherwise indicated.
Source: FactSet; company reports; Scotiabank GBM estimates.

Production: February 14, 2023, 21:12 ET. Dissemination: February 15, 2023, 06:16 ET.

For Reg AC Certification and important disclosures see Appendix A of this report. Analysts employed by non-U.S. affiliates are not registered/qualified as research analysts with FINRA in the U.S. unless otherwise noted within this report.

than the 7.85% in the latest formulaic filing (national averages are ~9.25%-9.5%). We also appreciate that EXC voluntarily proposed to defer 35% of the 2024 revenue increase for two years, until 2026, to help with customer affordability; we expect this will build goodwill with regulators, customers, and politicians alike. An order is due by year-end, and given the new setup, neither management nor we expect a settlement. Beyond the MYP, ComEd also filed an updated four-year grid plan to ensure alignment. DPL DE also filed in December, while other 1H23 filings include BGE, Pepco DC, and Pepco MD.

EXC seems confident in the size of balance sheet cushion. Management targets a 13%-14% FFO/debt ratio, comfortably ahead of the 12% downgrade thresholds at S&P and Moody's, regardless of Treasury decisions on IRA/AMT treatment. Specifically, EXC expects that, without the repairs deduction, the company could still deliver on 13%. Impressively, despite the increased capex outlook, EXC believes that no incremental equity will be needed beyond the previously-discussed $1B plan ($575m completed in 2022, with the balance of $425m to be spread over 2023-2025 under the ATM authorization). Still, there will be some NT balance sheet stress related to regulatory lag, particularly around the timing of cash reconciliations in some jurisdictions and ComEd deferring 35% of the requested rate increase until 2026.

Company Description

Exelon Corporation (EXC) has the largest number of utility customers in the United States. Exelon's six utilities deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey, and Pennsylvania through its Atlantic City Electric (ACE), Baltimore Gas and Electric Company (BGE), ComEd, Delmarva Power, PECO Energy Company, and Pepco Holdings Inc. (PHI) subsidiaries.

Investment Thesis

We're drawn to the materially de-risked portfolio that EXC retains after the CEG spinoff. RemainCo will have much better visibility into above-average EPS/DPS growth of 6%-8% as it will no longer be at the mercy of commodity markets. We like the favorable regulatory recovery mechanisms and revenue decoupling for most EXC utility subs, which have helped the company to achieve strong earned ROEs of ~9.5%. The quiet near-term rate case calendar also limits regulatory risks. However, we see the valuation as fair. We believe that the appeal of above-average EPS/DPS growth and a quiet rate case outlook is offset by uncertainty about the regulatory construct in IL, challenging regulatory environments in several jurisdictions, and the ESG "ding" from the ComEd bribery scandal.

Key Risks

Uncertainties around the future of ExGen (including a potential divestiture, IL legislation, and PJM rule changes), headline and financial risks related to the bribery scandal in IL, rate cases in challenging jurisdictions, and rising interest rates

Wednesday, February 15, 2023

Appendix A: Important Disclosures

I, Andrew Weisel, certify that (1) the views expressed in this report in connection with securities or issuers that I analyze accurately reflect my personal views and (2) no part of my compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by me in this report.

This document has been prepared by Research Analysts employed by The Bank of Nova Scotia and/or its affiliates. The Bank of Nova Scotia, its subsidiaries, branches and affiliates are referred to herein as "Scotiabank." "Scotiabank" together with "Global Banking and Markets" is the marketing name of the global corporate and investment banking and capital markets business of The Bank of Nova Scotia and its affiliates. Scotiabank, Global Banking and Markets produces research reports under a single marketing identity referred to as "globally branded research" under U.S. rules. This research is produced on a single global research platform with one set of rules which meet the most stringent standards set by regulators in the various jurisdictions in which the research reports are produced. In addition, the Research Analysts who produce the research reports, regardless of location, are subject to one set of policies designed to meet the most stringent rules established by regulators in the various jurisdictions where the research reports are produced.

Scotiabank relies on information barriers to control the flow of non-public or proprietary information contained in one or more areas within Scotiabank into other areas, units, groups or affiliates of Scotiabank. In addition, Scotiabank has implemented procedures to prevent research independence being compromised by any interactions they may have with other business areas of The Bank of Nova Scotia. The compensation of the Research Analyst who prepared this document is determined exclusively by Scotiabank Research Management and senior management (not including investment or corporate banking).

Research Analyst compensation is not based on investment or corporate banking revenues; however, compensation may relate to the revenues of Scotiabank as a whole, of which investment banking, corporate banking, sales and trading are a part. Scotiabank Research will initiate, update and cease coverage solely at the discretion of Scotiabank Research Management. Scotiabank Research has independent supervisory oversight and does not report to the corporate or investment banking functions of Scotiabank.

For Scotiabank, Global Banking and Markets Research Analyst Standards and Disclosure Policies, please visit www.gbm.scotiabank.com/disclosures.

For additional questions, please contact Scotiabank, Global Banking and Markets Research, 4 King St W, 12th Flr, Toronto, Ontario, M5H 1A1.

Time of dissemination: February 15, 2023, 06:16 ET. Time of production: February 14, 2023, 21:12 ET. Note: Time of dissemination is defined as the time at which the document was disseminated to clients. Time of production is defined as the time at which the Supervisory Analyst approved the document.

Rating and Price Target History

Exelon Corporation (EXC-Q) as of February 14, 2023 (in USD)

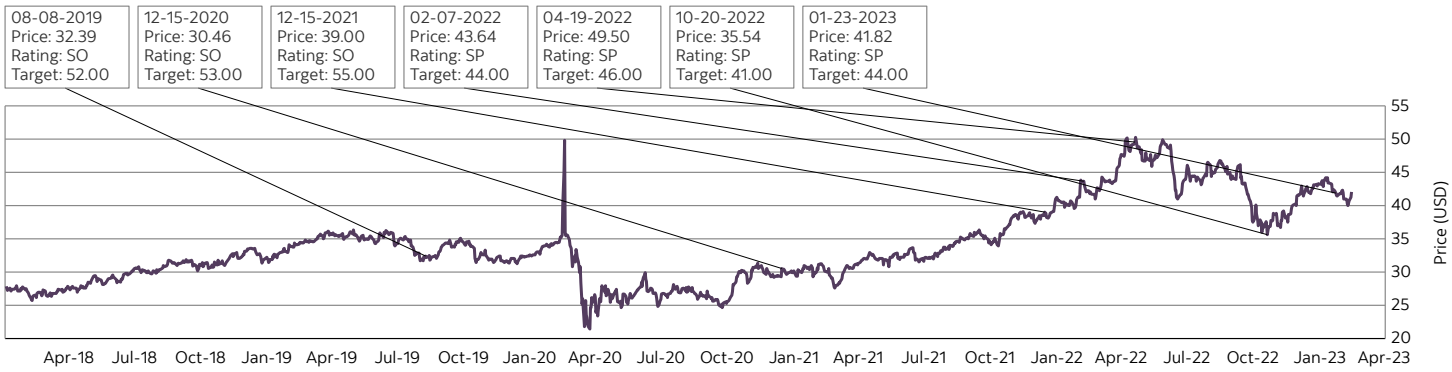

*Represents the value(s) that changed.
Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
Source: Scotiabank GBM estimates; FactSet.

Definition of Scotiabank, Global Banking and Markets Equity Research Ratings

Scotiabank has a three-tiered rating system, with ratings of Sector Outperform, Sector Perform, and Sector Underperform. Each Research Analyst assigns a rating that is relative to his or her coverage universe or an index identified by the Research Analyst that includes, but is not limited to, stocks covered by the Research Analyst.

The rating assigned to each security covered in this report is based on the Scotiabank, Global Banking and Markets Research Analyst's 12-month view on the security. Research Analysts may sometimes express in research reports shorter-term views on these securities that may impact the price of the equity security in a manner directly counter to the Research Analyst's 12-month view. These shorter-term views are based upon catalysts or events that may have a shorter-term impact on the market price of the equity securities discussed in research reports, including but not limited to the inherent volatility of the marketplace. Any such shorter-term views expressed in research report are distinct from and do not affect the Research Analyst's 12-month view and are clearly noted as such.

Ratings

Sector Outperform (SO)
The stock is expected to outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Perform (SP)
The stock is expected to perform approximately in line with the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Underperform (SU)
The stock is expected to underperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Focus Stock (FS)
As of April 29, 2019, Scotiabank GBM discontinued the Focus Stock rating. A stock assigned this rating represented an analyst's best idea(s); stocks in this category were expected to significantly outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that included, but was not limited to, stocks covered by the analyst.

Other Ratings

Under Review – The rating has been temporarily placed under review, until sufficient information has been received and assessed by the analyst.

Tender – As of January 25, 2021, Scotiabank GBM discontinued the Tender rating.

Risk Ranking
The Speculative risk ranking reflects exceptionally high financial and/or operational risk, exceptionally low predictability of financial results, and exceptionally high stock volatility. The Director of Research and the Supervisory Analyst jointly make the final determination of the Speculative risk ranking.

Ratings Distribution

As of January 31, 2023

	Companies Rated in Each Category		Investment Banking Service Provided in the Last 12 Months	
Rating	**Count**	**Percentage**	**Count**	**Percentage**
Sector Outperform	271	50%	67	25%
Sector Perform	255	47%	51	20%
Sector Underperform	20	4%	0	0%

For the purposes of the ratings distribution disclosure FINRA requires members who use a ratings system with terms different than "buy," "hold/neutral" and "sell," to equate their own ratings into these categories. Our Sector Outperform, Sector Perform, and Sector Underperform ratings are based on the criteria above, but for this purpose could be equated to buy, neutral and sell ratings, respectively.

General Disclosures

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Scotiabank to any registration or licensing requirement within such jurisdiction. It is published solely for information purposes; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy.

No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in this document except with respect to information concerning Bank of Nova Scotia (TSX: BNS; NYSE: BNS). This document is not intended to be a complete statement or summary of the securities, markets or developments referred to in this document. Scotiabank does not undertake to update or keep current the information contained herein, nor make any commitment as to the frequency of publication.

If you are affected by EU MiFID or the onshored UK MiFID regime, you must advise us in writing at trade_supervision@scotiabank.com.

Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Scotiabank. Any statements contained in this document attributed to a third party represent Scotiabank's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. Investments involve risks, and investors should exercise prudence and their own independent judgement in making their investment decisions and carefully consider any risks involved.

The financial instruments that may be described in this document may not be eligible for sale in all jurisdictions or to certain categories of investors. Instruments such as options, derivative products, and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price, or income of any security or related instrument referred to in this document. For investment advice, trade execution, or other enquiries, clients should contact their local sales representative. The value of any investment or income may go down as well as up, and investors may not get back the full amount invested. Past performance is not necessarily a guide to future performance.

To the full extent permitted by law, neither Scotiabank nor any of its directors, employees or agents accepts any liability whatsoever for any direct or consequential loss arising from any use of the information or this document. Nothing in this document constitutes financial, investment, tax, accounting or legal advice. Investors should seek their own legal, financial and tax advice regarding the appropriateness of investing in any securities or pursuing any strategies discussed in the document. Any prices stated in this document are for information purposes only and do not represent real-time valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect Scotiabank's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Scotiabank or any other source may yield substantially different results. All pricing of securities in reports is based on the closing price of the securities' principal marketplace on the night before the publication date, unless otherwise explicitly stated.

The Research Analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information.

In the normal course of offering investment and banking products and services to clients, Scotiabank may act in several capacities (including issuer, market maker, underwriter, distributor, index sponsor, swap counterparty, and calculation agent) simultaneously with respect to a product, giving rise to conflicts of interest. Scotiabank uses controls such as information barriers to manage conflicts should they arise. Scotiabank and its affiliates, officers, directors, and employees may have long or short positions (including hedging and trading positions), trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Recipients of this document should expect that Scotiabank will from time to time perform services (including investment banking or capital market services) in connection with the services and activities described in this document and that they perform services for and engage in transactions with other market participants, including the issuers of certain of the investments underlying the transactions herein.

The information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the information, conduct independent due diligence when making an investment decision and consider the appropriateness of the information, having regard to their objectives, financial situation and needs. For further information, please contact your sales representative.

Scotiabank specifically prohibits the redistribution of this document in whole or in part without Scotiabank's prior written permission, and Scotiabank accepts no liability whatsoever for the actions of third parties in this respect. Images may depict objects or elements that are protected by third-party copyright, trademarks and other intellectual property rights.

Wednesday, February 15, 2023

Equity research reports published by Scotiabank are initially and simultaneously made available electronically to intended recipients through its proprietary research website, ScotiaView, e-mail, and through third-party aggregators. The mediums in which research is disseminated to clients may vary depending on client preference as to the frequency and manner of receiving research reports. Institutional clients with questions regarding distribution of equity research or who wish to access the proprietary model used to produce this report should contact Scotiabank at 1-800-208-7666.

A list of all investment recommendations in an equity security or issuer that have been disseminated during the preceding 12 months is available at the following location: www.gbm.scotiabank.com/disclosures.

Additional Disclosures

Australia: This report is provided in Australia by the Bank of Nova Scotia, an APRA-regulated Authorised Deposit-Taking Institution (Foreign Bank ADI) holding an Australian Financial Services License (AFSL).

Canada: Distributed to eligible Canadian persons by Scotia Capital Inc., a registered investment dealer in Canada.

Chile: This report is distributed by Scotia Corredora de Bolsa Chile Limitada, a subsidiary of The Bank of Nova Scotia.

China: The research report may not be offered, sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly, in Mainland China (excluding Hong Kong, Macau and Taiwan, “China”) in contravention of any applicable laws.

This research report does not constitute an offer to sell or the solicitation of an offer to buy any securities in Mainland China (excluding Hong Kong, Macau and Taiwan, "China") to any person to whom it is unlawful to make the offer or solicitation in China.

The issuer does not represent that this research report may be lawfully distributed, or that any securities may be lawfully offered, in compliance with any applicable registration or other requirements in Mainland China (excluding Hong Kong, Macau and Taiwan, "China"), or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the issuer which would permit a public offering of any securities or distribution of this document in China. Accordingly, the securities are not being offered or sold within China by means of this research report or any other document. Neither this research report nor any advertisement or other offering material may be distributed or published in China, except under circumstances that will result in compliance with any applicable laws and regulations.

Colombia: This report is distributed in Colombia by The Bank of Nova Scotia (“Scotiabank”) or Scotia Capital Inc. (“SCI”) through the Representation in Scotiabank Colpatria S.A. and/or Scotia Securities (Colombia) S.A. Sociedad Comisionista de Bolsa authorized by the Financial Superintendence of Colombia via Resolutions 1377 of 2010, 058 of 2014, 226 of 2015 and 1070 of 2021. This document does not contain any type of investment advice nor does it aim to provide advice. This report is prepared by analysts employed by Scotiabank and certain of its affiliates, including SCI. This report is strictly private and confidential and may not be reproduced or used for any other purpose by the recipient of this report or provided to any person or entity other than the recipient of this report.

Hong Kong: This report is distributed by The Bank of Nova Scotia Hong Kong Branch, which is authorized by the Securities and Future Commission to conduct Type 1, Type 4 and Type 6 regulated activities and regulated by the Hong Kong Monetary Authority.

Japan: This research report is provided for information purposes only and it is not intended to solicit any orders for securities transactions or commodities futures contracts. While we believe that the data and information contained in this research report are obtained from reliable sources, we do not guarantee the accuracy or completeness of the data and information.

Mexico: The information contained in this report is for informational purposes only and is not intended to influence the decision of the addressee in any way whatsoever with respect to an investment in a certain type of security, financial instrument, commodity, futures contract, issuer, or market, and is not to be construed as an offer to sell or a solicitation of an offer to buy any securities or commodities futures contracts. Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, is not responsible for the outcome of any investment performed based on the contents of this research report. The analysis contained in this research report reflects exclusively the point of view of the Analysts responsible for its preparation. The Analysts did not receive any compensation other than from the Financial Entity or Investment Advisor to which they provide their services or from legal entities that belong to the same Financial Group or Business Group.

Peru: This report is distributed by Scotiabank Peru SAA, a subsidiary of The Bank of Nova Scotia. This report is prepared by analysts employed by The Bank of Nova Scotia and certain of its affiliates, including Scotia Capital Inc.

Singapore: For investors in the Republic of Singapore, this document is provided via an arrangement with BNS Asia Limited pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act 2001. If there are any matters arising from, or in connection with this

material, please contact BNS Asia Limited, located at 1 Raffles Quay, #20-01 North Tower, One Raffles Quay, Singapore 048583, telephone: +65 6305 8388.

This document is intended for general circulation only and any recommendation that may be contained in this document concerning an investment product does not take into account the specific investment objectives, financial situation, or particular needs of any particular person, and advice should be sought from a financial adviser based in Singapore regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation, or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

BNS Asia Limited and/or its affiliates may have in the past done business with or may currently be doing or seeking to do business with the companies or issuers covered in this report. The information provided or to be provided or actions taken by or to be taken by BNS Asia Limited and/or its affiliates in such circumstances may be different from or contrary to the discussion set out in this report.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is distributed by The Bank of Nova Scotia, London branch ("BNS London"), Scotiabank Europe plc, or Scotiabank (Ireland) Designated Activity Company to persons who are eligible counterparties or professional clients. BNS London is authorised by the Prudential Regulation Authority (PRA) and subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA. Scotiabank Europe plc is authorised by the PRA and subject to regulation by the FCA and PRA. Scotiabank (Ireland) Designated Activity Company is authorised and regulated by the Central Bank of Ireland (CBI).

United States: United States: Distributed to U.S. persons by Scotia Capital (USA) Inc. or by an authorized subsidiary or affiliate of The Bank of Nova Scotia that is not registered as a U.S. broker-dealer (a 'non-U.S. affiliate') to Major US Institutional Investors only. Scotia Capital (USA) Inc. accepts responsibility for the content of a document prepared by its non-U.S. affiliate (s) when distributed to U.S. persons by Scotia Capital (USA) Inc. To the extent that a U.S. person wishes to transact in the securities mentioned in this document through Scotiabank, such transactions must be effected through Scotia Capital (USA) Inc., and not through a non-U.S. affiliate. The information in this document has not been approved, disapproved, or recommended by the U.S. Securities and Exchange Commission ("SEC"), any state securities commission in the United States or any other U.S. or non-U.S. regulatory authority. None of these authorities has passed on or endorsed the merits or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable. Scotiabank, together with "Global Banking and Markets," is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including Scotia Capital Inc., Scotia Capital (USA) Inc., Scotiabank Europe plc, Scotiabank (Ireland) Designated Activity Company, Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank Group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability. Scotia Capital Inc. is a member of the Canadian Investor Protection Fund and regulated by the Investment Industry Regulatory Organization of Canada. Scotia Capital (USA) Inc. is a broker-dealer registered with the SEC and is a member of FINRA, NYSE, NFA and SIPC. BNS London is authorised by the Prudential Regulation Authority ("PRA") and subject to regulation by the Financial Conduct Authority ("FCA") and limited regulation by the PRA. Scotiabank Europe plc is authorised by the PRA and subject to regulation by the FCA and PRA. Scotiabank (Ireland) Designated Activity Company is authorised and regulated by the CBI. Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat , Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

© The Bank of Nova Scotia 2023
This report and all the information, opinions, and conclusions contained in it are protected by copyright. This report may not be reproduced in whole or in part, or referred to in any manner whatsoever, nor may the information, opinions, and conclusions contained in it be referred to without the prior, express consent of Scotiabank, Global Banking and Markets. The Bank of Nova Scotia, Scotiabank, and Global Banking and Markets logo and names are among the registered and unregistered trademarks of The Bank of Nova Scotia. All rights reserved.

15 February 2023
Equity Research
Americas | United States

CREDIT SUISSE

Exelon Corporation

Hitting the Right Stride & Further Extending the Premium Outlook: Outperform

EXC

Target price (12M, US$) 46.00
Outperform

Electric Utilities | Forecast Increase

We are reaffirming our Outperform rating on EXC following FY22 results and the LT guidance update, which we view as better than expectations. Mgmt guided FY23 EPS to $2.36 at the midpoint, largely in-line with BBG / CSe of $2.37/sh and importantly extended the 6-8% EPS CAGR out to '26, off '22 base. The market quickly moved past concerns regarding lower growth outlook with the stock +247bps vs. XLU day of print. We see further room for upside in EXCs multiple as the stock compares favorably to most large cap peers in the current inflationary environment, especially when we consider 1) risk profile due to its fragmented CapEx plan; 2) multi-state T&D exposure; 3) equity financing needs of only $425Mn over 5yrs; 4) competitive dividend growth of 6% which compares favorably to D, DUK, & SO and 5) definitive markers for '22-'26 EPS within the 6-8% range, which gives investors more comfort in the forward outlook. EXC trades at a -3% discount following yesterday's outperformance and our $46 TP implies a mid-single digit premium which we see as achievable through the year.

- **Balance Sheet Considerations**: EXC has a low FFO/Debt minimum vs. peers (12%) and currently sees 13-14% as an achievable glide path. EXC is at the low end of the range due to CAMT drag though if treasury / IRS allows for the inclusion of repairs this could be a ~$200Mn cash tailwind. We're not assuming this as a base case (CSe 13% FFO) but are encouraged that the plan has already been high-graded for the cash-flow hit.
- **Catalyst Path is About Reg Execution Now:** We are watching the ComEd MYRP filing and BGE filing later this month. Testimony from intervenors in the ComEd case will be in May '23 with a final determination by Dec '23. Regarding ComEd, the jurisdictional returns are still tied to 30YR USTs through '23 with ComEd moving to a more traditional structure in '24. CSe assumes a 9.5% authorized ROE in '24E+ which we view as reasonable vs. prior GRC comps. We're also watching the ICC construct given the current vacancy to be appointed by the Governor, with the current 3-1 D-R make up. IL cannot have more than 3 members from one party on the 5-member council, and a republican could be appointed.
- **Valuation, EPS Ests, Risks.** We raise '23/'25 EPS +1c/2c to $2.38/$2.72 on financing considerations. Our TP is unchanged at $46. **Risks:** Inflation, interest rates.

Price (14 Feb 23, US$)	42.03
52-week price range	50.25 - 35.54
Enterprise value (US$ m)	83,117

Research Analysts

Nicholas Campanella
212 325 7505
nicholas.campanella@credit-suisse.com

Fei She, CFA
212 325 7648
fei.she@credit-suisse.com

Nathan Richardson
212 325 7937
nathan.richardson@credit-suisse.com

Financial and valuation metrics

Year	12/22A	12/23E	12/24E	12/25E
EPS (CS adj.) (US$)	2.27	2.38	2.50	2.72
Prev. EPS (US$)	2.26	2.37	-	2.70
P/E (x)	18.6	17.7	16.8	15.4
P/E rel. (%)	95.7	97.9	95.3	97.0
EBITDA (US$ m)	7,406	7,949	8,596	9,235
EV/EBITDA (current)	10.9	10.5	10.0	9.7
Net debt (US$ m)	38,607	41,362	44,325	47,770
FFO/Interest	3.8	3.4	3.2	3.0
FFO/Total Debt	0.14	0.14	0.13	0.13
Number of shares (m)	993	BV/Share (Next Qtr., US$)		
Net debt (Next Qtr., US$ m)	0	Dividend (current, US$)		0.0
Net debt/tot eq (Next Qtr., %)		Dividend yield (%)		3.24

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



On 14-Feb-2023 the S&P 500 INDEX closed at 4136.13Daily Feb14, 2022 - Feb14, 2023, 02/14/22 = US$42.2

Quarterly EPS	Q1	Q2	Q3	Q4
2022A	0.64	0.44	0.75	0.44
2023E	0.66	0.47	0.77	0.47
2024E	0.70	0.50	0.80	0.51

DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, LEGAL ENTITY DISCLOSURE AND THE STATUS OF NON-US ANALYSTS. US Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Exelon Corporation (EXC)

Analyst: **Nicholas Campanella**

Price (14 Feb 2023): **US$42.03**

Target Price: **46.00**

Rating: **Outperform**

Income Statement	12/22A	12/23E	12/24E	12/25E
Revenue (US$ m)	**19,078.0**	**18,916.6**	**19,573.9**	**20,348.0**
EBITDA (US$ m)	**7,406**	**7,949**	**8,596**	**9,235**
Depr. & amort.	(3,325)	(3,319)	(3,470)	(3,637)
EBIT (US$)	**4,348**	**4,739**	**5,221**	**5,695**
Net interest exp	(1,447)	(1,660)	(1,898)	(2,132)
PBT (US$)	**2,403**	**2,688**	**2,842**	**3,088**
Income taxes	(349)	(313)	(330)	(354)
Minorities	-0	-0	-0	-0
Reported net income (US$)	**2,054**	**2,375**	**2,511**	**2,734**
Other NPAT adjustments	(185)	0	0	0
Adjusted net income	**2,239**	**2,375**	**2,511**	**2,734**
Cash Flow	**12/22A**	**12/23E**	**12/24E**	**12/25E**
EBIT	4,348	4,739	5,221	5,695
Net interest	(1,447)	(1,660)	(1,898)	(2,132)
Change in working capital	0	0	0	0
CAPEX	(7,150)	(7,200)	(7,625)	(8,250)
Free cashflow to the firm	**(1,699)**	**(1,528)**	**(1,642)**	**(1,855)**
Acquisitions	-	-	-	-
Divestments	-	-	-	-
Cash flow from investments	**(7,150)**	**(7,200)**	**(7,625)**	**(8,250)**
Changes in Net Cash/Debt	**(5,060)**	**(2,756)**	**(2,963)**	**(3,445)**
Balance Sheet (US$)	**12/22A**	**12/23E**	**12/24E**	**12/25E**
Assets				
Cash & cash equivalents	108	28	290	420
Total current assets	**13,072**	**12,992**	**13,254**	**13,384**
Total assets	**136,102**	**139,902**	**144,320**	**149,063**
Liabilities				
Total current liabilities	**13,011**	**13,011**	**13,011**	**13,061**
Total liabilities	**99,828**	**102,482**	**105,708**	**109,308**
Total liabilities and equity	**136,102**	**139,902**	**144,320**	**149,063**
Net debt	38,607	41,362	44,325	47,770
Per share	**12/22A**	**12/23E**	**12/24E**	**12/25E**
No. of shares (wtd avg)	988	998	1,003	1,005
CS adj. EPS	2.27	2.38	2.50	2.72
Prev. EPS (US$)	2.26	2.37	-	2.70
Dividend (US$)	1.35	1.43	1.52	1.61
Free cash flow per share	(1.72)	(1.53)	(1.64)	(1.85)
Earnings	**12/22A**	**12/23E**	**12/24E**	**12/25E**
Sales growth (%)	6.4	(0.8)	3.5	4.0
EBIT growth (%)	12.9	9.0	10.2	9.1
Net profit growth (%)	9.8	6.1	5.7	8.9
EPS growth (%)	8.9	5.0	5.2	8.7
EBITDA margin (%)	38.8	42.0	43.9	45.4
EBIT margin (%)	22.8	25.1	26.7	28.0
Pretax margin (%)	12.6	14.2	14.5	15.2
Net margin (%)	11.7	12.6	12.8	13.4
Valuation	**12/22A**	**12/23E**	**12/24E**	**12/25E**
EV/Sales (x)	4.21	4.39	4.40	4.40
P/E (x)	18.6	17.7	16.8	15.4
Price to book (x)	1.1	1.1	1.0	1.0
Asset turnover	0.1	0.1	0.1	0.1
Returns	**12/22A**	**12/23E**	**12/24E**	**12/25E**
ROE stated-return on (%)	5.4	6.1	6.2	6.6
ROIC (%)	5.0	5.3	5.6	5.8
Gearing	**12/22A**	**12/23E**	**12/24E**	**12/25E**
Net debt/equity (%)	106.4	110.5	114.8	120.2
Interest coverage ratio (X)	3.0	2.9	2.8	2.7
Quarterly EPS	**Q1**	**Q2**	**Q3**	**Q4**
2022A	0.64	0.44	0.75	0.44
2023E	0.66	0.47	0.77	0.47
2024E	0.70	0.50	0.80	0.51

Source: FTI, Company data, Refinitiv, Credit Suisse Securities (EUROPE) LTD. Estimates

Company Background

Exelon Corporation, a utility services holding company, engages in the energy generation, delivery, and marketing businesses in the United States and Canada.

Blue/Grey Sky Scenario



Our Blue Sky Scenario (US$) **50.00**

Our $50 Blue Sky scenario assumes a P/E multiple of 18.4x and that (1) management executes on its capital plan and continues to manage O&M costs in the face of record inflation and rising energy service costs, (2) management continues its grid resilience project, and (3) ComEd operates in a more favorable regulatory environment.

Our Grey Sky Scenario (US$) **41.00**

Our $41 Grey Sky scenario assumes EXC trades at a 15.1x. If inflationary head winds continue to persist and commodity prices continue to rise, this could impact customer bills and possibly impact consumption.

Share price performance

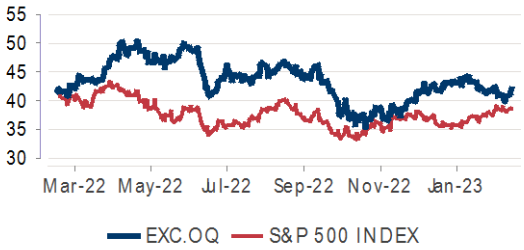

On 14-Feb-2023 the S&P 500 INDEX closed at 4136.13
Daily Feb14, 2022 - Feb14, 2023, 02/14/22 = US$42.2

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Fundamental Dashboard

We include our latest dashboard below with EPS estimates tweaked for the latest financing considerations (less equity in the new plan than we contemplated) and higher capex with a $31.3Bn program from '23-'26.

Figure 1: Fundamental Dashboard

EXC Dashboard	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
Consolidated EPS	**$3.01**	**$2.01**	**$2.08**	**$2.27**	**$2.38**	**$2.50**	**$2.72**	**$2.95**
Prior EPS			**$2.08**	**$2.26**	**$2.37**	**$2.50**	**$2.70**	**$2.89**
Consensus EPS (FactSet)			**$2.08**	**$2.26**	**$2.36**	**$2.52**	**$2.74**	**$2.93**
Consensus EPS (Bloomberg)			**$2.57**	**$2.26**	**$2.37**	**$2.52**	**$2.73**	**$2.90**
Delta (%)				0.3%	0.7%	-0.6%	-0.7%	0.7%
Shares Outstanding	974	977	980	988	998	1,003	1,005	1,005
DPS			$1.53	$1.35	$1.43	$1.52	$1.61	$1.70
DPS Growth (%)				-11.6%	6.0%	6.0%	6.0%	6.0%
DPS Payout (%) - 60% Payout				59.6%	60.1%	60.6%	59.1%	57.8%
Valuation Metrics								
P/E		20.9x	20.2x	18.6x	17.7x	16.8x	15.4x	14.3x
EV/RAB		1.6x	1.6x	1.5x	1.5x	1.4x	1.4x	1.3x
FFO		9,034	8,577	5,451	5,672	5,983	6,395	6,814
Net Debt		31,949	33,547	38,607	41,362	44,325	47,770	50,968
FFO/Debt (%) - 13.5% Target; 12% Min		28.3%	25.6%	14.1%	13.7%	13.5%	13.4%	13.4%
EBITDA		5,082	5,715	6,640	7,406	7,949	8,596	9,235
Net Debt		31,949	33,547	38,607	41,362	44,325	47,770	50,968
Net Debt / EBITDA		6.3x	5.9x	5.8x	5.6x	5.6x	5.6x	5.5x
Holdco Debt / Total Debt		28.0%	33.5%	28.6%	28.4%	29.2%	29.7%	30.4%
Consolidated Equity Layer (%)		51.6%	50.2%	48.4%	47.5%	46.4%	45.2%	44.5%
EPS Estimates By Sub	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
ACE	$0.10	$0.11	$0.15	$0.15	$0.17	$0.18	$0.19	$0.20
PEPCO	$0.25	$0.27	$0.30	$0.31	$0.34	$0.36	$0.38	$0.40
ComEd	$0.71	$0.44	$0.75	$0.78	$0.94	$1.02	$1.09	$1.17
DPL	$0.15	$0.13	$0.13	$0.22	$0.23	$0.25	$0.27	$0.29
PECO		$0.46	$0.51	$0.55	$0.57	$0.59	$0.68	$0.76
BGE	$0.37	$0.36	$0.42	$0.44	$0.47	$0.51	$0.55	$0.59
Parent	$0.89	$0.24	($0.18)	($0.20)	($0.34)	($0.40)	($0.43)	($0.47)
Consolidated	**$2.47**	**$2.01**	**$2.08**	**$2.27**	**$2.38**	**$2.50**	**$2.72**	**$2.95**
Guidance			**2.06-2.14**	**2.21-2.29**	**2.30-2.42**			
Implied Guidance from 4Q22 Slides					**2.36**	**$2.50**	**$2.71**	**$2.90**

Source: Company data, Credit Suisse estimates, the BLOOMBERG PROFESSIONAL™ service

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Valuation: $46 TP unchanged; 13% Total Return Upside

We include our latest SOTP below, which is largely unchanged. We apply a 3% premium to a blended 2025E group multiple based on EXCs make up of electric, transmission and gas rate base. Overall, our valuation implies a 6% P/E premium vs. the electric group which we see as achievable on a 12-month view.

Figure 2: Sum of the Parts Valuation

EXC Sum of the Parts Valuation				Grey Sky	Base Case	Blue Sky
Electric Group Multiple				14.3x	**15.9x**	17.5x
Transmission Group Multiple - Gross up 1.0x for formulaic recovery				15.3x	**16.9x**	18.5x
Gas Group Multiple				15.0x	**16.7x**	18.4x
		Proportion				
EXC Electric Rate Base		57%		8.2x	**9.1x**	10.0x
EXC Transmission Rate Base		26%		4.0x	**4.4x**	4.8x
EXC Gas Rate Base		17%		2.5x	**2.8x**	3.1x
Blended EXC Group Multiple		100%		**14.7x**	**16.3x**	**17.9x**
EXC UP&O EPS	**Net Income ('25)**	**Prem / Disc.**	**Base Case Multiple**			
Consolidated Net Income	$2,734	3%	16.8x	$41,382	$45,898	$50,414
Total Equity Value				**$41,382**	**$45,898**	**$50,414**
Shares Outstanding				**1,003**	**1,003**	**1,003**
Consolidated EPS '24				$2.72	$2.72	$2.72
Implied P/E Multiple->>				15.1x	16.8x	18.4x
Valuation				**$41**	**$46**	**$50**
Stock Price					$42	
Upside / Downside				-2.5%	9.4%	19.0%
Yield					3.6%	
Total Return				**1.2%**	**13.1%**	**22.6%**

Source: Company data, Credit Suisse estimates, the BLOOMBERG PROFESSIONAL™ service

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Valuation Methodology and Risks

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Exelon Corporation (EXC.OQ)

Method: We utilized an SOTP method to determine our target price of $46 per share and a blended P/E multiple of 16.8x for Outperform-rated EXC. We derived the blended P/E multiple by creating a proportion of each segment for the electric group, transmission group, and gas group. We based the proportion on each segment's contribution to rate base. We apply a 3% premium multiple to the current blended multiple of 16.3x. We believe that an improving regulatory environment in Illinois will be favorable for EXC investors by allowing ComEd to file a rate case that is in line with industry average. Changes in the allowed ROE structure could increase the allowed ROE by 2% in 2024. Another key driver is the execution of the $29Bn capital plan.

Risk: Risks to achieve our $46 target price and Outperform rating include: (1) management not meeting RAB projected growth; (2) not reaching stated growth metrics, including the 6-8% LT EPS CAGR; (3) increasing commodity cost for electric and gas service, natural disaster risk; (4) worse-than-expected regulatory outcomes; and (5) volatility to 30yr US Treasuries, as ComEd ROEs are linked to 30YR USTs.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Companies Mentioned *(Price as of 14-Feb-2023)*
Dominion Energy, Inc (D.N, $58.06)
Duke Energy (DUK.N, $99.47)
Exelon Corporation (EXC.OQ, $42.03, OUTPERFORM, TP $46.0)
Southern Co (SO.N, $66.65)

Disclosure Appendix

Analyst Certification

I, Nicholas Campanella, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Exelon Corporation (EXC.OQ)

EXC.OQ	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
07-May-20	24.99	32.09	O
26-Jul-20	26.95	32.80	
27-Aug-20	26.31	31.37	
02-Nov-20	29.21	33.51	
04-Nov-20	30.11	34.94	
23-Feb-21	29.09	33.51	
10-May-21	31.75	34.23	
13-Jul-21	31.94		NC
03-Oct-22	38.48	43.00	O *
18-Oct-22	37.56	39.00	
03-Nov-22	36.96	42.00	
23-Jan-23	41.82	46.00	

** Asterisk signifies initiation or assumption of coverage.*

Effective July 3, 2016, NC denotes termination of coverage.



As of December 10, 2012 Analysts' stock rating are defined as follows:
Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.
Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.
Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.
**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European (excluding Turkey) ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin America, Turkey and Asia (excluding Japan and Australia), stock ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark (India - S&P BSE Sensex Index); for China A share the relevant index is the Shanghai Shenzhen CSI 300 (CSI300); prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.*
Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.
Not Rated (NR) : Credit Suisse Equity Research does not have an investment rating or view on the stock or any other securities related to the company at this time.
Not Covered (NC) : Credit Suisse Equity Research does not provide ongoing coverage of the company or offer an investment rating or investment view on the equity security of the company or related products.

Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:
Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.
Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.
**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

Credit Suisse's distribution of stock ratings (and banking clients) is:

Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	52%	(26% banking clients)
Neutral/Hold*	36%	(22% banking clients)
Underperform/Sell*	10%	(21% banking clients)
Restricted	1%	

Please click here to view the MAR quarterly recommendations and investment services report for fundamental research recommendations.
**For purposes of the NYSE and FINRA ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Important Global Disclosures
Credit Suisse's research reports are made available to clients through our proprietary research portal on CS PLUS. Credit Suisse research products may also be made available through third-party vendors or alternate electronic means as a convenience. Certain research products are only made available through CS PLUS. The services provided by Credit Suisse's analysts to clients may depend on a specific client's preferences regarding the frequency and manner of receiving communications, the client's risk profile and investment, the size and scope of the overall client relationship with the Firm, as well as legal and regulatory constraints. To access all of Credit Suisse's research that you are entitled to receive in the most timely manner, please contact your sales representative or go to https://plus.credit-suisse.com .
Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.
Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research: https://www.credit-suisse.com/sites/disclaimers-ib/en/managing-conflicts.html .
Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.
Credit Suisse has decided not to enter into business relationships with companies that Credit Suisse has determined to be involved in the development, manufacture, or acquisition of anti-personnel mines and cluster munitions. For Credit Suisse's position on the issue, please see https://www.credit-suisse.com/media/assets/corporate/docs/about-us/responsibility/banking/policy-summaries-en.pdf .
The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

Please refer to the firm's disclosure website at https://rave.credit-suisse.com/disclosures/view/selectArchive for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names
Credit Suisse currently has, or had within the past 12 months, the following as investment banking client(s): EXC.OQ
Credit Suisse provided investment banking services to the subject company (EXC.OQ) within the past 12 months.
Within the last 12 months, Credit Suisse has received compensation for non-investment banking services or products from the following issuer(s): EXC.OQ
Credit Suisse has managed or co-managed a public offering of securities for the subject company (EXC.OQ) within the past 12 months.
Within the past 12 months, Credit Suisse has received compensation for investment banking services from the following issuer(s): EXC.OQ
Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (EXC.OQ) within the next 3 months.
Credit Suisse currently has, or had within the past 12 months, the following issuer(s) as client(s), and the services provided were non-investment-banking, securities-related: EXC.OQ
Credit Suisse or a member of the Credit Suisse Group is a market maker or liquidity provider in the securities of the following subject issuer(s): EXC.OQ
A member of the Credit Suisse Group is party to an agreement with, or may have provided services set out in sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and Council ("MiFID Services") to, the subject issuer (EXC.OQ) within the past 12 months.

For date and time of production, dissemination and history of recommendation for the subject company(ies) featured in this report, disseminated within the past 12 months, please refer to the link: https://rave.credit-suisse.com/disclosures/view/report?i=775737&v=-6gush6za0sleuwv6uvhkl3tok .

Important Regional Disclosures
Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this research report.
Analysts who conduct site visits of covered issuers are not permitted to accept payment or reimbursement for travel expenses from the issuer for the site visit.
For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit https://www.credit-suisse.com/sites/disclaimers-ib/en/canada-research-policy.html.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment.
To the extent any Credit Suisse equity research analyst employed by Credit Suisse International (a "UK Analyst") has interactions with a Spanish domiciled client of Credit Suisse AG or its affiliates, such UK Analyst will be acting for and on behalf of Credit Suisse Bank (Europe), S.A., with respect only to the provision of equity research services to Spanish domiciled clients of Credit Suisse AG or its affiliates.
Pursuant to CVM Resolution No. 20/2021, of February 25, 2021, the author(s) of the report hereby certify(ies) that the views expressed in this report solely and exclusively reflect the personal opinions of the author(s) and have been prepared independently, including with respect to Credit Suisse. Part of the author(s)'s compensation is based on various factors, including the total revenues of Credit Suisse, but no part of the compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/companies or the subject securities.
This research report is authored by:
Credit Suisse Securities (USA) LLC..... Nicholas Campanella ; Fei She, CFA ; Nathan Richardson
There is currently no universal definition or exhaustive list defining the issues or factors that are covered by the concept of "ESG" (Environmental, Social, Governance). If not indicated otherwise, 'ESG' is used interchangeably with the terms 'sustainable' and 'sustainability'. Unless indicated otherwise, the views expressed herein are based on CS' own assumptions and interpretation of ESG at the time of drafting. CS' views on ESG may evolve over time and are subject to change.
Where a sustainability assessment is identified as including elements which track environmental, social or governance (ESG) objectives, CS is, wholly or in part, reliant on third-party sources of information (including, but not limited to, such information produced by the issuing/manufacturing company itself) and external guidance. These sources of information may be limited in terms of accuracy, availability and timeliness. It is possible that the data from ESG data providers may be incorrect, unavailable (e.g., not existing, or absence of look-through), or not fully updated. CS has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. Additionally, as global laws, guidelines and regulations in relation to the tracking and provision of such data are evolving, all such disclosures are made on a non-reliance basis and are subject to change. Unless required by applicable law, CS is not obliged to provide updates on sustainability assessments. Any updates might be subject to a time lag, due to e.g. lack of available data.
An ESG assessment reflects the opinion of the assessing party (CS or external parties such as rating agencies or other financial institutions). In the absence of a standardized ESG assessment system, each assessing party has its own research and analysis framework/methodology. Therefore, ESG assessment or risk levels given by different assessing parties to the same company can vary. Further, ESG assessment is limited to considering company performance against certain ESG criteria only and does not take into account the other factors needed to assess the value of a company.

Important disclosures regarding companies that are the subject of this report are available by calling +1 (877) 291-2683. The same important disclosures, with the exception of valuation methodology and risk discussions, are also available on Credit Suisse's disclosure website at https://rave.credit-suisse.com/disclosures . For valuation methodology and risks associated with any recommendation, price target, or rating referenced in this report, please refer to the disclosures section of the most recent report regarding the subject company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

This report is produced by subsidiaries and affiliates of Credit Suisse ("CS") operating under its Securities Research function within the Investment Banking Division. For more information on our structure, please use the following link: https://www.credit-suisse.com/who-we-are All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS. CS will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Please note in particular that the bases and levels of taxation may change. Information and opinions presented in this report have been obtained or derived from sources believed by CS to be reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented in this report. Those communications reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other communications are brought to the attention of any recipient of this report. Some investments referred to in this report will be offered solely by a single entity and in the case of some investments solely by CS, or an associate of CS or CS may be the only market maker in such investments. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk. Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase. Some investments discussed in this report may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed any such site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk. This report may contain material that is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject CS to any registration or licensing requirement within such jurisdiction.The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor.This research report does not, and is not intended to be, an advertisement within the meaning of article 68 of the Swiss Financial Services Act and/or article 95 of the Swiss Financial Services Ordinance. This research report is not a prospectus, basic information sheet (BIB) or a key information document (KID). Any recipients of this document should, however, note that any communication forwarding or using this research report as a basis for discussion, would qualify as such advertisement if it is intended to draw the recipient's attention to specific financial instruments covered by this research report.

This report is issued and distributed in **United Kingdom and European Union (except Germany and Spain):** by Credit Suisse International, One Cabot Square, London E14 4QJ, England, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority; **Spain:** Credit Suisse Bank (Europe), S.A. regulated by the Comision Nacional del Mercado de Valores; **Germany:** Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht ("BaFin"). **United States:** Credit Suisse Securities (USA) LLC; **Canada:** Credit Suisse Securities (Canada), Inc.; **Switzerland:** Credit Suisse AG; **Brazil:** Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários or its affiliates; **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and Casa de Bolsa Credit Suisse (México), S.A. de C.V., Grupo Financiero Credit Suisse (México) ("Credit Suisse Mexico"). This document has been prepared for information purposes only and is exclusively distributed in Mexico to Institutional Investors. Credit Suisse Mexico is not responsible for any onward distribution of this report to non-institutional investors by any third party. The authors of this report have not received payment or compensation from any entity or company other than from the relevant Credit Suisse Group company employing them; **Japan:** by Credit Suisse Securities (Japan) Limited, Financial Instruments Firm, Director-General of Kanto Local Finance Bureau (*Kinsho*) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association. This report has been prepared and issued for distribution in Japan to Credit Suisse's clients, including institutional investors; **Hong Kong SAR:** Credit Suisse (Hong Kong) Limited; **Australia:** Credit Suisse Equities (Australia) Limited; **Thailand:** Credit Suisse Securities (Thailand) Limited, regulated by the Office of the Securities and Exchange Commission, Thailand, having registered address at 63 Wireless Road (Witthayu) Bangkok 10330, Thailand, Tel. +66 2614 6000; **Malaysia:** Credit Suisse Securities (Malaysia) Sdn Bhd; **Singapore:** Credit Suisse AG, Singapore Branch; **India:** Credit Suisse Securities (India) Private Limited (CIN no.U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr.A.B. Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777; **South Korea:** Credit Suisse Securities (Europe) Limited, Seoul Branch; **Taiwan (Chinese Taipei):** Credit Suisse AG Taipei Securities Branch; **Indonesia:** PT Credit Suisse Sekuritas Indonesia; **Philippines:**Credit Suisse Securities (Philippines) Inc., and elsewhere in the world by the relevant authorised affiliate of the above.

Additional Regional Disclaimers

Australia: Credit Suisse Securities (Europe) Limited ("CSSEL") and Credit Suisse International ("CSI") are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority under UK laws, which differ from Australian Laws. CSSEL and CSI do not hold an Australian Financial Services Licence ("AFSL") and are exempt from the requirement to hold an AFSL under the Corporations Act (Cth) 2001 ("Corporations Act") in respect of the financial services provided to Australian wholesale clients (within the meaning of section 761G of the Corporations Act) (hereinafter referred to as "Financial Services"). This material is not for distribution to retail clients and is directed exclusively at Credit Suisse's professional clients and eligible counterparties as defined by the FCA, and wholesale clients as defined under section 761G of the Corporations Act. Credit Suisse (Hong Kong) Limited ("CSHK") is licensed and regulated by the Securities and Futures Commission of Hong Kong under the laws of Hong Kong SAR, which differ from Australian laws. CSHKL does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Investment banking services in the United States are provided by Credit Suisse Securities (USA) LLC, an affiliate of Credit Suisse Group. CSSU is regulated by the United States Securities and Exchange Commission under United States laws, which differ from Australian laws. CSSU does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Credit Suisse Asset Management LLC (CSAM) is authorised by the Securities and Exchange Commission under US laws, which differ from Australian laws. CSAM does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. This material is provided solely to Institutional Accounts (as defined in the FINRA rules) who are Eligible Contract Participants (as defined in the US Commodity Exchange Act). Credit Suisse Equities (Australia) Limited (ABN 35 068 232 708) ("CSEAL") is an AFSL holder in Australia (AFSL 237237).

EU: This report has been produced by subsidiaries and affiliates of Credit Suisse operating under its Securities Research function within the Investment Banking Division.

In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

This material is issued and distributed in the U.S. by CSSU, a member of NYSE, FINRA, SIPC and the NFA, and CSSU accepts responsibility for its contents. Clients should contact analysts and execute transactions through a Credit Suisse subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

CS may provide various services to US municipal entities or obligated persons ("municipalities"), including suggesting individual transactions or trades and entering into such transactions. Any services CS provides to municipalities are not viewed as "advice" within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. CS is providing any such services and related information solely on an arm's length basis and not as an advisor or fiduciary to the municipality. In connection with the provision of the any such services, there is no agreement, direct or indirect, between any municipality (including the officials, management, employees or agents thereof) and CS for CS to provide advice to the municipality. Municipalities should consult with their financial, accounting and legal advisors regarding any such services provided by CS. In addition, CS is not acting for direct or indirect compensation to solicit the municipality on behalf of an unaffiliated broker, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by the municipality for or in connection with Municipal Financial Products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of the municipality. If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content. No information or communication provided herein or otherwise is intended to be, or should be construed as, a recommendation within the meaning of the US Department of Labor's final regulation defining "investment advice" for purposes of the Employee Retirement Income Security Act of 1974, as amended and Section 4975 of the Internal Revenue Code of 1986, as amended, and the information provided herein is intended to be general information, and should not be construed as, providing investment advice (impartial or otherwise).

Malaysia: Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn Bhd, to whom they should direct any queries on +603 2723 2020.

Singapore: This report has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations) only, and is also distributed by Credit Suisse AG, Singapore Branch to overseas investors (as defined under the Financial Advisers Regulations). Credit Suisse AG, Singapore Branch may distribute reports produced by its foreign entities or affiliates pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients should contact Credit Suisse AG, Singapore Branch at +65-6212-2000 for matters arising from, or in connection with, this report. By virtue of your status as an institutional investor, accredited investor, expert investor or overseas investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain compliance requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore Branch may provide to you.

Copyright © 2023 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

When you purchase non-listed Japanese fixed income securities (Japanese government bonds, Japanese municipal bonds, Japanese government guaranteed bonds, Japanese corporate bonds) from CS as a seller, you will be requested to pay the purchase price only.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

This document is hosted on "Morgan Stanley" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corp: 4Q Earnings: Faster and More Predictable EPS Growth
- **Publication Date/Time** : Wednesday, February 15, 2023 05:09:59 AM (GMT)
- **Contributor Name** : Morgan Stanley
- **Primary Analyst(s)** : David Arcaro
- **Link to Document** : https://login.factset.com/idp/profile/SAML2/Unsolicited/SSO?providerId=sso-admin.ms.com&target=https%3A%2F%2Fny.matrix.ms.com%2Feqr%2Farticle%2Fwebapp%2F56eb218c-aca6-11

EXELON CORP (EXC)

EXC: EXCs and Os

February 14, 2023

Rating:
Outperform
Price:
$42.03
Price Target:
$45.00
Prior: $44.00
% Upside:
7.1%

View EXC Model
View Comp Table

Company Information

52-Week Range	$36 - $50
Market Cap. (MM)	$41,767
Enterprise Value (MM)	$80,645
Shares Out. (MM)	993.7
Avg. Value Traded (MM)	$211.84
SI% of Float	1.0%



Source: FactSet

Priced as of 02/14/23



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

The Wolfe Byte

EXC's 2023 guidance was in line and its 6-8% EPS growth was extended a year to 2026 and rebased off 2022. EXC also pointed to the midpoint of its targets or better, reassuring investors of its LT outlook. EXC outperformed yet still trades at discount. Outperform.

Strong and clear update on LT outlook; raise PT to $45. EXC reported in line 2022 EPS of $2.27 and 2023 guidance of $2.30-2.42 (cons. $2.37). EXC extended its 6-8% EPS growth rate a year to 2026 and rebased it off 2022 ($2.25), saying it targets the midpoint or better. EXC also provided annual growth expectations, noting it will be within 6-8% annually after this year. The stock beat the UTY by 245bp, as we believe the market feared a reduction in its target. EXC still trades at a half-turn discount. An in-line multiple seemed fair on unclear messaging last year. But now we think a premium is reasonable, given a mostly decoupled T&D utility with above-avg RB/EPS growth. We ascribe a 0.5x premium for now, given the first ComEd cases under a new framework and MYP/reconciliation filings in MD. But if those go well, we think EXC could ultimately trade closer to the high-quality, low-risk utilities. We raise our PT by $1 to $45, adding a 0.5x premium to our 2025 group P/E.

Annual growth disclosures helpful; raise 2023E. EXC indicated 5% yoy growth in 2023, low end of 6-8% in 2024, above 8% in 2025 and midpoint in 2026. We raise our 2023E by $0.04 to $2.37; our 2024-25E are in line with those implied by EXC.

AMT hit of $200M/yr in FFO/D target, could improve. EXC's FFO/Debt target averages 13-14% in 2023-26. EXC continues to assume a $200M cash hit from the AMT. If the IRS allows the repairs & maintenance deduction to be treated like accelerated D&A, then EXC's FFO/D is closer to 14% than 13%. The IRS could issue guidelines this year. EXC's equity needs are unchanged at $425M by 2025.

ComEd case, MD reconciliation/MYPs main regulatory items. EXC has ComEd's first 4-yr rate case, MD reconciliations on the first MYP, and a new MYP filing. For ComEd distribution,(~30% of rate base), intervenor testimony is on 5/18, hearings in Aug and a decision by 12/20. We have seen reasonable outcomes in IL's gas cases, with ROEs of 9.6-9.8%. ComEd can also earn up to 32bp ROE incentives.

ESTIMATES

($)	2023E	2024E	2025E
EPS FY	2.37 E	2.51 E	2.76 E
Prior	2.33 E	-	-
Cons.	2.37 E	2.52 E	2.73 E
P/E	17.7x	16.8x	15.3x

Source: Company Documents, Wolfe Research, FactSet
Numbers may not add up due to rounding; Fiscal Year Ends December

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 14, 2023

Investment Conclusion

We believe EXC is a low-risk utility stock. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%, driven by ~8% rate base growth. We think the stock hit last year on IRA and nonlinear EPS growth was overdone. We think the messaging and conviction on its LT outlook will be well-received. And we see the stock over time trading in line with the low-risk, high-quality utilities. This year, focus will be on a first multiyear rate case in IL, as well as a second multiyear filing in MD and reconciliations of the first MD/BGE multiyear case. Those are expected to more certainty to an otherwise low-risk utility story.

Valuation

Our $45PT is based on a half-turn premium to our utility group P/E of 16x 2025E.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 14, 2023

Relative stock performance and Comps

As shown in Exhibit 1, EXC is off its bottom relative to peers, but it still has room to go. EXC trades at a 0.5x discount to regulated peers; see Exhibit 2.

Exhibit 1: EXC Relative Performance vs. Large-Cap Utilities

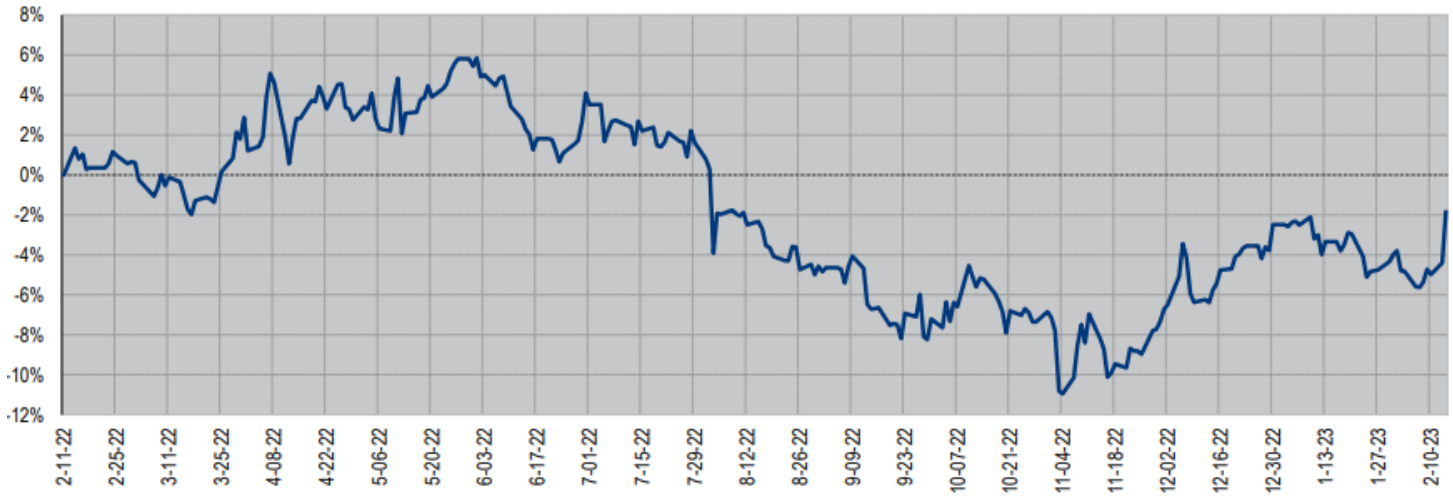

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 14, 2023

Exhibit 2: Regulated Utility Comps

Regulated Utility Comparables
2/14/2023

Company		Current	Current	Mkt Cap	P/E				Div	Div	Payout	Price/	Equity
Name	Ticker	Price	Shares	($M)	2022E	2023E	2024E	2025E	Yield	Growth (E)	Ratio	Book	Ratio
AES Corp.	AES	$26.29	668	$17,560	15.9x	14.8x	13.8x	12.5x	2.4%	5.0%	38%	6.8x	17%
Alliant Energy	LNT	$53.29	251	$13,377	19.1x	18.4x	17.3x	16.3x	3.2%	6.2%	61%	2.1x	42%
Ameren	AEE	85.20	259	22,026	20.9x	19.5x	18.0x	17.1x	2.8%	7.0%	58%	2.2x	41%
American Electric	AEP	90.48	514	46,494	18.0x	17.1x	16.2x	15.1x	3.5%	6.0%	63%	1.9x	39%
Avangrid	AGR	40.59	387	15,693	17.5x	19.0x	18.5x	16.7x	4.3%	0.0%	76%	0.8x	69%
CenterPoint Energy	CNP	29.28	630	18,433	21.3x	19.7x	18.1x	16.6x	2.4%	7.7%	51%	2.0x	39%
CMS Energy	CMS	61.16	291	17,814	21.2x	19.7x	18.3x	17.0x	3.0%	5.7%	64%	2.6x	33%
Con Edison	ED	91.10	355	32,328	20.0x	19.0x	17.5x	16.8x	3.5%	1.9%	69%	1.6x	44%
Dominion	D	58.06	833	48,380	14.1x	15.3x	16.1x	15.1x	4.6%	0.0%	65%	1.8x	39%
DTE Energy	DTE	113.70	206	23,380	18.9x	18.2x	17.0x	15.9x	3.2%	7.5%	60%	2.5x	31%
Duke Energy	DUK	99.47	770	76,598	18.8x	17.7x	16.7x	15.7x	4.0%	2.0%	76%	1.6x	39%
Edison International	EIX	67.54	382	25,792	14.8x	14.4x	13.5x	12.2x	4.1%	5.7%	61%	1.9x	33%
Emera*	EMA	54.19	268	14,539	18.3x	16.8x	16.0x	15.3x	4.9%	4.0%	90%	1.5x	38%
Entergy	ETR	106.09	203	21,588	16.5x	15.8x	14.7x	13.8x	4.0%	6.0%	67%	1.8x	31%
Evergy	EVRG	60.65	230	13,921	16.7x	16.7x	15.1x	14.2x	3.8%	7.0%	64%	1.4x	45%
Eversource Energy	ES	78.89	348	27,478	19.2x	18.0x	16.5x	15.4x	3.2%	6.2%	62%	1.8x	41%
Exelon	EXC	42.03	994	41,767	18.7x	18.0x	16.8x	15.3x	3.2%	7.0%	60%	1.7x	38%
FirstEnergy	FE	40.17	572	22,967	16.6x	15.8x	14.8x	14.0x	3.9%	0.0%	65%	2.1x	32%
Fortis*	FTS	55.13	480	26,479	20.1x	18.7x	17.8x	17.2x	3.9%	4.5%	79%	1.4x	42%
NextEra Energy	NEE	76.03	1,987	151,084	26.6x	24.6x	22.5x	20.9x	2.2%	10.0%	59%	3.9x	38%
NiSource	NI	26.93	406	10,937	18.5x	17.4x	16.1x	14.9x	3.5%	5.6%	65%	1.9x	40%
OGE Energy	OGE	38.36	200	7,680	17.5x	18.9x	17.7x	16.7x	4.3%	1.6%	75%	1.7x	49%
PG&E	PCG	15.58	1,988	30,968	14.3x	13.0x	11.7x	10.7x	0.0%	N/A	0%	1.4x	30%
Pinnacle West	PNW	74.07	113	8,380	17.3x	18.8x	16.1x	15.4x	4.6%	2.2%	80%	1.3x	42%
Portland General	POR	47.07	89	4,202	17.0x	17.8x	15.6x	14.9x	3.8%	5.3%	65%	1.5x	43%
PPL Corp.	PPL	28.54	736	21,015	20.4x	18.0x	16.6x	15.5x	3.2%	6.5%	64%	1.5x	50%
PSEG	PEG	61.16	499	30,516	17.6x	17.7x	16.7x	14.9x	3.5%	5.9%	62%	2.3x	40%
Sempra	SRE	156.85	314	49,303	17.4x	17.5x	16.4x	15.4x	3.1%	8.0%	54%	1.9x	50%
Southern Company	SO	66.65	1,089	72,560	18.6x	18.4x	16.5x	15.4x	4.1%	3.8%	76%	2.3x	36%
WEC Energy Group	WEC	91.70	315	28,925	20.8x	19.9x	18.7x	17.5x	3.2%	7.4%	66%	2.5x	40%
Xcel Energy	XEL	67.98	547	37,202	21.5x	20.2x	18.8x	17.7x	2.9%	6.0%	61%	2.3x	39%
Average					18.5x	17.9x	16.7x	15.5x	3.4%	5.1%	63%	2.1x	40%
Average (ex EIX & PCG)					18.8x	18.2x	16.9x	15.8x	3.5%	5.0%	65%	2.1x	40%

Source: Wolfe Utilities & Power Research, FactSet

*Current price shown in CAD

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 14, 2023

Exelon Corp. Snapshot

Exhibit 3: Financial Summary

Financial Summary	2023E	2024E	2025E
EPS	$2.37	$2.51	$2.76
Consensus EPS	$2.37	$2.52	$2.73
Dividends Per Share	$1.44	$1.55	$1.65
Payout on Utility net Parent	61%	62%	60%
Equity ratio	48%	47%	47%
FFO/Net Debt	15%	14%	15%
Diluted Shares Outstanding	998	1,002	1,006
Valuation Metrics			
P/E	17.2x	16.3x	14.8x
Dividend Yield	3.5%	3.8%	4.1%
Segment EPS	**2023E**	**2024E**	**2025E**
ComEd	1.00	1.09	1.16
PECO	0.55	0.55	0.70
BGE	0.46	0.49	0.52
Pepco	0.69	0.73	0.77
Parent	(0.33)	(0.36)	(0.38)
Total EPS	**$2.37**	**$2.51**	**$2.76**
Realized ROE by Utility			
ComEd	9.9%	9.9%	9.9%
PECO	9.2%	8.5%	9.9%
BGE	9.7%	9.6%	9.5%
Pepco	9.7%	9.6%	9.6%
Average Rate Base ($M)	$53,753	$57,791	$61,892

Source: Wolfe Utilities & Power Research

Exhibit 4: Modeling Assumptions

Assumptions	2023E	2024E	2025E
Capex by Segment ($M)			
ComEd	$2,550	$2,575	$2,650
PECO	1,350	1,550	1,600
BGE	1,325	1,375	1,400
Pepco	1,825	1,950	1,900
Parent/other	0	0	0
Total EXC Capex	**$7,050**	**$7,450**	**$7,550**
EXC			
Equity Issued/(Repurchased)	$167	$167	$167
Debt Issued/(Repurchased)	2,575	2,550	2,450

Source: Wolfe Utilities & Power Research

Exhibit 5: 2024 EPS by Subsidiary

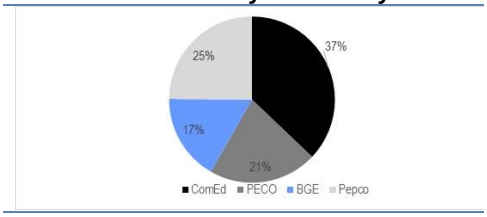

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with above average EPS growth. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%.

Valuation

Our $45 PT is based on a half-turn premium to our utility group average P/E of 16x 2025E. Risks are less capex, lower returns, less cash or more equity needs, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 14, 2023

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

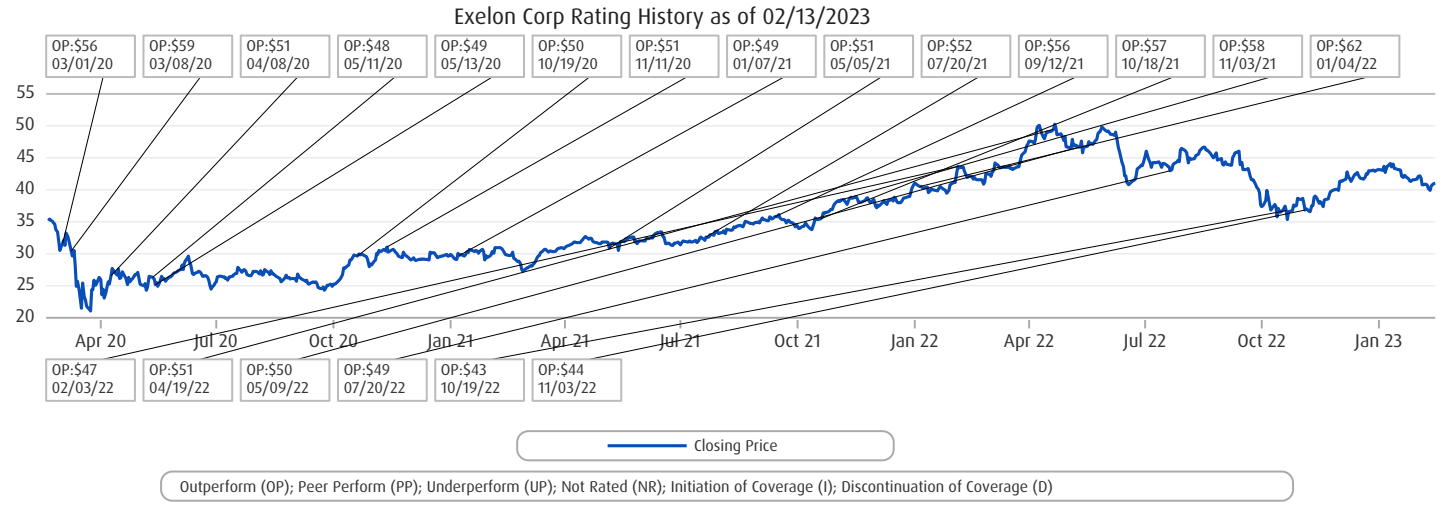

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

WOLFE RESEARCH

February 14, 2023

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Effective August 1, 2022, Wolfe Research, LLC will no longer publish target prices for Peer Perform rated companies.

Wolfe Research, LLC uses a relative rating system using terms such as Outperform, Peer Perform and Underperform (see definitions above). Please carefully read the definitions of all ratings used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of February 14, 2023):

Outperform:	45%	6% Investment Banking Clients within the previous 12 months
Peer Perform:	44%	2% Investment Banking Clients within the previous 12 months
Underperform:	11%	0% Investment Banking Clients within the previous 12 months

Wolfe Research, LLC does not assign ratings of Buy, Hold or Sell to the stocks it covers. Outperform, Peer Perform and Underperform are not the respective equivalents of Buy, Hold and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Securities is responsible for the contents of this material. Any analysts publishing these reports are associated with each of Wolfe Research, LLC and Wolfe Research Securities.

The Wolfe Daily Howl and Monthly Controversies Report are subscription-based products for Institutional investor subscribers only and are products of Wolfe Research, LLC. The products received may contain previously published research which have been repackaged for Wolfe Daily Howl and Monthly Controversies Report subscribers. The types of services provided to you by Wolfe Research, LLC, vary as compared to that provided to other external clients of Wolfe Research. Wolfe Research, LLC, its affiliates, officers, directors, employees and agents will not be liable for any

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein. Opinions in this communication constitute the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable but Wolfe Research and its affiliates, including but not limited to Wolfe Research Securities, makes no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC or any affiliate to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regards to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts and electronic publication to our proprietary website.

Copyright © Wolfe Research, LLC 2023. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research. Authorized users have received an encryption decoder which legislates and monitors the access to Wolfe Research, LLC content. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

GUGGENHEIM

February 14, 2023

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC: Relief Rally as New C-Suite Rolls Forward on 6-8%

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Earnings Release

Share Price	$42.03
Price Target	$45.00

EPS ($) (FY DEC)	1Q	2Q	3Q	4Q	FY
2023	0.60E	0.47E	0.81E	0.47E	2.36E
P/E					17.8x
2024	0.63E	0.51E	0.88E	0.48E	2.50E
P/E					16.8x
2025	0.68E	0.56E	0.96E	0.53E	2.74E
P/E					15.3x

Market Data

52-Week Range	$35.19 - $50.71
Dividend	$1.40
Dividend Yield	3.3%
Market Cap (M)	$41,767
Enterprise Value (M)	$83,063
Shares Out (M)	993.7
ADV (3 mo; 000)	6,791

Key Message: Exelon's first roll-forward as a fully regulated wires utility came with a straightforward reaffirmation of the 6-8% LT EPS growth plan, putting to rest some investor concerns that the new C-Suite would use the opportunity to step down growth. Alongside the normal capex and guidance roll, management also debuted a more detailed set of drivers and assumptions for each year of the new plan, something that we had flagged as a potential heading into the print. The balance of the update was refreshingly simple, in our view, with a renewed focus on the dense regulatory calendar that underpins the latest plans. This calendar, alongside a lack of IRA uplift as compared to peers, has been a core a part of why we remain on the sidelines, although we continue to see value in EXC's underlying T&D growth proposition and the simplicity of its FERC/MYP regulatory recovery mechanisms. We continue to seek a reentry point. We caught up with the full C-Suite.

Management rolls forward and reaffirms 6-8% growth for 2022-2026 alongside a suite of details on YoY drivers. Management rolled out a new 6-8% EPS growth plan built on 7.9% rate base growth, itself driven by a $2.1bn increase over the prior capital plan. The announcement puts to rest what we perceived to be a modest concern among some investors that the new management team would use the call as a podium to lower the overall growth rate to 5-7%, with the company affirming both its prior 2021-2025 CAGR and its new 2022-2026 CAGR, alongside YoY growth in the "middle" of the 6-8% range from 2025-2026. The targets are underpinned by a financing plan with ~$13bn of debt and no changes to the prior equity plan of ~$425mm. We and others asked management about the potential avenues for the latter, with management noting that they could simply use the existing ATM as-needed. In our view, management also put to rest the lingering questions around the impact of the CAMT, with the team providing useful details on the impacts of tax repair treatment on where they sit within their overall credit metric targets (13-14% FFO/debt). Finally, management also provided a useful walkthrough of key YoY drivers across the business, expanding on the disclosures it first provided with 3Q22 results last November. As we noted in our recent outlook, we remain attuned to how the regulatory calendar unfolds alongside the assumptions embedded in that plan – e.g., what management is assuming for reasonable regulatory outcomes.

Stable C-Suite and renewed plan shift the focus back to execution, with Illinois and the eastern MYPs the next key arenas. In our view, investor focus is understandably sharpening around Illinois, with last month's filing (see our note HERE) setting in motion a process through next fall to determine the ultimate earnings power of ComEd. We asked on the call about the backdrop at the ICC in particular given the prospects for the loss of a quorum this spring (1 seat is already vacant), with management noting that it broadly plans around its filings in conjunction with stakeholders, with the IL filing in particular an example of this given its initial deferrals of a portion of the increase's impact. In management's view, the state, and in particular the governor, are attuned to the role of the utilities as vehicles for execution on 2021's CEJA legislation, and as such the stability of the ICC remains a priority in the state. As noted above, the initial MYP in IL and the reconciliations/second filings in the east are important data points to us for the street to build additional confidence on the shape and profile of the latest growth drivers.

EXC reported 4Q22 EPS of $0.43, largely in line with our estimate and consensus ($0.44/$0.43). YoY earnings were $0.04 higher, with higher distribution rates at the utilities partially offset by interest drag at the parent (-$0.03). Across the opcos, ComEd earnings were +$0.07 YoY thanks to another quarter of higher distribution rates (investment and treasuries) alongside FRP timing. Earnings were $0.03 lower at PECO, reflecting the full offset of higher distribution rates (+$0.03) with a variety of higher expenses, including $0.02 of higher contracting costs and system upgrades. BGE was flat, while PHI added $0.03, as higher distro rates, income tax timing, and lower contracting costs were partially offset

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

by D&A and a credit loss expense. **Looking ahead, management initiated 2023 EPS guidance in the range of $2.30-$2.42, vs. our $2.36, which remains unchanged.**

Valuation

Our valuation is based on our 2025E EPS of $2.74. We use our 17x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 17x multiple, we continue to apply a 1-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (riders, MYPs) and underlying growth/ incremental investment opportunities, except for ComEd. This blended 17.7x multiple, applied to our 2025E EPS and discounted back 1 year, equals our $45 PT.

Risks

EXC comprises regulated distribution and transmission assets, which face traditional risk factors and upside drivers inherent with all utilities, including: (1) positive/negative rate case outcomes above/below our expectations, (2) higher/lower capex outlooks, and (3) interest rate changes above/below what we account for in our regression model.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 02-10-2023

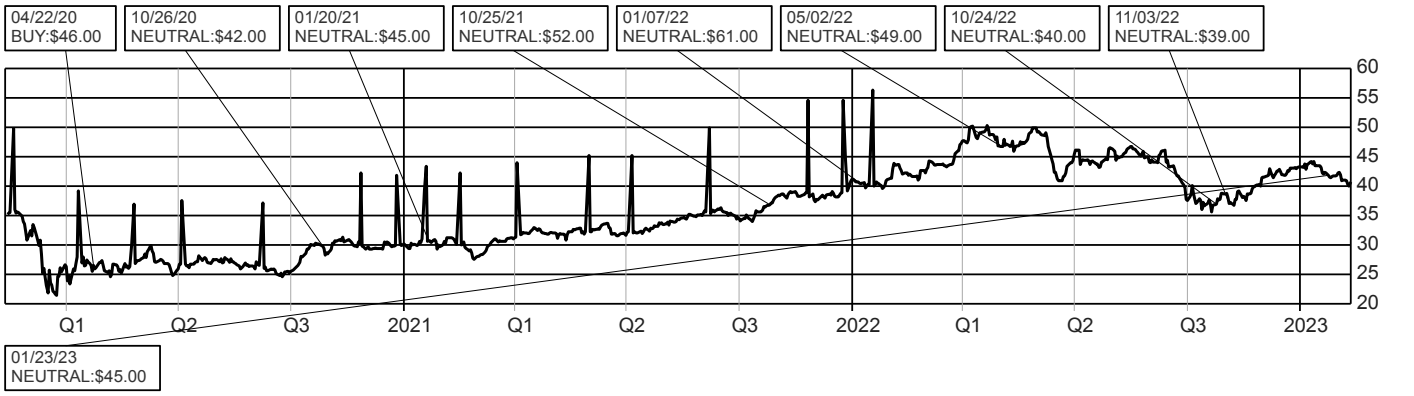

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	65.17%	44	18.97%
NEUTRAL	114	32.02%	7	6.14%
SELL	10	2.81%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC

Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Equity Research

WELLS FARGO

Price Target Change — February 14, 2023

Regulated Electric Utilities

Exelon Corporation (EXC)

EXC: Q4 Updates Hit the Mark—We View Shares as Fairly Valued

Our Call

EXC's '23 EPS guidance met our expectations and other updates support a 6-8% EPS CAGR. We view the relative valuation as fair (0-2% P/E discounts to peers on 23-25E EPS). Reiterate Equal Weight and lower PT to $45 from $47 on lower peer multiples.

Key Updates. EXC initiated a '23 EPS guidance range of $2.30-$2.42, or 4% higher than the 22A EPS of $2.27 at the midpoint. In addition, mgmt. extended the 6-8% EPS CAGR goal through '26 (off of the midpoint of the '22 EPS guidance range of $2.25). The strong EPS growth is driven by higher capex across most of EXC's utilities. The 4-yr refresh of $31.3B ('23-26) is ~$2B, or 8% higher than '22-25.

EPS Outlook. We tweak our 23-25E EPS to/from $2.36/$2.38, $2.50/$2.53 and $2.72/$2.75 as the positive impact of higher assumed capex is offset by higher assumed financing costs. We increase our 26E EPS to $2.93 from $2.90. Our outlook results in a ~7% CAGR off the '22 guidance midpoint of $2.25. Our financing assumptions are consistent with EXC's guidance and result in FFO/Debt ratios within the company's target range of 13-14% (vs. the downgrade threshold of 12%).

Off to a Good Start. In our view, CEO Calvin Butler and team are off to a good start (Mr. Butler assumed the role on 1/3/23). We think mgmt. has effectively cleared up the confusion around the balance sheet outlook, interest rate exposure, and EPS trajectory. EXC has an intriguing wires-centric strategy and operates in several states that allow for constructive PBR plans. While the comparatively weak balance sheet is a consideration, we think there is a case for P/E multiple expansion.

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

Rating	Equal Weight
Ticker	**EXC**
Price Target/Prior:	**$45.00/$47.00**
Upside/(Downside) to Target	**7.1%**
Price (02/14/2023)	**$42.03**
52 Week Range	$35.19 - 50.71
Shares Outstanding	993,452,030
Market Cap (MM)	$41,755
Enterprise Value (MM)	$77,517
Average Daily Volume	8,187,454
Average Daily Value (MM)	$344
Dividend (NTM)	$1.53
Dividend Yield	3.6%
Net Debt (MM) - last reported	$37,777
ROIC - Current year est.	10%
3 Yr EPS CAGR from current year (unless otherwise noted)	(10)%

$ EPS	2022A	2023E Curr.	2023E Prior	2024E Curr.	2024E Prior
Q1 (Mar)	0.64 A	0.64 A	NE	-	NC
Q2 (Jun)	0.44 A	0.44 A	NE	-	NC
Q3 (Sep)	0.75 A	0.75 A	NE	-	NC
Q4 (Dec)	0.43 A	0.44 A	NE	-	NC
FY	2.27 A	2.36 E	2.38E	2.50 E	2.53E
P/E	18.5x	17.8x		16.8x	

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.
NA = Not Available, Volatility = Historical trading volatility

All estimates/forecasts are as of 2/14/2023 unless otherwise stated. 2/14/2023 18:58:55EST. Please see page 5 for rating definitions, important disclosures and required analyst certifications.
Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

Acronyms

PBR - Performance Based Ratemaking

Financials

EXC Earnings Model ($ millions except per share data)	2021	2022E	2023E	2024E	2025E	2026E
Revenues	**$36,347**	**$18,941**	**$19,612**	**$20,288**	**$21,065**	**$21,856**
Expenses						
Purchased Power/Fuel/Power Cost Adjustments	17,364	6,398	6,412	6,427	6,441	6,456
Other O&M	8,659	4,258	4,310	4,342	4,388	4,428
Depreciation & Amortization	6,036	3,137	3,389	3,646	3,922	4,211
Other	1,565	1,249	1,264	1,279	1,294	1,309
Total Expenses	**$33,624**	**$15,099**	**$15,433**	**$15,750**	**$16,103**	**$16,462**
EBIT	**$2,723**	**$3,842**	**$4,179**	**$4,537**	**$4,962**	**$5,394**
EBITDA	**$8,759**	**$6,979**	**$7,568**	**$8,183**	**$8,884**	**$9,605**
Other Income	1,056	271	266	276	281	271
Interest Expense	1,571	1,341	1,255	1,222	1,153	1,074
Income Taxes	370	390	444	511	557	602
Tax Rate	*17%*	*15%*	*16%*	*17%*	*17%*	*17%*
Earnings						
Income from Continuing Operations	$1,838	$2,241	$2,356	$2,503	$2,740	$2,956
Nonrecurring	0	0	0	0	0	0
Adjustment for Non-Controlling Interest	(123)	0	0	0	0	0
Net Income	**$1,706**	**$2,241**	**$2,356**	**$2,503**	**$2,740**	**$2,956**
Avg. Diluted Shares Outstanding	980	987	998	1,003	1,007	1,011
EPS	$1.74	$2.27	$2.36	$2.50	$2.72	$2.93
Non-Recurring	(1.08)	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$2.82**	**$2.27**	**$2.36**	**$2.50**	**$2.72**	**$2.93**
Q1 EPS	(0.06)	0.64A				
Q2 EPS	0.89	0.44A				
Q3 EPS	1.09	0.75A				
Q3 EPS	0.90	0.43A				

EXC Supplemental Information	2021	2022E	2023E	2024E	2025E	2026E
Dividend Information						
Dividends Per Share - YE Rate	$1.53	$1.35	$1.44	$1.55	$1.67	$1.80
Dividends Paid Per Share	1.53	1.35	1.44	1.55	1.67	1.80
Payout Ratio	54%	59%	61%	62%	61%	62%
Cash Flow & Balance Sheet Items						
Capital Expenditures (millions)	$7,981	$7,250	$7,250	$7,675	$8,300	$8,450
Book ROE	8.2%	7.7%	9.6%	9.7%	10.2%	10.5%
FFO/Debt	10%	13%	13%	13%	13%	13%
Debt/EBITDA	4.8x	5.6x	5.7x	5.6x	5.6x	5.5x
Common Equity as % of Total Capitalization	45%	38%	37%	36%	36%	35%

Note: 2022 financials remain estimates pending full 10-K update

Source: Wells Fargo Securities, LLC estimates and company filings

Investment Thesis, Valuation and Risks

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (7%) and wires-centric asset mix are balanced by modest balance sheet concerns and our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $45.00 from $47.00

Our $45/sh price target is based on a P/E multiple analysis. We apply a P/E of 17.5-18.0X to our 24E EPS of $2.50. Our multiple represents a 0-5% discount to the '23 Regulated Electric peer group median of 18.0-18.5X as we balance positive features (strong 7% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '23 median to our 24E EPS due to the forward-looking nature of our price target.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

I, Neil Kalton, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

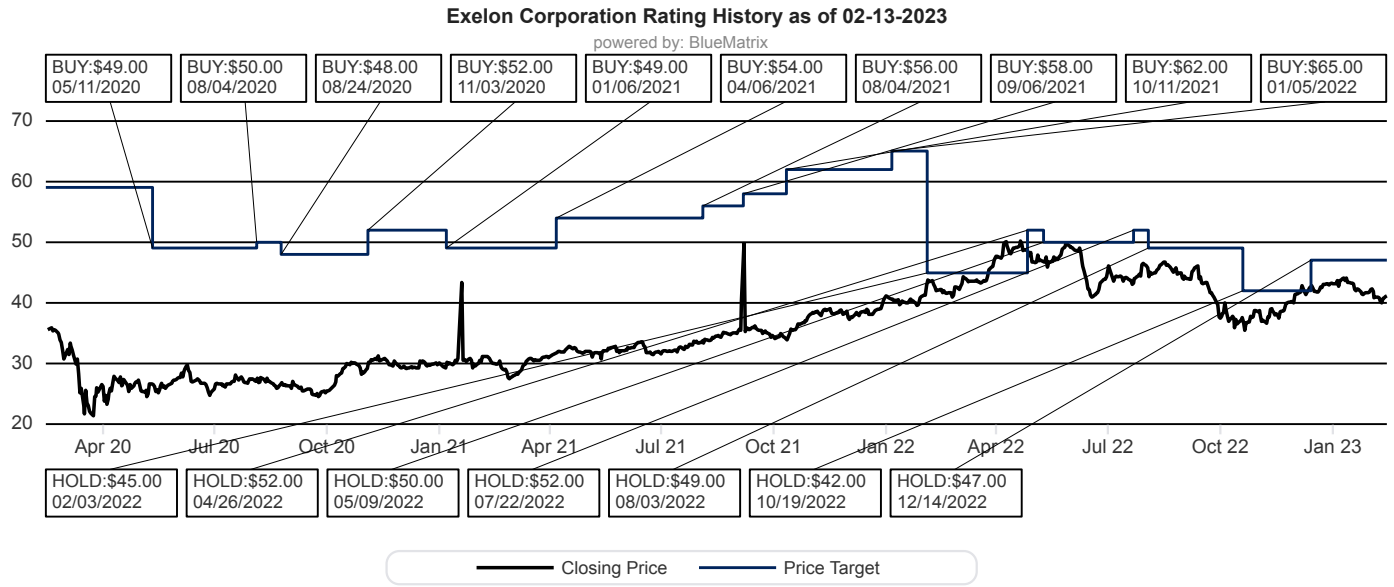

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public (or 144a) offering of securities for an affiliate of Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

1=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

2=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

3=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of February 13, 2023
51.6% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
39.1% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
9.4% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 32.5% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 32.6% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 25.0% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should seek professional advice, including tax advice, to determine whether any advice or recommendation in the

attached research report is suitable for their particular circumstances. The information in this report is provided as of the date of the report and has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. Copyright © 2023 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

iMpact

February 14, 2023 | 18:50 ET~

Exelon

BMO Capital Markets

EXC-NSDQ	Rating	Price: Feb-14	Target ↓	Total Rtn
	Outperform	$42.03	$45.00	10%

Bringing Valentine's Day Love - A Derisked Story to Add to Investor's Inventory

Bottom Line:

We believe the company's reiteration of its 6-8% growth rate (with the emphasis "at the midpoint or better") and the incremental detail on YOY EPS growth through 2026 should help derisk the story, and we would continue to be buyers of the name even after its ~2.5% relative outperformance today. We reiterate our Outperform rating as we see EXC's geographically diversified and low-risk T&D profile supporting a premium multiple over the next 12 months as the company executes on its regulatory strategy. Our MTM target price moves to $45/share.

Key Points

Given the multi-month debate around EXC's long-term growth rate as it rolled to 2026, we see management's incremental commentary on the YOY growth and drivers for both 2024-2025 as a positive as it supports our own and the Street's current EPS forecast. More importantly we see implied 2026 EPS which is expected to grow YOY at the midpoint (~7%) as a significant positive given fears of a below-trend year given the dynamics of the company's PECO rate cycle. Although we still expect PECO's earnings profile to be more flattish in years 2 and 3 of its normal rate case cycle, the better-than-feared earnings growth 2026 over 2025 reflects the continued regulated investment at the company as well as the nearly 8% increase in its capital plan with no incremental equity.

The company's updated capex forecast (2022-2026) supports ~8% rate base growth which given minimal equity dilution supports an EPS CAGR approaching the midpoint of the company's 6-8% growth objective. Management sees no need for any incremental common equity beyond the $425mm remaining in its previous program. This is supported by the ~$3bn increase in higher operating cashflow the company sees in 2023-2026 (relative to 2022-2025) which we estimate is driven by three primary items discussed inside. Management continues to target a strong balance sheet with FFO/Debt metrics of 13-14% across the forecast period which is ~1% above its downgrade threshold and should strengthen modestly as management executes on its rate case cycle.

EXC's interest rate exposure/parent debt is stable through our forecast. In Exhibit 3 we illustrate a potential $0.02 cumulative EPS impact to the refinancing of the company's HoldCo maturities at current interest rates. Additionally, we see parent debt/total debt as stable in the 26-27% range given EXC's forecast of $5bn of Holdco financing, net of ~$2.9bn of maturities.

Key Changes	
	Target
	$45.00↓
	$46.00

For disclosure statements, including the Analyst Certification, please refer to page(s) 8 to 11.

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (212) 885-4007

Edward M DeArias, CFA — VP Associate
edward.dearias@bmo.com — (347) 274-1556

Tanmay Pandit — Associate
tanmay.pandit@bmo.com — (929) 837-9154

Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.35	Shares O/S (mm)	993.7
Yield	3.2%	Market Cap (mm)	$41,767
P/BV	1.2x	Net Debt (mm)	$33,547

BMO Estimates				in $
(FY-Dec.)	2022A	2023E	2024E	2025E
EPS	$2.27	$2.36	$2.50	$2.72
DPS	$1.35	$1.44	$1.53	$1.63
EBIT	$3,780	$4,063	$4,351	$4,745
EBITDA	$7,261	$7,722	$8,190	$8,720

Consensus Estimates				
	2022A	2023E	2024E	2025E
EPS		$2.36	$2.51	

Valuation				
	2022A	2023E	2024E	2025E
P/E	18.5x	17.8x	16.8x	15.4x
Div. Yield (%)	3.2%	3.4%	3.6%	3.9%

QTR. EPS	Q1	Q2	Q3	Q4
2022A	$0.64	$0.44	$0.75	$0.43
2023E	$0.67	$0.49	$0.67	$0.53
2024E	$0.71	$0.52	$0.71	$0.56
2025E	$0.78	$0.56	$0.77	$0.61

Notes : Prior numbers reflect our pre-spin estimates

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook, and supportive regulatory environment position the company well to drive multiple expansion.

Exelon - Block Summary Model

Income Statement	2022A	2023E	2024E	2025E
Generation	0	0	0	0
Com Ed	1,412	1,467	1,554	1,622
PECO	780	838	894	1,061
BGE	651	721	776	843
PHI	997	1,062	1,153	1,245
Parent and Other	(61)	(26)	(26)	(26)
Consolidated EBIT	4,060	4,318	4,606	5,000
Depreciation & Amortization	3,201	3,404	3,584	3,720
EBITDA	7,261	7,722	8,190	8,720
Interest Expense	1,431	1,520	1,614	1,731
Income Tax	455	497	532	571
Income from continuing operations	2,227	2,353	2,513	2,751
Weighted Average Shares Outstanding	982	998	1,006	1,010
Diluted Operating EPS	$2.27	$2.36	$2.50	$2.72
Dividends per Share	$1.35	$1.44	$1.53	$1.63
Cash Flow Statement	**2022A**	**2023E**	**2024E**	**2025E**
Operating Cash Flow	5,228	5,557	5,897	6,271
Investing Cash Flow	(6,950)	(7,050)	(7,450)	(7,550)
Financing Cash Flow	1,415	1,506	1,411	1,767
Net Change in Cash Flow	(307)	13	(143)	488
EOP Cash on Balance Sheet	1,312	1,325	1,182	1,671
Common stock (net)	500	667	167	167
Net debt issued/(repaid)	2,240	2,275	2,785	3,248
Dividends paid	(1,325)	(1,436)	(1,541)	(1,647)
Balance Sheet	**2022A**	**2023E**	**2024E**	**2025E**
Common Equity	35,795	37,379	38,518	39,788
Preferred Equity	0	0	0	0
Total Debt	36,300	38,575	39,746	42,300
Enterprise Value	$76,078	$78,954	$80,421	$82,641
Common equity %	49.6%	49.2%	49.2%	48.5%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	50.4%	50.8%	50.8%	51.5%
Book Value per Share	$36.46	$37.44	$38.28	$39.39

Source: BMO Capital Markets, Company Reports

Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2024E EPS as a base, which we then adjust (premium, discount, or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $50.00

Our upside scenario reflects continued multiple expansion associated with the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $37.00

Our downside scenario reflects a tightening monetary policy and a deceleration of the company's rate base growth.



Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18-month as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 85% of rate base.

BMO Top 15 List

BMO Top 15 List Member

Income Stock

EXC-NSDQ Research

Glossary

Company Models

Bringing The Love on Valentine's Day - Another Derisked Story to Add to Utility Investor's Inventory

Bottom Line: We believe the company's reiteration of its 6-8% growth rate (with the emphasis "at the midpoint or better") and the incremental detail on YOY EPS growth through 2026 should help derisk the story and we would continue to be buyers of the name even after its ~2.5% relative outperformance today. Given what had been a multi-month debate around EXC's long-term growth rate as it rolled to 2026, we see management's incremental commentary on the YOY growth and drivers for both 2024-2025 as a positive as it supports our own and the Street's current EPS forecast. However, and more importantly, we see the implied 2026 EPS which is expected to grow YOY at the midpoint (~7%) as a significant positive given the fear of a below-trend year given the dynamics of the company's PECO rate cycle. Although we still expect PECO's earnings profile to be more flattish in years 2 and 3 of its normal rate case cycle, the better-than-feared earnings growth 2026 over 2025 reflects the continued regulated investment at the company's other jurisdictions as well as the nearly 8% increase in its capital plan with no incremental equity.

The company's updated capex forecast (now 2022-2026) supports ~8% rate base growth, which given minimal equity dilution, supports an EPS CAGR approaching the midpoint of the company's 6-8% growth objective. Management sees no need for any incremental common equity in its updated plan beyond the $425mm remaining in its program through 2026. This is supported by the ~$3bn increase in higher operating cash flow the company forecasts in its 2023-2026 forecast (relative to 2022-2025) that we estimate is driven by three main items discussed in further detail below. Management continues to target a strong balance sheet with FFO/Debt metrics of 13-14% across the forecast period, which is at least 1% above its downgrade threshold and should continue to strengthen modestly as management executes on its rate case cycle.

We reiterate our Outperform rating as we see the combination of the company's large-cap, geographically diversified and low-risk T&D profile coupled with its above-average growth rate, minimal equity needs and growing credit metric cushion supporting a premium multiple over the next 12 months as the company executes on its regulatory strategy. Our 2023-2025 estimates remain unchanged at $2.36, $2.50, and $2,72, respectively. Our target price moves to $45/share as we mark-to-market our peer group multiples used in our SOTP valuation framework.

Management Delivered Much Needed Clarity on Growth, Financing & Credit

With today's call, EXC provided several updates to its financial guidance including a formal 2023 EPS range, illustrative 2024-2026 year-over-year growth guidance, and a reiteration of its financing plan and commitment to credit quality.

- Management initiated a 2023 guidance range of $2.30-2.42 with a $2.36 midpoint, which was in line with BMO's own estimate at $2.36 and just shy of the Street's $2.37 estimate.
- Importantly, the company maintained its 6-8% "fully regulated operating EPS compound annual growth of 6-8% from 2022 through 2026" which now anchors growth off of the 2022 guidance range ($2.18-2.32) midpoint of $2.25. **Importantly, management reiterated its expectation that it would expect to be "at the midpoint or better" through the 2023-2026 forecast period.**

  In Slide 16 of its 4Q22 deck and illustrated in Exhibit 1, management added incremental YOY growth detail to its infamous 3Q22 "tildes" slide that significantly helped demystify the growth outlook for the company. Specifically, the company qualitatively outlined the following multi-year outlook (Exhibit 2):

- 2023 growth "**below the low end** of 6-8%"
- 2024 growth "**in the low end** of 6-8% range" – Would suggest $2.51 vs. Street at $2.52
- 2025 growth "**above the 6-8% range**" - Would suggest $2.72 vs. Street at $2.73
- 2026 growth "**in the middle of 6-8% range**" - Would suggest $2.91 vs. Street at $2.90

- **We would note that while the company is growing below its 6-8% range in 2023, it is largely driven by the unfavorable impact of weather normalization at PECO.** This impact should not affect the YoY growth in the 2024-2026 period as investment and anticipated rate relief in 2024 and 2025 for both its electric and gas distribution operations, respectively, should drive year-over-year growth inside of its 6-8% LT growth outlook and more importantly ~7% YoY growth in 2026.
- **An increase in the four-year capex from $29bn (2022-2025) to $31.3bn (2023-2026) supports continued rate base growth of nearly 8% (2022-2026) vs. 8.1% (2021-2025).** Importantly, management sees no change in its equity needs in the current plan above the $425mm remaining in the existing program. We view the lack of equity issuance in the current plan as a positive given the higher capital spend and the ~$200mm in cash impact from the IRA's CMAT provision. We would note with the FFO (Pre-WC)/Debt forecast of 13-14% in 2023-2026, the company also has ample cushion relative to its 12% downgrade threshold at both S&P and Moody's.
- **The Board of Directors recently raised its dividend by 6.7% and given the implied 61% P/O for 2023 management expects DPS to grow in line with its EPS growth trajectory.**

Exhibit 1: Illustrative Year-over-Year Growth 2023-2026

	2023		2024		2025		2026	
OpCo	Drivers[1]	YoY EPS	Drivers[1]	YoY EPS	Drivers[1]	YoY EPS	Drivers[1]	YoY EPS
BGE	Gas and electric MYP 1 year 3 rates, MYP 1 reconciliation (2021 and 2022), and transmission, offset by MYP 1 regulatory lag	↑	Gas and electric MYP 2 year 1 rates, MYP 1 reconciliation (2023), and transmission	↑	Gas and electric MYP 2 year 2 rates and transmission	↑	Gas and electric MYP 2 year 3 rates and transmission	↑
ComEd	Distribution and transmission rate base growth; 30-Yr TSY on ROE	↑	Distribution and transmission rate base growth (MYP 1 year 1 rates)	↑	Distribution and transmission rate base growth (MYP 1 year 2 rates)	↑	Distribution and transmission rate base growth (MYP 1 year 3 rates)	↑
PECO	Return to normal weather and storm, electric year 2 in 3-yr cadence of FPFTY, partially offset by year 1 gas rates, transmission, and electric DSIC tracker[2]	↓	Electric year 3 and gas year 2 in 3-yr cadence of FPFTY, offset by transmission and DSIC tracker[2]	→	Year 1 electric rates, transmission, and gas DSIC tracker, partially offset by gas year 3 in 3-yr cadence of FPFTY[2]	↑	Electric year 2 in 3-yr cadence of FPFTY, partially offset by year 1 gas rates, transmission, and electric DSIC tracker[2]	→
PHI	Pepco MD MYP 1 year 3, DPL MD MYP 1 year 1, DPL DE gas and electric rates, and transmission, partially offset by Pepco DC MYP 1 stay out regulatory lag	↑	Pepco DC and MD MYP 2 year 1, DPL MD MYP 1 year 2 rates, and transmission	↑	Pepco DC and MD MYP 2 year 2, DPL MD MYP 1 year 3 rates, and transmission	↑	Pepco DC and MD MYP 2 year 3, DPL MD MYP 2 year 1 rates, and transmission	↑
Corp	$1.65B of new debt and other financing costs, partially offset by the absence of disc. ops adj.	↓	Portion of $3.4B of 2024-2026 new debt and other financing costs	↓	Portion of $3.4B of 2024-2026 new debt and other financing costs	↓	Portion of $3.4B of 2024-2026 new debt and other financing costs	↓
Total YoY Growth Relative to Range	Growth Below Low End of 6-8% Range		Growth in Low End of 6-8% Range		Growth Above 6-8% Range		Growth in Middle of 6-8% Range	

Rate case activity and investment plan drives annual growth path towards expectation of being at midpoint or better of expected 6-8% operating EPS* CAGRs[3] for 2021 - 2025 and 2022 - 2026

Source: BMO Capital Markets, Company Presentations

Exhibit 2: Implied 2023-2026 EPS Ranges

	2022A	2023E	2024E	2025E	2026E	5-Year CAGR
Low (6%)	$2.18	$2.30	$2.45	$2.60	$2.75	*6.0%*
High (8%)	$2.32	$2.42	$2.71	$2.92	$3.16	*8.0%*
Midpoint (7%)	**$2.25**	**$2.36**	**$2.58**	**$2.76**	**$2.95**	*7.0%*
Implied EPS	$2.25	$2.36	$2.51	$2.72	$2.91	*6.6%*
YoY Implied Growth		*4.9%*	*6.5%*	*8.2%*	*7.0%*	
BMO	$2.25	$2.36	$2.50	$2.72		
Street	$2.25	$2.37	$2.52	$2.73	$2.90	*6.6%*

Source: BMO Capital Markets

Credit Profile Remains Solid With At Least 100 b/p Cushion Forecast Despite CMAT Impact

Exelon reiterated that a top financial priority was maintaining a strong balance sheet. As such management continues to target consolidated credit metrics of 13-14% on both an S&P and Moody's adjusted basis based on "average internal estimates 2023-2026." Although not disclosed, the company noted it finished 2022 above its 12% downgrade threshold and similar to the rating agencies targets its metrics over its planning horizon as they often reflect periodic changes in regulatory recovery similar to this year's higher earned ComEd ROE (where related cashflow comes in 2024). The company's current financial forecast (EPS and credit) assumes it will not be able to utilize repairs deductions to offset any CMAT-related payments which would keep consolidated credit metrics on the lower end of its 13-14% target but still ~100 b/p above its downgrade threshold. However, as part of its mitigation efforts, EXC

has pushed down the impact to the regulated operating companies (where income is earned) through higher deferred tax assets which modestly increases the rate base and can partially offset the impact over time. We assume on a consolidated basis EXC's FFO/Debt metrics will be in the 12% range in 2023 and continue to strengthen into the 13%+ range in 2024, 2025, and 2026 as they secure regulatory recovery through the IL MYRP and their other MYPs. Should the Treasury ultimately allow for repairs treatment the company, all things held equal, could see it's FFO/debt metrics improve to the upper end of its 13-14% range.

Exhibit 3: OPCO & HoldCo Maturities and HoldCo-Only IR Sensitivity

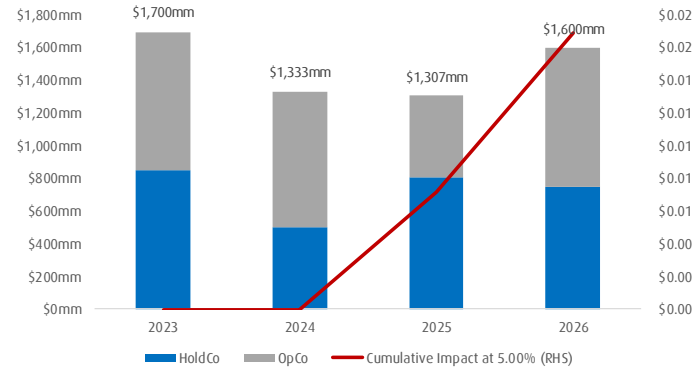

Source: BMO Capital Markets, Company Filings, FactSet

Exhibit 4: HoldCo Maturity Interest Rate Sensitivity

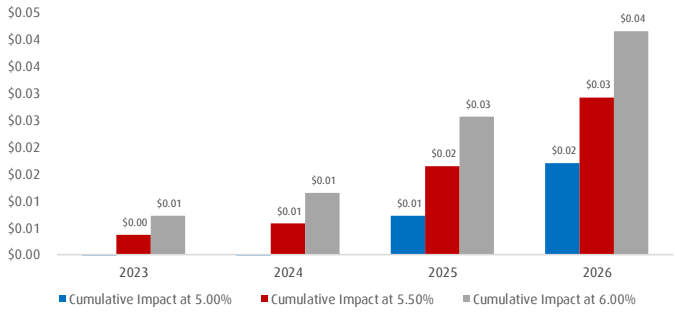

Source: BMO Capital Markets, Company Filings, FactSet

Despite the nearly $200mm/year tax-related drag in consolidated FFO, there is no incremental common equity contemplated in the plan beyond the $425mm remaining in its program through 2026. This is supported by the ~$3bn increase in operating cashflow the company forecasts in its 2023-2026 forecast (relative to 2022-2025) that we estimate is driven by three main items: 1) a net $800mm benefit from the absence of separation payments to CEG ($1.8bn) partially offset by $1bn in higher CMAT tax payments; 2) rate base-related operating cashflow growth ($1.4-1.6bn); and 3) higher ComEd ROE with cash collection beginning in 2024 (~$600-800mm).

Additionally, we see EXC's interest rate exposure and parent debt as stable through our current forecast. At year-end, EXC had $1,850mm of SOFR-based term loans that were rate locked at ~4.75%. Of these balances, the company is expecting to term out its $500mm 365-day facility in March, and its 18-month facilities of $850mm and $500mm in July 2023 and April 2024, respectively. Of the $13bn in debt issuances forecast through 2026, roughly $5bn of this will be done at the corporate level, and after ~$2.9bn of maturities, we see EXC's parent debt as a percentage of total debt as stable in the 26-27% range. Using the current forward yield curve for BBB utility bonds (which is flat across the curve at ~5.1%) in Exhibit 3 we illustrate a potential $0.02 (0.7%) cumulative EPS impact on the refinancing of the company's HoldCo maturities at current interest rates. In Exhibit 4 we illustrate the incremental impact of a 5.0%, 5.5%, and 6.0% coupon to all known HoldCo maturities. In the worst case, we see a $0.04 drag by 2026 or 1.3%.

4Q22 Earnings & Details on Other Updates

EXC reported EPS of $0.43 was in line with the $0.43 consensus estimate and our $0.42 estimate. Full-year results came in at $2.27 which was just above our/Street's estimate at $2.25/$2.26. YoY results increased by +$0.44 compared to a revised $1.83 in 2021 reflecting only EXC continuing operations. ComEd added +$0.17 with $0.15 attributed to distribution, transmission, and energy efficiency rates and +$0.02 of Other. PECO increased +$0.10 as the growth of +$0.12 from distribution rates and +$0.03 of lower storm costs were partially offset by ($0.02) of D&A, ($0.01) of credit loss expenses, ($0.01) of higher interest expenses and ($0.01) of other. BGE was flat YoY as +$0.06 of distribution and transmission rates and favorable storm costs contributing +$0.01 was offset by ($0.03) of D&A, ($0.01)

of credit loss expenses, ($0.01) of higher interest expenses and ($0.02) of other. PHI was also flat YoY as +$0.09 of distribution rates were offset by ($0.04) of D&A, ($0.02) of credit loss expenses, ($0.02) of higher interest expenses, and ($0.01) of unfavorable storm costs. Corporate declined ($0.07) with ($0.06) of interest expense and ($0.01) of other. The BSC allocations adjustment for discontinued operations added +$0.24. The results yielded a trailing twelve-month earned ROE of 9.4%, which is the highest since 2019.

Exhibit 5: EXC Summary Model

EXC Model Summary	2020A	2021A	2022A	2023E	2024E	2025E
EPS By Segment						
EXC Gen	$1.44					
Com Ed	$0.66	$0.76	$0.88	$0.87	$0.93	$0.98
PECO	$0.47	$0.51	$0.57	$0.60	$0.62	$0.74
BGE	$0.37	$0.42	$0.43	$0.47	$0.50	$0.54
PHI	$0.52	$0.57	$0.64	$0.67	$0.74	$0.81
Parent & Other	($0.24)	($0.43)	($0.26)	($0.25)	($0.30)	($0.35)
Consolidated E.P.S.	**$3.22**	**$1.83**	**$2.27**	**$2.36**	**$2.50**	**$2.72**
Growth						
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**
Growth				6.5%	6.5%	6.5%
Implied Payout Ratio	47.6%	83.6%	59.5%	61.0%	61.3%	59.9%
Dividend Yield	3.6%	3.6%	3.2%	3.4%	3.6%	3.9%
Valuation Metrics						
Price to Earnings	12.9x	22.7x	18.3x	17.6x	16.6x	15.2x
Price to Book Value	1.2x	1.2x	1.1x	1.1x	1.1x	1.1x
Funding Sources						
Cash Flow from Operations	$4,235	$3,012	$5,228	$5,557	$5,897	$6,271
Total Debt Financings	$8,168	$4,780	$4,300	$3,075	$3,585	$3,748
Total Equity Financings	$45	$80	$500	$667	$167	$167
Credit Metrics						
Total Debt/Capitlization	55%	50%	51%	51%	51%	52%
FFO/Total Debt	21%	28%	14%	13%	13%	14%
EBITDA/Interest Expense	7.0x	7.8x	5.1x	5.1x	5.1x	5.0x
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%
Regulated Operations Performance - Realized ROE (1)						
ComEd	8.7%	9.2%	10.0%	9.3%	9.5%	9.6%
PECO	11.0%	10.9%	11.0%	10.5%	10.0%	10.9%
BGE	9.7%	10.1%	9.7%	9.8%	9.9%	10.0%
PHI	9.1%	9.3%	9.6%	9.6%	9.8%	9.9%

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 6: EXC Model Assumptions

Key Model Assumptions	2020A	2021A	2022A	2023E	2024E	2025E
Total Capital Expenditures by Segment						
ComEd	$2,350	$2,375	$2,475	$2,550	$2,575	$2,650
PECO	1,250	1,275	1,350	1,350	1,550	1,600
BGE	1,350	1,200	1,250	1,325	1,375	1,400
PHI	1,700	1,750	1,875	1,825	1,950	1,900
Parent & Other	-	-	-	-	-	-
Consolidated Capital Expenditures	**$6,650**	**$6,600**	**$6,950**	**$7,050**	**$7,450**	**$7,550**
YE Rate Base Estimates						
Com Ed	$16,496	$17,865	$19,118	$20,398	$21,392	$22,348
PECO	8,416	9,433	10,406	11,399	12,660	13,804
BGE	7,475	8,160	8,916	9,594	10,292	11,000
PHI	11,622	12,421	13,495	14,388	15,775	17,096
Total Rate Base	**$44,009**	**$47,879**	**$51,936**	**$55,780**	**$60,119**	**$64,247**
Growth		*8.8%*	*8.5%*	*7.4%*	*7.8%*	*6.9%*
2022 AD Guidance						
Electric Distribution	$29,300	$31,400	$33,900	$36,300	$39,000	$41,300
Electric Transmission	9,200	9,900	10,900	11,600	12,900	14,400
Gas Delivery & Other	5,400	6,200	7,200	7,800	8,600	9,300
Total Rate Base	**$43,900**	**$47,500**	**$52,000**	**$55,700**	**$60,500**	**$65,000**

Source: BMO Capital Markets, Company Filings

Exhibit 7: EXC Model Assumptions

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2025E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	5%	$0.98	13.5x	$13	16.5x	$16	18.5x	$18
PECO	EPS	4%	$0.74	13.3x	$10	16.3x	$12	18.5x	$14
BGE	EPS	6%	$0.54	13.7x	$7	16.7x	$9	18.5x	$10
PHI	EPS	7%	$0.81	13.8x	$11	16.8x	$14	18.5x	$15
Parent & Other	EPS	6%	($0.35)	13.6x	($5)	16.6x	($6)	18.5x	($7)
Utility Value			**$2.72**	**13.6x**	**$37**	**16.6x**	**$45**	**18.5x**	**$50**
Upside/(Downside)					(12%)		7%		20%
Current Yield					3%		3%		3%
Total Return					**(9%)**		**11%**		**23%**

Source: BMO Capital Markets, Company Filings

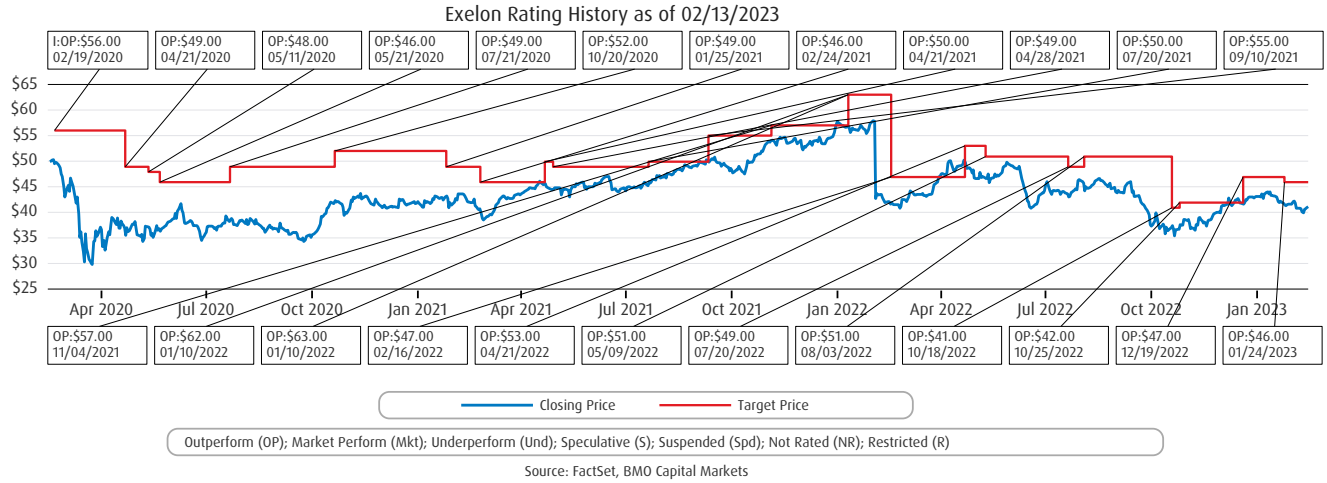

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Failure to pass a version of the "Clean Energy Jobs Act" in the upcoming legislative session that sufficiently expands financial support for EXC Gen's nuclear plants would cause us to re-evaluate our rating, all else equal. The Governor's opposition to the existing Formulaic Based Rate Plan in IL may result in a new set of regulations that could be adverse to the company's ComEd Utility. Nuclear operations are subject to additional safety and regulatory oversight.

Distribution of Ratings (February 13, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	49.3 %	17.4 %	53.2 %	53.9 %	57.4 %	57.7%
Hold	Market Perform	48.3 %	14.4 %	43.0 %	44.4 %	40.1 %	37.5%
Sell	Underperform	2.4 %	25.0 %	3.8 %	1.5 %	2.0 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents

have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at February 14, 2023, 18:50 ET. and disseminated at February 14, 2023, 18:50 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2023 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

KeyBanc Capital Markets

Alert

February 14, 2023

Energy: Electric Utilities

NYSE: EXC

Exelon Corporation

EXC: In Line Quarter; Clarity on Multi-Year EPS Cadence; IL Rate Case Is the Main Item to Watch in 2023

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

EXC reported an in line quarter as ComEd results benefited from higher ROE (linked to 30-year Treasuries). Management provided clarity on the multi-year 6-8% EPS growth rate with 2023 to be below that range as several multi-year rate plans are built into the EPS trajectory. Longer term, EXC reiterated a target of 6-8% EPS CAGR through 2026 with a bias to the mid-point or higher. We expect the inaugural IL MYRP to be the biggest item to watch in 2023 as the outcome will define the EPS outlook to a meaningful extent. Management also rolled capex by a year, with the new four-year total of $31.3B higher than the prior by $2.3B, mostly to incorporate higher spending at ComEd. We believe that EXC remains a top tier T&D utility with a fair valuation (in line with the large cap utility average) and remain Sector Weight at present.

4Q results are mostly in line with expectations: EXC reported $0.43 adjusted EPS for the 4Q — largely in line with our expectations and consensus. For the full year, EXC reported EPS of $2.27, vs. our $2.28 estimate, the consensus of $2.26, and guidance of $2.21-$2.29. Full-year results at ComEd benefited from higher a ROE (which is linked to the 30-year Treasury yield), offset partially by higher borrowing costs.

Figure 1 - 4Q Earnings versus Expectations

4Q22	EXC	KBCM
ComEd	0.21	0.17
PECO	0.10	0.14
BG&E	0.12	0.15
PHI	0.09	0.07
Parent	(0.09)	(0.11)
EXC	**0.43**	**0.44**

Source: Company Reports, KBCM Estimates

2023 guidance is in line with expectations: EXC provided 2023 EPS guidance of $2.30-$2.42, which, at the midpoint, would imply 4% EPS growth. Our current forecast and consensus are at the guided midpoint of $2.36. On its last call, management had provided qualitative guidance pointing to a slower growth year in 2023; thus, the formal guidance does not come as a surprise. EXC is assuming headwinds from higher debt service costs and the ongoing reconciliation process for the BGE and PHI multi-year rate plans. However, once the cadence of the multi-year rate plans across multiple jurisdictions is well underway, the EPS trajectory is expected to smooth out to the long-term trend of 6-8%. Management formally laid out a target of 6-8% EPS CAGR from 2022-2026, with an expectation to be at the midpoint or better. The EPS growth trajectory is in line with the projected 8% rate base growth CAGR through 2026.

Figure 2 - EPS Cadence

EPS Cadence	2023	2024	2025	2026	CAGR
KBCM estimates	2.36	2.50	2.69	2.91	
Growth Rate	3.5%	5.9%	7.6%	8.0%	5.3%
Consensus estimates	2.36	2.51	2.72	2.91	
Growth Rate	4.3%	6.4%	8.5%	7.0%	5.4%
Management Commentary	Growth below Low end of 6-8%	Growth at Low End of 6-8%	Growth above 6-8%	Growth in Middle of 6-8%	

Source: Company Reports, KBCM Estimates, Thomson Reuters

2023 to be marked by multiple rate cases: The largest of all the proceedings is the inaugural ComEd MYRP (see our write-up here), which management expects will be a fully litigated proceeding. Staff and intervenor testimony is scheduled for May, with an ALJ PD expected in October. A DPL DE Electric rate case was filed in December and BGE plans to file an MYRP in February. Also expected are PEPCO DC and MD MYRPs.

Capex plan: EXC outlined a new four-year capex plan of $31.3B (2023-2026E) vs. the prior five-year plan (2022-2025) of $29B. A major part of the incremental capex is likely to go toward IL where a multi-year rate case proceeding is currently underway.

Recent Research: EXC: 3Q Beats, Longer-Term Growth Rate Reiterated, but Cadence Will Be Uneven; EXC: No Surprises in the Quarter, but the IRA Could Bring a Bigger Tax Bill; EXC: Delivering on Track Results as a Regulated Utility

Valuation: Based on a stock price of $41.19 and our 2024E EPS of $2.50, shares of EXC are trading at a P/E ratio of ~16x, representing a 2% discount to Large-Cap Regulated Utilities trading at ~17x. We view the shares as fairly priced at current levels.

Risks: EXC's regulated utilities are exposed to a number of risks, including regulatory risk in its jurisdictions and on the federal level, weather variations affecting electricity demand and the reliability of its system, interest rate risk affecting its cost of capital, and macroeconomic risk as underlying economic activity affects demand for electric power and gas. Should the impacts of these risks be greater than we currently anticipate, the Company and the shares may underperform relative to our expectations. Conversely, should these risks' impact be less than anticipated, the Company and the shares may outperform relative to our current expectations.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Exelon Corporation - EXC

We expect to receive or intend to seek compensation for investment banking services from Exelon Corporation within the next three months.

During the past 12 months, Exelon Corporation has been a client of the firm or its affiliates for non-securities related services.

As of the date of this report, we make a market in Exelon Corporation.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History



Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	269	46.22	43	15.99
Sector Weight [SW]	300	51.55	48	16.00
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	44.44	8	33.33
Sector Weight [SW]	26	48.15	11	42.31
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: EXC 4Q, AGR ME regulatory, FE/ES Recap, AES/AQN, UGI RNG
- **Publication Date/Time** : Tuesday, February 14, 2023 04:00:52 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=zTALO8zRM01QnlD!Aza2aA__&reid=C252356EDACD11ED94DDFB0BBC5B3026

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	91.09	Buy
ED	92.80	Neutral
EXC	41.19	Neutral
FE	40.39	Buy
HE	43.02	Neutral
NEE	75.62	Buy

Power & Utilities

February 14, 2023

The Guggenheim Daily Transmission: FE, EXC, HE, AEP, ED, NEE

2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All? (see our note HERE)

For details on our Wisconsin call with Commissioner Huebner, AZ Commissioners call, and other events, scroll down…

For details on our Guggenheim-hosted client Utility events including our WEC NDR THIS WEEK, DUK NDR, NEE NDR, AEE NDR, EXC NDR, AGA Conference meetings, ETR NDR, PCG NDR, ES NDR, PNW NDR, and other events, scroll down…

FE – reports FY22 results; initiates 2023 guidance above consensus; reiterates 6%–8% annual growth, including post-2025

EXC – reports 4Q22 results; initiates 2023 guidance; reiterates 6-8% growth

HE – reports earnings largely in line with consensus; strong utility results

AEP – AEP and AQN file new FERC application for Kentucky sale approval

ED – CECONY Steam files an updated rate case request, slight step up in revenue requirement

NEE/ED – SO gas services filed comments on MVP process at FERC, supporting US Forest Service analysis work

FE reported FY22 operating EPS of $2.41, above midpoint of $2.30–$2.50 guidance range, and vs Gugg/cons at $2.44/$2.44; initiated 2023 operating EPS guidance of $2.44-$2.64 (midpoint $2.54) vs Gugg/cons at $2.49/$2.48; reaffirmed long-term annual operating EPS growth rate of 6%-8%.

- "CEO search continues making progress and intend for new CEO **to continue executing our strategy**" (*emphasis ours*) - FE presentation
- **Long-term annual growth rate for operating EPS of 6%–8% off midpoint of prior year guidance, including annually post-2025**
- **Capex & Rate Base:** ~$18B (vs $17bn prior) in investments (2021-2025); targeting 75% + formula rate recovery and **rate base growth accelerating to ~7% in 2024 and 2025 (vs 6% annual growth target previously)**
  - 2022 rate base of $26bn in Annual Fact Book
  - **$3.4bn 2023 capex**, vs $3.2bn in 2022
- **Credit:** reaffirmed FFO/Debt target of 14%–15%, supporting BBB credit rating at FE Corp.
  - Continuing to target investment grade credit ratings at Moody's (**11% CFO pre-WC/ Debt upgrade threshold**) and S&P (**12% FFO/Debt upgrade threshold**); already achieved at Fitch
  - Recall that last week, S&P changed FE's outlook to positive (from stable)
  - No equity needs; SIP/DRIP programs up to ~$100m per year
- **FET transaction update:**
  - Mgmt. expecting to use NOLs and tax credits to offset majority of taxable gain (~$7B), resulting in expected total cash taxes of ~$50M on transaction.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

  - **Use of proceeds:** Company plans to remain flexible in order to optimize deployment of proceeds with priority on balance sheet
  - Recognized $1.23/sh in strategic transaction charges in 4Q22 GAAP earnings, primarily due to ~$750M non-cash tax charge from triggering a deferred tax gain on the 19.9% sale completed in 2022
- **Taxes:** Company expects to be future federal cash taxpayer at ~$200M annually
- Rate case filings expected:
  - **2023 rate cases:** MD (1Q), NJ (1Q), WV (2Q)
  - **2024 rate cases:** OH (May), PA (potential)
- Other 2023 filings:
  - **OH:** Plan to file ESP V in 1st Half of 2023 (ESP IV expires 5/31/2024)
  - **PA:** Plan to file application to consolidate PA operating companies in 1st Half of 2023
  - **NJ:** Plan to file IIP in 2Q 2023
  - **MD:** Plan to file second phase of EDIS with base rate case filing in 1Q 2023
- **Dividend:** increased targeted dividend payout ratio to 60-70% of Operating EPS and **plan to resume growth in late 2023**
- +0.6% total weather-adjusted sales for 2022
- Set **1Q23 guidance** at a range of **$0.56–$0.66 (midpoint $0.61)** per share
- **FE will be hosting a call today at 11:00 AM ET. The dial-in is 877-269-7756 and the conference ID is 8811**

EXC reports 4Q22 results; initiates 2023 guidance; reiterates 6-8% growth

- Reported 4Q22 EPS of $0.43, vs Gugg/Cons of $0.44/$0.43
- Introduced 2023 guidance of $2.30-$2.42 per share (vs. Gugg/Street $2.36)
- Reaffirmed 6-8% EPS growth CAGR and new 2022 base (original guidance range); including a reaffirmation of the prior ’21-25 target and expectations to be at ‘midpoint or better’ on both ’21-25 and ’22-26
- No incremental equity in plan beyond existing $425M
- 5-year capital plan increase of $2.1bn, rate base growth now 7.9% off 2022 base (vs. 8.1% off ’21, previously)
- 2023 adjusted O&M of $4.2bn (+$50mm YoY)
- Slides provide YoY growth drivers of plan, with ’24 expected in ‘low end of 6-8% range’
- Slides HERE
- Call at 10AM – register HERE

HE – HE reports earnings largely in line with consensus; strong utility results

- HE reported full year 2022 consolidated net income of $241.1M and EPS of $2.20 vs. $2.21 consensus and our $2.23 estimate.
- The miss vs. our estimate is driven by lower ASB earnings (previously reported), while Utility and other earnings beat our expectations.
- Major drivers for 2022 included:
  - $28M higher net revenues from regulatory mechanisms. This included $25 million from the annual revenue adjustment (ARA) mechanism, and $3 million from recovery under the major project interim recovery (MPIR) mechanism.
  - $4M higher other fee revenue and $2M in AFUDC and lower penalties.
  - $13M higher O&M, $4M from higher depreciation expense, $3M higher interest expense, and $2M in net tax adjustments.
- ASB previously reported 4Q22 and FY 2022 earnings of $80M vs. our $86M estimate.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

- The variance vs. our expectations was contributed to by a credit loss provision of $2M and a higher cost of funds for 4Q (0.38%, up 25bp vs. prior linked quarter), among other non-interest costs.
- Net interest margin in 4Q22 was 2.91% compared to 2.96% in the linked quarter (a net decrease).
- Total loans were $6.0 billion as of December 31, 2022, up 15% from December 31, 2021 (up from $5.7B in the prior linked quarter).

AEP – AEP and AQN file new FERC application for Kentucky sale approval

- AEP and Liberty, a subsidiary of Algonquin Power & Utilities Corp. (TSX:AQN), filed a new application with the FERC under section 203 of the Federal Power Act seeking approval of the sale of AEP's Kentucky operations to Liberty.
- The companies are asking for an expedited review of the application as they work to close the transaction by **April 26, 2023**.
- Recall that in December 2022, FERC denied approval of the sale without prejudice and outlined the additional information about customer protections needed to obtain approval.
- Company press release: HERE

Guggenheim takeaway: *As expected but flagging for your awareness. We remind investors that AEP's equity needs are not determined by the KY sale, and that any proceeds from the contracted renewables sale have not been included in the company's cash flow forecasts.*

ED – CECONY Steam files an updated rate case request, slight step up in revenue requirement

- CECONY Steam filed an updated rate case testimony reflecting a $140.5M revenue increase (up from $136.7M originally).
- The update includes new data and requests on capex and O&M related to infrastructure, as well as sales forecasting updates.
- The original request was based on a 10.0% ROE (vs. 9.3% currently authorized, with earned returns well below the allowed levels), 50% equity ratio vs 48% currently allowed and $1.8B in rate base.
- CECONY also noted that nearly half of the request is related to property taxes.
- Docket: 22-S-0659

Guggenheim takeaway: *FYI. Early innings for the CECONY steam rate case but given the pattern of under-earning and lack of revenue decoupling, an earned ROE reset to existing levels could represent up to a $0.10 EPS step up.*

NEE/ED – SO gas services filed comments on MVP process at FERC, supporting US Forest Service analysis work

- SO Gas Services filed a comment in support of the US Forest Service analysis for the Jefferson National forest crossing.
- US Forest Service filed comments on the environmental assessment process and extended the comment period on the draft supplemental environmental impact statement (DSEIS) to February 23, 2023.
- FERC staff and the US Wildlife Service have previously reviewed the Updated SBA and requested clarification on endangered species impacts and protective actions.
- Mountain Valley Pipeline also submitted an Implementation Plan for the Amendment Project for Mountain Valley Pipeline Project.
- The plan supports the amended application including changing the crossing method for 183 waterbodies and wetlands at 120 locations from open cut to trenchless.
- FERC Docket: CP16-10. / CP21-57

Guggenheim takeaway: *The continued efforts on resuming construction activities are potentially constructive for the MVP project. The MVP project was largely built (~90+% by prior developer estimates) but the recent fourth circuit rejection of water permits puts any potential progress on hold. The tug of war continues on MVP legal challenges. The final authorizations to resume construction are still outstanding and FERC commissioners have previously dissented on "continuation of work" approvals. Both ED and NEE have taken major write downs on the MVP project (i.e., not in financial guidance).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP Corporate Communications & Investor Relations*

Dates & Locations

February 14 – 16, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meetings

Company Information

Market Cap: $29.8bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.



Equity Research | Corporate Access

Regulatory Speaker Series: Getting the Lay of the Land in Wisconsin with Commissioner Huebner

Please join us for a deep discussion and viewpoints on the outlook for Wisconsin utility regulation with PSC Commissioner Huebner. Commissioner Huebner brings extensive utility experience to his role on the PSC, with the discussion to focus primarily on pathways forward for Wisconsin ratemaking and views on resource adequacy, in addition to other Wisconsin utility-focused topics of interest.

Topics

- Goals for improving ratemaking in WI
- Thoughts on general regulatory principles (capital flows, allowed returns)
- Interplay between the PSCW and the WI legislature
- *And other items related to this topic to be discussed*

Date and Time

Friday, February 17, 2023
2:00-3:00 PM EST

Speakers

Commissioner Tyler Huebner, *Public Service Commission of Wisconsin*

Dial-In

Please contact your Guggenheim Sales Representative for the Virtual Meeting Details

Participating Guggenheim Analyst

Shar Pourreza CFA, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.



Equity Research | Corporate Access

Regulatory Speaker Series: Arizona's Path Forward with ACC Commissioners Kevin Thompson and Nick Myers

Please join us for a deep discussion and viewpoints on the outlook for Arizona utility regulation with ACC Commissioners Kevin Thompson and Nick Myers. Both bring extensive utility experience to their new roles on the ACC. The discussion will focus primarily on pathways forward for Arizona ratemaking, views on new capacity additions, as well as potential reforms including forward-looking test years and legislation clarifying the ACC's policy-making authority, in addition to other Arizona utility-focused topics of interest.

Topics

- Goals for improving ratemaking in AZ
- ACC vs AZ legislature's policy-making authority
- *And other items related to this topic to be discussed*

Date and Time

Monday, February 27, 2023
4:00PM – 5:00PM ET

Speakers

Commissioner Nick Myers, *Arizona Corporation Commission*
Commissioner Kevin Thompson, *Arizona Corporation Commission*

Dial-In

Please contact your Guggenheim Sales Representative for the Virtual Meeting Details

Participating Guggenheim Analyst

Shar Pourreza CFA, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, Chair, *President & Chief Executive Officer*
Abby Motsinger, *VP, Investor Relations*

Dates & Location
March 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meetings & Small Group Dinner

Company Information
Market Cap: $79.2bn
Duke Energy Corp. engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities & Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Commercial Renewables segment acquires, develops, builds, operates, and owns wind and solar renewable generation throughout the continental United States. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

Kirk Crews, *Chief Financial Officer*

Dates & Location
March 14 – 16, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $151.6bn
NextEra Energy, Inc. (NEE) is an electric power and energy infrastructure company. It operates through the following segments: FPL and NEER. The FPL segment engages primarily in the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. It provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas production and pipeline infrastructure development, and owns a retail electricity provider. The company was founded in 1984 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.



Equity Research | Corporate Access

Ameren Corporation (AEE)

Martin Lyons, *President & Chief Executive Officer*
Michael Moehn, *Executive VP, Chief Financial Officer*
Andrew Kirk, *Director, Investor Relations*

Date
Wednesday, March 22, 2023

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $22.3bn
Ameren Corp. is a public utility holding company that engages in the provision of electric and natural gas services. It operates through the following segments: Ameren Missouri, Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, Ameren Transmission, and Other. The Ameren Transmission segment consists of the aggregated electric transmission businesses of Ameren Illinois and Ameren Transmission Company of Illinois (ATXI). The company was founded in 1902 and is headquartered in St. Louis, MO. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	1/10 & 1/11	Boston & New York
Commissioner Roundtable Event	1/20	In Person at Guggenheim
2023 Utilities Conference Call	1/23	Dial-In
VA Policy Call	2/7	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	2/9	Virtual
WEC	2/14–2/16	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	2/17	Virtual
Arizona Commissioners Call	2/27	Virtual
DUK	3/7-3/8	NYC
NEE	3/14-3/16	West Coast
AEE	3/22	Virtual
EXC	5/15–5/16	NYC
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	5/31–6/2	LA, SF, Denver
PCG	6/12	NYC
ES	6/21–6/22	NYC
PNW	8/9–8/10	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Guggenheim Comp Sheet

2/13/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																		
ALE	$59.84	3,421	3.75	3.93	4.17	4.56	4.87	3.69	3.84	4.06	4.43	4.91	0.06	0.09	0.11	0.13	(0.04)	16.2x	15.6x	14.7x	13.5x	12.2x	-14%	-12%	-14%	-14%	6.2%	4.6%	71%	Sell	$54	-5%	Neutral	$65	13%
AVA	$40.31	2,974	1.89	2.28	2.49	2.61	2.67	1.89	2.31	2.43	2.54	2.68	–	(0.03)	0.06	0.07	–	21.4x	17.5x	16.6x	15.9x	15.1x	-3%	-1%	1%	1%	7.6%	4.6%	80%	Sell	$35	-9%	Sell	$39	1%
NWE	$56.87	3,286	3.28	3.42	3.55	3.75	3.91	3.26	3.48	3.62	3.82	3.95	–	(0.06)	(0.07)	(0.07)	(0.04)	17.4x	16.3x	15.7x	14.9x	14.4x	-9%	-7%	-6%	-6%	4.5%	4.6%	74%	Sell	$46	-15%	Buy	$58	6%
POR	$47.94	4,837	2.74	2.62	3.00	3.15	3.31	2.78	2.69	3.02	3.18	3.31	(0.04)	(0.07)	–	(0.03)	–	17.2x	17.8x	15.9x	15.1x	14.5x	-1%	-6%	-4%	-4%	5.0%	4.0%	69%	Buy	$54	17%	Buy	$51	11%
		14,517																18.1x	16.8x	15.7x	14.8x	14.0x	-7%	-7%	-6%	-6%	5.8%	4.4%	74%						
Mid/Large Cap Electric																																		
AEE	$85.84	22,179	4.08	4.32	4.67	5.05	5.40	4.08	4.36	4.68	5.01	5.37	–	(0.04)	–	0.04	0.03	21.0x	19.7x	18.3x	17.1x	16.0x	9%	9%	9%	9%	6.8%	3.0%	58%	Neutral	$89	7%	Buy	$94	12%
AEP	$91.09	46,808	5.00	5.30	5.64	6.00	6.39	5.01	5.28	5.63	5.97	6.35	–	–	–	0.03	0.04	18.2x	17.2x	16.2x	15.3x	14.4x	-4%	-4%	-3%	-3%	6.4%	3.7%	63%	Buy	$105	19%	Buy	$104	18%
CMS	$61.62	17,948	2.89	3.12	3.41	3.65	3.91	2.88	3.10	3.34	3.62	3.87	–	–	0.07	–	0.04	21.4x	19.9x	18.4x	17.0x	15.9x	10%	9%	8%	8%	8.1%	3.2%	63%	Neutral	$68	14%	Buy	$69	14%
CNP	$29.47	18,549	1.38	1.51	1.62	1.74	1.89	1.38	1.49	1.61	1.73	1.86	–	–	–	–	0.03	21.3x	19.8x	18.3x	17.1x	15.9x	9%	9%	8%	8%	8.2%	2.5%	49%	Neutral	$32	11%	Buy	$32	11%
D	$58.64	48,863	4.11	4.15	4.05	4.29	4.55	4.11	4.04	4.00	4.23	4.71	–	0.11	0.05	0.06	(0.16)	14.3x	14.5x	14.6x	13.9x	12.5x	-20%	-13%	-12%	-12%	3.3%	4.7%	68%	Buy	$69	22%	Neutral	$65	15%
DTE	$114.04	22,094	6.04	6.26	6.73	7.19	7.75	6.01	6.24	6.70	7.18	7.69	–	–	0.03	–	0.06	19.0x	18.3x	17.0x	15.9x	14.8x	1%	1%	1%	1%	6.6%	3.4%	61%	Buy	$131	18%	Buy	$130	17%
DUK	$100.04	77,031	5.27	5.65	6.05	6.35	6.75	5.30	5.64	6.00	6.35	6.72	–	–	0.05	–	–	18.9x	17.7x	16.7x	15.7x	14.9x	-2%	-1%	-0%	-0%	6.3%	4.1%	72%	Buy	$114	18%	Buy	$107	11%
ED	$91.99	32,644	4.51	5.00	5.30	5.49	5.71	4.55	4.83	5.12	5.43	5.58	(0.04)	0.17	0.18	0.06	0.14	20.2x	19.0x	18.0x	17.0x	16.5x	5%	7%	8%	8%	5.8%	3.6%	67%	Neutral	$97	9%	Sell	$89	0%
EIX	$68.02	25,975	4.56	4.70	4.94	5.37	5.70	4.41	4.77	5.12	5.53	5.79	0.15	(0.06)	(0.18)	(0.16)	(0.09)	15.4x	14.3x	13.3x	12.3x	11.8x	-21%	-21%	-22%	-22%	6.0%	4.3%	61%	Buy	$75	15%	Buy	$70	7%
ES	$80.29	27,966	4.10	4.37	4.75	5.04	5.37	4.10	4.37	4.69	5.03	5.34	–	–	0.06	–	–	19.6x	18.4x	17.1x	16.0x	15.0x	2%	2%	1%	1%	6.8%	3.4%	62%	Buy	$91	17%	Buy	$89	14%
ETR	$105.83	21,535	6.43	6.66	7.16	7.76	8.31	6.39	6.72	7.19	7.73	8.25	0.04	(0.06)	(0.03)	–	0.06	16.6x	15.7x	14.7x	13.7x	12.8x	-13%	-13%	-13%	-13%	6.9%	4.1%	64%	Buy	$128	25%	Buy	$122	19%
EVRG	$61.35	14,078	3.65	3.69	3.97	4.24	4.47	3.65	3.64	3.95	4.17	4.34	–	0.05	–	0.07	0.13	16.8x	16.8x	15.5x	14.7x	14.1x	-7%	-8%	-7%	-7%	5.4%	4.0%	67%	Buy	$72	21%	Neutral	$64	9%
EXC	$41.19	40,932	2.27	2.36	2.50	2.74	2.93	2.26	2.37	2.52	2.73	2.90	–	–	–	–	–	18.2x	17.4x	16.3x	15.1x	14.2x	-4%	-3%	-4%	-4%	6.4%	3.6%	62%	Neutral	$45	13%	Buy	$46	15%
FE	$40.39	23,113	2.44	2.49	2.69	2.89	3.07	2.44	2.48	2.67	2.86	2.99	–	–	–	–	0.09	16.5x	16.3x	15.2x	14.1x	13.5x	-10%	-10%	-11%	-11%	6.0%	4.0%	64%	Buy	$46	18%	Buy	$44	13%
LNT	$53.79	13,502	2.80	2.90	3.08	3.27	3.50	2.80	2.89	3.09	3.29	3.49	–	–	–	–	–	19.2x	18.6x	17.4x	16.4x	15.4x	3%	3%	4%	4%	5.6%	3.4%	63%	Sell	$46	-11%	Neutral	$59	13%
OGE	$38.82	7,772	2.11	2.04	2.21	2.30	2.42	2.21	2.04	2.16	2.28	2.39	(0.10)	–	0.05	–	0.03	17.5x	19.1x	18.0x	17.0x	16.3x	6%	7%	8%	8%	3.9%	4.4%	82%	Neutral	$40	7%	Buy	$40	7%
PCG	$15.66	31,127	1.10	1.22	1.37	1.47	1.61	1.10	1.22	1.35	1.45	1.59	–	–	–	–	–	14.3x	12.9x	11.6x	10.8x	9.9x	-29%	-31%	-32%	-32%	9.7%	0.8%	10%	Buy	$22	41%	Buy	$18	17%
PEG	$61.31	30,591	3.47	3.45	3.76	4.27	4.65	3.46	3.46	3.72	4.10	4.38	–	–	0.04	0.17	0.27	17.7x	17.7x	16.5x	15.0x	14.0x	-2%	-2%	-5%	-5%	7.3%	3.7%	66%	Buy	$71	20%	Buy	$67	13%
PNW	$74.65	8,446	4.28	4.00	4.60	4.80	5.05	4.31	4.14	4.65	4.83	5.05	(0.03)	(0.14)	(0.05)	–	–	17.3x	18.0x	16.0x	15.5x	14.8x	-0%	-5%	-2%	-2%	4.6%	4.7%	83%	Neutral	$77	8%	Neutral	$75	5%
PPL	$28.81	21,213	1.41	1.58	1.71	1.82	1.96	1.41	1.59	1.70	1.83	1.95	–	–	–	–	–	20.5x	18.1x	16.9x	15.8x	14.8x	1%	0%	-0%	-0%	8.1%	3.4%	61%	Buy	$34	21%	Buy	$32	16%
SO	$67.13	73,083	3.60	3.60	4.05	4.30	4.55	3.58	3.64	4.03	4.31	4.47	–	(0.04)	–	–	0.08	18.7x	18.5x	16.6x	15.6x	15.0x	2%	-1%	-1%	-1%	5.9%	4.2%	76%	Buy	$73	13%	Neutral	$72	11%
WEC	$93.06	29,354	4.45	4.60	4.91	5.24	5.61	4.40	4.61	4.90	5.25	5.61	0.05	–	–	–	–	21.2x	20.2x	19.0x	17.7x	16.6x	12%	13%	12%	12%	6.1%	3.3%	67%	Neutral	$99	10%	Buy	$102	13%
Mid/Lg Cap (excl. EIX, PCG)																		**18.7x**	**18.1x**	**16.8x**	**15.8x**	**15.8x**					**6.2%**	**3.7%**	**66%**						
SMID + Lg Cap		**669,320**																**18.6x**	**17.8x**	**16.7x**	**15.6x**	**14.7x**					**6.2%**	**3.8%**	**67%**						

		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$43.02	4,709	2.23	2.47	2.60	2.74	2.86	2.18	2.32	2.47	2.59	2.74	0.05	0.15	0.14	0.15	0.12	19.8x	18.6x	17.5x	16.6x	15.7x	3%	4%	5%	5%	6%	3.4%	63%	Neutral	$43	3%	Sell	$41	-2%
NEE	$75.62	150,269	2.90	3.13	3.43	3.69	3.99	2.88	3.10	3.38	3.67	3.98	–	–	0.05	–	–	26.2x	24.4x	22.4x	20.6x	19.0x	35%	33%	31%	31%	8%	2.5%	60%	Buy	$96	29%	Buy	$94	27%
SRE	$157.78	49,596	8.84	9.00	9.50	10.13	10.80	8.86	9.01	9.63	10.19	10.75	–	–	(0.13)	(0.06)	0.05	17.8x	17.5x	16.4x	15.5x	14.7x	-3%	-3%	-2%	-2%	6%	3.1%	55%	Buy	$180	17%	Buy	$175	14%
		204,574																21.3x	20.1x	18.7x	17.6x	16.5x	12%	11%	11%	11%	6.6%	3.0%	59%						
Gas LDCs																																		
NI	$27.14	11,022	1.45	1.54	1.68	1.82	1.95	1.45	1.55	1.68	1.84	2.00	–	–	–	–	(0.05)	18.7x	17.6x	16.1x	14.8x	13.6x	-2%	-3%	-5%	-5%	7%	3.7%	65%	Buy	$31	18%	Buy	$31	17%
CPK	$122.50	2,173	4.97	5.38	5.73	6.10	6.46	4.95	5.40	5.77	6.14	6.50	–	–	(0.04)	(0.04)	(0.04)	24.8x	22.7x	21.2x	20.0x	18.9x	27%	27%	28%	28%	6%	1.9%	42%	Neutral	$112	-7%	Buy	$131	9%
NJR	$51.68	5,007	2.50	2.67	2.65	2.85	3.05	2.45	2.63	2.72	2.93	3.15	0.05	0.04	(0.07)	(0.08)	(0.10)	21.1x	19.7x	19.0x	17.6x	16.4x	10%	14%	13%	13%	6%	3.1%	60%	Neutral	$46	-8%	Neutral	$51	2%
NWN	$48.94	1,718	2.56	2.73	2.83	2.98	3.09	2.55	2.72	2.81	2.99	3.09	–	–	–	–	–	19.2x	18.0x	17.4x	16.4x	15.8x	1%	5%	5%	5%	5%	4.0%	72%	Neutral	$45	-4%	Buy	$53	12%
OGS	$82.14	4,447	4.08	4.14	4.24	4.53	4.98	4.07	4.12	4.30	4.58	4.97	–	–	(0.06)	(0.05)	–	20.2x	19.9x	19.1x	17.9x	16.5x	12%	15%	15%	15%	5%	3.2%	63%	Neutral	$77	-3%	Neutral	$79	-0%
SR	$73.09	3,841	3.86	4.25	4.31	4.57	4.73	3.89	4.22	4.30	4.58	4.81	–	0.03	–	–	(0.08)	18.8x	17.3x	17.0x	16.0x	15.2x	-3%	2%	2%	2%	5%	4.0%	69%	Neutral	$69	-2%	Neutral	$73	3%
		28,208																20.5x	19.2x	18.3x	17.1x	16.1x	8%	10%	10%	10%	5.8%	3.3%	62%						
Regulated Water																																		
AWK	$151.71	27,585	4.44	4.76	5.14	5.59	5.98	4.47	4.79	5.16	5.61	6.03	–	–	–	–	(0.05)	34.0x	31.7x	29.4x	27.0x	25.1x	76%	75%	72%	72%	8%	1.9%	59%	Neutral	$152	2%	Neutral	$165	11%

		Market	Guggenheim EBITDA Ests					Consensus					Δ vs Consensus (>$20m)					Implied EV/EBITDA Multiple					Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$86.39	28,220	2,609	3,033	3,254	3,333	3,455	2,585	3,112	3,382	3,586	3,538	25	(79)	(128)	(253)	(83)	12.7x	10.2x	8.9x	8.0x	–	31,611	30,180	28,723	27,216	8.5%	0.8%	14%	Buy	$110	28%	Buy	$100	17%
NRG	$35.56	7,588	1,740	3,084	3,136	3,140	n/a	1,783	2,852	2,824	2,923	2,705	(43)	232	313	217	–	7.5x	6.1x	5.7x	5.0x	–	17,288	16,020	14,496	–	21.7%	4.3%	26%	Neutral	$34	-0%	Neutral	$37	8%
VST	$23.05	9,173	3,096	3,725	3,784	3,716	3,465	3,076	3,654	3,645	3,630	3,587	–	71	140	86	(121)	6.8x	5.9x	5.7x	5.5x	–	21,454	20,929	20,067	19,399	6.3%	3.6%	30%	Buy	$31	38%	Buy	$30	32%
Other																																		
ALTO	$3.33	251	13	24	40	46	42	16	36	211	262	316	–	–	(170)	(216)	(275)										54.8%	–	–	Buy	$9	170%	Buy	$10	185%
NEP	$72.70	6,291	1,796	1,837	1,977	2,143	2,325	1,728	1,827	2,063	2,136	2,265	68	–	(86)	–	60										6.1%	4.9%	–	Buy	$95	36%	Buy	$88	25%
SMR	$10.57	548	(188)	(100)	(57)	8	96	(133)	(74)	(49)	9	85	(55)	(26)	–	–	–													Buy	$18	70%	Buy	$16	47%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

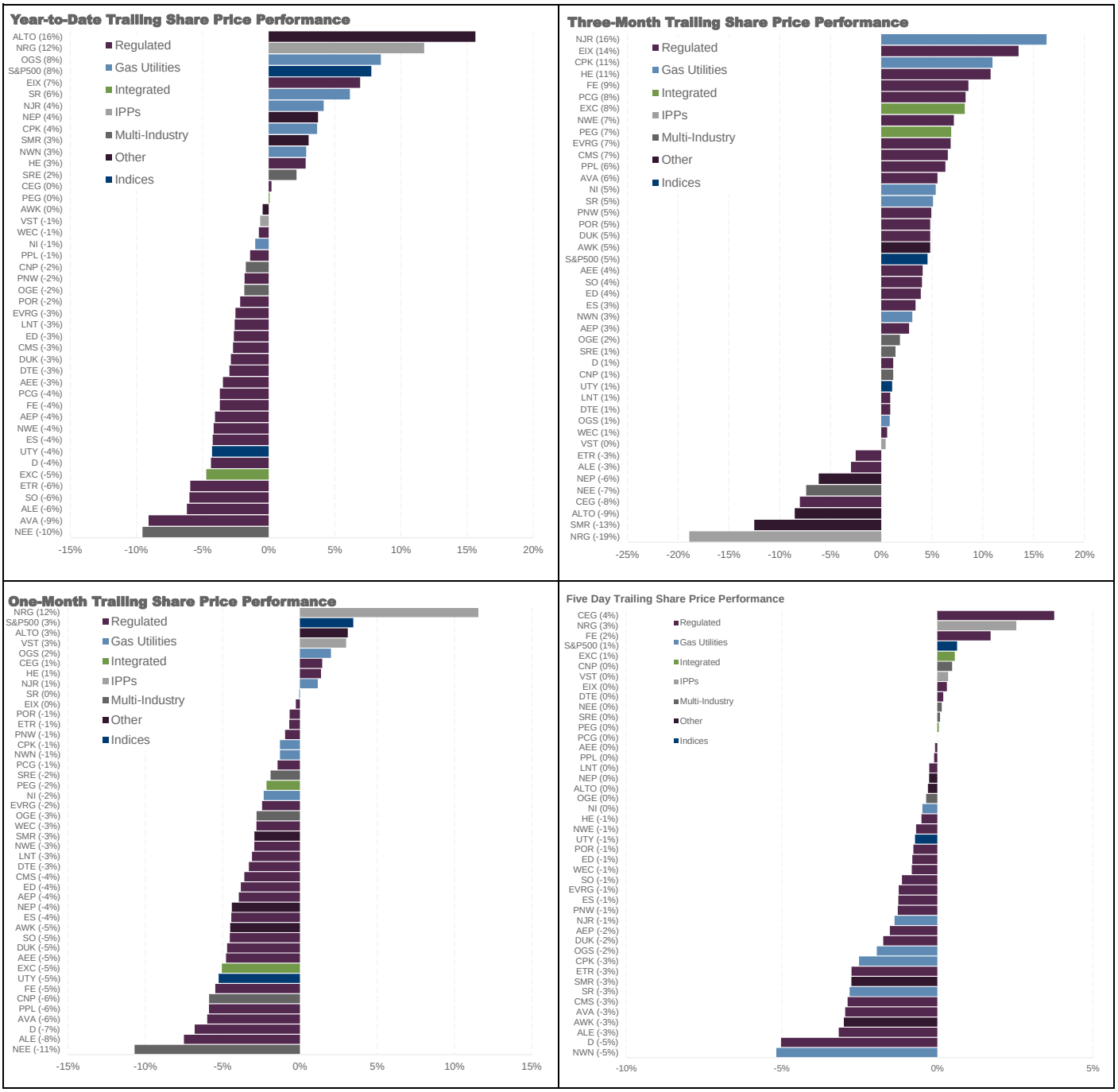

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Generation and Mix

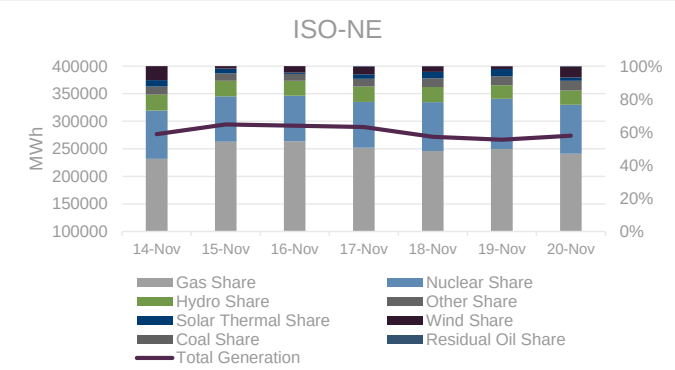

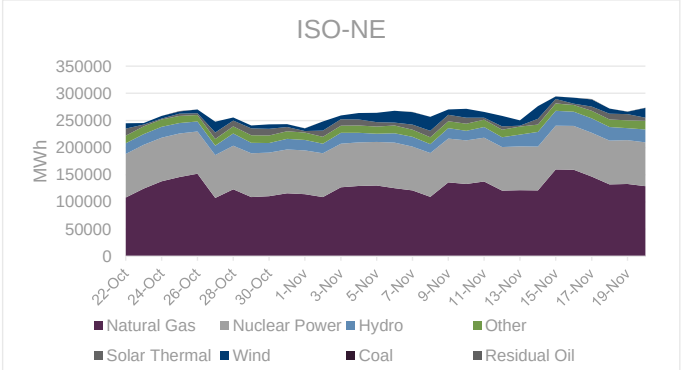

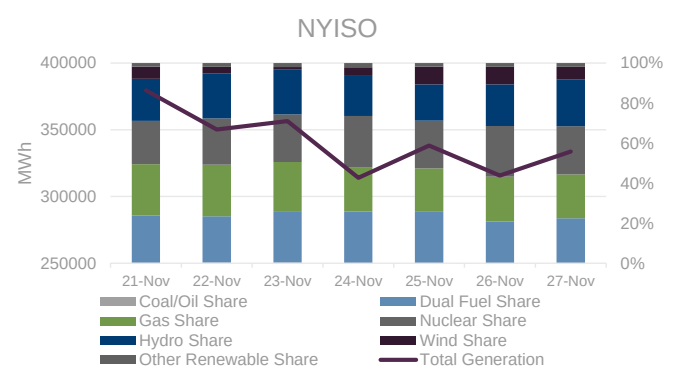

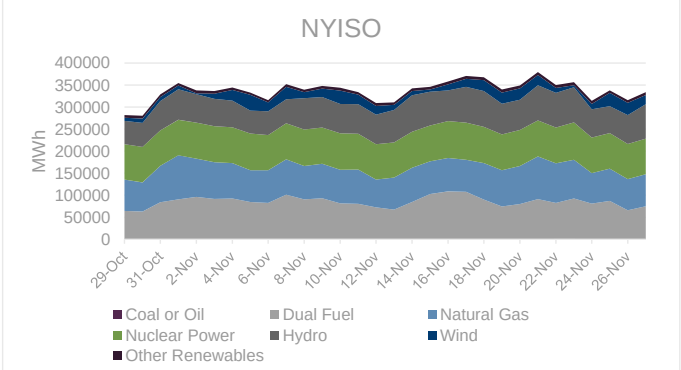

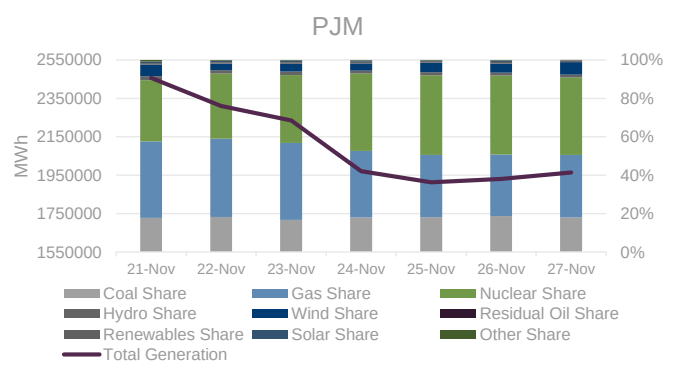

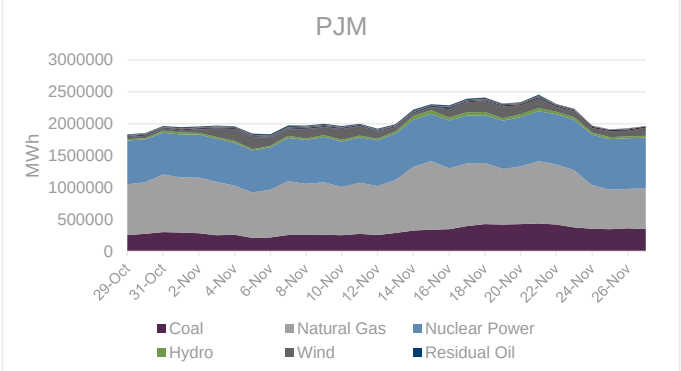

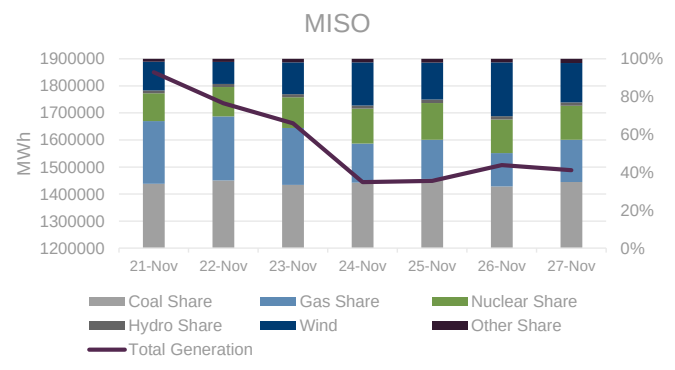

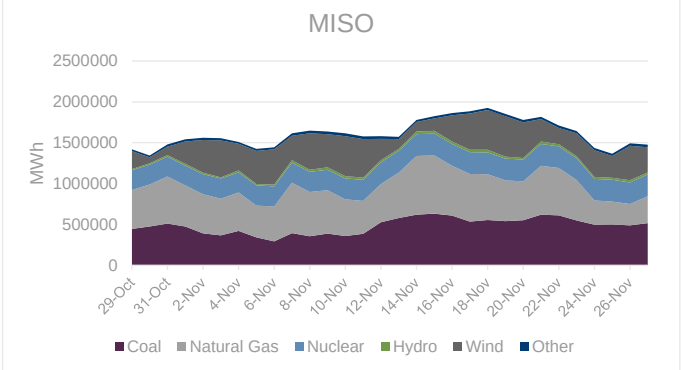

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Generation and Mix (continued)

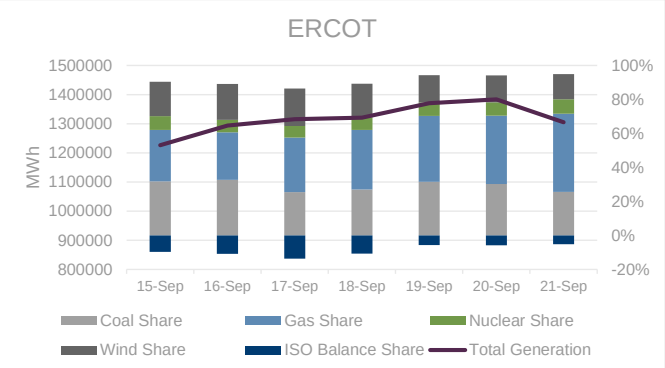

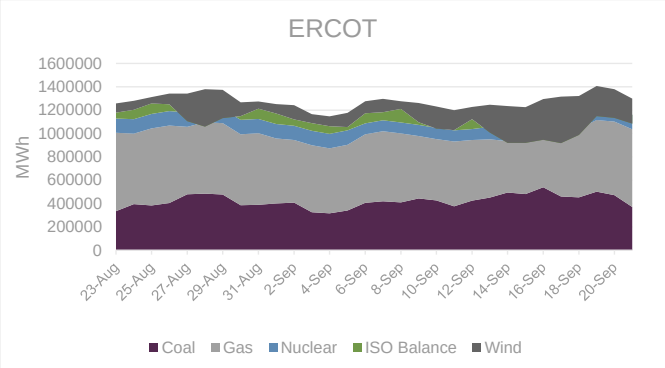

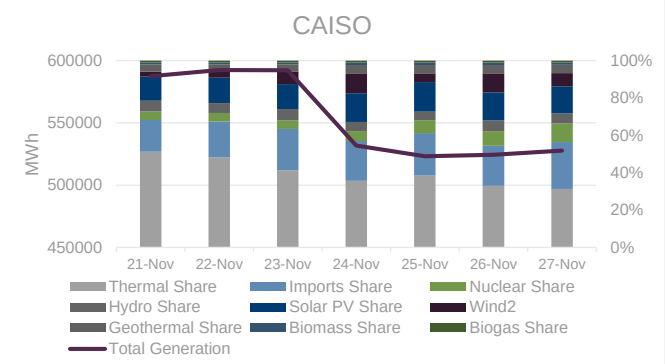

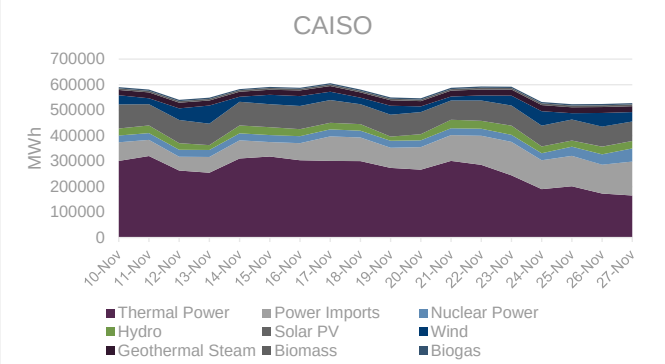

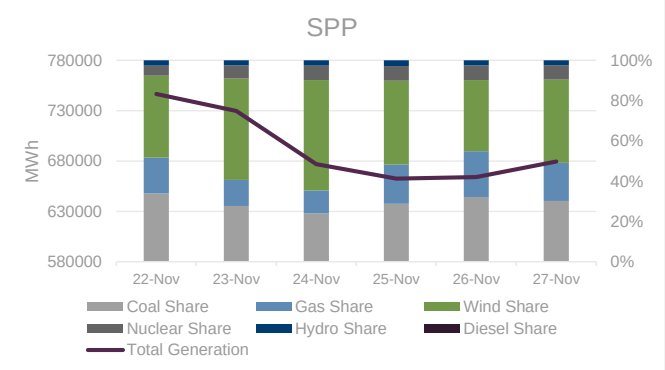

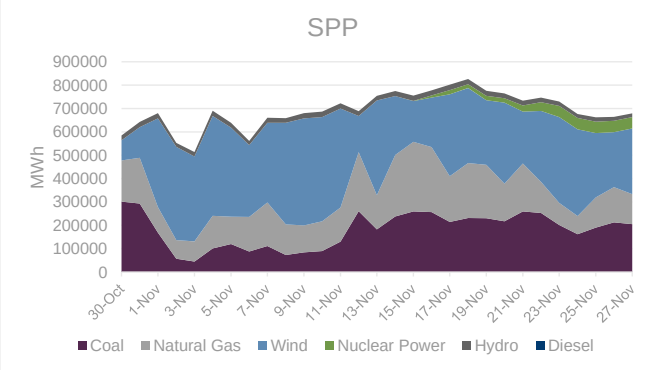

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Weather

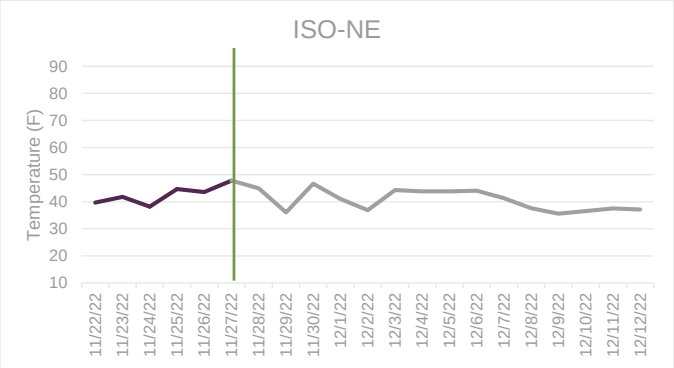

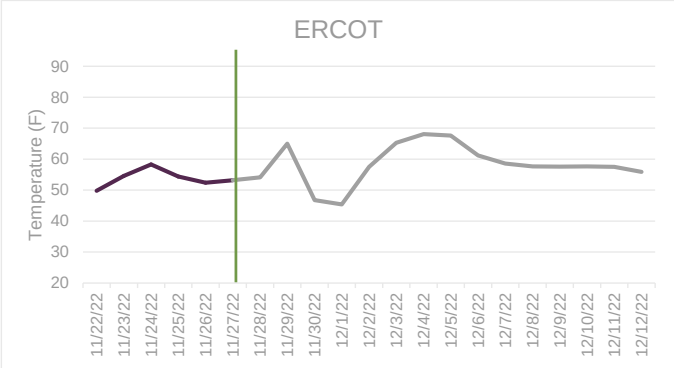

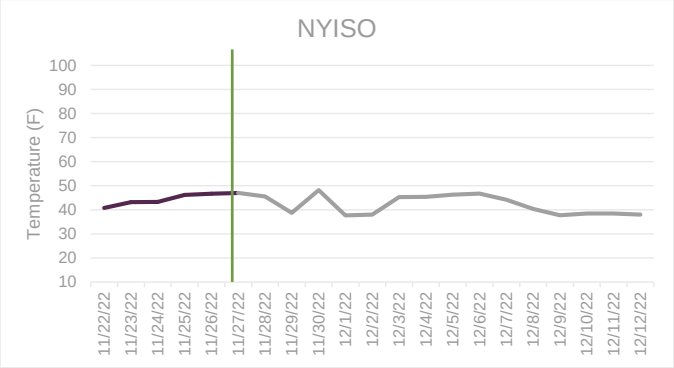

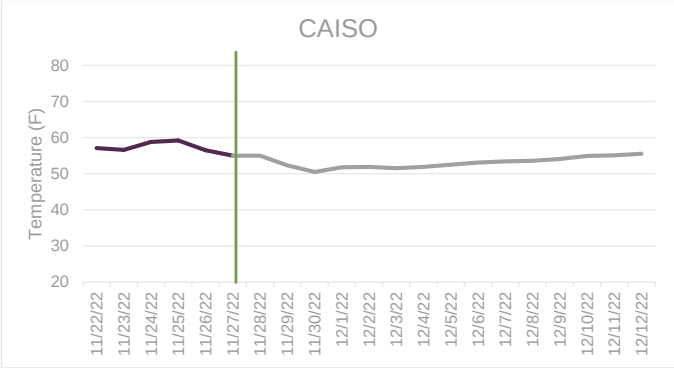

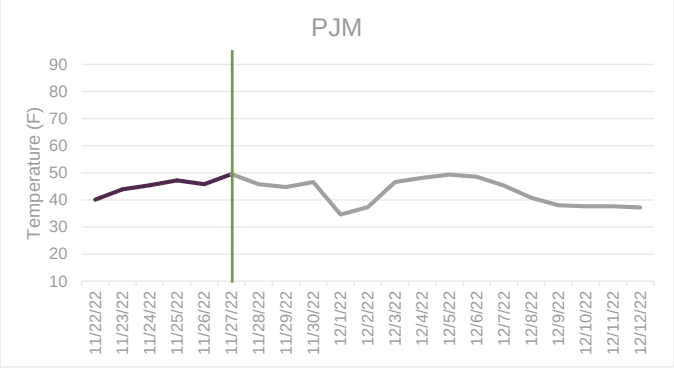

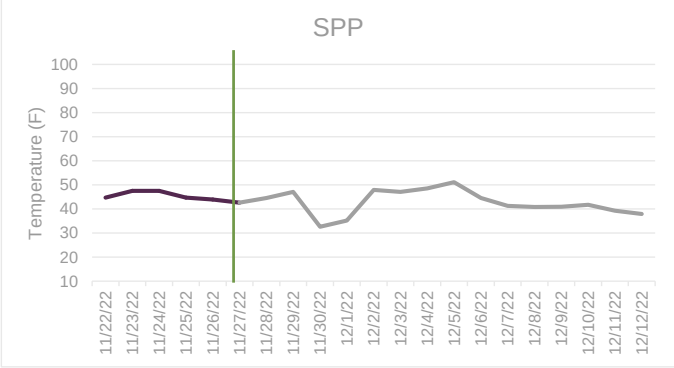

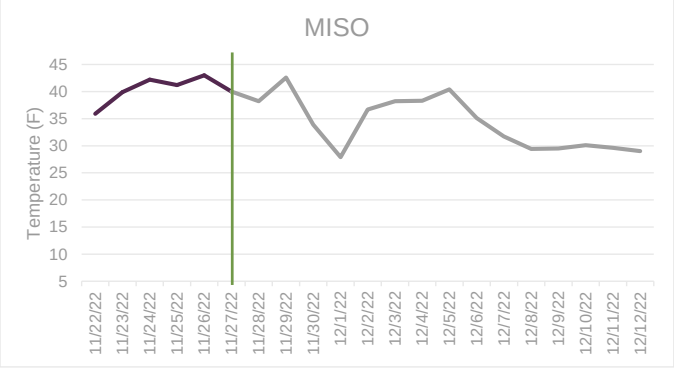

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Peak Load

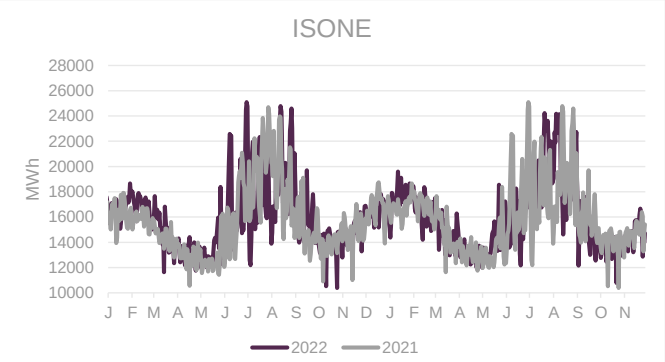

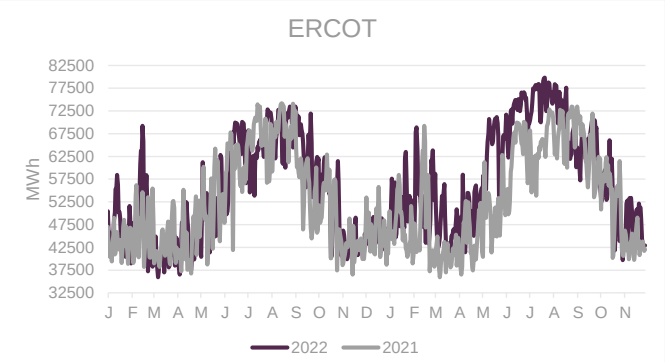

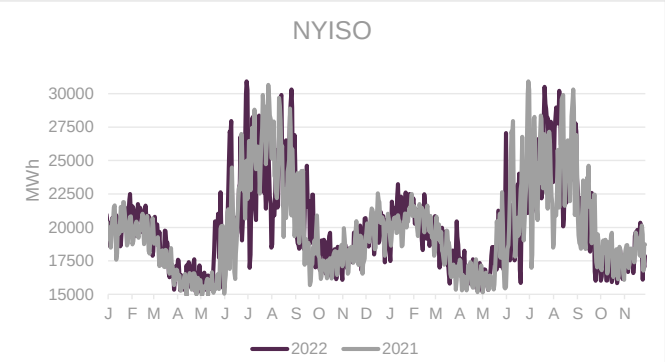

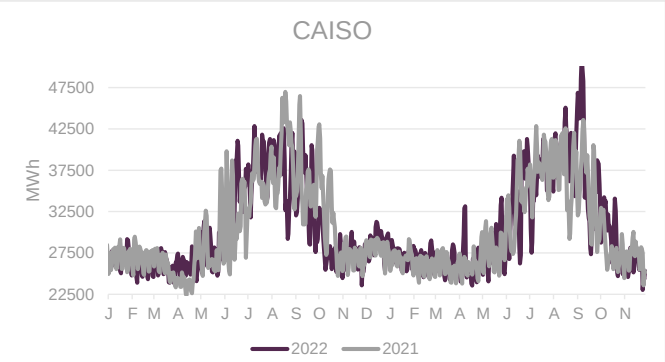

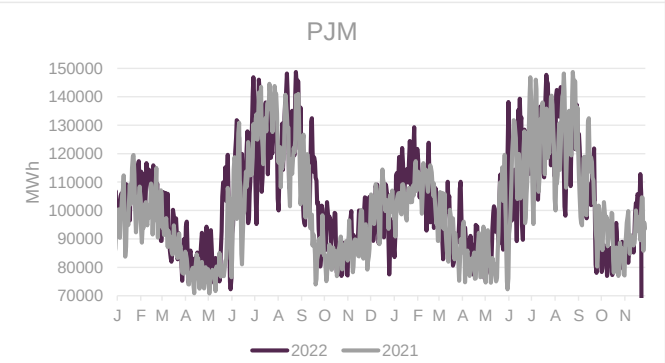

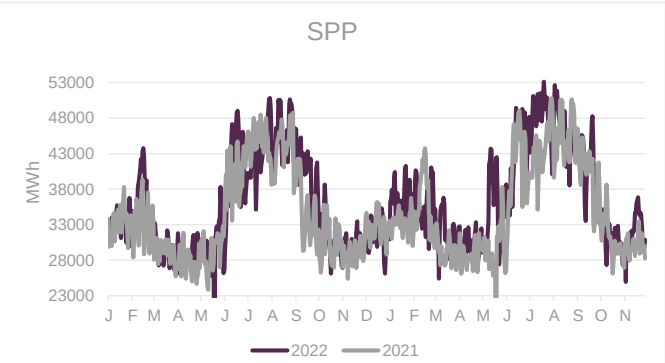

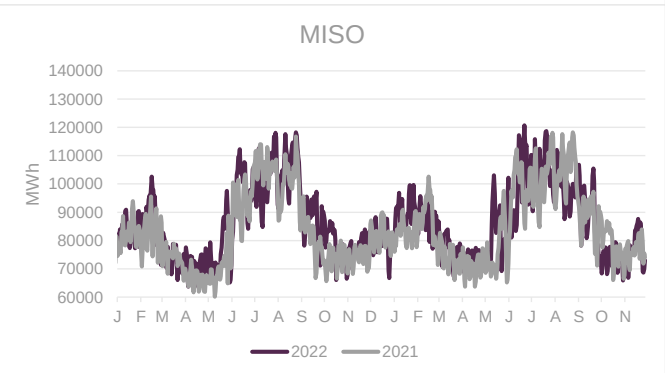

Average Deviation in Peak Load vs Prior Year

RTO/ISO	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
ISONE	0.0%	-0.5%	1.5%	-1.2%	5.1%	-1.1%
NYISO	-0.3%	0.6%	2.1%	-0.1%	3.5%	-2.3%
PJM	3.1%	2.5%	3.9%	3.8%	0.2%	-1.5%
MISO	3.4%	2.5%	4.0%	5.0%	0.1%	-2.3%
CAISO	-0.2%	-2.6%	1.6%	1.2%	4.0%	1.9%
ERCOT	4.4%	2.5%	13.7%	19.1%	7.9%	4.6%
SPP	6.3%	0.5%	5.9%	9.7%	5.0%	3.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2023 - 3/31/2023)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2023-1/31/2023	IL	AEE	Ameren Illinois		Electric rate filing expected
1/1/2023-3/31/2023	IL	AEE	Ameren Illinois		Gas rate case filing expected
1/1/2023-1/31/2023	IL	EXC	Commonwealth Edison Co.		Electric rate filing expected
1/1/2023-1/31/2023	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-1	Decision possible in TDSIC proceeding
1/1/2023-1/31/2023	IN	NI	Northern IN Public Svc Co.	Ca-45557-TDSIC-2	Decision possible in TDSIC proceeding
1/1/2023-3/31/2023	NC	DUK	Duke Energy Carolinas LLC		Multi-year general rate case to be filed
1/1/2023-1/31/2023	OH	NI	Columbia Gas Ohio Inc.	C-21-0637-GA-AIR	Decision possible in rate proceeding
1/1/2023-1/31/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Hearning Examiner's report may be issued in rate case
1/1/2023-1/31/2023	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
1/9/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Evidentiary hearings begin
1/10/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding revenue requirement due in rate proceeding
1/10/2023	TX	ETR	Entergy Texas Inc.	D-53719	Settlement status report due in rate case
1/10/2023-1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearings slated in Rider W update proceeding
1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Staff to file testimony in Rider US 4 proceeding
1/13/2023-1/27/2023	TX	ETR	Entergy Texas Inc.	D-53719	Briefs to be filed in rate case—suspended due to settlement talks
1/18/2023-1/19/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearings scheduled in Rider U proceeding
1/20/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	OUCC and intervenor testimony due in rate proceeding
1/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Staff to file testimony in Rider US 3 proceeding
1/24/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding rate design due in rate proceeding
1/24/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Intervening parties to file testimony in Rider GT update proceeding
1/25/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearing Examiners report may be issued in Rider W update proceeding
1/30/2023-1/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing scheduled in Rider CE update proceeding
2/1/2023-2/28/2023	MO	EVRG	Evergy Missouri West	C-ER-2023-0185	Electric rate case filing expected
2/1/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearing Examiner report may be issued in Rider U proceeding
2/3/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Intervening parties to file testimony in Rider US 2 update proceeding
2/7/2023-2/8/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearings scheduled in Rider US 4 proceeding
2/15/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Rebuttal testimony due in rate proceeding
2/16/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Company rebuttal testimony due in rate proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Intervening parties to file testimony in Rider SNA adjustment proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Staff to file testimony in Rider US-2 proceeding
2/21/2023-3/20/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Hearings scheduled in electric rate case
2/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Staff to file testimony in Rider GT update proceeding
2/22/2023-2/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearings scheduled in Rider US 3 proceeding
2/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Briefs due in Track 2 proceeding
2/27/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Deadline for settlement to be filed in rate proceeding
2/28/2023	MI	CMS	Consumers Energy Co.	C-U-21224	Decision expected in rate case by
2/28/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Decision may be issued in Rider B proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Decision expected in Rider U update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Decision expected in Rider W update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
3/1/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Final order due in rate case
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearing Examiners report may be issued in Rider US 3 proceeding
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearing Examiners report may be issued in Rider US 4 proceeding
3/1/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/6/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Settlement conference to begin in rate proceeding
3/10/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Intervenor testimony due in rate proceeding
3/13/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Hearing to begin in rate proceeding
3/14/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Hearings scheduled in Rider US-2 proceeding
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Intervenor testimony due
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Intervenor testimony due
3/21/2023-3/22/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearings scheduled in Rider GT update proceeding
3/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Staff to file testimony in Rider SNA adjustment proceeding
3/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Reply briefs due in Track 2 proceeding
3/24/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Intervening parties to file testimony in rate case
3/27/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Public Staff, intervenor testimony due by
3/31/2023	TX	SRE	Oncor Electric Delivery Co.	D-53601	Decision may be issued in rate case
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision expected in Rider US 3 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D NDR – January Bounce? A Game of Chess, Not Checkers… Information Vacuum Persists, But that Gap Is Narrowing; Momentum Builds Quickly in New Year
- SR – What's In the Box? No One Knows – Limited Visibility Coupled With Arbitrary EPS Adjustments By Mgmt.; Cheap Valuation Keeps Us From D/g to Sell
- OGS – Macroeconomic Headwinds Claim Another Victim; Downgrade to SELL from NEUTRAL; Could Be Signal for Wide Valuation Dispersions in Our Space in '23
- EEI: Back at the Diplomat - What a Difference a Year Makes…
- Guggenheim EEI Takeaways - Day Three
- Guggenheim EEI Takeaways - Day Two
- Guggenheim EEI Takeaways - Day One
- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	65.17%	44	18.97%
NEUTRAL	114	32.02%	7	6.14%
SELL	10	2.81%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC

Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

EQUITY RESEARCH QUICK TAKE

RBC Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com

February 14, 2023

Exelon Corporation

4Q22 results in line with consensus; initiated 2023 EPS guidance

NYSE: EXC | USD 41.19 | Sector Perform | Price Target USD 47.00

Sentiment: Neutral

Our view: Nothing in this morning's release should be a surprise. The 5% EPS growth in 2023 is fully expected, so is the expected >6-8% growth in 2025 due to rate case timing. Perhaps a more positive note is that EXC expects to be able to maintain cost discipline in 2023 despite broader inflationary pressure. On the call, we believe topics will cover long-term rate base opportunities, expectations on ComEd multi-year plan (MYP) filing and recent franchise agreement, other regulatory updates and interest expense management.

Exelon reported 2022 full year adjusted EPS of $2.27, a penny above consensus and our estimate. EXC initiated 2023 adjusted EPS guidance range of $2.30-$2.42, the midpoint of which is in line with consensus and our estimate ($2.36). EXC rolled forward 5-yr EPS CAGR of 6-8% through 2026, and expects annual growth in 2024 and beyond to be within 6-8%, if not above it.

Dividend growth of 6.7% in line with our expectations. EXC declared quarterly dividend of $0.36 for 1Q23, which matched our expectations. EXC expects to maintain ~60% dividend payout ratio. EXC's dividend payout ratio for 2023 to be 61% at guidance midpoint.

Rate base guidance. EXC expects rate base growth of 7.9% through 2026 and total rate base of $69.6B by the end of the period (gas $10.6B, electric transmission $14.2B, electric distribution $44.8B). This is supported by 4-year capital spending of $31.3B (gas $3.9B, electric transmission $6.7B, electric distribution $20.8B).

Cost guidance. EXC expects 2023 adjusted O&M at $4.2B, ~1.2% above prior year, well below recent rate of inflation.

Financing expectations. EXC continues to target 13-14% FFO/Debt and reaffirmed no incremental equity through 2026 other than remaining $425M commitment to be issued 2023-2025.

Operating ROE at 9.4%. 2022 full year ROE improves to 9.4% from 9.2% prior year.

Regulatory updates. EXC expects a commission decision for ComEd's first MYP filing sometime in 4Q23, and for DPL DE's electric rate filing sometime in 2Q24.

4Q22 results. EXC reported 4Q22 adjusted EPS of $0.43, compared to $0.31 in 4Q21. Positive variance primarily reflects ComEd's higher distribution ROE, and rate increases at PECO, BGE and PHI, partially offset by higher interest expense at PECO and higher depreciation expense and bad debt expense at PECO and PHI.

EXC will hold a conference call at 10AM ET today. Please register for a dial-in / pin here.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Capital Markets

Contributing Authors

RBC Capital Markets, LLC
Wynne Lam, CFA (AVP) **(212) 266-4040** **wynne.lam@rbccm.com**

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 31-Dec-2022

			Investment Banking Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [Outperform]	839	56.05	225	26.82
HOLD [Sector Perform]	603	40.28	151	25.04
SELL [Underperform]	55	3.67	3	5.45

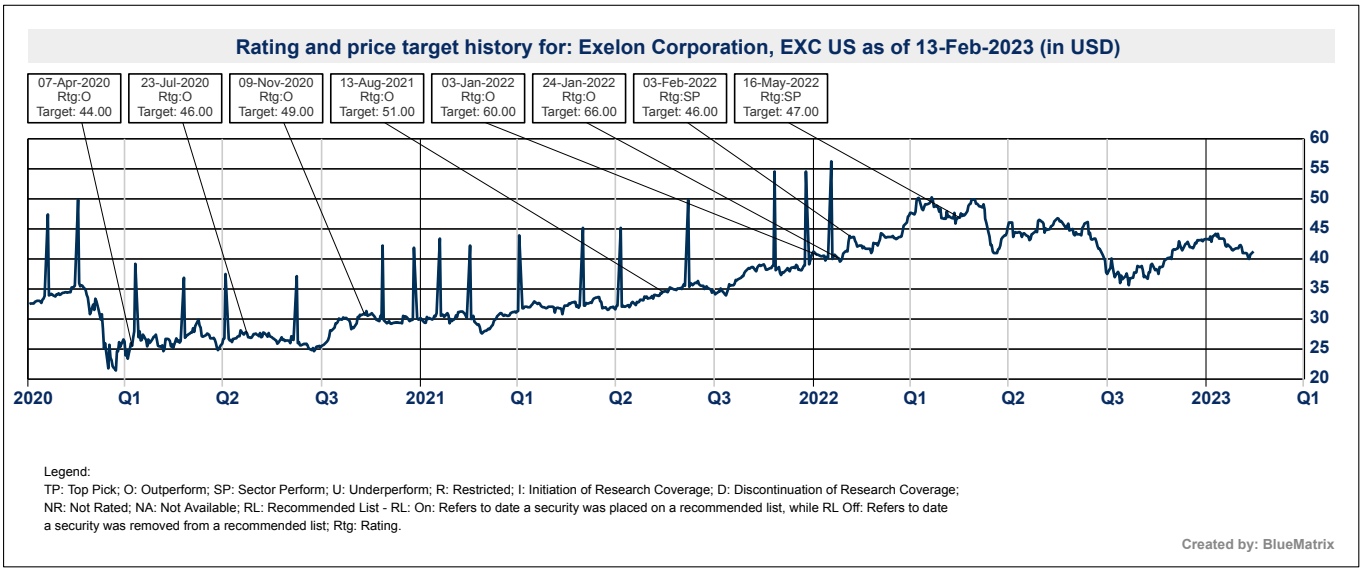

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). RBC Capital Markets recommended lists include the Strategy Focus List and the Fundamental Equity Weightings (FEW) portfolios. The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $47 price target assumes a 18.6x P/E multiple on 2024E utilities EPS of $2.54. Our multiple reflects a slight 3% discount to our

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

RBC Capital Markets

base case blended electric and gas multiple of 19.1x, resulting in equity value per share of $47. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Credit metrics deteriorates due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Approval of upcoming multi-year plans at favorable levels

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

CREDIT SUISSE

Research Bulletin

US Utilities: Earnings Quick Take: ES/EXC/FE First Read; AEP Filed New FERC 203 Application

Initial Reaction to Pre-Market Prints; AEP Remains Committed to KY Sale

Research Analysts

Nicholas Campanella / 212 325 7505
nicholas.campanella@credit-suisse.com

Fei She, CFA / 212 325 7648
fei.she@credit-suisse.com

Nathan Richardson / 212 325 7937
nathan.richardson@credit-suisse.com

- We provide quick take on ES, EXC & FE's earning's release, and AEP's latest announcement to file new FERC 203 application.

- **ES: FY22 Earnings Release – Pos on CapEx Increase; Mixed on Guidance:** ES reported FY22 results including FY23 guidance of $4.25 to $4.43/sh implying ~6% growth rate from FY22 results ($4.09), which compares to CSe $4.31 / BBG $4.37 which we're viewing as mixed (midpt slightly below street). Management reaffirmed EPS CAGR guidance of 5-7% with a bias toward the top-end of range through '27 as expected. Per FY22 adjusted results of $4.09, and growing at 6.5% CAGR, implied '24 / '25 EPS is $4.64/ $4.94 vs. CSe of $4.68 / $4.92 and Consensus (FS) of $4.70 / $5.06, respectively. This slightly underwhelms street expectations. ES sees itself 'Solidly in Upper Half of 5-7%", which is similar to prior LT growth rate communications. Management refreshed and rolled forward its capital plan to $21.5Bn for '23 to '27 from $18.1Bn from '22 to '26 (+$3.3Bn) which came in slightly above our expectations. This does not include OSW wet transmission opportunities for Commonwealth or CT AMI which combined could be $700Mn of incremental capex opportunity in the future. Equity needs are unchanged despite higher CapEx which we view as in-line with mgmt's. current plan to recycle OSW capital. Mgmt recommitted to the ATM with $1Bn (of $1.2Bn) remaining to be executed. No incremental equity vs. prior commitments we think addresses one of the bear theses in the stock with the focus now being OSW execution where the timeline for an update is expected in 2Q23. We look for additional details on the call pertaining to OSW timeline, confidence in proceeds and the path forward to maintain the Baa1 Moody's outlook. Rate base guidance included a 7.5% CAGR through '27 (to $37.7Bn from $24.4Bn in '21). OSW and other strategic updates: Guidance on OSW review included an update on status of review expected in 2Q23, and a slight uptick in total costs for the three OSW projects ($5.45-5.95Bn CapEx) . As expected, we do not see any impairment to OSW assets vs. peer Orsted. We see results ultimately as mixed to neutral with the positives being a core increase of $3.3Bn of CapEx with no increase base equity needs contrasting against a more muted reflection in out-year expectations for EPS.

- **EXC: 6-8% EPS CAGR through '26; FY23 EPS Guide In-Line - Positive:** EXC reported FY22 results and gave formal FY23 EPS guidance of $2.30-2.42 (midpt $2.36) vs. CSE / BBG $2.37. EXC is rebasing its 6-8% long term EPS CAGR off its 2022 midpoint ($2.25) through 2026. EXC expects to be at the low end of the range in 2024, at the high end of the range in 2025 and the middle of the range in 2026, which we see largely affirming our current EPS expectations with slight bias to the upside. Slides note annual growth in 2024 and beyond is projected to be within the 6-8% range, if not above it, which we think should lead the street to move past concerns on the executability of the 6-8% CAGR. On equity, we're specifically encouraged that EXC is raising the capital plan to $31Bn (from $29B at the AD) with no incremental equity beyond the remaining $425Mn commitment detailed in the prior 5yr plan. On the dividend, EXC is targeting a 60% payout ratio aiming to grow the dividend in-line with EPS growth - as expected from last year's AD. On rate base, EXC sees a rate base CAGR of 8% through 2026 which also points to an achievable 6-8% assuming normal ROEs and limited equity needs. 2023 EPS guidance assumes a 30yr treasury yield as of 1/31/2023 (3.63%). We look for more details on the call regarding regulatory execution strategy for FY23, equity needs execution (guided '23-'25), CAMTs impact to the financing plan & eventual regulatory recovery strategies which we expect to be detailed on the call.

- **FE: FY22 Earnings Release - Slight Pos on '23 Guidance:** FE reported $2.41 FY22 EPS, above midpoint of $2.30-2.50 guided '22 range, vs CSe $2.41 and Consensus $2.44. As expected, '23 guidance is introduced and we are positively surprised by the range of $2.44-2.64 with a midpoint of $2.54, as company previously introduced '23 midpoint (excluding any pension headwind) of $2.57 ($2.55-2.60 range). The $2.54 midpoint is well north of BBG / CSe $2.47 / $2.42. We note company budgeted for 38c of pension headwind for '23 at RD and corporate level, and only revised down '23 guidance by 3c from $2.57 to $2.54, assuming all mitigants in place (O&M reduction, benefits from ~$3bn debt retirement and Signal Peak earnings - we note $128mm post-tax earning is received from Signal Peak in '22 per the K). We also note that FE does not expect any minimum required contribution to the pension plan through '24 (currently expect required contribution of $250mm in '25). Regarding rate base growth, FE is showing an acceleration in rate base growth in 2024 / 2025 of 7%, though we note 2021-2025 CAGR is still 5.1%, slightly below our modeled 5.4% with the difference being the FET sale. The existing 6-8% LT annual EPS CAGR is also re-affirmed as expected. Additionally, new dividend policy is announced that raises the targeted dividend payout ratio to 60% to 70% from

DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, LEGAL ENTITY DISCLOSURE AND THE STATUS OF NON-US ANALYSTS. US Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

the previous range of 55% to 65%. We see '22 actual payout ratio at 65%. Mgmt. also re-affirmed $3.4bn of capital plan for '23, '21-'25 investment plan of $18bn (announced $1bn increase along with FET second round sale earlier this year), FFO/debt target of 14-15%, and no equity needs (other than $100mm per year for SIP/DRIP) for '23. We look for mgmt. commentary on drivers for '23 guidance, new CEO process, revised dividend policy and implication to EPS, the sustainability of the 6-8% growth guidance past '25 and regulatory execution for '23. Overall, we believe FE should outperform given mgmt. posted a better-than-expected FY23 guidance range, albeit with transitory items such as Signal Peak Earnings.

- **AEP KY Update:** On Feb. 13th, AEP and AQN together filed a new application with FERC seeking approval of the sale of AEP's Kentucky operations to Liberty, under section 203 of the Federal Power Act. AEP is also asking FERC for expedited the review of the application as they work to close the transaction by Apr. 26th, 2023. Recall FERC denied approval of the sale without prejudice last Dec. and outlined the additional information that's needed regarding customer protections. We note that the new 203 application is intended to demonstrate that there will be no adverse impact on customer rates as a result of the transaction. The new application also outlines several financial measures Liberty will take for the next five years, including: 1) maintaining current ROE; 2) maintaining the current cost cap on equity; 3) financing future investment at the current credit rating; 4) capping certain O&M costs. The expedited FERC review (if achieved) could positively address the KY overhang, and while we still see AEP/AQN committed to the transaction we acknowledge a tight timeline.

Valuation Methodology and Risks

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Eversource Energy (ES.N)

Method: Our target price is $84: We value ES using an SOTP, applying relative P/E premiums/discounts to the various operating subsidiaries. In general, we view CT, MA, and RI as relatively favorable jurisdictions, although there have been recent conflicts in CT related to performance and penalties. We apply a 5% premium to the natural gas business as ES has a strong track record for operations and earned ROEs. For the Transmission segment, we apply a 5% premium, which is lower than our transmission approach for peer utilities, as we attempt to reflect risk of further ROE cuts to NE transmission operators. We rate ES Neutral as we expect the stock's total return to be in line with peers over the next 12 months.

Risk: Risks to achieving our Neutral rating and $84 target price include: The company seeing further rate pressure from inflation, particularly in CL&P's jurisdiction. Other risks include further downgrade of forecasted ROE for offshore projects or an unfavorable monetization outcome, natural disaster/other issue that could delay wind projects under construction. Given the nature of offshore projects, climate-related issues pose a large risk to the company and its growth plans. Upside risk includes a better than expected rate outcomes.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Exelon Corporation (EXC.OQ)

Method: We utilized an SOTP method to determine our target price of $46 per share and a blended P/E multiple of 16.8x for Outperform-rated EXC. We derived the blended P/E multiple by creating a proportion of each segment for the electric group, transmission group, and gas group. We based the proportion on each segment's contribution to rate base. We applied a 2.5% premium multiple to the current blended multiple of 16.4x. We believe that an improving regulatory environment in Illinois will be favorable for EXC investors by allowing ComEd to file a rate case that is in line with industry average. Changes in the allowed ROE structure could increase the allowed ROE by 2% in 2024. Another key driver is the execution of the $29Bn capital plan.

Risk: Risks to achieve our $46 target price and Outperform rating include: (1) management not meeting RAB projected growth; (2) not reaching stated growth metrics, including the 6-8% LT EPS CAGR; (3) increasing commodity cost for electric and gas service, natural disaster risk; (4) worse-than-expected regulatory outcomes; and (5) volatility to 30yr US Treasuries, as ComEd ROEs are linked to 30YR USTs.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for FirstEnergy (FE.N)

Method: We value FE using an SOTP, applying relative P/E premiums/discounts to the various operating subsidiaries, which yields a $43 target price. We hold a discounted view on all utilities subsidiaries other than FET (-20% discount to Ohio utilities and 10% discount to the rest of the portfolio), given FE's reputational risk and the upcoming base rate case filings across all jurisdictions, while the transmission company benefits from more constructive FERC regulation with timely and formulaic recovery. We rate FE Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to out Outperform rating and $43 target price include: although the HB6 investigation is behind FE through the DPA, FE carries the reputation risk of a historically challenging organization. Even though the new management team has introduced internal control programs and is re-building the company's compliance culture, we recognize it takes time for a large organization to gradually achieve it.

Companies Mentioned *(Price as of 13-Feb-2023)*

AEP Inc (AEP.OQ, $91.09)
Algonquin Power & Utilities Corp. (AQN.N, $7.51)
Eversource Energy (ES.N, $80.29, NEUTRAL, TP $84.0)
Exelon Corporation (EXC.OQ, $41.19, OUTPERFORM, TP $46.0)
FirstEnergy (FE.N, $40.39, OUTPERFORM, TP $43.0)
Orsted (ORSTED.CO, Dkr636.8)

Disclosure Appendix

Analyst Certification

I, Nicholas Campanella, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Eversource Energy (ES.N)

ES.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
21-Feb-20	95.96	94.00	N
28-Feb-20	86.46	92.00	
06-May-20	76.26	81.00	
12-May-20	75.67	76.00	
20-Jul-20	86.61	81.00	U
03-Nov-20	91.98	82.00	
15-Jan-21	88.57	81.00	
20-Apr-21	90.58	89.00	
11-May-21	84.02	85.00	
13-Jul-21	82.93		*
25-Apr-22	90.69	92.00	N *
06-May-22	90.40	91.00	
12-Jul-22	83.38	87.00	
01-Aug-22	89.21	90.00	
10-Oct-22	74.97	75.00	
31-Jan-23	82.33	84.00	

** Asterisk signifies initiation or assumption of coverage.*



3-Year Price and Rating History for Exelon Corporation (EXC.OQ)

EXC.OQ	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
13-Feb-20	35.35	37.08	O
07-May-20	24.99	32.09	
26-Jul-20	26.95	32.80	
27-Aug-20	26.31	31.37	
02-Nov-20	29.21	33.51	
04-Nov-20	30.11	34.94	
23-Feb-21	29.09	33.51	
10-May-21	31.75	34.23	
13-Jul-21	31.94		NC
03-Oct-22	38.48	43.00	O *
18-Oct-22	37.56	39.00	
03-Nov-22	36.96	42.00	
23-Jan-23	41.82	46.00	

** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.



3-Year Price and Rating History for FirstEnergy (FE.N)

FE.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	45.44	51.00	O *
18-Jul-22	37.39	41.00	
01-Aug-22	40.52	46.00	
10-Oct-22	36.80	39.00	
31-Jan-23	40.95	43.00	



** Asterisk signifies initiation or assumption of coverage.*

As of December 10, 2012 Analysts' stock rating are defined as follows:

Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European (excluding Turkey) ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin America, Turkey and Asia (excluding Japan and Australia), stock ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark (India - S&P BSE Sensex Index); for China A share the relevant index is the Shanghai Shenzhen CSI 300 (CSI300); prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.*

Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

Not Rated (NR) : Credit Suisse Equity Research does not have an investment rating or view on the stock or any other securities related to the company at this time.

Not Covered (NC) : Credit Suisse Equity Research does not provide ongoing coverage of the company or offer an investment rating or investment view on the equity security of the company or related products.

Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:

Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.

Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.

**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

Credit Suisse's distribution of stock ratings (and banking clients) is:

Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	52%	(26% banking clients)
Neutral/Hold*	36%	(22% banking clients)
Underperform/Sell*	10%	(21% banking clients)
Restricted	1%	

Please click here to view the MAR quarterly recommendations and investment services report for fundamental research recommendations.

**For purposes of the NYSE and FINRA ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Important Global Disclosures

Credit Suisse's research reports are made available to clients through our proprietary research portal on CS PLUS. Credit Suisse research products may also be made available through third-party vendors or alternate electronic means as a convenience. Certain research products are only made available through CS PLUS. The services provided by Credit Suisse's analysts to clients may depend on a specific client's preferences regarding the frequency and manner of receiving communications, the client's risk profile and investment, the size and scope of the overall client relationship with the Firm, as well as legal and regulatory constraints. To access all of Credit Suisse's research that you are entitled to receive in the most timely manner, please contact your sales representative or go to https://plus.credit-suisse.com.

Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.

Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research:https://www.credit-suisse.com/sites/disclaimers-ib/en/managing-conflicts.html.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Credit Suisse has decided not to enter into business relationships with companies that Credit Suisse has determined to be involved in the development, manufacture, or acquisition of anti-personnel mines and cluster munitions. For Credit Suisse's position on the issue, please see https://www.credit-suisse.com/media/assets/corporate/docs/about-us/responsibility/banking/policy-summaries-en.pdf.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

Please refer to the firm's disclosure website at https://rave.credit-suisse.com/disclosures/view/selectArchive for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names

Credit Suisse currently has, or had within the past 12 months, the following as investment banking client(s): EXC.OQ

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Credit Suisse provided investment banking services to the subject company (EXC.OQ) within the past 12 months.

Within the last 12 months, Credit Suisse has received compensation for non-investment banking services or products from the following issuer(s): EXC.OQ

Credit Suisse has managed or co-managed a public offering of securities for the subject company (EXC.OQ) within the past 12 months.

Within the past 12 months, Credit Suisse has received compensation for investment banking services from the following issuer(s): EXC.OQ

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (EXC.OQ) within the next 3 months.

Credit Suisse currently has, or had within the past 12 months, the following issuer(s) as client(s), and the services provided were non-investment-banking, securities-related: EXC.OQ

Credit Suisse or a member of the Credit Suisse Group is a market maker or liquidity provider in the securities of the following subject issuer(s): ES.N, EXC.OQ, FE.N

A member of the Credit Suisse Group is party to an agreement with, or may have provided services set out in sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and Council ("MiFID Services") to, the subject issuer (EXC.OQ) within the past 12 months.

For date and time of production, dissemination and history of recommendation for the subject company(ies) featured in this report, disseminated within the past 12 months, please refer to the link: https://rave.credit-suisse.com/disclosures/view/report?i=775578&v=hiu4o53lakfbg5cayu1vsfnn.

Important Regional Disclosures

Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this research report.

Analysts who conduct site visits of covered issuers are not permitted to accept payment or reimbursement for travel expenses from the issuer for the site visit.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit https://www.credit-suisse.com/sites/disclaimers-ib/en/canada-research-policy.html.

Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment.

To the extent any Credit Suisse equity research analyst employed by Credit Suisse International (a "UK Analyst") has interactions with a Spanish domiciled client of Credit Suisse AG or its affiliates, such UK Analyst will be acting for and on behalf of Credit Suisse Bank (Europe), S.A., with respect only to the provision of equity research services to Spanish domiciled clients of Credit Suisse AG or its affiliates.

Pursuant to CVM Resolution No. 20/2021, of February 25, 2021, the author(s) of the report hereby certify(ies) that the views expressed in this report solely and exclusively reflect the personal opinions of the author(s) and have been prepared independently, including with respect to Credit Suisse. Part of the author(s)´s compensation is based on various factors, including the total revenues of Credit Suisse, but no part of the compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/companies or the subject securities.

This research report is authored by:

Credit Suisse Securities (USA) LLC	Nicholas Campanella ; Fei She, CFA ; Nathan Richardson

There is currently no universal definition or exhaustive list defining the issues or factors that are covered by the concept of "ESG" (Environmental, Social, Governance). If not indicated otherwise, 'ESG' is used interchangeably with the terms 'sustainable' and 'sustainability'. Unless indicated otherwise, the views expressed herein are based on CS' own assumptions and interpretation of ESG at the time of drafting. CS' views on ESG may evolve over time and are subject to change.

Where a sustainability assessment is identified as including elements which track environmental, social or governance (ESG) objectives, CS is, wholly or in part, reliant on third-party sources of information (including, but not limited to, such information produced by the issuing/manufacturing company itself) and external guidance. These sources of information may be limited in terms of accuracy, availability and timeliness. It is possible that the data from ESG data providers may be incorrect, unavailable (e.g., not existing, or absence of look-through), or not fully updated. CS has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. Additionally, as global laws, guidelines and regulations in relation to the tracking and provision of such data are evolving, all such disclosures are made on a non-reliance basis and are subject to change. Unless required by applicable law, CS is not obliged to provide updates on sustainability assessments. Any updates might be subject to a time lag, due to e.g. lack of available data.

An ESG assessment reflects the opinion of the assessing party (CS or external parties such as rating agencies or other financial institutions). In the absence of a standardized ESG assessment system, each assessing party has its own research and analysis framework/methodology. Therefore, ESG assessment or risk levels given by different assessing parties to the same company can vary. Further, ESG assessment is limited to considering company performance against certain ESG criteria only and does not take into account the other factors needed to assess the value of a company.

Important disclosures regarding companies that are the subject of this report are available by calling +1 (877) 291-2683. The same important disclosures, with the exception of valuation methodology and risk discussions, are also available on Credit Suisse's disclosure website at https://rave.credit-suisse.com/disclosures. For valuation methodology and risks associated with any recommendation, price target, or rating referenced in this report, please refer to the disclosures section of the most recent report regarding the subject company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

This report is produced by subsidiaries and affiliates of Credit Suisse ("CS") operating under its Securities Research function within the Investment Banking Division. For more information on our structure, please use the following link: https://www.credit-suisse.com/who-we-are All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS. CS will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Please note in particular that the bases and levels of taxation may change.

Information and opinions presented in this report have been obtained or derived from sources believed by CS to be reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented in this report. Those communications reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other communications are brought to the attention of any recipient of this report. Some investments referred to in this report will be offered solely by a single entity and in the case of some investments solely by CS, or an associate of CS or CS may be the only market maker in such investments. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk. Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase. Some investments discussed in this report may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed any such site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk.

This report may contain material that is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject CS to any registration or licensing requirement within such jurisdiction.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor.

This research report does not, and is not intended to be, an advertisement within the meaning of article 68 of the Swiss Financial Services Act and/or article 95 of the Swiss Financial Services Ordinance. This research report is not a prospectus, basic information sheet (BIB) or a key information document (KID). Any recipients of this document should, however, note that any communication forwarding or using this research report as a basis for discussion, would qualify as such advertisement if it is intended to draw the recipient's attention to specific financial instruments covered by this research report.

This report is issued and distributed in **United Kingdom and European Union (except Germany and Spain):** by Credit Suisse International, One Cabot Square, London E14 4QJ, England, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority; **Spain:** Credit Suisse Bank (Europe), S.A. regulated by the Comision Nacional del Mercado de Valores; **Germany:** Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht ("BaFin"). **United States:** Credit Suisse Securities (USA) LLC; **Canada:** Credit Suisse Securities (Canada), Inc.; **Switzerland:** Credit Suisse AG; **Brazil:** Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários or its affiliates; **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and Casa de Bolsa Credit Suisse (México), S.A. de C.V., Grupo Financiero Credit Suisse (México) ("Credit Suisse Mexico"). This document has been prepared for information purposes only and is exclusively distributed in Mexico to Institutional Investors. Credit Suisse Mexico is not responsible for any onward distribution of this report to non-institutional investors by any third party. The authors of this report have not received payment or compensation from any entity or company other than from the relevant Credit Suisse Group company employing them; **Japan:** by Credit Suisse Securities (Japan) Limited, Financial Instruments Firm, Director-General of Kanto Local Finance Bureau (*Kinsho*) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association. This report has been prepared and issued for distribution in Japan to Credit Suisse's clients, including institutional investors; **Hong Kong SAR:** Credit Suisse (Hong Kong) Limited; **Australia:** Credit Suisse Equities (Australia) Limited; **Thailand:** Credit Suisse Securities (Thailand) Limited, regulated by the Office of the Securities and Exchange Commission, Thailand, having registered address at 63 Wireless Road (Witthayu) Bangkok 10330, Thailand, Tel. +66 2614 6000; **Malaysia:** Credit Suisse Securities (Malaysia) Sdn Bhd; **Singapore:** Credit Suisse AG, Singapore Branch; **India:** Credit Suisse Securities (India) Private Limited (CIN no.U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr.A.B. Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777; **South Korea:** Credit Suisse Securities (Europe) Limited, Seoul Branch; **Taiwan (Chinese Taipei):** Credit Suisse AG Taipei Securities Branch; **Indonesia:** PT Credit Suisse Sekuritas Indonesia; **Philippines:** Credit Suisse Securities (Philippines) Inc., and elsewhere in the world by the relevant authorised affiliate of the above.

Additional Regional Disclaimers

Australia: Credit Suisse Securities (Europe) Limited ("CSSEL") and Credit Suisse International ("CSI") are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority under UK laws, which differ from Australian Laws. CSSEL and CSI do not hold an Australian Financial Services Licence ("AFSL") and are exempt from the requirement to hold an AFSL under the Corporations Act (Cth) 2001 ("Corporations Act") in respect of the financial services provided to Australian wholesale clients (within the meaning of section 761G of the Corporations Act) (hereinafter referred to as "Financial Services"). This material is not for distribution to retail clients and is directed exclusively at Credit Suisse's professional clients and eligible counterparties as defined by the FCA, and wholesale clients as defined under section 761G of the Corporations Act. Credit Suisse (Hong Kong) Limited ("CSHK") is licensed and regulated by the Securities and Futures Commission of Hong Kong under the laws of Hong Kong SAR, which differ from Australian laws. CSHKL does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Investment banking services in the United States are provided by Credit Suisse Securities (USA) LLC, an affiliate of Credit Suisse Group. CSSU is regulated by the United States Securities and Exchange Commission under United States laws, which differ from Australian laws. CSSU does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Credit Suisse Asset Management LLC (CSAM) is authorised by the Securities and Exchange Commission under US laws, which differ from Australian laws. CSAM does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. This material is provided solely to Institutional Accounts (as defined in the FINRA rules) who are Eligible Contract Participants (as defined in the US Commodity Exchange Act). Credit Suisse Equities (Australia) Limited (ABN 35 068 232 708) ("CSEAL") is an AFSL holder in Australia (AFSL 237237).
EU: This report has been produced by subsidiaries and affiliates of Credit Suisse operating under its Securities Research function within the Investment Banking Division.

In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

This material is issued and distributed in the U.S. by CSSU, a member of NYSE, FINRA, SIPC and the NFA, and CSSU accepts responsibility for its contents. Clients should contact analysts and execute transactions through a Credit Suisse subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

CS may provide various services to US municipal entities or obligated persons ("municipalities"), including suggesting individual transactions or trades and entering into such transactions. Any services CS provides to municipalities are not viewed as "advice" within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. CS is providing any such services and related information solely on an arm's length basis and not as an advisor or fiduciary to the municipality. In connection with the provision of the any such services, there is no agreement, direct or indirect, between any municipality (including the officials, management, employees or agents thereof) and CS for CS to provide advice to the municipality. Municipalities should consult with their financial, accounting and legal advisors regarding any such services provided by CS. In addition, CS is not acting for direct or indirect compensation to solicit the municipality on behalf of an unaffiliated broker, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by the municipality for or in connection with Municipal Financial Products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of the municipality. If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content. No information or communication provided herein or otherwise is intended to be, or should be construed as, a recommendation within the meaning of the US Department of Labor's final regulation defining "investment advice" for purposes of the Employee Retirement Income Security Act of 1974, as amended and Section 4975 of the Internal Revenue Code of 1986, as amended, and the information provided herein is intended to be general information, and should not be construed as, providing investment advice (impartial or otherwise).

Malaysia: Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn Bhd, to whom they should direct any queries on +603 2723 2020.
Singapore: This report has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations) only, and is also distributed by Credit Suisse AG, Singapore Branch to overseas investors (as defined under the Financial Advisers Regulations). Credit Suisse AG, Singapore Branch may distribute reports produced by its foreign entities or affiliates pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients should contact Credit Suisse AG, Singapore Branch at +65-6212-2000 for matters arising from, or in connection with, this report. By virtue of your status as an institutional investor, accredited investor, expert investor or overseas investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain compliance requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore Branch may provide to you.

Copyright © 2023 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

When you purchase non-listed Japanese fixed income securities (Japanese government bonds, Japanese municipal bonds, Japanese government guaranteed bonds, Japanese corporate bonds) from CS as a seller, you will be requested to pay the purchase price only.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

UBS

First Read

Exelon Corp

LT Guidance Reaffirmed and Extended

Q: How did the results compare vs expectations?

A: Results were in-line with consensus expectations. EXC reported Q4 ongoing adjusted EPS of 43c vs. consensus of 43c and UBS of 44c. EXC reported 39c for Q4'21. For the full year, EXC reported ongoing adjusted EPS $2.27 vs. cons of $2.26, UBS of $2.28 and $1.83 for FY'21.

Q: What were the most noteworthy areas in the results?

A: Q4 results were driven by 7c higher earnings at ComEd due to higher ROE and investments. PHI was +3c, PECO was -3c, while Corp was -3c on higher interest expense. For the full year, Exelon's operating ROE was 9.4%, the highest since 2019.

Q: Has the company's outlook/guidance changed?

A: Yes. The company introduced 2023 guidance of $2.30-2.42/shr, in-line with consensus and UBS of $2.36. Most importantly, EXC reaffirmed its 6-8% EPS CAGR off the midpoint of its '22 guidance of $2.25 through 2026, which is now one year further out than previous guidance. Additionally, EXC is now stating it expects to be at the midpoint or better for the 6-8% for both '21-'25 and '22-'26 ranges. The company is not anticipating any incremental equity over the plan above the remaining $425mm it has already committed to issuing. For 2023, the company is below the 6-8% range, which was communicated on the Q3 call and should not be surprising. O&M for '23 is expected to increase 1.2%, with higher earnings at BGE, ComEd and PHI, offset by lower PECO earnings and higher corp drag. The four year capex outlook for '23-'26 increased to $31.3bn from $29.6bn for '22-'25 and rate base growth remains ~8%.

Q: How would we expect investors to react?

A: Positively. Affirming the 6-8% and pointing to midpoint or better for '25/'26 is above investor expectations, we believe. There was some concern among investors that the EPS CAGR might have been reduced, but the new EXC management team is projecting confidence in the plan, which we believe will be well received.

Equities

Americas
Electric Utilities

12-month rating	**Buy**
12m price target	**US$47.00**
Price (13 Feb 2023)	**US$41.19**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$50.25-35.54
Market cap.	US$40.9b
Shares o/s	994m (COM)
Free float	100%
Avg. daily volume ('000)	6,791
Avg. daily value (m)	US$282.9
Common s/h equity (12/22E)	US$20.9b
P/BV (12/22E)	1.9x
Net debt to EBITDA (12/22E)	5.0x

EPS (UBS, diluted) (US$)

	12/22E	
	UBS	**Cons.**
Q1	0.64	0.64
Q2	0.44	0.44
Q3	0.75	0.75
Q4E	0.44	0.43
12/22E	2.28	2.26
12/23E	2.36	2.36
12/24E	2.54	2.51

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Highlights (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenues	15,514	15,436	16,422	17,236	17,632	18,263	19,070	19,696
EBIT (UBS)	3,681	3,149	3,900	4,322	4,510	4,835	5,338	5,665
Net earnings (UBS)	1,866	1,738	2,036	2,243	2,340	2,523	2,849	3,057
EPS (UBS, diluted) (US$)	1.92	1.78	2.08	2.28	2.36	2.54	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	1.55	1.65	1.80	1.95
Net (debt) / cash	(29,221)	(31,684)	(34,608)	(38,160)	(40,871)	(43,678)	(46,102)	(48,145)

Profitability/valuation	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
EBIT (UBS) margin %	23.7	20.4	23.7	25.1	25.6	26.5	28.0	28.8
ROIC (EBIT) %	5.3	5.7	6.6	6.9	6.8	6.9	7.2	7.3
EV/EBITDA (UBS core) x	13.0	12.3	12.0	10.2	9.8	9.1	8.4	7.9
P/E (UBS, diluted) x	24.7	22.5	22.6	18.1	17.4	16.2	14.4	13.5
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.5)	(3.2)	(3.2)	(2.0)	(0.8)
Dividend yield (net) %	2.6	2.9	2.9	3.5	3.8	4.0	4.4	4.7

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 41.19 on 13-Feb-2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Key Metrics

	Consensus estimates	UBS estimates	Actual	% diff vs. UBS
Q4 Adjusted EPS	$0.43	$0.44	$0.43	-2.2%

Source: FactSet, Company Reports, UBS Estimtes

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Forecast returns

Forecast price appreciation	+14.1%
Forecast dividend yield	3.8%
Forecast stock return	+17.9%
Market return assumption	9.5%
Forecast excess return	+8.3%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $47 premised on a 9% premium to the group multiple or 18.5x our $2.54/share earnings forecast for 2024. Our 9% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 5% discount for a 3rd quartile regulatory ranking overall, a 4% premium for 1st quartile earnings growth and a 5% premium for energy transition.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	February 14, 2023
10. Is the catalyst date an actual or approximate date?	Actual
11. What is the catalyst?	2023 guidance initiation

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 14 February 2023 01:00 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	9%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2022.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$41.19	13 Feb 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

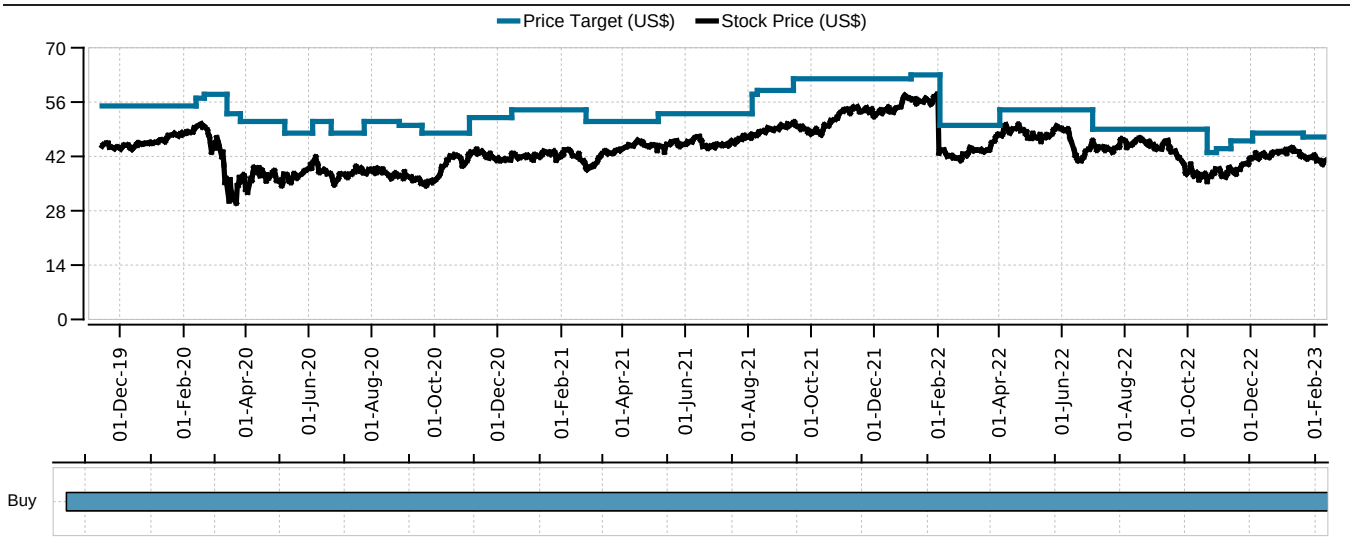

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-11-13	44.50	55.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-22	37.57	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy

Source: UBS;as of 13-Feb-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. It holds a SEBI Registered Merchant Banking license Number : INM000010809. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

KeyBanc Capital Markets

Alert

February 06, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: FE, SO, ED, EXC, DTE, DUK, AGR, NEE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Join us for an expert call to discuss the renewable PPA market, challenges posed by the UFLPA, AD/CVD investigations, and the opportunities from the IRA as it relates to solar and wind developments. 4Q earnings continue with D and DUK reporting this week. On our regulatory calendar, we are tracking proceedings in AGR's CMP rate case in ME, SO's VCM proceedings in GA, and ED's steam rate case proceedings in NY. In other news, FE announces the sale of an additional 30% stake in FET to Brookfield, ComEd enters into a new franchise agreement with the City of Chicago, MI PSC denies DTE's petition for a rehearing in the recent electric rate case decision; AEP's Indiana Michigan receives MI PSC approval in the IRP proceedings, FERC rules in favor of AGR in the dispute between AGR and NEE related to upgrades needed for the NECEC project, and DUK installs a 2 MW microgrid with black start capabilities.

Upcoming Event

An Expert Call to discuss Renewables Developments and PPA Markets — Please join us for a discussion with LevelTen Energy's Sr. Director Gia Clark on ***Monday, February 13, at 4:05 PM EST.*** We will discuss the implications of the IRA, regulatory headwinds (AD/CVD, UFLPA), interconnection reforms, power price trends, and more. Contact your sales representative or us for details and to sign up.

ICYMI

FE — As anticipated, FE announced the sale of an additional 30% stake in FET to Brookfield for $3.5B in cash.

- The deal creates a strong valuation marker, highlighting the undemanding valuation for FE ex. FET (we calculate it as 8.8x 2025 EPS). The sale clears another hurdle for FE as it restores its balance sheet and waits for a new CEO to outline its LT growth plans. As we outlined in our 2023 Outlook, FE has taken a series of steps to shake off the post-HB-6-related discount, and the sale of an additional stake in FET clears the decks for the incoming management to focus on the 2024 OH rate case proceedings and provide clarity on the LT EPS growth and capex plans. See our note here.
- Management provided additional details on a follow-up call including that the transaction brings it comfortably within the targeted FFO/Debt range of 14-15%. The vendor-take-back loan, which will make up to 50% of the proceeds, will earn a 5.75% coupon until settled, further improving the EPS outlook post-closing. Debt reduction is likely to be the first use of cash, but management remains flexible and will assess based on the rate environment at the time and the need for capex dollars.

Earnings Calendar

4Q22 earnings continue: D and **DUK** are scheduled to report this week. Our recently published 2023 Outlook includes our thesis, expectations, and estimates for our coverage.

Figure 1 - 4Q22 Earnings Calendar

4Q22 Utilities Earnings Calls			
Company Name	**Ticker**	**Date**	**Time (ET)**
Dominion Energy Inc	D	2/8/2023	10:00 AM
Duke Energy Corp	DUK	2/9/2023	10:00 AM

Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

AGR — Rebuttal testimony in CMP's ME electric rate case is due on February 7: Staff recommended a 9.0% ROE and maintained CMP's 50% equity layer request while raising concerns regarding CMP's $590M forecasted capital plan for 2023-2025 and the capital adjustment mechanism. Staff is requesting that AGR provide new metrics and quantifiable means to verify that the capex is spent on projects intended to improve service and reliability. In the intervenor testimony, the OPA did not calculate the required revenue for AGR but recommended a $25.3M reduction to AGR's request in RY1 and an 8.79% ROE and 47% equity layer. The OPA also recommended that the Commission allow AGR only a single-year rate increase. As a reminder, AGR filed testimony seeking an increase to revenue requirements of $51.2M in RY1, $27.6M in RY2, and $23.0M in RY3, based on a 10.2% ROE and 50% equity. The drivers for the increase include a higher ROE, recovery of investments, O&M associated with CMP's vegetation management program, and an increase in actual storm expenses. AGR is requesting for rates to become effective August 1, 2023. The last rate case in ME was authorized at an 8.25% ROE and 50% equity layer. The ROE included a 100 bps penalty that was recently removed.

SO — Rebuttal testimony in GP's VCM 27 is due on February 7: The Staff provided testimony related to the $18B increase in ratepayer revenue requirements over the life of Vogtle Units 3 and 4. Staff believes customer rates will increase by 11.5%, compared to SO's 8.7% estimate, over the next 18 months. GP's VCM 27 pertains to the January-June 2022 period. GP has presented a $522M capex for review only. The Commission will wait until Vogtle Units 3 and 4 are complete before determining the reasonableness and prudence of the cost overruns and their attribution to ratepayers. SO entered an agreement as part of the VCM 24 Order that it would not seek approval of costs exceeding the $7.3B previously deemed reasonable by the Commission until the prudence review is complete. In VCM 27, GP's cost forecast is relatively unchanged at ~$10B, and the Company expects in-service dates of April 2023 and 4Q23 for Units 3 and 4, respectively. The remaining capex to complete the project is ~$1.0B, including GP's share of project contingency.

ED — Company updated testimony in ED's NY steam rate case is due on February 10: ED will file testimony with any corrections and updates to its initial request. Presently, ED is requesting a ~$137M rate increase based on a 10% ROE and 50% equity layer. The ROE and equity layer are the same as those requested in the ongoing electric and gas rate cases. The rate request is driven by higher property taxes and an updated sales forecast. ED is also requesting a revenue decoupling mechanism. CECONY intends to explore an MYRP during settlement and has proposed a $54M rate increase in RY2 and a $49M increase in RY3. This is ED's first steam rate case since 2013, when it settled for a $22.4M revenue decrease over three years, premised on a 9.3% ROE and 48% equity layer. Staff and intervenor testimony is due on March 14. A PSC decision is expected in October 2023, with new rates going into effect on November 1, 2023.

Recent Developments for Companies Under Our Coverage

From our midweek: VA Senate committees pass bills related to utility rate-making with the next step being a vote by the full Senate; an AGR-supported ballot initiative against municipalization of IOUs collects sufficient valid signatures in ME; a newly appointed NM PSC member will recuse himself from PNM-related decisions as it relates to the merger with AGR; LA and AR PSCs are seeking clarification from FERC on the topic of SERI-related tax refunds; AVA filed a multi-year rate plan in ID; Allete and Grid United are planning on an HVDC transmission line between the eastern and western interconnections; WEC will buy a stake in a TX solar farm; and newly elected MD governor rescinds two nominations to the PSC with a plan to nominate his own choices.

EXC — ComEd enters into a new franchise agreement with the City of Chicago: ComEd has entered into a 15-year franchise agreement with the City of Chicago with the option of a five-year extension. The deal came with another one to support workforce development initiatives, expand clean transportation options, encourage EE, and ensure equitable access to clean energy. The franchise agreement was last renewed 30 years ago, and expired at the end of 2020. The agreement comes after an extended period during which the city debated the option to municipalize the utility but was then advised by an independent study that it was not a financially viable option. According to the terms of the new agreement, the city may terminate it by municipalizing the utility after the first five years of the renewal term. The city will also collect an annual $90M-$100M in a franchise fee. The City Council must vote on the agreement for it to be memorialized.

DTE — MI PSC denies DTE's petition for a rehearing of the recent electric case decision: In line with our expectations, the MI PSC denied DTE's petition for a rehearing given that it did not meet the threshold that would qualify a rehearing of a decision (i.e., there were no claims of error, newly discovered evidence arising after the hearing that would validate a rehearing). The Commission did, however, commend DTE for offering a proposal to voluntarily credit customers via mechanics, similar to the pandemic-related credits approved by the MPSC in 2020 and 2021. DTE issued an 8-K following the MPSC order and reiterated its 2023E EPS guidance of $6.09-$6.40 with plans to support the midpoint of the range. The Company intends to make one-time O&M efforts to address the issue posed by the restrictive rate case outcome. We expect to hear additional color from management on the upcoming earnings call on Thursday, February 23. For more background on the rate case outcome, see our write-up here.

DUK — DUK installs a 2 MW renewable microgrid: The Company installed a 2 MW solar facility and a 4.4 MW lithium-based battery storage facility in Madison County, NC that can pick up the town's (population: 500) entire load from a black start without help from the grid.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

AEP — Indiana Michigan received MPSC approval for IRP: The Commission approved the contested IRP settlement, which includes allowing I&M to procure 2.16 GW of carbon-free resources through an RFP with I&M permitted to own up to 70% of the resources and secure PPAs for the remainder. The IRP was originally filed in 2019 but then refiled to take into account the planned retirement of the 2.6 GW Rockport coal plant in IN in 2028. As part of the settlement, AEP will offset the Rockport retirement with at least 2.16 GW of renewables and 255 MW of storage. I&M's MI-jurisdictional share of Rockport Unit 2 will be fully recoverable in rates through the end of its lease in 2028. As part of the long-term plan (2029-41), I&M's preferred portfolio includes 800 MW of wind, 900 MW of solar, ~1 GW of CCGT, and 750 MW of gas peakers, assuming that both units of the 2.3 GW Donald C. Cook nuclear plant in MI continue to operate until their license expirations in 2034 and 2037.

AGR, NEE — FERC rules in AGR's favor in a dispute related to AGR's NECEC project and NEE's Seabrook nuclear plant:

- FERC issued a decision last week ordering NEE to install the circuit breakers at its Seabrook nuclear plant in NH. The upgrade is necessary for AGR's NECEC transmission project. The dispute has been ongoing since 2020 with NEE contending that Seabrook should not incur a financial loss to upgrade the circuit breaker and AGR alleging that Seabrook was attempting to delay and unreasonably increase the cost of the breaker replacement. FERC ruled that Seabrook must replace the breaker under the Seabrook generator interconnection agreement and good utility practice. No party disputes that AGR will pay for the direct cost of the breaker replacement (~$12.6M), but NEE will not be able to recoup the $5.6M in opportunity costs from AGR during the 10-day planned outage at the 1.25 GW facility. The issue arose in 2020 when ISO-NE conducted an impact study and concluded that the 1.2 GW NECEC project would overload the circuit breaker at Seabrook.
- The ruling is another positive development for the NECEC project. The project previously received a favorable ruling when the ME Supreme Court overturned a lower court ruling invalidating a public land lease for the project. The next and potentially last hurdle for the project before it can start construction is a trial in April before the ME Business and Consumer Court, which will decide if the voter referendum violates the principle of vested rights of property rights. The ME Supreme Judicial Court, in a unanimous decision, ruled that the referendum retroactively banning the NECEC project was unconstitutional and remanded the case back to the ME Business and Consumer Court.

Earnings Recap

WEC — WEC reported another above consensus/above guidance quarter and maintained the 2023 outlook and the 6.5-7% long-term EPS growth rate. We continue to view WEC as a top-tier utility with an extended runway for growth as coal retirements in WI create opportunities for renewables capex deployment and the recent WI rate case outcomes de-risk the 2023 outlook. See our note here.

CMS — CMS reported an in-line quarter and raised its 2023 EPS guidance by $0.01 at the midpoint. The guidance is in line with our forecast and consensus. As was expected, the Company rolled the five-year capex plan to 2023-2027, adding $1.2B vs. the prior plan (+$400M net of Covert). Also, management raised the anticipated equity issuance from up to $250M per year in the outer years of the capex plan to up to $350M — partly to fund the higher capex and to maintain financial flexibility. We expect management to be systematic in the equity raises via an ATM program. CMS's results and outlook show consistency in execution and the resulting stability in outcomes. See our note here.

XEL — XEL reported 4Q and 2022 EPS of $0.69 and $3.17, respectively, which was in line with our expectations. The Company was able to offset O&M headwinds with solid sales growth and derisk 2023. XEL maintained its 2023 EPS and long-term growth rate, which was rebased on 2022 EPS guidance. Furthermore, XEL maintained its five- and 10-year capital plans, which continue to offer incremental opportunities. Rate case activity will continue at an elevated level in 1H23, and we believe XEL will be able to continue its ability to achieve constructive regulatory outcomes, providing us confidence in the Company's long-term execution. See our note here.

NEP — NEP reported in-line results for 2022 and reiterated the YE22 and YE23 run rates while extending the horizon for the 12-15% DPU growth target by a year to 2026. We expect that the momentum offered by the IRA, NEP's financial strength, and the pipeline of drop-down opportunities from NEER position NEP strongly to benefit from the clean energy transition, which is still in the early stages. Organic options are also available to NEP through wind repowering of the existing portfolio and storage attachments to existing solar capacity as both of these will now have access to ITC provisions via the IRA. See our note here.

NEE — NEE reported another quarter aligned with guidance and expectations and extended the 6-8% EPS cadence by another year to 2026. Management remains biased toward delivering on the high end of the guidance range. While 2022 saw a slew of regulatory headwinds, especially for solar, the long-term benefits of the IRA should provide an extended period of growth for NEER, especially as it expands its portfolio beyond solar, wind, and storage to include green hydrogen projects and previously announced initiatives in RNG. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
ME	Central Maine Power Co.	AGR	D-2022-00152	Electric	2/7/2023	Rebuttal Testimony Due
	Short-Term Energy Outlook	EIA			2/7/2023	STEO release
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	2/7/2023	Rebuttal Testimony Due
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	2/10/2023	ED's Updated Testimony Due
	CPI Release	BLS			2/14/2023	CPI release for Prior Month
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	2/15/2023	Rebuttal Testimony Due
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	2/15/2023	Intervenor Direct Testimony Due
OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	2/16/2023	Prehearing Conference
	Federal Energy Reg Comm	FERC			2/16/2023	Open Meeting
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	2/17/2023	Hearings Commence
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	2/21/2023	Hearings on Rebuttal Testimony
OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	2/28/2023	Supplemental & Intervenor Testimony Due
SC	Duke Energy Progress	DUK	D-2022-254-E	Electric	3/1/2023	PSC Order Due
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	3/6/2023	Settlement Conference
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	3/6/2023	Evidentiary Hearings begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	3/6/2023	Evidentiary Hearings begin
MT	NorthWestern Corp.	NWE	D-2022-7-78	Elec/Nat Gas	3/6/2023	Rebuttal Testimony Due

Source: Company filings, Regulatory Filings, S&P Market Intelligence, KBCM

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Electric Utilities

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
						Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	22.4	Sector Weight	NA	$85.30	2.8%	58%	4.05	4.34	4.65	21.1x	19.7x	18.3x	4.06	4.34	4.66	21.0x	19.7x	18.3x
AEP	American Electric Power Company Ir	48.6	Sector Weight	NA	$92.11	3.4%	63%	5.03	5.30	5.68	18.3x	17.4x	16.2x	5.02	5.29	5.65	18.3x	17.4x	16.3x
CMS	CMS Energy Corp	18.5	Sector Weight	NA	$62.75	2.9%	64%	2.89	3.11	3.35	21.7x	20.2x	18.7x	2.88	3.10	3.36	21.8x	20.2x	18.7x
CNP	CenterPoint Energy Inc	18.7	Sector Weight	NA	$29.20	2.2%	47%	1.40	1.49	1.61	20.9x	19.6x	18.1x	1.38	1.49	1.61	21.1x	19.6x	18.1x
D	Dominion Energy Inc	51.7	Sector Weight	NA	$60.25	4.5%	65%	4.06	4.29	4.37	14.8x	14.0x	13.8x	4.11	4.10	4.06	14.7x	14.7x	14.8x
DTE	DTE Energy Co	22.2	Sector Weight	NA	$112.76	3.2%	59%	5.94	6.25	6.69	19.0x	18.0x	16.9x	6.01	6.26	6.71	18.8x	18.0x	16.8x
DUK	Duke Energy Corp	78.6	Overweight	$112	$100.58	4.0%	75%	5.27	5.68	6.06	19.1x	17.7x	16.6x	5.29	5.65	6.01	19.0x	17.8x	16.7x
ETR	Entergy Corp	22.5	Sector Weight	NA	$108.08	3.8%	64%	6.43	6.70	7.24	16.8x	16.1x	14.9x	6.39	6.73	7.19	16.9x	16.1x	15.0x
ES	Eversource Energy	29.0	Sector Weight	NA	$80.35	3.2%	62%	4.07	4.38	4.67	19.7x	18.3x	17.2x	4.10	4.37	4.70	19.6x	18.4x	17.1x
ED	Consolidated Edison Inc	33.8	Underweight	$70	$92.93	3.4%	70%	4.57	4.75	4.68	20.3x	19.6x	19.9x	4.53	4.80	5.10	20.5x	19.4x	18.2x
EIX	Edison International	26.3	Sector Weight	NA	$66.87	4.2%	61%	4.54	4.82	5.15	14.7x	13.9x	13.0x	4.58	4.78	5.14	14.6x	14.0x	13.0x
EXC	Exelon Corp	41.6	Sector Weight	NA	$40.90	3.4%	61%	2.28	2.36	2.50	17.9x	17.3x	16.4x	2.26	2.36	2.51	18.1x	17.3x	16.3x
FE	FirstEnergy Corp	23.4	Overweight	$45	$39.52	3.9%	64%	2.46	2.37	2.65	16.1x	16.7x	14.9x	2.44	2.47	2.67	16.2x	16.0x	14.8x
PEG	Public Service Enterprise Group Inc	31.0	Sector Weight	NA	$60.85	3.6%	63%	3.45	3.45	3.59	17.6x	17.6x	16.9x	3.46	3.45	3.75	17.6x	17.6x	16.2x
SO	Southern Co	74.7	Sector Weight	NA	$67.27	4.0%	75%	3.58	3.64	3.97	18.8x	18.5x	16.9x	3.59	3.64	4.03	18.8x	18.5x	16.7x
WEC	WEC Energy Group Inc	29.9	Overweight	$103	$93.56	3.1%	66%	4.40	4.61	4.91	21.3x	20.3x	19.1x	4.39	4.61	4.91	21.3x	20.3x	19.0x
XEL	Xcel Energy Inc	38.1	Overweight	$75	$67.98	2.9%	62%	3.17	3.34	3.55	21.4x	20.4x	19.1x	3.16	3.37	3.60	21.5x	20.2x	18.9x
					Average:	**3.4%**	**64%**				**18.8x**	**18.0x**	**16.9x**				**18.8x**	**17.9x**	**16.8x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AVA	Avista Corp	3.1	Underweight	$32	$41.44	4.2%	94%	1.88	2.34	2.44	22.0x	17.7x	17.0x	1.88	2.32	2.45	22.1x	17.9x	16.9x
NWE	NorthWestern Corp	3.4	Overweight	$62	$57.63	4.4%	77%	3.23	3.48	3.64	17.8x	16.6x	15.8x	3.28	3.49	3.62	17.6x	16.5x	15.9x
OTTR	Otter Tail Corp	2.8	Sector Weight	NA	$66.11	2.5%	25%	6.60	3.85	3.45	10.0x	17.2x	19.2x	6.62	3.90	3.40	10.0x	17.0x	19.4x
PNW	Pinnacle West Capital Corp	8.8	Underweight	$55	$75.88	4.5%	80%	4.29	4.15	4.61	17.7x	18.3x	16.5x	4.27	4.14	4.63	17.8x	18.3x	16.4x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$48.39	3.7%	65%	2.76	2.65	2.90	17.5x	18.3x	16.7x	2.76	2.73	3.03	17.5x	17.7x	16.0x
					Average:	**3.9%**	**68%**				**17.0x**	**17.6x**	**17.0x**				**17.0x**	**17.5x**	**16.9x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
AGR	Avangrid Inc	16.4	Underweight	$36	$41.65	4.2%	76%	2.33	2.29	2.43	17.9x	18.2x	17.1x	2.31	2.28	2.42	18.0x	18.2x	17.2x
NEE	Nextera Energy Inc	150.2	Overweight	$93	$74.67	2.3%	59%	2.90	3.12	3.41	25.7x	23.9x	21.9x	2.88	3.11	3.38	25.9x	24.0x	22.1x
SRE	Sempra Energy	50.6	Sector Weight	NA	$155.90	2.9%	51%	8.85	8.99	9.56	17.6x	17.3x	16.3x	8.87	9.00	9.63	17.6x	17.3x	16.2x
					Average:	**3.1%**	**62%**				**20.4x**	**19.8x**	**18.4x**				**20.5x**	**19.9x**	**18.5x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('22E) Yield	Payout	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E	Earnings Per Share '22E	'23E	'24E	Price / Earnings '22E	'23E	'24E
CEG	Constellation Energy Corp	27.9	Overweight	$99	$83.20	0.7%	34%	(0.10)	3.98	4.60	NA	20.9x	18.1x	1.62	4.40	5.31	51.3x	18.9x	15.7x
NRG	NRG Energy Inc	8.1	Not Covered	NA	$34.43	4.1%	26%	NA	NA	NA	NA	NA	NA	5.46	5.58	5.94	6.3x	6.2x	5.8x
VST	Vistra Corp	9.3	Not Covered	NA	$22.88	3.2%	108%	NA	NA	NA	NA	NA	NA	0.69	2.80	2.85	33.4x	8.2x	8.0x
					Average:	**2.7%**	**56%**				**NA**	**20.9x**	**18.1x**				**30.3x**	**11.1x**	**9.8x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 4 - Stock Price Performance

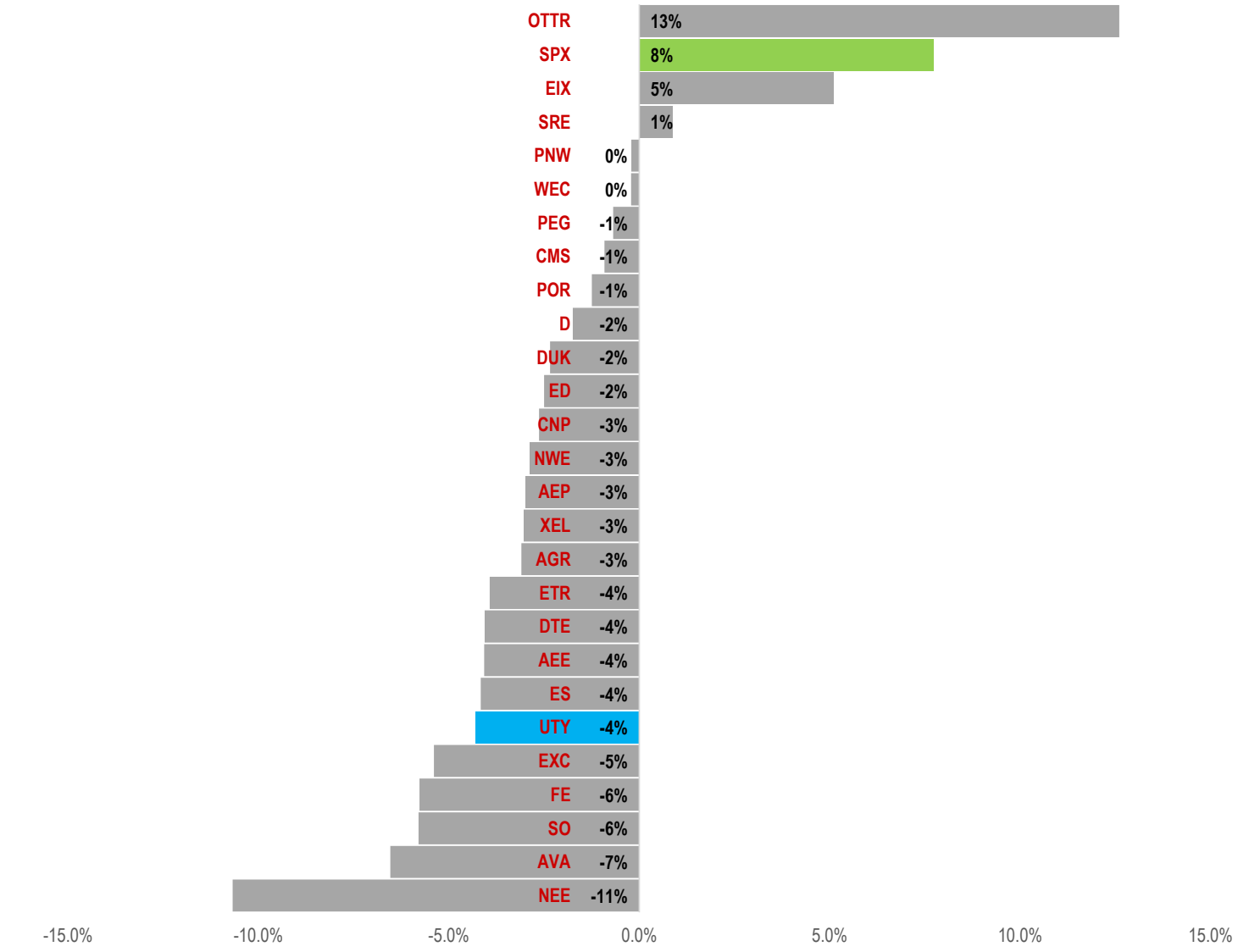

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

SO: Constructive GA Rate Case Settlement Reduces NT Regulatory Overhangs

ENPH: Notes from the Headquarters Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	274	47.08	44	16.06
Sector Weight [SW]	295	50.69	47	15.93
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	44.44	8	33.33
Sector Weight [SW]	26	48.15	11	42.31
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CMS	63.72	Neutral
D	62.00	Buy
DTE	114.71	Buy
EXC	41.89	Neutral
FE	41.00	Buy
NJR	52.24	Neutral
WEC	94.92	Neutral

Power & Utilities

February 3, 2023

The Guggenheim Daily Transmission: FE, D, WEC, CMS, NJR, DTE, EXC, PJM, VA/RGGI

2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All? (see our note HERE)

For details on our VA Policy call, AZ Commissioners Call, and other events, scroll down…

For details on our Guggenheim-hosted client Utility events including our WEC NDR, DUK NDR, NEE NDR, AEE NDR, EXC NDR, ETR NDR, PCG NDR, ES NDR, PNW NDR, and other events, scroll down…

FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea (note HERE)

D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask (note HERE)

WEC: 2022 Puts Another EPS Beat in the Books Despite the Challenging Macro Backdrop (note HERE)

NJR: Beat and Raise While Remaining Conservative (note HERE)

CMS – Strong EPS Print Against A Challenged Backdrop; No Surprises On Reiterated 8% LT Growth (note HERE)

DTE – MPSC rejects DTE rehearing request in DTE Electric 2022 rate case

EXC – Chicago City Council punts on franchise agreement vote

PJM – RTO exploring extension of PAI billing timeline

VA/RGGI – Comment period opens on RGGI membership

DTE – MPSC rejects DTE rehearing request in DTE Electric 2022 rate case

- MPSC has denied a rehearing request for the DTE Electric rate case, not finding the company's arguments compelling enough for a rehearing.
- DTE issued an 8K, reiterating 2023 guidance, noting that plans currently support the midpoint of guidance.
- DTE previously appealed the MPSC electric rate case order, which saw a significant revenue reduction based on lower sales forecast implementation.
- MPSC previously approved an order setting a $30.5M revenue deficiency for DTE electric.
- The order agrees with the PFD recommendations for net equity ratio (39.6%) and a 9.9% return of equity.
- The order also largely agrees with the PFD on rate base fundamentals approving $20.4B.
- Docket: U-20836

Guggenheim takeaway: *The DTE 8K supports our view that while the rate case order was a headwind for DTE, mgmt. is ultimately able to adjust plans and implement a level of flex to support the prior guidance (while investor expectations have ranged to the bottom end of guidance). The rehearing was a long shot, in our view, as the MPSC has a solid track record of fully litigated cases. Overall, we find that majority of issues are approached in a balanced manner, including cost of capital where the commission follows precedent from previous rate case final orders, noting the rate of return "should not be so high as to*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

place an unnecessary burden on ratepayers, yet should be high enough to ensure investor confidence in the financial soundness of the enterprise."

EXC ─ Chicago City Council punts on franchise agreement vote

- The next opportunity to approve the proposal could come next month.
- More HERE.

Guggenheim takeaway: *True to form, the franchise issue remains noisy despite a sensible proposal – we continue to monitor.*

PJM ─ RTO exploring extension of PAI billing timeline

- A proposal would extend the billing period to 9 months as the RTO raises concerns over participants' ability to pay charges.
- More HERE.

Guggenheim takeaway: *That the RTO would propose the extension points to the severity of the charges, in our view ($1-2bn), with some single-asset entities (peakers) potentially strained by nonperformance, in our view.*

VA/RGGI ─ Comment period opens on RGGI membership

- A 60-day window has opened for public comment on the state's potential involvement in RGGI.
- More HERE.
- More HERE.

Guggenheim takeaway: *A part of the process for Governor Youngkin's ongoing efforts to withdraw via the regulatory route.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Call

Policy Speaker Series: Taking the Pulse of the '23 Virginia Legislative Session as We Come to a Close

Please join us for a discussion on the backdrop for energy legislation in the Virginia General Assembly as the 2023 session enters a key stretch with direct lateral reads into BUY rated Dominion. Several pieces of utility legislation have passed out of committee, setting up further readings and potential amendments in the days and weeks ahead, with our VA policy contact able to shed light on the process as we reach the finish line.

Topics

- Thoughts on individual bills (e.g., SB1265, SB1477)
- Republican viewpoints and considerations in the House
- Procedural nuances and guidance on key gating events
- Key differences between the individual chambers (House/Senate)
- *And other items related to this topic to be discussed*

Date and Time

Tuesday, February 7, 2023
11:00AM – 11:40AM ET

Speaker Bio

Jimmy Keady is a Partner in point1 and the founder and President of JLK Strategies, a general consulting and political advocacy firm. Keady has worked for federal agencies, state house campaign caucuses, as a Chief of Staff on Capitol Hill, and as Senior Advisor for Members of Congress. He has consulted and managed competitive Republican campaigns in more than 50 races at the state and federal level. In Virginia specifically, he has served on former Speaker of the House Bill Howell's campaigns, in addition to the transition to Speaker Kirk Cox in 2018, and numerous House campaigns across the state.

Dial-in

Please contact your Guggenheim Sales Representative for the Conference Call Dial-In and Password

Participating Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Jimmy Keady is the Founder and President of JLK Strategies and Partner at Point1. Keady has worked on and advised campaigns at every level for more than a decade. Keady previously served as Chief of Staff for a US Congressman from Virginia and as Senior Advisor for a second US Congressman from Virginia. Keady is a national consultant with a specialization in Virginia politics, and has managed and consulted on more than 50 competitive races in Virginia, including a Republican Virginia US Senate Nominee. Keady also previously served as Political Director for Virginia's Speaker of the House and as Deputy Executive Director for the Virginia's House Campaign Committee. In 2015 and 2017, Keady worked for Virginia's Speaker of the House of Delegates.

Heading into the 2023 election cycle, Keady represents multiple candidates and incumbent members of the Virginia House of Delegates and Virginia Senate. In addition to Keady's large roster of Virginia legislature clients, his client list includes national political candidates at all levels, large Virginia corporations in the energy and healthcare sectors, Virginia trade organizations, and Virginia non-profit organizations.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP Corporate Communications & Investor Relations*

Dates & Locations

February 14 – 16, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meetings

Company Information

Market Cap: $29.8bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Regulatory Speaker Series: Arizona's Path Forward with ACC Commissioners Kevin Thompson and Nick Myers

Please join us for a deep discussion and viewpoints on the outlook for Arizona utility regulation with ACC Commissioners Kevin Thompson and Nick Myers. Both bring extensive utility experience to their new roles on the ACC. The discussion will focus primarily on pathways forward for Arizona ratemaking, views on new capacity additions, as well as potential reforms including forward-looking test years and legislation clarifying the ACC's policy-making authority, in addition to other Arizona utility-focused topics of interest.

Topics

- Goals for improving ratemaking in AZ
- ACC vs AZ legislature's policy-making authority
- *And other items related to this topic to be discussed*

Date and Time

Monday, February 27, 2023
4:00PM – 5:00PM ET

Speakers

Commissioner Nick Myers, *Arizona Corporation Commission*
Commissioner Kevin Thompson, *Arizona Corporation Commission*

Dial-In

Please contact your Guggenheim Sales Representative for the Virtual Meeting Details

Participating Guggenheim Analyst

Shar Pourreza CFA, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, Chair, *President & Chief Executive Officer*
Abby Motsinger, *VP, Investor Relations*

Dates & Location
March 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meetings & Small Group Dinner

Company Information
Market Cap: $79.2bn
Duke Energy Corp. engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities & Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Commercial Renewables segment acquires, develops, builds, operates, and owns wind and solar renewable generation throughout the continental United States. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

Kirk Crews, *Chief Financial Officer*

Dates & Location
March 14 – 16, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $151.6bn
NextEra Energy, Inc. (NEE) is an electric power and energy infrastructure company. It operates through the following segments: FPL and NEER. The FPL segment engages primarily in the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. It provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas production and pipeline infrastructure development, and owns a retail electricity provider. The company was founded in 1984 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Ameren Corporation (AEE)

Martin Lyons, *President & Chief Executive Officer*
Michael Moehn, *Executive VP, Chief Financial Officer*
Andrew Kirk, *Director, Investor Relations*

Date
Wednesday, March 22, 2023

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $22.3bn
Ameren Corp. is a public utility holding company that engages in the provision of electric and natural gas services. It operates through the following segments: Ameren Missouri, Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, Ameren Transmission, and Other. The Ameren Transmission segment consists of the aggregated electric transmission businesses of Ameren Illinois and Ameren Transmission Company of Illinois (ATXI). The company was founded in 1902 and is headquartered in St. Louis, MO. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	1/10 & 1/11	Boston & New York
Commissioner Roundtable Event	1/20	In Person at Guggenheim
2023 Utilities Conference Call	1/23	Dial-In
VA Policy Call	2/7	Dial-In
WEC	2/14–2/16	West Coast
Arizona Commissioners Call	2/27	Dial-In
DUK	3/7-3/8	NYC
NEE	3/14-3/16	West Coast
AEE	3/22	Virtual
EXC	5/15–5/16	NYC
ETR	5/31–6/2	LA, SF, Denver
PCG	6/12	NYC
ES	6/21–6/22	NYC
PNW	8/9–8/10	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Comp Sheet

2/2/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																		
ALE	$63.33	3,620	3.75	3.93	4.17	4.56	4.87	3.74	3.91	4.13	4.46	4.91	–	–	0.04	0.10	(0.04)	16.9x	16.2x	15.3x	14.2x	12.9x	-12%	-11%	-12%	-12%	6.2%	4.3%	69%	Sell	$54	-10%	Neutral	$65	7%
AVA	$41.98	3,097	1.89	2.28	2.49	2.61	2.67	1.89	2.24	2.43	2.54	2.68	–	0.04	0.06	0.07	–	22.2x	18.7x	17.3x	16.5x	15.7x	1%	0%	2%	2%	7.6%	4.4%	82%	Sell	$35	-12%	Sell	$40	-1%
NWE	$58.82	3,399	3.28	3.42	3.55	3.75	3.91	3.26	3.48	3.62	3.82	3.95	–	(0.06)	(0.07)	(0.07)	(0.04)	18.0x	16.9x	16.2x	15.4x	14.9x	-9%	-6%	-5%	-5%	4.5%	4.4%	75%	Sell	$46	-17%	Buy	$58	3%
POR	$49.08	4,952	2.74	2.62	3.00	3.15	3.31	2.76	2.72	3.02	3.18	3.31	–	(0.10)	–	(0.03)	–	17.8x	18.0x	16.3x	15.4x	14.8x	-3%	-6%	-4%	-4%	5.0%	3.9%	69%	Buy	$54	14%	Buy	$52	11%
		15,067																18.7x	17.5x	16.3x	15.4x	14.6x	-6%	-6%	-5%	-5%	5.8%	4.2%	74%						
Mid/Large Cap Electric																																		
AEE	$86.73	22,408	4.08	4.32	4.67	5.05	5.40	4.08	4.36	4.68	5.01	5.37	–	(0.04)	–	0.04	0.03	21.3x	19.9x	18.5x	17.3x	16.2x	8%	7%	7%	7%	6.8%	2.9%	58%	Neutral	$89	6%	Buy	$94	11%
AEP	$94.55	48,586	5.00	5.30	5.64	6.00	6.39	5.01	5.28	5.63	5.97	6.35	–	–	–	0.03	0.04	18.9x	17.9x	16.8x	15.8x	14.9x	-3%	-3%	-2%	-2%	6.4%	3.5%	63%	Buy	$105	15%	Buy	$104	14%
CMS	$63.72	18,495	2.89	3.12	3.41	3.65	3.91	2.88	3.10	3.36	3.62	3.88	–	–	0.06	0.03	0.03	22.1x	20.5x	19.0x	17.6x	16.4x	11%	10%	9%	9%	8.1%	3.1%	63%	Neutral	$68	10%	Buy	$69	11%
CNP	$29.78	18,744	1.38	1.51	1.62	1.74	1.89	1.38	1.49	1.61	1.73	1.86	–	–	–	–	0.03	21.5x	20.0x	18.5x	17.2x	16.0x	8%	7%	7%	7%	8.2%	2.5%	49%	Neutral	$32	10%	Buy	$32	10%
D	$62.00	51,663	4.12	4.30	4.05	4.29	4.55	4.11	4.10	4.06	4.34	4.81	–	0.20	–	(0.04)	(0.26)	15.1x	15.1x	15.3x	14.3x	12.9x	-18%	-12%	-11%	-11%	3.3%	4.5%	68%	Buy	$69	16%	Neutral	$67	12%
DTE	$114.71	22,224	6.04	6.26	6.73	7.19	7.75	6.01	6.25	6.70	7.20	7.69	–	–	–	–	0.06	19.1x	18.4x	17.1x	15.9x	14.9x	-1%	-1%	-1%	-1%	6.6%	3.3%	61%	Buy	$131	18%	Buy	$130	16%
DUK	$102.04	78,571	5.25	5.65	6.05	6.35	6.75	5.29	5.65	6.01	6.36	6.72	(0.04)	–	0.04	–	0.03	19.3x	18.1x	17.0x	16.1x	15.2x	-2%	-1%	-0%	-0%	6.4%	4.0%	72%	Buy	$114	16%	Buy	$108	10%
ED	$95.16	33,769	4.51	5.00	5.30	5.49	5.71	4.55	4.84	5.15	5.43	5.58	(0.04)	0.16	0.15	0.06	0.14	20.9x	19.7x	18.5x	17.5x	17.1x	6%	7%	9%	9%	5.8%	3.4%	67%	Neutral	$97	5%	Sell	$89	-3%
EIX	$68.74	26,250	4.56	4.70	4.94	5.37	5.70	4.40	4.77	5.12	5.53	5.79	0.16	(0.07)	(0.18)	(0.16)	(0.09)	15.6x	14.4x	13.4x	12.4x	11.9x	-22%	-22%	-23%	-23%	6.0%	4.3%	61%	Buy	$75	13%	Buy	$70	7%
ES	$83.40	29,049	4.10	4.37	4.75	5.04	5.37	4.10	4.37	4.70	5.04	5.36	–	–	0.05	–	–	20.4x	19.1x	17.8x	16.5x	15.6x	3%	3%	3%	3%	6.8%	3.3%	62%	Buy	$91	12%	Buy	$90	11%
ETR	$110.55	22,495	6.43	6.66	7.16	7.76	8.31	6.39	6.72	7.19	7.73	8.25	0.04	(0.06)	(0.03)	–	0.06	17.3x	16.4x	15.4x	14.3x	13.4x	-11%	-11%	-11%	-11%	6.9%	3.9%	64%	Buy	$128	20%	Buy	$122	14%
EVRG	$63.24	14,512	3.58	3.70	3.97	4.24	4.47	3.62	3.64	3.95	4.21	4.43	(0.04)	0.06	–	0.03	0.04	17.5x	17.4x	16.0x	15.0x	14.3x	-6%	-7%	-7%	-7%	5.8%	3.9%	67%	Buy	$72	18%	Neutral	$64	6%
EXC	$41.89	41,628	2.27	2.36	2.50	2.74	2.93	2.26	2.37	2.52	2.73	2.90	–	–	–	–	–	18.5x	17.7x	16.6x	15.3x	14.4x	-4%	-4%	-5%	-5%	6.4%	3.5%	62%	Neutral	$45	11%	Buy	$46	13%
FE	$41.00	23,442	2.44	2.49	2.69	2.89	3.07	2.44	2.47	2.67	2.87	3.07	–	–	–	–	–	16.8x	16.6x	15.4x	14.3x	13.4x	-10%	-11%	-11%	-11%	6.0%	3.9%	64%	Buy	$46	16%	Buy	$45	13%
LNT	$54.76	13,746	2.80	2.90	3.08	3.27	3.50	2.80	2.89	3.09	3.29	3.49	–	–	–	–	–	19.6x	19.0x	17.7x	16.7x	15.7x	3%	3%	3%	3%	5.6%	3.3%	63%	Sell	$46	-13%	Neutral	$59	11%
OGE	$39.83	7,974	2.11	2.04	2.21	2.30	2.42	2.21	2.04	2.16	2.28	2.39	(0.10)	–	0.05	–	0.03	18.0x	19.6x	18.4x	17.4x	16.7x	6%	7%	8%	8%	3.9%	4.2%	83%	Neutral	$40	5%	Buy	$40	4%
PCG	$15.63	31,068	1.10	1.22	1.37	1.47	1.61	1.10	1.22	1.35	1.45	1.59	–	–	–	–	–	14.2x	12.8x	11.6x	10.8x	9.8x	-31%	-33%	-33%	-33%	9.7%	0.8%	10%	Buy	$22	42%	Buy	$18	17%
PEG	$62.13	31,000	3.47	3.45	3.76	4.27	4.65	3.46	3.46	3.74	4.12	4.41	–	–	–	0.15	0.24	18.0x	18.0x	16.6x	15.1x	14.1x	-3%	-4%	-7%	-7%	7.3%	3.7%	66%	Buy	$71	18%	Buy	$67	12%
PNW	$77.74	8,796	4.28	4.00	4.60	4.80	5.05	4.30	4.13	4.64	4.81	5.03	–	(0.13)	(0.04)	–	–	18.1x	18.8x	16.8x	16.2x	15.5x	2%	-3%	0%	0%	4.6%	4.5%	84%	Neutral	$77	4%	Neutral	$75	1%
PPL	$29.39	21,640	1.41	1.58	1.71	1.82	1.96	1.41	1.59	1.70	1.83	1.95	–	–	–	–	–	20.8x	18.5x	17.2x	16.1x	15.1x	0%	0%	-0%	-0%	8.1%	3.3%	61%	Buy	$34	19%	Buy	$32	14%
SO	$68.62	74,705	3.60	3.60	4.05	4.30	4.55	3.58	3.64	4.04	4.32	4.47	–	(0.04)	–	–	0.08	19.2x	18.8x	17.0x	15.9x	15.3x	2%	-1%	-1%	-1%	5.9%	4.1%	76%	Buy	$73	10%	Neutral	$72	9%
WEC	$94.92	29,941	4.45	4.60	4.91	5.24	5.61	4.40	4.61	4.91	5.25	5.61	0.05	–	–	–	–	21.6x	20.6x	19.3x	18.1x	16.9x	11%	12%	12%	12%	6.1%	3.3%	67%	Neutral	$99	8%	Buy	$102	11%
Mid/Lg Cap (excl. EIX, PCG)																		**19.2x**	**18.5x**	**17.2x**	**16.1x**	**16.1x**					**6.2%**	**3.6%**	**66%**						
SMID + Lg Cap		**685,773**																**19.1x**	**18.3x**	**17.1x**	**16.0x**	**15.1x**					**6.2%**	**3.7%**	**67%**						

		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$43.42	4,753	2.23	2.47	2.60	2.74	2.86	2.18	2.32	2.47	2.59	2.74	0.05	0.15	0.14	0.15	0.12	20.0x	18.7x	17.6x	16.7x	15.9x	1%	2%	4%	4%	6%	3.4%	63%	Neutral	$43	2%	Sell	$41	-3%
NEE	$75.60	150,230	2.90	3.13	3.43	3.69	3.99	2.88	3.11	3.39	3.67	3.97	–	–	0.04	–	–	26.2x	24.3x	22.3x	20.6x	19.1x	32%	29%	28%	28%	8%	2.5%	60%	Buy	$96	29%	Buy	$94	27%
SRE	$161.13	50,649	8.84	9.00	9.50	10.13	10.80	8.86	9.01	9.63	10.19	10.75	–	–	(0.13)	(0.06)	0.05	18.2x	17.9x	16.7x	15.8x	15.0x	-3%	-3%	-2%	-2%	6%	3.1%	55%	Buy	$180	15%	Buy	$172	10%
		205,631																21.5x	20.3x	18.9x	17.7x	16.6x	10%	10%	10%	10%	6.6%	3.0%	59%						
Gas LDCs																																		
NI	$27.77	11,278	1.45	1.54	1.68	1.82	1.95	1.45	1.55	1.68	1.84	2.00	–	–	–	–	(0.05)	19.1x	18.0x	16.5x	15.1x	13.9x	-2%	-3%	-6%	-6%	7%	3.6%	65%	Buy	$31	15%	Buy	$31	14%
CPK	$126.17	2,238	4.97	5.38	5.73	6.10	6.46	4.95	5.39	5.75	6.14	6.50	–	–	–	(0.04)	(0.04)	25.5x	23.4x	22.0x	20.6x	19.4x	28%	28%	28%	28%	6%	1.8%	42%	Neutral	$112	-9%	Buy	$131	6%
NJR	$52.24	5,061	2.50	2.67	2.65	2.85	3.05	2.45	2.52	2.71	2.94	3.15	0.05	0.15	(0.06)	(0.09)	(0.10)	21.3x	20.8x	19.3x	17.8x	16.6x	13%	13%	11%	11%	6%	3.1%	62%	Neutral	$46	-9%	Neutral	$50	-1%
NWN	$52.27	1,835	2.56	2.73	2.83	2.98	3.09	2.55	2.72	2.81	2.99	3.09	–	–	–	–	–	20.5x	19.2x	18.6x	17.5x	16.9x	5%	9%	9%	9%	5%	3.7%	72%	Neutral	$45	-10%	Buy	$55	9%
OGS	$83.90	4,542	4.08	4.14	4.24	4.53	4.98	4.07	4.12	4.30	4.58	4.97	–	–	(0.06)	(0.05)	–	20.6x	20.4x	19.5x	18.3x	16.9x	11%	14%	15%	15%	5%	3.1%	63%	Neutral	$77	-5%	Neutral	$79	-3%
SR	$74.50	3,915	3.86	4.25	4.31	4.57	4.73	3.89	4.17	4.30	4.57	4.81	–	0.08	–	–	(0.08)	19.2x	17.8x	17.3x	16.3x	15.5x	-3%	1%	2%	2%	5%	3.9%	69%	Neutral	$69	-3%	Neutral	$72	0%
		28,870																21.0x	19.9x	18.9x	17.6x	16.5x	9%	10%	10%	10%	5.8%	3.2%	62%						
Regulated Water																																		
AWK	$160.60	29,202	4.44	4.76	5.14	5.59	5.98	4.47	4.79	5.16	5.61	6.03	–	–	–	–	(0.05)	36.0x	33.5x	31.1x	28.6x	26.6x	81%	81%	77%	77%	8%	1.8%	59%	Neutral	$152	-4%	Neutral	$159	1%

		Market	Guggenheim EBITDA Ests					Consensus					Δ vs Consensus (>$20m)					Implied EV/EBITDA Multiple					Enterprise Value				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$85.33	27,874	2,609	3,033	3,254	3,333	3,455	2,544	3,124	3,384	3,586	3,538	65	(91)	(130)	(253)	(83)	12.8x	10.0x	8.8x	7.9x	–	31,264	29,834	28,377	26,870	8.5%	0.8%	15%	Buy	$110	30%	Buy	$100	18%
NRG	$34.95	7,458	2,000	3,084	3,136	3,140	n/a	1,836	2,849	2,828	2,923	2,705	164	235	309	217	–	7.1x	5.9x	5.5x	4.8x	–	16,948	15,680	14,156	–	16.2%	4.4%	26%	Neutral	$34	2%	Neutral	$37	10%
VST	$23.28	9,264	3,096	3,725	3,784	3,716	3,465	3,086	3,668	3,623	3,630	3,587	–	57	161	86	(121)	6.8x	5.9x	5.8x	5.6x	–	21,546	21,020	20,159	19,491	6.3%	3.5%	30%	Buy	$31	37%	Buy	$30	34%
Other																																		
ALTO	$3.55	267	13	24	40	46	42	17	39	40	46	42	–	–	–	–	–										54.8%	–	–	Buy	$9	154%	Buy	$8	135%
NEP	$74.22	6,423	1,796	1,837	1,977	2,143	2,325	1,728	1,829	2,060	2,058	2,265	68	–	(83)	85	60										6.1%	4.7%	–	Buy	$95	33%	Buy	$88	23%
SMR	$10.79	560	(188)	(100)	(57)	8	96	(133)	(74)	(49)	9	85	(55)	(26)	–	–	–														–	–	Buy	$18	67%	Buy	$16	44%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

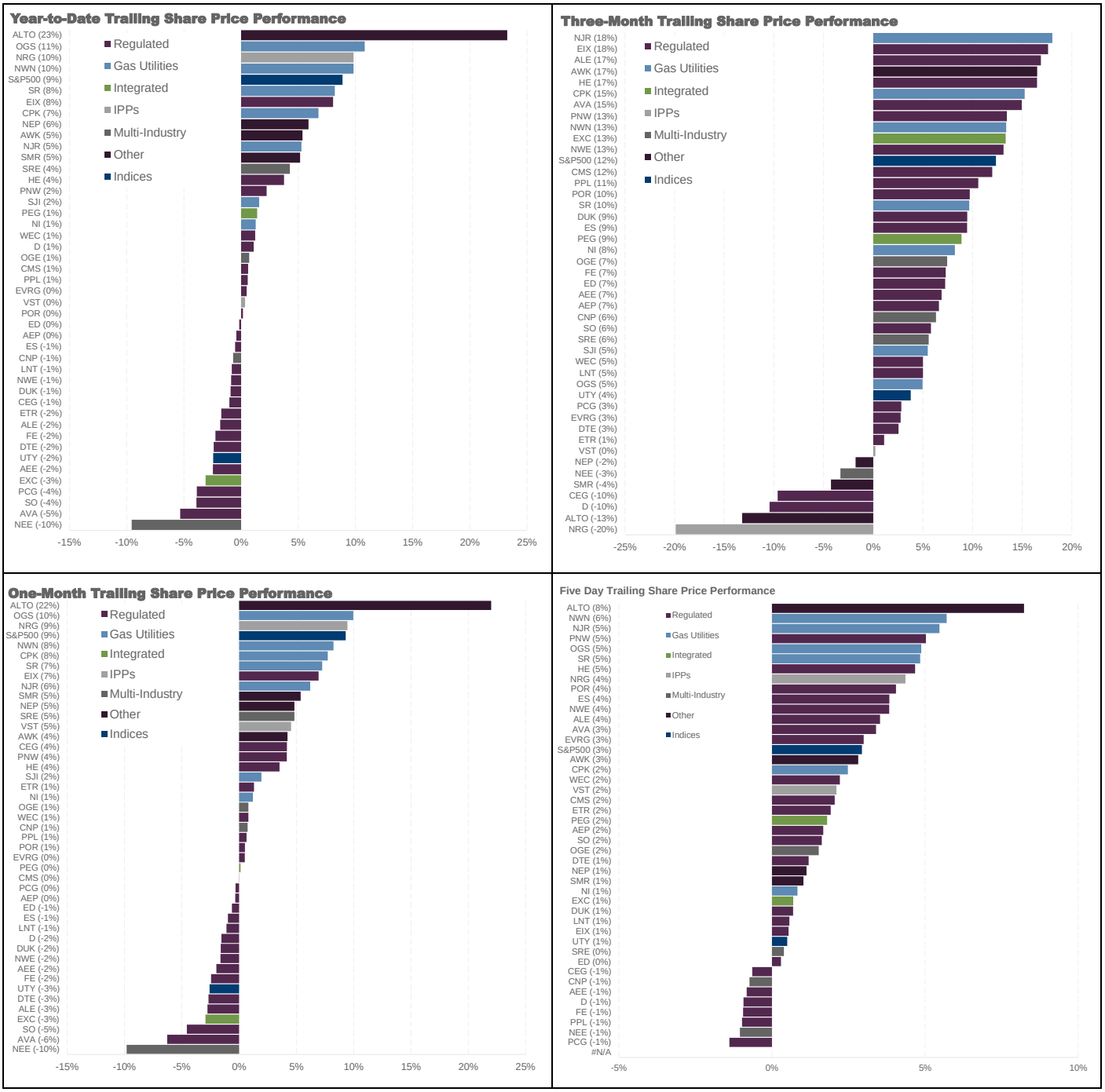

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix

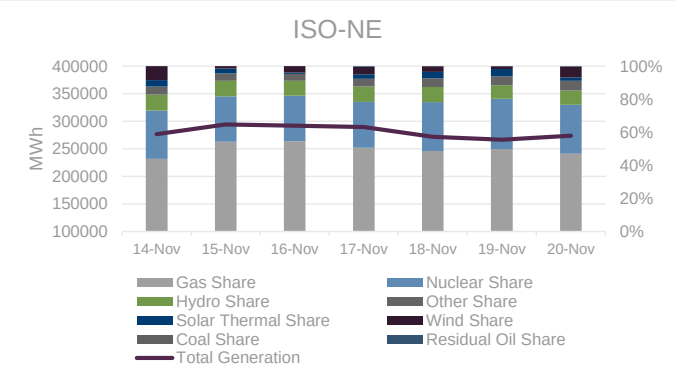

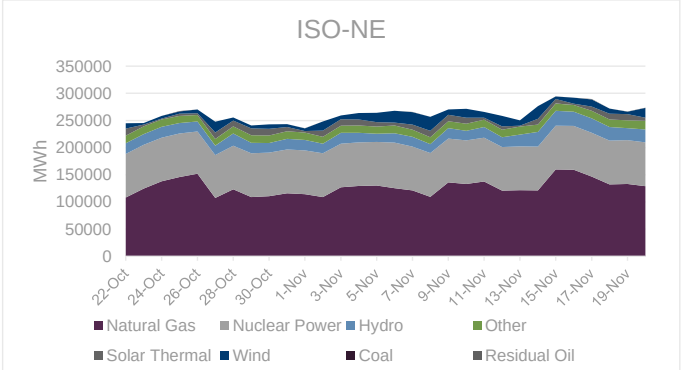

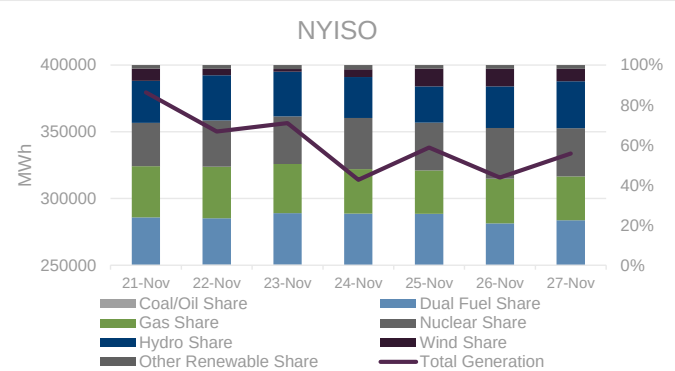

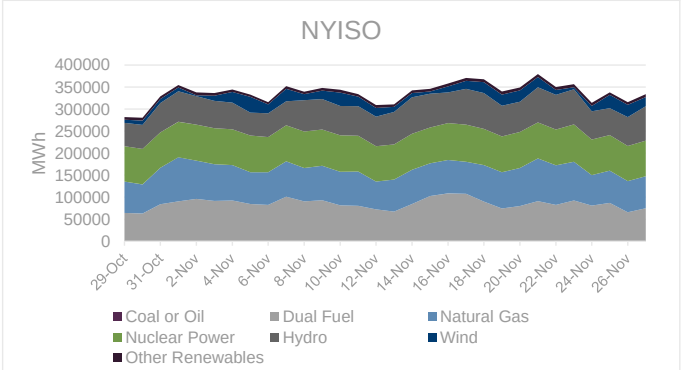

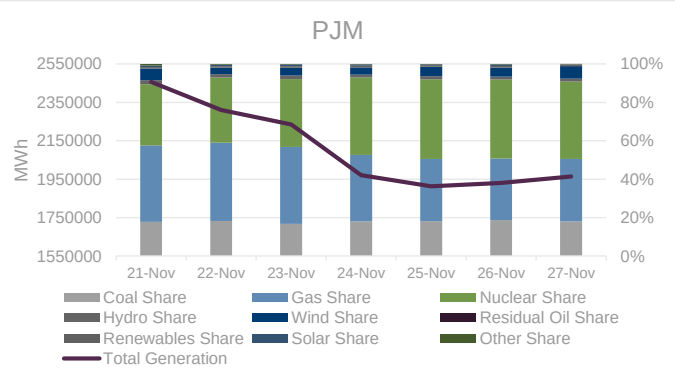

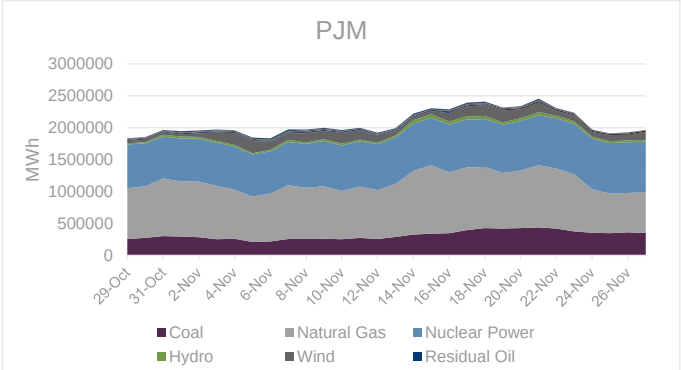

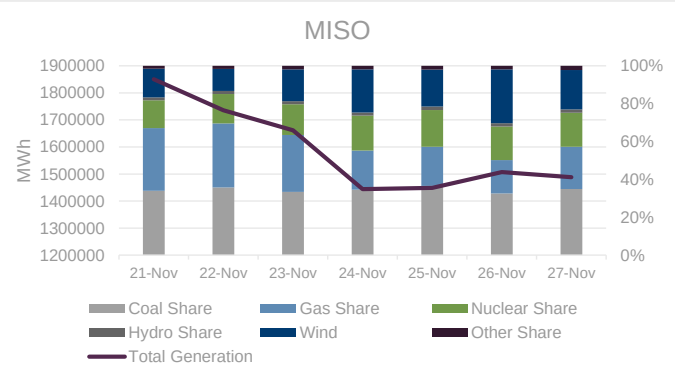

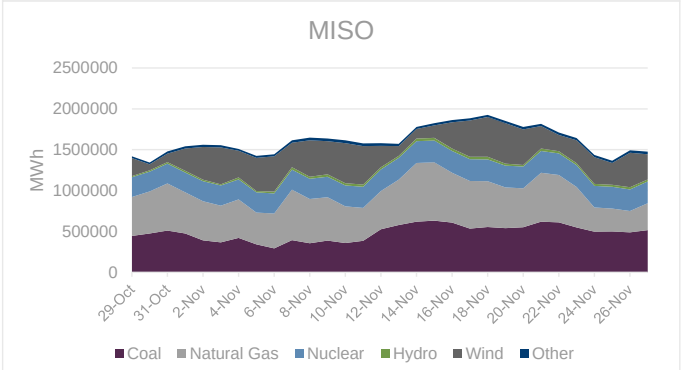

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix (continued)

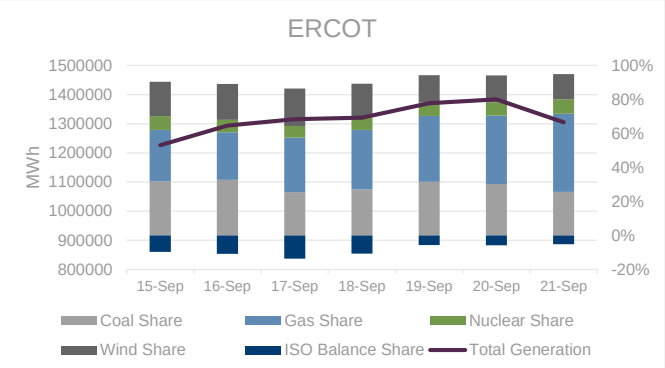

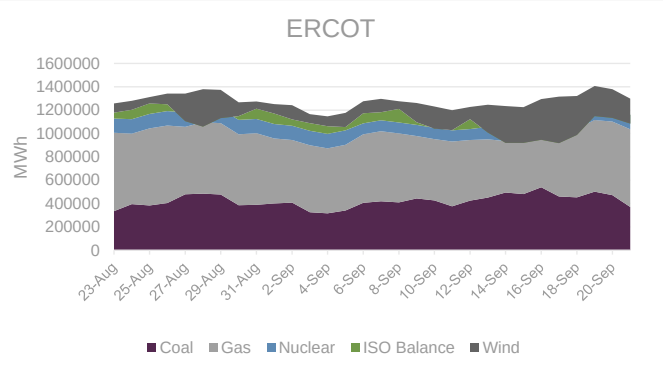

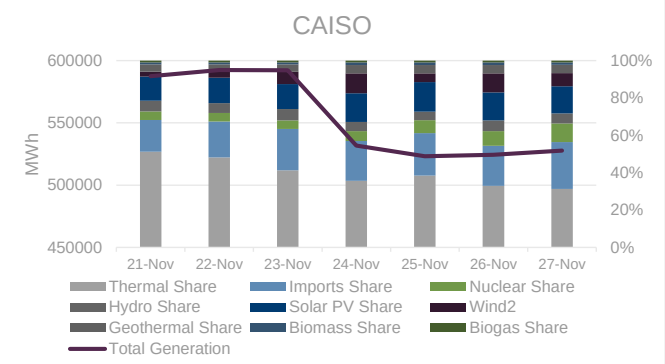

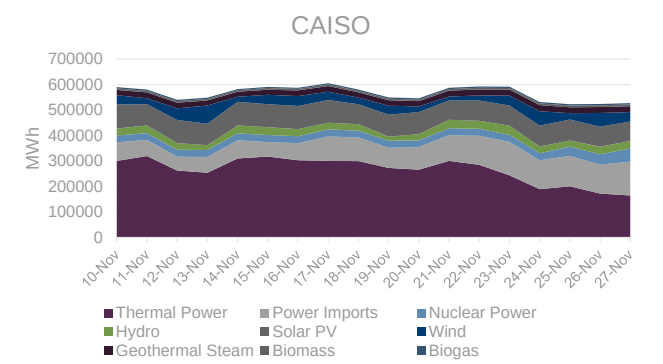

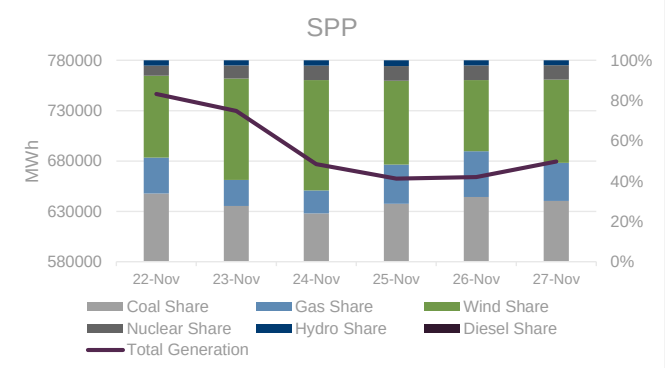

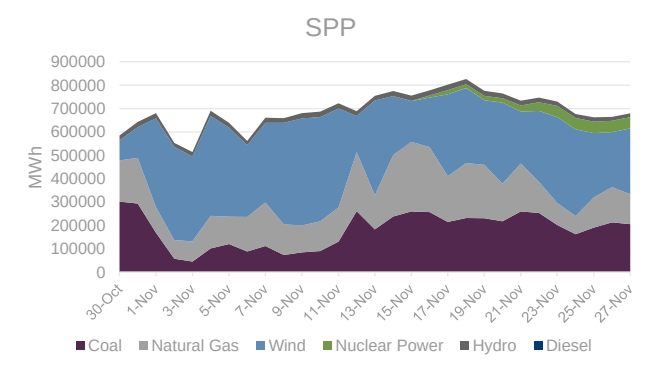

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Weather

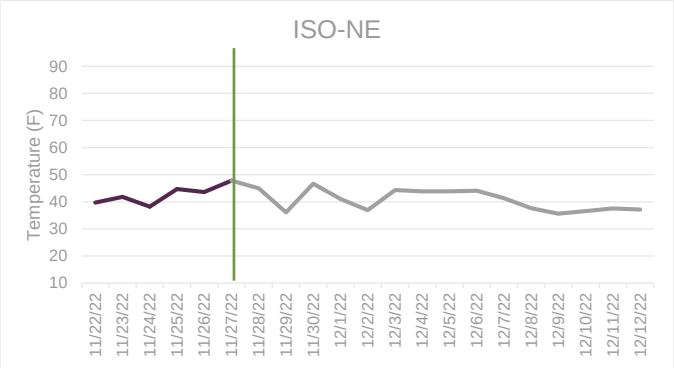

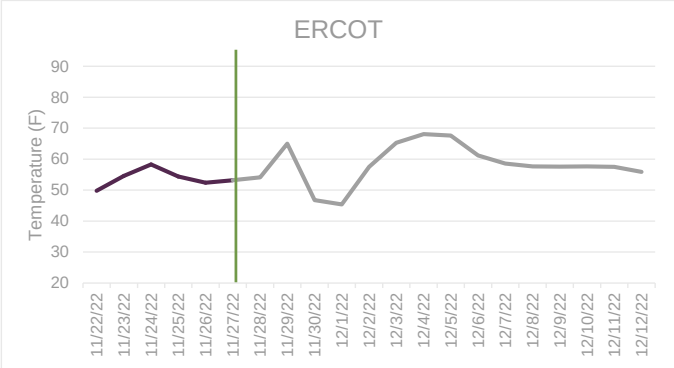

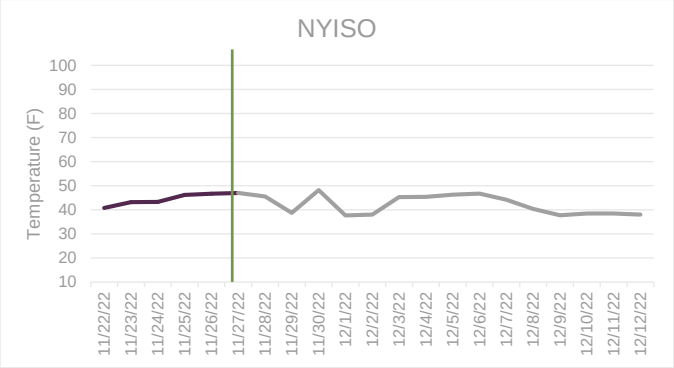

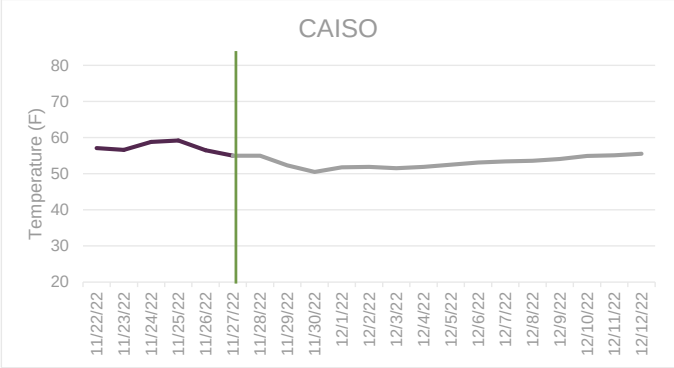

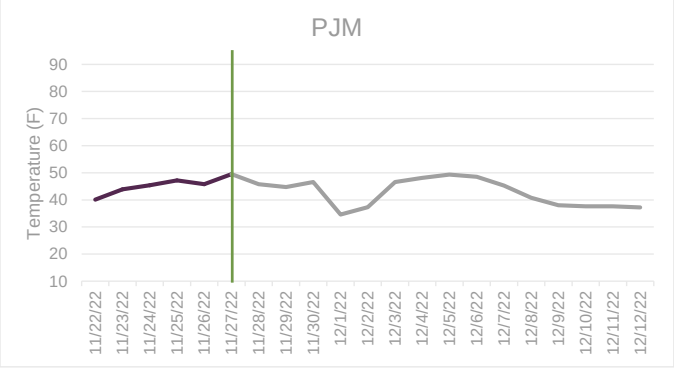

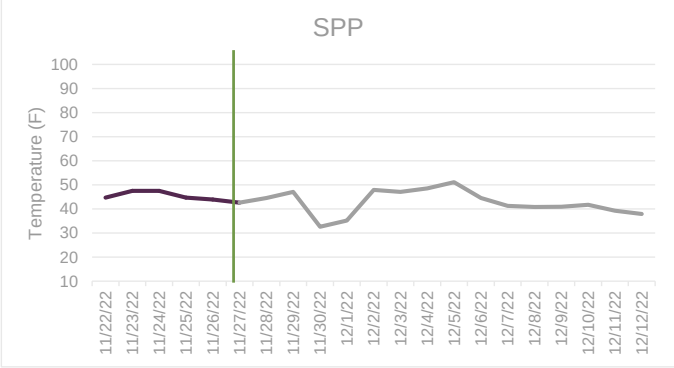

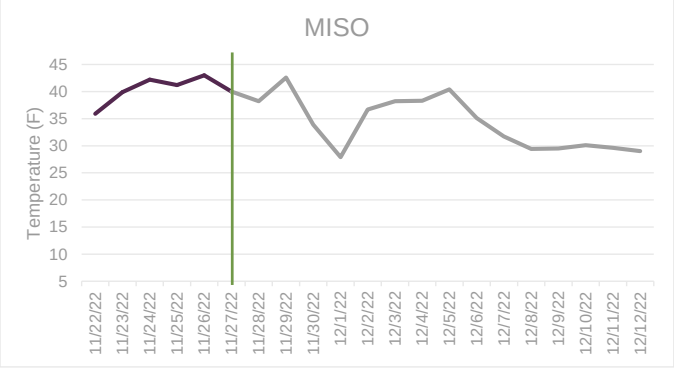

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Peak Load

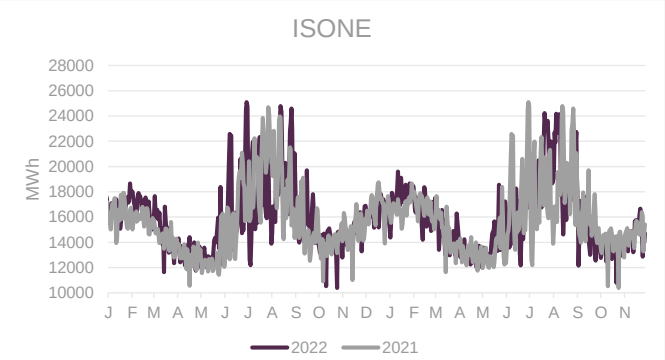

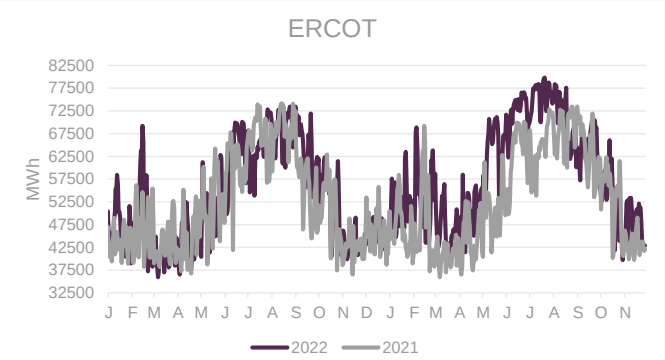

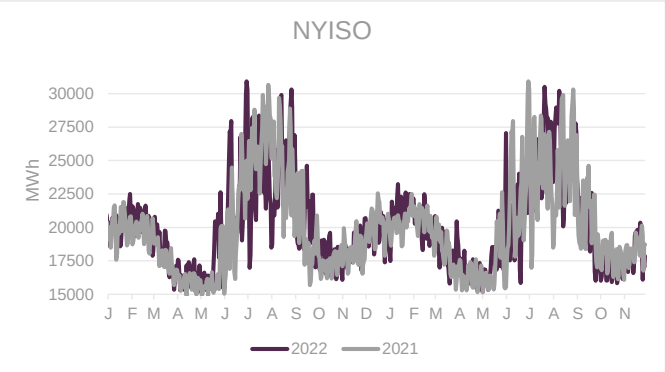

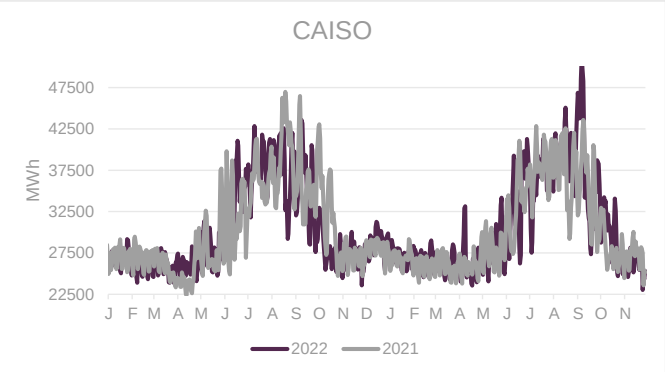

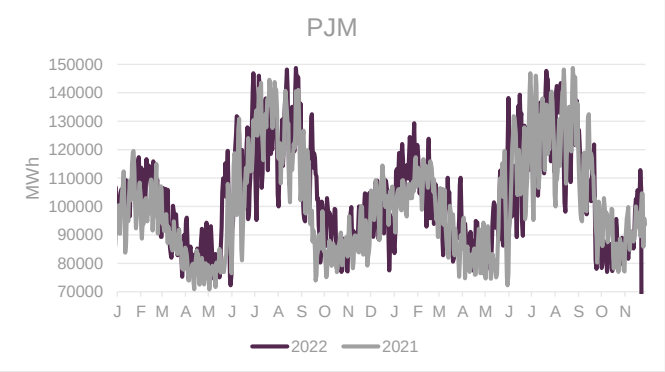

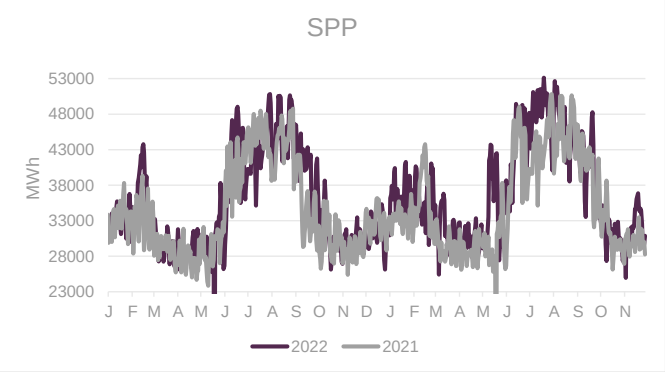

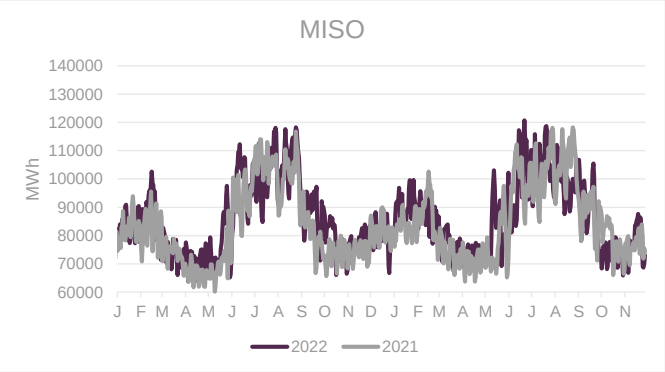

Average Deviation in Peak Load vs Prior Year

RTO/ISO	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
ISONE	0.0%	-0.5%	1.5%	-1.2%	5.1%	-1.1%
NYISO	-0.3%	0.6%	2.1%	-0.1%	3.5%	-2.3%
PJM	3.1%	2.5%	3.9%	3.8%	0.2%	-1.5%
MISO	3.4%	2.5%	4.0%	5.0%	0.1%	-2.3%
CAISO	-0.2%	-2.6%	1.6%	1.2%	4.0%	1.9%
ERCOT	4.4%	2.5%	13.7%	19.1%	7.9%	4.6%
SPP	6.3%	0.5%	5.9%	9.7%	5.0%	3.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2023 - 3/31/2023)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2023-1/31/2023	IL	AEE	Ameren Illinois		Electric rate filing expected
1/1/2023-3/31/2023	IL	AEE	Ameren Illinois		Gas rate case filing expected
1/1/2023-1/31/2023	IL	EXC	Commonwealth Edison Co.		Electric rate filing expected
1/1/2023-1/31/2023	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-1	Decision possible in TDSIC proceeding
1/1/2023-1/31/2023	IN	NI	Northern IN Public Svc Co.	Ca-45557-TDSIC-2	Decision possible in TDSIC proceeding
1/1/2023-3/31/2023	NC	DUK	Duke Energy Carolinas LLC		Multi-year general rate case to be filed
1/1/2023-1/31/2023	OH	NI	Columbia Gas Ohio Inc.	C-21-0637-GA-AIR	Decision possible in rate proceeding
1/1/2023-1/31/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Hearning Examiner's report may be issused in rate case
1/1/2023-1/31/2023	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
1/9/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Evidentiary hearings begin
1/10/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding revenue requirement due in rate proceeding
1/10/2023	TX	ETR	Entergy Texas Inc.	D-53719	Settlement status report due in rate case
1/10/2023-1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearings slated in Rider W update proceeding
1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Staff to file testimony in Rider US 4 proceeding
1/13/2023-1/27/2023	TX	ETR	Entergy Texas Inc.	D-53719	Briefs to be filed in rate case—suspended due to settlement talks
1/18/2023-1/19/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearings scheduled in Rider U proceeding
1/20/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	OUCC and intervenor testimony due in rate proceeding
1/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Staff to file testimony in Rider US 3 proceeding
1/24/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding rate design due in rate proceeding
1/24/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Intervening parties to file testimony in Rider GT update proceeding
1/25/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearing Examiners report may be issued in Rider W update proceeding
1/30/2023-1/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing scheduled in Rider CE update proceeding
2/1/2023-2/28/2023	MO	EVRG	Evergy Missouri West	C-ER-2023-0185	Electric rate case filing expected
2/1/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearing Examiner report may be issued in Rider U proceeding
2/3/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Intervening parties to file testimony in Rider US 2 update proceeding
2/7/2023-2/8/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearings scheduled in Rider US 4 proceeding
2/15/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Rebuttal testimony due in rate proceeding
2/16/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Company rebuttal testimony due in rate proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Intervening parties to file testimony in Rider SNA adjustment proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Staff to file testimony in Rider US-2 proceeding
2/21/2023-3/20/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Hearings scheduled in electric rate case
2/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Staff to file testimony in Rider GT update proceeding
2/22/2023-2/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearings scheduled in Rider US 3 proceeding
2/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Briefs due in Track 2 proceeding
2/27/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Deadline for settlement to be filed in rate proceeding
2/28/2023	MI	CMS	Consumers Energy Co.	C-U-21224	Decision expected in rate case by
2/28/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Decision may be issued in Rider B proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Decision expected in Rider U update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Decision expected in Rider W update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
3/1/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Final order due in rate case
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearing Examiners report may be issued in Rider US 3 proceeding
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearing Examiners report may be issued in Rider US 4 proceeding
3/1/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/6/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Settlement conference to begin in rate proceeding
3/10/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Intervenor testimony due in rate proceeding
3/13/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Hearing to begin in rate proceeding
3/14/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Hearings scheduled in Rider US-2 proceeding
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Intervenor testimony due
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Intervenor testimony due
3/21/2023-3/22/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearings scheduled in Rider GT update proceeding
3/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Staff to file testimony in Rider SNA adjustment proceeding
3/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Reply briefs due in Track 2 proceeding
3/24/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Intervening parties to file testimony in rate case
3/27/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Public Staff, intervenor testimony due by
3/31/2023	TX	SRE	Oncor Electric Delivery Co.	D-53601	Decision may be issued in rate case
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision expected in Rider US 3 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D NDR – January Bounce? A Game of Chess, Not Checkers… Information Vacuum Persists, But that Gap Is Narrowing; Momentum Builds Quickly in New Year
- SR – What's In the Box? No One Knows – Limited Visibility Coupled With Arbitrary EPS Adjustments By Mgmt.; Cheap Valuation Keeps Us From D/g to Sell
- OGS – Macroeconomic Headwinds Claim Another Victim; Downgrade to SELL from NEUTRAL; Could Be Signal for Wide Valuation Dispersions in Our Space in '23
- EEI: Back at the Diplomat - What a Difference a Year Makes…
- Guggenheim EEI Takeaways - Day Three
- Guggenheim EEI Takeaways - Day Two
- Guggenheim EEI Takeaways - Day One
- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	65.17%	44	18.97%
NEUTRAL	114	32.02%	7	6.14%
SELL	10	2.81%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC

Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> PowerPoints: CMS/UGI/NJR beats, EXC ComEd, PCG US1, Offshore Wind & DUK
- **Publication Date/Time** : Thursday, February 02, 2023 07:03:20 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=VSmZxTvLBNRQnlD!Aza2aA__&reid=BF56AACADACD11EDB25CA6E4BB5B3026

KeyBanc Capital Markets

Alert

February 01, 2023

Energy: Electric Utilities

Midweek Thoughts — D, AGR, ETR, NWE, AVA, POR, WEC, EXC, CMS

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Join us for an expert call to discuss the renewable PPA market, challenges posed by the UFLPA, and AD/CVD investigations, and the opportunities from the IRA as it relates to solar and wind developments. 4Q earnings continue with CMS and WEC scheduled to report tomorrow (Thursday). In other news, VA Senate committees pass bills related to utility rate-making with the next step being a vote by the full Senate; an AGR-supported ballot initiative against municipalization of IOUs collects sufficient valid signatures in ME; a newly appointed NM PSC member will recuse himself from PNM-related decisions as it relates to the merger with AGR; LA and AR PSCs are seeking clarification from FERC on the topic of SERI-related tax refunds; AVA filed a multi-year rate plan in ID; Allete and Grid United are planning on an HVDC transmission line between the eastern and western interconnections; WEC will buy a stake in a TX solar farm; and newly elected MD governor rescinds two nominations to the PSC with a plan to nominate his own choices.

Upcoming Event

An Expert Call with LevelTen Energy: Taking the Temperature on Renewables Developments and PPA Markets — Please join us for a discussion with Sr. Director Gia Clark on ***Monday, February 13, at 4:05 PM ET.*** We will discuss the implications of the IRA, regulatory headwinds (AD/CVD, UFLPA), interconnection reforms, power price trends, and more. Contact your sales representative or us for details and to sign up.

Upcoming Earnings Reports

CMS and WEC report BMO tomorrow (Thursday). Our recently published 2023 Outlook includes our thesis, expectations, and estimates for our coverage.

Industry News and News from Companies in Our Coverage

D — VA legislature moving ahead on bills related to utility rate-making: Two bills related to utility rate-making and one related to allowing D to divest a share in the CVOW project all passed the Commerce and Labor Committee in the VA Senate and will be sent to the Senate floor for a vote. Among these bills is SB 1321 (Affordable Energy Act) passed unanimously in Committee and is the sister legislation to HB 1604, which will allow the SCC to issue refunds to ratepayers if the utility is deemed to be earning "unreasonable revenues" in excess of its authorized rate of return. SB 1265, which was also passed, is the sister legislation to HB 1770, which aims to change the rate review timeline from a triennial process to a biennial one, among other changes, which we detailed here. SB 1477, which allows D to establish an offshore wind affiliate to secure a non-controlling equity partner, also passed the Committee (read more about it here). The VA legislative session, which commenced on January 11, is scheduled to adjourn on February 25.

AGR — Another year, another ballot initiative in ME: A ME ballot initiative requiring voter approval before a state can take over $1B in debt to municipalize IOUs has collected sufficient valid signatures to be on the ballot in November, according to the Secretary of State. The ME Affordable Energy Coalition circulated the petition as part of its No Blank Checks campaign and is supported by the state IOUs including AGR. The movement to put this initiative on the ballot is in response to another petition asking for voter approval for utility municipalization and creating a public utility called Pine Tree Power through a public buyout of the IOUs' assets. As of now, it appears that both these competing referendums will be on the November ballot.

AGR — A newly appointed NM PSC member will recuse himself with respect to decisions related to the proposed PNM merger: One of the three newly nominated members to the NM PSC has recused himself from any decisions related to the pending merger between AGR and PNM. Commissioner O'Connell said his voluntary recusal was because he previously provided testimony on behalf of a proposed settlement related to the merger while he worked at an environmental group. The merger is presently before the state Supreme Court, but AGR plans to refile with the PSC and seek a settlement. When it does come to the PSC, there will be just two Commissioners reviewing the docket.

ETR — LA and AR PSCs file a request for confirmation with FERC regarding refunds: With reference to the ongoing Grand Gulf-related proceedings, the LA PSC and the AR PSC have filed with the FERC requesting confirmation that SERI should make additional refunds for failing to include the ADIT for decommissioning deductions in the formula rate base. SERI contends otherwise that it owes no additional refunds for the tax normalization violation other than what it has already provided. ETR has previously issued a one-time $25M refund associated with the 2015 IRS ruling and has been providing ongoing rate-base credit for ADIT related to the successful portion of the uncertain tax position. Therefore, ETR contends that it already satisfies the remedy required by FERC in this order. The clarification request is in response to FERC's Opinion 581.

AVA — Avista filed a multi-year rate plan in ID: The Company filed a two-year rate plan with the ID PUC with a proposal for new rates to take effect in September 2023 and 2024. The Company is requesting a $37.5M and a $13.2M electric rate increase in RY1 and RY2, respectively, and a corresponding gas rate increase of $2.8M and $0.1M. Both requests are based on a 10.25% ROE and 50% equity ratio. The rate increase requests stem from planned and ongoing investments in grid reliability, including a wood pole management program, wildfire resiliency spending, natural gas distribution pipeline replacements, and technology upgrades. The rate filing was anticipated.

NWE, AVA, POR — Allete and Grid United plan to build an HVDC transmission line between Western and Eastern interconnections: The companies plan to build a 385-mile, 600-kV HVDC transmission line from central ND to Colstrip, MT that could more than double the transfer capacity between the western and eastern interconnections. Permitting for the North Plains Connector project is expected to commence in 2023 with 3 GW of bidirectional capacity becoming available in 2029 when the project is expected to be complete. The western and eastern interconnections, and ERCOT, make up the U.S. grid, but limited capacity to share power. According to the NREL, currently, only 1.3 GW is able to move between the eastern and western interconnections via seven HV links. A link to Colstrip, MT would then provide the project access to utilities in the Pacific NW. Allete plans to own 35% of the project, and other regional utilities are likely to participate as well as the plan progresses.

WEC — WEC to buy a stake in a TX solar farm: WEC's infrastructure segment has agreed to buy an 80% stake in a 250 MW solar project in TX from Invenergy for $250M. The facility is part of the five-phase 1.3 GW Samson solar portfolio that Invenergy is building across NE TX. The project commenced operations in May 2022 and has a long-term PPA with AT&T and will be eligible for PTCs under the IRA.

EXC — MD Governor rescinds two nominations to the MD PSC: With a change of control in MD from a Republican governor to a Democrat, the newly appointed governor rescinded two nominations to the PSC that were made by the prior governor but had not yet been confirmed by the Senate. Both the nominees in question are Democrats and are current Commissioners who were reappointed by the previous governor. They will continue to serve until the governor names new nominees sometime in February. The MD PSC is a five-member Commission with the governor nominating the members and the Senate confirming them. The Commission currently has three Republican and two Democratic members (including a Republican chair). EXC's BGE and PEPCO are expected to file multi-year rate cases in MD later this year as is FE's Potomac Edison.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH - Likely Creating NT Overhang; Reiterate SW

SO: Constructive GA Rate Case Settlement Reduces NT Regulatory Overhangs

ENPH: Notes from the Headquarters Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities - How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	274	47.00	42	15.33
Sector Weight [SW]	296	50.77	48	16.22
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	44.44	8	33.33
Sector Weight [SW]	26	48.15	11	42.31
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: EXC Regulatory, ES Safety, AES, PNM-AGR, BKH, Offshore Wind
- **Publication Date/Time** : Tuesday, January 31, 2023 05:55:46 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=19xf!!Tw-XlQnlD!Aza2aA__&reid=BD40DFA8DACD11EDBA9D5D05BC5B3026

GUGGENHEIM

Power & Utilities

January 31, 2023

The Guggenheim Daily Transmission: D/VA, HE, WEC, NEE/Transmission, CA, DUK, MS, EXC, ALE, IL/Power, SMR

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
ALE	60.35	Sell
D	62.69	Buy
DUK	101.64	Buy
EXC	41.75	Neutral
HE	41.47	Neutral
NEE	75.05	Buy
SMR	10.72	Buy
WEC	92.62	Neutral

2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All? (see our note HERE)

For details on our AZ Commissioners Call, and other events, scroll down…

For details on our Guggenheim-hosted client Utility events including our WEC NDR, DUK NDR, AEE NDR, EXC NDR, ETR NDR, PCG NDR, ES NDR, PNW NDR, and other events, scroll down…

D/VA – Wind stake sale and utility rate reform bills advance out of committee

HE – ASB reports earnings with NIM expansion

WEC – WEC to purchase 80% ownership stake in the Samson I Solar Energy Center

NEE/Transmission – NEE Transmission urges court to reject review of findings of Texas transmission incumbent law

CA – Scientists link potential threat of wildfires to CA snowcaps and water reserves

DUK – U.S. Department of Defense and all other Federal Executive Agencies petition to intervene in DEP's NC GRC

MS – Mississippi introduces bill to give incumbent utilities transmission development right of first refusal

EXC – ComEd reaches proposed deal on a 15-year franchise agreement with Chicago

DUK – Carbon Plan non-DSM/EE stakeholder engagement update

ALE – ALE announces minority investment in multi-RTO HVDC line

IL/Power – Governor Pritzker signs renewables siting legislation

SMR – NuScale inks contract for hydrogen plant model simulator

D/VA – Wind stake sale and utility rate reform bills advance out of committee

- The two bills were reported out of the Commerce and Labor Committee by wide margins - (SB1477 was 15-0), (SB1265 was 12-3)
- SB1265, the senate version of the Saslaw/Kilgore package of utility and regulatory reforms, was amended to increase the $300mm in rider adjustments to $350mm and also add fuel securitization
- Wind, SB1477, HERE
- Rate regulation, SB1265, HERE
- A competing piece of legislation, SB1321 (HERE), also passed

***Guggenheim takeaway*:** *More details to come – stay tuned.*

HE – ASB reports earnings with NIM expansion

- ASB reported 4Q22 and FY 2022 earnings of $80M vs. our $86M estimate.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- The variance vs. our expectations was contributed to by a credit loss provision of $2M and a higher cost of funds for 4Q (0.38%, up 25bp vs. prior linked quarter), among other non-interest costs.
- Net interest margin in 4Q22 was 2.91% compared to 2.96% in the linked quarter (a net decrease).
- Total loans were $6.0 billion as of December 31, 2022, up 15% from December 31, 2021 (up from $5.7B in the prior linked quarter).

Guggenheim takeaway: *American Savings Bank earnings were slightly below our expectations on higher credit loss provision (non-cash) and higher costs of funds. We anticipate further interest earning assets repricing on variable interest loans that should support NIMs in 2023. Overall, the bank metrics remain solid in terms of charge offs and returns.*

WEC ─ WEC to purchase 80% ownership stake in the Samson I Solar Energy Center

- WEC has announced it will buy an 80% stake for ~$250m in the Samson I Solar Energy Center. Commercial operations began May 2022.
- The Invenergy-developed, 250 MW Samson I project is located about 140 miles northeast of Dallas, Texas and is under a long-term power purchase agreement with AT&T [NYSE:T].
- Samson I is part of a five-phase, 1.3 GW Samson solar portfolio, which is being built on 18k acres in northeast Texas and is the largest solar project under construction in the United States.
- Company press release HERE

Guggenheim takeaway: *This $250m investment leaves ~$876m for WEC's Infrastructure segment to identify and deploy as part of its $1,928m five-year budget in the company's $20.1bn 2023–2027 capital plan. To date (including in prior five-year capital plans), WEC's Infrastructure segment has invested nearly $3bn, and now owns stakes in a portfolio of nearly 2 GW of renewable capacity.*

NEE/Transmission – NEE Transmission urges court to reject review of findings of Texas transmission incumbent law

- NEE transmission urged the court to reject the review of a Texas fifth circuit court ruling that found the Texas incumbent transmission law unconstitutional.
- This related to non ERCOT transmission development.
- More here.

Guggenheim takeaway: *FYI. Parties previously requested a review of the court's findings that opposed incumbent transmission development.*

CA – Scientists link potential threat of wildfires to CA snowcaps and water reserves

- Scientists find risks of CA wildfires impacting the CA snowcaps and water reserves after recent rains.
- The reports indicate wildfires could be a threat to restoring water levels.
- More here.

Guggenheim takeaway: *FYI. Highlights a potential cyclical dependency of wildfires and drought.*

DUK ─ U.S. Department of Defense and all other Federal Executive Agencies petition to intervene in DEP's NC GRC

- The U.S. Department of Defense (DoD) and all other Federal Executive Agencies (FEA) have petitioned to intervene in Duke Energy Progress' North Carolina multiyear general rate case.
- DoD/FEA maintains military installations and civilian agency activities within North Carolina which receive their electric power from DEP.
- Docket E-2 Sub 1300

Guggenheim takeaway:*We continue to monitor new entrants into the proceeding. Recall from our **2023 Outlook report (HERE)**, that we continue to model 9.6% authorized ROEs in North Carolina (the last authorized level from the utilities' 1H21 rate orders), however we reduce and then eliminate ~50bps of ongoing regulatory lag which has been a persistent*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

drag under the prior historical test year framework and which we believe will become much more manageable with forward-looking test years and multiyear rates.

MS – Mississippi introduces bill to give incumbent utilities transmission development right of first refusal

- MS introduced SB2341, a bill to give rights of first refusal for transmission development to incumbent utilities.
- The bill focuses on having the MPSC give certificates of need to utilities that it can directly set rates for (i.e., in-state utilities).
- Bill sext here: Senate Bill 2341

Guggenheim takeaway: *FYI. Another legislative push to limit interstate transmission development and have states retain control over ratesetting.*

EXC – ComEd reaches proposed deal on a 15-year franchise agreement with Chicago

- The agreement, which includes an energy and equity agreement outlining a series of commitments to the city, comes with a right to municipalize after 5 years
- More HERE

Guggenheim takeaway: *Flagged for your awareness as this was a repeated point of noise when the prior agreement expired.*

DUK – Carbon Plan non-DSM/EE stakeholder engagement update

- As per the NCUC's December 30, 2022 Order Adopting Initial Carbon Plan and Providing Direction for Future Planning, DEC & DEP are initiating engagement with stakeholders to develop guidelines for expedited regulatory approval of customer programs and pilots for **non-demand-side management/energy efficiency programs that enable load reduction or load management**.
- Specifically: in the Carbon Plan Order, the NCUC stated that it was persuaded that "*adoption of new flexibility and rapid prototyping guidelines to ensure regulatory approval of new customers programs, pilots, and rate designs in a timely manner would be appropriate at this time*" to allow the companies "*to innovate, shrink the challenge, and timely implement the Carbon Plan.*".
- The NCUC directed DEC/DEP to engage with stakeholders to develop appropriate guidelines and to file a formal proposal for approval of those guidelines with the NCUC at a future date.
- Docket E-100 Sub 179

Guggenheim takeaway: *The NCUC directed DEC/DEP to engage with stakeholders to develop appropriate guidelines and to file a formal proposal for approval of non-DSM/EE guidelines with the commission at a future date. The first stakeholder meeting will take place February 24th.*

ALE – ALE announces minority investment in multi-RTO HVDC line

- The company would take 'at least' a 35% ownership in the North Plains Connector, which would run 385 miles from WECC to MISO in the Eastern Interconnect
- "The North Plains Connector HVDC line will be the nation's first transmission connection between three regional U.S. electric energy markets—the Midcontinent Independent System Operator, the Western Interconnection and the Southwest Power Pool. This new link, open to all sources of electric generation, would create 3,000 megawatts of transfer capacity between the middle of the country and all three energy markets, easing congestion on the transmission system, increasing resiliency and reliability, and enabling fast sharing of energy resources across a vast area with diverse weather patterns." – release
- "ALLETE and Grid United have signed a memorandum of understanding to explore transmission opportunities, with plans to execute a North Plains Connector development agreement in the first half of the year. The project represents an approximately $2.5 billion investment in Montana and North Dakota and will be a long-term asset for those states. Connecting the North Dakota and Montana grids will help mitigate the impact of extreme weather events and accommodate the growing demand for electricity. ALLETE expects to pursue at least 35% ownership and would oversee the line's operation." - release
- More HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim takeaway: *This latest investment opportunity for ALE is in line with the company's existing regional work on HVDC lines and proximate to its other assets in the Dakotas, with the project still in its development phase ahead of a potential 2029 in-service date (spend would fall at the end of the current plan, 2027, and beyond). The opportunity would likely help extend ALE's 5-7% growth beyond the current 2022-2027 planning window and augment its current >8% regulated rate base growth.*

IL/Power – Governor Pritzker signs renewables siting legislation

- The legislation allows the state to supersede local zoning in the interest of deploying wind and solar energy – setting minimum setbacks for wind turbine siting and potentially streamlining the development process
- More HERE

Guggenheim takeaway: *Interesting data point for your awareness.*

SMR – NuScale inks contract for hydrogen plant model simulator

- "GSE Solutions ("GSE Systems, Inc." or "GSE" or the "Company") (Nasdaq: GVP), a leader in advanced engineering and workforce solutions that supports the future of clean-energy production and decarbonization initiatives of the power industry, announced today a contract to work with NuScale Power (NYSE: SMR) ("NuScale") to develop a Hydrogen Plant Model for NuScale's VOYGRTM small modular reactor (SMR) power plant simulator. GSE will provide the models, integration, and testing support to NuScale using its JProTM Dynamic Simulation Software." - release
- More HERE

Guggenheim takeaway: *Minor FYI. The option to potentially stack credits, including hydrogen, remains a potent potential attractant for both new and existing nuclear.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP Corporate Communications & Investor Relations*

Dates & Locations

February 14 – 16, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meetings

Company Information

Market Cap: $29.8bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Regulatory Speaker Series: Arizona's Path Forward with ACC Commissioners Kevin Thompson and Nick Myers

Please join us for a deep discussion and viewpoints on the outlook for Arizona utility regulation with ACC Commissioners Kevin Thompson and Nick Myers. Both bring extensive utility experience to their new roles on the ACC. The discussion will focus primarily on pathways forward for Arizona ratemaking, views on new capacity additions, as well as potential reforms including forward-looking test years and legislation clarifying the ACC's policy-making authority, in addition to other Arizona utility-focused topics of interest.

Topics

- Goals for improving ratemaking in AZ
- ACC vs AZ legislature's policy-making authority
- *And other items related to this topic to be discussed*

Date and Time

Monday, February 27, 2023
4:00PM – 5:00PM ET

Speakers

Commissioner Nick Myers, *Arizona Corporation Commission*
Commissioner Kevin Thompson, *Arizona Corporation Commission*

Dial-In

Please contact your Guggenheim Sales Representative for the Virtual Meeting Details

Participating Guggenheim Analyst

Shar Pourreza CFA, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, Chair, *President & Chief Executive Officer*
Abby Motsinger, *VP, Investor Relations*

Dates & Location
March 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meetings & Small Group Dinner

Company Information
Market Cap: $79.2bn
Duke Energy Corp. engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities & Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Commercial Renewables segment acquires, develops, builds, operates, and owns wind and solar renewable generation throughout the continental United States. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Ameren Corporation (AEE)

Martin Lyons, *President & Chief Executive Officer*
Michael Moehn, *Executive VP, Chief Financial Officer*
Andrew Kirk, *Director, Investor Relations*

Date
Wednesday, March 22, 2023

Meeting Format
Virtual NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $22.3bn
Ameren Corp. is a public utility holding company that engages in the provision of electric and natural gas services. It operates through the following segments: Ameren Missouri, Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, Ameren Transmission, and Other. The Ameren Transmission segment consists of the aggregated electric transmission businesses of Ameren Illinois and Ameren Transmission Company of Illinois (ATXI). The company was founded in 1902 and is headquartered in St. Louis, MO. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	1/10 & 1/11	Boston & New York
Commissioner Roundtable Event	1/20	In Person at Guggenheim
2023 Utilities Conference Call	1/23	Dial-In
WEC	2/14–2/16	West Coast
Arizona Commissioners Call	2/27	Dial-In
DUK	3/7-3/8	NYC
AEE	3/22	Virtual
EXC	5/15–5/16	NYC
ETR	5/31–6/2	LA, SF, Denver
PCG	6/12	NYC
ES	6/21–6/22	NYC
PNW	8/9–8/10	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Comp Sheet

1/30/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																		
ALE	$60.35	3,450	3.75	3.93	4.17	4.56	4.87	3.74	3.91	4.13	4.46	4.91	–	–	0.04	0.10	(0.04)	16.1x	15.4x	14.6x	13.5x	12.3x	-15%	-14%	-15%	-15%	6.2%	4.5%	69%	Sell	$54	-6%	Neutral	$65	12%
AVA	$39.48	2,913	1.89	2.28	2.49	2.61	2.67	1.89	2.24	2.43	2.54	2.68	–	0.04	0.06	0.07	–	20.9x	17.6x	16.3x	15.5x	14.8x	-4%	-4%	-3%	-3%	7.6%	4.7%	82%	Sell	$35	-7%	Sell	$40	5%
NWE	$55.92	3,231	3.28	3.42	3.55	3.75	3.91	3.26	3.48	3.62	3.82	3.95	–	(0.06)	(0.07)	(0.07)	(0.04)	17.1x	16.1x	15.4x	14.6x	14.2x	-12%	-9%	-8%	-8%	4.5%	4.7%	75%	Sell	$46	-13%	Buy	$58	8%
POR	$46.92	4,734	2.74	2.62	3.00	3.15	3.31	2.76	2.72	3.02	3.18	3.31	–	(0.10)	–	(0.03)	–	17.0x	17.2x	15.5x	14.8x	14.2x	-6%	-9%	-7%	-7%	5.0%	4.0%	69%	Buy	$54	19%	Buy	$51	13%
		14,327																17.8x	16.6x	15.5x	14.6x	13.8x	-9%	-9%	-8%	-8%	5.8%	4.5%	74%						
Mid/Large Cap Electric																																		
AEE	$86.91	22,455	4.08	4.32	4.67	5.05	5.40	4.08	4.36	4.68	5.01	5.37	–	(0.04)	–	0.04	0.03	21.3x	19.9x	18.6x	17.4x	16.2x	9%	9%	9%	9%	6.8%	2.9%	58%	Neutral	$89	5%	Buy	$94	11%
AEP	$92.87	47,723	5.00	5.30	5.64	6.00	6.39	5.01	5.28	5.63	5.97	6.35	–	–	–	0.03	0.04	18.5x	17.6x	16.5x	15.6x	14.6x	-4%	-3%	-2%	-2%	6.4%	3.6%	63%	Buy	$105	17%	Buy	$104	16%
CMS	$62.67	18,190	2.88	3.12	3.39	3.63	3.90	2.88	3.10	3.36	3.61	3.86	–	–	0.03	–	0.04	21.8x	20.2x	18.7x	17.3x	16.2x	11%	10%	9%	9%	8.1%	3.2%	63%	Neutral	$65	7%	Buy	$69	13%
CNP	$29.84	18,782	1.38	1.51	1.62	1.74	1.89	1.38	1.49	1.61	1.73	1.86	–	–	–	–	0.03	21.6x	20.0x	18.5x	17.3x	16.1x	10%	9%	8%	8%	8.2%	2.5%	49%	Neutral	$32	10%	Buy	$32	10%
D	$62.69	52,238	4.12	4.30	4.05	4.29	4.55	4.12	4.10	4.06	4.36	4.86	–	0.20	–	(0.07)	(0.31)	15.2x	15.3x	15.4x	14.4x	12.9x	-16%	-9%	-10%	-10%	3.3%	4.5%	69%	Buy	$69	15%	Neutral	$68	13%
DTE	$114.33	22,151	6.04	6.26	6.73	7.19	7.75	6.01	6.25	6.70	7.20	7.69	0.03	–	–	–	0.06	19.0x	18.3x	17.1x	15.9x	14.9x	0%	0%	-0%	-0%	6.6%	3.4%	61%	Buy	$131	18%	Buy	$129	16%
DUK	$101.64	78,263	5.25	5.65	6.05	6.35	6.75	5.28	5.65	6.01	6.35	6.71	(0.03)	–	0.04	–	0.04	19.2x	18.0x	16.9x	16.0x	15.1x	-2%	-1%	0%	0%	6.4%	4.0%	72%	Buy	$114	16%	Buy	$107	10%
ED	$95.05	33,730	4.51	5.00	5.30	5.49	5.71	4.54	4.84	5.13	5.41	5.53	(0.03)	0.17	0.17	0.08	0.18	20.9x	19.7x	18.5x	17.6x	17.2x	8%	9%	10%	10%	5.8%	3.4%	67%	Neutral	$97	5%	Sell	$88	-4%
EIX	$68.14	26,021	4.56	4.70	4.94	5.37	5.70	4.58	4.78	5.12	5.50	5.79	–	(0.08)	(0.18)	(0.13)	(0.09)	14.9x	14.3x	13.3x	12.4x	11.8x	-22%	-22%	-22%	-22%	6.0%	4.3%	61%	Buy	$75	14%	Buy	$70	8%
ES	$81.37	28,342	4.10	4.37	4.75	5.04	5.37	4.10	4.37	4.69	5.05	5.39	–	–	0.06	–	–	19.9x	18.6x	17.4x	16.1x	15.1x	2%	2%	1%	1%	6.8%	3.3%	62%	Buy	$91	15%	Buy	$90	13%
ETR	$107.69	21,913	6.43	6.66	7.16	7.76	8.31	6.39	6.73	7.19	7.74	8.25	0.04	(0.07)	(0.03)	–	0.06	16.9x	16.0x	15.0x	13.9x	13.1x	-12%	-12%	-13%	-13%	6.9%	4.0%	64%	Buy	$128	23%	Buy	$122	18%
EVRG	$61.69	14,157	3.58	3.70	3.97	4.24	4.47	3.58	3.64	3.95	4.21	4.43	–	0.06	–	0.03	0.04	17.2x	16.9x	15.6x	14.7x	13.9x	-7%	-8%	-8%	-8%	5.8%	4.0%	67%	Buy	$72	21%	Neutral	$64	8%
EXC	$41.75	41,406	2.27	2.36	2.50	2.74	2.93	2.26	2.37	2.52	2.73	2.90	–	–	–	–	–	18.4x	17.6x	16.6x	15.3x	14.4x	-3%	-3%	-4%	-4%	6.4%	3.5%	62%	Neutral	$45	11%	Buy	$46	13%
FE	$41.30	23,613	2.44	2.49	2.69	2.89	3.07	2.44	2.48	2.67	2.87	3.07	–	–	–	–	–	16.9x	16.7x	15.4x	14.4x	13.5x	-9%	-9%	-10%	-10%	6.0%	3.9%	64%	Buy	$46	15%	Buy	$44	11%
LNT	$53.65	13,467	2.80	2.90	3.08	3.27	3.50	2.80	2.89	3.09	3.29	3.49	–	–	–	–	–	19.2x	18.6x	17.4x	16.3x	15.4x	2%	2%	2%	2%	5.6%	3.4%	63%	Sell	$46	-11%	Neutral	$59	13%
OGE	$39.03	7,814	2.11	2.04	2.21	2.30	2.42	2.33	2.04	2.17	2.28	2.37	(0.22)	–	0.04	–	0.05	16.7x	19.1x	18.0x	17.1x	16.5x	5%	6%	7%	7%	3.9%	4.3%	82%	Neutral	$40	7%	Buy	$40	6%
PCG	$15.85	31,505	1.10	1.22	1.37	1.47	1.61	1.10	1.22	1.35	1.45	1.59	–	–	–	–	–	14.4x	13.0x	11.7x	10.9x	10.0x	-29%	-31%	-31%	-31%	9.7%	0.8%	10%	Buy	$22	40%	Buy	$18	15%
PEG	$61.10	30,486	3.47	3.45	3.76	4.27	4.65	3.46	3.46	3.74	4.12	4.41	–	–	–	0.15	0.24	17.7x	17.7x	16.3x	14.8x	13.9x	-3%	-4%	-7%	-7%	7.3%	3.7%	66%	Buy	$71	20%	Buy	$67	14%
PNW	$74.01	8,374	4.28	4.00	4.60	4.80	5.05	4.29	4.13	4.64	4.81	5.03	–	(0.13)	(0.04)	–	–	17.2x	17.9x	16.0x	15.4x	14.7x	-2%	-6%	-3%	-3%	4.6%	4.7%	84%	Neutral	$77	9%	Neutral	$75	6%
PPL	$29.45	21,685	1.41	1.58	1.71	1.82	1.96	1.41	1.59	1.71	1.83	1.95	–	–	–	–	–	20.8x	18.5x	17.2x	16.1x	15.1x	2%	1%	1%	1%	8.1%	3.3%	61%	Buy	$34	19%	Buy	$33	14%
SO	$67.43	73,409	3.60	3.60	4.05	4.30	4.55	3.59	3.64	4.04	4.32	4.48	–	(0.04)	–	–	0.07	18.8x	18.5x	16.7x	15.6x	15.1x	1%	-2%	-2%	-2%	5.9%	4.1%	76%	Buy	$73	12%	Neutral	$72	11%
WEC	$92.62	29,216	4.40	4.60	4.91	5.24	5.61	4.40	4.61	4.91	5.26	5.62	–	–	–	–	–	21.1x	20.1x	18.9x	17.6x	16.5x	10%	11%	11%	11%	6.3%	3.3%	67%	Neutral	$99	10%	Buy	$102	13%
Mid/Lg Cap (excl. EIX, PCG)																		**18.9x**	**18.3x**	**17.0x**	**15.9x**	**15.9x**					**6.3%**	**3.7%**	**66%**						
SMID + Lg Cap		**679,265**																**18.7x**	**18.0x**	**16.8x**	**15.7x**	**14.8x**					**6.2%**	**3.8%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	2026E	Consensus 2022E	2023E	2024E	2025E	2026E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	2026E	Implied P/E Multiple 2022E	2023E	2024E	2025E	2026E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$41.47	4,540	2.23	2.47	2.60	2.74	2.86	2.16	2.32	2.47	2.59	2.74	0.07	0.15	0.14	0.15	0.12	19.2x	17.9x	16.8x	16.0x	15.2x	-2%	-1%	0%	0%	6%	3.5%	63%	Neutral	$43	7%	Sell	$41	2%
NEE	$75.05	149,137	2.90	3.13	3.43	3.69	3.99	2.88	3.11	3.39	3.67	3.97	–	–	0.04	–	–	26.0x	24.2x	22.2x	20.4x	18.9x	32%	30%	28%	28%	8%	2.5%	60%	Buy	$96	30%	Buy	$94	28%
SRE	$161.24	50,683	8.84	9.00	9.50	10.13	10.80	8.86	9.00	9.63	10.20	10.75	–	–	(0.13)	(0.06)	0.05	18.2x	17.9x	16.7x	15.8x	15.0x	-2%	-2%	-1%	-1%	6%	3.1%	55%	Buy	$180	15%	Buy	$172	10%
		204,360																21.2x	20.0x	18.6x	17.4x	16.4x	9%	9%	9%	9%	6.6%	3.0%	59%						
Gas LDCs																																			
NI	$27.55	11,189	1.45	1.54	1.68	1.82	1.95	1.45	1.55	1.68	1.84	2.00	–	–	–	–	(0.05)	19.0x	17.8x	16.4x	15.0x	13.8x	-1%	-2%	-5%	-5%	7%	3.7%	65%	Buy	$31	16%	Buy	$30	14%
CPK	$123.08	2,184	4.97	5.38	5.73	6.10	6.46	4.95	5.39	5.75	6.14	6.50	–	–	–	(0.04)	(0.04)	24.9x	22.9x	21.4x	20.1x	18.9x	27%	28%	28%	28%	6%	1.8%	42%	Neutral	$112	-7%	Buy	$131	9%
NJR	$48.85	4,711	2.50	2.47	2.65	2.85	3.05	2.45	2.49	2.72	2.93	3.14	0.05	–	(0.07)	(0.08)	(0.09)	19.9x	19.6x	18.0x	16.6x	15.6x	9%	7%	6%	6%	6%	3.3%	62%	Neutral	$46	-3%	Neutral	$50	5%
NWN	$49.09	1,723	2.56	2.73	2.83	2.98	3.09	2.55	2.72	2.81	2.99	3.09	–	–	–	–	–	19.3x	18.0x	17.5x	16.4x	15.9x	0%	4%	4%	4%	5%	4.0%	72%	Neutral	$45	-4%	Buy	$55	16%
OGS	$80.36	4,351	4.08	4.14	4.24	4.53	4.98	4.07	4.12	4.30	4.58	4.97	–	–	(0.06)	(0.05)	–	19.8x	19.5x	18.7x	17.6x	16.2x	8%	11%	12%	12%	5%	3.3%	63%	Neutral	$77	-1%	Neutral	$78	1%
SR	$70.94	3,727	3.86	4.14	4.31	4.57	4.73	3.89	4.12	4.32	4.56	4.81	–	–	–	–	(0.08)	18.3x	17.2x	16.4x	15.6x	14.7x	-4%	-2%	-1%	-1%	5%	4.1%	70%	Neutral	$69	1%	Neutral	$71	4%
		27,884																20.2x	19.2x	18.1x	16.9x	15.9x	7%	8%	7%	7%	5.8%	3.4%	62%						
Regulated Water																																			
AWK	$155.00	28,183	4.44	4.76	5.14	5.59	5.98	4.47	4.79	5.16	5.61	6.03	–	–	–	–	(0.05)	34.7x	32.4x	30.0x	27.6x	25.7x	77%	76%	73%	73%	8%	1.8%	59%	Neutral	$152	-0%	Neutral	$164	7%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	2026E	Consensus 2022E	2023E	2024E	2025E	2026E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	2026E	Implied EV/EBITDA Multiple 2022E	2023E	2024E	2025E	2026E	Enterprise Value 2023E	2024E	2025E	2026E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$82.40	26,917	2,609	3,033	3,254	3,333	3,455	2,528	3,111	3,427	3,628	3,617	81	(78)	(173)	(295)	(162)	12.5x	9.7x	8.4x	7.6x	–	30,307	28,877	27,420	25,912	8.5%	0.8%	15%	Buy	$110	34%	Buy	$100	22%
NRG	$33.55	7,159	2,000	3,084	3,136	3,140	n/a	1,924	2,849	2,828	2,923	2,705	76	235	309	217	–	6.6x	5.8x	5.4x	4.7x	–	16,649	15,381	13,857	–	16.2%	4.5%	27%	Neutral	$34	6%	Neutral	$37	14%
VST	$22.37	8,902	3,096	3,725	3,784	3,716	3,465	3,067	3,687	3,632	3,650	3,640	29	38	152	65	(175)	6.7x	5.7x	5.7x	5.4x	–	21,184	20,658	19,797	19,129	6.3%	3.7%	30%	Buy	$31	42%	Buy	$30	39%
Other																																			
ALTO	$3.14	236	13	24	40	46	42	17	39	40	46	42	–	–	–	–	–										54.8%	–	–	Buy	$9	187%	Buy	$8	165%
NEP	$71.90	6,222	1,796	1,837	1,977	2,143	2,325	1,728	1,829	2,060	2,058	2,265	68	–	(83)	85	60										6.1%	4.9%	–	Buy	$95	37%	Buy	$88	27%
SMR	$10.72	556	(188)	(100)	(57)	8	96	(133)	(74)	(49)	9	85	(55)	(26)	–	–	–											–	–	Buy	$18	68%	Buy	$16	45%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

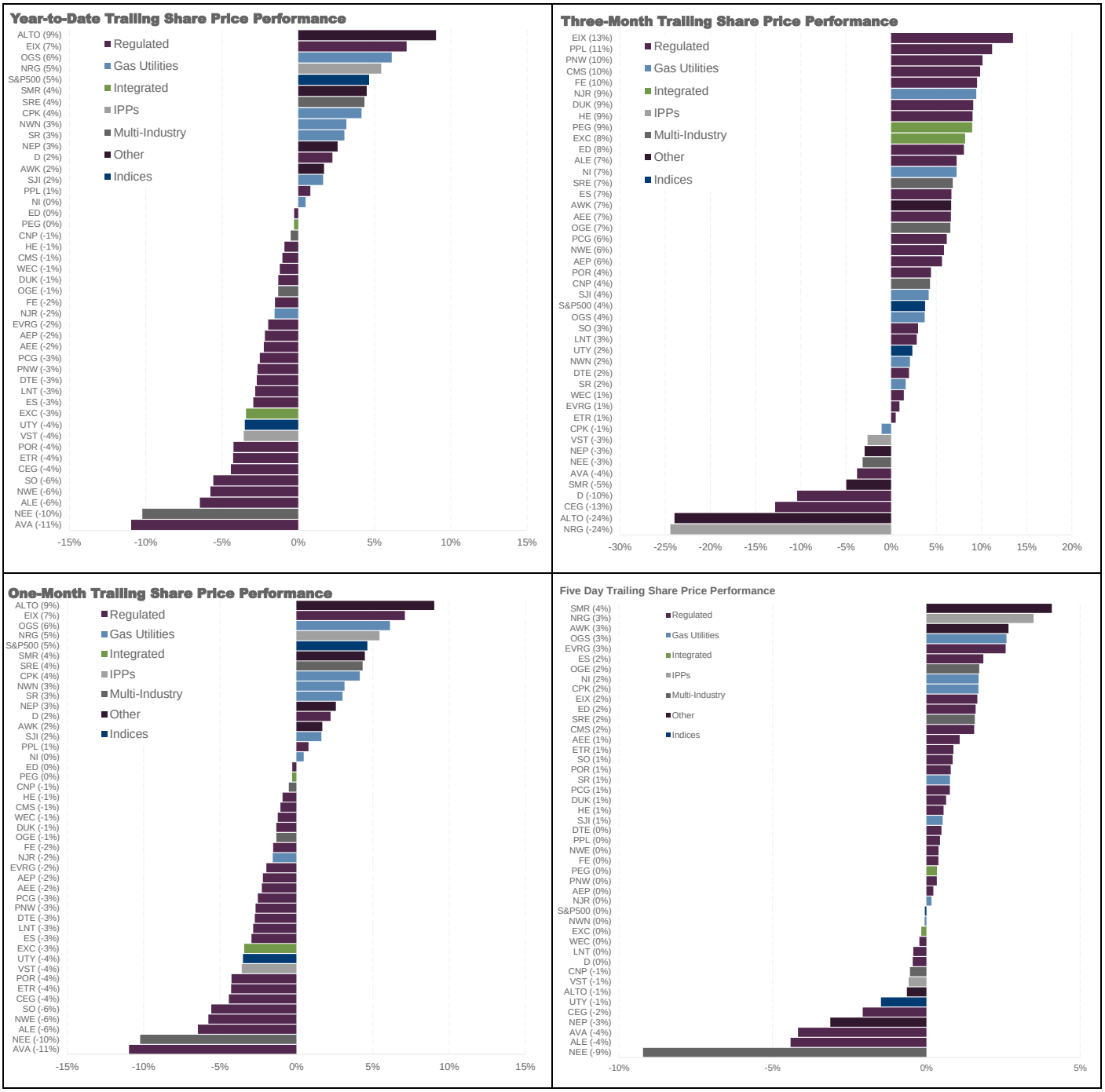

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix

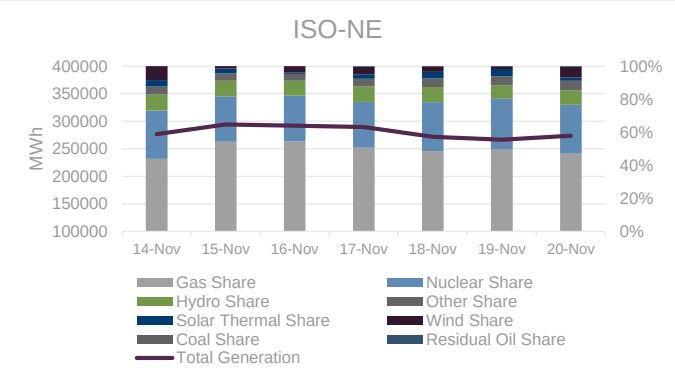

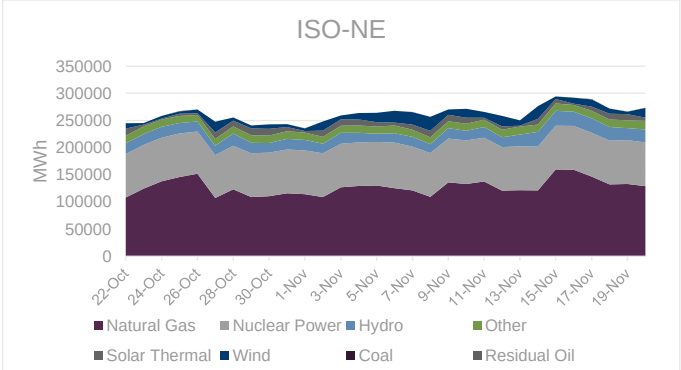

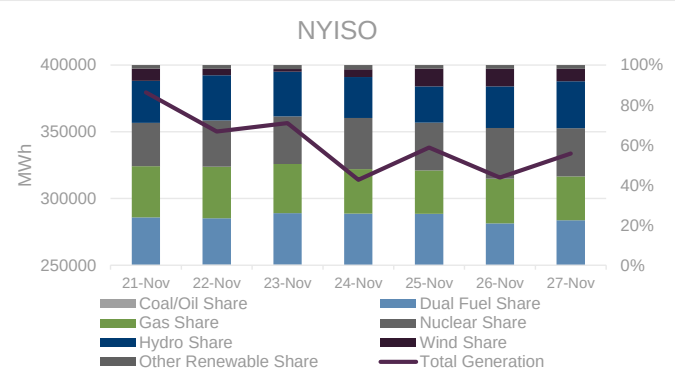

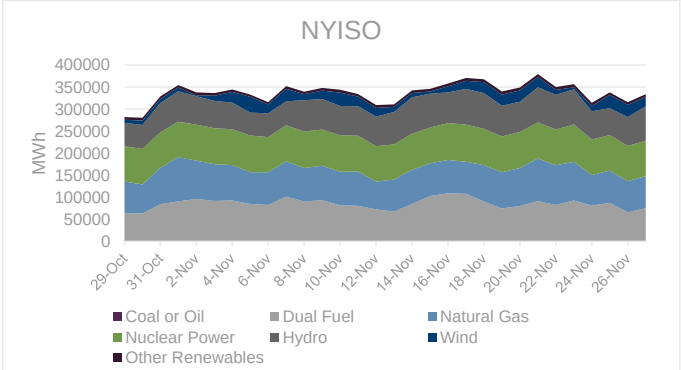

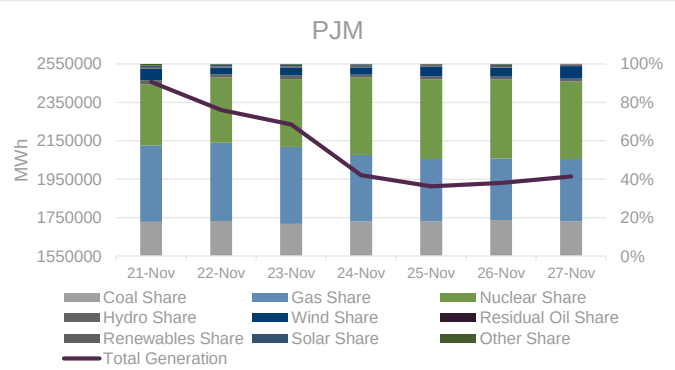

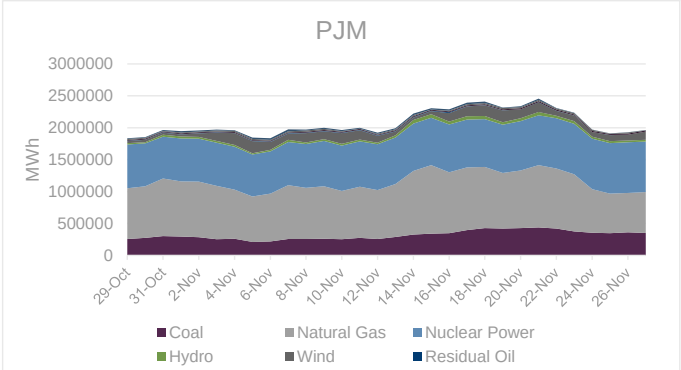

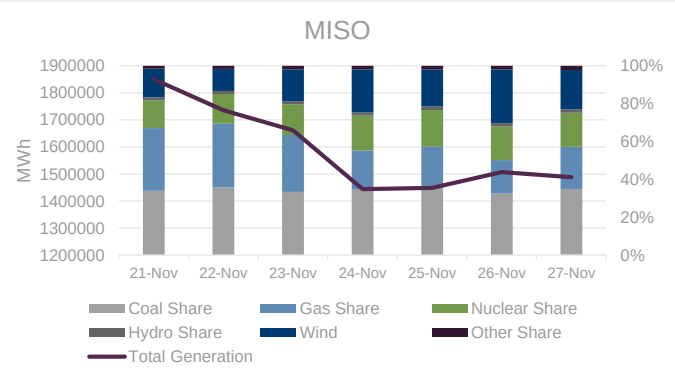

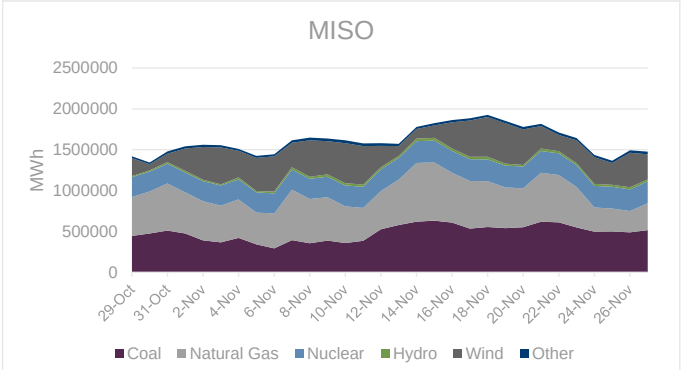

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix (continued)

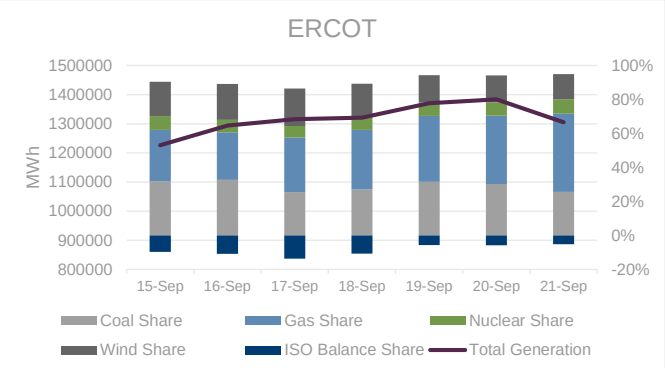

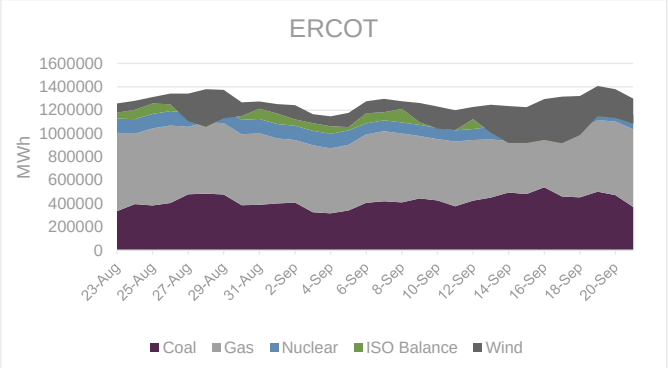

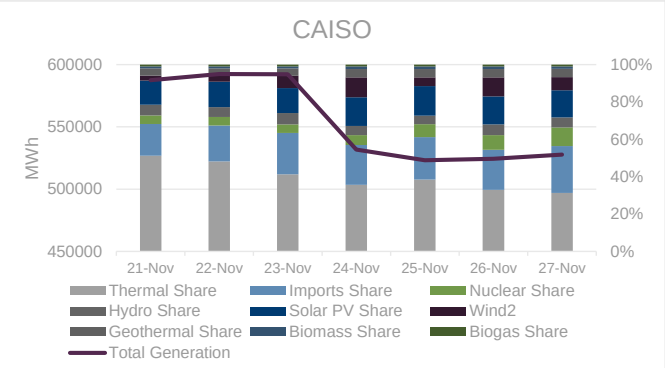

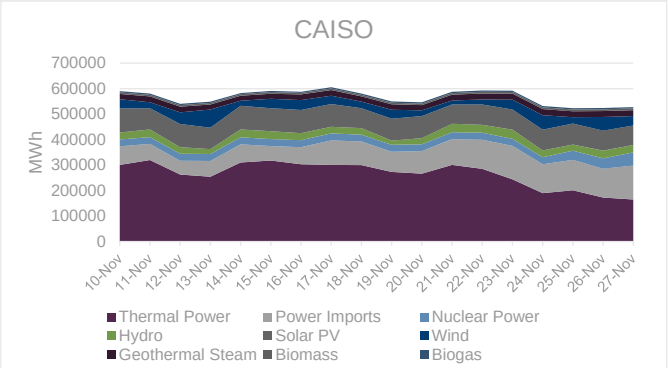

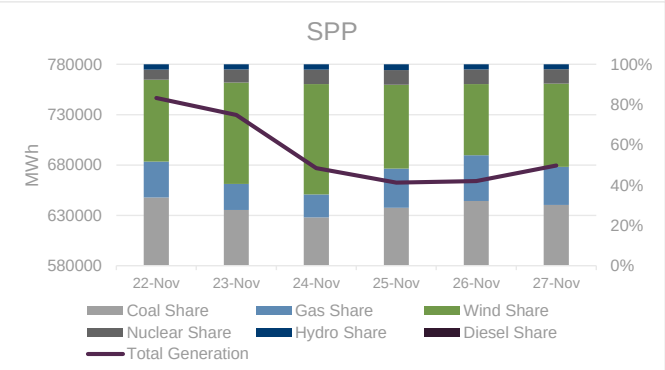

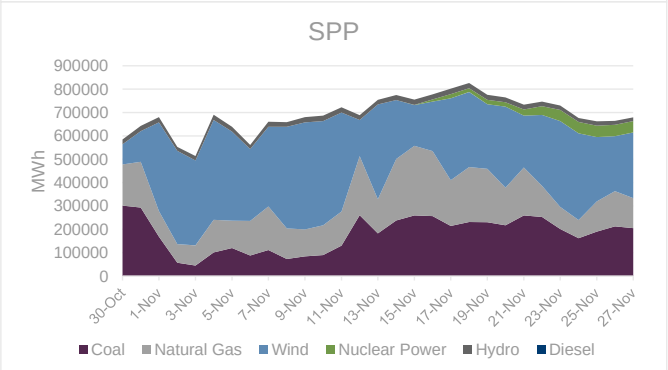

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Weather

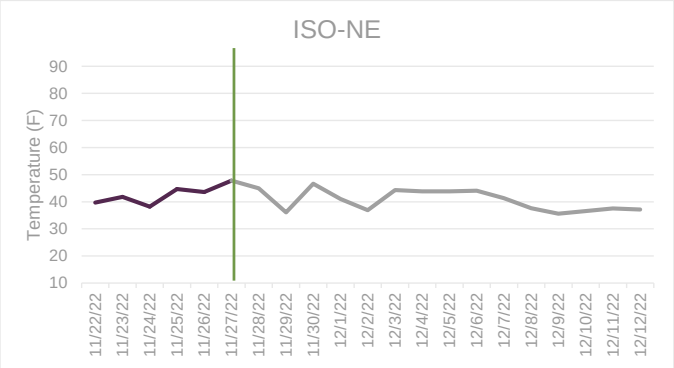

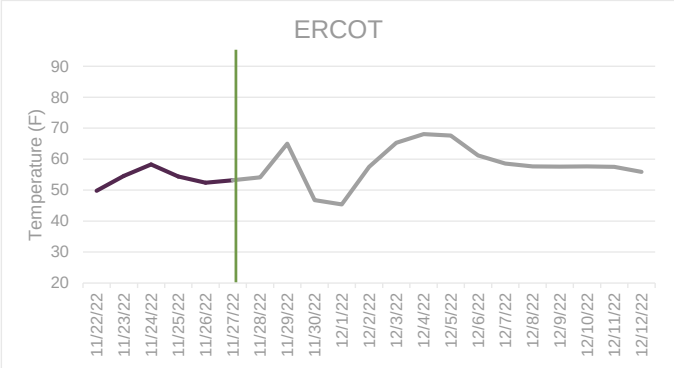

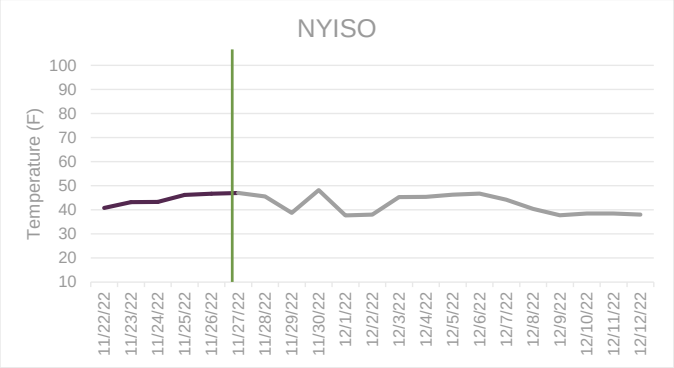

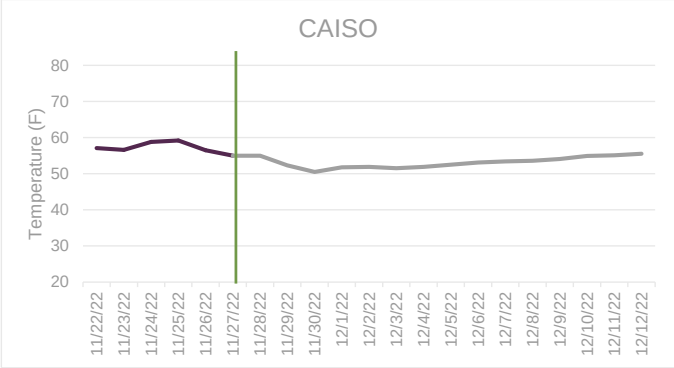

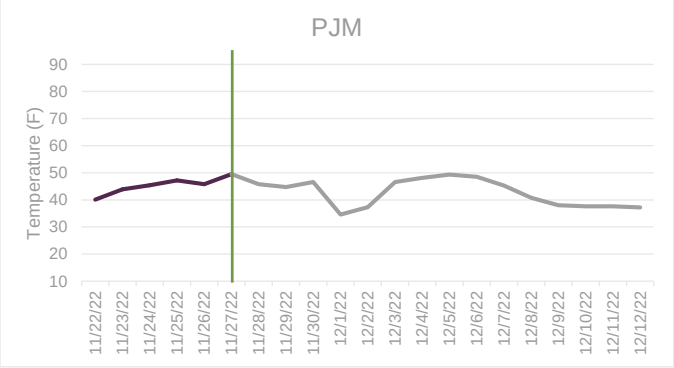

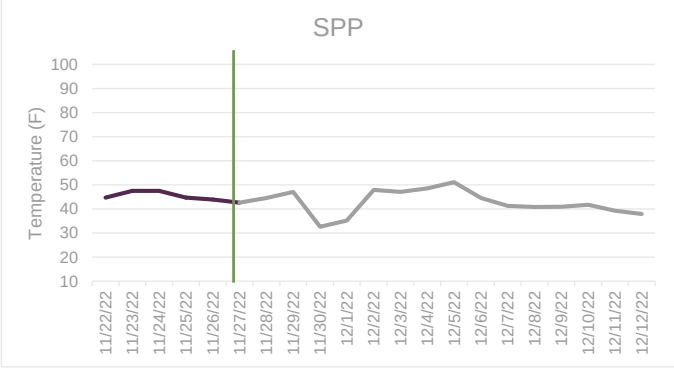

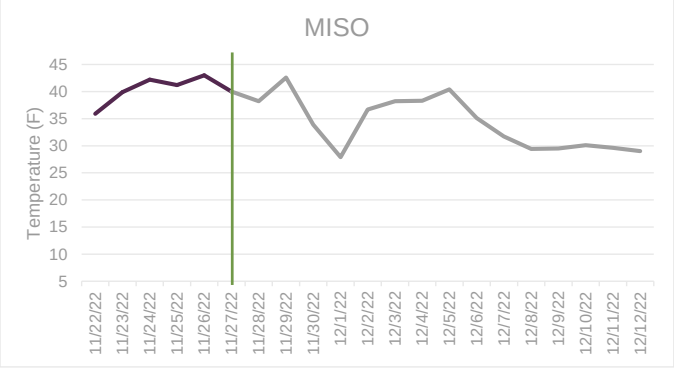

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Peak Load

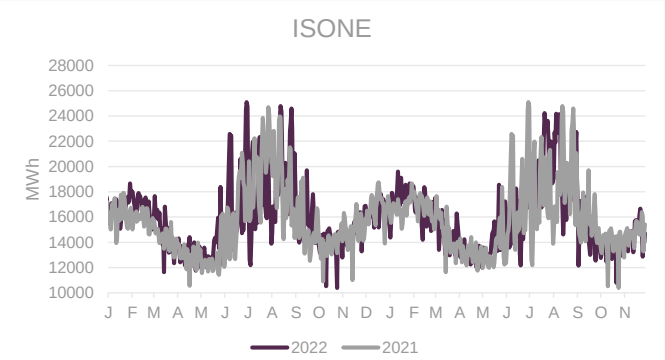

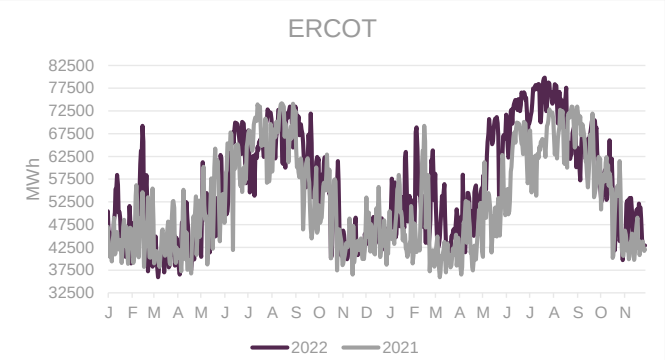

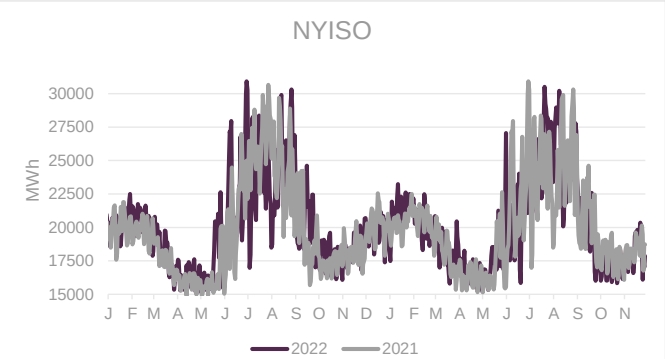

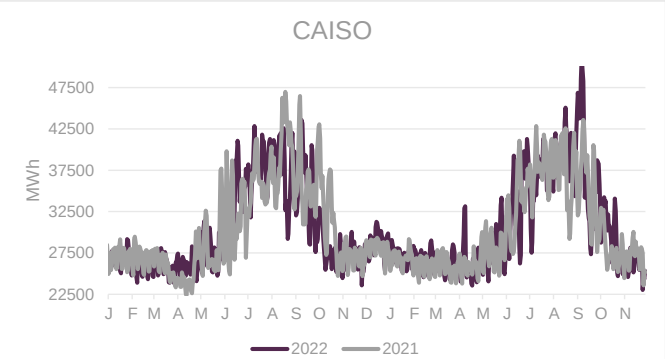

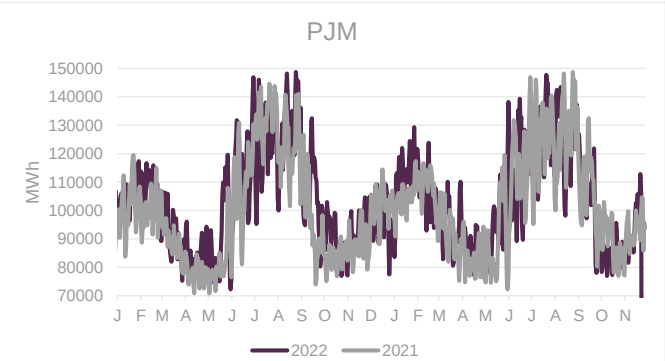

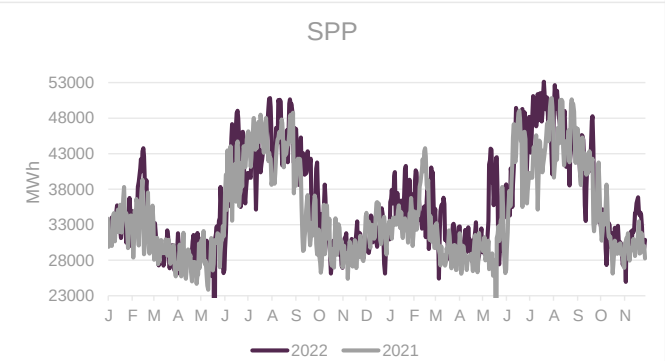

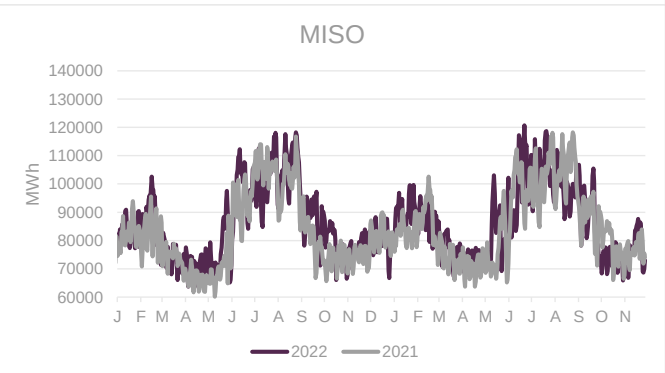

Average Deviation in Peak Load vs Prior Year

RTO/ISO	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
ISONE	0.0%	-0.5%	1.5%	-1.2%	5.1%	-1.1%
NYISO	-0.3%	0.6%	2.1%	-0.1%	3.5%	-2.3%
PJM	3.1%	2.5%	3.9%	3.8%	0.2%	-1.5%
MISO	3.4%	2.5%	4.0%	5.0%	0.1%	-2.3%
CAISO	-0.2%	-2.6%	1.6%	1.2%	4.0%	1.9%
ERCOT	4.4%	2.5%	13.7%	19.1%	7.9%	4.6%
SPP	6.3%	0.5%	5.9%	9.7%	5.0%	3.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2023 - 3/31/2023)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2023-1/31/2023	IL	AEE	Ameren Illinois		Electric rate filing expected
1/1/2023-3/31/2023	IL	AEE	Ameren Illinois		Gas rate case filing expected
1/1/2023-1/31/2023	IL	EXC	Commonwealth Edison Co.		Electric rate filing expected
1/1/2023-1/31/2023	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-1	Decision possible in TDSIC proceeding
1/1/2023-1/31/2023	IN	NI	Northern IN Public Svc Co.	Ca-45557-TDSIC-2	Decision possible in TDSIC proceeding
1/1/2023-3/31/2023	NC	DUK	Duke Energy Carolinas LLC		Multi-year general rate case to be filed
1/1/2023-1/31/2023	OH	NI	Columbia Gas Ohio Inc.	C-21-0637-GA-AIR	Decision possible in rate proceeding
1/1/2023-1/31/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Hearning Examiner's report may be issued in rate case
1/1/2023-1/31/2023	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
1/9/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Evidentiary hearings begin
1/10/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding revenue requirement due in rate proceeding
1/10/2023	TX	ETR	Entergy Texas Inc.	D-53719	Settlement status report due in rate case
1/10/2023-1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearings slated in Rider W update proceeding
1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Staff to file testimony in Rider US 4 proceeding
1/13/2023-1/27/2023	TX	ETR	Entergy Texas Inc.	D-53719	Briefs to be filed in rate case—suspended due to settlement talks
1/18/2023-1/19/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearings scheduled in Rider U proceeding
1/20/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	OUCC and intervenor testimony due in rate proceeding
1/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Staff to file testimony in Rider US 3 proceeding
1/24/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding rate design due in rate proceeding
1/24/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Intervening parties to file testimony in Rider GT update proceeding
1/25/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearing Examiners report may be issued in Rider W update proceeding
1/30/2023-1/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing scheduled in Rider CE update proceeding
2/1/2023-2/28/2023	MO	EVRG	Evergy Missouri West	C-ER-2023-0185	Electric rate case filing expected
2/1/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearing Examiner report may be issued in Rider U proceeding
2/3/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Intervening parties to file testimony in Rider US 2 update proceeding
2/7/2023-2/8/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearings scheduled in Rider US 4 proceeding
2/15/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Rebuttal testimony due in rate proceeding
2/16/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Company rebuttal testimony due in rate proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Intervening parties to file testimony in Rider SNA adjustment proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Staff to file testimony in Rider US-2 proceeding
2/21/2023-3/20/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Hearings scheduled in electric rate case
2/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Staff to file testimony in Rider GT update proceeding
2/22/2023-2/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearings scheduled in Rider US 3 proceeding
2/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Briefs due in Track 2 proceeding
2/27/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Deadline for settlement to be filed in rate proceeding
2/28/2023	MI	CMS	Consumers Energy Co.	C-U-21224	Decision expected in rate case by
2/28/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Decision may be issued in Rider B proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Decision expected in Rider U update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Decision expected in Rider W update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
3/1/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Final order due in rate case
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearing Examiners report may be issued in Rider US 3 proceeding
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearing Examiners report may be issued in Rider US 4 proceeding
3/1/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/6/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Settlement conference to begin in rate proceeding
3/10/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Intervenor testimony due in rate proceeding
3/13/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Hearing to begin in rate proceeding
3/14/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Hearings scheduled in Rider US-2 proceeding
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Intervenor testimony due
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Intervenor testimony due
3/21/2023-3/22/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearings scheduled in Rider GT update proceeding
3/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Staff to file testimony in Rider SNA adjustment proceeding
3/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Reply briefs due in Track 2 proceeding
3/24/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Intervening parties to file testimony in rate case
3/27/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Public Staff, intervenor testimony due by
3/31/2023	TX	SRE	Oncor Electric Delivery Co.	D-53601	Decision may be issued in rate case
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision expected in Rider US 3 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D NDR – January Bounce? A Game of Chess, Not Checkers… Information Vacuum Persists, But that Gap Is Narrowing; Momentum Builds Quickly in New Year
- SR – What's In the Box? No One Knows – Limited Visibility Coupled With Arbitrary EPS Adjustments By Mgmt.; Cheap Valuation Keeps Us From D/g to Sell
- OGS – Macroeconomic Headwinds Claim Another Victim; Downgrade to SELL from NEUTRAL; Could Be Signal for Wide Valuation Dispersions in Our Space in '23
- EEI: Back at the Diplomat - What a Difference a Year Makes…
- Guggenheim EEI Takeaways - Day Three
- Guggenheim EEI Takeaways - Day Two
- Guggenheim EEI Takeaways - Day One
- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…
- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	231	64.71%	44	19.05%
NEUTRAL	116	32.49%	8	6.90%
SELL	10	2.80%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC

Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

CREDIT SUISSE

Research Bulletin

US Utilities: Moody's Ratings Call Takeaways

Discussion with Moody's on Utility Credit; Improving Macro; Single Name Comments on AEE, AEP, CEG, D, ED, EIX, ES, ETR, LNT, NEE, PCG, PEG, PNW, SO, SRE, WEC

- We provide key takeaways from our conversation with the Moody's Utilities team discussing the credit outlook for the regulated utilities sector.

Research Analysts

Nicholas Campanella / 212 325 7505
nicholas.campanella@credit-suisse.com

Fei She, CFA / 212 325 7648
fei.she@credit-suisse.com

Nathan Richardson / 212 325 7937
nathan.richardson@credit-suisse.com

Outlook for the Sector & Thematics

- Moody's currently has a negative outlook on the regulated utilities sector for only the second time in recent history. The prior time that Moody's was negative the sector, there were similar macro factors that created headwinds for the industry overall. These included high natural gas prices, rising inflation and rates, and ultimately pressure on regulators to keep customer bill pressure under control. The rating agency is seeing many of these same factors affecting the industry today. That said, Moody's sees some of these pressures beginning to alleviate, such as gas prices and inflation softening in the near term, which resonates with our view on inflation. Discussions with Moody's pointed to a strong focus on regulatory outcomes this year, with specific call outs on bumps in the road for MI (DTE/CMS), IA (LNT), and WI (WEC). Our chat with Moody's stressed the wider theme that regulators are sensitive to a range of pressures in an inflationary backdrop with regulatory response a major item to monitor through the year. We note from an equity perspective, rate review risk is going to drive higher volatility through stocks exposed in 2023. See our note: US Utilities: Assessing General Rate Case Risk: 85% of Sector in Rate Cases in FY23. We thought Moody's overall take was neutral to utilities on our coverage from an equity perspective, principally as we have been focused on very similar inflationary risks but are beginning to acknowledge some easing pressures from both the commodity side (gas) & O&M.

- **IRA Impact:** Similar to the investment community, Moody's is also waiting for more clarity from IRS/treasury interpretation/guidance regarding PTC. Cash flow for PTC transferability is subject to be included in CFO or CFI but regardless commentary noted Moody's believes they shouldn't penalize companies for taking advantage of the IRA provision and we believe cash benefits of IRA are likely to be included when assessing adjusted FFO/Debt one way or another.

- **Liquidity Needs:** Moody's sees the sector's currently liquidity management as prudent, and it's not a surprise to them for companies to tap credit facilities in large amounts given the current commodity price environment. Discussions highlighted PacNW companies (AVA, POR) given recent power considerations. On **refinancing risk,** Moody's acknowledged pressures with companies paying more for ST debt and refinancing at higher rates, but the overall environment is not worsening vs. 2H23. The Moody's BAA utility bond index is down 100bps off its October '22 highs for reference.

- **Cost of Capital & ROEs:** Discussions acknowledged that it would be supportive for ROEs to move up, but investors are not yet seeing this materially inflect in rate reviews. ROEs were sticky on the way down and utilities benefited and now utilities need to deal with lagging ROEs which are not in their favor (I.e., Allowed ROEs will not recoup the full change in CoC realized through '22). We agree with this view and while LT data does support a rising allowed ROE over time, we think 10%+ allowed ROEs will still be challenged in many jurisdictions. Moody's also noted dividends continue to be high, and in order to keep up with the credit profile, we eventually need to see higher ROEs and improved equity components. We found this to be slightly cautious to the sector from an equity perspective.

- **CA Utilities (Positive):** It appears Moody's is likely to address ratings for PCG & EIX this year, where we believe action during the current quarter (1Q23), before wildfire season. Discussions noted we've now made it through three wildfire seasons with operational performance being a key item Moody's has been watching. Recall Moody's is Baa3 positive outlook at EIX and Ba2 Stable (HY) at PCG.

Single name commentary

- **AEE:** Moody's indicated that AEE is currently well positioned for its Baa1 rating, and that not many utility holding companies have this rating, a sign of relative strength of the company from a credit perspective. AEE is generally less diversified than some other bellwethers in the industry, such as XEL, and Moody's sees MO as a jurisdiction to monitor, so upside potential for the credit rating is relatively limited at this time.

DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, LEGAL ENTITY DISCLOSURE AND THE STATUS OF NON-US ANALYSTS. US Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

- **AEP:** Whether the KY sale crosses the finish line or not is unlikely to affect the credit rating, based on Moody's assessment. KY is not a considerable amount of business compared to the entire AEP portfolio. If the deal does not go through, Moody's believes mgmt. still has financial resources from the contracted renewable sales proceeds which is not currently baked into the financing plan. The only downside is if the deal goes sour there could be a negative impact on KY's regulatory environment when looking at similar deals in the future, based on discussions.

- **CEG:** The upcoming announcement on capital allocation seems to provide more flexibility for M&A, in Moody's view, and there appears to be ample room for leverage for management to execute on such deals. Any ratings change would depend on the incremental leverage the company takes.

- **D:** From Moody's perspective, the recently proposed VA utility regulation act doesn't seem credit negative, while the CCRO helps earnings quality considerations, Moody's sees the continuation of riders keeping a continued constructive environment. Recall current legislation contemplates wrapping in a portion of current riders to base rate treatment. In terms of a biannual or triannual rate review for VEPCO, Moody's believes either arrangement wouldn't affect the rating materially. D has a DG threshold of 14% FFO/Debt and Moody's believes they have been viewing D as a regulated utility holding company already with the minimum unlikely to change based on any actions contemplated in the current strategic review.

- **ED:** Although share buybacks is generally negative for credit considerations, the renewables business that ED recently agreed to sell was not a key credit driver, in Moody's view, and the reduction in debt, specifically HoldCo debt, is a net positive.

- **EIX:** The team indicated that the company currently has a positive outlook and sees the outlook remaining this way as long as there are no issues related to wildfires in the service territory. Moody's sees the significant wildfire mitigation tactics the company has completed/plans to complete as a positive for the credit, with the rating agency re-assessing the credit quality of the company in 1Q23, citing a strong focus on review of said mitigation techniques and relationship with regulator.

- **ES:** Moody's negative outlook is maintained since the review last June. The credit focus remains the offshore sales proceed, and the negative outlook is unlikely to be addressed before the sales outcome is provided. Other items, including the ongoing ATM program and NSTAR rate outcome, are less impactful as the offshore sale, which Moody's sees as the critical driver at this time. Debt paydown and OSW proceeds were seen as critical to ES from both a credit and equity perspective. We see ES on track for some type of OSW announcement *after* the 4Q22 call.

- **ETR:** Moody's currently has a negative outlook on ETR, however, indicated that the regulatory "noise" related to the Hurricane Ida storm recovery securitization is expected to decline, which could be a good thing for the credit. The team indicated that post-securitization resolution, the next big item they are watching for in order to potentially re-assess the current outlook, is increased clarity on SERI. Additionally, Moody's expressed that storm risk in the Gulf Coast region is rising, and levers like securitization are important to maintain a strong balance sheet. That said, Moody's thinks that given the outcome of the Ida securitization, more creativity may be needed for future cost recovery resolution. Lastly, Moody's indicated they expect the company to achieve a 14% FFO/debt metric this year (with our forecast of 13.5% for '23 (CSe)) and sees ETR as having plenty of time to achieve this.

- **LNT:** Moody's maintains a negative outlook in the Wisconsin segment of LNT indicating that the credit metrics have declined over the years. For the Illinois segment, Moody's sees the advanced ratemaking denial as a negative for the subsidiary, however, sees adequate performance and overall credit metrics as stable and believes the current rating can be held. Additionally, Moody's sees the IRA as beneficial for the company overall and sees it being able to achieve 14% FFO/Debt.

- **NEE:** Moody's sees the recent development regarding potential investigation and campaign violation as negative but there is a lack of information to further determine its rating impact. It does not sound overly material in terms of balance sheet impact, in our view. However, the company's reputation and branding might get hurt which could bring in more regulatory contention which is largely in-line with wider investor conversations we're having. It is also too early to tell if the FEC pursuit could materialize or not, though we note NEE is seeking dismissal. See additional views on NEE here.

- **PCG:** Moody's team indicated that they will re-assess the company's credit this quarter to look into wildfire mitigation techniques, relationships with CPUC/customers, etc, to see if the current positive outlook is appropriate.

- **PEG:** Considering the recent ownership sale of offshore wind business to Orsted, Moody's sees PEG as more of a regulated utility in NJ and the management team should continue operating under the current risk-averse path. In terms of nuclear assets, Moody's doesn't expect major development in the near term.

- **PNW:** The negative outlook on the name remains, although Moody's recognizes the latest

Prohibited Use: Unauthorized Redistribution of Credit Suisse Securities Research Corp on 14-Apr-2023 10:07 AM.

development at ACC. With new commissioners, it seems the regulatory environment is becoming more positive and stabilized. However, the agency is looking for readthroughs from in-state rate outcomes before APS's rate order drops later this year.

- **SO:** Vogtle U3's delay doesn't seem overly material from Moody's perspective. The prudency review before U4 comes online would be another time for Moody's to decide whether to re-assess credit quality or not. If the U3 delay extends for more than the current one-month timeframe, there might be the implication of a bigger issue, something that could be more material to the rating.

- **SRE:** As PA 1 just fully contracted and we expect PA's FID this quarter, Moody's is waiting for more clarity on the capital structure moving forward with the development and construction path. Financing and the duration of the business are key considerations and SRE is considering selling down ownership and we think end ownership for PA1 (we expect 25%) will be a critical component to whether Moody's raises the FFO/Debt threshold.

- **WEC:** Moody's has noted recently an overall weakening of credit metrics for WEC, however, recently affirmed current Baa1 rating. Moody's believes that WEC will be able to maintain its current credit rating but indicates that the company is close to the threshold on the outlook today.

Provided for the exclusive use of Crystal Valley Electric Cooperation Corp on 14-Apr-2023 10:07 AM.

Valuation Methodology and Risks

Target Price and Rating
Valuation Methodology and Risks: (12 months) for AEP Inc (AEP.OQ)

Method: We value AEP using an SOTP methodology and our target price is $100. We apply the electric group's 17.7x P/E multiple to all subsidiaries while applying a 15% multiple premium to AEP TransCo, reflecting formulaic/timely recovery in FERC jurisdictions. For the unregulated power generation business, we apply a 15% discount given there's less earnings visibility and AEP is transitioning to a more regulated growth strategy. We also apply 5% discount to all VIUs and revised TX multiple to neutral. We currently have zero EPS contribution from Kentucky Power under a base-case assumption. We rate AEP Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to our Outperform rating and $100 target price include: (1) any non-constructive regulatory decision for renewable capital spending recovery; (2) untimely execution of the Kentucky sale or unfavorable valuation applied to contracted renewable sales; (3) aggressive coal retirement programs could increase stranded asset risk given AEP's vision to retire an additional 5GW of coal generation by 2028.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for AES Corp (AES.N)

Method: Our target price is $26 and is based on a SOTP analysis. We value the consolidated AES operation using a P/E method with a historical five-year average P/E multiple (11.2x) and projected 2023 EPS. For the Fluence stake, we derive AES's proportional equity value using Fluence's current market value and AES's 34% ownership. We value AES's DevCo business using an NPV approach by discounting to FCF to equity holders with a 11% discount rate. We rate AES Neutral as we expect the stock's total return to be in line with peers over the next 12 months.

Risk: Risks to achieving our $26 target price and Neutral rating include: (1) unexpected negative regulatory outcome in the US; (2) negative impact to AES's valuation owing to exposure to Fluence ownership; and (3) currency and political risks associated with AES's international business segments. Upside risk includes a better than expected rate outcome.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Alliant Energy (LNT.N)

Method: We value Neutral-rated LNT using a SOTP to determine our $58 target price, applying relative P/E premiums/discounts to the various operating subsidiaries. In general, we view IA and WI as favorable jurisdictions, however, see slightly more cautious rhetoric in WI. We apply a 5% premium to the business, giving a 17.5x 2024E P/E multiple, given the historically constructive reg outcomes in both states.

Risk: Risks to achieve our $58 target price and Neutral rating include the company seeing greater-than-expected returns in the unregulated renewable business, being unable to keep pace with peers' 6-8% EPS growth CAGR, or seeing decreased growth in service territories.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Ameren (AEE.N)

Method: Our target price is $95: We value AEE using a P/E methodology, applying relative P/E premiums and discounts to the company as a whole. In general, we view the Midwest (Illinois and Missouri) as a premium jurisdiction given the pro-development regulators and robust transmission development plan likely to be passed soon. We take a premium view on AEE (19.3x vs. 16.8x for the peer average), which we view to be fair given the strong upside potential and relatively limited downside risk for the company. We rate AEE Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to achieving our $95 target price and Outperform rating include: Common equity funding that is not contemplated in our base-case scenarios, MISO Future 1 and 3 seeing delays, natural disasters, and a political landscape in the coverage area that is less favorable than current times. Climate change is also a risk to the extent that federal or state legislatures implement more restrictions on GHG emissions expected, which would increase standard asset risk for AEE's fossil generation. Commodity prices are surging, so Ameren must be diligent in maintaining bill pressure as it scales capex across IL and MO.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Atmos Energy (ATO.N)

Method: We value ATO on a sum of the parts with a $121 target price. We apply relative P/E premiums/discounts to the regulated gas group multiple of 15.0x. At the distribution business, we apply a 15% premium. We think this is justified given ATO's best-in-class jurisdictions, continued constructive treatment in the regulatory arena, and management's conservative planning assumptions. At the Pipelines segment, we apply a 10% premium, lower than 15% to handicap for the unregulated nature of the RRC pipes. That said, we see the contracts offering utility-like returns with long-term contracts in place with all of ATO's LDCs. Our base-case scenario contemplates a 17.0x consolidated P/E, which is slightly lower the company's five-year historical average of 19.5x. We rate ATO Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to our Outperform rating and $121 target price include: Common equity funding that is not contemplated in our base-case, Blue Sky, or Grey Sky scenarios could adversely affect our estimates. Gas is a highly combustible molecule. Pipeline leaks and explosions are risks of operating a gas distribution system, and any explosion/leak events could have a material adverse effect on ATO's multiple. ATO is subject to federal and state regulations, principally through rate regulatory proceedings. Failure to execute in the regulatory arena would inhibit shares from reaching our target price.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for CMS Energy Corp (CMS.N)

Method: Our target price is $69: We value CMS using an SOTP, applying relative P/E premiums/discounts to the two operating subsidiaries. In general, we view Michigan as a premium jurisdiction, given the historically constructive decisions and heathy earned ROEs. Michigan is also offering a premium allowed ROEs for renewable projects and EE. We take a premium view on both the Consumers and Enterprise segments with an 18.8x implied multiple for the electric and gas groups versus 16.7x and 16.1x

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

implied multiples for the electric and gas peer groups, respectively. We place a premium on the two operating segments given the strength of the businesses and upside potential in both. We rate CMS Outperform as we expect the stock's total return to be above that of peers over the next 12 months.

Risk: Risks to achieving our $69 target price and Outperform rating include: Difficulty executing on settled IRP plans that could lead to reduced capex spending and ultimately rate base growth. Construction delays could push back timelines for renewable projects and could delay upside from increased ROEs currently offered in Michigan for such projects. Increased severe weather events, particularly as coal plants are being phased out, could cause service continuity issues that would be costly to address.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for CenterPoint Energy (CNP.N)

Method: We value CNP using an SOTP methodology on 2025E EPS and have a $33 target price. We apply a 15% premium to the electric utility group multiple to Houston Electric, given the high-growth nature of the subsidiary and constructive regulatory mechanisms that allow management to realize ROEs close to authorized. We apply an 15% premium to SIGECO, given the generation replacement opportunity and transactions for peers in the state, which have garnered north of 20x P/E. We are also applying a 15% premium to the gas distribution segment, given management has already been actively monetizing its LDC portfolio north of 2.0x rate base. We rate CNP Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to our Outperform rating and $33 target price include: Failure to obtain constructive outcomes in regulatory proceedings, failure to execute on the companies proposed IRP in IN, natural disasters, labor/inflationary pressures above management's current O&M trajectory. Climate change is also a risk to the extent federal or state legislatures implement restrictions on GHG emissions in a more expected manner than contemplated. Commodity volatility is also a risk as it can lead to higher bills for customers, and crowd out growth opportunities.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Consolidated Edison (ED.N)

Method: Our target price is $78: We value ED on an SOTP approach. The company historically has had a challenging time earning its allowed ROE in the state, and we see an 8.8% authorized ROE as one of the lowest in the country. We are including a post-transaction NI of $1,666Mn for CEB sale given there is now a clear valuation/proceeds amount. We rate ED Neutral as we expect the stock's total return to be in line with peers over the next 12 months.

Risk: Risks to achieving our $78 target price and Neutral rating include: Common equity funding that is not contemplated in our base-case, Blue Sky, or Grey Sky scenarios. Failure to establish new rates at CECONY, which could lead investors to take a discounted view on ED's largest earnings contributor. Natural disaster risk, which could accelerate liabilities surrounding the NYC distribution system. EDs natural gas system is subject to greater operational risk given gas is a combustible molecule. NY is increasingly focused on electrification, which increases stranded assert risk associated with ED's LDC system. Upside risk includes a better than expected rate case outcome.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Constellation Energy (CEG.N)

Method: Our target price of $98 is based on an SOTP approach for Outperform-rated CEG. We use an EV/EBITDA approach based on forecasted 2023 EBITDA and current trading multiple of 10.5x. We apply a 25% multiple premium to contracted EBITDA, as it reflects more stable cash flow through timely hedging over market for customers. We do not assign any multiple adjustment to the merchant portion of EBITDA as it is a commodity business. Our valuation also reflects our favorable view on CEG's generation fleet, which consists of 65% nuclear generation that benefits from the passage of IRA. We subtract net debt from enterprise value to derive equity value. We use an NPV approach to value ZEC/CMC revenue with 5% discount, reflecting reduced risk given its quasi-regulated nature.

Risk: Our $98 target price and Outperform rating could be affected by (1) unexpected/unfavorable power market price movement and increased volatility; (2) increased competition among competitive energy suppliers, which puts CEG's competitive position at risk; (3) IRA implementation not as favorable as expected, including tax provisions; and (4) undisciplined execution on ratable hedging program which amplifies discretionary risk.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for DTE Energy (DTE.N)

Method: We value DTE using an SOTP, applying 15% P/E premiums to both the electric (15.4x) and gas (14.7x) subsidiary, which yields a $118 target price. We hold a discounted view on Trading (-30% discount), given these are non-core businesses and contain higher earnings volatility. We rate DTE Outperform as we expect the stock's total return to be above peers over the next 12 months.

Risk: Risks to our Outperform rating and $118 target price include: The uncertainties around timely recovery cost through base rate increase. The unregulated business earning is more susceptible to economic and industry cycles, with potential upside/downside.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Dominion Energy, Inc (D.N)

Method: We value D using an SOTP methodology on 2025E EPS with a $67 target price. We apply a -5% discount to the electric utility group multiple of 16.1x for VEPCO, given the high visibility on capital recovery and solid earned ROEs is more than offset by recent actions by mgmt to address customer rates, and the VA governor energy plan which has called out multiple rider's for D. For the gas distribution segment, we apply an inline multiple to the regulated gas LDC multiple of 16.7x, given the review. At the contracted generation segment, we apply a 9.0x EV/EBTIDA multiple, inline with peer comp CEG. Our SOTP implies a 15.7x consolidated P/E multiple on 2025E EPS, which is a -2% discount to the large-cap regulated multiple. We rate D Neutral, as we expect the strategic review to hold back the stocks re-rating

Risk: Risks to our $67 target price and Neutral rating include failure to obtain constructive outcomes in regulatory proceedings, failure to execute on the company's proposed wind program in Virginia, natural disasters, and labor/inflationary pressures above management's current O&M trajectory. Climate change is a risk to the extent that federal or state legislatures implement more restrictions on GHG emissions than expected. Commodity volatility is also a risk, as it can lead to higher bills for customers and crowd out growth opportunities.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Duke Energy (DUK.N)

Method: We value DUK using an SOTP, applying relative P/E premiums/discounts to the various operating subsidiaries, which yields a $94 target price. In general, we view Florida as a premium jurisdiction given numerous constrictive mechanisms for real-time capital recovery. We take a premium view on DEI (5% premium), which we flag as conservative given DUK has proven it can monetize this sub for 27.7x most recently with the announced minority sale to GIC. We take a discounted view on the commercial renewables segment given broad supply chain/inflation concerns and high proportion of HLBV income, which we believe are low-quality, non-cash earnings. We rate DUK Neutral as we see total return in-line with peers over the next 12 months.

Risk: Risks to our Neutral rating and $94 target price include: common equity funding that is not contemplated in our base-case, Blue Sky, or Grey Sky scenarios. Failure to establish new rates at DEC/DEP, which could lead investors to take a discounted view on DUK's largest earnings contributor. Natural disaster risk, which could accelerate liabilities at DUK's numerous coal ash ponds or nuclear facilities. Climate change and increased regulation on GHG emissions could accelerate closure of certain fossil investments, which would increase stranded asset risks to shares. Lastly, Federal legislation, such as change in tax policy, could negatively impact CFO for DUK.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Edison International (EIX.N)

Method: We value Neutral-rated EIX using an SOTP to determine our $64target price, applying relative P/E premiums/discounts to the various operating subsidiaries. In general, we view California as a discount jurisdiction, with wildfire risk persistent throughout the state. We apply a 20% discount to the Electric GRC earnings and a 10% discount to the Transmission earnings, largely because of the risk of wildfires and related capital recovery proceedings. We adjust our SOTP for current and ongoing liabilities, principally (1) a $1Bn wildfire liability, offset by $1Bn of aggregate insurance, ongoing wildfire fund contributions of $95Mn/year discounted at a 9.5% IRR, and (2) remaining legacy wildfire claims of $900Mn assuming EIX foregoes cost of debt recovery on the remaining claims.

Risk: Risks to achieve our $64 target and Neutral rating include the company seeing delays in both the covered conductor installation and capital recovery, seeing increased wildfire activity in the coming years, and seeing a faster-than-expected recovery of costs associated with the '17/'18 natural disasters.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Entergy Corporation (ETR.N)

Method: Our target price Is $117: We value ETR on a P/E approach using the 2024E multiple of 16.3x on our 2024E EPS. We think ETR offers in above-average jurisdictions for growth, but ongoing hurricane costs can stress ETR's balance sheet. We see the currently constructive regulatory environment in ETR's service territories partially offsetting this negative. We do not ascribe any value to the stock for potential upside capex, or potential value accretive events such as an NCI sale. Overall, we still see ETR as attractive on this base-case discount approach. We rate ETR Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to achieving our Outperform rating and $117 target price include: Failure to obtain constructive outcomes in regulatory proceedings, failure to execute on the company's proposed securitizations, natural disasters, labor/inflationary pressures above management's current O&M trajectory. Climate change is a risk to the extent federal or state legislatures implement more restrictions on GHG emissions than expected, or if there are increased hurricanes in the Gulf Coast this season. A worse-than-contemplated hurricane season could inhibit ETR from reaching our target price.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Evergy (EVRG.OQ)

Method: Our target price is $57: We value EVRG on a P/E approach using the 2025E group multiple of 16.3x, applying a 10% discount to the business on account of the average to below-average jurisdictions EVRG operates in, specifically Kansas. We see EVRG as a company with a strong management team, however, could see hurdles within the current regulatory environment. We rate EVRG Underperform as we expect the stock's total return to underperform peers over the next 12 months.

Risk: Risks to achieving our $57 target price and Underperform rating include: Better than expected regulatory outcomes, strong execution of the company's proposed IRP in MO/KS, natural disasters, labor/inflationary pressures above/below management's current O&M trajectory. Climate change is a risk to the extent federal or state legislatures implement more restrictions on GHG emissions than expected. Commodity volatility can lead to higher bills for customers, and crowd-out growth opportunities, which would inhibit shares from reaching our target price.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Eversource Energy (ES.N)

Method: Our target price is $75: We value ES using an SOTP, applying relative P/E premiums/discounts to the various operating subsidiaries. In general, we view CT, MA, and RI as relatively favorable jurisdictions, although there have been recent conflicts in CT related to performance and penalties. We apply a 5% premium to the natural gas business as ES has a strong track record for operations and earned ROEs. For the Transmission segment, we apply a 5% premium, which is lower than our transmission approach for peer utilities, as we attempt to reflect risk of further ROE cuts to NE transmission operators. We rate ES Neutral as we expect the stock's total return to be in line with peers over the next 12 months.

Risk: Risks to achieving our Neutral rating and $75 target price include: The company seeing further rate pressure from inflation, particularly in CL&P's jurisdiction. Other risks include further downgrade of forecasted ROE for offshore projects or an unfavorable monetization outcome, natural disaster/other issue that could delay wind projects under construction. Given the nature of offshore projects, climate-related issues pose a large risk to the company and its growth plans. Upside risk includes a better than expected rate outcomes.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Exelon Corporation (EXC.OQ)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Method: We utilized an SOTP method to determine our target price of $46 per share and a blended P/E multiple of 16.8x for Outperform-rated EXC. We derived the blended P/E multiple by creating a proportion of each segment for the electric group, transmission group, and gas group. We based the proportion on each segment's contribution to rate base. We applied a 2.5% premium multiple to the current blended multiple of 16.4x. We believe that an improving regulatory environment in Illinois will be favorable for EXC investors by allowing ComEd to file a rate case that is in line with industry average. Changes in the allowed ROE structure could increase the allowed ROE by 2% in 2024. Another key driver is the execution of the $29Bn capital plan.

Risk: Risks to achieve our $46 target price and Outperform rating include: (1) management not meeting RAB projected growth; (2) not reaching stated growth metrics, including the 6-8% LT EPS CAGR; (3) increasing commodity cost for electric and gas service, natural disaster risk; (4) worse-than-expected regulatory outcomes; and (5) volatility to 30yr US Treasuries, as ComEd ROEs are linked to 30YR USTs.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for FirstEnergy (FE.N)

Method: We value FE using an SOTP, applying relative P/E premiums/discounts to the various operating subsidiaries, which yields a $39 target price. We hold a discounted view on all utilities subsidiaries other than FET (-20% discount to Ohio utilities and 10% discount to the rest of the portfolio), given FE's reputational risk and the upcoming base rate case filings across all jurisdictions, while the transmission company benefits from more constructive FERC regulation with timely and formulaic recovery. We rate FE Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to out Outperform rating and $39 target price include: although the HB6 investigation is behind FE through the DPA, FE carries the reputation risk of a historically challenging organization. Even though the new management team has introduced internal control programs and is re-building the company's compliance culture, we recognize it takes time for a large organization to gradually achieve it.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for NextEra Energy Inc. (NEE.N)

Method: Our target price is $85 is based on a SOTP analysis. On the regulated front, we use P/E approach based on forecasted 2024 EPS and electric group multiple of 17.1x. We apply 5% multiple premium to FPL and Gulf, given Florida is one of the most regulatory supportive jurisdiction in the country for of timely recovery of utilities' spending. We also consider the scale and efficiency of its operation as one of the best in the utilities space. We use EV/EBITDA approach to value the enterprise value of NEER's various business lines based on 2023 EBITDA. Our multiple is in-line with recent transaction multiples for each earning's driver. We subtract NEER's debt from enterprise value to derive equity value. We use a NPV approach to value DevCo's forecasted monetization proceeds with an assumed discount rate of 9.2%. Lastly, we value NEE's NEP LP stake proportionally using the current NEP share price multiply by NEE's LP share, then add GP IDR value, which is also estimated through an NPV approach. We rate NEE Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to your Outperform rating and $85 target price include: 1) NEE's valuation multiple is more susceptible to market volatility as a growth name compared the value names; 2) the recent probe on solar anti-circumvention could exacerbate supply chain pressures; 3) Although benefiting from a deep bench of senior executives, Robo's retirement cast some doubt to the LT growth if NEE is not able to secure an effective new leadership team; 4) NEE's capital structures is among the most complex names and is more dependent on market condition.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for NiSource (NI.N)

Method: We value NI on a P/E approach that yields a $27 target price. Our base-case multiple of 16.1x is derived by taking the regulated electric and regulated gas group multiples and applying a weighted-average approach based on NI's rate base mix. We apply a 5% premium to this number to account for: (1) numerous tracking mechanisms in place to realize real-time return on capital; (2) new management, which is taking a refreshed view of the company's operating segments and pushing forward with a strategic review with the goal of creating value; and (3) potential upside to capex that isn't contemplated in our current EPS estimates. Our target price implied P/E multiple is in line to electrics and a premium to gas LDCs. We rate NI Outperform as we expect the stock's total return to be in line with peers over the next 12 months.

Risk: Risks to our Outperform rating and $27 target price include: Increased inflation above NI's cost-control ability, as well as headwinds delaying solar development via supply chain issues. Gas is a combustible molecule, and NI has a history of two separate high-profile explosions in the last 10 years, which could negatively affect the share price. Management also discussed buying and selling assets as part of its new strategy, and we think buying assets could weigh on NI's multiple. Climate change and increased scrutiny on GhG emissions is also a risk given ~70% of NI's rate base is coming from the gas distribution utility.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for OGE Energy (OGE.N)

Method: We value OGE using an SOTP with a $36 target price, applying relative P/E premiums/discounts to the various operating subsidiaries. In general, we view Oklahoma as an average jurisdiction given the strong focus on affordability for customers. We take apply a 5% premium to the business given limited rate case risk, IRA positioning, ST growth and CapEx growth not current included in our forecasts. We value OGE on the small-cap multiple given the relatively small operational area and that it is a largely single-state jurisdiction. In our view, the stock is fairly prices on an SOTP basis given the strong catalysts, but there are clear risks to the company. We rate OGE Neutral as we expect the stock's total return to be in line with peers over the next 12 months.

Risk: Risks to our Neutral rating and $36 target price include: common equity funding that is not contemplated in our base-case, Blue Sky, or Grey Sky scenarios. Failure to execute on IRP as planned, supply chain issues related to solar panels or a significant decline in population and load growth could cause the market to take a discounted view on the name. Potential upside from the current rate case filing.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for PG&E Corporation (PCG.N)

Method: Our target price is $17. We value PCG on an SOTP. We apply a 25% discount to our 2024E electric earnings, a 15% discount to gas earnings, and 5% discount to transmission earnings relative to the 2025E electric and gas group P/E multiples. We impute ~$1.0Bn of net wildfire liabilities, which include an additional $1Bn wildfire liability for fires to handicap incremental wildfire event

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

risk. We see ~12% total return for PCG in our base case, which is the above average for our coverage universe. Our target price implies an 11.8x consolidated P/E, a -22% discount, which is still one of the widest across the sector. We rate PCG Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to our Outperform rating and $17 target price include: PCG has a history of having utility assets involved with large wildfires in CA. Additional wildfires in 2022-24 could materially affect our valuation. PCG is subject to environmental factors such as severe weather conditions and climate change, which could increase wildfire events. PCG's higher-than-average debt/capital and lower-than-average FFO/debt, while we forecast improving lower cash flow from rate proceedings or materially adverse rate case outcomes, could drive incremental equity needs or reduce the likelihood of reinstating the dividend.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for PPL Corporation (PPL.N)

Method: Our target price is $32. We value PPL using an SOTP, applying relative P/E premiums/discounts to the various operating subsidiaries. We take a premium view on PA (10% premium, 18.7x multiple), which we flag as conservative given the recent settlement in PA and the favorable storm recovery mechanisms recently utilized. We take a discounted view on LU and KU (5% discount, 16.2x multiple) because of the current stay-out of Kentucky rates and the risk of inflation weighing on customer bills in the years until 2025 when another rate case can be filed. We rate PPL Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Risk: Risks to achieving our $32 target price and Outperform rating include: the inability to sustain new dividend and increased growth rate, and the inability to execute fully on the AMI and renewables projects. Increased inflation amid a rate stay-out in Kentucky, as well as headwinds delaying solar development via supply chain issues also pose a threat to the company. Other risks include more natural disasters/storms in Kentucky and Pennsylvania that delay projects and are expensive to repair, as well as climate change and related concerns. Upside risk includes the company cutting O&M expenses more than expected.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Pinnacle West Capital Corporation (PNW.N)

Method: We value PNW using a P/E, applying relative premiums/discounts to the various operating subsidiaries, which yields a $77 target price. We hold a discounted view on APS (-5% discount), given Arizona's general regulatory climate and additional uncertainties surrounded by APS being at the nexus of managing both rate case filing and separate judicial review against Arizona's challenging regulatory backdrop. We rate PNW Neutral as we expect the stock's total return to be in-line with peers over the next 12 months.

Risk: Risks to our Neutral rating and $77 target price include: The uncertainties around the timely recovery of investment and operating expense associated with pollution control costs and earning sufficient return on equity to compensate the shareholder.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Portland General Electric (POR.N)

Method: We value POR using a P/E relative valuation methodology, applying a relative P/E premium/discount to the business, which yields a $48 target price. In general, we view Oregon as a favorable jurisdiction, with the offsetting factor being that POR has been challenged in the past obtaining favorable agreements. We apply a 5% discount for this, and use a 15.9x base multiple for small caps in the space. Although there are some prospects for growth for the company, there are many potential hurdles and a history of falling short on key initiatives that make us hesitant to place a premium on the stock. We rate POR Neutral going the equity issuance and '23 building year guided by management.

Risk: Risks to our Neutral rating and $48 target price include: A continuation of the trend of severe weather events leading to large deferrals and increased customer bills. Continuation of poor outcomes in terms of execution of RFP projects, etc. that leads to larger discrepancies between earned and allowed ROEs. Unfavorable rate case outcome for filing expected in '23.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Public Service Enterprise Group (PEG.N)

Method: We value PEG (excl. nuclear) using an SOTP on 2024E EPS using 2024E multiples, which yields a $61 target price. We apply peer P/E premiums to New Jersey compared to peer jurisdictions given PEG's historical higher-than-peer ROE, constructive rider mechanisms, and heavy FERC-regulated rate base. We hold a discounted view on the earnings derived from the LIPA contract (-25% discount) given its extension risk. We value PEG's nuclear generation using an EV/EBITDA multiple on 2024E EBITDA and a 10x multiple to derive the nuclear generation enterprise value (excluding the portion from ZEC), then subtract associated debt and add back NPV from ZEC payments to calculate the equity value from contracted nuclear. We rate PEG Neutral as we expect the stock's total return to be in line with peers over the next 12 months.

Risk: Risks to our $61 target price and Neutral rating include the following: PEG has robust capital spending programs with large-scale offshore wind project contemplated and a regulatory solar build-out, which are both subjected to state and federal regulation and scrutiny. The construction of such projects may face supply chain restraints and labor shortages. The contracted generation business remains commercial exposure with market price risk. The pension position could lead to significant EPS drag as well.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Sempra Energy (SRE.N)

Method: Our $172 target price is based on an SOTP analysis. At the utilities, we use a P/E approach based on 2024 projected net income. We apply a 10% multiple discount to SDGE, a 10% premium to Sempra Texas, and 5% discount to SoCalGas vs. their respective electric/gas 2024E group multiples. We view CA as a discount jurisdiction, owing to wildfire risk/recovery frameworks, and we see TX as a premium jurisdiction given outside growth opportunities and constructive regulatory framework. At SRE Infra, we apply a 12.5x EV/EBITDA multiple, which is 0.5-1.0x turns below where SRE recently monetized a 10% NCI interest in SRE. At for incremental LNG, we NPV the 20-year cash flows associated with ECA1 and Cameron Train 4 expansion, discounting them at Sempra's current expected market return of 9.3% for US projects and add 100bps to Mexico projects to reflect a country risk premium. Our SOTP base-case valuation implies a consolidated P/E multiple of 18.1x, which is in-line with current electric comps. We rate SRE Outperform as we expect the stock's total return to outperform peers over the next 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Risk: Risks to our Outperform rating and $172 target price include: (1) SRE operates several fossil fuel distribution systems, which subjects the company to event risk associated with transporting combustible molecules; (2) climate change and the increased frequency of wildfires across CA; (3) stranded asset risk associated with the gas distribution system; (4) regulatory outcomes, as our estimates assume constructive resolutions in both CA and TX on pending rate cases; and (5) performance of equity method investments, which SRE relies upon for cash flow.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Southern Co (SO.N)

Method: We value SO using an SOTP that leads to a $70 target price, applying relative P/E premiums/discounts to the various operating subsidiaries. All P/Es are based on our 2024E EPS. We view Georgia and Alabama as premium jurisdictions given numerous constrictive mechanisms for real-time capital recovery. We have a discounted view on Southern Power (-25% discount, 13.3x), given its non-regulated earning with higher volatility. We also take a discounted view of 30% on the Vogtle-related earnings given the uncertainties in project delay, concerns on cost overrun, and potentially higher burden to Georgia Power among other co-owners given the co-ownership agreement. We rate SO Underperform as we expect the stock's total return to underperform peers over the next 12 months.

Risk: Risks to achieve our $70 target price and Underperform rating include: The marketability of mandatory convertible securities and corresponding equity issuance. Non constructive ruling on Georgia Power's rate review, which could lead investors to take a discounted view on SO's largest earnings contributor. Climate change, and increased regulation on GHG emissions could accelerate closure of certain fossil investments which would increase stranded asset risks to shares. Lastly, Federal legislation, such as change in tax policy could negatively impact CFO for SO given its tax equity exposure through Southern Power.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for WEC Energy Group (WEC.N)

Method: Our target price is $93: We value WEC using a P/E valuation methodology, applying relative P/E premiums/discounts to the company. In general, we view Wisconsin and much of the Midwest as premium jurisdictions given numerous constructive mechanisms for real-time capital recovery, constructive rate case outcomes, and solid load growth. We take a premium view on WEC (15%, 18.9x), as we believe the company has a relatively limited number of levers that can be pulled to sustain capex growth in near future. Rate case risks appear priced in, although we think quality peers offer more attractive risk/reward skews. We rate WEC Underperform as we expect the stock's total return to be less than peers over the next 12 months.

Risk: Risks to our $93 target price and Underperform include: Sustained population growth in service territory driving load demand; the current supply chain issues related to solar panels are resolved in timely manner and Badger Hollow 2 is able to reduce the time of delay; Investor sentiment shifts and companies pursuing renewable projects and other non-core, regulated utility projects are rewarded by investors.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Xcel Energy (XEL.N)

Method: Our target price is $74. We ascribe a 15% P/E premium to the wider regulated utility group average, which is in-line with XEL's historical 5yr average. XEL tends to trade with the 'premium' utilities given its strong track record for delivering on the high end of its 5-7% EPS CAGR. We see the premium further supported by XEL's history of generally constructive regulatory outcomes, the company's Steel for Fuel program, which has enabled an acceleration of energy transition-related capital expenditures, as well as the potentially positive benefits stemming from Build-Back-Better legislation. We rate XEL Neutral as we expect the stock's total return to perform in-line with peers over the next 12 months.

Risk: Risks to Neutral rating and $74 target price include: Failure to obtain constructive outcomes in regulatory proceedings, failure to execute on the company's proposed IRP in CO, natural disasters, labor/inflationary pressures above management's current O&M trajectory. Climate change is also a risk to the extent federal or state legislatures implement more restrictions on GHG emissions than expected. Wildfires are becoming more common in some of XEL's service territories, which can cause its multiple to fluctuate more than peers.

Companies Mentioned *(Price as of 26-Jan-2023)*

AEP Inc (AEP.OQ, $92.99, OUTPERFORM, TP $100.0)
AES Corp (AES.N, $27.62, NEUTRAL, TP $26.0)
Alliant Energy (LNT.N, $54.42, NEUTRAL, TP $58.0)
Ameren (AEE.N, $87.45, OUTPERFORM, TP $95.0)
Atmos Energy (ATO.N, $115.48, OUTPERFORM, TP $121.0)
CMS Energy Corp (CMS.N, $62.44, OUTPERFORM, TP $69.0)
CenterPoint Energy (CNP.N, $30.0, OUTPERFORM, TP $33.0)
Consolidated Edison (ED.N, $94.88, NEUTRAL, TP $78.0)
Constellation Energy (CEG.N, $85.84, OUTPERFORM, TP $98.0)
DTE Energy (DTE.N, $113.35, OUTPERFORM, TP $118.0)
Dominion Energy, Inc (D.N, $62.58, NEUTRAL, TP $67.0)
Duke Energy (DUK.N, $101.34, NEUTRAL, TP $94.0)
Edison International (EIX.N, $68.37, NEUTRAL, TP $64.0)
Entergy Corporation (ETR.N, $108.47, OUTPERFORM, TP $117.0)
Evergy (EVRG.OQ, $61.4, UNDERPERFORM, TP $57.0)
Eversource Energy (ES.N, $80.32, NEUTRAL, TP $75.0)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Exelon Corporation (EXC.OQ, $41.6, OUTPERFORM, TP $46.0)
FirstEnergy (FE.N, $41.39, OUTPERFORM, TP $39.0)
NextEra Energy Inc. (NEE.N, $76.4, OUTPERFORM, TP $85.0)
NiSource (NI.N, $27.54, OUTPERFORM, TP $27.0)
OGE Energy (OGE.N, $39.23, NEUTRAL, TP $36.0)
Orsted (ORSTED.CO, Dkr599.4)
PG&E Corporation (PCG.N, $15.85, OUTPERFORM, TP $17.0)
PPL Corporation (PPL.N, $29.68, OUTPERFORM, TP $32.0)
Pinnacle West Capital Corporation (PNW.N, $74.02, NEUTRAL, TP $77.0)
Portland General Electric (POR.N, $47.17, NEUTRAL, TP $48.0)
Public Service Enterprise Group (PEG.N, $61.03, NEUTRAL, TP $61.0)
Sempra Energy (SRE.N, $160.5, OUTPERFORM, TP $172.0)
Southern Co (SO.N, $67.52, UNDERPERFORM, TP $70.0)
WEC Energy Group (WEC.N, $92.86, UNDERPERFORM, TP $93.0)
Xcel Energy (XEL.N, $68.81, NEUTRAL, TP $74.0)

Disclosure Appendix

Analyst Certification

I, Nicholas Campanella, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for AEP Inc (AEP.OQ)

AEP.OQ	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	100.50	113.00	O *
18-Jul-22	93.37	103.00	
27-Jul-22	96.29	105.00	
07-Oct-22	82.99	95.00	
17-Oct-22	85.05	87.00	
16-Dec-22	94.57	100.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for AES Corp (AES.N)

AES.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	22.08	25.00	N *
20-Jul-22	19.98	23.00	
19-Oct-22	24.13	26.00	



** Asterisk signifies initiation or assumption of coverage.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Alliant Energy (LNT.N)

LNT.N Date	Closing Price (US$)	Target Price (US$)	Rating
03-Oct-22	54.30	58.00	N *
17-Oct-22	49.70	51.00	
17-Jan-23	55.08	58.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for Ameren (AEE.N)

AEE.N Date	Closing Price (US$)	Target Price (US$)	Rating
25-Apr-22	95.92	104.00	O *
20-Jul-22	85.85	94.00	
17-Oct-22	77.71	82.00	
17-Jan-23	89.24	95.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for Atmos Energy (ATO.N)

ATO.N Date	Closing Price (US$)	Target Price (US$)	Rating
25-Apr-22	117.70	133.00	O *
05-May-22	115.04	127.00	
18-Jul-22	111.90	124.00	
01-Aug-22	121.17	131.00	
14-Oct-22	98.11	105.00	
14-Nov-22	110.53	121.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for CMS Energy Corp (CMS.N)

CMS.N Date	Closing Price (US$)	Target Price (US$)	Rating
31-Jan-20	68.51	67.00	N
22-Apr-20	59.99	59.00	
04-Aug-20	63.09	57.00	
28-Oct-20	63.97	62.00	
18-Jan-21	58.62	63.00	
05-Feb-21	57.45	64.00	O
09-Apr-21	60.46	68.00	
30-Apr-21	64.39	70.00	
09-Jun-21	59.93	71.00	
13-Jul-21	60.00		*



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

CMS.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	70.59	76.00	N *
03-May-22	67.49	70.00	
18-Jul-22	64.81	69.00	
10-Oct-22	55.44	59.00	
31-Oct-22	57.05	61.00	
21-Nov-22	60.11	64.00	O
09-Jan-23	64.99	69.00	

** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for CenterPoint Energy (CNP.N)

CNP.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
03-Feb-20	26.34		R
05-Feb-20	26.75	29.00	N
20-Feb-20	25.72	28.00	
28-Feb-20	23.02	27.00	O
17-Mar-20	14.65	20.00	
02-Apr-20	14.13	21.00	
16-Apr-20	15.79	23.00	
10-Aug-20	20.98	22.00	
06-Nov-20	22.86	24.00	
08-Dec-20	22.50	26.00	
26-Feb-21	19.44	25.00	
16-Apr-21	24.06	28.00	
13-Jul-21	24.68		NC
25-Apr-22	31.75	34.00	O *
03-May-22	30.54	33.00	
11-Jul-22	29.53	32.00	
17-Oct-22	26.25	27.00	
01-Nov-22	28.35	31.00	
17-Jan-23	31.08	33.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

3-Year Price and Rating History for Consolidated Edison (ED.N)

ED.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
21-Feb-20	90.18	92.00	U
06-May-20	74.38	78.00	
08-May-20	74.18	76.00	
05-Aug-20	73.66	78.00	
10-Aug-20	75.38	78.00	N
03-Nov-20	81.32	81.00	
08-Nov-20	77.80	79.00	
18-Jan-21	69.60	78.00	
27-Jan-21	71.54	75.00	
22-Feb-21	67.97	65.00	U
29-Apr-21	76.71	74.00	
13-Jul-21	72.63		NC
25-Apr-22	96.05	100.00	N *
05-May-22	92.66	95.00	
18-Jul-22	91.63	92.00	
08-Aug-22	98.50	94.00	
07-Oct-22	81.58	82.00	
17-Oct-22	83.02	78.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Constellation Energy (CEG.N)

CEG.N Date	Closing Price (US$)	Target Price (US$)	Rating
03-Oct-22	86.61	98.00	O *



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for DTE Energy (DTE.N)

DTE.N Date	Closing Price (US$)	Target Price (US$)	Rating
06-Feb-20	114.19	119.12	N
23-Apr-20	85.94	102.10	
21-Jul-20	94.54	99.55	
29-Jul-20	98.03	100.40	
06-Oct-20	98.19	97.85	
28-Oct-20	103.93	111.46	
18-Jan-21	105.10	108.91	
12-Apr-21	115.40	113.16	
13-Jul-21	114.90		NC
25-Apr-22	135.70	142.00	N *
23-May-22	130.79	140.00	O
12-Jul-22	125.21	133.00	
01-Aug-22	130.42	140.00	
18-Oct-22	109.89	118.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

3-Year Price and Rating History for Dominion Energy, Inc (D.N)

D.N Date	Closing Price (US$)	Target Price (US$)	Rating
18-Feb-20	88.98	90.00	O
04-May-20	75.80	80.00	
14-May-20	79.63	85.00	
06-Jul-20	73.59	75.00	N
02-Aug-20	81.03	77.00	
03-Nov-20	82.91	80.00	
08-Nov-20	83.70	83.00	
17-Dec-20	75.93	83.00	O
10-Feb-21	73.09	81.00	
16-Feb-21	71.13	80.00	
21-Apr-21	80.20	90.00	
13-Jul-21	74.50		NC
03-Oct-22	71.09	82.00	O *
24-Oct-22	66.01	76.00	
07-Nov-22	62.94	69.00	N
24-Jan-23	62.48	67.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Duke Energy (DUK.N)

DUK.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
18-Feb-20	102.02	108.00	O
01-Apr-20	77.57	85.00	
11-May-20	81.66	86.00	
03-Aug-20	83.81	88.00	
15-Oct-20	91.96	93.00	N
08-Nov-20	93.44	92.00	
29-Jan-21	94.00	96.00	
14-Apr-21	98.79	104.00	
11-May-21	103.63	108.00	
18-May-21	102.49	105.00	
13-Jul-21	101.53		*
25-Apr-22	113.77	125.00	O *
09-May-22	110.80	117.00	
18-Jul-22	105.43	112.00	
05-Aug-22	109.16	114.00	N
12-Oct-22	85.97	94.00	

** Asterisk signifies initiation or assumption of coverage.*



3-Year Price and Rating History for Edison International (EIX.N)

EIX.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
03-Oct-22	59.40	64.00	N *
14-Oct-22	55.03	59.00	
01-Nov-22	60.51	64.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for Entergy Corporation (ETR.N)

ETR.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	122.24	136.00	O *
21-Jun-22	104.70	114.00	
18-Jul-22	109.27	124.00	
12-Sep-22	122.04	134.00	
12-Oct-22	96.58	108.00	
03-Nov-22	109.35	117.00	



** Asterisk signifies initiation or assumption of coverage.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Evergy (EVRG.OQ)

EVRG.OQ Date	Closing Price (US$)	Target Price (US$)	Rating
25-Apr-22	70.10	76.00	O *
20-Jul-22	63.15	68.00	
12-Oct-22	55.11	61.00	
29-Nov-22	58.07	57.00	U



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for Eversource Energy (ES.N)

ES.N Date	Closing Price (US$)	Target Price (US$)	Rating
21-Feb-20	95.96	94.00	N
28-Feb-20	86.46	92.00	
06-May-20	76.26	81.00	
12-May-20	75.67	76.00	
20-Jul-20	86.61	81.00	U
03-Nov-20	91.98	82.00	
15-Jan-21	88.57	81.00	
20-Apr-21	90.58	89.00	
11-May-21	84.02	85.00	
13-Jul-21	82.93		*
25-Apr-22	90.69	92.00	N *
06-May-22	90.40	91.00	
12-Jul-22	83.38	87.00	
01-Aug-22	89.21	90.00	
10-Oct-22	74.97	75.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for Exelon Corporation (EXC.OQ)

EXC.OQ Date	Closing Price (US$)	Target Price (US$)	Rating
13-Feb-20	35.35	37.08	O
07-May-20	24.99	32.09	
26-Jul-20	26.95	32.80	
27-Aug-20	26.31	31.37	
02-Nov-20	29.21	33.51	
04-Nov-20	30.11	34.94	
23-Feb-21	29.09	33.51	
10-May-21	31.75	34.23	
13-Jul-21	31.94		NC
03-Oct-22	38.48	43.00	O *
18-Oct-22	37.56	39.00	
03-Nov-22	36.96	42.00	
23-Jan-23	41.82	46.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for FirstEnergy (FE.N)

FE.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	45.44	51.00	O *
18-Jul-22	37.39	41.00	
01-Aug-22	40.52	46.00	
10-Oct-22	36.80	39.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for NextEra Energy Inc. (NEE.N)

NEE.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
27-Jan-20	66.69	64.00	N
17-Apr-20	61.56	63.00	
22-Jul-20	70.11	66.25	
26-Jul-20	70.06	66.50	
18-Oct-20	76.40	76.25	
23-Nov-20	74.57	76.00	
06-Jan-21	78.43	77.00	
27-Jan-21	80.19	87.00	
08-Mar-21	70.86	85.00	O
13-Jul-21	74.86		*
25-Apr-22	74.04	87.00	O *
15-Jun-22	74.19	76.00	
11-Jul-22	80.68	79.00	
13-Sep-22	88.86	98.00	
10-Oct-22	76.74	87.00	
31-Oct-22	77.50	89.00	
26-Jan-23	76.40	85.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for NiSource (NI.N)

NI.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
28-Feb-20	27.02	31.00	O
05-May-20	24.53	27.00	
20-Jul-20	23.75	26.00	
03-Nov-20	24.03	28.00	
13-Apr-21	24.51		R
14-Apr-21	24.51	28.00	O
16-Apr-21	25.62	29.00	
13-Jul-21	24.97		NC
25-Apr-22	30.58	32.00	N *
04-May-22	29.67	31.00	
18-Jul-22	28.39	30.00	
24-Oct-22	24.67	27.00	
09-Nov-22	24.89	27.00	O



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for OGE Energy (OGE.N)

OGE.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	41.07	42.00	N *
20-Jul-22	38.31	38.00	
10-Aug-22	41.08	42.00	
24-Oct-22	35.03	36.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for PG&E Corporation (PCG.N)

PCG.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
30-Jun-20	8.87		NR
25-Apr-22	11.82	17.00	O *
14-Jul-22	10.01	15.00	
29-Sep-22	12.38	16.00	
27-Oct-22	15.38	17.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for PPL Corporation (PPL.N)

PPL.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	29.76	33.00	O *
16-Jun-22	25.74	29.00	
14-Jul-22	27.12	31.00	
19-Sep-22	29.35	32.00	
10-Oct-22	24.87	27.00	
21-Nov-22	28.22	29.00	
12-Jan-23	30.72	32.00	



** Asterisk signifies initiation or assumption of coverage.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Pinnacle West Capital Corporation (PNW.N)

PNW.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
24-Feb-20	100.94	106.00	O
16-Apr-20	79.01	88.00	
08-May-20	73.87	84.00	
05-Aug-20	79.74	88.00	
23-Sep-20	70.93	81.00	
06-Oct-20	81.12	85.00	
16-Oct-20	81.07	87.00	
19-Nov-20	83.55	92.00	
18-Jan-21	78.55	86.00	
25-Feb-21	73.04	81.00	N
03-May-21	84.53	91.00	
13-Jul-21	83.10		NC
25-Apr-22	76.78	73.00	U *
05-Jul-22	71.66	67.00	
03-Aug-22	75.27	69.00	
10-Oct-22	61.19	57.00	
04-Nov-22	69.52	60.00	
21-Nov-22	75.21	73.00	N
03-Jan-23	74.63	77.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

3-Year Price and Rating History for Portland General Electric (POR.N)

POR.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	52.66	55.00	U *
28-Apr-22	49.36	49.00	
20-Jul-22	49.78	50.00	
01-Aug-22	52.15	52.00	
13-Sep-22	51.01	50.00	
19-Oct-22	43.72	43.00	
26-Oct-22	44.59	46.00	N
23-Jan-23	46.55	48.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for Public Service Enterprise Group (PEG.N)

PEG.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	72.64	76.00	N *
03-May-22	68.50	72.00	
02-Jun-22	68.54	75.00	
11-Jul-22	62.48	68.00	
03-Aug-22	65.38	69.00	
10-Oct-22	55.41	60.00	
01-Nov-22	56.33	63.00	
21-Nov-22	57.85	61.00	



** Asterisk signifies initiation or assumption of coverage.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Sempra Energy (SRE.N)

SRE.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
25-Apr-22	165.38	180.00	O *
11-Jul-22	148.53	166.00	
10-Oct-22	147.55	153.00	
05-Jan-23	152.48	172.00	



** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for Southern Co (SO.N)

SO.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
27-Apr-20	58.48	60.00	U
04-May-20	54.92	61.00	N
16-Jul-20	53.74	60.00	
31-Jul-20	54.61	61.00	
27-Oct-20	60.21	63.00	
30-Oct-20	57.45	61.00	
22-Feb-21	59.29	68.00	O
14-Apr-21	63.89	73.00	
30-Apr-21	66.17	74.00	
13-Jul-21	61.34		NC
25-Apr-22	74.97	77.00	U *
05-Jul-22	70.82	71.00	
10-Oct-22	63.99	62.00	
18-Jan-23	67.72	70.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

3-Year Price and Rating History for WEC Energy Group (WEC.N)

WEC.N	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
03-Feb-20	100.89	87.00	U
30-Apr-20	90.55	79.00	
02-Aug-20	95.26	77.00	
01-Nov-20	100.55	81.00	
04-Nov-20	101.81	83.00	
03-Feb-21	87.22	82.00	
23-Apr-21	96.79	91.00	
13-Jul-21	91.89		NC
25-Apr-22	102.91	108.00	N *
20-Jul-22	96.13	98.00	U
24-Oct-22	86.76	89.00	
02-Nov-22	90.25	93.00	



** Asterisk signifies initiation or assumption of coverage.*
Effective July 3, 2016, NC denotes termination of coverage.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

3-Year Price and Rating History for Xcel Energy (XEL.N)

XEL.N Date	Closing Price (US$)	Target Price (US$)	Rating
25-Apr-22	73.67	80.00	O *
08-Jun-22	73.17	77.00	
20-Jul-22	67.59	72.00	
18-Oct-22	61.61	64.00	
21-Nov-22	68.67	68.00	N
17-Jan-23	71.05	74.00	



** Asterisk signifies initiation or assumption of coverage.*

As of December 10, 2012 Analysts' stock rating are defined as follows:

Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European (excluding Turkey) ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin America, Turkey and Asia (excluding Japan and Australia), stock ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark (India - S&P BSE Sensex Index); for China A share the relevant index is the Shanghai Shenzhen CSI 300 (CSI300); prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.*

Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

Not Rated (NR) : Credit Suisse Equity Research does not have an investment rating or view on the stock or any other securities related to the company at this time.

Not Covered (NC) : Credit Suisse Equity Research does not provide ongoing coverage of the company or offer an investment rating or investment view on the equity security of the company or related products.

Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:

Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.

Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.

**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

Credit Suisse's distribution of stock ratings (and banking clients) is:

Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	53%	(26% banking clients)
Neutral/Hold*	36%	(22% banking clients)
Underperform/Sell*	10%	(21% banking clients)
Restricted	1%	

Please click here to view the MAR quarterly recommendations and investment services report for fundamental research recommendations.

**For purposes of the NYSE and FINRA ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Important Global Disclosures

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Credit Suisse's research reports are made available to clients through our proprietary research portal on CS PLUS. Credit Suisse research products may also be made available through third-party vendors or alternate electronic means as a convenience. Certain research products are only made available through CS PLUS. The services provided by Credit Suisse's analysts to clients may depend on a specific client's preferences regarding the frequency and manner of receiving communications, the client's risk profile and investment, the size and scope of the overall client relationship with the Firm, as well as legal and regulatory constraints. To access all of Credit Suisse's research that you are entitled to receive in the most timely manner, please contact your sales representative or go to https://plus.credit-suisse.com.

Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.

Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research:https://www.credit-suisse.com/sites/disclaimers-ib/en/managing-conflicts.html.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Credit Suisse has decided not to enter into business relationships with companies that Credit Suisse has determined to be involved in the development, manufacture, or acquisition of anti-personnel mines and cluster munitions. For Credit Suisse's position on the issue, please see https://www.credit-suisse.com/media/assets/corporate/docs/about-us/responsibility/banking/policy-summaries-en.pdf.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

Please refer to the firm's disclosure website at https://rave.credit-suisse.com/disclosures/view/selectArchive for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names

Credit Suisse currently has, or had within the past 12 months, the following as investment banking client(s): CEG.N, EXC.OQ, D.N, EIX.N, AEP.OQ, CNP.N, DUK.N, PCG.N, PPL.N, XEL.N, AES.N, NEE.N, PEG.N, SRE.N, NI.N

Credit Suisse provided investment banking services to the subject company (CEG.N, EXC.OQ, D.N, EIX.N, AEP.OQ, CNP.N, DUK.N, PCG.N, PPL.N, XEL.N, AES.N, NEE.N, PEG.N, SRE.N, NI.N) within the past 12 months.

Within the last 12 months, Credit Suisse has received compensation for non-investment banking services or products from the following issuer(s): EXC.OQ, D.N, EIX.N, AEP.OQ, CNP.N, DUK.N, PCG.N, PPL.N, AES.N, NEE.N, PEG.N, NI.N

Credit Suisse has managed or co-managed a public offering of securities for the subject company (CEG.N, EXC.OQ, D.N, EIX.N, AEP.OQ, CNP.N, DUK.N, PCG.N, XEL.N, NEE.N, SRE.N, NI.N) within the past 12 months.

Within the past 12 months, Credit Suisse has received compensation for investment banking services from the following issuer(s): CEG.N, EXC.OQ, D.N, EIX.N, AEP.OQ, CNP.N, DUK.N, PCG.N, PPL.N, XEL.N, AES.N, NEE.N, PEG.N, SRE.N, NI.N

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (CEG.N, EXC.OQ, D.N, EIX.N, AEP.OQ, CNP.N, DUK.N, PCG.N, PPL.N, XEL.N, AES.N, NEE.N, SRE.N, NI.N) within the next 3 months.

Credit Suisse currently has, or had within the past 12 months, the following issuer(s) as client(s), and the services provided were non-investment-banking, securities-related: EXC.OQ, D.N, EIX.N, AEP.OQ, CNP.N, DUK.N, PCG.N, PPL.N, AES.N, NEE.N, PEG.N, NI.N

Credit Suisse currently has, or had within the past 12 months, the following issuer(s) as client(s), and the services provided were non-investment-banking, non securities-related: D.N, PCG.N, AES.N, NI.N

Credit Suisse or a member of the Credit Suisse Group is a market maker or liquidity provider in the securities of the following subject issuer(s): AEP.OQ, AES.N, LNT.N, AEE.N, ATO.N, CMS.N, CNP.N, ED.N, CEG.N, DTE.N, D.N, DUK.N, EIX.N, ETR.N, EVRG.OQ, ES.N, EXC.OQ, FE.N, NEE.N, NI.N, OGE.N, PCG.N, PPL.N, PNW.N, POR.N, PEG.N, SRE.N, SO.N, WEC.N, XEL.N

A member of the Credit Suisse Group is party to an agreement with, or may have provided services set out in sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and Council ("MiFID Services") to, the subject issuer (CEG.N, EXC.OQ, D.N, EIX.N, AEP.OQ, CNP.N, DUK.N, PCG.N, PPL.N, XEL.N, AES.N, NEE.N, PEG.N, SRE.N, NI.N) within the past 12 months.

For date and time of production, dissemination and history of recommendation for the subject company(ies) featured in this report, disseminated within the past 12 months, please refer to the link: https://rave.credit-suisse.com/disclosures/view/report?i=771162&v=5t1pdyf60v8a1b3y3d1uw9fah.

Important Regional Disclosures

Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this research report.

Analysts who conduct site visits of covered issuers are not permitted to accept payment or reimbursement for travel expenses from the issuer for the site visit.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit https://www.credit-suisse.com/sites/disclaimers-ib/en/canada-research-policy.html.

Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment.

To the extent any Credit Suisse equity research analyst employed by Credit Suisse International (a "UK Analyst") has interactions with a Spanish domiciled client of Credit Suisse AG or its affiliates, such UK Analyst will be acting for and on behalf of Credit Suisse Bank (Europe), S.A., with respect only to the provision of equity research services to Spanish domiciled clients of Credit Suisse AG or its affiliates.

Pursuant to CVM Resolution No. 20/2021, of February 25, 2021, the author(s) of the report hereby certify(ies) that the views expressed in this report solely and exclusively reflect the personal opinions of the author(s) and have been prepared independently, including with respect to Credit Suisse. Part of the author(s)´s compensation is based on various factors, including the total revenues of Credit Suisse, but no part of the compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/companies or the subject securities.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

This research report is authored by:

Credit Suisse Securities (USA) LLC Nicholas Campanella ; Fei She, CFA ; Nathan Richardson

There is currently no universal definition or exhaustive list defining the issues or factors that are covered by the concept of "ESG" (Environmental, Social, Governance). If not indicated otherwise, 'ESG' is used interchangeably with the terms 'sustainable' and 'sustainability'. Unless indicated otherwise, the views expressed herein are based on CS' own assumptions and interpretation of ESG at the time of drafting. CS' views on ESG may evolve over time and are subject to change.

Where a sustainability assessment is identified as including elements which track environmental, social or governance (ESG) objectives, CS is, wholly or in part, reliant on third-party sources of information (including, but not limited to, such information produced by the issuing/ manufacturing company itself) and external guidance. These sources of information may be limited in terms of accuracy, availability and timeliness. It is possible that the data from ESG data providers may be incorrect, unavailable (e.g., not existing, or absence of look-through), or not fully updated. CS has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. Additionally, as global laws, guidelines and regulations in relation to the tracking and provision of such data are evolving, all such disclosures are made on a non-reliance basis and are subject to change. Unless required by applicable law, CS is not obliged to provide updates on sustainability assessments. Any updates might be subject to a time lag, due to e.g. lack of available data.

An ESG assessment reflects the opinion of the assessing party (CS or external parties such as rating agencies or other financial institutions). In the absence of a standardized ESG assessment system, each assessing party has its own research and analysis framework/methodology. Therefore, ESG assessment or risk levels given by different assessing parties to the same company can vary. Further, ESG assessment is limited to considering company performance against certain ESG criteria only and does not take into account the other factors needed to assess the value of a company.

Important disclosures regarding companies that are the subject of this report are available by calling +1 (877) 291-2683. The same important disclosures, with the exception of valuation methodology and risk discussions, are also available on Credit Suisse's disclosure website at https://rave.credit-suisse.com/disclosures. For valuation methodology and risks associated with any recommendation, price target, or rating referenced in this report, please refer to the disclosures section of the most recent report regarding the subject company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

This report is produced by subsidiaries and affiliates of Credit Suisse ("CS") operating under its Securities Research function within the Investment Banking Division. For more information on our structure, please use the following link: https://www.credit-suisse.com/who-we-are All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS. CS will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Please note in particular that the bases and levels of taxation may change.

Information and opinions presented in this report have been obtained or derived from sources believed by CS to be reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented in this report. Those communications reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other communications are brought to the attention of any recipient of this report. Some investments referred to in this report will be offered solely by a single entity and in the case of some investments solely by CS, or an associate of CS or CS may be the only market maker in such investments. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk. Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase. Some investments discussed in this report may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed any such site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk.

This report may contain material that is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject CS to any registration or licensing requirement within such jurisdiction.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor.

This research report does not, and is not intended to be, an advertisement within the meaning of article 68 of the Swiss Financial Services Act and/or article 95 of the Swiss Financial Services Ordinance. This research report is not a prospectus, basic information sheet (BIB) or a key information document (KID). Any recipients of this document should, however, note that any communication forwarding or using this research report as a basis for discussion, would qualify as such advertisement if it is intended to draw the recipient's attention to specific financial instruments covered by this research report.

This report is issued and distributed in **United Kingdom and European Union (except Germany and Spain):** by Credit Suisse International, One Cabot Square, London E14 4QJ, England, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority; **Spain:** Credit Suisse Bank (Europe), S.A. regulated by the Comision Nacional del Mercado de Valores; **Germany:** Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht ("BaFin"). **United States:** Credit Suisse Securities (USA) LLC; **Canada:** Credit Suisse Securities (Canada), Inc.; **Switzerland:** Credit Suisse AG; **Brazil:** Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários or its affiliates; **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and Casa de Bolsa Credit Suisse (México), S.A. de C.V., Grupo Financiero Credit Suisse (México) ("Credit Suisse Mexico"). This document has been prepared for information purposes only and is exclusively distributed in Mexico to Institutional Investors. Credit Suisse Mexico is not responsible for any onward distribution of this report to non-institutional investors by any third party. The authors of this report have not received payment or compensation from any entity or company other than from the relevant Credit Suisse Group company employing them; **Japan:** by Credit Suisse Securities (Japan) Limited, Financial Instruments Firm, Director-General of Kanto Local Finance Bureau (*Kinsho*) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association. This report has been prepared and issued for distribution in Japan to Credit Suisse's clients, including institutional investors; **Hong Kong SAR:** Credit Suisse (Hong Kong) Limited; **Australia:** Credit Suisse Equities (Australia) Limited; **Thailand:** Credit Suisse Securities (Thailand) Limited, regulated by the Office of the Securities and Exchange Commission, Thailand, having registered address at 63 Wireless Road (Witthayu) Bangkok 10330, Thailand, Tel. +66 2614 6000; **Malaysia:** Credit Suisse Securities (Malaysia) Sdn Bhd; **Singapore:** Credit Suisse AG, Singapore Branch; **India:** Credit Suisse Securities (India) Private Limited (CIN no.U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr.A.B. Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777; **South Korea:** Credit Suisse Securities (Europe) Limited, Seoul Branch; **Taiwan (Chinese Taipei):** Credit Suisse AG Taipei Securities Branch; **Indonesia:** PT Credit Suisse Sekuritas Indonesia; **Philippines:** Credit Suisse Securities (Philippines) Inc., and elsewhere in the world by the relevant authorised affiliate of the above.

Additional Regional Disclaimers

Australia: Credit Suisse Securities (Europe) Limited ("CSSEL") and Credit Suisse International ("CSI") are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority under UK laws, which differ from Australian Laws. CSSEL and CSI do not hold an Australian Financial Services Licence ("AFSL") and are exempt from the requirement to hold an AFSL under the Corporations Act (Cth) 2001 ("Corporations Act") in respect of the financial services provided to Australian wholesale clients (within the meaning of section 761G of the Corporations Act) (hereinafter referred to as "Financial Services"). This material is not for distribution to retail clients and is directed exclusively at Credit Suisse's professional clients and eligible counterparties as defined by the FCA, and wholesale clients as defined under section 761G of the Corporations Act. Credit Suisse (Hong Kong) Limited ("CSHK") is licensed and regulated by the Securities and Futures Commission of Hong Kong under the laws of Hong Kong SAR, which differ from Australian laws. CSHKL does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Investment banking services in the United States are provided by Credit Suisse Securities (USA) LLC, an affiliate of Credit Suisse Group. CSSU is regulated by the United States Securities and Exchange Commission under United States laws, which differ from Australian laws. CSSU does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Credit Suisse Asset Management LLC (CSAM) is authorised by the Securities and Exchange Commission under US laws, which differ from Australian laws. CSAM does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. This material is provided solely to Institutional Accounts (as defined in the FINRA rules) who are Eligible Contract Participants (as defined in the US Commodity Exchange Act). Credit Suisse Equities (Australia) Limited (ABN 35 068 232 708) ("CSEAL") is an AFSL holder in Australia (AFSL 237237).
EU: This report has been produced by subsidiaries and affiliates of Credit Suisse operating under its Securities Research function within the Investment Banking Division.

In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

This material is issued and distributed in the U.S. by CSSU, a member of NYSE, FINRA, SIPC and the NFA, and CSSU accepts responsibility for its contents. Clients should contact analysts and execute transactions through a Credit Suisse subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

CS may provide various services to US municipal entities or obligated persons ("municipalities"), including suggesting individual transactions or trades and entering into such transactions. Any services CS provides to municipalities are not viewed as "advice" within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. CS is providing any such services and related information solely on an arm's length basis and not as an advisor or fiduciary to the municipality. In connection with the provision of the any such services, there is no agreement, direct or indirect, between any municipality (including the officials, management, employees or agents thereof) and CS for CS to provide advice to the municipality. Municipalities should consult with their financial, accounting and legal advisors regarding any such services provided by CS. In addition, CS is not acting for direct or indirect compensation to solicit the municipality on behalf of an unaffiliated broker, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by the municipality for or in connection with Municipal Financial Products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of the municipality. If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content. No information or communication provided herein or otherwise is intended to be, or should be construed as, a recommendation within the meaning of the US Department of Labor's final regulation defining "investment advice" for purposes of the Employee Retirement Income Security Act of 1974, as amended and Section 4975 of the Internal Revenue Code of 1986, as amended, and the information provided herein is intended to be general information, and should not be construed as, providing investment advice (impartial or otherwise).

Malaysia: Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn Bhd, to whom they should direct any queries on +603 2723 2020.
Singapore: This report has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations) only, and is also distributed by Credit Suisse AG, Singapore Branch to overseas investors (as defined under the Financial Advisers Regulations). Credit Suisse AG, Singapore Branch may distribute reports produced by its foreign entities or affiliates pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients should contact Credit Suisse AG, Singapore Branch at +65-6212-2000 for matters arising from, or in connection with, this report. By virtue of your status as an institutional investor, accredited investor, expert investor or overseas investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain compliance requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore Branch may provide to you.

Copyright © 2023 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

When you purchase non-listed Japanese fixed income securities (Japanese government bonds, Japanese municipal bonds, Japanese government guaranteed bonds, Japanese corporate bonds) from CS as a seller, you will be requested to pay the purchase price only.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

23 January 2023
Equity Research
Americas | United States

CREDIT SUISSE

Exelon Corporation

4Q Preview: Regulated Refresh on Tap: Regulatory Execution in Focus for '23

EXC

Target price (12M, US$) 46.00

Outperform

Electric Utilities | Increase Target Price

We provide our 4Q earnings preview for EXC shares and re-affirm our Outperform rating. EXC is working through its first full year refresh as a fully regulated entity, and we see the conference call as an opportunity for new management to: 1) Extend the 6-8% LT EPS CAGR through '26; 2) Provide FY23 EPS guidance where we see the range likely to bracket CSe / Street at $2.37 / $2.36; 3) Extend CapEx & Rate Base growth to 2026 – CSe models ~flat CapEx '26 vs. '25 translating to a 7% CAGR, though an up-tick in capex is possible; and 4) Provide an update on regulatory initiatives this year where investors are focused most on Illinois. EXC was an early underperformer on the '23 non-linearity theme, but we think the market has moved past these concerns with EXC ear-marking EPS expectations through 2025 which still show management within the 6-8% LT EPS CAGR, albeit the lower end. EXC has several rate cases to execute on in '23E (~55% of projected RAB) where we think investors are already weary and constructive execution of these cases are catalysts for the stocks multiple.

- **Framing EPS Expectations & The Roll Forward:** As we expect EXC to extend its 6-8% EPS CAGR on the call, we flag CSe sees closer to a 6.5% EPS CAGR long term with the bear case on shares being a lower outlook of 5-7%. 6.5% growth is still near the current sector average, and we believe EXCs lower risk T&D footprint, fragmented CapEx plan, and IL hedges (CMC) offer premium attributes. Additionally, the current outlook largely incorporates higher CoC (inflation) & fuel prices where we note some moderation since the 3Q update, principally in gas prices. Lastly, we flag EXC is already assuming the $200Mn/yr CFO hit from the alternative minimum tax, where we expect guidance from treasury sometime in 2023. The inclusion of tax repairs in the AMT could provide relief to EXC which we see positively affecting future funding considerations of the plan. Recall EXC has $500Mn of remaining equity to issue ($1Bn over 5yr plan), and any increase to the $35Bn plan we think could be met with an uptick in growth equity needs.
- **Valuation, EPS Ests & Risks:** We shift our TP to $46 from $42 due to higher group multiples, and our inclusion of a 2.5% premium on NI for risk profile. Our EPS estimates are +1c in '24E due to share count considerations. Risks: Inflation, reg outcomes, climate.

Previous target price (12M, US$)	42.00
Price (20 Jan 23, US$)	42.34
52-week price range	50.25 - 35.54
Enterprise value (US$ m)	80,504

Research Analysts

Nicholas Campanella
212 325 7505
nicholas.campanella@credit-suisse.com

Fei She, CFA
212 325 7648
fei.she@credit-suisse.com

Nathan Richardson
212 325 7937
nathan.richardson@credit-suisse.com

Financial and valuation metrics

Year	12/21A	12/22E	12/23E	12/24E
EPS (CS adj.) (US$)	2.08	2.26	2.37	2.50
Prev. EPS (US$)	-	-	-	2.49
P/E (x)	20.4	18.7	17.9	17.0
P/E rel. (%)	103.2	102.4	101.1	105.6
EBITDA (US$ m)	6,769	7,385	7,915	8,505
EV/EBITDA (current)	11.2	10.9	10.5	10.1
Net debt (US$ m)	33,547	38,441	41,139	44,022
FFO/Interest	3.9	3.8	3.4	3.2
FFO/Total Debt	0.15	0.14	0.14	0.14
Number of shares (m)	993	BV/Share (Next Qtr., US$)		0
Net debt (Next Qtr., US$ m)	0	Dividend (current, US$)		0.0
Net debt/tot eq (Next Qtr., %)		Dividend yield (%)		3.20

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



On 20-Jan-2023 the S&P 500 INDEX closed at 3972.61Daily Jan21, 2022 - Jan20, 2023, 01/21/22 = US$40.480813590000004

Quarterly EPS	Q1	Q2	Q3	Q4
2021A	-0.34	0.40	1.19	-0.17
2022E	0.60	0.44	0.75	0.48
2023E	0.62	0.47	0.77	0.51

DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, LEGAL ENTITY DISCLOSURE AND THE STATUS OF NON-US ANALYSTS. US Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Exelon Corporation (EXC)

Analyst: **Nicholas Campanella**

Price (20 Jan 2023): **US$42.34** Target Price: **(from 42.00) 46.00**

Rating: **Outperform**

Income Statement	12/21A	12/22E	12/23E	12/24E
Revenue (US$ m)	**17,938.0**	**18,177.3**	**18,895.4**	**19,540.6**
EBITDA (US$ m)	**6,769**	**7,385**	**7,915**	**8,505**
Depr. & amort.	(3,033)	(3,172)	(3,310)	(3,458)
EBIT (US$)	**3,965**	**4,335**	**4,719**	**5,161**
Net interest exp	(1,289)	(1,433)	(1,655)	(1,880)
PBT (US$)	**1,654**	**2,532**	**2,681**	**2,839**
Income taxes	(38)	(297)	(312)	(332)
Minorities	(123)	-0	-0	-0
Reported net income (US$)	**1,706**	**2,235**	**2,368**	**2,507**
Other NPAT adjustments	(333)	0	0	0
Adjusted net income	**2,038**	**2,235**	**2,368**	**2,507**
Cash Flow	**12/21A**	**12/22E**	**12/23E**	**12/24E**
EBIT	3,965	4,335	4,719	5,161
Net interest	(1,289)	(1,433)	(1,655)	(1,880)
Change in working capital	(5,565)	0	0	0
CAPEX	(7,981)	(6,975)	(7,075)	(7,475)
Free cashflow to the firm	**(4,969)**	**(1,534)**	**(1,519)**	**(1,609)**
Acquisitions	-	-	-	-
Divestments	-	-	-	-
Cash flow from investments	**(3,317)**	**(6,975)**	**(7,075)**	**(7,475)**
Changes in Net Cash/Debt	**(1,598)**	**(4,894)**	**(2,698)**	**(2,883)**
Balance Sheet (US$)	**12/21A**	**12/22E**	**12/23E**	**12/24E**
Assets				
Cash & cash equivalents	993	274	101	93
Total current assets	**13,957**	**13,238**	**13,065**	**13,057**
Total assets	**133,013**	**136,097**	**139,689**	**143,698**
Liabilities				
Total current liabilities	**16,111**	**13,011**	**13,011**	**13,011**
Total liabilities	**98,218**	**99,828**	**102,230**	**105,006**
Total liabilities and equity	**133,013**	**136,097**	**139,689**	**143,698**
Net debt	33,547	38,441	41,139	44,022
Per share	**12/21A**	**12/22E**	**12/23E**	**12/24E**
No. of shares (wtd avg)	980	988	999	1,005
CS adj. EPS	2.08	2.26	2.37	2.50
Prev. EPS (US$)	-	-	-	2.49
Dividend (US$)	1.53	1.35	1.43	1.52
Free cash flow per share	(5.07)	(1.55)	(1.52)	(1.60)
Earnings	**12/21A**	**12/22E**	**12/23E**	**12/24E**
Sales growth (%)	7.7	1.3	4.0	3.4
EBIT growth (%)	34.7	9.3	8.8	9.4
Net profit growth (%)	3.8	9.6	5.9	5.9
EPS growth (%)	3.5	8.7	4.8	5.3
EBITDA margin (%)	37.7	40.6	41.9	43.5
EBIT margin (%)	22.1	23.8	25.0	26.4
Pretax margin (%)	9.2	13.9	14.2	14.5
Net margin (%)	11.4	12.3	12.5	12.8
Valuation	**12/21A**	**12/22E**	**12/23E**	**12/24E**
EV/Sales (x)	4.22	4.43	4.40	4.41
P/E (x)	20.4	18.7	17.9	17.0
Price to book (x)	1.1	1.1	1.1	1.0
Asset turnover	0.1	0.1	0.1	0.1
Returns	**12/21A**	**12/22E**	**12/23E**	**12/24E**
ROE stated-return on (%)	4.7	5.9	6.0	6.2
ROIC (%)	5.7	5.1	5.3	5.5
Gearing	**12/21A**	**12/22E**	**12/23E**	**12/24E**
Net debt/equity (%)	96.4	106.0	109.8	113.8
Interest coverage ratio (X)	3.1	3.0	2.9	2.7
Quarterly EPS	**Q1**	**Q2**	**Q3**	**Q4**
2021A	-0.34	0.40	1.19	-0.17
2022E	0.60	0.44	0.75	0.48
2023E	0.62	0.47	0.77	0.51

Source: FTI, Company data, Refinitiv, Credit Suisse Securities (EUROPE) LTD. Estimates

Company Background

Exelon Corporation, a utility services holding company, engages in the energy generation, delivery, and marketing businesses in the United States and Canada.

Blue/Grey Sky Scenario



Our Blue Sky Scenario (US$) **(from 46.00) 50.00**

Our Blue Sky scenario assumes a P/E multiple of 18.5x and that (1) management executes on its capital plan and continues to manage O&M costs in the face of record inflation and rising energy service costs, (2) management continues its grid resilience project, and (3) ComEd operates in a more favorable regulatory environment.

Our Grey Sky Scenario (US$) **(from 37.00) 41.00**

Our Grey Sky scenario assumes EXC trades at a 15.2x. If inflationary head winds continue to persist and commodity prices continue to rise, this could impact customer bills and possibly impact consumption.

Share price performance

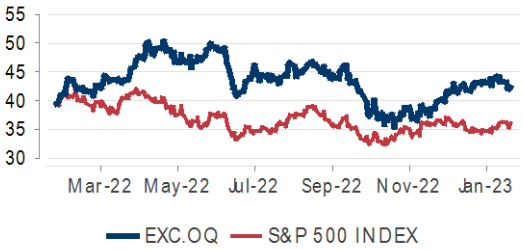

On 20-Jan-2023 the S&P 500 INDEX closed at 3972.61
Daily Jan21, 2022 - Jan20, 2023, 01/21/22 = US$40.480813590000004

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Fundamental Dashboard

We include our latest EPS estimates below which are largely unchanged outside of 2024E (+1c/sh) for share count considerations. We note our 2026E EPS estimates assume a flat capex year vs. 2025 ($7.5Bn), with equity in the plan for conservatism (~$450Mn in 2026) and EXC still 150bps above its 12% FFO/Debt minimum. Our estimates are slightly below consensus (1%) in most years.

Figure 1: Fundamental Dashboard

EXC Dashboard	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
Consolidated EPS	**$3.01**	**$2.01**	**$2.08**	**$2.26**	**$2.37**	**$2.50**	**$2.70**	**$2.89**
Prior EPS			**$2.08**	**$2.26**	**$2.37**	**$2.49**	**$2.70**	**$2.89**
Consensus EPS (FactSet)			**$2.08**	**$2.26**	**$2.36**	**$2.52**	**$2.74**	**$2.93**
Consensus EPS (Bloomberg)			**$2.57**	**$2.26**	**$2.37**	**$2.53**	**$2.74**	**$2.90**
Delta (%)				0.1%	0.4%	-1.0%	-1.4%	-1.3%
Shares Outstanding	974	977	980	988	999	1,005	1,006	1,012
DPS			$1.53	$1.35	$1.43	$1.52	$1.61	$1.70
DPS Growth (%)				-11.6%	6.0%	6.0%	6.0%	6.0%
DPS Payout (%) - 60% Payout				59.7%	60.4%	60.8%	59.5%	58.9%
Valuation Metrics								
P/E		21.1x	20.4x	18.7x	17.9x	17.0x	15.7x	14.6x
EV/RAB		1.7x	1.6x	1.5x	1.5x	1.4x	1.4x	1.4x
FFO		9,034	8,577	5,441	5,556	5,866	6,245	6,615
Net Debt		31,949	33,547	38,441	41,139	44,022	47,017	49,209
FFO/Debt (%) - 13.5% Target; 12% Min		28.3%	25.6%	14.2%	13.5%	13.3%	13.3%	13.4%
EBITDA		5,082	5,715	6,769	7,385	7,915	8,505	9,067
Net Debt		31,949	33,547	38,441	41,139	44,022	47,017	49,209
Net Debt / EBITDA		6.3x	5.9x	5.7x	5.6x	5.6x	5.5x	5.4x
Holdco Debt / Total Debt		28.0%	33.5%	28.6%	28.2%	28.4%	28.6%	29.1%
Consolidated Equity Layer (%)		51.6%	50.2%	48.4%	47.6%	46.7%	45.8%	45.6%

EPS Estimates By Sub	2019	2020	2021	2022	2023	2024	2025	2026
ACE	$0.10	$0.11	$0.15	$0.15	$0.17	$0.18	$0.19	$0.20
PEPCO	$0.25	$0.27	$0.30	$0.31	$0.33	$0.35	$0.37	$0.39
ComEd	$0.71	$0.44	$0.75	$0.78	$0.94	$1.01	$1.08	$1.14
DPL	$0.15	$0.13	$0.13	$0.22	$0.23	$0.25	$0.26	$0.28
PECO		$0.46	$0.51	$0.55	$0.57	$0.58	$0.67	$0.75
BGE	$0.37	$0.36	$0.42	$0.44	$0.47	$0.50	$0.53	$0.56
Parent	$0.89	$0.24	($0.18)	($0.20)	($0.33)	($0.38)	($0.41)	($0.43)
Consolidated	**$2.47**	**$2.01**	**$2.08**	**$2.26**	**$2.37**	**$2.50**	**$2.70**	**$2.89**
Guidance Based on 3Q22 Slides			**2.06-2.14**	**2.21-2.29**	**2.36**	**$2.50**	**$2.70**	
Midpoint Growth (7% off 2021A)			**$2.10**	**$2.25**	**$2.40**	**$2.57**	**$2.75**	

Source: Company data, Credit Suisse estimates, the BLOOMBERG PROFESSIONAL™ service

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Valuation: $46 TP on Multiple Shift; Outperform

We maintain our OP rating on shares. Our latest TP shift to $46 is due to adjusted peer group multiples and a move to a 2.5% premium on consolidated net income for the low-risk nature of the plan.

Figure 2: Valuation: SOTP Approach on 2025E Tweaked to $46 TP

EXC Sum of the Parts Valuation				Grey Sky	Base Case	Blue Sky
Electric Group Multiple				14.6x	16.2x	17.8x
Transmission Group Multiple - Gross up 1.0x for formulaic recovery				15.6x	17.2x	18.8x
Gas Group Multiple				14.4x	16.0x	17.6x
		Proportion				
EXC Electric Rate Base		57%		8.3x	9.2x	10.2x
EXC Transmission Rate Base		26%		4.1x	4.5x	4.9x
EXC Gas Rate Base		17%		2.4x	2.7x	3.0x
Blended EXC Group Multiple		100%		**14.8x**	**16.4x**	**18.0x**
EXC UP&O EPS	**Net Income ('25)**	**Prem / Disc.**	**Base Case Multiple**			
Consolidated Net Income	$2,720	3%	16.8x	$41,296	$45,803	$50,310
Total Equity Value				**$41,296**	**$45,803**	**$50,310**
Shares Outstanding				**1,005**	**1,005**	**1,005**
Consolidated EPS '24				$2.50	$2.50	$2.50
Implied P/E Multiple->>				15.2x	16.8x	18.5x
Valuation				**$41**	**$46**	**$50**
Stock Price					$42	
Upside / Downside				-3.2%	8.6%	18.1%
Yield					3.6%	
Total Return				**0.4%**	**12.3%**	**21.7%**

Source: Company data, Credit Suisse estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Valuation Methodology and Risks

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Exelon Corporation (EXC.OQ)

Method: We utilized an SOTP method to determine our target price of $46 per share and a blended P/E multiple of 16.8x for Outperform-rated EXC. We derived the blended P/E multiple by creating a proportion of each segment for the electric group, transmission group, and gas group. We based the proportion on each segment's contribution to rate base. We applied a 2.5% premium multiple to the current blended multiple of 16.4x. We believe that an improving regulatory environment in Illinois will be favorable for EXC investors by allowing ComEd to file a rate case that is in line with industry average. Changes in the allowed ROE structure could increase the allowed ROE by 2% in 2024. Another key driver is the execution of the $29Bn capital plan.

Risk: Risks to achieve our $46 target price and Outperform rating include: (1) management not meeting RAB projected growth; (2) not reaching stated growth metrics, including the 6-8% LT EPS CAGR; (3) increasing commodity cost for electric and gas service, natural disaster risk; (4) worse-than-expected regulatory outcomes; and (5) volatility to 30yr US Treasuries, as ComEd ROEs are linked to 30YR USTs.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Companies Mentioned *(Price as of 21-Jan-2023)*
Exelon Corporation (EXC.OQ, $42.34, OUTPERFORM, TP $46.0)

Disclosure Appendix

Analyst Certification

I, Nicholas Campanella, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Exelon Corporation (EXC.OQ)

EXC.OQ Date	Closing Price (US$)	Target Price (US$)	Rating
13-Feb-20	35.35	37.08	O
07-May-20	24.99	32.09	
26-Jul-20	26.95	32.80	
27-Aug-20	26.31	31.37	
02-Nov-20	29.21	33.51	
04-Nov-20	30.11	34.94	
23-Feb-21	29.09	33.51	
10-May-21	31.75	34.23	
13-Jul-21	31.94		NC
03-Oct-22	38.48	43.00	O *
18-Oct-22	37.56	39.00	
03-Nov-22	36.96	42.00	



** Asterisk signifies initiation or assumption of coverage.*

Effective July 3, 2016, NC denotes termination of coverage.

As of December 10, 2012 Analysts' stock rating are defined as follows:
Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.
Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.
Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.
**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European (excluding Turkey) ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin America, Turkey and Asia (excluding Japan and Australia), stock ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark (India - S&P BSE Sensex Index); for China A share the relevant index is the Shanghai Shenzhen CSI 300 (CSI300); prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.*
Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.
Not Rated (NR) : Credit Suisse Equity Research does not have an investment rating or view on the stock or any other securities related to the company at this time.
Not Covered (NC) : Credit Suisse Equity Research does not provide ongoing coverage of the company or offer an investment rating or investment view on the equity security of the company or related products.

Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:
Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.
Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.
Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.
**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Credit Suisse's distribution of stock ratings (and banking clients) is:

Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	53%	(27% banking clients)
Neutral/Hold*	36%	(23% banking clients)
Underperform/Sell*	10%	(20% banking clients)
Restricted	1%	

Please click here to view the MAR quarterly recommendations and investment services report for fundamental research recommendations.

**For purposes of the NYSE and FINRA ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Important Global Disclosures

Credit Suisse's research reports are made available to clients through our proprietary research portal on CS PLUS. Credit Suisse research products may also be made available through third-party vendors or alternate electronic means as a convenience. Certain research products are only made available through CS PLUS. The services provided by Credit Suisse's analysts to clients may depend on a specific client's preferences regarding the frequency and manner of receiving communications, the client's risk profile and investment, the size and scope of the overall client relationship with the Firm, as well as legal and regulatory constraints. To access all of Credit Suisse's research that you are entitled to receive in the most timely manner, please contact your sales representative or go to https://plus.credit-suisse.com .

Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.

Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research: https://www.credit-suisse.com/sites/disclaimers-ib/en/managing-conflicts.html .

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Credit Suisse has decided not to enter into business relationships with companies that Credit Suisse has determined to be involved in the development, manufacture, or acquisition of anti-personnel mines and cluster munitions. For Credit Suisse's position on the issue, please see https://www.credit-suisse.com/media/assets/corporate/docs/about-us/responsibility/banking/policy-summaries-en.pdf .

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

Please refer to the firm's disclosure website at https://rave.credit-suisse.com/disclosures/view/selectArchive for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names

Credit Suisse currently has, or had within the past 12 months, the following as investment banking client(s): EXC.OQ

Credit Suisse provided investment banking services to the subject company (EXC.OQ) within the past 12 months.

Within the last 12 months, Credit Suisse has received compensation for non-investment banking services or products from the following issuer(s): EXC.OQ

Credit Suisse has managed or co-managed a public offering of securities for the subject company (EXC.OQ) within the past 12 months.

Within the past 12 months, Credit Suisse has received compensation for investment banking services from the following issuer(s): EXC.OQ

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (EXC.OQ) within the next 3 months.

Credit Suisse currently has, or had within the past 12 months, the following issuer(s) as client(s), and the services provided were non-investment-banking, securities-related: EXC.OQ

Credit Suisse or a member of the Credit Suisse Group is a market maker or liquidity provider in the securities of the following subject issuer(s): EXC.OQ

A member of the Credit Suisse Group is party to an agreement with, or may have provided services set out in sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and Council ("MiFID Services") to, the subject issuer (EXC.OQ) within the past 12 months.

For date and time of production, dissemination and history of recommendation for the subject company(ies) featured in this report, disseminated within the past 12 months, please refer to the link: https://rave.credit-suisse.com/disclosures/view/report?i=770022&v=-189fmee0cr4zwsqzohf9zr6eq .

Important Regional Disclosures

Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this research report.

Analysts who conduct site visits of covered issuers are not permitted to accept payment or reimbursement for travel expenses from the issuer for the site visit.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit https://www.credit-suisse.com/sites/disclaimers-ib/en/canada-research-policy.html.

Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

To the extent any Credit Suisse equity research analyst employed by Credit Suisse International (a "UK Analyst") has interactions with a Spanish domiciled client of Credit Suisse AG or its affiliates, such UK Analyst will be acting for and on behalf of Credit Suisse Bank (Europe), S.A., with respect only to the provision of equity research services to Spanish domiciled clients of Credit Suisse AG or its affiliates.
Pursuant to CVM Resolution No. 20/2021, of February 25, 2021, the author(s) of the report hereby certify(ies) that the views expressed in this report solely and exclusively reflect the personal opinions of the author(s) and have been prepared independently, including with respect to Credit Suisse. Part of the author(s)´s compensation is based on various factors, including the total revenues of Credit Suisse, but no part of the compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/companies or the subject securities.
This research report is authored by:
Credit Suisse Securities (USA) LLC..... Nicholas Campanella ; Fei She, CFA ; Nathan Richardson
There is currently no universal definition or exhaustive list defining the issues or factors that are covered by the concept of "ESG" (Environmental, Social, Governance). If not indicated otherwise, 'ESG' is used interchangeably with the terms 'sustainable' and 'sustainability'. Unless indicated otherwise, the views expressed herein are based on CS' own assumptions and interpretation of ESG at the time of drafting. CS' views on ESG may evolve over time and are subject to change.
Where a sustainability assessment is identified as including elements which track environmental, social or governance (ESG) objectives, CS is, wholly or in part, reliant on third-party sources of information (including, but not limited to, such information produced by the issuing/manufacturing company itself) and external guidance. These sources of information may be limited in terms of accuracy, availability and timeliness. It is possible that the data from ESG data providers may be incorrect, unavailable (e.g., not existing, or absence of look-through), or not fully updated. CS has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. Additionally, as global laws, guidelines and regulations in relation to the tracking and provision of such data are evolving, all such disclosures are made on a non-reliance basis and are subject to change. Unless required by applicable law, CS is not obliged to provide updates on sustainability assessments. Any updates might be subject to a time lag, due to e.g. lack of available data.
An ESG assessment reflects the opinion of the assessing party (CS or external parties such as rating agencies or other financial institutions). In the absence of a standardized ESG assessment system, each assessing party has its own research and analysis framework/methodology. Therefore, ESG assessment or risk levels given by different assessing parties to the same company can vary. Further, ESG assessment is limited to considering company performance against certain ESG criteria only and does not take into account the other factors needed to assess the value of a company.

Important disclosures regarding companies that are the subject of this report are available by calling +1 (877) 291-2683. The same important disclosures, with the exception of valuation methodology and risk discussions, are also available on Credit Suisse's disclosure website at https://rave.credit-suisse.com/disclosures . For valuation methodology and risks associated with any recommendation, price target, or rating referenced in this report, please refer to the disclosures section of the most recent report regarding the subject company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

This report is produced by subsidiaries and affiliates of Credit Suisse ("CS") operating under its Securities Research function within the Investment Banking Division. For more information on our structure, please use the following link: https://www.credit-suisse.com/who-we-are All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS. CS will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Please note in particular that the bases and levels of taxation may change. Information and opinions presented in this report have been obtained or derived from sources believed by CS to be reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented in this report. Those communications reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other communications are brought to the attention of any recipient of this report. Some investments referred to in this report will be offered solely by a single entity and in the case of some investments solely by CS, or an associate of CS or CS may be the only market maker in such investments. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk. Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase. Some investments discussed in this report may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed any such site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk. This report may contain material that is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject CS to any registration or licensing requirement within such jurisdiction.The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor.This research report does not, and is not intended to be, an advertisement within the meaning of article 68 of the Swiss Financial Services Act and/or article 95 of the Swiss Financial Services Ordinance. This research report is not a prospectus, basic information sheet (BIB) or a key information document (KID). Any recipients of this document should, however, note that any communication forwarding or using this research report as a basis for discussion, would qualify as such advertisement if it is intended to draw the recipient's attention to specific financial instruments covered by this research report.

This report is issued and distributed in **United Kingdom and European Union (except Germany and Spain):** by Credit Suisse International, One Cabot Square, London E14 4QJ, England, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority; **Spain:** Credit Suisse Bank (Europe), S.A. regulated by the Comision Nacional del Mercado de Valores; **Germany:** Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht ("BaFin"). **United States:** Credit Suisse Securities (USA) LLC; **Canada:** Credit Suisse Securities (Canada), Inc.; **Switzerland:** Credit Suisse AG; **Brazil:** Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários or its affiliates; **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and Casa de Bolsa Credit Suisse (México), S.A. de C.V., Grupo Financiero Credit Suisse (México) ("Credit Suisse Mexico"). This document has been prepared for information purposes only and is exclusively distributed in Mexico to Institutional Investors. Credit Suisse Mexico is not responsible for any onward distribution of this report to non-institutional investors by any third party. The authors of this report have not received payment or compensation from any entity or company other than from the relevant Credit Suisse Group company employing them; **Japan:** by Credit Suisse Securities (Japan) Limited, Financial Instruments Firm, Director-General of Kanto Local Finance Bureau (*Kinsho*) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association. This report has been prepared and issued for distribution in Japan to Credit Suisse's clients, including institutional investors; **Hong Kong SAR:** Credit Suisse (Hong Kong) Limited; **Australia:** Credit Suisse Equities (Australia) Limited; **Thailand:** Credit Suisse Securities (Thailand) Limited, regulated by the Office of the Securities and Exchange Commission, Thailand, having registered address at 63 Wireless Road (Witthayu) Bangkok 10330, Thailand, Tel. +66 2614 6000; **Malaysia:** Credit Suisse Securities (Malaysia) Sdn Bhd; **Singapore:** Credit Suisse AG, Singapore Branch; **India:** Credit Suisse Securities (India) Private Limited (CIN no.U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr.A.B. Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777; **South Korea:** Credit Suisse Securities (Europe) Limited, Seoul Branch; **Taiwan (Chinese Taipei):** Credit Suisse AG Taipei Securities Branch; **Indonesia:** PT Credit Suisse Sekuritas Indonesia; **Philippines:**Credit Suisse Securities (Philippines) Inc., and elsewhere in the world by the relevant authorised affiliate of the above.

Additional Regional Disclaimers

Australia: Credit Suisse Securities (Europe) Limited ("CSSEL") and Credit Suisse International ("CSI") are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority under UK laws, which differ from Australian Laws. CSSEL and CSI do not hold an Australian Financial Services Licence ("AFSL") and are exempt from the requirement to hold an AFSL under the Corporations Act (Cth) 2001 ("Corporations Act") in respect of the financial services provided to Australian wholesale clients (within the meaning of section 761G of the Corporations Act) (hereinafter referred to as "Financial Services"). This material is not for distribution to retail clients and is directed exclusively at Credit Suisse's professional clients and eligible counterparties as defined by the FCA, and wholesale clients as defined under section 761G of the Corporations Act. Credit Suisse (Hong Kong) Limited ("CSHK") is licensed and regulated by the Securities and Futures Commission of Hong Kong under the laws of Hong Kong SAR, which differ from Australian laws. CSHKL does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Investment banking services in the United States are provided by Credit Suisse Securities (USA) LLC, an affiliate of Credit Suisse Group. CSSU is regulated by the United States Securities and Exchange Commission under United States laws, which differ from Australian laws. CSSU does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Credit Suisse Asset Management LLC (CSAM) is authorised by the Securities and Exchange Commission under US laws, which differ from Australian laws. CSAM does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. This material is provided solely to Institutional Accounts (as defined in the FINRA rules) who are Eligible Contract Participants (as defined in the US Commodity Exchange Act). Credit Suisse Equities (Australia) Limited (ABN 35 068 232 708) ("CSEAL") is an AFSL holder in Australia (AFSL 237237).

EU: This report has been produced by subsidiaries and affiliates of Credit Suisse operating under its Securities Research function within the Investment Banking Division.

In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

This material is issued and distributed in the U.S. by CSSU, a member of NYSE, FINRA, SIPC and the NFA, and CSSU accepts responsibility for its contents. Clients should contact analysts and execute transactions through a Credit Suisse subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

CS may provide various services to US municipal entities or obligated persons ("municipalities"), including suggesting individual transactions or trades and entering into such transactions. Any services CS provides to municipalities are not viewed as "advice" within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. CS is providing any such services and related information solely on an arm's length basis and not as an advisor or fiduciary to the municipality. In connection with the provision of the any such services, there is no agreement, direct or indirect, between any municipality (including the officials, management, employees or agents thereof) and CS for CS to provide advice to the municipality. Municipalities should consult with their financial, accounting and legal advisors regarding any such services provided by CS. In addition, CS is not acting for direct or indirect compensation to solicit the municipality on behalf of an unaffiliated broker, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by the municipality for or in connection with Municipal Financial Products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of the municipality. If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content. No information or communication provided herein or otherwise is intended to be, or should be construed as, a recommendation within the meaning of the US Department of Labor's final regulation defining "investment advice" for purposes of the Employee Retirement Income Security Act of 1974, as amended and Section 4975 of the Internal Revenue Code of 1986, as amended, and the information provided herein is intended to be general information, and should not be construed as, providing investment advice (impartial or otherwise).

Malaysia: Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn Bhd, to whom they should direct any queries on +603 2723 2020.

Singapore: This report has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations) only, and is also distributed by Credit Suisse AG, Singapore Branch to overseas investors (as defined under the Financial Advisers Regulations). Credit Suisse AG, Singapore Branch may distribute reports produced by its foreign entities or affiliates pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients should contact Credit Suisse AG, Singapore Branch at +65-6212-2000 for matters arising from, or in connection with, this report. By virtue of your status as an institutional investor, accredited investor, expert investor or overseas investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain compliance requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore Branch may provide to you.

Copyright © 2023 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

When you purchase non-listed Japanese fixed income securities (Japanese government bonds, Japanese municipal bonds, Japanese government guaranteed bonds, Japanese corporate bonds) from CS as a seller, you will be requested to pay the purchase price only.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Wynne Lam, CFA (AVP)
(212) 266-4040, wynne.lam@rbccm.com
Eleanor Firestein (Associate)
(212) 428-6543, eleanor.firestein@rbccm.com
Kevin Patel (Associate)
(212) 428-5442, kevin.patel@rbccm.com

January 22, 2023

WATTS COOKING? Weekly

Topics: CEG; PEG; DUK; PJM interconnection; EXC

Our view: Weekly developments that we found to be of interest.

WATTS on Your Mind

This past week, we had many conversations regarding our downgrade of CEG to Sector Perform. Comments were mixed, and many focused on our modeling assumptions and CEG's capital allocation plans. Some inquired whether CEG may move away from an EBITDA valuation metric to a per-share metric and attract a larger long-term investor base. We believe consistency in delivering financial results and the increased use in PTCs may eventually lead to the change.

Shifting to other stocks, we found that AES attracted a lot of interest. Generally speaking, hedge funds focused on the upcoming 4Q call and the guidance that would come out of that event. Long-only funds were more focused on the long-term prospects of the company. Of particular interest was the ability to grow the solar projects in the current supply constraints and the likelihood of hitting the exit from coal by the end of 2025.

WATTS on Our Mind

On Tuesday, PEG announced its decision to sell its 25% equity stake in Ocean Wind 1 to Ørsted (covered by Alex Wheeler). PEG indicated in a press release that it was best to allow a better-positioned tax investor to be involved in the project. PEG expects Ørsted to purchase PEG's stake at cost with transaction close in 1H23. **Our view: Another factor that likely drove PEG's decision was inflation, which has impacted US projects in the Northeast cluster. We believe the decision on offshore wind will weigh on the company's option to purchase 50% of 846 MW Skipjack 2 project.**

On Thursday, Duke Energy Carolinas (DEC) filed a rate case with the North Carolina Utilities Commission (NCUC), including performance-based regulation (PBR) applications, and including a multi-year rate plan (MYPR) and decoupling in accordance with HB 951. The MYPR allows DEC to recover capital projects projected to go in service over the three-year period, such as solar and storage investments. DEC filed for a total increase of $823M over three years, with $501M ($361M base request, $140M MYRP) occurring in year 1, $172M MYRP in year 2, and $150M MYRP in year 3. DEC also requested a 10.4% ROE and 53% equity ratio. **Our view: This will be the first rate case filed by DEC since HB 951 was passed and the implementation of PRB applications, which is why there is a large step up in an overall revenue request compared to the previous rate case. We note that the previous authorized ROE and equity ratio was 9.6% and 52%, respectively.**

On page 2: PJM cost study; ComEd (EXC) files multi-year rate case.

WATTS on the ShUFL

The ShUFL is unchanged since our 2023 Best Ideas Portfolio published January 17 (link here).

Shelby's Utility Focus List (ShUFL)

Best Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
PCG	OP	0.0%	$20.00	27.8%
EIX	OP	4.4%	$82.00	27.3%
NEE	OP	2.1%	$101.00	25.5%
AY	OP	6.6%	$34.00	32.7%

Defensive Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AWK	OP	1.7%	$180.00	20.5%
CMS	SP	3.0%	$71.00	17.5%
XEL	SP	2.8%	$78.00	16.6%
PPL	OP	3.1%	$33.00	15.6%

Least Favorite Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
ED	SP	3.4%	$94.00	3.6%
UTL	SP	3.0%	$55.00	8.2%

Source: Factset; RBC Capital Markets estimates

1/30-31 - Toronto mktg. (in person)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Shelby's Utility Focus List (ShUFL)

Our ShUFL is unchanged since our 2023 Best Ideas Portfolio published January 17 (link here)

Exhibit 1 - PCG tops Best Plays; AWK Best Defensive Plays; ED Least Favorite

Best Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
PG&E Corp.	PCG	Outperform	$15.65	0.0%	$20.00	27.8%
Edison International	EIX	Outperform	$66.73	4.4%	$82.00	27.3%
NextEra Energy, Inc.	NEE	Outperform	$81.82	2.1%	$101.00	25.5%
Atlantica Sustainable Inf.	AY	Outperform	$26.96	6.6%	$34.00	32.7%

Defensive Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
American Water Works	AWK	Outperform	$151.54	1.7%	$180.00	20.5%
CMS Energy	CMS	Sector Perform	$62.01	3.0%	$71.00	17.5%
Xcel Energy	XEL	Sector Perform	$68.55	2.8%	$78.00	16.6%
PPL Corporation	PPL	Outperform	$29.32	3.1%	$33.00	15.6%

Least Favorite Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
Consolidated Edison	ED	Sector Perform	$93.79	3.4%	$94.00	3.6%
Unitil Corp.	UTL	Sector Perform	$52.26	3.0%	$55.00	8.2%

Source: RBC Capital Markets estimates, priced as of market close 1/20/22. Past performance is not necessarily indicative of future performance.

WATTS on Our Mind (Cont'd)

This week, the Berkeley Labs released a study of interconnection costs in PJM. The cost sample covers 86% of projects evaluated in interconnection studies between 2000 and 2022. For completed projects, costs doubled from $42/kW ('00-'19) to $84/kW ('20-'22). For active projects still in the queue, costs increased 8x from $29/kW ('17-'19) to $240/kW ('20-22). Projects withdrawn from the interconnection queue saw costs increase 2-3x from $255/kW ('17-'19) and $599/kW ('20-'22). Network upgrade costs were the primary driver of cost increases. In addition, upgrade costs of renewables were often many times greater than those of natural gas. **Our view: we continue to expect interconnection costs to be a growing part of installation costs of renewables.**

This week, ComEd filed its inaugural multi-year plan in Illinois with a requested ROE range of 10.5% in 2024 (with a 5-bp annual step up through 2027) and equity layer of 51.19%. ComEd included a phase-in mechanism to defer 35% of 2024 base rate increase to 2026. Testimonies cited inflation and higher interest rates as a consideration of the requested ROE. The assumed cost of debt was 4.28%-4.60%, resulting in a WACC of 7.43%-7.7% during the plan period. ComEd expects distribution rate base of $1944M in 2024 growing to $2394M by 2027. **Our view: We believe there is a good likelihood that ComEd will be approved for rate base additions in order to meet the objectives of the Illinois CEJA. The approval of the deferral mechanism will likely be key to smoothing out earnings. The proposal results in a fairly even annual revenue requirement of ~$500M/year and a decrease of $100M in 2027.**

Notable Publications

AES US: On The Road With Management – 2023.01.20

U.S. Power & Utilities: Back to in-person lunch with Moody's – 2023.01.19

2023 New Year Preview - Energy Infrastructure – 2023.01.17

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

SJW US: Simpler earnings story but downgrading to SP on valuation – 2023.01.17

CEG US: Taking a break from the CEG party; switching to SP – 2023.01.17

U.S. Power & Utilities: 2023 Best Ideas Portfolio – 2023.01.17

AY US: How does the tortoise win the race? Moving to OP – 2023.01.17

PPL US: Initiates 2023 guidance in line, increased capex plan and O&M savings – 2023.01.11

Global Energy Best Ideas – 2023.01.04

RBC Global Regulated Utilities – 2023.01.03

DUK US: NCUC issues order for DUK's Carbon Plan – 2023.01.02

CMS US: Consumers Energy reaches constructive settlement with staff for its electric rate case – 2022.12.23

FLNC US: One Year After – 2022.12.16

CA regulator reduces allowed ROEs by 25 bps – 2022.12.16

AEP US: FERC issued on denying the sale of Kentucky Power to Liberty Utilities, and more – 2022.12.16

AES US: PUCO issues order on AES Ohio's distribution rate case – 2022.12.16

SO US: Georgia Power reaches rate plan settlement with Staff – 2022.12.16

FLNC US: Reported 4Q22 revenues above consensus; initiated 2023 revenue and gross profit guidance – 2022.12.12

AES US: AES Announcement on Hydrogen Production Project with Air Products – 2022.12.08

2023 Global Energy Outlook – 2022.12.07

PNM US: PNM files GRC application for 2024 rates – 2022.12.05

WSJ reports the DOC found that four Chinese solar manufacturers circumvented tariffs – 2022.12.02

State of the IPPs Series | Part Two: When Electrons are Trapped – 2022.11.22

SR US: Somewhat inspired – 2022.11.21

NEP US: Acquires ~1,080 MW net interest of projects from NEE; entering into new CEPF – 2022.11.18

SR US: 2022 results slightly below consensus; launched 2023 and 10-year capex target through 2032 – 2022.11.16

U.S. Power & Utilities: Day 3 Recap of EEI Conference – 2022.11.16

U.S. Power & Utilities: Day 2 Recap of EEI Conference – 2022.11.15

Midstream Conference Preview – 2022.11.14

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

U.S. Power & Utilities: Day 1 Recap of EEI Conference – 2022.11.14

CA NEM Proposed Decision an Improvement for Solar vs. Initial Decision – 2022.11.10

AY US: Ramping up organic growth; reducing PT to $34 (from $38) to reflect FX and higher rates – 2022.11.09

AY US: Quick Take: 3Q22 results largely in-line; reiterating CAFD guidance – 2022.11.09

NWN US: 3Q22 beat, 2022 guidance reaffirmed, resolution of OR rate case – 2022.11.08

CEG US: Reports in-line EBITDA results; narrows 2022 guidance range with no change to midpoint – 2022.11.08

WTRG US: 3Q22 beat, 2022 guidance reaffirmed – 2022.11.07

WATTS UP! - 2022 State Commission Elections – 2022.11.06

PPL US: 3Q22 in line, 2022 guidance narrowed to the upper end of range – 2022.11.04

D US: 3Q22 beat, narrowed 2022 guidance, business review underway, new CFO – 2022.11.04

VST US: 3Q22 EBITDA slightly ahead of Street; narrows 2022 and initiates 2023 EBITDA guidance – 2022.11.04

DUK US: Reports 3Q22 miss to consensus; guidance updated reflecting Commercial Renewables as discontinued – 2022.11.04

PNM US: 3Q22 beat, increased 2022 guidance and four-year capex plan – 2022.11.04

AES US: Results beat helped by LNG sales; guides to high end of EPS range; reaffirms 7-9% CAGR – 2022.11.04

ED US: 3Q22 beat to consensus and RBC; guidance narrowed to the top end of previous range – 2022.11.03

PNW US: Strong 3Q22 beat, increased 2022 guidance, new rate case underway – 2022.11.03

SRE US: Meaningful 3Q22 beat, increased 2022 guidance, LNG projects progress – 2022.11.03

EXC US: Reports solid 3Q22 results; reaffirms 6-8% EPS CAGR; CEO to step down by year end – 2022.11.03

CPK US: 3Q22 results below consensus and RBC driven by one-time timers; guidance reiterated – 2022.11.03

BKH US: Reports 3Q22 below consensus; reaffirms 2022 guidance and initiates weak 2023 guidance – 2022.11.02

ETR US: Significant 3Q22 beat to consensus and RBC; Narrowed 2022 EPS guidance – 2022.11.02

CWEN US: 3Q22 results and 2022 guidance slightly lower; 2023 guidance and dividend slightly better – 2022.11.02

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

EIX US: 3Q22 in line, 2022 guidance narrowed, increased estimate of wildfire claims – 2022.11.01

UTL US: 3Q22 beats consensus and RBC; expects 2022 to be above 5-7% long-term EPS growth range – 2022.11.01

CNP US: 3Q22 EPS beat consensus; reaffirms 2022 and initiates 2023 EPS guidance; ups capital plan – 2022.11.01

AWK US: 3Q22 beat, 2023 guidance initiated, increased capex plan, higher equity need – 2022.10.31

D US: Dominion files proposed stipulation for Coastal Virginia Offshore Wind – 2022.10.31

PEG US: 3Q22 EPS results beat consensus; narrows 2022 guidance with midpoint unchanged – 2022.10.31

NEE US: Strong 3Q22 versus Street and RBC; 2022-2025 EPS guidance maintained – 2022.10.28

NEP US: 3Q22 misses Street and RBC expectations; DPU expectations unchanged – 2022.10.28

CMS US: CORRECTION - 3Q22 EPS beat; 2022 guidance expected at top end of previous range; 2023 guidance introduced – 2022.10.27

PCG US: 3Q22 beat, 2023 guidance in line, stronger rate base growth and mitigated equity need – 2022.10.27

AEP US: Reports favorable 3Q22 results; reaffirms 2022 EPS guidance and long-term CAGR – 2022.10.27

XEL US: Narrows 2022 guidance, 2023 guidance in line with consensus, increases capex plan – 2022.10.27

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

RBC Capital Markets

Exhibit 2 - RBC Capital Markets U.S. Power and Utility Coverage Universe

Ticker	Company	Rating	Price 01/20/23	Price Target	Current Yield	Implied Tot. Return	Cap. ($MM)	EPS 2020A	EPS 2021A	EPS 2022E	EPS 2023E	EPS 2024E	EPS 2025E	P/E 2021A	P/E 2022E	P/E 2023E	P/E 2024E	P/E 2025E	Div. Payout	5-yr EPS Growth	'22 EV/ EBITDA	'23 EV/ EBITDA	Price/ BV	Debt/ EBITDA
DEFENSIVE UTILITIES																								
AEP	American Electric Power	Outperform	$92.17	$109.00	3.6%	21.9%	47,363	$4.42	$4.74	$5.02	$5.28	$5.60	$5.93	19.4	18.4	17.5	16.5	15.5	70.0%	6.1%	12.2	11.7	1.95	6.0
CMS	CMS Energy	Sector Perform	$62.01	$71.00	3.0%	17.5%	17,999	$2.67	$2.65	$2.88	$3.10	$3.32	$3.56	23.4	21.5	20.0	18.7	17.4	69.4%	5.9%	12.9	11.1	2.69	5.4
DUK	Duke Energy	Sector Perform	$101.82	$116.00	3.9%	17.9%	78,408	$5.12	$5.24	$5.25	$5.61	$5.96	$6.31	19.4	19.4	18.1	17.1	16.1	76.7%	4.3%	13.3	12.2	1.62	6.7
ED	Consolidated Edison	Sector Perform	$93.79	$94.00	3.4%	3.6%	33,283	$4.17	$4.37	$4.53	$4.87	$5.10	$5.32	21.4	20.7	19.3	18.4	17.6	72.3%	5.0%	12.1	11.7	1.60	5.1
EIX	Edison International	Outperform	$66.73	$82.00	4.4%	27.3%	25,483	$4.52	$4.59	$4.59	$4.77	$5.12	$5.51	14.5	14.5	14.0	13.0	12.1	64.3%	4.0%	10.6	10.0	1.90	5.9
ETR	Entergy Corp.	Outperform	$107.44	$126.00	4.0%	21.3%	21,862	$5.66	$5.95	$6.38	$6.77	$7.22	$7.70	18.1	16.8	15.9	14.9	14.0	71.9%	6.3%	12.5	11.1	1.81	7.3
EXC	Exelon Corp.	Sector Perform	$42.34	$47.00	3.2%	14.2%	42,075	$3.22	$2.80	$2.26	$2.36	$2.54	$2.76	15.1	18.7	17.9	16.7	15.3	48.2%	-3.0%	10.8	10.3	1.71	5.6
FE	FirstEnergy	Outperform	$42.20	$49.00	3.7%	19.8%	24,128	$2.39	$2.60	$2.42	$2.50	$2.73	$2.97	16.2	17.4	16.9	15.5	14.2	60.0%	4.4%	11.9	11.1	2.24	4.9
NWN	Northwest Natural	Sector Perform	$48.76	$52.00	4.0%	10.6%	1,711	$2.30	$2.56	$2.55	$2.67	$2.80	$2.95	19.0	19.1	18.3	17.4	16.5	75.8%	5.1%	11.5	10.8	1.53	5.5
PCG	PG&E Corp.	Outperform	$15.65	$20.00	0.0%	27.8%	31,108	$1.61	$1.00	$1.10	$1.21	$1.34	$1.47	15.7	14.2	12.9	11.7	10.6	0.0%	-1.8%	10.3	9.4	1.40	9.0
PNM	PNM Resources	Sector Perform	$49.51	$50.30	2.8%	3.0%	4,250	$2.27	$2.45	$2.68	$2.72	$2.81	$2.92	20.2	18.5	18.2	17.6	17.0	56.7%	5.2%	11.7	11.0	1.93	5.7
PNW	Pinnacle West	Sector Perform	$75.36	$81.00	4.6%	12.1%	8,526	$4.87	$5.29	$4.28	$4.23	$4.50	$4.76	14.2	17.6	17.8	16.7	15.8	65.4%	-0.5%	11.7	11.0	1.36	5.3
PPL	PPL Corp.	Outperform	$29.32	$33.00	3.1%	15.6%	21,589	$2.40	$1.05	$1.40	$1.59	$1.69	$1.80	27.9	20.9	18.4	17.3	16.3	85.7%	-5.6%	10.7	9.6	1.56	4.1
SR	Spire Inc.	Sector Perform	$70.00	$74.00	4.1%	9.8%	3,675	$3.76	$4.86	$3.87	$4.13	$4.31	$4.62	14.4	18.1	16.9	16.2	15.2	59.3%	4.2%	13.4	12.4	1.43	6.9
SO	Southern Co.	Outperform	$67.12	$79.00	4.1%	21.8%	73,072	$3.23	$3.39	$3.58	$3.69	$4.06	$4.35	19.8	18.7	18.2	16.5	15.4	80.3%	6.1%	12.9	12.2	2.34	6.3
UTL	Unitil Corp.	Sector Perform	$52.26	$55.00	3.0%	8.2%	838	$2.15	$2.35	$2.55	$2.70	$2.86	$3.05	22.2	20.5	19.4	18.3	17.1	66.4%	7.2%	9.9	9.3	1.83	4.2
XEL	Xcel Energy	Sector Perform	$68.55	$78.00	2.8%	16.6%	37,514	$2.79	$2.97	$3.16	$3.36	$3.58	$3.80	23.1	21.7	20.4	19.1	18.0	65.7%	6.4%	12.7	11.9	2.29	5.8
	Average (exc. PCG, 5-yr. EPS growth excl. PNW, PPL)				3.7%	17.7%								19.5	19.0	18.0	16.8	15.8	70.3%	4.5%	12.3	11.4	1.94	5.9
DIVERSIFIED UTILITIES																								
BKH	Black Hills	Outperform	$71.03	$81.00	3.5%	17.6%	4,623	$3.73	$3.74	$4.05	$4.14	$4.40	$4.64	19.0	17.5	17.2	16.1	15.3	66.8%	4.5%	13.1	12.3	1.60	6.7
CNP	CenterPoint Energy	Outperform	$30.11	$33.00	2.4%	12.0%	18,955	$1.40	$1.64	$1.38	$1.48	$1.59	$1.68	18.4	21.8	20.3	18.9	17.9	43.9%	3.7%	11.7	11.6	2.06	5.7
CPK	Chesapeake Utilities	Sector Perform	$121.44	$131.00	1.8%	9.6%	2,154	$4.21	$4.73	$5.01	$5.43	$5.81	$6.19	25.7	24.2	22.4	20.9	19.6	45.2%	8.0%	14.1	13.0	2.65	4.0
D	Dominion Energy	Sector Perform	$62.42	$71.00	4.3%	18.0%	52,013	$3.54	$3.86	$4.12	$4.38	$4.68	$4.99	16.2	15.2	14.3	13.3	12.5	69.2%	7.1%	12.5	11.9	1.94	6.3
NEE	NextEra Energy, Inc.	Outperform	$81.82	$101.00	2.1%	25.5%	162,589	$2.31	$2.55	$2.90	$3.13	$3.38	$3.65	32.1	28.2	26.1	24.2	22.4	66.7%	9.6%	19.7	17.4	4.21	7.7
PEG	Public Service Enterprise	Outperform	$60.43	$70.00	3.6%	19.4%	30,152	$3.43	$3.63	$3.43	$3.40	$3.73	$4.19	16.6	17.6	17.8	16.2	14.4	59.5%	4.1%	12.9	12.7	2.27	4.8
SRE	Sempra Energy	Outperform	$157.99	$182.00	2.9%	18.1%	49,661	$8.03	$8.43	$8.85	$8.92	$9.49	$10.11	18.7	17.9	17.7	16.6	15.6	54.3%	4.7%	14.9	13.8	1.90	5.5
	Average (5-year growth excluding D)				2.7%	21.6%								24.9	22.9	21.6	20.1	18.6	63.0%	7.5%	16.5	15.0	3.12	6.7
	Total Average (Excluding PCG, 5-year growth excluding D, PNW, PPL)				3.1%	19.7%								21.8	20.7	19.5	18.2	17.0	67.2%	5.7%	14.1	13.0	2.43	6.2
WATER UTILITIES																								
AWK	American Water Works	Outperform	$151.54	$180.00	1.7%	20.5%	27,554	$3.91	$4.25	$4.46	$5.99	$5.13	$5.54	35.7	34.0	25.3	29.5	27.4	61.6%	7.2%	18.5	17.1	3.55	6.4
SJW	SJW Group	Sector Perform	$76.24	$85.00	1.9%	13.4%	2,312	$2.14	$1.95	$2.35	$2.50	$2.64	$2.79	39.1	32.4	30.5	28.9	27.3	73.8%	5.4%	15.8	14.9	2.20	7.8
WTRG	Essential Utilities	Outperform	$46.54	$54.00	2.5%	18.5%	12,207	$1.58	$1.67	$1.78	$1.87	$1.99	$2.12	27.9	26.1	24.9	23.4	22.0	68.7%	6.1%	17.8	16.4	2.28	7.3
	Average				2.0%	19.5%								33.6	31.6	25.5	27.7	25.8	64.4%	6.8%	18.1	16.8	3.11	6.8
INDEPENDENT POWER PRODUCERS																								
AES	The AES Corp.	Outperform	$26.93	$32.00	2.3%	21.2%	17,988	$1.44	$1.52	$1.63	$1.76	$1.92	$2.05	17.7	16.5	15.3	14.0	13.1	41.6%	7.3%	10.3	9.3	7.00	5.8
CEG	Constellation Energy Corp.	Sector Perform	$83.00	$91.00	0.7%	10.3%	27,142	$1.77	-$0.25	$0.18	$4.65	$5.99	$5.21	NA	461.1	17.8	13.9	15.9	NA	24.1%	12.3	11.0	2.51	1.9
VST	Vistra Energy	Outperform	$21.85	$30.00	2.5%	39.8%	8,695	$1.30	-$2.62	-$1.33	$2.00	$2.64	$1.82	NA	NA	10.9	8.3	12.0	NA	N/M	7.1	6.0	2.47	5.9
	Average				1.5%	18.7%								5.9	238.0	15.9	13.0	14.4	13.9%	15.7%	10.8	9.6	4.00	3.9
YIELDCOs																								
AY	Atlantica Sustain. Infra.	Outperform	$26.96	$34.00	6.6%	32.7%	3,076	$0.12	-$0.27	-$0.12	$0.52	$0.75	$0.88	NA	NA	51.8	35.9	30.6	NA	N/M	10.4	9.1	1.93	6.1
BEP	Brookfield Renewables	Restricted	$28.80	R	R	R	18,590	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
CWEN	Clearway Energy	Sector Perform	$33.26	$36.00	4.4%	12.7%	3,885	$0.22	$0.44	$12.43	-$0.70	-$0.05	$0.26	75.6	2.7	NA	NA	127.9	333.8%	N/M	10.0	11.0	1.70	6.0
NEP	NextEra Energy Partners	Outperform	$74.25	$89.00	4.2%	24.1%	13,179	-$0.80	$1.77	$7.04	$2.07	$2.41	$2.76	41.9	10.5	35.9	30.8	26.9	178.0%	N/M	24.3	21.2	1.80	3.4
	Average				2.4%	12.1%								21.9	3.9	16.3	13.3	24.4	94.0%	N/M	10.1	9.0	0.94	2.3
ALT. ENERGY																								
FLNC	Fluence Energy	Outperform#	$22.54	$26.00	0.0%	15.4%	8,631	$0.00	-$0.89	-$1.58	-$0.34	$0.12	$0.83	NA	NA	NA	187.8	27.2	0.0%	N/A	-27.6	-96.8	6.60	10.8
SP50	Standard & Poor's 500 Index		$3,973	$4,100	1.8%	5.0%		$139.00	$217.19	$216.00	$199.00	N/A	N/A	18.3	18.4	20.0	N/A	N/A						
UTY	Philadelphia Utility Index		$900	$1,025	3.1%	17.0%				Utility P/E relative to S&P:				19.0%	12.3%	-2.2%	N/A	N/A						

A - Actual; E - Estimated; R - Restricted; #Speculative Risk

Source: FactSet; RBC Capital Markets estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 31-Dec-2022

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	839	56.05	225	26.82
HOLD [Sector Perform]	603	40.28	151	25.04
SELL [Underperform]	55	3.67	3	5.45

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of SPARCs can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Capital Markets

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

Equity Research

WELLS FARGO

Earnings Estimates Revised — January 20, 2023

Regulated Electric Utilities

Exelon Corporation (EXC)

EXC: Non-Material Estimate Change

Q3 A corrected to $0.75 (adjusted actual v GAAP of $0.68 previously) and adjusted Q4 estimate for the difference

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

Rating	Equal Weight
Ticker	**EXC**
Price Target/Prior:	**$47.00/NC**
Upside/(Downside) to Target	**11.8%**
Price (01/19/2023)	**$42.04**
52 Week Range	$35.19 - 50.71
Shares Outstanding	993,742,030
Market Cap (MM)	41,777
Enterprise Value (MM)	$79,554
Average Daily Volume	8,026,915
Average Daily Value (MM)	337,451,507
Dividend (NTM)	$1.53
Dividend Yield	3.6%
Net Debt (MM) - last reported	$37,777
ROIC - Current year est.	10%
3 Yr EPS CAGR from current year (unless otherwise noted)	(10)%

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.

FY(Dec) $		2021A	2022E Curr.	2022E Prior	2023E Curr.	2023E Prior
EPS	Q1 (Mar)	(0.06) A	0.64 A	NC	-	NC
	Q2 (Jun)	0.89 A	0.44 A	NC	-	NC
	Q3 (Sep)	1.09 A	0.75 A	0.68A	-	NC
	Q4 (Dec)	0.90 A	0.44 E	0.51E	-	NC
	AN	2.82 A	2.27 E	NC	2.38 E	NC
Rev. (MM)		36,347.0 A	18,942.5 E	NC	19,582.3 E	NC
EBIT (MM)		2,723.0 A	3,845.5 E	NC	4,159.0 E	NC
EBITDA (MM)		8.76B A	6.98B E	NC	7.54B E	NC
DPS		1.53 A	1.35 E	NC	1.44 E	NC
EV/EBIT		29.2x	20.7x		19.1x	
EV/EBITDA		9.1x	11.4x		10.6x	
EV/Revenue		2.2x	4.2x		4.1x	
P/E		14.9x	18.5x		17.6x	

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.
NA = Not Available, Volatility = Historical trading volatility

All estimates/forecasts are as of 1/20/2023 unless otherwise stated. 1/20/2023 15:58:11EST. Please see page 4 for rating definitions, important disclosures and required analyst certifications.
Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

EXC Earnings Model ($ millions except per share data)	2021	2022E	2023E	2024E	2025E	2026E
Revenues	**$36,347**	**$18,942**	**$19,582**	**$20,252**	**$20,977**	**$21,640**
Expenses						
Purchased Power/Fuel/Power Cost Adjustments	17,364	6,398	6,412	6,427	6,441	6,456
Other O&M	8,659	4,258	4,310	4,349	4,389	4,428
Depreciation & Amortization	6,036	3,135	3,380	3,630	3,891	4,152
Other	1,565	1,249	1,264	1,279	1,294	1,309
Total Expenses	**$33,624**	**$15,097**	**$15,423**	**$15,742**	**$16,072**	**$16,403**
EBIT	**$2,723**	**$3,845**	**$4,159**	**$4,510**	**$4,905**	**$5,237**
EBITDA	**$8,759**	**$6,980**	**$7,539**	**$8,141**	**$8,796**	**$9,389**
Other Income	1,056	261	266	276	281	271
Interest Expense	1,571	1,341	1,255	1,222	1,153	1,074
Income Taxes	370	391	449	522	567	607
Tax Rate	*17%*	*15%*	*16%*	*17%*	*17%*	*17%*
Earnings						
Income from Continuing Operations	$1,838	$2,244	$2,378	$2,541	$2,775	$2,959
Nonrecurring	0	0	0	0	0	0
Adjustment for Non-Controlling Interest	(123)	0	0	0	0	0
Net Income	**$1,706**	**$2,244**	**$2,378**	**$2,541**	**$2,775**	**$2,959**
Avg. Diluted Shares Outstanding	980	987	998	1,004	1,010	1,019
EPS	$1.74	$2.27	$2.38	$2.53	$2.75	$2.90
Non-Recurring	(1.08)	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$2.82**	**$2.27**	**$2.38**	**$2.53**	**$2.75**	**$2.90**
Q1 EPS	(0.06)	0.64A				
Q2 EPS	0.89	0.44A				
Q3 EPS	1.09	0.75A				
Q3 EPS	0.90	0.44				

EXC Supplemental Information	2021	2022E	2023E	2024E	2025E	2026E
Dividend Information						
Dividends Per Share - YE Rate	$1.53	$1.35	$1.44	$1.55	$1.67	$1.80
Dividends Paid Per Share	1.53	1.35	1.44	1.55	1.67	1.80
Payout Ratio	54%	59%	61%	61%	61%	62%
Cash Flow & Balance Sheet Items						
Capital Expenditures (millions)	$7,981	$7,025	$7,125	$7,525	$7,600	$7,600
Book ROE	8.2%	7.7%	9.7%	9.8%	10.2%	10.3%
FFO/Debt	10%	13%	13%	13%	12%	12%
Debt/EBITDA	4.8x	5.6x	5.7x	5.7x	5.9x	5.9x
Common Equity as % of Total Capitalization	45%	38%	37%	36%	35%	35%

Source: Wells Fargo Securities, LLC estimates and company filings

Investment Thesis, Valuation and Risks

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (7%) and wires-centric asset mix are balanced by modest balance sheet concerns and our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $47.00 from NC

Our $47/sh price target is based on a P/E multiple analysis. We apply a P/E of ~18.5X to our 24E EPS of $2.53. Our multiple represents a 0-5% discount to the '23 Regulated Electric peer group median of 19.0-19.5X as we balance positive features (strong 7% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '23 median to our 24E EPS due to the forward-looking nature of our price target.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

I, Neil Kalton, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

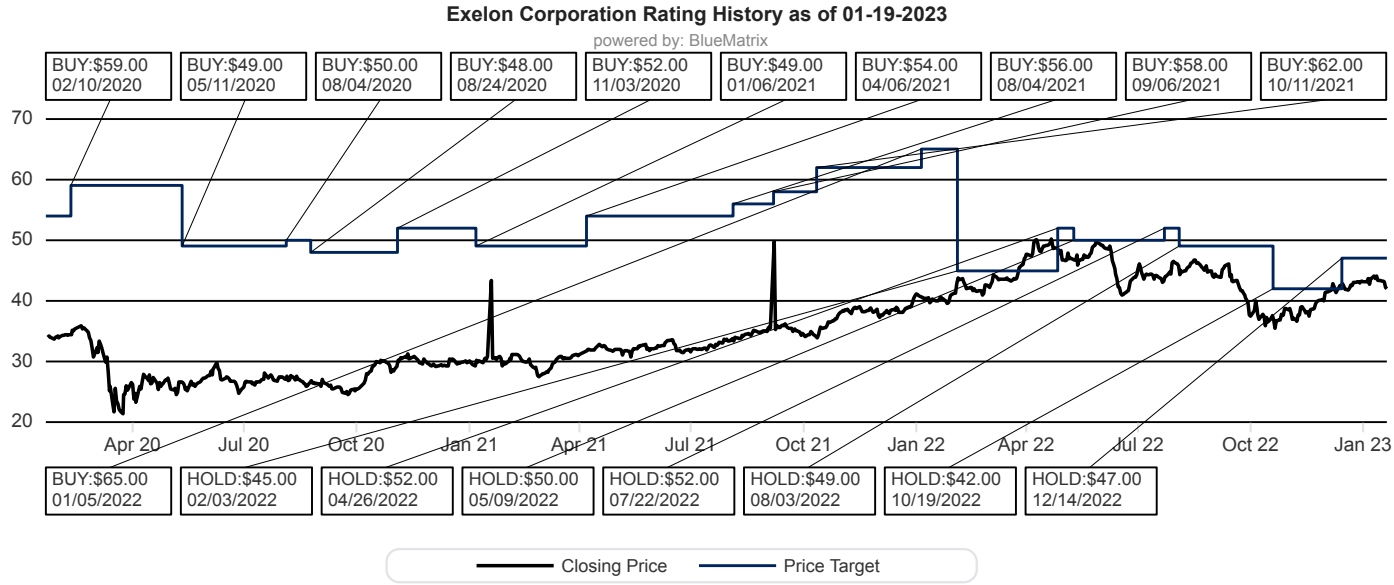

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public offering of securities for an affiliate of Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

1=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

2=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

3=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of January 19, 2023
52.0% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
38.5% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
9.5% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 34.6% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 32.6% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 27.7% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should seek professional advice, including tax advice, to determine whether any advice or recommendation in the

attached research report is suitable for their particular circumstances. The information in this report is provided as of the date of the report and has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. Copyright © 2023 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> 4Q Preview: Will new mgmt team keep 6-8% CAGR rolling? We remain confident
- **Publication Date/Time** : Thursday, January 19, 2023 06:56:49 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Paul Zimbardo
- **Link to Document** : https://rsch.baml.com/r?q=Z3CCCXZXzExQnlD!Aza2aA__&reid=CA4983DADACD11ED9D8386B4BB5B3026

KeyBanc Capital Markets

Alert

January 18, 2023

Energy: Electric Utilities

Midweek Thoughts — PEG, EXC, SRE, PNW, AEP, ED, DUK

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, PEG announces the sale of its 25% interest in Ocean Wind I; ComEd files a multiyear rate plan in IL; the CPUC grants SDG&E approval for 200 MW of contracts for solar and storage capacity; the AZ Corporation Commission names a new chair; the WV PSC authorizes recovery mechanisms for three renewable generation facilities; ED requests an extension to the suspension date for new rates; and DESS acquires a 175 MW solar facility in CO.

ICYMI

NWE — NWE announced that it will acquire AVA's 222 MW ownership stake in Colstrip Units 3 and 4 in 2026, improving the long-term viability of the Coltrip facility. We wrote about it here.

Industry News and News from Companies in Our Coverage

PEG — PEG announces the sale of 25% interest in Ocean Wind I: PEG announced that it is selling its 25% interest in offshore wind project Ocean Wind I to partner Orsted. The transaction is expected to close in 1H23 and the first power from Ocean Wind is expected in late 2024, and full commissioning in 2025. The transaction terms were not disclosed, but we would expect the sale to be primarily neutral for PEG finances. With this, Orsted will own 100% of Ocean Wind I. The announcement does not come as a surprise and is likely the first of several offshore wind strategic announcements likely in 2023 as project economics evolve (higher project costs including the impact of higher interest rates that are distorting previously determined project economics, is just one reason for the sentiment shift). PEG management had discussed the rationale for exiting offshore wind on the generation side at our EEI meeting and on previous calls. Following this transaction, PEG will still own acreage in Skipjack (~35K acres), which could be monetized at a future date and will be a cash-positive event for PEG given its marginal investments in the acreage.

EXC — ComEd files a Multiyear Rate Plan in IL: ComEd filed the first multiyear rate plan in IL (Docket: 23-0055), seeking a cumulative $1,780M rate increase over the period of 2024-2027. The request is premised on a 10.5% ROE and 50.5% equity layer in RY1, with a 5 bps annual step up in the ROE before reaching a 10.65% ROE in RY4. EXC's equity ratio also includes annual step ups to 50.74%, 50.96%, and 51.12% for RY 2, 3, and 4, respectively. EXC is requesting a phase-in of new rates by deferring 35% of the 2024 base rate increase, with that amount being recovered in 2026. The multiyear rate plan was filed in tandem with the Company's grid plan, which also extends through 2027. The ICC has 11 months from filing to issue a decision, so we would expect an outcome prior to YE. The step ups are intended in response to the elevated interest rate and cost inflationary environment. EXC will make a separate filing for reconciling 2022 costs in April 2023.

Figure 1 - ComED MYRP Request

($M)	2024	2025	2026	2027
Revenue Increase [1]	570.1	501.8	506.1	202.7
ROE	10.50%	10.55%	10.60%	10.65%
Equity Layer	50.50%	50.74%	50.96%	51.12%
Rate Base	15,472.3	16,534.4	17,606.3	18,797.8

[1] EXC propsed to defer 35% or $307M from 2024 to 2026
Source: Regulatory filings, company filings, KeyBanc Capital Markets Inc.

SRE — CPUC grants SDG&E approval for 200 MW of solar and storage capacity: The commission approved SDG&E for one solar-plus-storage contract and two lithium-ion battery storage contracts for a total capacity of ~200 MW. The projects are expected to be in service from June 2023 through June 2024. The approved contracts include Ormat's 80 MW Bottleneck storage project, Aypa's 100 MW Cald storage project, and Terra-Gen's 20 MW Edwards Sandborn hybrid solar and storage facility. The contracts range from 12-15 years. SDG&E submitted these projects in October 2022 in response to the CPUC's order for CA load-serving entities to procure

at least 11.5 GW of clean energy resources between 2023 and 2026. Per that order, SDG&E is required to procure 475 MW during the period, with 83 MW online by Aug 2023, 248 MW by June 2024, 62 MW by June 2025, and 83 MW of long-lead time resources by 2026.

PNW — AZ Corporation Commissioner Jim O'Connor named chair: Commissioner Jim O'Connor (R) was elected to serve a two-year term as the new chair of the ACC. Commissioner O'Connor replaces former Chair Peterson, whose term as Chair expired at the end of 2022. Both commissioners' terms on the ACC run through 2024. ACC commissioners are elected to four-year terms in statewide elections, the chair is selected for a two-year term by fellow commissioners. Jim O'Connor and Lea Marquez Peterson (R) are joined by Commissioner Ana Tovar (D) as the holdovers on the ACC. Kevin Thompson (R) and Nick Myers (R) are new to the ACC with four-year terms that run through 2026. The role of the chair is mostly administrative, but they are responsible for controlling the meeting agenda. We are watching PNW's 2022 electric GRC, following a disappointing order in the 2019 rate case. PNW is seeking a net $460M revenue increase premised on a 10.25% ROE. The rates are expected to go into effect in December 2023.

AEP — WV PSC authorizes recovery mechanisms for three renewable generation facilities: The WV PSC approved ApCo and Wheeling Power's joint application for cost recovery mechanisms associated with three renewable facilities. AEP will recover costs for the purchase and sale agreements of the 4.9 MW Amherst County Solar Project and the 204 MW Top Hat Wind Farm through the Renewable Power Plus tariff. The PSC also approved cost recovery for the PPA for the 20 MW Horsepen solar facility in future Expanded Net Energy Costs (ENEC) proceedings, which are filed annually. The need for the projects stemmed from Nucor's request to power its new $2.7B steel mill being built in WV that will increase ApCo's load by 10-12% and requires 20% of the power to come from renewables. The Amherst facility entered service in December 2022, and the Top Hat wind farm is expected to enter service in December 2024.

ED — ED files a request to extend the suspension date for new rates; settlement discussions are ongoing: ED requested an extension to the suspension of new rates through July 24, 2023. ED previously requested 30-day extensions in November and December to delay rates until May 25 and June 24, respectively. All three requests are pending before the PSC. The requests also include an amendment for rates to be made whole for the period from January 1, 2023, to when the Commission sets new rates. The effective date of new rates are currently suspended through April 25. ED and Staff began settlement discussions in July, but the parties have yet to reach an agreement. In a December status update, ED noted that parties, including Staff, are close to reaching a settlement with only a few issues outstanding. The Staff is proposing an 8.8% ROE, which is below ED's calculation (9.05%), and it appears that Staff's recommended ROE is unlikely to change, even after the recent increases in costs of capital.

DUK — DESS acquires 175 MW solar facility in CO: DUK's subsidiary DESS acquired the 175 MW Pike Solar plant in CO from solar developer JUWI Inc. JUWI will remain involved in the process of engineering, procuring, and constructing the project. DUK will own the project and procure the required solar panels. Both JUWI and DUK will have certain O&M responsibilities. The project has a 17-year PPA with Colorado Spring Utilities and expects to enter service in late 2023. DUK launched DESS in 2021, which unified Duke Energy Renewables, REC Solar, and Duke Energy One under one brand. The entity cumulatively owns and operates more than ~5.3 GW of renewable power projects. DUK is in the process of selling its Commercial renewables business and expects to announce a transaction in 1Q23 and close it by mid-2023.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

AEP: FERC Strikes Down on KY, OH - Likely Creating NT Overhang; Reiterate SW

SO: Constructive GA Rate Case Settlement Reduces NT Regulatory Overhangs

ENPH: Notes from the Headquarters Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities - How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Utilities 3Q22 Earnings Preview: The Average Is Over: Staying Selective and Focusing on Catalysts Given Macro Headwinds

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	277	47.51	43	15.52
Sector Weight [SW]	293	50.26	46	15.70
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	44.44	8	33.33
Sector Weight [SW]	26	48.15	11	42.31
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AVA	42.40	Sell
D	62.52	Buy
ETR	106.91	Buy
EXC	43.16	Neutral
NRG	32.15	Neutral
PEG	62.90	Buy

Power & Utilities January 18, 2023

The Guggenheim Daily Transmission: ETR, PEG, D/VA, VA, EXC, AVA, Nuclear, FERC, NRG, Wind, CT

2023 Utilities Outlook Client Conference Call w/ Shar Pourreza & Team including Director of Utility Trading John Ritter — Monday, January 23, 8:15am

For details on our Guggenheim-hosted client Utility events including our Guggenheim Hosted Commissioner Roundtable Event, WEC NDR, DUK NDR, CMS NDR, ES NDR, PNW NDR, and other events, scroll down…

ETR – LPSC business meeting with ETR Hurricane Ida cost securitization on the agenda starts today

PEG – PEG announces agreement to sell 25% equity stake in Ocean Wind I

D/VA – Campaign finance bill dead in committee

VA – Shared solar bills surface in VA Senate and House

EXC – ComEd files multiyear rate plan at ICC

AVA – FERC rejects AVA's proposal to curb negative pricing

Nuclear – Talen completes Phase 1 of Susquehanna data center

FERC – Multiple names for Democratic nominees emerge in DC media

NRG – Astoria site sale closes

Wind – BOEM NOPR seeks to overhaul offshore wind regulations and processes

CT – CT Republicans float ending public policy charges to lower customer bills

ETR – LPSC business meeting with ETR Hurricane Ida cost securitization on the agenda starts today

- LPSC has a business meeting scheduled for today, January 18, 2023, with the ETR hurricane cost securitization settlement on the agenda for potential discussion and or approval.
- The agenda item is a carryover from 2022 with new commissioners taking seat.
- The securitization is for $2.6B of restoration costs incurred during Hurricane Ida.
- Meetings typically broadcast over the commission stream here.
- Docket: U-36350

Guggenheim takeaway:*FYI. The prior meeting generated an adverse reaction as dissenting commissioners showed preference for using their statutory authority to potentially deny, at least in part, a cost securitization until a further proceeding. The meeting could set a new and deteriorating precedent in terms of regulatory environment, which will be a key datapoint for ETR as well as credit ramifications.*

PEG – PEG announces agreement to sell 25% equity stake in Ocean Wind I

- PEG announced an agreement to sell its 25% equity stake in the Ocean Wind I JV back to its JV partner Orsted (ORSTED).
- PEG announcement highlights better ability for Orsted to recognize tax attributes.
- More here.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim takeaway: *FYI. PEG has been interested in exiting wind development, including on prior earnings calls. PEG had a pre-FID put option to sell its $200M equity stake back to Orsted dollar-for-dollar. While the announcement is sooner than we anticipated (i.e., ahead of the similar ES process in New England), the announcement is not a surprise (**as we noted in our research here**). The value of the equity stake is not in current mgmt. financial plans, and we anticipate strategic options will remain on the table for PSEG Nuclear in time as PEG has been conscious of business mix.*

D/VA ─ Campaign finance bill dead in committee

- SB804 from Senator Chap Petersen was passed by indefinitely by the Committee on Privileges and Elections by a vote of 12-3
- More HERE

Guggenheim takeaway: *Minor FYI and not a surprise given the same legislation has repeatedly failed. As we noted previously – **this is something we anticipated in our Dec NDR note (see HERE**) and a piece of legislation that has appeared perennially in various forms across the General Assembly. **See our note from last week (HERE) for more on the current legislative backdrop and pathways forward.***

VA ─ Shared solar bills surface in VA Senate and House

- Two bills concerning share solar programs and minimum customer bills have emerged, one in each chamber with Democratic sponsors
- SB1083 "requires the State Corporation Commission to establish by regulation a shared solar program that allows customers of a Phase I Utility, defined in the bill, to purchase electric power through a subscription in a shared solar facility, defined in the bill as a facility that, among other criteria, generates electricity by means of a solar photovoltaic device with a nameplate capacity that does not exceed 5,000 kilowatts. Under the program, a subscriber receives a bill credit for the proportional output of a shared solar facility attributable to that subscriber. Subscribers are required to pay a minimum bill, established by the Commission, when the bill credit reduces the subscriber's bill below the minimum bill threshold; low-income customers are exempt from the minimum bill."
- SB1083 HERE
- HB1853 HERE

Guggenheim takeaway: *Some interesting legislative data points for your awareness – while these are specific to shared solar, we continue to monitor for broader data points on lawmakers discussing competition and the potential for revisions around renewable energy shopping to emerge in the sausage making process for broader regulatory and utility reform.*

EXC ─ ComEd files multiyear rate plan at ICC

- The filing would cover the years 2024-2027 and features a deferral of a portion of the Y1 increase
- "ComEd's requested revenue requirements are based on requested returns on common equity of 10.50%, 10.55%, 10.60%, and 10.65% in 2024, 2025, 2026, and 2027, respectively, and on capital structures that reflect between 50.58% and 51.19% common equity. The approved revenue requirements will be reconciled to actual costs incurred during each such year, subject to certain limitations and to ICC review, in accordance with law. In the filing, ComEd will ask the ICC to phase-in the new rates by deferring 35% of the 2024 base rate increase, with that amount being recovered in 2026." – release HERE
- "For a typical residential customer, in 2024, taking into the account the phase-in, the total bill impact of the proposed delivery rate increase will be $6.72 per month over approved 2023 rates. In 2025, the total bill impact will be a $5.73 per month increase over the proposed 2024 rates. In 2026, taking into the amounts deferred from 2024 for the phase-in, the total bill impact will be a $6.20 per month increase over the proposed 2025 rates. In 2027, the total bill impact will be a $1.67 per month reduction from the proposed 2026 rates" - filing
- Docket 23-0055 HERE
- Financial schedules and revenue details HERE
- Overview of filing HERE

Guggenheim takeaway: *As expected - The filing sets in motion a process to put in place a 4-year rate plan beginning in 2024, alongside the associated transition away from*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

purely formulaic ROE-setting under the prior FRP. As with AEE, we have long inquired whether management sees gas utility ROEs (mid 9s) as an illustrative landing point for eventual electric returns, and while they and others have declined to speak specifically on expectations, we would not be surprised to see allowed ROEs improve to that range (from the most recent 7.85% under the FRP). The company also has the opportunity to earn a performance bonus of up to +32bps under the ICC's recently approved performance metrics. ***We model an ascent to earned ROEs in the mid 9% range at ComEd through our forecast window.***

AVA – FERC rejects AVA's proposal to curb negative pricing

- In a 4-0 vote, FERC denied AVA's request to set a floor of zero dollars for transmission across its system from Western EIM customers.
- Docket ER23-443

Guggenheim takeaway: FERC argued that negative pricing is a legitimate market signal of overgeneration which should not be artificially blocked.

Nuclear – Talen completes Phase 1 of Susquehanna data center

- The private company's data center subsidiary completed the first 48MW portion of a planned 475MW of data center power co-located with the Susquehanna plant
- More HERE

Guggenheim takeaway: Minor FYI. As a reminder, ownership of collocated non-hydrogen load (e.g., data center) is one item we continue to watch for clarity on from the IRS as it relates to the nuclear PTC under the IRA.

FERC – Multiple names for Democratic nominees emerge in DC media

- Matthew Christiansen, general counsel at FERC, and Rick Kessler, an adviser for the House Energy and Commerce Committee are reportedly both under consideration, alongside some candidates who have already withdrawn their names
- More HERE

Guggenheim takeaway: *For your awareness. We agree with the link above that it remains early in the process.*

NRG – Astoria site sale closes

- The $215mm transaction will see the associated gas generating units retired in early May
- More HERE

Guggenheim takeaway: *For your awareness.*

Wind – BOEM NOPR seeks to overhaul offshore wind regulations and processes

- "The proposed regulations would modernize regulations, streamline overly complex and burdensome processes, clarify ambiguous provisions and enhance compliance provisions in order to decrease costs and uncertainty associated with the deployment of offshore wind facilities. The proposed reforms are estimated to save developers approximately $1 billion over a 20 year period." - BOEM
- See HERE
- More HERE

Guggenheim takeaway: *Interesting OSW data point.*

CT – CT Republicans float ending public policy charges to lower customer bills

- The move would reportedly save $22 on a $150 bill by shifting the funding of several renewables programs to the state budget
- More HERE

Guggenheim takeaway: *Interesting data point, and while the specific funds here may be important to Democrat's priorities, the development speaks to the lengths at which lawmakers in the state are going to try to find bill relief.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Guggenheim Hosted Commissioner Roundtable Event

Please join Guggenheim Research Analyst Shar Pourreza for a roundtable discussion with utility commissioners on key regulatory trends, among other topics.

Date and Time

Friday, January 20, 2023
10:30AM – 12:00PM

Location

Guggenheim Office
330 Madison Ave
New York

Commissioner Participants

**More Commissioners expected to be added for a total of 4 or more*
Commissioner Michael Caron, *Connecticut Public Utilities Regulatory Authority*
Commissioner Kevin Thompson, *Arizona Corporation Commission*
Commissioner Carleton Simpson, *New Hampshire Public Utilities Commission*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Corporate Access

2023 Utilities Conference Call

Please join Guggenheim Research Analyst Shar Pourreza & Team including Director of Utility Trading John Ritter for a 45-minute conference call discussing the Utilities sector and '23 Outlook.

Date and Time
Monday, January 23, 2023
8:15 AM ET

More Details to Follow
Please contact your Guggenheim Sales Representative for the Conference Call Dial-in

Guggenheim Participants
Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*
John Ritter, *Director – Equity Trading*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP Corporate Communications & Investor Relations*

Dates & Locations

February 14 – 16, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meetings

Company Information

Market Cap: $29.8bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	1/10 & 1/11	Boston & New York
Commissioner Roundtable Event	1/20	In Person at Guggenheim
2023 Utilities Conference Call	1/23	Dial-In
WEC	2/14–2/16	West Coast
DUK	March (TBC)	NYC
CMS	5/9	Chicago
ES	6/21–6/22	NYC
PNW	8/9–8/10	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Comp Sheet

1/17/2023		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$65.30	3,733	3.75	3.91	4.14	4.41	3.78	3.96	4.18	4.48	(0.03)	(0.05)	(0.04)	(0.07)	17.3x	16.5x	15.6x	14.6x	-11%	-12%	-10%	-10%	5.6%	4.2%	73%	Neutral	$53	-15%	Buy	$66	5%
AVA	$42.40	3,128	1.89	2.37	2.49	2.61	1.89	2.26	2.43	2.55	–	0.12	0.06	0.06	22.5x	18.8x	17.5x	16.6x	16%	1%	0%	2%	11.4%	4.3%	98%	Sell	$32	-20%	Sell	$39	-4%
NWE	$58.06	3,355	3.28	3.50	3.60	4.00	3.26	3.50	3.64	3.87	–	–	(0.04)	0.13	17.8x	16.6x	15.9x	15.0x	-8%	-11%	-8%	-8%	6.8%	4.4%	79%	Neutral	$48	-13%	Buy	$58	4%
POR	$47.86	4,828	2.83	2.84	3.02	3.17	2.80	2.75	3.04	3.23	–	0.09	–	(0.06)	17.1x	17.4x	15.8x	14.8x	-12%	-7%	-9%	-9%	3.9%	4.0%	67%	Buy	$48	4%	Buy	$50	8%
		15,044													18.6x	17.3x	16.2x	15.3x	-4%	-7%	-7%	-6%	6.9%	4.2%	79%						
Mid/Large Cap Electric																														
AEE	$89.24	23,057	4.08	4.32	4.64	4.95	4.08	4.34	4.65	5.00	–	–	–	(0.05)	21.9x	20.6x	19.2x	17.8x	13%	10%	10%	10%	6.7%	2.8%	62%	Buy	$84	-3%	Buy	$93	7%
AEP	$94.86	48,745	5.00	5.30	5.64	6.00	5.02	5.28	5.63	6.00	–	–	–	–	18.9x	18.0x	16.9x	15.8x	-3%	-4%	-3%	-3%	6.3%	3.5%	67%	Buy	$93	2%	Buy	$103	12%
CMS	$63.48	18,425	2.88	3.13	3.45	3.69	2.88	3.11	3.36	3.62	–	–	0.09	0.07	22.0x	20.4x	18.9x	17.6x	13%	10%	8%	8%	8.6%	3.1%	69%	Neutral	$57	-7%	Buy	$68	10%
CNP	$31.08	19,563	1.38	1.49	1.63	1.75	1.38	1.49	1.61	1.73	–	–	–	–	22.5x	20.9x	19.3x	18.0x	16%	12%	11%	11%	8.2%	2.3%	53%	Buy	$31	2%	Buy	$32	5%
D	$62.52	52,096	4.12	4.34	4.70	5.00	4.12	4.15	4.25	4.49	–	0.19	0.45	0.51	15.2x	15.1x	14.7x	13.9x	-22%	-19%	-15%	-14%	6.7%	4.5%	68%	Buy	$75	24%	Neutral	$70	17%
DTE	$117.31	22,728	6.06	6.31	6.73	7.18	6.01	6.22	6.65	7.18	0.05	0.09	0.08	–	19.5x	18.9x	17.6x	16.3x	0%	1%	1%	0%	5.8%	3.3%	63%	Buy	$122	7%	Buy	$128	13%
DUK	$104.22	80,249	5.25	5.65	6.05	6.50	5.29	5.63	5.98	6.36	(0.04)	–	0.07	0.14	19.7x	18.5x	17.4x	16.4x	1%	-1%	0%	1%	7.4%	3.9%	78%	Buy	$100	-0%	Buy	$106	5%
ED	$95.49	33,886	4.51	4.71	5.18	5.48	4.54	4.82	5.13	5.42	(0.03)	(0.11)	0.05	0.06	21.0x	19.8x	18.6x	17.6x	8%	6%	7%	8%	6.7%	3.4%	73%	Neutral	$82	-11%	Sell	$85	-7%
EIX	$68.70	26,235	4.63	4.75	5.13	5.48	4.58	4.78	5.13	5.53	0.05	(0.03)	–	(0.05)	15.0x	14.4x	13.4x	12.4x	-23%	-23%	-23%	-24%	5.8%	4.3%	64%	Buy	$66	0%	Buy	$69	5%
ES	$83.73	29,164	4.10	4.42	4.75	5.11	4.10	4.38	4.69	5.04	–	0.04	0.06	0.07	20.4x	19.1x	17.9x	16.6x	5%	3%	3%	2%	7.6%	3.2%	66%	Buy	$82	1%	Buy	$87	7%
ETR	$106.91	21,754	6.43	6.78	7.27	7.74	6.35	6.73	7.18	7.74	0.08	0.05	0.09	–	16.8x	15.9x	14.9x	13.8x	-13%	-15%	-14%	-15%	6.4%	4.1%	67%	Buy	$123	19%	Buy	$121	17%
EVRG	$62.57	14,358	3.58	3.77	4.02	4.30	3.57	3.69	3.97	4.19	–	0.08	0.05	0.11	17.5x	17.0x	15.8x	14.9x	-10%	-9%	-9%	-8%	6.3%	3.9%	69%	Buy	$64	6%	Neutral	$65	8%
EXC	$43.16	42,804	2.27	2.36	2.50	2.74	2.26	2.36	2.52	2.74	–	–	–	–	19.1x	18.3x	17.2x	15.8x	-2%	-2%	-1%	-3%	6.5%	3.4%	65%	Neutral	$39	-6%	Buy	$45	7%
FE	$42.99	24,580	2.45	2.57	2.75	2.95	2.44	2.49	2.68	2.87	–	0.08	0.07	0.08	17.6x	17.3x	16.1x	15.0x	-9%	-7%	-8%	-8%	6.4%	3.7%	65%	Neutral	$34	-17%	Buy	$43	4%
LNT	$55.08	13,826	2.80	2.90	3.04	3.23	2.79	2.89	3.08	3.29	–	–	(0.04)	(0.06)	19.7x	19.1x	17.9x	16.8x	2%	2%	3%	3%	4.9%	3.3%	65%	Neutral	$50	-6%	Neutral	$59	10%
OGE	$39.54	7,916	2.08	2.10	2.26	2.36	2.18	2.05	2.17	2.30	(0.10)	0.05	0.09	0.06	18.1x	19.3x	18.2x	17.2x	-7%	3%	5%	6%	4.3%	4.3%	82%	Buy	$39	3%	Buy	$39	2%
PCG	$15.87	31,545	1.11	1.24	1.36	1.49	1.10	1.22	1.35	1.45	–	–	–	0.04	14.4x	13.0x	11.8x	11.0x	-26%	-30%	-32%	-33%	10.3%	0.7%	11%	Buy	$19	20%	Buy	$18	13%
PEG	$62.90	31,384	3.47	3.54	4.06	4.38	3.45	3.47	3.80	4.14	–	0.07	0.26	0.24	18.2x	18.1x	16.5x	15.2x	-6%	-3%	-5%	-7%	8.1%	3.6%	66%	Buy	$67	10%	Buy	$67	9%
PNW	$75.11	8,498	4.28	4.25	4.50	4.75	4.28	4.18	4.57	4.82	–	0.07	(0.07)	(0.07)	17.5x	18.0x	16.5x	15.6x	-10%	-4%	-5%	-4%	3.5%	4.7%	82%	Neutral	$70	-2%	Neutral	$74	3%
PPL	$30.59	22,524	1.41	1.58	1.70	1.80	1.41	1.59	1.71	1.83	–	–	–	(0.03)	21.7x	19.3x	17.9x	16.7x	12%	3%	3%	3%	8.5%	3.2%	69%	Buy	$27	-9%	Buy	$32	8%
SO	$70.05	76,262	3.60	3.80	4.15	4.40	3.59	3.70	4.06	4.36	–	0.10	0.09	0.04	19.5x	18.9x	17.3x	16.1x	1%	2%	-1%	-1%	6.9%	4.0%	78%	Buy	$69	2%	Neutral	$71	6%
WEC	$95.04	29,979	4.40	4.60	4.91	5.24	4.40	4.61	4.91	5.26	–	–	–	–	21.6x	20.6x	19.3x	18.1x	11%	11%	11%	11%	6.0%	3.3%	70%	Neutral	$95	3%	Buy	$100	9%
Mid/Lg Cap (excl. EIX, PCG)															**19.4x**	**18.6x**	**17.4x**	**16.3x**					**6.6%**	**3.6%**	**69%**						
Regulated Electrics		**694,622**													**19.3x**	**18.4x**	**17.2x**	**16.1x**					**6.6%**	**3.7%**	**71%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	'22–'25 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$41.89	4,586	2.18	2.43	2.48	2.70	2.15	2.31	2.44	2.59	0.03	0.12	0.04	0.11	19.5x	18.1x	17.2x	16.2x	0%	-3%	-1%	-1%	7.4%	3.5%	67%	Neutral	$36	-11%	Sell	$37	-8%
NEE	$85.74	170,379	2.90	3.12	3.42	3.73	2.88	3.11	3.39	3.67	–	–	–	0.06	29.8x	27.6x	25.3x	23.4x	53%	48%	45%	44%	8.8%	2.2%	65%	Buy	$99	18%	Buy	$96	14%
SRE	$161.77	50,850	8.93	9.08	9.58	10.21	8.82	9.00	9.60	10.17	0.11	0.08	–	0.04	18.3x	18.0x	16.9x	15.9x	-6%	-4%	-3%	-2%	4.6%	3.0%	55%	Buy	$165	5%	Buy	$170	8%
		225,815													**22.5x**	**21.2x**	**19.8x**	**18.5x**	**16%**	**14%**	**14%**	**14%**	**6.9%**	**2.9%**	**62%**						
Gas LDCs																														
NI	$27.62	11,217	1.45	1.54	1.73	1.76	1.45	1.55	1.69	1.85	–	–	0.04	(0.09)	19.0x	17.9x	16.4x	14.9x	-1%	-3%	-5%	-7%	6.7%	3.6%	69%	Buy	$32	19%	Buy	$30	13%
CPK	$122.96	2,181	5.08	5.49	5.87	6.26	4.94	5.39	5.75	6.16	0.14	0.10	0.12	0.11	24.9x	22.8x	21.4x	20.0x	29%	24%	24%	24%	7.2%	1.8%	44%	Neutral	$120	-1%	Buy	$133	10%
NJR	$50.49	4,869	2.45	2.45	2.64	2.81	2.45	2.49	2.73	2.95	–	(0.04)	(0.09)	(0.14)	20.6x	20.3x	18.5x	17.1x	7%	10%	8%	6%	4.7%	3.2%	65%	Neutral	$40	-18%	Neutral	$49	-0%
NWN	$49.58	1,740	2.56	2.73	2.83	2.98	2.55	2.72	2.81	2.99	–	–	–	–	19.4x	18.2x	17.7x	16.6x	1%	-1%	3%	3%	5.2%	3.9%	76%	Neutral	$40	-15%	Buy	$54	14%
OGS	$78.93	4,273	4.08	4.14	4.24	4.40	4.07	4.12	4.30	4.53	–	–	(0.06)	(0.13)	19.4x	19.1x	18.4x	17.4x	0%	4%	7%	8%	2.5%	3.3%	64%	Sell	$64	-16%	Neutral	$76	-1%
SJI	$35.72	4,374	1.71	1.82	1.94	2.05	1.72	1.79	1.90	1.93	–	–	0.04	0.12	20.8x	19.9x	18.8x	18.5x	8%	8%	9%	15%	6.2%	3.5%	73%	Neutral	$36	4%	Neutral	$36	5%
SR	$71.64	3,764	3.86	4.15	4.32	4.58	3.89	4.12	4.32	4.55	–	–	–	–	18.4x	17.4x	16.6x	15.7x	-4%	-6%	-4%	-2%	5.9%	4.1%	76%	Neutral	$63	-8%	Neutral	$70	1%
		32,420													**20.4x**	**19.4x**	**18.2x**	**17.2x**	**5%**	**5%**	**6%**	**7%**	**5.5%**	**3.3%**	**67%**						
Regulated Water																														
AWK	$157.24	28,591	4.44	4.76	5.14	5.59	4.46	4.79	5.16	5.61	–	–	–	–	35.3x	32.8x	30.5x	28.0x	81%	76%	75%	72%	8.0%	1.8%	63%	Neutral	$135	-12%	Neutral	$159	3%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$83.37	27,234	2,605	3,269	3,424	3,675	2,553	3,159	3,480	3,766	52	109	(56)	(91)	12.5x	9.7x	8.3x	7.2x	31,871	30,490	28,912	27,178	12.2%	0.8%	16%	Buy	$121	46%	Buy	$101	22%
NRG	$32.15	6,860	2,000	2,378	2,332	2,297	1,935	2,761	2,729	2,712	65	(383)	(397)	(415)	7.4x	5.0x	4.8x	4.3x	14,282	13,672	13,028	11,666	4.7%	4.7%	28%	Neutral	$43	38%	Neutral	$38	23%
VST	$22.15	8,815	3,069	3,697	3,608	3,797	3,070	3,634	3,639	3,628	–	63	(31)	170	6.7x	5.6x	5.5x	5.3x	20,529	20,345	20,133	19,381	7.4%	3.7%	33%	Buy	$32	48%	Buy	$31	41%
Other																														
ALTO	$3.21	242	40	74	75	76	26	55	75	76	–	–	–	–									23.9%	–	–	Buy	$11	243%	Buy	$9	180%
NEP	$76.20	6,594	1,660	1,775	1,889	2,003	1,733	1,816	2,133	2,062	(73)	(41)	(244)	(58)									6.5%	4.6%	–	Buy	$85	16%	Buy	$86	18%
SMR	$10.41	540	(156)	(100)	(57)	8	(140)	(66)	(47)	10	–	(34)	–	–										–	–	Buy	$18	73%	Buy	$16	49%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

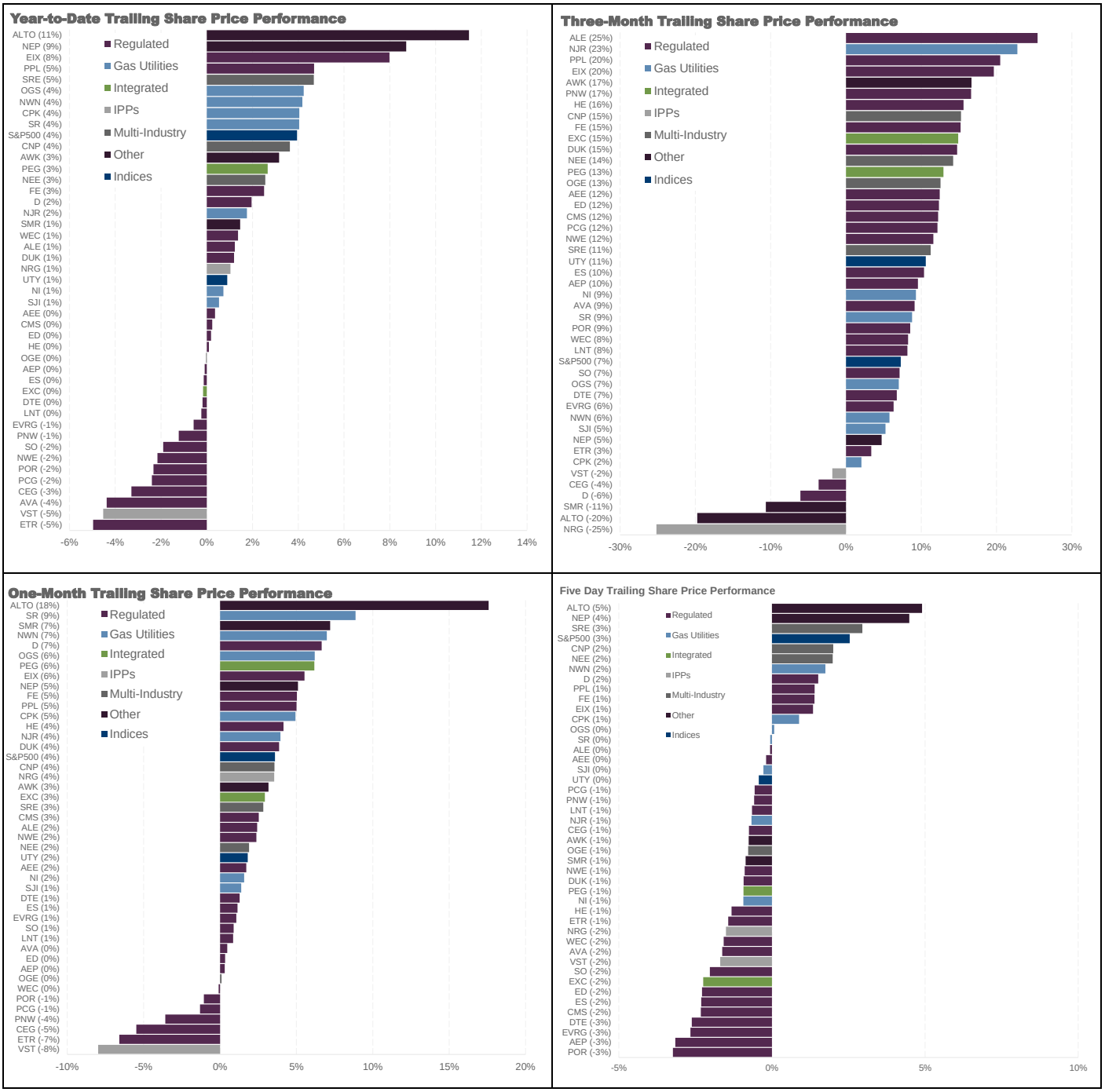

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix

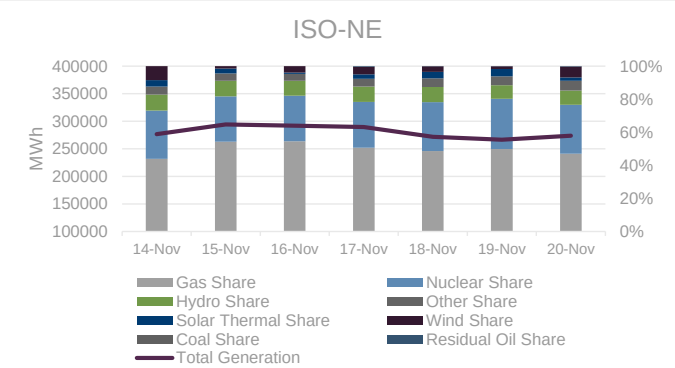

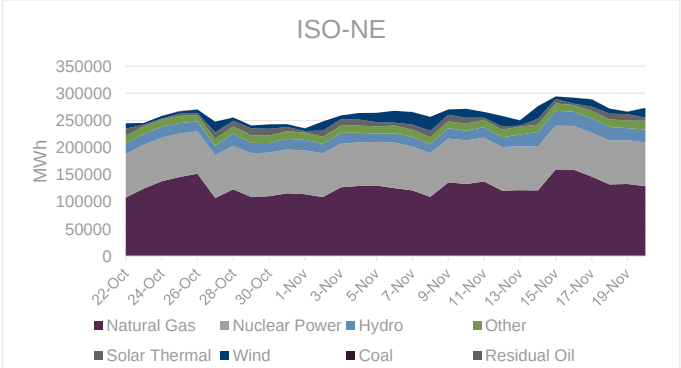

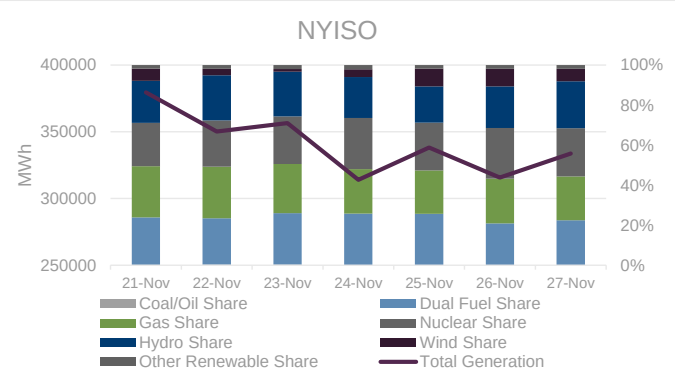

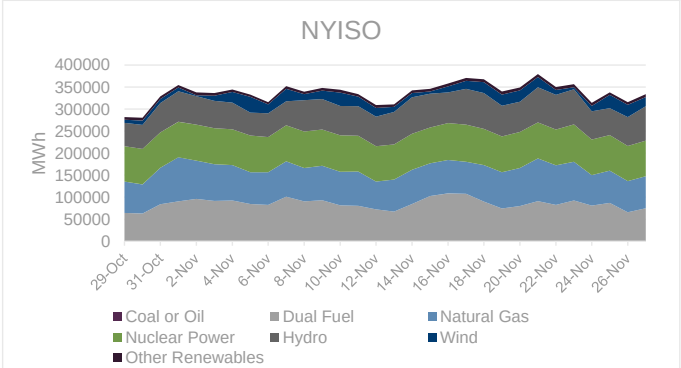

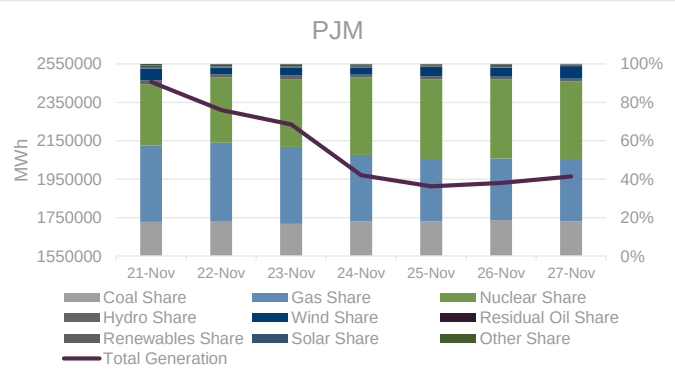

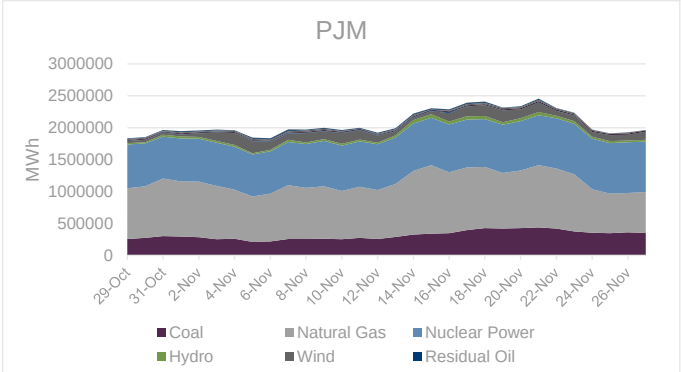

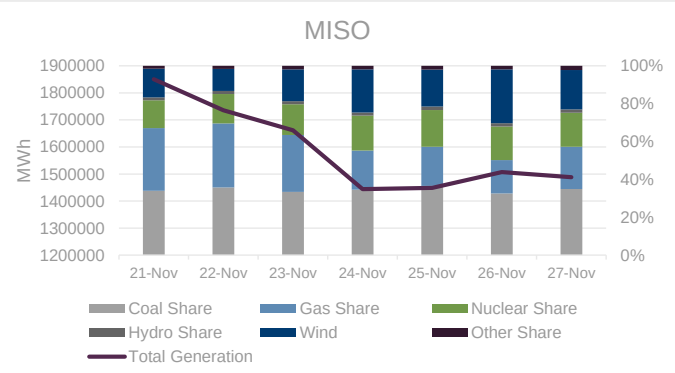

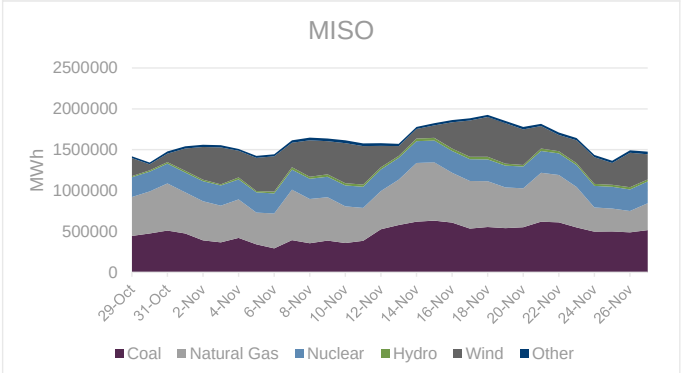

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix (continued)

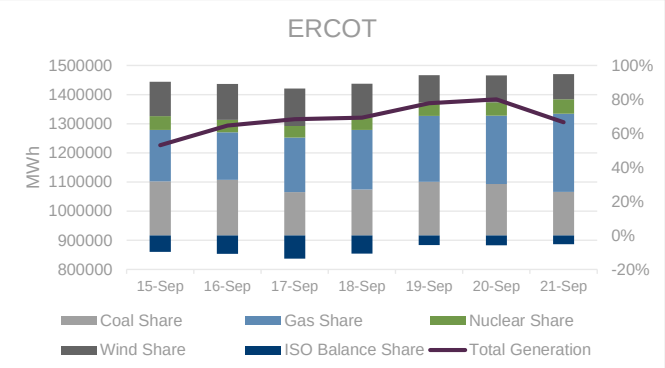

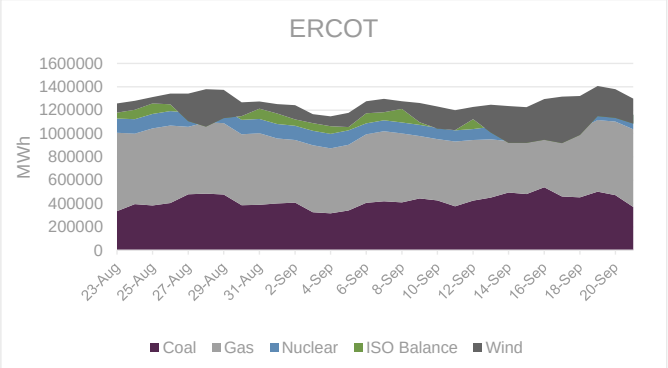

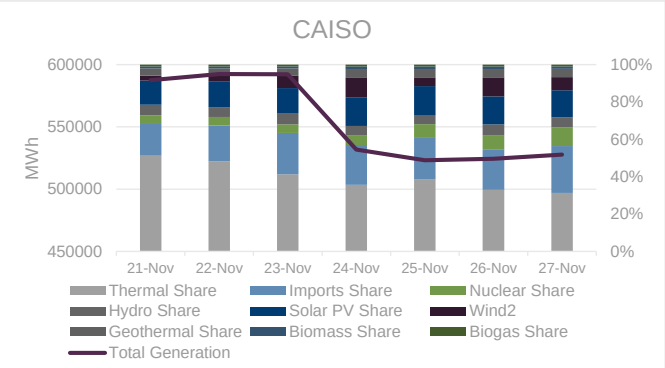

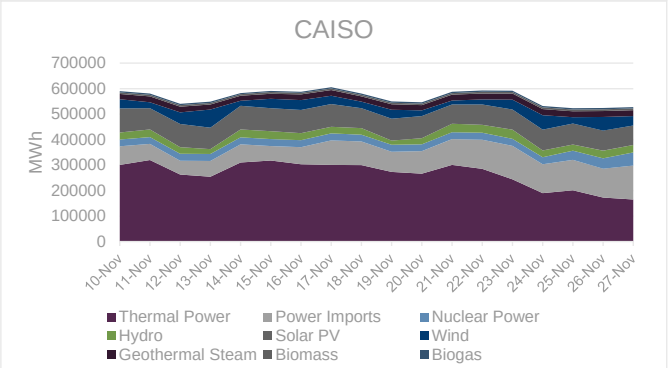

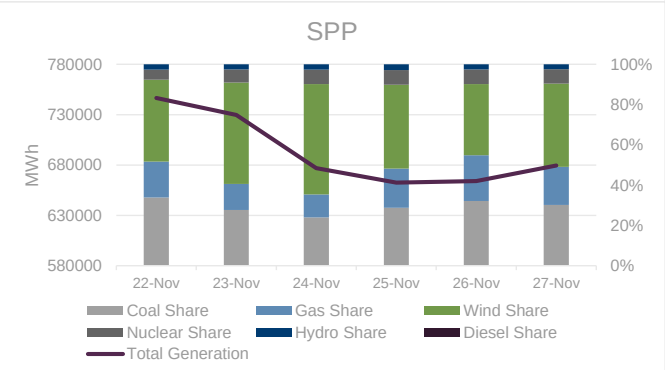

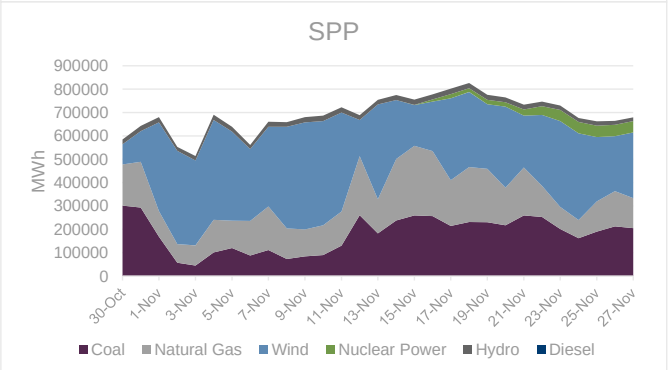

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Weather

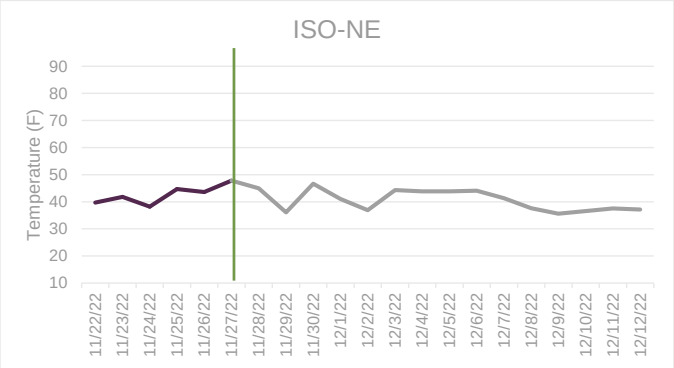

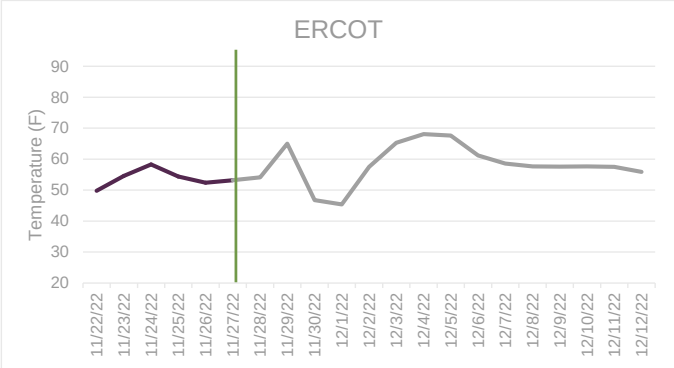

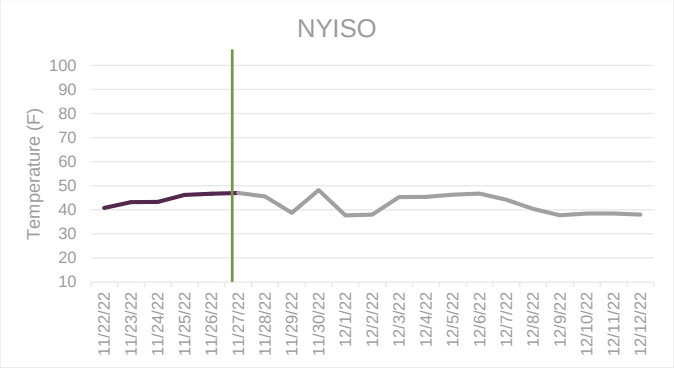

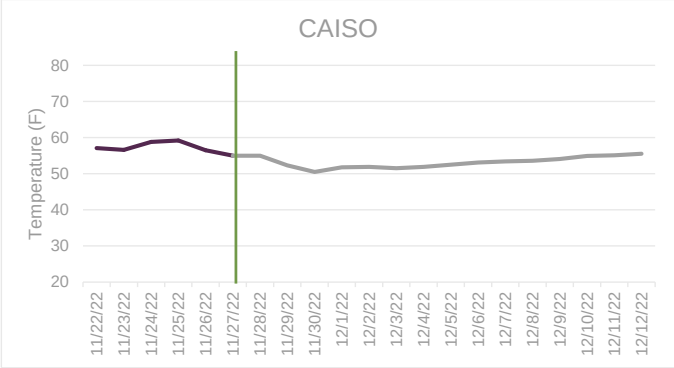

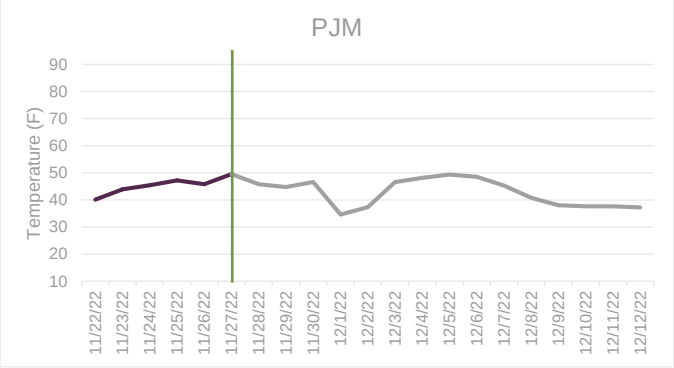

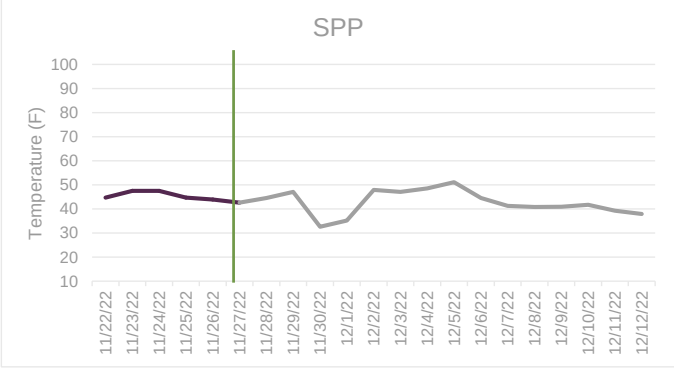

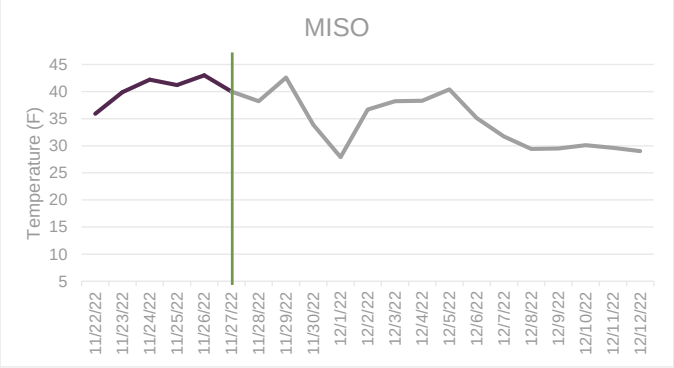

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Peak Load

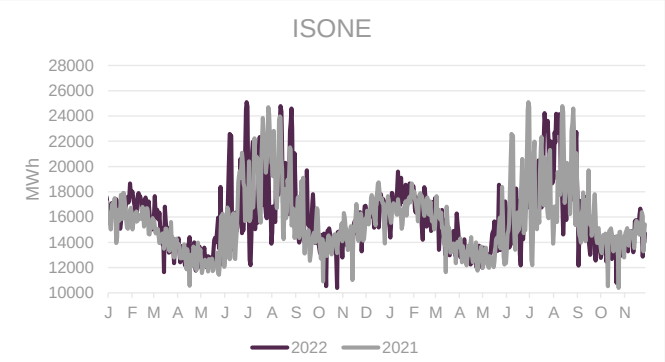

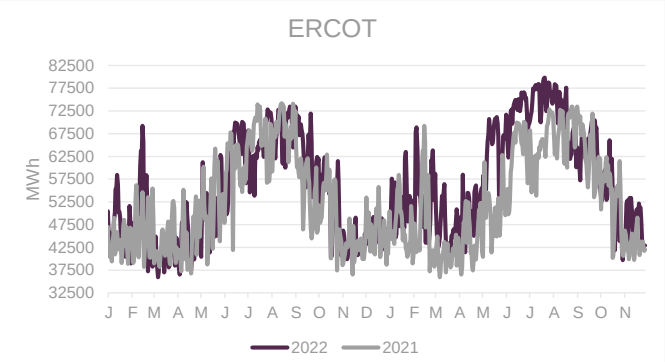

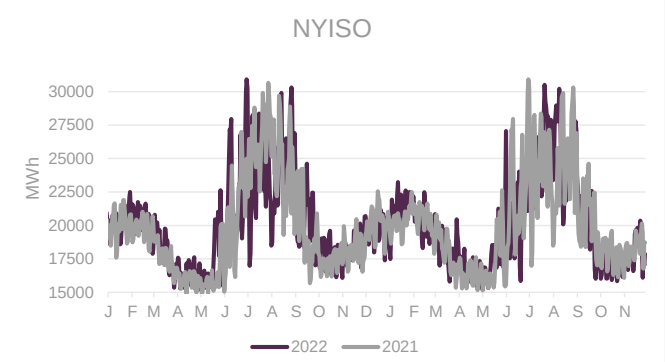

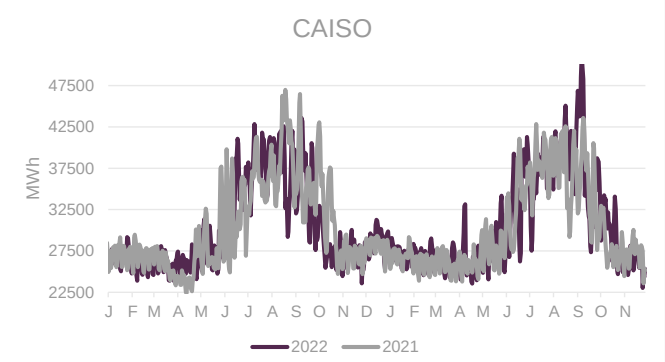

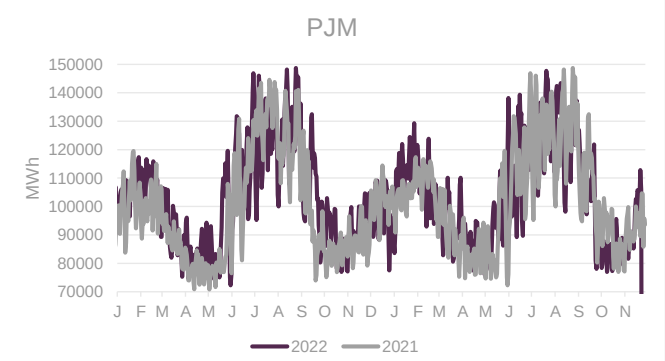

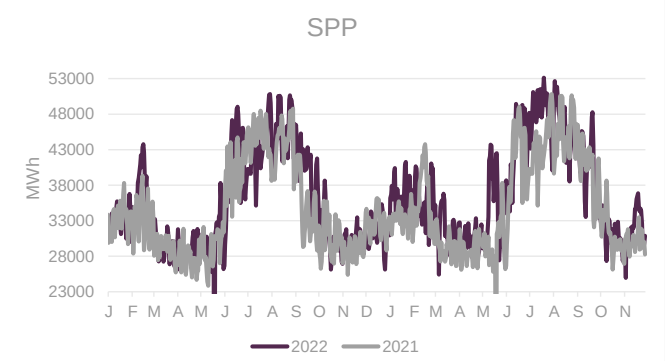

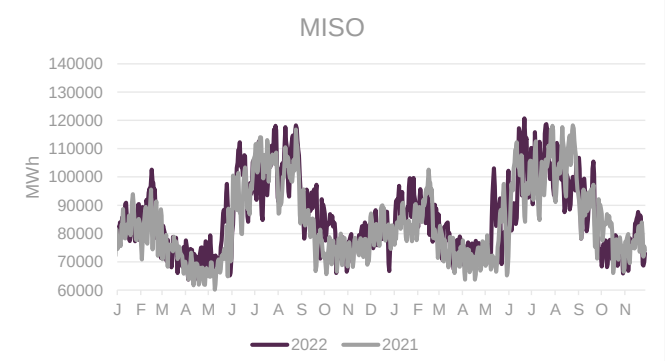

Average Deviation in Peak Load vs Prior Year

RTO/ISO	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
ISONE	0.0%	-0.5%	1.5%	-1.2%	5.1%	-1.1%
NYISO	-0.3%	0.6%	2.1%	-0.1%	3.5%	-2.3%
PJM	3.1%	2.5%	3.9%	3.8%	0.2%	-1.5%
MISO	3.4%	2.5%	4.0%	5.0%	0.1%	-2.3%
CAISO	-0.2%	-2.6%	1.6%	1.2%	4.0%	1.9%
ERCOT	4.4%	2.5%	13.7%	19.1%	7.9%	4.6%
SPP	6.3%	0.5%	5.9%	9.7%	5.0%	3.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2023 - 3/31/2023)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2023-1/31/2023	IL	AEE	Ameren Illinois		Electric rate filing expected
1/1/2023-3/31/2023	IL	AEE	Ameren Illinois		Gas rate case filing expected
1/1/2023-1/31/2023	IL	EXC	Commonwealth Edison Co.		Electric rate filing expected
1/1/2023-1/31/2023	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-1	Decision possible in TDSIC proceeding
1/1/2023-1/31/2023	IN	NI	Northern IN Public Svc Co.	Ca-45557-TDSIC-2	Decision possible in TDSIC proceeding
1/1/2023-3/31/2023	NC	DUK	Duke Energy Carolinas LLC		Multi-year general rate case to be filed
1/1/2023-1/31/2023	OH	NI	Columbia Gas Ohio Inc.	C-21-0637-GA-AIR	Decision possible in rate proceeding
1/1/2023-1/31/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Hearning Examiner's report may be issused in rate case
1/1/2023-1/31/2023	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
1/9/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Evidentiary hearings begin
1/10/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding revenue requirement due in rate proceeding
1/10/2023	TX	ETR	Entergy Texas Inc.	D-53719	Settlement status report due in rate case
1/10/2023-1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearings slated in Rider W update proceeding
1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Staff to file testimony in Rider US 4 proceeding
1/13/2023-1/27/2023	TX	ETR	Entergy Texas Inc.	D-53719	Briefs to be filed in rate case—suspended due to settlement talks
1/18/2023-1/19/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearings scheduled in Rider U proceeding
1/20/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	OUCC and intervenor testimony due in rate proceeding
1/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Staff to file testimony in Rider US 3 proceeding
1/24/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding rate design due in rate proceeding
1/24/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Intervening parties to file testimony in Rider GT update proceeding
1/25/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearing Examiners report may be issued in Rider W update proceeding
1/30/2023-1/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing scheduled in Rider CE update proceeding
2/1/2023-2/28/2023	MO	EVRG	Evergy Missouri West	C-ER-2023-0185	Electric rate case filing expected
2/1/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearing Examiner report may be issued in Rider U proceeding
2/3/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Intervening parties to file testimony in Rider US 2 update proceeding
2/7/2023-2/8/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearings scheduled in Rider US 4 proceeding
2/15/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Rebuttal testimony due in rate proceeding
2/16/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Company rebuttal testimony due in rate proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Intervening parties to file testimony in Rider SNA adjustment proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Staff to file testimony in Rider US-2 proceeding
2/21/2023-3/20/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Hearings scheduled in electric rate case
2/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Staff to file testimony in Rider GT update proceeding
2/22/2023-2/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearings scheduled in Rider US 3 proceeding
2/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Briefs due in Track 2 proceeding
2/27/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Deadline for settlement to be filed in rate proceeding
2/28/2023	MI	CMS	Consumers Energy Co.	C-U-21224	Decision expected in rate case by
2/28/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Decision may be issued in Rider B proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Decision expected in Rider U update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Decision expected in Rider W update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
3/1/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Final order due in rate case
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearing Examiners report may be issued in Rider US 3 proceeding
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearing Examiners report may be issued in Rider US 4 proceeding
3/1/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/6/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Settlement conference to begin in rate proceeding
3/10/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Intervenor testimony due in rate proceeding
3/13/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Hearing to begin in rate proceeding
3/14/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Hearings scheduled in Rider US-2 proceeding
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Intervenor testimony due
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Intervenor testimony due
3/21/2023-3/22/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearings scheduled in Rider GT update proceeding
3/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Staff to file testimony in Rider SNA adjustment proceeding
3/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Reply briefs due in Track 2 proceeding
3/24/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Intervening parties to file testimony in rate case
3/27/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Public Staff, intervenor testimony due by
3/31/2023	TX	SRE	Oncor Electric Delivery Co.	D-53601	Decision may be issued in rate case
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision expected in Rider US 3 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- D NDR – January Bounce? A Game of Chess, Not Checkers… Information Vacuum Persists, But that Gap Is Narrowing; Momentum Builds Quickly in New Year
- SR – What's In the Box? No One Knows – Limited Visibility Coupled With Arbitrary EPS Adjustments By Mgmt.; Cheap Valuation Keeps Us From D/g to Sell
- OGS – Macroeconomic Headwinds Claim Another Victim; Downgrade to SELL from NEUTRAL; Could Be Signal for Wide Valuation Dispersions in Our Space in '23
- EEI: Back at the Diplomat - What a Difference a Year Makes…
- Guggenheim EEI Takeaways - Day Three
- Guggenheim EEI Takeaways - Day Two
- Guggenheim EEI Takeaways - Day One
- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	227	65.80%	43	18.94%
NEUTRAL	111	32.17%	8	7.21%
SELL	7	2.03%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC

Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

This document is hosted on "Morgan Stanley" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corp: ComEd: Electric Rate Case Filing - Initial Read
- **Publication Date/Time** : Wednesday, January 18, 2023 05:10:07 AM (GMT)
- **Contributor Name** : Morgan Stanley
- **Primary Analyst(s)** : David Arcaro
- **Link to Document** : https://login.factset.com/idp/profile/SAML2/Unsolicited/SSO?providerId=sso-admin.ms.com&target=https%3A%2F%2Fny.matrix.ms.com%2Feqr%2Farticle%2Fwebapp%2Ffd89798e-969a-11e

UBS
Global Research and Evidence Lab
17 January 2023

First Read

Exelon Corp

Multi-Year Grid Plan Filed in Illinois

Equities

Americas
Electric Utilities

12-month rating	**Buy**
12m price target	**US$48.00**
Price (17 Jan 2023)	**US$43.16**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$57.95-35.54
Market cap.	US$42.6b
Shares o/s	982m (COM)
Free float	100%
Avg. daily volume ('000)	7,942
Avg. daily value (m)	US$318.8
Common s/h equity (12/22E)	US$20.8b
P/BV (12/22E)	2.0x
Net debt to EBITDA (12/22E)	5.0x

EPS (UBS, diluted) (US$)

	12/22E	
	UBS	**Cons.**
Q1	0.64	0.64
Q2	0.44	0.44
Q3E	0.69	0.75
Q4E	0.43	0.45
12/22E	2.21	2.26
12/23E	2.36	2.36
12/24E	2.54	2.51

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

What Happened?

Earlier today, Commonwealth Edison filed its first Multi-Year Rate Plan covering 1/2024 through 12/2027 with the Illinois Commerce Commission. The filing was expected and is required under Climate and Equitable Jobs Act (CEJA) law, which transitions the regulatory construct in Illinois from an annual performance based formula rate to a multi-year rate case framework. We estimate the plan calls for mid-single-digit rate increases annually, on average, from '24 through '27, which includes deferring 35% of the 2024 rate increase until 2026. ComEd is seeking a return on equity of 10.50% in 2024 and escalating by 5bps per year through 2027. The equity ratio range requested is 50.58% to 51.19%. This compares to the current authorized levels for ComEd from the November '22 decision under the formula rate plan of 7.85% ROE and a 49.45% equity ratio. The ICC will have 11 months to review the filing and new rates are set to go into effect on 1/1/2024.

Performance Incentives Provide Modest Upside

ComEd will have the opportunity to earn up to 32bps of incentive adder to its authorized ROE (which would be worth ~1% to EPS) if it's able to achieve certain performance metrics across six categories: continued improvement in reliability of the overall grid; greater resilience in environmental justice communities; reduction of peak electric demand on the grid; reduction of residential customer disconnections; reduction of the time it takes to connect distributed energy resources; and enhancement of service through the resolution of customer issues. The plan includes forward looking projections on costs and allows for annual true-ups between projections and actuals.

Our Takeaway

The filing was expected and we believe the regulatory process should be fairly straightforward given most of the framework for the filing was ironed out ahead of today's announcement. The biggest variable we see is what the authorized ROE will be. The last ROE authorized by the ICC not under formula rates was for Northern Illinois Gas Co. at 9.75% in November of 2021. We think the visibility of a four-year plan is constructive and supportive of EXC achieving 6-8% EPS growth through 2025. EXC is scheduled to report Q4/FY '22 results on 2/14/23, where the company will also initiate 2023 guidance and roll rate base and capex forecasts out to at least 2026.

Valuation:

We maintain our Buy rating and $48 price target.

Highlights (US$m)	12/19	12/20	12/21	12/22E	12/23E	12/24E	12/25E	12/26E
Revenues	15,514	15,436	16,422	17,146	17,632	18,263	19,070	19,696
EBIT (UBS)	3,681	3,149	3,900	4,232	4,510	4,835	5,338	5,665
Net earnings (UBS)	1,866	1,738	2,036	2,172	2,340	2,523	2,849	3,057
EPS (UBS, diluted) (US$)	1.92	1.78	2.08	2.21	2.36	2.54	2.86	3.06
DPS (net) (US$)	1.25	1.16	1.35	1.45	1.55	1.65	1.80	1.95
Net (debt) / cash	(29,221)	(31,684)	(34,608)	(38,214)	(40,942)	(43,749)	(46,173)	(48,216)
Profitability/valuation	**12/19**	**12/20**	**12/21**	**12/22E**	**12/23E**	**12/24E**	**12/25E**	**12/26E**
EBIT (UBS) margin %	23.7	20.4	23.7	24.7	25.6	26.5	28.0	28.8
ROIC (EBIT) %	5.3	5.7	6.6	6.7	6.8	6.9	7.2	7.3
EV/EBITDA (UBS core) x	13.0	12.3	12.0	10.6	10.0	9.3	8.6	8.1
P/E (UBS, diluted) x	24.7	22.5	22.6	19.7	18.4	17.1	15.2	14.2
Equity FCF (UBS) yield %	(4.5)	(7.3)	(4.1)	(3.5)	(3.2)	(3.1)	(2.0)	(0.8)
Dividend yield (net) %	2.6	2.9	2.9	3.3	3.6	3.8	4.1	4.5

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 43.16 on 17-Jan-2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Forecast returns

Forecast price appreciation	+11.2%
Forecast dividend yield	3.5%
Forecast stock return	+14.7%
Market return assumption	9.2%
Forecast excess return	+5.5%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 4) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 5) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our price target of $48 premised on a 9% premium to the group multiple of 18.9x our $2.54/share earnings forecast for 2024. Our 9% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 5% discount for a 3rd quartile regulatory ranking overall, a 4% premium for 1st quartile earnings growth and a 5% premium for energy transition.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	Interest costs near term
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	February 14, 2023
10. Is the catalyst date an actual or approximate date?	Actual
11. What is the catalyst?	2023 guidance initiation

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 17 January 2023 10:42 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	9%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2022.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$43.16	17 Jan 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

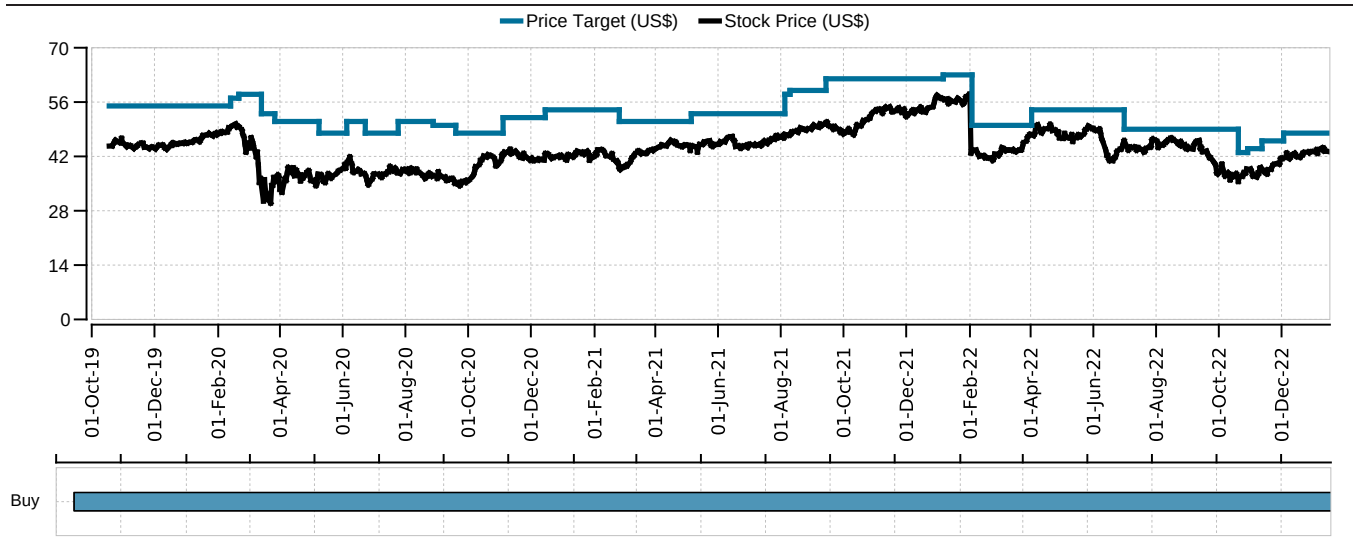

Date	Stock Price (US$)	Price Target (US$)	Rating
2019-10-17	44.06	55.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-22	37.57	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy

Source: UBS;as of 17-Jan-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. It holds a SEBI Registered Merchant Banking license Number : INM000010809. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

KeyBanc Capital Markets

Alert

January 17, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: SO, DTE, DUK, AEP, AEE, EXC, EIX, AGR, ES, XEL, CNP, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Brendan Cutler / (917) 368-2345 / brendan.cutler@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

In the week ahead, we are tracking proceedings in SO's VCM hearings, DTE's MI electric rate case, and FERC's open meeting. In other news, DUK reaches a settlement in its DEP SC electric rate case; AEP files a settlement in its 2019 SWEPCO LA rate case; AEE files a gas rate case with ICC; AEP and Liberty announce their intent to refile for FERC 203 approval for the sale of Kentucky Power; DTE submits a notice of intent with the MI PSC for filing an electric rate case; ComEd releases a plan to meet IL's clean energy goals; the CPUC grants approval to SCE for four energy storage projects; a bill to require General Assembly approval of new rate cases was introduced in CT legislature; PJM generators could face penalties for failures to run during December's Winter Storm Elliott, PUCT pauses approval of a market design proposal pending input from the legislature, and intervenors protest XEL's CO interconnection reform proposal.

ICYMI

We published our 2023 Outlooks for Utilities and Alternative Energy. Access our reports here: Utilities 2023 Sector Outlook: Everything Is Expensive and Alternative Energy 2023 Sector Outlook: Cleared for Takeoff.

Regulatory Calendar

SO — Hearings in GP's VCM 27 are scheduled for January 17: Parties will discuss pre-filed testimony during the hearings, and the recent delay in Unit 3 due to vibrations in the piping will likely be a topic in discussions. The Staff provided testimony in VCM 27 related to the rate impacts of Vogtle Units 3 and 4 resulting from the ~$18B increase in ratepayer revenue requirements over the life of the units. Staff believes customer rates will increase by 11.5%, compared to SO's 8.7% estimate, over the next 18 months. GP's VCM 27 pertains to the January-June 2022 period. GP has presented a $522M capex for review only. The Commission will wait until Vogtle Units 3 and 4 are complete before determining the reasonableness and prudence of the cost overruns and their attribution to ratepayers. SO entered an agreement as part of the VCM 24 Order that it would not seek approval of costs exceeding the $7.3B previously deemed reasonable by the Commission until the prudence review is complete. In VCM 27, GP's cost forecast is relatively unchanged at ~$10B and the Company expects in-service dates for April 2023 and 4Q23 for Units 3 and 4, respectively. The remaining capex to complete the project is ~$1.0B, including GP's share of project contingency.

DTE — MI PSC meeting is scheduled for January 19: While a meeting agenda has not been released yet, we expect the agenda to include DTE's request for a rehearing in the MI electric rate case. DTE filed the petition with the MI PSC requesting that the PSC adopt the sales forecast in the PFD and the Company's proposal to continue its voluntary credit program to refund the incremental margin to customers for any difference between the forecast and actual usage post-COVID. DTE argues that the adopted sales forecast does not accurately reflect the changing trend in customer usage. As a reminder, the PSC ordered a $30.5M rate increase on a 9.9% ROE/50% equity, vs. DTE's revised ask of $368M, and a PD of $146M. See our note here where we tabulate the decision. The AG in its filing argued that DTE's residential sales forecasts are unreasonably low and that residential load continues to surge despite the end of pandemic-related disruptions. The Commission sided with the AG's argument that even though C&I volumes are increasing, electricity usage by the average residential customers remains elevated. By our initial math, but for the Commission's take on higher residential sales (and a related offset in fuel costs), the approved increase would have been ~$167M, or a modest increase from the staff's brief and the PD.

FERC — FERC's Open Meeting is scheduled for January 19: A copy of the Sunshine Notice is included here.

Recent Developments for Companies Under Our Coverage

From our midweek: VA Legislature introduces two competing bills to tackle utility regulation in the state; SO delays Vogtle Unit 3 in-service date; MO Staff files testimony in AEE's MO electric GRC; newly appointed NM PRC Commissioner resigns, Governor names

replacement; multiparty settlement in DEP's SC electric rate case expects to be filed tomorrow; MT Representative introduces an energy resource planning bill; DUK's Ledyard Windpower begins operations; ISO NE assesses $39M of fines to power generators; and EIA's January STEO is out.

DUK — Multiparty settlement filed in DEP's SC electric rate case: DUK filed a settlement for a net revenue increase of $36M, ($52M gross revenue offset by $16M from accelerating the return of deferred income tax benefits), premised on a 9.6% ROE/52.43% equity. All parties agreed to the settlement, where DUK agreed to a $50M one-time disallowance for coal ash pond closure costs and will forego seeking recovery of $3M of deferred costs associated with the Cape Fear site that was disallowed in the 2018 rate case. Going forward, DUK can defer future CCR costs at a debt return of ~3.8% and amortize remaining coal ash closure costs over 7 years at the full WACC. The settlement compares to DUK's initial request for a $68M net revenue increase ($90M gross and $21M offset for the return of ADIT), and was premised on 10.2% ROE/53% equity. A PSC decision is expected by March 1. Rates are expected to go into effect on April 1.

AEP — Settlement filed in 2019 SWEPCO LA rate case: AEP reached a settlement with LA Staff for a $27M net revenue increase, premised on a 9.5% ROE. AEP requests Commission approval at the LA PSC Business and Executive Session meeting on January 18. The settlement resolves all issues except the ADIT and net operating loss taxes, which the parties requested to be contested during a scheduled hearing on January 30. AEP initially filed the application in 2019 seeking a revenue increase of $134M premised on a 10.35% ROE and 50.8% equity, which the Company lowered to $114M to remove costs associated with Hurricanes Laura and Delta that will be recovered in a separate filing. Parties have been engaged in settlement discussions since January 2022.

AEE — AEE files a gas rate case with ICC: AEE IL filed a gas GRC with the IL Commerce Commission requesting a $160M revenue increase, premised on a 10.7% ROE, 54% equity, and a 2024 year-end test year. The rate increase request includes the recovery of $77M of annual revenues that would be recovered under AEE's QIP rider. AEE expects an ICC ruling within the 11-month statutory timeframe or by December 6, with rates going into effect on January 1, 2024. In its 2020 rate case, AEE received a $76M increase (vs. a $102M ask), premised on 9.67% ROE/52% equity.

AEP — AEP and Liberty will refile for FERC approval for the sale of Kentucky Power: AEP and AQN subsidiary Liberty announced that they intend to refile a Section 203 application with FERC for the sale of KY Power following a FERC order denying the Section 203 application due to what FERC notes was lack of information to evaluate the impact of the transaction on rates and potential changes to the cost of capital, including ROE, cost of debt, and capital structure. The sale was expected to close in January 2023, following an anticipated FERC approval. AEP and Liberty will need to provide adequate information to demonstrate the effects on rates and propose rate protection or mitigation measures to address any negative rate impacts or demonstrate benefits from the transaction to offset the rate impacts. See our prior notes here and here.

DTE — DTE submits notice of intent with MI PSC for filing an electric rate case: DTE intends to file an electric rate case (Docket: U-21297) with the MI PSC on or around February 10, 2023. DTE is awaiting a decision on its petition seeking a rehearing of the 2022 electric GRC order.

EXC — ComEd releases plan to meet IL's clean energy goals: ComEd released the ComEd 2030 plan that identifies five pillars that will guide EXC's work over the next five years, including preparing its grid to be able to deliver 100% carbon-free power by 2030, more resilient to climate change and security risks, and increasing efficiency to lower costs. EXC plans to install new infrastructure to support up to 1.8M EVs by 2030. The plan is consistent with a formal five-year grid plan that EXC expects to file with the ICC later this month. ComEd 2030 aligns with IL's targets set by the CEJA, including 50% renewable energy by 2040 and 100% clean energy by 2050.

EIX — CPUC grants approval for four energy storage projects: The commission approved SCE for four lithium-ion battery storage contracts with a total capacity of ~619 MW/2,476 MWh. The projects are expected to be in service from August 2023 through June 2024. The approved contracts include two phases with Calpine for Nova Power Bank Phase 1 and Phase 2 of 230 MW each, NEE's Proxima RA for 90 MW, and W Power's Stanton project for 69 MW. SCE submitted these projects in response to the CPUC's order for load-serving entities to procure at least 11.5 GW of clean energy resources between 2023 and 2026. The contracts range from 10-15 years.

AGR, ES — Bill introduced in CT legislature to require legislative approval for any rate increases approved by PURA: CT representative Christine Conley (D) introduced a bill (HB 5013) that would require the CT General Assembly to vote and approve any future electric and natural gas rate cases authorized by the CT PURA. The bill appears in very early stages with not much language around it published as yet.

CNP, SRE — PUCT delays vote on ERCOT market redesign proposal: The PUCT discussed the idea of a performance capacity mechanism (PCM) but delayed a planned Jan 12 vote on the market redesign given disagreement among state legislative members. The PCM would entail load-serving utilities and retailers to purchase performance credits from generators who would earn them based on their performance during times of increased stress on the grid. Governor Abbott and PUCT Chair Lake support the proposal but there is opposition from others in the legislature and the Lt. Governor who favor a policy toward incentivizing and facilitating market redesign

Sophie Karp (917) 368-2361 / sophie.karp@key.com

through a gas generation build-out program, rather than providing extra benefits to existing, dated generation facilities. The PCM as proposed by the PCM would be technology agnostic. According to a group of legislators who were instrumental in the enactment of SB 3 in 2021 that mandated reforms to the TX power market, including weatherization, the PCM proposal goes beyond the reform mandates in SB 3 and should not be adopted without consultation with the legislature. All these initiatives are a response to the performance of power generators during the 2021 winter storm Uri.

XEL — Intervenors oppose XEL's CO interconnection reform proposal:

- PSCo filed a proposal with FERC last December (ER23-629) requesting that FERC permit changes to the interconnection process as it relates to the PSCo CO transmission system to allow a readiness standard for processing interconnection requests (and move away from the first come, first served approach) and is requesting an effective date of March 29.
- The proposed changes would eliminate the security deposit option for early-stage projects, but impose tougher financial penalties for projects that withdraw from the queue. In place of the security deposit, XEL proposes a "generation deployment" option for interconnection customers without signed PPAs or evidence that projects have been selected as part of a resource solicitation with four options to meet the necessary requirements to participate in the interconnection studies. The alternative pathways involve providing a variety of information and data and include a $7.5M refundable security deposit with a $0.5M early withdrawal penalty.
- The proposals made by XEL are similar to the comments presented by several intervenors in the FERC's interconnection NOPR and the intervenor comments are also similar. SEIA argues that providing up to 60% of a project's design drawing before knowing the project's upgrade costs is needlessly expensive as is requiring purchasing orders prior to completion of a study. NEER is generally supportive of XEL's proposals but considers them more restrictive than the FERC's NOPR on interconnection reforms (RM22-14).
- Intervenors argue that the proposals are meant to give XEL an unfair advantage in the process as it has 5.7 GW of renewables and 1.2 GW of DER in the 2022 RFP to implement its 2021 resource plan that will need to be interconnected.

PJM generators could face penalties for failures to run during December's Winter Storm Elliott: Owners of power plants in the PJM Interconnection market could be fined $1B-$2B (based on preliminary estimates) for failing to provide electricity during Winter Storm Elliott in late December 2022. Nearly 46 GW or 23.2% of PJM's generating fleet was unexpectedly offline on December 24 primarily due to equipment that didn't operate and fuel supply challenges with gas-fired generation accounting for ~70% of unplanned outages. Over 92% of the outages were reported to PJM with less than an hour's notice or no notice. PJM anticipated a 29 GW reserve for December 23 based on power plant operator generator availability data (typically the reserve is 3 GW), but electric use by customers on that day was ~10% higher than forecasted. An additional 6 GW of generation failed to come online when called upon by PJM as it lacked the necessary electricity to refill pumped storage hydroelectric reservoirs overnight that would normally provide power the next day. PJM plans to release the results of its investigation into its operations during Winter Storm Elliot in mid-April and officials plan to meet with power plant operators to get more information.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	1/17/2023	Hearings on pre-filed testimony
MI	DTE Electric Co.	DTE	C-U-20836	Electric	1/19/2023	MPSC Meeting - Rehearing Decision
	Federal Energy Reg Comm	FERC			1/19/2023	Open Meeting
	System Energy Resources Inc.	ETR	FERC EL21-56		1/23/2023	Settlement Conference
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	1/24/2023	Direct Testimony (Cap Cost of Service)
TX	Entergy Texas Inc.	ETR	D-53719	Electric	1/27/2023	Reply Briefs
TX	Entergy Texas Inc.	ETR	D-53719	Electric	1/31/2023	Proposed order expected
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	2/6/2023	Report of ALJ Due
ME	Central Maine Power Co.	AGR	D-2022-00152	Electric	2/7/2023	Rebuttal Testimony
	Short-Term Energy Outlook	EIA			2/7/2023	STEO release
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	2/7/2023	Rebuttal Testimony Due
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	2/10/2023	Company Updated Testimony Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Electric Utilities

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AEE	Ameren Corp	23.3	Sector Weight	NA	$90.15	2.6%	58%	4.05	4.34	4.65	22.2x	20.7x	19.4x	4.05	4.34	4.66	22.2x	20.8x	19.4x
AEP	American Electric Power Company In	48.7	Sector Weight	NA	$94.84	3.3%	63%	5.03	5.30	5.68	18.9x	17.9x	16.7x	5.02	5.30	5.65	18.9x	17.9x	16.8x
CMS	CMS Energy Corp	18.6	Sector Weight	NA	$63.92	2.9%	64%	2.89	3.11	3.35	22.2x	20.5x	19.1x	2.88	3.11	3.38	22.2x	20.6x	18.9x
CNP	CenterPoint Energy Inc	19.7	Sector Weight	NA	$31.31	2.1%	47%	1.40	1.49	1.61	22.4x	21.1x	19.5x	1.38	1.49	1.61	22.6x	21.0x	19.4x
D	Dominion Energy Inc	52.4	Sector Weight	NA	$62.92	4.2%	65%	4.06	4.33	4.44	15.5x	14.5x	14.2x	4.12	4.16	4.26	15.3x	15.1x	14.8x
DTE	DTE Energy Co	22.8	Sector Weight	NA	$117.93	3.0%	62%	5.94	6.25	6.69	19.8x	18.9x	17.6x	6.02	6.27	6.69	19.6x	18.8x	17.6x
DUK	Duke Energy Corp	80.8	Overweight	$112	$104.98	3.8%	75%	5.27	5.68	6.06	19.9x	18.5x	17.3x	5.29	5.67	6.02	19.8x	18.5x	17.4x
ETR	Entergy Corp	21.7	Sector Weight	NA	$106.56	3.8%	64%	6.43	6.70	7.24	16.6x	15.9x	14.7x	6.38	6.75	7.21	16.7x	15.8x	14.8x
ES	Eversource Energy	29.3	Sector Weight	NA	$84.02	3.0%	62%	4.07	4.38	4.67	20.6x	19.2x	18.0x	4.10	4.37	4.69	20.5x	19.2x	17.9x
ED	Consolidated Edison Inc	34.2	Underweight	$70	$96.49	3.3%	70%	4.57	4.75	4.68	21.1x	20.3x	20.6x	4.52	4.80	5.08	21.3x	20.1x	19.0x
EIX	Edison International	26.0	Sector Weight	NA	$68.20	4.1%	61%	4.54	4.82	5.15	15.0x	14.1x	13.3x	4.59	4.80	5.14	14.9x	14.2x	13.3x
EXC	Exelon Corp	43.1	Sector Weight	NA	$43.38	3.8%	61%	2.28	2.36	2.50	19.1x	18.3x	17.4x	2.26	2.36	2.51	19.2x	18.4x	17.3x
FE	FirstEnergy Corp	24.4	Overweight	$45	$42.73	3.7%	64%	2.46	2.37	2.65	17.4x	18.0x	16.1x	2.43	2.49	2.68	17.6x	17.1x	15.9x
PEG	Public Service Enterprise Group Inc	31.3	Sector Weight	NA	$62.66	3.4%	63%	3.45	3.45	3.59	18.2x	18.2x	17.5x	3.46	3.49	3.82	18.1x	18.0x	16.4x
SO	Southern Co	76.6	Sector Weight	NA	$70.32	3.8%	75%	3.58	3.71	4.08	19.6x	19.0x	17.2x	3.58	3.73	4.07	19.6x	18.9x	17.3x
WEC	WEC Energy Group Inc	30.2	Overweight	$103	$95.75	3.0%	66%	4.40	4.61	4.91	21.7x	20.8x	19.5x	4.39	4.61	4.92	21.8x	20.8x	19.5x
XEL	Xcel Energy Inc	38.9	Overweight	$75	$71.17	2.7%	61%	3.17	3.34	3.55	22.4x	21.3x	20.0x	3.17	3.38	3.61	22.5x	21.1x	19.7x
					Average:	**3.3%**	**64%**				**19.6x**	**18.7x**	**17.5x**				**19.6x**	**18.6x**	**17.4x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AVA	Avista Corp	3.2	Underweight	$32	$42.88	4.1%	94%	1.88	2.34	2.44	22.9x	18.3x	17.6x	1.88	2.34	2.45	22.8x	18.4x	17.5x
NWE	NorthWestern Corp	3.4	Overweight	$62	$58.60	4.3%	77%	3.23	3.48	3.64	18.1x	16.8x	16.1x	3.28	3.50	3.64	17.9x	16.7x	16.1x
OTTR	Otter Tail Corp	2.6	Sector Weight	NA	$62.99	2.6%	25%	6.60	3.85	3.45	9.5x	16.4x	18.3x	6.62	3.90	3.45	9.5x	16.2x	18.2x
PNW	Pinnacle West Capital Corp	8.5	Underweight	$55	$75.37	4.5%	80%	4.29	4.15	4.61	17.6x	18.1x	16.3x	4.25	4.17	4.60	17.8x	18.1x	16.4x
POR	Portland General Electric Co	4.3	Sector Weight	NA	$48.26	3.7%	64%	2.85	2.70	2.93	16.9x	17.9x	16.5x	2.79	2.76	3.04	17.3x	17.5x	15.9x
					Average:	**3.9%**	**68%**				**17.0x**	**17.5x**	**17.0x**				**17.0x**	**17.4x**	**16.8x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
AGR	Avangrid Inc	16.8	Underweight	$36	$43.40	4.1%	76%	2.33	2.29	2.43	18.7x	18.9x	17.9x	2.32	2.28	2.42	18.7x	19.0x	17.9x
NEE	Nextera Energy Inc	168.3	Overweight	$93	$84.68	2.0%	59%	2.90	3.12	3.41	29.2x	27.2x	24.9x	2.88	3.11	3.39	29.4x	27.3x	25.0x
SRE	Sempra Energy	50.6	Sector Weight	NA	$160.83	2.9%	52%	8.85	8.99	9.56	18.2x	17.9x	16.8x	8.86	9.01	9.63	18.2x	17.8x	16.7x
					Average:	**3.0%**	**62%**				**22.0x**	**21.3x**	**19.8x**				**22.1x**	**21.4x**	**19.9x**
		Market Cap	Rating	Target	Current	Dividend ('22E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E	'22E	'23E	'24E
CEG	Constellation Energy Corp	27.8	Overweight	$99	$85.16	0.7%	24%	(0.10)	3.98	4.60	NA	21.4x	18.5x	2.31	4.59	5.83	36.9x	18.6x	14.6x
NRG	NRG Energy Inc	7.3	Not Covered	NA	$31.88	4.4%	40%	NA	NA	NA	NA	NA	NA	3.51	5.13	5.67	9.1x	6.2x	5.6x
VST	Vistra Corp	8.9	Not Covered	NA	$22.38	3.3%	63%	NA	NA	NA	NA	NA	NA	1.17	3.14	2.47	19.2x	7.1x	9.1x
					Average:	**2.8%**	**42%**				**NA**	**21.4x**	**18.5x**				**21.7x**	**10.6x**	**9.8x**

Source: Company reports, KeyBanc Capital Markets Inc. estimates Thomson Reuters

Figure 3 - Stock Price Performance

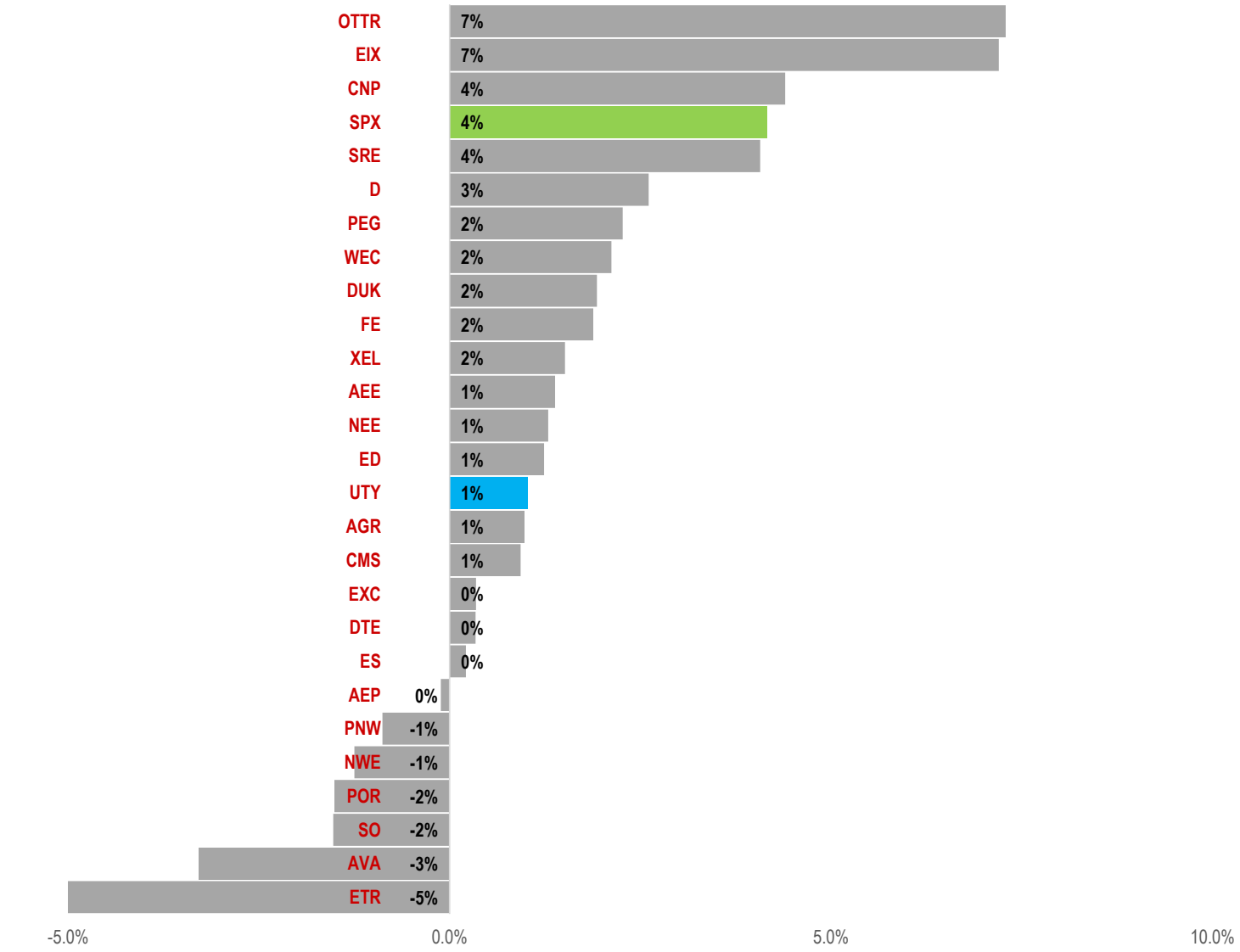

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

AEP: FERC Strikes Down on KY, OH - Likely Creating NT Overhang; Reiterate SW

SO: Constructive GA Rate Case Settlement Reduces NT Regulatory Overhangs

ENPH: Notes from the Headquarter Visit

NOVA: Constructive Analyst Day Update Supports Our Bullish Stance – Reiterate Overweight, $39 Price Target

EEI: Conference Recap and Notes from Day Three - NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

DTE: Taking a First Look at the MI IRP Filing

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

RUN: CA PD Valuation Implications Too Wide for Comfort — Downgrading to SW

Thematic Pieces

From Microgrids to Microutilities - How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Utilities 3Q22 Earnings Preview: The Average Is Over: Staying Selective and Focusing on Catalysts Given Macro Headwinds

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Utilities 2022 Sector Outlook: Make Utilities Attractive Again?

Renewables 2022 Outlook: Another Tough Year Ahead

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	277	47.51	48	17.33
Sector Weight [SW]	293	50.26	49	16.72
Underweight [UW]	13	2.23	3	23.08

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	44.44	10	41.67
Sector Weight [SW]	26	48.15	11	42.31
Underweight [UW]	4	7.41	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

January 17, 2023

Company: Exelon Corporation, EXC - Analyst Shelby Tucker, Currency: USD, Price Target: 47.00, Rating: Sector Perform

FY Dec	2022E	2023E	2024E	2025E
EPS, Adj Diluted	2.26	2.36	2.54	2.76
Prev.		2.37	2.51	2.71
P/AEPS	19.2x	18.4x	17.1x	15.7x
DPS	1.35	1.44	1.55	1.65
Div Yield	3.1%	3.3%	3.6%	3.8%

EPS, Adj Diluted	Q1	Q2	Q3	Q4
2022	0.64A	0.47A	0.75A	0.43E
Prev.				0.40E

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:07 AM.

ARGUS

NASDAQ: EXC

EXELON CORP

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Analyst's Notes

Analysis by Marie Ferguson, January 13, 2023

ARGUS RATING: BUY

- New rate decisions to drive earnings
- Exelon recently reported 3Q22 split-adjusted operating EPS of $0.75, compared with $1.09 per share in 3Q21. This is the third set of quarterly results since the spinoff of the company's generation and competitive electric business.
- Earnings have been driven by rate growth and recent new gas rate decisions will increase revenue $63 million between PECO and DPL. EXC is also planning to file a multiyear electric rate case for ComED in 1Q23.
- We have a positive view of Exelon's transformation into a transmission and distribution utility through the spinoff of Constellation Energy and the accompanying reduction in expenses.
- EXC projects 6%-8% earnings growth through 2025. When combined with the current yield of 3.1%, investors can obtain stable, moderate total returns.

INVESTMENT THESIS

We are maintaining our BUY rating on Exelon Corp. (NYSE: EXC), which provides electricity and natural gas to about 10 million customers in Illinois, Maryland, Pennsylvania, New Jersey, Delaware, and the District of Columbia. We have a positive view of the company's transformation into a pure-play transmission utility through the recent spinoff of its competitive energy business, Constellation Energy (CEG). The move should also lower future earnings volatility. Management projects long-term earnings growth of 6%-8% from the company's utilities, which we believe is achievable. Exelon is also benefiting from favorable rate case decisions, as well as from its cleaner transmission mix and focus on hydro power.

In conjunction with the February 2022 Constellation spinoff, EXC shareholders received one share of CEG for every three shares of EXC. Exelon shares were repriced as a result of this separation. While the shares have benefited from recent strength in the Utility sector, we will monitor the company's balance sheet and growing debt for a possible rating change. Our target price is $50. The company has managed costs better than peers, but we believe that rising interest rates and high transmission and purchased fuel costs could

Market Data

Pricing reflects previous trading week's closing price.

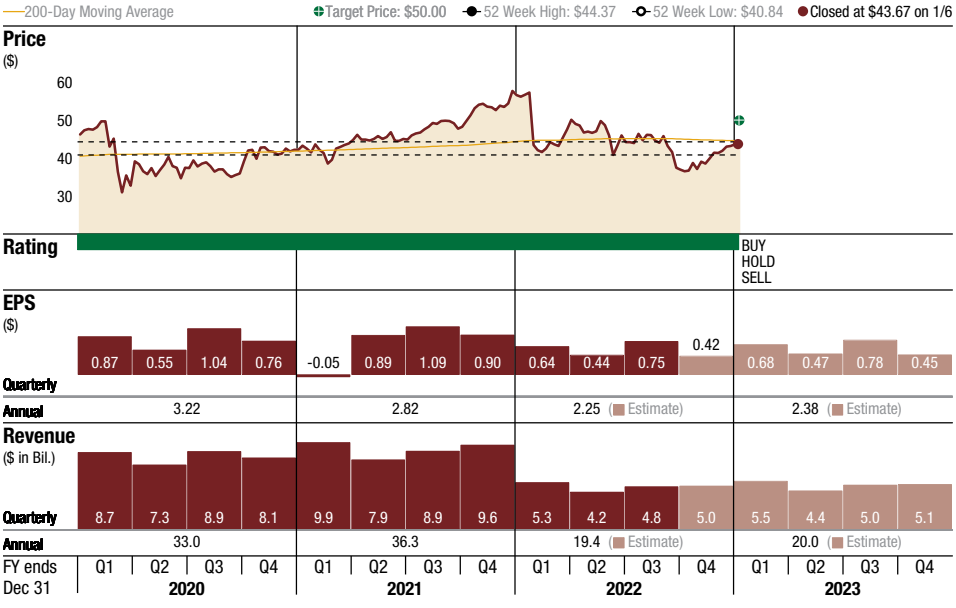

Argus Recommendations

Twelve Month Rating	SELL	HOLD	**BUY**
Five Year Rating	SELL	HOLD	**BUY**
Sector Rating	Under Weight	**Market Weight**	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 71% Buy, 28% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	**$43.38**
Target Price	**$50.00**
52 Week Price Range	**$35.19 to $58.21**
Shares Outstanding	**991.76 Million**
Dividend	**$1.35**

Sector Overview

Sector	**Utility**
Sector Rating	**MARKET WEIGHT**
Total % of S&P 500 Market Cap.	**3.00%**

Financial Strength

Financial Strength Rating	**MEDIUM**
Debt/Capital Ratio	**55.6%**
Return on Equity	**9.1%**
Net Margin	**8.9%**
Payout Ratio	**0.60**
Current Ratio	**0.87**
Revenue	**$24.04 Billion**
After-Tax Income	**$2.13 Billion**

Valuation

Current FY P/E	**19.28**
Prior FY P/E	**15.38**
Price/Sales	**1.79**
Price/Book	**1.75**
Book Value/Share	**$24.73**
Market Capitalization	**$43.02 Billion**

Forecasted Growth

1 Year EPS Growth Forecast
-20.21%
5 Year EPS Growth Forecast
7.00%
1 Year Dividend Growth Forecast
-11.76%

Risk

Beta	**0.85**
Institutional Ownership	**0.81%**

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes...Continued

pressure earnings.

RECENT DEVELOPMENTS

EXC's shares have outperformed the S&P 500 over the past three months, rising 18% compared to a 9% gain for the index and a 12% gain for S&P Utility Sector Index, XLU. The shares have outperformed over the past year, rising 11% compared to a 17% loss for the S&P 500.

Exelon recently reported 3Q22 operating EPS of $0.75, compared with $1.09 per share in 3Q21. This is the third set of quarterly results since the spinoff of the generation and competitive electric business and reflects the fact that approximately 40% of pre-spinoff revenue had come from this business. The 3Q22 results were driven by solid results for PECO and PHI due to rate increases and decreased storm costs.

Third-quarter operating revenues were $4.84 billion, compared with restated adjusted revenues of $4.86 billion in 3Q21. Net income attributable to shareholders was $676 million in 3Q22, compared with $1.2 billion in 3Q21. Third-quarter operating expenses decreased by 7% to $3.8 billion, compared with $4.1 billion in 3Q21. The spinoff of the company's generation fleet was intended to reduce cost volatility and mitigate risk from nuclear generation. For the third quarter, purchased power and fuel costs were reduced by 18% to $1.48 billion, however O&M expenses were reduced by just 3% to $1.15 billion.

On the regulatory front, the ComEd intends to file a multi-year electric rate request in 1Q23 and settlements were reached in October for DPL and PECO gas. Pennsylvania utility commission recently approved a $55 million increase in gas distribution revenues, effective 1Q23. Separately, DPL/Delmarva received an $8 million increase in gas distribution rates and an ROE of 9.6%, effective year-end 2022. The approved ROE is in line with peers.

Management is focused on capital investment to improve reliability and provide cleaner energy, with $29 billion expected to be allocated to new infrastructure by 2025. As a result, the company has significantly increased its debt and during 3Q22 with EXC issuing $650 million of long-term bonds.

Along with earnings, management lowered the top end of its 2022 adjusted EPS forecast to $2.21-$2.29 per share from $2.18-$2.32, while keeping the midpoint of $2.25. EXC also projected 6%-8% operating earnings growth and dividend growth through 2025.

EARNINGS & GROWTH ANALYSIS

Following the spinoff, Exelon has six utility subsidiaries: PECO (1.7 million electric and 0.5 million gas customers near Philadelphia); PEPCO (1 million electric customers in Maryland and DC); DPL (0.5 million electric and 0.1 million gas customers in Delaware); ACE (0.6 million electric customers in New Jersey); BGE (1.3 million electric and 0.7 million gas customers near Baltimore); and ComEd (4 million electric customers in Illinois).

The company generally breaks out results for four segments:

Growth & Valuation Analysis

GROWTH ANALYSIS

($ in Millions, except per share data)	2017	2018	2019	2020	2021
Revenue	33,558	35,978	34,438	33,039	36,347
COGS	24,060	26,007	24,112	23,512	26,023
Gross Profit	9,498	9,971	10,326	9,527	10,324
SG&A	—	—	—	—	—
R&D	—	—	—	—	—
Operating Income	3,939	3,835	4,342	2,799	2,522
Interest Expense	1,560	1,554	1,616	1,635	1,571
Pretax Income	3,775	2,225	3,985	2,333	2,208
Income Taxes	-126	118	774	373	370
Tax Rate (%)	—	5	19	16	17
Net Income	3,779	2,005	2,936	1,963	1,706
Diluted Shares Outstanding	949	969	974	977	980
EPS	3.98	2.07	3.01	2.01	1.74
Dividend	1.31	1.38	1.45	1.53	1.53
GROWTH RATES (%)					
Revenue	7.0	7.2	-4.3	-4.1	10.0
Operating Income	20.8	-2.6	13.2	-35.5	-9.9
Net Income	237.1	-46.9	46.4	-33.1	-13.1
EPS	228.9	-48.0	45.4	-33.2	-13.4
Dividend	3.6	5.3	5.1	5.5	
Sustainable Growth Rate	3.2	8.2	2.9	2.8	0.5
VALUATION ANALYSIS					
Price: High	—	$47.40	$51.18	$50.54	$58.01
Price: Low	—	$35.57	$43.42	$29.28	$38.35
Price/Sales: High-Low	— - —	1.3 - 1.0	1.4 - 1.2	1.5 - 0.9	1.6 - 1.0
P/E: High-Low	— - —	22.9 - 17.2	17.0 - 14.4	25.1 - 14.6	33.3 - 22.0
Price/Cash Flow: High-Low	— - —	5.4 - 4.1	6.8 - 5.7	9.0 - 5.2	13.7 - 9.0

Financial & Risk Analysis

FINANCIAL STRENGTH	2019	2020	2021
Cash ($ in Millions)	587	663	1,182
Working Capital ($ in Millions)	-2,148	-209	-2,154
Current Ratio	0.85	0.98	0.87
LT Debt/Equity Ratio (%)	98.4	108.9	103.8
Total Debt/Equity Ratio (%)	117.3	120.7	123.3
RATIOS (%)			
Gross Profit Margin	30.0	28.8	28.4
Operating Margin	12.6	8.5	6.9
Net Margin	8.5	5.9	4.7
Return On Assets	2.4	1.5	1.3
Return On Equity	9.3	6.1	5.1
RISK ANALYSIS			
Cash Cycle (days)	19.2	15.0	5.2
Cash Flow/Cap Ex	0.9	0.5	0.4
Oper. Income/Int. Exp. (ratio)	3.5	2.4	2.4
Payout Ratio	35.2	60.4	62.1

The data contained on this page of this report has been provided by Morningstar, Inc. (© 2023 Morningstar, Inc. All Rights Reserved). This data (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. This data is set forth herein for historical reference only and is not necessarily used in Argus' analysis of the stock set forth on this page of this report or any other stock or other security. All earnings figures are in GAAP.

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes...Continued

ComEd, PECO, BGE, and PHI (which includes ACE, PEPCO, and DPL). Compared with 3Q21, results were strong for the four segments as follows: ComED revenues fell 23% while operating earnings increased to $293 million from $224; PECO revenues rose 24% while operating earnings increased to $174 million from $114; BGE revenues rose 13% while operating earnings increased to $70 million from $40 million; and PHI revenues rose 8.7% while operating earnings rose to $286 million from $272 million.

Driving earnings overall were higher rate bases for ComED, PHI, and PECO and lower storm costs for BGE. PCG had flat 3Q22 electric revenues across its utilities, with public transportation and railroad sales down almost 6%, offset by a 2% increase in industrial sales. The number of overall electric customers rose, however, across all customer segments.

Total natural gas revenues were down less than 1% with decreases from PECO and DPL and a slight increase in sales for BGE. Sales were down for residential customers an average 3% while there were large gains in commercial customers, significantly in PECO's service region.

Going forward, the company should continue to benefit from favorable rate case outcomes and streamlined costs. The company has a mixed service region with cold winters in its Illinois region and more moderate, year-round weather in the remainder of PCG's mid-Atlantic region, which can enable the company to manage costs. Argus remains positive on continued earnings drivers from economic growth in the Chicago and Philadelphia areas, offset by slower growth and higher unemployment in Baltimore. We expect the strongest segment results to be driven by rate growth from ComEd and BGE, with tighter earnings from PECO due to regulatory lag and higher debt costs.

Management had projected approximately 8% growth in its consolidated rate base through the end of 2025. In addition, management plans to address rising O&M expense through multiyear labor agreements and cost-focused technology, and projects capital spending of $29 billion in 2022-2025. The spinoff of the generation and wholesale energy business should also help to reduce earnings volatility.

We expect earnings to reflect the impact of the rate growth. The company has kept expenses in check despite higher transmission and fuel costs, but we continue to watch costs in these areas. We are maintaining our 2022 operating estimate of $2.25 per share. However, based on timing for new rate increases, we are lowering our 2023 operating earnings estimate to $2.38 from $2.40 per share.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Exelon is Medium. Moody's rates the company's debt at an investment-grade Baa2. S&P lowered its rating from BBB to BBB- and Fitch lowered its rating from BBB+ to BBB in 2021.

The company's 3Q22 balance sheet shows a significant increase in long-term debt with a reduction in current liabilities. Cash and

Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare EXC versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- **The scatterplot shows how EXC stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.**
- **The table builds on the scatterplot by displaying more financial information.**
- **The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how EXC might fit into or modify a diversified portfolio.**

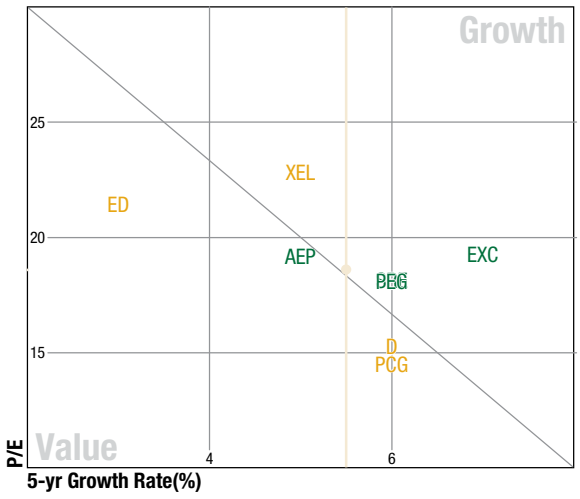

Ticker	Company	Market Cap ($ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
D	Dominion Energy Inc	52,421	6.0	15.3	14.7	3.2	HOLD
SRE	Sempra Energy	50,586	6.0	18.2	15.5	1.6	BUY
AEP	American Electric Power Co Inc	49,542	5.0	19.2	13.1	5.4	BUY
EXC	Exelon Corp.	43,022	7.0	19.3	8.9	5.8	BUY
XEL	Xcel Energy, Inc.	39,375	5.0	22.8	11.4	7.0	HOLD
ED	Consolidated Edison, Inc.	34,610	3.0	21.4	11.3	3.3	HOLD
PCG	PG&E Corp.	31,744	6.0	14.5	8.2	9.1	HOLD
PEG	Public Serv Enterprise Grp Inc	31,329	6.0	18.1	7.1	4.0	BUY
Peer Average		**41,578**	**5.5**	**18.6**	**11.3**	**4.9**	



©2023 Argus Research Company

Analyst's Notes...Continued

equivalents were $446 million, down from $672 million at the end of 2021. At the end of 3Q22, long-term debt was $35.3 billion, up from $30.7 billion.

The long-term debt/cap ratio at the end of 3Q22 was 59%, in line with the peer average but up from 47% at the end of 2021. We note that the increase in the debt/cap ratio reflected both an increase in debt and a reduction in stockholders' equity and retained earnings. EXC's weighted average long-term debt maturity is about 17 years.

In August 2022, the company announced the pricing of a public offering of approximately 13 million shares of common stock with proceeds of $563 million. The company plans to use proceeds to repay a portion of $575 million in debt.

Following the Constellation spinoff, Exelon lowered its quarterly dividend by 12% to $0.3375 per share, or $1.35 annually. The current yield of about 3.1% is slightly below our peer average of 3.2%. Our dividend estimates are $1.35 for 2022 and $1.45 for 2023.

MANAGEMENT & RISKS

The CEO of Exelon is Christopher Crane. Joseph Nigro is the CFO and Jeanne Jones is SVP of Corporate Finance. Mayo Shattuck II is the company's independent chairman. In January 2023, Calvin Butler was promoted to president and COO, taking over from Christopher Crane.

Risks for Exelon shareholders include cooler-than-normal conditions during the summer air-conditioning season or warmer-than-normal temperatures during the winter heating season. The transmission business may also be hurt by extreme weather events. Other risks include those related to ROE, including exposure to state regulatory commissions and the correlation between authorized ROE and Treasury yields.

Utility stocks in general are susceptible to commodity price fluctuations, regulatory issues (especially construction cost recovery), and potential environmental and safety liabilities. In addition, the capital-intensive nature of the utility industry creates ongoing liquidity risk. Utility stock performance also tends to be sensitive to interest rates; when rates rise, utility yields often rise.

COMPANY DESCRIPTION

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Through its regulated utility subsidiaries, Exelon delivers electricity and natural gas to about 10 million customers, primarily in central Maryland (Baltimore Gas & Electric Co.), northern Illinois (ComEd), and southeastern Pennsylvania (PECO). About 90% of EXC's current revenues are from the electricity segment. In late 2021, the company announced 'Path to Clean' goals, which include cutting 15% of operations-driven emissions by 2022 relative to 2015 levels. The company plans to cut emissions by 50% by 2030 and to achieve net-zero emissions by 2050. The shares are a component of the S&P 500.

VALUATION

EXC shares have followed sector trends and benefited from rotation into utility stocks. EXC has outperformed both the S&P 500 and the S&P Utility Sector Index, XLU, over the past 52 weeks. At current prices near $44, the shares are trading just above the midpoint of their 52-week range of $35-$50.71 and appear undervalued on several key metrics.

They are trading at 19-times our 2022 EPS estimate, below the average of 21 for Argus-covered utilities. The PEG multiple of 2.4 is below the peer average of 4.0, and the price/sales multiple of 2.2 is below the peer average of 2.8. The EV/EBITDA multiple of 10.5 is also below the peer average of 11.3.

We believe that EXC shares offer value based on the company's size and scale, and reduced earnings volatility following the Constellation spinoff. We like Exelon's regulatory environment and management's focus on renewable energy and cleaner transmissions. At the same time, the company plans to invest heavily to increase reliability and will need to manage its debt amid rising rates. Current prices could allow a buying opportunity for investors seeking a stable total return. We are maintaining our BUY rating with a target price of $50.

On January 13 at midday, BUY-rated EXC traded at $43.09, down $0.29.

Please see important information about this report on page 5

©2023 Argus Research Company

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

Argus Research Disclaimer

Argus Research Co. (ARC) is an independent investment research provider whose parent company, Argus Investors' Counsel, Inc. (AIC), is registered with the U.S. Securities and Exchange Commission. Argus Investors' Counsel is a subsidiary of The Argus Research Group, Inc. Neither The Argus Research Group nor any affiliate is a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc. The information contained in this research report is produced and copyrighted by Argus Research Co., and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. In addition, this content is not prepared subject to Canadian disclosure requirements. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance. Argus has provided independent research since 1934. Argus officers, employees, agents and/or affiliates may have positions in stocks discussed in this report. No Argus officers, employees, agents and/or affiliates may serve as officers or directors of covered companies, or may own more than one percent of a covered company's stock. Argus Investors' Counsel (AIC), a portfolio management business based in Stamford, Connecticut, is a customer of Argus Research Co. (ARC), based in New York. Argus Investors' Counsel pays Argus Research Co. for research used in the management of the AIC core equity strategy and model portfolio and UIT products, and has the same access to Argus Research Co. reports as other customers. However, clients and prospective clients should note that Argus Investors' Counsel and Argus Research Co., as units of The Argus Research Group, have certain employees in common, including those with both research and portfolio management responsibilities, and that Argus Research Co. employees participate in the management and marketing of the AIC core equity strategy and UIT and model portfolio products.

Morningstar Disclaimer

© 2023 Morningstar, Inc. All Rights Reserved. Certain financial information included in this report: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	90.62	Buy
CEG	84.11	Buy
D	62.38	Buy
EXC	44.14	Neutral
PCG	15.76	Buy
SO	71.56	Buy

The Guggenheim Daily Transmission: SO, PCG, AEE, D/CT, EXC/CEG/IL, PJM, ERCOT

2023 Utilities Outlook Client Conference Call w/ Shar Pourreza & Team including Director of Utility Trading John Ritter — Monday, January 23, 8:15am

For details on our Guggenheim-hosted client Utility events including our NARUC Commissioners Roundtable, WEC NDR, DUK NDR, CMS NDR, ES NDR, PNW NDR, and other events, scroll down…

SO – Cooling system repairs to delay Vogtle Unit 3 in-service by one month; Unit 4 schedule unaffected

PCG – Intervenors file opposition to Pacific Generation formation and sale proposal at FERC

AEE – Revenue requirement testimony of MoPSC Staff and intervenors docketed

D/CT – Governor Lamont in discussions with Dominion on Millstone contract extension

EXC/CEG/IL – Madigan trial generates additional noise on EXC and CEG executive involvements

PJM – RTO releases initial storm report; points to $1-2bn in performance charges

ERCOT – Governor Abbott throws his support behind the PCM proposal

ERCOT – ISO committee pursues report on December cold snap performance

SO – Cooling system repairs to delay Vogtle Unit 3 in-service by one month; Unit 4 schedule unaffected

- Yesterday, Georgia Power found vibrations associated with piping in Unit 3's cooling system. Repairs are already underway.
- Southern Nuclear expects to file a license amendment request with the NRC to help expedite the process.
- Georgia Power now expects that initial criticality will occur in February 2023 and that Unit 3 will be placed in service during **April 2023 (vs. March 2023, previously)**.
- 8-K linked HERE

Guggenheim takeaway:*We caught up with the company yesterday and inquired about potential knock-on effects for Unit 4. SO explained that a shared pool of engineers is effectively what links Unit 3 & Unit 4's respective schedules at this point, with those workers focused on start-up procedures at Unit 3 and conducting testing, which will lead up to and include Hot Functional Testing at Unit 4. After assessing the situation, SO believes that the testing at Unit 4 is still achievable on the current schedule with the resources and timetable currently in place. While they acknowledged the potential risk of a Unit 4 delay should something else unexpected occur, this event alone was* ***not deemed to be enough of an impact on Unit 4 to warrant change to the currently scheduled YE23 in-service expectation****. Also, the one-month delay to anticipated revenues plus the incremental carrying costs amount to ~$0.02, which will be excluded from adjusted EPS results.*

PCG – Intervenors file opposition to Pacific Generation formation and sale proposal at FERC

- Intervenors filed comments in opposition to PCG's plan to form and sell an equity stake in Pacific Generation.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- The comments from consumer advocates and other organizations focused on consumer protection issues and oversight, as well as alleging a lack of information and commitments in the filing to ensure certain protections.
- FERC Docket: EC22-38 (through search)

Guggenheim takeaway:*FYI. The comments are not unexpected, in our view, given the somewhat unique proposal for the formation and sale. Some of the issues seem like misunderstandings conceptually (i.e., the subsidiary will still be majority owned by PCG and have the same regulatory oversight). The allegations of incomplete information in the filing are more administrative in nature, which could be resolved in the litigated process.*

AEE ─ Revenue requirement testimony of MoPSC Staff and intervenors docketed

- The parties filed direct testimony on the 1/10 deadline, including Staff's associated accounting schedules featuring a midpoint ~$146.8mm gross revenue requirement (9.34%-9.84% ROE range, 51.84% layer) supporting a $10.42bn rate base.
- "The results of Staff's audit of Ameren Missouri's rate case requests can be found in the Staff's filed Accounting Schedules and is summarized on Accounting Schedule 1, Revenue Requirement. This Accounting Schedule shows that Staff's recommended revenue requirement in this proceeding is $19,275,371. The recommended revenue requirements are based upon a mid-point recommended rate of return ("ROR") of 6.86%. Staff is recommending a mid- point ROE of 9.59% with a range of 9.34% to 9.84% as calculated by Staff witness Dr. Won. Staff's revenue requirement at the low and high ROR range of 6.73% to 6.99% is $1.4 million and $36.9 million." – Staff
- "Staff included a true-up allowance of $127.6 million. The allowance was determined by identifying costs that are likely to change during the true-up phase of the case. As discussed above, the true-up allowance will be replaced by actual costs incurred through December 31… Staff's recommended revenue requirement including the true-up allowance and based on Staff's recommended ROR is $146.8 million" - Staff
- More HERE.

Guggenheim takeaway: *Heads up on the voluminous filings, which we continue to parse. As a reminder, AEE requested a $316mm revenue increase, supported by a 10.2% ROE and 51.9% equity layer on $11.6bn of rate base. The filing will be answered in rebuttal testimony on February 15th. We continue to monitor the case closely given the impending departure of Chair Silvey, although AEE has a strong track record of executing and settling in the state.*

D/CT ─ Governor Lamont in discussions with Dominion on Millstone contract extension

- The Governor held preliminary discussions this week with D on keeping the plant open into the 2030s.
- More HERE.

Guggenheim takeaway: *Interesting data point for your awareness, and zero surprise to us given the supply backdrop in the state/region.*

EXC/CEG/IL ─ Madigan trial generates additional noise on EXC and CEG executive involvements

- Additional details of the federal case against the former speaker were released Tuesday, detailing contacts between the politician and former EXC executives.
- CEG comment HERE.
- More HERE.

Guggenheim takeaway: *Flagged for your awareness as we expect local media to continue generating noise during this process.*

PJM ─ RTO releases initial storm report; points to $1-2bn in performance charges

- The detailed presentation lays out the operational challenges the RTO faced over the 12/23-12/25 event, including issues with fuel availability and the associated performance penalties.
- More HERE.

Guggenheim takeaway: *The detailed report is worth a read, with PJM providing an excellent overview of the event background, timeline, and associated resource performance. As a reminder, the emergency declarations triggered performance auditing for several*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

periods (PAIs), a formal process for penalties and bonuses created out of the capacity performance(CP) reforms in 2016 following several instances of generator nonperformance (e.g., 2014 polar vortex).In PJM's own words: " Revenue collected from payment of Non-Performance Charges is distributed to resources (of any type, even if they are not Capacity Resources) that perform above expectations during each PAI." The penalized resources have not been disclosed at this point, however, gas STs were one particular issue area.

ERCOT ─ Governor Abbott throws his support behind the PCM proposal

- In a letter to the PUCT, the Governor voiced his support for the PCM.
- "After an extensive 18-month stakeholder engagement process and a review of the market designs analyzed in the reliability study commissioned by the PUC last year, the Performance Credit Mechanism (PCM) must be given strong consideration. As the Legislature has noted, a reliability standard must be the foundation of any reliability design. The PCM best meets this call because it is based on a reliability standard, incentivizes new dispatchable generation, and maintains Texas' energy-only market. The fact that generators have already publicly committed to build thousands of new megawatts of dispatchable generation resources if the PCM is adopted and implemented by the PUC further supports this point."
- More HERE.

Guggenheim takeaway: *PUCT Chair Lake indicated his support of the LSE-based variant, the PCM, in both PUC and legislative meetings last month, so not a surprise to us to see the Governor's support here. The mechanism is functionally different from the consultant-recommended FRM in how reliability credits are procured, however, it would also come with potential costs to load. These cost pushbacks prompted the entire Texas Senate Business and Commerce Committee to sign a letter in December calling for more consideration, with further discussion to come during the current session (1/10-5/29). As a reminder, there are now several different camps to consider as the process unfolds this year, each of which has separate considerations as it relates to reliability and cost. These include: 1) the PUCT and ERCOT (focused on reliability), 2) the House and Senate (in our view, focused on affordability), 3) the Lieutenant Governor (focused squarely on NT gas generation additions), and 4) the Governor (primarily acting through his PUCT appointees).* ***In our view, this process will remain noisy, with our most recent EEI conversations (see note HERE) pointing to a challenging pathway forward for overhauls that come at a major cost to consumers.***

ERCOT ─ ISO committee pursues report on December cold snap performance

- Members of the Wholesale Market Subcommittee are seeking a performance report following the December weather event, per Platts.
- More HERE.

Guggenheim takeaway: *Minor FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

Guggenheim Hosted Commissioner Roundtable Event

Please join Guggenheim Research Analyst Shar Pourreza for a roundtable discussion with utility commissioners on key regulatory trends, among other topics.

Date and Time

Friday, January 20, 2023
10:30AM – 12:00PM

Location

Guggenheim Office
330 Madison Ave
New York

Commissioner Participants

**More Commissioners expected to be added for a total of 4 or more*
Commissioner Michael Caron, *Connecticut Public Utilities Regulatory Authority*
Commissioner Kevin Thompson, *Arizona Corporation Commission*
Commissioner Carleton Simpson, *New Hampshire Public Utilities Commission*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Corporate Access

2023 Utilities Conference Call

Please join Guggenheim Research Analyst Shar Pourreza & Team including Director of Utility Trading John Ritter for a 45-minute conference call discussing the Utilities sector and '23 Outlook.

Date and Time
Monday, January 23, 2023
8:15 AM ET

More Details to Follow
Please contact your Guggenheim Sales Representative for the Conference Call Dial-in

Guggenheim Participants
Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*
John Ritter, *Director – Equity Trading*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Beth Straka, *SVP Corporate Communications & Investor Relations*

Dates & Locations

February 14 – 16, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meetings

Company Information

Market Cap: $29.8bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	1/10 & 1/11	Boston & New York
Commissioners Meeting	1/20	In Person at Guggenheim
2023 Utilities Conference Call	1/23	Dial-In
WEC	2/14–2/16	West Coast
DUK	March (TBC)	NYC
CMS	5/9	Chicago
ES	6/21–6/22	NYC
PNW	8/9–8/10	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Comp Sheet

1/11/2023		Market	Guggenheim EPS Ests				Consensus				Δ vs Consensus (>$0.02)				Implied P/E Multiple				Prem/(Disc) vs Mid/Lg Cap Utes				'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022E	2023E	2024E	2025E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																														
ALE	$66.07	3,777	3.75	3.91	4.14	4.41	3.78	3.96	4.18	4.48	(0.03)	(0.05)	(0.04)	(0.07)	17.5x	16.7x	15.8x	14.7x	-12%	-12%	-10%	-11%	5.6%	4.1%	73%	Neutral	$53	-16%	Buy	$66	4%
AVA	$42.43	3,130	1.89	2.37	2.49	2.61	1.89	2.34	2.45	2.55	–	0.03	0.04	0.06	22.5x	18.2x	17.3x	16.6x	13%	-4%	-2%	0%	11.4%	4.3%	98%	Sell	$32	-20%	Sell	$39	-3%
NWE	$58.66	3,389	3.28	3.50	3.60	4.00	3.27	3.50	3.65	3.87	–	–	(0.05)	0.13	17.9x	16.7x	16.1x	15.1x	-9%	-12%	-9%	-9%	6.8%	4.4%	78%	Neutral	$48	-14%	Buy	$58	3%
POR	$49.98	5,042	2.83	2.84	3.02	3.17	2.80	2.75	3.04	3.23	–	0.09	–	(0.06)	17.8x	18.2x	16.5x	15.5x	-10%	-4%	-7%	-7%	3.9%	3.8%	67%	Buy	$48	-0%	Buy	$50	3%
		15,339													18.9x	17.4x	16.4x	15.5x	-4%	-8%	-7%	-6%	6.9%	4.2%	79%						
Mid/Large Cap Electric																														
AEE	$90.62	23,414	4.08	4.32	4.64	4.95	4.07	4.36	4.68	5.02	–	(0.04)	(0.04)	(0.06)	22.3x	20.8x	19.4x	18.1x	12%	10%	10%	9%	6.7%	2.8%	62%	Buy	$84	-5%	Buy	$92	5%
AEP	$97.63	50,169	5.00	5.30	5.64	6.00	5.02	5.30	5.66	6.01	–	–	–	–	19.5x	18.4x	17.3x	16.3x	-2%	-3%	-2%	-2%	6.3%	3.4%	67%	Buy	$93	-1%	Buy	$103	9%
CMS	$65.39	18,980	2.88	3.13	3.45	3.69	2.88	3.11	3.37	3.62	–	–	0.08	0.07	22.7x	21.0x	19.4x	18.0x	15%	11%	10%	9%	8.6%	3.0%	69%	Neutral	$57	-10%	Buy	$68	7%
CNP	$31.15	19,607	1.38	1.49	1.63	1.75	1.39	1.49	1.61	1.74	–	–	–	–	22.5x	20.9x	19.3x	18.0x	14%	10%	9%	8%	8.2%	2.3%	53%	Buy	$31	2%	Buy	$32	4%
D	$62.38	51,980	4.12	4.34	4.70	5.00	4.12	4.17	4.27	4.49	–	0.17	0.43	0.51	15.1x	15.0x	14.6x	13.9x	-24%	-21%	-17%	-16%	6.7%	4.5%	68%	Buy	$75	25%	Neutral	$72	19%
DTE	$120.72	23,389	6.06	6.31	6.73	7.18	6.01	6.25	6.68	7.18	0.05	0.06	0.05	–	20.1x	19.3x	18.1x	16.8x	1%	2%	2%	1%	5.8%	3.2%	63%	Buy	$122	4%	Buy	$127	8%
DUK	$105.66	81,358	5.25	5.65	6.05	6.50	5.29	5.66	6.01	6.36	(0.04)	–	0.04	0.14	20.0x	18.7x	17.6x	16.6x	1%	-2%	-1%	0%	7.4%	3.9%	78%	Buy	$100	-1%	Buy	$105	3%
ED	$98.61	34,993	4.51	4.71	5.18	5.48	4.54	4.82	5.13	5.42	(0.03)	(0.11)	0.05	0.06	21.7x	20.5x	19.2x	18.2x	10%	8%	9%	10%	6.7%	3.3%	73%	Neutral	$82	-14%	Sell	$85	-10%
EIX	$69.42	26,510	4.63	4.75	5.13	5.48	4.58	4.80	5.15	5.52	0.05	(0.05)	–	(0.04)	15.1x	14.5x	13.5x	12.6x	-24%	-24%	-24%	-24%	5.8%	4.2%	64%	Buy	$66	-1%	Buy	$69	3%
ES	$85.81	29,888	4.10	4.42	4.75	5.11	4.10	4.38	4.69	5.04	–	0.04	0.06	0.07	20.9x	19.6x	18.3x	17.0x	6%	3%	3%	3%	7.6%	3.2%	66%	Buy	$82	-1%	Buy	$87	5%
ETR	$108.79	22,137	6.43	6.78	7.27	7.74	6.35	6.75	7.22	7.74	0.08	0.03	0.05	–	17.1x	16.1x	15.1x	14.1x	-14%	-15%	-15%	-15%	6.4%	4.0%	67%	Buy	$123	17%	Buy	$121	16%
EVRG	$64.41	14,781	3.58	3.77	4.02	4.30	3.57	3.68	3.97	4.19	–	0.09	0.05	0.11	18.1x	17.5x	16.2x	15.4x	-9%	-8%	-8%	-7%	6.3%	3.8%	69%	Buy	$64	3%	Neutral	$65	4%
EXC	$44.14	43,776	2.27	2.36	2.50	2.74	2.26	2.37	2.52	2.74	–	–	–	–	19.5x	18.7x	17.5x	16.1x	-2%	-2%	-1%	-3%	6.5%	3.3%	65%	Neutral	$39	-8%	Buy	$45	4%
FE	$42.86	24,505	2.45	2.57	2.75	2.95	2.43	2.49	2.68	2.88	–	0.08	0.07	0.07	17.6x	17.2x	16.0x	14.9x	-11%	-9%	-9%	-10%	6.4%	3.7%	65%	Neutral	$34	-17%	Buy	$43	4%
LNT	$55.94	14,042	2.80	2.90	3.04	3.23	2.79	2.89	3.08	3.29	–	–	(0.04)	(0.06)	20.1x	19.4x	18.2x	17.0x	1%	2%	3%	3%	4.9%	3.3%	65%	Neutral	$50	-7%	Neutral	$58	7%
OGE	$40.17	8,042	2.08	2.10	2.26	2.36	2.18	2.05	2.17	2.30	(0.10)	0.05	0.09	0.06	18.4x	19.6x	18.5x	17.5x	-7%	3%	5%	6%	4.3%	4.2%	82%	Buy	$39	1%	Buy	$39	0%
PCG	$15.76	31,326	1.11	1.24	1.36	1.49	1.10	1.22	1.35	1.45	–	–	–	0.04	14.3x	12.9x	11.7x	10.9x	-28%	-32%	-34%	-34%	10.3%	0.7%	10%	Buy	$19	21%	Buy	$18	14%
PEG	$63.97	31,918	3.47	3.54	4.06	4.38	3.46	3.48	3.81	4.14	–	0.06	0.25	0.24	18.5x	18.4x	16.8x	15.4x	-7%	-3%	-5%	-7%	8.1%	3.6%	66%	Buy	$67	8%	Buy	$67	8%
PNW	$76.46	8,651	4.28	4.25	4.50	4.75	4.28	4.17	4.61	4.81	–	0.08	(0.11)	(0.06)	17.8x	18.3x	16.6x	15.9x	-10%	-3%	-6%	-4%	3.5%	4.6%	82%	Neutral	$70	-4%	Neutral	$74	1%
PPL	$30.80	22,679	1.41	1.58	1.70	1.80	1.40	1.59	1.70	1.81	–	–	–	–	22.0x	19.4x	18.1x	17.0x	11%	2%	2%	3%	8.5%	3.2%	69%	Buy	$27	-9%	Buy	$31	3%
SO	$71.56	77,905	3.60	3.80	4.15	4.40	3.58	3.72	4.06	4.33	–	0.08	0.09	0.07	20.0x	19.2x	17.6x	16.5x	1%	1%	-0%	-0%	6.9%	3.9%	78%	Buy	$69	0%	Neutral	$71	3%
WEC	$98.20	30,976	4.40	4.60	4.91	5.24	4.39	4.61	4.92	5.26	–	–	–	–	22.4x	21.3x	20.0x	18.7x	13%	12%	13%	13%	6.0%	3.1%	70%	Neutral	$95	-0%	Buy	$100	5%
Mid/Lg Cap (excl. EIX, PCG)															**19.8x**	**19.0x**	**17.7x**	**16.6x**					**6.6%**	**3.5%**	**69%**						
Regulated Electrics		**706,362**													**19.7x**	**18.7x**	**17.5x**	**16.4x**					**6.6%**	**3.6%**	**70%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	Implied P/E multiple 2022E	2023E	2024E	2025E	Prem/(Disc) vs Mid/Lg Cap Utes 2022E	2023E	2024E	2025E	'22–'25 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$42.19	4,619	2.18	2.43	2.48	2.70	2.15	2.31	2.44	2.59	0.03	0.12	0.04	0.11	19.6x	18.3x	17.3x	16.3x	-1%	-4%	-2%	-2%	7.4%	3.5%	67%	Neutral	$36	-11%	Sell	$37	-8%
NEE	$85.00	168,909	2.90	3.12	3.42	3.73	2.88	3.11	3.39	3.67	–	–	0.03	0.06	29.5x	27.4x	25.1x	23.2x	49%	44%	42%	40%	8.8%	2.2%	64%	Buy	$99	19%	Buy	$95	14%
SRE	$162.06	50,941	8.93	9.08	9.58	10.21	8.82	9.01	9.63	10.17	0.11	0.07	(0.05)	0.04	18.4x	18.0x	16.8x	15.9x	-7%	-5%	-5%	-4%	4.6%	3.0%	55%	Buy	$165	5%	Buy	$170	8%
		224,468													**22.5x**	**21.2x**	**19.7x**	**18.5x**	**14%**	**12%**	**12%**	**11%**	**6.9%**	**2.9%**	**62%**						
Gas LDCs																															
NI	$27.93	11,343	1.45	1.54	1.73	1.76	1.45	1.55	1.69	1.85	–	–	0.04	(0.09)	19.3x	18.1x	16.5x	15.1x	-2%	-3%	-5%	-8%	6.7%	3.6%	69%	Buy	$32	18%	Buy	$30	11%
CPK	$123.67	2,194	5.08	5.49	5.87	6.26	4.94	5.39	5.75	6.16	0.14	0.10	0.12	0.11	25.0x	23.0x	21.5x	20.1x	27%	23%	23%	23%	7.2%	1.8%	44%	Neutral	$120	-1%	Buy	$132	8%
NJR	$51.08	4,926	2.45	2.45	2.64	2.81	2.45	2.49	2.73	2.95	–	(0.04)	(0.09)	(0.14)	20.8x	20.5x	18.7x	17.3x	6%	10%	7%	6%	4.7%	3.1%	65%	Neutral	$40	-19%	Neutral	$49	-1%
NWN	$49.26	1,729	2.56	2.73	2.83	2.98	2.55	2.72	2.81	2.99	–	–	–	–	19.3x	18.1x	17.5x	16.5x	-2%	-3%	0%	1%	5.2%	4.0%	76%	Neutral	$40	-15%	Buy	$54	14%
OGS	$80.83	4,376	4.08	4.14	4.24	4.40	4.07	4.12	4.30	4.53	–	–	(0.06)	(0.13)	19.9x	19.6x	18.8x	17.9x	1%	5%	8%	9%	2.5%	3.2%	64%	Sell	$64	-18%	Neutral	$76	-3%
SJI	$35.78	4,382	1.71	1.82	1.94	2.05	1.72	1.79	1.90	1.93	–	–	0.04	0.12	20.8x	20.0x	18.8x	18.5x	6%	7%	8%	13%	6.2%	3.5%	73%	Neutral	$36	4%	Neutral	$36	5%
SR	$72.82	3,826	3.86	4.15	4.32	4.58	3.89	4.13	4.34	4.60	–	–	–	–	18.7x	17.6x	16.8x	15.8x	-5%	-6%	-4%	-3%	5.9%	4.0%	76%	Neutral	$63	-9%	Neutral	$70	-0%
		32,776													**20.5x**	**19.5x**	**18.4x**	**17.3x**	**4%**	**4%**	**5%**	**6%**	**5.5%**	**3.3%**	**67%**						
Regulated Water																															
AWK	$161.42	29,351	4.44	4.76	5.14	5.59	4.46	4.79	5.16	5.62	–	–	–	(0.03)	36.2x	33.7x	31.3x	28.7x	83%	78%	77%	73%	8.0%	1.7%	63%	Neutral	$135	-15%	Neutral	$160	1%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	Consensus 2022E	2023E	2024E	2025E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	Implied EV/EBITDA multiple 2022E	2023E	2024E	2025E	Enterprise Value 2022E	2023E	2024E	2025E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$84.11	27,476	2,605	3,269	3,424	3,675	2,599	3,162	3,479	3,715	–	107	(55)	(40)	12.4x	9.7x	8.4x	7.4x	32,113	30,732	29,154	27,420	12.2%	0.8%	15%	Buy	$121	45%	Buy	$100	20%
NRG	$32.29	6,890	2,000	2,378	2,332	2,297	1,974	2,753	2,725	2,706	26	(375)	(393)	(408)	7.3x	5.0x	4.8x	4.3x	14,312	13,702	13,058	11,696	4.7%	4.7%	28%	Neutral	$43	38%	Neutral	$38	22%
VST	$22.74	9,049	3,069	3,697	3,608	3,797	3,072	3,663	3,573	3,403	–	34	36	395	6.8x	5.6x	5.7x	5.8x	20,764	20,580	20,368	19,616	7.4%	3.6%	33%	Buy	$32	44%	Buy	$31	40%
Other																															
ALTO	$3.12	235	40	74	75	76	26	55	75	76	–	–	–	–									23.9%	–	–	Buy	$11	253%	Buy	$9	188%
NEP	$75.14	6,502	1,660	1,775	1,889	2,003	1,604	1,752	2,027	2,062	56	23	(138)	(58)									6.5%	4.6%	–	Buy	$85	18%	Buy	$86	19%
SMR	$10.66	553	(156)	(100)	(57)	8	(140)	(66)	(47)	10	–	(34)	–	–										–	–	Buy	$18	69%	Buy	$16	45%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

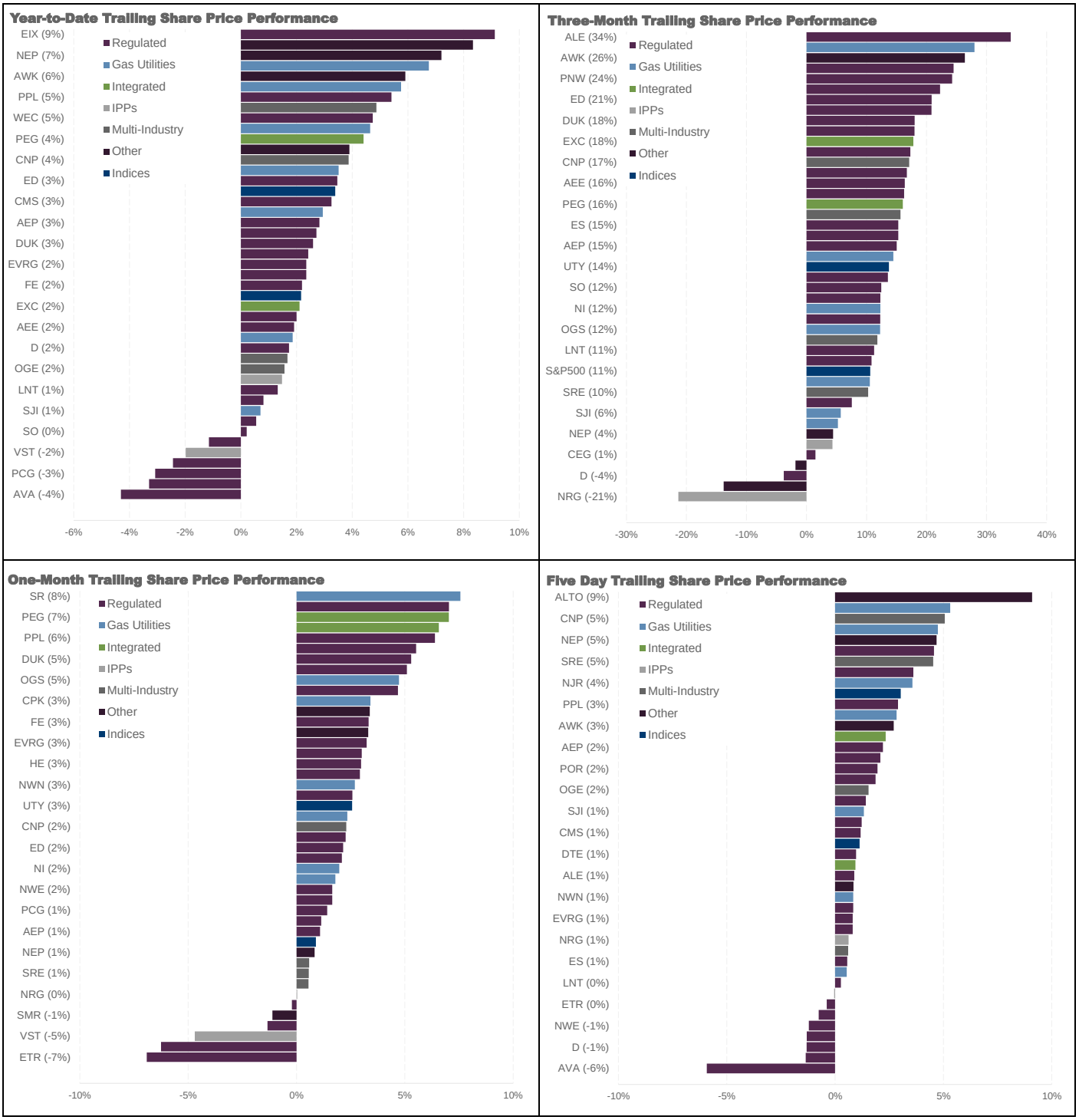

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix

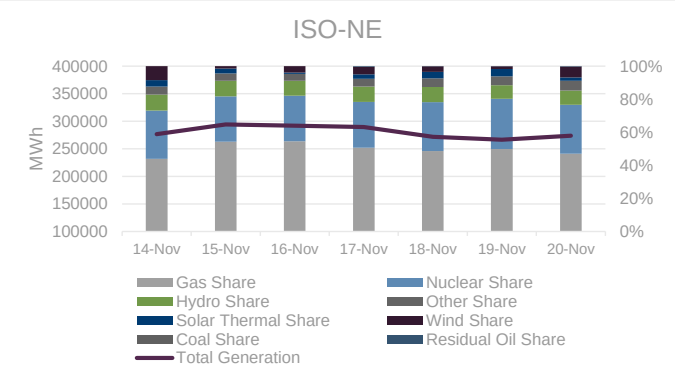

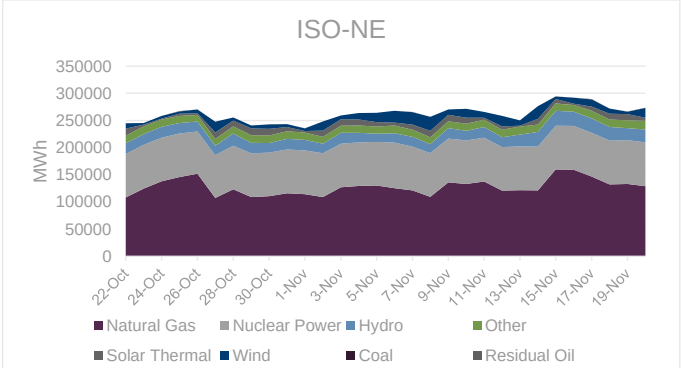

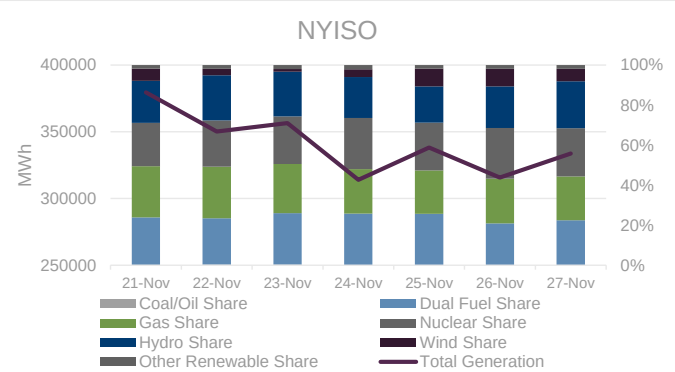

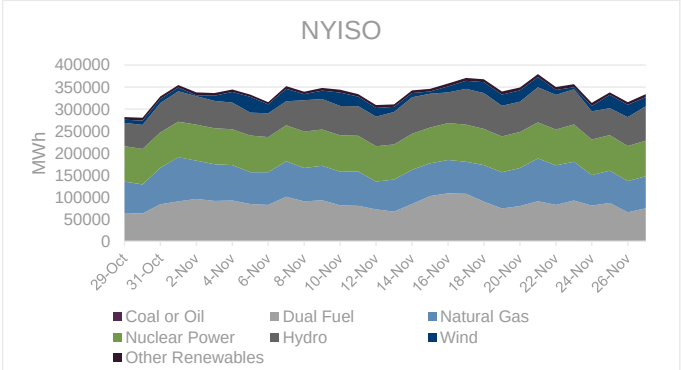

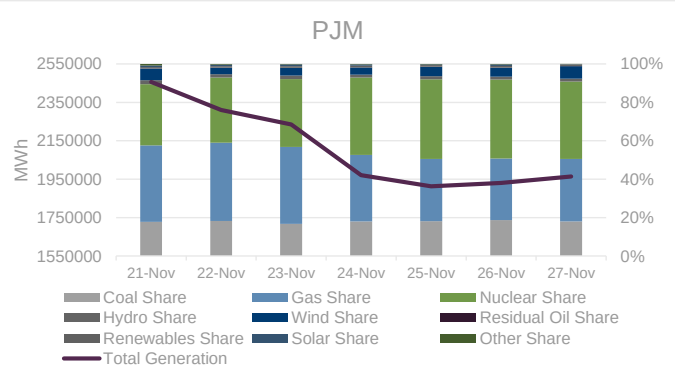

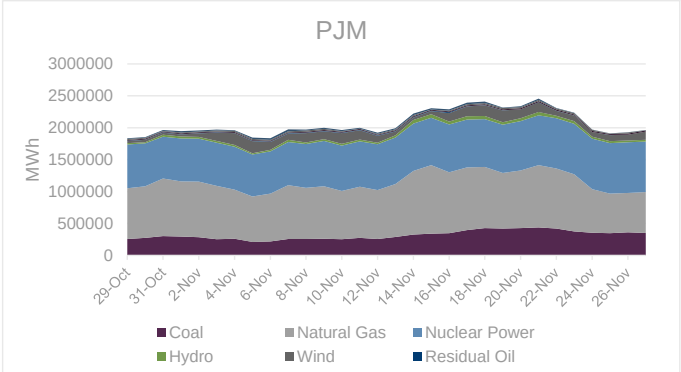

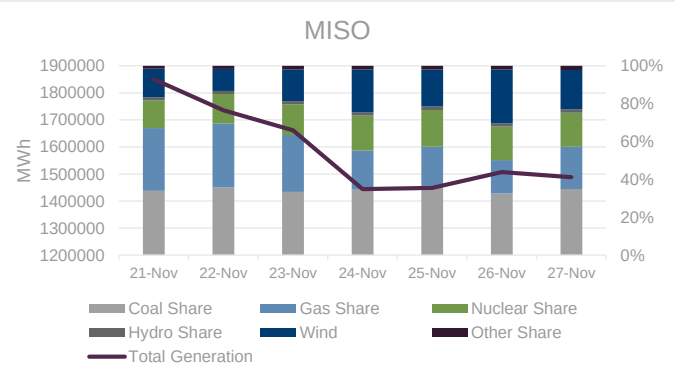

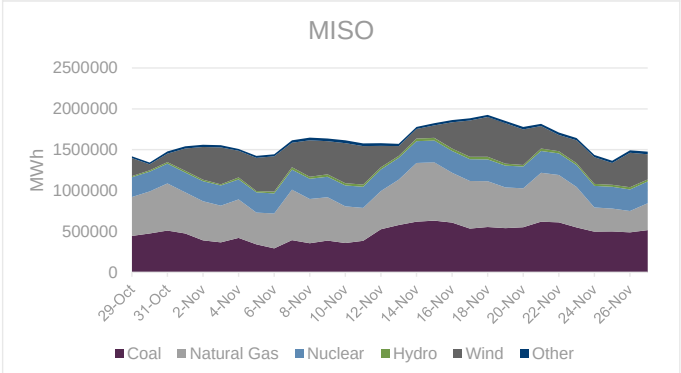

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Generation and Mix (continued)

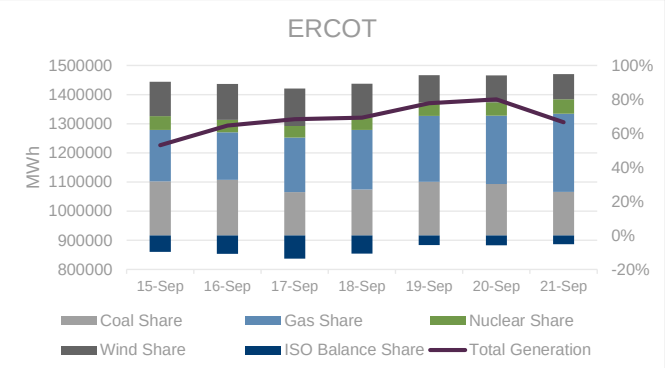

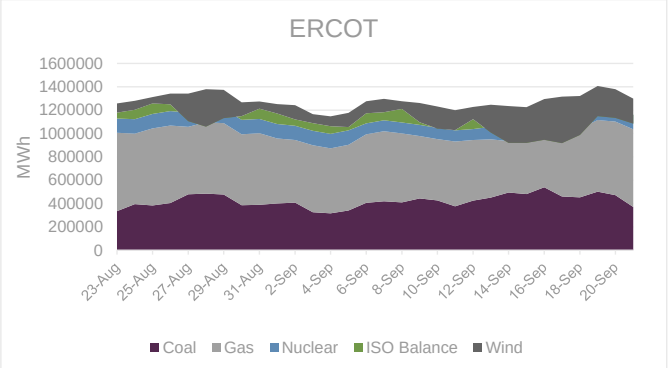

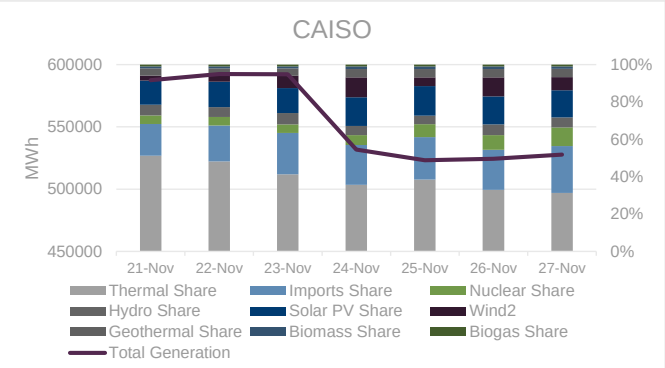

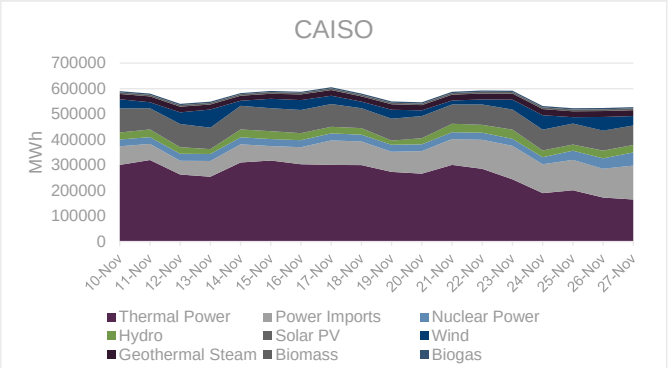

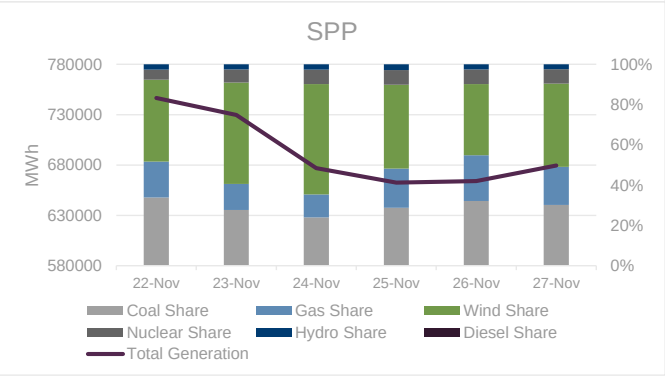

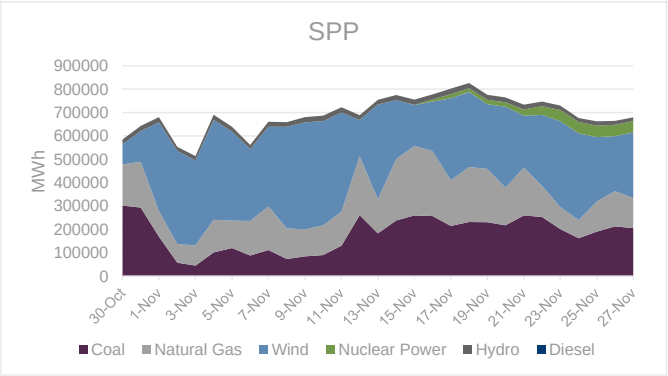

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Weather

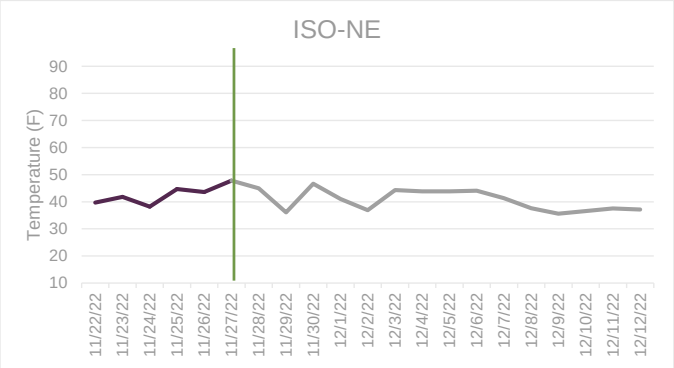

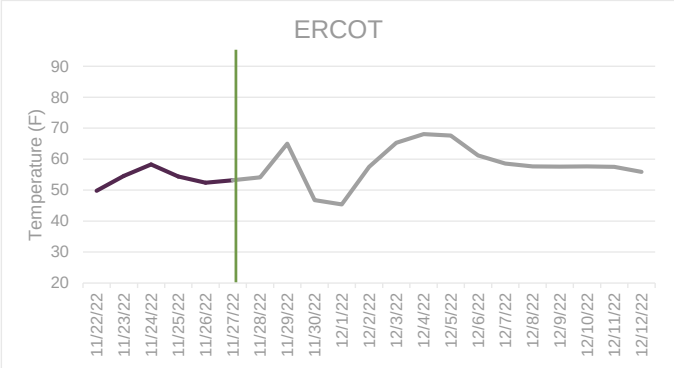

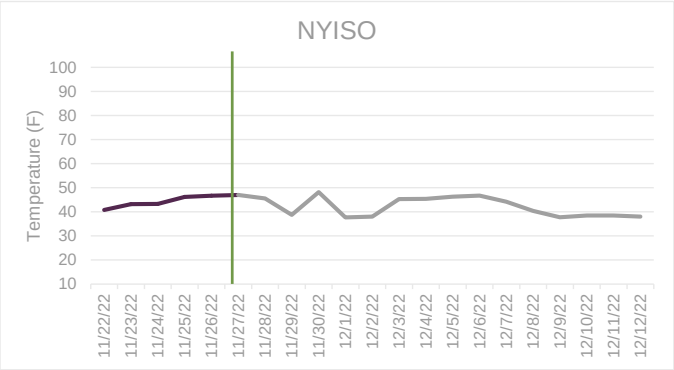

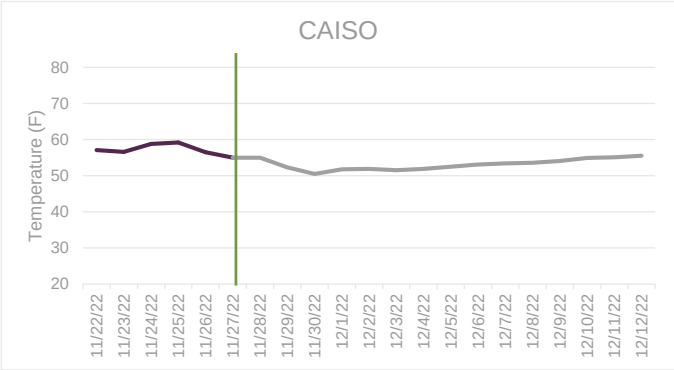

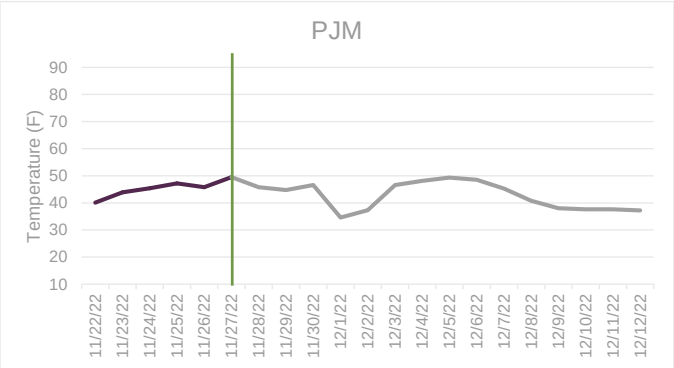

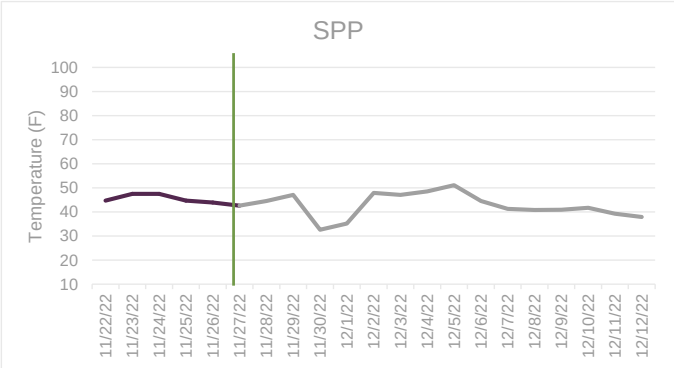

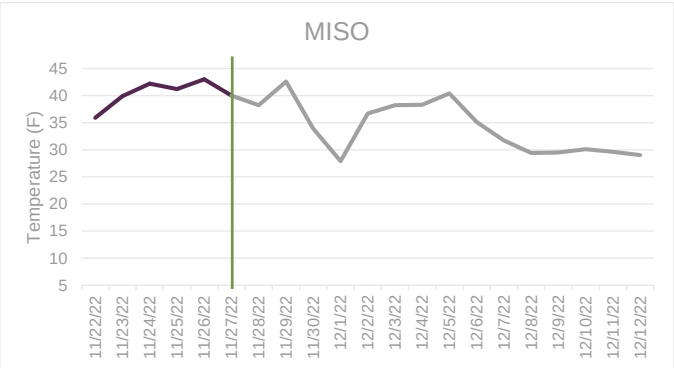

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Peak Load

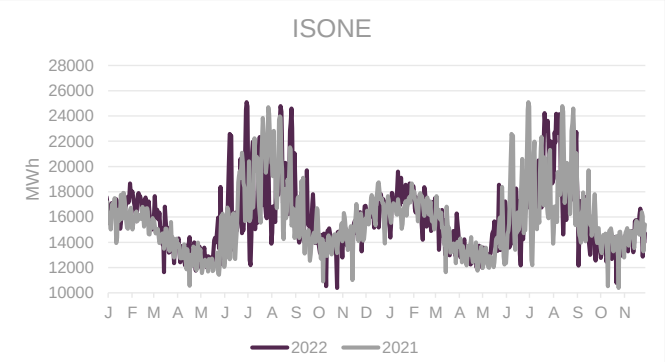

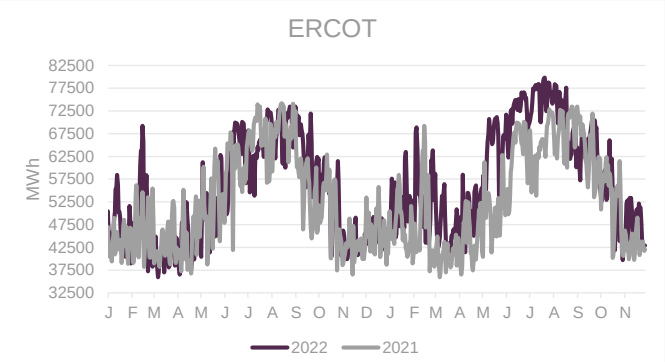

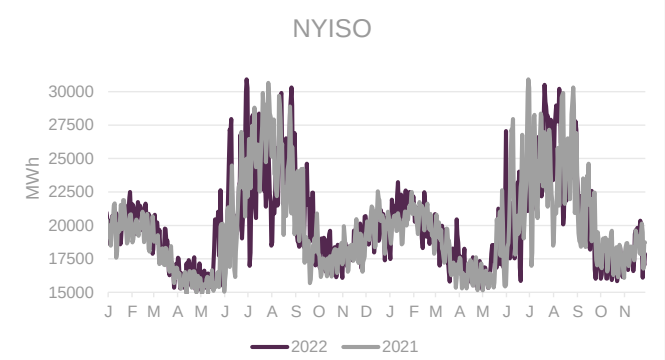

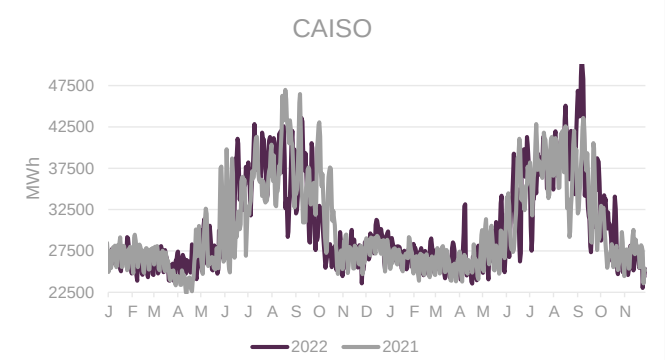

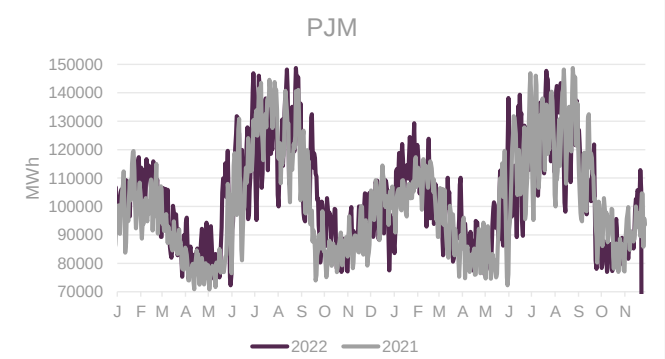

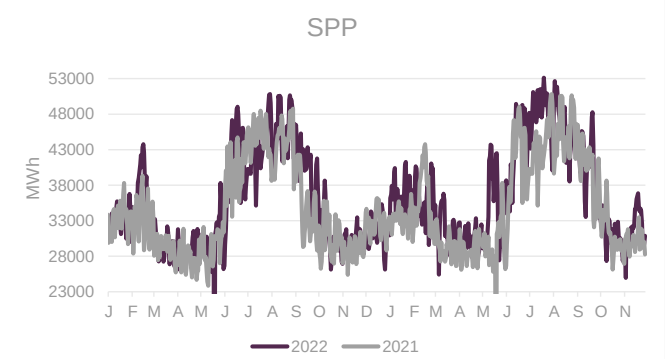

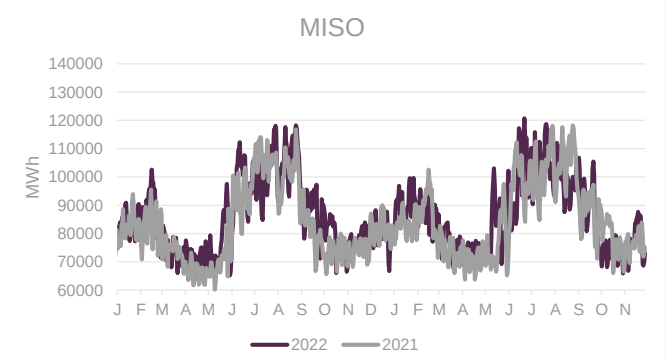

Average Deviation in Peak Load vs Prior Year

RTO/ISO	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
ISONE	0.0%	-0.5%	1.5%	-1.2%	5.1%	-1.1%
NYISO	-0.3%	0.6%	2.1%	-0.1%	3.5%	-2.3%
PJM	3.1%	2.5%	3.9%	3.8%	0.2%	-1.5%
MISO	3.4%	2.5%	4.0%	5.0%	0.1%	-2.3%
CAISO	-0.2%	-2.6%	1.6%	1.2%	4.0%	1.9%
ERCOT	4.4%	2.5%	13.7%	19.1%	7.9%	4.6%
SPP	6.3%	0.5%	5.9%	9.7%	5.0%	3.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2023 - 3/31/2023)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2023-1/31/2023	IL	AEE	Ameren Illinois		Electric rate filing expected
1/1/2023-3/31/2023	IL	AEE	Ameren Illinois		Gas rate case filing expected
1/1/2023-1/31/2023	IL	EXC	Commonwealth Edison Co.		Electric rate filing expected
1/1/2023-1/31/2023	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-1	Decision possible in TDSIC proceeding
1/1/2023-1/31/2023	IN	NI	Northern IN Public Svc Co.	Ca-45557-TDSIC-2	Decision possible in TDSIC proceeding
1/1/2023-3/31/2023	NC	DUK	Duke Energy Carolinas LLC		Multi-year general rate case to be filed
1/1/2023-1/31/2023	OH	NI	Columbia Gas Ohio Inc.	C-21-0637-GA-AIR	Decision possible in rate proceeding
1/1/2023-1/31/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Hearning Examiner's report may be issused in rate case
1/1/2023-1/31/2023	WV	AEP	Appalachian Power Co.	C-22-0393-E-ENEC	Decision possible in ENEC proceeding
1/9/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Evidentiary hearings begin
1/10/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding revenue requirement due in rate proceeding
1/10/2023	TX	ETR	Entergy Texas Inc.	D-53719	Settlement status report due in rate case
1/10/2023-1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearings slated in Rider W update proceeding
1/11/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Staff to file testimony in Rider US 4 proceeding
1/13/2023-1/27/2023	TX	ETR	Entergy Texas Inc.	D-53719	Briefs to be filed in rate case—suspended due to settlement talks
1/18/2023-1/19/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearings scheduled in Rider U proceeding
1/20/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	OUCC and intervenor testimony due in rate proceeding
1/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Staff to file testimony in Rider US 3 proceeding
1/24/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Staff and intervenor testimony regarding rate design due in rate proceeding
1/24/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Intervening parties to file testimony in Rider GT update proceeding
1/25/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Hearing Examiners report may be issued in Rider W update proceeding
1/30/2023-1/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing scheduled in Rider CE update proceeding
2/1/2023-2/28/2023	MO	EVRG	Evergy Missouri West	C-ER-2023-0185	Electric rate case filing expected
2/1/2023-2/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Hearing Examiner report may be issued in Rider U proceeding
2/3/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Intervening parties to file testimony in Rider US 2 update proceeding
2/7/2023-2/8/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearings scheduled in Rider US 4 proceeding
2/15/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Rebuttal testimony due in rate proceeding
2/16/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Company rebuttal testimony due in rate proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Intervening parties to file testimony in Rider SNA adjustment proceeding
2/17/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Staff to file testimony in Rider US-2 proceeding
2/21/2023-3/20/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Hearings scheduled in electric rate case
2/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Staff to file testimony in Rider GT update proceeding
2/22/2023-2/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearings scheduled in Rider US 3 proceeding
2/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Briefs due in Track 2 proceeding
2/27/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Deadline for settlement to be filed in rate proceeding
2/28/2023	MI	CMS	Consumers Energy Co.	C-U-21224	Decision expected in rate case by
2/28/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00088 (Rider B)	Decision may be issued in Rider B proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00089 (Rider U)	Decision expected in Rider U update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00090 (Rider W)	Decision expected in Rider W update proceeding
2/28/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
3/1/2023	SC	DUK	Duke Energy Progress LLC	D-2022-254-E	Final order due in rate case
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Hearing Examiners report may be issued in Rider US 3 proceeding
3/1/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Hearing Examiners report may be issued in Rider US 4 proceeding
3/1/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Rebuttal testimony due in Rider US-2 proceeding
3/6/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Settlement conference to begin in rate proceeding
3/10/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Intervenor testimony due in rate proceeding
3/13/2023	IN	NI	Northern IN Public Svc Co.	Ca-45772	Hearing to begin in rate proceeding
3/14/2023-3/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Hearings scheduled in Rider US-2 proceeding
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Intervenor testimony due
3/17/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Intervenor testimony due
3/21/2023-3/22/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearings scheduled in Rider GT update proceeding
3/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Staff to file testimony in Rider SNA adjustment proceeding
3/24/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Reply briefs due in Track 2 proceeding
3/24/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Intervening parties to file testimony in rate case
3/27/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Public Staff, intervenor testimony due by
3/31/2023	TX	SRE	Oncor Electric Delivery Co.	D-53601	Decision may be issued in rate case
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision expected in Rider US 3 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- D NDR – January Bounce? A Game of Chess, Not Checkers… Information Vacuum Persists, But that Gap Is Narrowing; Momentum Builds Quickly in New Year
- SR – What's In the Box? No One Knows – Limited Visibility Coupled With Arbitrary EPS Adjustments By Mgmt.; Cheap Valuation Keeps Us From D/g to Sell
- OGS – Macroeconomic Headwinds Claim Another Victim; Downgrade to SELL from NEUTRAL; Could Be Signal for Wide Valuation Dispersions in Our Space in '23
- EEI: Back at the Diplomat - What a Difference a Year Makes…
- Guggenheim EEI Takeaways - Day Three
- Guggenheim EEI Takeaways - Day Two
- Guggenheim EEI Takeaways - Day One
- Utility and IPP 3Q22 Model Sweep: Valuation and Estimate Adjustments
- DUK: Earnings Preview Focus – Rebasing 2023 for a "Clean" Slate Ahead of Q3 Announcement
- Canary in the Coal Mine or was Exelon an Unlucky One-Off? Q3 Earnings/EEI Could Provide Visibility
- EXC: Management Shuffle Surprises, but Follow-Up Call Helps Clear the Air
- AEP: Did They Mention Transmission? Analyst Day Better Than Expectations; Cemented Growth, and More Asset Sales Towards Simplification a Key Focus
- DUK ESG Day Recap: Bigger Capital Plan Supports Robust Growth While Mgmt. Continues to Defer Incremental Equity; November Rebase Not Draconian
- 2022 LCOE Analysis – LCOE Update Shows Rising Costs, But IRA Further Improves Solar/Wind Competitiveness; Gas Dominance Continues to Fade
- ED – CED Strategic Review Over; $6.8B Sale Announced with Proceeds Trending Ahead of Expectations
- PCG: Strategic PacGen Split and Equity Sale Further Build on Top Quartile Financial Plan; Headline Accretive, Fundamentally Supportive
- CEG: You Want a Unicorn, You Pay the Price – Raising PT to $121
- FE – CEO Change A Clearing Event? Almost…
- NEE NDR: Top IRA Idea - Runway Set for Takeoff; Fundamentals On NEER, FPL Start Spring-loading Growth; Raising TP to $108
- Policy: Existing Nuclear Comes In From the Cold
- SMR - NuScale: Initiating Coverage - Another Nuclear Renaissance? Yes Please…
- DTE – First NDR In a Post IRA World; DTE Stands to Gain on Capex Roll Forward and Strategic Value of Vantage Business
- DUK: Damned If You Do, Damned If You Don't - Sale of Commercial Renewables Really Materially Dilutive? We Don't Think So – Some Misconceptions Out There
- Utilities — Life, Death… and Pension Expense?
- Mid-Summer Night's Dream – Utilities Sector Update: Individual Themes Playing Out, but We Continue to See Broader Support, Outperformance for Utilities Even as Fed Rates Get Factored In
- '22 Utilities Outlook: Sector Cheap, Fundamentals Strong but Get Ready for Another Bumpy Ride – Choose Your Picks Wisely
- SO GA Road Trip: Approaching the Apex the Southern Way… Cool, Calm, and Collected
- ES: Captain Nolan Charts a Course to Calmer Waters - Upgrading to BUY on Potential NT Catalysts, Valuation
- SO: Georgia Power Rate Case Filed; This Isn't Their First Rodeo
- PPL NDR: On the Road Again… Just Can't Wait to Get on the Road Again - Much Needed Face Time Helps Build Confidence
- PJM: Depressed 2023/24 BRA Results Not A Surprise
- ETR Analyst Day – Back in Step and Then Some: LT EPS Growth Set to 6-8%, Plan Reset to Solid Yet Conservative Trajectory; Maintain Buy, Estimates
- CMS – CEO/CFO Catch Up NDR; CMS Continues to Build on Premium Story With Transformed EPS Trajectory
- ES NDR: Landlubber? That's Fine with Us…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

- NEE: Sunny Days Ahead for NEE; Analyst Day Steps Up EPS Growth Trajectory and Demonstrates Best in Class Positioning Across Business Lines
- LNT NDR: Solar Tariff Moratorium Defuses Key NT Overhang as Management Navigates a Busy Spring
- PCG: No Surprises Analyst Day Puts Together Winning Framework; Rebuilding Trust May Take Time, but Patience Gets Rewarded
- PNW: APS Rate Case Pushed Out to End of October
- PPL: Familiar Playbook Draws Mixed Investor Reaction
- EXC NDR: Getting Yourself Back Out There…
- Solar Tariff Touch Points: Quick Read
- AWK NDR: Reconstituted C-Suite Hits the Ground Running
- EVRG NDR: The Wichita Lineman Is Still on The Line…
- ED: CECONY GRC Testimony Posted; Solid Floor Set, Rate Base Mostly Intact; Upgrading to Neutral on Risks Subsiding
- AGA Day 2 Flash Recap
- AGA Day 1 Flash Recap
- CEG - The Stars Are Finally Aligned, Upgrading Constellation to a BUY
- CNP NDR: CNP Continues to Harmonize Capex Upside and Business Mix; Mgmt. Focused on Consistent 8% EPS Growth, but We See LT Plan Upside Potential
- Show Me the Money on Gas LDCs? Reality – Keeping Is More Valuable Than a Check for 2x Rate Base
- AEE NDR: Straightforward Updates Reinforce Premium Position; Gen Transition and Policy Work Continue
- ETR "In Person" NDR: Energy Intensive Industrial Customer Base and Heavy Storm Activity Dilutive to Valuation? Let's Talk Accretion…
- Uranium Baseline: Russia-Ukraine Fallout
- D: C-Suite NDR – Political Noise Gone with the Wind
- SJI: So Long and Thanks for All the Memories; LDC M&A Gets Even Hotter
- WEC NDR: Decarbonization and Growth Remain on Track; ESG Focus Is Clear Throughout This Premium Utility's Plans
- PCG: Misconceptions Gone in a Flash Ahead of Our NY Meetings; PCG 8K Highlights 10% EPS CAGR Through 2026
- DUK: CEO NDR - Accelerating Growth Driven by Clean Energy Transformation with a Decade of Visibility and Earnings Upside… What's Not to Like?
- CEG: The Longest Half Life of Any IPP? We Like but We Wait - Policy Upside Remains TBD; Initiating Coverage with NEUTRAL
- SO: Georgia Power IRP filed; coal retirements on track for 80% shut down by 2028; Southern Power to provide majority of replacement capacity
- NI: CEO(s) Catch-Up: Incoming CEO Brings Experience and Existing NI Knowledge; Business and Strategic Reviews Underway; May Analyst Day Next Event
- Timely Regulatory Insights: Open Dialogue with CT, GA, and VA Commissioners – Two Way Better Than One Way
- PNW: C-Suite Meeting Highlights Path to Higher Rate Base Growth and Earnings; Alignment with a Cooperative Commission Remains Key to Execution
- AVA: Washington Multiyear Rate Case Filed; 11-Month Process Kicks Off in Pursuit of Earning Allowed Return in 2023
- EXC: Constellation Analyst Day Lays Out Clear Strategy and Key Details; Investor Comfort May Take Time
- EXC: RemainCo Details Largely in Line with Our Expectations
- EXC: Straightforward Spin? Constellation Details Much Appreciated, but Expectations Should Be Otherwise Grounded

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	232	67.25%	43	18.53%
NEUTRAL	110	31.88%	8	7.27%
SELL	3	0.87%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Senior Consultant, Guggenheim Securities
CEO, Health Capital Group, LLC

Neal Masia
GSPolicyPulse@guggenheimpartners.com

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Los Angeles	310.260.6832
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 14-Apr-2023 10:08 AM.

GUGGENHEIM

Power & Utilities

May 4, 2023

The Guggenheim Daily Transmission: EXC, NI, AVA, SR, ALE, AEP, ES, CPK, OGE, PCG, SRE, CEG, NRG, NWN, PPL, NJR, PJM, FE, ERCOT, AWK

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	90.87	Buy
ALE	62.55	Sell
AVA	43.66	Sell
AWK	146.49	Neutral
CEG	76.51	Buy
CPK	124.12	Neutral
ES	76.64	Buy
EXC	42.33	Neutral
FE	38.93	Buy
NI	28.12	Buy
NJR	52.05	Neutral
NRG	33.44	Neutral
NWN	46.14	Neutral
OGE	36.81	Neutral
PCG	17.29	Buy
PPL	28.49	Buy
SR	67.70	Neutral
SRE	152.62	Buy

SAVE THE DATE: We are hosting a dinner with CNP's COO, new CFO, and others on May 22nd...

For our AGA conference (May 20-23) meeting schedule, please scroll down...

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our EXC NDR, AEP NDR, ETR NDR, DTE NDR, PCG NDR, ES NDR, SMR NDR, LNT NDR, PNW NDR, AWK NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, and other events, scroll down...

EXC: Quiet Update Ahead of Key Regulatory Processes (see our note HERE)

NI: Straight Down the Fairway; 1Q23 in Line; 2023 Guidance Reiterated; NIPSCO Sale Still Expected to Close by YENI: Straight Down the Fairway; 1Q23 in Line; 2023 Guidance Reiterated; NIPSCO Sale Still Expected to Close by YE23 (see our note HERE)

AVA: Despite 1Q23 Miss, 2023 Guidance Is Maintained (see our note HERE)

SR: One Segment's Crisis Is Another's Opportunity; FQ2 2023 EPS Beat and Guidance Reiterated (see our note HERE)

ALE: 1Q Miss but 2023 Guide Intact (see our note HERE)

AEP – reports in line 1Q23; reiterates 2023 guidance; provides updates on strategic review process

ES – reports 1Q23 earnings

CPK – CPK reports 1Q23 EPS miss on weather; 2023 capex guidance reiterated

OGE – OGE reports 1Q23 EPS beat; 2023 guidance reiterated

PCG – PEG reports 1Q23 EPS in-line; 2023 guidance reiterated

SRE – SRE reports 1Q23 EPS beat; 2023 guidance reiterated; 2024 guidance initiated implying 6.2% growth

CEG – reports 1Q23 earnings

NRG – reports 1Q23 earnings

NWN – reports 1Q23 earnings

PPL – reports 1Q23 earnings

NJR – reports slight quarterly miss; re-affirms annual guidance

PJM – BRA schedule delay proposals draw opposing views from stakeholders

FE – FirstEnergy reevaluating use of West Penn's Greensburg office with focus on real estate optimization

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

ERCOT – Summer SARA report points to ongoing constraints

AWK – MO PSC approves settlement

AEP reports 1Q23 operating EPS of $1.11 vs Gugg/cons at $1.11/$1.12; reaffirms 2023 guidance of $5.19-$5.39 ($5.29 midpoint) vs Gugg/cons at $5.30/$5.27; maintains LT growth rate of 6%-7%

- **Load growth:** weather-normalized total retail load of +3.3% in 1Q23 YoY; Resi -1.4%, Commercial +7.8%, and Industrial +5.1%, respectively
  - Guidance for **2023/2024/2025** normalized retail billed load (ex-wholesale)
    - New (by year): **+0.8%/+0.6%/+1.7%**
    - Prior (by year): **+0.7%/+1.0%/+1.8%** (excluding Kentucky operations)
- **Contracted Renewables:** sale process remains "**on track for a 2Q23 close**" (unchanged from Oct 4th Analyst Day)
- **Strategic Review update**
  - **Sell New Mexico Renewable Development**, a portfolio of solar projects
    - $102m book value of investment as of 1Q23
    - $0.01 EPS contribution in 2023 earnings guidance
    - Advisor hired; sale announcement **early in Q4 2023** with transaction close **by YE23**
  - **Announce sale of Retail business and include Distributed Resources** as part of sale process
    - $550m combined book value of investment as of 1Q23
    - $0.06 combined EPS contribution in 2023 earnings guidance
    - Advisor hired; sale launch in **Summer 2023** with transaction close in **1H24**
  - Pursue strategic review of certain non-core transmission joint venture
    - Businesses under strategic review include Prairie Wind Transmission, Pioneer Transmission and Transource Energy
    - Portfolio includes approximately 370 pole line miles, 4 substations and projects under development in PJM and SPP; AEP's portion of PP&E as of 3/31/2023 was $551M
    - Assets contribute $0.05 EPS in 2023 operating earnings guidance
    - **Strategic review expected to be completed by YE23**
- **Regulated renewables execution in key jurisdictions**
  - Regulatory filings approved for 209 MW/$500M owned renewables at APCo
  - Regulatory filings pending for owned renewables; 151 MW/$466M at APCo, 469 MW/$1.0B at I&M, 995.5 MW/$2.5B at PSO and 999 MW/$2.2B at SWEPCO
  - Additional RFPs in process at APCo, I&M and SWEPCO
  - **Current regulatory and legislative initiatives:** Arkansas, Louisiana, Oklahoma, Virginia and fuel cost management
- **Regulated Operations ROE:** 8.8% for TTM as of 03/31/23 (not weather-normalized)
  - On a system average, AEP expects rates to go up approximately 4% annually over the forecasted period
- **Capex:** reiterated $40bn 2023–2027 capital plan from Analyst Day
  - $15bn of transmission investment, $11bn of distribution investment, $9bn of regulated renewable investment
- **Financing:** updated 2023-2027 annual cash flow forecasts to exclude $1.2bn from Kentucky sale
- **Credit:** reiterated target FFO/Debt of 14%-15%
- **Dividend:** DPS growth to track EPS at 6%-7%
- Conference call will be at **9:00 AM ET.** The dial-in is **(877) 336-4440** and the conference ID is **8641604.**

ES reports 1Q23 earnings

- ES reported 1Q23 EPS of $1.41 vs Gugg/Cons $1.32/1.34
- Reaffirmed 2023 EPS guidance of $4.25-4.34
- Results were impacted by the seasonal impact of a peak demand rate design change

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

at NSTAR

- Results included a $0.03 benefit at the parent from a clean energy fund disposition
- Offshore wind sale process update expected 'this quarter'
- $500mm of construction spend on Sunrise/Revolution has shifted from 2023 to 2024/2025
- Cost lock increased by 2bps to 92%
- Slides HERE, call at 10am (833) 470-1428 Code: 641905

CPK – CPK reports 1Q23 EPS miss on weather; 2023 capex guidance reiterated

- CPK reported 1Q23 Non-GAAP EPS of $2.04 vs. $2.11 consensus and $2.09 Guggenheim estimate
- Weather impact vs. normal was -$0.29
- CPK reiterated 2023 capex guidance of $200 million to $230 million
- Short-term Debt balance down to $94M from $202M at year end; with $50M of interest rate swaps
- CPK reiterated 2025 EPS guidance of $6.15 - $6.35, representing an 8.5-9.0% CAGR
- Organic residential customer growth for CPK Delmarva and Florida natural gas distribution businesses were 5.8%and 4.4%, respectively

OGE – OGE reports 1Q23 EPS beat; 2023 guidance reiterated

- OGE reported 1Q23 Non-GAAP EPS of $0.19 vs. consensus of $0.18 and our $0.19 estimate
- OGE reiterated 2023 EPS guidance of $1.93 to $2.07 vs. a $2.01 consensus and our $2.02 estimate
- OGE reported ~1% customer growth despite weather driven sales declining year over year
- HDDs for the quarter were 1,692 vs. a 1,887 normal level or ~10% lower
- Presentation available later today and call scheduled for 9:00AM ET

PCG – PEG reports 1Q23 EPS in-line; 2023 guidance reiterated

- PCG reported 1Q23 Non-GAAP EPS of $0.29 vs. $0.29 consensus and Guggenheim estimate
- PCG reiterated 2023 EPS guidance of $1.19-$1.23 vs. a $1.22 consensus and Guggenheim estimate
- PCG reiterated 2025-2026 EPS growth of at least 9%
- No equity needs reiterated though 2024
- No change to O&M savings trajectory of 2% annually
- No change to capex plan of ~$52B with $5B upsides, ~9.5% rate base CAGR from 2022-2027 at the midpoint.

SRE – SRE reports 1Q23 EPS beat; 2023 guidance reiterated; 2024 guidance initiated implying 6.2% growth

- SRE reported 1Q23 Non-GAAP EPS of $2.92 vs. $2.77 consensus and $2.69 Guggenheim estimate
- SRE reiterated 2023 EPS guidance of $8.60 to $9.20
- SRE initiated 2024 EPS guidance range of $9.10 to $9.80 (implying 6.2% growth at the midpoint) vs. $9.57 consensus and $9.50 Guggenheim estimate
- SRE reiterated LT growth rate of 6-8%
- SRE updated the 5-year capital plan from $36B to $40B driven largely by a $4B at Oncor ($3.3B or 80% share for SRE) (rolling to 2023-2027)
- Resulting rate base CAGR of 9% though 2027
- SRE CA capex up from $21.2B to $21.4B; SRE infrastructure moving from $2.3 to $3.6B
- ECA I still on track for mid-2025 COD
- Port Arthur $13B capex project will be financed with $6.8B of non-recourse project-level debt and $6.2B of project-level equity (SRE targets 25% ownership level)
- Cameron Phase 2 has received modified FERC permits earlier this quarter; no FID yet

CEG reports 1Q23 earnings

- Reported 1Q23 EBITDA of $658M vs. Gugg/Cons of $720M/792M

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

- Labor and materials was $111M drag YoY
- Reaffirmed guidance range of $2,900M - $3,300M with expectation to be in the top half
- Repurchased $250M of shares in 1Q23
- December PJM storm benefit +$39M following invoice updates
- 2023 gross margin +$100, 2024 Gross margin flat
- 2024 GM now reflects a $100mm PTC benefit in 2024
- Total hedging for 2023 flat, 2024 up 1-4%
- Slides HERE
- Call at 10am – register HERE

NRG reports 1Q23 earnings

- Reported 1Q23 EBITDA of $646M vs. Gugg/Cons of $603M/598M
- Issued post Vivint EBITDA guidance of $3,010M - $3,250M, FCFbG of $1,620M - $1,860M
- Vivint synergies $400M 2025 target
- Texas EBITDA +$43M YoY
- WA Parish return to service targeted by end of 2Q23
- Cal at 9AM slides HERE

NWN reports 1Q23 earnings

- Reported 1Q23 EPS of $2.01 vs. Gugg/Cons of $1.85/1.90
- Reaffirmed 2023 EPS guidance of $2.55 to $2.75 vs. Gugg/Cons of $2.65/2.66
- O&M at the utilities increased 21%, includes some deferrals offset in revenues
- NW Natural Water launched an operations & maintenance service business
- Cal at 11AM materials HERE

PPL reports 1Q23 earnings

- Reported 1Q23 EPS of $0.48 vs. Gugg/Cons of $0.44/0.45
- Reaffirmed 2023 ongoing earnings guidance of $1.50 to $1.65 vs. Gugg/Cons $1.58/1.59
- Reaffirms 6-8% EPS growth through 'at least' 2026
- RI contributed $0.10 in 1Q23 from ongoing ops
- Cal at 11AM slides HERE

NJR reports Q2 FY2023 NFEPS of $1.16 vs Gugg/cons at $1.21/$1.19; re-affirms FY23 NFE guidance of $2.62–$2.72 ($2.67 midpoint) and Gugg/cons at $2.67/$2.70

- **EPS growth:** reiterated 7%–9% LT annual EPS growth (base is FY22's initial guidance midpoint of $2.25)
  - EPS in FY24 still expected to be at or above top end of LT annual growth range due to impact of the AMA at NJRES
- **TSR:** reiterated total expected shareholder return of ~10%–12%
- **Capex:** existing capital plan and ranges reiterated
- Business mix guidance ranges for FY23 were reiterated:
  - New Jersey Natural Gas: **48%-53%** (vs *55%-60%* originally)
  - Energy Services: **20%-25%** (vs *15%-20%* originally)
  - Clean Energy Ventures: **18%-20%** (vs *20%-25%* originally)
  - Storage and Transportation: **4%-8%** (vs *4%-8%* originally)
  - Home Services and Other: **0%-1%** (vs *0%-1%* originally)
- CEV placed ~53 MW in service so far this fiscal year and has ~740 MW pipeline of projects under contract, construction or exclusivity through fiscal 2027
- **NJNG (gas LDC) bill headroom:** Announces bill credit and rate decrease for residential and small commercial customers following period of lower gas prices.
- **NJNG growth:** +4,064 new customers additions at NJNG YTD vs +3,579 during same YTD period in fiscal 2022
- Earnings call will be held today at **10:00 AM ET**… Dial-in: **(888) 440-5655**…Access code: **7422446**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

PJM – BRA schedule delay proposals draw opposing views from stakeholders

- Generators remain in favor of PJM's proposal to delay the forthcoming auction in June, while state representatives and COUs are against further delays.
- More HERE.

Guggenheim takeaway: This procedural back and forth has been unfolding in the docket for some time now – in our view, the Commission will likely strike a middle ground closer to the IMM's proposal, with a delay coupled to firmer timelines.

FE – FirstEnergy reevaluating use of West Penn's Greensburg office with focus on real estate optimization

- More than two-thirds of West Penn Power Co.'s employees at its Greensburg HQ likely will be reassigned to other offices in the utility's service area in the next few years as the company reevaluates its use of the building, according to a company spokeswoman yesterday.
- More HERE

Guggenheim takeaway: Minor FYI regarding real estate optimization.

ERCOT – Summer SARA report points to ongoing constraints

- The ISO's latest seasonal assessment points to potential shortages in generation under high peak load/extreme unplanned outages/low wind scenarios.
- " ERCOT and thermal generation owners are closely monitoring the potential impacts of the U.S. Environmental Protection Agency's March 15th approval of its "Good Neighbor Plan" for reducing cross-state emissions of ozone-forming nitrogen oxides (NOx). Several generation owners in the ERCOT region indicated the potential that certain generators may face operational constraints in complying with the Program's provisions as soon as July 2023." - ERCOT
- More HERE

Guggenheim takeaway: The SARA report is intended to serve as final scenario test before each season's peak, and while the exact variables depicted in the analysis may or may not come to pass, it still paints a challenging picture for resource adequacy in the state at a time when lawmakers are considering more draconian action. We also continue to closely monitor the NOX rules from the EPA, with could impact larger emitters like VST's Martin Lake and NRG's WA Parish.

AWK – MO PSC approves settlement

- "On May 3, 2023, the MoPSC issued an order (the "Order") approving the March 3, 2023 joint "black box" settlement of the general rate case filed by Missouri American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). The Order approves a $44.3 million annualized increase in water and wastewater revenues, excluding $50.7 million in previously approved infrastructure surcharges. The new water and wastewater rates are expected to be effective by May 31, 2023." - AWK
- More HERE

Guggenheim takeaway: Minor heads up on the settlement approval.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Calvin Butler, *President & Chief Executive Officer*
Jeanne Jones, *Chief Financial Officer*
Andrew Plenge, *VP, Investor Relations*

Dates & Location
May 15 – 16, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $42.4bn
Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

American Electric Power Company (AEP)

Julie Sloat, *President & Chief Executive Officer*
Ann Kelly, *Chief Financial Officer*
Antonio Smyth, *EVP Grid Solutions & Government Affairs*
Matt Satterwhite, *SVP Regulatory*
Darcy Reese, *VP Investor Relations*

Date & Location
Wednesday, May 17, 2023
Guggenheim Office | 330 Madison Ave, New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $48bn
American Electric Power Co., Inc. (AEP) engages in the generation, transmission, and distribution of electricity. It operates through the following segments: Vertically Integrated Utilities, Transmission and Distribution Utilities, AEP Transmission Holdco, and Generation and Marketing. The Vertically Integrated Utilities segment covers the generation, transmission, and distribution of electricity for sale to retail and wholesale customers. The Transmission and Distribution Utilities segment represents the transmission and distribution of electricity for sale to retail and wholesale customers. The AEP Transmission Holdco segment comprised of the development, construction, and operation of transmission facilities through investments in its wholly-owned transmission subsidiaries and joint ventures. The Generation and Marketing segment consists of the non-regulated generation and marketing, risk management, and retail activities. The company was founded on December 20, 1906 and is headquartered in Columbus, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

Jason Wells, *Chief Operating Officer*
Chris Foster, *Chief Financial Officer*
Jackie Richert, *VP Investor Relations & Treasurer*
Ben Vallejo, *Director Investor Relations*

Dates
Monday, May 22, 2023
6:00 PM

Location
Restaurant TBD
Fort Lauderdale, Florida

Company Information
Market Cap: $18.6bn
CenterPoint Energy, Inc. (CNP) is a holding company that engages in the business of power generation and distribution. It operates through the following segments: CenterPoint Energy, Houston Electric, and CERC. The CenterPoint Energy segment consists of electric transmission and distribution services in the Texas gulf coast area in the ERCOT region and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations in the MISO region. The Houston Electric segment consists of electric transmission services to transmission services customers in the ERCOT region and distribution services to REPs serving the Texas gulf coast area. The CERC segment covers the Restructuring consisting of intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas, and permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
11:10AM	LNT
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chairman, President & Chief Executive Officer*
Barbara Tuckfield, *Director Investor Relations*

Dates & Location
June 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $22.4bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment includes various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patti Poppe, *Chief Executive Officer (Tentative)*
Carolyn Burke, *Incoming Chief Financial Officer*
Tom Webb, *Senior Advisor to Chief Executive Officer*
Jonathan Arnold, *Vice President, Investor Relations*

Date & Location
Monday, June 12, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $39.6bn
PG&E Corp. (PCG) is a holding company that engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in Oakland, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Eversource Energy (ES)

Joseph Nolan, *Chairman, President & Chief Executive Officer*
John Moreira, *Chief Financial Officer*
Jeffrey Kotkin, *Vice President, Investor Relations*
Bob Becker, *Director, Investor Relations*

Date & Location
Thursday, June 22, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.02bn
Eversource Energy (ES) engages in the generation, transmission, and distribution of natural gas and electricity. It operates through the following segments: Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. The Electric Distribution segment distributes electricity to retail customers. The Electric Transmission segment owns and maintains transmission facilities through CL&P, NSTAR Electric, PSNH, and WMECO. The Natural Gas Distribution segment transmits and distributes natural gas to retail customers. The Water Distribution segment operates three separate regulated water utilities in Connecticut, Massachusetts, and New Hampshire. The company was founded on July 1, 1966, and is headquartered in Springfield, MA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

NuScale Power Corporation (SMR)

Chris Colbert, *Chief Financial Officer*

Scott Kozak, *Director, Investor Relations*

Date & Location

Tuesday, June 27, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $1.9bn

NuScale Power Corp. (SMR) engages in the commercialization of a modular, scalable 77 megawatt electric Light Water Reactor nuclear power plant using rights to a nuclear power plant design. Its products include VOYGR SMR Plants and Energy Exploration (E2) Centers. The company was founded by José N. Reyes in 2007 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

SAVE THE DATE

2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeffrey Guldner, Chairman, President & CEO

Andrew Cooper, *Chief Financial Officer*

Dates & Locations

July 19 | New York
July 20 | Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $9.05bn

Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ.
(Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	5/15–5/16	NYC
AEP	5/17	NYC
CNP C-Suite Dinner	5/22	Fort Lauderdale, FL
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
DTE	6/7–6/8	NYC
PCG	6/12	NYC
ES	6/22	NYC
SMR	6/27	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	NYC
PNW	7/19–7/20	NYC & Boston
AWK	8/9–8/10	West Coast
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Guggenheim Comp Sheet

5/3/2023		Market	Guggenheim EPS Ests						Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																				
ALE	$62.55	3,585	3.38	3.70	4.17	4.56	4.87	5.07	3.71	4.08	4.34	4.83	5.05	–	0.09	0.22	0.04	–	16.9x	15.3x	14.4x	13.0x	12.4x	-7%	-9%	-9%	-9%	-18%	8.4%	4.4%	72%	Sell	$54	-9%	Buy	$67	12%
AVA	$43.66	3,308	2.12	2.28	2.49	2.61	2.67	2.73	2.32	2.47	2.62	2.68	2.77	(0.04)	–	–	–	(0.04)	18.8x	17.7x	16.7x	16.3x	15.8x	3%	4%	5%	5%	3%	5.2%	4.3%	79%	Sell	$35	-16%	Sell	$39	-7%
NWE	$58.87	3,519	3.18	3.42	3.55	3.75	3.91	4.08	3.47	3.60	3.74	3.89	4.06	(0.05)	(0.05)	–	–	–	17.0x	16.4x	15.7x	15.1x	14.5x	-7%	-3%	-1%	-1%	-5%	5.1%	4.4%	73%	Sell	$46	-17%	Buy	$60	7%
POR	$49.99	4,830	2.74	2.68	3.02	3.17	3.33	3.51	2.68	3.04	3.23	3.37	3.56	–	–	(0.06)	(0.04)	(0.05)	18.7x	16.5x	15.5x	14.9x	14.1x	3%	-3%	-2%	-2%	-6%	5.1%	3.8%	68%	Buy	$54	12%	Buy	$54	11%
		15,242																	**17.8x**	**16.5x**	**15.6x**	**14.8x**	**14.2x**	**-2%**	**-3%**	**-2%**	**-2%**	**-7%**	**6.0%**	**4.2%**	**73%**						
Mid/Large Cap Electric																																				
AEE	$88.65	23,268	4.12	4.35	4.67	5.05	5.40	5.68	4.36	4.68	5.02	5.36	5.69	–	–	0.03	0.04	–	20.3x	18.9x	17.7x	16.5x	15.6x	12%	12%	11%	11%	4%	6.6%	2.9%	58%	Neutral	$89	3%	Buy	$94	9%
AEP	$90.87	46,779	5.09	5.30	5.64	6.00	6.39	6.81	5.27	5.61	5.97	6.31	6.80	–	–	0.03	0.08	–	17.2x	16.2x	15.2x	14.4x	13.4x	-5%	-4%	-4%	-4%	-9%	6.0%	3.7%	63%	Buy	$105	19%	Buy	$102	16%
CMS	$60.70	17,704	2.89	3.12	3.41	3.65	3.91	4.26	3.10	3.34	3.62	3.89	4.18	–	0.07	–	–	0.08	19.6x	18.2x	16.8x	15.6x	14.5x	8%	7%	6%	6%	-2%	8.1%	3.3%	63%	Neutral	$65	10%	Buy	$68	16%
CNP	$29.95	18,852	1.38	1.51	1.62	1.74	1.89	2.05	1.49	1.61	1.73	1.86	2.01	–	–	–	–	0.04	20.1x	18.6x	17.4x	16.1x	14.9x	11%	10%	9%	9%	1%	8.2%	2.5%	49%	Neutral	$32	9%	Buy	$33	11%
D	$55.76	46,574	4.20	4.08	3.75	3.97	4.24	4.50	3.89	3.77	3.97	4.32	4.45	0.19	–	–	(0.08)	0.05	14.3x	14.8x	14.0x	12.9x	12.5x	-21%	-13%	-12%	-12%	-19%	1.4%	4.9%	71%	Buy	$63	18%	Neutral	$62	17%
DTE	$111.63	23,008	6.10	6.26	6.73	7.19	7.75	8.30	6.22	6.69	7.17	7.73	8.22	0.04	0.04	–	–	0.08	18.0x	16.7x	15.6x	14.4x	13.6x	-1%	-1%	-2%	-2%	-9%	6.4%	3.5%	61%	Buy	$127	17%	Buy	$129	19%
DUK	$97.33	75,007	5.27	5.65	6.05	6.35	6.75	7.15	5.63	5.99	6.35	6.70	7.13	–	0.06	–	0.05	–	17.3x	16.3x	15.3x	14.5x	13.7x	-5%	-4%	-3%	-3%	-8%	6.3%	4.3%	72%	Buy	$114	21%	Buy	$109	16%
ED	$98.04	33,965	4.57	4.82	5.18	5.40	5.71	5.97	4.85	5.21	5.49	5.81	6.10	(0.03)	–	(0.09)	(0.10)	(0.13)	20.2x	18.8x	17.9x	16.9x	16.1x	11%	11%	13%	13%	6%	5.5%	3.4%	66%	Neutral	$86	-9%	Sell	$90	-4%
EIX	$71.67	27,448	4.63	4.70	4.94	5.36	5.70	6.10	4.71	5.09	5.52	5.88	6.10	–	(0.15)	(0.16)	(0.18)	–	15.2x	14.1x	13.0x	12.2x	11.7x	-16%	-17%	-18%	-18%	-23%	5.7%	4.2%	62%	Buy	$81	17%	Buy	$74	8%
ES	$76.64	26,722	4.09	4.34	4.71	5.02	5.31	5.57	4.36	4.66	4.99	5.32	5.68	–	0.05	–	–	(0.11)	17.6x	16.4x	15.3x	14.4x	13.5x	-3%	-3%	-3%	-3%	-9%	6.4%	3.6%	62%	Buy	$91	22%	Buy	$87	17%
ETR	$105.03	22,276	6.42	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.72	8.25	n/a	–	(0.03)	0.04	0.06	–	15.7x	14.6x	13.6x	12.7x	n/a	-14%	-14%	-14%	-14%	-20%	6.9%	4.2%	64%	Buy	$124	22%	Buy	$121	19%
EVRG	$61.68	14,161	3.76	3.65	3.97	4.24	4.47	4.75	3.63	3.95	4.23	4.44	4.69	–	–	–	0.03	0.06	17.0x	15.6x	14.6x	13.9x	13.1x	-7%	-8%	-8%	-8%	-12%	4.8%	4.1%	68%	Buy	$72	21%	Neutral	$65	9%
EXC	$42.33	42,089	2.27	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.73	2.92	3.12	–	–	–	–	–	17.9x	16.9x	15.5x	14.5x	13.6x	-1%	-1%	-2%	-2%	-9%	6.4%	3.5%	62%	Neutral	$45	10%	Buy	$46	13%
FE	$38.54	22,077	2.41	2.54	2.69	2.89	3.07	3.27	2.52	2.66	2.84	2.97	3.25	–	–	0.06	0.10	–	15.3x	14.5x	13.6x	13.0x	11.8x	-16%	-15%	-14%	-14%	-18%	6.3%	4.1%	62%	Buy	$46	23%	Buy	$44	18%
LNT	$54.43	13,669	2.73	2.90	3.08	3.27	3.50	3.67	2.90	3.15	3.28	3.48	3.67	–	(0.07)	–	–	–	18.8x	17.3x	16.6x	15.6x	14.8x	3%	2%	5%	5%	-1%	6.1%	3.4%	62%	Neutral	$52	-1%	Buy	$58	10%
OGE	$36.81	7,373	2.16	2.02	2.16	2.25	2.37	2.48	2.01	2.12	2.28	2.36	2.46	–	0.04	–	–	–	18.3x	17.3x	16.2x	15.6x	15.0x	1%	2%	2%	2%	-2%	2.8%	4.6%	82%	Neutral	$38	8%	Neutral	$39	10%
PCG	$17.29	34,507	1.10	1.22	1.37	1.47	1.61	1.75	1.22	1.35	1.47	1.59	1.74	–	–	–	–	–	14.2x	12.8x	11.8x	10.9x	9.9x	-22%	-24%	-26%	-26%	-31%	9.7%	1.0%	13%	Buy	$22	28%	Buy	$19	9%
PEG	$63.21	31,540	3.47	3.45	3.67	4.10	4.29	4.59	3.44	3.69	4.03	4.30	4.46	–	–	0.07	–	0.13	18.4x	17.1x	15.7x	14.7x	14.2x	1%	1%	-1%	-1%	-7%	5.8%	3.7%	66%	Buy	$69	13%	Buy	$68	11%
PNW	$78.42	8,881	4.26	4.05	4.60	4.80	5.05	5.35	4.09	4.76	4.92	5.20	5.42	(0.04)	(0.16)	(0.12)	(0.15)	(0.07)	19.2x	16.5x	15.9x	15.1x	14.5x	5%	-3%	0%	0%	-5%	4.7%	4.5%	81%	Neutral	$77	3%	Neutral	$76	1%
PPL	$28.49	20,999	1.41	1.58	1.71	1.82	1.96	2.08	1.59	1.70	1.82	1.94	2.08	–	–	–	–	–	17.9x	16.7x	15.7x	14.7x	13.7x	-1%	-1%	-1%	-1%	-7%	8.1%	3.5%	61%	Buy	$34	23%	Buy	$31	14%
SO	$73.33	80,041	3.60	3.60	4.05	4.30	4.55	4.80	3.61	4.03	4.30	4.47	4.75	–	–	–	0.08	0.05	20.3x	18.2x	17.0x	16.4x	15.4x	12%	7%	7%	7%	3%	5.9%	3.8%	75%	Buy	$79	12%	Neutral	$73	3%
WEC	$94.28	29,739	4.45	4.60	4.91	5.24	5.61	5.97	4.61	4.90	5.26	5.62	5.98	–	–	–	–	–	20.5x	19.2x	17.9x	16.8x	15.8x	12%	14%	13%	13%	6%	6.1%	3.4%	68%	Neutral	$99	8%	Buy	$102	11%
Mid/Lg Cap (excl. EIX, PCG)																			**18.2x**	**16.9x**	**15.9x**	**15.9x**	**15.9x**							**5.9%**	**3.7%**	**66%**					
SMID + Lg Cap		**681,920**																	**18.1x**	**16.9x**	**15.8x**	**14.9x**	**14.2x**							**5.9%**	**3.8%**	**67%**					

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$38.46	4,214	2.20	2.32	2.50	2.63	2.76	2.89	2.28	2.44	2.59	2.75	2.88	0.04	0.06	0.04	–	–	16.9x	15.7x	14.9x	14.0x	13.4x	-7%	-7%	-6%	-6%	-12%	6%	3.8%	62%	Neutral	$42	13%	Sell	$38	4%
NEE	$75.39	152,546	2.90	3.13	3.43	3.69	3.99	4.27	3.12	3.40	3.68	4.02	4.41	–	–	–	–	(0.14)	24.2x	22.2x	20.5x	18.8x	17.1x	33%	31%	29%	29%	18%	8%	2.6%	60%	Buy	$92	25%	Buy	$93	26%
SRE	$152.62	48,022	9.21	9.00	9.50	10.13	10.80	11.71	9.00	9.58	10.19	10.92	11.64	–	(0.08)	(0.06)	(0.12)	0.07	17.0x	15.9x	15.0x	14.0x	13.1x	-7%	-6%	-6%	-6%	-12%	5%	3.2%	54%	Buy	$174	17%	Buy	$170	15%
		204,782																	**19.3x**	**17.9x**	**16.8x**	**15.6x**	**14.5x**	**6%**	**6%**	**6%**	**6%**	**-2%**	**6.2%**	**3.2%**	**59%**						
Gas LDCs																																					
NI	$28.12	11,615	1.47	1.57	1.68	1.82	1.95	2.07	1.57	1.67	1.79	1.94	2.08	–	–	–	–	–	17.9x	16.8x	15.7x	14.5x	13.5x	-1%	-0%	-1%	-1%	-3%	7%	3.7%	64%	Buy	$31	14%	Buy	$32	16%
CPK	$124.12	2,208	5.05	5.42	5.84	6.23	6.59	6.94	5.41	5.82	6.24	6.59	6.95	–	–	–	–	–	23.0x	21.3x	19.9x	18.8x	17.9x	27%	27%	26%	26%	26%	7%	1.9%	42%	Neutral	$116	-5%	Buy	$135	11%
NJR	$52.05	5,043	2.50	2.67	2.65	2.85	3.05	3.30	2.70	2.75	2.93	3.15	3.40	(0.03)	(0.10)	(0.08)	(0.10)	(0.10)	19.3x	18.9x	17.8x	16.5x	15.3x	6%	12%	12%	12%	11%	6%	3.1%	60%	Neutral	$47	-7%	Neutral	$52	4%
NWN	$46.14	1,619	2.54	2.65	2.83	2.98	3.09	3.21	2.66	2.79	2.99	3.05	3.23	–	0.04	–	0.04	–	17.3x	16.6x	15.4x	15.1x	14.3x	-4%	-2%	-3%	-3%	1%	5%	4.2%	72%	Neutral	$45	2%	Buy	$54	21%
OGS	$79.75	4,417	3.25	4.14	4.24	4.53	4.98	5.31	4.14	4.29	4.58	4.98	5.35	–	(0.05)	(0.05)	–	(0.04)	19.3x	18.6x	17.4x	16.0x	14.9x	6%	10%	10%	10%	7%	10%	3.3%	63%	Neutral	$77	-0%	Neutral	$79	3%
SR	$67.70	3,561	3.86	4.25	4.31	4.57	4.73	4.99	4.25	4.32	4.60	4.82	5.09	–	–	(0.03)	(0.09)	(0.10)	15.9x	15.7x	14.7x	14.0x	13.3x	-12%	-7%	-7%	-7%	-6%	5%	4.4%	69%	Neutral	$69	6%	Neutral	$73	12%
		28,464																	**18.8x**	**18.0x**	**16.8x**	**15.8x**	**14.9x**	**4%**	**7%**	**6%**	**6%**	**6%**	**6.6%**	**3.4%**	**62%**						
Regulated Water																																					
AWK	$146.49	28,513	4.51	4.76	5.14	5.59	5.98	6.45	4.78	5.15	5.59	6.04	6.45	–	–	–	(0.06)	–	30.6x	28.5x	26.2x	24.2x	22.7x	68%	68%	65%	65%	53%	7%	2.0%	60%	Neutral	$152	6%	Neutral	$160	11%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$76.51	24,993	2,667	3,100	3,237	3,377	3,512	4,490	3,043	3,428	3,637	3,349	3,348	57	(191)	(261)	163	1,143	9.8x	8.5x	7.7x	–	0.0x	29,884	29,162	27,866	26,511	24,468	8.2%	1.6%	28%	Buy	$97	28%	Buy	$97	28%
NRG	$33.44	7,767	1,754	3,049	3,124	3,128	3,044	3,109	2,737	2,873	2,910	2,754	2,792	313	251	218	290	317	6.3x	5.6x	5.0x	–	0.0x	17,248	16,016	14,529	13,140	11,680	21.3%	4.6%	29%	Neutral	$34	6%	Neutral	$38	18%
VST	$23.01	8,739	3,115	3,703	3,706	3,766	3,760	3,834	3,678	3,943	3,966	4,015	4,340	26	(237)	(201)	(255)	(506)	5.7x	5.3x	5.1x	–	0.0x	21,084	20,956	20,402	19,849	19,681	6.5%	3.6%	28%	Buy	$31	38%	Buy	$32	42%
Other																																					
ALTO	$1.36	104	13	24	40	46	42	43	27	47	46	42	43	–	–	–	–	–											54.8%	–	–	Buy	$9	562%	Buy	$7	415%
NEP	$53.49	4,755	1,649	1,837	1,977	2,143	2,325	2,471	1,979	2,287	2,501	2,739	2,838	(142)	(310)	(358)	(414)	(367)											9.1%	6.8%	–	Buy	$81	58%	Buy	$79	54%
SMR	$7.83	548	(230)	(100)	(57)	8	96	n/a	(130)	(85)	(30)	55	220	30	28	39	41	–												–	–	Buy	$18	130%	Buy	$14	72%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

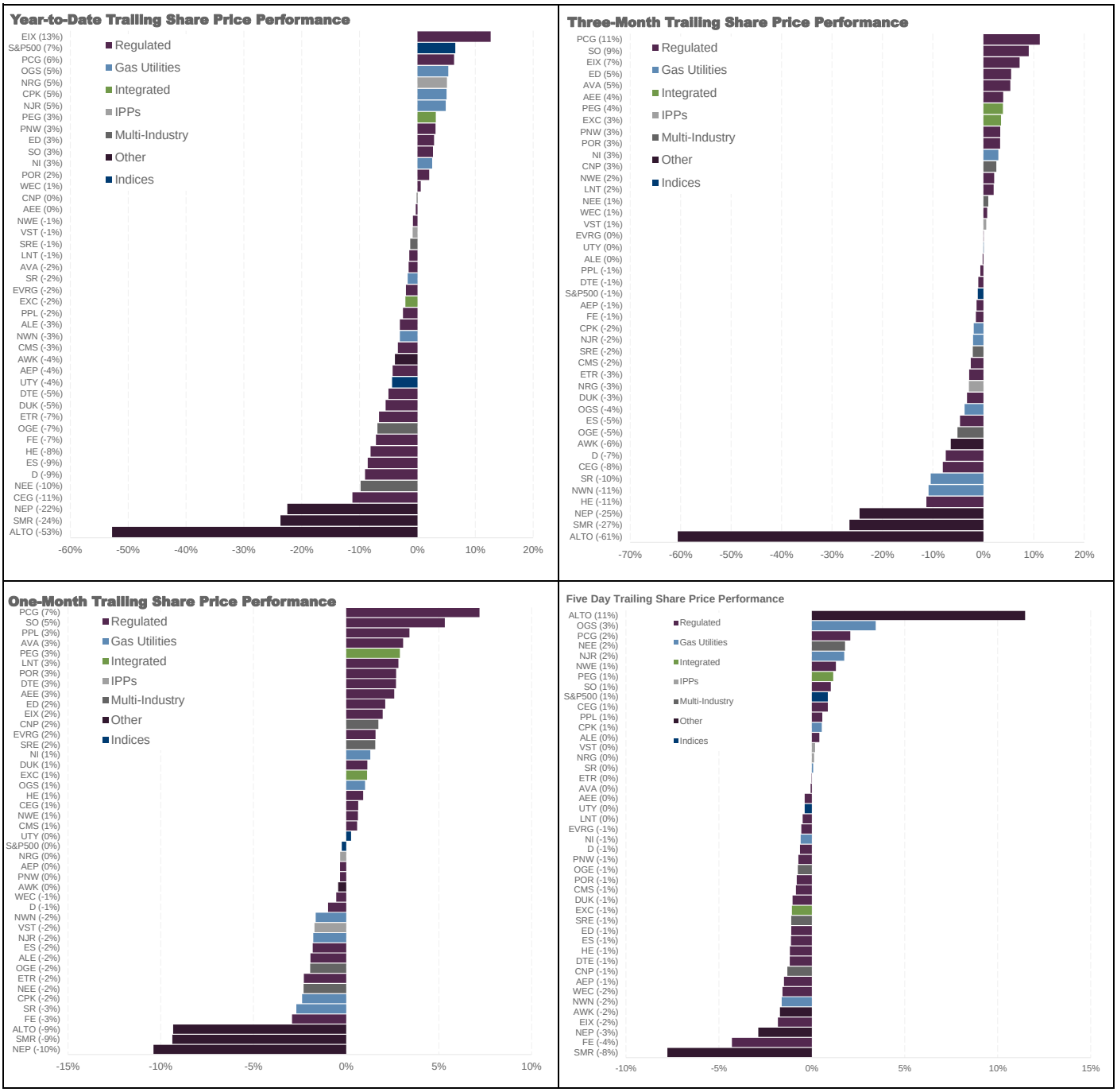

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Generation and Mix

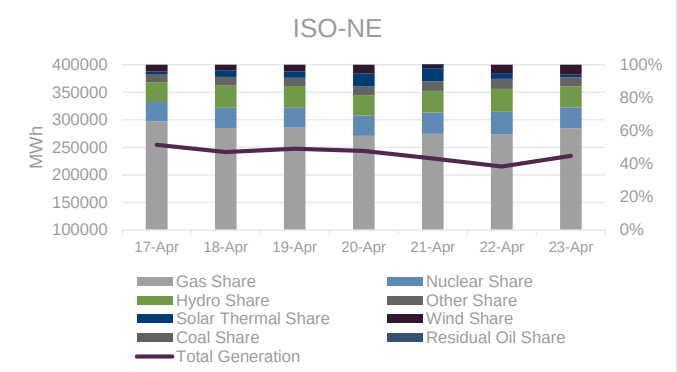

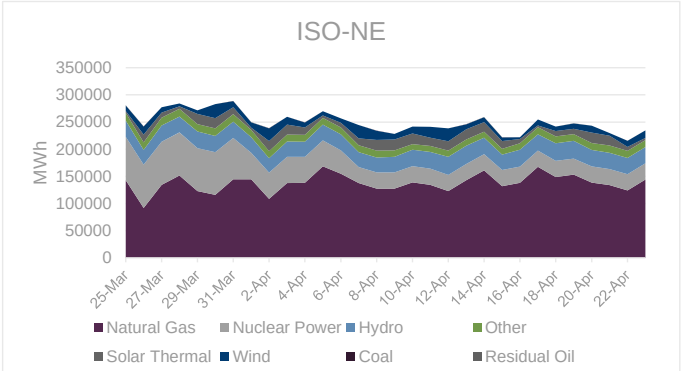

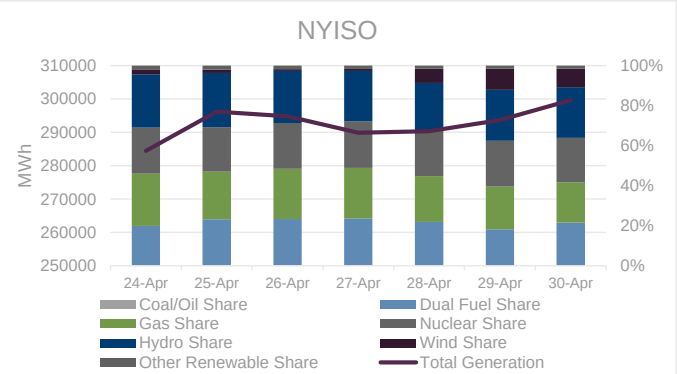

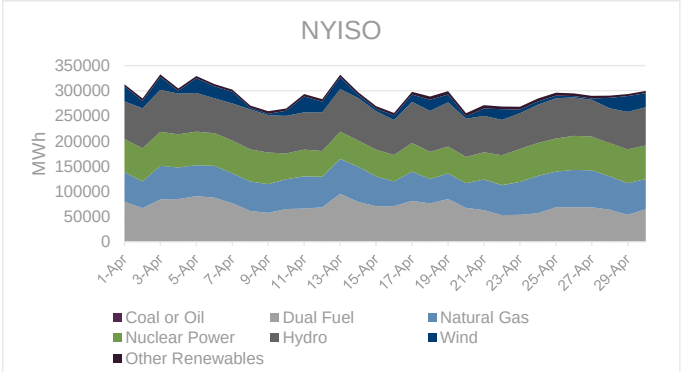

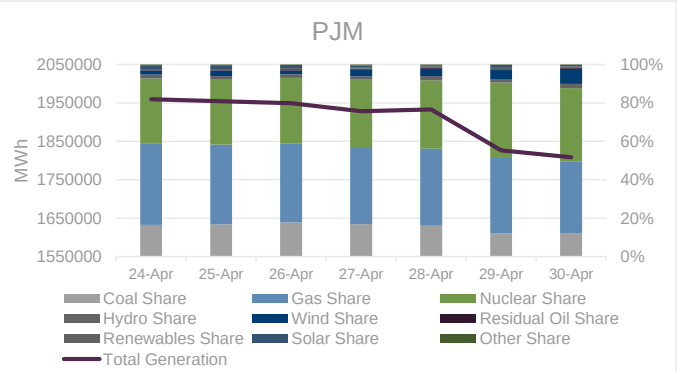

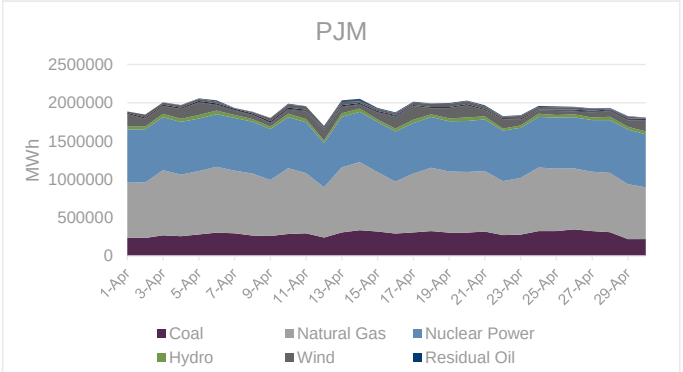

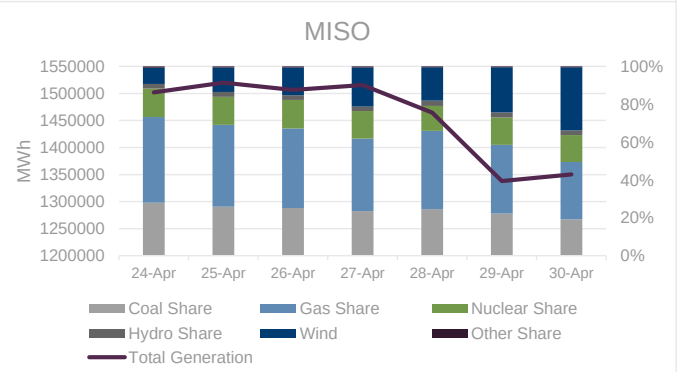

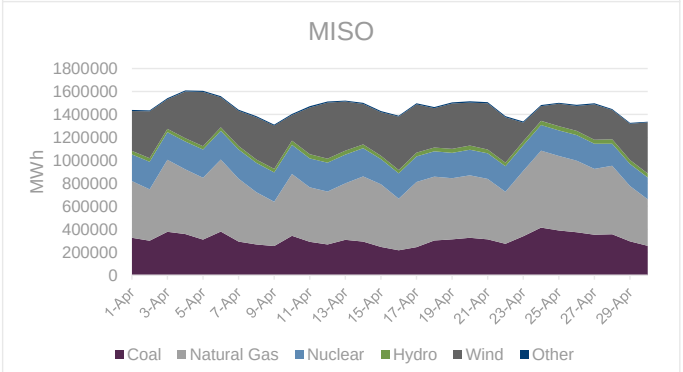

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Generation and Mix (continued)

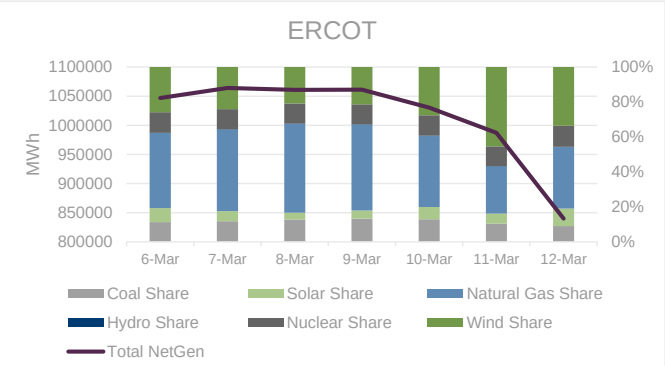

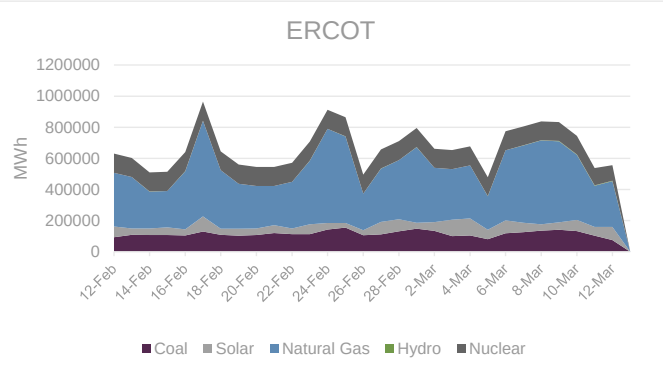

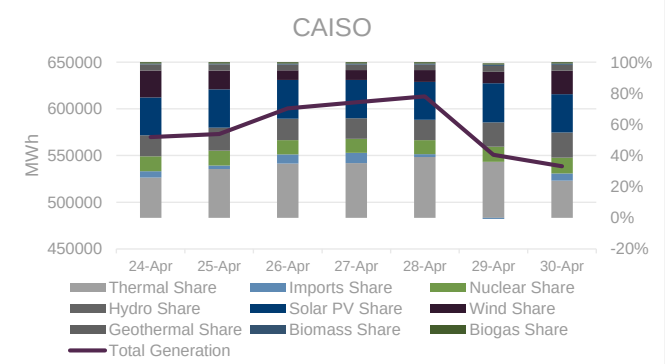

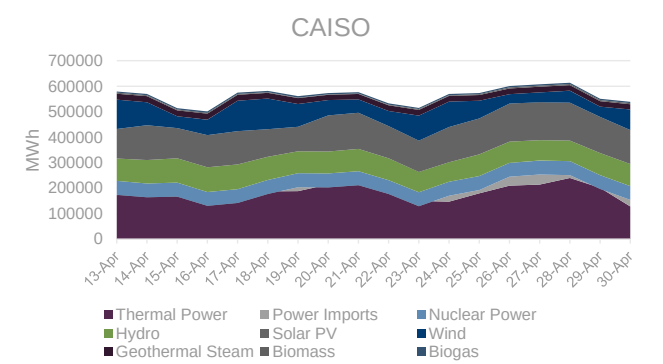

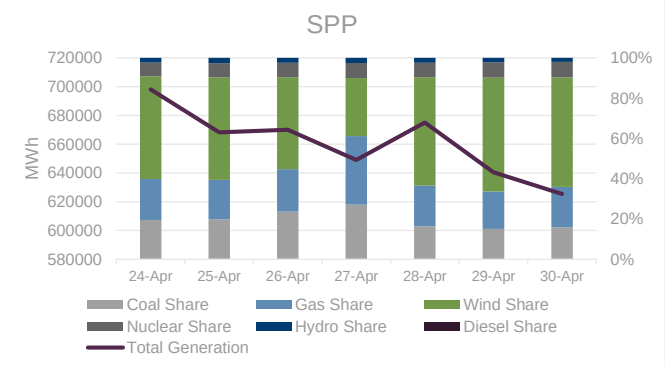

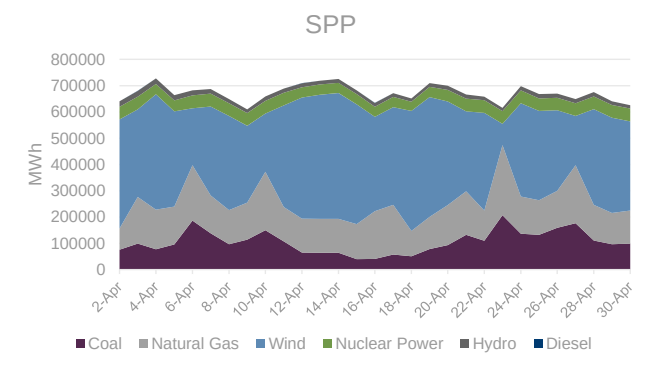

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Weather

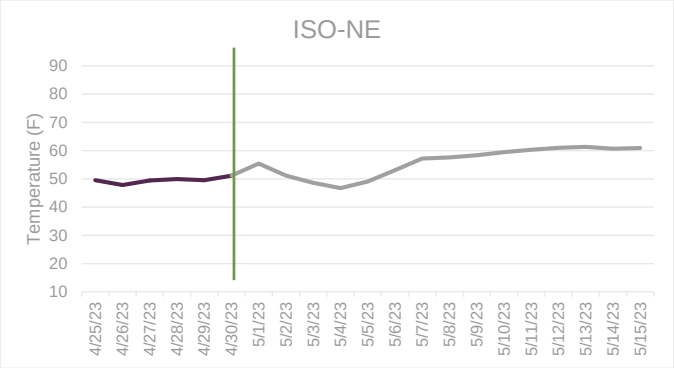

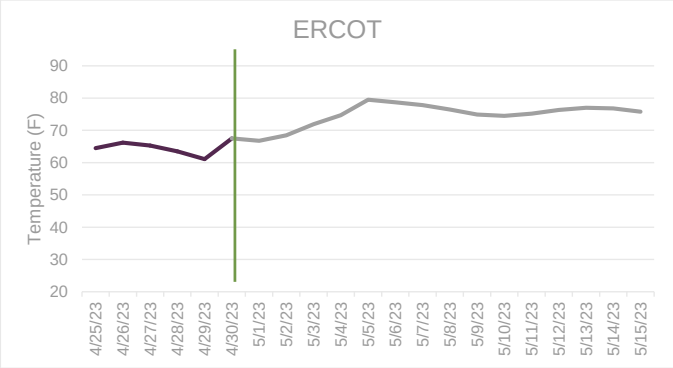

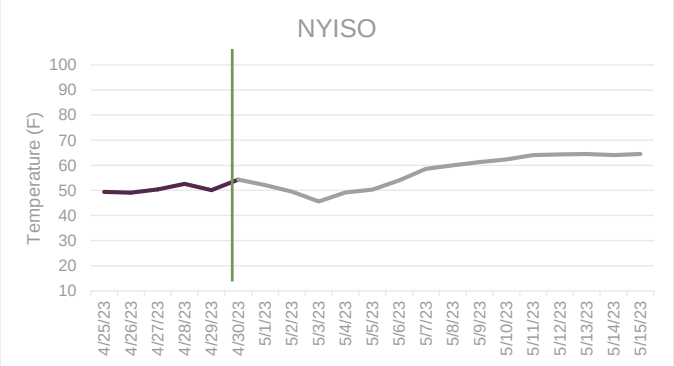

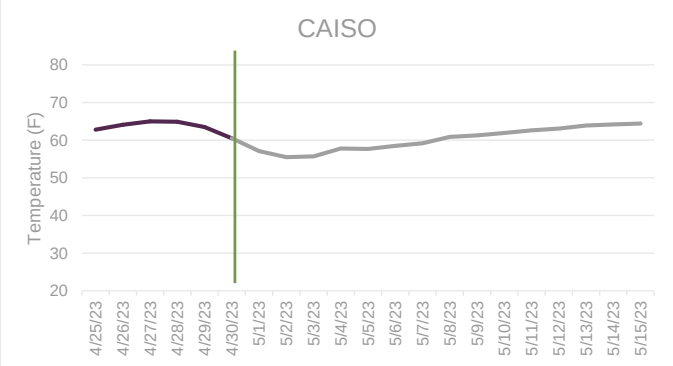

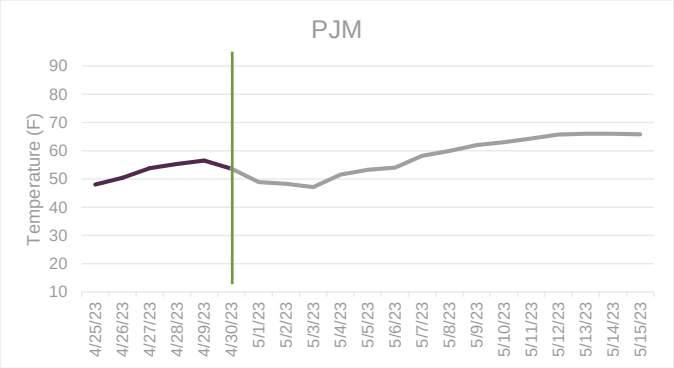

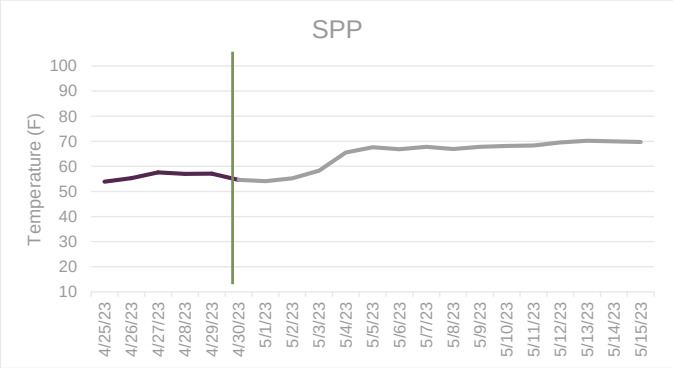

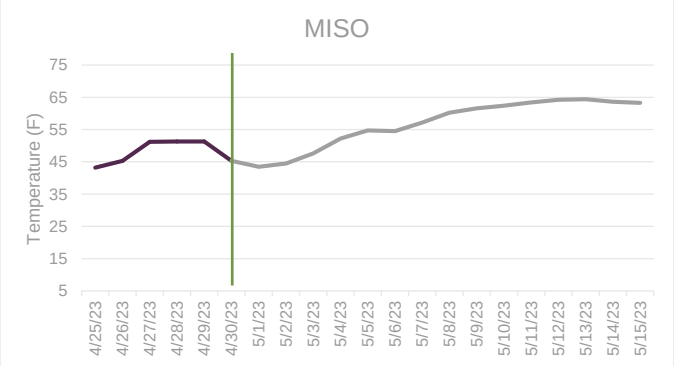

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

YTD Peak Load

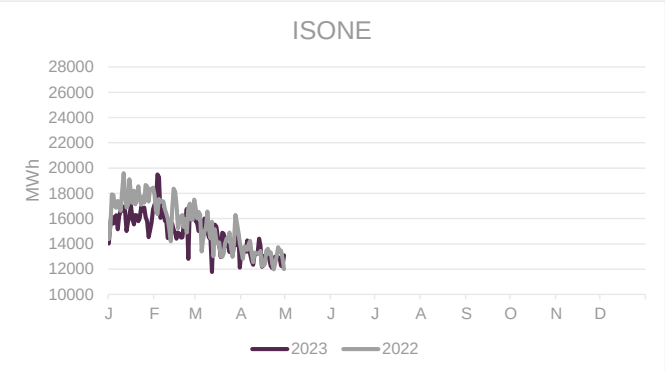

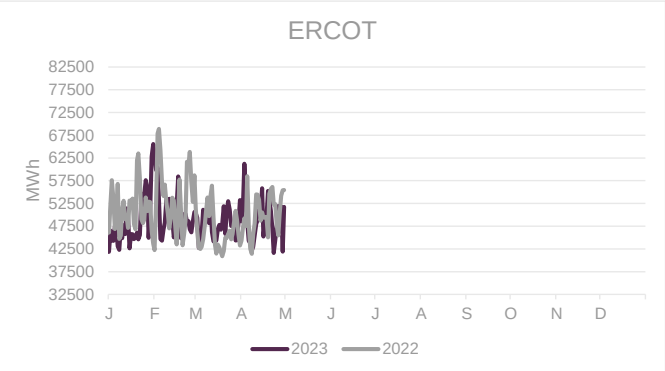

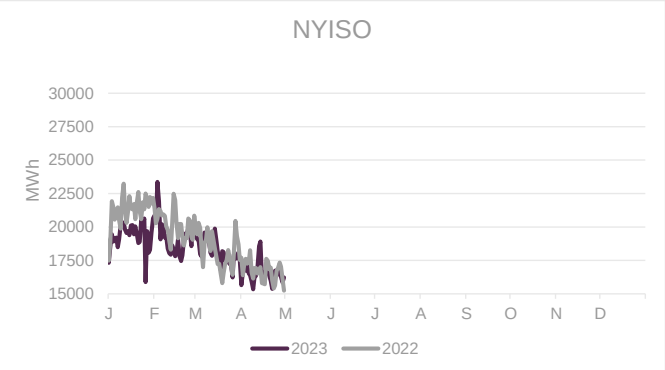

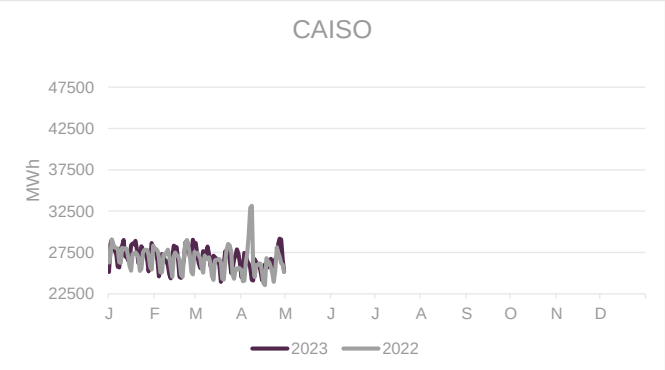

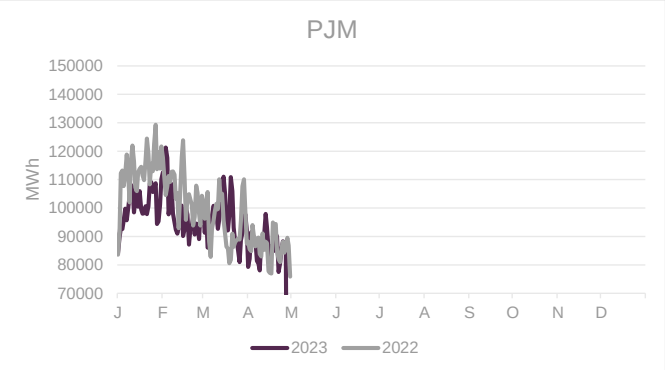

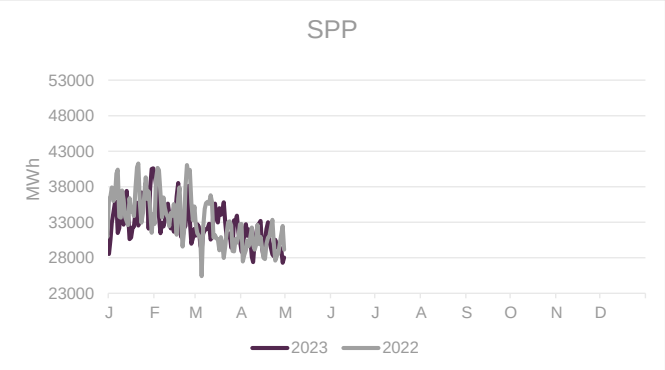

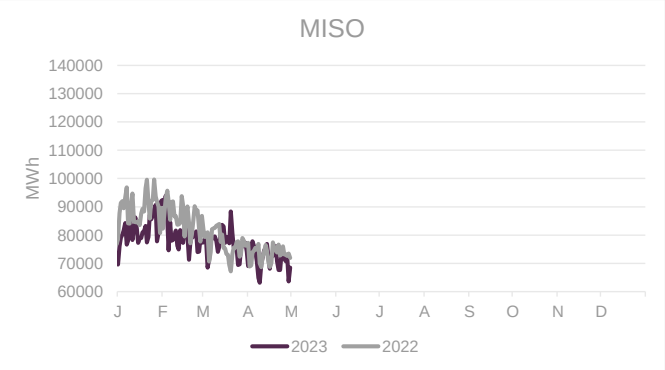

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-0.6%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-1.0%
PJM	3.8%	0.2%	2.1%	-5.2%	-0.1%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.5%
CAISO	1.2%	4.0%	0.3%	1.0%	-0.1%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-1.9%
SPP	9.7%	5.0%	7.1%	-1.6%	0.5%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/31/2023-6/30/2023)

Date	State	Ticker	Utility/Event	Docket	Description
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/15/2023-4/15/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
3/29/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Company to submit annual information filing
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Company to submit annual information filing
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision may be issued in Rider US 3 proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
4/1/2023-4/30/2023	KS	EVRG	Evergy Kansas Central Inc.		Rate case filing expected
4/1/2023-4/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearing examiner's report may be issued in Rider GT update proceeding
4/1/2023-4/30/2023	WI	LNT	Wisconsin Power and Light Co		Rate case expected to be filed early Q2'23
4/3/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Hearing to begin in rate proceeding
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Final day for stipulations, settlement agreements
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Final day for stipulations, settlement agreements
4/4/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Rebuttal testimony due in rate proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Staff to file testimony in Rider RGGI reinstatement proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Rebuttal testimony due in Rider SNA adjustment proceeding
4/7/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Staff to file testimony in G-RAC proceeding
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Hearing commences
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Hearing commences
4/12/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Staff to filed testimony in Rider OSW update proceeding
4/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Company rebuttal testimony due in rate proceeding
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Supplemental direct testimony due
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Supplemental direct testimony due
4/14/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Company rebuttal testimony due by
4/17/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Staff, intervenor testimony due
4/18/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Settlement conference to be held in rate proceeding
4/19/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Staff to file testimony in Rider DSM proceeding
4/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
4/21/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Rebuttal testimony due in G-RAC proceeding
4/26/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Rebuttal testimony due in Rider OSW update proceeding
4/28/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Staff testimony due in rate case
5/1/2023-5/31/2023	CA	EIX	Southern California Edison Co.		General rate case to be filed
5/1/2023-5/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0203 (ISRS)	Decision possible in ISRS proceeding
5/1/2023-5/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearings scheduled in Rider RGGI reinstatement proceeding
5/2/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Staff and intervenor testimony due in rate proceeding
5/2/2023-5/3/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearings scheduled in G-RAC proceeding
5/5/2023	IL	AEE	Ameren Illinois	D-23-0067	Staff and intervenor testimony due in rate proceeding
5/8/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Rebuttal testimony due
5/9/2023	IL	SO	North Shore Gas Co.	D-23-0068	Staff and intervenor testimony due in rate proceeding
5/9/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Hearing to begin in rate proceeding
5/9/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Hearing to begin in rate proceeding
5/9/2023-5/10/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearings scheduled in Rider OSW update proceeding
5/11/2023	IL	AEE	Ameren Illinois	D-23-0082	Staff and intervenor testimony due in rate proceeding
5/16/2023-5/17/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearings scheduled in Rider DSM proceeding
5/18/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Staff and intervenor testimony due in rate proceeding
5/21/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Intervening parties to file testimony in Rider E update proceeding
5/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on power cost update due
5/25/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
5/31/2023	NY	ED	Orange & Rockland Utlts Inc.		Long-term gas system plan to be filed
5/31/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Company rebuttal testimony due in rate proceeding
5/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Decision expected in Rider GT proceeding
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearing Examiner report may be issued in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Hearing examiner report may be issued in Rider SNA adjustment proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/2/2023	IL	AEE	Ameren Illinois	D-23-0067	Company rebuttal testimony due in rate proceeding
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Utility and IPP 1Q23: Valuation and Estimate Adjustments
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	240	66.12%	37	15.42%
NEUTRAL	114	31.40%	6	5.26%
SELL	9	2.48%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

EXELON CORP (EXC)

EXC: Good results, less drama, watching rate cases

May 3, 2023

Rating:
Outperform
Price:
$42.33
Price Target:
$47.00
Prior: $45.00
% Upside:
11.0%

View EXC Model
View Comp Table

Company Information

52-Week Range	$36 - $50
Market Cap. (MM)	$42,081
Enterprise Value (MM)	$82,661
Shares Out. (MM)	994.1
Avg. Value Traded (MM)	$264.21
SI% of Float	1.3%

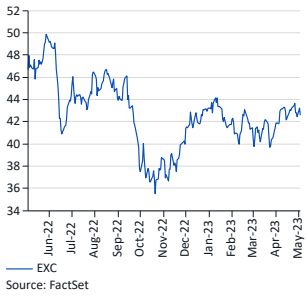

Priced as of 05/03/23



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

The Wolfe Byte

EXC reported a modest Q1 beat but affirmed FY23 guidance. EXC has a busy regulatory year, with key multiyear rate plans under review. But after these cases, EXC will have 3-4 yrs of certainty to deliver on its 6-8% EPS growth. We see EXC trading >1x higher than current P/E.

Q1 beat but guidance and EPS growth affirmed; raise PT to $47. EXC's Q1 of $0.70 beat by $0.04 but FY23 guidance of $2.30-2.42 was affirmed. The stock traded in line with the UTY but is beating it by 230bp YTD. EXC still trades at a 0.7x discount to peers on 2025E. We think a 0.5x premium is reasonable this busy regulatory year, given EXC is a mostly decoupled T&D utility with above-avg RB/EPS growth. If its key rate cases go well, we think EXC could trade closer to the high-quality, low-risk utilities that are at 1.5-2.0x premiums. We raise our PT by $2 on our higher group P/E of 16.5x 2025 vs 16.0x in previous EXC note.

Busy regulatory calendar; ComEd and BG&E cases key. EXC has rate cases in most of its jurisdictions. ComEd's first 4-yr rate case in IL and BG&E's second MYP/reconciliation case in MD are the largest, given ComEd distribution is ~25-30% of RB and BG&E is ~15-20%. In IL, intervenor testimony is on 5/22 and a decision by 12/20. ROE is expected to be one contested item, but the ICC has authorized gas utilities 9.6-9.8% ROEs in recent years, and the ICC Staff just this week recommended 9.9% for Nicor Gas. ComEd can also earn up to 32bp ROE incentives. In MD, intervenor testimony is on 6/20 and decision by 12/14.

MD law, transmission, electrification tailwind to LT plan. EXC has previously noted about $2B of capex (roughly half transmission) that was left out of its $31B capital plan. That was before the recently enacted POWER Act in MD, which could present opportunities post 2025. EXC still sees IRA facilitating electrification in its states.

Still sees 13-14% FFO/D irrespective of repairs deduction treatment. EXC repeated that its FFO/Debt target of 13-14% in 2023-26 assumes a $200M cash hit from the AMT. If the IRS allows the repairs & maintenance deduction to be treated like accelerated D&A, then EXC's FFO/D is closer to 14%. But if not, then closer to 13%. EXC's credit downgrade threshold is 12%. EXC's equity needs are unchanged at $425M by 2025.

ESTIMATES

($)	2023E	2024E	2025E
EPS FY	2.37 E	2.51 E	2.76 E
Cons.	2.36 E	2.51 E	2.74 E
P/E	17.8x	16.9x	15.4x

Source: Company Documents, Wolfe Research, FactSet
Numbers may not add up due to rounding; Fiscal Year Ends December

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

WOLFE RESEARCH

May 3, 2023

Investment Conclusion

We believe EXC is a low-risk utility stock. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%, driven by ~8% rate base growth. We think the stock hit last year on IRA and nonlinear EPS growth was overdone. We think the messaging and conviction on its LT outlook will be well-received. And we see the stock over time trading in line with the low-risk, high-quality utilities. This year, focus will be on a first multiyear rate case in IL, as well as a second multiyear filing in MD and reconciliations of the first MD/BGE multiyear case. Those are expected to add more certainty to an otherwise low-risk utility story.

Valuation

Our $47PT is based on a half-turn premium to our utility group P/E of 16.5x 2025E.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

WOLFE RESEARCH

May 3, 2023

Relative stock performance and Comps

As shown in Exhibit 1, EXC has been in a trading range relative to peers, as investors await regulatory outcomes in most of EXC's jurisdictions. EXC trades at more than a half-turn discount to regulated peers on 2025E; see Exhibit 2.

Exhibit 1: EXC Relative Performance vs. Large-Cap Utilities

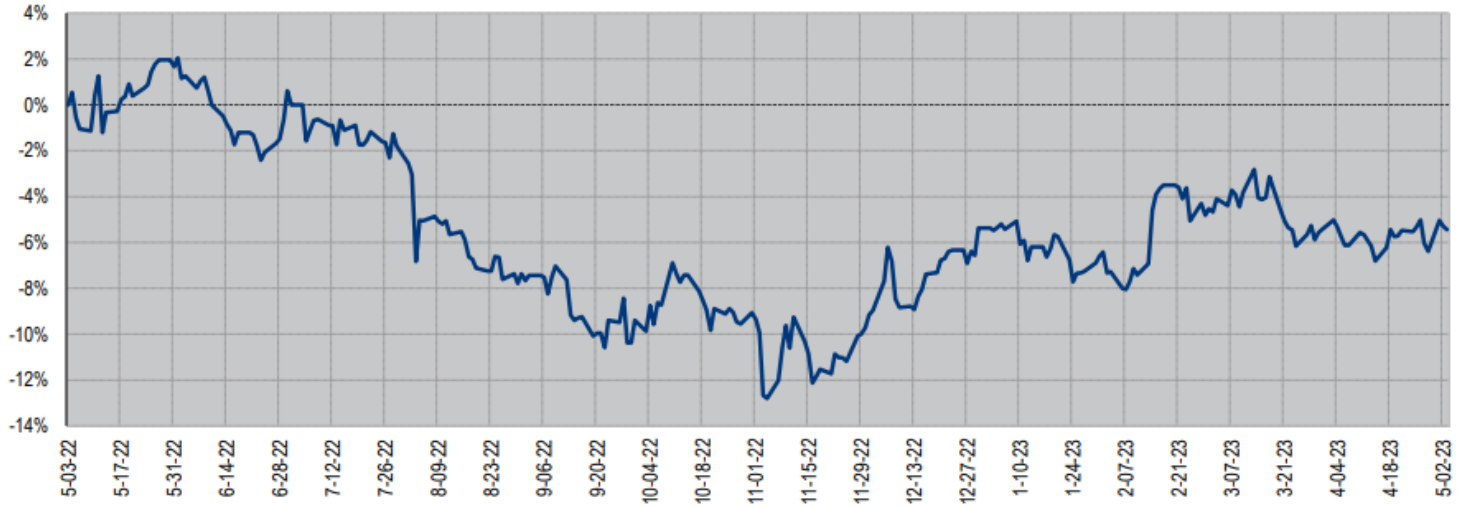

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

WOLFE RESEARCH

May 3, 2023

Exhibit 2: Regulated Utility Comps

Regulated Utility Comparables
5/3/2023

Company Name	Ticker	Current Price	Current Shares	Mkt Cap ($M)	P/E 2023E	P/E 2024E	P/E 2025E	P/E 2026E	Div Yield	Div Growth (E)	Payout Ratio	Price/ Book	Equity Ratio
AES Corp.	AES	$22.45	669	$15,015	13.2x	11.7x	10.7x	N/A	3.0%	5.0%	39%	9.4x	14%
Alliant Energy	LNT	$54.43	251	$13,669	18.8x	17.7x	16.6x	15.7x	3.3%	5.8%	63%	2.2x	41%
Ameren	AEE	88.65	262	23,229	20.3x	18.8x	17.7x	16.6x	2.8%	6.8%	58%	2.2x	41%
American Electric	AEP	90.87	514	46,744	17.2x	16.2x	15.2x	14.3x	3.7%	6.0%	63%	2.0x	37%
Avangrid	AGR	40.39	387	15,616	19.8x	19.2x	17.4x	N/A	4.4%	0.0%	86%	0.8x	66%
CenterPoint Energy	CNP	29.95	631	18,899	20.1x	18.5x	17.2x	16.0x	2.5%	8.6%	51%	2.0x	38%
CMS Energy	CMS	61.19	292	17,846	19.7x	18.3x	17.0x	15.8x	3.2%	6.0%	63%	2.6x	33%
Con Edison	ED	98.04	355	34,809	20.2x	18.6x	17.9x	N/A	3.3%	2.5%	67%	1.7x	46%
Dominion	D	55.76	835	46,570	14.7x	15.5x	14.5x	N/A	4.8%	0.0%	71%	1.8x	38%
DTE Energy	DTE	111.63	206	23,008	17.8x	16.7x	15.6x	14.4x	3.5%	7.4%	62%	2.2x	35%
Duke Energy	DUK	97.33	770	74,952	17.3x	16.4x	15.4x	14.5x	4.2%	2.0%	73%	1.6x	39%
Edison International	EIX	71.67	383	27,419	15.3x	14.1x	12.8x	N/A	4.1%	5.4%	63%	2.0x	31%
Emera*	EMA	59.03	271	16,021	18.8x	17.9x	16.9x	N/A	4.7%	4.1%	89%	1.6x	37%
Entergy	ETR	105.03	211	22,203	15.7x	14.6x	13.6x	12.8x	4.3%	6.0%	68%	1.7x	33%
Evergy	EVRG	61.68	230	14,160	17.0x	15.4x	14.5x	13.7x	4.0%	7.0%	69%	1.5x	44%
Eversource Energy	ES	76.64	349	26,722	17.6x	16.4x	15.3x	14.5x	3.5%	5.9%	62%	1.7x	40%
Exelon	EXC	42.33	994	42,081	17.8x	16.9x	15.4x	N/A	3.4%	7.0%	61%	1.7x	37%
FirstEnergy	FE	38.93	573	22,301	15.3x	14.3x	13.6x	12.8x	4.0%	0.0%	61%	2.2x	31%
Fortis*	FTS	60.48	484	29,294	20.5x	19.5x	18.9x	18.2x	3.7%	4.5%	77%	1.5x	42%
NextEra Energy	NEE	75.39	2,023	152,546	24.4x	22.3x	20.7x	19.2x	2.5%	10.0%	60%	3.6x	38%
NiSource	NI	28.12	413	11,600	17.8x	16.8x	15.6x	14.5x	3.6%	6.4%	63%	1.9x	40%
OGE Energy	OGE	36.81	200	7,370	18.4x	17.4x	16.5x	15.7x	4.5%	1.0%	83%	1.7x	49%
PG&E	PCG	17.29	1,988	34,369	14.4x	13.0x	11.8x	10.9x	0.3%	0.0%	5%	1.5x	30%
Pinnacle West	PNW	78.42	113	8,875	19.3x	16.8x	16.0x	N/A	4.4%	2.0%	86%	1.5x	41%
Portland General	POR	49.99	97	4,830	18.7x	16.6x	15.7x	15.1x	3.8%	5.0%	70%	1.6x	45%
PPL Corp.	PPL	28.49	737	20,988	18.0x	16.6x	15.4x	14.7x	3.4%	6.7%	61%	1.5x	49%
PSEG	PEG	63.21	499	31,527	18.3x	17.3x	15.7x	14.9x	3.6%	5.6%	66%	2.4x	42%
Sempra	SRE	152.62	315	48,010	17.1x	15.9x	15.0x	N/A	3.1%	3.9%	53%	1.8x	48%
Southern Company	SO	73.33	1,090	79,959	20.4x	18.2x	17.0x	16.2x	3.8%	2.9%	78%	2.6x	34%
WEC Energy Group	WEC	94.28	315	29,739	20.4x	19.2x	18.0x	16.8x	3.3%	7.0%	67%	2.6x	39%
Xcel Energy	XEL	68.50	550	37,699	20.4x	19.0x	17.8x	16.9x	3.0%	6.0%	62%	2.2x	39%
Average					**18.2x**	**17.0x**	**15.8x**	**15.2x**	**3.5%**	**4.7%**	**64%**	**2.2x**	**39%**
Average (ex EIX & PCG)					**18.5x**	**17.2x**	**16.1x**	**15.4x**	**3.6%**	**4.9%**	**67%**	**2.2x**	**40%**

Source: Wolfe Utilities & Power Research, FactSet

*Current price shown in CAD

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

WOLFE RESEARCH

May 3, 2023

Exelon Corp. Snapshot

Exhibit 3: Financial Summary

Financial Summary	2023E	2024E	2025E
EPS	$2.37	$2.51	$2.76
Consensus EPS	$2.36	$2.51	$2.74
Dividends Per Share	$1.44	$1.55	$1.65
Payout on Utility net Parent	61%	62%	60%
Equity ratio	48%	47%	47%
FFO/Net Debt	15%	14%	15%
Diluted Shares Outstanding	998	1,002	1,006
Valuation Metrics			
P/E	17.9x	17.0x	15.4x
Dividend Yield	3.4%	3.6%	3.9%
Segment EPS	**2023E**	**2024E**	**2025E**
ComEd	1.00	1.09	1.16
PECO	0.55	0.55	0.70
BGE	0.46	0.49	0.52
Pepco	0.69	0.73	0.77
Parent	(0.33)	(0.36)	(0.38)
Total EPS	**$2.37**	**$2.51**	**$2.76**
Realized ROE by Utility			
ComEd	9.9%	9.9%	9.9%
PECO	9.2%	8.5%	9.9%
BGE	9.7%	9.6%	9.5%
Pepco	9.7%	9.6%	9.6%
Average Rate Base ($M)	$53,753	$57,791	$61,892

Source: Wolfe Utilities & Power Research

Exhibit 4: Modeling Assumptions

Assumptions	2023E	2024E	2025E
Capex by Segment ($M)			
ComEd	$2,550	$2,575	$2,650
PECO	1,350	1,550	1,600
BGE	1,325	1,375	1,400
Pepco	1,825	1,950	1,900
Parent/other	0	0	0
Total EXC Capex	**$7,050**	**$7,450**	**$7,550**
EXC			
Equity Issued/(Repurchased)	$167	$167	$167
Debt Issued/(Repurchased)	2,575	2,550	2,450

Source: Wolfe Utilities & Power Research

Exhibit 5: 2024 EPS by Subsidiary

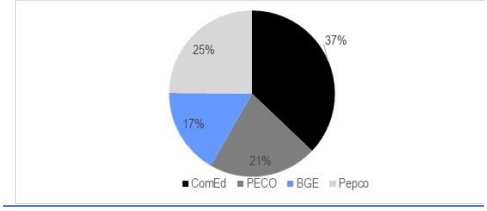

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with above average EPS growth. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%.

Valuation

Our $47 PT is based on a half-turn premium to our utility group average P/E of 16.5x 2025E. Risks are less capex, lower returns, less cash or more equity needs, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

WOLFE RESEARCH

May 3, 2023

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

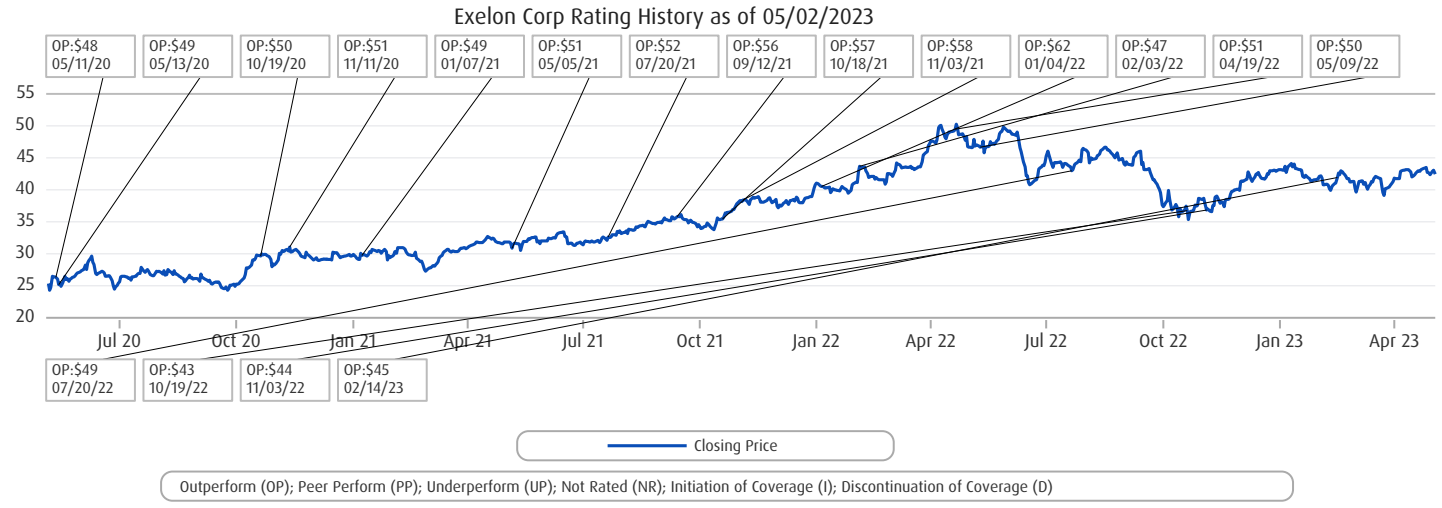

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Effective August 1, 2022, Wolfe Research, LLC will no longer publish target prices for Peer Perform rated companies.

Wolfe Research, LLC uses a relative rating system using terms such as Outperform, Peer Perform and Underperform (see definitions above). Please carefully read the definitions of all ratings used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of May 3, 2023):

Outperform:	44%	5% Investment Banking Clients within the previous 12 months
Peer Perform:	46%	1% Investment Banking Clients within the previous 12 months
Underperform:	10%	0% Investment Banking Clients within the previous 12 months

Wolfe Research, LLC does not assign ratings of Buy, Hold or Sell to the stocks it covers. Outperform, Peer Perform and Underperform are not the respective equivalents of Buy, Hold and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Securities is responsible for the contents of this material. Any analysts publishing these reports are associated with each of Wolfe Research, LLC and Wolfe Research Securities.

The Wolfe Daily Howl and Monthly Controversies Report are subscription-based products for Institutional investor subscribers only and are products of Wolfe Research, LLC. The products received may contain previously published research which have been repackaged for Wolfe Daily Howl and Monthly Controversies Report subscribers. The types of services provided to you by Wolfe Research, LLC, vary as compared to that provided to other external clients of Wolfe Research. Wolfe Research, LLC, its affiliates, officers, directors, employees and agents will not be liable for any

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

WOLFE RESEARCH

investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein. Opinions in this communication constitute the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable but Wolfe Research and its affiliates, including but not limited to Wolfe Research Securities, makes no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC or any affiliate to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regards to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts and electronic publication to our proprietary website.

Copyright © Wolfe Research, LLC 2023. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research. Authorized users have received an encryption decoder which legislates and monitors the access to Wolfe Research, LLC content. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Equity Research

Earnings Estimates Revised — May 3, 2023

Regulated Electric Utilities

Exelon Corporation (EXC)

EXC: Non-Material Estimate Change

Adjusting Q3 quarterly estimate, full year staying the same

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

Rating	Equal Weight
Ticker	**EXC**
Price Target/Prior:	**$45.00/NC**
Upside/(Downside) to Target	**6.3%**
Price (05/03/2023)	**$42.33**
52 Week Range	$35.19 - 49.86
Shares Outstanding	994,298,998
Market Cap (MM)	$42,089
Enterprise Value (MM)	$79,866
Average Daily Volume	5,677,769
Average Daily Value (MM)	$240
Dividend (NTM)	$1.53
Dividend Yield	3.6%
Net Debt (MM) - last reported	$37,777
ROIC - Current year est.	3%
3 Yr EPS CAGR from current year (unless otherwise noted)	28%

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.

FY(Dec) $		2022A	2023E Curr.	2023E Prior	2024E Curr.	2024E Prior
EPS	Q1 (Mar)	0.64 A	0.70 A	NC	-	NC
	Q2 (Jun)	0.44 A	0.41 E	0.45E	-	NC
	Q3 (Sep)	0.75 A	0.81 E	0.78E	-	NC
	Q4 (Dec)	0.43 A	0.46 E	0.45E	-	NC
	AN	2.27 A	2.38 E	NC	2.50 E	NC
Rev. (MM)		19,078.0 A	20,161.2 E	NC	20,876.8 E	NC
EBIT (MM)		3,315.0 A	4,398.5 E	NC	4,770.8 E	NC
EBITDA (MM)		6.64B A	7.88B E	NC	8.51B E	NC
DPS		1.35 A	1.44 E	NC	1.54 E	NC
EV/EBIT		24.1x	18.2x		16.7x	
EV/EBITDA		12.0x	10.1x		9.4x	
EV/Revenue		4.2x	4.0x		3.8x	
P/E		18.6x	17.8x		17.0x	

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.
NA = Not Available, Volatility = Historical trading volatility

All estimates/forecasts are as of 5/3/2023 unless otherwise stated. 5/3/2023 18:18:30EDT. Please see page 4 for rating definitions, important disclosures and required analyst certifications.
Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

EXC Earnings Model ($ millions except per share data)	2022	2023E	2024E	2025E	2026E	2027E
Revenues	**$19,078**	**$20,161**	**$20,877**	**$21,690**	**$22,501**	**$23,299**
Expenses						
Purchased Power/Fuel/Power Cost Adjustments	6,373	6,392	6,416	6,440	6,464	6,488
Other O&M	4,673	4,529	4,562	4,611	4,645	4,687
Depreciation & Amortization	3,325	3,477	3,740	4,023	4,319	4,619
Other	1,392	1,364	1,388	1,413	1,438	1,463
Total Expenses	**$15,763**	**$15,763**	**$16,106**	**$16,486**	**$16,866**	**$17,258**
EBIT	**$3,315**	**$4,398**	**$4,771**	**$5,203**	**$5,636**	**$6,042**
EBITDA	**$6,640**	**$7,876**	**$8,511**	**$9,227**	**$9,955**	**$10,661**
Other Income	535	255	255	255	250	251
Interest Expense	1,447	1,651	1,597	1,520	1,460	1,403
Income Taxes	349	501	572	621	672	718
Tax Rate	*15%*	*17%*	*19%*	*18%*	*19%*	*19%*
Earnings						
Income from Continuing Operations	$2,054	$2,370	$2,501	$2,744	$2,938	$3,140
Nonrecurring	0	0	0	0	0	0
Adjustment for Non-Controlling Interest	1	0	0	0	0	0
Net Income	**$2,054**	**$2,370**	**$2,501**	**$2,744**	**$2,938**	**$3,140**
Avg. Diluted Shares Outstanding	987	998	1,002	1,006	1,008	1,008
EPS	$2.08	$2.38	$2.50	$2.73	$2.92	$3.11
Non-Recurring	(0.18)	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$2.27**	**$2.38**	**$2.50**	**$2.73**	**$2.92**	**$3.11**
Q1 EPS	0.64A	0.7A				
Q2 EPS	0.44A	0.41				
Q3 EPS	0.75A	0.81				
Q3 EPS	0.43A	0.46				

EXC Supplemental Information	2022	2023E	2024E	2025E	2026E	2027E
Dividend Information						
Dividends Per Share - YE Rate	$1.35	$1.44	$1.54	$1.66	$1.80	$1.94
Dividends Paid Per Share	1.35	1.44	1.54	1.66	1.80	1.94
Payout Ratio	59%	61%	62%	61%	62%	62%
Cash Flow & Balance Sheet Items						
Capital Expenditures (millions)	$7,147	$7,175	$7,600	$8,225	$8,375	$8,375
Book ROE	7.6%	9.4%	9.4%	9.9%	10.2%	10.4%
FFO/Debt	11%	13%	13%	13%	13%	13%
Debt/EBITDA	6.0x	5.5x	5.3x	5.3x	5.3x	5.2x
Common Equity as % of Total Capitalization	38%	38%	37%	37%	36%	35%

Source: Wells Fargo Securities, LLC estimates and company filings

Investment Thesis, Valuation and Risks

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (7%) and wires-centric asset mix are balanced by modest balance sheet concerns and our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $45.00 from NC

Our $45/sh price target is based on a P/E multiple analysis. We apply a P/E of 17.5-18.0X to our 24E EPS of $2.50. Our multiple represents a 0-5% discount to the '23 Regulated Electric peer group median of 18.0-18.5X as we balance positive features (strong 7% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '23 median to our 24E EPS due to the forward-looking nature of our price target.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

I, Neil Kalton, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

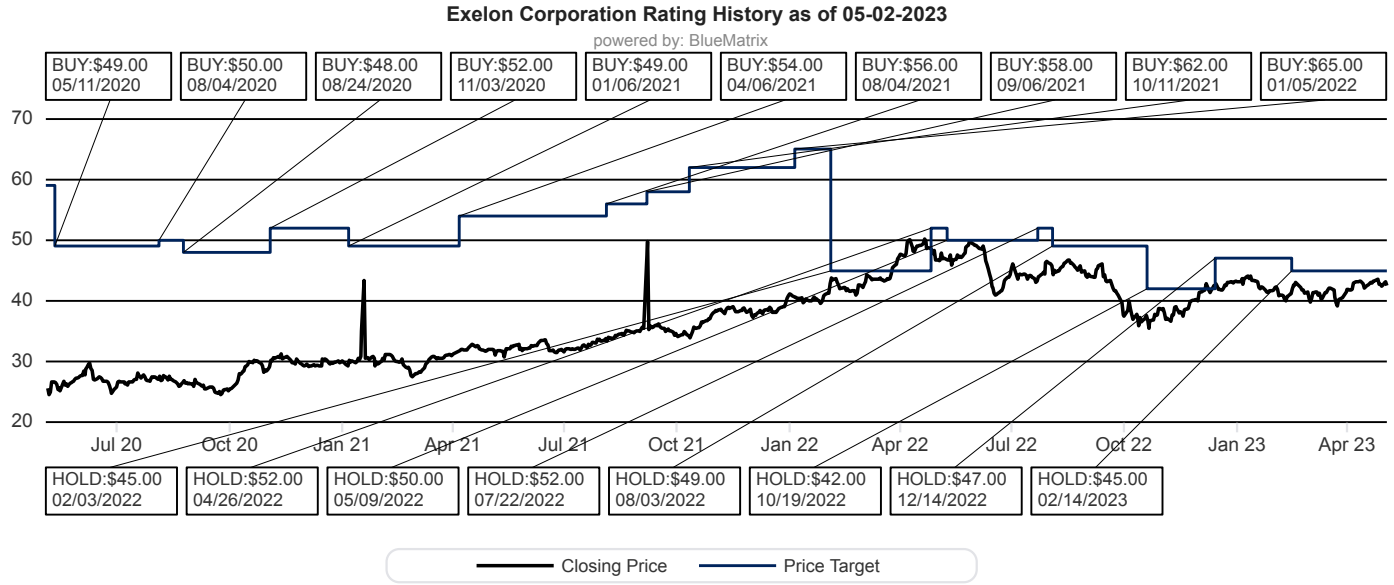

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public (or 144a) offering of securities for an affiliate of Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

OW=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

EW=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

UW=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of May 2, 2023
50.5% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
40.4% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
9.1% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 28.7% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 31.2% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 30.5% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should seek professional advice, including tax advice, to determine whether any advice or recommendation in the

attached research report is suitable for their particular circumstances. The information in this report is provided as of the date of the report and has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. Copyright © 2023 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

KeyBanc Capital Markets

Alert

May 03, 2023

Energy: Electric Utilities

Midweek Thoughts — D, SO, NWE, AEP, EXC, FE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Earlier this week, WEC, OTTR, PEG, EIX, EXC, and AVA reported 1Q23 results. AEP, ES, CEG, PNW, SRE, ED, AEE, and D are scheduled to report later this week. In other news, VEPCO makes a filing with the SCC identifying the riders that it will cease to recover; D files an IRP with the VA SCC; ICC Staff files testimony in SO's Nicor Gas rate case; VA Staff files testimony in SO's Virginia natural gas rate case; SO completes hot functional testing at Vogtle Unit 4; the MT Legislature passes a bill with new environmental review rules; a consulting firm recommends a $203M disallowance in AEP's annual ENEC proceedings; and the PA governor appoints a new commissioner to the PUC.

KBCM Invites You to Join Us at the AGA Financial Forum on May 22-23 in Ft. Lauderdale, FL.
Scroll down for a full schedule of our meetings.

Upcoming Earnings Reports
AEP, ES, CEG, PNW, and **SRE** report BMO tomorrow (Thursday), followed by **ED** after-market. **AEE** and **D** report BMO Friday. Our recently published 1Q23 Preview includes our thesis, expectations, and estimates for our coverage. Earlier this week, **WEC**, **OTTR, PEG, EIX, EXC,** and **AVA** reported earnings. Please scroll down for our takeaway.

Industry News and News from Companies in Our Coverage
D - VEPCO makes a filing with the SCC identifying the riders that it will cease to recover: As mandated by the recently passed legislation, D made a selection of three riders that cover the costs of natural gas Bear Garden and Warren County power stations and the biomass- and coal-fueled Virginia City Hybrid Energy Center, as ones that it will retire. These include Rider R ($55M), Rider S ($191M), and Rider W ($105M). D will combine the recovery of these with base rates and offer a combined $351M in customer rate reduction. We expect that these changes will go into effect on July 1.

D - VEPCO makes an IRP filing, following an "all of the above" approach to generation sources: The 2023 IRP covers the 15-year period starting in 2024-2038 using 2023 as the base year. The 25-year planning period extends to 2048. The plan takes into account PJM-projected annual peak and energy load growth of 5% and 7%, respectively, over the next decade - driven primarily by data centers and less so by electrification trends. Overall, D is projecting the addition of ~20 GW of resources in the 15-year period and ~32 GW (net of retirements) in the 25-year period. D has taken into account the provisions of the IRA and the IIJA in its planning.

- Plan A is offered for information only, and while it meets the RPS requirements of the VCEA, it does not meet the renewables targets mandated in the VCEA.
- Plans B through E are largely similar in the 15-year scenario with the difference being in the case of Plans D and E where lower natural gas generation build is offset by higher nuclear SMR generation capacity to maintain grid reliability through dispatchable resources.
- In the 25-year study period, there is additional solar across all scenarios and accompanying energy storage to balance the intermittency of solar. The 25-year study period also includes meaningfully more nuclear SMRs, especially in Plans D and E where ~11.4 GW of fossil retirements are scheduled.
- All plans assume that D will retire Yorktown 3 (1 GW) and Chesterfield (800 MW) in mid-2023 and will exit the RGGI before YE. Certain biomass units that were scheduled to be retired will remain in service through the 15-year planning period (based on legislation that permits them to do so as long as they are not co-fired with coal).
- The resource additions quoted are net of the 2.6 GW of offshore wind already approved. Plans D and E are designed to get to zero CO_2 emissions by 2048. The plan also assumes that D will seek 20-year extensions for the North Anna nuclear plant (~2 GW).
- SMRs take a meaningful seat at the table, not a surprise given the governor's favorable views toward nuclear power. D outlines the key benefits of SMRs over traditional nuclear including passive safety systems, modular fabrication, scalability as well as dispatch-ability. D plans to watch as costs for SMRs potentially decline with acceleration in acceptance and will adjust cost assumptions over time. It is also conceivable that D further accelerates the deployment of SMRs vs. the plan.

- While not part of the scenarios laid out, D plans to investigate new and emerging technologies including hydrogen as a fuel and as energy storage, CCS, EV as a resource (vehicle to grid technology), RNG, LDES, carbon offsets, direct air capture technology, nuclear fusion, and others.
- The plan has won early praise from the governor who issued a statement endorsing D's "all of the above" approach and the cautious approach towards meeting grid reliability by delaying certain scheduled retirements.

Figure 1 – D – VEPCO IRP Planning Scenarios

Technology (MW)		Plan A	Plan B	Plan C	Plan D	Plan E
Solar	15-year	10,800	10,875	10,800	10,875	11,094
	25-year	19,800	19,875	19,800	23,955	24,294
Wind	15-year	3,040	3,040	3,040	3,040	3,040
	25-year	3,220	3,220	3,220	3,220	3,220
Storage	15-year	1,050	2,370	2,220	2,370	2,910
	25-year	3,960	5,190	5,220	9,780	10,350
Nuclear	15-year		804	804	1,608	1,072
	25-year		1,608	1,608	4,824	4,288
Natural Gas	15-year	5,905	2,910	2,910	970	970
	25-year	9,300	2,910	2,910	970	970
Retirements	15-year					
	25-year				11,399	11,399
Total (net of retirements)	**15-year**	**20,795**	**19,999**	**19,774**	**18,863**	**19,086**
	25-year	**36,280**	**32,803**	**32,758**	**31,350**	**31,723**

Source: Regulatory Filings, KBCM

SO — Staff files testimony in SO's Nicor Gas rate case: IL ICC Staff proposed a $256M revenue increase, premised on a 9.89% ROE, 50% equity, and a 2024 year-end test year. This compares to SO's Nicor Gas request for a $321M revenue increase, premised on a 10.35% ROE and 54.5% equity. The main drivers of the difference are the lower ROE and equity layer and Staff's recommendation to remove incentive compensation based on financial metrics. Staff also recommended denial of Nicor's three proposed riders – Company-use gas cost recovery, vehicle fuel cost recovery, and customer payment fee rider. SO will file rebuttal testimony on May 31; an ICC decision is due by November 28. In its 2021 rate case, SO received a $240M revenue increase, using a 9.75% ROE and 54.46% equity.

SO — Staff files testimony in SO's Virginia natural gas rate case: VA SCC Staff proposed a $24M revenue increase, premised on a 9.5% ROE and 47.05% equity. This compares to the attorney general's office recommendation for a $31M revenue increase and SO's $69M revenue increase request. In addition to the lower ROE and equity layer, the main differences between the Staff and SO's recommendations are the period used for calculating rate base and jurisdictional allocation factors. SO's calculation was premised on a 10.35% ROE and 53.2% equity. Interim rates of $69M went into effect on January 1. Hearings are scheduled to begin June 12, likely followed by an SCC decision in 3Q23.

SO — Hot functional testing completed at Vogtle Unit 4: SO's GP completed hot functional testing on Vogtle Unit 4. HFT was the last series of major tests ahead of fuel load and is critical in verifying the successful operation of reactor components and systems together. SO will now focus on completing the ITAAC process and final preparations before the fuel load in July 2023. SO had 136 ITAAC outstanding as of the 1Q23 earnings call but expects the process to ramp up and be completed by October. As a reminder, SO can seek a prudence review for all costs exceeding $7.3B once fuel load begins at Unit 4. The prudence review will take roughly six months. SO expects Unit 4 to enter service in late 4Q23 or 1Q24, in line with the previous expectation.

NWE — MT Legislature passes bill with new environmental review rules: MT Legislature passed HB 971 and it now awaits the governor's signature. The bill prohibits MT environmental reviews from considering GHG or climate impacts unless the U.S. Congress amends the Clean Air Act. The bill is a likely response to an MT judge revoking the MT DEQ's air quality permit for the gas-powered 175 MW Yellowstone County Generating Station. The judge found that the environmental assessment lacked the required analysis regarding lighting from the plant and GHG emissions and ordered a halt to construction. NWE began construction in April 2022 and expects the plant to enter service YE24. It would appear that if the bill becomes law, it will get challenged in federal courts (similar to the bills related to extending the life of Colstrip that were signed into law in 2021 by the current governor but were later invalidated by a federal judge). NWE will need a new permit that completes the required analysis regarding lighting from the plant. NWE has filed a motion to stay the court's order and has filed an appeal with the MT Supreme Court.

AEP — Consulting firm issues report recommending $203M disallowance in AEP's annual ENEC proceedings: Critical Technologies Consulting issued a report recommending the WV PSC disallow AEP's Wheeling Power and Appalachian Power Co. the recovery of $203M associated with its Expanded Net Energy Cost filing for the 2020-2021 and 2021-2022 periods. The report finds that AEP plants achieved a 32.5% capacity factor, or ~47% of the target of 69%; accordingly, AEP should only be allowed to recover 47% of the $430M of under-recovery or ~$203M should be disallowed. The prudency review is specific to three WV coal plants, the 2,930 MW Amos plant, the 1,560 MW Mitchel plant, and the 1,330 MW Mountaineer plant. The PSC ordered the prudency review in May 2022 after AEP failed to meet the annual capacity factor during the 2020-2021 period. The PSC also deferred any rate increase until the Staff completes the prudence review. The ENEC is an annual rate adjustment mechanism allowing Wheeling and APCo to recover fuel, purchased power, and environmental compliance costs. AEP filed the 2023 ENEC, requesting recovery of ~$642M, including the accumulated under-recovered balance of ~$553M through February 2023, and $89M of increased projects cost for the forecast period from September 2023 through August 2024. AEP proposed two alternate mechanisms to recover the costs and reduce customer bill impacts. AEP also noted that it could not buy more coal during the 2020-2021 and 2021-2022 ENEC periods because supplies were scarce, resulting in a lower capacity factor.

EXC, FE — PA governor appoints new commissioner to the PUC: PA Governor Josh Shapiro appointed Kimberly Barrow to a five-year term at the PA PUC. Ms. Barrow replaces Commissioner Gladys Dutrieuille, who served as Chief of Staff for several years. The Senate must confirm the governor's appointees. Upon confirmation, Barrow will join Commissioners Stephen DeFrank, Katie Zerfuss, John Coleman, and Ralph Yanora. Since Commissioner Dutrieuille was the Chair of the PUC, the governor must also appoint one of the five commissioners as the Chairperson. In PA, we are currently tracking the FE's PA reorganization. We expect FE to file a rate case in 1Q24.

Earnings Recap

AVA — AVA reported 1Q results well below consensus, but in line with Company expectations, as the Company attributed the miss to a shift in timing in earnings cadence in 2023. As a result, the Company maintained its 2023 EPS guidance across its segments, including maintaining a $0.03 full-year benefit from the ERM after power costs drove an $0.08 negative impact in 1Q23. While AVA's near-term guidance remains intact, the Company will continue to experience regulatory lag over the next two years without significant relief until 2025. Read our full report here.

EXC — EXC delivered better than expected 1Q23 results and reiterated 2023 guidance and the long-term EPS CAGR of 6-8%. Management is methodically tackling rate filings in multiple jurisdictions - especially IL's first MYRP at ComEd. Overall, there appear to be significant investment opportunities across its service territories, lending support to the 6-8% targeted growth rate. While the weather was a drag at PECO during the 1Q, management expects to offset the negative impact through O&M management, and we do not see it as a risk to the full-year outlook. Read our full report here.

EIX — EIX reported better than expected 1Q results and reiterated guidance for 2023 and through 2025. Longer-dated guidance will come with 2Q earnings as the Company incorporates the impending GRC and associated capex into the long-term plan. Overall, we sense cautious optimism that the Company is turning the corner from the 2017/2018 wildfire and mudslide events as it prepares for a cost recovery filing and begins to think of long-term investments in grid enhancements to accommodate growing electrification demand and associated load growth (which could be 2% annually for more than a decade). Wildfire mitigation investments are yielding results, and we still expect them to be a prominent part of ongoing capex. Read our full report here.

OTTR — OTTR reported EPS of $1.49 vs. our estimate of $0.97 and consensus of $1.01. The momentum in the Plastics and Manufacturing segments continued into 1Q, resulting in the 1Q beat and an increase to 2023 guidance. OTTR expects to see a step-down in profitability in Plastics in 2H23, as sales prices recede. OTTR will remain levered toward the manufacturing segment in 2023, but maintained its long-term earnings mix, with expectations of reaching the desired levels in 2024. OTTR also raised its capital plan to incorporate the supplemental IRP filing and is considering a late-2023 ND GRC filing. OTTR maintained its long-term growth rate of 5-7%. Read our full report here.

PEG — PEG reported an above-consensus quarter and reiterated full-year guidance of $3.40-$3.50 (~flat vs. 2022 due to pension-related headwinds). PSE&G results were in line and with decoupling in place, results were not negatively impacted despite record warmth in 1Q. There is no change in the 2023 EPS guidance, which was reiterated at the March analyst day. Capex plans are intact with the potential for $3B-$7B in potential upside over the next decade as NJ clean energy transition plans come into focus, and possibly some upside from the offshore wind transmission build-out as well. With pension-related headwinds incorporated into the EPS outlook, we see the rate case filing toward the end of the year as the next data point to watch. Read our full report here.

WEC — WEC reported 1Q EPS above guidance, but in line with consensus, as anticipated headwinds (O&M, interest) were compounded with mild weather. WEC provided below-Street 2Q guidance but expects a material improvement in the back half of the year and, therefore, felt confident in maintaining the 2023 outlook and the 6.5-7% long-term EPS growth rate. WEC continues to invest heavily in renewables with $5.4B included in its five-year plan, but solar panel availability has yet to be remedied and has the Company exploring alternative options for future projects. Read our full report here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

KBCM Schedule at the AGA 2023 (Tentative Agenda; All Times Eastern Daylight):

Monday, May 22

7:50 AM – Ameren Corporation (AEE)
8:40 AM – Sempra Energy (SRE)
9:30 AM – NorthWestern Corp (NWE)
10:20 AM – Dominion Energy, Inc. (D)
11:55 AM – Duke Energy Corporation (DUK)
12:50 PM – Avista Corporation (AVA)
1:50 PM – DTE Energy Company (DTE)
2:40 PM – CMS Energy Corporation (CMS)
3:30 PM – Xcel Energy Inc. (XEL)
4:20 PM – WEC Energy Group, Inc. (WEC)

Tuesday, May 23

8:30 AM – Consolidated Edison, Inc. (ED)
9:20 AM – Public Service Enterprise Group Incorporated (PEG)
11:00 AM – CenterPoint Energy, Inc. (CNP)

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

NWE: Constructive Settlement Reached in MT GRC

CMS: Notes from Management Meetings

PEG: Constructive AD Update; Remain SW

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Utilities 1Q23 Earnings Preview: It's Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	260	49.71	40	15.38
Sector Weight [SW]	256	48.95	37	14.45
Underweight [UW]	7	1.34	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	11	50.00
Sector Weight [SW]	31	54.39	11	35.48
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Impact

May 3, 2023 | 17:56 ET~

Exelon

BMO Capital Markets

EXC-NSDQ	Rating	Price: May-3	Target	Total Rtn
	Outperform	$42.33	$46.00	12%

"EXC"-ecuting the Plan – 1Q23 Beat

Bottom Line:

EXC reported 1Q23 EPS of $0.70 versus our $0.67 estimate and $0.66 for consensus. Year-over-year results increased by +$0.06. **Management reaffirmed its 2023 guidance of $2.30-2.42 versus $2.36 BMO/consensus estimates as well as its expectation of reaching 9-10% earned returns by year-end**. Longer term, the company also reaffirmed its 2021-2025 and 2022-2026 EPS CAGRs of 6-8%, with an expectation of being at the midpoint or better. **We reiterate our Outperform rating and our recently updated target price of $46.**

Key Points

Management reaffirmed its 2023 guidance of $2.30-2.42 versus $2.36 BMO/ consensus estimates as well as its expectation of reaching 9-10% earned returns by year-end. Longer term, the company also reaffirmed its 2021-2025 and 2022-2026 EPS CAGRs of 6-8%, with an expectation of being at the midpoint or better. The company continues to see the payout ratio of ~60% allowing the dividend to grow in line with earnings. Management expects the remaining $425mm of equity issuance to be completed by 2025.

Furthermore, it continues to expect credit metrics in the 13-14% over the forecast period, providing 100-200bps of cushion to its 12% downgrade threshold. Looking at 2023, the company has managed incremental interest rate risk by already completing 80% of its planned issuances. Short-term debt balances totaled ~$1bn with $500mm at the Parent.

The regulatory calendar remains busy with several ongoing cases. **The ComEd case remains the focal point for most investors with intervenor testimony due on 5/18/23, evidentiary hearings in late August, and an order by the end of the year.** During the quarter, the company filed rate cases in MD and NJ.

EXC's headline beat to start the year included a mix of one-time benefits in favorable comps from CMC carrying costs that helped offset non-recurring headwinds in the form of mild weather. With the addition of cost control and some timing considerations, management's plan is on track, and it reaffirmed its 2023 guidance of $2.30-2.42. **Shares of EXC trade at a 3-4% discount to the group which we believe offers significant risk-adjusted value for its low-risk T&D investment strategy. Accordingly, EXC remains an anchor on the GARP side of our BMO Barbell, and we reiterate our Outperform rating.** In the near-term, additional multiple expansion is likely to be tied to successful navigation of the regulatory calendar.

For disclosure statements, including the Analyst Certification, please refer to page(s) 6 to 9.

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (212) 885-4007

Edward M DeArias, CFA — VP Associate
edward.dearias@bmo.com — (347) 274-1556

Tanmay Pandit — Associate
tanmay.pandit@bmo.com — (929) 837-9154

Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.44	Shares O/S (mm)	994.1
Yield	3.4%	Market Cap (mm)	$42,082
P/BV	1.2x	Net Debt (mm)	$33,547

BMO Estimates				in $
(FY-Dec.)	2021A	2022A	2023E	2024E
EPS	$1.83	$2.27	$2.36	$2.50
DPS	$1.53	$1.35	$1.44	$1.53
EBIT	$2,614	$3,780	$4,063	$4,351
EBITDA	$10,516	$7,261	$7,722	$8,190

Consensus Estimates				
	2021A	2022A	2023E	2024E
EPS			$2.36	$2.51

Valuation				
	2021A	2022A	2023E	2024E
P/E	23.1x	18.7x	18.0x	16.9x
Div. Yield (%)	3.6%	3.2%	3.4%	3.6%

QTR. EPS	Q1	Q2	Q3	Q4
2021A	$0.52	$0.49	$0.65	$0.44
2022A	$0.64	$0.44	$0.75	$0.43
2023E	$0.70a	$0.49	$0.67	$0.53
2024E	$0.71	$0.52	$0.71	$0.56

Notes : Prior numbers reflect our pre-spin estimates

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook, and supportive regulatory environment position the company well to drive multiple expansion.

Exelon - Block Summary Model

Income Statement	2021A	2022A	2023E	2024E
Generation	0	0	0	0
Com Ed	1,255	1,412	1,467	1,554
PECO	651	780	838	894
BGE	481	651	721	776
PHI	801	997	1,062	1,153
Parent and Other	(574)	(61)	(26)	(26)
Consolidated EBIT	2,943	4,060	4,318	4,606
Depreciation & Amortization	7,573	3,201	3,404	3,584
EBITDA	10,516	7,261	7,722	8,190
Interest Expense	1,342	1,431	1,520	1,614
Income Tax	38	455	497	532
Income from continuing operations	1,791	2,227	2,353	2,513
Weighted Average Shares Outstanding	979	982	998	1,006
Diluted Operating EPS	$1.83	$2.27	$2.36	$2.50
Dividends per Share	$1.53	$1.35	$1.44	$1.53
Cash Flow Statement	**2021A**	**2022A**	**2023E**	**2024E**
Operating Cash Flow	3,012	5,228	5,557	5,897
Investing Cash Flow	(3,317)	(6,950)	(7,050)	(7,450)
Financing Cash Flow	758	1,415	1,506	1,411
Net Change in Cash Flow	453	(307)	13	(143)
EOP Cash on Balance Sheet	1,619	1,312	1,325	1,182
Common stock (net)	80	500	667	167
Net debt issued/(repaid)	3,140	2,240	2,275	2,785
Dividends paid	(1,497)	(1,325)	(1,436)	(1,541)
Balance Sheet	**2021A**	**2022A**	**2023E**	**2024E**
Common Equity	34,795	35,795	37,379	38,518
Preferred Equity	0	0	0	0
Total Debt	34,540	36,300	38,575	39,746
Enterprise Value	$74,176	$76,078	$78,954	$80,421
Common equity %	50.2%	49.6%	49.2%	49.2%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	49.8%	50.4%	50.8%	50.8%
Book Value per Share	$35.54	$36.46	$37.44	$38.28

Source: BMO Capital Markets, Company Reports

Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2025E EPS as a base, which we then adjust (premium, discount, or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $52.00

Our upside scenario reflects continued multiple expansion associated with the execution of the company's current ComEd MYRP which should crystalize the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $38.00

Our downside scenario reflects a tightening monetary policy, suboptimal regulatory outcomes that lead to a deceleration of the company's rate base growth.

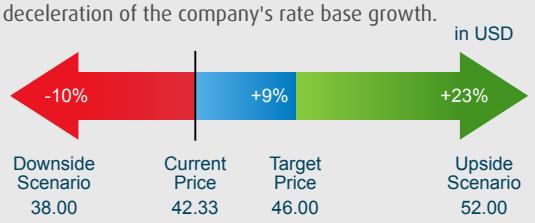

Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18-months as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 88% of rate base.

BMO Top 15 List

BMO Top 15 List Member

Income Stock

EXC-NSDQ Research

Glossary

Company Models

Executing the Plan – 1Q23 Beat

Bottom Line: EXC's headline beat to start the year included a mix of one-time benefits in favorable comps from CMC carrying costs that helped offset non-recurring headwinds in the form of mild weather. With the addition of cost control and some timing considerations, management's plan remains on track, and it reaffirmed its 2023 guidance of $2.30-2.42. **Shares of EXC trade at a 3-4% discount to the group, which we believe offers significant risk-adjusted value for its low-risk T&D investment strategy. Accordingly, EXC remains an anchor on the GARP side of our BMO Barbell, and we reiterate our Outperform rating.** In the near term, additional multiple expansion is likely to be tied to successful navigation of the regulatory calendar. Our recently updated target price remains $46.

EXC reported 1Q23 EPS of $0.70 versus our $0.67 estimate and $0.66 for consensus. Year-over-year results increased by +$0.06 with ComEd adding +$0.05 (+$0.04 distribution rates and +$0.01 CMC carrying costs), PHI adding +$0.03, and Corporate adding +$0.02 (includes +$0.02 tax benefit to reverse in year) that was partially offset by a ($0.04) headwind at PECO. The company faced ($0.05) of weather headwind year-over-year composed of ($0.04) at PECO and ($0.01) at PHI. Looking ahead to the rest of the year, management expects to offset the weather with cost control, favorable depreciation at PECO, and the full year benefit from the CMC carrying costs (+$0.03).

Accordingly, management reaffirmed its 2023 guidance of $2.30-2.42 versus $2.36 BMO/consensus estimates as well as its expectation of reaching 9-10% earned returns by year-end. Longer term, the company also reaffirmed their 2021-2025 and 2022-2026 EPS CAGRs of 6-8% with an expectation of being at the midpoint or better. The company continues to see the payout ratio of ~60% allowing the dividend to grow in-line with earnings. Management expects the remaining $425 million of equity issuance to be completed by 2025.

Furthermore, the company continues to expect credit metrics in the 13-14% over the forecast period, providing 100-200bps of cushion to its 12% downgrade threshold. Looking at 2023, the company has managed incremental interest rate risk by already completing 80% of its planned issuances. Short-term debt balances totaled ~$1 billion with $500 million at the parent.

The regulatory calendar remains busy with several on-going cases. **The ComEd case remains the focal point for most investors with intervenor testimony due on 5/18/23, evidentiary hearings in late August, and an order by the end of the year.** During the quarter, the company filed rate cases in MD and NJ. At ACE, the company requested a 10.5% ROE and expects an order in 1Q24, though it will be eligible to implement interim rates subject to refund on November 17. For BGE in MD, the company is undergoing its second multi-year plan that covers years 2024-2026. The company expects an order in December of 2023. In DC, the company's PEPCO subsidiary also recently filed a 2024-2026 multi-year plan to cover its climate-ready pathway multi-year plan.

Exhibit 1: EXC Summary Model

EXC Model Summary	2020A	2021A	2022A	2023E	2024E	2025E
EPS By Segment						
EXC Gen	$1.44					
Com Ed	$0.66	$0.76	$0.88	$0.87	$0.93	$0.98
PECO	$0.47	$0.51	$0.57	$0.60	$0.62	$0.74
BGE	$0.37	$0.42	$0.43	$0.47	$0.50	$0.54
PHI	$0.52	$0.57	$0.64	$0.67	$0.74	$0.81
Parent & Other	($0.24)	($0.43)	($0.26)	($0.25)	($0.30)	($0.35)
Consolidated E.P.S.	**$3.22**	**$1.83**	**$2.27**	**$2.36**	**$2.50**	**$2.72**
Growth						
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**
Growth				6.5%	6.5%	6.5%
Implied Payout Ratio	47.6%	83.6%	59.5%	61.0%	61.3%	59.9%
Dividend Yield	3.6%	3.6%	3.2%	3.4%	3.6%	3.9%
Valuation Metrics						
Price to Earnings	12.9x	22.7x	18.3x	17.6x	16.6x	15.2x
Price to Book Value	1.2x	1.2x	1.1x	1.1x	1.1x	1.1x
Funding Sources						
Cash Flow from Operations	$4,235	$3,012	$5,228	$5,557	$5,897	$6,271
Total Debt Financings	$8,168	$4,780	$4,300	$3,075	$3,585	$3,748
Total Equity Financings	$45	$80	$500	$667	$167	$167
Credit Metrics						
Total Debt/Capitlization	55%	50%	51%	51%	51%	52%
FFO/Total Debt	21%	28%	14%	13%	13%	14%
EBITDA/Interest Expense	7.0x	7.8x	5.1x	5.1x	5.1x	5.0x
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%
Regulated Operations Performance - Realized ROE (1)						
ComEd	8.7%	9.2%	10.0%	9.3%	9.5%	9.6%
PECO	11.0%	10.9%	11.0%	10.5%	10.0%	10.9%
BGE	9.7%	10.1%	9.7%	9.8%	9.9%	10.0%
PHI	9.1%	9.3%	9.6%	9.6%	9.8%	9.9%

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 2: EXC Model Assumptions

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2025E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	5%	$0.98	13.9x	$14	16.9x	$17	18.9x	$19
PECO	EPS	2%	$0.74	13.5x	$10	16.5x	$12	18.9x	$14
BGE	EPS	4%	$0.54	13.8x	$7	16.8x	$9	18.9x	$10
PHI	EPS	7%	$0.81	14.2x	$12	17.2x	$14	18.9x	$15
Parent & Other	EPS	5%	($0.35)	13.9x	($5)	16.9x	($6)	18.9x	($7)
Utility Value			**$2.72**	**13.9x**	**$38**	**16.9x**	**$46**	**18.9x**	**$52**
Upside/(Downside)					(11%)		9%		22%
Current Yield					3%		3%		3%
Total Return					**(7%)**		**12%**		**25%**

Source: BMO Capital Markets, Company Filings

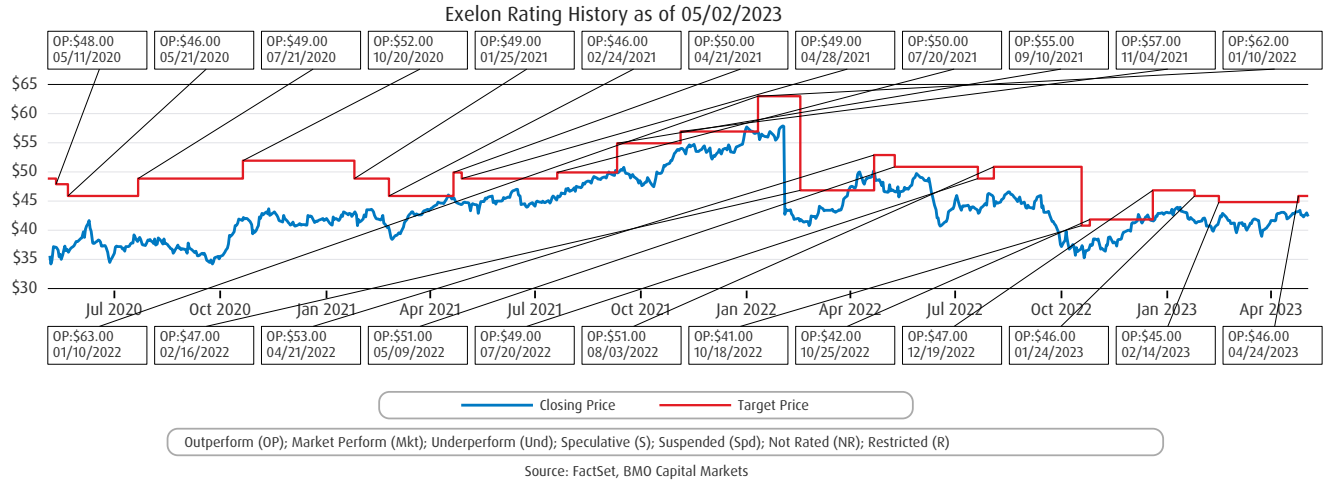

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Adverse outcomes in the company's inaugural MYRP filing in IL, DE electric rate case and 2025 PECO electric GRC. Despite having nearly a 1% cushion over its 12% downgrade threshold, the ability to meet its stated credit metrics given adverse impacts from severe storms, fuel deferrals and other unforeseen expenses.

Distribution of Ratings (May 02, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	47.2 %	17.7 %	50.6 %	53.4 %	60.5 %	57.7%
Hold	Market Perform	49.9 %	15.5 %	46.8 %	44.7 %	38.0 %	37.5%
Sell	Underperform	2.9 %	14.3 %	2.5 %	1.7 %	1.0 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 151 West 42nd St, 33rd Floor, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any

errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at May 03, 2023, 17:56 ET. and disseminated at May 03, 2023, 17:56 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2023 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

UBS

Exelon Corp

Solid Update, Focus Turns to ComEd Case

Equities

Americas
Electric Utilities

12-month rating	**Buy**
12m price target	**US$48.00**
Price (03 May 2023)	**US$42.33**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$49.85-35.54
Market cap.	US$42.1b
Shares o/s	994m (COM)
Free float	100%
Avg. daily volume ('000)	7,491
Avg. daily value (m)	US$312.2
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.6x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E			
	From	To	% ch	Cons.
Q1	0.60	0.70	16	0.66
Q2E	0.50	0.41	-17	0.50
Q3E	0.76	0.76	0	0.72
Q4E	0.51	0.50	-2	0.50
12/23E	2.36	2.36	0	2.37
12/24E	2.54	2.54	0	2.51
12/25E	2.82	2.77	-2	2.74

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Key Catalyst Upcoming

We belive today's update from EXC reinforced our Buy rated thesis that the company can deliver stable and consistent earnings growth in the 7-8% range through 2026 and the current valuation overly discounts the execution risks. The company has a key catalyst upcoming on 5/22 when the Illinois Commerce Commission Staff will file testimony in ComEd's first multi-year rate plan case. ComEd represents ~37% of the earnings power for EXC and securing a constructive regulatory outcome should provide evidence to investors that the company's target of the midpoint or better on the 6-8% EPS CAGR through 2026 is achievable. We belive many of the key debate points in the case were guided by the Climate and Equitable Jobs Act and we don't believe ComEd's equity ratio request of ~51% should be contentious. A key item will be the allowed ROE, where the company is seeking a year 1 ROE of 10.50% in 2024, rising to 10.65% in year 4 in 2027. See our note here for more details. Every 50bps is worth ~6c or 2% to EPS in '24. The last ROE authorized by the ICC (not under the FRP) was for SO's NICOR gas subsidiary in Nov. '21 and it was 9.75%. The ICC Staff will file testimony in WEC's People's gas case on 5/8, which could be a read-through for the ComEd case.

Remaining ComEd Litigation Appears Manageable

Following the guilty verdict in the trial of several former ComEd employees this week, EXC addressed the remaining litigation exposure from lobbying activities in Illinois. On the call and in the 10-Q, the company disclosed an expected $173mm exposure to a shareholder lawsuit, where the full amount would be covered by insurance. There remains three derivative lawsuits, one in which the company would receive a cash benefit if any settlement or verdict was reached. There were three consumer fraud cases brought, two of which have been dismissed. An SEC investigation remains ongoing. The company has not quantified any of the remaining litigation other than the case where insurance will cover damages. We don't belive the outstanding cases should represent a material overhang to the stock.

Quarter Results Inline, Tweaking '25/'26 Estimates

In the quarter, the company did benefit from 1c of carbon mitigation credits, which we expect to be nonrecurring and the company will have the ability to more timely true up this balance post early 2024. We have lowered our '25/'26 by 5c to account for revised rate case assumptions, but our '23-'26 EPS CAGR remains in the upper half of the 6-8% range at 7.8%.

Valuation:

We main our Buy rating and $48 target price.

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)
Profitability/valuation	**12/20**	**12/21**	**12/22**	**12/23E**	**12/24E**	**12/25E**	**12/26E**	**12/27E**
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	10.2	9.6	8.9	8.3	9.7
P/E (UBS, diluted) x	22.4	25.7	19.7	17.9	16.7	15.3	14.3	13.3
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(6.9)	(2.9)	(3.2)	(2.6)	(1.3)
Dividend yield (net) %	2.9	2.9	3.0	3.4	3.7	3.9	4.2	4.5

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 42.33 on 03-May-2023 17:10:10 EDT

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 6.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Revenues	**15,436**	**17,938**	**19,078**	**18,406**	*-3.5*	**18,970**	*3.1*	**19,644**	**20,365**	**21,063**
Gross profit	9,715	11,554	12,703	12,031	*-5.3*	12,595	*4.7*	13,269	13,990	14,688
EBITDA (UBS)	**5,445**	**5,715**	**6,640**	**7,466**	*12.4*	**7,970**	*6.8*	**8,577**	**9,234**	**9,873**
Depreciation & amortisation	(2,891)	(3,033)	(3,325)	(3,563)	*-7.2*	(3,815)	*-7.1*	(4,088)	(4,367)	(4,646)
EBIT (UBS)	**2,554**	**2,682**	**3,315**	**3,902**	*17.7*	**4,155**	*6.5*	**4,489**	**4,867**	**5,227**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	597	261	535	535	*0.0*	584	*9.2*	584	584	584
Net interest	(1,278)	(1,289)	(1,447)	(1,464)	*-1.2*	(1,533)	*-4.7*	(1,583)	(1,695)	(1,742)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**1,873**	**1,654**	**2,403**	**2,973**	*23.7*	**3,206**	*7.8*	**3,490**	**3,756**	**4,069**
Tax	(118)	(38)	(349)	(619)	*-77.5*	(666)	*-7.5*	(715)	(780)	(841)
Profit after tax	**1,755**	**1,616**	**2,054**	**2,353**	*14.6*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Preference dividends	(9)	0	0	0	-	0	-	0	0	0
Minorities	(6)	175	185	0	-	0	-	0	0	0
Extraordinary items	(352)	(175)	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,388**	**1,616**	**2,239**	**2,353**	*5.1*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Net earnings (UBS)	**1,740**	**1,791**	**2,239**	**2,353**	*5.1*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Tax rate (%)	6.3	2.3	14.5	20.8	*43.5*	20.8	*-0.3*	20.5	20.8	20.7

Per Share (US$)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
EPS (UBS, diluted)	1.78	1.83	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
EPS (local GAAP, diluted)	1.42	1.65	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
EPS (UBS, basic)	1.78	1.83	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	*6.7*	1.55	*7.6*	1.67	1.79	1.91
Cash EPS (UBS, diluted) [1]	4.74	4.92	5.64	5.94	*5.3*	6.35	*7.0*	6.85	7.30	7.78
Book value per share	20.66	35.09	24.89	26.03	*4.6*	27.02	*3.8*	28.14	29.45	30.81
Average shares (diluted)	977	980	987	996	*0.9*	1,000	*0.4*	1,002	1,006	1,012

Balance Sheet (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Cash and equivalents	437	672	1,090	885	*-18.8*	25	*-97.2*	416	376	343
Other current assets	5,178	13,285	6,246	7,411	*18.7*	7,568	*2.1*	7,756	7,957	8,151
Total current assets	**5,615**	**13,957**	**7,336**	**8,296**	*13.1*	**7,593**	*-8.5*	**8,172**	**8,332**	**8,494**
Net tangible fixed assets	60,370	64,558	69,076	72,663	*5.2*	76,398	*5.1*	80,485	84,494	88,223
Net intangible fixed assets	6,630	6,630	6,630	6,630	*0.0*	6,630	*0.0*	6,630	6,630	6,630
Investments / other assets	8,608	47,868	12,307	12,307	*0.0*	12,307	*0.0*	12,307	12,307	12,307
Total assets	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,928**	*3.0*	**107,594**	**111,763**	**115,653**
Trade payables & other ST liabilities	5,019	12,710	6,223	5,727	*-8.0*	5,845	*2.1*	5,986	6,137	6,283
Short term debt	2,813	3,401	4,388	3,386	*-22.8*	2,736	*-19.2*	4,743	2,936	3,136
Total current liabilities	**7,832**	**16,111**	**10,611**	**9,113**	*-14.1*	**8,581**	*-5.8*	**10,729**	**9,073**	**9,419**
Long term debt	29,308	31,139	35,662	40,537	*13.7*	43,012	*6.1*	44,355	48,755	50,755
Other long term liabilities	23,886	50,968	24,332	24,332	*0.0*	24,332	*0.0*	24,332	24,332	24,332
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**61,026**	**98,218**	**70,605**	**73,982**	*4.8*	**75,925**	*2.6*	**79,416**	**82,160**	**84,506**
Common s/h equity	**20,186**	**34,393**	**24,744**	**25,913**	*4.7*	**27,002**	*4.2*	**28,178**	**29,603**	**31,148**
Minority interests	11	402	0	0	-	0	-	0	0	0
Total liabilities & equity	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,928**	*3.0*	**107,594**	**111,763**	**115,653**

Cash Flow (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Net income (before pref divs)	1,397	1,616	2,239	2,353	*5.1*	2,540	*7.9*	2,775	2,976	3,227
Depreciation & amortisation	2,891	3,033	3,325	3,563	*7.2*	3,815	*7.1*	4,088	4,367	4,646
Net change in working capital	(246)	(816)	1,184	(1,660)	-	(39)	*97.6*	(47)	(50)	(48)
Other operating	(588)	(821)	(1,878)	0	-	0	-	0	0	0
Operating cash flow	**3,454**	**3,012**	**4,870**	**4,256**	*-12.6*	**6,316**	*48.4*	**6,815**	**7,292**	**7,825**
Tangible capital expenditure	(6,301)	(7,981)	(7,147)	(7,150)	*0.0*	(7,550)	*-5.6*	(8,175)	(8,375)	(8,375)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	877	16	0	-	0	-	0	0	0
Other investing	7	3,787	141	0	-	0	-	0	0	0
Investing cash flow	**(6,294)**	**(3,317)**	**(6,990)**	**(7,150)**	*-2.3*	**(7,550)**	*-5.6*	**(8,175)**	**(8,375)**	**(8,375)**
Equity dividends paid	(1,486)	(1,497)	(1,334)	(1,435)	*-7.5*	(1,551)	*-8.1*	(1,674)	(1,801)	(1,933)
Share issues / (buybacks)	0	0	563	250	*-55.6*	100	*-60.0*	75	250	250
Other financing	1,629	(885)	(2,660)	0	-	0	-	0	0	0
Change in debt & pref shares	2,602	3,140	5,022	3,873	*-22.9*	1,825	*-52.9*	3,350	2,593	2,200
Financing cash flow	**2,745**	**758**	**1,591**	**2,688**	*69.0*	**374**	*-86.1*	**1,751**	**1,042**	**517**
Cash flow inc/(dec) in cash	**(95)**	**453**	**(529)**	**(205)**	*61.2*	**(860)**	*-318.8*	**391**	**(40)**	**(33)**
FX / non cash items	0	(218)	947	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(95)**	**235**	**418**	**(205)**	-	**(860)**	*-318.8*	**391**	**(40)**	**(33)**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Exelon Corp (EXC.O)

Valuation (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
P/E (local GAAP, diluted)	28.1	28.5	19.7	17.9	16.7	15.3	14.3	13.3
P/E (UBS, diluted)	22.4	25.7	19.7	17.9	16.7	15.3	14.3	13.3
P/CEPS	8.4	9.5	7.9	7.1	6.7	6.2	5.8	5.4
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(6.9)	(2.9)	(3.2)	(2.6)	(1.3)
Dividend yield (net) %	2.9	2.9	3.0	3.4	3.7	3.9	4.2	4.5
P/BV	1.9	1.3	1.8	1.6	1.6	1.5	1.4	1.4
EV/revenues (core)	4.8	4.6	4.1	4.2	4.0	3.9	3.8	4.6
EV/EBITDA (UBS core)	13.5	14.4	11.8	10.2	9.6	8.9	8.3	9.7
EV/EBIT (core)	28.9	30.6	23.6	19.6	18.4	17.0	15.7	18.4
EV/OpFCF (core)	28.9	30.6	23.6	19.6	18.4	17.0	15.7	18.4
EV/op. invested capital	1.4	1.3	1.1	1.1	1.1	1.0	0.9	1.1

Enterprise value (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Market cap.	38,844	45,975	43,902	42,076	42,076	42,076	42,076	42,076
Net debt (cash)	30,329	32,776	32,776	32,776	32,776	32,776	32,776	52,432
Buy out of minorities	11	402	0	0	0	0	0	0
Pension provisions/other	4,503	2,862	1,616	1,616	1,616	1,616	1,616	1,616
Total enterprise value	**73,687**	**82,015**	**78,294**	**76,468**	**76,468**	**76,468**	**76,468**	**96,124**
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	**73,687**	**82,015**	**78,294**	**76,468**	**76,468**	**76,468**	**76,468**	**96,124**

Growth (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenue	(0.5)	16.2	6.4	(3.5)	3.1	3.6	3.7	3.4
EBITDA (UBS)	(5.5)	5.0	16.2	12.4	6.8	7.6	7.7	6.9
EBIT (UBS)	(16.2)	5.0	23.6	17.7	6.5	8.0	8.4	7.4
EPS (UBS, diluted)	(7.1)	2.6	24.1	4.1	7.5	9.0	6.9	7.8
Net DPS	(7.1)	16.6	0.0	6.7	7.6	7.7	7.2	6.7

Margins & Profitability (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Gross profit margin	62.9	64.4	66.6	65.4	66.4	67.5	68.7	69.7
EBITDA margin	35.3	31.9	34.8	40.6	42.0	43.7	45.3	46.9
EBIT (UBS) margin	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
Net earnings (UBS) margin	11.3	10.0	11.7	12.8	13.4	14.1	14.6	15.3
ROIC (EBIT)	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
ROIC post tax	4.4	4.1	4.1	4.5	4.5	4.7	4.8	4.9
ROE (UBS)	8.9	6.6	7.6	9.3	9.6	10.1	10.3	10.6

Capital structure & Coverage (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Net debt / EBITDA	5.8	5.9	5.9	5.8	5.7	5.7	5.6	5.4
Net debt / total equity %	156.9	97.3	157.5	166.1	169.3	172.8	173.3	171.9
Net debt / (net debt + total equity) %	61.1	49.3	61.2	62.4	62.9	63.3	63.4	63.2
Net debt/EV %	41.2	40.0	46.5	53.6	58.0	61.7	65.4	54.5
Capex / depreciation %	NM	NM	NM	NM	197.9	200.0	191.8	180.3
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	2.0	2.1	2.3	2.7	2.7	2.8	2.9	3.0
Dividend cover (UBS)	1.5	1.4	1.7	1.6	1.6	1.7	1.7	1.7
Div. payout ratio (UBS) %	64.9	73.8	59.5	60.9	61.0	60.3	60.5	59.8

Revenues by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
Total	**15,436**	**17,938**	**19,078**	**18,406**	**18,970**	**19,644**	**20,365**	**21,063**

EBIT (UBS) by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Total	**2,554**	**2,682**	**3,315**	**3,902**	**4,155**	**4,489**	**4,867**	**5,227**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Forecast returns

Forecast price appreciation	+13.4%
Forecast dividend yield	3.5%
Forecast stock return	+16.9%
Market return assumption	9.0%
Forecast excess return	+7.9%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $48 premised on a 9% premium to the group multiple or 18.9x our $2.54/share earnings forecast for 2024. Our 9% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 5% discount for a 3rd quartile regulatory ranking overall, a 4% premium for 1st quartile earnings growth and a 5% premium for energy transition.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 03 May 2023 09:44 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$42.33	03 May 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

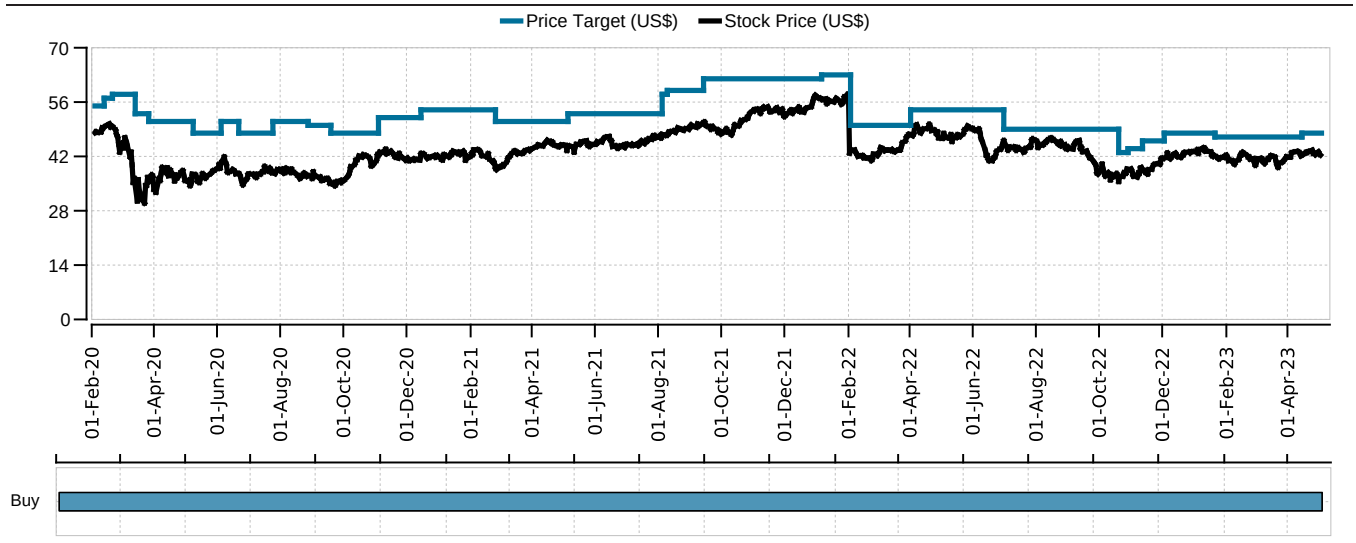

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-02-03	48.20	55.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy

Source: UBS;as of 03-May-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

GUGGENHEIM

May 3, 2023

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC: Quiet Update Ahead of Key Regulatory Processes

Key Message: Exelon kicked off the new year with a slight beat despite the drag of unfavorable weather at PECO, with management using the quieter quarter to reaffirm the refreshed plan it laid out on the 4Q call and review its positioning ahead of several major rate cases this spring/summer. To that end, the most immediate data point remains the IL MYP, where intervenor testimony will land on the 22nd and set a clearer picture of the bid-ask. With almost all of the year's cases awaiting intervenor testimony and the financing plan 80% complete, the balance of management's update was decidedly straightforward – a welcome departure from prior quarters. Of note, we also received several investor queries this afternoon regarding the composition of the quarter's earnings (e.g., CMC benefit), which we touch on below. We caught up with management.

Execution, execution, execution. EXC's regulatory and financing plans remained on autopilot this quarter, with few incremental data points on the former setting up what we saw as a decidedly straightforward update. Management continues to await initial intervenor testimony this quarter in its two largest cases (ComEd and BGE&E), with the 5/22 deadline for Illinois a key data point for understanding the bid-ask in the company's first multi-year plan before a reconstituted ICC. As a reminder, the company has proposed to defer roughly 35% of the 2024 increase to 2026 (CEJA allowed up to 50%), which management framed in our conversation as a blend of both remaining EDIT flowbacks and a desire to moderate impacts on 2026 as well. We continue to model an ascent to high 9% allowed ROEs in 2024 and beyond, which we see as reasonable in light of gas LDC alloweds - yesterday ICC Staff recommended a 9.89% ROE for Nicor. We also asked about management's thoughts around the ability to earn performance incentives going forward, with the team emphasizing that the current plan is neutral on the potential ~32bps of upside. As with AEE, we remain on the lookout for data points on the potential ramp up of at least some initial realization of the incentives.

Looking ahead, management affirmed 2023 EPS guidance in the range of $2.30-$2.42, vs. our $2.36, which remains unchanged. In line with management's latest commentary, we have slightly lowered our 2Q estimate to reflect expectations for ~17% of EPS to fall in the quarter. We received some investor inbounds about the timing items that ultimately drove some of the divergence in earnings vs. prior quarters (~19% in 2Q22), with management emphasizing that it is unique to 1H23. A similar situation holds for the $0.01 of earnings tailwinds from the CMC carrying costs, which were driven by a step up in the deposit rate on the reg asset from 0% to 5%. While the CMCs are just a passthrough, the size of the amount to be recovered was uniquely large after commodity volatility in 2022 (credits are given to customers based on forwards, while CEG sells on spot).

EXC reported 1Q23 EPS of $0.70, just ahead of our estimate and consensus ($0.67/ $0.70). YoY adjusted earnings were $0.06 higher, reflecting higher distribution rates across the utilities, partially offset by weather and other items. Across the opcos, ComEd earnings were +$0.05 YoY thanks to another quarter of higher distribution rates (investment and treasuries) alongside $0.01 of benefit from CMC carrying costs (as noted above). Earnings were $0.04 lower at PECO, reflecting higher gas distribution rates (+$0.02), which were offset by a variety of higher expenses, including $0.01 of D&A and $0.01 of credit loss. Weather at PECO dragged $0.04, just ahead of our $0.03 expectation. BGE was flat, while PHI added $0.03, as higher distro rates, were partially offset by $0.01 of weather (DPL). The parent added $0.02, as BSC allocations (Exgen) and other ($0.04) were partially offset by higher interest expense. On the latter item, interest expense, we note that the company has largely completed its financing plan for the year, with rate locks on the ST debt providing some insulation from rate volatility.

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Earnings Release

Share Price	$42.33
Price Target	$45.00

EPS ($) (FY DEC)	1Q	2Q	3Q	4Q	FY
2023	0.70	0.40E	0.78E	0.47E	2.36E
Prior	*0.67*	*0.47E*	*0.76E*	*0.45E*	—
P/E					18.0x
2024	0.62E	0.51E	0.87E	0.48E	2.50E
P/E					17.0x
2025	0.68E	0.56E	0.96E	0.53E	2.74E
P/E					15.5x

Market Data

52-Week Range	$35.19 - $49.86
Dividend	$1.42
Dividend Yield	3.4%
Market Cap (M)	$42,327
Enterprise Value (M)	$83,063
Shares Out (M)	994.3
ADV (3 mo; 000)	7,584

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Valuation

Our valuation is based on our 2025E EPS of $2.74. We use our 17x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 17x multiple, we continue to apply a 1-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (riders, MYPs) and underlying growth/ incremental investment opportunities, except for ComEd. This blended 17.7x multiple, applied to our 2025E EPS and discounted back 1 year equals our $45 PT.

Risks

EXC comprises regulated distribution and transmission assets, which face traditional risk factors and upside drivers inherent with all utilities, including: (1) positive/negative rate case outcomes above/below our expectations, (2) higher/lower capex outlooks, and (3) interest rate changes above/below what we account for in our regression model.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation, Ameren Corporation, Constellation Energy Corporation, Inc. and Southern Company in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 05-02-2023



Created by: BlueMatrix

Rating and Price Target History for: Ameren Corporation (AEE) as of 05-02-2023

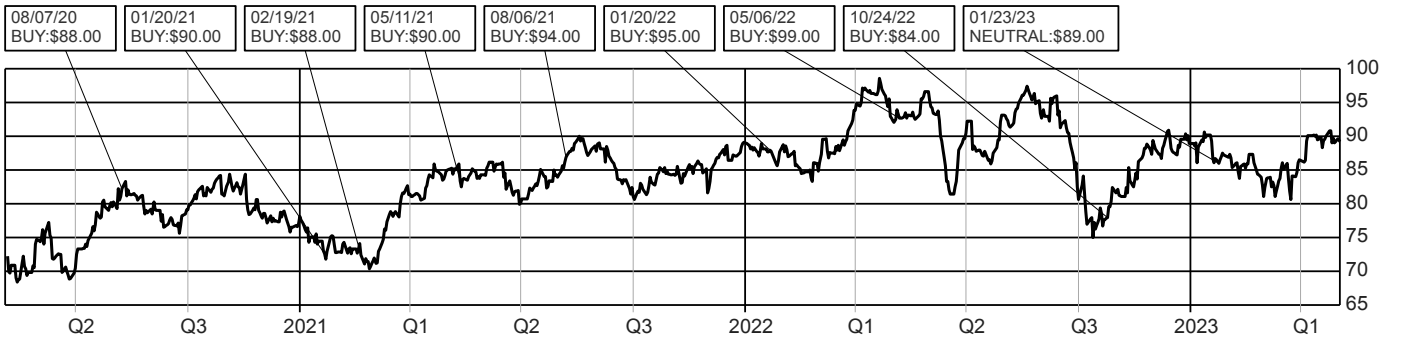

Created by: BlueMatrix

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Rating and Price Target History for: Constellation Energy Corporation, Inc. (CEG) as of 05-02-2023

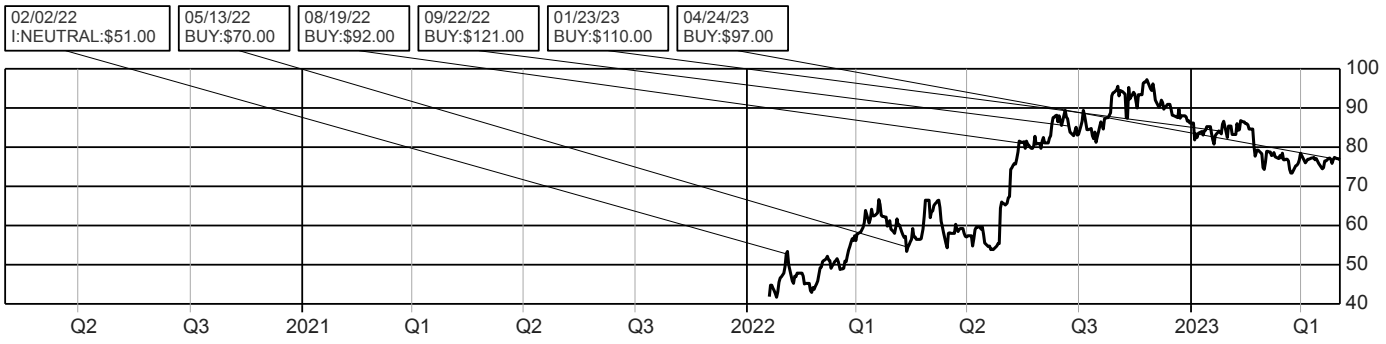

Created by: BlueMatrix

Rating and Price Target History for: Southern Company (SO) as of 05-02-2023



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	240	66.12%	37	15.42%
NEUTRAL	114	31.40%	6	5.26%
SELL	9	2.48%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Equity Research

WELLS FARGO

Earnings Revised — May 3, 2023

Regulated Electric Utilities

Exelon Corporation (EXC)

EXC: Q1 Straight Down the Middle - Busy Regulatory Calendar

Our Call

Q1'23 adj. EPS of $0.70 bested our estimate of $0.67 as rate relief more than offset the negative weather impacts (-$0.05). Reiterate Equal Weight as we view the in-line P/E multiple relative to peers as fair.

EPS Outlook. A few tweaks to our estimates following a model update and extension. Our 23-26E EPS go to/from $2.38/$2.36, $2.50/NC, $2.73/$2.72, $2.92/$2.93. In addition, we introduce a 27E EPS of $3.11. The cadence of outlook remains consistent with management's guidance trajectory taking into account PECO regulatory lag in '23/'24 and rate relief in '25. Our outlook results in a 6.5% CAGR off of the mid-point of the '22 EPS guidance range ($2.26), which compares with EXC's guidance of 6-8%.

Rate Cases in Focus. Busy year for EXC as the company's operating utilities have base rate cases pending in DE& NJ and multi-year rate plans (MYP) pending in MD (BGE) and DC. Pepco MD plans to file for a MYP in May '23. Last, in January, ComEd made its inaugural filing under IL's new 4-yr MYP format. EXC expects final orders for ComEd & BGE by YE'23 with the other cases wrapping up in 1H'24.

While we think the current economic environment poses an elevated risk for rate cases, the recent easing of energy prices is a positive development. In addition, we will be keenly interested in the allowed ROEs. EXC's requests are premised on ~10.5% ROEs (vs. authorized ROEs of ~9.5%) and the recent material rise in interest rates likely argues for some level of upward adjustment. Our EPS outlook assumes no meaningful changes to the currently authorized levels.

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

Rating	Equal Weight
Ticker	**EXC**
Price Target/Prior:	**$45.00/NC**
Upside/(Downside) to Target	**5.7%**
Price (05/02/2023)	**$42.57**
52 Week Range	$35.19 - 49.86
Shares Outstanding	994,298,998
Market Cap (MM)	$42,327
Enterprise Value (MM)	$80,104
Average Daily Volume	6,183,910
Average Daily Value (MM)	$263
Dividend (NTM)	$1.53
Dividend Yield	3.6%
Net Debt (MM) - last reported	$37,777
ROIC - Current year est.	3%
3 Yr EPS CAGR from current year (unless otherwise noted)	28%

$ EPS	2022A	2023E Curr.	2023E Prior	2024E Curr.	2024E Prior
Q1 (Mar)	0.64 A	0.70 A	0.67E	-	NC
Q2 (Jun)	0.44 A	0.45 E	NC	-	NC
Q3 (Sep)	0.75 A	0.78 E	NC	-	NC
Q4 (Dec)	0.43 A	0.45 E	0.46E	-	NC
FY	2.27 A	2.38 E	2.36E	2.50 E	NC
P/E	18.7x	17.9x		17.1x	

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.
NA = Not Available, Volatility = Historical trading volatility

All estimates/forecasts are as of 5/3/2023 unless otherwise stated. 5/3/2023 15:29:58EDT. Please see page 4 for rating definitions, important disclosures and required analyst certifications.
Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

Financials

EXC Earnings Model ($ millions except per share data)	2022	2023E	2024E	2025E	2026E	2027E
Revenues	**$19,078**	**$20,161**	**$20,877**	**$21,690**	**$22,501**	**$23,299**
Expenses						
Purchased Power/Fuel/Power Cost Adjustments	6,373	6,392	6,416	6,440	6,464	6,488
Other O&M	4,673	4,529	4,562	4,611	4,645	4,687
Depreciation & Amortization	3,325	3,477	3,740	4,023	4,319	4,619
Other	1,392	1,364	1,388	1,413	1,438	1,463
Total Expenses	**$15,763**	**$15,763**	**$16,106**	**$16,486**	**$16,866**	**$17,258**
EBIT	**$3,315**	**$4,398**	**$4,771**	**$5,203**	**$5,636**	**$6,042**
EBITDA	**$6,640**	**$7,876**	**$8,511**	**$9,227**	**$9,955**	**$10,661**
Other Income	535	255	255	255	250	251
Interest Expense	1,447	1,651	1,597	1,520	1,460	1,403
Income Taxes	349	501	572	621	672	718
Tax Rate	*15%*	*17%*	*19%*	*18%*	*19%*	*19%*
Earnings						
Income from Continuing Operations	$2,054	$2,370	$2,501	$2,744	$2,938	$3,140
Nonrecurring	0	0	0	0	0	0
Adjustment for Non-Controlling Interest	1	0	0	0	0	0
Net Income	**$2,054**	**$2,370**	**$2,501**	**$2,744**	**$2,938**	**$3,140**
Avg. Diluted Shares Outstanding	987	998	1,002	1,006	1,008	1,008
EPS	$2.08	$2.38	$2.50	$2.73	$2.92	$3.11
Non-Recurring	(0.18)	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$2.27**	**$2.38**	**$2.50**	**$2.73**	**$2.92**	**$3.11**
Q1 EPS	0.64A	0.7A				
Q2 EPS	0.44A	0.45				
Q3 EPS	0.75A	0.78				
Q3 EPS	0.43A	0.45				

EXC Supplemental Information	2022	2023E	2024E	2025E	2026E	2027E
Dividend Information						
Dividends Per Share - YE Rate	$1.35	$1.44	$1.54	$1.66	$1.80	$1.94
Dividends Paid Per Share	1.35	1.44	1.54	1.66	1.80	1.94
Payout Ratio	59%	61%	62%	61%	62%	62%
Cash Flow & Balance Sheet Items						
Capital Expenditures (millions)	$7,147	$7,175	$7,600	$8,225	$8,375	$8,375
Book ROE	7.6%	9.4%	9.4%	9.9%	10.2%	10.4%
FFO/Debt	11%	13%	13%	13%	13%	13%
Debt/EBITDA	6.0x	5.5x	5.3x	5.3x	5.3x	5.2x
Common Equity as % of Total Capitalization	38%	38%	37%	37%	36%	35%

Source: Wells Fargo Securities, LLC estimates and company filings

Investment Thesis, Valuation and Risks

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (7%) and wires-centric asset mix are balanced by modest balance sheet concerns and our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $45.00 from NC

Our $45/sh price target is based on a P/E multiple analysis. We apply a P/E of 17.5-18.0X to our 24E EPS of $2.50. Our multiple represents a 0-5% discount to the '23 Regulated Electric peer group median of 18.0-18.5X as we balance positive features (strong 7% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '23 median to our 24E EPS due to the forward-looking nature of our price target.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

I, Neil Kalton, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

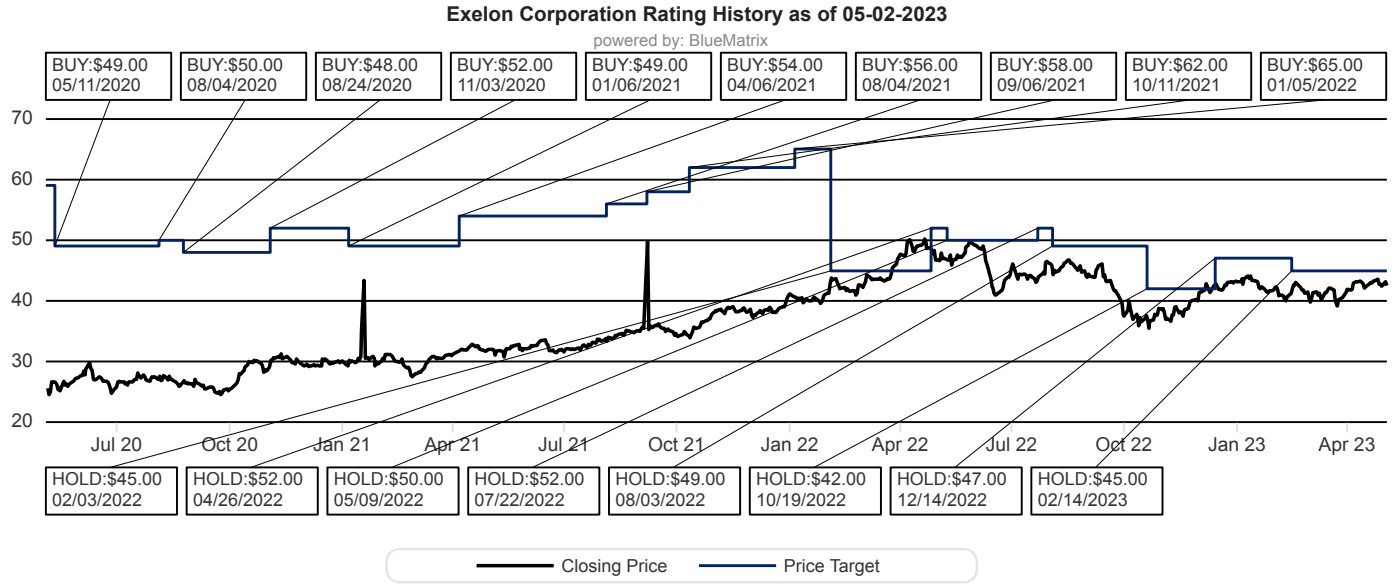

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public (or 144a) offering of securities for an affiliate of Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

OW=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

EW=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

UW=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of May 2, 2023
50.5% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
40.4% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
9.1% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 28.7% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 31.2% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 30.5% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should seek professional advice, including tax advice, to determine whether any advice or recommendation in the

attached research report is suitable for their particular circumstances. The information in this report is provided as of the date of the report and has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. Copyright © 2023 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

KeyBanc Capital Markets

Alert

May 03, 2023

Energy: Electric Utilities

NYSE: EXC

Exelon Corporation

EXC: Steady Execution Across Multiple Jurisdictions; Sector Weight on Valuation

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

EXC delivered better than expected 1Q23 results, and reiterated 2023 guidance and the long-term EPS CAGR of 6-8%. Management is methodically tackling rate filings in multiple jurisdictions - especially IL's first MYRP at ComEd. Overall, there appear to be significant investment opportunities across its service territories, lending support to the 6-8% targeted growth rate. While weather was a drag at PECO during the 1Q, management expects to offset the negative impact through O&M management, and we do not see it as a risk to the full year outlook. We remain Sector Weight given valuation, which is in line with the large-cap regulated utilities.

1Q23 results beat estimates: EXC reported 1Q23 EPS of $0.70, ahead of our $0.67 forecast and consensus of $0.66. The positive drivers included higher ComEd distribution rates (ROE linked to Treasuries), new gas distribution rates at PECO, new T&D rates for PHI, offset by unfavorable weather impact at PECO, and higher debt service costs across the various subsidiaries.

Figure 1 - EXC Earnings Comparison

1Q23	EXC	KBCM
ComEd	0.25	0.20
PECO	0.17	0.20
BG&E	0.20	0.23
PHI	0.17	0.14
Parent	(0.09)	(0.09)
EXC	**0.70**	**0.67**
Consensus	**0.66**	

Source: Company Reports, KBCM Estimates

2023 guidance reiterated: EXC reiterated 2023 EPS guidance of $2.30-$2.42 vs. our estimate of $2.37 (also consensus). There is also no change to the 6-8% earnings CAGR from 2022-2026 with an expectation to deliver at the midpoint or better. Our 2026E EPS of $2.95 implies a 6.6% CAGR, with an expectation for a stronger cadence of growth over the second half of the reference period.

No change to capex, but we highlight some upside considerations: While EXC's $7.2B capex for the year is unchanged, there are some positive developments in its service territories that could drive long-term upside. These include MD raising the offshore wind target to 8.5 GW by 2031 (which could bring T&D opportunities), EXC filing a request for $700M in grid resiliency funding under the GRIP program (set up under IIJA), and the second solicitation for offshore wind infrastructure in NJ (EXC received $24M in awards under the first solicitation).

Regulatory activity to drive the news flow: Most prominently watched among all the rate filings will be the first MYRP in IL under the recently implemented CEJA parameters. The IL rate case aligns with the clean energy priorities set by the state. Intervenor testimony to be filed later this month will provide a window into the key aspects of support or opposition to the filing. Hearings are scheduled for August with a final outcome expected before YE. We expect the process to be fully litigated given that this is the first such filing under the new structure. Other rate cases on the calendar include:

- Atlantic City Electric distribution rate case in NJ was recently filed and EXC is seeking a $105M rate increase, on a 10.5% ROE and 50.2% equity. The main drivers of the request include recovery of investments to the distribution system, AMI infrastructure, and investments needed to meet the targets set in NJ Energy Master Plan. The NJ BPU is expected to issue an order by November 17.

- BGE filed the second MYRP in 1Q23 for a three-year period based on 10.4% ROE. The proceeding will also true up the first two years of BGE's first MYRP and it is seeking recovery of an imbalance of $17.8M for 2021 and $58.7M for 2022. A final commission order is expected before YE.
- PEPCO DC also filed the second MYRP seeking base rate increases for a three-year period through 2026 to support the District's clean energy programs and its goal to become carbon-neutral by 2045. The rate case is premised on a 10.5% ROE and a final outcome is expected in 1Q24.
- The Delmarva DE electric distribution filing is underway. DPL DE recently filed supplemental testimony to reflect actual data through YE22 and projections through 1H23, and revised the revenue requirement to $48M (also 10.5% ROE). Here also a final outcome is expected in 1Q24.
- ComEd filed the usual FRP in IL seeking $247M in recovery starting in 2024 - with the primary driver being higher U.S. treasury yields. An order is expected by December 17.

Recent Research: EXC: In Line Quarter; Clarity on Multi-Year EPS Cadence; IL Rate Case Is the Main Item to Watch in 2023; EXC: 3Q Beats, Longer-Term Growth Rate Reiterated, but Cadence Will Be Uneven; EXC: No Surprises in the Quarter, but the IRA Could Bring a Bigger Tax Bill; EXC: Delivering on Track Results as a Regulated Utility

Valuation: Based on a stock price of $42.57 and our 2024E EPS of $2.51, shares of EXC are trading at a P/E ratio of ~17x, representing a 3% discount to Large-Cap Regulated Utilities trading at ~17x. We view the shares as fairly priced at current levels.

Risks: EXC's regulated utilities are exposed to a number of risks, including regulatory risk in its jurisdictions and on the federal level, weather variations affecting electricity demand and the reliability of its system, interest rate risk affecting its cost of capital, and macroeconomic risk as underlying economic activity affects demand for electric power and gas. Should the impacts of these risks be greater than we currently anticipate, the Company and the shares may underperform relative to our expectations. Conversely, should these risks' impact be less than anticipated, the Company and the shares may outperform relative to our current expectations.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Exelon Corporation - EXC

We expect to receive or intend to seek compensation for investment banking services from Exelon Corporation within the next three months.

During the past 12 months, Exelon Corporation has been a client of the firm or its affiliates for non-securities related services.

As of the date of this report, we make a market in Exelon Corporation.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History

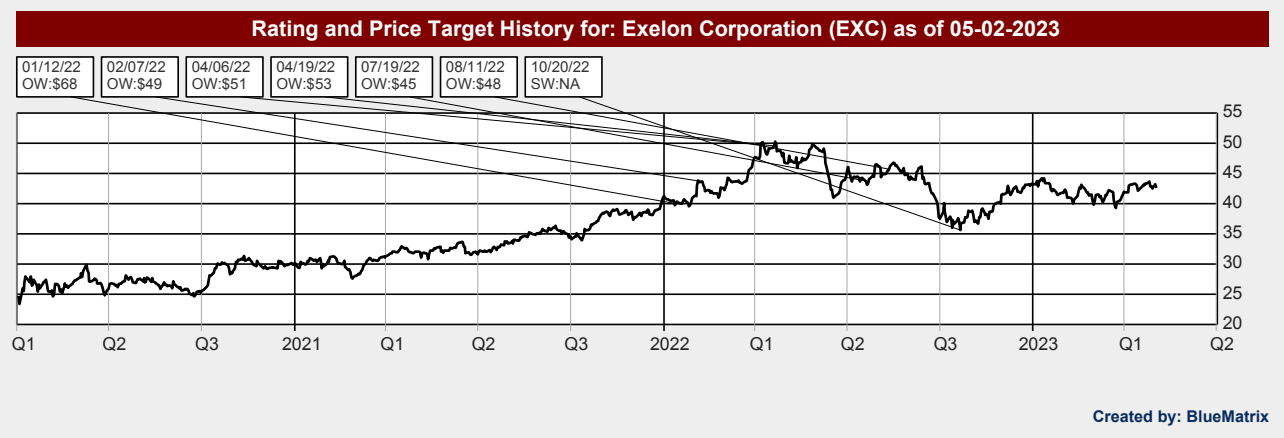

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	260	49.71	40	15.38
Sector Weight [SW]	256	48.95	37	14.45
Underweight [UW]	7	1.34	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	11	50.00
Sector Weight [SW]	31	54.39	11	35.48
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: EXC beat, ES/Orsted, WEC IL, FE/CMS, AVA miss, NI, NWE, AMRC, & VST
- **Publication Date/Time** : Wednesday, May 03, 2023 04:18:15 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=0fQndsamiHhQnlD!Aza2aA__&reid=EB462EC6EAB811ED9D014E3667C218DA

GUGGENHEIM

Power & Utilities

May 3, 2023

The Guggenheim Daily Transmission: EIX, PEG, OGS, EXC, NI, ALE, SR, AVA, SMR, MA/Wind, Policy, SPP, PCG, CAISO, WEC, AEP/DUK/NI

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	91.28	Buy
ALE	62.26	Sell
AVA	43.63	Sell
DUK	97.60	Buy
EIX	73.28	Buy
EXC	42.57	Neutral
NI	27.91	Buy
OGS	78.31	Neutral
PCG	17.26	Buy
PEG	62.81	Buy
SMR	8.06	Buy
SR	66.64	Neutral
WEC	95.25	Neutral

SAVE THE DATE: We are hosting a dinner with CNP's COO, new CFO, and others on May 22nd...

For our AGA conference (May 20-23) meeting schedule, please scroll down...

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our EXC NDR, AEP NDR, ETR NDR, DTE NDR, PCG NDR, ES NDR, SMR NDR, LNT NDR, PNW NDR, AWK NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, and other events, scroll down...

EIX: 1Q23 EPS Beat; All Quiet on the Western Front, Regulatory Activity Spikes Mid-May but More Tailwinds, in Our View (see our note HERE)

PEG – 1Q EPS Beat; Quiet Quarter Emblematic of Lower Risk Business Mix; Electrification for the Long-Haul Upside (see our note HERE)

OGS: Calm Despite Stormy Weather — 1Q23 In Line & 2023 Guidance Maintained (see our note HERE)

EXC reports 1Q23 earnings

NI 1Q23 in line; reiterates all guidance, including YE23 anticipated NIPSCO minority interest sale closing date

ALE reports 1Q23 earnings

SR reports fiscal Q2 2023 NEEPS beat; narrows guidance around unchanged midpoint

AVA reports large miss for 1Q23; maintains annual guidance

EXC/IL – ComEd trial results in 4 guilty verdicts

SMR – NuScale continues to pursue opportunities in SE Asia; news release correction clarifies SMR's role

MA/Wind – MA DOER and other agencies issue RFP for up to 3.6GWs of offshore wind

Policy – Senator Manchin advances efforts on permitting reform in Senate

SPP – Grain Belt developers update on phasing of HVDC work

PCG – PCG CEO makes constructive comments on company culture in media interview

CAISO – CA transmission RTO bill is referred to Appropriations committee

WEC – S&P Revises WEC Energy Group Outlook to Negative

AEP/DUK/NI – Indiana legislation signed into law this week protects utilities' control over building power lines

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

EXC reports 1Q23 earnings

- EXC reported $0.70 vs. Gugg/Cons of $0.67/0.66
- Reaffirmed 2023 EPS guidance of $2.30-2.42 vs. Gugg/Cons $2.36/2.37
- Results for the quarter featured ($0.04) of weather at PECO, ($0.01) at PHI
- Key long term outlook messages unchanged from 4Q22 update (EPS and DPS growth/ payout ratio commentary)
- Key parameters of financing plan unchanged ($425m equity by '25), 80% of debt financing needs executed in 1Q
- Call at 10am – register HERE
- Slides HERE

NI reports 1Q23 in line net operating EPS of $0.77 vs Gugg/consensus at $0.76/$0.76; maintains 2023 guidance of $1.54-$1.60 ($1.57 midpoint) vs Gugg/consensus at $1.57/ $1.56

- **Asset sale update:** NI reports being "on track" with regard to strengthening its balance sheet via a successful minority interest sale of its NIPSCO utility
  - Company still expects a **close in 2023**
- **Credit:** continuing to target 14%-16% FFO/debt post-sale of NIPSCO minority interest
- **EPS CAGR:** reiterates 6%-8% expected annual NOEPS growth through 2027 (illustrated clearly on slide 5)
- **Cost management:** reiterates guidance of flat O&M
- **Capex:** $15bn 2023–2027 capex plan reiterated, along with 2023 capital investment guidance
- **Rate Base:** reiterated 8%-10% expected annual rate base growth; recall that FY22 projected rate base was estimated at ~$16.6bn
- **Credit:** ~$11.6bn of total debt as of March 31, 2023; ~$10.3bn of LT debt; ~13yr weighted average maturity; 3.83% weighted average interest rate
  - Committed to maintaining current investment-grade credit ratings: S&P (BBB+), Moody's (Baa2), and Fitch (BBB)
- **Financing:** maintains 2023–2027 financing plan; equity plans (excluding the remarketed equity units of $863m) are to restart the company's ATM equity in 2025+, to support current investment grade credit ratings; may also be used to redeem o/s preferred stock ($900m)
- **TSR:** continuing to target 9%-11% total shareholder return
- **Dividend:** reiterated 60%–70% payout target.
- Call is at **11:00am at 1-888-330-2391... Passcode: 28323**

ALE reports 1Q23 earnings

- ALE reported $1.02 vs. Gugg/Cons of $1.22/1.18
- Reaffirmed 2023 EPS guidance of $3.55 to $3.85 vs. Gugg/Cons of $3.70/3.71
- Weather was ($0.10) impact on the quarter
- "Sales to residential, commercial and municipal customers decreased from 2022 primarily due to warmer weather in 2023 compared to 2022. Sales to municipal customers also decreased as a result of a new contract entered into with Hibbing Public Utilities in April 2022 with sales under the new contract classified under other power suppliers." - Q
- ACE 'below expectations' on lower wind and availability of assets
- ACE O&M up 25% (+$2.9m)
- Higher O&M also dragged on MN Power (+$10.4m vs. 1Q22)
- 1Q23 contribution of $4.5mm from New Energy
- Still planning next MN Power case in 4Q23
- Call at 10am – register HERE
- Slides to be posted HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

SR reports 2FQ23 beat of $3.70 in NEEPS vs Gugg/consensus at $3.44/$3.50; narrows FY23 NEEPS guidance to $4.20–$4.30 (from $4.15–$4.35), maintaining $4.25 midpoint, vs Gugg/consensus at $4.25/$4.25

- Reiterates confidence in 5-7% long-term EPS growth off of a base of the midpoint of the company's original fiscal 2023 earnings guidance of $**4.15**
- Following fiscal Q2 2023 results, SR has updated its segment guidance as below:
  - **Gas Utility:** $210m–$220m, **down** from $225m–$235m, previously
  - **Gas Marketing:** $43m–$48m, **up** vs $25m–$30m, previously
  - **Midstream**: $10m–$12m **a minor tweak upwards** vs $9m–$11m, previously
  - **Corporate & Other:** $-25m–$-30m vs $-20m–$-25m, previously
  - *Notable offsets to the strength at Marketing and Midstream were the impacts of lower margins during the winter of the Gas Utilities, as well as high interest expenses (impactful at both Gas Utilities and Corporate costs).*
- **Capex:** targeted 10-year capital investment plan remains $7bn, and expected capex for fiscal 2023 remain $700m, including the company's Midstream expansion for Spire Storage, which it reports "remains on plan".
- **Rate Base growth:** Capex is anticipated to drive 7%–8% utility rate base growth
- *Presentation and accompanying details not yet released*
- Earnings call will be held today at 9**:00 AM ET**… Dial-in: **844-824-3832**…(**no access code**)

AVA reports large miss for 1Q23 of $0.73 vs Gugg/consensus at $1.23/$1.16 and 1Q22 EPS of $0.99; maintains 2023 annual guidance of $2.27–$2.47 ($2.37 midpoint) vs Gugg/consensus at $2.28/2.34

- $–0.11 of EPS decline was driven primarily by inflationary pressures resulting in increased labor and benefits costs, among other operating expenses.
- $–0.09 came from timing-driven changes to AVA's effective tax rate; EFT was –13.7% in 1Q23 vs –17.8% in 1Q22.
- $–0.08 was a direct result of higher interest rates.
- $–0.02 at "other businesses", due to net investment losses recognized in 2023 compared to net investment gains recognized in 2022.
- **Margins:** compared to 1Q22, electric utility margin was flat, while natural gas utility margin increased EPS by $0.06 in 1Q23
- **"***We expect lower net power supply costs for the remainder of the year, resulting in a benefit under the ERM***" —** Dennis Vermillion, President and CEO
  - AVA booked a $7.6m pre-tax expense under the Energy Recovery Mechanism (ERM) in Washington, compared to a $1.9m pre-tax benefit in 1Q22
- **Capex:** 2023 capex guidance at Avista Utilities was reiterated at $475m; AEL&P capex is expected to be $19m vs $15m previously.
- **Debt Financing:** AVA issued $250m of long-term debt in 1Q23 (vs prior guidance of $200m for 2023) and does not expect to issue further LT debt this year.
  - The company ***does however*** expect to increase the capacity of its $400m credit facility to $500m in 2Q23.
- **Equity Financing:** $30m of equity was issued in 1Q23, and common stock issuance guidance was maintained at $120m for 2023.

EXC/IL – ComEd trial results in 4 guilty verdicts

- Michael McClain, former ComEd CEO Anne Pramaggiore, ex-ComEd lobbyist John Hooker and former City Club President Jay Doherty were convicted on all counts following 27 hours of deliberation
- More HERE

Guggenheim takeaway: *The case has been a constant point of media noise in IL in recent weeks, so good to see resolution in our view ahead of the second phase (former speaker Madigan). As a reminder, this matter was the driver of the July 2020 deferred prosecution agreement between the utility and the US Attorney's Office for the Northern District of Illinois. More recently, the case had tangential readthrough to the ICC given certain linkages (see HERE).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

SMR – NuScale continues to pursue opportunities in SE Asia; news release correction clarifies SMR's role

- Alongside a state visit of the Philippine president to DC, the president's office initially indicated in a release that the company would invest ~$7bn in the country to build a 430MW plant
- The language around the meeting with NuScale executives was subsequently amended yesterday to clarify that the company is working on a study and potentially with a local developer
- More HERE

Guggenheim takeaway: *The headline of NuScale potentially investing several times its market cap in the country generated some noise yesterday, with the subsequent clarifications helping to underscore that this is a normal outreach process for the country – similar to what we have seen to date in eastern Europe. We continue to monitor for additional data points on leads like these.*

MA/Wind – MA DOER and other agencies issue RFP for up to 3.6GWs of offshore wind

- The blockbuster RFP will set in motion a ~8 month response period in which projects of varying sizes may be bid in
- "If approved, the draft RFP will invite submittals for offshore wind generation to procure up to 3,600 MW, which represents 25 percent of the state's annual electricity demand and a significant increase over the previous procurement, which sought approximately 1,600 MW of offshore wind." - release
- "The procurement team would have flexibility to evaluate bids ranging from 400 MW to 2,400 MW in size, and to select a project or projects that bring significant benefits to the Commonwealth." - release
- Bids are due 31 January 2024
- More HERE

Guggenheim takeaway: *Flagged for your awareness as MA joins NY in seeking additional procurements of wind. The latest request is the first to come after last summer's modifications to the process and is the first to be lead by the DOER. The solicitation includes a weighting towards economic development and other social considerations, which was a point of interest in the state during last year's session. While we would not be surprised to see ES' JV bid into this latest RFP, we continue to expect an exit in the coming quarters, with an announcement potentially by the 2Q call. The state is also grappling with the ongoing fallout around the technical default for the Commonwealth project.*

Policy – Senator Manchin advances efforts on permitting reform in Senate

- The Senator's office has re-released his prior legislation on permitting reform to serve as a starting point in Senate and Congressional negotiations
- "Today, U.S. Senator Joe Manchin (D-WV), Chairman of the Senate Energy and Natural Resources Committee, introduced the *Building American Energy Security Act of 2023*, the text of the National Defense Authorization Act (NDAA) amendment that was supported by 47 Senators (40 Democrats and 7 Republicans) in a tied floor vote in December 2022. This legislation will serve as a starting point for upcoming conversations in the Senate around reforming energy permitting to ensure American energy security and independence." – Manchin's office
- More HERE

Guggenheim takeaway: *Heads up as the process begins to heat up on both sides of the Hill – the successful passage of a budget package (with permitting items) by Republicans sets up further conversations on this specific topic, and we continue to see the area as ripe for bipartisanship in the coming weeks.*

SPP – Grain Belt developers update on phasing of HVDC work

- The developers continue to analyze potential impacts of the line and its second phase into IL for impacts on energy and capacity pricing in MISO and potentially PJM
- "Preliminary design has begun. Detailed design is required to start Q4 2023, in order to meet 2028 COD. Results of SPP TWG studies are needed to start detailed design in Q4 2023." - presentation
- More HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Guggenheim takeaway: *We continue to monitor Grain Belt as a both a resource adequacy option for adjacent utilities, and for its potential impact on energy and capacity pricing in MISO Zone 4 and beyond.*

PCG – PCG CEO makes constructive comments on company culture in media interview

- PCG CEO Patti Poppe made comments in a Press Democrat interview on transformation progress.
- Commentary directly addressed the ongoing culture change and PG&E.
- More here.

Guggenheim takeaway: *FYI. Transparent and open commentary on PG&E legacy issues.*

CAISO – CA transmission RTO bill is referred to Appropriations committee

- CA Legislature re-referred the bill addressing CAISO expansion into a western RTO to the appropriations committee.
- CA introduced an assembly bill (AB538) that would look for CAISO to become an expanded western RTO with increased governance and multistate jurisdiction.
- The CAISO would be able to submit a plan to the CEC for expanded governance and multistate inclusion of resources into the RTO structure.
- Lawmakers believe this would be a solution to the resource adequacy constraints that CAISO has felt in recent years and would open up more availability of clean energy resources aligned with CA policy goals.
- Bill text here: AB538.

Guggenheim takeaway: *FYI. Resource adequacy work continues in CA.*

WEC – S&P Revises WEC Energy Group Outlook to Negative

- S&P highlighted at the top of its report that WEC reaffirmed its expectation to fund its capital plan without any new equity issuance, a plan which incorporates $12.4bn of investments through 2025.
- S&P further states that WEC's negative operating cash flow has grown in recent years primarily from high capital spending and large nonutility acquisitions, and that S&P believes the company is disproportionately funding this cash deficit with incremental debt, weakening financial measures, in the rating agency's view.
- As a result, S&P believes its consolidated FFO- to-Debt could reside below S&P's downgrade threshold for the next three years.
- Bloomberg link to S&P release HERE

Guggenheim takeaway: *We caught up with the company following this release. WEC stated that from their perspective, S&P hasn't looked at the longer term, and highlighted that the outlook on WEC's utilities remains stable. The company does not expect this will materially impact its ability to access the capital markets, a view which we agree with, while also explicitly clarifying that WEC remains confident in its outlook.*

AEP/DUK/NI – Indiana legislation signed into law this week protects utilities' control over building power lines

- Governor Eric Holcomb, a Republican, signed legislation Monday that will give utilities the right to build and operate transmission projects that connect to their existing systems. Utilities owned by NiSource Inc. and AES Corp. also stand to benefit.
- Indiana Energy Association President Danielle McGrath hailed the new law as "sound policy," in response to an email sent to Duke for comment. AEP, AES and NiSource also referred to McGrath for comments.
- We note that transmission costs have apparently increased by an average of ~63% in Indiana over the preceding five years, as per the Electricity Transmission Competition Coalition, an advocacy group representing manufacturers and others who opposed the bill.
- Utilities will have to competitively bid to build projects and have the advantage of having crews on hand to make timely repairs after storms, according to McGrath.
- More HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Guggenheim takeaway: *From our coverage universe, we see AEP, DUK, and NI, as best positioned to benefit from this new law.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Calvin Butler, *President & Chief Executive Officer*
Jeanne Jones, *Chief Financial Officer*
Andrew Plenge, *VP, Investor Relations*

Dates & Location
May 15 – 16, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $42.4bn
Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

American Electric Power Company (AEP)

Julie Sloat, *President & Chief Executive Officer*
Ann Kelly, *Chief Financial Officer*
Antonio Smyth, *EVP Grid Solutions & Government Affairs*
Matt Satterwhite, *SVP Regulatory*
Darcy Reese, *VP Investor Relations*

Date & Location
Wednesday, May 17, 2023
Guggenheim Office | 330 Madison Ave, New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $48bn
American Electric Power Co., Inc. (AEP) engages in the generation, transmission, and distribution of electricity. It operates through the following segments: Vertically Integrated Utilities, Transmission and Distribution Utilities, AEP Transmission Holdco, and Generation and Marketing. The Vertically Integrated Utilities segment covers the generation, transmission, and distribution of electricity for sale to retail and wholesale customers. The Transmission and Distribution Utilities segment represents the transmission and distribution of electricity for sale to retail and wholesale customers. The AEP Transmission Holdco segment comprised of the development, construction, and operation of transmission facilities through investments in its wholly-owned transmission subsidiaries and joint ventures. The Generation and Marketing segment consists of the non-regulated generation and marketing, risk management, and retail activities. The company was founded on December 20, 1906 and is headquartered in Columbus, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

Jason Wells, *Chief Operating Officer*
Chris Foster, *Chief Financial Officer*
Jackie Richert, *VP Investor Relations & Treasurer*
Ben Vallejo, *Director Investor Relations*

Dates
Monday, May 22, 2023
6:00 PM

Location
Restaurant TBD
Fort Lauderdale, Florida

Company Information
Market Cap: $18.6bn
CenterPoint Energy, Inc. (CNP) is a holding company that engages in the business of power generation and distribution. It operates through the following segments: CenterPoint Energy, Houston Electric, and CERC. The CenterPoint Energy segment consists of electric transmission and distribution services in the Texas gulf coast area in the ERCOT region and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations in the MISO region. The Houston Electric segment consists of electric transmission services to transmission services customers in the ERCOT region and distribution services to REPs serving the Texas gulf coast area. The CERC segment covers the Restructuring consisting of intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas, and permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
11:10AM	LNT
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chairman, President & Chief Executive Officer*
Barbara Tuckfield, *Director Investor Relations*

Dates & Location
June 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $22.4bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment includes various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patti Poppe, *Chief Executive Officer (Tentative)*
Carolyn Burke, *Incoming Chief Financial Officer*
Tom Webb, *Senior Advisor to Chief Executive Officer*
Jonathan Arnold, *Vice President, Investor Relations*

Date & Location
Monday, June 12, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $39.6bn
PG&E Corp. (PCG) is a holding company that engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in Oakland, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

Eversource Energy (ES)

Joseph Nolan, *Chairman, President & Chief Executive Officer*
John Moreira, *Chief Financial Officer*
Jeffrey Kotkin, *Vice President, Investor Relations*
Bob Becker, *Director, Investor Relations*

Date & Location
Thursday, June 22, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.02bn
Eversource Energy (ES) engages in the generation, transmission, and distribution of natural gas and electricity. It operates through the following segments: Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. The Electric Distribution segment distributes electricity to retail customers. The Electric Transmission segment owns and maintains transmission facilities through CL&P, NSTAR Electric, PSNH, and WMECO. The Natural Gas Distribution segment transmits and distributes natural gas to retail customers. The Water Distribution segment operates three separate regulated water utilities in Connecticut, Massachusetts, and New Hampshire. The company was founded on July 1, 1966, and is headquartered in Springfield, MA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

NuScale Power Corporation (SMR)

Chris Colbert, *Chief Financial Officer*

Scott Kozak, *Director, Investor Relations*

Date & Location

Tuesday, June 27, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $1.9bn

NuScale Power Corp. (SMR) engages in the commercialization of a modular, scalable 77 megawatt electric Light Water Reactor nuclear power plant using rights to a nuclear power plant design. Its products include VOYGR SMR Plants and Energy Exploration (E2) Centers. The company was founded by José N. Reyes in 2007 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

SAVE THE DATE
2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeffrey Guldner, Chairman, President & CEO

Andrew Cooper, *Chief Financial Officer*

Dates & Locations

July 19 | New York
July 20 | Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $9.05bn

Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	5/15–5/16	NYC
AEP	5/17	NYC
CNP C-Suite Dinner	5/22	Fort Lauderdale, FL
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
DTE	6/7–6/8	NYC
PCG	6/12	NYC
ES	6/22	NYC
SMR	6/27	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	NYC
PNW	7/19–7/20	NYC & Boston
AWK	8/9–8/10	West Coast
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Guggenheim Comp Sheet

5/2/2023		Market	Guggenheim EPS Ests						Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																				
ALE	$62.26	3,569	3.38	3.70	4.17	4.56	4.87	5.07	3.71	4.08	4.34	4.83	5.05	–	0.09	0.22	0.04	–	16.8x	15.3x	14.4x	12.9x	12.3x	-8%	-10%	-10%	-10%	-19%	8.4%	4.4%	72%	Sell	$54	-9%	Buy	$67	12%
AVA	$43.63	3,306	2.12	2.28	2.49	2.61	2.67	2.73	2.34	2.47	2.62	2.68	2.81	(0.06)	–	–	–	(0.08)	18.6x	17.7x	16.7x	16.3x	15.5x	2%	4%	5%	5%	2%	5.2%	4.3%	78%	Sell	$35	-15%	Sell	$39	-7%
NWE	$58.22	3,481	3.18	3.42	3.55	3.75	3.91	4.08	3.47	3.60	3.74	3.89	4.06	(0.05)	(0.05)	–	–	–	16.8x	16.2x	15.6x	15.0x	14.3x	-8%	-5%	-2%	-2%	-6%	5.1%	4.4%	73%	Sell	$46	-17%	Buy	$60	8%
POR	$49.80	4,812	2.74	2.68	3.02	3.17	3.33	3.51	2.68	3.04	3.23	3.37	3.56	–	–	(0.06)	(0.04)	(0.05)	18.6x	16.4x	15.4x	14.8x	14.0x	2%	-3%	-3%	-3%	-7%	5.1%	3.8%	68%	Buy	$54	12%	Buy	$54	12%
		15,167																	**17.7x**	**16.4x**	**15.5x**	**14.7x**	**14.1x**	**-3%**	**-3%**	**-3%**	**-3%**	**-7%**	**6.0%**	**4.2%**	**73%**						
Mid/Large Cap Electric																																				
AEE	$89.11	23,389	4.12	4.35	4.67	5.05	5.40	5.68	4.36	4.68	5.02	5.36	5.69	–	–	0.03	0.04	–	20.4x	19.0x	17.8x	16.6x	15.7x	12%	12%	12%	12%	5%	6.6%	2.9%	58%	Neutral	$89	3%	Buy	$94	9%
AEP	$91.28	46,955	5.09	5.30	5.64	6.00	6.39	6.81	5.27	5.61	5.97	6.31	6.80	–	–	0.03	0.08	–	17.3x	16.3x	15.3x	14.5x	13.4x	-5%	-4%	-4%	-4%	-9%	6.0%	3.7%	63%	Buy	$105	19%	Buy	$102	16%
CMS	$61.49	17,934	2.89	3.12	3.41	3.65	3.91	4.26	3.10	3.34	3.62	3.89	4.18	–	0.07	–	–	0.08	19.8x	18.4x	17.0x	15.8x	14.7x	9%	8%	7%	7%	-1%	8.1%	3.3%	63%	Neutral	$65	9%	Buy	$68	14%
CNP	$30.05	18,914	1.38	1.51	1.62	1.74	1.89	2.05	1.49	1.61	1.73	1.86	2.01	–	–	–	–	0.04	20.2x	18.6x	17.4x	16.2x	15.0x	11%	10%	9%	9%	2%	8.2%	2.5%	49%	Neutral	$32	9%	Buy	$32	10%
D	$55.53	46,381	4.20	4.08	3.75	3.97	4.24	4.50	3.89	3.77	3.97	4.32	4.45	0.19	–	–	(0.08)	0.05	14.3x	14.7x	14.0x	12.9x	12.5x	-22%	-13%	-12%	-12%	-19%	1.4%	4.9%	71%	Buy	$63	18%	Neutral	$62	17%
DTE	$111.60	23,002	6.10	6.26	6.73	7.19	7.75	8.30	6.22	6.69	7.17	7.73	8.22	0.04	0.04	–	–	0.08	18.0x	16.7x	15.6x	14.4x	13.6x	-2%	-2%	-2%	-2%	-9%	6.4%	3.5%	61%	Buy	$127	17%	Buy	$128	19%
DUK	$97.60	75,215	5.27	5.65	6.05	6.35	6.75	7.15	5.63	5.99	6.35	6.70	7.13	–	0.06	–	0.05	–	17.3x	16.3x	15.4x	14.6x	13.7x	-5%	-4%	-3%	-3%	-8%	6.3%	4.2%	72%	Buy	$114	21%	Buy	$109	16%
ED	$98.57	34,148	4.57	4.82	5.18	5.40	5.71	5.97	4.85	5.21	5.49	5.81	6.10	(0.03)	–	(0.09)	(0.10)	(0.13)	20.3x	18.9x	18.0x	17.0x	16.2x	11%	11%	13%	13%	7%	5.5%	3.3%	66%	Neutral	$86	-9%	Sell	$90	-5%
EIX	$73.28	28,065	4.63	4.70	4.94	5.36	5.70	6.10	4.70	5.08	5.53	5.88	6.10	–	(0.14)	(0.17)	(0.18)	–	15.6x	14.4x	13.3x	12.5x	12.0x	-15%	-15%	-17%	-17%	-22%	5.7%	4.1%	62%	Buy	$81	15%	Buy	$74	6%
ES	$76.44	26,653	4.09	4.34	4.71	5.02	5.31	5.57	4.36	4.66	4.99	5.32	5.68	–	0.05	–	–	(0.11)	17.5x	16.4x	15.3x	14.4x	13.5x	-4%	-3%	-4%	-4%	-10%	6.4%	3.6%	62%	Buy	$91	23%	Buy	$87	18%
ETR	$105.36	22,346	6.42	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.72	8.25	n/a	–	(0.03)	0.04	0.06	–	15.7x	14.6x	13.6x	12.8x	n/a	-14%	-14%	-14%	-14%	-20%	6.9%	4.2%	64%	Buy	$124	22%	Buy	$121	19%
EVRG	$61.44	14,106	3.76	3.65	3.97	4.24	4.47	4.75	3.63	3.95	4.23	4.44	4.69	–	–	–	0.03	0.06	16.9x	15.5x	14.5x	13.8x	13.1x	-7%	-8%	-9%	-9%	-13%	4.8%	4.1%	68%	Buy	$72	21%	Neutral	$65	10%
EXC	$42.57	42,327	2.27	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.74	2.92	3.12	–	–	–	–	–	18.0x	16.9x	15.6x	14.6x	13.6x	-1%	-0%	-2%	-2%	-8%	6.4%	3.5%	62%	Neutral	$45	9%	Buy	$46	12%
FE	$38.75	22,197	2.41	2.54	2.69	2.89	3.07	3.27	2.52	2.67	2.84	2.97	3.25	–	–	0.06	0.10	–	15.4x	14.5x	13.7x	13.0x	11.9x	-16%	-15%	-14%	-14%	-18%	6.3%	4.1%	62%	Buy	$46	23%	Buy	$44	17%
LNT	$54.54	13,697	2.73	2.90	3.08	3.27	3.50	3.67	2.90	3.15	3.28	3.48	3.67	–	(0.07)	–	–	–	18.8x	17.3x	16.6x	15.7x	14.8x	3%	2%	5%	5%	-1%	6.1%	3.4%	62%	Neutral	$52	-1%	Buy	$58	9%
OGE	$36.82	7,375	2.16	2.02	2.16	2.25	2.37	2.48	2.01	2.12	2.28	2.36	2.46	–	0.04	–	–	–	18.3x	17.3x	16.2x	15.6x	15.0x	1%	2%	2%	2%	-2%	2.8%	4.6%	82%	Neutral	$38	8%	Neutral	$39	10%
PCG	$17.26	34,447	1.10	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.59	1.77	–	–	–	–	–	14.2x	12.8x	11.8x	10.8x	9.7x	-22%	-25%	-26%	-26%	-32%	9.7%	1.0%	13%	Buy	$22	28%	Buy	$19	9%
PEG	$62.81	31,340	3.47	3.45	3.67	4.10	4.29	4.59	3.44	3.69	4.03	4.30	4.46	–	–	0.07	–	0.13	18.2x	17.0x	15.6x	14.6x	14.1x	0%	0%	-2%	-2%	-8%	5.8%	3.7%	66%	Buy	$69	14%	Buy	$68	11%
PNW	$78.44	8,883	4.26	4.05	4.60	4.80	5.05	5.35	4.09	4.76	4.92	5.20	5.42	(0.04)	(0.16)	(0.12)	(0.15)	(0.07)	19.2x	16.5x	15.9x	15.1x	14.5x	5%	-3%	0%	0%	-5%	4.7%	4.5%	81%	Neutral	$77	3%	Neutral	$76	1%
PPL	$28.50	21,006	1.41	1.58	1.71	1.82	1.96	2.08	1.59	1.70	1.82	1.95	2.08	–	–	–	–	–	17.9x	16.7x	15.7x	14.6x	13.7x	-2%	-1%	-2%	-2%	-8%	8.1%	3.5%	61%	Buy	$34	23%	Buy	$31	14%
SO	$73.15	79,844	3.60	3.60	4.05	4.30	4.55	4.80	3.61	4.03	4.30	4.47	4.75	–	–	–	0.08	0.05	20.3x	18.2x	17.0x	16.4x	15.4x	11%	7%	7%	7%	3%	5.9%	3.8%	75%	Buy	$79	12%	Neutral	$73	3%
WEC	$95.25	30,045	4.45	4.60	4.91	5.24	5.61	5.97	4.61	4.90	5.26	5.62	5.98	–	–	–	–	–	20.7x	19.4x	18.1x	17.0x	15.9x	13%	15%	14%	14%	7%	6.1%	3.3%	68%	Neutral	$99	7%	Buy	$102	10%
Mid/Lg Cap (excl. EIX, PCG)																			**18.2x**	**17.0x**	**15.9x**	**15.9x**	**15.9x**						**5.9%**	**3.7%**	**66%**						
SMID + Lg Cap		**683,438**																	**18.1x**	**16.9x**	**15.8x**	**14.9x**	**14.2x**						**5.9%**	**3.8%**	**67%**						

		Market	Guggenheim EPS Ests						Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$38.45	4,213	2.20	2.32	2.50	2.63	2.76	2.89	2.28	2.44	2.59	2.75	2.88	0.04	0.06	0.04	–	–	16.8x	15.7x	14.9x	14.0x	13.4x	-8%	-7%	-7%	-7%	-12%	6%	3.8%	62%	Neutral	$42	13%	Sell	$38	4%
NEE	$75.94	153,659	2.90	3.13	3.43	3.69	3.99	4.27	3.12	3.40	3.68	4.02	4.41	–	–	–	–	(0.14)	24.4x	22.3x	20.6x	18.9x	17.2x	34%	32%	30%	30%	19%	8%	2.6%	60%	Buy	$92	24%	Buy	$93	25%
SRE	$153.20	48,204	9.21	9.00	9.50	10.13	10.80	11.71	9.00	9.58	10.19	10.92	11.64	–	(0.08)	(0.06)	(0.12)	0.07	17.0x	16.0x	15.0x	14.0x	13.2x	-7%	-6%	-6%	-6%	-12%	5%	3.2%	54%	Buy	$174	17%	Buy	$170	14%
		206,076																	**19.4x**	**18.0x**	**16.8x**	**15.6x**	**14.6x**	**6%**	**6%**	**6%**	**6%**	**-2%**	**6.2%**	**3.2%**	**59%**						
Gas LDCs																																				
NI	$27.91	11,529	1.47	1.57	1.68	1.82	1.95	2.07	1.56	1.67	1.79	1.95	2.08	–	–	–	–	–	17.9x	16.7x	15.6x	14.3x	13.4x	-1%	-1%	-2%	-2%	-4%	7%	3.7%	65%	Buy	$31	15%	Buy	$32	17%
CPK	$122.64	2,180	5.05	5.42	5.84	6.23	6.59	6.94	5.41	5.82	6.24	6.59	6.95	–	–	–	–	–	22.7x	21.1x	19.7x	18.6x	17.6x	25%	25%	24%	24%	25%	7%	1.9%	42%	Neutral	$116	-4%	Buy	$135	12%
NJR	$51.32	4,972	2.50	2.67	2.65	2.85	3.05	3.30	2.70	2.75	2.93	3.15	3.40	(0.03)	(0.10)	(0.08)	(0.10)	(0.10)	19.0x	18.7x	17.5x	16.3x	15.1x	5%	11%	11%	11%	9%	6%	3.2%	60%	Neutral	$47	-5%	Neutral	$52	4%
NWN	$45.97	1,614	2.54	2.65	2.83	2.98	3.09	3.21	2.66	2.79	2.99	3.05	3.23	–	0.04	–	0.04	–	17.3x	16.5x	15.4x	15.1x	14.2x	-5%	-2%	-3%	-3%	1%	5%	4.3%	72%	Neutral	$45	2%	Buy	$54	21%
OGS	$78.31	4,338	3.25	4.14	4.24	4.53	4.98	5.31	4.14	4.29	4.58	4.98	5.35	–	(0.05)	(0.05)	–	(0.04)	18.9x	18.2x	17.1x	15.7x	14.6x	4%	8%	8%	8%	5%	10%	3.4%	63%	Neutral	$77	2%	Neutral	$79	4%
SR	$66.64	3,502	3.86	4.25	4.31	4.57	4.73	4.99	4.25	4.32	4.60	4.81	5.07	–	–	–	(0.08)	(0.08)	15.7x	15.4x	14.5x	13.8x	13.1x	-14%	-9%	-9%	-9%	-7%	5%	4.4%	69%	Neutral	$69	8%	Neutral	$73	14%
		28,134																	**18.6x**	**17.8x**	**16.6x**	**15.6x**	**14.7x**	**2%**	**5%**	**5%**	**5%**	**5%**	**6.6%**	**3.5%**	**62%**						
Regulated Water																																				
AWK	$146.74	28,562	4.51	4.76	5.14	5.59	5.98	6.45	4.78	5.15	5.59	6.04	6.45	–	–	–	(0.06)	–	30.7x	28.5x	26.3x	24.3x	22.8x	68%	68%	65%	65%	53%	7%	2.0%	60%	Neutral	$152	6%	Neutral	$160	11%

		Market	Guggenheim EBITDA Ests						Consensus					Δ vs Consensus (>$20m)					Implied EV/EBITDA Multiple					Enterprise Value					'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$76.79	25,085	2,667	3,100	3,237	3,377	3,512	4,490	3,043	3,428	3,637	3,349	3,348	57	(191)	(261)	163	1,143	9.9x	8.5x	7.7x	–	0.0x	29,975	29,253	27,957	26,603	24,559	8.2%	1.6%	28%	Buy	$97	28%	Buy	$97	28%
NRG	$33.33	7,742	1,754	3,049	3,124	3,128	3,044	3,109	2,787	2,913	2,933	2,754	2,792	262	211	195	290	317	6.2x	5.5x	4.9x	–	0.0x	17,222	15,990	14,503	13,115	11,655	21.3%	4.7%	29%	Neutral	$34	7%	Neutral	$38	18%
VST	$23.11	8,777	3,115	3,703	3,706	3,766	3,760	3,834	3,678	3,943	3,966	4,015	4,340	26	(237)	(201)	(255)	(506)	5.7x	5.3x	5.2x	–	0.0x	21,122	20,994	20,440	19,887	19,719	6.5%	3.6%	28%	Buy	$31	38%	Buy	$32	42%
Other																																				
ALTO	$1.27	97	13	24	40	46	42	43	27	47	46	42	43	–	–	–	–	–											54.8%	–	–	Buy	$9	609%	Buy	$7	451%
NEP	$54.81	4,873	1,649	1,837	1,977	2,143	2,325	2,471	1,979	2,287	2,501	2,739	2,838	(142)	(310)	(358)	(414)	(367)											9.1%	6.7%	–	Buy	$81	54%	Buy	$79	50%
SMR	$8.06	565	(230)	(100)	(57)	8	96	n/a	(130)	(85)	(30)	55	220	30	28	39	41	–														–	–	Buy	$18	123%	Buy	$14	67%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

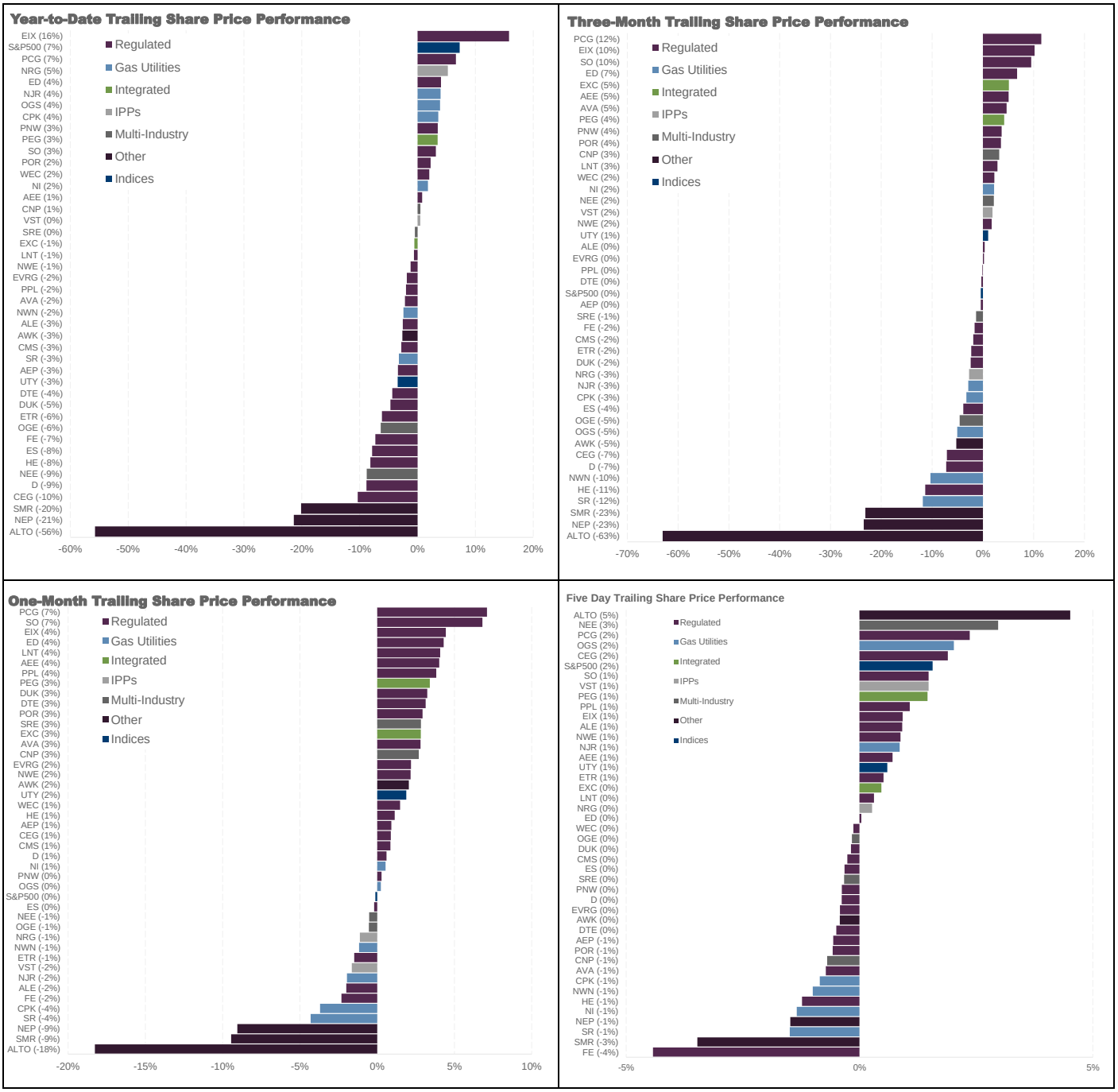

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Generation and Mix

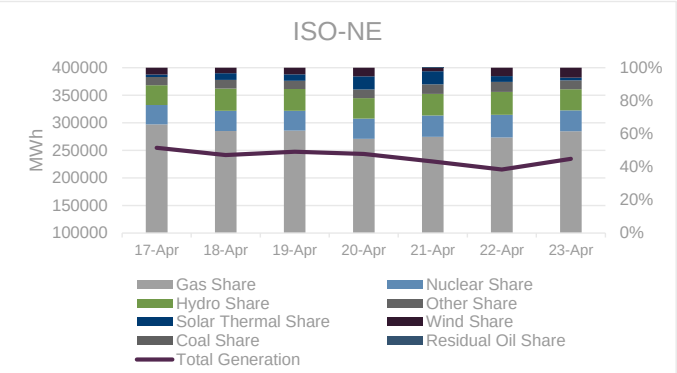

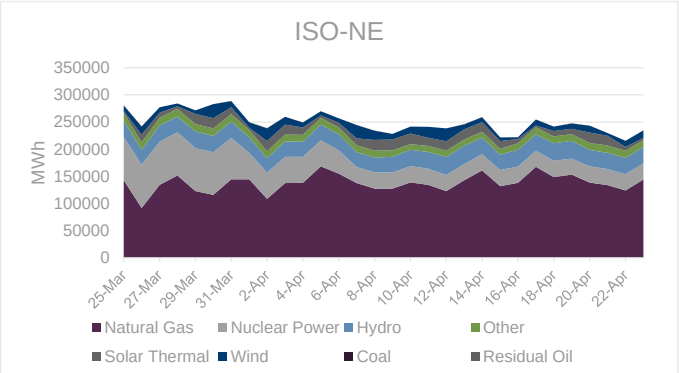

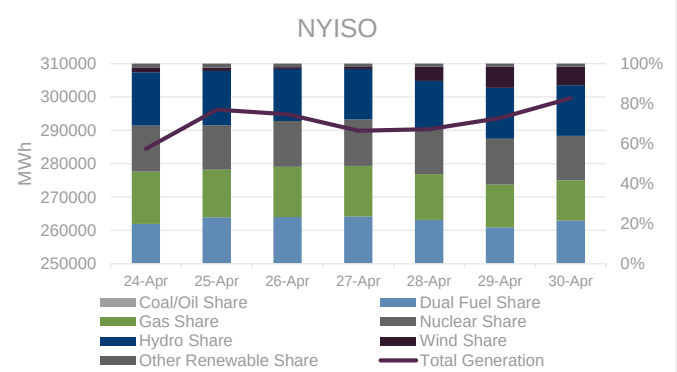

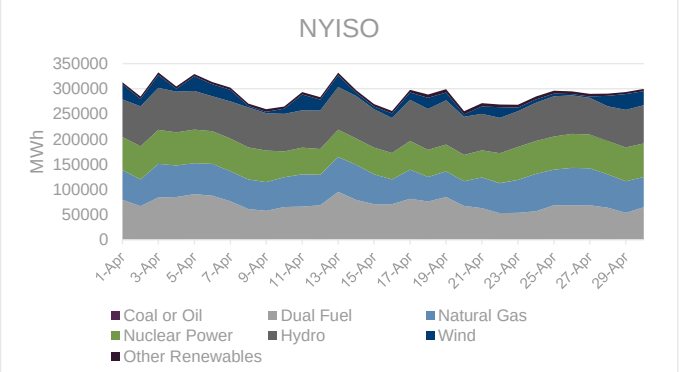

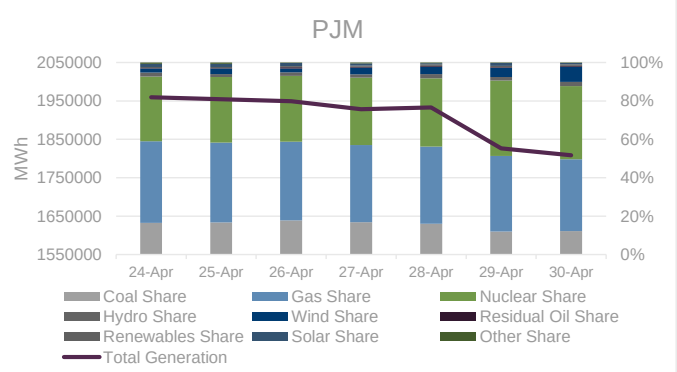

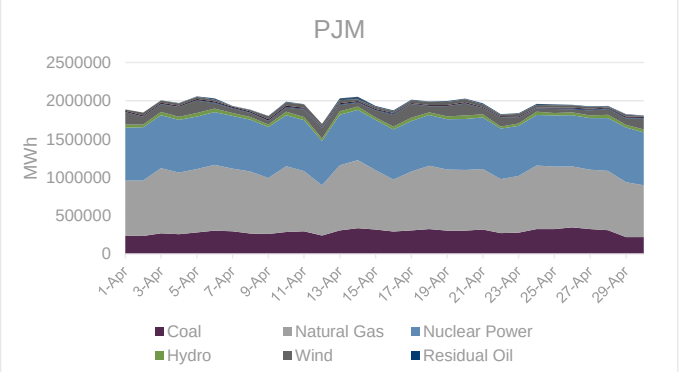

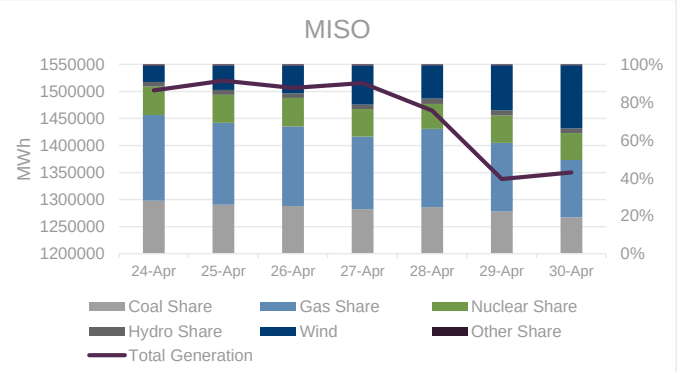

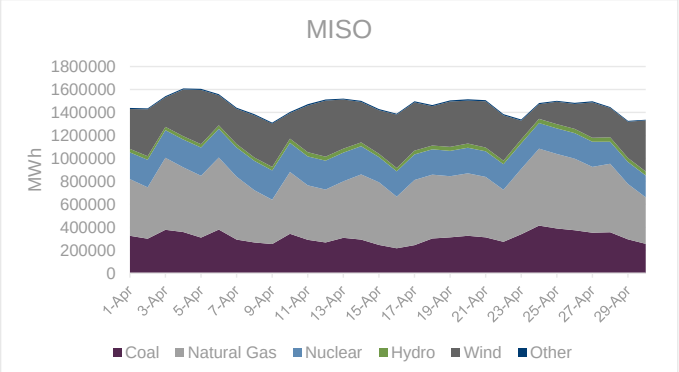

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Generation and Mix (continued)

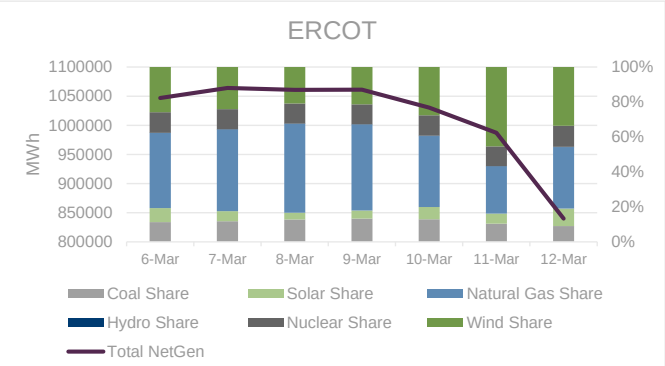

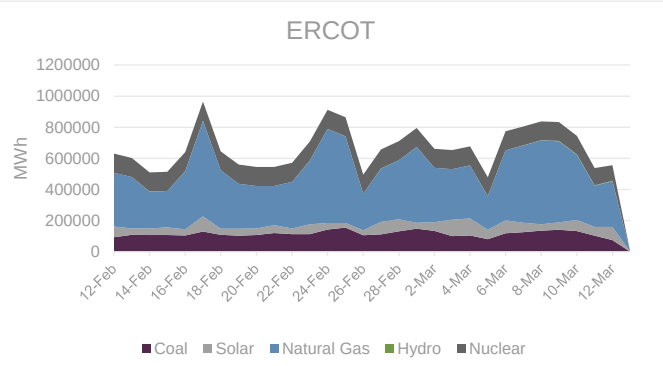

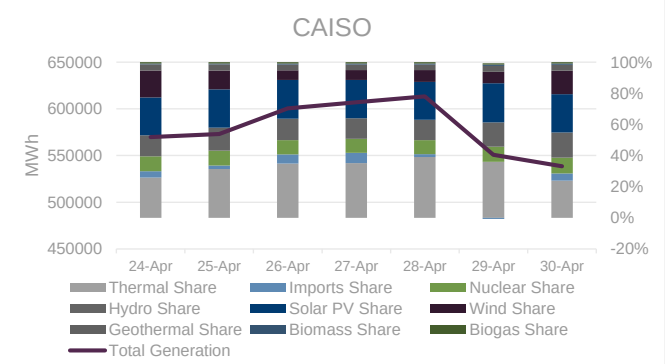

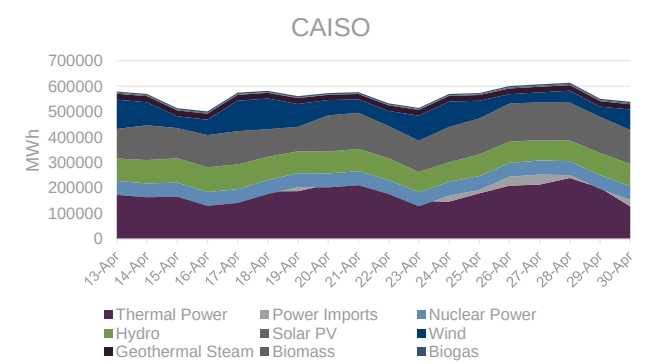

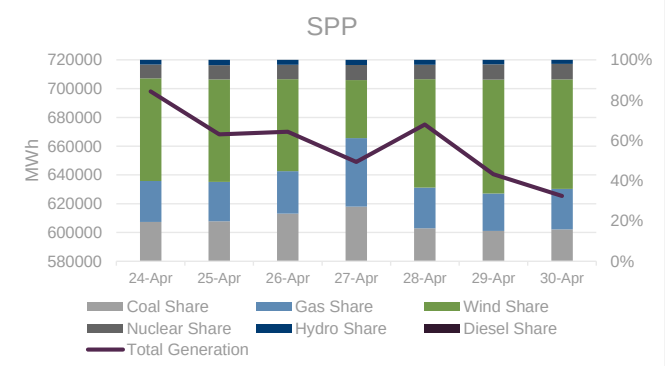

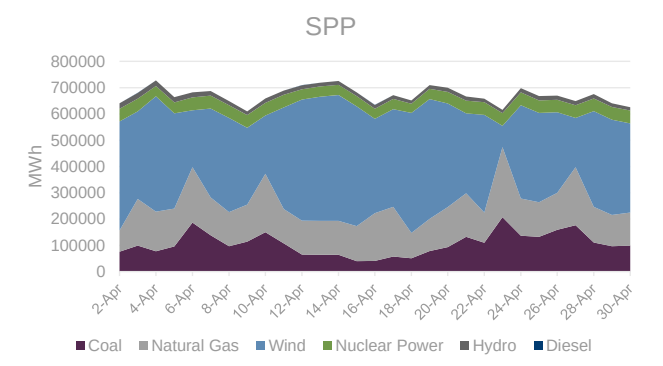

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Weather

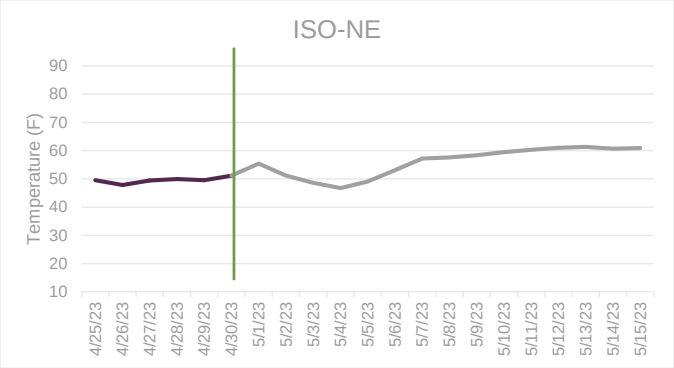

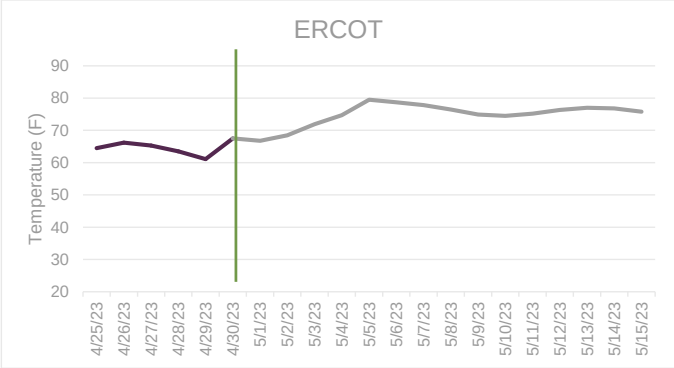

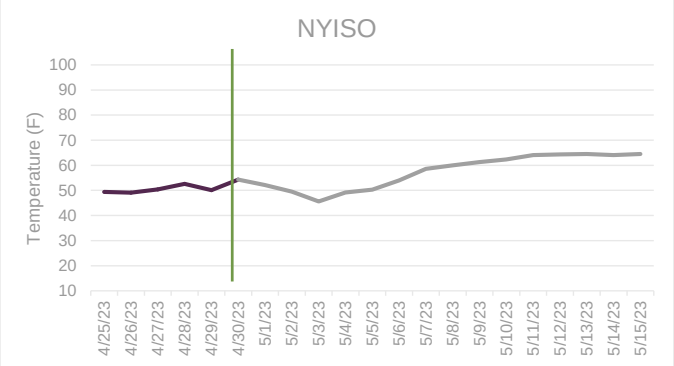

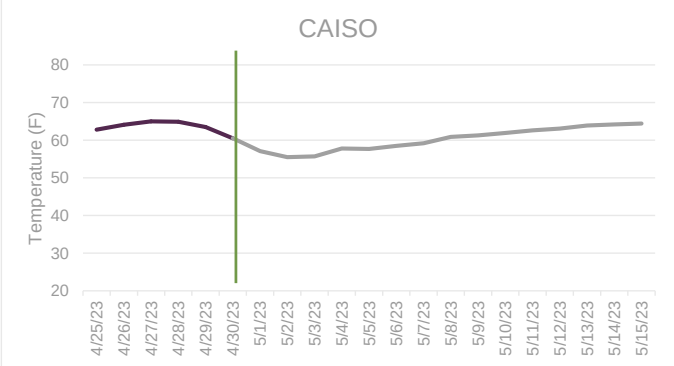

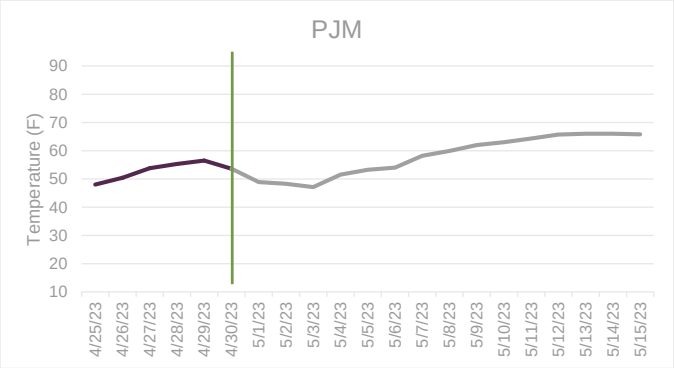

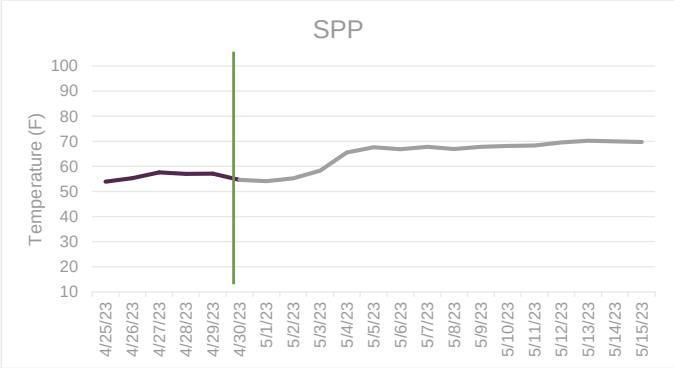

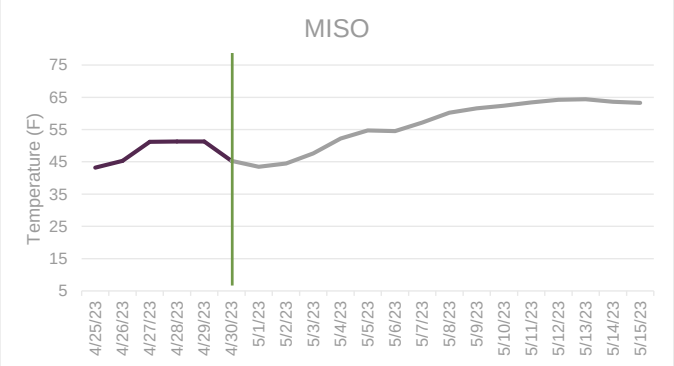

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

YTD Peak Load

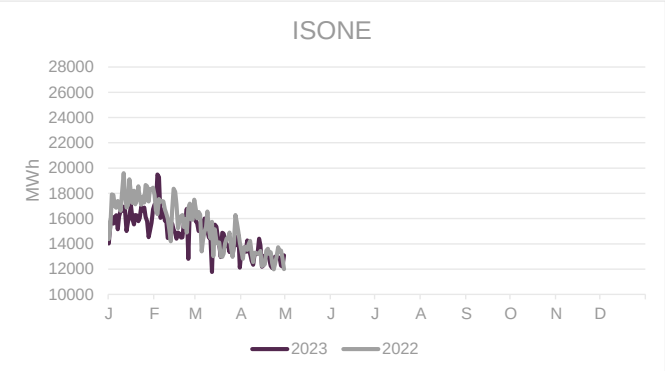

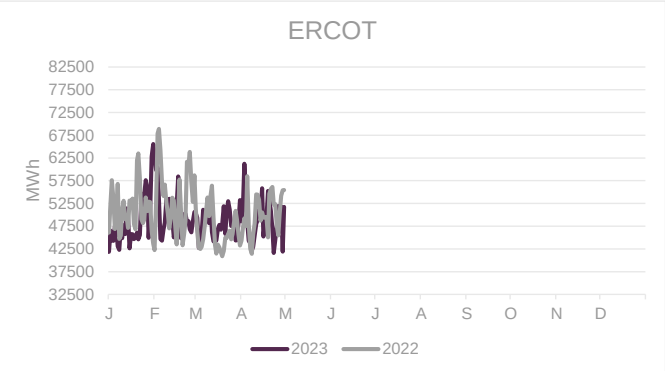

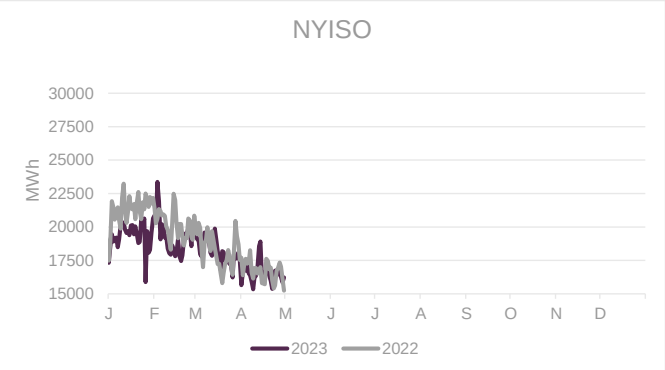

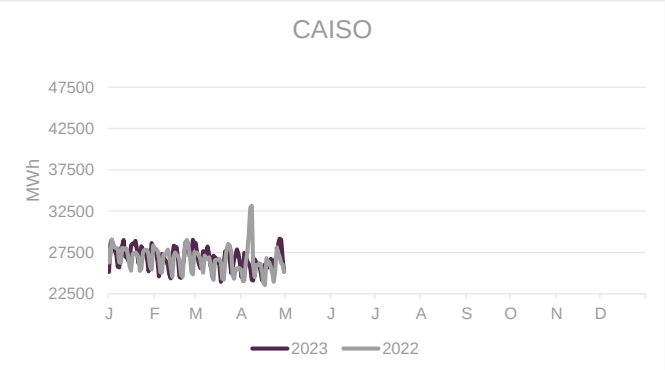

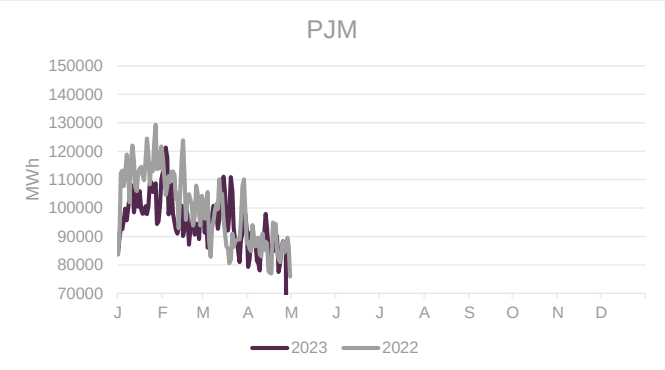

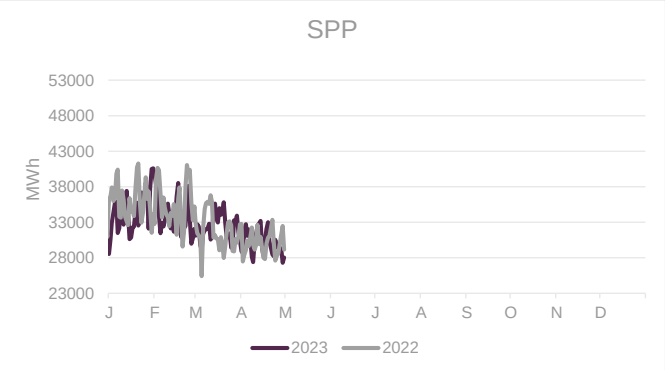

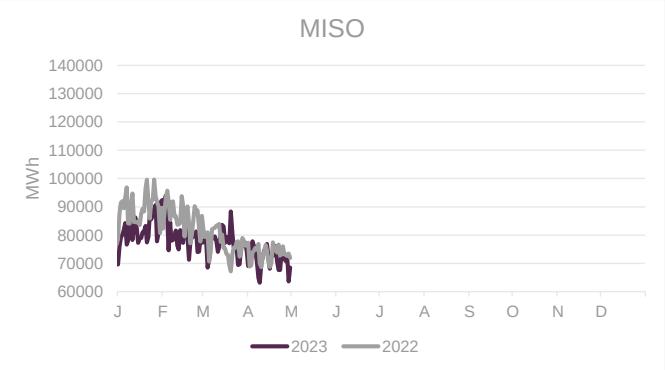

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-0.6%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-1.0%
PJM	3.8%	0.2%	2.1%	-5.2%	-0.1%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.5%
CAISO	1.2%	4.0%	0.3%	1.0%	-0.1%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-1.9%
SPP	9.7%	5.0%	7.1%	-1.6%	0.5%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/31/2023-6/30/2023)

Date	State	Ticker	Utility/Event	Docket	Description
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/15/2023-4/15/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
3/29/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Company to submit annual information filing
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Company to submit annual information filing
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision may be issued in Rider US 3 proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
4/1/2023-4/30/2023	KS	EVRG	Evergy Kansas Central Inc.		Rate case filing expected
4/1/2023-4/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearing examiner's report may be issued in Rider GT update proceeding
4/1/2023-4/30/2023	WI	LNT	Wisconsin Power and Light Co		Rate case expected to be filed early Q2'23
4/3/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Hearing to begin in rate proceeding
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Final day for stipulations, settlement agreements
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Final day for stipulations, settlement agreements
4/4/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Rebuttal testimony due in rate proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Staff to file testimony in Rider RGGI reinstatement proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Rebuttal testimony due in Rider SNA adjustment proceeding
4/7/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Staff to file testimony in G-RAC proceeding
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Hearing commences
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Hearing commences
4/12/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Staff to filed testimony in Rider OSW update proceeding
4/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Company rebuttal testimony due in rate proceeding
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Supplemental direct testimony due
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Supplemental direct testimony due
4/14/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Company rebuttal testimony due by
4/17/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Staff, intervenor testimony due
4/18/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Settlement conference to be held in rate proceeding
4/19/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Staff to file testimony in Rider DSM proceeding
4/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
4/21/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Rebuttal testimony due in G-RAC proceeding
4/26/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Rebuttal testimony due in Rider OSW update proceeding
4/28/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Staff testimony due in rate case
5/1/2023-5/31/2023	CA	EIX	Southern California Edison Co.		General rate case to be filed
5/1/2023-5/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0203 (ISRS)	Decision possible in ISRS proceeding
5/1/2023-5/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearings scheduled in Rider RGGI reinstatement proceeding
5/2/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Staff and intervenor testimony due in rate proceeding
5/2/2023-5/3/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearings scheduled in G-RAC proceeding
5/5/2023	IL	AEE	Ameren Illinois	D-23-0067	Staff and intervenor testimony due in rate proceeding
5/8/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Rebuttal testimony due
5/9/2023	IL	SO	North Shore Gas Co.	D-23-0068	Staff and intervenor testimony due in rate proceeding
5/9/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Hearing to begin in rate proceeding
5/9/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Hearing to begin in rate proceeding
5/9/2023-5/10/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearings scheduled in Rider OSW update proceeding
5/11/2023	IL	AEE	Ameren Illinois	D-23-0082	Staff and intervenor testimony due in rate proceeding
5/16/2023-5/17/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearings scheduled in Rider DSM proceeding
5/18/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Staff and intervenor testimony due in rate proceeding
5/21/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Intervening parties to file testimony in Rider E update proceeding
5/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on power cost update due
5/25/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
5/31/2023	NY	ED	Orange & Rockland Utlts Inc.		Long-term gas system plan to be filed
5/31/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Company rebuttal testimony due in rate proceeding
5/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Decision expected in Rider GT proceeding
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearing Examiner report may be issued in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Hearing examiner report may be issued in Rider SNA adjustment proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/2/2023	IL	AEE	Ameren Illinois	D-23-0067	Company rebuttal testimony due in rate proceeding
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Utility and IPP 1Q23: Valuation and Estimate Adjustments
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	240	66.12%	37	15.42%
NEUTRAL	114	31.40%	6	5.26%
SELL	9	2.48%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

EQUITY RESEARCH QUICK TAKE

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com

May 3, 2023

Exelon Corporation

1Q23 beat with 2023 guidance reaffirmed

NYSE: EXC | USD 42.57 | Sector Perform | Price Target USD 47.00

Sentiment: Neutral

Our view: Adjusted earnings of $0.70 compared to our estimate of $0.68 and consensus of $0.66. 2023 guidance of $2.30-$2.42 is reaffirmed as is the long-term EPS growth CAGR of 6%-8%. On the call, we expect topics to cover the new rate case filings made since the last earnings call, the 2023 financing plan, and the regulatory calendar.

EXC reported 1Q23 earnings of $0.70 versus 1Q22 earnings of $0.64. The YoY drivers include higher distribution and transmission rates. Higher interest rates acted as partial offsets and unfavorable weather was a -$0.05 drag across all jurisdictions.

Regulatory updates. Since the fourth quarter call, ACE filed its rate case with a decision expected in 1Q24. BGE filed its multi-year rate case for updates rates for 2024-2026. Pepco filed a multi-year rate plan for revenues from 2024-2026 with a decision expected in 1Q24. ComEd filed its distribution formula rate reconciliation for 2022 service costs which will be absorbed in rates in 2024.

2023 financing outlook. The company completed 80% of this year's debt financing needs in the first quarter. EXC continues to target 13-14% FFO/debt metric with the downgrade threshold around 12%. The company still expects to issue $425 million of equity by 2025.

Conference call today at 10:00AM ET. Register for a unique pin here.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04 May 2023 04:19 PM
RBC Capital Markets appreciates your consideration in the 2023 Institutional Investor All-America and All-Canada Research Team survey.

Capital Markets

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 31-Mar-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [Outperform]	824	56.05	236	28.64
HOLD [Sector Perform]	591	40.20	132	22.34
SELL [Underperform]	55	3.74	4	7.27

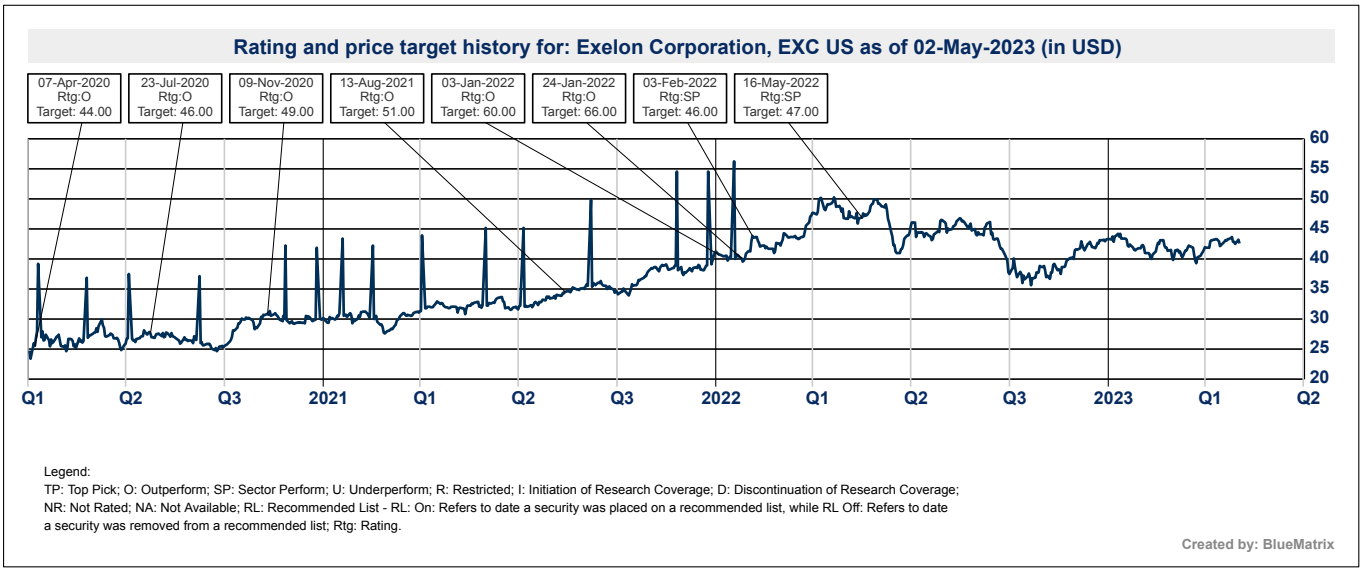

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List. As of April 3, 2023, U.S. RBC Wealth Management's quarterly reports will serve as the primary communication for its models and will highlight any changes to the model made during the quarter.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $47 price target assumes a 18.6x P/E multiple on 2024E utilities EPS of $2.51. Our multiple reflects a slight 3% discount to our base case blended electric and gas multiple of 19.1x, resulting in equity value per share of $47. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Credit metrics deteriorate due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Approval of upcoming multi-year plans at favorable levels

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. (“MSCI”) and Standard & Poor's Financial Services LLC (“S&P”) and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

J.P.Morgan

Exelon Corp.

1Q23 EPS Beat; 2023 Guide + Capex + Financing All Reaffirmed in MYP-Focused Quarter

Overweight

EXC, EXC US
Price (02 May 23):$42.57

North American Utilities

Jeremy Tonet, CFA [AC]
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com

Robin L Shillock
(1-212) 622-8223
robin.shillock@jpmchase.com
J.P. Morgan Securities LLC

- **1Q23 tops Street estimates as execution continues.** EXC reported 1Q23 adj EPS of $0.70, landing above the $0.65/0.67 JPMe/Street median, and up +6c YoY compared with 1Q22 EPS of $0.64 despite the quarter's -5c weather headwind. ComEd and PHI surpassed our estimates by +3c and +2c, respectively, primarily driven by higher rates within each segment. PECO also edged a penny higher than JPMe, in light of a -4c weather impact and higher depreciation/credit loss expense, partially offset by higher gas rates.
- **2023 guidance + capital plan + equity needs reaffirmed.** EXC reiterated 2023 adj EPS guidance of $2.30-2.42 ($2.35/2.36 JPMe/Street), implying ~5% growth based on the original 2022 guidance midpoint disclosed at the Jan 2022 Analyst Day, and consistent with EXC's 3Q/EEI growth message as PECO's rate cycle/weather/MYP reconciliations impact growth into 2023. EXC also reaffirmed its 2021-2025 and 2022-2026 EPS CAGR of 6-8% with expectations of midpoint or better. Lastly, EXC's 5yr capex plan remained unchanged at $31.3bn (2023-2026 rate base CAGR of 7.9%) with $425mm of remaining equity issuance between 2023 and 2025. We look for any incremental updates on the timing of EXC's remaining $425 equity issuance given broad attention on sector balance sheets as of late.
- **MYP process underway.** Since the last earnings call, EXC filed ACE's electric distribution rate case, BGE's second MYP, and Pepco DC's second MYP, with expectations to file Pepco MD's second MYP this month. Current messaging indicates expected commission decisions on ACE, BGE, Pepco , and ComEd filings in 1Q24, 1Q23, 1Q23, and YE23, respectively. Here, we see 1Q23 as a stage for EXC to drill into the progress of this MYP transition, and anticipate continued messaging on the post-reconciliation accounting benefits that further tighten EXC's EPS trajectory with its underlying rate base growth.

Table 1: EXC 1Q23 Results

Income Statement:	Actual 1Q22	Actual 1Q23	JPM 1Q23E	% Chg Y/Y	% Chg vs JPMe	YoY Drivers
Adj Op EPS by Segment						
ComEd	$0.20	$0.25	$0.22	27%	15%	+4c distribution rates, +1c CMC carrying costs
PECO	$0.21	$0.17	$0.16	-20%	5%	-4c weather, +2c gas distribution rates, -1c depreciation, -1c credit loss expense
BGE	$0.20	$0.20	$0.21	-2%	-6%	+1c distribution rates, -1c interest expense
PHI	$0.14	$0.17	$0.15	22%	13%	+4c distribution and transmission rates, -1c weather
Corporate & Other	($0.11)	($0.09)	($0.09)	-16%	-4%	+2c BSC allocations adjustments fo discontinued operations, +2c other, -2c interest expense
Adjusted Operating EPS	**$0.64**	**$0.70**	**$0.65**	**9%**	**8%**	

Source: Company reports and J.P. Morgan estimates.

See page 2 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
27-May-20	N	37.60	43
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45
27-Dec-22	OW	43.04	49
25-Jan-23	OW	41.51	48
08-Mar-23	OW	41.00	47
21-Apr-23	OW	43.00	50

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), NorthWestern Energy (NWE), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

J.P. Morgan Equity Research Ratings Distribution, as of April 01, 2023

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	47%	38%	15%
IB clients**	47%	44%	34%
JPMS Equity Research Coverage*	46%	41%	13%
IB clients**	66%	65%	53%

***Please note that the percentages might not add to 100% because of rounding.**

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.**
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Spurthi Gadamsetty; spurthi.gadamsetty@jpmchase.com; +912261573225. Grievance Officer: Ramprasadh K, jpmipl.research.feedback@jpmorgan.com; +912261573000.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa,

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 060/08/2022 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may

Jeremy Tonet, CFA
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring: https://www.jpmorgan.com/disclosures/email

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2023. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to msci.com/disclaimer

"Other Disclosures" last revised April 29, 2023.

Copyright 2023 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

Completed 03 May 2023 08:34 AM EDT

Disseminated 03 May 2023 08:34 AM EDT

UBS

First Read

Exelon Corp

Beat on the Qtr, LT Outlook Remains Intact

Q: How did the results compare vs expectations?

A: Beat. EXC reported Q1'23 earnings of $0.70 /shr vs. UBSe/consensus of $0.66/$0.60. The company reported $0.64/shr for the same period last year.

Q: What were the most noteworthy areas in the results?

A: Higher electric and gas distribution rates helped drive the quarter at +11c yoy, partially offset by unfavorable weather at PECO (-4c) and PHI (-1c). Higher interest costs were also a partial offset at -3c yoy.

Q: Has the company's outlook/guidance changed?

A: No. The company reaffirmed full year 2023 EPS guidance of $2.30-$2.42 and long term growth rate of 6-8% through 2026, with the expectation to be at the midpoint or better. The remaining equity needs are unchanged at $425mm through 2025. The company expects the annual operating ROEs at the utilities to be w/in 9-10% for 2023.

Q: How would we expect investors to react?

A: Neutral to Positive. Modest beat on the quarter and reaffirming target of midpoint or better on the growth rate should be well received. We expect questions to be around the rate case filings in IL and MD and ongoing cost reduction efforts.

Key Metrics ()

	Consensus estimates	UBS estimates	Actual	% diff vs. UBS
Adjusted EPS	$0.66	$0.60	$0.70	16.6%

Source: Company Reports, UBS Estimates, FactSet

Equities

Americas
Electric Utilities

12-month rating	**Buy**
12m price target	**US$48.00**
Price (02 May 2023)	**US$42.57**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$49.85-35.54
Market cap.	US$42.9b
Shares o/s	994m (COM)
Free float	100%
Avg. daily volume ('000)	7,604
Avg. daily value (m)	US$316.7
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.7x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E	
	UBS	Cons.
Q1E	0.60	0.66
Q2E	0.50	0.50
Q3E	0.76	0.72
Q4E	0.51	0.50
12/23E	2.36	2.37
12/24E	2.54	2.51
12/25E	2.82	2.74

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,968	19,713	20,432	21,130
EBIT (UBS)	2,554	2,682	3,315	3,902	4,152	4,559	4,934	5,295
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,538	2,830	3,029	3,281
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.82	3.01	3.24
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,725)	(48,634)	(51,214)	(53,394)

Profitability/valuation	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	23.1	24.1	25.1
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	6.0	6.1	6.3
EV/EBITDA (UBS core) x	13.5	14.4	11.8	10.4	9.7	8.9	8.3	9.7
P/E (UBS, diluted) x	22.4	25.7	19.7	18.3	17.0	15.3	14.3	13.3
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(6.7)	(2.9)	(3.1)	(2.4)	(1.2)
Dividend yield (net) %	2.9	2.9	3.0	3.3	3.6	3.9	4.1	4.4

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 42.57 on 02-May-2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Forecast returns

Forecast price appreciation	+12.8%
Forecast dividend yield	3.4%
Forecast stock return	+16.2%
Market return assumption	9.1%
Forecast excess return	+7.1%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $48 premised on a 9% premium to the group multiple or 18.9x our $2.54/share earnings forecast for 2024. Our 9% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 5% discount for a 3rd quartile regulatory ranking overall, a 4% premium for 1st quartile earnings growth and a 5% premium for energy transition.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 03 May 2023 12:18 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$42.57	02 May 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

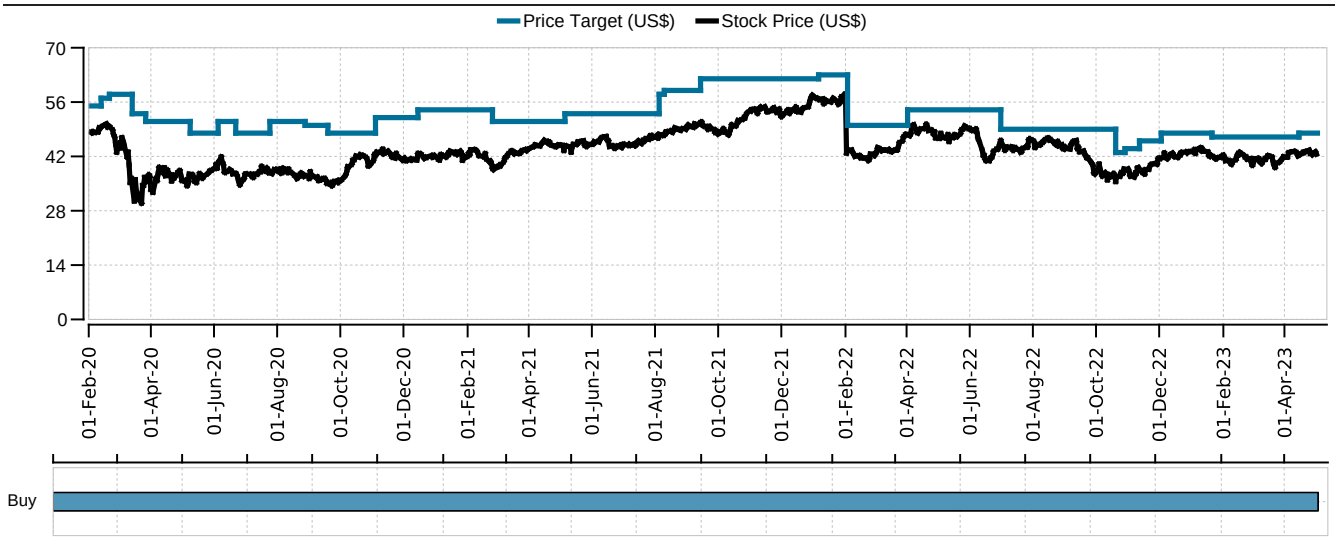

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-01-31	47.59	55.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-02-12	49.26	57.00	Buy
2020-02-20	49.85	58.00	Buy
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy

Source: UBS;as of 02-May-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: WEC beat, AQN activist, FE/CMS, HE, LNT, EXC, power, & OGS
- **Publication Date/Time** : Monday, May 01, 2023 04:59:47 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://rsch.baml.com/r?q=wq!FvZmpe0pQnlD!Aza2aA__&reid=E8EBB3D0EAB811ED9D93AA5867C218DA

KeyBanc Capital Markets

Alert

May 01, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: SO, XEL, AEE, DUK, EXC, NEE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

1Q earnings continue with WEC, OTTR, PEG, EIX, EXC, AVA, ES, AEP, CEG, PNW, SRE, ED, D, and AEE scheduled to report this week. This week, we are tracking regulatory proceedings for SO's Nicor Gas IL rate case, XEL's CO electric rate case, and AEE's IL gas case. In other news, CT PURA adopts the implementation of a PBR framework; DUK reaches a partial settlement in the DEP NC electric rate case and a settlement in the OH natural gas rate case; NSP files an electric and gas rate case with the WI PSC; EXC seeks $700M of DOE funding for grid improvements; NEE announces a JV for a nationwide EV charging and hydrogen infrastructure program; and the NC Senate passes a bill redefining clean power to include nuclear energy.

KBCM Invites You to Join Us at the AGA Financial Forum on May 22-23 in Ft. Lauderdale, FL.
Scroll down for a full schedule and contact us or your sales representatives to join us at our meetings.

Upcoming Earnings Reports

1Q earnings continue: WEC, **OTTR**, **PEG**, **EIX**, **EXC**, **AVA**, **ES**, **AEP**, **CEG**, **PNW**, **SRE**, **ED**, **D**, and **AEE** are scheduled to report this week (see calendar below). Our recently published preview, It's Been a Rough Start to the Year, includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

1Q23 Utilities Earnings Calls			
Company Name	**Ticker**	**Date**	**Time (ET)**
WEC Energy Group Inc	WEC	5/1/2023	2:00 PM
Otter Tail Corp	OTTR	5/2/2023	11:00 AM
Public Service Enterprise Group Inc	PEG	5/2/2023	11:00 AM
Edison International	EIX	5/2/2023	4:30 PM
Exelon Corp	EXC	5/3/2023	10:00 AM
Avista Corp	AVA	5/3/2023	10:30 AM
Eversource Corp	ES	5/4/2023	9:00 AM
American Electric Power Co	AEP	5/4/2023	9:00 AM
Constellation Energy	CEG	5/4/2023	10:00 AM
Pinnacle West Capital Corp	PNW	5/4/2023	12:00 PM
Sempra Energy	SRE	5/4/2023	12:00 PM
Consolidated Edison Inc*	ED	5/4/2023	NA
Dominion Energy Inc	D	5/5/2023	10:00 AM
Ameren Corp	AEE	5/5/2023	10:00 AM

*ED does not hold a conference call and will release an earnings package after market close
Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

SO — Staff and Intervenor testimony in SO's Nicor Gas rate case is due on May 2: SO's Nicor Gas filed a GRC with the IL Commerce Commission requesting a $321M revenue increase, premised on a 10.35% ROE, 54.5% equity, and a 2024 year-end test year. Drivers for the rate increase include the recovery of investments under the Investing in IL program and the inclusion of $32M under three proposed riders. SO expects an ICC ruling within the 11-month statutory timeframe or by December 3.

XEL — Intervenor testimony in XEL's CO electric rate case is due on May 3: XEL seeks a net revenue increase of $262M (net of $50M currently recovered through riders), premised on a 10.25% ROE, 55.7% equity layer, and a 2023 forecast test year. The main drivers of the rate increase are investments in its distribution infrastructure, including wildfire mitigation, investments in advanced grid intelligence and security, as well as other investments including those in transmission. The requested revenue increase also accounts for higher labor and capital costs. The filing is in line with previous indications by the Company. The Company is requesting rates to become effective September 7, 2023.

AEE — Staff and Intervenor testimony in AEE's IL gas rate case is due on May 5: AEE IL filed a gas GRC with the IL Commerce Commission requesting a $160M revenue increase, premised on a 10.7% ROE, 54% equity, and a 2024 year-end test year. The rate increase request includes the recovery of $77M of annual revenues that would be recovered under AEE's QIP rider. AEE expects an ICC ruling within the 11-month statutory timeframe or by December 6, with rates going into effect on January 1, 2024.

Recent Developments for Companies Under Our Coverage

From our midweek: Staff files testimony in SPS's NM electric rate case; ED prepares to commence settlement discussions in CECONY steam rate case; the WV PSC orders FE to continue negotiations for the purchase of the Pleasants coal plant; the WV PSC approves list of bidders for FE management audit; SoCalGas partners on hydrogen project seeking to decarbonize other sectors; a commissioner resigns from the AK RCA; MI PSC Commissioner announces plans to step down from role; and AGR achieves commercial operations at 162 MW solar project.

ES, AGR — CT PURA adopts performance-based rulemaking in a unanimous decision: PUR adopted a PBR framework for CT electric distribution companies that will be phased in in 2024. PURA commenced proceedings to develop a framework after being called upon by the state legislature to do so following 2020's storm Isaias. The framework will be implemented in two stages, with the first stage including regulatory goals to inform a PBR framework, evaluate the current framework, and determine specific areas of utility performance that should be targeted for improvement, and identifying specific performance metrics. Phase 2 of the program will determine how to achieve the specific policy outcomes.

EXC — EXC files an application with the DOE for $700M in grid resilience funding: EXC filed an application with the DOE seeking $700M funding for 10 projects through the Grid Resilience and Innovation Partnership (GRIP) program. The projects include a community innovation hub, battery-backed community microgrids, deployment of smart meters, and improved grid resilience in under-resourced communities. EXC submitted 14 concept papers in December and received letters of encouragement to submit applications for 11 of them. The $10.5B GRIP program is part of the Bipartisan Infrastructure Bill and offers grants for projects that enhance grid flexibility and improve grid resilience against climate change and extreme weather.

DUK — DUK reaches a partial settlement in the DEP NC electric rate case: DUK reached a partial settlement with NCUC Staff on several items, including the recovery of capital projects, plant in service, and depreciation rates, but left ROE, capital structure, and inflation adjustments out for a litigated proceeding. Staff had previously recommended a cumulative $260M revenue increase, premised on a 9.25% ROE and 52% equity, which compares to DEP's request for a cumulative $700M rate, premised on a 10.4% ROE and 53% equity layer. DUK requested RY1 rates to go into effect by October 2023. Hearings are expected to begin on Thursday, May 4.

DUK — DUK reaches settlement in OH natural gas rate case: DUK reached a multiparty settlement, including with Staff for a $32M revenue increase, premised on a 9.6% ROE, 52.32% equity, and a $1.9B rate base. The settlement will allow DUK to recover incremental natural gas capex through the existing Rider CEP through 2027. The OH Consumer Counsel was the only intervenor not to sign the settlement. DUK initially requested a ~$49M revenue increase based on a 10.3% ROE. Parties that support the settlement need to file testimony by May 4, with a later date for testimony from the OCC. Evidentiary hearings are set to begin on May 23.

XEL — NSP files rate cases in WI: XEL filed electric and gas rate cases (Docket: 4220-UR-126) with the WI PSC, requesting revenue increases of $40M and $9M, respectively, premised on a 10.25% ROE and 52.5% equity. The requests are driven by capital investments made since the last rate case and higher O&M expenses. XEL requests a PSC order by December 2023 and new rates to go into effect on January 1, 2024. In the last WI rate case, XEL agreed to a multiyear settlement for electric and gas revenue increases of $35M and $10M, respectively. The settlement included step-ups in year 2 of $18M and $3M, respectively.

NEE — NEER, Daimler, and Blackrock partner on nationwide EV charging and hydrogen infrastructure venture: NEER, Daimler, and Blackrock announced a JV, Greenlane, to design, develop, install, and operate a nationwide public charging and hydrogen fueling network for medium and heavy-duty EVs and fuel-cell vehicles. The ~$650M venture plans to construct the first site in Southern CA, followed by charging sites along critical freight routes along the coasts, and TX. The sites will initially focus on EV charging before

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

expanding to hydrogen fueling stations and finally access for light-duty vehicles. NEER will leverage its experience in energy, analytics, and infrastructure development to deliver end-to-end networking charging solutions through NextEra Mobility. NEE acquired NextEra Mobility in December 2020. Greenlane will be managed through a fund that is part of Blackrock's Climate Infrastructure Business.

DUK - NC Senate passes bill to include nuclear as a clean energy source: The NC Senate passed SB 678, the Promote Clean Energy bill, which will eliminate language that can potentially impede the issuance of CPCN for nuclear facilities and will replace "renewable energy" with "clean energy." The bill also aims to expand the options that the NCUC must consider when evaluating new generations to include EE, DSM, resource availability, and O&M costs. The bill makes room for nuclear fission as well as fusion in the definition of clean energy.

KBCM Schedule at the AGA 2023 (Tentative Agenda; All Times Eastern Daylight):

Monday, May 22

7:50 AM – Ameren Corporation (AEE)
8:40 AM – Sempra Energy (SRE) Group
9:30 AM – NorthWestern Corp (NWE)
10:20 AM – Dominion Energy, Inc. (D)
11:55 AM – Duke Energy Corporation (DUK)
12:50 PM – Avista Corporation (AVA)
1:50-2:35 PM – DTE Energy Company (DTE)
2:40 PM – CMS Energy Corporation (CMS)
3:30 PM – Xcel Energy Inc. (XEL)
4:20 PM – WEC Energy Group, Inc. (WEC)

Tuesday, May 23

8:30 AM – Consolidated Edison, Inc. (ED)
9:20 AM – Public Service Enterprise Group Incorporated (PEG)
11:00 AM – CenterPoint Energy, Inc. (CNP)

Earnings Recap

POR — POR reported an in-line 1Q and reaffirmed its 2023 guidance after strong load growth was offset by power prices in the region. More importantly, the Company announced the awards of two additional projects from its 2021 RFP, including the ownership of a 200 MW BESS project. POR remains in negotiations for the ownership of a 75 MW BESS project. POR reaffirmed its 5-7% LT growth target and provided an updated RB CAGR of 7.3% to reflect the recent awards and included a bullish illustrative RB growth scenario with the impact of potential future RFP wins. In tandem, POR announced a new ATM program to help finance the incremental capital. CFO Jim Ajello also announced his intentions to step down from his role at the end of June. See our note here.

FE — FE reported results aligned with consensus and maintained its FY23 guidance. The weather was a significant headwind for the quarter, and absent the impact, FE noted that it would have been trending ahead of plan. Signal Peak contributed $0.08 to 1Q, and FE expects to see less of a contribution from Signal Peak earnings in the remaining quarters as it seeks further cost-cutting measures to offset diminishing SP contribution. The new CEO is set to take over in just over a month and will walk into an active regulatory schedule. See our note here.

NWE — NWE posted 1Q23 results in line with our expectations but below consensus estimates as the Company faces O&M and inflation pressures, but we expect investors to look past the results and focus on the near-term catalysts, including the MT GRC and the outcome at Yellowstone. A final order on the GRC is likely to come before the 2Q earnings call and will be followed by full-year guidance. Regarding Yellowstone, it could be some time before the issue is resolved, and could further delay the project. NWE is trying to reduce its exposure to power markets, and the Yellowstone Plant and Colstrip are both vital to the plan. We will be able to hear more about NWE's plan to reduce its market exposure when it files its MT IRP. See our note here.

SO — SO reported EPS of $0.79 vs. consensus estimates of $0.71 and guidance of $0.70. The Company introduced 2Q guidance below consensus while maintaining 2023 estimates. SO also maintained its timelines for Vogtle Unit 3 and Unit 4, with the first unit expected to enter service in the next one to two months. SO is preparing to complete HFT on Unit 4. After HFT, SO will complete the ITAAC process and commence fuel load, signaling SO's ability to file its prudence review for project costs exceeding $7.3B. As we near the completion of Vogtle, SO is expected to see a strengthening of its cash flow and credit metrics and could use the opportunity to explore selling or acquiring assets to create additional value. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

CNP — CNP reported an above-consensus quarter despite milder weather. Full-year guidance is unchanged at $1.48-$1.50. With a third of the full-year outlook achieved in 1Q and some material rate increases in TX on tap for 2H, we believe that the Company is in a comfortable position to meet the full-year outlook, even if the weather does not cooperate. The next data points will be the outcomes from the state legislature regarding the DCRF and the equity layer, which in turn will likely inform CNP's upcoming TX electric GRC. For now, the Company intends not to fund the near-term growth with equity issuances, but we will look for an update once the legislative process concludes and whether CNP taps on the $3B of identified investment opportunities not included in the plan. See our note here.

CMS — 1Q results were in line with reduced expectations as impacted by the weather and storm activity in the quarter. Despite the strong headwinds at the start of the year, management remains confident in its ability to meet full-year guidance with both ongoing savings initiatives and one-time efforts. We expect that CMS will pull on all available contingencies to meet guidance, although how the summer weather shapes up could also be a determinant. The Company expects to file an electric rate case in 2Q23 and proceedings are ongoing in the gas rate case with mostly constructive staff testimony that was recently released. See our note here.

XEL — XEL reported 1Q23 EPS ahead of estimates and maintained its full-year guidance. While facing near-term O&M pressures, the Company was able to maintain its guidance of a 2% decline for the full-year, with an improvement expected in the latter half of the year. XEL maintained its five-year capital plan, which supports its LT EPS growth rate, with incremental opportunities, including self-build generation in pending RFPs. See our note here.

DTE — DTE reported results that beat recently lowered expectations, reiterated guidance, and provided a constructive framework on how it plans to achieve the 2023 full-year outlook despite the weather and storm-impacted 1Q results, and the caveats to achieving guidance. The IRP and electric rate cases both appear to be leaning toward settlements with the outcomes likely learned over the summer. Strong economic activity in DTE's service territory (partly linked to the IRA), increasing electrification and a strong case for increased and accelerated resilience spending put the Company in a comfortable position to maintain the longer-term 6-8% growth rate. See our note here.

ETR — ETR reported results below consensus estimates as the utility faced milder weather, but the Company reaffirmed its full-year guidance and long-term outlook. SERI proceedings remain an overhang, and progress remains stalled while awaiting further clarity from FERC on its December 2022 order. SERI is expected to provide clarity sooner than later, at which point ETR could resume settlement talks with the regulators outside of MS. ETR settled on all the material issues in its TX GRC and expects to file a settlement shortly while remaining active with an MS FRP and its LA and NO grid resilience filings. See our note here.

AGR — AGR reported a below-consensus quarter, as network earnings fell below our forecast. While the Company maintained guidance of $2.20-$2.35 for 2023, we believe that the timing of the PNM merger and any related equity issuance will ultimately determine the 2023 outlook. Our estimates do not include PNM at present. A favorable NECEC outcome should lead toward a restart of construction, and we expect to hear more on the timing by the 2Q call. Management extended the deadline for the PNM merger agreement to July 20 and is still waiting for the NM Supreme Court to decide on remanding the case to the PRC. Vineyard Wind construction appears to be moving as planned, which is encouraging, but we have not heard of progress on renegotiating Commonwealth and Park City. Overall, we view the NECEC outcome as a distinct positive but remain cautious as we wait for an outcome on PNM and the NY, CT, and ME rate cases that are currently pending. See our note here.

NEE — NEE reported an above-consensus quarter, and as expected, reiterated its multiyear 6-8% EPS growth guidance. The NEER portfolio is growing beyond wind and solar as NEP adds RNG, clean hydrogen, and transmission to the mix. Solar import constraints are abating as NEE suppliers relocate supply chains and the UFLPA-related certification process becomes more streamlined. The bulk of the call, however, centered on questions around NEP, the valuation for the recent dropdown, and the upcoming dilution from CEPF conversions. Here management also reiterated the multiyear 12-15% DPU growth rate while highlighting the multiple growth levers available for NEP. See our note here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	5/1/2023	Electric GRC Filing
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	5/1/2023	Surrebuttal Testimony Due
MI	DTE Electric Co.	DTE	U-21193	IRP	5/2/2023	Hearings Begin
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	5/2/2023	Staff and Intervenor Direct Testimony
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	5/3/2023	Briefs Due
CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	5/3/2023	Intervenor Testimony Due
NC	Duke Energy Progress	DUK	D-E-2 Sub 1300	Electric	5/4/2023	Evidentiary Hearings Begin
KY	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	5/4/2023	Settlement Testimony
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	5/5/2023	Staff and Intervenor Direct Testimony
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	5/5/2023	Hearing Briefs
VA	Virginia Electric and Power Co.	D	C-OUR-2022-00187 (Rider OSW)	Rider	5/5/2023	Comments Due
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	5/8/2023	Rebuttal Testimony Due
OK	Public Service Co. of OK	AEP	PUD2022-000093	Electric	5/9/2023	Evidentiary Hearings Begin
VA	Virginia Electric and Power Co.	D	C-OUR-2022-00187 (Rider OSW)	Rider	5/9/2023	Hearings Commence
KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	5/9/2023	Evidentiary Hearings Begin
	Short-Term Energy Outlook (Summer Elec.)	EIA			5/9/2023	STEO release
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	5/9/2023	Staff and Intervenor Direct Testimony
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	5/9/2023	Staff and Intervenor Direct Testimony
	CPI Release	BLS			5/10/2023	CPI release for Prior Month
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	5/10/2023	Last day for scheduled settlement conference
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	5/10/2023	Hearings Begin
NM	Southwestern Public Service Co.	XEL	C-22-00286-UT	Electric	5/10/2023	Rebuttal Testimony Due
IL	Ameren Illinois	AEE	D-23-0082	Electric	5/11/2023	Staff and Intervenor Testimony Due
KY	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	5/12/2023	Opposing Settlement Testimony
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	5/12/2023	Rebuttal Testimony
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	5/12/2023	Rebuttal Testimony
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	5/15/2023	Reply Briefs
	UPSA Formula Rate Complaint	ETR	EL-20-72		5/15/2023	ALJ Initial Decision
ME	Central Maine Power Co.	AGR	D-2022-00152	Electric	5/16/2023	Hearings Begin
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	5/17/2023	Evidentiary Hearings Begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	5/17/2023	Evidentiary Hearings Begin
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	5/18/2023	Staff and Intervenor Testimony Due
	Federal Energy Reg Comm	FERC			5/18/2023	Open Meeting
VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	5/19/2023	Company Rebuttal Testimony
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	5/22/2023	Hearings Begin
OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	5/23/2023	Evidentiary Hearings Begin
AK	Avista Corp.	AVA	D-U-22-078	Electric	5/24/2023	Rebuttal Testimony

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Electric Utilities

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	23.4	Sector Weight	NA	$88.97	2.8%	58%	4.34	4.64	4.95	20.5x	19.2x	18.0x	4.36	4.69	5.03	20.4x	19.0x	17.7x
AEP	American Electric Power Company Ir	47.5	Sector Weight	NA	$92.42	3.6%	64%	5.24	5.60	5.96	17.6x	16.5x	15.5x	5.28	5.62	5.97	17.5x	16.5x	15.5x
CMS	CMS Energy Corp	18.2	Sector Weight	NA	$62.26	3.1%	63%	3.06	3.33	3.61	20.3x	18.7x	17.2x	3.10	3.34	3.62	20.1x	18.6x	17.2x
CNP	CenterPoint Energy Inc	19.2	Sector Weight	NA	$30.47	2.5%	50%	1.49	1.62	1.73	20.4x	18.8x	17.6x	1.49	1.61	1.73	20.5x	18.9x	17.7x
D	Dominion Energy Inc	47.7	Sector Weight	NA	$57.14	4.7%	69%	3.77	3.84	3.90	15.2x	14.9x	14.7x	3.91	3.77	3.98	14.6x	15.2x	14.4x
DTE	DTE Energy Co	23.2	Sector Weight	NA	$112.41	3.4%	61%	6.14	6.59	6.99	18.3x	17.1x	16.1x	6.22	6.68	7.15	18.1x	16.8x	15.7x
DUK	Duke Energy Corp	76.2	Overweight	$113	$98.88	4.1%	73%	5.57	5.95	6.33	17.8x	16.6x	15.6x	5.63	5.99	6.35	17.6x	16.5x	15.6x
ETR	Entergy Corp	22.7	Sector Weight	NA	$107.58	4.0%	65%	6.71	7.21	7.76	16.0x	14.9x	13.9x	6.69	7.19	7.72	16.1x	15.0x	13.9x
ES	Eversource Energy	27.1	Sector Weight	NA	$77.61	3.5%	62%	4.38	4.64	4.91	17.7x	16.7x	15.8x	4.36	4.66	4.99	17.8x	16.7x	15.5x
ED	Consolidated Edison Inc	34.1	Underweight	$70	$98.47	3.3%	67%	4.84	5.16	5.41	20.3x	19.1x	18.2x	4.87	5.22	5.51	20.2x	18.9x	17.9x
EIX	Edison International	28.2	Sector Weight	NA	$73.60	4.0%	62%	4.73	5.11	5.64	15.6x	14.4x	13.0x	4.73	5.10	5.57	15.6x	14.4x	13.2x
EXC	Exelon Corp	42.2	Sector Weight	NA	$42.44	3.4%	62%	2.37	2.51	2.73	17.9x	16.9x	15.5x	2.37	2.51	2.74	17.9x	16.9x	15.5x
FE	FirstEnergy Corp	22.8	Overweight	$45	$39.80	4.0%	63%	2.50	2.66	2.83	15.9x	15.0x	14.1x	2.53	2.67	2.84	15.7x	14.9x	14.0x
PEG	Public Service Enterprise Group Inc	31.5	Sector Weight	NA	$63.20	3.6%	66%	3.45	3.59	3.87	18.3x	17.6x	16.3x	3.44	3.69	4.04	18.4x	17.1x	15.6x
SO	Southern Co	80.3	Sector Weight	NA	$73.55	3.8%	77%	3.62	4.07	4.31	20.3x	18.1x	17.1x	3.61	4.03	4.30	20.4x	18.3x	17.1x
WEC	WEC Energy Group Inc	30.3	Overweight	$103	$96.17	3.2%	68%	4.60	4.91	5.27	20.9x	19.6x	18.2x	4.61	4.90	5.26	20.9x	19.6x	18.3x
XEL	Xcel Energy Inc	38.5	Overweight	$75	$69.91	3.0%	61%	3.37	3.56	3.78	20.7x	19.6x	18.5x	3.38	3.61	3.84	20.7x	19.4x	18.2x
					Average:	**3.5%**	**64%**				**18.5x**	**17.3x**	**16.2x**				**18.4x**	**17.2x**	**16.1x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	3.3	Underweight	$32	$44.07	4.2%	79%	2.33	2.44	2.55	18.9x	18.1x	17.3x	2.32	2.46	2.58	19.0x	17.9x	17.1x
NWE	NorthWestern Corp	3.5	Overweight	$63	$58.62	4.4%	74%	3.45	3.59	3.75	17.0x	16.3x	15.6x	3.47	3.61	3.76	16.9x	16.2x	15.6x
OTTR	Otter Tail Corp	3.0	Sector Weight	NA	$71.95	2.4%	44%	3.85	3.37	3.60	18.7x	21.4x	20.0x	3.94	3.41	3.56	18.2x	21.1x	20.2x
PNW	Pinnacle West Capital Corp	8.9	Underweight	$55	$78.46	4.4%	86%	4.03	4.62	4.89	19.5x	17.0x	16.0x	4.06	4.74	4.87	19.3x	16.6x	16.1x
POR	Portland General Electric Co	4.5	Sector Weight	NA	$50.62	3.7%	70%	2.67	3.03	3.25	19.0x	16.7x	15.6x	2.67	3.02	3.20	18.9x	16.8x	15.8x
					Average:	**3.8%**	**71%**				**18.6x**	**17.9x**	**16.9x**				**18.5x**	**17.7x**	**17.0x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	15.6	Underweight	$36	$40.26	4.4%	80%	2.20	2.33	2.48	18.3x	17.3x	16.2x	2.21	2.34	2.49	18.2x	17.2x	16.2x
NEE	Nextera Energy Inc	155.1	Overweight	$94	$76.63	2.4%	60%	3.10	3.38	3.65	24.7x	22.7x	21.0x	3.10	3.39	3.66	24.7x	22.6x	21.0x
SRE	Sempra Energy	48.9	Sector Weight	NA	$155.49	3.1%	53%	8.82	9.55	10.12	17.6x	16.3x	15.4x	9.00	9.60	10.21	17.3x	16.2x	15.2x
					Average:	**3.3%**	**64%**				**20.2x**	**18.7x**	**17.5x**				**20.1x**	**18.7x**	**17.5x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	25.4	Overweight	$95	$77.40	1.5%	29%	3.51	4.87	5.26	22.1x	15.9x	14.7x	3.95	5.05	5.35	19.6x	15.3x	14.5x
NRG	NRG Energy Inc	7.9	Not Covered	NA	$34.17	4.4%	33%	NA	NA	NA	NA	NA	NA	4.51	5.33	5.96	7.6x	6.4x	5.7x
VST	Vistra Corp	9.1	Not Covered	NA	$23.86	3.4%	27%	NA	NA	NA	NA	NA	NA	2.93	3.50	4.04	8.1x	6.8x	5.9x
					Average:	**3.1%**	**30%**				**22.1x**	**15.9x**	**14.7x**				**11.8x**	**9.5x**	**8.7x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

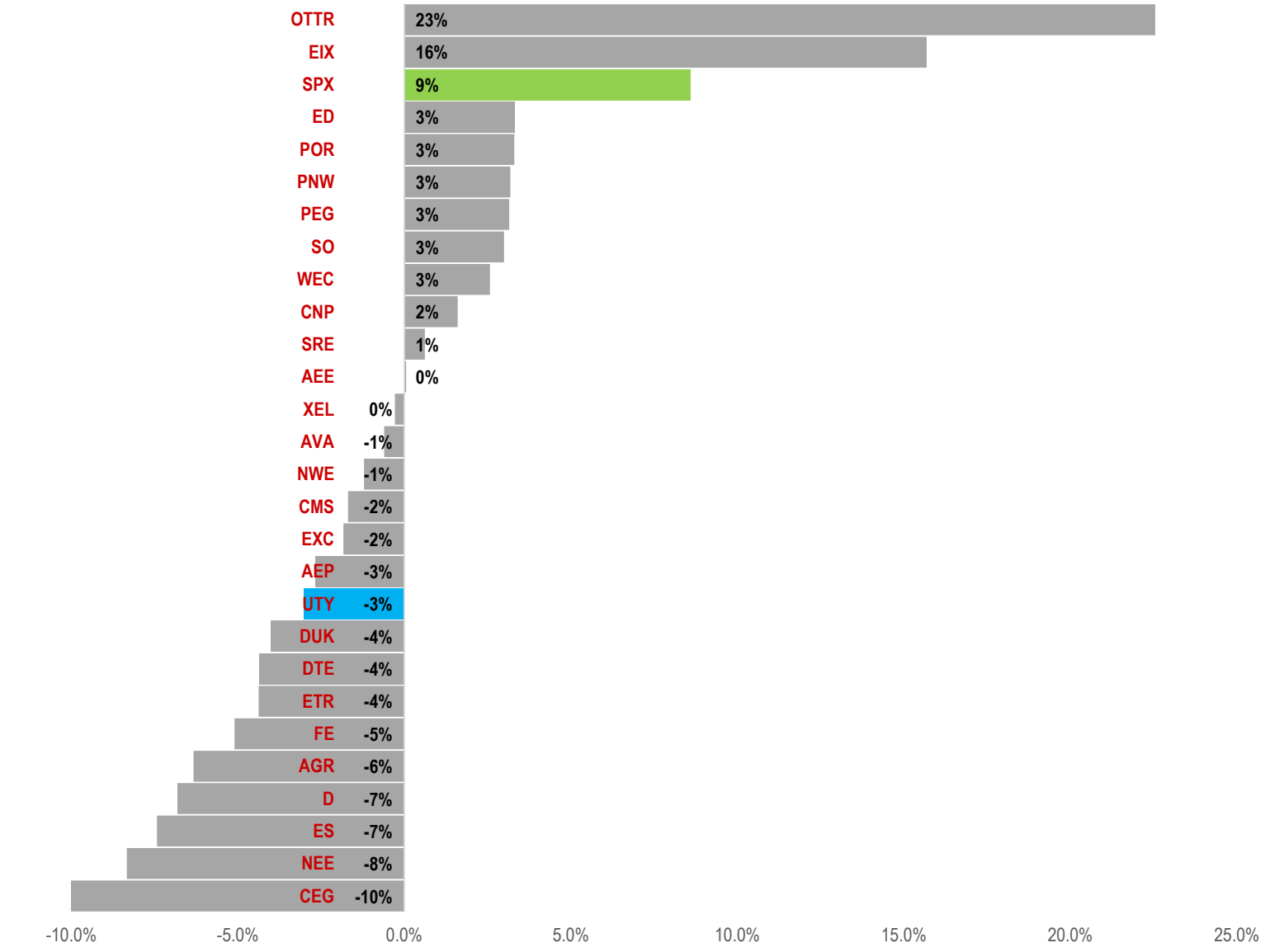

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

NWE: Constructive Settlement Reached in MT GRC

CMS: Notes from Management Meetings

PEG: Constructive AD Update; Remain SW

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Utilities 1Q23 Earnings Preview: It's Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	261	49.90	40	15.33
Sector Weight [SW]	255	48.76	37	14.51
Underweight [UW]	7	1.34	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	23	40.35	11	47.83
Sector Weight [SW]	30	52.63	11	36.67
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

UBS

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Catalyst to Watch This Week: U.S. EPA Proposal for CO2 Reductions at Gas Plants

The rule would require best available technology for gas fired plants to include carbon capture and sequestration technology. The compliance timeline could be 2040, and that compliance would be against an emissions cap and could be met through a technology such as H2 blending rather than CCS. Please see our report: Proposed EPA Power Plant Rule; ESG Thoughts.

Watt's on Tap

April 28 - May 5

Calendar Items

Weekly Calendar	
Other Possible	U.S. EPA Could Issue CO2 Rules for Existing and New Gas Power Plants **ETR** - FERC could issue clarification around potential for refunds in SERI decision from 12/23/22 relating to uncertain tax positions. **LNT** - WPL general rate case filing expected by month end in Wisconsin **CNP/SRE** - Texas legislation to monitor: HB 3042/SB 1889 - regarding equity ratio and HB 3043/SB 1015 regarding 2x per year distribution cost recovery factor (DCRF)

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 04/26/2023

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 14.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Price Target Changes

We are updating our Electric Utilities and Water Utilities price targets as shown in Figure 1 and Figure 2, consistent with the group valuation multiples as shown in Figures 5.

Figure 1: Electric Utilities Price Target Updates

Rating	Ticker	4/27/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Buy	AEP	$92.81	$115	17.5x	$114	17.3x
Neutral	ED	$99.18	$101	17.5x	$100	17.3x
Neutral	EVRG	$62.53	$65	17.9x	$63	17.3x
Neutral	OGE	$37.73	$41	17.8x	$40	17.3x
Neutral	WEC	$96.53	$105	17.5x	$104	17.3x

Source: FactSet, UBS estimates

Figure 2: Water Utilities Price Target Updates

Rating	Ticker	4/27/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Neutral	AWK	$148.46	$156	27.7x	$151	26.8x
Sell	AWR	$89.92	$88	27.4x	$86	26.8x
Neutral	CWT	$76.99	$64	27.2x	$63	26.8x

Source: FactSet, UBS estimates

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

04/27/2023 First Read: Southern Co "Vogtle Remains on Track; Beat in the Quarter" (Buy)
04/27/2023 DTE: Beat $1.33 versus $1.25 Consensus
04/27/2023 CMS: Beat. 1Q'23 Adj. EPS $0.70 v. $0.65 Consensus
04/27/2023 CNP: Solid Results in Q1
04/27/2023 XEL:Small Beat. $0.76 versus $0.75 Consensus
04/27/2023 ETR: A Long Way to Go in the Year
04/27/2023 AES: OTC Settlement Additive to Forecast
04/26/2023 AWK: In-Line. $0.91 versus $0.92 Consensus
04/25/2023 NEE: NEP Equity Headwind
04/24/2023 UBS Evidence Lab inside: Utility Service Territory Net Migration
04/24/2023 Proposed EPA Power Plant Rule; ESG Thoughts
04/21/2023 1Q'23 Earnings Preview

North America Alternative Energy and Environmental Services
Analysts: Jon Windham & William Grippin

04/27/2023 WCN: 1Q23: 2023 on-track
04/26/2023 North America Alternative Energy "US Distributed Solar Statistics – 1Q23;..."
04/26/2023 Profiling Private Energy Transition Companies
04/25/2023 NEP: 1Q23 in-line; equity issuance as expected
04/24/2023 CWST to acquire $43mn EBITDA operations from GFL
04/24/2023 WCN announces executive transition
04/18/2023 Alt. Energy: 1Q23 Earnings Preview
04/18/2023 Environmental Services: 1Q23 Earnings Preview

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 3: North America Power & Utilities 1Q'23 Earnings Expectations

US Companies in US$		Quarterly					Annual					
Company	Ticker	Scheduled Reporting Date	1Q'23E UBS	1Q'23E Consensus	UBS vs. Consensus	UBS Confidence Indicator[1]	1Q'22A Adjusted	2023E UBS	2023E Consensus	UBS vs. Consensus	Trailing 12 Month	2022A	2023E Guidance
ELECTRIC UTILITIES													
AES Corp	AES	5-May	$0.22E	$0.30	($0.08)		$0.22A	$1.71	$1.71	($0.00)	$1.76	$1.67	$1.65-$1.75
Alliant Energy	LNT	5-May	$0.74E	$0.70	$0.04		$0.77A	$2.90	$2.90	$0.00	$2.72	$2.80	$2.82-$2.96
Ameren Corp	AEE	5-May	$0.97E	$0.99	($0.02)		$0.97A	$4.36	$4.36	($0.00)	$4.16	$4.14	$4.25-$4.45
American Electric Power	AEP	4-May	$1.11E	$1.31	($0.20)		$1.22A	$5.25	$5.29	($0.04)	$5.18	$5.09	$5.19-$5.39
CenterPoint Energy	CNP	Reported	$0.50A	$0.51	($0.01)		$0.47A	$1.49	$1.49	($0.00)	$1.11	$1.38	$1.48-$1.50
CMS Energy	CMS	Reported	$0.70A	$1.24	($0.54)		$1.20A	$3.12	$3.10	$0.02	$2.93	$2.89	$3.06-$3.12
Consolidated Edison	ED	4-May	$1.50E	$1.63	($0.13)		$1.47A	$4.85	$4.86	($0.01)	$4.70	$4.57	$4.75-$4.95
Dominion Energy	D	5-May	$0.94E	$1.10	($0.16)		$1.18A	$3.99	$4.16	($0.17)	$4.04	$4.10	N/A
DTE Energy	DTE	Reported	$1.33A	$1.95	($0.62)		$2.31A	$6.25	$6.24	$0.01	$5.77	$5.62	$6.09-$6.40
Duke Energy	DUK	9-May	$1.16E	$1.37	($0.21)		$1.30A	$5.63	$5.64	($0.01)	$5.40	$5.27	$5.55-$5.75
Edison International	EIX	2-May	$1.04E	$0.98	$0.06		$1.07A	$4.77	$4.72	$0.04	$4.54	$4.63	$4.55-$4.85
Emera Inc (C$)	EMA-TSE	12-May	$0.91E	$0.98	($0.07)		$0.92A	$3.29	$3.22	$0.07	$2.91	$3.03	N/A
Entergy Corp	ETR	Reported	$1.14A	$1.57	($0.43)		$1.32A	$6.65	$6.71	($0.06)	$6.70	$6.42	$6.55-$6.85
Evergy, Inc	EVRG	5-May	$0.59E	$0.57	$0.02		$0.58A	$3.65	$3.64	$0.01	$3.74	$3.71	$3.55-$3.75
Eversource Energy	ES	3-May	$1.35E	$1.36	($0.01)		$1.30A	$4.36	$4.37	($0.01)	$4.15	$4.05	$4.25-$4.43
Exelon Corp	EXC	3-May	$0.60E	$0.66	($0.06)		$0.64A	$2.36	$2.36	($0.00)	$2.28	$2.27	$2.30-$2.42
FirstEnergy Corp	FE	Reported	$0.60A	$0.61	($0.01)		$0.60A	$2.54	$2.53	$0.02	$2.43	$2.41	$2.44-$2.64
Fortis Inc (C$)	FTS-TSE	3-May	$0.83E	$0.82	0.01		$0.78A	$2.97	$2.96	$0.01	$2.82	$2.78	N/A
NextEra Energy	NEE	Reported	$0.84A	$0.59	$0.25		$0.74A	$3.13	$3.11	$0.02	$2.76	$2.90	$2.98-$3.13
NiSource Inc.	NI	3-May	$0.76E	$0.82	($0.06)		$0.75A	$1.45	$1.55	($0.10)	$1.41	$1.35	$1.54-$1.60
OGE Energy Corp	OGE	4-May	$0.17E	$0.38	($0.21)		$0.24A	$2.01	$2.01	($0.00)	$2.24	$3.32	$1.93-$2.07
PG&E Corp	PCG	4-May	$0.30E	$0.30	$0.00		$0.30A	$1.23	$1.22	$0.01	$1.10	$1.10	$1.19-$1.23
Pinnacle West Capital Corporation	PNW	4-May	$0.12E	$0.13	($0.01)		$0.15A	$4.03	$4.08	($0.05)	$4.25	$4.26	$3.95-$4.15
PPL Corporation	PPL	4-May	$0.43E	$0.46	($0.03)		$0.41A	$1.60	$1.59	$0.01	$1.45	$2.40	$1.50-$1.65
Public Service Enterprise Group	PEG	2-May	$1.31E	$1.14	$0.18		$1.33A	$3.46	$3.44	$0.02	$3.28	$3.47	$3.40-$3.50
Sempra Energy	SRE	4-May	$2.65E	$2.91	($0.26)		$2.91A	$8.98	$8.98	$0.00	$9.21	$9.21	$8.60-$9.20
Southern Company	SO	Reported	$0.79A	$0.77	$0.02		$0.97A	$3.65	$3.61	$0.04	$3.41	$3.60	$3.55-$3.65
WEC Energy Group	WEC	1-May	$1.58E	$1.69	($0.11)		$1.79A	$4.62	$4.61	$0.01	$4.36	$4.46	$4.58-$4.62
Xcel Energy	XEL	Reported	$0.76A	$0.73	$0.03		$0.70A	$3.40	$3.38	$0.02	$3.20	$3.17	$3.30-$3.40
Average			**$0.89**	**$0.99**	**($0.09)**	**-9.2%**	**$0.99**	**$3.71**	**$3.72**	**($0.00)**	**$3.59**	**$3.66**	
WATER UTILITIES													
American States Water	AWR	11-May	$0.84E	$0.51	$0.33		$0.38A	$3.11	$2.85	$0.26	$0.55	$2.55	N/A
American Water Works Company	AWK	Reported	$0.91A	$0.94	$0.20		$0.87A	$4.79	$4.77	$0.01	$3.62	$4.51	$4.72-$4.82
California Water	CWT	Reported	-$0.40A	$0.02	($0.42)		$0.02A	$2.00	$1.95	$0.05	$0.35	$1.96	N/A
Essential Utilities	WTRG	9-May	$0.67E	$0.76	($0.44)		$0.76A	$1.88	$1.87	$0.01	$1.01	$1.77	$1.85-$1.90
SJW Group	SJW	1-May	$0.06E	$0.22	($0.16)		$0.12A	$2.47	$2.46	$0.00	$1.09	$2.06	$2.40-$2.50
Average			**$0.59**	**$0.86**	**($0.33)**	**-38.4%**	**$0.44**	**$35.00**	**$2.86**	**$0.02**	**$1.66**	**$2.75**	
IPPS - Adjusted EBITDA not EPS	**US$mlns**												
Constellation Energy	CEG	4-May	$947E	$791	$156		$866A	$3,129	$3,116	$13	N/A	$2,667	$2,900-$3,300
NRG Energy	NRG	4-May	$585E	$632	($47)		$509A	$3,073	$2,845	$228	N/A	$1,754	$2,270-$2,470
Vistra Energy	VST	9-May	$594E	$712	($118)		$541A	$3,699	$3,590	$109	N/A	$3,115	$3,400-$4,000
Average			**$709**	**$712**	**($3)**	**-0.4%**	**$639**	**$3,300**	**$3,184**	**$117**		**$2,512**	

1. UBS Confidence Indicator: Green = high confidence in estimate vs. consensus; Red = low confidence in estimate vs. consensus; Yellow = mid confidence in estimate vs. consensus

Source: Company reports, Factset, UBS estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 4: 1Q'23 Earnings Conference Call Data

Call Date	Time (ET)	Ticker	Company Name	U.S. Dial-in	Passcode	U.S. Replay	Replay Passcode
4/28/2023	11:00 AM	FE	FirstEnergy Corp	877-269-7756	42593		
05/01/2023	2:00 PM	WEC	WEC Energy Group	888-330-2443	3088105#	800-770-2030	3088105#
05/02/2023	11:00 AM	PEG	Public Service Ent Group	877-407-0832			
05/02/2023	4:30 PM	EIX	Edison International	888-673-9780	Edison	866-405-7290	7345
05/03/2023	4:30 PM	RUN	Sunrun	(877) 407-5989			
05/03/2023	5:00 PM	TPIC	TPI Composites	844-825-9789		844-512-2921	10177847
05/03/2023	11:00 AM	NI	NiSource	240-789-2702	28323	(800) 770-2030	28323
05/03/2023	9:00 AM	CLH	Clean Harbors, Inc.	866.682.6100			
05/03/2023	8:30 AM	FTS-TSE	Fortis Inc (C$)	888.886.7786		877.674.7070	430311
05/03/2023	4:30 PM	SEDG	SolarEdge	800-895-3361	SEDG		
05/04/2023	5:00 PM	HASI	Hannon Armstrong	877-407-0890			
05/04/2023	9:00 AM	AEP	American Electric Power	(877) 336-4440	8641604	(866) 207-1041	2036342
05/04/2023	12:00 PM	PNW	Pinnacle West Capital Corp	(888) 506-0062	797610	(877) 481-4010	48085
05/04/2023	12:00 PM	SRE	Sempra Energy	Link Registration			
05/04/2023	9:00 AM	ES	Eversource Energy	(833) 470-1428	641905		
05/04/2023	11:00 AM	PPL	PPL Corporation	888-346-8683	2468382		
05/05/2023	10:00 AM	AEE	Ameren Corp	877.407.8037			
05/05/2023	9:00 AM	EVRG	Evergy Inc.	Link Registration			
05/05/2023	10:00 AM	LNT	Alliant Energy	(888) 886-7786	43689484		
05/05/2023	10:00 AM	AES	AES Corp.	833-470-1428	382953		
05/05/2023	10:00 AM	D	Dominion Energy	800-343-1703	32305	800-839-3612	32305
05/08/2023	5:00 PM	SHLS	Shoals Technologies	855-327-6837		844-512-2921	10020955
05/09/2023	11:00 AM	WTRG	Essential Utilities	888-394-8218	6459000		
05/09/2023	9:00 AM	VST	Vistra Energy Corp	Link Registration			
05/09/2023	10:00 AM	DUK	Duke Energy	844-200-6205	676030		
05/09/2023	5:00 PM	ARRY	Array Technologies	(877)-451-6152		(844)-512-2921	13737846
05/10/2023	9:00 AM	ORA	Ormat Technologies	888-770-2286	9122486	800-770-2030	9122486
05/11/2022	2:00 PM	AWR	American States Water	Webcast			
05/12/2023	8:30 AM	EMA-TSE	Emera Inc (C$)	888-886-7786			

Source: Factset, company reports, UBS

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 5: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	4/27/23	Price Target	Total Return inc. Div. Yld	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	AES	$23.57	$30	30%	$1.44	$1.52	$1.67	$1.71	$1.88	12.5x	(28%)	2.7%	9.4%	5.1%	1st
Buy	NEE	$75.85	$95	27%	$2.31	$2.55	$2.90	$3.13	$3.43	22.1x	27%	2.2%	6.4%	10.0%	1st
Buy	AEP	$92.81	$114	26%	$4.46	$4.74	$5.09	$5.25	$5.64	16.5x	(5%)	3.4%	5.6%	7.0%	2nd
Buy	SRE	$156.09	$181	19%	$8.00	$8.43	$9.21	$8.98	$9.58	16.3x	(6%)	2.9%	6.9%	6.4%	3rd
Neutral	DTE	$113.45	$129	17%	$5.62	$5.99	$6.10	$6.25	$6.69	17.0x	(2%)	3.2%	6.1%	4.4%	1st
Neutral	ETR	$107.18	$121	17%	$5.62	$6.02	$6.42	$6.65	$7.18	14.9x	(14%)	3.8%	6.6%	2.3%	4th
Buy	FE	$41.12	$46	16%	$2.38	$2.60	$2.41	$2.54	$2.63	15.7x	(10%)	3.8%	6.3%	2.4%	2nd
Buy	EMA	$58.63	$65	15%	$2.68	$2.81	$3.03	$3.29	$3.39	17.3x	(0%)	4.6%	4.6%	4.6%	2nd
Buy	EXC	$42.78	$48	15%	$1.78	$1.83	$2.27	$2.36	$2.54	16.9x	(3%)	3.2%	7.4%	5.8%	3rd
Buy	PEG	$63.45	$71	15%	$3.43	$3.65	$3.47	$3.46	$3.67	17.3x	(0%)	3.4%	4.9%	6.6%	2nd
Buy	SO	$73.51	$82	15%	$3.25	$3.41	$3.60	$3.65	$4.05	18.2x	5%	3.7%	6.6%	2.9%	1st
Buy	PPL	$28.77	$32	14%	$2.40	$1.05	$1.41	$1.60	$1.70	16.9x	(3%)	3.0%	7.1%	-6.5%	3rd
Buy	EIX	$73.57	$81	14%	$4.52	$4.59	$4.63	$4.77	$5.18	14.2x	(18%)	3.9%	5.8%	4.0%	3rd
Neutral	NI	$28.55	$31	12%	$1.32	$1.37	$1.35	$1.45	$1.56	18.3x	5%	3.3%	7.4%	6.0%	2nd
Neutral	PCG	$17.05	$19	11%	$1.61	$1.08	$1.10	$1.23	$1.36	12.5x	(28%)	0.0%	10.2%	0.0%	3rd
Neutral	WEC	$96.53	$104	11%	$3.79	$4.11	$4.46	$4.62	$4.94	19.5x	13%	3.0%	6.3%	6.7%	1st
Neutral	DUK	$99.47	$106	11%	$5.25	$5.24	$5.27	$5.63	$5.97	16.7x	(4%)	4.0%	6.3%	3.6%	2nd
Neutral	OGE	$37.73	$40	10%	$2.03	$2.36	$3.32	$2.01	$2.10	17.9x	4%	4.4%	3.1%	3.0%	2nd
Neutral	CMS	$62.50	$67	10%	$2.67	$2.65	$2.89	$3.12	$3.37	18.5x	7%	2.9%	8.1%	6.7%	1st
Buy	CNP	$30.82	$33	9%	$1.44	$1.64	$1.38	$1.49	$1.64	18.8x	9%	2.3%	7.4%	7.9%	3rd
Neutral	AEE	$89.72	$95	9%	$3.50	$3.82	$4.14	$4.36	$4.71	19.1x	10%	2.6%	7.1%	6.0%	2nd
Neutral	ES	$77.98	$82	8%	$3.64	$3.54	$4.05	$4.36	$4.64	16.8x	(3%)	3.3%	6.7%	6.0%	4th
Neutral	D	$57.35	$59	8%	$3.54	$3.86	$4.10	$3.99	$3.53	16.2x	(6%)	4.7%	1.4%	2.2%	3rd
Neutral	LNT	$55.10	$57	7%	$2.43	$2.65	$2.80	$2.90	$3.08	17.9x	3%	3.1%	5.5%	6.0%	1st
Neutral	XEL	$70.26	$72	5%	$2.79	$2.96	$3.17	$3.40	$3.68	19.1x	10%	2.8%	7.4%	6.0%	3rd
Neutral	EVRG	$62.53	$63	4%	$3.10	$3.58	$3.71	$3.65	$3.99	15.7x	(10%)	3.7%	5.5%	6.6%	4th
Neutral	ED	$99.18	$100	4%	$4.15	$4.37	$4.57	$4.85	$5.18	19.2x	11%	3.2%	6.3%	5.5%	4th
Sell	FTS	$59.81	$54	(6%)	$2.57	$2.59	$2.78	$2.97	$3.18	18.8x	8%	3.6%	5.9%	4.6%	4th
Sell	PNW	$79.63	$68	(10%)	$4.87	$5.47	$4.26	$4.03	$4.69	17.0x	(2%)	4.3%	5.2%	4.1%	4th
Electric Utility Average										**17.3x**		**3.4%**	**6.3%**	**4.7%**	

Rating	Ticker	4/27/23	Price Target	Total Return inc. Div. Yld	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$42.84	$51	22%	$1.58	$1.67	$1.77	$1.88	$2.05	20.9x	(22%)	2.6%	8.7%	7.0%	2nd
Neutral	CWT	$56.77	$63	13%	$1.97	$1.96	$1.77	$2.00	$2.17	26.1x	(2%)	1.6%	8.4%	5.0%	2nd
Buy	SJW	$76.99	$85	12%	$2.14	$2.03	$2.43	$2.47	$2.80	27.5x	3%	1.8%	6.3%	7.0%	2nd
Neutral	AWK	$148.46	$151	3%	$3.63	$4.25	$4.51	$4.79	$5.18	28.7x	7%	1.8%	7.9%	8.0%	2nd
Sell	AWR	$89.92	$86	(3%)	$2.34	$2.56	$2.11	$3.11	$2.93	30.7x	15%	1.6%	10.4%	6.0%	2nd
Water Utility Average										**26.8x**		**1.9%**	**8.2%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 6: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	4/27/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$23.13	$37	62%	$3,325	$3,685	$1,908	$2,994	$3,699	5.8x	-7%	2.7x	20%
Sell	**NRG**	$34.07	$30	(12%)	$1,776	$1,977	$2,404	$1,848	$3,073	5.5x	-23%	4.5x	42%
AVERAGE										**5.6x**		**3.6x**	**31%**

Source: FactSet, UBS Estimates

Figure 7: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 15.14	3,081	$ 46,639	$ 15,754	26.1x	20.6x	$ 2,389
Railroads										
CSX Corp	US$	CSX-USA	Neutral	$ 30.39	2,033	$ 61,785	$ 16,517	10.9x	10.1x	$ 7,214
Canadian National Railway	US$	CNI-USA	Buy	$ 118.33	671	$ 79,429	$ 11,116	9.5x	13.0x	$ 9,491
Canadian Pacific Railway	US$	CP-USA	Buy	$ 77.97	931	$ 72,580	$ 14,370	10.0x	15.2x	$ 8,700
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 200.86	228	$ 45,752	$ 15,670	10.7x	8.6x	$ 5,754
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 193.54	610	$ 118,000	$ 33,928	12.1x	12.4x	$ 12,504
Average								**10.6x**	**11.9x**	
Clean Power										
AES Corp.	US$	AES-USA	Buy	$ 23.57	669	$ 15,764	$ 21,258	8.3x	9.2x	$ 4,479
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 29.85	82	$ 2,456	$ 6,371	8.1x	8.1x	$ 1,086
NextEra Energy Partners	US$	NEP-USA	Buy	$ 56.69	87	$ 4,906	$ 5,030	9.1x	8.7x	$ 1,088
Ormat Technologies	US$	ORA-USA	Buy	$ 86.81	60	$ 5,182	$ 1,826	11.9x	10.9x	$ 587
Orsted A/S	DKK	ORSTED-CSE	Buy	607.60 kr.	420	255,423.54 kr.	$ 49,965	9.5x	12.4x	32,218.41 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 26.57	116	$ 3,084	$ 4,836	9.0x	8.5x	$ 884
Average								**9.3x**	**9.6x**	
OVERALL AVERAGE								**11.3x**	**11.5x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$76.75	302	$ 23,174	$ 6,677	8.4x	8.4x	$ 3,546
							At 8% Discount	**10x**	**11x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks

Source: FactSet, UBS Estimates
Updated as of: 04/27/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 8: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn- Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	20.49	30	46	97	3.1	4.0	0.0	25.5x	17.9x	15.1x	15.1x	12.0x	10.6x	19.3x	18.2x	18.9x
CSIQ	Canadian Solar	Neutral (CBE)	37.64	48	28	38	2.4	4.8	0.0	9.4x	6.7x	5.4x	4.1x	3.1x	2.7x	0.9x	1.0x	0.5x
FSLR	First Solar	Buy	200.83	250	24	467	21.4	19.1	0.0	26.6x	17.0x	7.7x	15.4x	10.3x	5.5x	3.2x	3.3x	0.2x
FTCI	FTC Solar	Buy (CBE)	2.71	4	48	4	0.3	0.2	0.0	-	8.7x	7.4x	-	4.6x	2.9x	4.6x	4.4x	36.9x
JKS	JinkoSolar	Neutral (CBE)	47.73	52	9	33	2.4	8.2	0.0	7.8x	6.3x	5.1x	5.1x	4.2x	3.7x	0.6x	0.6x	0.1x
SMR	NuScale Power	Neutral (CBE)	8.68	9	4	5	0.6	0.5	0.0	-	-	-	-	-	-	23.0x	26.9x	12.3x
ORA	Ormat Technologies	Buy	86.81	105	21	46	5.2	7.2	0.6	47.6x	34.9x	29.4x	13.3x	11.3x	10.4x	2.3x	2.6x	0.5x
SHLS	Shoals Technologies	Buy	20.76	29	40	66	2.9	3.1	0.0	36.8x	24.7x	20.2x	18.1x	13.0x	10.7x	6.4x	6.6x	6.8x
TPIC	TPI Composites	Neutral (CBE)	12.15	12	(1)	12	0.5	0.9	0.0	-	-	-	14.7x	9.7x	5.8x	52.2x	-27.7x	3.4x
Average									0.1	25.6x	16.6x	12.9x	12.3x	8.5x	6.5x	12.5x	4.0x	8.8x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	4.61	10	117	6	0.7	1.3	0.0	39.9x	17.5x	10.2x	13.1x	10.1x	8.3x	1.7x	1.5x	1.3x
GNRC	Generac	Buy	99.60	185	86	124	6.2	7.7	0.0	14.9x	10.7x	9.5x	10.7x	7.5x	6.8x	2.5x	2.0x	1.7x
SEDG	SolarEdge	Neutral (CBE)	289.15	310	7	324	16.2	15.9	0.0	39.1x	27.7x	22.5x	22.4x	18.8x	15.5x	6.4x	5.1x	4.1x
SPWR	SunPower	Neutral (CBE)	13.31	17	28	59	2.3	2.4	0.0	30.6x	23.3x	16.7x	15.1x	12.4x	9.6x	3.3x	2.7x	2.2x
RUN	Sunrun	Neutral (CBE)	21.35	30	41	200	4.6	14.0	0.0	-	36.5x	14.3x	-	193.7x	52.1x	0.6x	0.6x	0.5x
Average									0.0	28.2x	24.5x	15.7x	16.1x	58.1x	21.0x	3.2x	2.6x	2.1x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	27.98	50	79	20	2.6	5.4	6.1	12.7x	11.8x	11.1x	-	-	-	1.2x	1.1x	1.0x
Yield Co.																		
AY	Atlantica	Neutral	26.57	29	9	19	3.1	8.1	7.0	-	357.3x	69.9x	9.2x	8.5x	8.0x	2.1x	2.6x	0.9x
BEP	Brookfield Renewable	Buy	30.71	41	34	9	8.4	54.8	4.4	-	-	-	15.7x	15.0x	14.3x	5.7x	8.7x	8.1x
CWEN	Clearway	Buy	29.85	37	24	24	3.4	11.7	5.2	13.2x	13.3x	12.0x	10.6x	10.2x	9.6x	1.5x	1.8x	1.1x
NEP	NextEra Energy Partners	Buy	56.69	82	45	53	4.9	21.1	6.3	69.5x	48.6x	33.8x	21.0x	15.8x	13.5x	1.3x	2.0x	1.1x
Average									5.7	41.3x	139.8x	38.6x	14.1x	12.4x	11.3x	2.6x	3.8x	2.8x
Energy Storage																		
FLNC	Fluence Energy	Buy	18.10	32	77	22	2.1	1.9	0.0	-	240.8x	14.5x	-	52.9x	7.9x	6.2x	5.7x	3.8x
LICY	Li-Cycle Holdings Corp.	Buy	4.72	10	101	7	0.8	0.6	0.0	-	-	-	-	-	147.5x	2.2x	3.1x	3.9x
STEM	Stem Inc.	Buy (CBE)	4.17	10	128	22	0.6	0.9	0.0	-	-	7.6x	-	13.7x	5.8x	1.4x	1.4x	1.1x
Average									0.0	-	240.8x	11.0x	-	33.3x	53.7x	3.2x	3.4x	3.0x

Source: Factset, UBS estimates
Updated: 4/27/2023

Figure 9: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn- Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	87.40	105	20	24	4.4	0.0	79.4x	70.9x	448.2x	18.1x	15.2x	14.2x	2.5	2.8	2.8
RSG	Republic Services, Inc.	Neutral	137.69	145	5	190	43.5	1.5	28.0x	26.7x	23.1x	13.1x	12.3x	11.6x	4.0	4.4	4.4
WCN	Waste Connections, Inc.	Buy	136.94	161	18	127	35.2	0.7	35.9x	31.2x	29.0x	16.8x	15.4x	14.3x	3.3	3.6	3.9
WM	Waste Management, Inc.	Neutral	161.63	162	0	301	66.0	1.7	28.9x	27.7x	24.3x	14.3x	13.6x	12.9x	2.9	2.3	3.8
Average								1.0	30.6x	28.7x	25.6x	14.5x	13.5x	12.8x	3.2	3.3	3.7
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	144.26	155	7	58	7.8	0.0	22.2x	18.9x	18.6x	9.5x	8.9x	8.1x	3.7	4.2	6.0
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	7.90	13	65	1	1.4	0.0	-	111.9x	27.4x	17.8x	11.9x	7.1x	-	-	-

Source: Factset, UBS estimates
Updated: 4/27/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 10: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

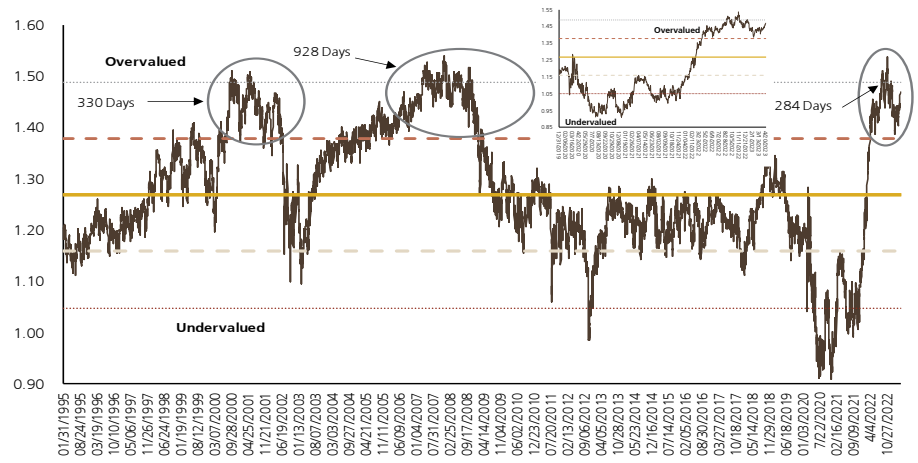

Source: FactSet, US Federal Reserve, UBS
Updated as of: 04/26/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 20.1% to the mean.

Figure 11: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

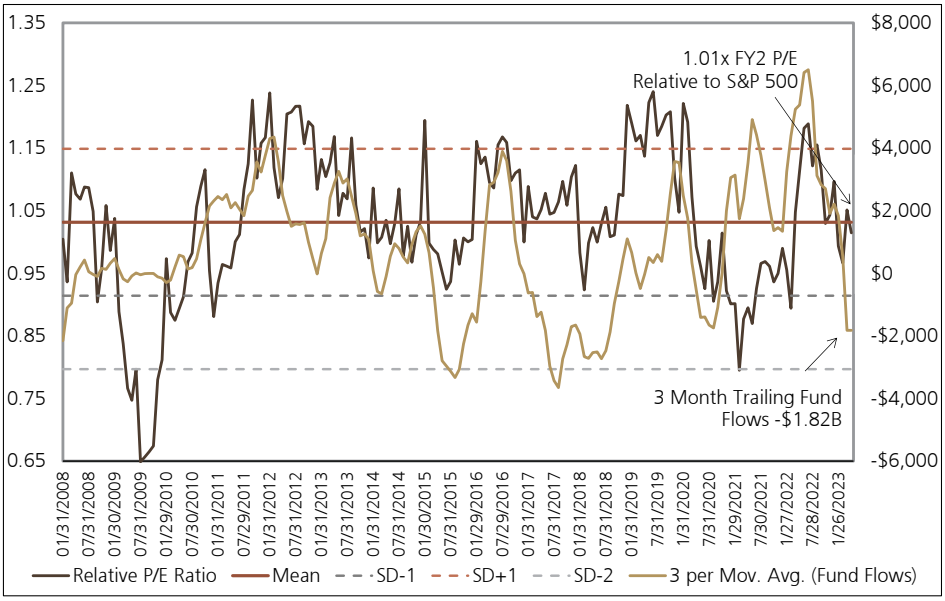

Source: FactSet, Strategic Insights, UBS
Updated as of:4/26/2023

Utilities now trade at a 2% discount to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 12: Utility Credit Spreads

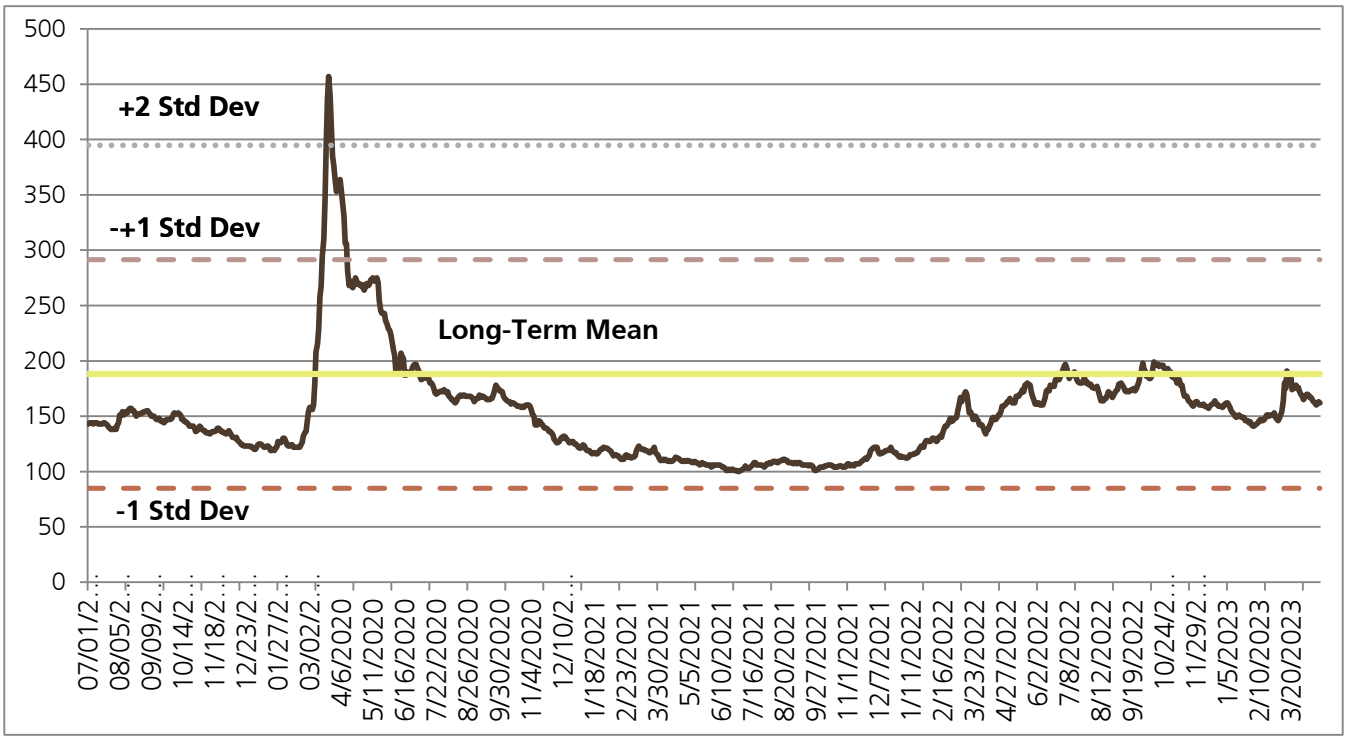

Source: Facteset, UBS
Updated 4/26/2023

Utility credit spreads declined 1 bp last week and 21 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at a 1.2% premium to the 5 year average FY 2 P/E relative to the S&P 500 and a 7.8% premium to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Figure 13: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

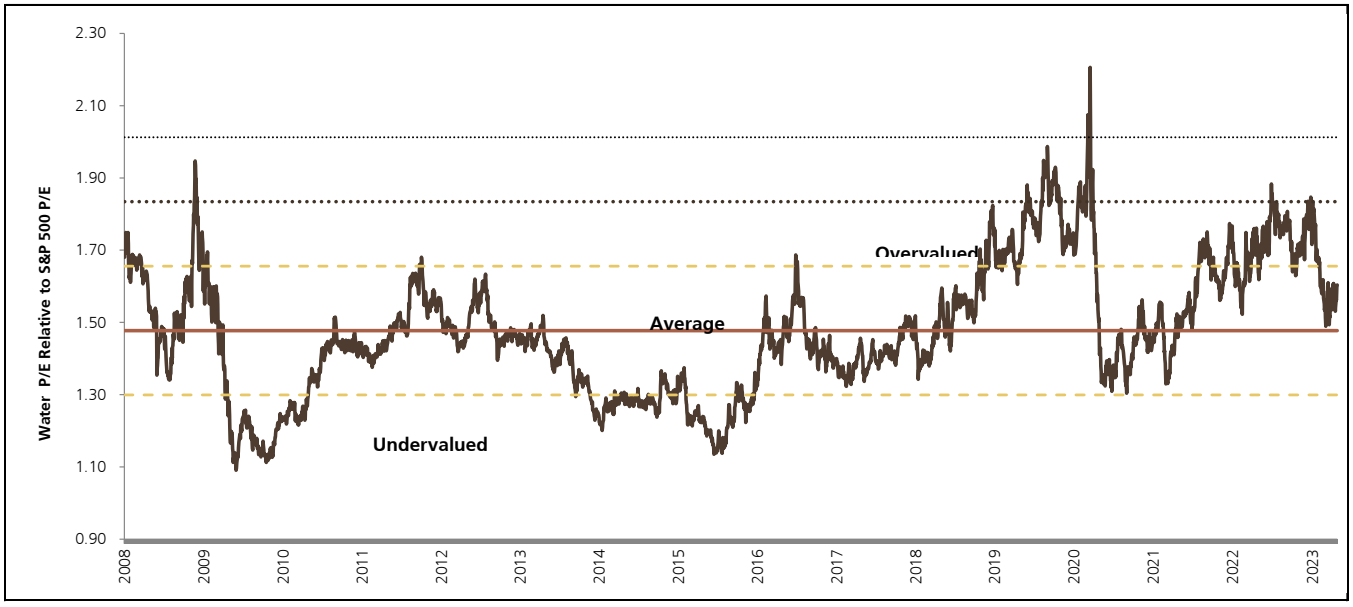

Source: Factset, UBS

Updated 4/26/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 14) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 15) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 14: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

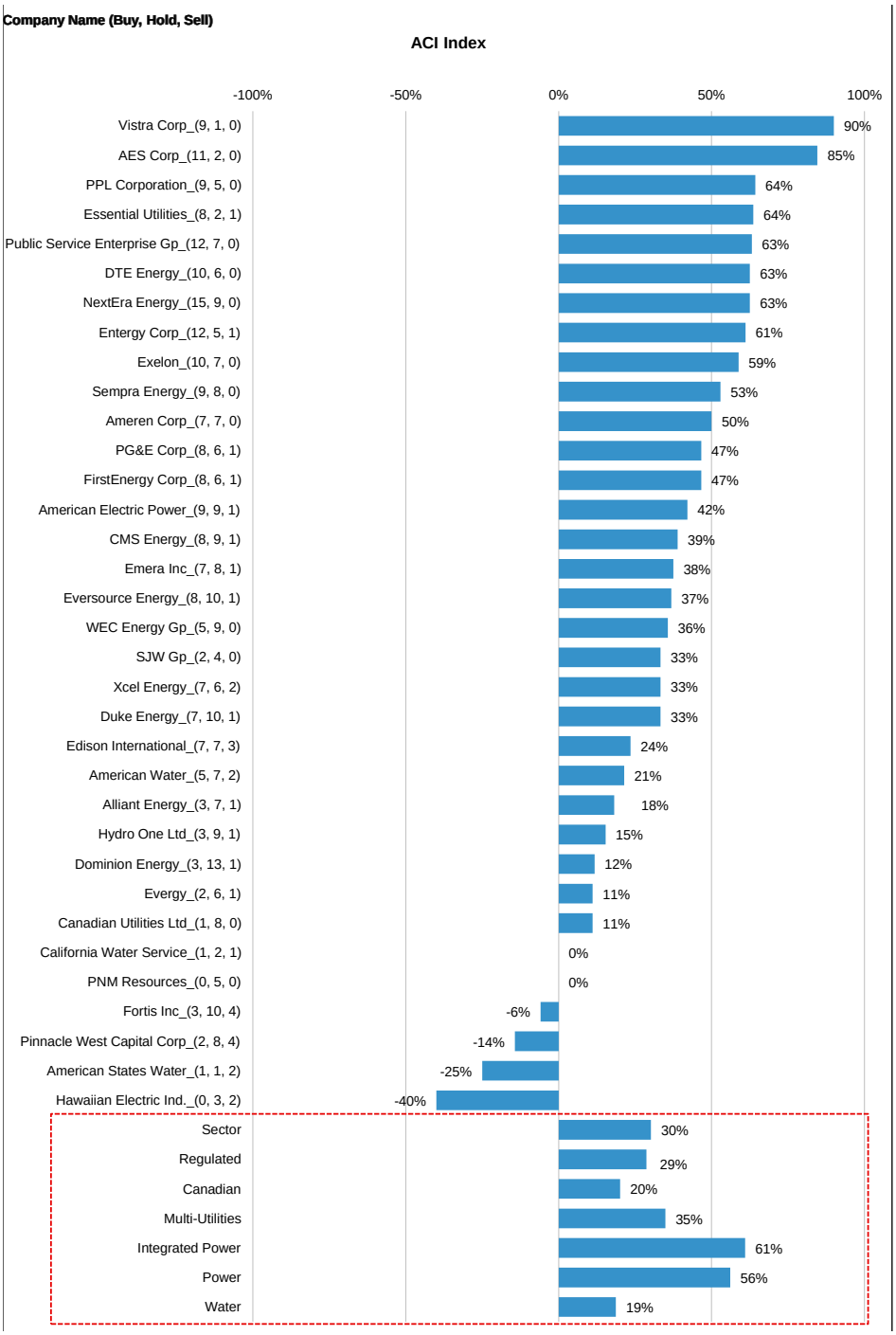

Source: Bloomberg, FactSet, UBS
Updated as of: 04/26/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 15: Change in ACI Index over Last 12 Weeks

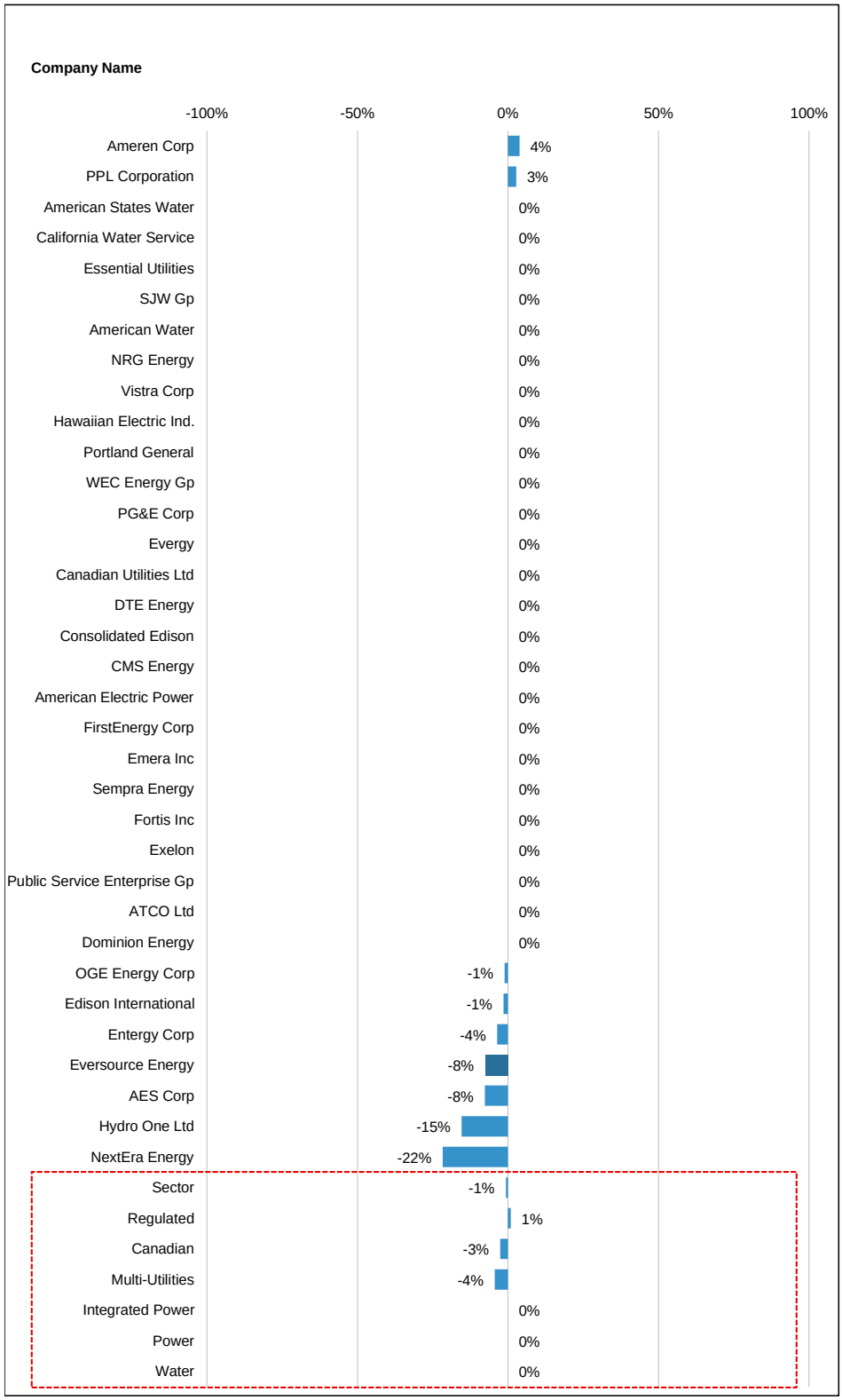

Source: Bloomberg, FactSet, UBS
Updated as of: 04/26/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Valuation Method and Risk Statement

North America Utilities: Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%; 4) Clean Energy Transition: A potential 5% premium for a risk adjusted clean energy transition growth opportunity; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% of unregulated earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

Water Utilities: Our valuation methodology for the group is price-to-earnings based. Our methodology includes: 1) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; and 2) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%.

North American utilities: We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

IPPs: We identify the following risks for the sector: Power prices, fuel prices, capacity prices, supply and demand for electricity, extreme weather, economic conditions, and cost of financing and collateral hedging.

Water Utilities: We identify the following risks: rising interest rate; regulatory and policy risks; operational risks; construction risks; water quality, safety and contamination risk; physical risk to the water sources, treatment or delivery systems; cybersecurity risk; drought and extreme weather events.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 28 April 2023 10:33 AM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
American Electric Power Inc[16,6,7]	AEP.O	Buy	US$92.81	27 Apr 2023
American States Water Co[16]	AWR.N	Sell	US$89.92	27 Apr 2023
American Water Works Co[16]	AWK.N	Neutral	US$148.46	27 Apr 2023
California Water Service Group[16]	CWT.N	Neutral	US$56.77	27 Apr 2023
Consolidated Edison Inc[16]	ED.N	Neutral	US$99.18	27 Apr 2023
Evergy, Inc[16]	EVRG.O	Neutral	US$62.53	27 Apr 2023
OGE Energy Corp[16]	OGE.N	Neutral	US$37.73	27 Apr 2023
WEC Energy Group Inc[16]	WEC.N	Neutral	US$96.53	27 Apr 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. It holds a SEBI Registered Merchant Banking license Number : INM000010809. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

KeyBanc Capital Markets

Alert

April 24, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: D, SO, DUK, AGR, XEL, EXC, FE, ETR, NEE, FERC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

1Q earnings begin with NEE, AGR, ETR, CNP, DTE, CMS, XEL, SO, FE, POR, and NWE scheduled to report this week. This week, we are tracking D's OSW rider proceedings, SO's VA natural gas rate case, and DUK's OH natural gas rate case. In other news, a jury in the NECEC case in ME gives AGR a favorable outcome; FERC Chair addresses interconnection queue reform and expects a ruling in the coming months; Energy Secretary asks Congress for more support to address transformer shortages; FERC issues a rule to incentivize utilities to invest in cybersecurity; the MN PUC issues an order approving XEL's natural gas rate case settlement; a DE Judge remands DPL's 2020 rate case back to the PSC for further findings; the NJ BPU releases results of JCP&L audit; ETR NO files the final resilience plan with the CCNO; AGR files its revised Storage Implementation Plan with NY PSC, and NEER announces plans to develop 1 GW of solar in CO.

Earnings Calendar

1Q earnings begin: NEE, AGR, ETR, CNP, DTE, CMS, XEL, SO, FE, POR, and NWE are scheduled to report this week (see calendar below). Our recently published preview, It's Been a Rough Start to the Year, includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

1Q23 Utilities Earnings Calls			
Company Name	Ticker	Date	Time (ET)
NextEra Energy Inc	NEE	4/25/2023	9:00 AM
Avangrid Inc	AGR	4/26/2023	10:00 AM
Entergy Corp	ETR	4/26/2023	11:00 AM
CenterPoint Energy Inc	CNP	4/27/2023	8:00 AM
DTE Energy Co	DTE	4/27/2023	8:00 AM
CMS Energy Corp	CMS	4/27/2023	9:00 AM
Xcel Energy Inc	XEL	4/27/2023	10:00 AM
Southern Co	SO	4/27/2023	1:00 PM
FirstEnergy Corp	FE	4/28/2023	10:00 AM
Portland General Electric Co	POR	4/28/2023	11:00 AM
NorthWestern Corp	NWE	4/28/2023	3:30 PM

Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

D — Rebuttal testimony for the OSW rider of the CVOW project is due on April 26: Staff recommended a $271M revenue increase, in line with D's request to recover $271M through a rate adjustment clause for the rate year beginning September 1, 2023. A slight difference between the two calculations was from the cost of debt calculation. We do not expect this rider filing to be contentious after a constructive settlement was approved to replace the performance guarantee in the CVOW approval with a cost-sharing approach for capital costs exceeding the budget, including an enhanced SCC review of operating performance. D is expected to file a true-up for the calendar year 2022 in its 2023 annual update filing.

SO — Rebuttal testimony in SO's Virginia natural gas rate case is due on April 28: The Attorney General's Office recommended a $31M revenue increase, premised on SO's current capital structure of 53.2% equity and a 9.5% ROE placeholder. This compares

to SO's $69M revenue increase request, premised on a 10.35% ROE and 53.2% equity. The request includes the recovery of $4M through the Steps to Advance VA Energy program rider, the recovery of $445M of infrastructure investments from 2020-2022, and an incremental $100M of investments expected in 2023. Interim rates of $69M went into effect on January 1. An SCC decision is likely in 3Q23.

DUK — Intervenor testimony in DUK's OH natural gas rate case is due on April 28: Staff recommended a revenue increase of $24M-$36M, premised on 9.54% ROE/52.32% equity. This compares to DUK's request for a ~$49M revenue increase based on a 10.3% ROE. Since the last rate case filing in OH in 2012, DUK has invested $1.4B that it is seeking to add to the rate base and roll the accelerated main replacement program rider into base rates. In the 2012 rate case, DUK entered a settlement to leave gas rates unchanged and used a 9.84% ROE and 53.5% equity layer.

Recent Developments for Companies Under Our Coverage

From our midweek: AEP and Liberty terminate the KY Power transaction; MT House proposes new environmental review rules; FE seeks early termination of its PPA for the 205 MW Warrior Run coal plant; FERC rejects SPP's plan for self-funding of grid upgrades; GP and PSC Staff file settlement in fuel cost recovery application; the Attorney General's Office files testimony in AVA's AK rate case; DTE commences operations at a 225 MW wind project, and Staff files testimony in CMS's MI gas rate case.

AGR — Jury in AGR's NECEC referendum trial votes 9-0 in favor of AGR: A jury in the ME Business and Consumer Court voted 9-0 vote in favor of AGR's constitutional right to resume the development of the $1.4B New England Clean Energy Connect transmission project, finding that AGR had completed enough construction at the time of the referendum-led suspension to have a vested right to continue work on the project. The outcome was in line with expectations, especially after the ME Supreme Court's unanimous decision that also found the referendum unconstitutional and remanded the case back to the lower court. A formal judgment from a ME judge based on the jury's decision should be imminent. The ruling can be appealed to the ME Supreme Judicial Court. The decision is a meaningful positive for AGR but given the delay and the changed cost environment, AGR may need to revisit the contract terms to maintain project economics and also evaluate the August 2025 COD. At the end of 2022, AGR capitalized $585M of costs associated with the project. Construction began in January 2021 but was halted after the referendum vote in November 2021. NECEC is a 1.2 GW transmission project connecting hydropower from Quebec to New England customers. See a history of the proceedings here and here.

FERC Chair expresses optimism that an interconnection queue reform ruling is imminent: At the most recent Open Meeting, FERC Chair Willie Phillips addressed interconnection queue reforms and expressed optimism that a final rule could come in the coming months.

- The proceedings under FERC Docket RM22-14 have been ongoing with a NOPR seeking input on clearing the backlogs in the interconnection queue and improving procedures. Among the items the FERC sought input are: 1) implement a first-ready, first-served cluster study process in which the transmission providers will conduct large studies that include multiple generating facilities rather than individual studies for each facility; 2) improve the processing speed by imposing firm deadlines and penalties if transmission owners fail to complete the interconnections on time; 3) use technological advancements into the process to allow more than one resource to co-locate on a shared site behind a single point of interconnection and share a single interconnection request; and 4) update modeling and performance requirements to improve system reliability for non-synchronous generating facilities.
- There appears to be consensus on approving projects on a cluster basis rather than a one-off basis and considering projects on a first-ready, first-served basis. But beyond that, disagreements emerge. Utilities and ISOs are asking for developers to provide contractual PPAs or put up commercial readiness deposits when asking for a project review. Developers feel this would be an undue financial burden on them and that readiness should be demonstrable in other ways. The utilities are also cautioning against FERC imposing too many additional constraints. We believe this goes back to them wanting to preserve their discretion in allowing projects and maintaining territorial control.
- According to a recent report, a surge in renewable generation and energy storage in 2022 has lengthened the generator interconnection queue backlogs. FERC quotes Berkley National Lab data that says the total capacity active in queues was ~2 GW. The time spent by projects in the interconnection queues has increased to 3.7 years from 2.1 years. The surge in interconnection requests has also led to a sharp increase in the average cost to interconnect, with the cost of broader network upgrades driving most of the rise.
- Another docket that must move forward for the interconnection issue to be truly resolved is the one that will address cost allocation to facilitate renewables integration (FERC Docket RM21-17). The proposal gives states reasonable power in that transmission providers will be asked to seek state approvals regarding cost allocation for the transmission facilities selected and establish a cost allocation method in agreement with the states. Here, too, there is significant disagreement between utilities and clean energy proponents.

U.S. Energy Secretary Granholm asks for Congressional support to address transformer shortages:

- Energy Secretary Granholm and lawmakers discussed options to address the transformer shortage during hearings held by the Senate Energy and Natural Resources Committee as Congress works on approving the FY24 budget. The lawmakers are

Sophie Karp (917) 368-2361 / sophie.karp@key.com

considering including $1B-$2B in funding for easing the shortage, an ITC or PTC for transformer manufacturing facilities, or a one-time investment in manufacturing facilities. In December, a group of House Democrats lobbied Congress to enact the DPA and seek $1.8B in emergency funding to develop a domestic supply chain to produce transformers, and power industry groups wrote a letter to Congress asking for $1B in DPA funding to help address the supply chain crisis for electric distribution transformers. The delays in securing transformers could potentially impact grid reliability, delay grid expansion to accommodate renewable sources, and create challenges for building out EV infrastructure. Lead times for transformers have increased by 443% from 2020 to 2022, leading to construction and electrification projects being deferred or canceled by utilities and the housing industry.

- Lawmakers also cautioned against implementing new efficiency standards for distribution transformers proposed by the DOE that are intended to come into effect in 2027. The group contends that the proposed rule would require manufacturers to transition to a different type of steel (amorphous steel cores that are considered more efficient than transformers made of grain-oriented electrical steel), which is untested, less flexible, and more expensive. Also of concern is the fact that there is only a single domestic supplier of amorphous steel cores today, and it is unlikely to meet the required demand. The DOE contends that since the majority of electricity generated at the utility scale goes through at least one transformer, small efficiency improvements can significantly reduce emissions and improve electricity generation.
- In the meantime, utilities are establishing new supply chains to ensure the supply of transformers and have set up programs to refurbish existing ones to extend their lives.

FERC issues rule to incentivize utilities to invest in cybersecurity: FERC issued a final rule in RM22-19 to make incentive-based rate treatment available for utilities that invest in Advanced Cybersecurity Technology and participate in cybersecurity threat information-sharing programs. The final rule tracks the NOPR issued in September but includes expanding the definition of eligible cybersecurity investments to be completed on a case-by-case basis and allowing utilities to seek incentives for early compliance with new cybersecurity reliability standards. The final rule also will enable utilities to defer expenses and include the amortized portion in its rate base. FERC decided to exclude the 200 bps equity adder. The new rule will take effect 60 days after it's published in the Federal Register.

XEL — MN PUC issues order approving XEL's natural gas rate case settlement: The MN PUC issued an order approving XEL's settlement for a $20.5M revenue increase, premised on a 9.57% ROE and 52.5% equity. The settlement is net of $28.5M, which is currently being recovered through riders. XEL is also allowed to implement a revenue decoupling mechanism. The MN PUC approved the settlement at its March 23 meeting. NSP-MN filed a gas rate case in November 2021 requesting a $36M rate increase based on a 10.5% ROE and an equity ratio of 52.5%. Interim rates of $25M went into effect on January 1, 2022.

EXC — DE judge remands Delmarva's 2020 rate case back to the PSC for further findings: A DE Superior Court judge issued an opinion reversing and remanding Order 9953, which authorized a $16.7M revenue increase in Delmarva's 2020 electric GRC (Docket: 9953). The judge remanded the order back to the PSC and requested an explanation in its decision to oppose the hearing examiner's proposed findings to exclude prepaid pension assets and the other post-retirement employee benefits liability into the rate base. Rates went into effect on September 1, 2021, but were appealed by the DE Division of the Public Advocate. Delmarva is currently in another rate case seeking a $59M electric revenue increase (Docket: 22-0897) in DE, with new rates expected to go into effect on July 15, 2023.

FE — NJ BPU releases results of JCP&L audit: The NJ BPU released an audit report of FE's JCP&L conducted after the HB 6 allegations against FE. An independent consulting company conducted the audit and recommended that the BPU require FE to implement ring-fencing and corporate governance measures that would allow JCP&L to be considered an "insulated entity" by credit rating agencies and rated on its own credit characteristics. Other recommendations include JCP&L restructuring the board, creating a new management structure within JCP&L, and decentralizing control of external fair responsibilities. The report also recommended several actions to mitigate the impact of aging infrastructure on reliability. The audit was completed in two phases. Phase 1 addressed operational issues, and Phase 2 addressed affiliate transaction-related issues. Comments on the report are due by May 23.

ETR — ETR NO files the final resilience plan with the CCNO: ETR filed its ~$1B final resilience plan with the CCNO and is seeking initial approval for the first phase. The first phase is expected to cost $559M and will replace 100 transmission structures, upgrade more than 12,000 distribution poles, and underground two miles of transmission lines. ETR initially filed the 10-year investment plan (Docket: 21-03) with the CCNO proposing grid resilience, hardening projects, and microgrids. The Company will seek cost recovery through a forward-looking rider. ETR is targeting a CCNO decision in 4Q23.

AGR — AGR files revised Storage Implementation Plan with NY PSC: AGR's NYSEG and RGE filed a revised bidding plan for the Storage Implementation Plan (18-E-0130) with the NY PSC. AGR expects to issue an RFP by July 10, 2023, and notify winning bidders by February 16, 2024. AGR seeks projects connected to the NYISO interconnection and operational before December 31, 2028, to comply with the NY PSC's in-service dates for energy storage projects. As a reminder, the NY PSC recently extended the in-service date by three years from December 31, 2025, in which state investor-owned utilities must contract and bring 350 MW of storage online. The PSC also extended maximum dispatch rights contracts to 15 years vs. the prior 10-year duration. AGR's NYSEG and RGE are required to procure 10 MW. NYS has an energy storage goal of adding 6 GW by 2030.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

NEE — NEER announces plans to develop 1 GW of solar in CO: NEE's NEER entered into an agreement with Crossroads Agriculture to develop 1 GW of solar generation in CO. NEER plans to build the two projects on ~7,500 acres of Crossroads farmland in the Eastern Plains. At the end of 2022, NEER had ~27 GW of electric generation.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
VA	Virginia Electric and Power Co.	D	C-OUR-2022-00187 (Rider OSW)	Rider	4/26/2023	Rebuttal Testimony Due
CA		CPUC	R2207005	Fixed Charges	4/28/2023	Reply Testimony
VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	4/28/2023	Staff Testimony
OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	4/28/2023	Supplemental & Intervenor Testimony Due
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	5/1/2023	Surrebuttal Testimony Due
NC	Duke Energy Progress	DUK	D-E-2 Sub 1300	Electric	5/1/2023	Evidentiary Hearings Begin
	DoC Solar Investigations	DoC	A-570-979	AD/CVD	5/1/2023	Final Determinations Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	5/2/2023	Staff and Intervenor Direct Testimony
MI	DTE Electric Co.	DTE	U-21193	IRP	5/2/2023	Hearings Begin
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	5/2/2023	Evidentiary Hearings begin
CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	5/3/2023	Intervenor Testimony Due
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	5/3/2023	Briefs Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	5/5/2023	Staff and Intervenor Direct Testimony
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	5/5/2023	Hearing Briefs
VA	Virginia Electric and Power Co.	D	C-OUR-2022-00187 (Rider OSW)	Rider	5/5/2023	Comments Due
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	5/8/2023	Rebuttal Testimony Due
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	5/9/2023	Staff and Intervenor Direct Testimony
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	5/9/2023	Staff and Intervenor Direct Testimony
KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	5/9/2023	Evidentiary Hearings Begin
OK	Public Service Co. of OK	AEP	PUD2022-000093	Electric	5/9/2023	Evidentiary Hearings Begin
VA	Virginia Electric and Power Co.	D	C-OUR-2022-00187 (Rider OSW)	Rider	5/9/2023	Hearings Commence
	Short-Term Energy Outlook (Summer Elec.)	EIA			5/9/2023	STEO release
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	5/10/2023	Last day for scheduled settlement conference
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	5/10/2023	Hearings Begin
NM	Southwestern Public Service Co.	XEL	C-22-00286-UT	Electric	5/10/2023	Rebuttal Testimony Due
	CPI Release	BLS			5/10/2023	CPI release for Prior Month
IL	Ameren Illinois	AEE	D-23-0082	Electric	5/11/2023	Staff and Intervenor Testimony Due
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	5/12/2023	Rebuttal Testimony
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	5/12/2023	Rebuttal Testimony
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	5/15/2023	Reply Briefs
	UPSA Formula Rate Complaint	ETR	EL-20-72		5/15/2023	ALJ Initial Decision
ME	Central Maine Power Co.	AGR	D-2022-00152	Electric	5/16/2023	Hearings Begin
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	5/17/2023	Evidentiary Hearings Begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	5/17/2023	Evidentiary Hearings Begin
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	5/18/2023	Staff and Intervenor Testimony Due
	Federal Energy Reg Comm	FERC			5/18/2023	Open Meeting
VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	5/19/2023	Company Rebuttal Testimony

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	23.6	Sector Weight	NA	$89.96	2.8%	58%	4.34	4.64	4.95	20.7x	19.4x	18.2x	4.36	4.69	5.03	20.6x	19.2x	17.9x
AEP	American Electric Power Company Ir	48.3	Sector Weight	NA	$93.92	3.6%	64%	5.24	5.60	5.96	17.9x	16.8x	15.8x	5.28	5.62	5.97	17.8x	16.7x	15.7x
CMS	CMS Energy Corp	18.0	Sector Weight	NA	$61.63	3.2%	63%	3.06	3.33	3.61	20.1x	18.5x	17.1x	3.10	3.34	3.62	19.9x	18.4x	17.0x
CNP	CenterPoint Energy Inc	19.2	Sector Weight	NA	$30.53	2.4%	50%	1.49	1.62	1.73	20.5x	18.8x	17.6x	1.49	1.61	1.73	20.5x	18.9x	17.7x
D	Dominion Energy Inc	48.2	Sector Weight	NA	$57.71	4.7%	69%	3.77	3.84	3.90	15.3x	15.0x	14.8x	3.92	3.71	3.91	14.7x	15.5x	14.8x
DTE	DTE Energy Co	23.4	Sector Weight	NA	$113.69	3.4%	61%	6.14	6.59	6.99	18.5x	17.3x	16.3x	6.22	6.68	7.15	18.3x	17.0x	15.9x
DUK	Duke Energy Corp	75.8	Overweight	$113	$98.36	4.2%	73%	5.57	5.95	6.33	17.7x	16.5x	15.5x	5.63	5.99	6.35	17.5x	16.4x	15.5x
ETR	Entergy Corp	23.0	Sector Weight	NA	$108.64	4.0%	64%	6.71	7.21	7.76	16.2x	15.1x	14.0x	6.71	7.20	7.73	16.2x	15.1x	14.0x
ES	Eversource Energy	27.5	Sector Weight	NA	$78.84	3.4%	62%	4.38	4.64	4.91	18.0x	17.0x	16.1x	4.36	4.66	5.00	18.1x	16.9x	15.8x
ED	Consolidated Edison Inc	34.3	Underweight	$70	$99.04	3.3%	67%	4.84	5.16	5.41	20.5x	19.2x	18.3x	4.87	5.22	5.52	20.4x	19.0x	17.9x
EIX	Edison International	27.9	Sector Weight	NA	$72.93	4.0%	62%	4.73	5.11	5.64	15.4x	14.3x	12.9x	4.73	5.10	5.56	15.4x	14.3x	13.1x
EXC	Exelon Corp	43.0	Sector Weight	NA	$43.22	3.4%	62%	2.37	2.51	2.73	18.2x	17.2x	15.8x	2.37	2.51	2.74	18.3x	17.2x	15.8x
FE	FirstEnergy Corp	23.3	Overweight	$45	$40.61	3.9%	63%	2.50	2.66	2.83	16.2x	15.3x	14.3x	2.53	2.67	2.84	16.1x	15.2x	14.3x
PEG	Public Service Enterprise Group Inc	32.0	Sector Weight	NA	$64.09	3.6%	66%	3.45	3.59	3.87	18.6x	17.9x	16.6x	3.44	3.69	4.04	18.6x	17.4x	15.9x
SO	Southern Co	80.3	Sector Weight	NA	$73.61	3.8%	77%	3.62	4.07	4.31	20.3x	18.1x	17.1x	3.61	4.03	4.30	20.4x	18.3x	17.1x
WEC	WEC Energy Group Inc	30.6	Overweight	$103	$97.06	3.2%	68%	4.60	4.91	5.27	21.1x	19.8x	18.4x	4.61	4.90	5.26	21.1x	19.8x	18.5x
XEL	Xcel Energy Inc	38.8	Overweight	$75	$70.44	2.9%	61%	3.37	3.56	3.78	20.9x	19.8x	18.6x	3.38	3.61	3.83	20.9x	19.5x	18.4x
					Average:	**3.5%**	**64%**				**18.6x**	**17.4x**	**16.3x**				**18.5x**	**17.3x**	**16.2x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
AVA	Avista Corp	3.4	Underweight	$32	$44.66	4.1%	79%	2.33	2.44	2.55	19.2x	18.3x	17.5x	2.32	2.46	2.58	19.3x	18.2x	17.3x
NWE	NorthWestern Corp	3.5	Overweight	$63	$59.27	4.3%	74%	3.45	3.59	3.75	17.2x	16.5x	15.8x	3.47	3.61	3.76	17.1x	16.4x	15.8x
OTTR	Otter Tail Corp	3.1	Sector Weight	NA	$73.99	2.4%	44%	3.85	3.37	3.60	19.2x	22.0x	20.6x	3.94	3.41	3.56	18.8x	21.7x	20.8x
PNW	Pinnacle West Capital Corp	9.1	Underweight	$55	$80.59	4.3%	86%	4.03	4.62	4.89	20.0x	17.4x	16.5x	4.06	4.74	4.87	19.8x	17.0x	16.5x
POR	Portland General Electric Co	4.5	Sector Weight	NA	$50.56	3.7%	70%	2.67	3.03	3.25	18.9x	16.7x	15.6x	2.66	3.02	3.19	19.0x	16.7x	15.9x
					Average:	**3.8%**	**71%**				**18.9x**	**18.2x**	**17.2x**				**18.8x**	**18.0x**	**17.2x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
AGR	Avangrid Inc	15.8	Underweight	$36	$40.82	4.3%	80%	2.20	2.33	2.48	18.6x	17.5x	16.5x	2.22	2.34	2.49	18.4x	17.5x	16.4x
NEE	Nextera Energy Inc	159.8	Overweight	$94	$78.99	2.3%	60%	3.10	3.38	3.65	25.5x	23.4x	21.6x	3.10	3.38	3.66	25.5x	23.4x	21.6x
SRE	Sempra Energy	49.3	Sector Weight	NA	$156.80	3.1%	53%	8.82	9.55	10.12	17.8x	16.4x	15.5x	9.00	9.60	10.21	17.4x	16.3x	15.4x
					Average:	**3.2%**	**64%**				**20.6x**	**19.1x**	**17.9x**				**20.4x**	**19.1x**	**17.8x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
CEG	Constellation Energy Corp	25.1	Overweight	$95	$76.55	1.5%	28%	3.51	4.87	5.26	21.8x	15.7x	14.6x	4.05	5.05	5.35	18.9x	15.2x	14.3x
NRG	NRG Energy Inc	8.0	Not Covered	NA	$34.40	4.4%	33%	NA	NA	NA	NA	NA	NA	4.51	5.33	5.96	7.6x	6.5x	5.8x
VST	Vistra Corp	9.0	Not Covered	NA	$23.70	3.4%	27%	NA	NA	NA	NA	NA	NA	2.95	3.48	3.97	8.0x	6.8x	6.0x
					Average:	**3.1%**	**30%**				**21.8x**	**15.7x**	**14.6x**				**11.5x**	**9.5x**	**8.7x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 4 - Stock Price Performance

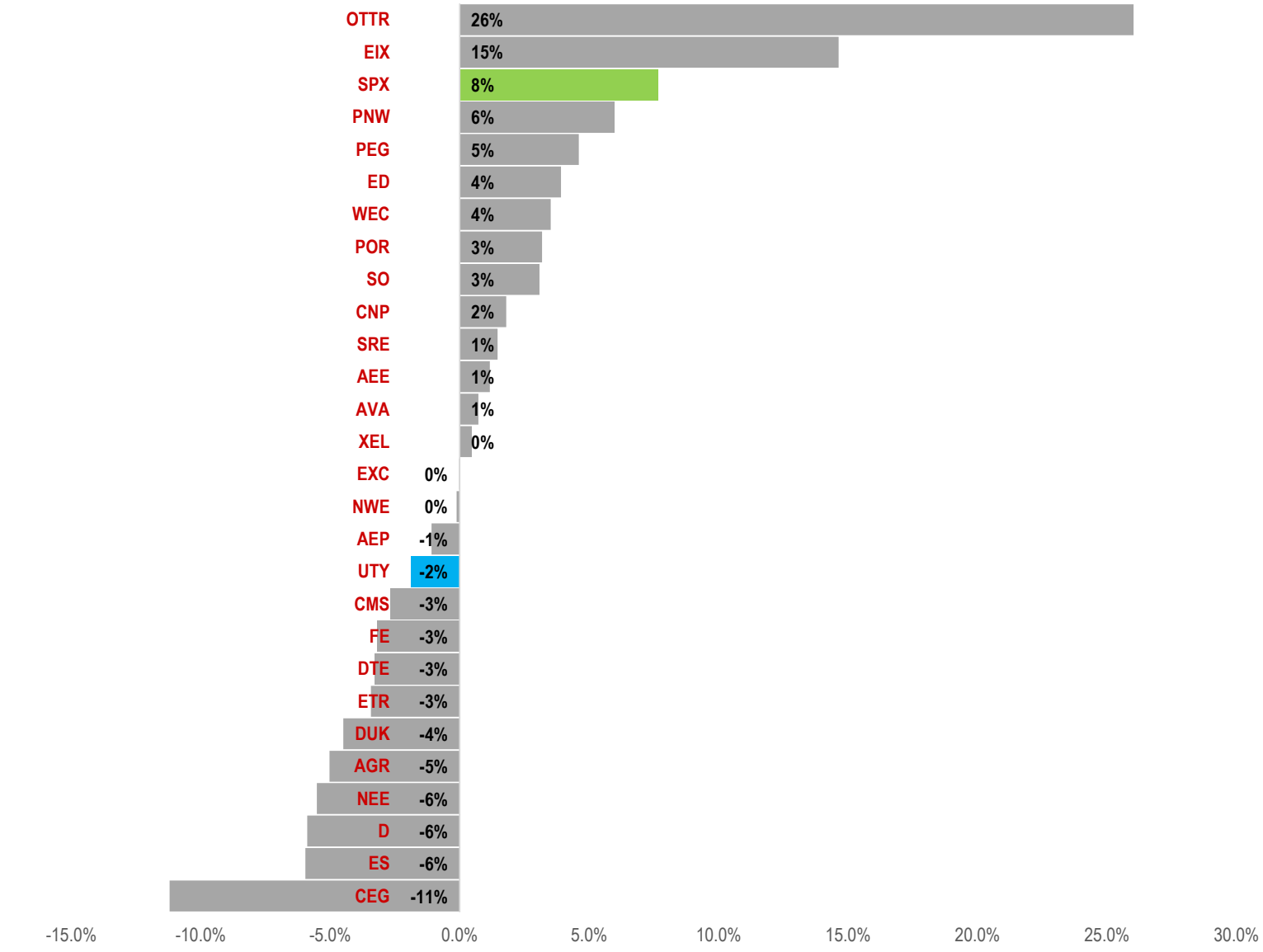

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

NWE: Constructive Settlement Reached in MT GRC

CMS: Notes from Management Meetings

PEG: Constructive AD Update; Remain SW

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Utilities 1Q23 Earnings Preview: It’s Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	262	50.00	40	15.27
Sector Weight [SW]	254	48.47	36	14.17
Underweight [UW]	8	1.53	3	37.50

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	24	42.11	11	45.83
Sector Weight [SW]	29	50.88	10	34.48
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	93.29	Buy
CMS	61.34	Neutral
D	58.68	Buy
DTE	112.70	Buy
EXC	42.67	Neutral
SRE	154.98	Buy

Power & Utilities

April 18, 2023

The Guggenheim Daily Transmission: AEP, CMS, CA, DTE, SRE, D/VA, EXC, ERCOT

SAVE THE DATE: We are hosting a dinner with CNP's COO, new CFO, and others on May 22nd...

For our AGA conference (May 20-23) meeting schedule, please scroll down...

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our EXC NDR, AEP NDR, ETR NDR, PNW NDR, DTE NDR, PCG NDR, ES NDR, SMR NDR, LNT NDR, AWK NDR, CMS NDR, SO NDR, POR NDR, and other events, scroll down...

AEP: No Surprise, KY Deal Breaks – Clearing Event (see our note HERE)

CMS – Intervenors file testimony in CMS Gas 2022 rate case

CA – Appeals court rejects Berkeley gas ban

DTE – Intervenors filed further discovery requests in DTE IRP proceeding

SRE – Moody's affirms SRE and SIP credit ratings

D/VA – DER procurements remain a challenge under VCEA as CE filing approved

EXC – ComEd Four trial continues to generate media headlines

ERCOT – SB6 and SB7 referred to House State Affairs Committee

CMS – Intervenors file testimony in CMS Gas 2022 rate case

- Intervenors started filing first testimony in the CMS Gas rate case.
- The AG recommends a capital structure with 50% equity capital and a return on common equity of 9.80% (vs. 9.9% currently authorized); reducing the revenue deficiency by $38.9 million.
- AG recommends a reduction in capital expenditures of $459 million and a reduction of $556.4 million to rate base for the test year, including a $213.7 million adjustment to working capital. This reduces the company's revenue deficiency by $43.3 million.
- The AG also recommends a higher residential and commercial sales forecast, which increases distribution margin revenue by $25.6 million.
- The net result is a revised revenue deficiency of $52.3 million, which is a reduction of $159.6 million from the company's requested level of $211.9 million.
- Staff recommended a 9.70% ROE and a range of 9.20% - 10.20% as reasonable.
- Staff projects a revenue deficiency of $91M, a revenue requirement decrease of $121M from the company's originally filed revenue deficiency of $212M.
- CMS originally filed for a $212M revenue increase, based on 10.25% ROE and 42.41% equity ratio net of adjustments, on a $10.3B rate base.
- Docket: U-21308.

Guggenheim takeaway: *FYI. Initial datapoints from the regulatory bid ask from major parties like Staff and AG. The revenue deficiency recommendations show a wider bid-ask that the prior case which had a recommendation set at 74% of ask vs. 43% in the current iteration. The capital structure parameters are in line with our expectations.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

CA – Appeals court rejects Berkeley gas ban

- A federal appeals court overturned a Berkeley, CA city gas ban because it was found to overstep federal jurisdiction.
- The restaurant owners association challenged the gas ban in appellate court.
- The 2020 ordinance was the first in kind on banning natural gas construction.
- The court of appeals reversed a lower court decision that previously upheld the ordinance.
- More in media here.

Guggenheim takeaway:*FYI. The appeals court decision sets a precedent for many other cases where local ordinance set bans on gas use or construction. Interesting datapoint as local government tries to regulate energy choice (in particular, appliance choice).*

DTE – Intervenors filed further discovery requests in DTE IRP proceeding

- Intervenors requested further discovery in the DTE IRP.
- Intervenors in DTE's integrated resource plan, including MPSC staff and DTE, previously filed rebuttal testimony on a variety of issues.
- As a reminder, the DTE IRP plans to invest $9B over the next 10 years, nearly double the pace of cleaner generation spending in the current plan ~$3B for 5 years.
- The plan focuses on developing more than 15,000 MW of renewables over 20 years (6,500 MW of solar; 8,900 MW of wind) and 1,810 MW of battery storage.
- The proposal ceases coal-fired generation at Belle River and converts it to a 1,270 MW natural gas peaking resource in 2025 (Unit 1) and 2026 (Unit 2), with the converted Belle River peaking resource retiring by 2040; retires Monroe Power Plant Units 3 and 4, a total of 1,535 MW of coal-fired generation in 2028 (12 years earlier than previously announced) and retires Units 1 and 2, 1,531 MW of coal-fired generation, in 2035 (5 years early).
- More thoughts on the IRP in our note here.
- Docket: U-21193

Guggenheim takeaway:*FYI. Discussions continue in the IRP proceeding as the process moves past discovery phase. Intervenor points of support and contention have been varied in disclosures.*

SRE – Moody's affirms SRE and SIP credit ratings

- Moody's affirmed its Baa3 rating for SIP (SRE unregulated subsidiary).
- Moody's affirmed its Baa2 rating for SRE parent and maintained a stable outlook.

Guggenheim takeaway:*FYI. As we anticipated, the credit rating agency did not see any deterioration in SRE or SIP credit quality.*

D/VA ─ DER procurements remain a challenge under VCEA as CE filing approved

- Local media reporting around the latest annual clean energy filing by DEV under the VCEA has highlighted ongoing challenges with procuring sufficient DER resources.
- "The low success rate for these small systems is in part an indication that project developers are having a difficult time navigating the RFP process and successfully signing contracts with Dominion… This is a concern as the VCEA clearly embodies the recognition of the importance of distributed generation." – SEIA comments HERE
- The most recent DER FRP sought 175MWs but received only 22MWs.
- More HERE.
- The 800MW of total solar and storage projects in D's filing were approved on Friday, alongside 300MWs of PPAs across 12 projects.
- More HERE.

Guggenheim takeaway: *Some interesting data points on the rather straightforward annual CE filing process, with the utility facing a ~1.1GW target under the VCEA for distributed projects alone, resulting in some of the challenges/frictions highlighted in media above as the SCC Staff monitor the process and stakeholders advocate for their own positions (e.g., developers for more PPAs). We continue to watch the DER procurement process in*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

particular for its tangential readthrough to neighboring states like DC and MD, where space constraints make meeting even more aggressive decarbonization targets challenging.

EXC – ComEd Four trial continues to generate media headlines

- The ongoing trial of former EXC executive Anne Pramaggiore and three others continues to generate significant headlines as the executive took the stand for the 2nd day.
- The case continues to paint a clearer picture of prior lobbying efforts as details are presented by both sides to the jury.
- More HERE.

Guggenheim takeaway: *We continue to monitor the case for any potential material details on current EXC or CEG executives or ComEd readthrough as testimony remains ongoing. As a reminder, this matter was the driver of the July 2020 deferred prosecution agreement between the utility and the US Attorney's Office for the Northern District of Illinois.*

ERCOT – SB6 and SB7 referred to House State Affairs Committee

- The two bills were read for the first time and referred to the committee after having been transmitted from the Senate.
- More HERE.

Guggenheim takeaway: *Procedural FYI - we continue to see room for more pushback in the House and potentially from the Governor's office as the packages advance – some stakeholders are already aligning against specific parts of both bills. For both bills, we have heard firsthand and in media that they could have chilling effects on new investment –* ***most recently with our expert conversation (note HERE****). We continue to monitor closely for indications on the Governor's willingness to part from the PCM and potentially support the direct expenditures needed under SB6.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Calvin Butler, *President & Chief Executive Officer*
Jeanne Jones, *Chief Financial Officer*
Andrew Plenge, *VP, Investor Relations*

Dates & Location

May 15 – 16, 2023
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information

Market Cap: $42.4bn

Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

Jason Wells, *Chief Operating Officer*
Chris Foster, *Chief Financial Officer*
Jackie Richert, *VP Investor Relations & Treasurer*
Ben Vallejo, *Director Investor Relations*

Dates
Monday, May 22, 2023
6:00 PM

Location
Restaurant TBD
Fort Lauderdale, Florida

Company Information
Market Cap: $18.6bn
CenterPoint Energy, Inc. (CNP) is a holding company that engages in the business of power generation and distribution. It operates through the following segments: CenterPoint Energy, Houston Electric, and CERC. The CenterPoint Energy segment consists of electric transmission and distribution services in the Texas gulf coast area in the ERCOT region and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations in the MISO region. The Houston Electric segment consists of electric transmission services to transmission services customers in the ERCOT region and distribution services to REPs serving the Texas gulf coast area. The CERC segment covers the Restructuring consisting of intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas, and permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
11:10AM	LNT
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Andrew Cooper, *Chief Financial Officer*

Date & Location
Monday, June 5, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $9.05bn
Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ.
(Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chairman, President & Chief Executive Officer*
Barbara Tuckfield, *Director Investor Relations*

Dates & Location
June 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $22.4bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment includes various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patti Poppe, *Chief Executive Officer (Tentative)*
Carolyn Burke, *Incoming Chief Financial Officer*
Tom Webb, *Senior Advisor to Chief Executive Officer*
Jonathan Arnold, *Vice President, Investor Relations*

Date & Location
Monday, June 12, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $39.6bn
PG&E Corp. (PCG) is a holding company that engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in Oakland, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Eversource Energy (ES)

Joseph Nolan, *Chairman, President & Chief Executive Officer*
John Moreira, *Chief Financial Officer*
Jeffrey Kotkin, *Vice President, Investor Relations*
Bob Becker, *Director, Investor Relations*

Date & Location
Thursday, June 22, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.02bn
Eversource Energy (ES) engages in the generation, transmission, and distribution of natural gas and electricity. It operates through the following segments: Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. The Electric Distribution segment distributes electricity to retail customers. The Electric Transmission segment owns and maintains transmission facilities through CL&P, NSTAR Electric, PSNH, and WMECO. The Natural Gas Distribution segment transmits and distributes natural gas to retail customers. The Water Distribution segment operates three separate regulated water utilities in Connecticut, Massachusetts, and New Hampshire. The company was founded on July 1, 1966, and is headquartered in Springfield, MA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

NuScale Power Corporation (SMR)

Chris Colbert, *Chief Financial Officer*

Scott Kozak, *Director, Investor Relations*

Date & Location

Tuesday, June 27, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $1.9bn

NuScale Power Corp. (SMR) engages in the commercialization of a modular, scalable 77 megawatt electric Light Water Reactor nuclear power plant using rights to a nuclear power plant design. Its products include VOYGR SMR Plants and Energy Exploration (E2) Centers. The company was founded by José N. Reyes in 2007 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

SAVE THE DATE
2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	5/15–5/16	NYC
AEP	5/17	NYC
CNP C-Suite Dinner	5/22	Fort Lauderdale, FL
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
PNW	6/5	NYC
DTE	6/7–6/8	NYC
PCG	6/12	NYC
ES	6/22	NYC
SMR	6/27	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	NYC
AWK	8/9–8/10	West Coast
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Guggenheim Comp Sheet

4/17/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$64.23	3,681	3.70	4.17	4.56	4.87	5.07	3.70	4.08	4.34	4.83	5.05	–	0.09	0.22	0.04	–	17.4x	15.8x	14.8x	13.3x	12.7x	-6%	-9%	-8%	-8%	-17%	8.4%	4.3%	72%	Sell	$54	-12%	Buy	$66	8%
AVA	$43.80	3,297	2.28	2.49	2.61	2.67	2.73	2.34	2.47	2.61	2.67	2.80	(0.06)	–	–	–	(0.07)	18.7x	17.8x	16.8x	16.4x	15.6x	1%	3%	4%	4%	2%	7.6%	4.3%	78%	Sell	$35	-16%	Sell	$39	-7%
NWE	$59.11	3,533	3.42	3.55	3.75	3.91	4.08	3.47	3.59	3.73	3.88	4.05	(0.05)	(0.04)	–	0.03	–	17.0x	16.5x	15.8x	15.2x	14.6x	-8%	-4%	-2%	-2%	-6%	5.1%	4.4%	73%	Sell	$46	-18%	Buy	$59	5%
POR	$50.07	4,478	2.68	3.00	3.15	3.31	3.50	2.66	3.03	3.19	3.35	3.53	–	–	(0.04)	(0.04)	–	18.8x	16.5x	15.7x	15.0x	14.2x	2%	-4%	-3%	-3%	-7%	5.0%	3.8%	69%	Buy	$54	12%	Buy	$53	9%
		14,990																18.0x	16.6x	15.8x	15.0x	14.3x	-3%	-3%	-2%	-2%	-7%	6.6%	4.2%	73%						
Mid/Large Cap Electric																																			
AEE	$89.74	23,555	4.35	4.67	5.05	5.40	5.68	4.36	4.68	5.02	5.36	5.69	–	–	–	0.04	–	20.6x	19.2x	17.9x	16.7x	15.8x	11%	11%	11%	11%	4%	6.5%	2.9%	58%	Neutral	$89	2%	Buy	$93	6%
AEP	$93.29	47,989	5.30	5.64	6.00	6.39	6.81	5.27	5.62	5.97	6.31	6.78	–	–	0.03	0.08	–	17.7x	16.6x	15.6x	14.8x	13.8x	-4%	-4%	-3%	-3%	-8%	6.0%	3.6%	63%	Buy	$105	16%	Buy	$102	13%
CMS	$61.34	17,866	3.12	3.41	3.65	3.91	4.26	3.10	3.35	3.63	3.89	4.17	–	0.06	–	–	0.09	19.8x	18.3x	16.9x	15.8x	14.7x	7%	6%	5%	5%	-2%	8.1%	3.3%	63%	Neutral	$68	14%	Buy	$68	15%
CNP	$30.64	19,286	1.51	1.62	1.74	1.89	2.05	1.49	1.62	1.73	1.85	2.00	–	–	–	0.04	0.05	20.5x	19.0x	17.7x	16.5x	15.4x	11%	10%	10%	10%	3%	8.2%	2.5%	50%	Neutral	$32	7%	Buy	$32	8%
D	$58.68	49,013	4.15	3.75	3.97	4.24	4.50	3.93	3.78	3.97	4.51	4.70	0.22	(0.03)	–	(0.27)	(0.20)	14.9x	15.5x	14.8x	13.0x	12.5x	-19%	-10%	-8%	-8%	-19%	1.8%	4.6%	69%	Buy	$63	12%	Neutral	$62	10%
DTE	$112.70	23,228	6.26	6.73	7.19	7.75	8.30	6.23	6.64	7.17	7.73	8.22	0.03	0.09	–	–	0.08	18.1x	17.0x	15.7x	14.6x	13.7x	-2%	-1%	-3%	-3%	-10%	6.4%	3.5%	61%	Buy	$131	20%	Buy	$129	18%
DUK	$98.41	75,839	5.65	6.05	6.35	6.75	7.15	5.63	5.98	6.33	6.71	7.14	–	0.07	–	0.04	–	17.5x	16.5x	15.5x	14.7x	13.8x	-5%	-4%	-4%	-4%	-9%	6.3%	4.2%	72%	Buy	$114	20%	Buy	$107	13%
ED	$97.87	33,906	4.82	5.18	5.40	5.71	5.97	4.85	5.20	5.48	5.81	6.09	–	–	(0.08)	(0.10)	(0.12)	20.2x	18.8x	17.9x	16.9x	16.1x	9%	9%	11%	11%	4%	5.5%	3.4%	66%	Neutral	$86	-9%	Sell	$89	-5%
EIX	$72.08	27,580	4.70	4.94	5.36	5.70	6.10	4.74	5.12	5.55	5.78	5.96	(0.04)	(0.18)	(0.19)	(0.08)	0.14	15.2x	14.1x	13.0x	12.5x	12.1x	-18%	-18%	-19%	-19%	-23%	5.7%	4.2%	62%	Buy	$75	8%	Buy	$72	5%
ES	$79.14	27,594	4.34	4.75	5.04	5.37	5.70	4.37	4.67	5.00	5.33	5.71	–	0.08	0.04	0.04	–	18.1x	17.0x	15.8x	14.8x	13.9x	-2%	-2%	-2%	-2%	-8%	6.9%	3.5%	62%	Buy	$91	18%	Buy	$88	14%
ETR	$108.93	23,103	6.71	7.16	7.76	8.31	8.97	6.72	7.21	7.74	8.31	–	–	(0.05)	–	–	8.97	16.2x	15.1x	14.1x	13.1x	n/a	-12%	-12%	-13%	-13%	-19%	6.9%	4.0%	64%	Buy	$128	22%	Buy	$121	15%
EVRG	$62.06	14,248	3.65	3.97	4.24	4.47	4.75	3.64	3.96	4.23	4.44	4.69	–	–	–	0.03	0.06	17.1x	15.7x	14.7x	14.0x	13.2x	-8%	-9%	-9%	-9%	-13%	5.1%	4.1%	68%	Buy	$72	20%	Neutral	$65	9%
EXC	$42.67	42,427	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.73	2.93	3.12	–	–	–	–	–	18.1x	17.0x	15.6x	14.6x	13.7x	-2%	-1%	-3%	-3%	-10%	6.4%	3.5%	61%	Neutral	$45	9%	Buy	$46	11%
FE	$40.86	23,382	2.54	2.69	2.89	3.07	3.27	2.52	2.67	2.83	2.96	3.26	–	–	0.06	0.11	–	16.2x	15.3x	14.4x	13.8x	12.5x	-12%	-11%	-11%	-11%	-14%	6.3%	3.9%	62%	Buy	$46	16%	Buy	$44	11%
LNT	$54.72	13,742	2.90	3.08	3.27	3.50	3.67	2.90	3.15	3.28	3.48	3.67	–	(0.07)	–	–	–	18.9x	17.4x	16.7x	15.7x	14.9x	2%	1%	3%	3%	-3%	5.6%	3.4%	62%	Neutral	$52	-2%	Neutral	$57	8%
OGE	$37.86	7,583	2.02	2.16	2.25	2.37	2.48	2.01	2.13	2.30	2.39	2.48	–	0.03	(0.05)	–	–	18.8x	17.8x	16.4x	15.9x	15.2x	2%	3%	2%	2%	-2%	2.8%	4.4%	82%	Neutral	$38	5%	Neutral	$39	8%
POG	$16.86	33,649	1.22	1.37	1.47	1.61	1.75	1.21	1.34	1.47	1.59	1.77	–	–	–	–	–	13.9x	12.6x	11.5x	10.6x	9.5x	-25%	-27%	-29%	-29%	-34%	9.7%	0.7%	10%	Buy	$22	31%	Buy	$18	10%
PEG	$63.70	31,772	3.45	3.67	4.10	4.29	4.59	3.44	3.69	4.04	4.30	4.46	–	–	0.06	–	0.13	18.5x	17.3x	15.8x	14.8x	14.3x	0%	0%	-2%	-2%	-8%	5.8%	3.6%	66%	Buy	$68	10%	Buy	$67	8%
PNW	$79.31	8,982	4.05	4.60	4.80	5.05	5.35	4.10	4.76	4.92	5.17	5.42	(0.05)	(0.16)	(0.12)	(0.12)	(0.07)	19.4x	16.7x	16.1x	15.3x	14.6x	5%	-3%	-0%	-0%	-5%	4.7%	4.4%	82%	Neutral	$77	2%	Neutral	$76	0%
PPL	$28.72	21,168	1.58	1.71	1.82	1.96	2.08	1.59	1.70	1.82	1.95	2.08	–	–	–	–	–	18.1x	16.9x	15.8x	14.7x	13.8x	-2%	-2%	-2%	-2%	-9%	8.1%	3.4%	60%	Buy	$34	22%	Buy	$31	12%
SO	$72.34	78,960	3.60	4.05	4.30	4.55	4.80	3.61	4.03	4.30	4.52	4.73	–	–	–	0.03	0.07	20.0x	17.9x	16.8x	16.0x	15.3x	8%	4%	4%	4%	-1%	5.9%	3.9%	75%	Buy	$73	5%	Neutral	$71	2%
WEC	$96.50	30,439	4.60	4.91	5.24	5.61	5.97	4.61	4.90	5.26	5.62	5.98	–	–	–	–	–	21.0x	19.7x	18.4x	17.2x	16.1x	13%	14%	14%	14%	7%	6.1%	3.3%	67%	Neutral	$99	6%	Buy	$102	9%
Mid/Lg Cap (excl. EIX, PCG)																		**18.5x**	**17.2x**	**16.1x**	**16.1x**	**16.1x**							**6.0%**	**3.7%**	**66%**						
SMID + Lg Cap		**690,300**																**18.4x**	**17.1x**	**16.1x**	**15.1x**	**14.4x**							**6.1%**	**3.7%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$39.28	4,304	2.32	2.50	2.63	2.76	2.89	2.28	2.44	2.59	2.75	2.88	0.04	0.06	0.04	–	–	17.2x	16.1x	15.2x	14.3x	13.6x	-7%	-7%	-6%	-6%	-11%	6%	3.7%	62%	Neutral	$42	11%	Sell	$38	1%
NEE	$78.54	158,917	3.13	3.43	3.69	3.99	4.27	3.11	3.39	3.67	4.02	4.43	–	0.04	–	(0.03)	(0.16)	25.2x	23.2x	21.4x	19.5x	17.7x	37%	34%	33%	33%	21%	8%	2.5%	60%	Buy	$96	25%	Buy	$94	22%
SRE	$154.98	48,765	9.00	9.50	10.13	10.80	11.71	8.97	9.57	10.16	10.92	11.64	0.03	(0.07)	–	(0.12)	0.07	17.3x	16.2x	15.3x	14.2x	13.3x	-6%	-6%	-5%	-5%	-12%	5%	3.2%	54%	Buy	$174	15%	Buy	$168	12%
		211,985																19.9x	18.5x	17.3x	16.0x	14.9x	8%	7%	7%	7%	-1%	6.2%	3.1%	59%						
Gas LDCs																																				
NI	$28.30	11,674	1.57	1.68	1.82	1.95	2.07	1.56	1.67	1.79	1.95	2.07	–	–	–	–	–	18.1x	16.9x	15.8x	14.5x	13.7x	-1%	-1%	-2%	-2%	-4%	7%	3.6%	64%	Buy	$31	13%	Buy	$31	14%
CPK	$129.92	2,310	5.42	5.84	6.23	6.59	6.94	5.41	5.82	6.24	6.59	6.95	–	–	–	–	–	24.0x	22.3x	20.8x	19.7x	18.7x	30%	30%	30%	30%	30%	7%	1.8%	42%	Neutral	$116	-9%	Buy	$135	6%
NJR	$53.89	5,221	2.67	2.65	2.85	3.05	3.30	2.70	2.75	2.93	3.15	3.40	(0.03)	(0.10)	(0.08)	(0.10)	(0.10)	20.0x	19.6x	18.4x	17.1x	15.8x	8%	14%	14%	14%	13%	6%	3.0%	59%	Neutral	$46	-12%	Neutral	$52	-1%
NWN	$47.52	1,668	2.65	2.83	2.98	3.09	3.21	2.66	2.79	2.99	3.05	3.22	–	0.04	–	0.04	–	17.9x	17.1x	15.9x	15.6x	14.8x	-3%	-0%	-1%	-1%	3%	5%	4.1%	72%	Neutral	$45	-1%	Buy	$54	17%
OGS	$80.64	4,467	4.14	4.24	4.53	4.98	5.31	4.14	4.31	4.59	4.99	5.35	–	(0.07)	(0.06)	–	(0.04)	19.5x	18.7x	17.6x	16.2x	15.1x	6%	9%	9%	9%	7%	5%	3.3%	63%	Neutral	$77	-1%	Neutral	$79	1%
SR	$69.66	3,660	4.25	4.31	4.57	4.73	4.99	4.25	4.32	4.59	4.81	5.07	–	–	–	(0.08)	(0.08)	16.4x	16.1x	15.2x	14.5x	13.7x	-11%	-6%	-6%	-6%	-4%	5%	4.2%	69%	Neutral	$69	3%	Neutral	$72	8%
		29,000																19.3x	18.5x	17.3x	16.3x	15.3x	5%	8%	7%	7%	8%	5.8%	3.3%	62%						
Regulated Water																																				
AWK	$149.84	29,165	4.76	5.14	5.59	5.98	6.45	4.78	5.14	5.59	6.04	6.45	–	–	–	(0.05)	–	31.4x	29.2x	26.8x	24.8x	23.2x	70%	69%	66%	66%	54%	7%	1.9%	60%	Neutral	$152	3%	Neutral	$162	10%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$75.04	24,513	3,100	3,254	3,333	3,455	4,315	3,034	3,431	3,590	3,338	3,590	66	(177)	(257)	117	725	9.2x	7.7x	7.0x	–	0.0x	27,927	26,497	25,040	23,532	21,424	7.7%	1.6%	28%	Buy	$110	48%	Buy	$98	32%
NRG	$35.11	8,155	3,084	3,136	3,140	n/a	n/a	2,782	2,884	2,881	2,852	2,780	301	252	259	–	–	6.4x	5.7x	5.2x	–	0.0x	17,718	16,450	14,926	–	–	21.4%	4.4%	28%	Neutral	$34	1%	Neutral	$38	13%
VST	$24.25	9,250	3,725	3,784	3,716	3,465	n/a	3,599	3,879	3,879	3,865	4,073	126	(95)	(163)	(399)	–	6.0x	5.4x	5.2x	–	0.0x	21,517	20,991	20,130	19,462	–	6.1%	3.5%	28%	Buy	$31	31%	Buy	$32	34%
Other																																				
ALTO	$1.34	101	24	40	46	42	43	29	50	N/A N/A	N/A N/A	N/A N/A	–	–	–	–	–											54.8%	–	–	Buy	$9	572%	Buy	$7	422%
NEP	$61.72	5,343	1,837	1,977	2,143	2,325	2,471	1,919	2,087	2,203	2,494	2,486	(82)	(110)	(60)	(169)	–											9.1%	5.9%	–	Buy	$81	37%	Buy	$82	39%
SMR	$9.00	630	(100)	(57)	8	96	n/a	(140)	(94)	(43)	35	220	40	38	52	61	–												–	–	Buy	$18	100%	Buy	$14	50%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

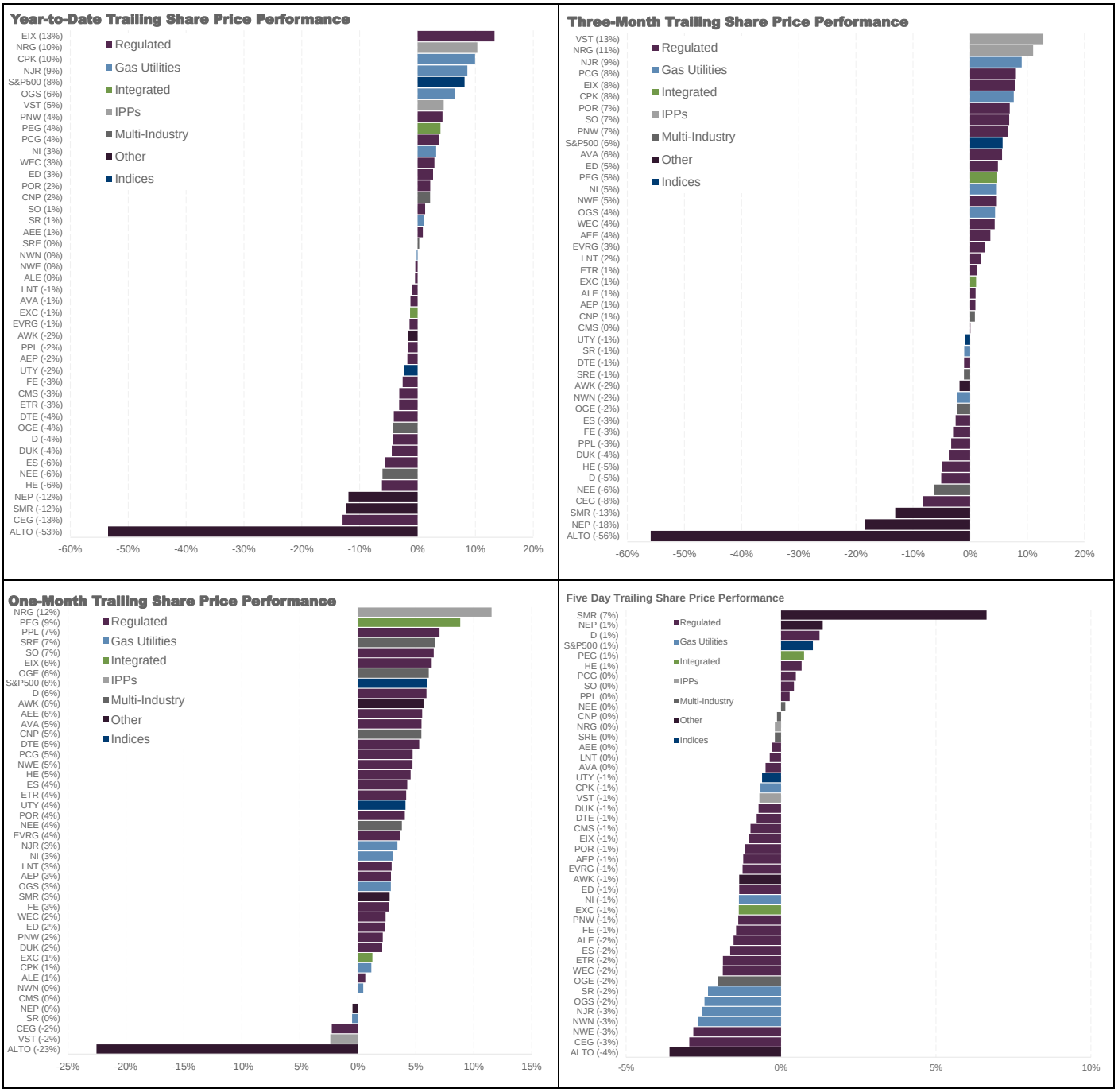

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Generation and Mix

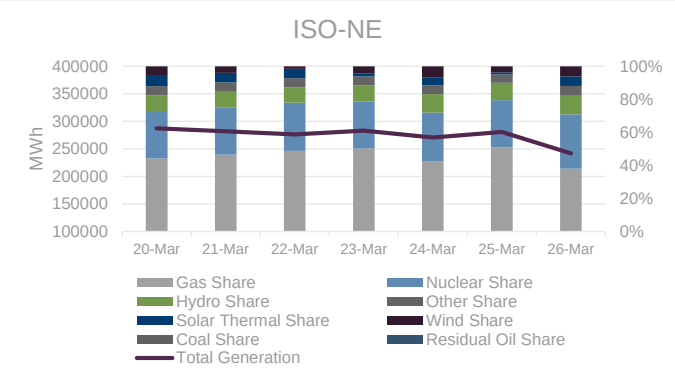

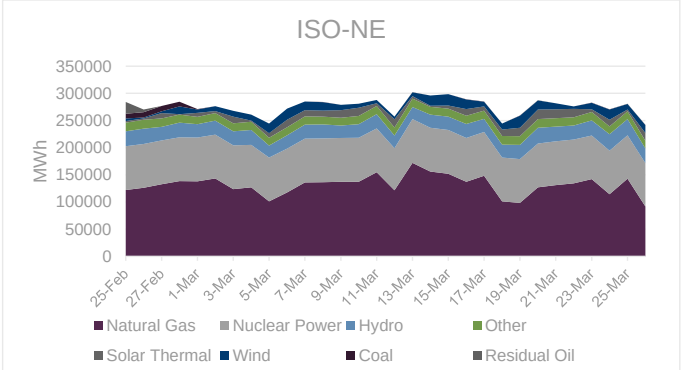

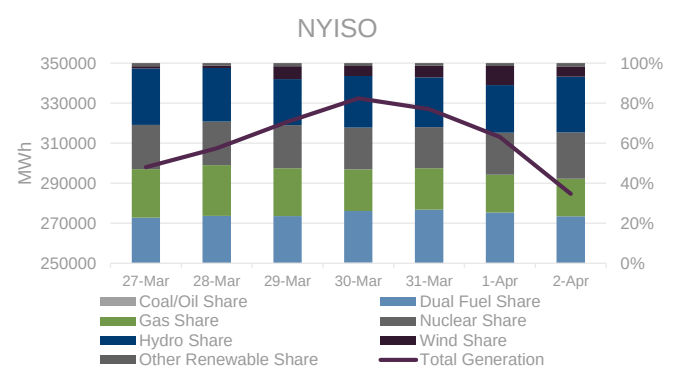

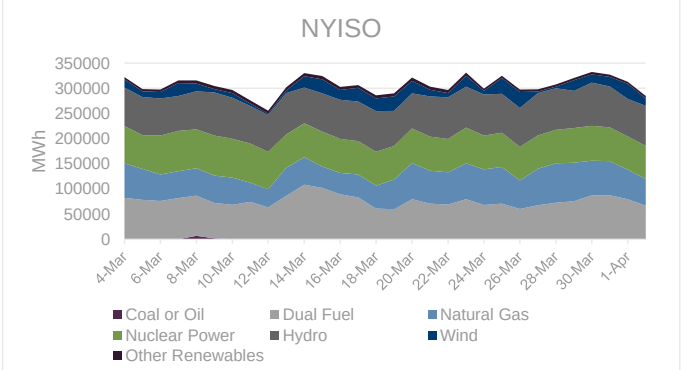

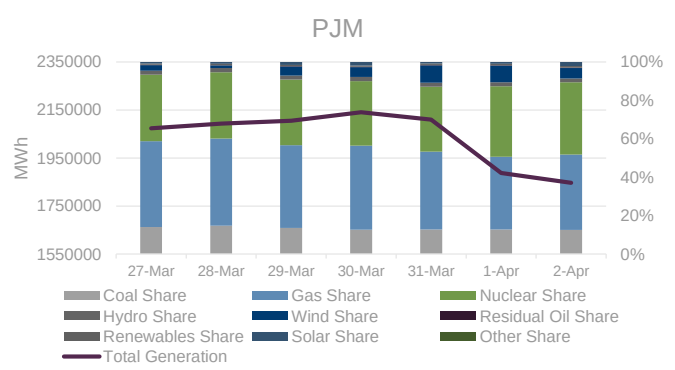

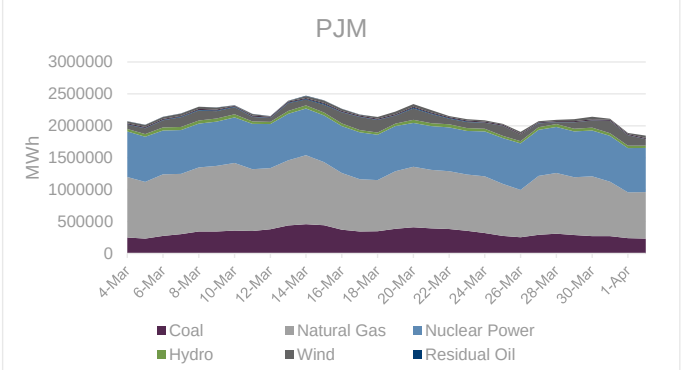

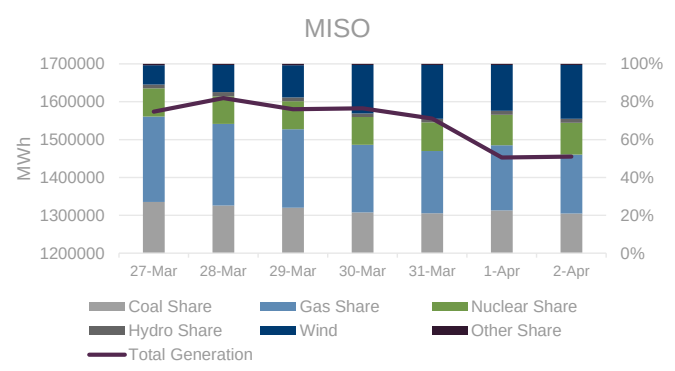

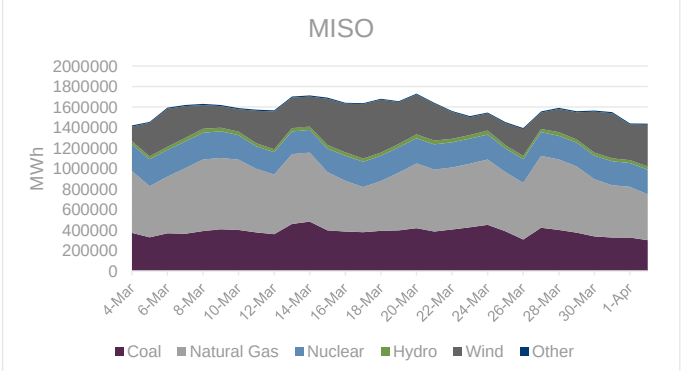

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Generation and Mix (continued)

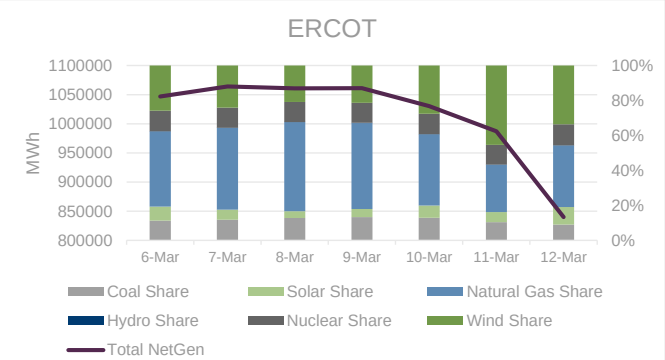

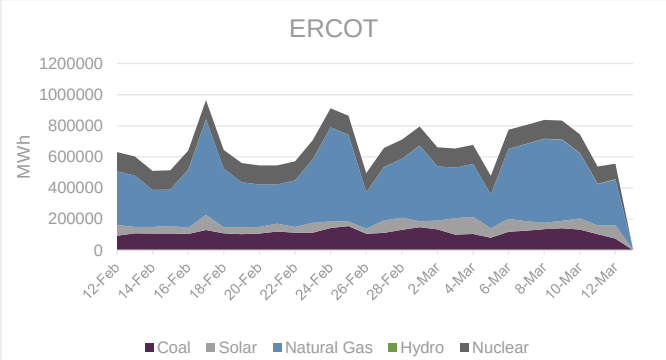

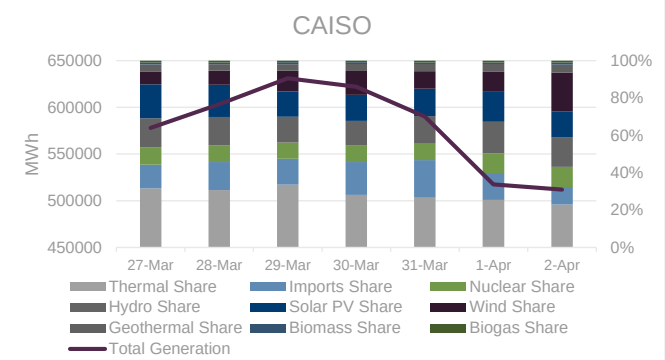

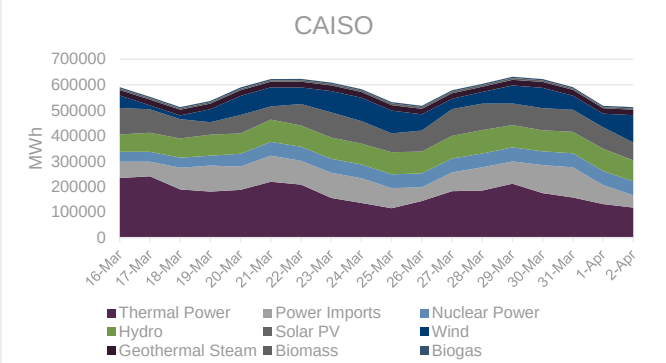

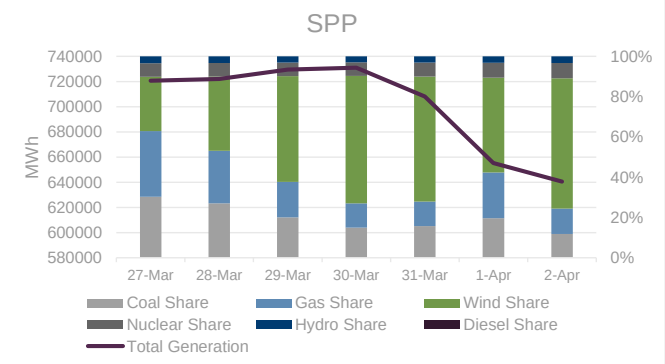

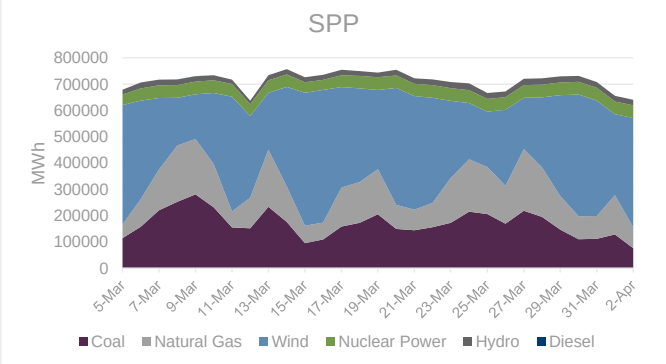

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Weather

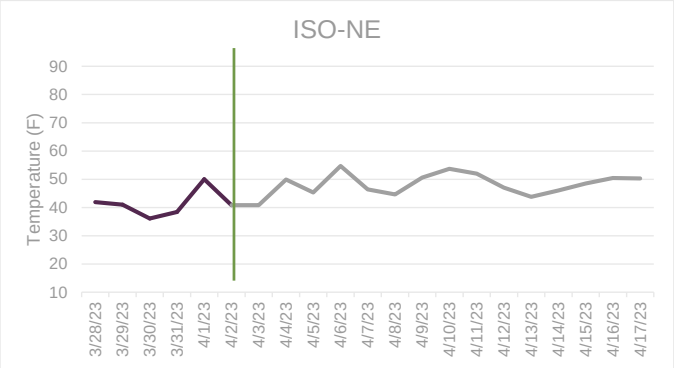

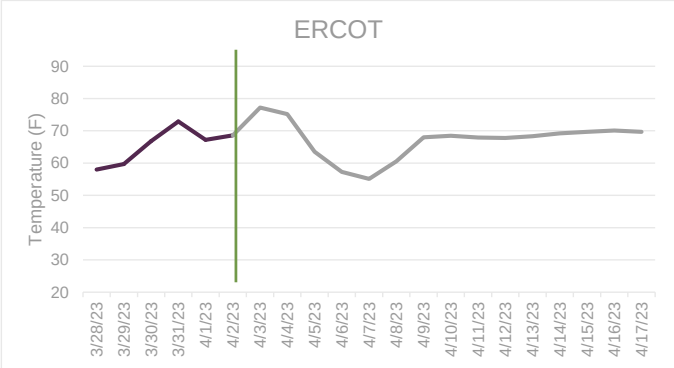

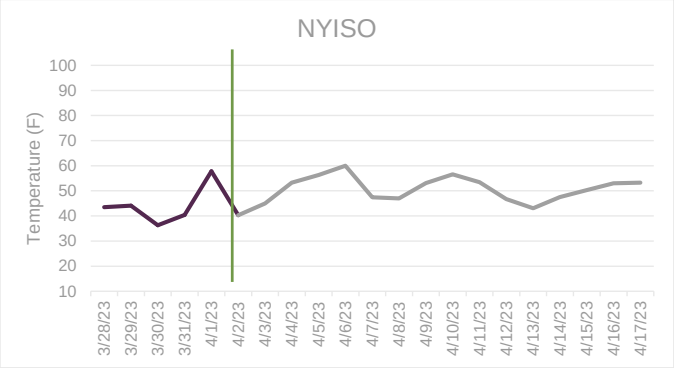

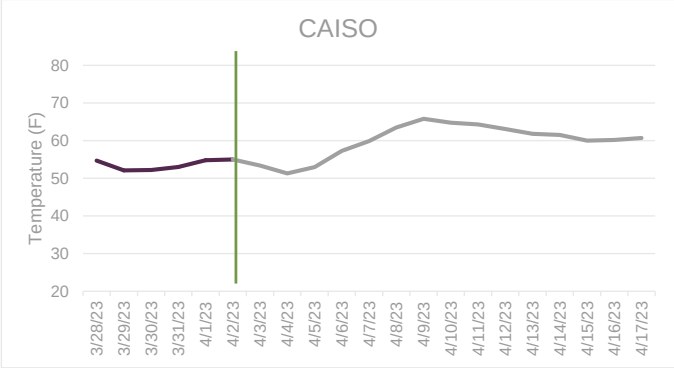

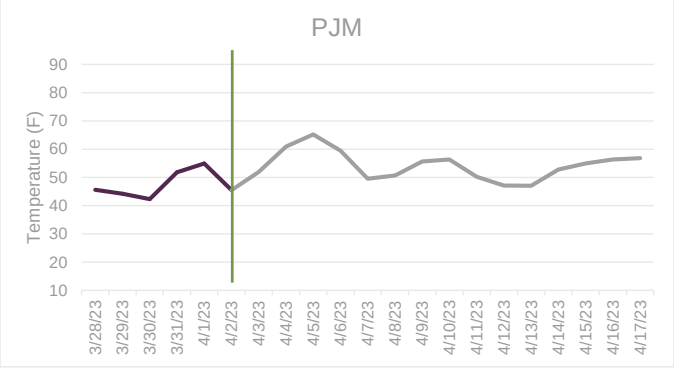

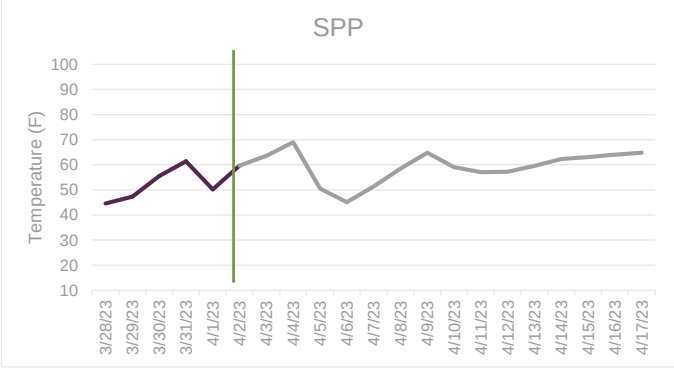

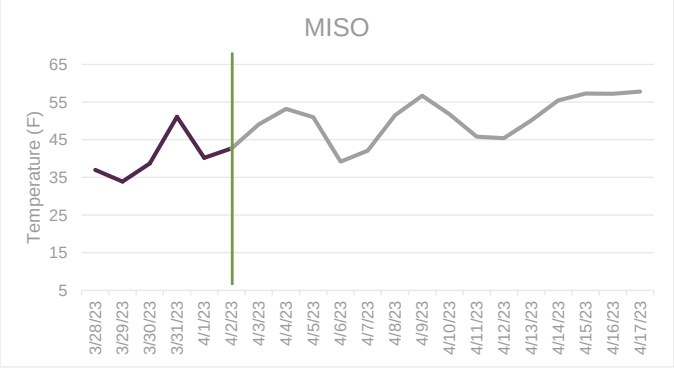

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

YTD Peak Load

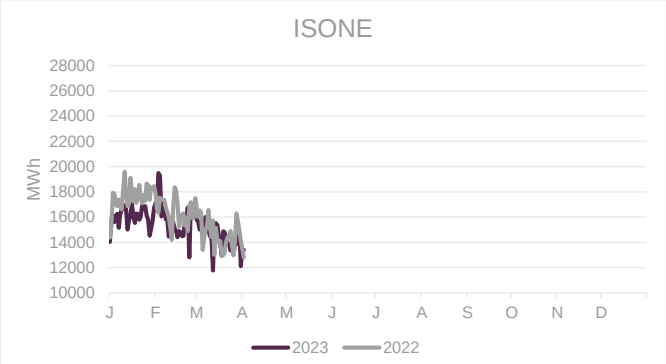

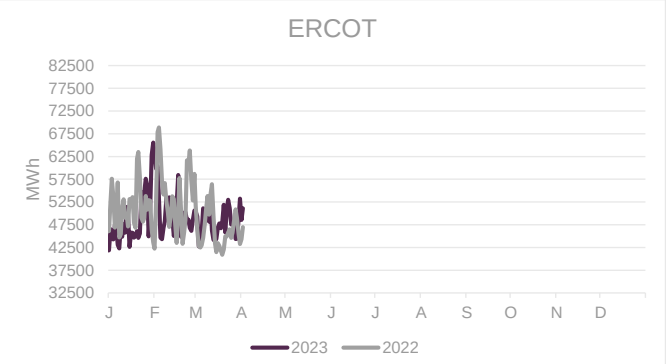



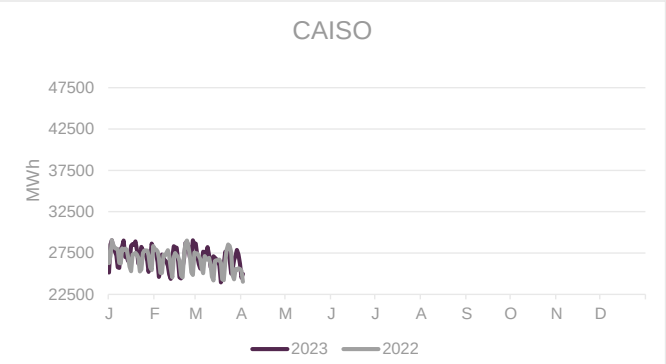

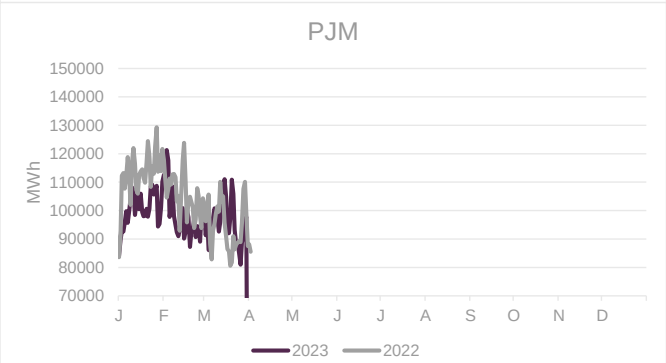

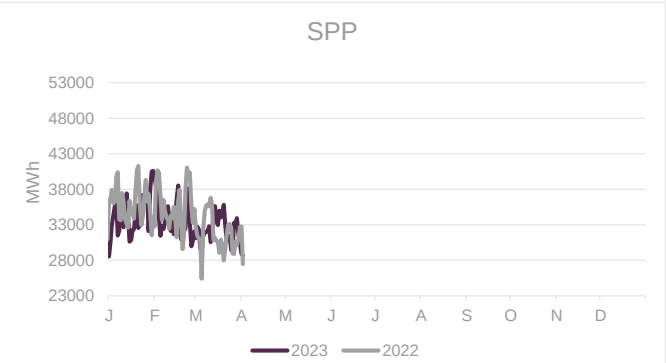

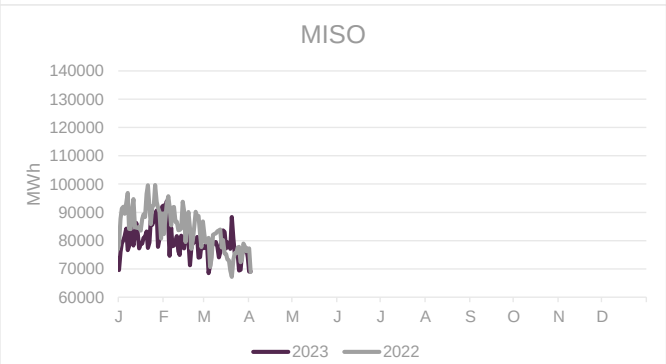

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q22	2Q22	3Q22	4Q22	1Q23
ISONE	1.5%	-1.2%	5.1%	-0.9%	-4.5%
NYISO	2.1%	-0.1%	3.5%	-0.7%	-4.5%
PJM	3.9%	3.8%	0.2%	2.1%	-5.3%
MISO	4.0%	5.0%	0.1%	0.7%	-4.9%
CAISO	1.6%	1.2%	4.0%	0.3%	1.0%
ERCOT	13.7%	19.1%	7.9%	7.4%	-1.5%
SPP	5.9%	9.7%	5.0%	7.1%	-1.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/31/2023-6/30/2023)

Date	State	Ticker	Utility/Event	Docket	Description
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/15/2023-4/15/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
3/29/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Company to submit annual information filing
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Company to submit annual information filing
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision may be issued in Rider US 3 proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
4/1/2023-4/30/2023	KS	EVRG	Evergy Kansas Central Inc.		Rate case filing expected
4/1/2023-4/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearing examiner's report may be issued in Rider GT update proceeding
4/1/2023-4/30/2023	WI	LNT	Wisconsin Power and Light Co		Rate case expected to be filed early Q2'23
4/3/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Hearing to begin in rate proceeding
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Final day for stipulations, settlement agreements
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Final day for stipulations, settlement agreements
4/4/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Rebuttal testimony due in rate proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Staff to file testimony in Rider RGGI reinstatement proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Rebuttal testimony due in Rider SNA adjustment proceeding
4/7/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Staff to file testimony in G-RAC proceeding
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Hearing commences
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Hearing commences
4/12/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Staff to filed testimony in Rider OSW update proceeding
4/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Company rebuttal testimony due in rate proceeding
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Supplemental direct testimony due
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Supplemental direct testimony due
4/14/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Company rebuttal testimony due by
4/17/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Staff, intervenor testimony due
4/18/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Settlement conference to be held in rate proceeding
4/19/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Staff to file testimony in Rider DSM proceeding
4/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
4/21/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Rebuttal testimony due in G-RAC proceeding
4/26/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Rebuttal testimony due in Rider OSW update proceeding
4/28/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Staff testimony due in rate case
5/1/2023-5/31/2023	CA	EIX	Southern California Edison Co.		General rate case to be filed
5/1/2023-5/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0203 (ISRS)	Decision possible in ISRS proceeding
5/1/2023-5/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearings scheduled in Rider RGGI reinstatement proceeding
5/2/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Staff and intervenor testimony due in rate proceeding
5/2/2023-5/3/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearings scheduled in G-RAC proceeding
5/5/2023	IL	AEE	Ameren Illinois	D-23-0067	Staff and intervenor testimony due in rate proceeding
5/8/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Rebuttal testimony due
5/9/2023	IL	SO	North Shore Gas Co.	D-23-0068	Staff and intervenor testimony due in rate proceeding
5/9/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Hearing to begin in rate proceeding
5/9/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Hearing to begin in rate proceeding
5/9/2023-5/10/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearings scheduled in Rider OSW update proceeding
5/11/2023	IL	AEE	Ameren Illinois	D-23-0082	Staff and intervenor testimony due in rate proceeding
5/16/2023-5/17/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearings scheduled in Rider DSM proceeding
5/18/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Staff and intervenor testimony due in rate proceeding
5/21/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Intervening parties to file testimony in Rider E update proceeding
5/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on power cost update due
5/25/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
5/31/2023	NY	ED	Orange & Rockland Utlts Inc.		Long-term gas system plan to be filed
5/31/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Company rebuttal testimony due in rate proceeding
5/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Decision expected in Rider GT proceeding
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearing Examiner report may be issued in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Hearing examiner report may be issued in Rider SNA adjustment proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/2/2023	IL	AEE	Ameren Illinois	D-23-0067	Company rebuttal testimony due in rate proceeding
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	239	66.20%	36	15.06%
NEUTRAL	113	31.30%	6	5.31%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

KeyBanc Capital Markets

Alert

April 17, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: CMS, DUK, ED, ETR, D, AEP, EXC, AEE, AGR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in CMS's MI gas rate case, DUK's OH natural gas rate case, ED's NY steam rate case, and FERC's open meeting. In other news, ETR continues constructive settlement discussions in TX rate case; Staff files testimony for the OSW rider of the CVOW project; the VA SCC approves D to recover 800 MW of renewable power; VA Senate and House approve amended regulatory framework bills, reject offshore wind bill; Senate confirms MD governor appointee to the PSC; several bills supporting renewables/energy storage head to MD governor's desk; the MO PSC approves AEE's acquisition of 150 MW solar project and an REC program; and the ME Supreme Court orders rewording of utility municipalization question before November ballot.

Regulatory Calendar

CMS — Staff and intervenor testimony in CMS's MI gas rate case is due on April 17: In December, CMS filed a rate case with the MI PSC seeking a $212M revenue increase, premised on a 10.25% ROE and 51.5% equity. The rate increase request stems from planned and ongoing infrastructure investments to maintain grid reliability. Similar to its electric rate case, CMS is seeking pension and OPEB deferral mechanisms that should help to reduce volatility in annual earnings. Hearings are set to begin on May 22, and CMS is seeking new rates to become effective on October 1.

FERC — FERC's Open Meeting is scheduled for April 20: A copy of the Sunshine Notice is included here. Notably, FERC is expected to take up AEP's OH ROE adder docket (EL22-34-001).

DUK — Intervenor testimony in DUK's OH natural gas rate case is due on April 21: The OH PUC approved DUK's request to extend the intervenor testimony and DUK's supplemental testimony from April 11. Staff recommended a revenue increase in the range of $24M-$36M, premised on 9.54% ROE/52.32% equity. This compares to DUK's request for a ~$49M revenue increase based on a 10.3% ROE. Since the last rate case filing in OH in 2012, DUK has made capital investments of $1.4B that it is seeking to add to the rate base, as well as rolling the accelerated main replacement program rider into base rates. In the 2012 rate case, DUK entered a settlement to leave gas rates unchanged and used a 9.84% ROE and 53.5% equity layer.

ED — Rebuttal testimony in ED's NY steam rate case is due on April 21: Staff recommended a $94M revenue increase, premised on a 9% ROE and 48% equity. This compares to ED's $141M revenue request, 10% ROE, and 50% equity layer. In addition to the lower ROE and equity, Staff's forecast for lower O&M and higher sales revenue are the main drivers of the variance. Staff also recommends denying ED's request for a revenue decoupling mechanism. A PSC decision is expected in October 2023, with new rates going into effect on November 1, 2023.

Recent Developments for Companies Under Our Coverage

From our midweek: AGR and PNM agree to extend the merger agreement until July 20; NEE signs a 15-year PPA with CA CCA for a long-duration energy storage project; D agrees to acquire a 108 MW solar project in VA; AVA signs agreements for wind and natural gas resources; AVA signs an agreement for RNG resources; the MD governor plans to announce a new appointee to the PSC; DTE and Toyota announce renewables partnership through DTE's MI Green Power; and the EIA releases the April Short-Term Energy Outlook.

ETR —Settlement discussions continue in the TX rate case: ETR TX filed a status report with the TX PUC and noted that settlement discussions are ongoing. ETR did not believe an extension to the May 23 deadline was necessary at this time, an encouraging sign that a settlement could be reached in the NT. The next status report is due on May 12. As a reminder, Staff recommended a $76.8M revenue rate increase based on a 9.45% ROE and maintained ETR's requested equity layer of 51.21%. This compares to ETR's request for a $131M revenue increase based on a 10.8% ROE (10.5% ROE + a 30 bps performance added) and a 51.21% equity layer. Any approved rate change will be effective retroactively to December 3, 2022.

D — Staff files testimony for the OSW rider related to the CVOW project: Staff recommended a $271M revenue increase, in line with D's request to recover $271M through a rate adjustment clause for the rate year beginning September 1, 2023. A slight difference between the two calculations was from the cost of debt calculation. We do not expect this rider filing to be contentious after a constructive settlement was approved to replace the performance guarantee in the CVOW approval with a cost-sharing approach for capital costs exceeding the budget, including an enhanced SCC review of operating performance. D is expected to file a true-up for the calendar year 2022 in its 2023 annual update filing.

D — VA SCC approves 800 MW of renewable power: The VA SCC issued an order approving D's 2022 renewable energy portfolio standard (RPS) program filing to add 800 MW of renewable power. The order approves D to construct and operate seven utility-scale solar projects and one standalone storage project, recover costs for two distributed solar projects, and enter into 13 PPAs for solar and energy storage resources. D can recover the associated costs through the Rider CE rate adjustment clause. D is required to file its RPS plans and petitions for new solar and onshore wind capacity annually. The RPS program was established as part of the VA Clean Economy Act, which targets 100% carbon-free generation by 2045.

D, AEP — VA Senate and House approve amended regulatory framework bills, reject changes to offshore wind bill: The governor has until May 15 to act on the bills, which will likely be signed as the governor's amendments were accepted. The new laws will go into effect on July 1.

- **SB 1265:** The Senate and House passed SB 1265 and HB 1770 (see our review of the bills here.) Both chambers previously approved the bills, but the governor proposed modest modifications. One of the modifications eliminated a reason the SCC could allow D to earn a slightly higher ROE, and another modification broadened the authority to spread out the impact of rising fuel costs. The legislative solution will mark a "reset" for Dominion's VA utility and help the Company formulate its corporate restructuring strategy. The bills set D's ROE at 9.7% for two years, allowing for biennial rate filings and fuel cost recovery-related securitization bonds.
- **HB 1777:** Similarly, the chambers approved HB 1777 and SB 1075 to include some APCo-related measures. APCo will begin biennial reviews after its last triennial review filing in March 2024 to cover earnings for 2023. APCo's ROE deadband will now range from 100 bps below to 100 bps above, up from 75 bps in each direction.
- **SB 1441:** The Senate and House declined to accept the amended version of SB 1441. The governor amended the bill to require a competitive procurement process for any second wave of offshore wind development in VA. SB 1441 was written to require the VA SCC to consider the economic development benefits of offshore wind projects when considering the cost recovery of the projects. The bill also proposed accelerating the deadline for offshore wind development to 2032 from 2034.

EXC — MD governor appointee confirmed by Senate: The confirmed Governor Wes Moore nominee, Frederick Hoover, is to replace current PSC Chair Jason Stanek at the end of his term in June. The MD PSC is a five-member commission with the governor nominating the members and the Senate confirming them. MD Governor Wes Moore announced that he intends to name Kumar Barve (D) to the MD PSC. Governor Moore will still need to appoint one more commissioner to replace either of Commissioners Odogwu Obi Linton or Patrice Bubar. Mr. Bubar is awaiting Senate confirmation after being nominated by the former MD governor. He may continue to serve until or unless the Senate confirms a nominee during this session or the governor names a replacement following adjournment. We are currently tracking FE's Potomac Edison rate case, and EXC's BGE and PEPCO are expected to file multiyear rate cases later this year.

EXC — Several bills supporting renewables/energy storage head to MD governor's desk: The MD legislative session adjourned on April 10, but bills may be presented to the governor until April 30, or an extended session until May 10 could be called. Governor Moore has until May 30 to veto any bills that reach his desk or allow them to become law by taking no action.

- **HB 910:** The Senate and House passed HB 910, requiring IOUs to install or contract 750 MW of renewables by 2027, 1,500 MW by 2030, and 3,000 MW by 2033. The program includes a system of energy storage credits and market-based incentives.
- **SB 143:** SB 143 passed both chambers and awaits the governor's action. The bill proposes implementing net metering and allowing eligible customers to accrue net excess generation monthly. It directs the PSC to establish a framework for valuing accrued net excess generation.
- **SB 781:** SB 781 also passed both chambers and proposes directing the PSC to analyze transmission system expansion options for accommodating offshore wind and requires the PSC to issue competitive solicitations for proposals for offshore wind transmission facilities and transmission upgrades/expansions. The bill requires the PSC to issue a procurement for offshore wind before August 1, 2024.

AEE — MO PSC approves AEE acquisition of 150 MW solar project, REC program: The MO PSC approved AEE to acquire the planned 150 MW Boomtown Solar Project. Invenergy Renewables is building the project and will transfer ownership to AEE once construction is complete. The project is expected to enter service in 2024 and will be part of AEE's Renewable Solutions program, also approved by the MO PSC. The subscription-based program allows customers to subscribe to a voluntary renewable energy purchasing program. The participants will contribute a portion of the cost for Boomtown in exchange for RECs.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

AGR — ME Supreme Court orders rewording of utility municipalization ballot question before November: The ME Supreme Court found the proposed wording in the ballot initiative for utility municipalization confusing and ordered the ME Secretary of State, Shenna Bellows, to revise the ballot question language. Once reworded, the initiative will be on the November ballot and asks for voter approval for utility municipalization and creating a public utility called Pine Tree Power through a public buyout of the IOUs' assets. The ME Affordable Energy Coalition filed a competing referendum requiring voter approval before a state can take over $1B in debt to municipalize IOUs, which is supported by the state IOUs, including AGR.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	4/17/2023	Staff and Intervenor Testimony Due
NY	Consolidated Edison Co. of NY	ED	C-22-E-0064, G-0065	Electric	4/18/2023	Commencement of Evidentiary Hearings
	System Energy Resources Inc.	ETR	FERC EL21-56		4/18/2023	Settlement Conference
ME	Avangrid	AGR			4/19/2023	Closing arguments in NECEC referendum case
	Federal Energy Reg Comm	FERC			4/20/2023	Open Meeting
OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	4/21/2023	Supplemental & Intervenor Testimony Due
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	4/21/2023	Rebuttal Testimony Due
NM	Southwestern Public Service Co.	XEL	C-22-00286-UT	Electric	4/25/2023	Rebuttal Testimony Due
VA	Virginia Electric and Power Co.	D	C-OUR-2022-00187 (Rider OSW)	Rider	4/26/2023	Rebuttal Testimony Due
MN	Northern States Power Co.	XEL	D-G-002/GR-21-678	Natural Gas	4/26/2023	Commission Order Expected
CA		CPUC	R2207005	Fixed Charges	4/28/2023	Reply Testimony
VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	4/28/2023	Staff Testimony
NC	Duke Energy Progress	DUK	D-E-2 Sub 1300	Electric	5/1/2023	Evidentiary Hearings Begin
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	5/1/2023	Surrebuttal Testimony Due
MI	DTE Electric Co.	DTE	U-21193	IRP	5/2/2023	Hearings Begin
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	5/2/2023	Evidentiary Hearings begin
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	5/2/2023	Staff and Intervenor Direct Testimony
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	5/3/2023	Briefs Due
CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	5/3/2023	Intervenor Testimony Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	5/5/2023	Staff and Intervenor Direct Testimony
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	5/5/2023	Hearing Briefs
VA	Virginia Electric and Power Co.	D	C-OUR-2022-00187 (Rider OSW)	Rider	5/5/2023	Comments Due
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	5/8/2023	Rebuttal Testimony Due
OK	Public Service Co. of OK	AEP	PUD2022-000093	Electric	5/9/2023	Evidentiary Hearings Begin
VA	Virginia Electric and Power Co.	D	C-OUR-2022-00187 (Rider OSW)	Rider	5/9/2023	Hearings Commence
KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	5/9/2023	Evidentiary Hearings Begin
	Short-Term Energy Outlook (Summer Electricity)	EIA			5/9/2023	STEO release
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	5/9/2023	Staff and Intervenor Direct Testimony
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	5/9/2023	Staff and Intervenor Direct Testimony
	CPI Release	BLS			5/10/2023	CPI release for Prior Month
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	5/10/2023	Last day for scheduled settlement conference
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	5/10/2023	Hearings Begin
IL	Ameren Illinois	AEE	D-23-0082	Electric	5/11/2023	Staff and Intervenor Testimony Due
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	5/12/2023	Rebuttal Testimony
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	5/12/2023	Rebuttal Testimony

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 2 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	23.6	Sector Weight	NA	$89.46	2.8%	58%	4.37	4.66	4.99	20.5x	19.2x	17.9x	4.36	4.68	5.03	20.5x	19.1x	17.8x
AEP	American Electric Power Company Ir	48.3	Sector Weight	NA	$92.50	3.6%	63%	5.32	5.65	6.01	17.4x	16.4x	15.4x	5.29	5.63	5.98	17.5x	16.4x	15.5x
CMS	CMS Energy Corp	18.0	Sector Weight	NA	$60.79	3.2%	63%	3.11	3.37	3.60	19.5x	18.0x	16.9x	3.10	3.35	3.62	19.6x	18.2x	16.8x
CNP	CenterPoint Energy Inc	19.3	Sector Weight	NA	$30.40	2.5%	50%	1.49	1.62	1.73	20.4x	18.8x	17.6x	1.49	1.62	1.73	20.4x	18.8x	17.6x
D	Dominion Energy Inc	48.7	Sector Weight	NA	$57.93	4.7%	68%	4.29	4.37	4.68	13.5x	13.3x	12.4x	3.97	3.82	4.04	14.6x	15.2x	14.4x
DTE	DTE Energy Co	23.3	Sector Weight	NA	$112.98	3.4%	61%	6.25	6.62	7.01	18.1x	17.1x	16.1x	6.23	6.68	7.15	18.1x	16.9x	15.8x
DUK	Duke Energy Corp	76.4	Overweight	$112	$97.64	4.2%	73%	5.64	6.02	6.40	17.3x	16.2x	15.3x	5.63	5.98	6.34	17.3x	16.3x	15.4x
ETR	Entergy Corp	23.2	Sector Weight	NA	$107.64	4.0%	64%	6.70	7.19	7.73	16.1x	15.0x	13.9x	6.71	7.20	7.74	16.0x	14.9x	13.9x
ES	Eversource Energy	27.8	Sector Weight	NA	$78.46	3.4%	62%	4.38	4.68	4.99	17.9x	16.8x	15.7x	4.37	4.67	5.00	18.0x	16.8x	15.7x
ED	Consolidated Edison Inc	34.0	Underweight	$70	$96.68	3.4%	67%	4.81	5.12	5.38	20.1x	18.9x	18.0x	4.86	5.20	5.50	19.9x	18.6x	17.6x
EIX	Edison International	27.9	Sector Weight	NA	$71.61	4.1%	62%	4.73	5.11	5.64	15.1x	14.0x	12.7x	4.73	5.10	5.53	15.1x	14.0x	12.9x
EXC	Exelon Corp	42.6	Sector Weight	NA	$42.13	3.5%	62%	2.37	2.51	2.73	17.8x	16.8x	15.4x	2.37	2.51	2.74	17.8x	16.8x	15.4x
FE	FirstEnergy Corp	23.6	Overweight	$45	$40.84	3.9%	63%	2.52	2.67	2.83	16.2x	15.3x	14.4x	2.53	2.67	2.84	16.1x	15.3x	14.4x
PEG	Public Service Enterprise Group Inc	31.7	Sector Weight	NA	$63.50	3.6%	66%	3.45	3.61	3.87	18.4x	17.6x	16.4x	3.44	3.70	4.04	18.5x	17.2x	15.7x
SO	Southern Co	78.9	Sector Weight	NA	$71.94	3.9%	77%	3.59	4.04	4.28	20.0x	17.8x	16.8x	3.61	4.03	4.30	19.9x	17.9x	16.7x
WEC	WEC Energy Group Inc	30.9	Overweight	$103	$96.84	3.2%	68%	4.60	4.91	5.27	21.1x	19.7x	18.4x	4.61	4.90	5.26	21.0x	19.8x	18.4x
XEL	Xcel Energy Inc	39.1	Overweight	$75	$70.14	3.0%	61%	3.37	3.56	3.78	20.8x	19.7x	18.6x	3.38	3.61	3.84	20.8x	19.4x	18.3x
					Average:	**3.5%**	**64%**				**18.2x**	**17.1x**	**16.0x**				**18.3x**	**17.2x**	**16.0x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
AVA	Avista Corp	3.3	Underweight	$32	$43.24	4.3%	79%	2.33	2.43	2.53	18.6x	17.8x	17.1x	2.31	2.45	2.58	18.7x	17.6x	16.8x
NWE	NorthWestern Corp	3.6	Overweight	$62	$58.59	4.4%	74%	3.43	3.56	3.72	17.1x	16.5x	15.8x	3.46	3.60	3.75	16.9x	16.3x	15.6x
OTTR	Otter Tail Corp	3.1	Sector Weight	NA	$73.68	2.4%	44%	3.85	3.37	3.60	19.1x	21.9x	20.5x	3.94	3.41	3.63	18.7x	21.6x	20.3x
PNW	Pinnacle West Capital Corp	9.0	Underweight	$55	$78.48	4.4%	85%	4.05	4.62	4.89	19.4x	17.0x	16.0x	4.07	4.74	4.87	19.3x	16.6x	16.1x
POR	Portland General Electric Co	4.5	Sector Weight	NA	$49.49	3.8%	70%	2.64	2.99	3.21	18.7x	16.6x	15.4x	2.66	3.02	3.18	18.6x	16.4x	15.5x
					Average:	**3.8%**	**71%**				**18.6x**	**17.9x**	**17.0x**				**18.4x**	**17.7x**	**16.9x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
AGR	Avangrid Inc	15.7	Underweight	$36	$39.87	4.4%	80%	2.23	2.36	2.50	17.9x	16.9x	15.9x	2.22	2.34	2.49	17.9x	17.0x	16.0x
NEE	Nextera Energy Inc	159.5	Overweight	$93	$78.02	2.4%	60%	3.08	3.32	3.59	25.3x	23.5x	21.7x	3.10	3.38	3.65	25.1x	23.1x	21.4x
SRE	Sempra Energy	48.7	Sector Weight	NA	$153.03	3.1%	53%	8.90	9.55	10.12	17.2x	16.0x	15.1x	8.98	9.59	10.18	17.0x	16.0x	15.0x
					Average:	**3.3%**	**64%**				**20.1x**	**18.8x**	**17.6x**				**20.0x**	**18.7x**	**17.5x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
CEG	Constellation Energy Corp	25.3	Overweight	$99	$76.43	1.4%	27%	3.55	5.12	5.55	21.5x	14.9x	13.8x	4.02	5.14	5.34	19.0x	14.9x	14.3x
NRG	NRG Energy Inc	8.3	Not Covered	NA	$35.21	4.3%	32%	NA	NA	NA	NA	NA	NA	4.66	5.71	6.37	7.6x	6.2x	5.5x
VST	Vistra Corp	9.4	Not Covered	NA	$24.49	3.3%	27%	NA	NA	NA	NA	NA	NA	2.95	3.37	3.97	8.3x	7.3x	6.2x
					Average:	**3.0%**	**29%**				**21.5x**	**14.9x**	**13.8x**				**11.6x**	**9.4x**	**8.7x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 3 - Stock Price Performance

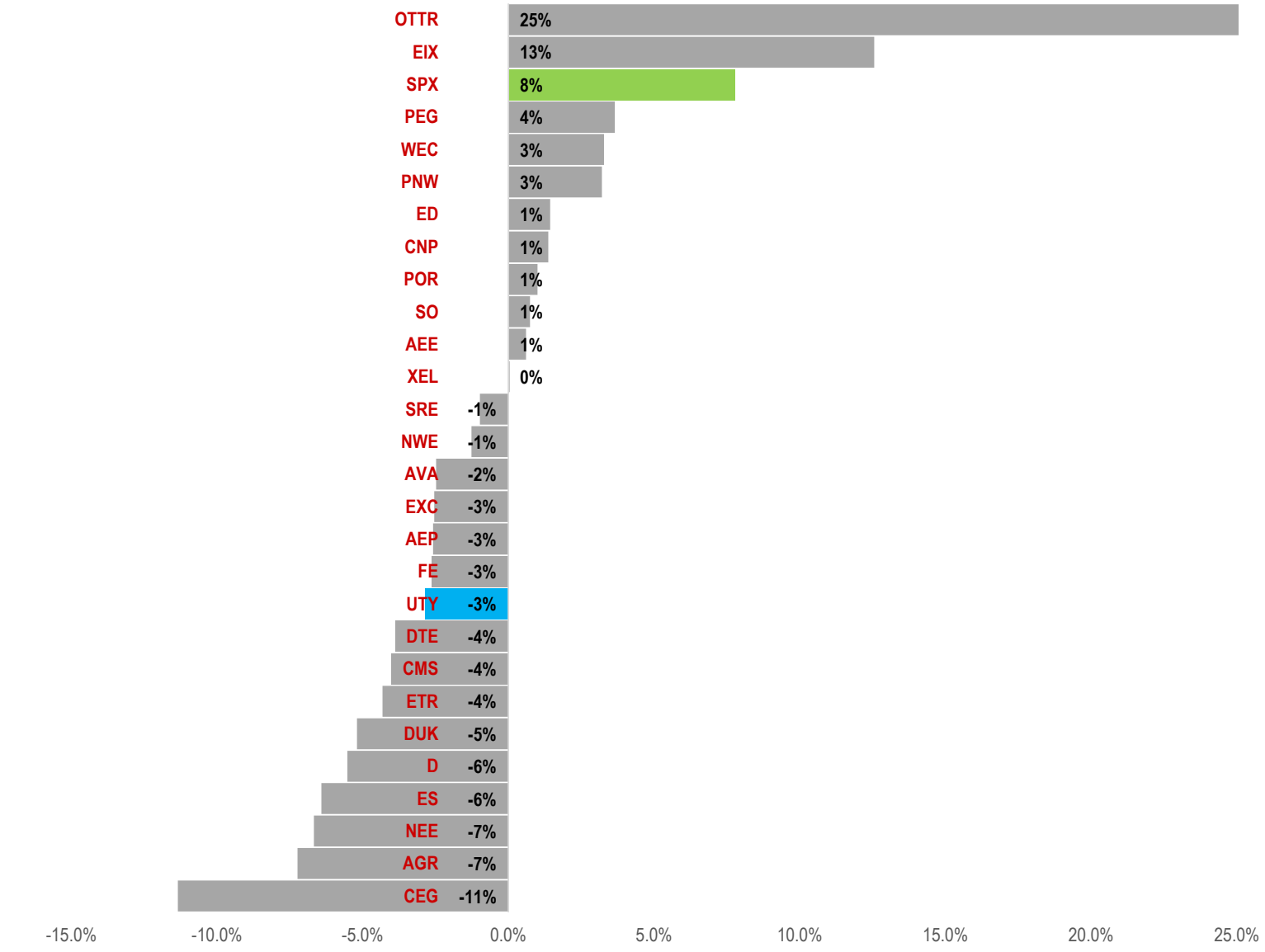

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be used as an indicator of future performance.

Select Recent Research

NWE: Constructive Settlement Reached in MT GRC

CMS: Notes from Management Meetings

PEG: Constructive AD Update; Remain SW

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

ENPH: Notes from the Headquarters Visit

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	254	49.22	39	15.35
Sector Weight [SW]	254	49.22	39	15.35
Underweight [UW]	8	1.55	3	37.50

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	10	40.00
Sector Weight [SW]	28	49.12	11	39.29
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Eleanor Firestein (Associate)
(212) 428-6543, eleanor.firestein@rbccm.com
Kevin Patel (Associate)
(212) 428-5442, kevin.patel@rbccm.com

April 16, 2023

WATTS COOKING? Weekly

Topics: EXC; Michigan legislation; PNM

Our view: Weekly developments that we found to be of interest.

WATTS on Your Mind

This past week, our conversations with generalists continued to revolve around the defensiveness of utilities. Stocks that investors focused on included NEE, CMS, XEL, and EXC. The interest in EXC seems to stem from the company's low-risk profile (exclusively transmission and distribution assets) and lower valuation, at a half-turn discount to other defensive utilities. Specifically, investors look at ED as a reasonable comparable stock though it trades at a meaningful premium to EXC (over 2-turn premium). While we recognize EXC's attractive T&D profile, we note that its near-term EPS growth is less attractive; we expect EPS to grow 5% annually from 2022 to 2024. And its balance sheet is more levered. However, we believe the comparison may be flawed, as ED is trading at a surprising premium. After all, it is the top stock on our Least Favorite Plays list (see table to the right). Ultimately we believe that EXC may be more of a second half 2023 story, as the ComEd rate case progresses. An Illinois commission final order is scheduled for December 2023.

WATTS on Our Mind

This Thursday, the Michigan legislative body introduced a package setting out climate plans to align with Governor Gretchen Whitmer's Climate Plan, which was introduced in 2022. The package of 7 bills includes language that the state's utilities would need to phase out all coal generation by 2030, require utilities to deliver 100% carbon-free energy by 2035, and includes other energy efficiency measures. **Our view. While CMS expects to retire all of its coal facilities by 2025, its current plan does not include carbon-free energy by 2035. While the bill seems aggressive, the Michigan legislative body has typically worked well with the utilities and regulators in the state. We expect the bill to be heavily debated, mainly focusing on customer rate pressures and generation reliability of implementing more renewables. We would expect battery deployment to play a significant role in reaching carbon-free energy goals.**

On Wednesday, PNM and AGR announced the extension of the merger agreement through July 20 from the prior expiration date of April 20. **Our view: The extension was expected since a somewhat slower-than-expected procedural timeline would not have allowed for the transaction to close in April. We also think the market anticipated the extension and expects the Supreme Court to remand the case back to the NMPRC. Questions from investors have been on the lighter side recently, which we expect is due to the better performance from the larger utility group versus earlier in the year when PNM's multiple was rich compared to peers.**

WATTS on the ShUFL

Our ShUFL is unchanged this week.

Shelby's Utility Focus List (ShUFL)

Best Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
PCG	OP	0.0%	$20.00	18.4%
EIX	OP	4.1%	$82.00	18.6%
NEE	OP	2.4%	$98.00	28.0%
AES	OP	2.7%	$32.00	31.4%

Defensive Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AWK	OP	1.8%	$180.00	22.0%
CMS	SP	3.2%	$71.00	20.0%
XEL	SP	3.0%	$78.00	14.2%
PPL	OP	3.4%	$33.00	18.9%

Least Favorite Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
ED	SP	3.4%	$95.00	1.6%
UTL	SP	2.8%	$56.00	-0.5%

Source: Factset; RBC Capital Markets estimates

4/17-4/19 – Southeast mktg. (in person)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Capital Markets

Shelby's Utility Focus List (ShUFL)

Our ShUFL is unchanged.

Exhibit 1 – PCG tops Best Plays; AWK Best Defensive Plays; ED Least Favorite

Best Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
PG&E Corp.	PCG	Outperform	$16.89	0.0%	$20.00	18.4%
Edison International	EIX	Outperform	$71.61	4.1%	$82.00	18.6%
NextEra Energy, Inc.	NEE	Outperform	$78.02	2.4%	$98.00	28.0%
The AES Corp.	AES	Outperform	$24.86	2.7%	$32.00	31.4%

Defensive Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
American Water Works	AWK	Outperform	$149.70	1.8%	$180.00	22.0%
CMS Energy	CMS	Sector Perform	$60.79	3.2%	$71.00	20.0%
Xcel Energy	XEL	Sector Perform	$70.14	3.0%	$78.00	14.2%
PPL Corporation	PPL	Outperform	$28.57	3.4%	$33.00	18.9%

Least Favorite Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
Consolidated Edison	ED	Sector Perform	$96.68	3.4%	$95.00	1.6%
Unitil Corp.	UTL	Sector Perform	$57.91	2.8%	$56.00	-0.5%

Source: RBC Capital Markets estimates, priced as of market close 4/14/22. Past performance is not necessarily indicative of future performance.

Notable Publications

Energy Made Simple 3.0v – 04.13.2023

SJW US: All Quiet on the Western Front – 04.10.2023

RBC Global Regulated Utilities – 04.04.2023

PNW US: Upward revision to earnings, PT unchanged – 03.28.2023

BEP US: Brookfield and EIG Consortium to acquire Origin Energy for A$18.7 billion – 2023.03.27

U.S. Power & Utilities: Sydney Utility Conference — 2023.03.24

PCG US: Same music, different CFO chairs — 2023.03.16

WTRG US: Come on in, the water's fine — 2023.03.15

PNM US: Commission: Possible — 2023.03.13

CPK US: RNG coming Full Circle — 2023.03.13

PEG US: Reiterates 2023 EPS, 5-7% EPS growth rate, and 5- year capex; introduces 10-year capex — 2023.03.10

NWN US: Nice and easy does it — 2023.03.09

PCG US: Better with time — 2023.03.09

CWEN US: Drop-downs in sight — 2023.03.09

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

PNW US: AZ Court of Appeals rules on APS 2019 Rate Case — 2023.03.07

AWK US: Smart Water — 2023.03.06

RBC Global Regulated Utilities — 2023.03.06

AES US: And the Beat Goes On — 2023.03.04

EIX US: Project EIX — 2023.03.03

CNP US: Houston, We Don't Have a Problem — 2023.03.02

ETR US: Why so SERI-ous? — 2023.03.02

AY US: Strategic review – This time it's different — 2023.03.02

AEP US: KY in the Middle — 2023.03.01

PPL US: People who need PPL — 2023.03.01

SO US: Are we there yet? — 2023.03.01

Global Energy Best Ideas — 2023.03.01

PEG US: High Speed Low PEG — 2023.02.27

AEP US: Announces sale of 1,365MW unregulated renewables for $1.5B — 2023.02.22

FE US: What a FE-eling — 2023.02.21

AY US: Announces strategic review — 2023.02.21

CEG US: Hydrogen emerging in the Constellation — 2023.02.20

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

RBC Capital Markets

Exhibit 2 - RBC Capital Markets U.S. Power and Utility Coverage Universe

Ticker	Company	Rating	Price 04/14/23	Price Target	Current Yield	Implied Tot. Return	Cap. ($MM)	EPS 2022A	EPS 2023E	EPS 2024E	EPS 2025E	EPS 2026E	EPS 2027E	P/E 2023E	P/E 2024E	P/E 2025E	P/E 2026E	P/E 2027E	Div. Payout	5-yr EPS Growth	'23 EV/ EBITDA	'24 EV/ EBITDA	Price/ BV	Debt/ EBITDA
DEFENSIVE UTILITIES																								
AEP	American Electric Power	Outperform	$92.50	$103.00	3.6%	14.9%	48,339	$5.09	$5.28	$5.58	$5.92	$6.42	$6.85	17.5	16.6	15.6	14.4	13.5	62.9%	6.0%	11.7	10.9	2.02	5.7
CMS	CMS Energy	Sector Perform	$60.79	$71.00	3.2%	20.0%	17,980	$2.88	$3.10	$3.32	$3.56	$3.83	$4.11	19.6	18.3	17.1	15.9	14.8	62.9%	5.9%	11.3	10.3	2.65	6.0
CNP	CenterPoint Energy	Outperform	$30.40	$33.00	2.5%	11.1%	19,341	$1.38	$1.47	$1.60	$1.71	$1.84	$1.97	20.7	19.0	17.8	16.5	15.4	51.7%	4.1%	11.7	10.2	2.09	6.1
DUK	Duke Energy	Sector Perform	$97.64	$112.00	4.1%	18.8%	76,346	$5.27	$5.56	$5.90	$6.21	$6.53	$6.98	17.6	16.5	15.7	15.0	14.0	72.3%	3.9%	11.8	11.1	1.61	6.4
ED	Consolidated Edison	Sector Perform	$96.68	$95.00	3.4%	1.6%	34,823	$4.55	$4.85	$5.15	$5.46	$5.73	$6.03	19.9	18.8	17.7	16.9	16.0	66.8%	5.5%	12.0	11.5	1.68	4.8
EIX	Edison International	Outperform	$71.61	$82.00	4.1%	18.6%	27,908	$4.63	$4.74	$5.10	$5.50	$5.82	$6.15	15.1	14.0	13.0	12.3	11.6	62.2%	4.0%	10.5	9.1	2.04	5.6
ETR	Entergy Corp.	Outperform	$107.64	$126.00	4.0%	21.0%	23,078	$6.38	$6.77	$7.22	$7.70	$8.25	$8.82	15.9	14.9	14.0	13.0	12.2	63.2%	6.3%	10.2	9.5	1.78	6.3
EXC	Exelon Corp.	Sector Perform	$42.13	$47.00	3.4%	15.0%	42,638	$2.27	$2.36	$2.51	$2.74	$2.97	$3.20	17.9	16.8	15.4	14.2	13.2	61.0%	-3.2%	10.3	9.8	1.72	5.4
FE	FirstEnergy	Outperform	$40.84	$48.00	3.8%	21.4%	23,576	$2.41	$2.55	$2.68	$2.89	$3.03	$3.15	16.0	15.2	14.1	13.5	13.0	61.2%	3.9%	11.4	10.5	2.32	5.5
NWN	Northwest Natural	Sector Perform	$47.05	$52.00	4.1%	14.6%	1,691	$2.55	$2.67	$2.80	$2.95	$3.09	$3.25	17.6	16.8	15.9	15.2	14.5	72.7%	5.1%	11.2	10.5	1.44	5.6
PCG	PG&E Corp.	Outperform	$16.89	$20.00	0.0%	18.4%	33,395	$1.10	$1.21	$1.34	$1.47	$1.62	$1.78	14.0	12.6	11.5	10.4	9.5	0.0%	-1.8%	9.8	8.9	1.46	8.2
PNM	PNM Resources	Sector Perform	$48.79	$50.30	3.0%	4.6%	4,196	$2.68	$2.72	$2.81	$2.92	$3.12	$3.34	17.9	17.4	16.7	15.6	14.6	54.0%	5.2%	10.7	9.9	1.91	5.7
PNW	Pinnacle West	Sector Perform	$78.48	$81.00	4.4%	7.6%	9,019	$4.26	$4.06	$4.63	$4.89	$5.19	$5.51	19.3	17.0	16.0	15.1	14.2	85.2%	0.1%	11.3	10.4	1.49	5.8
PPL	PPL Corp.	Outperform	$28.57	$33.00	3.4%	18.9%	21,187	$1.41	$1.59	$1.70	$1.81	$1.92	$2.05	18.0	16.8	15.8	14.9	13.9	60.4%	-5.5%	10.5	9.9	1.52	4.9
SR	Spire Inc.	Sector Perform	$68.01	$75.00	4.2%	14.5%	3,642	$3.87	$4.26	$4.31	$4.62	$4.89	$5.17	16.0	15.8	14.7	13.9	13.2	67.6%	4.2%	12.7	11.8	1.39	7.3
SO	Southern Co.	Outperform	$71.94	$78.00	3.8%	12.2%	78,902	$3.58	$3.60	$4.00	$4.29	$4.55	$4.77	20.0	18.0	16.8	15.8	15.1	75.6%	5.8%	13.0	12.0	2.62	5.9
UTL	Unitil Corp.	Sector Perform	$57.91	$56.00	2.8%	-0.5%	944	$2.59	$2.76	$2.86	$3.05	$3.25	$3.47	21.0	20.2	19.0	17.8	16.7	58.7%	7.2%	10.2	9.7	2.02	4.3
XEL	Xcel Energy	Sector Perform	$70.14	$78.00	3.0%	14.2%	39,061	$3.17	$3.36	$3.58	$3.80	$4.04	$4.31	20.9	19.6	18.5	17.4	16.3	61.9%	6.4%	12.1	11.2	2.34	5.4
	Average (exc. PCG, 5-yr. EPS growth excl. PNW, PPL)				3.6%	14.8%								18.4	17.1	16.1	15.1	14.2	66.3%	4.4%	11.6	10.8	2.02	5.8
DIVERSIFIED UTILITIES																								
BKH	Black Hills	Sector Perform	$65.06	$68.00	3.8%	8.4%	4,357	$3.97	$3.80	$3.90	$4.13	$4.38	$4.68	17.1	16.7	15.8	14.9	13.9	65.8%	2.1%	11.7	10.9	1.45	6.7
CPK	Chesapeake Utilities	Sector Perform	$129.55	$133.00	1.7%	4.3%	2,302	$5.04	$5.43	$5.86	$6.25	$6.63	$7.01	23.9	22.1	20.7	19.5	18.5	39.4%	8.2%	13.3	12.3	2.76	3.9
D	Dominion Energy	Sector Perform	$57.93	$71.00	4.6%	27.2%	48,742	$4.12	$4.38	$4.68	$4.99	NA	NA	13.2	12.4	11.6	NA	NA	61.0%	7.1%	11.5	N/A	1.87	5.8
NEE	NextEra Energy, Inc.	Outperform	$78.02	$98.00	2.4%	28.0%	159,346	$2.90	$3.13	$3.40	$3.65	$3.98	$4.31	24.9	22.9	21.4	19.6	18.1	59.7%	9.6%	17.3	15.8	3.99	5.4
PEG	Public Service Enterprise	Outperform	$63.50	$70.00	3.6%	13.8%	31,662	$3.47	$3.43	$3.71	$4.13	$4.20	$4.29	18.5	17.1	15.4	15.1	14.8	66.5%	3.8%	13.3	12.5	2.30	6.0
SRE	Sempra Energy	Outperform	$153.03	$182.00	3.1%	22.0%	48,683	$8.85	$8.92	$9.49	$10.11	$10.75	$11.43	17.2	16.1	15.1	14.2	13.4	53.4%	4.7%	14.0	13.0	1.85	5.6
	Average (5-year growth excluding D)				3.0%	24.9%								20.9	19.4	18.0	14.9	13.9	59.5%	7.7%	15.3	12.3	3.06	5.6
	Total Average (Excluding PCG, 5-year growth excluding D, PNW, PPL)				3.3%	18.7%								19.4	18.0	16.8	15.0	14.1	63.7%	5.6%	13.0	11.4	2.42	5.7
WATER UTILITIES																								
AWK	American Water Works	Outperform	$149.70	$180.00	1.8%	22.0%	29,582	$4.51	$4.75	$5.13	$5.54	$5.99	$6.48	31.5	29.2	27.0	25.0	23.1	55.2%	7.2%	18.0	16.7	3.59	6.2
SJW	SJW Group	Sector Perform	$79.08	$85.00	1.9%	9.4%	2,465	$2.43	$2.48	$2.63	$2.79	$2.96	$3.15	31.9	30.1	28.3	26.7	25.1	61.3%	5.4%	15.4	N/A	2.22	7.0
WTRG	Essential Utilities	Outperform	$43.19	$54.00	2.7%	27.7%	11,651	$1.78	$1.87	$1.99	$2.12	$2.26	$2.40	23.1	21.7	20.4	19.1	18.0	61.4%	6.1%	15.9	14.8	2.16	7.0
	Average				2.0%	22.8%								29.3	27.2	25.3	23.5	21.9	57.2%	6.8%	17.3	15.2	3.13	6.5
INDEPENDENT POWER PRODUCERS																								
AES	The AES Corp.	Outperform	$24.86	$32.00	2.7%	31.4%	17,082	$1.67	$1.69	$1.99	$2.08	$2.26	$2.45	14.7	12.5	11.9	11.0	10.1	39.2%	7.7%	9.3	8.1	10.68	6.5
CEG	Constellation Energy Corp.	Sector Perform	$76.43	$91.00	1.5%	20.5%	25,235	$0.18	$4.65	$5.99	$5.21	$4.92	$5.42	16.4	12.8	14.7	15.5	14.1	24.3%	24.1%	9.8	8.7	2.29	2.0
VST	Vistra Energy	Restricted	$24.49	R	R	R	9,471	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
	Average				1.6%	20.4%								12.9	10.3	11.1	11.2	10.2	24.7%	15.9%	7.9	6.9	4.64	3.1
YIELDCOs																								
AY	Atlantica Sustain. Infra.	Outperform	$27.79	$34.00	6.4%	28.8%	3,241	-$0.05	$0.17	$0.54	$0.76	$0.89	$1.16	163.5	51.5	36.6	31.2	24.0	1047.1%	N/M	10.3	9.6	2.03	6.3
BEP	Brookfield Renewables	Restricted	$30.90	R	R	R	20,224	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
CWEN	Clearway Energy	Sector Perform	$31.53	$36.00	4.8%	18.9%	3,720	$4.99	$0.96	$1.45	$1.88	$2.00	$2.26	32.9	21.8	16.8	15.8	13.9	156.2%	N/M	10.4	9.8	1.67	5.5
NEP	NextEra Energy Partners	Outperform	$60.73	$87.00	5.4%	48.6%	11,729	$5.62	$1.82	$2.11	$2.40	$2.66	$3.00	33.4	28.8	25.3	22.8	20.2	178.6%	N/M	14.2	12.2	1.65	3.0
	Average				2.6%	18.9%								26.8	15.0	12.3	11.0	9.4	156.0%	N/M	6.1	5.4	0.82	2.0
ALT. ENERGY																								
FLNC	Fluence Energy	Outperform#	$21.35	$26.00	0.0%	21.8%	3,718	-$1.58	-$0.45	$0.14	$0.80	$1.54	$2.13	NA	152.5	26.7	13.9	10.0	0.0%	N/A	-90.0	194.0	2.94	10.3
SP50	Standard & Poor's 500 Index		$4,138	$4,100	1.8%	0.9%		$216.00	$199.00	$0.00	N/A	N/A	N/A	20.8	N/A	N/A	N/A	N/A						
UTY	Philadelphia Utility Index		$892	$1,025	3.3%	18.1%				Utility P/E relative to S&P:				-6.9%	N/A	N/A	N/A	N/A						

A - Actual; E - Estimated; R - Restricted; #Speculative Risk

Source: FactSet; RBC Capital Markets estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Capital Markets

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 31-Mar-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	824	56.05	236	28.64
HOLD [Sector Perform]	591	40.20	132	22.34
SELL [Underperform]	55	3.74	4	7.27

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.
To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Capital Markets

that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:

This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:

This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:

This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:

This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

GUGGENHEIM

Power & Utilities

April 14, 2023

The Guggenheim Daily Transmission: ERCOT, EXC, SO, DTE, PCG/EIX/SRE

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
DTE	113.18	Buy
EIX	72.95	Buy
EXC	42.89	Neutral
PCG	16.80	Buy
SO	72.46	Buy
SRE	154.76	Buy

SAVE THE DATE: We are hosting a dinner with CNP's COO, new CFO, and others on May 22nd...

For our AGA conference (May 20-23) meeting schedule, please scroll down...

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our EXC NDR, ETR NDR, PNW NDR, DTE NDR, PCG NDR, ES NDR, SMR NDR, LNT NDR, AWK NDR, CMS NDR, SO NDR, POR NDR, and other events, scroll down...

ERCOT – Generators and stakeholder continue to examine tweaks to Firm Fuel Supply Service

EXC – Study in BGE MYP docket details extensive economic impacts of 2024-2026 investments

SO – Proposed stipulation filed in Georgia Power Company's Fuel Cost Recovery case

DTE – DTE files discovery responses for 2023 rate case request

PCG/EIX/SRE – OEIS files data requests on CA Utilities updated wildfire mitigation plans for 2023-2025

ERCOT – Generators and stakeholder continue to examine tweaks to Firm Fuel Supply Service

- The program's first iteration this winter was intended to renumerate generators with onsite fuel for the winter months.
- The latest stakeholder process seeks to build on and improve the inaugural ~$50m program.
- More HERE.

Guggenheim takeaway: *Minor FYI as the ISO continues to work on some less-visible resource adequacy measures — the focus here, in our view, remains on the legislative process and the political viability of the PCM.*

EXC – Study in BGE MYP docket details extensive economic impacts of 2024-2026 investments

- "The results of the analysis indicated that these investments are expected to have a cumulative impact of 72,077 jobs supported, and generate approximately $8.2 billion in labor income, $35.7 billion in economic output, and $1.7 billion in state tax revenue. Impacts are expected to be the largest in the years where the largest investments were made. For non-labor investments, impacts are expected to be the largest in 2026." - report
- More HERE

Guggenheim takeaway: *Interesting filing as the case remains in its early innings – as a reminder, intervenor direct testimony isn't due until 6/20/2023.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

SO – Proposed stipulation filed in Georgia Power Company's Fuel Cost Recovery case

- "As part of this agreement, the stipulating parties offer modifications to Georgia Power's original request that represent a fair compromise and balance the interests of the parties in this case…. In this stipulated agreement, the Company agrees to file by **April 24, 2023**, revised FCR-26 fuel rates updated for the actual under-recovered fuel cost balance through **March 31, 2023**, and projected fuel costs utilizing a more recent natural gas price forecast, while retaining all other assumptions. Based on current trends in fuel costs, Staff anticipates that this will result in lower projected costs, and therefore lower FCR rates for customers, than contained in the Company's original filing." – **Docket 44902**, linked below
- Docket 44902

Guggenheim takeaway: *As fuel is a passthrough cost, this isn't expected to be an earnings driver for the company, but both the settlement with Staff and the tone of the commissioners could shed some light on whether the regulatory environment has changed in recent months, as we head into important prudency hearings for Vogtle. As a reminder (and also ahead of the Vogtle prudency review), please join us for our* ***2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, which will take place July 11 & 12 in Atlanta.***

DTE – DTE files discovery responses for 2023 rate case request

- DTE Electric filed a set of discovery responses for the 2023 rate case with a $622M revenue increase request.
- The rate request represents a Total Residential rate increase of 13.9%, and all customer rate increase of 11.8%.
- As a reminder, DTE is requesting a 10.25% ROE and a 50% equity ratio, including uses inflation factors of 3.6% for 2022, 3.2% for 2023, and 2.66% for 11 months of 2024. The Company is utilizing a historical test year of 2021.
- Key drivers breakdown for the request are largely focused on new investments in rate base.
  - a. Rate Base - $292M
  - b. Return on Equity – $42M
  - c. Cost of Debt and Capital Structure – $29M
  - d. Operating Expenses – $124M
  - e. Sales Margin – $102M
  - f. Other – $30M
- Docket: U-21297

Guggenheim takeaway: *FYI. The process is in the early stages of discovery that started after prehearings in March. The request is well documented with nearly 1,800 pages of direct testimony.*

PCG/EIX/SRE – OEIS files data requests on CA Utilities updated wildfire mitigation plans for 2023-2025

- OEIS started data requests related to the updated 2023-2025 wildfire mitigation plans (WMP) for CA utilities.
- The WMPs provide frameworks around the activities and accountability measures for wildfire risk reduction, including both system hardening and operation solutions (EPSS, PSPS, etc.).
- PCG in particular included the long term 10,000mi commitment to undergrounding, with total expenditures of $5.5-6.5B per year vs. $3.2-5.9B per year in the prior cycle.
- EIX/SCE includes a proportionally similar projected expenditure of $1.9-2.0B per year (a step up from $1.3-1.6B in the prior cycle).
- SDG&E filed the smallest WMP update, with recommendations for $2.24B in spending for the 2023-2025 period.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

- Stakeholders like rate advocates found concerns with the costs and bill impacts.
- PCG PR here.

Guggenheim takeaway: *FYI. The WMP filings provide a first look at the 2023-2025 wildfire risk mitigation framework and proposed expenditures. The plan filings and testimony filed with the OEIS include 1000+ pages of descriptions and exhibits that span the gamut of wildfire issues.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Calvin Butler, *President & Chief Executive Officer*
Jeanne Jones, *Chief Financial Officer*
Andrew Plenge, *VP, Investor Relations*

Dates & Location

May 15 – 16, 2023
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information

Market Cap: $42.4bn

Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

Jason Wells, *Chief Operating Officer*
Chris Foster, *Chief Financial Officer*
Jackie Richert, *VP Investor Relations & Treasurer*
Ben Vallejo, *Director Investor Relations*

Dates
Monday, May 22, 2023
6:00 PM

Location
Restaurant TBD
Fort Lauderdale, Florida

Company Information
Market Cap: $18.6bn
CenterPoint Energy, Inc. (CNP) is a holding company that engages in the business of power generation and distribution. It operates through the following segments: CenterPoint Energy, Houston Electric, and CERC. The CenterPoint Energy segment consists of electric transmission and distribution services in the Texas gulf coast area in the ERCOT region and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations in the MISO region. The Houston Electric segment consists of electric transmission services to transmission services customers in the ERCOT region and distribution services to REPs serving the Texas gulf coast area. The CERC segment covers the Restructuring consisting of intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas, and permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
11:10AM	LNT
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Andrew Cooper, *Chief Financial Officer*

Date & Location
Monday, June 5, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $9.05bn
Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ.
(Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chairman, President & Chief Executive Officer*
Barbara Tuckfield, *Director Investor Relations*

Dates & Location
June 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $22.4bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment includes various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patti Poppe, *Chief Executive Officer (Tentative)*
Carolyn Burke, *Incoming Chief Financial Officer*
Tom Webb, *Senior Advisor to Chief Executive Officer*
Jonathan Arnold, *Vice President, Investor Relations*

Date & Location
Monday, June 12, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $39.6bn
PG&E Corp. (PCG) is a holding company that engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in Oakland, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

Eversource Energy (ES)

Joseph Nolan, *Chairman, President & Chief Executive Officer*
John Moreira, *Chief Financial Officer*
Jeffrey Kotkin, *Vice President, Investor Relations*
Bob Becker, *Director, Investor Relations*

Date & Location
Thursday, June 22, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.02bn
Eversource Energy (ES) engages in the generation, transmission, and distribution of natural gas and electricity. It operates through the following segments: Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. The Electric Distribution segment distributes electricity to retail customers. The Electric Transmission segment owns and maintains transmission facilities through CL&P, NSTAR Electric, PSNH, and WMECO. The Natural Gas Distribution segment transmits and distributes natural gas to retail customers. The Water Distribution segment operates three separate regulated water utilities in Connecticut, Massachusetts, and New Hampshire. The company was founded on July 1, 1966, and is headquartered in Springfield, MA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

NuScale Power Corporation (SMR)

Chris Colbert, *Chief Financial Officer*

Scott Kozak, *Director, Investor Relations*

Date & Location

Tuesday, June 27, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $1.9bn

NuScale Power Corp. (SMR) engages in the commercialization of a modular, scalable 77 megawatt electric Light Water Reactor nuclear power plant using rights to a nuclear power plant design. Its products include VOYGR SMR Plants and Energy Exploration (E2) Centers. The company was founded by José N. Reyes in 2007 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.



Equity Research | Corporate Access

SAVE THE DATE
2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	5/15–5/16	NYC
CNP C-Suite Dinner	5/22	Fort Lauderdale, FL
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
PNW	6/5	NYC
DTE	6/7–6/8	NYC
PCG	6/12	NYC
ES	6/22	NYC
SMR	6/27	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	NYC
AWK	8/9–8/10	West Coast
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Guggenheim Comp Sheet

4/12/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$64.73	3,710	3.70	4.17	4.56	4.87	5.07	3.70	4.08	4.34	4.83	5.05	–	0.09	0.22	0.04	–	17.5x	15.9x	14.9x	13.4x	12.8x	-6%	-8%	-8%	-8%	-17%	8.4%	4.2%	72%	Sell	$54	-12%	Buy	$66	7%
AVA	$44.54	3,353	2.28	2.49	2.61	2.67	2.73	2.34	2.47	2.61	2.67	2.80	(0.06)	–	–	–	(0.07)	19.0x	18.1x	17.1x	16.7x	15.9x	2%	4%	5%	5%	3%	7.6%	4.2%	78%	Sell	$35	-17%	Sell	$39	-9%
NWE	$60.16	3,596	3.42	3.55	3.75	3.91	4.08	3.47	3.59	3.73	3.88	4.05	(0.05)	(0.04)	–	0.03	–	17.3x	16.8x	16.1x	15.5x	14.8x	-7%	-3%	-1%	-1%	-4%	5.1%	4.3%	73%	Sell	$46	-19%	Buy	$59	3%
POR	$50.72	4,536	2.68	3.00	3.15	3.31	3.50	2.66	3.03	3.19	3.35	3.53	–	–	(0.04)	(0.04)	–	19.1x	16.8x	15.9x	15.1x	14.4x	3%	-3%	-2%	-2%	-7%	5.0%	3.8%	69%	Buy	$54	10%	Buy	$53	8%
		15,195																18.2x	16.9x	16.0x	15.2x	14.5x	-2%	-3%	-1%	-1%	-6%	6.6%	4.1%	73%						
Mid/Large Cap Electric																																			
AEE	$89.97	23,615	4.35	4.67	5.05	5.40	5.68	4.36	4.68	5.02	5.36	5.69	–	–	–	0.04	–	20.6x	19.2x	17.9x	16.8x	15.8x	11%	11%	10%	10%	3%	6.5%	2.9%	58%	Neutral	$89	2%	Buy	$93	6%
AEP	$94.26	48,488	5.30	5.64	6.00	6.39	6.81	5.28	5.62	5.96	6.32	6.78	–	–	0.04	0.07	–	17.8x	16.8x	15.8x	14.9x	13.9x	-4%	-3%	-3%	-3%	-8%	6.0%	3.6%	63%	Buy	$105	15%	Buy	$102	11%
CMS	$61.44	17,895	3.12	3.41	3.65	3.91	4.26	3.10	3.35	3.63	3.89	4.17	–	0.06	–	–	0.09	19.8x	18.4x	16.9x	15.8x	14.8x	7%	6%	4%	4%	-3%	8.1%	3.3%	63%	Neutral	$68	14%	Buy	$68	14%
CNP	$30.67	19,305	1.51	1.62	1.74	1.89	2.05	1.49	1.62	1.73	1.85	2.00	–	–	–	0.04	0.05	20.6x	19.0x	17.7x	16.6x	15.4x	11%	10%	9%	9%	2%	8.2%	2.5%	50%	Neutral	$32	7%	Buy	$32	7%
D	$57.89	48,353	4.15	3.75	3.97	4.24	4.50	3.91	3.78	3.97	4.51	4.70	0.24	(0.03)	–	(0.27)	(0.20)	14.8x	15.3x	14.6x	12.8x	12.3x	-20%	-12%	-10%	-10%	-21%	1.8%	4.6%	69%	Buy	$63	13%	Neutral	$61	11%
DTE	$113.72	23,439	6.26	6.73	7.19	7.75	8.30	6.23	6.69	7.17	7.73	8.22	0.03	0.04	–	–	0.08	18.3x	17.0x	15.9x	14.7x	13.8x	-2%	-2%	-2%	-2%	-9%	6.4%	3.4%	61%	Buy	$131	19%	Buy	$129	16%
DUK	$99.41	76,610	5.65	6.05	6.35	6.75	7.15	5.63	5.98	6.33	6.71	7.14	–	0.07	–	0.04	–	17.6x	16.6x	15.7x	14.8x	13.9x	-5%	-4%	-3%	-3%	-9%	6.3%	4.2%	72%	Buy	$114	19%	Buy	$107	12%
ED	$98.69	34,190	4.82	5.18	5.40	5.71	5.97	4.85	5.20	5.48	5.81	6.09	–	–	(0.08)	(0.10)	(0.12)	20.4x	19.0x	18.0x	17.0x	16.2x	10%	10%	11%	11%	5%	5.5%	3.3%	66%	Neutral	$86	-10%	Sell	$89	-6%
EIX	$73.07	27,959	4.70	4.94	5.36	5.70	6.10	4.74	5.12	5.55	5.78	5.96	(0.04)	(0.18)	(0.19)	(0.08)	0.14	15.4x	14.3x	13.2x	12.6x	12.3x	-17%	-18%	-19%	-19%	-22%	5.7%	4.1%	62%	Buy	$75	7%	Buy	$72	3%
ES	$79.77	27,814	4.34	4.75	5.04	5.37	5.70	4.36	4.67	5.00	5.33	5.71	–	0.08	0.04	0.04	–	18.3x	17.1x	16.0x	15.0x	14.0x	-2%	-1%	-2%	-2%	-8%	6.9%	3.4%	62%	Buy	$91	18%	Buy	$87	13%
ETR	$110.08	23,347	6.71	7.16	7.76	8.31	8.97	6.72	7.21	7.74	8.31	–	–	(0.05)	–	–	8.97	16.4x	15.3x	14.2x	13.2x	n/a	-12%	-12%	-12%	-12%	-18%	6.9%	4.0%	64%	Buy	$128	20%	Buy	$120	13%
EVRG	$62.10	14,257	3.65	3.97	4.24	4.47	4.75	3.63	3.96	4.22	4.46	3.08	–	–	–	–	1.67	17.1x	15.7x	14.7x	13.9x	20.2x	-8%	-9%	-9%	-9%	-14%	5.1%	4.1%	68%	Buy	$72	20%	Neutral	$65	8%
EXC	$43.08	42,834	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.73	2.93	3.12	–	–	–	–	–	18.2x	17.2x	15.8x	14.7x	13.8x	-2%	-1%	-3%	-3%	-9%	6.4%	3.4%	61%	Neutral	$45	8%	Buy	$46	9%
FE	$41.46	23,725	2.54	2.69	2.89	3.07	3.27	2.52	2.67	2.83	2.96	3.26	–	–	0.06	0.11	–	16.4x	15.6x	14.6x	14.0x	12.7x	-12%	-10%	-10%	-10%	-14%	6.3%	3.8%	62%	Buy	$46	15%	Buy	$44	9%
LNT	$54.74	13,747	2.90	3.08	3.27	3.50	3.67	2.90	3.15	3.28	3.48	3.67	–	(0.07)	–	–	–	18.9x	17.4x	16.7x	15.7x	14.9x	2%	0%	3%	3%	-3%	5.6%	3.4%	62%	Neutral	$52	-2%	Neutral	$57	7%
OGE	$38.60	7,731	2.02	2.16	2.25	2.37	2.48	2.01	2.13	2.30	2.39	2.48	–	0.03	(0.05)	–	–	19.2x	18.2x	16.8x	16.2x	15.5x	3%	5%	3%	3%	-0%	2.8%	4.4%	82%	Neutral	$38	3%	Neutral	$39	5%
PCG	$16.96	33,848	1.22	1.37	1.47	1.61	1.75	1.21	1.34	1.47	1.59	1.77	–	–	–	–	–	14.0x	12.6x	11.6x	10.7x	9.6x	-25%	-27%	-29%	-29%	-34%	9.7%	0.7%	10%	Buy	$22	30%	Buy	$18	9%
PEG	$63.59	31,717	3.45	3.67	4.10	4.29	4.59	3.44	3.69	4.04	4.30	4.46	–	–	0.06	–	0.13	18.5x	17.2x	15.8x	14.8x	14.3x	-0%	-1%	-3%	-3%	-9%	5.8%	3.6%	66%	Buy	$68	11%	Buy	$66	7%
PNW	$79.83	9,041	4.05	4.60	4.80	5.05	5.35	4.10	4.76	4.92	5.17	5.42	(0.05)	(0.16)	(0.12)	(0.12)	(0.07)	19.5x	16.8x	16.2x	15.4x	14.7x	5%	-3%	0%	0%	-5%	4.7%	4.4%	82%	Neutral	$77	1%	Neutral	$76	-1%
PPL	$28.66	21,124	1.58	1.71	1.82	1.96	2.08	1.59	1.70	1.83	1.95	2.08	–	–	–	–	–	18.0x	16.8x	15.7x	14.7x	13.8x	-3%	-3%	-3%	-3%	-9%	8.1%	3.4%	60%	Buy	$34	22%	Buy	$31	12%
SO	$72.12	78,720	3.60	4.05	4.30	4.55	4.80	3.61	4.02	4.29	4.52	4.79	–	0.03	–	–	–	20.0x	17.9x	16.8x	15.9x	15.1x	7%	4%	4%	4%	-2%	5.9%	3.9%	75%	Buy	$73	5%	Neutral	$71	2%
WEC	$98.15	30,960	4.60	4.91	5.24	5.61	5.97	4.60	4.90	5.26	5.62	5.98	–	–	–	–	–	21.3x	20.0x	18.7x	17.5x	16.4x	15%	16%	15%	15%	8%	6.1%	3.2%	67%	Neutral	$99	4%	Buy	$102	7%
Mid/Lg Cap (excl. EIX, PCG)																		**18.6x**	**17.3x**	**16.2x**	**16.2x**	**16.2x**						**6.0%**	**3.6%**	**66%**						
SMID + Lg Cap		**693,914**																**18.5x**	**17.2x**	**16.2x**	**15.2x**	**14.8x**						**6.1%**	**3.7%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$39.08	4,282	2.32	2.50	2.63	2.76	2.89	2.28	2.44	2.59	2.75	2.88	0.04	0.06	0.04	–	–	17.1x	16.0x	15.1x	14.2x	13.6x	-8%	-8%	-7%	-7%	-12%	6%	3.7%	62%	Neutral	$42	11%	Sell	$38	2%
NEE	$78.59	159,018	3.13	3.43	3.69	3.99	4.27	3.11	3.39	3.67	4.02	4.43	–	0.04	–	(0.03)	(0.16)	25.3x	23.2x	21.4x	19.5x	17.7x	36%	34%	32%	32%	20%	8%	2.5%	60%	Buy	$96	25%	Buy	$93	21%
SRE	$153.95	48,440	9.00	9.50	10.13	10.80	11.71	8.97	9.57	10.16	10.92	11.64	0.03	(0.07)	–	(0.12)	0.07	17.2x	16.1x	15.2x	14.1x	13.2x	-8%	-7%	-7%	-7%	-13%	5%	3.2%	54%	Buy	$174	16%	Buy	$168	12%
		211,740																**19.8x**	**18.4x**	**17.2x**	**16.0x**	**14.8x**	**7%**	**6%**	**6%**	**6%**	**-2%**	**6.2%**	**3.1%**	**59%**						
Gas LDCs																																				
NI	$28.66	11,822	1.57	1.68	1.82	1.95	2.07	1.56	1.67	1.79	1.95	2.07	–	–	–	–	–	18.4x	17.2x	16.0x	14.7x	13.8x	-1%	-0%	-1%	-1%	-4%	7%	3.6%	64%	Buy	$31	12%	Buy	$31	12%
CPK	$130.66	2,323	5.42	5.84	6.23	6.59	6.94	5.41	5.82	6.24	6.59	6.95	–	–	–	–	–	24.1x	22.5x	20.9x	19.8x	18.8x	30%	30%	29%	29%	30%	7%	1.8%	42%	Neutral	$116	-9%	Buy	$135	5%
NJR	$54.90	5,319	2.67	2.65	2.85	3.05	3.30	2.70	2.75	2.93	3.15	3.40	(0.03)	(0.10)	(0.08)	(0.10)	(0.10)	20.3x	20.0x	18.7x	17.4x	16.1x	10%	16%	16%	16%	15%	6%	3.0%	59%	Neutral	$46	-13%	Neutral	$51	-4%
NWN	$47.95	1,683	2.65	2.83	2.98	3.09	3.21	2.66	2.79	2.99	3.05	3.22	–	0.04	–	0.04	–	18.0x	17.2x	16.0x	15.7x	14.9x	-3%	-0%	-1%	-1%	3%	5%	4.1%	72%	Neutral	$45	-2%	Buy	$54	16%
OGS	$81.95	4,539	4.14	4.24	4.53	4.98	5.31	4.14	4.31	4.59	4.99	5.35	–	(0.07)	(0.06)	–	(0.04)	19.8x	19.0x	17.9x	16.4x	15.3x	7%	10%	10%	10%	8%	5%	3.2%	63%	Neutral	$77	-3%	Neutral	$79	-0%
SR	$69.74	3,665	4.25	4.31	4.57	4.73	4.99	4.26	4.32	4.59	4.81	5.07	–	–	–	(0.08)	(0.08)	16.4x	16.1x	15.2x	14.5x	13.7x	-12%	-6%	-6%	-6%	-5%	5%	4.2%	69%	Neutral	$69	3%	Neutral	$71	7%
		29,351																**19.5x**	**18.7x**	**17.5x**	**16.4x**	**15.5x**	**5%**	**8%**	**8%**	**8%**	**8%**	**5.8%**	**3.3%**	**62%**						
Regulated Water																																				
AWK	$150.82	29,356	4.76	5.14	5.59	5.98	6.45	4.78	5.14	5.59	6.04	6.45	–	–	–	(0.05)	–	31.6x	29.3x	27.0x	25.0x	23.4x	70%	69%	66%	66%	54%	7%	1.9%	60%	Neutral	$152	3%	Neutral	$160	8%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$76.81	25,091	3,100	3,254	3,333	3,455	4,315	3,054	3,469	3,588	3,362	3,590	46	(215)	(255)	93	725	9.3x	7.8x	7.1x	–	0.0x	28,505	27,075	25,618	24,111	22,002	7.7%	1.5%	28%	Buy	$110	45%	Buy	$98	30%
NRG	$35.76	8,306	3,084	3,136	3,140	n/a	n/a	2,777	2,873	2,870	2,820	3,085	307	263	270	–	–	6.4x	5.8x	5.3x	–	0.0x	17,869	16,601	15,077	–	–	21.4%	4.3%	28%	Neutral	$34	-1%	Neutral	$38	11%
VST	$24.55	9,365	3,725	3,784	3,716	3,465	n/a	3,601	3,879	3,850	3,865	4,073	124	(95)	(134)	(399)	–	6.0x	5.4x	5.3x	–	0.0x	21,631	21,106	20,244	19,576	–	6.1%	3.4%	28%	Buy	$31	30%	Buy	$32	32%
Other																																				
ALTO	$1.30	98	24	40	46	42	43	29	50	N/A N/A	N/A N/A	N/A N/A	–	–	–	–	–											54.8%	–	–	Buy	$9	592%	Buy	$7	438%
NEP	$62.04	5,371	1,837	1,977	2,143	2,325	2,471	1,918	2,087	2,147	2,389	2,228	(81)	(110)	–	(64)	243											9.1%	5.8%	–	Buy	$81	36%	Buy	$83	39%
SMR	$8.79	616	(100)	(57)	8	96	n/a	(130)	(85)	(31)	55	220	30	28	39	41	–												–	–	Buy	$18	105%	Buy	$14	54%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

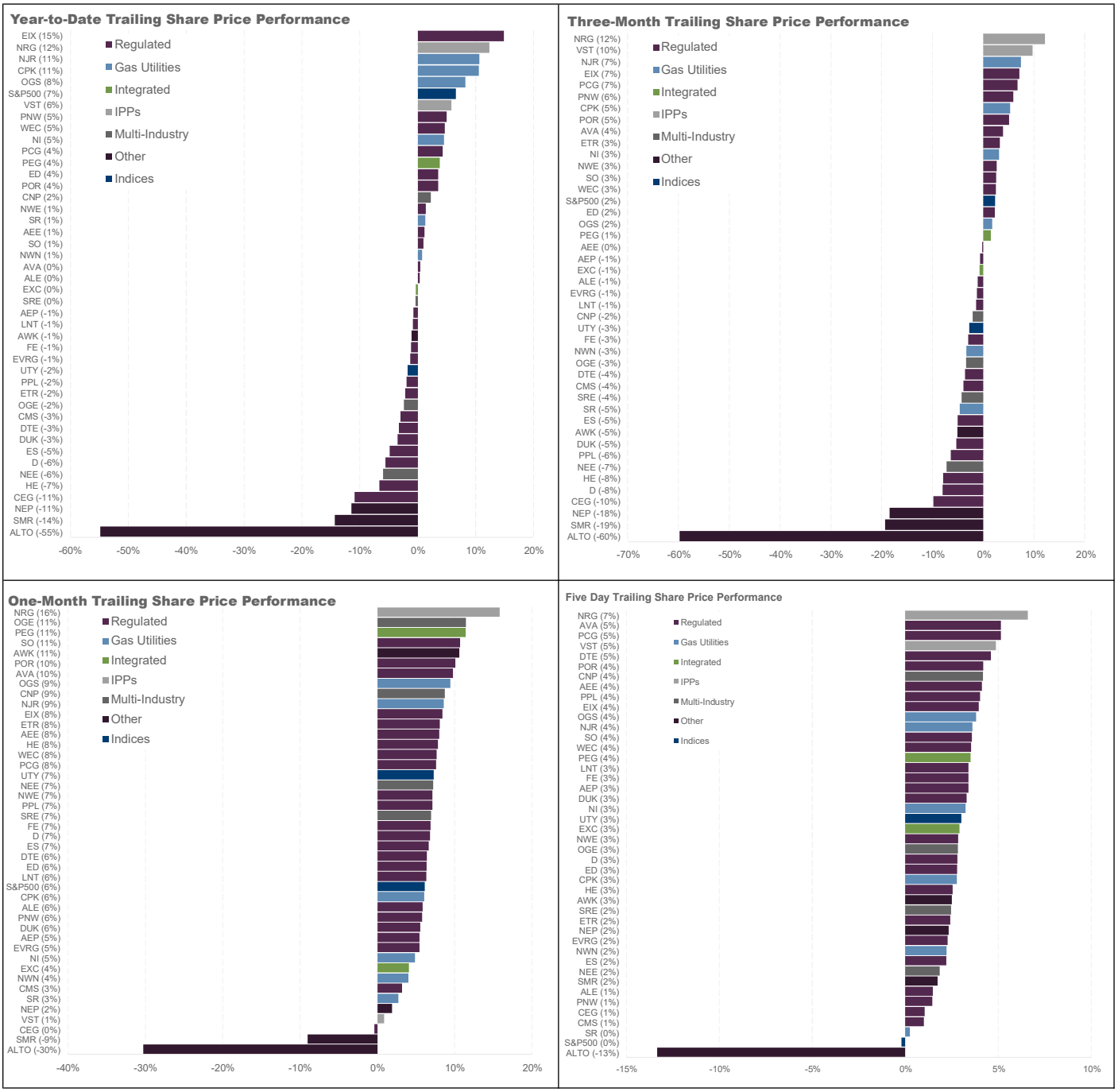

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Generation and Mix

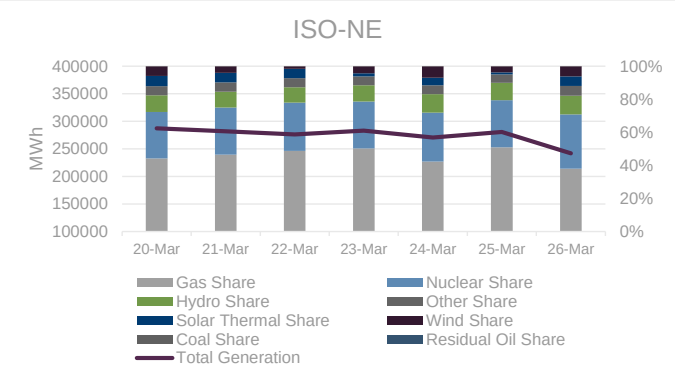

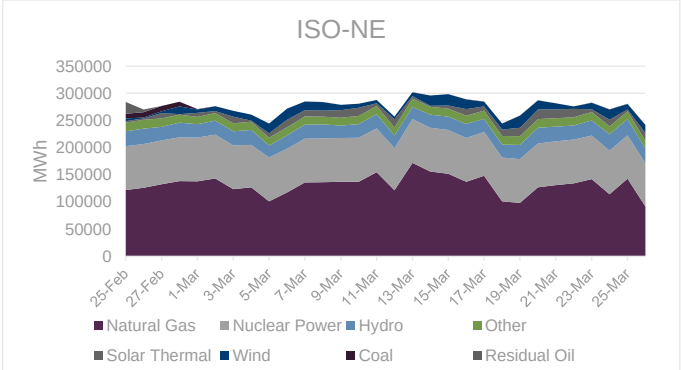

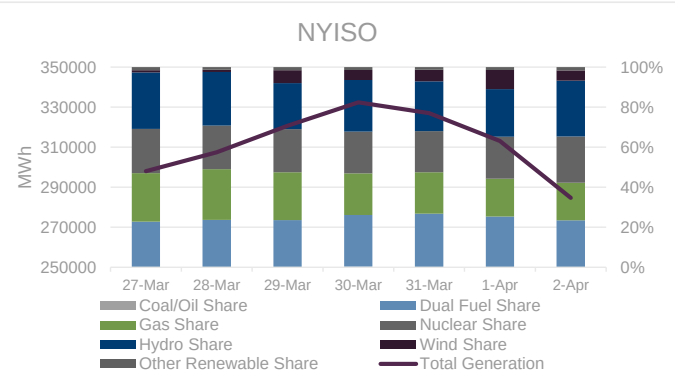

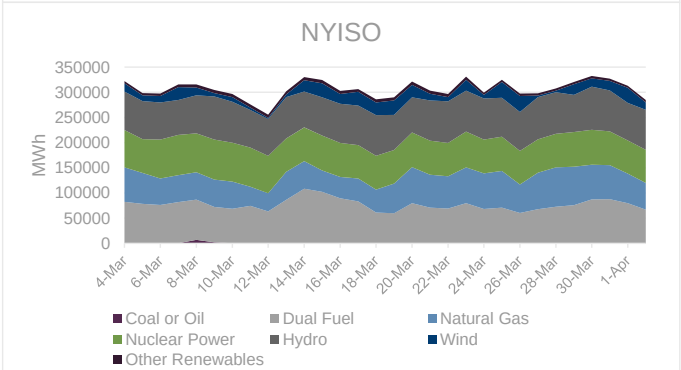

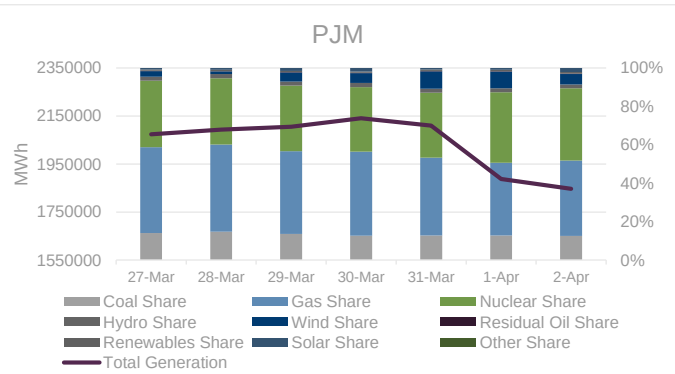

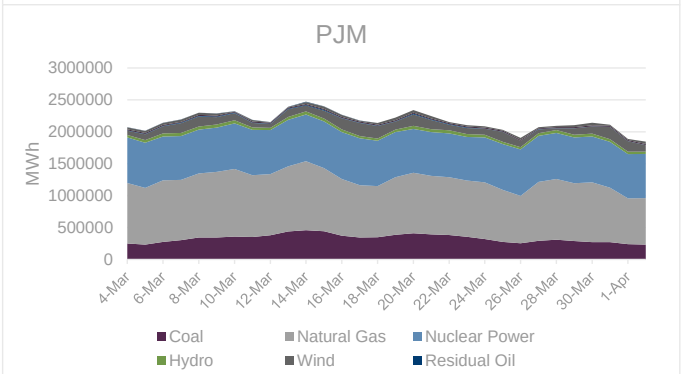

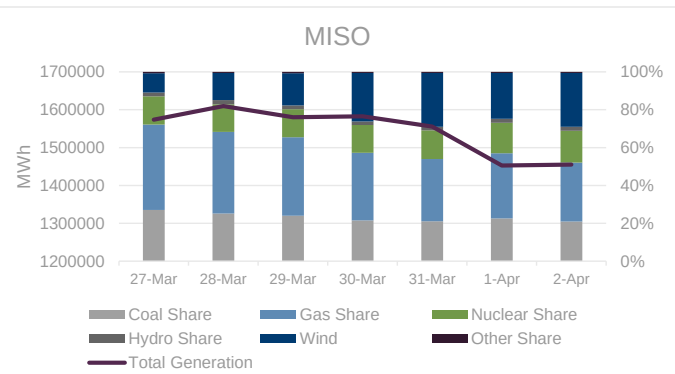

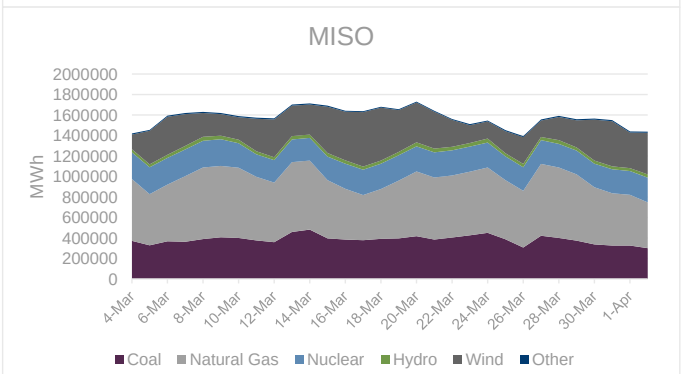

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Generation and Mix (continued)

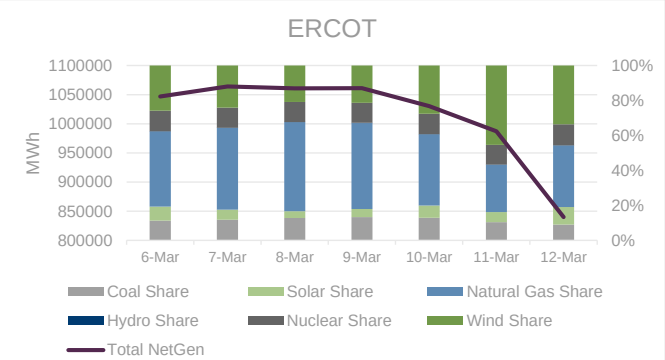

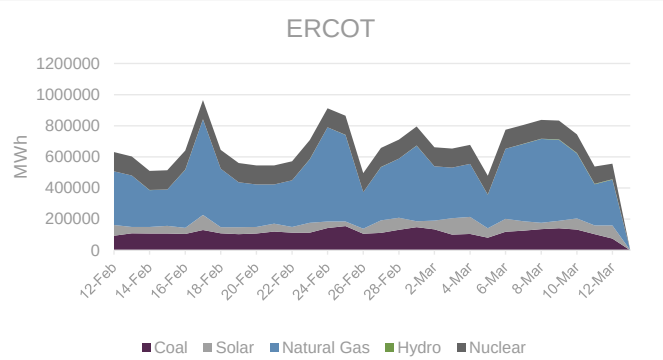

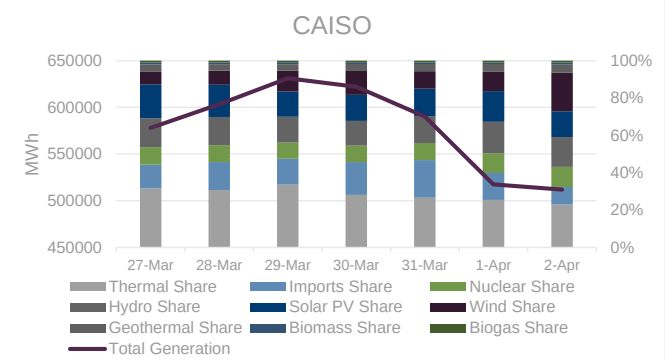

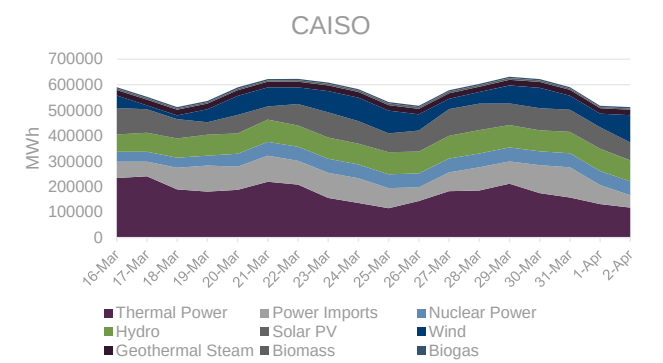

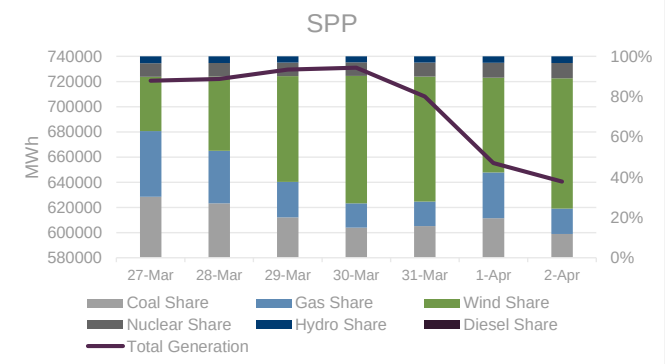

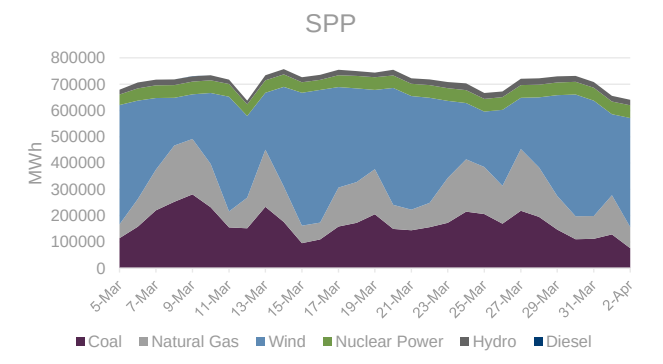

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Weather

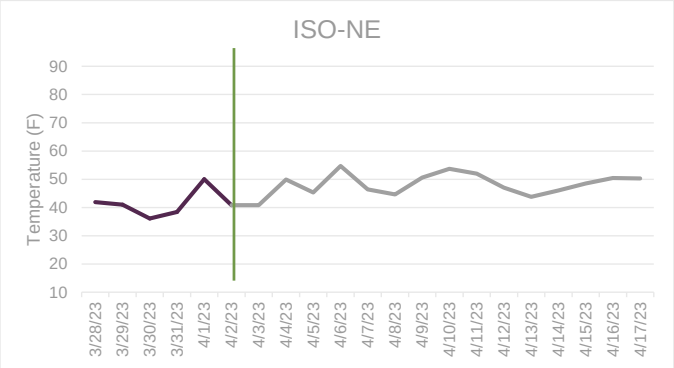

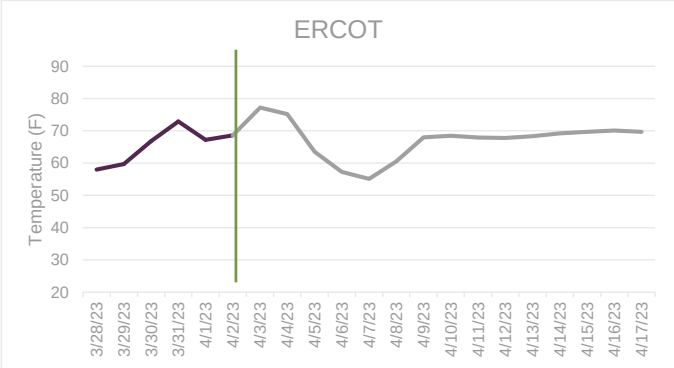

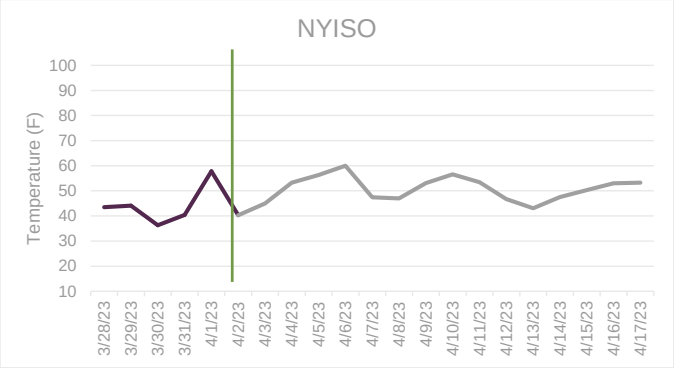

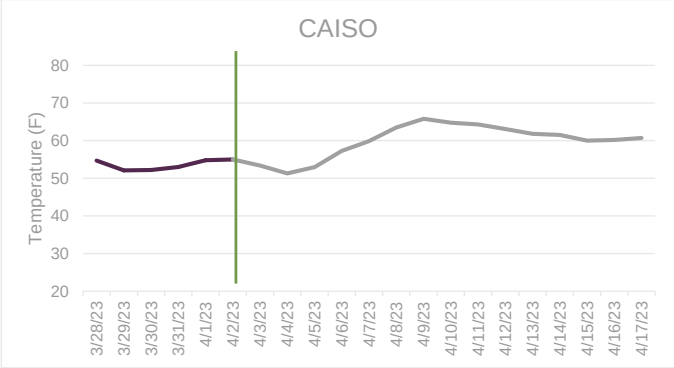

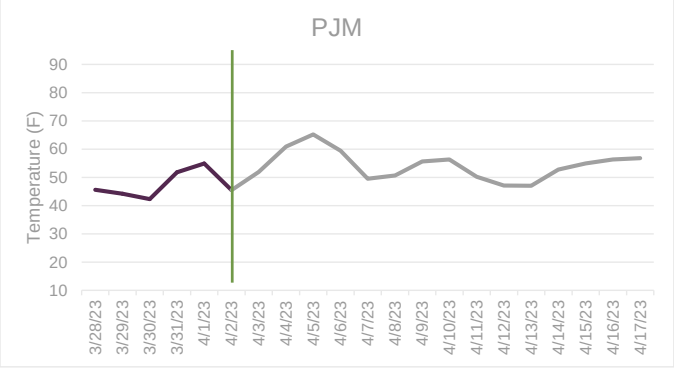

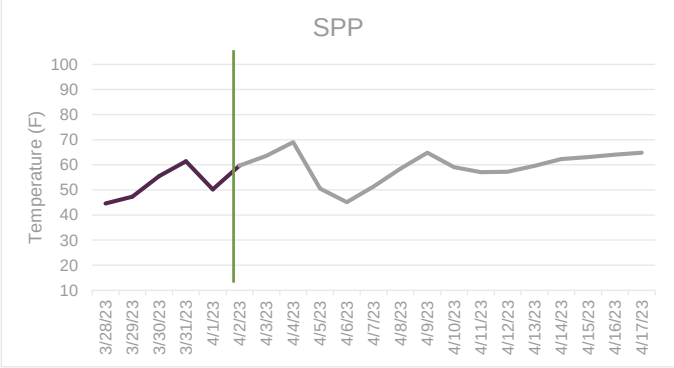

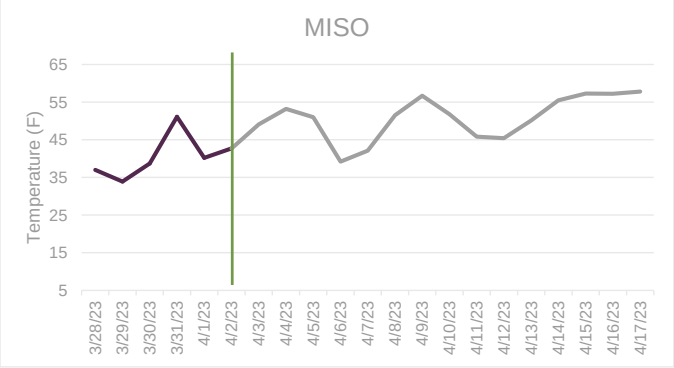

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

YTD Peak Load

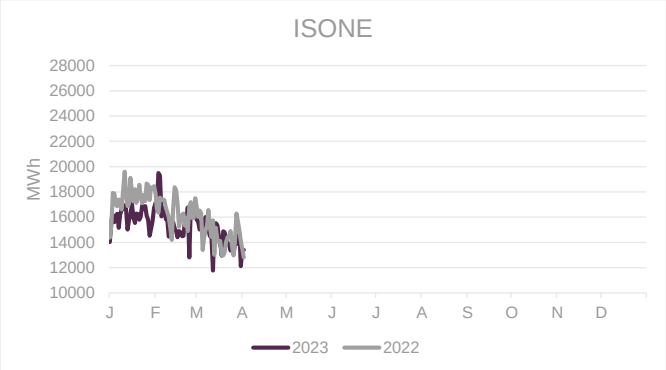

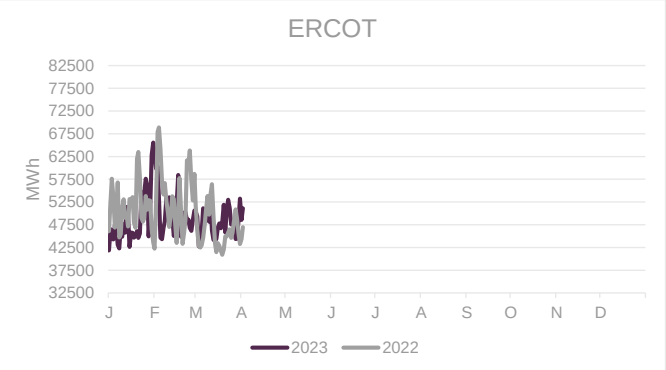



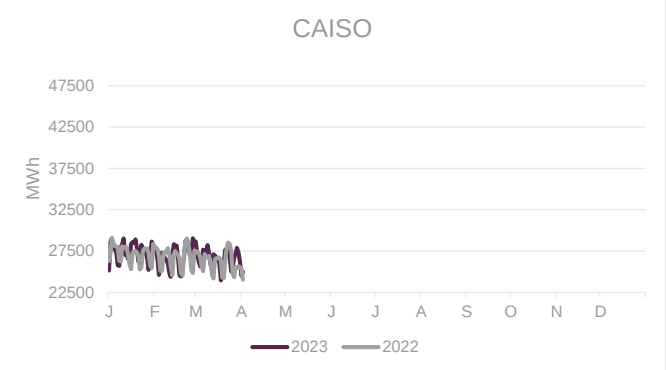

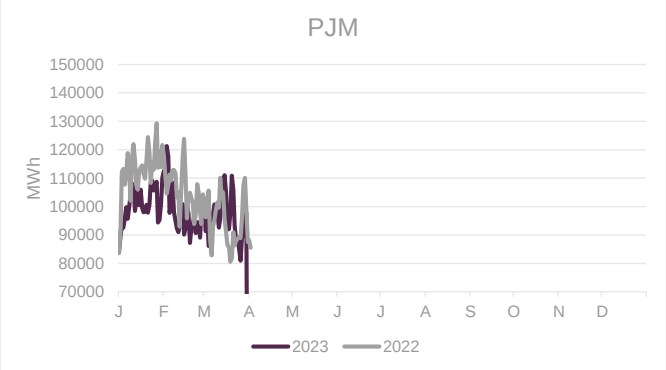

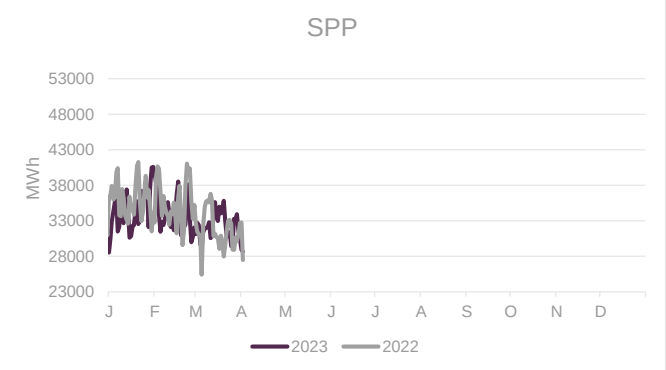

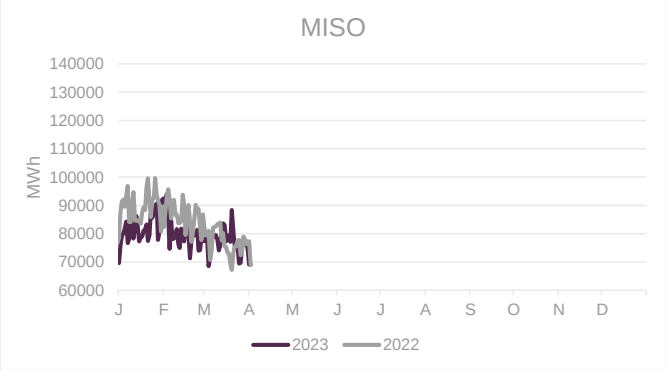

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q22	2Q22	3Q22	4Q22	1Q23
ISONE	1.5%	-1.2%	5.1%	-0.9%	-4.5%
NYISO	2.1%	-0.1%	3.5%	-0.7%	-4.5%
PJM	3.9%	3.8%	0.2%	2.1%	-5.3%
MISO	4.0%	5.0%	0.1%	0.7%	-4.9%
CAISO	1.6%	1.2%	4.0%	0.3%	1.0%
ERCOT	13.7%	19.1%	7.9%	7.4%	-1.5%
SPP	5.9%	9.7%	5.0%	7.1%	-1.6%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/31/2023-6/30/2023)

Date	State	Ticker	Utility/Event	Docket	Description
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/15/2023-4/15/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
3/29/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Company to submit annual information filing
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Company to submit annual information filing
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision may be issued in Rider US 3 proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
4/1/2023-4/30/2023	KS	EVRG	Evergy Kansas Central Inc.		Rate case filing expected
4/1/2023-4/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearing examiner's report may be issued in Rider GT update proceeding
4/1/2023-4/30/2023	WI	LNT	Wisconsin Power and Light Co		Rate case expected to be filed early Q2'23
4/3/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Hearing to begin in rate proceeding
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Final day for stipulations, settlement agreements
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Final day for stipulations, settlement agreements
4/4/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Rebuttal testimony due in rate proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Staff to file testimony in Rider RGGI reinstatement proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Rebuttal testimony due in Rider SNA adjustment proceeding
4/7/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Staff to file testimony in G-RAC proceeding
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Hearing commences
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Hearing commences
4/12/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Staff to filed testimony in Rider OSW update proceeding
4/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Company rebuttal testimony due in rate proceeding
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Supplemental direct testimony due
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Supplemental direct testimony due
4/14/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Company rebuttal testimony due by
4/17/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Staff, intervenor testimony due
4/18/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Settlement conference to be held in rate proceeding
4/19/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Staff to file testimony in Rider DSM proceeding
4/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
4/21/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Rebuttal testimony due in G-RAC proceeding
4/26/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Rebuttal testimony due in Rider OSW update proceeding
4/28/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Staff testimony due in rate case
5/1/2023-5/31/2023	CA	EIX	Southern California Edison Co.		General rate case to be filed
5/1/2023-5/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0203 (ISRS)	Decision possible in ISRS proceeding
5/1/2023-5/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearings scheduled in Rider RGGI reinstatement proceeding
5/2/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Staff and intervenor testimony due in rate proceeding
5/2/2023-5/3/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearings scheduled in G-RAC proceeding
5/5/2023	IL	AEE	Ameren Illinois	D-23-0067	Staff and intervenor testimony due in rate proceeding
5/8/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Rebuttal testimony due
5/9/2023	IL	SO	North Shore Gas Co.	D-23-0068	Staff and intervenor testimony due in rate proceeding
5/9/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Hearing to begin in rate proceeding
5/9/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Hearing to begin in rate proceeding
5/9/2023-5/10/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearings scheduled in Rider OSW update proceeding
5/11/2023	IL	AEE	Ameren Illinois	D-23-0082	Staff and intervenor testimony due in rate proceeding
5/16/2023-5/17/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearings scheduled in Rider DSM proceeding
5/18/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Staff and intervenor testimony due in rate proceeding
5/21/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Intervening parties to file testimony in Rider E update proceeding
5/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on power cost update due
5/25/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
5/31/2023	NY	ED	Orange & Rockland Utlts Inc.		Long-term gas system plan to be filed
5/31/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Company rebuttal testimony due in rate proceeding
5/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Decision expected in Rider GT proceeding
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearing Examiner report may be issued in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Hearing examiner report may be issued in Rider SNA adjustment proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/2/2023	IL	AEE	Ameren Illinois	D-23-0067	Company rebuttal testimony due in rate proceeding
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	240	66.48%	45	18.75%
NEUTRAL	112	31.02%	10	8.93%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Catalyst to Watch This Week: CMS - Staff and Intervenor Testimony Due in Gas Case - April 17

This represents another milestone to watch for Michigan regulation. On 12/15/22 CMS filed for a $212 million rate increase for a test year of the 12 months ended September 30, 2024. The request includes $80 million for investment, $63 million for cost of capital and $47 million for O&M expense. CMS requested and ROE of 10.25% versus 9.9% currently allowed and an increase in rate base to $10.34 billion versus $9.17 billion in the last case.or +13%. In the last CMS gas case the Michigan Public Service Commission approved a rate settlement that authorized a $170 million increase versus $278 million request (61%).

Watt's on Tap

April 14 - April 21

Calendar Items

Weekly Calendar	
Fri - April 14	**DUK** - Rebuttal testimony due in DEP Multi-Year Rate Plan filing in North Carolina
Mon - April 17	**CMS** - Staff/intervenor testimony due in gas rate case (U-21308)
Tue - April 18	**ED** - Hearing on CECONY electric and gas rate case settlement MISO capacity auction
Thu - April 20	FERC meeting
Other Possible	**ETR** - FERC could issue clarification around potential for refunds in SERI decision from 12/23/22 relating to uncertain tax positions. **CNP/SRE** - Texas legislation to monitor: HB 3042/SB 1889 - regarding equity ratio and HB 3043/SB 1015 regarding 2x per year distribution cost recovery factor (DCRF)

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 04/013/2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 12.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Price Target Changes

We are updating our Electric Utilities and Water Utilities Price Targets as shown in Figure 1 and Figure 2, consistent with the group valuation multiples as shown in Figure 3.

Figure 1: Electric Utilities Price Target Updates

Rating	Ticker	4/13/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Neutral	AEE	$90.10	$92	16.8x	$95	17.4x
Buy	AEP	$93.97	$111	16.8x	$115	17.4x
Neutral	D	$58.36	$57	16.8x	$59	17.4x
Buy	EMA	$58.02	$63	16.9x	$65	17.4x
Neutral	ES	$79.62	$78	16.5x	$82	17.4x
Neutral	ETR	$109.17	$117	16.8x	$121	17.4x
Neutral	EVRG	$62.04	$61	16.3x	$65	17.4x
Buy	EXC	$42.89	$47	17.0x	$48	17.4x
Sell	FTS	$59.65	$52	16.8x	$54	17.4x
Neutral	LNT	$54.79	$54	16.5x	$57	17.4x
Buy	NEE	$78.85	$102	16.9x	$105	17.4x
Neutral	NI	$28.34	$29	16.3x	$31	17.4x
Neutral	OGE	$38.14	$39	16.5x	$41	17.4x
Neutral	PCG	$16.80	$18	16.5x	$19	17.4x
Buy	PEG	$63.48	$68	16.7x	$71	17.4x
Sell	PNW	$79.69	$66	16.9x	$68	17.4x
Buy	PPL	$28.76	$32	16.9x	$33	17.4x
Buy	SO	$72.46	$79	16.8x	$82	17.4x
Neutral	WEC	$97.95	$101	16.7x	$105	17.4x
Neutral	XEL	$71.04	$70	16.9x	$72	17.4x

Source: FactSet, UBS estimates
Updated 4/13/2023

Figure 2: Water Utilities Price Target Updates

Rating	Ticker	4/13/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Neutral	AWK	$152.00	$149	26.4x	$156	27.6x
Neutral	CWT	$79.90	$62	26.3x	$65	27.6x

Source: FactSet, UBS estimates
Updated 4/13/2023

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli
04/13/2023 AWR: Delay Reflected in California Proposed Rate Decision
04/11/2023 AES: Ohio ESP Stipulation" (Buy)

North America Alternative Energy and Environmental Services
Analysts: Jon Windham & William Grippin
04/11/2023 North America Environmental Services "1Q23 earnings preview" Windham
04/10/2023 Li-Cycle Holdings Corp "Resetting FY-end, level setting expectations" (Buy)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 3: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	4/13/23	Price Target	Total Return inc. Div. Yld	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	NEE	$78.85	$105	35%	$2.31	$2.55	$2.90	$3.13	$3.43	23.0x	32%	2.2%	6.4%	10.0%	1st
Buy	AEP	$93.97	$115	26%	$4.46	$4.74	$5.09	$5.25	$5.64	16.7x	(4%)	3.4%	5.6%	7.0%	2nd
Buy	AES	$25.54	$30	20%	$1.44	$1.52	$1.67	$1.71	$1.88	13.6x	(22%)	2.5%	9.4%	5.1%	1st
Buy	SRE	$154.76	$181	20%	$8.00	$8.43	$9.21	$8.98	$9.58	16.2x	(7%)	3.0%	6.9%	6.4%	3rd
Buy	PPL	$28.76	$33	18%	$2.40	$1.05	$1.41	$1.59	$1.74	16.6x	(5%)	3.0%	7.6%	-6.5%	3rd
Buy	SO	$72.46	$82	16%	$3.25	$3.41	$3.60	$3.65	$4.05	17.9x	3%	3.2%	6.1%	4.4%	1st
Neutral	DTE	$113.18	$129	17%	$5.62	$5.99	$6.10	$6.25	$6.69	16.9x	(3%)	3.2%	6.1%	4.4%	1st
Buy	EMA	$58.02	$65	17%	$2.68	$2.81	$3.03	$3.29	$3.39	17.1x	(1%)	4.6%	4.6%	4.6%	2nd
Buy	FE	$41.20	$46	15%	$2.38	$2.60	$2.41	$2.54	$2.63	15.7x	(10%)	3.8%	6.3%	2.4%	2nd
Buy	PEG	$63.48	$71	15%	$3.43	$3.65	$3.47	$3.46	$3.67	17.3x	(1%)	3.4%	4.9%	6.6%	2nd
Buy	EXC	$42.89	$48	15%	$1.78	$1.83	$2.27	$2.36	$2.54	16.9x	(3%)	3.1%	7.4%	5.8%	3rd
Neutral	ETR	$109.17	$121	15%	$5.62	$6.02	$6.42	$6.71	$7.18	15.2x	(13%)	3.8%	6.6%	2.3%	4th
Neutral	PCG	$16.80	$19	13%	$1.61	$1.08	$1.10	$1.23	$1.36	12.4x	(29%)	0.0%	10.2%	0.0%	3rd
Neutral	NI	$28.34	$31	13%	$1.32	$1.37	$1.35	$1.45	$1.56	18.1x	4%	3.3%	7.4%	6.0%	2nd
Neutral	OGE	$38.14	$41	12%	$2.03	$2.36	$3.32	$2.01	$2.10	18.1x	4%	4.3%	3.1%	3.0%	2nd
Neutral	CMS	$61.73	$67	12%	$2.67	$2.65	$2.89	$3.12	$3.37	18.3x	5%	3.0%	8.1%	6.7%	1st
Neutral	DUK	$99.14	$106	11%	$5.25	$5.24	$5.55	$5.63	$5.97	16.6x	(5%)	4.0%	5.2%	3.6%	2nd
Neutral	WEC	$97.95	$105	10%	$3.79	$4.11	$4.46	$4.62	$4.94	19.8x	14%	3.0%	6.3%	6.7%	1st
Buy	CNP	$30.71	$33	10%	$1.44	$1.64	$1.38	$1.49	$1.64	18.7x	8%	2.3%	7.4%	7.9%	3rd
Neutral	EVRG	$62.04	$65	9%	$3.10	$3.58	$3.71	$3.65	$3.99	15.5x	(11%)	3.8%	5.5%	6.6%	4th
Neutral	AEE	$90.10	$95	8%	$3.50	$3.82	$4.14	$4.36	$4.71	19.1x	10%	2.6%	7.1%	6.0%	2nd
Neutral	LNT	$54.79	$57	7%	$2.43	$2.65	$2.80	$2.90	$3.08	17.8x	2%	3.1%	5.5%	6.0%	1st
Buy	EIX	$72.95	$75	7%	$4.52	$4.59	$4.63	$4.77	$5.18	14.1x	(19%)	3.9%	5.8%	4.0%	3rd
Neutral	ES	$79.62	$82	6%	$3.64	$3.54	$4.05	$4.36	$4.64	17.2x	(1%)	3.2%	6.7%	6.0%	4th
Neutral	XEL	$71.04	$72	4%	$2.79	$2.96	$3.17	$3.40	$3.68	19.3x	11%	2.7%	7.4%	6.0%	3rd
Neutral	D	$58.36	$57	2%	$3.54	$3.86	$4.10	$3.99	$3.53	16.5x	(5%)	4.6%	1.4%	2.2%	3rd
#SPILL!	ED	$98.08	$96	1%	$4.15	$4.37	$4.57	$4.85	$5.14	19.1x	10%	3.2%	6.0%	5.5%	4th
Sell	FTS	$59.65	$54	(6%)	$2.57	$2.59	$2.78	$2.97	$3.18	18.7x	8%	3.6%	5.9%	4.6%	4th
Sell	PNW	$79.69	$68	(10%)	$3.93	$3.74	$4.26	$4.03	$4.69	17.0x	(2%)	4.3%	5.2%	4.1%	4th
Electric Utility Average										**17.4x**		**3.4%**	**6.3%**	**4.7%**	

Rating	Ticker	4/13/23	Price Target	Total Return inc. Div. Yld	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$44.11	$51	18%	$1.58	$1.67	$1.77	$1.88	$2.05	21.5x	(22%)	2.5%	8.7%	7.0%	2nd
Buy	SJW	$79.90	$85	8%	$2.14	$2.03	$2.43	$2.47	$2.80	28.5x	3%	1.7%	6.3%	7.0%	2nd
Neutral	CWT	$61.12	$65	8%	$1.97	$1.96	$1.77	$2.00	$2.17	28.1x	2%	1.5%	8.4%	5.0%	2nd
Neutral	AWK	$152.00	$156	4%	$3.63	$4.25	$4.51	$4.79	$5.18	29.3x	6%	1.7%	7.9%	8.0%	2nd
Sell	AWR	$93.62	$88	(4%)	$2.34	$2.56	$2.11	$2.73	$2.93	31.9x	16%	1.6%	10.4%	6.0%	2nd
Water Utility Average										**27.6x**		**1.9%**	**8.2%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 4: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	4/13/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$24.83	$37	51%	$3,325	$3,685	$1,908	$2,994	$3,699	5.9x	-4%	2.7x	18%
Sell	**NRG**	$35.91	$30	(16%)	$1,776	$1,977	$2,404	$1,848	$3,073	5.6x	-21%	4.5x	40%
AVERAGE										**5.8x**		**3.6x**	**29%**

Source: FactSet, UBS Estimates

Figure 5: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.72	3,081	$ 45,346	$ 15,754	25.4x	19.9x	$ 2,405
Railroads										
CSX Corp	US$	CSX-USA	Neutral	$ 30.42	2,063	$ 62,744	$ 16,517	11.5x	10.1x	$ 6,902
Canadian National Railway	US$	CNI-USA	Buy	$ 121.43	671	$ 81,510	$ 11,116	10.1x	12.2x	$ 9,182
Canadian Pacific Railway	US$	CP-USA	Buy	$ 77.89	931	$ 72,506	$ 14,370	10.0x	15.2x	$ 8,700
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 206.98	228	$ 47,146	$ 15,670	10.6x	9.3x	$ 5,933
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 197.92	612	$ 121,102	$ 33,928	12.6x	11.1x	$ 12,278
Average								**11.0x**	**11.6x**	
Clean Power										
AES Corp.	US$	AES-USA	Buy	$ 25.54	669	$ 17,082	$ 21,258	8.6x	8.7x	$ 4,479
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 31.82	82	$ 2,618	$ 6,371	8.3x	8.3x	$ 1,086
NextEra Energy Partners	US$	NEP-USA	Buy	$ 62.44	87	$ 5,403	$ 5,030	11.2x	7.7x	$ 934
Ormat Technologies	US$	ORA-USA	Buy	$ 86.86	60	$ 5,185	$ 1,826	11.9x	10.9x	$ 587
Orsted A/S	DKK	ORSTED-CSE	Buy	608.60 kr.	420	255,843.92 kr.	$ 49,965	9.5x	11.9x	32,218.41 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 27.93	116	$ 3,241	$ 4,836	9.1x	8.6x	$ 884
Average								**9.8x**	**9.3x**	
OVERALL AVERAGE								**11.6x**	**11.1x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$77.14	302	$ 23,292	$ 6,677	8.5x	8.4x	$ 3,546
							At 8% Discount	**11x**	**10x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks

Source: FactSet, UBS Estimates
Updated as of: 04/13/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 6: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	21.79	30	38	110	3.3	4.2	0.0	27.1x	19.0x	16.1x	15.8x	12.6x	11.1x	20.5x	18.2x	15.3x
CSIQ	Canadian Solar	Neutral (CBE)	39.02	48	23	42	2.5	4.9	0.0	9.7x	7.0x	5.6x	4.3x	3.2x	2.8x	0.9x	1.0x	0.4x
FSLR	First Solar	Buy	211.26	250	18	496	22.5	20.2	0.0	28.0x	17.9x	8.1x	16.3x	10.9x	5.8x	3.4x	3.3x	0.2x
FTCI	FTC Solar	Buy (CBE)	2.82	4	42	4	0.3	0.3	0.0	-	9.1x	7.7x	-	4.9x	3.1x	4.8x	4.4x	32.5x
JKS	JinkoSolar	Neutral (CBE)	50.28	52	3	37	2.5	8.3	0.0	8.2x	6.6x	5.3x	5.2x	4.3x	3.8x	0.6x	0.6x	0.0x
SMR	NuScale Power	Neutral (CBE)	8.96	9	0	6	0.6	0.5	0.0	-	-	-	-	-	-	23.8x	26.9x	1.5x
ORA	Ormat Technologies	Buy	86.86	105	21	44	5.2	7.2	0.6	47.6x	34.9x	29.4x	13.3x	11.3x	10.4x	2.3x	2.6x	0.5x
SHLS	Shoals Technologies	Buy	23.26	29	25	75	3.2	3.5	0.0	41.3x	27.7x	22.6x	20.1x	14.5x	12.0x	7.1x	6.6x	4.2x
TPIC	TPI Composites	Neutral (CBE)	13.39	12	(10)	12	0.6	0.9	0.0	-	-	-	15.9x	10.4x	6.3x	57.6x	-27.7x	28.2x
Average									0.1	27.0x	17.5x	13.6x	13.0x	9.0x	6.9x	13.4x	4.0x	9.2x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	4.94	10	102	6	0.8	1.4	0.0	42.8x	18.8x	10.9x	13.6x	10.4x	8.5x	1.8x	1.6x	1.4x
GNRC	Generac	Buy	103.49	185	79	135	6.4	7.9	0.0	15.5x	11.1x	9.8x	11.1x	7.8x	7.0x	2.6x	2.1x	1.7x
SEDG	SolarEdge	Neutral (CBE)	306.89	310	1	345	17.2	16.9	0.0	41.5x	29.3x	23.8x	23.8x	20.0x	16.5x	6.8x	5.5x	4.4x
SPWR	SunPower	Neutral (CBE)	14.04	17	21	62	2.5	2.5	0.0	32.3x	24.6x	17.6x	16.0x	13.1x	10.2x	3.5x	2.8x	2.3x
RUN	Sunrun	Neutral (CBE)	20.05	30	50	183	4.3	13.7	0.0	-	34.3x	13.4x	-	189.6x	51.0x	0.6x	0.5x	0.5x
Average									0.0	29.7x	24.8x	16.2x	17.0x	57.6x	21.2x	3.4x	2.7x	2.2x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	28.55	50	75	20	2.6	5.4	5.8	12.9x	12.1x	11.4x	#N/A	#N/A	#N/A	1.3x	1.1x	1.0x
Yield Co.																		
AY	Atlantica	Neutral	27.93	29	4	18	3.2	8.3	6.6	-	414.0x	73.6x	9.4x	8.7x	8.1x	2.2x	2.6x	0.4x
BEP	Brookfield Renewable	Buy	31.33	41	31	10	8.6	55.0	4.4	-	-	-	15.8x	15.1x	14.4x	5.8x	8.7x	7.5x
CWEN	Clearway	Buy	31.82	37	16	24	3.7	11.9	4.9	14.0x	14.2x	12.8x	10.8x	10.4x	9.8x	1.6x	1.8x	0.8x
NEP	NextEra Energy Partners	Buy	62.44	90	44	51	5.4	21.9	5.7	79.8x	51.9x	39.2x	23.5x	19.5x	16.3x	1.7x	2.6x	1.4x
Average									5.4	46.9x	160.0x	41.9x	14.9x	13.4x	12.2x	2.8x	3.9x	2.5x
Energy Storage																		
FLNC	Fluence Energy	Buy	21.78	32	47	28	2.5	2.3	0.0	-	289.7x	17.4x	-	64.4x	9.6x	7.4x	6.8x	4.6x
LICY	Li-Cycle Holdings Corp.	Buy	5.76	10	65	9	1.0	0.8	0.0	-	-	-	-	-	166.7x	2.7x	3.8x	4.8x
STEM	Stem Inc.	Buy (CBE)	5.10	10	86	27	0.8	1.1	0.0	-	-	9.3x	-	15.5x	6.6x	1.7x	1.7x	1.4x
Average									0.0	-	289.7x	13.4x	-	39.9x	61.0x	3.9x	4.1x	3.6x

Source: FactSet, UBS Estimates

Updated 4/13/23

Figure 7: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	85.69	95	11	23	4.3	0.0	77.9x	75.0x	72.6x	17.9x	15.8x	14.3x	2.5	2.8	2.9
RSG	Republic Services, Inc.	Neutral	138.09	145	5	199	43.6	1.5	28.0x	26.8x	23.1x	13.1x	12.3x	11.6x	4.0	4.4	4.4
WCN	Waste Connections, Inc.	Buy	143.95	162	13	132	36.9	0.7	37.8x	32.7x	30.3x	17.7x	16.2x	15.1x	3.1	3.4	3.7
WM	Waste Management, Inc.	Neutral	166.85	162	(3)	318	68.1	1.7	29.8x	29.0x	25.3x	14.8x	14.0x	13.3x	2.8	2.2	3.7
Average								1.0	31.4x	29.6x	26.1x	14.9x	13.9x	13.1x	3.1	3.2	3.7
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	143.63	155	8	58	7.8	0.0	22.2x	18.9x	18.5x	9.5x	8.9x	8.1x	3.7	4.2	6.0
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	7.79	13	67	1	1.4	0.0	-	110.3x	27.0x	17.6x	11.8x	7.0x	-	-	-

Source: FactSet, UBS Estimates
Updated as of 4/13/23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 8: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

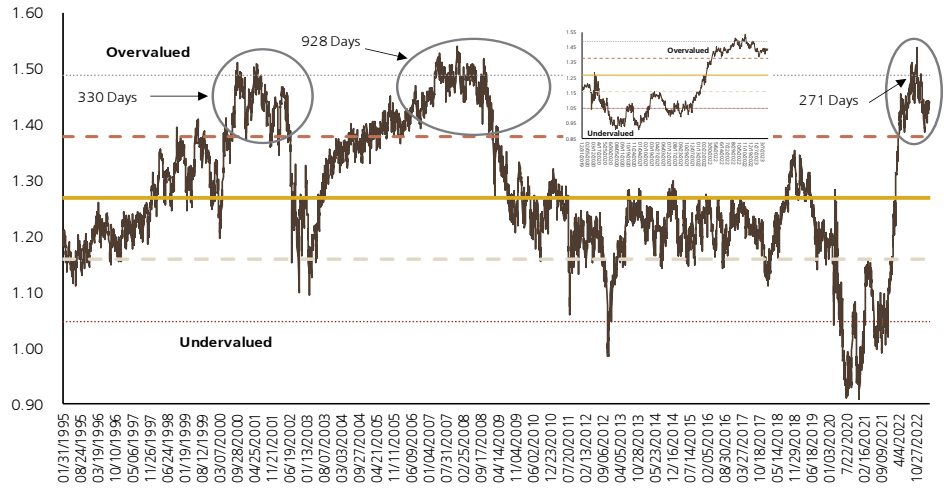

Source: FactSet, US Federal Reserve, UBS
Updated as of: 04/13/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 17.0% to the mean.

Figure 9: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

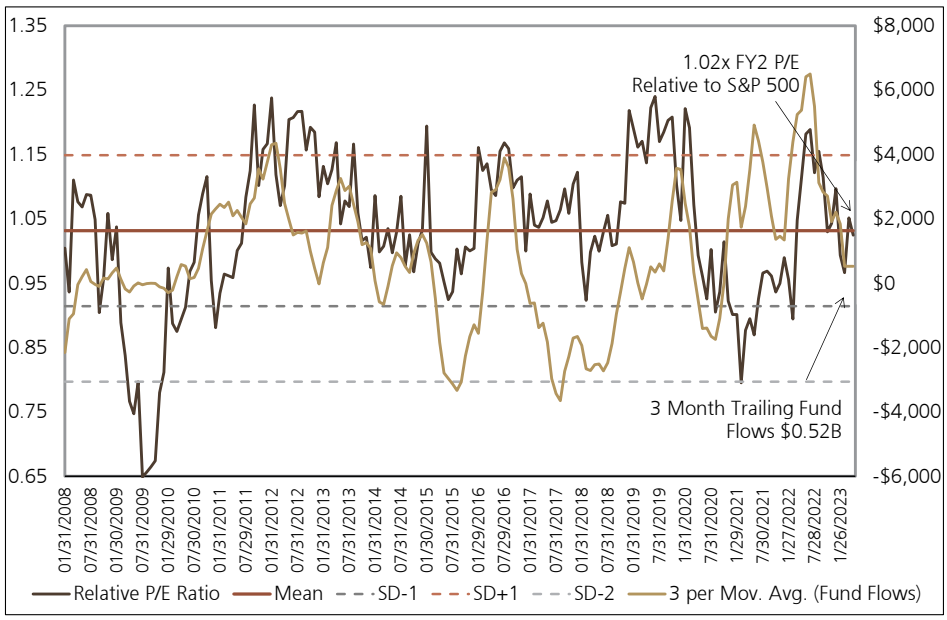

Source: FactSet, Strategic Insights, UBS
Updated as of:4/13/2023

Utilities now trade at a 1% discount to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 10: Utility Credit Spreads

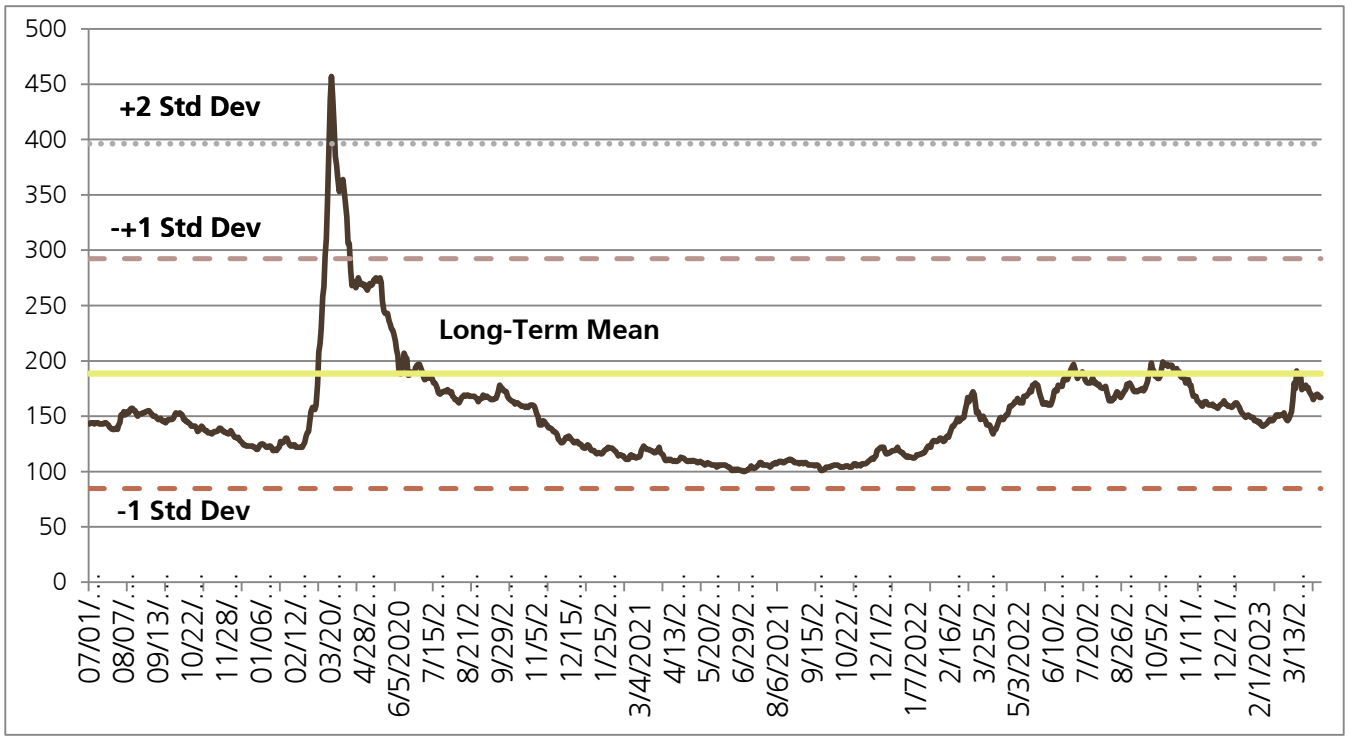

Source: Facteset, UBS
Updated 4/13/2023

Utility credit spreads declined 3 bp last week and 16 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at in line to the 5 year average relative to the S&P 500 and a 6% premium to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Figure 11: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

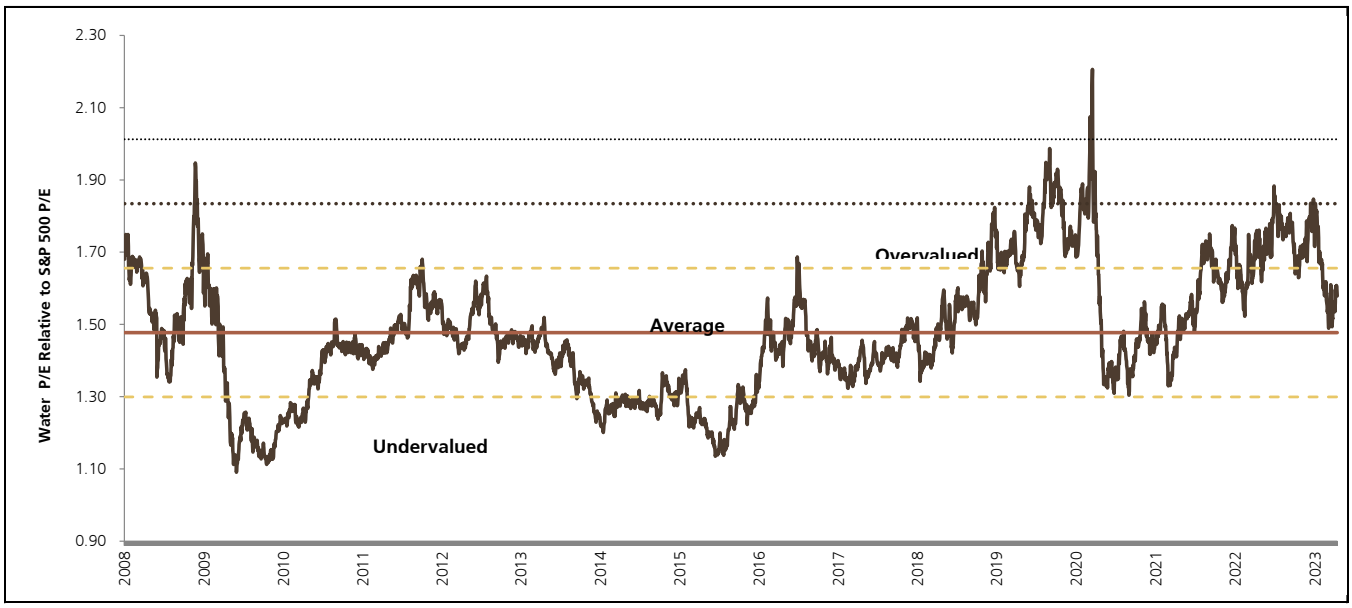

Source: Factset, UBS

Updated 4/13/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 12) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 13) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 12: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

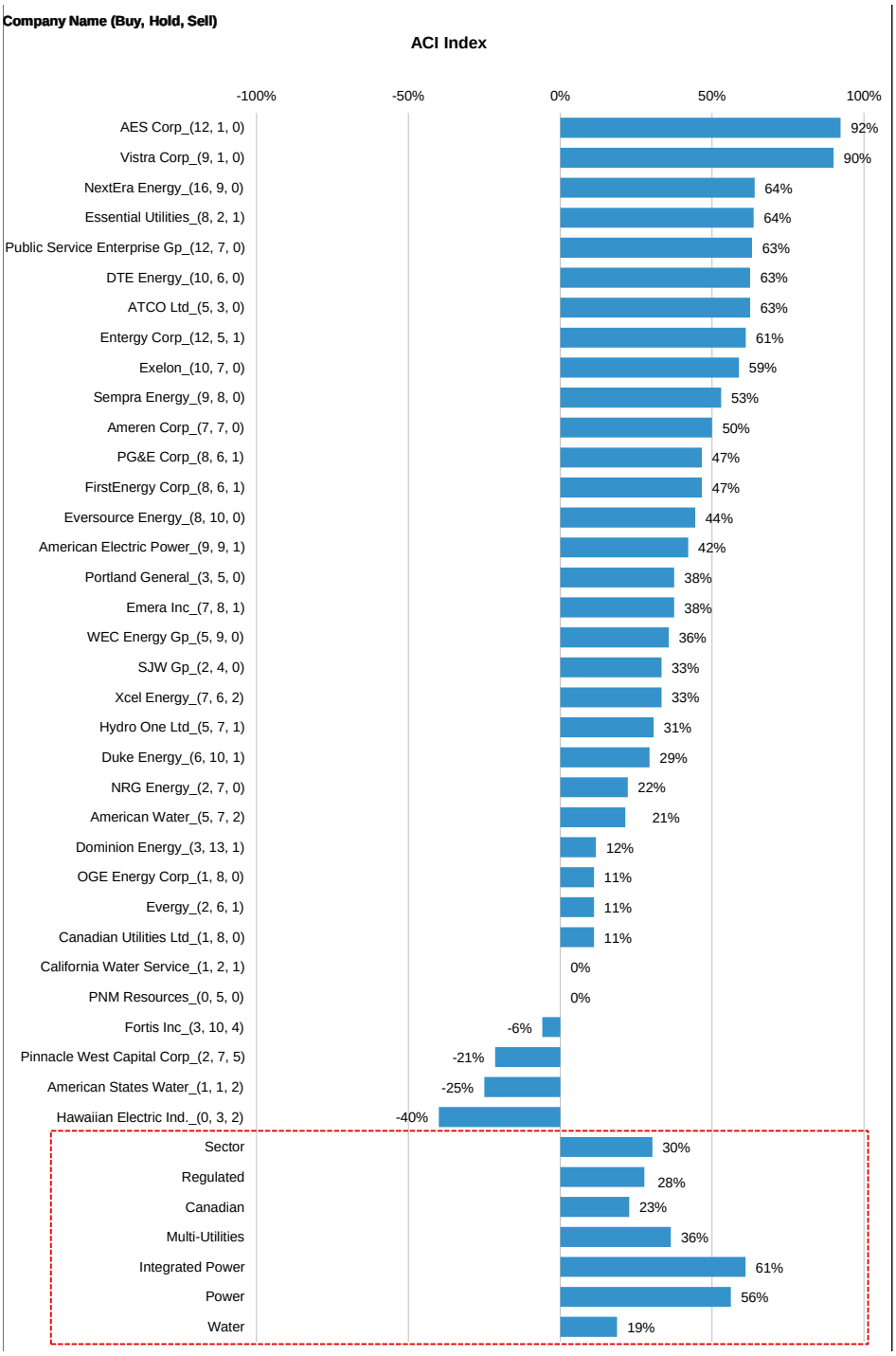

Source: Bloomberg, FactSet, UBS
Updated as of: 04/13/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Figure 13: Change in ACI Index over Last 12 Weeks

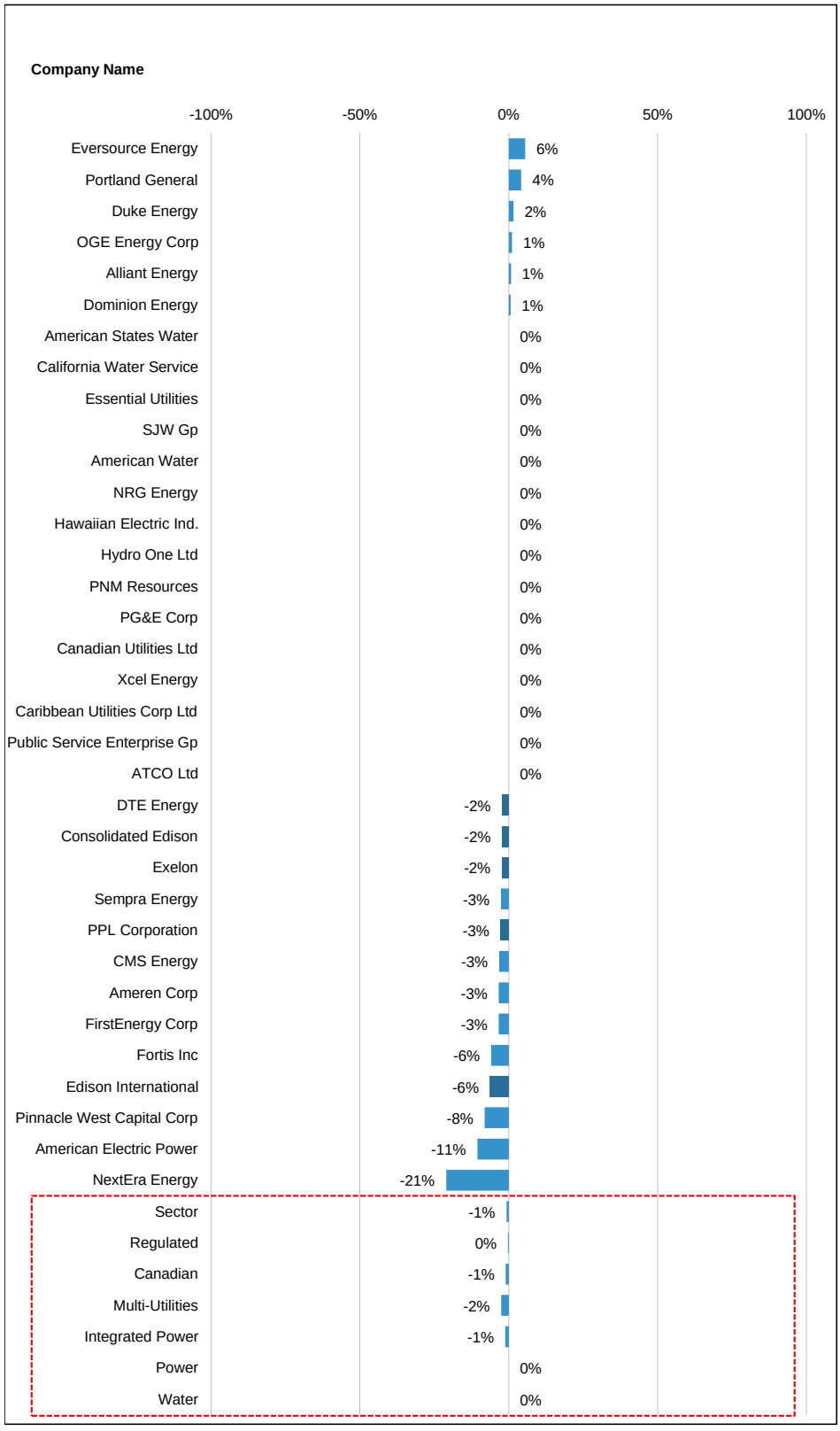

Source: Bloomberg, FactSet, UBS
Updated as of: 04/13/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based.

North American utilities: We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

IPPs: We identify the following risks for the sector: Demand for new renewable installations has historically been volatile around changes in state and federal policy, and we expect this volatility to continue. In addition, margins for product manufacturers can be impacted by swings in raw materials pricing and the overall level of energy prices.

Environmental Services: We identify the following risks for the sector: Housing remains a key driver of incremental municipal solid waste volume growth, and a slowdown in new housing starts could put downward pressure on sales growth. In addition, pricing tends to follow GDP growth, and a slowdown in economic growth could lower ability to raise pricing driving potential contraction in margins. For more industrial-exposed names, swings in commodity prices can impact the overall level of waste-generating activity, contributing to earnings volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 14 April 2023 10:24 AM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Alliant Energy Corp[16]	LNT.O	Neutral	US$54.79	13 Apr 2023
Ameren Corp[16]	AEE.N	Neutral	US$90.10	13 Apr 2023
American Electric Power Inc[16,7,6b]	AEP.O	Buy	US$93.97	13 Apr 2023
American Water Works Co[16]	AWK.N	Neutral	US$152.00	13 Apr 2023
California Water Service Group[16]	CWT.N	Neutral	US$61.12	13 Apr 2023
Dominion Energy Inc[16,7,6b]	D.N	Neutral	US$58.36	13 Apr 2023
Emera Inc	EMA.TO	Buy	C$58.01	13 Apr 2023
Entergy Corp[16,7,6b,6c]	ETR.N	Neutral	US$109.17	13 Apr 2023
Evergy, Inc[16]	EVRG.O	Neutral	US$62.04	13 Apr 2023
Eversource Energy[16,7,6b]	ES.N	Neutral	US$79.62	13 Apr 2023
Exelon Corp[16,7,6b,6c]	EXC.O	Buy	US$42.89	13 Apr 2023
Fortis Inc[16]	FTS.TO	Sell	C$59.69	13 Apr 2023
NextEra Energy Inc[2,4,5,16,7,6a]	NEE.N	Buy	US$78.85	13 Apr 2023
NiSource Inc.[16]	NI.N	Neutral	US$28.34	13 Apr 2023
OGE Energy Corp[16]	OGE.N	Neutral	US$38.14	13 Apr 2023
PG&E Corp[16,7,6b,6c]	PCG.N	Neutral	US$16.80	13 Apr 2023
PPL Corp[16]	PPL.N	Buy	US$28.76	13 Apr 2023
Pinnacle West Capital Corp[16,7,6b]	PNW.N	Sell	US$79.69	13 Apr 2023
Public Service Enterprise Group[16,7,6b]	PEG.N	Buy	US$63.48	13 Apr 2023
Southern Co[13,16]	SO.N	Buy	US$72.46	13 Apr 2023
WEC Energy Group Inc[16]	WEC.N	Neutral	US$97.95	13 Apr 2023
Xcel Energy Inc[16]	XEL.O	Neutral	US$71.04	13 Apr 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS AG, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS AG, its affiliates or subsidiaries has received compensation for investment banking services from this company/entity or one of its affiliates.
5. UBS AG, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and investment banking services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6c. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
13. UBS Group AG, its affiliates or subsidiaries beneficially owned 1% or more of a class of this company`s common equity securities as of last month`s end (or the prior month`s end if this report is dated less than 10 days after the most recent month`s end).
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A.[1] (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). [1]UBS CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. It holds a SEBI Registered Merchant Banking license Number : INM000010809. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:18 PM.

KeyBanc Capital Markets

Alert

April 12, 2023

Energy: Electric Utilities

Midweek Thoughts — AGR, NEE, D, EXC, AVA, DTE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, AGR and PNM agree to extend the merger agreement until July 20; NEE signs a 15-year PPA with CA CCA for long-duration energy storage project; D agrees to acquire a 108 MW solar project in VA; AVA signs agreements for wind and natural gas resources; AVA signs an agreement for RNG resources; the MD governor plans to announce a new appointee to the PSC; DTE and Toyota announce renewables partnership through DTE's MI Green Power; and the EIA releases the April Short-Term Energy Outlook.

Industry News and News from Companies in Our Coverage

AGR — AGR and PNM extend the merger agreement until July 20: AGR and PNM entered into a second amendment to the merger agreement to extend the end date until July 20, 2023. The agreement was set to expire on April 20. The proposed merger between AGR and PNM, after being rejected by the NM PRC, is pending a resolution from the NM Supreme Court. AGR and PNM have filed a joint motion with the PRC to dismiss the appeal and remand the case to the PRC for rehearing and reconsideration. The motion is subject to the Court's determination, which should be known through a formal order. Through the appeal, the utilities are seeking an annulment of the PRC order denying the merger approval and remanding to the commission for a rehearing. Based on recent commentary, it appears that the newly appointed PRC is open to the idea of rehearing the case.

NEE — NEE signs 15-year PPA with CA CCA for long-duration energy storage project: NEER signed a 15-year PPA with CA community choice aggregator Clean Power Alliance for the output at NEER's 75 MW Desert Sands Energy Storage facility. The facility is expected to commence operations in 2026 and will be able to store energy for up to eight hours. The CPUC ordered load-serving entities to procure at least 15.5 GW of clean energy resources between 2023 and 2027, including procuring 1 GW of long-duration storage in 2026.

D — D agrees to acquire a 108 MW solar project in VA: D agreed to acquire the 108 MW Foxhound Solar Project from renewable energy developer Longroad Energy. The project has reached full notice to proceed, and construction recently began. The project will consist of FSLR Series 6+ solar modules and NXT trackers. The sale is expected to close in January 2024 upon the mechanical completion of the project. Longroad has already reached long-term PPAs for the output of Foxhound. The project will be located in VA and will assist in reaching VA's Clean Energy Act target of 100% carbon-free generation by 2045. D must procure 16.1 GW of onshore wind and solar and 2.7 GW of storage by 2035 to meet its long-term clean energy targets in VA.

AVA — AVA signs agreements for wind and natural gas resources: AVA signed a 30-year agreement for a 100 MW wind project and a 15-year extension to its contract for the 282 MW Lancaster natural gas generation facility. The wind project is expected to come online by January 1, 2026. AVA is currently under a 17-year PPA that runs through October 2026 for the Lancaster facility. The agreements were part of the 2022 all-source RFP filed by AVA to meet capacity deficits in WA and ID that begin in 2026 and peak in 2030. AVA identified the deficits in its 2021 IRP, including plans to add 211 MW of gas generation by the end of 2026 to meet reliability needs, 200 MW of MT wind by 2024, and another 100 MW of MT wind by 2028. The projects submitted in the RFP were able to be a combination of PPAs, self-built generation, and demand response contracts.

AVA — AVA signs agreement for RNG resources: AVA signed an agreement with Pine Creek RNG to purchase renewable natural gas. The gas will be produced from projects in WA and IA that are expected to come online between 2023 and 2024. AVA issued an RFP for renewable natural gas in October 2022 to acquire new RNG resources to meet the OR Climate Protection Plan and WA Climate Commitment Act carbon reduction requirements. OR's Climate Protection Program set a 30% RNG target share of all gas delivered to AVA customers. Additionally, OR SB 98 and WA HB 1257 laid the groundwork for utilities to enter the RNG market as developers, long-term buyers, and partners of the RNG market. In its latest IRP, AVA highlighted RNG as a resource to meet its forecasted demand in OR.

EXC — MD governor plans to announce new appointee to the PSC: MD Governor Wes Moore announced that he intends to name Kumar Barve (D) to the MD PSC. Since Mr. Buvar will be appointed after the legislative session adjourned, he will be able to serve on the PSC without Senate confirmation. The Senate will be able to take up the nomination during the 2024 session. Kumar Barve

is currently a MD State Delegate. The MD PSC is a five-member commission with the governor nominating the members and the Senate confirming them. We are presently tracking FE's Potomac Edison rate case, and EXC's BGE and PEPCO are expected to file multiyear rate cases later this year.

DTE — DTE and Toyota announce renewables partnership through DTE's MI Green Power: Toyota Motor NA and DTE announced a 20-year clean energy agreement whereby Toyota has enrolled in DTE's MIGreenPower program, resulting in Toyota's six facilities and the Company's R&D headquarters beginning to run on 100% carbon-free energy by 2026. Through the program, DTE has previously announced partnerships with Stellantis, Ford, and 7-Eleven, totaling more than 1,100 MW.

EIA's April Short-Term Energy Outlook: EIA's April STEO forecasts electricity generation will be down 1% in 2Q23 y/y and 1.7% for the full year. The EIA expects a +1.3% rebound in 2024. This compares to previous forecasts of -1.8% and +1.6% in 2023 and 2024, respectively. Mild weather in 1Q23 caused lower-than-average withdrawals. As a result, storage levels ended the typical withdrawal season 19% higher than the five-year, and the HH natural gas spot price dropped to $2.31/MMBtu in March. The EIA maintained its forecasts from March for natural gas prices to average $2.65/MMBtu in 2Q23. Longer term, the EIA expects prices to average ~$3.06/MMBtu in 2023 before increasing to ~$3.85/MMBtu in 2024. This compares to prior estimates for ~$3.14/MMBtu in 2023 and $4.04/MMBtu in 2024. The lower demand forecast and lower natural gas prices are expected to result in lower power prices in 2023 for many of the regions, with prices expected to drop up to 50%, including the MISO IL hub, where 2023 prices are expected to be $36.85/MWh, down from $74.19/MWh in 2022. Prices in the West will remain elevated due to the limited excess capacity. The Mid-C is expected to average $95.32/MWh in 2023 compared to $97.11/MWh in 2022, before decreasing to $59.25/MWh in 2024.

Figure 1 - EIA April STEO

EIA STEO Outlook	2023	2024
HH Forecast ($/MMBtu)	3.02	3.89
Previous forecast	3.14	4.04
Electricity Generation (billion KWh)	4,018	4,073
Previous forecast	4,011	4,075
m/m change	0.2%	0.0%
Total Electricity Sales (billion KWh)	3,859	3,921
Previous forecast	3,859	3,924
m/m change	0.0%	-0.1%
Wind Power Generation (MW)	148,391	155,713
Previous forecast	148,217	155,678
m/m change	0.1%	0.0%
Solar Power Generation (MW)	98,453	133,991
Previous forecast	100,345	135,031
m/m change	-1.9%	-0.8%

Source: EIA, KeyBanc Capital Markets Inc.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

NWE: Constructive Settlement Reached in MT GRC

CMS: Notes from Management Meetings

PEG: Constructive AD Update; Remain SW

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

ENPH: Notes from the Headquarters Visit

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	254	49.22	39	15.35
Sector Weight [SW]	254	49.22	39	15.35
Underweight [UW]	8	1.55	3	37.50

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	10	40.00
Sector Weight [SW]	28	49.12	11	39.29
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

April 05, 2023

Energy: Electric Utilities

Midweek Thoughts — NWE, XEL, AEP, CNP, FE, D, WEC, DUK, EXC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

ICYMI, NWE reached a constructive settlement with several intervenors in its 2022 general rate cases. This week, the MN ALJ files a PD in XEL's electric rate case; APCo files 2020-2022 triennial review in VA; AEP seeks recovery of solar and wind projects; AEP's I&M issues an all-source RFP for up to 2.5 GW of resources; PUCT issues an order approving recovery of CNP's TEEEF procurement, DCRF; FE seeks more time to consider the purchase of Pleasants coal plant; D commences a hydrogen blending pilot in UT; WEC closes on an acquisition of a 92 MW wind farm; DUK announces a $1.5B convertible notes offering; and the MD governor appointee receives Committee approval, awaiting full Senate confirmation.

ICYMI

NWE - NWE reached a constructive settlement with several intervenors that agrees to revenue increases of $82M and $18M for electric and gas, respectively. You can read more about it here.

Industry News and News from Companies in Our Coverage

XEL — ALJ files PD in XEL's MN electric rate case: According to XEL's calculation, the ALJ report results in a cumulative $384M revenue increase, based on a $149M increase in RY1 and increases of $108M and $127M in RY2 and RY3, respectively. The ALJ did not include the revenue requirement but made several recommendations, including a 9.87% ROE and 52.5% equity layer. This compares to XEL's request for a cumulative $498M rate increase over three years – a $234M increase in RY1 and increases of $94M and $170M in RY2 and RY3, respectively. XEL requested a 10.2% ROE and 52.5% equity ratio. The main differences are due to the lower ROE, differences in O&M expenses, and the depreciation of the Sherco 3 and AS King plants. Specifically, the ALJ recommends maintaining the accounting life and depreciation schedule for Sherco and King and removing the plants from the rate base when they are no longer used and useful. Exceptions are expected to be filed by April 17, and a final PUC decision is expected on June 30.

AEP — APCo files triennial review in VA: APCO filed its triennial earnings review for the 2020-2022 period in VA. According to APCo's calculations, the Company earned a 5.39% ROE during the timeframe and below the dead band of 8.5-9.9%. The Company seeks a $213M rate increase, premised on a 10.6% ROE. The main drivers of the increase include increased O&M expenses for vegetation management, an increase in the ROE from 9.2% to 10.6%, an increase in depreciation rates, and the deferred recovery of storm cost expenses. At the end of 4Q22, APCo deferred $38M related to previously incurred costs assuming it would earn below the 9.2% authorized ROE. An SCC decision is due by November 30. In its 2017-2019 triennial review, the Commission initially concluded that no rate change was required as APCo had earned 9.48% for the period, within the 8.72-10.12% ROE band prescribed by VA state law. AEP appealed the decision to the Supreme Court in March 2021 and eventually received approval for a $28M rate increase.

AEP — AEP seeks recovery of solar and wind projects: APCo and Wheeling Power (Docket: 23-0328-E-PC) filed an application with the WV PSC seeking to recover costs for a wind project and seven solar facilities. Specifically, the projects include the purchase and sale of the 143 MW Grover Hill Wind Farm and PPAs for seven solar farms, including the 5 MW Green Acres, 19 MW Shifting Sands, 20 MW Sunny Rock, 100 MW Pleasant Prairie, 20 MW River Trail, 20 MW Horsepen, and 20 MW Mountain Brook. Grover Hill is expected to enter service in 3Q25, while the solar projects will begin operations throughout 2024 and 2026. AEP estimates that the gross revenue requirement would be $28.7M, offset by $25M in cost of service reductions, resulting in a net revenue requirement of ~$3.7M. The PSC is expected to issue a decision by August 28.

AEP — AEP's I&M issues all-source RFP for up to 2.5 GW of resources: AEP's Indiana Michigan Power issued an all-source RFP for up to 800 MW of wind, 850 MW of solar, 315 MW of energy storage, and 540 MW of gas generation resources. I&M is also considering proposals that involve emerging technologies, thermal energy, or other resources. The projects must enter service by December 2027 to meet I&M's capacity obligations for the 2028/2029 PJM capacity planning year. All solar, gas, ESS, and supplemental capacity projects must be in IN or MI. Wind projects can also be located in IL or OH. The projects need to interconnect to PJM or interconnect to MISO with firm deliverability rights into PJM or interconnect to I&M's distribution system. Proposals are due by May 26. I&M agreed to procure ~2.2 GW of new carbon-free resources for its 2021 IRP.

CNP — PUCT issues order approving recovery of CNP's TEEEF procurement, DCRF: The PUCT issued its order approving CNP to recover $200M for temporary emergency electricity energy facilities (TEEEF) lease payments and operating costs. The Commission previously voted to reject the ALJ's PD and approve the costs at the March 9 PUCT open meeting. CNP accrued the costs when it conducted an RFP to procure ~500 MW of generation to support the TX grid in the event of a widespread load shed event similar to Winter Storm Uri. CNP's revenue increase associated with the lease agreements is ~ $57M. The order also amends the black-box settlement reducing CNP's DCFR revenue requirement by $7.8M.

FE — FE seeks more time to consider the purchase of Pleasants coal plant: FE's Mon Power and Potomac Edison are requesting more time from the WV PSC to consider purchasing the 1,300 MW Pleasants Power Station and the closure of the Ft. Martin plant. FE proposed an interim solution that involves FE signing an LOI to enter into an agreement with Energy Transition & Environmental Management to keep Pleasants open for up to 12 months while FE considers and negotiates the purchase of the facility. FE would also need to establish a temporary surcharge to recover the costs of keeping the plant open. As a reminder, FE previously owned the Pleasants Power Station but was placed with Energy Harbor when the split happened in 2019. The WV PSC ordered the FE subs Monongahela Power and Potomac Edison to submit a report on the feasibility of buying the plant by March 31. The plant is currently scheduled to retire at the end of June. FE's clean energy goals, as stated by the Company, include net zero by 2050. FE requests a PSC decision on its interim solution and surcharge by April 25.

D — D commences hydrogen blending pilot in UT: D announced that it began blending hydrogen into Delta, UT's natural gas pipeline network. D will test up to 5% hydrogen blends into the natural gas distribution system. The pilot follows a year-long, in-house test conducted at D's training facility to test the safety of blending hydrogen and its compatibility with household appliances. Initially, D will use gray hydrogen but will transition to green hydrogen. The pilot is set to run through the end of 2024 and will help D UT meet its goal to prepare its entire network for hydrogen blending by 2030. The pilot is among several proposed by gas utilities that are the first attempts to blend low-carbon hydrogen at high concentrations (up to 20% of the pipeline volumes) in the domestic distribution systems serving customers.

WEC — WEC closes acquisition of 92 MW wind farm: WEC and Madison Gas Electric completed the purchase of the 92 MW Red Barn Wind Farm from Allete Clean Energy. WEC owns 82 MW of the output, with Madison receiving the remaining ~10 MW. The wind facility began commercial operation on April 3. WEC's expected project costs were ~$160M. WEC expects to invest $5.4B in regulated renewables during the 2023-2027 timeframe and will look to add 667 MW of wind capacity.

DUK — DUK announces $1.5B convertible notes offering: DUK announced a $1.5B offering of 4.125% convertible senior unsecured notes due 2026 in a 144A private placement transaction that also granted the initial buyers the option to purchase up to $225M of additional notes within a 13-day period. DUK plans to use the proceeds to repay a portion of its commercial paper and general corporate purposes. DUK expects to issue $6B-$7.5B of debt in 2023.

EXC — MD governor appointee approved by Committee, awaiting full Senate confirmation: The Senate's Executive Nominations Committee approved Governor Wes Moore's nominee, Frederick Hoover, to replace current PSC Chair Jason Stanek at the end of his term in June. The full senate will vote on Mr. Hoover in the next few days. The MD PSC is a five-member commission with the governor nominating the members and the Senate confirming them. Governor Moore still needs to appoint two more commissioners to replace Commissioners Odogwu Obi Linton and Patrice Bubar. Mr. Bubar is awaiting Senate confirmation after being nominated by the former MD governor. He may continue to serve until or unless the senate confirms a nominee during this session or the governor names a replacement following adjournment. We are currently tracking FE's Potomac Edison rate case, and EXC's BGE and PEPCO are expected to file multiyear rate cases later this year.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

CMS: Notes from Management Meetings

PEG: Constructive AD Update; Remain SW

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

ENPH: Notes from the Headquarters Visit

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

The Tide That Lifts All Boats: Renewable Energy Sentiment Reset

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	253	49.22	39	15.42
Sector Weight [SW]	253	49.22	38	15.02
Underweight [UW]	8	1.56	3	37.50

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	10	40.00
Sector Weight [SW]	28	49.12	11	39.29
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Power & Utilities

April 3, 2023

The Guggenheim Daily Transmission: NEP, ERCOT, D/VA, AEP, DUK, AEE, CT, POR, LNT, SO, AWK, EXC/DE, MISO/FERC, RI/Solar, IL/Nuclear, PCG, ED

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	86.39	Neutral
AEP	90.99	Buy
AWK	146.49	Neutral
D	55.91	Buy
DUK	96.47	Buy
ED	95.67	Neutral
EXC	41.89	Neutral
LNT	53.40	Neutral
NEP	60.75	Buy
PCG	16.17	Buy
POR	48.89	Buy
SO	69.58	Buy

For our AGA conference (May 20-23) meeting schedule, please scroll down...

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our PPL NDR TODAY, EXC NDR, ETR NDR, PNW NDR, DTE NDR, PCG NDR, SMR NDR, ES NDR, LNT NDR, AWK NDR, CMS NDR, SO NDR, POR NDR, and other events, scroll down...

NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed (see our note HERE)

ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks (see our note HERE)

Forward Power Curves, Genco MtM, and Weekly Commentary (see our note HERE)

D/VA – Governor amends wind turbine procurement legislation to include language around competitive procurement for phase 2

AEP – Joint Kentucky protest filed by PSC, AG, and Industrial group

DUK – Duke announces $1.5bn convertible note offering

AEE – PSC grants request to modify schedule in light of settlement discussions

CT – Exceptions to PBR framework phase 1 draft decision filed

POR – Portland General files first Clean Energy Plan

LNT – IUB lifts stay on solar advanced ratemaking reconsideration

SO – Vogtle moves closer to operations

AWK – Indiana American Water files rate case

EXC/DE – DPL electric case procedural schedule posted

ERCOT – ISO considering scarcity pricing tweaks as ‘bridge’ to PCM implementation

MISO – RTO updates annual value proposition; finds $4bn in benefits in 2022

MISO/FERC – Show-cause order from FERC over capacity accreditation draws industry pushback

RI/Solar – Committee holds bill on new construction solar requirement for further study

IL/Nuclear – IL Senate passes bill to lift ban on new nuclear construction

PCG – CPUC modifies schedule for Pacific Generation formation and sale proposal

ED – CECONY files updated energy affordability report

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

D/VA – Governor amends wind turbine procurement legislation to include language around competitive procurement for phase 2

- The governor amended HB2444 last week to include language around a competitive procurement process for phase 2 of any CVOW/OSW expansion, including PPAs.
- The language specifically does not include the current CVOW project or the ability to sell a passive stake in that project.
- "Any purchase or development of offshore wind capacity pursuant to subsection B beyond the amount produced by the 2,587 megawatt project approved in December 2022 by the Commission for a Phase II Utility shall include a competitive solicitation process subject to Commission oversight and approval. When overseeing the solicitation, the Commission shall consider the benefits arising from project construction and operation and the manufacture of wind turbine generator components and subcomponents in the Commonwealth, benefits to ports in the Commonwealth, and other economic development benefits." – legislation
- The governor's amendments go back to the Assembly on April 12th and require a majority vote to pass, otherwise they are sent back to the governor in original form for another 30-day pass/veto period.
- Bill HERE.
- More HERE.

Guggenheim takeaway: *The Governor's amendment specifically focuses on procurement's after CVOW and does not impact the current credit repair process/strategic review, nor the associated optionality around a passive stake sale in CVOW (the current project). We caught up with the company, who emphasized that the potential timeline for any phase 2 project would fall outside of the current 5-year planning window, and as such it is too early to discuss impacts to LT investment opportunities. In our view, utilities post-IRA are on some of the most competitive footing ever, however, the last-minute move by the governor came as a surprise in our view and underscores the heightened activism by the executive branch this session (Governor Youngkin was reportedly active in the final days of the regulatory deal). As a reminder, Dominion had previously identified ~$48bn of investment opportunities from 2027-2035 alone. The move sets up a potential back and forth with the General Assembly in the coming weeks, with the company previously committing to a business review update in 2Q.*

AEP – Joint Kentucky protest filed by PSC, AG, and Industrial group

- "Applicants have again failed to compare the AEP East zonal transmission revenue requirements with AEP ownership of the Kentucky Companies versus Liberty ownership. Under Liberty ownership of the Kentucky Companies, the seven-state AEP zonal revenue requirements will increase because the incremental fixed and variable costs of Liberty building a new transmission organization from the ground up will be added to the zonal revenue requirement." – PSC
- FERC Docket EC23-56

Guggenheim takeaway: *We caught up with AEP after this filing was made. The company believes that its current application satisfies anything lacking in its original FERC 203 application, and that the arguments being made by the PSC, AG, and Industrial group are essentially unchanged from that prior application. In the event that the KY sale to Liberty does not go through, the company reminded that there would be no incremental equity need in its 5-year plan.*

DUK – Duke announces $1.5bn convertible note offering

- Proceeds will be used to repay commercial paper.
- The $1.5bn of convertible senior notes will be due in 2026.
- "The convertible notes will be direct, unsecured and unsubordinated obligations of Duke Energy, and will be convertible at the option of the holders of such convertible notes upon satisfaction of certain conditions and during certain periods. Interest will be payable semiannually in arrears. Duke Energy will settle conversions of the convertible notes by paying cash up to the aggregate principal amount of the convertible notes to be converted and paying or delivering, as the case may be, cash, shares of its common stock, $0.001 par value per share, or a combination of cash and shares of its common stock, at its election, in respect of the remainder, if any, of its conversion obligation in excess of the aggregate principal amount of the convertible notes being converted."

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

- More HERE.

Guggenheim takeaway: *We caught up with the company and affirmed that* ***this should not be perceived as future equity****, and that there is no change to the company's equity messaging (i.e., no plans to issue equity through 2027). Many companies have been issuing convertible notes as a means of reducing commercial paper balances while avoiding issuing expensive long-term debt at current high coupon rates. With the sale of Commercial Renewables expected to close by year-end vs. mid-2023 originally, we are not surprised that DUK would look to a nearer-term financing solution like this.* ***As we highlighted recently in our NDR note (link HERE), issuing convertible notes was an option that has been available to DUK.***

AEE – PSC grants request to modify schedule in light of settlement discussions

- "Ameren Missouri asks the Commission to cancel the first week of the evidentiary hearing in this case, which is set to commence on April 3, 2023, and part of the second week. The evidentiary hearing on the remaining issues would begin on April 12, 2023. The Commission will modify the procedural schedule accordingly." - PSC
- More HERE.

Guggenheim takeaway: *Minor heads up following the initial motion we flagged last week. As we noted then (see HERE), management remained optimistic that it and other intervenors could find middle ground in the ongoing GRC, with the team pointing to both a track record of settlement and cost reductions in the most recent updated filing as tailwinds to the overall process. The major drivers of $120mm in variance between Staff and the company were threefold:* ***1)*** *ROE of 9.59% vs. requested 10.2% (~$50mm of the difference),* ***2)*** *High Prairie curtailments (~$30m), and* ***3)*** *Rush Island availability (~$40-50m). Based on those conversations, the pathway forward could have been a partial settlement, which has been further reinforced by this latest filing – stay tuned for more details, although we note the settlement could ultimately land as a black box. We see AEE's ongoing ability to reach settlements in MO as further underscoring what we see as the name's premium attributes (management, growth, execution, etc.)*

CT – Exceptions to PBR framework phase 1 draft decision filed

- DEEP, ES, the OCC, and multiple other stakeholders have filed exceptions to the draft decision posted last month on the first phase of PURA's ongoing PBR work.
- More HERE.

Guggenheim takeaway: *Part of the broader ongoing process at PURA to consider with stakeholders advanced regulatory mechanisms like MRPs, sharing (ESMs) and other key performance metrics.* ***As a reminder, this process will continue through most of the year in Phase 2,*** *with the preliminary timelines (draft decision PDF page 39-40) pointing to potential PFDs on Revenue Adjustment Mechanisms and PIMs in 2Q24. In our view, PBRs would be beneficial to the overall construct given the opportunity for ROE improvements. As a reminder, CT already has a fairly favorable regulatory framework in place (e.g., forward/ forecasted test period)*

POR – Portland General files first Clean Energy Plan

- Management filed the combined IRP/CEP plan last week.
- POR "filed its combined Integrated Resource Plan and inaugural Clean Energy Plan, a comprehensive roadmap detailing how the company will meet customers' energy needs and Oregon's ambitious greenhouse gas emissions targets while maintaining reliability, safety and affordability. PGE's path to reach these targets is possible with resources available today and the company's strategy involves utilizing commercially available tools between now and 2030." - filing
- More HERE.

Guggenheim takeaway: *This was an expected step as POR moves along its IRP cadence and looks to add additional clean resources under its state-mandated emissions targets. The filing sets up additional potential RFPs for the later part of this year, largely mirroring the earlier procurement process that yielded the Clearwater project. As a reminder, a portion of that RFP process (grounded in the 2021 IRP) remains ongoing.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

LNT – IUB lifts stay on solar advanced ratemaking reconsideration

- The move comes after an associated District Court ruling.
- "The stay of this proceeding ordered by the Utilities Board on February 21, 2023, is lifted, and this order is issued to establish procedures for the reconsideration granted in the December 29, 2022 order as directed by the Polk County District Court ruling issued March 23, 2023. Filed with the Iowa Utilities Board on March 31, 2023, RPU-2021-0003."
- More HERE.

Guggenheim takeaway: *Procedural heads up, with the IUB setting a 20-day timeline for responses.*

SO – Vogtle moves closer to operations

- Georgia Power announced Vogtle Unit 3 has made grid connection.
- "Connecting to the electric grid is part of ongoing startup testing for Vogtle Unit 3, and operators will continue to raise reactor power for electricity generation while performing tests at various power levels. This Unit 3 milestone follows initial criticality, reached on March 6, when operators safely started the nuclear reaction inside the reactor, generating nuclear heat to produce steam. Once all startup testing is successfully completed and the unit is available for reliable dispatch, the unit will enter commercial operation."
- More HERE.

Guggenheim takeaway: *For your awareness as Vogtle continues to advance towards Unit 3 in-service, which is scheduled for May/June 2023.*

AWK – Indiana American Water files rate case

- The utility filed a 3-step rate increase on Friday for ~$87mm.
- "The petition seeks aggregate annualized incremental revenue of $86.7 million, which would include three step increases, with $43.2 million of the increase to be included in rates in January 2024, $18.1 million in May 2024, and $25.4 million in May 2025. The requested adjustment is based on a proposed return on equity of 10.6% and a capital structure with an equity component of 56.2%. For purposes of determining proposed rates, the requested adjustment is based on an equity component of 48.2% due to the regulatory practice in Indiana of including certain zero cost items or tax credit balances in the capital structure calculation. The petition is subject to approval by the IURC, and the general rate case is expected to be completed by the end of January 2024." - AWK
- More HERE.

Guggenheim takeaway: *Part of the process as AWK continues to churn through cases across its regulated footprint and seeks to minimize lag. As a reminder, Indiana is ~10% of AWK's total regulated customer count.*

EXC/DE – DPL electric case procedural schedule posted

- Direct testimony will be due 8/18, while evidentiary hearings will follow in December.
- More HERE.

Guggenheim takeaway: *For your calendars.*

ERCOT – ISO considering scarcity pricing tweaks as 'bridge' to PCM implementation

- The latest proposed tweaks to the ISO's scarcity mechanisms could be worth up to ~ $491m according to a Staff discussion presentation from last week's TAC meeting.
- More HERE.

Guggenheim takeaway: *Another day another potential market tweak in Texas, albeit one intended to help serve as a bridge to a full PCM implementation. As we highlighted in the note linked above, the resource adequacy reform process remains political – we expect there could be more significant changes in the coming weeks as the legislative session matures.*

MISO – RTO updates annual value proposition; finds $4bn in benefits in 2022

- "MISO provided more than $4 billion in benefits to its operating region in 2022, continuing to build upon its vision to be the most reliable, value-creating regional transmission organization… MISO's Value Proposition analysis identifies and quantifies several value

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

drivers for the region, including more efficient use of existing resources, improved reliability and compliance, and a reduced need for additional assets. The annual Value Proposition studies reveal that MISO's regional approach has delivered cumulative benefits of $40 billion since this calculation was first developed in 2007. Those benefits amount to more than twelve times MISO's operating costs." - MISO
- More HERE.

Guggenheim takeaway: *Value calculations like these are a normal part of the cost-benefit analyses RTOs do across the country (e.g., CAISO and the EIM in WECC), although MISO remains a focus RTO in the near term given its shrinking reserve margins and ongoing capacity construct reforms (seasonal).*

MISO/FERC — Show-cause order from FERC over capacity accreditation draws industry pushback

- Vistra (VST) and trade group EPSA have filed protests in the ongoing MISO capacity auction show cause docket at FERC.
- "If accepted, MISO's proposal will create uncertainty by undermining bilateral agreements for the sale of capacity that have been entered into in advance of the PRA and upset the settled expectations of market participants that justifiably relied upon the Ratio and Seasonal Accredited Capacity ("SAC") values calculated by MISO." - filing
- More HERE.
- EL23-46 HERE.

Guggenheim takeaway: *The arguments put forward are not a surprise, in our view, after the Commission took issue with the capacity conversion ratios, however, we continue to see this as a somewhat discrete issue in the context of the current auction.*

RI/Solar — Committee holds bill on new construction solar requirement for further study

- The Rhode Island House Committee on Corporations held HB5851 for further study following a hearing late last week.
- The bill would require extensive solar resources on new construction and parking lots.
- More HERE.

Guggenheim takeaway: *Minor FYI.*

IL/Nuclear — IL Senate passes bill to lift ban on new nuclear construction

- The legislation now moves over to the House.
- More HERE.

Guggenheim takeaway: *Minor FYI. Absent state support, we do not see Zone 4 or ComEd as supportive of merchant nuclear entry…*

PCG – CPUC modifies schedule for Pacific Generation formation and sale proposal

- CPUC ALJ modified the schedule for briefing in the PacGen formation and sale application, moving dates back by about 1 month.
- Intervenors previously applied for a longer extension to review key testimony and the application impacts, but the CPUC extended dates by around 1 month.
- The final date for reply briefs was moved from August 28, 2023 to October 5, 2023 (PFD 90 days after briefs).
- CPUC Docket: A2209018
- Intervenors previously filed comments in opposition to PCG's plan to form and sell an equity stake in Pacific Generation.
- The comments from consumer advocates and other organizations focused on consumer protection issues and oversight, as well as alleging a lack of information and commitments in the filing to ensure certain protections.
- FERC Docket: EC22-38 (through search)

Guggenheim takeaway:*FYI. The delay is minor but shows the complex nature of the proceeding. The prior comments at FERC and request for extension are not unexpected given the somewhat unique proposal for the formation and sale. Some of the issues seem like a misunderstanding conceptually (i.e., the subsidiary will still be majority owned by PCG*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

and have the same regulatory oversight). The allegations of incomplete information in the filing are more administrative in nature, which could be resolved in the litigated process.

ED – CECONY files updated energy affordability report

- CECONY filed an energy affordability report for CECONY, including breakdowns of low tier customer counts and customers entering and exiting the assistance programs.
- There are no major changes included in the report.
- Docket: 19-G-0066

Guggenheim takeaway:*FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

PPL Corporation (PPL)

Vince Sorgi, *President & Chief Executive Officer*
Andy Ludwig, *VP, Investor Relations*

Dates & Location
April 3 – 4, 2023
Boston

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $20.0bn
PPL Corp. (PPL) engages in the generation, transmission and distribution of electricity. It operates through the two reportable segments: Kentucky Regulated & Pennsylvania Regulated. The Kentucky Regulated segment consists of LKE's regulated electricity generation, transmission and distribution operations of Louisville Gas and Electric Company and Kentucky Utilities Company as well as regulated distribution and sale of natural gas of Louisville Gas and Electric Company. The Pennsylvania Regulated segment consists of the regulated electricity transmission and distribution operations of PPL Electric Utilities Corporation. The company was founded in 1994 and is headquartered in Allentown, PA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Calvin Butler, *President & Chief Executive Officer*
Jeanne Jones, *Chief Financial Officer*
Andrew Plenge, *VP, Investor Relations*

Dates & Location

May 15 – 16, 2023
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information

Market Cap: $42.4bn

Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

GUGGENHEIM

Innovative Solutions.
Enduring Values.℠

Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chairman, President & Chief Executive Officer*
Barbara Tuckfield, *Director Investor Relations*

Dates & Location
June 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $22.4bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment includes various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patti Poppe, *Chief Executive Officer (Tentative)*
Carolyn Burke, *Incoming Chief Financial Officer*
Tom Webb, *Senior Advisor to Chief Executive Officer*
Jonathan Arnold, *Vice President, Investor Relations*

Date & Location
Monday, June 12, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting

Company Information
Market Cap: $39.6bn
PG&E Corp. (PCG) is a holding company that engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in Oakland, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.



Equity Research | Corporate Access

SAVE THE DATE
2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	4/3–4/4	Boston
EXC	5/15–5/16	NYC
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
PNW	6/5–6/6	NYC
DTE	6/7–6/8	NYC
PCG	6/12	NYC
SMR	6/15	NYC
ES	6/21–6/22	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	NYC
AWK	8/9–8/10	West Coast
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Guggenheim Comp Sheet

3/31/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes				'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2022E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																		
ALE	$64.37	3,689	3.38	3.70	4.17	4.56	4.87	3.69	3.70	4.05	4.31	4.83	(0.31)	–	0.13	0.25	0.04	17.5x	17.4x	15.9x	14.9x	13.3x	-4%	-6%	-5%	-5%	8.4%	4.3%	73%	Sell	$54	-12%	Neutral	$65	5%
AVA	$42.45	3,196	1.89	2.28	2.49	2.61	2.67	1.89	2.34	2.48	2.61	2.67	–	(0.06)	–	–	–	22.5x	18.1x	17.1x	16.3x	15.9x	0%	2%	3%	3%	7.6%	4.4%	78%	Sell	$35	-13%	Sell	$39	-4%
NWE	$57.86	3,458	3.18	3.42	3.55	3.75	3.91	3.28	3.45	3.56	3.73	3.88	(0.10)	–	–	–	0.03	17.7x	16.8x	16.2x	15.5x	14.9x	-7%	-4%	-2%	-2%	5.1%	4.4%	74%	Sell	$46	-16%	Buy	$58	4%
POR	$48.89	4,373	2.74	2.68	3.00	3.15	3.31	2.78	2.66	3.03	3.19	3.35	(0.04)	–	–	(0.04)	(0.04)	17.6x	18.4x	16.2x	15.4x	14.6x	2%	-4%	-3%	-3%	5.0%	3.9%	69%	Buy	$54	14%	Buy	$53	12%
		14,716																18.8x	17.7x	16.4x	15.5x	14.7x	-2%	-3%	-2%	-2%	6.6%	4.2%	73%						
Mid/Large Cap Electric																																		
AEE	$86.39	22,675	4.14	4.35	4.67	5.05	5.40	4.08	4.36	4.68	5.02	5.36	0.06	–	–	–	0.04	21.2x	19.8x	18.5x	17.2x	16.1x	10%	10%	9%	9%	6.5%	3.0%	58%	Neutral	$89	6%	Buy	$92	9%
AEP	$90.99	46,806	5.09	5.30	5.64	6.00	6.39	5.01	5.28	5.62	5.97	6.34	0.08	–	–	–	0.05	18.2x	17.2x	16.2x	15.2x	14.3x	-5%	-4%	-3%	-3%	6.0%	3.7%	63%	Buy	$105	19%	Buy	$102	16%
CMS	$61.38	17,878	2.89	3.12	3.41	3.65	3.91	2.88	3.10	3.35	3.63	3.89	–	–	0.06	–	–	21.3x	19.8x	18.3x	16.9x	15.8x	9%	9%	7%	7%	8.1%	3.3%	63%	Neutral	$68	14%	Buy	$67	13%
CNP	$29.46	18,543	1.38	1.51	1.62	1.74	1.89	1.38	1.49	1.62	1.73	1.85	–	–	–	–	0.04	21.3x	19.8x	18.2x	17.0x	15.9x	9%	8%	8%	8%	8.2%	2.6%	50%	Neutral	$32	11%	Buy	$32	10%
D	$55.91	46,699	4.11	4.15	3.75	3.97	4.24	4.11	3.91	3.78	3.97	4.51	–	0.24	(0.03)	–	(0.27)	13.6x	14.3x	14.8x	14.1x	12.4x	-21%	-12%	-11%	-11%	1.8%	4.8%	69%	Buy	$63	17%	Neutral	$61	15%
DTE	$109.54	22,577	6.10	6.26	6.73	7.19	7.75	6.01	6.24	6.70	7.17	7.73	0.09	–	0.03	–	–	18.2x	17.6x	16.4x	15.3x	14.2x	-3%	-3%	-3%	-3%	6.4%	3.6%	61%	Buy	$131	23%	Buy	$127	20%
DUK	$96.47	74,344	5.27	5.65	6.05	6.35	6.75	5.30	5.63	5.98	6.33	6.71	–	–	0.07	–	0.04	18.2x	17.1x	16.1x	15.2x	14.4x	-5%	-4%	-3%	-3%	6.3%	4.3%	72%	Buy	$114	22%	Buy	$106	15%
ED	$95.67	33,967	4.57	4.82	5.18	5.40	5.71	4.55	4.86	5.20	5.48	5.81	–	(0.04)	–	(0.08)	(0.10)	21.0x	19.7x	18.4x	17.5x	16.5x	9%	9%	11%	11%	5.5%	3.4%	66%	Neutral	$86	-7%	Sell	$89	-3%
EIX	$70.59	27,010	4.63	4.70	4.94	5.36	5.70	4.58	4.74	5.16	5.54	5.90	0.05	(0.04)	(0.22)	(0.18)	(0.20)	15.4x	14.9x	13.7x	12.7x	12.0x	-18%	-19%	-19%	-19%	5.7%	4.2%	62%	Buy	$75	10%	Buy	$71	5%
ES	$78.26	27,287	4.09	4.34	4.75	5.04	5.37	4.10	4.36	4.67	5.00	5.33	–	–	0.08	0.04	0.04	19.1x	17.9x	16.8x	15.7x	14.7x	-1%	-1%	-1%	-1%	6.9%	3.5%	62%	Buy	$91	20%	Buy	$87	15%
ETR	$107.74	22,851	6.42	6.71	7.16	7.76	8.31	6.39	6.72	7.20	7.74	8.28	–	–	(0.04)	–	–	16.9x	16.0x	15.0x	13.9x	13.0x	-11%	-11%	-12%	-12%	6.9%	4.1%	64%	Buy	$128	23%	Buy	$120	16%
EVRG	$61.12	14,032	3.71	3.65	3.97	4.24	4.47	3.65	3.64	3.96	4.22	4.46	0.06	–	–	–	–	16.7x	16.8x	15.4x	14.5x	13.7x	-7%	-8%	-8%	-8%	5.1%	4.1%	68%	Buy	$72	22%	Neutral	$64	9%
EXC	$41.89	41,651	2.27	2.36	2.50	2.74	2.93	2.26	2.36	2.51	2.73	2.93	–	–	–	–	–	18.5x	17.7x	16.7x	15.3x	14.3x	-2%	-1%	-3%	-3%	6.4%	3.5%	61%	Neutral	$45	11%	Buy	$45	12%
FE	$40.06	22,924	2.41	2.54	2.69	2.89	3.07	2.44	2.52	2.67	2.83	2.96	(0.03)	–	–	0.06	0.11	16.4x	15.9x	15.0x	14.1x	13.5x	-12%	-11%	-10%	-10%	6.3%	4.0%	62%	Buy	$46	19%	Buy	$43	12%
LNT	$53.40	13,411	2.80	2.90	3.08	3.27	3.50	2.80	2.90	3.15	3.28	3.47	–	–	(0.07)	–	–	19.1x	18.4x	16.9x	16.3x	15.4x	2%	0%	3%	3%	5.6%	3.5%	62%	Neutral	$52	1%	Neutral	$57	10%
OGE	$37.66	7,543	2.16	2.02	2.16	2.25	2.37	2.09	2.01	2.13	2.30	2.39	0.07	–	0.03	(0.05)	–	18.0x	18.7x	17.7x	16.3x	15.8x	4%	5%	4%	4%	2.8%	4.5%	82%	Neutral	$38	5%	Neutral	$38	6%
PCG	$16.17	32,153	1.10	1.22	1.37	1.47	1.61	1.10	1.21	1.34	1.47	1.58	–	–	–	–	–	14.7x	13.3x	12.0x	11.0x	10.2x	-26%	-29%	-30%	-30%	9.7%	0.7%	9%	Buy	$22	37%	Buy	$18	12%
PEG	$62.45	31,148	3.47	3.45	3.67	4.10	4.29	3.46	3.44	3.70	4.05	4.32	–	–	–	0.05	–	18.1x	18.2x	16.9x	15.4x	14.5x	0%	0%	-2%	-2%	5.8%	3.7%	66%	Buy	$68	13%	Buy	$66	9%
PNW	$79.24	8,968	4.26	4.05	4.60	4.80	5.05	4.31	4.10	4.73	4.92	5.14	(0.05)	(0.05)	(0.13)	(0.12)	(0.09)	18.4x	19.3x	16.8x	16.1x	15.4x	7%	-1%	2%	2%	4.7%	4.5%	83%	Neutral	$77	2%	Neutral	$74	-2%
PPL	$27.79	20,472	1.41	1.58	1.71	1.82	1.96	1.41	1.59	1.70	1.83	1.95	–	–	–	–	–	19.8x	17.5x	16.3x	15.2x	14.3x	-3%	-3%	-4%	-4%	8.1%	3.5%	60%	Buy	$34	26%	Buy	$31	16%
SO	$69.58	75,948	3.60	3.60	4.05	4.30	4.55	3.58	3.61	4.02	4.29	4.52	–	–	0.03	–	–	19.4x	19.3x	17.3x	16.2x	15.4x	7%	3%	3%	3%	5.9%	4.0%	76%	Buy	$73	9%	Neutral	$71	6%
WEC	$94.79	29,900	4.45	4.60	4.91	5.24	5.61	4.40	4.60	4.90	5.26	5.62	0.05	–	–	–	–	21.6x	20.6x	19.3x	18.0x	16.9x	14%	15%	14%	14%	6.1%	3.3%	67%	Neutral	$99	8%	Buy	$102	11%
Mid/Lg Cap (excl. EIX, PCG)																		**18.7x**	**18.1x**	**16.9x**	**15.8x**	**15.8x**						**6.0%**	**3.7%**	**66%**						
SMID + Lg Cap		**673,504**																**18.8x**	**18.0x**	**16.8x**	**15.7x**	**14.8x**						**6.1%**	**3.8%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	2026E	Consensus 2022E	2023E	2024E	2025E	2026E	Δ vs Consensus (>$0.02) 2022E	2023E	2024E	2025E	2026E	Implied P/E Multiple 2022E	2023E	2024E	2025E	2026E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$38.40	4,208	2.20	2.32	2.50	2.63	2.76	2.18	2.28	2.44	2.59	2.75	–	0.04	0.06	0.04	–	17.6x	16.8x	15.7x	14.8x	14.0x	-7%	-7%	-6%	-6%	6%	3.8%	62%	Neutral	$42	13%	Sell	$38	4%
NEE	$77.08	153,196	2.90	3.13	3.43	3.69	3.99	2.88	3.11	3.39	3.67	4.02	–	–	0.04	–	(0.03)	26.7x	24.8x	22.7x	21.0x	19.2x	37%	35%	33%	33%	8%	2.5%	60%	Buy	$96	27%	Buy	$93	24%
SRE	$151.16	47,563	9.21	9.00	9.50	10.13	10.80	8.86	8.97	9.57	10.16	10.92	0.35	0.03	(0.07)	–	(0.12)	17.1x	16.9x	15.8x	14.9x	13.8x	-7%	-6%	-6%	-6%	5%	3.3%	54%	Buy	$174	18%	Buy	$168	14%
		204,966																20.5x	19.5x	18.1x	16.9x	15.7x	8%	7%	7%	7%	6.2%	3.2%	59%						
Gas LDCs																																			
NI	$27.96	11,534	1.47	1.57	1.68	1.82	1.95	1.45	1.56	1.67	1.79	1.95	–	–	–	–	–	19.2x	17.9x	16.7x	15.6x	14.3x	-0%	-0%	-1%	-1%	7%	3.7%	64%	Buy	$31	15%	Buy	$31	14%
CPK	$127.99	2,275	5.05	5.42	5.84	6.23	6.59	4.95	5.41	5.82	6.24	6.59	0.10	–	–	–	–	25.9x	23.6x	22.0x	20.5x	19.4x	31%	31%	30%	30%	7%	1.8%	42%	Neutral	$116	-8%	Buy	$135	8%
NJR	$53.20	5,154	2.50	2.67	2.65	2.85	3.05	2.45	2.70	2.75	2.93	3.15	0.05	(0.03)	(0.10)	(0.08)	(0.10)	21.7x	19.7x	19.3x	18.1x	16.9x	9%	15%	15%	15%	6%	3.0%	59%	Neutral	$46	-10%	Neutral	$51	-1%
NWN	$47.56	1,669	2.54	2.65	2.83	2.98	3.09	2.55	2.65	2.78	2.99	3.05	–	–	0.05	–	0.04	18.7x	17.9x	17.1x	15.9x	15.6x	-0%	2%	1%	1%	5%	4.1%	73%	Neutral	$45	-1%	Buy	$54	18%
OGS	$79.23	4,547	4.08	4.14	4.24	4.53	4.98	4.07	4.14	4.31	4.59	4.98	–	–	(0.07)	(0.06)	–	19.5x	19.2x	18.4x	17.3x	15.9x	6%	10%	10%	10%	5%	3.3%	63%	Neutral	$77	1%	Neutral	$79	3%
SR	$70.14	3,686	3.86	4.25	4.31	4.57	4.73	3.89	4.26	4.32	4.59	4.81	–	–	–	–	(0.08)	18.1x	16.5x	16.2x	15.3x	14.6x	-9%	-3%	-3%	-3%	5%	4.2%	69%	Neutral	$69	3%	Neutral	$71	6%
		28,865																20.5x	19.1x	18.3x	17.1x	16.1x	6%	9%	9%	9%	5.8%	3.4%	62%						
Regulated Water																																			
AWK	$146.49	28,513	4.51	4.76	5.14	5.59	5.98	4.47	4.78	5.14	5.59	6.04	0.04	–	–	–	(0.05)	32.8x	30.7x	28.5x	26.2x	24.3x	70%	69%	66%	66%	7%	1.9%	60%	Neutral	$152	6%	Neutral	$159	10%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	2026E	Consensus 2022E	2023E	2024E	2025E	2026E	Δ vs Consensus (>$20m) 2022E	2023E	2024E	2025E	2026E	Implied EV/EBITDA Multiple 2022E	2023E	2024E	2025E	2026E	Enterprise Value 2023E	2024E	2025E	2026E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$78.50	25,643	2,667	3,100	3,254	3,333	3,455	2,578	3,054	3,469	3,588	3,362	89	46	(215)	(255)	93	11.7x	9.5x	8.0x	7.3x	–	29,058	27,627	26,170	24,663	7.7%	1.5%	28%	Buy	$110	42%	Buy	$98	27%
NRG	$34.29	7,965	1,754	3,084	3,136	3,140	n/a	1,783	2,777	2,873	2,870	2,820	(29)	307	263	270	–	7.7x	6.3x	5.7x	5.1x	–	17,528	16,260	14,736	–	21.4%	4.5%	28%	Neutral	$34	4%	Neutral	$38	16%
VST	$24.00	9,155	3,115	3,725	3,784	3,716	3,465	3,074	3,601	3,879	3,850	3,865	41	124	(95)	(134)	(399)	6.8x	5.9x	5.4x	5.2x	–	21,421	20,896	20,034	19,366	6.1%	3.5%	27%	Buy	$31	33%	Buy	$32	35%
Other																																			
ALTO	$1.50	113	13	24	40	46	42	16	27	47	262	316	–	–	–	(216)	(275)										54.8%	–	–	Buy	$9	500%	Buy	$7	367%
NEP	$60.75	5,259	1,649	1,837	1,977	2,143	2,325	1,728	1,902	2,072	2,134	2,390	(79)	(65)	(95)	–	(65)										9.1%	5.9%	–	Buy	$81	39%	Buy	$85	46%
SMR	$9.09	635	(188)	(100)	(57)	8	96	(133)	(130)	(85)	(31)	55	(55)	30	28	39	41											–	–	Buy	$18	98%	Buy	$14	49%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

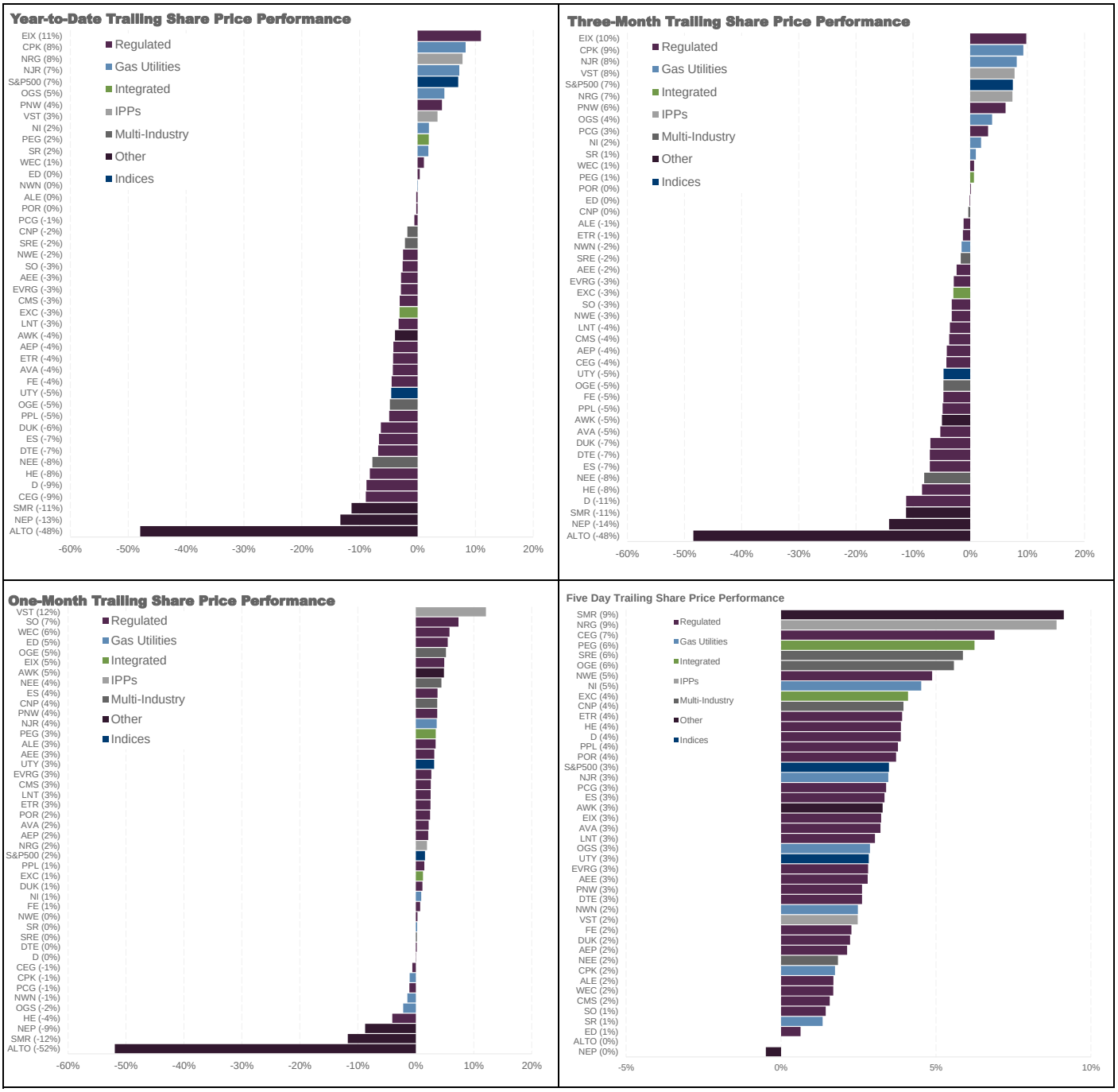

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Generation and Mix

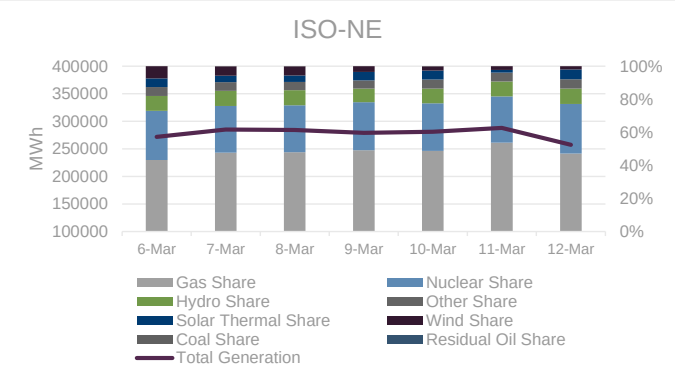

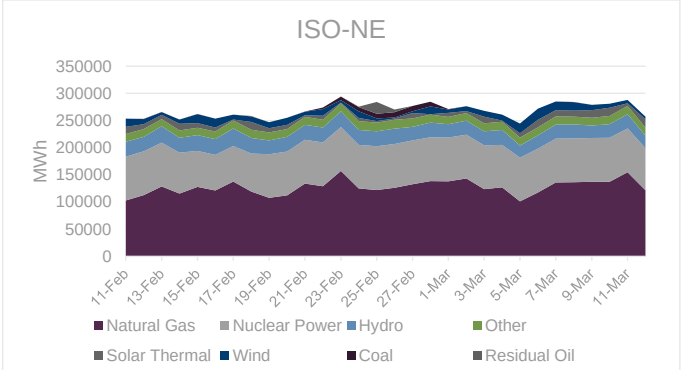

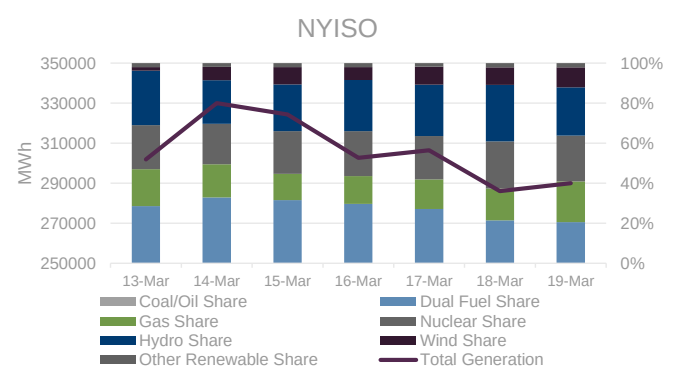

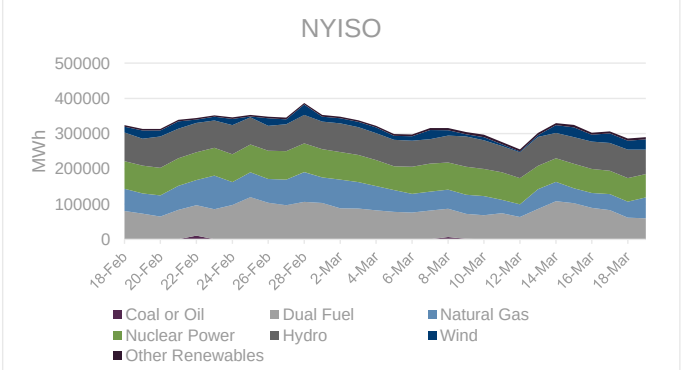

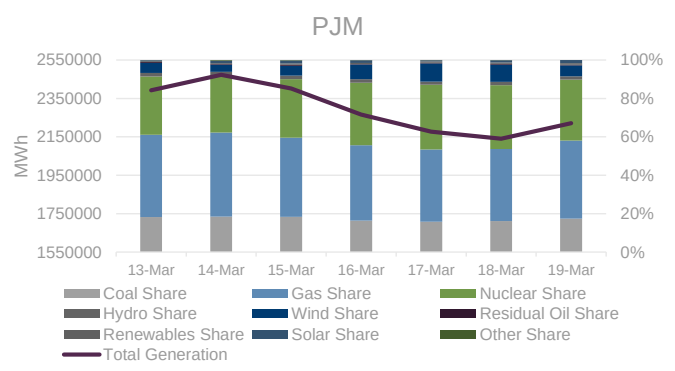

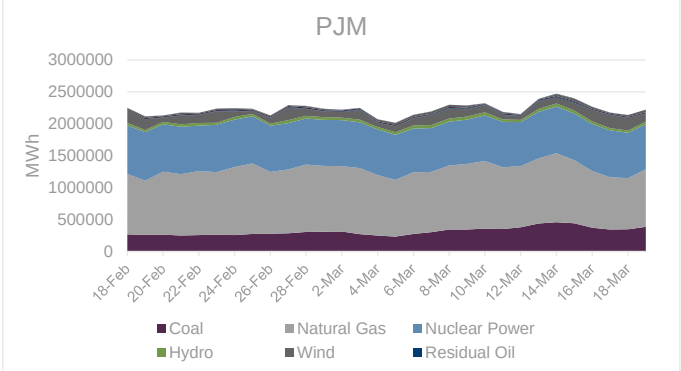

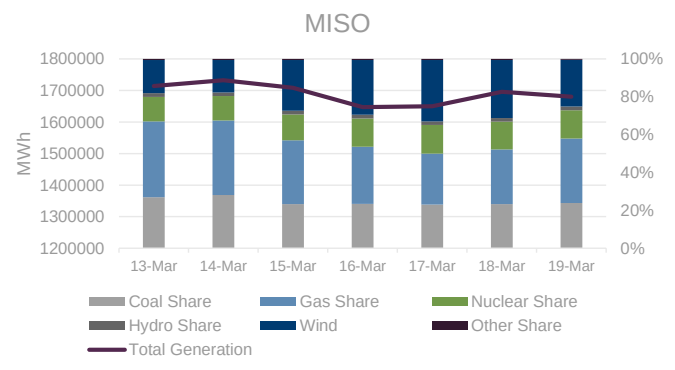

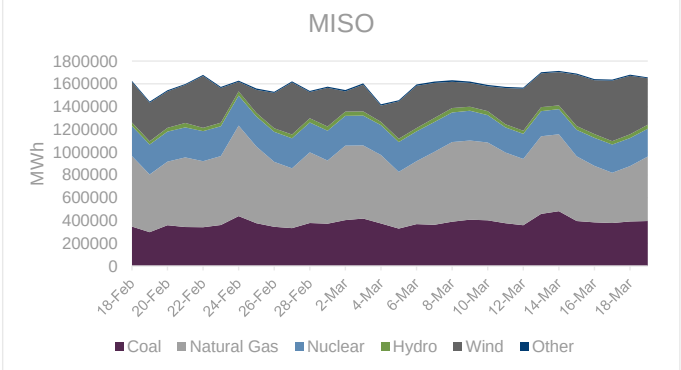

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Generation and Mix (continued)

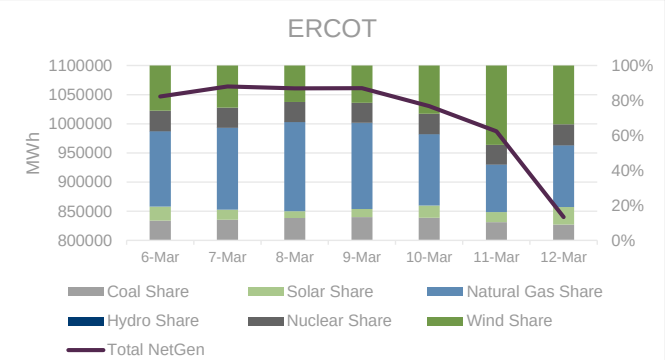

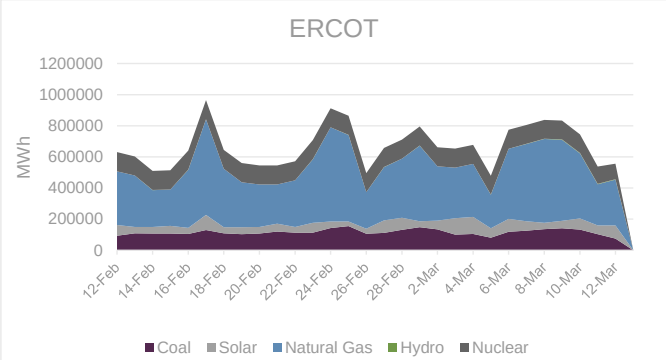

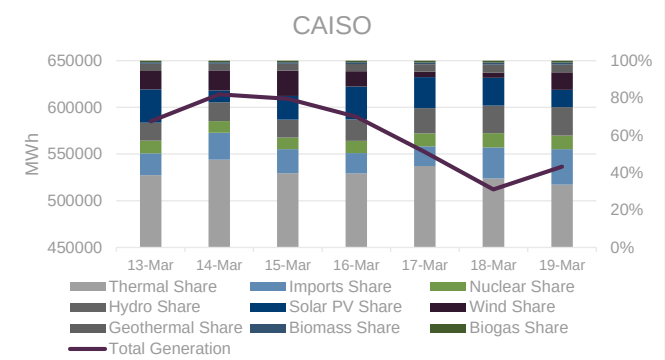

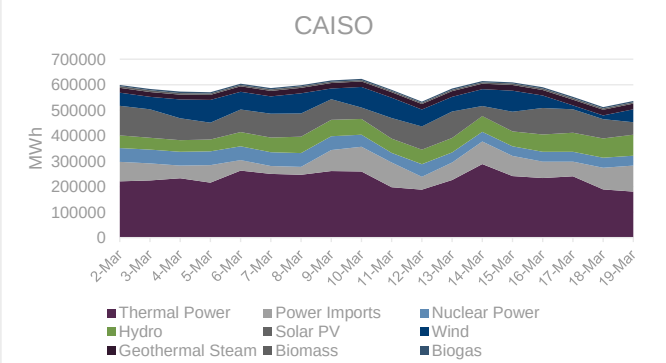

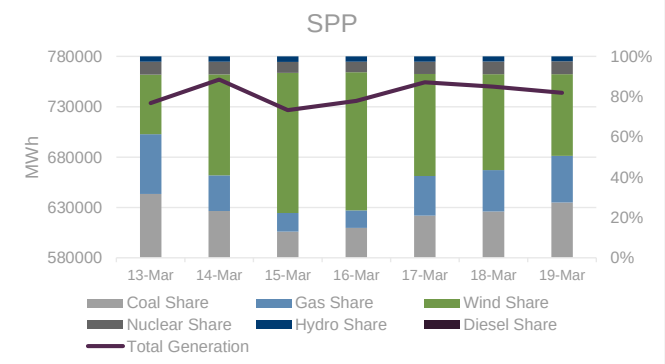

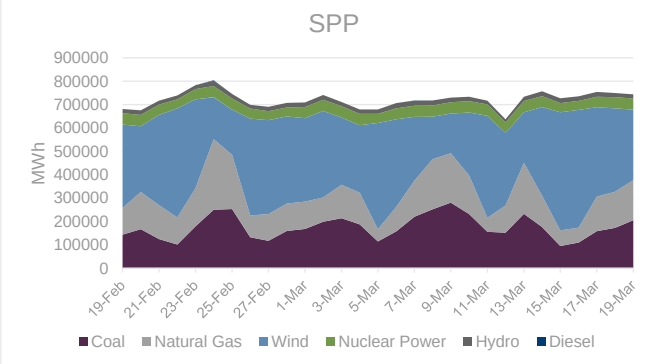

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Weather

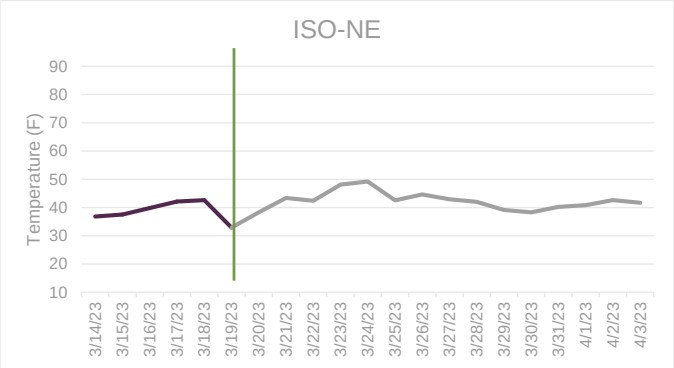

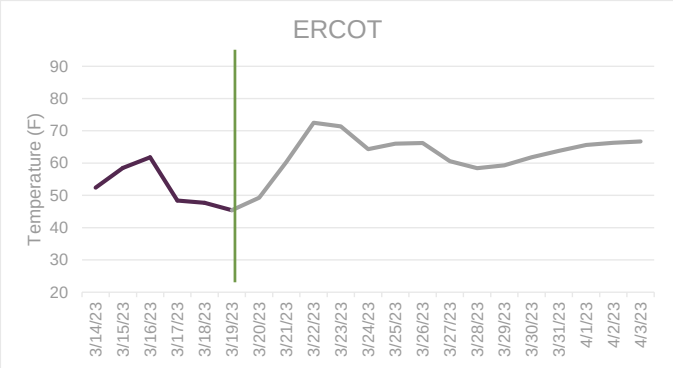

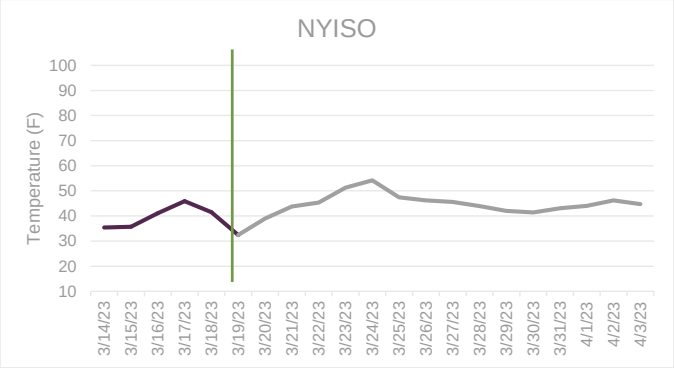

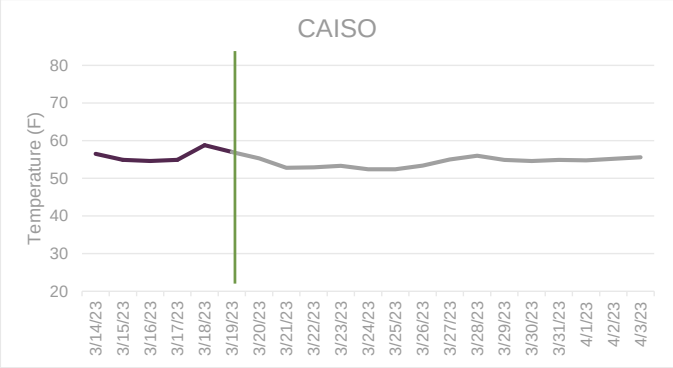

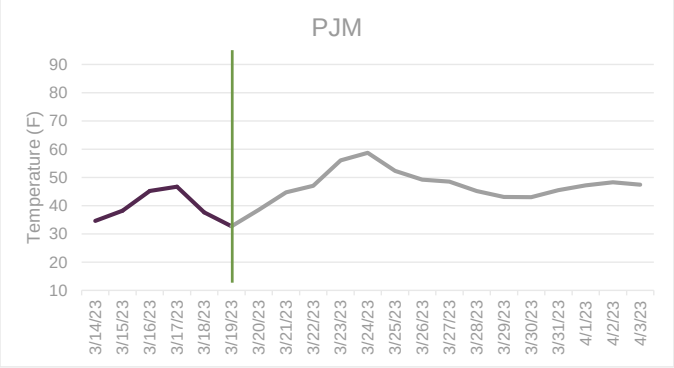

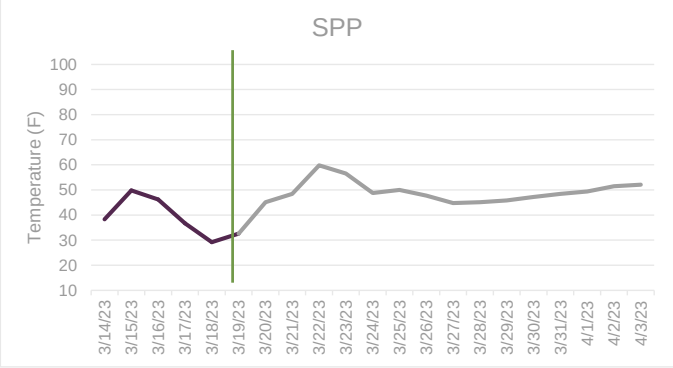



Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

YTD Peak Load

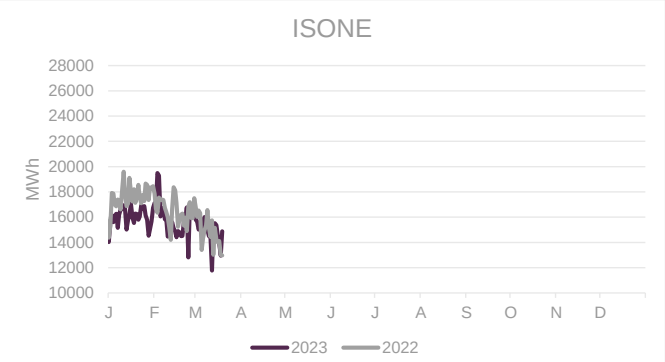

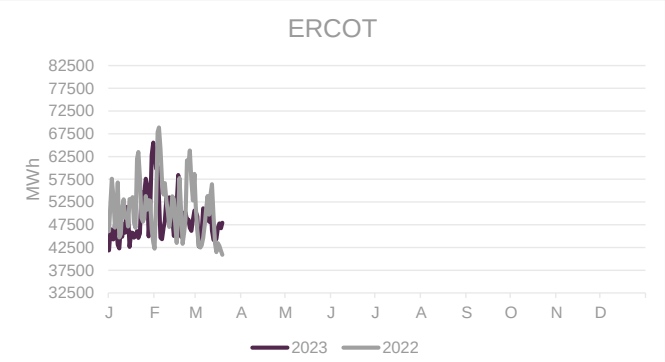



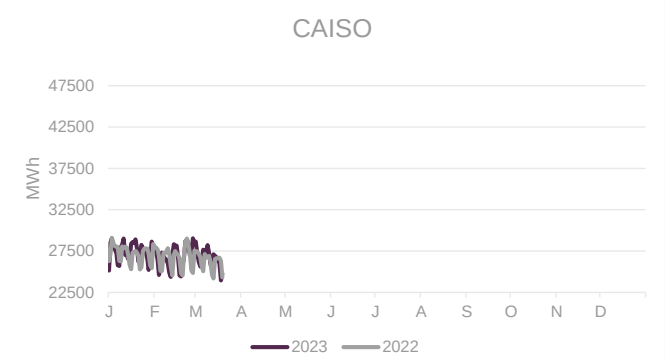

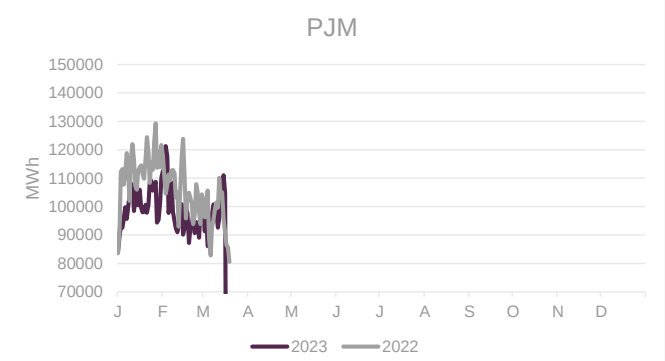

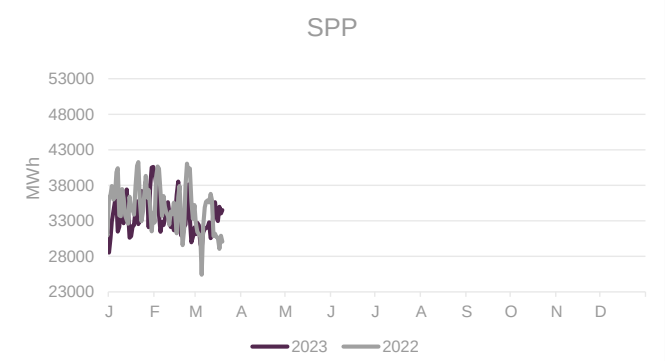

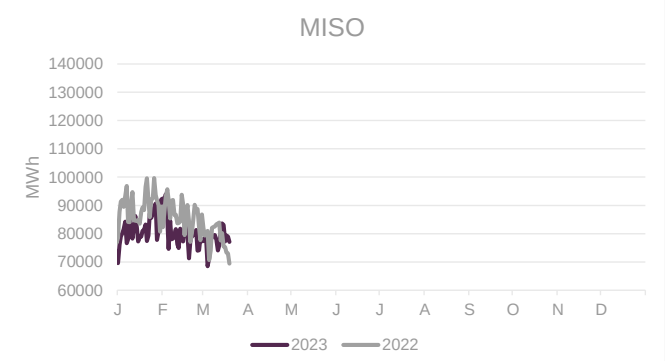

Average Deviation in Peak Load vs Prior Year

RTO/ISO	1Q22	2Q22	3Q22	4Q22	1Q23
ISONE	1.5%	-1.2%	5.1%	-0.9%	-4.7%
NYISO	2.1%	-0.1%	3.5%	-0.7%	-4.9%
PJM	3.9%	3.8%	0.2%	2.1%	-6.9%
MISO	4.0%	5.0%	0.1%	0.7%	-5.9%
CAISO	1.6%	1.2%	4.0%	0.3%	0.8%
ERCOT	13.7%	19.1%	7.9%	7.4%	-2.8%
SPP	5.9%	9.7%	5.0%	7.1%	-2.5%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/31/2023-6/30/2023)

Date	State	Ticker	Utility/Event	Docket	Description
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/15/2023-4/15/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
3/29/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Company to submit annual information filing
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Company to submit annual information filing
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision may be issued in Rider US 3 proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
4/1/2023-4/30/2023	KS	EVRG	Evergy Kansas Central Inc.		Rate case filing expected
4/1/2023-4/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearing examiner's report may be issued in Rider GT update proceeding
4/1/2023-4/30/2023	WI	LNT	Wisconsin Power and Light Co		Rate case expected to be filed early Q2'23
4/3/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Hearing to begin in rate proceeding
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Final day for stipulations, settlement agreements
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Final day for stipulations, settlement agreements
4/4/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Rebuttal testimony due in rate proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Staff to file testimony in Rider RGGI reinstatement proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Rebuttal testimony due in Rider SNA adjustment proceeding
4/7/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Staff to file testimony in G-RAC proceeding
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Hearing commences
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Hearing commences
4/12/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Staff to filed testimony in Rider OSW update proceeding
4/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Company rebuttal testimony due in rate proceeding
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Supplemental direct testimony due
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Supplemental direct testimony due
4/14/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Company rebuttal testimony due by
4/17/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Staff, intervenor testimony due
4/18/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Settlement conference to be held in rate proceeding
4/19/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Staff to file testimony in Rider DSM proceeding
4/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
4/21/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Rebuttal testimony due in G-RAC proceeding
4/26/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Rebuttal testimony due in Rider OSW update proceeding
4/28/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Staff testimony due in rate case
5/1/2023-5/31/2023	CA	EIX	Southern California Edison Co.		General rate case to be filed
5/1/2023-5/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0203 (ISRS)	Decision possible in ISRS proceeding
5/1/2023-5/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearings scheduled in Rider RGGI reinstatement proceeding
5/2/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Staff and intervenor testimony due in rate proceeding
5/2/2023-5/3/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearings scheduled in G-RAC proceeding
5/5/2023	IL	AEE	Ameren Illinois	D-23-0067	Staff and intervenor testimony due in rate proceeding
5/8/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Rebuttal testimony due
5/9/2023	IL	SO	North Shore Gas Co.	D-23-0068	Staff and intervenor testimony due in rate proceeding
5/9/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Hearing to begin in rate proceeding
5/9/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Hearing to begin in rate proceeding
5/9/2023-5/10/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearings scheduled in Rider OSW update proceeding
5/11/2023	IL	AEE	Ameren Illinois	D-23-0082	Staff and intervenor testimony due in rate proceeding
5/16/2023-5/17/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearings scheduled in Rider DSM proceeding
5/18/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Staff and intervenor testimony due in rate proceeding
5/21/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Intervening parties to file testimony in Rider E update proceeding
5/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on power cost update due
5/25/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
5/31/2023	NY	ED	Orange & Rockland Utlts Inc.		Long-term gas system plan to be filed
5/31/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Company rebuttal testimony due in rate proceeding
5/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Decision expected in Rider GT proceeding
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearing Examiner report may be issued in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Hearing examiner report may be issued in Rider SNA adjustment proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/2/2023	IL	AEE	Ameren Illinois	D-23-0067	Company rebuttal testimony due in rate proceeding
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	239	66.20%	46	19.25%
NEUTRAL	113	31.30%	10	8.85%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 04-May-2023 04:19 PM.

J.P.Morgan

North America Equity Research
09 June 2023

Exelon Corp.

I'd Walk a Thousand Miles (of Wires): Low-Risk T&D Story Shines amid Energy Transition Grid Needs

Overweight

EXC, EXC US
Price (08 Jun 23):$40.13

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com

Robin L Shillock
(1-212) 622-8223
robin.shillock@jpmchase.com
J.P. Morgan Securities LLC

Exelon stands out as a pure-play regulated utility with an advantaged T&D portfolio carrying leverage to infrastructure renewable efforts across an aging urban network and long-term electrification tailwinds. Years of regulatory engagement have yielded multi-year plan frameworks in MD and DC, now moving onto their second phases, leaving favorable PA regulation as the primary traditional ratemaking exposure among EXC's larger utilities. While IL's regulatory transition under CEJA has contributed to some ROE and capex uncertainty, we see EXC as well positioned to realize durable, multi-decade grid hardening, reliability, and transformation investment needs that extend well beyond rate cycles and the company's current five-year plan. Given these themes, the low volatility of EXC's T&D utilities, sufficient 100-200bp of balance sheet cushion, and the company's attractive 6-8% EPS growth underpinned by a top-tier 8% rate base CAGR, we see clear upside to a sustainable premium versus EXC's current -5% P/E discount in 2025. Here, we expect further de-risking IL will contribute to an overall re-rating. As such, EXC represents our preferred GARP utility.

- **Finish line in sight for IL regulatory transition.** With Staff testimony filed for ComEd's multi-year plan application, we see IL debates across ROE, cap structure, and capex at their peak. Across these, 1) cap structure does not carry a significant delta at 50.0% versus EXC's 50.6-51.2%, 2) ROE screens as a narrower issue than implied under Staff's proposed formula given recent stakeholder comments critical of ROE formulas, and 3) we expect EXC to make a strong case for its capital and ultimately reallocate across its footprint for any shortfalls. As such, we anticipate the filing will yield a constructive outcome supportive of EXC's 6-8% EPS growth, with case completion later this year also boosting regulatory confidence in the company's outlook that is positive for an overall re-rating.
- **No shortage of capital opportunities across this wires story.** While the energy transition carries discrete generation capex needs for vertically integrated utilities, EXC's wires-only profile benefits from grid investment in support of this broader transition, magnified by infrastructure renewal needs across its aging urban core. Management has focused on balancing the overall transition pace to manage bills, which also showcases inherent upside as electrification tailwinds take hold into the next decade. EXC's IL, MD, and DC operations all carry exposure to pro-transition policies, which appear now to be accelerating in MD after last year's election. We see this creating a clear runway for EXC's top-tier 8% rate base CAGR and firmly supportive of 6-8% EPS growth after modest offsets for parent debt and equity financing needs.
- **Attractive valuation amid these premium elements.** At the company's current -5% 2025 P/E discount, we highlight upside to high-quality peers AEE, CMS, WEC, and XEL, which carry a 9-13% premium currently. We expect de-risking IL with a rate order will support outer-year estimates and boost EXC's relative multiple.

See page 2 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
23-Jul-20	N	38.98	44
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45
27-Dec-22	OW	43.04	49
25-Jan-23	OW	41.51	48
08-Mar-23	OW	41.00	47
21-Apr-23	OW	43.00	50
06-Jun-23	OW	39.98	46

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), NorthWestern Energy (NWE), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

J.P. Morgan Equity Research Ratings Distribution, as of April 01, 2023

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	47%	38%	15%
IB clients**	47%	44%	34%
JPMS Equity Research Coverage*	46%	41%	13%
IB clients**	66%	65%	53%

***Please note that the percentages might not add to 100% because of rounding.**

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.**
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Spurthi Gadamsetty; spurthi.gadamsetty@jpmchase.com; +912261573225. Grievance Officer: Ramprasadh K, jpmipl.research.feedback@jpmorgan.com; +912261573000.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 060/08/2022 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring: https://www.jpmorgan.com/disclosures/email

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2023. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to msci.com/disclaimer

"Other Disclosures" last revised May 13, 2023.

Copyright 2023 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

Completed 09 Jun 2023 11:22 AM EDT

Disseminated 09 Jun 2023 12:00 PM EDT

Goldman Sachs | Equity Research

7 June 2023 | 4:35PM EDT

Americas Utilities

Initiating on 10 Utilities: Enablers of Decarbonization and Grid Transformation; Buy AEP, NEE, SO, SRE, and XEL

Carly Davenport
+1(212)357-1914 | carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+91(22)6616-9131 | jaskaran.jaiya@gs.com
Goldman Sachs India SPL

Shuaib Joomun
+1(801)212-7241 | shuaib.joomun@gs.com
Goldman Sachs & Co. LLC

Over the past twenty years, the US electric grid has experienced dramatic change. In the early 2000s, there was a rapid shift from coal to natural gas and a move away from highly deregulated business models. In the past decade, there has been rapid adoption of renewables, which have moved to 30% of generation capacity. Looking forward, we see an attractive investment opportunity set, derisked by the Inflation Reduction Act (which has created incentives for utilities to transition away from fossil fuels to renewables), with potential to transform the earnings growth and shareholder base across Utilities, driving potential for stronger multiple premiums over time. We see a 27% increase in capital investment over the next five years versus the prior five, which contributes to a 5-year EPS CAGR of 6%, versus the 10-year average of 4%.

In this report, we explore the next phase for US Utilities, as many companies become **Decarbonization Enablers**, not only for the power sector, but for other companies, industries, and states with decarbonization targets. We believe these models will drive value from several clear mega-themes: (1) **Clean Technology**, via renewables and other energy transition technologies; (2) **Nuclear**, which provides a source of zero carbon, firm power; (3) **Grid Reliability**, which will require investments in transmission to support renewables; and (4) **LNG**, which could help drive global coal displacement, all while balancing **Affordability,** which we believe will be key to constructive regulatory outcomes enabling continued investment.

With these themes in mind, we recommend investors:

- **Buy Southern Co. (SO)** for Nuclear earnings growth
- **Buy NextEra Energy (NEE)** for Renewables growth
- **Buy Xcel Energy (XEL) and American Electric Power (AEP)** for Grid Reliability investments (e.g., transmission)
- **Buy Sempra Energy (SRE)** for LNG upside

We initiate with a **Neutral** rating on **Duke Energy Corp (DUK)**, **Dominion Energy (D)**, and **Public Service Enterprise Group (PEG)** and a **Sell** rating on **ConEdison (ED)** and **Exelon (EXC)** as they screen less attractive on valuation and exposure to

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

the themes identified above.

Portfolio Manager's Summary

The transformation of the US power grid is under way. By 2032, we expect more than 45% of the power generation capacity in the US to be from renewable sources and 6% from coal, relative to 30%/16% today and 17%/27% in 2012. As the power generation mix changes and the Energy transition progresses, particularly following the passing of the Inflation Reduction Act, we believe utilities are uniquely positioned to facilitate this shift and address associated challenges in a way that creates a cleaner power grid while maintaining reliability and customer affordability. This shift will require a significant amount of capital investment, which we believe will contribute to attractive earnings and rate base growth in the coming years.

As we look across the landscape, we see several clear themes that represent investment opportunities for utilities through clean technology (wind/solar, energy storage, hydrogen, RNG), nuclear power (PTC/additions/life extensions/SMRs), LNG project additions (contributing to global coal displacement/cash flow to fund utility growth), and transmission build out (to replace aging infrastructure and support renewable power additions). In order to execute on these investment themes, we believe alignment with regulators will be key in order to maintain customer affordability and deliver on state level decarbonization goals. We expect these opportunities to drive a robust capital investment program at utilities, with our 2023-2027 capex estimates across our coverage about $93 bn, or ~27%, higher than the capital spent during the prior 5-year period. We expect this robust capital investment opportunity, largely driving rate base growth, will contribute to a 5-year EPS CAGR of 6% on average across our coverage, versus the 10-year average of 4%.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 1: We highlight several key mega themes that we believe will drive utilities investment going forward, driving our Buy rating on NEE, SO, SRE, AEP, and XEL
Key themes and Buy rated stocks

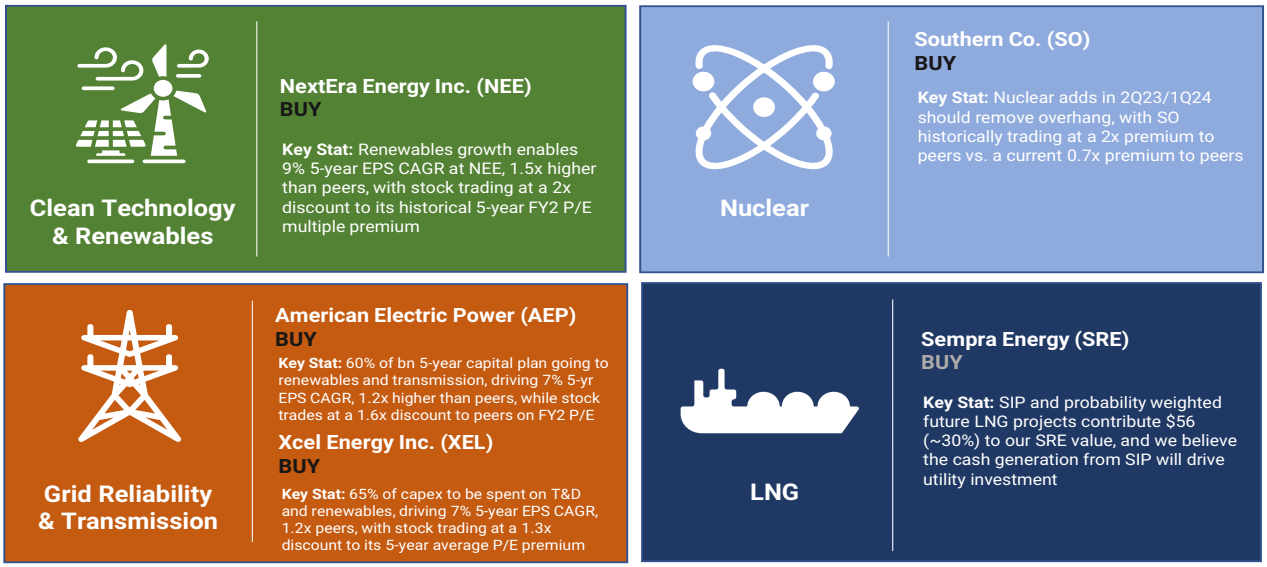

Source: Goldman Sachs Global Investment Research

Exhibit 2: Dependence on coal is expected to reduce to just 6% as utilities move towards renewables
Generation Capacity Mix by year (%)

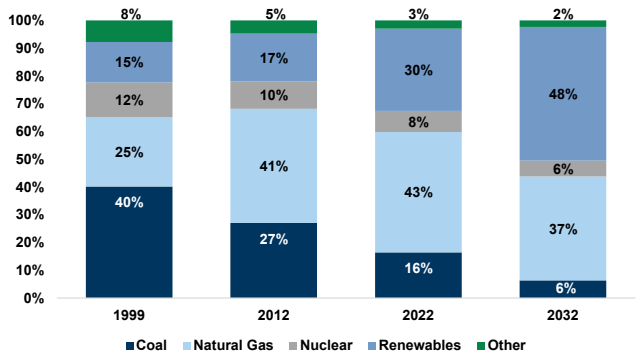

Source: SNL Financial, Data compiled by Goldman Sachs Global Investment Research

Exhibit 3: Over the next five years, we expect our coverage to invest about $93 bn more than the previous five years, and we see upside risk to estimates, particularly in the out years
Coverage Capex, $ bn

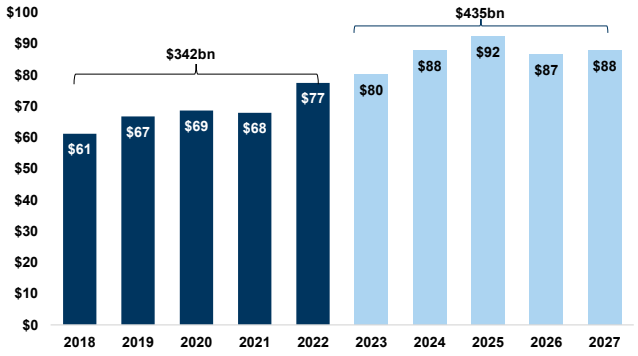

Source: Company data, Goldman Sachs Global Investment Research, SNL

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 4: We see a 6% 5-year EPS CAGR on average across our coverage, and 7% for Buy rated stocks, versus the 10 year historical of 4%
EPS CAGR, %

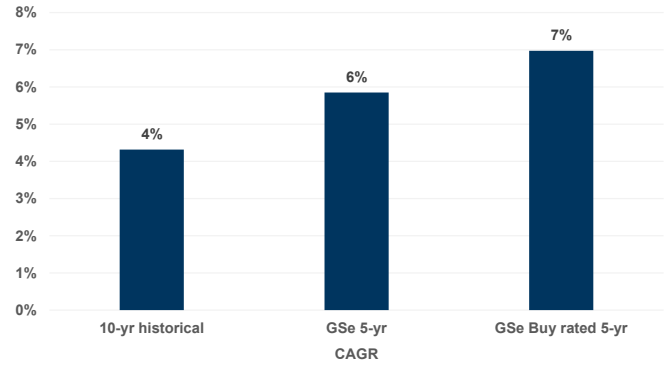

Source: Goldman Sachs Global Investment Research, FactSet

With this robust opportunity set, we believe US Utilities are entering into a new phase as Decarbonization Enablers, not only for the power sector, but for other companies, industries, and states seeking to reach decarbonization targets. Over the past 20 years, we believe utilities have experienced other periods of transformation that drove value creation for the sector, including the meaningful shift towards natural gas and away from coal from 2002-2012 along with some movement away from highly deregulated business models that created elevated volatility and financial stress, followed by the rapid adoption of renewable energy sources that we have seen over the past decade, which have reached about 30% of the electric capacity mix as of 2022. We view the investment, rate base, and earnings growth opportunities presented in the current environment as even stronger than what we have seen in recent history, and thus see an opportunity for attractive value creation.

With this backdrop in mind, we are initiating coverage on 10 US Power & Utilities companies: NextEra Energy (NEE), Duke Energy (DUK), Consolidated Edison (ED), Southern Company (SO), Sempra Energy (SRE), Public Service Enterprise Group (PEG), Dominion Energy (D), American Electric Power (AEP), Exelon Corp (EXC) and Xcel Energy (XEL). We initiate with a Buy rating on NEE, SRE, SO, AEP, and XEL; a Neutral rating on DUK, D, and PEG; and a Sell rating on ED and EXC.

We prefer stocks with idiosyncratic drivers and leverage to key themes we believe will contribute to broader decarbonization trends that are driving robust capex growth, thus contributing to rate base and earnings growth in the next 1-3 years, and providing an attractive catalyst path. With that said, we recognize utilities have historically been a macro levered space, and we do believe that from an earnings perspective, elevated costs due to inflation, higher interest rates, mild weather to start the year, and increased regulatory uncertainty in the face of customer affordability concerns could drive utilities to have a more challenging 2023. However, we believe this is broadly reflected in numbers, where we are in line with FactSet consensus. As we move through 2023 and investors look to 2024/2025 earnings, we see 6%/7% EPS growth on average across our coverage. We note we are 1%/3% above consensus EPS in 2025 for our

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

coverage/Buy rated stocks, respectively.

What's new?

Within, we introduce our stock selection framework for our Utilities coverage based on thematic exposure, valuation/catalyst path, execution, and balance sheet strength. We also:

- Roll out our models to 2027 to capture key growth projects, particularly those focused on renewables and LNG
- Update our valuation methodologies to capture longer term growth and IRA driven investments
- Explore the opportunity set for transmission investment across the utilities space as renewables are built out and aging infrastructure is replaced, as well as the potential incremental earnings uplift for our coverage

We highlight four key investment themes in our report

1. **Clean Technology:** We see more than 575 GW of renewables capacity added through 2040, comprising more than 50% of total generation capacity in the US. On the other side, we expect more than 140 GW of coal capacity to be retired, representing 65% of current capacity by 2040. We expect this shift to drive significant capital investment, rate base growth, and ultimately earnings growth. Among stocks exposed, we highlight **NEE**, **AEP**, **XEL**, **D**, and **DUK**.

2. **Nuclear:** With the Nuclear production tax credit (PTC) coming into play following implementation of the IRA, we see greater likelihood of nuclear plant life extensions in addition to previously planned capacity adds coming into service. We view nuclear generation as key for utilities to reach stated net zero goals and provide firm zero carbon generation amid an increasing share of renewables in the generation mix. Among stocks exposed, we highlight **SO**, **PEG**, and **DUK**.

3.**Grid Reliability:** With increasing generation coming from renewables and demand growth expected from broader electrification trends, we believe maintaining grid reliability is paramount. As such, we are constructive on companies allocating meaningful shares of capital to transmission spend to facilitate renewables, replace aging infrastructure, and ultimately support grid reliability. Among stocks exposed, we highlight **AEP**, **SRE**, **XEL**, **EXC**, and **ED**.

4. **LNG:** We expect natural gas to remain a key part of the energy mix for the foreseeable future, and believe that LNG can help enable global coal displacement, contributing to global decarbonization. Thus, we have a positive view on key LNG projects for select diversified utilities and believe they can help fund regulated utility investment. Among stocks exposed, we highlight **SRE** and **D**.

In order to enable investment in these themes, we believe Affordability/Regulatory considerations remain top of mind. We believe customer affordability remains a key focus for utilities and regulators as investments in decarbonization ramp, particularly during this period of inflation and elevated rates. We

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

believe maintaining affordability, a focus on cost control, and balance sheet health will be key to realizing constructive regulatory outcomes and allowing for continued robust capital investment in the grid transformation going forward.

Exhibit 5: We see several key mega themes driving Utilities as Decarbonization Enablers, including Clean Technology, Nuclear, LNG, and Grid Reliability, all while balancing Affordability

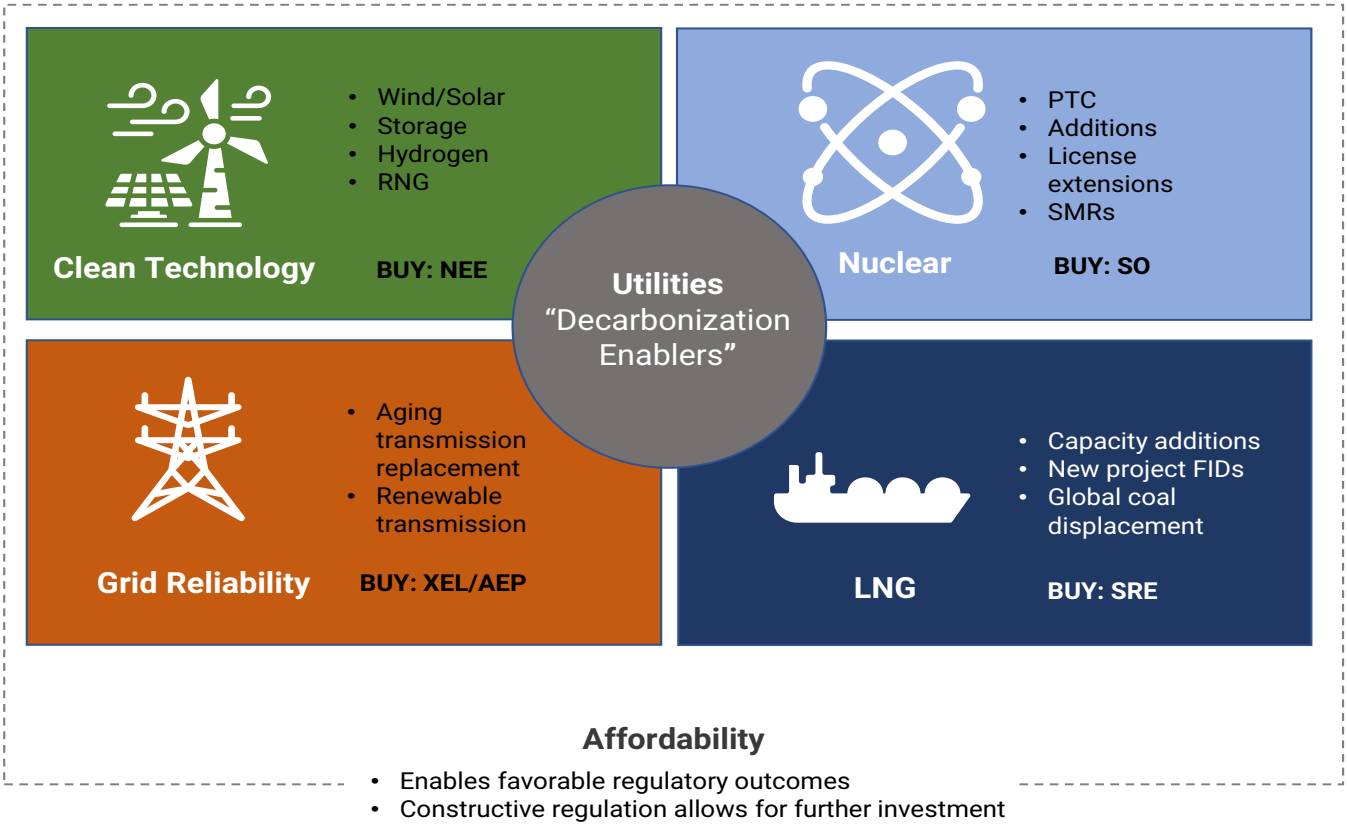

Source: Goldman Sachs Global Investment Research

Stock selection framework

Our framework for stock selection across the US Power/Utilities space is based on four key pillars **(1) Thematic exposure:** We look for exposure to the four energy transition themes that we expect to drive higher investment and earnings growth noted above, along with affordability/regulatory considerations, **(2) Valuation/catalysts:** We prefer stocks trading at a relative P/E discount with a robust, idiosyncratic catalyst path over the next 12 months, **(3) Execution:** We screen for companies with a strong track record of delivery on guidance/strategy, **(4) Balance sheet:** We seek stocks with ample headroom on FFO/Debt downgrade threshold levels or positive rate of change around leverage.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 6: Our framework informs our ratings

Buy	NextEra Energy (NEE)
	Sempra Energy (SRE)
	American Electric Power (AEP)
	Southern Company (SO)
	Xcel Energy (XEL)
Sell	Consolidated Edison (ED)
	Exelon (EXC)
Neutral	Dominion Energy (D)
	Duke Energy (DUK)
	Public Service Enterprise Group (PEG)

Source: Goldman Sachs Global Investment Research

Ratings Summaries

Southern Company (SO, Buy). Line of sight to the in-service of the Vogtle Units 3 and 4 nuclear project, attractive regulated utility exposure, and potential upside around energy transition investments drive our constructive view. We expect Vogtle coming online to remove the valuation overhang on the stock, which has historically traded at a 2x premium to peers on P/E. We are 2% above FactSet consensus on average for EPS in 2023-2027 and we see 19% total return to our 12-month price target.

NextEra Energy (NEE, Buy). A robust renewables growth profile, a constructive regulatory and execution outlook at FPL, and attractive relative valuation following underperformance drive our positive view on NEE. We see a 9% 5-year EPS growth CAGR, are 4% above consensus in 2023-2027 on average for EPS, and see 25% total return to our 12-month price target.

American Electric Power (AEP, Buy). With about 60% of AEP's 5-year capital plan being allocated towards transmission and regulated renewables, we see attractive rate base and earnings growth, in addition to actions taken to optimize the business and improve regulatory lag driving our positive view on the stock. We see an above average 5-year EPS CAGR at 7%, we are 3% above consensus in 2023-2027 on average for EPS, and we see 21% total return to our 12-month price target.

Xcel Energy (XEL, Buy). Attractive leverage to the shift from coal to renewables and the transmission build out, with upside opportunity to both themes not baked into our base case, as well as opportunities to improve earned ROEs via rate case activity contribute to our positive view on the stock. We are 2% above FactSet consensus in 2023-2027 on average for EPS and see 21% total return to our 12-month price target.

Sempra Energy (SRE, Buy). An attractive LNG growth opportunity set that we believe

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

is underappreciated and will fund regulated utility investment, leverage to a growing Texas market via its ownership in the Oncor utility, and attractive relative valuation contribute to our constructive view on SRE. We are 2% above consensus on average in 2023-2027 for EPS and see 26% total return to our 12-month price target.

Consolidated Edison (ED, Sell). Outside of attractive investments in grid reliability, we see less thematic exposure, driving less upside opportunity around spend, in our view, in addition to challenged customer affordability, and medium-long term policy risk in New York keep us more cautious on ED. We are 1% below FactSet consensus on average in 2023-2027 for EPS and see -2% total return downside to our 12-month price target.

Exelon (EXC, Sell). Despite a robust balance sheet position, we see less thematic leverage for EXC outside of grid reliability investments driving less upside opportunity around rate base and earnings growth, potential challenges around rate case activity given high requested ROEs, and less attractive valuation driving our more cautious view on EXC. We see 3% downside to consensus on average in 2023-2027 for EPS and see 1% total return to our 12-month price target.

Dominion Energy (D, Neutral). While we see valuation screening more attractive at current levels after underperformance, we believe more clarity is needed around the outcome of the business review in order to take a strong view on D. We view the 3Q analyst day as a key catalyst for the stock from here, where we should get a full update on the long-term outlook for the business. We see 14% total return to our 12-month price target.

Duke Energy (DUK, Neutral). While we see attractive thematic exposure at DUK with renewables, nuclear, grid reliability investments, and strong customer affordability, we are less differentiated versus consensus, see a more limited near-term catalyst path ahead given coal retirements and renewables add are back of decade weighted, and current balance sheet stretch due to deferred fuel balances. We see 14% total return to our 12-month price target.

Public Service Enterprise Group (PEG, Neutral). We believe the improved business mix at PEG, upside opportunities around nuclear earnings, and capital spending on grid investments are positive, though we see near-term headwinds around interest and pension expenses as well as less differentiation on consensus estimates and less compelling valuation following recent outperformance as keeping us Neutral. We see 8% total return to our 12-month price target.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 7: We initiate coverage of 10 US utilities, with a Buy rating on NEE, SRE, SO, XEL and AEP, a Sell rating on ED and EXC, and a Neutral rating on D, DUK, and PEG
Utilities comp sheet

	Ticker	Rating	Price	Target	Dividend Yield	Total Return	EPS			P/E			EPS CAGR
			6/5/23	12 Mo.	%	%	2023	2024	2025	2023	2024	2025	22-25 (%)
Large Cap Regulated Utilities													
American Elec Power	AEP	Buy	$84.00	$98.00	4.0%	21%	$5.21	$5.70	$6.06	16.1x	14.7x	13.9x	6%
Duke Energy	DUK	Neutral	90.16	99.00	4.5%	14%	5.60	5.93	6.37	16.1x	15.2x	14.1x	7%
Consolidated Edison	ED	Sell	92.95	88.00	3.5%	-2%	4.77	5.19	5.48	19.5x	17.9x	17.0x	6%
Exelon	EXC	Sell	39.98	39.00	3.7%	1%	2.38	2.49	2.61	16.8x	16.0x	15.3x	5%
Southern Company	SO	Buy	69.69	80.00	4.0%	19%	3.53	4.05	4.45	19.7x	17.2x	15.7x	7%
Xcel	XEL	Buy	63.95	75.00	3.2%	21%	3.40	3.70	3.94	18.8x	17.3x	16.2x	8%
Public Service Enterprise Group	PEG	Neutral	61.36	64.00	3.7%	8%	3.43	3.59	4.06	17.9x	17.1x	15.1x	5%
Sector Average					***3.8%***	***12%***				***17.8x***	***16.5x***	***15.3x***	***6%***
Diversified Utilities													
Dominion Energy	D	Neutral	$50.50	55.00	5.3%	14%	$3.94	$3.72	$3.82	12.8x	13.6x	13.2x	-2%
NextEra Energy	NEE	Buy	73.59	90.00	2.5%	25%	3.18	3.48	3.89	23.1x	21.1x	18.9x	10%
Sempra Energy	SRE	Buy	145.01	178.00	3.3%	26%	9.40	9.71	10.32	15.4x	14.9x	14.1x	4%
Sector Average					***3.7%***	***22%***				***17.1x***	***16.5x***	***15.4x***	***4%***
Coverage Average					***3.8%***	***15%***				***17.6x***	***16.5x***	***15.3x***	***6%***

Source: Goldman Sachs Global Investment Research, FactSet

Exhibit 8: We are in line with FactSet consensus in 2023/2024 across our coverage, and 1% above in 2025, versus 1%/2%/3% above consensus in 2023/2024/2025 for Buy rated stocks
GS vs. consensus

	2023			2024			2025		
EPS	**GS**	**Cons**	**% Delta**	**GS**	**Cons**	**% Delta**	**GS**	**Cons**	**% Delta**
NEE	$3.18	$3.11	2%	$3.48	$3.40	2%	$3.89	$3.67	6%
SRE	$9.40	$9.01	4%	$9.71	$9.57	1%	$10.32	$10.20	1%
SO	$3.53	$3.61	-2%	$4.05	$4.03	0%	$4.45	$4.30	3%
AEP	$5.21	$5.28	-1%	$5.70	$5.62	1%	$6.06	$5.98	1%
XEL	$3.40	$3.37	1%	$3.70	$3.61	2%	$3.94	$3.84	2%
DUK	$5.60	$5.64	-1%	$5.93	$6.00	-1%	$6.37	$6.36	0%
D	$3.94	$3.92	0%	$3.72	$3.70	1%	$3.82	$3.90	-2%
PEG	$3.43	$3.44	0%	$3.59	$3.69	-3%	$4.06	$4.05	0%
EXC	$2.38	$2.36	1%	$2.49	$2.51	-1%	$2.61	$2.73	-4%
ED	$4.77	$4.86	-2%	$5.19	$5.20	0%	$5.48	$5.49	0%
Coverage Average vs. Consensus			**0%**			**0%**			**1%**
Buy rated Average vs. Consensus			***1%***			***2%***			***3%***

Source: FactSet, Goldman Sachs Global Investment Research

Thematic Exposure: We look for exposure to themes that we expect to drive higher investment and earnings growth going forward.

Following the passage of the IRA and the increasing focus on the energy transition, we believe four key investment themes will be top of mind for utilities going forward including (1) clean technology, (2) grid reliability, (3) nuclear, and (4) LNG, all while balancing affordability/regulatory considerations. Given the structural nature of the energy transition and decarbonization, we view this piece of the framework as key as we expect investments across these themes to drive earnings growth through the extent of our models and beyond. With that said, we believe constructive regulatory outcomes will be necessary in order to drive these investments, and customer affordability/reliability is a key component of a constructive relationship with regulators.

Across our coverage, we see strong thematic leverage for **NEE** (positively exposed to renewables, affordability/regulatory, and nuclear), **XEL** (attractive exposure to renewables, affordability/regulatory, nuclear, and grid reliability), and **AEP** (positively exposed to renewables, nuclear, and grid reliability). Conversely, we believe **ED** and **EXC** screen less attractively on thematic exposure, with no renewables/nuclear/LNG exposure and mixed affordability/regulatory outlooks, despite strong investments across

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

T&D to support grid reliability. We discuss each of these themes in more detail in the sections below.

Exhibit 9: We view renewables generation investment as a key driver of decarbonization across the utilities space, with NEE, D, AEP, DUK, and XEL most exposed
Renewables generation share of capex, %

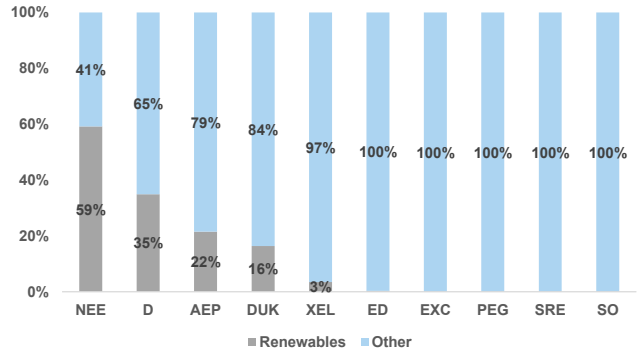

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 10: Nuclear provides a zero carbon, firm source of power, and DUK, NEE, D, and SO have the most capacity within our coverage
Nuclear capacity, MW

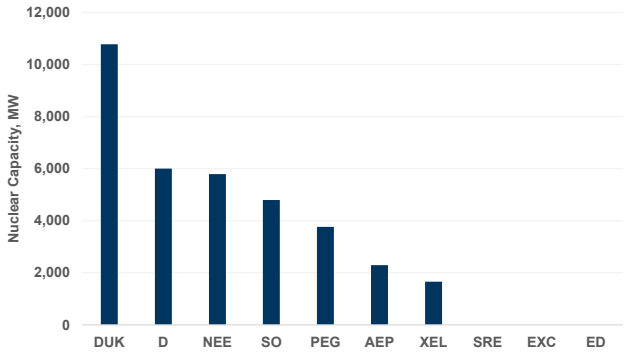

*SO includes Vogtle Units 3 + 4

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 11: With an aging system and new renewables requiring transmission, we view spend allocated towards transmission positively and highlight AEP, SRE, and XEL as allocating large shares of spend towards it
Transmission spend, 2023-2027

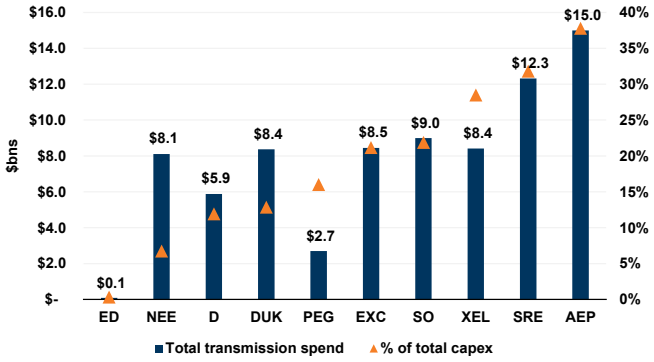

Source: Company data, Goldman Sachs Global Investment Research, SNL

Valuation/Catalysts: We prefer stocks trading at a relative P/E discount with a robust, idiosyncratic catalyst path over the next 12 months.

As discussed above, while utilities outperformed the market in 2022, the sector has underperformed YTD in 2023, with the XLU -7% vs. the S&P500 +11%. Despite this underperformance, given where 10-year yields have moved, we view valuation on a sector wide basis as more balanced, and as such we prefer stocks trading at a relative P/E discount versus historical levels. In addition, we consider the idiosyncratic catalyst path over the next 12 months for each stock.

Across our coverage, we see attractive valuation/catalyst exposure for **SO** (stock trades at a 1.3x discount to its historical pre-Vogtle premium to peers, and has an attractive

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

catalyst path with Vogtle Units 3 and 4 expected to come online in the coming quarters), **NEE** (stock trades at a 2x discount to its historical premium to peers on FY2 P/E, and has potential catalysts in a NEER development guidance raise), and **SRE** (stock trades at a 1.4x discount to peers, and has a robust catalyst outlook with potential for Cameron LNG Phase II FID, updates on Port Arthur Phase 2, Oncor capex raise, and other LNG updates).

Exhibit 12: On average, our coverage is trading at about 1x below the 10-year average FY2 P/E levels at current
FY2 P/E, historical data is 10 year

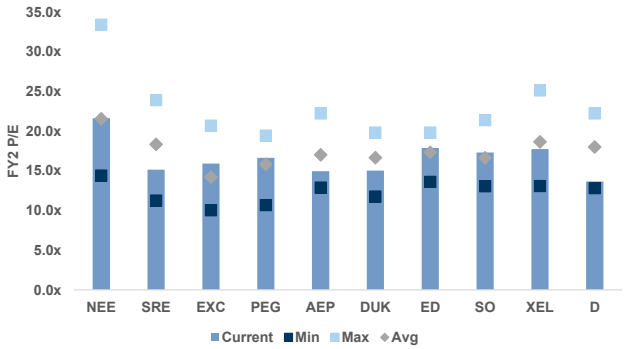

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 13: Utilities have underperformed the market year to date after a strong 2022
YTD performance, %

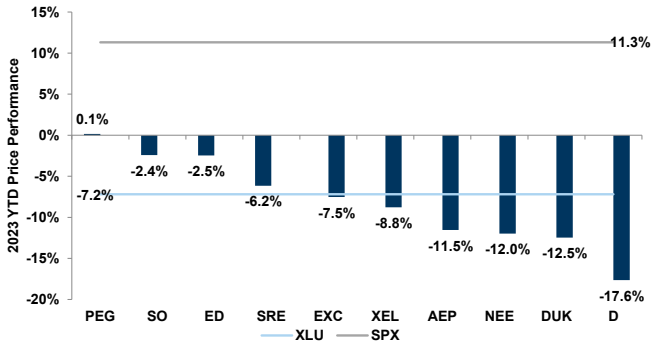

Source: FactSet, Goldman Sachs Global Investment Research

Execution: We screen for companies with a strong track record of delivery on guidance/strategy.

Given the uncertainty in the macro environment and increasing investor appetite for certainty around earnings trajectories, we expect a focus on quality and execution going forward. In addition, with certain large scale projects in flight (LNG, offshore wind, nuclear), significant capital spending to build out new renewable generation capacity and transmission infrastructure across the sector, and potential investment in still nascent technologies that could become more meaningful including hydrogen and energy storage going forward, we believe project and strategy execution will remain top of mind.

Historically, utilities have delivered relatively strong earnings execution relative to consensus as well as initial company guidance. On average over the past 20 quarters, our coverage has met or exceeded consensus EPS estimates about 75% of the time, and we highlight **NEE**, **SO**, and **SRE** as standouts. Delivery on company guidance has also been relatively strong, with our coverage hitting at least the midpoint of guidance about 90% of the time on average over the past 4 years.

Balance Sheet: We seek stocks with ample headroom on FFO/Debt downgrade threshold levels or positive rate of change around leverage.

As interest rates have moved higher, we believe balance sheet health has come more to the forefront given the size of utilities' investment programs over the next five years that will require incremental debt financing. We believe balancing priorities across investment, dividend sustainability/growth, and balance sheet strength are key for capital allocation strategies. As such, we look for stocks with headroom around

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

FFO/debt rating agency downgrade thresholds and/or those with idiosyncratic positive rate of change around leverage levels.

Across our coverage, we highlight SRE, ED and EXC as companies that are well above downgrade thresholds at current levels. While D also screens positive at YE2022, we note this would not capture the Virginia rate decrease, and we believe uncertainty exists currently given the ongoing business review that could negatively impact FFO levels going forward. We do note that some metrics are being impacted by (1) elevated deferred fuel balances and (2) higher collateral due to hedging and commodity price volatility, including SO, DUK, and PEG.

Exhibit 14: Across our coverage, most companies are around or above downgrade thresholds, and we highlight SRE, ED, and EXC as screening with the most headroom
2022 FFO/Debt levels vs. downgrade thresholds, %

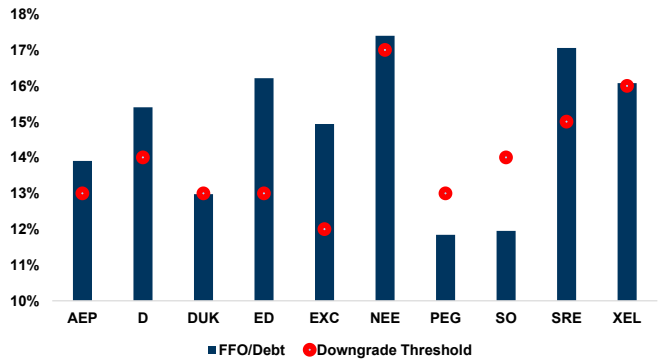

Source: Company data, Goldman Sachs Global Investment Research

A word on the macro and sector valuation

In 2022, the utilities sector outperformed the broader market by about 18% amid deteriorating financial conditions, slower growth, rising recessionary risks, and heightened volatility, which drove valuation relative to the market to elevated levels versus history. That said, utilities have underperformed the S&P by ~18% YTD. We attribute this move to a pro-cyclical market rally and rising risk appetites following peak inflation and disinflationary pressures coupled with resilient economic data and the reallocation of funds towards last year's laggards following heavy tax loss selling in the 3Q/4Q 2022.

Currently, utilities are trading slightly below the five-year average FY2/FY3 P/E multiple, as well as a 24%/25% discount to peak FY2/FY3 P/E multiples (utilities currently trade at 16x/15x FY2/FY3 P/E). The stocks are trading at a modest premium to the market and our analysis shows that current valuations are broadly balanced given level of yields based on the historical relationship between yields and valuation. While we appreciate the strong relationship between yields and utilities performance (valuation has broadly held historically), we highlight idiosyncratic single stock opportunities, such as those for NextEra and Xcel Energy, which have been early movers around renewables, that have compounded value through various rate regimes.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 15: Utilities are trading below peak multiples and 5 year averages
FY2 & FY3 P/E

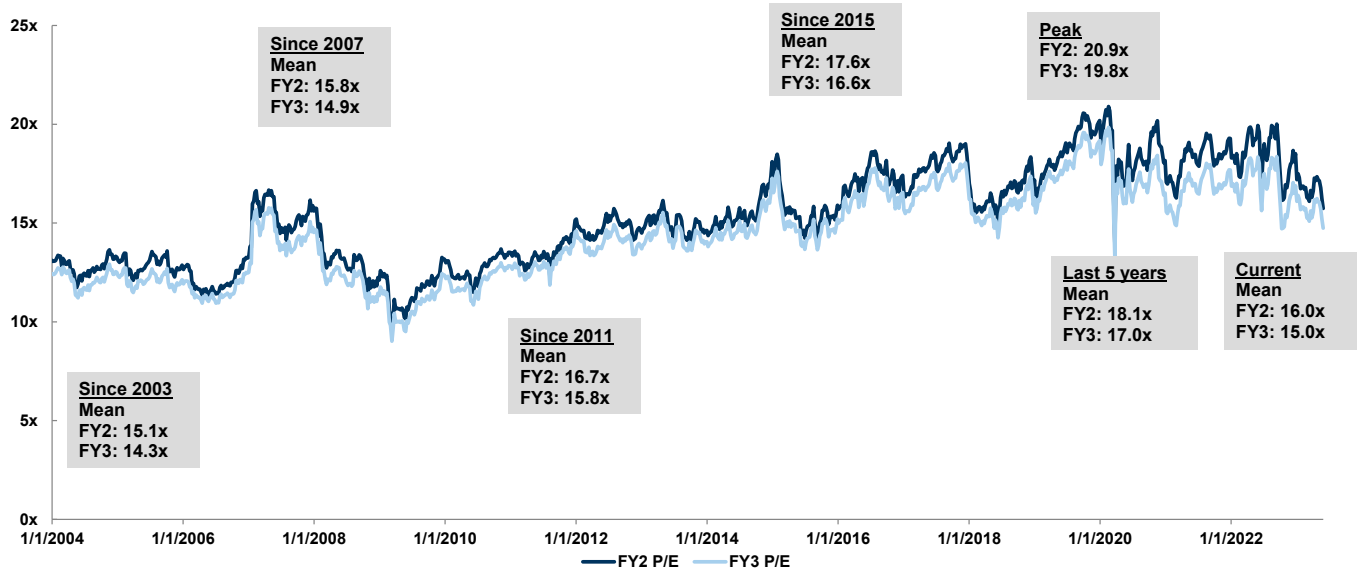

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 16: Utilities trade at a modest premium to the S&P 500 on 2025 consensus EPS
Relative FY3 Premium/(Discount) to the S&P 500 in different 10 year UST yield regimes

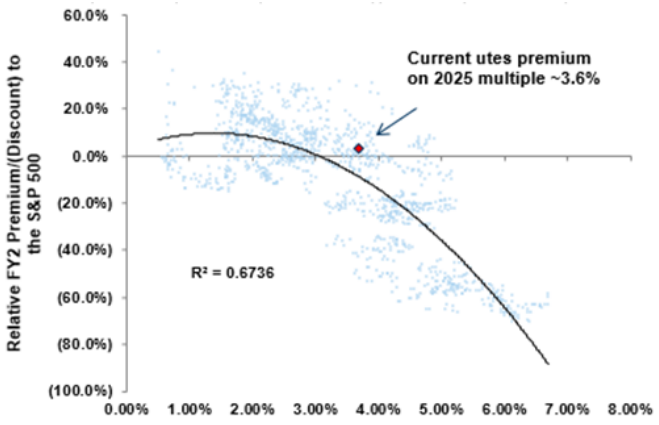

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 17: Over the past 10 years, stocks with leverage to renewables, like NEE, have generated material outperformance versus the XLU
Indexed Price Performance for XLU and NEE vs. 10 year UST

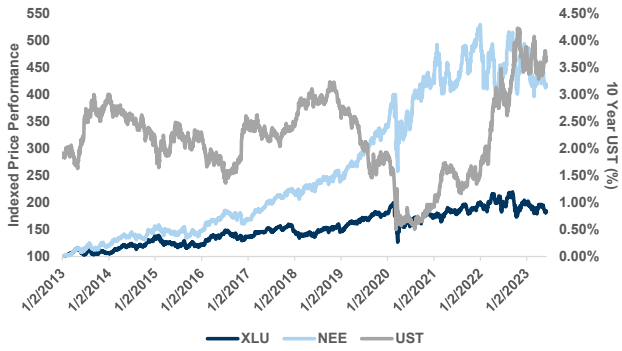

Source: FactSet, Goldman Sachs Global Investment Research

We introduce a 16x 2025 P/E baseline multiple and estimate 15% average total return for our coverage, with premiums/discounts assigned based on company specific drivers. Across our coverage, the historical 10-year average FY3 multiple is ~16.5x. We apply a discount to history to account for relative valuation to the market in the rate environment, the recent risk on market dynamics, and spread between the 10 year and XLU dividend yield.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 18: Utilities have traded at a discount to the S&P at higher yields since 2000, although last year defied those trends as...
Utilities premium/discount to S&P 500 in different yield environments

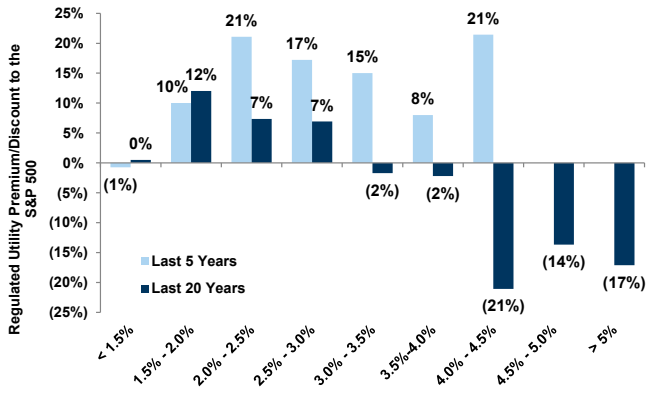

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 19: ... utilities typically trade at a premium during market corrections
XLU outperformance, multiple premium v/s S&P 500, and 10-yr UST yields during market corrections in the past 20 years

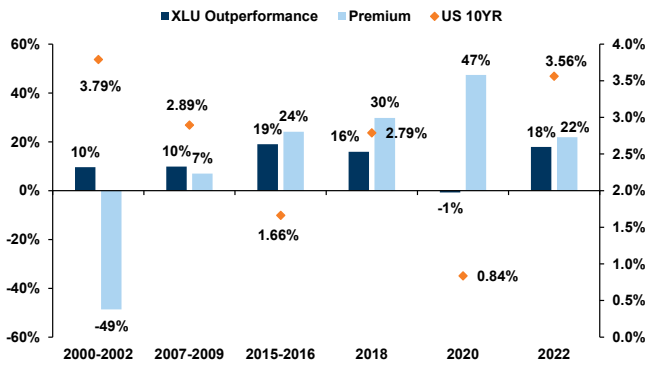

Source: FactSet, Goldman Sachs Global Investment Research

Clean Technology

As we think about the power generation capacity in the US, we expect the share of renewables to grow to more than 50% in 2035 and coal to decline to 5% of the mix over the same time frame. We believe this (1) represents a significant investment opportunity for utilities with generation exposure to add renewable generation capacity in the coming years, (2) will contribute to material carbon emissions reductions across the power sector as coal is phased out in favor of cleaner generation, and (3) will create incremental opportunities on transmission and distribution investment to support grid reliability, as we will discuss further below. While renewables makes up the majority of investment dollars within clean technology at this point, we note many companies are exploring investments in other clean areas like energy storage, hydrogen, and RNG, that we believe could gain share in the coming years.

(1) Renewables represent a significant investment opportunity for utilities with generation exposure, driving rate base and earnings growth

The share of renewables in capital spending plans across the utilities sector continues to grow. Federal support for infrastructure investment and the IRA, ambitious clean energy goals at the state level, incrementally favorable economics for green energy, technological advancements/improvements in renewables capacity factors, and higher costs for operating non-renewable energy generation facilities all support the transformation of the generation fleet towards cleaner energy sources.

We expect the US generation fleet to shift significantly through 2035, with renewables moving from 24% of US generation capacity in 2021 to more than 50% in 2035 while coal moves from 19% to 4%. Those investment needs are reflected in the capital spending outlook across utilities, which we expect to contribute to strong rate base growth and thus earnings growth for exposed utilities. Across our coverage, we highlight **NEE**, **D**, **AEP**, and **DUK**, as more levered to the shift towards renewables,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

where renewables spend represents 59%, 35%, 22%, and 16%, respectively of capital spending plans.

We also note that while **XEL**'s renewables spend is currently only 3% of its stated capital plan, it does not include a potential $1.5-$3 bn of additional investment associated with IRPs, and further upside from an ongoing SPS RFP. In addition, XEL already has 40% of its generation capacity coming from renewables, which is among the highest across our coverage. On the other hand, ED, EXC, SO, PEG, and SRE are less exposed to the renewables generation build out. That said, we note that the generation fleet transformation towards zero-carbon will support investment opportunities in transmission and distribution projects, including for utilities that are not building renewables generation capacity, which we discuss in greater detail below.

Across our coverage, renewables spend is forecasted to total about $101bn from 2023 through 2027.

Based on company spending guidance and our assumptions where guidance is not provided, renewables spend is forecasted to total about $101bn from 2023 through 2027 across our coverage. NEE makes up the bulk of the spend, followed by D, AEP, and DUK. We see upside risk to utilities' capital plans in the out years, as incremental generation opportunities are approved through the regulatory process, and policy at both the state and federal level around decarbonization remains supportive. Moreover, we note that some utilities noted that they are exploring alternative sources of capital such as portfolio optimization to support investment needs — for example, AEP expects to use the proceeds from the proposed sale of its unregulated renewables portfolio to refocus investments towards regulated renewables growth opportunities.

We highlight NEE, D, AEP, and DUK as the most levered utilities in our coverage to the shift towards renewables, which drives investment opportunities and growth, and note upside risk exists to **XEL**'s spend, though the company has already made significant progress in building out renewables:

1. We forecast $108bn of capital spending over 2023-2027 at **NEE**, including $64bn worth of investments in renewables, representing almost 60% of total capex. NextEra's utility subsidiary Florida Power & Light Co (FPL) plans to completely decarbonize its fleet by 2045 by investing heavily in solar, battery storage, and green hydrogen, which are expected by the company to make up 83% of the energy mix in 2045. We expect NextEra Energy Resources (NEER) to invest roughly $62bn through 2027, largely on renewables.
2. **Dominion** is accelerating the pace of regulated renewables development as well as coal retirements. In 2035, the company aims to generate 70% of its electricity from zero-carbon fuel sources, while coal is forecasted by the company to be just 1% of the generation mix. We estimate that Dominion will spend more than $17bn on renewables over 2023-2027, which is 35% of total spend. At its Dominion Energy Virginia subsidiary, the company received approval to develop its Coastal Virginia offshore wind project and proposed 6 GW+ of solar and battery storage development. At its gas distribution segment, the company is advancing negative carbon renewable natural gas (RNG) projects, with 6 in operation and 15 under

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

construction.

3. **AEP** has allocated $9bn out of $40bn in its capex forecast through 2027 to regulated renewables, representing more than 20% of total capex. We also note that 50% of generation capex is allocated to renewables. We believe that AEP has a long runway to grow its regulated renewables segment as it phases out coal as a fuel source from its generation fleet and ramps renewable development to meet the net-zero target by 2045.
4. **DUK**'s $65 bn 5-year capital plan includes $11 bn of regulated renewables generation spend, which represents 21% of total spend. Through the fleet transition process, the company expects that renewables will account for roughly 35% of the generation mix by 2040. Across our coverage, we note that DUK has the most coal capacity that the company expects to retire in the coming years. DUK expects coal to decline to roughly 5% of the generation mix by 2030.

Exhibit 20: Renewables make up 24% of generation capacity in 2021...
2021 U.S. Generation Capacity Mix (%) by Fuel Type

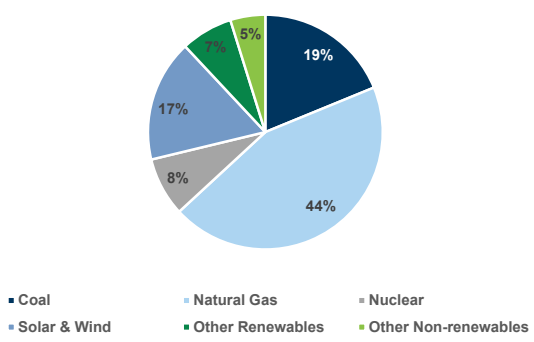

Source: Goldman Sachs Global Investment Research

Exhibit 21: ...by 2035, we expect renewables to be 51% of generation capacity
2035 U.S. Generation Capacity Mix (%) by Fuel Type

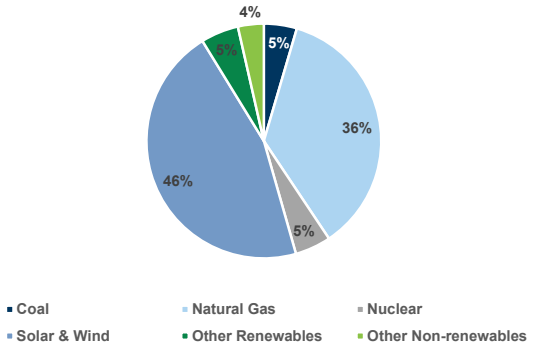

Source: Goldman Sachs Global Investment Research, SNL

Exhibit 22: NEE, D, AEP, and DUK have the highest share of renewables spend as a % of total capex
Capex by type, 2023-2027

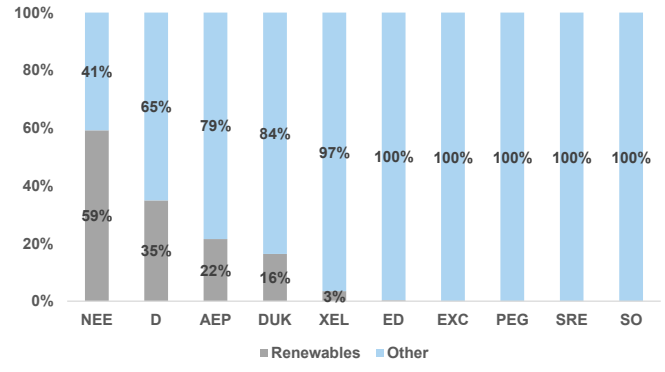

Source: Company data, Goldman Sachs Global Investment Research

Coal Retirement Outlook

As detailed above, we expect retirements of coal capacity and the uptake of renewables

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

to materially shift the power generation mix in the US in the coming years. Through 2041, we see the pace of coal retirements accelerating based on SNL data, with more than 90 GW retiring. We see about 54 GW retiring in the next five years and a total of 66 GW YE2030. We see upside risk to these levels as well, noting that an additional 113 GW of plants appear "at risk" of retirement. Within our coverage, we view **DUK**, **AEP**, and **XEL** as most exposed based on the amount of planned coal retirements. Coal continues to make up a large portion of US power generation and generation capacity — roughly ~22% of US generation capacity, though we expect this share to move to 6% by 2032.

We also note upside to these retirement levels may exist, and we assign "at risk" — which represent 50% of YE2022 capacity — to plants that (1) run at low capacity factors (below 50%), (2) remain small in terms of capacity installed (under 500 MW) - so likely maintain high fixed O&M levels per MWh of output as they lack economies of scale, or (3) operate in regions with an abundance of shale gas, which drives coal versus gas power plant "competition", in addition to renewables. We also note a significant percentage of at risk plants in the MISO (43GW) and PJM (42GW) regions. We believe a number of factors could impact the rate at which coal plants retire, including incremental policy changes (taxes on emissions, rules requiring further capital spend), improvements in renewables capacity factors, declining construction cost for renewable projects, lower power prices, higher operating costs for coal plants, and a move lower in natural gas prices.

Exhibit 23: Coal currently makes up roughly one-fifth of US Total Generation...
2021 U.S. Generation Mix (%)

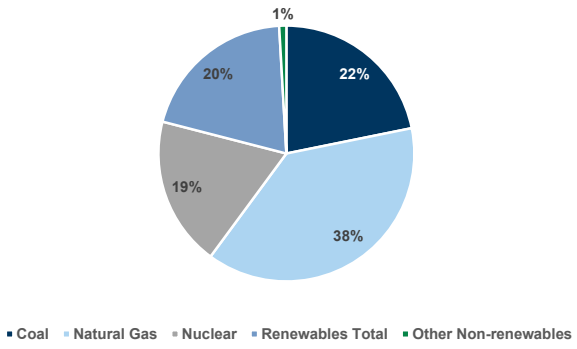

Source: Goldman Sachs Global Investment Research, SNL

Exhibit 24: We see elevated planned coal retirement levels
Planned coal retirement by year (MW)

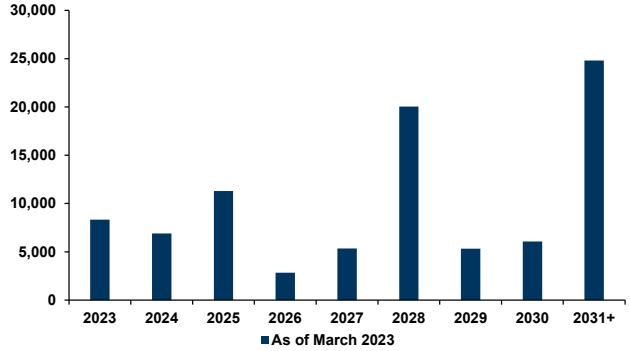

Source: Goldman Sachs Global Investment Research, SNL

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 25: Our analysis implies DUK, AEP, and XEL have the most coal capacity that's expected to retire in the coming years
Announced retirement capacity by parent company, MWs

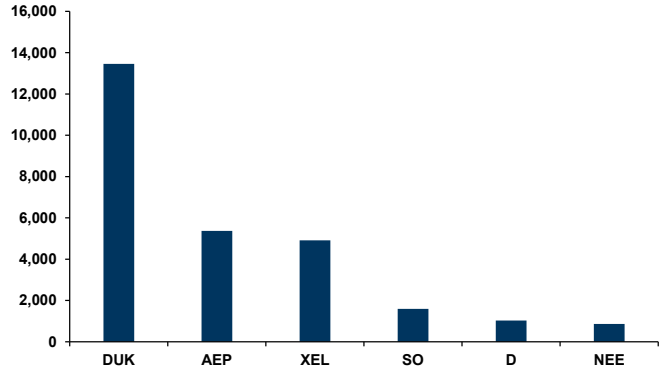

Source: Company data, Goldman Sachs Global Investment Research, SNL

Nuclear

The outlook for nuclear power has become less uncertain and could offer more potential benefits to customers with the passage of the Inflation Reduction Act (IRA), which included a nuclear production tax credit (PTC). Starting in 2024 when the PTC goes into effect, nuclear power plants will essentially have a price floor of $15, and a boost from the nuclear PTC anytime that all-in power prices go below $43.75, derisking the asset class as a whole, making extensions of the lifetime of many plants more attractive, and creating more opportunities for customer benefits. Many of these power plants had been surviving on state sponsored subsidies such as the Zero Emission Credit (ZEC), and struggled to remain economic in the absence of these credits, particularly given volatility in power prices. We've seen several companies, such as PEG, emphasize their commitment to the assets following the PTC passage. Due to its extremely high capacity factor, nuclear power makes up a significant portion of US power generation at 18% of total, despite there being only 99 GWs of nuclear in the US, or 8% of capacity.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 26: Due to its high capacity factor, nuclear makes up a much larger portion of total generation in the US than capacity.
Nuclear capacity vs generation, 2022

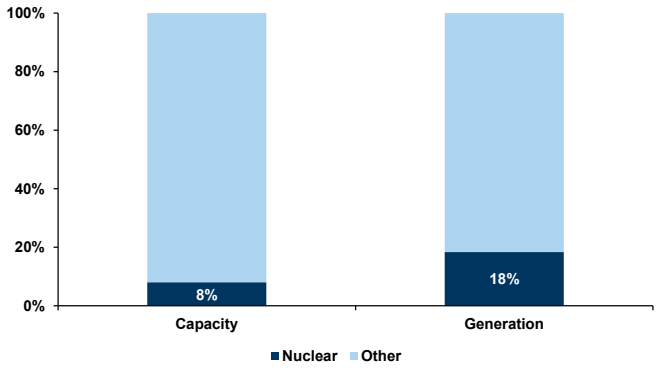

Source: EIA, Company data, Goldman Sachs Global Investment Research

The nuclear PTC kicks in when all-in power prices are below $43.75 with a floor of $15. All-in power prices will include the wholesale price at which power is sold to the market plus any capacity revenue and/or state sponsored subsidies. The company is trued up for 80% of the delta between this all-in power price and the $43.75 price. Power price futures across the US are mixed relative to the $43.75 mark for the next several years, creating potential differences around the direct impact for unregulated plants depending on unit economics, but the derisking of the entire asset class is a meaningful change, providing longer term certainty around economics. Regulated nuclear power plants will pass any benefits from the tax credit to customers, potentially reducing the customer bill. The US Treasury has not yet released guidance on how the PTC will be calculated and what will be included, so we await that guidance to size the full monetary impact of the PTC.

Exhibit 27: The nuclear PTC will true up companies for 80% of the difference between the all-in power price they receive and the PTC price cap of $43.75.
Nuclear PTC example

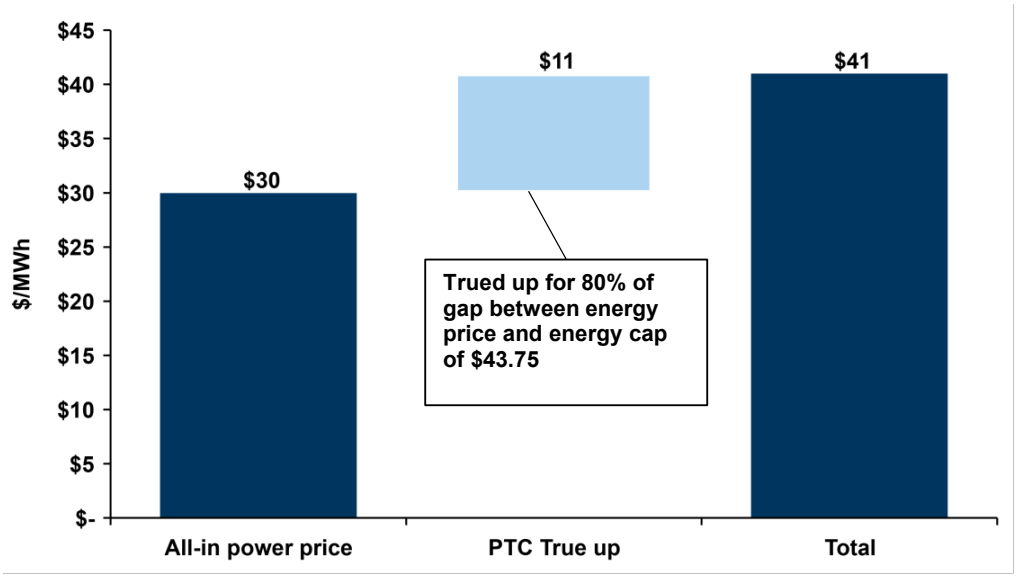

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Nuclear power plants have historically been a challenge to build on-time and on-budget in the US, and the ongoing Unit 3 and 4 expansion to the Alvin W. Vogtle power plant by Southern Company has been no exception. Despite these challenges, we appear to be approaching the finish line for these units, with Unit 3 expected by the company to go in-service in 2Q2023 and Unit 4 in-service sometime within 4Q2023-1Q2024. We've updated our SO model to reflect Unit 3 in-service in 2Q2023 and Unit 4 in 1Q2024, as we believe that Unit 3 is through the worst of the issues and that the Unit 4 completion should be a smoother process as SO learns from mistakes during Unit 3 construction. We expect the prudency review to result in SO retaining the ability to put $7.3 bn of capital into rate base from Vogtle expenses, but believe upside risk could exist to our numbers to the extent more recovery is approved.

We expect several nuclear power plants to file for extension in the coming years, as there is little reason to retire the plants with the IRA providing an economic floor, and potential for the PTC to be extended directly or via failure to meet certain decarbonization goals by 2032. The pressure on states from self-mandated and federal decarbonization goals also make it difficult to justify shuttering nuclear power plants given they are a zero carbon, firm source of power, which we believe will be increasingly important as more renewables are added to the generation mix. Companies can also increase spending on these plants as they install upgrades that increase capacity or lengthen the amount of time between refueling outages.

Due to the challenges around building large scale advanced nuclear power plants, we believe there is likely little investor appetite for utilities to invest in incremental large scale capacity. Thus, the next generation of nuclear power will likely come from Small Modular Reactors (SMRs). As the name implies, these are smaller versions of the reactors we have now, up to ~300 MWs of generation, and ideally will be easier to manufacture and construct. This technology is still nascent in the utility space, but has the potential to be a major part of our generation mix in the future. Both public and private companies are working on their own design of SMRs, but we await greater clarity around the feasibility and economics of the technology before assuming any material spend on generation from SMRs.

We highlight SO, DUK, D, and PEG as the most levered to nuclear power. We also note **NEE** has a large nuclear fleet, though it is smaller in the context of the broader company.

SO currently owns ~3.7 GWs of nuclear power, and will own ~4.7 GWs when Vogtle Unit 3 and Unit 4 are completed. Nuclear power will make up 11% of SO's generation fleet once this is completed, and customers could see significant benefit from the PTC credits potentially reducing their bill.

DUK owns the most MWs of nuclear power out of our coverage at ~10.8 GWs. DUK has stated that they expect the tax credits from the PTC that will be passed down to customers will be in the magnitude of hundreds of millions, but the company awaits guidance from treasury on specifics.

D owns a combination of regulated and contracted nuclear assets, with capacity of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

about 6 GWs, representing about 20% of generation capacity. The company has applied for license extensions at its Virginia regulated nuclear plants, which has been approved at Surry and is in process at North Anna.

PEG is the only company in our coverage that owns multiple merchant nuclear assets with the Power segment owning ~3.8 GWs of generation. These assets generate a material amount of cash for PEG and now have been significantly derisked given the provision of nuclear PTCs in the IRA. Extensions have been filed at both Peach Bottom plants and PEG has announced potential upgrades to several plants following the passage of the PTC including a capacity upgrade at Salem and transitions to longer refueling cycles.

Exhibit 28: More than half of our coverage has some form of nuclear generation, with DUK owning the largest fleet.
Nuclear capacity by company

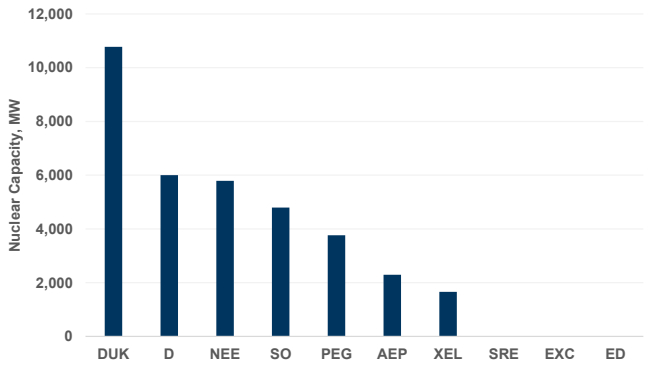

*SO includes Vogtle 3 & 4

Source: Company data, Goldman Sachs Global Investment Research

Grid Reliability

As the US power grid continues to transition towards renewables, connecting that new capacity to the grid via transmission presents both a significant opportunity and challenge for utilities. While power plants that run on natural gas and coal can be built largely wherever a company chooses, wind and solar generation must be built where those resources are prominent, which is often far from major cities and power demand centers. We believe that significant investment in the transmission grid is needed to support our forecast renewables generation build out and grid reliability.

Based on our current renewables forecast, we believe the investment opportunity for transmission build out could be >$500bn through 2040, representing a material tailwind to the regulated utility space. This estimate is based on (1) our expectations that transmission will be needed to support renewable generation capacity adds of more than 570 GW from 2023-2040, (2) a carrying capacity of 545 MWs at a 345 kV nominal voltage over a line length of 200 miles, which is based on the weighted average of current planned transmission projects' line voltage/mileage, and (3) our assumptions of an average cost to build transmission of $2.5mn per mile, based on historical averages.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Current capital spending plans across the industry allocate ~$108 bn to transmission projects through 2027 per SNL. However, we estimate the total cost to build out transmission to support projected renewables additions through 2027 at $201 bn, implying a $93 bn shortfall. Moreover, we note that the annual average spend levels over 2023-2027 of ~$22 bn would need to be revised higher to ~$32 bn from 2027 and onwards to support our renewables build out forecasts through 2040, given the projected shortfall of nearly $140 bn. We see about 20% of capex through 2027 across our coverage allocated to transmission, with **AEP**, **XEL**, **SRE**, and **SO** most levered towards transmission spend. AEP is the leader in transmission with >40,000 line miles currently, and we expect the company to remain in this position as the grid expands.

Exhibit 29: Total transmission spend in the industry is currently about $108 bn through 2027, though we expect it to grow going forward as capital plans are updated
Regulated utilities transmission spend, $ bn

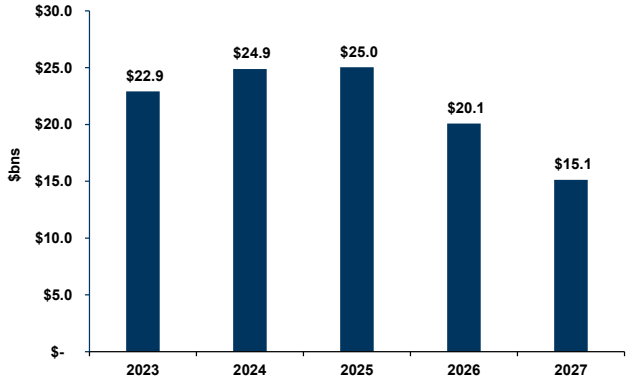

Source: SNL, Company data, Goldman Sachs Global Investment Research

Exhibit 30: As a share of total industry transmission spend, AEP spends the most, accounting for 14% of total transmission spend in the industry.
Utility % share of total transmission spend

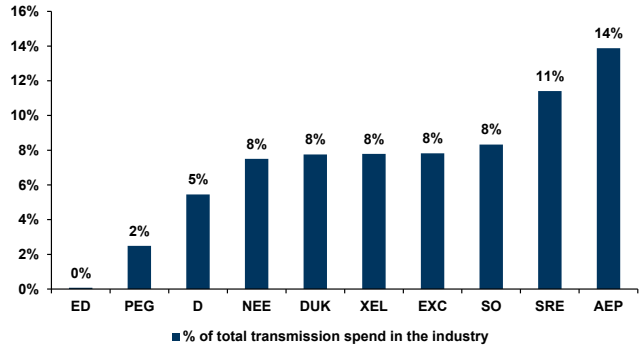

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 31: Several utilities have allocated >20% of total capital spend over the next 5 years to transmission
Total transmission spend and % of total capex

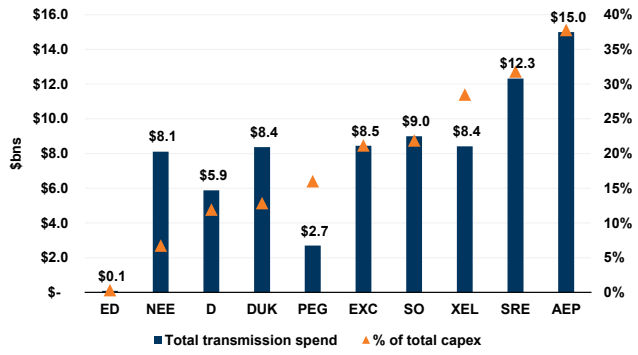

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 32: We view the investment opportunity for transmission to accomodate our renewables generation forecast at over $525 bn through 2040
Transmission investment opportunity, through 2040 and the extent of our company models (2023-2027)

Total MWs renewables added 2023-2040	572,953
200 miles of 345 kV line is 545 MWs	1,051
Miles required to support buildout	210,258
Cost per mile	2,500,000
Total cost ($ bn)	**$526**
Planned Industry Spend Extrapolated to 2040 ($ bn)	$389
Spend Shortfall (through 2040, $ bn)	**$137**
Total MWs renewables added 2023-2027	219,367
200 miles of 345 kV line is 545 MWs	403
Miles required to support buildout	80,502
Cost per mile	2,500,000
Total cost ($ bn)	**$201**
Planned Industry Spend 2023-2027 ($ bn)	$108
Spend Shortfall (through 2027, $ bn)	**$93**

Source: Company data, Goldman Sachs Global Investment Research, SNL, FactSet, DOE

Our estimates imply that current 5-year planned transmission investments contribute $160/$95/$115 mn annually for the largest players — AEP/XEL/SRE, or about 5%/4%/4% of our 2025 total earnings. We believe the incremental transmission spend

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

to support our forecast renewables build out could raise this earnings contribution by 7%/6%/5% for AEP/XEL/SRE on our 2025 earnings estimates, assuming a consistent share of industry spend through 2040 and our company specific assumptions around D&A, transmission ROE, equity layer, and cost of debt. We note that transmission typically has a higher RoE than that for a regulated utility, with most transmission RoEs at or above 10.5%, with the average for distribution only 9.6% over the past 12 months.

Exhibit 33: If our coverage increases capex to accomodate our renewables capacity forecasts, we could see a 4% impact on average to our 2025 EPS, with AEP most exposed at a 7% impact
Earnings impact from potential incremental transmission capex to support renewables adds

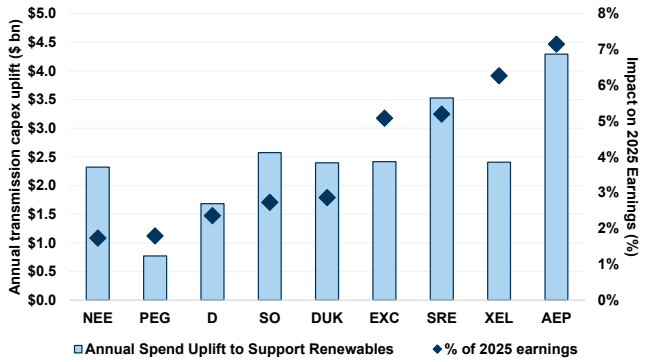

Source: Company data, Goldman Sachs Global Investment Research

Along with the expansion to accommodate new renewables capacity, older transmission infrastructure will need to be replaced as it ages beyond its useful life. Publications from the DOE and Reuters imply that through 2040 it could cost ~$200bn to replace aging transmission infrastructure in the US. Estimates can vary depending on what the assumed useful life of transmission infrastructure is. To fund both the renewable expansion and to replace aging infrastructure, we estimate that regulated utilities would have to increase annual spend to nearly $43bn through 2040 on average. This would mean that if this group of regulated utilities wanted to maintain the same market share of transmission spend that they currently have while supporting the renewable build out and addressing aging, each of them would have to nearly double the current annual spend on transmission.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 34: Our estimates imply that companies will have to nearly double their current annual run rate transmission spend to keep up with the renewable buildout and maintaining system age
Current annual transmission spend vs. estimated spend needed to support renewables and aging infrastructure, $ bn

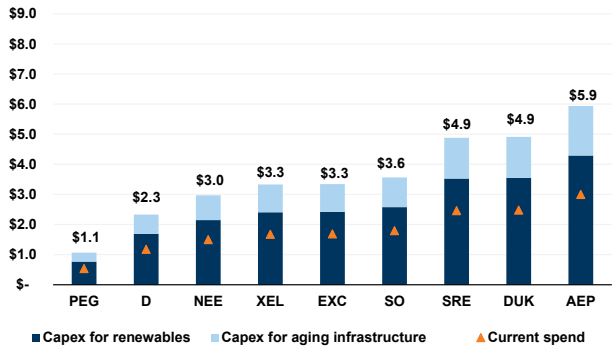

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 35: While earnings contribution from current transmission spend is meaningful, we could see further uplift from renewables build out and addressing aging infrastructure
Current transmission earnings impact vs potential around renewables/aging infrastructure spend

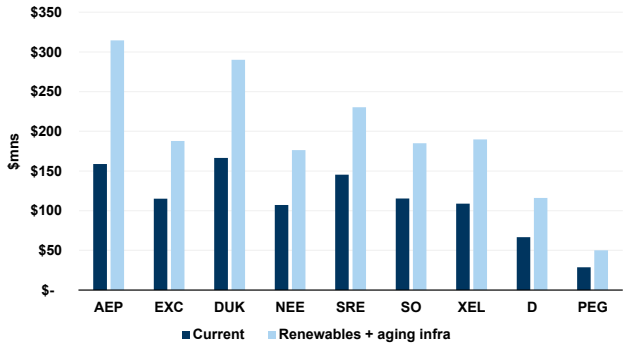

Source: Company data, Goldman Sachs Global Investment Research

We highlight **AEP**, **SRE**, and **XEL** as the largest beneficiaries from this trend:

AEP funds about 14% of total industry transmission capex per our estimates, and we assume the company maintains a proportional amount going forward. AEP's current capital plan includes about $15 bn of transmission spend over its five year plan, and the company estimates that it will take $3 bn of annual spend to replace aging transmission assets going forward. Management commentary has made it clear that transmission is a priority, and we expect AEP to be at the forefront of the grid expansion. AEP has highlighted $35bn of transmission spending in its pipeline through 2030, fairly close to our estimates of just over $40bn required through 2030 to support renewables.

SRE has opportunities to invest in transmission across California and Texas, where we expect about $12 bn across the 5-year capital plan to be spent on transmission. We do not view necessarily view SRE as a broader industry leader in transmission, but note its Texas utility in particular has opportunity to grow its grid infrastructure going forward. The Electric Reliability Council of Texas (ERCOT) is highly focused on grid reliability going forward following winter storm Uri in 2021, and we believe will encourage industry leaders such as Oncor to lead the way. In addition to reliability, Texas is an ideal region for wind generation given land availability and wind resources are prominent, which would require transmission lines to connect to the major cities and population hubs.

XEL expects to spend $8.4 bn on electric transmission through 2027, representing ~30% of total spend. The company has currently identified transmission build out opportunities to enable more renewables across its NSP and PSCo subsidiaries that total about ~$3 bn via MISO Tranche 1 and the Colorado Pathway project. Both also represent potential additional investment opportunities with subsequent phases of MISO expansion, future Pathway projects, and potential projects to alleviate congestion and enable load growth/new renewables in SPP at its SPS subsidiary.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

LNG

The geopolitical challenges of the past year have put a heightened focus on energy security around the globe. With that backdrop in mind, as well as the use of natural gas as a transition fuel and volatility in global gas prices, interest in LNG has increased significantly. As we think about the path for global decarbonization, we believe that natural gas will be an important part of the energy mix for the foreseeable future and act as a transition fuel, allowing global coal consumption to decline. Given the abundance of natural gas in the US, we believe there is opportunity for incremental LNG exports to contribute to global decarbonization and highlight **Sempra** as a company under coverage taking advantage of these dynamics.

Macro context

Our commodities colleagues expect the European energy crisis to remain an issue until 2025 when the next wave of global LNG supply begins to come online. They expect that by the end of 2026, there will be more than 180 Bcm of new LNG export capacity online, which will make up for the 100+ Bcm of Russian exports that were lost. The team also notes that global gas markets remain vulnerable to LNG supply outages because of how tight the market currently is, and an outage in late-summer/winter could drive prices upwards, particularly in Europe.

While global gas prices have abated from highs, they remain elevated in both Europe and Asia relative to the US, and GS forecasts this dynamic to persist through 2025 at least. This provides a meaningful incentive for both US gas suppliers to sell LNG at elevated prices abroad and global purchasers who can buy US LNG at lower prices. We believe companies with existing capacity, like Sempra, that can pursue brownfield expansions, will be better positioned to continue to gain commercial interest in projects given the number of LNG supply additions set to come to market towards the end of the 2020s.

Exhibit 36: We expect natural gas prices in Europe and Asia to come down by 2025 but remain significantly above US levels
Natural gas by region

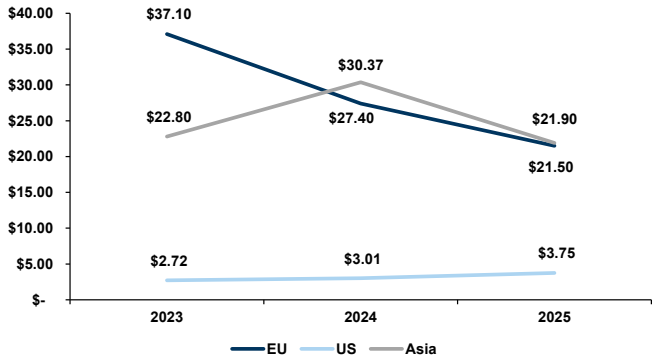

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Micro implications

While there is not a significant number of utility companies exploring growth in LNG investment opportunities, Sempra and Dominion have leverage to the LNG theme. In particular, Sempra is seeing a direct and immediate impact from these trends in LNG demand via its Sempra Infrastructure Partners (SIP) segment. Phase 1 of SRE's Port Arthur LNG project went from being a future project in the queue in 1Q2022 to being oversubscribed and reaching FID in 1Q2023, with an increasing likelihood that the company will pursue a second phase at Port Arthur given significant commercial interest.

SRE has the most exposure to LNG within our coverage space, with SRE's SIP segment already owning 12 mtpa of LNG capacity in the form of the Cameron LNG project on the Gulf Coast. SIP currently has a pipeline of a potential of about 50 mtpas, although many of these projects are longer dated. Port Arthur Phase 1 has 10.5 mtpa of contracted capacity, with the potential to produce up to 13 mtpa, and Port Arthur Phase 2 is expected to be of similar size. SRE reported it had 1.65 mtpas of excess volumes from Phase 1 HOAs that could be allocated to Phase 2, with Phase 2 likely needing 10.5 mtpa of offtake agreements to reach FID, assuming similar requirements to Phase 1.

Outside of Port Arthur Phase 2, SRE has Vista Pacifico, Energia Costa Azul Phase 1 and 2, a fourth train for its Cameron Project, and an expansion for the existing Cameron trains. We estimate that these projects would add an incremental ~37 mtpas of capacity if they all come online, bringing the total online capacity to 62 mtpas, with SRE only owning a portion of this capacity. For illustrative purposes, our scenario analysis implies that applying a 100% probability for all of SRE's non-operational LNG projects could add $10 of implied value to our current target price of $178 for SRE, all else equal. We view the LNG business as a unique upside opportunity for SRE, as the contracted cash flow from the LNG projects can be used to fund rate base growth at the utilities. SRE partnered with ConocoPhillips (COP, Buy, Covered by Neil Mehta) to build Port Arthur Phase 1, with COP taking a 30% stake in the project, with potential for a similar ownership structure for SRE to persist for Phase 2. Strategic partnerships like this one allow SRE to build these large scale projects without undertaking all the risk historically associated with megaprojects.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 37: SRE has the opportunity to reach 62 mtpas of LNG capacity, assuming that future projects come online at the projected maximum capacity
SRE LNG projects

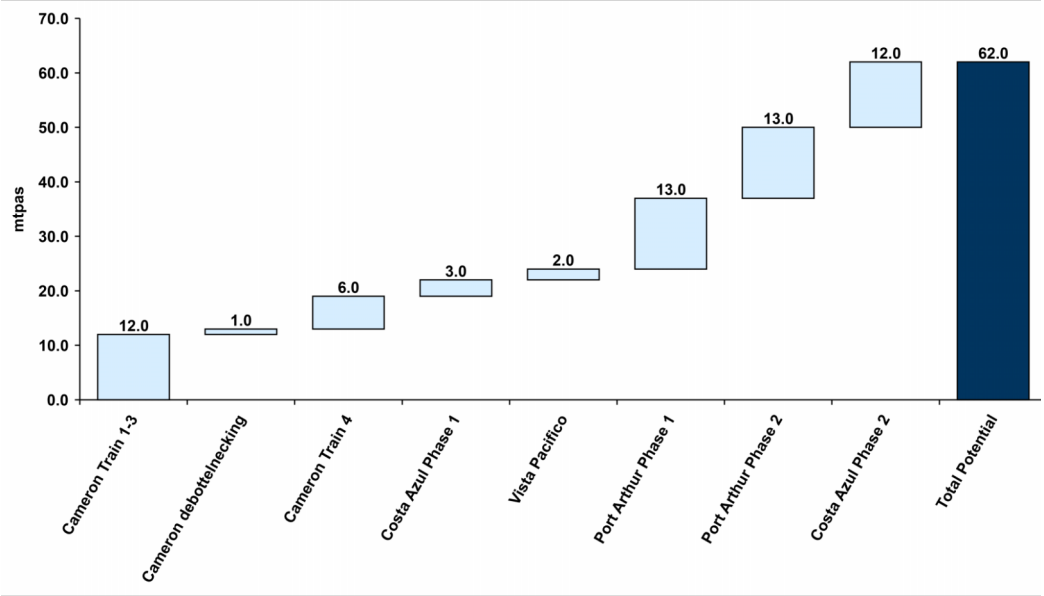

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 38: Our scenario analysis suggests that the LNG projects could add $10 of implied value to our current target price if they come online
Implied value from pipeline LNG projects, excluding Port Arthur Phase 1

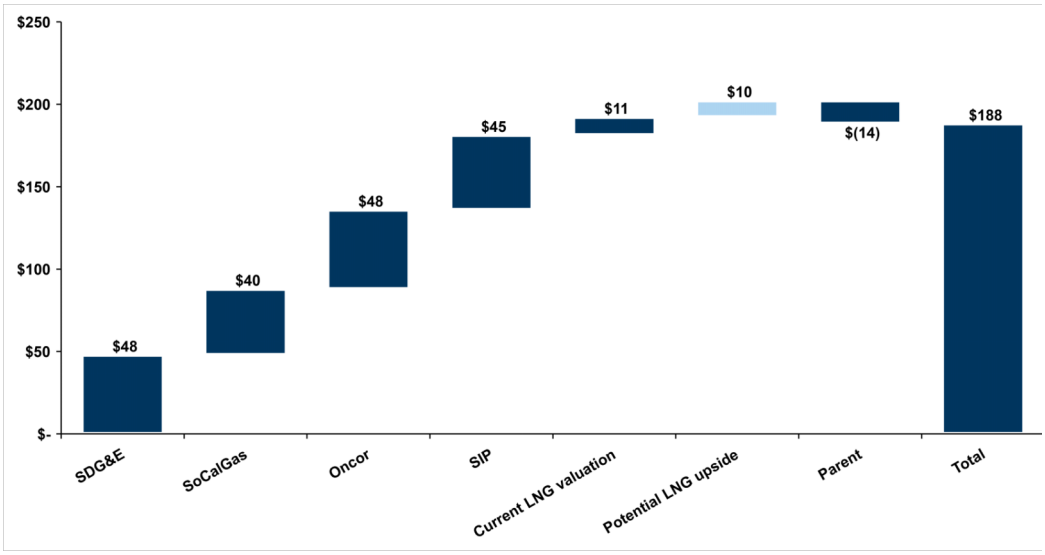

Source: Company data, Goldman Sachs Global Investment Research

Dominion also owns 50% of a single LNG project named Cove Point in Maryland. Cove Point currently has a capacity of ~5.25 mtpas. Dominion has not given any indication that it intends to expand the LNG business going forward, as it is already managing one megaproject in its DVOA offshore wind project. We note that Dominion is undergoing a full business review and any asset could be put up for sale at the end.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Affordability/Regulatory

Managing customer affordability has been top of mind for utilities as inflation, commodity price volatility, supply chain constraints, and other factors have put pressure on the US consumer. We believe managing costs in this challenging operating environment will be key for utilities to maintain customer affordability while still allowing for robust investments in decarbonization and grid reliability via constructive regulatory outcomes across jurisdictions. Below we discuss factors contributing to higher utility costs and pressure on customer bills including inflation, interest rates, and fuel costs, as well as where utilities stand in terms of managing these cost pressures and balance sheets.

Inflation continues to impact household incomes with 2022 inflation rising by 8% and our economists expect CPI to rise 4.3% in 2023. Decarbonization also remains top of mind as the Inflation Reduction Act (IRA) has created incentives for utilities to transition away from fossil fuels to renewables. The transition requires incremental capital spending by utilities both to add new renewable generation capacity and ensuring the grid's ability to deliver power to demand centers. As a consequence, we expect that, in aggregate, our coverage will be spending $93 billion in capital investment more during 2023-2027 than they did during 2018-2022 (Exhibit 39). We believe utilities will need to remain focused on offsets to customer bills in order to minimize the impact on affordability to fund the transition.

Volatility in commodity prices, particularly natural gas, has had an impact on customers bills over the past year. Most utilities pass through fuel costs to their customers and over the past year fuel costs have been elevated with gas prices being the most volatile. As an example, Henry Hub prices, went from under $4/mmbtu at the beginning of 2022 to a peak of close to $10/mmbtu in late August 2022 and finally have fallen to ~$2.25/mmbtu in early June. In order to minimize the immediate impact on customers, regulators allow utilities to defer fuel costs and recover them over a specified time period to avoid sudden spikes in customer bills. That said, as commodity prices have moderated, many utilities have already lowered fuel components of bills, reducing the net effect of fuel recovery for 2023.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 39: We expect an increase in capex, by $93bn, of our coverage in the next 5 years vs the past 5 years
Capex by year ($bn)

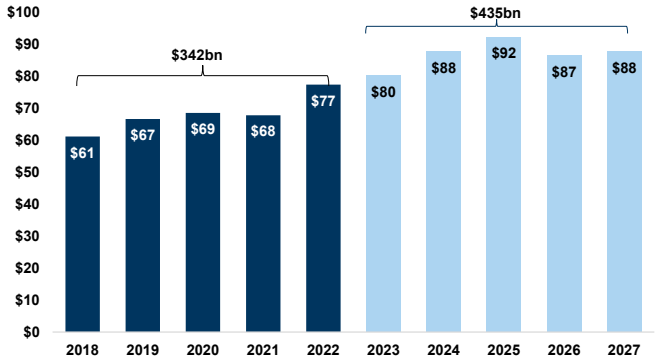

Source: Company data, Goldman Sachs Global Investment Research

O&M trends

O&M levels grew across the board in 2022, with most of our coverage reporting double digit growth in O&M as a result of the inflationary environment, as well as several companies opting to pull forward future O&M given favorable impacts from weather during the year. With that said, despite the still challenging and inflationary environment, we expect YoY growth in O&M in 2023 to decline by about 3% on average as (1) supply chain constraints and inflationary impacts start to abate, (2) companies remain focused on cost management initiatives including around technology, (3) absence of O&M spend initially allocated towards 2023 that was pulled into 2022, and (4) companies look to offset mild weather to start the year. Longer term, we expect O&M expense growth to trend in the 1-2% range.

Balance Sheet, Interest Rate Risk, and Dividends

In the current elevated interest rate environment, we believe investor focus on balance sheet health will remain high. We recognize that deferred fuel costs that will be recovered in the coming quarters skew current leverage levels for certain companies, but believe that it creates even more importance around managing balance sheets in the face of continued uncertainty and financing needs with robust capital spending plans. That said, broadly we see healthy leverage metrics across our coverage at current, with most utilities trending near or above their credit downgrade thresholds.

When comparing FFO/Debt versus downgrade thresholds across our coverage (Exhibit 41), we find that most stocks stand above downgrade thresholds, with PEG and SO currently trending below. However, we believe there are some company specific attributes that could drive derisking in the coming quarters, for SO around deferred fuel recovery and in-service of Vogtle, and reduced hedging collateral for PEG. In the case of SO, the delta between current FFO/Debt and threshold is largely due to the under recovered fuel balances which is causing around 400bps of lag as per management's commentary on their 4Q22 earnings call. In addition, with Vogtle coming online, management expects to hit their FFO/Debt target of 17% by 2024.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Given the rising interest rate environment with 2 and 10 year US treasury rates climbing to 4.5% and 3.7% respectively at the beginning of June 2023 (Exhibit 42), we look at how increasing interest rates could impact EPS across our coverage. At utilities, debt at the holding company level is more vulnerable to interest rate risk as there is no mechanism to pass interest costs onto customers as exists at the regulated utility operating companies via the rate making process. Across our coverage, we see about a 1% impact to average 2024/2025 EPS from a 100 bps change in interest rates.

Dividend yields have historically been a key driver of the level of attractiveness of utility investments, particularly relative to the 10-year treasury yield. Across our coverage, the current dividend yield sits at 3.8% (vs. XLU at 3.2% and 10-year at 3.7%). We believe the relative gap between dividend yields and treasury yields has been a driver of utility underperformance more recently. Looking forward, we expect the sustainability and growth of dividend payments across utilities are key focus points for investors, in addition to relative yield.

Exhibit 40: NEE has the most maturing debt at holdco but, it is largely hedged per company commentary at YE2022
Maturing Holdco Debt/Total Company Debt, YE2022

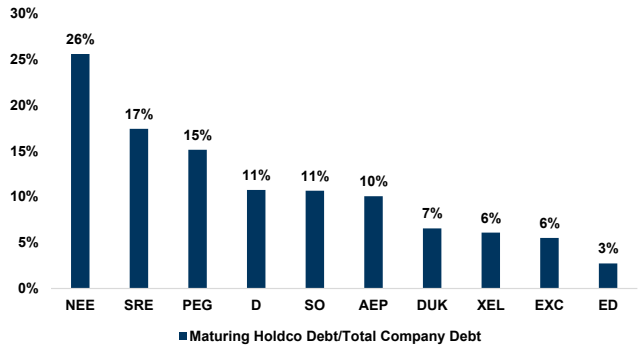

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 41: Most of our coverage is above their downgrade thresholds while PEG and SO have elevated levels of leverage at YE2022
FFO/Debt (%) v/s Downgrade Threshold (%), YE2022

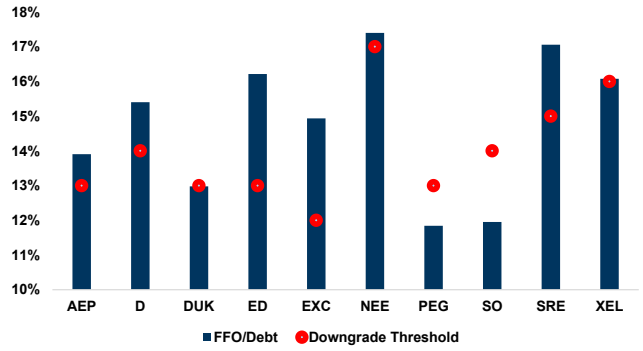

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 42: Rising treasury yields may impact debt financing costs
10 year US treasury yields



Source: Federal Reserve Bank of St. Louis (FRED), Data compiled by Goldman Sachs Global Investment Research

Exhibit 43: On average across our coverage, we see a ~1% impact to 2024/2025 average EPS from a 100 bps change in interest rates
% impact 100 bps rate change to average of 2024 & 2025 EPS

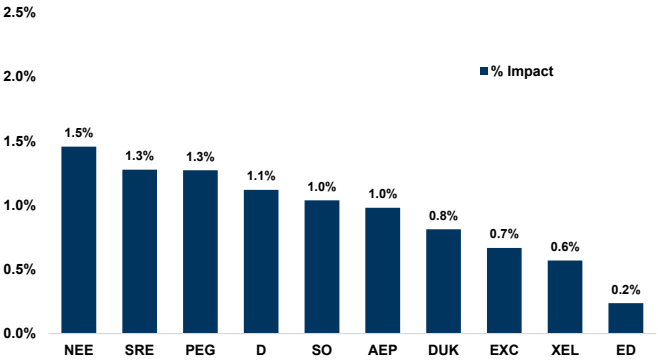

Source: Company data, Goldman Sachs Global Investment Research, Bloomberg

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Southern Company (SO, Buy): Positive as Vogtle comes into service, removing valuation overhang and driving EPS growth

We initiate coverage on Southern Company (SO) with a Buy rating and a 12-month price target of $80. While the stock has faced challenges in recent years due to execution missteps at the Vogtle project, we now see a path to SO re-rating to its historical valuation premium following the in-service of Vogtle Units 3 and 4, which we expect in 2Q23/1Q24, respectively. In addition, we have a constructive view on the company's regulated utility exposure, and see incremental upside opportunities not in our base case around energy transition investments, given that SO has expressed interest in renewables but has allocated limited capital to them thus far.

SO	12m Price Target: $80	Price: $69.69	Upside: 14.8%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $76.5bn	**Revenue ($ mn) New**	**29,279.0**	**28,614.2**	**29,988.5**	**31,201.0**
Enterprise value: $137.2bn	Revenue ($ mn) Old	--	--	--	--
3m ADTV :$306.0mn	EBITDA ($ mn)	9,033.0	10,185.7	11,333.3	12,185.3
United States	EBIT ($ mn)	5,370.0	6,200.3	7,229.1	7,834.3
America-Utilities:	**EPS ($) New**	**3.60**	**3.53**	**4.05**	**4.45**
	EPS ($) Old	--	--	--	--
M&A Rank: 3	P/E (X)	19.7	19.7	17.2	15.7
	Dividend yield (%)	3.8	4.0	4.2	4.3
	Net debt/EBITDA (X)	6.2	6.0	5.6	5.4
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	0.79	0.89	1.49	0.37

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Vogtle Units 3 and 4 start up finally in sight, removing valuation overhang

Following multi-year challenges around the building of Vogtle Units 3 and 4, we now see line of sight to the incremental nuclear capacity coming into service. In our view, execution, timing, and budget issues around Vogtle have been a key overhang on the stock in recent years, and we see potential for that overhang to abate as the units come into service. We currently forecast Unit 3 to come online in 2Q2023 (vs. company guidance of May-June 2023) and Unit 4 to come online in 1Q2024 (vs. company guidance of late 4Q23/early 1Q24). When Vogtle Unit 4 comes into service fully in 2024, we expect the project to make up 11% of GA Power EPS.

We note the project has recently reached a number of key milestones, with Unit 3 having successfully reached 100% power and Unit 4 completing hot functional testing in May, which marks the last series of tests ahead of nuclear fuel load. We ultimately believe that the lessons learned from challenges on construction and execution around Unit 3 will be applied to processes around Unit 4, increasing the likelihood of a smoother path to completion and start up, in our view. Construction for Vogtle Units 3 and 4 was initially approved by the Georgia PSC in 2009 and the NRC approved the reactor design in 2011. The project was initially expected to be placed into service in

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

2016/2017 for Units 3/4. Currently $4.4bn of Vogtle spend is in rate base earning a penalty ROE, which is around 4% at this point, and $2.1bn of this piece will receive the full 10.5% Georgia ROE when Unit 3 goes into service. The remaining $5.2bn of the $7.3bn total will receive the full ROE as soon as Unit 4 goes in-service.

From 2000-2012, SO traded at an average FY2 P/E premium of about 2x relative to our coverage. As the Vogtle missteps began, from 2014 to current, the stock has traded at about a 0.8x discount to our coverage average. We now see the stock trading at about a 0.7x premium to our coverage on FY2 P/E, and with Vogtle progressing towards start up, we see a path towards SO regaining its historical premium with project risk largely resolved. In our valuation for SO, we apply a 2x premium to our coverage baseline average multiple given attractive regulatory exposure, resolved project risk, and potential upside around renewables.

Exhibit 44: We expect Vogtle to make up 11% of 2024E GA Power EPS when fully online in 2024
Vogtle impact on EPS, based on 2024 share count estimate

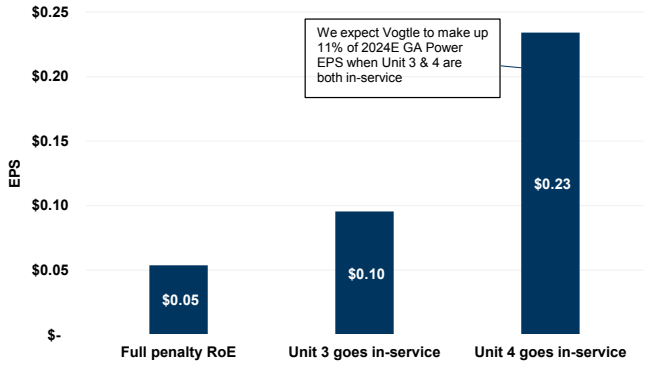

Source: Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 45: With line of sight to Vogtle Units 3 and 4 coming into service, we believe SO stock should regain its historical multiple premium relative to our coverage
SO historical P/E premium/(discount)

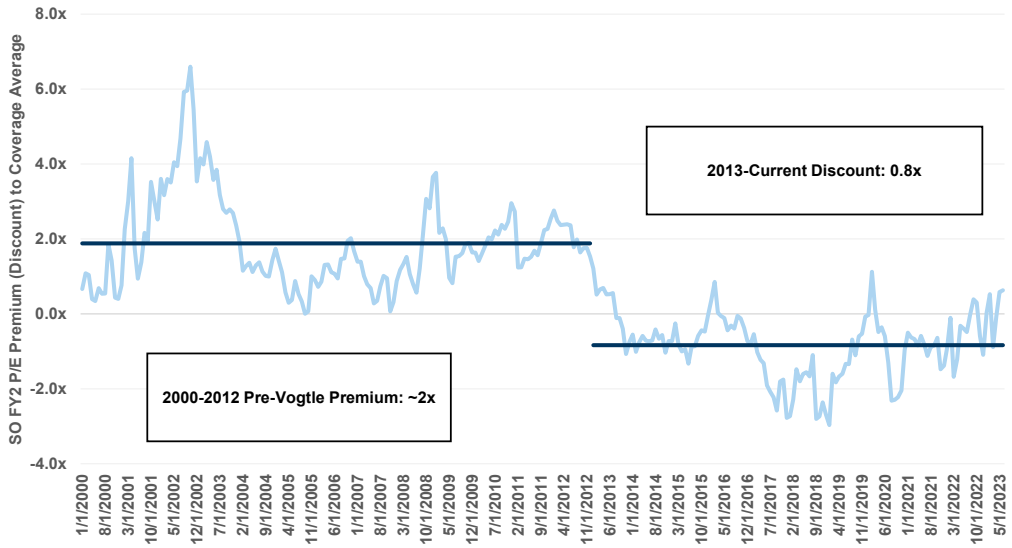

Source: FactSet, Goldman Sachs Global Investment Research

Chevron Case Study

One of Chevron Corporation's (CVX, Neutral, covered by Neil Mehta) core assets, Gorgon (LNG facility with production capacity of 15.6 mn metric tons per year), experienced various delays and budget cost increases over the years from the project's initial FID in late 2009 to first gas in early 2016. Upon FID, the total project was initially estimated to cost ~$37 bn, with an expected first phase startup in 2014. The total project ultimately cost closer to ~$54 bn, with first gas achieved in March 2016 vs the initial 2014 timeline. The over budget project contributed to CVX's negative FCF yield from 2013-2016, and as depicted below, once Gorgon Train 1 reached run-rate production and Train 2 experienced a start-up, the stock largely closed its market cap discount to XOM in subsequent years. We believe once the Gorgon project came online, which in 2022 accounted for ~8% of CVX's worldwide Upstream production volumes and implies ~14% of 2024 FCF (GS model), the market was able to better reflect present and future cash flows from the project, as well as de-risking multiples used in the stock's valuation. We also note CVX's Gorgon completion allowed the market to assume greater confidence in the Australia adjacent Wheatstone LNG project (online in ~2018), which in 2022 accounted for ~6% of CVX's worldwide Upstream production volumes and implies ~13% of 2024 FCF (GS model).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 46: Chevron's Gorgon project faced a number of budget and timing setbacks, which was an overhang on the stock until it reached run rate production, when it closed the market cap discount relative to Exxon
CVX market cap discount to XOM, $ bn

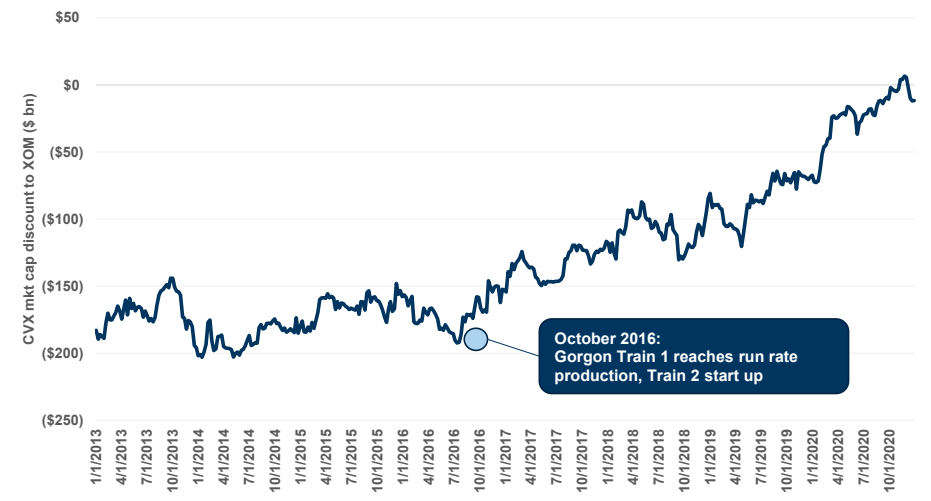

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 47: As depicted below, once Chevron's Gorgon project came online, the company saw a meaningful FCF inflection in 2016+ as capex reduced
CVX cash flow, $ mn

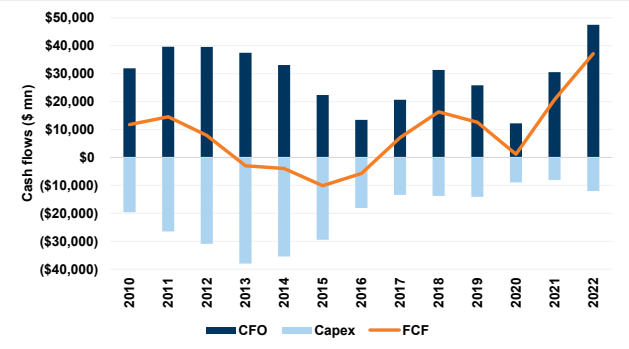

Source: Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Attractive regulated utility exposure

We have a constructive view on the company's regulated utilities exposure in Georgia, Alabama, and Mississippi. While Georgia Power makes up the majority of SO's EPS and is generally a focus area given the Vogtle project, we believe there are attractive, underappreciated elements across the other utilities as well from a regulatory and returns perspective.

- **Georgia Power.** Across GA, AL, and MS power, GA Power represents the highest share of EPS at about 55% in 2022. The utility has an above average ROE, at 10.5%, which was recently set through the annual rate process and there was minimal delta between the company's initial request and what was granted both around rate increases and ROE. We believe this is a function of the company's constructive relationship with regulators, driven by strong reliability and focus on customer affordability, despite challenges around Vogtle.
- **Alabama Power.** While much of the focus on the SO story recently has been on Georgia and Vogtle, we believe Alabama Power, which comprises about 40% of the regulated utilities' earnings, could be underappreciated. We believe there is a favorable regulatory construct with the RSE, which drives an ROE well above the prevailing national average. At the 6.15% bottom end of the weighted common equity return range and roughly 53% equity layer, the allowed ROE is about 11.6% versus the LTM average across US at about ~9.6%. We expect the utility to earn at or above its authorized return through the extent of our model.
- **Mississippi Power.** While there is still outstanding litigation around the Kemper project, the returns and affordability at Mississippi Power screen attractive relative to national averages. The authorized ROE of ~10% is above the US LTM average of ~9.6% and Mississippi Power's customer rates across all classes are below the average across our coverage according to data from the EIA. We note that base rates at Mississippi Power are generally set under the Performance Evaluation Plan (PEP), where customer prices relative to other regional utilities in addition to reliability and residential customer satisfaction are inputs.

Exhibit 48: Across the regulated electric utilities, GA Power makes up the largest share of earnings, but AL Power is also meaningful
Regulated electric utilities 2022 EPS breakdown, %

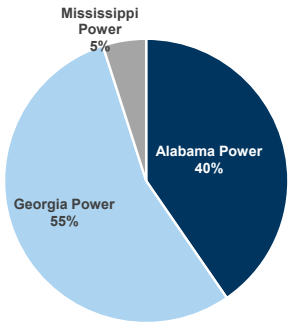

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 49: All of SO's regulated electric utilities screen above the LTM US average on authorized ROEs
Authorized ROE (%)

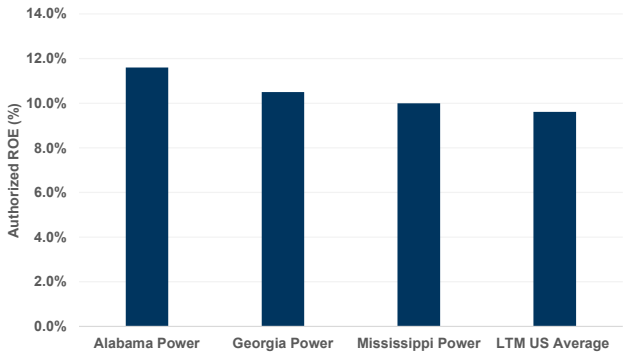

Source: Company data, Goldman Sachs Global Investment Research, SNL, Fitch

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 50: Alabama Power has consistently executed on its allowed ROE band over the past five years, which remains above national averages
Alabama Power ROE, %

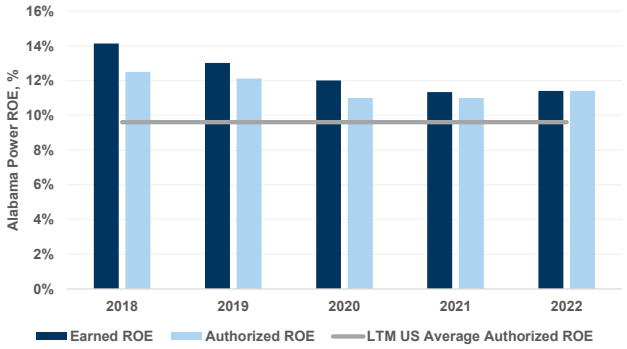

Source: Company data, Goldman Sachs Global Investment Research, SNL

Exhibit 51: Mississippi Power screens particularly attractive on $/kWh rates across all customer classes, per EIA data, and AL/GA Power also screen well
$/kWh for all customer classes (full year 2022 data)

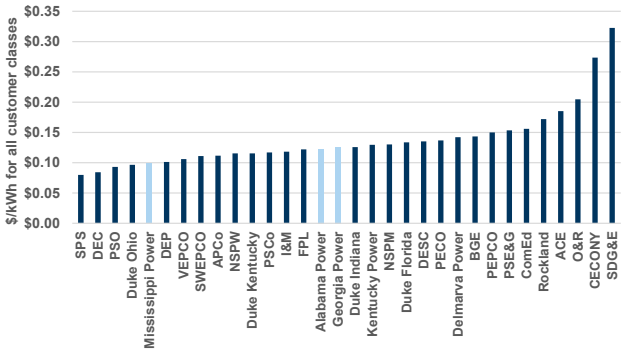

Source: EIA, Goldman Sachs Global Investment Research

See upside to consensus and capex, with further opportunities around Energy Transition not baked in

We are currently 1%/3% above FactSet consensus earnings for 2024/2025 and 3% above company guidance around capex through 2027. We believe this contributes to an attractive EPS CAGR through 2027 of 7% and see potential positive revisions to consensus and guidance as catalysts for the stock. In addition, we note that the company's base capital spending plan is conservative, in our view, given only projects that have received regulatory approvals are included. Our current capex estimates are $44.1 bn through 2027 versus SO's base plan of $43 bn. That said, we see further upside potential around capex, earnings, and customer benefits.

Exhibit 52: We are 1%/3% above FactSet consensus earnings in 2024/2025
GS vs. FactSet consensus EPS

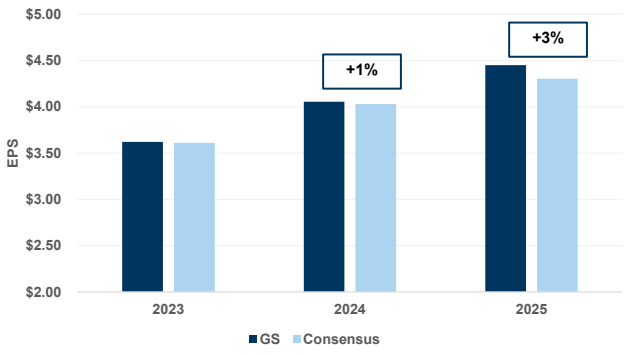

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 53: Through 2027, we see a ~7% CAGR for SO EPS, which screens well relative to peers and we see upside risk to the extent further capital spend opportunities materialize
2022A-2027E EPS CAGR, %

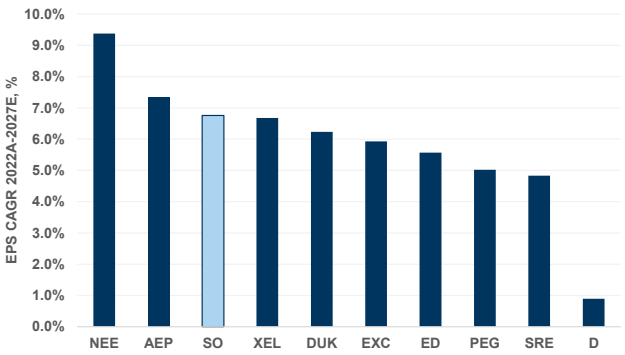

Source: Goldman Sachs Global Investment Research

We see potential for more capital spend to be allocated to the Energy Transition relative to the company's base capital plan, both at Southern Power and at the regulated utilities. SO's current base capital plan is $43 bn across 2023-2027 and management has identified $3+ bn in potential incremental spend across that period.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Opportunities include investments at Southern Power as well as the regulated utilities around renewables, other decarbonization investments, transmission, and resiliency. While there are a number of places capex could be allocated, we illustrate an example below that represents potential earnings uplift were the capex to be allocated towards transmission given our view as discussed above that there is an industry wide transmission shortfall. Assuming the earnings impacts are ratable across the five-year period, our scenario analysis implies $3 bn of incremental spend on transmission could impact our earnings estimates by 1% annually, all else equal.

Exhibit 54: We currently embed $44.1 bn in capex through 2027 relative to SO's base plan of $43 bn, and see further potential upside from here
Capex, 2023-2027, $ mn

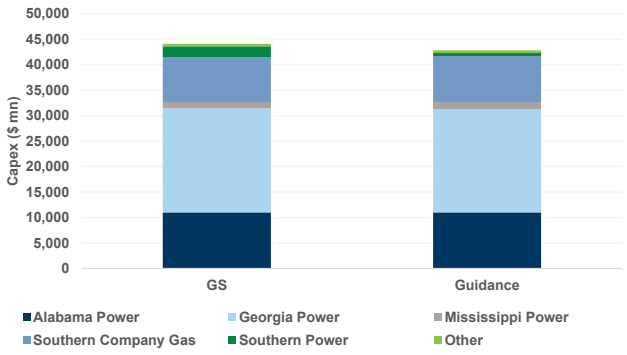

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 55: To the extent SO's $3 bn of incremental capex opportunities were allocated towards transmission, our scenario analysis implies we could see 1% upside to our annual earnings through 2027, all else equal
Earnings impact from incremental capex spent on transmission (scenario analysis)

Capex	**$**	**3,000,000,000**
D&A rate		3.5%
D&A	$	105,000,000
Rate Base Increase	**$**	**2,895,000,000**
RoE*		10.5%
RoE pre-tax		13.0%
Equity Component		55.0%
Cost of Debt		4.0%
Debt Component		45.0%
WACC		8.9%
Tax rate		19.0%
O&M estimate	$	67,213,322
Earnings	**$**	**154,952,559**
Annual % Earnings Impact		1%
% Impact on 2027 Earnings		*3%*

*We note our ROE is conservative relative to other FERC transmission ROEs. Equity layer, tax rate, O&M, D&A, and cost of debt based on company average.

Source: Company data, Goldman Sachs Global Investment Research

We also look at potential for tax credit generation at Georgia Power via PTCs from renewable energy sources approved in its recent IRP. At Georgia Power, the approved 2022 IRP included approvals for 2,300 MW of renewable energy sources over the next three years, putting the company on its way to reaching its targeted 6,000 MW of new renewable resources by 2035. To the extent these are owned 100% by GA Power and brought online ratably over the next 3 years and through 2035, we believe more than $215 mn of tax credits could be generated via the PTC annually by 2027, with a potential peak near $350 mn by 2031. These credits could provide savings to customers, further

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

improving customer affordability and creating headroom for incremental investments without significant bill impacts.

Exhibit 56: To the extent GA Power brings on solar to reach its renewables target of 6,000 MW by 2035, we could see over $200 mn of tax credit benefit by 2027
PTC potential from GA power renewables, $ mn

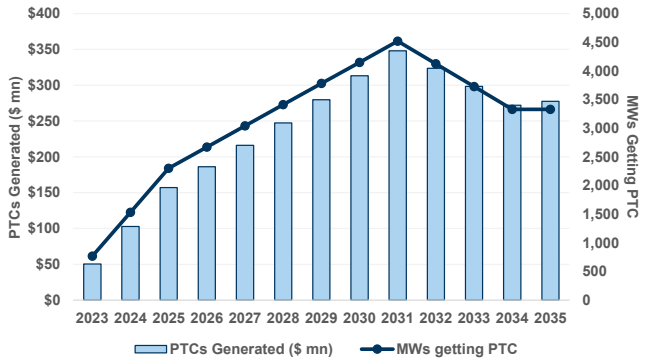

Source: Company data, Goldman Sachs Global Investment Research

Valuation & Key Risks

We are Buy rated on SO. Our 12-month, P/E-based price target is $80. In our valuation, we apply an 18.0x multiple on 2025 earnings, which is a 2x premium our baseline coverage multiple of 16x, in line with the premium at which the stock historically traded pre-Vogtle.

Key risks to our positive view include

1. **Execution risk around Vogtle.** While we believe there is a clear path to start up for Units 3/4, there could still be missteps in final testing/start up activities that could push timeline or increase costs. In addition, there could be risk around the prudency hearing, which will determine how much will go into rate base once the Units are online. This risk could impact the multiple re-rate and represent downside risk to our estimates.
2. **Balance sheet.** The company is currently below its FFO/debt downgrade thresholds, largely due to deferred fuel balances at Georgia Power. We expect these balances to be recovered over the next 36 months. However, if the company is unable to recover these balances or other factors drive metrics to remain sustainably below downgrade threshold levels, there could be risks. That said, we also see potential for credit rating agencies to revise downgrade thresholds once Vogtle Units 3/4 come into service as project execution risk is removed.
3. **Slower than anticipated rate base/earnings growth.** We are above consensus on earnings for SO in 2024/2025 and expect an EPS CAGR through 2027 of ~7%. We also embed capital spending above current company base guidance given our expectations SO will continue to invest to drive rate base growth. To the extent capex, rate base growth, or earnings growth does not materialize to the extent we forecast, we could see downside risk to estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

A quick overview of SO

Southern Company is a $76 bn market cap regulated utility operating the Southeastern US. It has over 8.7 million electric and gas customers. The company has 3 traditional utilities (Alabama Power, Georgia Power and Mississippi Power), which benefit from operating in a historically favorable regulatory environment.

The company operates multiple subsidiaries including:

- **Alabama Power** – Serves Alabama and is a vertically integrated utility owning generation, transmission and distribution facilities, which has solid industrial growth. Rate making in Alabama is underappreciated providing for high authorized ROE, limited regulatory lag, ability to grow earnings from the transition from coal to renewables.
- **Georgia Power** – Serves Georgia and is a vertically integrated utility owning generation, transmission and distribution facilities which reside in a state that has seen strong growth, with an attractive operating environment. It has a constructive regulatory environment with a forward-looking rate case every 3rd year. GA power is the partial owner (45.7%) of the Vogtle nuclear power plant, which has been an overhang for the stock. Its Units 1 & 2 were built in 1976 and construction began on Units 3 & 4 in 2009. The original budget of $14bn and an expected in-service date of 2016 were missed as costs have crossed $30bn and the in-service date for Unit 3 is expected to be 2Q2023. Unit 4 is expected to go in-service in late 4Q2023/early 1Q24.
- **Mississippi Power** – Serves half the state of Mississippi, with the other half being served by Entergy Corporation (ETR). It is considered to be a historically attractive utility regulatory environment. The company has annual increases to help offset under earning based on blended forward and historical test years.
- **Southern Power** – It is a non-regulated subsidiary, which means that its business activities are not subjected to regulation like a traditional utility would be. Instead, Southern Power enters into PPAs (purchased power agreements) with investor owned utilities and sells electricity to them at predetermined prices. It owns natural gas plants as well as renewable generation facilities.
- **Southern Company Gas** – Deals with the distribution of natural gas as well as gas pipeline investments and gas marketing services.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 57: SO has underperformed the XLU over the past 10 years
SO v/s XLU

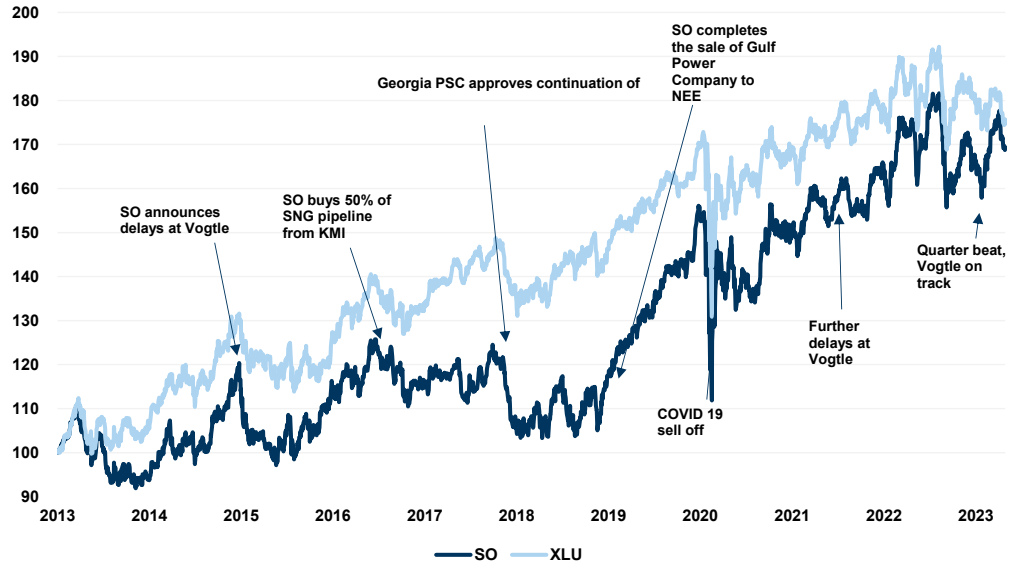

Source: Data compiled by Goldman Sachs Global Investment Research, FactSet

Exhibit 58: Georgia continues to be the largest driver of earnings into the future for Southern Company
Earnings Mix

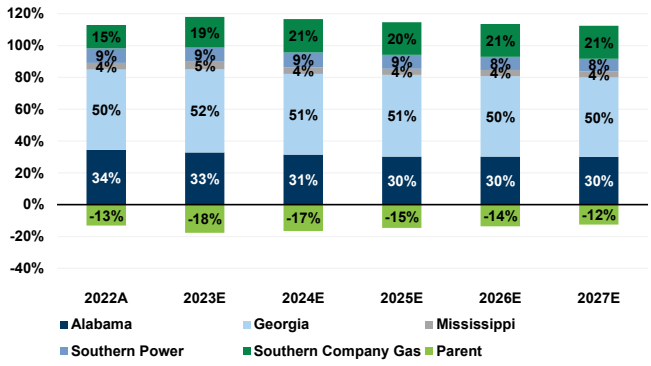

Source: Company data, Goldman Sachs Global Investment Research

NextEra Energy (NEE, Buy): Renewables build out, above average EPS growth, and attractive regulated utility exposure drive positive view

We initiate coverage of NextEra Energy (NEE) with a Buy rating and a 12-month SOTP based price target of $90. Three key factors underpin our Buy rating: leverage to renewables growth, positive regulatory environment and a long track record of execution at FPL, and above average EPS growth with discounted valuation relative to history. We view NEE's regulated utility Florida Power & Light (FPL) as a premium regulated utility with a long runway for growth in a positive regulatory backdrop. Its

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

renewable development segment, NextEra Energy Resources (NEER), owns the largest portfolio of renewables in the US and plans to double its size by the end of 2026. NEE shares have underperformed the XLU by ~5% YTD, which we believe provides an attractive entry point for investors.

NEE	12m Price Target: $90	Price: $73.59	Upside: 22.3%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $147.5bn	**Revenue ($ mn) New**	**20,956.0**	**26,719.6**	**27,020.0**	**28,953.7**
Enterprise value: $228.8bn	Revenue ($ mn) Old	--	--	--	--
3m ADTV :$530.1mn	EBITDA ($ mn)	9,280.0	15,532.5	15,732.9	17,552.0
United States	EBIT ($ mn)	4,081.0	9,433.8	9,614.7	10,743.9
America-Utilities:	**EPS ($) New**	**2.91**	**3.18**	**3.48**	**3.89**
	EPS ($) Old	--	--	--	--
M&A Rank: 3	P/E (X)	27.7	23.1	21.1	18.9
	Dividend yield (%)	2.1	2.5	2.8	3.1
	Net debt/EBITDA (X)	6.8	4.5	4.6	4.5
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	0.84	0.83	0.84	0.67

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Highest leverage to renewables build out via NEER

Across our coverage, NEE has the highest leverage to the build out of renewable power, with 59% of our 2023-2027 capital spending estimates allocated to renewables. We expect NEER to bring ~42 GWs of new renewable energy into service over the 2023-2026 timeframe, versus company guidance of 33-42 GWs. NEER is already the largest owner of renewable generation, and this aggressive growth plan will further solidify its lead vs competitors. NEER's current renewable portfolio is made up of 23 GWs of wind, 5 GWs of solar, 1 GW of storage, including assets that NextEra Energy Partners (NEP, Coverage Suspended) owns and NEER operates. This means that the current development plan should more than double the size of the existing portfolio. We estimate that the LCOE of wind is $25/MWh and solar is $33/MWh, compared to natural gas at $60/MWh and coal at $73/MWh. Both solar and wind benefit from lower O&M costs relative to natural gas and coal, as neither require variable O&M once they are brought online. In addition to traditional renewable power, we also believe NEE could be a first mover in the green hydrogen space, although we await clarity from treasury around the hydrogen tax credits to quantify potential economic benefits.

NEE has highlighted wind repowering as a meaningful opportunity going forward. The current development plan includes up to 1.4GWs of wind repowering through 2026. Solar and storage can also be repowered, and should provide an additional tailwind if NEE allocates resources to repowering those assets. The primary purpose of repowering wind is to extend the life of the production tax credit (PTC) it benefits from for another 10 years, and typically the investment into the wind turbine also increases the generation output by 15-20% annually. We have highlighted the potential for the wind repowering opportunity below, with 2GWs of wind repowerings adding nearly $74mn of revenue due to increased production, on top of the $200mn+ of tax credits

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

that NEE should continue to get following the repowering, per our calculations. NEE already has $5bn of tax credits on its balance sheet, and uses 95% of new credits for tax equity financing, which allows NEER to aggressively grow its renewable portfolio without large financing needs. Once tax credit monetization is implemented and a market develops, NEE can use its new and existing tax credits to bolster its cash flow when needed. NEER itself owns 14.8 GW of wind, all of which will all eventually need to be repowered when each asset's PTC approaches expiration at 10 years.

NEER's renewable development program is one of the key items to monitor for NEE's growth going forward. The ambitious goal of doubling the size of the renewable portfolio through 2026 should set NEER even further apart from its renewable developer competitors, and our numbers assume that NEER will achieve this goal and hit the high end of the development plan range. However, we acknowledge the execution risks that come with such a large undertaking, and highlight the EPS impacts if NEER misses our expectations on renewables development going forward. In the scenario analysis below, the bear case has NEER achieving the bottom end of the guidance range, and the bull case has NEER achieving 25% above the top end of the range. Given NEER's track record of success and reputation for hitting the top end of guidance, we believe having the top end of the guidance as a base case scenario is justified, and hitting the bottom end of the range, our bear case, would be disappointing for management. In our view, given NEE's scale, experience, and track record of execution in renewables development, the company is well positioned as a supplier of choice and can attain more constructive economics relative to peers to continue to drive development.

Exhibit 59: NEE has allocated the largest portion of capex in its 5-year capital plan to renewables within our coverage
% spend on renewables in capital plan

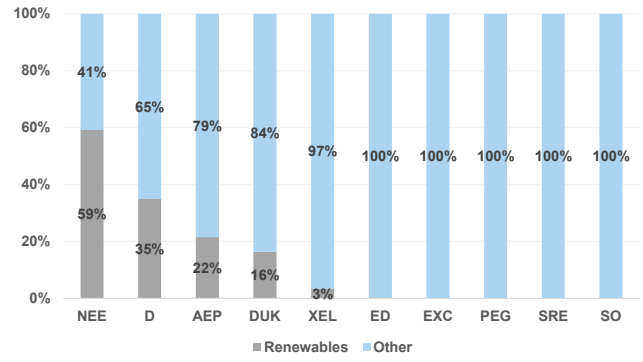

Source: Company data, Goldman Sachs Global Investment Research, SNL Financial

Exhibit 60: We expect NEER to make up a greater portion of NEE's earnings going forward
% of earnings from each segment

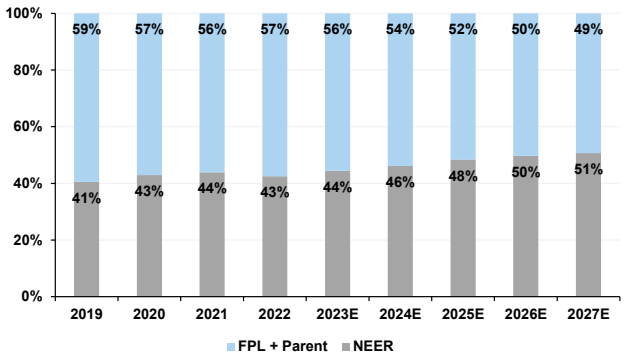

Source: Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 61: Wind repowering could provide a material tailwind for NEE going forward
Wind repowering impact on revenue and tax credit extentions

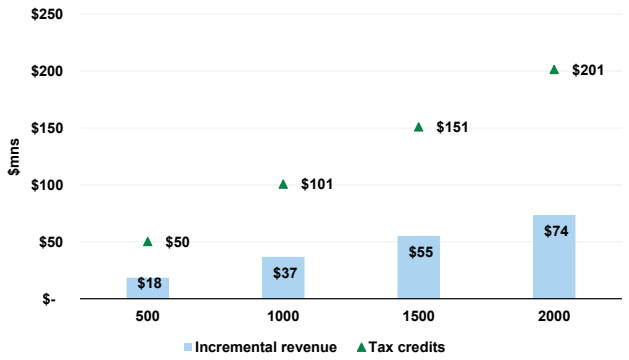

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 62: Our base case is that NEER hits the top end of its renewable development plan, and lay out the potential EPS growth if it exceeds or misses our estimates
NEER EPS scenario analysis

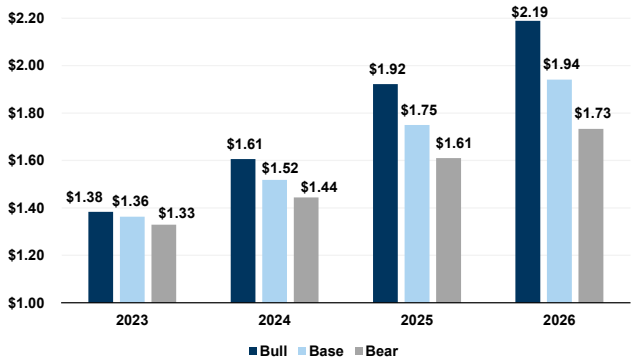

Source: Company data, Goldman Sachs Global Investment Research

Constructive regulatory outlook and execution at FPL

We view the regulatory environment in Florida as constructive and see FPL as a premium regulated utility. FPL secured a multiyear settlement in 2021 that lasts through 2025, meaning there is minimal near term rate case risk. FPL also benefits from a high authorized RoE relative to other utilities, with the RoE band going up to 11.8%. Moreover, FPL has access to a unique regulatory mechanism in its surplus amortization reserve, which allows it to adjust D&A expense in quarters where weather is a headwind to ensure it hits the upper end of its authorized RoE band. Florida's commissioners have shown that if a utility is able to manage costs, keep customer bills low and reliability high, they are willing to grant positive outcomes in rate cases as well as utility friendly regulatory riders and trackers. Florida as a state gets hit by the most hurricanes each year on average in the US, requiring utilities to spend a significant amount on grid reliability to withstand such storms. The commission fully supports this as it is a net benefit to customers, and it provides the utility with a consistent avenue to invest and grow rate base going forward. FPL recently filed its 10-year plan for solar, including 20 GWs of solar and 2 GWs of storage through those 10 years. This will be a large expansion of FPL's solar portfolio, as it only owns 4.5 GWs of solar now.

Florida has benefited from above average population growth relative to the rest of the US in recent years. Over the past 5 years Florida's population CAGR is more than double that of the US at 1.2%, only dipping below the US growth rate in 2020. This population growth not only provides NEE with organic load growth, but having more customers to spread costs across allows FPL to increase capital spending without raising customer bills significantly, contributing further to constructive relationships with regulators. FPL's bills remain materially below average at roughly $0.135/KWh, with the average of our coverage closer to $0.18/KWh.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 63: NEE has lower average bill costs than most of its peers
Average $/KWh for each utility

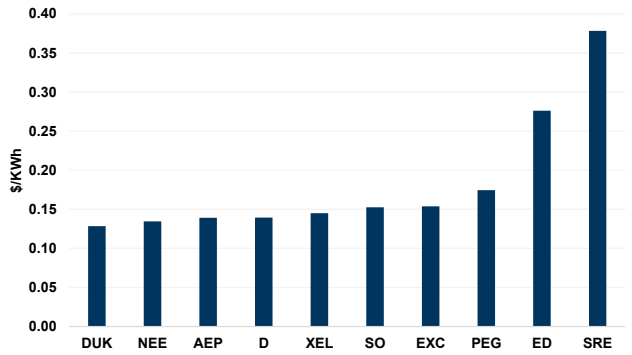

*SRE only includes SDG&E

Source: FERC, Goldman Sachs Global Investment Research

Exhibit 64: Population growth in Florida has outpaced the average in the US significantly over the past 5 years
FL and US population growth

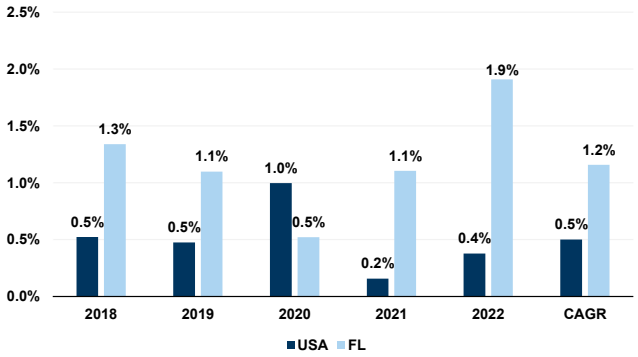

Source: Census Bureau, Goldman Sachs Global Investment Research

Exhibit 65: Electicity demand in FL has also outpaced the average growth in the US on average over the past several years
FL and US electricity demand growth

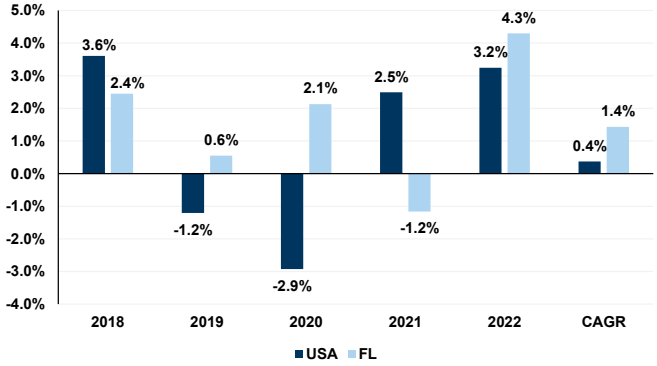

Source: EIA, Goldman Sachs Global Investment Research

Attractive valuation following recent underperformance

Year to date, NEE shares have underperformed the XLU by 4.8% and the S&P500 by 23%. We attribute this underperformance to a number of factors including recent company management change and investor concerns pertaining to allegations around campaign finance violations at FPL reported by NPR. On the 4Q2022 earnings call, investors queried if the management change at FPL was related to the allegations of campaign finance violations, to which management disagreed. We also believe that some investors expected NEE to grow its renewable development plan at NEER following the passage of the IRA in 2022. NEE's outperformance in the mid 2010s was largely under the guidance of former CEO Jim Robo, who has since stepped down. While the new management team has experience at the company, we believe investors remain focused on continued execution at a high level to continue to build confidence with the investment community. In our view, the recent underperformance has created a buying opportunity as those concerns move in the rear view mirror and investors digest a solid 1Q23 results and look ahead to the existing development plan that will

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

double the size of NEE's renewable portfolio.

Exhibit 66: NEE has materially underperformed both the XLU and the S&P 500 YTD
NEE vs XLU vs S&P 500

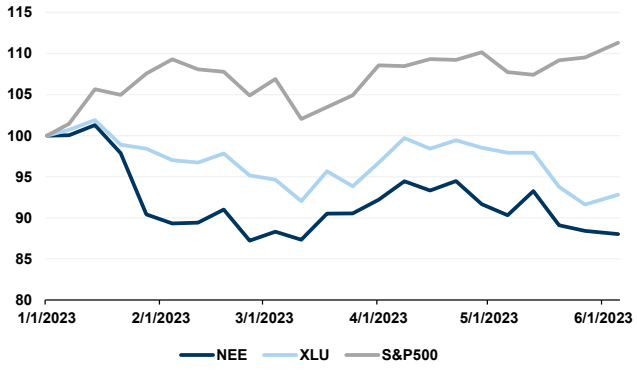

Source: FactSet, Goldman Sachs Global Investment Research

At current levels, we see the stock trading at a discount to its historical 5-year premium to peers, despite above average earnings growth. Over the past 5 years NEE has traded at a 6-7x premium to our coverage, which we view as warranted due to its premium regulated utility, best-in-class renewables segment, NEER, and above average earnings growth. At current, the stock is trading at a 4-5x premium to peers, which we do not believe gives the company adequate credit for the growth profile, leverage to decarbonization themes, and strong track record of execution.

Taking into account our NEER development assumptions, which are at the high end of company guidance with risk skewed to the upside, and our constructive outlook at FPL, we see attractive earnings growth at NEE, with a 5-year EPS CAGR of 9% versus peers at 6% on average. In addition, we are 4% above FactSet consensus on average over 2025-2027, as the pace of renewables additions picks up in 2025 driving NEER earnings higher.

In our model we have given NEER a 15x EV/EBITDA multiple to reflect the significant scale advantages relative to peers and track record of strong execution. In our valuation for NEE, we apply a 5x turn premium to peers on our P/E multiple for FPL to reflect the attractive regulatory environment and strong execution/cost management at the utility. NEE's stock price has been mostly range bound at $70-$80 for the past few years, as the challenging macro environment of rising interest rates and inflation puts pressure on all utilities. In our view NEE has successfully navigated many of these headwinds, and we expect continued strong execution will shift the focus on NEE away from the near term challenges it faces to its long term idiosyncratic growth opportunities.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 67: NEE is trading a lower premium vs regulated vs where it has traded over the past few years
NEE P/E vs regulated utilities

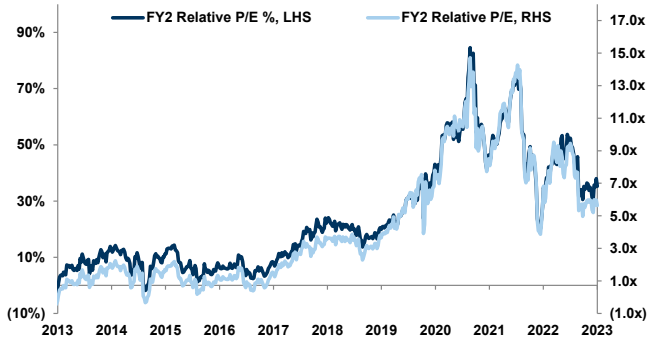

Source: Goldman Sachs Global Investment Research, FactSet

Exhibit 68: We expect NEE to have best in class earnings growth going forward
EPS CAGR by company

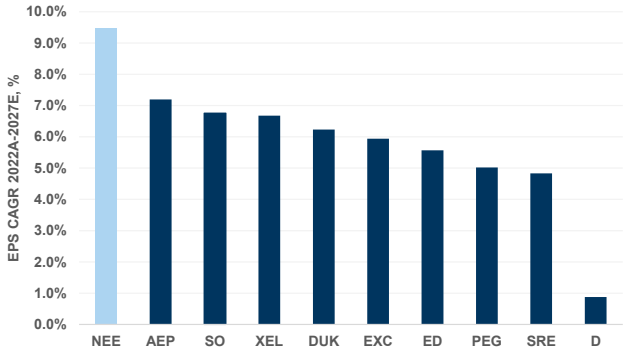

Source: Company data, Goldman Sachs Global Investment Research

Valuation & Key Risks

We are Buy rated on NEE. Our SOTP based price target of $90 implies a total return of 25% vs the average of 15% for our coverage group. In our valuation, we apply a 21x P/E multiple (5x premium to our 16x baseline multiple) on our 2025 FPL earnings to capture the attractive regulatory environment and track record of cost management/execution. For NEER, we apply a 15x EV/EBITDA multiple on our 2025 estimates to capture NEER's significant scale relative to peers and strong track record of execution.

Exhibit 69: Our SOTP implies a target price of $90
SOTP waterfall

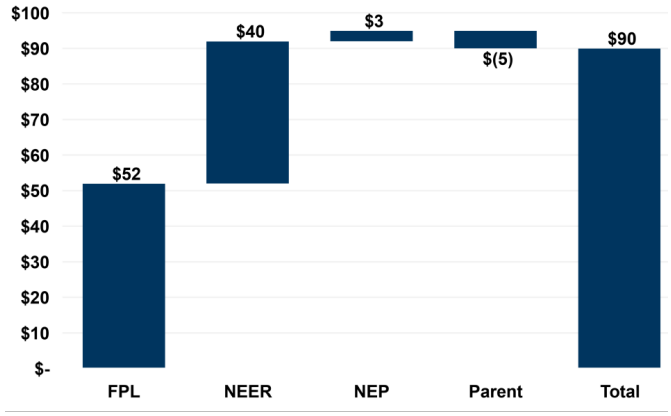

Source: Company data, Goldman Sachs Global Investment Research

Key risks for NEE include the 1) regulatory landscape turning more negative, as Florida's friendly regulatory jurisdiction is key to FPL's ambitious growth plans, but we see this as unlikely; 2) investor concerns surrounding the FPL campaign finance allegations reported by NPR which may lead to penalties, as we do not know what the potential ramifications from these allegations could be (if any; we take no view on the likelihood of any outcome) or when this may be expected to be resolved; 3) not achieving the goals laid out in NEER's renewable development plan, or slowing the growth at NEER, which is a key driver of our above average NEE earnings growth outlook; 4) Florida population growth slowing leading to slower than expected load growth and customer

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

growth at FPL; and 5) cost management, which remains a challenge in the current macro environment.

A quick overview of NEE

NextEra Energy (NEE) is the world's largest utility company with a market cap of $148bn, consisting of a regulated utility and a clean energy segment. The company was founded in 1925 as Florida Power & Light Company and is headquartered in Juno Beach, Florida. NextEra was an early investor in renewable energy, achieving the title of the largest producer of solar and wind energy in the US as early as 2009. NEE is the sponsor of NextEra Energy Partners (NEP, Coverage Suspended), a renewable Yieldco that went public in 2014 when NEE spun off a portion of its solar/wind assets into a separate entity.

The company operates the following segments:

Florida Power & Light Company (FPL): FPL is the largest utility in the US, selling electricity to more than 12 million people across Florida. FPL owns a portfolio of natural gas fired generation, solar, nuclear, and battery storage. Florida is considered one of the best regulatory jurisdictions for utilities in the US, and FPL benefits from multi-year rate plans with an authorized RoE band that goes up to a best-in-class 11.8% authorized RoE. FPL additionally has a unique regulatory item in its surplus depreciation reserve, which allows it to amortize the reserve over time without affecting customer bills.

NextEra Energy Resources (NEER): NEER is a competitive clean energy business that has the largest portfolio of renewable generation assets in the world. NEER has around 23 GWs of wind generation, 5 GWs of solar, and 1 GW of storage, including assets owned by NextEra Energy Partners (NEP, Coverage Suspended) that NEER operates. It plans to deploy a total of 33-42 GWs of renewable generation in 2023-2026, and already has 20 GWs of renewable projects in its backlog. NEER has several other businesses beyond the clean energy piece, including electric transmission assets, a retail marketing business, a commodity trading business, a gas E&P business, and others.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 70: NEE has significantly outperformed the XLU over the past 10 years
NEE vs XLU performance

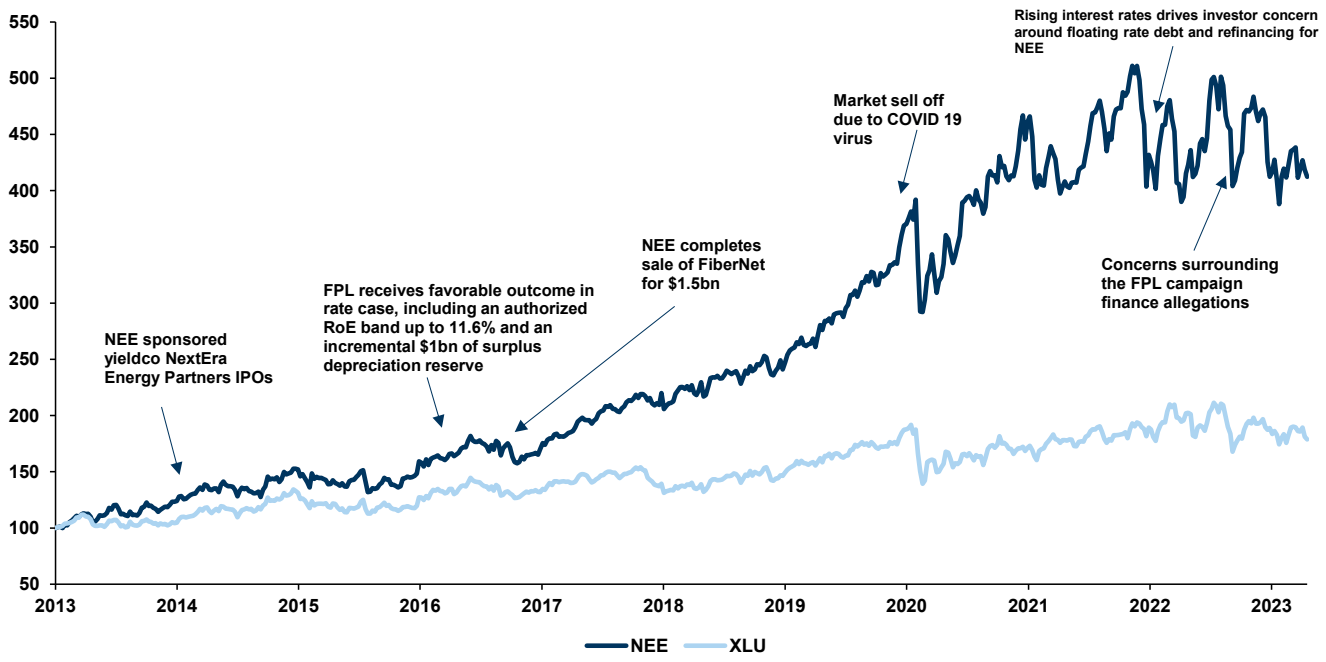

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 71: Our earnings imply an 9% rate base CAGR
Rate base growth

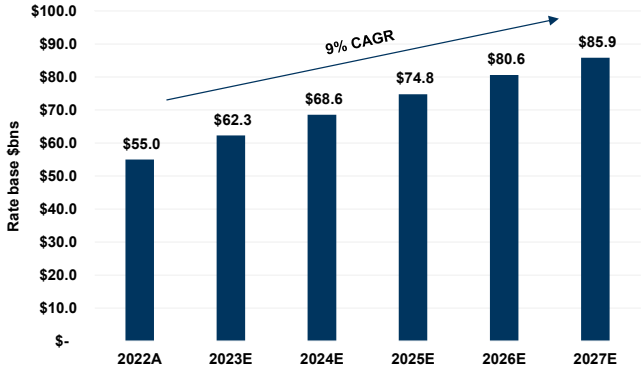

Source: Company data, Goldman Sachs Global Investment Research

Sempra Energy (SRE, Buy): Underappreciated LNG upside, leverage to Texas growth, and attractive valuation drive Buy rating

We initiate coverage of Sempra Energy (SRE) at Buy with a target price of $178, as we are positive on its Texas utility, exposure to LNG, and valuation at current levels where we see the most total return potential across our coverage. SRE has a significant project pipeline for LNG at its Sempra Infrastructure Business (SIP), with the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

potential for 62 mtpas of total capacity online if all proposed projects come to fruition, with SRE owning a portion of the capacity. While the projects will likely not come online until the late 2020s at the earliest, we expect progress towards reaching FID and beginning construction will serve as positive catalysts for SRE along the way. SRE's Texas utility Oncor continues to benefit from the strong customer growth in the region, and recently raised its 5-year capital plan significantly to boost rate base growth. We view SRE's business mix favorably and see SIP as a unique opportunity to gain exposure to LNG in the utility sector.

SRE	12m Price Target: $178	Price: $145.01	Upside: 22.8%

Buy

Market cap: $45.8bn
Enterprise value: $76.5bn
3m ADTV :$204.9mn
United States
America-Utilities:
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**14,439.0**	**18,126.8**	**18,317.1**	**18,722.2**
Revenue ($ mn) Old	--	--	--	--
EBITDA ($ mn)	4,341.0	5,972.0	5,757.4	6,039.5
EBIT ($ mn)	2,322.0	3,801.2	3,451.6	3,585.3
EPS ($) New	**9.21**	**9.40**	**9.71**	**10.32**
EPS ($) Old	--	--	--	--
P/E (X)	16.9	15.4	14.9	14.1
Dividend yield (%)	3.0	3.4	3.7	4.1
Net debt/EBITDA (X)	6.6	5.2	5.7	5.6
	3/23	**6/23E**	**9/23E**	**12/23E**
EPS ($)	2.92	2.01	1.99	2.49

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Robust LNG project queue drives diverse cash flow growth

We believe LNG has a long demand runway and will be key to enabling global decarbonization via coal displacement. Across our utilities coverage, Sempra has the most leverage to LNG with a robust queue of projects on both the Gulf Coast and the Pacific Coast of Mexico via its 70% ownership stake in Sempra Infrastructure Partners (SIP). The company recently reached Final Investment Decision (FID) on Phase 1 of its Port Arthur LNG project, which we believe increases the likelihood of Phase 2 of the project, where we currently ascribe a 50% probability. SIP makes up ~25% of total SRE earnings on our numbers on average in 2023-2037 and grows at a 6% CAGR.

In our valuation, SIP contributes $56/share, with $11/share from LNG projects expected to come into service in 2025 and beyond. We believe the significant cash flows for these LNG projects can fund capex for rate base growth at the regulated utilities, as well as support the return of capital to shareholders through share buybacks in the near term, similar to the share buybacks SRE executed following the sale of a minority stake in SIP in late 2021. We view this LNG exposure as a unique growth opportunity for SRE as we believe announcements on the LNG queue will provide consistent catalysts for SRE and the projects themselves provide steady cash flows when online given the long term contracted nature of the LNG business. As we touched upon earlier in the LNG section, we expect natural gas, including LNG, will be an important fuel type on the global stage for the foreseeable future.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Following the FID of Port Arthur Phase 1, SRE expects the first train to come online in 2027, and the second in 2028, meaning 2029 will be the first year with full production. ECA Phase 1 is still expected to be completed in 2025, and the Cameron expansion FID is likely sometime this year. Port Arthur Phase 2 now has its first HOA, and has received significant interest according to SRE's management.

Exhibit 72: SRE could own up to 62 mtpas of LNG capacity if all of its projects come online
LNG project by mtpa

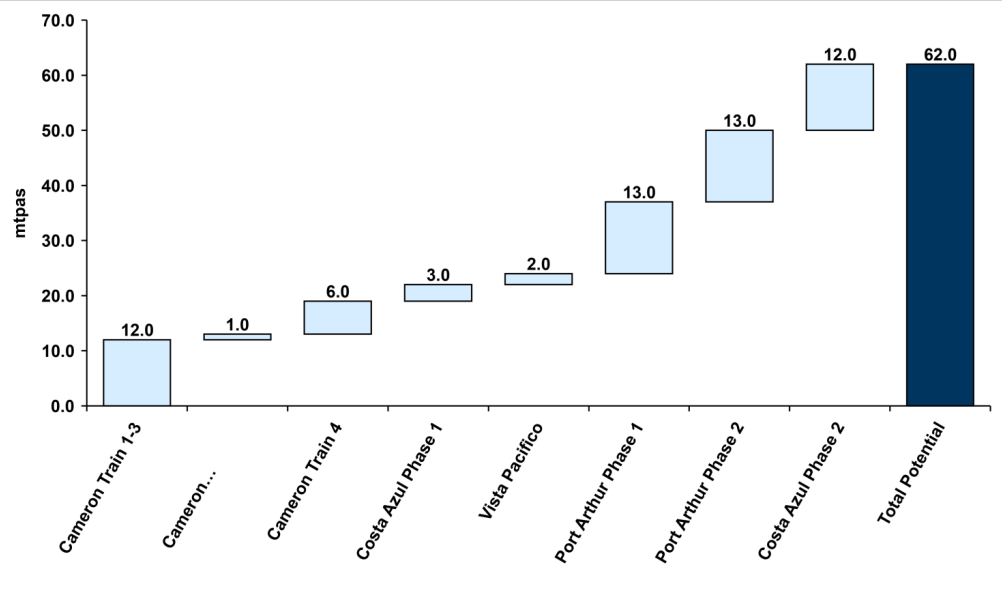

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 73: We see up to $10 of implied value to our target price of $178 if we give all LNG projects a 100% probability of completion
Scenario analysis of SRE potential implied valuation upside from LNG projects

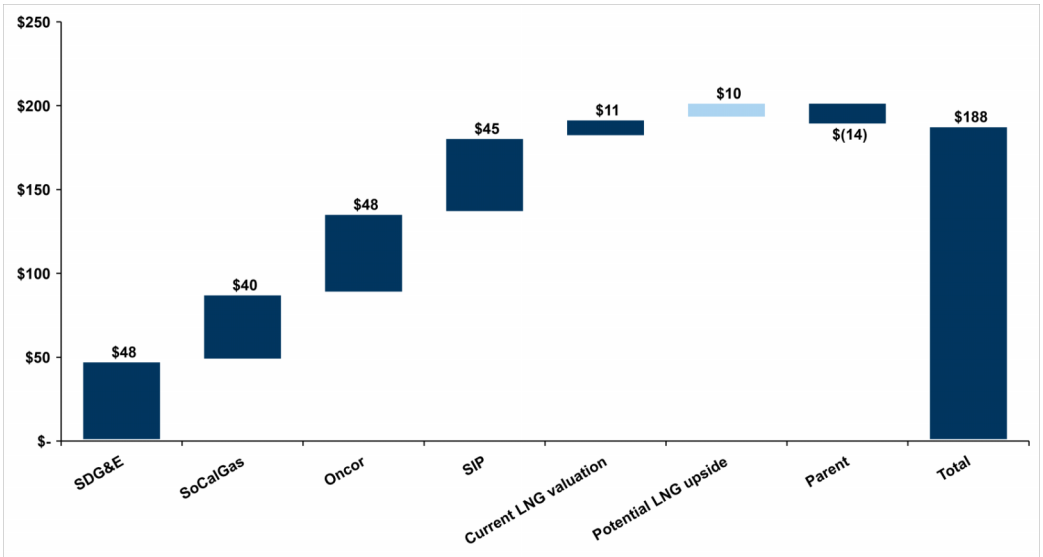

Source: Company data, Goldman Sachs Global Investment Research

Exposure to attractive Texas growth market via Oncor

While we believe there are certain concerns on the regulatory side in Texas, we

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

have a constructive view on Oncor and its leverage to the growing Texas market. Oncor expects an average of 1-2% customer growth each year, with most regions of the US seeing 1% or less in most years. This customer growth has a two fold benefit, as it not only provides organic load growth for the utility, but the growth spreads capex costs across more customers, allowing Oncor to spend more on rate base growth without raising the customer bill. Texas population growth has nearly doubled the US growth rate over the past 5 years, minus 2020 which was impacted by the beginning of the pandemic, and we expect this strong growth to continue for the foreseeable future. Oncor's rate case outcome in 1Q2023 was relatively constructive in our view, with the 9.7% RoE only a 10 bp reduction from the previous result, and slightly above the national LTM average. The constructive result removes a regulatory overhang from Oncor for several years, and opens the door for incremental capital plan increases in the near future.

Across our coverage, we expect SRE to have an above average share of capital spending allocated towards transmission, where we include potential around FERC spend at SDG&E as well as transmission spend at Oncor. As detailed above, we view the transmission build out as key to enabling the increased penetration of renewables, and believe more investment than currently identified will be needed to accommodate renewable build out estimates. The plains of Texas are considered an ideal location for wind generation, and as these wind projects continue to scale up utilities such as Oncor will need to expand the transmission grid to support them. Oncor currently has a capital spending budget of $19bn and has highlighted at the potential to raise the capex again in October of this year. This higher spend could drive up to 9% of earnings uplift for Oncor via stronger rate base growth, per our estimates. We note Oncor represents 27% of total SRE earnings on average from 2023-2027.

Exhibit 74: Texas has significantly outpaced the US in population growth
Texas vs US population growth rate

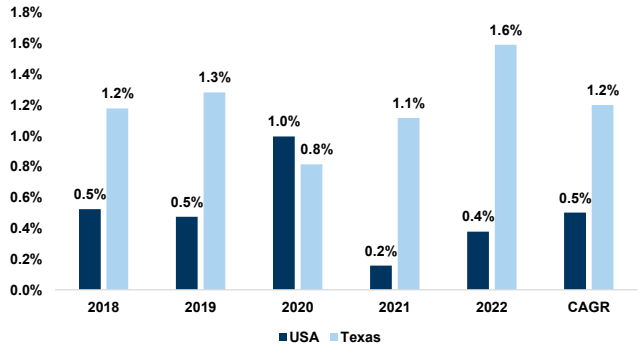

Source: Census Bureau, Goldman Sachs Global Investment Research

Exhibit 75: An additional increase to capital spending this year could have a meaningful impact on earnings going forward
Impact of a capex raise; rate base and earnings

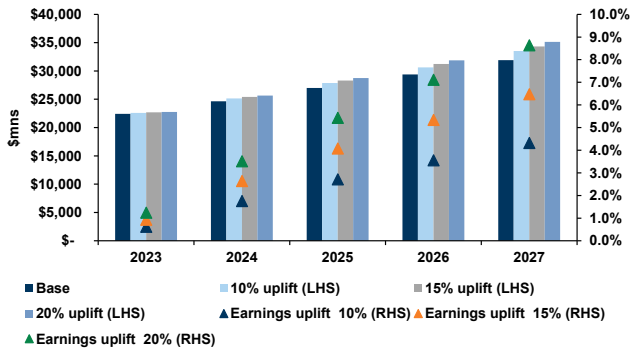

Source: Company data, Goldman Sachs Global Investment Research

Attractive relative valuation

SRE has traded at a slight discount relative to regulated utilities following the market selloff in 2020 due to the pandemic. Given that we believe SRE has potential for idiosyncratic earnings and FCF growth from its LNG exposure, along with benefits from exposure to the growing Texas market through Oncor, we view this as

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

unwarranted. We see this as an attractive entry point, with SRE trading at ~15x on FY2 P/E, which is a discount to the 16.5x average for our coverage. As highlighted above, SRE has several potential catalysts coming up in the next year which we believe could close this valuation gap.

Exhibit 76: SRE has traded at a modest discount in recent years
SRE P/E vs regulated peers

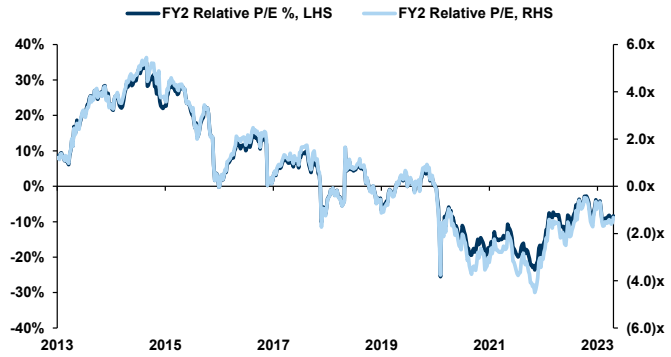

Source: Company data, Goldman Sachs Global Investment Research

Valuation & Key Risks

We are Buy rated on SRE and our 12-month price target is $178. We use a SOTP to value SRE, applying a probability of completion for the LNG projects and discounting them back from our estimated completion date. For the utilities, we apply a 1x premium to our baseline multiple of 16x to the Texas utility Oncor, to reflect the strong customer growth seen in Texas and strong execution. We apply a 1x discount to the California utilities as we see the regulatory environment as challenging, with SoCalGas recently having its credit outlook downgraded to negative following the ban on new natural gas connections, and expect only moderate growth at these utilities going forward.

We view the key risks for SRE as (1) delays with the LNG projects, which we believe is a key driver of catalysts in the coming quarters for SRE and provides stable cash flow invest in the utilities, (2) Texas customer growth slowing or the regulatory environment becoming less favorable in Texas, and (3) unfavorable rate case outcomes at the California utilities or challenging regulatory constructs, particularly as it relates to the outlook for natural gas and the company's ability to explore decarbonization technologies at the business.

A quick overview of SRE

Sempra Energy (SRE) is an energy infrastructure company with a market cap of $46 bn. SRE was formed in 1998 from a merger of Pacific Enterprises and Enova Corporation, and is headquartered in San Diego, California. SRE owns 3 regulated utilities in California/Texas as well as an infrastructure segment that consists of an energy infrastructure business in Mexico, LNG export centers, and other various projects. The company owns a stake in the Cameron LNG facility in Louisiana and has several potential LNG facilities in its pipeline, including Port Arthur Phase 1 in Texas which reached Final Investment Decision (FID) in 1Q2023.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

SRE operates the following segments:

San Diego Gas & Electric (SDG&E): Regulated gas and electric utility that serves 3.7mn customers in California. SDG&E has filed a general rate case with a proposed decision currently scheduled for mid-year 2024.

Southern California Gas (SoCalGas): The largest gas utility in the nation, serving 21.8mn customers in Southern California. SoCalGas has filed for a general rate case as well, also expecting a decision around mid-year 2024.

Oncor: SRE owns an 80.25% stake in Oncor, a Texas based electric utility serving 13mn customers. Oncor recently resolved a general rates case in Texas, receiving a 9.7% RoE and a 42.5% equity layer, a relatively constructive outcome in our view.

Sempra Infrastructure Partners (SIP): SIP consists of IEnova, a Mexico based energy infrastructure company, Cameron LNG, as well as several potential LNG export centers, and various other projects. SRE owns 70% of SIP following a sale of a 20% stake to KKR and a 10% stake to ADIA. The global focus on energy security has heightened interest in LNG to new levels, pushing several of SIP's projects forward, with Port Arthur Phase 1 recently reaching FID, and an increasing likelihood of Phase 2 moving forward.

Exhibit 77: SRE has transformed its business mix over time and performance relative to the XLU has varied over time
SRE vs XLU

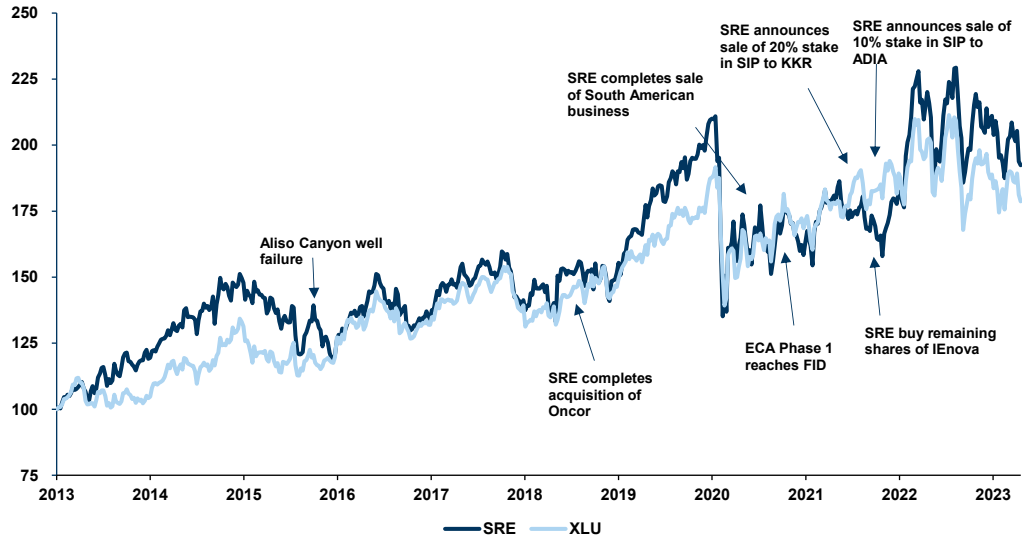

Source: Goldman Sachs Global Investment Research, FactSet

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 78: We expect Oncor to become a larger portion of SRE earnings going forward
Business mix by year

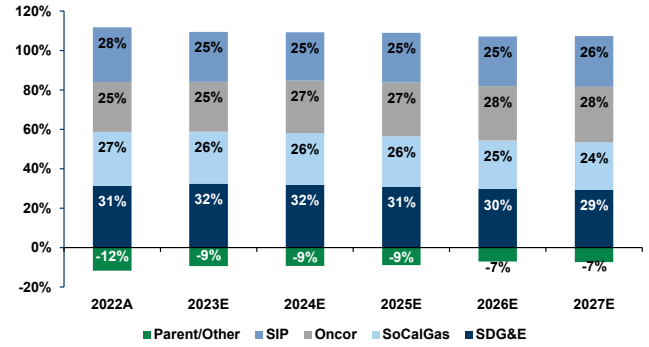

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 79: Our estimates imply a 9% rate base CAGR for SRE
Rate base growth

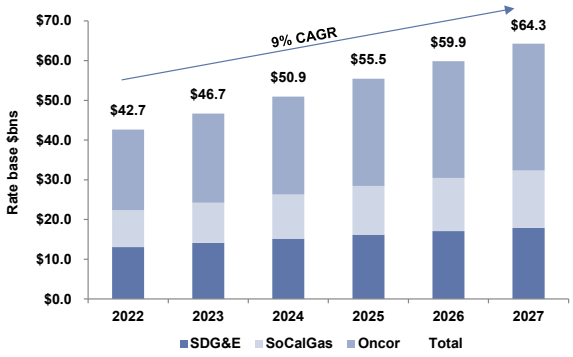

Source: Company data, Goldman Sachs Global Investment Research

American Electric Power (AEP, Buy): Leverage to transmission/regulated renewables build out and above average growth at a discount

We initiate coverage on American Electric Power (AEP) with a Buy rating and a 12-month price target of $98. As the largest transmission owner currently, we expect AEP to be one of the primary beneficiaries as the grid transitions to clean energy and demands significant transmission expansion to support the grid. AEP is also in the process of transitioning its generation fleet as it plans to retire 4.8GW of coal by 2028, and has allocated $8.6bn of its 5-year capital plan to renewables. The new management team is actively working to address the regulatory lag that has hindered AEP historically, and we believe any progress on this front would be material to growth. AEP has underperformed the XLU by 6% over the past year.

AEP	12m Price Target: $98	Price: $84	Upside: 16.7%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $43.3bn	**Revenue ($ mn) New**	**19,467.6**	**20,161.1**	**20,565.6**	**20,981.0**
Enterprise value: $86.1bn	Revenue ($ mn) Old	--	--	--	--
3m ADTV :$245.6mn	EBITDA ($ mn)	6,885.8	7,752.0	8,367.1	9,131.0
United States	EBIT ($ mn)	3,272.2	4,182.9	4,492.9	4,908.4
America-Utilities:	**EPS ($) New**	**5.08**	**5.21**	**5.70**	**6.06**
	EPS ($) Old	--	--	--	--
M&A Rank: 3	P/E (X)	18.7	16.1	14.7	13.9
	Dividend yield (%)	3.3	3.8	3.9	4.1
	Net debt/EBITDA (X)	5.7	5.5	5.4	5.4
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	1.11	1.30	1.65	1.15

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Leverage to transmission build out drives attractive rate base and earnings growth

AEP currently has the largest transmission business in the US. The company is also allocating the most capital investment towards transmission, both expansions and replacements, over the next five years relative to our coverage. We expect AEP to spend $15 bn on transmission through 2027, in-line with guidance, which we expect to drive ~24% rate base growth relative to 2022 levels and make up ~5% of earnings in each year, with a large portion of current spend going towards replacing aging infrastructure. We've sized the total industry transmission opportunity through 2040 as ~$725 bn, which would require AEP to nearly double the run rate of its annual transmission capex, assuming it continues to make up about 14% of total transmission spend.

Management has clearly signaled that AEP believes the transmission piece of the business does not receive proper credit, and we believe the renewables transition will put a spotlight on companies that have experience efficiently navigating the transmission regulatory space. At the recent 2023 Platts Global Power Markets conference in Las Vegas, many noted that the permitting required to support the full renewable build out in the US could prove to be one of the largest bottlenecks to implementing IRA driven investments. Transmission is one of the more difficult asset classes to get permitting for given that it often crosses state borders, and AEP is one of the best in navigating the regulatory and permitting obstacles for transmission projects, largely due to its wealth of experience in the area. In our valuation, the Transco segment contributes over 30% of value, and we note further transmission is embedded in the VIU and T&D segments.

Exhibit 80: AEP has allocated a significant portion of its capex towards transmission to remain the largest owner of transmission in the US
Transmission capex and % of total capex

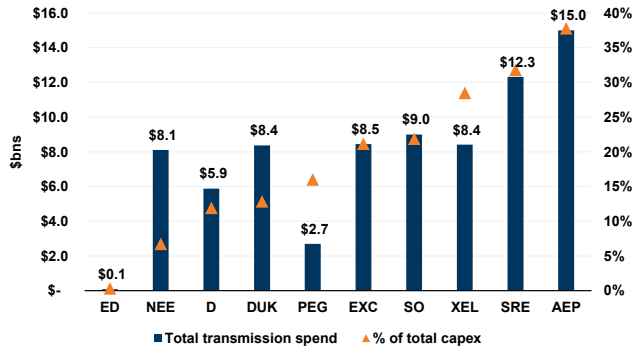

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 81: We expect AEP, XEL, and SRE to see the most earnings contribution from current 5-year transmission spend plans
Estimated annual earnings from current transmission spend through 2027, $ mn and as a % of 2025 earnings

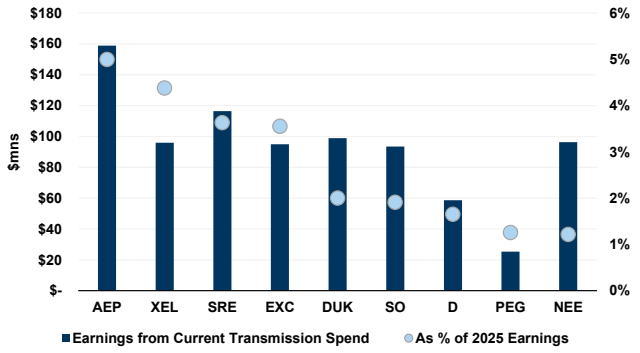

Source: Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 82: If our coverage steps up transmission spend to support our renewable capacity forecasts, we could see 4% impact on average on our 2025 earnings, with AEP seeing a 7% impact
Earnings impact from potential incremental transmission capex to support renewables build out

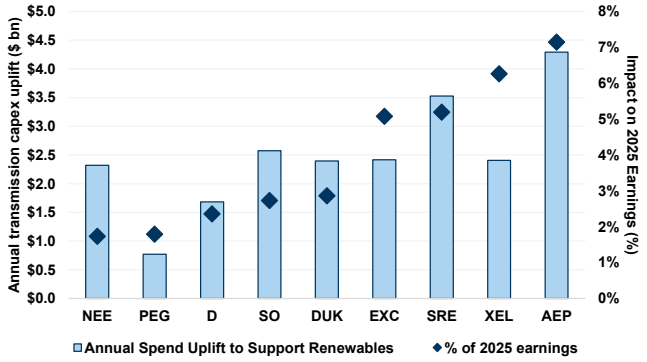

Source: Company data, Goldman Sachs Global Investment Research

Attractive leverage to regulated renewables growth

The company also plans to spend nearly $9 bn on regulated renewables investments through 2027, in addition to allocating significant capital towards transmission investments. This renewable build out will equate to about 17 GWs of solar/wind over the next 10 years and will replace the 4.8 GW of coal that AEP is planning to retire by 2028. Our model currently assumes 45% ownership level for the RFPs that AEP has issued, and upside exists if AEP receives a higher ownership level than expected. When looking at different ownership level, we estimate that the renewable RFPs could boost revenue by ~$500mn annually if AEP achieves a 50% ownership level for all of them.

This transition to renewables will coincide with AEP's plans to retire many of its coal power plants by 2028. We note that even if including the cost of capital required to install the wind/solar generation, both remain cheaper on a $/MWh basis than coal due to the higher O&M costs to maintain and run a coal plant and the costs to transport and acquire coal for fuel. These renewable RFPs will also qualify AEP for a material amount of tax credits, which it has had in limited amounts in the past with its fossil fuel dominant fleet. The tax credits will not only reduce AEP's tax burden, but when the tax credit monetization market emerges, it could bolster cash flow and improve AEP's financing needs.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 83: AEP has reduced its coal capacity significantly over the past few decades, and expects renewables to make up the majority of generation capacity by the 2030s
AEP generation fleet

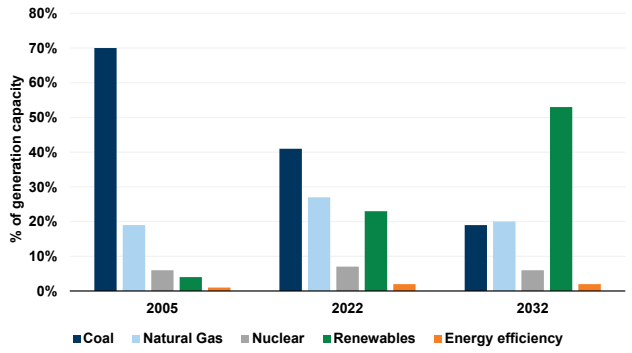

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 84: While we assume AEP receives 45% ownership of its RFPs, we note potential for upside if AEP receives up to 50%
Gross margin impact by RFP ownership level vs 2024 numbers

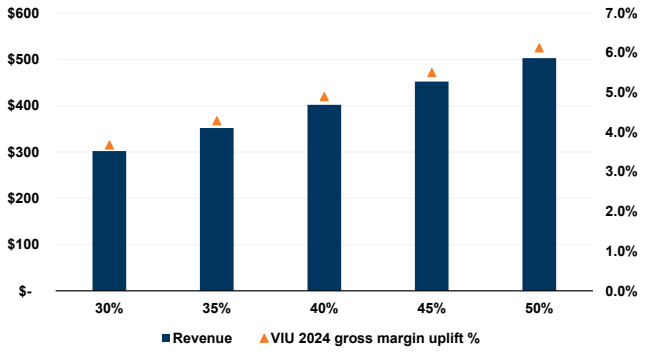

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 85: AEP has designated 22% of its total capital plan to renewables
% of capex allocated for renewables

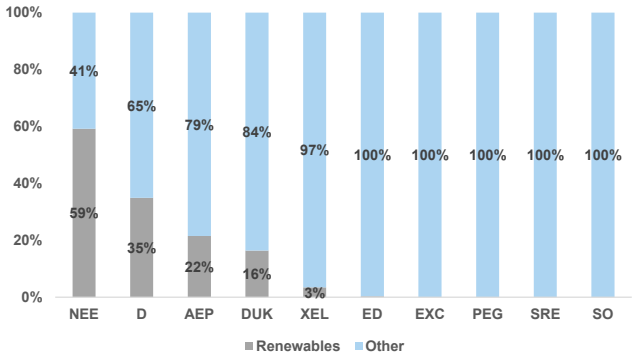

Source: SNL, Goldman Sachs Global Investment Research

Exhibit 86: Including the cost of capital to construct the panel/turbine, wind and solar remain less expensive than coal on a $/MWh basis
Wind vs solar vs coal $/MWh

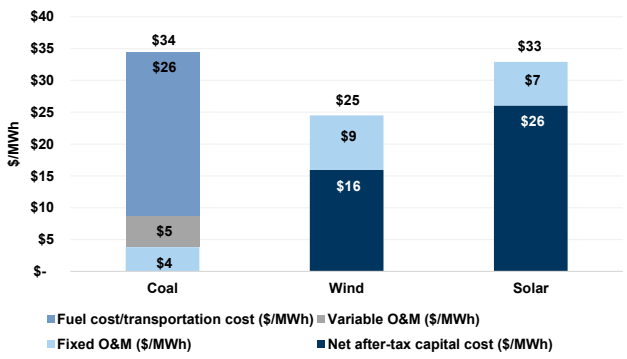

Source: Company data, Goldman Sachs Global Investment Research

We believe the attractive opportunity sets around transmission and renewables investments to replace coal generation will drive above average earnings growth for AEP, with a 5-year EPS CAGR of about 7% versus peers at 6%. We are on average 3% above FactSet consensus in 2023-2027. Despite an attractive earnings growth profile, and potential for upside to earnings and investment from strategic/regulatory efforts as discussed below, AEP shares currently trade at a 1.6x discount to peers on FY2 P/E versus historically trading broadly in line with the group. We do not view this discount as warranted given the attractive investment and earnings growth opportunities and the strong leverage to key decarbonization themes in transmission and renewables replacing coal generation.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 87: AEP has historically traded at a slight 0.4x discount to peers but is now trading at a 1.6x discount on FY2 P/E
AEP P/E vs regulated peers

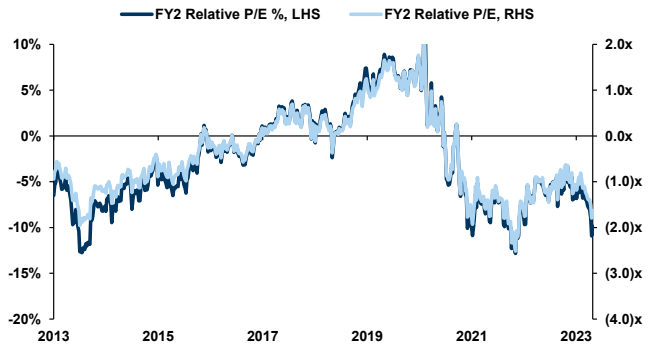

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 88: We expect AEP's earnings growth to come in higher than most of our coverage group
EPS CAGR by company

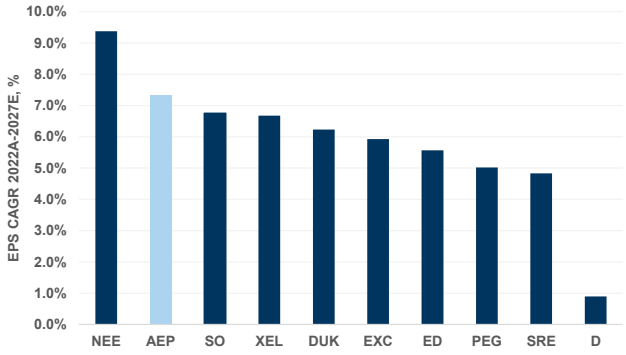

Source: Company data, Goldman Sachs Global Investment Research

Taking action to high grade the business

In recent quarters, the company has taken a number of strategic actions in order to optimize the business mix at AEP. First, AEP has signed an agreement to sell its commercial renewables business for an expected $1.2 bn of cash proceeds, expected to close in 2Q2023. Second, AEP has decided to sell both its Retail business and its Distributed Resources business, with a combined book value of $550mn. Third, AEP has noted that it is undergoing a strategic review of non-core transmission JVs to help fund growth at the regulated utilities. AEP was planning to sell its KY business for $1.2bn of cash proceeds, as it had been an underperformer relative to its authorized RoE, earning an average of 2.9% ROE in 2022 vs authorized of 9.3%. The sale has been terminated, and AEP stated it now plans to refocus on improving KY, and plans to file a rate case in June 2023.

The termination of the KY sale should not lead to incremental equity needs, given the proceeds from the sale of its commercial renewables business will effectively replace the KY sale proceeds in its financing plan. Current equity needs laid out by the company are $2.8 bn through 2027, which could be further mitigated by the sale of its retail business or a sale of non core transmission JVs.

AEP has requested several regulatory mechanisms at its VIU segment in an effort to close the ROE gap, listing 4-5 items at APCo, PSO, SWEPCO, and AEP Texas; respectively. All of these segments have under-earned relative to authorized earnings due to regulatory lag, and closing the gap could lead to $0.71 of EPS at VIU in our view, which would be a 28% lift from 2022A. We note that the TTM earned RoE used in our analysis of 2.9% at KPCo is unusually low for that segment. We based this analysis on TTM earned ROEs, per AEP's disclosures, and our 2024 rate base and share count estimates for the VIU OPcos.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 89: Per our estimates, closing the gap between earned and authorized ROE could result in $0.71 of incremental EPS
Earnings uplift from earnings authorized - based on TTM earned RoE, 2024 share count and rate base estimates

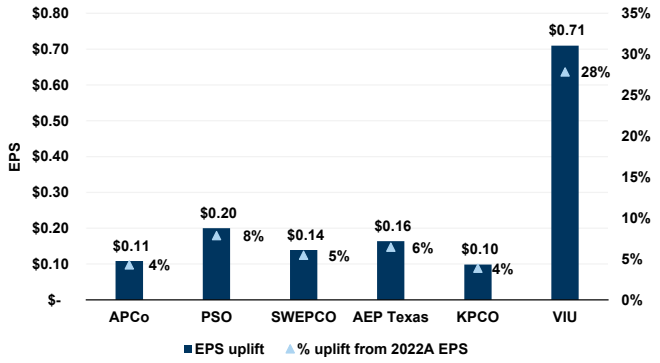

Source: Company data, Goldman Sachs Global Investment Research

Valuation and Key Risks

We are Buy rated on AEP and our 12-month price target is $98. We value AEP with a SOTP to account for its transmission holdco segment along with its regulated utilities. We apply a 16x multiple to its VIU and T&D segments, accounting for the potential renewable growth at VIU as well as the regulatory lag that both segments face. For the transco segment we apply a 19x multiple to account for the strong RoEs and material investment into the segment.

Key risks include 1) Lower than expected ownership of renewable RFPs, as this would slow growth at VIU and the contribution of renewables to earnings; 2) Financing needs if any potential announced asset sales fall through, AEP could require incremental equity issuance relative to base case financing plans; 3) Failure to make progress on closing the ROE gap at the VIU utilities, especially at Kentucky following the termination of the asset sale, and 4) cost management given the inflationary environment.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 90: We now value AEP with a SOTP, with a target price of $98
SOTP

Sum-of-the-Parts	
VIU and T&D 2025 EPS	$4.59
P/E Multiple	16.0x
VIU and T&D Equity Value Per Share	**$73**
Transco 2025 EPS	$1.71
P/E Multiple	19.0x
Transco Equity Value Per Share	**$32**
Genco EBITDA	$161
EV/EBITDA Multiple	9.0x
Genco Enterprise Value ($m)	$1,452
Genco 2025 Net Debt ($m)	($1,050)
2025 Diluted Share Count (m)	535
Genco Equity Value Per Share ($m)	**$1**
Corp & Other EPS	($0.49)
P/E Multiple	16.0x
Corp. & Other Equity Value Per Share	**($8)**
Price Target	**$98**

Source: Company data, Goldman Sachs Global Investment Research

A quick overview of AEP

American Electric Power (AEP) is a $43 bn regulated utility founded in 1906 and headquartered in Columbus, Ohio. AEP serves 5.5mn customers across 11 different states. AEP is the largest owner of transmission in the US and owns distribution and generation assets across its numerous regulated utilities. It is made up of four segments 1) Vertically Integrated Utilities, 2) Transmission and Distribution, 3) Transmission HoldCos, 4) Generation and Marketing. AEP is in the process of selling its unregulated contracted renewable assets within the Generation and Marketing segment as well as the Retail/Distributed Resources business. In addition, AEP has launched a strategic review of certain non-core transmission JVs.

AEP by segment:

Vertically Integrated Utilities: AEP's vertically integrated utilities are in Virginia, West Virginia, Tennessee, Kentucky, Indiana, Michigan, Oklahoma, Louisiana, Arkansas, and Texas. These utilities own generation, transmission, and distribution assets, with coal and gas being the primary forms of generation.

Transmission & Distribution Utilities: Regulated utilities that only own wires with no generation.

Transmission Holdco: Participates in the development, construction and operation of transmission facilities, and invests in transmission joint-ventures with select partners. All of these assets have a FERC-approved RoE.

Generation and Marketing: Made up of contracted renewable assets, competitive generation in PJM, as well as marketing and retail businesses.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 91: AEP has generally outperformed the XLU over the past decade
AEP vs XLU

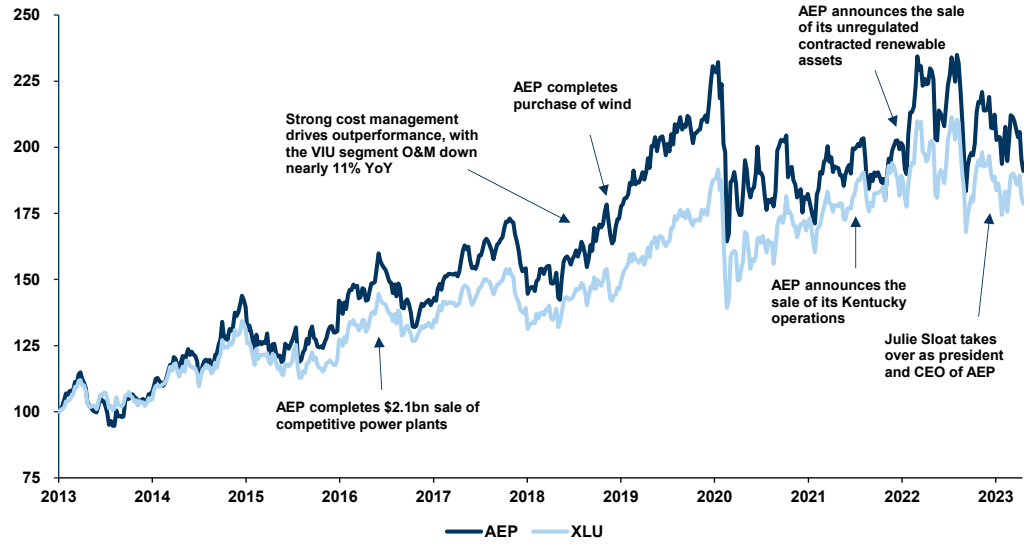

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 92: Our estimates imply that AEP's business mix will remain relatively steady over the coming years
AEP business mix

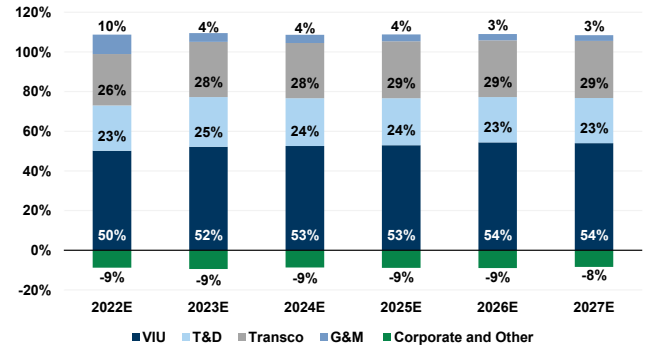

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 93: Our estimates imply a 6% rate base CAGR
Rate base growth, %

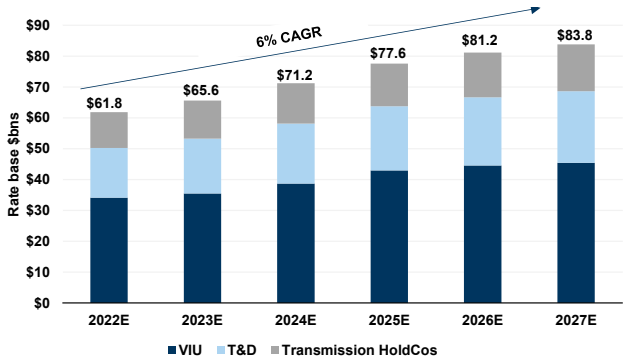

Source: Company data, Goldman Sachs Global Investment Research

Xcel Energy (XEL, Buy): Attractive exposure to renewables and grid reliability investments, upside to risk to capex and earnings

We initiate coverage on Xcel Energy (XEL) with a Buy rating and a 12-month price target of $75 based on a 19x multiple on our 2025E EPS reflecting XEL's premium growth and ongoing generation fleet transition story. The primary drivers of our positive view are the accelerated coal replacement with regulated renewables, rate case activity that could drive improved earned vs. authorized ROEs, and leverage to the transmission build out opportunity. We view XEL's wind and solar resource rich service territory as a key competitive advantage which should enable it to execute on its goals.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

XEL shares have performed broadly in line with the XLU YTD, and we see shares trading at only a ~1x premium to peers versus the 5-year average of over 2x despite above average EPS growth, with a ~7% 5-year CAGR, versus peers at 6%.

XEL	12m Price Target: $75	Price: $63.95	Upside: 17.3%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $34.9bn	**Revenue ($ mn) New**	**15,310.0**	**16,200.2**	**16,323.5**	**16,764.1**
Enterprise value: $62.2bn	Revenue ($ mn) Old	--	--	--	--
3m ADTV :$199.4mn	EBITDA ($ mn)	4,939.0	5,376.6	5,721.8	6,137.3
United States	EBIT ($ mn)	2,428.0	2,663.8	2,973.5	3,195.3
America-Utilities:	**EPS ($) New**	**3.17**	**3.40**	**3.70**	**3.94**
	EPS ($) Old	--	--	--	--
M&A Rank: 3	P/E (X)	22.1	18.8	17.3	16.2
	Dividend yield (%)	2.8	3.3	3.5	3.7
	Net debt/EBITDA (X)	5.2	5.0	5.2	5.2
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	0.76	0.60	1.35	0.69

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Accelerated coal replacement is a key catalyst for generation transition towards renewables

Xcel Energy benefits from considerable wind and solar resources in its service territory and is executing on its plans to exit coal by the end of 2030. XEL was one of the first utilities to commit to being carbon free by 2050 and also has an interim goal to reduce carbon emissions by 80% by 2030 (from 2005 levels). Using 2005 as a base, the company has already reduced coal exposure to 23% of the total generation portfolio as of the end of 2022 (Exhibit 94) and expects it to come down to 1% by 2030 with accelerated coal plant retirements. By 2030, 70% of the generation portfolio will be composed of renewables (vs. 40% currently), with nuclear (12%) and natural gas (17%) making up the minority portion. While coal retirement may aid carbon reduction and climate goals, service reliability and cost inflation are top of mind for stakeholders with XEL noting more than $3bn in cost savings since 2017 from wind energy which includes avoided fuel costs and PTCs.

Upside exists to current capital expenditure plans. According to the company's latest capital expenditure estimates, XEL expects to spend just over $1 bn on renewables from 2023 to 2027, which may be conservative, in our view, given it does not include potential renewable generation assets approved in the Minnesota and Colorado resource plans, which could add an incremental $2 bn-$4 bn of renewable capital expenditures. If executed, the Minnesota and Colorado Resource Plans could add 5,750 MWs and 5,100 MWs of renewable generation capacity, respectively, which we note is above the current coal generation portfolio of 6,200 MWs as measured at the end of 2022. That said, we note that XEL may only own 50% of the total capacity outright given management commentary. Additionally, the 2022 Southwestern Public Service (SPS) RFP, which seeks to add around 947 MWs is also not counted in current estimates given we seek further clarity on approvals expected later this year, which may provide upside.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Assuming weighted average authorized ROE of 9.4% which is consistent with our base case and adding ~$6 bn of debt from 2024-2027 to maintain positive cash balances, our analysis implies the potential incremental renewable capital expenditure in Colorado and Minnesota of $4 bn, could increase EPS in 2024E/2025E/2026E/2027E by roughly 2%/3%/2%/2% respectively per our estimates, all else equal (Exhibit 95).

We view XEL's earnings and rate base growth as attractive even without considering the incremental renewable generation not in capital expenditures, we expect XEL's earnings excluding dividends to grow at a ~7% 5-year EPS CAGR (above the coverage average of 6%), with rate base expected to grow by 40% per our estimates from roughly $38bn in 2022 to ~$54bn by 2027. We also note we are 2% above FactSet consensus earnings in 2024/2025.

Exhibit 94: XEL expects to be largely out of coal by 2030
Generation distribution by year (%)

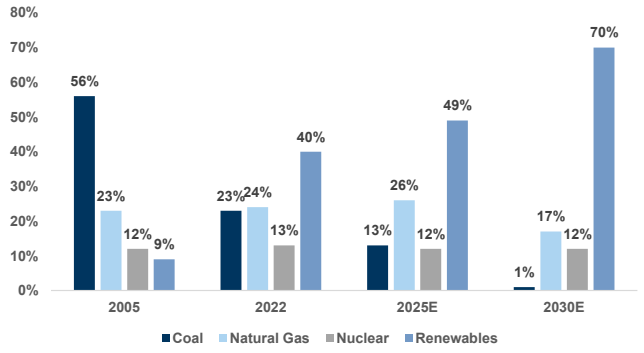

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 95: Our analysis implies upside if potential incremental renewable generation gets built, all else equal
Base EPS vs Potential EPS ($)

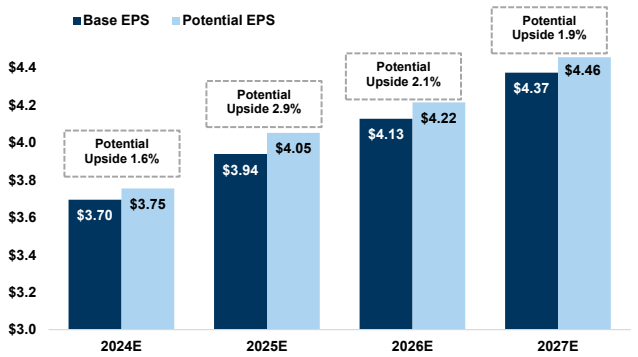

Source: Goldman Sachs Global Investment Research

Transmission build out could provide upside to earnings

New renewable generation needs new transmission. Transmission lines are responsible for transporting electricity at high voltages and through vast distances from generation sources to transmission substations closer to end users. Given the expected rise in renewable generation at XEL including roughly 10,850 MW of renewable generation in Colorado and Minnesota Resource Plans alone, transmission build out is anticipated to accelerate as new renewable generation assets will require new transmission lines to connect to the grid.

Upside exists from current transmission build out plans. The Pathway Project at PSCo in Colorado is expected to cost ~$1.7bn and will enable 5,500 MW of renewables to connect to the grid through 560 miles of transmission wires with the company expecting up to ~$1 bn in additional potential future projects in Colorado. Additional transmission projects connecting renewables to the grid are expected to drive a $1.2 billion investment in Minnesota as part of MISO's Tranche 1 project estimated to be completed in 2028 per management's commentary. Potential upside may exist to these estimates as phase 2 of the MISO expansion project is expected to include capital expenditures to cater to future growth in generation capacity. Management has noted that they expect to spend between $4 bn - $5 bn on both the tranches in total which

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

indicates that further capital expenditure upside between $2.8 bn-$3.8 bn exists, currently not in our estimates. We also do not include the $0.5 bn - $1 bn in potential transmission projects at SPS that have not been finalized yet in our base case. Assuming weighted average authorized ROE of 9.4% which is consistent with our base case and adding ~$4 bn of debt from 2024-2027 to maintain positive cash balances, our analysis implies the potential incremental transmission capital expenditure of ~$5 bn over five years, could increase EPS in 2024E/2025E/2026E/2027E by roughly 0.3%/1%/3%/4.5%, respectively, all else equal.

Current transmission capital expenditure plans highlight the importance of transmission build out. We note the capital expenditure plan from 2023 to 2027 is estimated to be ~$8.4bn which is more than double the previous 5 years at roughly $3.8bn from 2018 to 2022, highlighting the change of pace in transmission build out at XEL both to accommodate new renewables generation and replace/enhance existing infrastructure. Transmission currently makes up ~30% of the company's five-year capital plan.

Exhibit 96: Base estimates for transmission capital expenditures through 2027, which are about 30% of total spend
Transmission Capex by year ($ mn)

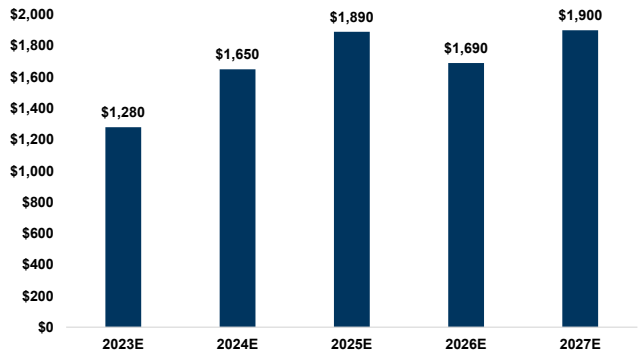

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 97: Upside exists to our current estimates if identified potential transmission projects get realized
Base EPS vs Potential EPS ($)

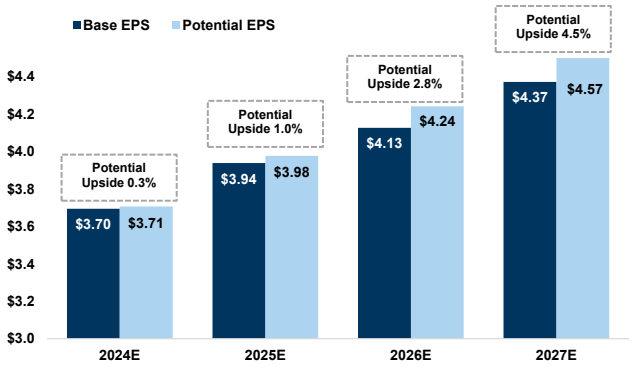

Source: Goldman Sachs Global Investment Research

Rate case activity

We see recent rate case activity as largely constructive for XEL with a host of rate cases underway across the service territory and on an aggregate basis, view recent rate case developments as largely supporting the company's ability to meet its 2023 guidance and its 6%-7% EPS CAGR projections. We expect the EPS CAGR growth to be ~7% through 2027 using 2022 as a base. While the authorized ROEs on a weighted average basis screen at 9.4% which is below the US TTM average of ~9.6%, we note, if we assume a 50 bps ROE increase across all pending rate cases, except NSPW where they only seek a 25 bps increase, potential ROE could go to ~9.6%. An increase in earned ROE of 50bps across subsidiaries, could drive earnings improvement of by 1%/2%/2%/2% in 2024E/2025E/2026E/2027E respectively, all else equal. Our base case estimates reflect 8.9%-9.1% earned ROEs through 2027, with the management focused on closing this gap as rate cases conclude.

- **Northern States Power Company Minnesota (NSPM)**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

- **Electric:** NSPM has received updates on its 2022 Minnesota Electric Rate case, with the Minnesota Public Utilities Commission (MPUC) authorizing a rate increase from the current 9.06% to 9.25%, an increase of 21 bps, a revenue increase of $311mn and an equity ratio of 52.5%. In addition, the first case since 2014 was filed in South Dakota in June 2022, with final rates expected to be effective in 2Q.

- **Northern States Power Company Wisconsin (NSPW)**
  - **Electric and Gas:** NSPW filed a new rate case on April 28, 2023, requesting a $40mn and $9mn for electric and gas with a requested ROE of 10.25% which is an improvement of 25 bps over the current authorized ROE at 10%. The company expects a decision by 4Q23.

- **Public Service Company of Colorado (PSCo)**
  - **Electric:** In Colorado, PSCo has filed a new case in November 2022 with a requested ROE of 10.25%, an increase of 95 bps from the current ROE of 9.30% and requested net revenue increase of $262mn. A decision on the case is expected by 3Q23.

- **Southwestern Public Service (SPS)**
  - **Electric:** SPS filed a new rate case in November 2022 requesting a revenue increase of $75mn and ROE increase of 130 bps. We view staff recommendations to use a forward test year as constructive, and note the ROE of 9.5% came in above our base case.

Exhibit 98: A quick regulatory overview of XEL across its service territory
Regulatory Overview

Opco	State	Commission Name	No. of Commissioners	Appointed/ Elected	Test Year	Annual Rate Mechanism/Formula Rates?	Last XEL Authorized RoE	Decoupled?	Rate Case Ongoing?
NSPM	Minnesota	Minnesota Public Utilities Commission	5 (3D, 1I, 1R)	Appointed	Forward with Interim rates	Renewable/T&D Rider	Gas: 10.09% Electric: 9.25%	Yes	Gas: No Electric: No
	North Dakota	North Dakota Public Service Commission	3 (3R)	Elected	Forward/Interim rates allowed	Renewable/Transmission Rider	Electric: 10.25% Gas: 10.75%	No	Gas: No Electric: No
	South Dakota	South Dakota Public Service Commission	3 (3R)	Elected	Historical with Interim rates allowed	Infrastructure Rider	Electric: 9.5% (black box settlement)	No	Electric: Yes
PSCo	Colorado	Colorado Public Utilities Commission	3 (3 N/A)	Appointed	Forward/Interim rates allowed	Renewable/Transmission Rider	Gas: 9.20% Electric: 9.30%	Yes	Electric: Yes
NSPW	Wisconsin	Public Service Commission of Wisconsin	3 (2D, 1 N/A)	Appointed	Forward	Fuel Recovery Mechanism	Electric/Gas: 10%	No	Gas: Yes Electric: Yes
	Michigan	Michigan Public Service Commission	3 (1D, 1I, 1N/A)	Appointed	Forward	Fuel Recovery Mechanism	Electric: 9.80% Gas: 10%	No	No
SPS	Texas	Public Utility Commission of Texas	5 (2R, 3 N/A)	Appointed	Historical	T&D Rider	Electric: 9.35% (black box settlement)	No	Electric: Yes
	New Mexico	New Mexico Public Regulation Commission	3 (2D, 1R)	Appointed	Historical/Forward allowed	Renewable/Distribution Rider	Electric: 9.45%	No	Electric: Yes

Source: S&P Global Market Intelligence, Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 99: Our analysis implies that EPS will benefit from an increase in authorized ROE from the current weighted average authorized ROE of 9.4% to potential ROE of ~9.6%, all else equal
Base case EPS vs Potential EPS

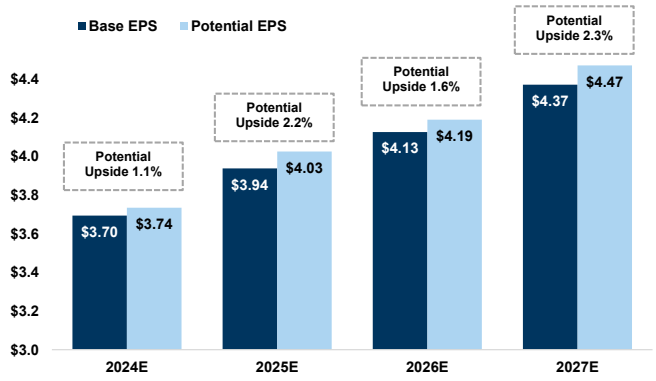

Source: Company data, Goldman Sachs Global Investment Research

Valuation & Key Risks

We are Buy rated on XEL. Our 12-month, P/E based price target is $75. In our valuation, we apply a 19x multiple on 2025 earnings, representing a 3x premium to our baseline multiple to account for attractive leverage to renewables and transmission, as well as above average growth versus peer and a strong track record of execution.

Key risks to our positive view include 1) Negative rate case outcomes, which could represent downside risk around allowed ROEs and the pace of capital investment growth, 2) Slower than expected renewable transition, which could impact the cost structure of the business, growth opportunities, and the premium multiple we apply to shares, 3) failure to close gap between earned vs authorized ROE, which could impact earnings estimates and also the multiple investors are willing to underwrite for the stock if underearning is a theme, and 4) cost management, given the inflationary environment and continued pockets of supply chain constraints.

A quick overview of XEL

Xcel Energy (XEL) is a $35 bn market cap pure play regulated utility spanning across 8 states, with Minnesota and Colorado contributing ~70% of total rate base. The company was founded in 1909 and has historically had consistent management and over time has been successful in delivering EPS growth in line with guidance. Growth is aided by its exposure to markets like Colorado and Minnesota, which have a lot of wind, and this dynamic is also helping its generation fleet transition from coal to renewables.

XEL operates out of 4 major segments:

- **Northern States Power Company Minnesota (NSPM):** This vertically integrated electric and gas utility serves 1.5 million electric and 0.5 million gas customers in Minnesota, North Dakota and South Dakota having ~$13.7B in rate base as of 2022, and we note the state of Minnesota comprises more than 80% of the segment's rate base.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

- **Northern States Power Company Wisconsin (NSPW):** This electric and gas utility serves 0.3 million electric and 0.1 million gas customers in Wisconsin and Michigan. Having ~$2B in rate base with Wisconsin comprising 90% of rate base.
- **Public Service Company of Colorado (PSCo):** This electric and gas utility serves 1.5 million electric and 1.5 million gas customers in Colorado with $14B in rate base.
- **Southwestern Public Service (SPS):** This electric only utility serves 0.4 million customers in Texas and New Mexico with $6.4B in rate base.

Exhibit 100: Over the past 10 years, XEL has outperformed the XLU by 30%
XEL v/s XLU price performance

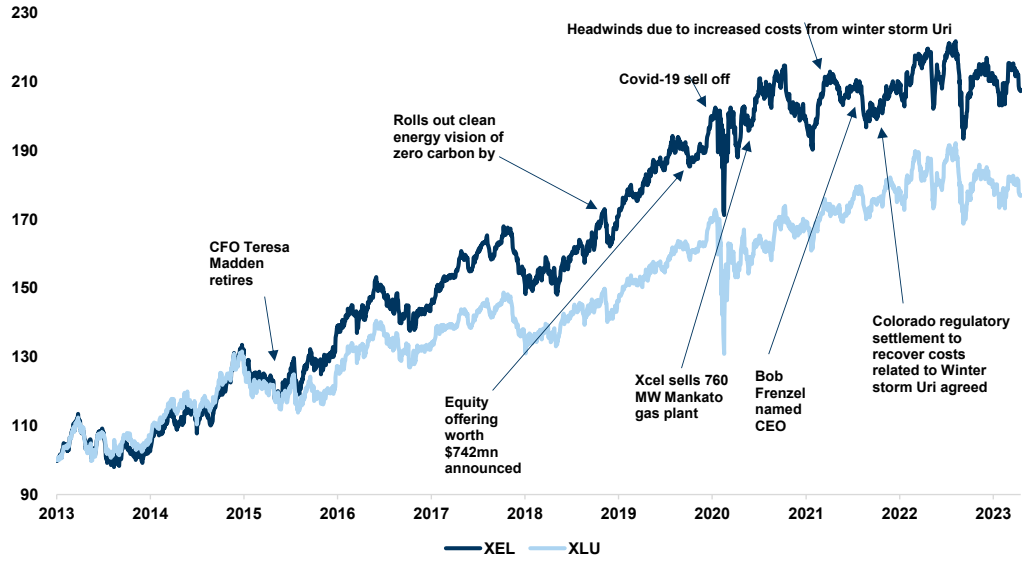

Source: Data compiled by Goldman Sachs Global Investment Research

Exhibit 101: We expect NSP-Minnesota and PSCo to continue to dominate earnings into the future
Earnings Mix

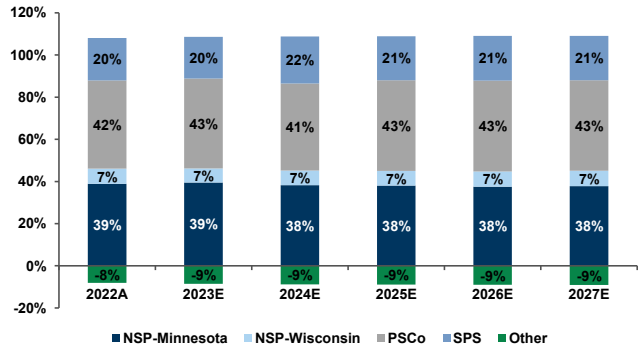

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 102: ~80% of rate base is composed of NSPM and PSCo
2022A Rate Base Mix

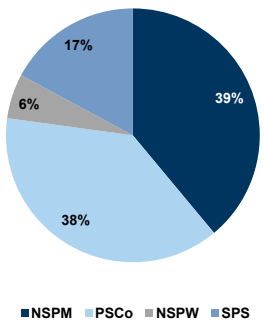

Source: Company data, Goldman Sachs Global Investment Research

Duke Energy (DUK, Neutral): Positive thematic leverage, but limited

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

near-term catalysts and less upside to consensus

We initiate coverage of Duke Energy (DUK) with a Neutral rating and 12-month price target of $99. We view DUK as a solid large cap regulated utility, but see a lack of material catalysts in the near term and limited upside to consensus. DUK has several rate cases pending, including the multi-year rate plan in NC, but we believe the impact of this is largely priced in at current levels. DUK's transition to renewables will largely occur in the later 2020s as it retires its coal fleet, and we believe the company will benefit from having some of the lowest bill costs in our coverage, which gives it leeway in customer bills to increase spending. DUK is currently managing a large deferred fuel balance, which will likely be recovered in 2023/2024, but for the time being is causing it to run at an FFO/debt level of ~13%, at its downgrade threshold. Credit agencies are familiar with the impact of deferred fuel and are unlikely to downgrade a utility based on this, in our view, but we view this as an overhang that limits DUK's ability to raise material incremental capital in the near term.

DUK	12m Price Target: $99	Price: $90.16	Upside: 9.8%

Neutral

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $69.4bn	**Revenue ($ mn) New**	**28,768.0**	**30,430.7**	**31,945.3**	**33,357.6**
Enterprise value: $146.9bn	Revenue ($ mn) Old	--	--	--	--
3m ADTV :$290.6mn	EBITDA ($ mn)	11,778.0	13,139.7	14,418.1	15,518.0
United States	EBIT ($ mn)	6,692.0	7,856.0	8,698.9	9,286.6
America-Utilities:	**EPS ($) New**	**5.28**	**5.60**	**5.93**	**6.37**
	EPS ($) Old	--	--	--	--
M&A Rank: 3	P/E (X)	19.8	16.1	15.2	14.1
	Dividend yield (%)	3.8	4.5	4.7	4.8
	Net debt/EBITDA (X)	6.0	5.8	5.6	5.5
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	1.21	0.99	2.05	1.31

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Attractive thematic leverage to renewables, nuclear, T&D, affordability

DUK has begun the process of transitioning its generation fleet for its regulated utilities to cleaner, lower cost options such as solar with battery storage. DUK still relies heavily on coal for its generation, but expects to bring the share to 5% by 2030, and fully exit coal by 2035. DUK's plan is to operate 30GWs of renewables by 2035, which will be a 5x increase from its current portfolio. Due to it being one of the largest utilities, DUK is also investing meaningfully in transmission, another key industry theme in our mind. DUK expects to spend over $8bn on transmission through 2027, or about 8% of planned industry spend, with risk skewed to the upside. We expect that as renewables continue to grow and the power grid requires more transmission, which we view as a >$500 bn opportunity for the industry, DUK will have opportunities to continue to grow investment in transmission and maintain its share of industry spend.

DUK benefits from having low rates for customer bills, coming in just above $0.1/KWh,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

which is 33% lower than the average for our current coverage. This is a positive for both DUK and its relationship with regulators, given it has been able to maintain low rates with such a large coal fleet, and this rate will likely remain low as it transitions to renewables. As discussed above, we believe maintaining affordability is key to constructive regulatory outcomes, allowing for further investment in the grid transformation.

Finally, DUK is the owner of the largest nuclear fleet by capacity in the US. As discussed above, we believe nuclear will play an important role in the power mix going forward as a source of firm, zero carbon power, particularly as more renewables are added to the grid that are more intermittent. While DUK's customer rates are already below average, the nuclear PTC should provide further benefits to customers, which the company has noted could be in the hundreds of millions range, further supporting affordability.

Exhibit 103: DUK operates the largest regulated nuclear fleet across our our coverage, providing zero carbon, firm power generation
Nuclear capacity, MW

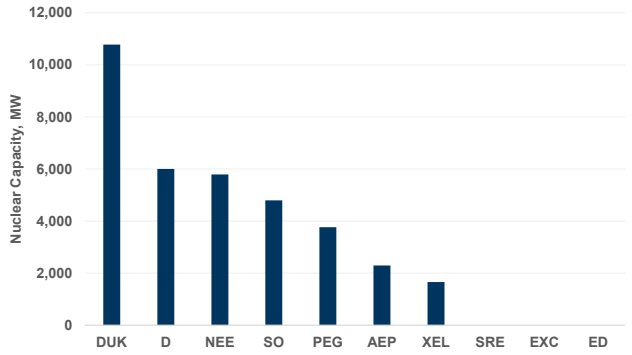

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 104: DUK expects to allocate 21% of its five year capex plan to regulated zero-carbon generation

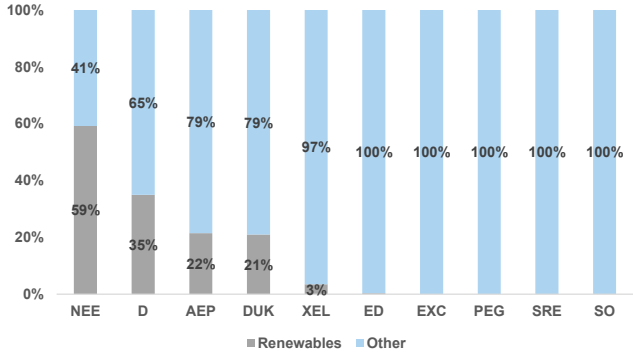

Source: SNL, Goldman Sachs Global Investment Research

Exhibit 105: DUK's residential customer rates screen attractive relative to our coverage
Residential $/kWh electric rates

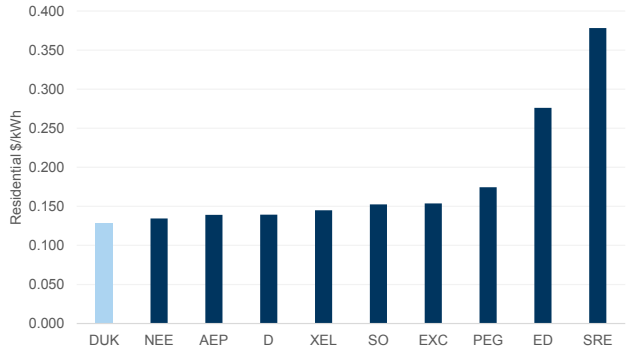

Source: EIA, Goldman Sachs Global Investment Research

Exhibit 106: While its not one of the highest spenders as a % of total capex, DUK's 5-year transmission capex plan represents about 8% of planned industry spend
Transmission spend by company

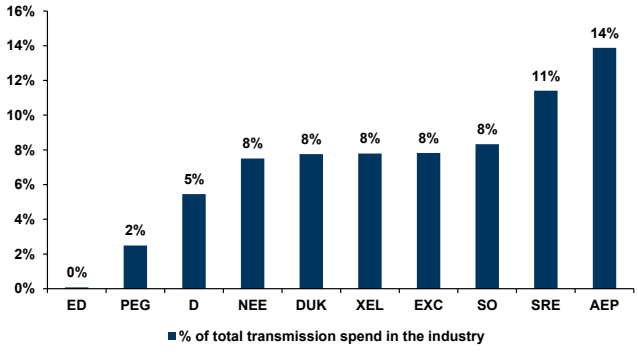

Source: Company data, Goldman Sachs Global Investment Research

Limited catalysts ahead

We view DUK's catalyst path as more limited in the near-term, as we believe the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

ongoing rate cases are already priced largely into the current valuation and estimates, where we are in line with FactSet consensus on average through 2027. As stated in the previous section, DUK's transition to renewables will take several years before it will impact earnings materially in our view, with an inflection around contribution to overall generation in the 2030 timeframe, and thus we see less near term impact. DUK laid out a plan to reduce O&M by $300mn in 2023, and expects that 75% of this reduction will be permanent. It is additionally deferring even more O&M expense due to unfavorable weather in 1Q2023 to maintain its EPS guidance range for the full year. Our estimates expect a portion of the $300mn O&M expense reduction returns in 2024.

DUK's ongoing sale of the commercial renewable business segment, could be a catalyst, which is expected to close in 2H2023. The sale is expected by the company to alleviate the need for equity issuance through 2027. Even post sale, we expect some balance sheet constraints will remain, and note that downside risk remains until the sale closes. DUK has an FFO/debt downgrade threshold of 13%, and is expecting to operate at around 14% going forward. Currently, DUK's FFO/debt metric is being weighed down by its deferred fuel balance, which was around $3.5 bn as of 1Q2023, and had an 80 bp impact on FFO/debt. Operating at 14% as a run rate leaves DUK limited room to raise the growth rate at its regulated utilities without issuing some level of equity.

Exhibit 107: We looked at different levels of O&M savings in 2024, assuming DUK is able to reduce O&M by $300mn in 2023, and found that every $75mn of incremental O&M is just under $0.10 of a headwind
Different levels of O&M savings in 2024 and the EPS impact relative to 2023 guidance midpoint

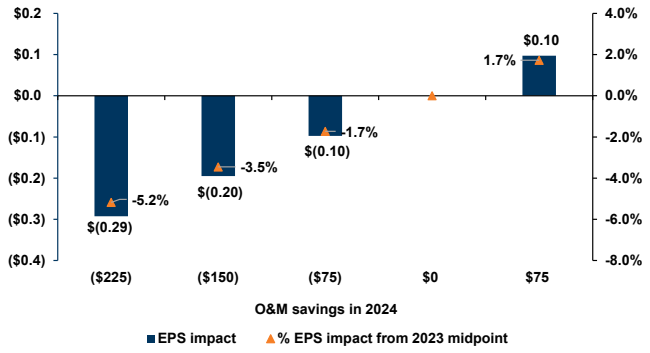

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 108: DUK has several regulatory items on the horizon
Upcoming events for DUK

Description	Date
DEP rate case hearing	May-23
KY rate case hearing	May-23
DEP deferred fuel filing	Jun-23
Commercial renewables sale close	2H2023
IRP filing at SC	Aug-23
IRP filing at Indiana	Nov-24

Source: Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 109: Our estimates are broadly in-line with consensus from 2025 onward
GS vs consensus

	EPS Estimates		% Difference
	GS	Cons.	vs. Cons.
2023E	$5.60	$5.64	(1%)
2024E	$5.93	$6.00	(1%)
2025E	$6.37	$6.36	0%
2026E	$6.75	$6.72	0%
2027E	$7.14	$7.12	0%

Source: Company data, Goldman Sachs Global Investment Research, FactSet

Less relative upside at current valuation

DUK is currently trading at 15.2x on our FY2 P/E estimates, which is a discount to the 16.5x average for regulated utilities at current. Over the last five years, the stock has traded at about a 1x discount to peers, and we do not see a clear path for DUK to trade at a premium in the near term. Given the less differentiated earnings growth, lack of upside to consensus estimates, lighter near term catalyst path, near-term balance sheet constraints, and longer dated nature of the shift to renewables, we view a slight discount as warranted. We see potential for upside when DUK is able to alleviate its near term balance sheet constraints, and as it progresses in its transition from coal to renewables. There is also potential that DUK pulls forward coal retirement dates and in turn accelerates its renewable developments. For the time being, while DUK faces a constrained balance sheet and faces uncertainty in its rate cases, we see better value and potential for upside to estimates and valuation elsewhere in our coverage.

Exhibit 110: DUK has historically traded at a slight discount to its peer group
DUK P/E vs regulated utlities over time

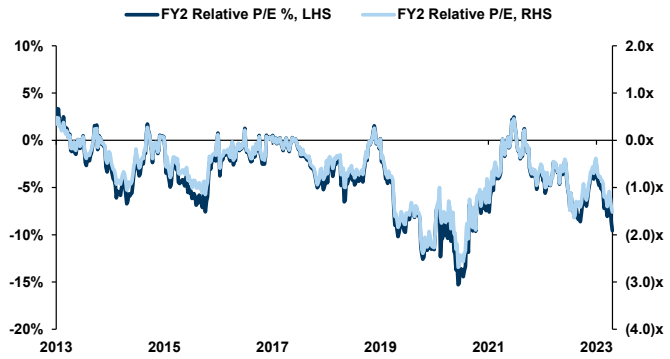

Source: Company data, Goldman Sachs Global Investment Research

Valuation & Key Risks

We are Neutral rated on DUK. We value DUK with a 15.5x P/E, which is a slight discount to the baseline average of 16x, for the reasons discussed above including around near-term catalyst path, less differentiated earnings growth/upside, and balance sheet. While DUK has a positive trajectory with its coal retirements, renewables, and potential for improved ratemaking at the Carolinas, we believe these tailwinds will

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

become more material over the medium term, and we see near term upside potential as limited. Our current target price of $99 implies a total return of 14%, which is in-line with the total return for our coverage group.

Key risks for DUK include 1) rate case outcomes, as DUK is in several important rate cases, notably the NC rate case for DEC and DEP that includes a multi year component; 2) cost management, as DUK expects to reduce costs significantly in a challenging macro environment, with the company anticipating a significant portion to be structural; 3) poor load growth or weather, as DUK has already faced a challenging start to the year with the mild winter weather.

A quick overview of DUK

Duke Energy (DUK) is a $69 bn market cap electric and gas utility serving the Carolinas, Florida, Indiana, Ohio, Kentucky, and Tennessee. DUK is headquartered in Charlotte, North Carolina and serves 8.2mn electric customers and 1.6mn gas customers.

The company operates the following segments:

Duke Energy Carolinas (DEC): Regulated electric utility serving 2.5mn customers across North and South Carolina that owns transmission, distribution, and generation. DEC North Carolina will be moving to a multi-year rate plan structure.

Duke Energy Progress (DEP): Regulated electric utility serving 1.5mn customers across North and South Carolina that owns transmission, distribution, and generation. DEP recently reached partial settlement and has started hearings in its first NC multi-year rate case and expects interim rates to go into effect midyear, with the commission approved permanent rate change going into effect late this year.

Duke Energy Florida (DEF): Regulated electric utility serving 1.7mn customers in Florida that owns transmission, distribution, and generation.

Duke Energy Indiana (DEI) : Regulated electric utility serving 810k customers in Indiana that owns transmission, distribution, and generation.

Duke Energy Ohio Kentucky: Duke Energy Ohio Kentucky consists of both a regulated electric and a gas utility that serve portions of Ohio and Kentucky. These two utilities combined serve a total of nearly 1.4mn customers in the region.

Piedmont Natural Gas (PNY): Regulated gas utility that transports and sells natural gas to customers in the Carolinas and Tennessee.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 111: DUK has materially underperformed the XLU over the years
DUK vs the XLU

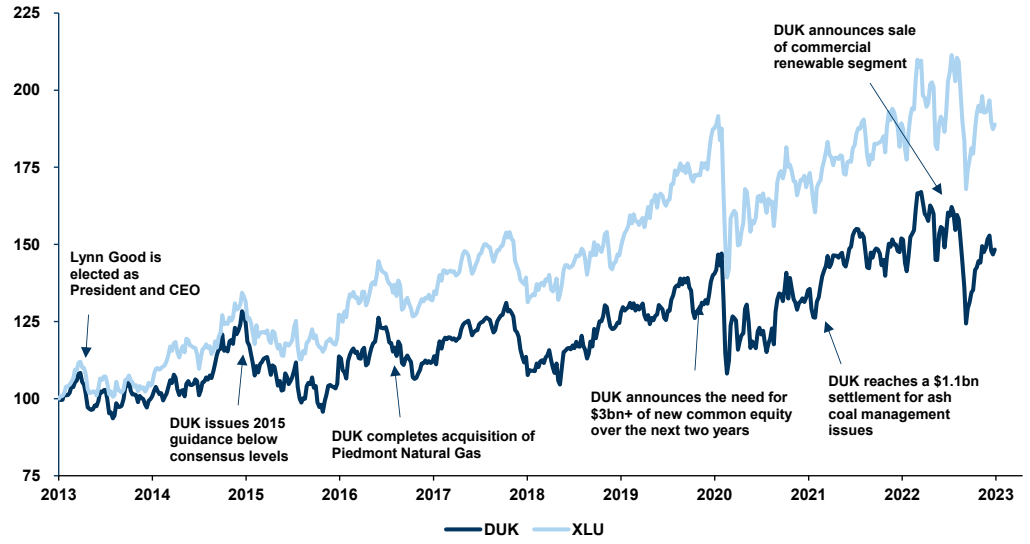

Source: Goldman Sachs Global Investment Research, FactSet

Exhibit 112: We expect DEC to remain the largest contributor to EPS going forward
DUK by segment

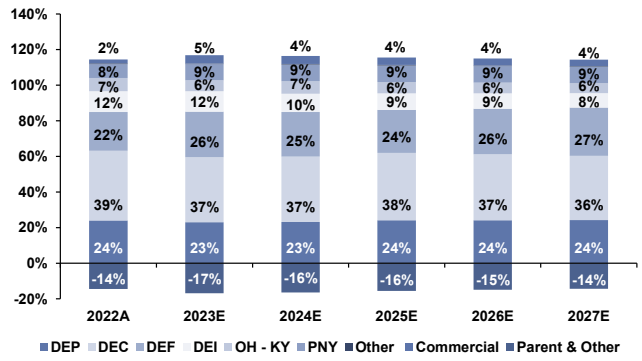

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 113: Our numbers imply a 6.7% rate base CAGR.
Rate base by year

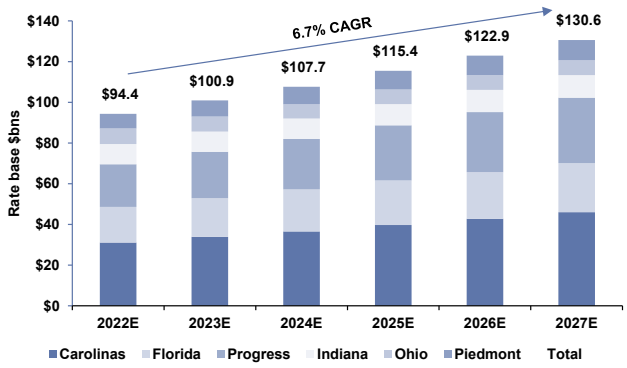

Source: Company data, Goldman Sachs Global Investment Research

Dominion Energy (D, Neutral): Valuation screening attractive after underperformance, but need clarity on business review to get more positive

We initiate coverage of Dominion Energy (D) with a Neutral rating and a 12-month price target of $55. While we see valuation as attractive following underperformance over the last 12 months, we continue to see uncertainty around the ongoing business review and credit outlook. Thus, we see less near-term catalysts to own the stock ahead of the Analyst Day in 3Q when the company expects to provide a full update around the review and the long term outlook for the business.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

D	12m Price Target: $55	Price: $50.5	Upside: 8.9%

Neutral

Market cap: $41.0bn
Enterprise value: $94.5bn
3m ADTV :$210.4mn
United States
America-Utilities:
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**17,174.0**	**20,884.3**	**21,311.1**	**22,313.7**
Revenue ($ mn) Old	--	--	--	--
EBITDA ($ mn)	4,849.0	8,927.4	8,851.9	9,486.5
EBIT ($ mn)	2,019.0	6,168.8	5,840.3	6,228.7
EPS ($) New	**4.11**	**3.94**	**3.72**	**3.82**
EPS ($) Old	--	--	--	--
P/E (X)	18.6	12.8	13.6	13.2
Dividend yield (%)	3.5	5.3	5.3	5.6
Net debt/EBITDA (X)	9.4	5.6	6.2	6.3

	3/23	6/23E	9/23E	12/23E
EPS ($)	1.00	0.69	1.11	1.14

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Valuation screening more attractive, but need clarity on strategic review to get more positive

D shares have underperformed the XLU by 27% over the last 12 months. In our view, this underperformance has been driven by increased uncertainty around (1) the company's decision to undergo a strategic review of the business and potential impacts on the earnings growth trajectory, and (2) lack of clarity around the Virginia regulatory outlook given the legislative process and implications for the rate making process for DEV, though we note this uncertainty has since been resolved following the conclusion of the legislative session in VA, and (3) concerns around the company's balance sheet and credit outlook, particularly following the rate reduction in Virginia, and as S&P recently updated company's the outlook to negative from stable.

Following this underperformance, we see valuation as becoming more attractive at current levels. On consensus FY2/FY3 earnings, the stock is currently trading at 13.7x/13.0x versus our coverage at 16.6x/15.5x, which represents about a two turn discount to the 5-year average discount of about 0.8x/0.7x to our coverage. That said, we believe the market needs clarity on the implications of the strategic review in order to get comfortable underwriting the stock, and we see little room for error in the long term plan following the conclusion of the review. Per company commentary on the 1Q call, D expects to provide the market a more fulsome business update at the company's investor day in 3Q.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 114: D shares have underperformed our coverage and the XLU over the last 12 months, in large part due to uncertainty around the business review and Virginia regulatory environment, in our view
LTM indexed price performance

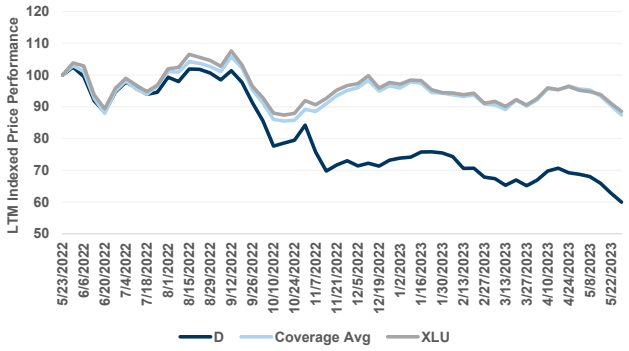

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 115: While D shares are trading at a meaningful discount to peers, we believe more clarity is needed around the business review for investors to get confidence around owning the stock
FY2 P/E for D vs. coverage average

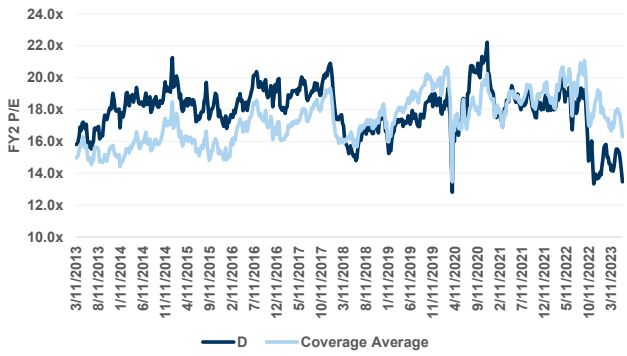

Source: FactSet, Goldman Sachs Global Investment Research

Attractive thematic leverage around renewables, nuclear, grid reliability

We believe D has attractive leverage to key themes including renewables, nuclear, and grid reliability. On the renewables side, we expect the company to invest $17 bn of capex across solar and its regulated offshore wind project from 2023-2027, representing about 35% of total spend. While we see a certain degree of project risk around offshore wind given recent projects have experienced budget issues, we believe D's project is better positioned from a relative standpoint due to it being regulated and the progress that has been made to lock in costs, with about 90% of costs fixed as of the 1Q23 call. On solar and storage, we see potential for continued investment on the regulated side at DEV. Outside of traditional wind/solar, D is also investing in hydrogen and RNG, which while still nascent, will continue to grow and contribute to the company's net zero goals.

D also has about 6 GW of nuclear capacity, and has pursued license renewals at its Virginia units, with Surry gaining approval and North Anna still in process. Given D's nuclear fleet has both regulated and unregulated plants, we see potential benefits from the PTC both as providing a price floor for Millstone outside of PPA volumes and creating opportunities for customer benefits on the regulated side. On grid reliability, we expect D to invest $8.5 bn in transmission/distribution build out from 2023-2027, representing about 20% of total capex. Given D's market exposure, we see meaningful near/medium-term potential for growth in load growth and investment in transmission infrastructure to supply power to new data centers in Virginia. Over the last twelve months, D's commercial electric sales have increased 11.4% YoY, which has been driven by data centers. The company also plans to invest in a number of projects to upgrade transmission infrastructure this year and bring on new capacity by the end of 2025 via a 500kv transmission line for $700 mn in capex. While our base case estimates assume 1.5% load growth on average in 2023-2027, if we assume 4% to continue recent data center trends more aggressively, we could see 12% upside to our estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 116: We expect D to allocate a large share of capital spending towards renewables and grid investments through 2027, largely through DEV
D capex, $ mn

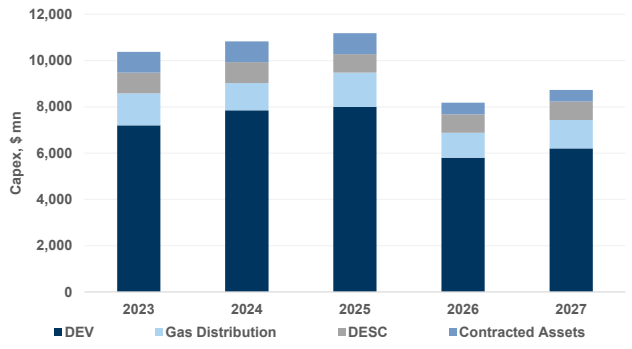

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 117: To the extent load growth going forward surprises us to the upside and remains consistent with 2022 levels, we could see nearly 12% upside to our D estimates on average through 2027
Base case (assumes ~1.5% average load growth through 2027) and upside case (assumes ~4% average load growth through 2027) EPS

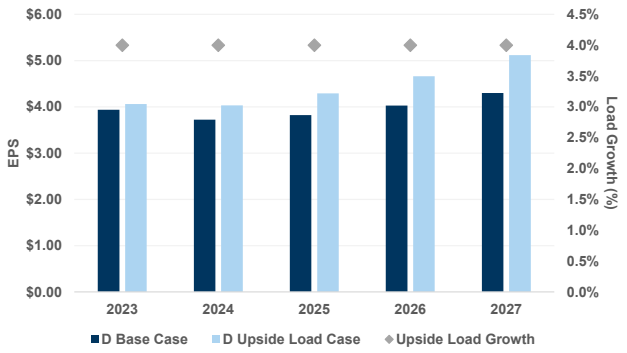

Source: Company data, Goldman Sachs Global Investment Research

Valuation & Key Risks

We are Neutral rated on Dominon Energy and our 12-month price target of $55 is based on a SOTP. We apply 15.0x P/E to DEV, 15.0x to DESC, 16.0x to gas LDCs, and 9.0x EV/EBITDA to contracted assets. We broadly apply a 1x discount to our baseline multiple of 16x to account for the uncertainty around the ongoing business review.

Key risks relate to:

1. **Outcome of the business review.** With D currently undergoing a top to bottom business review, the completion could be a catalyst for the stock. Investors have been most concerned with the credit outlook, dividend sustainability, and predictability of earnings going forward. We see risk from the review outcome given the length of time of the review, and note it could impact our earnings outlook to the extent the company divests pieces of the business or reallocates investments.
2. **Regulatory outlook.** While much of the regulatory uncertainty around Virginia has been resolved following the end of the legislative session and revisions to the rate making process, the commission is still operating with vacancies with lack of clarity on the path to filling them. We believe this creates uncertainty in terms of upcoming rate case activity and potentially the long term pace of the energy transition.
3. **Project execution.** As noted above, we believe Dominion's offshore wind project is advantaged given the regulated nature and progress thus far on locking in costs. That said, we still see execution risk around permitting and ultimately construction of the project given cost pressures that others in the space have faced and the lack of historical track record for offshore wind projects.

A quick overview of D

Dominion Energy (D) is a $42 bn market cap company headquartered in Richmond, Virginia, which serves 7 mn customers in 13 states. The company was founded in 1909 and has a portfolio of assets including 30.2 GW of generation capacity, 10,700 miles of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

transmission, 78,000 miles of distribution, and 95,700 miles of gas distribution mains supported by 6,000 miles of gas transmission, gathering, and storage pipelines. D is the largest utility serving the state of Virginia, which hosts the federal government along with a number of tech companies aiding growth.

D operates multiple subsidiaries including:

- **Dominion Energy Virginia (DEV)** – Vertically integrated electric utility in Virginia and North Carolina providing utility services to 2.7 million customers. While there is some uncertainty around the VA regulatory environment at present, the state has aggressive clean energy targets and DEV expects to build meaningful wind and solar capacity.
- **Gas Distribution** – This regulated subsidiary sells, transports, stores and distributes gas in Ohio, West Virginia, North Carolina, Utah, southwestern Wyoming and southeastern Idaho and serves roughly 3.1 million customers.
- **Dominion Energy South Carolina (DESC)** – A vertically integrated subsidiary serving gas and electricity to just over a million customers in South Carolina.
- **Contracted Assets** – D also operates a contracted assets segment, which historically comprised of a large portfolio of non-regulated power plants including Millstone nuclear plant in Connecticut and gas plants in the East Coast. It has sold off its gas plants over the last 10 years and now only has Millstone left with 2GW of capacity. D also owns 50% stake in the Cove Point LNG terminal and a merchant solar portfolio.

Exhibit 118: D has underperformed the XLU by 59% over the last 10 years
D v/s XLU

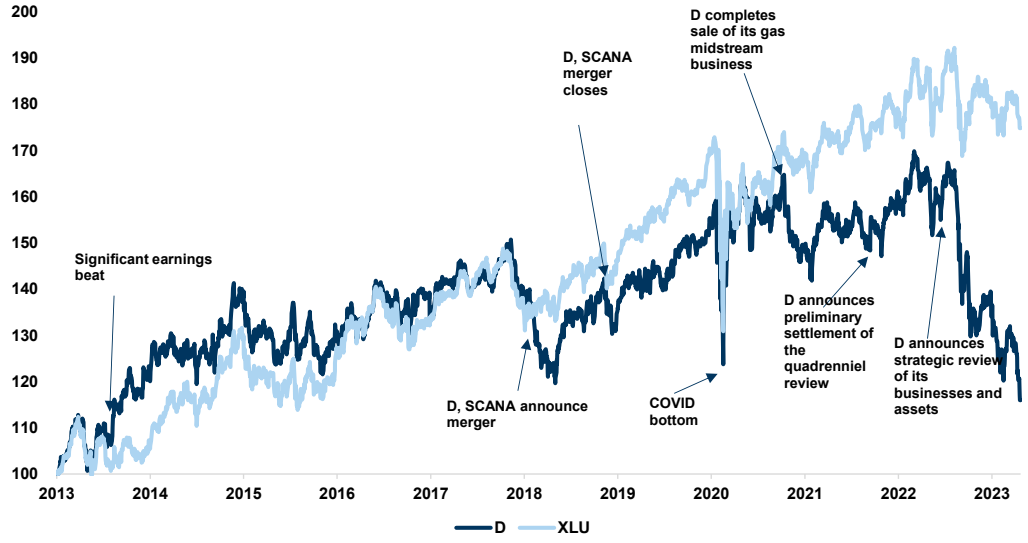

Source: Data compiled by Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 119: Our estimates reflect our Neutral view on D given the uncertainty around the review
EPS Estimates by year ($)

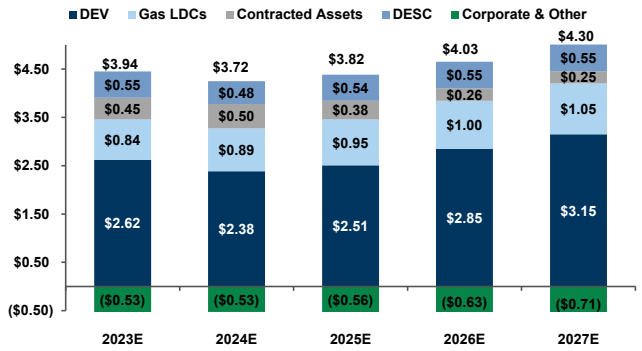

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 120: We expect the regulated utility at Virginia to continue to form a major chunk of earnings going forward
Earnings Mix

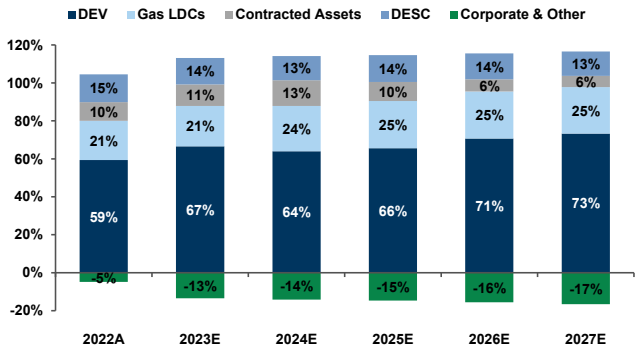

Source: Company data, Goldman Sachs Global Investment Research

Public Service Enterprise Group (PEG, Neutral): Improved business mix and thematic leverage, but near-term outperformance limits upside

We initiate coverage on Public Service Enterprise Group (PEG) with a Neutral rating and 12-month price target of $64. In our view, PEG's business mix of 90% regulated utility and 10% merchant generation assets will be favorable over the long run; but we see less differentiation versus consensus, less upside after its outperformance over the last 6 months, and believe near term headwinds limit PEG's opportunity for differentiated returns for now. We note the potential for upside in the near term if power prices rise and PEG's cash flows increase from the merchant side of the business, which can go towards paying down debt. We currently see better value elsewhere in our coverage, with our target price for PEG implying a total return of 8% versus 15% to our coverage on average.

PEG	12m Price Target: $64	Price: $61.36	Upside: 4.3%

Neutral

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $30.7bn	**Revenue ($ mn) New**	**9,800.0**	**10,503.1**	**9,796.8**	**10,297.7**
Enterprise value: $49.6bn	Revenue ($ mn) Old	--	--	--	--
3m ADTV :$154.0mn	EBITDA ($ mn)	2,730.0	4,733.3	4,222.6	4,666.8
United States	EBIT ($ mn)	1,629.6	3,578.3	2,983.3	3,344.3
America-Utilities:	**EPS ($) New**	**3.46**	**3.43**	**3.59**	**4.06**
	EPS ($) Old	--	--	--	--
M&A Rank: 3	P/E (X)	18.5	17.9	17.1	15.1
	Dividend yield (%)	3.4	3.7	3.9	4.1
	Net debt/EBITDA (X)	7.3	4.0	4.7	4.4
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	1.39	0.61	0.77	0.66

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Improved business mix limits downside risk and still presents upside opportunity

PEG benefits from a unique business model, with 90% of its business coming from its steady regulated utility, and remaining 10% from its Power & Other segment. The company sold its fossil assets in February 2022, and the Power segment is now primarily made up of 3,766 GWs of merchant nuclear generation. In the past, these nuclear assets were generally only economic because of state subsidies such as ZECs, which did not provide long term certainty of economics.

With the rise of power prices in 2022 and the passage of the nuclear PTC in the IRA, the economics of the assets have improved and more certainty has been provided over the medium to long term. PEG is in a unique position of being able to fund its capex at the regulated utility with the cash flow from the merchant nuclear business, and has potential for upside to these cash flows if power prices rise above the PTC floor. Our model bases regional power prices on our commodities teams' gas price forecast going forward. We analyze below the possibility of power prices coming in above our base estimate of $45.30/$54.36/$48.75/$48.75/MWh for PJM East in 2024-2027, and $38.74/$53.55/$42.68/$42.68/MWh for PJM West in the same time frame.

Due to the significant spike in power prices in 2022, PEG has had to post a large amount of collateral related to its hedging program, with net cash collateral at $1.5bn in YE2022. The collateral level was down to $0.7bn by 1Q2023, which helped PEG's liquidity and cash flow significantly. As hedges continue to roll off in 2023 and 2024, we expect collateral to continue to wind down and improve the balance sheet position, though note this remains a near term concern as interest rates rise and the company refinances and adds incremental debt.

PEG has also highlighted the potential for upside from offshore wind transmission. While it still will exit its stakes in developing offshore wind generation, PEG still plans to solicit a bid for the transmission piece. This is not included in PEG's current capex plan, and could significantly increase the amount that PEG allocates towards transmission, which is currently just below $3bn in the 5 years plan and $6bn in its 10 year plan, or 16**%** of total planned utility spend.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 121: We see meaningful upside to FCF if power prices are higher than our base case estimate in forward years, all else equal
FCF power price scenarios if certain % above base price; 2025+

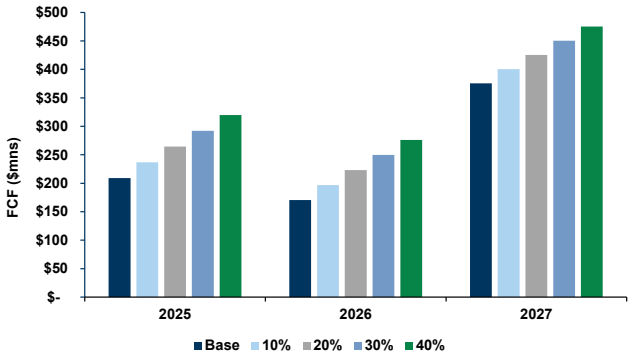

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 122: Depending on the size of the offshore wind transmission opportunity, PEG could see material upside to earnings over the coming years
Earnings impact based on different transmission amounts, assuming O&M is a similar % of revenue as historical; tax effected

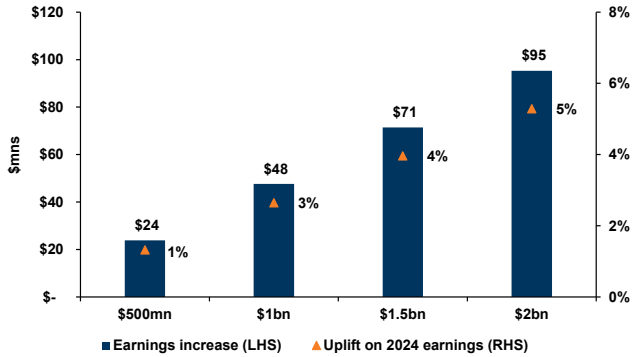

Source: Company data, Goldman Sachs Global Investment Research

Less upside to consensus, recent outperformance, and near-term headwinds keep us on the sidelines

We have less upside to our price target versus our coverage following outperformance over the last six months, with 8% total return vs. the 15% average for our coverage. PEG shares have outperformed the XLU by 9% in the last six months, which we attribute to: (1) evidence of a derisking of the earnings profile of the business following the company's sale of the unregulated fossil-fuel generation assets and focus on regulated growth, (2) the elimination of project risks associated with the offshore wind business following the company's decision to exit offshore wind and sell its stakes in projects/acreage, and (3) clarity on nuclear ownership, with the company deciding to retain ownership of the nuclear fleet following the passage of the IRA, which provides more economic certainty with the nuclear PTC.

Exhibit 123: PEG has outperformed the XLU over the past 6 months
PEG v/s XLU total return performance

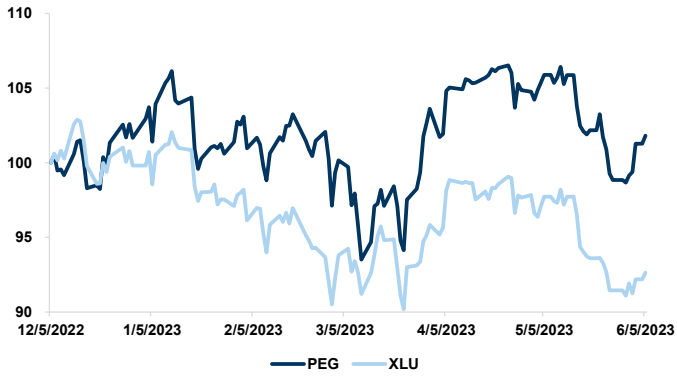

Source: Goldman Sachs Global Investment Research, FactSet

PEG shares are trading broadly in line with peers on FY2 P/E, versus a 5-year historical discount of 1.5x. On consensus estimates, PEG is currently trading at 16.6x/15.2x FY2/FY3 PE, which is above the respective 10-yr averages of 15.8x/15.3x.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Additionally, PEG's current FY2 PE of 17.1x, on our EPS estimates, is slightly above coverage average, versus the 1.5x average discount seen over the past 5 years. With that said, we do not view the multiple expansion versus history as unwarranted given the improvement in the earnings profile of the business and reduced volatility post the fossil sale.

Since the company sold the fossil assets in early 2022, PEG has traded at an average FY2/3 P/E of 17.3x/15.8x, or a 1.3x/1.6x discount to peers, and a 1.5x/0.5x premium to its 10-year history. On our estimates, PEG trades at a slight discount to our coverage average at 15.1x on our 2025 earnings versus a 15.3x multiple for our coverage on 2025 earnings. With shares trading at a smaller discount to peers vs. its historical average and post-fossil spin average, we see valuation as less compelling at current levels.

Exhibit 124: PEG has been trading above its historical average post the sale of fossil assets, and trades broadly in-line with our coverage...
PEG versus coverage FY2 PE

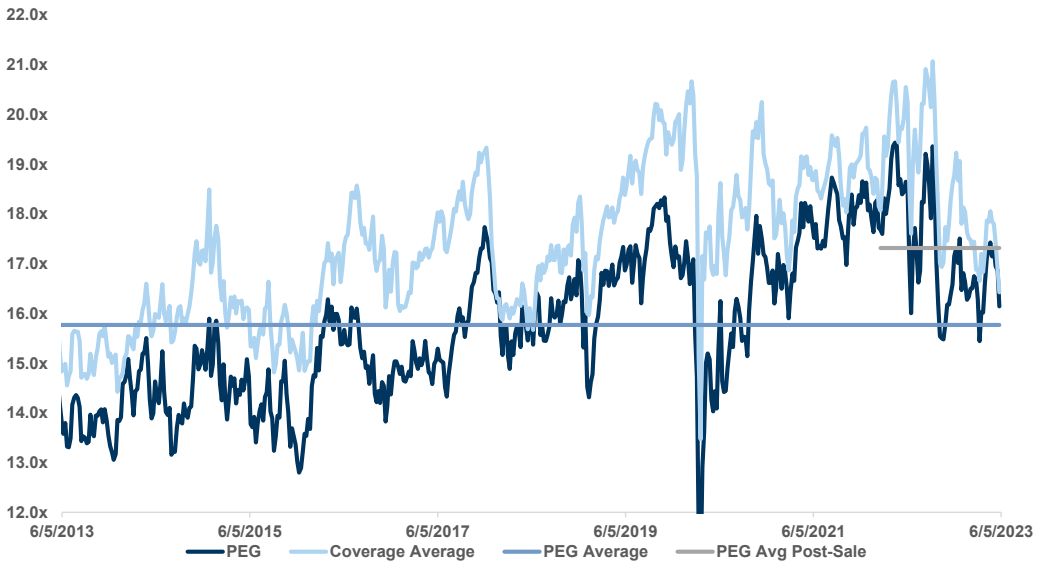

Source: Goldman Sachs Global Investment Research, FactSet

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 125: ...vs the slight discount it has traded at for the last 10 years on average
PEG historical vs current premium (discount) to our coverage FY2 PE

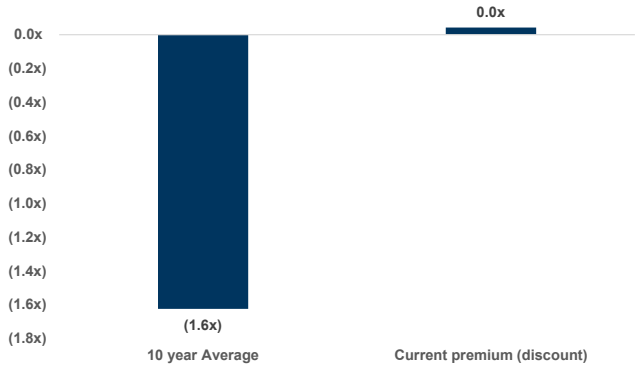

Source: Goldman Sachs Global Investment Research, FactSet

Exhibit 126: PEG trades at a 0.3x discount vs our coverage on our 2025 EPS estimates
PEG v/s coverage PE on GSe 2025 EPS

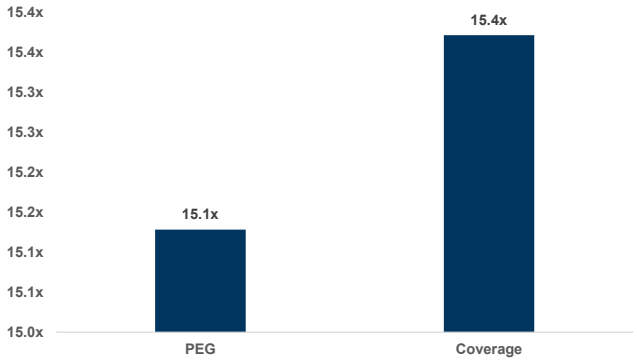

Source: Goldman Sachs Global Investment Research, FactSet

Our estimates are also not as differentiated versus consensus estimates, where we are on average 1% below the Street in 2023-2027. We believe we are taking a more conservative approach from rate increases following the company's distribution rate case that it expects to file by the end of this year, with rates going into effect likely in 2024, where we see the largest delta versus consensus. Thus, we see less opportunity for positive consensus revisions for PEG from here, and also see slightly below average 5-year EPS CAGR at 5% versus our coverage average at 6%. That said, we recognize upside risk could exist from a more favorable rate case outcome than we underwrite as well as potential for the Power business to surprise to the upside.

Exhibit 127: Our earnings estimates are roughly in-line with consensus
GSe/Consensus EPS 2023-2027

EPS	2023E	2024E	2025E	2026E	2027E
GS	$3.43	$3.59	$4.06	$4.25	$4.42
Consensus	$3.44	$3.69	$4.05	$4.24	$4.46
% Difference	(0%)	(3%)	0%	0%	(1%)

Source: Goldman Sachs Global Investment Research, FactSet

PEG faces a number of headwinds in 2023 and while some are no different from those facing other utilities such as interest rates and inflation, some such as the high pension expense and balance sheet stretch due to collateral postings, are more idiosyncratic challenges. PEG does not smooth the impact of the pension over several years like many utilities do, meaning that the markets poor performance in 2022 created an expected headwind of ($0.25)-($0.30) in 2023. PEG has managed to partially mitigate the pension expense with a new accounting order from the BPU, and is exploring potential plans to further mitigate it with a pension lift out. While the combination of these two methods could address a sizeable part of the pension impact going forward, 2023 EPS may likely see a negative impact from this. As the company adds debt and refinances at higher interest rates, higher interest expense is expected to be a ($0.15)-($0.20) impact to EPS in 2023.

Both the pension expense and the higher interest rates will likely be recovered in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

distribution rate case PEG will file by YE 2023, but the increased rates will not kick in until mid to late 2024 at the earliest. In the near term, we believe PEG is facing more headwinds than tailwinds, but most of these headwinds will subside going forward. To the extent PEG receives a more favorable outcome in its upcoming rate case or power prices surprise to the upside, we could see upside risk to our estimates but in our base case, we are not differentiated versus Street estimates, where we are 1% below FactSet consensus on average in 2023-2027.

Catalysts/Key Risks

As discussed above, we see headwinds to the stock in the near term given (1) higher interest costs due to refinancing needs and exposure to floating rate debt, (2) non-linear EPS growth due to pension costs, and (3) current less favorable leverage metrics, with collateral postings expected to improve as hedges roll off this and next year. These risks along with recent outperformance and less upside to our price target and consensus earnings keep us Neutral on PEG. That said, we highlight key factors we are watching that could impact our estimates/views.

1. **Option value in nuclear exposure** and limited downside risks/more stable and predictable cash flows, driven by the nuclear PTCs. To the extent power prices surprise our estimates to the upside after the PTC goes into effect, we could see potential upward pressure on PSEG Power/Other estimates. We also await full guidance from treasury around implementation of the Nuclear PTC.
2. **Rate case outcomes**, including on rider mechanisms that help with timely cost recovery. As discussed above, we expect PEG to file a distribution rate case by the end of 2023, which could include a pension mechanism, and the company has also recently filed for GSMP III as well as a Clean Energy Future energy efficiency extension. Outcomes around these proceedings could impact our estimates around capex and earnings to the upside/downside.
3. **Potential upside to capital spending plans,** to the extent there are opportunities for PEG to participate in transmission related to offshore wind at PSE&G or PSEG Power, or explore incremental electrification opportunities including around heat pumps and EVs.

Valuation & Key Risks

We are Neutral rated on PEG and our 12-month price target is $64. We value PEG with a SOTP, applying a 16x P/E multiple on PSE&G 2025 earnings, which is in-line with our baseline multiple for the sector. We apply a 9x EV/EBITDA multiple on the Power & Other segment as the nuclear PTC will help derisk the cash flow at the segment going forward. We see 8% total return versus an average of 15% for our coverage.

Key risks for PEG include 1) uncertainty around pension expense lift out and implementation around a long term solution, which could lead to increased pension volatility going forward; 2) uncertainty around the outcome in its upcoming 2023 distribution rate case, which is the first rate case in 6 years, and if PEG cannot recover elevated expenses in 2022/2023 would significantly impact growth; 3) power price volatility in the near term that could impact collateral postings around 2023/2024

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

hedges; 4) option value in nuclear exposure, which limits downside risks and provides stability; 5) approval of a pension mechanism, which would help to smooth earnings; and 6) upside to capital spending plans, including transmission and electrification opportunities.

A quick overview of PEG

Public Service Enterprise Group (PEG) is a $31 bn market cap diversified utility, consisting of a New Jersey based regulated utility and a merchant generation segment. The merchant generation segment, PSEG Power, is primarily made up of nuclear power plants and offshore wind investments, but PEG has publicly announced its intention to exit the offshore wind generation space. PEG was founded in 1903 and is currently headquartered in Newark, New Jersey.

PSE&G: Regulated electric and gas utility that serves 2.3 million electric and 1.9 million gas customers. The electric utility is focused on transmission and distribution, which make up 98% of rate base, with the remaining 2% being solar and other. PSE&G expects to file for its next electric rate case in 2023, and has highlighted $3.3bn of distribution capital that it expects to be eligible for recovery.

PSEG Power: Merchant generation segment consisting of 5 nuclear power plants with 3.8 GWs of capacity. PSEG Power also owns a 50% stake in Garden State Offshore Energy (GSOE). It has sold its 25% stake in Ocean Wind 1 back to the JV partner Orsted and also announced it will look to sell its GSOE stake as well.

Exhibit 128: We expect the business mix to remain at similar levels going forward, excluding 2025
Business mix by year

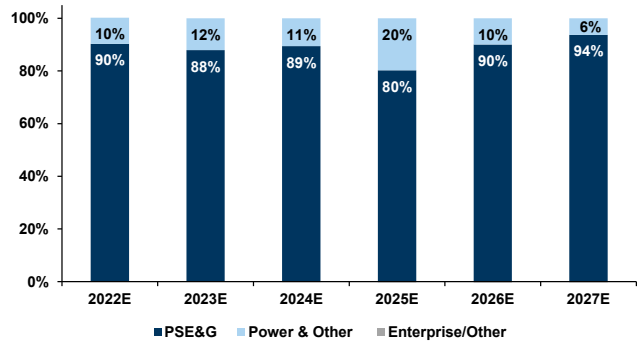

Source: Goldman Sachs Global Investment Research

Exhibit 129: Our estimates imply a 7% rate base CAGR
Rate base by year

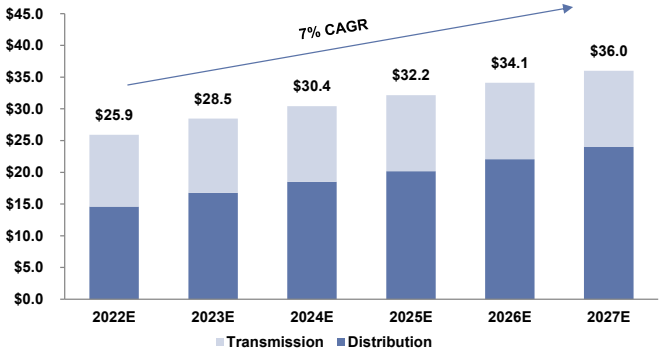

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 130: PEG has modestly outperformed the XLU over the last 10 years
PEG vs XLU performance

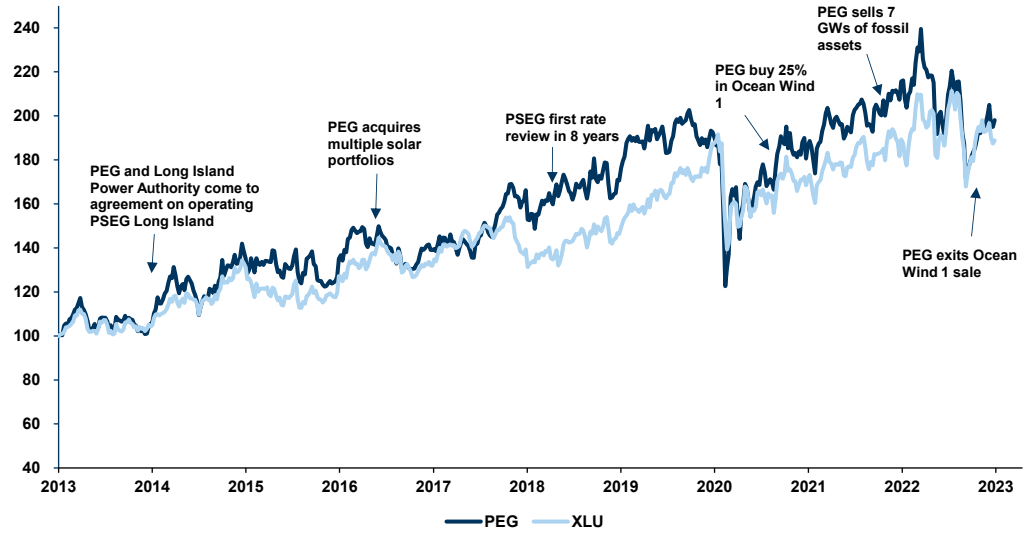

Source: Goldman Sachs Global Investment Research, FactSet

Exelon Corporation (EXC, Sell): Less thematic leverage, downside to consensus, rate case risk drive more cautious view

We initiate coverage on Exelon Corp (EXC) with a Sell rating and a 12-month price target of $39 which represents 1% total return vs. 15% average total return for our coverage. We are 1%/4% below FactSet consensus on our 2024/2025 EPS earnings estimates. While we believe EXC has a robust balance sheet position and an attractive opportunity set around certain grid investments, we see downside risk to consensus earnings estimates along with a less idiosyncratic catalyst path, see less thematic leverage outside of grid reliability representing less upside opportunity around capex and growth, and are concerned around rate case risk, in particular at ComEd given the move away from the current formulaic approach and recent Staff recommendations around the proceedings. The stock has also outperformed the XLU over the past six months, though we note near-term performance has been more challenged on a relative basis.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

EXC	12m Price Target: $39	Price: $39.98	Downside: 2.5%

Sell

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $39.8bn	**Revenue ($ mn) New**	**19,078.0**	**19,828.2**	**20,609.7**	**21,280.3**
Enterprise value: $82.8bn	Revenue ($ mn) Old	--	--	--	--
3m ADTV :$299.2mn	EBITDA ($ mn)	6,642.0	7,371.9	8,030.8	8,585.6
United States	EBIT ($ mn)	3,317.0	3,869.3	4,352.6	4,715.5
America-Utilities:	**EPS ($) New**	**2.27**	**2.38**	**2.49**	**2.61**
	EPS ($) Old	--	--	--	--
M&A Rank: 3	P/E (X)	19.1	16.8	16.0	15.3
	Dividend yield (%)	3.1	3.6	3.9	4.1
	Net debt/EBITDA (X)	6.0	5.8	5.7	5.7
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	0.70	0.45	0.73	0.51

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Attractive grid investment opportunities, but lower exposure to key themes overall

Less upside to planned capital expenditures. According to its capital investment plan, EXC intends to deploy $31bn of capital over the 2023-2026 period, which drives 8% rate base and 6-8% operating earnings CAGR over 2022-2026. EXC's capital plan is focused on traditional utilities investments associated with maintaining and upgrading distribution and transmission operations, including expanding capacity and improving system performance. The company benefits from strong investment needs in T&D and is therefore levered to our grid reliability theme; EXC has allocated 21% of its total capex plan to transmission build out. We note that EXC can benefit from incremental transmission opportunities that are not included in the current capex plan given Maryland's recent offshore legislation, though these are likely longer dated given typically lengthy permitting processes and project risks. However, we believe that the EXC has less upside opportunities to its capex plan given lack of exposure to our other themes including renewables, LNG, and nuclear. EXC's beneficial electrification plan related to EV infrastructure spending includes just $300 mn of spending over the 2023-2025 period. In addition, the company does not screen as attractive on affordability, with higher than average customer bills per EIA data, which we believe creates risk around regulatory outcomes given current rate cases request an increase in residential customer bills of over 6% on average (including DPL DE Electric, ComEd, ACE, BGE, and PEPCO DC). Also, in current pending rate cases, all requested ROEs screen at or above 10.4%, which is above the prevailing national average of about 9.7% for electric rate cases YTD.

See near-term negative rate of change around balance sheet. EXC has a 100-200 bps cushion on its FFO/Debt downgrade threshold of 12% per S&P and Moody's as it targets a 13-14% FFO/Debt over the 2023-2026 time period. While we expect the FFO/Debt metric to remain above the downgrade threshold of 12% going forward, we expect some softening in the FFO/Debt metric in the medium term as we anticipate growth in debt levels to finance operations measured from 2022-2025 until earnings catch up to minimize the impact of the increased debt. We expect debt to grow by

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

~23% meanwhile FFO will lag with growth of just ~14% in the same time frame. In addition, downside to balance sheet strength may appear from the impact of the IRA AMT which would raise annual cash taxes. EXC expects $200mn/yr cash drag, currently not in our estimates as we await further clarity on final tax treatment which the company expects by the end of year. Per the management's commentary, if EXC cannot mitigate the impact by deducting repairs tax from AMT, the FFO/Debt ratio would stand closer to 13%. Management also noted during 3Q22 earnings call that higher taxes could impact investment levels and by extension earnings growth. Given EXC has less exposure to renewables, there are less tax credit opportunities that could be used to offset the impacts of the AMT as many other companies are able to utilize, in our view.

Exhibit 131: We believe limited concrete incremental capex opportunities from current estimates exist given less exposure to key themes like renewables, nuclear, and LNG and given the company screens less attractively on affordability
Capex by Year by Subsidiary ($mn)

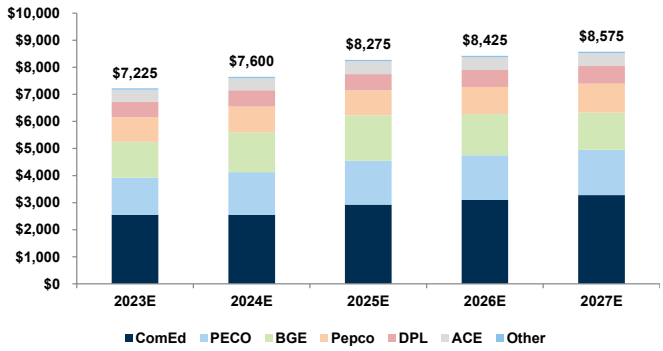

Source: Goldman Sachs Global Investment Research, Company data

Exhibit 132: Relative to our coverage, EXC's electric rates in $/kWh screen less attractive
Total electric sales, $/kWh

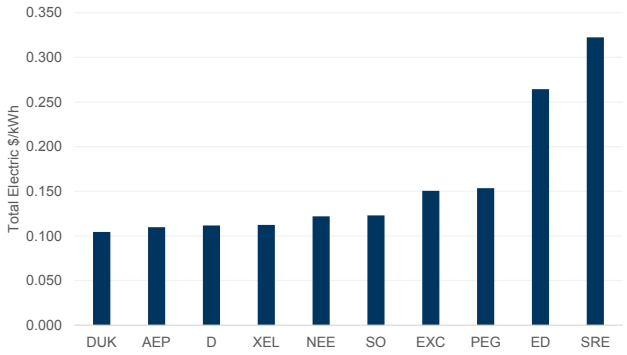

SRE only includes SDG&E

Source: EIA, Goldman Sachs Global Investment Research

Less idiosyncratic catalyst path outside of rate cases, concerns around ComEd regulatory changes

While Exelon has a number of outstanding rate cases, we see less idiosyncratic catalysts outside of outcomes on the regulatory side in the near to medium term, notwithstanding the potential for offshore transmission opportunities in Maryland and New Jersey that are likely longer term in nature given typically lengthy permitting processes and project risks. EXC has several outstanding rate cases, including 1) DPL electric distribution rate case, 2) ComEd electric distribution 4-year MYP and 2022 formula rate reconciliation, 3) ACE electric distribution rate case, 4) BGE 3-year multi-year plan (MYP), and 5) Pepco DC 3-year MYP. Given the high requested ROEs and certain elevated customer bills versus our coverage average, we believe that EXC could face challenges in achieving constructive rate case outcomes. In current pending rate cases, all requested ROEs screen at or above 10.4%, which is above the prevailing national average of about 9.7% for electric rate cases YTD.

ComEd rate case overhang. In Jan 2023, ComEd filed a four-year multi-year plan (MYP) request seeking an increase in electric distribution rates with revenue increase of ~$1.5bn over the next four years and an increase in ROE to 10.5% with a 5bps increase

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

YoY from 2024 to 2027. The company will move away from the current formulaic approach to ROE where ComEd has a 5.8% base ROE plus the yield of the 30-year treasury which stands at 4% in 2023 per our estimates. This implies that the authorized ROE for 2023E is expected to be 9.8% (5.8% base ROE + 4% 30 year treasury). In our view, given the current distribution ROE is already higher than the YTD national average of ~9.7%, going forward, we expect a minimal increase to current levels rather than the requested ROE increase which is at 10.5%, and could even see potential for 2024 ROE to be lower than 2023 levels given recent rate cases in Illinois have seen ROEs granted in the 9.67%-9.75% range. We forecast the 2024 ROE to be at 9.7% and a 5bps increase from then until 2027. We note the staff recently recommended an 8.91% ROE based on the formulaic approach and implied a ~10% ROE based on a more traditional rate making mechanism. ComEd stated it expects to conclude this case by the end of this year.

With a host of rate cases underway across subsidiaries we analyze the historical trends of asked versus authorized ROE and give an overview below:

BGE: At BGE, the last rate case was concluded in December 2020, where they had sought an ROE of 10.10% for both gas and electric distribution but ended up receiving 9.5% for electric and 9.65% for gas. A difference of 60 bps and 45 bps respectively. BGE is in a rate case currently requesting 10.4% for both gas and electric. We see risk around the requested ROE given historical trends. We model ROEs to be constant from current levels pending unexpected rate case outcomes. And we note that authorized ROEs from recent rate cases have been not been too different from the current authorized at BGE. With Columbia Gas of Maryland, a subsidiary of Nisource Inc. (NI) getting 9.65% authorized ROE.

PHI:

- **DPL:** At DPL, the company is currently authorized to earn a 9.6% ROE on both gas and electric distribution but has requested an increase to 10.5% for the electric portion in a rate case filed at the end of 2022. We see risk around the requested ROE given past trends. DPL had attempted to get the gas ROE increased to 10.4% in a rate case in 2020 but only got 9.6%, which is a difference of 70bps.
- **ACE:** Historically, ACE's authorized versus requested has lagged with the most recent case concluded in 2020 having a lag of 70 bps. ACE is currently in a rate case requesting an increase of 10.5% as compared to 9.6% authorized and the last rate case in New Jersey was in 2021 by Rockland Electric Company, a subsidiary of Consolidated Edison (ED) where they got a 9.6% ROE.
- **PEPCO:** The company is in an electric rate case requesting an ROE of 10.5%, which is an increase of 122 bps from current authorized of 9.28%. We see risk around this requested ROE level. The previous rate case saw the authorized ROE decrease from 9.53% in 2017 to 9.28% in 2019.

In our view, considering the past trends at the various subsidiaries, and recent trends outside of EXC cases in the company's jurisdictions, we do not expect EXC to see material increases in its ROE from current authorized levels which could limit growth

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

potential in the near to medium term and present risk around earnings execution. Our more cautious view on regulatory outcomes is also driven by concerns surrounding affordability especially for residential households with inflation at the forefront of regulators' minds as Exelon goes into pivotal rate cases.

Exhibit 133: A brief rundown of the current regulatory environment at EXC
Regulatory Overview at EXC

Opco	State	Commission Name	No. of Commissioners	Appointed/Elected	Last EXC Authorized RoE	Decoupled?	Rate Case Ongoing?
ComEd	**Illinois**	Illinois Commerce Commission	5 (3D, 2R)	Appointed	Electric: 5.8%+30 Year US Treasury	Yes	Electric: Yes
PECO	**Pennsylvania**	Pennsylvania Public Utility Commission	5 (3D, 2R)	Appointed	Gas: 10.24% Electric: 9.50%	No	No
BGE	**Maryland**	Maryland Public Service Commission	5 (2D, 3R)	Appointed	Electric/Gas: 9.5%/9.65%	Yes	Gas: Yes Electric: Yes
ACE	**New Jersey**	New Jersey Board of Public Utilities	5 (2R, 2D, 1 Vacant)	Appointed	Electric: 9.6%	Yes	Yes
DPL	**Maryalnd**	Maryland Public Service Commission	5 (2D, 3R)	Appointed	Electric/Gas: 9.6%	Yes	Gas: No Electric: Yes
	Delaware	Delaware Public Service Commission	3 (3D, 2I)	Appointed	Electric: 9.60%	Yes	Electric: Yes
Pepco	**Maryland**	Maryland Public Service Commission	5 (2D, 3R)	Appointed	Electric: 9.55%	Yes	Electric: No
	District of Columbia	District of Columbia Public Service Commission	3 (2D, 1R)	Appointed	Electric: 9.28%	Yes	Electric: Yes

Source: S&P Global Market Intelligence, Data compiled by Goldman Sachs Global Investment Research

Exhibit 134: Recent electric ROEs in NJ have been in the 9.5%-9.65% versus EXC's request of 10.5%
ACE Electric (NJ) & Peers

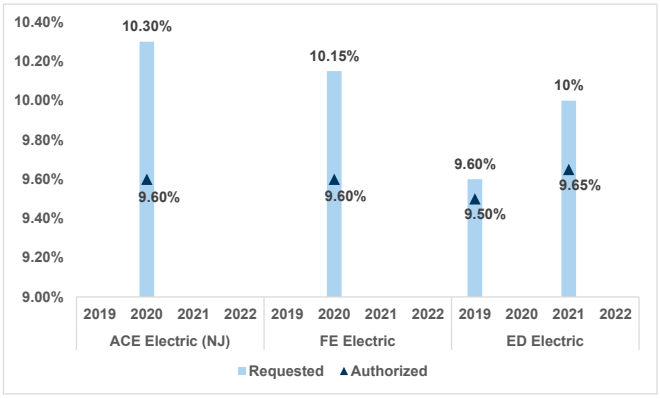

Source: Goldman Sachs Global Investment Research, SNL, Company data

Exhibit 135: DPL Delaware was most recently granted a 9.6% ROE vs a 10.3% request, and is currently requesting a 10.5% ROE in its distribution rate case filing
DPL Electric (DE)

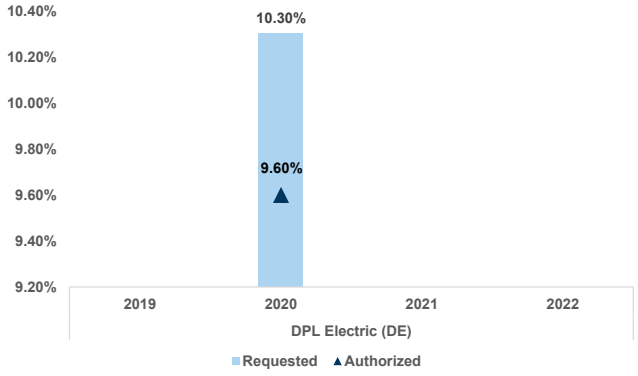

Source: Goldman Sachs Global Investment Research, Company data, SNL

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 136: BGE's recent filing requests a 10.4% ROE versus previous request of 10.1% and authorized ROE of 9.5%
BGE Electric (MD)

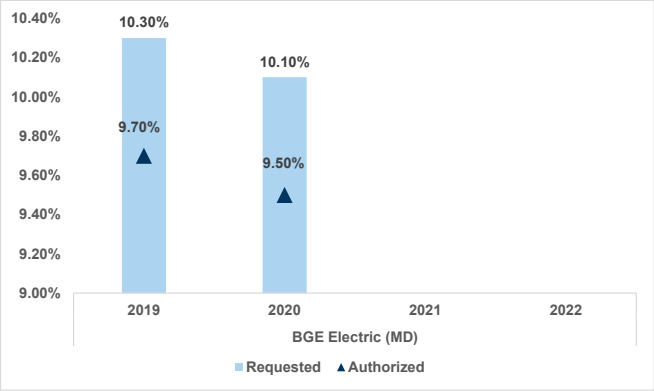

Source: Goldman Sachs Global Investment Research, Company data, SNL

Exhibit 137: Pepco DC's distribution rate case filing requests a 10.5% ROE versus current authorized of 9.28% and previously requested 10.1%
Pepco Electric (DC)

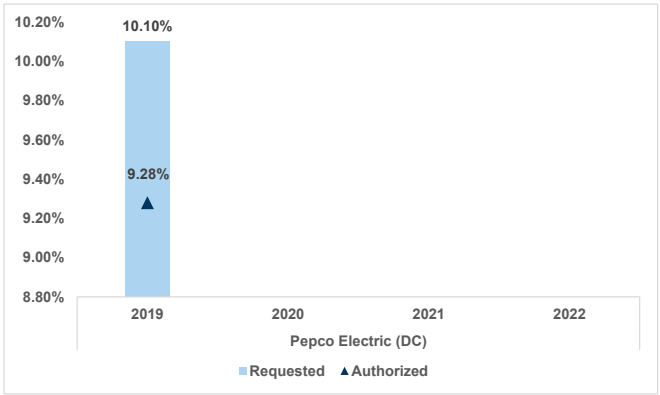

Source: Goldman Sachs Global Investment Research

Exhibit 138: BGE is requesting a 10.4% ROE in its recent distribution case filing on the gas side, with previously authorized ROE at 9.65% versus requested at 10.1%
BGE Gas (MD)

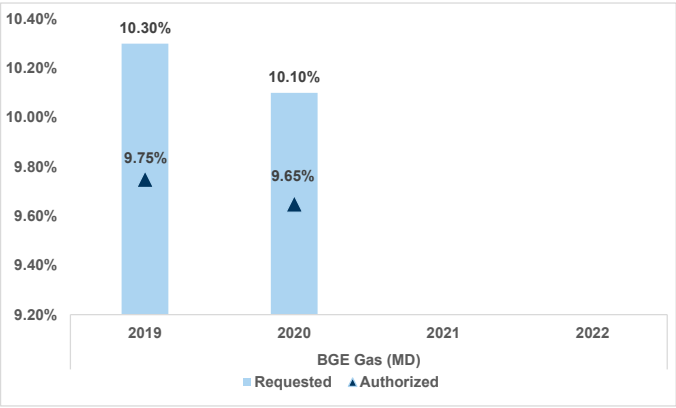

Source: Goldman Sachs Global Investment Research

We see downside risk to consensus, and shares have outperformed over the past 6 months

Downside risk and volatility to earnings estimates exists. We believe EXC faces earnings revision risks and less differentiated EPS growth opportunities versus peers. Management has guided to a 6-8% EPS CAGR through 2026 off a $2.25 midpoint in 2022 and expects to deliver a growth rate at the midpoint of the range or better. Using the same midpoint, consensus numbers imply a 6.7% growth rate while we see a 5.7% growth over 2022-2026. On average across our 2023-2027 earnings estimates, we are 3% below FactSet consensus. We note that EXC expects to grow its 2025 EPS above the LT guided growth range of 6-8%, owing to favorable outcomes in its rate cases. However, we embed lower ROEs than currently requested as we believe that the company is unlikely to get full approval given the magnitude of requested ROEs versus prevailing averages and historical precedent, and elevated customer bills — we provide more details below on this point.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Moreover, EXC expects to generate non-linear EPS growth, which could be a headwind for a pure-play utility. We note that regulatory lags at PECO drive negative rate of change in 2023 as it enters year 2 of its existing electric distribution rate case. In 2023, the company stated it is expecting to grow earnings by 4.9% off a $2.25 EPS midpoint in 2022, which is below the 2022-2026 growth rate range of 6-8%. Therefore, EXC would depend on higher growth rates in 2024 and onward, which would be impacted by favorable regulatory outcomes.

Valuation less compelling at current levels. Over the past six months, EXC has outperformed the XLU by 3%. In our view, improved ROEs at ComEd with higher 30-year yields, strong earnings execution in recent quarters, and the company's balance sheet strength in the uncertain macro environment have provided defensive qualities. At current levels, we see shares trading at a premium on P/E relative to its history. On FY2/FY3 consensus estimates, shares are now trading at 15.9x/14.6x, which is above the 10-year average of 14.2x/13.9x. We do believe the stock warrants a higher multiple versus its 10-year history following the spin off of its generation assets, creating a lower volatility earnings model, but we believe the stock should trade at a slight discount to peers given the consensus risk, less thematic leverage, and rate case risk.

The stock continues to trade at a discount to peers on FY2/FY3 P/E, at discounts of 0.7x/0.9x, respectively vs. 3.2x/2.6x seen over the past 10 years. We note that EXC has traded at an average discount of 0.9x/1.0x to our coverage on FY2/FY3 P/E since the sale of its generation assets in February 2022. We believe a discount to peers is still warranted given the lower exposure to themes like renewables generation, nuclear, and LNG, as well as concerns on regulatory outcomes as discussed further below. On GS 2025 earnings estimates, EXC trades broadly in line with our coverage at 15.3x versus the average of 15.4x, versus the ~1x the discount the stock has traded at post the ExGen spin.

Exhibit 139: EXC has outperformed the XLU over the past 6 months
EXC vs XLU indexed price performance

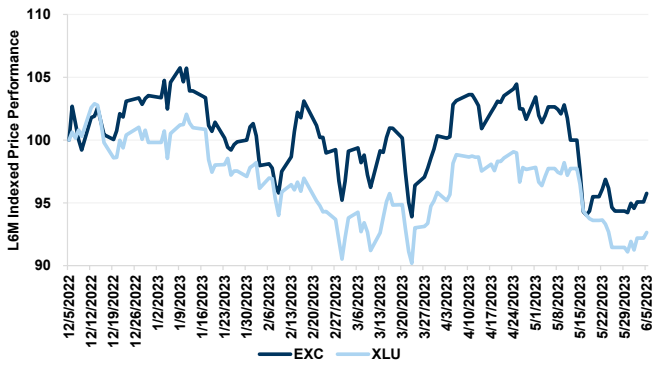

Source: Goldman Sachs Global Investment Research, FactSet

Exhibit 140: EXC has rerated following the sale of its generation assets
EXC versus coverage FY2 P/E

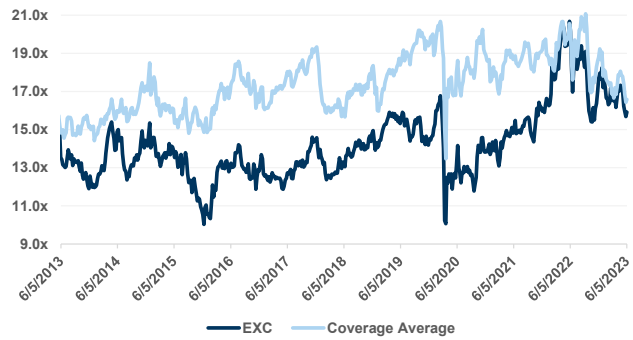

Source: Goldman Sachs Global Investment Research, FactSet

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 141: EXC has traded at a smaller discount to our coverage since the CEG spinoff
EXC historical vs current vs post CEG spinoff average premium (discount) to our coverage

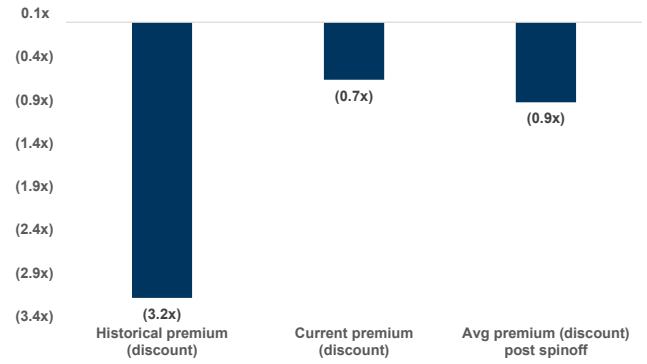

Source: Goldman Sachs Global Investment Research, FactSet

Exhibit 142: EXC trades broadly in line with our coverage on 2025 GSe P/E
EXC vs coverage P/E on GSe 2025 EPS

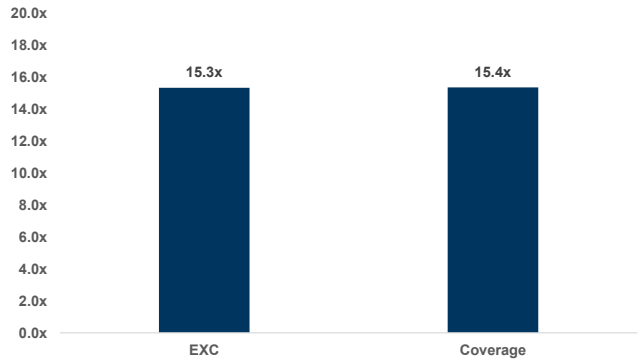

Source: Goldman Sachs Global Investment Research

What could make us more positive?

EXC could be seen as a defensive stock in the event of a recession given its strong balance sheet. A robust balance sheet should help the management team to execute on their current 4-year plan and create more flexibility to withstand a downside economic scenario, supporting rate base and earnings growth and create less downside risks to the guided earnings CAGR.

More constructive rate case outcomes than we underwrite. We believe that EXC is unlikely to receive full approval of their requested ROEs given the magnitude of the ask and elevated customer bills. We observed that requested ROEs that screen in the high 9% and above typically see lower authorized ROEs in the jurisdictions that EXC operates in. A favorable regulatory outcome across rate cases would create upside risks to our below consensus/guidance earnings growth over the company's 4-year capital plan.

Further upside around capital spending, driving earnings growth above our expectations. As the energy transition plays out, EXC could benefit from further capital spending opportunities, especially related to transmission build-out. A higher rate base CAGR would translate to higher earnings growth.

The spinoff of CEG removes the volatility of a commodity business and supports multiple. The shift in the business mix away from unregulated non-utlity generation operations implies lower volatility in EXC's earnings profile. This could help EXC to smooth earnings and restore year-over-year EPS growth on a more linear trajectory, thereby attracting pure play investors.

Valuation & Key Risks

We are Sell rated on EXC. We apply a 15x P/E multiple (vs our baseline multiple of 16x) to our 2025 EPS estimate to derive a 12-month $39 PT, reflecting a 1% total return versus +15% for our coverage. We apply a 1x discount to our baseline multiple to reflect the lack of exposure to our key themes, regulatory risks related to ongoing rate cases, and fewer idiosyncratic catalysts, and in line with the discount EXC has traded to peers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

following the ExGen spin.

Key risks for EXC include: 1) favorable rate case outcomes, 2) cost control and ability to smooth earnings 3) a robust balance sheet that appeals to investors seeking safety in the event of a recession, 4) the shift in the business mix towards regulated growth which drives multiple rerating, and 5) incremental capex opportunities.

A quick overview of EXC

Exelon Corporation (EXC) was founded in 2000 and is headquartered in Chicago. The company has a market cap of $40 bn and is a fully regulated utility holding company consisting of six Transmission and Distribution utilities. The company operates across seven regulatory jurisdictions and serves key urban markets like Chicago, Philadelphia, DC and Baltimore, among others. The company supplies electricity and gas to a total of 10.5 million customers, making it the largest utility by customer count.

The company operates through the following segments:

Commonwealth Edison Company (ComEd): Transmits and distributes electricity to the Northern Illinois region, including the Chicago area. We note that authorized ROE tied to the US 30-year treasury - this feature is expected to go away in 2024.

PECO Energy Company (PECO): Transmits and distributes electricity and distributes natural gas in Pennsylvania, including the Philadelphia area.

Baltimore Gas and Electric Company (BGE): Transmits and distributes electricity and distributes natural gas in Central Maryland, including the Baltimore area.

Pepco Holdings LLC (PHI), a holding company consisting of the following utilities:

- Potomac Electric Power Company (Pepco Electric): Transmits and distributes electricity in the District of Columbia and Maryland, including Montgomery and Prince George's Counties.
- Delmarva Power & Light Company (DPL): Transmits and distributes electricity in Delaware and Maryland and distributes natural gas in Delaware, including New Castle County
- Atlantic City Electric Company (ACE): Transmits and distributes electricity in Southern New Jersey, including Atlantic City

In early 2021, Exelon Corp proposed spinning off its large non-regulated nuclear focused merchant power and retail business which was known at the time as Exelon Generation (ExGen). Exelon completed the spin-off of ExGen in February 2022. ExGen was renamed as Constellation Energy (CEG, Not Covered). As a result, Exelon was left with its legacy transmission/distribution utility businesses.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 143: EXC has outperformed the XLU by 14% over the past 10 years
EXC v/s XLU



Source: Goldman Sachs Global Investment Research, FactSet

Exhibit 144: We estimate ComEd will continue to drive most of the earnings for XEL through 2027.
Estimated earnings by year by segment (%)

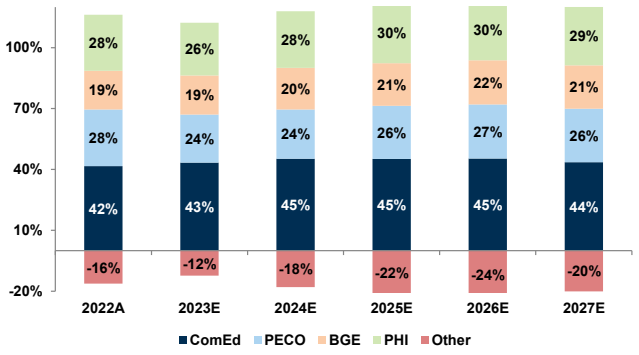

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 145: Steady rate base mix
Estimated rate base by year by segment (%)

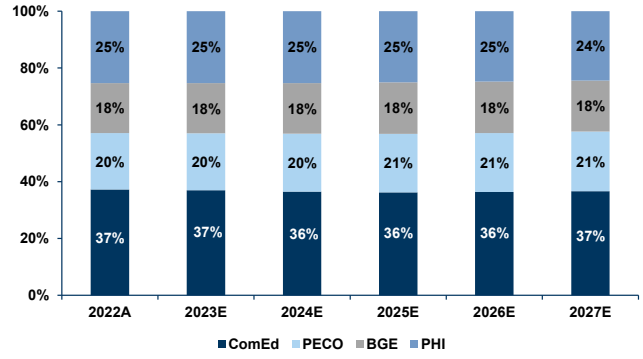

Source: Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 146: EXC consists of 6 utilities serving both Electric and Gas customers
Utility and customers served (millions)

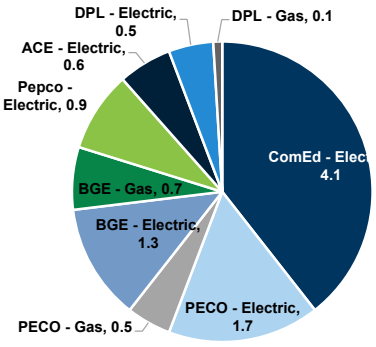

Source: Company data

Consolidated Edison (ED, Sell): Strong grid investment opportunities, but expect affordability to limit capex upside and see less upside after outperformance

We initiate coverage of Consolidated Edison (ED) with a Sell rating and a 12-month $88 price target which represents 2% downside on a total return basis vs. 15% average total return for our coverage. Shares have outperformed the XLU by 7% over the past twelve months, and we now see valuation as less compelling in addition to being 1% below consensus on average in our 2023-2027 EPS estimates with a lighter catalyst path in the near term. From a thematic perspective, while we view ED as having attractive exposure to grid reliability given investments in the distribution system, we see less constructive exposure to other themes including affordability, renewables, nuclear, and LNG, which we believe could limit upside around investment.

ED	12m Price Target: $88	Price: $92.95	Downside: 5.3%

Sell

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $32.9bn	**Revenue ($ mn) New**	**15,670.0**	**15,680.6**	**16,330.2**	**16,880.1**
Enterprise value: $53.7bn	Revenue ($ mn) Old	--	--	--	--
3m ADTV :$186.5mn	EBITDA ($ mn)	4,680.0	5,727.6	5,419.7	5,764.3
United States	EBIT ($ mn)	2,624.0	3,679.1	3,198.7	3,432.3
America-Utilities:	**EPS ($) New**	**4.54**	**4.77**	**5.19**	**5.48**
	EPS ($) Old	--	--	--	--
M&A Rank: 3	P/E (X)	20.3	19.5	17.9	17.0
	Dividend yield (%)	3.4	3.5	3.6	3.7
	Net debt/EBITDA (X)	4.2	3.7	4.3	4.2
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	1.82	0.47	1.58	0.86

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 05 Jun 2023 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Outperformance creates less attractive valuation

ED shares have outperformed the XLU by 7% over the past 12 months, with the stock being the best performer in our coverage. We attribute this outperformance to (1) the defensive nature of the stock amid an uncertain macro environment, (2) positive reactions to the closing of the company's Clean Energy Business sale (CEB), as it used proceeds from the $6.8 bn deal to strengthen the balance sheet via paying down $1.25 bn of holdco debt by YE2023, execute an accelerated share repurchase program in March for $1 bn, and forego 2023/2024 equity issuance, while providing additional cash on hand for financing flexibility, and (3) less uncertainty around the CECONY electric/gas rate case outcome with a joint proposal filed in February, subject to commission approval.

Exhibit 147: ED has outperformed the XLU over the past 12 months
ED v/s XLU indexed price performance, LTM

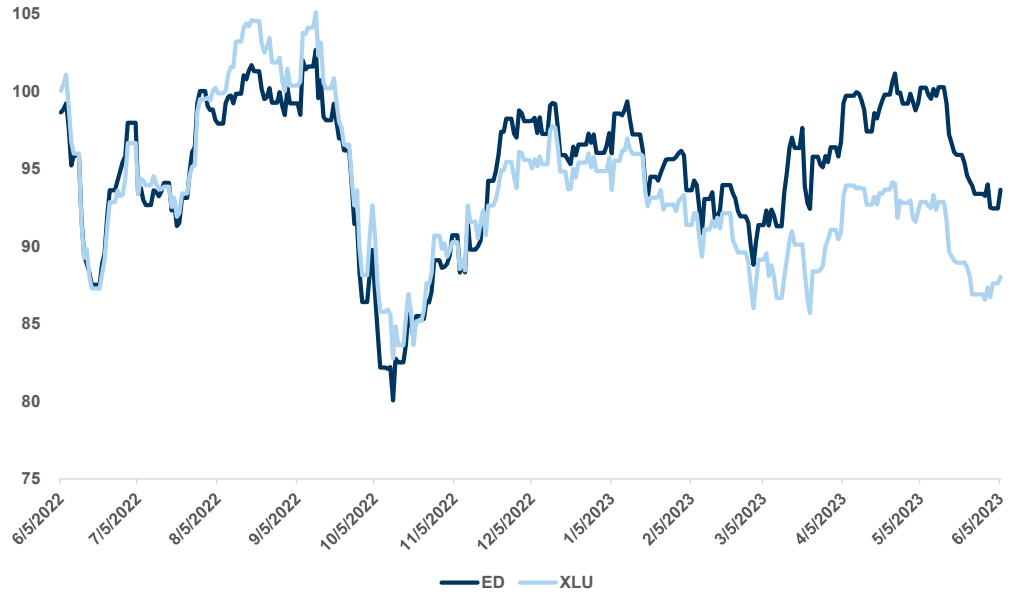

Source: FactSet, Goldman Sachs Global Investment Research

Following this outperformance, ED shares are trading at a premium on P/E relative to its history and to peers. On consensus estimates, ED is currently trading at 17.9x FY2 P/E, above its 10-yr average of 17.3x and at a 1.3x premium to our coverage, which is trading at 16.6x on average. This compares to a 5-year average discount of 0.4x. On FY3 earnings, the stock trades at a 1.4x premium to peers versus a 5-year historical 0.2x discount. On GS estimates, ED trades at a 1.4x/1.6x premium to our coverage average on 2024/2025 earnings where we see the stock trading at 17.9x/17.0x versus our coverage at 16.5x/15.3x on average.

From a catalyst perspective, we see a less active path over the next 12 months given (1) the CECONY electric/gas rate case has seen a joint proposal filed, though note it remains subject to approval by the New York Public Service Commission, but the company has a history of settlements in New York, (2) the CEB sale and use of proceeds actions around debt paydown and share buybacks are already largely

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

completed/appreciated, and (3) while the steam rate case remains outstanding, it is a smaller piece of the business relative to CECONY electric/gas. We are also 1% below consensus on our average in 2023-2027, creating less opportunity around positive revisions, in our view.

With recent outperformance, stretched valuation, and a less robust catalyst path in mind, while we do have a positive view on the company's improved balance sheet strength, we do not believe it warrants a significant premium valuation, particularly given less attractive thematic exposure relative to peers as we will discuss more below.

Exhibit 148: ED is trading at a significant premium to our coverage after outperformance over the past 12 months...
ED versus coverage average FY2 P/E

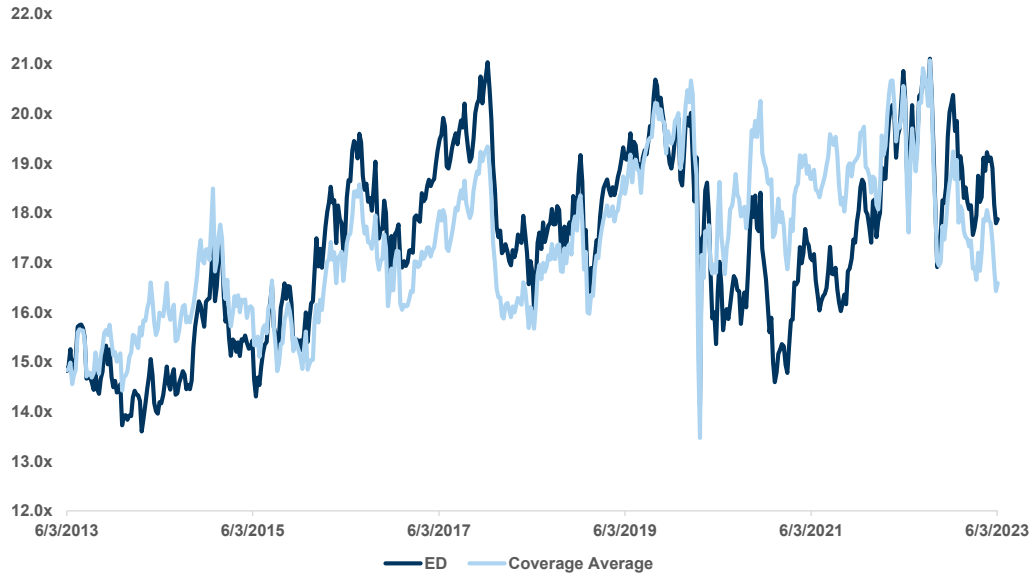

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 149: ... but has traded at a discount to our coverage over the past 10 years
ED historical (10-year) versus current premium (discount) to our coverage

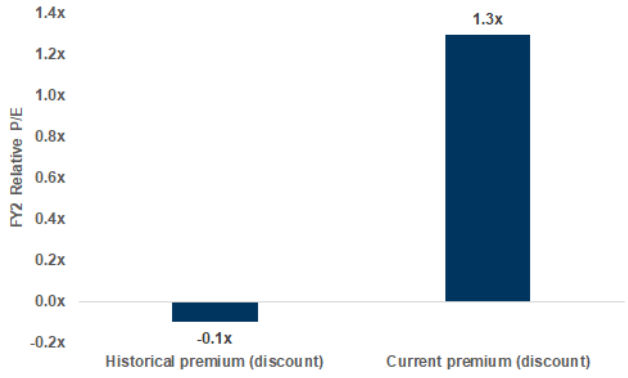

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 150: ED trades at a premium versus our coverage on our 2025 EPS estimates
ED versus coverage average P/E on GSe 2025 EPS

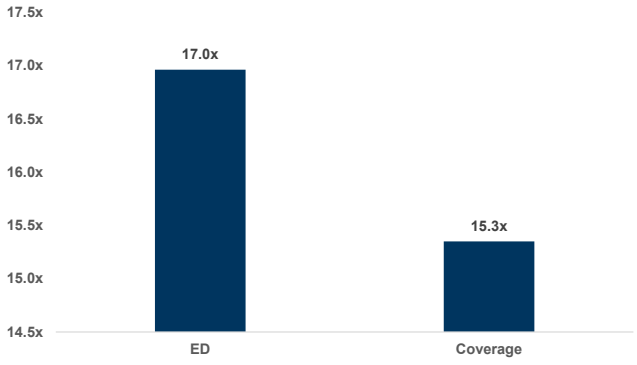

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Lower thematic exposure and higher bills relative to peers creates less upside opportunity around capital spend and earnings growth

Across our coverage, ED screens relatively less attractively on thematic exposure outside of grid investment. Based on its capital allocation plans, ED maintains attractive exposure to our grid reliability theme as it invests in maintaining and strengthening its electric, gas and steam delivery systems, but has no exposure to renewables generation, nuclear power, or LNG related investment opportunities. In our view, the current regulatory environment and elevated customer bills could impact upside to investment opportunities and earnings growth. That said, we are monitoring potential for New York state to allow utilities to own regulated renewable generation that could represent upside as well as laws around natural gas bans, which we believe could present risk around ED's investment in replacing aging gas infrastructure, which represents $3.6 bn of capex in the current plan, or 25%.

Among our themes, distribution investment related to building and enhancing grid reliability drives rate base growth. New York state's aggressive clean energy goals - which includes reaching net zero on electricity emissions - and policy initiatives such as the Accelerated Renewable Energy Growth Act provides ED with investment opportunities around safety and resiliency, along with investments related to clean energy, such as emission-reducing electrification programs, transmission infrastructure projects, or the electrification of transportation.

While ED is well aligned with the state's clean energy transition goals, we believe that upside to the current capital spending outlook is limited given the progress on the CECONY rate case and the associated authorized CapEx at CECONY - which we discuss in-depth in the next section. Moreover, following the sale of its CEB segment, ED is no longer levered to the investment opportunity set offered by renewables generation as the share of renewables grows as percentage of the U.S. power generation mix, and we note NY state is targeting a 70% renewable share in its power mix by 2030. Given that NY regulators are generally opposed to utilities competing for generation ownership (NY is a de-regulated power market) or other non-core assets, we believe that there is less relative upside to the capital spending outlook in the current environment related to renewables.

As an example, ED sought approval of utility-owned regulated renewable generation – the CECONY rate case included a proposal for 200 MWs of solar generation ownership (as part of a broader 1,000-MW target) – but the NYSDPS Staff recommended a denial of the request and has indicated that a broader statewide discussion is needed. We also note that the tough regulatory environment, including the relatively low authorized ROE when compared to the national average, makes for a challenging backdrop for the utility to increase capital spending.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 151: Capital spending plan focused on distribution and gas, with less upside optionality around themes like renewables, in our view
CapEx by segment, $ mn

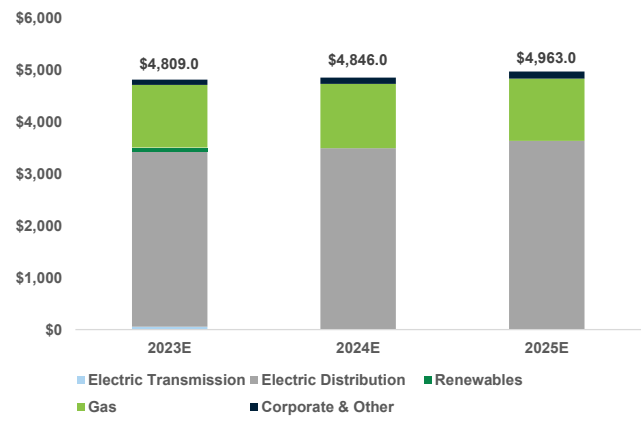

Source: Goldman Sachs Global Investment Research, Company data

Exhibit 152: NY aggresive clean energy goals
Climate Leadership and Community Protection Act (CLCPA)

CLCPA (New York State Law)
70% renewable energy by 2030
100% emissions-free electricity supply by 2040
9,000 MW of offshore wind by 2035
6,000 MW of distributed solar by 2025 and 10,000 MW of distributed solar by 2030
3,000 MW of energy storage capacity by 2030
185 TBtu end-use energy reduction by 2025
Economy-wide Net-zero GHG emissions by 2050

Source: Company filings, Goldman Sachs Global Investment Research

Challenged affordability drives potential for less constructive regulatory outcomes

ED faces affordability concerns and regulatory risk around politicization of energy in New York, which we believe could pose risk to attractive regulatory outcomes (driving below average ROEs) as well as creating risk to capital spending plans over the long term related to categories like replacement of natural gas infrastructure. The company is currently in the rate case process for CECONY electric and gas as well as steam.

The latest development around CECONY Electric and Gas joint rate case proposal resulted in lower rate base increases than initially filed, with electric/gas rate increase at $442mn/$217mn based on the latest Joint Proposal released in February 2023 vs. $1,199mn/$503mn in the initial January 2022 filling. In our view, the magnitude of the requested rate increase, which was noticeably higher than previous rate cases requests, proved to be challenging in the context of elevated customer bills. We note that the initial proposal would have increased monthly electric/gas bills by 11.2/18.2%.

Based on a full approval of its ongoing rate cases, the company laid out a capital expenditure plan of $14.5bn over the 2023-2025 period, driving a 6% rate base CAGR and 5%-7% operating earnings growth. Our ROE/equity ratio assumptions are 9.2%/48% vs. 8.8/48% currently authorized and 9.25%/48% currently proposed vs. 10%/50% originally proposed. We note that ROE is determined using a formulaic approach that is based on a DCF (2/3 weighting) and CAPM (1/3 weighting) analysis and is positively correlated with US treasury rates; elevated rates lend some support to the authorized ROE outcome.

In connection with its electric/gas rate case, ED also included a request for an inflation adjuster mechanism to alleviate inflationary pressures, reduce regulatory lags, and help to control O&M – the company commented on the impact of a volatile inflation backdrop coupled with wage pressures that make it harder to manage O&M. However, Staff recommended a denial, which would challenge ED's ability to manage costs and earn around authorized returns.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Moreover, Staff testimony on the steam rate case reflect a rate increase/ROE/equity ratio of $94mn/9%/48% vs. an initial request of $137mn/10%/50% and does not support the requested demand decoupling mechanism. A recommendation is expected in August and a final order expected in October. While uncertainty remains around the steam rate case, we note that it represents a small piece of ED's business (4.6% of rate base).

Exhibit 153: CECONY's current, authorized, and proposed ROEs are below the average LTM US utility electric ROE
CECONY current/proposed ROE vs. utilities LTM average ROE

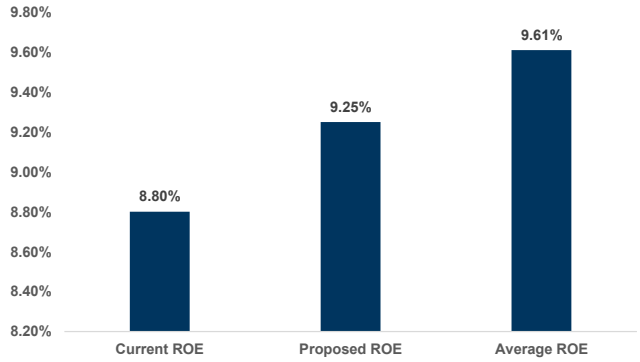

Source: Goldman Sachs Global Investment Research, SNL, Company data

Exhibit 154: Residential electricity rates screen expensive at ED relative to our coverage
$/kWh residential rates

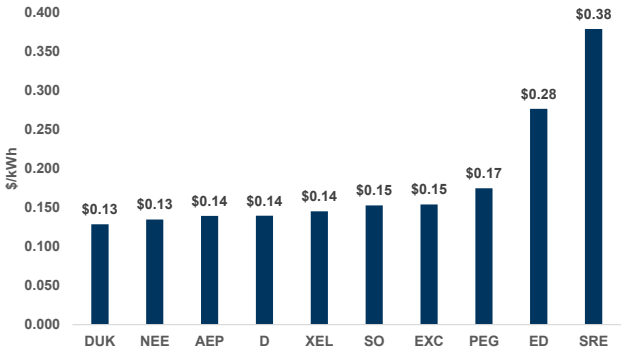

SRE only includes SDG&E

Source: Goldman Sachs Global Investment Research, EIA

What could make us more positive?

New York state's ambitious clean energy vision and aggressive policy initiatives could provide upside to the capital spending outlook over the long-term. Over the immediate term, while we see limited upside to capital spending plan, we highlight the $780 million Reliable Clean City transmission infrastructure project investment and possible incremental transmission build-out opportunities that would provide a relatively richer catalyst path.

A constructive NYS decision on utility-owned renewable generation could provide further opportunities for investment and earnings growth. A constructive outcome would lever ED to our renewables theme and enable the company to actively participate in achieving NY's goal of a 70% renewable share of the state's generation mix by 2030, boosting rate base growth and earnings growth. However, we note the upside over the near-term is limited as new rate fillings are unlikely given ongoing 3-year rate cases at all CECONY segments.

We believe ED could trade defensive in a recession scenario given balance sheet strength, low beta, and dividend commitment. Finally, we believe that ED could continue to trade at a premium should a recession materialize in the near-term owing to a cleaner story: 1) the exit of the unregulated CEB segment and shift towards stable regulated core earnings growth, solidifying ED as a pure play utility, 2) improved and simplified balance sheet with strong credit metrics (FFO/Debt in the high teens) owing to the elimination of long-term debt at parent, no equity needs in 2023/2024, and cash on hand that offers financing flexibility. We note that the elimination of parent company

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

debt implies that ED's EPS is not impacted by interest rate risks, providing further stability to earnings versus exposed peers.

Valuation & Key Risks

We are Sell rated on ED. We derive our $88 12-month price target using a 16x P/E multiple (in line with our baseline multiple of 16x) on our 2025 EPS estimates, reflecting a -2% total return versus +15% for our coverage.

Key risks for ED include: 1) favorable rate case outcomes, beyond what we underwrite in our models, 2) premium valuation persisting, particularly in a recessionary environment or uncertain macro, owing to a cleaner story, including the exit of an unregulated business, shift towards regulated core earnings growth, and improved balance sheet, 3) superior execution - cost control and ability to earn close to authorized ROE across its regulated utilities.

Exhibit 155: Our earnings estimates imply a 7% CAGR over 2022-2027
EPS, 2022-2027

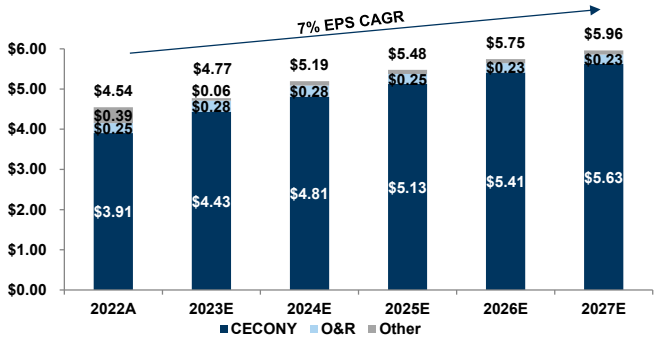

Source: Goldman Sachs Global Investment Research

A quick overview of ED

Consolidated Edison, Inc. (ED) was founded in 1823 and is incorporated in New York. The company has a market cap of $32 bn and focuses on regulated Transmission and Distribution (T&D). The company delivers electricity, gas, and steam to 10 million people, supplying approximately 44% of New York State's electricity needs.

The company operates through the following segments:

Consolidated Edison Company of New York, Inc. (CECONY) consists of regulated electric, gas and steam businesses and makes up 86% of total earnings. We note that CECONY Electric and CECONY Gas drive rate base growth:

- CECONY Electric delivers electricity across a 660 square mile service area to roughly 3.5 million customers across New York City and Westchester County.
- CECONY Gas delivers gas across Manhattan, the Bronx, Queens and Westchester County to approximately 1.1 million customers.
- CECONY Steam is the biggest steam distribution system in the US and services Manhattan.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Orange and Rockland Utilities, Inc. (O&R) consists of a regulated electric and gas business:

- O&R Electric which also houses the Rockland Electric Company (RECO) subsidiary, provides electric service across the southeastern New York and northern New Jersey regions to roughly 0.3 million customers.
- O&R Gas provides gas in the southeastern New York area to more than 0.1 million customers.

Con Edison Transmission, Inc.: consists of CET Electric and CET Gas and engages in the investment and development of electric transmission projects and also in the management of electric and gas assets:

- CET Electric maintains a 46% interest in New York Transco LLC, which owns and develops electric transmission assets in NY.
- CET Gas maintains a 71% interest in Honeoye Storage Corporation (Honeoye) - CECONY owns the rest - and a 9.7% interest (projected to be reduced to 8%) in Mountain Valley Pipeline LLC (MVP). Honeoye manages a gas storage facility in NY while MVP is developing a 300-mile gas transmission project in WV and VA.

In March 2023, the company sold its non-utility, contracted renewable business - Clean Energy Business (CEB) - to RWE for $6.8bn, to focus on the core utility businesses. The company used proceeds from the Clean Energy Business (CEB) sale to forgo 2023/2024 equity issuance, pay down HoldCo debt, invest in the utilities, and implement an accelerated share repurchase program.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 156: ED has underperformed the XLU over the past 10 years
ED v/s XLU

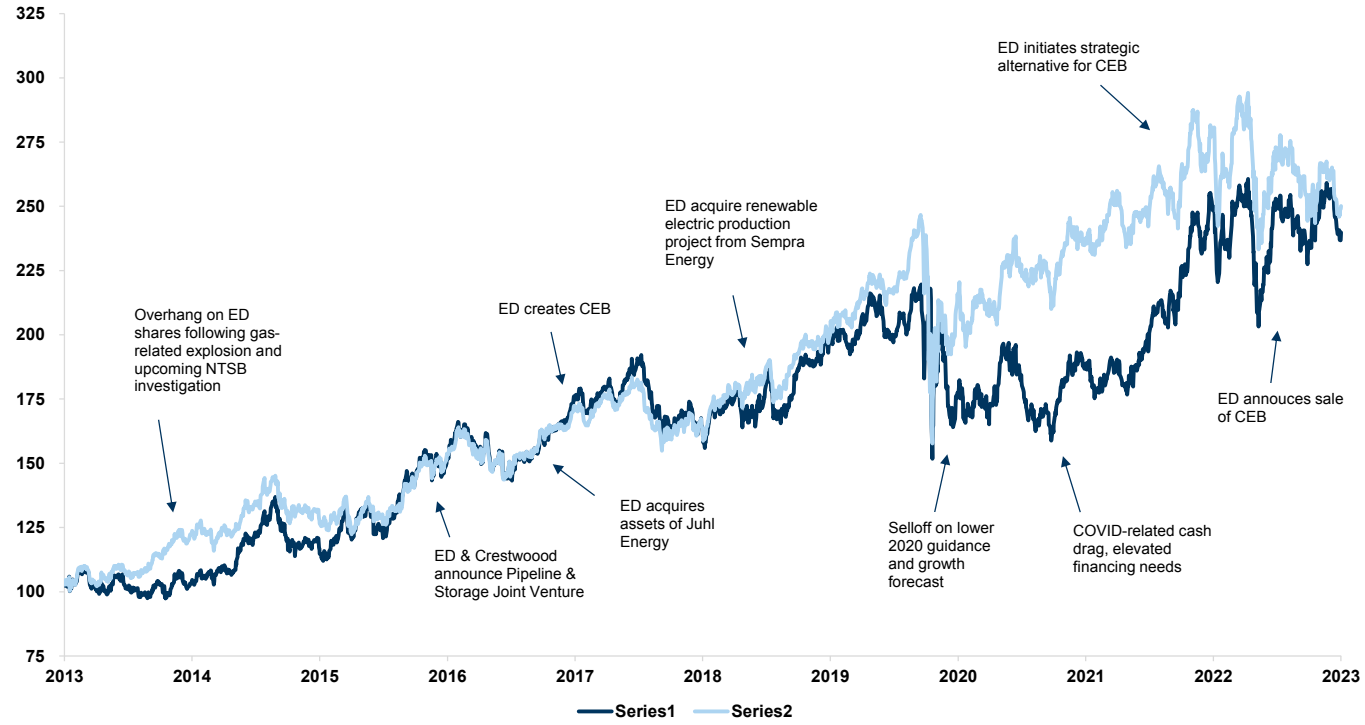

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 157: CECONY makes up majority of earnings
Estimated earnings by year by segment (%)

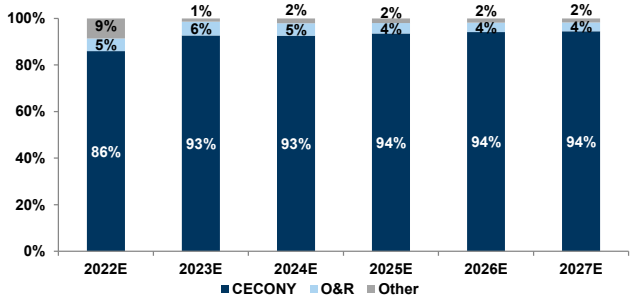

Source: Goldman Sachs Global Investment Research

Exhibit 158: CECONY Electric drives 5.6% rate base CAGR
Estimated rate base by year by segment ($ billions)

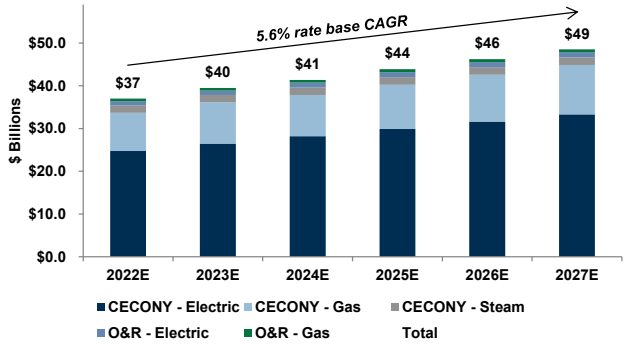

Source: Goldman Sachs Global Investment Research

Appendix

We highlight key regulatory trends below around average ROEs, both for natural gas and electric and relative to 10-year yields, equity layers, and upcoming pending rate cases across our coverage.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 159: Pending rate cases details in 2023

2023 pending rate cases

						ROE %			Equity Ratio %			Date		
State	State	Company	Parent Ticker	Docket	Type	Requested	Current Authorized	Latest In State	Requested	Current Authorized	Latest In State	Current Authorized	Latest Granted In state	Expected Decision Date
California	CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric	NA	10.0	10.00	NA	52.00	52.50	Dec-22	Apr-23	Nov-23
California	CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Gas)	Natural Gas	NA	10.0	NA	NA	52.00	NA	Dec-22	Dec-20	Nov-23
California	CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	NA	9.8	NA	NA	52.00	NA	Dec-22	Dec-20	Nov-23
Colorado	CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	10.3	9.2	9.37	55.70	53.78	52.39	Oct-22	Dec-16	Sep-23
Delaware	DE	Delmarva Power & Light Co.	EXC	D-22-0897	Electric	10.5	9.6	9.60	50.50	49.94	NA	Oct-22	Aug-21	Dec-23
Illinois	IL	Commonwealth Edison Co.	EXC	D-23-0055	Electric	10.5	7.9	7.85	50.58	49.45	50.00	Nov-22	Dec-22	Dec-23
Illinois	IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	10.4	9.8	9.67	54.52	54.46	52.00	Nov-21	Jan-21	Nov-23
Kentucky	KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	10.4	9.4	9.25	52.51	51.34	48.23	Dec-21	Apr-20	Jun-23
Maryland	MD	Baltimore Gas and Electric Co.	EXC	C-9692 (EL)	Electric	10.4	9.5	9.50	52.00	52.00	52.00	Dec-20	Dec-20	Dec-23
Maryland	MD	Baltimore Gas and Electric Co.	EXC	C-9692 (GAS)	Natural Gas	10.4	9.5	9.65	52.00	52.00	52.00	Dec-20	Dec-20	Dec-23
Minnesota	MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	10.2	9.6	10.35	52.50	52.50	47.74	Mar-23	Aug-11	Jun-23
Missouri	MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	10.2	NA	NA	51.91	NA	NA	Dec-21	Nov-22	Jun-23
North Carolina	NC	Duke Energy Carolinas LLC	DUK	D-E-7 Sub 1276	Electric	10.4	9.6	9.60	53.00	52.00	52.00	Mar-21	Mar-21	Nov-23
North Carolina	NC	Duke Energy Progress LLC	DUK	D-E-2 Sub 1300	Electric	10.4	9.6	9.60	53.00	52.00	52.00	Apr-21	Mar-21	Jun-23
New Jersey	NJ	Atlantic City Electric Co.	EXC	D-ER23020091	Electric	10.5	9.6	9.60	50.20	50.21	50.21	Jul-21	Jul-21	Mar-24
New Mexico	NM	Southwestern Public Svc Co.	XEL	C-22-00286-UT	Electric	10.8	9.4	9.00	54.70	54.72	49.21	Feb-22	Jun-21	Sep-23
New York	NY	Consolidated Edison Company of New York	ED	C-22-E-0064	Electric	10.0	8.8	9.00	50.00	48.00	50.00	Jan-20	Nov-21	Jul-23
New York	NY	Consolidated Edison Company of New York	ED	C-22-G-0065	Natural Gas	10.0	8.8	9.00	50.00	48.00	50.00	Jan-20	Nov-21	Jul-23
New York	NY	Consolidated Edison Company of New York	ED	C-22-S-0659	Steam	10.0	8.8	9.00	50.00	48.00	50.00	Jan-20	Nov-21	Jul-23
Ohio	OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	10.3	9.5	9.60	52.34	50.50	50.60	Dec-22	Jan-23	Aug-23
Oklahoma	OK	Public Service Co. of OK	AEP	Ca-PUD2022-000093	Electric	10.4	9.4	9.50	54.62	NA	53.37	Dec-21	Sep-22	May-23
South Carolina	SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	10.4	9.5	NA	54.78	51.62	49.83	Jul-21	Sep-18	Oct-23
South Dakota	SD	Northern States Power Co.	XEL	D-EL22-017	Electric	10.2	9.6	NA	52.50	52.50	NA	Mar-23	Mar-15	Jun-23
Texas	TX	Southwestern Public Svc Co.	XEL	D-54634	Electric	10.8	9.4	9.96	54.70	54.72	40.00	Feb-22	Dec-07	Sep-23
Virginia	VA	Appalachian Power Co.	AEP	C-PUR-2022-00150 (G-RAC)	Electric	9.2	NA	NA	48.78	49.78	49.78	Nov-22	Nov-22	Jun-23
Virginia	VA	Appalachian Power Co.	AEP	C-PUR-2023-00002	Electric	9.2	NA	NA	48.78	49.78	49.78	Nov-22	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2022-00164 (Rder US-2)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2022-00162 (Rider SNA)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2022-00187 (Rider OSW)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2022-00210 (Rider DSM)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2022-00070*(RiderRGGI)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2023-00005 (Rider E)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2023-00022 (Rider CCR)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2021-00113(Roll in)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2021-00114 (Roll in)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2022-00090 (Roll in)	Electric	9.4	9.8	NA	52.29	52.00	49.78	Feb-20	Nov-22	Jun-23
Virginia	VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	10.4	NA	NA	53.20	NA	NA	Oct-22	Nov-22	Sep-23
Wisconsin	WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec)	Electric	10.2	9.6	9.80	52.50	52.50	55.00	Mar-23	Nov-21	Jun-23
Wisconsin	WI	Northern States Power Co.	XEL	D-4220-UR-126 (Gas)	Natural Gas	10.2	9.6	9.80	52.50	52.50	55.00	Mar-23	Nov-21	Jun-23
West Virginia	WV	Appalachian Power Co.	AEP	C-23-0377-E-ENEC	Electric	9.2	NA	NA	48.78	49.78	NA	Nov-22	Feb-23	Jun-23
Wyoming	WY	Dominion Energy Inc.	D	D-30010-215-GR-23	Natural Gas	10.3	9.6	9.40	51.56	51.00	50.23	Dec-22	Dec-19	Dec-23

Source: Data compiled by Goldman Sachs Global Investment Research, SNL

Exhibit 160: The spread between ROE (national avg.) and UST 10 year yield is at one of the narrowest levels seen since 2000

National avg ROE by type and consolidated and UST 10 year yield (on a quarterly basis)

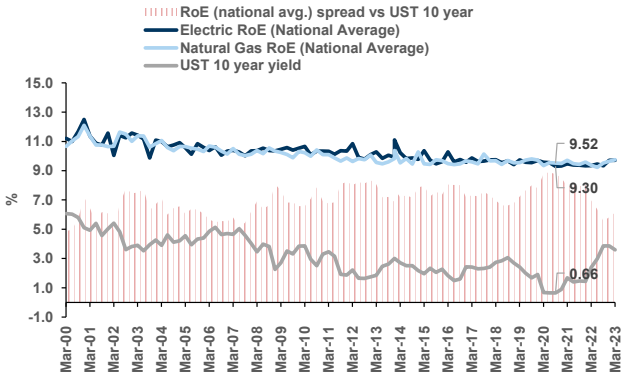

Source: Goldman Sachs Global Investment Research, SNL

Exhibit 161: The spread between ROE (national avg.) and UST 10 year yield is at one of the narrowest level seen since 2000

National avg ROE by type and consolidated and UST 10 year yield (on an annual basis)

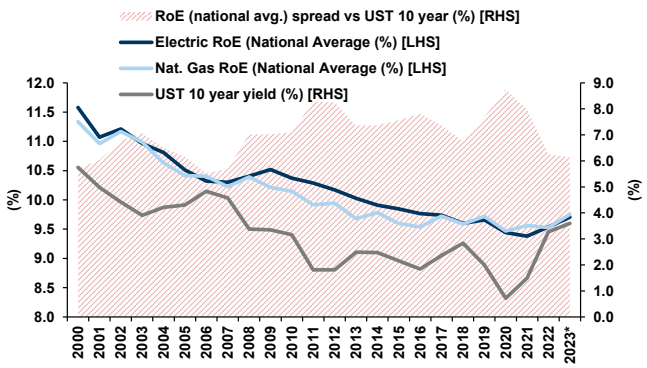

Source: Goldman Sachs Global Investment Research, SNL

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Exhibit 162: Both electric and natural gas equity ratios are above their average levels
Equity Ratio by type (on an quarterly basis)

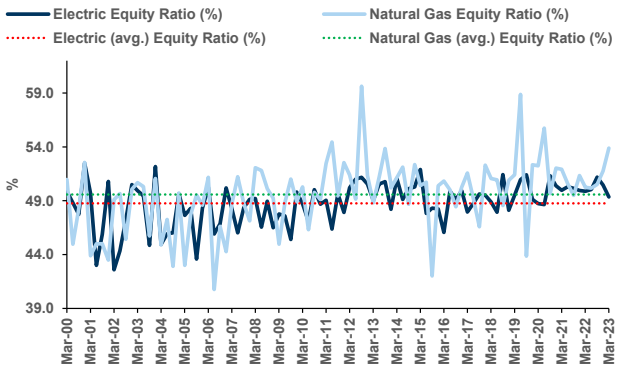

Source: Goldman Sachs Global Investment Research, SNL

Exhibit 163: Both electric and natural gas equity ratios are above their average levels
Equity Ratio by type (on an annual basis)

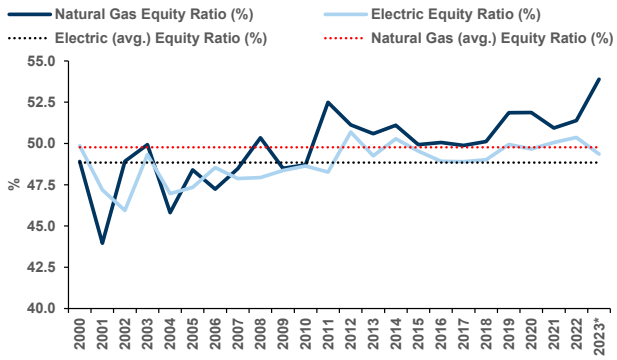

Source: Goldman Sachs Global Investment Research, SNL

Exhibit 164: We believe Utilities are entering a new phase of the grid transformation, with the companies becoming Decarbonization Enablers, which we believe can drive attractive value generation, with 15% total return to our coverage
XLU historical price performance post-Enron

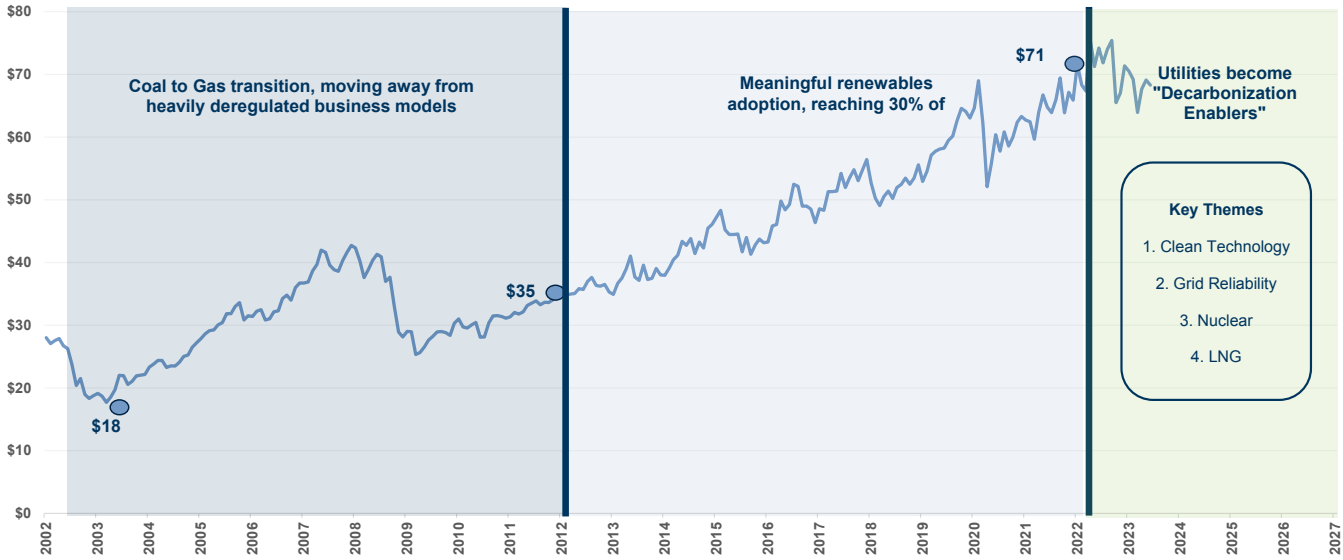

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller, Jaskaran Jaiya and Shuaib Joomun, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Rating and pricing information

Chevron Corp. (Neutral, $156.26) and ConocoPhillips (Buy, $102.35)

The rating(s) for American Electric Power, Consolidated Edison Inc., Dominion Energy Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra Energy, Southern Co. and Xcel Energy Inc. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Dominion Energy Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra Energy, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	63%	56%	47%

As of April 1, 2023, Goldman Sachs Global Investment Research had investment ratings on 3,026 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2023 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

UBS

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Catalyst to Watch This Week: Texas Legislative Session Ends on Monday

On Monday, the Texas Legislative session will end. We are watching bills on distribution tracker filings, equity ratio regulation in the state for utilities, and ERCOT capacity mechanisms and quasi regulated capacity build.

Watt's on Tap

May 29 - June 2

Calendar Items

Weekly Calendar	
Mon - May 29	Memorial Day - Markets Closed **CNP, NRG, SRE, VST:** Texas state legislative session ends
Tue - May 30	PFAS - Comments due on U.S. EPA proposed rules **AWR, CWT, SJW** - Comments due on California cost of capital proposed decision
Thurs - June 1	**FE** - First day for new CEO Brian Tierney
Other Possible	**AES**- Potential credit rating agency updates. **ES** - Potential announcements of offshore wind projects Potential guidance from U.S. Treasury on ITC and PTC tax credit transferability.

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 22.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Price Target Changes

We are updating our Electric Utility price targets as shown in Figure 1 consistent with the group valuation multiples as shown in Figure 3.

Figure 1: Electric Utility Price Target Updates

Rating	Ticker	5/25/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Neutral	AEE	$80.95	$95	17.4x	$87	15.9x
Buy	AEP	$82.50	$113	17.1x	$105	15.9x
Neutral	CMS	$57.16	$67	16.9x	$63	15.9x
Neutral	D	$50.43	$58	17.1x	$54	15.9x
Buy	EIX	$65.66	$81	17.2x	$75	15.9x
Neutral	EVRG	$57.38	$62	17.0x	$58	15.9x
Buy	FE	$37.02	$46	17.0x	$43	15.9x
Sell	FTS	$57.49	$53	16.9x	$50	15.9x
Neutral	LNT	$51.06	$56	17.1x	$52	15.9x
Neutral	OGE	$34.94	$40	17.2x	$37	15.9x
Sell	PNW	$76.39	$67	17.2x	$62	15.9x
Buy	PPL	$26.00	$32	17.0x	$30	15.9x
Neutral	WEC	$86.71	$99	16.4x	$96	15.9x
Neutral	XEL	$64.29	$71	17.1x	$66	15.9x

Source: Factset, UBS Estimates

We are updating our Water Utility price targets as shown in Figure 2 consistent with the group valuation multiples as shown in Figure 5.

Figure 2: Water Utility Price Target Updates

Rating	Ticker	5/25/23	Old Price Target	Old Water Multiple	New Price Target	New Water Multiple
Sell	AWR	$87.73	$86	27.0x	$82	25.7x
Neutral	CWT	$55.74	$63	26.6x	$61	25.7x

Source: Factset, UBS Estimates

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

05/25/2023 First Read: American Electric Power Inc "Texas Rejects Renewables Proposal"
05/24/2023 US Utilities "UBS Evidence Lab inside: Utility Service Territory Net..."
05/24/2023 AES: Model Update and Debates
05/24/2023 Seen and Heard at AGA
05/24/2023 PCG: Corporate Transformation Continues; Rate Case in Focus
05/23/2023 First Read: Exelon Corp: "Staff Position in ComEd Appears Reasonable"

North America Alternative Energy and Environmental Services Analysts: Jon Windham & William Grippin

05/24/2023 Global Sustainability "Ideas for the Energy Transition Capex Cycle" Gershuni

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 3: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	5/25/23	Price Target	Return inc. Div. Yld	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	AES	$19.95	$27	39%	$1.44	$1.52	$1.67	$1.71	$1.88	10.6x	(33%)	3.2%	9.4%	5.1%	1st
Buy	NEE	$73.39	$95	32%	$2.31	$2.55	$2.90	$3.13	$3.43	21.4x	34%	2.3%	6.4%	10.0%	1st
Buy	AEP	$82.50	$105	31%	$4.46	$4.74	$5.09	$5.25	$5.64	14.6x	(8%)	3.8%	5.6%	7.0%	2nd
Buy	SRE	$143.58	$181	29%	$8.00	$8.43	$9.21	$8.98	$9.58	15.0x	(6%)	3.2%	6.9%	6.4%	3rd
Neutral	ETR	$97.22	$121	29%	$5.62	$6.02	$6.42	$6.65	$7.18	13.5x	(15%)	4.2%	6.6%	2.3%	4th
Buy	EXC	$39.51	$48	25%	$1.78	$1.83	$2.27	$2.36	$2.54	15.6x	(2%)	3.4%	7.1%	5.8%	3rd
Neutral	DTE	$106.99	$129	24%	$5.62	$5.99	$5.96	$6.26	$6.69	16.0x	0%	3.4%	5.9%	5.5%	1st
Neutral	DUK	$88.89	$106	24%	$5.25	$5.24	$5.27	$5.63	$5.97	14.9x	(7%)	4.5%	6.3%	3.6%	2nd
Buy	PEG	$59.83	$71	22%	$3.43	$3.65	$3.47	$3.46	$3.67	16.3x	2%	3.6%	4.9%	6.6%	2nd
Buy	SO	$69.82	$82	21%	$3.25	$3.41	$3.60	$3.65	$4.05	17.2x	8%	3.9%	6.6%	2.9%	1st
Buy	EMA	$55.99	$65	21%	$2.68	$2.81	$3.03	$3.29	$3.39	16.5x	4%	4.8%	4.6%	4.6%	2nd
Buy	FE	$37.02	$43	20%	$2.38	$2.60	$2.41	$2.54	$2.63	14.1x	(11%)	4.2%	6.3%	2.4%	2nd
Buy	CNP	$28.26	$33	19%	$1.44	$1.64	$1.38	$1.49	$1.64	17.3x	8%	2.5%	7.4%	7.9%	3rd
Buy	PPL	$26.00	$30	19%	$2.40	$1.05	$1.41	$1.60	$1.70	15.3x	(4%)	3.4%	7.1%	-6.5%	3rd
Buy	EIX	$65.66	$75	19%	$4.52	$4.59	$4.63	$4.77	$5.18	12.7x	(20%)	4.3%	5.8%	4.0%	3rd
Neutral	NI	$27.01	$31	18%	$1.32	$1.37	$1.46	$1.57	$1.68	16.1x	1%	3.5%	6.8%	6.0%	2nd
Neutral	PCG	$16.43	$19	16%	$1.61	$1.08	$1.10	$1.23	$1.36	12.1x	(24%)	0.0%	10.3%	0.0%	3rd
Neutral	WEC	$86.71	$96	14%	$3.79	$4.11	$4.46	$4.62	$4.94	17.6x	10%	3.4%	6.3%	6.7%	1st
Neutral	CMS	$57.16	$63	13%	$2.67	$2.65	$2.89	$3.12	$3.37	16.9x	6%	3.2%	8.1%	6.7%	1st
Neutral	D	$50.43	$54	12%	$3.54	$3.86	$4.10	$3.99	$3.53	14.3x	(10%)	5.3%	1.4%	2.2%	3rd
Neutral	ED	$93.22	$100	11%	$4.15	$4.37	$4.57	$4.85	$5.18	18.0x	13%	3.4%	6.3%	5.5%	4th
Neutral	OGE	$34.94	$37	11%	$2.03	$2.36	$3.32	$2.01	$2.10	16.6x	4%	4.7%	3.1%	3.0%	2nd
Neutral	AEE	$80.95	$87	10%	$3.50	$3.82	$4.14	$4.36	$4.71	17.2x	8%	2.9%	7.1%	6.0%	2nd
Neutral	ES	$70.86	$75	9%	$3.64	$3.54	$4.05	$4.36	$4.64	15.3x	(4%)	3.6%	6.7%	6.0%	4th
Neutral	XEL	$64.29	$66	6%	$2.79	$2.96	$3.17	$3.40	$3.68	17.5x	10%	3.0%	7.4%	6.0%	3rd
Neutral	LNT	$51.06	$52	5%	$2.43	$2.65	$2.80	$2.90	$3.08	16.6x	4%	3.3%	5.5%	6.0%	1st
Neutral	EVRG	$57.38	$58	5%	$3.10	$3.58	$3.71	$3.65	$3.99	14.4x	(10%)	4.1%	5.5%	6.6%	4th
Sell	FTS	$57.49	$50	(9%)	$2.57	$2.59	$2.78	$2.97	$3.18	18.1x	13%	3.8%	5.9%	4.6%	4th
Sell	PNW	$76.39	$62	(14%)	$4.87	$5.47	$4.26	$4.03	$4.69	16.3x	2%	4.5%	5.2%	4.1%	4th
Electric Utility Average										**15.9x**		**3.7%**	**6.3%**	**4.7%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 4: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	Company	5/25/2023	Price Target	Potential % Return to Target	% Regulated	2023E EBITDA	2024E EBITDA	Power 2023E EV/EBITDA	2023E Net Debt/ EBITDA	Power 2022A FCF Yield
Buy	VST	Vistra Energy Corp	$24.27	$37	54.9%	0%	$3,699	$4,135	5.9x	4.1x	19%
Sell	NRG	NRG Energy	$33.46	$30	-6.2%	0%	$3,314	$3,533	5.4x	3.5x	43%
Power Average					**28.5%**				**5.7x**	**3.8x**	**31%**

Source: FactSet, UBS Estimates

NOTE: Discount for VST calculated vs. 7.1 EV/EBITDA IPP Mid-Cycle; Discount for NRG calculated vs. 6.2x EV/EBITDA blended IPP Vivant multiple.

Figure 5: Water Utilities, Sorted by Total Return Potential

Rating	Ticker	5/25/23	Price Target	Total Return inc. Div. Yld	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$40.16	$51	30%	$1.58	$1.67	$1.77	$1.88	$2.05	19.6x	(24%)	2.8%	6.7%	7.0%	2nd
Buy	SJW	$74.79	$85	15%	$2.14	$2.03	$2.43	$2.47	$2.80	26.7x	4%	1.8%	6.3%	7.0%	2nd
Neutral	CWT	$55.74	$61	11%	$1.97	$1.96	$1.77	$2.00	$2.17	25.7x	(0%)	1.7%	8.4%	5.0%	2nd
Neutral	AWK	$142.45	$151	8%	$3.63	$4.25	$4.51	$4.79	$5.18	27.5x	7%	1.8%	7.9%	8.0%	2nd
Sell	AWR	$87.73	$82	(5%)	$2.34	$2.56	$2.11	$3.11	$2.93	29.9x	16%	1.7%	10.4%	6.0%	2nd
Water Utility Average										**25.7x**		**2.0%**	**7.8%**	**7.4%**	

Source: Factset, UBS Estimates

Figure 6: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.59	3,081	$ 44,945	$ 15,754	25.4x	21.0x	$ 2,389
Brookfield Infrastructure Partners (1)	US$	BIP-USA	Not Covered	$ 35.52	458	$ 16,278	$ 31,032	N/A	12.0x	N/A
Average								**25.4x**	**16.5x**	
Railroads										
CSX Corp	US$	CSX-USA	Neutral	$ 30.92	2,033	$ 62,862	$ 16,517	11.0x	10.1x	$ 7,214
Canadian National Railway	US$	CNI-USA	Buy	$ 113.71	662	$ 75,322	$ 11,116	9.1x	12.6x	$ 9,491
Canadian Pacific Railway	US$	CP-USA	Buy	$ 76.96	931	$ 71,654	$ 14,370	9.9x	15.2x	$ 8,700
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 211.22	228	$ 48,082	$ 15,670	11.1x	9.9x	$ 5,754
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 193.21	610	$ 117,799	$ 33,928	12.1x	12.4x	$ 12,504
Average								**10.6x**	**12.0x**	
Clean Power										
AES Corp. (2)	US$	AES-USA	Buy	$ 19.95	711	$ 14,184	$ 18,253	9.5x	7.9x	$ 3,397
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 29.29	82	$ 2,413	$ 6,371	8.3x	8.3x	$ 1,060
NextEra Energy Partners	US$	NEP-USA	Buy	$ 58.89	89	$ 5,235	$ 5,030	9.4x	6.9x	$ 1,088
Ormat Technologies	US$	ORA-USA	Buy	$ 83.98	60	$ 5,014	$ 1,826	12.7x	10.7x	$ 539
Orsted A/S	DKK	ORSTED-CSE	Buy	628.40 kr.	420	264,167.46 kr.	$ 49,965	9.8x	12.5x	32,218.41 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 25.01	116	$ 2,903	$ 4,836	8.8x	8.3x	$ 884
Average								**9.7x**	**9.1x**	
OVERALL AVERAGE								**11.4x**	**11.4x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$82.75	300	$ 24,846	$ 6,603	8.1x	8.5x	$ 3,886
							At 8% Discount	**10.5x**	**10.5x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks (2) UBS EBITDA includes net tax credits.

Source: FactSet, UBS Estimates
Updated as of: 5/25/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 7: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	Div Yield (%)	P/E			EV/EBITDA			P/B		
								2022	2022	2023	2024	2022	2023	2024	2022	2023	2024
Utility Scale Renewables																	
ARRY	Array Technologies	Buy (CBE)	23.08	30	30	109	3.5	0.0	63.9x	26.9x	19.5x	21.3x	16.6x	13.3x	27.9x	17.4x	11.7x
CSIQ	Canadian Solar	Neutral (CBE)	42.80	48	12	45	2.8	0.0	12.4x	8.7x	7.7x	5.2x	3.7x	3.1x	1.2x	1.2x	0.3x
FSLR	First Solar	Buy	200.94	250	24	604	21.5	0.0	-	26.7x	17.1x	2117.3x	15.9x	10.1x	3.7x	4.0x	0.3x
FTCI	FTC Solar	Buy (CBE)	2.84	4	41	4	0.3	0.0	-	-	10.9x	-	-	6.8x	4.6x	6.7x	46.3x
JKS	JinkoSolar	Neutral (CBE)	45.62	55	21	36	2.3	0.0	10.2x	6.4x	5.7x	10.6x	3.9x	3.5x	0.6x	0.6x	0.2x
SMR	NuScale Power	Neutral (CBE)	7.91	9	14	5	0.6	0.0	92.3x	-	-	-	-	-	2.9x	40.8x	295.3x
ORA	Ormat Technologies	Buy	83.98	102	21	44	5.0	0.6	51.5x	46.0x	36.3x	14.7x	13.2x	12.0x	2.4x	2.4x	0.5x
SHLS	Shoals Technologies	Buy	23.45	29	24	86	4.0	0.0	63.0x	40.4x	27.6x	26.4x	19.2x	14.5x	9.4x	7.3x	4.8x
TPIC	TPI Composites	Neutral (CBE)	11.49	9	(22)	13	0.5	0.0	-	-	-	13.7x	14.3x	8.9x	9.6x	-6.9x	9.1x
Average								0.1	48.9x	25.8x	17.9x	315.6x	12.4x	9.0x	6.9x	8.2x	40.9x
Distributed Solar																	
AMPS	Altus Power	Buy (CBE)	4.71	10	112	7	0.7	0.0	83.0x	55.4x	19.9x	27.3x	13.8x	11.7x	1.7x	1.7x	1.6x
GNRC	Generac	Buy	116.43	185	59	126	7.2	0.0	13.5x	17.2x	12.3x	18.7x	11.6x	8.4x	3.3x	2.8x	2.3x
SEDG	SolarEdge	Neutral (CBE)	296.96	310	4	323	16.7	0.0	50.2x	29.9x	25.5x	31.2x	19.1x	17.5x	8.1x	6.2x	5.0x
SPWR	SunPower	Neutral (CBE)	10.36	14	35	48	1.8	0.0	31.2x	23.5x	20.9x	28.4x	11.2x	11.0x	3.1x	2.7x	2.2x
RUN	Sunrun	Neutral (CBE)	16.66	30	80	174	3.6	0.0	20.7x	-	29.1x	284.6x	-	161.4x	0.5x	0.5x	0.5x
Average								0.0	28.9x	23.5x	21.9x	90.7x	14.0x	49.6x	3.8x	3.1x	2.5x
Clean Energy Financing																	
HASI	Hannon Armstrong	Buy	22.91	47	105	20	2.1	6.7	11.0x	10.4x	9.7x	-	-	-	1.2x	1.1x	0.9x
Yield Co.																	
AY	Atlantica	Neutral	25.01	29	16	17	2.9	7.1	-	-	356.0x	10.8x	9.0x	8.4x	1.8x	2.3x	1.4x
BEP	Brookfield Renewable	Buy	30.45	41	35	8	8.4	4.4	-	-	-	18.5x	15.9x	15.1x	4.8x	7.4x	7.2x
CWEN	Cleanway	Buy	29.29	37	26	25	3.4	5.2	5.9x	11.8x	18.4x	14.2x	10.5x	10.8x	1.5x	1.9x	1.3x
NEP	NextEra Energy Partners	Buy	58.89	82	39	68	5.2	5.8	10.5x	72.2x	50.5x	27.3x	21.2x	16.0x	1.5x	1.8x	0.9x
Average								5.6	8.2x	42.0x	141.7x	17.7x	14.2x	12.6x	2.4x	3.3x	2.7x
Energy Storage																	
FLNC	Fluence Energy	Buy	22.22	34	53	27	2.6	0.0	-	-	231.0x	-	-	58.3x	6.0x	7.2x	6.6x
LICY	Li-Cycle Holdings Corp.	Buy	4.53	10	110	7	0.8	0.0	-	-	-	#N/A	-	-	1.6x	2.1x	3.1x
STEM	Stem Inc.	Buy (CBE)	4.73	8	69	28	0.7	0.0	-	-	-	-	-	13.3x	1.3x	1.5x	1.5x
Average								0.0	-	-	231.0x	-	-	35.8x	3.0x	3.6x	3.7x

Source: Factset, UBS estimates
Updated: 5/25/2023

Figure 8: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	Div Yield (%)	P/E			EV/EBITDA			FCF Yield (%)		
								2022	2022	2023	2024	2022	2023	2024	2022	2023	2024
Municipal solid waste																	
CWST	Casella Waste	Buy	92.26	105	14	22	4.7	0.0	83.8x	72.7x	435.4x	19.3x	19.0x	16.0x	2.3	2.4	2.2
RSG	Republic Services, Inc.	Neutral	141.71	145	2	176	44.8	1.4	28.8x	27.3x	24.1x	13.4x	13.1x	12.5x	3.9	4.2	4.2
WCN	Waste Connections, Inc.	Buy	137.60	161	17	120	35.4	0.8	36.1x	31.3x	29.1x	18.1x	16.8x	15.4x	3.3	3.3	3.8
WM	Waste Management, Inc.	Neutral	161.88	162	0	278	65.9	1.7	29.0x	27.7x	24.3x	14.4x	14.3x	13.6x	2.9	2.6	3.6
Average								1.0	31.0x	28.9x	26.0x	14.8x	14.5x	13.7x	3.1	3.1	3.5
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	143.78	155	8	61	7.8	0.0	21.9x	22.1x	19.0x	7.6x	9.3x	8.7x	3.7	4.0	5.7
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	6.12	12	96	1	1.1	0.0	-	-129.8x	20.6x	18.9x	15.3x	10.5x	-	-	-

Source: Factset, UBS estimates
Updated: 5/25/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 9: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

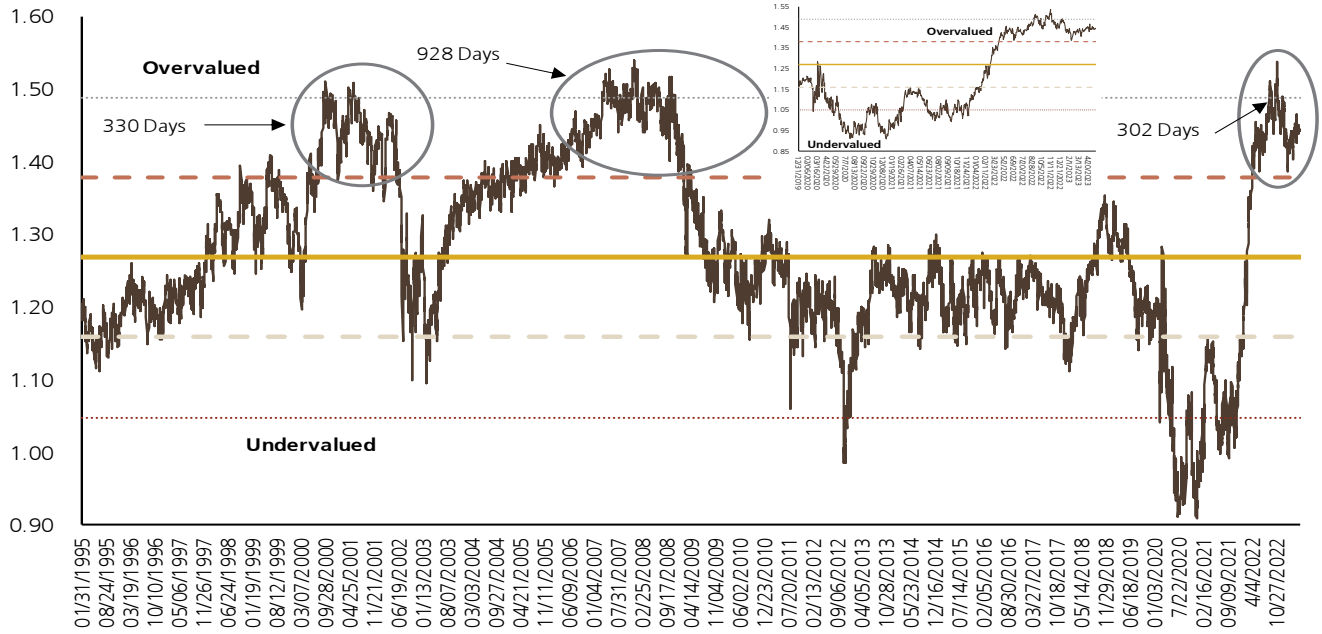

Source: FactSet, US Federal Reserve, UBS
Updated as of: 05/25/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 17% to the mean.

Figure 10: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

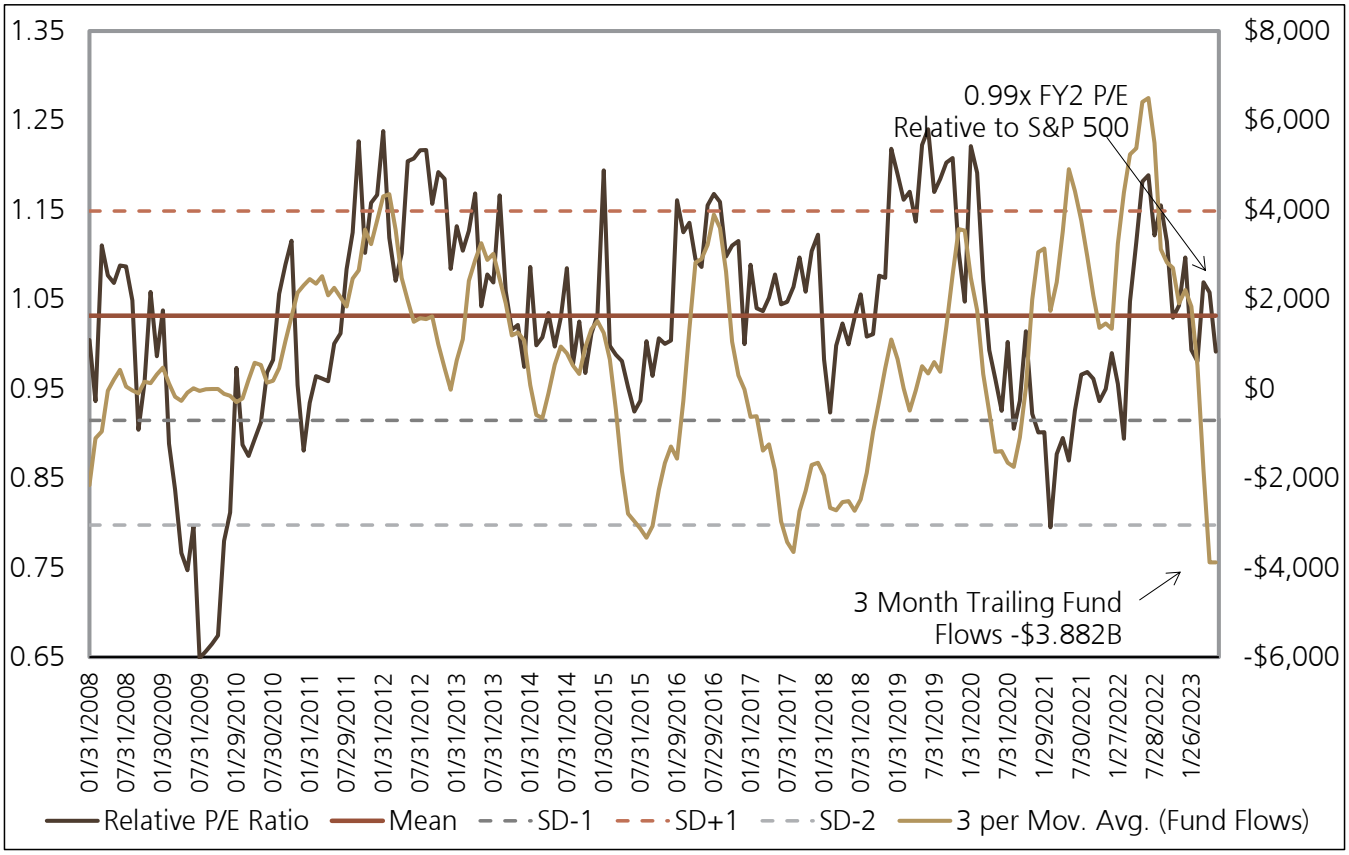

Source: FactSet, Strategic Insights, UBS
Updated as of:5/25/2023

Utilities now trade at a -4% discount to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 11: Utility Credit Spreads

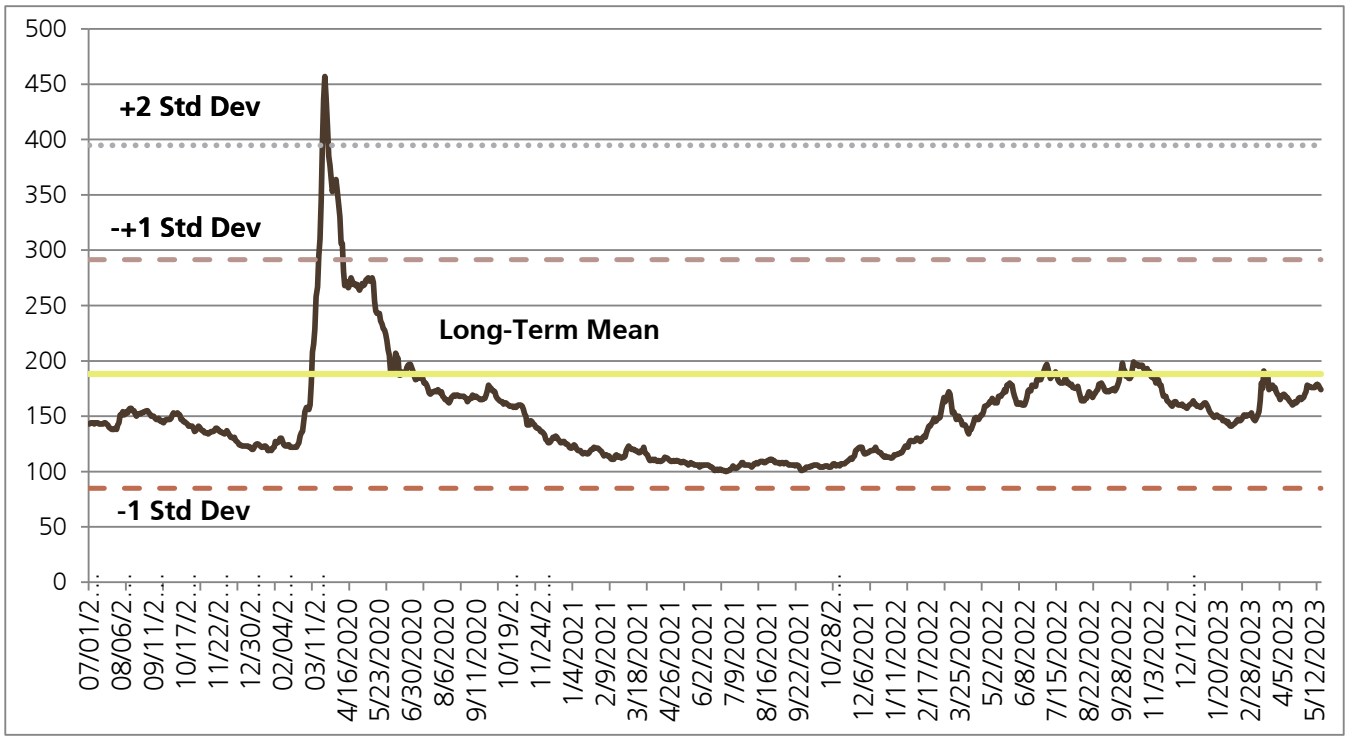

Source: Facteset, UBS
Updated 5/24/2023

Utility credit spreads tightened 3 bp last week and 15 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at a 7% discount to the 5 year average FY 2 P/E relative to the S&P 500 and a 2% premium to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Figure 12: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

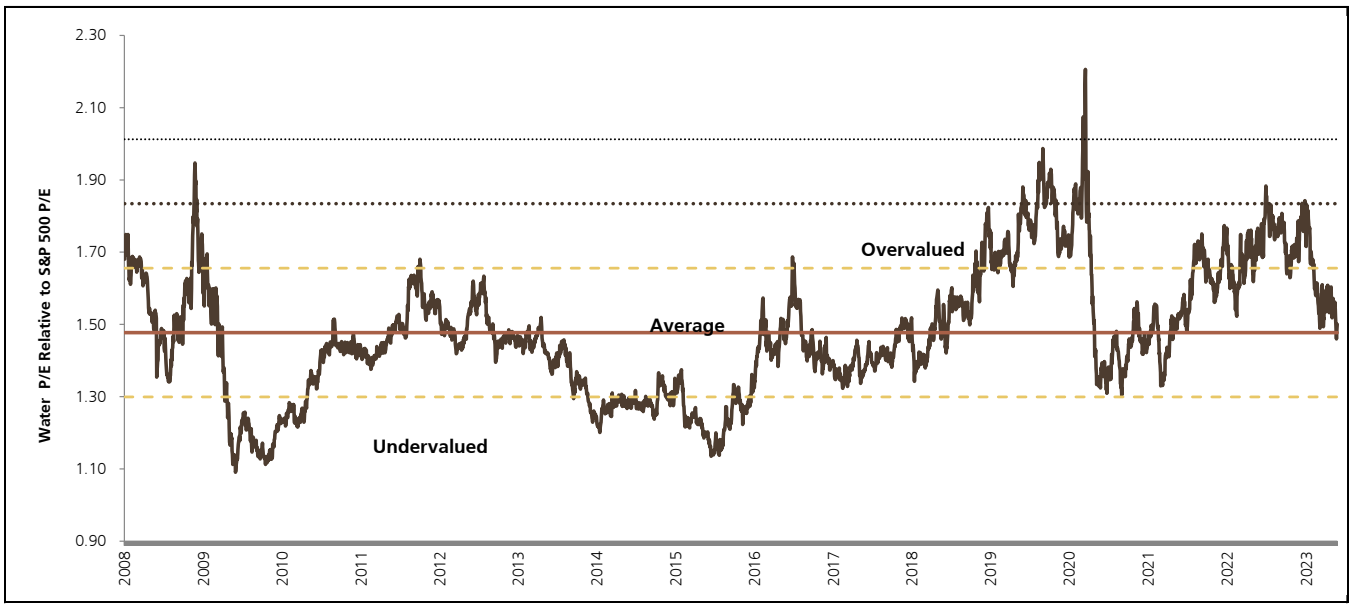

Source: Factset, UBS;
Updated 5/24/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 10) below. Thegraph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 11) to try to gauge where thesell-side consensus view is shifting.

Figure 13: ACI where ACI = (Buys-Sells)/Total #

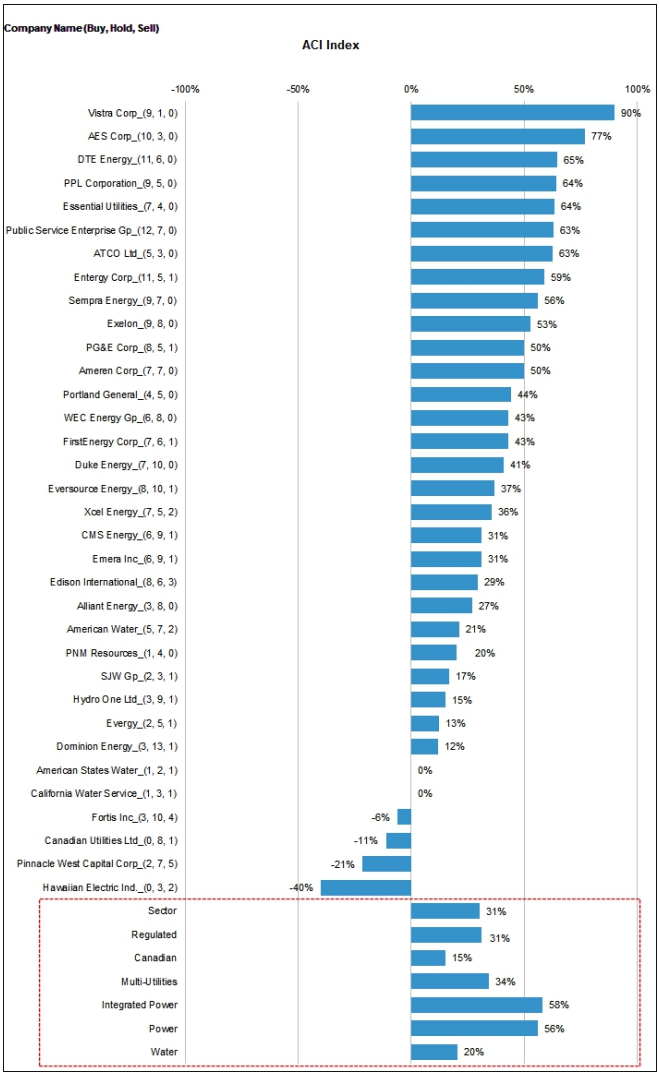

Source: Bloomberg, UBS Estimates
Updated 5/24/2023

Figure 14: Change in ACI Last 12 Weeks

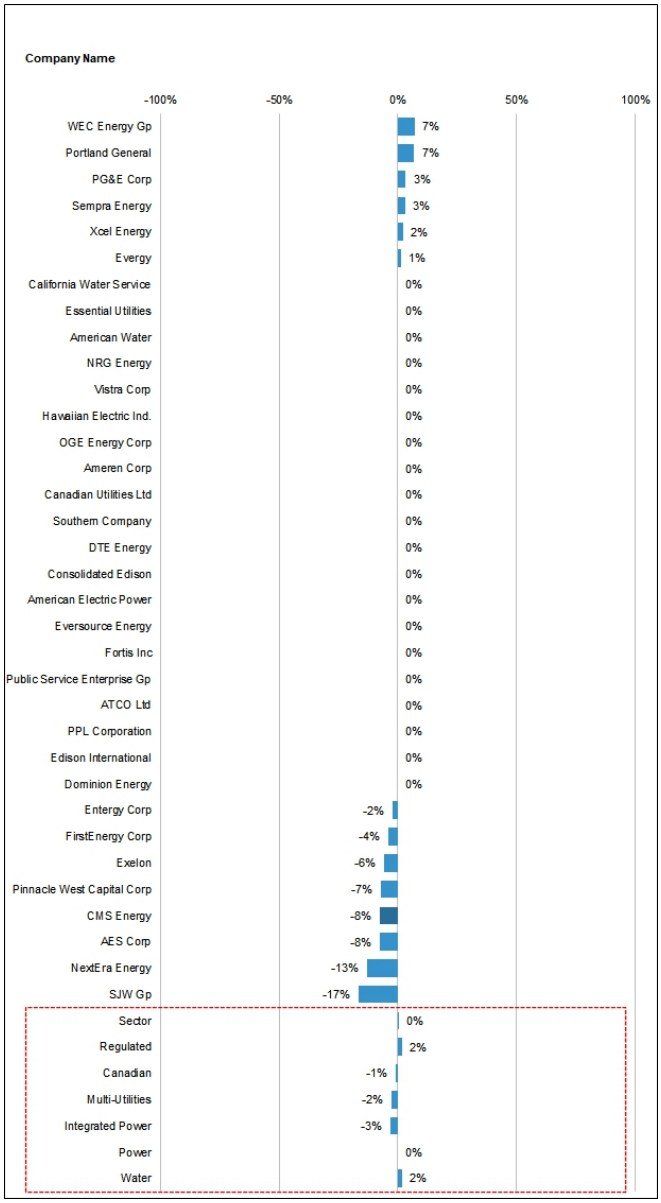

Source: Bloomberg, UBS Estimates
Updated 5/24/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based.

North American utilities: We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

IPPs: We identify the following risks for the sector: Demand for new renewable installations has historically been volatile around changes in state and federal policy, and we expect this volatility to continue. In addition, margins for product manufacturers can be impacted by swings in raw materials pricing and the overall level of energy prices.

Environmental Services: We identify the following risks for the sector: Housing remains a key driver of incremental municipal solid waste volume growth, and a slowdown in new housing starts could put downward pressure on sales growth. In addition, pricing tends to follow GDP growth, and a slowdown in economic growth could lower ability to raise pricing driving potential contraction in margins. For more industrial-exposed names, swings in commodity prices can impact the overall level of waste-generating activity, contributing to earnings volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

California Water Service Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dominion Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Emera Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Eversource Energy

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Entergy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Evergy, Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Fortis Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
11. What is the catalyst?	

Alliant Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

NextEra Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

NiSource Inc.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

PG&E Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Public Service Enterprise Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Pinnacle West Capital Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

PPL Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	May 25, 2023
10. Is the catalyst date an actual or approximate date?	Actual
11. What is the catalyst?	KY intervenor recommendations on Kentucky certificate of public convenience

Southern Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WEC Energy Group Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Xcel Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

American Water Works Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

American Electric Power Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Consolidated Edison Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

OGE Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

American States Water Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	July 22, 2023
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Deadline to renew credit facility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 26 May 2023 12:22 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Alliant Energy Corp[16]	LNT.O	Neutral	US$51.06	25 May 2023
Ameren Corp[16]	AEE.N	Neutral	US$80.95	25 May 2023
American Electric Power Inc[16,6,7]	AEP.O	Buy	US$82.50	25 May 2023
American States Water Co[16]	AWR.N	Sell	US$87.73	25 May 2023
CMS Energy Corp[16]	CMS.N	Neutral	US$57.16	25 May 2023
California Water Service Group[16]	CWT.N	Neutral	US$55.74	25 May 2023
Dominion Energy Inc[16,6,7]	D.N	Neutral	US$50.43	25 May 2023
Edison International[16]	EIX.N	Buy	US$65.66	25 May 2023
Evergy, Inc[16]	EVRG.O	Neutral	US$57.38	25 May 2023
FirstEnergy Corp[16]	FE.N	Buy	US$37.02	25 May 2023
Fortis Inc[16]	FTS.TO	Sell	C$57.49	25 May 2023
OGE Energy Corp[16]	OGE.N	Neutral	US$34.94	25 May 2023
PPL Corp[16]	PPL.N	Buy	US$26.00	25 May 2023
Pinnacle West Capital Corp[16,6,7]	PNW.N	Sell	US$76.39	25 May 2023
WEC Energy Group Inc[16]	WEC.N	Neutral	US$86.71	25 May 2023
Xcel Energy Inc[16]	XEL.O	Neutral	US$64.29	25 May 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

KeyBanc Capital Markets

Alert

May 24, 2023

Energy: Electric Utilities

Midweek Thoughts — EXC, CNP, D, CEG, PEG, FE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, the IL Staff files testimony in ComEd's multiyear electric rate case; CNP's Vectren agrees to sell the IN-based Energy Systems Group subsidiary for $157M; D commences hydrogen blending pilot in OH; CEG sets a record with 38% hydrogen blend at an AL gas-fired generation plant; the NJ Senate confirms two BPU commissioners; and SPP discusses its 2023 Summer Seasonal Assessment.

Industry News and News from Companies in Our Coverage

EXC — Staff testimony filed in ComEd's IL electric MYRP; ROE and equity considerations are in line with those for the AEE MYRP:

- **Staff recommends a $1,039M revenue increase, premised on a flat 50% equity ratio through the multiyear rate period and an 8.9% ROE:** In line with Staff's recommendation in the AEE MYRP, Staff recommended an ROE of 8.91% to be updated annually through the MYRP process. The 8.9% is derived using the FRP formula (580 bps plus the 2022 U.S. Treasury bond yield of 3.11%). Staff also refers to the annual true-up mechanism in the new rate structure as a means for timely and certain cost recovery, further reducing the risk of regulatory lag. The main drivers of the lower revenue requirement compared to EXC's request can be attributed to the lower ROE, equity ratio, projected plant additions, and adjustments to O&M regarding the pension asset funding cost.
- **ComEd requested a $1,499M revenue increase over 2024-2027, based on a 10.5% ROE and 50.58% equity in RY1** (Docket: 23-0055), increasing marginally to 10.65% in RY4. EXC's equity ratio also includes annual step-ups to 50.81%, 51.03%, and 51.19% for RY2, 3, and 4, respectively. The ROE step-ups are intended to hedge against elevated inflation and interest rates. EXC requests a phase-in of new rates by deferring 35% of the 2024 base rate increase, or $316M, for later recovery.
- **What's next:** EXC will file rebuttal testimony by June 27. A proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision. We expect the rate case to be fully litigated given that it is the first MYRP filed since the passage of the CEJA, which changed the rate-making structure in IL from the annual formula rate plans.

Figure 1 - EXC Testimony vs. IL MYRP Staff

Summary ($M)	2023	2024	2025	2026	2027	Total
EXC						
Revenue Requirement	3,037.5	3,941.8	4,117.8	4,336.0	4,539.1	
Revenue Increase		904.3	176.0	218.2	203.1	**$1,501.6**
Deferred 2024 Revenue to be phased in later						316.5
Other (unreconciled)						(2.2)
Total Revenue Requirement per EXC revised testimony						1,815.9
Staff						
Revenue Requirement	3,046.0	3,694.6	3,821.3	3,972.2	4,084.8	
Revenue Increase		648.6	126.7	150.9	112.6	**$1,038.8**

Source: Regulatory filings, KeyBanc Capital Markets Inc.

CNP — CNP agrees to sell IN-based Energy Systems Group for $157M: CNP announced that Vectren will sell Energy Systems Group to ESG Holdings Group, a subsidiary of Oaktree Capital Management, for $157M, including debt, and CNP is expected to net $110M post-tax and other adjustments. The transaction is expected to close in 3Q23. The business provides energy performance contracting and sustainable infrastructure services, such as renewables, distributed generation, and CHP projects.

D — D commences hydrogen blending pilot in OH: D commenced a hydrogen pilot blending project at its OH gas utility. D will first blend hydrogen into a closed-loop natural gas distribution system at a training center, before blending hydrogen into a small distribution system serving residential and commercial customers. The pilot will help D OH meet its goal of preparing its entire network for hydrogen blending by 2030. The pilot is among several proposed by gas utilities that are initial attempts to blend low-carbon hydrogen at high concentrations (up to 20% of the pipeline volumes) in the domestic distribution systems serving customers. D previously conducted similar in-house tests in UT, testing up to 5% hydrogen blends into Delta, UT's natural gas pipeline network.

CEG — CEG successfully tests a 38% hydrogen blend in the natural gas stream: CEG blended up to 38% hydrogen with natural gas at the 753 MW Hillabee Generation Station. The hydrogen blend nearly doubled the previous blending record. CEG only made minor modifications to the plant. According to EPA data, the 38% blend rate would reduce Hillabee's carbon emissions by ~270,000 MT. CEG collaborated with Siemens Energy and EPRI on the project.

PEG, EXC, FE — NJ Senate confirms BPU commissioners: The NJ Senate confirmed Governor Murphy's appointment of Christine Guhl Sadovy (D) and Marian Abdou (R) to replace former Commissioners Robert Gordon and Dianne Solomon, who were serving beyond their designated terms. Ms. Sadovy and Ms. Abdou will serve terms that expire in March 2029 and October 2024, respectively. Current Commissioner Mary-Anna Holden (R) is also serving past her designated term, which expired in 2021. NJ BPU is made up of five commissioners that serve staggered, six-year terms. The primary proceedings we are tracking in NJ include EXC's ACE electric rate case and FE's JCP&L electric rate case. PEG is scheduled to make a GRC filing by year-end. We are also following the State's Offshore Wind solicitation and allocations for the onshore infrastructure for offshore wind power.

SPP 2023 Summer Seasonal Assessment: SPP's assessment did not raise any reliability concerns, and the RTO expects to have enough generating capacity to meet regional demand for electricity through summer 2023. The assessment anticipated normal conditions across the region and shows a 99.5% probability that the RTO will have sufficient resources available to serve region-wide load during peak hours throughout the summer. Even in the scenario where peak electricity use exceeds forecasts by as much as 5%, SPP still would have a 95% chance to maintain resource sufficiency. In extreme scenarios, SPP has a set of tools, systems, and procedures, including importing energy from neighboring systems or tapping reserves. 2023 appears to be shaping up with most RTOs reporting better preparedness as we approach summer (we wrote about summer assessments from several other system operators here).

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

POR: Disciplined Growth; Notes from the Road

NWE: Constructive Settlement Reached in MT GRC

CMS: Notes from Management Meetings

PEG: Constructive AD Update; Remain SW

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Utilities 1Q23 Earnings Preview: It's Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	259	49.62	42	16.22
Sector Weight [SW]	256	49.04	41	16.02
Underweight [UW]	7	1.34	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	12	54.55
Sector Weight [SW]	31	54.39	12	38.71
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Illinois Rate Case Electric vs Gas Balancing Act: Our Latest Thoughts on Credit & More
- **Publication Date/Time** : Wednesday, May 24, 2023 12:29:33 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Paul Zimbardo
- **Link to Document** : https://rsch.baml.com/r?q=I0EIeoby7dVQnlD!Aza2aA__&reid=A8EE201C093D11EEAC7C50D88F09B6D5

Fact

May 24, 2023 | 08:13 ET~

Exelon

BMO Capital Markets

EXC-NSDQ	Rating	Price: May-23	Target ↓	Total Rtn
	Outperform	$40.44	$44.00	12%

Better-Than-Expected Initial Recommendation in ComEd MYRP - Reiterate Outperform

Bottom Line:

Overall, we see the Illinois Commerce Commission Staff recommendation in ComEd's multi-year rate plan (MYRP) as an upside surprise as investors we believe were bracing for a less favorable initial position after the staff's testimony in Ameren Corp's (AEE, $82.71, Outperform) MYRP on May 12. **We reiterate our Outperform rating on EXC and would continue to be buyers of the stock at a 3-4% discount to its utility peers. Our target price moves to $44 as we MTM our peer group multiples for 2025 used in our SOTP valuation framework.**

Key Points

What Happened? On 5/23, the ICC Staff filed its initial position in ComEd's (~1/3 of our forecast rate base – Exhibit 2) inaugural multi-year rate plan under the framework outlined in the 2021 CEJA legislation. Positively, the Staff's initial position was significantly more favorable than its initial position in the Ameren Illinois Electric MYRP (Docket # D-23-0082) on both the recommended revenue requirement at ~70% on average of the company's ask and ~98% of ComEd's requested rate base through 2027 (Exhibit 1). **Regarding the $946mm difference in 2027 estimated rate base, we see the delta representing ~$0.05/share to EXC EPS before any offsets assuming no material change in our current share count in 2025 and a 9.7-9.8% ROE.**

The Staff's position on ROE was consistent with its recommendation in the Ameren Illinois MYRP on May 12 with the continued application of a formulaic ROE used in the state's previous formula rate plan framework which resulted in a recommendation of a 8.91% ROE. Using this same formula and today's updated 12-month average U.S. treasury yield, we calculate an implied ROE of closer to 9.7-9.8%. Although Staff estimated that the ROE for the Utility Proxy Group would suggest ~10% ROE, in its testimony Staff argued for the application of a lower ROE as it believes the MYRP rate-making framework reduces the risk and uncertainty to ComEd vs. its peers. **In terms of sensitivity we see every 50 bps change in the ROE representing ~ $0.04-0.05/share or ~1.7% of our 2024 and 2025 EPS estimates on average.**

On the equity ratio, Staff's position was largely in line with the CEJA's 50% safe-harbor floor and only slightly below the 50.58% that ComEd had requested in its filing.

What is Next? Evidentiary hearings are scheduled for late August and an order by the end of the year.

Key Changes	
	Target
	$44.00↓
	$46.00

For disclosure statements, including the Analyst Certification, please refer to page(s) 7 to 11.

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (212) 885-4007
Edward M DeArias, CFA — VP Associate
edward.dearias@bmo.com — (347) 274-1556
Tanmay Pandit — Associate
tanmay.pandit@bmo.com — (929) 837-9154
Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.44	Shares O/S (mm)	994.6
Yield	3.6%	Market Cap (mm)	$40,220
P/BV	1.1x	Net Debt (mm)	$33,547

BMO Estimates				in $
(FY-Dec.)	2021A	2022A	2023E	2024E
EPS	$1.83	$2.27	$2.36	$2.50
DPS	$1.53	$1.35	$1.44	$1.53
EBIT	$2,614	$3,780	$4,063	$4,351
EBITDA	$10,516	$7,261	$7,722	$8,190

Consensus Estimates				
	2021A	2022A	2023E	2024E
EPS			$2.36	$2.51

Valuation				
	2021A	2022A	2023E	2024E
P/E	22.1x	17.8x	17.2x	16.2x
Div. Yield (%)	3.8%	3.3%	3.6%	3.8%

QTR. EPS	Q1	Q2	Q3	Q4
2021A	$0.52	$0.49	$0.65	$0.44
2022A	$0.64	$0.44	$0.75	$0.43
2023E	$0.70a	$0.49	$0.67	$0.53
2024E	$0.71	$0.52	$0.71	$0.56

Notes : Prior numbers reflect our pre-spin estimates

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook, and supportive regulatory environment position the company well to drive multiple expansion.

BMO Capital Markets

Exelon - Block Summary Model

Income Statement	2021A	2022A	2023E	2024E
Generation	0	0	0	0
Com Ed	1,255	1,412	1,467	1,554
PECO	651	780	838	894
BGE	481	651	721	776
PHI	801	997	1,062	1,153
Parent and Other	(574)	(61)	(26)	(26)
Consolidated EBIT	2,943	4,060	4,318	4,606
Depreciation & Amortization	7,573	3,201	3,404	3,584
EBITDA	10,516	7,261	7,722	8,190
Interest Expense	1,342	1,431	1,520	1,614
Income Tax	38	455	497	532
Income from continuing operations	1,791	2,227	2,353	2,513
Weighted Average Shares Outstanding	979	982	998	1,006
Diluted Operating EPS	$1.83	$2.27	$2.36	$2.50
Dividends per Share	$1.53	$1.35	$1.44	$1.53
Cash Flow Statement	**2021A**	**2022A**	**2023E**	**2024E**
Operating Cash Flow	3,012	5,228	5,557	5,897
Investing Cash Flow	(3,317)	(6,950)	(7,050)	(7,450)
Financing Cash Flow	758	1,415	1,506	1,411
Net Change in Cash Flow	453	(307)	13	(143)
EOP Cash on Balance Sheet	1,619	1,312	1,325	1,182
Common stock (net)	80	500	667	167
Net debt issued/(repaid)	3,140	2,240	2,275	2,785
Dividends paid	(1,497)	(1,325)	(1,436)	(1,541)
Balance Sheet	**2021A**	**2022A**	**2023E**	**2024E**
Common Equity	34,795	35,795	37,379	38,518
Preferred Equity	0	0	0	0
Total Debt	34,540	36,300	38,575	39,746
Enterprise Value	$74,176	$76,078	$78,954	$80,421
Common equity %	50.2%	49.6%	49.2%	49.2%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	49.8%	50.4%	50.8%	50.8%
Book Value per Share	$35.54	$36.46	$37.44	$38.28

Source: BMO Capital Markets, Company Reports

Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2025E EPS as a base, which we then adjust (premium, discount, or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $49.00

Our upside scenario reflects continued multiple expansion associated with the execution of the company's current ComEd MYRP which should crystalize the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $36.00

Our downside scenario reflects a tightening monetary policy, suboptimal regulatory outcomes that lead to a deceleration of the company's rate base growth.

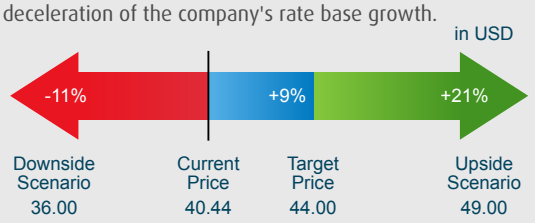

Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18-months as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 88% of rate base.

BMO Top 15 List

BMO Top 15 List Member

Income Stock

EXC-NSDQ Research

Glossary

Company Models

Better-Than-Expected Initial Recommendation in ComEd MYRP

Bottom Line: Overall, we see the Illinois Commerce Commission Staff recommendation in ComEd's multi-year rate plan (MYRP) as an upside surprise as investors we believe were bracing for a less favorable initial position after the staff's testimony in the Ameren Corp's (AEE, $82.71, Outperform) MYRP on May 12. Although we currently do not anticipate a settlement in the proceeding given it is the first filing under the non-formulaic framework outlined in the 2021 CEJA legislation, we view the datapoint as a positive for EXC shares as Staff's initial position represents just under 70% of the company's revenue requirement, nearly 98% of rate base and an equity layer in line with the CEJA's 50% safe-harbor level.

We reiterate our Outperform rating on EXC and would continue to be buyers of the stock at a 3-4% discount to its utility peers and relative to our 6.7% implied EPS CAGR through 2025. Our 2023-2025 estimates remain unchanged at $2,36, $2.50, and $2.72, respectively, but we are lowering our target price to $44 as we MTM our peer group multiples for 2025 used in our SOTP valuation framework.

Exhibit 1: ComEd and ICC Staff Positions in 2024-2027 MYRP Filing

	Rate Base				
	2024	2025	2026	2027	Average
ComEd Position	$15,440	$16,489	$17,560	$18,749	**$17,060**
Staff Position	$15,389	$16,298	$17,080	$17,803	**$16,643**
Delta	($51)	($191)	($480)	($946)	**($417)**
% of Ask	**100%**	**99%**	**97%**	**95%**	**98%**

	Implied Rate Base Growth			24-25
	2025	2026	2027	Average
ComEd Position	6.8%	6.5%	6.8%	6.7%
Staff Position	5.9%	4.8%	4.2%	5.0%
Delta	**(0.9%)**	**(1.7%)**	**(2.5%)**	**(1.7%)**

	Revenue Requirement				
	2024	2025	2026	2027	Total
ComEd Position	$904	$176	$218	$203	**$1,502**
Staff Position	$649	$127	$151	$113	**$1,039**
Delta	($256)	($49)	($67)	($91)	**($463)**
% of Ask	**72%**	**72%**	**69%**	**55%**	**69%**

	Capital Structure		
	Equity	ROE	Ticker
ComEd Position	50.58%	10.50%	EXC
Staff Position	50.00%	8.91%	
Nicor Gas Position	54.52%	10.35%	SO
Staff Position	50.00%	9.89%	
Peoples Gas Position	54.00%	9.90%	WEC
Staff Position	50.79%	9.83%	
NorthShore Gas Position	54.00%	9.90%	WEC
Staff Position	52.58%	9.83%	
Ameren IL Gas	53.99%	10.70%	AEE
Staff Position	50.00%	9.89%	

Source: BMO Capital Markets, ICC Staff Testimony in Docket #D-23-0055

What Happened? On 5/23, the ICC Staff filed its initial position in ComEd's (~1/3 of our forecast rate base – Exhibit 2) inaugural multi-year rate plan under the framework outlined in the 2021 CEJA legislation. Positively, the Staff's initial position was significantly more favorable than its initial position in the Ameren Illinois Electric MYRP (Docket # D-23-0082) on both the recommended revenue requirement at ~70% on average of the company's ask and ~98% of ComEd's requested rate base through 2027 (Exhibit 1). **Regarding the $946mm difference in 2027 estimated rate base, we see the delta representing ~$0.05/share to EXC EPS before any offsets assuming no material change in our current share count in 2025 and a 9.7-9.8% ROE.**

The Staff's position on ROE was consistent with its recommendation in the Ameren Illinois MYRP on May 12 with the continued application of a formulaic ROE (12-month average 30-year U.S. Treasury yield + 580 bps) used in the state's previous formula rate plan framework which resulted in a recommendation of a 8.91% ROE. Using this same formula and today's updated 12-month average U.S. treasury yield we calculate an implied ROE of closer to 9.7-9.8%. Moreover, as a corollary this recommendation was not only well below the Staff's recommendation in the four pending gas cases in the state (Exhibit 1), but the Staff was also on the record highlighting in the Ameren IL MYRP the use of a CAPM or DCF-based calculation would result in a 10.02% ROE. Although Staff estimated that the ROE for the Utility Proxy Group would suggest ~10% ROE, in its testimony Staff argued for the application of a lower ROE as it believes the MYRP rate-making framework reduces the risk and uncertainty to ComEd vs. its peers as well as reduces regulatory lag. **In terms of sensitivity, we see every 50 bps change in the ROE representing ~$0.04-0.05/share or ~1.7% of our 2024 and 2025 EPS estimates on average.**

On the equity ratio, Staff's position was also consistent with the 50% it recommended in the Ameren IL MYRP, in line with the CEJA's 50% safe-harbor floor and only slightly below the 50.58% that ComEd had requested in its filing.

What is Next? Evidentiary hearings are scheduled for late August and an order by the end of the year.

Exhibit 2: EXC Summary Model

EXC Model Summary	2020A	2021A	2022A	2023E	2024E	2025E
EPS By Segment						
EXC Gen	$1.44					
Com Ed	$0.66	$0.76	$0.88	$0.87	$0.93	$0.98
PECO	$0.47	$0.51	$0.57	$0.60	$0.62	$0.74
BGE	$0.37	$0.42	$0.43	$0.47	$0.50	$0.54
PHI	$0.52	$0.57	$0.64	$0.67	$0.74	$0.81
Parent & Other	($0.24)	($0.43)	($0.26)	($0.25)	($0.30)	($0.35)
Consolidated E.P.S.	**$3.22**	**$1.83**	**$2.27**	**$2.36**	**$2.50**	**$2.72**
Growth						
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**
Growth				6.5%	6.5%	6.5%
Implied Payout Ratio	47.6%	83.6%	59.5%	61.0%	61.3%	59.9%
Dividend Yield	3.6%	3.6%	3.2%	3.4%	3.6%	3.9%
Valuation Metrics						
Price to Earnings	12.9x	22.7x	18.3x	17.6x	16.6x	15.2x
Price to Book Value	1.2x	1.2x	1.1x	1.1x	1.1x	1.1x
Funding Sources						
Cash Flow from Operations	$4,235	$3,012	$5,228	$5,557	$5,897	$6,271
Total Debt Financings	$8,168	$4,780	$4,300	$3,075	$3,585	$3,748
Total Equity Financings	$45	$80	$500	$667	$167	$167
Credit Metrics						
Total Debt/Capitlization	55%	50%	51%	51%	51%	52%
FFO/Total Debt	21%	28%	14%	13%	13%	14%
EBITDA/Interest Expense	7.0x	7.8x	5.1x	5.1x	5.1x	5.0x
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%
Regulated Operations Performance - Realized ROE (1)						
ComEd	8.7%	9.2%	10.0%	9.3%	9.5%	9.6%
PECO	11.0%	10.9%	11.0%	10.5%	10.0%	10.9%
BGE	9.7%	10.1%	9.7%	9.8%	9.9%	10.0%
PHI	9.1%	9.3%	9.6%	9.6%	9.8%	9.9%

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 3: EXC SOTP Valuation

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2025E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	5%	$0.98	13.1x	$13	16.1x	$16	18.1x	$18
PECO	EPS	4%	$0.74	12.9x	$10	15.9x	$12	18.1x	$13
BGE	EPS	7%	$0.54	13.3x	$7	16.3x	$9	18.1x	$10
PHI	EPS	7%	$0.81	13.4x	$11	16.4x	$13	18.1x	$15
Parent & Other	EPS	6%	($0.35)	13.2x	($5)	16.2x	($6)	18.1x	($6)
Utility Value			**$2.72**	**13.2x**	**$36**	**16.2x**	**$44**	**18.1x**	**$49**
Upside/(Downside)					(11%)		9%		22%
Current Yield					4%		4%		4%
Total Return					**(8%)**		**12%**		**25%**

Source: BMO Capital Markets, Company Filings

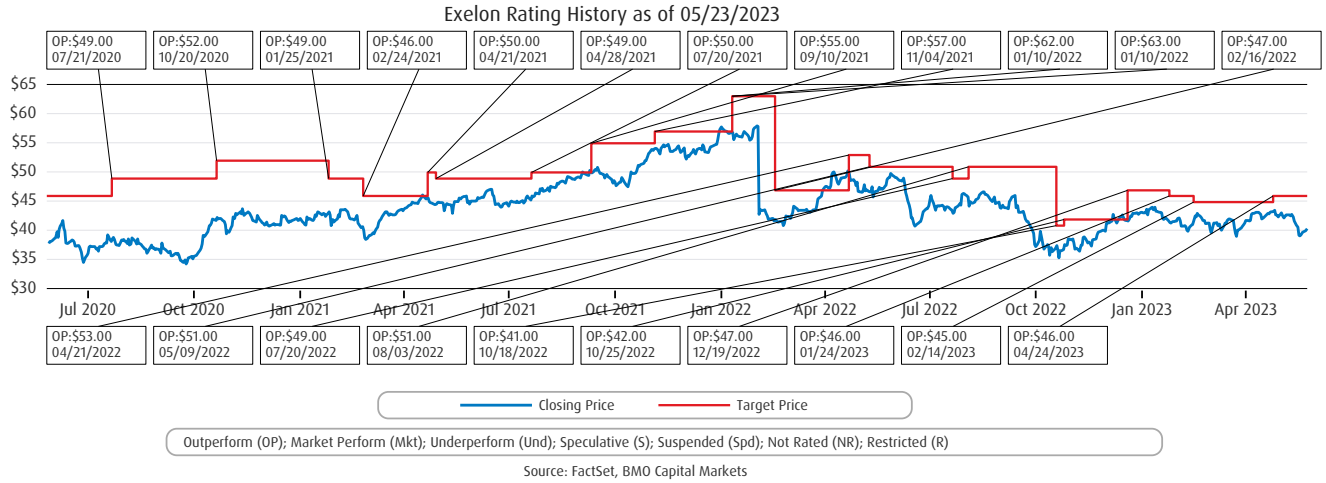

Source: FactSet, BMO Capital Markets

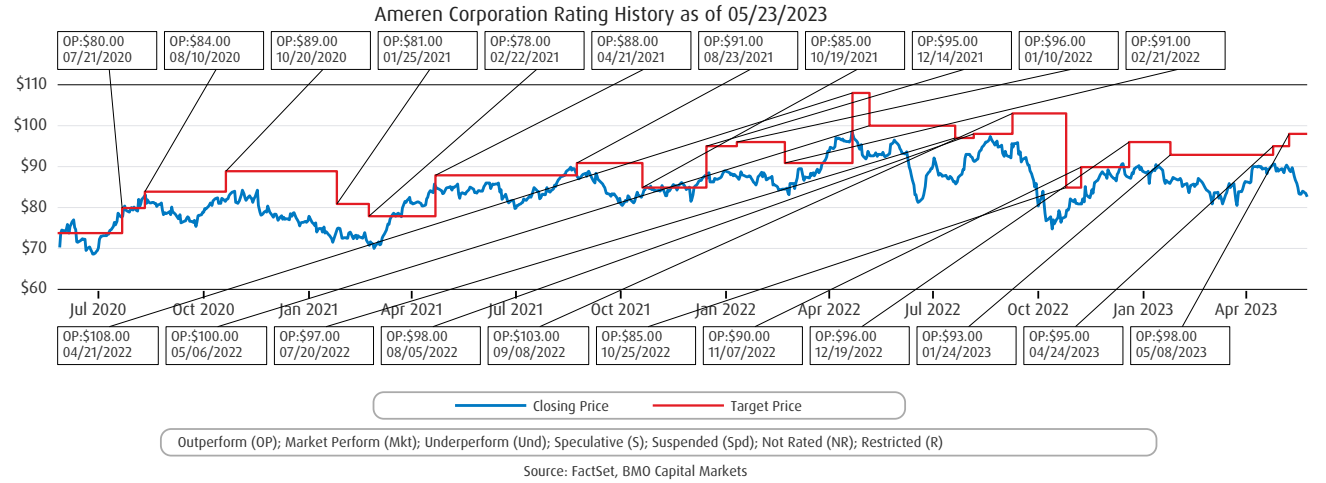

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon and Ameren Corporation in United States.

Methodology and Risks to Target Price/Valuation for Ameren Corporation (AEE-NYSE)

Methodology: Our target price is based on a sum-of-the-parts methodology. Our framework begins with the relevant sector average P/E multiple using 2025E EPS as a base which we then adjust (premium, discount, or no change) to reflect the relative fundamentals of that segment.

Risks: AEE's regulated profile exposes the company to business risk including but not limited to: federal and state regulatory risk, federal and state political risk, environmental policy, interest rate risk, access to capital markets, construction risk, changes in customer demand trends,

changes in customer affordability, extreme weather, natural disaster, and equipment failure. Ameren Illinois formula rates also directly expose 20% of the company's consolidated rate base to fluctuations in the 30-year Treasury yield.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Adverse outcomes in the company's inaugural MYRP filing in IL, DE electric rate case and 2025 PECO electric GRC. Despite having nearly a 1% cushion over its 12% downgrade threshold, the ability to meet its stated credit metrics given adverse impacts from severe storms, fuel deferrals and other unforeseen expenses.

Distribution of Ratings (May 23, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	47.6 %	17.1 %	50.6 %	53.6 %	61.3 %	57.7%
Hold	Market Perform	49.9 %	15.1 %	46.8 %	44.8 %	37.2 %	37.5%
Sell	Underperform	2.5 %	16.7 %	2.6 %	1.5 %	1.0 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 151 West 42nd St, 33rd Floor, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of

BMO Capital Markets

reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer.

BMO Capital Markets

Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

BMO Capital Markets

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at May 24, 2023, 08:13 ET. and disseminated at May 24, 2023, 08:13 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2023 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

This document is hosted on "Morgan Stanley" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corp: Illinois Regulation: Staff Recommendation Better Than Expected for ComEd
- **Publication Date/Time** : Wednesday, May 24, 2023 04:08:59 AM (GMT)
- **Contributor Name** : Morgan Stanley
- **Primary Analyst(s)** : David Arcaro
- **Link to Document** : https://login.factset.com/idp/profile/SAML2/Unsolicited/SSO?providerId=sso-admin.ms.com&target=https%3A%2F%2Fny.matrix.ms.com%2Feqr%2Farticle%2Fwebapp%2Fc0033d48-f996-11e

UBS

First Read

Exelon Corp

Staff Position in ComEd Appears Reasonable

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$48.00**
Price (23 May 2023)	**US$40.33**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$49.85-35.54
Market cap.	US$40.1b
Shares o/s	994m (COM)
Free float	100%
Avg. daily volume ('000)	7,416
Avg. daily value (m)	US$308.2
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.5x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E	
	UBS	**Cons.**
Q1	0.70	0.70
Q2E	0.41	0.46
Q3E	0.76	0.72
Q4E	0.50	0.49
12/23E	2.36	2.36
12/24E	2.54	2.51
12/25E	2.77	2.73

What Happened?

This morning, the Illinois Commerce Commission Staff filed testimony in ComEd's multi-year rate case filing. The Staff position calls for a cumulative revenue increase of $1,039mm over the four years '24-'27 vs. the company's request of $1,501mm. This is premised on a ROE of 8.91% and 50% equity ratio vs. the company's request of 10.50% and 50.58% equity ratio. The Staff position calls for a rate base in 2027 of $17,803mm which is $998mm or 5.3% below the company's request. See page two for a table showing a full comparison. We view the Staff position as a reasonable starting point in the rate proceeding given the proposal of two thirds of the revenue increase requested and likely a strong case for a ROE at least modestly higher than the 8.91%. This rate proceeding is an important part of the EXC story, as a constructive outcome would provide investors with visibility around ComEd's earnings power through 2027 and substantiate Exelon's 6-8% annual EPS growth through 2026.

Return on Equity Bias is Higher

The Staff took a similar position on equity ratio and ROE as in the Ameren electric multi-year rate case (see our note here). The 8.91% reflects the formulaic approach utilized under the prior regulatory framework, which uses the average of the 30 year treasury bond yield plus 580bps. The 3.11% 30 year yield underpinning the ROE is an average from 2022 and a mark to market on the current yield would support a 9.74% ROE. The Staff also noted a traditional approach to ROE calculation using a proxy group would support a 9.82% ROE. We believe these factors could support a higher result in the final decision. The company will also have the opportunity to provide additional support for the prudence and cost-effectiveness of some of the capital expenditures Staff proposes to have disallowed.

What's Next?

The company will provide rebuttal testimony on 6/27. A proposed order from an Administrative Law Judge is due 10/23 and a final order is due by 12/20.

Valuation:

We maintain our Buy rating and $48 target price.

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)

Profitability/valuation	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	10.0	9.3	8.7	8.1	9.5
P/E (UBS, diluted) x	22.4	25.7	19.7	17.1	15.9	14.6	13.6	12.6
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.2)	(3.1)	(3.4)	(2.7)	(1.4)
Dividend yield (net) %	2.9	2.9	3.0	3.6	3.8	4.1	4.4	4.7

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 40.33 on 23-May-2023 15:38:18 EDT

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Comparison of Staff Position and Company Request

Figure 1: EXC Ask vs. ICC Staff Recommendation

	Rate Base		Revenue		Equity Ratio		ROE	
	EXC	Staff	EXC	Staff	EXC	Staff	EXC	Staff
2024	15,440	15,389	904	649	50.58%	50.00%	10.50%	8.91%
2025	16,500	16,298	176	127	50.81%	50.00%	10.55%	8.91%
2026	17,600	17,079	218	151	51.03%	50.00%	10.60%	8.91%
2027	18,800	17,803	203	113	51.19%	50.00%	10.65%	8.91%
Total			1,501	1,039				

Source: Company Reports and Illinois Commerce Commission Staff Report

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Forecast returns

Forecast price appreciation	+19.0%
Forecast dividend yield	3.7%
Forecast stock return	+22.7%
Market return assumption	9.3%
Forecast excess return	+13.4%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $48 premised on a 9% premium to the group multiple or 18.9x our $2.54/share earnings forecast for 2024. Our 9% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 5% discount for a 3rd quartile regulatory ranking overall, a 4% premium for 1st quartile earnings growth and a 5% premium for energy transition.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 23 May 2023 07:56 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[16,7,6a,6b]	EXC.O	Buy	US$40.12	22 May 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

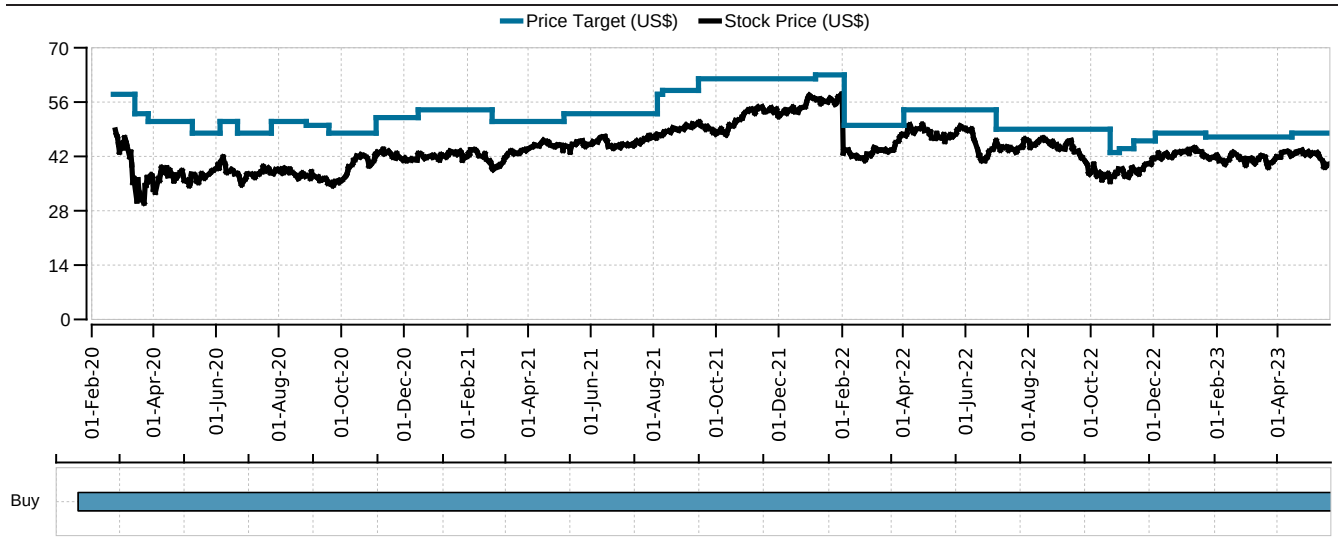

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-02-21	49.72	58.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-03-13	36.36	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy

Source: UBS;as of 22-May-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
D	52.16	Buy
ETR	100.42	Buy
EVRG	59.07	Buy
EXC	40.12	Neutral
PNW	77.69	Neutral

Power & Utilities

May 23, 2023

The Guggenheim Daily Transmission: AGA, EXC, TX, PNW, ETR, EVRG, D/Nuclear

For our AGA conference (May 20-23) meeting schedule, please scroll down...

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our ETR NDR, DTE NDR, PCG NDR, ES NDR, SMR NDR, SRE NDR, LNT NDR, PNW NDR, AWK NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, and other events, scroll down...

AGA Day 1 Flash Recap (see our note HERE)

AGA Day 2 Flash Recap (see our note HERE)

Guggenheim's 2023 AGA Investor Question Bank (see our note HERE)

EXC – Initial testimony begins to flow in ComEd MYP docket ahead of more to come

TX – Texas utility bills progress through legislature; DCRF on third reading

PNW – Sierra Club and other intervenors file request for ALJ to further modify procedural schedule in APS rate case

ETR – ETR-NO makes legal challenge to City Council penalty regulations

EVRG – Persimmon Creek sale completed

D/Nuclear – SW municipality advances work on SMR siting

EXC – Initial testimony begins to flow in ComEd MYP docket ahead of more to come

- Select intervenor testimony has begun to drop in the ComEd MYP docket following yesterday's deadline, with the CTA, a union, and Walmart each docketing comments.
- Walmart [NYSE: WMT] is calling for a 9.14% ROE, similar to its efforts with AEE.
- Docket HERE.

Guggenheim takeaway: *We are closely following the filings and expect additional key testimony to actually be docketed (e.g., Staff) later this morning - stay tuned.*

TX – Texas utility bills progress through legislature; DCRF on third reading

- TX Senate bill SB 1015 related to bi-annual DCRF review at the PUCT has advanced to third reading.
- The committee report was supportive of aligning the DCRF and TCOS frameworks and does not see any change in authority resulting from the bill.
- The bill aligns DCRF reviews to twice in one year, similar to the TCOS process already in place.

Guggenheim takeaway:*FYI. SB1015 seems to be one of the less contested bills in front of the TX legislature as it does not change any agency authorities or introduce any new concepts in ratemaking. The DCRF cadence could help offset some of the regulatory lag for TX utilities (CNP, SRE, ETR, AEP). SRE and CNP mgmt both confirmed that the impact would result in a reduction of regulatory lag and would improve earnings timing vs. current financial plans.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

PNW – Sierra Club and other intervenors file request for ALJ to further modify procedural schedule in APS rate case

- As per the filed request: "…*In order to match the sequence set forth in the December 2 Procedural Order, and in order to give parties the opportunity to submit discovery requests after receiving and reviewing APS' Rejoinder, the Joint Parties request that the ALJ modify the procedural schedule so that the last day to serve discovery requests is August 7, 2023, the next business day after APS' Rejoinder is due. The Joint Parties additionally request that the final public comment session be moved to the first day of hearings, on August 10, 2023, to give the public adequate time to review and respond to APS' Rejoinder and for ease of administration.*" – filing
- **Recall that the procedural schedule was recently modified as below by the ALJ at Staff's request:**
- **Staff/intervenor testimony: June 5th** vs. prior date of May 22nd
- **Rate design-specific testimony from Staff/intervenors:** June 15th vs. June 5th, prior
- **APS rebuttal testimony:** July 12th vs. June 28th before
- **Staff/intervenor surrebuttal testimony:** July 26th vs. July 18th previous
- **APS rejoinder testimony:** Aug. 4th vs. July 26th
- **Prehearing conference:** now scheduled for Aug. 7th vs. July 27th, previously.
- **Hearings:** now begins on Aug. 10th (Aug. 2-4 & 7th's initial hearing dates are canceled) and will proceed through Sept. 15th (vs. Sept. 6th, previously)
- Docket E-01345A-22-0144

Guggenheim takeaway: *Filed Monday, May 22nd, we are flagging this potential change for your calendar.* ***In our view, having public comment sessions the same day as the first day of hearings could set a negative tone for the rest of the day's proceedings as has been observed in the past.*** *However, we continue to look to Staff's testimony (now June 5th instead of May 22nd) to set the initial tone of the case from the ACC-side.*

ETR – ETR-NO makes legal challenge to City Council penalty regulations

- ETR-NO is challenging New Orleans City Council regulations that could apply retroactively to the $1M penalty the Council imposed and was later overturned by the courts.
- ETR-NO argues that new regulations cannot be used to apply retroactive penalties.
- More in media here.

Guggenheim takeaway:*FYI.*

EVRG – Persimmon Creek sale completed

- "Scout Clean Energy (Scout), a Colorado based renewable energy developer-owner-operator, and its joint venture partner Elawan Energy, a global operator in the renewable energy industry, today announced they have completed the sale of the 199-megawatt (MW) Persimmon Creek Wind Farm (Persimmon) in western Oklahoma to Evergy, Inc. … Persimmon achieved commercial operation in 2018 with 80 General Electric turbines across 17,000 acres in Dewey, Ellis and Woodward counties in Oklahoma. The renewable energy generated from Persimmon will serve customers in Evergy's service area." – release [NYSE: BEP]
- More HERE.

Guggenheim takeaway: *Flagged for your awareness. As a reminder, where this asset will sit within the organization remains slightly TBD, with the asset most recently proposed in the KS case as a resource for those customers. While that case is in its early innings (it will be included in the true up), the project could also potentially wind up as merchant at the parent, in our view.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

D/Nuclear – SW municipality advances work on SMR siting

- The LENOWISCO planning district in the far SW of Virginia has reportedly released a Site Feasibility Study for the potential location of a reactor in the region.
- More HERE.

Guggenheim takeaway: *SMRs remain a potential LT pathway under DEV's latest IRP, with Governor Youngkin in particular part of a cohort in the state pushing the technology.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
11:10AM	LNT
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chairman, President & Chief Executive Officer*
Barbara Tuckfield, *Director Investor Relations*

Dates & Location
June 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $22.4bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment includes various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patti Poppe, *Chief Executive Officer (Tentative)*
Carolyn Burke, *Incoming Chief Financial Officer*
Tom Webb, *Senior Advisor to Chief Executive Officer*
Jonathan Arnold, *Vice President, Investor Relations*

Date & Location

Monday, June 12, 2023
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $39.6bn

PG&E Corp. (PCG) is a holding company that engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in Oakland, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Eversource Energy (ES)

Joseph Nolan, *Chairman, President & Chief Executive Officer*
John Moreira, *Chief Financial Officer*
Jeffrey Kotkin, *Vice President, Investor Relations*
Bob Becker, *Director, Investor Relations*

Date & Location
Thursday, June 22, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.02bn
Eversource Energy (ES) engages in the generation, transmission, and distribution of natural gas and electricity. It operates through the following segments: Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. The Electric Distribution segment distributes electricity to retail customers. The Electric Transmission segment owns and maintains transmission facilities through CL&P, NSTAR Electric, PSNH, and WMECO. The Natural Gas Distribution segment transmits and distributes natural gas to retail customers. The Water Distribution segment operates three separate regulated water utilities in Connecticut, Massachusetts, and New Hampshire. The company was founded on July 1, 1966, and is headquartered in Springfield, MA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

NuScale Power Corporation (SMR)

Chris Colbert, *Chief Financial Officer*

Scott Kozak, *Director, Investor Relations*

Date & Location

Tuesday, June 27, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $1.9bn

NuScale Power Corp. (SMR) engages in the commercialization of a modular, scalable 77 megawatt electric Light Water Reactor nuclear power plant using rights to a nuclear power plant design. Its products include VOYGR SMR Plants and Energy Exploration (E2) Centers. The company was founded by José N. Reyes in 2007 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

SAVE THE DATE
2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeffrey Guldner, Chairman, President & CEO

Andrew Cooper, *Chief Financial Officer*

Dates & Locations

July 19 | New York
July 20 | Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $9.05bn

Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ.
(Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
DTE	6/7–6/8	NYC
PCG	6/12	NYC
ES	6/22	NYC
SMR	6/27	NYC
SRE	6/28–6/29	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	NYC
PNW	7/19–7/20	NYC & Boston
AWK	8/9–8/10	West Coast
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim Comp Sheet

5/22/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$62.17	3,563	3.70	4.17	4.56	4.87	5.07	3.70	4.07	4.34	4.83	5.05	–	0.10	0.22	0.04	–	16.8x	15.3x	14.3x	12.9x	12.3x	-4%	-6%	-6%	-10%	-9%	8.4%	4.4%	72%	Sell	$54	-9%	Neutral	$67	12%
AVA	$42.51	3,221	2.28	2.49	2.61	2.67	2.73	2.34	2.47	2.62	2.67	2.76	(0.06)	–	–	–	–	18.2x	17.2x	16.2x	15.9x	15.4x	4%	6%	6%	11%	14%	5.2%	4.4%	78%	Sell	$35	-13%	Sell	$39	-3%
NWE	$58.01	3,467	3.42	3.55	3.75	3.91	4.08	3.46	3.58	3.75	3.84	3.97	(0.04)	–	–	0.07	0.11	16.8x	16.2x	15.5x	15.1x	14.6x	-4%	-0%	1%	5%	8%	5.1%	4.5%	74%	Sell	$46	-16%	Neutral	$60	8%
POR	$49.41	4,774	2.68	3.02	3.17	3.33	3.51	2.68	3.04	3.20	3.34	3.53	–	–	(0.03)	–	–	18.5x	16.2x	15.4x	14.8x	14.0x	6%	-0%	1%	3%	4%	5.1%	3.9%	68%	Buy	$54	13%	Buy	$54	13%
		15,025																17.6x	16.2x	15.4x	14.7x	14.1x	0%	-0%	1%	2%	4%	6.0%	4.3%	73%						
Mid/Large Cap Electric																																			
AEE	$83.62	21,948	4.35	4.67	5.05	5.40	5.68	4.37	4.69	5.03	5.38	5.69	–	–	–	–	–	19.1x	17.8x	16.6x	15.6x	14.7x	9%	9%	9%	8%	9%	6.6%	3.1%	58%	Neutral	$89	10%	Buy	$94	16%
AEP	$86.41	44,483	5.30	5.64	6.00	6.39	6.81	5.27	5.62	5.97	6.31	6.79	–	–	0.03	0.08	–	16.4x	15.4x	14.5x	13.7x	12.7x	-6%	-6%	-5%	-5%	-6%	6.0%	3.9%	63%	Buy	$105	25%	Buy	$102	22%
CMS	$58.90	17,179	3.12	3.41	3.65	3.91	4.26	3.10	3.35	3.64	3.89	4.18	–	0.06	–	–	0.08	19.0x	17.6x	16.2x	15.2x	14.1x	8%	8%	6%	6%	4%	8.1%	3.4%	63%	Neutral	$65	14%	Buy	$67	18%
CNP	$28.55	17,970	1.51	1.62	1.74	1.89	2.05	1.49	1.61	1.73	1.86	2.01	–	–	–	–	0.04	19.2x	17.7x	16.6x	15.3x	14.2x	9%	9%	8%	7%	5%	8.2%	2.7%	50%	Neutral	$32	15%	Buy	$33	17%
D	$52.16	43,603	3.89	3.75	3.97	4.24	4.50	3.85	3.76	3.95	4.31	4.44	0.04	–	–	(0.07)	0.06	13.5x	13.9x	13.2x	12.1x	11.8x	-23%	-15%	-14%	-16%	-13%	1.4%	5.2%	71%	Buy	$63	26%	Neutral	$61	23%
DTE	$108.91	22,447	6.26	6.73	7.19	7.75	8.30	6.22	6.67	7.13	7.74	8.24	0.04	0.06	0.06	–	0.06	17.5x	16.3x	15.3x	14.1x	13.2x	0%	0%	0%	-2%	-2%	6.4%	3.6%	62%	Buy	$127	20%	Buy	$129	22%
DUK	$91.97	70,909	5.65	6.05	6.35	6.75	7.15	5.64	5.99	6.35	6.71	7.13	–	0.06	–	0.04	–	16.3x	15.3x	14.5x	13.7x	12.9x	-7%	-6%	-5%	-5%	-5%	6.3%	4.5%	72%	Buy	$114	28%	Buy	$109	23%
ED	$94.65	32,800	4.83	5.19	5.50	5.81	6.02	4.86	5.22	5.50	5.83	6.12	–	–	–	–	(0.10)	19.5x	18.1x	17.2x	16.2x	15.5x	11%	11%	13%	13%	14%	5.7%	3.5%	66%	Neutral	$90	-1%	Sell	$91	0%
EIX	$67.68	25,920	4.70	4.94	5.36	5.70	6.10	4.73	5.10	5.52	5.91	6.14	(0.03)	(0.16)	(0.15)	(0.21)	(0.04)	14.3x	13.3x	12.3x	11.5x	11.0x	-18%	-19%	-20%	-20%	-19%	5.7%	4.4%	62%	Buy	$81	24%	Buy	$75	16%
ES	$72.75	25,378	4.34	4.71	5.02	5.31	5.57	4.36	4.66	4.99	5.30	5.67	–	0.05	–	–	(0.09)	16.7x	15.6x	14.6x	13.7x	12.8x	-5%	-4%	-5%	-5%	-5%	6.4%	3.8%	62%	Buy	$91	29%	Buy	$86	22%
ETR	$100.42	21,233	6.71	7.16	7.76	8.31	8.97	6.67	7.17	7.70	8.23	8.85	0.04	–	0.06	0.08	0.12	15.1x	14.0x	13.0x	12.2x	11.3x	-14%	-14%	-15%	-15%	-16%	6.9%	4.4%	64%	Buy	$124	28%	Buy	$120	24%
EVRG	$59.07	13,561	3.65	3.97	4.24	4.47	4.75	3.64	3.96	4.24	4.44	4.69	–	–	–	0.03	0.06	16.2x	14.9x	13.9x	13.3x	12.6x	-7%	-8%	-9%	-7%	-7%	4.8%	4.3%	68%	Buy	$72	26%	Neutral	$66	15%
EXC	$40.12	39,891	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.73	2.92	3.10	–	–	–	–	–	17.0x	16.0x	14.7x	13.8x	12.9x	-3%	-2%	-4%	-4%	-4%	6.4%	3.7%	62%	Neutral	$45	16%	Buy	$46	19%
FE	$37.89	21,705	2.54	2.69	2.89	3.07	3.27	2.53	2.67	2.84	2.99	3.29	–	–	0.05	0.08	–	15.0x	14.2x	13.3x	12.7x	11.5x	-14%	-13%	-13%	-12%	-15%	6.3%	4.2%	62%	Buy	$46	26%	Buy	$44	19%
LNT	$52.59	13,220	2.90	3.08	3.27	3.50	3.67	2.90	3.15	3.28	3.48	3.67	–	(0.07)	–	–	–	18.1x	16.7x	16.0x	15.1x	14.3x	4%	2%	5%	5%	6%	6.1%	3.5%	62%	Neutral	$52	2%	Buy	$58	13%
OGE	$36.20	7,250	2.02	2.16	2.25	2.37	2.48	2.01	2.12	2.28	2.36	2.46	–	0.04	–	–	–	18.0x	17.0x	15.9x	15.3x	14.7x	3%	5%	4%	7%	9%	2.8%	4.6%	82%	Neutral	$38	10%	Neutral	$39	12%
POG	$16.51	32,950	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	13.6x	12.3x	11.3x	10.4x	9.5x	-22%	-25%	-26%	-28%	-30%	9.7%	1.1%	14%	Buy	$22	34%	Buy	$19	15%
PEG	$62.23	31,051	3.45	3.67	4.10	4.29	4.59	3.44	3.69	4.03	4.30	4.47	–	–	0.07	–	0.12	18.1x	16.9x	15.4x	14.5x	13.9x	3%	4%	1%	1%	3%	5.8%	3.7%	66%	Buy	$69	15%	Buy	$67	12%
PNW	$77.69	8,799	4.05	4.60	4.80	5.05	5.35	4.05	4.72	4.87	5.16	5.38	–	(0.12)	(0.07)	(0.11)	–	19.2x	16.4x	15.9x	15.0x	14.4x	10%	1%	4%	5%	7%	4.7%	4.5%	82%	Neutral	$77	4%	Neutral	$75	2%
PPL	$27.03	19,923	1.58	1.71	1.82	1.96	2.08	1.59	1.70	1.82	1.94	2.08	–	–	–	–	–	17.0x	15.9x	14.9x	13.9x	13.0x	-3%	-3%	-3%	-3%	-4%	8.1%	3.7%	60%	Buy	$34	29%	Buy	$31	20%
SO	$70.95	77,443	3.60	4.05	4.30	4.55	4.80	3.61	4.03	4.30	4.46	4.74	–	–	–	0.09	0.06	19.7x	17.6x	16.5x	15.9x	15.0x	12%	8%	8%	11%	11%	5.9%	4.0%	74%	Buy	$79	15%	Neutral	$73	7%
WEC	$89.88	28,351	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.26	5.62	5.98	–	–	–	–	–	19.5x	18.3x	17.1x	16.0x	15.0x	11%	12%	12%	11%	11%	6.1%	3.5%	67%	Neutral	$99	14%	Buy	$102	17%
Mid/Lg Cap (excl. EIX, PCG)																		**17.5x**	**16.3x**	**15.3x**	**14.4x**	**13.5x**							**5.9%**	**3.9%**	**66%**						
SMID + Lg Cap		**653,042**																**17.5x**	**16.3x**	**15.3x**	**14.4x**	**13.6x**							**5.9%**	**4.0%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$36.29	3,976	2.24	2.42	2.55	2.67	2.80	2.23	2.39	2.52	2.62	2.73	–	0.03	0.03	0.05	0.07	16.3x	15.2x	14.4x	13.9x	13.3x	-7%	-7%	-6%	-4%	-2%	5%	4.0%	63%	Neutral	$39	11%	Sell	$37	5%
NEE	$74.58	150,907	3.13	3.43	3.69	3.99	4.27	3.11	3.40	3.68	4.00	4.39	–	–	–	–	(0.12)	24.0x	21.9x	20.2x	18.6x	17.0x	37%	35%	33%	30%	26%	8%	2.6%	61%	Buy	$92	26%	Buy	$93	27%
SRE	$146.08	45,964	9.00	9.50	10.13	10.80	11.71	9.00	9.58	10.20	10.94	11.65	–	(0.08)	(0.07)	(0.14)	0.06	16.2x	15.3x	14.3x	13.4x	12.5x	-7%	-6%	-6%	-7%	-7%	5%	3.4%	54%	Buy	$174	22%	Buy	$171	20%
		200,847																**18.8x**	**17.5x**	**16.3x**	**15.3x**	**14.3x**	**8%**	**7%**	**7%**	**6%**	**5%**	**6.0%**	**3.3%**	**59%**						
Gas LDCs																																				
NI	$27.39	11,314	1.57	1.68	1.82	1.95	2.07	1.57	1.68	1.84	1.94	2.08	–	–	–	–	–	17.4x	16.3x	14.9x	14.1x	13.2x	-0%	0%	-3%	-2%	-3%	7%	3.8%	64%	Buy	$31	17%	Buy	$32	19%
CPK	$126.80	2,256	5.42	5.84	6.23	6.59	6.94	5.40	5.82	6.24	6.59	6.95	–	–	–	–	–	23.5x	21.8x	20.3x	19.2x	18.2x	34%	34%	33%	33%	34%	7%	1.9%	43%	Neutral	$116	-7%	Buy	$135	9%
NJR	$49.45	4,795	2.67	2.65	2.85	3.05	3.30	2.69	2.76	2.93	3.15	3.40	–	(0.11)	(0.08)	(0.10)	(0.10)	18.4x	17.9x	16.9x	15.7x	14.5x	5%	10%	10%	9%	7%	6%	3.3%	60%	Neutral	$47	-2%	Neutral	$51	7%
NWN	$44.70	1,569	2.65	2.83	2.98	3.09	3.21	2.67	2.79	2.96	3.05	3.23	–	0.04	–	0.04	–	16.8x	16.0x	15.1x	14.6x	13.9x	-4%	-1%	-1%	2%	2%	5%	4.4%	72%	Neutral	$45	5%	Buy	$53	23%
OGS	$80.73	4,472	4.14	4.24	4.53	4.98	5.31	4.14	4.29	4.57	4.98	5.35	–	(0.05)	(0.04)	–	(0.04)	19.5x	18.8x	17.7x	16.2x	15.1x	11%	16%	16%	12%	11%	10%	3.3%	63%	Neutral	$77	-1%	Neutral	$79	1%
SR	$67.89	3,571	4.25	4.31	4.57	4.73	4.99	4.27	4.32	4.61	4.82	5.09	–	–	(0.04)	(0.09)	(0.10)	15.9x	15.7x	14.7x	14.1x	13.3x	-9%	-4%	-4%	-2%	-2%	5%	4.4%	69%	Neutral	$69	6%	Neutral	$72	11%
		27,976																**18.6x**	**17.8x**	**16.6x**	**15.7x**	**14.7x**	**6%**	**9%**	**9%**	**9%**	**8%**	**6.6%**	**3.5%**	**62%**						
Regulated Water																																				
AWK	$143.57	27,945	4.76	5.14	5.59	5.98	6.45	4.78	5.14	5.59	6.04	6.45	–	–	–	(0.06)	–	30.1x	27.9x	25.7x	23.8x	22.3x	72%	72%	68%	65%	63%	7%	2.0%	60%	Neutral	$152	8%	Neutral	$159	13%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$83.53	27,286	3,100	3,237	3,377	3,512	4,490	3,191	3,580	3,679	3,516	3,939	(91)	(343)	(302)	–	552	10.1x	8.8x	8.2x	8.2x	6.8x	32,177	31,455	30,159	28,804	26,761	8.2%	1.4%	26%	Buy	$97	18%	Buy	$97	17%
NRG	$34.03	7,835	3,100	3,124	3,128	3,044	3,109	2,938	3,122	3,194	2,845	2,792	163	–	(66)	199	317	5.9x	5.1x	4.6x	4.6x	4.2x	17,265	16,032	14,545	13,157	11,697	21.3%	4.6%	26%	Neutral	$34	4%	Neutral	$37	14%
VST	$24.51	9,143	3,703	3,706	3,766	3,760	3,834	3,703	4,020	4,006	4,031	4,323	–	(314)	(241)	(270)	(489)	5.8x	5.3x	5.2x	5.0x	4.6x	21,488	21,360	20,806	20,253	20,085	6.5%	3.4%	28%	Buy	$31	30%	Buy	$32	34%
Other																																				
ALTO	$2.27	173	7	30	36	32	33	19	42	494	518	544	–	–	(459)	(485)	(510)											42.1%	–	–	Buy	$5	120%	Buy	$5	120%
NEP	$60.05	5,339	1,837	1,977	2,143	2,325	2,471	2,026	2,271	2,479	2,633	2,801	(189)	(294)	(335)	(308)	(330)											9.1%	6.1%	–	Buy	$74	29%	Buy	$77	35%
SMR	$8.11	571	(131)	(57)	8	96	n/a	(129)	(73)	(18)	55	220	–	–	26	41	–												–	–	Buy	$18	122%	Buy	$14	66%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

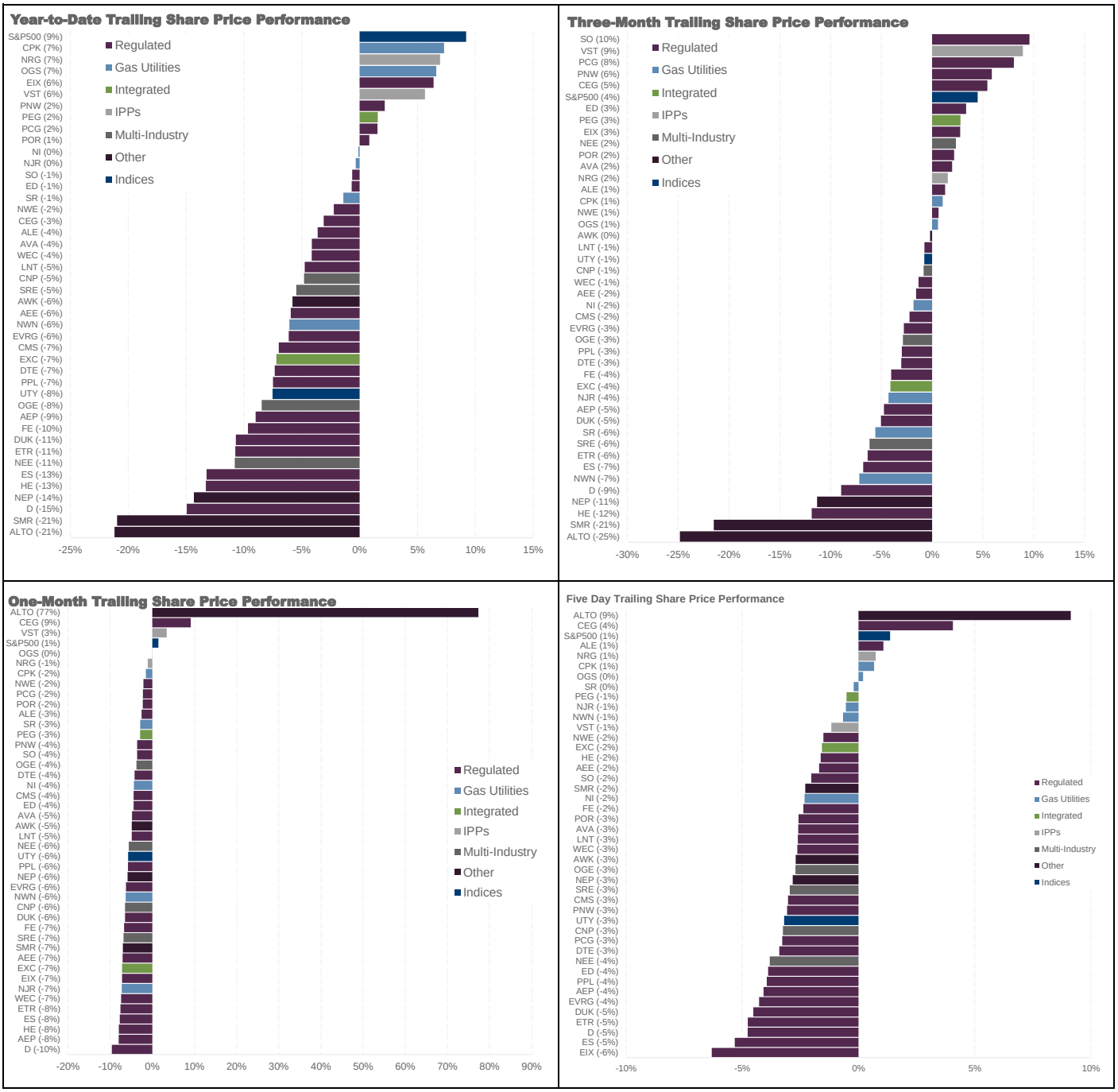

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Generation and Mix

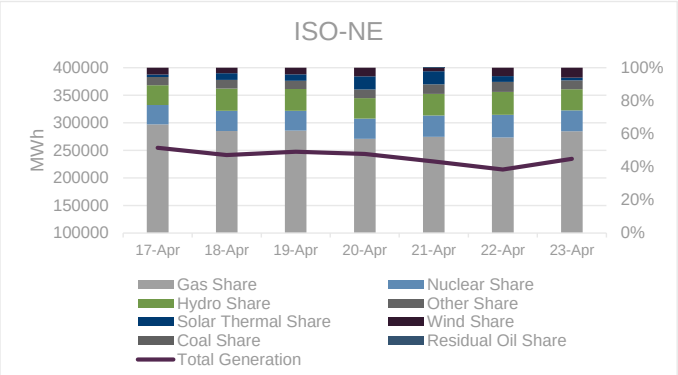

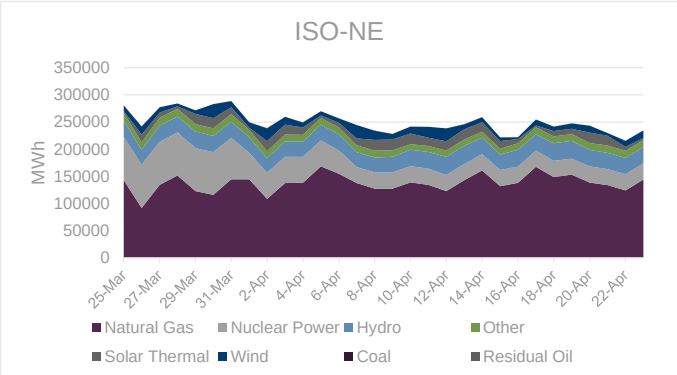

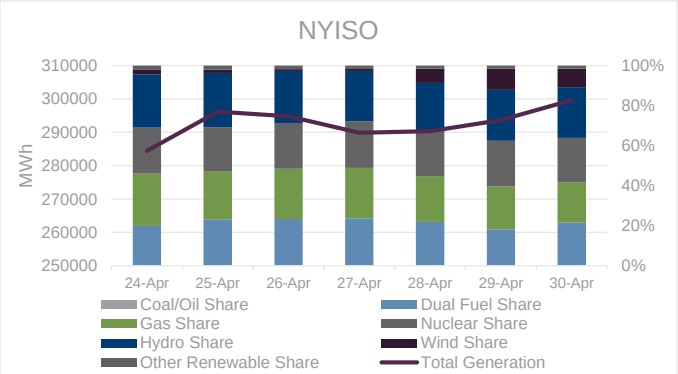

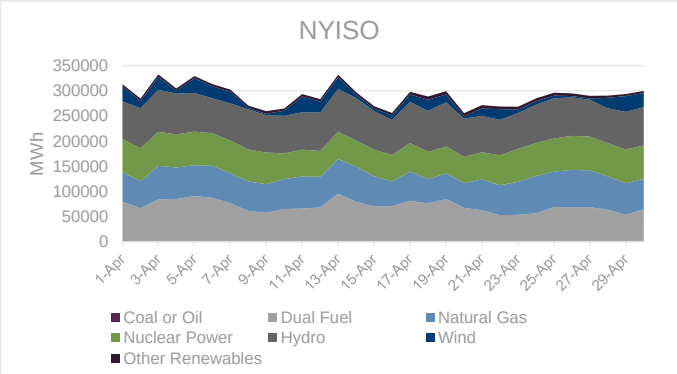

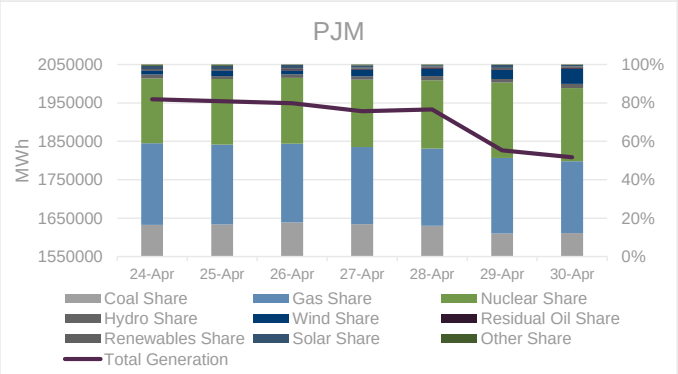

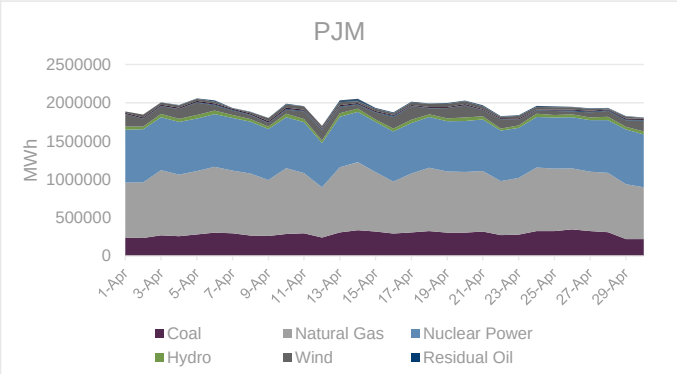

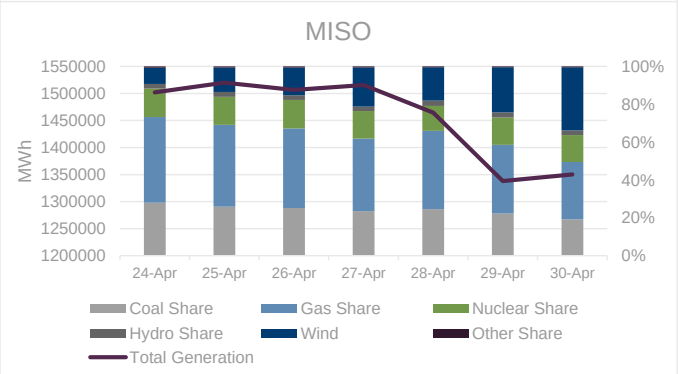

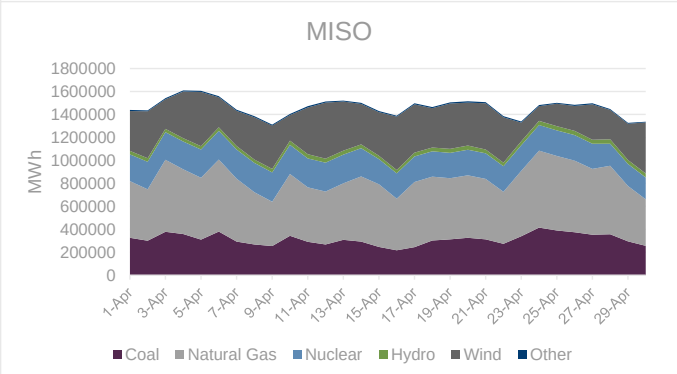

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Generation and Mix (continued)

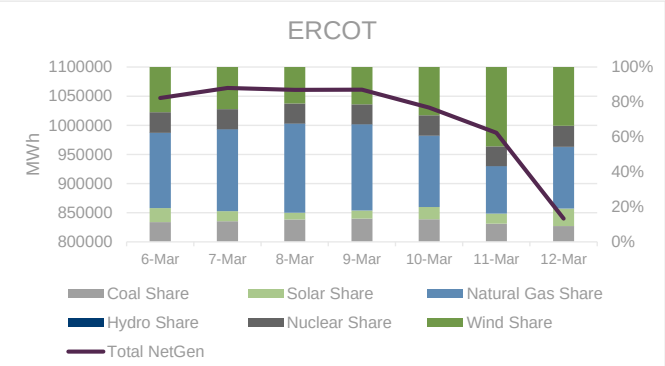

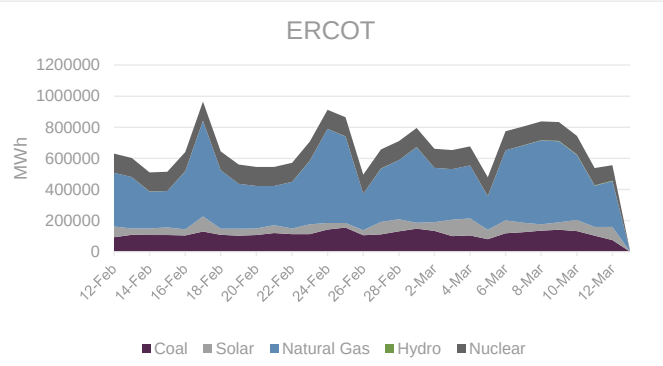

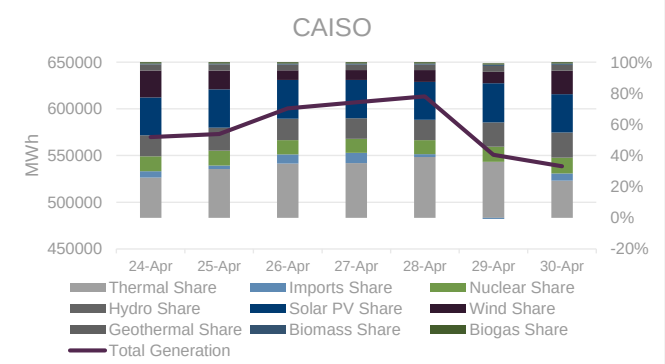

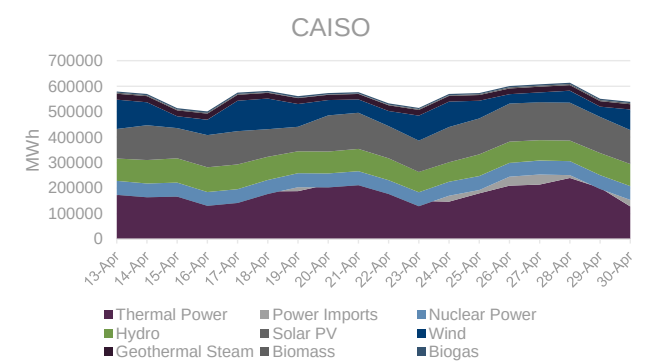

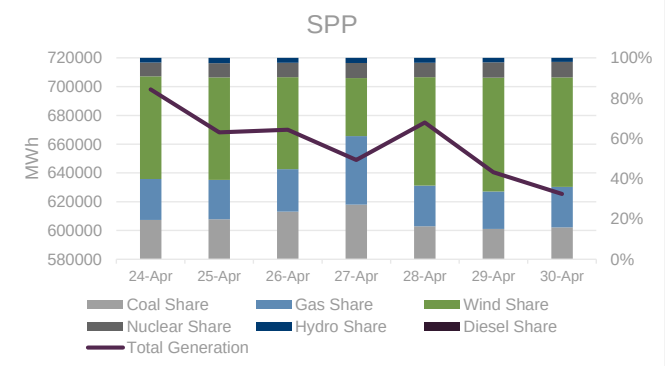

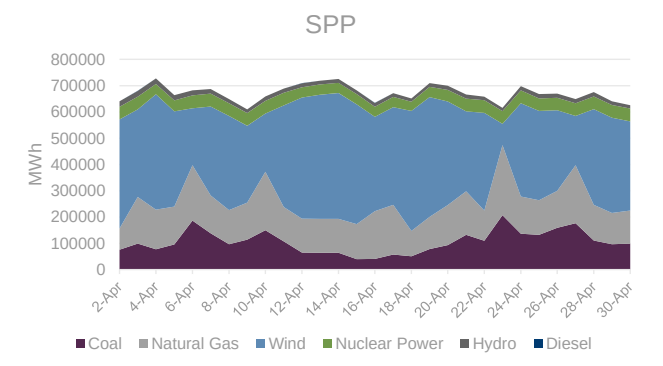

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Weather

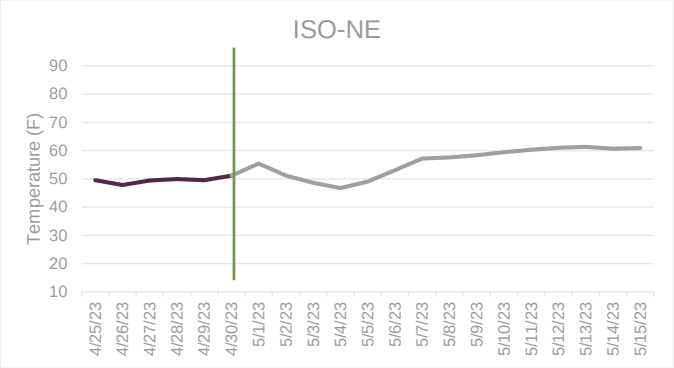

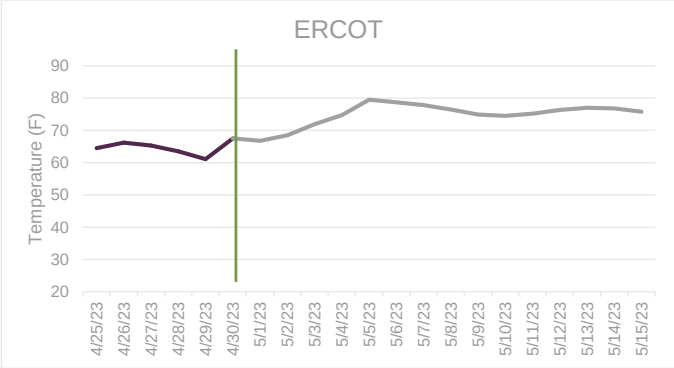

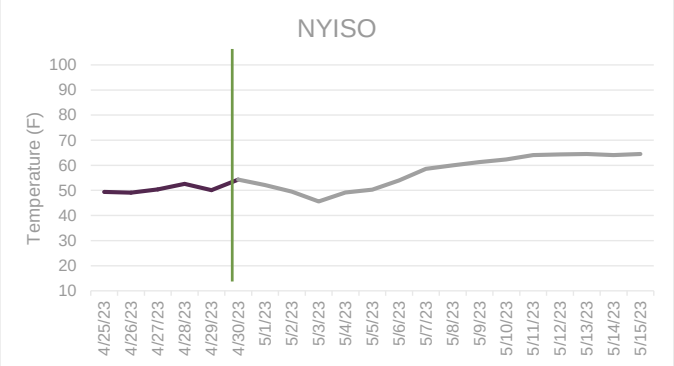

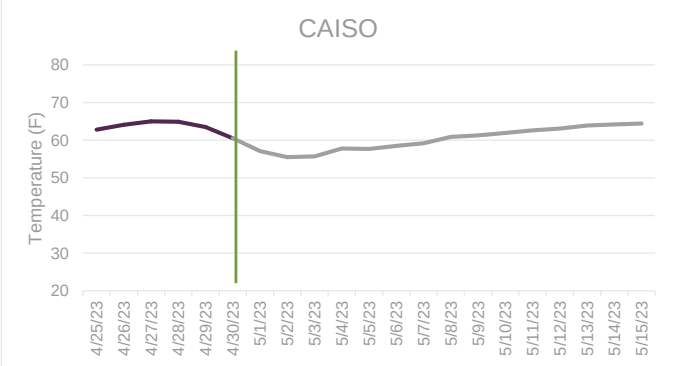

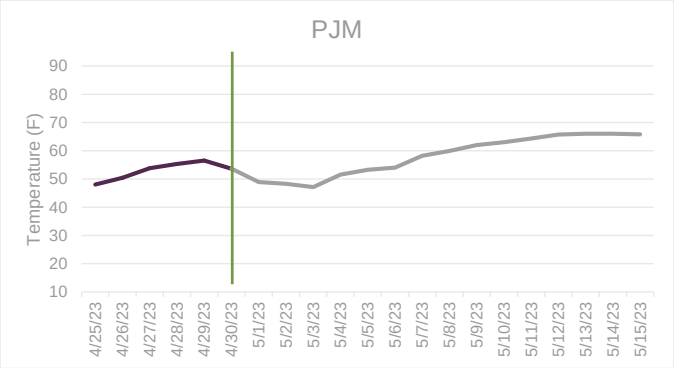

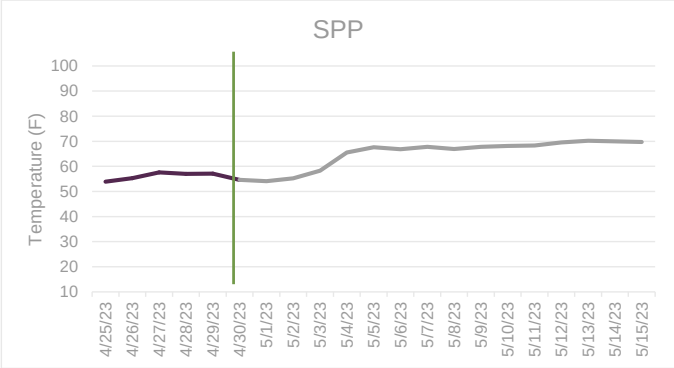

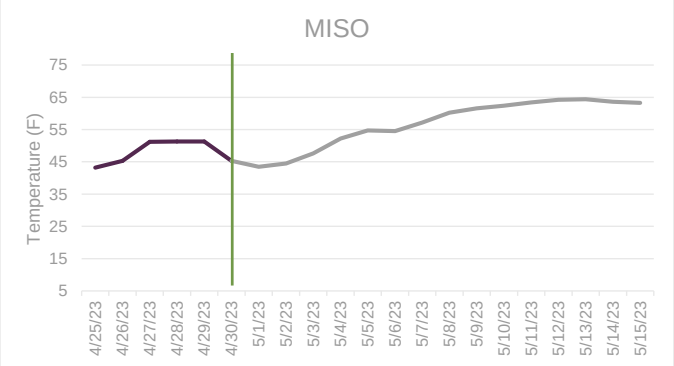

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

YTD Peak Load

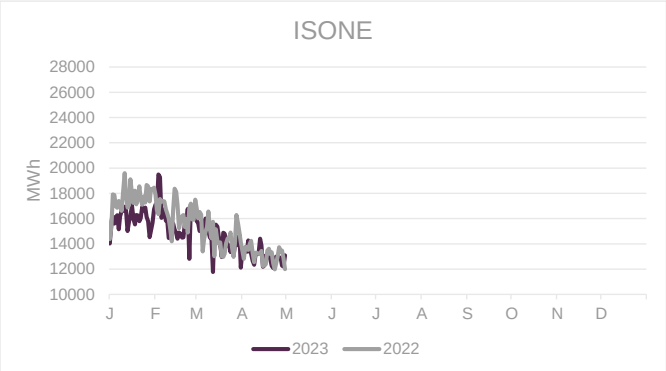

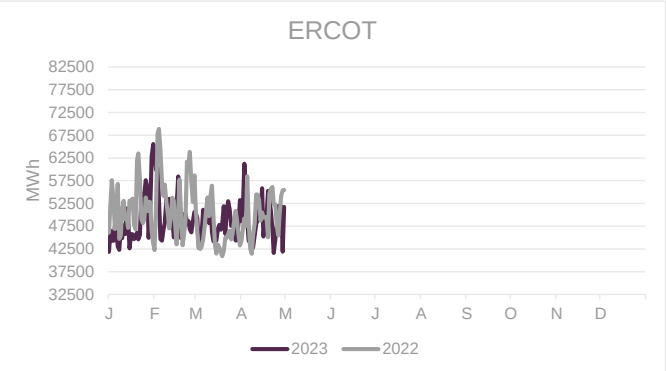

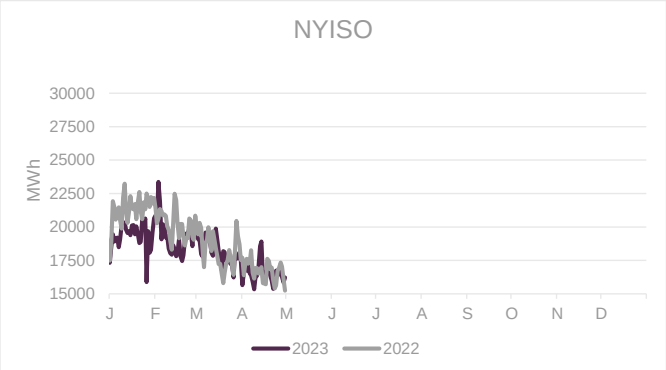

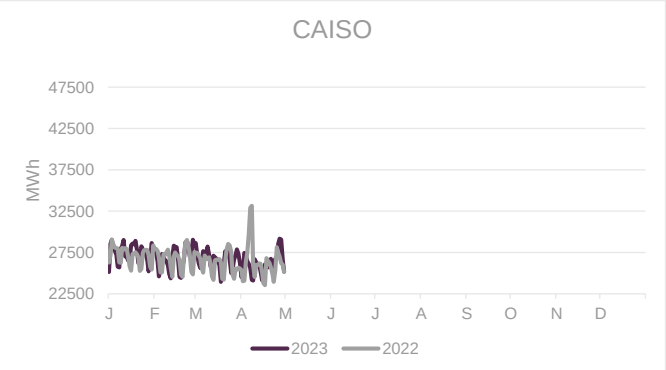

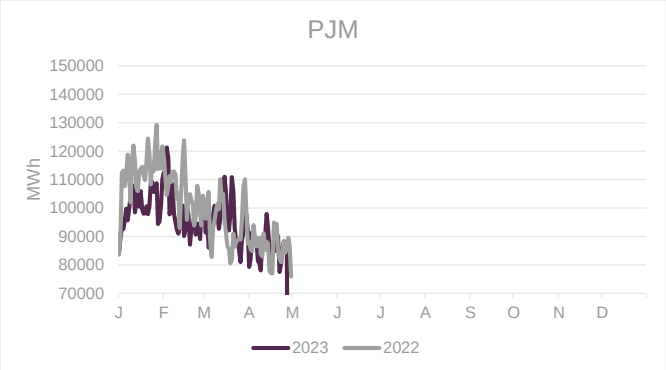

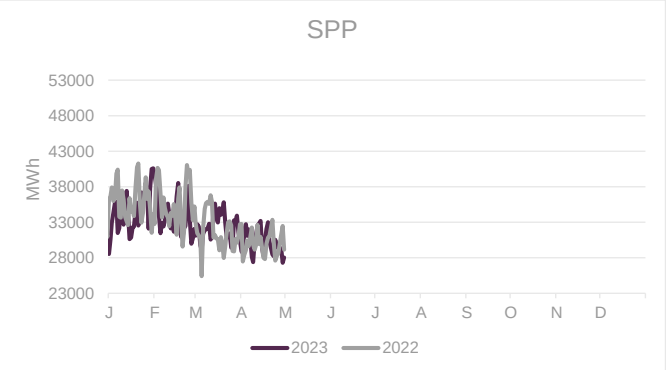

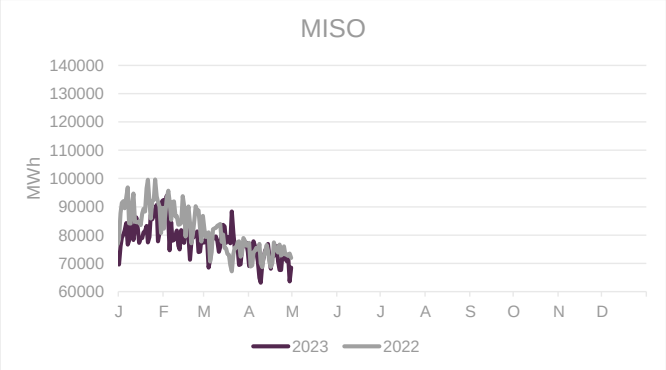

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-0.6%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-1.0%
PJM	3.8%	0.2%	2.1%	-5.2%	-0.1%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.5%
CAISO	1.2%	4.0%	0.3%	1.0%	-0.1%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-1.9%
SPP	9.7%	5.0%	7.1%	-1.6%	0.5%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/31/2023-6/30/2023)

Date	State	Ticker	Utility/Event	Docket	Description
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/15/2023-4/15/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
3/29/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Company to submit annual information filing
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Company to submit annual information filing
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision may be issued in Rider US 3 proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
4/1/2023-4/30/2023	KS	EVRG	Evergy Kansas Central Inc.		Rate case filing expected
4/1/2023-4/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearing examiner's report may be issued in Rider GT update proceeding
4/1/2023-4/30/2023	WI	LNT	Wisconsin Power and Light Co		Rate case expected to be filed early Q2'23
4/3/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Hearing to begin in rate proceeding
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Final day for stipulations, settlement agreements
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Final day for stipulations, settlement agreements
4/4/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Rebuttal testimony due in rate proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Staff to file testimony in Rider RGGI reinstatement proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Rebuttal testimony due in Rider SNA adjustment proceeding
4/7/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Staff to file testimony in G-RAC proceeding
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Hearing commences
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Hearing commences
4/12/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Staff to filed testimony in Rider OSW update proceeding
4/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Company rebuttal testimony due in rate proceeding
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Supplemental direct testimony due
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Supplemental direct testimony due
4/14/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Company rebuttal testimony due by
4/17/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Staff, intervenor testimony due
4/18/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Settlement conference to be held in rate proceeding
4/19/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Staff to file testimony in Rider DSM proceeding
4/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
4/21/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Rebuttal testimony due in G-RAC proceeding
4/26/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Rebuttal testimony due in Rider OSW update proceeding
4/28/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Staff testimony due in rate case
5/1/2023-5/31/2023	CA	EIX	Southern California Edison Co.		General rate case to be filed
5/1/2023-5/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0203 (ISRS)	Decision possible in ISRS proceeding
5/1/2023-5/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearings scheduled in Rider RGGI reinstatement proceeding
5/2/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Staff and intervenor testimony due in rate proceeding
5/2/2023-5/3/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearings scheduled in G-RAC proceeding
5/5/2023	IL	AEE	Ameren Illinois	D-23-0067	Staff and intervenor testimony due in rate proceeding
5/8/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Rebuttal testimony due
5/9/2023	IL	SO	North Shore Gas Co.	D-23-0068	Staff and intervenor testimony due in rate proceeding
5/9/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Hearing to begin in rate proceeding
5/9/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Hearing to begin in rate proceeding
5/9/2023-5/10/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearings scheduled in Rider OSW update proceeding
5/11/2023	IL	AEE	Ameren Illinois	D-23-0082	Staff and intervenor testimony due in rate proceeding
5/16/2023-5/17/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearings scheduled in Rider DSM proceeding
5/18/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Staff and intervenor testimony due in rate proceeding
5/21/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Intervening parties to file testimony in Rider E update proceeding
5/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on power cost update due
5/25/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
5/31/2023	NY	ED	Orange & Rockland Utlts Inc.		Long-term gas system plan to be filed
5/31/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Company rebuttal testimony due in rate proceeding
5/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Decision expected in Rider GT proceeding
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearing Examiner report may be issued in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Hearing examiner report may be issued in Rider SNA adjustment proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/2/2023	IL	AEE	Ameren Illinois	D-23-0067	Company rebuttal testimony due in rate proceeding
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Utility and IPP 1Q23: Valuation and Estimate Adjustments
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC managed or co-managed a public offering of securities for Dominion Energy, Inc. during the past 12 months.

Dominion Energy, Inc. is or was during the 12-month period preceding the date of the distribution of this report a client of Guggenheim Securities, LLC. Guggenheim Securities, LLC provided Dominion Energy, Inc. investment banking services.

Guggenheim Securities, LLC or its affiliates received compensation for investment banking services from Dominion Energy, Inc. during the past 12 months.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Dominion Energy, Inc., Entergy Corporation, Evergy, Inc., Exelon Corporation and Pinnacle West Capital Corporation in the next 3 months.

Guggenheim Securities, LLC makes a market in the securities of Pinnacle West Capital Corporation.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Dominion Energy, Inc. (D) as of 05-22-2023



Created by: BlueMatrix

Rating and Price Target History for: Entergy Corporation (ETR) as of 05-22-2023



Created by: BlueMatrix

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Rating and Price Target History for: Evergy, Inc. (EVRG) as of 05-22-2023



Created by: BlueMatrix

Rating and Price Target History for: Exelon Corporation (EXC) as of 05-22-2023



Created by: BlueMatrix

Rating and Price Target History for: Pinnacle West Capital Corporation (PNW) as of 05-22-2023



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	243	66.94%	37	15.23%
NEUTRAL	112	30.85%	6	5.36%
SELL	8	2.20%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

KeyBanc Capital Markets

Alert

May 22, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: CMS, EXC, AVA, ETR, XEL, NEE, AGR, EIX, SRE, D

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in CMS's MI gas rate case, EXC's IL multiyear electric rate case, AVA's electric rate case in AK, and the PUCT meeting with reference to the ETR TX electric rate case. In other news, EXC's PEPCO files a multiyear rate plan in MD; XEL's SPS files a multi-party settlement in the NM electric rate case; NEE's FPL files with the FL PSC to further reduce fuel cost true-up recovery; EPA proposes new rules to expand the 2015 CCR rule to inactive sites; MISO completes its 2023-2024 Planning Resource Auction; AGR's NECEC transmission project receives clearance to resume construction; CAISO approves the 2022-2023 transmission plan; a U.S. district judge upholds the biological opinion and EIS for Vineyard Wind 1; the VA governor signs another offshore wind bill into law; and NERC releases the 2023 Summer Reliability Assessment.

Regulatory Calendar

CMS — Evidentiary hearings in CMS's MI gas rate case begin on May 22: The Staff recommended a $91M revenue increase, premised on a 9.7% ROE, 50.5% equity, and a $10.2B rate base. This compares to CMS's filing requesting a $212M revenue increase, premised on a 10.25% ROE, 51.5% equity, and a $10.3B rate base. The lower cost of gas sold and ROE drove most of the difference between the Staff's recommendation and CMS's request. CMS is seeking new rates to become effective on October 1.

EXC — Staff and intervenor testimony in ComEd's IL multiyear electric rate case is due on May 22: ComEd filed the first multiyear rate plan in IL (Docket: 23-0055), seeking a cumulative $1,780M rate increase over the period of 2024-2027. The request is premised on a 10.5% ROE and 50.5% equity layer in RY1, with a 5 bps annual step-up in the ROE to 10.65% ROE in RY4. EXC's equity ratio also includes annual step-ups to 50.74%, 50.96%, and 51.12% for RY2, 3, and 4, respectively. The ROE step-ups are intended as a hedge against elevated inflation and interest rates. EXC is requesting a phase-in of new rates by deferring 35% of the 2024 base rate increase, with that amount being recovered in 2026. A proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision. As a reminder, a recently filed Staff position in AEE's rate case in IL appeared fairly restrictive, with the sub-9% ROE recommendation; as such, we will be watching EXC's rate case closely as well.

AVA — Rebuttal testimony in AVA's AK electric rate case is due on May 24: The Office of the Attorney General filed testimony recommending a $0.3M revenue increase premised on a 10% ROE, 60.7% equity, and a $129M rate base. This compares to AVA's $3.2M revenue increase request premised on a 13.45% ROE, 60.7% equity, and a $131M rate base. The lower ROE and reduced income tax provision are the main drivers of the difference. AVA placed interim rates of $1.6M into effect on September 1, subject to a refund. An RCA decision is expected by October 19.

ETR — PUCT Meeting on May 25 could yield a final ruling on the ETR TX settlement: The PUCT could issue a final ruling on the settlement and outstanding Issues No. 68 and 69 at the Open Meeting. ETR filed a settlement in the TX electric GRC, agreeing to a $54M net revenue increase ($252M base rate increase offset by $198M of riders), premised on a 9.57% ROE and 51.21% equity. The riders associated with transmission cost (TCRF), generation cost (GCRR), and distribution cost (DCRF) will reset to zero. The settlement resolves all issues except Issue Nos. 68 and 69 related to transportation electrification and charging infrastructure, respectively. The settlement compares to Staff's recommendation for a $77M revenue increase based on a 9.45% ROE and ETR's request for a $131M revenue increase based on a 10.8% ROE (10.5% ROE + a 30 bps performance added) and a 51.21% equity layer. Signing parties include PUCT Staff and the Office of the Public Utility Counsel; no intervening parties opposed the settlement. The PUCT has a jurisdictional deadline to issue a decision by June 29. New rates will be retroactive to December 3, 2022.

Recent Developments for Companies Under Our Coverage

From our midweek: The NM Supreme Court issues a decision denying the joint motion to dismiss the pending appeal of the PRC's denial of the proposed merger and remand the case to the PRC; the CA ALJ issues a PD to allow EIX to establish a self-insurance program for wildfire liability costs for 2023/2024; the ALJ issues a PD in the SERI UPSA complaint; the MT governor signs bill with new environmental review rules into law; ES files standard service rate for supply costs with the CT PURA; ES and Orsted announce the installation of the onshore export cable system at South Fork; and several grid operators release summer outlooks.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.

EXC — PEPCO files multiyear rate plan in MD: PEPCO filed an electric multiyear rate plan in MD (Docket: 9702) seeking a cumulative net increase of $214M, premised on a 10.5% ROE and 50.5% equity. PEPCO requested a net $74M revenue increase in RY1, followed by $60M each in 2025 and 2026, and a $20M revenue increase in April 2027-December 2027, allowing the next MYRP to become effective at the beginning of 2028 and staggering the schedules for multiyear plan filings. Like the BG&E filings, EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. The request includes a performance incentive mechanism with three performance metrics related to the state's policy goals and grid reliability. An MD PSC decision is expected by March 11, 2024, followed by rates becoming effective in April 2024. In the first MYRP in MD, PEPCO received a cumulative $52M electric rate increase, premised on a 9.55% ROE and a 50.5% equity.

XEL — Multi-party settlement filed in SPS's NM electric rate case: XEL filed a settlement for a $33M revenue increase, premised on a 9.5% ROE and 54.7% equity. The settlement also agrees to approve the amended 2028, previously 2032, abandonment date of Tolk Generation Station. Staff and nine other parties agreed to the settlement, while two parties opposed the settlement. The settlement compares to Staff's $37M revenue increase recommendation and XEL's request for a net revenue increase of $76M, premised on a 10.75% ROE, 54.7% equity layer, and a test year ending June 30, 2024. Hearings are set to begin in 2Q23, and an NMPRC decision is expected in 4Q23.

NEE — FPL makes another filing to reduce the fuel cost true-up recovery with the FL PSC: FPL filed a mid-course correction to reduce its 2023 fuel purchased power cost recovery clause (FCR) by an incremental $256M to reflect declining natural gas prices. The $256M is in addition to ~$1.4B in refunds to customers associated with lower fuel costs that were previously filed. The latest correction reflects NYMEX natural gas prices of $2.80/MMBtu as of May 1, 2023, and compares to the $3.22/MMBtu when FPL conducted its last analysis on February 1. FPL requests the PSC to address the update at the next Commissioner meeting on June 13, providing ample time for new rates to become effective on July 1.

AGR — Construction allowed to resume on NECEC transmission project after no appeals filed: The ME Department of Environmental Protection lifted the suspension order for the 145-mile New England Clean Energy Connect transmission project, allowing construction to resume for the first time since 2021, and since the court granted NECEC a win against the last-minute referendum. The DEP Commissioner issued a letter after no appeals were filed to the ME Business and Consumer Court's vote in favor of AGR's constitutional right to resume the development of the $1.4B NECEC project. The court found AGR had completed enough construction at the time of the referendum-led suspension to have a vested right to continue work on the project. AGR may need to revisit the contract terms to maintain project economics and also evaluate the August 2025 COD. At the end of 2022, AGR capitalized $585M of costs associated with the project. NECEC is a 1.2 GW transmission project connecting hydropower from Quebec to New England customers. AGR will need to file a written letter five days prior to resuming construction operations. The Company expects to file a project timeline in the next few weeks. See a history of the proceedings here and here.

AGR — Judge upholds biological opinion and EIS for Vineyard Wind 1: A U.S. district judge issued an order rejecting a lawsuit against the 806 MW Vineyard Wind 1 offshore wind project. The judge upheld that BOEM and the National Marine Fisheries Service (NMFS) complied with the Endangered Species Act and the National Environmental Policy Act when approving the project and did not violate any federal laws in issuing the 2021 biological opinion or the final EIS for the project. Vineyard Wind 1 is on schedule to produce power in late 2023 and a COD in 2024. AGR will oversee the O&M of the facility. The project is a 50/50 partnership between AGR and Copenhagen Infrastructure Partners.

D — VA governor signs bill relating to the development of offshore wind capacity and cost recovery into law: The VA governor signed SB 1441 into law. The bill was written to require the VA SCC to consider the economic development benefits of offshore wind projects when considering the cost recovery of the projects. The bill accelerates the deadline for offshore wind development of 5.2 GW to 2032 from 2034. Ratepayer responsibility will be in proportion to the share of the utility's ownership in the project and the costs will be deemed reasonable up to 1.4x the comparable cost, of a conventional simple cycle CT generating facility. The governor previously signed SB 1477, which authorizes VEPCO to establish an offshore wind affiliate allowing it to secure a non-controlling financing partner for the 2.6 GW CVOW project. Both bills will go into effect on July 1.

EIX, SRE — CAISO approves 45 transmission projects for ~$7.3B: The plan (2022-2023 10-Year Transmission Plan) was approved and is a significant step up from last year's plan for 23 projects and $3B. The projects are divided between 24 projects for grid reliability and 21 "policy-driven" projects. The respective costs are $1.8B and $5.5B. The transmission plan is based on CA's projections for 40 GW of new resources over the next 10 years. It is designed to serve the state's clean energy goals and increase in electrification. The projects have eight- to 10-year lead times, consistent with CAISO's 20-year transmission outlook. ~$2B of the projects are in EIX's geographic area, and ~$3.6B are in SRE's area. The utilities will be able to compete for more projects under FERC Order 1000. The initial draft plan included 46 transmission projects for ~$9.3B, but additional analysis is being conducted on one of the transmission upgrades.

EPA proposes new rules to expand the 2015 CCR rule to apply to inactive sites: The EPA has proposed new rules to expand the management of disposal of coal combustion residuals (CCR) to include inactive coal ash ponds, landfills, and other fill sites at inactive power plant sites. As part of the new rules, the utilities must monitor groundwater waste at inactive facilities and clean

Sophie Karp (917) 368-2361 / sophie.karp@key.com

up any contamination detected. The rules propose an expansion to the 2015 CCR rule that issued national minimum standards for existing and new CCR landfills and CCR surface impoundments at active facilities. The final rule at the time did not establish requirements for inactive facilities. In August 2018, the U.S. Court of Appeals for the D.C. Circuit vacated the exemption for inactive surface impoundments at inactive facilities and remanded the case to the EPA for further action. The EPA expects the proposal to affect about 280 coal ash ponds and landfills. Comments on the proposal are due by July 17, and a final rule is expected in June 2024.

MISO 2023-2024 Planning Resource Auction indicates sufficient generation capacity: MISO's 2023-2024 seasonal planning resource auction (starting June 1) showed sufficient generation to meet planning reserve margin requirements and local clearing requirements across the entire MISO region, including the north and central regions, which rely on imports. The clearing prices are $10/MWd in the summer, followed by $15/MWd and $2/MWd in the fall and winter, respectively. Clearing prices in the spring are $10/MWd. The clearing prices are identical across all the subregions and zones, except for zone 9 (LA and TX) in the fall and winter. The auction prices for Zone 9 are $59/MWd and $19/MWd for the fall and winter, respectively. The results compare to the 1.3 GW shortfall in the Northern MISO region in the 2022-2023 planning year, which drove clearing prices in MISO Zones 1-7 to $236.66/MWd (see our write-up here). This is the first auction with a seasonal resource adequacy construct, allowing resources available for only part of the year to still participate in the auction. Reduced load forecasts and delayed generation retirements helped MISO to meet its capacity requirements for this period. MISO is the largest RTO by geography, covering 15 U.S. states and Manitoba.

NERC releases the 2023 Summer Reliability Assessment: NERC's Summer Reliability Assessment (June-September) says that the U.S. is in a better place y/y from a resource perspective with all of the U.S. showing adequate resources for normal summer peak load conditions. However, much of the U.S. (including MISO, ISO-NE, SPP, ERCOT, SERC, and the Western Interconnect) could face shortfalls during extreme weather (NOAA is projecting above-normal temperatures for much of the U.S.). The SPP, MISO, and ERCOT have all increased reliance on renewable resources, and wind generation will be instrumental during peak demand. Drought conditions in the West have eased following higher precipitation and thus higher snowpack indicating better hydro conditions. Similar to past years, the West could still face rolling power outages during wide-area heat events, limiting the number of interregional transfers. Normal or below-normal fire risk is projected for much of the U.S. West.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	5/22/2023	Hearings Begin
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	5/22/2023	Staff and Intervenor Testimony Due
	Bloom Energy	BE			5/23/2023	Analyst Day - New York, NY
OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	5/23/2023	Evidentiary Hearings Begin
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	5/23/2023	MN PUC Meeting
AK	Avista Corp.	AVA	D-U-22-078	Electric	5/24/2023	Rebuttal Testimony
TX	Entergy Texas Inc.	ETR	D-53719	Electric	5/25/2023	PUCT Meeting - Final Decision Pending
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	5/30/2023	Supplemental Testimony Due
OR	Portland General Electric Co.	POR	LC80	IRP	5/31/2023	Initial Company Reply Comments
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	5/31/2023	Company Rebuttal Testimony
CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	5/31/2023	Rebuttal Testimony
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	6/2/2023	Company Rebuttal Testimony
MI	DTE Electric Co.	DTE	U-21193	IRP	6/2/2023	Briefs Due
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	6/5/2023	Evidentiary Hearings Begin
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	6/5/2023	Evidentiary Hearings Begin
	Short-Term Energy Outlook	EIA			6/6/2023	STEO release
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	6/8/2023	Briefs Due
MD	The Potomac Edison Co.	FE	C-9695	Electric	6/9/2023	Staff and Intervenor Testimony Due
NC	Duke Energy Progress	DUK	D-E-2 Sub 1300	Electric	6/9/2023	Proposed Orders Due
VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	6/12/2023	Hearings Begin
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	6/12/2023	Company Rebuttal Testimony
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	6/12/2023	Company Rebuttal Testimony
	Ballard Power	BLDP			6/13/2023	Analyst Day - Virtual
	CPI Release	BLS			6/13/2023	CPI release for Prior Month
MI	DTE Electric Co.	DTE	C-U-21297	Electric	6/13/2023	Staff and Intervenor Testimony Due
OR	Portland General Electric Co.	POR	D-UE-416	Electric	6/13/2023	Staff and Intervenor Testimony Due
IL	Ameren Illinois	AEE	D-23-0082	Electric	6/14/2023	Company Rebuttal Testimony Due
ID	Avista Corp.	AVA	C-AVU-E-23-01	Electric/Nat Gas	6/14/2023	Staff and Intervenor Testimony Due
	Plug Power	PLUG			6/14/2023	Sell-Side Event - Rochester, NY
ME	Central Maine Power Co.	AGR	D-2022-00152	Electric	6/15/2023	Briefs Due
	Federal Energy Reg Comm	FERC			6/15/2023	Open Meeting
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	6/15/2023	Staff/Intervenor Testimony
MI	DTE Electric Co.	DTE	U-21193	IRP	6/16/2023	Reply Briefs Due

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	22.1	Sector Weight	NA	$84.12	3.0%	58%	4.36	4.67	4.96	19.3x	18.0x	17.0x	4.37	4.69	5.03	19.3x	17.9x	16.7x
AEP	American Electric Power Company Ir	44.6	Sector Weight	NA	$86.56	3.9%	64%	5.24	5.60	5.96	16.5x	15.5x	14.5x	5.28	5.62	5.98	16.4x	15.4x	14.5x
CMS	CMS Energy Corp	17.1	Sector Weight	NA	$58.63	3.4%	63%	3.10	3.31	3.59	18.9x	17.7x	16.3x	3.10	3.35	3.64	18.9x	17.5x	16.1x
CNP	CenterPoint Energy Inc	18.0	Sector Weight	NA	$28.59	2.6%	50%	1.50	1.62	1.73	19.1x	17.6x	16.5x	1.49	1.61	1.73	19.2x	17.8x	16.6x
D	Dominion Energy Inc	43.6	Sector Weight	NA	$52.12	5.2%	69%	3.76	3.84	3.90	13.9x	13.6x	13.4x	3.87	3.76	3.96	13.5x	13.9x	13.2x
DTE	DTE Energy Co	22.4	Sector Weight	NA	$108.56	3.5%	62%	6.19	6.60	7.03	17.5x	16.4x	15.4x	6.23	6.68	7.13	17.4x	16.3x	15.2x
DUK	Duke Energy Corp	71.3	Overweight	$113	$92.51	4.4%	73%	5.57	5.95	6.33	16.6x	15.5x	14.6x	5.63	5.98	6.33	16.4x	15.5x	14.6x
ETR	Entergy Corp	21.3	Sector Weight	NA	$100.55	4.3%	65%	6.68	7.18	7.69	15.1x	14.0x	13.1x	6.70	7.18	7.70	15.0x	14.0x	13.1x
ES	Eversource Energy	25.5	Sector Weight	NA	$73.17	3.7%	62%	4.36	4.66	4.92	16.8x	15.7x	14.9x	4.37	4.66	5.00	16.8x	15.7x	14.6x
ED	Consolidated Edison Inc	33.0	Underweight	$70	$95.19	3.4%	67%	4.84	5.16	5.41	19.7x	18.4x	17.6x	4.87	5.22	5.53	19.6x	18.2x	17.2x
EIX	Edison International	26.1	Sector Weight	NA	$68.24	4.3%	62%	4.76	5.11	5.63	14.3x	13.4x	12.1x	4.74	5.08	5.44	14.4x	13.4x	12.6x
EXC	Exelon Corp	39.7	Sector Weight	NA	$39.87	3.7%	62%	2.36	2.52	2.71	16.9x	15.8x	14.7x	2.36	2.51	2.73	16.9x	15.9x	14.6x
FE	FirstEnergy Corp	21.6	Overweight	$45	$37.76	4.2%	62%	2.51	2.67	2.89	15.0x	14.1x	13.1x	2.53	2.66	2.84	14.9x	14.2x	13.3x
PEG	Public Service Enterprise Group Inc	30.7	Sector Weight	NA	$61.58	3.7%	66%	3.44	3.60	3.86	17.9x	17.1x	16.0x	3.44	3.70	4.04	17.9x	16.7x	15.2x
SO	Southern Co	77.9	Sector Weight	NA	$71.41	3.9%	77%	3.60	4.04	4.26	19.8x	17.7x	16.8x	3.61	4.02	4.30	19.8x	17.7x	16.6x
WEC	WEC Energy Group Inc	28.4	Overweight	$103	$89.92	3.5%	68%	4.60	4.91	5.27	19.5x	18.3x	17.1x	4.61	4.91	5.25	19.5x	18.3x	17.1x
XEL	Xcel Energy Inc	36.3	Overweight	$75	$65.93	3.1%	61%	3.38	3.57	3.80	19.5x	18.5x	17.4x	3.38	3.61	3.84	19.5x	18.2x	17.2x
					Average:	**3.8%**	**64%**				**17.4x**	**16.3x**	**15.3x**				**17.4x**	**16.3x**	**15.2x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	3.2	Underweight	$32	$42.43	4.3%	79%	2.34	2.44	2.56	18.1x	17.4x	16.6x	2.33	2.46	2.59	18.2x	17.2x	16.4x
NWE	NorthWestern Corp	3.5	Overweight	$63	$58.06	4.4%	74%	3.44	3.59	3.74	16.9x	16.2x	15.5x	3.45	3.62	3.77	16.8x	16.0x	15.4x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$76.17	2.3%	37%	4.71	3.28	3.51	16.2x	23.2x	21.7x	4.75	3.49	3.69	16.1x	21.8x	20.7x
PNW	Pinnacle West Capital Corp	8.8	Underweight	$55	$77.52	4.5%	86%	4.03	4.62	4.89	19.2x	16.8x	15.9x	4.06	4.66	4.86	19.1x	16.6x	16.0x
POR	Portland General Electric Co	4.8	Sector Weight	NA	$49.36	3.8%	70%	2.65	3.00	3.17	18.6x	16.5x	15.6x	2.67	3.03	3.20	18.5x	16.3x	15.4x
					Average:	**3.9%**	**69%**				**17.8x**	**18.0x**	**17.0x**				**17.7x**	**17.6x**	**16.8x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	14.9	Underweight	$36	$38.55	4.6%	80%	2.21	2.36	2.50	17.4x	16.3x	15.4x	2.20	2.35	2.50	17.5x	16.4x	15.4x
NEE	Nextera Energy Inc	150.7	Overweight	$94	$74.48	2.5%	60%	3.09	3.39	3.64	24.1x	22.0x	20.5x	3.10	3.40	3.67	24.0x	21.9x	20.3x
SRE	Sempra	45.9	Sector Weight	NA	$145.82	3.3%	53%	8.82	9.55	10.12	16.5x	15.3x	14.4x	9.01	9.61	10.22	16.2x	15.2x	14.3x
					Average:	**3.5%**	**64%**				**19.4x**	**17.9x**	**16.8x**				**19.2x**	**17.8x**	**16.7x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	26.7	Overweight	$95	$82.30	1.4%	29%	3.73	5.11	5.07	22.1x	16.1x	16.2x	3.96	5.31	5.34	20.8x	15.5x	15.4x
NRG	NRG Energy Inc	7.7	Not Covered	NA	$33.49	4.5%	31%	NA	NA	NA	NA	NA	NA	4.84	6.09	7.30	6.9x	5.5x	4.6x
VST	Vistra Corp	9.1	Not Covered	NA	$24.51	3.3%	28%	NA	NA	NA	NA	NA	NA	2.93	2.94	3.78	8.4x	8.3x	6.5x
					Average:	**3.1%**	**29%**				**22.1x**	**16.1x**	**16.2x**				**12.0x**	**9.8x**	**8.8x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 3 - Stock Price Performance

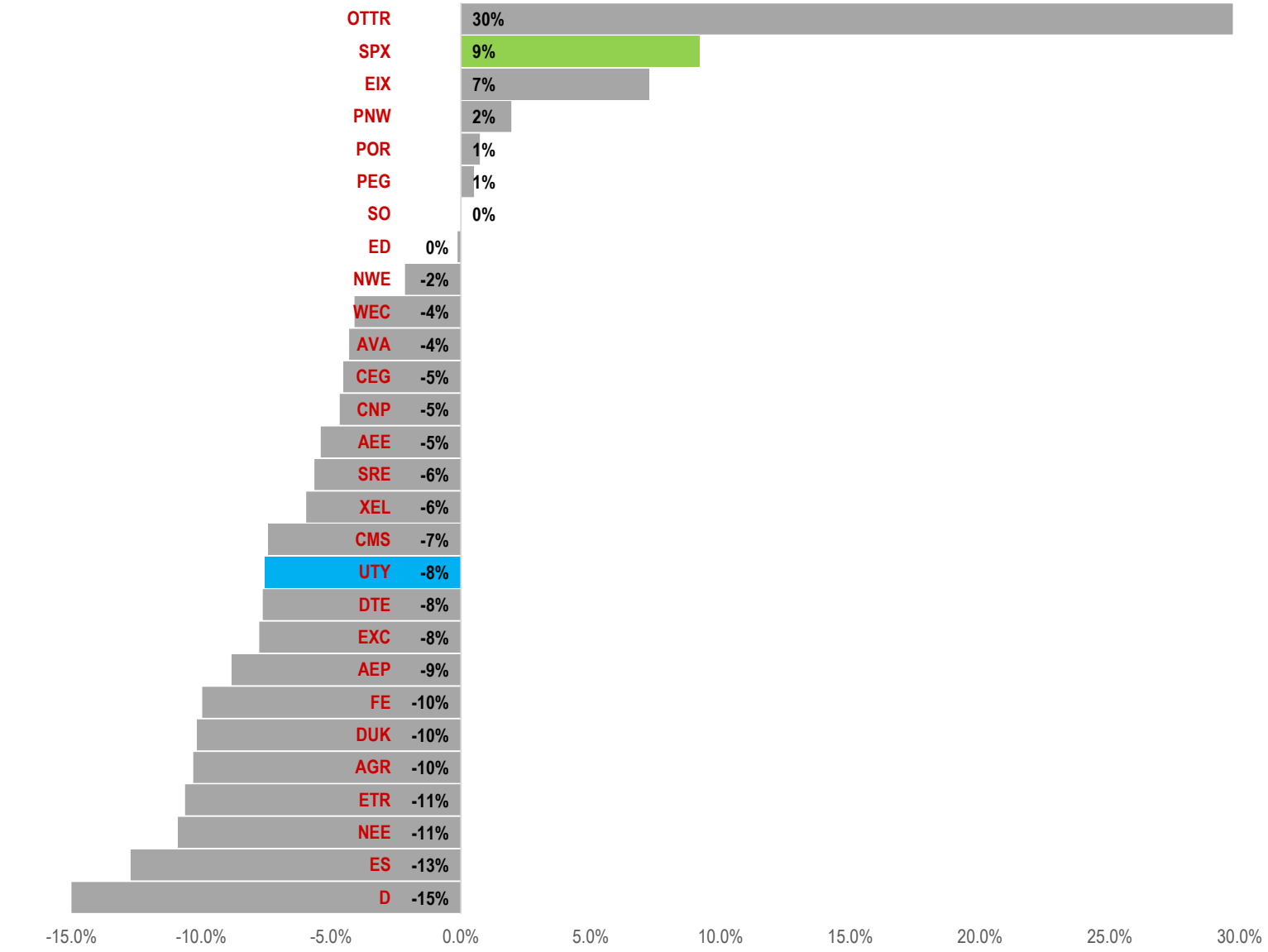

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

POR: Disciplined Growth; Notes from the Road

NWE: Constructive Settlement Reached in MT GRC

CMS: Notes from Management Meetings

PEG: Constructive AD Update; Remain SW

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Utilities 1Q23 Earnings Preview: It's Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	260	49.81	41	15.77
Sector Weight [SW]	255	48.85	41	16.08
Underweight [UW]	7	1.34	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	11	50.00
Sector Weight [SW]	31	54.39	12	38.71
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

UBS

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Catalyst to Watch This Week: Staff Testimony in EXC and PNW Rate Cases

On Monday, the Staff of the Illinois Commerce Commission will file testimony in the multi-year rate case filing for Exelon's ComEd subsidiary. We expect the recommendation may mirror the Ameren Staff position, which reflected a 8.9% ROE and 50% equity ratio. Also on Monday, the Arizona Corporation Commission will file testimony in PNW's Arizona Public Service rate case. This is a critical rate proceeding for PNW following a very difficult rate case outcome in late 2021. The company is seeking a 13.6% revenue increase and a key change to the Renewable Energy Adjustor Charge to allow recovery of APS owned renewable resources.

Watt's on Tap

May 19 - May 25

Calendar Items

Weekly Calendar	
Fri - May 19	**FE** - Intervenor testimony due in Pennsylvania subsidiary consolidation proceeding. (A-2023-3038771)
Mon - May 22	**EXC** -Staff position in Illinois for ComEd Rate Case **PNW**- Staff position in Arizona for APS Rate Case
Thurs - May 25	**PPL** - Intervenor testimony in CPCN 2022-00402 **PCG**- Analyst Conference
Other Possible	**ETR** - FERC could issue clarification around potential for refunds in SERI decision from 12/23/22 relating to uncertain tax positions. **ES** - Potential announcements of offshore wind acreage and projects.

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 05/18/2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 24.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Price Target Change

We are updating our WEC target price to $99 from $104 to reflect lower market multiples (20x P/E vs. 21x P/E on our unchanged 2024E estimate of $4.94). Our 22% premium we ascribe for WEC vs. the peer group average also remains unchanged.

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

05/18/2023 AES: Stable Credit Rating Supportive of Equity Rally
05/17/2023 UBS Summer Weather Expert Call Takeaways
05/15/2023 NRG: Elliott Announces Push for Strategic Review
05/15/2023 April Equity Income Fund Outflows
05/12/2023 EIX: GRC Filing Shows Slower Ratebase Growth, Addresses...
05/12/2023 Utilities: Steam Plant MW less than 300 MW05/12/2023 AEE: Illinois Staff Position Filed in Electric MYRP
05/12/2023 EMA: Beat. 1Q'23 Adj. EPS C$0.99 v. C$0.94 Consensus

North America Alternative Energy and Environmental Services
Analysts: Jon Windham & William Grippin

05/18/2023 CSIQ: 1Q23 in-line; Raising FY23 revenue guidance
05/15/2023 AMPS: 1Q23: In-line results
05/15/2023 LICY: 1Q23: Hub construction continues
05/15/2023 Renewable Natural Gas (RNG)
05/12/2023 IRS provides IRA domestic...

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 1: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	5/18/23	Price Target	Total Return inc. Div.	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	AEP	$86.64	$113	34%	$4.46	$4.74	$5.09	$5.25	$5.64	15.4x	(6%)	3.7%	5.6%	7.0%	2nd
Buy	AES	$20.86	$27	33%	$1.44	$1.52	$1.67	$1.71	$1.88	11.1x	(32%)	3.1%	9.4%	5.1%	1st
Buy	NEE	$75.10	$95	29%	$2.31	$2.55	$2.90	$3.13	$3.43	21.9x	34%	2.3%	6.4%	10.0%	1st
Buy	SRE	$147.11	$181	26%	$8.00	$8.43	$9.21	$8.98	$9.58	15.4x	(6%)	3.1%	6.9%	6.4%	3rd
Buy	EXC	$39.39	$48	25%	$1.78	$1.83	$2.27	$2.36	$2.54	15.5x	(5%)	3.4%	7.1%	5.8%	3rd
Buy	FE	$37.98	$46	25%	$2.38	$2.60	$2.41	$2.54	$2.63	14.5x	(12%)	4.1%	6.3%	2.4%	2nd
Neutral	ETR	$101.50	$121	23%	$5.62	$6.02	$6.42	$6.65	$7.18	14.1x	(14%)	4.0%	6.6%	2.3%	4th
Neutral	DTE	$108.90	$129	22%	$5.62	$5.99	$5.96	$6.26	$6.69	16.3x	(0%)	3.3%	5.9%	5.5%	1st
Buy	EIX	$68.85	$81	22%	$4.52	$4.59	$4.63	$4.77	$5.18	13.3x	(19%)	4.1%	5.8%	4.0%	3rd
Buy	PPL	$27.22	$32	21%	$2.40	$1.05	$1.41	$1.60	$1.70	16.0x	(2%)	3.2%	7.1%	-6.5%	3rd
Buy	EMA	$56.75	$65	19%	$2.68	$2.81	$3.03	$3.29	$3.39	16.8x	2%	4.7%	4.6%	4.6%	2nd
Buy	SO	$71.05	$82	19%	$3.25	$3.41	$3.60	$3.65	$4.05	17.5x	7%	3.8%	6.6%	2.9%	1st
Buy	PEG	$61.41	$71	19%	$3.43	$3.65	$3.47	$3.46	$3.67	16.7x	2%	3.5%	4.9%	6.6%	2nd
Neutral	DUK	$92.81	$106	19%	$5.25	$5.24	$5.27	$5.63	$5.97	15.5x	(5%)	4.3%	6.3%	3.6%	2nd
Buy	CNP	$28.44	$33	18%	$1.44	$1.64	$1.38	$1.49	$1.64	17.4x	6%	2.5%	7.4%	7.9%	3rd
Neutral	CMS	$58.74	$67	17%	$2.67	$2.65	$2.89	$3.12	$3.37	17.4x	6%	3.1%	8.1%	6.7%	1st
Neutral	AEE	$83.36	$95	17%	$3.50	$3.82	$4.14	$4.36	$4.71	17.7x	8%	2.8%	7.1%	6.0%	2nd
Neutral	NI	$27.36	$31	17%	$1.32	$1.37	$1.46	$1.57	$1.68	16.3x	(1%)	3.4%	6.8%	6.0%	2nd
Neutral	D	$52.68	$58	15%	$3.54	$3.86	$4.10	$3.99	$3.53	14.9x	(9%)	5.1%	1.4%	2.2%	3rd
Neutral	PCG	$16.56	$19	15%	$1.61	$1.08	$1.10	$1.23	$1.36	12.2x	(25%)	0.0%	10.2%	0.0%	3rd
Neutral	WEC	$89.34	$99	14%	$3.79	$4.11	$4.46	$4.62	$4.94	18.1x	11%	3.3%	6.3%	6.7%	1st
Neutral	OGE	$36.59	$40	14%	$2.03	$2.36	$3.32	$2.01	$2.10	17.4x	6%	4.5%	3.1%	3.0%	2nd
Neutral	ES	$73.62	$81	13%	$3.64	$3.54	$4.05	$4.36	$4.64	15.9x	(3%)	3.5%	6.7%	6.0%	4th
Neutral	XEL	$65.87	$71	11%	$2.79	$2.96	$3.17	$3.40	$3.68	17.9x	10%	3.0%	7.4%	6.0%	3rd
Neutral	LNT	$52.64	$56	10%	$2.43	$2.65	$2.80	$2.90	$3.08	17.1x	4%	3.2%	5.5%	6.0%	1st
Neutral	EVRG	$59.24	$62	9%	$3.10	$3.58	$3.71	$3.65	$3.99	14.8x	(9%)	3.9%	5.5%	6.6%	4th
Neutral	ED	$95.36	$100	8%	$4.15	$4.37	$4.57	$4.85	$5.18	18.4x	13%	3.3%	6.3%	5.5%	4th
Sell	FTS	$57.97	$53	(5%)	$2.57	$2.59	$2.78	$2.97	$3.18	18.2x	11%	3.7%	5.9%	4.6%	4th
Sell	PNW	$78.21	$67	(10%)	$4.87	$5.47	$4.26	$4.03	$4.69	16.7x	2%	4.4%	5.2%	4.1%	4th
Electric Utility Average										**16.4x**		**3.6%**	**6.3%**	**4.7%**	

Rating	Ticker	5/18/23	Price Target	Total Return inc. Div. Yld	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$40.47	$51	29%	$1.58	$1.67	$1.77	$1.88	$2.05	19.8x	(23%)	2.7%	8.7%	7.0%	2nd
Buy	SJW	$75.23	$85	15%	$2.14	$2.03	$2.43	$2.47	$2.80	26.8x	4%	1.8%	6.3%	7.0%	2nd
Neutral	CWT	$55.46	$63	15%	$1.97	$1.96	$1.77	$2.00	$2.17	25.5x	(1%)	1.7%	8.4%	5.0%	2nd
Neutral	AWK	$141.73	$151	8%	$3.63	$4.25	$4.51	$4.79	$5.18	27.4x	6%	1.8%	7.9%	8.0%	2nd
Sell	AWR	$89.71	$86	(2%)	$2.34	$2.56	$2.11	$3.11	$2.93	30.6x	19%	1.6%	10.4%	6.0%	2nd
Water Utility Average										**25.7x**		**2.0%**	**8.2%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 2: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	5/18/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$24.44	$37	53%	$3,325	$3,685	$1,908	$2,994	$3,699	5.9x	-5%	2.7x	19%
Sell	**NRG**	$33.46	$30	(10%)	$1,776	$1,977	$2,404	$1,848	$3,073	5.4x	-23%	4.5x	43%
AVERAGE										**5.7x**		**3.6x**	**31%**

Source: FactSet, UBS Estimates

Figure 3: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.74	3,081	$ 45,407	$ 15,754	25.6x	21.0x	$ 2,389
Railroads										
CSX Corp	US$	CSX-USA	Neutral	$ 32.39	2,033	$ 65,851	$ 16,517	11.4x	10.1x	$ 7,214
Canadian National Railway	US$	CNI-USA	Buy	$ 119.26	662	$ 78,998	$ 11,116	9.5x	12.6x	$ 9,491
Canadian Pacific Railway	US$	CP-USA	Buy	$ 82.70	931	$ 76,999	$ 14,370	10.5x	15.2x	$ 8,700
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 216.17	228	$ 49,209	$ 15,670	11.3x	9.9x	$ 5,754
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 198.81	610	$ 121,214	$ 33,928	12.4x	12.4x	$ 12,504
Average								**11.0x**	**12.0x**	
Clean Power										
AES Corp.	US$	AES-USA	Buy	$ 20.86	669	$ 13,962	$ 21,258	8.4x	8.1x	$ 4,177
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 30.62	82	$ 2,523	$ 6,371	8.4x	8.4x	$ 1,060
NextEra Energy Partners	US$	NEP-USA	Buy	$ 59.39	89	$ 5,280	$ 5,030	9.5x	7.0x	$ 1,088
Ormat Technologies	US$	ORA-USA	Buy	$ 84.19	60	$ 5,027	$ 1,826	12.7x	10.7x	$ 539
Orsted A/S	DKK	ORSTED-CSE	Buy	637.60 kr.	420	268,034.97 kr.	$ 49,965	9.9x	12.6x	32,218.41 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 25.67	116	$ 2,979	$ 4,836	8.8x	8.3x	$ 884
Average								**9.6x**	**9.2x**	
OVERALL AVERAGE								**11.5x**	**11.4x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$81.40	300	$ 24,440	$ 6,603	8.0x	8.2x	$ 3,886
							At 8% Discount	**11x**	**10x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks

Source: FactSet, UBS Estimates
Updated as of: 5/18/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 4: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn- Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	22.96	30	31	107	3.5	4.4	0.0	26.8x	19.4x	15.7x	16.5x	13.2x	11.3x	13.3x	11.7x	8.3x
CSIQ	Canadian Solar	Neutral (CBE)	40.18	48	19	41	2.6	5.0	0.0	8.2x	7.3x	6.3x	3.5x	3.0x	2.8x	1.0x	1.0x	0.4x
FSLR	First Solar	Buy	206.28	250	21	613	22.0	20.1	0.0	27.4x	17.6x	8.0x	16.4x	10.4x	5.6x	3.3x	3.4x	0.2x
FTCI	FTC Solar	Buy (CBE)	3.02	4	32	4	0.3	0.3	0.0	-	11.6x	7.5x	-	7.3x	3.8x	5.0x	4.5x	25.1x
JKS	JinkoSolar	Neutral (CBE)	44.06	55	25	34	2.2	8.4	0.0	6.2x	5.5x	4.6x	3.8x	3.4x	3.0x	0.5x	0.6x	0.2x
SMR	NuScale Power	Neutral (CBE)	7.79	9	16	4	0.5	0.5	0.0	-	-	-	-	-	47.1x	35.3x	192.9x	-160.3x
ORA	Ormat Technologies	Buy	84.19	102	21	46	5.0	6.8	0.6	46.1x	36.4x	29.2x	13.2x	12.0x	10.8x	2.0x	2.3x	0.4x
SHLS	Shoals Technologies	Buy	23.49	29	23	87	3.2	3.5	0.0	40.4x	27.7x	22.7x	19.3x	14.5x	12.0x	5.9x	5.9x	3.8x
TPIC	TPI Composites	Neutral (CBE)	10.64	9	(15)	12	0.5	0.9	0.0	-	-	-	13.5x	8.4x	5.2x	-8.1x	-3.8x	7.1x
Average									0.1	25.9x	17.9x	13.4x	12.3x	9.0x	11.3x	6.5x	24.3x	-12.7x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	4.84	10	107	7	0.8	1.8	0.0	56.9x	20.5x	11.3x	14.0x	11.9x	10.5x	1.7x	1.6x	1.4x
GNRC	Generac	Buy	117.88	185	57	136	7.3	8.8	0.0	17.4x	12.4x	11.0x	11.7x	8.5x	7.7x	2.9x	2.3x	1.9x
SEDG	SolarEdge	Neutral (CBE)	301.68	310	3	334	17.0	16.6	0.0	30.4x	25.9x	22.9x	19.4x	17.8x	15.9x	6.3x	5.1x	4.1x
SPWR	SunPower	Neutral (CBE)	10.50	14	33	48	1.8	2.0	0.0	23.8x	21.2x	12.5x	11.4x	11.2x	7.4x	2.8x	2.2x	1.7x
RUN	Sunrun	Neutral (CBE)	15.67	30	91	164	3.4	13.5	0.0	-	27.3x	10.2x	-	158.7x	46.8x	0.5x	0.4x	0.4x
Average									0.0	23.8x	21.7x	14.2x	14.2x	49.0x	19.4x	3.1x	2.5x	2.0x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	25.79	47	82	19	2.4	5.6	6.3	11.7x	10.9x	10.2x	-	-	-	1.2x	1.1x	0.9x
Yield Co.																		
AY	Atlantica	Neutral	25.67	29	13	18	3.0	8.1	7.0	-	365.4x	68.1x	9.1x	8.5x	7.9x	2.0x	2.5x	1.3x
BEP	Brookfield Renewable	Buy	31.34	41	31	9	8.6	55.3	4.3	-	-	-	16.1x	15.2x	14.5x	5.6x	8.5x	7.5x
CWEN	Clearway	Buy	30.62	37	21	26	3.5	12.3	5.0	12.4x	19.3x	17.8x	10.6x	11.0x	10.5x	1.6x	1.9x	1.1x
NEP	NextEra Energy Partners	Buy	59.39	82	38	68	5.3	21.5	5.8	72.8x	50.9x	35.4x	21.3x	16.0x	13.6x	1.3x	1.9x	0.9x
Average									5.5	42.6x	145.2x	40.4x	14.3x	12.7x	11.7x	2.6x	3.7x	2.7x
Energy Storage																		
FLNC	Fluence Energy	Buy	22.45	34	51	27	2.6	2.4	0.0	-	233.4x	17.3x	-	58.9x	9.3x	7.3x	6.7x	4.5x
LICY	Li-Cycle Holdings Corp.	Buy	4.57	10	108	7	0.8	0.7	0.0	-	-	-	-	-	147.2x	2.1x	3.1x	4.0x
STEM	Stem Inc.	Buy (CBE)	4.11	8	95	24	0.6	1.0	0.0	-	-	7.2x	-	12.1x	5.0x	1.3x	1.3x	1.1x
Average									0.0	-	233.4x	12.3x	-	35.5x	53.8x	3.6x	3.7x	3.2x

Source: Factset, UBS estimates
Updated: 5/18/2023

Figure 5: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn- Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	94.59	105	11	25	4.8	0.0	86.0x	74.6x	446.4x	19.5x	16.4x	15.2x	2.3	2.6	2.6
RSG	Republic Services, Inc.	Neutral	144.71	145	0	186	45.8	1.4	29.4x	27.9x	24.6x	13.3x	12.7x	12.0x	3.8	4.2	4.2
WCN	Waste Connections, Inc.	Buy	139.44	161	15	127	36.0	0.8	36.6x	31.7x	29.5x	17.0x	15.6x	14.5x	3.2	3.5	3.8
WM	Waste Management, Inc.	Neutral	165.00	162	(2)	289	67.1	1.7	29.5x	28.3x	24.8x	14.5x	13.8x	13.1x	2.9	2.3	3.7
Average								1.0	31.6x	29.5x	26.5x	14.7x	13.9x	13.0x	3.0	3.1	3.6
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	140.08	155	11	60	7.6	0.0	22.2x	18.9x	18.6x	9.1x	8.5x	7.8x	3.8	4.3	6.2
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	5.88	12	104	1	1.0	0.0	-	-124.7x	19.8x	14.8x	10.2x	6.0x	-	-	-

Source: Factset, UBS estimates
Updated: 5/18/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 6: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

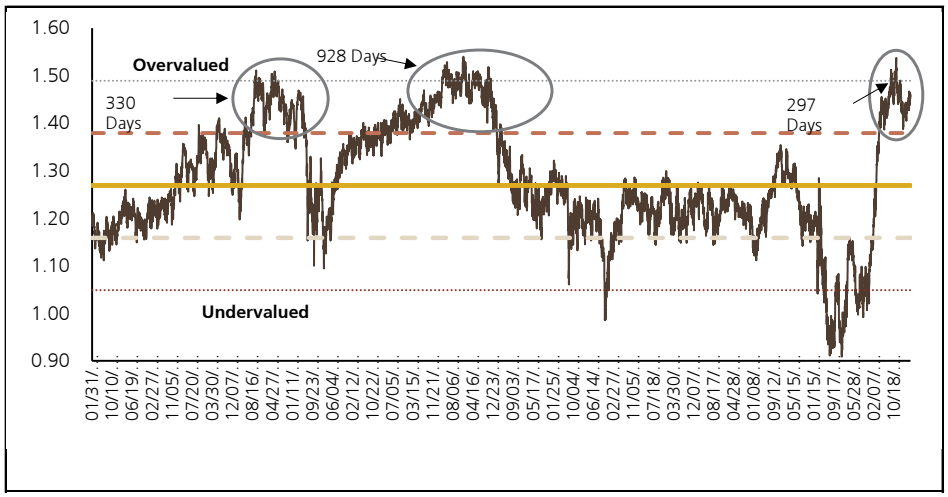

Source: FactSet, US Federal Reserve, UBS
Updated as of: 05/18/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 19.1% to the mean.

Figure 7: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

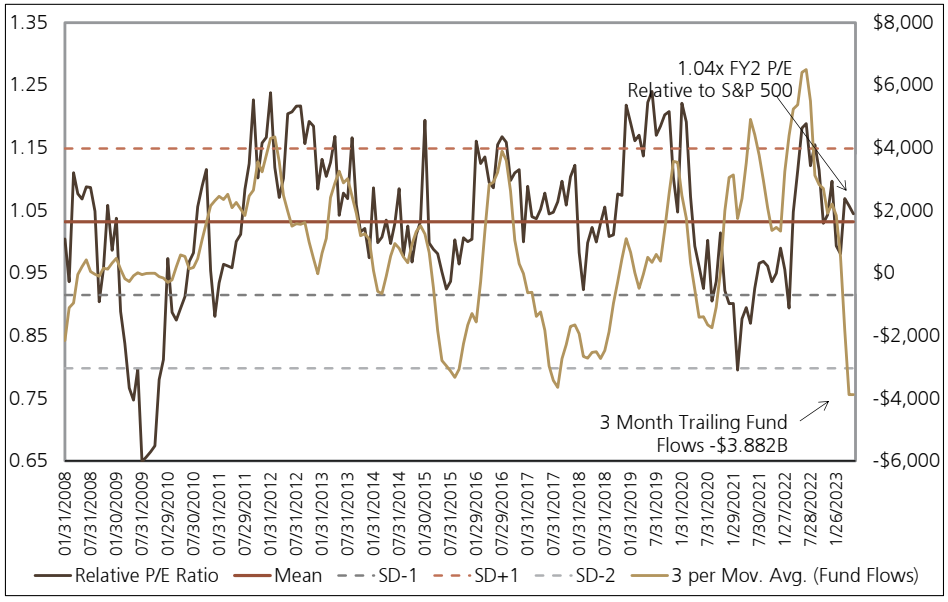

Source: FactSet, Strategic Insights, UBS
Updated as of:5/18/2023

Utilities now trade at a 4% premium to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 8: Utility Credit Spreads

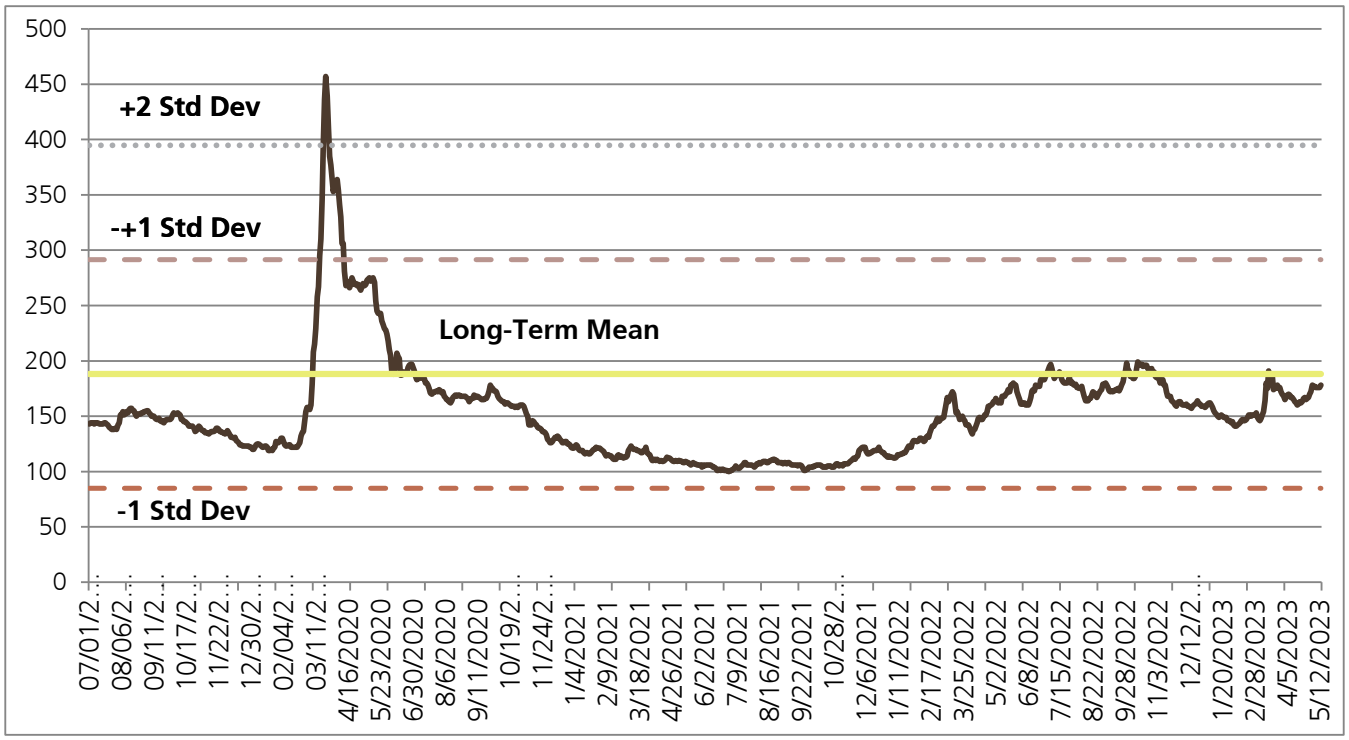

Source: Facteset, UBS
Updated 5/18/2023

Utility credit spreads widened 1 bp last week and 10 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at a 2.6% discount to the 5 year average FY 2 P/E relative to the S&P 500 and a 5.4% premium to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Figure 9: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

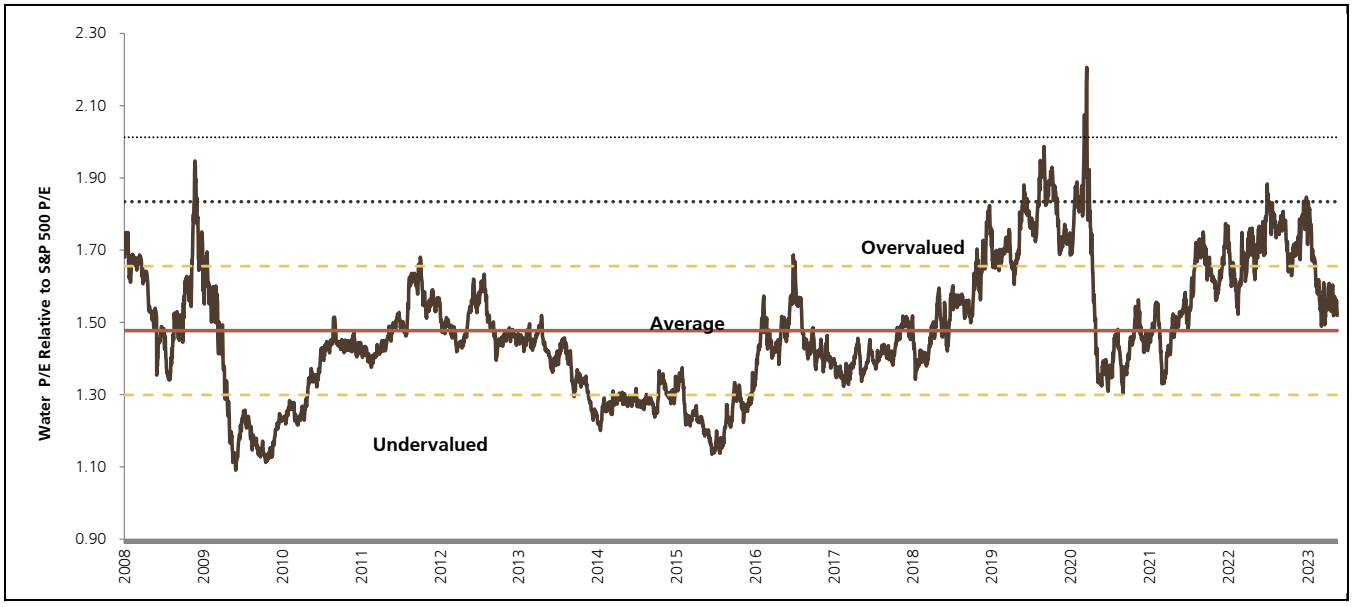

Source: Factset, UBS

Updated 5/18/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 10) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 11) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 10: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

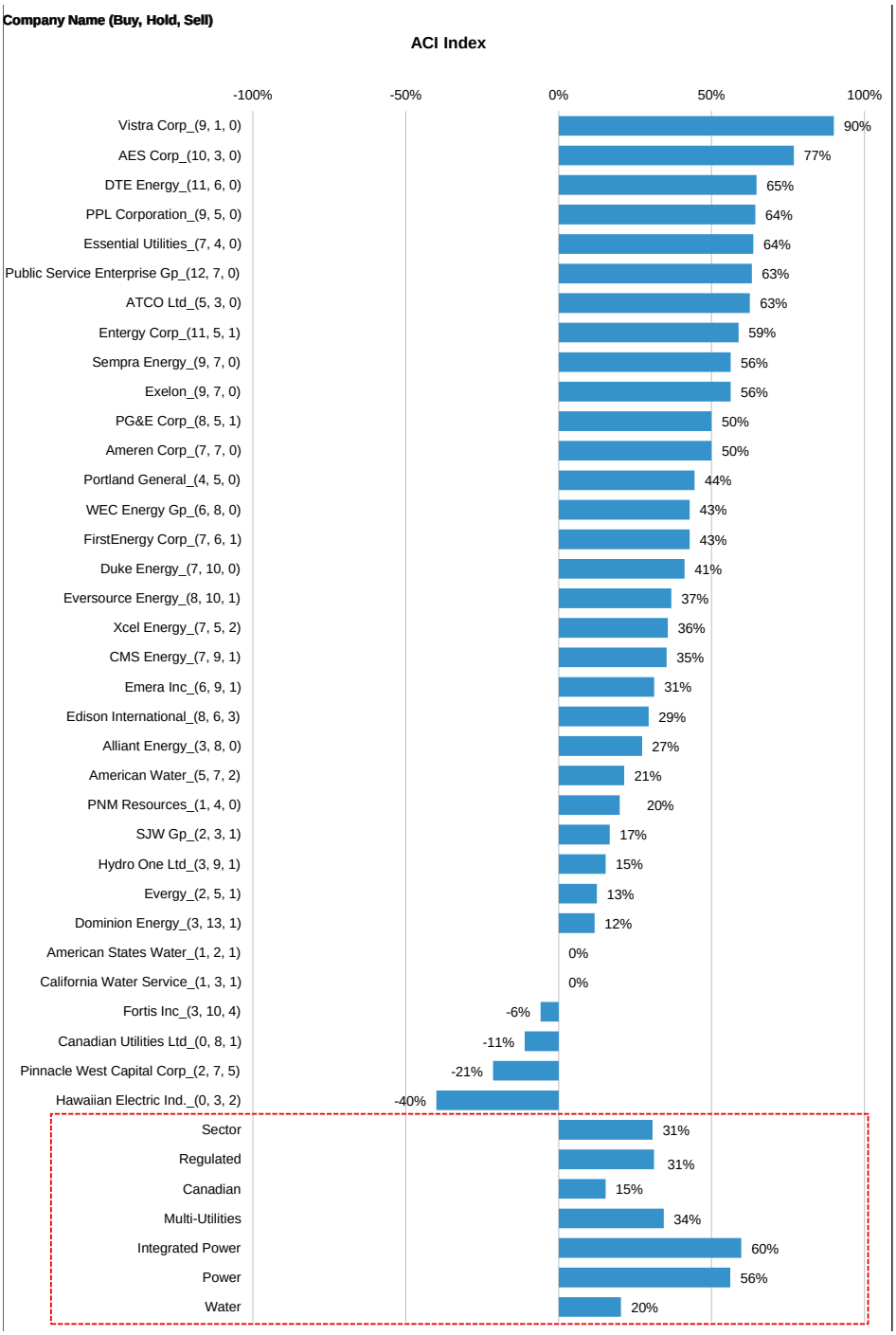

Source: Bloomberg, FactSet, UBS
Updated as of: 05/17/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 11: Change in ACI Index over Last 12 Weeks

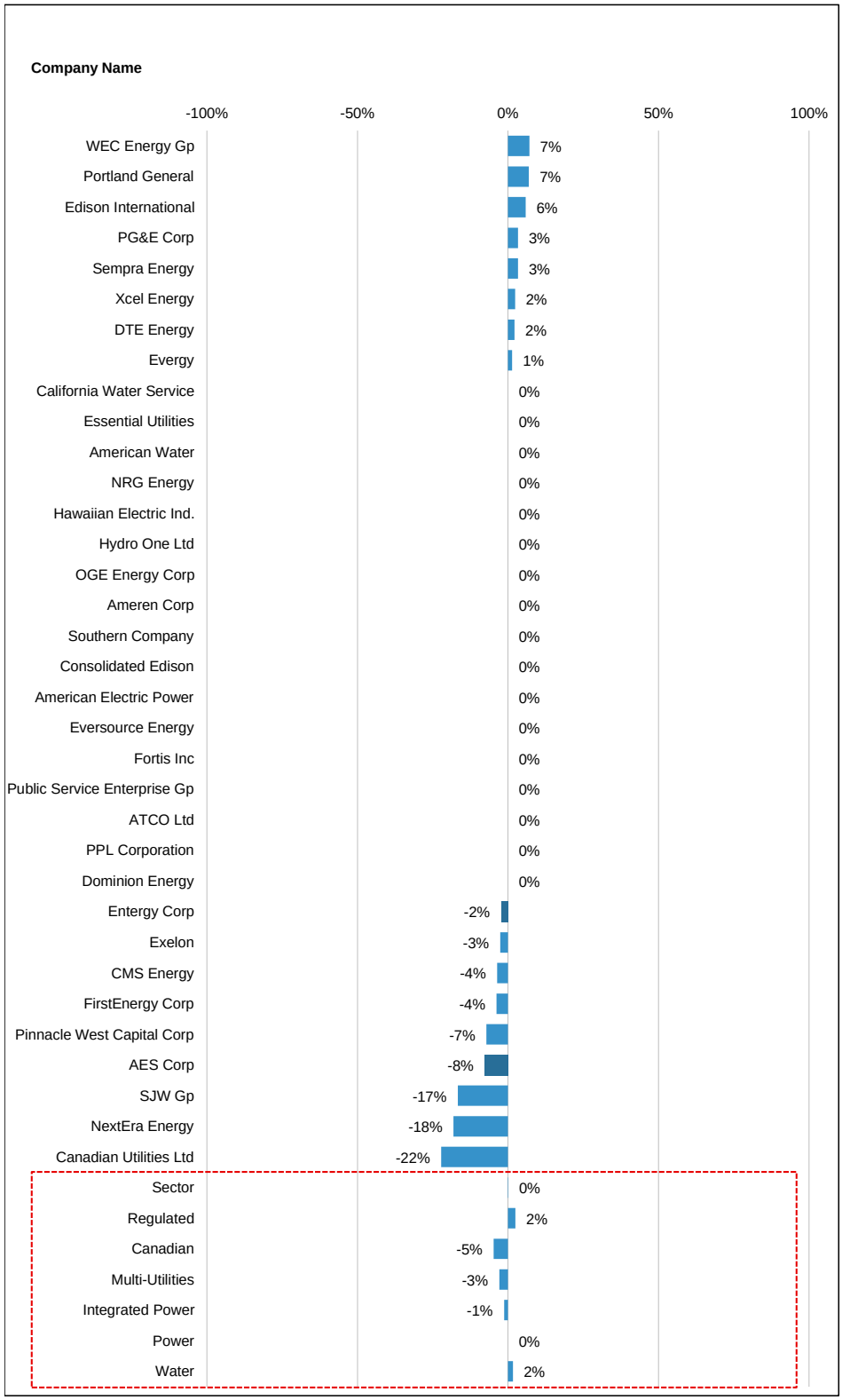

Source: Bloomberg, FactSet, UBS
Updated as of: 05/17/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based.

North American utilities: We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

IPPs: We identify the following risks for the sector: Demand for new renewable installations has historically been volatile around changes in state and federal policy, and we expect this volatility to continue. In addition, margins for product manufacturers can be impacted by swings in raw materials pricing and the overall level of energy prices.

Environmental Services: We identify the following risks for the sector: Housing remains a key driver of incremental municipal solid waste volume growth, and a slowdown in new housing starts could put downward pressure on sales growth. In addition, pricing tends to follow GDP growth, and a slowdown in economic growth could lower ability to raise pricing driving potential contraction in margins. For more industrial-exposed names, swings in commodity prices can impact the overall level of waste-generating activity, contributing to earnings volatility.

We value WEC at a 22% premium to the RU average P/E multiple. The premium reflects our group valuation bias (5% premium), as well as WEC's 3rd quartile EPS growth (2% discount) and 1st quartile regulatory ranking (10% premium), an earnings consistency premium (4% premium), and a lower risk path to the clean energy transition (5% premium).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

California Water Service Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dominion Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Emera Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Eversource Energy

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Entergy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Evergy, Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Fortis Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
11. What is the catalyst?	

Alliant Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

NextEra Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

NiSource Inc.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

PG&E Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Public Service Enterprise Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Pinnacle West Capital Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

PPL Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	May 25, 2023
10. Is the catalyst date an actual or approximate date?	Actual
11. What is the catalyst?	KY intervenor recommendations on Kentucky certificate of public convenience

Southern Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WEC Energy Group Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Xcel Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

American Water Works Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

American Electric Power Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Consolidated Edison Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

OGE Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

American States Water Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	July 22, 2023
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Deadline to renew credit facility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 19 May 2023 04:55 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
WEC Energy Group Inc[16]	WEC.N	Neutral	US$89.34	18 May 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

WEC Energy Group Inc (US$)

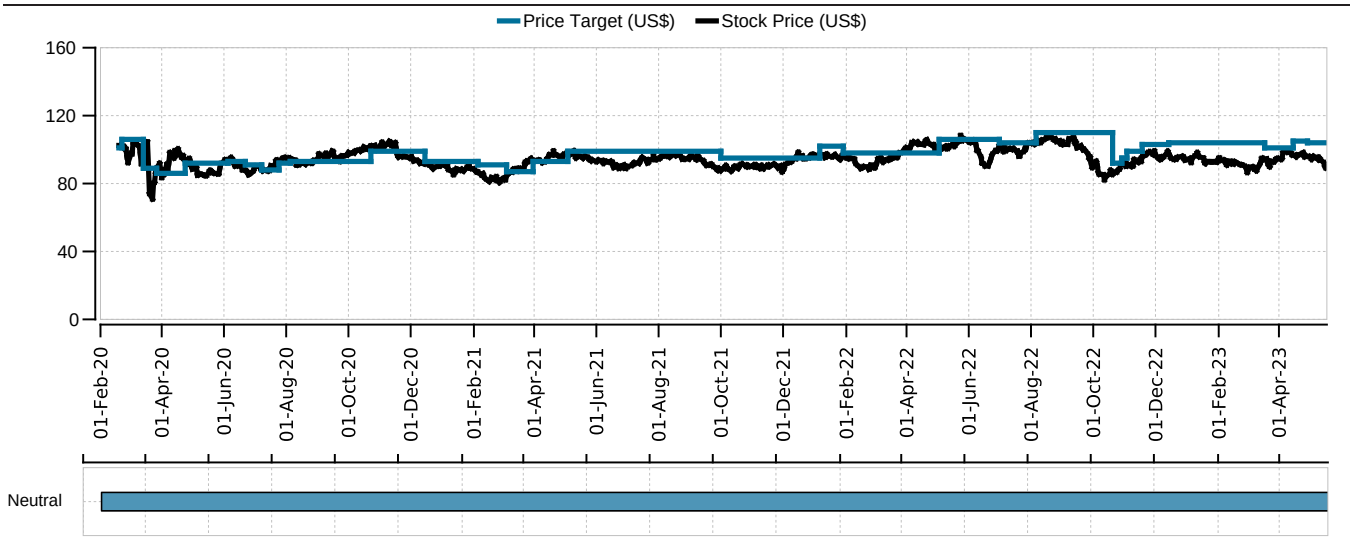

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-02-18	102.88	101.00	Neutral
2020-02-21	102.50	106.00	Neutral
2020-03-13	99.42	89.00	Neutral
2020-03-26	86.77	86.00	Neutral
2020-04-23	94.39	92.00	Neutral
2020-06-04	92.57	93.00	Neutral

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-06-21	88.07	91.00	Neutral
2020-07-07	88.70	88.00	Neutral
2020-07-24	93.59	92.00	Neutral
2020-08-04	95.11	93.00	Neutral
2020-10-22	101.80	99.00	Neutral
2020-12-14	91.58	93.00	Neutral
2021-02-04	86.75	91.00	Neutral
2021-03-04	82.28	87.00	Neutral
2021-03-30	93.39	93.00	Neutral
2021-05-03	98.00	99.00	Neutral
2021-09-30	88.20	95.00	Neutral
2022-01-05	96.96	102.00	Neutral
2022-01-28	96.57	98.00	Neutral
2022-05-02	99.73	106.00	Neutral
2022-06-30	100.64	104.00	Neutral
2022-08-05	103.12	110.00	Neutral
2022-10-19	86.77	92.00	Neutral
2022-10-28	91.60	95.00	Neutral
2022-11-02	90.25	99.00	Neutral
2022-11-17	93.02	103.00	Neutral
2022-12-13	98.98	104.00	Neutral
2023-03-17	94.25	101.00	Neutral
2023-04-14	96.84	105.00	Neutral
2023-04-28	96.17	104.00	Neutral

Source: UBS;as of 18-May-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	86.64	Buy
D	52.68	Buy
EXC	39.39	Neutral
LNT	52.64	Neutral
PCG	16.56	Buy
SRE	147.11	Buy

Power & Utilities

May 19, 2023

The Guggenheim Daily Transmission: AGA Question Bank, EXC NDR, D/M&A, TX, PCG, AEP, SRE, Nuclear, ERCOT, LNT

SAVE THE DATE: We are hosting a dinner with CNP's COO, new CFO, and others on May 22nd...

For our AGA conference (May 20-23) meeting schedule, please scroll down...

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our ETR NDR, DTE NDR, PCG NDR, ES NDR, SMR NDR, SRE NDR, LNT NDR, PNW NDR, AWK NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, and other events, scroll down...

Guggenheim's 2023 AGA Investor Question Bank (see our note HERE)

EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois (see our note HERE)

D/M&A – Indicative bids received in LDC auction process

TX – Texas utility bills progress through legislature

PCG – CPUC approves proposed PG&E settlement related to the Zogg fire

PCG – PG&E starts vehicle to everything electrification work with BMW

PCG – PCG CEO responds to San Francisco Mayor's concern on outages

AEP – W.Va. delegate resigns seat to take position with American Electric Power

SRE – Comments filed in support of public hearings on Port Arthur Phase II Expansion at FERC

Nuclear – Micro fast reactor firm Oklo selects sites for two plants in Ohio

ERCOT – CCGT seeking to switch from MEM to ERCOT may require IS

LNT – IPL files for reconsideration on aspects of the DAS I and II advanced ratemaking approvals

D/M&A – Indicative bids received in LDC auction process

- A "mix of strategic and financial investors" bid by the 5/11 deadline for "all or part" of D's NC/OH/UT LDCs, according to PeakLoad.

Guggenheim takeaway: *This is a procedural data point that should not be a surprise given all of the visibility around the strategic process to date. As we noted following the last call (HERE), the trade press has provided data points (e.g., HERE, HERE) that management has been marking to market different asset options for some time now, providing external assurance, in our view, that many of these processes will be mature in time for the third quarter analyst day. Could we be in a situation where Dominion emerges post strategic review with no "gas" exposure through the sale of their LDCs? Possibly… Could Dominion essentially emerge as a regulated electric utility located in VA? Possibly…*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

TX – Texas utility bills progress through legislature

- TX SB 1076 passed at the House with passage recorded at the Senate and signed.
- The bill addresses timelines for CPCN approvals on transmission projects.
- TX Senate bill SB 1015 related to bi-annual DCRF review at the PUCT has been put on the general state calendar.
- The committee report is supportive of aligning the DCRF and TCOS frameworks and does not see any change in authority resulting from the bill.
- The bill aligns DCRF reviews to twice in one year, similar to the TCOS process already in place.
- TX HB 2555 has passed at the Senate.
- The bill focuses on transmission and distribution resiliency plans for utilities

Guggenheim takeaway:*FYI. SB1015 seems to be one of the less contested bills in front of the TX legislature as it does not change any agency authorities or introduce any new concepts in ratemaking. The DCRF cadence could help offset some of the regulatory lag for TX utilities (CNP, SRE, ETR, AEP). Texas legislative session starting to pick up as we are watching multiple utility related bills, including on the electric side, where there is a capital structure bill proposed (HB 3042).*

PCG – CPUC approves proposed PG&E settlement related to the Zogg fire

- The CPUC approved the $150M Zogg fire settlement during their last commission meeting.
- The order on the settlement was recently modified to remove language around the severity of PG&E actions and instead listed the severity as a disputed fact.
- The Zogg fire impacted 204 structures and PG&E has taken a ~$350M charge.
- Media coverage remains critical of PG&E and the CPUC.
- Media coverage here.

Guggenheim takeaway: *FYI. The language changes are largely optics and not a fundamental change to PG&E's outcome with the CPUC. Penalties remain in place and the liabilities from the fire are below the $1B insurance limit.*

PCG – PG&E starts vehicle to everything electrification work with BMW

- PG&E announced the initial testing of V2X, vehicle to everything technology with BMW (BMW.DE).
- The initial programs will test various peak load offset uses including as backup generators.
- PR here.

Guggenheim takeaway: *FYI. PG&E continues to advance EV use case analysis and implementation. In aggregate, this helps drive EV adoption to an inflection point, increases sales volume and helps offset customer wallet impacts for energy and transportation.*

PCG – PCG CEO responds to San Francisco Mayor's concern on outages

- PCG CEO Patti Poppe responded to a letter from San Francisco Mayors office around outage impacts and response.
- The PCG response detailed outage response procedures and restoration timelines.
- Media coverage here.

Guggenheim takeaway: *FYI. Constructive discourse through media channels for PCG as San Francisco has been vocal about municipalization of utility assets.*

AEP – W.Va. delegate resigns seat to take position with American Electric Power

- A Republican member of the West Virginia House is resigning her seat in order to take a position at AEP.
- Delegate Erikka Storch wrote in a letter to House Speaker Roger Hanshaw that she would be resigning effective May 19th, according to news outlets.
- Media coverage HERE and HERE.

Guggenheim takeaway: *Delegate Storch has accepted the position of external affairs manager at Appalachian Electric Power, where her duties will include serving as a legislative and media liaison for the utility.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

SRE – Comments filed in support of public hearings on Port Arthur Phase II Expansion at FERC

- Multiple stakeholders filed comments strongly supporting more public hearings in the Port Arthur Phase II FERC permitting proceeding.
- FERC has been working on supplemental environmental assessments for PA phase 2.
- FERC Docket: CP20-55

Guggenheim takeaway:*FYI. Update on FERC process as SRE pursues further LNG expansions. There is strong local pushback on environmental impacts, but SRE has been focused on lowering environmental impacts through electrification and CCS opportunities (relative to other LNG developers). While the plans for FID on PA development are largely completed, the expansion project is still in the earlier stage of development. The co-location for the expansion project could provide an opportunity to accelerate development timelines.*

Nuclear – Micro fast reactor firm Oklo selects sites for two plants in Ohio

- "Oklo Inc. and the Southern Ohio Diversification Initiative (SODI) have signed an agreement to deploy two commercial Oklo power plants in Southern Ohio. Oklo's commercial power plants will provide up to 30 MW of clean electric power, and over 50 MW of clean heating, with opportunities to expand. " - release
- More HERE

Guggenheim takeaway: *Nuclear data point for your awareness – Oklo [PRIVATE] is one of the more advanced non-LWR fast-reactor designs in the US, with an ongoing licensing process before the NRC.*

ERCOT – CCGT seeking to switch from MEM to ERCOT may require IS

- The ~540MW CCGT on the Texas-Mexico border had been seeking to reconfigure its output to serve the ERCOT market this summer, according to PeakLoad, before receiving an interconnection request.

Guggenheim takeaway: *Minor FYI – the interconnection request may take time, removing a potential source of dispatchable capacity as the ISO heads into the peak season.*

LNT – IPL files for reconsideration on aspects of the DAS I and II advanced ratemaking approvals

- "Based on the foregoing and as further explained below, IPL respectfully requests, pursuant to Iowa Code § 476.12 and 199 IAC section 7.27, the Board's reconsideration of its denial of the Cost of Equity Ratemaking Principle, Cost Cap Ratemaking Principle, Environmental Attributes Ratemaking Principle, and Matching Principle." - filing
- More HERE.

Guggenheim takeaway: *Flagged for your awareness as IPL continues to argue for its proposed 11.4% ROE – as a reminder, under advanced ratemaking, a project can earn a fixed ROE for its life. The balance of the original ask (200MW + BESS) remains in the legal process.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

Jason Wells, *Chief Operating Officer*
Chris Foster, *Chief Financial Officer*
Jackie Richert, *VP Investor Relations & Treasurer*
Ben Vallejo, *Director Investor Relations*

Dates

Monday, May 22, 2023
6:00 PM

Location

Restaurant TBD
Fort Lauderdale, Florida

Company Information

Market Cap: $18.6bn

CenterPoint Energy, Inc. (CNP) is a holding company that engages in the business of power generation and distribution. It operates through the following segments: CenterPoint Energy, Houston Electric, and CERC. The CenterPoint Energy segment consists of electric transmission and distribution services in the Texas gulf coast area in the ERCOT region and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations in the MISO region. The Houston Electric segment consists of electric transmission services to transmission services customers in the ERCOT region and distribution services to REPs serving the Texas gulf coast area. The CERC segment covers the Restructuring consisting of intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas, and permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
11:10AM	LNT
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chairman, President & Chief Executive Officer*
Barbara Tuckfield, *Director Investor Relations*

Dates & Location
June 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $22.4bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment includes various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patti Poppe, *Chief Executive Officer (Tentative)*
Carolyn Burke, *Incoming Chief Financial Officer*
Tom Webb, *Senior Advisor to Chief Executive Officer*
Jonathan Arnold, *Vice President, Investor Relations*

Date & Location

Monday, June 12, 2023
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $39.6bn

PG&E Corp. (PCG) is a holding company that engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in Oakland, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Eversource Energy (ES)

Joseph Nolan, *Chairman, President & Chief Executive Officer*
John Moreira, *Chief Financial Officer*
Jeffrey Kotkin, *Vice President, Investor Relations*
Bob Becker, *Director, Investor Relations*

Date & Location
Thursday, June 22, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.02bn
Eversource Energy (ES) engages in the generation, transmission, and distribution of natural gas and electricity. It operates through the following segments: Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. The Electric Distribution segment distributes electricity to retail customers. The Electric Transmission segment owns and maintains transmission facilities through CL&P, NSTAR Electric, PSNH, and WMECO. The Natural Gas Distribution segment transmits and distributes natural gas to retail customers. The Water Distribution segment operates three separate regulated water utilities in Connecticut, Massachusetts, and New Hampshire. The company was founded on July 1, 1966, and is headquartered in Springfield, MA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

NuScale Power Corporation (SMR)

Chris Colbert, *Chief Financial Officer*

Scott Kozak, *Director, Investor Relations*

Date & Location

Tuesday, June 27, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $1.9bn

NuScale Power Corp. (SMR) engages in the commercialization of a modular, scalable 77 megawatt electric Light Water Reactor nuclear power plant using rights to a nuclear power plant design. Its products include VOYGR SMR Plants and Energy Exploration (E2) Centers. The company was founded by José N. Reyes in 2007 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

SAVE THE DATE
2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeffrey Guldner, Chairman, President & CEO

Andrew Cooper, *Chief Financial Officer*

Dates & Locations

July 19 | New York
July 20 | Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $9.05bn

Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ.
(Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	5/22	Fort Lauderdale, FL
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
DTE	6/7–6/8	NYC
PCG	6/12	NYC
ES	6/22	NYC
SMR	6/27	NYC
SRE	6/28–6/29	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	NYC
PNW	7/19–7/20	NYC & Boston
AWK	8/9–8/10	West Coast
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim Comp Sheet

5/18/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$61.48	3,524	3.70	4.17	4.56	4.87	5.07	3.70	4.07	4.34	4.83	5.05	–	0.10	0.22	0.04	–	16.6x	15.1x	14.2x	12.7x	12.2x	-5%	-7%	-7%	-11%	-10%	8.4%	4.5%	72%	Sell	$54	-8%	Neutral	$67	13%
AVA	$42.52	3,221	2.28	2.49	2.61	2.67	2.73	2.34	2.47	2.62	2.68	2.77	(0.06)	–	–	–	(0.04)	18.2x	17.2x	16.3x	15.9x	15.4x	4%	5%	6%	10%	13%	5.2%	4.4%	78%	Sell	$35	-13%	Sell	$39	-3%
NWE	$58.37	3,489	3.42	3.55	3.75	3.91	4.08	3.46	3.58	3.75	3.84	3.98	(0.04)	–	–	0.07	0.11	16.9x	16.3x	15.6x	15.2x	14.7x	-4%	0%	2%	6%	8%	5.1%	4.4%	74%	Sell	$46	-17%	Neutral	$60	7%
POR	$49.79	4,811	2.68	3.02	3.17	3.33	3.51	2.68	3.04	3.20	3.34	3.53	–	–	(0.03)	–	–	18.6x	16.4x	15.6x	14.9x	14.1x	6%	0%	2%	3%	4%	5.1%	3.9%	68%	Buy	$54	12%	Buy	$54	12%
		15,045																17.6x	16.2x	15.4x	14.7x	14.1x	0%	-0%	1%	2%	4%	6.0%	4.3%	73%						
Mid/Large Cap Electric																																			
AEE	$83.36	21,880	4.35	4.67	5.05	5.40	5.68	4.37	4.69	5.03	5.38	5.69	–	–	–	–	–	19.1x	17.8x	16.6x	15.5x	14.6x	9%	9%	8%	8%	8%	6.6%	3.1%	58%	Neutral	$89	10%	Buy	$94	16%
AEP	$86.64	44,601	5.30	5.64	6.00	6.39	6.81	5.28	5.62	5.97	6.31	6.79	–	–	0.03	0.08	–	16.4x	15.4x	14.5x	13.7x	12.8x	-6%	-5%	-5%	-5%	-6%	6.0%	3.9%	63%	Buy	$105	25%	Buy	$102	22%
CMS	$58.74	17,132	3.12	3.41	3.65	3.91	4.26	3.10	3.35	3.64	3.89	4.18	–	0.06	–	–	0.08	18.9x	17.6x	16.2x	15.1x	14.1x	8%	8%	6%	5%	4%	8.1%	3.4%	63%	Neutral	$65	14%	Buy	$67	18%
CNP	$28.44	17,901	1.51	1.62	1.74	1.89	2.05	1.49	1.61	1.73	1.86	2.01	–	–	–	–	0.04	19.1x	17.6x	16.5x	15.3x	14.2x	9%	8%	8%	6%	5%	8.2%	2.7%	50%	Neutral	$32	15%	Buy	$33	17%
D	$52.68	44,037	3.89	3.75	3.97	4.24	4.50	3.86	3.76	3.97	4.31	4.44	0.03	–	–	(0.07)	0.06	13.7x	14.0x	13.3x	12.2x	11.9x	-22%	-14%	-13%	-15%	-12%	1.4%	5.2%	71%	Buy	$63	25%	Neutral	$62	22%
DTE	$108.90	22,445	6.26	6.73	7.19	7.75	8.30	6.22	6.67	7.12	7.74	8.24	0.04	0.06	0.07	–	0.06	17.5x	16.3x	15.3x	14.1x	13.2x	-0%	0%	-0%	-2%	-3%	6.4%	3.6%	62%	Buy	$127	20%	Buy	$129	22%
DUK	$92.81	71,557	5.65	6.05	6.35	6.75	7.15	5.64	5.99	6.35	6.71	7.13	–	0.06	–	0.04	–	16.5x	15.5x	14.6x	13.8x	13.0x	-6%	-5%	-4%	-4%	-4%	6.3%	4.5%	72%	Buy	$114	27%	Buy	$109	22%
ED	$95.36	33,046	4.83	5.19	5.50	5.81	6.02	4.86	5.22	5.50	5.83	6.12	–	–	–	–	(0.10)	19.6x	18.3x	17.3x	16.4x	15.6x	12%	12%	13%	14%	15%	5.7%	3.4%	66%	Neutral	$90	-2%	Sell	$92	-1%
EIX	$68.85	26,368	4.70	4.94	5.36	5.70	6.10	4.72	5.11	5.51	5.91	6.15	–	(0.17)	(0.15)	(0.21)	(0.05)	14.6x	13.5x	12.5x	11.7x	11.2x	-17%	-17%	-18%	-19%	-17%	5.7%	4.4%	62%	Buy	$81	22%	Buy	$75	14%
ES	$73.62	25,682	4.34	4.71	5.02	5.31	5.57	4.36	4.66	4.99	5.30	5.67	–	0.05	0.03	–	(0.09)	16.9x	15.8x	14.8x	13.9x	13.0x	-4%	-3%	-4%	-3%	-4%	6.4%	3.8%	62%	Buy	$91	27%	Buy	$86	21%
ETR	$101.50	21,462	6.71	7.16	7.76	8.31	8.97	6.67	7.17	7.70	8.23	8.85	0.04	–	0.06	0.08	0.12	15.2x	14.2x	13.2x	12.3x	11.5x	-13%	-13%	-14%	-14%	-15%	6.9%	4.3%	64%	Buy	$124	26%	Buy	$121	23%
EVRG	$59.24	13,601	3.65	3.97	4.24	4.47	4.75	3.63	3.95	4.23	4.44	4.69	–	–	–	0.03	0.06	16.3x	15.0x	14.0x	13.3x	12.6x	-7%	-8%	-9%	-7%	-7%	4.8%	4.3%	68%	Buy	$72	26%	Neutral	$66	15%
EXC	$39.39	39,165	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.73	2.92	3.12	–	–	–	–	–	16.7x	15.7x	14.4x	13.5x	12.6x	-5%	-4%	-6%	-6%	-7%	6.4%	3.8%	62%	Neutral	$45	18%	Buy	$47	22%
FE	$37.98	21,756	2.54	2.69	2.89	3.07	3.27	2.52	2.66	2.83	2.97	3.25	–	0.03	0.06	0.10	–	15.1x	14.3x	13.4x	12.8x	11.7x	-14%	-12%	-12%	-11%	-14%	6.3%	4.2%	62%	Buy	$46	25%	Buy	$44	19%
LNT	$52.64	13,233	2.90	3.08	3.27	3.50	3.67	2.90	3.15	3.28	3.48	3.67	–	(0.07)	–	–	–	18.2x	16.7x	16.1x	15.1x	14.3x	4%	2%	5%	5%	6%	6.1%	3.5%	62%	Neutral	$52	2%	Buy	$58	13%
OGE	$36.59	7,329	2.02	2.16	2.25	2.37	2.48	2.01	2.12	2.28	2.36	2.46	–	0.04	–	–	–	18.2x	17.2x	16.1x	15.5x	14.9x	4%	6%	5%	8%	10%	2.8%	4.6%	82%	Neutral	$38	8%	Neutral	$39	11%
POG	$16.56	33,050	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	13.7x	12.3x	11.3x	10.4x	9.5x	-22%	-25%	-26%	-28%	-30%	9.7%	1.0%	14%	Buy	$22	34%	Buy	$19	15%
PEG	$61.41	30,641	3.45	3.67	4.10	4.29	4.59	3.44	3.69	4.03	4.30	4.47	–	–	0.07	–	0.12	17.8x	16.7x	15.2x	14.3x	13.7x	2%	2%	-0%	-1%	1%	5.8%	3.8%	66%	Buy	$69	16%	Buy	$68	14%
PNW	$78.21	8,858	4.05	4.60	4.80	5.05	5.35	4.05	4.74	4.88	5.19	5.42	–	(0.14)	(0.08)	(0.14)	(0.07)	19.3x	16.5x	16.0x	15.1x	14.4x	10%	1%	5%	5%	6%	4.7%	4.5%	82%	Neutral	$77	3%	Neutral	$76	1%
PPL	$27.22	20,063	1.58	1.71	1.82	1.96	2.08	1.59	1.70	1.82	1.94	2.08	–	–	–	–	–	17.1x	16.0x	15.0x	14.0x	13.1x	-2%	-2%	-2%	-2%	-4%	8.1%	3.6%	60%	Buy	$34	29%	Buy	$31	19%
SO	$71.05	77,552	3.60	4.05	4.30	4.55	4.80	3.61	4.03	4.30	4.47	4.75	–	–	–	0.08	0.05	19.7x	17.6x	16.5x	15.9x	15.0x	12%	8%	8%	11%	10%	5.9%	3.9%	74%	Buy	$79	15%	Neutral	$73	7%
WEC	$89.34	28,181	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.26	5.62	5.98	–	–	–	–	–	19.4x	18.2x	17.0x	15.9x	14.9x	11%	12%	11%	11%	10%	6.1%	3.6%	67%	Neutral	$99	14%	Buy	$102	18%
Mid/Lg Cap (excl. EIX, PCG)																		**17.5x**	**16.3x**	**15.3x**	**14.4x**	**13.6x**							**5.9%**	**3.9%**	**66%**						
SMID + Lg Cap		**654,586**																**17.5x**	**16.3x**	**15.3x**	**14.4x**	**13.6x**							**5.9%**	**4.0%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$35.99	3,943	2.24	2.42	2.55	2.67	2.80	2.25	2.40	2.52	2.62	2.73	–	–	0.03	0.05	0.07	16.0x	15.0x	14.3x	13.7x	13.2x	-9%	-8%	-6%	-5%	-3%	5%	4.0%	63%	Neutral	$39	12%	Sell	$37	6%
NEE	$75.10	151,959	3.13	3.43	3.69	3.99	4.27	3.11	3.40	3.68	4.00	4.39	–	–	–	–	(0.12)	24.1x	22.1x	20.4x	18.8x	17.1x	38%	35%	33%	30%	26%	8%	2.6%	61%	Buy	$92	25%	Buy	$93	26%
SRE	$147.11	46,288	9.00	9.50	10.13	10.80	11.71	9.00	9.58	10.20	10.94	11.65	–	(0.08)	(0.07)	(0.14)	0.06	16.3x	15.4x	14.4x	13.4x	12.6x	-7%	-6%	-6%	-7%	-7%	5%	3.4%	54%	Buy	$174	22%	Buy	$171	20%
		202,191																18.8x	17.5x	16.4x	15.3x	14.3x	7%	7%	7%	6%	6%	6.0%	3.3%	59%						
Gas LDCs																																				
NI	$27.36	11,301	1.57	1.68	1.82	1.95	2.07	1.57	1.68	1.80	1.94	2.08	–	–	–	–	–	17.4x	16.3x	15.2x	14.1x	13.2x	-1%	-0%	-1%	-2%	-3%	7%	3.8%	64%	Buy	$31	17%	Buy	$32	20%
CPK	$125.23	2,228	5.42	5.84	6.23	6.59	6.94	5.40	5.82	6.24	6.59	6.95	–	–	–	–	–	23.2x	21.5x	20.1x	19.0x	18.0x	32%	32%	31%	32%	32%	7%	1.9%	43%	Neutral	$116	-5%	Buy	$135	10%
NJR	$48.97	4,748	2.67	2.65	2.85	3.05	3.30	2.69	2.76	2.93	3.15	3.40	–	(0.11)	(0.08)	(0.10)	(0.10)	18.2x	17.7x	16.7x	15.6x	14.4x	4%	9%	9%	8%	5%	6%	3.3%	60%	Neutral	$47	-1%	Neutral	$51	8%
NWN	$44.50	1,562	2.65	2.83	2.98	3.09	3.21	2.67	2.79	2.96	3.05	3.23	–	0.04	–	0.04	–	16.7x	16.0x	15.0x	14.6x	13.8x	-5%	-2%	-2%	1%	1%	5%	4.4%	72%	Neutral	$45	6%	Buy	$53	23%
OGS	$79.72	4,416	4.14	4.24	4.53	4.98	5.31	4.14	4.29	4.57	4.98	5.35	–	(0.05)	(0.04)	–	(0.04)	19.3x	18.6x	17.5x	16.0x	14.9x	10%	14%	14%	11%	9%	10%	3.3%	63%	Neutral	$77	-0%	Neutral	$79	3%
SR	$67.79	3,566	4.25	4.31	4.57	4.73	4.99	4.27	4.32	4.61	4.82	5.09	–	–	(0.04)	(0.09)	(0.10)	15.9x	15.7x	14.7x	14.1x	13.3x	-9%	-4%	-4%	-3%	-2%	5%	4.4%	69%	Neutral	$69	6%	Neutral	$72	11%
		27,821																18.4x	17.6x	16.5x	15.5x	14.6x	5%	8%	8%	8%	7%	6.6%	3.5%	62%						
Regulated Water																																				
AWK	$141.73	27,587	4.76	5.14	5.59	5.98	6.45	4.78	5.14	5.59	6.04	6.45	–	–	–	(0.06)	–	29.7x	27.6x	25.4x	23.5x	22.0x	69%	69%	66%	62%	61%	7%	2.0%	60%	Neutral	$152	9%	Neutral	$159	14%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$81.40	26,590	3,100	3,237	3,377	3,512	4,490	3,177	3,557	3,680	3,516	3,939	(77)	(320)	(303)	–	552	9.9x	8.6x	8.0x	8.0x	6.6x	31,481	30,759	29,463	28,108	26,065	8.2%	1.5%	27%	Buy	$97	21%	Buy	$97	20%
NRG	$33.46	7,704	3,100	3,124	3,128	3,044	3,109	2,939	3,123	3,194	2,845	2,792	162	–	(66)	199	317	5.8x	5.1x	4.5x	4.6x	4.1x	17,133	15,901	14,414	13,026	11,566	21.3%	4.6%	26%	Neutral	$34	6%	Neutral	$37	16%
VST	$24.44	9,117	3,703	3,706	3,766	3,760	3,834	3,703	4,020	4,006	4,031	4,323	–	(314)	(241)	(270)	(489)	5.8x	5.3x	5.2x	5.0x	4.6x	21,462	21,334	20,780	20,226	20,059	6.5%	3.4%	28%	Buy	$31	30%	Buy	$32	34%
Other																																				
ALTO	$2.20	167	7	30	36	32	33	19	42	494	518	544	–	–	(459)	(485)	(510)											42.1%	–	–	Buy	$5	127%	Buy	$5	127%
NEP	$59.39	5,280	1,837	1,977	2,143	2,325	2,471	2,012	2,265	2,463	2,619	2,742	(175)	(288)	(319)	(294)	(271)											9.1%	6.1%	–	Buy	$74	31%	Buy	$77	36%
SMR	$7.79	549	(131)	(57)	8	96	n/a	(129)	(73)	(18)	55	220	–	–	26	41	–												–	–	Buy	$18	131%	Buy	$14	73%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

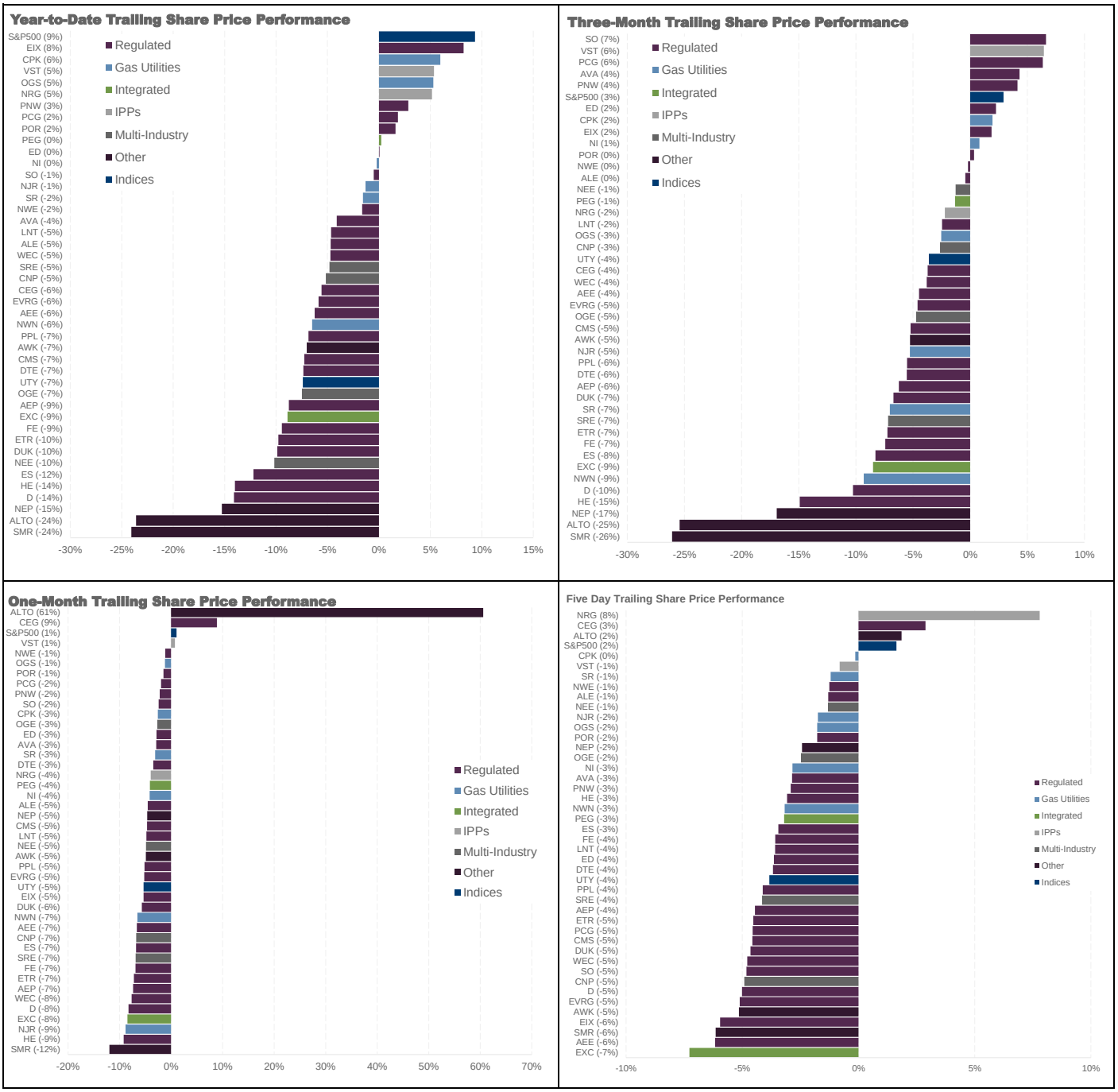

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Generation and Mix

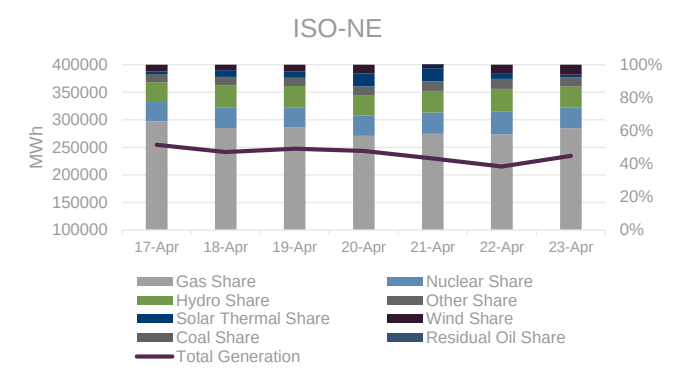

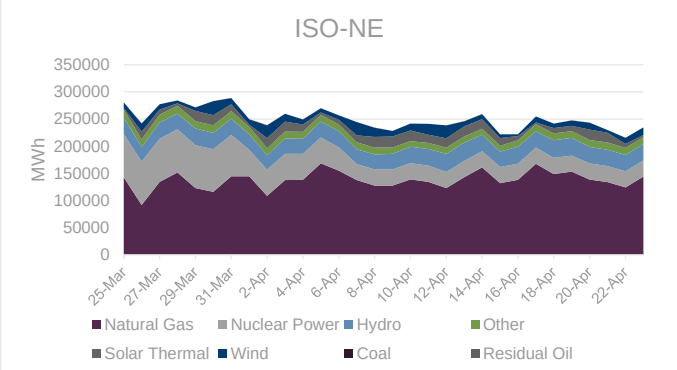

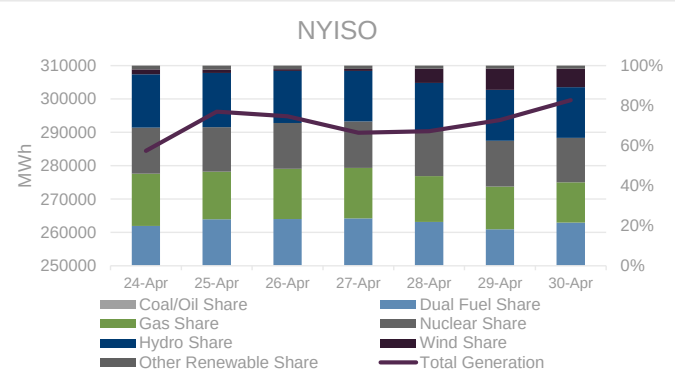

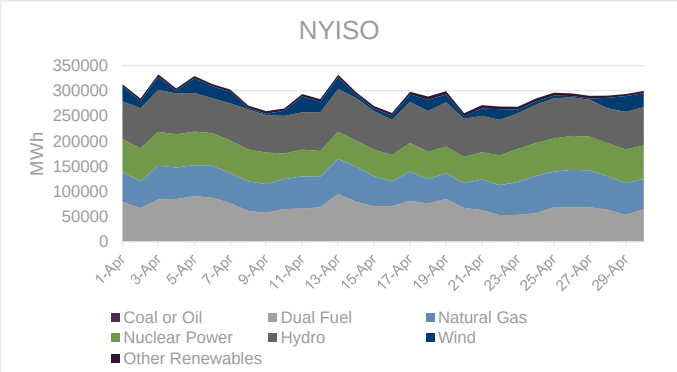

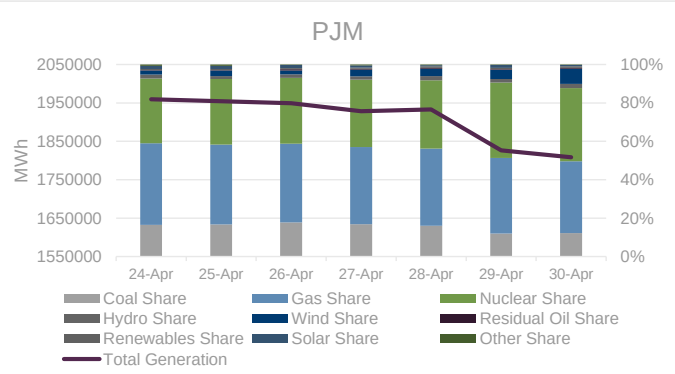

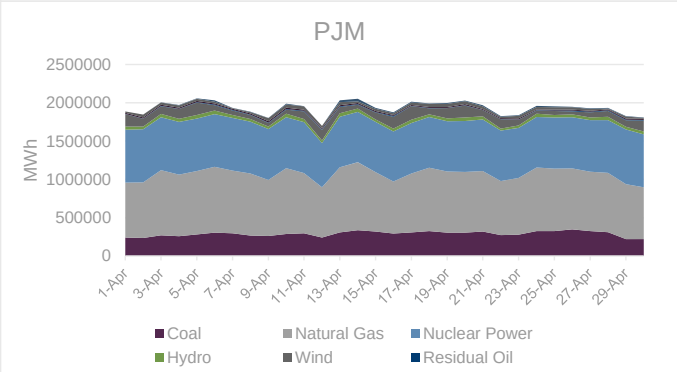

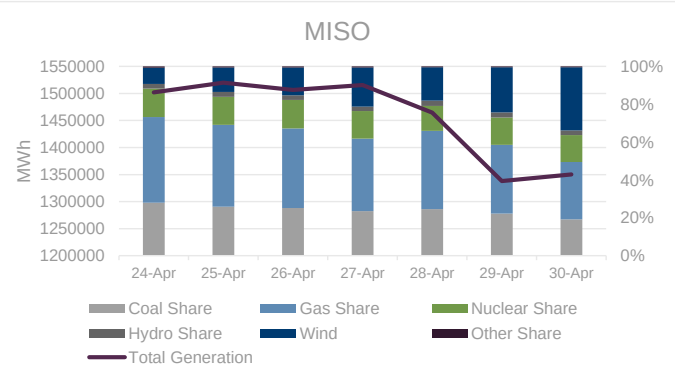

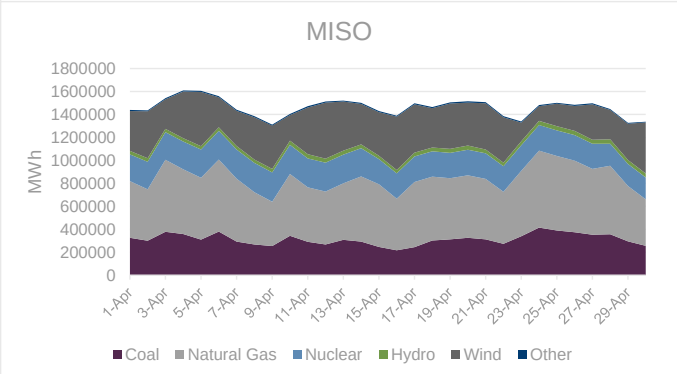

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Generation and Mix (continued)

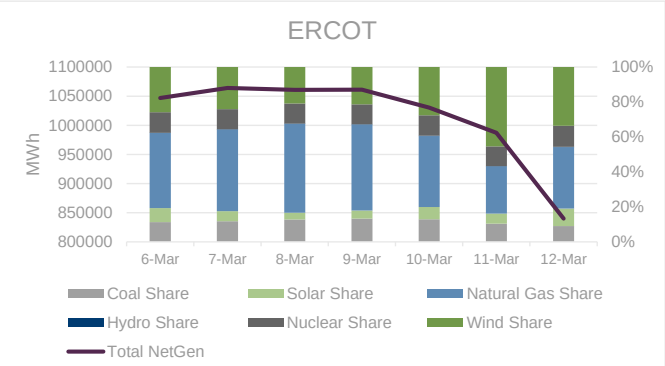

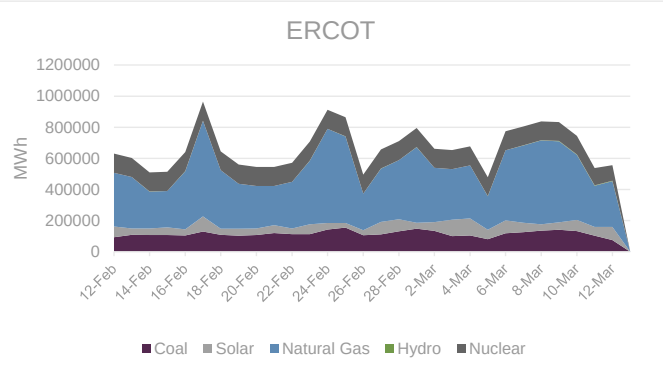

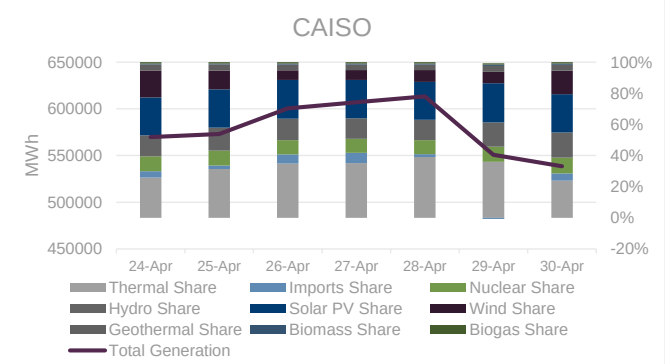

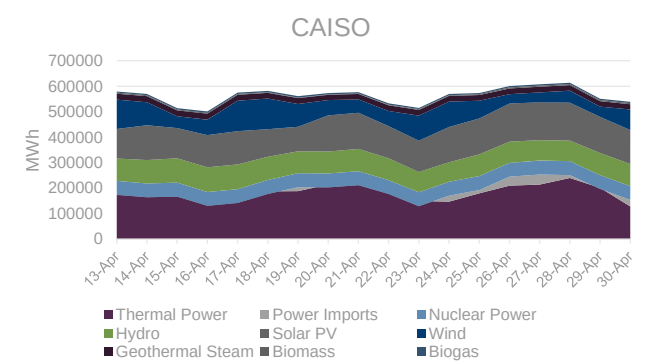

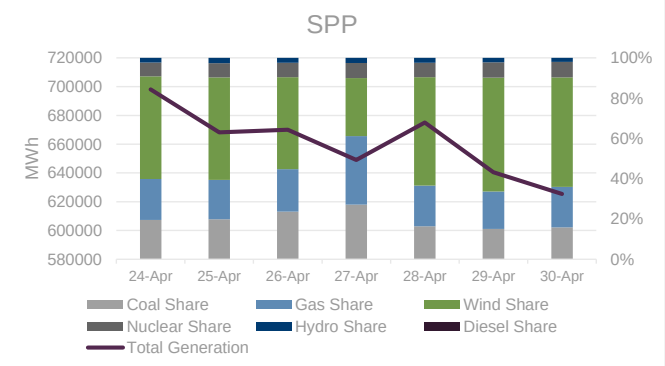

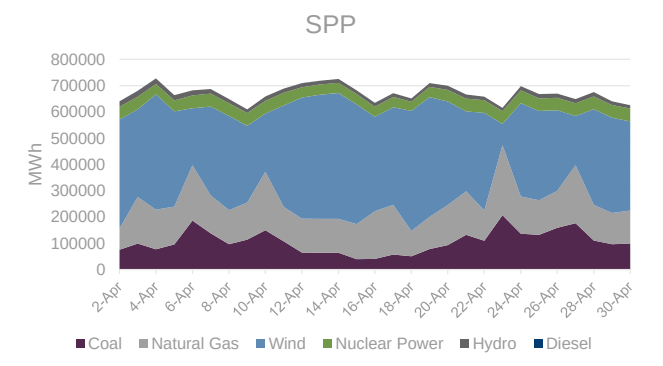

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Weather

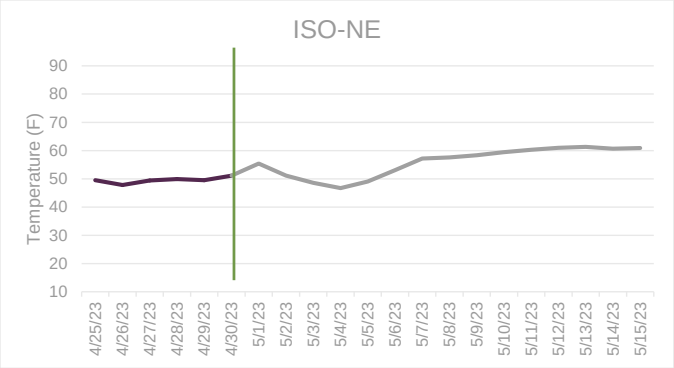

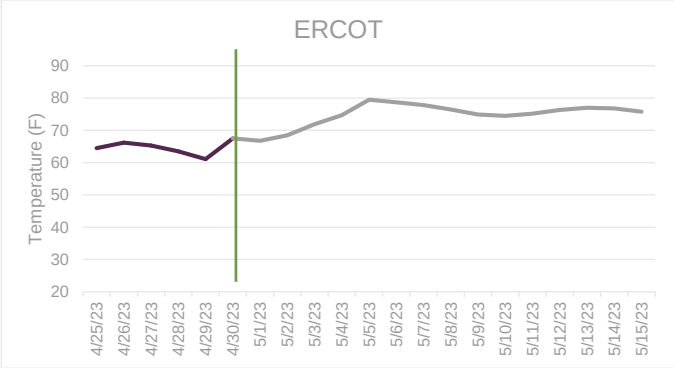

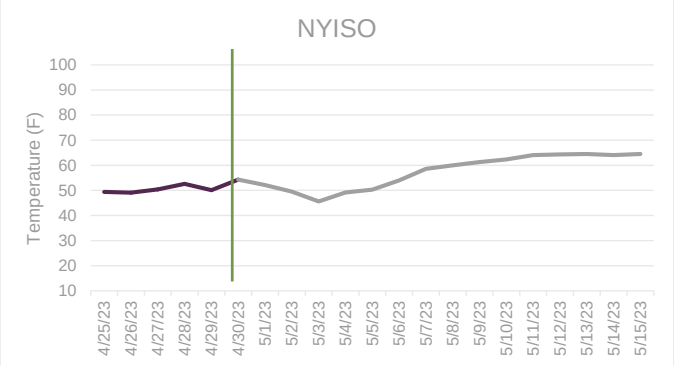

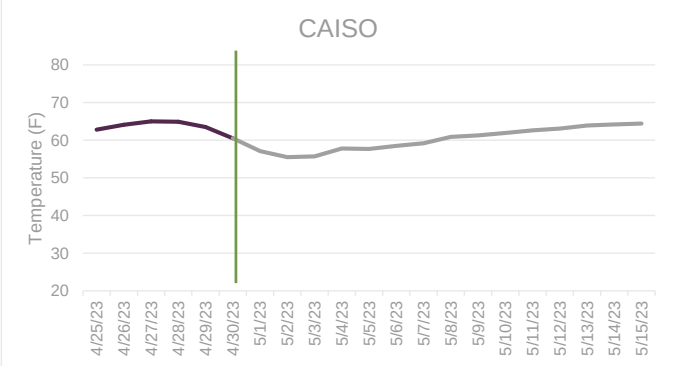

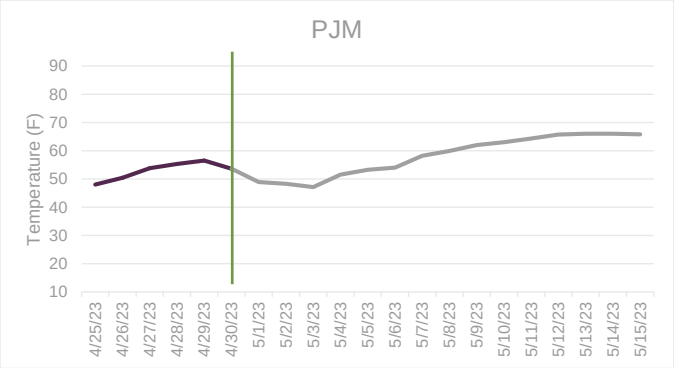

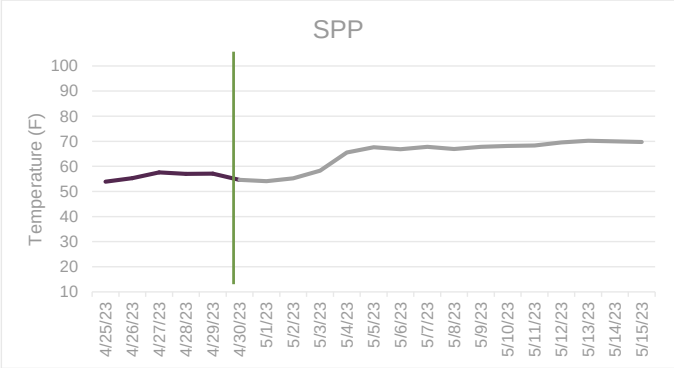

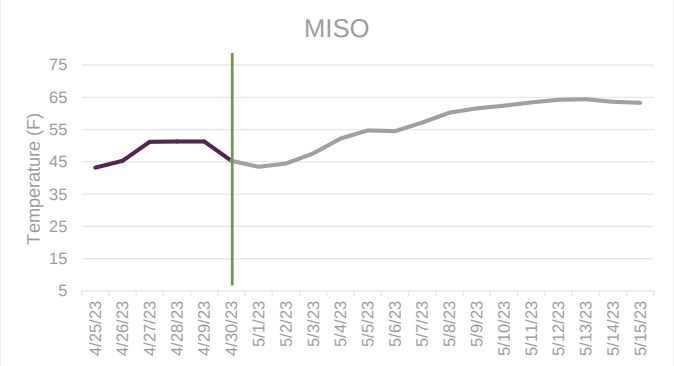

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

YTD Peak Load

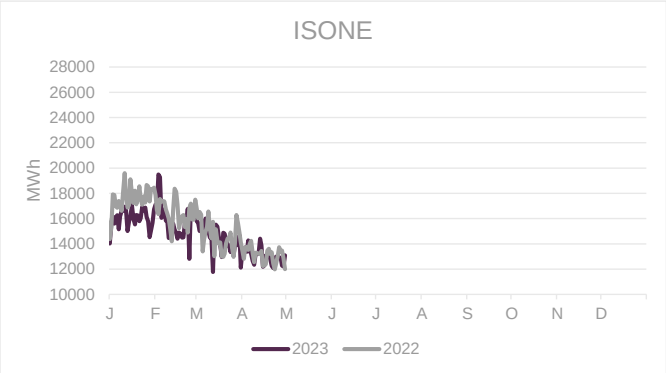

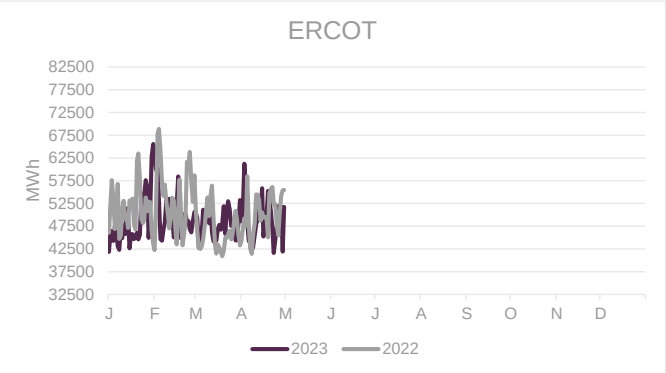

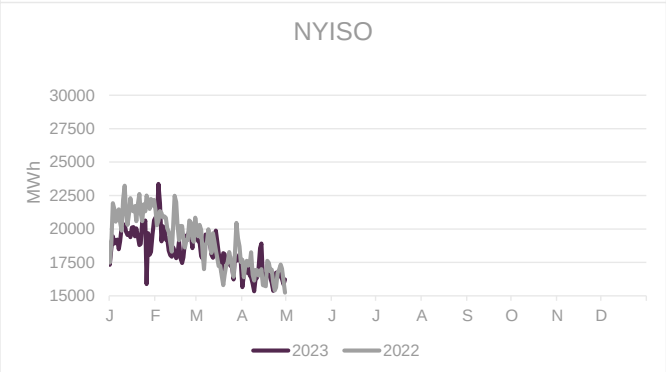

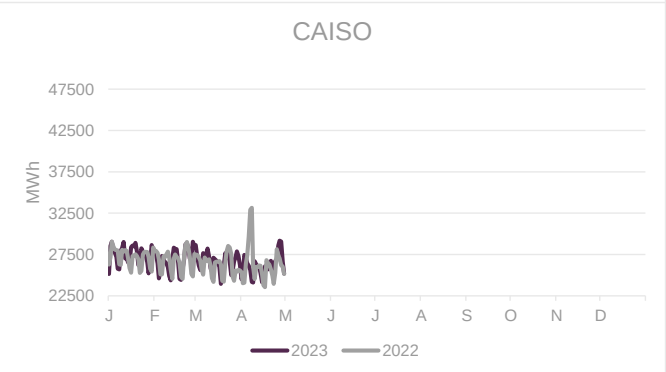

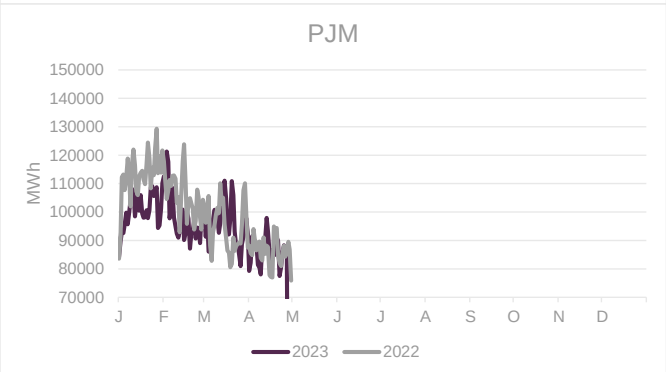

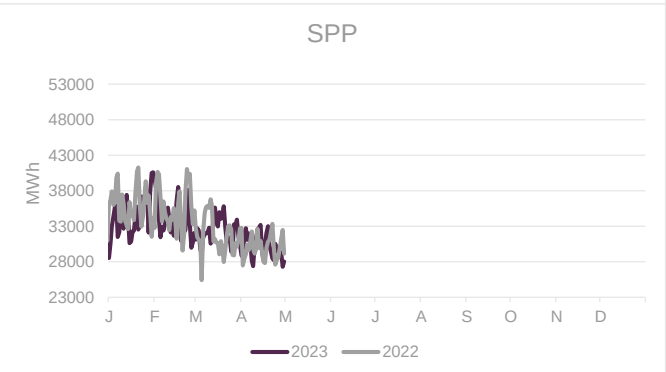

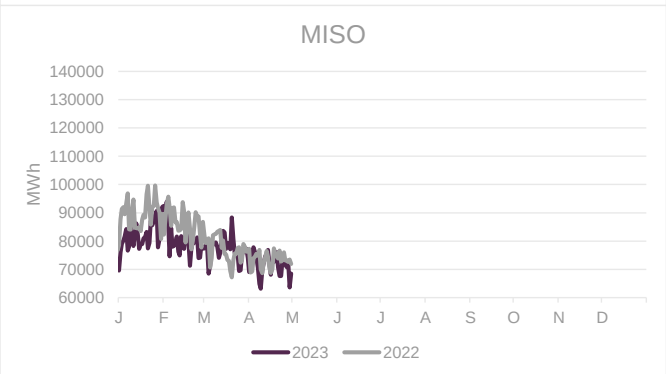

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-0.6%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-1.0%
PJM	3.8%	0.2%	2.1%	-5.2%	-0.1%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.5%
CAISO	1.2%	4.0%	0.3%	1.0%	-0.1%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-1.9%
SPP	9.7%	5.0%	7.1%	-1.6%	0.5%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/31/2023-6/30/2023)

Date	State	Ticker	Utility/Event	Docket	Description
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/15/2023-4/15/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
3/29/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Company to submit annual information filing
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Company to submit annual information filing
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision may be issued in Rider US 3 proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
4/1/2023-4/30/2023	KS	EVRG	Evergy Kansas Central Inc.		Rate case filing expected
4/1/2023-4/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearing examiner's report may be issued in Rider GT update proceeding
4/1/2023-4/30/2023	WI	LNT	Wisconsin Power and Light Co		Rate case expected to be filed early Q2'23
4/3/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Hearing to begin in rate proceeding
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Final day for stipulations, settlement agreements
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Final day for stipulations, settlement agreements
4/4/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Rebuttal testimony due in rate proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Staff to file testimony in Rider RGGI reinstatement proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Rebuttal testimony due in Rider SNA adjustment proceeding
4/7/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Staff to file testimony in G-RAC proceeding
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Hearing commences
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Hearing commences
4/12/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Staff to filed testimony in Rider OSW update proceeding
4/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Company rebuttal testimony due in rate proceeding
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Supplemental direct testimony due
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Supplemental direct testimony due
4/14/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Company rebuttal testimony due by
4/17/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Staff, intervenor testimony due
4/18/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Settlement conference to be held in rate proceeding
4/19/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Staff to file testimony in Rider DSM proceeding
4/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
4/21/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Rebuttal testimony due in G-RAC proceeding
4/26/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Rebuttal testimony due in Rider OSW update proceeding
4/28/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Staff testimony due in rate case
5/1/2023-5/31/2023	CA	EIX	Southern California Edison Co.		General rate case to be filed
5/1/2023-5/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0203 (ISRS)	Decision possible in ISRS proceeding
5/1/2023-5/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearings scheduled in Rider RGGI reinstatement proceeding
5/2/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Staff and intervenor testimony due in rate proceeding
5/2/2023-5/3/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearings scheduled in G-RAC proceeding
5/5/2023	IL	AEE	Ameren Illinois	D-23-0067	Staff and intervenor testimony due in rate proceeding
5/8/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Rebuttal testimony due
5/9/2023	IL	SO	North Shore Gas Co.	D-23-0068	Staff and intervenor testimony due in rate proceeding
5/9/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Hearing to begin in rate proceeding
5/9/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Hearing to begin in rate proceeding
5/9/2023-5/10/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearings scheduled in Rider OSW update proceeding
5/11/2023	IL	AEE	Ameren Illinois	D-23-0082	Staff and intervenor testimony due in rate proceeding
5/16/2023-5/17/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearings scheduled in Rider DSM proceeding
5/18/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Staff and intervenor testimony due in rate proceeding
5/21/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Intervening parties to file testimony in Rider E update proceeding
5/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on power cost update due
5/25/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
5/31/2023	NY	ED	Orange & Rockland Utlts Inc.		Long-term gas system plan to be filed
5/31/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Company rebuttal testimony due in rate proceeding
5/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Decision expected in Rider GT proceeding
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearing Examiner report may be issued in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Hearing examiner report may be issued in Rider SNA adjustment proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/2/2023	IL	AEE	Ameren Illinois	D-23-0067	Company rebuttal testimony due in rate proceeding
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Utility and IPP 1Q23: Valuation and Estimate Adjustments
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	244	67.22%	38	15.57%
NEUTRAL	111	30.58%	4	3.60%
SELL	8	2.20%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

GUGGENHEIM

FLASH NOTE

May 19, 2023

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC NEUTRAL

Exelon Corporation
Sector: Power & Utilities

Company Update

Share Price	$39.39

Market Data

52-Week Range	$35.19 - $49.86
Dividend	$1.42
Dividend Yield	3.6%
Market Cap (M)	$39,165
Enterprise Value (M)	$83,063
Shares Out (M)	994.3
ADV (3 mo; 000)	7,413

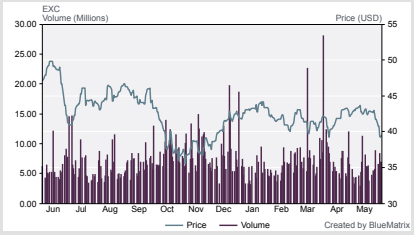

EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois

Key Message: Exelon's pathway to becoming a boring 6-8% growth story has reached a critical juncture, with the pending ICC process a key determinate of ComEd's earnings power through 2027 and the regulatory climate in IL. While ICC Staff's testimony in AEE's own MYP injected additional uncertainty into the process, our latest meetings with management provided useful color on how their respective cases may move forward from that floor – while we expect AEE management's official and initial takes on the latest Illinois staff/intervenor filings at the upcoming AGA conference, our EXC NDR was fresh off their peer's intervenor testimony so well-timed meetings as EXC is approximately 2 weeks behind AEE from a procedural standpoint. With much of the balance of the portfolio in its own regulatory processes, we subscribe to EXC management's ongoing narrative that EXC's story is on the precipice of becoming much simpler for investors. Despite the company's attractive attributes shares continue to trade at a ~6% discount to the slower-growing group, a dislocation we believe may become increasingly unjustified if the latest IL data points on a floor prove to be just that – a floor. We continue to seek a re-entry point as the IL process matures and the balance of the story solidifies, especially given current valuation levels – shares are likely already pricing in a draconian outcome in IL. To that end, the valuation is becoming interesting to us given the selloff, with any testimony more constructive than AEE's potentially yielding a relief rally. That said, we remain on the sidelines for now given the somewhat binary nature of the event.

We hosted EXC's C-Suite (CEO, CFO, IR) for a dense multi-day NDR across New York. Key focus areas included: **1)** messaging and high-level thoughts on the business now that CEO Butler and CFO Jones are several months into their respective roles, **2)** key thoughts on the multi-year rate plan (MYP/MYRP) process at ComEd in IL, with our meetings drawing heavily on the recent initial testimony from Staff in AEE's MYP (see our note HERE), including management's thoughts on a) differentiating factors vs. other cases, b) procedural flags, and c) additional thoughts on ComEd's approach to capital planning, **3)** updated thoughts on the ComEd franchise agreement, **4)** a roundup of the ongoing work across the eastern utilities, and **5)** thoughts on the credit profile and M&A. **As a reminder, initial testimony from Staff is due for ComEd on Monday May 22 while many investors are attending the AGA conference in FL.**

It's all (almost) about Illinois. While EXC management refrained from discussing specific nuances of AEE's staff/intervenor testimony, they did provide some incremental color on how to think about the process as we await ComEd's own intervenor testimony on Monday the 22nd. **On ROE,** management noted that the proposal to use a formula rate was not supported by the legislative process behind MYPs, including the lack of language around truing up for treasury changes, with the 8.9 in AEE's case an unreasonable floor, albeit one market to a 30Y Treasury average below current marks. **On the equity ratio,** ComEd filed for a ~50.5% layer, growing to ~51%, marking a much tighter bid-ask to Staff's recommended 50% as compared to AEE's ask. **On the capital component,** management refrained from drawing comparison to AEE, while at the same time emphasizing that there was no placeholder spend – everything is accounted for down to the project level and tied back to the performance and policy goals laid out in CEJA, with IT spend ~10% of the plan. OPEB also sits outside of rate base, with management seeking a WACC return (earning debt).

Tightening up the platform and building for the long term... Management's messaging focuses on 7% growth and cost controls across the fully regulated T&D platform. With almost half a year under their belts, alongside a successful 4Q roll/update (the first since the genco spin), we and investors were keen to understand how the CEO and CFO's thoughts were evolving on the messaging and long-term strategy. To that end, the team noted that they are focused on three key facets of business improvement in the near term: **1)** a cultural transformation, with a focus on earnings precision, **2)** cost structure improvements (more below), and **3)** leadership building for the long term. These were framed within the context

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

of the company's history of M&A and the previous presence of the genco, with the present situation providing an opportunity to further sharpen the platform's focus. This extends to the 6-8% growth guidance, with management acknowledging investor views that a T&D utility should be straightforward and boring with minimal volatility – hence the focus on locking in the several MYP filings underway this year and setting a margin of safety within the plan.

What should you read into the cost comments? Management's discussion of cost controls came within the context of the "what will you do differently" conversation, with the prospects for savings to come in the normal course of the business improvement process – not a single "big bang" or annual cost play. The team emphasized that the absence of the genco has allowed for more simplification and efficient corporate structuring, with a dedicated team exploring the latter. Improvements harvested over the coming years were generally framed as cushion-building (e.g., PECO weather); however, the plan as it stands today is not dependent on specific outcomes/thresholds.

Continued on the next page…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

ILLINOIS

The bulk of our NDR conversations understandably gravitated around the ComEd MYP case process and the most recent marker provided by ICC Staff's initial testimony in AEE's MYP last week – see our note HERE. In that case Staff recommended 1) the continuation of the FRP's formula rate, alongside 2) a 50% equity layer and 3) notable pushback on the capital side. We unpack each of these items in greater detail below, with the ROE and capital items generally outweighing the capitalization recommendation for EXC given its bid-ask was tighter (~50.5% escalating towards 51.2% over the plan). **Importantly, investors asked if management saw any reason why ComEd should receive different ROE or equity components to AEE, to which they responded no.**

Beginning with the ROE, management framed the AEE outcome in our meetings as Staff setting bounds for the ICC, with the proposed formula ROE of ~8.9% contrasted against the electric proxy group's 10.07%. The balance of intervenor testimony on ROEs largely fell within those two poles (even the AG was higher than the 8.9%), with management pointing to the 8.9% as an unreasonable floor, in their view. Investors in our meetings expressed surprise over the Staff's proposal of the formula, **with management acknowledging the departure from expectations and noting that there isn't even language in the enabling legislation to provide for ROE reconciliations during MYPs as treasuries move.** While re-marking the formula to current yields on the 30-year would boost allowed returns, **investors in our meetings were generally displeased with the unexpected reintroduction of direct interest rate risk via the formula.** In management's view the point of the 2021 legislative process was to move away from the formula, with investors pointing out that the backdrop sets up an unusual situation where policy-backed spend (electric T&D) is earning a lower return than more carbon intensive systems (gas LDCs). **What about the prospects for performance incentives to the ROE?** There are no assumptions around the 32bps of potential incentives in management's current plan/guidance, with the team emphasizing that it does not think those should be directly or indirectly considered in the ROE-setting process (something we have intermittently heard of in other jurisdictions).

Management strikes a confident tone on its grid plan as investors try to draw lines to Staff plant adjustments in the AEE testimony. While multiple investors across our meeting tried to correlate adjustments in the AEE case to potential ComEd outcomes, **EXC management was largely deferential to the forthcoming testimony while offering additional thoughts on ComEd's own grid plan**. Specifically, the team noted that the grid plan that underpins their filing was built around the performance requirements and policies laid out in CEJA, supported by 15 meetings with 1,000+ attendees. While the team at ComEd has received a lot of discovery requests in the process, **management noted that there is no placeholder capex in the plan – everything proposed has an investment tracking tag associated with its inclusion.** Investors also noted in our meetings some potential

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

compositional differences (IT/OPEB), with management acknowledging that some differences may makes direct comparisons slightly challenging.

What's next? Management emphasized in our meetings repeatedly that these are the early stages of a long process, and in our view, the team has been clear for some time now regarding their expectations for a fully litigated case. After the initial testimony, which is due 5/22 (Monday), rebuttals will follow on 6/27 ahead of hearings starting 8/21. In the event ComEd were to receive the unfavorable 8.9% and formula, management would have the option after the 4 years of the MYP to revert back to traditional ratemaking (with forward test year); however, we note that is a far-removed consideration at this point. In response to investor questions on the ICC, management noted that the new (old) chair, **Doug Scott, is a former legislator and was involved in the CEJA process, making him intimately familiar with the goals of the legislation** and how the ICC can best effectuate its implementation.

WHAT ABOUT THE FRANCHISE AGREEMENT?

The contours of the prior agreement remain in stasis after Mayor Lightfoot left office earlier this month, with the inauguration of Mayor Johnson expected to restart dialogue in the coming weeks. In management's view the boundaries of the prior deal are likely to remain familiar (e.g., the ~$100M in support); however, the **new mayor may wish to adjust some of the proposed programs in his own way**, and the process may take some time. Management remained confident overall, in our view, citing a favorable reception from the city council and ongoing linkages between ComEd leadership and some of the mayor's local engagement efforts.

MANAGEMENT CONTINUES TO LOOK PAST PRIOR LEGAL ISSUES AS DPA COMES TO A CLOSE

While the ongoing trial of former EXC executives continues to generate some noise in the Chicago region, management reiterated in our meetings that the company continues to move on from ComEd's prior challenges with an eye towards a clean slate in 2024. Specifically, the DPA formally ends in July, with the remaining lawsuits (derivate and consumer fraud) targeted for conclusion or dismissal in the coming months. An SEC investigation on controls remains ongoing. While some investors asked if this could potentially bleed into the regulatory arena, the company noted that it was an active participant in the policy processes that led up to the passage of CEJA and the implementation of the grid plans and performance metrics.

EASTERN UTILITIES ROUNDUP

While the bulk of our jurisdictional conversations were devoted to Illinois, management also provided a useful roundup of the various eastern utilities, including several nascent MYP filings. Beginning with PECO, management noted that the current 3-year case cadence is working well, and while the team continually evaluates whether to potentially pursue some of the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

advanced ratemaking options available under legislation that is now several years old (decoupling, PBRs, etc.), it has yet to actually pursue any of the mechanisms. In conjunction with this management praised the team at PECO PA for their work in the past decade on improving the regulatory and political relationships in the state. To the south and east, management has now filed 4 cases (ACE, BGE, Pepco DC, Pepco MD), alongside the ongoing DPL DE case (filed 12/22). The most recent of these was in MD, which was filed on the first day of our NDR (5/16). The MD utility in that case is seeking a ~$214M total rate increase, supported by a 10.5% ROE (50.5% layer) on a ~$3.048B rate base in 2027. The ask is Pepco MD's second MYP and features a ~$70M flowback of remaining tax cut-associated reg liabilities. Importantly, the team also noted that it continues to explore the potential to settle MYPs where possible, with the establishment of a track record and Staff familiarity in MD providing a potential window for dialogue, as compared to the first round of MYPs.

CREDIT AND M&A

With guidance from the IRS on repairs still outstanding, management continues to talk around its 13-14% long term FFO/CFO to Debt target, with an eye towards gradual improvements over time. Management reiterated its expectations for guidance on repairs by the end of the year, **with some potential for slippage into 1Q24**. Importantly, the plan and key guidance details continue to have some variability within the 13-14% range, with investors in our meetings repeatedly asking on the profiles of improvement over time. To that end **management noted that it will still pursue the remaining $425M of equity in the current plan even if they get repairs, with the credit cushion expected to gradually build in the coming years on the back of the MYPs across the footprint.** For example, the ComEd FRP true up will flow in 2024/25, with the MYPs themselves providing a much tighter spend-collect cycle vs. prior constructs. **These regulatory credit tailwinds will also be augmented by the aforementioned cost controls**, and while management did not indicate that investors should expect chunky reveals, there will be some steady savings over time. Finally, we note that the team was also asked for its refreshed thoughts on M&A given the company's successful track record and prior management's openness to discussing, with the team indicating that it isn't on the short-term horizon – they are focused on the strong organic growth and improving the balance sheet. This mindset extended to question of divestments, with management emphasizing that the gas LDCs are very integrated with their electric counterparts (e.g., there would be dissynergies at BGE). The team was also asked about ACE, a perennial question given its smaller size within the portfolio, with the answer emphasizing the value-add of the jurisdiction (consistent with longstanding messaging).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

VALUATION & RISKS

EXC- NEUTRAL - $45.00

VALUATION

Our valuation is based on our 2025E EPS of $2.74. We use our 17x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 17x multiple, we continue to apply a 1-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (riders, MYPs) and underlying growth/ incremental investment opportunities, except for ComEd. This blended 17.7x multiple, applied to our 2025E EPS and discounted back 1 year equals our $45 PT. There is 17.8% upside to our PT from current levels, but we maintain our NEUTRAL rating based on the pending outcome of the ongoing IL case process.

RISKS

EXC comprises regulated distribution and transmission assets, which face traditional risk factors and upside drivers inherent with all utilities, including: (1) positive/negative rate case outcomes above/below our expectations, (2) higher/lower capex outlooks, and (3) interest rate changes above/below what we account for in our regression model.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation and Ameren Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 05-18-2023

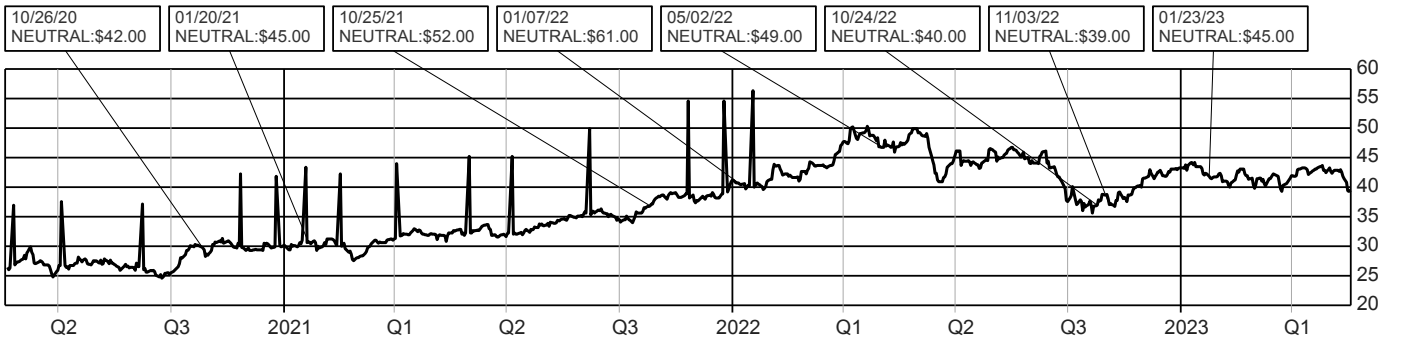

Created by: BlueMatrix

Rating and Price Target History for: Ameren Corporation (AEE) as of 05-18-2023



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	244	67.22%	38	15.57%
NEUTRAL	111	30.58%	4	3.60%
SELL	8	2.20%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

EQUI$IGHT$
Insights mixed with Balance

Exelon Corporation
(NASDAQ: EXC)

EQUI$IGHT$
Insights mixed with Balance

Table of Contents

STOCK RATING AND TARGET PRICE ---- 3
EXECUTIVE INVESTMENT SUMMARY ---- 3
FUNDAMENTAL MODEL USED ---- 4
COMPANY DESCRIPTION ---- 5
EARNINGS INSIGHTS & EXPECTATIONS ---- 6
DISCOVERING GROWTH DRIVERS ---- 7
ANNUAL FORECASTS: INCOME STATEMENT ---- 10
ANNUAL FORECASTS: CASH FLOW STATEMENTS ---- 14
A CLOSER LOOK AT DCF: OUR ASSUMPTIONS AND METHODOLOGY ---- 16
TERMINAL VALUE CALCULATION ---- 16
TARGET PRICE ANALYSIS ---- 17
KEY RISKS CONSIDERATIONS: ---- 18
ANALYST RATINGS ---- 20
ANALYST INDUSTRY VIEWS ---- 20
DISCLOSURES ---- 21

EQUI$IGHT$
Insights mixed with Balance

Stock Rating and Target Price

Stock Rating	Hold
Current Price	$40.76
Price Target	$46.12
Shares Outstanding	994.6 MM
Sector	Utilities
Industry	Electric Utilities & IPPs
Industry View	In – Line
Market Capitalization	$40.54B

Executive Investment Summary

Exelon Corporation reported robust earnings for the first quarter of 2023, with revenue exceeding expectations by $18.55 million to reach $5.56 billion. Exelon is committed to the development of renewable energy sources and has made the commitment to achieve net-zero emissions of greenhouse gases from all its activities by the year 2030. The company intends to make capital investments totaling $31.3 billion between the years 2023 and 2026, which will support a projected rate base growth of 7.9% between the years 2022 and 2026.

The Smart Energy Network project, which will replace 568,000 standard electric metres with smart metres by mid-2024, shows ACE's dedication to modernising and enhancing its infrastructure. Recent rate cases and multi-year plans for Exelon's regulated utilities are extremely important to the ability for the company to increase its revenue, and the company's low-risk characteristics contribute to a high credit profile. Exelon was able to execute approximately 80 percent of its required debt financing for 2023 during the first quarter of 2023, greatly lowering interest rate volatility.

Looking ahead, Exelon's strategic investments in clean energy sources, modernized infrastructure and continued focus on clean energy and net-zero greenhouse gas emissions is expected to increase its appeal among environmentally conscious investors. Additionally, the company's ongoing capital investments and rate case filings offer a solid foundation for revenue growth amid evolving industry trends. All things considered, our rating for the stock of Exelon Corporation is "Hold."

EQUI$IGHT$
Insights mixed with Balance

Fundamental Model Used

Equisights has utilized a Discounted Cash Flow (DCF) methodology to conduct an independent valuation of the company, considering various factors that could potentially affect its stock price in the near future. In this report, we have performed a thorough fundamental analysis of the company's historical financial statements, taking into account reasonable projections of its annualized income statement and cash flows. By applying the DCF valuation method and utilizing the company's Weighted Average Cost of Capital (WACC), we have determined a forecasted share price.

EQUI$IGHT$
Insights mixed with Balance

Company Description

Exelon Corporation, a holding corporation for utility services, is involved in the energy distribution and transmission industries in North America. The company engages in the buying and regulated retail selling of natural gas and electricity, as well as the transmission and distribution of electricity, as well as the distribution of natural gas to retail consumers. Additionally, it provides support services, which may include legal, financial, engineering, human resources, information technology, asset management, customer operations, distribution and transmission planning, asset management, system operations, and power procurement. It provides services to distribution utilities, municipalities, cooperatives, and financial organisations, in addition to serving residential, commercial, industrial, and governmental clients. In 1999, Exelon Corporation was established, and its current headquarters may be found in Chicago, Illinois.

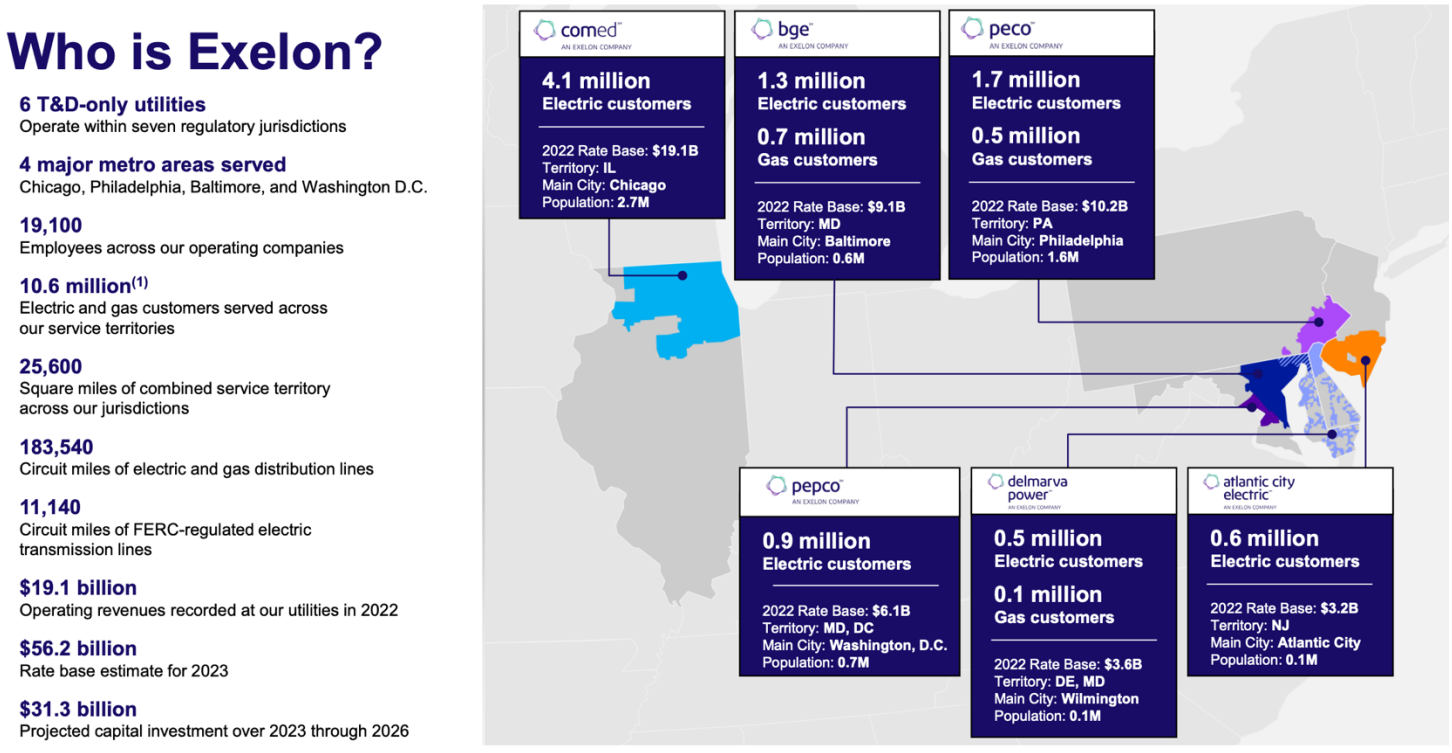

Source : bb15cc63-6d8d-4f6e-b305-0e1ff4e33286 (exeloncorp.com)

EQUI$IGHT$
Insights mixed with Balance

Earnings Insights & Expectations

Exelon Corporation (EXC) is a Fortune 100 energy company headquartered in Chicago, Illinois. The company operates through its six subsidiaries, including four regulated utilities and two merchant power generators.

Exelon Corporation (EXC) announced its Q1 2023 earnings with revenue actuals of $5.56 billion, surpassing estimates by $18.55 million. The company reported normalized EPS actuals of $0.70, outperforming expectations by $0.04. Also, its GAAP EPS actuals of $0.67 exceeded expectations by $0.02. The company aims to maintain a dividend payout ratio of around 60%.

Rate Case Developments : Exelon's regulated utilities are required to file rate cases from time to time to adjust their customer rates to recover their costs and earn a reasonable return on their investments. Recently, ACE, BGE, Pepco DC, and ComEd, all regulated utilities subsidiaries of Exelon, have filed rate cases or multi-year plans. These filings are significant for Exelon's earnings growth and shareholder returns as customer rates are a major revenue source for regulated utilities, and any changes to these rates can affect the company's financial performance.

The next quarter expectations are set at normalized EPS estimates of $0.47, GAAP EPS estimates of $0.44, and revenue estimates of $4.51B.

EQUITIGHTS
Insights mixed with Balance

Discovering Growth Drivers

Exelon Corporation (EXC) is a utility holding company that operates through its subsidiaries in the energy sector.

- **Focus on Clean Energy**

EXC has been focused on clean energy, which has been contributing significantly to its growth. The company is actively transitioning to clean energy sources, including nuclear, wind, solar, and hydroelectric power. The focus on clean energy is driven by increasing demand for environmentally friendly and sustainable energy sources.

How IIJA Funding Will Boost Clean Energy and Transportation Projects

Exelon is seeking nearly $700 million in funding under the Infrastructure Investment and Jobs Act (IIJA) for projects such as a community innovation centre, battery-backed community microgrids, smart metres, and enhancing grid resilience in underserved communities. The IIJA is a $1.2 trillion bipartisan infrastructure measure that was signed into law on November 15, 2022 by President Biden. The measure includes approximately $550 billion in new federal investments in a variety of sectors, including roads, bridges, water, and broadband, among others. Clean energy and transport will receive nearly $700 million in proposed funding for ten projects across the country as one of the IIJA's main areas of focus. The proposed projects of Exelon aim to accelerate the transition to a low-carbon economy, improve grid resilience and dependability, generate jobs and economic opportunities, and enhance air quality and public health. In addition to partnering with over 100 community-based organisations and over 25 universities and educational institutions to advance workforce development and other clean energy-related programmes and initiatives, it is anticipated that the projects will generate more than 7,800 potential jobs in the communities they serve. Additionally, the projects will assist the United States in achieving its climate objectives by reducing greenhouse gas emissions and increasing the proportion of renewable energy sources in the energy mix. The IIJA funding for clean energy and transportation initiatives presents Exelon with a significant opportunity to demonstrate its leadership and innovation in the clean energy industry.

Source : Press Releases - Newsroom - Exelon (exeloncorp.com)

EQUI$IGHT$
Insights mixed with Balance

- **Net-Zero Greenhouse Gas Emissions**

  Exelon announced a new objective to accomplish net-zero greenhouse gas emissions across all of its operations by 2030, expanding on its previous pledge to eliminate all carbon emissions from its electricity generation by 2050. In addition, the company pledged to reduce its methane emissions from its natural gas distribution system by fifty percent by 2030, relative to a 2015 baseline. The net-zero emissions objective of Exelon encompasses both direct emissions from its own sources (Scope 1) and indirect emissions from purchased electricity (Scope 2). The company intends to achieve its objective through a combination of measures, such as retiring or selling its remaining fossil fuel assets, increasing its investments in renewable energy sources and technologies, enhancing its energy efficiency programmes and practises, purchasing carbon offsets or credits, and advocating for federal and state policies that encourage the development and deployment of clean energy. The net-zero objective of Exelon aligns with the Paris Agreement's aim of limiting global warming to well below 2°C above pre-industrial temperatures. The objective also reflects Exelon's dedication to environmental sustainability and social responsibility, as well as its recognition of the threats and opportunities posed by climate change to its business and stakeholders.

- **Low-risk Attributes Support a Strong Credit Profile**

  EXC generates revenue from both regulated and non-regulated businesses. The diversification of revenue streams helps to mitigate the impact of regulatory changes and market fluctuations. The company's diverse portfolio includes energy generation and distribution, natural gas distribution, and energy services.

  Exelon executed ~80% of its 2023 debt financing needs in the first quarter of 2023, which substantially mitigated interest rate volatility over the balance of the year. This was an important achievement for Exelon’s financial performance and credit ratings, as it reduced its exposure to rising interest rates that could increase its borrowing costs and lower its earnings. By issuing long-term debt at attractive rates in the first quarter of 2023, Exelon locked in favorable financing terms and extended its debt maturity profile.

  Exelon is the largest T&D utility in the country, serving more than 10 million customers across five states and the District of Columbia. Exelon also benefits from operating in geographically diverse areas that offer growth opportunities and supportive regulatory frameworks. The company has ~100% of its rate base growth covered by alternative recovery mechanisms that allow for timely adjustment of rates based on changes in costs or investments. The company also has ~73% of its revenues decoupled from volumetric risk, which reduces its exposure to weather fluctuations or demand shocks. Exelon expects to issue the remaining $425M of equity by 2025 as part of a balanced funding strategy that preserves its financial flexibility and supports its growth objectives.

Source: dc860150-c87d-4d84-9212-51a9d2443381 (exeloncorp.com)

EQUI$IGHT$
Insights mixed with Balance

- **Capital investments**

EXC is making significant capital investments in its infrastructure to improve operational efficiency and reliability. The investments are focused on upgrading existing facilities and constructing new ones. The company's capital investment plan allows it to maintain a competitive edge and position itself for growth. The company is planning to invest $31.3B of capital from 2023-2026 for the benefit of our customers, supporting projected rate base growth of 7.9% from 2022-2026

ACE's Smart Energy Network

By mid-2024, the Smart Energy Network will replace 568,000 traditional electric metres with smart metres. Smart metres provide real-time energy usage and power quality data to ACE and consumers. The Smart Energy Network also upgrades ACE's distribution system with advanced technologies like distribution automation (DA), which can detect and isolate faults and restore service automatically, and communication networks, which can exchange data and remotely control grid devices. The Smart Energy Network will help ACE and its customers by:

- Improved network dependability with faster and more efficient power restoration for client homes and businesses during climate change-induced extreme weather occurrences. The Smart Energy Network will help ACE increase dependability over the next five years.
- Upgraded technology improves energy usage reading and invoicing, practically eliminating estimated billing. Customers can use online portals and mobile apps to track and manage their energy usage and receive more accurate and timely invoices.
- Better bill-management tools and online capabilities that let clients see their daily and hourly energy usage trends to save money and utilise energy more efficiently. Dynamic pricing programmes will offer lower rates during off-peak hours or incentives for reducing consumption during peak hours.
- To meet climate targets, easier integration of solar, battery storage, and mobility technology. The Smart Energy Network will allow rooftop solar panels and electric vehicles (EVs) to be connected and optimised by ACE. The Smart Energy Network will help ACE comply with state renewable energy policies and decrease its carbon footprint.

The Smart Energy Network will cost ACE $193M over three years, one of its greatest construction investments. Workforce development candidates will be trained and certified in smart metre installation and maintenance for 30 jobs. The project's 52% diverse contracting spend illustrates ACE's commitment to diversity, equity, and inclusion in its business practises. It is critical to ensure customer acceptance and education, cybersecurity and data protection, and timely and adequate cost recovery from regulators to construct the Smart Energy Network. The initiative shows ACE's creativity and leadership in the clean energy transition.

Source : https://investors.exeloncorp.com/static-files/dc860150-c87d-4d84-9212-51a9d2443381

EQUI$IGHT$
Insights mixed with Balance

FINANCIAL FORECASTS

EQUI$IGHT$
Insights mixed with Balance

Annual Forecasts: Income Statement

Particulars	2021	2022	2023E	2024E	2025E
Total Revenues	17,938.00	19,078.00	*20,069.11*	*20,390.46*	*20,973.60*
% growth		*6.36%*	*5.20%*	*1.60%*	*2.86%*
EBITDA	9,851.00	6,277.00	*7,692.48*	*8,100.62*	*8,706.18*
% of revenue	*54.92%*	*32.90%*	*38.33%*	*39.73%*	*41.51%*
Depreciation & Amortization	6,376.00	2,756.00	*3,497.14*	*3,681.60*	*3,883.43*
EBIT	2,872.00	3,462.00	*4,178.36*	*4,477.27*	*4,869.01*
% of revenue	*16.01%*	*18.15%*	*20.82%*	*21.96%*	*23.21%*
EBT (GAAP)	1,654.00	2,403.00	*2,852.00*	*3,054.10*	*3,331.43*
% of revenue	*9.22%*	*12.60%*	*14.21%*	*14.98%*	*15.88%*
Net Income (GAAP)	1,706.00	2,170.00	*2,337.00*	*2,508.62*	*2,739.52*
% of revenue	*9.51%*	*11.37%*	*11.64%*	*12.30%*	*13.06%*
EPS (GAAP)	1.74	2.19	*2.35*	*2.52*	*2.75*

Note : All Nos in USD Millions.

EQUI$IGHT$
Insights mixed with Balance

Our Commentary

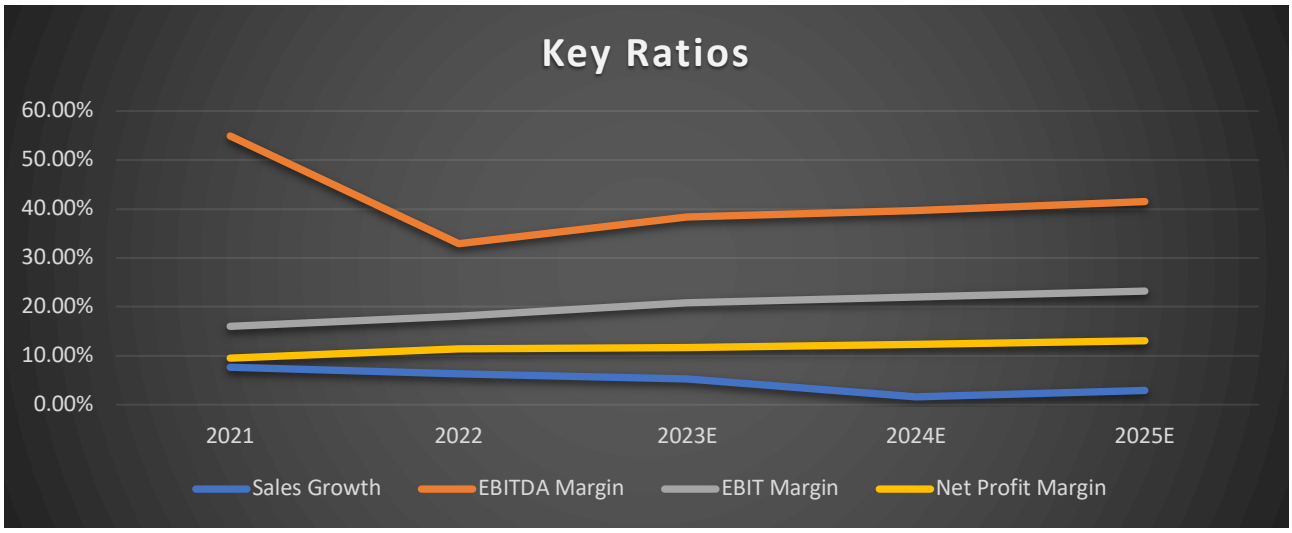

- Based on our analysis of the financial forecasts, we project that the company will experience revenue growth in the years 2023 to 2025, with a projected revenue of $20,069.11 million in 2023, reflecting a 5.20% increase from the previous year and corresponding further increase of 1.60% in 2024 and thereafter 2.86% by 2025.
-

Particulars	2021	2022	2023E	2024E	2025E
Sales Growth	7.65%	6.36%	5.20%	1.60%	2.86%

- As for the EBIT Margin, we expect it to be in the range of 20.82% to 23.21% from 2023 through 2025.

Particulars	2021	2022	2023E	2024E	2025E
EBIT Margin	16.01%	18.15%	20.82%	21.96%	23.21%

- The growth is expected to translate to EBITDA of $7692.48 million in 2023.

Particulars	2021	2022	2023E	2024E	2025E
EBITDA Margin	54.92%	32.90%	38.33%	39.73%	41.51%

EQUI$IGHT$
Insights mixed with Balance

- Our estimate for the company's Net Income (GAAP) is $2337 million implying a net margin of 11.64% and resulting in an earnings per share of $2.35 followed by eps of $2.52 in 2024 and $2.75 in 2025.

Particulars	2021	2022	2023E	2024E	2025E
Net Profit Margin	9.51%	11.37%	11.64%	12.30%	13.06%

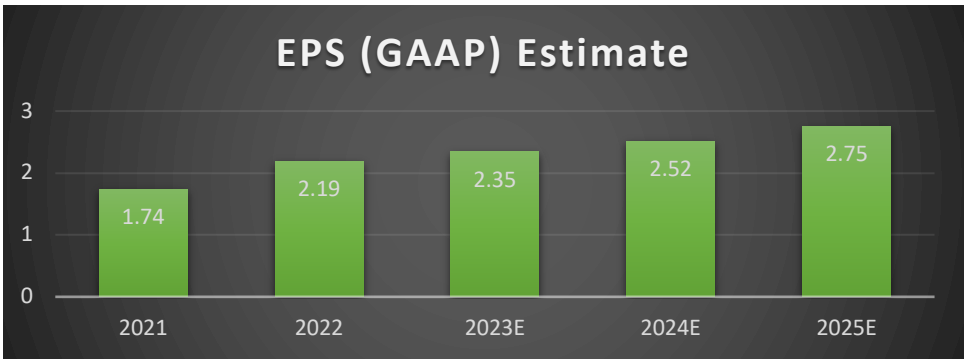

EQUI$IGHT$
Insights mixed with Balance

Annual Forecasts: Cash Flow Statements

Particulars	2021	2022	2023E	2024E	2025E
Net Income (GAAP)	1,706.0	2,170.0	2,337.0	2,508.6	2,739.5
+ Depreciation & Amortization	6376.0	2756	3,497.1	3,681.6	3,883.4
+/- Working Capital, Deferred Taxes & Other Adjustments	(5,070.00)	(56.00)	(277.14)	(175.65)	(160.52)
Cash from Operations	3012.0	4870	*5557.00*	*6014.57*	*6462.43*
% of revenue	*16.79%*	*25.53%*	*27.69%*	*29.50%*	*30.81%*
Capital Expenditure	(7,104.00)	(7,131.00)	*(7,116.67)*	*(7,519.44)*	*(7,947.22)*
% of revenues	*-39.60%*	*-37.38%*	*-35.46%*	*-36.88%*	*-37.89%*
Other Investing Activities	10,460.00	657.00	0	0	0
Cash Flow after Investments	3356.0	-6474.0	-7116.7	-7519.4	-7947.2
Free Cash Flow	**-4092.0**	**-2261.0**	**-1559.7**	**-1504.9**	**-1484.8**

Note : All Nos in USD Million

Our Commentary :

- In terms of the cash flows, we expect the company to generate around $5557 million in operating cash flows in 2023. Capex is expected to follow similar trend corresponding to previous years considering the nature of business the company operates in. This translated to $1559.7 million free cash outflow in 2023, $1504.9 million in 2024 and $1484.8 million by 2025.

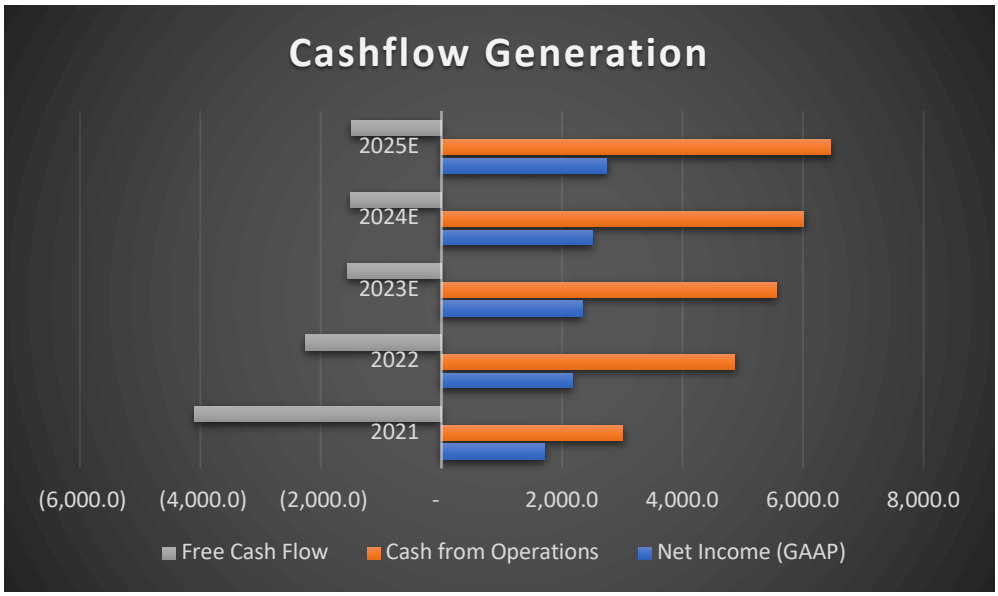

EQUI$IGHT$
Insights mixed with Balance

- Net Debt is expected to follow same trend as previous years until forecasted 2025. This is net of adjustment by increase in free cashflow and scheduled repayments. The company net debt position is nil.

Leverage Ratios	2021	2022	2023E	2024E	2025E
Net Debt	34,183	39,949	*43038.34*	*43195.01*	*45329.75*
Net Debt/EBITDA	347.0%	636.4%	559.5%	533.2%	520.7%

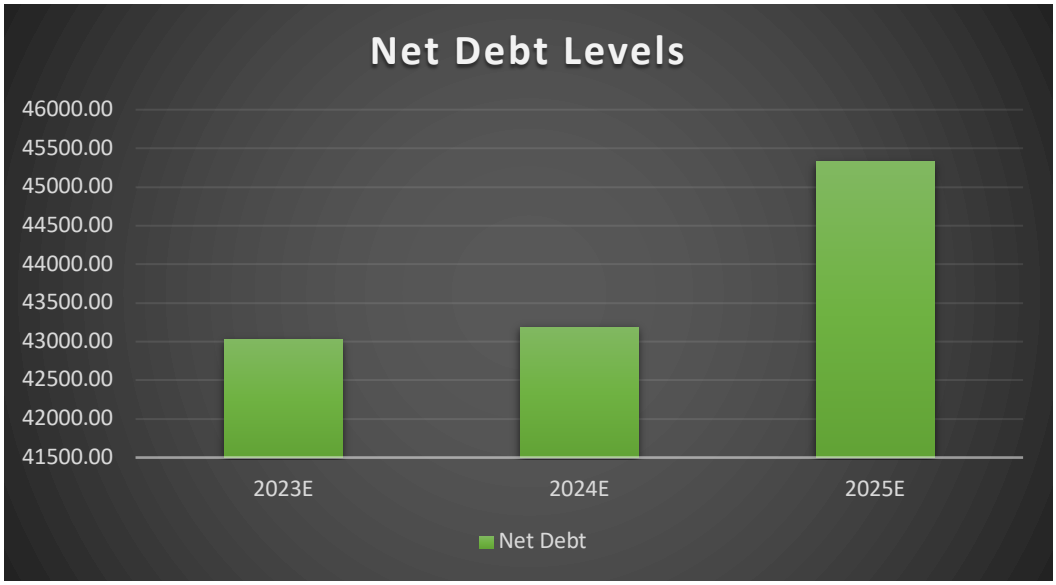

EQUI$IGHT$
Insights mixed with Balance

A Closer Look at DCF: Our Assumptions and Methodology

- The standard capital asset pricing model (CAPM) was used for the discounted cash flow valuation.

KEY DCF ASSUMPTIONS

WACC	5.35%
COD	3.59%
COE	7.12%
MARKET RATE	6.00%
RISK FREE RATE	3.45%
BETA	0.611
PERPETUAL GROWTH RATE (G)	6.94%
TERMINAL VALUE *	1,00,460.55
TAX RATE	15%

* In USD Millions

Our Methodology :

In determining the value of the company, several assumptions were made. Based on the S&P 500 returns for the past five years, we assumed equity market risk premium at 6% . The risk-free rate was set at the 10-year Treasury Constant Maturity Rate of the United States, which was at 3.45%. The company's stock is slightly more volatile than the overall market and had a beta of 0.611. This beta was used to determine the cost of equity (CoE) at 7.12%, which was deemed reasonable for the company. Based on the company's long-term debt and interest payments, we arrived at the cost of debt (CoD) of 3.59%. After considering the CoE, CoD, and an average tax rate of 15%, we calculated the Weighted Average Cost of Capital (WACC) for the stock to be 5.35%.

Terminal Value Calculation

While valuing a company using the discounted cash flow (DCF) method, the terminal value is a super important piece of the puzzle. It basically represents the biggest chunk of the projected value of the company. To figure out the terminal value, there are different approaches like using the perpetual growth rate method or the multiples method. In this case, they decided to calculate the terminal value by multiplying the expected revenue for 2025 by the EV/Sales ratio.

EQUISIGHTS
Insights mixed with Balance

Target Price Analysis

EV and Market Cap	Current	2023E	2024E	2025E
Price ($)	40.76	46.12	48.83	51.43
Outstanding Number of shares (million)	994.6	994.6	994.6	994.6
Total Market Cap (billion)	40.54	45.87	48.56	51.15
Net Debt	41262	43,038	43,195	45,330
Enterprise Value (billion)	81.80	88.91	91.76	96.48

The analysis of the company's value led to a price target of $46.12 for 2023, assuming a discount rate (WACC) of 5.35%. Looking further ahead, the price target for the end of 2024 is $48.83, and for 2025, it is $51.43. These projections imply a cumulative appreciation in the stock price of over 20% in the next three years.

Valuation Ratios	Current	2023E	2024E	2025E
EV/ Sales	4.24	4.43	4.50	4.60
EV/ EBITDA	13.03	11.56	11.33	11.08
EV/ EBIT	22.57	21.28	20.49	19.81
Price/Earnings	33.41	19.63	19.36	18.67

Note : Estimates are based on calculations by Equisights

EQUI$IGHT$
Insights mixed with Balance

Key Risks Considerations:

It is important to highlight the key risks associated with an investment in EXC as well as the inherent risks associated with the financial projections and price forecasts presented in this report.

Regulatory Risks: The energy industry is extensively regulated, and changes in regulations, permit requirements, and compliance costs could cause Exelon Corporation to incur higher operating costs, lower revenues, and legal liabilities.

Variations in Energy Prices: Due to Exelon Corporation's reliance on nuclear power, natural gas, and other energy inputs to generate electricity, fluctuations in energy prices can have a significant impact on its financial performance.

Environmental Regulations: Exelon Corporation confronts a variety of environmental challenges, including the potential for increased air and water pollution and more stringent regulations regarding carbon dioxide, mercury, and other pollutants.

Operational Risks: The company faces significant operational risks, such as natural disasters, equipment failures, and other events that could result in production interruptions, equipment damage, or the loss of essential personnel.

Competition in the Energy Industry: Exelon Corporation faces significant competition from other companies in the energy industry, which could lead to a decline in market share, revenue, and profitability.

Capital Market Uncertainties: The financial performance of Exelon Corporation is also susceptible to market risks, such as fluctuations in interest rates, credit market conditions, and equity markets.

As public awareness of the environmental impact of conventional forms of energy production grows, Exelon Corporation may encounter increasing pressure to invest in renewable energy sources. Failure to satisfy these requirements may result in reputational damage and a decline in market share.

Cybersecurity Risks: Exelon Corporation stores sensitive consumer and proprietary information that is susceptible to cyber attacks, such as hacking, malware, and phishing. Any such violation could result in substantial financial loss and reputational injury.

Labour Relations: Work stoppages and other labor-related issues could disrupt Exelon Corporation's operations, which could have a negative impact on the company's financial performance.

Natural Disasters: Natural disasters, such as hurricanes, floods, and wildfires, could have a significant impact on the company's operations. This may lead to production interruptions, equipment damage, and increased operating expenses.

Regarding our price forecast, we would like to clarify that the valuation of EXC in this report is specific to the date of the analysis, namely May 15, 2023.

We must emphasize that the projected valuation and share price of EXC are contingent on the achievement of revenue growth, free cash flows, and other underlying assumptions. Our analysis is incapable of providing assurance that these financial projections will be realised.

There is a possibility that the company's actual results will differ from its projected results due to unforeseen events and circumstances, such as the actualization of the threats described in the preceding paragraph. Lastly, we would like to clarify that we had no interaction with the company's management, and they did not remark on the attainability or reasonableness of the underlying assumptions for the financial forecasts. Please refer to our detailed disclosures at the end for additional information.

EQUI$IGHT$
Insights mixed with Balance

Analyst Ratings

Buy: Expected to outperform market over next 6 to 12 months. Minimal risk to fundamentals and valuation. Good long-term investment.
Outperform: Expected to outperform the market over next 6 to 12 months but there is a moderate risk to fundamentals and valuation.
Sell: Expected to significantly underperform the market over next 6 to 12 months. There is a strong likelihood of the security delivering negative returns and a very high risk to fundamentals and valuation.
Underperform: Expected to underperform the market over next 6 to 12. There is a moderate to high risk to fundamentals and valuation.
Hold: Expected to perform in line with the market over next 6 to 12 months. However, there is a moderate to high risk to fundamentals and valuation.

Analyst Industry Views

Attractive: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
In-Line: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious: The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500 / ; Latin America – MSCI Emerging Markets Latin America; Europe – MSCI Europe; Japan - TOPIX; Asia - relevant country index or sub-regional index. Please contact us to know the relevant index in case it is not specified in the report.

EQUI$IGHT$
Insights mixed with Balance

Disclosures

This report has been compiled by Equisights solely for the purpose of providing information and in no way constitutes an offer, solicitation, or recommendation to purchase or dispose of any investment or to engage in any transaction. The most important statistical data, historical data, and price-volume information has been gathered from trustworthy sources. This report is based entirely on information about the featured company(s) that is readily available to the public and that Equisights believes to be reliable; however, Equisights does not represent that the information is accurate or full, and readers should not rely on it as though it were. Any and all of the information presented in this report is subject to modification at any time and without prior notification.

This report is not being distributed in conjunction with the distribution of any securities, nor is it an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. Neither of these activities is being done in connection with any distribution of securities. This report does not constitute a personal trading recommendation, nor does it take into account the particular investment objectives, financial situation, or needs of the recipients of this report. Additionally, this report does not provide all of the key elements that are necessary for any user to make a decision regarding an investment. The recipients of this report should think about whether or not any of the material in it is applicable to their specific situations, look over the company's filings, and, if necessary, seek the counsel of professionals, particularly tax professionals.

Small-cap, mid-cap, and micro-cap stocks all carry a significant amount of risk, which is something that investors need to be aware of. There is a possibility that the share price and trading volume of the firm (or companies) included in this report will change, however Equisights is not responsible for the inherent market volatility that may occur. The success of an investment in the past is not necessarily indicative of its performance in the future, future returns are not guaranteed, and there is a possibility that the initial investment will be lost. There is a high risk involved in certain transactions, such as those involving futures, options, and other derivatives; therefore, these kinds of deals are not appropriate for all investors.

No responsibility or liability is assumed by Equisights, its owners, analysts, employees, contractors, or interns for any direct or indirect losses, loss of profits, damages, costs, or expenses incurred or suffered by the recipients of this report as a result of or in connection with accessing, using, misusing, or relying on any information contained in this report. This includes any loss of profits, damages, costs, or expenses incurred or suffered by the recipients of this report.

Equisights and/or https://equisights.com/ is a firm that focuses on equities research; however, it is not a FINRA-registered broker/dealer or investment advisor, nor does it offer services in investment banking. No one at Equisights, including the company's owners, analysts, employees, contractors, or interns, has a long or short stock position in the companies whose shares are discussed in this research. The preparation of this study did not result in any fees or other forms of compensation being received by Equisights. It should be noted that the team behind it has not accepted any form of payment from any of the highlighted firms or from any other party associated to them. Equisights has a stringent policy in place regarding personal business dealings and any conflicts of interest. Equisights, its owners, analysts, employees, contractors, or interns do not get any equity securities from the listed firms. Neither do any other members of the Equisights team. In addition, none of the company's owners, analysts, employees, contractors, or interns are permitted to buy or sell the stocks of any of the featured companies during any time period beginning 72 hours after the public release of the report and continuing for at least 72 hours after the report is made available to the general public via electronic distribution and continuing for as long after that as possible.

Without the express prior written permission of Equisights, this report may not be reproduced, redistributed, or published in any manner, including but not limited to electronic, print, or any other medium. Equisights and all of its owners, analysts, employees, contractors, and interns disclaim any and all liability for any direct, indirect, or consequential loss that may result from any inaccuracy within this report or from any use of the contents of this study. Any unlawful use, reproduction, redistribution, or disclosure of this information is in violation of the law and will result in a penalty. Equisights and anybody associated with it, including its owners, analysts, employees, contractors, or interns, does not accept any responsibility or liability for the acts of third parties. Equisights and its owners, analysts, employees, contractors, or interns do not make any representations or warranties of any kind regarding the data and information that is provided on any website that is owned or operated by a third party, and Equisights shall have no liability or responsibility arising out of, or in connection with, any website that is owned or operated by a third party that is referenced. You do so at your own peril if you access the portal or website of a third party. On request, we will provide any further details you require concerning the aforementioned study publication.

EQUISIGHTS
Insights mixed with Balance

Contact Us

Analyst : Parth Talsania

Designation : Founder, CEO of Equisights

Email : info@equisights.com

Website : https://equisights.com/

KeyBanc Capital Markets

Alert

May 15, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: ES, EXC, SO, AEE, EIX, ETR, NWE, FE, CNP, SRE, POR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking judicial proceedings in ES's Aquarion water rate case, regulatory proceedings in EXC's ComEd IL electric rate case, SO's natural gas rate case in VA, and FERC's open meeting. In other news, IL Staff files testimony in AEE's multi-year electric rate case; EIX files a GRC application in CA; ETR reaches a settlement in the TX electric rate case; NWE makes an IRP filing in MT, TX Senate tries again to incentivize construction of gas-fired generation, and the MD PSC closes the investigation into the impact on FE's Potomac Edison ratepayers from the OH bribery scandal due to insufficient evidence. ICYMI, we hosted POR management last week and published our key takes.

KBCM Invites You to Join Us at the AGA Financial Forum on May 21-23 in Ft. Lauderdale, FL.
Scroll down for a full schedule and contact us or your sales representatives to join us at our meetings.

ICYMI
POR - We hosted POR management for a series of meetings last week. Read our key takeaways here.

Regulatory Calendar
ES — The CT Superior Court's decision in ES's appeal of the Aquarion Water rate case is due on May 15: ES filed an appeal with the CT Superior Court against the PURA's decision in the Aquarion water rate case. In its order, the CT PURA authorized a $2M revenue decrease, premised on an 8.7% ROE and 50.35% equity, which compared to ES's three-year rate case filing, requesting a ~$27.5M rate increase in RY1, ~$13.6M in RY2, and ~$8.8M in RY3. ES's request was based on a 10.35% ROE, 53.06% equity, $1.05B RB, and a 2021 test year. A temporary stay on implementing the new rates is in place while the case is under review.

EXC — Staff and intervenor testimony in ComEd's IL multi-year electric rate case is due on May 18: ComEd filed the first multiyear rate plan in IL (Docket: 23-0055), seeking a cumulative $1,780M rate increase over the period of 2024-2027. The request is premised on a 10.5% ROE and 50.5% equity layer in RY1, with a 5 bps annual step-up in the ROE before reaching a 10.65% ROE in RY4. EXC's equity ratio also includes annual step-ups to 50.74%, 50.96%, and 51.12% for RY 2, 3, and 4, respectively. EXC is requesting a phase-in of new rates by deferring 35% of the 2024 base rate increase, with that amount being recovered in 2026. The step-ups are intended as a hedge against elevated inflation and interest rates. A proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision.

FERC — FERC's Open Meeting is scheduled for May 18: A copy of the Sunshine Notice is included here.

SO — Rebuttal testimony in SO's Virginia natural gas rate case is due on May 19: VA SCC Staff proposed a $24M revenue increase, premised on a 9.5% ROE and 47.05% equity and the AG's Office recommended a $31M revenue increase. This compares to SO's $69M revenue increase request, premised on a 10.35% ROE and 53.2% equity. The request includes the recovery of $4M through the Steps to Advance VA Energy program rider, the recovery of $445M of infrastructure investments from 2020-2022, and an incremental $100M of investments expected in 2023. Interim rates of $69M went into effect on January 1. Hearings are scheduled to begin June 12, likely followed by an SCC decision in 3Q23.

Recent Developments for Companies Under Our Coverage
From our midweek: The IL Staff files testimony in WEC's IL gas rate cases; AVA files a partial settlement on Cost of Capital parameters in its OR gas rate case; XEL requests to add 250 MW of incremental solar at the 460 MW Sherco plant; DEF commences operations for 150 MW of solar generation; the EIA releases its May Short-Term Energy Outlook; and the EIA Forecast calls for a 72% increase in CA hydropower generation, U.S. hydropower down y/y.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

AEE — Staff testimony in the IL multi-year electric rate case points appears restrictive at first glance:

- **Staff recommends a flat 50% equity ratio through the multi-year rate period and an 8.9% ROE:** Staff recommends an ROE of 8.914% to be updated annually through the MYRP process. The rationale cited for the low recommended ROE is that the utility carries less risk under a multi-year rate plan than under traditional rate making. The 8.9% is derived using the FRP formula (580 bps plus the 2022 U.S. Treasury bond yield of 3.114%). Staff also refers to the annual true-up mechanism in the new rate structure as a means for timely and certain cost recovery, further reducing the risk of regulatory lag. With the lower ROE, equity ratio, adjustments to O&M, and projected plant additions being the primary drivers, Staff recommends a $21M cumulative rate decrease.
- **AEE requested a $449M rate increase over 2024-2027, based on 10.5% ROE** and an equity ratio that increased marginally from 53.99% in RY1 to 54.03% in RY4.
- **We view the staff testimony as fairly restrictive** and is likely the reason for AEE (-1.3%) and EXC (-0.9%) stocks underperforming the UTY (+0.4%) on Friday. The proceedings are still underway with the possibility of a constructive final outcome, and we will be tracking (evidentiary hearings are scheduled to begin on August 7, and an ICC ruling is due in December. New rates will go into effect on January 1, 2024). In the meantime, Staff and intervenor testimony in EXC's ComEd MYRP is scheduled for this week on May 18 and will be closely watched for any additional color.

Figure 1 - AEE IL MYRP Staff vs. AEE Testimony

AEE ($M); ROE: 10.5%; Equity Layer ~54%	2024	2025	2026	2027	Total
Rev Increase (unmitigated rate increase with adj.)	252.5	93.5	24.2	78.5	448.7
Rev Increase (mitigated)	164.8	181.2	125.8	(23.1)	448.7
Rate Base	4,325	4,639	4,958	5,278	
Staff ($M); ROE: 8.9%; Equity Layer 50%	**2024**	**2025**	**2026**	**2027**	**Total**
Revenue Increase	75.1	65.0	(47.9)	(113.6)	(21.4)
Rate Base	4,148	4,304	4,388	4,442	

Source: Regulatory Filings, KBCM Estimates

EIX — SCE makes a GRC filing and raises the long-term EPS CAGR to 6-8% from 5-7%: EIX filed a GRC application with the CPUC requesting a $1.9B rate increase over 2024 levels in the 2025 test year, and based on a $38B-$43B capital plan for 2023-2028 (vs. a $27B-$30B plan for 2021-2025). EIX provided long-term rate base CAGR of 6-8%.

- **Where does EIX plan to spend the capex dollars?** As was highlighted on the recent earnings call, as the wildfire-related claims have stabilized, and EIX sees tangible benefits from the extensive wildfire mitigation-related investments, the focus has shifted to investments for a dual strategy of wildfire mitigation and grid upgrades to support increased electrification—especially transportation electrification. The covered conductor program is expected to start winding down after 2024, and undergrounding is expected to pick up the pace, keeping the total wildfire mitigation capex at a steady $1.3B-$1.5B range annually through 2028. Total capex allocation over the stated 2023-2028 period is estimated at 18% of the $38B-$43B. Infrastructure replacement will be a bulk of the capex (~29%), while facilitation of load growth and new service connections will make up 14% of the capex (load growth between 2023-2035 is expected to be 10x the annual rate of load growth since 2021, led by the electrification trends in CA). The capex also includes a substantial allocation for inspections and maintenance.
- **EIX is requesting a $1.9B revenue increase in the base year, 2025:** SCE is seeking a $1.9B rate increase in 2025, followed by an incremental $373M in 2026, $476.5M in 2027 and $514.5M in 2028. Cost of capital proceedings are conducted separately in CA and thus are not a part of the GRC.
- **Rate Base CAGR:** EIX provided a 6-8% rate base CAGR through 2028.

NWE — NWE makes an IRP filing in MT, highlighting the need for natural gas capacity and battery storage to serve near-term needs:

- **The Basics:** The 2023 IRP covers 20 years from 2023-2042 and assumes 0.3% load growth in the summer and 0.4% in the winter. According to NWE, the Pacific Northwest is facing tight supply conditions that will be further intensified by projected coal retirements. NWE is also short capacity, requiring it to rely on imports during peak demand, further highlighting the importance of completing the 175 MW Yellowstone County Natural Gas Generating Station in 2024 and adding 222 MW of Colstrip generation in 2026.
- **The Modeling Scenarios:** NWE assumes that the YCGS is completed and runs multiple scenarios for the long-term plan for Colstrip. The base case assumes the incremental 222 MW of Colstrip in 2026, other scenarios assume retiring Colstrip in 2030 and 2035. All scenarios outside the base case include the addition of pumped hydro. The Company runs two scenarios each for 2030 and 2035. For the 2030 Colstrip retirement, it provides a case for natural gas as a replacement and one for wind and battery storage

Sophie Karp (917) 368-2361 / sophie.karp@key.com

as a replacement. In the 2035 scenarios, it provides a scenario for natural gas as the replacement generation with the alternative being 320 MW of SMR capacity. The modeling shows that a combination of energy storage and natural gas capacity is the most suitable to meet the near-term capacity deficit, while the wind would be better suited in the 2030s.

- **What is next?** Assuming the base-case scenario, NWE will likely issue an RFP in mid-2024 for resources while exploring securing resources through the opportunity resources path, which is faster and includes the recent acquisition of the incremental share in Colstrip. NWE will evaluate the potential benefits of joining a day-ahead market, if one is developed, in addition to its current participation in the Western Resource Adequacy Program and Western Energy Imbalance Market.

Figure 2 - 2023 IRP Core Assumptions

Scenarios (all capacity in MW)	Pumped-Hydro	4-hr Battery	Natural Gas	Imports	Wind	SMR	Total
Base Case (Incremental 222 MW of Colstrip in 2026)	200	25	100	18	100		
Colstrip retires in 2030, replaced by Natural Gas	400	125	250	36	150		961
Colstrip retires in 2035, replaced by Natural Gas	400	125	300	18	50		893
Colstrip retires in 2030, replaced by Renewables	400	475			100		975
Colstrip retires in 2035, replaced by SMR	300	125	100	18		320	863

Source: Regulatory filings, KeyBanc Capital Markets Inc.

ETR — ETR files settlement in TX electric rate case: ETR filed a settlement in its TX electric GRC, agreeing to a $54M net revenue increase ($252M base rate increase offset by $198M of riders), premised on a 9.57% ROE and 51.21% equity. The riders associated with transmission cost (TCRF), generation cost (GCRR), and distribution cost (DCRF) will reset to zero. The settlement resolves all issues except Issue Nos. 68 and 69 related to transportation electrification and charging infrastructure, respectively. The settlement compares to Staff's recommendation for a $77M revenue increase based on a 9.45% ROE and ETR's request for a $131M revenue increase based on a 10.8% ROE (10.5% ROE + a 30 bps performance added) and a 51.21% equity layer. Signing parties include PUCT Staff and the Office of the Public Utility Counsel, no intervening parties opposed the settlement. The PUCT has a jurisdictional deadline to issue a decision by June 29. The PUCT could issue a final ruling at the May 25 Open Meeting. New rates will be retroactive to December 3, 2022.

CNP, SRE — TX Senate still working on iterations to incentivize gas-fired power plant buildout: The TX Senate passed SB 2627 to provide 20-year, zero coupon loans to companies building gas-fired power plants (for units >100 MW and the loan not exceeding 75% of the cost of the facility). The House will hold a hearing on the bill this week. The bill replaces SB 6, which aimed to direct state funds to build as much as 10 GW of dispatchable generation to serve as peaker plants. SB 6 met with opposition in the House over concerns that it would alter TX's energy-only market. The sponsor of SB 2627 contends that the new iteration will create in-market incentives for private industry to build more generation capacity in TX. The bill also plans to pay bonuses to companies that complete construction and connect new power to the state by 2026. The difference between the two bills is that under the new setup, the power plants would compete in a de-regulated market vs. serving exclusively as emergency backup generation under SB 6. It is still not clear if such a strategy will result in any new fossil generation buildout and if they would be competitive against wind and solar resources. TX legislative session ends on May 29.

FE — MD PSC closes investigation into the impact on Potomac Edison ratepayers from the OH HB6-related scandal: The MD PSC found insufficient evidence that Potomac Edison customers were harmed by the OH scandal and, as a result, closed the investigation. The PSC also did not believe it was the proper authority to conduct the investigation that the MD Office of People's Counsel sought. The PSC conducted the investigation following a petition filed by the OPC. The PSC noted that any impact on Potomac Edison's ratepayers will be addressed in a rate case proceeding (Docket: 9695), where intervenors, including the OPC, can request discovery into the effects of the OH scandal on Potomac Edison ratepayers.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

KBCM Schedule at the AGA 2023 (Tentative Agenda; All Times Eastern Daylight):

Sunday, May 21

3:20 PM – Consolidated Edison, Inc. (ED)

Monday, May 22

7:50 AM – Ameren Corporation (AEE)
8:40 AM – Sempra Energy (SRE)
9:30 AM – NorthWestern Corp (NWE)
10:20 AM – Dominion Energy, Inc. (D)
11:55 AM – Duke Energy Corporation (DUK)
12:50 PM – Avista Corporation (AVA)
1:50 PM – DTE Energy Company (DTE)
2:40 PM – CMS Energy Corporation (CMS)
3:30 PM – Xcel Energy Inc. (XEL)
4:20 PM – WEC Energy Group, Inc. (WEC)

Tuesday, May 23

9:20 AM – Public Service Enterprise Group Incorporated (PEG)
11:00 AM – CenterPoint Energy, Inc. (CNP)

Figure 3 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	5/15/2023	Reply Briefs
CT	Aquarion Water	ES		Water	5/15/2023	Superior Ct Decision on Aquarion Appeal
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	5/17/2023	Evidentiary Hearings Begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	5/17/2023	Evidentiary Hearings Begin
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	5/18/2023	Staff and Intervenor Testimony Due
	Federal Energy Reg Comm	FERC			5/18/2023	Open Meeting
VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	5/19/2023	Company Rebuttal Testimony
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	5/22/2023	Hearings Begin
	Bloom Energy	BE			5/23/2023	Analyst Day - New York, NY
OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	5/23/2023	Evidentiary Hearings Begin
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	5/23/2023	MN PUC Meeting
AK	Avista Corp.	AVA	D-U-22-078	Electric	5/24/2023	Rebuttal Testimony
TX	Entergy Texas Inc.	ETR	D-53719	Electric	5/25/2023	PUCT Meeting - Final Decision Pending
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	5/30/2023	Supplemental Testimony Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	5/31/2023	Company Rebuttal Testimony
CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	5/31/2023	Rebuttal Testimony
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	6/2/2023	Company Rebuttal Testimony
MI	DTE Electric Co.	DTE	U-21193	IRP	6/2/2023	Briefs Due
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	6/5/2023	Evidentiary Hearings Begin
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	6/5/2023	Evidentiary Hearings Begin
	Short-Term Energy Outlook	EIA			6/6/2023	STEO release
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	6/8/2023	Briefs Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 4 - Comp Sheet

Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Dividend ('23E) Payout	KBCM Forecasts: Earnings Per Share '23E	'24E	'25E	KBCM Forecasts: Price / Earnings '23E	'24E	'25E	Consensus: Earnings Per Share '23E	'24E	'25E	Consensus: Price / Earnings '23E	'24E	'25E
AEE	Ameren Corp	23.0	Sector Weight	NA	$87.72	2.9%	58%	4.36	4.67	4.96	20.1x	18.8x	17.7x	4.37	4.69	5.03	20.1x	18.7x	17.5x
AEP	American Electric Power Company	47.2	Sector Weight	NA	$91.66	3.7%	64%	5.24	5.60	5.96	17.5x	16.4x	15.4x	5.28	5.62	5.97	17.4x	16.3x	15.3x
CMS	CMS Energy Corp	18.0	Sector Weight	NA	$61.72	3.2%	63%	3.10	3.31	3.59	19.9x	18.6x	17.2x	3.10	3.35	3.64	19.9x	18.4x	17.0x
CNP	CenterPoint Energy Inc	19.0	Sector Weight	NA	$30.05	2.5%	50%	1.50	1.62	1.73	20.0x	18.5x	17.4x	1.49	1.61	1.73	20.2x	18.7x	17.4x
D	Dominion Energy Inc	46.1	Sector Weight	NA	$55.19	4.9%	69%	3.77	3.84	3.90	14.6x	14.4x	14.2x	3.89	3.76	3.96	14.2x	14.7x	13.9x
DTE	DTE Energy Co	23.4	Sector Weight	NA	$113.45	3.4%	62%	6.19	6.60	7.03	18.3x	17.2x	16.1x	6.23	6.68	7.13	18.2x	17.0x	15.9x
DUK	Duke Energy Corp	75.1	Overweight	$113	$97.45	4.2%	73%	5.57	5.95	6.33	17.5x	16.4x	15.4x	5.63	5.99	6.33	17.3x	16.3x	15.4x
ETR	Entergy Corp	22.7	Sector Weight	NA	$107.14	4.0%	64%	6.68	7.18	7.69	16.0x	14.9x	13.9x	6.71	7.19	7.70	16.0x	14.9x	13.9x
ES	Eversource Energy	26.9	Sector Weight	NA	$77.08	3.5%	62%	4.38	4.64	4.91	17.6x	16.6x	15.7x	4.36	4.66	5.00	17.7x	16.5x	15.4x
ED	Consolidated Edison Inc	34.5	Underweight	$70	$99.52	3.3%	67%	4.84	5.16	5.41	20.6x	19.3x	18.4x	4.87	5.22	5.53	20.5x	19.1x	18.0x
EIX	Edison International	28.2	Sector Weight	NA	$73.68	4.0%	62%	4.76	5.11	5.63	15.5x	14.4x	13.1x	4.74	5.10	5.49	15.5x	14.5x	13.4x
EXC	Exelon Corp	41.5	Sector Weight	NA	$41.75	3.5%	62%	2.37	2.51	2.73	17.6x	16.6x	15.3x	2.36	2.50	2.73	17.7x	16.7x	15.3x
FE	FirstEnergy Corp	22.6	Overweight	$45	$39.46	4.0%	62%	2.50	2.66	2.83	15.8x	14.8x	13.9x	2.53	2.66	2.83	15.6x	14.8x	13.9x
PEG	Public Service Enterprise Group Inc	31.8	Sector Weight	NA	$63.81	3.6%	66%	3.44	3.60	3.86	18.5x	17.7x	16.5x	3.45	3.70	4.04	18.5x	17.3x	15.8x
SO	Southern Co	80.0	Sector Weight	NA	$73.35	3.8%	77%	3.62	4.07	4.31	20.3x	18.0x	17.0x	3.61	4.03	4.30	20.3x	18.2x	17.1x
WEC	WEC Energy Group Inc	29.6	Overweight	$103	$93.89	3.3%	68%	4.60	4.91	5.27	20.4x	19.1x	17.8x	4.61	4.91	5.25	20.4x	19.1x	17.9x
XEL	Xcel Energy Inc	37.9	Overweight	$75	$68.89	3.0%	61%	3.38	3.57	3.80	20.4x	19.3x	18.1x	3.37	3.60	3.81	20.4x	19.1x	18.1x
					Average:	**3.6%**	**64%**				**18.3x**	**17.1x**	**16.1x**				**18.2x**	**17.1x**	**16.0x**

SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Dividend ('23E) Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
AVA	Avista Corp	3.3	Underweight	$32	$44.02	4.2%	79%	2.33	2.44	2.55	18.9x	18.0x	17.3x	2.32	2.46	2.58	19.0x	17.9x	17.0x
NWE	NorthWestern Corp	3.5	Overweight	$63	$59.36	4.3%	74%	3.45	3.59	3.75	17.2x	16.5x	15.8x	3.45	3.63	3.77	17.2x	16.4x	15.7x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$77.60	2.3%	39%	4.71	3.28	3.51	16.5x	23.7x	22.1x	4.46	3.52	3.72	17.4x	22.0x	20.9x
PNW	Pinnacle West Capital Corp	9.2	Underweight	$55	$80.81	4.3%	86%	4.03	4.62	4.89	20.1x	17.5x	16.5x	4.06	4.63	4.87	19.9x	17.5x	16.6x
POR	Portland General Electric Co	4.9	Sector Weight	NA	$51.05	3.7%	70%	2.65	3.00	3.17	19.3x	17.0x	16.1x	2.67	3.03	3.21	19.1x	16.8x	15.9x
					Average:	**3.7%**	**70%**				**18.4x**	**18.5x**	**17.6x**				**18.5x**	**18.1x**	**17.2x**

Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Dividend ('23E) Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
AGR	Avangrid Inc	15.9	Underweight	$36	$41.02	4.3%	80%	2.21	2.36	2.50	18.6x	17.4x	16.4x	2.21	2.35	2.50	18.6x	17.4x	16.4x
NEE	Nextera Energy Inc	157.7	Overweight	$94	$77.96	2.4%	60%	3.09	3.39	3.64	25.2x	23.0x	21.4x	3.10	3.40	3.67	25.1x	22.9x	21.2x
SRE	Sempra Energy	48.2	Sector Weight	NA	$153.29	3.1%	53%	8.82	9.55	10.12	17.4x	16.1x	15.1x	9.00	9.58	10.21	17.0x	16.0x	15.0x
					Average:	**3.3%**	**65%**				**20.4x**	**18.8x**	**17.7x**				**20.2x**	**18.8x**	**17.5x**

Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Dividend ('23E) Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
CEG	Constellation Energy Corp	25.9	Overweight	$95	$79.85	1.4%	29%	3.73	5.11	5.07	21.4x	15.6x	15.7x	4.01	5.22	5.53	19.9x	15.3x	14.4x
NRG	NRG Energy Inc	7.5	Not Covered	NA	$32.79	4.6%	33%	NA	NA	NA	NA	NA	NA	4.51	5.33	5.96	7.3x	6.2x	5.5x
VST	Vistra Corp	9.1	Not Covered	NA	$24.52	3.3%	28%	NA	NA	NA	NA	NA	NA	2.85	3.04	3.78	8.6x	8.1x	6.5x
					Average:	**3.1%**	**30%**				**21.4x**	**15.6x**	**15.7x**				**11.9x**	**9.8x**	**8.8x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 5 - Stock Price Performance

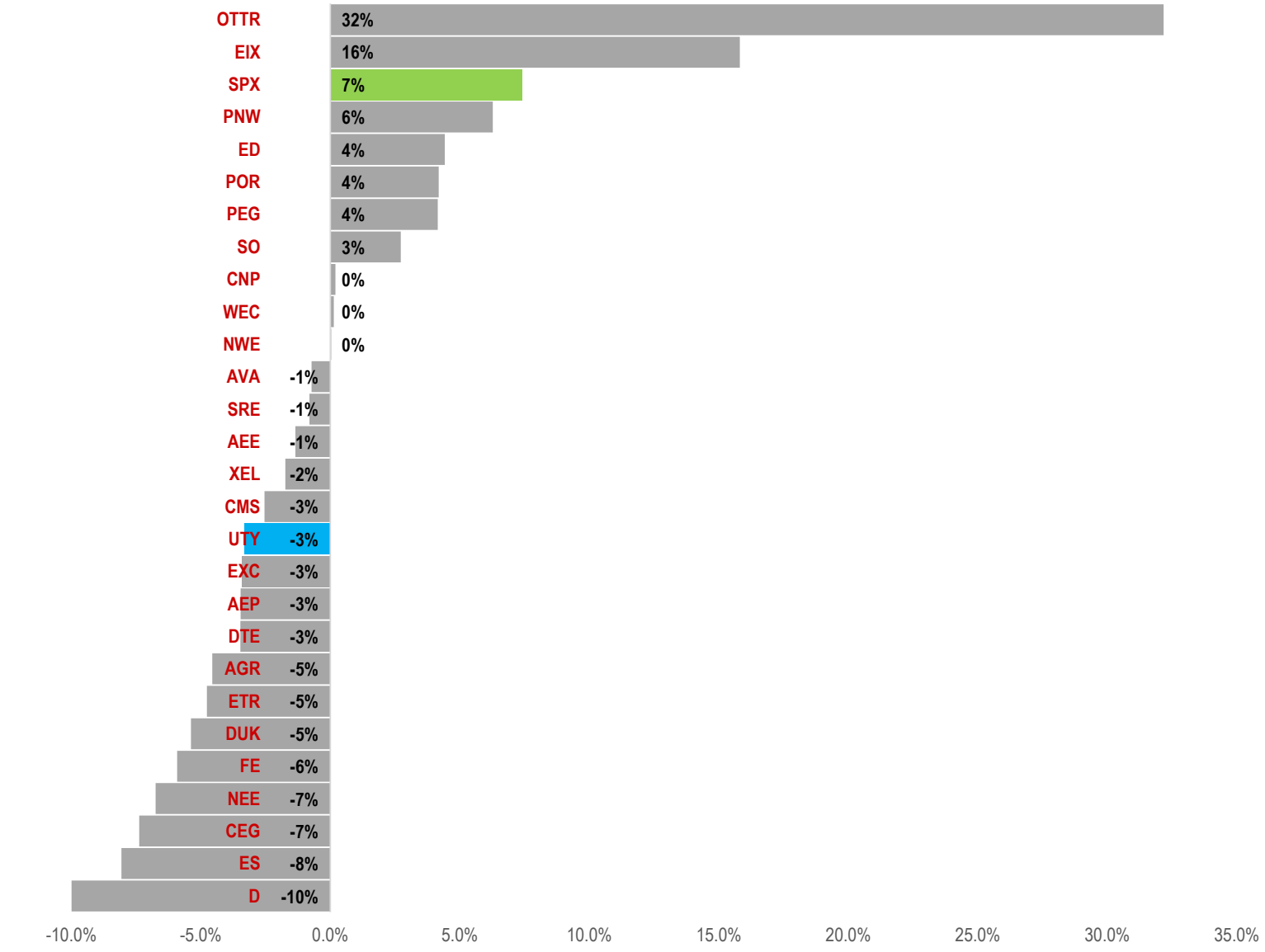

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Select Recent Research

NWE: Constructive Settlement Reached in MT GRC

CMS: Notes from Management Meetings

PEG: Constructive AD Update; Remain SW

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

NWE: Colstrip Ownership Transfer Improves Future Viability Outlook

AEP: FERC Strikes Down on KY, OH — Likely Creating NT Overhang; Reiterate SW

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

EEI Day One: Notes from Meetings — ES, ED, XEL, SRE, WEC

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

CEG: Nuclear PTC Is Transformative for CEG; Raising Price Target and Reiterating OW

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Utilities 1Q23 Earnings Preview: It's Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	260	49.81	41	15.77
Sector Weight [SW]	255	48.85	40	15.69
Underweight [UW]	7	1.34	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	11	50.00
Sector Weight [SW]	31	54.39	12	38.71
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

WOLFE RESEARCH

EXELON CORP (EXC)

EXC: Staff testimony portends IL but not end of story

May 15, 2023

Rating:
Outperform
Price:
$41.75
Price Target:
$47.00
% Upside:
12.6%

View EXC Model
View Comp Table

Company Information

52-Week Range	$36 - $50
Market Cap. (MM)	$41,523
Enterprise Value (MM)	$82,464
Shares Out. (MM)	994.6
Avg. Value Traded (MM)	$373.81
SI% of Float	1.2%

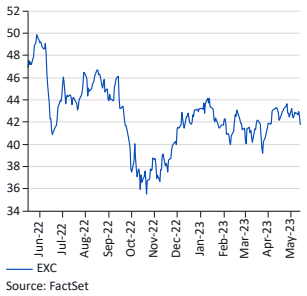

Source: FactSet

Priced as of 05/12/23



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

The Wolfe Byte

The ICC Staff recommendation in AEE's multiyear rate plan appears negative for EXC, as Staff seeks large disallowances and continuation of formulaic ROEs. We think the stock is pricing in a bad outcome but not appreciating IL policy tailwinds/ rate certainty. Keep Outperform.

Stock pricing in bad outcome in ComEd rate case. After reasonable recommendations by ICC Staff in gas utility cases a week ago (e.g., 9.9% ROEs), they called for large disallowances in AEE electric's multiyear plan rate case and an 8.91% ROE tied formulaically to 30Y UST yield (avg in CY22 + 580bp); that would be ~9.5% using current yields. The disallowances represented 2/3 of AEE's requested rate base growth 2024-27. Plus, Staff wanted OPEB disallowed; for more see our AEE **note**. EXC lagged the UTY by 130bp and now trades at a 1x discount to peers on 2025E. We think the stock reflects disallowance of the majority of ComEd's $3.3B RB growth and pension/OPEB but gives little credit to 4-yr rate plans with annual cost true-ups and potential ROE incentives. ComEd distrn is ~25-30% of EXC's RB.

State policies portend better outcomes than Staff rec. The ICC will have 3 new comms (5 total), with incoming Chair Scott joining next month. He was ICC chair last decade and energy advisor to IL Gov Pritzker during its CEJA efforts in 2021. Stakeholders engaged last year and prior to the MYP filings on CEJA requirements. We are hesitant to assume the ICC adopts Staff's recs. We think the ICC will balance affordability with the necessary investment to meet the IL's electrification targets.

Every $200M disallowed RB = $0.01. Based on Staff's rec in AEE, the disallowances were widespread. But we flag two that may arise in Staff's 5/22 testimony: Staff wants all IT projects and OPEB disallowed for AEE. If Staff seeks the same for ComEd, plus exclusion of ~$800M pension from RB, then disallowances vs ComEd's RB requests could be well north of $1B. If all RB growth and pension/OPEB are removed, our 2025E would be $0.09 lower; see p. 3 for more.

Key dates. Staff rec in ComEd case 5/22. ALJ proposed orders in gas cases (9/22-23), in AEE's MYP 10/20 and ComEd's 10/23. Final ICC decisions are expected by early Dec for gas and by 12/20 for both AEE and ComEd's MYPs.

ESTIMATES

($)	2023E	2024E	2025E
EPS FY	2.37 E	2.51 E	2.76 E
Cons.	2.36 E	2.51 E	2.73 E
P/E	17.6x	16.7x	15.1x

Source: Company Documents, Wolfe Research, FactSet
Numbers may not add up due to rounding; Fiscal Year Ends December

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WOLFE RESEARCH

May 15, 2023

Investment Conclusion

We believe EXC is a low-risk utility stock. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%, driven by ~8% rate base growth. We think the stock hit last year on IRA and nonlinear EPS growth was overdone. We think the messaging and conviction on its LT outlook will be well-received. And we see the stock over time trading in line with the low-risk, high-quality utilities. This year, focus will be on a first multiyear rate case in IL, as well as a second multiyear filing in MD and reconciliations of the first MD/BGE multiyear case. Those are expected to add more certainty to an otherwise low-risk utility story.

Valuation

Our $47PT is based on a half-turn premium to our utility group P/E of 16.5x 2025E.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WOLFE RESEARCH

May 15, 2023

More on read-through from ICC Staff rec in AEE MYP case

Background. ComEd requested 2024 avg RB of $15.5B growing $1-1.2B/yr to an avg of $18.8B in 2027, with drivers from system performance investments, capacity expansion, new business to IT projects; see below.

- Rate increase:
  - 2024: $877M (30% increase) over present rates; but ComEd requested deferral of $307M to later years, so net increase to present rates would be $570M (20%)
  - 2025: $175M
  - 2026: $217M
  - 2027: $203M
- Rate Base (Avg adjusted):
  - 2024: $15.5B
  - 2025: $16.5B
  - 2026: $17.6B
  - 2027: $18.8B

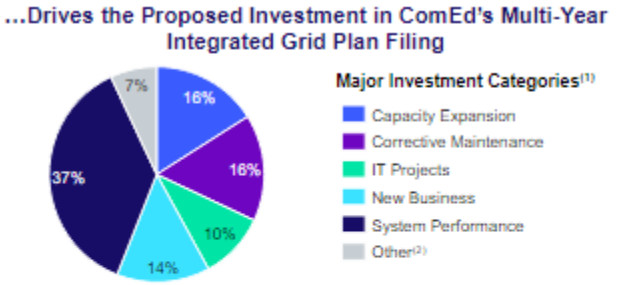

ComEd Multi-Year Plan Case Detail (2024 – 2027)	
Proposed Common Equity Ratio	50.58% - 51.19%
Proposed Return on Equity	10.50% - 10.65%
Expected Final Order	No later than December 20, 2023
Proposed Revenue Requirement Adjustment	35% of 2024 accrued revenue requirement collected in 2026

Potential project disallowances. Staff's recommended widespread disallowances for AEE. But Staff notably wants all of AEE's IT projects disallowed, reducing RB by $245M in 2027 for AEE. As shown above, ComEd's IT projects were 10% of planned investment in its rate filing. With $3.3B of RB growth targeted 2024-27, Staff's recommended IT disallowances for ComEd could be even higher than the $245M in AEE's case.

Pension/OPEB. Staff's rec in AEE case also has read-through to ComEd's pension and OPEB, which are $715M/$170M in ComEd's 2024 RB and $835M/$160M in 2027. Under the 2012 FRP law, ComEd earned a debt return on pension and a full return on OPEB (Ameren also earned a return on OPEB). In three rate cases preceding FRP (2005, 2007 and 2010), ComEd was allowed to include pension in RB. The ICC has disallowed OPEB for gas utilities, including in 2021. Given the recent precedent, we wonder whether EXC's growth target assumed a return on ~$900M-$1B pension/OPEB in rate base.

The punchline is Staff's recommended disallowances for ComEd could be well north of $1B by 2027.

ROE. We were surprised by Staff's recommendation to preserve the ROE formula (30Y UST yield + 580bp) from the 2012 FRP law, which sunsets at YE23. We are of two minds on this one. Rates over the last decade have been low

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

until the past 12 months or so. Current 30Y UST yields (~3.7%) would put allowed ROEs in the mid 9s, which we view as decent. But a return to low rates could again result in the IL electric utilities earning the lowest ROEs in the country. Under FRP, IL utilities were the only ones with direct ties to rising rates, with the exception of the CA utilities (the tie is lagged by about a year and interest rate moves must exceed certain thresholds to be triggered). We think in this environment, a direct tie to LT rates would be viewed by investors as net positive.

EXC 2025 EPS sensitivities. The following are key sensitivities, as we await the 5/22 Staff rec for ComEd: Every $200M of disallowed rate base is $0.01. ComEd requested 10.5-10.65% ROE; every 50bp ROE is $0.04. EXC requested 51% equity ratio; every 100bp equity ratio is $0.02. But we believe EXC budgets to 50% equity, and given the 50% safe harbor in CEJA, we therefore see little earnings risk from the equity ratio.

Relative stock performance and Comps

As shown in Exhibit 1, EXC has been in a trading range relative to peers, and last Friday's IL Staff rec caused the notable step down. EXC trades at more than a full-turn discount to regulated peers on 2025E; see Exhibit 2.

Exhibit 1: EXC Relative Performance vs. Large-Cap Utilities

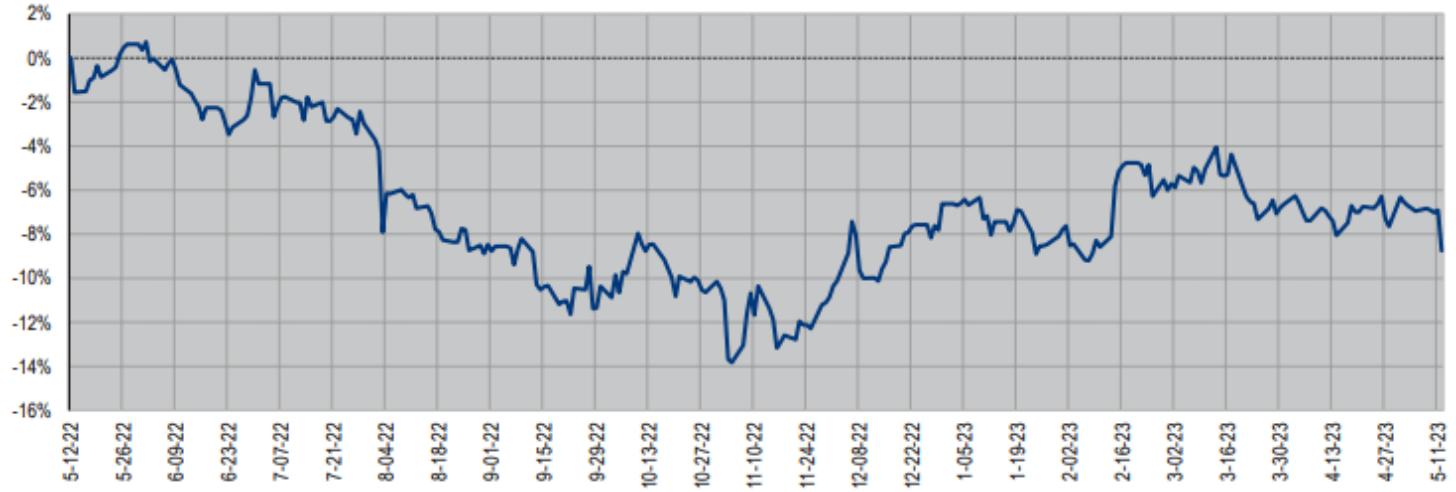

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WOLFE RESEARCH

May 15, 2023

Exhibit 2: Regulated Utility Comps

Regulated Utility Comparables
5/12/2023

Company Name	Ticker	Current Price	Current Shares	Mkt Cap ($M)	P/E 2023E	P/E 2024E	P/E 2025E	P/E 2026E	Div Yield	Div Growth (E)	Payout Ratio	Price/ Book	Equity Ratio
AES Corp.	AES	$22.11	669	$14,799	13.0x	11.5x	10.5x	N/A	3.0%	5.0%	39%	9.7x	13%
Alliant Energy	LNT	$55.03	251	$13,834	19.0x	17.8x	16.8x	15.9x	3.3%	5.8%	63%	2.2x	41%
Ameren	AEE	87.72	263	23,036	20.0x	18.5x	17.3x	16.3x	2.9%	6.8%	58%	2.2x	41%
American Electric	AEP	91.66	515	47,186	17.3x	16.4x	15.3x	14.4x	3.6%	6.0%	63%	2.0x	35%
Avangrid	AGR	41.02	387	15,860	20.1x	19.5x	17.6x	N/A	4.3%	0.0%	86%	0.8x	66%
CenterPoint Energy	CNP	30.05	631	18,962	20.2x	18.6x	17.3x	16.0x	2.5%	8.6%	51%	2.0x	38%
CMS Energy	CMS	61.72	292	18,001	19.9x	18.5x	17.1x	16.0x	3.2%	6.0%	63%	2.6x	33%
Con Edison	ED	99.52	347	34,488	20.5x	18.9x	18.2x	17.3x	3.3%	2.5%	67%	1.7x	48%
Dominion	D	55.19	836	46,136	14.6x	15.3x	14.3x	N/A	4.8%	0.0%	71%	1.7x	37%
DTE Energy	DTE	113.45	206	23,383	18.1x	17.0x	15.8x	14.6x	3.4%	7.4%	62%	2.2x	35%
Duke Energy	DUK	97.45	771	75,100	17.3x	16.4x	15.4x	14.5x	4.2%	2.0%	73%	1.6x	39%
Edison International	EIX	73.68	383	28,218	15.7x	14.5x	13.2x	N/A	4.0%	5.4%	63%	2.1x	31%
Emera*	EMA	58.99	271	16,010	18.8x	17.9x	16.9x	N/A	4.7%	4.1%	89%	1.6x	37%
Entergy	ETR	107.14	211	22,654	16.1x	14.9x	13.9x	13.1x	4.2%	6.0%	68%	1.7x	32%
Evergy	EVRG	62.37	230	14,325	17.2x	15.6x	14.6x	13.8x	4.0%	7.0%	69%	1.5x	43%
Eversource Energy	ES	77.08	349	26,889	17.7x	16.6x	15.5x	14.7x	3.5%	5.9%	62%	1.7x	40%
Exelon	EXC	41.75	995	41,523	17.6x	16.7x	15.1x	N/A	3.5%	7.0%	61%	1.7x	37%
FirstEnergy	FE	39.46	573	22,604	15.5x	14.5x	13.7x	13.0x	4.0%	0.0%	61%	2.2x	31%
Fortis*	FTS	61.55	484	29,812	20.6x	19.6x	18.9x	18.3x	3.7%	4.5%	76%	1.5x	42%
NextEra Energy	NEE	77.96	2,023	157,746	25.2x	23.1x	21.4x	19.8x	2.4%	10.0%	60%	3.7x	38%
NiSource	NI	28.49	413	11,768	18.1x	17.0x	15.8x	14.7x	3.5%	6.4%	63%	1.9x	40%
OGE Energy	OGE	37.77	200	7,565	18.9x	17.9x	17.0x	16.1x	4.4%	1.0%	83%	1.7x	47%
PG&E	PCG	17.45	1,996	34,826	14.5x	13.1x	11.9x	11.0x	0.3%	0.0%	5%	1.5x	30%
Pinnacle West	PNW	80.81	113	9,152	19.9x	17.3x	16.5x	15.7x	4.3%	2.0%	86%	1.5x	38%
Portland General	POR	51.05	97	4,933	19.1x	17.0x	16.1x	15.4x	3.7%	5.0%	70%	1.6x	45%
PPL Corp.	PPL	28.45	737	20,970	17.9x	16.6x	15.4x	14.7x	3.4%	6.7%	61%	1.5x	49%
PSEG	PEG	63.81	499	31,839	18.5x	17.5x	15.8x	15.1x	3.6%	5.6%	66%	2.2x	42%
Sempra	SRE	153.29	315	48,233	17.2x	16.1x	15.0x	N/A	3.1%	3.9%	53%	1.8x	48%
Southern Company	SO	73.35	1,090	79,981	20.4x	18.2x	17.0x	16.2x	3.8%	2.9%	78%	2.6x	34%
WEC Energy Group	WEC	93.89	315	29,616	20.3x	19.1x	17.9x	16.8x	3.3%	7.0%	67%	2.5x	39%
Xcel Energy	XEL	68.89	550	37,914	20.5x	19.1x	17.9x	17.0x	3.0%	6.0%	62%	2.3x	39%
Average					**18.4x**	**17.1x**	**16.0x**	**15.4x**	**3.5%**	**4.7%**	**64%**	**2.2x**	**39%**
Average (ex EIX & PCG)					**18.6x**	**17.3x**	**16.2x**	**15.6x**	**3.6%**	**4.9%**	**67%**	**2.2x**	**40%**

Source: Wolfe Utilities & Power Research, FactSet

*Current price shown in CAD

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WOLFE RESEARCH

May 15, 2023

Exelon Corp. Snapshot

Exhibit 3: Financial Summary

Financial Summary	2023E	2024E	2025E
EPS	$2.37	$2.51	$2.76
Consensus EPS	$2.36	$2.51	$2.73
Dividends Per Share	$1.44	$1.55	$1.65
Payout on Utility net Parent	61%	62%	60%
Equity ratio	48%	47%	47%
FFO/Net Debt	15%	14%	15%
Diluted Shares Outstanding	998	1,002	1,006
Valuation Metrics			
P/E	17.6x	16.7x	15.1x
Dividend Yield	3.5%	3.7%	4.0%
Segment EPS	**2023E**	**2024E**	**2025E**
ComEd	1.00	1.09	1.16
PECO	0.55	0.55	0.70
BGE	0.46	0.49	0.52
Pepco	0.69	0.73	0.77
Parent	(0.33)	(0.36)	(0.38)
Total EPS	**$2.37**	**$2.51**	**$2.76**
Realized ROE by Utility			
ComEd	9.9%	9.9%	9.9%
PECO	9.2%	8.5%	9.9%
BGE	9.7%	9.6%	9.5%
Pepco	9.7%	9.6%	9.6%

Source: Wolfe Utilities & Power Research

Exhibit 4: Modeling Assumptions

Assumptions	2023E	2024E	2025E
Capex by Segment ($M)			
ComEd	$2,550	$2,550	$2,925
PECO	1,375	1,575	1,625
BGE	1,325	1,475	1,675
Pepco	1,900	1,950	2,000
Parent/other	0	0	0
Total EXC Capex	**$7,150**	**$7,550**	**$8,225**
EXC			
Equity Issued/(Repurchased)	$142	$142	$142
Debt Issued/(Repurchased)	2,575	2,600	3,000

Source: Wolfe Utilities & Power Research

Exhibit 5: 2024 EPS by Subsidiary

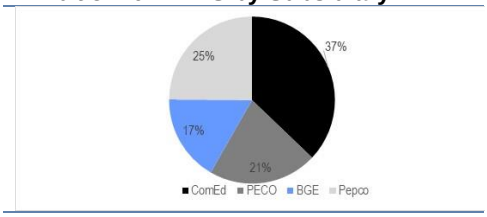

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with above average EPS growth. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%.

Valuation

Our $47 PT is based on a half-turn premium to our utility group average P/E of 16.5x 2025E. Risks are less capex, lower returns, less cash or more equity needs, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WOLFE RESEARCH

May 15, 2023

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

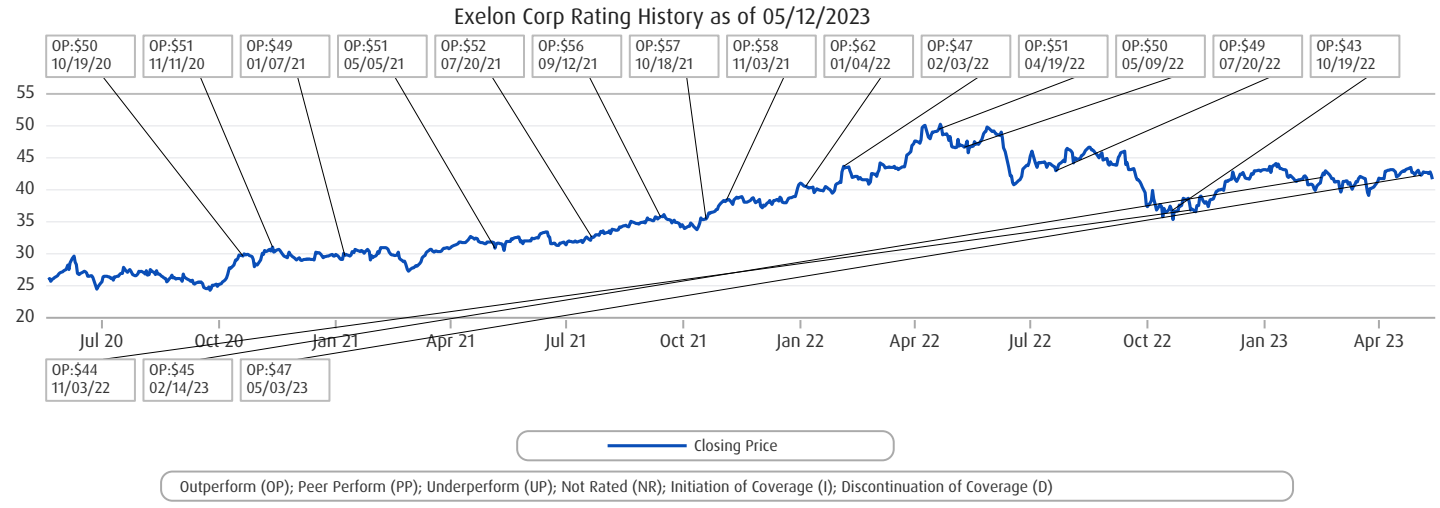

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WOLFE RESEARCH

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Effective August 1, 2022, Wolfe Research, LLC will no longer publish target prices for Peer Perform rated companies.

Wolfe Research, LLC uses a relative rating system using terms such as Outperform, Peer Perform and Underperform (see definitions above). Please carefully read the definitions of all ratings used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of May 15, 2023):

Outperform:	44%	5% Investment Banking Clients within the previous 12 months
Peer Perform:	46%	1% Investment Banking Clients within the previous 12 months
Underperform:	10%	2% Investment Banking Clients within the previous 12 months

Wolfe Research, LLC does not assign ratings of Buy, Hold or Sell to the stocks it covers. Outperform, Peer Perform and Underperform are not the respective equivalents of Buy, Hold and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Securities is responsible for the contents of this material. Any analysts publishing these reports are associated with each of Wolfe Research, LLC and Wolfe Research Securities.

The Wolfe Daily Howl and Monthly Controversies Report are subscription-based products for Institutional investor subscribers only and are products of Wolfe Research, LLC. The products received may contain previously published research which have been repackaged for Wolfe Daily Howl and Monthly Controversies Report subscribers. The types of services provided to you by Wolfe Research, LLC, vary as compared to that provided to other external clients of Wolfe Research. Wolfe Research, LLC, its affiliates, officers, directors, employees and agents will not be liable for any

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein. Opinions in this communication constitute the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable but Wolfe Research and its affiliates, including but not limited to Wolfe Research Securities, makes no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC or any affiliate to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regards to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts and electronic publication to our proprietary website.

Copyright © Wolfe Research, LLC 2023. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research. Authorized users have received an encryption decoder which legislates and monitors the access to Wolfe Research, LLC content. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Equity Research

WELLS FARGO

Industry Update — May 14, 2023

Utilities

Utility and Infrastructure Daily

Comments on AEE, EXC & EIX

Our Call

Quick thoughts from Wells Fargo Securities, LLC Utility & Infrastructure Team:

Utilities

AEE (Overweight/Kalton). Shares of AEE fell 1.3% (vs. the S&P Utes up ~50 bps) on 5/12 in response to disappointing ICC Staff testimony in the company's pending IL MYRP filing. While there is a long way to go in the process, we estimate that adoption of the Staff's position would result in an $0.08-0.10, or ~2%, risk to our 24E & 25E EPS and a $0.15-0.20, or ~3%, risk to our 26E & 27E EPS. The testimony is also a negative read-through for EXC (ComEd's MYRP filing is pending). Comments/thoughts:

(1) Key staff recommendations include a low 8.91% ROE, a 50% equity ratio and a 2% rate base CAGR. This compares with AEE's request for a 10.5% ROE, ~54% equity ratios and a 7% rate base CAGR. The recommended ROE starkly contrasts with the (very) recent Staff recommendation of 9.9% in the Ameren Illinois Natural Gas, while the 50% equity ratio is consistent.

(2) As it relates to the ROE, the Staff contends that the MYRP framework substantially reduces risk vs. traditional ratemaking frameworks.

(3) Our EPS outlook reflects Ameren Illinois Electric Distribution earnings power premised on a 9.5% ROE, a 50% equity ratio and rate base equal to guidance. The Electric Distribution business represents ~20% of AEE's EPS power.

(4) While the Staff testimony is concerning, it is our experience that rate filings related to the implementation of new frameworks are often "noisy". We also wonder if the Staff's initial testimony is somewhat influenced by the low likelihood of settlement in this case.

(5) We expect AEE's rebuttal testimony (due 6/14) to strongly disagree with Staff. We think there is a strong case to be made that the duration of the 4-yr MYRP argues for a premium ROE vs. Staff's position. Staff seeks to employ the same framework as in the prior FRP (avg. 30-Yr Treasury yield + 580 bps) but without annual resets.

On capex/rate base, we would be surprised if the final outcome is based on the Staff testimony. That said, AEE will likely need to improve their case for the need.

EIX (Equal Weight/Kalton). On 5/12, SCE filed the initial '25 GRC application premised on $43B of capex during '23-28 with a range case of $38B (mgmt. judgment of likely spend). The capex of $38-43B supports a rate base CAGR of 6-8% (off of '23) excluding several upside opportunities (special programs, add'l transmission). The projected bill impact is +10% in '25 and +3% annually through '28. Our take: robust capex (~$1B+ vs. our model in '26/'27) / affordability will be key CPUC consideration.

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Sarah Akers, CFA
Equity Analyst | Wells Fargo Securities, LLC
Sarah.Akers@wellsfargo.com | 314-875-2040

Jonathan Reeder
Equity Analyst | Wells Fargo Securities, LLC
Jonathan.Reeder@wellsfargo.com | 314-875-2052

David Welkener, CFA
Associate Equity Analyst | Wells Fargo Securities, LLC
David.Welkener@wellsfargo.com | 314-875-2054

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

All estimates/forecasts are as of 5/14/2023 unless otherwise stated. 5/14/2023 23:12:44EDT. Please see page 4 for rating definitions, important disclosures and required analyst certifications.
Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

Acronyms

CPUC – California Public Utilities Commission

FRP – Formula Rate-Making Plan

GRC – General Rate Case

ICC – Illinois Commerce Corporation

MYRP – Multi-Year Rate Plan

SCE – Southern California Edison

Ameren Corp. (AEE/Overweight/$23B market cap.) 5/12/23 closing price: $87.72

Edison International (EIX/Equal Weight/$28.2B market cap.) 5/12/23 closing price: $73.68

Exelon Corp. (EXC/Equal Weight/$41.5B market cap.) 5/12/23 closing price: $41.75

Investment Thesis, Valuation and Risks

Ameren Corporation (AEE)

Investment Thesis

Our Overweight thesis reflects AEE's strong 5-yr annual EPS growth prospects of 7% (vs. 6% for peers), long runway of capital investment opportunities (including electric transmission projects in MISO) and management's strong financial track record.

Target Price Valuation for AEE: $101.00

Our $101/sh price target is based on (1) a P/E analysis ($99/sh) (75%)—apply a 10-15% premium to the '23 Regulated Electric median of 18.5-19.0X on our 24E EPS of $4.70 and (2) a three-stage dividend discount analysis ($108/sh) (25%), which employs a 6.75% discount rate.

Risks to Our Price Target and Rating for AEE

Risks include the potential failure to achieve earned returns near the utilities' allowed ROEs, regulatory-related risks and the risk that upside capex opportunities do not materialize as expected.

Edison International (EIX)

Investment Thesis

Our Equal Weight rating reflects the fact that shares trade near our PV estimate of $72.50/sh. We are attracted to EIX's long runway of capital investment opportunities and recognize that positive strides have been made related to mitigating wildfire efforts (improved firefighting techniques, grid investments, proactive shut offs) that appear to be reducing the probability of utility-caused catastrophic wildfire events. However, those positives are counterbalanced by ongoing wildfire risk.

Target Price Valuation for EIX: $75.00

Our $75/sh price target is derived by applying a 5-10% discount to the '24 Mid/Large Cap Regulated Electric P/E median of 16.5-17.0X on our 24E EPS. We ascribe a 5-10% discount given unique CA-related risks (inverse condemnation, regulatory) and interest rate exposure. We then factor in a probability-weighted present value wildfire liability estimate of ~$8/sh to arrive at a total PV estimate of $72.50/sh. Our $75/sh forward price target incorporates a 7% required return (including the dividend).

Risks to Our Price Target and Rating for EIX

Key upside risks include positive regulatory developments while downside risks include wildfire liabilities in excess of what is embedded in our estimate plus regulatory related risks (adverse outcomes).

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (7%) and wires-centric asset mix are balanced by modest balance sheet concerns and our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $45.00

Our $45/sh price target is based on a P/E multiple analysis. We apply a P/E of 17.5-18.0X to our 24E EPS of $2.50. Our multiple represents a 0-5% discount to the '23 Regulated Electric peer group median of 18.0-18.5X as we balance positive features (strong 7% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '23 median to our 24E EPS due to the forward-looking nature of our price target.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

We, Neil Kalton and Jonathan Reeder, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

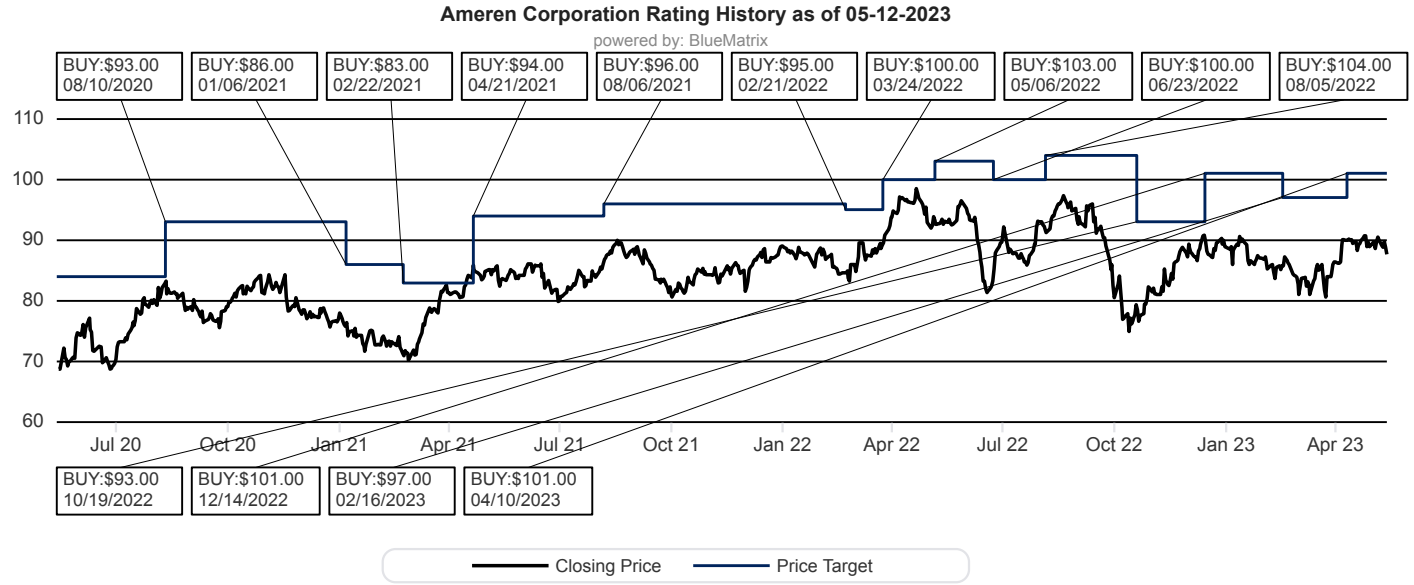

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Edison International Rating History as of 05-12-2023

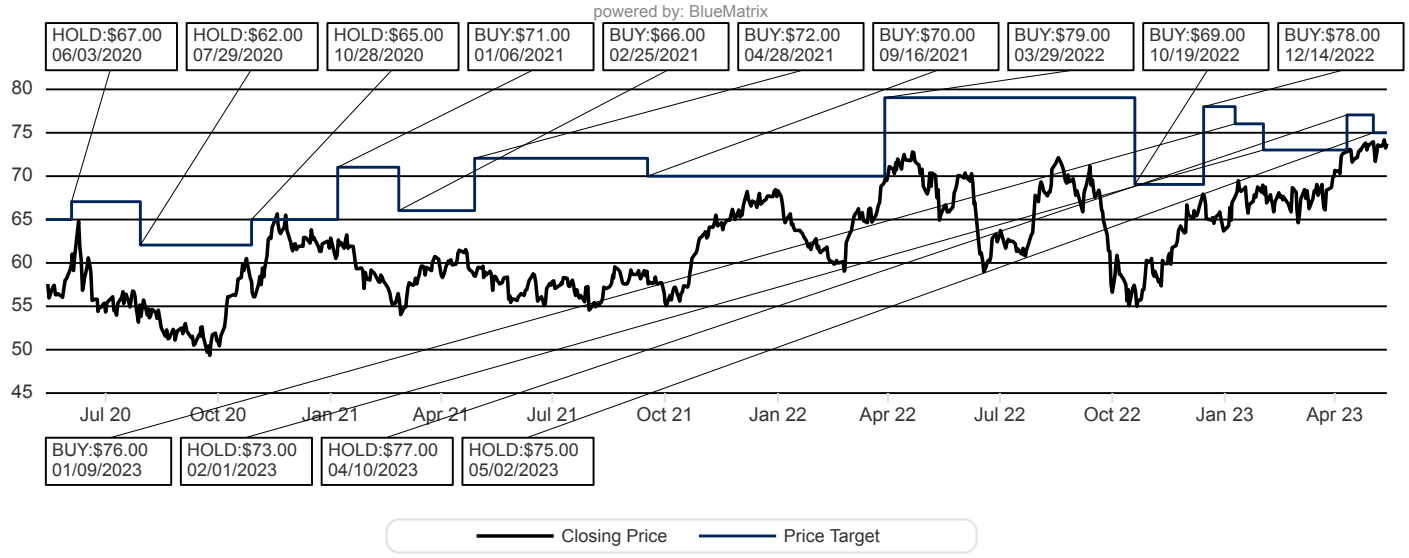

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Exelon Corporation Rating History as of 05-12-2023

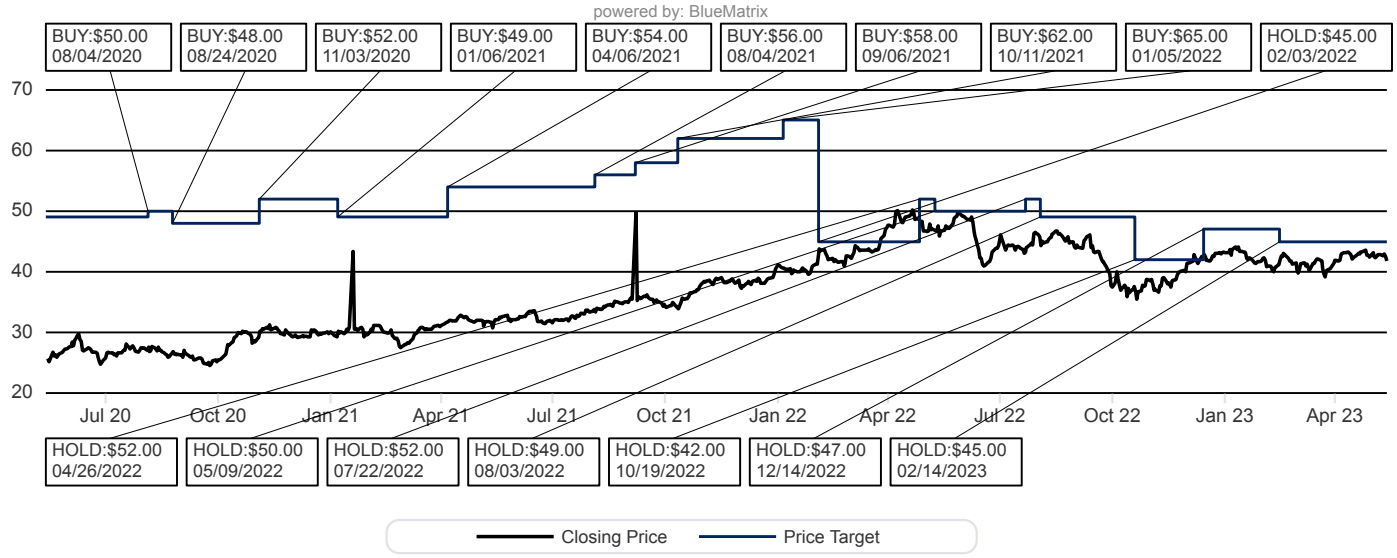

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Ameren Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Ameren Corporation.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public (or 144a) offering of securities for an affiliate of Ameren Corporation within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Ameren Corporation.

Ameren Corporation currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-investment banking securities-related services to Ameren Corporation.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Ameren Corporation in the next three months.

Wells Fargo Securities, LLC, received compensation for products or services other than investment banking services from Ameren Corporation in the past 12 months.

Ameren Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-securities services to Ameren Corporation.

Ameren Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Ameren Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Ameren Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Ameren Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Edison International in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Edison International.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public (or 144a) offering of securities for an affiliate of Edison International within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Edison International.

Edison International currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-investment banking securities-related services to Edison International.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Edison International within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Edison International in the next three months.

Wells Fargo Securities, LLC, received compensation for products or services other than investment banking services from Edison International in the past 12 months.

Edison International currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Edison International.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Edison International.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Edison International in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public (or 144a) offering of securities for an affiliate of Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

OW=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

EW=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

UW=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

As of May 14, 2023
50.6% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
40.8% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.

8.7% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 29.4% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 32.2% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 29.1% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should seek professional advice, including tax advice, to determine whether any advice or recommendation in the attached research report is suitable for their particular circumstances. The information in this report is provided as of the date of the report and has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires

permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. Copyright © 2023 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

UBS

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Catalyst to Watch This Week: ES Offshore Wind Sale Announcement

ES could announce the sale of its unregulated offshore wind acreage and development projects. The company has an equity acreage ownership of 175,000 acres in the joint venture with Orsted and 50% ownership of 3 development projects: South Fork, Revolution and Sunrise. Our base scenario assumes a $1.5 billion in gross proceeds for the acreage and $2.2 billion for the projects. "Discounted for Offshore Wind Announcement"

Watt's on Tap

May 12 - May 19

Calendar Items

Weekly Calendar	
Fri - May 12	**ETR** - ALJ Decision in SERI UPSA Formula Rate Complaint Expected
Mon - May 15	**EIX** - Could file general rate case in California. **WTRG** - Update on DELCORA in U.S. Bankruptcy Court Eastern District Pennsylania
Thurs - May 18	**AWR** - Potential final decision in Golden State Water rate case. **PCG**- Potential approval of settlement with Safety Enforcement Division on Zogg fire.
Fri - May 19	**FE** - Intervenor testimony due in Pennsylvania subsidiary consolidation proceeding. (A-2023-3038771)
Other Possible	**ETR** - FERC could issue clarification around potential for refunds in SERI decision from 12/23/22 relating to uncertain tax positions. **ES** - Potential announcements of offshore wind acreage and projects.

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 05/11/2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 25.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Price Target Changes

We are updating our Electric Utility price targets as shown in Figure 1 consistent with the group valuation multiples as shown in Figures 3.

Figure 1: Electric Utilities Price Target Updates

Rating	Ticker	5/11/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Buy	AEP	$90.68	$114	17.2x	$113	17.1x
Neutral	D	$55.46	$59	17.4x	$58	17.1x
Neutral	ES	$76.25	$82	17.3x	$81	17.1x
Neutral	EVRG	$62.43	$63	17.3x	$62	17.1x
Sell	FTS	$61.15	$54	17.4x	$53	17.1x
Neutral	LNT	$54.60	$57	17.4x	$56	17.1x
Sell	PNW	$80.56	$68	17.3x	$67	17.1x
Neutral	WEC	$93.83	$104	17.2x	$103	17.1x
Neutral	XEL	$68.62	$72	17.3x	$71	17.1x

Source: FactSet, UBS estimates

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

05/11/2023 EPA Power Plant Rule
05/10/2023 Pricing Power Analysis and Regulatory Rankings
05/10/2023 WEC: Staff Position in Peoples Gas Case
05/9/2023 WTRG: In-Line. 1Q'23 EPS of $0.72
05/9/2023 VST: In-Line. 1Q'23 Adj. EBITDA $554mln v. $571mln Cons.
05/9/2023 AES: Clean Energy Value
05/9/2023 DUK: Modest Miss, Renewables Sale in Late Stage
05/8/2023 AEE: Illinois Rate Case Update
05/8/2023 XEL: Colorado Legislation Moving Forward
05/5/2023 FE: Convertible Note Proceeds
05/5/2023 DTE: Removing the IRP (Pending Approval)
05/5/2023 D: In-line Quarter; Awaiting Business Review05/5/2023 EVRG: Largely In-line Quarter
05/5/2023 First Read: Alliant Energy Corp "Quarter A Bit Weak, But Guidance Reaffirmed"

North America Alternative Energy and Environmental Services
Analysts: Jon Windham & William Grippin

05/11/2023 First Read: Ameresco Inc "Investor day: Clarity on the earnings ramp" (Buy)
05/11/2023 First Read: OPAL Fuels Inc. "1Q23 below expectations; FY23 guidance intact"
05/10/2023 First Read: FTC Solar Inc "1Q23: Positive gross profit" (Buy) Windham
05/9/2023 First Read: Array Technologies Inc "1Q23 beat; orderflow waiting IRA clarity"
05/8/2023 Stem Inc. 1Q23: Solid result, all eyes on 2H23
05/8/2023 First Read: Hannon Armstrong Sustainable Infra "1Q23: Solid start to the year"
05/8/2023 First Read: NextEra Energy Partners LP "Cleaning up the story" (Buy) Grippin
05/8/2023 First Read: Shoals Technologies Group Inc "1Q23: Out of the gate running" (Buy)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 2: North America Power & Utilities 1Q'23 Earnings Expectations

US Companies in US$		Quarterly					Annual					
Company	Ticker	Scheduled Reporting Date	1Q'23E UBS	1Q'23E Consensus	UBS vs. Consensus	UBS Confidence Indicator[1]	1Q'22A Adjusted	2023E UBS	2023E Consensus	UBS vs. Consensus	Trailing 12 Month	2022A	2023E Guidance
ELECTRIC UTILITIES													
AES Corp	AES	Reported	$0.22A	$0.30	($0.08)		$0.22A	$1.71	$1.71	($0.00)	$1.76	$1.67	$1.65-$1.75
Alliant Energy	LNT	Reported	$0.65A	$0.70	($0.05)		$0.77A	$2.90	$2.90	$0.00	$2.72	$2.80	$2.82-$2.96
Ameren Corp	AEE	Reported	$1.00A	$0.99	$0.01		$0.97A	$4.36	$4.36	($0.00)	$4.16	$4.14	$4.25-$4.45
American Electric Power	AEP	Reported	$1.11A	$1.12	($0.01)		$1.22A	$5.25	$5.29	($0.04)	$4.99	$5.09	$5.19-$5.39
CenterPoint Energy	CNP	Reported	$0.50A	$0.51	($0.01)		$0.47A	$1.49	$1.49	($0.00)	$1.11	$1.38	$1.48-$1.50
CMS Energy	CMS	Reported	$0.70A	$1.24	($0.54)		$1.20A	$3.12	$3.10	$0.02	$2.93	$2.89	$3.06-$3.12
Consolidated Edison	ED	Reported	$1.83A	$1.63	$0.20		$1.47A	$4.85	$4.86	($0.01)	$4.70	$4.57	$4.75-$4.95
Dominion Energy	D	Reported	$0.99A	$1.10	($0.11)		$1.18A	$3.99	$4.16	($0.17)	$4.04	$4.10	N/A
DTE Energy	DTE	Reported	$1.33A	$1.95	($0.62)		$2.31A	$6.26	$6.24	$0.02	$5.77	$5.62	$6.09-$6.40
Duke Energy	DUK	Reported	$1.20A	$1.37	($0.17)		$1.30A	$5.63	$5.64	($0.01)	$5.40	$5.27	$5.55-$5.75
Edison International	EIX	Reported	$1.09A	$0.98	$0.11		$1.07A	$4.77	$4.72	$0.04	$4.54	$4.63	$4.55-$4.85
Emera Inc (C$)	EMA-TSE	12-May	$0.91E	$0.98	($0.07)		$0.92A	$3.29	$3.22	$0.07	$2.91	$3.03	N/A
Entergy Corp	ETR	Reported	$1.14A	$1.57	($0.43)		$1.32A	$6.65	$6.71	($0.06)	$6.70	$6.42	$6.55-$6.85
Evergy, Inc	EVRG	Reported	$0.59A	$0.57	$0.02		$0.58A	$3.65	$3.64	$0.01	$3.74	$3.71	$3.55-$3.75
Eversource Energy	ES	Reported	$1.41A	$1.36	$0.05		$1.30A	$4.36	$4.37	($0.01)	$4.15	$4.05	$4.25-$4.43
Exelon Corp	EXC	Reported	$0.70A	$0.66	$0.04		$0.64A	$2.36	$2.36	($0.00)	$2.28	$2.27	$2.30-$2.42
FirstEnergy Corp	FE	Reported	$0.60A	$0.61	($0.01)		$0.60A	$2.54	$2.53	$0.02	$2.43	$2.41	$2.44-$2.64
Fortis Inc (C$)	FTS-TSE	Reported	$0.91A	$0.82	0.09		$0.78A	$2.97	$2.96	$0.01	$2.82	$2.78	N/A
NextEra Energy	NEE	Reported	$0.84A	$0.59	$0.25		$0.74A	$3.13	$3.11	$0.02	$2.76	$2.90	$2.98-$3.13
NiSource Inc.	NI	Reported	$0.77A	$0.82	($0.05)		$0.75A	$1.57	$1.55	$0.02	$1.42	$1.46	$1.54-$1.60
OGE Energy Corp	OGE	Reported	$0.19A	$0.38	($0.19)		$0.24A	$2.01	$2.01	($0.00)	$2.24	$3.32	$1.93-$2.07
PG&E Corp	PCG	Reported	$0.29A	$0.30	($0.01)		$0.30A	$1.23	$1.22	$0.01	$1.10	$1.10	$1.19-$1.23
Pinnacle West Capital Corporation	PNW	Reported	-$0.03A	$0.01	($0.04)		$0.15A	$4.03	$4.08	($0.05)	$4.13	$4.26	$3.95-$4.15
PPL Corporation	PPL	Reported	$0.48A	$0.46	$0.02		$0.41A	$1.60	$1.59	$0.01	$1.45	$2.40	$1.50-$1.65
Public Service Enterprise Group	PEG	Reported	$1.39A	$1.14	$0.25		$1.33A	$3.46	$3.44	$0.02	$3.28	$3.47	$3.40-$3.50
Sempra Energy	SRE	Reported	$2.92A	$2.77	$0.15		$2.91A	$8.98	$8.98	$0.00	$9.07	$9.21	$8.60-$9.20
Southern Company	SO	Reported	$0.79A	$0.77	$0.02		$0.97A	$3.65	$3.61	$0.04	$3.41	$3.60	$3.55-$3.65
WEC Energy Group	WEC	Reported	$1.61A	$1.69	($0.08)		$1.79A	$4.62	$4.61	$0.01	$4.36	$4.46	$4.58-$4.62
Xcel Energy	XEL	Reported	$0.76A	$0.73	$0.03		$0.70A	$3.40	$3.38	$0.02	$3.20	$3.17	$3.30-$3.40
Average			**$0.93**	**$0.97**	**($0.04)**	**-4.4%**	**$0.99**	**$3.72**	**$3.72**	**$0.00**	**$3.57**	**$3.66**	
WATER UTILITIES													
American States Water	AWR	Reported	$0.93A	$0.51	$0.42		$0.38A	$3.11	$2.85	$0.26	$0.55	$2.55	N/A
American Water Works Company	AWK	Reported	$0.91A	$0.94	$0.20		$0.87A	$4.79	$4.77	$0.01	$3.62	$4.51	$4.72-$4.82
California Water	CWT	Reported	-$0.40A	$0.02	($0.42)		$0.02A	$2.00	$1.95	$0.05	$0.35	$1.96	N/A
Essential Utilities	WTRG	Reported	$0.72A	$0.76	($0.44)		$0.76A	$1.88	$1.87	$0.01	$1.01	$1.77	$1.85-$1.90
SJW Group	SJW	Reported	$0.37A	$0.22	$0.15		$0.12A	$2.47	$2.46	$0.00	$1.09	$2.06	$2.40-$2.50
Average			**$0.62**	**$0.86**	**($0.33)**	**-38.4%**	**$0.44**	**$35.00**	**$2.86**	**$0.02**	**$1.66**	**$2.75**	
IPPS - Adjusted EBITDA not EPS	**US$mlns**												
Constellation Energy	CEG	Reported	$658A	$779	($121)		$866A	$3,129	$3,116	$13	N/A	$2,667	$2,900-$3,300
NRG Energy	NRG	Reported	$646A	$598	$48		$509A	$3,073	$2,845	$228	N/A	$1,754	$3,010-$3,250
Vistra Energy	VST	Reported	$594A	$571	$23		$541A	$3,699	$3,590	$109	N/A	$3,115	$3,400-$4,000
Average			**$633**	**$649**	**($17)**	**-2.6%**	**$639**	**$3,300**	**$3,184**	**$117**		**$2,512**	

1. UBS Confidence Indicator: Green = high confidence in estimate vs. consensus; Red = low confidence in estimate vs. consensus; Yellow = mid confidence in estimate vs. consensus

Source: Company reports, Factset, UBS estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 3: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	5/11/23	Price Target	Total Return inc. Div.	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	AES	$22.03	$27	25%	$1.44	$1.52	$1.67	$1.71	$1.88	11.7x	(31%)	2.9%	9.4%	5.1%	1st
Buy	AEP	$90.68	$113	28%	$4.46	$4.74	$5.09	$5.25	$5.64	16.1x	(6%)	3.5%	5.6%	7.0%	2nd
Buy	NEE	$76.10	$95	27%	$2.31	$2.55	$2.90	$3.13	$3.43	22.2x	30%	2.2%	6.4%	10.0%	1st
Buy	SRE	$153.48	$181	21%	$8.00	$8.43	$9.21	$8.98	$9.58	16.0x	(6%)	3.0%	6.9%	6.4%	3rd
Buy	FE	$39.39	$46	21%	$2.38	$2.60	$2.41	$2.54	$2.63	15.0x	(12%)	4.0%	6.3%	2.4%	2nd
Neutral	ETR	$106.31	$121	18%	$5.62	$6.02	$6.42	$6.65	$7.18	14.8x	(13%)	3.9%	6.6%	2.3%	4th
Neutral	DTE	$113.06	$129	17%	$5.62	$5.99	$5.96	$6.26	$6.69	16.9x	(1%)	3.2%	5.9%	5.5%	1st
Buy	EXC	$42.48	$48	16%	$1.78	$1.83	$2.27	$2.36	$2.54	16.7x	(2%)	3.2%	7.1%	5.8%	3rd
Buy	PPL	$28.39	$32	16%	$2.40	$1.05	$1.41	$1.60	$1.70	16.7x	(2%)	3.1%	7.1%	-6.5%	3rd
Buy	EMA	$58.46	$65	16%	$2.68	$2.81	$3.03	$3.29	$3.39	17.3x	1%	4.6%	4.6%	4.6%	2nd
Buy	PEG	$63.44	$71	15%	$3.43	$3.65	$3.47	$3.46	$3.67	17.3x	1%	3.4%	4.9%	6.6%	2nd
Buy	EIX	$73.21	$81	15%	$4.52	$4.59	$4.63	$4.77	$5.18	14.1x	(17%)	3.9%	5.8%	4.0%	3rd
Buy	SO	$74.65	$82	13%	$3.25	$3.41	$3.60	$3.65	$4.05	18.4x	8%	3.6%	6.6%	2.9%	1st
Neutral	NI	$28.16	$31	13%	$1.32	$1.37	$1.46	$1.57	$1.68	16.7x	(2%)	3.3%	6.8%	6.0%	2nd
Neutral	DUK	$97.33	$106	13%	$5.25	$5.24	$5.27	$5.63	$5.97	16.3x	(5%)	4.1%	6.3%	3.6%	2nd
Neutral	WEC	$93.83	$103	13%	$3.79	$4.11	$4.46	$4.62	$4.94	19.0x	11%	3.1%	6.3%	6.7%	1st
Buy	CNP	$29.91	$33	13%	$1.44	$1.64	$1.38	$1.49	$1.64	18.3x	7%	2.3%	7.4%	7.9%	3rd
Neutral	CMS	$61.55	$67	12%	$2.67	$2.65	$2.89	$3.12	$3.37	18.3x	7%	3.0%	8.1%	6.7%	1st
Neutral	OGE	$37.52	$40	11%	$2.03	$2.36	$3.32	$2.01	$2.10	17.8x	5%	4.4%	3.1%	3.0%	2nd
Neutral	AEE	$88.84	$95	10%	$3.50	$3.82	$4.14	$4.36	$4.71	18.9x	10%	2.7%	7.1%	6.0%	2nd
Neutral	ES	$76.25	$81	10%	$3.64	$3.54	$4.05	$4.36	$4.64	16.4x	(4%)	3.3%	6.7%	6.0%	4th
Neutral	PCG	$17.35	$19	10%	$1.61	$1.08	$1.10	$1.23	$1.36	12.8x	(25%)	0.0%	10.2%	0.0%	3rd
Neutral	D	$55.46	$58	9%	$3.54	$3.86	$4.10	$3.99	$3.53	15.7x	(8%)	4.8%	1.4%	2.2%	3rd
Neutral	XEL	$68.62	$71	6%	$2.79	$2.96	$3.17	$3.40	$3.68	18.7x	9%	2.8%	7.4%	6.0%	3rd
Neutral	LNT	$54.60	$56	6%	$2.43	$2.65	$2.80	$2.90	$3.08	17.7x	4%	3.1%	5.5%	6.0%	1st
Neutral	ED	$98.96	$100	4%	$4.15	$4.37	$4.57	$4.85	$5.18	19.1x	12%	3.2%	6.3%	5.5%	4th
Neutral	EVRG	$62.43	$62	3%	$3.10	$3.58	$3.71	$3.65	$3.99	15.6x	(8%)	3.7%	5.5%	6.6%	4th
Sell	FTS	$61.15	$53	(10%)	$2.57	$2.59	$2.78	$2.97	$3.18	19.2x	13%	3.5%	5.9%	4.6%	4th
Sell	PNW	$80.56	$67	(13%)	$4.87	$5.47	$4.26	$4.03	$4.69	17.2x	1%	4.2%	5.2%	4.1%	4th
Electric Utility Average										**17.1x**		**3.4%**	**6.3%**	**4.7%**	

Rating	Ticker	5/11/23	Price Target	Total Return inc. Div. Yld	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$42.19	$51	24%	$1.58	$1.67	$1.77	$1.88	$2.05	20.6x	(23%)	2.6%	8.7%	7.0%	2nd
Buy	SJW	$76.18	$85	13%	$2.14	$2.03	$2.43	$2.47	$2.80	27.2x	1%	1.8%	6.3%	7.0%	2nd
Neutral	CWT	$56.76	$63	13%	$1.97	$1.96	$1.77	$2.00	$2.17	26.1x	(3%)	1.6%	8.4%	5.0%	2nd
Neutral	AWK	$149.42	$151	3%	$3.63	$4.25	$4.51	$4.79	$5.18	28.8x	8%	1.8%	7.9%	8.0%	2nd
Sell	AWR	$89.46	$86	(2%)	$2.34	$2.56	$2.11	$3.11	$2.93	30.5x	14%	1.7%	10.4%	6.0%	2nd
Water Utility Average										**26.8x**		**2.0%**	**8.2%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 4: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	5/11/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$24.64	$37	52%	$3,325	$3,685	$1,908	$2,994	$3,699	5.9x	-5%	2.7x	18%
Sell	**NRG**	$31.04	$30	(3%)	$1,776	$1,977	$2,404	$1,848	$3,073	5.3x	-26%	4.5x	46%
AVERAGE										**5.6x**		**3.6x**	**32%**

Source: FactSet, UBS Estimates

Figure 5: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.64	3,081	$ 45,099	$ 15,754	25.5x	21.0x	$ 2,389
Railroads										
CSX Corp	US$	CSX-USA	Neutral	$ 31.07	2,033	$ 63,167	$ 16,517	11.0x	10.1x	$ 7,214
Canadian National Railway	US$	CNI-USA	Buy	$ 118.37	662	$ 78,408	$ 11,116	9.4x	12.6x	$ 9,491
Canadian Pacific Railway	US$	CP-USA	Buy	$ 78.16	931	$ 72,772	$ 14,370	10.0x	15.2x	$ 8,700
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 203.89	228	$ 46,413	$ 15,670	10.8x	9.4x	$ 5,754
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 196.07	610	$ 119,543	$ 33,928	12.3x	12.4x	$ 12,504
Average								**10.7x**	**11.9x**	
Clean Power										
AES Corp.	US$	AES-USA	Buy	$ 22.60	669	$ 15,127	$ 21,258	8.7x	8.9x	$ 4,177
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 30.01	82	$ 2,469	$ 6,371	8.3x	8.3x	$ 1,060
NextEra Energy Partners	US$	NEP-USA	Buy	$ 54.81	89	$ 4,873	$ 5,030	9.1x	6.8x	$ 1,088
Ormat Technologies	US$	ORA-USA	Buy	$ 83.54	60	$ 4,987	$ 1,826	12.6x	10.9x	$ 539
Orsted A/S	DKK	ORSTED-CSE	Buy	608.80 kr.	420	255,928.00 kr.	$ 49,965	9.5x	12.5x	32,218.41 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 25.66	116	$ 2,978	$ 4,836	8.8x	8.3x	$ 884
Average								**9.5x**	**9.3x**	
OVERALL AVERAGE								**11.3x**	**11.4x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$76.79	300	$ 23,056	$ 6,603	7.6x	8.3x	$ 3,886
							At 8% Discount	**10x**	**10x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks

Source: FactSet, UBS Estimates
Updated as of: 5/11/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 6: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn- Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	17.69	30	70	81	2.7	3.6	0.0	22.0x	15.4x	13.0x	13.8x	11.0x	9.7x	16.6x	18.2x	28.3x
CSIQ	Canadian Solar	Neutral (CBE)	35.86	48	34	35	2.3	4.7	0.0	8.9x	6.4x	5.1x	4.0x	3.0x	2.6x	0.9x	1.0x	0.6x
FSLR	First Solar	Buy	171.59	250	46	427	18.3	16.4	0.0	22.8x	14.6x	6.6x	13.6x	8.6x	4.6x	2.8x	3.4x	0.5x
FTCI	FTC Solar	Buy (CBE)	2.52	4	59	3	0.3	0.2	0.0	-	8.1x	6.9x	-	4.3x	2.6x	4.3x	4.4x	45.6x
JKS	JinkoSolar	Neutral (CBE)	47.24	55	16	33	2.4	8.6	0.0	6.7x	5.9x	4.9x	4.0x	3.6x	3.1x	0.6x	0.6x	0.1x
SMR	NuScale Power	Neutral (CBE)	7.69	9	17	4	0.5	0.4	0.0	-	-	-	-	-	-	20.4x	26.9x	56.8x
ORA	Ormat Technologies	Buy	83.90	105	25	45	5.0	7.0	0.6	46.0x	33.8x	28.4x	12.9x	11.0x	10.1x	2.2x	2.6x	0.6x
SHLS	Shoals Technologies	Buy	18.12	29	60	60	2.5	2.7	0.0	32.2x	21.6x	17.6x	16.3x	11.7x	9.6x	5.5x	6.6x	10.3x
TPIC	TPI Composites	Neutral (CBE)	9.19	12	31	9	0.4	0.8	0.0	-	-	-	13.5x	8.9x	5.4x	39.5x	-27.7x	-83.1x
Average									0.1	23.1x	15.1x	11.8x	11.2x	7.8x	6.0x	10.3x	4.0x	6.6x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	4.17	10	140	5	0.7	1.3	0.0	36.1x	15.8x	9.2x	12.8x	9.9x	8.2x	1.5x	1.4x	1.2x
GNRC	Generac	Buy	109.03	185	70	139	6.7	8.3	0.0	16.1x	11.5x	10.2x	11.5x	8.3x	7.5x	2.7x	2.2x	1.8x
SEDG	SolarEdge	Neutral (CBE)	281.22	310	10	344	15.8	15.5	0.0	28.3x	24.1x	21.3x	16.9x	15.4x	13.8x	5.9x	4.7x	3.8x
SPWR	SunPower	Neutral (CBE)	10.96	14	28	51	1.9	2.1	0.0	24.8x	22.1x	13.1x	13.2x	13.0x	8.6x	2.9x	2.3x	1.8x
RUN	Sunrun	Neutral (CBE)	16.91	30	77	166	3.6	13.0	0.0	-	29.5x	11.0x	-	171.0x	50.4x	0.5x	0.5x	0.4x
Average									0.0	23.1x	21.8x	13.9x	13.9x	51.9x	20.1x	3.0x	2.4x	2.0x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	24.91	50	101	18	2.3	5.1	6.2	11.3x	10.5x	9.9x	-	-	-	1.1x	1.0x	0.9x
Yield Co.																		
AY	Atlantica	Neutral	24.92	29	16	18	2.9	7.9	7.2	-	335.2x	65.5x	9.1x	8.3x	7.8x	2.0x	2.6x	1.6x
BEP	Brookfield Renewable	Buy	29.53	41	39	9	8.1	54.5	4.5	-	-	-	15.5x	14.9x	14.2x	5.5x	8.7x	9.4x
CWEN	Clearway	Buy	29.34	37	26	24	3.4	11.6	5.2	12.9x	13.1x	11.8x	10.6x	10.2x	9.6x	1.5x	1.8x	1.2x
NEP	NextEra Energy Partners	Buy	51.59	82	59	52	4.6	20.8	6.4	63.3x	44.2x	30.8x	20.7x	15.6x	13.3x	1.2x	2.0x	1.5x
Average									5.8	38.1x	130.8x	36.0x	14.0x	12.3x	11.2x	2.5x	3.8x	3.4x
Energy Storage																		
FLNC	Fluence Energy	Buy	16.45	32	95	19	1.9	1.7	0.0	-	218.8x	13.1x	-	48.6x	7.2x	5.6x	5.2x	3.5x
LICY	Li-Cycle Holdings Corp.	Buy	4.87	10	95	7	0.9	0.6	0.0	-	-	-	-	-	142.7x	2.3x	3.2x	4.1x
STEM	Stem Inc.	Buy (CBE)	3.95	10	141	22	0.6	0.9	0.0	-	-	7.2x	-	13.4x	5.6x	1.3x	1.3x	1.1x
Average									0.0	-	218.8x	10.2x	-	31.0x	51.8x	3.1x	3.2x	2.9x

Source: Factset, UBS estimates
Updated: 5/11/2023

Figure 7: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn- Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	89.06	105	18	25	4.5	0.0	80.9x	70.2x	420.3x	18.5x	15.6x	14.4x	2.4	2.7	2.7
RSG	Republic Services, Inc.	Neutral	145.81	145	(1)	199	46.1	1.4	29.6x	28.1x	24.8x	13.4x	12.8x	12.0x	3.8	4.1	4.2
WCN	Waste Connections, Inc.	Buy	139.32	161	16	130	35.7	0.8	36.6x	31.7x	29.5x	17.0x	15.6x	14.5x	3.2	3.5	3.8
WM	Waste Management, Inc.	Neutral	167.81	162	(3)	304	68.3	1.7	30.0x	28.8x	25.2x	14.7x	13.9x	13.2x	2.8	2.2	3.6
Average								1.0	31.8x	29.7x	26.7x	14.8x	13.9x	13.1x	3.0	3.1	3.6
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	136.54	155	14	59	7.4	0.0	22.2x	18.9x	18.6x	9.0x	8.4x	7.6x	3.9	4.4	6.3
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	6.94	13	87	1	1.2	0.0	-	98.3x	24.0x	16.3x	11.0x	6.6x	-	-	-

Source: Factset, UBS estimates
Updated: 5/11/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 8: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

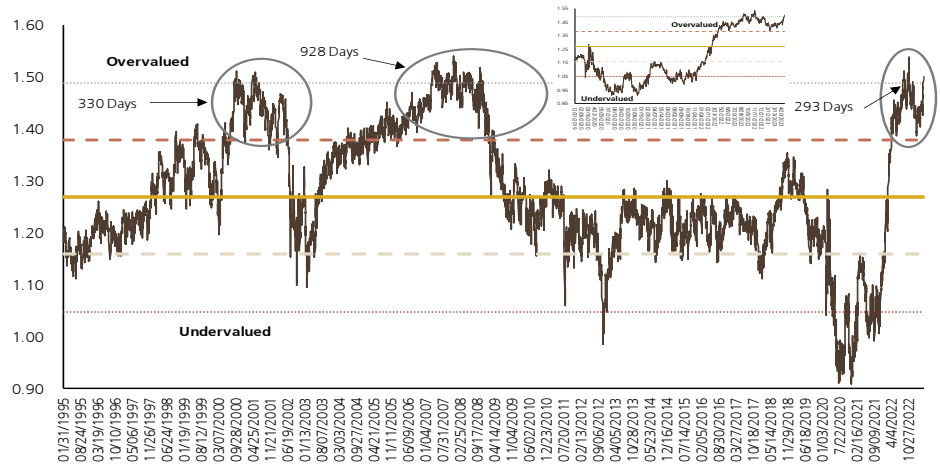

Source: FactSet, US Federal Reserve, UBS
Updated as of: 05/11/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 23.3% to the mean.

Figure 9: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

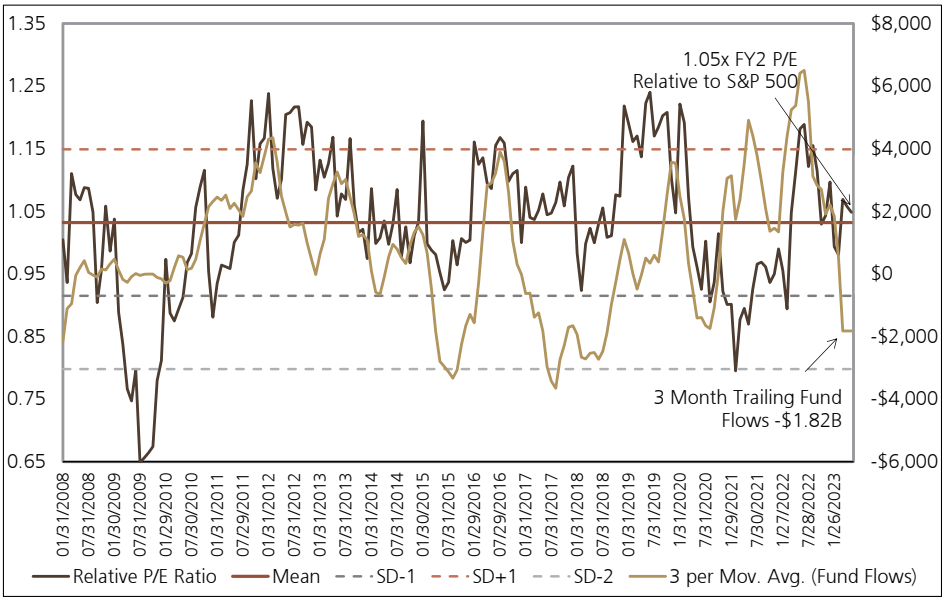

Source: FactSet, Strategic Insights, UBS
Updated as of:5/11/2023

Utilities now trade at a 2% premium to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 10: Utility Credit Spreads

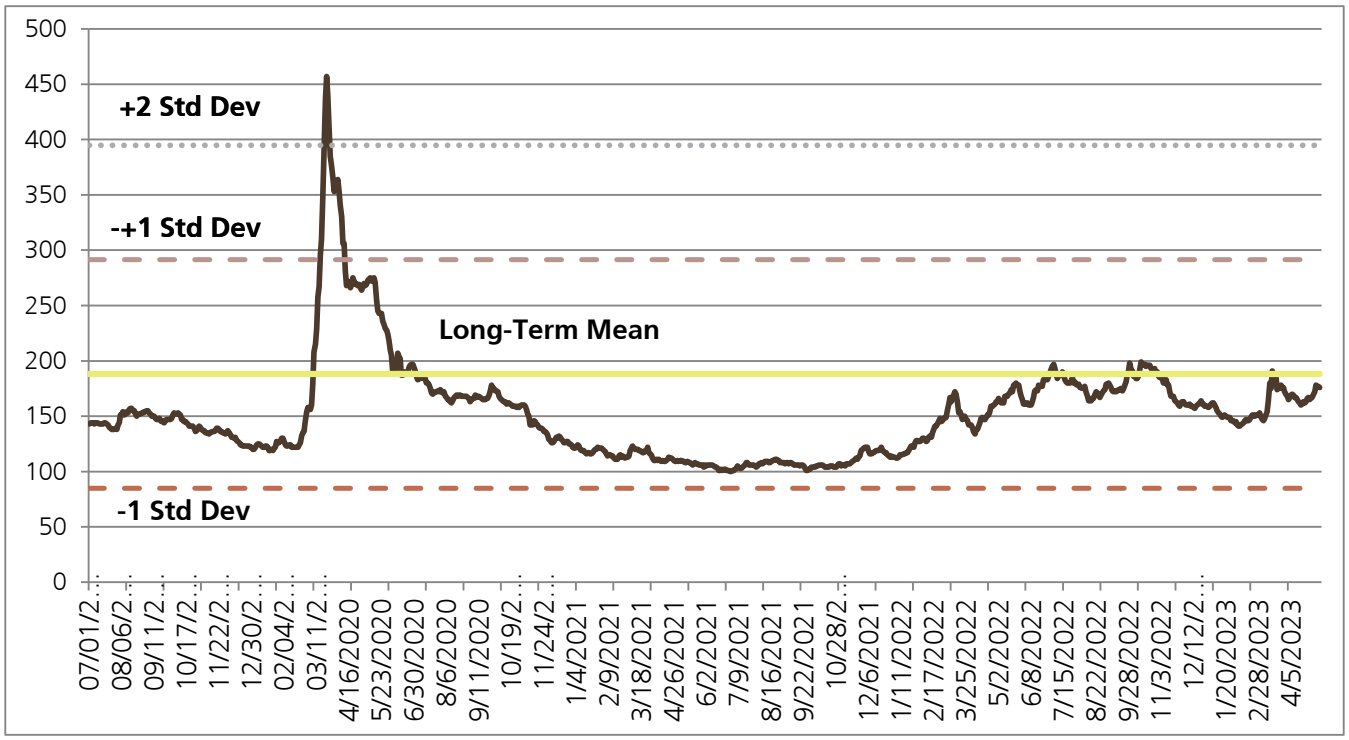

Source: Facteset, UBS
Updated 5/11/2023

Utility credit spreads widened 6 bp last week and 12 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at a 2.6% discount to the 5 year average FY 2 P/E relative to the S&P 500 and a 5.4% premium to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Figure 11: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

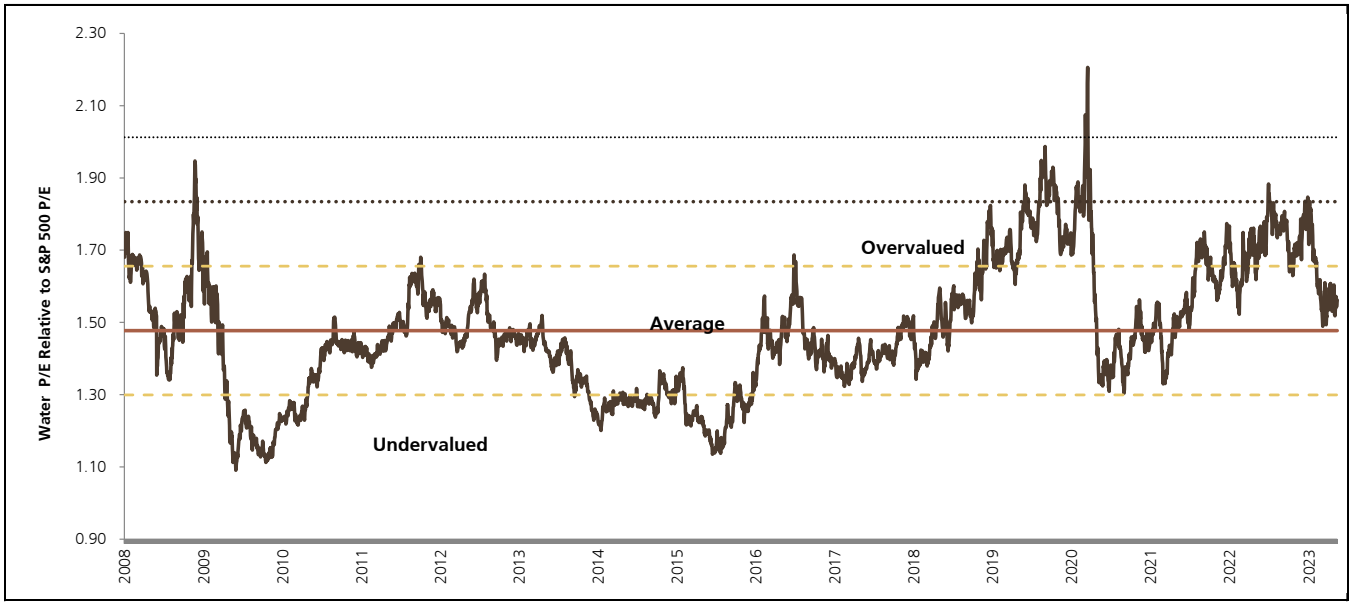

Source: Factset, UBS

Updated 5/11/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 12) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 13) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 12: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

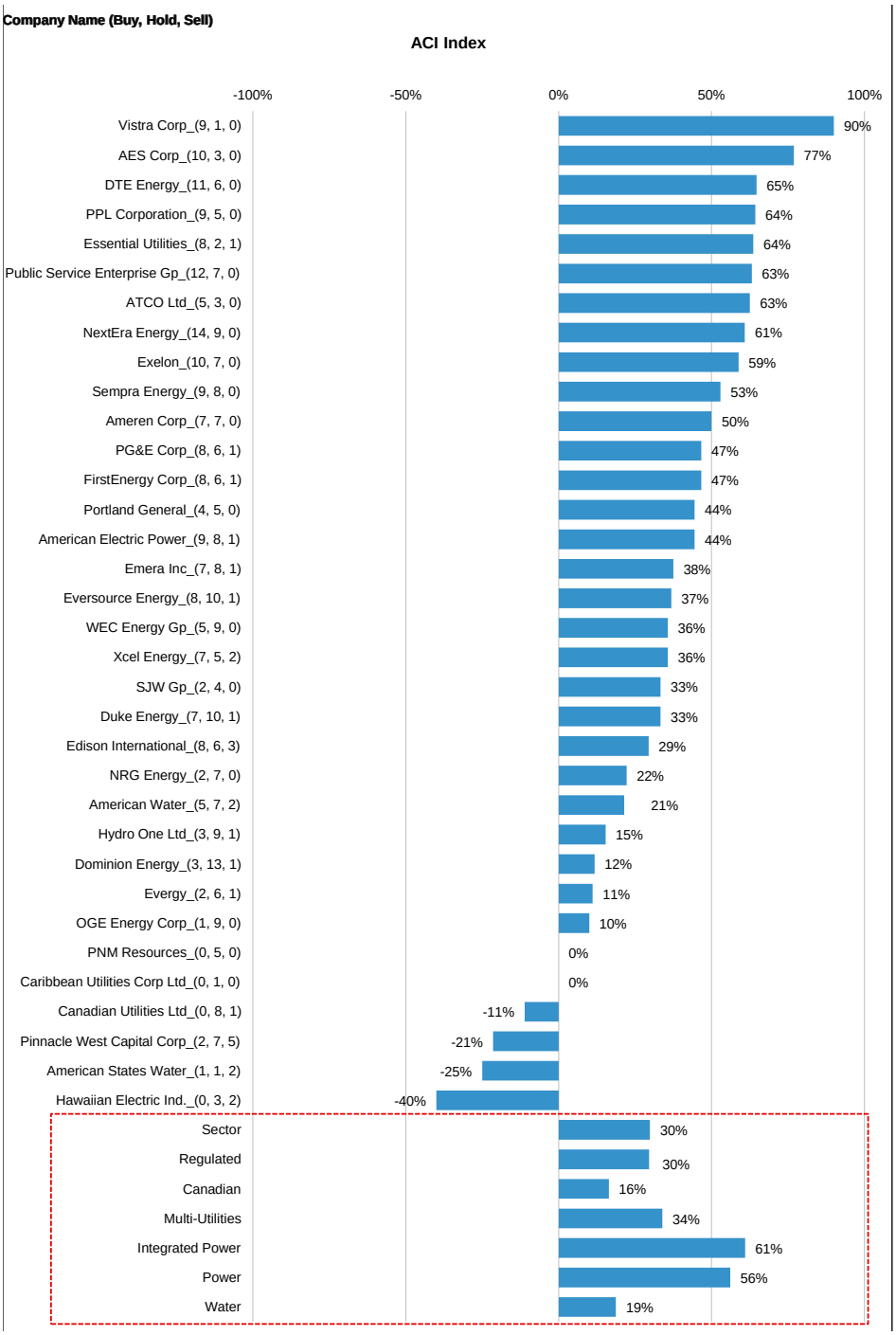

Source: Bloomberg, FactSet, UBS
Updated as of: 05/11/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 13: Change in ACI Index over Last 12 Weeks

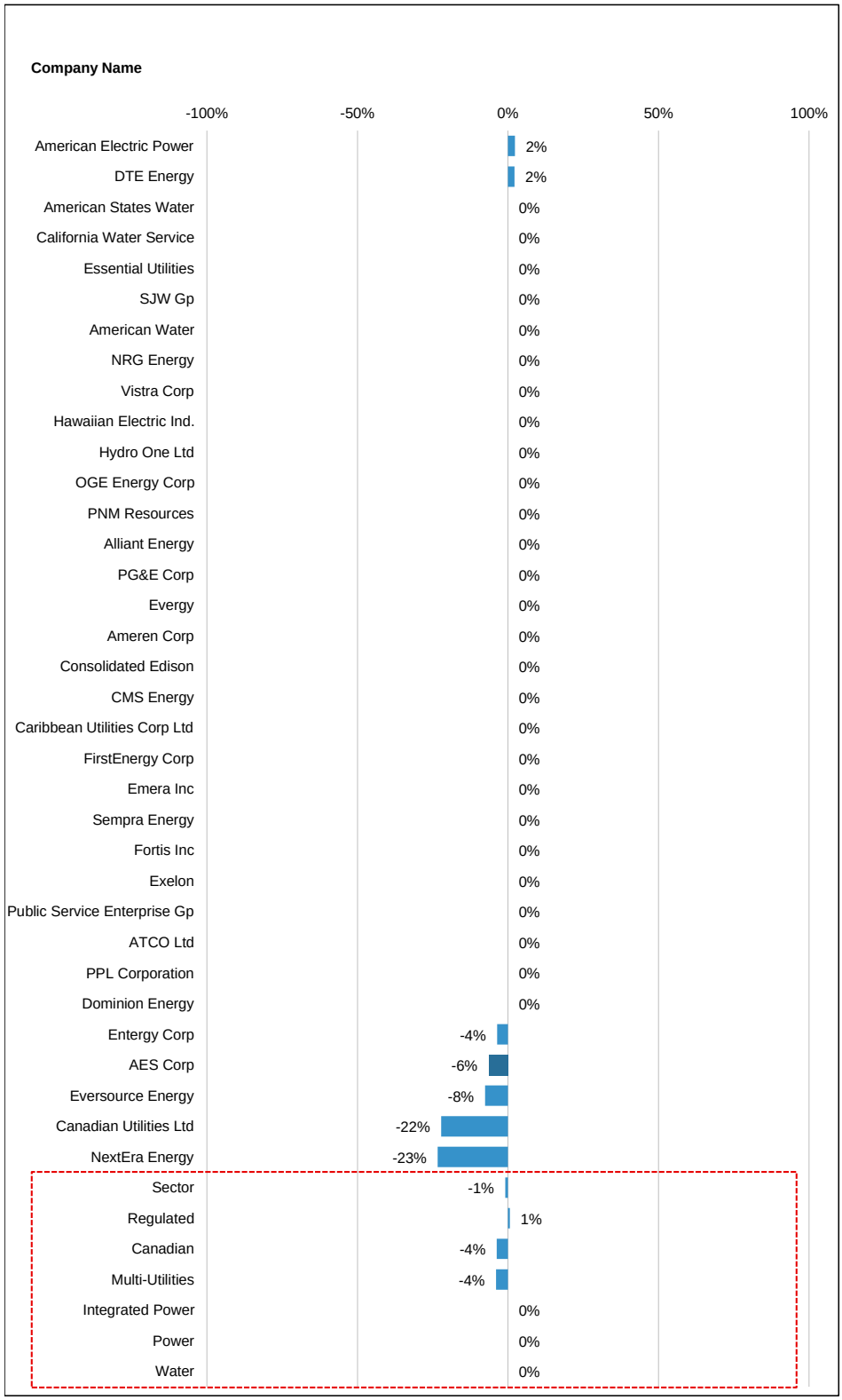

Source: Bloomberg, FactSet, UBS
Updated as of: 05/11/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Valuation Method and Risk Statement

North America Utilities: Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%; 4) Clean Energy Transition: A potential 5% premium for a risk adjusted clean energy transition growth opportunity; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% of unregulated earnings), we perform a sum-ofthe-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.
Water Utilities: Our valuation methodology for the group is price-to-earnings based. Our methodology includes: 1) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; and 2) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%. North American utilities: We identify the following risk factors for the sector overall: rising
interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events. IPPs: We identify the following risks for the sector: Power prices, fuel prices, capacity prices, supply and demand for electricity, extreme weather, economic conditions, and cost of
financing and collateral hedging.
Water Utilities: We identify the following risks: rising interest rate; regulatory and policy risks; operational risks; construction risks; water quality, safety and contamination risk; physical risk to the water sources, treatment or delivery systems; cybersecurity risk; drought and extreme weather events

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

California Water Service Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dominion Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Emera Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Eversource Energy

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	5
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Entergy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Evergy, Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Fortis Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
11. What is the catalyst?	

Alliant Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

NextEra Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	potential of new projects at NEER to be more seasonally in the back half of 2023
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

NiSource Inc.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

PG&E Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Public Service Enterprise Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Pinnacle West Capital Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

PPL Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	May 25, 2023
10. Is the catalyst date an actual or approximate date?	Actual
11. What is the catalyst?	KY intervenor recommendations on Kentucky certificate of public convenience

Southern Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WEC Energy Group Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Xcel Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

American Water Works Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

American Electric Power Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Resolution on KY asset sale

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Consolidated Edison Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

OGE Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

American States Water Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	July 22, 2023
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Deadline to renew credit facility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 12 May 2023 01:48 AM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Alliant Energy Corp[16]	LNT.O	Neutral	US$54.60	11 May 2023
American Electric Power Inc[16,6,7]	AEP.O	Buy	US$90.68	11 May 2023
Dominion Energy Inc[16,6,7]	D.N	Neutral	US$55.46	11 May 2023
Evergy, Inc[16]	EVRG.O	Neutral	US$62.43	11 May 2023
Eversource Energy[16,6,7]	ES.N	Neutral	US$76.25	11 May 2023
Fortis Inc[16]	FTS.TO	Sell	C$61.15	11 May 2023
Pinnacle West Capital Corp[16,6,7]	PNW.N	Sell	US$80.56	11 May 2023
WEC Energy Group Inc[16]	WEC.N	Neutral	US$93.83	11 May 2023
Xcel Energy Inc[16]	XEL.O	Neutral	US$68.62	11 May 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

6. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
7. Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Additional Prices: Consolidated Edison Inc, US$98.96 (11 May 2023); American Water Works Co, US$149.42 (11 May 2023); California Water Service Group, US$56.76 (11 May 2023); American States Water Co, US$89.46 (11 May 2023); OGE Energy Corp, US$37.52 (11 May 2023); Source: UBS. All prices as of local market close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

UBS

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Catalyst to Watch This Week: Staff Position in Peoples Gas Rate Case in Illinois

On Monday, May 8th , the Illinois Commerce Commission Staff is due to issue its recommendation in WEC's Peoples Gas subsidiary's natural gas rate case. This is the first rate case for Peoples since 2015 and also serves as an important barometer for the regulatory backdrop in IL currently, as all the major electric and gas companies have rate cases pending. WEC is seeking a 13% rate increase premised on a rate base of $4.78bn, 54% equity ratio and 9.9% ROE. Earlier this week, SO's NICOR gas company in IL received a staff recommendation in its rate case which was a 9.89% ROE vs. 10.35% ask, $256mm revenue increase vs. $321mm ask and a 50% equity ratio vs. 54.52% ask. We see these staff recommendations as read-throughs for the EXC and AEE electric cases that will get their staff positions later this month.

Watt's on Tap

May 5 - May 12

Calendar Items

Weekly Calendar	
Fri - May 5	**XEL**-End of Colorado legislative session. SB23-291 Pending on Gas Procurement.
Mon - May 8	**AES**-investor day in New York. **WEC** - Peoples Gas Staff Rec in IL **CMS**-Rebuttal testimony in gas rate case due.
Tue - May 9	**DUK, VST, WTRG** - Report Q1'23 Earnings
Wed - May 10	**EIX** - Last day for settlements discussions in Track 4 rate case.
Fri - May 12	**ETR** - ALJ Decision in SERI UPSA Formula Rate Complaint Expected
Other Possible	U.S. EPA Could Issue CO2 Rules for Existing and New Gas Power Plants **ETR** - FERC could issue clarification around potential for refunds in SERI decision from 12/23/22 relating to uncertain tax positions. **ES** - Potential progress on SB 7 in Connecticut regarding utility regulation. **CNP/SRE** - Texas legislation to monitor: HB 3042/SB 1889 - regarding equity ratio and HB 3043/SB 1015 regarding 2x per year distribution cost recovery factor (DCRF)

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 05/4/2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 28.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Estimate revisions

In our Alternative Energy coverage we revise our 2023 revenue estimates for FTCI to reflect a slower shipment ramp relative to our prior forecast. We now expect lower backlog conversion in 2023 as FTCI & its customers continue to be impacted by UFLPA related headwinds. Our 2023E revenue estimate is now $255mn from $401mn previously. Our 2023/24/25E adj. EPS estimates remain unchanged at ($0.04)/0.31/0.37 given low margin flow through and a reduction in sales and marketing expense. Our $4 PT remains unchanged.

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

May Marketing Deck Update

Transcript from Fireside Chat with former FERC Chairman

5/4/2023

AEP: Execution Mode in Full Swing

CEG: 1Q Results; Positive Gross Margin Update

ES: Discounted for Offshore Wind Announcement

NRG: Conference Call Updates on 1Q Results

XEL: Colorado Recs Light on Revenue

PNW: Slight Miss 1Q'23; Guidance Reaffirmed

PPL: Beat. 1Q'23 EPS $0.48 versus $0.46 Consensus

AEP: Announced Strategic Review of NonCore Transmission Assets

NRG: Beat. 1Q'23 Adj. EBITDA $646mln v. $598mln Cons.

SRE: Beat. 1Q'23 Adj. EPS $2.92 vs. $2.77 Cons./$2.65 UBSe

CEG: Miss. 1Q'23 Adj. EBITDA $658mln….

PCG: In-Line. 1q'23 EPS $0.29 versus $0.30 Consensus

OGE: In-Line. 1Q'23 EPS $0.19 versus $0.19 Consensus

5/3/2023

ES: In-Line 1Q'23 EPS Net of Items

EXC: Solid Update, Focus Turns to ComEd Case

EXC: Beat on the Qtr, LT Outlook Remains Intact

NI: Q1 Earnings Inline, LT Outlook Reaffirmed

FTS: Beat. 1Q'23 Adj. EPS C$0.91 v. C$0.82 Consensus

EIX: 1Q'23 Beat. Electrification Investment and Growth

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

PPL: Pennsylvannia Rate Reduction

5/2/2023

AES: Analyst Meeting Preview

LNT: WPL Rate Case Filed

PEG: Beat on the Quarter, Guidance Reiterated

5/1/2023

FTS: Fortis to Sell Aitken Creek to Enbridge

WEC: Modest Beat on Lowered Expectations

SJW: Beat. 1Q'23 EPS $0.37 versus $0.18 Consensus

4/28/2023

EVRG: GRC Filed in Kansas

FE: Overly Discounted for Financing Plan Update

4/27/2023

FE: 1Q On Track; Waiting on New CEO

CWT: 1Q'23 Light on Regulatory Timing; PFAS Update

SO: Vogtle Remains on Track; Beat in the Quarter

DTE: Beat $1.33 versus $1.25 Consensus

ETR: A Long Way to Go in the Year

XEL: Small Beat. $0.76 versus $0.75 Consensus

CNP: Solid Results in Q1

CMS: Beat. 1Q'23 Adj. EPS $0.70 v. $0.65 Consensus

4/26/2023

AWK: In-Line: $0.91 versus $0.92 Consensus

AES: OTC Settlement Additive to Forecast

North America Alternative Energy and Environmental Services Analysts: Jon Windham & William Grippin

Initiation of Coverage: AMRC: Attractive Entry Point, Initiate AMRC at Buy

5/4/2023

CWEN: t1Q23 Weather Driven Weakness, FY23 guide….

SEDG: 1Q23: Strong Quarter

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

5/3/2023

CLH: 1Q23: Result In-Line

SPWR: 1Q23: Profit Miss, Maintain FY2023 Guide

5/2/2023

GNRC: 1Q23: Hurdling Low Bars

RUN: 1Q23 Development Beat; FY23 On Track

4/28/2023

CWST: Solid 1Q Results; Continue to See FY 23 Upside

JKS: 1Q23 +73% y/y Shipment Growth, FY23….

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 1: North America Power & Utilities 1Q'23 Earnings Expectations

US Companies in US$			Quarterly					Annual					
Company	Ticker	Scheduled Reporting Date	1Q'23E UBS	1Q'23E Consensus	UBS vs. Consensus	UBS Confidence Indicator[1]	1Q'22A Adjusted	2023E UBS	2023E Consensus	UBS vs. Consensus	Trailing 12 Month	2022A	2023E Guidance
ELECTRIC UTILITIES													
AES Corp	AES	Reported	$0.22A	$0.30	($0.08)		$0.22A	$1.71	$1.71	($0.00)	$1.76	$1.67	$1.65-$1.75
Alliant Energy	LNT	Reported	$0.65A	$0.70	($0.05)		$0.77A	$2.90	$2.90	$0.00	$2.72	$2.80	$2.82-$2.96
Ameren Corp	AEE	Reported	$1.00A	$0.99	$0.01		$0.97A	$4.36	$4.36	($0.00)	$4.16	$4.14	$4.25-$4.45
American Electric Power	AEP	Reported	$1.11A	$1.12	($0.01)		$1.22A	$5.25	$5.29	($0.04)	$4.99	$5.09	$5.19-$5.39
CenterPoint Energy	CNP	Reported	$0.50A	$0.51	($0.01)		$0.47A	$1.49	$1.49	($0.00)	$1.11	$1.38	$1.48-$1.50
CMS Energy	CMS	Reported	$0.70A	$1.24	($0.54)		$1.20A	$3.12	$3.10	$0.02	$2.93	$2.89	$3.06-$3.12
Consolidated Edison	ED	Reported	$1.83A	$1.63	$0.20		$1.47A	$4.85	$4.86	($0.01)	$4.70	$4.57	$4.75-$4.95
Dominion Energy	D	5-May	$0.94E	$1.10	($0.16)		$1.18A	$3.99	$4.16	($0.17)	$4.04	$4.10	N/A
DTE Energy	DTE	Reported	$1.33A	$1.95	($0.62)		$2.31A	$6.25	$6.24	$0.01	$5.77	$5.62	$6.09-$6.40
Duke Energy	DUK	9-May	$1.16E	$1.37	($0.21)		$1.30A	$5.63	$5.64	($0.01)	$5.40	$5.27	$5.55-$5.75
Edison International	EIX	Reported	$1.09A	$0.98	$0.11		$1.07A	$4.77	$4.72	$0.04	$4.54	$4.63	$4.55-$4.85
Emera Inc (C$)	EMA-TSE	12-May	$0.91E	$0.98	($0.07)		$0.92A	$3.29	$3.22	$0.07	$2.91	$3.03	N/A
Entergy Corp	ETR	Reported	$1.14A	$1.57	($0.43)		$1.32A	$6.65	$6.71	($0.06)	$6.70	$6.42	$6.55-$6.85
Evergy, Inc	EVRG	5-May	$0.59E	$0.57	$0.02		$0.58A	$3.65	$3.64	$0.01	$3.74	$3.71	$3.55-$3.75
Eversource Energy	ES	Reported	$1.41A	$1.36	$0.05		$1.30A	$4.36	$4.37	($0.01)	$4.15	$4.05	$4.25-$4.43
Exelon Corp	EXC	Reported	$0.70A	$0.66	$0.04		$0.64A	$2.36	$2.36	($0.00)	$2.28	$2.27	$2.30-$2.42
FirstEnergy Corp	FE	Reported	$0.60A	$0.61	($0.01)		$0.60A	$2.54	$2.53	$0.02	$2.43	$2.41	$2.44-$2.64
Fortis Inc (C$)	FTS-TSE	Reported	$0.91A	$0.82	0.09		$0.78A	$2.97	$2.96	$0.01	$2.82	$2.78	N/A
NextEra Energy	NEE	Reported	$0.84A	$0.59	$0.25		$0.74A	$3.13	$3.11	$0.02	$2.76	$2.90	$2.98-$3.13
NiSource Inc.	NI	Reported	$0.77A	$0.82	($0.05)		$0.75A	$1.45	$1.55	($0.10)	$1.41	$1.35	$1.54-$1.60
OGE Energy Corp	OGE	Reported	$0.19A	$0.38	($0.19)		$0.24A	$2.01	$2.01	($0.00)	$2.24	$3.32	$1.93-$2.07
PG&E Corp	PCG	Reported	$0.29A	$0.30	($0.01)		$0.30A	$1.23	$1.22	$0.01	$1.10	$1.10	$1.19-$1.23
Pinnacle West Capital Corporation	PNW	Reported	-$0.03A	$0.01	($0.04)		$0.15A	$4.03	$4.08	($0.05)	$4.13	$4.26	$3.95-$4.15
PPL Corporation	PPL	Reported	$0.48A	$0.46	$0.02		$0.41A	$1.60	$1.59	$0.01	$1.45	$2.40	$1.50-$1.65
Public Service Enterprise Group	PEG	Reported	$1.39A	$1.14	$0.25		$1.33A	$3.46	$3.44	$0.02	$3.28	$3.47	$3.40-$3.50
Sempra Energy	SRE	Reported	$2.92A	$2.77	$0.15		$2.91A	$8.98	$8.98	$0.00	$9.07	$9.21	$8.60-$9.20
Southern Company	SO	Reported	$0.79A	$0.77	$0.02		$0.97A	$3.65	$3.61	$0.04	$3.41	$3.60	$3.55-$3.65
WEC Energy Group	WEC	Reported	$1.61A	$1.69	($0.08)		$1.79A	$4.62	$4.61	$0.01	$4.36	$4.46	$4.58-$4.62
Xcel Energy	XEL	Reported	$0.76A	$0.73	$0.03		$0.70A	$3.40	$3.38	$0.02	$3.20	$3.17	$3.30-$3.40
Average			**$0.92**	**$0.97**	**($0.05)**	**-4.7%**	**$0.99**	**$3.71**	**$3.72**	**($0.00)**	**$3.57**	**$3.66**	
WATER UTILITIES													
American States Water	AWR	11-May	$0.84E	$0.51	$0.33		$0.38A	$3.11	$2.85	$0.26	$0.55	$2.55	N/A
American Water Works Company	AWK	Reported	$0.91A	$0.94	$0.20		$0.87A	$4.79	$4.77	$0.01	$3.62	$4.51	$4.72-$4.82
California Water	CWT	Reported	-$0.40A	$0.02	($0.42)		$0.02A	$2.00	$1.95	$0.05	$0.35	$1.96	N/A
Essential Utilities	WTRG	9-May	$0.67E	$0.76	($0.44)		$0.76A	$1.88	$1.87	$0.01	$1.01	$1.77	$1.85-$1.90
SJW Group	SJW	Reported	$0.37A	$0.22	$0.15		$0.12A	$2.47	$2.46	$0.00	$1.09	$2.06	$2.40-$2.50
Average			**$0.59**	**$0.86**	**($0.33)**	**-38.4%**	**$0.44**	**$35.00**	**$2.86**	**$0.02**	**$1.66**	**$2.75**	
IPPS - Adjusted EBITDA not EPS	**US$mlns**												
Constellation Energy	CEG	Reported	$658A	$779	($121)		$866A	$3,129	$3,116	$13	N/A	$2,667	$2,900-$3,300
NRG Energy	NRG	Reported	$646A	$598	$48		$509A	$3,073	$2,845	$228	N/A	$1,754	$3,010-$3,250
Vistra Energy	VST	9-May	$594E	$712	($118)		$541A	$3,699	$3,590	$109	N/A	$3,115	$3,400-$4,000
Average			**$633**	**$696**	**($64)**	**-9.1%**	**$639**	**$3,300**	**$3,184**	**$117**		**$2,512**	

1. UBS Confidence Indicator: Green = high confidence in estimate vs. consensus; Red = low confidence in estimate vs. consensus; Yellow = mid confidence in estimate vs. consensus

Source: FactSet, company filings, UBS Equity Research

Source: Company reports, Factset, UBS estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 2: 1Q'23 Earnings Conference Call Data

Call Date	Time (ET)	Ticker	Company Name	U.S. Dial-in	Passcode	U.S. Replay	Replay Passcode
4/28/2023	11:00 AM	FE	FirstEnergy Corp	877-269-7756	42593		
05/01/2023	2:00 PM	WEC	WEC Energy Group	888-330-2443	3088105#	800-770-2030	3088105#
05/02/2023	11:00 AM	PEG	Public Service Ent Group	877-407-0832			
05/02/2023	4:30 PM	EIX	Edison International	888-673-9780	Edison	866-405-7290	7345
05/03/2023	4:30 PM	RUN	Sunrun	(877) 407-5989			
05/03/2023	5:00 PM	TPIC	TPI Composites	844-825-9789		844-512-2921	10177847
05/03/2023	11:00 AM	NI	NiSource	240-789-2702	28323	(800) 770-2030	28323
05/03/2023	9:00 AM	CLH	Clean Harbors, Inc.	866.682.6100			
05/03/2023	8:30 AM	FTS-TSE	Fortis Inc (C$)	888.886.7786		877.674.7070	430311
05/03/2023	4:30 PM	SEDG	SolarEdge	800-895-3361	SEDG		
05/04/2023	5:00 PM	HASI	Hannon Armstrong	877-407-0890			
05/04/2023	9:00 AM	AEP	American Electric Power	(877) 336-4440	8641604	(866) 207-1041	2036342
05/04/2023	12:00 PM	PNW	Pinnacle West Capital Corp	(888) 506-0062	797610	(877) 481-4010	48085
05/04/2023	12:00 PM	SRE	Sempra Energy	Link Registration			
05/04/2023	9:00 AM	ES	Eversource Energy	(833) 470-1428	641905		
05/04/2023	11:00 AM	PPL	PPL Corporation	888-346-8683	2468382		
05/05/2023	10:00 AM	AEE	Ameren Corp	877.407.8037			
05/05/2023	9:00 AM	EVRG	Evergy Inc.	Link Registration			
05/05/2023	10:00 AM	LNT	Alliant Energy	(888) 886-7786	43689484		
05/05/2023	10:00 AM	AES	AES Corp.	833-470-1428	382953		
05/05/2023	10:00 AM	D	Dominion Energy	800-343-1703	32305	800-839-3612	32305
05/08/2023	5:00 PM	SHLS	Shoals Technologies	855-327-6837		844-512-2921	10020955
05/09/2023	11:00 AM	WTRG	Essential Utilities	888-394-8218	6459000		
05/09/2023	9:00 AM	VST	Vistra Energy Corp	Link Registration			
05/09/2023	10:00 AM	DUK	Duke Energy	844-200-6205	676030		
05/09/2023	5:00 PM	ARRY	Array Technologies	(877)-451-6152		(844)-512-2921	13737846
05/10/2023	9:00 AM	ORA	Ormat Technologies	888-770-2286	9122486	800-770-2030	9122486
05/11/2022	2:00 PM	AWR	American States Water	Webcast			
05/12/2023	8:30 AM	EMA-TSE	Emera Inc (C$)	888-886-7786			

Source: Factset, company reports, UBS

Figure 3: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	5/4/23	Price Target	Return inc. Div. Yld	UBS 2020A EPS	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	2024 P/E Ratio	2024 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	AES	$22.48	$30	36%	$1.44	$1.52	$1.67	$1.71	$1.88	11.9x	(30%)	2.8%	9.4%	5.1%	1st
Buy	AEP	$91.44	$114	28%	$4.46	$4.74	$5.09	$5.25	$5.64	16.2x	(6%)	3.5%	5.6%	7.0%	2nd
Buy	NEE	$75.51	$95	28%	$2.31	$2.55	$2.90	$3.13	$3.43	22.0x	28%	2.3%	6.4%	10.0%	1st
Buy	FE	$38.91	$46	22%	$2.38	$2.60	$2.41	$2.54	$2.63	14.8x	(14%)	4.0%	6.3%	2.4%	2nd
Buy	SRE	$153.49	$181	21%	$8.00	$8.43	$9.21	$8.98	$9.58	16.0x	(7%)	3.0%	6.9%	6.4%	3rd
Neutral	ETR	$106.10	$121	18%	$5.62	$6.02	$6.42	$6.65	$7.18	14.8x	(14%)	3.9%	6.6%	2.3%	4th
Neutral	DTE	$112.68	$129	18%	$5.62	$5.99	$6.10	$6.25	$6.69	16.8x	(2%)	3.2%	6.1%	4.4%	1st
Buy	EXC	$42.56	$48	16%	$1.78	$1.83	$2.27	$2.36	$2.54	16.8x	(2%)	3.2%	7.1%	5.8%	3rd
Buy	EIX	$72.49	$81	16%	$4.52	$4.59	$4.63	$4.77	$5.18	14.0x	(18%)	3.9%	5.8%	4.0%	3rd
Buy	PEG	$63.51	$71	15%	$3.43	$3.65	$3.47	$3.46	$3.67	17.3x	1%	3.4%	4.9%	6.6%	2nd
Buy	EMA	$58.94	$65	15%	$2.68	$2.81	$3.03	$3.29	$3.39	17.4x	1%	4.5%	4.6%	4.6%	2nd
Buy	PPL	$28.70	$32	15%	$2.40	$1.05	$1.41	$1.60	$1.70	16.8x	(2%)	3.0%	7.1%	-6.5%	3rd
Buy	SO	$74.25	$82	14%	$3.25	$3.41	$3.60	$3.65	$4.05	18.3x	7%	3.6%	6.6%	2.9%	1st
Neutral	NI	$28.37	$31	13%	$1.32	$1.37	$1.35	$1.45	$1.56	18.1x	6%	3.3%	7.4%	6.0%	2nd

Provided for the exclusive use of Daniel Whitehead at NiSource Corp on 13-Jun-2023 4:04 PM.

Figure 4: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	5/4/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$23.17	$37	62%	$3,325	$3,685	$1,908	$2,994	$3,699	5.8x	-7%	2.7x	20%
Sell	**NRG**	$31.38	$30	(4%)	$1,776	$1,977	$2,404	$1,848	$3,073	5.3x	-25%	4.5x	46%
AVERAGE										**5.5x**		**3.6x**	**33%**

Source: FactSet, UBS Estimates

Figure 5: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.64	3,081	$ 45,099	$ 15,754	25.5x	21.0x	$ 2,389
Railroads										
CSX Corp	US$	CSX-USA	Neutral	$ 31.07	2,033	$ 63,167	$ 16,517	11.0x	10.1x	$ 7,214
Canadian National Railway	US$	CNI-USA	Buy	$ 118.37	662	$ 78,408	$ 11,116	9.4x	13.0x	$ 9,491
Canadian Pacific Railway	US$	CP-USA	Buy	$ 78.16	931	$ 72,772	$ 14,370	10.0x	15.2x	$ 8,700
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 203.89	228	$ 46,413	$ 15,670	10.8x	9.5x	$ 5,754
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 196.07	610	$ 119,543	$ 33,928	12.3x	12.4x	$ 12,504
Average								**10.7x**	**12.0x**	
Clean Power										
AES Corp.	US$	AES-USA	Buy	$ 22.60	669	$ 15,115	$ 21,258	8.1x	9.2x	$ 4,479
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 30.01	82	$ 2,469	$ 6,371	8.1x	8.1x	$ 1,086
NextEra Energy Partners	US$	NEP-USA	Buy	$ 54.81	89	$ 4,873	$ 5,030	9.1x	7.1x	$ 1,088
Ormat Technologies	US$	ORA-USA	Buy	$ 83.54	60	$ 4,987	$ 1,826	11.6x	10.9x	$ 587
Orsted A/S	DKK	ORSTED-CSE	Buy	608.80 kr.	420	255,928.00 kr.	$ 49,965	9.5x	12.7x	32,218.41 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 25.66	116	$ 2,978	$ 4,836	8.8x	8.5x	$ 884
Average								**9.2x**	**9.4x**	
OVERALL AVERAGE								**11.2x**	**11.5x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$76.79	300	$ 23,056	$ 6,543	7.6x	8.4x	$ 3,886
							At 8% Discount	**10x**	**11x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks

Source: FactSet, UBS Estimates
Updated as of: 05/04/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 6: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	17.69	30	70	81	2.7	3.6	0.0	22.0x	15.4x	13.0x	13.8x	11.0x	9.7x	16.6x	18.2x	28.3x
CSIQ	Canadian Solar	Neutral (CBE)	35.86	48	34	35	2.3	4.7	0.0	8.9x	6.4x	5.1x	4.0x	3.0x	2.6x	0.9x	1.0x	0.6x
FSLR	First Solar	Buy	171.59	250	46	427	18.3	16.4	0.0	22.8x	14.6x	6.6x	13.6x	8.6x	4.6x	2.8x	3.4x	0.5x
FTCI	FTC Solar	Buy (CBE)	2.52	4	59	3	0.3	0.2	0.0	-	8.1x	6.9x	-	4.3x	2.6x	4.3x	4.4x	45.6x
JKS	JinkoSolar	Neutral (CBE)	47.24	55	16	33	2.4	8.6	0.0	6.7x	5.9x	4.9x	4.0x	3.6x	3.1x	0.6x	0.6x	0.1x
SMR	NuScale Power	Neutral (CBE)	7.69	9	17	4	0.5	0.4	0.0	-	-	-	-	-	-	20.4x	26.9x	56.8x
ORA	Ormat Technologies	Buy	83.90	105	25	45	5.0	7.0	0.6	46.0x	33.8x	28.4x	12.9x	11.0x	10.1x	2.2x	2.6x	0.6x
SHLS	Shoals Technologies	Buy	18.12	29	60	60	2.5	2.7	0.0	32.2x	21.6x	17.6x	16.3x	11.7x	9.6x	5.5x	6.6x	10.3x
TPIC	TPI Composites	Neutral (CBE)	9.19	12	31	9	0.4	0.8	0.0	-	-	-	13.5x	8.9x	5.4x	39.5x	-27.7x	-83.1x
Average									0.1	23.1x	15.1x	11.8x	11.2x	7.8x	6.0x	10.3x	4.0x	6.6x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	4.17	10	140	5	0.7	1.3	0.0	36.1x	15.8x	9.2x	12.8x	9.9x	8.2x	1.5x	1.4x	1.2x
GNRC	Generac	Buy	109.03	185	70	139	6.7	8.3	0.0	16.1x	11.5x	10.2x	11.5x	8.3x	7.5x	2.7x	2.2x	1.8x
SEDG	SolarEdge	Neutral (CBE)	281.22	310	10	344	15.8	15.5	0.0	28.3x	24.1x	21.3x	16.9x	15.4x	13.8x	5.9x	4.7x	3.8x
SPWR	SunPower	Neutral (CBE)	10.96	14	28	51	1.9	2.1	0.0	24.8x	22.1x	13.1x	13.2x	13.0x	8.6x	2.9x	2.3x	1.8x
RUN	Sunrun	Neutral (CBE)	16.91	30	77	166	3.6	13.0	0.0	-	29.5x	11.0x	-	171.0x	50.4x	0.5x	0.5x	0.4x
Average									0.0	23.1x	21.8x	13.9x	13.9x	51.9x	20.1x	3.0x	2.4x	2.0x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	24.91	50	101	18	2.3	5.1	6.2	11.3x	10.5x	9.9x	-	-	-	1.1x	1.0x	0.9x
Yield Co.																		
AY	Atlantica	Neutral	24.92	29	16	18	2.9	7.9	7.2	-	335.2x	65.5x	9.1x	8.3x	7.8x	2.0x	2.6x	1.6x
BEP	Brookfield Renewable	Buy	29.53	41	39	9	8.1	54.5	4.5	-	-	-	15.5x	14.9x	14.2x	5.5x	8.7x	9.4x
CWEN	Clearway	Buy	29.34	37	26	24	3.4	11.6	5.2	12.9x	13.1x	11.8x	10.6x	10.2x	9.6x	1.5x	1.8x	1.2x
NEP	NextEra Energy Partners	Buy	51.59	82	59	52	4.6	20.8	6.4	63.3x	44.2x	30.8x	20.7x	15.6x	13.3x	1.2x	2.0x	1.5x
Average									5.8	38.1x	130.8x	36.0x	14.0x	12.3x	11.2x	2.5x	3.8x	3.4x
Energy Storage																		
FLNC	Fluence Energy	Buy	16.45	32	95	19	1.9	1.7	0.0	-	218.8x	13.1x	-	48.6x	7.2x	5.6x	5.2x	3.5x
LICY	Li-Cycle Holdings Corp.	Buy	4.87	10	95	7	0.9	0.6	0.0	-	-	-	-	-	142.7x	2.3x	3.2x	4.1x
STEM	Stem Inc.	Buy (CBE)	3.95	10	141	22	0.6	0.9	0.0	-	-	7.2x	-	13.4x	5.6x	1.3x	1.3x	1.1x
Average									0.0	-	218.8x	10.2x	-	31.0x	51.8x	3.1x	3.2x	2.9x

Source: Factset, UBS estimates
Updated: 5/04/2023

Figure 7: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	89.06	105	18	25	4.5	0.0	80.9x	70.2x	420.3x	18.5x	15.6x	14.4x	2.4	2.7	2.7
RSG	Republic Services, Inc.	Neutral	145.81	145	(1)	199	46.1	1.4	29.6x	28.1x	24.8x	13.4x	12.8x	12.0x	3.8	4.1	4.2
WCN	Waste Connections, Inc.	Buy	139.32	161	16	130	35.7	0.8	36.6x	31.7x	29.5x	17.0x	15.6x	14.5x	3.2	3.5	3.8
WM	Waste Management, Inc.	Neutral	167.81	162	(3)	304	68.3	1.7	30.0x	28.8x	25.2x	14.7x	13.9x	13.2x	2.8	2.2	3.6
Average								1.0	31.8x	29.7x	26.7x	14.8x	13.9x	13.1x	3.0	3.1	3.6
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	136.54	155	14	59	7.4	0.0	22.2x	18.9x	18.6x	9.0x	8.4x	7.6x	3.9	4.4	6.3
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	6.94	13	87	1	1.2	0.0	-	98.3x	24.0x	16.3x	11.0x	6.6x	-	-	-

Source: Factset, UBS estimates
Updated: 5/04/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 8: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

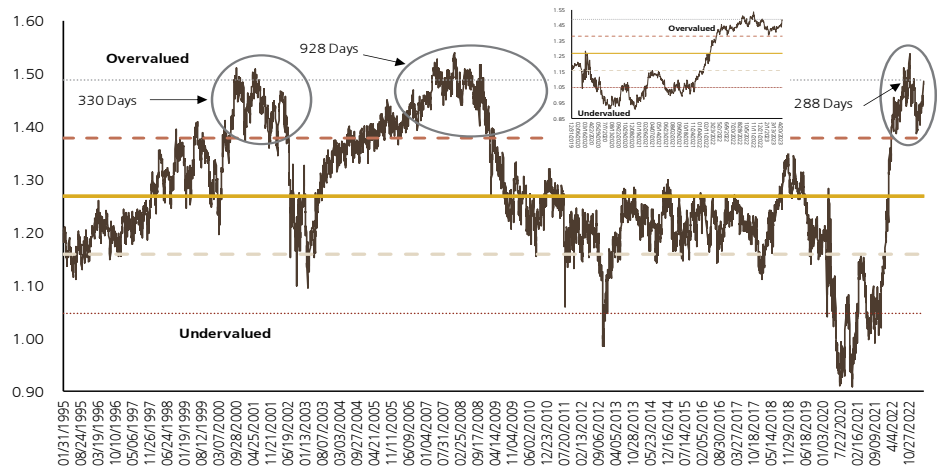

Source: FactSet, US Federal Reserve, UBS
Updated as of: 05/04/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 21.0% to the mean.

Figure 9: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

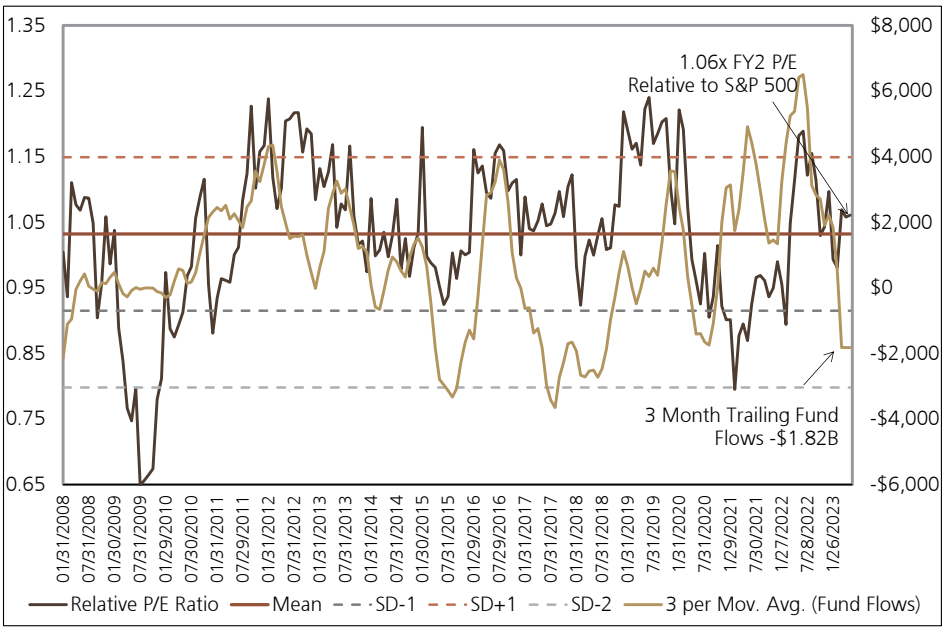

Source: FactSet, Strategic Insights, UBS
Updated as of:5/4/26/2023

Utilities now trade at a 2.7% premium to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 10: Utility Credit Spreads

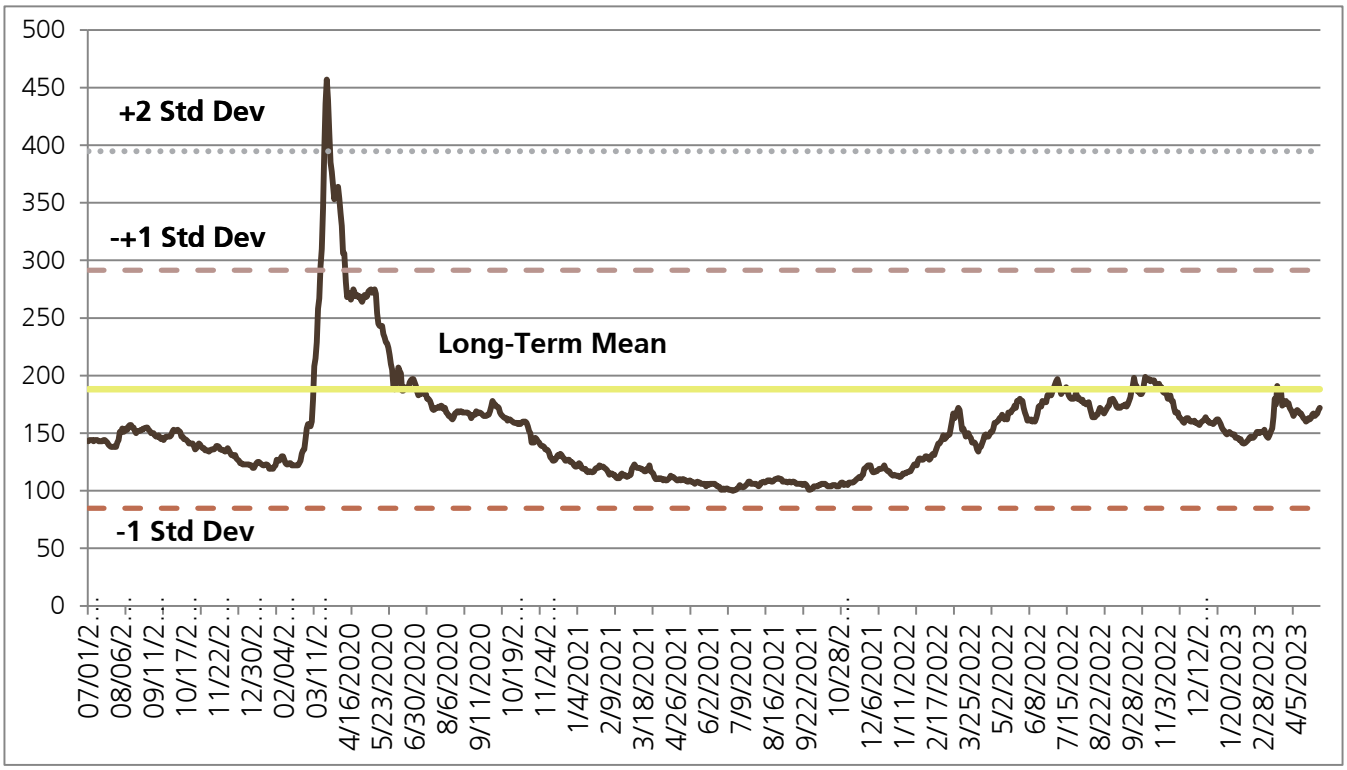

Source: Facteset, UBS
Updated 5/04/2023

Utility credit spreads increased 5 bp last week and is 16 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at a 1.2% premium to the 5 year average FY 2 P/E relative to the S&P 500 and a 7.8% premium to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 11: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

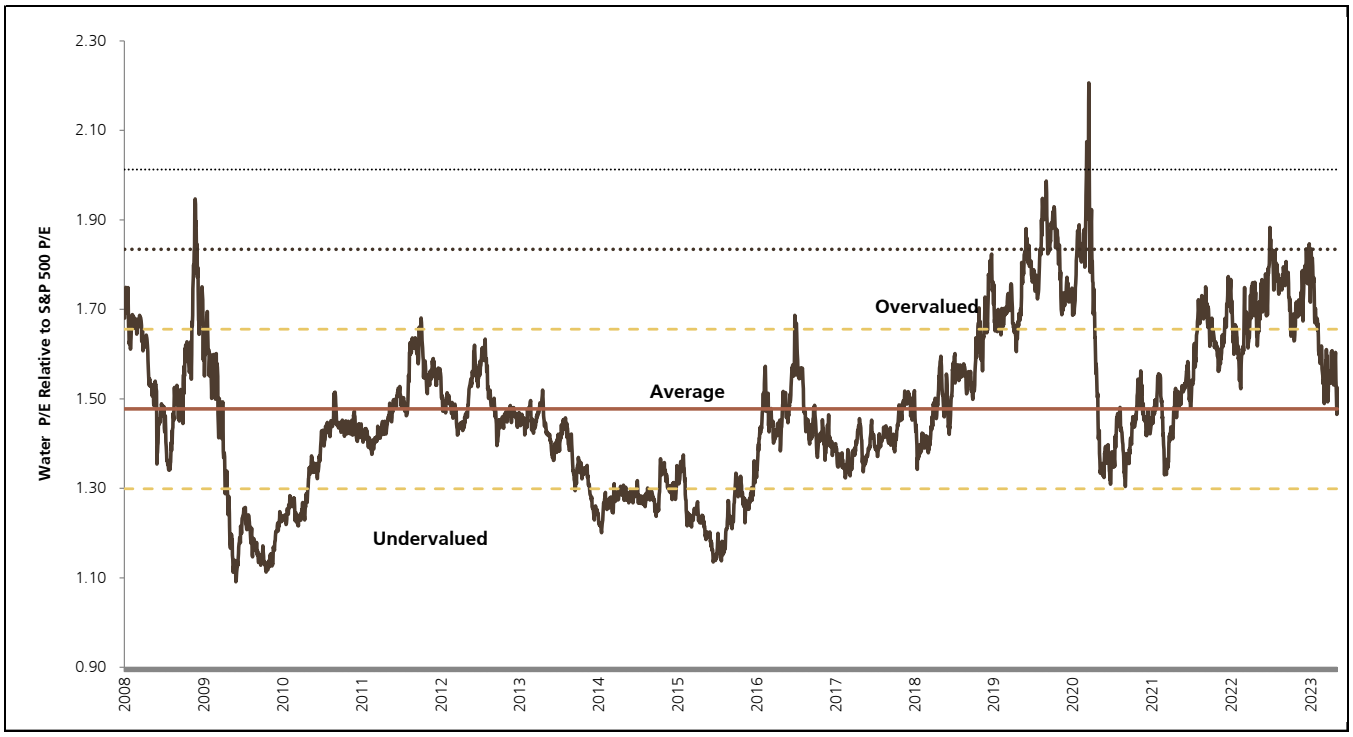

Source: Factset, UBS

Updated 5/04/2023

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 14) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 15) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 12: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

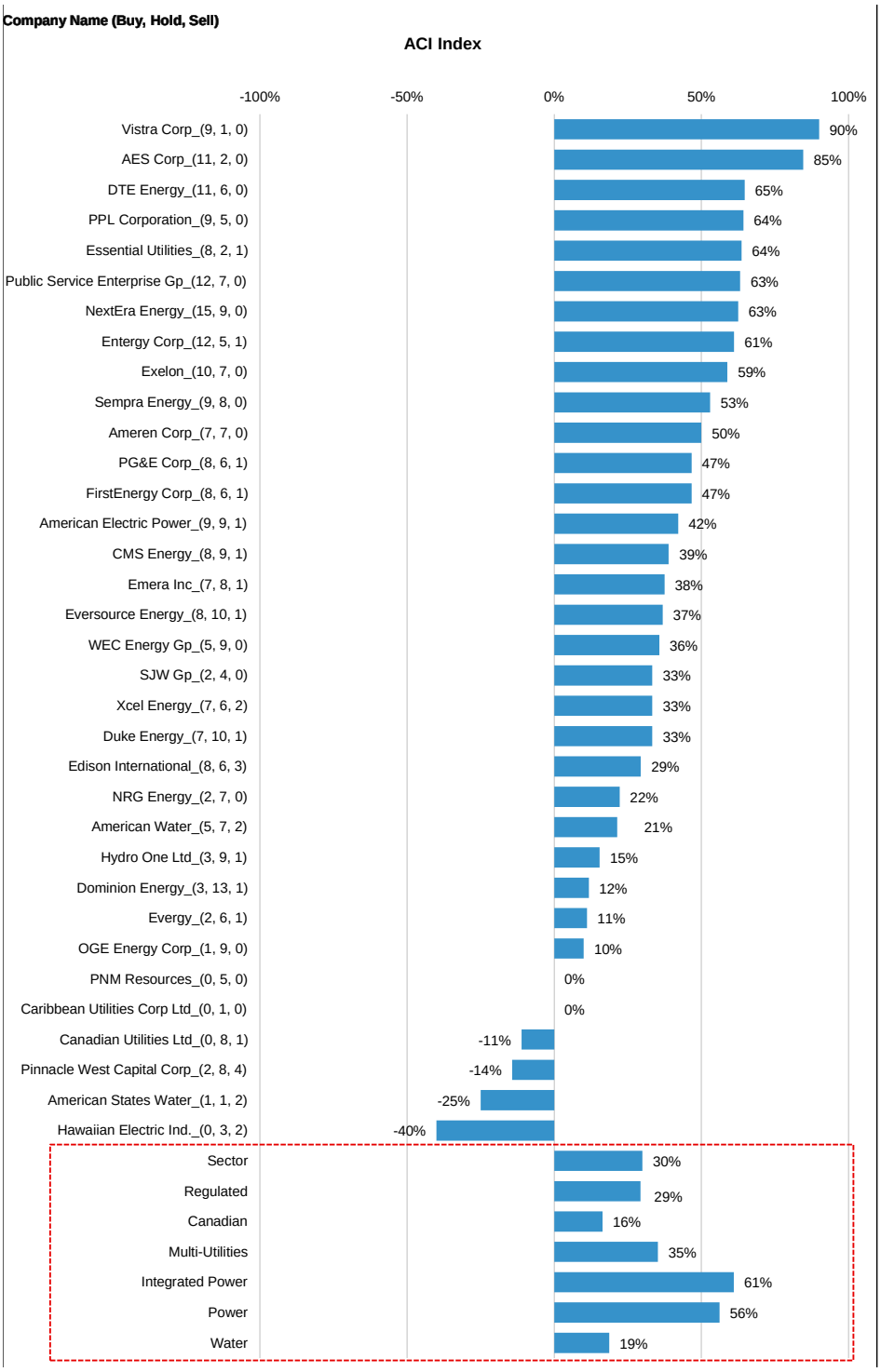

Source: Bloomberg, FactSet, UBS
Updated as of: 05/03/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Figure 13: Change in ACI Index over Last 12 Weeks

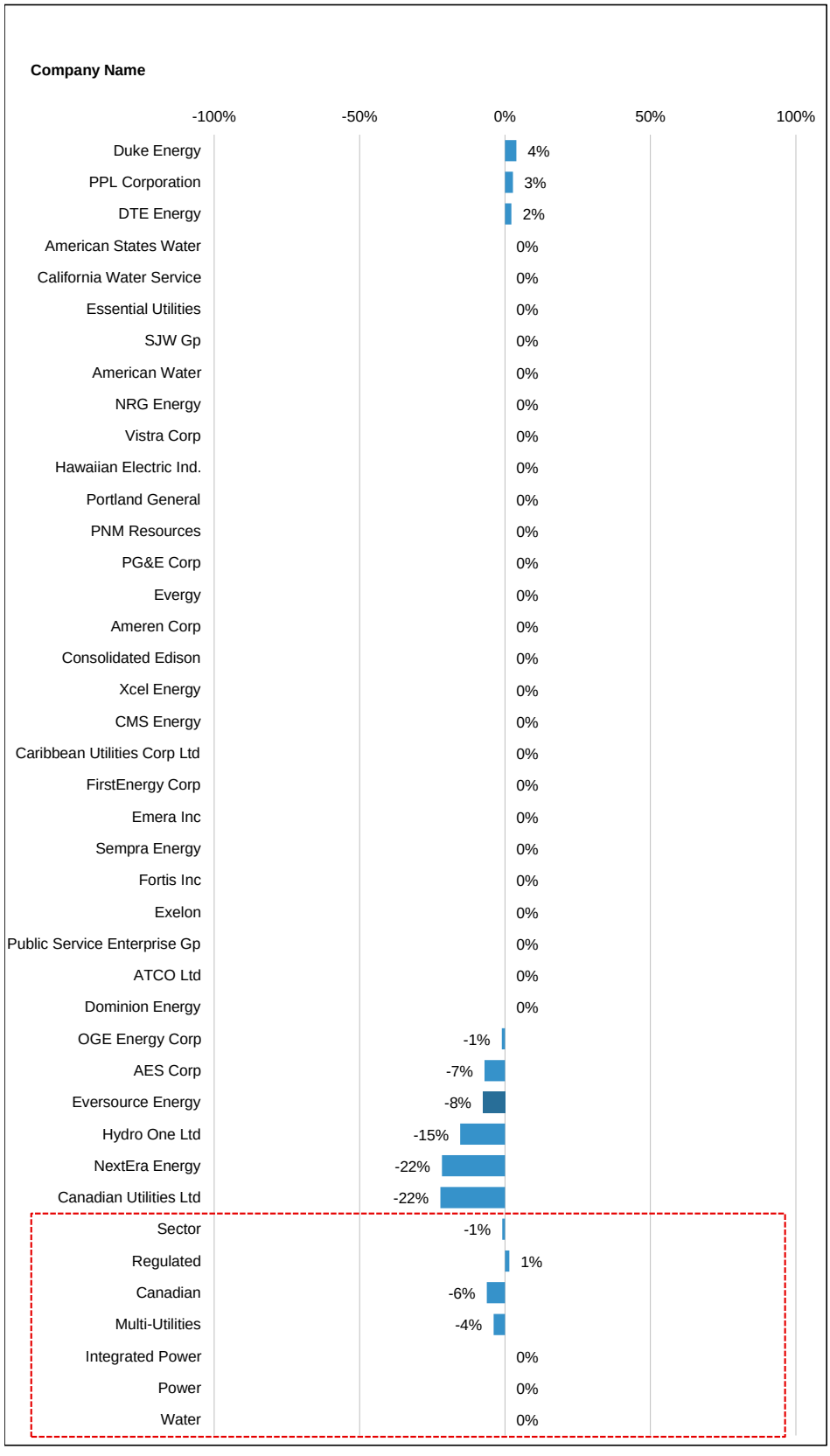

Source: Bloomberg, FactSet, UBS
Updated as of: 05/03/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Valuation Method and Risk Statement

North America Utilities: Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%; 4) Clean Energy Transition: A potential 5% premium for a risk adjusted clean energy transition growth opportunity; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% of unregulated earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.
Water Utilities: Our valuation methodology for the group is price-to-earnings based. Our methodology includes: 1) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; and 2) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%. North American utilities: We identify the following risk factors for the sector overall: rising
interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events. IPPs: We identify the following risks for the sector: Power prices, fuel prices, capacity prices, supply and demand for electricity, extreme weather, economic conditions, and cost of
financing and collateral hedging.
Water Utilities: We identify the following risks: rising interest rate; regulatory and policy risks; operational risks; construction risks; water quality, safety and contamination risk; physical risk to the water sources, treatment or delivery systems; cybersecurity risk; drought and extreme weather events.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

California Water Service Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dominion Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Emera Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Eversource Energy

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	5
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Entergy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Evergy, Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Fortis Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Question	Response
11. What is the catalyst?	

Alliant Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

NextEra Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	potential of new projects at NEER to be more seasonally in the back half of 2023
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

NiSource Inc.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

PG&E Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Public Service Enterprise Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Pinnacle West Capital Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

PPL Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	May 25, 2023
10. Is the catalyst date an actual or approximate date?	Actual
11. What is the catalyst?	KY intervenor recommendations on Kentucky certificate of public convenience

Southern Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

WEC Energy Group Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Xcel Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

American Water Works Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

American Electric Power Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Resolution on KY asset sale

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Consolidated Edison Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

OGE Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

American States Water Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	Absence of a 2022 rate increase.
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	May 18, 2023
10. Is the catalyst date an actual or approximate date?	Actual
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 05 May 2023 04:08 AM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
FTC Solar Inc[16,20]	FTCI.O	Buy (CBE)	US$2.52	04 May 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.
20. Because this security exhibits higher-than-average volatility, the FSR has been set at 25% above the MRA for a Buy rating, and at -25% below the MRA for a Sell rating (compared with 6/-6% under the normal rating system).

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

FTC Solar Inc (US$)

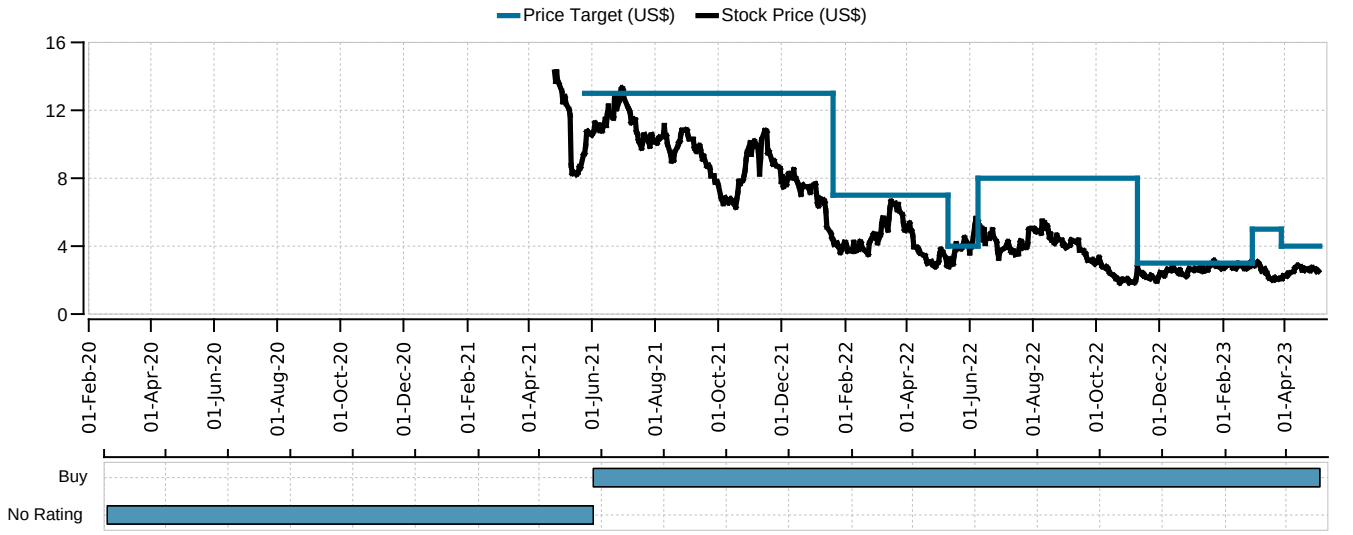

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-02-04	NaN	-	No Rating
2021-05-24	9.39	13.00	Buy
2022-01-19	4.46	7.00	Buy
2022-05-10	2.87	4.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2022-06-08	5.36	8.00	Buy
2022-11-09	2.18	3.00	Buy
2023-02-28	3.07	5.00	Buy
2023-03-28	2.11	4.00	Buy

Source: UBS;as of 04-May-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

Global Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS and legal and regulatory constraints.

When you receive Global Research through a system, your access and/or use of such Global Research is subject to this Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/disclosures.

Research will initiate, update and cease coverage solely at the discretion of UBS Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch.**South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this UBS publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	90.87	Buy
ALE	62.55	Sell
AVA	43.66	Sell
AWK	146.49	Neutral
CEG	76.51	Buy
CPK	124.12	Neutral
ES	76.64	Buy
EXC	42.33	Neutral
FE	38.93	Buy
NI	28.12	Buy
NJR	52.05	Neutral
NRG	33.44	Neutral
NWN	46.14	Neutral
OGE	36.81	Neutral
PCG	17.29	Buy
PPL	28.49	Buy
SR	67.70	Neutral
SRE	152.62	Buy

Power & Utilities

May 4, 2023

The Guggenheim Daily Transmission: EXC, NI, AVA, SR, ALE, AEP, ES, CPK, OGE, PCG, SRE, CEG, NRG, NWN, PPL, NJR, PJM, FE, ERCOT, AWK

SAVE THE DATE: We are hosting a dinner with CNP's COO, new CFO, and others on May 22nd...

For our AGA conference (May 20-23) meeting schedule, please scroll down...

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our EXC NDR, AEP NDR, ETR NDR, DTE NDR, PCG NDR, ES NDR, SMR NDR, LNT NDR, PNW NDR, AWK NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, and other events, scroll down...

EXC: Quiet Update Ahead of Key Regulatory Processes (see our note HERE)

NI: Straight Down the Fairway; 1Q23 in Line; 2023 Guidance Reiterated; NIPSCO Sale Still Expected to Close by YENI: Straight Down the Fairway; 1Q23 in Line; 2023 Guidance Reiterated; NIPSCO Sale Still Expected to Close by YE23 (see our note HERE)

AVA: Despite 1Q23 Miss, 2023 Guidance Is Maintained (see our note HERE)

SR: One Segment's Crisis Is Another's Opportunity; FQ2 2023 EPS Beat and Guidance Reiterated (see our note HERE)

ALE: 1Q Miss but 2023 Guide Intact (see our note HERE)

AEP – reports in line 1Q23; reiterates 2023 guidance; provides updates on strategic review process

ES – reports 1Q23 earnings

CPK – CPK reports 1Q23 EPS miss on weather; 2023 capex guidance reiterated

OGE – OGE reports 1Q23 EPS beat; 2023 guidance reiterated

PCG – PEG reports 1Q23 EPS in-line; 2023 guidance reiterated

SRE – SRE reports 1Q23 EPS beat; 2023 guidance reiterated; 2024 guidance initiated implying 6.2% growth

CEG – reports 1Q23 earnings

NRG – reports 1Q23 earnings

NWN – reports 1Q23 earnings

PPL – reports 1Q23 earnings

NJR – reports slight quarterly miss; re-affirms annual guidance

PJM – BRA schedule delay proposals draw opposing views from stakeholders

FE – FirstEnergy reevaluating use of West Penn's Greensburg office with focus on real estate optimization

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

ERCOT – Summer SARA report points to ongoing constraints

AWK – MO PSC approves settlement

AEP reports 1Q23 operating EPS of $1.11 vs Gugg/cons at $1.11/$1.12; reaffirms 2023 guidance of $5.19-$5.39 ($5.29 midpoint) vs Gugg/cons at $5.30/$5.27; maintains LT growth rate of 6%-7%

- **Load growth:** weather-normalized total retail load of +3.3% in 1Q23 YoY; Resi -1.4%, Commercial +7.8%, and Industrial +5.1%, respectively
  - Guidance for **2023/2024/2025** normalized retail billed load (ex-wholesale)
    - New (by year): **+0.8%/+0.6%/+1.7%**
    - Prior (by year): **+0.7%/+1.0%/+1.8%** (excluding Kentucky operations)
- **Contracted Renewables:** sale process remains "**on track for a 2Q23 close**" (unchanged from Oct 4th Analyst Day)
- **Strategic Review update**
  - **Sell New Mexico Renewable Development**, a portfolio of solar projects
    - $102m book value of investment as of 1Q23
    - $0.01 EPS contribution in 2023 earnings guidance
    - Advisor hired; sale announcement **early in Q4 2023** with transaction close **by YE23**
  - **Announce sale of Retail business and include Distributed Resources** as part of sale process
    - $550m combined book value of investment as of 1Q23
    - $0.06 combined EPS contribution in 2023 earnings guidance
    - Advisor hired; sale launch in **Summer 2023** with transaction close in **1H24**
  - Pursue strategic review of certain non-core transmission joint venture
    - Businesses under strategic review include Prairie Wind Transmission, Pioneer Transmission and Transource Energy
    - Portfolio includes approximately 370 pole line miles, 4 substations and projects under development in PJM and SPP; AEP's portion of PP&E as of 3/31/2023 was $551M
    - Assets contribute $0.05 EPS in 2023 operating earnings guidance
    - **Strategic review expected to be completed by YE23**
- **Regulated renewables execution in key jurisdictions**
  - Regulatory filings approved for 209 MW/$500M owned renewables at APCo
  - Regulatory filings pending for owned renewables; 151 MW/$466M at APCo, 469 MW/$1.0B at I&M, 995.5 MW/$2.5B at PSO and 999 MW/$2.2B at SWEPCO
  - Additional RFPs in process at APCo, I&M and SWEPCO
  - **Current regulatory and legislative initiatives:** Arkansas, Louisiana, Oklahoma, Virginia and fuel cost management
- **Regulated Operations ROE:** 8.8% for TTM as of 03/31/23 (not weather-normalized)
  - On a system average, AEP expects rates to go up approximately 4% annually over the forecasted period
- **Capex:** reiterated $40bn 2023–2027 capital plan from Analyst Day
  - $15bn of transmission investment, $11bn of distribution investment, $9bn of regulated renewable investment
- **Financing:** updated 2023-2027 annual cash flow forecasts to exclude $1.2bn from Kentucky sale
- **Credit:** reiterated target FFO/Debt of 14%-15%
- **Dividend:** DPS growth to track EPS at 6%-7%
- Conference call will be at **9:00 AM ET.** The dial-in is **(877) 336-4440** and the conference ID is **8641604.**

ES reports 1Q23 earnings

- ES reported 1Q23 EPS of $1.41 vs Gugg/Cons $1.32/1.34
- Reaffirmed 2023 EPS guidance of $4.25-4.34
- Results were impacted by the seasonal impact of a peak demand rate design change

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

at NSTAR

- Results included a $0.03 benefit at the parent from a clean energy fund disposition
- Offshore wind sale process update expected 'this quarter'
- $500mm of construction spend on Sunrise/Revolution has shifted from 2023 to 2024/2025
- Cost lock increased by 2bps to 92%
- Slides HERE, call at 10am (833) 470-1428 Code: 641905

CPK – CPK reports 1Q23 EPS miss on weather; 2023 capex guidance reiterated

- CPK reported 1Q23 Non-GAAP EPS of $2.04 vs. $2.11 consensus and $2.09 Guggenheim estimate
- Weather impact vs. normal was -$0.29
- CPK reiterated 2023 capex guidance of $200 million to $230 million
- Short-term Debt balance down to $94M from $202M at year end; with $50M of interest rate swaps
- CPK reiterated 2025 EPS guidance of $6.15 - $6.35, representing an 8.5-9.0% CAGR
- Organic residential customer growth for CPK Delmarva and Florida natural gas distribution businesses were 5.8%and 4.4%, respectively

OGE – OGE reports 1Q23 EPS beat; 2023 guidance reiterated

- OGE reported 1Q23 Non-GAAP EPS of $0.19 vs. consensus of $0.18 and our $0.19 estimate
- OGE reiterated 2023 EPS guidance of $1.93 to $2.07 vs. a $2.01 consensus and our $2.02 estimate
- OGE reported ~1% customer growth despite weather driven sales declining year over year
- HDDs for the quarter were 1,692 vs. a 1,887 normal level or ~10% lower
- Presentation available later today and call scheduled for 9:00AM ET

PCG – PEG reports 1Q23 EPS in-line; 2023 guidance reiterated

- PCG reported 1Q23 Non-GAAP EPS of $0.29 vs. $0.29 consensus and Guggenheim estimate
- PCG reiterated 2023 EPS guidance of $1.19-$1.23 vs. a $1.22 consensus and Guggenheim estimate
- PCG reiterated 2025-2026 EPS growth of at least 9%
- No equity needs reiterated though 2024
- No change to O&M savings trajectory of 2% annually
- No change to capex plan of ~$52B with $5B upsides, ~9.5% rate base CAGR from 2022-2027 at the midpoint.

SRE – SRE reports 1Q23 EPS beat; 2023 guidance reiterated; 2024 guidance initiated implying 6.2% growth

- SRE reported 1Q23 Non-GAAP EPS of $2.92 vs. $2.77 consensus and $2.69 Guggenheim estimate
- SRE reiterated 2023 EPS guidance of $8.60 to $9.20
- SRE initiated 2024 EPS guidance range of $9.10 to $9.80 (implying 6.2% growth at the midpoint) vs. $9.57 consensus and $9.50 Guggenheim estimate
- SRE reiterated LT growth rate of 6-8%
- SRE updated the 5-year capital plan from $36B to $40B driven largely by a $4B at Oncor ($3.3B or 80% share for SRE) (rolling to 2023-2027)
- Resulting rate base CAGR of 9% though 2027
- SRE CA capex up from $21.2B to $21.4B; SRE infrastructure moving from $2.3 to $3.6B
- ECA I still on track for mid-2025 COD
- Port Arthur $13B capex project will be financed with $6.8B of non-recourse project-level debt and $6.2B of project-level equity (SRE targets 25% ownership level)
- Cameron Phase 2 has received modified FERC permits earlier this quarter; no FID yet

CEG reports 1Q23 earnings

- Reported 1Q23 EBITDA of $658M vs. Gugg/Cons of $720M/792M

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

- Labor and materials was $111M drag YoY
- Reaffirmed guidance range of $2,900M - $3,300M with expectation to be in the top half
- Repurchased $250M of shares in 1Q23
- December PJM storm benefit +$39M following invoice updates
- 2023 gross margin +$100, 2024 Gross margin flat
- 2024 GM now reflects a $100mm PTC benefit in 2024
- Total hedging for 2023 flat, 2024 up 1-4%
- Slides HERE
- Call at 10am – register HERE

NRG reports 1Q23 earnings

- Reported 1Q23 EBITDA of $646M vs. Gugg/Cons of $603M/598M
- Issued post Vivint EBITDA guidance of $3,010M - $3,250M, FCFbG of $1,620M - $1,860M
- Vivint synergies $400M 2025 target
- Texas EBITDA +$43M YoY
- WA Parish return to service targeted by end of 2Q23
- Cal at 9AM slides HERE

NWN reports 1Q23 earnings

- Reported 1Q23 EPS of $2.01 vs. Gugg/Cons of $1.85/1.90
- Reaffirmed 2023 EPS guidance of $2.55 to $2.75 vs. Gugg/Cons of $2.65/2.66
- O&M at the utilities increased 21%, includes some deferrals offset in revenues
- NW Natural Water launched an operations & maintenance service business
- Cal at 11AM materials HERE

PPL reports 1Q23 earnings

- Reported 1Q23 EPS of $0.48 vs. Gugg/Cons of $0.44/0.45
- Reaffirmed 2023 ongoing earnings guidance of $1.50 to $1.65 vs. Gugg/Cons $1.58/1.59
- Reaffirms 6-8% EPS growth through 'at least' 2026
- RI contributed $0.10 in 1Q23 from ongoing ops
- Cal at 11AM slides HERE

NJR reports Q2 FY2023 NFEPS of $1.16 vs Gugg/cons at $1.21/$1.19; re-affirms FY23 NFE guidance of $2.62–$2.72 ($2.67 midpoint) and Gugg/cons at $2.67/$2.70

- **EPS growth:** reiterated 7%–9% LT annual EPS growth (base is FY22's initial guidance midpoint of $2.25)
  - EPS in FY24 still expected to be at or above top end of LT annual growth range due to impact of the AMA at NJRES
- **TSR:** reiterated total expected shareholder return of ~10%–12%
- **Capex:** existing capital plan and ranges reiterated
- Business mix guidance ranges for FY23 were reiterated:
  - New Jersey Natural Gas: **48%-53%** (vs *55%-60%* originally)
  - Energy Services: **20%-25%** (vs *15%-20%* originally)
  - Clean Energy Ventures: **18%-20%** (vs *20%-25%* originally)
  - Storage and Transportation: **4%-8%** (vs *4%-8%* originally)
  - Home Services and Other: **0%-1%** (vs *0%-1%* originally)
- CEV placed ~53 MW in service so far this fiscal year and has ~740 MW pipeline of projects under contract, construction or exclusivity through fiscal 2027
- **NJNG (gas LDC) bill headroom:** Announces bill credit and rate decrease for residential and small commercial customers following period of lower gas prices.
- **NJNG growth:** +4,064 new customers additions at NJNG YTD vs +3,579 during same YTD period in fiscal 2022
- Earnings call will be held today at **10:00 AM ET**… Dial-in: **(888) 440-5655**…Access code: **7422446**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

PJM – BRA schedule delay proposals draw opposing views from stakeholders

- Generators remain in favor of PJM's proposal to delay the forthcoming auction in June, while state representatives and COUs are against further delays.
- More HERE.

Guggenheim takeaway: This procedural back and forth has been unfolding in the docket for some time now – in our view, the Commission will likely strike a middle ground closer to the IMM's proposal, with a delay coupled to firmer timelines.

FE – FirstEnergy reevaluating use of West Penn's Greensburg office with focus on real estate optimization

- More than two-thirds of West Penn Power Co.'s employees at its Greensburg HQ likely will be reassigned to other offices in the utility's service area in the next few years as the company reevaluates its use of the building, according to a company spokeswoman yesterday.
- More HERE

Guggenheim takeaway: Minor FYI regarding real estate optimization.

ERCOT – Summer SARA report points to ongoing constraints

- The ISO's latest seasonal assessment points to potential shortages in generation under high peak load/extreme unplanned outages/low wind scenarios.
- " ERCOT and thermal generation owners are closely monitoring the potential impacts of the U.S. Environmental Protection Agency's March 15th approval of its "Good Neighbor Plan" for reducing cross-state emissions of ozone-forming nitrogen oxides (NOx). Several generation owners in the ERCOT region indicated the potential that certain generators may face operational constraints in complying with the Program's provisions as soon as July 2023." - ERCOT
- More HERE

Guggenheim takeaway: The SARA report is intended to serve as final scenario test before each season's peak, and while the exact variables depicted in the analysis may or may not come to pass, it still paints a challenging picture for resource adequacy in the state at a time when lawmakers are considering more draconian action. We also continue to closely monitor the NOX rules from the EPA, with could impact larger emitters like VST's Martin Lake and NRG's WA Parish.

AWK – MO PSC approves settlement

- "On May 3, 2023, the MoPSC issued an order (the "Order") approving the March 3, 2023 joint "black box" settlement of the general rate case filed by Missouri American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). The Order approves a $44.3 million annualized increase in water and wastewater revenues, excluding $50.7 million in previously approved infrastructure surcharges. The new water and wastewater rates are expected to be effective by May 31, 2023." - AWK
- More HERE

Guggenheim takeaway: Minor heads up on the settlement approval.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Exelon Corporation (EXC)

Calvin Butler, *President & Chief Executive Officer*
Jeanne Jones, *Chief Financial Officer*
Andrew Plenge, *VP, Investor Relations*

Dates & Location

May 15 – 16, 2023
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information

Market Cap: $42.4bn

Exelon Corporation (EXC) operates as a utility services holding company, which engages in the energy generation, power marketing, and energy delivery business. It operates through the following segments: Mid Atlantic, Midwest, New York, Electric Reliability Council of Texas (ERCOT) and other Power Regions. The Mid-Atlantic segment represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina. The Midwest segment operates in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky. The New York (NY) segment provides operations within ISO–NY, which covers the state of New York in its entirety. The ERCOT segment includes operations within the Electric Reliability Council of Texas, covering most of the state of Texas. The Other Power Regions consist of the operations in New England, South, West, and Canada. The company was founded in February 1999 and is headquartered in Chicago, IL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

American Electric Power Company (AEP)

Julie Sloat, *President & Chief Executive Officer*
Ann Kelly, *Chief Financial Officer*
Antonio Smyth, *EVP Grid Solutions & Government Affairs*
Matt Satterwhite, *SVP Regulatory*
Darcy Reese, *VP Investor Relations*

Date & Location
Wednesday, May 17, 2023
Guggenheim Office | 330 Madison Ave, New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $48bn
American Electric Power Co., Inc. (AEP) engages in the generation, transmission, and distribution of electricity. It operates through the following segments: Vertically Integrated Utilities, Transmission and Distribution Utilities, AEP Transmission Holdco, and Generation and Marketing. The Vertically Integrated Utilities segment covers the generation, transmission, and distribution of electricity for sale to retail and wholesale customers. The Transmission and Distribution Utilities segment represents the transmission and distribution of electricity for sale to retail and wholesale customers. The AEP Transmission Holdco segment comprised of the development, construction, and operation of transmission facilities through investments in its wholly-owned transmission subsidiaries and joint ventures. The Generation and Marketing segment consists of the non-regulated generation and marketing, risk management, and retail activities. The company was founded on December 20, 1906 and is headquartered in Columbus, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

CenterPoint Energy, Inc. (CNP)

Jason Wells, *Chief Operating Officer*
Chris Foster, *Chief Financial Officer*
Jackie Richert, *VP Investor Relations & Treasurer*
Ben Vallejo, *Director Investor Relations*

Dates

Monday, May 22, 2023
6:00 PM

Location

Restaurant TBD
Fort Lauderdale, Florida

Company Information

Market Cap: $18.6bn

CenterPoint Energy, Inc. (CNP) is a holding company that engages in the business of power generation and distribution. It operates through the following segments: CenterPoint Energy, Houston Electric, and CERC. The CenterPoint Energy segment consists of electric transmission and distribution services in the Texas gulf coast area in the ERCOT region and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations in the MISO region. The Houston Electric segment consists of electric transmission services to transmission services customers in the ERCOT region and distribution services to REPs serving the Texas gulf coast area. The CERC segment covers the Restructuring consisting of intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas, and permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP. The company was founded in 1866 and is headquartered in Houston, TX. (Source: FactSet).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

SAVE THE DATE

2023 AGA Financial Forum

Dates

May 20 – 23, 2023

Location

Fort Lauderdale Marriott Harbor Beach Resort
3030 Holiday Drive
Fort Lauderdale, Florida

Guggenheim Hosted Dinner

We will be hosting a dinner with Shar Pourreza and team to kick off the conference on Saturday May 20 at 6:30PM ET.

Company Meetings

**Additional meetings may be added*

Sunday, May 21st	
Time	*Co.*
11:10AM	LNT
12:00PM	NI
12:50PM	NWN
1:40PM	CMS
2:30PM	NJR
3:20PM	AVA
4:10PM	SR

Monday, May 22nd	
Time	*Co.*
7:40AM	SO
8:30AM	WEC
9:30AM	DUK
10:20AM	SRE
11:10AM	ED
12:00PM	NWE
1:00PM	CPK
1:00PM	BKH
1:50PM	PEG
2:40PM	DTE
3:30PM	OGS
4:20PM	D

Tuesday, May 23rd	
Time	*Co.*
8:30AM	CNP
10:10 AM	AEE
11:00 AM	MDU

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Entergy Corporation (ETR)

Drew Marsh, *Chairman & Chief Executive Officer*
Kimberly Fontan, *Chief Financial Officer*
Bill Abler, *VP, Investor Relations*

Dates & Location

June 1 – 2, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $22.64bn

Entergy Corp. (ETR) is a holding company that engages in electric power generation and distribution. It operates through the following segments: Utility and Entergy Wholesale Commodities. The Utility segment includes the generation, transmission, distribution, and sale of electric power and the operations of a natural gas distribution business. The Entergy Wholesale Commodities segment owns, operates, and decommissions nuclear power plants and sells electric power. The company was founded by Harvey Couch on November 13, 1913, and is headquartered in New Orleans, LA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

DTE Energy Company (DTE)

Jerry Norcia, *Chairman, President & Chief Executive Officer*
Barbara Tuckfield, *Director Investor Relations*

Dates & Location
June 7 & 8, 2023
New York

Meeting Format
NDR - 1:1 Meetings, Group Meeting & Small Group Dinner

Company Information
Market Cap: $22.4bn
DTE Energy Co. (DTE) operates as a diversified energy company, which engages in the development and management of energy-related businesses and services. It operates through the following segments: Electric, Gas, DTE Vantage, Energy Trading, and Corporate and Other. The Electric segment consists of generation, purchase, distribution, and sale of electricity to residential, commercial, and industrial customers in southeastern Michigan. The Gas segment is involved in the purchase, storage, transportation, distribution, and sale of natural gas to residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity. The DTE Vantage segment focuses on projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. The Energy Trading segment covers energy marketing and trading operations. The Corporate and Other segment includes various holding company activities, holds certain non-utility debt, and holds certain investments, as well as funds supporting regional development and economic growth. The company was founded in January 1995 and is headquartered in Detroit, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

PG&E Corporation (PCG)

Patti Poppe, *Chief Executive Officer (Tentative)*
Carolyn Burke, *Incoming Chief Financial Officer*
Tom Webb, *Senior Advisor to Chief Executive Officer*
Jonathan Arnold, *Vice President, Investor Relations*

Date & Location

Monday, June 12, 2023
New York

Meeting Format

NDR - 1:1 Meetings, Group Meeting

Company Information

Market Cap: $39.6bn

PG&E Corp. (PCG) is a holding company that engages in generation, transmission, and distribution of electricity and natural gas to customers. It specializes in energy, utility, power, gas, electricity, solar and sustainability. The company was founded in 1995 and is headquartered in Oakland, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Eversource Energy (ES)

Joseph Nolan, *Chairman, President & Chief Executive Officer*
John Moreira, *Chief Financial Officer*
Jeffrey Kotkin, *Vice President, Investor Relations*
Bob Becker, *Director, Investor Relations*

Date & Location
Thursday, June 22, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.02bn
Eversource Energy (ES) engages in the generation, transmission, and distribution of natural gas and electricity. It operates through the following segments: Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. The Electric Distribution segment distributes electricity to retail customers. The Electric Transmission segment owns and maintains transmission facilities through CL&P, NSTAR Electric, PSNH, and WMECO. The Natural Gas Distribution segment transmits and distributes natural gas to retail customers. The Water Distribution segment operates three separate regulated water utilities in Connecticut, Massachusetts, and New Hampshire. The company was founded on July 1, 1966, and is headquartered in Springfield, MA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

NuScale Power Corporation (SMR)

Chris Colbert, *Chief Financial Officer*

Scott Kozak, *Director, Investor Relations*

Date & Location

Tuesday, June 27, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $1.9bn

NuScale Power Corp. (SMR) engages in the commercialization of a modular, scalable 77 megawatt electric Light Water Reactor nuclear power plant using rights to a nuclear power plant design. Its products include VOYGR SMR Plants and Energy Exploration (E2) Centers. The company was founded by José N. Reyes in 2007 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

SAVE THE DATE
2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeffrey Guldner, Chairman, President & CEO

Andrew Cooper, *Chief Financial Officer*

Dates & Locations

July 19 | New York
July 20 | Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $9.05bn

Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ.
(Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	5/15–5/16	NYC
AEP	5/17	NYC
CNP C-Suite Dinner	5/22	Fort Lauderdale, FL
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
DTE	6/7–6/8	NYC
PCG	6/12	NYC
ES	6/22	NYC
SMR	6/27	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	NYC
PNW	7/19–7/20	NYC & Boston
AWK	8/9–8/10	West Coast
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim Comp Sheet

5/3/2023		Market	Guggenheim EPS Ests						Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2022E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																				
ALE	$62.55	3,585	3.38	3.70	4.17	4.56	4.87	5.07	3.71	4.08	4.34	4.83	5.05	–	0.09	0.22	0.04	–	16.9x	15.3x	14.4x	13.0x	12.4x	-7%	-9%	-9%	-9%	-18%	8.4%	4.4%	72%	Sell	$54	-9%	Buy	$67	12%
AVA	$43.66	3,308	2.12	2.28	2.49	2.61	2.67	2.73	2.32	2.47	2.62	2.68	2.77	(0.04)	–	–	–	(0.04)	18.8x	17.7x	16.7x	16.3x	15.8x	3%	4%	5%	5%	3%	5.2%	4.3%	79%	Sell	$35	-16%	Sell	$39	-7%
NWE	$58.87	3,519	3.18	3.42	3.55	3.75	3.91	4.08	3.47	3.60	3.74	3.89	4.06	(0.05)	(0.05)	–	–	–	17.0x	16.4x	15.7x	15.1x	14.5x	-7%	-3%	-1%	-1%	-5%	5.1%	4.4%	73%	Sell	$46	-17%	Buy	$60	7%
POR	$49.99	4,830	2.74	2.68	3.02	3.17	3.33	3.51	2.68	3.04	3.23	3.37	3.56	–	–	(0.06)	(0.04)	(0.05)	18.7x	16.5x	15.5x	14.9x	14.1x	3%	-3%	-2%	-2%	-6%	5.1%	3.8%	68%	Buy	$54	12%	Buy	$54	11%
		15,242																	**17.8x**	**16.5x**	**15.6x**	**14.8x**	**14.2x**	**-2%**	**-3%**	**-2%**	**-2%**	**-7%**	**6.0%**	**4.2%**	**73%**						
Mid/Large Cap Electric																																				
AEE	$86.65	23,268	4.12	4.35	4.67	5.05	5.40	5.68	4.36	4.68	5.02	5.36	5.69	–	–	0.03	0.04	–	20.3x	18.9x	17.7x	16.5x	15.6x	12%	12%	11%	11%	4%	6.6%	2.9%	58%	Neutral	$89	3%	Buy	$94	9%
AEP	$90.87	46,779	5.09	5.30	5.64	6.00	6.39	6.81	5.27	5.61	5.97	6.31	6.80	–	–	0.03	0.08	–	17.2x	16.2x	15.2x	14.4x	13.4x	-5%	-4%	-4%	-4%	-9%	6.0%	3.7%	63%	Buy	$105	19%	Buy	$102	16%
CMS	$60.70	17,704	2.89	3.12	3.41	3.65	3.91	4.26	3.10	3.34	3.62	3.89	4.18	–	0.07	–	–	0.08	19.6x	18.2x	16.8x	15.6x	14.5x	8%	7%	6%	6%	-2%	8.1%	3.3%	63%	Neutral	$65	10%	Buy	$68	16%
CNP	$29.95	18,852	1.38	1.51	1.62	1.74	1.89	2.05	1.49	1.61	1.73	1.86	2.01	–	–	–	–	0.04	20.1x	18.6x	17.4x	16.1x	14.9x	11%	10%	9%	9%	1%	8.2%	2.5%	49%	Neutral	$32	9%	Buy	$33	11%
D	$55.76	46,574	4.20	4.08	3.75	3.97	4.24	4.50	3.89	3.77	3.97	4.32	4.45	0.19	–	–	(0.08)	0.05	14.3x	14.8x	14.0x	12.9x	12.5x	-21%	-13%	-12%	-12%	-19%	1.4%	4.9%	71%	Buy	$63	18%	Neutral	$62	17%
DTE	$111.63	23,008	6.10	6.26	6.73	7.19	7.75	8.30	6.22	6.69	7.17	7.73	8.22	0.04	0.04	–	–	0.08	18.0x	16.7x	15.6x	14.4x	13.6x	-1%	-1%	-2%	-2%	-9%	6.4%	3.5%	61%	Buy	$127	17%	Buy	$129	19%
DUK	$97.33	75,007	5.27	5.65	6.05	6.35	6.75	7.15	5.63	5.99	6.35	6.70	7.13	–	0.06	–	0.05	–	17.3x	16.3x	15.3x	14.5x	13.7x	-5%	-4%	-3%	-3%	-8%	6.3%	4.3%	72%	Buy	$114	21%	Buy	$109	16%
ED	$98.04	33,965	4.57	4.82	5.18	5.40	5.71	5.97	4.85	5.21	5.49	5.81	6.10	(0.03)	–	(0.09)	(0.10)	(0.13)	20.2x	18.8x	17.9x	16.9x	16.1x	11%	11%	13%	13%	6%	5.5%	3.4%	66%	Neutral	$86	-9%	Sell	$90	-4%
EIX	$71.67	27,448	4.63	4.70	4.94	5.36	5.70	6.10	4.71	5.09	5.52	5.88	6.10	–	(0.15)	(0.16)	(0.18)	–	15.2x	14.1x	13.0x	12.2x	11.7x	-16%	-17%	-18%	-18%	-23%	5.7%	4.2%	62%	Buy	$81	17%	Buy	$74	8%
ES	$76.64	26,722	4.09	4.34	4.71	5.02	5.31	5.57	4.36	4.66	4.99	5.32	5.68	–	0.05	–	–	(0.11)	17.6x	16.4x	15.3x	14.4x	13.5x	-3%	-3%	-3%	-3%	-9%	6.4%	3.6%	62%	Buy	$91	22%	Buy	$87	17%
ETR	$105.03	22,276	6.42	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.72	8.25	n/a	–	(0.03)	0.04	0.06	–	15.7x	14.6x	13.6x	12.7x	n/a	-14%	-14%	-14%	-14%	-20%	6.9%	4.2%	64%	Buy	$124	22%	Buy	$121	19%
EVRG	$61.68	14,161	3.76	3.65	3.97	4.24	4.47	4.75	3.63	3.95	4.23	4.44	4.69	–	–	–	0.03	0.06	17.0x	15.6x	14.6x	13.9x	13.1x	-7%	-8%	-8%	-8%	-12%	4.8%	4.1%	68%	Buy	$72	21%	Neutral	$65	9%
EXC	$42.33	42,089	2.27	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.73	2.92	3.12	–	–	–	–	–	17.9x	16.9x	15.5x	14.5x	13.6x	-1%	-1%	-2%	-2%	-9%	6.4%	3.5%	62%	Neutral	$45	10%	Buy	$46	13%
FE	$38.54	22,077	2.41	2.54	2.69	2.89	3.07	3.27	2.52	2.66	2.84	2.97	3.25	–	–	0.06	0.10	–	15.3x	14.5x	13.6x	13.0x	11.8x	-16%	-15%	-14%	-14%	-18%	6.3%	4.1%	62%	Buy	$46	23%	Buy	$44	18%
LNT	$54.43	13,669	2.73	2.90	3.08	3.27	3.50	3.67	2.90	3.15	3.28	3.48	3.67	–	(0.07)	–	–	–	18.8x	17.3x	16.6x	15.6x	14.8x	3%	2%	5%	5%	-1%	6.1%	3.4%	62%	Neutral	$52	-1%	Buy	$58	10%
OGE	$36.81	7,373	2.16	2.02	2.16	2.25	2.37	2.48	2.01	2.12	2.28	2.36	2.46	–	0.04	–	–	–	18.3x	17.3x	16.2x	15.6x	15.0x	1%	2%	2%	2%	-2%	2.8%	4.6%	82%	Neutral	$38	8%	Neutral	$39	10%
PCG	$17.29	34,507	1.10	1.22	1.37	1.47	1.61	1.75	1.22	1.35	1.47	1.59	1.74	–	–	–	–	–	14.2x	12.8x	11.8x	10.9x	9.9x	-22%	-24%	-26%	-26%	-31%	9.7%	1.0%	13%	Buy	$22	28%	Buy	$19	9%
PEG	$63.21	31,540	3.47	3.45	3.67	4.10	4.29	4.59	3.44	3.69	4.03	4.30	4.46	–	–	0.07	–	0.13	18.4x	17.1x	15.7x	14.7x	14.2x	1%	1%	-1%	-1%	-7%	5.8%	3.7%	66%	Buy	$69	13%	Buy	$68	11%
PNW	$78.42	8,881	4.26	4.05	4.60	4.80	5.05	5.35	4.09	4.76	4.92	5.20	5.42	(0.04)	(0.16)	(0.12)	(0.15)	(0.07)	19.2x	16.5x	15.9x	15.1x	14.5x	5%	-3%	0%	0%	-5%	4.7%	4.5%	81%	Neutral	$77	3%	Neutral	$76	1%
PPL	$28.49	20,999	1.41	1.58	1.71	1.82	1.96	2.08	1.59	1.70	1.82	1.94	2.08	–	–	–	–	–	17.9x	16.7x	15.7x	14.7x	13.7x	-1%	-1%	-1%	-1%	-7%	8.1%	3.5%	61%	Buy	$34	23%	Buy	$31	14%
SO	$73.33	80,041	3.60	3.60	4.05	4.30	4.55	4.80	3.61	4.03	4.30	4.47	4.75	–	–	–	0.08	0.05	20.3x	18.2x	17.0x	16.4x	15.4x	12%	7%	7%	7%	3%	5.9%	3.8%	75%	Buy	$79	12%	Neutral	$73	3%
WEC	$94.28	29,739	4.45	4.60	4.91	5.24	5.61	5.97	4.61	4.90	5.26	5.62	5.98	–	–	–	–	–	20.5x	19.2x	17.9x	16.8x	15.8x	12%	14%	13%	13%	6%	6.1%	3.4%	68%	Neutral	$99	8%	Buy	$102	11%
Mid/Lg Cap (excl. EIX, PCG)																			**18.2x**	**16.9x**	**15.9x**	**15.9x**	**15.9x**						**5.9%**	**3.7%**	**66%**						
SMID + Lg Cap		**681,920**																	**18.1x**	**16.9x**	**15.8x**	**14.9x**	**14.2x**						**5.9%**	**3.8%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2022E	2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$38.46	4,214	2.20	2.32	2.50	2.63	2.76	2.89	2.28	2.44	2.59	2.75	2.88	0.04	0.06	0.04	–	–	16.9x	15.7x	14.9x	14.0x	13.4x	-7%	-7%	-6%	-6%	-12%	6%	3.8%	62%	Neutral	$42	13%	Sell	$38	4%
NEE	$75.39	152,546	2.90	3.13	3.43	3.69	3.99	4.27	3.12	3.40	3.68	4.02	4.41	–	–	–	–	(0.14)	24.2x	22.2x	20.5x	18.8x	17.1x	33%	31%	29%	29%	18%	8%	2.6%	60%	Buy	$92	25%	Buy	$93	26%
SRE	$152.62	48,022	9.21	9.00	9.50	10.13	10.80	11.71	9.00	9.58	10.19	10.92	11.64	–	(0.08)	(0.06)	(0.12)	0.07	17.0x	15.9x	15.0x	14.0x	13.1x	-7%	-6%	-6%	-6%	-12%	5%	3.2%	54%	Buy	$174	17%	Buy	$170	15%
		204,782																	**19.3x**	**17.9x**	**16.8x**	**15.6x**	**14.5x**	**6%**	**6%**	**6%**	**6%**	**-2%**	**6.2%**	**3.2%**	**59%**						
Gas LDCs																																					
NI	$28.12	11,615	1.47	1.57	1.68	1.82	1.95	2.07	1.57	1.67	1.79	1.94	2.08	–	–	–	–	–	17.9x	16.8x	15.7x	14.5x	13.5x	-1%	-0%	-1%	-1%	-3%	7%	3.7%	64%	Buy	$31	14%	Buy	$32	16%
CPK	$124.12	2,208	5.05	5.42	5.84	6.23	6.59	6.94	5.41	5.82	6.24	6.59	6.95	–	–	–	–	–	23.0x	21.3x	19.9x	18.8x	17.9x	27%	27%	26%	26%	26%	7%	1.9%	42%	Neutral	$116	-5%	Buy	$135	11%
NJR	$52.05	5,043	2.50	2.67	2.65	2.85	3.05	3.30	2.70	2.75	2.93	3.15	3.40	(0.03)	(0.10)	(0.08)	(0.10)	(0.10)	19.3x	18.9x	17.8x	16.5x	15.3x	6%	12%	12%	12%	11%	6%	3.1%	60%	Neutral	$47	-7%	Neutral	$52	4%
NWN	$46.14	1,619	2.54	2.65	2.83	2.98	3.09	3.21	2.66	2.79	2.99	3.05	3.23	–	0.04	–	0.04	–	17.3x	16.6x	15.4x	15.1x	14.3x	-4%	-2%	-3%	-3%	1%	5%	4.2%	72%	Neutral	$45	2%	Buy	$54	21%
OGS	$79.75	4,417	3.25	4.14	4.24	4.53	4.98	5.31	4.14	4.29	4.58	4.98	5.35	–	(0.05)	(0.05)	–	(0.04)	19.3x	18.6x	17.4x	16.0x	14.9x	6%	10%	10%	10%	7%	10%	3.3%	63%	Neutral	$77	-0%	Neutral	$79	3%
SR	$67.70	3,561	3.86	4.25	4.31	4.57	4.73	4.99	4.25	4.32	4.60	4.82	5.09	–	–	(0.03)	(0.09)	(0.10)	15.9x	15.7x	14.7x	14.0x	13.3x	-12%	-7%	-7%	-7%	-6%	5%	4.4%	69%	Neutral	$69	6%	Neutral	$73	12%
		28,464																	**18.8x**	**18.0x**	**16.8x**	**15.8x**	**14.9x**	**4%**	**7%**	**6%**	**6%**	**6%**	**6.6%**	**3.4%**	**62%**						
Regulated Water																																					
AWK	$146.49	28,513	4.51	4.76	5.14	5.59	5.98	6.45	4.78	5.15	5.59	6.04	6.45	–	–	–	(0.06)	–	30.6x	28.5x	26.2x	24.2x	22.7x	68%	68%	65%	65%	53%	7%	2.0%	60%	Neutral	$152	6%	Neutral	$160	11%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2022E	2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$76.51	24,993	2,667	3,100	3,237	3,377	3,512	4,490	3,043	3,428	3,637	3,349	3,348	57	(191)	(261)	163	1,143	9.8x	8.5x	7.7x	–	0.0x	29,884	29,162	27,866	26,511	24,468	8.2%	1.6%	28%	Buy	$97	28%	Buy	$97	28%
NRG	$33.44	7,767	1,754	3,049	3,124	3,128	3,044	3,109	2,737	2,873	2,910	2,754	2,792	313	251	218	290	317	6.3x	5.6x	5.0x	–	0.0x	17,248	16,016	14,529	13,140	11,680	21.3%	4.6%	29%	Neutral	$34	6%	Neutral	$38	18%
VST	$23.01	8,739	3,115	3,703	3,706	3,766	3,760	3,834	3,678	3,943	3,966	4,015	4,340	26	(237)	(201)	(255)	(506)	5.7x	5.3x	5.1x	–	0.0x	21,084	20,956	20,402	19,849	19,681	6.5%	3.6%	28%	Buy	$31	38%	Buy	$32	42%
Other																																					
ALTO	$1.36	104	13	24	40	46	42	43	27	47	46	42	43	–	–	–	–	–											54.8%	–	–	Buy	$9	562%	Buy	$7	415%
NEP	$53.49	4,755	1,649	1,837	1,977	2,143	2,325	2,471	1,979	2,287	2,501	2,739	2,838	(142)	(310)	(358)	(414)	(367)											9.1%	6.8%	–	Buy	$81	58%	Buy	$79	54%
SMR	$7.83	548	(230)	(100)	(57)	8	96	n/a	(130)	(85)	(30)	55	220	30	28	39	41	–												–	–	Buy	$18	130%	Buy	$14	72%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

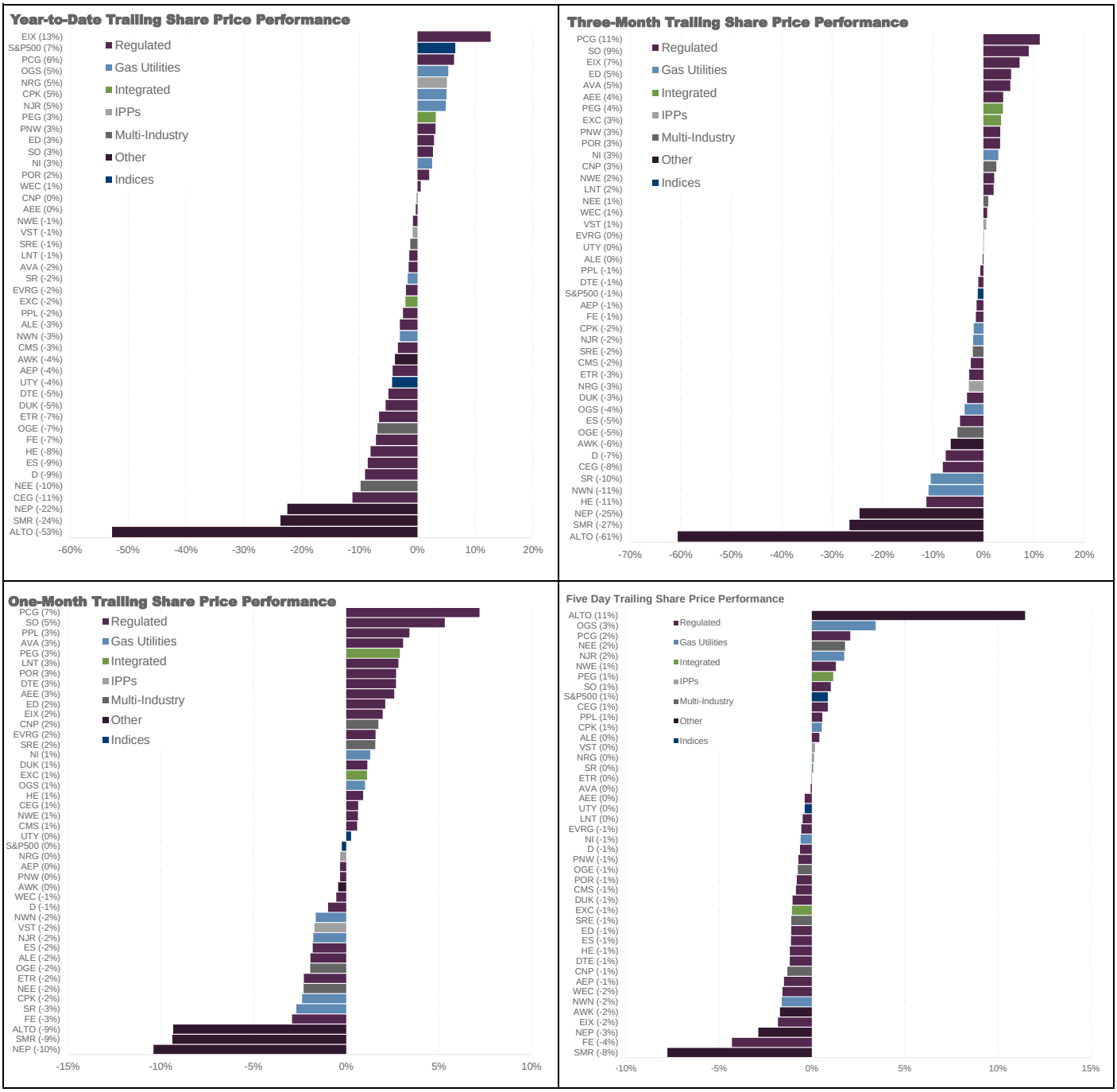

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Generation and Mix

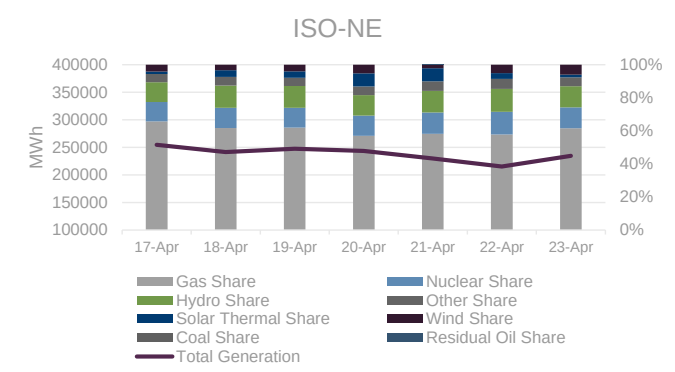

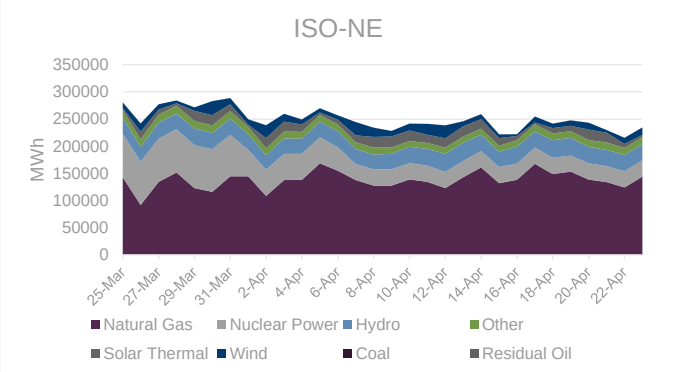

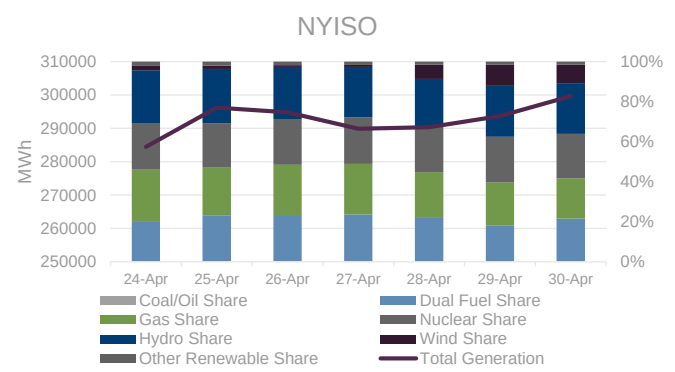

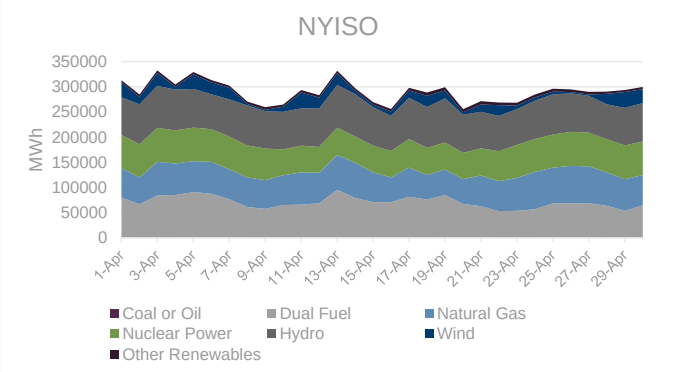

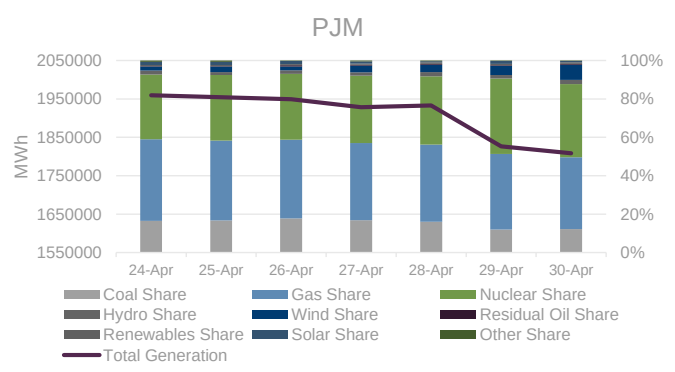

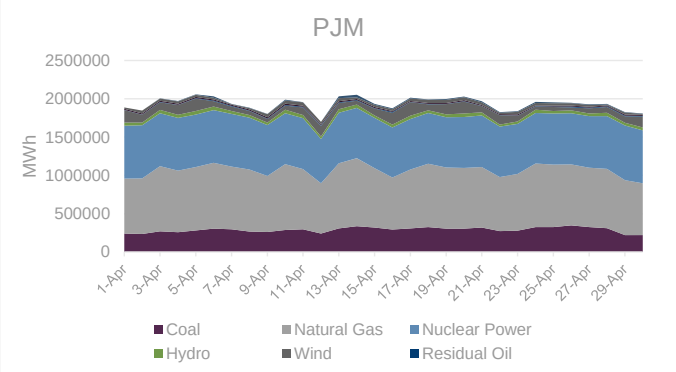

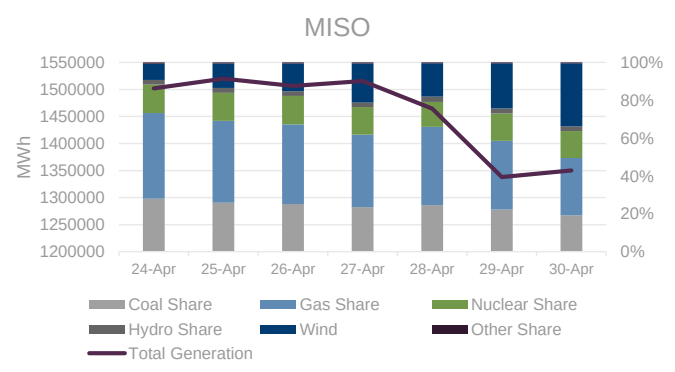

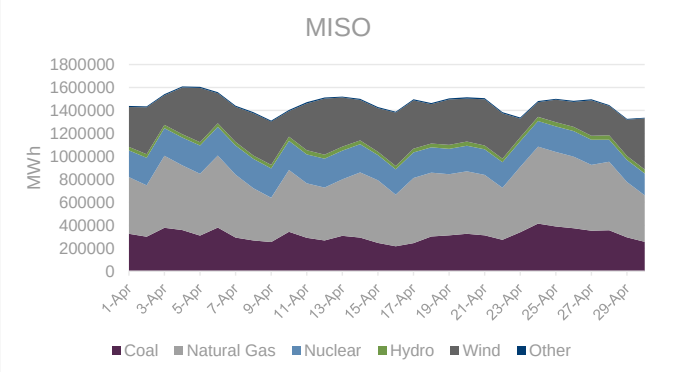

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Generation and Mix (continued)

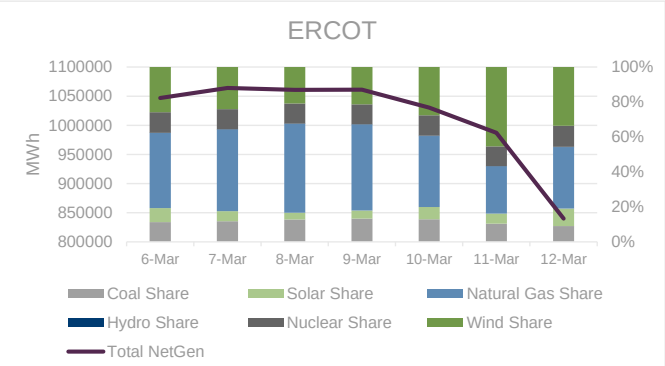

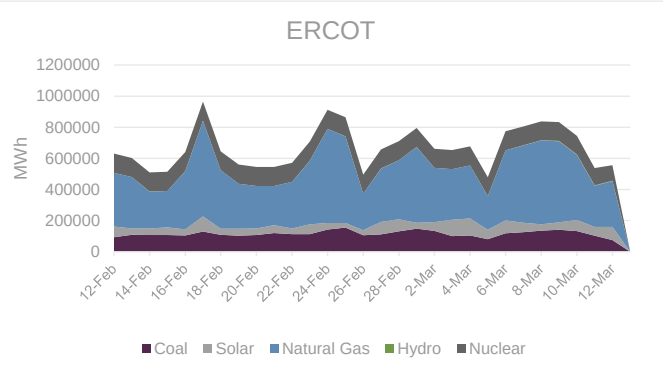

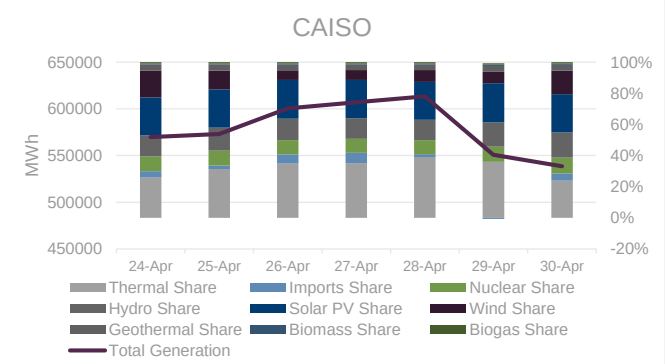

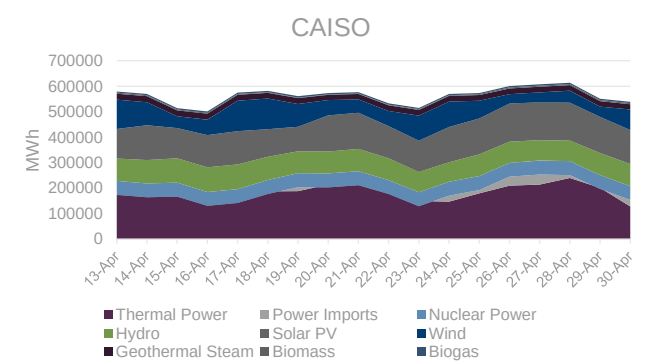

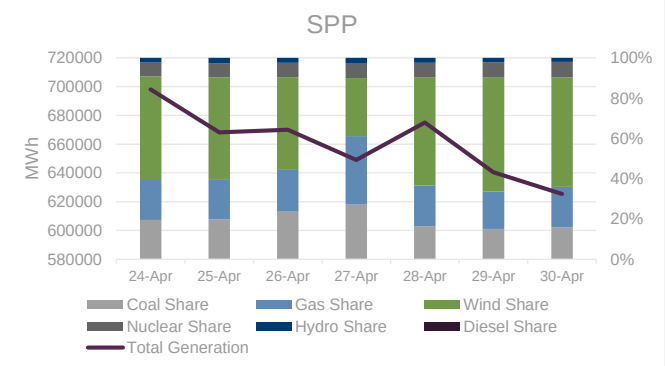

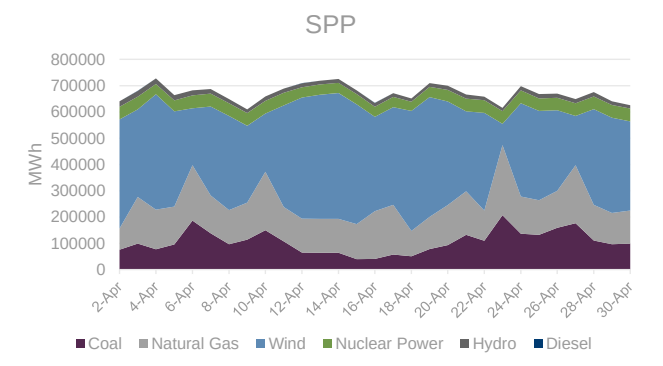

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Weather

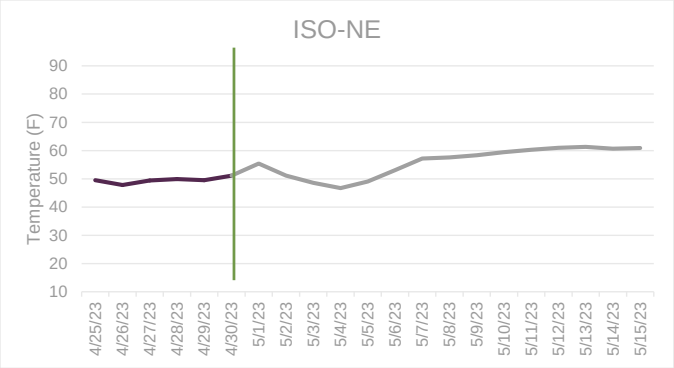

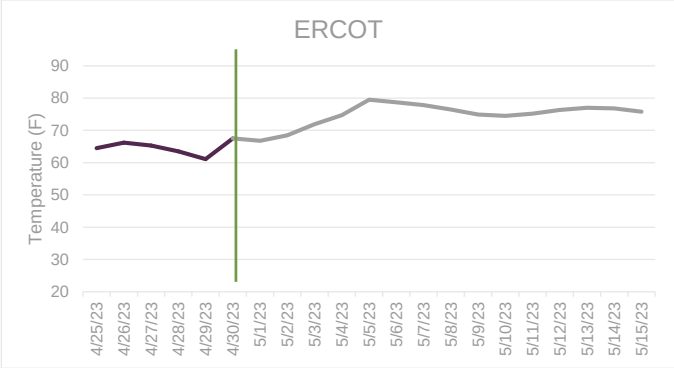

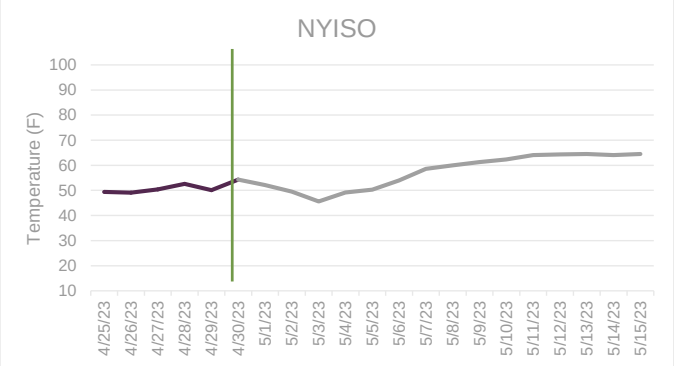

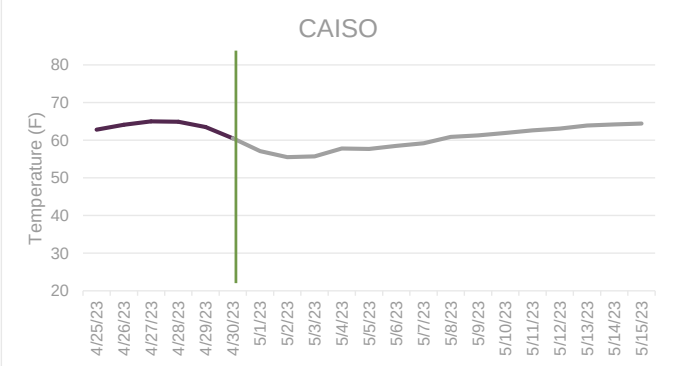

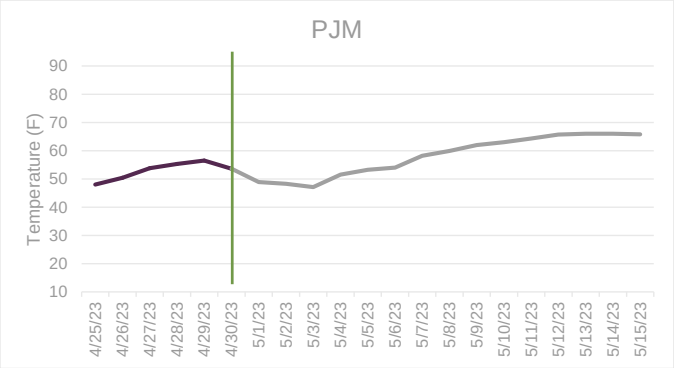

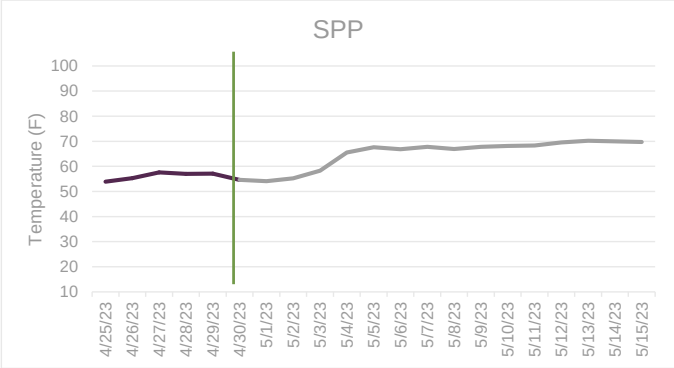

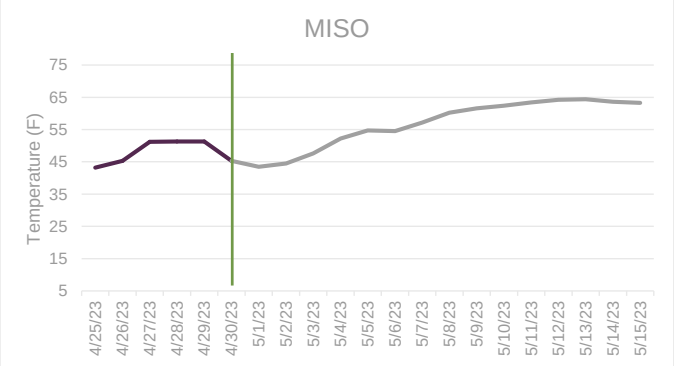

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

YTD Peak Load

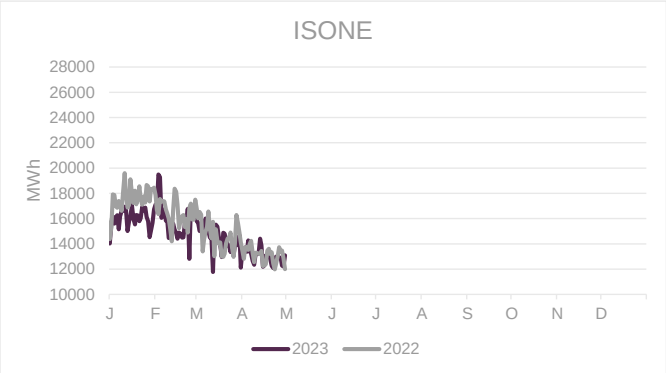

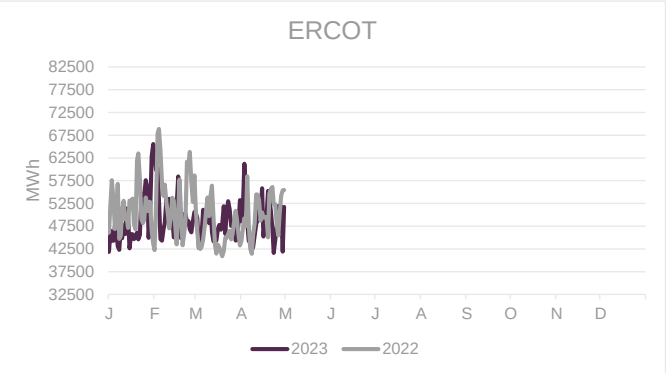

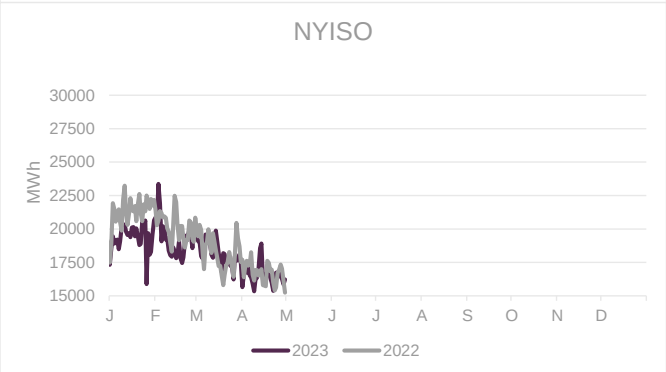

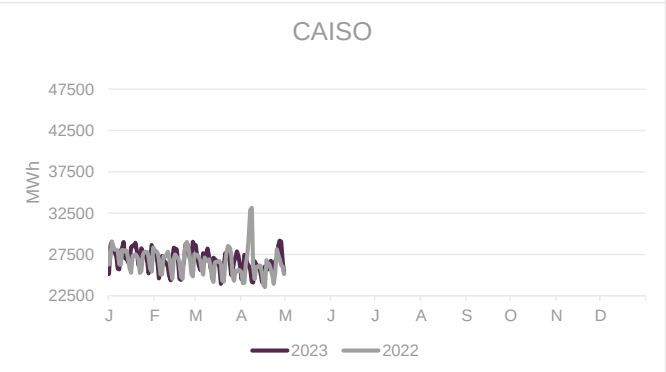

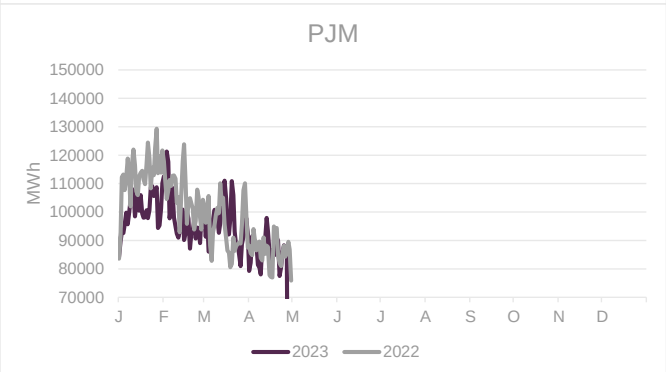

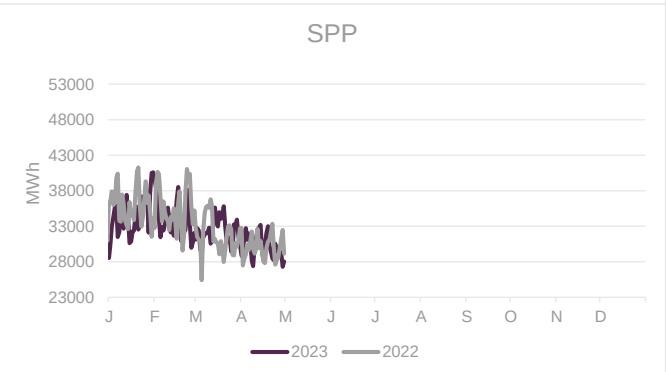

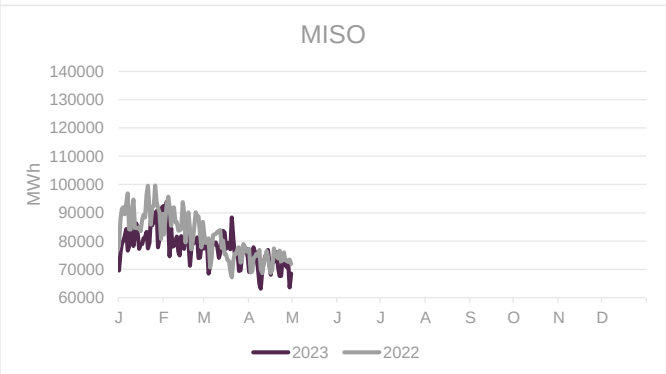

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-0.6%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-1.0%
PJM	3.8%	0.2%	2.1%	-5.2%	-0.1%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.5%
CAISO	1.2%	4.0%	0.3%	1.0%	-0.1%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-1.9%
SPP	9.7%	5.0%	7.1%	-1.6%	0.5%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (3/31/2023-6/30/2023)

Date	State	Ticker	Utility/Event	Docket	Description
3/1/2023-3/31/2023	TX	ETR	Entergy Texas Inc.	D-53719	ALJ recommended decision may be issued in rate case — suspended due to settlement talks
3/15/2023-4/15/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2022-00036	Decision may be issued in rate case
3/29/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Company to submit annual information filing
3/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Company to submit annual information filing
3/31/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00120 (Rider US3)	Decision may be issued in Rider US 3 proceeding
3/31/2023-4/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00121 (Rider US4)	Decision expected in Rider US 4 proceeding
3/31/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00124 (Rider CE)	Decision expected in Rider CE update proceeding
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
4/1/2023-4/30/2023	KS	EVRG	Evergy Kansas Central Inc.		Rate case filing expected
4/1/2023-4/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Hearing examiner's report may be issued in Rider GT update proceeding
4/1/2023-4/30/2023	WI	LNT	Wisconsin Power and Light Co		Rate case expected to be filed early Q2'23
4/3/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Hearing to begin in rate proceeding
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Final day for stipulations, settlement agreements
4/3/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Final day for stipulations, settlement agreements
4/4/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Rebuttal testimony due in rate proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Staff to file testimony in Rider RGGI reinstatement proceeding
4/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Rebuttal testimony due in Rider SNA adjustment proceeding
4/7/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Staff to file testimony in G-RAC proceeding
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (elec)	Hearing commences
4/11/2023	MT	NWE	NorthWestern Corp.	D-2022-7-78 (gas)	Hearing commences
4/12/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Staff to filed testimony in Rider OSW update proceeding
4/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Company rebuttal testimony due in rate proceeding
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Supplemental direct testimony due
4/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Supplemental direct testimony due
4/14/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Company rebuttal testimony due by
4/17/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Staff, intervenor testimony due
4/18/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Settlement conference to be held in rate proceeding
4/19/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Staff to file testimony in Rider DSM proceeding
4/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
4/21/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Rebuttal testimony due in G-RAC proceeding
4/26/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Rebuttal testimony due in Rider OSW update proceeding
4/28/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Staff testimony due in rate case
5/1/2023-5/31/2023	CA	EIX	Southern California Edison Co.		General rate case to be filed
5/1/2023-5/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0203 (ISRS)	Decision possible in ISRS proceeding
5/1/2023-5/4/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearings scheduled in Rider RGGI reinstatement proceeding
5/2/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Staff and intervenor testimony due in rate proceeding
5/2/2023-5/3/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearings scheduled in G-RAC proceeding
5/5/2023	IL	AEE	Ameren Illinois	D-23-0067	Staff and intervenor testimony due in rate proceeding
5/8/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Rebuttal testimony due
5/9/2023	IL	SO	North Shore Gas Co.	D-23-0068	Staff and intervenor testimony due in rate proceeding
5/9/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Hearing to begin in rate proceeding
5/9/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Hearing to begin in rate proceeding
5/9/2023-5/10/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearings scheduled in Rider OSW update proceeding
5/11/2023	IL	AEE	Ameren Illinois	D-23-0082	Staff and intervenor testimony due in rate proceeding
5/16/2023-5/17/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearings scheduled in Rider DSM proceeding
5/18/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Staff and intervenor testimony due in rate proceeding
5/21/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Intervening parties to file testimony in Rider E update proceeding
5/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on power cost update due
5/25/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
5/31/2023	NY	ED	Orange & Rockland Utlts Inc.		Long-term gas system plan to be filed
5/31/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Company rebuttal testimony due in rate proceeding
5/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00140 (Rider GT)	Decision expected in Rider GT proceeding
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Hearing Examiner report may be issued in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-OUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Hearing examiner report may be issued in Rider SNA adjustment proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/2/2023	IL	AEE	Ameren Illinois	D-23-0067	Company rebuttal testimony due in rate proceeding
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Utility and IPP 1Q23: Valuation and Estimate Adjustments
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	240	66.12%	37	15.42%
NEUTRAL	114	31.40%	6	5.26%
SELL	9	2.48%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 12-Jun-2023 12:24 PM.

KeyBanc Capital Markets

Alert

July 31, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: EXC, OTTR, AVA, D, ETR, SO, DUK, XEL, PNW, AEP, POR, FE, Transmission Reform

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

2Q earnings continue with ES, PEG, OTTR, WEC, FE, EXC, AVA, ETR, CEG, AEE, PNW, SO, SRE, ED, and D scheduled to report this week. This week, we are tracking proceedings in EXC's MD electric rate case, OTTR's IRP, AVA's electric and gas IRPs, D's SC natural gas rate case, AVA's ID rate cases, ETR's TX electric rate case, SO's VCM hearings, DEP's NC electric rate case, and XEL's TX electric rate case. In other news, the IL Staff files rebuttal testimony in EXC's IL electric rate case; AVA reaches a full settlement in its OR gas rate case; the AZ Staff files rebuttal testimony in APS's electric rate case; the VA Staff files testimony in APCo's VA triennial review; FERC issues a final rule in the interconnection queue docket; OR Staff files initial comments in POR's OR Clean Energy Plan and IRP; SO receives the 103(g) finding for Vogtle Unit 4, and the WV governor reappoints a commissioner.

Upcoming Earnings Report

2Q earnings continue: ES, PEG, OTTR, WEC, FE, EXC, AVA, ETR, CEG, AEE, PNW, SO, SRE, ED, and **D** are scheduled to report this week (see calendar below). Our recently published preview, In Limbo, includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

2Q23 Utilities Earnings Calls			
Company Name	**Ticker**	**Date**	**Time (ET)**
Eversource Corp	ES	8/1/2023	9:00 AM
Public Service Enterprise Group Inc	PEG	8/1/2023	11:00 AM
Otter Tail Corp	OTTR	8/1/2023	11:00 AM
WEC Energy Group Inc	WEC	8/1/2023	2:00 PM
FirstEnergy Corp	FE	8/2/2023	10:00 AM
Exelon Corp	EXC	8/2/2023	10:00 AM
Avista Corp	AVA	8/2/2023	10:30 AM
Entergy Corp	ETR	8/2/2023	11:00 AM
Constellation Energy	CEG	8/3/2023	10:00 AM
Ameren Corp	AEE	8/3/2023	10:00 AM
Pinnacle West Capital Corp	PNW	8/3/2023	12:00 PM
Southern Co	SO	8/3/2023	1:00 PM
Sempra Energy	SRE	8/3/2023	12:00 PM
Consolidated Edison Inc*	ED	8/3/2023	N/A
Dominion Energy Inc	D	8/4/2023	10:00 AM

*ED does not hold a conference call and will release an earnings package after market close
Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

EXC — Rebuttal testimony in EXC's MD electric and natural gas rate cases is due on July 31: MD PSC Staff recommended electric and gas revenue increases of $193M and $232, respectively over a three-year term. The increases are premised on a 9.45% ROE and 52% equity. This compares to BG&E's (Docket: C-9692), seeking a cumulative net $314M electric and a $290M gas rate increase over 2024-2026, premised on 10.4% ROE and 52% equity. The difference is largely due to the lower ROE proposed by Staff.

EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. A MD PSC decision is expected by year-end, with new rates becoming effective in early 2024.

OTTR — Initial comments in OTTR's supplemental IRP are due on July 31: OTTR made the supplemental IRP filing to incorporate the MISO seasonal resource adequacy construct, the IRA, MN's Clean Energy Law, OTTR's load forecast changes, and the expected capacity deficits in the MISO region. In its five-year plan, OTTR requested onsite LNG fuel storage at Astoria Station in 2026, adding 200 MW of solar in the 2027-2028 timeframe, taking the initial steps to support 200 MW of wind generation in the 2029 timeframe, and repowering most of its existing wind facilities in 2024/2025. The repowerings will be the equivalent of adding 40 MW of wind generation. A MN PUC hearing is expected toward the end of 2023, and the ND PSC will file comments by this fall. The SD PUC does not have formal IRP requirements or proceedings.

AVA — Comments in AVA's electric and gas IRPs are due on August 1: AVA filed its 2023 electric IRP with the ID and WA utility commissions and its 2023 natural gas IRP with the ID, OR, and WA utility commissions. AVA's gas filing includes preferred resource portfolio strategies for all three states that rely heavily on procuring natural gas and energy efficiency. In its electric filing, AVA aims to balance its strategy between the ID and WA as ID focuses on reliability and the lowest cost resources. In contrast, WA focuses on energy policy and the Clean Energy Transformation Act (CETA). AVA is required to file IRPs every two years.

D — Rebuttal testimony in D's SC natural gas rate case is due on August 1: Staff recommended a $5M revenue increase, premised on a 9.37% ROE and 51.97% equity. This compares to DESC's request for a $19M revenue increase, premised on a 10.38% ROE, 54.78% equity, and a $1.1B rate base as of September 20, 2022. Staff and D's recommendation includes $14M for gas costs from eliminating the Net Interruptible Revenue Credit, while Staff and D calculated ($9M) and $5M for non-fuel revenue, respectively. D requested new rates to become effective in October 2023.

AVA — Hearings on the settlement in AVA's ID rate case begin on August 2: Staff presented testimony supporting the multi-party settlement in the ID gas and electric rate cases stating that it provides a reasonable balance between AVA's ability to earn a reasonable return on its investments while offering affordable customer rates. Staff also believes that the settlement will provide rate stability in that AVA will not seek a rate increase prior to September 1, 2025. As part of the settlement in the two-year electric and gas rate cases, electric revenue increases by $22M in RY1 and by $4M in RY2, and natural gas revenue increases by $1M and ~ $0M, respectively, both based on a 9.4% ROE and 50% equity. This compares to AVA's request for $37.5M and $13.2M electric rate increases in RY1 and RY2, respectively, and gas rate increases of $2.8M and $0.1M, respectively, based on a 10.25% ROE and 50% equity. If approved, new rates would go into effect on September 1, 2023.

ETR — PUCT meeting on August 3 could yield a final ruling on the ETR TX settlement: The PUCT could issue a final order on the settlement and outstanding Issues Nos. 68 and 69 at the Open Meeting. ETR filed a settlement in the TX electric GRC, agreeing to a $54M net revenue increase ($252M base rate increase offset by $198M of riders), premised on a 9.57% ROE and 51.21% equity. The riders associated with transmission cost (TCRF), generation cost (GCRR), and distribution cost (DCRF) will reset to zero. The settlement resolves all issues except Issue Nos. 68 and 69 related to transportation electrification and charging infrastructure, respectively. Signing parties include PUCT Staff and the Office of the Public Utility Counsel; no intervening parties opposed the settlement. The PUCT has a jurisdictional deadline to issue a decision by August 3. New rates will be retroactive to December 3, 2022.

SO — Rebuttal testimony in GP's VCM 28 is due on August 3: In testimony, Staff noted that it expects total Vogtle project costs of $21.25B-$21.55B, slightly above GP's $21.0B estimate. The staff assumes a July-August 2023 COD for Unit 3 and a 2Q24 COD for Unit 4. SO has delayed Unit 3 until July 2023 due to a degraded hydrogen seal that was identified during startup testing. Staff noted that it's unlikely that Unit 4 will achieve COD by year-end 2023, and 1Q24 is a reasonable estimate. GP's VCM 28 pertains to July-December 2022. GP has presented $461M in capex for review only. The Commission will wait until Vogtle Units 3 and 4 are complete before determining the reasonableness and prudence of the cost overruns and their attribution to ratepayers. SO has an agreement since the VCM 24 that it would not seek approval of costs exceeding the $7.3B previously deemed reasonable by the Commission until the prudence review is complete. In VCM 28, GP's cost forecast is ~$10.2B, slightly up from the $10B estimate in VCM 27. The remaining capex to complete the project is ~$0.8B, including GP's share of project contingency.

DUK — Rebuttal testimony in DEC's NC electric rate case is due on August 4: Staff (Docket: E-7 Sub-1276) recommended a cumulative $398M ($113M in RY1, $153M in RY2, and $133M in RY3) revenue increase, premised on a 9.35% ROE and 52% equity. This compares to DUK's $833M ($511M in RY1, $172M in RY2, and $150M in RY3) request, premised on a 10.4% ROE and 53% equity. DUK filed supplemental testimony to reflect updated data, exhibiting a $991M revenue deficiency, but did not amend its rate request. The difference between Staff's recommendation and DUK's request can largely be attributed to the base case for the test period ending December 31, 2021, where Staff recommended an $11M increase compared to DUK's $372M revenue increase. Aside from this, other factors causing the variance in revenue deficiency include a lower ROE and cap structure (34% of the difference), while depreciation expenses and accumulated depreciation comprise 46% of the difference. Staff's adjustments exclude the accelerated depreciation of several plants (Cliffside Unit 5, Marshall Units 1 and 2), which have not been retired yet. Staff notes that DUK may place the remaining net book value into a regulatory asset or seek securitization when the plant is physically retired. Other adjustments include those to COVID deferral, inflation, and incentive expenses for short-term and long-term plans. For RY1-RY3, Staff recommended $387M

Sophie Karp (917) 368-2361 / sophie.karp@key.com

compared to DUK's $462M request. Evidentiary hearings will commence on August 21. DUK is asking for approved RY1 rates to be effective no later than January 1, 2024.

XEL — Intervenor testimony in XEL's TX electric rate case is due on August 4: XEL seeks a revenue increase of $158M, premised on a 10.65% ROE and 54.6% equity. The main drivers of the rate increase are investments to support the clean energy transition and the higher ROE request than presently authorized. XEL is also seeking to accelerate the depreciation of the Tolk coal facility to retire the plant in 2028 vs. 2034 previously. A PUCT decision is expected in 1Q24.

Recent Developments for Companies Under Our Coverage

From our midweek: Parties reach a settlement in CMS's MI gas rate case; the MI PSC approves the settlement in DTE's IRP; FERC approves the sale of Pleasants coal plant, and transmission reform is back in focus with a final rule from FERC on generator interconnection queue reform possible at tomorrow's Open Meeting.

EXC — Staff files rebuttal testimony in EXC's IL electric rate case:

- **Revenue:** Staff maintained its recommendation mostly unchanged in rebuttal testimony, making a modest increase to the revenue requirement from $1,039M in direct testimony to $1,076M in the rebuttal over 2024-2027. EXC's rebuttal testimony included a $1,550M revenue request over 2024-2027.
- **ROE and Equity Layer:** Similar to the rebuttal testimony offered in AEE's MYRP, Staff maintained its view on deriving the ROE using the FRP formula (30-year treasuries at 3.114% + 580 bps) and reiterated the 8.91% ROE proposal to be adjusted annually during the MYRP and also defended the 50% equity layer. EXC requested a 10.65% ROE and argued that Staff's recommended 8.9% ROE using the FRP is no longer applicable since the IL Energy Infrastructure Modernization Act is now superseded by the CEJA, which requires that the ROE be determined under current commission law. Staff calculated ROE midpoints of 9.23% and 10.87% in its analysis using the traditional DCF and CAPM methods, respectively, but decided to with the FRP formula.
- **Rate phase-in:** Staff recommends the disallowance of the rate phase-in plan, but if the ICC adopts a phase-in plan, it should adopt EXC's proposed 35% deferral of the 2024 revenue increase to be collected in 2026.
- **Upcoming calendar:** A proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision.

Figure 2 - EXC IL Electric MYRP - Company vs. Staff Testimonies

Staff ($M); ROE: 8.9%; Equity Layer 50%	2024	2025	2026	2027	Total
Direct Testimony					
Revenue Increase	648.6	126.7	150.9	112.6	**1,038.8**
Rate Base	15,389.3	16,289.4	17,079.9	17,802.6	
Rebuttal Testimony					
Revenue Increase	719.4	124.5	117.8	114.3	**1,076.0**
Rate Base	15,336.9	16,218.9	16,978.4	17,680.2	
EXC ($M); ROE: 10.5%; Equity Layer ~54%	**2024**	**2025**	**2026**	**2027**	**Total**
Direct Testimony					
Revenue Increase	904.3	176.0	218.2	203.1	**1,501.6**
Rate Base	15,439.7	16,488.7	17,559.5	18,749.1	
Rebuttal Testimony					
Revenue Increase	980.2	178.8	188.6	202.2	**1,549.8**
Rate Base	15,417.0	16,485.6	17,559.8	18,715.5	

Source: Regulatory filings, KeyBanc Capital Markets Inc.

AVA — AVA reaches full settlement in OR gas rate case: Staff notified the OR PUC that parties reached a settlement resolving all outstanding issues. The settlement and supporting testimony will be filed by August 18. Parties had previously reached a partial settlement resolving all costs of capital components, agreeing to a 9.5% ROE and 50% equity. The partial settlement resulted in a $1.6M revenue reduction vs. AVA's $11M revenue request, premised on a 10.25% ROE and 50% equity. A PUC final order is expected in December, and AVA requests rates to go into effect in 2024.

PNW — Staff files rebuttal testimony in APS's electric rate case: Staff filed rebuttal testimony reducing its revenue recommendation to $282M, down from the $313M net revenue increase in the original testimony. Staff's recommendation is premised on a slightly higher ROE of 9.68%, up 8 bps from its original testimony, while maintaining the 51.93% equity layer. This compares to APS's rebuttal testimony for a $383M net revenue increase, down from $460M in its original request and including a reduction in the FVI request from 1% to 0.5% while maintaining the 10.25% ROE and 51.93% equity layer. APS agrees to reduce by 50% the cost of certain incentive

Sophie Karp (917) 368-2361 / sophie.karp@key.com

programs, for the purpose of this specific filing. Staff's and PNW's total revenue increase includes $110M for test year adjustor revenue transfers and $221M Day-One PSA. Staff does not include the $16M REAC adjustment in its calculation. PNW is requesting rates to go into effect on December 1, 2023. Hearings in the case commence on August 10.

AEP — Staff files testimony in APCo's VA triennial review: According to Staff's calculations, APCo earned a 5.49% ROE during the 2020-2022 period. Staff recommends a $155M revenue increase, premised on a 9.4% ROE. Staff recommended a $25M increase for vegetation management compared to APCo's $48M ask. Overall, Staff's recommendation compares to the OAG's recommendation of a $69M revenue increase and APCo's request for a $213M revenue increase, premised on a 10.6% ROE. APCo calculates a 5.39% ROE during 2020-2022 and below the dead band of 8.5-9.9%. At the end of 4Q22, APCo deferred $38M related to previously incurred costs assuming it would earn below the 9.2% authorized ROE. Rebuttal testimony is due on August 11 and an SCC decision is due by November 30.

POR — Staff files initial comments in the POR's OR Clean Energy Plan and IRP:

- Staff's initial comments provide insight into some of the low-regret actions or opportunities, challenges, and vulnerabilities that need to be addressed. Specifically, Staff finds that a flexible approach toward acquiring energy and capacity resources, including EE and demand response resources, will serve as low regrets near-term actions. Staff sees the transmission constraints, reliance on emerging technologies, and near-term resource availability as the key challenges. The key vulnerabilities include GHG emissions modeling, transmission needs, and POR's analysis of community-based renewable energy. Staff is unable to draw any conclusions on the impact of Colstrip due to the lack of analysis. In total, Staff makes 29 recommendations for POR to address in its reply comments. These include adopting a scoring metric for the pace of GHG reductions, redesigning the Preferred Portfolio without assuming 800 MW of additional transmission, providing an accounting of banked RECs that can be used for customer benefits, and a detailed assessment of its small-scale renewable resource compliance strategy including how it plans to meet the compliance obligations and projected shortfalls.
- POR's CEP includes a set of near-term actions to achieve the targets outlined in HB 2021. The Preferred Portfolio emphasizes solar and wind resources, with ~3.5GW expected to be online by 2030. POR will meet the capacity needs through an annual RFP for up to 520 MW of non-emitting resources through 2028. POR also plans to add 632 MW of storage, energy efficiency (248 MW), and distributed resources (136 MW). POR will study the addition of community-based renewable energy to reach 155 MW by 2030. This is POR's first CEP/IRP filing since HB 2021 became law. The PUC has six months to acknowledge the CEP and determine if it is consistent with the new law (POR filed the plan on March 31, 2023).

FERC issues a final rule adopting reforms to generator interconnection procedures: The final rule (RM22-14-000) addresses interconnection queue backlogs aimed at easing the backlog of clean energy and storage resources seeking to interconnect to the U.S. power grid. The new rule will take effect 60 days after publication in the Federal Register.

- **What are the key highlights of the rule (Order 2023)?**
  - **Implement a First Ready, First Served Cluster Study process:** The rule will reduce the number of speculative interconnection requests by implementing a first-ready, first-served cluster study process in which the transmission providers will conduct large studies that include multiple generating facilities rather than individual studies for each facility. This method is intended to improve efficiency by performing larger studies and provide more certainty to customers regarding timing and the magnitude of cost upgrades, with increased financial commitments to enter the queue, it will discourage speculative requests and by the same token, result in fewer withdrawals.
  - **Allocation of Cluster Study and Upgrade Costs:** The rule allows each transmission provider to propose the study cost allocation of cluster studies, within limits, and to allocate the network upgrade costs based on a proportional impact method.
  - **Increased Financial Commitments and Readiness Requirements:** The final rule adopts the NOPE proposal to require deposits associated with interconnection requests that vary with the size of the generation facility and range from $35K for a 20 MW request to $250K for anything over 200 MW, with the deposit collected upfront at the time of submitting an interconnection request.
  - **More stringent site control evidence to enter a queue:** Site control must be demonstrated through the right to develop a generation facility of size or leasehold interest or an option to purchase a leasehold. There is also language to prevent multiple interconnection customers from leasing the same site to remain in the queue.
  - **Firm deadlines and penalties if transmission providers do not complete studies on time:** The penalties can range from $1K per day of delay to $2.5K per business day depending on the type of delay and the final rule eliminates the previously proposed reasonable efforts standard. There is language to extend the study period, add a grace period, and even appeal the penalty.
  - **Allow more than one resource to co-locate** on a shared site behind a single point of interconnection and share a single interconnection request to encourage hybrid resources.

- **Why was the rule needed?** With the impending generation transitions and growth of renewable generation, which are often smaller and more distributed than the traditional large fossil generation that the country has, there is consensus that the existing generator interconnection procedures are insufficient to handle the interconnection request in a timely and efficient way. At the end of 2022,

there were more than 10K interconnection requests hoping to connect over 2 GW of generation and storage. This queue is the largest on record, more than 4x (in GW) of the interconnection queues in 2010 and a 40% increase y/y. According to a Berkley National Lab report, the lengthening of the interconnection queues has led to a sharp increase in the average cost to interconnect, with the cost of broader network upgrades driving most of the rise. We have written on the topic in detail here.

- **What is not covered in this rule?** The rule does not take into account generator retirement and replacement processes, the introduction of project prioritization to allocate scarce interconnection access, changes to network upgrade requirements, forging coordination between generator interconnection and transmission planning, or identifying interconnection to improve interregional planning.
- **What is needed next in transmission reform?** Aside from actions proposed by the DOE and Congress, FERC has a NOPR on cost allocation, which we believe will be critical in unlocking transmission reform. We wrote last week about the topic here and the related docket is RM21-17.

SO — SO prepares fuel load for Vogtle Unit 4: SO received the 103(g) finding from the NRC for Vogtle Unit 4 confirming that the unit has been constructed and will be operated in compliance with the COLA and NRC regulations. Operators can now make final preparations for fuel load in Unit 4, startup testing, to bring the unit online. Once SO commences fuel load, it can seek a prudence review for all costs exceeding $7.3B. SO projects total costs of ~$10.6B. The prudence review is expected to take six months. Unit 4 is expected to enter service in 4Q23/1Q24.

AEP, FE — WV governor reappoints commissioner: WV Governor Justice reappointed Renee Larrick for another six-year term at the WV PSC, extending her tenure to 2029, subject to Senate confirmation. Commissioner Larrick serves on the three-member PSC with Chair Charlotte Lane and Commissioner Bill Raney. The Commission may not have more than two commissioners from the same party. We are watching AEP's APCo and Wheeling Power rate cases and FE's Mon Power and Potomac Edison Co combined electric rate cases.

Earnings Recap

POR — POR reported 2Q results below consensus, but maintained its 2023 guidance as the second half represents easier comps and fewer impacts from the below-average hydro year. The Company continues progressing through its general rate case with some issues settled and ongoing discussions scheduled. Discussions on power costs and Faraday recovery will be worth monitoring. Please read our full report here.

EIX — EIX reported a better-than-expected quarter and reiterated 2023 EPS guidance of $4.55-$4.85 and a 2025 outlook of $5.50-$5.90. As expected, management provided a longer-dated EPS growth forecast of 5-7% off 2025 levels and extending through 2028. The 5-7% growth is underpinned by a 6-8% rate base growth based on the $38B-$43B capex through 2028. There appear to be avenues to further extend the growth runway through CAISO-approved transmission spending as well as additional electrification opportunities not in the current plan. The TKM mudslide cost recovery filing of $2B is expected to be filed in August, and the total that EIX plans to seek recovery for remains at $6B plus interest and legal costs. Wildfire mitigation efforts appear to be yielding results, although the CA fire season seems to be delayed this year. The GRC filing is the next catalyst as proceedings pick up pace. Please read our full report here.

AEP — AEP posted largely in-line 2Q results and maintained its 2023 guidance and the 6-7% long-term EPS growth rate. The Company continues to make headway on its portfolio rationalization — the sale of its unregulated renewables business is in the final stretch and AEP has identified additional non-core assets that it intends to monetize among its transmission portfolio. All in all, these asset rationalizations should help AEP to get back into the desired FFO/ debt range of 14-15% (which includes some cushion over the downgrade threshold) and help offset equity needs. Please read our full report here.

XEL — XEL posted results below consensus as the electric margin was impacted by the MN rate case outcome. The miss was in line with our expectations as we were cautious and highlighted XEL as a name to watch in our 2Q23 preview, given the NT noise. Notably, XEL reaffirmed its 2023 guidance as it seeks additional cost-cutting initiatives and maintained its long-term growth rate with a bias toward the upper end. After a challenging 1H23, we continue to like XEL as a core holding and believe XEL will be able to execute its long-term plan. Please read our full report here.

AGR — AGR missed 2Q expectations as networks dragged results lower on higher O&M and timing of uncollectibles. Implementation of new rate plans in ME and NY should improve network results in 2H, but an unimpressive PD in CT is a disappointment. Offshore wind renegotiations continue, the NM Supreme Court hearing in the PNM case is scheduled for September 12, and NECEC progress appears encouraging as AGR addresses updated costs and project timing following the favorable Court decision to move forward with the project. Please read our full report here.

CMS — CMS reported 2Q results ahead of consensus estimates, fueled by a one-time financing gain and ongoing cost management that offset milder-than-normal weather. CMS's regulatory environment remains constructive with a recent settlement in its gas rate case, as the Company shifts its attention toward its electric rate case and the undergrounding pilot program. Overall, we believe that CMS remains on track to deliver on the 6-8% EPS growth trajectory. Please read our full report here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

DTE — DTE reported 2Q adjusted EPS of $0.99, higher than our estimates and consensus as cost management helped to offset the impact of milder weather. The IRP has reached a constructive conclusion, and we believe that the electric rate case is leaning toward a settlement as well, with an October timing likely. Strong economic activity in DTE's service territory (partly linked to the IRA), increasing electrification, and a strong case for increased and accelerated resilience spending put the Company in a comfortable position to maintain the longer-term 6-8% growth rate, despite the short-term headwinds from milder than normal weather. Please read our full report here.

CNP — CNP reported an in line quarter and reiterated all the guidance metrics including the 2023 outlook of $1.48-$1.50; and 6-8% long-term growth plan. A constructive legislative session in TX provides CNP with several positives to reduce regulatory lag including the ability to file two DCRFs per year and a resiliency spending rider. The Company raised 2023 capex by $400M to $4B and remains optimistic on additional opportunities beyond the current $43.6B plan through 2030. A Houston Electric rate case is expected to be filed in 1Q24 and we would expect more discussion on financing needs through next year as CNP fulfills its goal of a 14-15% FFO/ Debt while still seeing a robust capex spending environment. Management reiterated plans for no equity in the near term. Please read our full report here.

NEE — NEE reported an above-consensus quarter and NEER earnings beat despite a three-decade low in wind resources in 2Q. The outlook for 6-8% EPS growth was reiterated with a bias to the top end. NEER continues to benefit from the IRA, especially as the regulatory overhangs from AD/CVD and UFLPA start to ease. Management offered comments on the solar supply chain, which indicates a softening solar component pricing and should be a meaningful support toward building NEER's backlog especially as interest rates stabilize. Please read our full report here.

NWE — NWE posted 2Q23 results below consensus estimates as the Company continues to face pressure from O&M and inflation, further exacerbated by headwinds in volumes during the quarter. We maintain our thesis on NWE, as we believe the Company offers a unique opportunity for long-term rate base growth as it looks to shore up its capacity shortage, and we expect investors to look past the results and focus on the near-term catalysts. We expect a final order on the MT GRC in the next few weeks, followed by full-year guidance and likely a new long-term growth rate. Please read our full report here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 3 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
NC	Duke Energy Progress	DUK	D-E-2 Sub 1300	Electric	7/31/2023	Proposed Orders Due
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	7/31/2023	Rebuttal Testimony
MN	Ottertail Power	OTTR	21-339	IRP	7/31/2023	Initial Comments Due
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	7/31/2023	Company Surrebuttal Testimony Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	7/31/2023	Company Surrebuttal Testimony Due
WA	Avista Corp.	AVA	UE-200301	Electric	8/1/2023	Comments Due
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/1/2023	Rebuttal Testimony Due
ID	Avista Corp.	AVA	C-AVU-E-23-01	Electric/Nat Gas	8/2/2023	Hearings Begin
TX	Entergy Texas Inc.	ETR	D-53719	Electric	8/3/2023	PUCT Meeting - Final Decision Pending
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	8/3/2023	Rebuttal Testimony Due
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	8/4/2023	Rebuttal Testimony Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/4/2023	Intervenor Testimony
IL	Ameren Illinois	AEE	D-23-0082	Electric	8/7/2023	Evidentiary Hearings Begin
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	8/7/2023	Written Exceptions Due
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	8/7/2023	Supplemental Testimony Due (12+0)
VA	Dominion Energy	D	PUR-2023-00066	IRP	8/8/2023	Intervenor Testimony Due
	Short-Term Energy Outlook	EIA			8/8/2023	STEO release
	CPI Release	BLS			8/10/2023	CPI release for Prior Month
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/10/2023	Surrebuttal Testimony Due
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	8/10/2023	Hearings Commence
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	8/10/2023	Evidentiary Hearings Begin
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	8/10/2023	Evidentiary Hearings Begin
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	8/11/2023	Rebuttal Testimony Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/11/2023	Staff Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	8/14/2023	Company Surrebuttal Testimony Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	8/14/2023	Post Hearing Briefs
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	8/14/2023	Opening Briefs
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	8/15/2023	Staff and Intervenor Testimony Due
MI	DTE Electric Co.	DTE	C-U-21297	Electric	8/15/2023	Briefs Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	8/17/2023	Post Hearing Briefs
	DoC Solar Investigations	DoC	A-570-979	AD/CVD	8/17/2023	Final Determinations Due
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	8/17/2023	Rebuttal Testimony
	UPSA Formula Rate Complaint	ETR	EL-20-72		8/18/2023	Briefs on Exceptions Due
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	8/18/2023	Staff and Intervenor Testimony Due
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/21/2023	Evidentiary Hearings Begin
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	8/21/2023	Evidentiary Hearings Begin
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	8/22/2023	Intervenor Testimony
VA	Dominion Energy	D	PUR-2023-00066	IRP	8/22/2023	Staff Testimony Due
OR	Portland General Electric Co.	POR	D-UE-416	Electric	8/22/2023	Staff and Intervenor Rebuttal Testimony
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	8/24/2023	Evidentiary Hearings Begin
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	8/24/2023	Post Hearing Briefs
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	8/24/2023	Post Hearing Briefs
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	8/25/2023	Statutory Deadline for final decision
CA		CPUC	R2207005	Fixed Charges	8/25/2023	Opening Briefs
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	8/25/2023	Surrebuttal Testimony
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/25/2023	Rebuttal Testimony

Source: Regulatory filings, KeyBanc Capital Markets Inc., S&P Market Intelligence

Figure 4 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	22.5	Overweight	$91	$85.83	2.9%	58%	4.36	4.67	4.96	19.7x	18.4x	17.3x	4.37	4.68	5.03	19.7x	18.3x	17.1x
AEP	American Electric Power Company Ir	44.0	Sector Weight	NA	$85.42	3.9%	64%	5.26	5.62	5.96	16.2x	15.2x	14.3x	5.27	5.60	5.98	16.2x	15.2x	14.3x
CMS	CMS Energy Corp	17.8	Sector Weight	NA	$61.02	3.2%	63%	3.10	3.34	3.67	19.7x	18.3x	16.6x	3.11	3.35	3.63	19.6x	18.2x	16.8x
CNP	CenterPoint Energy Inc	19.0	Sector Weight	NA	$30.10	2.5%	51%	1.50	1.62	1.72	20.1x	18.6x	17.5x	1.49	1.61	1.73	20.2x	18.7x	17.4x
D	Dominion Energy Inc	44.7	Sector Weight	NA	$53.50	5.0%	71%	3.58	3.84	3.90	14.9x	13.9x	13.7x	3.76	3.64	3.90	14.2x	14.7x	13.7x
DTE	DTE Energy Co	23.4	Sector Weight	NA	$113.57	3.4%	62%	6.03	6.72	7.16	18.8x	16.9x	15.9x	6.22	6.69	7.15	18.3x	17.0x	15.9x
DUK	Duke Energy Corp	71.9	Overweight	$109	$93.34	4.4%	73%	5.68	6.07	6.41	16.4x	15.4x	14.6x	5.63	5.98	6.34	16.6x	15.6x	14.7x
ETR	Entergy Corp	21.8	Sector Weight	NA	$103.27	4.2%	65%	6.77	7.22	7.68	15.3x	14.3x	13.4x	6.70	7.19	7.70	15.4x	14.4x	13.4x
ES	Eversource Energy	25.2	Sector Weight	NA	$72.10	3.8%	62%	4.35	4.65	4.94	16.6x	15.5x	14.6x	4.36	4.65	4.97	16.5x	15.5x	14.5x
ED	Consolidated Edison Inc	33.1	Underweight	$77	$95.64	3.4%	67%	4.85	5.16	5.47	19.7x	18.5x	17.5x	4.85	5.23	5.52	19.7x	18.3x	17.3x
EIX	Edison International	28.0	Sector Weight	NA	$72.96	4.0%	62%	4.76	5.11	5.63	15.3x	14.3x	13.0x	4.72	5.09	5.50	15.4x	14.3x	13.3x
EXC	Exelon Corp	41.5	Sector Weight	NA	$41.70	3.5%	62%	2.36	2.52	2.71	17.7x	16.5x	15.4x	2.36	2.51	2.72	17.7x	16.6x	15.3x
FE	FirstEnergy Corp	22.5	Overweight	$45	$39.34	4.0%	62%	2.56	2.67	2.87	15.4x	14.7x	13.7x	2.55	2.68	2.86	15.5x	14.7x	13.8x
PEG	Public Service Enterprise Group Inc	31.5	Sector Weight	NA	$63.18	3.6%	66%	3.45	3.62	3.88	18.3x	17.5x	16.3x	3.45	3.69	4.04	18.3x	17.1x	15.6x
SO	Southern Co	78.9	Sector Weight	NA	$72.35	3.8%	77%	3.56	4.01	4.25	20.3x	18.0x	17.0x	3.60	4.03	4.31	20.1x	18.0x	16.8x
WEC	WEC Energy Group Inc	28.4	Overweight	$102	$90.06	3.5%	68%	4.62	4.88	5.24	19.5x	18.5x	17.2x	4.61	4.91	5.25	19.5x	18.4x	17.1x
XEL	Xcel Energy Inc	34.7	Overweight	$71	$62.89	3.3%	62%	3.34	3.55	3.78	18.8x	17.7x	16.6x	3.35	3.59	3.84	18.8x	17.5x	16.4x
					Average:	**3.7%**	**64%**				**17.8x**	**16.6x**	**15.6x**				**17.7x**	**16.6x**	**15.5x**
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
AVA	Avista Corp	3.0	Underweight	$32	$38.96	4.7%	79%	2.33	2.43	2.55	16.7x	16.0x	15.3x	2.32	2.46	2.58	16.8x	15.8x	15.1x
NWE	NorthWestern Corp	3.4	Overweight	$64	$56.82	4.5%	75%	3.42	3.58	3.74	16.6x	15.9x	15.2x	3.41	3.59	3.77	16.7x	15.8x	15.1x
OTTR	Otter Tail Corp	3.4	Sector Weight	NA	$80.88	2.2%	37%	4.71	3.28	3.51	17.2x	24.7x	23.0x	4.75	3.49	3.69	17.0x	23.2x	21.9x
PNW	Pinnacle West Capital Corp	9.5	Underweight	$61	$83.80	4.2%	83%	4.06	4.72	4.94	20.6x	17.8x	17.0x	4.19	4.89	5.08	20.0x	17.1x	16.5x
POR	Portland General Electric Co	4.6	Sector Weight	NA	$47.54	4.0%	70%	2.66	3.04	3.21	17.9x	15.6x	14.8x	2.67	3.06	3.22	17.8x	15.6x	14.8x
					Average:	**3.9%**	**69%**				**17.8x**	**18.0x**	**17.1x**				**17.7x**	**17.5x**	**16.7x**
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Payout	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E	Earnings Per Share '23E	'24E	'25E	Price / Earnings '23E	'24E	'25E
AGR	Avangrid Inc	14.5	Sector Weight	NA	$37.46	4.7%	83%	2.12	2.29	2.44	17.7x	16.4x	15.4x	2.12	2.30	2.48	17.7x	16.3x	15.1x
NEE	Nextera Energy Inc	147.4	Overweight	$85	$72.85	2.6%	60%	3.11	3.40	3.67	23.4x	21.4x	19.9x	3.12	3.41	3.69	23.4x	21.4x	19.8x
SRE	Sempra	47.0	Sector Weight	NA	$149.30	3.2%	53%	8.87	9.44	10.17	16.8x	15.8x	14.7x	8.99	9.58	10.20	16.6x	15.6x	14.6x
					Average:	**3.5%**	**65%**				**19.3x**	**17.9x**	**16.6x**				**19.2x**	**17.7x**	**16.5x**
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Dividend ('23E) Yield	Payout	EBITDA ($M) '23E	'24E	'25E	EV/EBITDA '23E	'24E	'25E	EBITDA ($M) '23E	'24E	'25E	EV/EBITDA '23E	'24E	'25E
CEG	Constellation Energy Corp	31.1	Sector Weight	NA	$95.74	1.2%	27%	3,126	3,791	3,863	10.6x	8.7x	8.7x	3,245	3,719	3,726	10.3x	8.9x	9.0x
NRG	NRG Energy Inc	8.7	Not Covered	NA	$37.71	4.0%	35%	NA	NA	NA	NA	NA	NA	2,929	3,078	3,080	6.3x	5.8x	4.0x
VST	Vistra Corp	10.3	Not Covered	NA	$27.72	2.9%	23%	NA	NA	NA	NA	NA	NA	3,706	3,973	3,990	6.3x	5.8x	5.4x
					Average:	**2.7%**	**28%**				**10.6x**	**8.7x**	**8.7x**				**7.6x**	**6.8x**	**6.2x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 5 - Stock Price Performance

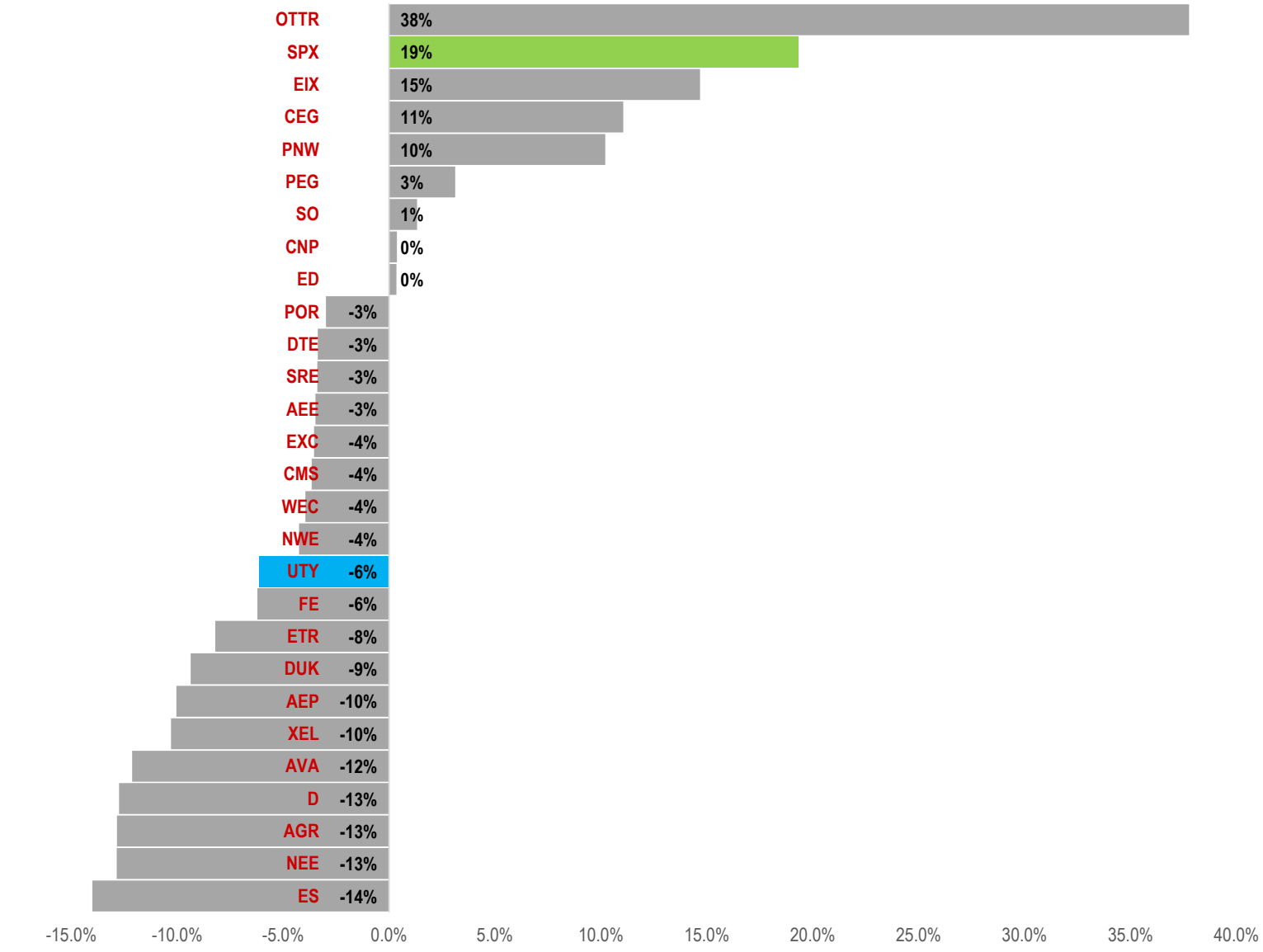

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Select Recent Research

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	261	49.62	43	16.48
Sector Weight [SW]	258	49.05	43	16.67
Underweight [UW]	7	1.33	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	23	39.66	14	60.87
Sector Weight [SW]	32	55.17	12	37.50
Underweight [UW]	3	5.17	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Catalyst to Watch This Week: Entergy Texas Rate Case

On August 3rd, we expect the Public Utilities Commission of Texas to vote on the Entergy Texas rate case settlement. The company is seeking a net $54mm base rate increase premised on a 9.57% ROE, 51.21% equity ratio and $4.4bn rate base. The settlement addresses all revenue requirement issues in the case, but does not resolve two issues related to the company-proposed electric vehicle charging infrastructure program and riders.

Watt's on Tap

July 31 -August 4

Calendar Items

Weekly Calendar	
Thu - August 3	**ETR** - Public Utility Commission of Texas Rate Case Decision
Fri - August 4	**CMS** - Company report on billing issues due with Michigan Public Service Commission
Other Possible	**ETR** - FERC clarification around Dec '22 order on SERI issues **ES** - Potential offshore wind project sale announcement. **PCG**- Potential ALJ decision in general rate case **SO** - Vogtle Unit 3 Completion

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 7/26/2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 11.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

07/19/2023 UBS Evidence Lab Inside: 2Q 2023 Preview
07/28/2023 EIX: Rolling 6% EPS Growth to 2028
07/28/2023 CenterPoint Energy Inc "CapEx Raised, Growth Outlook Remains Strong"
07/27/2023 XEL: Wildfire and Regulatory Uncertainty
07/27/2023 EXC: IL Staff Recommendation Largely Unchanged
07/27/2023 AEP: Q2 Earnings In-Line
07/27/2023 CWT: Miss. 2Q'23 EPS $0.17 v. $0.55...
07/27/2023 DTE: Beat. 2Q'23 Adj. EPS $0.99 v. $0.88 Cons/UBSe
07/27/2023 PG&E Corp "A Bit Light. 2Q'23 Adj. EPS $0.23 v. $0.25 Cons/UBSe..."
07/27/2023 American Water Works Co "Top-Line Beat; 2Q'23 EPS $1.44
07/27/2023 CMS Energy Corp "Beat. 2Q'23 Adj. EPS $0.75 v. $0.70 Cons/UBSe"
07/25/2023 NEE: Green Hydrogen Rules to Come; Backlog on Track
07/25/2023 CMS: Gas Rate Settlement Maintains Michigan Consistency
07/23/2023 US Utilities "Hot Topics from NARUC in Austin" Fowler

North America Alternative Energy and Environmental Services Analysts: Jon Windham & William Grippin

07/27/2023 FSLR: 2Q23: Expanding U.S. module capacity to 14GW
07/26/2023 TPI Composites Inc "2Q23: pre-announced miss, cut FY2023 guidance"
07/26/2023 Waste Management Inc "2Q23: Slight reduction to 2023 guide"
07/26/2023 SunPower Corp "2Q23: pre-announced miss & FY 2023 guide cut"
07/25/2023 NextEra Energy Partners LP "2Q23: Progressing pipeline sale"

Figure 1: 2Q'23 Power and Utility Estimates

US Companies in US$			Quarterly					Annual					
Company	Ticker	Scheduled Reporting Date	2Q'23E UBS	2Q'23E Consensus	UBS vs. Consensus	UBS Confidence Indicator[1]	2Q'22A Adjusted	2023E UBS	2023E Consensus	UBS vs. Consensus	Trailing 12 Month	2022A	2023E Guidance
ELECTRIC UTILITIES													
AES Corp	AES	4-Aug	$0.20E	$0.23	($0.03)		$0.34A	$1.71	$1.71	$0.00	$1.55	$1.67	$1.65-$1.75
Alliant Energy	LNT	4-Aug	$0.59E	$0.58	$0.01		$0.63A	$2.90	$2.89	$0.01	$2.60	$2.80	$2.82-$2.96
Ameren Corp	AEE	3-Aug	$0.77E	$0.79	($0.02)		$0.80A	$4.36	$4.36	($0.01)	$3.95	$4.14	$4.25-$4.45
American Electric Power	AEP	Reported	$1.13A	$1.13	($0.00)		$1.20A	$5.25	$5.27	($0.02)	$5.00	$5.09	$5.19-$5.39
CenterPoint Energy	CNP	Reported	$0.28A	$0.27	$0.01		$0.31A	$1.49	$1.49	($0.00)	$0.87	$1.38	$1.48-$1.50
CMS Energy	CMS	Reported	$0.75A	$0.70	$0.05		$0.53A	$3.12	$3.10	$0.02	$2.39	$2.89	$3.06-$3.12
Consolidated Edison	ED	3-Aug	$0.58E	$0.61	($0.03)		$0.64A	$4.85	$4.85	$0.00	$3.69	$4.57	$4.75-$4.95
Dominion Energy	D	4-Aug	$0.47E	$0.47	($0.00)		$0.77A	$3.83	$3.82	$0.02	$3.41	$4.10	N/A
DTE Energy	DTE	Reported	$0.99A	$0.88	$0.11		$0.88A	$6.26	$6.21	$0.04	$4.66	$5.62	$6.09-$6.40
Duke Energy	DUK	8-Aug	$0.95E	$0.98	($0.03)		$1.14A	$5.63	$5.63	$0.00	$5.01	$5.27	$5.55-$5.75
Edison International	EIX	Reported	$1.01A	$0.95	$0.06		$0.94A	$4.71	$4.73	($0.02)	$4.52	$4.63	$4.55-$4.85
Emera Inc (C$)	EMA-TSE	11-Aug	$0.62E	$0.61	$0.01		$0.59A	$3.29	$3.20	$0.09	$2.53	$3.03	N/A
Entergy Corp	ETR	2-Aug	$1.66E	$1.68	($0.02)		$1.78A	$6.65	$6.71	($0.06)	$6.81	$6.42	$6.55-$6.85
Evergy, Inc	EVRG	4-Aug	$0.77E	$0.77	($0.00)		$0.86A	$3.65	$3.63	$0.01	$3.94	$3.71	$3.55-$3.75
Eversource Energy	ES	1-Aug	$0.89E	$0.91	($0.02)		$0.86A	$4.36	$4.36	($0.00)	$3.70	$4.05	$4.25-$4.43
Exelon Corp	EXC	2-Aug	$0.39E	$0.40	($0.01)		$0.44A	$2.36	$2.36	$0.00	$2.03	$2.27	$2.30-$2.42
FirstEnergy Corp	FE	1-Aug	$0.45E	$0.45	($0.00)		$0.53A	$2.59	$2.54	$0.05	$2.27	$2.41	$2.44-$2.64
Fortis Inc (C$)	FTS-TSE	2-Aug	$0.62E	$0.62	0.00		$0.57A	$2.97	$3.00	($0.03)	$2.62	$2.78	N/A
NextEra Energy	NEE	Reported	$0.88A	$0.88	$0.00		$0.81A	$3.13	$3.11	$0.02	$3.05	$2.90	$2.98-$3.13
NiSource Inc.	NI	2-Aug	$0.10E	$0.12	($0.02)		$0.12A	$1.57	$1.57	($0.00)	$0.72	$1.46	$1.54-$1.60
OGE Energy Corp	OGE	9-Aug	$0.45E	$0.44	$0.01		$0.36A	$2.01	$2.00	$0.01	$2.30	$3.32	$1.93-$2.07
PG&E Corp	PCG	Reported	$0.23A	$0.25	($0.02)		$0.25A	$1.23	$1.21	$0.02	$1.05	$1.10	$1.19-$1.23
Pinnacle West Capital Corporation	PNW	3-Aug	$1.10E	$1.16	($0.06)		$1.45A	$4.20	$4.19	$0.02	$5.28	$4.26	$3.95-$4.15
PPL Corporation	PPL	4-Aug	$0.31E	$0.32	($0.01)		$0.30A	$1.60	$1.58	$0.02	$1.31	$2.40	$1.50-$1.65
Public Service Enterprise Group	PEG	1-Aug	$0.63E	$0.63	$0.00		$0.64A	$3.46	$3.44	$0.01	$2.77	$3.47	$3.40-$3.50
Sempra Energy	SRE	3-Aug	$1.70E	$1.74	($0.04)		$1.98A	$8.98	$9.00	($0.02)	$8.04	$9.21	$8.60-$9.20
Southern Company	SO	3-Aug	$0.77E	$0.75	$0.02		$1.07A	$3.65	$3.60	$0.05	$3.38	$3.60	$3.55-$3.65
WEC Energy Group	WEC	1-Aug	$0.83E	$0.85	($0.02)		$0.91A	$4.62	$4.61	$0.01	$3.52	$4.46	$4.58-$4.62
Xcel Energy	XEL	Reported	$0.52A	$0.57	($0.05)		$0.60A	$3.35	$3.37	($0.02)	$3.03	$3.17	$3.30-$3.40
Average			$0.71	$0.72	($0.00)	-0.5%	$0.77	$3.72	$3.71	$0.01	$3.31	$3.66	
WATER UTILITIES													
American States Water	AWR	7-Aug	$0.74E	$0.78	($0.04)		$0.54A	$3.16	$2.77	$0.39	$2.12	$2.55	N/A
American Water Works Company	AWK	Reported	$1.44A	$1.31	$0.13		$1.20A	$4.79	$4.78	$0.01	$4.55	$4.51	$4.72-$4.82
California Water	CWT	Reported	$0.17A	$0.50	($0.33)		$0.36A	$1.90	$1.75	$0.14	$0.96	$1.96	N/A
Essential Utilities	WTRG	7-Aug	$0.31E	$0.34	($0.03)		$0.31A	$1.88	$1.86	$0.02	$1.73	$1.77	$1.85-$1.90
SJW Group	SJW	31-Jul	$0.51E	$0.56	($0.05)		$0.39A	$2.47	$2.47	($0.00)	$2.28	$2.06	$2.40-$2.50
Average			$0.63	$0.70	($0.06)	-9.2%	$0.56	$2.84	$2.73	$0.11	$2.33	$2.57	
IPPS - Adjusted EBITDA not EPS	**US$mlns**												
Constellation Energy	CEG	3-Aug	$708E	$697	$11		$603A	$3,129	$3,116	$13	N/A	$2,667	$2,900-$3,300
NRG Energy	NRG	8-Aug	$700E	$789	($89)		$358A	$3,062	$3,085	($23)	N/A	$1,754	$3,010-$3,250
Vistra Energy	VST	9-Aug	$865E	$855	$10		$761A	$3,699	$3,590	$109	N/A	$3,115	$3,400-$4,000
Average			$758	$780	($23)	-2.9%	$574	$3,297	$3,264	$33		$2,512	

1. UBS Confidence Indicator: Green = high confidence in estimate vs. consensus; Red = low confidence in estimate vs. consensus; Yellow = mid confidence in estimate vs. consensus

Source: FactSet, Company Filings, UBS estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 2: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	7/27/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	SRE	$149.36	$200	37%	$8.43	$9.21	$8.98	$9.58	$10.16	14.7x	(7%)	3.1%	7.2%	7.0%	1st
Buy	EIX	$70.86	$89	30%	$4.59	$4.63	$4.71	$5.13	$5.70	12.4x	(22%)	4.0%	6.7%	4.0%	3rd
Buy	NEE	$73.27	$91	27%	$2.55	$2.90	$3.13	$3.43	$3.70	19.8x	25%	2.3%	7.1%	10.0%	1st
Buy	AES	$21.38	$26	25%	$1.52	$1.67	$1.71	$1.88	$2.12	10.1x	(36%)	3.0%	6.1%	5.0%	1st
Buy	FE	$39.24	$45	19%	$2.60	$2.41	$2.59	$2.71	$2.93	13.4x	(15%)	4.0%	7.0%	3.0%	2nd
Buy	CMS	$61.60	$71	18%	$2.65	$2.89	$3.12	$3.37	$3.64	16.9x	7%	3.0%	8.1%	7.0%	1st
Buy	PPL	$27.49	$31	16%	$1.05	$1.41	$1.60	$1.70	$1.79	15.3x	(3%)	3.2%	7.1%	7.6%	2nd
Buy	EXC	$41.96	$47	15%	$1.83	$2.27	$2.36	$2.54	$2.77	15.2x	(4%)	3.2%	7.1%	7.2%	2nd
Buy	DTE	$114.34	$128	15%	$5.99	$5.96	$6.26	$6.69	$7.15	16.0x	1%	3.2%	6.6%	6.8%	3rd
Buy	NI	$27.98	$31	14%	$1.37	$1.46	$1.57	$1.68	$1.80	15.6x	(2%)	3.4%	6.8%	4.6%	3rd
Buy	PEG	$63.30	$70	14%	$3.65	$3.47	$3.46	$3.67	$3.97	15.9x	1%	3.4%	6.2%	7.0%	4th
Neutral	AEP	$85.26	$94	14%	$4.74	$5.09	$5.25	$5.64	$5.91	14.4x	(9%)	3.7%	5.7%	7.0%	4th
Neutral	EMA	$54.67	$59	13%	$2.81	$3.03	$3.29	$3.39	$3.53	15.5x	(2%)	4.9%	4.6%	4.7%	4th
Neutral	DUK	$94.44	$102	12%	$5.24	$5.27	$5.63	$5.97	$6.35	14.9x	(6%)	4.2%	6.3%	4.0%	3rd
Neutral	XEL	$62.87	$68	11%	$2.96	$3.17	$3.35	$3.64	$3.89	16.2x	2%	3.1%	7.0%	5.9%	2nd
Buy	SO	$72.86	$78	11%	$3.41	$3.60	$3.65	$4.05	$4.35	16.7x	6%	3.7%	6.6%	2.8%	3rd
Neutral	ETR	$103.63	$109	9%	$6.02	$6.42	$6.65	$7.18	$7.67	13.5x	(15%)	4.0%	6.8%	2.3%	2nd
Neutral	AEE	$86.62	$92	9%	$3.82	$4.14	$4.36	$4.71	$5.05	17.1x	8%	2.7%	7.1%	6.0%	2nd
Neutral	WEC	$90.58	$95	8%	$4.11	$4.46	$4.62	$4.94	$5.28	17.1x	8%	3.2%	6.3%	6.6%	3rd
Neutral	PCG	$17.59	$19	8%	$1.08	$1.10	$1.23	$1.36	$1.49	11.8x	(25%)	0.0%	9.7%	0.0%	1st
Neutral	LNT	$54.53	$57	8%	$2.65	$2.80	$2.90	$3.08	$3.27	16.7x	5%	3.1%	5.5%	6.0%	4th
Neutral	OGE	$36.09	$37	7%	$2.36	$3.32	$2.01	$2.11	$2.26	15.9x	1%	4.6%	7.1%	3.0%	1st
Neutral	ED	$95.75	$97	5%	$4.37	$4.57	$4.85	$5.18	$5.51	17.4x	10%	3.3%	6.3%	4.5%	3rd
Neutral	CNP	$30.36	$31	4%	$1.64	$1.17	$1.51	$1.66	$1.75	17.4x	10%	2.3%	11.9%	8.0%	1st
Neutral	EVRG	$59.82	$59	3%	$3.58	$3.71	$3.65	$3.99	$4.30	13.9x	(12%)	3.9%	5.5%	7.0%	4th
Neutral	D	$53.36	$52	2%	$3.86	$4.10	$3.83	$3.42	$3.70	14.4x	(9%)	5.0%	0.9%	1.5%	4th
Neutral	ES	$72.27	$71	2%	$3.54	$4.05	$4.36	$4.64	$4.94	14.6x	(7%)	3.5%	6.7%	5.5%	3rd
Sell	FTS	$56.68	$55	1%	$2.59	$2.78	$2.97	$3.18	$3.37	16.8x	6%	3.8%	5.9%	4.2%	4th
Sell	PNW	$84.03	$77	(4%)	$5.47	$4.26	$4.20	$4.96	$5.23	16.1x	1%	4.1%	6.5%	4.6%	3rd
Electric Utility Average										**15.8x**		**3.5%**	**6.5%**	**5.5%**	

Rating	Ticker	7/27/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$42.53	$50	20%	$1.67	$1.77	$1.88	$2.05	$2.18	19.5x	(21%)	2.6%	6.8%	7.0%	2nd
Neutral	SJW	$69.99	$78	14%	$2.14	$2.43	$2.47	$2.80	$2.95	23.7x	(4%)	2.1%	6.3%	7.0%	2nd
Neutral	AWK	$148.49	$150	3%	$4.25	$4.51	$4.79	$5.18	$5.53	26.9x	8%	1.9%	7.9%	8.0%	2nd
Neutral	AWR	$86.68	$88	3%	$2.34	$2.11	$3.11	$2.93	$3.17	27.3x	10%	1.8%	7.4%	6.0%	2nd
Sell	CWT	$50.88	$49	(2%)	$1.97	$1.77	$1.90	$2.08	$2.20	23.1x	(7%)	2.0%	5.7%	5.0%	3rd
Water Utility Average										**24.8x**		**2.1%**	**7.4%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 3: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	7/27/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$28.10	$37	33%	$3,325	$3,685	$1,908	$2,994	$3,699	6.9x	-3%	4.5x	33%
Sell	**NRG**	$37.32	$33	(11%)	$1,776	$1,977	$2,404	$2,793	$3,062	6.9x	17%	4.2x	26%
AVERAGE										**6.9x**		**4.3x**	**29%**

Source: FactSet, UBS Estimates

Figure 4: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.31	3,081	$ 44,083	$ 15,754	25.1x	21.2x	$ 2,388
Brookfield Infrastructure Partners (1)	US$	BIP-USA	Not Covered	$ 35.44	458	$ 16,241	$ 31,032	N/A	13.2x	N/A
Average								**25.1x**	**17.2x**	
Railroads										
CSX Corp	US$	CSX-USA	Buy	$ 33.03	2,006	$ 66,269	$ 16,517	11.1x	10.1x	$ 7,436
Canadian National Railway	US$	CNI-USA	Buy	$ 118.34	656	$ 77,584	$ 11,116	9.7x	12.3x	$ 9,177
Canadian Pacific Railway	US$	CP-USA	Buy	$ 83.08	931	$ 77,352	$ 14,370	11.3x	15.2x	$ 8,082
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 235.34	228	$ 53,573	$ 15,670	12.2x	10.5x	$ 5,675
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 232.10	609	$ 141,455	$ 33,928	13.7x	13.2x	$ 12,815
Average								**11.6x**	**12.3x**	
Clean Power										
AES Corp. (2)	US$	AES-USA	Buy	$ 21.38	711	$ 15,201	$ 19,947	10.3x	8.6x	$ 3,397
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 26.43	82	$ 2,177	$ 6,371	7.4x	7.4x	$ 1,148
NextEra Energy Partners	US$	NEP-USA	Buy	$ 54.12	93	$ 5,057	$ 5,030	4.4x	7.1x	$ 2,303
Ormat Technologies	US$	ORA-USA	Buy	$ 81.61	60	$ 4,873	$ 1,826	12.4x	10.7x	$ 539
Orsted A/S	DKK	ORSTED-CSE	Buy	601.60 kr.	420	252,901.25 kr.	$ 49,965	9.5x	11.6x	31,746.94 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 24.23	116	$ 2,812	$ 4,836	8.7x	7.9x	$ 884
Average								**8.8x**	**8.9x**	
OVERALL AVERAGE								**11.3x**	**11.5x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$95.42	300	$ 28,650	$ 6,603	9.1x	9.0x	$ 3,886
							At 8% Discount	**10.4x**	**10.6x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks (2) UBS EBITDA includes net tax credits.

Source: FactSet, UBS estimates
Updated: 7/27/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 5: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn- Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	18.92	30	59	80	2.9	3.8	0.0	22.1x	16.0x	13.0x	14.2x	11.4x	9.7x	11.0x	11.7x	15.9x
CSIQ	Canadian Solar	Buy (CBE)	36.26	50	38	45	2.3	5.2	0.0	7.7x	5.9x	5.3x	4.3x	3.2x	2.9x	1.0x	1.2x	0.8x
FSLR	First Solar	Buy	198.80	280	41	460	21.2	19.3	0.0	25.1x	16.6x	7.7x	16.4x	10.9x	5.5x	3.2x	3.7x	0.4x
FTCI	FTC Solar	Buy (CBE)	3.63	4	10	6	0.4	0.4	0.0	-	14.0x	9.1x	-	9.2x	5.1x	6.0x	4.5x	7.9x
JKS	JinkoSolar	Neutral (CBE)	41.12	55	34	31	2.1	8.3	0.0	5.8x	5.1x	4.3x	3.7x	3.3x	2.9x	0.5x	0.6x	0.3x
SMR	NuScale Power	Neutral (CBE)	6.85	9	31	8	0.5	0.4	0.0	-	-	-	-	-	41.2x	31.0x	192.9x	-323.9x
ORA	Ormat Technologies	Buy	81.61	102	25	31	4.9	6.6	0.6	44.7x	35.2x	28.3x	12.9x	11.8x	10.6x	1.9x	2.3x	0.5x
SHLS	Shoals Technologies	Buy	26.24	29	11	65	4.5	4.7	0.0	45.2x	30.9x	25.4x	21.4x	16.1x	13.4x	6.6x	5.9x	1.7x
TPIC	TPI Composites	Neutral (CBE)	6.60	9	36	6	0.3	0.8	0.0	-	-	-	-	7.3x	4.2x	-2.5x	-2.4x	-9.6x
Average									0.1	25.1x	17.7x	13.3x	12.1x	9.1x	10.6x	6.5x	24.5x	-34.0x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	6.47	10	55	9	1.0	2.0	0.0	76.1x	27.4x	15.1x	16.4x	13.4x	11.5x	2.3x	2.1x	1.9x
GNRC	Generac	Buy	148.82	185	24	181	9.3	10.7	0.0	22.0x	15.7x	13.9x	14.3x	10.5x	9.5x	3.6x	2.9x	2.4x
SEDG	SolarEdge	Neutral (CBE)	241.75	310	28	265	13.6	13.2	0.0	24.3x	20.7x	18.4x	15.4x	14.1x	12.6x	5.1x	4.0x	3.3x
SPWR	SunPower	Neutral (CBE)	9.23	10	8	56	1.6	1.8	0.0	121.9x	22.8x	17.4x	23.0x	11.1x	9.1x	2.7x	2.1x	1.7x
RUN	Sunrun	Neutral (CBE)	18.34	20	9	168	4.0	14.1	0.0	-	32.0x	11.9x	-	166.2x	49.0x	0.6x	0.5x	0.4x
Average									0.0	56.1x	22.8x	15.4x	17.6x	50.5x	20.0x	3.0x	2.4x	2.0x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	26.31	47	79	27	2.4	5.6	6.1	11.9x	11.1x	10.4x	-	-	-	1.2x	1.1x	1.0x
Yield Co.																		
AY	Atlantica	Neutral	24.23	29	20	12	2.8	8.0	7.5	-	344.9x	64.3x	9.0x	8.3x	7.8x	1.9x	2.5x	1.9x
BEP	Brookfield Renewable	Buy	29.64	41	38	7	8.6	55.3	4.6	-	-	-	15.8x	15.0x	14.3x	5.3x	8.5x	9.3x
CWEN	Clearway	Buy	26.43	37	40	26	3.0	11.8	5.8	12.6x	15.4x	14.2x	10.2x	9.7x	9.2x	1.4x	1.9x	2.1x
NEP	NextEra Energy Partners	Buy	54.12	82	52	50	5.1	22.0	6.4	54.6x	49.6x	34.9x	10.0x	8.0x	7.2x	1.4x	2.3x	1.5x
Average									6.1	33.6x	136.6x	37.8x	11.3x	10.2x	9.6x	2.5x	3.8x	3.7x
Energy Storage																		
FLNC	Fluence Energy	Buy	27.76	34	22	37	3.2	3.1	0.0	-	288.8x	21.4x	-	74.3x	11.8x	9.4x	8.6x	5.7x
LICY	Li-Cycle Holdings Corp.	Buy	5.73	10	66	8	1.0	0.9	0.0	-	-	-	-	-	168.9x	2.7x	3.9x	5.0x
STEM	Stem Inc.	Buy (CBE)	6.37	8	26	36	1.0	1.3	0.0	-	-	11.2x	-	16.4x	6.9x	2.0x	2.0x	1.6x
Average									0.0	-	288.8x	16.3x	-	45.4x	62.6x	4.7x	4.8x	4.1x

Source: FactSet, UBS estimates
Updated: 7/27/2023

Figure 6: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn- Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	82.37	110	34	27	4.7	0.0	74.9x	69.7x	357.4x	17.2x	13.7x	12.8x	2.6	3.0	3.0
RSG	Republic Services, Inc.	Neutral	151.60	145	(4)	168	47.9	1.3	30.8x	29.2x	25.8x	13.8x	13.2x	12.4x	3.6	4.0	4.0
WCN	Waste Connections, Inc.	Buy	140.89	161	14	122	36.4	0.8	37.0x	33.3x	30.9x	17.1x	15.7x	14.6x	3.2	3.5	3.8
WM	Waste Management, Inc.	Neutral	163.97	170	4	235	66.4	1.7	29.3x	28.5x	25.1x	14.5x	13.7x	13.0x	2.9	2.3	3.7
Average								0.9	31.9x	30.3x	27.3x	14.9x	13.9x	13.1x	3.1	3.2	3.6
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	165.49	155	(6)	64	9.0	0.0	22.2x	18.9x	18.6x	10.4x	9.7x	8.8x	3.2	3.6	5.2
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	7.10	12	69	1	1.2	0.0	-	-150.6x	23.9x	17.2x	11.6x	6.8x	-	-	-

Source: FactSet, UBS estimates
Updated: 7/27/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 7: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

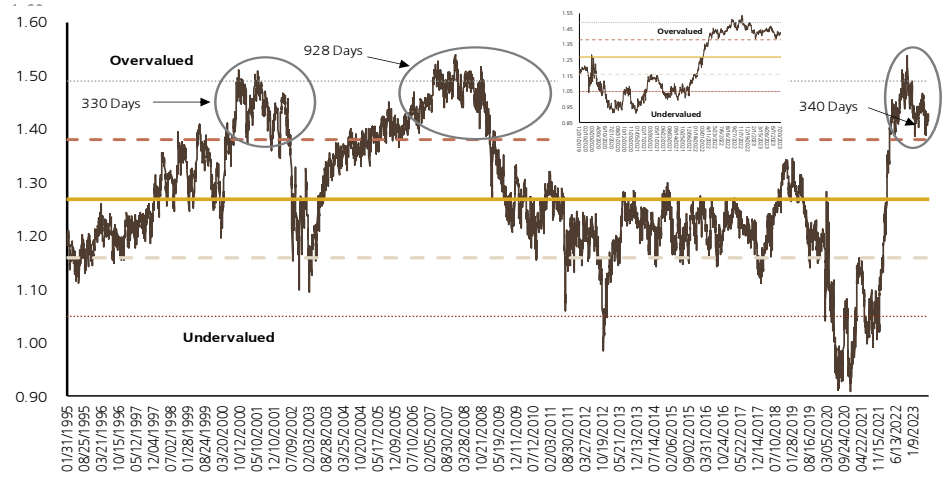

Source: FactSet, US Federal Reserve, UBS
Updated as of: 7/26/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 15.4% to the mean.

Figure 8: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

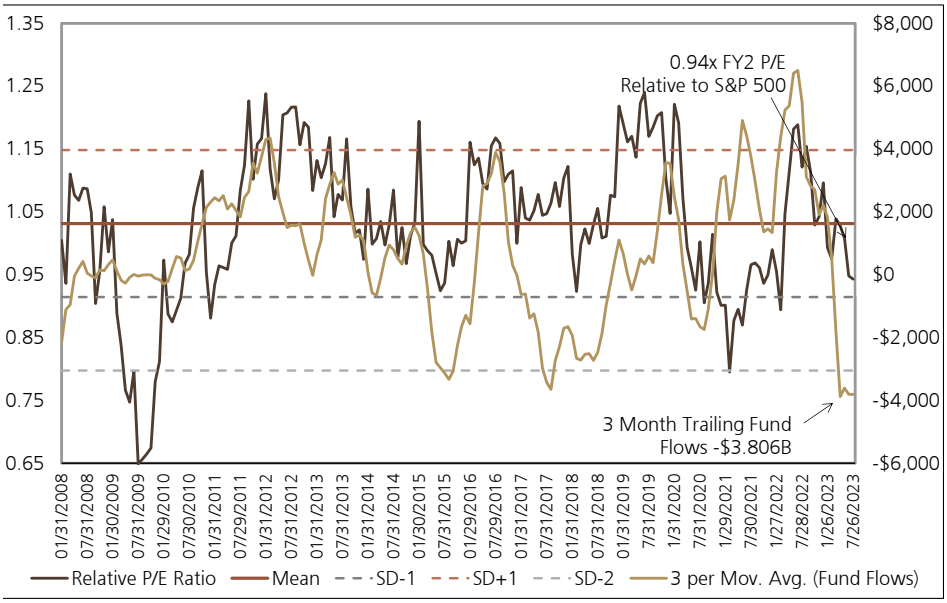

Source: FactSet, Strategic Insights, UBS
Updated as of:7/26/2023

Utilities now trade at a 9.4% discount to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Interactive Utility Regression Model: We published a "New Analytical Valuation Approach for Regulated Utilities" with Amar Hamoudi, UBS Head of Empirical Scientific Approaches for Research and Evidence Lab, which is a regression model that as of July 27 implies a 14.49x FY 2 P/E vs. current valuation of 15.8x or ~8% overvalued.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Water Utility Relative P/E Chart

Water utilities trade at a 12.6% discount to the 5 year average FY 2 P/E relative to the S&P 500 and a 5.5% discount to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Figure 9: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

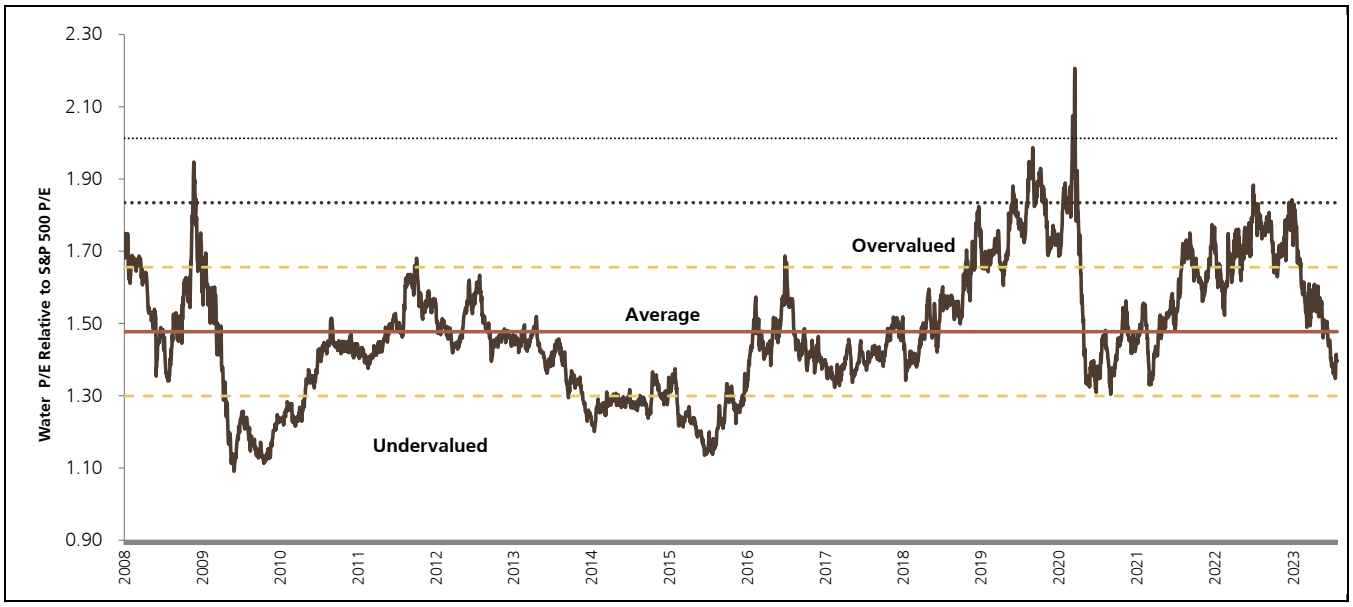

Source: FactSet, UBS

Updated 7/26/2023

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 10) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 11) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 10: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

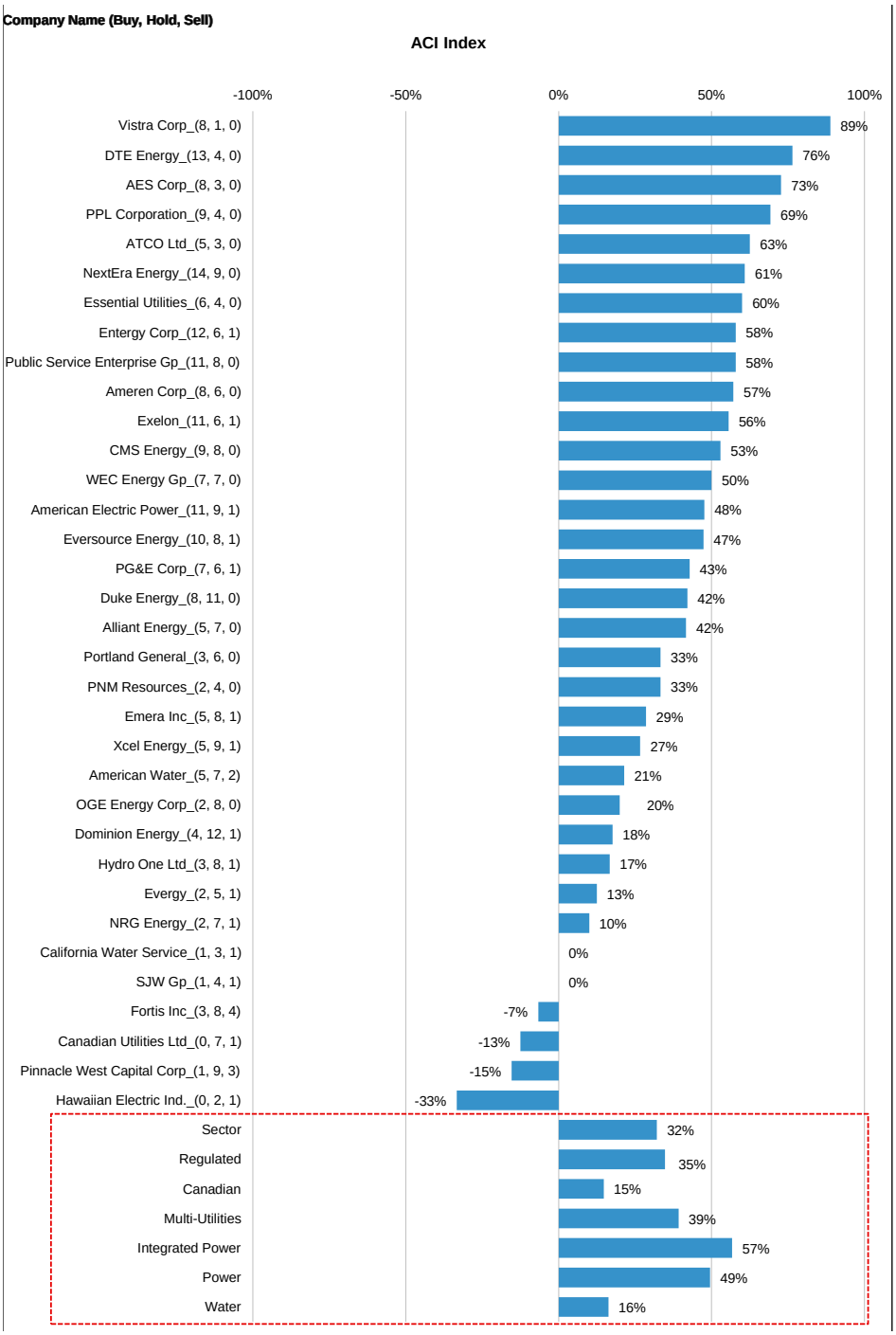

Source: Bloomberg, FactSet, UBS
Updated as of: 7/26/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 11: Change in ACI Index over Last 12 Weeks

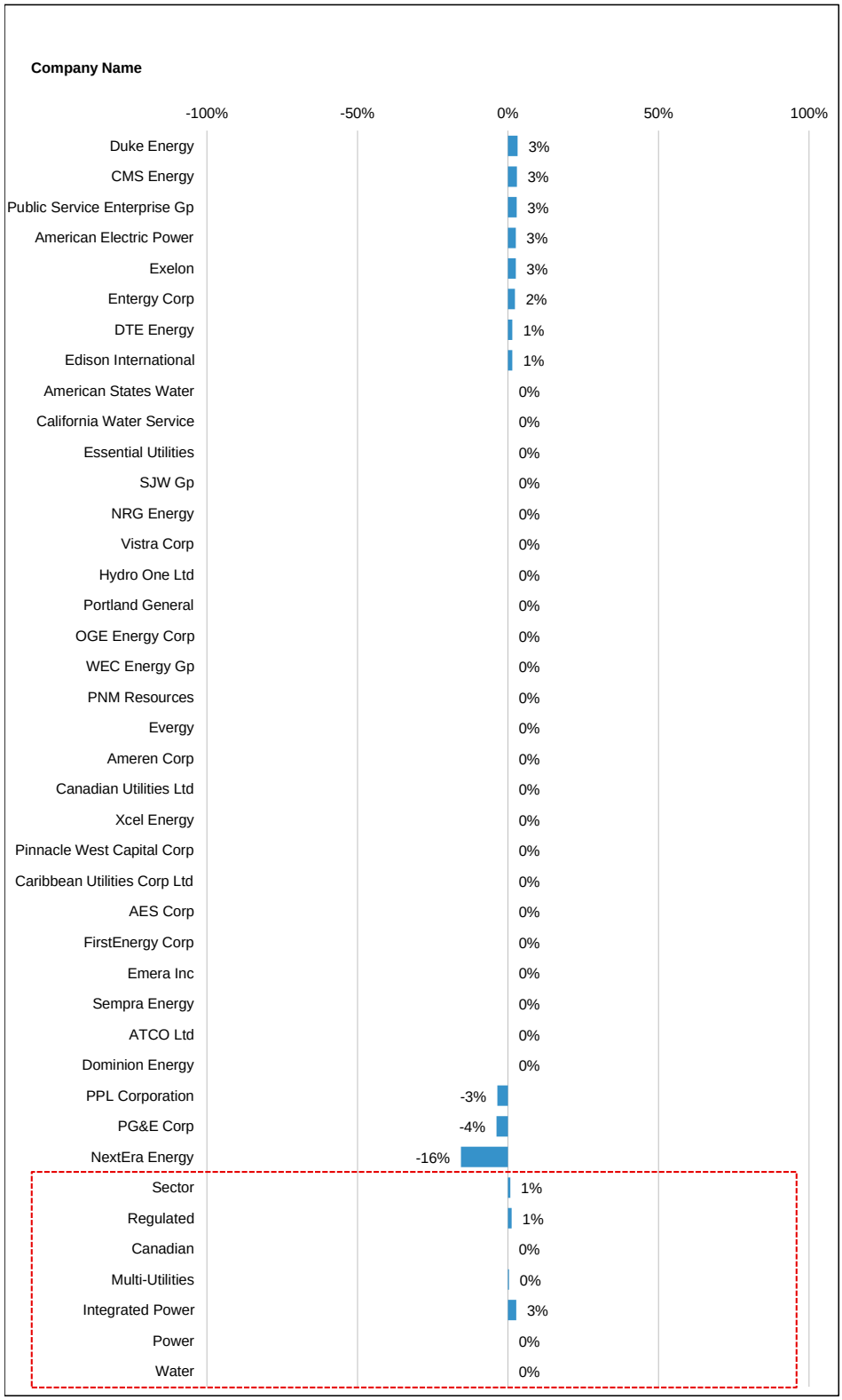

Source: Bloomberg, FactSet, UBS
Updated as of: 7/26/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Valuation Method and Risk Statement

North America Utilities: Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 9%, second quartile 3%, third quartile -3% and fourth quartile -9%; 4) Clean Energy Transition: A potential 5% premium for a risk adjusted clean energy transition growth opportunity; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; and a discount of -4% for those in the bottom quartile, 6) a lower relative pricing power discount of 3%, 7) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% of unregulated earnings), we perform a sum-of- the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.
IPPs: We identify the following risks for the sector: Demand for new renewable installations has historically been volatile around changes in state and federal policy, and we expect this volatility to continue. In addition, margins for product manufacturers can be impacted by swings in raw materials pricing and the overall level of energy prices.

Environmental Services: We identify the following risks for the sector: Housing remains a key driver of incremental municipal solid waste volume growth, and a slowdown in new housing starts could put downward pressure on sales growth. In addition, pricing tends to follow GDP growth, and a slowdown in economic growth could lower ability to raise pricing driving potential contraction in margins. For more industrial-exposed names, swings in commodity prices can impact the overall level of waste-generating activity, contributing to earnings volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 28 July 2023 12:08 PM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	41%
Neutral	FSR is between -6% and 6% of the MRA.	37%	43%
Sell	FSR is > 6% below the MRA.	9%	36%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Alliant Energy Corp[16]	LNT.O	Neutral	US$54.53	27 Jul 2023
Ameren Corp[16]	AEE.N	Neutral	US$86.62	27 Jul 2023
CMS Energy Corp[16]	CMS.N	Buy	US$61.60	27 Jul 2023
DTE Energy Co[16]	DTE.N	Buy	US$114.34	27 Jul 2023
Duke Energy Corp[2,4,5,16,7,6a]	DUK.N	Neutral	US$94.44	27 Jul 2023
Edison International[2,4,5,16,7]	EIX.N	Buy	US$70.86	27 Jul 2023
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$41.96	27 Jul 2023
Pinnacle West Capital Corp[16,7,6a]	PNW.N	Sell	US$84.03	27 Jul 2023
WEC Energy Group Inc[16]	WEC.N	Neutral	US$90.58	27 Jul 2023
Xcel Energy Inc[4,5,16]	XEL.O	Neutral	US$62.87	27 Jul 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Additional Prices: Brookfield Infrastructure Partners LP, C$46.95 (27 Jul 2023); Generac Holdings Inc, US$148.82 (27 Jul 2023); Vistra Corp., US$28.10 (27 Jul 2023); FirstEnergy Corp, US$39.24 (27 Jul 2023); Brookfield Renewable Partners, US$29.64 (27 Jul 2023); JinkoSolar Holding Co Ltd, US$41.12 (27 Jul 2023); Clearway Energy Inc, US$24.72 (27 Jul 2023); Li-Cycle Holdings Corp, US$5.73 (27 Jul 2023); Southern Co, US$72.86 (27 Jul 2023); American Electric Power Inc, US$85.26 (27 Jul 2023); NextEra Energy Partners LP, US $54.12 (27 Jul 2023); Canadian Pacific Railway, C$109.94 (27 Jul 2023); CSX Corporation, US$33.03 (27 Jul 2023); Atlantica Sustainable Infrastructure PLC, US$24.23 (27 Jul 2023); AES Corp, US$21.38 (27 Jul 2023); Sempra, US$149.36 (27 Jul 2023); Stem Inc, US$6.37 (27 Jul 2023); Constellation Energy Corp, US$95.42 (27 Jul 2023); Emera Inc, C$54.67 (27 Jul 2023); FTC Solar Inc, US $3.63 (27 Jul 2023); Fluence Energy Inc, US$27.76 (27 Jul 2023); Eversource Energy, US$72.27 (27 Jul 2023); TPI Composites Inc, US $6.60 (27 Jul 2023); Entergy Corp, US$103.63 (27 Jul 2023); Canadian Solar Inc, US$36.26 (27 Jul 2023); First Solar Inc, US$198.80 (27 Jul 2023); Essential Utilities Inc, US$42.53 (27 Jul 2023); NRG Energy Inc, US$37.32 (27 Jul 2023); Ormat Technologies Inc, US $81.61 (27 Jul 2023); PPL Corp, US$27.49 (27 Jul 2023); Transurban, A$14.31 (28 Jul 2023); Fortis Inc, C$56.68 (27 Jul 2023); American States Water Co, US$86.68 (27 Jul 2023); NiSource Inc., US$27.98 (27 Jul 2023); Waste Management Inc, US$163.97 (27 Jul 2023); OPAL Fuels Inc., US$7.10 (27 Jul 2023); Union Pacific Corporation, US$232.10 (27 Jul 2023); Dominion Energy Inc, US $53.36 (27 Jul 2023); Waste Connections Inc, US$140.89 (27 Jul 2023); California Water Service Group, US$50.88 (27 Jul 2023); Evergy, Inc, US$59.82 (27 Jul 2023); Array Technologies Inc, US$18.92 (27 Jul 2023); Clean Harbors Inc, US$165.49 (27 Jul 2023); Sunrun Inc, US$18.34 (27 Jul 2023); CenterPoint Energy Inc, US$30.36 (27 Jul 2023); Public Service Enterprise Group, US$63.30 (27 Jul 2023); Altus Power Inc, US$6.47 (27 Jul 2023); American Water Works Co, US$148.49 (27 Jul 2023); NextEra Energy Inc, US$73.27 (27 Jul 2023); OGE Energy Corp, US$36.09 (27 Jul 2023); Canadian National Railway Co, C$156.71 (27 Jul 2023); Republic Services Inc, US$151.60 (27 Jul 2023); Hannon Armstrong Sustainable Infra, US$26.31 (27 Jul 2023); Consolidated Edison Inc, US$95.75 (27 Jul 2023); SJW Group, US$69.99 (27 Jul 2023); SolarEdge Technologies Inc, US$241.75 (27 Jul 2023); Orsted A/S, DKr613.20 (27 Jul 2023); Shoals Technologies Group Inc, US$26.24 (27 Jul 2023); Norfolk Southern Corporation, US$235.34 (27 Jul 2023); SunPower Corp, US$9.23 (27 Jul 2023); Casella Waste Systems Inc, US$82.37 (27 Jul 2023); PG&E Corp, US$17.59 (27 Jul 2023); NuScale Power Corp, US$6.85 (27 Jul 2023); Source: UBS. All prices as of local market close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). For all other recipients: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division this UBS Global Research is issued under the license of UBS Securities Australia Limited. All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG Sydney Branch' Wealth Management Division. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS

Global Research and Evidence Lab
27 July 2023

First Read

Exelon Corp

IL Staff Recommendation Largely Unchanged

What Happened?

Today, the Illinois Commerce Commission Staff rebuttal testimony in the ComEd multi-year rate plan case was posted. Overall, the Staff position was largely unchanged from the initial testimony filed in May. The Staff increased the cumulative revenue increase from '24-'27 to $1,076mm from $1,039mm, an increase of $37mm, although EXC increased its ask from its initial position by $49mm in its rebuttal testimony. The percentage of the revenue recommended vs. EXC's ask remains 69%. The rate base recommendation in 2027 declined by $122mm, which reflects EXC reducing its rate base ask by $85mm. Staff's recommendation on the ROE remains unchanged at 8.91%, which is consistent with how Staff has treated AEE's electric case.

What's Our Take?

While not much changed in the updated Staff filing, we view the overall position in the case as balanced and puts EXC in a positon to achieve a reasonable outcome that's supportive of our view on earnings. We continue to believe that the final ROE is likely to improve relative to the Staff position. While the point estimate is 8.91%, Staff submitted testimony that supported a range of ROE from the 8.91% level to close to 10.0%. See our note from Staff's initial testimony back in May here. We believe ComEd is unlikely to reach a settlement in the case given it's the first time through under the new regulatory framework in Illinois. We believe the ICC would like to set the precedent with a fully litigated outcome.

What's Next?

ComEd will file rebuttal testimony on August 14th. Evidentiary hearings will be held August 21st and 22nd. An Administrative Law Judge proposed order is due on October 23rd. A final order is expected by December 20th. EXC reports Q2 earnings on August 2nd.

Valuation:

We maintain our Buy rating and $47 target price.

Equities

Americas
Electric Utilities

12-month rating	**Buy**
12m price target	**US$47.00**
Price (27 Jul 2023)	**US$42.47**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$46.70-35.54
Market cap.	US$42.2b
Shares o/s	994m (COM)
Free float	100%
Avg. daily volume ('000)	6,302
Avg. daily value (m)	US$258.5
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.6x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E	
	UBS	**Cons.**
Q1	0.70	0.70
Q2E	0.39	0.41
Q3E	0.76	0.74
Q4E	0.52	0.51
12/23E	2.36	2.36
12/24E	2.54	2.51
12/25E	2.77	2.72

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)
Profitability/valuation	**12/20**	**12/21**	**12/22**	**12/23E**	**12/24E**	**12/25E**	**12/26E**	**12/27E**
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	10.3	9.6	8.9	8.3	9.7
P/E (UBS, diluted) x	22.4	25.7	19.7	18.0	16.7	15.3	14.4	13.3
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(6.9)	(2.9)	(3.2)	(2.6)	(1.3)
Dividend yield (net) %	2.9	2.9	3.0	3.4	3.7	3.9	4.2	4.5

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 42.47 on 27-Jul-2023 13:08:38 EDT

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Rate Case Position Summary

Below is a snapshot of the initial company and Staff positions vs. the updated positions.

Figure 1: ComEd Rate Case Company and Staff Positions

Revised Staff Position July 2023

	Rate Base		Revenue		Equity Ratio		ROE	
	EXC	Staff	EXC	Staff	EXC	Staff	EXC	Staff
2024	15,417	15,337	980	719	50.58%	50.00%	10.50%	8.91%
2025	16,486	16,219	179	125	50.81%	50.00%	10.55%	8.91%
2026	17,560	16,978	189	118	51.03%	50.00%	10.60%	8.91%
2027	18,715	17,680	202	114	51.19%	50.00%	10.65%	8.91%
Total			1,550	1,076				

Initial Staff Position May 2023

	Rate Base		Revenue		Equity Ratio		ROE	
	EXC	Staff	EXC	Staff	EXC	Staff	EXC	Staff
2024	15,440	15,389	904	649	50.58%	50.00%	10.50%	8.91%
2025	16,500	16,298	176	127	50.81%	50.00%	10.55%	8.91%
2026	17,600	17,079	218	151	51.03%	50.00%	10.60%	8.91%
2027	18,800	17,803	203	113	51.19%	50.00%	10.65%	8.91%
Total			1,501	1,039				

Source: Company filings, Illinois Commerce Commission Staff reports

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Forecast returns

Forecast price appreciation	+10.7%
Forecast dividend yield	3.5%
Forecast stock return	+14.2%
Market return assumption	9.8%
Forecast excess return	+4.4%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $47 premised on a 6% premium to the group multiple or 17.0x our $2.77/share earnings forecast for 2025. Our 6% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 3% discount for a 3rd quartile regulatory ranking overall, a 2% premium for 2nd quartile earnings growth, a 5% premium for energy transition, and 3% discount for lower pricing power.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 27 July 2023 05:35 PM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	41%
Neutral	FSR is between -6% and 6% of the MRA.	37%	43%
Sell	FSR is > 6% below the MRA.	9%	36%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$43.20	26 Jul 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Exelon Corp (US$)

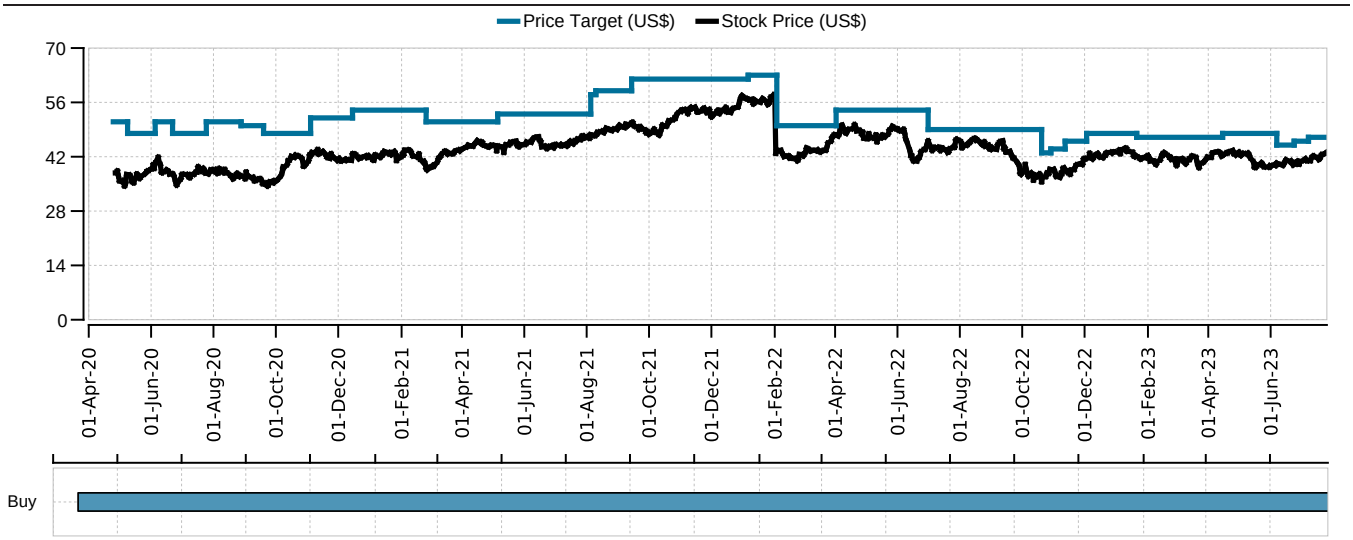

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-04-24	36.60	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy
2023-06-23	39.87	46.00	Buy
2023-07-07	40.96	47.00	Buy

Source: UBS Global Research; Refinitiv as of 26-Jul-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). For all other recipients: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division this UBS Global Research is issued under the license of UBS Securities Australia Limited. All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG Sydney Branch' Wealth Management Division. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	87.61	Buy
AWK	147.78	Neutral
CMS	63.42	Neutral
CNP	31.20	Buy
D	54.45	Buy
DTE	115.87	Buy
DUK	95.56	Buy
EXC	43.20	Buy
NWE	56.90	Sell
PCG	17.90	Buy

Power & Utilities

July 27, 2023

The Guggenheim Daily Transmission: NWE, AEP, AWK, CMS, CNP, DTE, PCG, D/M&A, EXC/IL, DUK

For details on our Guggenheim-hosted client Utility events including our AWK NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

Please see our sector-wide note on the country's evolving regulatory jurisdictions HERE, our updated mid-year utility sector valuation analysis HERE, and our Utility and IPP 2Q23: Valuation and Estimate Adjustments HERE.

NWE: 2Q23 Miss; 2023 Guidance and LT EPS Growth Expected After MT GRC Order; 5-year Capital Plan Refresh at EEI; Yellowstone Targeting 3Q24 In-Service (see our note HERE)

AEP – reports 2Q23 operating EPS of $1.13 vs Gugg/cons at $1.11/$1.13; reaffirms 2023 guidance; maintains LT growth rate of 6%-7%

AWK – AWK reports 2Q earnings

CMS – CMS reports 2Q EPS beat; 2023 guidance and fundamentals reiterated

CNP – CNP reports 2Q EPS beat; 2023 guidance reiterated; Raises 2023 capex by $400M or 10%

DTE – DTE reports 2Q23 EPS beat; 2023 guidance reiterated

PCG – PCG reports 2Q23 EPS miss on lack of GRC PD; 2023 guidance reiterated

D/M&A – Additional details on potential SCANA stake sale emerge

EXC/IL – Rebuttal testimony begins to land in MYP docket

DTE – MPSC approves DTE IRP settlement resolving all issues

DUK – Order rescheduling hearing date

AEP reports 2Q23 operating EPS of $1.13 vs Gugg/cons at $1.11/$1.13; reaffirms 2023 guidance of $5.19-$5.39 ($5.29 midpoint) vs. Gugg/cons at $5.30/$5.27; maintains LT growth rate of 6%-7%

- **Weather vs. normal:** in 2Q23 -$0.04 vs Guggenheim estimate of -$0.02/share… **YTD weather impact vs. normal** of $-0.20/share vs. Guggenheim -$0.19 per share
- **Load growth:** weather-normalized total retail load of +1.5% in 2Q23 YoY; Residential -2.4%, Commercial +7.7%, and Industrial +0.1%, respectively
- Guidance for **2023/2024/2025** normalized retail billed load (ex-wholesale) **remains unchanged** at: **+0.8%/+0.6%/+1.7%**
- **Contracted Renewables:** Unregulated contracted renewables sale expected to close in August 2023 (vs. 1Q23 guidance of 2Q23)
- **Sale of New Mexico Renewable Development**: A 50/50 joint venture partnership with PNM Resources consisting of 8 operating projects of 135 MW, 1 project under construction of 50 MW, 6 development projects of 440 MW, all located in New Mexico… Book value of AEP's investment as of 6/30/2023 was $106M… Assets contribute **$0.01 EPS** in 2023 operating earnings guidance…Advisor hired; sale launched in June 2023 and expected sale agreement to be announced early in Q4 2023 with transaction close by the end of 2023
- **Selling Retail business and Distributed Resources**: Advisor hired; sale launch in Summer 2023 with transaction close in the first half of 2024…Book value of AEP's

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

investment as of 6/30/2023: $205M Retail and $354M Distributed Resources…Asset EPS contributions in 2023 operating guidance: $0.04 Retail and $0.02 Distributed Resources

- **Selling Prairie Wind Transmission and Pioneer Transmission**: Expect to launch the sale processes soon… As of 6/30/2023, AEP's portion of PP&E was $123M and rate base was $107M… Assets contribute $0.02 EPS in 2023 operating earnings guidance
- **Continuing strategic review of Transource Energy joint venture:** targeting completion by YE23… As of 6/30/2023, AEP's portion of PP&E was $430M and rate base was $348M… Assets contribute $0.03 EPS in 2023 operating earnings guidance
- **Regulated renewables execution in key jurisdictions**… Obtained regulatory approval for owned renewables in May 2023 for 995.5 MW/$2.5B at PSO and in June 2023 for 999 MW/$2.2B at SWEPCO… Progress on regulatory filings for owned renewables for 151 MW/$500M at APCo, 469 MW/$1.0B at I&M and 154 MW/$150M at PSO
- **Regulated Operations ROE:** 8.6% for TTM as of 06/30/23 (not weather-normalized)… **Excluding weather, AEP TTM regulated ROE would be 9.0%**
- **Rates:** on a system average, AEP continues to expect rates to go up approximately 4% annually over the forecasted period
- **Capex:** reiterated $40bn 2023–2027 capital plan from Analyst Day… $15bn of transmission investment, $10.8bn of distribution investment, $8.6bn of regulated renewable investment
- **Financing:** unchanged 2023-2027 annual cash flow forecasts vs. 1Q23 slides
- **Credit:** reiterated target FFO/Debt of 14%-15%, trailing 12 months as of 06/30/23: **11.1%**
- **Dividend:** DPS growth to track EPS at 6%-7%
- Conference call will be at **9:00 AM ET.** The dial-in is **(877) 336-4440** and the conference ID is **8641604.**

AWK — AWK reports 2Q earnings

- AWK reported $1.44 vs. Gugg/Cons of $1.27/1.30
- Results for the quarter included +$0.07 of weather
- 2023 EPS guide ($4.72-4.83) affirmed, alongside the 7-9% growth rate
- Customer connection pipeline remains ~1.3M
- Reiterates additional details on potential PFAS spend, including >$1B in spend over 3-5 years, $50M opex
- Slides HERE, call at 9:00AM

CMS — CMS reports 2Q EPS beat; 2023 guidance and fundamentals reiterated

- CMS reported 2Q23 EPS of $0.75 vs. $0.70 consensus and our $0.70 estimate
- Weather Q-over-Q was -$0.10, with a $0.05 improvement from O&M savings and $0.18 in Usage/Other (including gains on debt tendered)
- 2023 outlook reiterated $3.06 – $3.12
- LT growth +6% to +8% towards the higher end
- No change to fundamentals
- 5-year capital plan $15.5B
- No incremental equity needs in 2023

CNP — CNP reports 2Q EPS beat; 2023 guidance reiterated; Raises 2023 capex by $400M or 10%

- CNP reported 2Q23 EPS of $0.28 vs. $0.27 consensus and our $0.27 estimate
- CNP reaffirmed 2023 non-GAAP EPS guidance range of $1.48-$1.50; $1.49 consensus
- CNP reiterated no equity needs in current plan
- 2023 Capex increased to $4B ($400M increase, ~10%): 5-year capex plan of ~$20.3B, $43.4B capital plan through 2030 ($400M increase)
- Reiterated growth guidance; CNP targeting growth of 8% EPS in 2024 and mid to high-end of 6%-8%, annually thereafter, through 2030
- Maintaining balance sheet health; long-term FFO/Debt target of 14%-15% through 2030;~14% as of the end of 2Q23
- 1% - 2% of expected annual organic customer/load growth; 1% - 2% of anticipated annual average O&M savings

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

DTE – DTE reports 2Q23 EPS beat; 2023 guidance reiterated

- DTE reported 2Q23 EPS of $0.99 vs. $0.90 consensus and our $0.82 estimate (in part on beat from Energy Trading, $0.14 year over year improvement driven by timing of commodity positions)
- 2023 guidance reiterated at $6.09 - $6.40 (lower DTE electric contribution offset by other segments) vs. $6.21 consensus
- 2Q23 weather impacts were $0.12 of incremental drag vs. normal (vs. $0.07 that we anticipated)
- LT growth reiterated at 6-8% growth off 6.25 in 2023
- $23B, 5-year plan reiterated, no change on $45B 10-year plan
- No change from prior disclosure

PCG – PCG reports 2Q23 EPS miss on lack of GRC PD; 2023 guidance reiterated

- PCG reported 2Q23 non-GAAP EPS of $0.23 vs. $0.26 consensus and $0.25 Guggenheim estimate
- PCG results lower due to lack of GRC PD, which will be booked as contribution and catch up when filed (3Q23 tentative per PCG and CPUC)
- PCG reiterated 2023 EPS guidance of $1.19-$1.23 vs. $1.21 consensus and $1.22 Guggenheim estimate
- PCG reiterated 2025-2026 EPS growth of at least 9%
- No equity needs reiterated though 2024
- No change to O&M savings trajectory of 2% annually
- No change to capex plan of ~$52B with $5B upsides, ~9.5% rate base CAGR from 2022-2027 at the midpoint
- 2028-2032 capex run rate of $13B/yr reiterated

D/M&A – Additional details on potential SCANA stake sale emerge

- PeakLoad reported that Dominion took indicative bids for a stake in DESC (up to 49%), with bidders including financials such as KKR, Blackstone, Brookfield, GIC [NYSE: KKR, NYSE: BAM, NYSE: BX]

Guggenheim takeaway: *Another key procedural data point on the credit process (LDC bids due 7/31 – see our note HERE). As we have noted repeatedly, the trade press has provided frequent data points (e.g., HERE) that management has been marking to market different asset options for some time now, providing external assurance, in our view, that many of these processes will be mature in time for the third quarter analyst day. Could we be in a situation where Dominion emerges post strategic review with no "gas" exposure through the sale of their LDCs? Possibly… Could Dominion essentially emerge as a regulated electric utility located in VA? Possibly… See our most recent post-Cove sale thoughts HEREfor more,*

DTE – MPSC approves DTE IRP settlement resolving all issues

- The MPSC approved the DTE IRP settlement, resolving all issues in the case.
- DTE has reached a settlement with MI stakeholders (AG, MPSC Staff, environmental/ labor groups, etc.) on its IRP.
- The settlement targets an 85% carbon emissions reduction in 9 years, 90% by 2040, and net zero by 2050.
- 15GW of renewables by 2042, 780MW of storage by 2042.
- Belle River and Monroe coal retirements by 2032, Belle River to be re-fired as a gas capacity resource.
- More HERE.

Guggenheim takeaway: *The approval finalizes the proceeding and settled outcome. The timing generally aligns with what management laid out on our NDR last month (see our note HERE). As a reminder, management recently highlighted to us that 7-8 years of the IRP are almost rate neutral and LT customers see a net benefit for rates, so the transition is well financed by customers without rate increases. DTE has not leaned on financial compensation mechanism for PPAs or FCM (another contested issue) because DTE was able to build most of their own RFPs for VRP.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

EXC/IL – Rebuttal testimony begins to land in MYP docket

- Multiple stakeholders, including the City, the CTA, environmental groups (CEJA/others), and C&I customers have filed their rebuttal testimony in the ongoing case.
- More HERE.

Guggenheim takeaway: *Flagged for your awareness – as a reminder, later filings can trickle through in the morning after the deadline. The rebuttals come ahead of ComEd's own surrebuttal on 8/14 and briefs in September.*

DUK – Order rescheduling hearing date

- Expert witness testimony in DEC's NC rate case has been rescheduled for August 28, 2023 vs. August 21, 2023 previously.
- Docket E-7 Sub 1276

Guggenheim takeaway: *For your calendar.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President & Chief Executive Officer*
John Griffith, *Chief Financial Officer*
Cheryl Norton, *Chief Operating Officer*
Aaron Musgrave, *Vice President, Investor Relations*

Dates & Locations
August 9 – 10, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $27.7bn
American Water Works Company (AWK) engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment offers water and wastewater services to customers. The Market-Based Businesses segment includes the military services group, which enters into long-term contracts with the U.S. government to provide services on various military installations. The Other segment refers to the corporate costs that are not allocated to the operating segments, eliminations of inter-segment transactions, fair value adjustments, and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

CMS Energy Corporation (CMS)

Garrick Rochow, *President & Chief Executive Officer*

Rejji Hayes, *Chief Financial Officer*

Dates & Locations

Wednesday, August 30, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $17.7bn

CMS Energy Corp (CMS) engages in the provision of electric and natural gas activities. It operates through the following business segments: Electric Utility, Gas Utility, and NorthStar Clean Energy. The Electric Utility segment focuses on generation, purchase, distribution, and sale of electricity. The Gas Utility segment includes purchase, transmission, storage, distribution, and sale of natural gas. The NorthStar Clean Energy segment is involved in domestic independent power production including the development and operation of renewable generation and the marketing of independent power production. The company was founded in 1987 and is headquartered in Jackson, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	8/9–8/10	West Coast
CMS	8/30	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim Comp Sheet

7/26/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$58.42	3,348	3.70	4.17	4.56	4.87	5.07	3.68	4.05	4.31	4.83	5.05	–	0.12	0.25	0.04	–	15.9x	14.4x	13.6x	12.1x	11.6x	-13%	-15%	-15%	-19%	-18%	8.4%	4.7%	71%	Sell	$49	-11%	Neutral	$64	15%
AVA	$39.38	2,984	2.28	2.49	2.61	2.67	2.73	2.32	2.46	2.58	2.67	2.75	(0.04)	0.03	–	–	–	17.0x	16.0x	15.3x	14.8x	14.3x	-8%	-6%	-4%	-1%	1%	5.2%	4.8%	79%	Sell	$33	-11%	Sell	$39	4%
NWE	$56.90	3,416	3.42	3.55	3.75	3.91	4.08	3.43	3.58	3.76	3.84	3.97	–	(0.03)	–	0.07	0.12	16.6x	15.9x	15.1x	14.8x	14.4x	-10%	-7%	-5%	-1%	1%	5.1%	4.6%	74%	Sell	$48	-11%	Buy	$60	10%
POR	$48.99	4,733	2.66	3.05	3.21	3.38	3.55	2.69	3.06	3.22	3.36	3.55	–	–	–	–	–	18.2x	16.0x	15.2x	14.6x	13.8x	-1%	-6%	-5%	-3%	-3%	5.3%	4.0%	67%	Neutral	$48	2%	Buy	$53	11%
		14,482																**16.9x**	**15.6x**	**14.8x**	**14.1x**	**13.5x**	**-8%**	**-9%**	**-7%**	**-6%**	**-5%**	**6.0%**	**4.5%**	**73%**						
Mid/Large Cap Electric																																			
AEE	$88.10	23,124	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.02	5.36	5.66	–	–	–	0.04	–	20.2x	18.8x	17.5x	16.4x	15.6x	10%	10%	10%	10%	10%	6.6%	3.0%	57%	Neutral	$85	-1%	Buy	$92	7%
AEP	$87.61	45,135	5.30	5.64	6.00	6.39	6.81	5.27	5.61	5.98	6.35	6.79	–	0.03	–	0.04	–	16.6x	15.6x	14.7x	13.8x	12.9x	-9%	-8%	-8%	-8%	-9%	6.0%	3.9%	63%	Buy	$96	14%	Buy	$97	15%
CMS	$63.42	18,497	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.62	3.90	4.20	–	0.06	0.03	–	0.06	20.4x	18.9x	17.5x	16.3x	15.1x	11%	11%	10%	8%	7%	8.1%	3.2%	63%	Neutral	$61	-1%	Buy	$66	8%
CNP	$31.20	19,638	1.50	1.61	1.73	1.87	2.03	1.49	1.61	1.72	1.85	1.99	–	–	–	–	0.04	21.0x	19.3x	18.1x	16.8x	15.6x	14%	13%	13%	12%	10%	9.5%	2.5%	49%	Buy	$34	11%	Buy	$33	7%
D	$54.45	45,517	3.73	3.54	3.75	4.24	4.50	3.72	3.69	3.89	4.33	4.42	–	(0.15)	(0.14)	(0.09)	0.08	14.7x	14.8x	14.0x	12.6x	12.3x	-20%	-13%	-12%	-16%	-13%	1.4%	5.0%	74%	Buy	$56	8%	Neutral	$58	11%
DTE	$115.87	23,882	6.26	6.73	7.19	7.75	8.30	6.21	6.68	7.15	7.75	8.26	0.05	0.05	0.04	–	0.04	18.7x	17.3x	16.2x	15.0x	14.0x	2%	2%	2%	-0%	-1%	6.4%	3.4%	61%	Buy	$124	10%	Buy	$128	14%
DUK	$95.56	73,677	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.34	6.71	7.12	–	0.08	–	0.04	0.03	17.0x	16.0x	15.1x	14.2x	13.4x	-7%	-6%	-6%	-5%	-5%	6.3%	4.3%	71%	Buy	$102	11%	Buy	$104	14%
ED	$97.50	33,788	4.83	5.19	5.50	5.81	6.02	4.85	5.23	5.51	5.84	6.13	–	(0.04)	–	–	(0.11)	20.1x	18.6x	17.7x	16.7x	15.9x	10%	9%	11%	11%	12%	5.6%	3.4%	65%	Neutral	$85	-9%	Sell	$92	-2%
EIX	$72.10	27,613	4.71	4.98	5.48	5.71	6.03	4.73	5.07	5.48	5.77	6.09	–	(0.09)	–	(0.06)	(0.06)	15.2x	14.2x	13.1x	12.5x	11.8x	-17%	-17%	-18%	-17%	-17%	5.5%	4.2%	61%	Neutral	$72	4%	Neutral	$74	7%
ES	$73.62	25,682	4.34	4.71	5.02	5.31	5.57	4.36	4.65	4.97	5.31	5.66	–	0.06	0.05	–	(0.09)	16.9x	15.8x	14.8x	13.9x	13.0x	-8%	-7%	-7%	-8%	-8%	6.4%	3.8%	62%	Buy	$86	21%	Buy	$85	19%
ETR	$104.39	22,073	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.70	8.22	8.82	–	–	0.06	0.09	0.15	15.6x	14.5x	13.6x	12.7x	11.8x	-15%	-15%	-15%	-15%	-17%	6.9%	4.3%	64%	Buy	$113	13%	Buy	$116	16%
EVRG	$61.32	14,078	3.65	3.97	4.24	4.47	4.75	3.63	3.96	4.24	4.45	4.65	–	–	–	–	0.11	16.9x	15.5x	14.5x	13.8x	13.2x	-8%	-9%	-9%	-8%	-7%	4.8%	4.2%	67%	Buy	$68	15%	Neutral	$64	9%
EXC	$43.20	42,954	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	18.3x	17.2x	15.9x	14.8x	13.9x	-0%	1%	-1%	-1%	-2%	6.4%	3.5%	62%	Buy	$45	8%	Buy	$45	9%
FE	$40.02	22,925	2.54	2.69	2.89	3.07	3.27	2.54	2.68	2.88	3.07	3.26	–	–	–	–	–	15.8x	14.9x	13.9x	13.0x	12.3x	-14%	-12%	-13%	-13%	-13%	6.3%	4.0%	61%	Buy	$44	14%	Buy	$43	12%
LNT	$55.66	13,992	2.90	3.08	3.27	3.50	3.67	2.89	3.09	3.31	3.47	3.67	–	–	(0.04)	–	–	19.2x	18.0x	16.8x	16.0x	15.2x	5%	6%	5%	7%	7%	6.1%	3.4%	62%	Neutral	$49	-9%	Buy	$57	5%
OGE	$36.92	7,395	2.02	2.16	2.25	2.37	2.48	2.01	2.12	2.26	2.39	2.49	–	0.04	–	–	–	18.4x	17.4x	16.3x	15.4x	14.8x	0%	2%	2%	3%	4%	2.8%	4.6%	82%	Neutral	$36	2%	Neutral	$39	9%
PCG	$17.90	35,724	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	14.8x	13.3x	12.2x	11.2x	10.3x	-19%	-22%	-23%	-25%	-27%	9.7%	0.8%	11%	Buy	$21	18%	Buy	$19	5%
PEG	$64.92	32,393	3.45	3.67	4.10	4.29	4.59	3.45	3.69	4.04	4.24	4.47	–	–	0.06	0.05	0.12	18.8x	17.6x	16.1x	15.3x	14.5x	3%	3%	1%	2%	2%	5.8%	3.6%	65%	Buy	$70	11%	Buy	$67	7%
PNW	$84.74	9,597	4.05	4.60	4.80	5.05	5.35	4.16	4.89	5.07	5.24	5.40	(0.11)	(0.29)	(0.27)	(0.19)	(0.05)	20.4x	17.3x	16.7x	16.2x	15.7x	11%	2%	5%	8%	11%	4.7%	4.1%	75%	Neutral	$77	-5%	Neutral	$79	-3%
PPL	$28.06	20,682	1.58	1.71	1.82	1.95	2.07	1.58	1.71	1.83	1.95	2.08	–	–	–	–	–	17.7x	16.4x	15.4x	14.4x	13.5x	-3%	-4%	-4%	-4%	-5%	8.0%	3.6%	60%	Buy	$31	14%	Buy	$31	14%
SO	$73.09	79,779	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.79	–	–	–	–	–	20.3x	18.1x	17.0x	16.1x	15.3x	11%	6%	6%	7%	8%	5.9%	3.9%	73%	Buy	$80	13%	Neutral	$73	4%
WEC	$92.54	29,190	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.25	5.61	5.99	–	–	–	–	–	20.1x	18.9x	17.6x	16.5x	15.4x	9%	11%	10%	10%	9%	6.1%	3.5%	67%	Neutral	$94	5%	Buy	$100	11%
Mid/Lg Cap (excl. EIX, PCG)																		**18.3x**	**17.1x**	**16.0x**	**15.0x**	**14.2x**						**6.0%**	**3.8%**	**65%**						
SMID + Lg Cap		**681,816**																**18.1x**	**16.8x**	**15.8x**	**14.8x**	**14.1x**						**6.0%**	**3.9%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$39.71	4,351	2.24	2.42	2.55	2.67	2.80	2.24	2.39	2.51	2.60	2.71	–	0.03	0.04	0.07	0.09	17.7x	16.6x	15.8x	15.3x	14.7x	-3%	-3%	-1%	2%	3%	5%	3.6%	62%	Neutral	$37	-3%	Sell	$37	-3%
NEE	$74.37	150,504	3.13	3.43	3.69	3.99	4.27	3.12	3.40	3.70	4.01	4.39	–	–	–	–	(0.12)	23.8x	21.8x	20.1x	18.6x	16.9x	30%	28%	26%	24%	20%	8%	2.7%	61%	Buy	$86	18%	Buy	$90	24%
SRE	$151.95	47,811	9.00	9.50	10.13	10.80	11.71	8.97	9.55	10.17	10.80	11.52	0.03	(0.05)	(0.04)	–	0.19	16.9x	15.9x	14.9x	14.1x	13.2x	-8%	-7%	-6%	-6%	-7%	5%	3.3%	53%	Buy	$172	16%	Buy	$171	16%
		202,666																**19.5x**	**18.1x**	**17.0x**	**16.0x**	**14.9x**	**6%**	**6%**	**6%**	**7%**	**5%**	**6.0%**	**3.2%**	**59%**						
Gas LDCs																																				
NI	$28.43	11,743	1.57	1.68	1.82	1.95	2.07	1.57	1.68	1.80	1.94	2.07	–	–	–	–	–	18.1x	16.9x	15.8x	14.7x	13.7x	-1%	-1%	-1%	-2%	-3%	7%	3.7%	63%	Buy	$30	9%	Buy	$31	14%
CPK	$122.71	2,183	5.42	5.84	6.23	6.59	6.94	5.40	5.80	6.24	6.59	6.95	–	0.04	–	–	–	22.7x	21.2x	19.7x	18.6x	17.7x	24%	24%	23%	24%	25%	7%	2.0%	43%	Neutral	$112	-7%	Buy	$135	12%
NJR	$46.20	4,480	2.67	2.65	2.85	3.05	3.30	2.67	2.74	2.94	3.15	3.41	–	(0.09)	(0.09)	(0.10)	(0.11)	17.3x	16.8x	15.7x	14.7x	13.6x	-6%	-1%	-2%	-2%	-4%	6%	3.6%	60%	Neutral	$47	5%	Neutral	$52	17%
NWN	$44.67	1,568	2.65	2.83	2.98	3.09	3.21	2.67	2.79	2.96	3.05	3.23	–	0.04	–	0.04	–	16.8x	16.0x	15.1x	14.6x	13.8x	-9%	-6%	-6%	-2%	-2%	5%	4.4%	72%	Neutral	$42	-2%	Buy	$53	23%
OGS	$81.39	4,508	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.98	5.35	–	(0.06)	(0.04)	–	(0.04)	19.7x	18.9x	17.8x	16.3x	15.2x	7%	11%	12%	9%	7%	10%	3.3%	63%	Neutral	$73	-7%	Neutral	$79	0%
SR	$65.24	3,545	4.25	4.31	4.57	4.73	4.99	4.27	4.32	4.62	4.84	5.09	–	–	(0.05)	(0.11)	(0.10)	15.3x	15.1x	14.1x	13.5x	12.8x	-17%	-12%	-12%	-10%	-10%	5%	4.6%	69%	Neutral	$65	4%	Neutral	$72	14%
		28,027																**18.3x**	**17.5x**	**16.4x**	**15.4x**	**14.5x**	**-0%**	**3%**	**3%**	**3%**	**2%**	**6.6%**	**3.6%**	**62%**						
Regulated Water																																				
AWK	$147.78	28,768	4.76	5.14	5.59	5.98	6.45	4.78	5.13	5.59	6.05	6.46	–	–	–	(0.07)	–	30.9x	28.8x	26.5x	24.4x	22.9x	68%	69%	66%	63%	61%	7%	2.0%	58%	Neutral	$147	1%	Neutral	$159	9%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$97.34	31,797	3,150	3,451	3,509	3,346	3,804	3,260	3,732	3,725	3,656	3,796	(110)	(281)	(216)	(310)	–	11.0x	9.4x	9.1x	8.9x	8.2x	35,931	35,101	33,773	32,630	31,210	9.6%	1.3%	25%	Buy	$97	1%	Buy	$101	5%
NRG	$38.50	8,864	3,100	3,124	3,128	3,044	3,109	3,037	3,178	3,252	2,827	3,033	63	(54)	(124)	217	77	6.0x	5.4x	4.8x	5.0x	4.2x	18,294	17,061	15,575	14,186	12,726	21.3%	4.1%	31%	Neutral	$34	-8%	Neutral	$41	9%
VST	$28.41	10,598	3,700	3,755	3,792	3,621	3,535	3,707	3,994	3,993	3,711	3,971	–	(239)	(200)	(91)	(437)	6.2x	5.7x	5.6x	5.9x	5.5x	22,945	22,778	22,204	21,761	21,719	6.8%	3.0%	26%	Buy	$31	12%	Buy	$33	18%
Other																																				
ALTO	$3.92	298	7	30	36	32	33	19	42	494	518	544	–	–	(459)	(485)	(510)												–	–	Buy	$5	28%	Buy	$5	28%
NEP	$56.69	5,297	1,837	1,977	2,143	2,325	2,471	2,001	2,295	2,480	2,639	2,814	(164)	(318)	(337)	(314)	(343)												6.5%	–	Buy	$74	37%	Buy	$78	44%
SMR	$7.40	544	(131)	(57)	8	96	n/a	(115)	(53)	11	171	546	–	–	–	(74)	–												–	–	Buy	$18	143%	Buy	$14	87%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

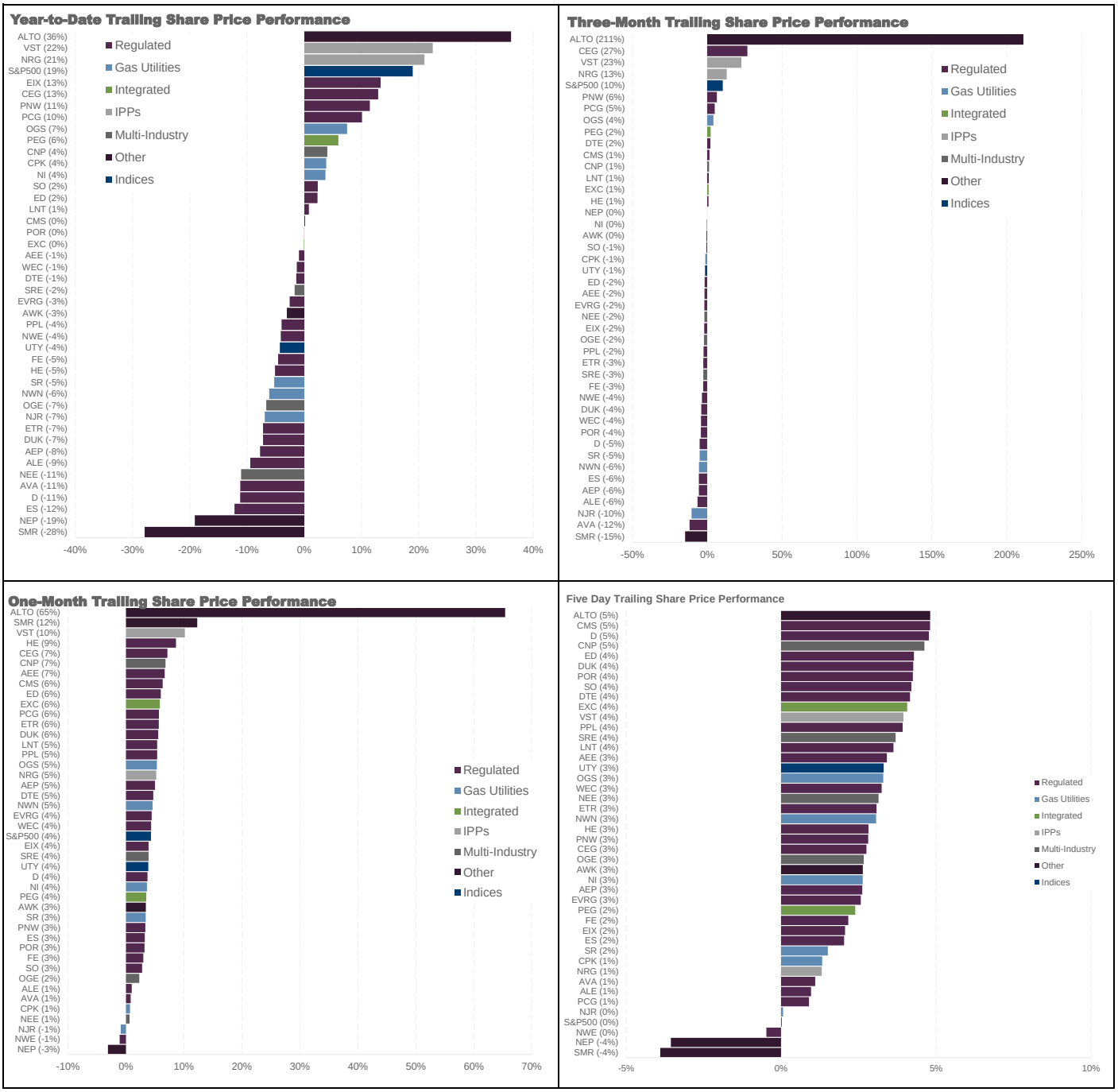

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Generation and Mix

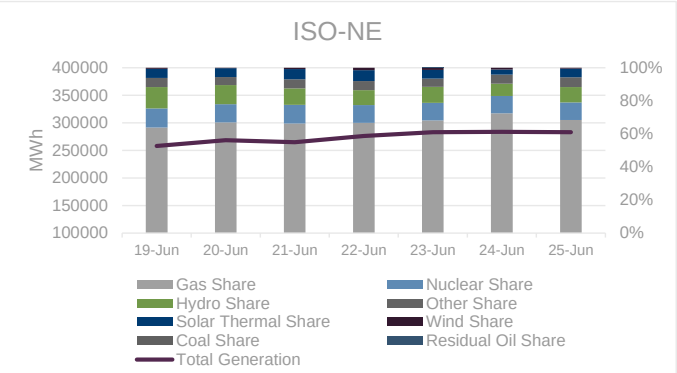

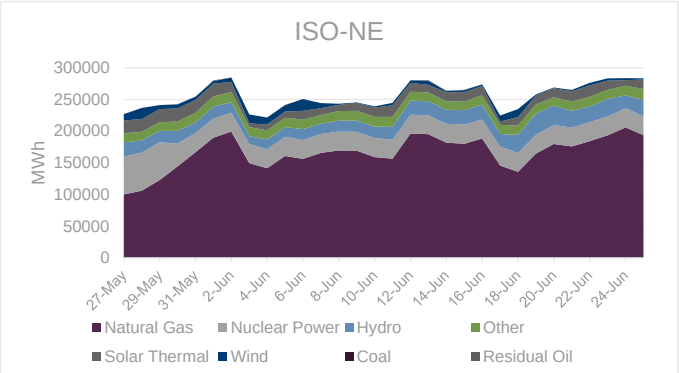

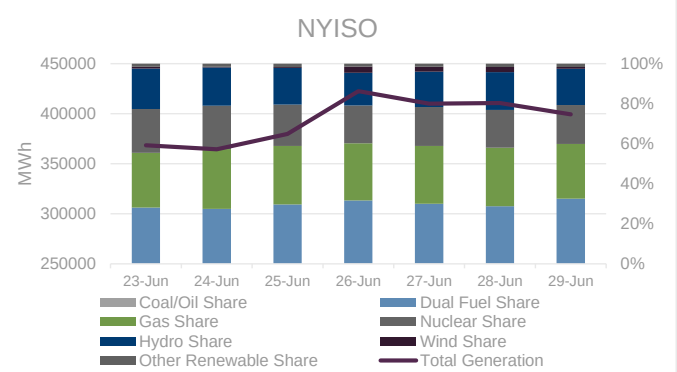

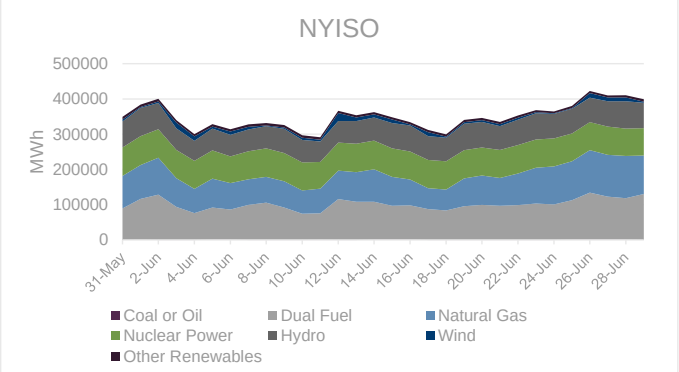

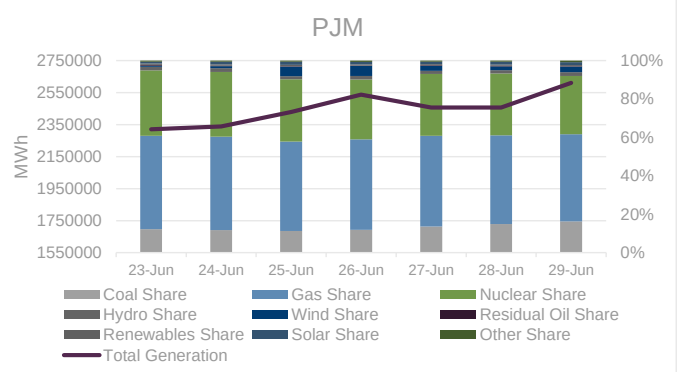

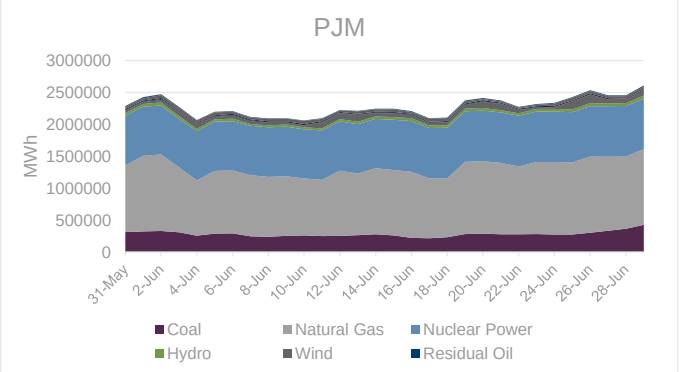

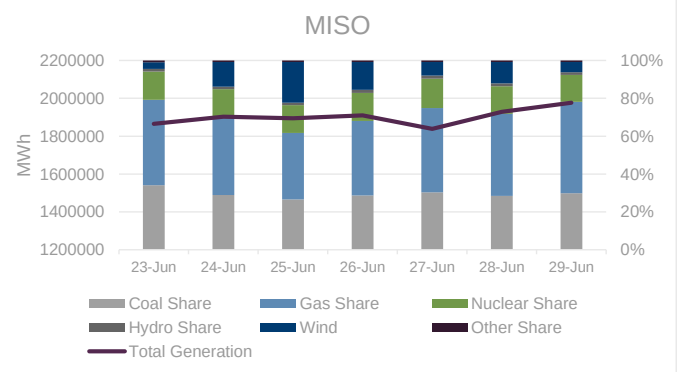

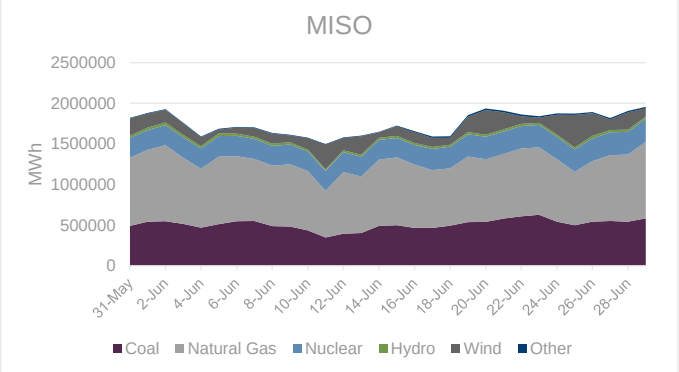

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Generation and Mix (continued)

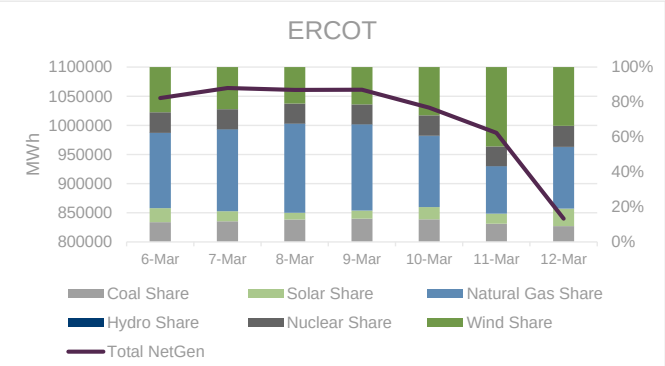

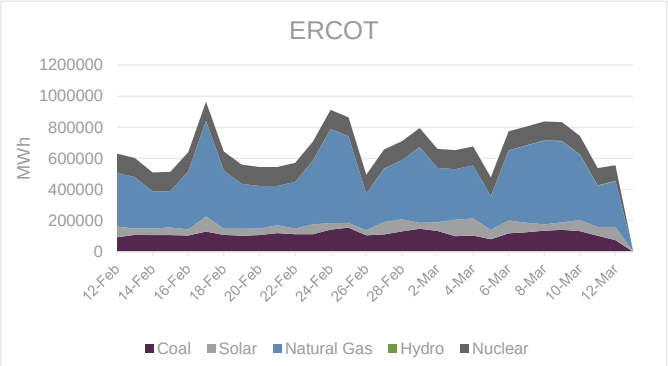

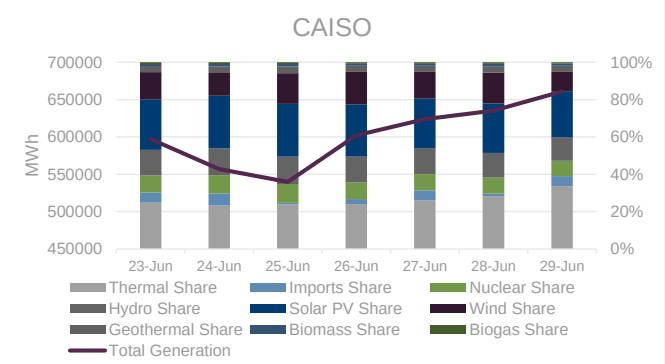

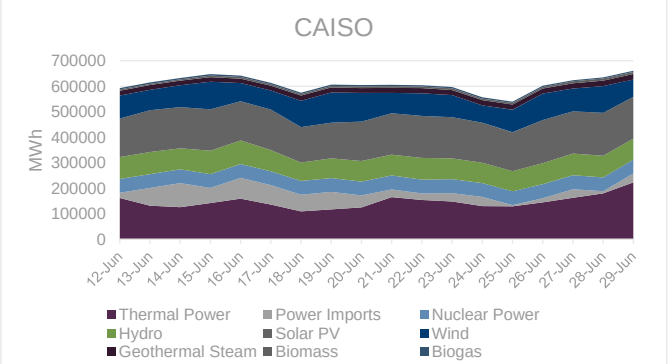

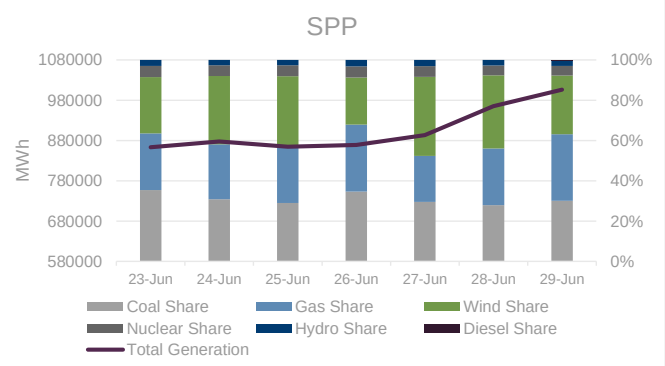

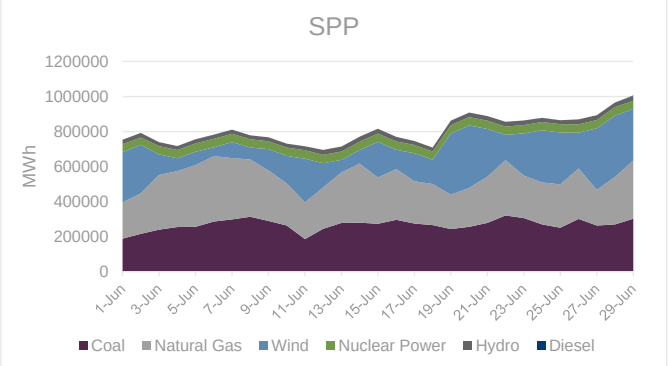

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Weather

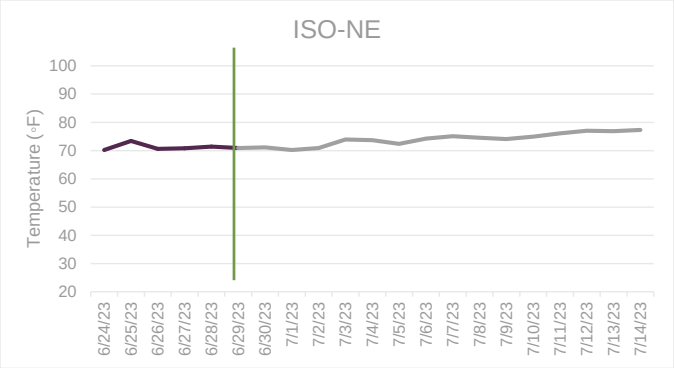

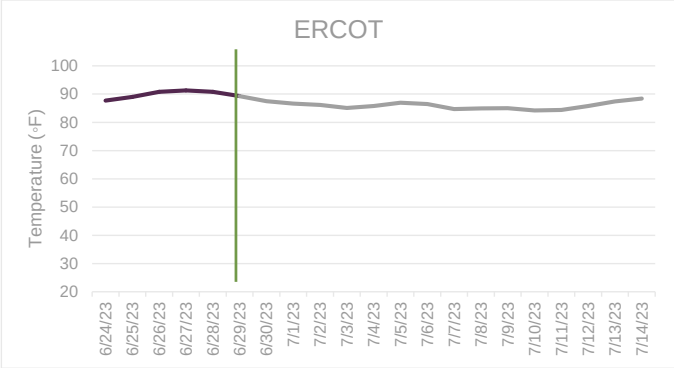

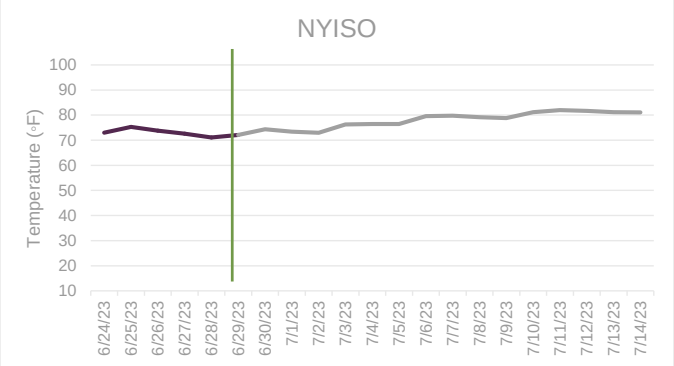

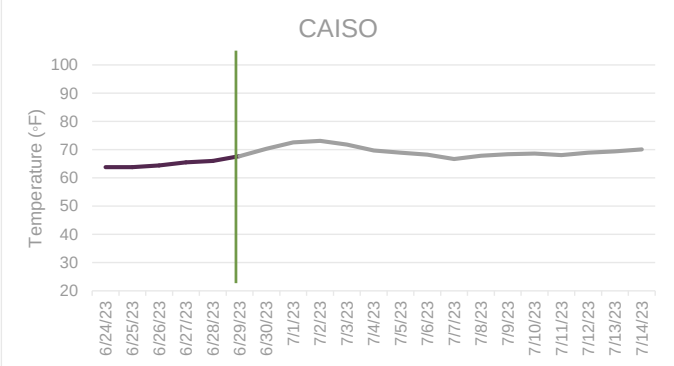

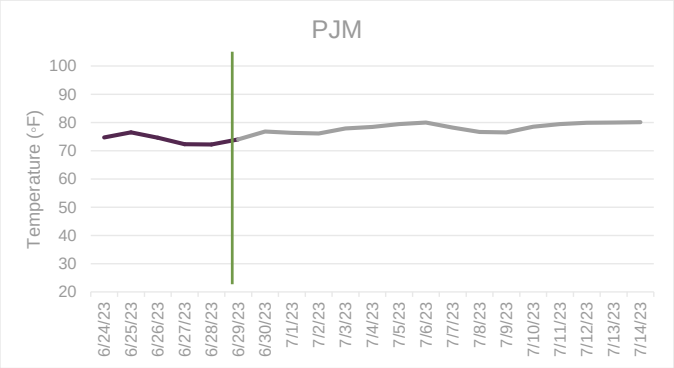

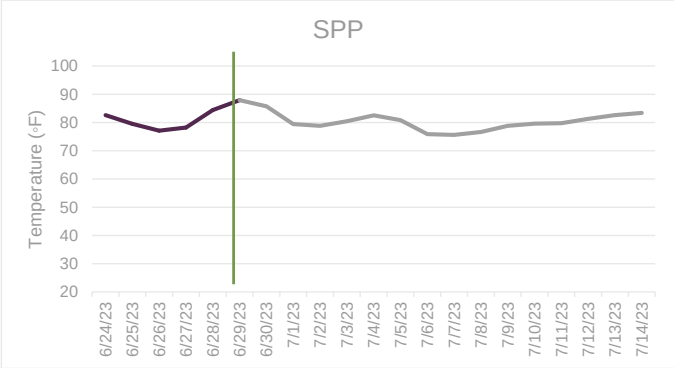

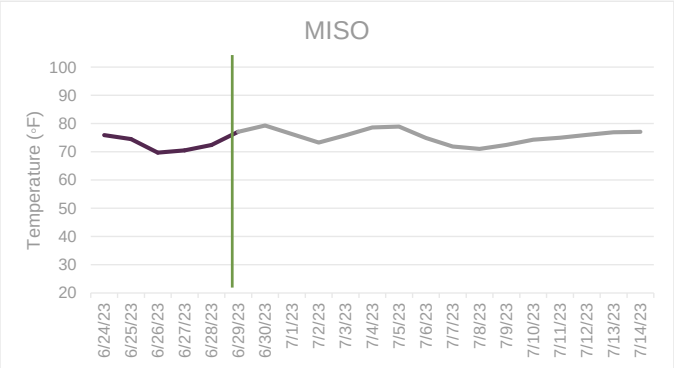

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

YTD Peak Load

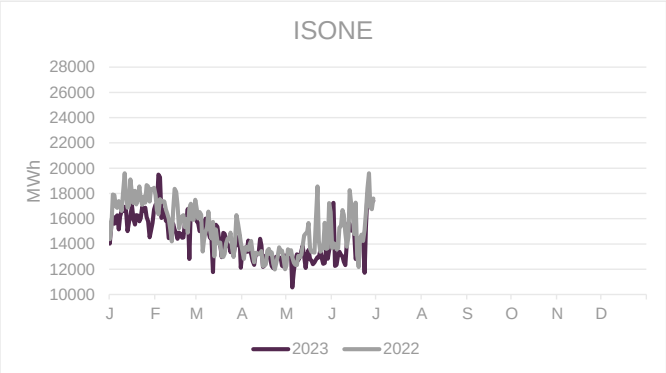

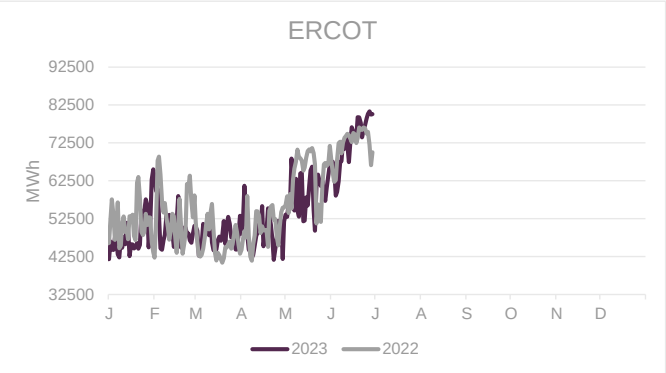

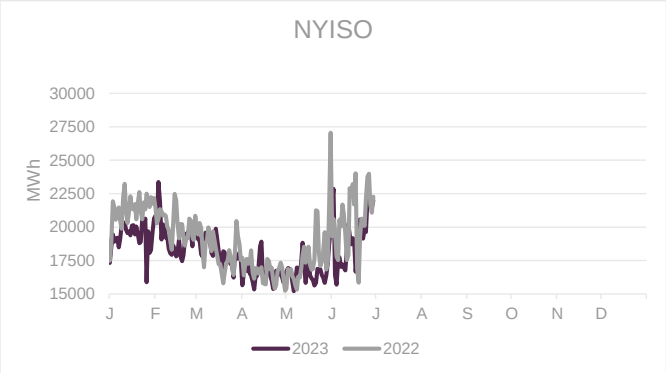

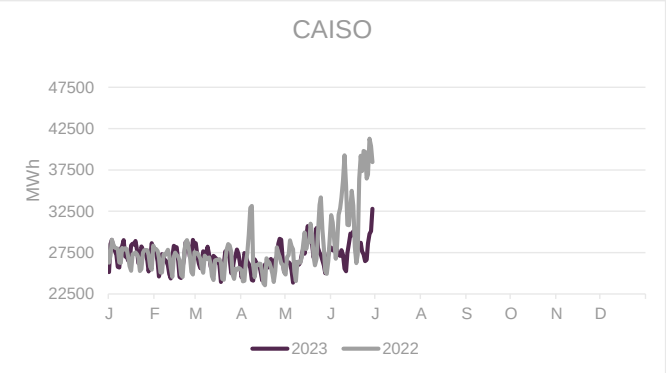

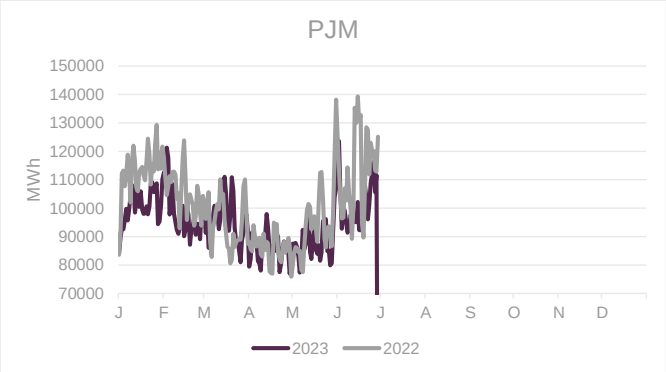

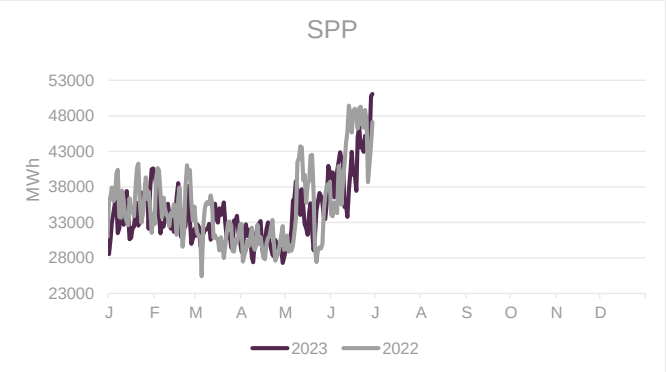

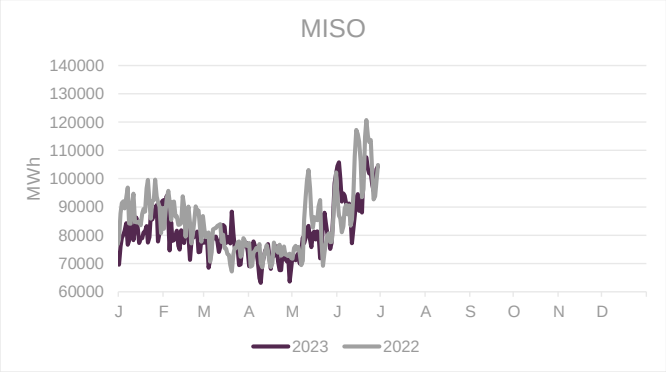

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	249	66.94%	40	16.06%
NEUTRAL	114	30.65%	7	6.14%
SELL	9	2.42%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KeyBanc Capital Markets

Alert

July 24, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AEE, EXC, AVA, POR, AEP, DUK, ED, SO, AGR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

2Q earnings begin with NWE, NEE, AGR, CNP, CMS, AEP, DTE, XEL, EIX, and POR scheduled to report this week. This week, we are tracking proceedings in AEE's IL gas rate case, EXC's IL electric rate case, AVA's ID rate case, POR's OR IRP, FERC's Open Meeting, and AEP's VA triennial review. In other news, CT PURA issues another restrictive PD, this time for the AGR UIL rate case; NC Staff files testimony in DEC's multiyear rate case; the ALJ issues a PD on the settlement in AEP's OK electric rate case; the NY PSC authorizes ED's CECONY electric and gas rate case settlement; a federal dudge denies an injunction against WA building electrification mandates; and Vogtle Unit 4 completes the ITAAC process and awaits the 103(g) finding.

Upcoming Earnings Report

2Q earnings begin: NWE, NEE, AGR, CNP, CMS, AEP, DTE, XEL, EIX, and **POR** are scheduled to report this week (see calendar below). Our recently published preview, In Limbo, includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

2Q23 Utilities Earnings Calls			
Company Name	**Ticker**	**Date**	**Time (ET)**
NextEra Energy Inc	NEE	7/25/2023	9:00 AM
NorthWestern Corp	NWE	7/26/2023	11:00 AM
CenterPoint Energy Inc	CNP	7/27/2023	8:00 AM
CMS Energy Corp	CMS	7/27/2023	8:00 AM
American Electric Power Co	AEP	7/27/2023	9:00 AM
DTE Energy Co	DTE	7/27/2023	9:30 AM
Xcel Energy Inc	XEL	7/27/2023	10:00 AM
Avangrid Inc	AGR	7/27/2023	10:00 AM
Edison International	EIX	7/27/2023	4:30 PM
Portland General Electric Co	POR	7/28/2023	11:00 AM

Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

AEE — Evidentiary hearings in AEE's IL gas rate case begin on July 25: AEE provided an updated request for a $72M rate increase, compared to its initial request for a $160M (net $84M) revenue increase, and maintained the 54% equity layer (vs. Staff's 50%) but lowered the requested ROE to 10.3%, from 10.7%, closer to the Staff's proposal of 9.89%. AEE also agreed to adjust the 2024 charitable contributions and adopted the AG's HDD adjustment, resulting in an increase to present revenues. Staff recommended a $52M revenue increase. AEE's rate request includes the recovery of $77M of annual revenues that would be recovered under the QIP rider, which Staff proposes to be reviewed in the annual QIP reconciliation. AEE expects an ICC ruling within the 11-month statutory timeframe or by November 29, with rates going into effect on January 1, 2024.

EXC — Intervenor rebuttal testimony in EXC's IL electric rate case is due on July 26: ComEd's rebuttal testimony included a $1,550M revenue request over 2024-2027 (Docket: 23-0055), compared to Staff's recommendation for a $1,039M revenue increase and EXC's initial request for a $1,501M revenue increase. ComEd requested a 10.65% ROE and argues that Staff's recommended 8.9% ROE using 580 bps over the 2022 U.S. Treasury Bond yield of 3.114% is no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act. As a reminder, the act expired at the end of 2022, and the provisions of the CEJA require that the ROE be determined under current commission law. Staff calculated ROE midpoints of 9.23% and 10.87% in

its analysis using the traditional DCF and CAPM methods, respectively. A proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision.

AVA — Rebuttal testimony on the settlement in AVA's ID rate case is due on July 26: Staff presented testimony supporting the multi-party settlement in the ID gas and electric rate cases stating that it provides a reasonable balance between AVA's ability to earn a reasonable return on its investments while offering affordable customer rates. Staff also believes that the settlement will provide rate stability in that AVA will not seek a rate increase prior to September 1, 2025. As part of the settlement in the two-year electric and gas rate cases, electric revenue increases by $22M in RY1 and by $4M in RY2, and natural gas revenue increases by $1M and ~ $0M, respectively, both based on a 9.4% ROE and 50% equity. This compares to AVA's request for $37.5M and $13.2M electric rate increases in RY1 and RY2, respectively, and gas rate increases of $2.8M and $0.1M, respectively, based on a 10.25% ROE and 50% equity. If approved, new rates would go into effect on September 1, 2023.

POR — Intervenor comments in POR's OR Clean Energy Plan and IRP are due on July 27: POR's CEP includes a set of near-term actions to achieve the targets outlined in HB 2021. The Preferred Portfolio emphasizes solar and wind resources, with ~3.5GW expected to be online by 2030. POR will meet the capacity needs through an annual RFP for up to 520 MW of non-emitting resources through 2028. POR also plans to add 632 MW of storage, energy efficiency (248 MW), and distributed resources (136 MW). POR will study the addition of community-based renewable energy to reach 155 MW by 2030. This is POR's first CEP/IRP filing since HB 2021 became law. The PUC has six months to acknowledge the CEP and determine if it is consistent with the new law.

FERC — FERC's Open Meeting is scheduled for July 27: A copy of the Sunshine Notice is included here.

AEP — Staff testimony in APCo's VA triennial review is due on July 28: APCO filed its triennial earnings review for the 2020-2022 period in VA. According to APCo's calculations, the Company earned a 5.39% ROE during the timeframe and below the dead band of 8.5-9.9%. The Company seeks a $213M rate increase, premised on a 10.6% ROE. The main drivers of the increase include increased O&M expenses for vegetation management, an increase in the ROE from 9.2% to 10.6%, an increase in depreciation rates, and the deferred recovery of storm cost expenses. At the end of 4Q22, APCo deferred $38M related to previously incurred costs assuming it would earn below the 9.2% authorized ROE. An SCC decision is due by November 30. In its 2017-2019 triennial review, the Commission initially concluded that no rate change was required as APCo had earned 9.48% for the period, within the 8.72-10.12% ROE band prescribed by VA state law. AEP appealed the decision to the Supreme Court in March 2021 and eventually received approval for a $28M rate increase.

Recent Developments for Companies Under Our Coverage

From our midweek: The IL Staff files rebuttal testimony in WEC's IL gas rate cases; the MN PUC issues a final order in XEL's electric rate case; AGR reaches an agreement with MA utilities to terminate Commonwealth Wind PPAs; the ALJ suspends the briefing schedule in Track 4 proceedings of SCE's GRC; Omnis signs a purchase agreement with ETEM for the Pleasants coal plant; VEPCO signs a PPA for 300 MW of solar resources in VA; and AL Power issues an RFP for dispatchable resources.

AGR — CT PURA issues another restrictive PD, this time in AGR's UIL rate filing: CT PURA issued a PD last Friday in the UIL rate case, which we view as quite restrictive and unlikely to improve the sentiment around the regulatory environment in the state (especially as it follows a similar outcome in the ES Aquarion water case and the passage of SB 7). We provide some key parameters included in the PD below.

- PURA approved a rate increase of less than $2M and premised on an 8.8% ROE with a further 52 bps cut to address performance and management issues, bringing the effective ROE to 8.28% and a 50% equity layer. UIL had requested a $131M rate increase over three years with a 10.2% ROE, 52% equity.
- The ROE penalties include a 2 bps cut for not submitting a proper cost of service study, a 5 bps reduction to incentivize the Company to find ratepayer savings on the transmission adjustment clause, a 5 bps cut while UIL addresses deficiencies in storm response, a 20 bps cut to incentivize management to proceed efficiently in completing the remediation of the English Station, and a 20 bps cut to incentivize improved customer service performance. Many of the ROE cuts will remain in place for at least two years.
- PURA also rejected the AGR's application for a three-year rate plan citing errors in the Company's cost of service study as one of several reasons for the rejection. Other reasons include the pending PBR docket where multiyear rate plans are a topic of reevaluation and thus PURA believes a multiyear rate plan approval would be premature. Thus it approves only a one-year schedule effective September 1, 2023.
- Aside from the lower ROE, PURA adjusted downward the plant-in-service, zeroed the storm reserve/deferral request, pension cost recovery, and COVID deferral, among other reductions, bringing the down the authorized plant-in-service to $2.3B from a requested forward-looking plant in service of $2.5B. COVID deferrals of $6.5M will be allowed to be amortized outside the rate base.

AEP — ALJ issues PD on settlement in PSO's OK electric rate case: The ALJ recommended approval of the settlement with modifications. Specifically, the ALJ recommends modifying the ROE and equity layer to 9.3% ROE and 50% equity, respectively, compared to the agreed-upon 9.5% ROE and 54.62% equity. These adjustments lower the revenue requirement by ~$23M. The ALJ also recommended removing Rock Falls Wind Facility from the rate base since the facility was not used and useful within the six-

Sophie Karp (917) 368-2361 / sophie.karp@key.com

month post-test year period, lowering revenue by $22M. The PD agreed with the settlement to update the fuel adjustment clause rider semiannually and that the Grid Enhancement and Reliability Rider (GEAR) be approved for a three-year term through 2026 with a $6M annual revenue requirement. The PD recommends approving the Green Energy Choice and SPP Transmission Cost tariffs. According to our calculations, the ALJ recommends a $110M revenue deficiency, largely in line with the customer counter-proposal for a $105M gross revenue increase and materially lower than the $155M (net $50M) revenue increase agreed to in the multiparty settlement. AEP's original filing included a request for a $294M ($173M net) revenue increase based on 10.4%/54.6%. An OK Commission order is expected in 2Q23.

DUK — Staff files testimony in DEC's NC electric rate case: Staff (Docket: E-7 Sub-1276) recommended a cumulative $398M ($113M in RY1, $153M in RY2, and $133M in RY3) revenue increase, premised on a 9.35% ROE and 52% equity layer. This compares to DUK's $833M ($511M in RY1, $172M in RY2, and $150M in RY3) request, premised on a 10.4% ROE and 53% equity. DUK also recently filed supplemental testimony to reflect updated data, exhibiting a $991M revenue deficiency, although DUK did not amend its rate request. The difference between Staff's recommendation and DUK's request can largely be attributed to the base case for the test period ending December 31, 2021, where Staff recommended an $11M increase compared to DUK's $372M revenue increase. Several factors drive this variance, including a lower ROE and cap structure (34%), while depreciation expenses and plant and accumulated depreciation comprise 46% of the difference. Staff's adjustments exclude the accelerated depreciation of several plants (Cliffside Unit 5, Marshall Units 1 and 2), which have not been retired yet. Staff notes that DUK may place the remaining net book value into a regulatory asset or seek securitization when the plant is physically retired. Other adjustments include COVID deferral, inflation, and incentive expenses for short-term and long-term plans. For RY1-RY3, Staff recommended $387M compared to DUK's $462M request. DUK will file rebuttal testimony on August 4, and evidentiary hearings will commence on August 21. DUK is asking for approved RY1 rates to be effective no later than January 1, 2024.

Figure 2 - DEC GRC Comparison

Staff ($M); ROE: 9.35%; Equity Layer 52%	2024	2025	2026	2027	Total
Staff Testimony ($M)					
Revenue Increase	11.3	101.5	152.7	132.5	**398.0**
Rate Base	18,399.6				
DUK ($M); ROE: 10.4%; Equity Layer ~53%	**2024**	**2025**	**2026**	**2027**	**Total**
July 18 Supplemental Testimony ($M)					
Revenue Increase	466.0	162.6	180.0	182.8	**991.4**
Rate Base	19,543.8				
Direct Testimony ($M)					
Revenue Increase	371.5	139.8	171.5	150.3	**833.1**
Rate Base	19,102.9				

Source: Regulatory filings, KeyBanc Capital Markets Inc.

ED — NY PSC authorizes ED's CECONY electric and gas rate increases: The NY PSC issued a final order adopting the settlement in ED's electric and gas rate cases. The order authorizes a $457.5M levelized annual revenue increase for electric and a $187.2M levelized annual revenue increase for gas for 2023-2025. The PSC also authorized a 9.25% ROE and 48% equity layer. The total levelized revenue increases are $1.4B and $562M for electric and gas, respectively. Additionally, the settlement includes an earnings sharing mechanism and seven earning adjustment mechanisms to incentivize ED further. The EAMs are measured annually and include the EV Make Ready program and programs for demand response, smart building electrification, and several others. As a reminder, ED initially sought rate increases of $1,038M and $402M for its electric and gas utilities, respectively, beginning on January 1, 2023, and included illustrative rate increases for 2024 and 2025 (electric: $744M and $615M, respectively; gas: $205M and $176M, respectively).

AVA — Federal judge denies injunction against WA building electrification mandates: A U.S. district judge has rejected a request from gas utilities, homebuilders, and other stakeholders to halt the implementation of electric space and water heating requirements in new construction in WA. The plaintiffs sought a preliminary injunction, claiming the requirements were causing harm to their businesses. The judge, however, called their claims speculative and without standing. The WA State Building Code Council (SBCC) argued that the judicial intervention was premature after the SBCC previously passed two motions delaying the implementation of requiring heat pumps in residential and commercial building codes. Those motions were in response to the U.S. Court of Appeals for the Ninth Circuit ruling that a federal Energy Policy and Conservation Act (EPCA) regulates EE and the use of consumer products, and the ban placed by the city of Berkeley on the use of natural gas violates the federal statute. The motions include delaying implementation by 120 days and making the new rule not go into effect until November 2023, previously July 2023. The other motion supports starting rulemaking actions designed to ensure the new codes follow the Ninth Circuit Courting ruling in CA. The SBCC previously issued codes that

required heat pumps in the commercial code and residential building code, making all residential and commercial buildings rely on electric power for the primary space and water heating. WA was the first state to approve an electrification mandate into its statewide energy code, which aligns with state law and requires the council to adopt energy codes that reduce annual net energy consumption in buildings by 70% from 2006 levels by 2031.

SO — Vogtle Unit 4 takes a big step toward fuel load: SO completed all ITAACs and submitted the completion letter with the NRC. The Company awaits receipt of the 103(g) finding from the NRC, which confirms that the unit has been constructed and will be operated in compliance with the Combined License and NRC regulations. After receiving the 103(g), the next step will be for the operators to make final preparations for fuel load in Unit 4, startup testing, and then bring the unit online. The ITAAC completion was ahead of SO's October forecast but aligns with the 4Q23 benchmark milestone forecast, which would commence fuel load this month. Unit 4 is expected to enter service in 4Q23/1Q24.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 3 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	7/25/2023	Evidentiary Hearings Begin
ID	Avista Corp.	AVA	C-AVU-E-23-01	Electric/Nat Gas	7/26/2023	Settlement Rebuttal Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	7/26/2023	Staff and Intervenor Rebuttal Testimony Due
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	7/26/2023	Staff/Intervenor Surrebuttal Testimony
IL	Ameren Illinois	AEE	D-23-0082	Electric	7/27/2023	Surrebuttal Testimony
	Federal Energy Reg Comm	FERC			7/27/2023	Open Meeting
OR	Portland General Electric Co.	POR	LC80	IRP	7/27/2023	Staff and Intervenor Round 1 Comments
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	7/28/2023	Staff Testimony Due
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	7/31/2023	Rebuttal Testimony
MN	Ottertail Power	OTTR	21-339	IRP	7/31/2023	Initial Comments Due
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	7/31/2023	Company Surrebuttal Testimony Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	7/31/2023	Company Surrebuttal Testimony Due
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/1/2023	Rebuttal Testimony Due
ID	Avista Corp.	AVA	C-AVU-E-23-01	Electric/Nat Gas	8/2/2023	Hearings Begin
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	8/3/2023	Draft Decision Expected
TX	Entergy Texas Inc.	ETR	D-53719	Electric	8/3/2023	PUCT Meeting - Final Decision Pending
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	8/3/2023	Rebuttal Testimony Due
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	8/4/2023	Rebuttal Testimony Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/4/2023	Intervenor Testimony
IL	Ameren Illinois	AEE	D-23-0082	Electric	8/7/2023	Evidentiary Hearings Begin
OR	Avista Corp.	AVA	D-UG-461	Natural Gas	8/7/2023	Rebuttal Testimony Due
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	8/7/2023	Supplemental Testimony Due (12+0)
VA	Dominion Energy	D	PUR-2023-00066	IRP	8/8/2023	Intervenor Testimony Due
	Short-Term Energy Outlook	EIA			8/8/2023	STEO release
	CPI Release	BLS			8/10/2023	CPI release for Prior Month
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/10/2023	Surrebuttal Testimony Due
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	8/10/2023	Hearings Commence
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	8/10/2023	Evidentiary Hearings Begin
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	8/10/2023	Evidentiary Hearings Begin
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	8/11/2023	Rebuttal Testimony Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/11/2023	Staff Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	8/14/2023	Company Surrebuttal Testimony Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	8/14/2023	Post Hearing Briefs
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	8/14/2023	Opening Briefs
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	8/15/2023	Staff and Intervenor Testimony Due
MI	DTE Electric Co.	DTE	C-U-21297	Electric	8/15/2023	Briefs Due
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	8/16/2023	PFD Target Date
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	8/17/2023	Post Hearing Briefs
	DoC Solar Investigations	DoC	A-570-979	AD/CVD	8/17/2023	Final Determinations Due
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	8/17/2023	Rebuttal Testimony
	UPSA Formula Rate Complaint	ETR	EL-20-72		8/18/2023	Briefs on Exceptions Due
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	8/18/2023	Staff and Intervenor Testimony Due

Source: Regulatory filings, KeyBanc Capital Markets Inc., S&P Market Intelligence

Figure 4 - Comp Sheet

								KBCM Forecasts						Consensus					
						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	23.2	Overweight	$91	$88.29	2.8%	58%	4.36	4.67	4.96	20.3x	18.9x	17.8x	4.37	4.68	5.03	20.2x	18.9x	17.6x
AEP	American Electric Power Company Ir	45.3	Sector Weight	NA	$87.93	3.8%	63%	5.26	5.62	5.96	16.7x	15.6x	14.8x	5.27	5.61	5.98	16.7x	15.7x	14.7x
CMS	CMS Energy Corp	18.3	Sector Weight	NA	$62.89	3.1%	63%	3.10	3.34	3.67	20.3x	18.8x	17.1x	3.10	3.35	3.63	20.3x	18.8x	17.3x
CNP	CenterPoint Energy Inc	19.5	Sector Weight	NA	$30.91	2.4%	51%	1.50	1.62	1.72	20.6x	19.1x	18.0x	1.49	1.61	1.73	20.7x	19.2x	17.9x
D	Dominion Energy Inc	45.0	Sector Weight	NA	$53.78	5.0%	71%	3.58	3.84	3.90	15.0x	14.0x	13.8x	3.76	3.69	3.90	14.3x	14.6x	13.8x
DTE	DTE Energy Co	23.7	Sector Weight	NA	$115.12	3.3%	62%	6.03	6.72	7.16	19.1x	17.1x	16.1x	6.22	6.69	7.15	18.5x	17.2x	16.1x
DUK	Duke Energy Corp	73.0	Overweight	$109	$94.78	4.3%	73%	5.68	6.07	6.41	16.7x	15.6x	14.8x	5.63	5.98	6.34	16.8x	15.8x	14.9x
ETR	Entergy Corp	22.0	Sector Weight	NA	$103.99	4.2%	65%	6.77	7.22	7.68	15.4x	14.4x	13.5x	6.70	7.19	7.70	15.5x	14.5x	13.5x
ES	Eversource Energy	25.9	Sector Weight	NA	$74.31	3.7%	62%	4.35	4.65	4.94	17.1x	16.0x	15.0x	4.36	4.65	4.97	17.0x	16.0x	15.0x
ED	Consolidated Edison Inc	33.7	Underweight	$77	$97.13	3.4%	67%	4.85	5.16	5.47	20.0x	18.8x	17.8x	4.85	5.23	5.52	20.0x	18.6x	17.6x
EIX	Edison International	27.7	Sector Weight	NA	$72.40	4.1%	62%	4.76	5.11	5.63	15.2x	14.2x	12.9x	4.72	5.09	5.50	15.3x	14.2x	13.2x
EXC	Exelon Corp	42.3	Sector Weight	NA	$42.55	3.5%	62%	2.36	2.52	2.71	18.0x	16.9x	15.7x	2.36	2.51	2.72	18.0x	17.0x	15.6x
FE	FirstEnergy Corp	23.0	Overweight	$45	$40.09	3.9%	62%	2.56	2.67	2.87	15.7x	15.0x	14.0x	2.55	2.68	2.85	15.8x	15.0x	14.1x
PEG	Public Service Enterprise Group Inc	32.5	Sector Weight	NA	$65.13	3.5%	66%	3.45	3.62	3.88	18.9x	18.0x	16.8x	3.45	3.69	4.04	18.9x	17.6x	16.1x
SO	Southern Co	79.7	Sector Weight	NA	$73.06	3.8%	77%	3.56	4.01	4.25	20.5x	18.2x	17.2x	3.60	4.03	4.31	20.3x	18.2x	17.0x
WEC	WEC Energy Group Inc	29.1	Overweight	$102	$92.37	3.4%	68%	4.62	4.88	5.24	20.0x	18.9x	17.6x	4.61	4.91	5.25	20.0x	18.8x	17.6x
XEL	Xcel Energy Inc	35.9	Overweight	$71	$65.21	3.2%	62%	3.34	3.55	3.78	19.5x	18.4x	17.3x	3.36	3.60	3.84	19.4x	18.1x	17.0x
					Average:	**3.6%**	**64%**				**18.2x**	**16.9x**	**15.9x**				**18.1x**	**16.9x**	**15.8x**

								Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	3.0	Underweight	$32	$39.58	4.6%	79%	2.33	2.43	2.55	17.0x	16.3x	15.5x	2.32	2.46	2.58	17.0x	16.1x	15.3x
NWE	NorthWestern Corp	3.4	Overweight	$64	$57.39	4.5%	75%	3.42	3.58	3.74	16.8x	16.0x	15.3x	3.43	3.58	3.76	16.7x	16.0x	15.3x
OTTR	Otter Tail Corp	3.5	Sector Weight	NA	$84.07	2.1%	37%	4.71	3.28	3.51	17.8x	25.6x	24.0x	4.75	3.49	3.69	17.7x	24.1x	22.8x
PNW	Pinnacle West Capital Corp	9.7	Underweight	$61	$85.42	4.1%	83%	4.06	4.72	4.94	21.0x	18.1x	17.3x	4.18	4.85	5.04	20.4x	17.6x	16.9x
POR	Portland General Electric Co	4.7	Sector Weight	NA	$49.16	3.8%	70%	2.66	3.04	3.21	18.5x	16.2x	15.3x	2.68	3.05	3.21	18.4x	16.1x	15.3x
					Average:	**3.8%**	**69%**				**18.2x**	**18.4x**	**17.5x**				**18.1x**	**18.0x**	**17.1x**

								Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	15.1	Sector Weight	NA	$39.10	4.5%	83%	2.12	2.29	2.44	18.4x	17.1x	16.0x	2.12	2.29	2.44	18.4x	17.1x	16.0x
NEE	Nextera Energy Inc	153.6	Overweight	$85	$75.90	2.5%	60%	3.11	3.40	3.67	24.4x	22.3x	20.7x	3.11	3.41	3.69	24.4x	22.3x	20.6x
SRE	Sempra	47.5	Sector Weight	NA	$151.07	3.2%	53%	8.87	9.44	10.17	17.0x	16.0x	14.9x	9.00	9.57	10.20	16.8x	15.8x	14.8x
					Average:	**3.4%**	**65%**				**20.0x**	**18.5x**	**17.2x**				**19.9x**	**18.4x**	**17.1x**

								EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	31.3	Sector Weight	NA	$96.60	1.2%	28%	3,126	3,791	3,863	10.6x	8.7x	8.7x	3,241	3,714	3,721	10.3x	8.9x	9.1x
NRG	NRG Energy Inc	8.8	Not Covered	NA	$38.20	3.9%	35%	NA	NA	NA	NA	NA	NA	2,929	3,078	3,080	6.3x	5.9x	4.0x
VST	Vistra Corp	10.6	Not Covered	NA	$28.36	2.9%	28%	NA	NA	NA	NA	NA	NA	3,700	3,937	3,968	6.3x	5.9x	5.5x
					Average:	**2.7%**	**30%**				**10.6x**	**8.7x**	**8.7x**				**7.6x**	**6.9x**	**6.2x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 5 - Stock Price Performance

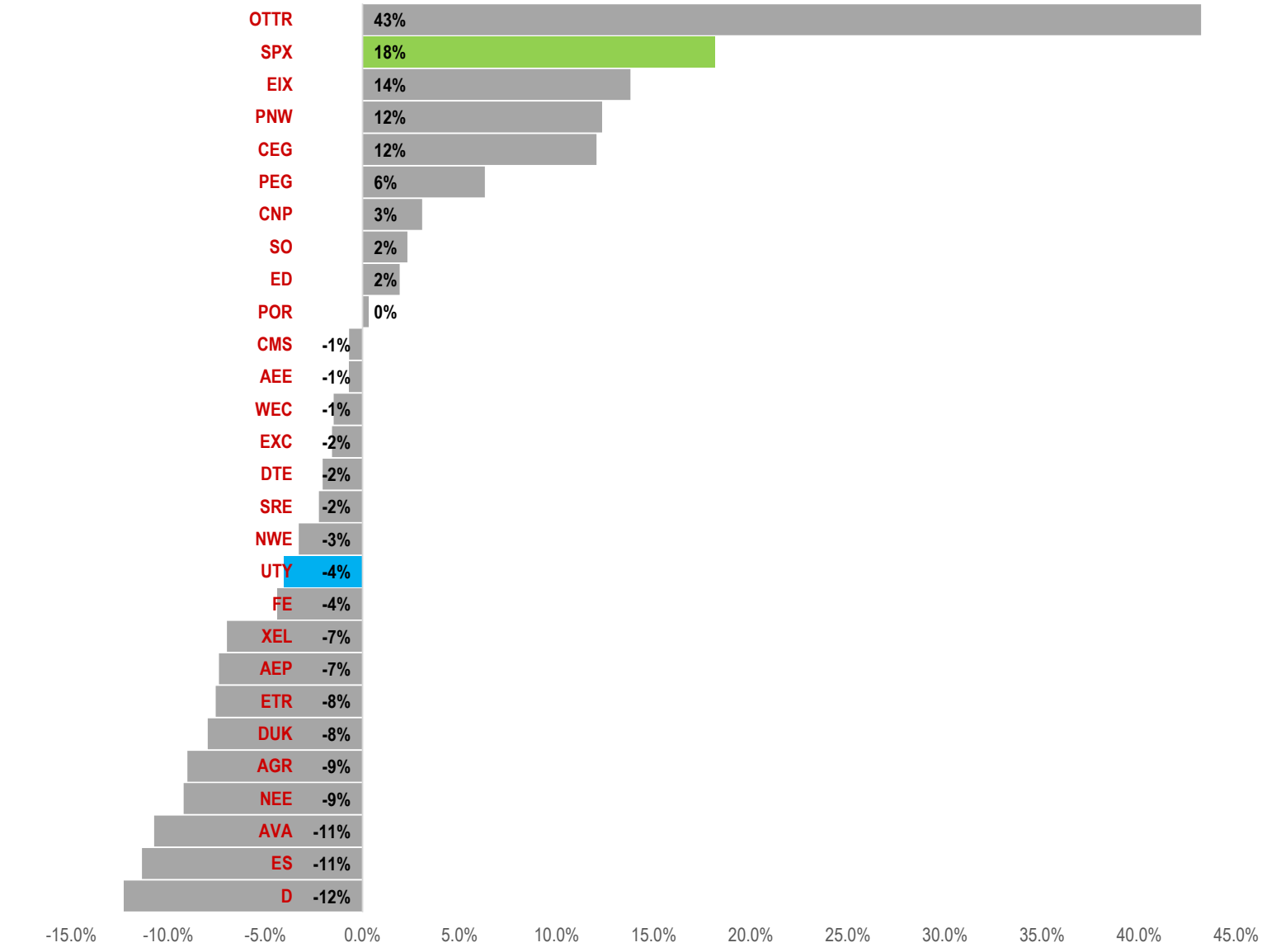

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	261	49.71	43	16.48
Sector Weight [SW]	257	48.95	43	16.73
Underweight [UW]	7	1.33	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	23	39.66	14	60.87
Sector Weight [SW]	32	55.17	12	37.50
Underweight [UW]	3	5.17	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Catalyst to Watch This Week: Staff Rebuttal Testimony in ComEd Rate Case and PG&E Innovation Summit

On Wednesday the 26th, the Illinois Commerce Commission will file its rebuttal testimony in EXC's ComEd multi-year rate plan case. We see this as a potential positive catalyst where Staff may improve upon the revenue and rate base recommendation from their initial testimony in May (see note here). Ameren saw an improved recommendation in their Illinois electric rate case late last week (see note here). Constructive resolution of the Illinois case for EXC is a key driver for our Buy rating and we think the stock remains attractive at its current 0.5x discount valuation.

PG&E will host its Innovation Summit 2023 on Tuesday the 25th starting at 8 AM PST. The day will include live or virtual sessions on a comprehensive list of topics including integrated grid planning, supply and load management, electric vehicles, gas, wildfire and undergrounding. Patti Poppe, CEO of PG&E, and Jason Glickman Executive Vice President, Planning and Strategy, PG&E will host. We expect updates on the company's wildfire A&I, California load growth and input from relevant industry leaders including Elon Musk, CEO of Tesla in a discussion with Patti Poppe.

Watt's on Tap

July 21 -July 28

Calendar Items

Weekly Calendar	
Fri - July 21	**AWK** - Indiana American Water GRC - Intervenor Testimony
Tue - July 25	**PCG** - 2023 Innovation Summit
	Q2 '23 Earnings Season Kicks off with NEE
Wed - July 26	**EXC** - ICC Staff rebuttal testimony due in ComEd rate case
Other Possible	**ETR** - FERC clarification around Dec '22 order on SERI issues
	AES - Could receive additional credit agency updates post May investor day
	ES - Potential offshore wind project sale announcement.
	PCG- Potential ALJ decision in general rate case
	SO - Vogtle Unit 3 Completion

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 7/20/2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 25.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

07/19/2023 UBS Evidence Lab Inside: 2Q 2023 Preview
07/17/2023 AEE: IL Staff Position Improved
07/16/2023 Kentucky Resource Updates

North America Alternative Energy and Environmental Services Analysts: Jon Windham & William Grippin

7/20/2023 Updated July Energy Transition Call Series
7/19/2023 Global Sustainability "What are We Looking for on the ESG Front During 2Q

We are updating our price targets below for the move in market multiples for the group.

Figure 1: Electric Utilities Price Target Update

Rating	Ticker	7/20/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Neutral	AEE	$86.93	$89	15.4x	$92	15.9x
Buy	CMS	$61.72	$69	15.4x	$71	15.9x
Buy	DTE	$113.13	$124	15.4x	$128	15.9x
Neutral	DUK	$93.20	$99	15.4x	$102	15.9x
Buy	EIX	$72.15	$82	15.2x	$86	15.9x
Neutral	LNT	$54.78	$56	15.6x	$57	15.9x
Sell	PNW	$84.50	$74	15.3x	$77	15.9x
Neutral	WEC	$91.26	$93	15.6x	$95	15.9x
Neutral	XEL	$64.56	$68	15.4x	$70	15.9x

Source: FactSet, UBS estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 2: 2Q'23 Power and Utility Estimates

US Companies in US$		Quarterly					Annual					
Company	Ticker	Scheduled Reporting Date	2Q'23E UBS	2Q'23E Consensus	UBS vs. Consensus	UBS Confidence Indicator[1]	2Q'22A Adjusted	2023E UBS	2023E Consensus	UBS vs. Consensus	Trailing 12 Month	2022A	2023E Guidance
ELECTRIC UTILITIES													
AES Corp	AES	4-Aug	$0.20E	$0.26	($0.06)		$0.34A	$1.71	$1.71	$0.00	$1.58	$1.67	$1.65-$1.75
Alliant Energy	LNT	4-Aug	$0.59E	$0.62	($0.03)		$0.63A	$2.90	$2.89	$0.01	$2.64	$2.80	$2.82-$2.96
Ameren Corp	AEE	3-Aug	$0.77E	$0.78	($0.01)		$0.80A	$4.36	$4.36	($0.01)	$3.95	$4.14	$4.25-$4.45
American Electric Power	AEP	27-Jul	$1.11E	$1.19	($0.08)		$1.20A	$5.25	$5.27	($0.02)	$5.06	$5.09	$5.19-$5.39
CenterPoint Energy	CNP	27-Jul	$0.25E	$0.29	($0.04)		$0.31A	$1.49	$1.49	($0.00)	$0.89	$1.38	$1.48-$1.50
CMS Energy	CMS	27-Jul	$0.70E	$0.65	$0.05		$0.53A	$3.12	$3.10	$0.02	$2.34	$2.89	$3.06-$3.12
Consolidated Edison	ED	3-Aug	$0.58E	$0.67	($0.09)		$0.64A	$4.85	$4.85	$0.00	$3.75	$4.57	$4.75-$4.95
Dominion Energy	D	4-Aug	$0.47E	$0.50	($0.03)		$0.77A	$3.83	$3.82	$0.02	$3.44	$4.10	N/A
DTE Energy	DTE	27-Jul	$0.88E	$1.00	($0.12)		$0.88A	$6.26	$6.21	$0.04	$4.79	$5.62	$6.09-$6.40
Duke Energy	DUK	8-Aug	$0.95E	$1.07	($0.12)		$1.14A	$5.63	$5.63	$0.00	$5.10	$5.27	$5.55-$5.75
Edison International	EIX	27-Jul	$0.94E	$0.96	($0.02)		$0.94A	$4.71	$4.73	($0.02)	$4.53	$4.63	$4.55-$4.85
Emera Inc (C$)	EMA-TSE	11-Aug	$0.62E	$0.64	($0.02)		$0.59A	$3.29	$3.20	$0.09	$2.56	$3.03	N/A
Entergy Corp	ETR	2-Aug	$1.66E	$1.69	($0.03)		$1.78A	$6.65	$6.71	($0.06)	$6.82	$6.42	$6.55-$6.85
Evergy, Inc	EVRG	4-Aug	$0.77E	$0.79	($0.02)		$0.86A	$3.65	$3.63	$0.01	$3.96	$3.71	$3.55-$3.75
Eversource Energy	ES	1-Aug	$0.89E	$0.87	$0.02		$0.86A	$4.36	$4.36	($0.00)	$3.66	$4.05	$4.25-$4.43
Exelon Corp	EXC	2-Aug	$0.39E	$0.45	($0.06)		$0.44A	$2.36	$2.36	$0.00	$2.07	$2.27	$2.30-$2.42
FirstEnergy Corp	FE	1-Aug	$0.45E	$0.47	($0.02)		$0.53A	$2.59	$2.54	$0.05	$2.29	$2.41	$2.44-$2.64
Fortis Inc (C$)	FTS-TSE	2-Aug	$0.62E	$0.62	0.00		$0.57A	$2.97	$3.00	($0.03)	$2.62	$2.78	N/A
NextEra Energy	NEE	25-Jul	$0.75E	$0.81	($0.06)		$0.81A	$3.13	$3.11	$0.02	$2.99	$2.90	$2.98-$3.13
NiSource Inc.	NI	2-Aug	$0.10E	$0.14	($0.04)		$0.12A	$1.57	$1.57	($0.00)	$0.74	$1.46	$1.54-$1.60
OGE Energy Corp	OGE	9-Aug	$0.45E	$0.45	($0.00)		$0.36A	$2.01	$2.00	$0.01	$2.31	$3.32	$1.93-$2.07
PG&E Corp	PCG	27-Jul	$0.26E	$0.29	($0.03)		$0.25A	$1.23	$1.21	$0.02	$1.09	$1.10	$1.19-$1.23
Pinnacle West Capital Corporation	PNW	3-Aug	$1.10E	$1.26	($0.16)		$1.45A	$4.20	$4.19	$0.02	$5.39	$4.26	$3.95-$4.15
PPL Corporation	PPL	4-Aug	$0.31E	$0.32	($0.01)		$0.30A	$1.60	$1.58	$0.02	$1.31	$2.40	$1.50-$1.65
Public Service Enterprise Group	PEG	1-Aug	$0.63E	$0.64	($0.01)		$0.64A	$3.46	$3.44	$0.01	$2.78	$3.47	$3.40-$3.50
Sempra Energy	SRE	3-Aug	$1.70E	$1.78	($0.08)		$1.98A	$8.98	$9.00	($0.02)	$8.08	$9.21	$8.60-$9.20
Southern Company	SO	3-Aug	$0.77E	$0.75	$0.02		$1.07A	$3.65	$3.60	$0.05	$3.38	$3.60	$3.55-$3.65
WEC Energy Group	WEC	1-Aug	$0.83E	$0.85	($0.02)		$0.91A	$4.62	$4.61	$0.01	$3.52	$4.46	$4.58-$4.62
Xcel Energy	XEL	27-Jul	$0.57E	$0.60	($0.03)		$0.60A	$3.43	$3.37	$0.06	$3.07	$3.17	$3.30-$3.40
Average			$0.70	$0.74	($0.04)	-5.2%	$0.77	$3.72	$3.71	$0.01	$3.33	$3.66	
WATER UTILITIES													
American States Water	AWR	7-Aug	$0.74E	$0.80	($0.06)		$0.54A	$3.16	$2.77	$0.39	$2.12	$2.55	N/A
American Water Works Company	AWK	27-Jul	$1.40E	$1.30	($0.16)		$1.20A	$4.79	$4.78	$0.01	$4.55	$4.51	$4.72-$4.82
California Water	CWT	27-Jul	$0.35E	$0.50	($0.15)		$0.36A	$1.90	$1.75	$0.14	$0.96	$1.96	N/A
Essential Utilities	WTRG	7-Aug	$0.31E	$0.34	($0.02)		$0.31A	$1.88	$1.86	$0.02	$1.73	$1.77	$1.85-$1.90
SJW Group	SJW	31-Jul	$0.51E	$0.53	($0.02)		$0.39A	$2.47	$2.47	($0.00)	$2.28	$2.06	$2.40-$2.50
Average			$0.66	$0.69	($0.08)	-11.9%	$0.56	$2.84	$2.73	$0.11	$2.33	$2.57	
IPPS - Adjusted EBITDA not EPS	**US$mlns**												
Constellation Energy	CEG	3-Aug	$708E	$697	$11		$603A	$3,129	$3,116	$13	N/A	$2,667	$2,900-$3,300
NRG Energy	NRG	TBA	$700E	$789	($89)		$358A	$3,062	$3,085	($23)	N/A	$1,754	$3,010-$3,250
Vistra Energy	VST	9-Aug	$865E	$855	$10		$761A	$3,699	$3,590	$109	N/A	$3,115	$3,400-$4,000
Average			$758	$780	($23)	-2.9%	$574	$3,297	$3,264	$33		$2,512	

1. UBS Confidence Indicator: Green = high confidence in estimate vs. consensus; Red = low confidence in estimate vs. consensus; Yellow = mid confidence in estimate vs. consensus

Source: FactSet, Company Filings, UBS estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 3: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	7/20/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	SRE	$149.61	$200	37%	$8.43	$9.21	$8.98	$9.58	$10.16	14.7x	(7%)	3.1%	7.2%	7.0%	1st
Buy	NEE	$74.10	$91	25%	$2.55	$2.90	$3.13	$3.43	$3.70	20.0x	26%	2.3%	7.4%	10.0%	1st
Buy	EIX	$72.15	$86	23%	$4.59	$4.63	$4.71	$5.13	$5.55	13.0x	(18%)	3.9%	5.8%	4.0%	4th
Buy	AES	$21.83	$26	22%	$1.52	$1.67	$1.71	$1.88	$2.12	10.3x	(35%)	2.9%	6.1%	5.0%	1st
Buy	CMS	$61.72	$71	18%	$2.65	$2.89	$3.12	$3.37	$3.64	16.9x	7%	3.0%	8.1%	7.0%	1st
Buy	FE	$39.67	$45	17%	$2.60	$2.41	$2.59	$2.71	$2.93	13.5x	(15%)	3.9%	7.0%	3.0%	2nd
Buy	PPL	$27.39	$31	16%	$1.05	$1.41	$1.60	$1.70	$1.79	15.3x	(4%)	3.2%	7.1%	7.6%	2nd
Buy	DTE	$113.13	$128	16%	$5.99	$5.96	$6.26	$6.69	$7.15	15.8x	(0%)	3.2%	6.6%	6.8%	3rd
Buy	EXC	$42.01	$47	15%	$1.83	$2.27	$2.36	$2.54	$2.77	15.2x	(5%)	3.2%	7.1%	7.2%	2nd
Buy	NI	$28.02	$31	14%	$1.37	$1.46	$1.57	$1.68	$1.80	15.6x	(2%)	3.4%	6.8%	4.6%	3rd
Neutral	DUK	$93.20	$102	14%	$5.24	$5.27	$5.63	$5.97	$6.35	14.7x	(8%)	4.3%	6.3%	4.0%	3rd
Buy	SO	$71.07	$78	14%	$3.41	$3.60	$3.65	$4.05	$4.35	16.3x	3%	3.8%	6.6%	2.8%	3rd
Neutral	EMA	$54.99	$59	12%	$2.81	$3.03	$3.29	$3.39	$3.53	15.6x	(2%)	4.9%	4.6%	4.7%	4th
Buy	PEG	$64.46	$70	12%	$3.65	$3.47	$3.46	$3.67	$3.97	16.2x	2%	3.4%	6.2%	7.0%	3rd
Neutral	AEP	$86.82	$94	12%	$4.74	$5.09	$5.25	$5.64	$5.91	14.7x	(8%)	3.7%	5.7%	-100.0%	4th
Neutral	XEL	$64.56	$70	11%	$2.96	$3.17	$3.43	$3.71	$3.98	16.2x	2%	3.0%	7.6%	5.9%	1st
Neutral	ETR	$103.72	$109	9%	$6.02	$6.42	$6.65	$7.18	$7.67	13.5x	(15%)	4.0%	6.8%	2.3%	2nd
Neutral	AEE	$86.93	$92	9%	$3.82	$4.14	$4.36	$4.71	$5.05	17.2x	8%	2.7%	7.1%	6.0%	2nd
Neutral	WEC	$91.26	$95	7%	$4.11	$4.46	$4.62	$4.94	$5.28	17.3x	9%	3.2%	6.3%	6.6%	3rd
Neutral	LNT	$54.78	$57	7%	$2.65	$2.80	$2.90	$3.08	$3.27	16.7x	5%	3.1%	5.5%	6.0%	4th
Neutral	PCG	$17.73	$19	7%	$1.08	$1.10	$1.23	$1.36	$1.49	11.9x	(25%)	0.0%	9.7%	0.0%	1st
Neutral	OGE	$36.55	$37	6%	$2.36	$3.32	$2.01	$2.11	$2.26	16.1x	2%	4.5%	7.1%	3.0%	2nd
Neutral	ED	$95.89	$97	4%	$4.37	$4.57	$4.85	$5.18	$5.51	17.4x	9%	3.3%	6.3%	4.5%	3rd
Neutral	D	$53.11	$52	3%	$3.86	$4.10	$3.83	$3.42	$3.70	14.4x	(10%)	5.0%	0.9%	1.5%	4th
Neutral	CNP	$30.37	$30	1%	$1.64	$1.38	$1.49	$1.64	$1.72	17.7x	11%	2.3%	7.4%	8.0%	1st
Neutral	EVRG	$60.73	$59	1%	$3.58	$3.71	$3.65	$3.99	$4.30	14.1x	(11%)	3.8%	5.5%	7.0%	4th
Neutral	ES	$73.54	$71	0%	$3.54	$4.05	$4.36	$4.64	$4.94	14.9x	(6%)	3.5%	6.7%	5.5%	3rd
Sell	FTS	$57.47	$55	(1%)	$2.59	$2.78	$2.97	$3.18	$3.37	17.1x	7%	3.8%	5.9%	4.2%	4th
Sell	PNW	$84.50	$77	(5%)	$5.47	$4.26	$4.20	$4.96	$5.23	16.1x	2%	4.0%	6.5%	4.6%	3rd
Electric Utility Average										**15.9x**		**3.5%**	**6.4%**	**1.4%**	
Rating	Ticker	7/20/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$42.41	$50	21%	$1.67	$1.77	$1.88	$2.05	$2.18	19.5x	(21%)	2.6%	6.8%	7.0%	2nd
Neutral	SJW	$72.53	$78	10%	$2.14	$2.43	$2.47	$2.80	$2.95	24.6x	(1%)	2.0%	6.3%	7.0%	2nd
Neutral	AWK	$146.94	$150	4%	$4.25	$4.51	$4.79	$5.18	$5.53	26.6x	7%	1.9%	7.9%	8.0%	2nd
Neutral	AWR	$88.91	$88	1%	$2.34	$2.11	$3.11	$2.93	$3.17	28.0x	13%	1.8%	7.4%	6.0%	2nd
Sell	CWT	$52.79	$49	(5%)	$1.97	$1.77	$1.90	$2.08	$2.20	24.0x	(3%)	2.0%	5.7%	5.0%	3rd
Water Utility Average										**24.8x**		**2.1%**	**7.4%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 4: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	7/20/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$27.37	$37	37%	$3,325	$3,685	$1,908	$2,994	$3,699	6.9x	-3%	4.5x	33%
Sell	**NRG**	$38.71	$33	(14%)	$1,776	$1,977	$2,404	$2,793	$3,062	7.0x	19%	4.2x	25%
AVERAGE										**6.9x**		**4.3x**	**29%**

Source: FactSet, UBS Estimates

Figure 5: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 13.94	3,081	$ 42,943	$ 15,754	24.6x	21.2x	$ 2,388
Brookfield Infrastructure Partners (1)	US$	BIP-USA	Not Covered	$ 35.70	458	$ 16,360	$ 31,032	N/A	13.3x	N/A
Average								**24.6x**	**17.2x**	
Railroads										
CSX Corp	US$	CSX-USA	Buy	$ 33.71	2,033	$ 68,534	$ 16,517	11.4x	10.1x	$ 7,477
Canadian National Railway	US$	CNI-USA	Buy	$ 117.66	662	$ 77,938	$ 11,116	9.4x	12.8x	$ 9,516
Canadian Pacific Railway	US$	CP-USA	Buy	$ 80.52	931	$ 74,969	$ 14,370	11.1x	15.2x	$ 8,069
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 237.49	228	$ 54,062	$ 15,670	12.1x	10.3x	$ 5,754
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 216.78	610	$ 132,170	$ 33,928	13.3x	12.5x	$ 12,503
Average								**11.4x**	**12.2x**	
Clean Power										
AES Corp. (2)	US$	AES-USA	Buy	$ 21.83	711	$ 15,521	$ 18,253	9.9x	8.2x	$ 3,397
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 27.69	82	$ 2,281	$ 6,371	8.2x	8.2x	$ 1,060
NextEra Energy Partners	US$	NEP-USA	Buy	$ 58.77	89	$ 5,225	$ 5,030	9.4x	9.0x	$ 1,088
Ormat Technologies	US$	ORA-USA	Buy	$ 84.11	60	$ 5,022	$ 1,826	12.7x	10.7x	$ 539
Orsted A/S	DKK	ORSTED-CSE	Buy	605.00 kr.	420	254,330.55 kr.	$ 49,965	9.6x	11.8x	31,746.94 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 24.16	116	$ 2,804	$ 4,836	8.6x	7.9x	$ 884
Average								**9.7x**	**9.3x**	
OVERALL AVERAGE								**11.7x**	**11.6x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$96.89	300	$ 29,091	$ 6,603	9.2x	8.8x	$ 3,886
							At 8% Discount	**10.8x**	**10.7x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks (2) UBS EBITDA includes net tax credits.

Source: FactSet, UBS estimates
Updated: 7/20/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 6: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	19.26	30	56	81	2.9	3.8	0.0	22.5x	16.3x	13.2x	14.6x	11.6x	9.9x	11.2x	11.7x	15.1x
CSIQ	Canadian Solar	Buy (CBE)	37.61	50	33	46	2.4	5.3	0.0	8.0x	6.1x	5.5x	4.4x	3.3x	2.9x	1.1x	1.2x	0.7x
FSLR	First Solar	Buy	198.50	250	26	474	21.2	19.3	0.0	26.3x	16.9x	7.7x	15.7x	10.0x	5.3x	3.2x	3.4x	0.3x
FTCI	FTC Solar	Buy (CBE)	3.45	4	16	6	0.4	0.3	0.0	-	13.3x	8.6x	-	8.3x	4.5x	5.7x	4.5x	12.3x
JKS	JinkoSolar	Neutral (CBE)	42.41	55	30	33	2.1	8.3	0.0	6.0x	5.3x	4.4x	3.8x	3.4x	3.0x	0.5x	0.6x	0.3x
SMR	NuScale Power	Neutral (CBE)	7.49	9	20	9	0.6	0.5	0.0	-	-	-	-	-	46.6x	33.9x	192.9x	-208.1x
ORA	Ormat Technologies	Buy	84.11	102	21	34	5.0	6.8	0.6	46.0x	36.3x	29.2x	13.2x	12.1x	10.9x	2.0x	2.3x	0.4x
SHLS	Shoals Technologies	Buy	26.69	29	9	69	4.5	4.8	0.0	45.9x	31.4x	25.8x	21.9x	16.5x	13.8x	6.7x	5.9x	1.4x
TPIC	TPI Composites	Neutral (CBE)	10.27	9	(12)	9	0.4	0.9	0.0	-	-	-	13.4x	8.3x	5.1x	-7.8x	-3.8x	5.7x
Average									0.1	25.8x	18.0x	13.5x	12.4x	9.2x	11.3x	6.3x	24.3x	-19.1x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	6.54	10	53	9	1.0	2.0	0.0	76.9x	27.7x	15.2x	16.7x	13.6x	11.6x	2.4x	2.2x	1.9x
GNRC	Generac	Buy	147.28	185	26	179	9.2	10.6	0.0	21.7x	15.5x	13.8x	14.2x	10.4x	9.4x	3.6x	2.9x	2.4x
SEDG	SolarEdge	Neutral (CBE)	263.10	310	18	288	14.8	14.4	0.0	26.5x	22.6x	20.0x	17.5x	16.1x	14.3x	5.5x	4.4x	3.6x
SPWR	SunPower	Neutral (CBE)	11.32	14	24	65	2.0	2.2	0.0	25.6x	22.9x	13.5x	12.4x	12.1x	8.0x	3.0x	2.4x	1.8x
RUN	Sunrun	Neutral (CBE)	21.65	20	(8)	202	4.7	14.8	0.0	-	37.8x	14.1x	-	177.8x	52.5x	0.7x	0.6x	0.5x
Average									0.0	24.6x	24.7x	15.3x	14.7x	54.1x	21.0x	3.2x	2.6x	2.1x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	28.34	47	66	29	2.6	5.8	5.5	12.9x	12.0x	11.2x	-	-	-	1.3x	1.2x	1.0x
Yield Co.																		
AY	Atlantica	Neutral	24.16	29	20	14	2.8	7.9	7.5	-	343.9x	64.1x	8.9x	8.3x	7.7x	1.9x	2.5x	2.0x
BEP	Brookfield Renewable	Buy	29.60	41	39	7	8.6	55.2	4.5	-	-	-	15.9x	15.0x	14.4x	5.3x	8.5x	9.3x
CWEN	Clearway	Buy	27.69	37	34	28	3.2	12.0	5.6	11.2x	17.4x	16.1x	10.2x	10.6x	10.1x	1.4x	1.9x	1.7x
NEP	NextEra Energy Partners	Buy	58.77	82	40	58	5.2	21.5	5.9	72.1x	50.4x	35.0x	21.2x	16.0x	13.6x	1.3x	1.9x	1.0x
Average									5.9	41.6x	137.2x	38.4x	14.0x	12.5x	11.5x	2.5x	3.7x	3.5x
Energy Storage																		
FLNC	Fluence Energy	Buy	29.73	34	14	39	3.5	3.3	0.0	-	309.1x	22.9x	-	80.8x	12.9x	9.7x	8.9x	6.0x
LICY	Li-Cycle Holdings Corp.	Buy	5.73	10	66	8	1.0	0.9	0.0	-	-	-	-	-	171.9x	2.7x	3.9x	5.0x
STEM	Stem Inc.	Buy (CBE)	7.23	8	11	42	1.1	1.5	0.0	-	-	12.7x	-	18.3x	7.7x	2.3x	2.2x	1.9x
Average									0.0	-	309.1x	17.8x	-	49.5x	64.2x	4.9x	5.0x	4.3x

Source: FactSet, UBS estimates
Updated: 7/20/2023

Figure 7: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	88.31	110	25	29	5.0	0.0	80.3x	74.8x	383.2x	17.8x	14.2x	13.2x	2.4	2.8	2.8
RSG	Republic Services, Inc.	Neutral	154.52	145	(6)	171	48.9	1.4	31.4x	29.8x	26.3x	13.6x	13.0x	12.3x	3.5	3.9	4.0
WCN	Waste Connections, Inc.	Buy	143.75	161	12	128	37.0	0.8	37.7x	34.0x	31.5x	17.1x	15.7x	14.6x	3.1	3.4	3.7
WM	Waste Management, Inc.	Neutral	171.90	162	(6)	242	69.9	1.7	30.8x	29.5x	25.9x	14.6x	13.9x	13.2x	2.7	2.2	3.6
Average								1.0	33.0x	31.1x	28.0x	14.9x	14.0x	13.2x	3.0	3.1	3.5
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	170.08	155	(9)	66	9.2	0.0	22.2x	18.9x	18.6x	10.4x	9.7x	8.8x	3.1	3.5	5.1
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	7.03	12	71	1	1.2	0.0	-	-149.1x	23.7x	17.5x	11.8x	6.9x	-	-	-

Source: FactSet, UBS estimates
Updated: 7/20/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 8: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

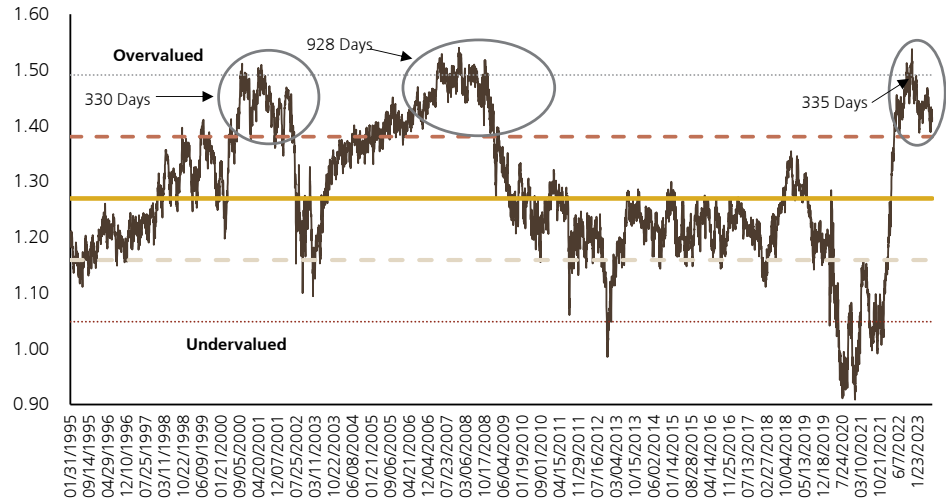

Source: FactSet, US Federal Reserve, UBS
Updated as of: 7/19/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 13.8% to the mean.

Figure 9: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

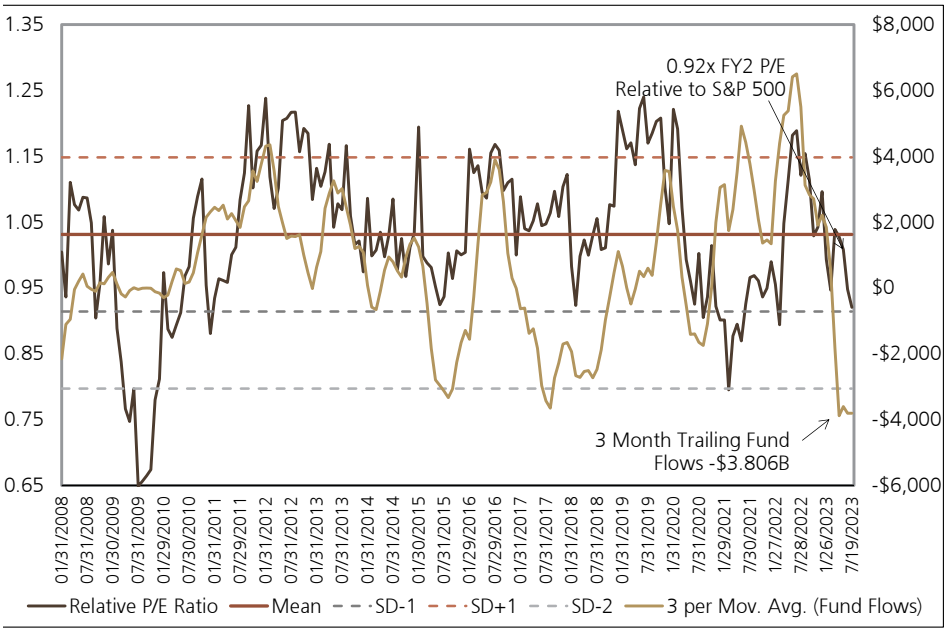

Source: FactSet, Strategic Insights, UBS
Updated as of:7/19/2023

Utilities now trade at a 12.0% discount to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Interactive Utility Regression Model: We published a "New Analytical Valuation Approach for Regulated Utilities" with Amar Hamoudi UBS Head of Empirical Scientific Approaches for Research and Evidence Lab which is a regression model that as of July 19 implies a 14.44x FY 2 P/E vs. current valuation of 15.7x or ~8% overvalued.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 10: Utility Credit Spreads

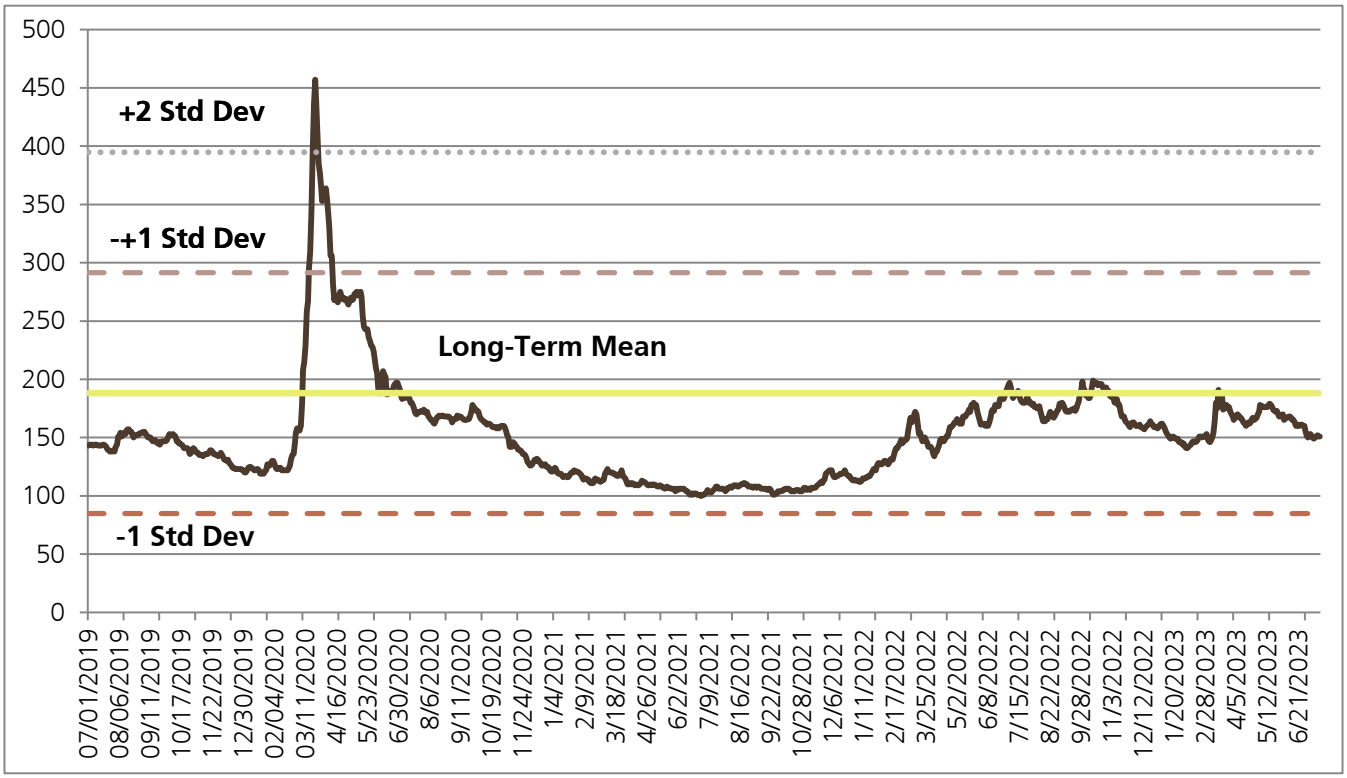

Source: FactSet, UBS
Updated 7/19/2023

Utility credit spreads contracted 2 bp last week and are 37 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at a 14.9% discount to the 5 year average FY 2 P/E relative to the S&P 500 and an 8.0% discount to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 11: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

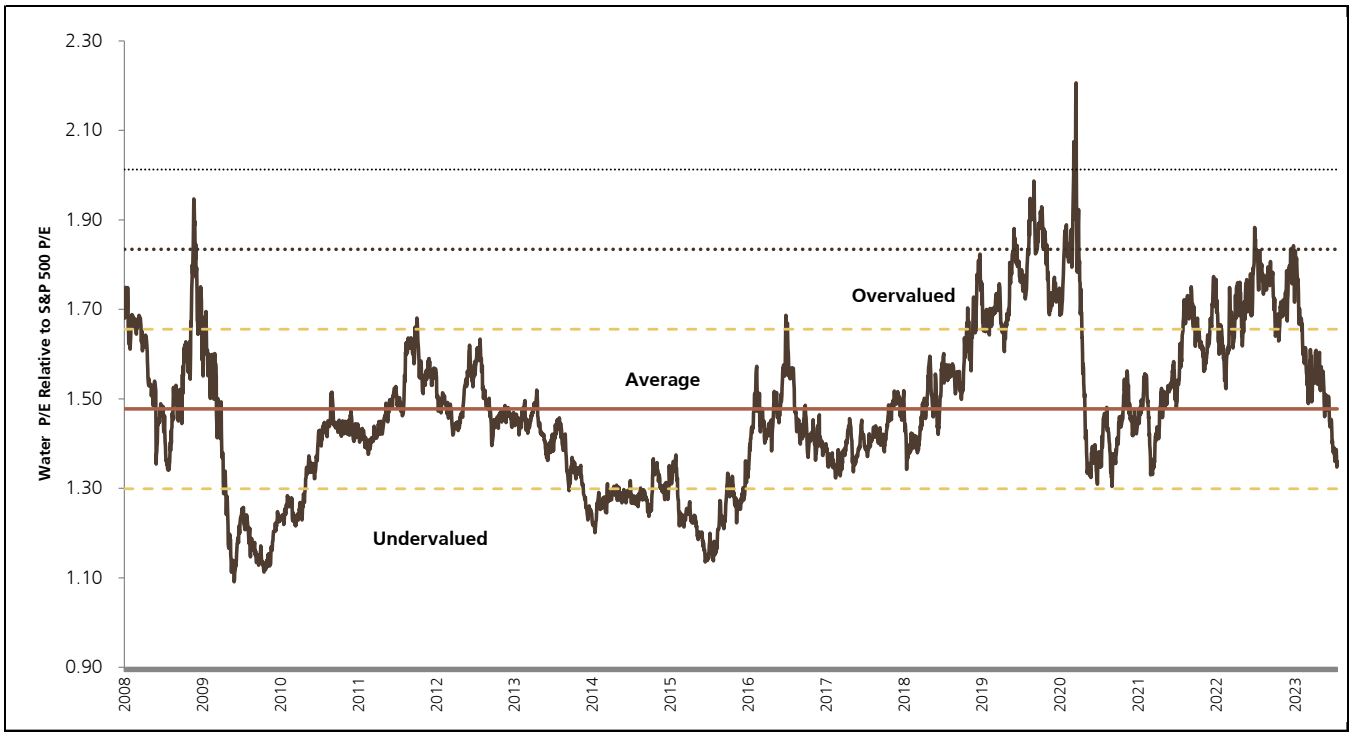

Source: FactSet, UBS

Updated 7/19/2023

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 12) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 13) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 12: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

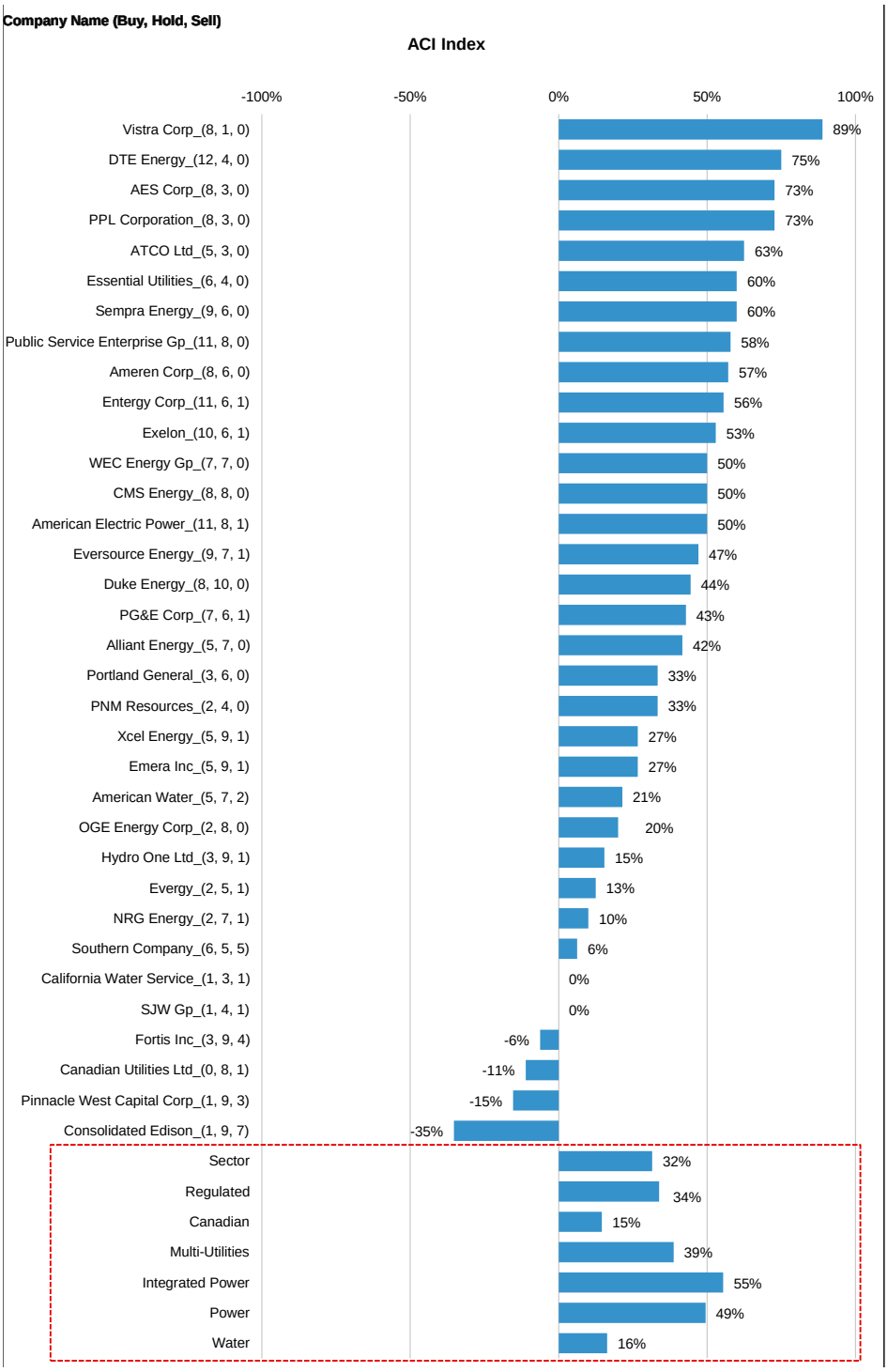

Source: Bloomberg, FactSet, UBS
Updated as of: 7/20/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 13: Change in ACI Index over Last 12 Weeks

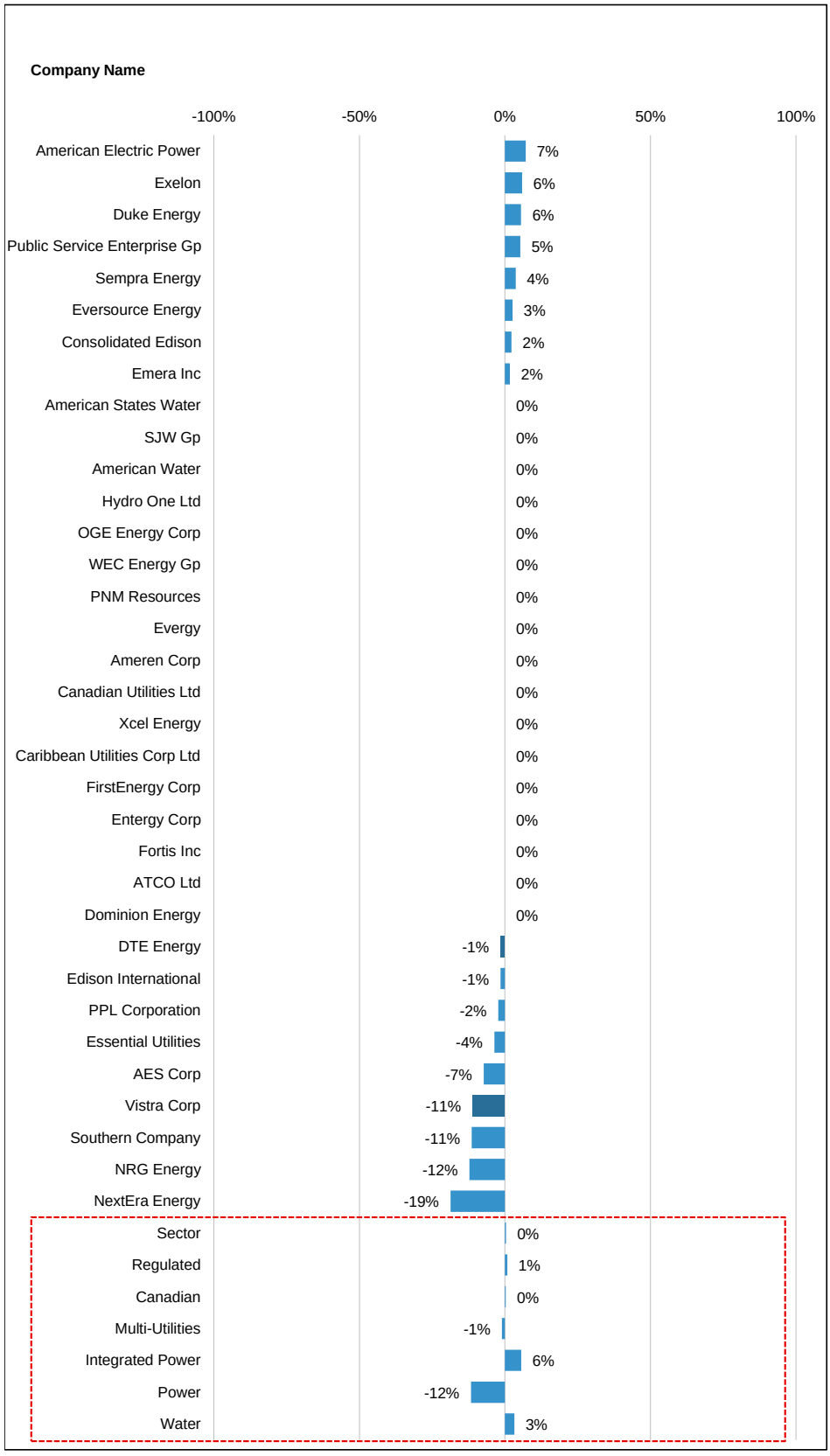

Source: Bloomberg, FactSet, UBS
Updated as of: 7/20/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based.

North America Utilities: Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Reflects sustainable 5% premium on a relative yield basis to corporate bonds; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 9%, second quartile 3%, third quartile -3% and fourth quartile -9%; 4) Clean Energy Growth Premium: A 5% premium for companies that have a unique decarbonization growth opportunity on a risk adjusted basis; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sumof-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

Water Utilities: Our valuation methodology for the group is price-to-earnings based. Our methodology includes: 1) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; and 2) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 9%, second quartile 3%, third quartile -3% and fourth quartile -9%. North American utilities: We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.
IPPs: We identify the following risks for the sector: Power prices, fuel prices, capacity prices, supply and demand for electricity, extreme weather, economic conditions, and cost of financing and collateral hedging.

Environmental Services: We identify the following risks for the sector: Housing remains a key driver of incremental municipal solid waste volume growth, and a slowdown in new housing starts could put downward pressure on sales growth. In addition, pricing tends to follow GDP growth, and a slowdown in economic growth could lower ability to raise pricing driving potential contraction in margins. For more industrial-exposed names, swings in commodity prices can impact the overall level of waste-generating activity, contributing to earnings volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

California Water Service Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dominion Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Emera Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Eversource Energy

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Entergy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Evergy, Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Fortis Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Question	Response
11. What is the catalyst?	

Alliant Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

NextEra Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

NiSource Inc.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

PG&E Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Public Service Enterprise Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Pinnacle West Capital Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

PPL Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	August 22, 2023
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Hearings in the Kentucky certificate of public convenience proceeding

Southern Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

WEC Energy Group Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Xcel Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

American Water Works Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

American Electric Power Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Consolidated Edison Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

OGE Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

American States Water Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Sempra

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 21 July 2023 01:26 AM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	41%
Neutral	FSR is between -6% and 6% of the MRA.	37%	43%
Sell	FSR is > 6% below the MRA.	9%	36%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Alliant Energy Corp[16]	LNT.O	Neutral	US$54.78	20 Jul 2023
Ameren Corp[16]	AEE.N	Neutral	US$86.93	20 Jul 2023
CMS Energy Corp[16]	CMS.N	Buy	US$61.72	20 Jul 2023
DTE Energy Co[16]	DTE.N	Buy	US$113.13	20 Jul 2023
Duke Energy Corp[2,4,5,16,7,6a]	DUK.N	Neutral	US$93.20	20 Jul 2023
Edison International[2,4,5,16,7]	EIX.N	Buy	US$72.15	20 Jul 2023
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$42.01	20 Jul 2023
Pinnacle West Capital Corp[16,7,6a]	PNW.N	Sell	US$84.50	20 Jul 2023
WEC Energy Group Inc[16]	WEC.N	Neutral	US$91.26	20 Jul 2023
Xcel Energy Inc[4,5,16]	XEL.O	Neutral	US$64.56	20 Jul 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Additional Prices: Brookfield Infrastructure Partners LP, C$46.99 (20 Jul 2023); Generac Holdings Inc, US$147.28 (20 Jul 2023); Vistra Corp., US$27.37 (20 Jul 2023); FirstEnergy Corp, US$39.67 (20 Jul 2023); Brookfield Renewable Partners, US$29.60 (20 Jul 2023); JinkoSolar Holding Co Ltd, US$42.41 (20 Jul 2023); Clearway Energy Inc, US$25.99 (20 Jul 2023); Li-Cycle Holdings Corp, US$5.73 (20 Jul 2023); Southern Co, US$71.07 (20 Jul 2023); American Electric Power Inc, US$86.82 (20 Jul 2023); NextEra Energy Partners LP, US $58.77 (20 Jul 2023); Canadian Pacific Railway, C$106.10 (20 Jul 2023); CSX Corporation, US$33.71 (20 Jul 2023); Atlantica Sustainable Infrastructure PLC, US$24.16 (20 Jul 2023); AES Corp, US$21.83 (20 Jul 2023); Sempra, US$149.61 (20 Jul 2023); Stem Inc, US$7.23 (20 Jul 2023); Constellation Energy Corp, US$96.89 (20 Jul 2023); Emera Inc, C$54.94 (20 Jul 2023); FTC Solar Inc, US $3.45 (20 Jul 2023); Fluence Energy Inc, US$29.73 (20 Jul 2023); Eversource Energy, US$73.54 (20 Jul 2023); TPI Composites Inc, US $10.27 (20 Jul 2023); Entergy Corp, US$103.72 (20 Jul 2023); Canadian Solar Inc, US$37.61 (20 Jul 2023); First Solar Inc, US$198.50 (20 Jul 2023); Essential Utilities Inc, US$42.41 (20 Jul 2023); NRG Energy Inc, US$38.71 (20 Jul 2023); Ormat Technologies Inc, US $84.11 (20 Jul 2023); PPL Corp, US$27.39 (20 Jul 2023); Transurban, A$13.94 (20 Jul 2023); Fortis Inc, C$57.47 (20 Jul 2023); American States Water Co, US$88.91 (20 Jul 2023); NiSource Inc., US$28.02 (20 Jul 2023); Waste Management Inc, US$171.90 (20 Jul 2023); OPAL Fuels Inc., US$7.03 (20 Jul 2023); Union Pacific Corporation, US$216.78 (20 Jul 2023); Dominion Energy Inc, US $53.11 (20 Jul 2023); Waste Connections Inc, US$143.75 (20 Jul 2023); California Water Service Group, US$52.79 (20 Jul 2023); Evergy, Inc, US$60.73 (20 Jul 2023); Array Technologies Inc, US$19.26 (20 Jul 2023); Clean Harbors Inc, US$170.08 (20 Jul 2023); Sunrun Inc, US$21.65 (20 Jul 2023); CenterPoint Energy Inc, US$30.37 (20 Jul 2023); Public Service Enterprise Group, US$64.46 (20 Jul 2023); Altus Power Inc, US$6.54 (20 Jul 2023); American Water Works Co, US$146.94 (20 Jul 2023); NextEra Energy Inc, US$74.10 (20 Jul 2023); OGE Energy Corp, US$36.55 (20 Jul 2023); Canadian National Railway Co, C$155.01 (20 Jul 2023); Republic Services Inc, US$154.52 (20 Jul 2023); Hannon Armstrong Sustainable Infra, US$28.34 (20 Jul 2023); Consolidated Edison Inc, US$95.89 (20 Jul 2023); SJW Group, US$72.53 (20 Jul 2023); SolarEdge Technologies Inc, US$263.10 (20 Jul 2023); Orsted A/S, DKr605.00 (20 Jul 2023); Shoals Technologies Group Inc, US$26.69 (20 Jul 2023); Norfolk Southern Corporation, US$237.49 (20 Jul 2023); SunPower Corp, US$11.32 (20 Jul 2023); Casella Waste Systems Inc, US$88.31 (20 Jul 2023); PG&E Corp, US$17.73 (20 Jul 2023); NuScale Power Corp, US$7.49 (20 Jul 2023); Source: UBS. All prices as of local market close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Americas Utilities

2Q Preview: Weather and FY guidance in focus; Buy NEE after underperformance

Carly Davenport
+1(212)357-1914 | carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+91(22)6616-9131 | jaskaran.jaiya@gs.com
Goldman Sachs India SPL

We update estimates across our Utilities coverage ahead of 2Q2023 results. Given the fairly mild weather to start the year that has impacted many utilities within our coverage, we expect managements confidence in their ability to meet full year earnings guidance to be in focus around results, including what levers around O&M or otherwise are available to pull to bridge the gap with guidance.

We are constructive on Buy rated NEE into the quarter, where we are above consensus estimates, and believe that recent underperformance creates an attractive entry point on the stock with the potential for positive updates on the development backlog on the call. On the other side, we see the most downside risk to consensus estimates for Neutral rated DUK and D into results. We highlight our recent views on the stocks and the quarters across our coverage within.

Where we see the most upside to consensus around 2Q23 results. We are 2% above FactSet consensus EPS for Buy rated NEE. On results, we expect the surplus amortization reserve to offset any mild weather during the quarter at FPL. Outside of results, we expect tracking the NEER development backlog to be in focus, along with any updates on the FPL campaign finance violation allegations. We remain constructive on NEE as we see limited near-term rate case risk with its current plan setting rates through 2025 and do not believe the best in class earnings growth outlook (9% 5-year CAGR GSe) is priced into valuation following underperformance. With the stock being the worst performer within our coverage over the last month, we see an attractive entry point with potential positive catalysts around the backlog growth at NEER and potential resolution on the FPL allegations.

Where we see the most downside to consensus around 2Q23 results. We are 10% below FactSet consensus EPS for both D and DUK. D revised its 2Q23 EPS guidance lower at the end of June to $0.44-$0.50, on both weak weather and unexpected outages at its Millstone nuclear power plant. Consensus remains above this range at $0.52, and we believe it is largely due to a few estimates in FactSet consensus remaining stale as they have not been updated post the June revision. We believe D's commentary on mild weather will affect DUK as well as they operate in regions that are close to each other. On top of mild weather, we expect higher

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

interest expense to be a large headwind for 2Q23 for DUK, and it remains in question if DUK can manage costs down as much as expected by management for the year.

Exhibit 1: We are on average 5% below FactSet consensus for 2Q earnings across our utilities coverage
GS v/s Consensus

	2Q23			2023			2024			2025		
EPS	GS	Cons	% Delta	GS	Cons	% Delta	GS	Cons	% Delta	GS	Cons	% Delta
NEE	$0.83	$0.81	2%	$3.16	$3.11	2%	$3.44	$3.41	1%	$3.85	$3.69	4%
SRE	$1.75	$1.83	-4%	$9.08	$9.03	1%	$9.43	$9.58	-1%	$10.18	$10.21	0%
SO	$0.79	$0.76	3%	$3.53	$3.61	-2%	$4.04	$4.03	0%	$4.46	$4.31	3%
AEP	$1.18	$1.22	-3%	$5.21	$5.27	-1%	$5.71	$5.62	2%	$6.14	$5.98	3%
XEL	$0.58	$0.63	-8%	$3.40	$3.37	1%	$3.69	$3.61	2%	$3.94	$3.79	4%
DUK	$0.99	$1.10	-10%	$5.60	$5.63	-1%	$5.93	$5.98	-1%	$6.37	$6.34	1%
D	$0.47	$0.52	-10%	$3.71	$3.83	-3%	$3.67	$3.61	2%	$3.79	$3.81	-1%
PEG	$0.61	$0.64	-4%	$3.44	$3.44	0%	$3.60	$3.69	-2%	$4.06	$4.06	0%
EXC	$0.43	$0.46	-6%	$2.36	$2.37	0%	$2.47	$2.51	-2%	$2.59	$2.72	-5%
ED	$0.61	$0.66	-8%	$4.80	$4.85	-1%	$5.19	$5.22	-1%	$5.48	$5.50	0%
Coverage Average vs. Consensus			**-5%**			**-1%**			**0%**			**1%**
Buy rated Average vs. Consensus			***-2%***			***0%***			***1%***			***3%***

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 2: We see 14% total return potential to our coverage on average
Comp analysis

	Ticker	Rating	Price	Target	Dividend Yield	Total Return	EPS			P/E			EPS CAGR
			7/17/23	12 Mo.	%	%	2023	2024	2025	2023	2024	2025	22-25 (%)
Large Cap Regulated Utilities													
American Elec Power	AEP	Buy	$85.48	$100.00	3.9%	21%	$5.21	$5.71	$6.14	16.4x	15.0x	13.9x	6%
Duke Energy	DUK	Neutral	$91.78	99.00	4.5%	12%	$5.60	$5.93	$6.37	16.4x	15.5x	14.4x	7%
Consolidated Edison	ED	Sell	$92.42	88.00	3.5%	-1%	$4.80	$5.19	$5.48	19.2x	17.8x	16.9x	6%
Exelon	EXC	Sell	$41.78	39.00	3.5%	-3%	$2.36	$2.47	$2.59	17.7x	16.9x	16.1x	5%
Southern Company	SO	Buy	$70.18	80.00	4.0%	18%	$3.53	$4.04	$4.46	19.9x	17.4x	15.7x	7%
Xcel	XEL	Buy	$63.21	75.00	3.3%	22%	$3.40	$3.69	$3.94	18.6x	17.1x	16.1x	7%
Public Service Enterprise Group	PEG	Neutral	$62.92	64.00	3.6%	5%	$3.44	$3.60	$4.06	18.3x	17.5x	15.5x	5%
Sector Average					***3.8%***	***11%***				***18.1x***	***16.7x***	***15.5x***	***6%***
Diversified Utilities													
Dominion Energy	D	Neutral	$51.31	55.00	5.3%	12%	$3.71	$3.67	$3.79	13.8x	14.0x	13.5x	-3%
NextEra Energy	NEE	Buy	$72.66	89.00	2.6%	25%	$3.16	$3.44	$3.85	23.0x	21.1x	18.9x	10%
Sempra Energy	SRE	Buy	$146.12	176.00	3.3%	24%	$9.08	$9.43	$10.18	16.1x	15.5x	14.3x	3%
Sector Average					***3.7%***	***20%***				***17.6x***	***16.9x***	***15.6x***	***4%***
Coverage Average					***3.7%***	***14%***				***17.9x***	***16.8x***	***15.5x***	***5%***

Source: FactSet, Goldman Sachs Global Investment Research

NextEra Energy (NEE, Buy)

Our most recent views

NEE remains the most exposed to renewables growth within our coverage, and its Florida based utility is best in class, in our view owing to constructive regulatory exposure, focus on cost management, and execution. We believe consistent execution, and moving past the campaign finance allegations as well as the Florida Supreme Court review of its latest rate case outcome will prove to be the tailwinds to help the stock break out of the range it has been trading at recently. We do not believe the growth outlook at NEE, with a 5-year EPS CAGR of 9% on our numbers relative to our coverage at 6% on average, is appreciated in current valuation following underperformance. We believe investors are focused on gaining confidence in the newer management team's ability to communicate and execute, the elimination of noise around Florida, and execution at NEER as potential positive catalysts for shares.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Quarterly outlook

Our 2Q23E EPS remains unchanged at $0.83 as compared to FactSet consensus at $0.81. We reflect the ~$2.5bn of incremental debt at FPL issued during the quarter in our model which slightly reduces our full year estimates. Overall, we expect a strong quarter for NEE, as it has consistently hit its yearly guidance. Summer weather in Florida often provides enough load growth for NEE to replenish its surplus amortization reserve, so we do not expect NEE to suffer from the mild weather that some other utilities face. Outside of results, we expect investors to be focused on (a) updates on addition to the renewables backlog at the NEER segment, (b) commentary on cost management, (c) updates on the Supreme Court review/FPL campaign finance violation allegations, and (d) commentary around renewables project returns.

Valuation & Key Risks

We are Buy rated on NEE. We value NEE with a SOTP, applying a 5x premium to its Florida based utility given its strong regulatory jurisdiction. We apply a 15x EV/EBITDA multiple to its NEER segment, given its scale advantage and again consistent execution over the years. Our 12-month target price of $89, reduces by a dollar (from $90 earlier) as we adjust for incremental debt at FPL, implies a 24% total return vs the average of 14% for our coverage group. Our 2023-2025 EPS estimates move from $3.18/$3.48/$3.89 to $3.16/$3.44/$3.85. Key risks for NEE include the 1) a more negative regulatory landscape, 2) investor concerns surrounding the FPL campaign finance allegations reported by NPR which may lead to penalties, 3) not achieving the goals laid out in NEER's renewable development plan, 4) slowdown in Florida's population growth and 5) cost management.

NEE	12m Price Target: $89	Price: $73.2			Upside: 21.6%
Buy	GS Forecast				
		12/22	12/23E	12/24E	12/25E
Market cap: $146.8bn	**Revenue ($ mn) New**	**20,956.0**	**26,720.3**	**27,020.0**	**28,953.7**
Enterprise value: $228.0bn	Revenue ($ mn) Old	20,956.0	26,719.6	27,020.0	28,953.7
3m ADTV :$548.2mn	EBITDA ($ mn)	9,280.0	15,533.0	15,732.9	17,552.0
United States	EBIT ($ mn)	4,081.0	9,434.3	9,614.7	10,743.9
America-Utilities:	**EPS ($) New**	**2.91**	**3.16**	**3.44**	**3.85**
	EPS ($) Old	2.91	3.18	3.48	3.89
M&A Rank: 3	P/E (X)	27.7	23.2	21.3	19.0
	Dividend yield (%)	2.1	2.5	2.8	3.1
	Net debt/EBITDA (X)	6.8	4.5	4.6	4.5
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	0.84	0.83	0.83	0.67

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Jul 2023 close.

American Electric Power (AEP, Buy)

Our most recent views

AEP remains the leader in transmission, and we view its transmission exposure, as well

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

as its plans to replace its coal generation fleet with renewables as positives. We believe there will be a $93bn shortfall in transmission spending to support the buildout of renewables through 2027 at the current run rate, and with AEP currently allocating ~40% of its capital spend to transmission, it is positioned to benefit from this shortfall. While AEP faces a regulatory lag now, we believe management's focus on this will lead to improvements in the regulatory mechanisms at its Vertically Integrated Utilities. We believe that AEP's recent success in getting approval for nearly 1GW of renewables at SWEPCO in Louisiana and Arkansas is a sign of positive momentum on the regulatory front.

Quarterly outlook

We reduce our 2Q23E EPS to $1.18 (from $1.30 earlier) which is below FactSet consensus at $1.22. We adjust for milder weather and higher interest expense ($79mn increase YOY) in this quarter. For the full year, we revise O&M ($55mn decrease) in 2H23 as we expect AEP to deliver on its guidance and anticipate reversal of slower weather in 1H23. We additionally adjust our model to reflect AEP's SWEPCO segment owning 100% of the 999 MWs of renewables that was recently approved by the Louisiana Commission. Outside of results, we expect investors to be focused on (a) how close AEP comes to earning authorized, especially at its KY utility especially following the termination of its sale, (b) updates on the regulatory front and (c) the latest on any renewable RFPs.

Valuation & Key Risks

We are Buy rated on AEP and our 12-month, SOTP based price target goes up to $100 in this update (was $98). We value AEP with a SOTP to account for its transmission holdco segment along with its regulated utilities. We apply a 16x multiple to its VIU and T&D segments, accounting for the potential renewable growth at VIU as well as the regulatory lag that both segments face. For the Transco segment we apply a 19x multiple to account for the strong RoEs and material investment into the segment. Our 2023-2025 estimates move from $5.21/$5.70/$6.06 to $5.21/$5.71/$6.14. Key risks include 1) Lower than expected ownership of renewable RFPs; 2) Financing needs; 3) Failure to make progress on closing the ROE gap at the VIU utilities, and 4) cost management.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

AEP	12m Price Target: $100	Price: $85.48	Upside: 17%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $44.1bn	**Revenue ($ mn) New**	**19,467.6**	**20,161.1**	**20,565.6**	**20,981.0**
Enterprise value: $86.8bn	Revenue ($ mn) Old	19,467.6	20,161.1	20,565.6	20,981.0
3m ADTV :$239.7mn	EBITDA ($ mn)	6,885.8	7,843.3	8,500.5	9,298.8
United States	EBIT ($ mn)	3,272.2	4,236.0	4,569.0	5,013.6
America-Utilities:	**EPS ($) New**	**5.08**	**5.21**	**5.71**	**6.14**
	EPS ($) Old	5.08	5.21	5.70	6.06
M&A Rank: 3	P/E (X)	18.7	16.4	15.0	13.9
	Dividend yield (%)	3.3	3.7	3.9	4.1
	Net debt/EBITDA (X)	5.7	5.4	5.3	5.3
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	1.11	1.18	1.71	1.21

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 17 Jul 2023 close.

Southern Company (SO, Buy)

Our most recent views

We continue to view SO as well positioned to rerate to its historical premium as the Vogtle expansion is brought online. Given SO's attractive regulatory jurisdictions and path to a strong balance sheet post Vogtle, we believe investor focus will be able to shift from project execution back towards the base business and organic investment opportunities. We expect Vogtle Unit 3 to come online in July, and Unit 4 in 1Q2024. SO traded at roughly a 2x premium to its peers pre-Vogtle, and we expect it to return to a similar level going forward to account for above average earnings growth, attractive regulatory exposure, and balance sheet strength post Vogtle. Its largest segment, Georgia Power, recently locked in a multi-year rate case which removes most of SO's regulatory risk in the near term.

Quarterly outlook

We revise our 2Q23 EPS estimate to $0.77, from $0.90 earlier, which is in line with FactSet consensus at $0.76. On the quarter, we now expect higher D&A expenses overall and at Georgia Power, and we account for anticipated reduction in usage/rates relative to the prior year which was impacted by commodity volatility. That said, our full year estimates are broadly unchanged given we expect the company to flex O&M costs in the back half of the year to maintain the 2023 earning trajectory. Outside of results, we anticipate investors will be focused on (a) management commentary regarding Vogtle's Unit 3 especially after recent delays, (b) update on the prudency filing, (c) progress on the path to Unit 4 fuel load, and (d) management confidence in ability to meet full year earnings guidance.

Valuation & Key Risks

We are Buy rated on SO. We value SO with a P/E multiple of 18x (unchanged) on 2025

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

EPS, a 2x premium to our baseline multiple. Our target price of $80 implies a total return of 18% vs the average for our coverage group of 14%. Our 2023-2025 EPS estimates move from $3.53/$4.05/$4.45 to $3.53/$4.04/$4.46 to reflect quarterly updates and tweaks to costs in the back half. Key risks include: 1) execution risk around Vogtle, 2) balance sheet strength and 3) slower than anticipated rate base/earnings growth.

SO	12m Price Target: $80	Price: $71.38	Upside: 12.1%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $78.4bn	**Revenue ($ mn) New**	**29,279.0**	**28,540.5**	**29,962.5**	**31,174.5**
Enterprise value: $139.0bn	Revenue ($ mn) Old	29,279.0	28,588.5	29,987.4	31,199.8
3m ADTV :$288.6mn	EBITDA ($ mn)	9,033.0	10,269.8	11,434.5	12,318.8
United States	EBIT ($ mn)	5,370.0	6,193.6	7,218.4	7,849.4
America-Utilities:	**EPS ($) New**	**3.60**	**3.53**	**4.04**	**4.46**
	EPS ($) Old	3.60	3.53	4.05	4.45
M&A Rank: 3	P/E (X)	19.7	20.2	17.7	16.0
Americas Conviction List	Dividend yield (%)	3.8	3.9	4.1	4.2
	Net debt/EBITDA (X)	6.2	5.9	5.6	5.3
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	0.79	0.77	1.51	0.46

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Jul 2023 close.

Exelon (EXC, Sell)

Our most recent views

Our more negative relative view on EXC is based on (1) concerns around EXC's rate case activity as we see potential challenges given high requested ROEs, (2) less thematic exposure outside of grid reliability, which in our view will drive less upside opportunity around rate base and earnings growth going forward, and (3) less attractive valuation with the stock trading at a slight premium to peers on our 2025 numbers versus a discount of about 1x since the Ex-Gen spin. With that said, we view the current balance sheet position as constructive with ample cushion relative to credit agency downgrade thresholds.

Quarterly outlook

We reduce our 2Q23 EPS estimates to $0.43 from $0.45 previously, which compares to FactSet consensus at $0.46. We revise our estimates to account for milder weather at PECO and debt issued during the quarter, which was less ratable than initially modeled. Outside of results, we expect investors to be most interested in (a) regulatory updates especially at ComEd and BGE, (b) management commentary on credit metrics and (c) updates on incremental capital spending opportunities.

Valuation & Key Risks

We are Sell rated on EXC. We apply an unchanged 15x P/E multiple (vs our baseline

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

multiple of 16x) to our 2025 EPS estimate to derive a 12-month $39 PT, reflecting a -3% total return versus 14% for our coverage. Our 2023-2025 EPS estimates move from $2.38/$2.49/$2.61 to $2.36/$2.47/$2.59 to reflect updated debt/interest costs. Key risks for EXC include: 1) favorable rate case outcomes, 2) cost control and ability to smooth earnings, 3) a robust balance sheet that appeals to investors seeking safety in the event of a recession, and 4) incremental capex opportunities.

EXC	12m Price Target: $39	Price: $42.02	Downside: 7.2%

Sell

Market cap: $41.9bn
Enterprise value: $84.8bn
3m ADTV :$250.2mn
United States
America-Utilities:
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**19,078.0**	**19,806.7**	**20,588.1**	**21,262.6**
Revenue ($ mn) Old	19,078.0	19,828.2	20,609.7	21,280.3
EBITDA ($ mn)	6,642.0	7,356.8	8,015.6	8,574.4
EBIT ($ mn)	3,317.0	3,854.2	4,337.4	4,704.3
EPS ($) New	**2.27**	**2.36**	**2.47**	**2.59**
EPS ($) Old	2.27	2.38	2.49	2.61
P/E (X)	19.1	17.8	17.0	16.2
Dividend yield (%)	3.1	3.4	3.7	3.9
Net debt/EBITDA (X)	6.0	5.8	5.7	5.7
	3/23	**6/23E**	**9/23E**	**12/23E**
EPS ($)	0.70	0.43	0.72	0.51

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Jul 2023 close.

Xcel Energy (XEL, Buy)

Our most recent views

We remain constructive on XEL as we see attractive leverage to the generation transition story from coal to renewables that is underway, attractive exposure to the transmission build out opportunity, rate case activity that could result in improved earnings going forward, and valuation with the stock trading only at a 0.5x premium to our coverage on our 2025 numbers versus its 5-year average premium of closer to 2x. We note there exists upside to current capital expenditure plans not in our estimates around both renewables RFPs outstanding and transmission build out opportunities. We remain Buy rated and expect 22% total return v/s 14% total return to our coverage.

Quarterly outlook

We reduce our 2Q23 EPS estimate to $0.58 (from $0.60 earlier) which is below FactSet consensus at $0.63. We expect XEL to deliver a slightly down quarter YOY as we expect a rise in D&A expenses ($42mn higher YOY), interest expenses ($16mn higher) and flat O&M costs. We also note that the recent rate case activity at Minnesota and South Dakota are reflected in our estimates and were in line with our expectations. Outside of results, we expect investors to be focused on (a) commentary on recent regulatory outcomes as well as pending rate cases, (b) outlook on guidance for the full year, and (c) capital expenditure plan updates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Valuation & Key Risks

We are Buy rated on XEL. Our 12-month, P/E based price target is $75. In our valuation, we apply a 19x (unchanged) multiple on 2025 earnings, representing a 3x premium to our baseline multiple to account for attractive leverage to renewables and transmission, as well as above average growth versus peer and a strong track record of execution. Our 2023-2025 EPS estimates move from $3.40/$3.70/$3.94 to $3.40/$3.69/$3.94. Key risks to our positive view include 1) negative rate case outcomes, 2) slower than expected renewable transition, 3) failure to close gap between earned vs authorized ROE, and 4) cost management.

XEL	12m Price Target: $75	Price: $64.27	Upside: 16.7%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $35.0bn	**Revenue ($ mn) New**	**15,310.0**	**16,200.2**	**16,323.5**	**16,764.1**
Enterprise value: $62.4bn	Revenue ($ mn) Old	15,310.0	16,200.2	16,323.5	16,764.1
3m ADTV :$207.8mn	EBITDA ($ mn)	4,939.0	5,374.8	5,720.0	6,135.4
United States	EBIT ($ mn)	2,428.0	2,661.9	2,971.7	3,193.5
America-Utilities:	**EPS ($) New**	**3.17**	**3.40**	**3.69**	**3.94**
	EPS ($) Old	3.17	3.40	3.70	3.94
M&A Rank: 3	P/E (X)	22.1	18.9	17.4	16.3
	Dividend yield (%)	2.8	3.2	3.5	3.7
	Net debt/EBITDA (X)	5.2	5.0	5.2	5.2
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	0.76	0.58	1.36	0.70

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Jul 2023 close.

Sempra Energy (SRE, Buy)

Our most recent views

We view SRE positively, with its LNG projects providing consistent cash flows to fund its regulated utilities, and its Texas exposure a positive due to the strong population growth rates and robust opportunity set around transmission and distribution build out. We see a number of potential catalysts for the stock over the next ~6 months, with an FID at Cameron LNG Phase 2 in the second half of this year, and a capital spending raise at SRE's Texas utility Oncor after the board meets in October. On top of these two positive catalysts, any progress on Port Arthur Phase 2 would be a positive this year for SRE, including around commercial interest updates at the project. Both of SRE's California utilities are in a rate case, and a decision is expected in 1Q2024, but we expect a relatively constructive outcome given the recent CPUC decision.

Quarterly outlook

We revise our 2Q23 EPS estimate to $1.75, from $2.01 previously, which compares to FactSet consensus at $1.83. On the quarter, we expect a moderate increase in interest costs and O&M, which reduce our estimates. That said, we see upside potential around growth in Texas in particular to the extent there is another capital spending raise at

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Oncor following the Board meeting in October. Outside of results, we expect investors to be focused on (a) LNG project updates especially related to the Cameron LNG facility and Port Arthur Phase 2 progress, (b) the latest on capital spending plans especially at Oncor, and (c) regulatory updates at the California utilities.

Valuation & Key Risks

We are Buy rated on Sempra. We value SRE with a SOTP, applying a 1x discount to the California utilities and a 1x premium to the Texas utilities. We value the SIP segment with an unchanged 11x EV/EBITDA multiple, and apply a probability of completion for the LNG projects that are in flight. Our target price of $176 (was $178) implies a total return of 24% vs an average of 14% for our coverage group. Our latest TP reflects our updated views on increasing interests costs and O&M going forward for SRE. Our 2023-2025 EPS estimates move from $9.40/$9.71/$10.32 to $9.08/$9.43/$10.18. Key risks for SRE include (1) delays with the LNG projects, (2) Texas customer growth slowing or the regulatory environment becoming less favorable in Texas, and (3) unfavorable rate case outcomes at the California utilities or challenging regulatory constructs.

SRE	12m Price Target: $176	Price: $148.44	Upside: 18.6%

Buy

Market cap: $46.9bn
Enterprise value: $77.7bn
3m ADTV :$181.8mn
United States
America-Utilities:
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**14,439.0**	**18,113.0**	**18,303.2**	**18,708.0**
Revenue ($ mn) Old	14,439.0	18,126.8	18,317.1	18,722.2
EBITDA ($ mn)	4,341.0	5,890.3	5,705.4	5,987.2
EBIT ($ mn)	2,322.0	3,719.4	3,399.7	3,533.0
EPS ($) New	**9.21**	**9.08**	**9.43**	**10.18**
EPS ($) Old	9.21	9.40	9.71	10.32
P/E (X)	16.9	16.3	15.7	14.6
Dividend yield (%)	3.0	3.4	3.7	4.0
Net debt/EBITDA (X)	6.6	5.3	5.8	5.7
	3/23	**6/23E**	**9/23E**	**12/23E**
EPS ($)	2.92	1.75	1.94	2.48

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Jul 2023 close.

Duke Energy (DUK, Neutral)

Our most recent views

We are Neutral rated on DUK. While we have a constructive view on the longer-term shift of the portfolio from coal to renewables, we expect the inflection there to be longer dated, and we continue to view the balance sheet as less advantaged. We also see less differentiation in our estimates versus consensus in addition to average upside opportunity to our price target. We continue to view DUK as a strong electric and gas utility outside of this, with its North Carolina utilities in a rate case that could significantly reduce regulatory lag. We believe this regulatory improvement is already priced in to the current valuation, and see limited differentiated upside to the current

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

price.

Quarterly outlook

Our 2Q23 estimates remain unchanged at $0.99 as compared to FactSet consensus at $1.10. On the quarter, we expect weather and interest expense to be the largest headwinds on a year over year basis. We do, however, adjust for the recent announcement of dividend at DUK of $1.025 per share, which came in slightly below our expectations from a growth perspective. Outside of results, we expect investors to be focused on (a) DUK's cost management plans as it expects to reduce O&M expense by $300mn in 2023, (b) weather trends in the South East, following Dominion Energy's (D, Neutral) downwards EPS guidance revision on weather and nuclear outages, (c) commentary on equity needs and (d) regulatory updates.

Valuation & Key Risks

We are Neutral rated on DUK. We value DUK using a P/E methodology, applying a half turn discount to our baseline multiple of 16x. We view this slight discount as warranted due to DUK's constrained balance sheet and less differentiated regulatory jurisdictions, in our view. Our current target price of $99 implies a total return of 12%, vs the average of 14% for our coverage group. Key risks for DUK include 1) rate case outcomes, 2) cost management and 3) poor load growth or weather.

DUK	12m Price Target: $99	Price: $93.01	Upside: 6.4%

Neutral	GS Forecast				
		12/22	12/23E	12/24E	12/25E
Market cap: $71.6bn	**Revenue ($ mn) New**	**28,768.0**	**30,430.7**	**31,945.3**	**33,357.6**
Enterprise value: $149.1bn	Revenue ($ mn) Old	28,768.0	30,430.7	31,945.3	33,357.6
3m ADTV :$263.0mn	EBITDA ($ mn)	11,778.0	13,139.7	14,418.1	15,518.0
United States	EBIT ($ mn)	6,692.0	7,856.0	8,698.9	9,286.6
America-Utilities:	**EPS ($) New**	**5.28**	**5.60**	**5.93**	**6.37**
	EPS ($) Old	5.28	5.60	5.93	6.37
M&A Rank: 3	P/E (X)	19.8	16.6	15.7	14.6
	Dividend yield (%)	3.8	4.4	4.5	4.7
	Net debt/EBITDA (X)	6.0	5.8	5.6	5.5
		3/23	**6/23E**	**9/23E**	**12/23E**
	EPS ($)	1.21	0.99	2.05	1.31

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Jul 2023 close.

Dominion Energy (D, Neutral)

Our most recent views

While we see relative valuation screening more attractive, we remain Neutral rated on Dominion given the pending business review, with a fulsome update on the financial and strategic outlook at the company expected at the analyst day in 3Q. We believe the recent announced sale of its remaining interest in Cove Point LNG is a first step towards D's stated goal of improving the credit profile/balance sheet. However, we note a high

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

degree of uncertainty remains around what D's business will look like going forward, and await further clarity on the business review to determine the path for D to make progress on its FFO/Debt levels relative to its downgrade threshold of 14% (per Moody's).

Quarterly outlook

Our 2Q23 EPS estimate remains unchanged at $0.47 as compared to FactSet consensus at $0.52. On the quarter, we recently updated our estimates following revised guidance range from Dominion from $0.58-$0.68 to $0.44-$0.50. The company expects reduction in earnings from historically mild weather and unplanned outages at Millstone modestly offset by lower costs. Apart from results, we expect investors to be on the lookout for (a) updates on the business review, (b) commentary on the sale of Cove Point and valuation, (c) management guidance for 3Q23, and (d) regulatory updates at Virginia and South Carolina.

Valuation & Key Risks

We are Neutral rated on Dominion Energy and our 12-month price target of $55 is based on a SOTP. We apply 15.0x P/E to DEV, 15.0x to DESC, 16.0x to gas LDCs, and 9.0x EV/EBITDA to contracted assets. We broadly apply a 1x discount to our baseline multiple of 16x to account for the uncertainty around the ongoing business review. Our 2023-2025 EPS estimates move from $3.71/$3.72/$3.82 to $3.71/$3.67/$3.79 to account for minor changes in rate base. Key downside/upside risks: outcome of the business review, regulatory outlook and project execution.

D	12m Price Target: $55	Price: $52.64	Upside: 4.5%

Neutral

Market cap: $42.7bn
Enterprise value: $96.5bn
3m ADTV :$214.7mn
United States
America-Utilities:

M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**17,174.0**	**20,684.8**	**21,252.7**	**22,271.6**
Revenue ($ mn) Old	17,174.0	20,684.8	21,311.5	22,331.4
EBITDA ($ mn)	4,849.0	8,702.6	8,798.5	9,447.6
EBIT ($ mn)	2,019.0	5,944.0	5,786.9	6,189.9
EPS ($) New	**4.11**	**3.71**	**3.67**	**3.79**
EPS ($) Old	4.11	3.71	3.72	3.82
P/E (X)	18.6	14.2	14.3	13.9
Dividend yield (%)	3.5	5.1	5.1	5.3
Net debt/EBITDA (X)	9.4	5.8	6.3	6.4

	3/23	6/23E	9/23E	12/23E
EPS ($)	1.00	0.47	1.11	1.14

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Jul 2023 close.

Public Service Enterprise Group (PEG, Neutral)

Our most recent views

We are Neutral rated on PEG. While we recognize the attractiveness of the improved business mix at PEG with 90%/10% of earnings coming from regulated/unregulated

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

businesses, upside opportunities around nuclear earnings, and capital spending on grid investments, but we see near-term headwinds around interest and pension expenses as well as less differentiation on consensus estimates and less compelling valuation, with the stock trading in line with our coverage average P/E on our 2025 numbers.

Quarterly outlook

Our 2Q23 EPS estimate remains unchanged at $0.61 as compared to FactSet consensus at $0.64. We expect pension and interest to be the largest drivers year over year from an earnings perspective, though we expect growth in customers and grid/transmission investments to offset some of the higher expenses. Apart from results, we expect investors to be on the lookout for (a) updates on pension expenses and the potential for a pension lift out this year, (b) any updates around nuclear PTC or hydrogen tax credit expectations, and (c) regulatory updates including the expected distribution rate case filing later this year.

Valuation & Key Risks

We are Neutral rated on PEG and our 12-month price target is $64 (unchanged). We value PEG with a SOTP, applying a 16x P/E multiple on PSE&G 2025 earnings, which is in line with our baseline multiple for the sector. We apply a 9x EV/EBITDA multiple on the Power & Other segment as the nuclear PTC will help derisk the cash flow at the segment going forward. We see 4% total return versus an average of 14% for our coverage. Our 2023-2025 EPS estimates move from $3.43/$3.59/$4.06 to $3.44/$3.60/$4.06 as we model slight growth in customer numbers. Key risks for PEG include 1) uncertainty around pension expense lift out and implementation around a long term solution, 2) 2023 distribution rate case uncertainty 3) power price volatility in the near term that could impact collateral postings around 2023/2024 hedges; 4) option value in nuclear exposure, which limits downside risks and provides stability; and 5) upside to capital spending plans.

PEG	12m Price Target: $64	Price: $63.84	Upside: 0.3%

Neutral

Market cap: $31.9bn
Enterprise value: $50.8bn
3m ADTV :$143.4mn
United States
America-Utilities:
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**9,800.0**	**10,507.3**	**9,801.0**	**10,301.9**
Revenue ($ mn) Old	9,800.0	10,503.1	9,796.8	10,297.7
EBITDA ($ mn)	2,730.0	4,735.9	4,225.2	4,669.5
EBIT ($ mn)	1,629.6	3,580.9	2,985.9	3,346.9
EPS ($) New	**3.46**	**3.44**	**3.60**	**4.06**
EPS ($) Old	3.46	3.43	3.59	4.06
P/E (X)	18.5	18.6	17.8	15.7
Dividend yield (%)	3.4	3.6	3.8	3.9
Net debt/EBITDA (X)	7.3	4.0	4.7	4.4

	3/23	6/23E	9/23E	12/23E
EPS ($)	1.39	0.61	0.77	0.66

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Jul 2023 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Consolidated Edison (ED, Sell)

Our most recent views

We continue to see less thematic exposure outside of investments in grid reliability which we believe provides limited upside capital expenditure opportunities. In addition, customer affordability and medium-long term policy risk in New York continue to see us incrementally cautious on ED. We see limited upside to ED going forward, given its jurisdiction restricts utilities from owning generation like wind and solar, and its location has limited transmission opportunities. ED is in the midst of a rate case at its largest segments, CECONY Electric and Gas, and expects a decision by the New York Public Service Commission by the end of July. The current proposal is a ROE/equity layer at 9.25%/48% vs. 10%/50% originally proposed. We believe that the outcome of this rate case as well as the recent sale of its Clean Energy Business are priced in at the current valuation, and ED has limited catalysts for growth in the near term.

Quarterly outlook

We adjust our 2Q2023 EPS to $0.61 for the quarter, remaining slightly below FactSet consensus at $0.66. We adjust O&M expense, Taxes Other than Income Taxes, and Other Income for the quarter. Our FY2023 EPS estimate moves to $4.80 as we adjust expenses for the full year, remaining slightly below ED's guidance midpoint and FactSet consensus both at $4.85. Given our view that ED has limited catalysts ahead, we expect investors will largely be focused on ED's execution in a difficult cost environment. Outside of results, the few items that we expect investors to be focused on (a) updates on the CECONY rate case timeline, (b) ED's progress on paying down its HoldCo debt, (c) management commentary on cost management.

Valuation & Key Risks

We are Sell rated on ED. We derive our unchanged $88 12-month price target using a 16x P/E multiple (in line with our baseline multiple of 16x) on our 2025 EPS estimates, reflecting a -1% total return versus 14% for our coverage. Our 2023-2025 EPS estimates move from $4.77/$5.19/$5.48 to $4.80/$5.19/$5.48. Key risks for ED include: 1) favorable rate case outcomes, 2) premium valuation persisting, 3) superior execution.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

ED	12m Price Target: $88	Price: $92.42	Downside: 4.8%

Sell

Market cap: $32.7bn
Enterprise value: $53.5bn
3m ADTV :$172.9mn
United States
America-Utilities:
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**15,670.0**	**15,653.6**	**16,301.9**	**16,850.4**
Revenue ($ mn) Old	15,670.0	15,680.6	16,330.2	16,880.1
EBITDA ($ mn)	4,680.0	5,718.8	5,418.1	5,762.4
EBIT ($ mn)	2,624.0	3,670.3	3,197.1	3,430.4
EPS ($) New	**4.54**	**4.80**	**5.19**	**5.48**
EPS ($) Old	4.54	4.77	5.19	5.48
P/E (X)	20.3	19.2	17.8	16.9
Dividend yield (%)	3.4	3.5	3.6	3.7
Net debt/EBITDA (X)	4.2	3.7	4.3	4.2

	3/23	6/23E	9/23E	12/23E
EPS ($)	1.82	0.61	1.58	0.80

Source: Company data, Goldman Sachs Global Investment Research, Prices as at 14 July, 2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller and Jaskaran Jaiya, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for American Electric Power, Consolidated Edison Inc., Dominion Energy Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra Energy, Southern Co. and Xcel Energy Inc. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Dominion Energy Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra Energy, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	63%	56%	47%

As of July 1, 2023, Goldman Sachs Global Investment Research had investment ratings on 3,008 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2023 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KeyBanc Capital Markets

Alert

July 17, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AGR, WEC, FE, SO, XEL, DTE, DUK, POR, NEE, EXC, ES, SRE, AVA, ETR, AEP, D, DUK, Atlantic Hurricane Season

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in AGR's NY rates cases in NY, WEC's IL gas rate cases, FE's MD electric rate case, SO's IL gas rate case, XEL's MN electric case, DTE's MI electric GRC, DUK's DEC NC rate case, and POR's OR electric rate case. In other news, DE PSC approves EXC's request for interim rates; Staff offers testimony in support of the multi-party settlement in AVA's ID rate cases; PNW files rebuttal testimony in the AZ APS electric rate case, reducing the revenue request; intervenors file testimony in AEP's VA triennial; Staff files rebuttal testimony in AEE's IL electric MYRP, bringing the proposed revenue increase and rate base higher; NEE signs an agreement with Sysco to help it reduce Scope 1 and Scope 2 emissions; MA House passes bill to create a path for NECEC cost renegotiation; SB 7 becomes law in CT and PURA Chair Gillett is reappointed; SRE may seek an extension of the export authorization from the DOE for Cameron LNG expansion; FERC orders initiation of hearings in a Grand Gulf docket as ETR/SERI reach an impasse in settlement negotiations with state PSCs; OH governor vetoes economic development proposal within the state budget that would have supported utility infrastructure investments; FERC reverses course to reject SPP's regional transmission cost allocation pathway; BPA launches a transmission expansion plan to support energy transition in the Northwest; U.S. District Court of Appeals for DC District remands FERC ruling on SEEM; and CSU updates and upgrades the 2023 Atlantic Hurricane season forecast while flagging higher uncertainty due to El Niño.

Regulatory Calendar

AGR — Hearings in AGR's NYSEG and RGE rate cases begin on July 17: AGR, NY PSC Staff, and several intervenors reached a three-year settlement, agreeing to a cumulative $769M revenue increase for NYSEG and RGE and premised on a 9.2% ROE and 48% equity. If approved, new rates will be retroactive to May 1, 2023. If approved, NYSEG electric and gas rates will increase by 17.1% and 5.6% annually and RGE electric and gas rates will increase by 11.0% and 10.2%, respectively.

WEC — Rebuttal testimony in the Peoples Gas and North Shore Gas rate cases is due on July 17: In rebuttal testimony, WEC maintained the ROE (9.9%) and equity layer (54%), while making modest changes to revenue requirements to ~$404M (from $407M) and ~$17M (from $19M) for Peoples Gas and North Shore Gas, respectively, which compares to Staff's recommendation of $357M (net $145M) and $16M. The difference between the gross and net revenue requests for PGL includes the amount currently recovered through the QIP rider, which PGL now seeks to roll into base rates. Evidentiary hearings for both cases are scheduled to begin on August 10, and an ICC decision is expected in 4Q23. New rates are expected to go into effect on January 1, 2024.

FE — Hearings in FE's MD electric rate case begin on July 18: The MD PSC Staff recommended a net $19M revenue increase, premised on a 9.5% ROE and 53.53% equity, compared to Potomac Edison Co.'s request for a net $46M increase (excludes $5M collected through the electric distribution investment surcharge), premised on a 10.6% ROE and 53.53% equity. FE seeks to extend EDIS for another four years, with which Staff concurred, although it proposed maintaining a 70/30 split to determine the allocation factor (FE proposed a 50/50 split). Lower ROE, lower depreciation expenses, and lower incentive compensation drive the difference between the two positions. Intervenor OPC recommended a net $14M revenue increase, using a 9.0% ROE/45% equity. FE's filing is a single-year rate plan even though the legislature recently allowed MYRP filings. An MD PSC final decision is expected in 4Q23.

SO — Hearings on SO's Northern IL gas rate case begin on July 18: IL ICC Staff's revised testimony reflects a $254M revenue deficiency, premised on a 9.89% ROE, 50% equity, and a 2024 year-end test year (vs. $256M previously). Staff's rebuttal includes the $32M disallowance of QIP investments from the rate base after the IL ICC issued an order disallowing the amounts from the 2019 QIP plant additions reconciliation (Docket: 20-0330). Nicor Gas's rebuttal included a $320M revenue increase, premised on a 10.35% ROE and 54.5% equity. The lower ROE and equity layer and Staff's recommendation to remove certain incentive compensation drive the difference. An ICC decision is due by November 28.

XEL — A MN PUC final order in XEL's MN electric rate case is expected on July 18: The MN PUC is expected to issue a final order after deliberating on the case in early June and proposing a $306M revenue increase over three years and a 9.25% ROE. Read our takeaways here.

DTE — Hearings in DTE's MI electric rate case begin on July 19: Staff recommended a $383M revenue increase, premised on a 9.8% ROE and 50% equity. This compares to DTE's request for a net $619M revenue increase, premised on a 10.25% ROE and 50% equity. The main drivers of the difference are the lower ROE and Staff's disallowance of O&M costs, including IT and incentive compensation. New rates are expected to go into effect on December 10.

DUK — Staff and intervenor testimony in DEC's NC electric rate case is due on July 19: DEC (Docket: E-7 Sub-1276) updated its request to a $962M net rate increase over three years ($596M in RY1, $181M in RY2, and $185M in RY3) and based on a 10.4% ROE/53% equity layer, vs. the original request for $823M. Recovery of historical and forecasted capital investments is driving the requested revenue increase. DUK will file updated testimony on July 18, followed by Staff and intervenor testimony on July 19. DUK is asking for approved RY1 rates to be effective no later than January 1, 2024.

POR — Intervenor comments in POR's OR Clean Energy Plan and IRP are due on July 20: POR's CEP includes a set of near-term actions to achieve the targets outlined in HB 2021. The Preferred Portfolio emphasizes solar and wind resources, with ~3.5GW expected to be online by 2030. POR will meet the capacity needs through an annual RFP for up to 520 MW of non-emitting resources through 2028. POR also plans to add 632 MW of storage, energy efficiency (248 MW), and distributed resources (136 MW). POR will study the addition of community-based renewable energy to reach 155 MW by 2030. This is POR's first CEP/IRP filing since HB 2021 became law. The PUC has six months to acknowledge the CEP and determine if it is consistent with the new law.

POR — Rebuttal testimony in POR's OR electric rate case is due on July 21: Parties have reached a partial settlement (details pending). In direct testimony, Staff proposed a $206M revenue increase, premised on a 9.0% ROE/50% equity compared to POR's ask for a $338M revenue increase, premised on a 9.8% ROE/50% equity. POR and Staff include net variable power costs of $107M and $99M, respectively. The lower ROE (-$35M) and differences in the rate base calculation (-$22M) drive the difference. Staff proposed using an average test year, while POR requested a 2023 year-end test year. POR has historically used the monthly averages method. Evidentiary hearings are expected to begin on September 26. New rates will go into effect on January 1, 2024.

Recent Developments for Companies Under Our Coverage

From our midweek: D announced the sale of the remaining 50% interest in Cove Point LNG to Berkshire Hathaway for $3.5B; DTE and associated parties file a constructive, broad-based settlement in the pending MI IRP; several insurance companies file suit against XEL over losses incurred from the 2021 Marshall Fire in Boulder, CO; the MI PSC is investigating CMS over malfunctioning gas meters; Staff files testimony in D's SC natural gas rate case; and the EIA's STEO shows that growth in solar generation and lower natural gas prices are helping to reduce coal-fired generation and overall power demand in 2023 will be ~2% lower than in 2022 on a warmer than normal winter and a milder start to summer.

EXC — DE PSC approves EXC's request for interim rates: Delmarva Power received PSC approval to implement an interim rate increase of $56M as requested and effective July 15. The interim rates are in line with those requested in the 2022 electric GRC and include the transfer of ~$14M currently recovered through the Distribution System Improvement Charge (DSIC). The request is based on a 10.5% ROE and 55.5% equity. The primary driver for the rate increase is the recovery of $290M of investment in the distribution system. EXC is proposing adjustments, including leveraging a pro forma capital structure, utilizing an O&M inflation adjustment, and applying year-end treatment to the rate base.

AVA — Staff offers testimony in support of the multi-party settlement in the ID GRCs: Staff presented testimony supporting the multi-party settlement in the ID gas and electric rate cases stating that it provides a reasonable balance between AVA's ability to earn a reasonable return on its investments while offering affordable customer rates. Staff also believes that the settlement will provide rate stability in that AVA will not seek a rate increase prior to September 1, 2025. As part of the settlement in the two-year electric and gas rate cases, electric revenue increases by $22M in RY1 and by $4M in RY2, and natural gas revenue increases by $1M and ~ $0M, respectively, both based on a 9.4% ROE and 50% equity. This compares to AVA's request for $37.5M and $13.2M electric rate increases in RY1 and RY2, respectively, and gas rate increases of $2.8M and $0.1M, respectively, based on a 10.25% ROE and 50% equity. If approved, new rates would go into effect on September 1, 2023.

PNW — PNW files rebuttal testimony in APS's electric rate case in AZ: APS filed rebuttal testimony reducing its revenue requirement request to $383M, from $460M in its original request and including a reduction in the FVI request from 1% to 0.5% while maintaining the 10.25% ROE, and 51.93% equity layer. Staff previously recommended a $313M net revenue increase, premised on a 9.6% ROE and 51.93% equity. APS is agreeing for the purpose of this case to reduce by 50% the cost of certain incentive programs. Staff's and PNW's total revenue increase includes $108M for test year adjustor revenue transfers and $204M Day-One PSA and REAC. PNW is requesting rates to go into effect on December 1, 2023. Hearings in the case commence on August 10.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

AEP — Intervenors file testimony in APCo's triennial review in VA: We reviewed testimony offered by the Office of the AG in the APCo triennial. OAG is recommending that AEP retain the current authorized ROE of 9.2%—vs. its ask of 10.6% and recommends a reduction in the overall ROR from 7.63% to 6.94% to account for the lower ROE. OAG adopts AEP's proposed capital structure of 49.02% equity. While AEP sought a $213M rate increase, the OAG is proposing a $69M increase. Among the changes proposed by the OAG are reducing the increase in vegetation management expense by ~$42M, removing the O&M storm costs for prospective rate making (~$23M), and another ~$20M of adjustments in other expenses. These recommendations, combined with the lower ROE, account for the lower proposed revenue deficiency. According to APCo's calculations, the Company earned a 5.39% ROE during the prior period, below the allowed band of 8.5-9.9%. An SCC decision is due by November 30.

AEE — Staff files rebuttal testimony in AEE's IL multiyear electric rate plan: Staff's rebuttal testimony bridges the gap between revenue deficiency as calculated by AEE in its rebuttal and the Staff's original testimony, primarily on account of a higher rate base. Staff maintains its view on deriving the ROE using a formula from the FRP (30 year + 580 bps) and reiterated the 8.914% to be adjusted annually during the MYRP and also defended the 50% equity layer. Staff recommends against adopting a rate phase-in plan since any rates deferred earlier become a cost later, creating a zero-sum situation. If the Commission does decide to go with a phase-in plan, then Staff recommends the plan proposed by AEE, which recommends a 14.6% revenue increase in 2024, 14.8% in 2024, and 8.8% in 2026. Below, we provide the updated revenue and rate base assumptions provided in the Staff testimony. Evidentiary hearings begin on August 7, and a PD is expected on October 20.

Figure 1 - AEE IL Electric MYRP - Company vs. Staff Testimonies

Staff ($M); ROE: 8.9%; Equity Layer 50%	2024	2025	2026	2027	Total
Direct Testimony ($M)					
Revenue Increase	75.1	65.7	69.0	39.4	**249.2**
Rate Base	4,148.3	4,303.8	4,388.2	4,441.6	
Rebuttal Testimony ($M)					
Revenue Increase	98.6	80.8	79.4	58.2	**317.0**
Rate Base	4,134.4	4,354.5	4,570.8	4,772.9	

AEE ($M); ROE: 10.5%; Equity Layer ~54%	2024	2025	2026	2027	Total
Direct Testimony ($M)					
Revenue Increase	170.9	91.0	103.9	78.5	**444.2**
Rate Base	4,324.9	4,639.1	4,958.3	5,278.1	
Rebuttal Testimony ($M)					
Revenue Increase	180.1	96.0	97.1	77.8	**451.1**
Rate Base	4,271.4	4,572.6	4,892.1	5,207.2	

Source: Regulatory filings, KeyBanc Capital Markets Inc.

NEE — NEER signs an agreement with foodservice distributor Sysco to help it reduce Scope 1 and Scope 2 emissions: NEE announced that it is collaborating with Sysco to develop a plan to reduce the foodservice distributor's Scope 1 and Scope 2 emissions by 27.5% by 2030. NEER will help in this regard by sourcing renewable power for Sysco's global operations. Under the agreement, NEER will help to develop solutions including large-scale renewable projects, on-site renewable generation, reliability infrastructure, and energy management services.

AGR — MA House includes language in legislation to allow AGR to renegotiate the cost of the NECEC project: A provision in the spending bill approved by the MA House could allow for a renegotiation of the cost of the NECEC transmission project between AGR and MA utilities. The bill still needs to be passed by the Senate. The original contract was to be funded by MA ratepayers, and it is unclear how the change in costs will be shared. In our recent meetings with management, we discussed the sequencing of cost inflation renegotiations and the timing of construction restart.

AGR, ES — SB 7 becomes law, PURA Chair Gillett is reappointed: Governor Lamont (D-CT) signed SB 7 into law as was expected and reappointed PURA Chair Gillett for a two-year term beginning on July 1. Selection of the PURA chair was a key feature of SB 7 in that the position would be filled by the governor from among the serving commissioners, once every two years. Under the previous law, the chair was elected by fellow commissioners and served a one-year term. While the new law maintains the PURA as a five-member body, there are and have been only three commissioners for a long time. Subsequent to the passage of SB 7, a budget bill was passed that included some constructive modifications overriding the provisions contained in SB 7—including that all commissioners must vote on all proceedings before PURA vs. the original SB 7 provision where the chair could delegate dockets to commissioners for unilateral decision-making. Other features of the bill include precluding utilities from recovering in rates the costs associated with appealing PURA contested proceedings, starting in 2024, nor can they recover membership dues or contributions to industry associations. The four-year interval between rate reviews is unchanged from the prior.

SRE — SRE may seek an extension of the export authorization from the DOE for the Cameron LNG expansion: SRE is contemplating seeking DOE approval for an extension of the export authorization for a proposed expansion of the Cameron LNG expansion. SRE is building a 6.75 MTPA expansion with a May 2026 deadline to start exports under the current authorization. A recent DOE policy change means that it will no longer consider extension applications unless an applicant can show that it has physically commenced construction and that it faces extenuating circumstances preventing a timely completion. SRE believes that work to advance the expansion is sufficient to secure the extension, although it will ultimately depend on when an FID can be made on the project. SRE currently has an HOA to develop the project with Total, Mitsui, Mitsubishi, and Nippon Yusen, many of which were also partners with SRE on the original Cameron LNG project. The change in DOE policy is intended to increase transparency in the LNG market, which is suffering from an overhang of authorized export volumes.

ETR — Parties reach an impasse in settlement negotiations for a SERI docket: In FERC docket EL 21-56-00 regarding complaints alleging historical and ongoing mismanagement of the Grand Gulf nuclear power station, the Settlement Judge issued a status report saying parties have reached an impasse in the current negotiations and settlement procedures have been terminated. FERC has now authorized the initiation of hearings before an initial decision is issued. The settlement negotiations were between LA PSC, AR PSC, CCNO LA, and SERI. MS PSC has previously entered a global settlement on SERI-related matters. A hearing will be convened prior to May 1, 2024, and an initial decision will be due by September 25.

AEP, FE — OH governor vetoes economic development proposal within the state budget: If approved, the proposal would have allowed utilities to make infrastructure investments for economic development sites even when the sites did not have any finalized buyers. Under the provision, utilities could either tap into a ~$1B fund or add a customer surcharge to fund the gas and electric infrastructure. Those costs would need to be approved by PUCO, but development plans falling through would not entail refunds. AEP was in support of the proposal as a way of having infrastructure ready to attract prospective industry. Two other provisions were removed from the budget before getting to the governor's desk—one for a provision for surcharges on gas bills for infrastructure builds and another for a surcharge to defray investments in infrastructure to handle additional load from EV charging stations.

AEP, XEL — FERC reverses course to reject SPP's regional transmission cost allocation pathway: In an earlier decision, FERC approved an SPP proposal that would establish a waiver so that transmission costs in a pricing zone with large amounts of generation such as wind that served customers outside the area would be allocated regionally instead of the zone paying two-thirds of the cost under the grid operator's "Highway/Byway" cost allocation framework for transmission projects. The SPP proposal was intended to be fair to zones where wind generation far exceeded the demand in the area where customers would still have to pay 67% for the transmission needed for the wind power even though the power was consumed elsewhere. Utilities including AEP, XEL, and others argued against the FERC decision, as did four states in that it placed too much discretion on SPP to make the cost allocation. FERC reversed the earlier decision by a unanimous vote.

POR, AVA — BPA commits to a $2B plan to expand transmission to support the energy transition in the Pacific Northwest: Bonneville Power Authority announced that it is investing $2B in transmission infrastructure to support growing electricity demand in the Pacific Northwest and to help regional utilities to meet their clean energy targets. The BPA's projects include upgrades at six east-to-west lines to supply population centers in and around the Portland and Puget Sound regions and smaller projects near Portland and Seattle. The projects are planned for completion between 2025 and 2032 and will add at least 6 GW of capacity to BPA's network. The announcement was received positively by POR as it faces a multiyear period of demand growth including a 3.9% annualized growth from industrial customers, up from 3.5% previously, and increases the forecast power needed by the system. OR and WA have 100% clean power laws, with OR targeting 2040 and WA 2045.

D, DUK, SO — U.S. District Court of Appeals for DC District remands FERC ruling on SEEM: The court remanded FERC's approval of SEEM (Southeast Energy Exchange Market) back faulting FERC's acceptance of the market design. The court ruled that FERC must explain how SEEM complies with open-access transmission principles by excluding entities outside the market footprint. By accepting the SEEM design, the court ruled that FEC violated Order 888, which calls for open access transmission principles, while the approval meant that the program would be limited to participants with a power source or sink in the SEEM's footprint. SEEM, which launched in November 2022, facilitates the trading of energy through an automated platform in sub-hourly increments, using available transmission on members' transmission systems. SEIA, NRDC, and other petitioners argued that the program would limit energy trades by excluding non-SEEM members.

Colorado State University updates and upgrades the 2023 Atlantic Hurricane season forecast: In the third forecast for the year, CSU is now calling for an above-average Atlantic basin hurricane season in 2023, although uncertainty with the outlook is higher than normal. The group is forecasting 18 named storms vs. a prior 30-year average of 14.4 and nine hurricanes vs. a 7.2 average. Both the number of named storms and hurricanes is up from CSU's original April forecast. NOAA ~17 named storms and six hurricanes. CSU also raised the probability of a Category 3-5 landfall along the continental U.S. coast to 50% from 44%, compared with a long-term average of 43%. The researchers point out the higher uncertainty with the forecast given conflicting signals between the warmer than normal Atlantic waters and an expected strong El Niño for the peak hurricane months. El Niño tends to create wind patterns that can tear storms apart as they form but the counterweight of the abnormally warm Atlantic waters makes predictions that much trickier.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

The report aligns with comments made by a climate scientist we hosted a few weeks ago (What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert).

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	7/17/2023	Evidentiary Hearings Begin
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	7/17/2023	Evidentiary Hearings Begin
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	7/17/2023	Staff and Intervenor Rebuttal Testimony
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	7/17/2023	Staff and Intervenor Rebuttal Testimony
MD	The Potomac Edison Co.	FE	C-9695	Electric	7/18/2023	Evidentiary Hearings Begin
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	7/18/2023	Evidentiary Hearings Begin
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	7/18/2023	Commission Order Expected
MI	DTE Electric Co.	DTE	C-U-21297	Electric	7/19/2023	Evidentiary Hearings
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	7/19/2023	Staff and Intervenor Testimony Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	7/20/2023	Company Surrebuttal Testimony Due
OR	Portland General Electric Co.	POR	LC80	IRP	7/20/2023	Staff and Intervenor Round 1 Comments
OR	Portland General Electric Co.	POR	D-UE-416	Electric	7/21/2023	Company Rebuttal Testimony
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	7/25/2023	Evidentiary Hearings Begin
ID	Avista Corp.	AVA	C-AVU-E-23-01	Electric/Nat Gas	7/26/2023	Settlement Rebuttal Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	7/26/2023	Staff and Intervenor Rebuttal Testimony Due
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	7/26/2023	Staff/Intervenor Surrebuttal Testimony
IL	Ameren Illinois	AEE	D-23-0082	Electric	7/27/2023	Surrebuttal Testimony
	Federal Energy Reg Comm	FERC			7/27/2023	Open Meeting
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	7/28/2023	Staff Testimony Due
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	7/28/2023	Reply Briefs
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	7/31/2023	Rebuttal Testimony
MN	Ottertail Power	OTTR	21-339	IRP	7/31/2023	Initial Comments Due
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	7/31/2023	Company Surrebuttal Testimony Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	7/31/2023	Company Surrebuttal Testimony Due
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/1/2023	Rebuttal Testimony Due
ID	Avista Corp.	AVA	C-AVU-E-23-01	Electric/Nat Gas	8/2/2023	Hearings Begin
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	8/3/2023	Draft Decision Expected
TX	Entergy Texas Inc.	ETR	D-53719	Electric	8/3/2023	PUCT Meeting - Final Decision Pending
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	8/3/2023	Rebuttal Testimony Due
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	8/4/2023	Rebuttal Testimony Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/4/2023	Intervenor Testimony
IL	Ameren Illinois	AEE	D-23-0082	Electric	8/7/2023	Evidentiary Hearings Begin
OR	Avista Corp.	AVA	D-UG-461	Natural Gas	8/7/2023	Rebuttal Testimony Due
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	8/7/2023	Supplemental Testimony Due (12+0)
VA	Dominion Energy	D	PUR-2023-00066	IRP	8/8/2023	Intervenor Testimony Due
	Short-Term Energy Outlook	EIA			8/8/2023	STEO release
	CPI Release	BLS			8/10/2023	CPI release for Prior Month
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/10/2023	Surrebuttal Testimony Due
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	8/10/2023	Hearings Commence
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	8/10/2023	Evidentiary Hearings Begin
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	8/10/2023	Evidentiary Hearings Begin
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	8/11/2023	Rebuttal Testimony Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/11/2023	Staff Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	8/14/2023	Company Surrebuttal Testimony Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	8/14/2023	Post Hearing Briefs
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	8/15/2023	Staff and Intervenor Testimony Due
MI	DTE Electric Co.	DTE	C-U-21297	Electric	8/15/2023	Briefs Due
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	8/16/2023	PFD Target Date

Source: Regulatory filings, KeyBanc Capital Markets Inc., S&P Market Intelligence

Figure 3 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	22.4	Overweight	$90	$85.47	2.9%	58%	4.36	4.67	4.96	19.6x	18.3x	17.2x	4.37	4.68	5.02	19.6x	18.3x	17.0x
AEP	American Electric Power Company Ir	44.9	Sector Weight	NA	$87.22	3.8%	63%	5.27	5.65	5.99	16.6x	15.4x	14.6x	5.27	5.62	5.98	16.5x	15.5x	14.6x
CMS	CMS Energy Corp	17.7	Sector Weight	NA	$60.95	3.2%	63%	3.10	3.31	3.59	19.7x	18.4x	17.0x	3.10	3.35	3.63	19.6x	18.2x	16.8x
CNP	CenterPoint Energy Inc	19.2	Sector Weight	NA	$30.12	2.5%	50%	1.50	1.62	1.73	20.1x	18.6x	17.4x	1.49	1.61	1.71	20.2x	18.7x	17.6x
D	Dominion Energy Inc	44.3	Sector Weight	NA	$52.64	5.1%	71%	3.76	3.84	3.90	14.0x	13.7x	13.5x	3.78	3.70	3.91	13.9x	14.2x	13.5x
DTE	DTE Energy Co	23.4	Sector Weight	NA	$112.95	3.4%	62%	6.19	6.60	7.03	18.2x	17.1x	16.1x	6.23	6.68	7.14	18.1x	16.9x	15.8x
DUK	Duke Energy Corp	71.9	Overweight	$113	$93.01	4.4%	73%	5.65	6.01	6.38	16.5x	15.5x	14.6x	5.63	5.98	6.34	16.5x	15.6x	14.7x
ETR	Entergy Corp	20.9	Sector Weight	NA	$99.88	4.3%	65%	6.68	7.18	7.69	15.0x	13.9x	13.0x	6.69	7.19	7.70	14.9x	13.9x	13.0x
ES	Eversource Energy	25.5	Sector Weight	NA	$72.82	3.7%	62%	4.36	4.66	4.92	16.7x	15.6x	14.8x	4.37	4.66	4.98	16.7x	15.6x	14.6x
ED	Consolidated Edison Inc	32.5	Underweight	$70	$93.08	3.5%	67%	4.85	5.16	5.47	19.2x	18.0x	17.0x	4.85	5.23	5.52	19.2x	17.8x	16.9x
EIX	Edison International	27.2	Sector Weight	NA	$70.47	4.2%	62%	4.76	5.11	5.63	14.8x	13.8x	12.5x	4.72	5.09	5.50	14.9x	13.8x	12.8x
EXC	Exelon Corp	42.0	Sector Weight	NA	$42.02	3.5%	62%	2.36	2.52	2.71	17.8x	16.7x	15.5x	2.37	2.51	2.72	17.8x	16.7x	15.4x
FE	FirstEnergy Corp	22.8	Overweight	$45	$39.75	4.0%	62%	2.51	2.67	2.89	15.8x	14.9x	13.8x	2.53	2.67	2.85	15.7x	14.9x	14.0x
PEG	Public Service Enterprise Group Inc	32.0	Sector Weight	NA	$63.84	3.6%	66%	3.44	3.60	3.86	18.6x	17.7x	16.5x	3.44	3.68	4.04	18.5x	17.3x	15.8x
SO	Southern Co	77.9	Sector Weight	NA	$71.38	3.9%	77%	3.60	4.04	4.26	19.8x	17.7x	16.8x	3.60	4.03	4.31	19.8x	17.7x	16.6x
WEC	WEC Energy Group Inc	28.9	Overweight	$103	$91.40	3.4%	68%	4.62	4.92	5.28	19.8x	18.6x	17.3x	4.61	4.91	5.26	19.8x	18.6x	17.4x
XEL	Xcel Energy Inc	35.4	Overweight	$75	$64.27	3.2%	62%	3.38	3.57	3.80	19.0x	18.0x	16.9x	3.37	3.60	3.84	19.1x	17.8x	16.7x
					Average:	**3.7%**	**64%**				**17.7x**	**16.6x**	**15.6x**				**17.7x**	**16.6x**	**15.5x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	3.0	Underweight	$32	$38.65	4.8%	79%	2.34	2.44	2.56	16.5x	15.8x	15.1x	2.33	2.46	2.59	16.6x	15.7x	14.9x
NWE	NorthWestern Corp	3.4	Overweight	$63	$56.85	4.5%	74%	3.44	3.59	3.74	16.5x	15.8x	15.2x	3.46	3.59	3.76	16.4x	15.8x	15.1x
OTTR	Otter Tail Corp	3.4	Sector Weight	NA	$81.40	2.1%	37%	4.71	3.28	3.51	17.3x	24.8x	23.2x	4.75	3.49	3.69	17.2x	23.3x	22.1x
PNW	Pinnacle West Capital Corp	9.4	Underweight	$55	$83.20	4.2%	84%	4.03	4.66	4.89	20.6x	17.9x	17.0x	4.16	4.83	5.01	20.0x	17.2x	16.6x
POR	Portland General Electric Co	4.6	Sector Weight	NA	$47.50	4.0%	70%	2.65	3.00	3.17	17.9x	15.8x	15.0x	2.67	3.05	3.21	17.8x	15.6x	14.8x
					Average:	**3.9%**	**69%**				**17.8x**	**18.0x**	**17.1x**				**17.6x**	**17.5x**	**16.7x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	14.8	Sector Weight	NA	$38.04	4.7%	83%	2.20	2.32	2.44	17.3x	16.4x	15.6x	2.13	2.29	2.44	17.9x	16.6x	15.6x
NEE	Nextera Energy Inc	149.1	Overweight	$94	$73.20	2.6%	60%	3.09	3.39	3.64	23.7x	21.6x	20.1x	3.11	3.41	3.69	23.5x	21.5x	19.8x
SRE	Sempra	47.1	Sector Weight	NA	$148.44	3.2%	53%	8.94	9.49	10.22	16.6x	15.6x	14.5x	9.04	9.59	10.23	16.4x	15.5x	14.5x
					Average:	**3.5%**	**65%**				**19.2x**	**17.9x**	**16.7x**				**19.3x**	**17.8x**	**16.6x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	30.9	Sector Weight	NA	$95.00	1.2%	28%	3,126	3,791	3,863	10.5x	8.6x	8.6x	3,234	3,712	3,756	10.1x	8.7x	8.8x
NRG	NRG Energy Inc	8.6	Not Covered	NA	$36.45	4.1%	28%	NA	NA	NA	NA	NA	NA	2,850	2,981	2,968	5.8x	5.3x	3.4x
VST	Vistra Corp	10.0	Not Covered	NA	$26.34	3.1%	28%	NA	NA	NA	NA	NA	NA	3,682	3,942	3,909	6.3x	5.9x	5.6x
					Average:	**2.8%**	**28%**				**10.5x**	**8.6x**	**8.6x**				**7.4x**	**6.7x**	**5.9x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

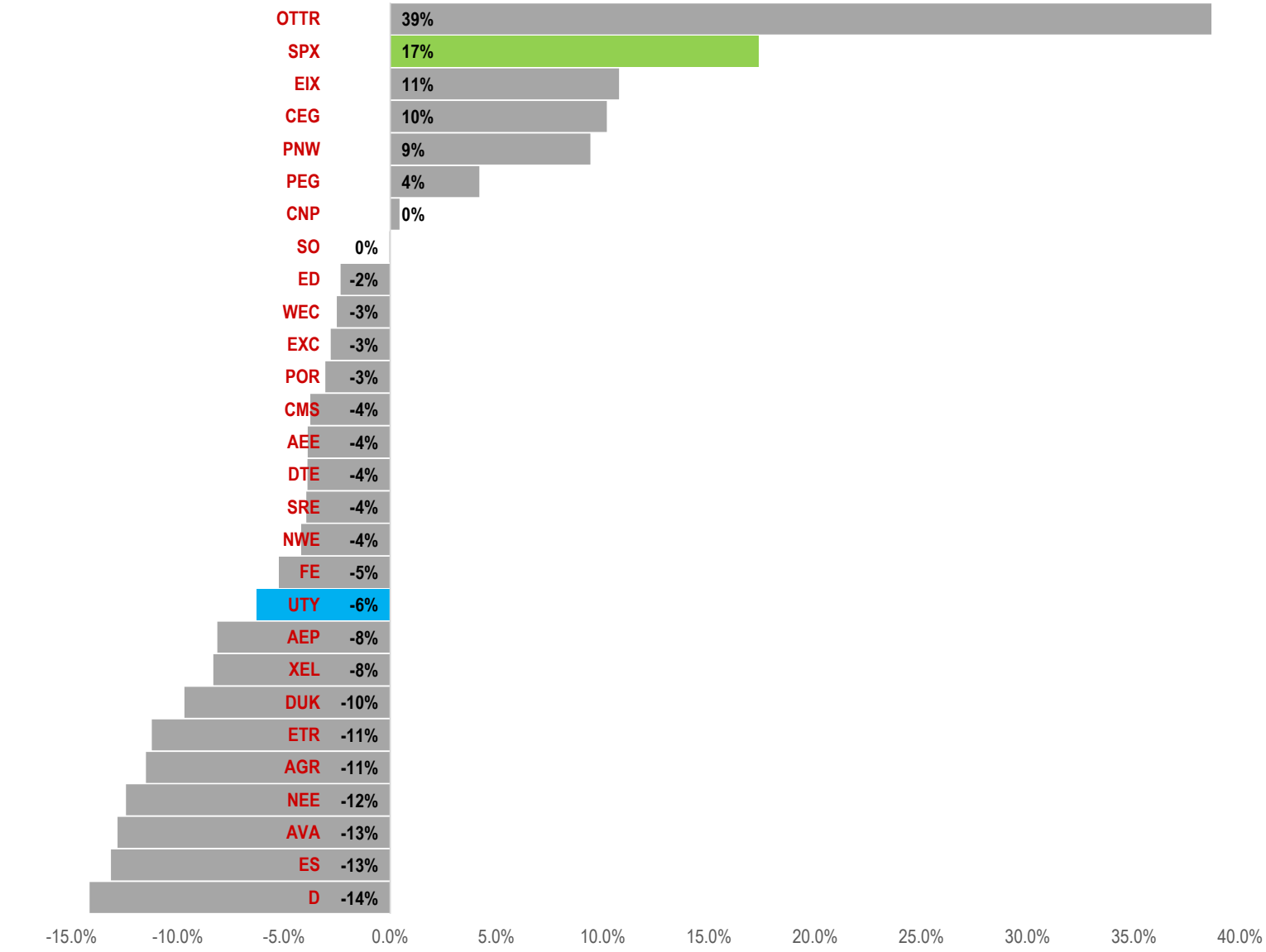

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	261	49.71	43	16.48
Sector Weight [SW]	257	48.95	43	16.73
Underweight [UW]	7	1.33	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	23	39.66	14	60.87
Sector Weight [SW]	32	55.17	12	37.50
Underweight [UW]	3	5.17	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Catalyst to Watch This Week: PPL Kentucky Intervenor Testimony Due on CPCN July 14

The testimony will help establish filer positions. PPL's proposal includes $2.1 billion of capital investment to transition from coal to other sources of generation. In the absence of plan approval federal EPA rules would require investment of $0.5 billion to $1.5 billion in coal and additional amounts in transmission and distribution. Our 7% EPS growth forecast for PPL assumes a reallocation of investment but not the CPCN as proposed. "Removing KY Clean Energy Transition from Our Forecast" The proposal includes construction of 2x621 MW combined cycle gas plants, acquisition or construction of 240 MW of utility scale solar, a 125 MW, 4-hour battery storage and other investments including demand side management and energy efficiency. The proposal includes planned coal retirements of 712 MW through 2028 and accelerated retirements of the Mill Creek 2 (297 MW) in 2027 and the Ghent 2 (486 MW) in 2028 plants. Passage of SB 4 reinforced reliability and customer impacts from retirements and the testimony will follow-up on those concepts. The company and intervenors could enter settlement discussions and the final outcome is 11/6.

Watt's on Tap

July 14 -July 21

Calendar Items

Weekly Calendar	
Fri - July 14	**PPL** - Intervenor testimony due on Kentucky certificate of public convenience and necessity. (22-00402)
Th - July 20	**ETR** - Texas PUCT Vote on Rate Case Settlement **EIX / SRE** - Briefing on utility safety practice
Fri - July 21	**AWK** - Indiana American Water GRC - Intervenor Testimony
Other Possible	**ETR** - FERC clarification around Dec '22 order on SERI issues **AES** - Could receive additional credit agency updates post May investor day **ES** - Potential offshore wind project sale announcement. **ETR** - FERC clarification around Dec '22 order on SERI issues **PCG**- Potential ALJ decision in general rate case **SO** - Vogtle Unit 3 Completion

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 7/13/2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 12.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

07/13/2023 WTRG: Reducing '23 Equity Needs
07/12/2023 DTE: IRP Settlement; Raising EPS
07/11/2023 D: First to Drop - Cove Point Sale Announced
07/10/2023 PCG: Notes from Safety Update
07/07/2023 CMS: Meter Docket Opened
07/07/2023 California Cost of Capital Update

North America Alternative Energy and Environmental Services Analysts: Jon Windham & William Grippin

7/13/2023 World Energy Investment report sets new records
7/12/2023 A closer look at First Light Fusion
7/10/2023 July Energy Transition Conference

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 1: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	7/13/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	SRE	$149.56	$200	37%	$8.43	$9.21	$8.98	$9.58	$10.16	14.7x	(7%)	3.1%	7.2%	7.0%	1st
Buy	NEE	$73.71	$91	26%	$2.55	$2.90	$3.13	$3.43	$3.70	19.9x	26%	2.3%	7.4%	10.0%	1st
Buy	AES	$21.83	$26	22%	$1.52	$1.67	$1.71	$1.88	$2.12	10.3x	(35%)	2.9%	6.0%	5.0%	1st
Buy	EIX	$70.95	$82	20%	$4.59	$4.63	$4.71	$5.13	$5.55	12.8x	(19%)	4.0%	5.8%	4.0%	4th
Buy	PPL	$26.85	$31	19%	$1.05	$1.41	$1.60	$1.70	$1.79	15.0x	(5%)	3.3%	7.1%	7.6%	2nd
Buy	FE	$39.85	$45	17%	$2.60	$2.41	$2.59	$2.71	$2.93	13.6x	(14%)	3.9%	7.0%	3.0%	2nd
Buy	CMS	$60.83	$69	16%	$2.65	$2.89	$3.12	$3.37	$3.64	16.7x	6%	3.0%	8.1%	7.0%	1st
Buy	EXC	$42.18	$47	15%	$1.83	$2.27	$2.36	$2.54	$2.77	15.2x	(4%)	3.2%	7.1%	7.2%	2nd
Neutral	EMA	$53.97	$59	14%	$2.81	$3.03	$3.29	$3.39	$3.53	15.3x	(3%)	5.0%	4.6%	4.7%	4th
Neutral	ETR	$99.02	$109	14%	$6.02	$6.42	$6.65	$7.18	$7.67	12.9x	(18%)	4.1%	6.8%	2.3%	2nd
Buy	NI	$28.16	$31	13%	$1.37	$1.46	$1.57	$1.68	$1.80	15.7x	(1%)	3.3%	6.8%	4.6%	3rd
Buy	SO	$71.48	$78	13%	$3.41	$3.60	$3.65	$4.05	$4.35	16.4x	4%	3.8%	6.6%	2.8%	3rd
Buy	PEG	$64.04	$70	13%	$3.65	$3.47	$3.46	$3.67	$3.97	16.1x	2%	3.4%	6.2%	7.0%	3rd
Buy	DTE	$113.43	$124	12%	$5.99	$5.96	$6.26	$6.69	$7.15	15.9x	1%	3.2%	6.6%	6.8%	3rd
Neutral	AEP	$87.28	$94	11%	$4.74	$5.09	$5.25	$5.64	$5.91	14.8x	(6%)	3.6%	5.6%	7.0%	4th
Neutral	DUK	$93.31	$99	10%	$5.24	$5.27	$5.63	$5.97	$6.35	14.7x	(7%)	4.3%	6.3%	4.0%	3rd
Neutral	XEL	$64.33	$68	9%	$2.96	$3.17	$3.43	$3.71	$3.98	16.2x	2%	3.0%	7.6%	5.9%	1st
Neutral	AEE	$85.25	$89	7%	$3.82	$4.14	$4.36	$4.71	$5.05	16.9x	7%	2.8%	7.1%	6.0%	2nd
Neutral	ED	$93.77	$97	7%	$4.37	$4.57	$4.85	$5.18	$5.51	17.0x	8%	3.4%	6.3%	4.5%	3rd
Neutral	LNT	$54.28	$56	6%	$2.65	$2.80	$2.90	$3.08	$3.27	16.6x	5%	3.2%	5.5%	6.0%	4th
Neutral	OGE	$36.53	$37	6%	$2.36	$3.32	$2.01	$2.11	$2.26	16.1x	2%	4.5%	7.1%	3.0%	2nd
Neutral	PCG	$18.04	$19	5%	$1.08	$1.10	$1.23	$1.36	$1.49	12.1x	(23%)	0.0%	9.7%	0.0%	1st
Neutral	WEC	$91.52	$93	5%	$4.11	$4.46	$4.62	$4.94	$5.28	17.3x	10%	3.2%	6.3%	6.6%	3rd
Neutral	D	$53.04	$52	3%	$3.86	$4.10	$3.83	$3.42	$3.70	14.3x	(9%)	5.0%	0.9%	1.5%	4th
Neutral	EVRG	$60.51	$59	1%	$3.58	$3.71	$3.65	$3.99	$4.30	14.1x	(11%)	3.9%	5.5%	7.0%	4th
Neutral	CNP	$30.43	$30	1%	$1.64	$1.38	$1.49	$1.64	$1.72	17.7x	12%	2.3%	7.4%	8.0%	1st
Neutral	ES	$73.04	$71	1%	$3.54	$4.05	$4.36	$4.64	$4.94	14.8x	(6%)	3.5%	6.7%	5.5%	3rd
Sell	FTS	$56.80	$55	1%	$2.59	$2.78	$2.97	$3.18	$3.37	16.9x	7%	3.8%	5.9%	4.2%	4th
Sell	PNW	$83.25	$74	(7%)	$5.47	$4.26	$4.20	$4.96	$5.23	15.9x	1%	4.1%	6.5%	4.6%	3rd
Electric Utility Average										**15.8x**		**3.5%**	**6.3%**	**5.5%**	
Rating	Ticker	7/13/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$41.44	$50	23%	$1.67	$1.77	$1.88	$2.05	$2.18	19.0x	(22%)	2.7%	6.7%	7.0%	2nd
Neutral	SJW	$70.58	$78	13%	$2.14	$2.43	$2.47	$2.80	$2.95	23.9x	(2%)	2.0%	6.3%	7.0%	2nd
Neutral	AWK	$145.45	$150	5%	$4.25	$4.51	$4.79	$5.18	$5.53	26.3x	8%	2.0%	7.9%	8.0%	2nd
Neutral	AWR	$87.31	$88	3%	$2.34	$2.11	$3.11	$2.93	$3.17	27.5x	13%	1.8%	7.4%	6.0%	2nd
Sell	CWT	$51.41	$49	(3%)	$1.97	$1.77	$1.90	$2.07	$2.20	23.4x	(4%)	2.0%	5.7%	5.0%	3rd
Water Utility Average										**24.4x**		**2.1%**	**7.4%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 2: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	7/13/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$26.71	$37	40%	$3,325	$3,685	$1,908	$2,994	$3,699	6.8x	-4%	4.5x	34%
Sell	**NRG**	$37.27	$33	(11%)	$1,776	$1,977	$2,404	$2,793	$3,062	6.9x	17%	4.2x	26%
AVERAGE										**6.9x**		**4.3x**	**30%**

Source: FactSet, UBS Estimates

Figure 3: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.11	3,081	$ 43,467	$ 15,754	24.8x	21.2x	$ 2,389
Brookfield Infrastructure Partners (1)	US$	BIP-USA	Not Covered	$ 36.29	458	$ 16,631	$ 31,032	N/A	13.3x	N/A
Average								**24.8x**	**17.2x**	
Railroads										
CSX Corp	US$	CSX-USA	Buy	$ 33.72	2,033	$ 68,555	$ 16,517	11.4x	10.1x	$ 7,477
Canadian National Railway	US$	CNI-USA	Buy	$ 118.61	662	$ 78,567	$ 11,116	9.4x	12.7x	$ 9,516
Canadian Pacific Railway	US$	CP-USA	Buy	$ 80.43	931	$ 74,885	$ 14,370	11.1x	15.2x	$ 8,069
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 233.52	228	$ 53,158	$ 15,670	12.0x	10.3x	$ 5,754
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 210.61	610	$ 128,408	$ 33,928	13.0x	12.5x	$ 12,503
Average								**11.4x**	**12.2x**	
Clean Power										
AES Corp. (2)	US$	AES-USA	Buy	$ 21.83	711	$ 15,521	$ 18,253	9.9x	8.2x	$ 3,397
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 27.72	82	$ 2,284	$ 6,371	8.2x	8.2x	$ 1,060
NextEra Energy Partners	US$	NEP-USA	Buy	$ 58.59	89	$ 5,209	$ 5,030	9.4x	9.1x	$ 1,088
Ormat Technologies	US$	ORA-USA	Buy	$ 83.84	60	$ 5,006	$ 1,826	12.7x	10.9x	$ 539
Orsted A/S	DKK	ORSTED-CSE	Buy	627.20 kr.	420	263,663.01 kr.	$ 49,965	9.9x	11.8x	31,746.94 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 23.81	116	$ 2,763	$ 4,836	8.6x	7.9x	$ 884
Average								**9.8x**	**9.4x**	
OVERALL AVERAGE								**11.7x**	**11.6x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$95.27	300	$ 28,605	$ 6,603	9.1x	8.8x	$ 3,886
							At 8% Discount	**10.8x**	**10.7x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks (2) UBS EBITDA includes net tax credits.

Source: FactSet, UBS estimates
Updated: 7/13/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 4: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	20.70	30	45	85	3.1	4.0	0.0	24.2x	17.5x	14.2x	14.9x	11.9x	10.1x	12.0x	11.7x	12.2x
CSIQ	Canadian Solar	Buy (CBE)	38.24	50	31	45	2.5	5.4	0.0	8.2x	6.2x	5.6x	4.4x	3.3x	3.0x	1.1x	1.2x	0.6x
FSLR	First Solar	Buy	196.95	250	27	474	21.0	19.1	0.0	26.1x	16.8x	7.6x	15.4x	9.8x	5.2x	3.2x	3.4x	0.3x
FTCI	FTC Solar	Buy (CBE)	3.23	4	24	5	0.4	0.3	0.0	-	12.4x	8.1x	-	8.1x	4.4x	5.4x	4.5x	18.4x
JKS	JinkoSolar	Neutral (CBE)	44.73	55	23	33	2.2	8.4	0.0	6.3x	5.6x	4.6x	3.8x	3.4x	3.0x	0.5x	0.6x	0.2x
SMR	NuScale Power	Neutral (CBE)	7.87	9	14	9	0.6	0.5	0.0	-	-	-	-	-	46.1x	35.6x	192.9x	-148.2x
ORA	Ormat Technologies	Buy	83.84	102	22	34	5.0	6.7	0.6	45.9x	36.2x	29.1x	13.1x	12.0x	10.8x	2.0x	2.3x	0.5x
SHLS	Shoals Technologies	Buy	25.95	29	12	67	4.4	4.6	0.0	44.7x	30.6x	25.1x	20.0x	15.1x	12.6x	6.6x	5.9x	1.9x
TPIC	TPI Composites	Neutral (CBE)	10.17	9	(12)	10	0.4	0.9	0.0	-	-	-	13.1x	8.1x	5.0x	-7.7x	-3.8x	5.3x
Average									0.1	25.9x	17.9x	13.5x	12.1x	9.0x	11.1x	6.5x	24.3x	-12.1x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	6.10	10	64	9	1.0	2.0	0.0	71.7x	25.8x	14.2x	15.8x	13.0x	11.2x	2.2x	2.0x	1.8x
GNRC	Generac	Buy	146.79	185	26	177	9.1	10.6	0.0	21.7x	15.5x	13.8x	14.3x	10.5x	9.5x	3.6x	2.9x	2.4x
SEDG	SolarEdge	Neutral (CBE)	272.01	310	14	295	15.3	14.9	0.0	27.4x	23.3x	20.6x	17.3x	15.9x	14.2x	5.7x	4.6x	3.7x
SPWR	SunPower	Neutral (CBE)	10.42	14	34	55	1.8	2.0	0.0	23.6x	21.0x	12.4x	11.2x	10.9x	7.2x	2.7x	2.2x	1.7x
RUN	Sunrun	Neutral (CBE)	19.89	20	1	181	4.3	14.4	0.0	-	34.7x	13.0x	-	168.5x	49.7x	0.6x	0.5x	0.5x
Average									0.0	24.2x	23.6x	14.9x	14.3x	51.5x	20.1x	3.2x	2.5x	2.1x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	26.66	47	76	27	2.5	5.7	6.1	12.1x	11.3x	10.5x	-	-	-	1.2x	1.1x	1.0x
Yield Co.																		
AY	Atlantica	Neutral	23.81	29	22	14	2.8	7.9	7.6	-	338.9x	63.2x	8.8x	8.2x	7.7x	1.9x	2.5x	2.1x
BEP	Brookfield Renewable	Buy	30.18	41	36	7	8.7	55.4	4.6	-	-	-	15.8x	15.0x	14.3x	5.4x	8.5x	8.7x
CWEN	Clearway	Buy	27.72	37	33	27	3.2	12.0	5.5	11.2x	17.5x	16.1x	10.3x	10.6x	10.2x	1.4x	1.9x	1.7x
NEP	NextEra Energy Partners	Buy	58.59	82	40	58	5.2	21.4	5.8	71.9x	50.2x	34.9x	21.3x	16.0x	13.6x	1.3x	1.9x	1.0x
Average									5.9	41.5x	135.5x	38.1x	14.0x	12.5x	11.5x	2.5x	3.7x	3.4x
Energy Storage																		
FLNC	Fluence Energy	Buy	28.63	34	19	37	3.3	3.2	0.0	-	297.6x	22.1x	-	72.6x	11.5x	9.3x	8.6x	5.8x
LICY	Li-Cycle Holdings Corp.	Buy	6.05	10	57	8	1.1	1.0	0.0	-	-	-	-	-	174.0x	2.8x	4.1x	5.2x
STEM	Stem Inc.	Buy (CBE)	6.83	8	17	40	1.1	1.4	0.0	-	-	12.0x	-	17.3x	7.3x	2.1x	2.1x	1.8x
Average									0.0	-	297.6x	17.0x	-	45.0x	64.3x	4.8x	4.9x	4.3x

Source: FactSet, UBS estimates
Updated: 7/13/2023

Figure 5: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	86.32	110	27	28	4.9	0.0	78.4x	73.1x	374.5x	18.0x	14.4x	13.4x	2.5	2.8	2.8
RSG	Republic Services, Inc.	Neutral	149.60	145	(3)	165	47.3	1.4	30.4x	28.8x	25.5x	13.6x	13.0x	12.2x	3.7	4.0	4.1
WCN	Waste Connections, Inc.	Buy	141.12	161	14	125	36.3	0.8	37.0x	33.3x	30.9x	16.9x	15.5x	14.4x	3.2	3.4	3.8
WM	Waste Management, Inc.	Neutral	168.34	162	(4)	239	68.5	1.7	30.1x	28.9x	25.3x	14.8x	14.1x	13.3x	2.8	2.2	3.6
Average								1.0	32.2x	30.4x	27.3x	14.9x	14.0x	13.2x	3.0	3.1	3.6
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	165.38	155	(6)	64	8.9	0.0	22.2x	18.9x	18.6x	10.4x	9.7x	8.9x	3.2	3.7	5.2
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	7.00	12	71	1	1.2	0.0	-	-148.5x	23.6x	16.6x	11.3x	6.6x	-	-	-

Source: FactSet, UBS estimates
Updated: 7/13/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 6: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

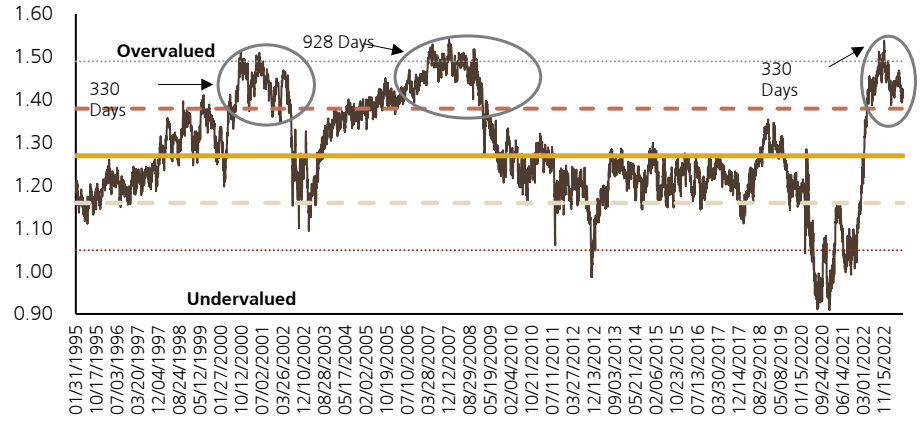

Source: FactSet, US Federal Reserve, UBS
Updated as of: 7/12/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 13.9% to the mean.

Figure 7: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

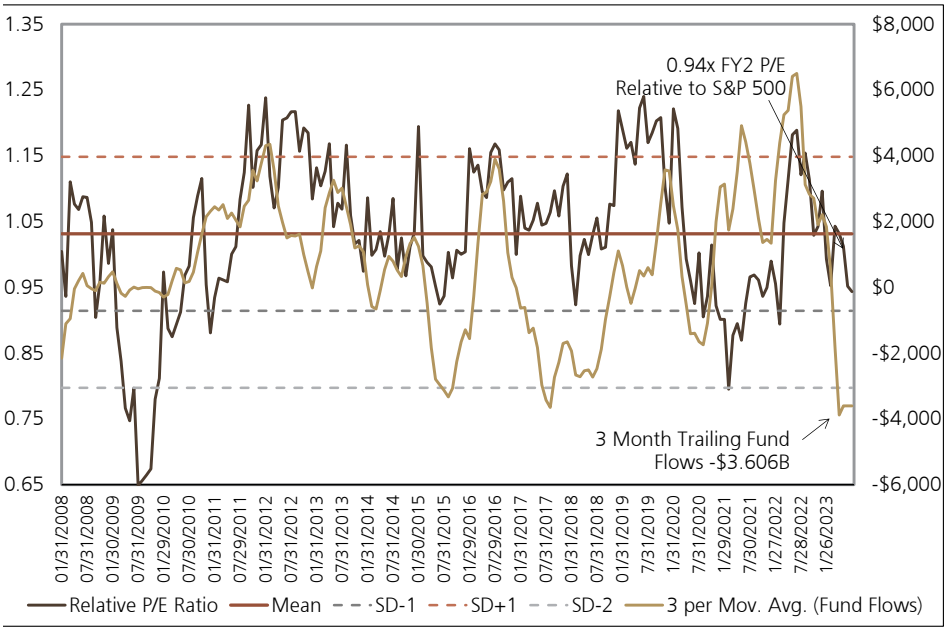

Source: FactSet, Strategic Insights, UBS
Updated as of:7/12/2023

Utilities now trade at a 9.3% discount to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Interactive Utility Regression Model: We published a "New Analytical Valuation Approach for Regulated Utilities" with Amar Hamoudi UBS Head of Empirical Scientific Approaches for Research and Evidence Lab which is a regression model that as of July 12 implies a 14.25x FY 2 P/E.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 8: Utility Credit Spreads

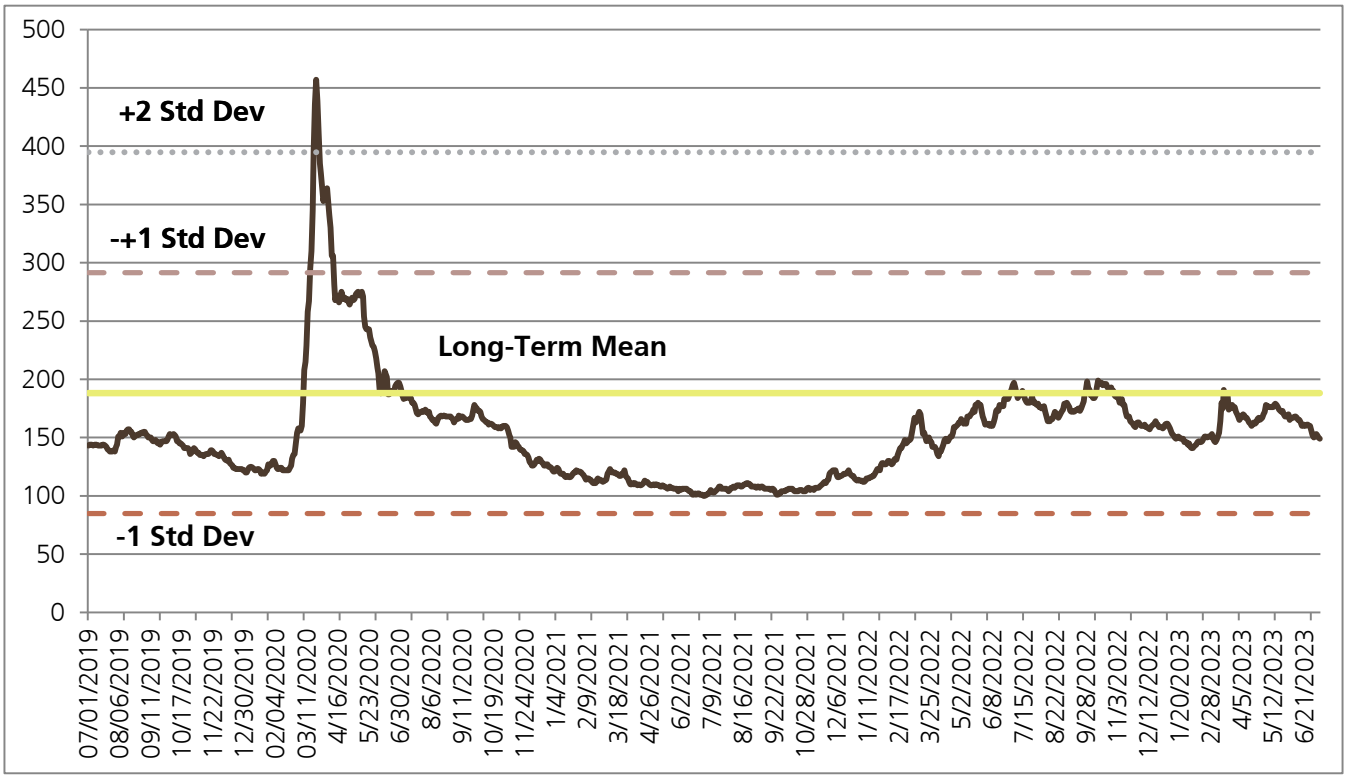

Source: FactSet, UBS
Updated 7/12/2023

Utility credit spreads contracted 2 bp last week and are 39 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at a 13.2% discount to the 5 year average FY 2 P/E relative to the S&P 500 and a 6.2% discount to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 9: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

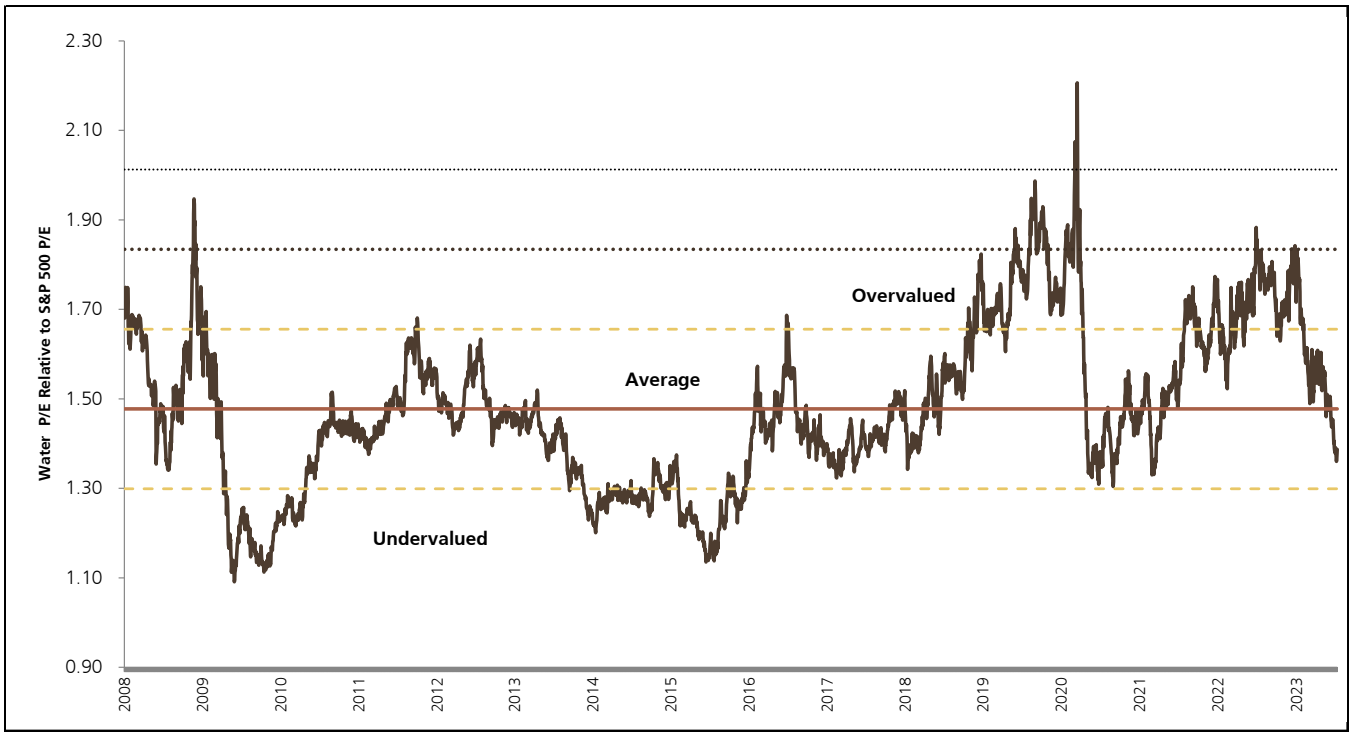

Source: FactSet, UBS

Updated 7/12/2023

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 10) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 11) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 10: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

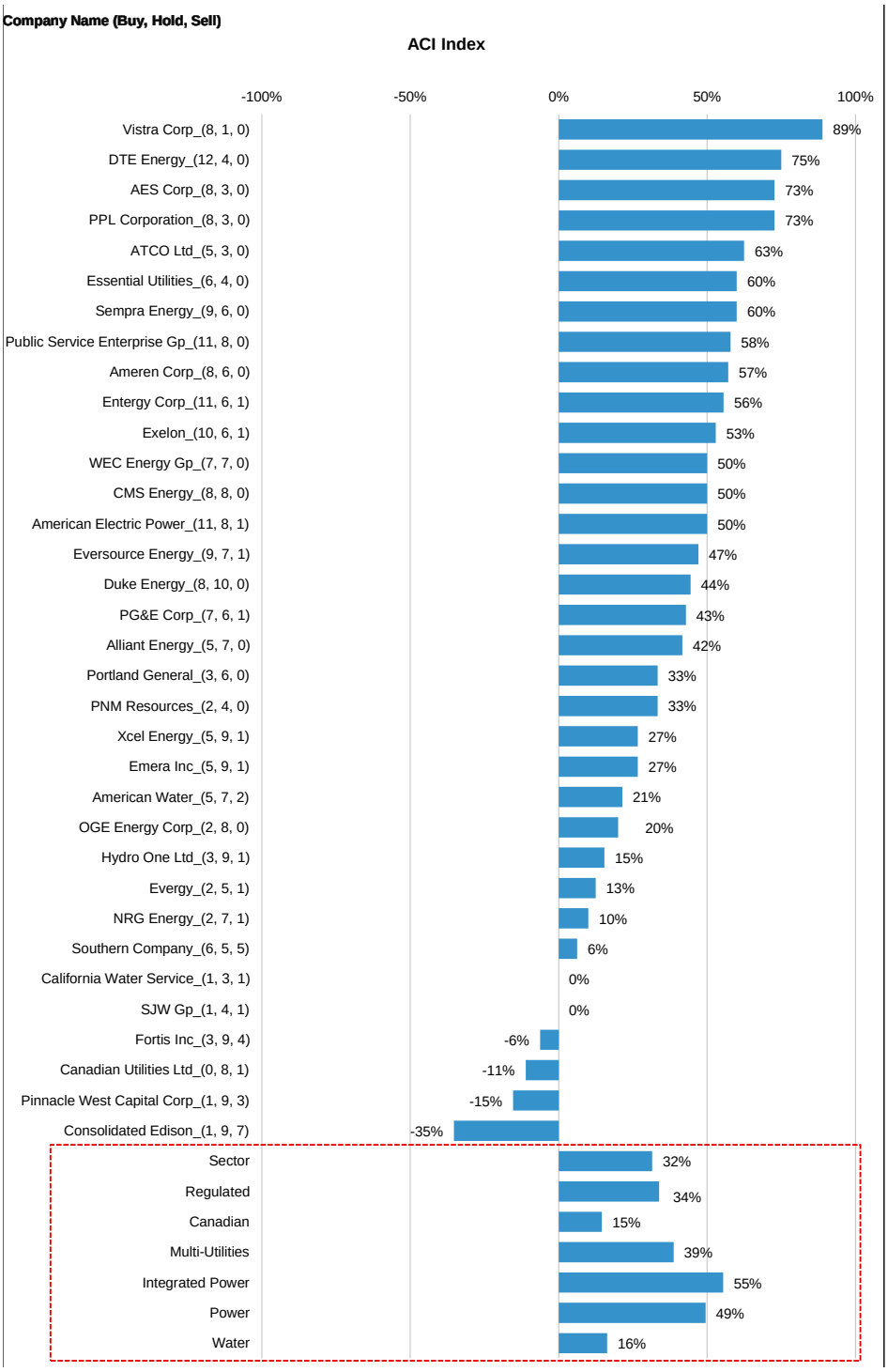

Source: Bloomberg, FactSet, UBS
Updated as of: 7/13/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 11: Change in ACI Index over Last 12 Weeks

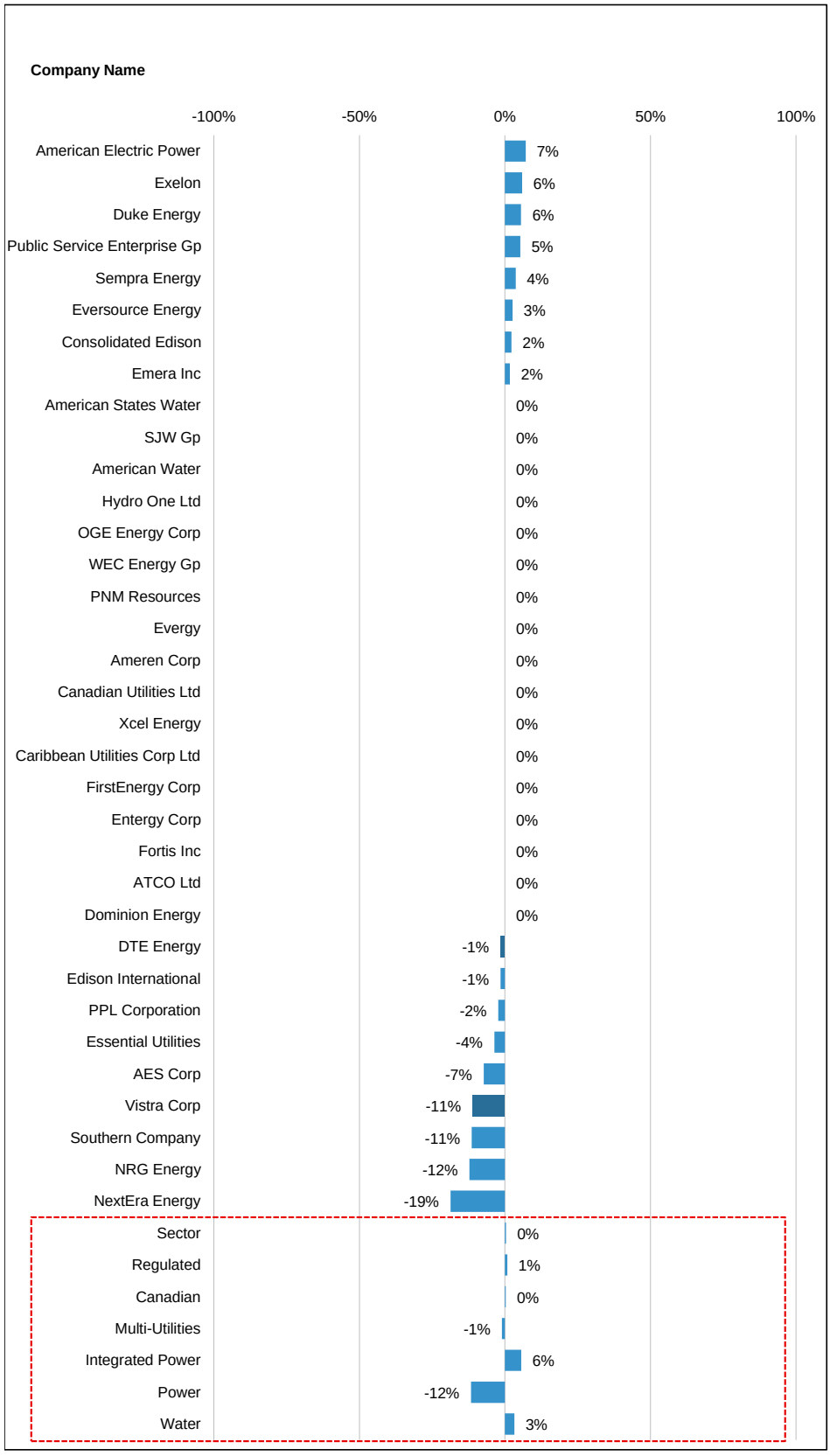

Source: Bloomberg, FactSet, UBS
Updated as of: 7/13/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Valuation Method and Risk Statement

North America Utilities: Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Reflects sustainable 5% premium on a relative yield basis to corporate bonds; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%; 4) Clean Energy Growth Premium: A 5% premium for companies that have a unique decarbonization growth opportunity on a risk adjusted basis; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

Water Utilities: Our valuation methodology for the group is price-to-earnings based. Our methodology includes: 1) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; and 2) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 9%, second quartile 3%, third quartile -3% and fourth quartile -9%. North American utilities: We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events. IPPs: We identify the following risks for the sector: Power prices, fuel prices, capacity prices, supply and demand for electricity, extreme weather, economic conditions, and cost of financing and collateral hedging.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 14 July 2023 04:18 AM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	41%
Neutral	FSR is between -6% and 6% of the MRA.	37%	43%
Sell	FSR is > 6% below the MRA.	9%	36%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
AES Corp[4,5,16]	AES.N	Buy	US$21.83	13 Jul 2023
Alliant Energy Corp[16]	LNT.O	Neutral	US$54.28	13 Jul 2023
Altus Power Inc[20a,16]	AMPS.N	Buy (CBE)	US$6.10	13 Jul 2023
Ameren Corp[16]	AEE.N	Neutral	US$85.25	13 Jul 2023
American Electric Power Inc[2,13,4,5,16,7,6b]	AEP.O	Neutral	US$87.28	13 Jul 2023
American States Water Co[16]	AWR.N	Neutral	US$87.31	13 Jul 2023
American Water Works Co[16]	AWK.N	Neutral	US$145.45	13 Jul 2023
Array Technologies Inc[13,20a,5,16,28]	ARRY.O	Buy (CBE)	US$20.70	13 Jul 2023
Atlantica Sustainable Infrastructure PLC[5,16]	AY.O	Neutral	US$23.81	13 Jul 2023
Brookfield Renewable Partners[2,4,5,16,7]	BEP.N	Buy	US$30.18	13 Jul 2023
CMS Energy Corp[16]	CMS.N	Buy	US$60.83	13 Jul 2023
CSX Corporation[1,2,4,5,16,7,6a]	CSX.O	Buy	US$33.72	13 Jul 2023
California Water Service Group[16]	CWT.N	Sell	US$51.41	13 Jul 2023
Canadian National Railway Co[16,7]	CNR.TO	Buy	C$155.51	13 Jul 2023
Canadian Pacific Railway[16]	CP.TO	Buy	C$105.46	13 Jul 2023
Canadian Solar Inc[20a,4,5,16,7]	CSIQ.O	Buy (CBE)	US$38.24	13 Jul 2023
Casella Waste Systems Inc[2,4,5,16]	CWST.O	Buy	US$86.32	13 Jul 2023
CenterPoint Energy Inc[2,4,5,16,7]	CNP.N	Neutral	US$30.43	13 Jul 2023
Clean Harbors Inc[13,5,16]	CLH.N	Neutral	US$165.38	13 Jul 2023
Clearway Energy Inc[4,5,16]	CWENa.N	Buy	US$26.16	13 Jul 2023
Consolidated Edison Inc[16]	ED.N	Neutral	US$93.77	13 Jul 2023
Constellation Energy Corp[4,5,16]	CEG.O	Buy	US$95.27	13 Jul 2023
DTE Energy Co[16]	DTE.N	Buy	US$113.43	13 Jul 2023
Dominion Energy Inc[2,4,5,16,7,6b]	D.N	Neutral	US$53.04	13 Jul 2023
Duke Energy Corp[2,4,5,16,7,6b]	DUK.N	Neutral	US$93.31	13 Jul 2023
Edison International[2,4,5,16,7]	EIX.N	Buy	US$70.95	13 Jul 2023
Emera Inc[5]	EMA.TO	Neutral	C$53.97	13 Jul 2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Company Name	Reuters	12-month rating	Price	Price date
Entergy Corp[16,7,6b,6c]	ETR.N	Neutral	US$99.02	13 Jul 2023
Essential Utilities Inc[16]	WTRG.N	Buy	US$41.44	13 Jul 2023
Evergy, Inc[16]	EVRG.O	Neutral	US$60.51	13 Jul 2023
Eversource Energy[16,7,6b]	ES.N	Neutral	US$73.04	13 Jul 2023
Exelon Corp[2,4,5,16,7,6b,6c]	EXC.O	Buy	US$42.18	13 Jul 2023
FTC Solar Inc[13,4,20b,5,16]	FTCI.O	Buy (CBE)	US$3.23	13 Jul 2023
First Solar Inc[16,28,7]	FSLR.O	Buy	US$196.95	13 Jul 2023
FirstEnergy Corp[16,7]	FE.N	Buy	US$39.85	13 Jul 2023
Fluence Energy Inc[4,5,16,7]	FLNC.O	Buy	US$28.63	13 Jul 2023
Fortis Inc[2,4,16]	FTS.TO	Sell	C$56.80	13 Jul 2023
Generac Holdings Inc[13,16]	GNRC.N	Buy	US$146.79	13 Jul 2023
Hannon Armstrong Sustainable Infra[4,5,16]	HASI.N	Buy	US$26.66	13 Jul 2023
JinkoSolar Holding Co Ltd[20a,16,7]	JKS.N	Neutral (CBE)	US$44.73	13 Jul 2023
Li-Cycle Holdings Corp[5,16]	LICY.N	Buy	US$6.05	13 Jul 2023
NRG Energy Inc[2,13,4,5,16,7]	NRG.N	Sell	US$37.27	13 Jul 2023
NextEra Energy Inc[2,4,5,16,7,6a]	NEE.N	Buy	US$73.71	13 Jul 2023
NextEra Energy Partners LP[2,13,5,16,28,7]	NEP.N	Buy	US$58.59	13 Jul 2023
NiSource Inc.[4,5,16,7]	NI.N	Buy	US$28.16	13 Jul 2023
Norfolk Southern Corporation[12,16,7]	NSC.N	Neutral	US$233.52	13 Jul 2023
NuScale Power Corp[20a,5,16]	SMR.N	Neutral (CBE)	US$7.87	13 Jul 2023
OGE Energy Corp[16,7]	OGE.N	Neutral	US$36.53	13 Jul 2023
OPAL Fuels Inc.[5,16]	OPAL.O	Buy	US$7.00	13 Jul 2023
Ormat Technologies Inc[2,4,16,28,6a]	ORA.N	Buy	US$83.84	13 Jul 2023
Orsted A/S[12]	ORSTED.CO	Buy	DKr627.20	13 Jul 2023
PG&E Corp[2,4,5,16,7,6b,6c]	PCG.N	Neutral	US$18.04	13 Jul 2023
PPL Corp[2,4,5,16]	PPL.N	Buy	US$26.85	13 Jul 2023
Pinnacle West Capital Corp[16,7,6b]	PNW.N	Sell	US$83.25	13 Jul 2023
Public Service Enterprise Group[16,7,6b]	PEG.N	Buy	US$64.04	13 Jul 2023
Republic Services Inc[13,5,16]	RSG.N	Neutral	US$149.60	13 Jul 2023
SJW Group[16]	SJW.N	Neutral	US$70.58	13 Jul 2023
Sempra[4,5,16]	SRE.N	Buy	US$149.56	13 Jul 2023
Shoals Technologies Group Inc[1,2,4,5,16,7,6a]	SHLS.O	Buy	US$25.95	13 Jul 2023
SolarEdge Technologies Inc[20a,16,7]	SEDG.O	Neutral (CBE)	US$272.01	13 Jul 2023
Southern Co[13,16,7]	SO.N	Buy	US$71.48	13 Jul 2023
Stem Inc[20a,16]	STEM.N	Buy (CBE)	US$6.83	13 Jul 2023
SunPower Corp[20a,4,5,16,7]	SPWR.O	Neutral (CBE)	US$10.42	13 Jul 2023
Sunrun Inc[20a,4,5,16,28,7]	RUN.O	Neutral (CBE)	US$19.89	13 Jul 2023
TPI Composites Inc[13,20a,16]	TPIC.O	Neutral (CBE)	US$10.17	13 Jul 2023
Transurban[7,6a]	TCL.AX	Buy	A$14.11	13 Jul 2023
Union Pacific Corporation[2,13,4,5,16,7]	UNP.N	Neutral	US$210.61	13 Jul 2023
Vistra Corp.[2,4,5,16,6a]	VST.N	Buy	US$26.71	13 Jul 2023
WEC Energy Group Inc[16]	WEC.N	Neutral	US$91.52	13 Jul 2023
Waste Connections Inc[5,16]	WCN.N	Buy	US$141.12	13 Jul 2023
Waste Management Inc[4,5,16]	WM.N	Neutral	US$168.34	13 Jul 2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Company Name	Reuters	12-month rating	Price	Price date
Xcel Energy Inc[4,5,16]	XEL.O	Neutral	US$64.33	13 Jul 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

1. UBS is acting as manager/co-manager, underwriter, placement or sales agent in regard to an offering of securities of this company/entity or one of its affiliates.
2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and investment banking services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6c. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
12. An employee of UBS is an officer, director, or advisory board member of this company.
13. UBS beneficially owned 1% or more of a class of this company`s common equity securities as of last month`s end (or the prior month`s end if this report is dated less than 10 days after the most recent month`s end).
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.
20a. Because this security exhibits higher-than-average volatility, the FSR has been set at 15% above the MRA for a Buy rating, and at -15% below the MRA for a Sell rating (compared with 6/-6% under the normal rating system).
20b. Because this security exhibits higher-than-average volatility, the FSR has been set at 25% above the MRA for a Buy rating, and at -25% below the MRA for a Sell rating (compared with 6/-6% under the normal rating system).
28. UBS holds a long or short position of 0.5% or more of the listed shares of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KeyBanc Capital Markets

Alert

July 10, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: CMS, XEL, D, PNW, AVA, AEE, EXC, AEP, DTE, DUK, EIX, POR, ETR, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in CMS's MI gas rate case, XEL's CO electric rate case, D's SC gas rate case, PNW's AZ electric rate case, AVA's ID rate case, AEE's IL electric rate case, EXC's DC electric rate case, AEP's VA triennial review, DTE's MI IRP, DUK's KY electric rate case, and SCE's GRC. In other news, OR Staff files testimony in AVA's gas rate case; POR reaches a partial settlement in its OR electric rate case; NM Supreme Court upholds NM PRC decision denying PNM an early exit from Four Corners; parties file briefs to the ALJ's PD in the SERI UPSA complaint; the MN PUC approves XEL's request to deploy a battery project at the Sherco coal-fired plant; SCE enters into a settlement with the DOJ for 2016 fire damages; SDG&E commences commercial operations of 171 MW of battery storage; and APS issues an all-source RFP for 1 GW of resources.

Regulatory Calendar

CMS — Reply briefs in CMS's MI gas rate case are due on July 10: In initial briefs, CMS filed for a $175M revenue increase, maintaining a 10.25% ROE and 51.5% equity. Staff's brief recommended a $91M revenue increase, premised on a 9.7% ROE, and 50.5% equity. The lower ROE and operating expenses drive most of the difference between Staff and CMS's briefs. The AG recommended a $53M revenue increase, premised on a 9.8% ROE and 50% equity. In addition to the lower ROR, the difference between the AG and the CMS brief is the AG's reduction of $450M in capex and the reduction of $550M from the rate base. A PFD is due on August 16, and new rates could become effective on October 1.

XEL — Hearings on XEL's CO electric rate case begin on July 10: XEL, Staff, and others reached a settlement for a revenue increase of $95M, premised on a 9.3% ROE, 55.69% equity, and a 2022 historical test year. The settlement includes an alternative revenue increase of $47M if the PUC accepts depreciation expense deferrals associated with certain coal-generating assets. The parties also agreed to early termination of the revenue decoupling pilot and no ESM. The settlement compares to XEL's initial request for a $312M revenue increase (net $262M), premised on a 10.25% ROE, 55.7% equity, and a 2023 forecast test year. A PUC decision is expected in 3Q, with rates going into effect on September 7, 2023.

D — Intervenor testimony in D's SC natural gas rate case is due on July 11: DESC filed a natural gas rate case with the SC PSC, seeking a $19M revenue increase, premised on a 10.38% ROE, 54.78% equity, and $1.1B rate base as of September 20, 2022. The increase includes $14M for gas costs from eliminating the Net Interruptible Revenue Credit and $5M for non-fuel revenue. D seeks to recover $105M of capital investments made since 2022 and for new rates to become effective in October 2023.

PNW — Rebuttal testimony in PNW's AZ electric GRC is due on July 12: Staff recommended a $313M net revenue increase, premised on a 9.6% ROE and 51.93% equity. This compares to PNW's request for a $460M net revenue increase premised on a 10.25% ROE and 51.93% equity layer. Staff's and PNW's total revenue increase include $108M for test year adjustor revenue transfers and $204M Day-One PSA and Renewable Energy adjustment charges. The delta between Staff and PNW is driven by the lower ROE, lower incentive compensation expenses, and Staff's removal of $148M of post-test year generation projects from the rate base. Staff recommended removing nine projects that will not enter service by June 30, 2023. PNW plans to update its request to exclude six of the projects from its rate base but include it in the pro forma rate base. PNW requested to use a test year ending June 30, 2022, and actual post-test year plant additions through June 30, 2023. The Company is requesting rates to go into effect on December 1, 2023.

AVA — Testimony on the settlement in AVA's ID rate case is due on July 12: AVA, ID PUC Staff, and others previously reached a settlement in the two-year electric and gas rate cases, which includes electric revenue increases of $22M and $4M in RY1 and RY2, respectively, and natural gas revenue increases of $1M and ~$0M, respectively, both based on a 9.4% ROE and 50% equity. This compares to AVA's request for $37.5M and $13.2M electric rate increases in RY1 and RY2, respectively, and gas rate increases of $2.8M and $0.1M, respectively, premised on a 10.25% ROE and 50% equity ratio. If approved, new rates would go into effect on September 1, 2023.

AEE — Intervenor rebuttal in AEE's IL electric rate case is due on July 13: AEE filed rebuttal testimony, for a $450M rate increase over 2024-2027 and maintained its original stance on a 10.5% ROE and ~54% equity ratio. This compares to AEE's initial request for a $449M rate increase and Staff's recommendation for a $249M revenue increase over the four years. Evidentiary hearings begin on August 7, and an ICC ruling is due in December. New rates will go into effect on January 1, 2024.

EXC — Intervenor testimony in EXC's DC electric rate case is due on July 13: EXC's PEPCO filed a three-year electric rate case with the DC PSC seeking a cumulative $191M revenue increase ($116M in RY1, $37M in RY2, and $37M in RY3). New rates would go into effect on February 15, 2024, with the step-ups effective January 1 of 2025 and 2026, respectively. The rate increase request is premised on a 10.5% ROE and 50.5% equity layer.

AEP — Intervenor testimony in APCo's VA triennial review is due on July 14: APCO filed a triennial earnings review for the 2020-2022 period in VA. According to APCo's calculations, the Company earned a 5.39% ROE during the period, below the allowed band of 8.5-9.9%. The Company seeks a $213M rate increase, premised on a 10.6% ROE. The main drivers of the increase include increased O&M expenses for vegetation management, an increase in the ROE from 9.2% to 10.6%, an increase in depreciation rates, and the deferred recovery of storm cost expenses. At the end of 4Q22, APCo deferred $38M related to previously incurred costs assuming it would earn below the 9.2% authorized ROE. An SCC decision is due by November 30.

DTE — A PD in DTE's MI IRP is expected on July 14: Previously, Staff supported the conversion of the Belle River Units 1 and 2 (~1.3 GW) to a natural gas peaker in 2025 and 2026, respectively, and supported retiring Monroe Units 3 and 4 in 2028 (1.5 GW) while recommending that DTE wait until the next IRP to commit to a retirement date for Monroe Units 1 and 2 (~1.5 GW). Staff recommended that DTE analyze several Monroe Units 1 and 2 retirement dates. DTE's IRP is designed to retire coal sooner than previously planned while supplementing with adequate dispatchable resources. As a replacement for the retiring coal units, DTE will deploy 5.4 GW of renewable generation and 760 MW of battery storage by 2032. It will be crucial to increase battery storage and peaker plants in line with the growth in renewable generation to maintain reliability. The plan considers the provisions of the IRA. MI utilities typically file IRPs every five years, but Staff recommended another filing in three years to provide enough time to complete the next IRP and implement findings from its analysis. See our detailed note on the IRP here.

DUK — A PSC decision in DUK's KY electric rate case is due on July 14: In post-hearing briefs, DUK updated its revenue increase request to $69M (from $75M), premised on a 10.35% ROE and 52.15% equity layer. The KY Office of the AG recommended a $31M revenue increase premised on a 9.55% ROE and 50% equity. The main differences include the OAG's recommendation to maintain depreciation expenses to reflect a 2041 retirement date for the 600 MW East Bend coal plant, while DUK proposed accelerating depreciation rates for East Bend to align with the change in the expected life of the plant from 2041 to 2035. DUK has not committed to an earlier retirement date, nor filed a CPCN for resources to replace the plant before 2041. The OAG's recommendation also excludes transferring $54M into the rate base for the Environmental Surcharge Mechanism. New rates are expected to become effective in 3Q23.

EIX — Opening briefs in Track 4 of SCE's GRC are due on July 14: SCE is requesting authorization of $8.6B in revenue for 2024, an increase of $972M over the 2023 estimated revenue requirement of $7.7B for the 2023 attrition year. Track 4 proceedings are intended to provide a bridge-year funding mechanism for 2024 between the Company's three-year 2021 GRC and the upcoming four-year 2025 GRC cycle. A significant portion of Track 4 proposed revenue requirement is in relation to projects previously approved by the CPUC. A PD is expected in 4Q23.

Recent Developments for Companies Under Our Coverage

From our midweek: DUK reaches an agreement to sell its distributed energy assets; D makes a series of regulatory filings as the newly passed legislation takes effect; KY Power files an electric rate case; the VA SCC Hearing Examiner issues support for the Virginia Natural Gas rate case settlement; CMS files an undergrounding pilot program; the CA PUC approves $4.3B budget for energy efficiency portfolios; the MI governor appoints new commissioner, reappoints chair; and Midwest utilities are completing restorations after storms forced ~500K customer outages.

AVA — Staff files testimony in AVA's OR gas rate case: Staff recommended a $4M revenue increase compared to AVA's updated request for $9M. AVA initially requested an $11M revenue increase, premised on a 10.25% ROE and 50% equity layer, but a partial settlement resolving all costs of capital components resulted in a $1.6M reduction. AVA, PUC Staff, and the Alliance of Western Energy Consumers agreed to a 9.5% ROE and 50% equity layer. Other drivers of the difference between Staff's recommendation and AVA's request include Staff's use of monthly averages to calculate the rate base and removing costs for AVA's meter testing program. The Sierra Club and OR CUB did not join the settlement, although CUB does not formally oppose the settlement given the modest agreed-upon ROE increase. A PUC final order is expected in December, and AVA requests rates to go into effect in 2024.

POR — POR reaches partial settlement in OR electric rate case: POR filed a settlement status update notifying the PUC that parties have reached a partial stipulation on certain issues. The settlement has yet to be filed. In direct testimony, Staff proposed a $206M revenue increase, premised on a 9.0% ROE and 50% equity layer, compared to POR's ask for a $338M revenue increase, premised on a 9.8% ROE and 50% equity layer. POR and Staff's recommendations include net variable power costs of $107M and

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

$99M, respectively. Rebuttal testimony is due July 21, and evidentiary hearings begin on September 26. New rates go into effect on January 1, 2024.

PNM (NC) — NM Supreme Court upholds NM PRC decision denying PNM an early exit from Four Corners: The NM Supreme Court issued a decision to uphold the PRC's denial of PNM's application to abandon, sell, and securitize its 200 MW interest (13%) in the 1.54 GW Four Corners Power Plant. PNM had filed to securitize $300M in unrecovered investments and energy transition costs and to sell its interest to Navajo Transitional Energy at the end of 2024. PNM is evaluating its next steps, including filing a new application after the identification of sufficient replacement resources. The PRC previously rejected PNW's proposal in a 5-0 vote, prompting the appeal to the Supreme Court. PNM's current ownership and coal supply agreement expires in 2031.

ETR — Parties file briefs to ALJ's PD in SERI UPSA complaint: Parties filed briefs to the ALJ's initial decision in the Unit Power Sales Agreement complaint (Docket: EL20-72). The ALJ, in its decision, determined that SERI should have excluded multiple identified categories of accumulated deferred income taxes from the rate base when calculating UPSA bills and that SERI's formula rate should include a negative $36.4M cash working capital allowance going forward. The ALJ decision also found that SERI treated sale-leaseback transaction costs correctly. Based on ETR's calculations, if adopted by FERC, ETR would need to issue a refund of $115M plus $135M of interest. The LA PSC, AR PSC, MS PSC, and NOCC filed the UPSA complaint in September 2020; evidentiary hearings were held in 3Q22/4Q22; and ETR reached a settlement with the AR PSC, LA PSC, and NOCC to resolve seven of the 26 issues in the docket, resulting in a black-box refund of $18M. FERC does not have a statutory timeline to issue its decision, and a final order may take 12 months or longer.

- **SERI:** SERI raised 15 exceptions and five related policy considerations that should be reversed. The exceptions and policy considerations primarily relate to placing the burden of proof for formula-rate inputs on utilities, the length of time the complaint goes back to, the treatment of ADIT in rate base, changes for accounting for income taxes, and the proposed negative cash working capital allowance for utilities. SERI noted that a utility has never received a negative cash working capital allowance, and if the decision was adopted, the amount of interest SERI would be required to pay would exceed the actual refunds and set an unfavorable precedent for future utility investment given the lack of any statute of limitations.
- **Trial Staff:** The Trial Staff largely agreed with the PD except on five issues, where it believes the ALJ was incorrect in its findings regarding SERI's rate base additions for timing differences associated with incentive compensation and medical claim expenses, as well as the use of federal tax deductions for state income taxes accrued and NOL carryforwards. The Trial Staff also disagrees with the decision related to paying AMT liability in the UPSA rate base and setting a negative cash WC allowance.
- **CCNO:** The CCNO addressed the findings related to SERI's cash management policies and the Company's imprudent practice of maintaining money pool deposit balances more than required to inflate its cost of capital artificially. The CCNO believes a remedy should be determined to correct harmed ratepayers, which would not be considered as retroactive ratemaking since the costs were imprudent.
- **AR PSC:** The AR PSC raised exceptions for two specific issues related to a revenue credit to reduce UPSA rates and the rejection of a retained earnings adjustment. The AR PSC believes a revenue credit should be implemented to reduce rates by earnings in excess funds under the Money Pool agreement and that an earnings-sharing mechanism should be created to determine refunds and allow ratepayers to see the benefit.

XEL — MN PUC approves XEL request to deploy battery project at Sherco coal-fired plant: The MN PUC approved XEL's proposal to deploy a 10 MW/1,000 MWh multi-day storage system near the 2,238 MW Sherco coal-fired plant. XEL will deploy Form Energy's iron-air, long-duration battery storage systems. Construction is expected to begin in 2024 and be completed by 2025. XEL plans to shut down all of its coal resources in MN by 2030 and build a 710 MW solar facility at the Sherco site and a 140-mile transmission line to connect renewable energy resources in southwestern MN to the existing grid at the Sherco facility.

EIX — SCE enters a settlement with the DOJ for 2016 fire damages: According to a Bloomberg article, SCE and two other companies have paid $22M to settle claims and resolve the costs of fighting the 2016 Rey Fire in Los Padres National Forest. According to the Forest Service, the fire began in August 2016 when a tree fell on SCE power lines, causing electrical equipment to malfunction and leading to an energized conductor falling to the ground. The companies entered into the settlement without admitting guilt.

SRE — SDG&E commences commercial operations of 171 MW of battery storage: SDG&E commenced commercial operations at the 131 MW CED West Side Canal and 40 MW Fallbrook battery storage projects in CA. The projects entered service in June and May, respectively. SDG&E's energy storage portfolio is currently ~220 MW, with a plan to reach ~345 MW of capacity by the end of 2024. The storage projects promote grid reliability and help CA to achieve the 100% clean energy target.

PNW — APS issues an all-source RFP for 1 GW of resources: APS issued an all-source RFP for 1GW of resources, including 700 MW of renewables, to serve residential and commercial customers. The projects proposed must be in service between 2026-2028. The RFP aligns with the Company's clean energy goals, as highlighted in the 2020 IRP where PNW plans to provide 100% carbon-free electricity by 2050, 65% by 2030, and end coal-fired generation by 2031. PNW has also identified the need for additional flexible summer capacity resources to meet reliability requirements. A bidder conference is set for July 26, with contracts expected to be executed in 4Q23/1Q24.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Electric Utilities

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
AK	Avista Corp.	AVA	D-U-22-078	Electric	7/10/2023	Hearings Begin
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	7/10/2023	Reply Briefs Due
CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	7/10/2023	Evidentiary Hearings Begin
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	7/11/2023	Intervenor Testimony Due
	Short-Term Energy Outlook	EIA			7/11/2023	STEO release
ID	Avista Corp.	AVA	C-AVU-E-23-01	Electric/Nat Gas	7/12/2023	Settlement Testimony
	CPI Release	BLS			7/12/2023	CPI release for Prior Month
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	7/12/2023	Rebuttal Testimony
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	7/12/2023	Company Surrebuttal Testimony Due
IL	Ameren Illinois	AEE	D-23-0082	Electric	7/13/2023	Staff and Intervenors Rebuttal Testimony Due
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	7/13/2023	Intervenor Testimony
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	7/14/2023	Intervenor Testimony Due
CA		CPUC	R2207005	Fixed Charges	7/14/2023	Joint case statement from PG&E
MI	DTE Electric Co.	DTE	U-21193	IRP	7/14/2023	PFD Target Date
KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	7/14/2023	Commission Decision Expected
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	7/14/2023	Opening Briefs
MD	The Potomac Edison Co.	FE	C-9695	Electric	7/14/2023	Surrebuttal Testimony Due
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	7/17/2023	Evidentiary Hearings Begin
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	7/17/2023	Evidentiary Hearings Begin
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	7/17/2023	Staff and Intervenor Rebuttal Testimony
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	7/17/2023	Staff and Intervenor Rebuttal Testimony
MD	The Potomac Edison Co.	FE	C-9695	Electric	7/18/2023	Evidentiary Hearings Begin
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	7/18/2023	Evidentiary Hearings Begin
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	7/18/2023	Commission Order Expected
MI	DTE Electric Co.	DTE	C-U-21297	Electric	7/19/2023	Evidentiary Hearings
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	7/19/2023	Staff and Intervenor Testimony Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	7/20/2023	Company Surrebuttal Testimony Due
	Federal Energy Reg Comm	FERC			7/20/2023	Open Meeting
OR	Portland General Electric Co.	POR	LC80	IRP	7/20/2023	Staff and Intervenor Round 1 Comments
OR	Portland General Electric Co.	POR	D-UE-416	Electric	7/21/2023	Company Rebuttal Testimony
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	7/25/2023	Evidentiary Hearings Begin
ID	Avista Corp.	AVA	C-AVU-E-23-01	Electric/Nat Gas	7/26/2023	Settlement Rebuttal Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	7/26/2023	Staff and Intervenor Rebuttal Testimony Due
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	7/26/2023	Staff/Intervenor Surrebuttal Testimony
IL	Ameren Illinois	AEE	D-23-0082	Electric	7/27/2023	Surrebuttal Testimony
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	7/28/2023	Staff Testimony Due
MI	DTE Electric Co.	DTE	U-21193	IRP	7/28/2023	Exceptions Due
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	7/28/2023	Reply Briefs
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	7/31/2023	Rebuttal Testimony
MN	Ottertail Power	OTTR	21-339	IRP	7/31/2023	Initial Comments Due
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	7/31/2023	Company Surrebuttal Testimony Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	7/31/2023	Company Surrebuttal Testimony Due
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/1/2023	Rebuttal Testimony Due
ID	Avista Corp.	AVA	C-AVU-E-23-01	Electric/Nat Gas	8/2/2023	Hearings Begin
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	8/3/2023	Draft Decision Expected
TX	Entergy Texas Inc.	ETR	D-53719	Electric	8/3/2023	PUCT Meeting - Final Decision Pending
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	8/3/2023	Rebuttal Testimony Due
MI	DTE Electric Co.	DTE	U-21193	IRP	8/4/2023	Replies to Exceptions
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	8/4/2023	Rebuttal Testimony Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/4/2023	Intervenor Testimony

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	21.6	Overweight	$90	$82.26	3.1%	58%	4.36	4.67	4.96	18.9x	17.6x	16.6x	4.37	4.68	5.02	18.8x	17.6x	16.4x
AEP	American Electric Power Company In	43.4	Sector Weight	NA	$84.29	4.0%	63%	5.27	5.65	5.99	16.0x	14.9x	14.1x	5.27	5.61	5.98	16.0x	15.0x	14.1x
CMS	CMS Energy Corp	17.3	Sector Weight	NA	$59.30	3.3%	63%	3.10	3.31	3.59	19.1x	17.9x	16.5x	3.10	3.35	3.63	19.1x	17.7x	16.3x
CNP	CenterPoint Energy Inc	18.6	Sector Weight	NA	$29.48	2.5%	50%	1.50	1.62	1.73	19.7x	18.2x	17.0x	1.49	1.61	1.71	19.8x	18.3x	17.2x
D	Dominion Energy Inc	43.7	Sector Weight	NA	$52.24	5.1%	70%	3.76	3.84	3.90	13.9x	13.6x	13.4x	3.82	3.74	3.94	13.7x	14.0x	13.2x
DTE	DTE Energy Co	22.7	Sector Weight	NA	$109.99	3.5%	62%	6.19	6.60	7.03	17.8x	16.7x	15.6x	6.23	6.68	7.14	17.6x	16.5x	15.4x
DUK	Duke Energy Corp	69.2	Overweight	$113	$89.77	4.6%	73%	5.65	6.01	6.38	15.9x	14.9x	14.1x	5.63	5.98	6.34	15.9x	15.0x	14.2x
ETR	Entergy Corp	20.6	Sector Weight	NA	$97.46	4.4%	65%	6.68	7.18	7.69	14.6x	13.6x	12.7x	6.69	7.19	7.70	14.6x	13.6x	12.7x
ES	Eversource Energy	24.7	Sector Weight	NA	$70.83	3.8%	62%	4.36	4.66	4.92	16.2x	15.2x	14.4x	4.37	4.65	4.98	16.2x	15.2x	14.2x
ED	Consolidated Edison Inc	31.9	Underweight	$70	$92.03	3.5%	67%	4.85	5.16	5.47	19.0x	17.8x	16.8x	4.86	5.24	5.53	18.9x	17.6x	16.6x
EIX	Edison International	26.4	Sector Weight	NA	$68.86	4.3%	62%	4.76	5.11	5.63	14.5x	13.5x	12.2x	4.72	5.09	5.50	14.6x	13.5x	12.5x
EXC	Exelon Corp	40.7	Sector Weight	NA	$40.96	3.6%	62%	2.36	2.52	2.71	17.4x	16.3x	15.1x	2.37	2.51	2.72	17.3x	16.3x	15.0x
FE	FirstEnergy Corp	22.2	Overweight	$45	$38.77	4.1%	62%	2.51	2.67	2.89	15.4x	14.5x	13.4x	2.53	2.67	2.85	15.3x	14.5x	13.6x
PEG	Public Service Enterprise Group Inc	31.2	Sector Weight	NA	$62.54	3.7%	66%	3.44	3.60	3.86	18.2x	17.4x	16.2x	3.44	3.68	4.04	18.2x	17.0x	15.5x
SO	Southern Co	77.1	Sector Weight	NA	$70.68	3.9%	77%	3.60	4.04	4.26	19.6x	17.5x	16.6x	3.60	4.03	4.31	19.6x	17.5x	16.4x
WEC	WEC Energy Group Inc	28.1	Overweight	$103	$88.98	3.5%	68%	4.62	4.92	5.28	19.3x	18.1x	16.9x	4.61	4.91	5.26	19.3x	18.1x	16.9x
XEL	Xcel Energy Inc	34.6	Overweight	$75	$62.93	3.3%	62%	3.38	3.57	3.80	18.6x	17.6x	16.6x	3.37	3.60	3.84	18.7x	17.5x	16.4x
					Average:	**3.8%**	**64%**				**17.3x**	**16.2x**	**15.2x**				**17.3x**	**16.2x**	**15.1x**

						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.8	Underweight	$32	$37.35	4.9%	79%	2.34	2.44	2.56	16.0x	15.3x	14.6x	2.33	2.46	2.59	16.1x	15.2x	14.4x
NWE	NorthWestern Corp	3.4	Overweight	$63	$56.42	4.5%	74%	3.44	3.59	3.74	16.4x	15.7x	15.1x	3.46	3.59	3.77	16.3x	15.7x	15.0x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$77.56	2.3%	37%	4.71	3.28	3.51	16.5x	23.6x	22.1x	4.75	3.49	3.69	16.3x	22.2x	21.0x
PNW	Pinnacle West Capital Corp	9.3	Underweight	$55	$81.92	4.3%	84%	4.03	4.66	4.89	20.3x	17.6x	16.8x	4.16	4.83	5.01	19.7x	17.0x	16.3x
POR	Portland General Electric Co	4.5	Sector Weight	NA	$46.42	4.0%	70%	2.65	3.00	3.17	17.5x	15.5x	14.6x	2.67	3.05	3.21	17.4x	15.2x	14.5x
					Average:	**4.0%**	**69%**				**17.3x**	**15.5x**	**16.6x**				**17.2x**	**17.1x**	**16.3x**

						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	14.1	Sector Weight	NA	$36.56	4.8%	83%	2.20	2.32	2.44	16.6x	15.8x	15.0x	2.13	2.29	2.44	17.2x	16.0x	15.0x
NEE	Nextera Energy Inc	145.8	Overweight	$94	$72.05	2.6%	60%	3.09	3.39	3.64	23.3x	21.3x	19.8x	3.11	3.41	3.69	23.1x	21.1x	19.5x
SRE	Sempra	45.4	Sector Weight	NA	$144.13	3.3%	53%	8.94	9.49	10.22	16.1x	15.2x	14.1x	9.05	9.60	10.24	15.9x	15.0x	14.1x
					Average:	**3.6%**	**65%**				**18.7x**	**17.4x**	**16.3x**				**18.7x**	**17.4x**	**16.2x**

						Dividend ('23E)		EBITDA			EV/EBITDA			EBITDA			EV/EBITDA		
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	29.6	Sector Weight	NA	$91.33	1.3%	29%	3,126	3,791	3,863	10.5x	8.6x	8.6x	3,234	3,712	3,756	10.1x	8.7x	8.8x
NRG	NRG Energy Inc	8.8	Not Covered	NA	$38.12	4.0%	28%	-	-	-	-	-	-	2,850	2,981	2,968	5.8x	5.3x	3.4x
VST	Vistra Corp	10.0	Not Covered	NA	$26.70	3.0%	28%	-	-	-	-	-	-	3,682	3,942	3,909	6.3x	5.9x	5.6x
					Average:	**2.7%**	**28%**	**3,126**	**3,791**	**3,863**	**10.5x**	**8.6x**	**8.6x**	**3,256**	**3,545**	**3,544**	**7.4x**	**6.7x**	**5.9x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 3 - Stock Price Performance

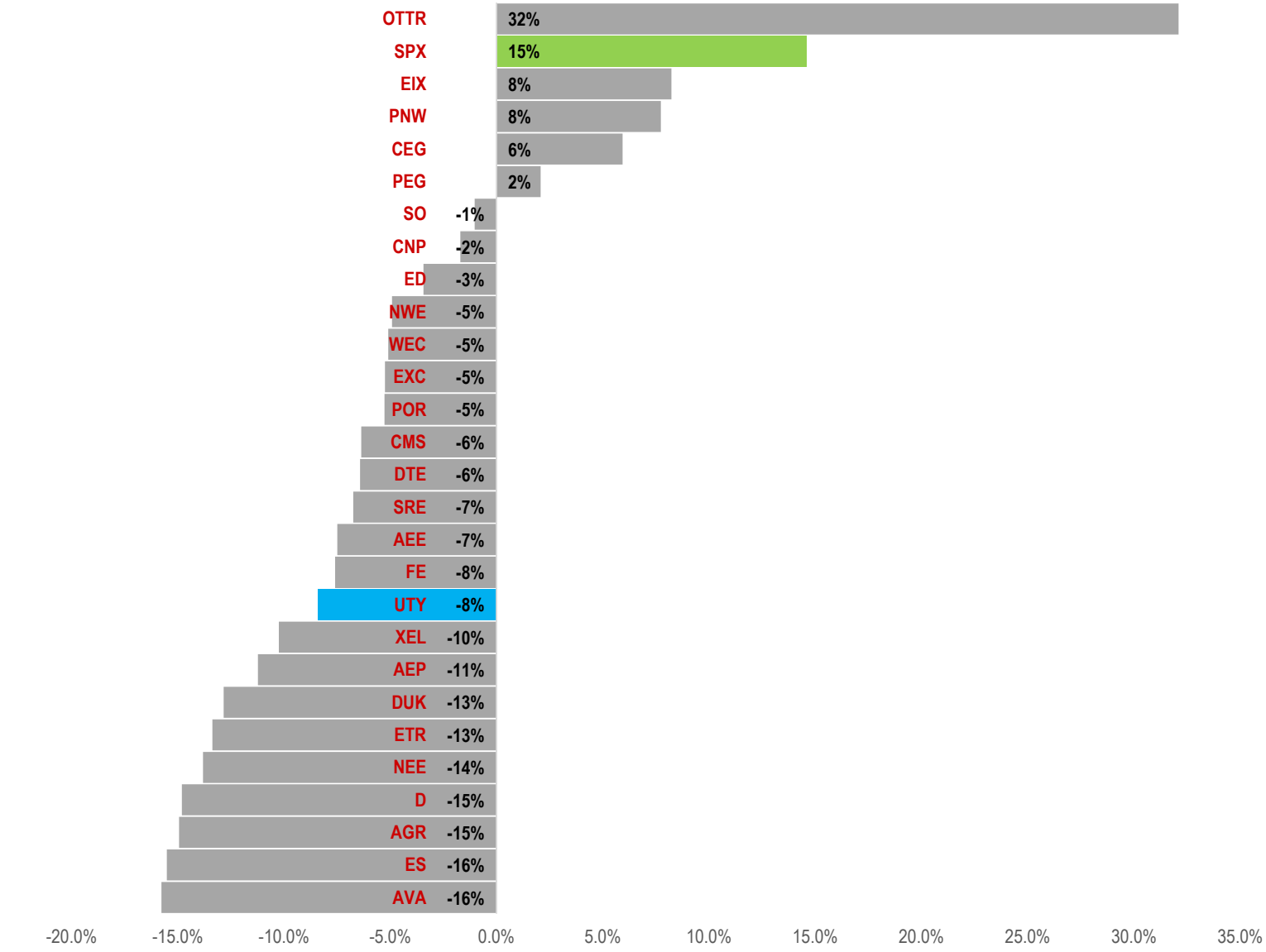

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	260	49.90	43	16.54
Sector Weight [SW]	255	48.94	43	16.86
Underweight [UW]	6	1.15	3	50.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	14	63.64
Sector Weight [SW]	32	56.14	12	37.50
Underweight [UW]	3	5.26	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Catalyst to Watch This Week: DTE Integrated Resource Plan ALJ Decision

By Friday, July 14 a Michigan Public Service Commission ALJ will issue a draft decision on the company's integrated resource. Approval of the plan would add $0.27/share to our EPS forecast by 2027 and increase EPS growth to 7% from 6% from 2023-27. The key elements of DTE's proposal are: 1) conversion of the Belle River plant to gas from coal (2025-26); 2) addition of 800 MW of renewables by 2027; and 3) retirement acceleration of 2 units of the Monroe coal plant to 2028 from 2040.

Watt's on Tap

July 7 -July 14

Calendar Items

Weekly Calendar	
Fri - July 14	**DTE -** Administrative Law Judge's decision due on Michigan electric integrated resource plan. (U-21193)
	PPL - Intervenor testimony due on Kentucky certificate of public convenience and necessity. (22-00402)
Other Possible	**AES** - Could receive additional credit agency updates post May investor day
	ES - Potential offshore wind project sale announcement.
	ETR - FERC clarification around Dec '22 order on SERI issues
	FTS - Potential ALJ recommendation in Tucson Electric Power rate case.
	PCG- Potential ALJ decision in general rate case
	SO - Vogtle Unit 3 Completion

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 7/3/2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 24.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

06/30/2023 First Read: American Electric Power Inc "Kentucky Rate Case Filed" (Neutral)
06/30/2023 July Marketing Deck

North America Alternative Energy and Environmental Services Analysts: Jon Windham & William Grippin

7/5/2023 Canadian Solar Inc "Upgrade CSIQ to Buy; CSI Solar value underappreciated" (Buy)
7/5/2023 Sunrun Inc "Risk/reward balanced into 2Q23 print; Maintain Neutral" (Neutral)
6/30/2023 North America Environmental Services "2Q23 earnings preview" Windham

We are updating our price targets below for the move in market multiples for the group.

Figure 1: Electric Utilities Price Targets Update

Rating	Ticker	7/6/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Neutral	AEP	$85.33	$93	15.3x	$94	15.5x
Buy	EXC	$41.06	$46	15.2x	$47	15.5x
Neutral	OGE	$36.25	$36	15.1x	$37	15.5x
Neutral	WEC	$89.98	$92	15.3x	$93	15.5x

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 2: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	7/6/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	SRE	$144.21	$200	42%	$8.43	$9.21	$8.98	$9.58	$10.16	14.2x	(9%)	3.2%	7.2%	6.4%	1st
Buy	NEE	$73.02	$91	27%	$2.55	$2.90	$3.13	$3.43	$3.70	19.7x	27%	2.3%	7.4%	10.0%	1st
Buy	AES	$21.10	$26	26%	$1.52	$1.67	$1.71	$1.88	$2.12	10.0x	(36%)	3.0%	13.5%	5.1%	1st
Buy	EIX	$69.43	$82	22%	$4.59	$4.63	$4.71	$5.13	$5.55	12.5x	(19%)	4.1%	5.8%	4.0%	4th
Buy	PPL	$26.56	$31	20%	$1.05	$1.41	$1.60	$1.70	$1.79	14.8x	(5%)	3.3%	7.1%	-6.5%	2nd
Buy	FE	$39.10	$45	19%	$2.60	$2.41	$2.59	$2.71	$2.93	13.3x	(14%)	4.0%	7.0%	2.4%	2nd
Buy	CMS	$60.03	$69	18%	$2.65	$2.89	$3.12	$3.37	$3.64	16.5x	6%	3.1%	8.1%	6.7%	1st
Buy	EXC	$41.06	$47	18%	$1.83	$2.27	$2.36	$2.54	$2.77	14.8x	(4%)	3.3%	7.1%	5.8%	2nd
Buy	NI	$27.73	$31	15%	$1.37	$1.46	$1.57	$1.68	$1.80	15.4x	(1%)	3.4%	6.8%	6.0%	3rd
Buy	DTE	$111.17	$124	15%	$5.99	$5.96	$6.26	$6.69	$7.13	15.6x	0%	3.2%	5.9%	5.5%	4th
Buy	PEG	$62.93	$70	15%	$3.65	$3.47	$3.46	$3.67	$3.97	15.8x	2%	3.4%	6.2%	6.6%	3rd
Neutral	ETR	$98.78	$109	14%	$6.02	$6.42	$6.65	$7.18	$7.67	12.9x	(17%)	4.2%	6.8%	3.1%	2nd
Buy	SO	$70.79	$78	14%	$3.41	$3.60	$3.65	$4.05	$4.35	16.3x	5%	3.8%	6.6%	2.9%	3rd
Neutral	AEP	$85.33	$94	14%	$4.74	$5.09	$5.25	$5.64	$5.91	14.4x	(7%)	3.7%	5.6%	7.0%	4th
Neutral	EMA	$54.21	$59	14%	$2.81	$3.03	$3.29	$3.39	$3.53	15.4x	(1%)	4.9%	4.6%	4.6%	4th
Neutral	DUK	$90.56	$99	14%	$5.24	$5.27	$5.63	$5.97	$6.35	14.3x	(8%)	4.4%	6.3%	3.6%	3rd
Neutral	XEL	$63.76	$68	10%	$2.96	$3.17	$3.43	$3.71	$3.98	16.0x	3%	3.1%	7.6%	6.0%	1st
Neutral	AEE	$83.28	$89	10%	$3.82	$4.14	$4.36	$4.71	$5.05	16.5x	6%	2.8%	7.1%	6.0%	2nd
Neutral	ED	$92.17	$97	9%	$4.37	$4.57	$4.85	$5.18	$5.51	16.7x	8%	3.4%	6.3%	5.5%	3rd
Neutral	PCG	$17.53	$19	8%	$1.08	$1.10	$1.23	$1.36	$1.49	11.8x	(24%)	0.0%	9.7%	0.0%	1st
Neutral	LNT	$53.31	$56	8%	$2.65	$2.80	$2.90	$3.08	$3.27	16.3x	5%	3.2%	5.5%	6.0%	4th
Neutral	OGE	$36.25	$37	7%	$2.36	$3.32	$2.01	$2.11	$2.26	16.0x	3%	4.5%	7.1%	3.0%	2nd
Neutral	WEC	$89.98	$93	7%	$4.11	$4.46	$4.62	$4.94	$5.28	17.0x	10%	3.2%	6.3%	6.7%	3rd
Neutral	D	$52.35	$53	6%	$3.86	$4.10	$3.99	$3.53	$3.80	13.8x	(11%)	5.1%	1.4%	2.2%	4th
Neutral	CNP	$29.46	$30	4%	$1.64	$1.38	$1.49	$1.64	$1.72	17.1x	10%	2.4%	7.4%	7.9%	1st
Neutral	ES	$71.38	$71	3%	$3.54	$4.05	$4.36	$4.64	$4.94	14.4x	(7%)	3.6%	6.7%	6.0%	3rd
Neutral	EVRG	$59.60	$59	3%	$3.58	$3.71	$3.65	$3.99	$4.30	13.9x	(11%)	3.9%	5.5%	6.6%	4th
Sell	FTS	$56.70	$55	1%	$2.59	$2.78	$2.97	$3.18	$3.37	16.8x	8%	3.8%	5.9%	4.6%	3rd
Sell	PNW	$82.05	$74	(6%)	$5.47	$4.26	$4.20	$4.96	$5.23	15.7x	1%	4.2%	6.5%	4.1%	3rd
Electric Utility Average										**15.5x**		**3.6%**	**6.6%**	**5.0%**	

Rating	Ticker	7/6/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$39.59	$50	29%	$1.67	$1.77	$1.88	$2.05	$2.18	18.2x	(24%)	2.8%	6.7%	7.0%	2nd
Neutral	SJW	$68.98	$78	15%	$2.14	$2.43	$2.47	$2.80	$2.95	23.4x	(2%)	2.1%	6.3%	7.0%	2nd
Neutral	AWK	$142.42	$150	7%	$4.25	$4.51	$4.79	$5.18	$5.53	25.8x	8%	2.0%	7.9%	8.0%	2nd
Neutral	AWR	$87.34	$88	3%	$2.34	$2.11	$3.11	$2.93	$3.17	27.6x	16%	1.8%	7.4%	6.0%	2nd
Sell	CWT	$50.48	$51	3%	$1.97	$1.77	$2.00	$2.17	$2.32	21.8x	(9%)	2.1%	5.7%	5.0%	3rd
Water Utility Average										**23.8x**		**2.2%**	**7.4%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 3: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	7/6/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$26.95	$37	39%	$3,325	$3,685	$1,908	$2,994	$3,699	6.8x	-4%	4.5x	33%
Sell	**NRG**	$37.80	$33	(12%)	$1,776	$1,977	$2,404	$2,793	$3,062	7.0x	18%	4.2x	25%
AVERAGE										**6.9x**		**4.3x**	**29%**

Source: FactSet, UBS Estimates

Figure 4: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.13	3,081	$ 43,528	$ 15,754	24.8x	21.1x	$ 2,389
Brookfield Infrastructure Partners (1)	US$	BIP-USA	Not Covered	$ 35.40	458	$ 16,223	$ 31,032	N/A	13.3x	N/A
Average								**24.8x**	**17.2x**	
Railroads										
CSX Corp	US$	CSX-USA	Buy	$ 33.46	2,033	$ 68,026	$ 16,517	11.3x	10.1x	$ 7,482
Canadian National Railway	US$	CNI-USA	Buy	$ 117.20	662	$ 77,633	$ 11,116	9.4x	12.6x	$ 9,491
Canadian Pacific Railway	US$	CP-USA	Buy	$ 78.75	931	$ 73,321	$ 14,370	10.1x	15.2x	$ 8,700
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 227.21	228	$ 51,722	$ 15,670	11.7x	10.0x	$ 5,754
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 202.51	610	$ 123,469	$ 33,928	12.6x	12.3x	$ 12,504
Average								**11.0x**	**12.1x**	
Clean Power										
AES Corp. (2)	US$	AES-USA	Buy	$ 21.10	711	$ 15,002	$ 18,253	9.8x	7.8x	$ 3,397
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 27.60	82	$ 2,274	$ 6,371	8.2x	8.2x	$ 1,060
NextEra Energy Partners	US$	NEP-USA	Buy	$ 56.89	89	$ 5,058	$ 5,030	9.3x	9.1x	$ 1,088
Ormat Technologies	US$	ORA-USA	Buy	$ 78.31	60	$ 4,676	$ 1,826	12.1x	10.9x	$ 539
Orsted A/S	DKK	ORSTED-CSE	Buy	614.40 kr.	420	258,282.13 kr.	$ 49,965	9.7x	12.3x	31,746.94 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 22.90	116	$ 2,658	$ 4,836	8.5x	7.9x	$ 884
Average								**9.6x**	**9.4x**	
OVERALL AVERAGE								**11.4x**	**11.6x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$91.00	300	$ 27,323	$ 6,603	8.7x	8.8x	$ 3,886
							At 8% Discount	**10.5x**	**10.7x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks (2) UBS EBITDA includes net tax credits.

Source: Factset, UBS estimates
Updated: 7/6/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 5: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	19.60	30	53	79	3.0	3.9	0.0	22.9x	16.6x	13.4x	15.2x	12.2x	10.4x	11.4x	11.7x	14.4x
CSIQ	Canadian Solar	Buy (CBE)	37.17	50	35	42	2.4	5.3	0.0	7.9x	6.0x	5.4x	4.4x	3.3x	2.9x	1.1x	1.2x	0.7x
FSLR	First Solar	Buy	183.14	250	37	443	19.6	17.6	0.0	24.3x	15.6x	7.1x	14.7x	9.4x	5.0x	2.9x	3.4x	0.4x
FTCI	FTC Solar	Buy (CBE)	3.02	4	32	5	0.3	0.3	0.0	-	11.6x	7.5x	-	7.7x	4.1x	5.0x	4.5x	25.1x
JKS	JinkoSolar	Neutral (CBE)	42.40	55	30	31	2.1	8.3	0.0	6.0x	5.3x	4.4x	3.9x	3.5x	3.0x	0.5x	0.6x	0.3x
SMR	NuScale Power	Neutral (CBE)	6.67	9	35	7	0.5	0.4	0.0	-	-	-	-	-	41.6x	30.2x	192.9x	-360.5x
ORA	Ormat Technologies	Buy	78.31	102	30	31	4.7	6.4	0.6	42.9x	33.8x	27.2x	12.9x	11.7x	10.6x	1.8x	2.3x	0.6x
SHLS	Shoals Technologies	Buy	22.76	29	27	60	3.9	4.1	0.0	39.2x	26.8x	22.0x	19.9x	15.0x	12.5x	5.8x	5.9x	4.5x
TPIC	TPI Composites	Neutral (CBE)	9.81	9	(8)	9	0.4	0.9	0.0	-	-	-	13.2x	8.2x	5.0x	-7.5x	-3.8x	3.8x
Average									0.1	23.9x	16.5x	12.4x	12.0x	8.9x	10.6x	5.7x	24.3x	-34.5x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	5.48	10	82	8	0.9	1.9	0.0	64.4x	23.2x	12.8x	15.2x	12.6x	11.0x	2.0x	1.8x	1.6x
GNRC	Generac	Buy	133.25	185	39	160	8.3	9.8	0.0	19.7x	14.0x	12.5x	13.5x	9.9x	8.9x	3.3x	2.6x	2.2x
SEDG	SolarEdge	Neutral (CBE)	255.08	310	22	277	14.4	14.0	0.0	25.7x	21.9x	19.4x	17.0x	15.5x	13.9x	5.4x	4.3x	3.5x
SPWR	SunPower	Neutral (CBE)	9.15	14	53	45	1.6	1.8	0.0	20.7x	18.5x	10.9x	10.4x	10.2x	6.7x	2.4x	1.9x	1.5x
RUN	Sunrun	Neutral (CBE)	16.51	20	21	148	3.6	13.7	0.0	-	28.8x	10.8x	-	165.2x	48.7x	0.5x	0.5x	0.4x
Average									0.0	22.0x	20.8x	13.4x	13.6x	50.2x	19.5x	2.9x	2.3x	1.9x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	23.97	47	96	24	2.2	5.4	6.6	10.9x	10.1x	9.5x	-	-	-	1.1x	1.0x	0.9x
Yield Co.																		
AY	Atlantica	Neutral	22.90	29	27	14	2.7	7.8	7.7	-	326.0x	60.8x	8.8x	8.2x	7.7x	1.8x	2.5x	2.6x
BEP	Brookfield Renewable	Buy	28.98	41	41	7	8.0	54.7	4.6	-	-	-	15.8x	15.0x	14.3x	5.2x	8.5x	10.0x
CWEN	Clearway	Buy	27.60	37	34	27	3.2	11.9	5.4	11.1x	17.4x	16.0x	10.4x	10.7x	10.3x	1.4x	1.9x	1.8x
NEP	NextEra Energy Partners	Buy	56.89	82	44	58	5.1	21.3	5.9	69.8x	48.8x	33.9x	21.2x	16.0x	13.6x	1.3x	1.9x	1.1x
Average									5.9	40.5x	130.7x	36.9x	14.0x	12.5x	11.5x	2.4x	3.7x	3.9x
Energy Storage																		
FLNC	Fluence Energy	Buy	24.37	34	40	32	2.8	2.7	0.0	-	253.3x	18.8x	-	67.5x	10.7x	7.9x	7.3x	4.9x
LICY	Li-Cycle Holdings Corp.	Buy	5.58	10	70	8	1.0	0.9	0.0	-	-	-	-	-	171.9x	2.6x	3.8x	4.8x
STEM	Stem Inc.	Buy (CBE)	5.61	8	43	33	0.9	1.2	0.0	-	-	9.9x	-	15.4x	6.5x	1.8x	1.7x	1.4x
Average									0.0	-	253.3x	14.3x	-	41.4x	63.0x	4.1x	4.3x	3.7x

Source: Factset, UBS estimates
Updated: 7/6/2023

Figure 6: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	86.98	110	26	28	5.0	0.0	79.0x	73.6x	377.4x	18.2x	14.5x	13.5x	2.5	2.8	2.8
RSG	Republic Services, Inc.	Neutral	151.43	145	(4)	167	47.9	1.3	30.7x	29.2x	25.8x	13.8x	13.1x	12.4x	3.6	4.0	4.0
WCN	Waste Connections, Inc.	Buy	140.06	161	15	121	36.1	0.7	36.8x	31.9x	29.6x	17.2x	15.8x	14.7x	3.2	3.5	3.8
WM	Waste Management, Inc.	Neutral	171.36	162	(5)	249	69.7	1.7	30.7x	29.4x	25.8x	15.0x	14.2x	13.4x	2.8	2.2	3.6
Average								0.9	32.5x	30.4x	27.4x	15.1x	14.2x	13.3x	3.0	3.1	3.5
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	164.20	155	(6)	63	8.9	0.0	22.2x	18.9x	18.6x	10.4x	9.7x	8.8x	3.2	3.7	5.3
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	7.12	12	69	1	1.2	0.0	-	-151.0x	24.0x	17.8x	12.0x	7.0x	-	-	-

Source: Factset, UBS estimates
Updated: 7/6/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 7: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

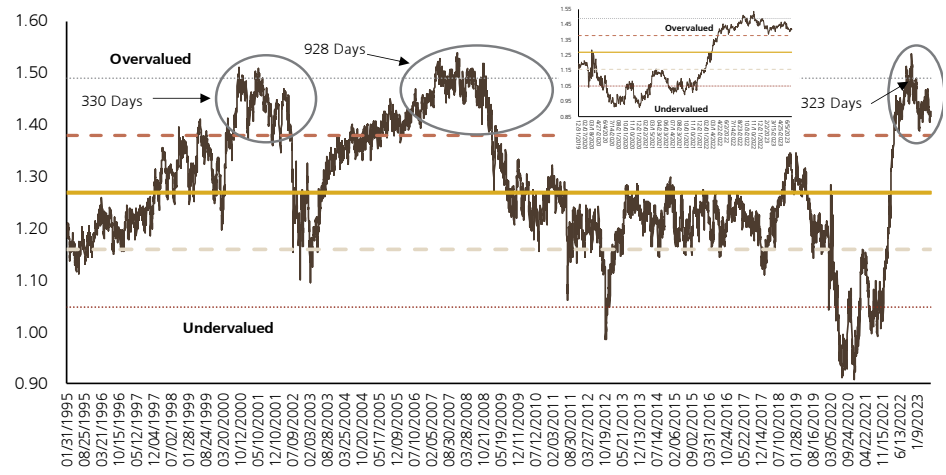

Source: FactSet, US Federal Reserve, UBS
Updated as of: 7/5/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 14.8% to the mean.

Figure 8: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

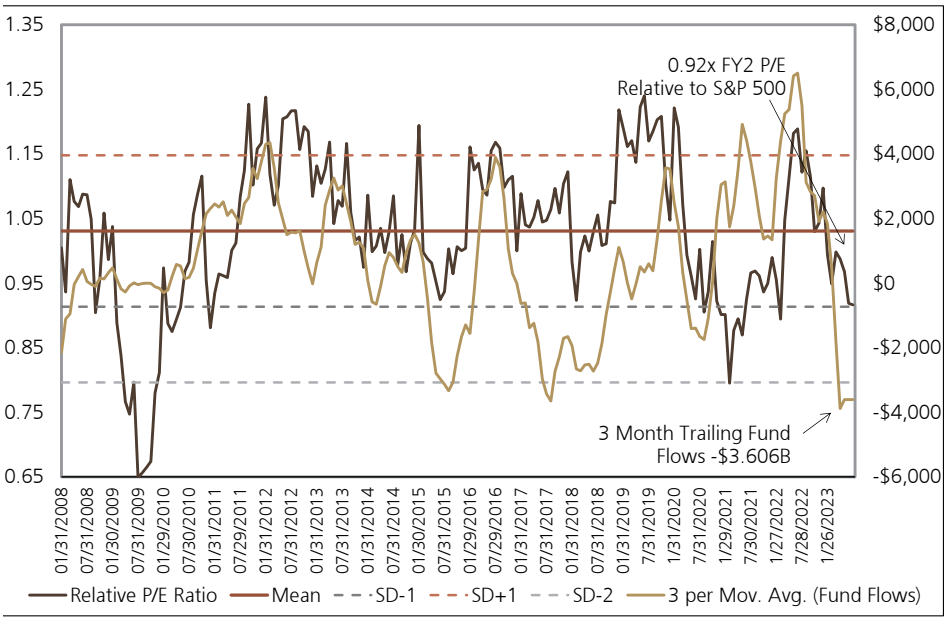

Source: FactSet, Strategic Insights, UBS
Updated as of:7/5/2023

Utilities now trade at a 12.5% discount to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 9: Utility Credit Spreads

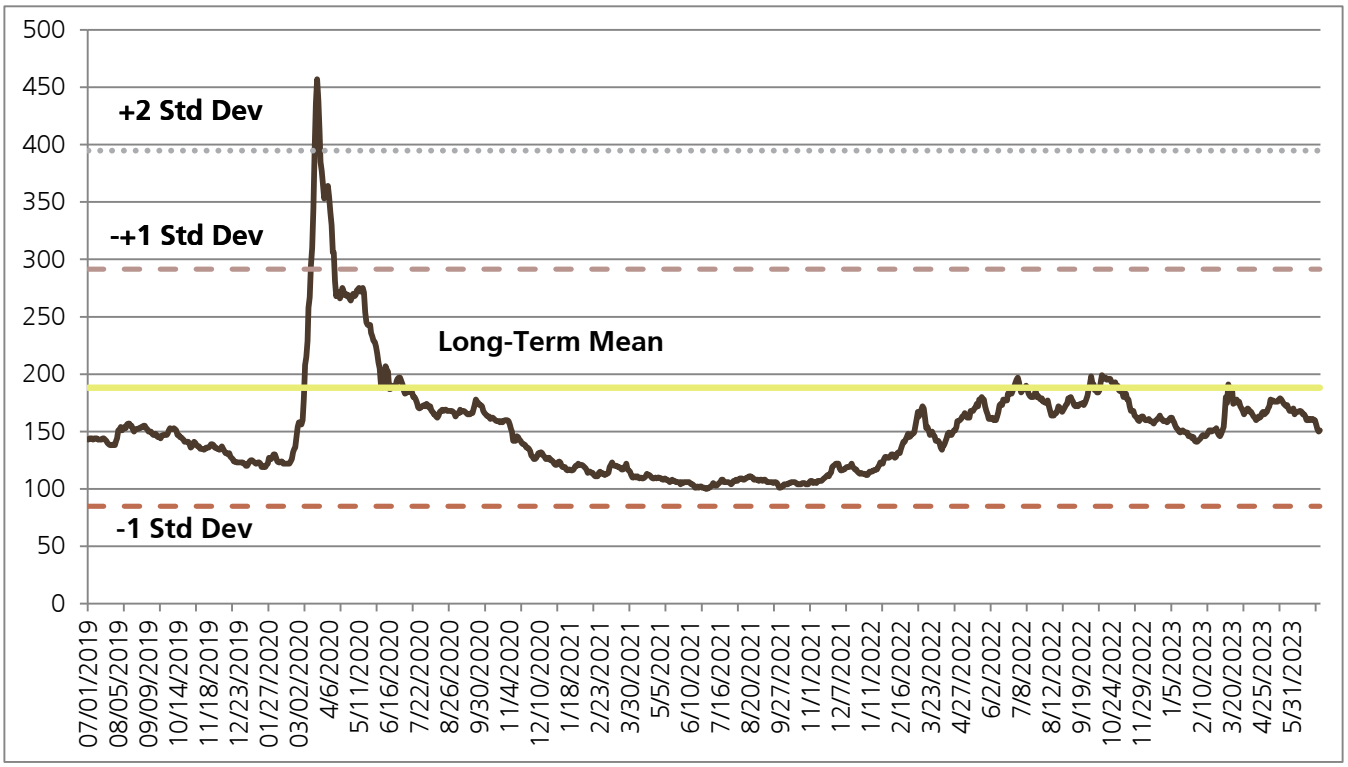

Source: Facteset, UBS
Updated 7/5/2023

Utility credit spreads contracted 9 bp last week and are 37 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at a 13.1% discount to the 5 year average FY 2 P/E relative to the S&P 500 and a 6.9% discount to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 10: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

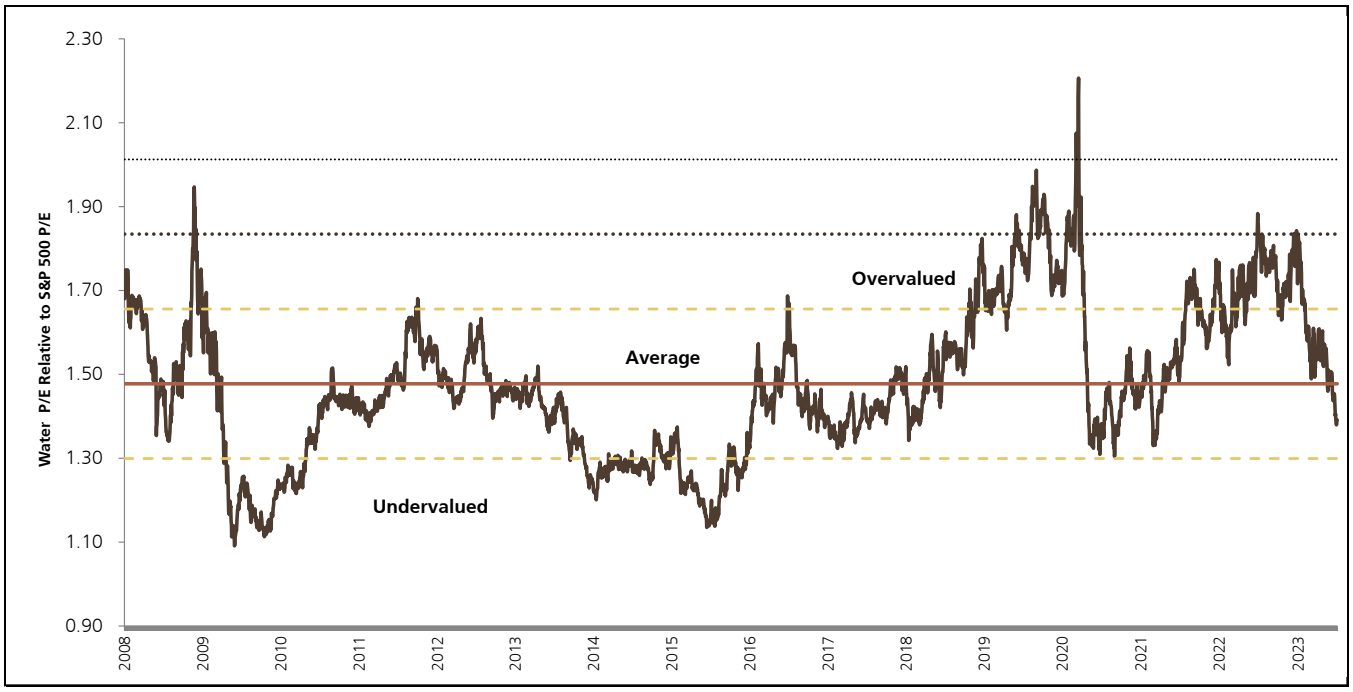

Source: Factset, UBS

Updated 7/5/2023

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 11) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 12) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 11: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

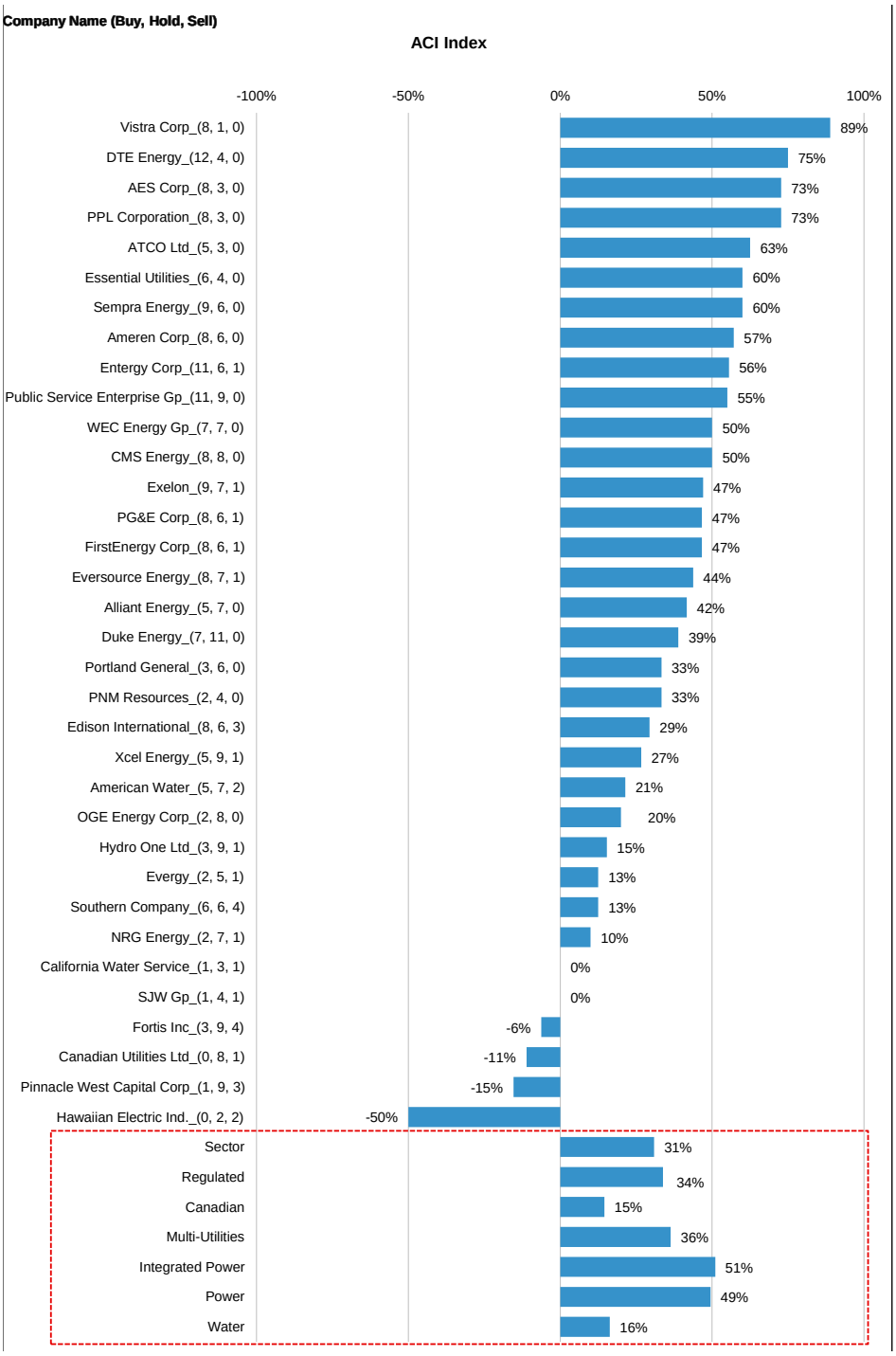

Source: Bloomberg, FactSet, UBS
Updated as of: 7/5/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 12: Change in ACI Index over Last 12 Weeks

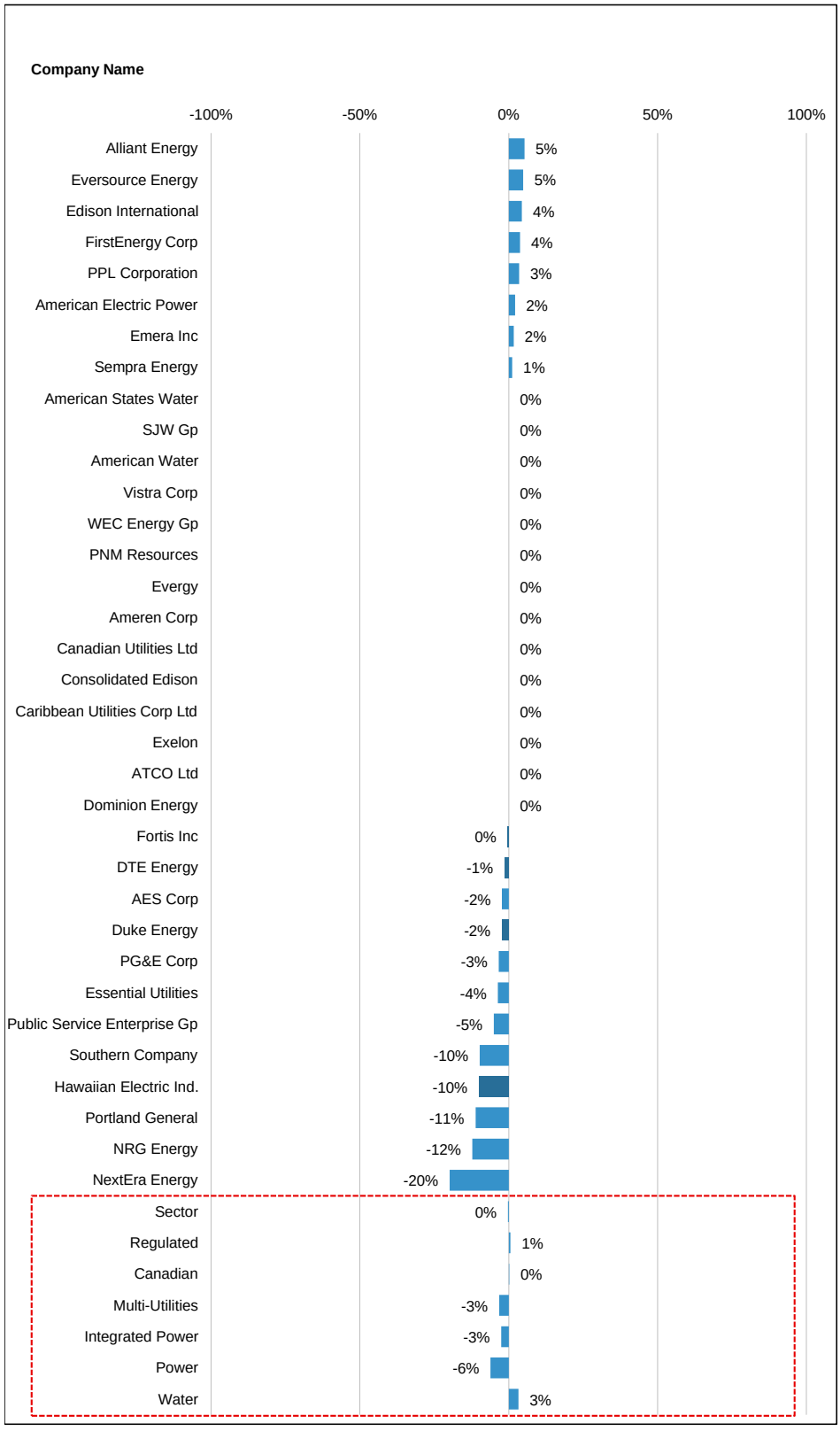

Source: Bloomberg, FactSet, UBS
Updated as of: 7/5/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Valuation Method and Risk Statement

North America Utilities: Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Reflects sustainable 5% premium on a relative yield basis to corporate bonds; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 10%, second quartile 5%, third quartile -5% and fourth quartile -10%; 4) Clean Energy Growth Premium: A 5% premium for companies that have a unique decarbonization growth opportunity on a risk adjusted basis; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; 6) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sumof-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.
Water Utilities: Our valuation methodology for the group is price-to-earnings based. Our methodology includes: 1) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; and 2) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 9%, second quartile 3%, third quartile -3% and fourth quartile -9%. North American utilities: We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events. IPPs: We identify the following risks for the sector: Power prices, fuel prices, capacity prices, supply and demand for electricity, extreme weather, economic conditions, and cost of financing and collateral hedging.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

California Water Service Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dominion Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Emera Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Eversource Energy

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Entergy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Evergy, Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Fortis Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Question	Response
11. What is the catalyst?	

Alliant Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

NextEra Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

NiSource Inc.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

PG&E Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Public Service Enterprise Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Pinnacle West Capital Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

PPL Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	May 25, 2023
10. Is the catalyst date an actual or approximate date?	Actual
11. What is the catalyst?	KY intervenor recommendations on Kentucky certificate of public convenience

Southern Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

WEC Energy Group Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Xcel Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

American Water Works Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

American Electric Power Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Consolidated Edison Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

OGE Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

American States Water Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Sempra

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Cameron Train 4 in 3Q 2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 06 July 2023 10:44 PM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
American Electric Power Inc[2,4,5,16,7,6a]	AEP.O	Neutral	US$85.33	06 Jul 2023
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$41.06	06 Jul 2023
OGE Energy Corp[16,7]	OGE.N	Neutral	US$36.25	06 Jul 2023
WEC Energy Group Inc[16]	WEC.N	Neutral	US$89.98	06 Jul 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

OGE Energy Corp (US$)

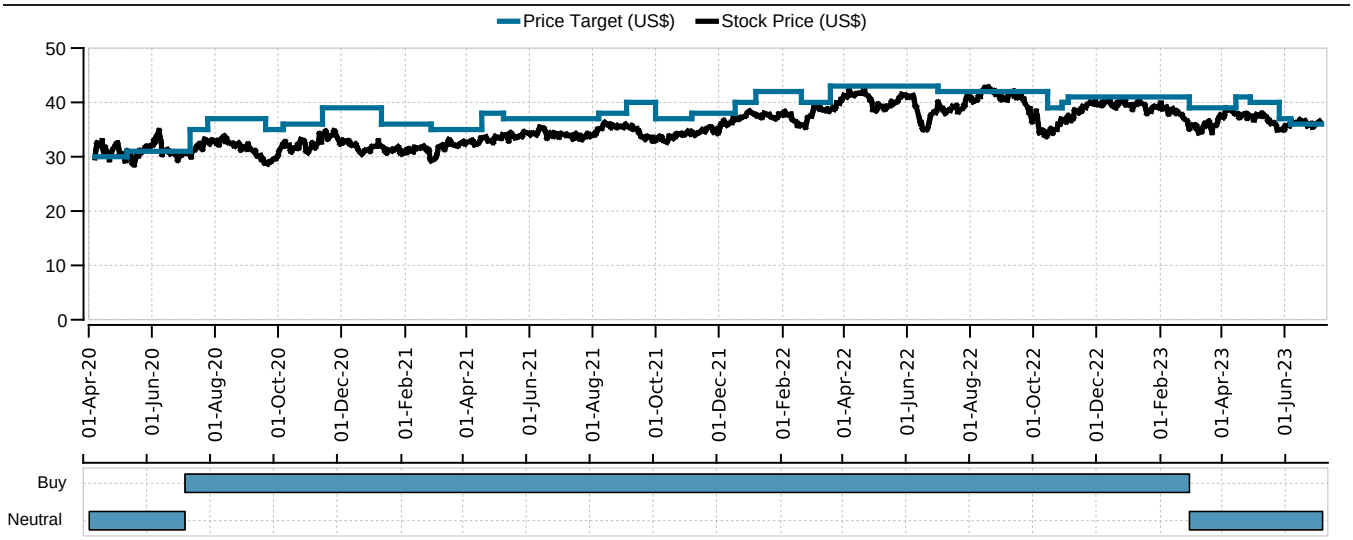

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-04-06	28.96	30.00	Neutral
2020-05-07	29.29	31.00	Neutral
2020-07-07	30.82	35.00	Buy
2020-07-24	32.97	37.00	Buy
2020-09-18	28.85	35.00	Buy
2020-10-05	32.03	36.00	Buy
2020-11-12	32.73	39.00	Buy
2021-01-08	32.07	36.00	Buy
2021-02-25	29.61	35.00	Buy
2021-04-15	33.40	38.00	Buy
2021-05-06	34.02	37.00	Buy
2021-08-06	35.04	38.00	Buy
2021-09-02	35.96	40.00	Buy
2021-09-30	32.96	37.00	Buy
2021-11-04	34.16	38.00	Buy
2021-12-16	37.04	40.00	Buy
2022-01-05	37.77	42.00	Buy
2022-02-18	35.75	40.00	Buy
2022-03-18	38.41	43.00	Buy
2022-06-30	38.56	42.00	Buy
2022-10-14	33.76	39.00	Buy
2022-10-28	36.91	40.00	Buy
2022-11-03	37.07	41.00	Buy
2023-02-28	35.72	39.00	Neutral
2023-04-14	37.94	41.00	Neutral
2023-04-28	37.54	40.00	Neutral
2023-05-26	34.96	37.00	Neutral
2023-06-06	35.69	36.00	Neutral

Source: UBS Global Research; Refinitiv as of 06-Jul-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

American Electric Power Inc (US$)

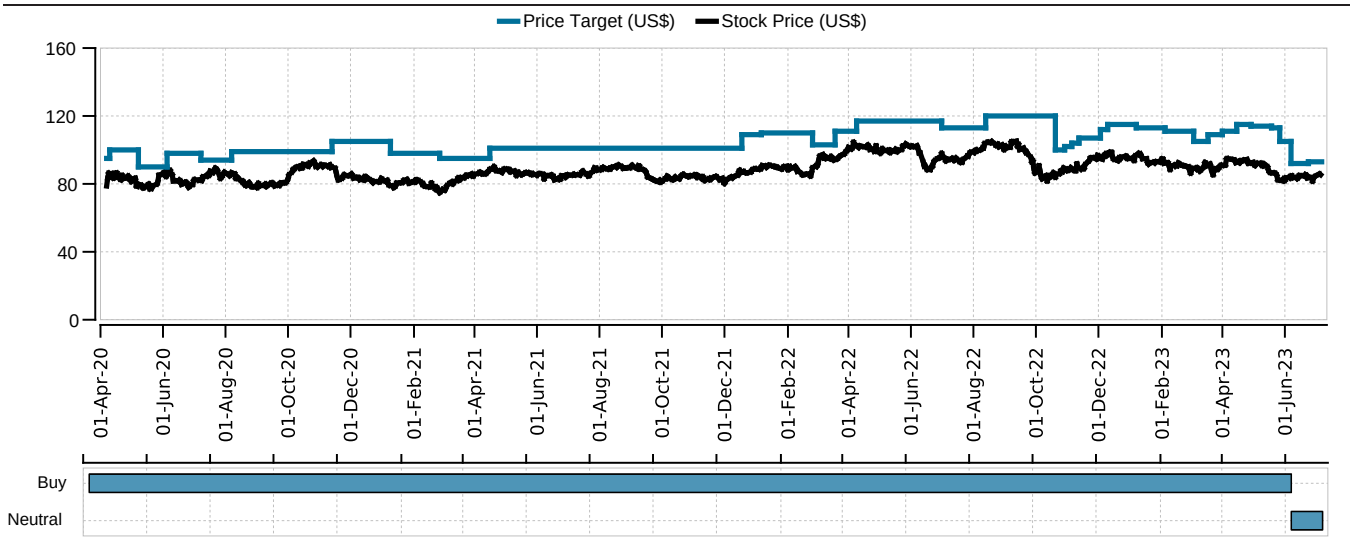

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-04-06	78.59	95.00	Buy
2020-04-09	86.31	100.00	Buy
2020-05-07	78.60	90.00	Buy
2020-06-04	84.40	98.00	Buy
2020-07-07	82.39	94.00	Buy
2020-08-06	85.37	99.00	Buy
2020-11-12	89.64	105.00	Buy
2021-01-08	79.18	98.00	Buy
2021-02-25	76.30	95.00	Buy
2021-04-15	87.81	101.00	Buy
2021-12-17	86.54	109.00	Buy
2022-01-05	89.47	110.00	Buy
2022-02-24	86.56	103.00	Buy
2022-03-18	94.07	111.00	Buy
2022-04-08	102.99	117.00	Buy
2022-06-30	95.94	113.00	Buy
2022-08-12	103.78	120.00	Buy
2022-10-19	85.90	100.00	Buy
2022-10-28	89.40	102.00	Buy
2022-11-04	89.57	104.00	Buy
2022-11-11	89.98	107.00	Buy
2022-12-02	95.12	112.00	Buy
2022-12-09	96.58	115.00	Buy
2023-01-06	96.53	113.00	Buy
2023-02-03	92.11	111.00	Buy
2023-03-03	89.09	105.00	Buy
2023-03-17	90.70	109.00	Buy
2023-03-31	90.99	111.00	Buy
2023-04-14	92.50	115.00	Buy
2023-04-28	92.42	114.00	Buy
2023-05-18	86.64	113.00	Buy
2023-05-26	82.25	105.00	Buy
2023-06-06	83.44	92.00	Neutral
2023-06-23	83.49	93.00	Neutral

Source: UBS Global Research; Refinitiv as of 06-Jul-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

WEC Energy Group Inc (US$)

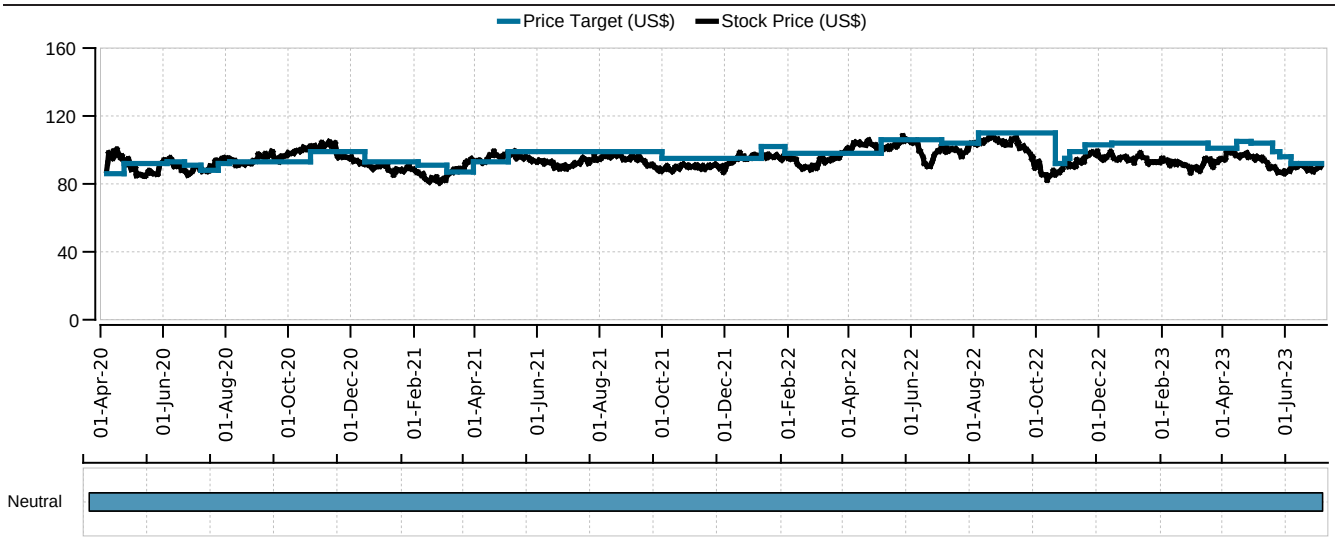

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-04-06	91.28	86.00	Neutral
2020-04-23	94.39	92.00	Neutral
2020-06-04	92.57	93.00	Neutral
2020-06-21	88.07	91.00	Neutral
2020-07-07	88.70	88.00	Neutral
2020-07-24	93.59	92.00	Neutral
2020-08-04	95.11	93.00	Neutral
2020-10-22	101.80	99.00	Neutral
2020-12-14	91.58	93.00	Neutral
2021-02-04	86.75	91.00	Neutral
2021-03-04	82.28	87.00	Neutral
2021-03-30	93.39	93.00	Neutral
2021-05-03	98.00	99.00	Neutral
2021-09-30	88.20	95.00	Neutral
2022-01-05	96.96	102.00	Neutral
2022-01-28	96.57	98.00	Neutral
2022-05-02	99.73	106.00	Neutral
2022-06-30	100.64	104.00	Neutral
2022-08-05	103.12	110.00	Neutral
2022-10-19	86.77	92.00	Neutral
2022-10-28	91.60	95.00	Neutral
2022-11-02	90.25	99.00	Neutral
2022-11-17	93.02	103.00	Neutral
2022-12-13	98.98	104.00	Neutral
2023-03-17	94.25	101.00	Neutral
2023-04-14	96.84	105.00	Neutral
2023-04-28	96.17	104.00	Neutral
2023-05-19	89.92	99.00	Neutral
2023-05-26	86.90	96.00	Neutral
2023-06-06	87.53	92.00	Neutral

Source: UBS Global Research; Refinitiv as of 06-Jul-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Exelon Corp (US$)

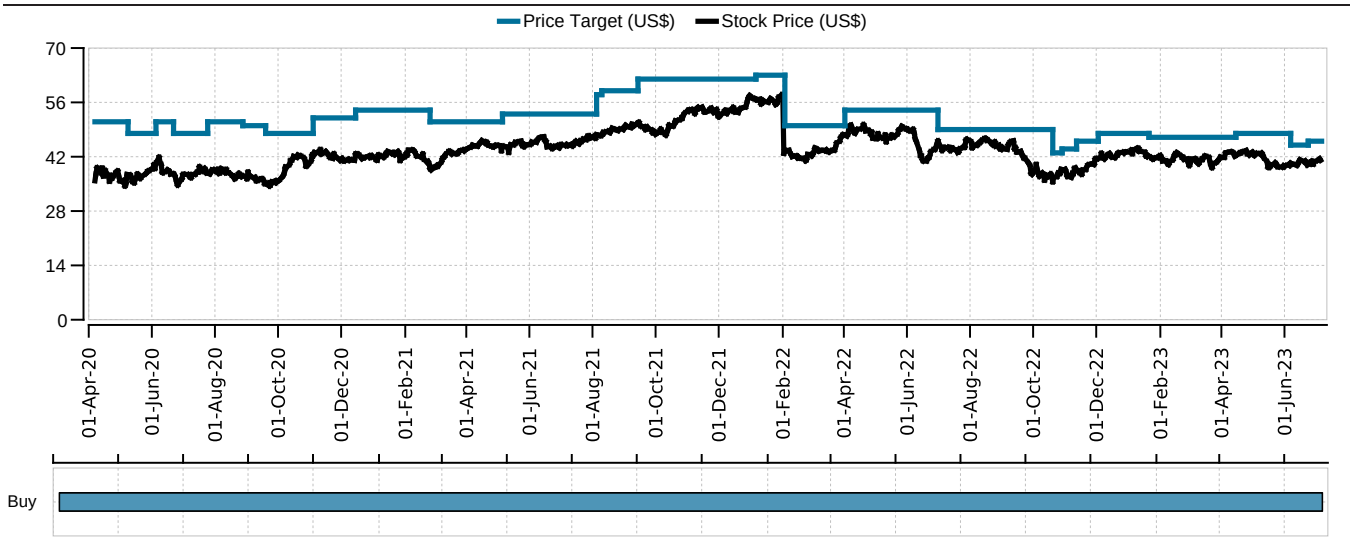

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-04-06	36.32	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy
2023-06-23	39.87	46.00	Buy

Source: UBS Global Research; Refinitiv as of 06-Jul-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CEG	90.55	Buy
CNP	28.73	Buy
DTE	108.97	Buy
ED	90.11	Neutral
ETR	95.77	Buy
EXC	40.09	Neutral
NEE	73.44	Buy
PCG	16.91	Buy

Power & Utilities

June 29, 2023

The Guggenheim Daily Transmission: EXC/IL, MD, PCG, CNP, ETR, NEE/ED, DTE, ERCOT, Talen, Nuclear, CEG

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our SRE NDR, LNT NDR, PNW NDR, AWK NDR, ED NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, and other events, scroll down...

EXC/IL – ComEd files rebuttal testimony in MYP

MD – PSC Chair Stanek to depart

PCG – PG&E applies for $7B in federal loan funding for wildfire mitigation and undergrounding

CNP – CNP announces MN gas innovation investments in MN

ETR – ETR receives timeline for PFD in ETR TX rate case on unsettled issues

NEE/ED – MVP received order authorizing construction activities on MVP after receiving key permits

DTE – DTE promotes Joi Harris to COO of DTE Energy

ERCOT – ISO Staff file technical update on reliability standard work

Talen – Talen publishes updated presentation

Nuclear – Microsoft reportedly exploring SMR PPAs

CEG – Constellation inks nuclear power agreement with Microsoft

EXC/IL – ComEd files rebuttal testimony in MYP

- ComEd has filed voluminous rebuttal testimony in its ongoing inaugural MYP in IL
- Overview of filings and exhibit details available HERE
- "I disagree with Mr. McNally that the Rate Plan makes ComEd less risky than the proxy companies, particularly those with traditional ratemaking paradigms. As discussed in further detail below, nearly all of the comparator companies have many similar alternative regulatory mechanisms and cost recovery protections as ComEd, though not necessarily in a similarly bundled package as the Rate Plan." – Witness on ROE
- ROE testimony HERE
- More HERE

Guggenheim takeaway: *Heads up on the voluminous filings, which we continue to parse – our most immediate point of interest in the case of ComEd was the pushback regarding ROE and the ICC Staff's draconian decision to recommend the continuation of the FRP formula – ComEd's rebuttal has a lengthy pushback on why this was an erroneous move. As a reminder ComEd's bid-ask on equity layer was less of a concern vs. some peers (tighter spread) – we continue to dig on the capital rebuttals.*

MD – PSC Chair Stanek to depart

- Jason M. Stanek, chairman of the PSC, announced he will depart the commission June 30th

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

- More HERE

Guggenheim takeaway: *Interesting data point flagged for your awareness. The MD PSC continues to undergo significant reshaping under Governor Wes Moore- this will be his third seat following earlier departures in 1H23.*

PCG – PG&E applies for $7B in federal loan funding for wildfire mitigation and undergrounding

- PG&E applied for a federal funding on wildfire mitigation and undergrounding.
- The federal loan program would help offset customer costs on the order of $20M per $1B of approved funding.
- The total application is for $7B.

Guggenheim takeaway: *FYI. The federal funding could materially accelerate PG&E undergrounding efforts. While the 10 year undergrounding plan is still in the works, the current GRC cycle includes a ramp up in undergrounding and the company is still targeting a 10,000 deployment over time (i.e., ~$20B+ at current unit cost rates).*

CNP – CNP announces MN gas innovation investments in MN

- CNP announced clean gas and efficiency projects in MN under the MN Natural Gas Innovation Act (NGIA).
- The projects include alternative gases such as renewable natural gas and green hydrogen, as well as pioneering technologies such as a networked geothermal district energy system and end-use carbon capture.
- Under NGIA, at least 50% of an innovation plan's total investments must be dedicated to procurement or distribution of certain alternative gases.
- The total proposed budget for all projects is about $106 million over five years.
- More here.

Guggenheim takeaway: *FYI. The NGIA in MN will allow some critical innovation pilots that can inform future investments.*

ETR – ETR receives timeline for PFD in ETR TX rate case on unsettled issues

- PUCT noted that the exceptions to the PFD on the unsettled issues in the ETR TX rate case are due July 12, 2023 and the PFD will be on the August 3, 2023 PUCT open meeting calendar.
- PUCT Staff previously filed letters of support for ETR's unopposed settlement in the Texas rate case.
- The settlement approves a $54M revenue increase vs. a $131M request, premised on a 9.57% ROE (vs. 9.8% prior authorized and 10.8% requested) and 51.21% Equity Ratio (no change).
- The settlement also approves the full test year rate base to be used and useful and the parties are requesting interim rates as the proceeding still has certain EV issues outstanding (no major earnings impact).
- Docket: 53719.

Guggenheim takeaway: *FYI. Remaining issues are not earnings impactful. The impact of the settlement is constructive and is proposed to be effective December 2022, and we note that a 10bp sensitivity vs. embedded expectations on ROE would result in only $0.01 deviation in EPS. More thoughts in our note* HERE.

NEE/ED – MVP received order authorizing construction activities on MVP after receiving key permits

- MVP received FERC approval to commence construction activities on MVP that were halted at 90%+ after court appeals invalidated certain land and river crossings.
- After Congress passed a debt ceiling deal which expedited approval of new permits and removed the appeals option, MVP received all necessary permits including US Army Corps of Engineers.
- The project developer still anticipates a 2023 year end completion.
- FERC Docket: CP16-10. / CP21-57

Guggenheim takeaway: *FERC approval is the last piece needed for MVP completion. Both ED and NEE have taken major write downs on the MVP project (i.e., not in financial*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

guidance) and would not include any upsides in near term plans. Longer term, the prospect of MVP completion could enable a strategic process (ED specifically mentioned and executed an exit from gas midstream over the past 2 years). At nominal cost the value of MVP is ~1-2% of market cap.

DTE – DTE promotes Joi Harris to COO of DTE Energy

- DTE announced that Joi Harris would be promoted to COO of DTE Energy.
- Harris has served most recently as President and Chief Operating Officer of DTE Gas Company since October 2021.

Guggenheim takeaway: *FYI.*

ERCOT ─ ISO Staff file technical update on reliability standard work

- "In this next phase of the reliability standard study, ERCOT proposes to model the initial 48 scenarios outlined in the attachment and, after reviewing the results, model all or a portion of the remaining 42 scenarios identified. ERCOT can also model further scenarios or parameter sensitivities identified by the Commission following the review of results. The portfolio scenarios are designed to simulate frequency, duration, and magnitude outcomes across a range of Resource mixes. These parameters were developed as a starting point based on initial modeling results and industry standards." - letter
- More HERE

Guggenheim takeaway: *We continue to monitor the process around the establishment of the reliability standard, as it will form a key underpinning to some of the forthcoming market mechanisms (e.g., PCM). As a reminder ERCOT was unique among RTOs/ISOs for not having a standard.*

Talen ─ Talen publishes updated presentation

- The 6/28 presentation provides significant timely detail on the enterprise, including its BTM (data center) work
- More HERE

Guggenheim takeaway: *IPP/power data points for your awareness as Talen inches closer to an exchange listing. We will continue to monitor this situation.*

Nuclear ─ Microsoft reportedly exploring SMR PPAs

- Microsoft is in 'intensive discussions with several reactor vendors' and could potentially 'need 30-50' reactors to support data center load, according to executive remarks at a recent conference
- The comments came from Todd Noe, the company's director of nuclear technologies, at an advanced reactor conference, per Platts

Guggenheim takeaway: *The lack of big tech involvement in either advanced nuclear or existing nuclear remains somewhat perplexing in our view given the immediate interest in decarbonization and the attractive technical characteristics of nuclear gen (e.g., Talen's BTM). The potential for corporate involvement in FOAK commercialization (e.g., CFPP subscriptions) remains a point of intense interest for us.*

CEG ─ Constellation inks nuclear power agreement with Microsoft

- The IPP inked an agreement with the software company to provide up to 35% nuclear power alongside renewables supplies to fully decarbonize a VA datacenter
- "Constellation (NASDAQ: CEG) today announced an agreement with Microsoft to significantly reduce the carbon footprint of one of Microsoft's data centers in Boydton, Virginia. Under the agreement, the facility will receive up to 35 percent in environmental attributes from nuclear power, complementing the company's new wind and solar purchases. This agreement puts Microsoft very close to its goal of operating the data center on 100 percent carbon-free electricity around the clock, further proof that hourly, regional matching of clean energy to demand is both practical and feasible today with suitable infrastructure and energy innovation." - release
- More HERE

Guggenheim takeaway: *These are exactly the kind of contracts we have been on the lookout for in the nuclear space (as noted above on the SMR data point), with vociferous*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

data center growth feeding a need from tech companies for consistent clean power – we remain on the lookout for additional data points like these in the coming quarters.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Sempra (SRE)

Jeffrey Martin, *President & Chief Executive Officer*
Trevor Mihalik, *Chief Financial Officer*
Kevin Sagara, *Group President*
Allen Nye, *Chief Executive Officer, Oncor*
Justin Bird, *Chief Executive Officer, Sempra Infrastructure*
Faisel Khan, *Chief Financial Officer, Sempra Infrastructure*

Date & Location
June 28 – June 30, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Lunch

Company Information
Market Cap: $46.6bn
Sempra (SRE) is an energy-service holding company that engages in the development and operation of energy infrastructure and provision of electric and gas services. It operates through the following segments: San Diego Gas and Electric Company (SDG&E), Southern California Gas Company (SoCalGas), Sempra Texas Utilities, Sempra Mexico, and Sempra LNG. The SDG&E segment offers electric and natural gas services. The SoCalGas segment owns and operates a natural gas distribution, transmission, and storage systems. The Sempra Texas Utilities segment comprises the equity method investments in Oncor Holdings and Sharyland Holdings. The Sempra Mexico segment includes the operating companies of IENova. The Sempra LNG segment develops natural gas storage and related pipeline facilities. The company was founded on October 11, 1996, and is headquartered in San Diego, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

SAVE THE DATE
2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Alliant Energy Corp (LNT)

John Larsen, *Chairman & Chief Executive Officer*
Lisa Barton, *President & Chief Operating Officer*
Robert Durian, *Chief Financial Officer*
Susan Trapp Gille, *Manager, Investor Relations*

Date & Location
July 17 – 18, 2023
Boston

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $13.45bn
Alliant Energy Corp. (LNT) is a regulated investor-owned public utility holding company, which engages in the provision of regulated electricity and natural gas service to natural gas customers in the Midwest through its two public utility subsidiaries. It operates through following segments: Electric Utility, Gas Utility, Other Utility, and Non-Utility and Other. The company was founded in 1981 and is headquartered in Madison, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeffrey Guldner, Chairman, President & CEO

Andrew Cooper, *Chief Financial Officer*

Dates & Locations

July 19 | New York
July 20 | Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $9.05bn

Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	6/28–6/30	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	Boston
PNW	7/19–7/20	NYC & Boston
AWK	8/9–8/10	West Coast
ED	8/14	NYC
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim Comp Sheet

6/28/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					22-'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$57.04	3,269	3.70	4.17	4.56	4.87	5.07	3.67	4.08	4.35	4.83	5.05	0.03	0.09	0.21	0.04	–	15.5x	14.0x	13.1x	11.8x	11.3x	-10%	-13%	-12%	-16%	-15%	8.4%	4.9%	72%	Sell	$54	-0%	Neutral	$65	19%
AVA	$39.15	2,966	2.28	2.49	2.61	2.67	2.73	2.34	2.48	2.62	2.67	2.76	(0.06)	–	–	–	–	16.7x	15.8x	15.0x	14.7x	14.2x	-3%	-1%	-0%	4%	7%	5.2%	4.8%	78%	Sell	$35	-6%	Sell	$39	5%
NWE	$56.91	3,401	3.42	3.55	3.75	3.91	4.08	3.47	3.57	3.74	3.84	3.97	(0.05)	–	–	0.07	0.11	16.4x	16.0x	15.2x	14.8x	14.3x	-4%	-0%	2%	5%	8%	5.1%	4.5%	74%	Sell	$46	-15%	Buy	$60	10%
POR	$46.43	4,486	2.66	3.05	3.21	3.38	3.55	2.68	3.06	3.21	3.34	3.53	–	–	–	0.04	–	17.3x	15.2x	14.5x	13.9x	13.2x	1%	-5%	-4%	-1%	-1%	5.3%	4.2%	67%	Neutral	$50	12%	Buy	$53	18%
		14,123																**16.5x**	**15.2x**	**14.4x**	**13.8x**	**13.3x**	**-4%**	**-5%**	**-4%**	**-2%**	**-0%**	**6.0%**	**4.6%**	**73%**						
Mid/Large Cap Electric																																			
AEE	$80.85	21,221	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.02	5.36	5.66	–	–	0.03	0.04	–	18.5x	17.3x	16.1x	15.1x	14.3x	8%	8%	8%	7%	8%	6.6%	3.2%	58%	Neutral	$89	13%	Buy	$92	17%
AEP	$81.62	42,017	5.30	5.64	6.00	6.39	6.81	5.28	5.62	5.98	6.37	6.84	–	–	–	–	(0.03)	15.5x	14.5x	13.7x	12.8x	11.9x	-10%	-9%	-9%	-9%	-10%	6.0%	4.2%	63%	Buy	$105	33%	Buy	$98	25%
CMS	$58.46	17,050	3.12	3.41	3.65	3.91	4.26	3.11	3.35	3.63	3.89	4.18	–	0.06	–	–	0.08	18.8x	17.4x	16.1x	15.0x	14.0x	10%	9%	8%	7%	5%	8.1%	3.5%	63%	Neutral	$65	15%	Buy	$66	17%
CNP	$28.73	18,084	1.50	1.61	1.73	1.87	2.03	1.49	1.61	1.71	1.85	1.99	–	–	–	–	0.04	19.3x	17.9x	16.8x	15.5x	14.4x	12%	12%	12%	10%	8%	8.0%	2.7%	49%	Buy	$32	14%	Buy	$32	15%
D	$51.66	43,185	3.89	3.75	3.97	4.24	4.50	3.78	3.76	3.97	4.36	4.45	0.11	–	–	(0.12)	0.05	13.7x	13.7x	13.0x	11.9x	11.6x	-20%	-14%	-13%	-16%	-13%	1.4%	5.2%	72%	Buy	$63	27%	Neutral	$60	21%
DTE	$108.97	22,460	6.26	6.73	7.19	7.75	8.30	6.22	6.68	7.13	7.73	8.24	0.04	0.05	0.06	–	0.06	17.5x	16.3x	15.3x	14.1x	13.2x	2%	2%	2%	0%	-0%	6.4%	3.6%	61%	Buy	$127	20%	Buy	$127	20%
DUK	$89.10	68,696	5.65	6.05	6.35	6.75	7.15	5.63	5.97	6.34	6.73	7.12	–	0.08	–	–	0.03	15.8x	14.9x	14.1x	13.2x	12.5x	-8%	-7%	-6%	-6%	-6%	6.3%	4.7%	72%	Buy	$114	33%	Buy	$104	22%
ED	$90.11	31,227	4.83	5.19	5.50	5.81	6.02	4.85	5.24	5.50	5.84	6.13	–	(0.04)	–	–	(0.11)	18.6x	17.2x	16.4x	15.4x	14.7x	8%	8%	9%	10%	11%	5.7%	3.7%	65%	Neutral	$90	4%	Sell	$90	4%
EIX	$68.37	26,185	4.70	4.94	5.36	5.70	6.10	4.73	5.10	5.51	5.92	6.11	(0.03)	(0.15)	(0.15)	(0.22)	–	14.5x	13.4x	12.4x	11.6x	11.2x	-16%	-16%	-17%	-18%	-16%	5.7%	4.4%	61%	Buy	$81	23%	Buy	$75	14%
ES	$69.59	24,276	4.34	4.71	5.02	5.31	5.57	4.36	4.65	4.99	5.31	5.66	–	0.06	0.03	–	(0.09)	16.0x	15.0x	14.0x	13.1x	12.3x	-7%	-6%	-7%	-7%	-8%	6.4%	4.0%	62%	Buy	$91	35%	Buy	$85	26%
ETR	$95.77	20,250	6.71	7.16	7.76	8.31	8.97	6.69	7.18	7.70	8.22	8.83	–	–	0.06	0.09	0.14	14.3x	13.3x	12.4x	11.7x	10.8x	-17%	-17%	-17%	-17%	-18%	6.9%	4.6%	64%	Buy	$124	34%	Buy	$118	28%
EVRG	$57.70	13,247	3.65	3.97	4.24	4.47	4.75	3.63	3.96	4.24	4.45	4.65	–	–	–	–	0.11	15.9x	14.6x	13.6x	13.0x	12.4x	-8%	-9%	-9%	-8%	-6%	4.8%	4.4%	68%	Buy	$72	29%	Neutral	$65	17%
EXC	$40.09	39,861	2.36	2.50	2.74	2.93	3.10	2.37	2.52	2.72	2.92	3.11	–	–	–	–	–	17.0x	15.9x	14.7x	13.7x	12.9x	-1%	-0%	-2%	-2%	-3%	6.4%	3.7%	61%	Neutral	$45	16%	Buy	$45	17%
FE	$38.34	21,963	2.54	2.69	2.89	3.07	3.27	2.54	2.68	2.88	3.08	3.26	–	–	–	–	–	15.1x	14.3x	13.3x	12.4x	11.8x	-12%	-11%	-11%	-12%	-12%	6.3%	4.2%	61%	Buy	$46	24%	Buy	$43	17%
LNT	$51.80	13,022	2.90	3.08	3.27	3.50	3.67	2.90	3.09	3.27	3.47	3.67	–	–	–	–	–	17.9x	16.8x	15.8x	14.9x	14.1x	4%	5%	6%	6%	6%	6.1%	3.6%	63%	Neutral	$52	4%	Buy	$57	13%
OGE	$35.48	7,106	2.02	2.16	2.25	2.37	2.48	2.00	2.12	2.25	2.39	2.49	–	0.04	–	–	–	17.7x	16.7x	15.8x	14.8x	14.2x	3%	5%	5%	6%	7%	2.8%	4.8%	82%	Neutral	$38	12%	Neutral	$39	14%
PCG	$16.91	33,749	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	14.0x	12.5x	11.6x	10.6x	9.7x	-19%	-22%	-23%	-25%	-27%	9.7%	0.8%	11%	Buy	$22	31%	Buy	$19	12%
PEG	$61.50	30,686	3.45	3.67	4.10	4.29	4.59	3.44	3.68	4.04	4.24	4.47	–	–	0.06	0.05	0.12	17.9x	16.7x	15.2x	14.5x	13.8x	4%	4%	2%	3%	4%	5.8%	3.8%	66%	Buy	$69	16%	Buy	$67	12%
PNW	$80.54	9,122	4.05	4.60	4.80	5.05	5.35	4.14	4.84	5.01	5.22	5.39	(0.09)	(0.24)	(0.21)	(0.17)	(0.04)	19.4x	16.7x	16.1x	15.4x	14.9x	13%	4%	7%	10%	13%	4.7%	4.4%	79%	Neutral	$77	0%	Neutral	$78	1%
PPL	$26.20	19,311	1.58	1.71	1.82	1.96	2.08	1.59	1.71	1.82	1.95	2.08	–	–	–	–	–	16.5x	15.4x	14.4x	13.4x	12.6x	-4%	-4%	-4%	-4%	-5%	8.1%	3.8%	60%	Buy	$34	34%	Buy	$32	24%
SO	$69.87	76,264	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.30	4.55	4.79	–	–	–	–	–	19.4x	17.3x	16.2x	15.3x	14.6x	13%	8%	8%	9%	10%	5.9%	4.0%	74%	Buy	$79	17%	Buy	$73	8%
WEC	$87.44	27,582	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.26	5.62	6.00	–	–	–	–	–	19.0x	17.8x	16.6x	15.6x	14.6x	11%	11%	11%	11%	10%	6.1%	3.7%	67%	Neutral	$99	17%	Buy	$100	18%
Mid/Lg Cap (excl. EIX, PCG)																		**17.2x**	**16.0x**	**15.0x**	**14.1x**	**13.3x**						**5.9%**	**4.0%**	**65%**						
SMID + Lg Cap		**640,686**																**17.1x**	**15.9x**	**14.9x**	**14.0x**	**13.3x**						**5.9%**	**4.1%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	22-'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$35.92	3,936	2.24	2.42	2.55	2.67	2.80	2.22	2.38	2.51	2.60	2.71	–	0.04	0.04	0.07	0.09	16.2x	15.1x	14.3x	13.8x	13.3x	-6%	-5%	-4%	-2%	-0%	5%	4.0%	63%	Neutral	$39	13%	Sell	$37	6%
NEE	$73.44	148,600	3.13	3.43	3.69	3.99	4.27	3.11	3.41	3.70	4.00	4.38	–	–	–	–	(0.11)	23.6x	21.6x	19.8x	18.4x	16.8x	37%	35%	32%	31%	26%	8%	2.7%	60%	Buy	$92	28%	Buy	$92	28%
SRE	$145.13	45,665	9.00	9.50	10.13	10.80	11.71	9.02	9.56	10.19	10.81	11.54	–	(0.06)	(0.06)	–	0.18	16.1x	15.2x	14.2x	13.4x	12.6x	-6%	-5%	-5%	-4%	-5%	5%	3.5%	54%	Buy	$174	23%	Buy	$172	22%
		198,201																**18.6x**	**17.3x**	**16.1x**	**15.2x**	**14.2x**	**8%**	**8%**	**8%**	**8%**	**7%**	**6.0%**	**3.4%**	**59%**						
Gas LDCs																																				
NI	$27.13	11,206	1.57	1.68	1.82	1.95	2.07	1.58	1.68	1.80	1.94	2.07	–	–	–	–	–	17.2x	16.1x	15.1x	14.0x	13.1x	0%	1%	1%	-0%	-1%	7%	3.8%	63%	Buy	$31	18%	Buy	$32	20%
CPK	$118.40	2,106	5.42	5.84	6.23	6.59	6.94	5.37	5.80	6.24	6.59	6.95	0.05	0.04	–	–	–	22.0x	20.4x	19.0x	18.0x	17.0x	28%	28%	27%	28%	28%	7%	2.0%	43%	Neutral	$116	-0%	Buy	$135	16%
NJR	$46.46	4,505	2.67	2.65	2.85	3.05	3.30	2.67	2.75	2.96	3.15	3.41	–	(0.10)	(0.11)	(0.10)	(0.11)	17.4x	16.9x	15.7x	14.7x	13.6x	1%	6%	5%	5%	3%	6%	3.5%	60%	Neutral	$47	5%	Neutral	$53	17%
NWN	$42.50	1,492	2.65	2.83	2.98	3.09	3.21	2.67	2.79	2.96	3.05	3.23	–	0.04	–	0.04	–	15.9x	15.3x	14.3x	13.9x	13.2x	-7%	-5%	-4%	-1%	-1%	5%	4.6%	72%	Neutral	$45	10%	Buy	$53	29%
OGS	$76.45	4,235	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.98	5.35	–	(0.06)	(0.04)	–	(0.04)	18.5x	17.8x	16.7x	15.3x	14.3x	7%	11%	12%	9%	8%	10%	3.5%	63%	Neutral	$77	4%	Neutral	$80	8%
SR	$62.58	3,401	4.25	4.31	4.57	4.73	4.99	4.25	4.32	4.62	4.84	5.09	–	–	(0.05)	(0.11)	(0.10)	14.7x	14.5x	13.5x	12.9x	12.3x	-14%	-9%	-10%	-8%	-7%	5%	4.7%	69%	Neutral	$69	15%	Neutral	$73	21%
		26,945																**17.6x**	**16.8x**	**15.7x**	**14.8x**	**13.9x**	**3%**	**5%**	**5%**	**5%**	**5%**	**6.6%**	**3.7%**	**62%**						
Regulated Water																																				
AWK	$140.98	27,441	4.76	5.14	5.59	5.98	6.45	4.77	5.12	5.58	6.04	6.45	–	–	–	(0.06)	–	29.5x	27.5x	25.2x	23.3x	21.8x	72%	72%	69%	66%	64%	7%	2.1%	58%	Neutral	$152	10%	Neutral	$159	15%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	22-'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$90.55	29,579	3,100	3,237	3,377	3,512	4,490	3,225	3,712	3,756	3,595	3,834	(125)	(475)	(379)	(83)	657	10.7x	9.1x	8.6x	8.6x	7.6x	34,470	33,748	32,452	31,097	29,054	8.2%	1.4%	27%	Buy	$97	8%	Buy	$99	10%
NRG	$36.56	8,417	3,100	3,124	3,128	3,044	3,109	2,945	3,090	3,144	2,827	3,033	156	34	–	217	77	6.1x	5.4x	4.8x	4.9x	4.0x	17,847	16,615	15,128	13,740	12,279	21.3%	4.3%	30%	Neutral	$34	-3%	Neutral	$40	13%
VST	$25.73	9,598	3,703	3,706	3,766	3,760	3,834	3,686	4,113	4,112	4,184	4,938	–	(407)	(346)	(424)	(1,104)	6.0x	5.3x	5.2x	4.9x	4.2x	21,943	21,815	21,261	20,708	20,540	6.5%	3.3%	29%	Buy	$31	24%	Buy	$32	29%
Other																																				
ALTO	$2.81	214	7	30	36	32	33	19	42	494	518	544	–	–	(459)	(485)	(510)												–	–	Buy	$5	78%	Buy	$5	78%
NEP	$56.56	5,028	1,837	1,977	2,143	2,325	2,471	2,030	2,292	2,480	2,633	2,801	(193)	(315)	(337)	(308)	(330)												6.5%	–	Buy	$74	37%	Buy	$77	43%
SMR	$6.67	490	(131)	(57)	8	96	n/a	(115)	(53)	11	171	546	–	–	–	(74)	–												–	–	Buy	$18	170%	Buy	$14	107%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

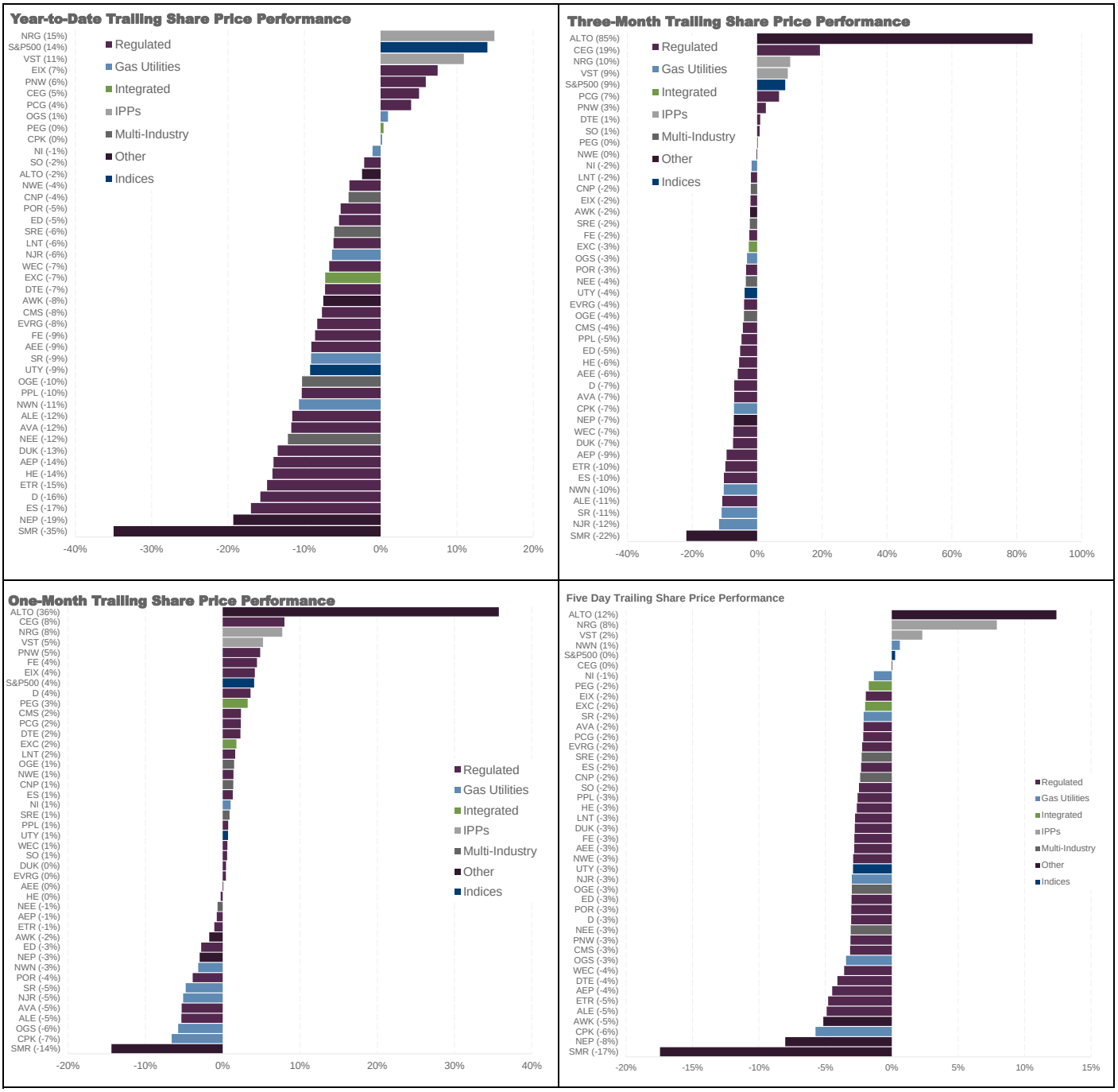

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Generation and Mix

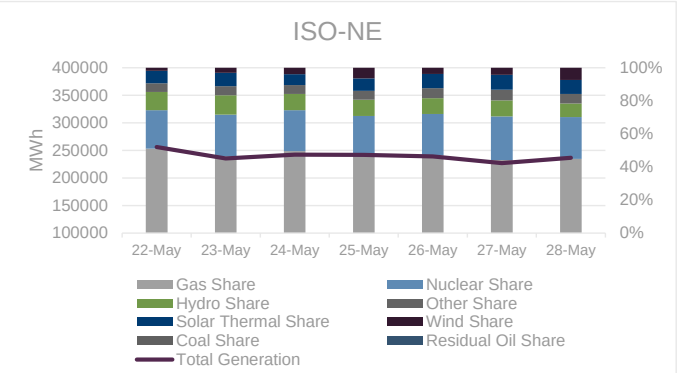

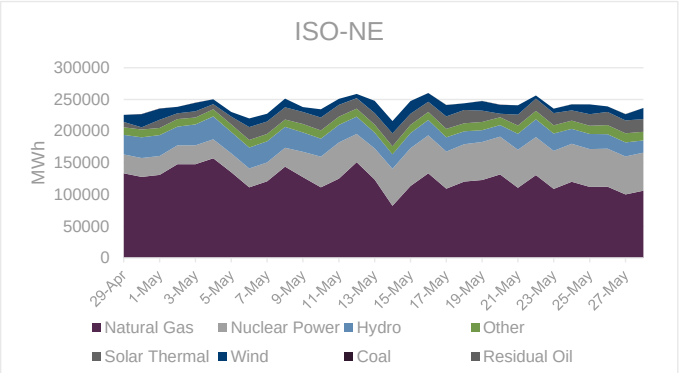

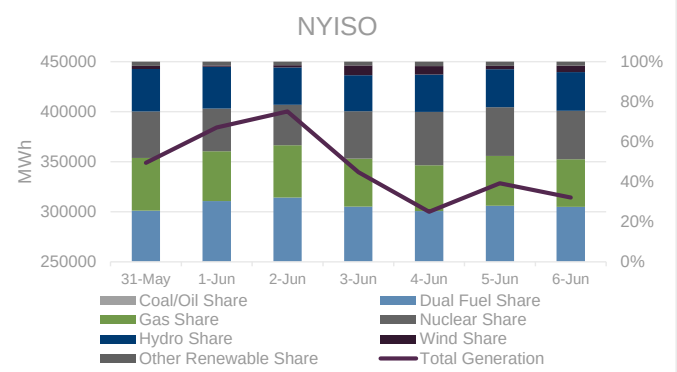

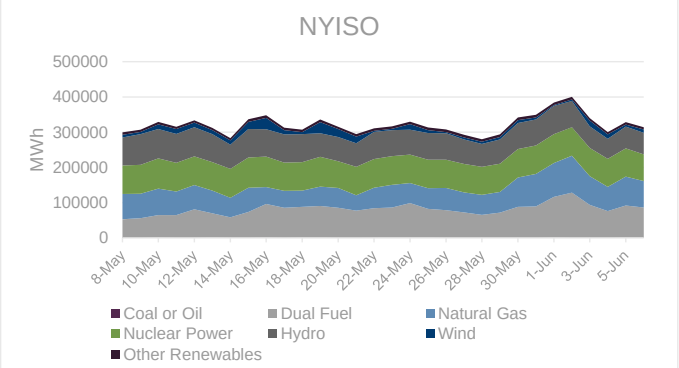

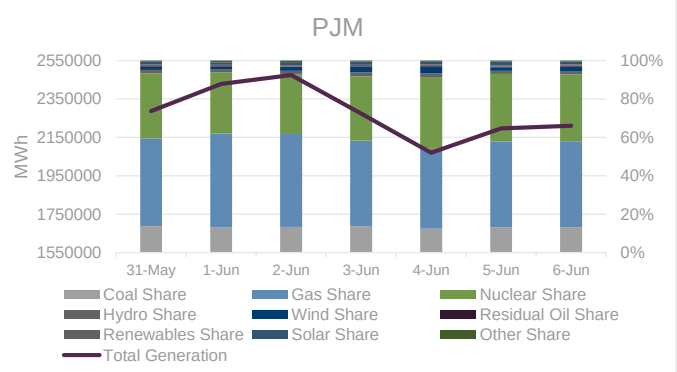

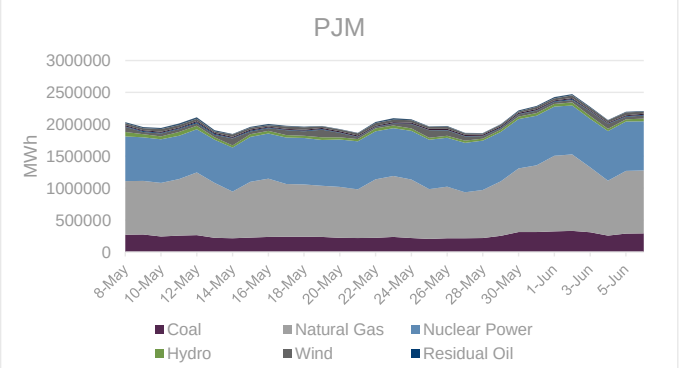

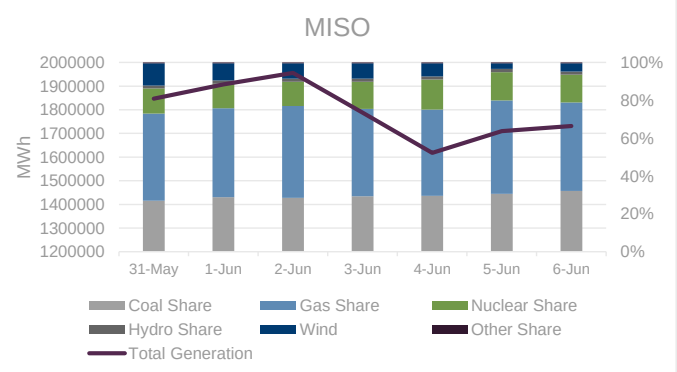

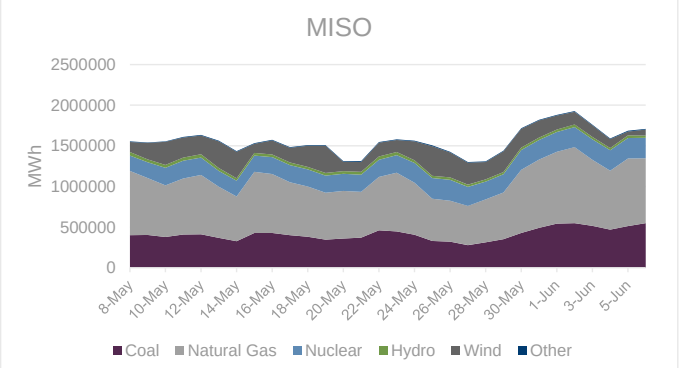

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Generation and Mix (continued)

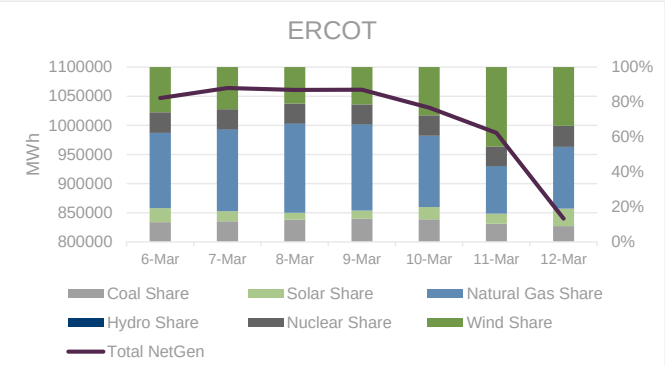

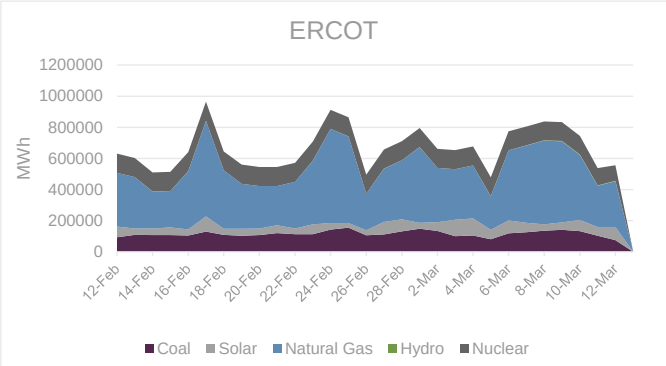

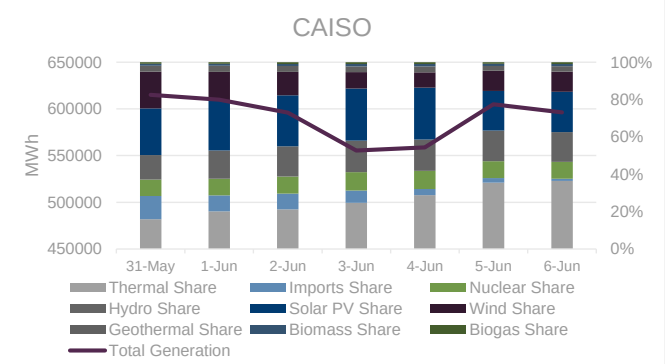

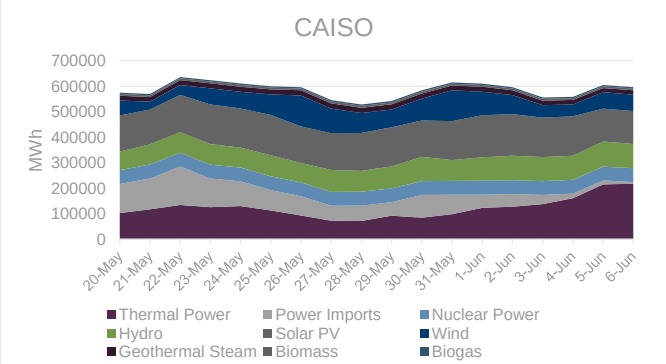

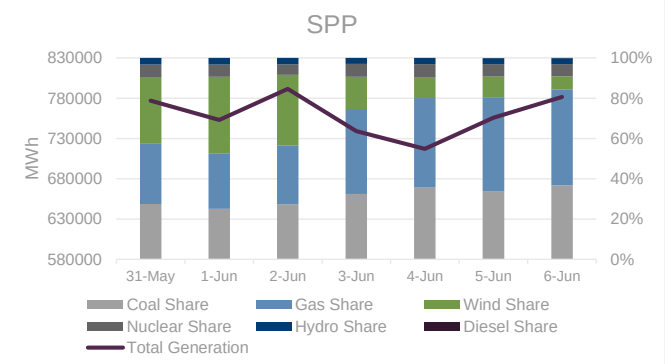

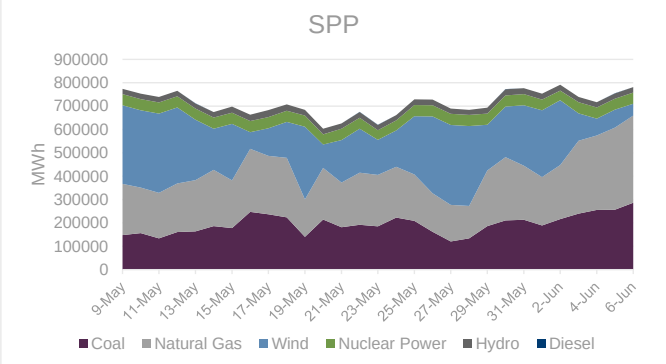

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Weather

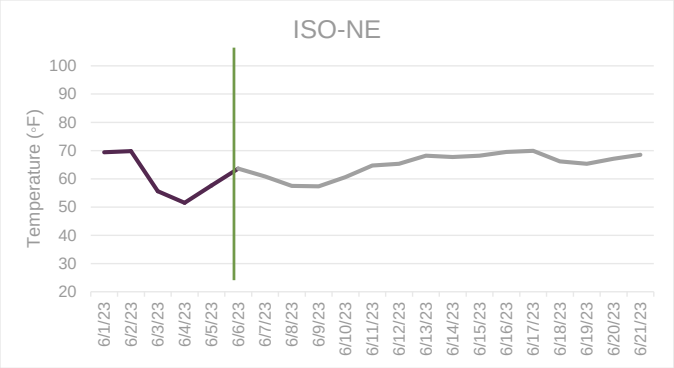

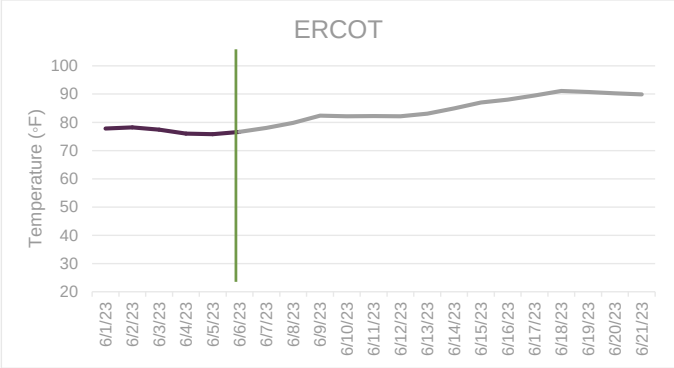

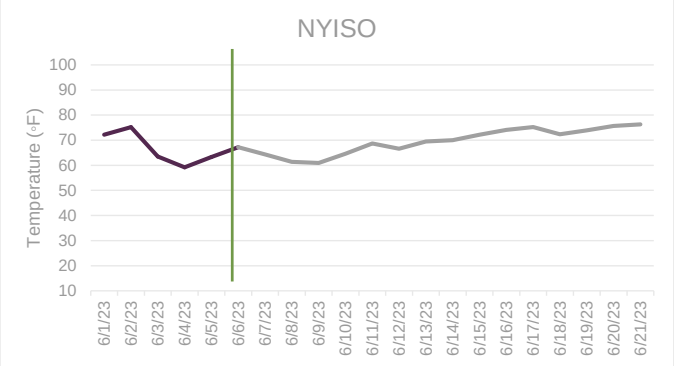

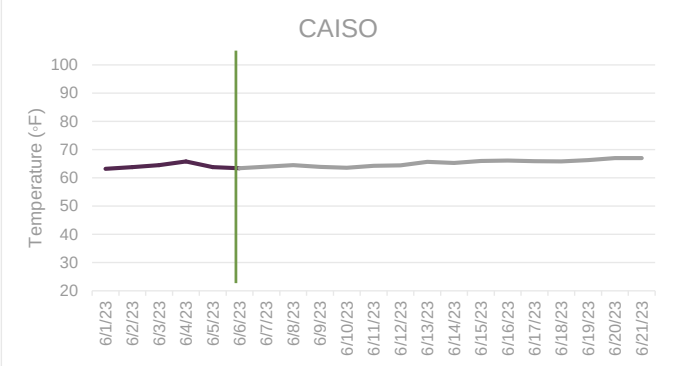

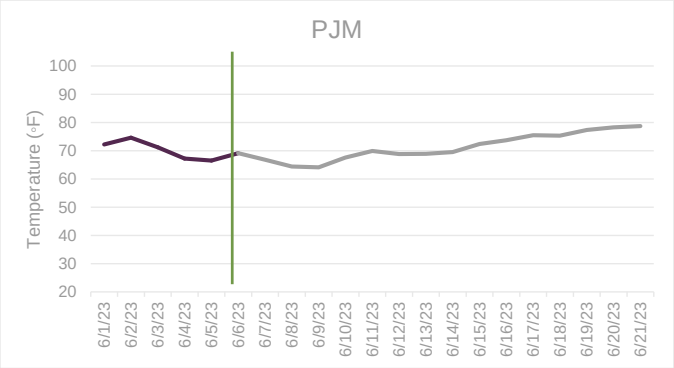

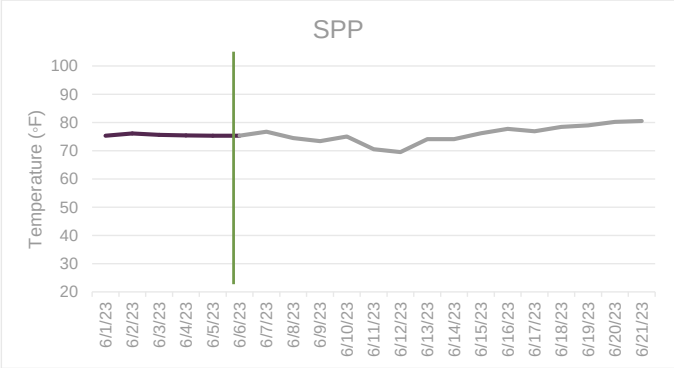

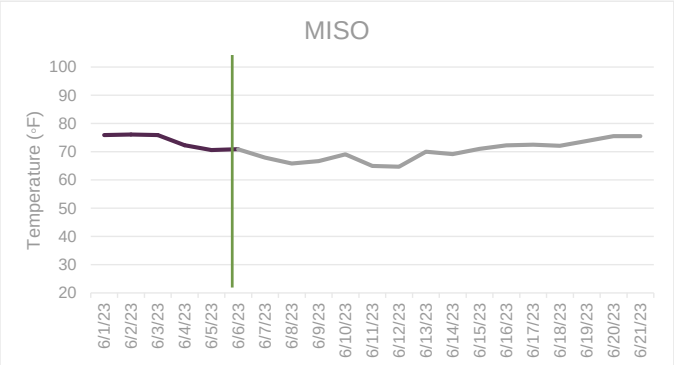

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

YTD Peak Load

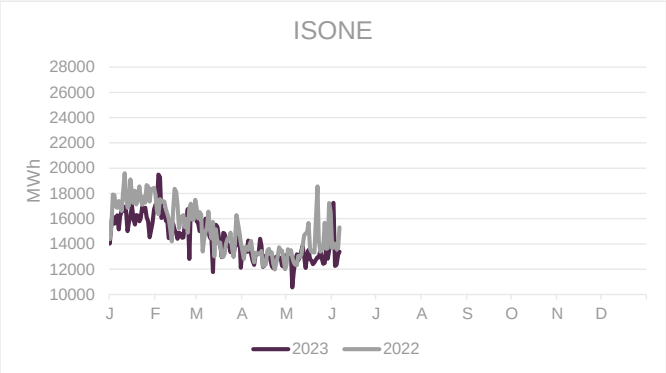

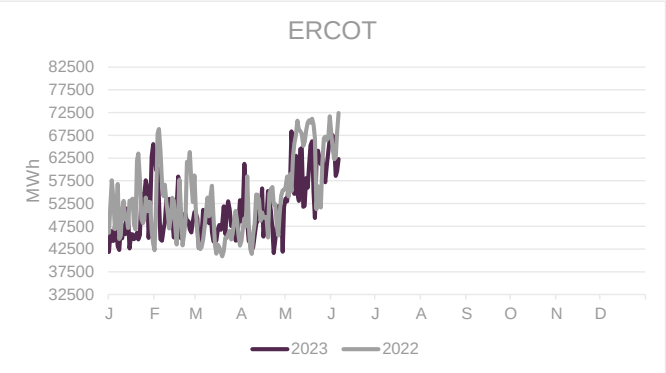

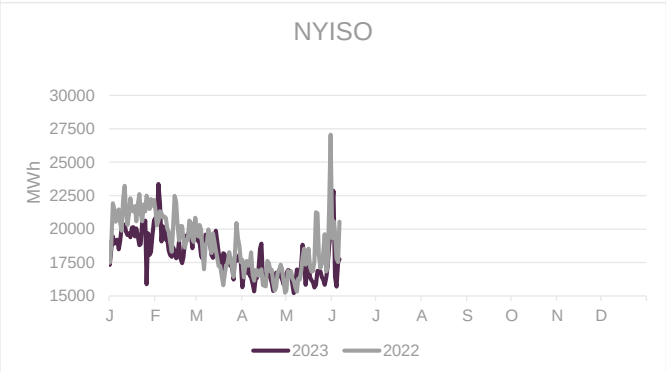

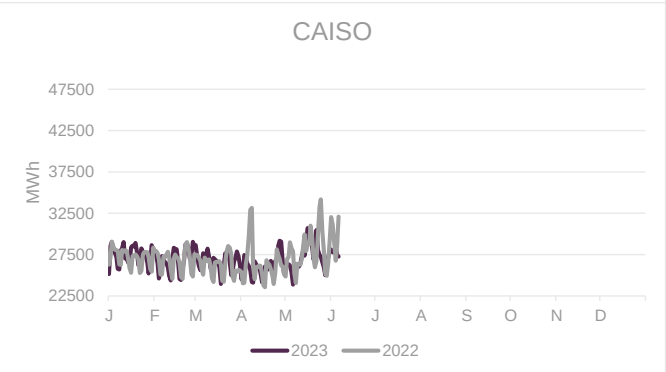

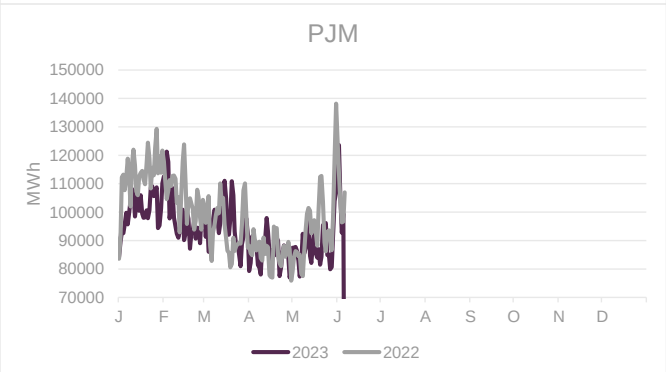

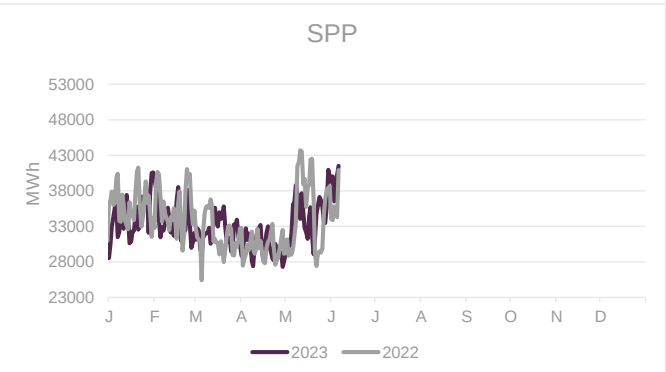

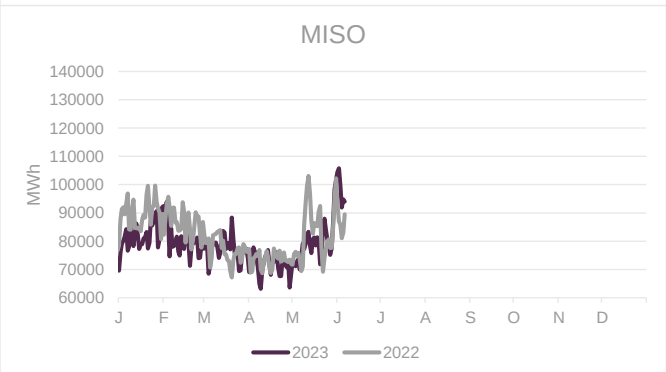

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-3.5%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.1%
PJM	3.8%	0.2%	2.1%	-5.2%	-2.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-1.4%
CAISO	1.2%	4.0%	0.3%	1.0%	-1.7%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-4.2%
SPP	9.7%	5.0%	7.1%	-1.6%	1.1%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	244	66.67%	37	15.16%
NEUTRAL	113	30.87%	6	5.31%
SELL	9	2.46%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KeyBanc Capital Markets

Alert

June 28, 2023

Energy: Electric Utilities

Midweek Thoughts — EXC, NWE, SRE, AVA, CNP, SRE, ETR, AEP, XEL

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, ComEd files rebuttal testimony in the IL electric MYRP; NWE files an electric rate case with SD PUC; the comment period closes on the EPA-proposed rule strengthening Mercury and Air Toxic Standards for generators; SRE requests FERC authorization to increase construction efficiency at Port Arthur; AVA kicks off the 2023 natural gas IRP process; the TX governor signs several energy-related bills that were awaiting action; EIX signs a 15-year PPA for a 126 MW battery storage facility; and the AK governor appoints a new commissioner to the RCA.

Industry News and News from Companies in Our Coverage

EXC — ComEd files rebuttal testimony in IL electric MYRP: ComEd's rebuttal testimony includes a $1,550M revenue request over 2024-2027 (Docket: 23-0055). This compares to Staff's recommendation for a $1,039M revenue increase and EXC's initial request for a $1,501M revenue increase. EXC requests a phase-in of new rates by deferring 35% of the 2024 base rate increase, or $343M, for later recovery.

- **ROE:** ComEd argues that Staff's recommended 8.9% ROE using 580 bps over the 2022 U.S. Treasury Bond yield of 3.114% is no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act, which expired at the end of 2022, and the provisions of the CEJA require that the ROE be determined under current commission law. Staff calculated ROE midpoints of 9.23% and 10.87% in its analysis using the traditional DCF and CAPM methods, respectively.
- **Equity Layer:** ComEd maintained its request for an equity ratio of 50.50% equity in RY1 with annual step-ups to 50.74%, 50.96%, and 51.12% for RY2, 3, and 4, respectively. This compares to Staff's recommendation for a flat 50%. ComEd argues that Staff analyzes the capital structure on a backward-looking basis, which does not reflect current economic conditions.
- **What's next?** A proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision. We expect the rate case to be fully litigated given that it is the first MYRP filed since the passage of the CEJA, which changed the rate-making structure in IL from the annual formula rate plans.

Figure 1 - EXC IL MYRP Rebuttal Testimony vs. Staff Testimony

Summary ($M)	2023	2024	2025	2026	2027	Total
EXC						
Revenue Requirement	3,037.5	4,017.8	4,196.5	4,385.1	4,587.3	
Revenue Increase		980.2	178.8	188.6	202.2	**$1,549.8**
Deferred 2024 Revenue to be phased in later						343.1
Other (unreconciled)						(1.9)
Total Revenue Requirement per EXC revised testimony						1,891.0
Staff						
Revenue Requirement	3,046.0	3,694.6	3,821.3	3,972.2	4,084.8	
Revenue Increase		648.6	126.7	150.9	112.6	**$1,038.8**

Source: Regulatory filings, KeyBanc Capital Markets Inc.

NWE — NWE files an electric rate case with SD PUC: NWE filed an electric rate case (Docket: EL23-016) seeking a $31M revenue increase, premised on a 10.7% ROE, 50.5% equity, and a $787M rate base. The request includes the recovery of $267M of capital investment since 2014, including the $86M Bob Glanzer Generation Station. NWE also seeks to adjust the rate base to include plant additions placed in service before the completion of the rate case, including $7.2M for the planned Chamberlain Junction transmission project. The filing includes changes in depreciation rates and deferred tax assets. NWE's last rate filing in SD was in 2015, when it received a $41M revenue increase, premised on a 7.24% overall return. That compares to NWE's 7.54% ask in the rate case. Based on recent SD rate cases, a PUC decision is expected in the first half of 2024.

NWE — Comment period closes on EPA-proposed rule strengthening Mercury and Air Toxic Standards for generators: The comment period closed last Friday on the new proposed rules regarding strengthening MATS rules for coal- and oil-fired electric generating units. Colstrip is the only facility impacted by the proposed rule, requiring significant capital investments to comply with the new standards or to close the plant.

- NWE filed comments requesting the EPA either withdraw the rule, create a subcategory that exempts facilities with wet scrubber technology until the next risk and technology review, or create a retirement subcategory that exempts facilities as long they opt in to a retirement date before 2036. Talen also provided comments, including an analysis that determined the new rules would require $350M of incremental capital and $15M of annual operating costs.
- Colstrip is a base-load resource to supplement variable renewable resources in the supply-constrained West. In its latest IRP filing (read more here), NWE modeled and evaluated scenarios for the closure of Colstrip in 2025, 2030, 2035, and 2042. The 2025 and 2030 closure scenarios highlight extreme market risk. If the Colstrip owners were required to invest in the necessary equipment, the higher costs would result in higher rates or redirection of capital from other planned projects, reducing regional reliability. NWE currently owns 222 MW in Unit 4 and will acquire a 111 MW ownership stake in Colstrip Units 3 and 4 in 2026.
- As background, the EPA recently proposed the first update to the 2012 Mercury and Air Toxic Standard (MATS) rule for power plants, recommending tightening the standard for non-mercury metal hazardous air pollutant emissions by 67% and reducing the filterable particulate matter emission standard to 0.01 lb/MMBtu from 0.03 lb/MMBtu. The EPA also proposed that plants that burn lignite must cut mercury emissions by 70% to align with limits for other coal-fired power plants. According to the EPA's analysis, ~4,800 MW of coal-fired capacity would need to install pollution control equipment to meet the proposed standards, and 500 MW would retire in 2028. The EPA hopes to implement final rules by March 2024.

SRE — SRE requests FERC authorization to increase construction efficiency at Port Arthur: SRE requested authorization to increase the peak workforce to 6,000/day and implement a 24/7 construction schedule at the Port Arthur LNG facility, vs. a 3,000/day workforce and a daily construction schedule from 7:00 AM to 10:00 PM. The adjustments would allow SRE to maximize construction efficiency and improve the chances of meeting the construction deadline. SRE has until June 2028 to complete the project after FERC issued a 50-month extension to build the Port Arthur LNG facility and associated natural gas pipelines. Once complete, Port Arthur will consist of two LNG trains, storage, and related infrastructure. SRE requested a FERC decision on the workforce and schedule requests by February 16, 2024.

AVA — AVA kicks off the 2023 natural gas IRP process: AVA filed a presentation of its 2023 natural gas IRP, which will be discussed tomorrow, June 29, during a special public meeting with the OR PUC. The presentation highlights the Company's preferred resource strategy to meet the expected 0.9% average annual growth through 2045. AVA's OR resource options include a combination of RNG, wastewater treatment plants, EE, community climate investments, and conventional natural gas to meet forecasted demand. AVA could add synthetic methane in the 2030s. As a reminder, AVA filed the IRP with the ID, OR, and WA utility commissions. AVA's filing includes strategies to comply with OR's Climate Protection Program and WA's Climate Commitment Act while meeting forecasted system energy demand. Across the portfolio strategies, AVA will rely heavily on procuring natural gas and energy efficiency. AVA is required to file a natural gas IRP with the OPUC, WUTC, and IPUC every two years.

CNP, SRE, ETR, AEP, XEL — TX governor passes several energy-related bills, closing out the legislative session: Governor Abbott signed four bills into law: SB 1015, HB 2555, SB 1094, and HB 4885. The 2023 session focused on grid security, and the outcomes of these bills will likely shape utility rate filings in the state, including CNP's upcoming Houston Electric filing. We highlight the bills below:

- **SB 1015:** The bill relates to periodic non-fuel rate adjustments petitioned by a utility based on capital investments made. The bill proposes permitting up to two annual rate adjustments vs. one currently. The bill is effective immediately.
- **HB 2555:** The bill allows T&D utilities to file for PUC preapproval of resilience programs that are a minimum of three years. The utilities can propose a system resilience plan to harden electrical T&D facilities, and underground distribution lines, install lightning and flood mitigation measures, implement cybersecurity measures, and implement vegetation management and wildfire mitigation and response. Utilities are able to seek a rider or be eligible to defer the cost as a regulatory asset. The bill is effective immediately.
- **SB 1094:** The bill allows electric utilities to apply for preapproval of power purchase agreements exceeding three years. The bill is effective September 1.
- **HB 4885:** The bill updates the Texas emissions-reduction plan to provide funding for hydrogen infrastructure, vehicles, and equipment to accelerate the transition to cleaner transportation options. The bill is effective September 1.

EIX — EIX signs 15-year PPA for 126 MW battery storage facility: EIX signed a 15-year PPA with Leeward Renewable for the 126 MW Antelope Valley battery storage project. Construction is expected to start in the middle of 2023 and be completed by early 2024. The project was one of the six approved SCE proposed lithium-ion battery storage contracts with a total capacity of ~625 MW/2,500 MWh. SCE submitted these projects in response to the CPUC's order for load-serving entities to procure at least 11.5 GW of clean energy resources between 2023 and 2026. SCE has secured ~2.4 GW of its required 4 GW of clean energy resources.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

AVA — AK governor appoints new commissioner to the RCA; RCA reelects chair: Alaska Governor Mike Dunleavy appointed John Espindola to the Regulatory Commission of AK. Mr. Espindola replaces former Commissioner Dan Sullivan and will serve through March 1, 2025. Mr. Espindola began serving immediately but is subject to Senate confirmation, which will likely be taken up during the 2024 legislative session. The RCA also reelected Keith Kluber to a second one-year term as the RCA chair. Chair Kluber's term extends through March 2027, but a commissioner may not serve more than three consecutive terms as chair. The RCA is a five-person, governor-appointed commission. We are watching AVA's AEL&P electric rate case for a $3.2M revenue increase. Interim rates were enacted in September, and an RCA decision is expected in 4Q23.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 1Q23 Earnings Preview: It's Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	263	49.91	43	16.35
Sector Weight [SW]	258	48.96	43	16.67
Underweight [UW]	6	1.14	3	50.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	14	63.64
Sector Weight [SW]	32	56.14	12	37.50
Underweight [UW]	3	5.26	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Power & Utilities

June 26, 2023

The Guggenheim Daily Transmission: FE, AEP, VST, AEE/EXC/IL, EVRG, ERCOT, PCG, ED, LNT, Talen

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	80.83	Neutral
AEP	83.49	Buy
ED	90.74	Neutral
EVRG	57.31	Buy
EXC	39.87	Neutral
FE	38.49	Buy
LNT	51.83	Neutral
PCG	16.89	Buy
VST	25.10	Buy

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our SMR NDR, SRE NDR, LNT NDR, PNW NDR, AWK NDR, ED NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, and other events, scroll down...

Forward Power Curves, Genco MtM, and Weekly Commentary (see our note HERE)

FE – Order denying rehearing in Maryland case

AEP – KPSC orders response to allegations filed against Kentucky Power

VST – DOJ antitrust division examining Energy Harbor deal

AEE/EXC/IL – Local media highlights suite of cases across IL amid bill pressure concerns

EVRG – Additional motions to intervene filed in Kansas cases

ERCOT – TX Supreme Court determines ERCOT is a government entity

PCG – PG&E prepares public for wildfire season mitigation response including PSPS

ED – Intervenor files late statement of opposition to residential rate increases in CECONY Steam rate case

LNT – IUB rolls 200MW solar and 75MW BESS advanced ratemaking into Duane Arnold rehearing

Talen – Talen shares list to OTC Pink Market

FE – Order denying rehearing in Maryland case

- On June 5th, the OPC filed a motion for rehearing of Commission Order 90615.
- "As the Commission noted in Order No. 90615, OPC simply seems unwilling to accept the fact that the proper investigations into that misconduct were conducted by the relevant federal authorities, including the U.S. Department of Justice, SEC and FERC and the State of Ohio, entities with actual subpoena power over FirstEnergy and FESC." – filing linked in docket below.
- Docket 9667

Guggenheim takeaway: *We note that in Order No. 90615, the Commission concluded that the record does not justify extending this investigation to entities outside of Maryland.*

AEP – KPSC orders response to allegations filed against Kentucky Power

- "The Commission explained that it "is concerned about the future of Kentucky Power as a utility and about the customers it serves in Eastern Kentucky." – linked KPSC order
- The KPSC ordered that Kentucky Power shall submit to the Commission, within 30 days of service of its Order, a written response to the allegations contained in the Order.
- This case was initiated on September 15, 2021, under KRS 278.250, which authorizes the Commission to investigate the condition of any jurisdictional utility, and KRS 278.260, which authorizes the Commission to investigate the rates or service of a jurisdictional utility on the Commission's own motion.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

- Docket 2021-00370

Guggenheim takeaway: *We highlight that in the final Order in case 2023-00145, the Commission denied Kentucky Power's request to defer $11.5m into a regulatory asset, finding, among other things, that Kentucky Power did not provide sufficient evidence to meet its burden that the costs were prudently incurred.*

VST – DOJ antitrust division examining Energy Harbor deal

- PJM received a Civil Investigative Demand regarding operating details within PJM
- "Pursuant to Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (Operating Agreement), section 18.17.2(a), PJM Interconnection, L.L.C. (PJM) is hereby notifying Members that on June 20, 2023, PJM received a Civil Investigative Demand (CID) from the United States Department of Justice - Antitrust Division. The CID requires PJM to produce documents and answer interrogatories in connection with Vistra Corp.'s proposed acquisition of Energy Harbor Corp. A copy of that CID is available for viewing with link below." - PJM
- More HERE
- CID text HERE

Guggenheim takeaway: *Interesting legal data point for your awareness – we continue to dig further as to whether this is merely a data gathering exercise by the DOJ or something indicative of more back and forth to come.*

AEE/EXC/IL – Local media highlights suite of cases across IL amid bill pressure concerns

- 12.8% of state utility customers were behind on bills as of April, with an average balance of ~$250
- More HERE

Guggenheim takeaway: *Minor media FYI as the cases continue to generate news stories in the state.*

EVRG – Additional motions to intervene filed in Kansas cases

- Walmart [NYSE:WMT] on Friday became the latest party to file a petition to intervene
- More HERE

Guggenheim takeaway: *Flagged for your awareness as the case process continues to get off the ground ahead of more momentum in August. As a reminder, we see this case as a key gating item for understanding EVRG's LT earnings power and how investors may view Kansas with regard to EVRG's overall premium/discount. We remain of the view that this is one of the more vetted capital plans in the space at this point, with the existing 2018 case's capital parameters (e.g., prior 9.3% ROE) already a muted floor in our view.*

ERCOT – TX Supreme Court determines ERCOT is a government entity

- The decision strengthens the ISO's immunity to lawsuits, including several tied to the events in 2021
- "ERCOT's governmental nature is demonstrated most prominently by the level of control and authority the state exercises over it and its accountability to the state," - Chief Justice Nathan L. Hecht.
- More HERE

Guggenheim takeaway: *This has been a noisy issue back and forth in the courts for some time, and while not a direct financial data point, it nonetheless resolves an unanswered tertiary question in the market.*

PCG – PG&E prepares public for wildfire season mitigation response including PSPS

- PG&E notified customers of inspections and flyovers for electric infrastructure in certain high risk areas ahead of wildfire season and noted PSPS could be implemented during high risk events.
- More in media here.

Guggenheim takeaway: *Datapoint on the active preparations for wildfire season and PG&E's goal of optimizing layers of wildfire protection.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

ED — Intervenor files late statement of opposition to residential rate increases in CECONY Steam rate case

- Utilisave (utility auditing firm, private) filed a letter in opposition to uncapped rate increases for residential customers.
- NYPSC previously approved a request by stakeholders to delay evidentiary hearings in lieu of settlement talks.
- CECONY Steam previously filed an updated rate case testimony reflecting a $140.5M revenue increase (up from $136.7M originally).
- The update includes new data and requests on capex and O&M related to infrastructure, as well as sales forecasting updates.
- The original request was based on a 10.0% ROE (vs. 9.3% currently authorized, with earned returns well below the allowed levels), 50% equity ratio vs 48% currently allowed and $1.8B in rate base.
- CECONY also noted that nearly half of the request is related to property taxes.
- Docket: 22-S-0659

Guggenheim takeaway:*FYI. Settlement in progress and the rate suspension is only extended for a short period (~May 2023). While there are no datapoints on settlement, given the small system size and customer count there is more opportunity to settle in our view. An earned ROE reset to existing levels could represent up to a $0.10 EPS step up.*

LNT — IUB rolls 200MW solar and 75MW BESS advanced ratemaking into Duane Arnold rehearing

- The move comes after the court remanded the issue back to the IUB, which will hold a scheduling conference 7/10
- “On June 20, 2023, in Polk County District Court Case No. CVCV065011, the matter regarding the 200-megawatt (MW) solar project and 75-megawatt battery energy storage system (BESS) was remanded to the Board. The Board will consider the additional 200-MW solar facilities and the 75-MW BESS in conjunction with the Duane Arnold I and Duane Arnold II rehearing.” - filing
- More HERE

Guggenheim takeaway: *Scheduling heads up on the heels of last week’s court decision, with the prospects for advanced ratemaking now resurrected for the entirety of the 2022 RPU. As a reminder, at AGA last month the team indicated that in their view the policy is cut and dry, with the issues on this RPU not indicative of issues with prior processes (e.g., wind) or the team’s future interest in pursuing the option. The backdrop was also framed through a new IUB-old IUB lens, with management noting that it remains confident on the use of the pathway - supported by a focus ongoing dialogue - (e.g., if the IUB wants more information during an RPU, then inform IPL earlier in the process). Stay tuned for more in the coming weeks.*

Talen — Talen shares list to OTC Pink Market

- “Talen Energy Corporation ("Talen") (OTC-PINK: TLNE) today announced that its shares of common stock (the "Shares"), began trading on the OTC Pink Market under the symbol TLNE effective at the opening of trading on Friday, June 23, 2023. Existing shareholders of Talen will now find the Shares quoted on the OTC Pink Market without any further action needed. While the Shares currently trade on the OTC Pink Market, Talen is actively working towards an OTCQX listing to further improve investor access and liquidity.” - release
- More HERE

Guggenheim takeaway: *An incremental step towards what we expect may be a listing on a broader exchange later this year. We are paying attention to valuation datapoints that reflect other IPPs in our coverage.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

NuScale Power Corporation (SMR)

Chris Colbert, *Chief Financial Officer*

Scott Kozak, *Director, Investor Relations*

Date & Location

Tuesday, June 27, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $1.9bn

NuScale Power Corp. (SMR) engages in the commercialization of a modular, scalable 77 megawatt electric Light Water Reactor nuclear power plant using rights to a nuclear power plant design. Its products include VOYGR SMR Plants and Energy Exploration (E2) Centers. The company was founded by José N. Reyes in 2007 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Sempra (SRE)

Jeffrey Martin, *President & Chief Executive Officer*
Trevor Mihalik, *Chief Financial Officer*
Kevin Sagara, *Group President*
Allen Nye, *Chief Executive Officer, Oncor*
Justin Bird, *Chief Executive Officer, Sempra Infrastructure*
Faisel Khan, *Chief Financial Officer, Sempra Infrastructure*

Date & Location
June 28 – June 30, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Lunch

Company Information
Market Cap: $46.6bn
Sempra (SRE) is an energy-service holding company that engages in the development and operation of energy infrastructure and provision of electric and gas services. It operates through the following segments: San Diego Gas and Electric Company (SDG&E), Southern California Gas Company (SoCalGas), Sempra Texas Utilities, Sempra Mexico, and Sempra LNG. The SDG&E segment offers electric and natural gas services. The SoCalGas segment owns and operates a natural gas distribution, transmission, and storage systems. The Sempra Texas Utilities segment comprises the equity method investments in Oncor Holdings and Sharyland Holdings. The Sempra Mexico segment includes the operating companies of IENova. The Sempra LNG segment develops natural gas storage and related pipeline facilities. The company was founded on October 11, 1996, and is headquartered in San Diego, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

SAVE THE DATE

2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Alliant Energy Corp (LNT)

John Larsen, *Chairman & Chief Executive Officer*
Lisa Barton, *President & Chief Operating Officer*
Robert Durian, *Chief Financial Officer*
Susan Trapp Gille, *Manager, Investor Relations*

Date & Location
July 17 – 18, 2023
Boston

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $13.45bn
Alliant Energy Corp. (LNT) is a regulated investor-owned public utility holding company, which engages in the provision of regulated electricity and natural gas service to natural gas customers in the Midwest through its two public utility subsidiaries. It operates through following segments: Electric Utility, Gas Utility, Other Utility, and Non-Utility and Other. The company was founded in 1981 and is headquartered in Madison, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeffrey Guldner, Chairman, President & CEO

Andrew Cooper, *Chief Financial Officer*

Dates & Locations

July 19 | New York
July 20 | Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $9.05bn

Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ.
(Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	6/22	NYC
SMR	6/27	NYC
SRE	6/28–6/30	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	Boston
PNW	7/19–7/20	NYC & Boston
AWK	8/9–8/10	West Coast
ED	8/14	NYC
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim Comp Sheet

6/24/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					22-'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$59.21	3,394	3.70	4.17	4.56	4.87	5.07	3.67	4.08	4.35	4.83	5.05	0.03	0.09	0.21	0.04	–	16.1x	14.5x	13.6x	12.3x	11.7x	-8%	-11%	-11%	-15%	-13%	8.4%	4.7%	72%	Sell	$54	-4%	Neutral	$67	17%
AVA	$39.44	2,988	2.28	2.49	2.61	2.67	2.73	2.34	2.48	2.62	2.67	2.76	(0.06)	–	–	–	–	16.9x	15.9x	15.1x	14.8x	14.3x	-4%	-3%	-2%	3%	6%	5.2%	4.8%	78%	Sell	$35	-6%	Sell	$39	4%
NWE	$57.75	3,452	3.42	3.55	3.75	3.91	4.08	3.47	3.57	3.74	3.84	3.97	(0.05)	–	–	0.07	0.11	16.7x	16.2x	15.4x	15.0x	14.6x	-5%	-1%	1%	5%	7%	5.1%	4.5%	74%	Sell	$46	-16%	Buy	$60	8%
POR	$47.34	4,574	2.66	3.05	3.21	3.38	3.55	2.68	3.06	3.21	3.34	3.53	–	–	–	0.04	–	17.7x	15.5x	14.7x	14.2x	13.4x	1%	-5%	-4%	-1%	-1%	5.3%	4.1%	67%	Neutral	$50	10%	Buy	$53	16%
		14,408																**16.8x**	**15.5x**	**14.7x**	**14.1x**	**13.5x**	**-4%**	**-5%**	**-4%**	**-2%**	**-0%**	**6.0%**	**4.5%**	**73%**						
Mid/Large Cap Electric																																			
AEE	$82.29	21,599	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.02	5.36	5.66	–	–	0.03	0.04	–	18.8x	17.6x	16.4x	15.4x	14.5x	7%	8%	7%	7%	7%	6.6%	3.2%	58%	Neutral	$89	11%	Buy	$92	15%
AEP	$85.10	43,809	5.30	5.64	6.00	6.39	6.81	5.28	5.62	5.98	6.37	6.84	–	–	–	–	(0.03)	16.1x	15.1x	14.2x	13.4x	12.4x	-8%	-7%	-7%	-7%	-8%	6.0%	4.0%	63%	Buy	$105	27%	Buy	$98	19%
CMS	$59.61	17,386	3.12	3.41	3.65	3.91	4.26	3.11	3.34	3.63	3.89	4.18	–	0.07	–	–	0.08	19.2x	17.8x	16.4x	15.3x	14.3x	9%	9%	7%	7%	5%	8.1%	3.4%	63%	Neutral	$65	12%	Buy	$66	15%
CNP	$29.11	18,323	1.50	1.61	1.73	1.87	2.03	1.49	1.61	1.71	1.85	1.99	–	–	–	–	0.04	19.6x	18.1x	17.0x	15.7x	14.6x	11%	11%	11%	10%	8%	8.0%	2.6%	49%	Buy	$32	13%	Buy	$32	13%
D	$53.00	44,305	3.89	3.75	3.97	4.24	4.50	3.78	3.76	3.97	4.36	4.45	0.11	–	–	(0.12)	0.05	14.0x	14.1x	13.3x	12.2x	11.9x	-20%	-14%	-13%	-15%	-12%	1.4%	5.1%	72%	Buy	$63	24%	Neutral	$60	18%
DTE	$112.94	23,278	6.26	6.73	7.19	7.75	8.30	6.22	6.68	7.13	7.73	8.24	0.04	0.05	0.06	–	0.06	18.1x	16.9x	15.8x	14.6x	13.7x	3%	4%	3%	2%	1%	6.4%	3.5%	61%	Buy	$127	16%	Buy	$127	16%
DUK	$90.90	70,084	5.65	6.05	6.35	6.75	7.15	5.63	5.97	6.34	6.73	7.12	–	0.08	–	–	0.03	16.2x	15.2x	14.3x	13.5x	12.8x	-8%	-7%	-6%	-6%	-6%	6.3%	4.6%	72%	Buy	$114	30%	Buy	$104	19%
ED	$92.12	31,923	4.83	5.19	5.50	5.81	6.02	4.85	5.23	5.50	5.84	6.13	–	(0.04)	–	–	(0.11)	19.0x	17.6x	16.7x	15.8x	15.0x	8%	8%	9%	10%	11%	5.7%	3.6%	65%	Neutral	$90	1%	Sell	$90	1%
EIX	$69.09	26,460	4.70	4.94	5.36	5.70	6.10	4.73	5.10	5.51	5.92	6.11	(0.03)	(0.15)	(0.15)	(0.22)	–	14.6x	13.6x	12.5x	11.7x	11.3x	-17%	-17%	-18%	-19%	-17%	5.7%	4.4%	61%	Buy	$81	22%	Buy	$75	13%
ES	$70.75	24,681	4.34	4.71	5.02	5.31	5.57	4.36	4.66	5.00	5.31	5.66	–	0.05	–	–	(0.09)	16.2x	15.2x	14.1x	13.3x	12.5x	-8%	-7%	-8%	-7%	-8%	6.4%	3.9%	62%	Buy	$91	33%	Buy	$86	25%
ETR	$99.18	20,971	6.71	7.16	7.76	8.31	8.97	6.69	7.18	7.70	8.22	8.83	–	–	0.06	0.09	0.14	14.8x	13.8x	12.9x	12.1x	11.2x	-16%	-15%	-16%	-16%	-17%	6.9%	4.5%	64%	Buy	$124	29%	Buy	$118	24%
EVRG	$58.30	13,385	3.65	3.97	4.24	4.47	4.75	3.63	3.96	4.24	4.45	4.65	–	–	–	–	0.11	16.1x	14.7x	13.8x	13.1x	12.6x	-9%	-10%	-10%	-9%	-7%	4.8%	4.4%	68%	Buy	$72	28%	Neutral	$65	15%
EXC	$40.54	40,309	2.36	2.50	2.74	2.93	3.10	2.37	2.52	2.72	2.92	3.11	–	–	–	–	–	17.1x	16.1x	14.9x	13.9x	13.0x	-2%	-1%	-3%	-3%	-4%	6.4%	3.7%	61%	Neutral	$45	15%	Buy	$45	15%
FE	$39.22	22,467	2.54	2.69	2.89	3.07	3.27	2.54	2.68	2.88	3.08	3.26	–	–	–	–	–	15.4x	14.6x	13.6x	12.7x	12.0x	-12%	-11%	-11%	-11%	-11%	6.3%	4.1%	61%	Buy	$46	21%	Buy	$43	14%
LNT	$52.73	13,256	2.90	3.08	3.27	3.50	3.67	2.90	3.09	3.27	3.47	3.67	–	–	–	–	–	18.2x	17.1x	16.1x	15.2x	14.4x	4%	5%	5%	6%	6%	6.1%	3.5%	63%	Neutral	$52	2%	Buy	$57	11%
OGE	$36.19	7,248	2.02	2.16	2.25	2.37	2.48	2.00	2.12	2.25	2.39	2.49	–	0.04	–	–	–	18.1x	17.1x	16.1x	15.1x	14.5x	3%	5%	5%	5%	7%	2.8%	4.7%	82%	Neutral	$38	10%	Neutral	$39	12%
PCG	$17.29	34,507	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	14.3x	12.8x	11.8x	10.8x	10.0x	-19%	-22%	-23%	-24%	-27%	9.7%	0.8%	11%	Buy	$22	28%	Buy	$19	10%
PEG	$62.11	30,991	3.45	3.67	4.10	4.29	4.59	3.44	3.68	4.04	4.24	4.47	–	–	0.06	0.05	0.12	18.0x	16.9x	15.4x	14.6x	13.9x	3%	3%	0%	2%	2%	5.8%	3.8%	66%	Buy	$69	15%	Buy	$67	11%
PNW	$82.67	9,363	4.05	4.60	4.80	5.05	5.35	4.12	4.81	4.98	5.16	5.39	(0.07)	(0.21)	(0.18)	(0.11)	(0.04)	20.1x	17.2x	16.6x	16.0x	15.3x	14%	5%	8%	12%	13%	4.7%	4.3%	80%	Neutral	$77	-3%	Neutral	$78	-2%
PPL	$26.72	19,694	1.58	1.71	1.82	1.96	2.08	1.59	1.71	1.82	1.95	2.10	–	–	–	–	–	16.8x	15.7x	14.7x	13.7x	12.7x	-4%	-4%	-4%	-5%	-6%	8.1%	3.7%	60%	Buy	$34	31%	Buy	$31	21%
SO	$71.30	77,825	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.79	–	–	–	–	–	19.8x	17.7x	16.6x	15.7x	14.9x	13%	8%	8%	9%	10%	5.9%	4.0%	74%	Buy	$79	15%	Buy	$73	6%
WEC	$89.28	28,162	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.26	5.62	6.00	–	–	–	–	–	19.4x	18.2x	17.0x	15.9x	14.9x	10%	11%	11%	11%	10%	6.1%	3.6%	67%	Neutral	$99	14%	Buy	$100	15%
Mid/Lg Cap (excl. EIX, PCG)																		**17.6x**	**16.3x**	**15.3x**	**14.4x**	**13.6x**						**5.9%**	**3.9%**	**65%**						
SMID + Lg Cap		**654,432**																**17.4x**	**16.2x**	**15.2x**	**14.3x**	**13.6x**						**5.9%**	**4.0%**	**67%**						

		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					22-'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
HE	$36.70	4,021	2.24	2.42	2.55	2.67	2.80	2.22	2.38	2.51	2.60	2.71	–	0.04	0.04	0.07	0.09	16.6x	15.5x	14.6x	14.1x	13.5x	-6%	-5%	-4%	-2%	-0%	5%	3.9%	63%	Neutral	$39	10%	Sell	$37	4%
NEE	$75.13	152,020	3.13	3.43	3.69	3.99	4.27	3.11	3.41	3.70	4.00	4.38	–	–	–	–	(0.11)	24.1x	22.1x	20.3x	18.8x	17.1x	37%	35%	33%	31%	26%	8%	2.6%	60%	Buy	$92	25%	Buy	$92	25%
SRE	$146.52	46,103	9.00	9.50	10.13	10.80	11.71	9.02	9.56	10.19	10.81	11.54	–	(0.06)	(0.06)	–	0.18	16.2x	15.3x	14.4x	13.6x	12.7x	-8%	-6%	-6%	-6%	-6%	5%	3.4%	54%	Buy	$174	22%	Buy	$171	20%
		202,144																**19.0x**	**17.6x**	**16.4x**	**15.5x**	**14.5x**	**8%**	**8%**	**7%**	**8%**	**7%**	**6.0%**	**3.3%**	**59%**						
Gas LDCs																																			
NI	$27.15	11,215	1.57	1.68	1.82	1.95	2.07	1.58	1.68	1.80	1.94	2.07	–	–	–	–	–	17.2x	16.1x	15.1x	14.0x	13.1x	-2%	-1%	-1%	-2%	-3%	7%	3.8%	63%	Buy	$31	18%	Buy	$31	19%
CPK	$124.35	2,212	5.42	5.84	6.23	6.59	6.94	5.37	5.80	6.24	6.59	6.95	0.05	0.04	–	–	–	23.1x	21.5x	19.9x	18.9x	17.9x	32%	31%	30%	31%	32%	7%	1.9%	43%	Neutral	$116	-5%	Buy	$135	11%
NJR	$47.21	4,578	2.67	2.65	2.85	3.05	3.30	2.67	2.75	2.96	3.15	3.41	–	(0.10)	(0.11)	(0.10)	(0.11)	17.7x	17.1x	16.0x	15.0x	13.9x	1%	5%	4%	4%	2%	6%	3.5%	60%	Neutral	$47	3%	Neutral	$53	15%
NWN	$42.61	1,496	2.65	2.83	2.98	3.09	3.21	2.67	2.79	2.96	3.05	3.23	–	0.04	–	0.04	–	16.0x	15.3x	14.4x	14.0x	13.2x	-9%	-6%	-6%	-3%	-3%	5%	4.6%	72%	Neutral	$45	10%	Buy	$53	29%
OGS	$77.73	4,305	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.98	5.35	–	(0.06)	(0.04)	–	(0.04)	18.8x	18.1x	17.0x	15.6x	14.5x	7%	11%	11%	9%	7%	10%	3.4%	63%	Neutral	$77	2%	Neutral	$80	6%
SR	$63.82	3,468	4.25	4.31	4.57	4.73	4.99	4.25	4.32	4.62	4.84	5.09	–	–	(0.05)	(0.11)	(0.10)	15.0x	14.8x	13.8x	13.2x	12.5x	-15%	-10%	-10%	-8%	-7%	5%	4.6%	69%	Neutral	$69	13%	Neutral	$73	18%
		27,274																**18.0x**	**17.1x**	**16.0x**	**15.1x**	**14.2x**	**2%**	**5%**	**5%**	**5%**	**5%**	**6.6%**	**3.6%**	**62%**						
Regulated Water																																			
AWK	$148.50	28,905	4.76	5.14	5.59	5.98	6.45	4.77	5.12	5.58	6.04	6.45	–	–	–	(0.06)	–	31.1x	29.0x	26.6x	24.6x	23.0x	77%	77%	74%	71%	70%	7%	1.9%	58%	Neutral	$152	4%	Neutral	$159	9%

		Market	Guggenheim EBITDA Ests					Consensus					Δ vs Consensus (>$20m)					Implied EV/EBITDA Multiple					Enterprise Value					22-'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$89.25	29,155	3,100	3,237	3,377	3,512	4,490	3,225	3,712	3,756	3,595	3,834	(125)	(475)	(379)	(83)	657	10.6x	9.0x	8.5x	8.5x	7.5x	34,045	33,323	32,028	30,673	28,629	8.2%	1.4%	27%	Buy	$97	10%	Buy	$99	12%
NRG	$34.92	8,040	3,100	3,124	3,128	3,044	3,109	3,030	3,170	3,267	2,930	3,224	71	(46)	(140)	113	(115)	5.8x	5.1x	4.5x	4.6x	3.7x	17,470	16,237	14,750	13,362	11,902	21.3%	4.5%	29%	Neutral	$34	2%	Neutral	$37	12%
VST	$25.30	9,438	3,703	3,706	3,766	3,760	3,834	3,686	4,113	4,112	4,184	4,938	–	(407)	(346)	(424)	(1,104)	5.9x	5.3x	5.1x	4.9x	4.1x	21,783	21,654	21,101	20,547	20,379	6.5%	3.4%	29%	Buy	$31	26%	Buy	$32	31%
Other																																			
ALTO	$2.52	192	7	30	36	32	33	19	42	494	518	544	–	–	(459)	(485)	(510)												–	–	Buy	$5	98%	Buy	$5	98%
NEP	$60.63	5,390	1,837	1,977	2,143	2,325	2,471	2,030	2,292	2,480	2,633	2,801	(193)	(315)	(337)	(308)	(330)												6.0%	–	Buy	$74	28%	Buy	$77	34%
SMR	$7.74	569	(131)	(57)	8	96	n/a	(115)	(53)	11	171	546	–	–	–	(74)	–												–	–	Buy	$18	133%	Buy	$14	74%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

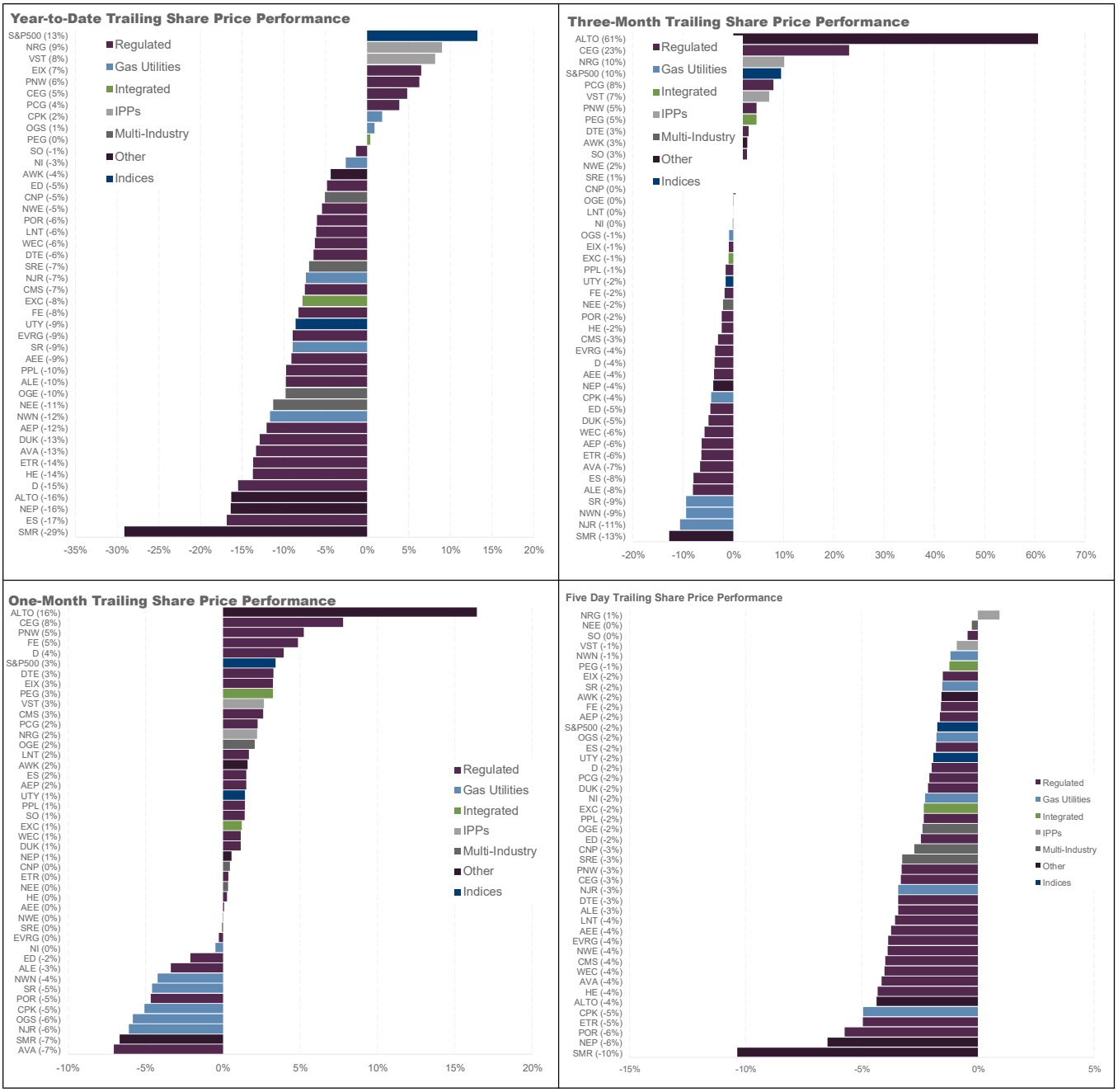

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Generation and Mix

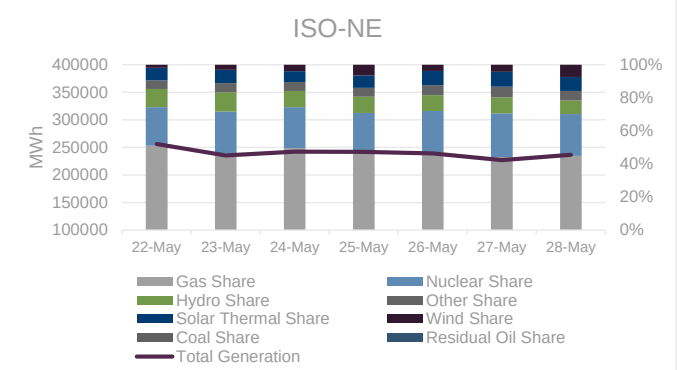

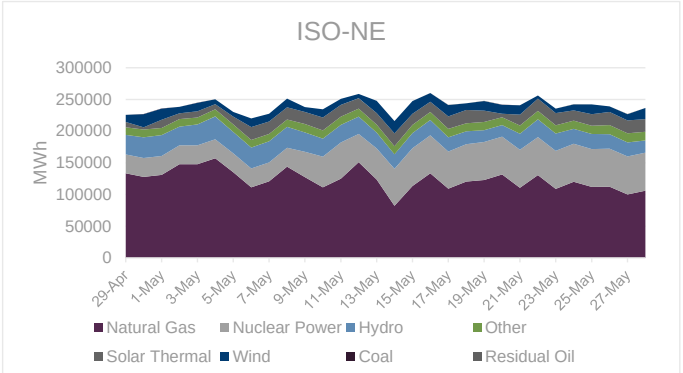

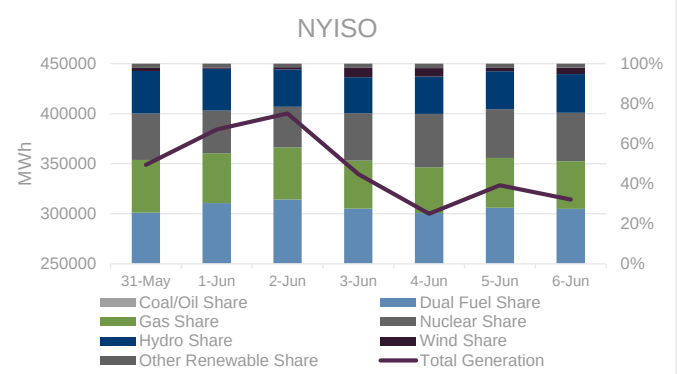

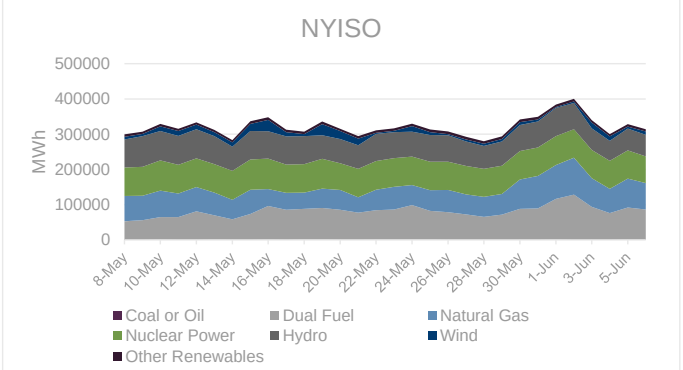

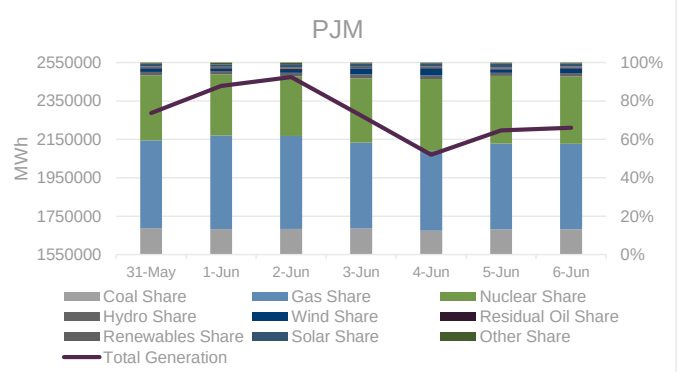

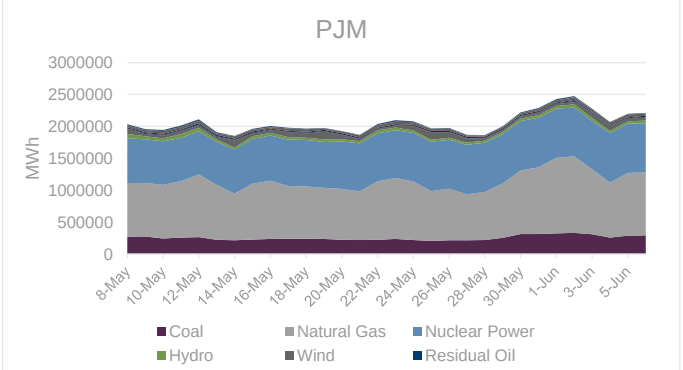

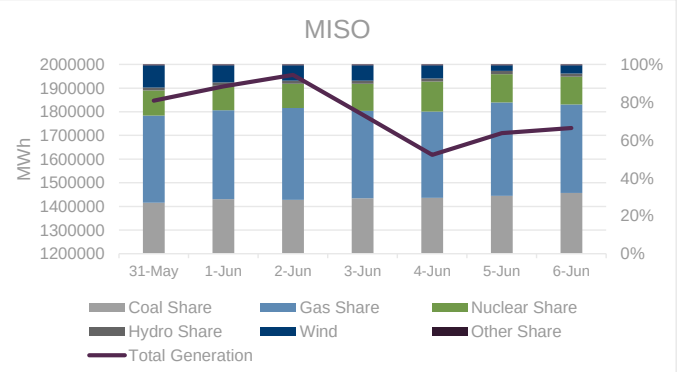

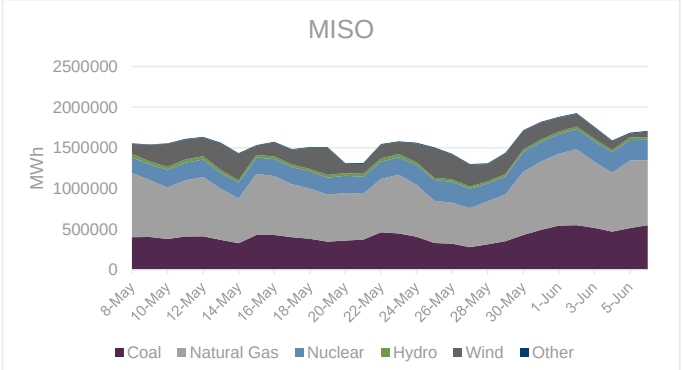

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Generation and Mix (continued)

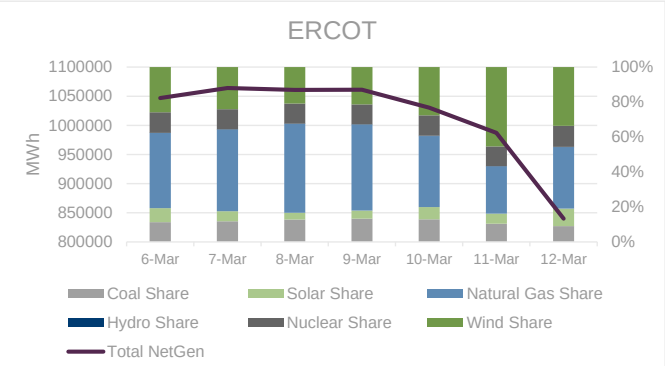

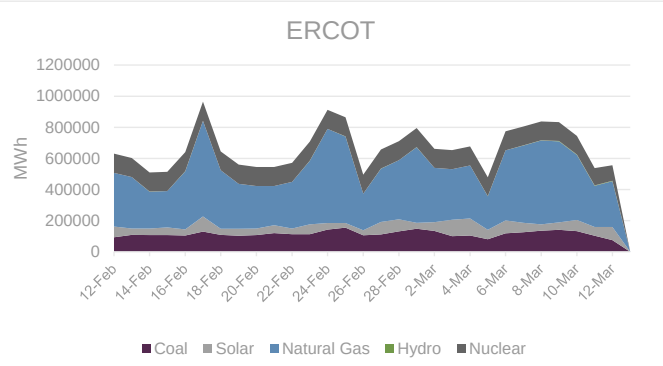

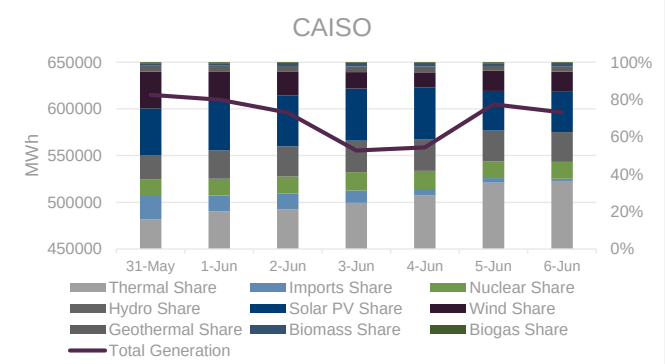

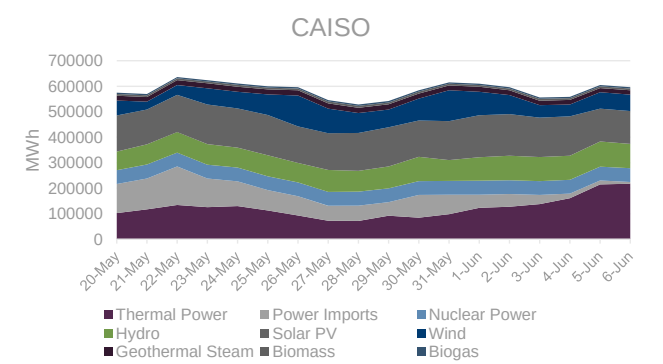

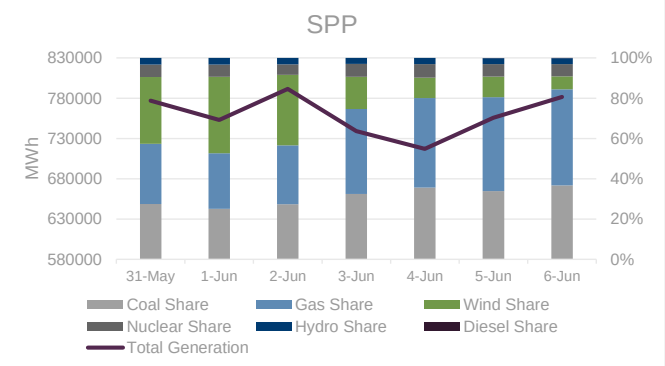

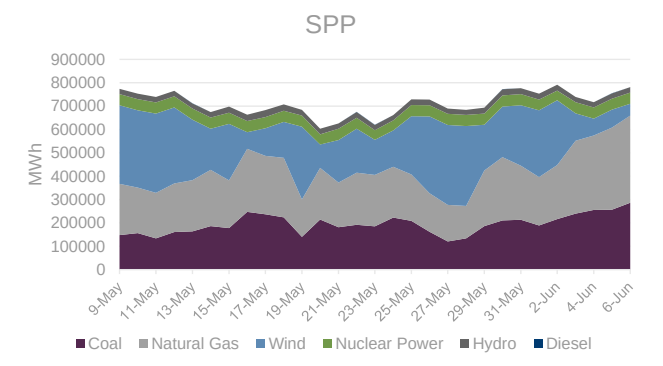

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Weather

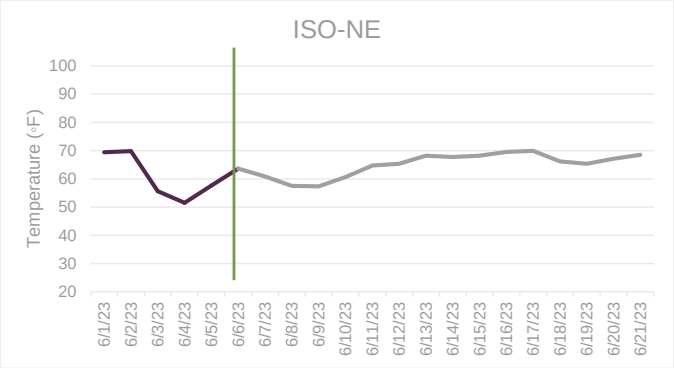

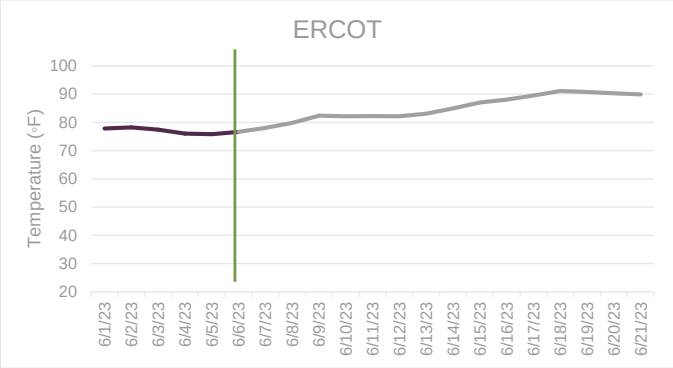

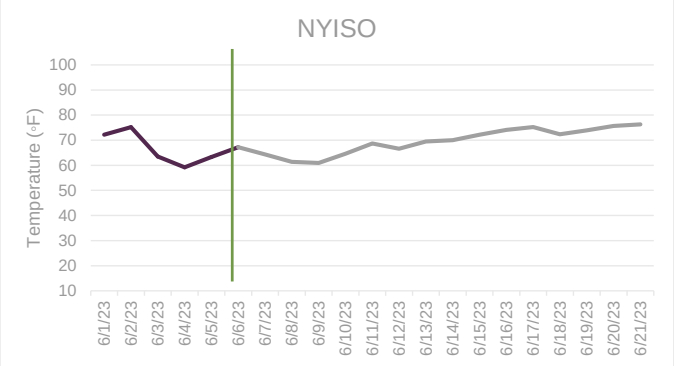

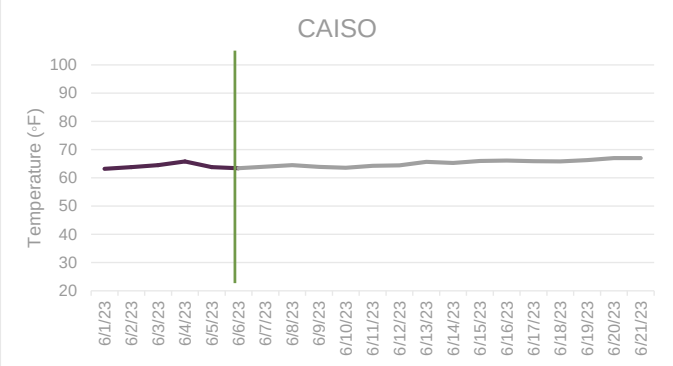

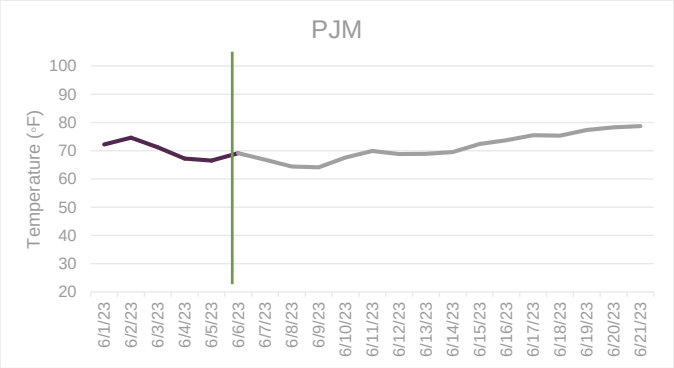

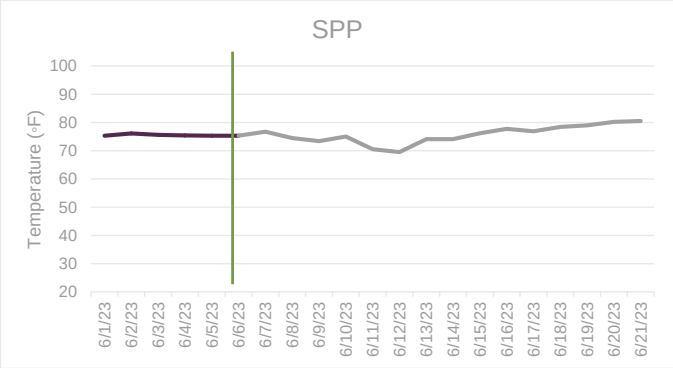

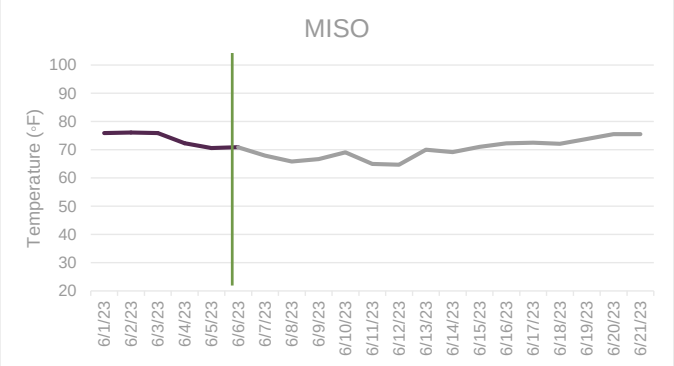

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

YTD Peak Load

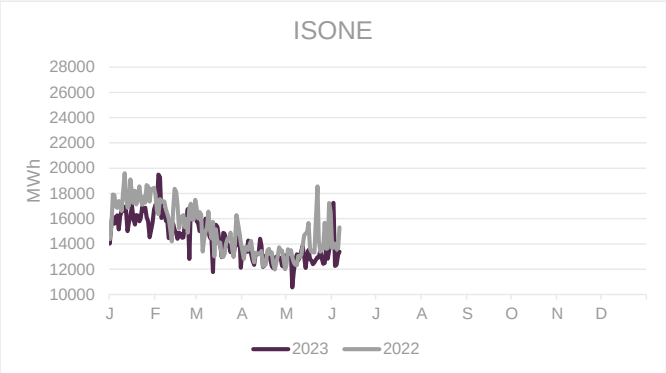

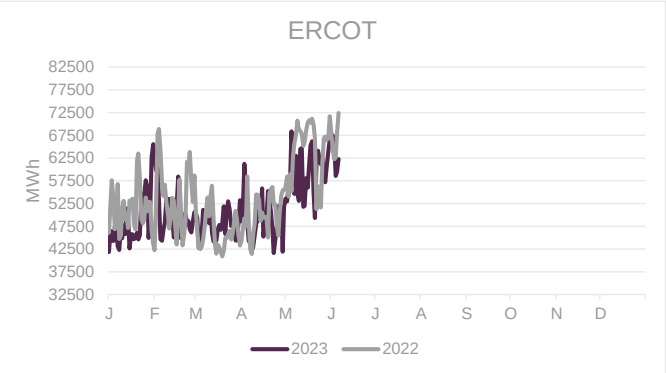

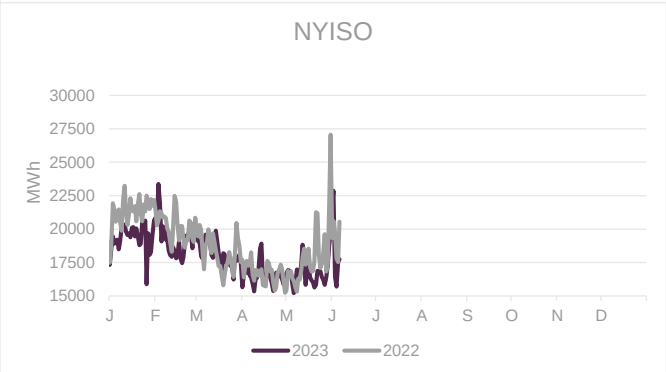

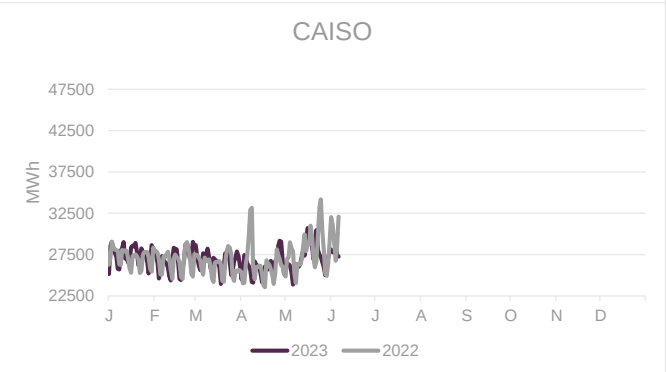

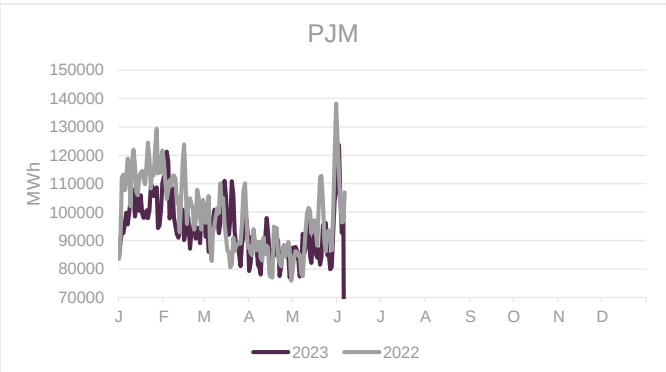

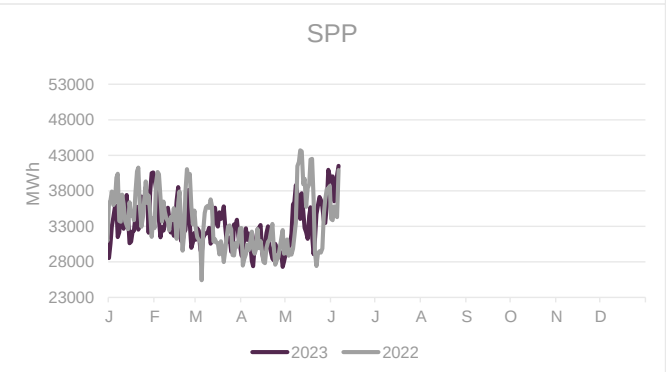

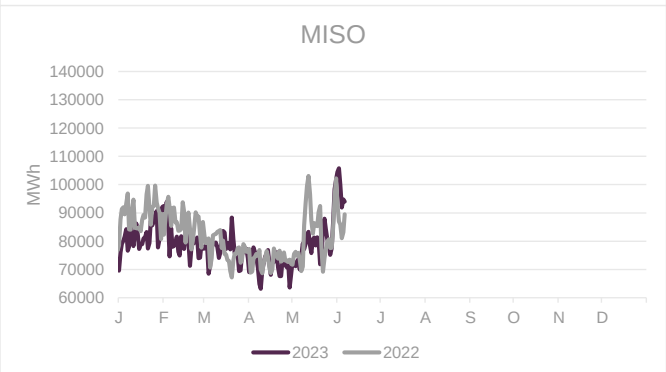

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-3.5%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.1%
PJM	3.8%	0.2%	2.1%	-5.2%	-2.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-1.4%
CAISO	1.2%	4.0%	0.3%	1.0%	-1.7%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-4.2%
SPP	9.7%	5.0%	7.1%	-1.6%	1.1%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	245	66.94%	35	14.29%
NEUTRAL	112	30.60%	6	5.36%
SELL	9	2.46%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KeyBanc Capital Markets

Alert

June 26, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: CMS, EXC, EIX, FE, WEC, XEL, PNW, DUK, SO, CNP, ETR, SRE, AEP, ES, FERC, NERC, MISO

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in CMS's MI gas rate cases, EXC's ComEd electric rate case, Track 4 of SCE's GRC, FE's MD electric rate case, WEC's MI gas rate case, and XEL's MN electric rate case. In other news, Staff files testimony in BG&E's MD electric and gas rate cases; the ACC votes to adopt a settlement in PNW's 2019 rate case appeal; DUK Piedmont files a make-whole gas rate case; GA Staff files testimony in GP's VCM 28 proceedings; FERC and NERC issue status update on the joint inquiry into the bulk-power system operations during the 2022 WS Elliott; FERC issues an updated Energy Infrastructure Report; NERC hosts 2023 State of Reliability webinar; MISO hosts board of director meetings; Houston customers face outages; ERCOT issues weather watch during extreme weather; MD PSC denies a request for rehearing of order, ending the investigation into the impact on ratepayers from OH HB6-related scandal; the KY PSC issues show cause to KY Power; the NC governor signs protection of critical infrastructure bill into law; and the NH governor reappoints a commissioner to the PUC.

Regulatory Calendar

CMS — Briefs in CMS's MI gas rate case are due on June 26: The Staff recommended a $91M revenue increase, premised on a 9.7% ROE, 50.5% equity, and a $10.2B rate base. This compares to CMS's filing requesting a $212M revenue increase, premised on a 10.25% ROE, 51.5% equity, and a $10.3B rate base. The lower cost of gas sold and ROE drove most of the difference between the Staff's recommendation and CMS's request. CMS is seeking new rates to become effective on October 1.

EXC — Rebuttal testimony in ComEd's IL multiyear electric rate case is due on June 27: Staff recommended a $1,039M revenue increase, premised on a flat 50% equity ratio through the multiyear rate period and an 8.9% ROE. The 8.9% is derived using the FRP formula (580 bps plus the 2022 U.S. Treasury bond yield of 3.11%). ComEd requested a $1,499M revenue increase over 2024-2027, based on a 10.5% ROE and 50.58% equity in RY1 (Docket: 23-0055), increasing marginally to 10.65% in RY4. EXC's equity ratio also includes annual step-ups to 50.81%, 51.03%, and 51.19% for RY2, 3, and 4, respectively. The main drivers for the lower revenue requirement recommended by Staff compared to EXC's request can be attributed to the lower ROE, equity ratio, projected plant additions, and adjustments to O&M regarding the pension asset funding cost. A proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision.

EIX — Opening briefs in Track 4 of SCE's GRC are due on June 30: SCE is requesting authorization of a revenue requirement of $8.6B for 2024, an increase of $972M over the 2023 estimated revenue requirement of $7.7B for the 2023 attrition year. Track 4 proceedings are intended to provide a bridge-year funding mechanism for 2024 between the Company's three-year 2021 GRC and the upcoming four-year 2025 GRC cycle. A significant portion of Track 4 proposed revenue requirement is in relation to projects previously approved by the CPUC. A PD is expected in 4Q23.

FE — Rebuttal testimony in FE's MD electric rate case is due on June 30: The MD PSC Staff recommended a net $19M revenue increase, premised on a 9.5% ROE and 53.53% equity. This compares to Potomac Edison Co.'s request for a net $46M revenue increase, premised on a 10.6% ROE and 53.53% equity. The net amounts exclude the recovery of $4.8M of revenue collected through the electric distribution investment surcharge (EDIS). FE seeks to extend the EDIS program for another four years, with which Staff concurred, although it proposed maintaining the 70/30 split to determine the allocation factor (FE proposed a 50/50 split) and use Staff's proposed ROE. The delta between Staff and FE's recommended revenue increases can largely be attributed to the lower ROE, lower depreciation expenses, and reduced incentive compensation expenses. Among other intervenors, the MD OPC recommended a net $14M revenue increase, using a 9.0% ROE and a 45% equity layer. Notably, FE's filing was a single-year rate plan after recent legislation allowed MYRP filings. An MD PSC final decision is expected in 4Q23.

WEC — Intervenor testimony in MI Gas Utilities' natural gas rate case is due on June 30: WEC's subsidiary seeks an $18M revenue increase, premised on a 10.4% ROE and 40.48% equity. The main drivers of the rate increase are to recover labor and material costs, interest expenses, and higher O&M expenses. WEC also seeks to continue its demand response pilot program and changes to its main replacement program rider and surcharges. A MI Commission decision is expected by January 3, 2024.

XEL — A MN PUC final order in XEL's MN electric rate case is due on June 30: The MN PUC is expected to issue a final order after holding deliberations on XEL's rate case at the beginning of the month. The PUC's deliberations resulted in a proposed $306M revenue increase over three years and a 9.25% ROE. Read more about the deliberations here.

Recent Developments for Companies Under Our Coverage

From our midweek: XEL reaches a settlement in the CO electric rate case; SO's Nicor Gas announces that it expects a $38M pre-tax charge due to the disallowance of QIP investments; AGR and PNM extend the merger agreement until year-end; the TX ALJ issues a PFD in the outstanding items in ETR TX rate case; ERCOT issues a voluntary conservation notice as TX faces a heat wave; the MD PSC approves FE's early termination of PPA for the 205 MW Warrior Run coal plant; AEE MO PSC announces plans to add 550 MW of solar projects; the Rochester City Council votes to approve funding to conduct a study on municipalizing the local utility, RGE; and EXC receives ~$30M in federal funding from the Department of Commerce for grid enhancements.

EXC — Staff files testimony in BG&E's MD electric and gas rate cases: MD PSC Staff recommended three-year electric and gas revenue increases of $193M and $232, respectively. The increases are premised on a 9.45% ROE and 52% equity. This compares to BG&E's multiyear electric and gas plans in MD (Docket: C-9692), seeking a cumulative net $314M electric and a $290M gas rate increase over 2024-2026. BG&E's requests are premised on a 10.4% ROE and 52% equity. The delta can largely be attributed to the lower ROE. EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. The request includes a performance incentive mechanism with four performance metrics related to the state's policy goals. An MD PSC decision is expected by year-end, with new rates becoming effective in early 2024.

Figure 1 - BG&E Electric and Gas Rate Cases

	Electric				Gas			
Staff ($M); ROE: 9.45%; Equity Layer 52%	**2024**	**2025**	**2026**	**Total**	**2024**	**2025**	**2026**	**Total**
Rev Increase (unmitigated rate increase with adj.)	39.1	76.1	78.0	193.2	121.7	67.1	43.4	232.2
Rate Base	4,764.2	5,037.5	5,250.6		3,229.6	3,538.3	3,873.5	
BGE ($M); ROE: 10.4%; Equity Layer 52%	**2024**	**2025**	**2026**	**Total**	**2024**	**2025**	**2026**	**Total**
Revenue Increase	85.5	103.3	125.1	313.9	159.1	77.0	54.0	290.1
Rate Base	4,849.1	5,227.2	5,593.4		3,273.0	3,603.7	3,944.9	

Source: Regulatory filings, KeyBanc Capital Markets Inc.

PNW — ACC votes to adopt settlement in 2019 rate case appeal: The ACC voted 4-1 in favor of adopting the settlement between PNW and the Legal Division Staff of the ACC in the 2019 rate case appeal. The approval allows PNW to recover $216M for Selective Catalytic Reduction investments at the Four Corners Power Plant and to increase PNW's authorized ROE to 8.9% ROE, from 8.7%. Per the settlement, PNW would also be allowed recovery of lost revenues since December 2021. On a pro forma basis, the approval authorizes PNW to increase revenues by ~$38M, while PNW will be able to recover ~$60M of lost revenues over the next four years, or $0.26 and $0.42 ($0.14/year), respectively. Following a disappointing order in the last rate case, PNW filed the appeal with the AZ Court of Appeals regarding the SCR disallowance and 20 bps ROE reduction (read more here). New rates go into effect on July 1.

DUK — DUK Piedmont files make-whole gas rate case: DUK Piedmont requested a $13.6M revenue increase to earn the 9.3% authorized ROE. DUK is also requesting a $0.76M increase in the annual cost of gas revenues. The make-whole rate case is allowed under the Rate Stabilization Act, which allows gas utilities to adjust rates regularly based on gas prices and other factors. The Commission approved a previously reached multi-party settlement for a revenue decrease of $1.7M premised on a 9.3% ROE and 52.2% equity layer. The settlement included a $2.9M revenue adjustment for the cost of gas demand. The utility has been operating under SC's Rate Stabilization Act since 2005.

SO — Staff files testimony in GP's VCM 28: Staff expects total Vogtle project costs to be in the range of $21.25B-$21.55B, slightly above GP's $21.0B estimate. The staff assumes a July-August 2023 COD for Unit 3 and a 2Q24 COD for Unit 4. SO recently delayed Unit 3 until July 2023 due to a degraded hydrogen seal that was identified during start-up testing. Staff noted that it's unlikely that Unit 4 will achieve COD by year-end 2023, and 1Q24 is a reasonable estimate. GP's VCM 28 pertains to the July-December 2022 period. GP has presented $461M in capex for review only. The Commission will wait until Vogtle Units 3 and 4 are complete before determining the reasonableness and prudence of the cost overruns and their attribution to ratepayers. SO entered an agreement as part of the VCM 24 Order that it would not seek approval of costs exceeding the $7.3B previously deemed reasonable by the Commission until the prudence review is complete. In VCM 28, GP's cost forecast is ~$10.2B, slightly up from the $10B estimate in VCM 27. The remaining capex to complete the project is ~$0.8B, including GP's share of project contingency.

FE — MD PSC denies request for rehearing of order ending, the investigation into the impact on Potomac Edison ratepayers from the OH HB6-related scandal: The MD PSC issued an order denying the Office of People's Counsel's request for a rehearing. The OPC filed the request after the MD PSC found insufficient evidence that Potomac Edison customers were harmed by the OH scandal and, as a result, closed the investigation. The PSC also did not believe it was the proper authority to conduct the investigation

that the MD Office of People's Counsel sought. The PSC conducted the investigation following a petition filed by the OPC. The PSC noted that any impact on Potomac Edison's ratepayers will be addressed in a rate case proceeding (Docket: 9695), where intervenors, including the OPC, can request discovery into the effects of the OH scandal on Potomac Edison ratepayers.

AEP — KY PSC issues show cause to KY Power: The KY PSC ordered KY Power to show cause why it should not be subject to civil penalties and remedies for failure to provide adequate service. KY Power will have 30 days to file a response to the allegations, including how it should address the allegation that it is failing to comply with its statutory obligations, how it proposes to render adequate service, and the time frame to correct its failures. The show cause is in response to KY Power's extraordinary purchased power costs from PJM during Winter Storm Elliott. KY Power sought to defer ~$11.5M in non-fuel adjustment clause (non-FAC) eligible purchased power costs, which the PSC denied. The PSC will establish a procedural schedule once KY Power files its written response.

CNP, SRE, ETR — Houston customers face outages, and ERCOT issues weather watches for the week: Nearly 375K customers faced outages from strong storms that moved through the Houston area last Wednesday evening. ~325K CNP customers and ~50K ETR customers were without power at the peak. The utilities are working to repair damages and restore power with ~43K customers still without power on Friday afternoon. The storms occurred during a heat wave and required ERCOT to issue a Weather Watch. Currently, ERCOT forecasts that demand will reach 83,852 MW on June 26 and 84,519 MW on June 28, which would both set all-time peak demand records. The current record is 80,148 MW, set on July 202, 2022. In the 2023 summer seasonal assessment of resource adequacy, ERCOT projected that sufficient capacity would be available to serve the forecasted peak load for the upcoming summer season. ERCOT assumed a base summer peak load demand of 82,739 MW. The grid operator has ~97,000 MW of resource capacity, providing a 23% planning reserve margin.

DUK — NC governor signs protection of critical infrastructure bill into law: Governor Cooper signed SB 58 into law to protect critical infrastructure by imposing harsher penalties on any individual found guilty of damaging critical utility infrastructure. The new penalties include up to six years in prison and $0.25M in fines. At the same time, any individual injured by the damage to the facility would be eligible to seek retribution against the criminal. The bill also increases penalties for damage to telephone, broadband, broadcast, or cable telecommunications wires. Recent attacks on the power grid in various U.S. states have brought new urgency to the issue of grid security and resilience. The law takes effect on December 1, 2023.

ES — NH governor reappoints commissioner to the PUC: NH Governor Chris Sununu reappointed Carleton Simpson to serve a full term through June 2029. He awaits confirmation by New Hampshire's Executive Council. Mr. Simpson was first appointed to the PUC in November 2021. Commissioner Simpson is joined by Chair Goldner and Commissioner Chattopadhyay, each serving terms until 2025 and 2027, respectively.

FERC and NERC issue status update on the joint inquiry into the bulk-power system operations during the 2022 WS Elliott: FERC, the North American Electric Reliability Corporation (NERC), and NERC's Regional Entities' early observations were that freezing issues, mechanical/electrical issues, and fuel issues were the major causes of the generating unit outages during the storm. The parties reinforced prior recommendations made to prepare generating units for cold weather, including freeze protection measures, pre-operational warming prior to cold weather, and securing adequate winterization supplies and equipment. FERC, NERC, and NERC's Regional Entities opened the joint inquiry in December 2022. The parties are working with other federal agencies, states, and utilities to identify additional issues and recommend solutions. At the peak, ~1.7M customers were without power, with many utilities, RTOs, and ISOs declaring emergency energy alerts and requesting voluntary conservation. DUK, ETR, and the TVA implemented rolling power outages. FERC and NERC conducted a similar review after the 2021 winter storm. NERC recently issued a Cold Weather Preparation alert to prepare the grid before the 2023/2024 winter season.

FERC issues updated Energy Infrastructure Report: According to the report, natural gas capacity increased by ~4,470 MW in the first four months, up from 551 MW during the same period last year. Solar capacity increased by 3,409 MW, up from 3,064 MW in 2022 or +10% y/y. Wind added 1,967 MW during the first four months, down from 5,161 MW last year. Supply chain issues and inflation have hampered the development of wind projects. Longer term, FERC expects ~114 GW of total high probability capacity coming online between May 2023-April 2026, partially offset by ~44 GW of power plant retirements. Solar (~78 GW) makes up ~68% of the high-probability additions, with wind expected to add ~20 GW. The total estimated installed capacity additions over the next three years are ~318 GW. To support the additional renewable generation, ~2,350 miles of high-voltage transmission have a high probability of coming online by September 2025.

MISO focuses on transmission and interconnection during board meetings: MISO held a board of directors meeting, which focused on addressing delays in transmission construction and interconnecting new generation. MISO currently has 1,650 projects totaling 281 GW of generation in the interconnection queue and an additional 269 projects totaling 42 GW that received interconnection agreements but are awaiting construction. Delays for projects with interconnection agreements typically average two years and can largely be attributed to supply chain issues (40%) and regulatory delays (20%). MISO needs to reduce the delays to meet its decarbonization goals. MISO expects wind (34%), solar (24%), and gas (14%) to make up most of its resources by 2042. The operator is considering MISO Future 1 Tranche 2 long-range transmission planning projects to support the transition, building on the $10.3B in projects approved in MISO's Future 1 Tranche 1.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

NERC focuses on grid outages in the 2023 State of Reliability Report: During a webinar, NERC called out generator outages during extreme weather as the biggest risk to the electric grid. Conventional generation experienced the highest rate of forced outages in 2022. The outage rate for conventional resources increased to 8.5%, compared to a 7.4% forced outage rate over the previous five years. Specifically, the risks of generator outages surpassed the risk from transmission outages in the past two years. Transmission reliability continues to improve for the fifth year in a row, as utilities continue to invest in grid hardening and reliability efforts. Physical and cybersecurity attacks on the grid also remain a significant risk.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	6/26/2023	Briefs Due
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	6/27/2023	Company Rebuttal Testimony Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	6/28/2023	Staff and Intervenor Rebuttal Testimony
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	6/29/2023	Reply Briefs Due
OR	Avista	AVA	LC81	IRP	6/29/2023	Initial Presentation Special Meeting
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	6/30/2023	Opening Briefs
MD	The Potomac Edison Co.	FE	C-9695	Electric	6/30/2023	Rebuttal Testimony Due
MI	Michigan Gas Utilities Corp.	WEC	C-U-21366	Natural Gas	6/30/2023	Intervenor Testimony Due
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	6/30/2023	Commission Order Expected
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	7/1/2023	Operation of Law Date
CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	7/6/2023	Evidentiary Hearings Begin
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	7/7/2023	Staff and Intervenor Rebuttal Testimony
MI	DTE Electric Co.	DTE	C-U-21297	Electric	7/7/2023	Rebuttal Testimony
OR	Avista Corp.	AVA	D-UG-461	Natural Gas	7/7/2023	Staff and Intervenor Testimony Due
	UPSA Formula Rate Complaint	ETR	EL-20-72		7/7/2023	Briefs Due
AK	Avista Corp.	AVA	D-U-22-078	Electric	7/10/2023	Hearings Begin
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	7/10/2023	Reply Briefs Due
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	7/11/2023	Intervenor Testimony Due
	Short-Term Energy Outlook	EIA			7/11/2023	STEO release
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	7/12/2023	Rebuttal Testimony
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	7/12/2023	Company Surrebuttal Testimony Due
	CPI Release	BLS			7/12/2023	CPI release for Prior Month
IL	Ameren Illinois	AEE	D-23-0082	Electric	7/13/2023	Staff and Intervenors Rebuttal Testimony Due
CA		CPUC	R2207005	Fixed Charges	7/14/2023	Joint case statement from PG&E
KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	7/14/2023	Commission Decision Expected
MD	The Potomac Edison Co.	FE	C-9695	Electric	7/14/2023	Surrebuttal Testimony Due
MI	DTE Electric Co.	DTE	U-21193	IRP	7/14/2023	PFD Target Date
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	7/14/2023	Intervenor Testimony Due
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	7/17/2023	Staff and Intervenor Rebuttal Testimony
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	7/17/2023	Staff and Intervenor Rebuttal Testimony
NY	Rochester Gas & Electric Corp.	AGR	C-22-E-0319/C-22-G-0320	Elec/Nat Gas	7/17/2023	Evidentiary Hearings Begin
NY	NY State Electric & Gas Corp.	AGR	C-22-E-0317/C-22-G-0318	Elec/Nat Gas	7/17/2023	Evidentiary Hearings Begin
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	7/18/2023	Evidentiary Hearings Begin
MD	The Potomac Edison Co.	FE	C-9695	Electric	7/18/2023	Evidentiary Hearings Begin
MI	DTE Electric Co.	DTE	C-U-21297	Electric	7/19/2023	Evidentiary Hearings
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	7/19/2023	Staff and Intervenor Testimony Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	7/20/2023	Company Surrebuttal Testimony Due
OR	Portland General Electric Co.	POR	LC80	IRP	7/20/2023	Staff and Intervenor Round 1 Comments
	Federal Energy Reg Comm	FERC			7/20/2023	Open Meeting
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	7/21/2023	Reply Briefs
OR	Portland General Electric Co.	POR	D-UE-416	Electric	7/21/2023	Company Rebuttal Testimony

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	21.2	Overweight	$90	$80.83	3.1%	58%	4.36	4.67	4.96	18.5x	17.3x	16.3x	4.37	4.68	5.02	18.5x	17.3x	16.1x
AEP	American Electric Power Company Ir	43.0	Sector Weight	NA	$83.49	4.0%	63%	5.27	5.65	5.99	15.8x	14.8x	13.9x	5.27	5.62	5.98	15.8x	14.9x	14.0x
CMS	CMS Energy Corp	17.1	Sector Weight	NA	$58.59	3.4%	63%	3.10	3.31	3.59	18.9x	17.7x	16.3x	3.11	3.35	3.63	18.9x	17.5x	16.1x
CNP	CenterPoint Energy Inc	18.0	Sector Weight	NA	$28.47	2.6%	50%	1.50	1.62	1.73	19.0x	17.6x	16.5x	1.49	1.61	1.71	19.1x	17.7x	16.6x
D	Dominion Energy Inc	43.3	Sector Weight	NA	$51.82	5.2%	70%	3.76	3.84	3.90	13.8x	13.5x	13.3x	3.83	3.74	3.96	13.5x	13.8x	13.1x
DTE	DTE Energy Co	22.7	Sector Weight	NA	$110.00	3.5%	62%	6.19	6.60	7.03	17.8x	16.7x	15.6x	6.23	6.68	7.14	17.7x	16.5x	15.4x
DUK	Duke Energy Corp	69.1	Overweight	$113	$89.72	4.6%	73%	5.65	6.01	6.38	15.9x	14.9x	14.1x	5.63	5.98	6.34	15.9x	15.0x	14.1x
ETR	Entergy Corp	20.5	Sector Weight	NA	$97.13	4.4%	65%	6.68	7.18	7.69	14.5x	13.5x	12.6x	6.69	7.19	7.70	14.5x	13.5x	12.6x
ES	Eversource Energy	24.3	Sector Weight	NA	$69.73	3.9%	62%	4.36	4.66	4.92	16.0x	15.0x	14.2x	4.37	4.66	4.98	16.0x	15.0x	14.0x
ED	Consolidated Edison Inc	31.4	Underweight	$70	$90.74	3.6%	67%	4.85	5.16	5.47	18.7x	17.6x	16.6x	4.86	5.24	5.53	18.7x	17.3x	16.4x
EIX	Edison International	26.0	Sector Weight	NA	$67.76	4.3%	62%	4.76	5.11	5.63	14.2x	13.3x	12.0x	4.73	5.11	5.52	14.3x	13.3x	12.3x
EXC	Exelon Corp	39.7	Sector Weight	NA	$39.87	3.7%	62%	2.36	2.52	2.71	16.9x	15.8x	14.7x	2.37	2.51	2.72	16.9x	15.9x	14.6x
FE	FirstEnergy Corp	22.0	Overweight	$45	$38.49	4.1%	62%	2.51	2.67	2.89	15.3x	14.4x	13.3x	2.53	2.67	2.85	15.2x	14.4x	13.5x
PEG	Public Service Enterprise Group Inc	30.7	Sector Weight	NA	$61.50	3.7%	66%	3.44	3.60	3.86	17.9x	17.1x	15.9x	3.44	3.68	4.04	17.9x	16.7x	15.2x
SO	Southern Co	76.8	Sector Weight	NA	$70.45	4.0%	77%	3.60	4.04	4.26	19.6x	17.4x	16.5x	3.60	4.03	4.31	19.6x	17.5x	16.4x
WEC	WEC Energy Group Inc	27.7	Overweight	$103	$87.90	3.5%	68%	4.62	4.92	5.28	19.0x	17.9x	16.6x	4.61	4.91	5.26	19.1x	17.9x	16.7x
XEL	Xcel Energy Inc	34.2	Overweight	$75	$62.10	3.3%	62%	3.38	3.57	3.80	18.4x	17.4x	16.3x	3.37	3.60	3.84	18.4x	17.2x	16.2x
					Average:	**3.8%**	**64%**				**17.1x**	**16.0x**	**15.0x**				**17.1x**	**16.0x**	**14.9x**

						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.9	Underweight	$32	$38.42	4.8%	79%	2.34	2.44	2.56	16.4x	15.7x	15.0x	2.33	2.46	2.59	16.5x	15.6x	14.9x
NWE	NorthWestern Corp	3.4	Overweight	$63	$56.13	4.6%	74%	3.44	3.59	3.74	16.3x	15.6x	15.0x	3.46	3.59	3.77	16.2x	15.6x	14.9x
OTTR	Otter Tail Corp	3.1	Sector Weight	NA	$73.90	2.4%	37%	4.71	3.28	3.51	15.7x	22.5x	21.1x	4.75	3.49	3.69	15.6x	21.2x	20.0x
PNW	Pinnacle West Capital Corp	9.2	Underweight	$55	$80.81	4.3%	85%	4.03	4.66	4.89	20.1x	17.3x	16.5x	4.12	4.82	5.01	19.6x	16.8x	16.1x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$46.05	4.1%	70%	2.65	3.00	3.17	17.4x	15.4x	14.5x	2.67	3.05	3.21	17.2x	15.1x	14.4x
					Average:	**4.0%**	**69%**				**17.2x**	**17.3x**	**16.4x**				**17.0x**	**16.9x**	**16.1x**

						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	14.4	Sector Weight	NA	$37.19	4.8%	83%	2.20	2.32	2.44	16.9x	16.0x	15.2x	2.13	2.29	2.44	17.5x	16.2x	15.2x
NEE	Nextera Energy Inc	150.1	Overweight	$94	$74.17	2.5%	60%	3.09	3.39	3.64	24.0x	21.9x	20.4x	3.11	3.41	3.69	23.8x	21.8x	20.1x
SRE	Sempra	45.2	Sector Weight	NA	$143.75	3.3%	53%	8.94	9.49	10.22	16.1x	15.1x	14.1x	9.05	9.60	10.24	15.9x	15.0x	14.0x
					Average:	**3.5%**	**65%**				**19.0x**	**17.7x**	**16.6x**				**19.1x**	**17.7x**	**16.5x**

						Dividend ('23E)		EBITDA			EV/EBITDA			EBITDA			EV/EBITDA		
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	29.3	Sector Weight	NA	$90.36	1.3%	29%	3,126	3,791	3,863	10.5x	8.6x	8.6x	3,234	3,712	3,756	10.1x	8.7x	8.8x
NRG	NRG Energy Inc	8.0	Not Covered	NA	$34.69	4.3%	28%	-	-	-	-	-	-	2,827	2,948	2,955	6.3x	5.4x	2.7x
VST	Vistra Corp	9.4	Not Covered	NA	$25.10	3.2%	28%	-	-	-	-	-	-	3,682	3,942	3,909	6.3x	5.9x	5.6x
					Average:	**2.9%**	**28%**	**3,126**	**3,791**	**3,863**	**10.5x**	**8.6x**	**8.6x**	**3,248**	**3,534**	**3,540**	**7.6x**	**6.7x**	**5.7x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

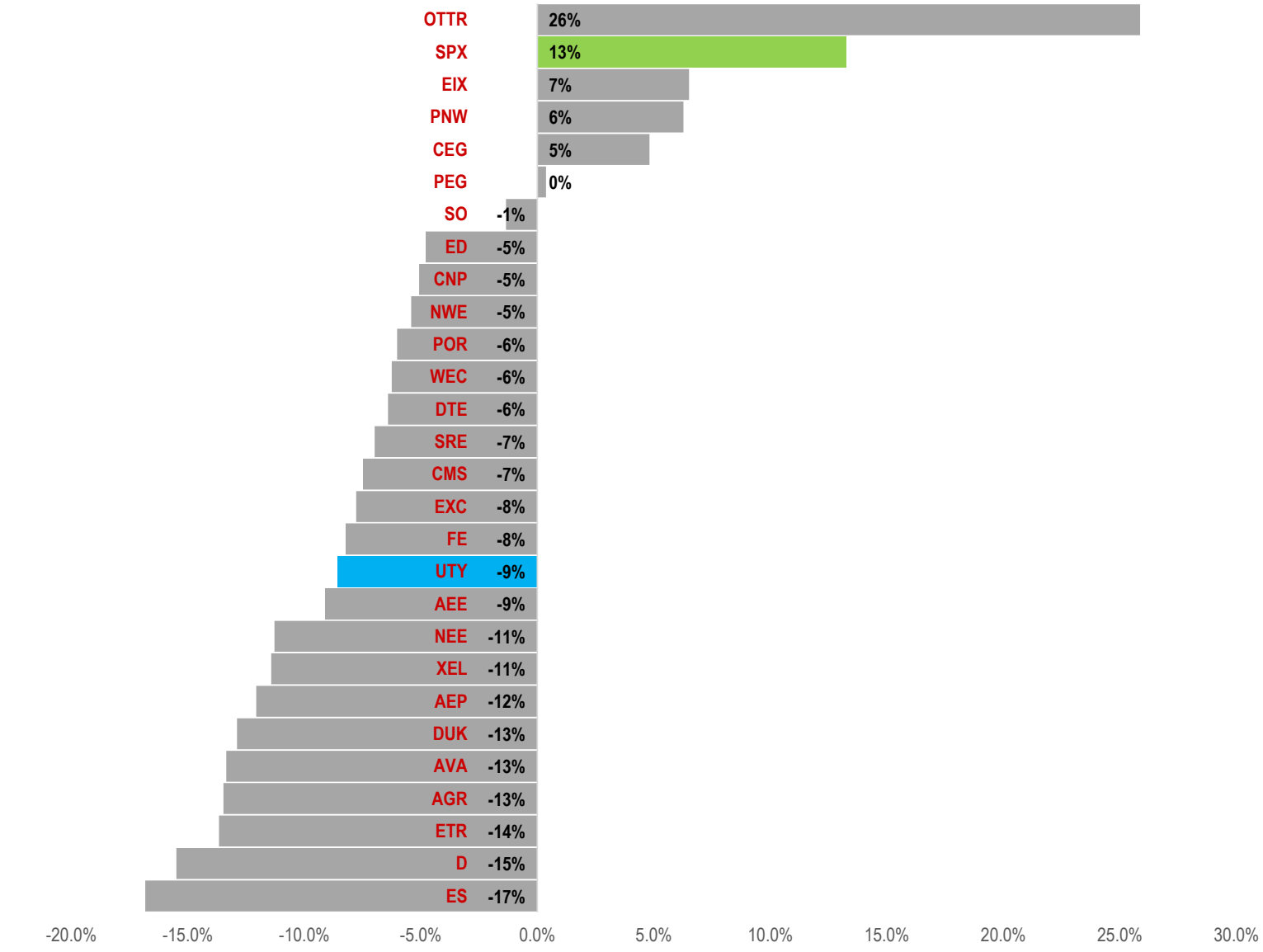

Source: Thomson Reuters, KeyBanc Capital Markets Inc
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 1Q23 Earnings Preview: It's Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	263	49.91	43	16.35
Sector Weight [SW]	258	48.96	43	16.67
Underweight [UW]	6	1.14	3	50.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	14	63.64
Sector Weight [SW]	32	56.14	12	37.50
Underweight [UW]	3	5.26	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC (“KBCMI”), and KeyBank National Association (“KeyBank N.A.”), are marketed.

KeyBanc Capital Markets Inc. (“KBCMI”) does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst’s compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

Exelon Corp

Notes from our European NDRS

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$46.00**
Price (23 Jun 2023)	**US$39.87**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$46.70-35.54
Market cap.	US$39.6b
Shares o/s	994m (COM)
Free float	100%
Avg. daily volume ('000)	6,442
Avg. daily value (m)	US$265.9
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.5x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E	
	UBS	**Cons.**
Q1	0.70	0.70
Q2E	0.41	0.46
Q3E	0.76	0.73
Q4E	0.50	0.49
12/23E	2.36	2.37
12/24E	2.54	2.51
12/25E	2.77	2.72

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Traction in Europe

We had Exelon CEO Calvin Butler and CFO Jeanne Jones on the road in Europe last week. We see European investors mostly getting introduced to the story and the name post the spin of the merchant generation business in February 2022. We believe Exelon's profile as an electric T&D and gas distribution networks company fits with most European investors ESG parameters. This could lead to increased sponsorship for the stock, given pre-spin, the merchant generation assets put Exelon on a restricted list for investment for most European based investors.

Increased Confidence in a Below Average Risk, Above Average Growth Story

From the meetings, our confidence in our Buy rating increased, with lower relative risks to the EXC story. Exelon does not have large project risk, with no project above 1% of the current five year $31.3Bln capital plan from '23-'26, and only one project around $300mln. Most transmission EXC will build is intrastate and smaller scale, and is being done at the request of the regulator. Further, there is $0.5-$2Bln of upside from potential larger scale transmission projects around congestion in Maryland, data centers in Chicago metro, and offshore wind in NJ. The balance sheet remains solid, with an FFO/debt cushion of 75-100bps over the 12% downgrade threshold. This could move to 150 - 200bps if repairs tax is included as a deduction prior to the corporate AMT. Guidance should come no later than the end of 1Q 2024 on that matter, however the IRS has already indicated that companies will not be penalized if they do not pay the tax in 2024 (for 2023), and pay back tax in 2025 given the lack of clarity from the IRS so far. Distribution and lower scale transmission projects are easier to site, permit and construct that larger scale interstate transmission. Management gave us confidence in their ability to control costs below normal rates of inflation and we also have confidence in movement toward constructive outcomes in the current rate cases in Illinois and Maryland which we wrote about Staff Position in ComEd Appears Reasonable and Staff Testimony Filed in BG&E Rate Case, and as a result in management's ability to deliver the 6-8% long term EPS growth range in through 2026.

Upcoming Catalysts

Next catalysts for the stock are rebuttal testimony for BGE 7/31, hearings 8/30-9/8, and an order by 12/14. For ComEd rebuttal testimony 6/27, hearings 8/21, a proposed order on 10/23, and a final order by 12/20.

Valuation:

We maintain our price target of $46 premised on the methodology below.

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)
Profitability/valuation	**12/20**	**12/21**	**12/22**	**12/23E**	**12/24E**	**12/25E**	**12/26E**	**12/27E**
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	9.9	9.3	8.6	8.0	9.5
P/E (UBS, diluted) x	22.4	25.7	19.7	16.9	15.7	14.4	13.5	12.5
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.3)	(3.1)	(3.4)	(2.7)	(1.4)
Dividend yield (net) %	2.9	2.9	3.0	3.6	3.9	4.2	4.5	4.8

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 39.87 on 23-Jun-2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 6.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Revenues	**15,436**	**17,938**	**19,078**	**18,406**	*-3.5*	**18,970**	*3.1*	**19,644**	**20,365**	**21,063**
Gross profit	9,715	11,554	12,703	12,031	*-5.3*	12,595	*4.7*	13,269	13,990	14,688
EBITDA (UBS)	**5,445**	**5,715**	**6,640**	**7,466**	*12.4*	**7,970**	*6.8*	**8,577**	**9,234**	**9,873**
Depreciation & amortisation	(2,891)	(3,033)	(3,325)	(3,563)	*-7.2*	(3,815)	*-7.1*	(4,088)	(4,367)	(4,646)
EBIT (UBS)	**2,554**	**2,682**	**3,315**	**3,902**	*17.7*	**4,155**	*6.5*	**4,489**	**4,867**	**5,227**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	597	261	535	535	*0.0*	584	*9.2*	584	584	584
Net interest	(1,278)	(1,289)	(1,447)	(1,464)	*-1.2*	(1,533)	*-4.7*	(1,583)	(1,695)	(1,742)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**1,873**	**1,654**	**2,403**	**2,973**	*23.7*	**3,206**	*7.8*	**3,490**	**3,756**	**4,069**
Tax	(118)	(38)	(349)	(619)	*-77.5*	(666)	*-7.5*	(715)	(780)	(841)
Profit after tax	**1,755**	**1,616**	**2,054**	**2,353**	*14.6*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Preference dividends	(9)	0	0	0	-	0	-	0	0	0
Minorities	(6)	175	185	0	-	0	-	0	0	0
Extraordinary items	(352)	(175)	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,388**	**1,616**	**2,239**	**2,353**	*5.1*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Net earnings (UBS)	**1,740**	**1,791**	**2,239**	**2,353**	*5.1*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Tax rate (%)	6.3	2.3	14.5	20.8	*43.5*	20.8	*-0.3*	20.5	20.8	20.7

Per Share (US$)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
EPS (UBS, diluted)	1.78	1.83	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
EPS (local GAAP, diluted)	1.42	1.65	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
EPS (UBS, basic)	1.78	1.83	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	*6.7*	1.55	*7.6*	1.67	1.79	1.91
Cash EPS (UBS, diluted) [1]	4.74	4.92	5.64	5.94	*5.3*	6.35	*7.0*	6.85	7.30	7.78
Book value per share	20.66	35.09	24.89	26.03	*4.6*	27.02	*3.8*	28.14	29.45	30.81
Average shares (diluted)	977	980	987	996	*0.9*	1,000	*0.4*	1,002	1,006	1,012

Balance Sheet (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Cash and equivalents	437	672	1,090	885	*-18.8*	25	*-97.2*	416	376	343
Other current assets	5,178	13,285	6,246	7,411	*18.7*	7,568	*2.1*	7,756	7,957	8,151
Total current assets	**5,615**	**13,957**	**7,336**	**8,296**	*13.1*	**7,593**	*-8.5*	**8,172**	**8,332**	**8,494**
Net tangible fixed assets	60,370	64,558	69,076	72,663	*5.2*	76,398	*5.1*	80,485	84,494	88,223
Net intangible fixed assets	6,630	6,630	6,630	6,630	*0.0*	6,630	*0.0*	6,630	6,630	6,630
Investments / other assets	8,608	47,868	12,307	12,307	*0.0*	12,307	*0.0*	12,307	12,307	12,307
Total assets	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,928**	*3.0*	**107,594**	**111,763**	**115,653**
Trade payables & other ST liabilities	5,019	12,710	6,223	5,727	*-8.0*	5,845	*2.1*	5,986	6,137	6,283
Short term debt	2,813	3,401	4,388	3,386	*-22.8*	2,736	*-19.2*	4,743	2,936	3,136
Total current liabilities	**7,832**	**16,111**	**10,611**	**9,113**	*-14.1*	**8,581**	*-5.8*	**10,729**	**9,073**	**9,419**
Long term debt	29,308	31,139	35,662	40,537	*13.7*	43,012	*6.1*	44,355	48,755	50,755
Other long term liabilities	23,886	50,968	24,332	24,332	*0.0*	24,332	*0.0*	24,332	24,332	24,332
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**61,026**	**98,218**	**70,605**	**73,982**	*4.8*	**75,925**	*2.6*	**79,416**	**82,160**	**84,506**
Common s/h equity	**20,186**	**34,393**	**24,744**	**25,913**	*4.7*	**27,002**	*4.2*	**28,178**	**29,603**	**31,148**
Minority interests	11	402	0	0	-	0	-	0	0	0
Total liabilities & equity	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,928**	*3.0*	**107,594**	**111,763**	**115,653**

Cash Flow (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Net income (before pref divs)	1,397	1,616	2,239	2,353	*5.1*	2,540	*7.9*	2,775	2,976	3,227
Depreciation & amortisation	2,891	3,033	3,325	3,563	*7.2*	3,815	*7.1*	4,088	4,367	4,646
Net change in working capital	(246)	(816)	1,184	(1,660)	-	(39)	*97.6*	(47)	(50)	(48)
Other operating	(588)	(821)	(1,878)	0	-	0	-	0	0	0
Operating cash flow	**3,454**	**3,012**	**4,870**	**4,256**	*-12.6*	**6,316**	*48.4*	**6,815**	**7,292**	**7,825**
Tangible capital expenditure	(6,301)	(7,981)	(7,147)	(7,150)	*0.0*	(7,550)	*-5.6*	(8,175)	(8,375)	(8,375)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	877	16	0	-	0	-	0	0	0
Other investing	7	3,787	141	0	-	0	-	0	0	0
Investing cash flow	**(6,294)**	**(3,317)**	**(6,990)**	**(7,150)**	*-2.3*	**(7,550)**	*-5.6*	**(8,175)**	**(8,375)**	**(8,375)**
Equity dividends paid	(1,486)	(1,497)	(1,334)	(1,435)	*-7.5*	(1,551)	*-8.1*	(1,674)	(1,801)	(1,933)
Share issues / (buybacks)	0	0	563	250	*-55.6*	100	*-60.0*	75	250	250
Other financing	1,629	(885)	(2,660)	0	-	0	-	0	0	0
Change in debt & pref shares	2,602	3,140	5,022	3,873	*-22.9*	1,825	*-52.9*	3,350	2,593	2,200
Financing cash flow	**2,745**	**758**	**1,591**	**2,688**	*69.0*	**374**	*-86.1*	**1,751**	**1,042**	**517**
Cash flow inc/(dec) in cash	**(95)**	**453**	**(529)**	**(205)**	*61.2*	**(860)**	*-318.8*	**391**	**(40)**	**(33)**
FX / non cash items	0	(218)	947	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(95)**	**235**	**418**	**(205)**	-	**(860)**	*-318.8*	**391**	**(40)**	**(33)**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Exelon Corp (EXC.O)

Valuation (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
P/E (local GAAP, diluted)	28.1	28.5	19.7	16.9	15.7	14.4	13.5	12.5
P/E (UBS, diluted)	22.4	25.7	19.7	16.9	15.7	14.4	13.5	12.5
P/CEPS	8.4	9.5	7.9	6.7	6.3	5.8	5.5	5.1
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.3)	(3.1)	(3.4)	(2.7)	(1.4)
Dividend yield (net) %	2.9	2.9	3.0	3.6	3.9	4.2	4.5	4.8
P/BV	1.9	1.3	1.8	1.5	1.5	1.4	1.4	1.3
EV/revenues (core)	4.8	4.6	4.1	4.0	3.9	3.8	3.6	4.4
EV/EBITDA (UBS core)	13.5	14.4	11.8	9.9	9.3	8.6	8.0	9.5
EV/EBIT (core)	28.9	30.6	23.6	19.0	17.8	16.5	15.2	17.9
EV/OpFCF (core)	28.9	30.6	23.6	19.0	17.8	16.5	15.2	17.9
EV/op. invested capital	1.4	1.3	1.1	1.1	1.0	1.0	0.9	1.1

Enterprise value (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Market cap.	38,844	45,975	43,902	39,631	39,631	39,631	39,631	39,631
Net debt (cash)	30,329	32,776	32,776	32,776	32,776	32,776	32,776	52,432
Buy out of minorities	11	402	0	0	0	0	0	0
Pension provisions/other	4,503	2,862	1,616	1,616	1,616	1,616	1,616	1,616
Total enterprise value	**73,687**	**82,015**	**78,294**	**74,023**	**74,023**	**74,023**	**74,023**	**93,678**
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	**73,687**	**82,015**	**78,294**	**74,023**	**74,023**	**74,023**	**74,023**	**93,678**

Growth (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenue	(0.5)	16.2	6.4	(3.5)	3.1	3.6	3.7	3.4
EBITDA (UBS)	(5.5)	5.0	16.2	12.4	6.8	7.6	7.7	6.9
EBIT (UBS)	(16.2)	5.0	23.6	17.7	6.5	8.0	8.4	7.4
EPS (UBS, diluted)	(7.1)	2.6	24.1	4.1	7.5	9.0	6.9	7.8
Net DPS	(7.1)	16.6	0.0	6.7	7.6	7.7	7.2	6.7

Margins & Profitability (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Gross profit margin	62.9	64.4	66.6	65.4	66.4	67.5	68.7	69.7
EBITDA margin	35.3	31.9	34.8	40.6	42.0	43.7	45.3	46.9
EBIT (UBS) margin	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
Net earnings (UBS) margin	11.3	10.0	11.7	12.8	13.4	14.1	14.6	15.3
ROIC (EBIT)	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
ROIC post tax	4.4	4.1	4.1	4.5	4.5	4.7	4.8	4.9
ROE (UBS)	8.9	6.6	7.6	9.3	9.6	10.1	10.3	10.6

Capital structure & Coverage (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Net debt / EBITDA	5.8	5.9	5.9	5.8	5.7	5.7	5.6	5.4
Net debt / total equity %	156.9	97.3	157.5	166.1	169.3	172.8	173.3	171.9
Net debt / (net debt + total equity) %	61.1	49.3	61.2	62.4	62.9	63.3	63.4	63.2
Net debt/EV %	41.2	40.0	46.5	55.4	60.0	63.8	67.5	56.0
Capex / depreciation %	NM	NM	NM	NM	197.9	200.0	191.8	180.3
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	2.0	2.1	2.3	2.7	2.7	2.8	2.9	3.0
Dividend cover (UBS)	1.5	1.4	1.7	1.6	1.6	1.7	1.7	1.7
Div. payout ratio (UBS) %	64.9	73.8	59.5	60.9	61.0	60.3	60.5	59.8

Revenues by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
Total	**15,436**	**17,938**	**19,078**	**18,406**	**18,970**	**19,644**	**20,365**	**21,063**

EBIT (UBS) by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Total	**2,554**	**2,682**	**3,315**	**3,902**	**4,155**	**4,489**	**4,867**	**5,227**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Forecast returns

Forecast price appreciation	+15.4%
Forecast dividend yield	3.7%
Forecast stock return	+19.1%
Market return assumption	9.7%
Forecast excess return	+9.4%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our price target of $46 premised on a 6% premium to the group multiple or 16.4x our $2.77/share earnings forecast for 2025. Our 6% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 3% discount for a 3rd quartile regulatory ranking overall, a 2% premium for 2nd quartile earnings growth, a 5% premium for energy transition, and 3% discount for lower pricing power.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 26 June 2023 06:13 AM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$39.87	22 Jun 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Exelon Corp (US$)

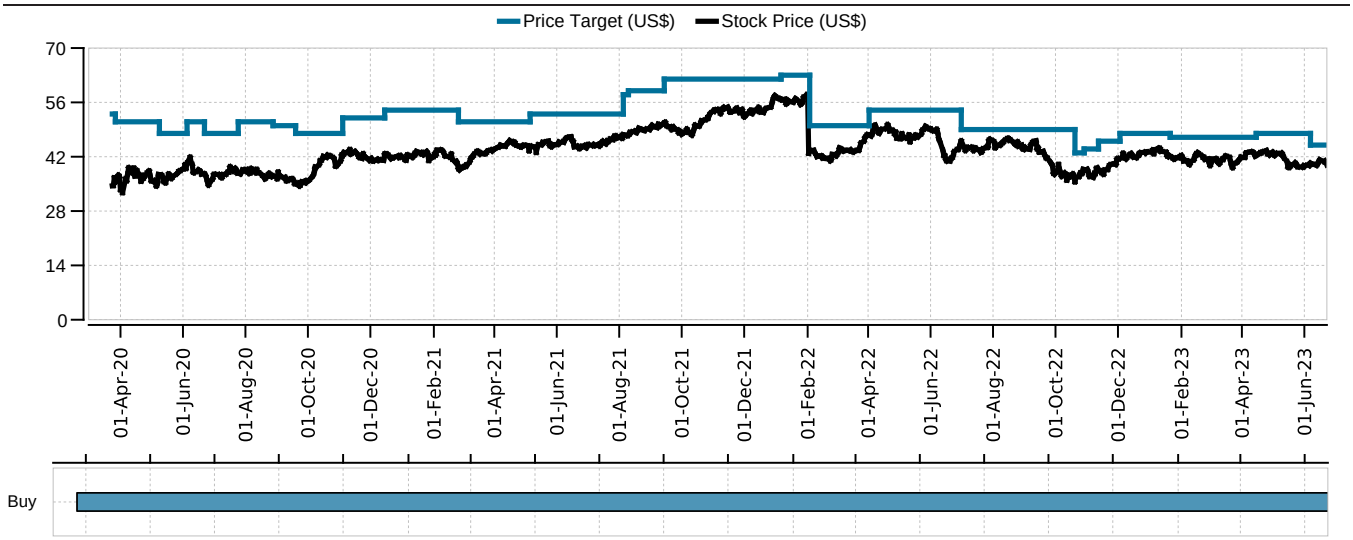

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-03-23	29.98	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy
2023-06-23	39.87	46.00	Buy

Source: UBS;as of 23-Jun-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

25 June 2023 | 7:02PM EDT

Americas Utilities

High near-term regulatory focus, but see decarbonization driven earnings growth as key for Utilities; Buy SO, NEE

Carly Davenport
+1(212)357-1914 | carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+91(22)6616-9131 | jaskaran.jaiya@gs.com
Goldman Sachs India SPL

Shuaib Joomun
+1(801)212-7241 | shuaib.joomun@gs.com
Goldman Sachs & Co. LLC

In our recent conversations, there has been heightened focus among utilities investors on the regulatory environment given the challenging backdrop for the US consumer. We have highlighted constructive regulatory outcomes as key to driving investment and earnings growth for Utilities going forward, particularly in the near-term given the challenging operating environment. That said, as we look forward, we believe that as the macro environment improves, tax credit incentives post IRA have a more meaningful impact, and the federal/state level support for decarbonization continues, Utilities are positioned to drive transformational investment and earnings growth (6% 5-year CAGR) through four key verticals including clean technology, nuclear, grid reliability, and LNG.

In this report, we highlight (1) where we see idiosyncratic stock opportunities with minimal near-term regulatory risk, in our view, including Buy rated NextEra Energy (NEE) for renewables growth and Buy rated Southern Company (SO) for exposure to nuclear capacity adds. Conversely, we see more near-term regulatory risk around Sell rated EXC, (2) key upcoming regulatory events for stocks across our coverage, and (3) jurisdictions that have been topical in our discussions.

Key Takeaways

Stocks with minimal near-term regulatory risk where we are constructive. We highlight Buy rated NextEra (NEE) and Buy rated Southern Company (SO) as two stocks with minimal upcoming regulatory activity where we see idiosyncratic value creation opportunities. We also note that while SRE (Buy) is currently in general rate cases at SDG&E and SoCalGas, proposed decisions are currently scheduled for May 2024, limiting near term risk.

- **Buy NEE.** NextEra reached a settlement with the commission on a multi-year rate plan at Florida Power & Light (FPL) in late 2021, securing electric rate increases through 2025. With limited uncertainty around rates over the next several years, we believe this allows for investor focus on the renewables build out at NEER, where we assume the top end of the company's 2023-2026 development range. In addition to the constructive outlook at FPL, the robust renewables growth opportunity drives our NEE estimates 4% above FactSet

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

consensus on average in 2023-2027 and drives above average earnings growth with a 5-year CAGR of 9% versus our coverage at 6% on average. We see 22% total return to our 12-month, $90 price target.

- **Buy SO.** Southern's largest utility, Georgia Power, reached a constructive settlement agreement with the Georgia PSC in December 2022 on a multi year electric base rate increase covering 2023-2025. With minimal near term rate case risk at SO, investors are focused on final execution around the Vogtle project, as well as the prudency review, which will commence around fuel load at Unit 4 between July and October. In addition to a positive view on nuclear exposure, we see a positive catalyst to remove the project risk overhang on the stock as Vogtle comes into service, where we expect Unit 3 to come online in July and Unit 4 in early 2024. We assume a 2x premium to our baseline utility multiple in our valuation for SO, which is broadly in line with the premium the stock traded at pre-Vogtle, accounting for attractive regulatory exposure, above average earnings growth at 7% vs. our coverage at 6% on average, and balance sheet strength.

Stocks with high levels of regulatory activity for remainder of 2023. Across our coverage, **EXC** (Sell), **XEL** (Buy), **AEP** (Buy), and **DUK** (Neutral) have busy regulatory calendars through the end of the year. EXC expects decisions at ComEd and BGE in 2023, XEL expects decisions at PSCo, SPS NM, and NSPW in 2023, AEP expects final orders at PSO and APCo this year, and DUK expects final decisions at DEP NC, Duke Energy Kentucky, and Duke Energy Ohio in 2023. **We note rate case risk is a driver of our more negative view on EXC**, in addition to less exposure to key verticals that we believe will drive outsized utility investment and earnings growth going forward.

Exhibit 1: Pending rate cases details in 2023
2023 pending rate cases

						ROE %			Equity Ratio %			Date		
State	State	Company	Parent Ticker	Docket	Type	Requested	Current Authorized	Latest In State	Requested	Current Authorized	Latest In State	Current Authorized	Latest Granted In state	Expected Decision Date
California	CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric	NA	10.0	10.00	NA	52.00	52.50	Dec-22	Apr-23	May-24
California	CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Gas)	Natural Gas	NA	10.0	NA	NA	52.00	NA	Dec-22	Dec-20	May-24
California	CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	NA	9.8	NA	NA	52.00	NA	Dec-22	Dec-20	May-24
Colorado	CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	10.3	9.2	9.37	55.70	53.78	52.39	Oct-22	Dec-16	Sep-23
District of Columbia	DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	10.5	9.3	9.28	50.50	50.68	50.68	Jun-21	Jun-21	Feb-24
Delaware	DE	Delmarva Power & Light Co.	EXC	D-22-0897	Electric	10.5	9.6	9.60	50.50	49.94	NA	Oct-22	Aug-21	Jun-24
Illinois	IL	Commonwealth Edison Co.	EXC	D-23-0055	Electric	10.7	7.9	7.85	51.20	49.45	50.00	Nov-22	Dec-22	Dec-23
Illinois	IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	10.4	9.8	9.67	54.52	54.46	52.00	Nov-21	Jan-21	Nov-23
Kentucky	KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	10.4	9.4	9.25	52.51	51.34	48.23	Dec-21	Apr-20	Jun-23
Kentucky	KY	Kentucky Power Co.	AEP	C-2023-00159	Electric	NA	9.3	9.25	NA	43.25	48.23	Jan-21	Apr-20	NA
Maryland	MD	Baltimore Gas and Electric Co.	EXC	C-9692 (EL)	Electric	10.4	9.5	9.50	52.00	52.00	52.00	Dec-20	Dec-20	Dec-23
Maryland	MD	Baltimore Gas and Electric Co.	EXC	C-9692 (GAS)	Natural Gas	10.4	9.5	9.65	52.00	52.00	52.00	Dec-20	Dec-20	Dec-23
Maryland	MD	Potomac Electric Power Co.	EXC	C-9702	Electric	10.5	9.3	9.50	50.50	50.68	52.00	Jun-21	Dec-20	Feb-24
North Carolina	NC	Duke Energy Carolinas LLC	DUK	D-E-7 Sub 1276	Electric	10.4	9.6	9.60	53.00	52.00	52.00	Mar-21	Mar-21	Nov-23
North Carolina	NC	Duke Energy Progress LLC	DUK	D-E-2 Sub 1300	Electric	10.4	9.6	9.60	53.00	52.00	52.00	Apr-21	Mar-21	Aug-23
New Jersey	NJ	Atlantic City Electric Co.	EXC	D-ER23020091	Electric	10.5	9.6	9.60	50.20	50.21	50.21	Jul-21	Jul-21	Mar-24
New Mexico	NM	Southwestern Public Svc Co.	XEL	C-22-00286-UT	Electric	10.8	9.4	9.00	54.70	54.72	49.21	Feb-22	Jun-21	Sep-23
New York	NY	Consolidated Edison Company of New York	ED	C-22-E-0064	Electric	10.0	8.8	9.00	50.00	48.00	50.00	Jan-20	Nov-21	Jul-23
New York	NY	Consolidated Edison Company of New York	ED	C-22-G-0065	Natural Gas	10.0	8.8	9.00	50.00	48.00	50.00	Jan-20	Nov-21	Jul-23
New York	NY	Consolidated Edison Company of New York	ED	C-22-S-0659	Steam	10.0	8.8	9.00	50.00	48.00	50.00	Jan-20	Nov-21	Jul-23
Ohio	OH	Duke Energy Ohio Inc.	DUK	C-22-0507-GA-AIR	Natural Gas	10.3	9.5	9.60	52.34	50.50	50.60	Dec-22	Jan-23	Aug-23
Oklahoma	OK	Public Service Co. of OK	AEP	Ca-PUD2022-000093	Electric	10.4	9.4	9.50	54.62	NA	53.37	Dec-21	Sep-22	Jun-23
South Carolina	SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	10.4	9.5	NA	54.78	51.62	49.83	Jul-21	Sep-18	Oct-23
Texas	TX	Southwestern Public Svc Co.	XEL	D-54634	Electric	10.8	9.4	9.96	54.70	54.72	40.00	Feb-22	Dec-07	Sep-23
Virginia	VA	Appalachian Power Co.	AEP	C-PUR-2022-00150 (G-RAC)	Electric	9.2	NA	NA	48.78	49.78	49.78	Nov-22	Nov-22	Jun-23
Virginia	VA	Appalachian Power Co.	AEP	C-PUR-2023-00002	Electric	9.2	NA	NA	48.78	49.78	49.78	Nov-22	Nov-22	Jun-23
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	NA	9.8	NA	NA	52.00	49.78	Feb-20	Nov-22	Feb-24
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2022-00187 (Rider OSW)	Electric	NA	9.8	NA	NA	52.00	49.78	Feb-20	Nov-22	Feb-24
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2022-00210 (Rider DSM)	Electric	NA	9.8	NA	NA	52.00	49.78	Feb-20	Nov-22	Feb-24
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2022-00070*(RiderRGGI)	Electric	NA	9.8	NA	NA	52.00	49.78	Feb-20	Nov-22	Feb-24
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2023-00005 (Rider E)	Electric	NA	9.8	NA	NA	52.00	49.78	Feb-20	Nov-22	Feb-24
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2023-00022 (Rider CCR)	Electric	NA	9.8	NA	NA	52.00	49.78	Feb-20	Nov-22	Feb-24
Virginia	VA	Virginia Electric & Power Co.	D	C-PUR-2023-00094 (Rider GV)	Electric	NA	9.8	NA	NA	52.00	49.78	Feb-20	Nov-22	Feb-24
Virginia	VA	Virginia Natural Gas Inc.	SO	C-PUR-2022-00052	Natural Gas	10.4	NA	NA	53.20	NA	NA	Oct-22	Nov-22	Sep-23
Wisconsin	WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec)	Electric	10.3	9.6	9.80	52.50	52.50	55.00	Mar-23	Nov-21	Dec-23
Wisconsin	WI	Northern States Power Co.	XEL	D-4220-UR-126 (Gas)	Natural Gas	10.3	9.6	9.80	52.50	52.50	55.00	Mar-23	Nov-21	Dec-23
West Virginia	WV	Appalachian Power Co.	AEP	C-23-0377-E-ENEC	Electric	9.2	NA	NA	48.78	49.78	NA	Nov-22	Feb-23	Jun-23
Wyoming	WY	Dominion Energy Inc.	D	D-30010-215-GR-23	Natural Gas	10.3	9.6	9.40	51.56	51.00	50.23	Dec-22	Dec-19	Dec-23

Source: SNL, Data compiled by Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Exhibit 2: We highlight upcoming non rate case events over the next 6 months

Non rate case events over the next 6 months

Date	State	Company	Docket	Ticker	Rate Type	Action or Status
6/1/2023	KY	Kentucky Power Co.	C-2023-00159	AEP	Electric	Rate case filing expected
6/1/2023	OK	Public Service Co. of OK	Ca-PUD2022-000093	AEP	Electric	Decision possible in rate proceeding
6/1/2023	VA	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	AEP	Electric	Decision likely in G-RAC proceeding
7/14/2023	VA	Appalachian Power Co.	C-PUR-2023-00002	AEP	Electric	Intervening parties to file testimony in triennial review case
7/28/2023	VA	Appalachian Power Co.	C-PUR-2023-00002	AEP	Electric	Staff testimony due in triennial review proceeding
8/11/2023	VA	Appalachian Power Co.	C-PUR-2023-00002	AEP	Electric	Rebuttal testimony due in triennial review case
8/23/2023	VA	Appalachian Power Co.	C-PUR-2023-00002	AEP	Electric	Hearings scheduled in triennial review proceeding
9/6/2023	MD	Public Service Co. of OK	C-9695	AEP	Electric	Law judge's proposed order to be issued in rate case
10/1/2023	VA	Appalachian Power Co.	C-PUR-2023-00002	AEP	Electric	Hearing examiner's report likely to be issued in triennial review case
11/30/2023	VA	Appalachian Power Co.	C-PUR-2023-00002	AEP	Electric	Decision due in triennial review proceeding
6/1/2023	VA	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	D	Electric	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023	VA	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	D	Electric	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023	VA	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	D	Electric	Hearing examiner's report may be issued in Rider DSM proceeding
6/28/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	D	Electric	Intervening parties to file testimony in Rider CCR update
7/1/2023	VA	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	D	Electric	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023	VA	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	D	Electric	Decision expected in Rider OSW update proceeding
7/3/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00101	D	Electric	Filing expected in mandated biennial earning review
7/11/2023	SC	Dominion Energy South Carolina	D-2023-70-G	D	Natural Gas	Intervenor testimony due
7/11/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	D	Electric	Hearing scheduled in Rider E update proceeding
7/12/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	D	Electric	Staff testimony due in Rider CCR update proceeding
7/31/2023	VA	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	D	Electric	Decision expected in Rider DSM proceeding
8/1/2023	SC	Dominion Energy South Carolina	D-2023-70-G	D	Natural Gas	Rebuttal testimony due
8/1/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	D	Electric	Hearing Examiner's report may be issued in Rider E update proceeding
8/9/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	D	Electric	Hearings scheduled in Rider CCR update proceeding
8/21/2023	SC	Dominion Energy South Carolina	D-2023-70-G	D	Natural Gas	Evidentiary hearings begin
8/22/2023	WY	Dominion Energy Inc.	D-30010-215-GR-23	D	Natural Gas	Intervenor testimony due in gas rate proceeding
9/1/2023	VA	Virginia Electric & Power Co.	0	D	#N/A	Decision due on Phase III Grid Transformation Plan proposal
9/1/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	D	Electric	Hearing examiner's report may be issued in Rider CCR update proceeding
9/15/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	D	Electric	Decision may be issued in Rider E update proceeding
9/19/2023	WY	Dominion Energy Inc.	D-30010-215-GR-23	D	Natural Gas	Rebuttal testimony due in gas rate case
10/1/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	D	Electric	Decision expected in Rider CCR update proceeding
10/24/2023	WY	Dominion Energy Inc.	D-30010-215-GR-23	D	Natural Gas	Prehearing conference to take place in gas rate case
11/7/2023	WY	Dominion Energy Inc.	D-30010-215-GR-23	D	Natural Gas	Public hearing to take place in gas rate case
12/1/2023	TX	Virginia Electric & Power Co.	D-54634	D	Electric	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023	WY	Dominion Energy Inc.	D-30010-215-GR-23	D	Natural Gas	Commission decision expected in gas rate case
6/1/2023	OH	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	DUK	Natural Gas	Decision possible in rate proceeding
6/19/2023	NC	Duke Energy Carolinas LLC	D-E-7 Sub 1276	DUK	Electric	Hearings scheduled in rate case
7/14/2023	KY	Duke Energy Kentucky Inc.	C-2022-00372	DUK	Electric	Deadline for decision in rate proceeding
7/18/2023	NC	Duke Energy Carolinas LLC	D-E-7 Sub 1276	DUK	Electric	Company updated testimony due on or before
7/19/2023	NC	Duke Energy Carolinas LLC	D-E-7 Sub 1276	DUK	Electric	Public Staff and intervenor testimony due by
8/4/2023	NC	Duke Energy Carolinas LLC	D-E-7 Sub 1276	DUK	Electric	Company rebuttal testimony due by
9/1/2023	NC	Duke Energy Progress LLC	D-E-2 Sub 1300	DUK	Electric	Commission decision in multiyear rate case expected by
6/20/2023	MD	Baltimore Gas and Electric Co.	C-9692 (EL)	EXC	Electric	Parties to file testimony in rate case
6/20/2023	MD	Baltimore Gas and Electric Co.	C-9692 (GAS)	EXC	Natural Gas	Parties to file testimony in rate case
6/27/2023	IL	Commonwealth Edison Co.	D-23-0055	EXC	Electric	Company rebuttal testimony due in rate proceeding
7/15/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Electric	Delmarva may implement proposed electric rate increase, subject to refund
7/31/2023	MD	Baltimore Gas and Electric Co.	C-9692 (EL)	EXC	Electric	Rebuttal and surrebuttal testimony to be filed
7/31/2023	MD	Baltimore Gas and Electric Co.	C-9692 (GAS)	EXC	Natural Gas	Rebuttal testimony to be filed in rate case
8/18/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Electric	Intervenor testimony due in electric rate proceeding
8/21/2023	IL	Commonwealth Edison Co.	D-23-0055	EXC	Electric	Hearing to begin in rate proceeding
8/25/2023	MD	Baltimore Gas and Electric Co.	C-9692 (GAS)	EXC	Natural Gas	Surrebuttal testimony to be filed
8/30/2023	MD	Baltimore Gas and Electric Co.	C-9692 (EL)	EXC	Electric	Hearings to be conducted in rate case
8/30/2023	MD	Baltimore Gas and Electric Co.	C-9692 (GAS)	EXC	Natural Gas	Hearings to be conducted in rate case
9/29/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Electric	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
10/10/2023	MD	Baltimore Gas and Electric Co.	C-9692 (EL)	EXC	Electric	Parties to file briefs in rate case
10/10/2023	MD	Baltimore Gas and Electric Co.	C-9692 (GAS)	EXC	Natural Gas	Parties to file briefs in rate case
10/17/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Electric	Initial settlement conference to take place in electric rate proceeding
10/23/2023	IL	Commonwealth Edison Co.	D-23-0055	EXC	Electric	Administrative law judges' proposed order due in rate proceeding
10/26/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Electric	Second settlement conference to take place in electric rate proceeding
11/14/2023	MD	Baltimore Gas and Electric Co.	C-9692 (EL)	EXC	Electric	End of suspension period; decision expected in rate case
11/14/2023	MD	Baltimore Gas and Electric Co.	C-9692 (GAS)	EXC	Natural Gas	End of suspension period; decision expected in rate case
11/20/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Electric	Prehearing conference to take place in electric rate proceeding
11/21/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Electric	Final settlement conference to take place in electric rate proceeding
12/4/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Electric	Evidentiary hearings to take place in electric rate proceeding
7/15/2023	VA	Virginia Natural Gas Inc.	C-PUR-2022-00052	SO	Natural Gas	Hearing Examiners report may be issued in rate case
7/18/2023	IL	Northern Illinois Gas Co.	D-23-0066	SO	Natural Gas	Hearing to begin in rate proceeding
9/1/2023	VA	Virginia Natural Gas Inc.	C-PUR-2022-00052	SO	Natural Gas	Decision may be issued in rate case
9/22/2023	IL	Northern Illinois Gas Co.	D-23-0066	SO	Natural Gas	Administrative law judges' proposed order due in rate proceeding
11/28/2023	IL	Northern Illinois Gas Co.	D-23-0066	SO	Natural Gas	Deadline for decision in rate proceeding
5/22/2023	CA	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	SRE	Electric	Hearings scheduled in rate case
5/22/2023	CA	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	SRE	Natural Gas	Hearings scheduled in rate case
5/22/2023	CA	Southern California Gas Co.	A-22-05-016	SRE	Natural Gas	Hearings scheduled in rate case
7/14/2023	CA	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	SRE	Electric	Opening briefs due in rate case
7/14/2023	CA	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	SRE	Natural Gas	Opening briefs due in rate case
7/14/2023	CA	Southern California Gas Co.	A-22-05-016	SRE	Natural Gas	Opening briefs due in rate case
8/11/2023	CA	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	SRE	Electric	Reply briefs due
8/11/2023	CA	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	SRE	Natural Gas	Reply briefs due
8/11/2023	CA	Southern California Gas Co.	A-22-05-016	SRE	Natural Gas	Reply briefs due
6/1/2023	SD	Northern States Power Co.	D-EL22-017	XEL	Electric	Decision possible in electric rate proceeding
6/20/2023	NM	Southwestern Public Svc Co.	C-22-00286-UT	XEL	Electric	Public hearing to be held in electric rate case
6/30/2023	MN	Northern States Power Co.	D-E-002/GR-21-630	XEL	Electric	Commission order expected
7/6/2023	CO	Public Service Co. of CO	D-22AL-0530E	XEL	Electric	Evidentiary hearing
7/6/2023	CO	Public Service Co. of CO	D-22AL-0530E	XEL	Electric	Hearing to begin in electric rate case
7/19/2023	CO	Public Service Co. of CO	D-22AL-0530E	XEL	Electric	Evidentiary hearing
8/1/2023	CO	Public Service Co. of CO	D-22AL-0530E	XEL	Electric	Final rate decision expected
8/4/2023	TX	Southwestern Public Svc Co.	D-54634	XEL	Electric	Intervening parties to file testimony in rate case
8/11/2023	TX	Southwestern Public Svc Co.	D-54634	XEL	Electric	Staff to file testimony in rate case
8/25/2023	TX	Southwestern Public Svc Co.	D-54634	XEL	Electric	Rebuttal testimony due in rate case
9/1/2023	NM	Southwestern Public Svc Co.	C-22-00286-UT	XEL	Electric	Final rate decision expected
9/5/2023	TX	Southwestern Public Svc Co.	D-54634	XEL	Electric	Status report on potential for settlement
9/12/2023	TX	Southwestern Public Svc Co.	D-54634	XEL	Electric	Hearings scheduled in rate case
9/26/2023	TX	Southwestern Public Svc Co.	D-54634	XEL	Electric	End of initial suspension period in rate case; effective date of new rates
10/10/2023	TX	Southwestern Public Svc Co.	D-54634	XEL	Electric	Briefs due in rate case

Source: SNL, Data compiled by Goldman Sachs Global Investment Research

Jurisdictions top of mind in conversations. In our investor conversations recently, many investors have been screening for where regulatory risk could be skewed to the downside and where there is most uncertainty from a political perspective. States including Virginia, Connecticut, Florida, and California have been topical.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

- **Virginia** has been in focus with the shift from a triennial to biennial review and the rate reduction for Dominion as part of broader utility legislation. In addition, there is continued uncertainty related to vacancies on the Virginia State Corporation Commission (SCC), where only 1 of the 3 commissioners are currently in place per Regulatory Research Associates (RRA). This issue may be exacerbated by the expected demanding regulatory schedule in 2H23 in Virginia. **We note D is the most exposed to VA, at about 60% of 2022 rate base, followed by AEP at about 19% of 2022 rate base.**
- **Florida** has come up in conversations as a place where investors have asked if risk is skewed to the downside given how constructive the environment has been historically and the current noise around FPL campaign finance violation allegations as reported by NPR as well as the Florida Supreme Court's review of FPL's recent rate case outcome. We note that the uncertainty created by them has caused some concern for Florida as a jurisdiction as whole. **NEE is most exposed to Florida, followed by DUK with 23% of rate base exposed.**

Exhibit 3: We highlight party representation for governors and commissioners and upcoming ending to commissioners' terms across jurisdictions with names under our coverage

Commission details by state - colors represent party majority (red - Rep, blue - Dem, white - Ind/Other)

						Selection Method	Term of office (number of years)	
Jurisdiction	Commission Name	Governor	Number of Commissioners	% Rep / % Dem / % Ind / % Other & N/A As Of 6/2023	Term ending '23/'24	Commissioners	Commissioners	Chairperson
Alabama	Alabama Public Service Commission	Kay Ivey (R)	3 of 3	100% / 0% / 0% / 0%	1 (R)	Elected	4	4
California	California Public Utilities Commission	Gavin Newsom (D)	5 of 5	0% / 100% / 0% / 0%	0	Appointed	6	Indefinite
Colorado	Colorado Public Utilities Commission	Jared Polis (D)	3 of 3	0% / 0% / 0% / 100%	1 (O)	Appointed	4	Indefinite
Delaware	Delaware Public Service Commission	John Carney Jr. (D)	5 of 5	0% / 60% / 40% / 0%	1 (D)	Appointed	5	Indefinite
District of Columbia	District of Columbia Public Service Commission	NA	3 of 3	0% / 33% / 0% / 67%	1 (D)	Appointed	4	4
Florida	Florida Public Service Commission	Ron DeSantis (R)	5 of 5	100% / 0% / 0% / 0%	0	Appointed	4	2
Georgia	Georgia Public Service Commission	Brian P. Kemp (R)	5 of 5	100% / 0% / 0% / 0%	3 (R,R,R)*	Elected	6	2
Illinois	Illinois Commerce Commission	Jay Robert "J.B." Pritzker (D)	5 of 5	40% / 60% / 0% / 0%	1 (D)	Appointed	5	Indefinite
Indiana	Indiana Utility Regulatory Commission	Eric Holcomb (R)	4 of 5	25% / 50% / 0% / 25%	1 (O)	Appointed	4	4
Kentucky	Kentucky Public Service Commission	Andy Beshear (D)	3 of 3	0% / 67% / 0% / 33%	2 (D,O)	Appointed	4	Indefinite
Maryland	Maryland Public Service Commission	Wes Moore (D)	5 of 5	60% / 40% / 0% / 0%	3 (R,D,D)*	Appointed	5	5
Minnesota	Minnesota Public Utilities Commission	Timothy Walz (D)	5 of 5	20% / 60% / 20% / 0%	0	Appointed	6	Indefinite
Mississippi	Mississippi Public Service Commission	Tate Reeves (R)	3 of 3	67% / 33% / 0% / 0%	3 (R,R,D)	Elected	4	1
New Jersey	New Jersey Board of Public Utilities	Philip D. Murphy (D)	5 of 5	40% / 60% / 0% / 0%	2 (R,R)*	Appointed	6	Indefinite
New Mexico	New Mexico Public Regulation Commission	Michelle Lujan Grisham (D)	3 of 3	0% / 67% / 33% / 0%	1 (I)	Appointed	6	1
New York	New York Public Service Commission	Kathleen "Kathy" Hochul (D)	7 of 7	29% / 57% / 14% / 0%	3 (R,D,D)	Appointed	6	Indefinite
North Carolina	North Carolina Utilities Commission	Roy Cooper III (D)	7 of 7	0% / 57% / 0% / 43%	3 (D,D,D)	Appointed	6	4
North Dakota	North Dakota Public Service Commission	Douglas J. Burgum (R)	3 of 3	100% / 0% / 0% / 0%	1 (R)	Elected	6	2
Ohio	Public Utilities Commission of Ohio	Mike DeWine (R)	5 of 5	60% / 20% / 20% / 0%	1 (R)	Appointed	5	Indefinite
Oklahoma	Oklahoma Corporation Commission	Kevin Stitt (R)	3 of 3	100% / 0% / 0% / 0%	0	Elected	6	Indefinite
Pennsylvania	Pennsylvania Public Utility Commission	Josh Shapiro (D)	5 of 5	40% / 60% / 0% / 0%	2 (D,R)*	Appointed	5	Indefinite
South Carolina	Public Service Commission of South Carolina	Henry D. McMaster (R)	7 of 7	0% / 0% / 0% / 100%	7 (O)*	Elected	4	2
South Dakota	South Dakota Public Utilities Commission	Kristi Noem (R)	3 of 3	100% / 0% / 0% / 0%	0	Elected	6	1
Tennessee	Tennessee Public Utility Commission	William B. "Bill" Lee (R)	7 of 7	43% / 0% / 0% / 57%	2 (R,R)	NA	6	2
Texas	Public Utility Commission of Texas	Greg Abbott (R)	5 of 5	40% / 0% / 0% / 60%	2 (O,R)*	Appointed	6	Indefinite
Utah	Public Service Commission of Utah	Spencer J. Cox (R)	3 of 3	67% / 0% / 0% / 33%	0	Appointed	6	Indefinite
Virginia	Virginia State Corporation Commission	Glenn A. Youngkin (R)	1 of 3	0% / 0% / 0% / 100%	0	Elected	6	1
West Virginia	Public Service Commission of West Virginia	James C. Justice Jr. (R)	3 of 3	67% / 0% / 0% / 33%	1 (R)	Appointed	6	Indefinite
Wisconsin	Public Service Commission of Wisconsin	Anthony "Tony" Evers (D)	3 of 3	0% / 67% / 0% / 33%	0	Appointed	6	2
Wyoming	Wyoming Public Service Commission	Mark Gordon (R)	3 of 3	67% / 33% / 0% / 0%	1 (R)	Appointed	6	1

*May include commissioners whose term expired prior to 06/2023, but still serve as commissioner currently

Source: SNL, Data compiled by Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Exhibit 4: Company exposure to each applicable jurisdiction by % of Rate Base
Exposure to Jurisdiction by Rate Base (2022A)

State		AEP	DUK	ED	EXC	SO	XEL	PEG	D	NEE	SRE
Alabama	AL					32%					
California	CA										59%
Colorado	CO						39%				
Maryland	MD				37%						
Delaware	DE										
District of Columbia	DC										
Florida	FL		23%							100%	
Georgia	GA					54%					
Illinois	IL				37%	7%					
Indiana	IN	15%	13%								
Michigan	MI										
Kentucky	KY	4%	1%								
Minnesota	MN						34%				
Mississippi	MS					4%					
New Jersey	NJ				6%			100%			
New Mexico	NM						5%		7%		
New York	NY			100%							
North Carolina	NC		45%						8%		
North Dakota	ND						2%				
Ohio	OH	19%	5%								
Oklahoma	OK	10%									
Pennsylvania	PA				20%						
South Carolina	SC		11%						18%		
South Dakota	SD						2%				
Tennessee	TN		1%								
Texas	TX	28%					12%				41%
Louisiana	LA										
Arkansas	AK										
Utah	UT								5%		
Virginia	VA	19%				1%			60%		
West Virginia	WV	3%									
Wisconsin	WI						5%				
Wyoming	WY								1%		

Source: Company filings, Data compiled by Goldman Sachs Global Investment Research

Focus events by stock

- **American Electric Power (AEP, Buy):** Due to its wide range of regulatory jurisdictions, AEP has several key events upcoming. The item that has garnered the most attention from investors in our conversations is the fuel securitization request in West Virginia. AEP has requested $641mn of total securitization between APCo and Wheeling Power, and staff recommendation is to disallow $202mn of recovery. The hearing to determine the recovery of this fuel is scheduled for the first week of September. AEP has also filed a rate case at Kentucky Power, as it plans to renew its focus on this segment following the terminated sale. Kentucky Power currently has an allowed RoE of 9.3%, which is mostly in-line with recently awarded RoEs in the state. In addition, AEP will have a meeting at the end of June in Louisiana to discuss renewable projects in that jurisdiction, and noted that the result of that meeting could also impact its renewable ownership in Arkansas.
- **Duke Energy (DUK, Neutral):** DUK is currently in two major rate cases in North Carolina, at both its Duke Energy Carolinas (DEC) and Duke Energy Progress (DEP) segments. DUK is requesting a new multi-year cost recovery mechanism, which will recover capital spending from the prior year without having to go in for a rate case, as well as O&M and D&A related to that spend. The company has noted that because this is a new mechanism the rate case will likely go the distance, with rates requested by October 2023 at DEP and January 2024 for DEC. DUK also plans to file an updated Integrated Resource Plan (IRP) at NC and SC later this year.
- **Consolidated Edison (ED, Sell):** ED is in the midst of the rate case process at CECONY electric and gas as well as steam. The CECONY electric/gas rate case has

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

seen a joint proposal filed with ROE/equity layer at 9.25%/48% currently proposed vs. 10%/50% originally proposed. While uncertainty remains around the steam rate case, we note that it represents a small piece of ED's business. A decision on the electric/gas rate case is expected on July 24, 2023, while a decision on the steam rate case is expected on October 31, 2023.

- **Exelon Corporation (EXC, Sell):** EXC has ongoing rate cases in almost all of its subsidiaries, with ComEd and BGE, representing 55% of 2022 rate base, expecting decisions this year:
  - **ComEd**: Earlier this year, ComEd filed a four-year multi-year plan (MYP) requesting an ROE of 10.5% with a 5 bps increase YoY from 2024 to 2027. The company received a testimony from the Illinois Commerce Commission (ICC) staff which proposed a revenue increase of ~$1 bn and ROE of 8.91% calculated using the old formula rate plan at the end of May. The subsidiary expects to file a rebuttal by June 27 with the subsequent hearing slated to be held in August and a final decision expected by 4Q23.
  - **BGE:** The subsidiary is in a 3-year MYP rate case currently requesting an ROE of 10.4% for its gas and electric distribution segments. A decision is expected by the end of the year.
- **Southern Company (SO, Buy):** SO concluded its Georgia Power rate case late last December, largely removing any regulatory concerns at its largest segment. The largest item on the agenda for SO is the prudency filing for Vogtle spend it will be making upon fuel load at Unit 4, which could be in July-October based on the company's timeline. This filing will require SO to prove that the company acted in a prudent and reasonable manner during the construction of Vogtle. If successful, SO will maintain the full $7.3 bn of Vogtle spend that will go into rate base. There is potential for upside, with several investors asking our view on the possibility of the commission allowing SO to put more than $7.3bn into rate base, but we do not embed any view on this in our numbers.
- **Xcel Energy (XEL, Buy):** At NSPM, Xcel recently concluded the Minnesota rate case and received a final decision on the South Dakota rate case. The company also expects to get a decision on a Request for Proposal (RFP) for Sherco Solar 3 (250 MW self-build) and Apple River (100 MW PPA) in the summer. In addition, we highlight other key events across subsidiaries:
  - **NSPW:** In April 2023, NSPW filed an electric/natural gas rate case, requesting a rate increase of $40 mn and $9 mn for electric and natural gas respectively and a 10.25% ROE. A decision on this case is expected in 4Q23.
  - **PSCo:** PSCo filed an electric rate case in November 2022 requesting a rate increase of ~$253 mn, 10.25% ROE and equity ratio of 55.7%. On June 21, the company filed a settlement with hearings expected in July, a CPUC decision expected in 3Q23, and rates effective in September 2023. In addition, the company expects a CPUC decision in Fall 2023 on outstanding RFPs.
  - **SPS:** SPS New Mexico filed a settlement on its electric rate case, which included a rate increase of $33 mn, based on a forward test year, an ROE of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

9.5% and a 54.7% equity ratio. A final decision and implementation of rates is expected in 4Q23. Also, investors should look out for an approval application on generation RFPs later in 2023.

- **Public Service Enterprise Group (PEG, Neutral):** We expect PEG to file a distribution rate case by the end of 2023 as the company seeks to recover expenses related to pension and higher interest rates. However, the increased rates will not likely be implemented until mid to late 2024 at the earliest. PEG has also recently filed for GSMP III as well as a Clean Energy Future energy efficiency (CEF-EE) extension. The CEF-EE extension is expected to kick in on October 1, 2023, adding nine months to the current CEF-EE program (until June 30, 2024) which authorization expires on September 30, 2023.

- **Dominion Energy (D, Neutral):** DEV filed to effectively reduce rates by ~$351 mn as it relates to three legacy riders as part of the larger regulatory changes that took effect in April. A decision is expected in June as the rate reduction becomes law on July 1, per RRA. In addition, the company is also requesting approval to securitize $1.275 bn in deferred fuel costs which will only be filed after July 1 as that is the date when the enabling statute becomes effective. A final order is expected in 4Q23 on securitization. In Wyoming, D filed a natural gas rate case requesting a $2 mn revenue increase and an ROE of 10.3% with decision expected by 4Q23. And finally, DESC filed a gas rate case requesting ~$19.5 mn revenue increase of and ROE of 10.38%, decision expected by 4Q23.

- **NextEra Energy (NEE, Buy):** NEE's largest segment, Florida Power and Light (FPL), settled a rate case that locks in a best-in-class RoE and favorable rate increases through 2025. While FPL has settled the most common regulatory issues a utility faces, there has been noise around campaign finance allegations, as reported by NPR, which have created uncertainty as investors have asked what the ramifications could be if it proves to be an issue. In addition, the Florida Supreme Court is reviewing the aforementioned rate case settlement.

- **Sempra (SRE, Buy)**: SRE has ongoing rate cases at both of its California utilities, San Diego Gas & Electric (SDG&E) and SoCalGas. Both utilities expect a decision in mid 2024, with retroactive rates going into effect from the beginning of that year. SRE's Texas based utility Oncor recently settled a rate case, but has requested the commission reconsider certain rate base and expense adjustments, with the commission required to comment on these by mid July.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Exhibit 5: The spread between ROE (national avg.) and UST 10 year yield is at one of the narrowest levels seen since 2000

National avg ROE by type and consolidated and UST 10 year yield (on a quarterly basis)

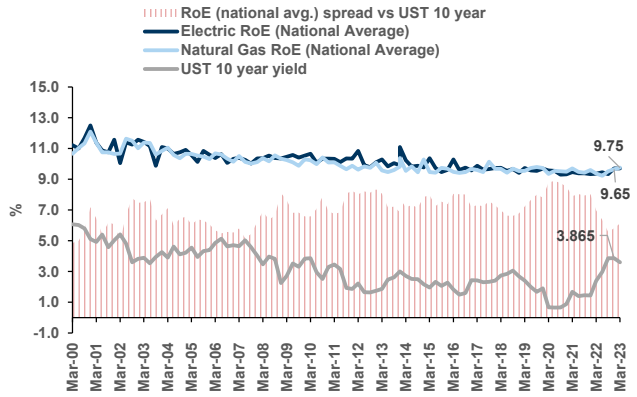

Source: SNL, Goldman Sachs Global Investment Research

Exhibit 6: The spread between ROE (national avg.) and UST 10 year yield is at one of the narrowest levels seen since 2000

National avg ROE by type and consolidated and UST 10 year yield (on an annual basis)

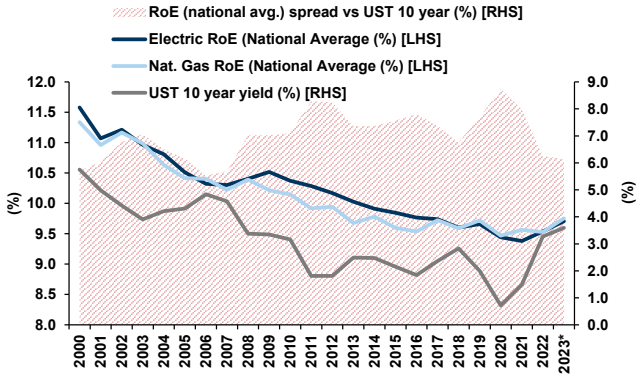

Source: SNL, Goldman Sachs Global Investment Research

Exhibit 7: Both electric and natural gas equity ratios are above their average levels

Equity Ratio by type (on an quarterly basis)

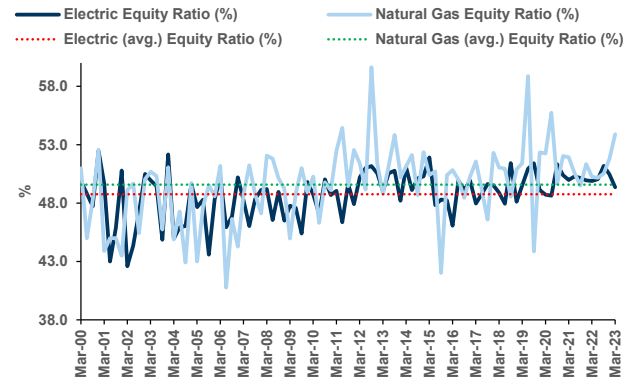

Source: SNL, Goldman Sachs Global Investment Research

Exhibit 8: Both electric and natural gas equity ratios are above their average levels

Equity Ratio by type (on an annual basis)

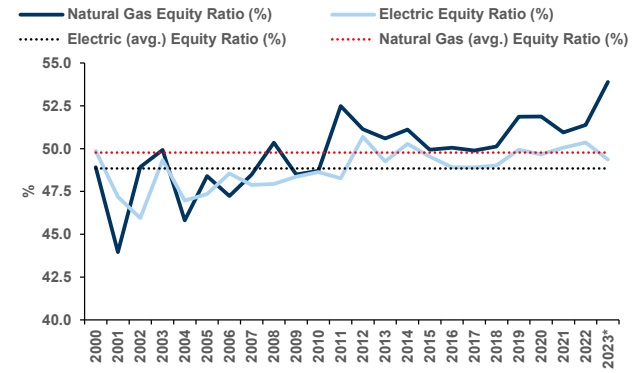

Source: SNL, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Valuation & Key Risks

Exhibit 9: Price Target Methodologies and Key Risks across our coverage

Price Target Methodologies and Key Risks					
Ticker	Methodology	Rating	Price Target (12 mo.)	6/22/2023 Price	Key Risks
AEP	SOTP	Buy	$98	$85.10	**Key downside risks:** lower than expected ownership of renewable RFPs, financing needs if any potential announced asset sales fall through; failure to make progress on closing the ROE gap at the VIU utilities
DUK	P/E (15.5x 2025 EPS)	Neutral	$99	$90.90	**Key upside/downside risks:** rate case outcomes; cost management; poor load growth or weather
ED	P/E (16x 2025 EPS)	Sell	$88	$92.12	**Key upside risks:** favorable rate case outcomes, premium valuation persisting, superior execution
EXC	P/E (15x 2025 EOS)	Sell	$39	$40.54	**Key upside risks**: favorable rate case outcomes, cost control and ability to smooth earnings, the shift in the business mix towards regulated growth driving multiple rerating, and incremental capex opportunities
SO	P/E (18x 2025 EPS)	Buy	$80	$71.30	**Key downside risks**: execution risk around Vogtle, balance sheet strength, slower than anticipated rate base/earnings growth
XEL	P/E (19x 2025 EPS)	Buy	$75	$62.76	**Key downside risks:** negative rate case outcomes, slower than expected renewable transition, failure to close gap between earned vs authorized ROE, and cost management
PEG	SOTP	Neutral	$64	$62.11	**Key upside/downside risks:** uncertainty around pension expense lift out and implementation around a long term solution, outcome in its upcoming 2023 distribution rate case, power price volatility, upside to capital spending plans.
D	SOTP	Neutral	$55	$53.00	**Key upside/downside risks:** outcome of the business review, regulatory outlook, and project execution
NEE	SOTP	Buy	$90	$75.13	**Key downside risks:** regulatory landscape turning more negative, risk around the goals laid out in NEER's renewable development plan, Florida population growth slowing leading to slower than expected load growth and customer growth at FPL, and cost management.
SRE	SOTP	Buy	$178	$146.52	**Key downside risks:** delays with the LNG projects, Texas customer growth slowing or the regulatory environment becoming less favorable in Texas, and unfavorable rate case outcomes at the California utilities or challenging regulatory constructs

Source: Goldman Sachs Global Investment Research

Exhibit 10: We see 13% total return potential to our coverage on average and 21% for Buy rated stocks

Comp Analysis

	Ticker	Rating	Price	Target	Dividend Yield	Total Return	EPS			P/E			EPS CAGR
			6/22/23	12 Mo.	%	%	2023	2024	2025	2023	2024	2025	22-25 (%)
Large Cap Regulated Utilities													
American Elec Power	AEP	Buy	$85.10	$98.00	3.9%	19%	$5.21	$5.70	$6.06	16.3x	14.9x	14.0x	6%
Duke Energy	DUK	Neutral	90.90	99.00	4.5%	13%	5.60	5.93	6.37	16.2x	15.3x	14.3x	7%
Consolidated Edison	ED	Sell	92.12	88.00	3.5%	-1%	4.77	5.19	5.48	19.3x	17.7x	16.8x	6%
Exelon	EXC	Sell	40.54	39.00	3.6%	0%	2.38	2.49	2.61	17.0x	16.3x	15.5x	5%
Southern Company	SO	Buy	71.30	80.00	3.9%	16%	3.53	4.05	4.45	20.2x	17.6x	16.0x	7%
Xcel	XEL	Buy	62.76	75.00	3.3%	23%	3.40	3.70	3.94	18.4x	17.0x	15.9x	8%
Public Service Enterprise Group	PEG	Neutral	62.11	64.00	3.7%	7%	3.43	3.59	4.06	18.1x	17.3x	15.3x	5%
Sector Average					***3.8%***	***11%***				***17.9x***	***16.6x***	***15.4x***	***6%***
Diversified Utilities													
Dominion Energy	D	Neutral	$53.00	55.00	5.1%	9%	$3.94	$3.72	$3.82	13.5x	14.2x	13.9x	-2%
NextEra Energy	NEE	Buy	75.13	90.00	2.5%	22%	3.18	3.48	3.89	23.6x	21.6x	19.3x	10%
Sempra Energy	SRE	Buy	146.52	178.00	3.3%	25%	9.40	9.71	10.32	15.6x	15.1x	14.2x	4%
Sector Average					***3.6%***	***19%***				***17.6x***	***17.0x***	***15.8x***	***4%***
Coverage Average					***3.7%***	***13%***				***17.8x***	***16.7x***	***15.5x***	***6%***

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller, Jaskaran Jaiya and Shuaib Joomun, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for American Electric Power, Consolidated Edison Inc., Dominion Energy Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra Energy, Southern Co. and Xcel Energy Inc. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Dominion Energy Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra Energy, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	63%	56%	47%

As of April 1, 2023, Goldman Sachs Global Investment Research had investment ratings on 3,026 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2023 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Catalyst to Watch This Week: Louisiana PSC Special Session on 6/29 to Discuss AEP's Renewables Proposal

On Thursday, June 29th the Louisiana Public Service Commission will hold a special meeting to evaluate the PPA comparison to the owned renewables option AEP has put forth at its SWEPCO subsidiary. The LPSC could decide to move forward with either the AEP owned renewables plan or the PPA options or portions of both. AEP has proposed 999 MWs of renewable generation spread across two wind farms and one solar project for a total investment of $2.2bn. Texas has already rejected their portion of the SWEPCO proposal, but Arkansas has accepted it. If Louisiana accepts the self-owned option, AEP should have enough support to move forward. As a reminder, the LPSC deferred a ruling on the SWEPCO proposal several weeks ago and requested that the company present Purchase Power Agreement (PPA) options for the commission to review alongside AEP's proposal.

Watt's on Tap

June 23 -June 30

Calendar Items

Weekly Calendar	
Thurs - June 29	**AWR** - California rate case final decision **AWR, AWK, CWT, SJW** - California cost of capital final decision
Other Possible	**ETR** - FERC clarification around Dec '22 order on SERI issues **AES** - Could receive additional credit agency updates post May investor day **SO** - Vogtle Unit 3 Completion

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 06/22/2023

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 11.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

06/22/2023 PNW: Earnings Revised Higher on '21 Rate Case True-Up
06/21/2023 EXC: Staff Testimony Filed in BG&E Rate Case
06/21/2023 XEL: CO Settlement; EPS Growth Rate Increase
06/21/2023 PCG: Pac Gen Sale on Track
06/20/2023 NI: NIPSCO Minority Sale Announced

North America Alternative Energy and Environmental Services Analysts: Jon Windham & William Grippin

06/21/2023 OPAL: Final EPA Renewable Fuel Standard a positive

We are updating price targets below for the move in market multiples for the group.

Figure 1: Electric Utilities Price Target Update

Rating	Ticker	6/22/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Neutral	AEE	$82.29	$88	15.3x	$89	15.5x
Neutral	AEP	$85.10	$92	15.3x	$93	15.5x
Buy	CMS	$59.61	$68	15.3x	$69	15.5x
Neutral	ED	$92.12	$95	15.2x	$97	15.5x
Neutral	ES	$70.75	$73	15.9x	$71	15.5x
Neutral	ETR	$99.18	$108	15.4x	$109	15.5x
Neutral	EVRG	$58.30	$58	15.2x	$59	15.5x
Buy	EXC	$40.54	$45	15.2x	$46	15.5x
Sell	FTS	$56.07	$54	15.2x	$55	15.5x
Neutral	LNT	$52.73	$55	15.2x	$56	15.5x
Buy	NEE	$75.13	$89	15.2x	$91	15.5x
Buy	PEG	$62.11	$69	15.3x	$70	15.5x
Buy	PPL	$26.72	$30	15.0x	$31	15.5x
Buy	SRE	$146.52	$198	15.3x	$200	15.5x

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 2: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	6/22/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	SRE	$146.52	$200	40%	$8.43	$9.21	$8.98	$9.58	$10.16	14.4x	(7%)	3.1%	7.2%	6.4%	1st
Buy	AES	$20.91	$26	27%	$1.52	$1.67	$1.71	$1.88	$2.12	9.9x	(36%)	3.1%	13.5%	5.1%	1st
Buy	NEE	$75.13	$91	23%	$2.55	$2.90	$3.13	$3.43	$3.70	20.3x	31%	2.3%	7.4%	10.0%	1st
Buy	EIX	$69.09	$82	23%	$4.59	$4.63	$4.77	$5.18	$5.48	12.6x	(19%)	4.1%	5.8%	4.0%	4th
Buy	PPL	$26.72	$31	19%	$1.05	$1.41	$1.60	$1.70	$1.79	14.9x	(4%)	3.3%	7.1%	-6.5%	2nd
Buy	CMS	$59.61	$69	19%	$2.65	$2.89	$3.12	$3.37	$3.64	16.4x	6%	3.1%	8.1%	6.7%	1st
Buy	FE	$39.22	$45	19%	$2.60	$2.41	$2.59	$2.71	$2.93	13.4x	(14%)	4.0%	7.0%	2.4%	2nd
Buy	NI	$27.15	$31	18%	$1.37	$1.46	$1.57	$1.68	$1.80	15.1x	(3%)	3.5%	6.8%	6.0%	2nd
Buy	EXC	$40.54	$46	17%	$1.83	$2.27	$2.36	$2.54	$2.77	14.6x	(5%)	3.3%	7.1%	5.8%	2nd
Buy	PEG	$62.11	$70	16%	$3.65	$3.47	$3.46	$3.67	$3.97	15.6x	1%	3.5%	6.2%	6.6%	3rd
Neutral	EMA	$54.04	$59	14%	$2.81	$3.03	$3.29	$3.39	$3.53	15.3x	(1%)	5.0%	4.6%	4.6%	4th
Neutral	ETR	$99.18	$109	14%	$6.02	$6.42	$6.65	$7.18	$7.67	12.9x	(17%)	4.1%	6.6%	2.3%	3rd
Neutral	DUK	$90.90	$99	13%	$5.24	$5.27	$5.63	$5.97	$6.35	14.3x	(8%)	4.4%	6.3%	3.6%	3rd
Buy	SO	$71.30	$78	13%	$3.41	$3.60	$3.65	$4.05	$4.35	16.4x	6%	3.8%	6.6%	2.9%	3rd
Neutral	AEP	$85.10	$93	13%	$4.74	$5.09	$5.25	$5.64	$5.91	14.4x	(7%)	3.7%	5.6%	7.0%	4th
Buy	DTE	$112.94	$124	13%	$5.99	$5.96	$6.26	$6.69	$7.13	15.8x	2%	3.2%	5.9%	5.5%	4th
Neutral	XEL	$62.76	$68	11%	$2.96	$3.17	$3.43	$3.71	$3.98	15.8x	2%	3.1%	7.6%	6.0%	1st
Neutral	AEE	$82.29	$89	11%	$3.82	$4.14	$4.36	$4.71	$5.05	16.3x	5%	2.9%	7.1%	6.0%	2nd
Neutral	PCG	$17.29	$19	10%	$1.08	$1.10	$1.23	$1.36	$1.49	11.6x	(25%)	0.0%	9.9%	0.0%	1st
Neutral	LNT	$52.73	$56	9%	$2.65	$2.80	$2.90	$3.08	$3.27	16.1x	4%	3.2%	5.5%	6.0%	4th
Neutral	ED	$92.12	$97	9%	$4.37	$4.57	$4.85	$5.18	$5.51	16.7x	8%	3.4%	6.3%	5.5%	3rd
Neutral	WEC	$89.28	$92	6%	$4.11	$4.46	$4.62	$4.94	$5.28	16.9x	9%	3.3%	6.3%	6.7%	3rd
Neutral	CNP	$29.11	$30	5%	$1.64	$1.38	$1.49	$1.64	$1.72	16.9x	9%	2.4%	7.4%	7.9%	1st
Neutral	EVRG	$58.30	$59	5%	$3.58	$3.71	$3.65	$3.99	$4.30	13.6x	(12%)	4.0%	5.5%	6.6%	4th
Neutral	D	$53.00	$53	5%	$3.86	$4.10	$3.99	$3.53	$3.80	13.9x	(10%)	5.0%	1.4%	2.2%	4th
Neutral	OGE	$36.19	$36	4%	$2.36	$3.32	$2.01	$2.11	$2.26	16.0x	3%	4.6%	7.1%	3.0%	2nd
Neutral	ES	$70.75	$71	4%	$3.54	$4.05	$4.36	$4.64	$4.94	14.3x	(8%)	3.6%	6.7%	6.0%	3rd
Sell	FTS	$56.07	$55	2%	$2.59	$2.78	$2.97	$3.18	$3.37	16.6x	7%	3.9%	5.9%	4.6%	3rd
Sell	PNW	$82.67	$74	(6%)	$5.47	$4.26	$4.20	$4.96	$5.23	15.8x	2%	4.1%	6.5%	4.1%	3rd
Electric Utility Average										**15.5x**		**3.6%**	**6.6%**	**4.9%**	
Buy	WTRG	$40.89	$50	25%	$1.67	$1.77	$1.88	$2.05	$2.18	18.8x	(24%)	2.7%	6.7%	7.0%	2nd
Neutral	SJW	$71.60	$78	11%	$2.14	$2.43	$2.47	$2.80	$2.95	24.3x	(2%)	2.0%	6.3%	7.0%	2nd
Neutral	AWK	$148.50	$150	3%	$4.25	$4.51	$4.79	$5.18	$5.53	26.9x	9%	1.9%	7.9%	8.0%	2nd
Sell	AWR	$87.19	$86	0%	$2.34	$2.11	$3.11	$2.93	$3.17	27.5x	11%	1.8%	6.8%	6.0%	2nd
Sell	CWT	$52.27	$51	(0%)	$1.97	$1.77	$2.00	$2.17	$2.32	22.5x	(9%)	2.0%	5.7%	5.0%	3rd
Water Utility Average										**24.7x**		**2.1%**	**7.4%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 3: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	6/22/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	**VST**	$25.30	$37	48%	$3,325	$3,685	$1,908	$2,994	$3,699	6.5x	6%	4.5x	36%
Sell	**NRG**	$34.92	$30	(14%)	$1,776	$1,977	$2,404	$1,848	$3,073	6.5x	-8%	4.0x	27%
AVERAGE										**6.5x**		**4.3x**	**32%**

Source: FactSet, UBS Estimates

Figure 4: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.30	3,081	$ 44,052	$ 15,754	25.0x	20.9x	$ 2,389
Brookfield Infrastructure Partners (1)	US$	BIP-USA	Not Covered	$ 35.75	458	$ 16,383	$ 31,032	N/A	13.2x	N/A
Average								**25.0x**	**17.0x**	
Railroads										
CSX Corp	US$	CSX-USA	Buy	$ 33.11	2,033	$ 67,314	$ 16,517	11.2x	10.1x	$ 7,482
Canadian National Railway	US$	CNI-USA	Buy	$ 119.95	662	$ 79,455	$ 11,116	9.5x	12.6x	$ 9,491
Canadian Pacific Railway	US$	CP-USA	Buy	$ 80.71	931	$ 75,146	$ 14,370	10.3x	15.2x	$ 8,700
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 220.11	228	$ 50,106	$ 15,670	11.4x	10.0x	$ 5,754
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 203.37	610	$ 123,994	$ 33,928	12.6x	12.3x	$ 12,504
Average								**11.0x**	**12.1x**	
Clean Power										
AES Corp. (2)	US$	AES-USA	Buy	$ 20.91	711	$ 14,867	$ 18,253	9.7x	7.8x	$ 3,397
Clearway Energy, Inc.	US$	CWEN-USA	Buy	$ 29.02	82	$ 2,391	$ 6,371	8.3x	8.3x	$ 1,060
NextEra Energy Partners	US$	NEP-USA	Buy	$ 60.63	89	$ 5,390	$ 5,030	9.6x	8.5x	$ 1,088
Ormat Technologies	US$	ORA-USA	Buy	$ 83.96	60	$ 5,013	$ 1,826	12.7x	10.9x	$ 539
Orsted A/S	DKK	ORSTED-CSE	Buy	643.20 kr.	420	270,389.10 kr.	$ 49,965	10.1x	12.4x	31,746.94 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 23.50	116	$ 2,727	$ 4,836	8.6x	8.3x	$ 884
Average								**9.8x**	**9.4x**	
OVERALL AVERAGE								**11.6x**	**11.6x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$89.25	300	$ 26,797	$ 6,603	8.6x	8.7x	$ 3,886
							At 8% Discount	**10.7x**	**10.6x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks (2) UBS EBITDA includes net tax credits.

Source: FactSet, UBS Estimates
Updated as of: 6/22/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 5: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	EV ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	P/B 2023	P/B 2024	P/B 2025
Utility Scale Renewables																		
ARRY	Array Technologies	Buy (CBE)	22.09	30	36	99	3.3	4.2	0.0	25.8x	18.7x	15.1x	15.9x	12.7x	10.8x	12.8x	11.7x	9.7x
CSIQ	Canadian Solar	Neutral (CBE)	39.55	48	21	46	2.6	5.4	0.0	8.0x	7.2x	6.2x	3.3x	2.8x	2.7x	1.0x	1.0x	0.4x
FSLR	First Solar	Buy	192.88	250	30	479	20.6	18.7	0.0	25.6x	16.5x	7.5x	15.2x	9.7x	5.2x	3.1x	3.4x	0.3x
FTCI	FTC Solar	Buy (CBE)	2.70	4	48	4	0.3	0.3	0.0	-	10.4x	6.7x	-	5.9x	2.9x	4.5x	4.5x	37.2x
JKS	JinkoSolar	Neutral (CBE)	46.43	55	18	34	2.3	8.5	0.0	6.6x	5.8x	4.8x	3.7x	3.3x	2.9x	0.5x	0.6x	0.2x
SMR	NuScale Power	Neutral (CBE)	8.11	9	11	7	0.6	0.5	0.0	-	-	-	-	-	49.9x	36.7x	192.9x	-113.3x
ORA	Ormat Technologies	Buy	86.44	102	18	44	5.2	6.9	0.6	47.3x	37.3x	30.0x	13.3x	12.1x	10.9x	2.0x	2.3x	0.4x
SHLS	Shoals Technologies	Buy	25.69	29	13	77	4.4	4.6	0.0	44.2x	30.3x	24.9x	20.5x	15.4x	12.8x	6.5x	5.9x	2.1x
TPIC	TPI Composites	Neutral (CBE)	11.39	9	(21)	11	0.5	1.0	0.0	-	-	-	13.8x	8.6x	5.3x	-8.7x	-3.8x	9.7x
Average									0.1	26.3x	18.0x	13.6x	12.2x	8.8x	11.5x	6.5x	24.3x	-5.9x
Distributed Solar																		
AMPS	Altus Power	Buy (CBE)	5.52	10	81	8	0.9	1.9	0.0	64.9x	23.4x	12.8x	14.8x	12.4x	10.8x	2.0x	1.8x	1.6x
GNRC	Generac	Buy	122.03	185	52	129	7.6	9.1	0.0	18.0x	12.9x	11.4x	11.9x	8.6x	7.8x	3.0x	2.4x	2.0x
SEDG	SolarEdge	Neutral (CBE)	277.46	310	12	294	15.6	15.2	0.0	27.9x	23.8x	21.1x	17.4x	15.9x	14.2x	5.8x	4.6x	3.8x
SPWR	SunPower	Neutral (CBE)	11.22	14	25	52	2.0	2.2	0.0	25.4x	22.7x	13.4x	12.3x	12.0x	8.0x	3.0x	2.3x	1.8x
RUN	Sunrun	Neutral (CBE)	20.08	30	49	201	4.3	14.5	0.0	-	35.0x	13.1x	-	170.5x	50.3x	0.6x	0.5x	0.5x
Average									0.0	23.8x	23.6x	14.7x	13.9x	51.8x	20.1x	3.1x	2.5x	2.0x
Clean Energy Financing																		
HASI	Hannon Armstrong	Buy	28.41	47	65	29	2.6	5.8	5.9	12.9x	12.0x	11.2x	-	-	-	1.3x	1.2x	1.0x
Yield Co.																		
AY	Atlantica	Neutral	24.03	29	21	15	2.8	7.9	7.6	-	342.1x	63.8x	8.9x	8.2x	7.7x	1.9x	2.5x	2.0x
BEP	Brookfield Renewable	Buy	29.68	41	38	8	8.2	54.9	4.5	-	-	-	15.8x	15.0x	14.3x	5.3x	8.5x	9.2x
CWEN	Clearway	Buy	29.99	37	23	25	3.5	12.2	5.2	12.1x	18.9x	17.4x	10.5x	10.9x	10.4x	1.5x	1.9x	1.2x
NEP	NextEra Energy Partners	Buy	62.67	82	31	69	5.6	21.8	5.6	76.9x	53.7x	37.4x	21.6x	16.3x	13.8x	1.4x	1.9x	0.8x
Average									5.7	44.5x	138.2x	39.5x	14.2x	12.6x	11.6x	2.5x	3.7x	3.3x
Energy Storage																		
FLNC	Fluence Energy	Buy	27.21	34	25	37	3.2	3.0	0.0	-	282.9x	21.0x	-	73.0x	11.6x	8.8x	8.1x	5.5x
LICY	Li-Cycle Holdings Corp.	Buy	5.72	10	66	8	1.0	0.9	0.0	-	-	-	-	-	167.4x	2.7x	3.9x	4.9x
STEM	Stem Inc.	Buy (CBE)	6.31	8	27	41	1.0	1.3	0.0	-	-	11.1x	-	15.9x	6.7x	2.0x	2.0x	1.6x
Average									0.0	-	282.9x	16.0x	-	44.5x	61.9x	4.5x	4.7x	4.0x

Source: Factset, UBS estimates
Updated: 6/22/2023

Figure 6: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	Div Yield (%) 2023	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	FCF Yield (%) 2023	FCF Yield (%) 2024	FCF Yield (%) 2025
Municipal solid waste																	
CWST	Casella Waste	Buy	86.47	110	27	25	4.4	0.0	78.6x	73.2x	375.2x	18.0x	14.3x	13.3x	2.5	2.8	2.8
RSG	Republic Services, Inc.	Neutral	147.62	145	(2)	166	46.7	1.4	30.0x	28.4x	25.1x	13.5x	12.9x	12.1x	3.7	4.1	4.1
WCN	Waste Connections, Inc.	Buy	137.07	161	17	115	35.3	0.8	36.0x	31.2x	29.0x	16.8x	15.4x	14.3x	3.3	3.5	3.9
WM	Waste Management, Inc.	Neutral	166.91	162	(3)	265	67.9	1.7	29.9x	28.6x	25.1x	14.7x	13.9x	13.2x	2.8	2.2	3.7
Average								1.0	31.7x	29.6x	26.6x	14.8x	13.9x	13.1x	3.1	3.2	3.6
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	154.26	155	0	60	8.3	0.0	22.2x	18.9x	18.6x	9.8x	9.2x	8.4x	3.4	3.9	5.6
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	7.09	12	69	1	1.2	0.0	-	-150.4x	23.9x	17.2x	11.6x	6.8x	-	-	-

Source: Factset, UBS estimates
Updated: 6/22/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 7: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

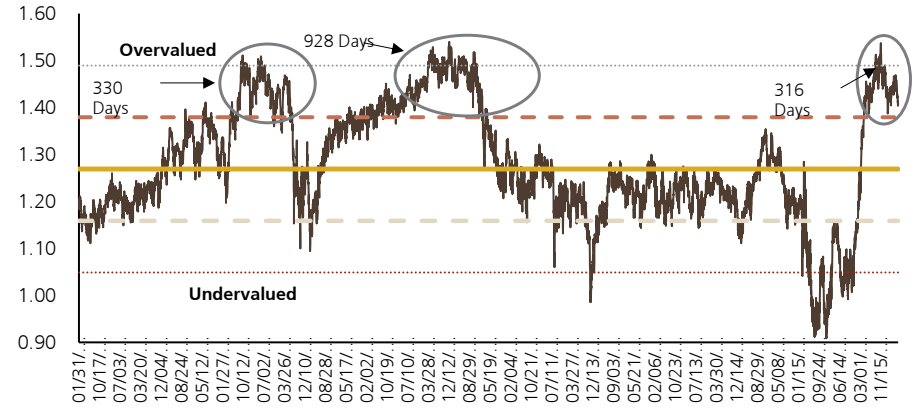

Source: FactSet, US Federal Reserve, UBS
Updated as of: 06/22/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 13.9% to the mean.

Figure 8: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

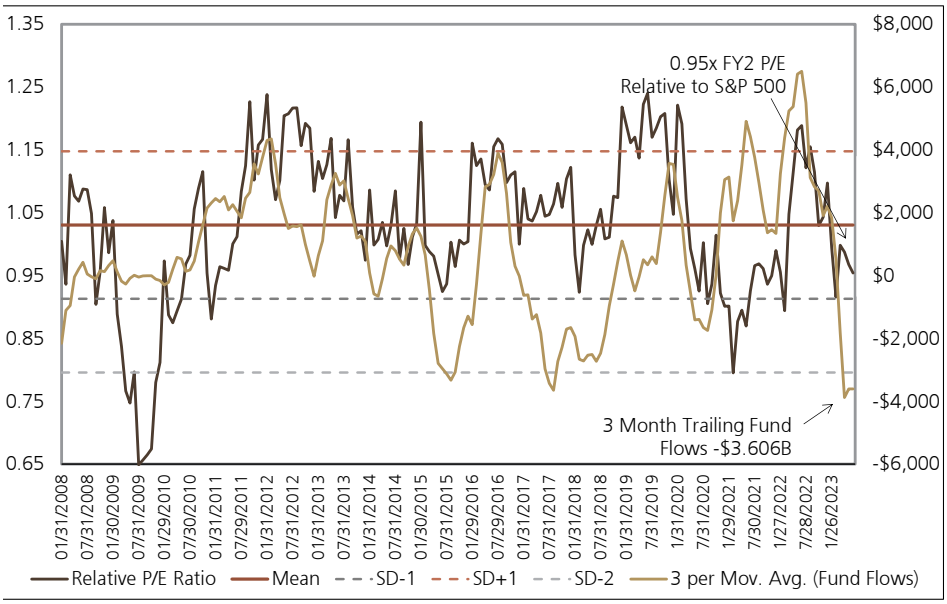

Source: FactSet, Strategic Insights, UBS
Updated as of:6/22/2023

Utilities now trade at a 8.0% discount to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 9: Utility Credit Spreads

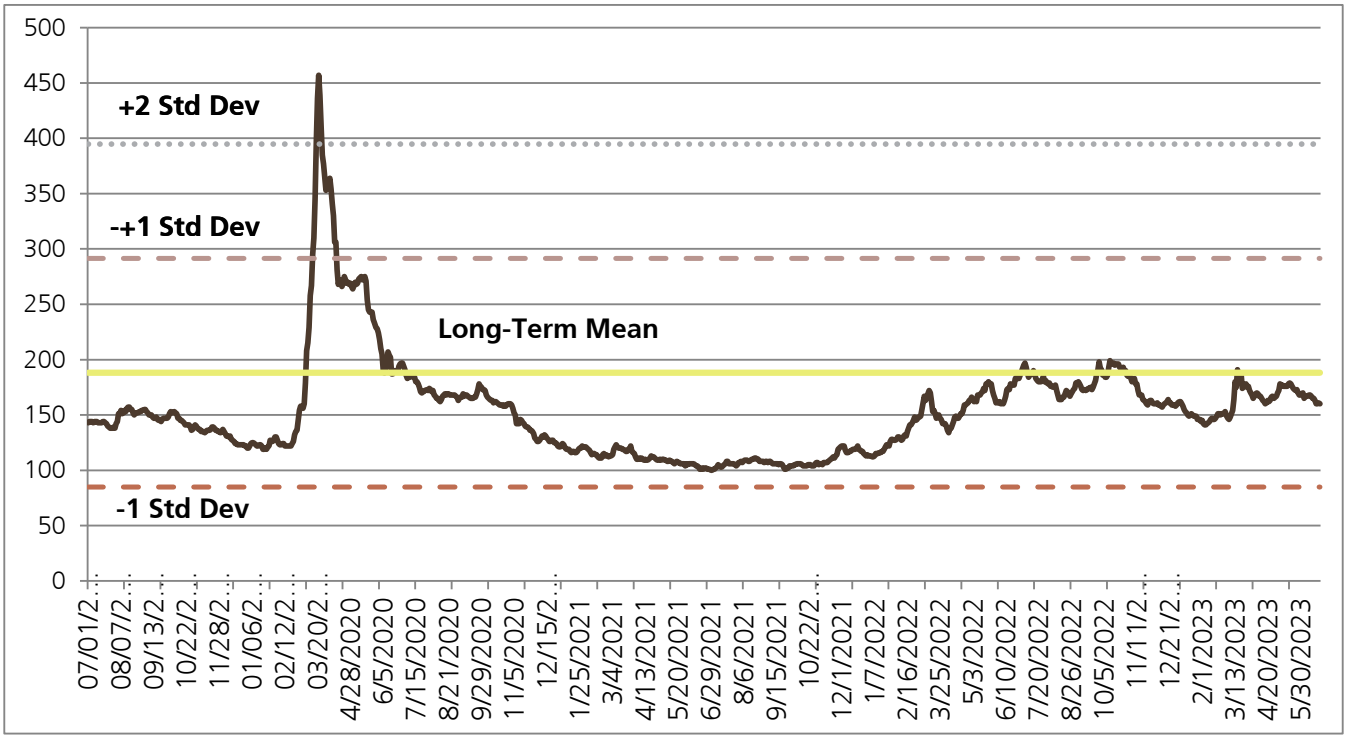

Source: Facteset, UBS
Updated 6/22/2023

Utility credit spreads contracted 5 bp last week and are 28 bp below the long-term mean.

Water Utility Relative P/E Chart

Water utilities trade at a 9.2% discount to the 5 year average FY 2 P/E relative to the S&P 500 and a 1.7% discount to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Figure 10: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

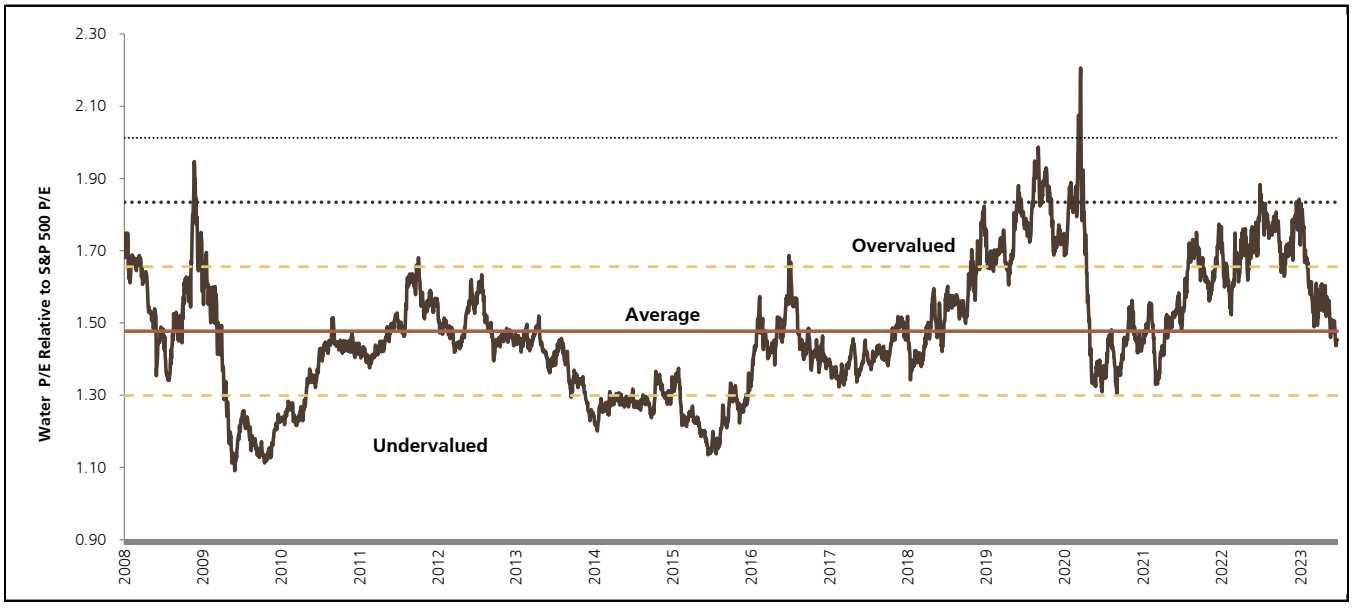

Source: Factset, UBS

Updated 6/22/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 10) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 11) to try to gauge where the sell-side consensus view is shifting.

Figure 11: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

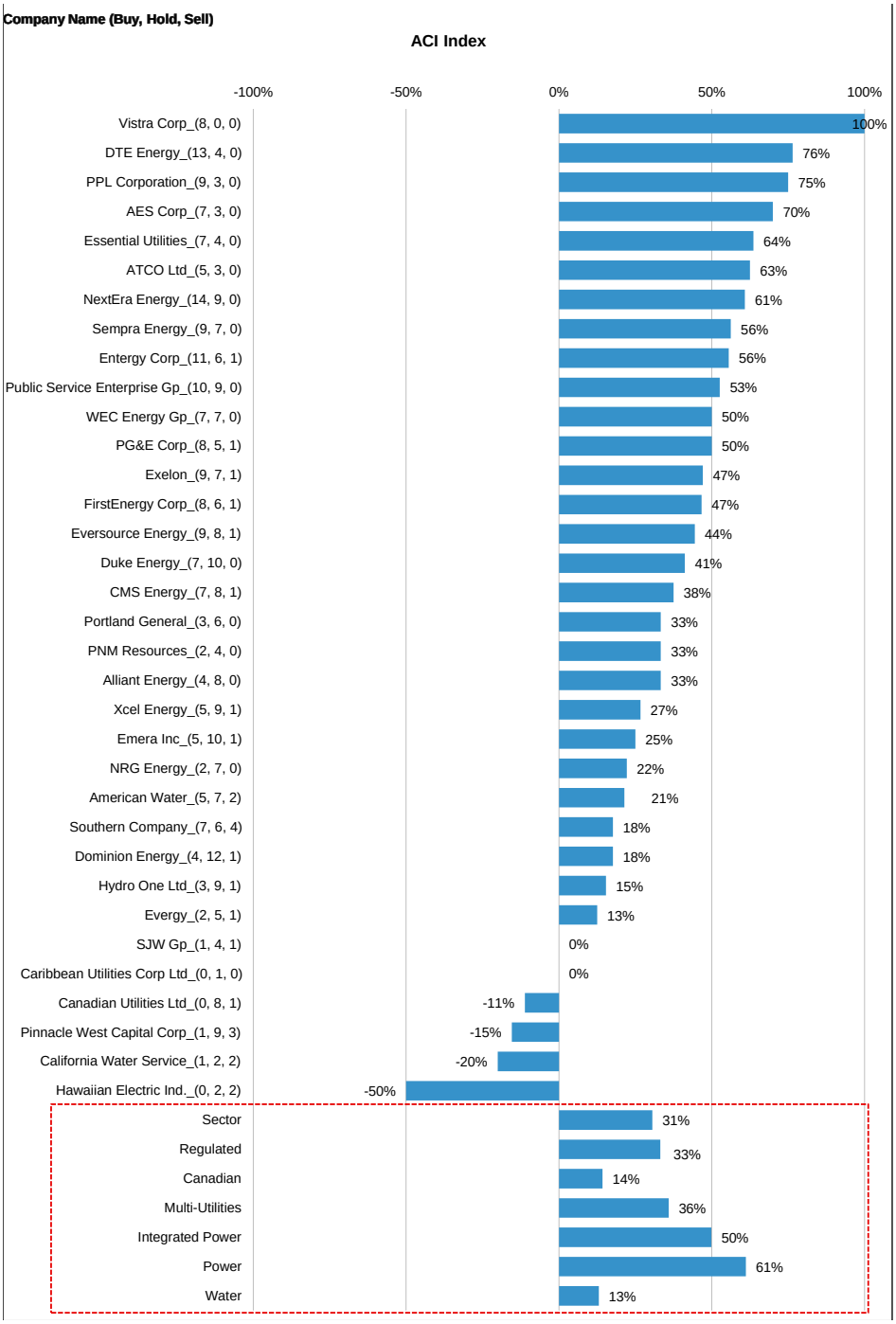

Source: Bloomberg, FactSet, UBS
Updated as of: 06/22/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Figure 12: Change in ACI Index over Last 12 Weeks

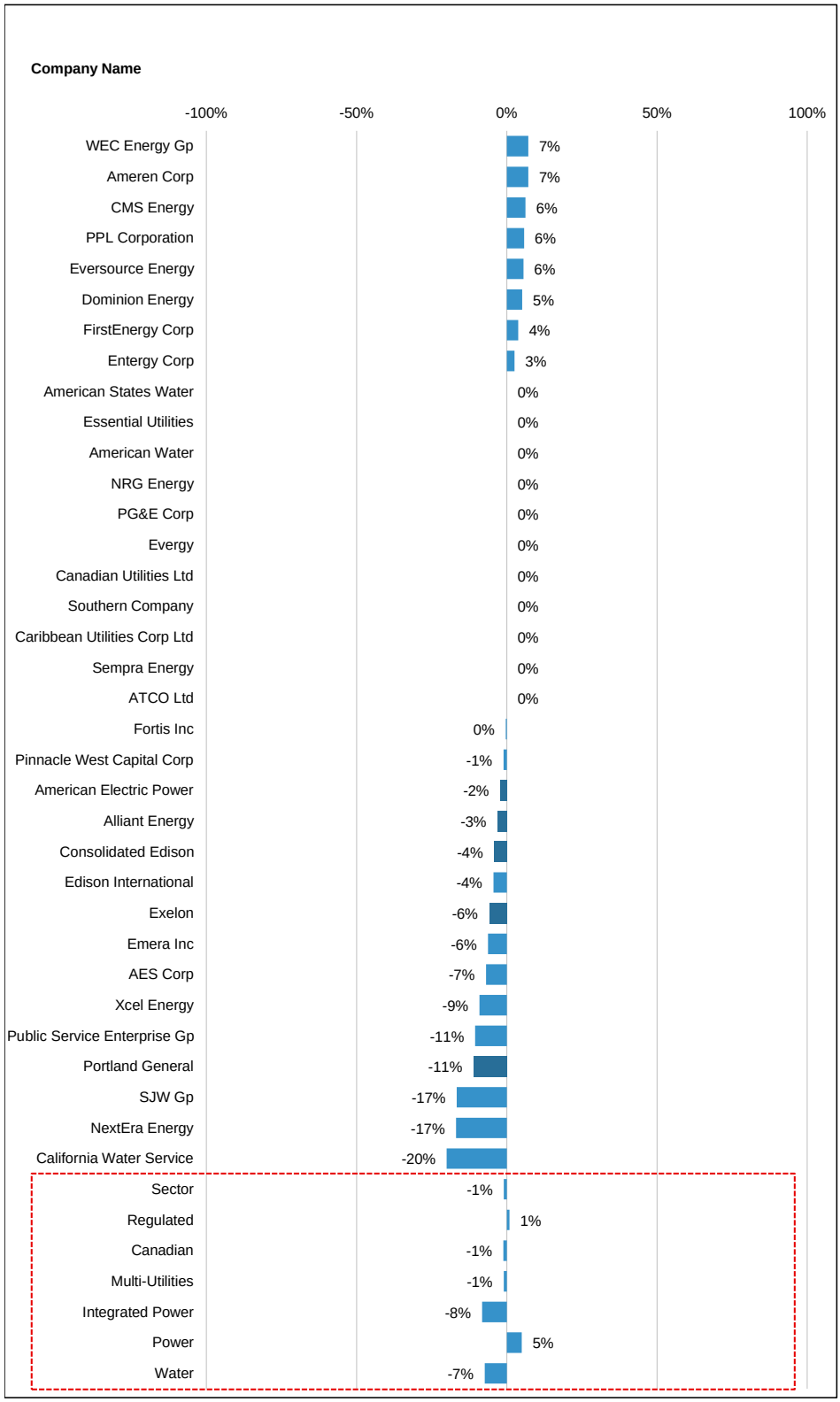

Source: Bloomberg, FactSet, UBS
Updated as of: 06/22/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based.

North American utilities: We identify the following risk factors for the sector overall: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.

IPPs: We identify the following risks for the sector: Demand for new renewable installations has historically been volatile around changes in state and federal policy, and we expect this volatility to continue. In addition, margins for product manufacturers can be impacted by swings in raw materials pricing and the overall level of energy prices.

Environmental Services: We identify the following risks for the sector: Housing remains a key driver of incremental municipal solid waste volume growth, and a slowdown in new housing starts could put downward pressure on sales growth. In addition, pricing tends to follow GDP growth, and a slowdown in economic growth could lower ability to raise pricing driving potential contraction in margins. For more industrial-exposed names, swings in commodity prices can impact the overall level of waste-generating activity, contributing to earnings volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 23 June 2023 12:36 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Alliant Energy Corp[16]	LNT.O	Neutral	US$52.73	22 Jun 2023
Ameren Corp[16]	AEE.N	Neutral	US$82.29	22 Jun 2023
American Electric Power Inc[2,4,5,16,7,6b]	AEP.O	Neutral	US$85.10	22 Jun 2023
CMS Energy Corp[16]	CMS.N	Buy	US$59.61	22 Jun 2023
Consolidated Edison Inc[16]	ED.N	Neutral	US$92.12	22 Jun 2023
Entergy Corp[16,7,6b,6c]	ETR.N	Neutral	US$99.18	22 Jun 2023
Evergy, Inc[16]	EVRG.O	Neutral	US$58.30	22 Jun 2023
Eversource Energy[16,7,6b]	ES.N	Neutral	US$70.75	22 Jun 2023
Exelon Corp[2,4,5,16,7,6b,6c]	EXC.O	Buy	US$40.54	22 Jun 2023
Fortis Inc[2,4,16]	FTS.TO	Sell	C$56.07	22 Jun 2023
NextEra Energy Inc[2,4,5,16,7,6a]	NEE.N	Buy	US$75.13	22 Jun 2023
PPL Corp[2,4,5,16]	PPL.N	Buy	US$26.72	22 Jun 2023
Public Service Enterprise Group[16,7,6b]	PEG.N	Buy	US$62.11	22 Jun 2023
Sempra[4,5,16]	SRE.N	Buy	US$146.52	22 Jun 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and investment banking services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6c. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KeyBanc Capital Markets

Alert

June 21, 2023

Energy: Electric Utilities

Midweek Thoughts — XEL, SO, AGR, ETR, CNP, SRE, FE, AEE, EXC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, XEL reaches a settlement in the CO electric rate case; SO's Nicor Gas announces that it expects a $38M pre-tax charge due to the disallowance of QIP investments; AGR and PNM extend the merger agreement until year-end; the TX ALJ issues a PFD in the outstanding items in ETR TX rate case; ERCOT issues a voluntary conservation notice as TX faces a heat wave; the MD PSC approves FE's early termination of PPA for the 205 MW Warrior Run coal plant; AEE MO PSC announces plans to add 550 MW of solar projects; the Rochester City Council votes to approve funding to conduct a study on municipalizing the local utility, RGE; and EXC receives ~$30M in federal funding from the Department of Commerce for grid enhancements.

ICYMI

AGR, CEG — On Tuesday, we upgraded AGR to Sector Weight and downgraded to CEG to Sector Weight. You can read our full notes here and here.

Industry News and News from Companies in Our Coverage

XEL — XEL reaches a settlement in the CO electric rate case: XEL, Staff, and others reach a settlement for a revenue increase of $95M, premised on a 9.3% ROE, 55.69% equity, and a 2022 historical test year. The settlement includes an alternative revenue increase of $47M if the PUC accepts depreciation expense deferrals associated with certain coal-generating assets. The parties also agreed to the early termination of the revenue decoupling pilot and no earnings-sharing mechanism. The settlement compares to XEL's initial request for a $312M revenue increase (net $262M, $50M currently recovered through riders), premised on 10.25% ROE, 55.7% equity, and a 2023 forecast test year. In direct testimony, Staff recommended a $46M revenue increase ($31M net), on a 9.02% ROE, 55.69% equity, and a historical test year. Only one party opposed the settlement. Hearings to discuss the settlement are set to begin in July 2023, followed by a PUC decision in 3Q23. The Company is requesting rates to become effective September 7, 2023.

SO — Nicor Gas expects a $38M pre-tax charge due to the disallowance of QIP investments: SO announced that it expects Nicor Gas to record a $38M pre-tax charge after the IL ICC issued an order disallowing ~$32M of the $415M 2019 QIP plant additions. The $38M pre-tax charge includes the capital investment disallowance and the related return on investment, which we estimate would result in a ~$0.03 EPS headwind if finalized. SO filed the 2019 QIP reconciliation (Docket: 20-0330) with the IL ICC in March 2020. SO also has active dockets for the 2020 and 2021 QIP annual reconciliations. SO seeks to recover $360M and $355M in those dockets, respectively. The Company intends to file for a rehearing with the ICC and appeal to the Illinois Appellate Court if necessary.

AGR — AGR and PNM extend merger agreement until December 31: AGR and PNM entered into a third amendment to the merger agreement to extend the end date until December 31, 2023. The agreement was set to expire on July 20. The merger is currently pending a court decision on whether the PRC exceeded its jurisdictional authority in denying the approval for the merger in late 2021. The NM Supreme Court previously (read more here) issued a decision denying a joint motion filed by AGR, PNM, and the NM PRC to dismiss the pending appeal of the PRC's denial of the proposed merger and remand the case to the PRC. The court has scheduled oral arguments in the case for September 12.

ETR — ALJ issues PD in ETR TX rate case on outstanding issues: The ALJ addressed outstanding Issue Numbers 68 and 69, related to transportation electrification and charging infrastructure, respectively**.** The ALJ deferred to the PUCT to determine if it is appropriate for ETR to own EV charging infrastructure. If the PUCT determines it's appropriate, the ALJ recommends that the PUCT approve the Transportation Electrification and Charging Infrastructure (TECI) rider and deny the Transportation Electrification and Charging Demand Adjustment (TECDA) rider. ETR previously filed a settlement in the TX electric GRC that resolved all issues except Issue Numbers 68 and 69. The settlement agreed to a $54M net revenue increase ($252M base rate increase offset by $198M of riders), premised on a 9.57% ROE and 51.21% equity. The PUCT has a jurisdictional deadline to issue a decision by July 20 (open meetings are scheduled for June 29 and July 20). New rates will be retroactive to December 3, 2022.

CNP, SRE — ERCOT issues voluntary conservation notice during the heat wave: ERCOT asked TX residents to voluntarily reduce electricity use on Tuesday, June 20, between 4:00 PM and 8:00 PM CDT, due to record forecasted demand from the heat wave. Actual load demand exceeded 79 GW on Tuesday, resulting in power prices reaching ~$5,000/MWh. Temperatures are expected to remain

elevated today with a forecast for 80,458 MW, which would top the prior record of 80,148 MW set last summer. Currently, ERCOT forecasts that demand will reach 82,080 MW on June 26 and 83,555 MW on June 28. In the 2023 summer seasonal assessment of resource adequacy, ERCOT projected that sufficient capacity would be available to serve the forecasted peak load for the upcoming summer season. ERCOT assumed a base summer peak load demand of 82,739 MW. The grid operator has ~97,000 MW of resource capacity, providing a 23% planning reserve margin. ERCOT has experienced 5,000 MW of outages during the past three summers.

FE — MD PSC approves FE's decision for early termination of the PPA for the 205 MW Warrior Run coal plant: The MD PSC approved FE's Potomac Edison's application (Docket No. 8797) to buy out the remainder of its PPA contract with AES for the 205 MW Warrior Run coal plant for $357M after FE and AES agreed to the termination. FE entered the 30-year contract with AES in 2000 under PURPA requirements to purchase 180 MW of offtake capacity. FE estimates that the early termination of the contract will save customers ~$80M over the next seven years by eliminating the fluctuating charges based on wholesale energy prices and capacity.

AEE — AEE MO PSC announces plans to add 550 MW of solar projects: AEE MO announced plans to add 550 MW of solar between 2024-2026. The Company will build the 50 MW Vandalia Renewable Energy Center and the 50 MW Bowling Green Renewable Energy Center. AEE will acquire the 300 MW Split Rail Solar Facility and the 150 MW Cass County Solar plant from Invenergy and Savion, respectively. As part of its latest IRP, AEE will add 2.8 GW of wind and solar by 2030. An updated MO IRP filing is expected in 2H23, which could result in further decarbonization investments.

AGR — Rochester City Council votes to approve funding to conduct a study on municipalizing RGE: The Rochester City Council voted unanimously to allocate $0.5M to a feasibility study to explore the possibility of cutting ties with AGR's RGE and forming a municipal utility. Rochester Mayor Malik Evans and the Rochester City Council previously filed a letter with the NY PSC requesting NYS to fund the study. Customers have complained of higher bills, and the PSC is investigating RGE concerning the mismanagement of its billing systems and protocols. Municipalization studies and efforts aside, there have been very few instances of utilities being taken over by local municipalities. Last week, RG&E reached a constructive settlement in the pending electric and gas rate cases. The settlement awaits NY PSC approval.

EXC — EXC receives ~$30M in federal infrastructure grants: EXC's ComEd and BGE were each awarded ~$15M through the Middle Mile Grant by the DoC's National Telecommunications and Information Administration. ComEd will use the funding to enhance grid reliability and resilience while helping to increase broadband connectivity across areas in Chicago. BGE's grant will go toward a $31M project to underground 70 route miles of underground middle-mile fiber infrastructure. The $1B Middle-Mile Grant Program seeks to fund the construction, improvement, or acquisition of middle-mile fiber infrastructure; $930M has been awarded so far.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

POR: Disciplined Growth; Notes from the Road

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 1Q23 Earnings Preview: It's Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	262	49.72	42	16.03
Sector Weight [SW]	259	49.15	42	16.22
Underweight [UW]	6	1.14	3	50.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	13	59.09
Sector Weight [SW]	32	56.14	11	34.38
Underweight [UW]	3	5.26	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> EXC testimony, LNG deal penned, PSC on ConEd, PNW rider opposed, coal slump
- **Publication Date/Time** : Wednesday, June 21, 2023 04:55:43 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_id=fb917a600ea16c2f84ef2eae1dfec89a&_doc_docfn=U2FsdGVkX19QuMy4jqJX3idHYDcAzy4BNICw%2FyfoJg%2FcBOBNxtcJ8pvcLRVXOG4i1a9836

UBS

Global Research and Evidence Lab
21 June 2023

First Read

Exelon Corp

Staff Testimony Filed in BG&E Rate Case

Equities

Americas
Electric Utilities

12-month rating	**Buy**
12m price target	**US$45.00**
Price (20 Jun 2023)	**US$40.74**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$46.70-35.54
Market cap.	US$40.5b
Shares o/s	994m (COM)
Free float	100%
Avg. daily volume ('000)	6,658
Avg. daily value (m)	US$274.4
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.6x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E	
	UBS	**Cons.**
Q1	0.70	0.70
Q2E	0.41	0.46
Q3E	0.76	0.73
Q4E	0.50	0.49
12/23E	2.36	2.37
12/24E	2.54	2.51
12/25E	2.77	2.72

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

What Happened?

Yesterday, intervenor testimony in the BG&E multi-year rate case was filed. The Staff recommends a cumulative electric rate increase over '24-'26 of $193.2mm or 61.7% of the $313mm request by BG&E. In the gas case, the cumulative rate increase recommended is $232.2mm or 80.2% of the $289.3mm request. The ROE recommendation is 9.45% for both segments vs. last authorized ROE of 9.50% for electric and 9.65% for gas. The recommendation for equity ratio is 52.0%, in-line with the current authorized level. The rate base recommendation for the gas segment is $3.23/$3.54/$3.87 bn for '24-26 vs. company ask of $3.22/$3.53/$3.87 bn. For the electric rate case, Staff came in at $4.76/$5.04/$5.25 bn vs. ask of $4.85/$5.23/$5.59 bn. EXC is also seeking a total of $76.5mm for revenue shortfall from '21/'22 and Staff recommends recovery of $68.1mm. Additionally, the Office of Consumer Counsel is recommending a cumulative rate increase for both electric and gas of $293.3mm vs. the total BG&E ask of $602.4mm.

What's Our View?

We believe investors should view the Staff position as a reasonable starting point. The ROE recommendation is modestly below the last authorized, but we believe there should be an opportunity to maintain the current authorized level, particularly if a settlement can be reached. The gas revenue recommendation is quite strong at 80% of ask and the overall increase between the two segments being at 70.6% of the request is a constructive data point. Notably, this is the second time through with the multi-year rate plan in Maryland, and the Staff recommending 89% of the true-up ask is a positive sign that the overall framework appears to be working. The BG&E rate case in Maryland (18% of total rate base) and the ComEd rate case in Illinois (37% of total rate base) are important drivers to EXC achieving its 6-8% EPS growth target through 2026. Both cases now have reasonably supportive Staff positions filed as they work towards resolution by year-end.

What's Next?

Rebuttal testimony in the BG&E case is due 7/31. Hearings are scheduled for 8/30-9/8. A Maryland Public Service Commission order is expected by 12/14. In the ComEd case, rebuttal testimony is due 6/27, with evidentiary hearings on 8/21. A proposed order from an administrative law judge is due 10/23 and a final order from the Illinois Commerce Commission is expected by 12/20.

Valuation:

We maintain our Buy rating and $45 price target.

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)
Profitability/valuation	**12/20**	**12/21**	**12/22**	**12/23E**	**12/24E**	**12/25E**	**12/26E**	**12/27E**
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	10.0	9.4	8.7	8.1	9.6
P/E (UBS, diluted) x	22.4	25.7	19.7	17.2	16.0	14.7	13.8	12.8
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.1)	(3.0)	(3.4)	(2.7)	(1.4)
Dividend yield (net) %	2.9	2.9	3.0	3.5	3.8	4.1	4.4	4.7

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 40.74 on 20-Jun-2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Forecast returns

Forecast price appreciation	+10.5%
Forecast dividend yield	3.7%
Forecast stock return	+14.1%
Market return assumption	9.7%
Forecast excess return	+4.4%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price-to-earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 4) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-the-parts analysis applying business/region appropriate valuations to those diversified businesses; 5) One-off Adjustments: In special situations, we value risk on an issue-specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our price target of $45 premised on a 6% premium to the group multiple or 16.3x our $2.77/share earnings forecast for 2025. Our 6% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 3% discount for a 3rd quartile regulatory ranking overall, a 2% premium for 2nd quartile earnings growth, a 5% premium for energy transition, and 3% discount for lower pricing power.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Quantitative Research Review

UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next year? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Required Disclosures

This report has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; certain additional disclosures concerning UBS research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 21 June 2023 02:59 PM GMT. UBS has designated certain Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	22%
Neutral	FSR is between -6% and 6% of the MRA.	36%	21%
Sell	FSR is > 6% below the MRA.	10%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$40.74	20 Jun 2023

Source: UBS. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Exelon Corp (US$)

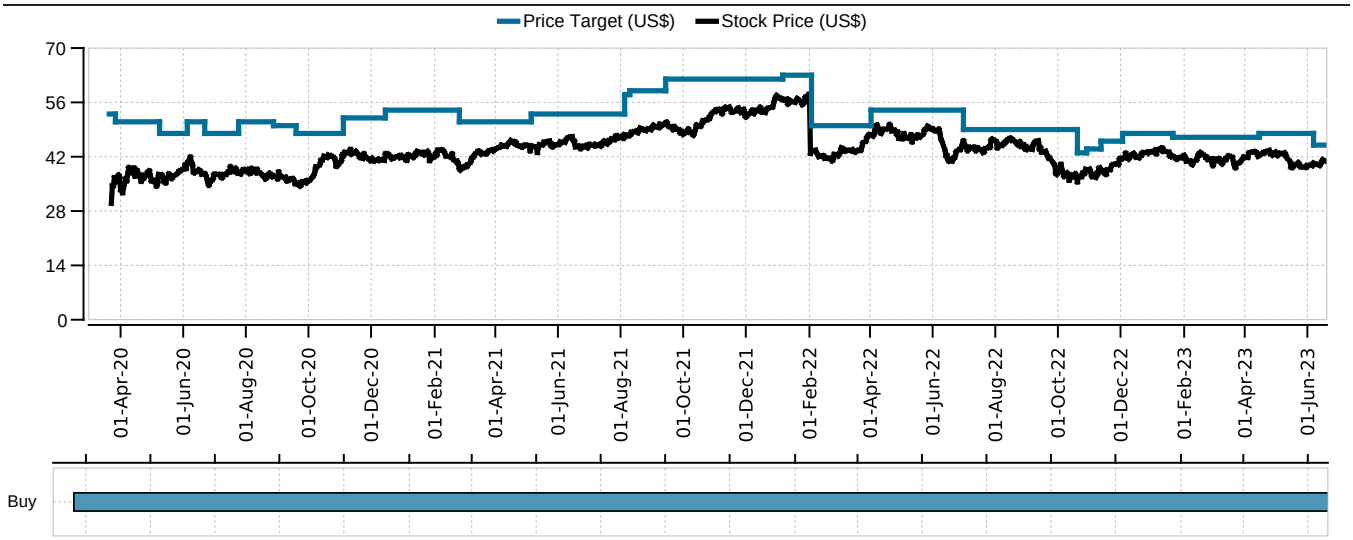

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-03-20	31.00	53.00	Buy
2020-03-26	36.59	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy

Source: UBS;as of 20-Jun-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). Clients of UBS Securities Australia Ltd: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
ALTO	2.60	Buy
DUK	90.95	Buy
ETR	99.53	Buy
EXC	40.74	Neutral
NI	27.22	Buy
PEG	62.02	Buy
SO	70.34	Buy

Power & Utilities

June 21, 2023

The Guggenheim Daily Transmission: NI, SO, EXC, ETR, PEG, US EPA/ALTO, DUK

SAVE THE DATE: Our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, will take place July 11 & 12 in Atlanta...

For details on our Guggenheim-hosted client Utility events including our ES NDR, SMR NDR, SRE NDR, LNT NDR, PNW NDR, AWK NDR, ED NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, and other events, scroll down...

NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions (see our note HERE)

SO – Illinois regulators decide on partial disallowance for Nicor Gas' 2019 QIP capex investment

EXC – Intervenor testimony filed in BGE MYP case

ETR – ETR MS storm recovery continues

PEG – PSEG CEO Ralph Larossa speaks with media on EV adoption and last mile delivery infrastructure

US EPA/ALTO – Media reports on EPA proposal for biofuels and ethanol blending

SO – Georgia PSC special election could be approaching soon

DUK – Environmental group speaks out against fuel recovery rate hike

SO – Illinois regulators decide on partial disallowance for Nicor Gas' 2019 QIP capex investment

- The Illinois Commerce Commission (ICC) completed its review of Nicor Gas' 2019 Qualifying Infrastructure Plant (QIP) investment under the utility's QIP rider and decided to disallow $32m of the $415m of requested 2019 capital, or roughly ~8% of the total. Nicor Gas defends these investments in infrastructure as prudently incurred and intends to request rehearing by the Illinois Commission and, if necessary, appeal to the Illinois Appellate Court.
- The utility will record a pre-tax charge in 2Q23 of ~$38m (~$28m after tax) associated with the disallowance of capital investments. Nicor Gas said that it is analyzing the ICC's order and estimates a range of possible outcomes of ~$38m–$44m in disallowances.
- Nicor Gas' capital expenditures related to qualifying projects under the Investing in Illinois program totaled $389m/$408m/$437m/$62 million in 2020/2021/2022/1Q23, respectively.
- The proceedings to review Nicor Gas' QIP investments for 2020-2022 are pending before the Illinois Commission, including Nicor Gas' testimony demonstrating that these additional investments in infrastructure are reasonable and prudently incurred, however no schedule has been established at this time for other parties to file testimony in those proceedings.
- Company 8-K HERE

Guggenheim takeaway: *Although the ongoing EPS impact is much less than a penny for SO, investors will no doubt be watching this matter develop with an eye towards WEC's PGL subsidiary's QIP program as the utility continues to navigate through its current rate case in Illinois.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

EXC – Intervenor testimony filed in BGE MYP case

- Staff, OPC, Sierra Club, Amtrak, and multiple other organizations and corporations have filed direct testimony in BGE's ongoing MYP case
- "My recommended ROE is 9.45 percent for BGE's electric and gas operations. This recommendation is based on my calculated ROEs from my DCF, and CAPM models, which are presented in Table 1 below. This result would lower BGE's current ROE from gas operations from 9.65 percent, resulting in a decrease of 20 basis points, and would decrease BGE's electric ROE by 5 basis points. My recommended ROE is 9.45 percent, because this figure is within the range of my ROE results and recognizes the Commission's precedent for applying gradualism to ROE determinations" – direct testimony of Drew M. McAuliffe
- "Staff recommends that BGE be authorized to implement revised electric delivery service rates that produce

  an increase in annual revenues of approximately $39.1 million in 2024, $76.1 million in 2025, and $78.0 million in 2026." – filing
- More HERE

Guggenheim takeaway: *Heads up on the voluminous filings, which we continue to parse – initial impressions point to manageable metrics in our view (e.g., vs. prior authorized 9.5% ROE), however we continue to evaluate Staff's proposed adjustments to the capital spend (for example in Testimony of Jamie A. Smith) and other intervenors' filings.*

ETR – ETR MS storm recovery continues

- ETR MS continues storm recovery from about 138,000 outages at the peak.
- About 13,000 customers were still out as of yesterday, and ETR anticipates restoring power to all those who can receive it by tonight.
- The restoration efforts have caused some concern from MPSC regulators as customers have voiced their complaints in restoration delays.
- MPSC commissioner Brent Bailey voiced his concern and disappointment with ETR MS response in media covered here.

Guggenheim takeaway: *FYI. Customer complaints are expected for a storm restoration process and ETR has generally been timely and prudent in restoration. MPSC voicing concerns is a datapoint on public feedback for ETR, but also supports the need for resiliency which ETR has pushed up in the capex stack.*

PEG – PSEG CEO Ralph Larossa speaks with media on EV adoption and last mile delivery infrastructure

- PSEG CEO Ralph Larossa spoke with CNBC live yesterday on EV adoption inflection points, needs for last mile reliability and other energy matters in NJ.
- Ralph reiterated many points made to investors during the current year on the need to address resiliency, manage customer wallet share and stay ahead of emerging consumer trends.
- Media covered here.

Guggenheim takeaway: *FYI.*

US EPA / ALTO – Media reports on EPA proposal for biofuels and ethanol blending

- Reuters reports the EPA proposed rules on biofuel will be flat for ethanol.
- The U.S. Environmental Protection Agency is reported to be looking at biofuel blending volumes of 20.94 billion gallons in 2023, 21.54 billion gallons in 2024 and 22.33 billion gallons in 2025 (per media source)
- The update proposal is slightly above the prior contemplated volumes of 20.82 billion in 2023, 21.87 billion in 2024, and 22.68 billion in 2025.
- Within the blending mandates, ethanol has been stepped down from 15.25 billion gallons to 15.00 through 2025 with a small exception for 2023.
- EPA is expected to announce the final rule on Wednesday (per media).
- More here.

Guggenheim takeaway*: FYI. The potential EPA outcome is slight below the prior anticipated ethanol levels, which could pressure some fuel ethanol producers, including ALTO, but we note that the majority of margin contribution for the company is based on*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

high grade ethanol and other corn based products. On the margin the tempered blending mandates could help keep the ethanol market from oversupply.

SO – Georgia PSC special election could be approaching soon

- Georgia voters had been scheduled to vote on two of the five Georgia Public Service Commission (PSC) seats in November 2022, however the election was delayed pending a Voting Rights Act lawsuit which alleged that the 'at-large' voting system used to elect PSC members was unlawfully diluting the Black vote in Georgia.
- Following a June 8th U.S. Supreme Court decision on a case with similar facts in Alabama, the possibility is being raised that a decision may not be far off which would then trigger a Georgia PSC special election to occur.
- The case is currently at the 11th District Court of Appeals, which last held a hearing on the case in December 2022. The case was stayed, pending the Supreme Court's decision on 'Allen v. Milligan'. With that case now decided, Georgia's case is able to proceed.
- District 2 and 3 seats are up for re-election. In District 2, incumbent Tim Echols (R) is running against Patty Durand (D). In District 3, incumbent Fitz Johnson (R) is running against Shelia Edwards (D).
- More HERE

Guggenheim takeaway: *FYI. As a reminder (and also ahead of the Vogtle prudency review), please join us for our 2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO), Racing Porsches & GA Commissioner Meetings, which will take place July 11 & 12 in Atlanta.*

DUK – Environmental group speaks out against fuel recovery rate hike

- CleanAIRE NC, an environmental advocacy group, conducted a media interview to discuss the environmental group's opposition to Duke Energy Carolina's proposed revenue increase related to fuel recovery.
- More HERE

Guggenheim takeaway: *Minor FYI, and an expected part of the process.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Eversource Energy (ES)

Joseph Nolan, *Chairman, President & Chief Executive Officer*
John Moreira, *Chief Financial Officer*
Jeffrey Kotkin, *Vice President, Investor Relations*
Bob Becker, *Director, Investor Relations*

Date & Location
Thursday, June 22, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.02bn
Eversource Energy (ES) engages in the generation, transmission, and distribution of natural gas and electricity. It operates through the following segments: Electric Distribution, Electric Transmission, Natural Gas Distribution and Water Distribution. The Electric Distribution segment distributes electricity to retail customers. The Electric Transmission segment owns and maintains transmission facilities through CL&P, NSTAR Electric, PSNH, and WMECO. The Natural Gas Distribution segment transmits and distributes natural gas to retail customers. The Water Distribution segment operates three separate regulated water utilities in Connecticut, Massachusetts, and New Hampshire. The company was founded on July 1, 1966, and is headquartered in Springfield, MA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

NuScale Power Corporation (SMR)

Chris Colbert, *Chief Financial Officer*

Scott Kozak, *Director, Investor Relations*

Date & Location

Tuesday, June 27, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $1.9bn

NuScale Power Corp. (SMR) engages in the commercialization of a modular, scalable 77 megawatt electric Light Water Reactor nuclear power plant using rights to a nuclear power plant design. Its products include VOYGR SMR Plants and Energy Exploration (E2) Centers. The company was founded by José N. Reyes in 2007 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Sempra (SRE)

Jeffrey Martin, *President & Chief Executive Officer*
Trevor Mihalik, *Chief Financial Officer*
Kevin Sagara, *Group President*
Allen Nye, *Chief Executive Officer, Oncor*
Justin Bird, *Chief Executive Officer, Sempra Infrastructure*
Faisel Khan, *Chief Financial Officer, Sempra Infrastructure*

Date & Location
June 28 – June 30, 2023
New York

Meeting Format
NDR - 1:1 Meetings & Group Lunch

Company Information
Market Cap: $46.6bn
Sempra (SRE) is an energy-service holding company that engages in the development and operation of energy infrastructure and provision of electric and gas services. It operates through the following segments: San Diego Gas and Electric Company (SDG&E), Southern California Gas Company (SoCalGas), Sempra Texas Utilities, Sempra Mexico, and Sempra LNG. The SDG&E segment offers electric and natural gas services. The SoCalGas segment owns and operates a natural gas distribution, transmission, and storage systems. The Sempra Texas Utilities segment comprises the equity method investments in Oncor Holdings and Sharyland Holdings. The Sempra Mexico segment includes the operating companies of IENova. The Sempra LNG segment develops natural gas storage and related pipeline facilities. The company was founded on October 11, 1996, and is headquartered in San Diego, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

SAVE THE DATE

2nd Annual Guggenheim Georgia Field Trip: Southern Company (SO)/Georgia Power C-Suites, Porsche Racing & GA Commissioner Meetings

What does Southern Company & Georgia Power C-Suite meetings, Georgia Commissioner meetings and racing Porsches on race tracks have in common? Almost nothing! But we are combining all of them for an action-packed 2 days in GA. Please join the Guggenheim Utilities Research Team in Atlanta, GA on July 11 and 12.

Dates and Location

July 11 & 12, 2023 — Atlanta, Georgia

Schedule

Tuesday, July 11th

We advise flying in the morning of Tuesday, July 11. Recommended flights to follow.

~1:00 PM | Georgia PSC Meetings
Tricia Pridemore, PSC Chair, *Commissioner*
Tim Echols, Vice-Chairman, *Commissioner*
Fitz Johnson, *Commissioner*
Lauren "Bubba" McDonald, *Commissioner*
Jason Shaw, *Commissioner*

~6:00 PM | Client Dinner with Southern Company (SO) C-Suite
Chris Womack, *President & Chief Executive Officer (Incoming)*
Dan Tucker, *Chief Financial Officer*
Scott Gammill, *VP of Investor Relations & Treasurer*
Among others

Wednesday, July 12th

8:30 AM | Porsche Racing Experience
Experience the thrill of the drive at the Porsche Experience Center. Attendees will drive vehicles from the full Porsche model range with driving coaches by their side in a race-controlled atmosphere. See: https://www.porschedriving.com/atlanta

1:00 PM | Lunch with Southern Company (SO) and Georgia Power C-Suite
Kim Greene, *Chair, President & Chief Executive Officer (Georgia Power)*
Dan Tucker, *Chief Financial Officer (SO)*
Aaron Abramovitz, *Chief Financial Officer (Georgia Power)*
Among others

Company Information

Market Cap: $73.3bn

Southern Co (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, and Tennessee. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Alliant Energy Corp (LNT)

John Larsen, *Chairman & Chief Executive Officer*
Lisa Barton, *President & Chief Operating Officer*
Robert Durian, *Chief Financial Officer*
Susan Trapp Gille, *Manager, Investor Relations*

Date & Location
July 17 – 18, 2023
Boston

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $13.45bn
Alliant Energy Corp. (LNT) is a regulated investor-owned public utility holding company, which engages in the provision of regulated electricity and natural gas service to natural gas customers in the Midwest through its two public utility subsidiaries. It operates through following segments: Electric Utility, Gas Utility, Other Utility, and Non-Utility and Other. The company was founded in 1981 and is headquartered in Madison, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.



Equity Research | Corporate Access

Pinnacle West Capital Corporation (PNW)

Jeffrey Guldner, Chairman, President & CEO

Andrew Cooper, *Chief Financial Officer*

Dates & Locations

July 19 | New York
July 20 | Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $9.05bn

Pinnacle West Capital Corp. (PNW) is a holding company, which engages in providing energy and energy-related products. It offers regulated retail and wholesale electricity businesses and related activities, such as electricity generation, transmission and distribution through its subsidiary, Arizona Public Service Co. The company was founded on February 20, 1985, and is headquartered in Phoenix, AZ.
(Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	6/22	NYC
SMR	6/27	NYC
SRE	6/28–6/30	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	Boston
PNW	7/19–7/20	NYC & Boston
AWK	8/9–8/10	West Coast
ED	8/14	NYC
CMS	8/30–8/31	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim Comp Sheet

6/20/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					22-'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$59.90	3,433	3.70	4.17	4.56	4.87	5.07	3.67	4.08	4.35	4.83	5.05	0.03	0.09	0.21	0.04	–	16.3x	14.7x	13.8x	12.4x	11.9x	-7%	-10%	-10%	-14%	-13%	8.4%	4.6%	72%	Sell	$54	-5%	Neutral	$67	16%
AVA	$40.00	3,031	2.28	2.49	2.61	2.67	2.73	2.34	2.48	2.62	2.67	2.76	(0.06)	–	–	–	–	17.1x	16.1x	15.3x	15.0x	14.5x	-3%	-1%	-0%	4%	7%	5.2%	4.7%	78%	Sell	$35	-8%	Sell	$39	3%
NWE	$58.45	3,494	3.42	3.55	3.75	3.91	4.08	3.46	3.58	3.75	3.84	3.97	(0.04)	–	–	0.07	0.11	16.9x	16.3x	15.6x	15.2x	14.7x	-4%	-0%	2%	6%	8%	5.1%	4.4%	74%	Sell	$46	-17%	Buy	$60	7%
POR	$47.68	4,607	2.66	3.05	3.21	3.38	3.55	2.68	3.06	3.21	3.34	3.53	–	–	–	0.04	–	17.8x	15.6x	14.8x	14.3x	13.5x	1%	-5%	-3%	-1%	-0%	5.3%	4.0%	67%	Neutral	$50	9%	Buy	$53	15%
		14,564																**17.0x**	**15.7x**	**14.9x**	**14.2x**	**13.7x**	**-3%**	**-4%**	**-3%**	**-1%**	**1%**	**6.0%**	**4.4%**	**73%**						
Mid/Large Cap Electric																																			
AEE	$82.88	21,754	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.02	5.36	5.66	–	–	0.03	0.04	–	19.0x	17.7x	16.5x	15.5x	14.6x	8%	8%	8%	8%	8%	6.6%	3.1%	58%	Neutral	$89	11%	Buy	$92	14%
AEP	$84.54	43,520	5.30	5.64	6.00	6.39	6.81	5.28	5.62	5.98	6.37	6.84	–	–	–	–	(0.03)	16.0x	15.0x	14.1x	13.3x	12.4x	-9%	-8%	-8%	-8%	-9%	6.0%	4.0%	63%	Buy	$105	28%	Buy	$99	21%
CMS	$60.13	17,537	3.12	3.41	3.65	3.91	4.26	3.11	3.34	3.63	3.89	4.18	–	0.07	–	–	0.08	19.4x	18.0x	16.6x	15.5x	14.4x	10%	10%	8%	8%	6%	8.1%	3.4%	63%	Neutral	$65	11%	Buy	$67	14%
CNP	$29.08	18,304	1.50	1.61	1.73	1.87	2.03	1.49	1.61	1.72	1.85	1.99	–	–	–	–	0.04	19.5x	18.1x	16.9x	15.7x	14.6x	11%	10%	10%	9%	7%	8.0%	2.6%	49%	Buy	$32	13%	Buy	$32	13%
D	$53.17	44,447	3.89	3.75	3.97	4.24	4.50	3.78	3.77	3.97	4.36	4.45	0.11	–	–	(0.12)	0.05	14.1x	14.1x	13.4x	12.2x	12.0x	-20%	-14%	-13%	-15%	-12%	1.4%	5.1%	72%	Buy	$63	24%	Neutral	$60	18%
DTE	$113.19	23,330	6.26	6.73	7.19	7.75	8.30	6.22	6.68	7.13	7.73	8.24	0.04	0.05	0.06	–	0.06	18.2x	17.0x	15.9x	14.6x	13.7x	3%	4%	4%	2%	1%	6.4%	3.5%	61%	Buy	$127	16%	Buy	$127	16%
DUK	$90.95	70,122	5.65	6.05	6.35	6.75	7.15	5.63	5.97	6.34	6.73	7.12	–	0.08	–	–	0.03	16.2x	15.2x	14.4x	13.5x	12.8x	-8%	-7%	-6%	-6%	-6%	6.3%	4.6%	72%	Buy	$114	30%	Buy	$105	20%
ED	$92.02	31,889	4.83	5.19	5.50	5.81	6.02	4.85	5.23	5.50	5.84	6.13	–	(0.04)	–	–	(0.11)	19.0x	17.6x	16.7x	15.8x	15.0x	8%	7%	9%	10%	11%	5.7%	3.6%	65%	Neutral	$90	1%	Sell	$90	1%
EIX	$68.77	26,338	4.70	4.94	5.36	5.70	6.10	4.73	5.09	5.46	5.75	6.11	(0.03)	(0.15)	(0.10)	(0.05)	–	14.5x	13.5x	12.6x	12.0x	11.3x	-17%	-17%	-18%	-17%	-17%	5.7%	4.4%	61%	Buy	$81	22%	Buy	$75	13%
ES	$70.64	24,642	4.34	4.71	5.02	5.31	5.57	4.36	4.66	5.01	5.33	5.68	–	0.05	–	–	(0.11)	16.2x	15.2x	14.1x	13.2x	12.4x	-8%	-7%	-8%	-8%	-8%	6.4%	3.9%	62%	Buy	$91	33%	Buy	$86	26%
ETR	$99.53	21,045	6.71	7.16	7.76	8.31	8.97	6.66	7.17	7.69	8.22	8.83	0.05	–	0.07	0.09	0.14	14.9x	13.9x	12.9x	12.1x	11.3x	-15%	-15%	-16%	-16%	-17%	6.9%	4.4%	64%	Buy	$124	29%	Buy	$118	23%
EVRG	$58.85	13,511	3.65	3.97	4.24	4.47	4.75	3.63	3.96	4.24	4.45	4.65	–	–	–	–	0.11	16.2x	14.9x	13.9x	13.2x	12.7x	-8%	-9%	-9%	-8%	-7%	4.8%	4.3%	68%	Buy	$72	27%	Neutral	$65	14%
EXC	$40.74	40,508	2.36	2.50	2.74	2.93	3.10	2.37	2.51	2.72	2.92	3.11	–	–	–	–	–	17.2x	16.2x	15.0x	14.0x	13.1x	-2%	-1%	-2%	-3%	-3%	6.4%	3.7%	61%	Neutral	$45	14%	Buy	$45	15%
FE	$39.29	22,507	2.54	2.69	2.89	3.07	3.27	2.54	2.68	2.88	3.08	3.26	–	–	–	–	–	15.5x	14.6x	13.6x	12.7x	12.0x	-12%	-11%	-11%	-11%	-11%	6.3%	4.1%	61%	Buy	$46	21%	Buy	$43	14%
LNT	$52.96	13,313	2.90	3.08	3.27	3.50	3.67	2.90	3.09	3.27	3.47	3.67	–	–	–	–	–	18.3x	17.2x	16.2x	15.2x	14.4x	4%	5%	6%	6%	6%	6.1%	3.5%	63%	Neutral	$52	2%	Buy	$57	10%
OGE	$36.44	7,298	2.02	2.16	2.25	2.37	2.48	2.00	2.12	2.25	2.39	2.49	–	0.04	–	–	–	18.2x	17.2x	16.2x	15.2x	14.6x	3%	5%	6%	6%	8%	2.8%	4.6%	82%	Neutral	$38	9%	Neutral	$39	11%
PCG	$16.87	33,669	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	13.9x	12.5x	11.5x	10.6x	9.7x	-21%	-24%	-25%	-26%	-28%	9.7%	0.7%	10%	Buy	$22	31%	Buy	$19	12%
PEG	$62.02	30,946	3.45	3.67	4.10	4.29	4.59	3.44	3.68	4.04	4.24	4.47	–	–	0.06	0.05	0.12	18.0x	16.8x	15.3x	14.6x	13.9x	2%	3%	0%	2%	2%	5.8%	3.8%	66%	Buy	$69	15%	Buy	$67	12%
PNW	$82.63	9,358	4.05	4.60	4.80	5.05	5.35	4.09	4.78	4.93	5.16	5.39	(0.04)	(0.18)	(0.13)	(0.11)	(0.04)	20.2x	17.3x	16.8x	16.0x	15.3x	15%	6%	9%	11%	13%	4.7%	4.3%	80%	Neutral	$77	-3%	Neutral	$77	-3%
PPL	$26.70	19,680	1.58	1.71	1.82	1.96	2.08	1.59	1.71	1.82	1.95	2.10	–	–	–	–	–	16.8x	15.7x	14.6x	13.7x	12.7x	-5%	-4%	-4%	-5%	-6%	8.1%	3.7%	60%	Buy	$34	31%	Buy	$32	22%
SO	$70.34	76,777	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.79	–	–	–	–	–	19.5x	17.5x	16.3x	15.4x	14.7x	11%	7%	7%	7%	8%	5.9%	4.0%	74%	Buy	$79	16%	Buy	$73	8%
WEC	$90.02	28,395	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.26	5.62	6.00	–	–	–	–	–	19.5x	18.3x	17.1x	16.0x	15.0x	11%	12%	12%	11%	10%	6.1%	3.6%	67%	Neutral	$99	14%	Buy	$100	14%
Mid/Lg Cap (excl. EIX, PCG)																		**17.6x**	**16.4x**	**15.3x**	**14.4x**	**13.6x**						**5.9%**	**3.9%**	**66%**						
SMID + Lg Cap		**653,455**																**17.5x**	**16.3x**	**15.3x**	**14.4x**	**13.6x**						**5.9%**	**4.0%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	22-'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$37.30	4,087	2.24	2.42	2.55	2.67	2.80	2.22	2.38	2.51	2.60	2.71	–	0.04	0.04	0.07	0.09	16.8x	15.7x	14.9x	14.3x	13.8x	-4%	-4%	-3%	-0%	1%	5%	3.9%	63%	Neutral	$39	8%	Sell	$37	2%
NEE	$74.76	151,271	3.13	3.43	3.69	3.99	4.27	3.11	3.41	3.70	4.00	4.38	–	–	–	–	(0.11)	24.0x	22.0x	20.2x	18.7x	17.1x	37%	34%	32%	30%	26%	8%	2.6%	60%	Buy	$92	26%	Buy	$92	26%
SRE	$147.43	46,389	9.00	9.50	10.13	10.80	11.71	9.02	9.56	10.19	10.81	11.54	–	(0.06)	(0.06)	–	0.18	16.3x	15.4x	14.5x	13.6x	12.8x	-7%	-6%	-6%	-5%	-6%	5%	3.4%	54%	Buy	$174	21%	Buy	$172	20%
		201,747																**19.1x**	**17.7x**	**16.5x**	**15.6x**	**14.5x**	**8%**	**8%**	**8%**	**8%**	**7%**	**6.0%**	**3.3%**	**59%**						
Gas LDCs																																				
NI	$27.22	11,244	1.57	1.68	1.82	1.95	2.07	1.57	1.68	1.80	1.94	2.07	–	–	–	–	–	17.3x	16.2x	15.1x	14.1x	13.1x	-2%	-1%	-1%	-2%	-3%	7%	3.8%	63%	Buy	$31	18%	Buy	$31	19%
CPK	$125.40	2,231	5.42	5.84	6.23	6.59	6.94	5.37	5.80	6.24	6.59	6.95	0.05	0.04	–	–	–	23.3x	21.6x	20.1x	19.0x	18.0x	33%	32%	31%	32%	33%	7%	1.9%	43%	Neutral	$116	-6%	Buy	$135	10%
NJR	$47.58	4,614	2.67	2.65	2.85	3.05	3.30	2.67	2.75	2.96	3.15	3.41	–	(0.10)	(0.11)	(0.10)	(0.11)	17.8x	17.3x	16.1x	15.1x	14.0x	1%	6%	5%	5%	3%	6%	3.4%	60%	Neutral	$47	2%	Neutral	$53	14%
NWN	$42.33	1,486	2.65	2.83	2.98	3.09	3.21	2.67	2.79	2.96	3.05	3.23	–	0.04	–	0.04	–	15.9x	15.2x	14.3x	13.9x	13.1x	-10%	-7%	-7%	-4%	-3%	5%	4.6%	72%	Neutral	$45	11%	Buy	$53	30%
OGS	$78.38	4,341	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.98	5.35	–	(0.06)	(0.04)	–	(0.04)	18.9x	18.2x	17.1x	15.7x	14.7x	8%	11%	12%	9%	8%	10%	3.4%	63%	Neutral	$77	2%	Neutral	$79	4%
SR	$63.00	3,424	4.25	4.31	4.57	4.73	4.99	4.25	4.32	4.62	4.84	5.09	–	–	(0.05)	(0.11)	(0.10)	14.8x	14.6x	13.6x	13.0x	12.4x	-16%	-11%	-11%	-9%	-9%	5%	4.7%	69%	Neutral	$69	14%	Neutral	$73	20%
		27,339																**18.0x**	**17.2x**	**16.1x**	**15.1x**	**14.2x**	**2%**	**5%**	**5%**	**5%**	**5%**	**6.6%**	**3.6%**	**62%**						
Regulated Water																																				
AWK	$148.11	28,829	4.76	5.14	5.59	5.98	6.45	4.77	5.12	5.58	6.04	6.45	–	–	–	(0.06)	–	31.0x	28.9x	26.5x	24.5x	23.0x	76%	77%	73%	71%	69%	7%	2.0%	58%	Neutral	$152	5%	Neutral	$159	9%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	22-'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$91.99	30,050	3,100	3,237	3,377	3,512	4,490	3,225	3,709	3,748	3,415	3,834	(125)	(472)	(372)	97	657	10.8x	9.2x	8.8x	9.2x	7.7x	34,941	34,218	32,923	31,568	29,524	8.2%	1.3%	27%	Buy	$97	7%	Buy	$99	9%
NRG	$33.52	7,717	3,100	3,124	3,128	3,044	3,109	3,005	3,157	3,258	2,930	3,224	95	(33)	(130)	113	(115)	5.7x	5.0x	4.4x	4.4x	3.6x	17,147	15,915	14,428	13,040	11,579	21.3%	4.6%	29%	Neutral	$34	6%	Neutral	$37	16%
VST	$24.97	9,314	3,703	3,706	3,766	3,760	3,834	3,686	4,113	4,112	4,184	4,938	–	(407)	(346)	(424)	(1,104)	5.9x	5.2x	5.1x	4.9x	4.1x	21,660	21,531	20,978	20,424	20,256	6.5%	3.4%	29%	Buy	$31	28%	Buy	$32	32%
Other																																				
ALTO	$2.60	198	7	30	36	32	33	19	42	494	518	544	–	–	(459)	(485)	(510)												–	–	Buy	$5	92%	Buy	$5	92%
NEP	$61.68	5,483	1,837	1,977	2,143	2,325	2,471	2,031	2,282	2,462	2,633	2,801	(194)	(305)	(318)	(308)	(330)												6.0%	–	Buy	$74	26%	Buy	$78	32%
SMR	$7.90	581	(131)	(57)	8	96	n/a	(115)	(53)	11	171	546	–	–	–	(74)	–												–	–	Buy	$18	128%	Buy	$14	71%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

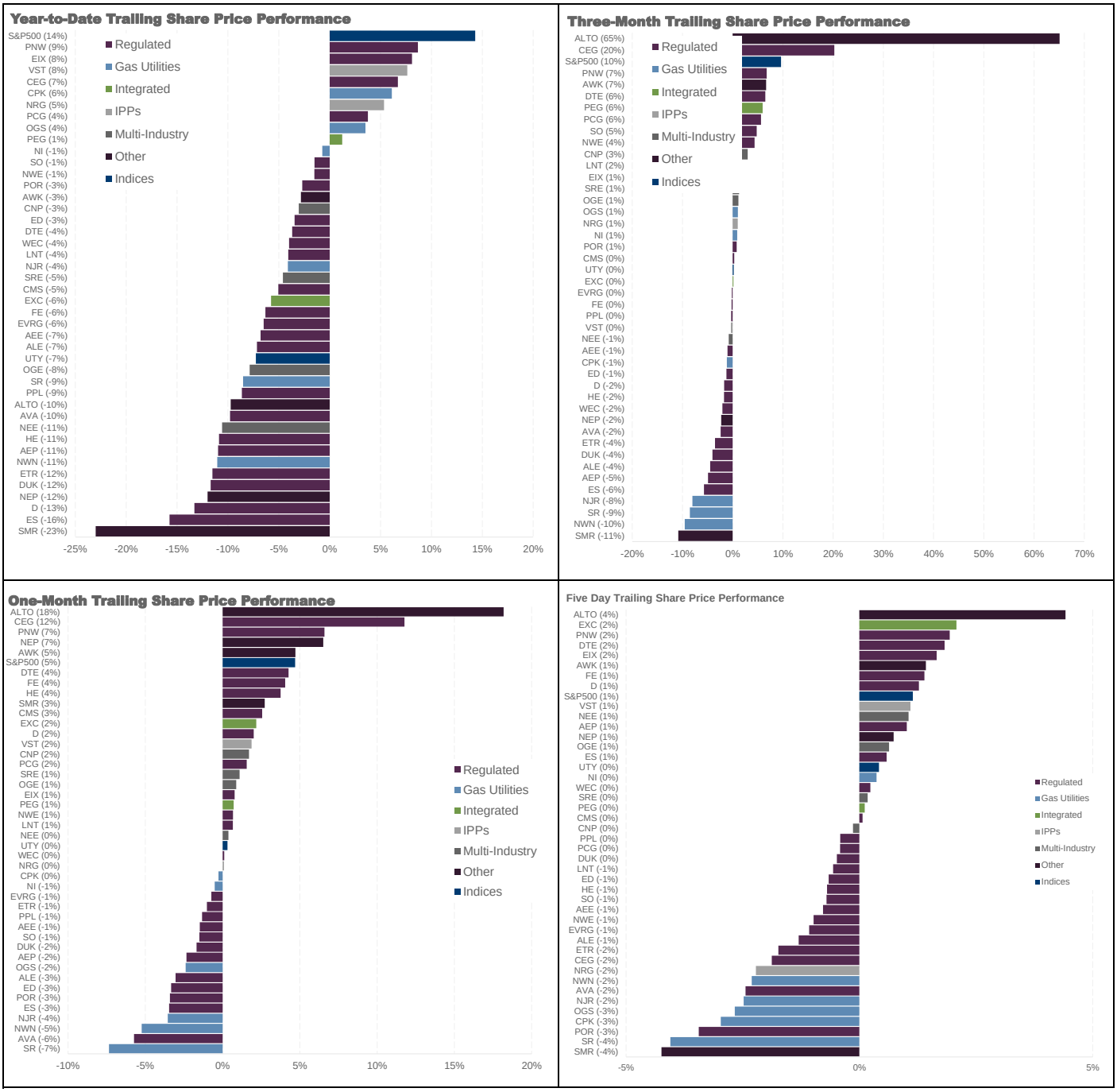

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

0.23

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Generation and Mix

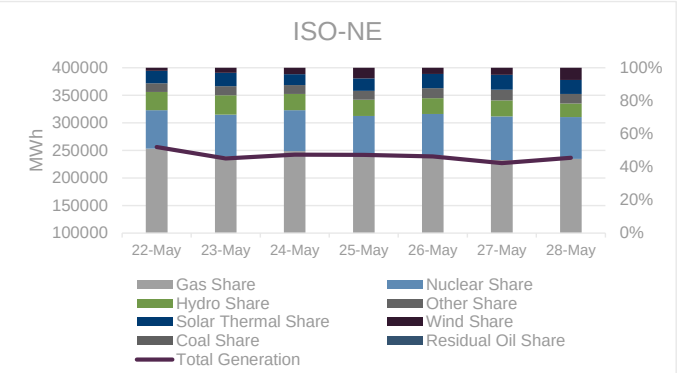

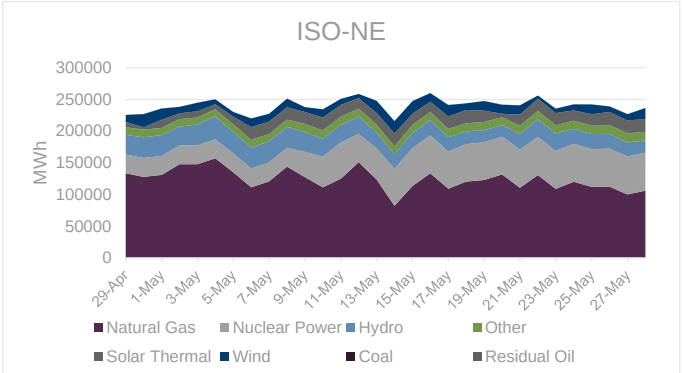

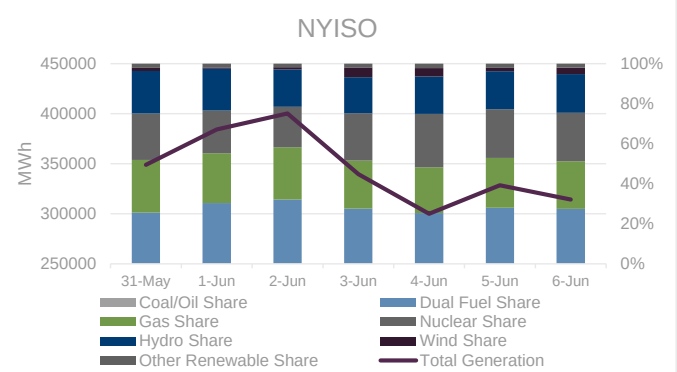

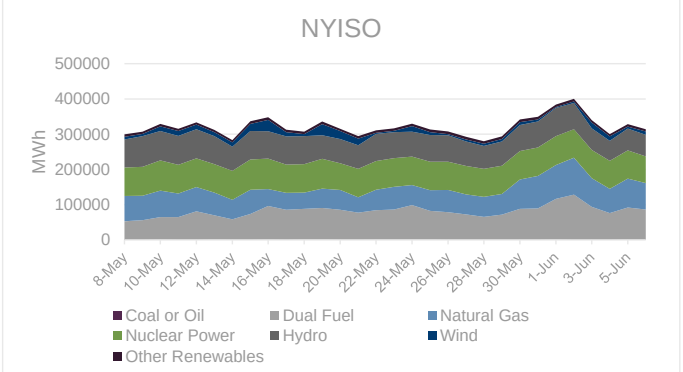

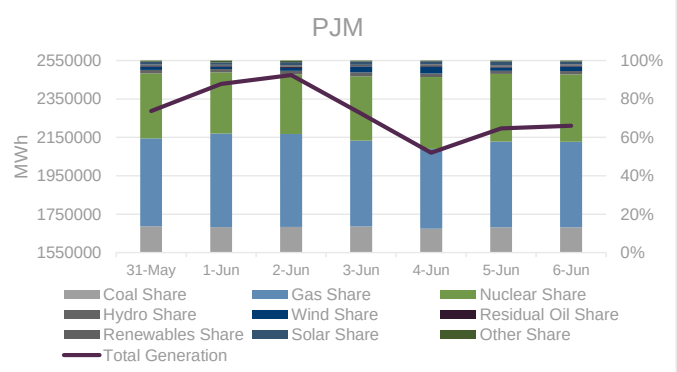

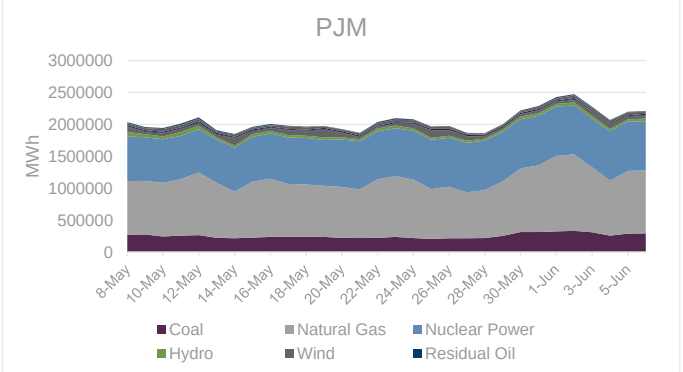

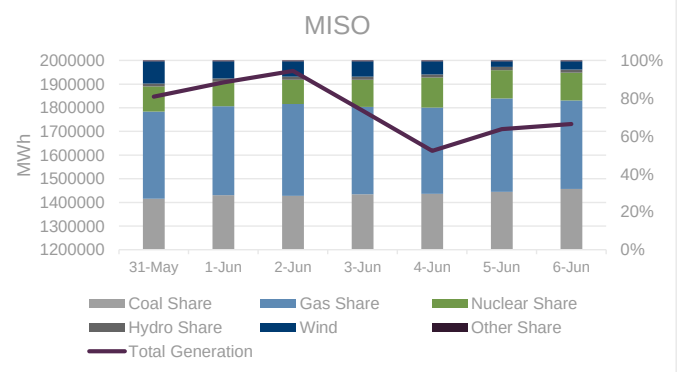

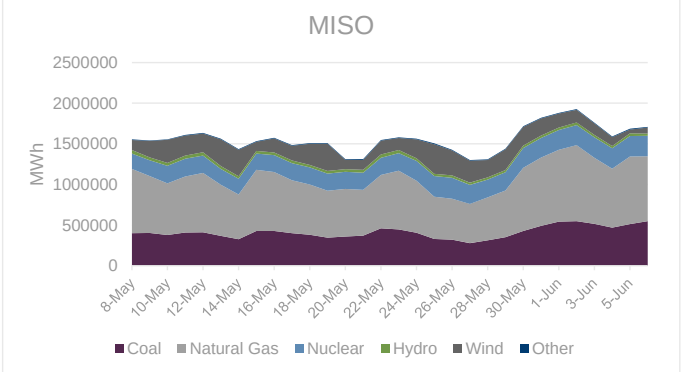

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Generation and Mix (continued)

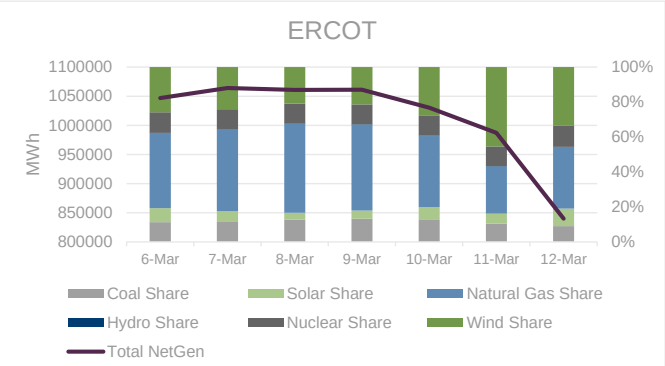

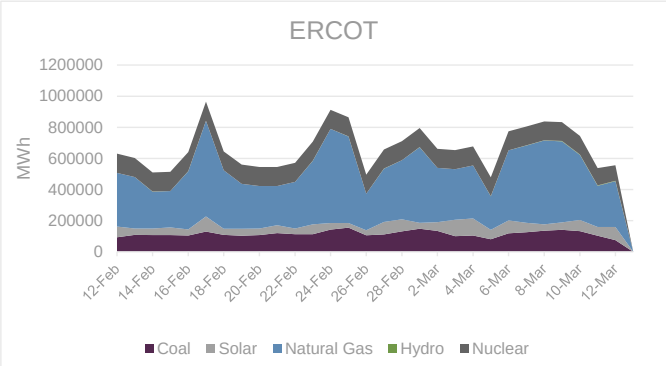

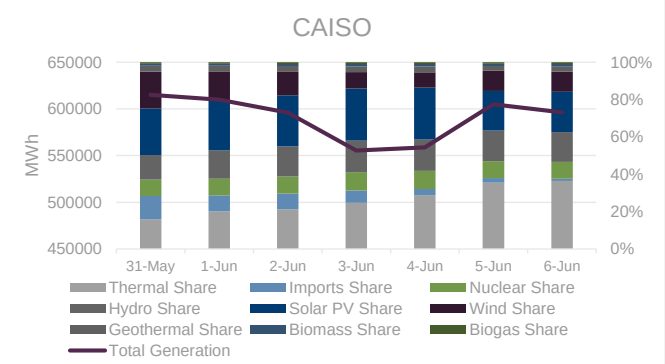

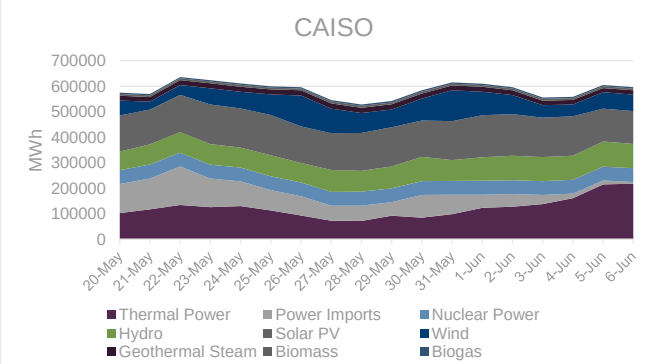

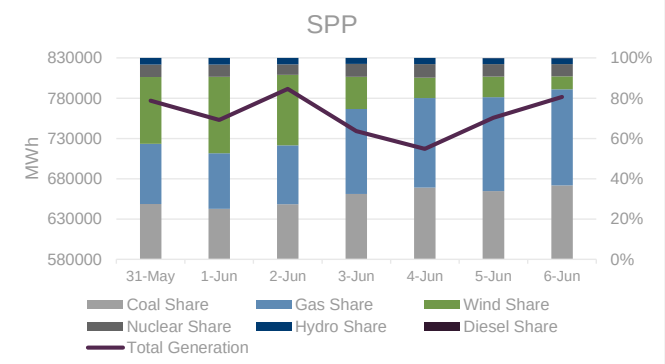

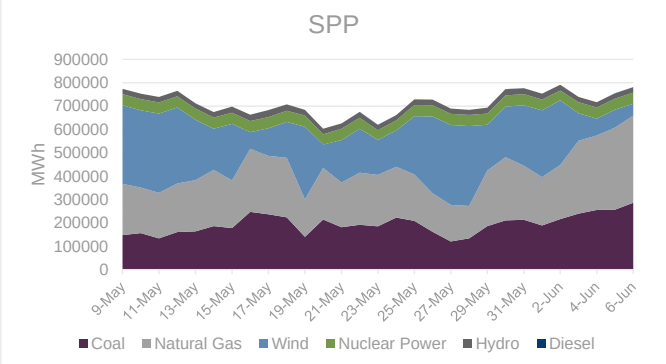

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Weather

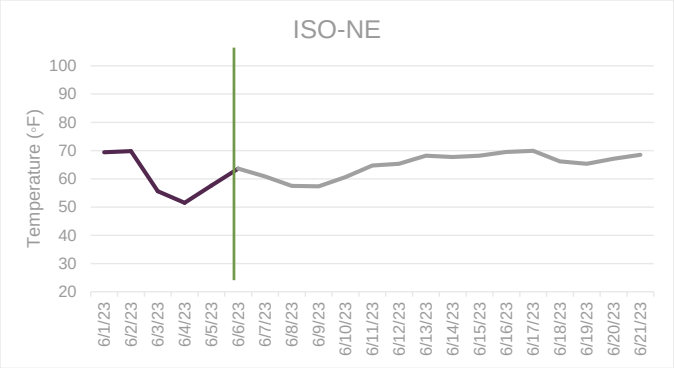

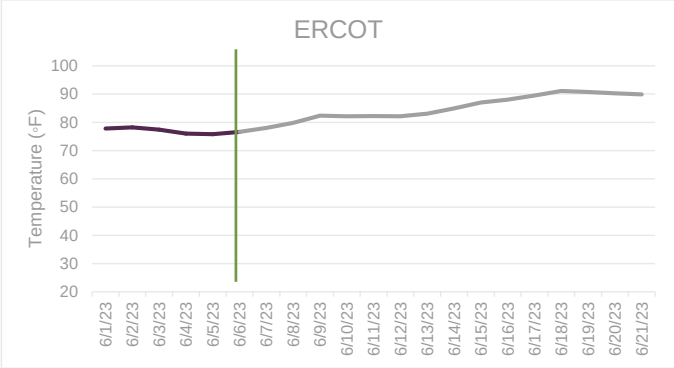

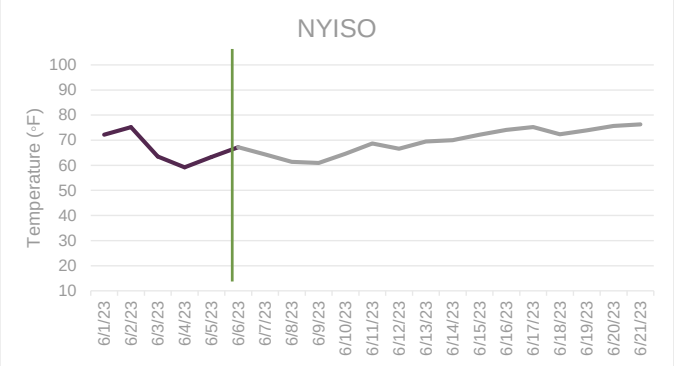

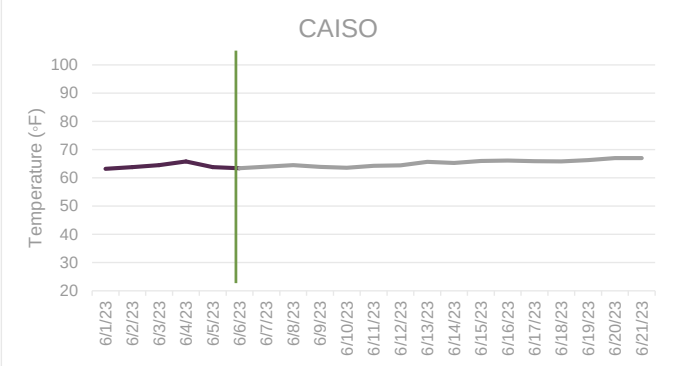

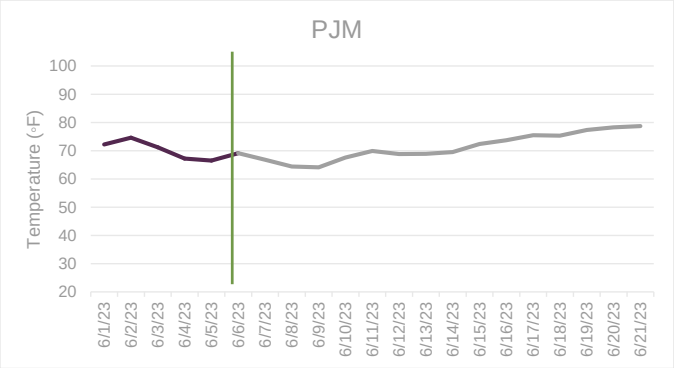

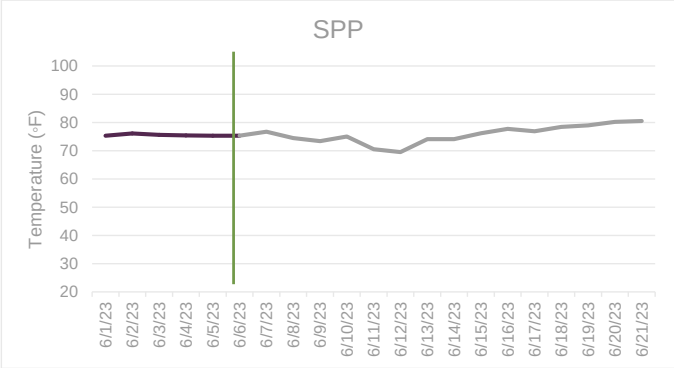

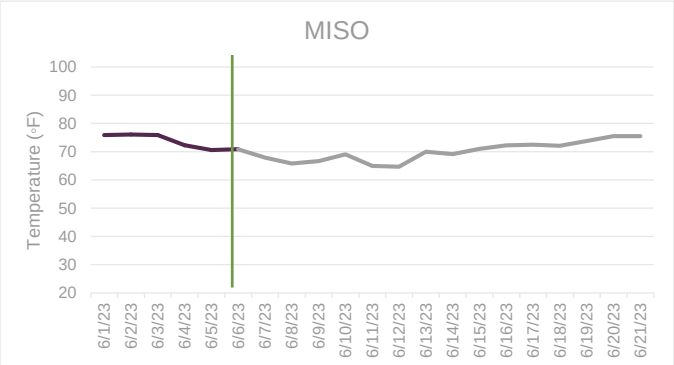

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

YTD Peak Load

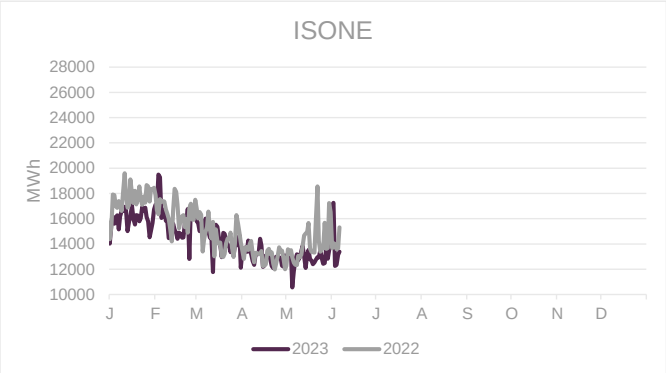

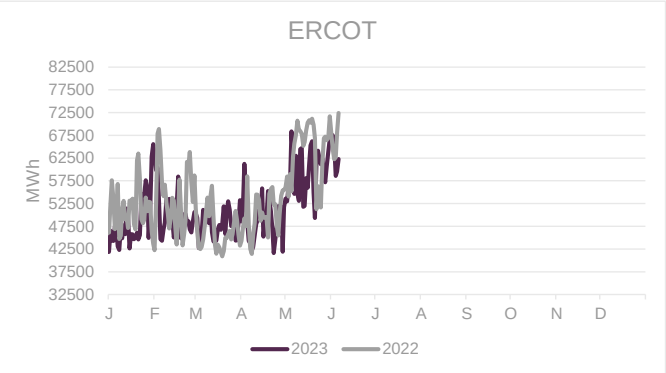

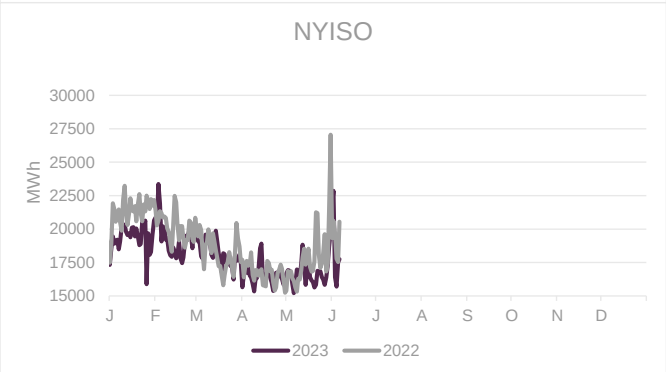

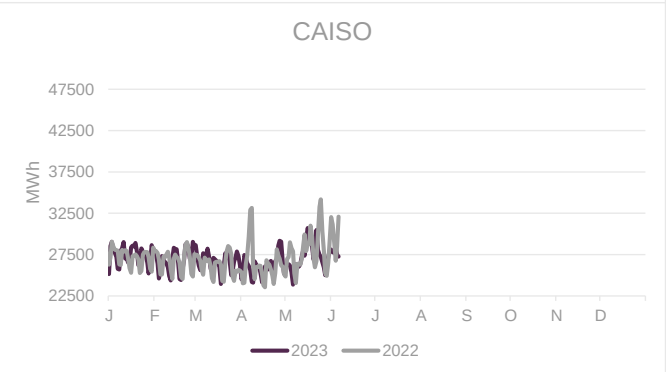

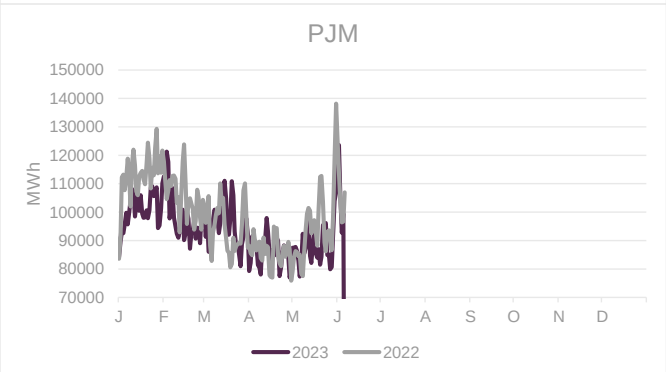

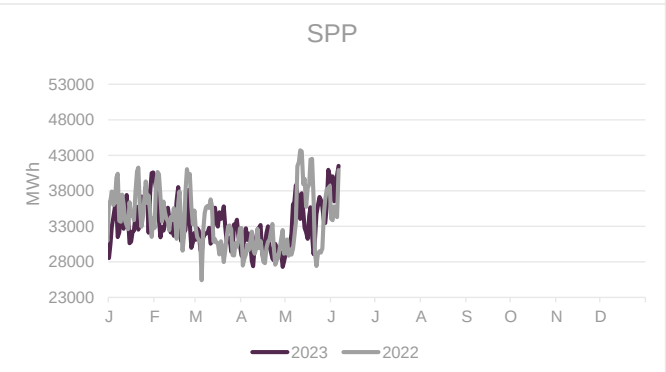

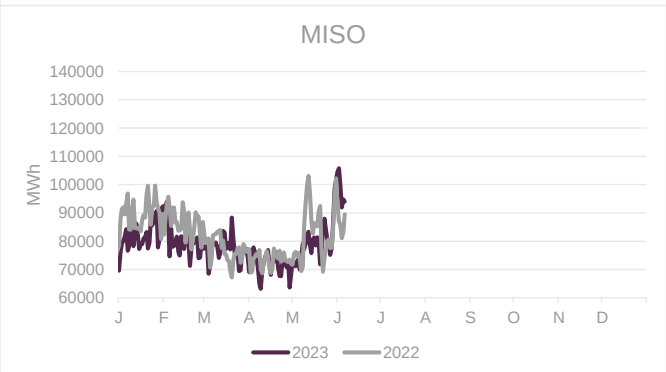

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-3.5%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.1%
PJM	3.8%	0.2%	2.1%	-5.2%	-2.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-1.4%
CAISO	1.2%	4.0%	0.3%	1.0%	-1.7%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-4.2%
SPP	9.7%	5.0%	7.1%	-1.6%	1.1%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	245	67.12%	34	13.88%
NEUTRAL	111	30.41%	5	4.50%
SELL	9	2.47%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. Other than disclosures relating to Guggenheim Securities and its affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business, and one or more of its affiliates conducts an investment management business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim Securities or certain of its affiliates conducts an investment management business, trades for its own account, and conducts an investment business, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim Securities' research, and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, ("Guggenheim") a FINRA registered broker-dealer. All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Michael Guba 212.292.5586
Michael.Guba@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:32 PM.

ARGUS

NASDAQ: EXC

EXELON CORP

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Analyst's Notes

Analysis by Marie Ferguson, June 16, 2023

ARGUS RATING: BUY

- Steady earnings growth driven by rate increases
- Exelon recently reported 1Q23 operating EPS of $0.70, up from $0.64 a year earlier and above the consensus of $0.66. Rate increases boosted EPS by $0.13.
- We are maintaining our 2023 operating EPS estimate of $2.38 and raising our 2024 estimate to $2.52 from $2.50.
- The current annualized dividend of $1.44 per share yields about 3.5%, near the peer average of 3.4%.
- We believe that the current EXC share price offers a buying opportunity for income-oriented investors, and are reiterating our target price of $50.

INVESTMENT THESIS

We are maintaining our BUY rating on Exelon Corp. (NYSE: EXC), which provides electricity and natural gas to about 10 million customers in Illinois, Maryland, Pennsylvania, New Jersey, Delaware, and the District of Columbia. We have a positive view of the company's transformation into a pure-play transmission utility through the recent spinoff of its competitive energy business, Constellation Energy (CEG). The move should also lower earnings volatility. Management projects long-term earnings growth of 6%-8% from the company's utilities, which we believe is achievable. Exelon is also benefiting from favorable rate case decisions, as well as from its cleaner transmission mix and focus on hydro power.

In conjunction with the February 2022 Constellation spinoff, EXC shareholders received one share of CEG for every three shares of EXC. Exelon shares were repriced as a result of this separation.

We believe that the current share price offers a buying opportunity for income-oriented investors, and are reiterating our target price of $50.

RECENT DEVELOPMENTS

EXC shares have underperformed over the past three months, falling 2% compared to a

Market Data

Pricing reflects previous trading week's closing price.

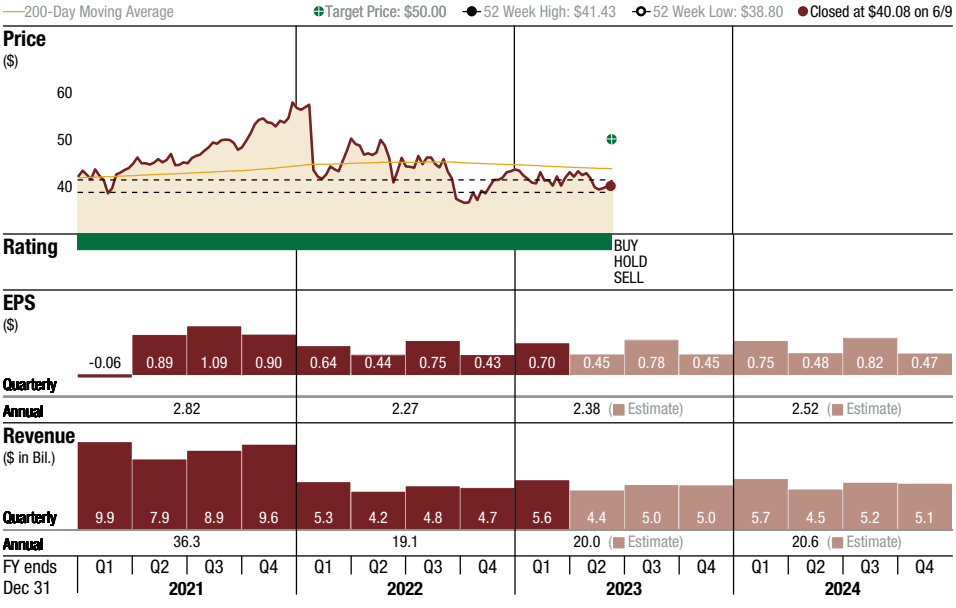

Argus Recommendations

Twelve Month Rating	SELL	HOLD	**BUY**
Five Year Rating	SELL	HOLD	**BUY**
Sector Rating	Under Weight	**Market Weight**	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 71% Buy, 29% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	**$41.21**
Target Price	**$50.00**
52 Week Price Range	**$35.19 to $47.23**
Shares Outstanding	**994.30 Million**
Dividend	**$1.44**

Sector Overview

Sector	**Utility**
Sector Rating	**MARKET WEIGHT**
Total % of S&P 500 Market Cap.	**2.00%**

Financial Strength

Financial Strength Rating	**MEDIUM**
Debt/Capital Ratio	**62.0%**
Return on Equity	**9.4%**
Net Margin	**11.6%**
Payout Ratio	**0.61**
Current Ratio	**0.69**
Revenue	**$19.33 Billion**
After-Tax Income	**$2.24 Billion**

Valuation

Current FY P/E	**17.32**
Prior FY P/E	**18.15**
Price/Sales	**2.12**
Price/Book	**1.63**
Book Value/Share	**$25.22**
Market Capitalization	**$40.98 Billion**

Forecasted Growth

1 Year EPS Growth Forecast	**4.85%**
5 Year EPS Growth Forecast	**7.00%**
1 Year Dividend Growth Forecast	**6.67%**

Risk

Beta	**0.79**
Institutional Ownership	**81.55%**

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes...Continued

12% gain for the S&P 500 and a 1% decline for the S&P Utility Sector Index (XLU). The shares have been flat over the 52 weeks, compared to a 20% gain for the S&P 500.

Exelon recently reported 1Q23 operating EPS of $0.70, up from $0.64 a year earlier and above the consensus of $0.66. The utility was less affected by unfavorable weather than many peers; earnings were driven mainly by rate increases, which boosted EPS by $0.13. ComEd, serving Northern Illinois, posted strong operating earnings of $0.25 per share, up from $0.20 in 1Q22.

First-quarter operating revenues rose 4% from the prior year to $5.6 billion. Operating expenses were kept in check at $4.46 billion, up slightly from $4.42 billion a year earlier. While the company now has higher wholesale and purchased fuel costs, the spinoff of the generation business appears to have reduced cost volatility and mitigated risks from nuclear generation. In 1Q23, O&M expenses decreased while purchased power costs rose 9% from the prior year to $1.7 billion. Interest expense increased to $406 million, up from $332 million in 1Q22.

EXC has several pending rate cases. In 1Q, it filed an electric distribution rate case for ACE and a multiyear rate plan for BGE. After the end of the quarter, it filed a multiyear plan for Pepco DC; it also plans to file a second multiyear plan for Pepco MD.

Meanwhile, Pennsylvania regulators recently approved a $55 million increase in gas distribution revenues, effective 1Q23. Separately, DPL/Delmarva obtained an $8 million increase in gas distribution rates and an authorized ROE of 9.6%, which took effect at the end of 2022. The company's average ROE is 9.4%, above the peer average.

Management is focused on capital investment to improve reliability and provide cleaner energy. It plans to allocate $31 billion to new infrastructure by 2026, which will increase the rate base by 8%. The company has taken on additional debt to fund these improvements, issuing $650 million of long-term bonds in 3Q22.

Along with 1Q23 earnings, management reaffirmed its 2023 adjusted EPS guidance of $2.30-$2.42. It also projects 6%-8% growth in operating earnings through 2025-2026, driven mainly by rate increases.

EARNINGS & GROWTH ANALYSIS

Following the CEG spinoff, Exelon has six utility subsidiaries: PECO (1.7 million electric and 0.5 million gas customers near Philadelphia); PEPCO (1 million electric customers in Maryland and Washington DC); DPL (0.5 million electric and 0.1 million gas customers in Delaware); ACE (0.6 million electric customers in New Jersey); BGE (1.3 million electric and 0.7 million gas customers near Baltimore); and ComEd (4 million electric customers in Illinois).

The company generally breaks out results for four segments: ComEd, PECO, BGE, and PHI (which includes ACE, PEPCO, and DPL). Compared to 1Q22, first-quarter earnings increased 28% to $241 million at ComEd; 1% to $200 million at BGE; and 19% to

Growth & Valuation Analysis

GROWTH ANALYSIS

($ in Millions, except per share data)	2018	2019	2020	2021	2022
Revenue	35,978	34,438	33,039	17,938	19,078
COGS	26,007	24,112	23,512	10,932	11,046
Gross Profit	9,971	10,326	9,527	7,006	8,032
SG&A	—	—	—	—	—
R&D	—	—	—	—	—
Operating Income	3,835	4,342	2,799	2,682	3,317
Interest Expense	1,554	1,616	1,635	1,289	1,447
Pretax Income	2,225	3,985	2,333	1,654	2,403
Income Taxes	118	774	373	38	349
Tax Rate (%)	5	19	16	2	15
Net Income	2,005	2,936	1,963	1,706	2,170
Diluted Shares Outstanding	969	974	977	980	987
EPS	2.07	3.01	2.01	1.74	2.20
Dividend	1.38	1.45	1.53	1.53	1.35
GROWTH RATES (%)					
Revenue	7.2	-4.3	-4.1	-45.7	6.4
Operating Income	-2.6	13.2	-35.5	-4.2	23.7
Net Income	-46.9	46.4	-33.1	-13.1	27.2
EPS	-48.0	45.4	-33.2	-17.9	26.1
Dividend	5.3	5.1	5.5		-11.8
Sustainable Growth Rate	8.2	2.9	2.8	0.5	2.4
VALUATION ANALYSIS					
Price: High	$47.40	$51.18	$50.54	$58.01	$58.21
Price: Low	$35.57	$43.42	$29.28	$38.35	$35.19
Price/Sales: High-Low	1.3 - 1.0	1.4 - 1.2	1.5 - 0.9	3.2 - 2.1	3.0 - 1.8
P/E: High-Low	22.9 - 17.2	17.0 - 14.4	25.1 - 14.6	33.3 - 22.0	26.5 - 16.0
Price/Cash Flow: High-Low	5.4 - 4.1	6.8 - 5.7	9.0 - 5.2	13.7 - 9.0	19.0 - 11.5

Financial & Risk Analysis

FINANCIAL STRENGTH	2020	2021	2022
Cash ($ in Millions)	663	672	407
Working Capital ($ in Millions)	-209	-2,154	-3,275
Current Ratio	0.98	0.87	0.69
LT Debt/Equity Ratio (%)	108.9	90.5	144.1
Total Debt/Equity Ratio (%)	120.7	100.4	161.9
RATIOS (%)			
Gross Profit Margin	28.8	39.1	42.1
Operating Margin	8.5	15.0	17.4
Net Margin	5.9	9.5	11.4
Return On Assets	1.5	1.3	1.9
Return On Equity	6.1	5.1	7.3
RISK ANALYSIS			
Cash Cycle (days)	15.0	-8.8	-34.0
Cash Flow/Cap Ex	0.5	0.4	0.7
Oper. Income/Int. Exp. (ratio)	2.4	2.3	2.7
Payout Ratio	60.4	62.1	89.5

The data contained on this page of this report has been provided by Morningstar, Inc. (© 2023 Morningstar, Inc. All Rights Reserved). This data (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. This data is set forth herein for historical reference only and is not necessarily used in Argus' analysis of the stock set forth on this page of this report or any other stock or other security. All earnings figures are in GAAP.

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes...Continued

$155 million at PHI. PECO's net income fell to $166 million from $206 million.

While Exelon has managed costs better than peers in the past, high fuel costs and rising interest rates may weigh on earnings. However, the company has benefited in 1H23 from sharply lower natural gas spot prices and lower wholesale electric rates. Exelon is also working to lower costs through multiyear labor agreements and improved technology.

Going forward, the company should continue to benefit from cost cutting and favorable rate case decisions. The company has mixed service territories, with cold winters in Illinois and more moderate weather in the mid-Atlantic region, which can help it to manage costs. We expect Exelon to benefit from economic growth in the Chicago and Philadelphia areas, offset by slower growth and higher unemployment in Baltimore. We expect the strongest segment results at ComEd and BGE, helped by rate increases, with weaker earnings at PECO due to regulatory lag and higher interest expense.

Turning to our estimates, we are maintaining our 2023 operating EPS estimate of $2.38 and raising our 2024 estimate to $2.52 from $2.50. Our estimates assume a return to normal weather patterns and lower interest rates in 2024.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Exelon is Medium. Moody's rates the company's debt an investment-grade Baa2. S&P and Fitch rate the company BBB.

The company's long-term debt has increased. At the end of 1Q23, long-term debt was $38.7 billion, up from $35.3 billion at the end of 2022. Cash and equivalents were $522 million, up from $407 million. The long-term debt/cap ratio at the end of 1Q23 was 61%, in line with the peer average but up from 59% at the end of 2022.

The weighted-average maturity of the company's long-term debt is about 18 years. Exelon has $850 million of debt maturing in 2023. Regulatory assets totaled $7.8 billion at the end of 1Q23, compared to $8 billion at the end of 2022.

Following the Constellation spinoff, Exelon lowered its quarterly dividend by 12% to $0.3375 per share, or $1.35 annually. It then increased its dividend by 6.6% in February 2023. The increase was slightly greater than usual, as the average increase over the last five years has been about 5.5%. The current quarterly dividend of $0.36, or $1.44 annually, yields about 3.5%, near the peer average of 3.4%. Our dividend estimates are $1.44 for 2023 and $1.53 for 2024.

MANAGEMENT & RISKS

Calvin Butler became the company's president and CEO in January 2023 following the retirement of Christopher Crane. Jeanne Jones is the CFO.

Risks for Exelon shareholders include cooler-than-normal conditions during the summer air-conditioning season and

Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare EXC versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- **The scatterplot shows how EXC stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.**
- **The table builds on the scatterplot by displaying more financial information.**
- **The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how EXC might fit into or modify a diversified portfolio.**

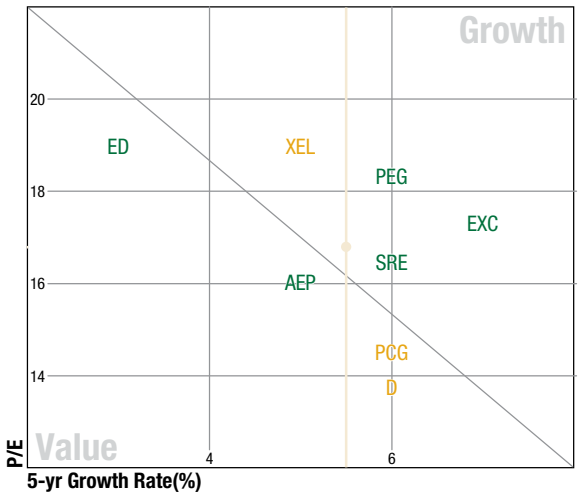

Ticker	Company	Market Cap ($ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
SRE	Sempra Energy	46,631	6.0	16.5	14.5	6.7	BUY
D	Dominion Energy Inc	44,581	6.0	13.7	7.1	3.6	HOLD
AEP	American Electric Power Co Inc	43,721	5.0	16.0	10.1	6.0	BUY
EXC	Exelon Corp.	40,975	7.0	17.3	11.6	5.9	BUY
XEL	Xcel Energy, Inc.	35,179	5.0	19.0	11.3	5.3	HOLD
PCG	PG&E Corp.	34,727	6.0	14.5	8.6	12.5	HOLD
ED	Consolidated Edison, Inc.	32,218	3.0	19.0	15.6	7.1	BUY
PEG	Public Serv Enterprise Grp Inc	31,205	6.0	18.3	20.6	10.9	BUY
Peer Average		**38,655**	**5.5**	**16.8**	**12.4**	**7.3**	



©2023 Argus Research Company

Analyst's Notes...Continued

warmer-than-normal temperatures during the winter heating season. The transmission business may also be hurt by extreme weather events. The company also faces regulatory risk.

Utility stocks in general are susceptible to commodity price fluctuations and potential environmental and safety liabilities. In addition, the capital-intensive nature of the utility industry creates ongoing liquidity risk. Utility stock performance also tends to be sensitive to interest rates; when rates rise, utility yields often rise.

COMPANY DESCRIPTION

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Through its regulated utility subsidiaries, Exelon delivers electricity and natural gas to about 10 million customers, primarily in central Maryland (Baltimore Gas & Electric Co.), northern Illinois (ComEd), and southeastern Pennsylvania (PECO). About 89% of EXC's 2022 revenues were from the electricity business and about 42% of earnings were from the largest utility, ComEd. The company plans to cut emissions by 50% by 2030 and to achieve net-zero emissions by 2050. The shares are a component of the S&P 500. The market cap is $40.3 billion.

VALUATION

EXC shares have participated in the recent rotation out of utility stocks, though they have outperformed peers and the S&P 500 over the past two years. At current prices near $41, the shares are trading near the midpoint of their 52-week range of $35-$47 and appear undervalued on several key metrics. They are trading at 17-times our 2023 EPS estimate, below the average of 19 for Argus-covered utilities. The PEG multiple of 2.6 is below the peer average of 3.3, and the price/sales multiple of 2.0 is below the peer average of 2.5. The EV/EBITDA multiple of 10.9 is also below the peer average of 12.1.

Although Exelon may face pressure from rising interest rates, we believe that the shares offer value based on the company's size and scale, and reduced earnings volatility following the Constellation spinoff. We also like the company's focus on renewable energy and cleaner transmission, and generally positive relations with regulators. We are reiterating our BUY rating with a target price of $50.

On June 16, BUY-rated EXC closed at $41.21, up $0.39.

©2023 Argus Research Company

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

Argus Research Disclaimer

Argus Research Co. (ARC) is an independent investment research provider whose parent company, Argus Investors' Counsel, Inc. (AIC), is registered with the U.S. Securities and Exchange Commission. Argus Investors' Counsel is a subsidiary of The Argus Research Group, Inc. Neither The Argus Research Group nor any affiliate is a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc. The information contained in this research report is produced and copyrighted by Argus Research Co., and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. In addition, this content is not prepared subject to Canadian disclosure requirements. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance. Argus has provided independent research since 1934. Argus officers, employees, agents and/or affiliates may have positions in stocks discussed in this report. No Argus officers, employees, agents and/or affiliates may serve as officers or directors of covered companies, or may own more than one percent of a covered company's stock. Argus Investors' Counsel (AIC), a portfolio management business based in Stamford, Connecticut, is a customer of Argus Research Co. (ARC), based in New York. Argus Investors' Counsel pays Argus Research Co. for research used in the management of the AIC core equity strategy and model portfolio and UIT products, and has the same access to Argus Research Co. reports as other customers. However, clients and prospective clients should note that Argus Investors' Counsel and Argus Research Co., as units of The Argus Research Group, have certain employees in common, including those with both research and portfolio management responsibilities, and that Argus Research Co. employees participate in the management and marketing of the AIC core equity strategy and UIT and model portfolio products.

Morningstar Disclaimer

© 2023 Morningstar, Inc. All Rights Reserved. Certain financial information included in this report: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

KeyBanc Capital Markets

Alert

June 20, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: EXC, XEL, POR, AEE, PNW, SO, AEP, CNP, SRE, CMS

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in EXC's BG&E electric and gas rate cases, and XEL's NM electric rate case. In other news, OR Staff files testimony in POR's electric rate case; AEE files rebuttal testimony in the IL electric rate case; the MO PSC issues an order approving the black-box settlement in the AEE MO electric rate case; PNW and the Legal Division Staff of the ACC file a settlement in the 2019 rate case appeal; AZ Staff addresses rate design in PNW's AZ electric GRC; SO delays Vogtle Unit 3 by another month; the ALJ issues a PD to accept the 2019 SWEPCO LA settlement; parties file a settlement in EXC's derivative claims lawsuit; PUCT delays action on ERCOT market redesign; CMS shuts down units 1 and 2 at the Karn coal-fired facility; the MD governor appoints a commissioner to the last open spot on the PSC; and POR announces Joseph Trpik as CFO. FERC issued a final rule in the docket on transmission system planning performance requirements during periods of extreme weather.

ICYMI

We held a **virtual Fireside Chat with Dr. Daniel Swain** to discuss the impact of El Niño, the U.S. wildfire, and hydro outlook for 2023.Read our full report here.

Regulatory Calendar

EXC — Intervenor testimony in BG&E's MD electric and gas rate cases is due on June 20: BG&E filed electric and gas multiyear rate plans in MD (Docket: C-9692) seeking a cumulative net $313M electric rate increase and a $289M gas rate increase over 2024-2026. Both requests are premised on a 10.4% ROE and 52% equity. EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. The request includes a performance incentive mechanism with four performance metrics related to the state's policy goals. An MD PSC decision is expected by year-end, with new rates becoming effective in early 2024. In its first MYRPs in MD, BG&E received a cumulative $140M electric rate increase and a $74M gas increase. The increases were premised on a 9.5% and 9.65% ROE, respectively. Both were approved for a 52% equity layer.

XEL — Hearings in SPS's NM electric rate case begin on June 20: XEL filed a settlement for a $33M revenue increase, premised on a 9.5% ROE and 54.7% equity. The settlement also agrees to approve the amended 2028, previously 2032, abandonment date of Tolk Generation Station. Staff and nine other parties agreed to the settlement, while two parties opposed the settlement. The settlement compares to Staff's $37M revenue increase recommendation and XEL's request for a net revenue increase of $76M, premised on a 10.75% ROE, 54.7% equity layer, and a test year ending June 30, 2024. A PRC decision is expected in 4Q23.

Recent Developments for Companies Under Our Coverage

From our midweek: AGR reaches a multiyear settlement in NYSEG and RGE rate cases; the MI PSC Staff files testimony in DTE's electric rate case; AVA reaches a settlement in ID rate case; intervenors file testimony in FE's MD electric rate case; WEC files rebuttal testimony in IL gas rate cases; EXC requests to implement interim rates in DE; the WRAP faces delays to its binding date; and the FL PSC approves FPL's $256M rate reduction for fuel charges.

POR — Staff files testimony in POR's OR electric rate case: Staff proposed a $206M revenue increase, premised on a 9.0% ROE and 50% equity layer. This compares to POR's ask for a $338M revenue increase, premised on a 9.8% ROE and 50% equity layer. POR and staff's recommendations include net variable power costs of $107M and $99M, respectively. Rebuttal testimony is due July 21. Evidentiary hearings are expected to begin on September 26. New rates will go into effect on January 1, 2024.

- **What's driving the difference?** The lower ROE (-$35M) and differences in the rate base calculation (-$22M) are two of the main drivers of the difference. Staff proposed using the average of monthly averages, reflecting depreciation expenses from throughout the test year, while POR requested a 2023 year-end test year. POR has historically used the monthly averages method.
- **Faraday repowering project:** Much of the discussion of Faraday is confidential, but Staff recommended disallowing a portion of the Faraday cost; the latest project costs were estimated at ~$190M. Staff also recommended that POR be allowed recovery of

the Faraday expenses at the cost of LT debt. POR is seeking cost recovery of the Faraday repowering project, which was placed into service at the end of January.

- **PCAM modification:** Staff agreed with POR for a pass-through mechanism for QF costs, but broadly recommended maintaining the PCAM. Staff does not support removing the dead bands, but provided two options: 1) maintain the existing deadband construct; or 2) adopt a multi-tiered sharing construct, including applying an earnings test. The new construct would set the deadband at a symmetrical $60M shared at a 30/70 ratio between customers and POR. Costs exceeding the $60M deadband would be shared 80/20 between customers and POR. POR seeks to remove the current dead bands and replace them with a 90/10 sharing of costs with customers.
- **Standalone storage:** Staff recommended against allowing standalone storage to qualify for the Renewable Adjustment Clause, while POR was requesting clarification that standalone storage would qualify for the RAC.

AEE — AEE's IL files rebuttal testimony in the multiyear electric rate case: AEE filed rebuttal testimony, for a $450M rate increase over 2024-2027 and maintained its original stance on an ROE of ~54%. This compares to AEE's initial request for a $449M rate increase and Staff's recommendation for a $249M revenue increase over the four years. Evidentiary hearings are scheduled to begin on August 7, and an ICC ruling is due in December. New rates will go into effect on January 1, 2024.

- **ROE:** AEE argued that Staff's recommended 8.9% ROE using 580 bps over the 2022 U.S. Treasury Bond yield of 3.114% is no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act, which expired at the end of 2022, and the provisions of the CEJA require that the ROE be determined under current commission law, and renders the statutory formula rate as "inoperative." Staff refers to a 10.02% ROE in its analysis using the traditional DCF and CAPM methods, which is more in line with AEE's 10.5% request but settled on recommending an ROE that uses the traditional formula rate calculation. Our view, as we stated in our recent AEE upgrade, is that the commission is likely to overlook the T+580 provision recommended by Staff to set an ROE that aligns more with national averages or ~10%.
- **Equity Layer:** AEE maintained its request for an equity ratio (increasing from 53.99% in RY1 to 54.03% in RY4). This compares to Staff's recommendation for a flat 50%. AEE argues that it should be able to maintain its current equity ratio of ~54%, given the turbulent macroeconomic backdrop, higher inflation, and an elevated interest rate environment that could lead to potentially weaker corporate credits. While we think that AEE has a strong argument with respect to the ROE, we think the Company will have a harder time defending its equity layer request in this proceeding, specifically given the expected increase in ROEs.
- While acknowledging that a multiyear electric rate plan is not directly comparable to natural gas rate plans, we point out that staff recommended a 50% equity layer in AEE's current gas rate case (ROE 9.89%), 50% in EXC's pending MYRP for ComEd, 52.58% in WEC's pending North Shore Gas rate case (9.83% ROE), and 50.79% in WEC's PGL gas rate case (ROE 9.83%).

Figure 1 - IL Electric MYRP GRC

AEE Rebuttal ($M); ROE: 10.5%; Equity Layer ~54%	2024	2025	2026	2027	Total
Rev Increase (unmitigated rate increase with adj.)	179.0	96.0	97.1	77.8	450.0
Rev Increase (mitigated)	89.5	185.6	97.1	77.8	450.0
Rate Base	4,271.4	4,572.6	4,892.1	5,207.2	
AEE Initial ($M); ROE: 10.5%; Equity Layer ~54%	**2024**	**2025**	**2026**	**2027**	**Total**
Rev Increase (unmitigated rate increase with adj.)	252.5	93.5	24.2	78.5	448.7
Rev Increase (mitigated)	164.8	181.2	125.8	(23.1)	448.7
Rate Base	4,324.9	4,639.1	4,958.3	5,278.1	
Staff ($M); ROE: 8.9%; Equity Layer 50%					
Revenue Increase	75.1	65.7	69.0	39.4	249.2
Rate Base	4,148.3	4,303.8	4,388.2	4,441.6	

Source: Regulatory filings, KeyBanc Capital Markets Inc.

AEE — MO PSC issues order approving black-box settlement in AEE MO electric rate case: The MO PSC approved AEE's settlement for a $140M revenue increase. The settlement is silent on the ROE, although AEE is allowed a 6.82% WACC to calculate the plant-in-service accounting deferrals, the RESRAM rates, and AFUDC. The PSC also ordered AEE to identify avoidable capital investments if it proposes earlier retirements of the Sioux and Labadie coal plants. This compares to AEE's initial request for a $316M revenue increase, premised on a 10.2% ROE/51.93% equity and staff-supported $199M revenue increase at 9.59% ROE and 51.84% equity. New rates are expected to be effective on June 24.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

PNW — PNW and the Legal Division Staff of the ACC filed a settlement in the 2019 rate case appeal: The parties reached an agreement to allow PNW to recover the $216M cost for Selective Catalytic Reduction investments at the Four Corners Power Plant and to increase PNW's authorized ROE to 8.9% ROE, from 8.7% ROE. Per the settlement, PNW would also be allowed recovery of lost revenues since 2021. Following a disappointing order in the last rate case, PNW filed an appeal with the AZ Court of Appeals regarding the SCR disallowance and 20 bps ROE reduction after the 2019 GRC (read more here). On a pro forma basis, the settlement will increase PNW's revenues by ~$38M, while the historical recovery will increase revenue by ~$60M (over four years), or $0.26 and $0.42 ($0.14/year) of EPS upside respectively. The parties are requesting the settlement to be considered at the ACC's June 21 Open Meeting. If approved, new rates will go into effect on July 1.

PNW — AZ Staff files testimony for rate design in PNW AZ electric GRC: Staff filed rate design testimony, which addresses PNW's proposed recovery mechanisms. Staff opposed PNW's proposal to enhance its Renewable Energy Adjustment Charge (REAC) to recover renewable resources. PNW proposed this measure to smooth out investments and prevent frequent rate case filings. Staff supported the addition of an earning test for the REAC, as well as eliminating the Environmental Improvement Surcharge, in line with PNW. Staff opposed the elimination of the Lost Fixed Cost Recovery mechanism or any modifications to the Demand-Side Management Adjustment Clause. Staff previously recommended a $313M net revenue increase, premised on a 9.6% ROE and 51.93% equity, compared to PNW's request for a $460M net revenue increase premised on a 10.25% ROE and 51.93% equity. Staff's and PNW's total revenue increase includes $108M for test year adjustor revenue transfers and $204M Day-One PSA and REAC. PNW is requesting rates to go into effect on December 1, 2023.

SO — SO delays Vogtle Unit 3 one month, expects to enter service in July: SO announced that it identified a degraded hydrogen seal in the main generator of Vogtle Unit 3 during startup and pre-operational testing. Consequently, SO now expects the unit to enter service in July, a one-month delay from the prior timeline, to allow for appropriate repairs. SO noted that Unit 3 power-ascension testing is approximately 95% complete. The 1,100 MW Vogtle Unit 3 previously reached 100% power and was performing tests focused on the operation of the reactor, plant control systems for the reactor and support systems, and integrated plant operations before the unit is made commercially available. As of the 1Q23 earnings call, the Company's total cost forecast for Vogtle is expected to be about $10.6B. SO will seek a prudence review for all costs exceeding $7.3B once the fuel load begins at Unit 4. SO expects Unit 4 to enter service in late 4Q23 or 1Q24.

AEP — ALJ issues PD to accept 2019 SWEPCO LA settlement: The ALJ issued a PD recommending the LA PSC to accept AEP's settlement with the LA Staff for a $27M net revenue increase, premised on a 9.5% ROE. The ALJ also authorizes SWEPCO to establish a regulatory asset (and corresponding regulatory liability) for the return of ADIT and net operating loss taxes. SWEPCO would be eligible to request recovery of the asset (or liability) once receiving a determination from the IRS. This was the only issue not agreed to in the previously filed settlement. AEP initially filed the application in 2019 seeking a revenue increase of $134M premised on a 10.35% ROE and 50.8% equity, which the Company lowered to $114M to remove costs associated with hurricanes Laura and Delta that will be recovered in a separate filing. Parties have been engaged in settlement discussions since January 2022.

EXC — EXC files a settlement in the shareholder derivative claims lawsuit: EXC announced that a settlement has been filed with the U.S. Court for the Northern District of Illinois to resolve and dismiss all derivative claims and lawsuits against EXC. The EXC board-appointed Special Litigation Committee, the Independent Review Committee of the Board, the Board, and Settling Shareholders approved the settlement. If approved by the District Court, the settlement terms include a $40M payment to EXC by its insurers, which includes $10M for the attorneys' fee award to be paid to the Settling Shareholders' counsel, compliance and disclosure-related reforms, and certain changes in Board and Committee composition. The lawsuits were in response to ComEd's agreement with the U.S. Attorney's Office to resolve an ongoing investigation into ComEd's past lobbying practices in Illinois. The agreement required ComEd to make $200M in payments.

CNP, SRE — PUCT delays action on ERCOT market redesign: The PUCT did not take any formal action on the proposals for ERCOT market redesign at its first Open Meeting since the adjournment of the 2023 legislative session. During the legislative session, lawmakers proposed SB 7, which would pay certain power plants credit for being available during times of peak demand. SB 7 capped the performance capacity mechanism (PCM) at $1B. The PUCT voted unanimously in January to adopt a PCM electric market design option, which did not include a cap for the PCM. The PCM is a means to improve generation reliability on the ERCOT grid, incentivize capacity owners to make more supply available when more supply is needed, smooth out price volatility, and encourage the build-out of new generation capacity. The PCM is intended to be technology neutral. The next PUCT Open Meeting is on June 29.

CMS — CMS shuts down Karn units 1 and 2, per plan: CMS closed units 1 and 2 at the 1,728 MW Dan E Karn power plant, in line with its plans. The two coal-fired units each had a total capacity of 272 MW. The retirements were approved by the PSC in CMS's 2022 electric rate case, including the amortization of the related regulatory assets and the ash disposal costs. The decommissioning costs will be amortized through 2031 (beginning in 2024), and the coal ash disposal costs for the units will be amortized over 10 years starting in 2024. CMS will continue to run the 693 MW Unit 3 and 710 MW Unit 4 at the Karn facility until 2031. Those units run on natural gas. CMS plans to eliminate all coal generation from its generation mix by 2025.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

EXC — MD governor appoints a commissioner for the last open spot on the PSC: MD Governor Wes Moore appointed Bonnie Suchman to serve a partial term through June 2027. Ms. Suchman replaces Commissioner Odogwu Obi Linton, who had been serving an expired term since June 2022. The Senate will not take up Suchman's nomination until the 2024 session convenes. Suchman joins Kumar Barve and Frederick Hoover, who was also appointed by Governor Moore upon taking office in 2023. The MD PSC is a five-member commission with the governor nominating the members and the Senate confirming them. We are tracking FE's Potomac Edison rate case and EXC's BGE and PEPCO multiyear rate cases.

POR — POR announces the appointment of Joseph Trpik as CFO: POR announced the appointment of Joseph Trpik as the new CFO, effective June 30. Mr. Trpik joins from EXC, where he first joined in 2001 and most recently served as SVP and chief accounting officer. Before that, he held roles as CFO of Exelon Utilities and CFO of ComEd. Mr. Trpik replaces Jim Ajello, who is set to transition from his role as CFO to serve as a senior advisor until his retirement at the end of August.

FERC — FERC issued a final rule in the docket on Transmission System Planning Performance Requirements for Extreme Weather: Following an extended period of comments and discussions, FERC issued a Final Rule in Docket RM22-10 directing NERC to develop reliability standards within 18 months of the issue of the final rule to address reliability concerns related to transmission system planning for extreme weather events that impact the operation of the power system. NERC will be required to develop benchmark planning cases based on past extreme weather events or based on meteorological projections, including a range of extreme weather scenarios that take into account resource mix availability during extreme weather conditions. NERC will also provide corrective action plans for mitigation where performance standards are not met. FERC highlighted the increase in the number of extreme weather events that have challenged wide swaths of the power grid with increasing frequency.

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	6/20/2023	Intervenor Direct Testimony
NM	Southwestern Public Service Co.	XEL	C-22-00286-UT	Electric	6/20/2023	Hearings Begin
AZ	Arizona Public Service Co.	PNW	D-E-01345A-19-0236	Electric	6/21/2023	ACC Open Meeting - Appeal
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	6/26/2023	Briefs Due
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	6/27/2023	Company Rebuttal Testimony Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	6/28/2023	Staff and Intervenor Rebuttal Testimony
OR	Avista	AVA	LC81	IRP	6/29/2023	Initial Presentation Special Meeting
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	6/29/2023	Reply Briefs Due
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	6/30/2023	Opening Briefs
MD	The Potomac Edison Co.	FE	C-9695	Electric	6/30/2023	Rebuttal Testimony Due
MI	Michigan Gas Utilities Corp.	WEC	C-U-21366	Natural Gas	6/30/2023	Intervenor Testimony Due
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	6/30/2023	Commission Order Expected
MO	Union Electric Co.	AEE	C-ER-2022-0337	Electric	7/1/2023	Operation of Law Date
CO	Public Service Co. of CO	XEL	D-22AL-0530E	Electric	7/6/2023	Evidentiary Hearings Begin
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	7/7/2023	Staff and Intervenor Rebuttal Testimony
OR	Avista Corp.	AVA	D-UG-461	Natural Gas	7/7/2023	Staff and Intervenor Testimony Due
MI	DTE Electric Co.	DTE	C-U-21297	Electric	7/7/2023	Rebuttal Testimony
	UPSA Formula Rate Complaint	ETR	EL-20-72		7/7/2023	Briefs Due
AK	Avista Corp.	AVA	D-U-22-078	Electric	7/10/2023	Hearings Begin
MI	Consumers Energy Co.	CMS	C-U-21308	Natural Gas	7/10/2023	Reply Briefs Due
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	7/11/2023	Intervenor Testimony Due
	Short-Term Energy Outlook	EIA			7/11/2023	STEO release
	CPI Release	BLS			7/12/2023	CPI release for Prior Month
AZ	Arizona Public Service Co.	PNW	D-E-01345A-22-0144	Electric	7/12/2023	Rebuttal Testimony
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	7/12/2023	Company Surrebuttal Testimony Due
IL	Ameren Illinois	AEE	D-23-0082	Electric	7/13/2023	Staff and Intervenors Rebuttal Testimony Due
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	7/14/2023	Intervenor Testimony Due
CA		CPUC	R2207005	Fixed Charges	7/14/2023	Joint case statement from PG&E
MI	DTE Electric Co.	DTE	U-21193	IRP	7/14/2023	PFD Target Date
KY	Duke Energy Kentucky Inc.	DUK	C-2022-00372	Electric	7/14/2023	Commission Decision Expected
MD	The Potomac Edison Co.	FE	C-9695	Electric	7/14/2023	Surrebuttal Testimony Due

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	22.1	Overweight	$90	$84.08	3.0%	58%	4.36	4.67	4.96	19.3x	18.0x	17.0x	4.37	4.68	5.02	19.3x	18.0x	16.7x
AEP	American Electric Power Company In	43.7	Sector Weight	NA	$84.93	3.9%	63%	5.27	5.65	5.99	16.1x	15.0x	14.2x	5.27	5.62	5.98	16.1x	15.1x	14.2x
CMS	CMS Energy Corp	17.7	Sector Weight	NA	$60.74	3.2%	63%	3.10	3.31	3.59	19.6x	18.4x	16.9x	3.11	3.35	3.63	19.6x	18.1x	16.7x
CNP	CenterPoint Energy Inc	18.4	Sector Weight	NA	$29.18	2.6%	50%	1.50	1.62	1.73	19.5x	18.0x	16.9x	1.49	1.61	1.73	19.6x	18.1x	16.9x
D	Dominion Energy Inc	44.6	Sector Weight	NA	$53.33	5.0%	70%	3.76	3.84	3.90	14.2x	13.9x	13.7x	3.83	3.75	3.96	13.9x	14.2x	13.5x
DTE	DTE Energy Co	23.5	Sector Weight	NA	$114.12	3.4%	62%	6.19	6.60	7.03	18.4x	17.3x	16.2x	6.23	6.68	7.14	18.3x	17.1x	16.0x
DUK	Duke Energy Corp	71.0	Overweight	$113	$92.18	4.5%	73%	5.65	6.01	6.38	16.3x	15.3x	14.4x	5.64	5.98	6.34	16.3x	15.4x	14.5x
ETR	Entergy Corp	21.6	Sector Weight	NA	$102.01	4.2%	65%	6.68	7.18	7.69	15.3x	14.2x	13.3x	6.69	7.19	7.70	15.2x	14.2x	13.2x
ES	Eversource Energy	25.1	Sector Weight	NA	$72.08	3.7%	62%	4.36	4.66	4.92	16.5x	15.5x	14.7x	4.37	4.66	4.98	16.5x	15.5x	14.5x
ED	Consolidated Edison Inc	32.2	Underweight	$70	$92.97	3.5%	67%	4.85	5.16	5.47	19.2x	18.0x	17.0x	4.86	5.24	5.53	19.1x	17.8x	16.8x
EIX	Edison International	26.9	Sector Weight	NA	$70.18	4.2%	62%	4.76	5.11	5.63	14.7x	13.7x	12.5x	4.73	5.10	5.50	14.8x	13.7x	12.8x
EXC	Exelon Corp	41.0	Sector Weight	NA	$41.21	3.6%	62%	2.36	2.52	2.71	17.5x	16.4x	15.2x	2.36	2.51	2.72	17.4x	16.4x	15.1x
FE	FirstEnergy Corp	22.4	Overweight	$45	$39.07	4.0%	62%	2.51	2.67	2.89	15.6x	14.6x	13.5x	2.53	2.67	2.85	15.4x	14.6x	13.7x
PEG	Public Service Enterprise Group Inc	31.2	Sector Weight	NA	$62.54	3.7%	66%	3.44	3.60	3.86	18.2x	17.4x	16.2x	3.44	3.68	4.04	18.2x	17.0x	15.5x
SO	Southern Co	78.2	Sector Weight	NA	$71.76	3.9%	77%	3.60	4.04	4.26	19.9x	17.8x	16.8x	3.60	4.03	4.31	19.9x	17.8x	16.7x
WEC	WEC Energy Group Inc	28.8	Overweight	$103	$91.43	3.4%	68%	4.62	4.92	5.28	19.8x	18.6x	17.3x	4.61	4.91	5.26	19.8x	18.6x	17.4x
XEL	Xcel Energy Inc	35.2	Overweight	$75	$63.92	3.2%	62%	3.38	3.57	3.80	18.9x	17.9x	16.8x	3.37	3.60	3.83	19.0x	17.7x	16.7x
					Average:	**3.7%**	**64%**				**17.6x**	**16.5x**	**15.4x**				**17.6x**	**16.4x**	**15.4x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	3.1	Underweight	$32	$40.38	4.6%	79%	2.34	2.44	2.56	17.3x	16.5x	15.8x	2.32	2.46	2.59	17.4x	16.4x	15.6x
NWE	NorthWestern Corp	3.5	Overweight	$63	$58.73	4.4%	74%	3.44	3.59	3.74	17.1x	16.4x	15.7x	3.44	3.60	3.77	17.1x	16.3x	15.6x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$75.74	2.3%	37%	4.71	3.28	3.51	16.1x	23.1x	21.6x	4.75	3.49	3.69	16.0x	21.7x	20.5x
PNW	Pinnacle West Capital Corp	9.4	Underweight	$55	$83.25	4.2%	85%	4.03	4.66	4.89	20.7x	17.9x	17.0x	4.10	4.75	4.93	20.3x	17.5x	16.9x
POR	Portland General Electric Co	4.7	Sector Weight	NA	$48.67	3.9%	70%	2.65	3.00	3.17	18.4x	16.2x	15.4x	2.67	3.04	3.20	18.2x	16.0x	15.2x
					Average:	**3.9%**	**69%**				**17.9x**	**18.0x**	**17.1x**				**17.8x**	**17.6x**	**16.8x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
NEE	Nextera Energy Inc	153.0	Overweight	$94	$75.59	2.5%	60%	3.09	3.39	3.64	24.5x	22.3x	20.8x	3.11	3.41	3.69	24.3x	22.2x	20.5x
SRE	Sempra	46.6	Sector Weight	NA	$148.20	3.2%	53%	8.94	9.49	10.22	16.6x	15.6x	14.5x	9.05	9.60	10.24	16.4x	15.4x	14.5x
					Average:	**2.9%**	**57%**				**20.5x**	**19.0x**	**17.6x**				**20.3x**	**18.8x**	**17.5x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

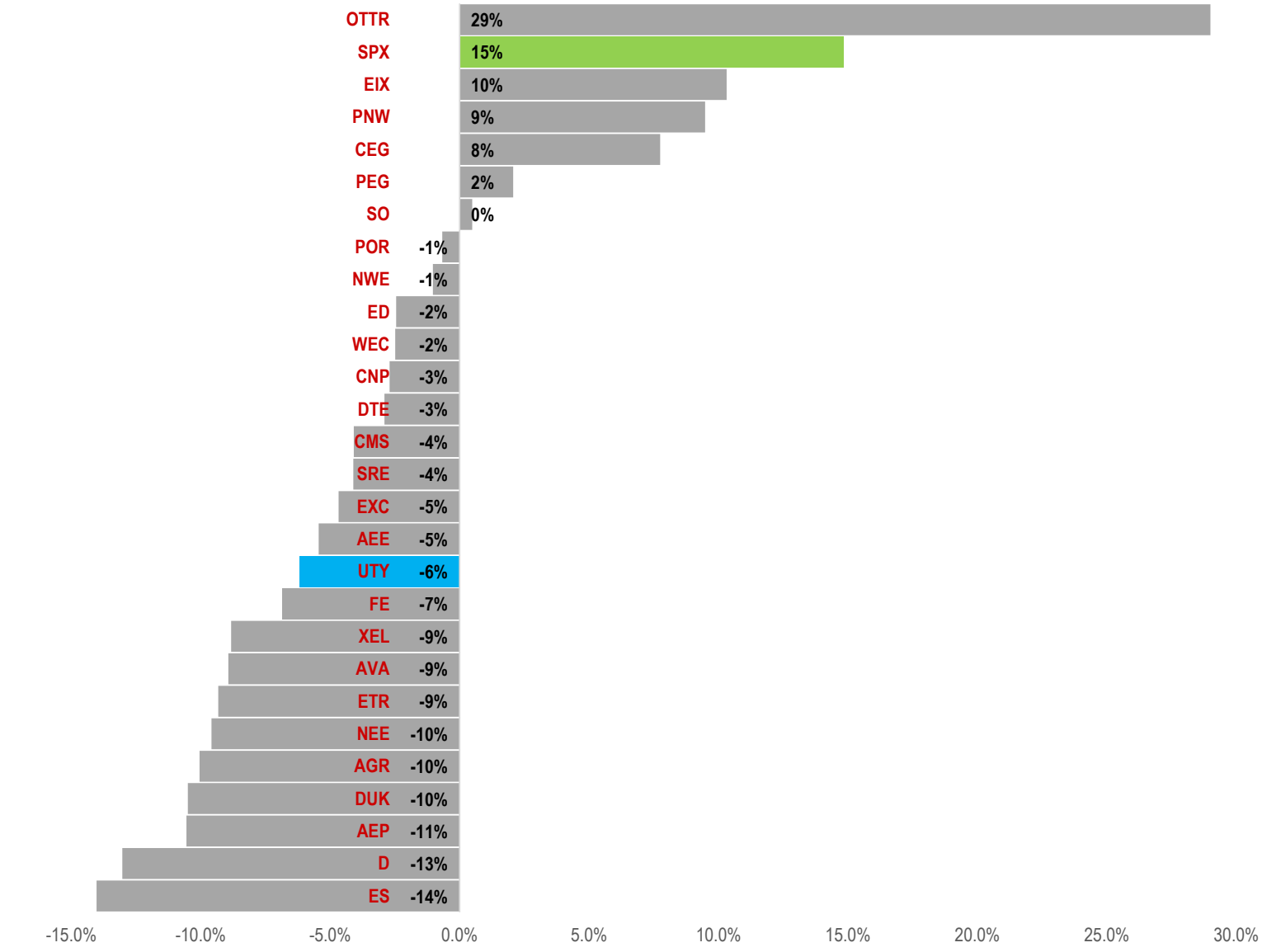

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

POR: Disciplined Growth; Notes from the Road

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 1Q23 Earnings Preview: It’s Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	263	49.91	42	15.97
Sector Weight [SW]	257	48.77	42	16.34
Underweight [UW]	7	1.33	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	23	40.35	13	56.52
Sector Weight [SW]	30	52.63	11	36.67
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KeyBanc Capital Markets

Alert

June 14, 2023

Energy: Electric Utilities

Midweek Thoughts — AGR, DTE, FE, WEC, EXC, AVA, NWE, PNW, POR, NEE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, AGR reaches a multi-year settlement in NYSEG and RGE rate cases; the MI PSC Staff files testimony in DTE's electric rate case; AVA reaches a settlement in ID rate case; intervenors file testimony in FE's MD electric rate case; WEC files rebuttal testimony in IL gas rate cases; EXC requests to implement interim rates in DE; the WRAP faces delays to its binding date; and the FL PSC approves FPL's $256M rate reduction for fuel charges.

ICYMI

DUK — DUK announced the sale of the solar and wind portfolio in its commercial renewables segment for $2.8B to Brookfield Renewables. We see the sale as a positive development that de-risks the Company's portfolio and offsets the need for incremental holding company debt. Read more here.

Industry News and News from Companies in Our Coverage

AGR — AGR reached a constructive multi-year settlement in NYSEG and RGE rate cases: AGR, NY PSC Staff, and several intervenors reached a three-year settlement, agreeing to a cumulative $769M revenue increase for NYSEG and RGE. The settlement is premised on a 9.2% ROE and 48% equity. If approved, new rates will be retroactive to May 1, 2023. We view the settlement as a constructive, and a largely timely outcome that should minimize the regulatory lag between the two rate case periods. The multi-party NY settlement follows a constructive sentiment reached in ME recently, signaling a positive turn in regulatory relations, and should be viewed positively, especially since the NY utilities make up nearly half of AGR's regulated portfolio. We present below the scenarios for levelized rate increases and, if approved, NYSEG electric and gas rates will increase by 17.1% and 5.6% annually, respectively. RGE electric and gas rates will increase by 11.0% and 10.2%, respectively.

Figure 1 - Summary of Proposed Settlement

NYSEG Joint Proposal	Electric		Gas	
Delivery Rate Increases	($M)	(%)	($M)	(%)
RY1	137.3	17.1%	11.7	5.6%
RY2	160.7	17.1%	12.4	5.6%
RY3	200.6	17.1%	12.9	5.6%

RG&E Joint Proposal	Electric		Gas	
Delivery Rate Increases	($M)	(%)	($M)	(%)
RY1	51.0	11.0%	18.2	10.2%
RY2	56.6	11.0%	20.1	10.2%
RY3	65.3	11.0%	22.4	10.2%

Source: Regulatory filings, KeyBanc Capital Markets Inc.

- **Capital investments:** The settlement approves AGR's five-year capital plan of $6.4B for the 2022-2026 period. This includes the recovery of capital investments already made and $634M of investments approved towards the implementation of Phase 1 of the NY climate law (CLCPA).
- **Earnings sharing mechanism:** The mechanism does not include any low-end earnings sharing and is better than the incumbent earnings sharing mechanism that kicks in as early as 20 bps higher than the authorized ROE. The mechanism directs 100% of the customer's portion toward the accelerated recovery of regulatory deferral assets. AGR will direct 50% of its electric earnings portion towards storm-related reg assets.

Figure 2 - Earning Sharing Parameters

Customers/Shareholders	ESM Parameters
No Sharing	<9.7%
50% / 50%	> 9.7% to 10.2%
75% / 25%	> 10.2% to 10.7%
90% / 10%	> 10.7%

Source: Regulatory Filings, KeyBanc Capital Markets Inc.

- **Interest rate reconciliation:** The settlement includes a mechanism that allows for a symmetrical reconciliation of debt costs - helping to reduce the regulatory lag in recovering such costs in future proceedings.
- **Storm costs recovery:** The settlement allows NYSEG and RGE to recover deferred storm costs of $371M and $55M, respectively. It also includes storm rate allowances of $31.5M, $41.5M, and $46.5M for RY1, RY2, and RY3 for NYSEG Electric. For RGE Electric, the Company is allowed annual storm rate allowances of $4.5M, $6M, and $7.6M.

DTE — MI PSC Staff files constructive testimony in DTE electric rate case: Staff recommended a $383M revenue increase, premised on a 9.8% ROE and 50% equity. This compares to DTE's request for a net $619M revenue increase, premised on a 10.25% ROE and 50% equity. The main drivers of the difference can be attributed to the lower ROE and Staff's disallowance of O&M costs, including IT and incentive compensation. We view Staff's testimony as constructive and could establish the foundations for settlement discussions. As a reminder, DTE received approval for a $30.5M rate increase on a 9.9% ROE and a 50% equity layer, vs. its ask for a $368M increase. That rate case was primarily driven by the Commission's stance on residential sales forecasts post-COVID, whereby the PSC noted the difficulty of forecasting sales coming out of the pandemic. We recently met with the PSC, where the general theme was that MI remains a constructive regulatory jurisdiction (read more here). New rates are expected to go into effect on December 10.

Figure 3 - DTE MI Electric GRC Revenue Requirement

Figure 1: Net Income Calc ($M)		DTE	MPSC Staff
Rate Base	(a)	22,611.2	22,274.6
Projected Net Operating Income	(b) (see Fig 3	836.8	952.5
ROR (Calculated)	(c) =(b)/(a)	3.70%	4.28%
ROR (Required)	(d) (see Fig 2	5.70%	5.52%
Income Required	(e) = (d)*(a)	1,288.5	1,229.9
Income Deficiency	(f) = (e) - (b)	451.7	277.4
Revenue Conversion Factor	(g)	1.3496	1.3496
Revenue Requirement	(h) = (f)*(g)	609.7	374.3
Revenue Requirement (Tree Trimming)	(i)	8.8	8.8
Total Revenue Requirement	(j) = (h) + (i)	618.5	383.2

Figure 2: Rate of Return Calculation	DTE	MPSC Staff
Rate Base ($ M)	22,611.2	22,274.6
ROE	**10.25%**	**9.80%**
Equity to Total Cap	50%	50%
ROR	5.70%	5.52%
Cost of Debt (implied)	2.85%	2.76%

Figure 3: Projected Net Operating Income ($ M)	DTE	MPSC Staff
Operating Revenue	5,112.9	5,115.3
Fuel & Purchased Power	1,361.9	1,361.9
O&M	1,302.4	1,169.6
D&A	1,168.9	1,145.9
Property Taxes	320.3	320.3
Federal, State and Other Income Taxes	161.4	203.9
Other	1.3	1.3
AFUDC and Other Adjustments	40.1	40.1
Total Net Operating Income	**836.8**	**952.5**

Source: Regulatory filings, company filings, KeyBanc Capital Markets Inc.

AVA — AVA reaches multi-year settlement in ID rate case: AVA, ID PUC Staff, and others reached a settlement in AVA's two-year electric and gas rate cases. The settlement agrees to electric revenue increases of $22M and $4M in RY1 and RY2, respectively. AVA also agreed to natural gas revenue increases of $1M and ~$0M. The settlement is based on a 9.4% ROE and 50% equity. This compares to AVA's request for a $37.5M and a $13.2M electric rate increase in RY1 and RY2, respectively, and corresponding gas rate increases of $2.8M and $0.1M. AVA's requests were premised on a 10.25% ROE and 50% equity ratio. If approved, new rates would go into effect on September 1, 2023.

FE — Intervenors file testimony in FE's MD electric rate case: The MD PSC Staff recommended a net $19M revenue increase, premised on a 9.5% ROE and 53.53% equity. This compares to Potomac Edison Co.'s request seeking a net $46M revenue increase, premised on a 10.6% ROE and 53.53% equity. The net amounts exclude the recovery of $4.8M of revenue collected through the electric distribution investment surcharge (EDIS). FE seeks to extend the EDIS program for another four years, with which Staff concurred, although it proposed maintaining the 70/30 split to determine the allocation factor (FE proposed a 50/50 split) and use Staff's proposed ROE. The delta between Staff and FE's recommended revenue increases can largely be attributed to the lower ROE, lower depreciation expenses, and reduced incentive compensation expenses. Among other intervenors, the MD Office of People's Counsel recommended a net $14M revenue increase, using a 9.0% ROE and a 45% equity layer. Notably, FE's filing was a single-year rate plan after recent legislation allowed MYRP filings. FE will file rebuttal testimony on June 30, while a MD PSC final decision is expected in 4Q23.

WEC — WEC files rebuttal testimony in IL gas rate cases: In rebuttal testimony, WEC maintained its ROE and equity layer, while making modest changes to its revenue requirements. WEC updated its request to ~$404M and ~$17M for Peoples Gas and North Shore Gas, respectively. This compares to the Company's initial request of $407M (net $195M) and $19M and Staff's recommendation for revenue increases of $357M (net $145M) and $16M. As a reminder, PGL's difference between the gross and net revenue requests includes the amount recovered through the QIP rider. PGL is not seeking an extension to the QIP rider for pipeline safety modernization, which is set to expire in 2023, but will seek recovery for those investments through future rate cases. Evidentiary hearings for both cases are scheduled to begin on August 10, and an ICC decision is expected in 4Q23. New rates are expected to go into effect on January 1, 2024.

EXC — EXC requests interim rates of $56M in DE: EXC's subsidiary Delmarva Power filed a motion to implement interim rates of ~$56M (including $14M of DSIC revenues) effective July 15. The interim rates are unchanged from the $42M net revenue increase EXC requested in its 2022 electric GRC and include the transfer of ~$14M of revenues currently recovered through the Distribution System Improvement Charge (DSIC). EXC seeks a 10.5% ROE and 55.5% equity. EXC initially sought a $60M net revenue increase in its GRC but revised the request based on updated data. The primary driver for the rate increase, among others, is the recovery of $290M of investment in the distribution system. The Company is proposing adjustments, including leveraging a pro forma capital structure, utilizing an O&M inflation adjustment, and applying year-end treatment to its rate base. The next date to watch is June 18, when the intervenor testimony is due. The PSC is expected to issue a final decision in 2Q24.

AVA, NWE, PNW, POR — Western resource sharing program faces delays to the binding date: The Western Resource Adequacy Program will be delayed at least one year before commencing full binding operations after failing to receive enough members electing into the program. The deadline was May 31, 2023. Members will now have until May 31, 2024, to elect into the full binding operation phase to begin in mid-2026. Once binding, members with deficient resources will be required to pay penalties. FERC issued an order approving the WRAP Tariff effective January 1, 2023, which requires members to be fully binding by 2028. The WRAP includes two main components, the forward showing program and the operations program, to address shortfalls and ensure participants have enough capacity to meet planning reserve margins. The participants include AVA, NWE, PNW, POR, and 16 other utilities. The WRAP is a region-wide reliability planning and compliance program allowing participants to share resources across the Western Interconnection. The WRAP proposes establishing consistent reliability metrics across the region and pooling resources to balance supply and demand among its participants. The WRAP will be non-binding during the 2023/2024 winter season.

NEE — FL PSC approves FPL's $256M reduction for fuel charges: The FL PSC approved FPL's mid-course correction to reduce its 2023 fuel purchased power cost recovery clause (FCR) by an incremental $256M to reflect declining natural gas prices. The PSC addressed it at the June 13 Commissioner meeting. The $256M is in addition to ~$1.4B in refunds to customers associated with lower fuel costs that were previously filed. The latest correction reflects NYMEX natural gas prices of $2.80/MMBtu as of May 1, 2023, and compares to the $3.22/MMBtu when FPL conducted its last analysis on February 1. New rates will become effective on July 1.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

POR: Disciplined Growth; Notes from the Road

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

EEI: Conference Recap and Notes from Day Three — NEE, NWE, ETR, SO, AEE, CMS, OTTR, AVA, PEG, AY

EEI Day Two: Notes from Meetings — DUK, AGR, PNW, EXC, CNP, EIX, DTE, AEP, POR, FE

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

NWE: Long Awaited MT GRC Filing — First Look

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Utilities 1Q23 Earnings Preview: It’s Been a Rough Start to the Year

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Alternative Energy: In Line with Expectations, CPUC Unanimously Passes Revised NEM 3.0

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	262	49.72	43	16.41
Sector Weight [SW]	258	48.96	42	16.28
Underweight [UW]	7	1.33	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	23	40.35	13	56.52
Sector Weight [SW]	30	52.63	11	36.67
Underweight [UW]	4	7.02	3	75.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CMS	56.73	Neutral
D	49.50	Buy
DUK	89.95	Buy
EIX	69.93	Neutral
ETR	96.72	Buy
EXC	40.42	Buy
FE	36.29	Buy
OGE	34.37	Neutral
PCG	16.53	Buy
PPL	25.23	Buy
SO	68.62	Buy
SRE	70.85	Buy
WEC	85.23	Neutral

Power & Utilities

August 31, 2023

The Guggenheim Daily Transmission: SO, MI, ETR, CMS, EIX/SRE, PCG, FE, OGE, PPL/RI, EXC/MD, D/VA, DUK, WEC

Please join us for our quarterly utilities investor roundtables in NYC on Sept. 25th, and NJ on Sept. 26th, both invite details below.

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

Please see our sector-wide note on the country's evolving regulatory jurisdictions HERE, our updated mid-year utility sector valuation analysis HERE.

SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate (see our note HERE)

MI – Michigan PSC announces stakeholder process for performance based rates

MI – Michigan Governor Whitmer announces further push on clean energy standard

ETR – ETR-LA files first notice of rate proceeding with LPSC

CMS – CMS electric rate case testimony in line with expectations

EIX/SRE – OEIS issues draft decision documents for SCE and SDG&E

PCG – PG&E makes notification for all-clear on power shutoffs from August 30, 2023; wildfire smoke reaches San Francisco

CMS – Michigan court issues order denying rehearing in prior CMS Electric rate case outcome

FE – Settlement filed with PaPUC in consolidation docket

OGE – APSC staff proposes procedural schedule for AR application for flexible resource approvals

PPL/RI – RIE files post hearing statement on AMI

EXC/MD – MD OSC dockets summary tables of parties' positions in BGE MYP

D/VA – SCC clarifies DER interconnection process

DUK – Update on restoration efforts in the wake of Hurricane Idalia

WEC – Final order issued in Michigan Gas Utilities case

MI – Michigan PSC announces stakeholder process for performance based rates

- After starting a financial incentive/disincentive working group process in April, MPSC announced a stakeholder comment process on connecting utility earnings with reducing duration and frequency of electric outages.
- The recommendations in the press release are phrased asymmetrically despite the MPSC commissioners prior comments of seeking a balanced "stick and carrot" approach.
- The 4 main parts of the MPSC straw proposals are:
  - Establishing penalties for utilities whose customers experience four or more

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

sustained power interruptions per year. Current service quality standards require that, through December 2029, not more than 6% of a utility's customers may experience more than 4 sustained outages, and no more than 5% of customers after Jan. 1, 2030. In 2022, DTE Electric had 163,417 such customers, and Consumers Energy 173,273, according to annual utility reports.
    - Utilities would be penalized further for having customers experience 7 or more sustained power interruptions. Annual reports filed by the utilities indicate DTE Electric had 16,262 such customers, and Consumers Energy 19,821 in 2022.
    - Utilities would be penalized if a circuit ranked in the top 10 worst-performing circuits for 3 or more years within the past 5 years.
    - Considering financial mechanisms connected to the time it takes utilities to restore power, including a particular focus on restoration timelines during major storms.
- Docket: U-21400

Guggenheim takeaway: *We caught up with CMS mgmt. after the press release. While the PR language seems asymmetrical in terms of penalties, mgmt. welcomes a stakeholder process and continuation of working groups to determine a better informed framework for reliability and resiliency. MPSC Chair Scripps has previously commented on pursuing a more balanced outcome, which mgmt. anticipates could be achieved through the stakeholder process. Separately the audit of storm response that the MPSC commissioned has been specifically called out by the commissioners as an informative process vs. a punitive proceeding as stakeholders recognize the increased frequency and severity of weather events that impact customers.*

MI – Michigan Governor Whitmer announces further push on clean energy standard

- MI Governor Gretchen Whitmer issued a release on policy and legislative priorities including energy.
- The announcement focuses on a 100% clean energy standard (legislated), Improvements in energy efficiency and granting MPSC authority to permit utility-scale clean energy projects
- More in PR here.

Guggenheim takeaway: *An important step in further energy transition for MI and we caught up with CMS subsequent to the release. The legislated clean energy standard could be helpful in providing guidance to the MPSC for integrated resource plan implementation and reduces the ambiguity of resource mix arguments. CMS mgmt. is supportive of the state's clean energy transition efforts and has generally been ahead of the curve on generation mix targets and decarbonization goals. The solar permitting reform would also remove the major hurdle that utilities currently face in IRP implementation as small township permitting processes can be lengthy and contentious.*

ETR – ETR-LA files first notice of rate proceeding with LPSC

- ETR-LA filed a notice of rate proceeding (FRP and/or rate case) with the LPSC and issued an associated press release.
- The application is titled "Blueprint Necessary for Company to Strengthen the Electric Grid for State of Louisiana".
- The purpose of the Company's application is to extend and modify the Company's Formula Rate Plan ("FRP") to position ETR-LA to continue upgrade work on the electric grid.
- Beyond maintaining affordable rates, many of the modifications to the FRP that Entergy Louisiana has proposed in its filing would directly benefit customers, including:
    - Pledging $1 million to assist customers in need and providing free home energy efficiency kits.
    - Adding $1 million to its The Power to Care match for older adults and disabled customers.
    - Reducing the amount of late fees charged to customers who fall behind on their bills.
    - Eliminating electric service connection fees for new customers and reconnection fees in many situations.
    - Expanding the program that provides eligible low-income older adults monthly discounts on their bills.
    - Streamlining rates so that residential customers in different parts of the state are

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

subject to the same rate structures.
  - Lowering the rates for additional facilities.
  - And new rate options for customers with electric vehicle charging equipment.
- To be accountable to customers, Entergy Louisiana is also proposing adhering to the most stringent reliability standards of any utility provider in the state and setting financial penalties for not meeting those standards.
- Docket: U-36959

Guggenheim takeaway: *FYI. The first notice of ETR LA regulatory process for FRP extension or rate case in support of ongoing capital investment. Mgmt. has previously noted that there would be several customer support proposals within the FRP extension, which in our view helps the commission create a more equitable outcome. While we expect a contentious process, the first notice of filing shows a balanced stakeholder commitment.*

CMS – CMS electric rate case testimony in line with expectations

- Intervenors filed direct testimony in the CMS electric rate case including Staff.
- The Staff recommendation is $88M gross (vs. a $216M request), with constructive testimony on cost of capital and other issues.
- Major differences vs. Staff were attributed to cost of capital, timing of project in service dates (i.e., lower capex in test year, eligible for future recovery) and certain O&M alignments.
- Staff was supportive of the infrastructure recovery mechanism and undergrounding pilot programs.
- CMS requested a revenue increase for the 2/28/2025 test year is $207M ($216M gross), premised on a 10.25% ROE with a 42.58% net equity ratio (largely in line with prior case requested fundamentals).
- Current approved ROE's are 9.9%.
- ALJ Proposal for decision is scheduled for 12/21/2023
- Docket: U-21389

Guggenheim takeaway: *We caught up with mgmt. on the emerging regulatory bid-ask and opportunity to settle after the testimony. While the staff rec is around 40% of the request, the differences are largely explained by cost of capital and non earnings impacting items like timing of capex (i.e., if capex is in service ahead of staff schedule, CMS still earns AFUDC). Mgmt. is optimistic around the IRM and undergrounding as new constructs that the MPSC can get excited about, and overall sees the direct testimonies as a workable starting point in both litigation and settlement talks (mgmt. prepared for both routes). We are monitoring cost of capital as staff recommendations have started to recognize a tighter capital markets environment, and staff testimony in particular had stretched assumptions relative to the near term bond indices.*

EIX/SRE – OEIS issues draft decision documents for SCE and SDG&E

- The Office of Energy Infrastructure Safety (OEIS) issued draft decision reports on the 2023-2025 SCE and SDG&E wildfire mitigation plans.
- The draft decisions are a commentary on the strengths and weaknesses of each plan and recommendations for improvements.
- In its evaluation of an electrical corporation's 2023-2025 WMP, Energy Safety considers the areas where the electrical corporation must improve, as well as the progress it plans to achieve in its areas of strength.
- OEIS, in totality approved the WMPs for both EIX and SRE.
- Docket: U-20963.

Guggenheim takeaway: *FYI. The draft decisions are still subject to approval, but the history of both EIX and SRE has been less contentious in the WMP process.*

PCG – PG&E makes notification for all-clear on power shutoffs from August 30, 2023; wildfire smoke reaches San Francisco

- PG&E has made the all-clear notification after the customer power shutoffs for Wednesday, August 30, 2023 (PSPS).
- PSPS notifications and status can be found here.
- Simultaneously, wildfire smoke from distant fires including outside of California has reached San Francisco (see here).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim takeaway:*FYI. Highlights the wildfire risks and proactive risk mgmt. taken by the company.*

CMS – Michigan court issues order denying rehearing in prior CMS Electric rate case outcome

- MI appeals court ordered the MPSC rate case decision appeal to be denied in the prior CMS Electric rate case.
- Stakeholders challenged the rate case outcome for certain funds use for under/over earning but the court sided with the MPSC on discretion to approve regulatory mechanisms.
- Docket: U-20963.

Guggenheim takeaway: *FYI. MI appeals court affirming the MPSC commission demonstrates a fair and balanced approach to ratemaking.*

FE ─ Settlement filed with PaPUC in consolidation docket

- Today, FE announced that it's subsidiaries Met-Ed, Penelec, Penn Power, West Penn Power, Keystone Appalachian Transmission Company (KATCo) and Mid-Atlantic Interstate Transmission, LLC (MAIT), have filed a settlement agreement with the Pennsylvania Public Utility Commission (PaPUC).
- The settlement pertains to FE's efforts to merge its four PA electric distribution companies into one utility.
- Terms included a mechanism for tracking cost savings which are expected to result from the consolidation, and which would be returned to ratepayers via future base rate reviews. Also included, were five years of income-eligible customer assistance totaling $650k.
- More HERE
- Docket A-2023-3038771

Guggenheim takeaway: *Following FERC's approval of this merger on August 14th, FE still requires the PaPUC to signoff along with obtaining commission approval in New York. We continue to expect that regulators will rule on the case by the December 2023 timeframe which FE had requested a decision by.* ***For our coverage of the recent FERC approval of this same PA consolidation, please see our write-up HERE.***

OGE – APSC staff proposes procedural schedule for AR application for flexible resource approvals

- APSC proposed a modified procedural schedule in AR for the flex resource RFP implementation.
- The proposed schedule includes a staff testimony on September 15, 2023, settlement or issues list due date of October 13, 2023 and maintains OGE recommended hearing dates (OGE requested an order date of November 30, 2023).
- APSC docket: 23-039-U
- OG&E previously filed an application for determination of need for 448MW of combustion turbines as part of the flexible RFP procurement result.
- OG&E's Horseshoe Lake Power Plant is the best alternative with a 448 MW capacity ($330M capital cost, $394M of total rate base) and an estimated in-service date of late 2026.
- The project will use GE7F Class hydrogen-capable combustion turbines.
- OG&E proposed a Generation Capacity Rider (GCR) for recovery of the costs associated with the Horseshoe Lake combustion turbines after the units are placed into service
- OCC docket: PUD2023-000038

Guggenheim takeaway: *FYI. As anticipated OGE is moving forward with the flexible resources procurement as mgmt. had previously put the solar procurement on reconsideration (now reiterated) to find better opportunities post IRA. OGE previously communicated that RFP outcomes are incremental to current plan, but would not increase capex in the current plan but shift some of the spending between years.*

PPL/RI ─ RIE files post hearing statement on AMI

- "This Post-Hearing Statement outlines certain questions that the Company submits the Commission should address in reaching its decision in this docket." - RIE
- "Rhode Island Energy has proposed to implement AMF over three and a half years. During

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

the hearing, Division witness Blanton testified that the Division supports this timeline given that extending the implementation period would increase the overall costs of AMF implementation. In fact, during opening and closing statements, the parties expressed broad support for the Company's project implementation proposal." - RIE

- More HERE

Guggenheim takeaway: *Minor FYI as we continue to monitor the RI capex program and spend programs therein.*

EXC/MD – MD OSC dockets summary tables of parties' positions in BGE MYP

- More HERE

Guggenheim takeaway: *Flagged for your awareness with the tables providing a year by year and side by side comparison of rebuttal/surrebuttal testimony. As a reminder, hearings are ongoing this week and next (8/30-9/8) - we fully expect this case to run the full length of the process (FO expected by the company on 12/14). See our prior flag of intervenor testimony HERE.*

D/VA – SCC clarifies DER interconnection process

- "Based on the findings and recommendations in the Report, the Commission hereby issues an injunction, as plead for in the Petition, "that suspends the imposition of the Parameters on • Midsized NEM Projects and suspends the requirement of SGIAs for Midsized NEM Projects at least until the Commission has completed its investigations and rulemaking in Case Nos. PUR-2022-00073 and PUR-2023-00069 and has ruled definitely on such issues." - SCC
- More HERE

Guggenheim takeaway: *Minor FYI – this has been a long-running item that has generated media noise at the local level through every step of the process given its linkages to local-level projects.*

DUK – Update on restoration efforts in the wake of Hurricane Idalia

- At the time Duke Energy Florida published an update on its website, >135k customers had been restored.
- The utility announced that it had been targeting to have **95% of impacted customers** restored by last night, other than those in the hardest hit areas (e.g., where power remains unavailable due to significant damage or flooding).
- The hardest hit counties included: Alachua, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Leon, Levy, Madison, Suwannee, Taylor and Wakulla counties.
- More HERE

Guggenheim takeaway: *Flagging to highlight response time (a significant factor which impacts both public sentiment and ultimately commission decisions).*

WEC – Final order issued in Michigan Gas Utilities case

- Yesterday, the Michigan PSC issued a final order in Michigan Gas Utilities' rate case.
- The order approved a settlement between MGU, Michigan Attorney General Dana Nessel's office, MPSC Staff, and intervenors in the case: RESA, ABATE and CUB.
- The MPSC approved a 9.80% ROE in the case, compared with the company's prior authorized ROE of 9.85%.
- The $9.9m increase will be effective January 1, 2024 and is expected to result in a ~6.6% increase to the average residential customer's bill.
- Docket U-21366

Guggenheim takeaway: *Minor FYI given that MGU makes up ~2% of WEC's asset base, but flagging for your awareness, nonetheless.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Portland General Electric Company (POR)

Joseph Trpik, *Chief Financial Officer*
Nick White, *Investor Relations*

Dates & Locations

September 18, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $4.75bn

Portland General Electric Co (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Monday, September 25th

Dates & Time

Monday, September 25, 2023
5:30PM ET

Location

New York
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Tuesday, September 26th

Dates & Time

Tuesday, September 26, 2023
6:00PM ET

Location

New Jersey
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
NY Roundtable	9/25	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Comp Sheet

8/30/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.47	3,184	3.70	4.17	4.56	4.87	5.07	3.68	4.05	4.31	4.83	5.05	–	0.12	0.25	0.04	–	15.1x	13.7x	12.9x	11.5x	11.0x	-10%	-12%	-12%	-16%	-15%	8.4%	5.0%	71%	Sell	$49	-7%	Neutral	$63	18%
AVA	$33.55	2,567	2.28	2.49	2.61	2.67	2.73	2.30	2.46	2.58	2.65	2.73	–	–	0.03	–	–	14.6x	13.6x	13.0x	12.7x	12.3x	-13%	-13%	-11%	-8%	-5%	5.2%	5.6%	79%	Sell	$33	4%	Sell	$40	26%
NWE	$50.90	3,056	3.42	3.55	3.75	3.91	4.08	3.42	3.54	3.74	3.86	3.98	–	–	–	0.06	0.10	14.9x	14.4x	13.6x	13.2x	12.8x	-11%	-8%	-7%	-4%	-1%	5.1%	5.1%	74%	Sell	$48	-1%	Neutral	$58	19%
POR	$44.23	4,471	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.24	3.37	3.55	–	–	(0.03)	–	–	16.5x	14.6x	13.7x	13.1x	12.5x	-2%	-7%	-7%	-4%	-4%	5.3%	4.4%	67%	Buy	$48	13%	Buy	$50	18%
		13,279																**15.3x**	**14.1x**	**13.3x**	**12.6x**	**12.1x**	**-9%**	**-10%**	**-9%**	**-8%**	**-6%**	**6.0%**	**5.0%**	**73%**						
Mid/Large Cap Electric																																			
AEE	$80.40	21,103	4.35	4.67	5.05	5.40	5.68	4.38	4.68	5.02	5.36	5.66	–	–	0.03	0.04	–	18.4x	17.2x	16.0x	15.0x	14.2x	9%	10%	10%	9%	10%	6.6%	3.3%	57%	Neutral	$85	9%	Buy	$89	14%
AEP	$79.44	40,926	5.30	5.64	6.00	6.39	6.81	5.26	5.59	5.97	6.32	6.71	0.04	0.05	–	0.07	0.10	15.1x	14.2x	13.3x	12.6x	11.8x	-10%	-9%	-9%	-8%	-9%	6.0%	4.3%	63%	Buy	$96	25%	Buy	$96	25%
CMS	$56.73	16,550	3.12	3.41	3.65	3.91	4.26	3.11	3.35	3.62	3.88	4.18	–	0.06	0.03	–	0.08	18.2x	16.9x	15.7x	14.6x	13.6x	9%	8%	7%	7%	5%	8.1%	3.6%	63%	Neutral	$61	11%	Buy	$65	18%
CNP	$27.92	17,574	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	18.6x	17.3x	16.1x	14.9x	13.9x	11%	11%	10%	9%	7%	9.5%	2.8%	49%	Buy	$34	25%	Buy	$32	19%
D	$48.83	40,862	3.37	3.54	3.75	4.24	4.50	3.56	3.57	3.75	4.23	4.36	(0.19)	(0.03)	–	–	0.14	13.7x	13.7x	13.0x	11.5x	11.2x	-18%	-12%	-11%	-16%	-14%	1.4%	5.6%	76%	Buy	$56	20%	Neutral	$56	20%
DTE	$104.74	21,588	6.26	6.73	7.19	7.75	8.30	6.23	6.69	7.17	7.74	8.27	–	0.04	–	–	–	16.8x	15.7x	14.6x	13.5x	12.7x	0%	0%	-0%	-1%	-2%	6.4%	3.8%	62%	Buy	$124	22%	Buy	$124	22%
DUK	$89.95	69,351	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.33	6.75	7.16	0.03	0.08	–	–	–	16.0x	15.1x	14.2x	13.3x	12.6x	-5%	-3%	-3%	-3%	-3%	6.3%	4.6%	71%	Buy	$102	18%	Buy	$101	17%
ED	$89.83	30,984	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.52	5.85	6.13	–	(0.05)	–	(0.04)	(0.11)	18.4x	17.2x	16.3x	15.4x	14.7x	9%	10%	11%	12%	13%	5.6%	3.7%	65%	Neutral	$85	-2%	Neutral	$90	4%
EIX	$69.93	26,803	4.71	4.98	5.48	5.71	6.03	4.72	5.12	5.58	5.93	6.25	–	(0.14)	(0.10)	(0.22)	(0.22)	14.8x	13.7x	12.5x	11.8x	11.2x	-12%	-13%	-14%	-14%	-14%	5.5%	4.4%	61%	Neutral	$74	10%	Buy	$74	10%
ES	$64.42	22,488	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.27	5.60	(0.03)	0.08	0.06	–	(0.11)	14.7x	13.9x	13.0x	12.2x	11.5x	-12%	-11%	-11%	-11%	-11%	6.1%	4.4%	62%	Buy	$80	29%	Buy	$80	28%
ETR	$96.72	20,452	6.71	7.16	7.76	8.31	8.97	6.68	7.18	7.71	8.25	8.85	–	–	0.05	0.06	0.12	14.5x	13.5x	12.5x	11.7x	10.9x	-14%	-14%	-14%	-15%	-16%	6.9%	4.6%	64%	Buy	$113	21%	Buy	$115	24%
EVRG	$55.44	12,728	3.65	3.97	4.24	4.47	4.75	3.63	3.95	4.22	4.42	4.66	–	–	–	0.05	0.09	15.3x	14.0x	13.1x	12.5x	11.9x	-9%	-10%	-10%	-9%	-8%	4.8%	4.7%	67%	Buy	$68	27%	Buy	$63	19%
EXC	$40.42	40,190	2.36	2.50	2.74	2.93	3.10	2.35	2.51	2.72	2.90	3.11	–	–	–	0.03	–	17.2x	16.1x	14.8x	13.9x	13.0x	2%	3%	1%	2%	0%	6.4%	3.8%	62%	Buy	$45	15%	Buy	$45	15%
FE	$36.29	20,807	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.87	3.06	3.24	–	–	–	–	–	14.3x	13.5x	12.6x	11.9x	11.2x	-15%	-14%	-14%	-14%	-14%	6.3%	4.5%	61%	Buy	$44	26%	Buy	$42	19%
LNT	$50.83	12,846	2.90	3.08	3.27	3.50	3.67	2.89	3.08	3.29	3.47	3.67	–	–	–	–	–	17.6x	16.5x	15.5x	14.6x	13.9x	5%	6%	6%	7%	7%	6.1%	3.7%	62%	Neutral	$49	0%	Buy	$56	14%
OGE	$34.37	6,884	2.02	2.16	2.25	2.37	2.48	2.01	2.13	2.26	2.40	2.50	–	–	–	–	–	17.1x	16.1x	15.2x	14.3x	13.7x	2%	3%	4%	5%	6%	2.8%	5.0%	81%	Neutral	$36	10%	Buy	$38	15%
PCG	$16.53	34,568	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.58	1.73	–	–	–	–	–	13.6x	12.3x	11.3x	10.4x	9.6x	-19%	-21%	-23%	-24%	-26%	9.7%	1.0%	13%	Buy	$21	28%	Buy	$19	16%
PEG	$61.66	30,775	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.05	4.24	4.52	–	–	0.05	0.05	0.07	17.8x	16.7x	15.2x	14.5x	13.6x	6%	7%	4%	6%	5%	5.8%	3.8%	65%	Buy	$70	17%	Buy	$67	13%
PNW	$78.05	8,844	4.20	5.00	5.15	5.25	5.40	4.20	4.97	5.15	5.48	5.61	–	–	–	(0.23)	(0.21)	18.6x	15.7x	15.2x	14.2x	13.9x	11%	1%	4%	4%	7%	4.9%	4.5%	75%	Neutral	$83	11%	Neutral	$80	7%
PPL	$25.23	18,597	1.58	1.71	1.82	1.95	2.07	1.58	1.71	1.82	1.94	2.06	–	–	–	–	–	16.0x	14.8x	13.9x	13.0x	12.3x	-5%	-5%	-5%	-5%	-5%	8.0%	4.0%	61%	Buy	$31	27%	Buy	$30	24%
SO	$68.62	74,900	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.31	4.54	4.76	–	–	–	–	0.04	19.1x	17.1x	15.9x	15.1x	14.4x	13%	9%	9%	10%	11%	5.9%	4.1%	73%	Buy	$80	21%	Buy	$73	11%
WEC	$85.23	26,884	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.5x	17.3x	16.2x	15.2x	14.3x	10%	11%	11%	11%	10%	6.1%	3.8%	67%	Neutral	$94	14%	Buy	$97	17%
Mid/Lg Cap (excl. EIX, PCG)																		**16.8x**	**15.6x**	**14.6x**	**13.7x**	**13.0x**						**6.0%**	**4.1%**	**65%**						
SMID + Lg Cap		**629,983**																**16.5x**	**15.4x**	**14.4x**	**13.5x**	**12.8x**						**6.0%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$67.09	135,771	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	–	(0.14)	21.5x	20.2x	18.2x	16.7x	15.2x	28%	29%	25%	22%	17%	8%	3.0%	61%	Buy	$86	31%	Buy	$89	35%
SRE	$70.85	44,586	9.00	9.50	10.13	10.80	11.71	4.49	4.78	5.11	5.52	5.87	4.51	4.72	5.02	5.28	5.84	15.8x	14.8x	13.9x	12.8x	12.1x	-6%	-5%	-5%	-6%	-7%	5%	4.0%	61%	Buy	$172	147%	Buy	$81	19%
		180,357																**18.6x**	**17.5x**	**16.0x**	**14.8x**	**13.6x**	**11%**	**12%**	**10%**	**8%**	**5%**	**6.5%**	**3.5%**	**61%**						
Gas LDCs																																				
NI	$26.75	11,055	1.57	1.68	1.82	1.95	2.07	1.58	1.68	1.81	1.94	2.07	–	–	–	–	–	17.0x	15.9x	14.8x	13.8x	12.9x	1%	2%	1%	0%	-0%	7%	3.9%	63%	Buy	$30	16%	Buy	$31	21%
CPK	$111.15	1,978	5.42	5.84	6.23	6.59	6.94	5.32	5.80	6.25	6.59	6.95	0.10	0.04	–	–	–	20.9x	19.2x	17.8x	16.9x	16.0x	24%	23%	22%	23%	23%	7%	2.2%	43%	Neutral	$112	3%	Buy	$133	22%
NJR	$42.80	4,176	2.67	2.74	2.94	3.10	3.34	2.67	2.75	2.96	3.17	3.42	–	–	–	(0.07)	(0.08)	16.0x	15.6x	14.5x	13.5x	12.5x	-4%	-0%	-1%	-1%	-3%	6%	3.9%	60%	Neutral	$47	14%	Neutral	$51	23%
NWN	$39.87	1,399	2.65	2.83	2.98	3.09	3.21	2.68	2.78	3.01	3.05	3.23	–	0.05	–	0.04	–	14.9x	14.3x	13.3x	13.1x	12.4x	-11%	-8%	-9%	-5%	-5%	5%	4.9%	71%	Neutral	$42	10%	Buy	$49	28%
OGS	$73.94	4,100	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.97	5.30	–	(0.06)	(0.04)	–	–	17.9x	17.2x	16.2x	14.9x	14.0x	6%	10%	11%	9%	8%	10%	3.6%	63%	Neutral	$73	2%	Neutral	$78	9%
SR	$59.26	3,117	4.20	4.31	4.57	4.73	4.99	4.20	4.31	4.63	4.83	5.06	–	–	(0.06)	(0.10)	(0.07)	14.1x	13.7x	12.8x	12.3x	11.7x	-16%	-12%	-12%	-11%	-10%	5%	5.0%	69%	Neutral	$65	15%	Neutral	$68	20%
		25,825																**16.8x**	**16.0x**	**14.9x**	**14.1x**	**13.2x**	**-0%**	**2%**	**2%**	**3%**	**2%**	**6.7%**	**3.9%**	**62%**						
Regulated Water																																				
AWK	$139.53	27,162	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.05	6.46	0.03	–	–	(0.07)	–	29.0x	27.1x	25.0x	23.1x	21.6x	73%	74%	71%	68%	67%	7%	2.1%	58%	Neutral	$147	7%	Buy	$158	15%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$105.74	34,005	3,150	3,451	3,509	3,346	3,804	3,492	3,959	3,831	3,780	3,875	(342)	(507)	(322)	(434)	(71)	10.9x	9.4x	9.4x	9.2x	8.6x	38,138	37,308	35,981	34,838	33,417	9.6%	1.2%	22%	Buy	$97	-7%	Buy	$109	5%
NRG	$37.45	8,580	3,181	3,122	3,126	3,042	3,107	3,039	3,173	3,230	2,827	3,032	142	(51)	(104)	215	75	6.0x	5.3x	4.8x	5.0x	4.1x	18,118	16,895	15,415	14,034	12,579	21.2%	4.2%	29%	Neutral	$34	-5%	Neutral	$41	13%
VST	$31.33	11,516	3,700	3,755	3,792	3,621	3,535	3,748	4,079	4,019	3,711	3,971	(48)	(324)	(227)	(91)	(437)	6.4x	5.8x	5.8x	6.1x	5.7x	23,864	23,697	23,122	22,679	22,637	6.8%	2.8%	25%	Buy	$31	2%	Buy	$34	12%
Other																																				
NEP	$50.00	4,672	1,837	1,977	2,143	2,325	2,471	1,930	2,161	2,375	2,459	2,526	(93)	(184)	(232)	(134)	(55)												7.5%	–	Buy	$74	56%	Buy	$76	59%
SMR	$6.01	448	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	200%	Buy	$12	106%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

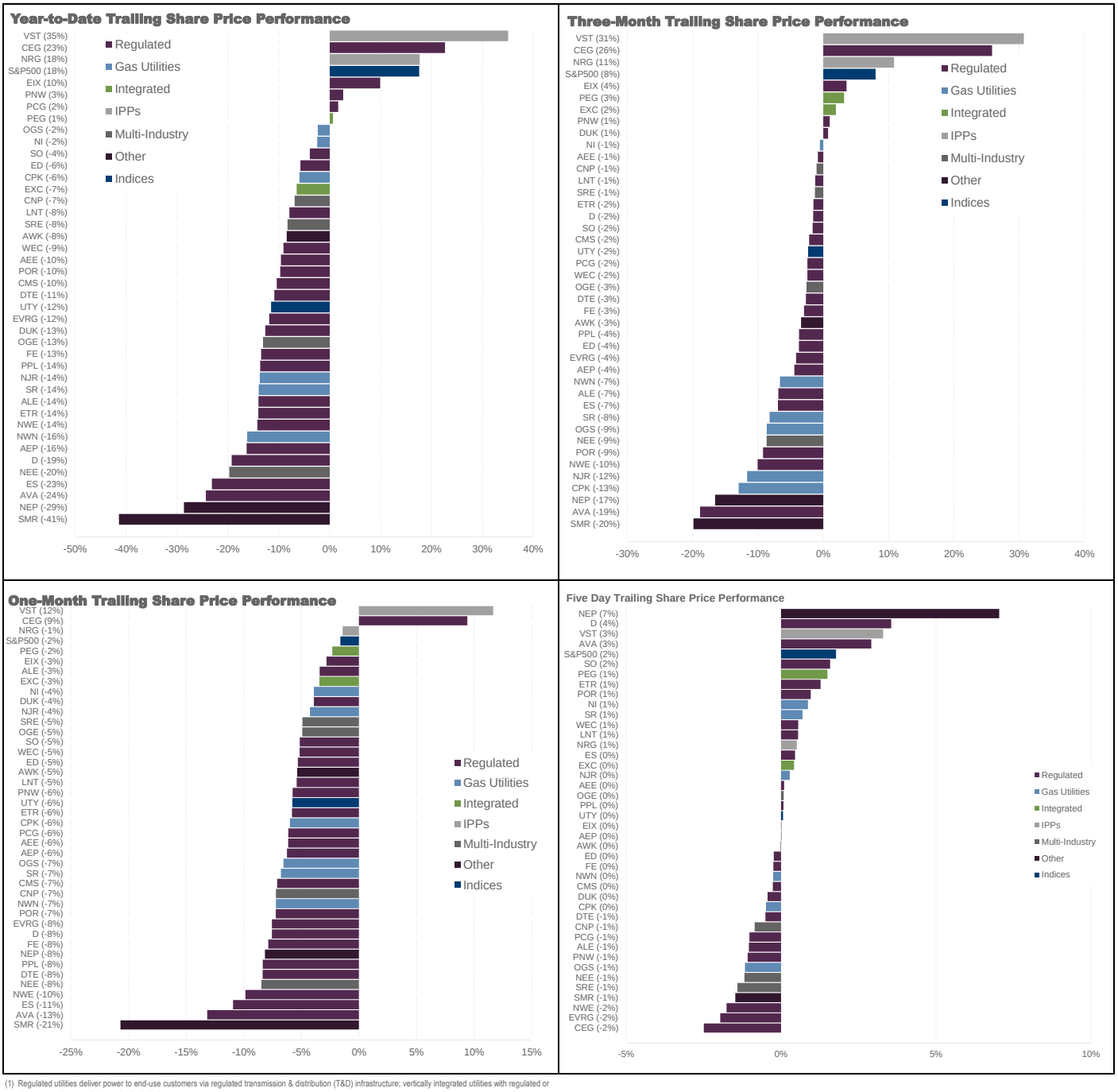

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix

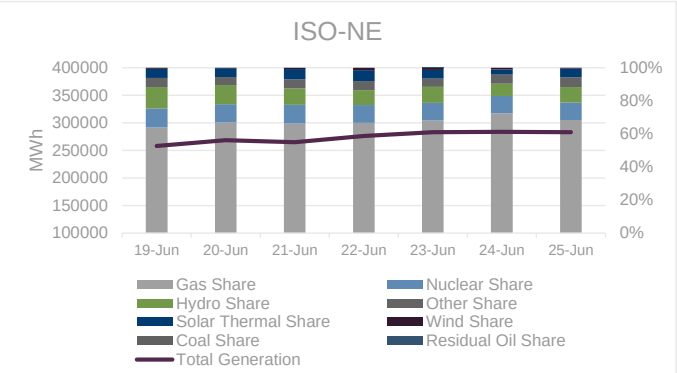

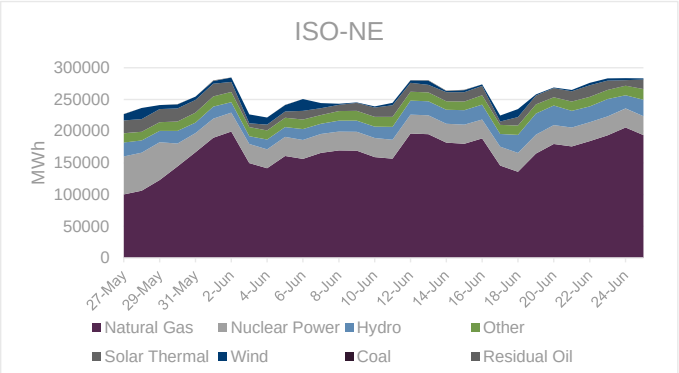

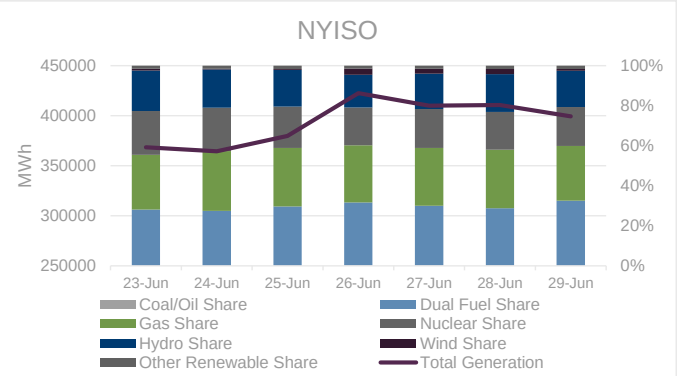

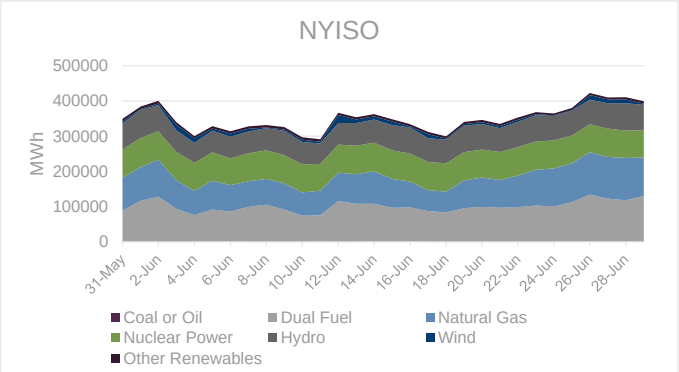

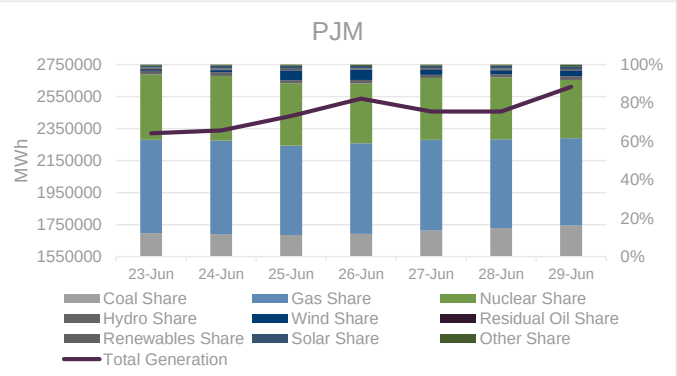

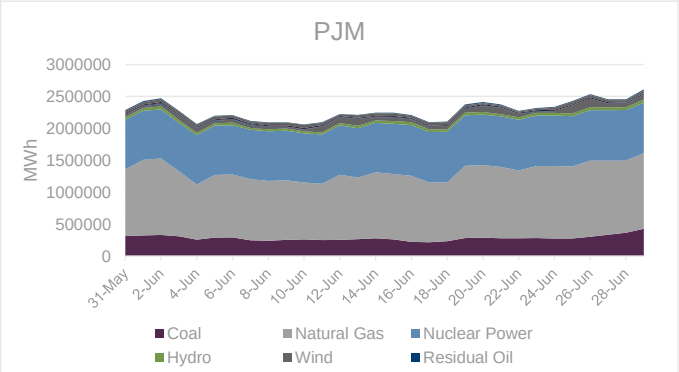

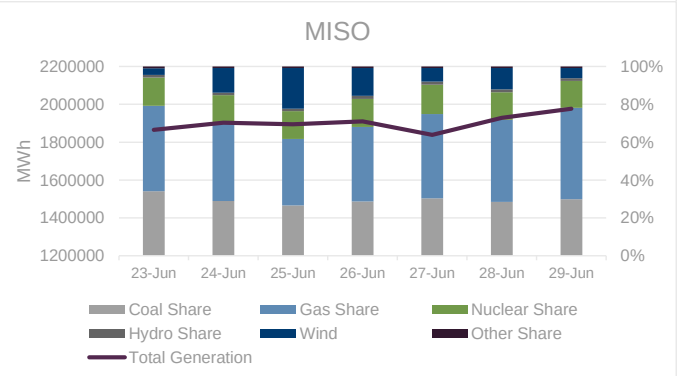

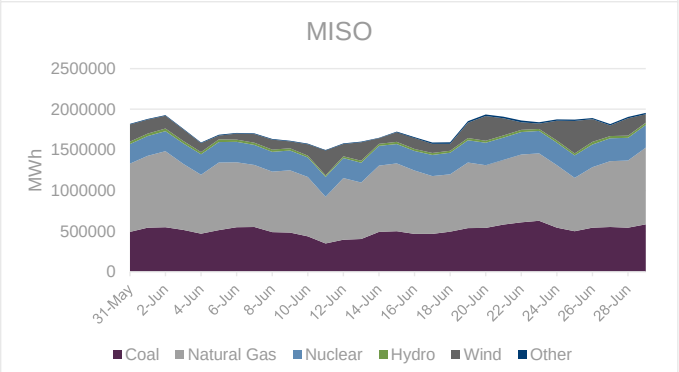

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix (continued)

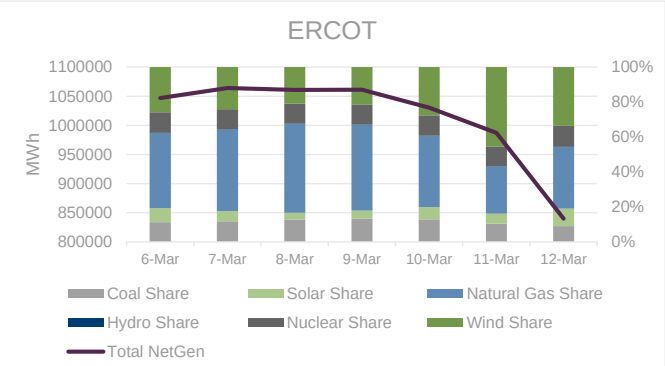

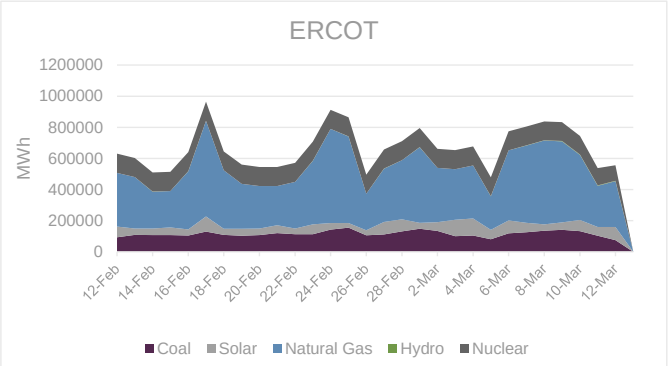

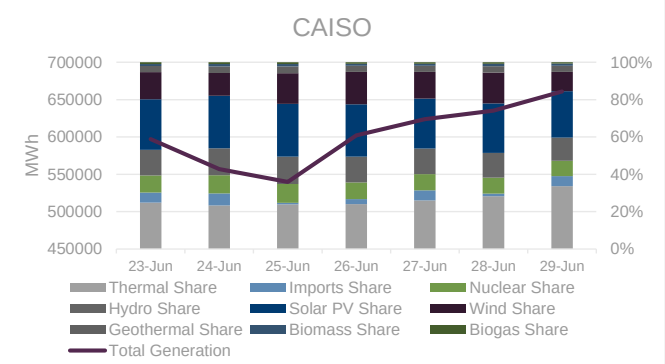

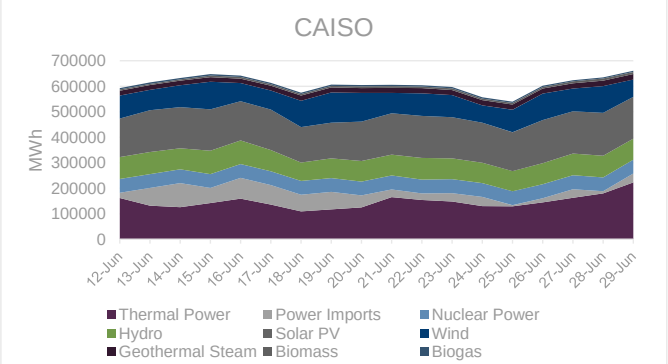

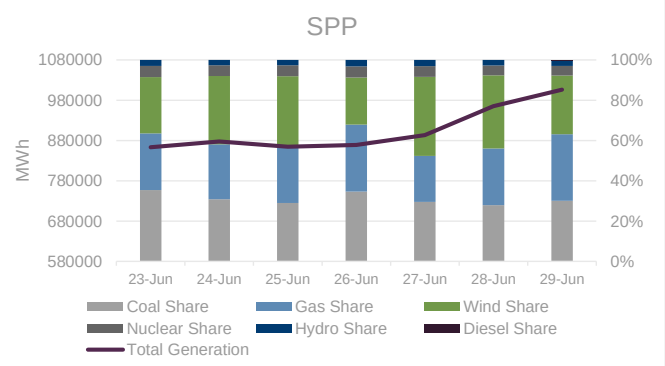

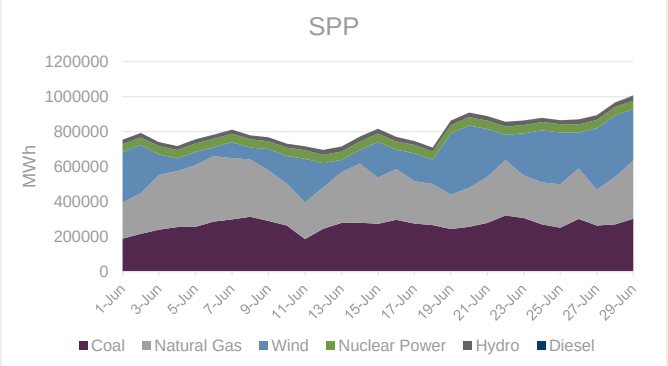

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Weather

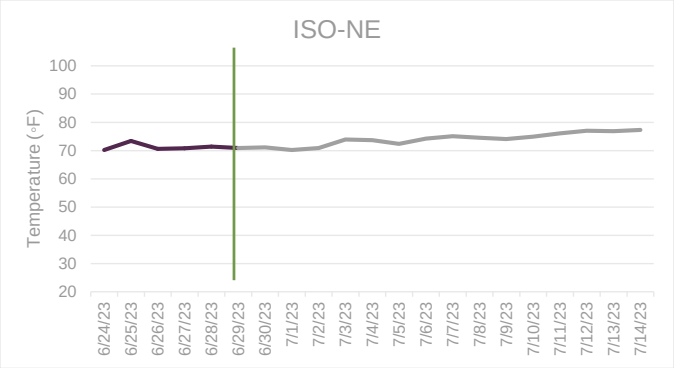

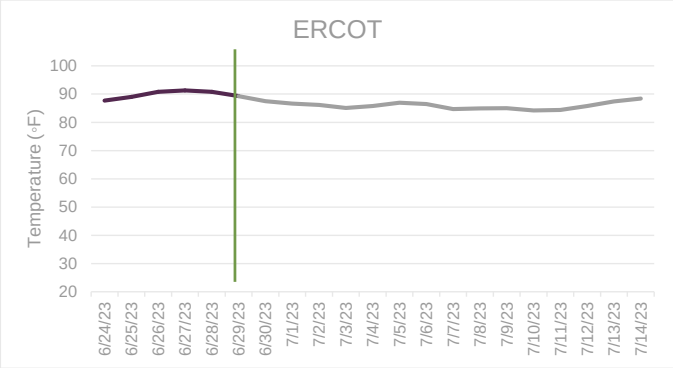

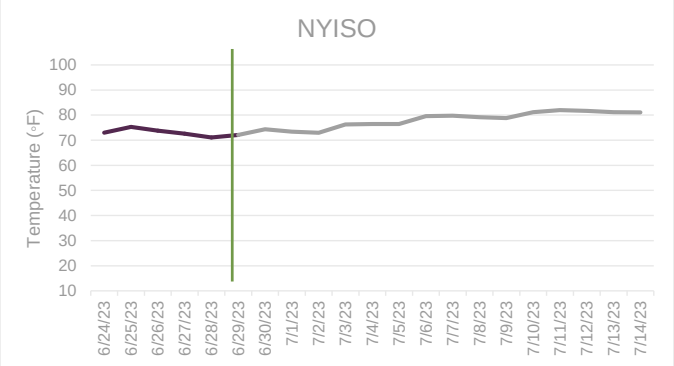

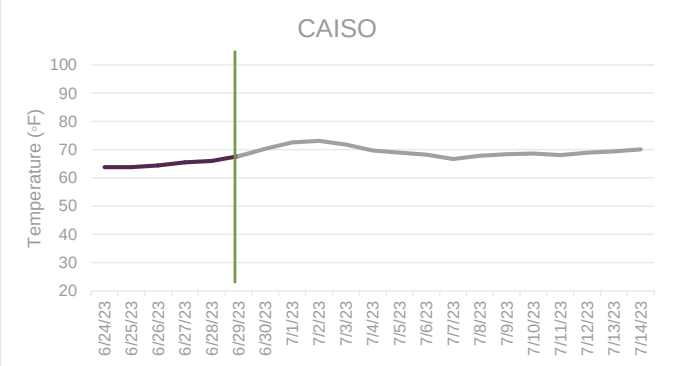

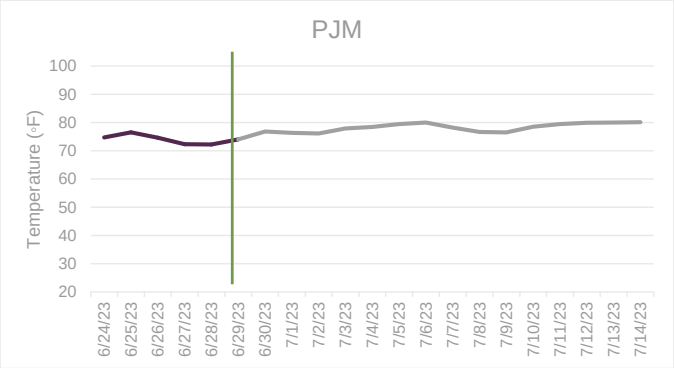

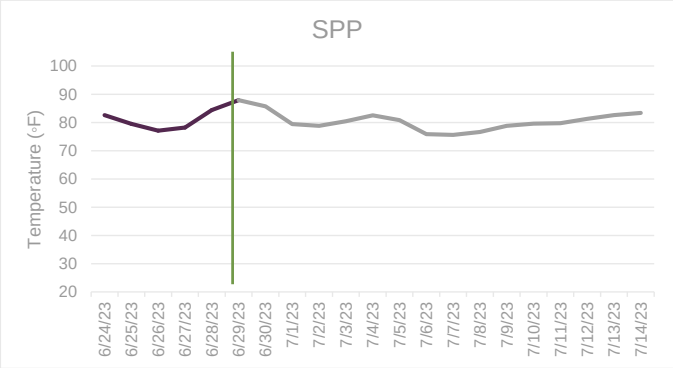

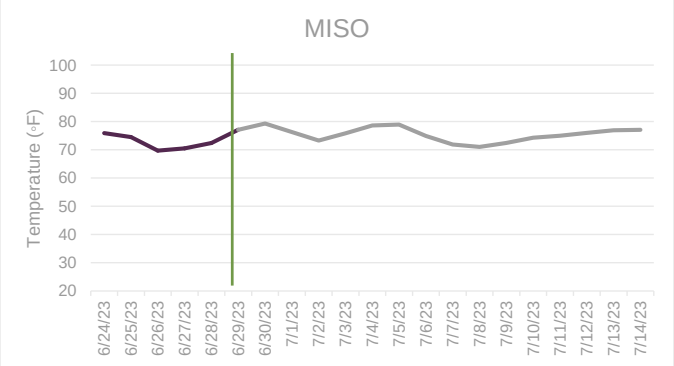

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

YTD Peak Load

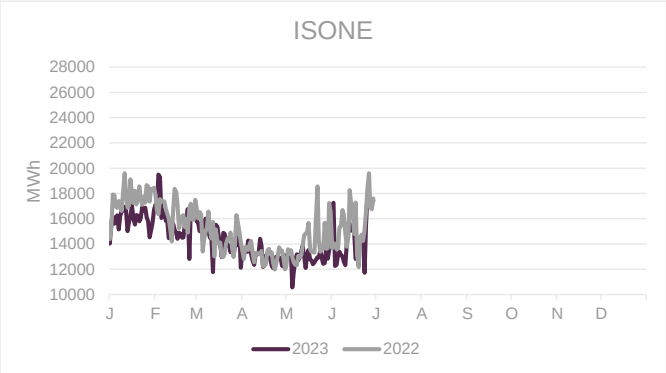

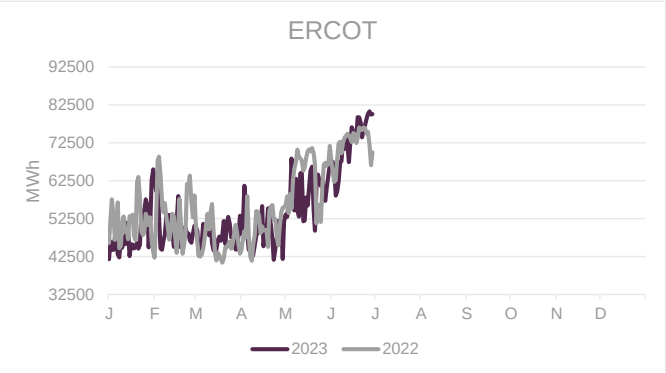

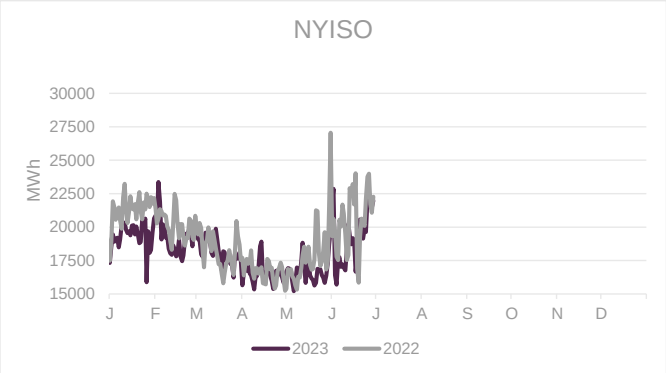

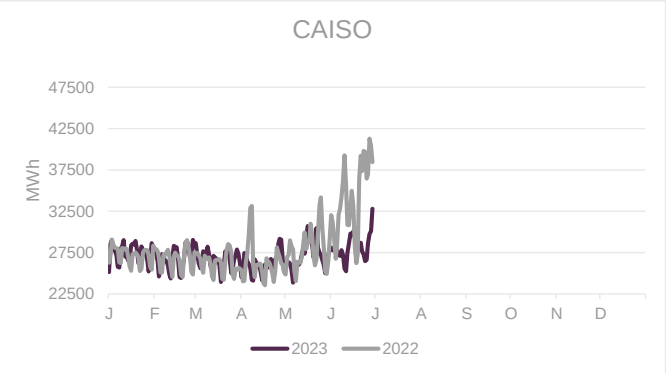

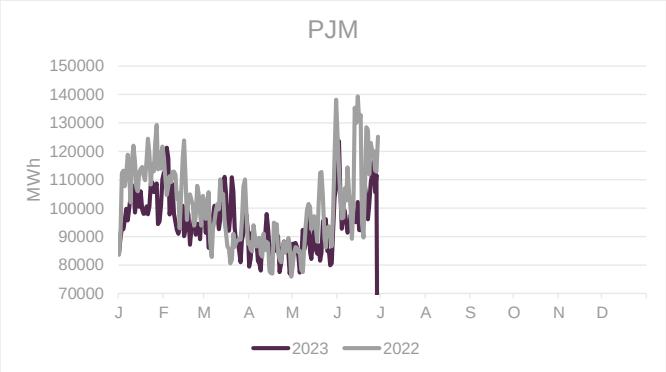

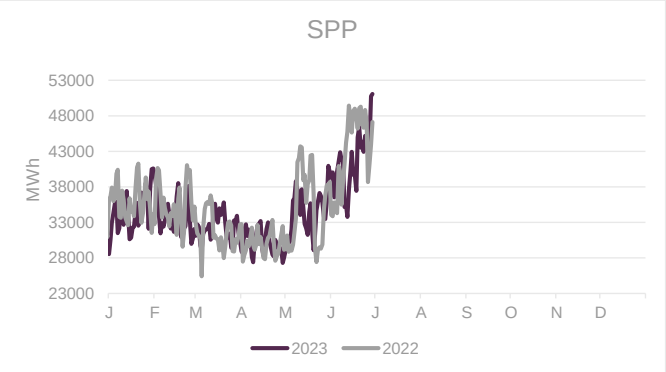

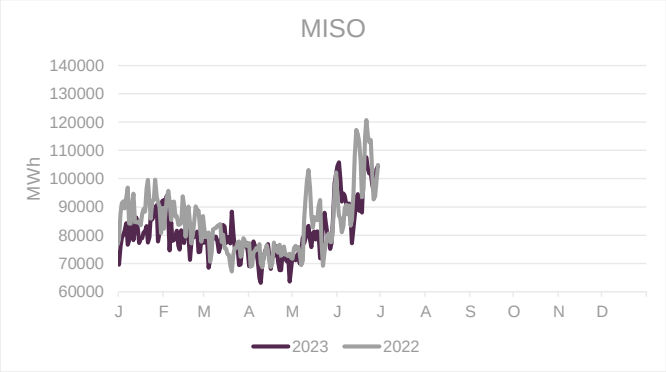

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	247	66.76%	42	17.00%
NEUTRAL	113	30.54%	6	5.31%
SELL	10	2.70%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

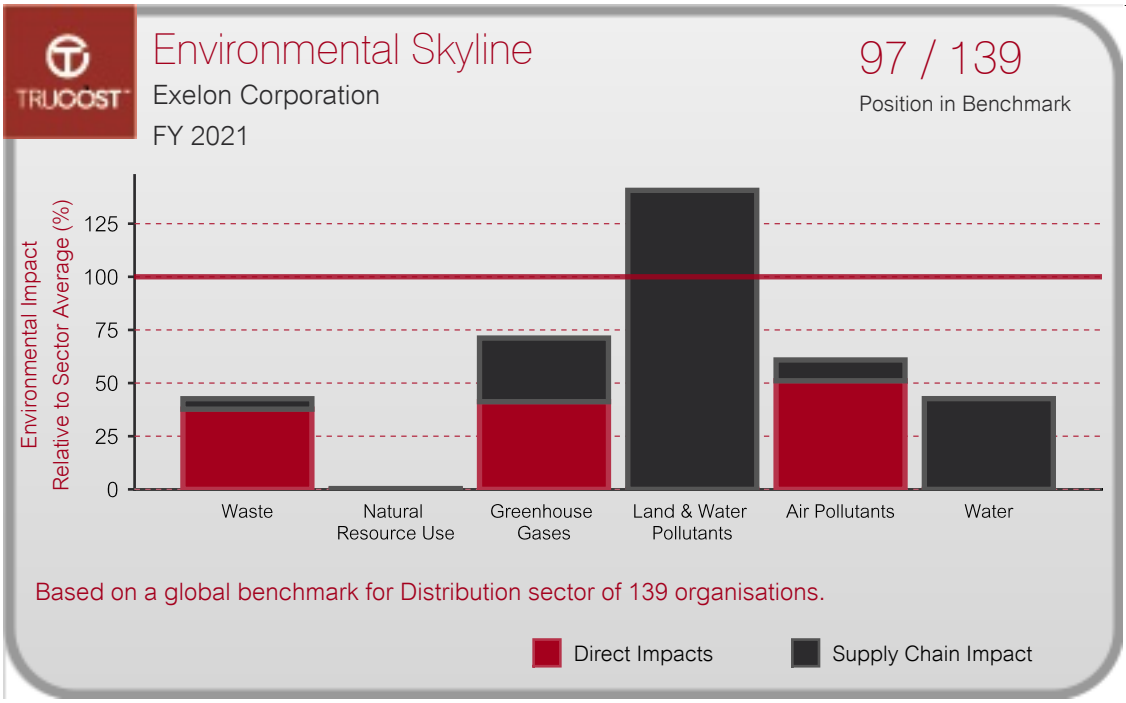

TRUCOST ENVIRONMENTAL SKYLINE EXPLANATORY NOTES

In a single graphic, you get a view of five different dimensions of corporate environmental impact:

- Trucost's Environmental Skyline is an assessment of the performance of an organisation across **six broad groups of environmental KPIs:** greenhouse gases, water, waste, air pollutants, natural resource use, and land/water pollutants. Environmental impacts are not just about carbon, and the Environmental Skyline gives you exactly that broader perspective, which is practically impossible to get without access to Trucost's data.

- Most organisations struggle to assess their direct impacts, let alone their indirect supply chain impacts. Trucost's Environmental Skyline offers an immediate evaluation of the **scale of direct and indirect environmental impacts** an organisation is causing, for each of the environmental KPIs listed above.

- Each organisation is assessed according to the scale of its different business activities for a particular year. Business activities are classified based upon North American Industrial Classification (NAICS) 6 digit codes. Each environmental KPI in the Environmental Skyline is offered as a **comparison to an industry benchmark**. The benchmark index of 100 represents average performance in the sector. The higher the index rating, the worse the performance of the organisation compared to its peers.

- Trucost rates an organisation's overall environmental performance by providing its **position in the benchmark**. The organisation is ranked against peers who share the same primary business activity at NAICS 3 digit code level.

- An organisation will have **a different Environmental Skyline each financial year**. The total number of organisations in the benchmark will increase as financial and environmental data becomes available for analysis by Trucost.

In essence, Trucost's Environmental Skyline offers a valuable assessment of an organisation's performance, covering issues that are near-impossible to assess without the use of Trucost's powerful data model and methodology.

www.trucost.com

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
EXC	40.30	Buy
LNT	50.78	Neutral
NI	26.58	Buy
PCG	16.70	Buy

Power & Utilities

August 28, 2023

The Guggenheim Daily Transmission: CT, EXC/MD, LNT, PCG, AZ, NI

Please join us for our quarterly utilities investor roundtables in NYC on Sept. 25th, and NJ on Sept. 26th, both invite details below.

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

Please see our sector-wide note on the country's evolving regulatory jurisdictions HERE, our updated mid-year utility sector valuation analysis HERE.

Forward Power Curves, Genco MtM, and Weekly Commentary (see our note HERE)

CT – Final order issued in UIL case

EXC/MD – Additional testimony docketed in BGE case ahead of hearings

LNT – PSCW dockets written final decision on fuel reconciliation

PCG – CPUC posts evidentiary hearing transcript in Pac Gen formation and equity sale proceeding

AZ – Dissenting decision issued in Tucson Electric Power case

NI – Pennsylvania PUC approves second MA gas penalty

CT – Final order issued in UIL case

- "The Public Utilities Regulatory Authority (Authority or PURA) approves an annual revenue requirement for The United Illuminating Company (UI or Company) in the amount of $384.865 million for the rate year commencing on September 1, 2023. This represents an increase of $22.957 million to the Company's currently approved base distribution revenue requirement from which the Company had sought a $131 million increase over three years. While the Company requests a 10.20% return on equity, the Authority determines that an allowed return on equity of 9.10% is appropriate; however, the Authority reduces the allowed ROE by an aggregate 47 basis point reduction (i.e., to 8.63%), subject to certain conditions and timelines, to address performance and management issues." - PURA
- More HERE
- "We can all reach a place where UI and its investors are justly compensated for investments and efforts" -Commissioner Caron
- Commissioner commentary recapped HERE

Guggenheim takeaway: *Despite some modifications from the draft decision the data points out of this case remain overwhelmingly negative in our view, with little supportive commentary from Caron or Betkoski. Still, we believe investors may be treating this as the new baseline for the jurisdiction. As a reminder, ES intends to stay out of a rate case at CL&P through the settlement period (October 2025), with the company confident on the legal standing of the settlement in the face of any attempt by the Chair to call the company back in (to say nothing of the need for the other commissioners to flip in such a situation). Such a timeline means that a decision on any case thereafter would not come until the 2026-2027 timeframe. CL&P also retains the full utilization of its current capital tracker (~ $300M) until the next rate case proceeding. On the gas side, Yankee Gas could be called in at some point. As a reminder, we took a look at the potential ramifications of hypothetically slashing allowed ROEs for the CT utilities in our recent flash HERE, pointing to a potential*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

~$0.10-0.15 impact. Nonetheless, this UIL case doesn't help with sentiment in the state as CT continues to point to becoming a value-destructive state.

EXC/MD – Additional testimony docketed in BGE case ahead of hearings

- Additional testimony has been docketed by several parties in the ongoing BGE MYP
- More HERE

Guggenheim takeaway: *Minor FYI ahead of the hearings later this week (8/0-9/8). As a reminder, we fully expect this case to run the full length of the process (FO expected by the company on 12/14). See our prior flag of intervenor testimony HERE.*

LNT – PSCW dockets written final decision on fuel reconciliation

- "The applicant is authorized to recover the $116,783,859 for the 2022 under-collection of monitored fuel costs, plus accrued interest, by applying a surcharge to Wisconsin retail electric customer bills from October 1, 2023 through December 31, 2025." - PSCW
- More HERE

Guggenheim takeaway: *Flagged for your awareness following the earlier oral decision on the matter (8/10).*

PCG – CPUC posts evidentiary hearing transcript in Pac Gen formation and equity sale proceeding

- The CPUC had an evidentiary hearing for Pac Gen formation last week and posted the full transcript into case documents.
- The record goes through witness testimony and cross examination across the case record.
- As previously announced, PG&E would sell up to 49.9% equity in a 2.7 GW portfolio of regulated power plants (hydro, nat gas and energy storage).
- FERC previously approved the PG&E application to form the PacGen subsidiary.
- FERC Docket: EC23-38 (through search)
- At the CPUC the final date for reply briefs was moved from August 28, 2023 to October 5, 2023 (PFD 90 days after briefs)
- CPUC Docket: A2209018

Guggenheim takeaway:*FYI. PCG announced the plan to split and subsequently sell up to a 49.9% equity stake in the new-co (Pacific Generation, wholly owned sub) and by our estimates, the formation and sale could result in $1.7-2.1B in equity proceeds. Pacific Generation equity sales (noted here). FERC has effectively completed its process and the burden now shifts to the CPUC. Any strategic process would be contingent on regulatory approvals.*

AZ – Dissenting decision issued in Tucson Electric Power case

- Commissioner Anna Tovar issued a dissenting decision in TEP's (TSX:FTS) Arizona rate case.
- The commissioner opposed the 9.55% ROE as being too high and did not fully support the Purchase Power Fuel Adjustor Clause (PPFAC).
- Docket E-01933A-22-0107

Guggenheim takeaway: *We expect Commissioner Tovar to remain consistent in opposing her Republican colleagues on the commission, likely in part to continue differentiating herself from them. That said, there still remain four commissioners who, based on the final outcome of the TEP case, would seem to be taking a more pragmatic approach to utility regulation, and one more in line with other states, which we see as a positive development in the trajectory of AZ regulation, and hopefully for PNW and its AZ utility as well.* ***For more, see our note "Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson" (link HERE).***

NI – Pennsylvania PUC approves second gas penalty

- The order approves a settlement with a fine and corrective actions related to excess pressure incidents at Columbia Gas of Pennsylvania.
- The incidents happened in January 2018 and spring 2018.
- This settlement calls for a $535k penalty as well as corrective actions to prevent further

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

incidents.

- No customer property was damaged nor were there any explosions.
- Docket M-2021-3005572

Guggenheim takeaway: *Minor FYI but flagged for your awareness following the approval of the first settlement (and $1m fine) in an order earlier this summer.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

CMS Energy Corporation (CMS)

Garrick Rochow, *President & Chief Executive Officer*
Rejji Hayes, *Chief Financial Officer*

Dates & Locations

Wednesday, August 30, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $17.7bn

CMS Energy Corp (CMS) engages in the provision of electric and natural gas activities. It operates through the following business segments: Electric Utility, Gas Utility, and NorthStar Clean Energy. The Electric Utility segment focuses on generation, purchase, distribution, and sale of electricity. The Gas Utility segment includes purchase, transmission, storage, distribution, and sale of natural gas. The NorthStar Clean Energy segment is involved in domestic independent power production including the development and operation of renewable generation and the marketing of independent power production. The company was founded in 1987 and is headquartered in Jackson, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Portland General Electric Company (POR)

Joseph Trpik, *Chief Financial Officer*
Nick White, *Investor Relations*

Dates & Locations

September 18, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $4.75bn

Portland General Electric Co (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Monday, September 25th

Dates & Time

Monday, September 25, 2023
5:30PM ET

Location

New York
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Tuesday, September 26th

Dates & Time

Tuesday, September 26, 2023
6:00PM ET

Location

New Jersey
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	8/30	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
NY Roundtable	9/25	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Comp Sheet

8/25/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.77	3,201	3.70	4.17	4.56	4.87	5.07	3.68	4.05	4.31	4.83	5.05	–	0.12	0.25	0.04	–	15.2x	13.8x	12.9x	11.6x	11.1x	-10%	-12%	-12%	-16%	-15%	8.4%	5.0%	71%	Sell	$49	-7%	Neutral	$63	17%
AVA	$33.33	2,551	2.28	2.49	2.61	2.67	2.73	2.30	2.46	2.58	2.65	2.73	–	–	0.03	–	–	14.5x	13.5x	12.9x	12.6x	12.2x	-14%	-13%	-12%	-8%	-6%	5.2%	5.7%	79%	Sell	$33	5%	Sell	$40	26%
NWE	$51.24	3,077	3.42	3.55	3.75	3.91	4.08	3.42	3.54	3.74	3.86	3.98	–	–	–	0.06	0.10	15.0x	14.5x	13.7x	13.3x	12.9x	-11%	-8%	-7%	-3%	-1%	5.1%	5.1%	74%	Sell	$48	-1%	Neutral	$58	18%
POR	$43.89	4,437	2.66	3.05	3.21	3.38	3.55	2.67	3.04	3.24	3.37	3.55	–	–	–	–	–	16.4x	14.5x	13.6x	13.0x	12.4x	-2%	-8%	-7%	-5%	-5%	5.3%	4.4%	67%	Buy	$48	14%	Buy	$50	19%
		13,265																**15.3x**	**14.1x**	**13.3x**	**12.6x**	**12.1x**	**-9%**	**-10%**	**-9%**	**-8%**	**-7%**	**6.0%**	**5.0%**	**73%**						
Mid/Large Cap Electric																																			
AEE	$80.45	21,116	4.35	4.67	5.05	5.40	5.68	4.38	4.68	5.02	5.36	5.66	–	–	0.03	0.04	–	18.4x	17.2x	16.0x	15.0x	14.2x	9%	10%	9%	9%	10%	6.6%	3.3%	57%	Neutral	$85	9%	Buy	$89	13%
AEP	$79.33	40,869	5.30	5.64	6.00	6.39	6.81	5.26	5.59	5.97	6.32	6.71	0.04	0.05	–	0.07	0.10	15.1x	14.2x	13.3x	12.6x	11.8x	-10%	-9%	-9%	-9%	-9%	6.0%	4.4%	63%	Buy	$96	25%	Buy	$96	25%
CMS	$57.11	16,661	3.12	3.41	3.65	3.91	4.26	3.11	3.35	3.62	3.88	4.18	–	0.06	0.03	–	0.08	18.4x	17.0x	15.8x	14.7x	13.7x	9%	9%	8%	7%	5%	8.1%	3.6%	63%	Neutral	$61	10%	Buy	$65	18%
CNP	$28.22	17,763	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	18.8x	17.4x	16.3x	15.1x	14.0x	12%	12%	11%	10%	8%	9.5%	2.8%	49%	Buy	$34	23%	Buy	$32	18%
D	$48.52	40,600	3.37	3.54	3.75	4.24	4.50	3.56	3.57	3.75	4.23	4.36	(0.19)	(0.03)	–	–	0.14	13.6x	13.6x	12.9x	11.5x	11.1x	-19%	-13%	-12%	-16%	-14%	1.4%	5.6%	76%	Buy	$56	21%	Neutral	$56	21%
DTE	$104.92	21,625	6.26	6.73	7.19	7.75	8.30	6.23	6.69	7.17	7.74	8.27	–	0.04	–	–	–	16.8x	15.7x	14.6x	13.6x	12.7x	0%	0%	-0%	-1%	-2%	6.4%	3.8%	62%	Buy	$124	22%	Buy	$124	22%
DUK	$90.58	69,837	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.33	6.75	7.16	0.04	0.08	–	–	–	16.1x	15.2x	14.3x	13.4x	12.7x	-4%	-3%	-2%	-2%	-3%	6.3%	4.6%	71%	Buy	$102	17%	Buy	$101	16%
ED	$89.88	31,002	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.52	5.85	6.13	–	(0.05)	–	(0.04)	(0.11)	18.4x	17.2x	16.3x	15.4x	14.7x	9%	10%	11%	12%	13%	5.6%	3.7%	65%	Neutral	$85	-2%	Neutral	$90	4%
EIX	$69.93	26,803	4.71	4.98	5.48	5.71	6.03	4.72	5.12	5.58	5.93	6.25	–	(0.14)	(0.10)	(0.22)	(0.22)	14.8x	13.7x	12.5x	11.8x	11.2x	-12%	-13%	-14%	-14%	-14%	5.5%	4.3%	61%	Neutral	$74	10%	Buy	$74	10%
ES	$65.17	22,750	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.27	5.58	–	0.08	0.06	(0.03)	(0.09)	14.9x	14.1x	13.2x	12.4x	11.7x	-11%	-10%	-10%	-10%	-10%	6.1%	4.3%	62%	Buy	$80	27%	Buy	$80	26%
ETR	$94.80	20,046	6.71	7.16	7.76	8.31	8.97	6.69	7.18	7.71	8.24	8.85	–	–	0.05	0.07	0.12	14.2x	13.2x	12.3x	11.5x	10.7x	-16%	-16%	-16%	-16%	-17%	6.9%	4.7%	64%	Buy	$113	24%	Buy	$116	27%
EVRG	$56.89	13,061	3.65	3.97	4.24	4.47	4.75	3.63	3.95	4.22	4.42	4.66	–	–	–	0.05	0.09	15.7x	14.4x	13.5x	12.9x	12.2x	-7%	-8%	-8%	-6%	-6%	4.8%	4.5%	67%	Buy	$68	24%	Buy	$63	16%
EXC	$40.30	40,070	2.36	2.50	2.74	2.93	3.10	2.35	2.51	2.72	2.90	3.11	–	–	–	0.03	–	17.1x	16.0x	14.8x	13.9x	13.0x	2%	3%	1%	1%	-0%	6.4%	3.8%	62%	Buy	$45	15%	Buy	$45	15%
FE	$36.27	20,796	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.87	3.06	3.24	–	–	–	–	–	14.3x	13.5x	12.6x	11.9x	11.2x	-15%	-14%	-14%	-14%	-14%	6.3%	4.5%	61%	Buy	$44	26%	Buy	$42	19%
LNT	$50.78	12,833	2.90	3.08	3.27	3.50	3.67	2.89	3.08	3.29	3.47	3.67	–	–	–	–	–	17.6x	16.5x	15.4x	14.6x	13.8x	5%	5%	5%	6%	7%	6.1%	3.7%	62%	Neutral	$49	0%	Buy	$56	14%
OGE	$34.23	6,856	2.02	2.16	2.25	2.37	2.48	2.01	2.13	2.26	2.40	2.50	–	–	–	–	–	17.0x	16.1x	15.1x	14.3x	13.7x	1%	3%	3%	4%	5%	2.8%	5.0%	81%	Neutral	$36	10%	Buy	$38	15%
PCG	$16.70	34,924	1.22	1.37	1.47	1.61	1.75	1.21	1.34	1.47	1.58	1.73	–	–	–	–	–	13.8x	12.4x	11.4x	10.5x	9.7x	-18%	-21%	-22%	-23%	-26%	9.7%	1.0%	13%	Buy	$21	27%	Buy	$19	15%
PEG	$61.12	30,506	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.04	4.24	4.49	–	–	0.06	0.05	0.10	17.7x	16.6x	15.1x	14.4x	13.6x	5%	6%	3%	5%	5%	5.8%	3.9%	65%	Buy	$70	18%	Buy	$67	13%
PNW	$79.16	8,970	4.20	5.00	5.15	5.25	5.40	4.20	4.97	5.15	5.48	5.61	–	–	–	(0.23)	(0.21)	18.8x	15.9x	15.4x	14.4x	14.1x	12%	2%	5%	5%	9%	4.9%	4.5%	75%	Neutral	$83	9%	Neutral	$80	6%
PPL	$25.27	18,626	1.58	1.71	1.82	1.95	2.07	1.58	1.71	1.82	1.94	2.06	–	–	–	–	–	16.0x	14.8x	13.9x	13.0x	12.3x	-5%	-5%	-5%	-5%	-5%	8.0%	4.0%	61%	Buy	$31	27%	Buy	$30	24%
SO	$68.09	74,321	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.31	4.54	4.76	–	–	–	–	0.04	18.9x	16.9x	15.8x	15.0x	14.3x	12%	8%	8%	9%	10%	5.9%	4.2%	73%	Buy	$80	22%	Buy	$73	12%
WEC	$85.10	26,843	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.5x	17.3x	16.2x	15.2x	14.3x	10%	11%	10%	10%	10%	6.1%	3.8%	67%	Neutral	$94	14%	Buy	$97	18%
Mid/Lg Cap (excl. EIX, PCG)																		**16.8x**	**15.6x**	**14.6x**	**13.7x**	**13.0x**						**6.0%**	**4.1%**	**65%**						
SMID + Lg Cap		**630,143**																**16.6x**	**15.4x**	**14.4x**	**13.5x**	**12.8x**						**6.0%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$67.96	137,532	3.13	3.43	3.69	3.99	4.27	3.12	3.32	3.68	4.02	4.41	–	0.11	–	(0.03)	(0.14)	21.8x	20.5x	18.5x	16.9x	15.4x	29%	31%	26%	23%	19%	8%	2.9%	61%	Buy	$86	29%	Buy	$89	34%
SRE	$71.56	45,033	9.00	9.50	10.13	10.80	11.71	4.49	5.08	5.47	6.56	7.02	4.51	4.42	4.66	4.24	4.69	16.0x	14.1x	13.1x	10.9x	10.2x	-5%	-10%	-11%	-21%	-21%	5%	3.8%	56%	Buy	$172	144%	Buy	$84	21%
		182,565																**18.9x**	**17.3x**	**15.8x**	**13.9x**	**12.8x**	**12%**	**10%**	**8%**	**1%**	**-1%**	**6.5%**	**3.4%**	**58%**						
Gas LDCs																																				
NI	$26.58	10,984	1.57	1.68	1.82	1.95	2.07	1.58	1.68	1.81	1.94	2.07	–	–	–	–	–	16.9x	15.8x	14.7x	13.7x	12.8x	0%	1%	1%	-0%	-1%	7%	3.9%	63%	Buy	$30	17%	Buy	$31	22%
CPK	$111.56	1,985	5.42	5.84	6.23	6.59	6.94	5.32	5.80	6.25	6.59	6.95	0.10	0.04	–	–	–	21.0x	19.2x	17.8x	16.9x	16.1x	25%	23%	22%	23%	24%	7%	2.2%	43%	Neutral	$112	3%	Buy	$134	22%
NJR	$42.44	4,141	2.67	2.74	2.94	3.10	3.34	2.67	2.75	2.96	3.17	3.42	–	–	–	(0.07)	(0.08)	15.9x	15.4x	14.4x	13.4x	12.4x	-5%	-1%	-2%	-2%	-4%	6%	3.9%	60%	Neutral	$47	15%	Neutral	$51	24%
NWN	$39.80	1,397	2.65	2.83	2.98	3.09	3.21	2.68	2.78	3.01	3.05	3.23	–	0.05	–	0.04	–	14.9x	14.3x	13.2x	13.0x	12.3x	-12%	-9%	-10%	-5%	-5%	5%	4.9%	71%	Neutral	$42	10%	Buy	$49	28%
OGS	$74.85	4,150	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.96	5.31	–	(0.06)	(0.04)	–	–	18.1x	17.4x	16.4x	15.1x	14.1x	8%	11%	12%	10%	9%	10%	3.6%	63%	Neutral	$73	1%	Neutral	$78	8%
SR	$58.85	3,096	4.20	4.31	4.57	4.73	4.99	4.20	4.31	4.63	4.83	5.06	–	–	(0.06)	(0.10)	(0.07)	14.0x	13.6x	12.7x	12.2x	11.6x	-17%	-13%	-13%	-11%	-11%	5%	5.1%	69%	Neutral	$65	16%	Neutral	$68	20%
		25,753																**16.8x**	**16.0x**	**14.9x**	**14.0x**	**13.2x**	**-0%**	**2%**	**2%**	**2%**	**2%**	**6.7%**	**3.9%**	**62%**						
Regulated Water																																				
AWK	$140.42	27,335	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.05	6.46	0.03	–	–	(0.07)	–	29.2x	27.3x	25.1x	23.2x	21.7x	74%	75%	72%	69%	67%	7%	2.1%	58%	Neutral	$147	7%	Buy	$158	15%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$105.87	34,047	3,150	3,451	3,509	3,346	3,804	3,492	3,959	3,831	3,780	3,875	(342)	(507)	(322)	(434)	(71)	10.9x	9.4x	9.4x	9.2x	8.6x	38,180	37,350	36,022	34,880	33,459	9.6%	1.2%	22%	Buy	$97	-7%	Buy	$109	4%
NRG	$37.16	8,514	3,181	3,122	3,126	3,042	3,107	3,039	3,173	3,230	2,827	3,032	142	(51)	(104)	215	75	5.9x	5.3x	4.8x	4.9x	4.1x	18,052	16,828	15,349	13,967	12,513	21.2%	4.3%	29%	Neutral	$34	-4%	Neutral	$41	14%
VST	$30.12	11,071	3,700	3,755	3,792	3,621	3,535	3,748	4,079	4,019	3,711	3,971	(48)	(324)	(227)	(91)	(437)	6.2x	5.7x	5.6x	6.0x	5.6x	23,419	23,252	22,678	22,234	22,192	6.8%	2.9%	25%	Buy	$31	6%	Buy	$34	16%
Other																																				
NEP	$48.30	4,513	1,837	1,977	2,143	2,325	2,471	1,930	2,161	2,375	2,459	2,526	(93)	(184)	(232)	(134)	(55)												7.8%	–	Buy	$74	61%	Buy	$77	68%
SMR	$5.85	436	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	208%	Buy	$12	112%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

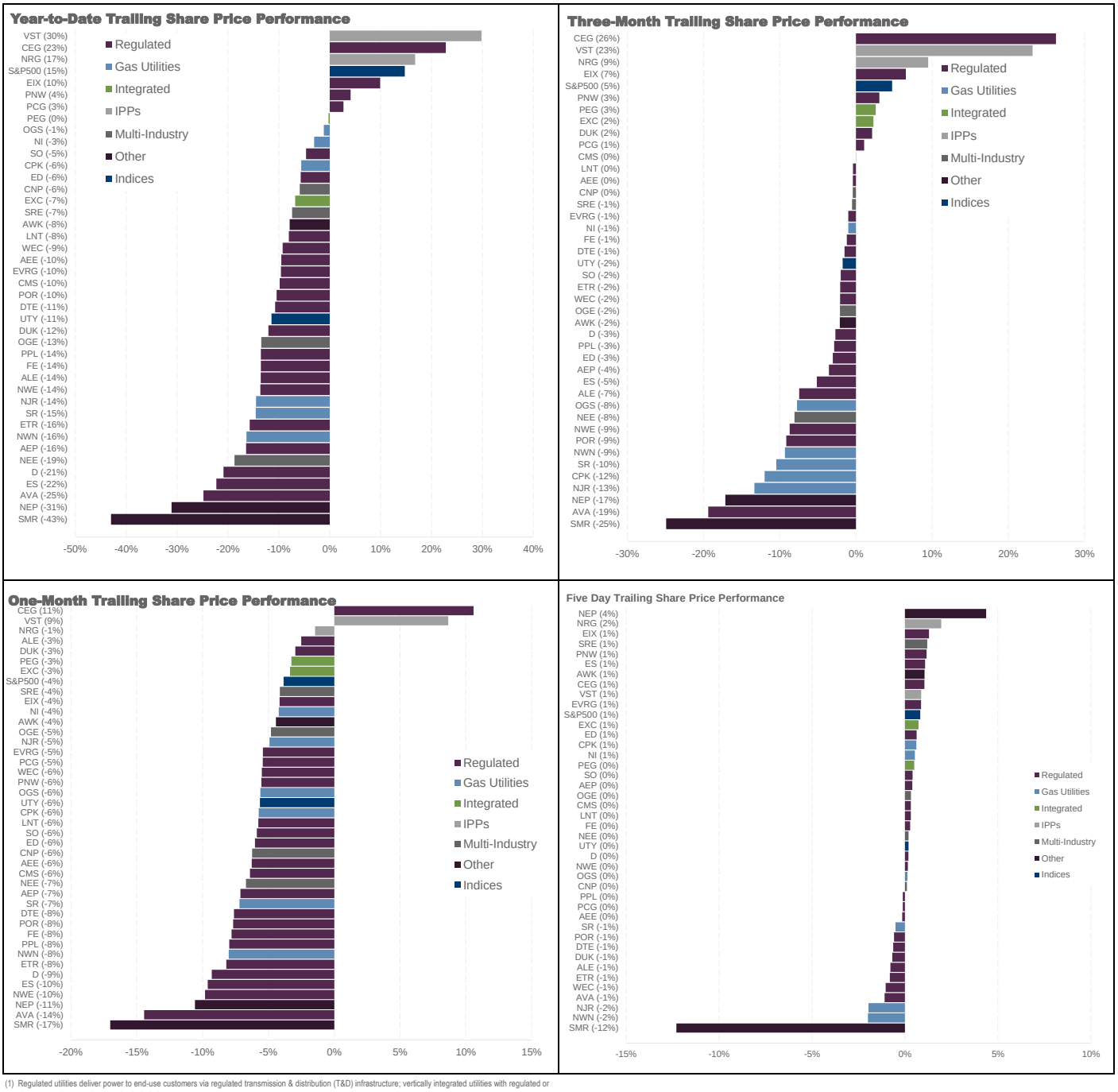

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix

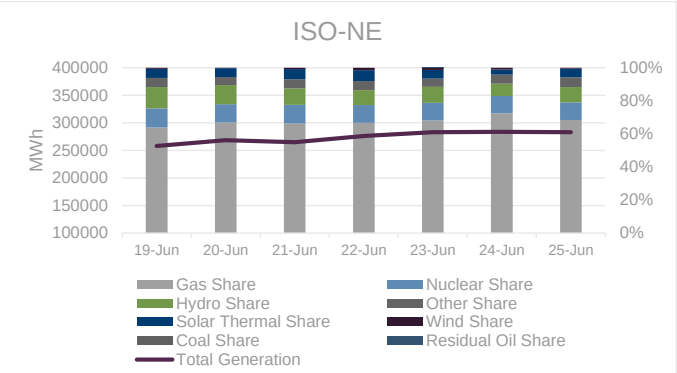

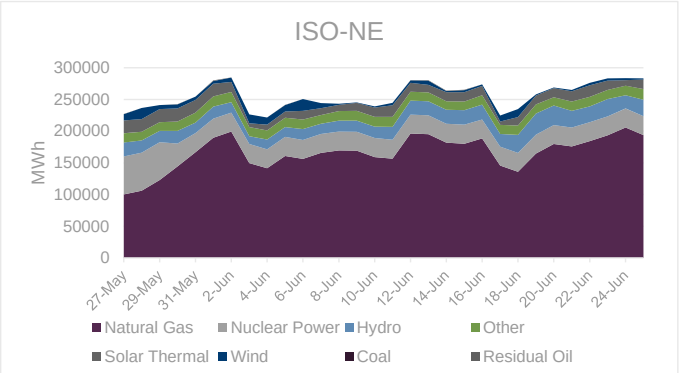

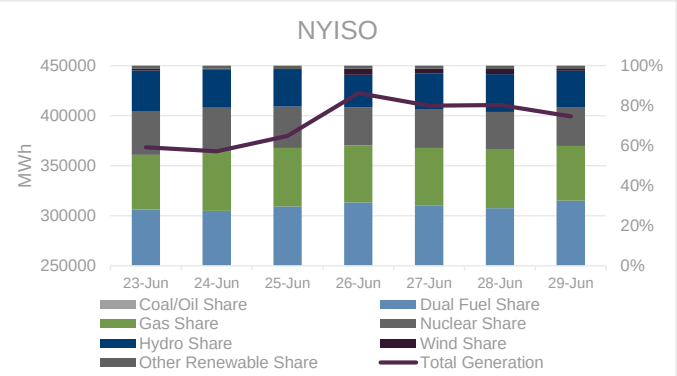

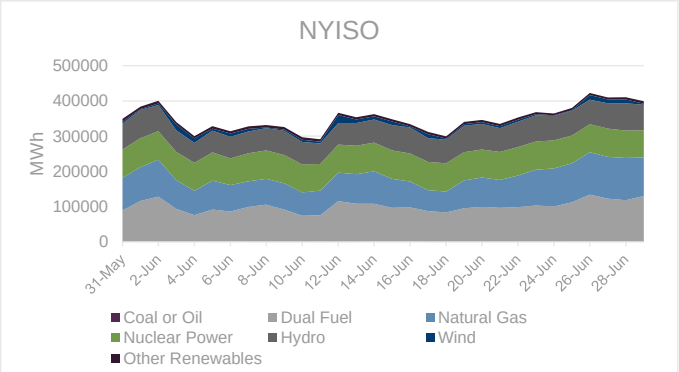

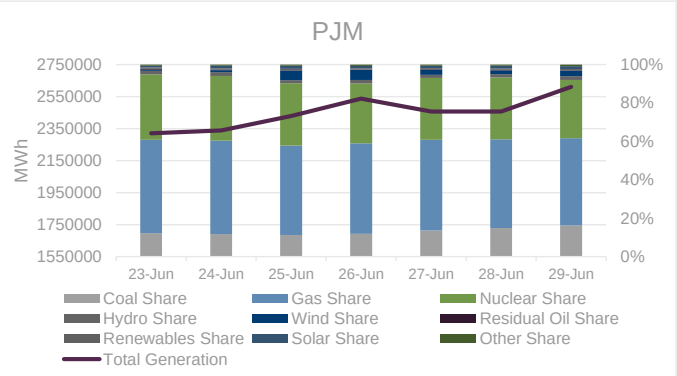

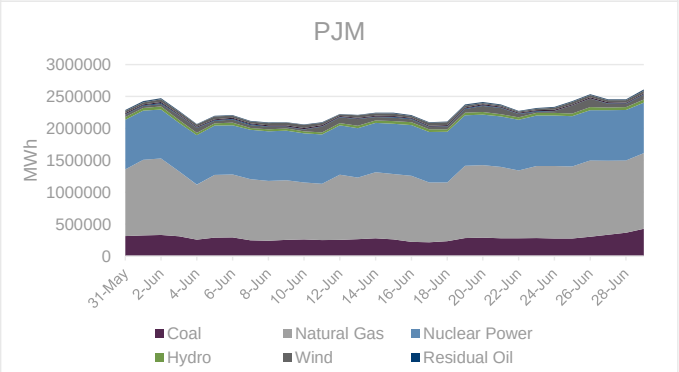

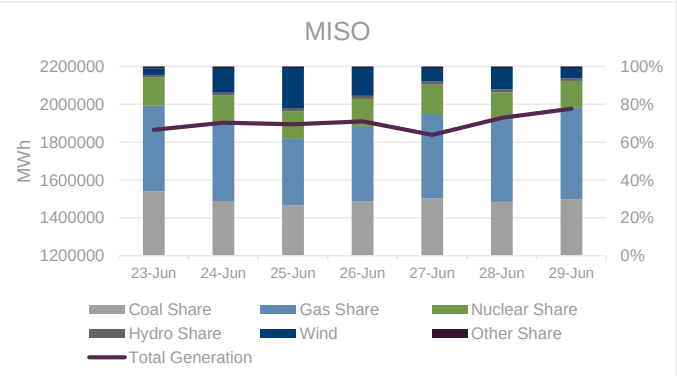

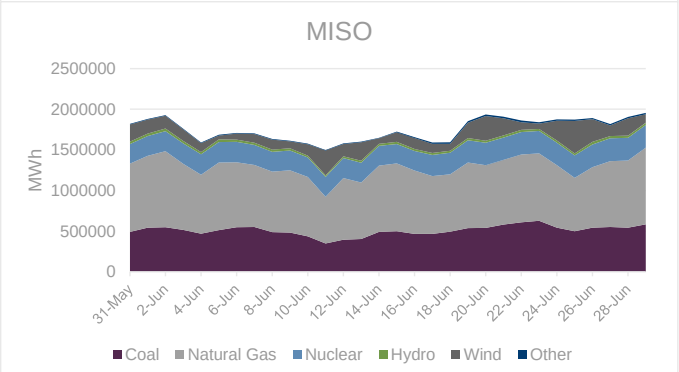

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix (continued)

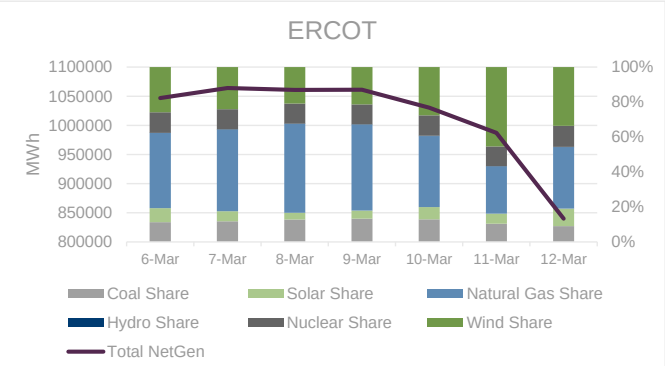

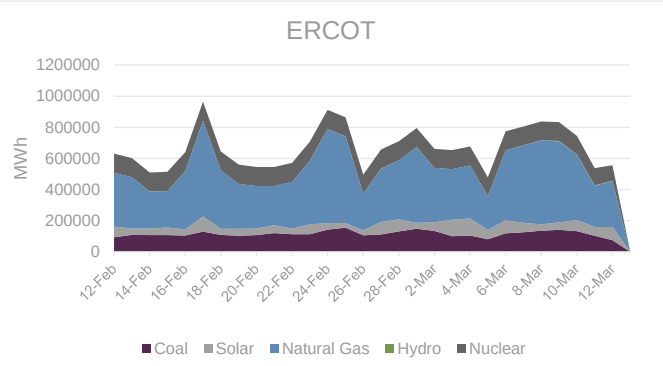

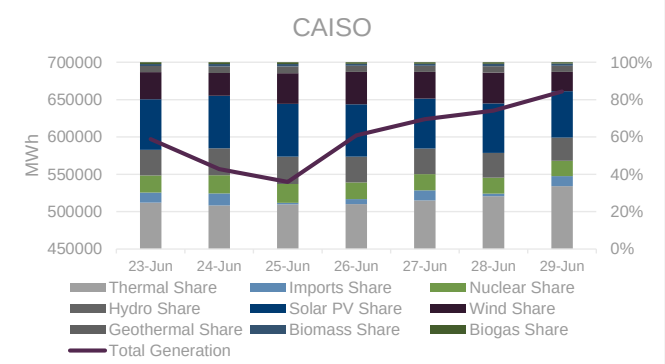

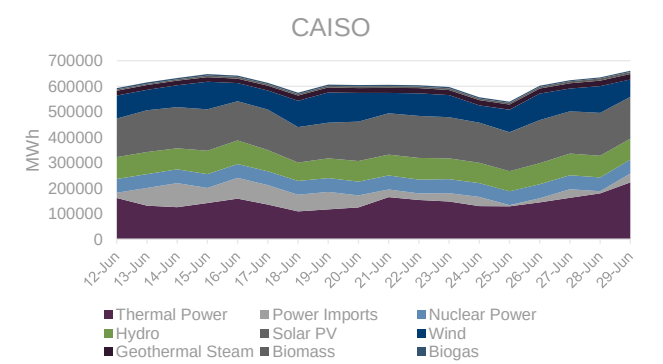

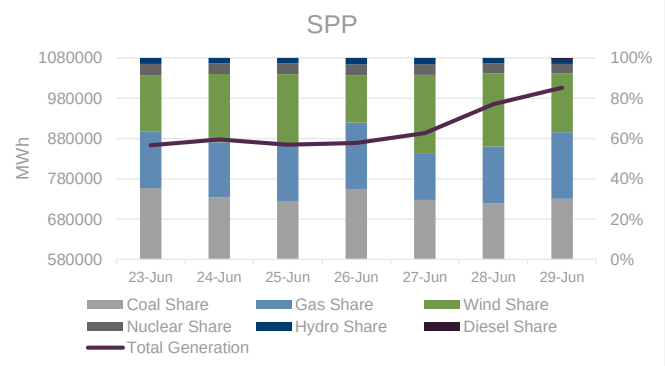

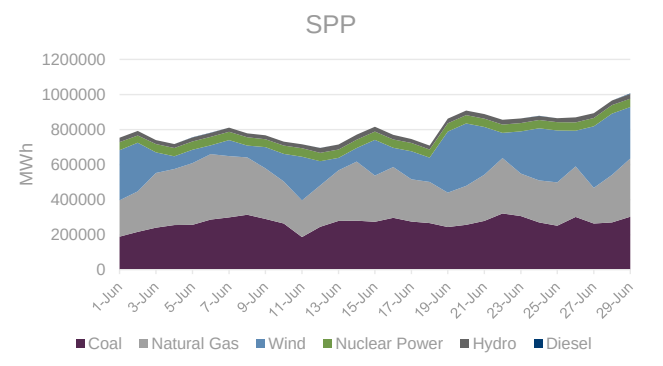

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Weather

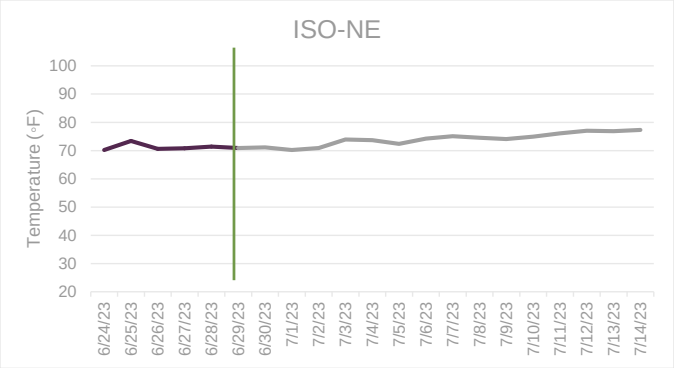

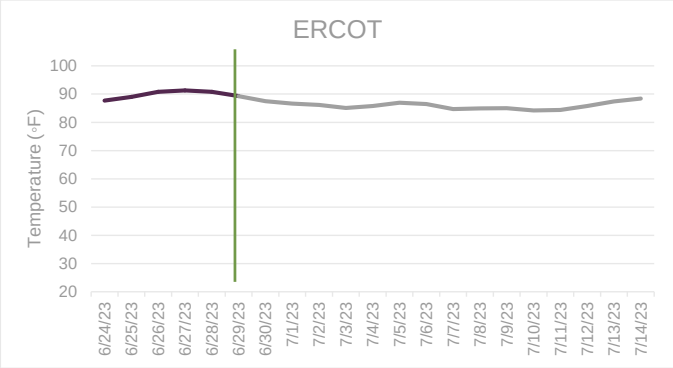

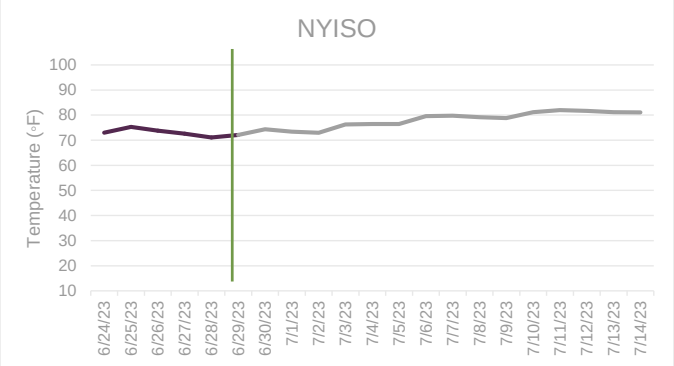

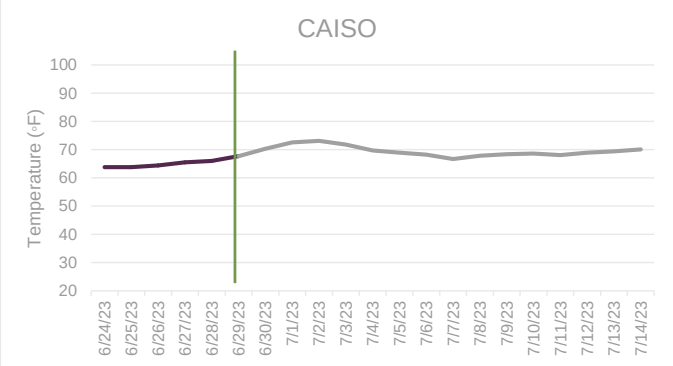

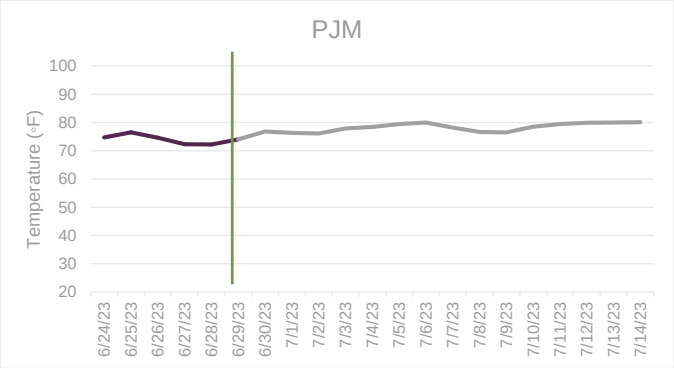

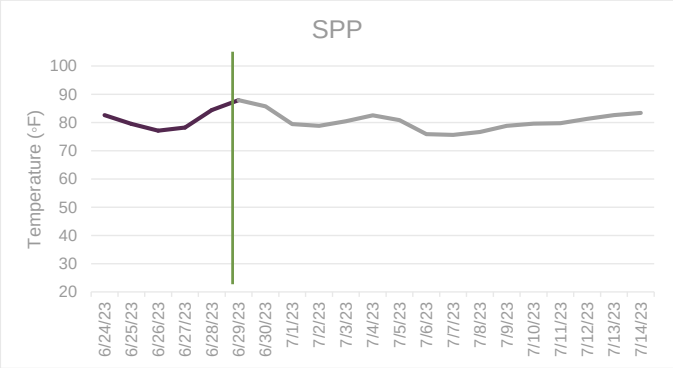

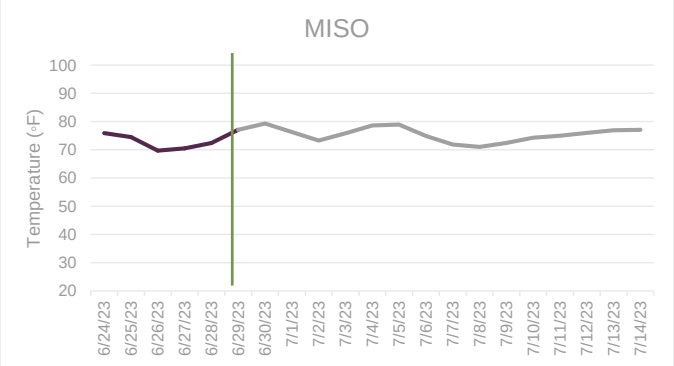

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

YTD Peak Load

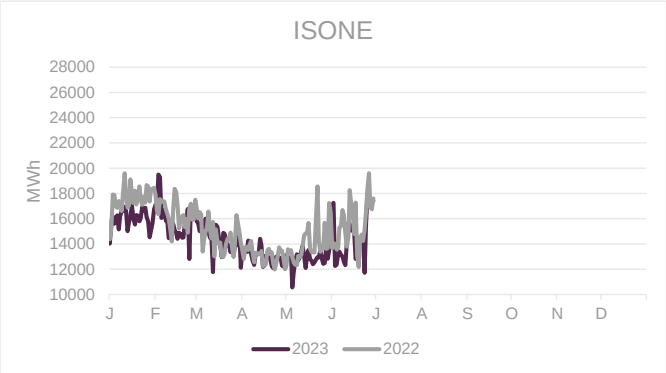

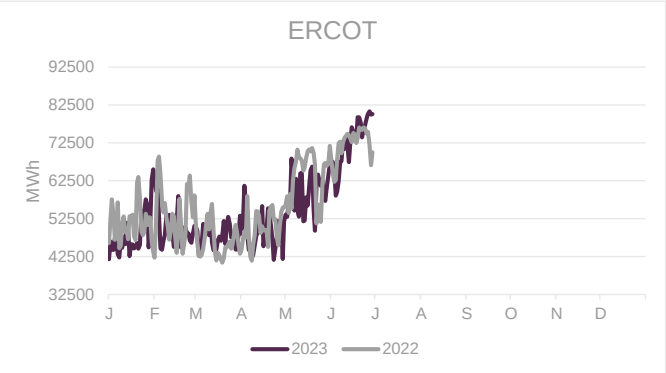

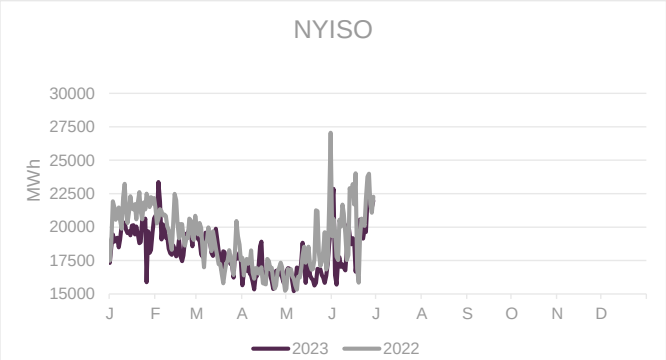

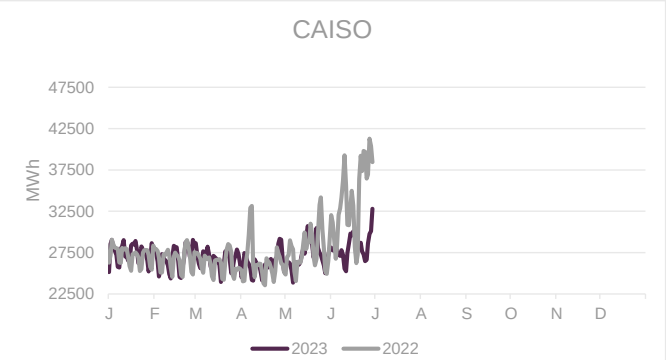

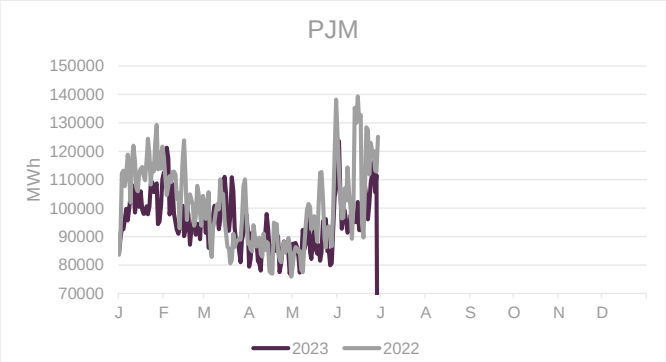

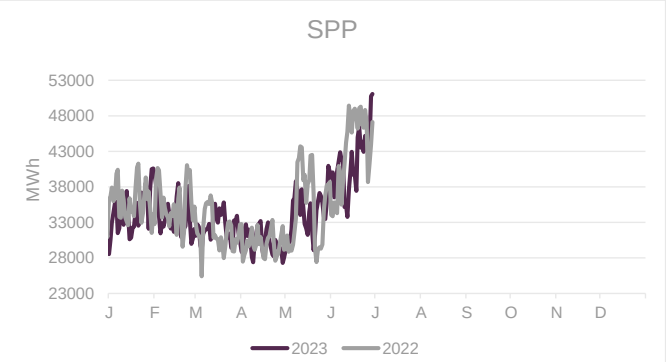

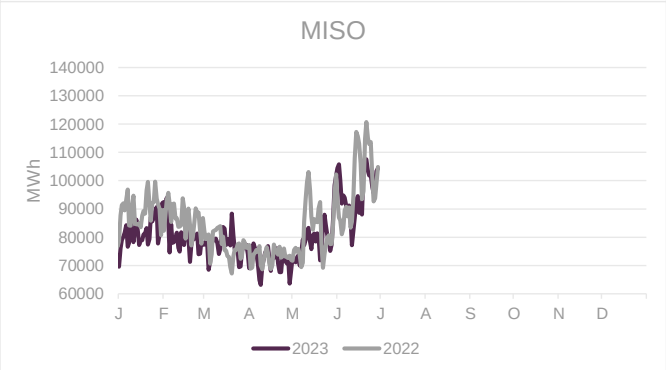

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation, Alliant Energy Corporation, NiSource Inc. and PG&E Corporation in the next 3 months.

Guggenheim Securities, LLC or its affiliates received compensation for investment banking services from PG&E Corporation during the past 12 months.

Guggenheim Securities, LLC makes a market in the securities of PG&E Corporation.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 08-25-2023

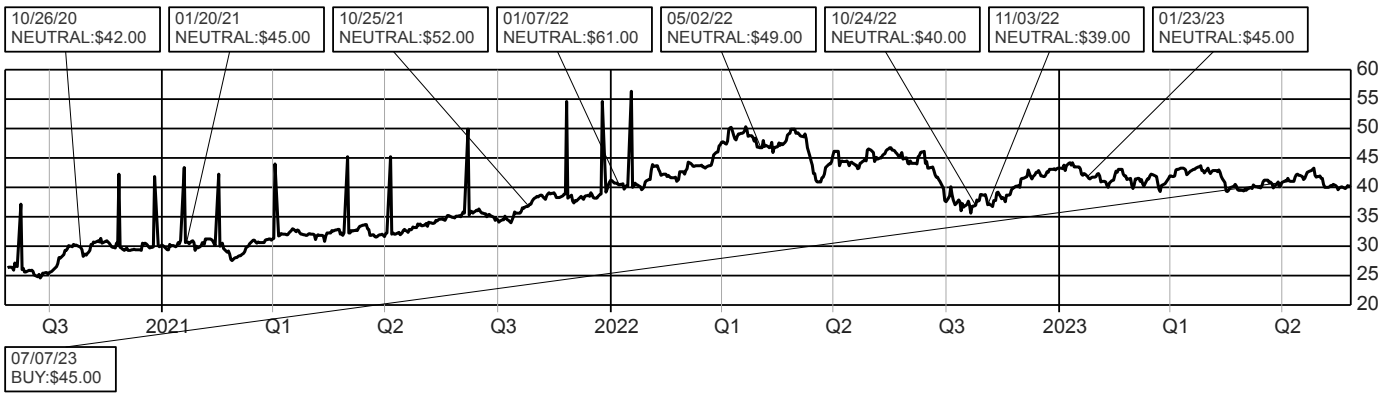

Created by: BlueMatrix

Rating and Price Target History for: Alliant Energy Corporation (LNT) as of 08-25-2023

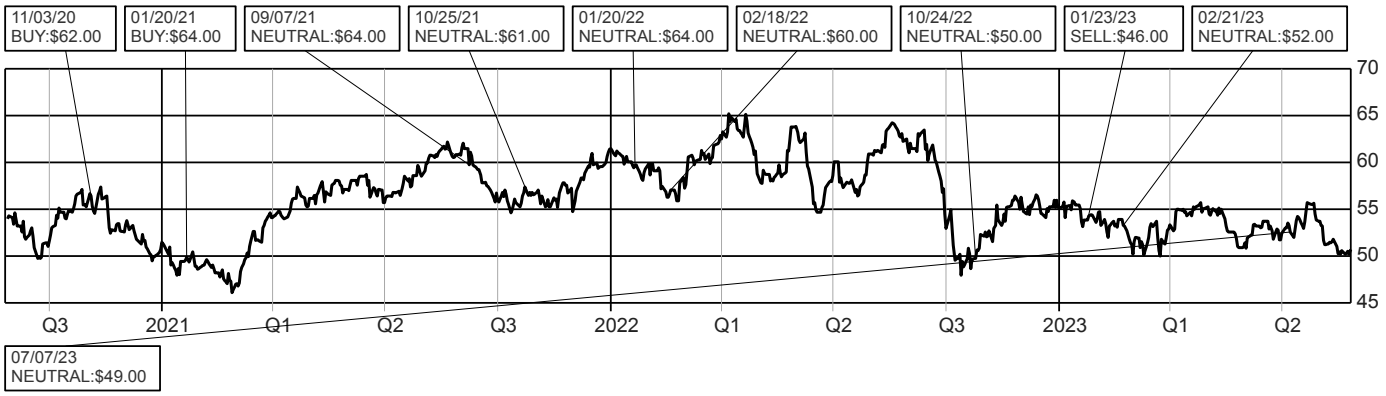

Created by: BlueMatrix

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Rating and Price Target History for: NiSource Inc. (NI) as of 08-25-2023



Created by: BlueMatrix

Rating and Price Target History for: PG&E Corporation (PCG) as of 08-25-2023



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	66.85%	42	16.94%
NEUTRAL	113	30.46%	6	5.31%
SELL	10	2.70%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

KeyBanc Capital Markets

Alert

August 28, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: WEC, DUK, AEP, CMS, AVA, EXC, DTE, ETR, AGR, ES, XEL, NWE, PNW, POR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in WEC's MN natural gas rate case, DEC's NC electric rate case, AEPs WV ENEC proceedings, CMS' s MI electric rate case, AVA's OR natural gas rate IRP, EXC's MD electric and natural gas rate cases, DTE's MI Distribution Grid Plan, and EXC's DC electric rate case. In other news, the CT PURA issues a final decision in AGR's UIL electric rate case; XEL files rebuttal testimony in TX electric rate case; MD PSC Staff files rebuttal testimony in BG&E's MD electric and gas rate cases; the PUCT issues a final order in the ETR TX rate case; the MA DPU approves the termination of Commonwealth offshore wind PPAs; the MN PUC approves XEL to add storage at the Monticello nuclear facility; CAISO files day-ahead market proposal with FERC; MISO issues a rare energy emergency alert; and the NC governor vetoes a bill proposal to change the NCUC composition.

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Scroll down for a full schedule, including dinners with **DTE** and **AGR.**

ICYMI
AVA: We upgraded AVA from Underweight to Sector Weight as the stock had effectively reached our price target, and we believe that our Underweight thesis is priced in with limited downside from the current levels. Read more here.

Regulatory Calendar
WEC — Exceptions to the ALJ report in MERC's natural gas rate case are due on August 28: The ALJ issued a report recommending approval of the settlement among Minnesota Energy Resources, the Department of Commerce, the Division of Energy Resources, the OAG, and others that resolves all issues. The parties agreed to a net $21M revenue increase ($29M gross), premised on a 9.65% ROE and 53% equity. This compares to MN Energy Resources' request for a net $33M revenue increase ($42M gross), premised on a 10.3% ROE, 53% equity layer, and a rate base of $482.5M. Interim rates of ~$37M went into effect on January 1. A PUC decision is expected by November 1.

DUK — Evidentiary hearings in DEC's NC electric rate case begin on August 28: DUK reached a partial settlement with NCUC Staff on several items, including the recovery of investments, the NC retail rate base, and depreciation rates, but left ROE, capital structure, and recovery of COVID-19 deferred costs out for a litigated proceeding. As a result of the settlement, DUK updated its revenue request to reflect the agreed-upon items. The Company is seeking a cumulative increase of $824M ($500M in RY1, $163M in RY2, and $161M in RY3) premised on the 10.4% ROE and 53% equity. This compares to DUK's prior request of $833M ($511M in RY1, $172M in RY2, and $150M in RY3) and Staff's recommended $398M ($113M in RY1, $153M in RY2, and $133M in RY3) revenue increase, premised on a 9.35% ROE and 52% equity layer. New rates are expected to go into effect by January 1, 2024.

AEP — Rebuttal testimony in AEP's ENEC proceedings is due on August 29: The WV Staff recommended a total revenue increase of $154M, composed of the under-recovery of $99M and $35M for the forecast period. This compares to AEP's request for ~$642M, including the accumulated under-recovered balance of ~$553M through February 2023 and $89M of projects for the forecast period from September 2023-August 2024. The biggest driver of the delta was Staff's recommendation to disallow $258M for recovery based on Critical Technologies Consulting's prudence review. Staff also recommended rejecting AEP's proposal to securitize the balance in favor of amortizing the costs over three years using the AEP's cost of debt, or 2.5%, for the carrying charge. CTC conducted its prudence review following the PSC's order in May 2022 after AEP failed to meet the annual capacity factor during the 2020-2021 period. The PSC also deferred any rate increase until the Staff completes the prudence review. AEP noted that the low capacity factors during the 2020-2021 and 2021-2022 ENEC periods were because of inadequate coal supplies. The ENEC is an annual rate adjustment mechanism allowing Wheeling and APCo to recover fuel, purchased power, and environmental compliance costs.

CMS — Staff and intervenor testimony in CMS's MI electric rate case is due on August 29: The utility seeks a $207M revenue increase on a forward test year with an ROE of 10.25% and a 51.5% equity ratio. Aside from the regular items, the request includes an Investment Recovery Mechanism (IRM) tracker with the intent of ring-fencing certain investments, including those for reliability

and resilience, to make it easier to track the performance of these investments. Also included is a request for approval of a pension/ OPEB volatility mechanics, to smooth out the impact of pension expenses over time. As expected, the filing includes a request for an undergrounding pilot to convert 10.3 miles of overhead lines to underground. An ALJ PD is expected on December 21.

AVA — Staff and intervenor comments on AVA's OR natural gas IRP are due on August 29: AVA filed a presentation of its 2023 natural gas IRP, highlighting the Company's preferred resource strategy to meet the expected 0.9% average annual growth through 2045. AVA's OR resource options include a combination of RNG, wastewater treatment plants, EE, community climate investments, and conventional natural gas to meet forecasted demand. AVA could add synthetic methane in the 2030s. As a reminder, AVA filed the IRP with the ID, OR, and WA utility commissions. AVA's filing includes strategies to comply with OR's Climate Protection Program and WA's Climate Commitment Act while meeting forecasted system energy demand. Across the portfolio strategies, AVA will rely heavily on procuring natural gas and energy efficiency. AVA is required to file a natural gas IRP with the OPUC, WUTC, and IPUC every two years.

EXC — Evidentiary hearings in EXC's MD electric and natural gas rate cases begin on August 30: MD PSC Staff recommended electric and gas revenue increases of $193M and $232, respectively, over a three-year term. The increases are premised on a 9.45% ROE and 52% equity. This compares to BG&E's (Docket: C-9692) request for a cumulative net $314M electric and a $290M gas rate increase over 2024-2026, premised on 10.4% ROE and 52% equity. The difference is largely due to the lower ROE proposed by Staff. EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. A MD PSC decision is expected by year-end, with new rates becoming effective in early 2024.

DTE — Technical conference for DTE's Distribution Grid Plan to be held on August 31: DTE will share key topics on its 2023 Distribution Grid Plan. DTE will make the filing this year as required by the Commission and will address a continued focus on tree trimming and replacement of equipment, as well as an attempt to accomplish full grid automation in five years. Automation will play a key role in reducing outages during storms and follow-up restoration. Also included in the grid filing will be the acceleration of the upgrade of about 16K miles of the 4800 kV lines that are way beyond their useful life. The MI PSC will host the technical conference.

EXC — Supplemental testimony in PEPCo's DC electric rate case is due on August 31: EXC's PEPCO filed a three-year electric rate case with the DC PSC seeking a cumulative $191M revenue increase ($116M in RY1, $37M in RY2, and $37M in RY3). New rates would go into effect on February 15, 2024, with the step-ups effective January 1 of 2025 and 2026, respectively. The rate increase request is premised on a 10.5% ROE and 50.5% equity layer.

Recent Developments for Companies Under Our Coverage

From our midweek: The NCUC authorizes a $494M revenue increase for DEP NC; DUK reaches a partial settlement in its DEC NC MYRP; parties reach a full settlement in the APCo VA triennial proceedings; D's SC reaches a settlement in its natural gas rate case; AGR announces plans for the 44 MW solar project in CA; POR and the OR Staff file the details of the OR electric rate case partial settlement; and AL Power surrenders its permit for a hydro storage project.

AGR — CT PURA issues final decision in AGR's UIL electric rate case: The CT PURA authorized a $23M revenue increase, premised on a 9.1% ROE with a further 47 bps cut to address performance and management issues, bringing the effective ROE to 8.63% and a 50% equity layer. The PURA also authorized a $1.1B rate base compared to AGR's $1.4B proposal, underpinned by a $222M reduction in plant addition through 2023/2024. The PURA rejected AGR's application for a three-year rate plan. The final decision is better than the PD, but is nonetheless a restrictive order highlighting the difficult regulatory landscape in the state (read more here). The PD recommended a rate increase of less than $2M premised on an effective 8.28% ROE (8.8% ROE with a further 52 bps cut). AGR requested a $131M increase over three years, with a 10.2% ROE and 52% equity. In written exceptions to the PD, AGR noted that the recommendation was insufficient to cover expenses and attract the needed capital for grid modernization. The new rates will go into effect September 1, 2023.

XEL — XEL files rebuttal testimony in TX electric rate case: XEL updated its request to a $136M revenue increase while maintaining its 10.65% ROE and 54.68% equity. This compares to XEL's initial request for a $158M revenue increase and the TX PUC Staff's recommendation for a $102M revenue increase, premised on a 9.5% ROE and 54.6% equity. The lower request excludes $10.8M of deferred costs that XEL would recover through a two-year rider. XEL also updated its request to reflect the passage of SB 1016, including removing the elimination of its capitalized annual incentive program and related expenses and including long-term incentives for non-officers. Hearings are scheduled to begin September 12. A PUCT decision is expected in 1Q24.

EXC — Staff files rebuttal testimony in BG&E's MD electric and gas rate cases: MD PSC Staff updated the three three-year electric and gas rates increase recommendations to $197M and $237M, respectively, up from $193M and $232M, respectively. Staff updated its recommendation to reflect revisions to various capital projects and EXC's revised ADIT. Staff maintained its 9.45% ROE and 52% equity recommendations. This compares to BG&E's request (Docket: C-9692), seeking a cumulative net $313M electric and a $289M gas rate increase over 2024-2026. BG&E's requests are premised on a 10.4% ROE and 52% equity. The request includes a performance incentive mechanism with four performance metrics related to the state's policy goals. A MD PSC decision is expected by year-end, with new rates becoming effective in early 2024.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

ETR — PUCT issues final order in the ETR TX rate case: The PUCT issued its final order authorizing a $54M net revenue increase ($252M base rate increase offset by $198M of riders), premised on a 9.57% ROE and 51.21% equity. The order was expected after the Commission unanimously approved the settlement at its July open meeting. The settlement resolved all issues except Issue Nos. 68 and 69 related to transportation electrification and charging infrastructure, respectively. The PUCT agreed to transfer these outstanding issues to a separate proceeding to expedite the rate case. Interim rates of $54M have been in effect since May 27. New rates will be retroactive to December 3, 2022.

AGR, ES — MA DPU approves the termination of Commonwealth offshore wind PPAs: The MA DPU approved the termination of AGR's PPAs with ES, National Grid, and Until for the ~1.2 GW Commonwealth Offshore Wind project. The parties filed the request after AGR agreed to pay a cumulative $48M to terminate each respective PPA. The AGR plans to bid anew in MA's next RFP, with the bids likely to be announced in June 2024. The terms of the RFP will include an option for developers to submit indexed-priced bids that would allow the developers to adjust the energy prices based on macro conditions. Bidders will be evaluated based on their experience and track record, including the termination of prior contracts.

XEL — MN PUC approves Monticello nuclear facility to add storage for fuel waste: The MN PUC approved XEL (Docket: 21-668) to add storage for the fuel waste at the 617 MW Monticello nuclear facility, allowing the Company to continue operating the plant through 2040. Without the additional storage, XEL would have exhausted its spent nuclear fuel storage capacity by 2030. In XEL's last IRP, the MN PUC approved XEL to pursue extending the operating life of the plant by 10 years. XEL also filed a license renewal application with the NRC seeking a 20-year extension for the facility to continue operating the plant through 2050. The NRC only allows applications in increments of 20 years. An NRC decision is expected in late 2024. The plant entered service in 1971.

AVA, NWE, PNW, POR, XEL — CAISO files EDAM proposal with FERC: CAISO filed a proposal with FERC to revise two tariffs to enable its Extended Day Ahead Market. Specifically, CAISO proposed two new products (imbalance reserves and reliability capacity) for its Day-Ahead Market Enhancements Initiative, and it proposed changes to extend the market to balancing areas in the Western Energy Imbalance Market. The proposals address challenges caused by increasing system variability and uncertainty. The EDAM is a day-ahead market that will allow voluntary participation among its members and builds on CAISO's real-time WEIM, which is the most relatable option to a regional market that the Western Interconnection provides. The West lacks any regional market, but CAISO's WEIM and the SPP's Market+ are the most relatable options the Western Interconnection provides. CAISO requested FERC approval by December 21 and is targeting a launch in 1H25.

MISO issues energy emergency alert: MISO declared a Max Gen Step 2 event and took actions to preserve firm load during a heatwave that impacted much of the Midwest U.S. last week. During Max Gen 2 Events, MISO will implement demand management programs, utilize contingency reserves, and purchase emergency energy. The summertime emergency alert was a rare occasion for the ISO. However, NERC highlighted MISO as a region that could face shortfalls during extreme weather given its increased reliance on renewable resources, including wind generation during peak demand, in its 2023 Summer Reliability Assessment.

DUK — NC governor vetoes bill proposal to change NCUC composition: NC Governor Roy Cooper vetoed SB 512, which proposes reducing the NCUC down to five commissioners, reducing the NCUC chair to a three-year term, and allowing the governor to appoint three of the commissioners. The General Assembly would be responsible for appointing the two other commissioners. The NCUC has historically comprised seven governor-appointed commissioners and a chair serving four years. Although the governor vetoed the bill, the Republican-controlled House of Representatives and Senate can override the veto. If enacted, the NCUC would begin experiencing changes to the composition in 2025, when two of the three expiring terms would not be refilled. We are currently watching the DEC multiyear rate case.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 1 – KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	8/28/2023	Evidentiary Hearings Begin
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	8/28/2023	Reply Briefs
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	8/28/2023	Exceptions to the ALJ Report Due
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	8/29/2023	Rebuttal Testimony Due
OR	Avista Corp.	AVA	LC81	IRP	8/29/2023	Staff and Intervenor Comments
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	8/29/2023	Staff and Intervenor Testimony Due
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	8/30/2023	Evidentiary Hearings Begin
OR	Portland General Electric Co.	POR	LC80	IRP	8/30/2023	Party Comments on Staff Round 2 Comments
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	8/31/2023	Reply Briefs
MI	DTE Electric Co.	DTE	U-20147	Electric	8/31/2023	Distribution Grid Plan Technical Conference
ME	Central Maine Power Co.	AGR	D-2022-00152	Electric	9/1/2023	Effective Date for New Rates
MI	DTE Electric Co.	DTE	C-U-21297	Electric	9/1/2023	Reply Briefs Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	9/1/2023	Position Statements Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	9/5/2023	Position Statements Due
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	9/5/2023	Evidentiary Hearings Begin
VA	Dominion Energy	D	PUR-2023-00066	IRP	9/5/2023	Rebuttal Testimony Due
IL	Ameren Illinois	AEE	D-23-0082	Electric	9/6/2023	Initial Briefs Due
	System Energy Resources Inc.	ETR	FERC EL21-56		9/6/2023	Prehearing Conference
MD	The Potomac Edison Co.	FE	C-9695	Electric	9/6/2023	Proposed Order Due
OR	Portland General Electric Co.	POR	LC80	IRP	9/6/2023	Company Reply Comments
	First Solar	FSLR			9/7/2023	Analyst Day - Perrysburg, OH
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	9/7/2023	Reply Briefs
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	9/7/2023	Reply Briefs
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	9/7/2023	Reply Briefs
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	9/7/2023	Reply Briefs
NJ	Atlantic City Electric Co.	EXC	D-ER23020091	Electric	9/8/2023	Intervenor Testimony Due
OR	Portland General Electric Co.	POR	D-UE-416	Electric	9/11/2023	Company Surrebuttal Testimony Due
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	9/11/2023	Position Statements Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	9/11/2023	Position Statements Due
NM	Avangrid, PNM Resources	AGR		PNM Merger	9/12/2023	NM Supreme Court Oral Arguments
	Short-Term Energy Outlook	EIA			9/12/2023	STEO release
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	9/12/2023	Initial Briefs Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	9/12/2023	Staff and Intervenor Testimony Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/12/2023	Intervenor Testimony
TX	Southwestern Public Service Co	XEL	D-54634	Electric	9/12/2023	Hearings Commence
	CPI Release	BLS			9/13/2023	CPI release for Prior Month
OR	Portland General Electric Co.	POR	LC80	IRP	9/13/2023	Special Public Meeting
VA	Dominion Energy	D	PUR-2023-00066	IRP	9/18/2023	Evidentiary Hearings Begin
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	9/19/2023	Rebuttal Testimony Due
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	9/19/2023	Rebuttal Testimony
	Federal Energy Reg Comm	FERC			9/21/2023	Open Meeting
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	9/21/2023	Company Testimony Due (Track 2)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	9/21/2023	Company Testimony Due (Track 2)
IL	Ameren Illinois	AEE	D-23-0082	Electric	9/22/2023	Reply Briefs Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	9/22/2023	Proposed Order Due

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	21.1	Overweight	$91	$80.45	3.1%	58%	4.42	4.66	4.94	18.2x	17.3x	16.3x	4.37	4.69	5.02	18.4x	17.2x	16.0x
AEP	American Electric Power Company Ir	40.6	Sector Weight	NA	$79.33	4.2%	64%	5.30	5.63	5.97	15.0x	14.1x	13.3x	5.27	5.60	5.97	15.1x	14.2x	13.3x
CMS	CMS Energy Corp	16.7	Sector Weight	NA	$57.11	3.4%	63%	3.10	3.33	3.57	18.4x	17.2x	16.0x	3.11	3.35	3.62	18.4x	17.0x	15.8x
CNP	CenterPoint Energy Inc	17.8	Sector Weight	NA	$28.22	2.7%	51%	1.49	1.63	1.72	18.9x	17.3x	16.4x	1.49	1.62	1.73	18.9x	17.4x	16.3x
D	Dominion Energy Inc	40.6	Sector Weight	NA	$48.52	5.5%	74%	3.58	3.84	3.90	13.6x	12.6x	12.4x	3.63	3.58	3.84	13.4x	13.6x	12.6x
DTE	DTE Energy Co	21.6	Sector Weight	NA	$104.92	3.7%	62%	6.22	6.62	7.06	16.9x	15.8x	14.9x	6.24	6.68	7.14	16.8x	15.7x	14.7x
DUK	Duke Energy Corp	69.8	Overweight	$109	$90.58	4.5%	73%	5.62	6.00	6.34	16.1x	15.1x	14.3x	5.61	5.97	6.32	16.1x	15.2x	14.3x
ETR	Entergy Corp	20.0	Sector Weight	NA	$94.80	4.6%	64%	6.68	7.21	7.69	14.2x	13.1x	12.3x	6.70	7.19	7.71	14.1x	13.2x	12.3x
ES	Eversource Energy	22.7	Sector Weight	NA	$65.17	4.2%	62%	4.38	4.66	4.95	14.9x	14.0x	13.2x	4.37	4.64	4.94	14.9x	14.0x	13.2x
ED	Consolidated Edison Inc	31.0	Underweight	$77	$89.88	3.6%	67%	4.85	5.16	5.47	18.5x	17.4x	16.4x	4.90	5.22	5.51	18.3x	17.2x	16.3x
EIX	Edison International	26.8	Sector Weight	NA	$69.93	4.2%	63%	4.73	5.11	5.63	14.8x	13.7x	12.4x	4.71	5.10	5.56	14.8x	13.7x	12.6x
EXC	Exelon Corp	39.9	Sector Weight	NA	$40.30	3.6%	62%	2.36	2.53	2.72	17.1x	15.9x	14.8x	2.36	2.50	2.72	17.1x	16.1x	14.8x
FE	FirstEnergy Corp	20.8	Overweight	$45	$36.27	4.3%	62%	2.52	2.71	2.88	14.4x	13.4x	12.6x	2.54	2.69	2.85	14.3x	13.5x	12.7x
PEG	Public Service Enterprise Group Inc	30.5	Sector Weight	NA	$61.12	3.7%	66%	3.45	3.60	3.88	17.7x	17.0x	15.8x	3.45	3.69	4.06	17.7x	16.5x	15.1x
SO	Southern Co	74.3	Sector Weight	NA	$68.09	4.1%	77%	3.58	4.03	4.27	19.0x	16.9x	15.9x	3.60	4.03	4.33	18.9x	16.9x	15.7x
WEC	WEC Energy Group Inc	26.8	Overweight	$102	$85.10	3.7%	68%	4.61	4.93	5.27	18.5x	17.3x	16.1x	4.61	4.91	5.25	18.5x	17.3x	16.2x
XEL	Xcel Energy Inc	31.4	Overweight	$71	$57.58	3.6%	62%	3.36	3.57	3.75	17.1x	16.1x	15.4x	3.35	3.58	3.83	17.2x	16.1x	15.0x
					Average:	**3.9%**	**64%**				**16.7x**	**15.5x**	**14.6x**				**16.6x**	**15.6x**	**14.5x**

						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.6	Sector Weight	NA	$33.33	5.5%	80%	2.30	2.45	2.53	14.5x	13.6x	13.2x	2.30	2.49	2.53	14.5x	13.4x	13.2x
NWE	NorthWestern Corp	3.1	Overweight	$64	$51.24	5.0%	75%	3.43	3.66	3.83	14.9x	14.0x	13.4x	3.44	3.57	3.77	14.9x	14.4x	13.6x
OTTR	Otter Tail Corp	3.4	Sector Weight	NA	$83.70	2.1%	31%	5.79	4.08	3.35	14.5x	20.5x	25.0x	5.55	3.79	3.57	15.1x	22.1x	23.5x
PNW	Pinnacle West Capital Corp	9.0	Underweight	$61	$79.16	4.4%	82%	4.18	5.04	5.24	18.9x	15.7x	15.1x	4.23	5.04	5.22	18.7x	15.7x	15.2x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$43.89	4.3%	71%	2.66	3.06	3.20	16.5x	14.3x	13.7x	2.66	3.03	3.24	16.5x	14.5x	13.5x
					Average:	**4.3%**	**68%**				**15.9x**	**15.6x**	**16.1x**				**15.9x**	**16.0x**	**15.8x**

						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	13.5	Sector Weight	NA	$34.92	5.0%	83%	1.95	2.32	2.47	17.9x	15.1x	14.1x	2.12	2.35	2.52	16.5x	14.9x	13.9x
NEE	Nextera Energy Inc	137.5	Overweight	$85	$67.96	2.7%	60%	3.14	3.41	3.67	21.6x	19.9x	18.5x	3.12	3.41	3.69	21.8x	19.9x	18.4x
SRE	Sempra	45.0	Sector Weight	NA	$71.56	3.6%	57%	8.98	9.48	10.22	8.0x	7.5x	7.0x	4.49	4.78	5.11	15.9x	15.0x	14.0x
					Average:	**3.8%**	**67%**				**15.8x**	**14.2x**	**13.2x**				**18.0x**	**16.6x**	**15.4x**

						Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	34.4	Sector Weight	NA	$105.87	1.1%	22%	3,627	3,918	3,813	10.6x	9.7x	10.0x	3,506	3,916	3,831	10.9x	9.7x	10.0x
NRG	NRG Energy Inc	8.5	Not Covered	NA	$37.16	4.1%	33%	NA	NA	NA	NA	NA	NA	3,005	3,124	3,128	6.0x	5.4x	4.0x
VST	Vistra Corp	11.1	Not Covered	NA	$30.12	2.7%	16%	NA	NA	NA	NA	NA	NA	3,822	4,176	4,095	6.6x	5.8x	5.5x
					Average:	**2.6%**	**23%**				**10.6x**	**9.7x**	**10.0x**				**7.9x**	**7.0x**	**6.5x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

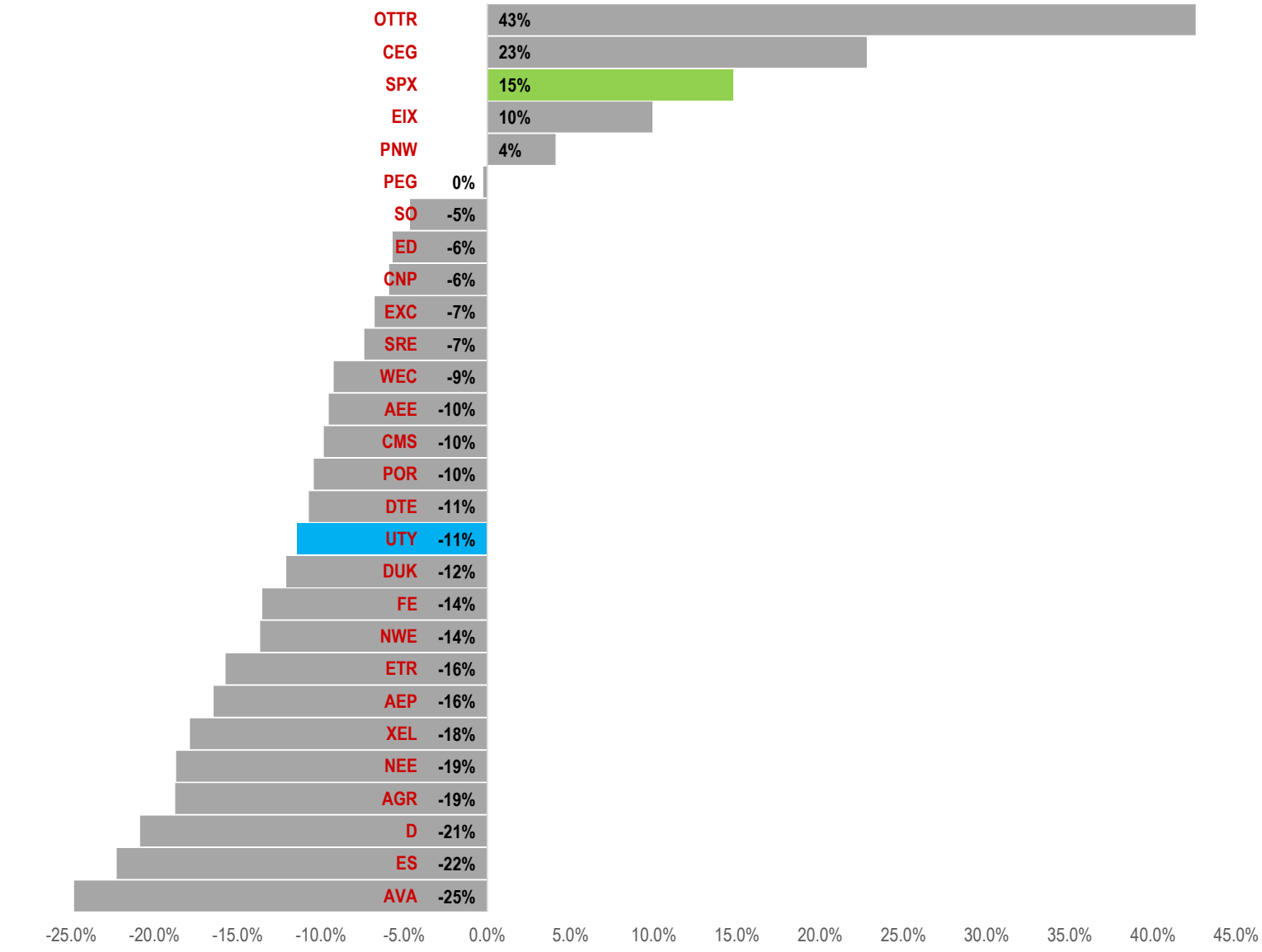

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Select Recent Research

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

Thematic Pieces

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	258	49.14	43	16.67
Sector Weight [SW]	261	49.71	43	16.48
Underweight [UW]	6	1.14	2	33.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	15	68.18
Sector Weight [SW]	33	57.89	12	36.36
Underweight [UW]	2	3.51	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
DUK	89.99	Buy
ED	89.46	Neutral
ETR	94.80	Buy
EXC	40.08	Buy
LNT	50.28	Neutral
NEE	67.22	Buy
PCG	16.71	Buy
SO	67.43	Buy
SRE	70.78	Buy
WEC	84.59	Neutral

Power & Utilities

August 25, 2023

The Guggenheim Daily Transmission: SRE, ETR, NEE/ED, EXC/NJ, LNT, ERCOT, MA/Wind, PA, ISO-NE, DUK/NEE, WEC, SO, PCG

Please join us for our quarterly utilities investor roundtables in NYC on Sept. 25th, and NJ on Sept. 26th, both invite details below.

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

Please see our sector-wide note on the country's evolving regulatory jurisdictions HERE, our updated mid-year utility sector valuation analysis HERE.

SRE – PUCT issues order denying rehearing in the Oncor rate case

ETR – FECR Staff and SERI file answer testimony for SERI operational imprudence complaint at FERC

NEE/ED – MVP sees new homeowner lawsuit challenging project land rights

EXC/NJ – ACE seeks minor schedule tweak as settlement discussions ongoing

LNT – Additional intervenors sign on to IPL settlement

ERCOT – PUCT approves Tesla Powerwall DER aggregations

MA/Wind – DPU approves wind PPA terminations

ERCOT – ERCOT operations survive strained conditions alongside MISO issues

PA – PA PUC issues policy statement on storage

ISO-NE – NH governor and legislators oppose executive EJ position at RTO

DUK/NEE – Local media coverage of utilities' customer energy conservation efforts

DUK – Gov. Cooper meets with North Carolina State Ports Authority

WEC – Briefs filed in Illinois gas cases

SO – Minor NRC report unrelated to Vogtle 3 & 4

PCG – Environmental group lawsuit aiming at stopping Diablo canyon extension dismissed by court

SRE – PUCT issues order denying rehearing in the Oncor rate case

- PUCT has issued an order denying rehearing on Oncor rate case issues by a few consumers and marketer stakeholders.
- Stakeholders filed for rehearing on the basis of a variety of issues, including high rates, high ROE, amortization issues, etc.
- Docket: 53601

Guggenheim takeaway: *FYI. The decision in the case was supported by case record and generally well debated with the PUCT. See more takes on the Oncor PFD here.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ETR – FECR Staff and SERI file answer testimony for SERI operational imprudence complaint at FERC

- FERC Staff and SERI filed separate answer testimony to the stakeholder request for confirmation of scope and establishment of serious doubt.
- FERC Staff supports FERC issuing scoping comments to clarify the complaint but declines to have FERC issue testimony on the establishment of serious doubt at this stage.
- SERI answers similarly oppose the determination of serious doubt among other clarifying comments on scope and schedule.
- FERC previously issued an order addressing certain scoping items (motions to strike testimony denied, motion to exclude ETR Hold co approved, and starting settlement proceedings)
- FERC notes that there is not enough record for addressing the complaints in this specific docket related to SERI and will require an evidentiary hearing (which ETR disputes).
- Docket: EL21-56 (through FERC search)

Guggenheim takeaway:*FYI. Another step in the litigation back and forth on the SERI complaint case. This specific complaint relates to alleged imprudent operations and purchased power costs. The commission is also looking at a variety of other formula rate and cost of capital complaints related to SERI.*

NEE/ED – MVP sees new homeowner lawsuit challenging project land rights

- Two homeowners filed a fourth circuit appeal of certain land use issues against Mountain Valley Pipeline.
- MVP has already filed a compliance filing regarding the commencement of construction activities starting August 4, 2023.
- US Supreme Court overturned a lower court stay on MVP construction activities that challenged constitutionality of Congress approval.
- US SC lifted the stay on construction and MVP filed a notice with FERC on commencement of construction activities.
- After Congress passed a debt ceiling deal which expedited approval of new permits and removed the appeals option, MVP received all necessary permits including US Army Corps of Engineers.
- The project developer still anticipates a 2023 year-end completion.
- FERC Docket: CP16-10 / CP21-57

Guggenheim takeaway: *FYI. The new complaint may not have any serious merit and seems small in the context of the momentum for completion at this point. USSC is the highest authority that was left to opine on this case and construction activities are now able to continue. MVP had around 50 miles of pipeline construction that was stalled on contested lands that Congress cleared for construction. Both ED and NEE have taken major write downs on the MVP project (i.e., not in financial guidance) and would not include any upsides in near term plans. Longer term, the prospect of MVP completion could enable a strategic process (ED specifically mentioned and executed an exit from gas midstream over the past 2 years). At nominal cost the value of MVP is ~1-2% of market cap.*

EXC/NJ – ACE seeks minor schedule tweak as settlement discussions ongoing

- "Please be advised that representatives from Staff of the Board of Public Utilities, the Division of Rate Counsel, and the Intervenor (the "Parties") are currently engaged in settlement discussions that could result in a negotiated resolution of this proceeding. In light of current negotiations and the progress being made, the Parties have agreed to respectfully request a modification to the Prehearing Order. Specifically, the Parties ask that Your Honor move the date for testimony from September 1, as set forth in the Prehearing Order, to September 8; effectively establishing a one week delay to the submission of testimony. This delay also accommodates the Labor Day holiday. Public Service Electric and Gas Company has also been invited to participate in the settlement discussions as Participant." - Filing
- More HERE

Guggenheim takeaway: *Heads up on the potential settlement and scheduling tweak, with the potential execution on a settlement at ACE a modest positive in our view, all things equal. As a reminder ACE is EXC's smallest utility (~6% of total company).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

LNT – Additional intervenors sign on to IPL settlement

- "The Environmental Law & Policy Center (ELPC) and Iowa Environmental Council (IEC) (collectively Environmental Intervenors) file this Notice of Intent to Join Settlement in lieu of filing testimony as non-settling parties pursuant to the schedule adopted by the Iowa Utilities Board on August 4, 2023, in the above-captioned docket. Environmental Intervenors hereby state that they intend to join in the Non-Unanimous Stipulation and Settlement Agreement and support the Joint Motion to Approve Non-Unanimous Stipulation and Settlement Agreement filed by Interstate Power & Light and the Office of Consumer Advocate on August 1, 2023." - filing
- More HERE

Guggenheim takeaway: *A smaller positive after the earlier initial settlement. For your awareness. As a reminder, the company reached a settlement with the OCA on the solar portion of the RPU earlier in the month. We saw the settlement as a positive step, given it includes all of RPU's solar consideration alongside a favorable ROE. See our most recent thoughts HERE for more.*

ERCOT – PUCT approves Tesla Powerwall DER aggregations

- The PUCT has approved two VPPs backed by the aggregation of home Powerwalls for participation in the ERCOT WEM
- More HERE
- "Two 'virtual power plants' (VPPs) are now qualified and able to provide dispatchable power to the Texas electric grid, which is operated by the Electric Reliability Council of Texas (ERCOT). This marks a first for the state's electricity market and is part of the Aggregate Distributed Energy Resource (ADER) pilot project the Public Utility Commission of Texas (PUCT) directed ERCOT to begin developing in June 2022. The pilot project tests how consumer-owned, small energy devices, such as battery energy storage systems, backup generators, and controllable Electric Vehicle (EV) chargers, can be virtually aggregated and participate as a resource in the wholesale electricity market, strengthening grid reliability." - release

Guggenheim takeaway: *While not a large initial step (~7.2MW), the aggregated DER model is somewhat of a holy grail in the space and of keen interest to policymakers seeking greater flexibility and more price-responsive demand.*

MA/Wind – DPU approves wind PPA terminations

- The DPU gave its stamp approval to the terminations earlier this week for the developers of Commonwealth Wind
- More HERE

Guggenheim takeaway: *The final step in the long process – we continue to monitor for pathways forward on the state's ongoing OSW needs.*

ERCOT – ERCOT operations survive strained conditions alongside MISO issues

- The ISO had issued a call for conservation yesterday, alongside an EEA2 in MISO due to heat and outages
- More HERE

Guggenheim takeaway: *We continue to monitor both ERCOT and MISO closely given the blistering conditions and the potential for forced outages and curtailment – the current heat dome over the central US is forecasted to gravitate toward the south/Texas in the coming days.*

PA – PA PUC issues policy statement on storage

- "With this Order the Commission issues, for comment, a proposed policy statement in Annex A that sets forth proposed guidelines for usage of electricity-storage assets as electric distribution assets in the Commonwealth." - release
- More HERE

Guggenheim takeaway: *Interesting data point as we continue to monitor spending opps on the PA distribution system for utility readthrough (e.g., incremental PPL spend).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ISO-NE – NH governor and legislators oppose executive EJ position at RTO

- "Today, Governor Chris Sununu and twelve New Hampshire legislators wrote to Robert Ludlow, Chief Financial and Compliance Officer of ISO New England, in opposition to the creation of an executive-level environmental justice position at ISO New England." - Governor
- More HERE

Guggenheim takeaway: *Minor FYI.*

DUK/NEE – Local media coverage of utilities' customer energy conservation efforts

- A nonprofit group, American Council for an Energy-Efficient Economy, based in Washington, D.C., ranked the country's 53 largest electric utilities on their efforts to encourage customers to save energy.
- The top five highest-ranked utilities were ES in Massachusetts, followed by PCG in California, NGG in Massachusetts, Commonwealth Edison (EXC) of Illinois, and DTE in Michigan.
- Lowest ranked were AEP of Texas at 47th, followed by DUK and AEP in Ohio, then Alabama Power (SO), NEE's FPL in 52nd, and Ohio Edison (FE) in last place.
- More HERE

Guggenheim takeaway: *We note that as evidenced by the groupings of MA and FL, the legislative and regulatory environment a utility operates in certainly plays a role in directing a utility's activities and ultimately the results of this type of report.*

DUK – Gov. Cooper meets with North Carolina State Ports Authority

- The governor met with the organization's board to discuss offshore wind off the coast of North Carolina.
- Gov. Cooper wants to build out NC's offshore wind-related manufacturing industry.
- More HERE

Guggenheim takeaway: *Minor FYI. As a reminder, DUK filed its updated Carbon Plan IRP last week in NC as well.*

WEC – Briefs filed in Illinois gas cases

- Briefs were filed by the Staff of the Illinois Commerce Commission, the City of Chicago, CUB, and AARP, among others.
- Staff's maintained its ROE recommendation, which it originally established in testimony on May 9, 2023.
- Docket 23-0069

Guggenheim takeaway: *We remind investors that the Illinois Staff recommended a 9.83% ROE earlier this year (which continues to be our go-forward baseline assumption in this case), compared with the utilities' ask of 9.90% and presently authorized level of 9.05%.*

SO – Minor NRC report unrelated to Vogtle 3 & 4

- "At 1724 EDT, on August 22, 2023, with Unit 1 in Mode 1 at 100 percent power, the reactor was manually tripped due to a failure of the non-safety heater drain pump 'B' and the failure of the non-safety condensate pump 'A' to automatically or manually start. At 1735 EDT, a fire was identified on heater drain pump 'B' and was extinguished by the onsite fire brigade at 1807 EDT. Operations responded and stabilized the plant. The trip was not complex, with all safety systems responding normally post-trip. Decay heat is being removed by the main steam system to the main condenser using the steam dumps. There was no impact to Units 2, 3, or 4." – NRC report
- More HERE

Guggenheim takeaway: *We note that this was Unit 1, and therefore completely unrelated to Unit 2, as well as the newly constructed Unit 3 and nearing-completion Unit 4.*

PCG – Environmental group lawsuit aiming at stopping Diablo canyon extension dismissed by court

- A prior environmental group lawsuit aimed at stopping the Diablo Canyon Extension was dismissed in court.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

- The Suit alleged that PCG has not made adequate investments for safe operations and challenges PCG compliance with the prior regulatory decision to retire the units in 2024/2025.
- More in media here.

Guggenheim takeaway:*As we anticipated the merit of the lawsuit was found to be lacking especially as the outlook for Diablo Canyon is legislated and pending NRC approvals. From an earnings perspective there could be a slight tailwind for PCG, but impacts would remain in the prior range of EPS / rate base guidance outcomes (more thoughts in our SB846 note here). Overall, we believe PG&E actions on extending Diablo Canyon operations provide support to the state policy objectives, provide benefits to customers from carbon free generation at reduced costs and secure good will.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

CMS Energy Corporation (CMS)

Garrick Rochow, *President & Chief Executive Officer*
Rejji Hayes, *Chief Financial Officer*

Dates & Locations

Wednesday, August 30, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $17.7bn

CMS Energy Corp (CMS) engages in the provision of electric and natural gas activities. It operates through the following business segments: Electric Utility, Gas Utility, and NorthStar Clean Energy. The Electric Utility segment focuses on generation, purchase, distribution, and sale of electricity. The Gas Utility segment includes purchase, transmission, storage, distribution, and sale of natural gas. The NorthStar Clean Energy segment is involved in domestic independent power production including the development and operation of renewable generation and the marketing of independent power production. The company was founded in 1987 and is headquartered in Jackson, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Portland General Electric Company (POR)

Joseph Trpik, *Chief Financial Officer*
Nick White, *Investor Relations*

Dates & Locations

September 18, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $4.75bn

Portland General Electric Co (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Monday, September 25th

Dates & Time

Monday, September 25, 2023
5:30PM ET

Location

New York
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Tuesday, September 26th

Dates & Time

Tuesday, September 26, 2023
6:00PM ET

Location

New Jersey
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Location TBD

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Location TBD

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Location TBD

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	8/30	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
NY Roundtable	9/25	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Comp Sheet

8/24/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.36	3,178	3.70	4.17	4.56	4.87	5.07	3.68	4.05	4.31	4.83	5.05	–	0.12	0.25	0.04	–	15.1x	13.7x	12.9x	11.5x	11.0x	-10%	-12%	-12%	-16%	-15%	8.4%	5.0%	71%	Sell	$49	-6%	Neutral	$63	18%
AVA	$32.42	2,481	2.28	2.49	2.61	2.67	2.73	2.30	2.46	2.58	2.65	2.73	–	–	0.03	–	–	14.1x	13.2x	12.6x	12.2x	11.9x	-16%	-15%	-14%	-10%	-8%	5.2%	5.8%	79%	Sell	$33	8%	Sell	$40	30%
NWE	$51.21	3,075	3.42	3.55	3.75	3.91	4.08	3.42	3.54	3.74	3.86	3.98	–	–	–	0.06	0.10	15.0x	14.5x	13.7x	13.3x	12.9x	-10%	-7%	-6%	-3%	-0%	5.1%	5.1%	74%	Sell	$48	-1%	Neutral	$58	18%
POR	$43.86	4,434	2.66	3.05	3.21	3.38	3.55	2.69	3.05	3.23	3.37	3.55	–	–	–	–	–	16.3x	14.4x	13.6x	13.0x	12.4x	-2%	-7%	-6%	-5%	-4%	5.3%	4.4%	67%	Buy	$48	14%	Buy	$50	19%
		13,167																**15.1x**	**13.9x**	**13.2x**	**12.5x**	**12.0x**	**-9%**	**-10%**	**-9%**	**-8%**	**-7%**	**6.0%**	**5.1%**	**73%**						
Mid/Large Cap Electric																																			
AEE	$79.98	20,993	4.35	4.67	5.05	5.40	5.68	4.38	4.68	5.02	5.36	5.66	–	–	0.03	0.04	–	18.3x	17.1x	15.9x	14.9x	14.1x	9%	10%	10%	10%	10%	6.6%	3.3%	57%	Neutral	$85	10%	Buy	$89	14%
AEP	$78.83	40,611	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.97	6.33	6.73	0.04	0.04	0.03	0.06	0.08	15.0x	14.1x	13.2x	12.5x	11.7x	-10%	-9%	-9%	-9%	-9%	6.0%	4.4%	63%	Buy	$96	26%	Buy	$96	26%
CMS	$56.74	16,553	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.61	3.89	4.18	–	0.06	0.04	–	0.08	18.3x	16.9x	15.7x	14.6x	13.6x	9%	9%	8%	7%	5%	8.1%	3.6%	63%	Neutral	$61	11%	Buy	$65	19%
CNP	$27.85	17,530	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	18.6x	17.2x	16.1x	14.9x	13.8x	11%	11%	10%	9%	7%	9.5%	2.8%	49%	Buy	$34	25%	Buy	$32	19%
D	$48.07	40,224	3.37	3.54	3.75	4.24	4.50	3.56	3.57	3.75	4.23	4.36	(0.19)	(0.03)	–	–	0.14	13.5x	13.5x	12.8x	11.4x	11.0x	-19%	-13%	-12%	-17%	-14%	1.4%	5.7%	76%	Buy	$56	22%	Neutral	$56	22%
DTE	$104.45	21,528	6.26	6.73	7.19	7.75	8.30	6.22	6.67	7.14	7.74	8.27	0.04	0.06	0.05	–	–	16.8x	15.7x	14.6x	13.5x	12.6x	1%	1%	1%	-1%	-2%	6.4%	3.8%	61%	Buy	$124	23%	Buy	$124	22%
DUK	$89.99	69,382	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.33	6.73	7.16	–	0.08	–	–	–	16.0x	15.1x	14.2x	13.4x	12.6x	-4%	-3%	-2%	-2%	-2%	6.3%	4.6%	71%	Buy	$102	18%	Buy	$102	18%
ED	$89.46	30,857	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.52	5.85	6.13	–	(0.05)	–	(0.04)	(0.11)	18.3x	17.1x	16.2x	15.3x	14.6x	10%	10%	11%	12%	13%	5.6%	3.7%	65%	Neutral	$85	-1%	Neutral	$90	4%
EIX	$69.56	26,662	4.71	4.98	5.48	5.71	6.03	4.72	5.12	5.58	5.93	6.25	–	(0.14)	(0.10)	(0.22)	(0.22)	14.7x	13.6x	12.5x	11.7x	11.1x	-12%	-12%	-14%	-14%	-14%	5.5%	4.4%	61%	Neutral	$74	11%	Buy	$74	11%
ES	$63.97	22,331	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.95	5.30	5.64	–	0.08	0.05	(0.06)	(0.15)	14.6x	13.8x	12.9x	12.1x	11.3x	-12%	-11%	-11%	-11%	-12%	6.1%	4.4%	62%	Buy	$80	29%	Buy	$81	31%
ETR	$94.80	20,046	6.71	7.16	7.76	8.31	8.97	6.69	7.18	7.71	8.24	8.85	–	–	0.05	0.07	0.12	14.2x	13.2x	12.3x	11.5x	10.7x	-15%	-15%	-15%	-16%	-17%	6.9%	4.7%	64%	Buy	$113	24%	Buy	$116	27%
EVRG	$56.23	12,909	3.65	3.97	4.24	4.47	4.75	3.63	3.95	4.22	4.42	4.66	–	–	–	0.05	0.09	15.5x	14.2x	13.3x	12.7x	12.1x	-7%	-8%	-8%	-7%	-6%	4.8%	4.6%	67%	Buy	$68	26%	Buy	$63	17%
EXC	$40.08	39,852	2.36	2.50	2.74	2.93	3.10	2.35	2.51	2.72	2.90	3.11	–	–	–	0.03	–	17.0x	16.0x	14.7x	13.8x	12.9x	2%	3%	1%	1%	0%	6.4%	3.8%	62%	Buy	$45	16%	Buy	$45	16%
FE	$36.04	20,664	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.87	3.06	3.24	–	–	–	–	–	14.2x	13.4x	12.5x	11.8x	11.1x	-15%	-14%	-14%	-14%	-14%	6.3%	4.5%	61%	Buy	$44	27%	Buy	$42	20%
LNT	$50.28	12,707	2.90	3.08	3.27	3.50	3.67	2.89	3.08	3.29	3.47	3.67	–	–	–	–	–	17.4x	16.3x	15.3x	14.5x	13.7x	4%	5%	5%	6%	6%	6.1%	3.7%	62%	Neutral	$49	1%	Buy	$56	15%
OGE	$34.09	6,828	2.02	2.16	2.25	2.37	2.48	2.01	2.13	2.26	2.40	2.50	–	–	–	–	–	17.0x	16.0x	15.1x	14.2x	13.6x	2%	3%	4%	4%	6%	2.8%	5.0%	81%	Neutral	$36	11%	Buy	$38	16%
PCG	$16.71	34,945	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	13.8x	12.4x	11.4x	10.5x	9.6x	-17%	-20%	-21%	-23%	-25%	9.7%	0.9%	12%	Buy	$21	27%	Buy	$19	15%
PEG	$60.72	30,306	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.04	4.24	4.49	–	–	0.06	0.05	0.10	17.6x	16.5x	15.0x	14.3x	13.5x	5%	6%	3%	5%	5%	5.8%	3.9%	65%	Buy	$70	19%	Buy	$67	14%
PNW	$78.79	8,928	4.20	5.00	5.15	5.25	5.40	4.20	4.97	5.15	5.48	5.61	–	–	–	(0.23)	(0.21)	18.8x	15.8x	15.3x	14.4x	14.0x	12%	2%	5%	5%	9%	4.9%	4.5%	75%	Neutral	$83	10%	Neutral	$80	6%
PPL	$25.04	18,457	1.58	1.71	1.82	1.95	2.07	1.58	1.71	1.82	1.94	2.06	–	–	–	–	–	15.9x	14.7x	13.8x	12.9x	12.2x	-5%	-5%	-5%	-5%	-5%	8.0%	4.0%	61%	Buy	$31	28%	Buy	$30	25%
SO	$67.43	73,601	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.30	4.53	4.76	–	–	–	–	0.04	18.7x	16.8x	15.7x	14.9x	14.2x	12%	8%	8%	9%	10%	5.9%	4.2%	73%	Buy	$80	23%	Buy	$73	13%
WEC	$84.59	26,683	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.4x	17.2x	16.1x	15.1x	14.2x	10%	11%	11%	11%	10%	6.1%	3.8%	67%	Neutral	$94	15%	Buy	$97	18%
Mid/Lg Cap (excl. EIX, PCG)																		**16.7x**	**15.5x**	**14.5x**	**13.6x**	**12.9x**						**6.0%**	**4.2%**	**65%**						
SMID + Lg Cap		**625,761**																**16.4x**	**15.3x**	**14.3x**	**13.4x**	**12.7x**						**6.0%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$67.22	136,034	3.13	3.43	3.69	3.99	4.27	3.12	3.32	3.68	4.02	4.41	–	0.11	–	(0.03)	(0.14)	21.5x	20.2x	18.3x	16.7x	15.2x	29%	30%	26%	23%	18%	8%	3.0%	61%	Buy	$86	31%	Buy	$90	36%
SRE	$70.78	44,542	9.00	9.50	10.13	10.80	11.71	4.49	5.08	5.47	6.56	7.02	4.51	4.42	4.66	4.24	4.69	15.8x	13.9x	12.9x	10.8x	10.1x	-6%	-10%	-11%	-21%	-22%	5%	3.8%	56%	Buy	$172	147%	Buy	$84	22%
		180,576																**18.7x**	**17.1x**	**15.6x**	**13.7x**	**12.7x**	**12%**	**10%**	**7%**	**1%**	**-2%**	**6.5%**	**3.4%**	**58%**						
Gas LDCs																																				
NI	$26.33	10,881	1.57	1.68	1.82	1.95	2.07	1.58	1.68	1.81	1.94	2.07	–	–	–	–	–	16.7x	15.7x	14.6x	13.5x	12.7x	-0%	1%	0%	-1%	-1%	7%	4.0%	63%	Buy	$30	18%	Buy	$31	23%
CPK	$110.78	1,972	5.42	5.84	6.23	6.59	6.94	5.32	5.80	6.25	6.59	6.95	0.10	0.04	–	–	–	20.8x	19.1x	17.7x	16.8x	15.9x	25%	23%	22%	23%	24%	7%	2.2%	43%	Neutral	$112	3%	Buy	$134	23%
NJR	$42.15	4,112	2.67	2.74	2.94	3.10	3.34	2.67	2.75	2.96	3.17	3.42	–	–	–	(0.07)	(0.08)	15.8x	15.3x	14.3x	13.3x	12.3x	-5%	-1%	-2%	-2%	-4%	6%	3.9%	60%	Neutral	$47	15%	Neutral	$51	25%
NWN	$39.60	1,390	2.65	2.83	2.98	3.09	3.21	2.68	2.78	3.01	3.05	3.23	–	0.05	–	0.04	–	14.8x	14.2x	13.2x	13.0x	12.3x	-11%	-8%	-9%	-5%	-5%	5%	5.0%	71%	Neutral	$42	11%	Buy	$49	29%
OGS	$74.11	4,109	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.96	5.31	–	(0.06)	(0.04)	–	–	17.9x	17.2x	16.2x	14.9x	14.0x	7%	11%	12%	10%	8%	10%	3.6%	63%	Neutral	$73	2%	Neutral	$78	9%
SR	$58.57	3,081	4.20	4.31	4.57	4.73	4.99	4.20	4.31	4.63	4.83	5.06	–	–	(0.06)	(0.10)	(0.07)	13.9x	13.6x	12.7x	12.1x	11.6x	-17%	-13%	-13%	-11%	-10%	5%	5.1%	69%	Neutral	$65	16%	Neutral	$68	21%
		25,545																**16.7x**	**15.9x**	**14.8x**	**13.9x**	**13.1x**	**-0%**	**2%**	**2%**	**2%**	**2%**	**6.7%**	**4.0%**	**62%**						
Regulated Water																																				
AWK	$138.25	26,913	4.84	5.14	5.59	5.98	6.45	4.80	5.13	5.59	6.05	6.46	0.04	–	–	(0.07)	–	28.8x	26.9x	24.7x	22.9x	21.4x	72%	74%	70%	68%	66%	7%	2.1%	58%	Neutral	$147	8%	Buy	$158	16%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$106.92	34,385	3,150	3,451	3,509	3,346	3,804	3,492	3,959	3,831	3,780	3,875	(342)	(507)	(322)	(434)	(71)	11.0x	9.5x	9.5x	9.3x	8.7x	38,518	37,688	36,360	35,217	33,797	9.6%	1.2%	22%	Buy	$97	-8%	Buy	$109	3%
NRG	$37.00	8,477	3,181	3,122	3,126	3,042	3,107	3,039	3,173	3,230	2,827	3,032	142	(51)	(104)	215	75	5.9x	5.3x	4.7x	4.9x	4.1x	18,015	16,792	15,312	13,931	12,476	21.2%	4.3%	29%	Neutral	$34	-4%	Neutral	$41	14%
VST	$30.01	11,031	3,700	3,755	3,792	3,621	3,535	3,748	4,079	4,019	3,711	3,971	(48)	(324)	(227)	(91)	(437)	6.2x	5.7x	5.6x	6.0x	5.6x	23,378	23,211	22,637	22,194	22,152	6.8%	2.9%	25%	Buy	$31	6%	Buy	$34	17%
Other																																				
NEP	$47.30	4,419	1,837	1,977	2,143	2,325	2,471	1,933	2,164	2,386	2,468	2,516	(96)	(187)	(243)	(143)	(45)												7.9%	–	Buy	$74	64%	Buy	$77	71%
SMR	$5.82	433	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	209%	Buy	$12	113%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

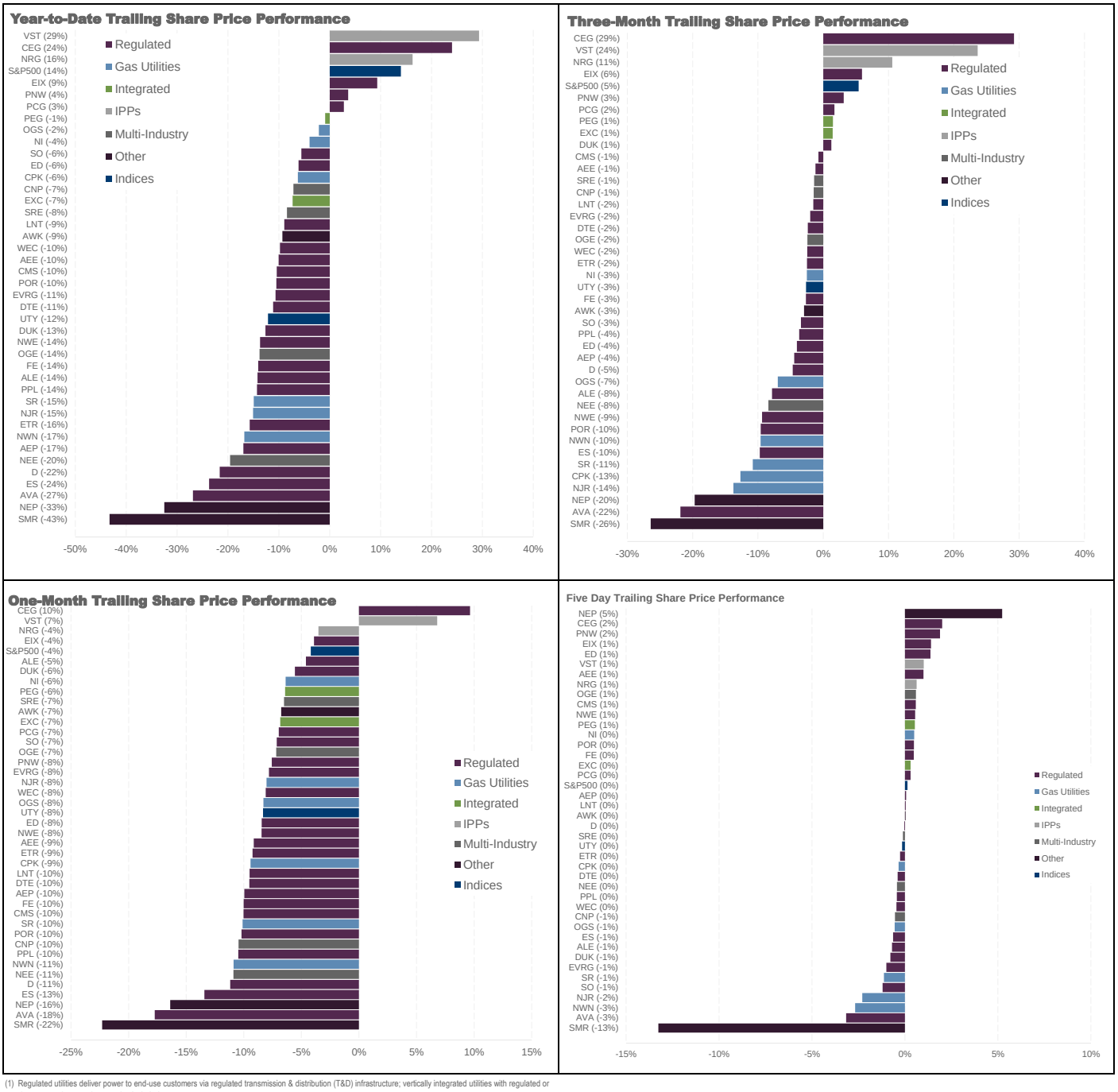

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix

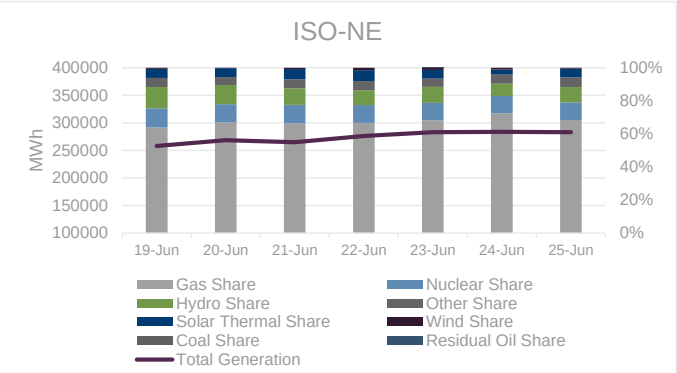

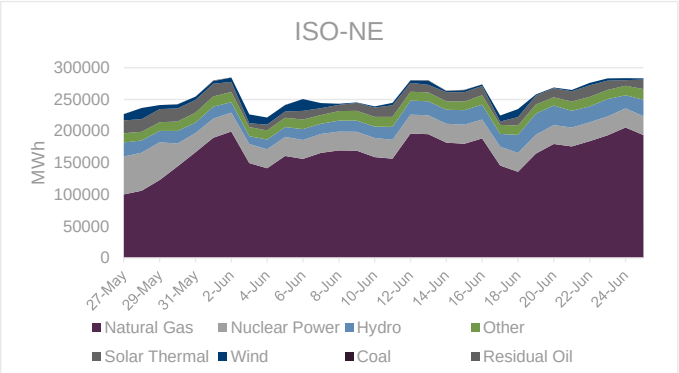

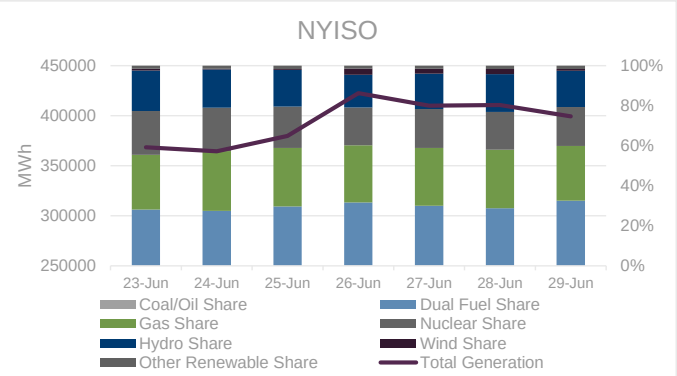

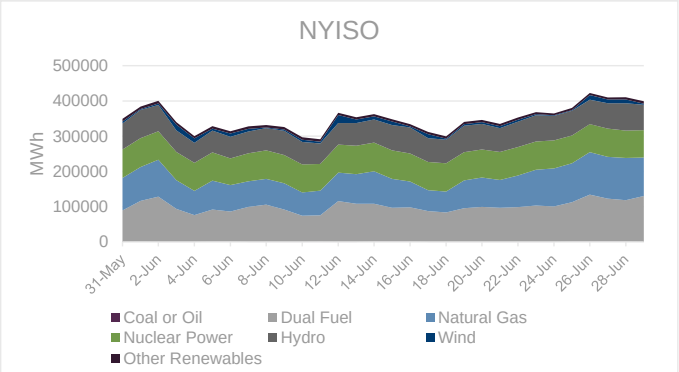

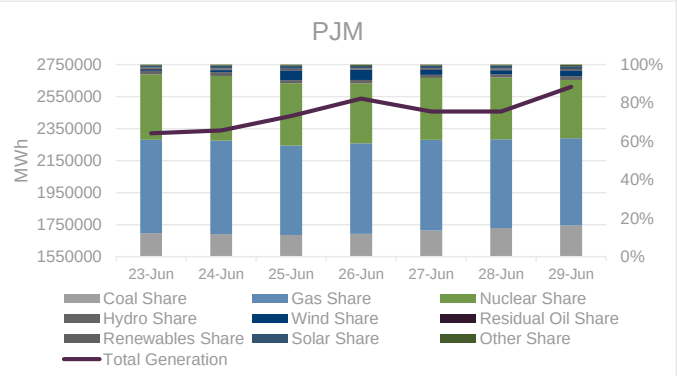

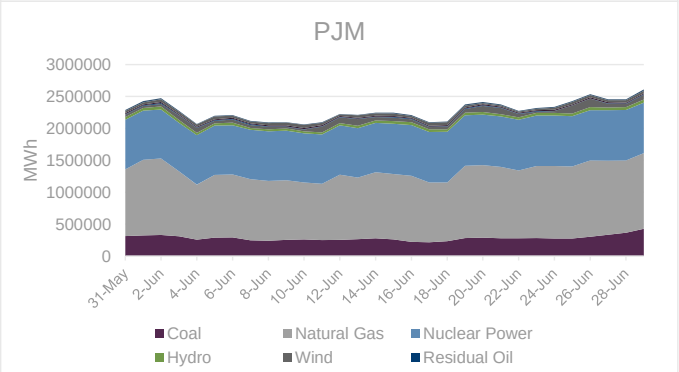

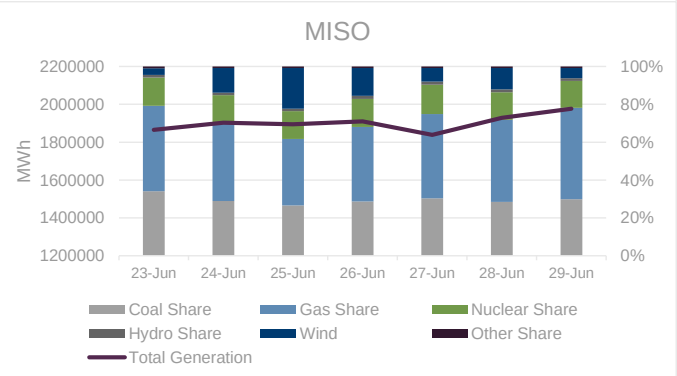

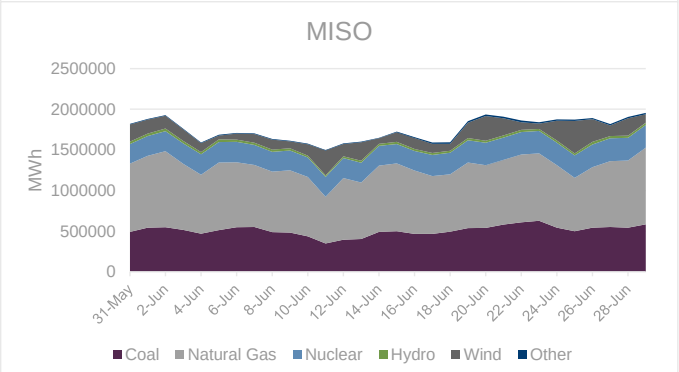

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix (continued)

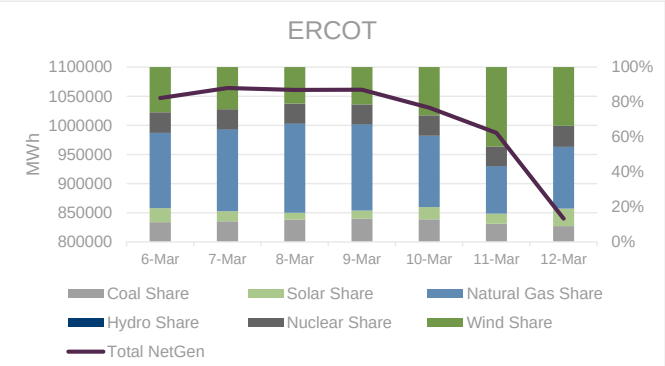

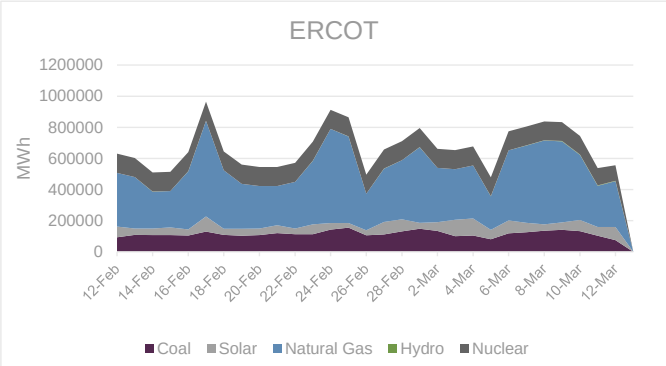

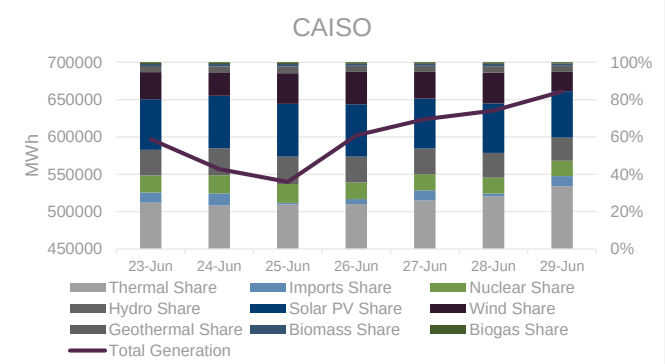

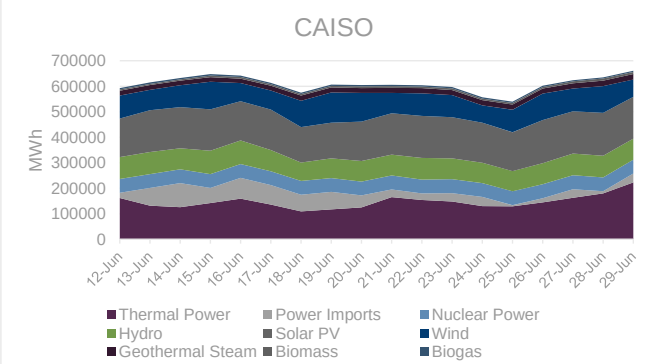

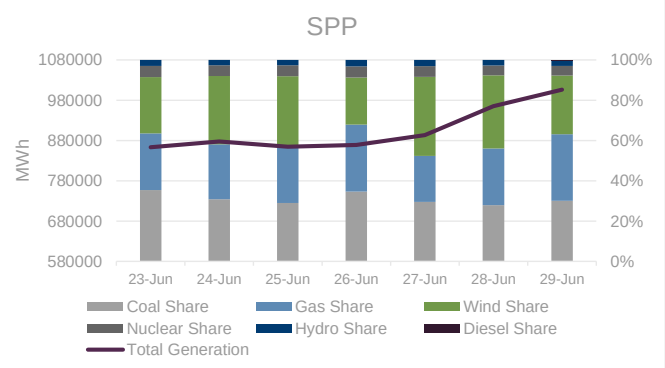

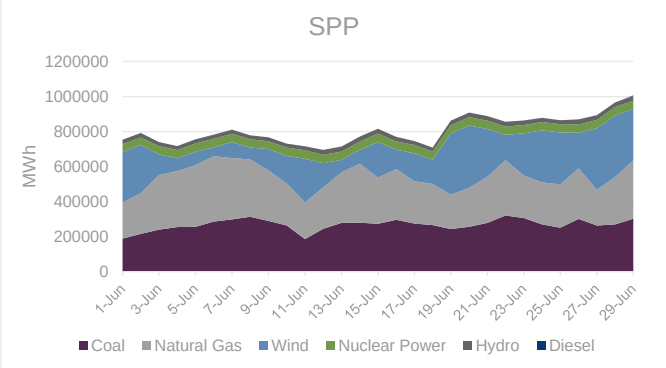

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Weather

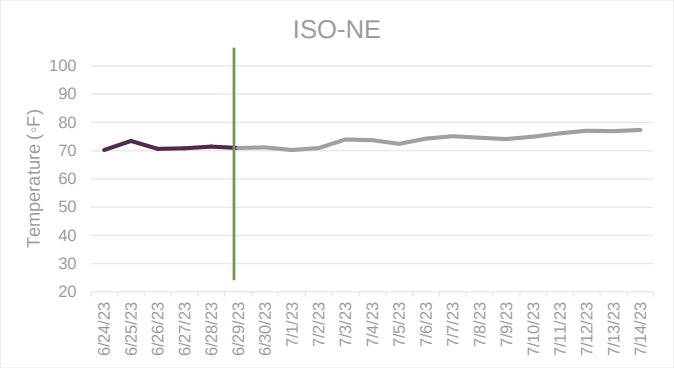

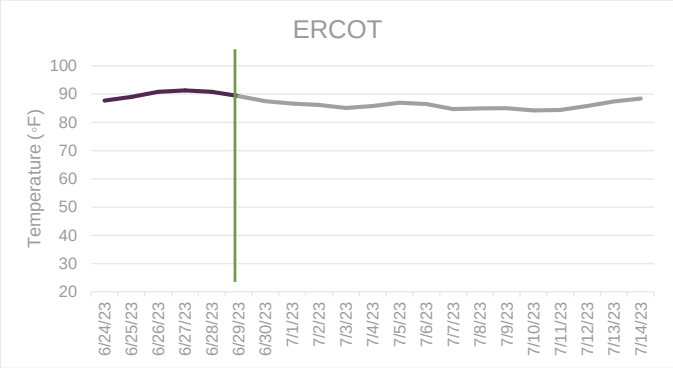

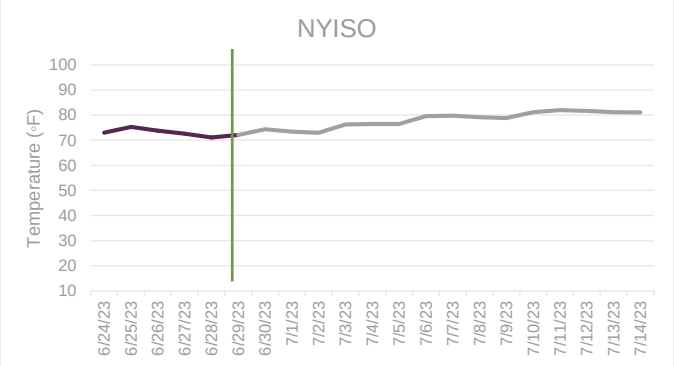

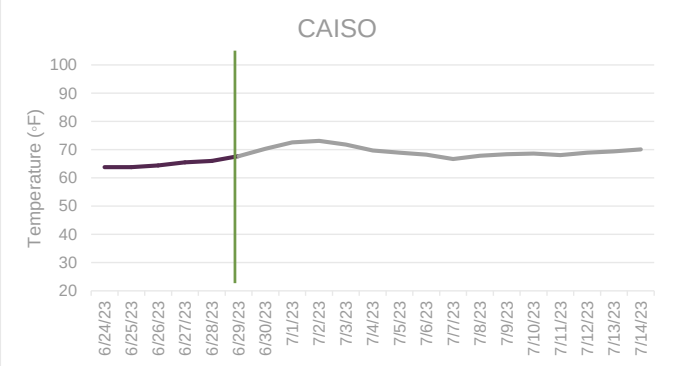

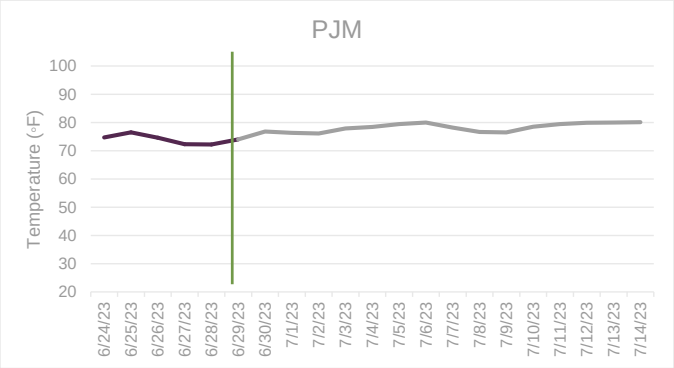

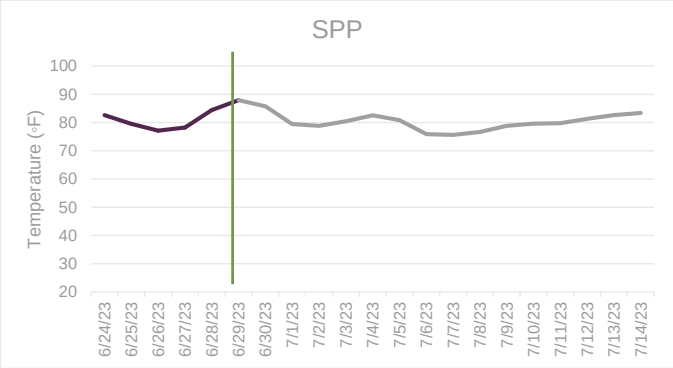

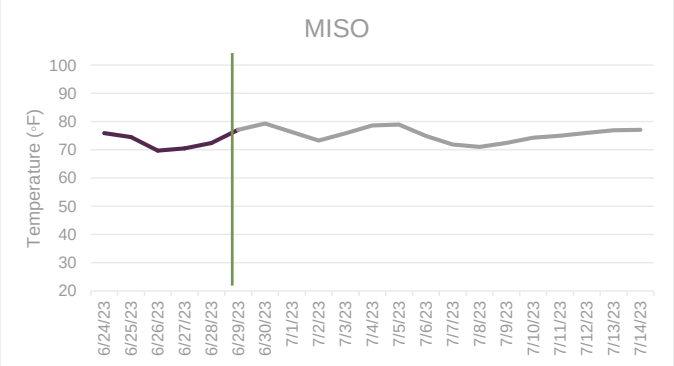

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

YTD Peak Load

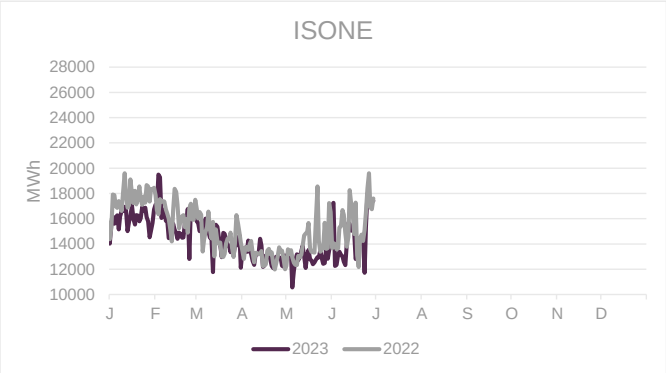

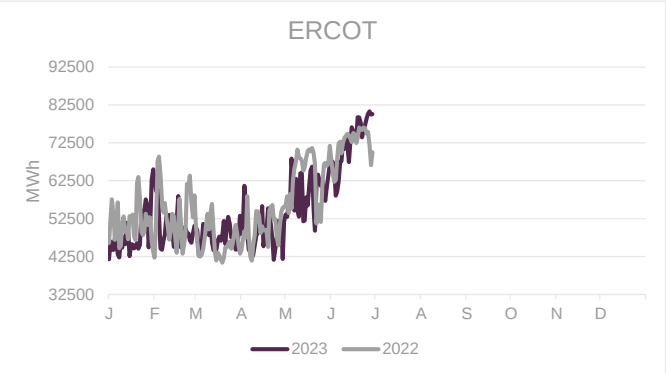

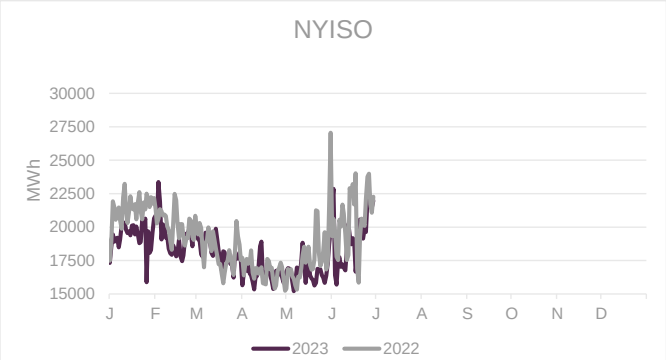

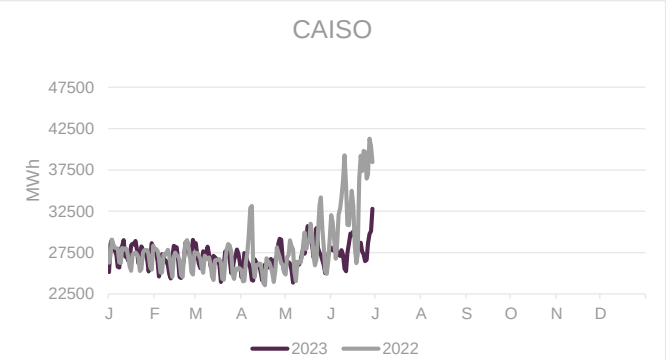

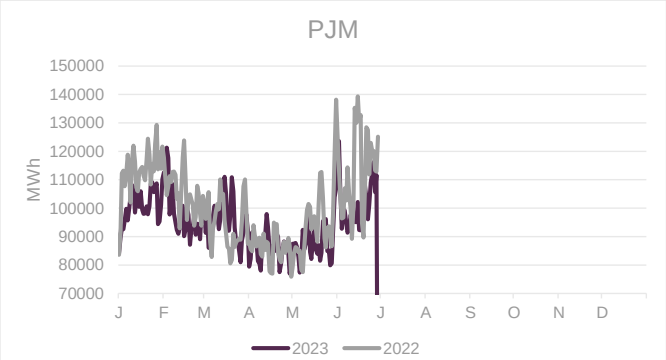

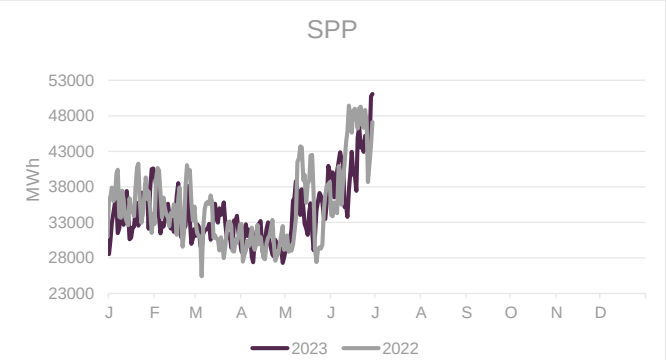

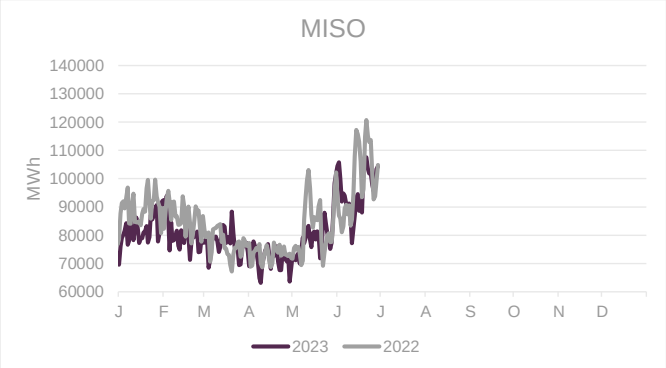

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	66.85%	42	16.94%
NEUTRAL	113	30.46%	6	5.31%
SELL	10	2.70%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CNP	28.28	Buy
DTE	104.80	Buy
DUK	89.63	Buy
EXC	39.74	Buy
POR	43.87	Buy
PPL	25.22	Buy

Power & Utilities

August 22, 2023

The Guggenheim Daily Transmission: POR, EXC/NJ, NC/DUK, EXC/DC, CNP, PPL/KY, DTE

For details on our Guggenheim-hosted client Utility events including our CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

Please see our sector-wide note on the country's evolving regulatory jurisdictions HERE, our updated mid-year utility sector valuation analysis HERE.

POR – 1st, 2nd, and 3rd partial stipulations docketed

EXC/NJ – ACE updates case for actual test year results

NC/DUK – Pro-nuclear legislation moves forward in NC

EXC/DC – OPC and AG push back on proposed modifications to Pepco MYP case schedule

CNP – CenterPoint appoints new independent Board chair

PPL/KY – Hearings to commence at KY PSC for CPCN

DTE – Fermi taken offline

POR – 1st, 2nd, and 3rd partial stipulations docketed

- PGE, alongside multiple intervenors, has reached two stipulations (1st and 3rd) concerning multiple NVPC items and one stipulation (the 2nd) concerning the GRC
- The first partial stipulation primary contains NVPC resolutions, as reached back in June is HERE
- The third stipulation primarily pertains to additional NVPC issues (Beaver cycling, inclusion of a physical gas call option, RCE modeling, and WA CCA costs) – see HERE
- Testimony explaining the first and third stipulations is HERE
- The second stipulation includes several GRC issue resolutions, including a black box settlement on several rate base items (Reducing rate base by $27.5M and the rev req by $4.25M), several black box items on O&M, and a series of miscellaneous items (50/50 cap structure, cost of debt, Boardman item, load forecasting, etc.)
- More HERE

Guggenheim takeaway: *The details of these stipulations appear to hew closely to the commentary from management on the 2Q call, where they laid out areas of agreement for potential settlement, including 1) cap structure (50/50), 2) "several core business issues, such as the treatment of the transfer and sale of PTCs," and 3) 'certain' NVPC items. Still the parties have not come to an agreement on 1) cost of capital, 2) the PCAM proposals, or 3) "certain other capital projects."* ***The ROE and recovery of Faraday costs ($188M) remains a key sticking point*** *in our view, and while we asked on the recent 2Q call about potential pathways forward for recovery, management was largely deferential to the process while emphasizing the value and complexity of hydro construction. We expect there could be some level of disallowance, however we continue to see this as a discrete issue (cost/time overruns on a very old hydro refurbishment). As a reminder, we wrote last month on the details of the initial testimony in our note HERE. At this point, based on management's commentary, we also do not expect movement on the PCAM proposal. We upgraded POR to BUY last week – see our note HERE.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

EXC/NJ – ACE updates case for actual test year results

- "The Company's original Petition requested a net annual increase in current retail base rates for electric service of $104.8 million ($111.73 million, including Sales and Use Tax) to cover its cost of service. The revenue requirement calculation associated with this 12+0 Update, for the 12 month period ended June 30, 2023, is $91,979,736. This updated revenue requirement is $1,571,817 lower than the $93,551,552 revenue requirement proposed in the nine months actual, three months forecasted test period results." - filing
- More HERE

Guggenheim takeaway: *Procedural tweak as ACE continues to work through the initial stages of its case and intervenor testimony approaches on 9/1. ACE had previously filed its 9+3 update on 6/1. As a reminder, ACE is EXC's smallest utility (~6% of EXC).*

NC/DUK – Pro-nuclear legislation moves forward in NC

- Yesterday, the bill was referred to the Committee on Rules and Operations of the Senate.
- Recall that the bill has already been passed by the state Senate.
- North Carolina Senate Bill 678

Guggenheim takeaway: *In our view, DUK would be the primary beneficiary of this bill, which would redefine "renewable energy" as "clean energy" in order to provide a term that includes nuclear resources and fusion energy, and which specifically eliminates language impeding CPCN issuance for nuclear facilities.* ***DUK also filed its NC Carbon Plan update and SC IRP last week, which we covered HERE, and HERE, respectively.***

EXC/DC – OPC and AG push back on proposed modifications to Pepco MYP case schedule

- The back and forth comes after Pepco filed earlier proposed modifications to the procedural schedule
- "The Commission must reject the unmanageable and prejudicial procedural schedule attached to Pepco's Motion and instead adopt a procedural schedule based on the District's concerns discussed below" - AG
- More HERE

Guggenheim takeaway: *Data points for your awareness as we monitor the schedule.*

CNP – CenterPoint appoints new independent Board chair

- Yesterday, the company announced that Earl M. Cummings has been appointed by the Board of Directors as its Independent Board Chair.
- Mr. Cummings succeeds Martin H. Nesbitt, who served as Independent Board Chair since July 2021.
- Press release HERE

Guggenheim takeaway: *FYI.*

PPL/KY – Hearings to commence at KY PSC for CPCN

- Formal hearing in this proceeding will occur on August 22, 2023 – August 25, 2023
- More HERE

Guggenheim takeaway: *For your calendars today and this week.*

DTE – Fermi taken offline

- "On 8/20/2023 at 1600 EDT, during plant walkdowns in the drywell while in mode 3 to identify a cause of increasing unidentified leakage rate, reactor coolant system pressure boundary leakage (approximately 2 gpm) was identified on the reactor recirculation sample line between the reactor recirculation sample line inboard isolation valve (B3100F019) and where the sample line taps off the B reactor recirculation jet pump riser. This requires entry into technical specification 3.4.4 condition C, identification of pressure boundary leakage with a required action to be in mode 3 in 12 hours and mode 4 in 36 hours. At 1630 EDT, a technical specification required shutdown to mode 4, cold shutdown, was initiated." - NRC
- More HERE

Guggenheim takeaway: *Minor FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

CMS Energy Corporation (CMS)

Garrick Rochow, *President & Chief Executive Officer*

Rejji Hayes, *Chief Financial Officer*

Dates & Locations

Wednesday, August 30, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $17.7bn

CMS Energy Corp (CMS) engages in the provision of electric and natural gas activities. It operates through the following business segments: Electric Utility, Gas Utility, and NorthStar Clean Energy. The Electric Utility segment focuses on generation, purchase, distribution, and sale of electricity. The Gas Utility segment includes purchase, transmission, storage, distribution, and sale of natural gas. The NorthStar Clean Energy segment is involved in domestic independent power production including the development and operation of renewable generation and the marketing of independent power production. The company was founded in 1987 and is headquartered in Jackson, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Portland General Electric Company (POR)

Joseph Trpik, *Chief Financial Officer*
Nick White, *Investor Relations*

Dates & Locations

September 18, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $4.75bn
Portland General Electric Co (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	8/30	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Comp Sheet

8/21/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.59	3,191	3.70	4.17	4.56	4.87	5.07	3.68	4.05	4.31	4.83	5.05	–	0.12	0.25	0.04	–	15.1x	13.7x	12.9x	11.5x	11.0x	-9%	-11%	-11%	-15%	-14%	8.4%	5.0%	71%	Sell	$49	-7%	Neutral	$63	18%
AVA	$33.06	2,530	2.28	2.49	2.61	2.67	2.73	2.30	2.46	2.58	2.67	2.75	–	0.03	–	–	–	14.4x	13.4x	12.8x	12.4x	12.0x	-14%	-13%	-12%	-9%	-6%	5.2%	5.7%	79%	Sell	$33	6%	Sell	$39	22%
NWE	$51.49	3,092	3.42	3.55	3.75	3.91	4.08	3.41	3.60	3.78	3.87	3.98	–	(0.05)	–	0.04	0.10	15.1x	14.3x	13.6x	13.3x	12.9x	-9%	-8%	-6%	-2%	0%	5.1%	5.0%	74%	Sell	$48	-2%	Buy	$59	20%
POR	$43.87	4,435	2.66	3.05	3.21	3.38	3.55	2.69	3.05	3.24	3.37	3.55	–	–	–	–	–	16.3x	14.4x	13.6x	13.0x	12.4x	-2%	-7%	-7%	-5%	-4%	5.3%	4.4%	67%	Buy	$48	14%	Buy	$51	22%
		13,247																**15.2x**	**14.0x**	**13.2x**	**12.6x**	**12.1x**	**-9%**	**-10%**	**-9%**	**-8%**	**-6%**	**6.0%**	**5.1%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$80.07	21,016	4.35	4.67	5.05	5.40	5.68	4.38	4.68	5.02	5.38	5.70	–	–	–	–	–	18.3x	17.1x	15.9x	14.9x	14.1x	10%	10%	10%	9%	9%	6.6%	3.3%	57%	Neutral	$85	9%	Buy	$90	15%
AEP	$78.56	40,472	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.97	6.32	6.78	0.04	0.04	0.03	0.07	–	14.9x	14.0x	13.2x	12.4x	11.6x	-11%	-9%	-9%	-9%	-10%	6.0%	4.4%	63%	Buy	$96	27%	Buy	$97	28%
CMS	$56.36	16,442	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.61	3.89	4.18	–	0.05	0.04	–	0.08	18.1x	16.8x	15.6x	14.5x	13.5x	9%	8%	7%	6%	5%	8.1%	3.6%	63%	Neutral	$61	12%	Buy	$66	21%
CNP	$28.28	17,800	1.50	1.61	1.73	1.87	2.03	1.49	1.62	1.73	1.87	2.02	–	–	–	–	–	19.0x	17.5x	16.3x	15.1x	14.0x	14%	13%	12%	11%	9%	9.5%	2.7%	49%	Buy	$34	23%	Buy	$33	19%
D	$48.12	40,266	3.37	3.54	3.75	4.24	4.50	3.57	3.58	3.76	4.23	4.36	(0.20)	(0.04)	–	–	0.14	13.5x	13.5x	12.8x	11.4x	11.0x	-19%	-13%	-12%	-17%	-14%	1.4%	5.6%	76%	Buy	$56	22%	Neutral	$56	23%
DTE	$104.80	21,600	6.26	6.73	7.19	7.75	8.30	6.23	6.68	7.14	7.75	8.28	0.03	0.05	0.05	–	–	16.8x	15.7x	14.7x	13.5x	12.7x	1%	1%	1%	-1%	-2%	6.4%	3.8%	61%	Buy	$124	22%	Buy	$125	23%
DUK	$89.63	69,105	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.33	6.71	7.13	–	0.08	–	0.04	–	15.9x	15.0x	14.2x	13.3x	12.6x	-4%	-3%	-2%	-2%	-2%	6.3%	4.6%	71%	Buy	$102	18%	Buy	$103	19%
ED	$88.71	30,598	4.86	5.19	5.50	5.81	6.02	4.89	5.23	5.52	5.85	6.13	(0.03)	(0.04)	–	(0.04)	(0.11)	18.1x	16.9x	16.1x	15.2x	14.5x	9%	9%	11%	11%	13%	5.6%	3.7%	65%	Neutral	$85	-0%	Neutral	$90	6%
EIX	$69.01	26,451	4.71	4.98	5.48	5.71	6.03	4.72	5.10	5.57	5.92	6.20	–	(0.12)	(0.09)	(0.21)	(0.17)	14.6x	13.5x	12.4x	11.7x	11.1x	-12%	-13%	-15%	-14%	-14%	5.5%	4.4%	61%	Neutral	$74	12%	Buy	$75	13%
ES	$63.85	22,289	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.95	5.30	5.64	–	0.08	0.05	(0.06)	(0.15)	14.6x	13.8x	12.9x	12.0x	11.3x	-12%	-11%	-11%	-12%	-12%	6.1%	4.4%	62%	Buy	$80	30%	Buy	$82	32%
ETR	$95.08	20,105	6.71	7.16	7.76	8.31	8.97	6.68	7.17	7.70	8.22	8.82	–	–	0.06	0.09	0.15	14.2x	13.3x	12.3x	11.6x	10.8x	-15%	-14%	-15%	-15%	-16%	6.9%	4.7%	64%	Buy	$113	24%	Buy	$118	29%
EVRG	$56.08	12,875	3.65	3.97	4.24	4.47	4.75	3.63	3.95	4.23	4.44	4.69	–	–	–	0.03	0.06	15.4x	14.2x	13.3x	12.6x	11.9x	-7%	-9%	-9%	-7%	-7%	4.8%	4.6%	67%	Buy	$68	26%	Buy	$64	19%
EXC	$39.74	39,513	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.90	3.11	–	–	–	0.03	–	16.9x	15.8x	14.6x	13.7x	12.8x	1%	2%	1%	1%	-1%	6.4%	3.8%	62%	Buy	$45	17%	Buy	$45	18%
FE	$35.89	20,578	2.54	2.69	2.89	3.07	3.27	2.54	2.68	2.87	3.07	3.25	–	–	–	–	–	14.1x	13.4x	12.5x	11.7x	11.0x	-15%	-14%	-14%	-14%	-14%	6.3%	4.5%	61%	Buy	$44	27%	Buy	$42	22%
LNT	$50.28	12,707	2.90	3.08	3.27	3.50	3.67	2.89	3.08	3.29	3.47	3.67	–	–	–	–	–	17.4x	16.3x	15.3x	14.5x	13.7x	5%	5%	5%	6%	6%	6.1%	3.7%	62%	Neutral	$49	1%	Buy	$56	15%
OGE	$33.81	6,772	2.02	2.16	2.25	2.37	2.48	2.01	2.13	2.26	2.39	2.49	–	–	–	–	–	16.8x	15.9x	15.0x	14.1x	13.6x	1%	2%	3%	4%	5%	2.8%	5.0%	81%	Neutral	$36	11%	Neutral	$38	17%
PCG	$16.68	34,882	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	13.8x	12.4x	11.4x	10.5x	9.6x	-17%	-20%	-21%	-23%	-25%	9.7%	0.9%	12%	Buy	$21	27%	Buy	$19	15%
PEG	$60.24	30,066	3.45	3.67	4.10	4.29	4.59	3.45	3.69	4.04	4.24	4.47	–	–	0.06	0.05	0.12	17.5x	16.3x	14.9x	14.2x	13.5x	5%	5%	3%	4%	5%	5.8%	3.9%	65%	Buy	$70	20%	Buy	$67	15%
PNW	$77.68	8,802	4.20	5.00	5.15	5.25	5.40	4.20	4.95	5.13	5.31	5.47	–	0.05	–	(0.06)	(0.07)	18.5x	15.7x	15.1x	14.6x	14.2x	11%	1%	4%	7%	10%	4.9%	4.6%	75%	Neutral	$83	11%	Neutral	$81	8%
PPL	$25.22	18,589	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	16.0x	14.8x	13.9x	13.0x	12.3x	-4%	-5%	-5%	-4%	-5%	8.0%	4.0%	61%	Buy	$31	27%	Buy	$31	26%
SO	$67.61	73,797	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.30	4.53	4.73	–	–	–	–	0.07	18.8x	16.8x	15.7x	14.9x	14.3x	13%	8%	8%	10%	11%	5.9%	4.2%	73%	Buy	$80	23%	Buy	$73	13%
WEC	$85.09	26,840	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.25	5.61	5.99	–	–	–	–	–	18.5x	17.3x	16.2x	15.2x	14.2x	11%	12%	12%	11%	10%	6.1%	3.8%	67%	Neutral	$94	14%	Buy	$98	19%
Mid/Lg Cap (excl. EIX, PCG)																		**16.7x**	**15.5x**	**14.5x**	**13.6x**	**12.9x**						**6.0%**	**4.2%**	**65%**						
SMID + Lg Cap		**624,814**																**16.4x**	**15.2x**	**14.3x**	**13.5x**	**12.7x**						**6.0%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$67.08	135,751	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	(0.03)	(0.14)	21.5x	20.2x	18.2x	16.7x	15.2x	29%	30%	25%	22%	18%	8%	3.0%	61%	Buy	$86	31%	Buy	$90	37%
SRE	$71.11	44,750	9.00	9.50	10.13	10.80	11.71	4.49	4.79	5.11	5.49	5.87	4.51	4.71	5.02	5.31	5.84	15.8x	14.8x	13.9x	13.0x	12.1x	-5%	-4%	-4%	-5%	-6%	5%	3.5%	53%	Buy	$172	145%	Buy	$79	14%
		180,501																**18.7x**	**17.5x**	**16.1x**	**14.8x**	**13.7x**	**12%**	**13%**	**11%**	**9%**	**6%**	**6.5%**	**3.2%**	**57%**						
Gas LDCs																																				
NI	$26.34	10,885	1.57	1.68	1.82	1.95	2.07	1.58	1.68	1.81	1.94	2.07	–	–	–	–	–	16.7x	15.7x	14.6x	13.5x	12.7x	0%	1%	0%	-1%	-1%	7%	4.0%	63%	Buy	$30	18%	Buy	$31	23%
CPK	$110.91	1,974	5.42	5.84	6.23	6.59	6.94	5.32	5.80	6.25	6.59	6.95	0.10	0.04	–	–	–	20.8x	19.1x	17.7x	16.8x	16.0x	25%	23%	22%	23%	24%	7%	2.2%	43%	Neutral	$112	3%	Buy	$134	23%
NJR	$42.87	4,182	2.67	2.74	2.94	3.10	3.34	2.67	2.75	2.96	3.17	3.42	–	–	–	(0.07)	(0.08)	16.1x	15.6x	14.5x	13.5x	12.5x	-4%	0%	-0%	-1%	-3%	6%	3.9%	60%	Neutral	$47	13%	Neutral	$51	23%
NWN	$40.24	1,412	2.65	2.83	2.98	3.09	3.21	2.68	2.78	3.01	3.05	3.23	–	0.05	–	0.04	–	15.0x	14.5x	13.4x	13.2x	12.5x	-10%	-7%	-8%	-3%	-3%	5%	4.9%	71%	Neutral	$42	9%	Buy	$49	27%
OGS	$74.52	4,132	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.96	5.31	–	(0.06)	(0.04)	–	–	18.0x	17.3x	16.3x	15.0x	14.0x	8%	12%	12%	10%	9%	10%	3.6%	63%	Neutral	$73	2%	Neutral	$78	9%
SR	$58.90	3,098	4.20	4.31	4.57	4.73	4.99	4.21	4.31	4.63	4.83	5.06	–	–	(0.05)	(0.10)	(0.07)	14.0x	13.7x	12.7x	12.2x	11.6x	-16%	-12%	-12%	-11%	-10%	5%	5.1%	69%	Neutral	$65	15%	Neutral	$68	21%
		25,684																**16.8x**	**16.0x**	**14.9x**	**14.0x**	**13.2x**	**1%**	**3%**	**2%**	**3%**	**3%**	**6.7%**	**3.9%**	**62%**						
Regulated Water																																				
AWK	$137.49	26,765	4.84	5.14	5.59	5.98	6.45	4.80	5.13	5.59	6.05	6.46	0.04	–	–	(0.07)	–	28.6x	26.8x	24.6x	22.7x	21.3x	72%	73%	69%	67%	65%	7%	2.1%	58%	Neutral	$147	9%	Buy	$158	17%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$106.11	34,124	3,150	3,451	3,509	3,346	3,804	3,436	3,903	3,802	3,708	3,861	(286)	(452)	(293)	(362)	(57)	11.1x	9.6x	9.5x	9.4x	8.7x	38,257	37,427	36,100	34,957	33,536	9.6%	1.2%	23%	Buy	$97	-7%	Buy	$109	4%
NRG	$36.87	8,448	3,181	3,122	3,126	3,042	3,107	3,032	3,211	3,278	2,827	3,032	149	(89)	(153)	215	75	5.9x	5.2x	4.7x	4.9x	4.1x	17,985	16,762	15,283	13,901	12,447	21.2%	4.3%	30%	Neutral	$34	-3%	Neutral	$41	15%
VST	$30.00	11,027	3,700	3,755	3,792	3,621	3,535	3,748	4,079	4,019	3,711	3,971	(48)	(324)	(227)	(91)	(437)	6.2x	5.7x	5.6x	6.0x	5.6x	23,375	23,208	22,634	22,190	22,148	6.8%	2.9%	25%	Buy	$31	6%	Buy	$34	16%
Other																																				
NEP	$44.77	4,183	1,837	1,977	2,143	2,325	2,471	1,976	2,215	2,408	2,475	2,538	(139)	(238)	(265)	(150)	(67)												8.3%	–	Buy	$74	74%	Buy	$77	81%
SMR	$6.53	486	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	176%	Buy	$12	90%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

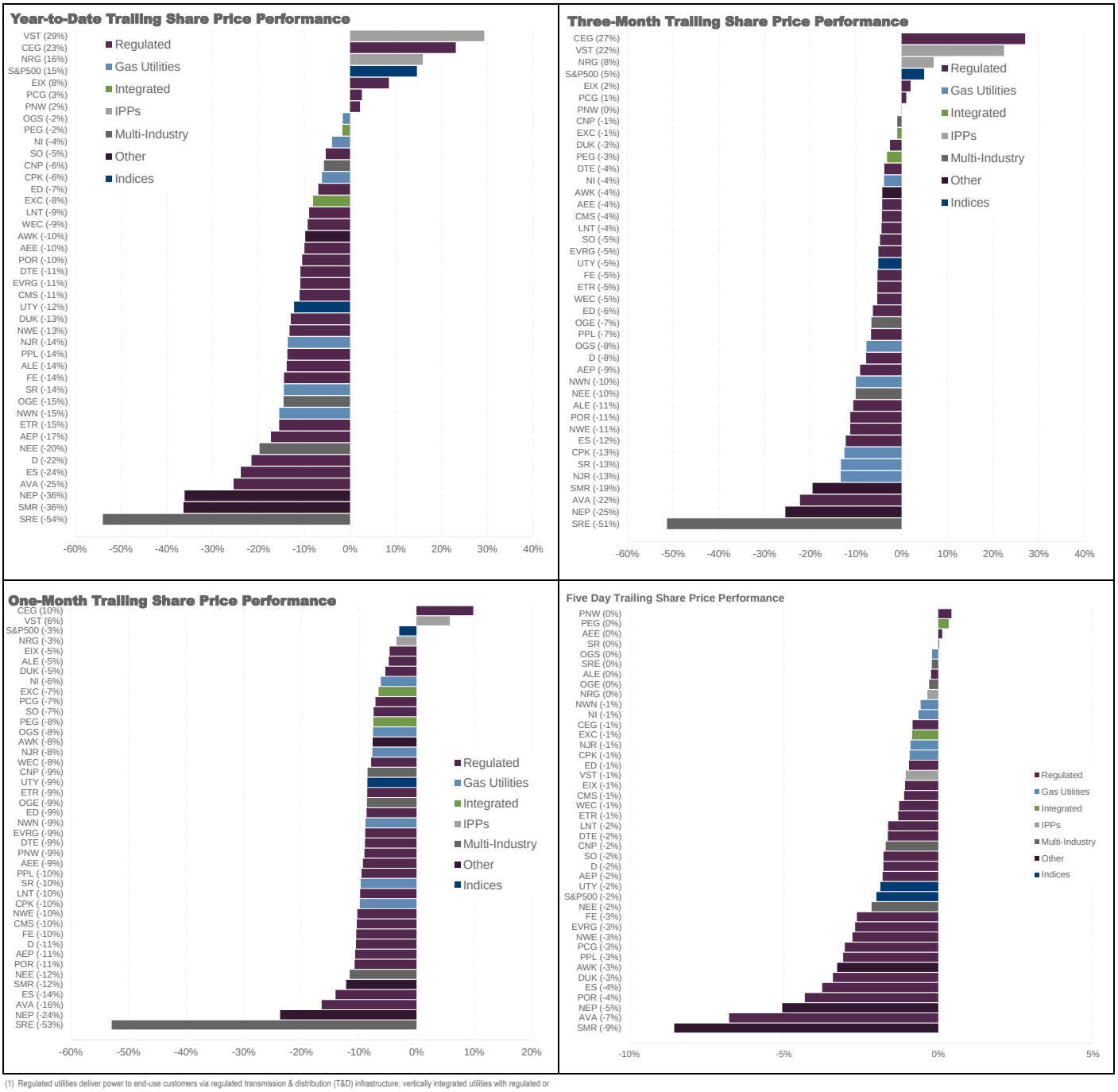

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix

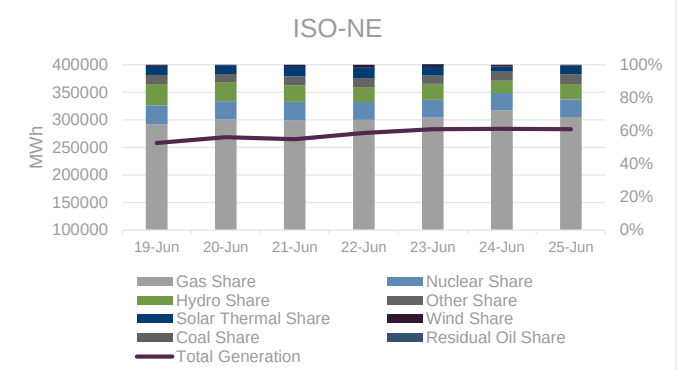

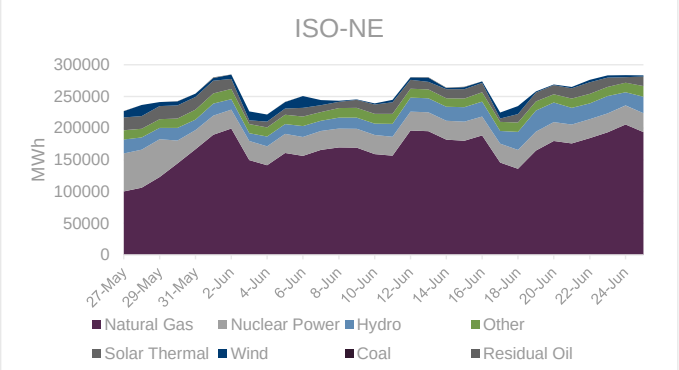

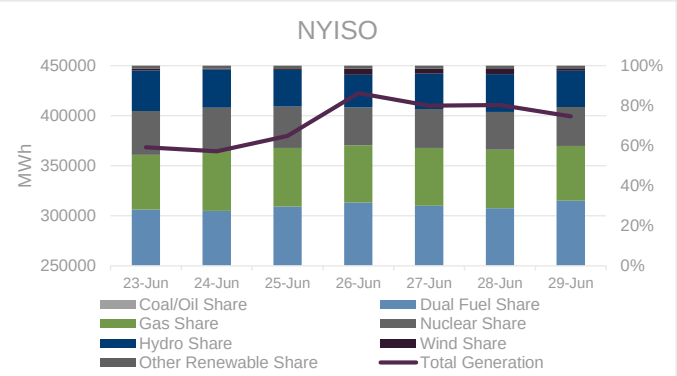

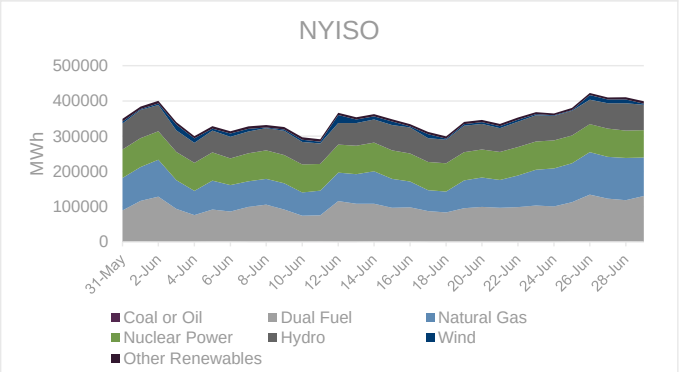

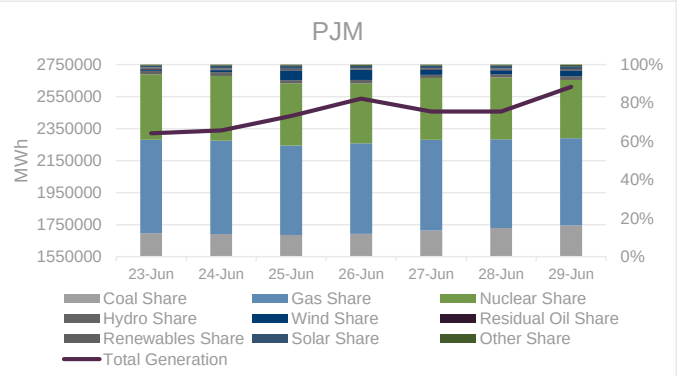

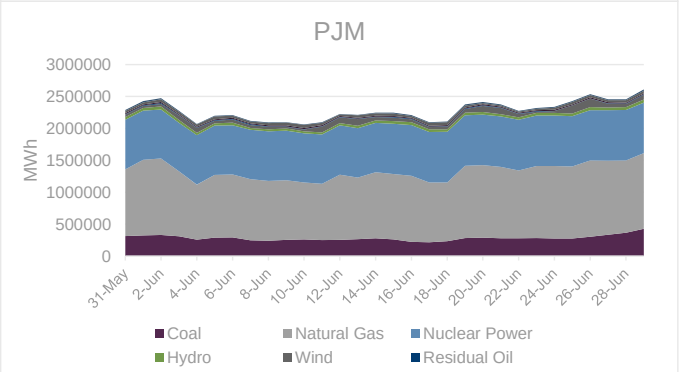

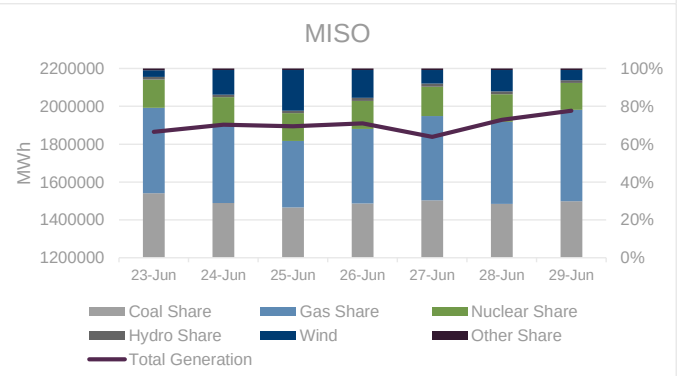

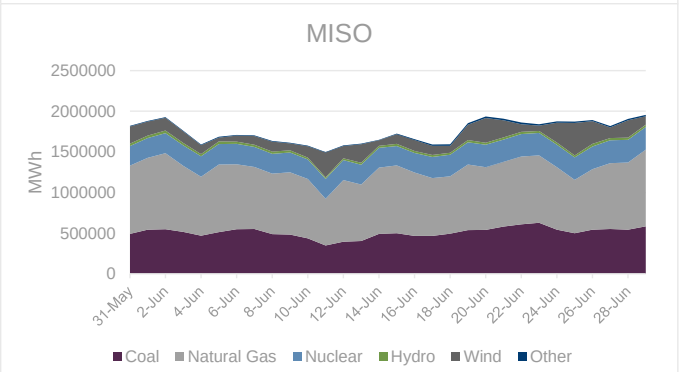

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix (continued)

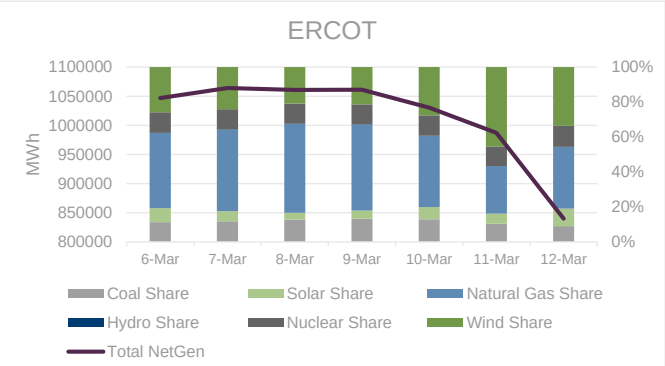

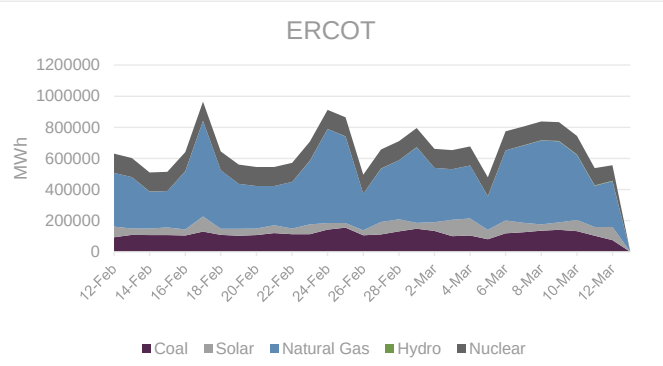

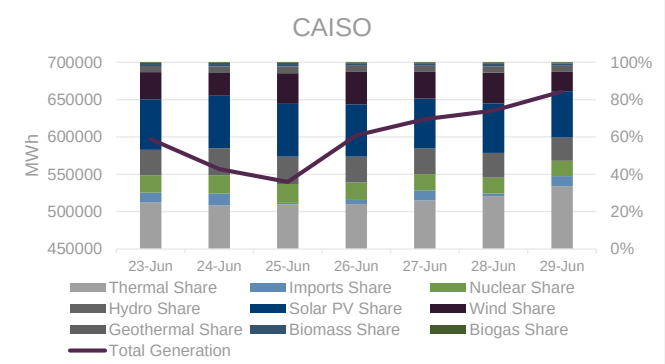

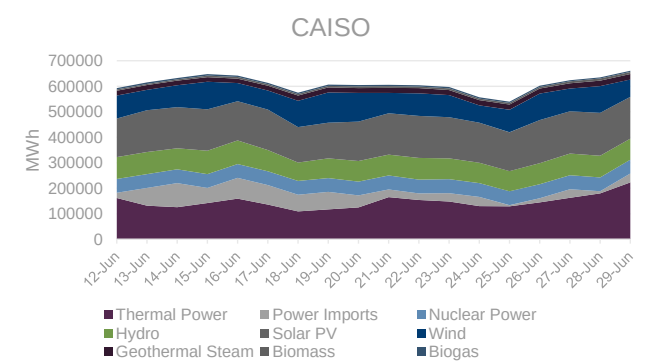

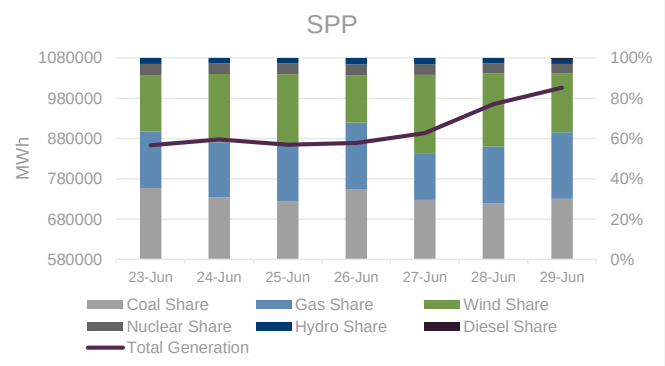

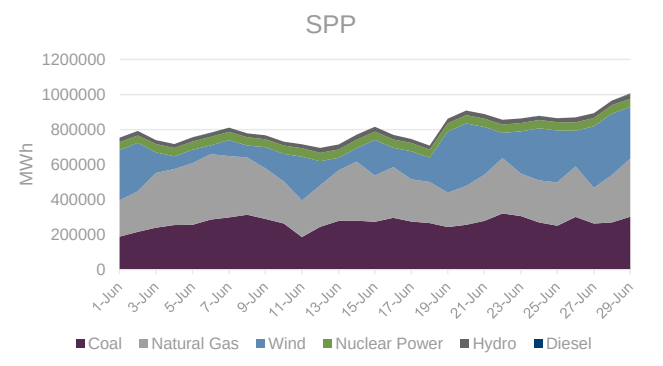

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Weather

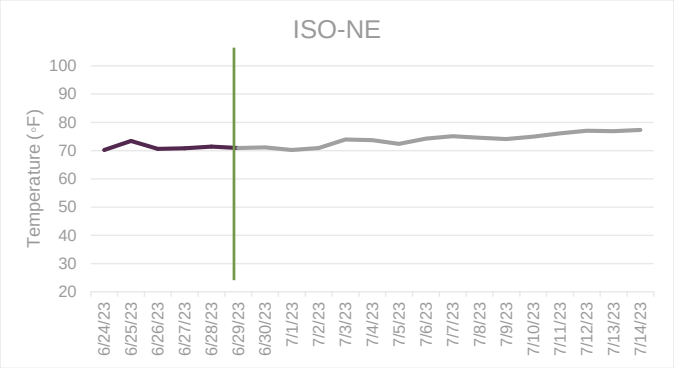

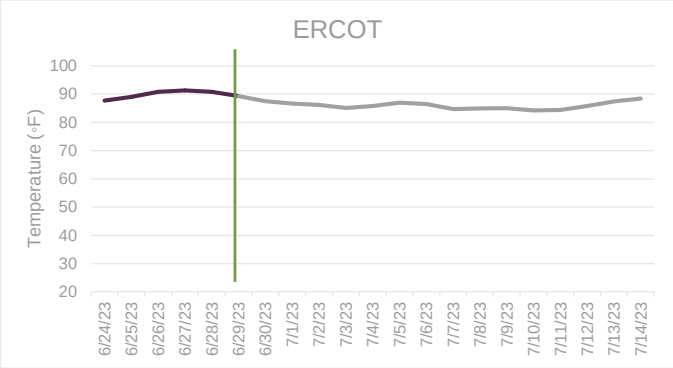

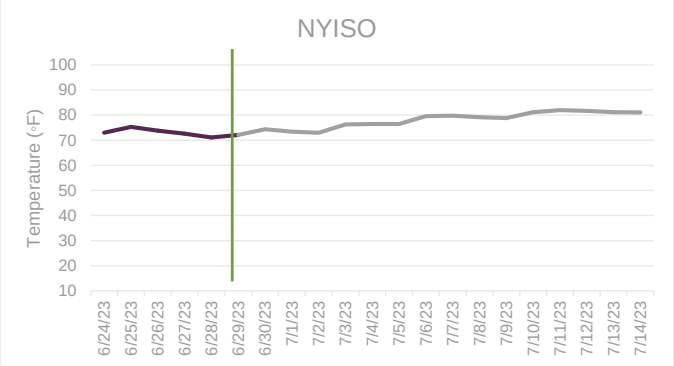

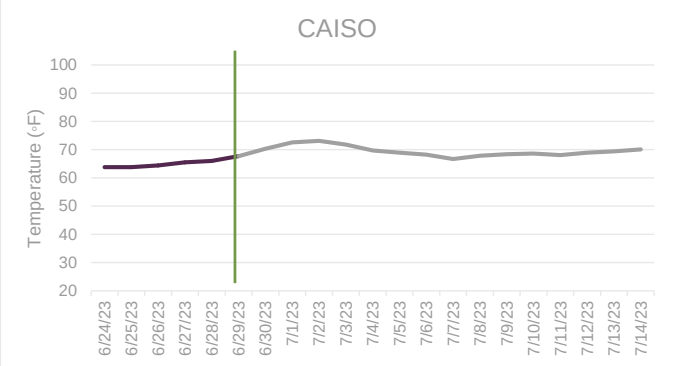

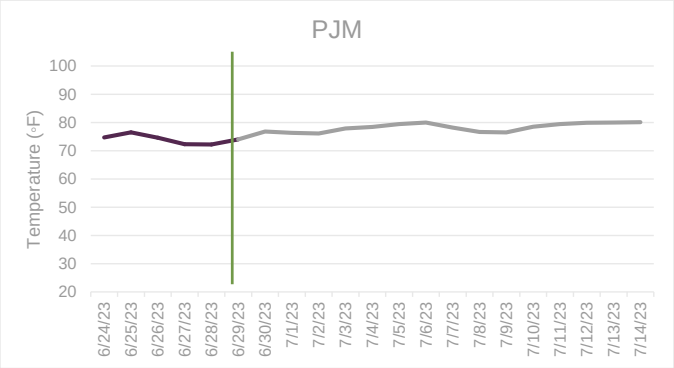

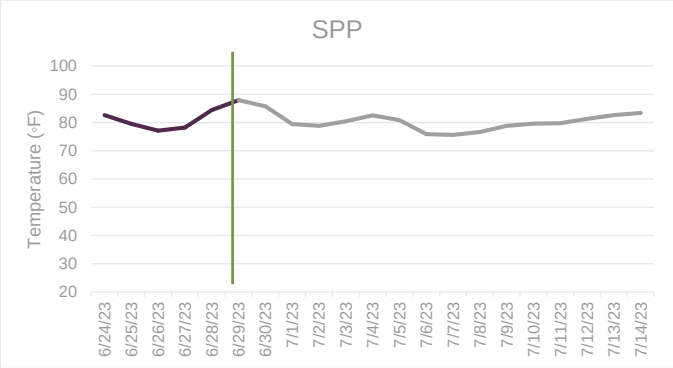

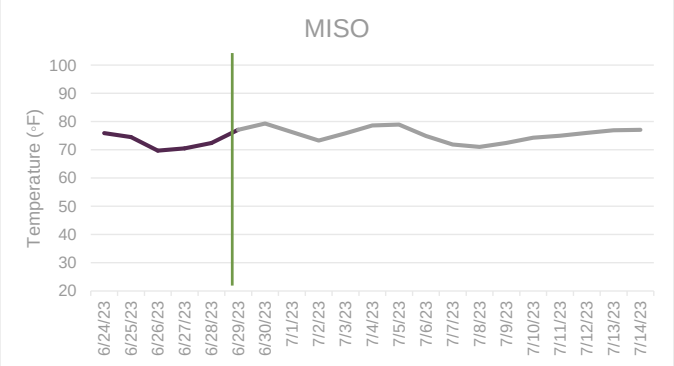

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

YTD Peak Load

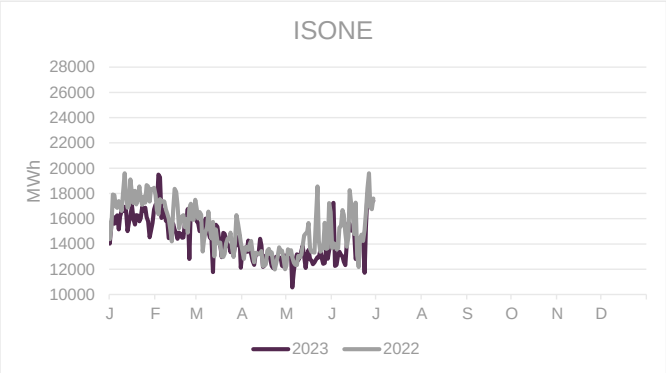

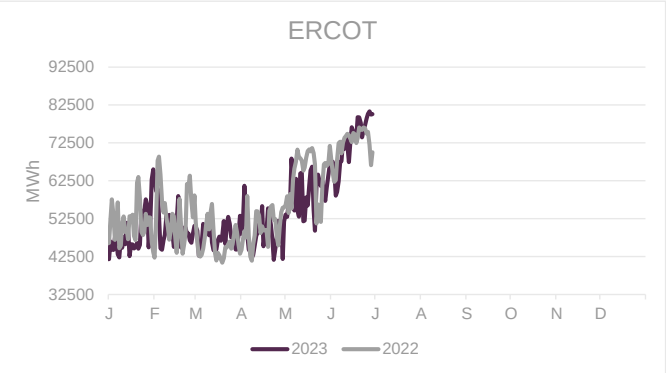

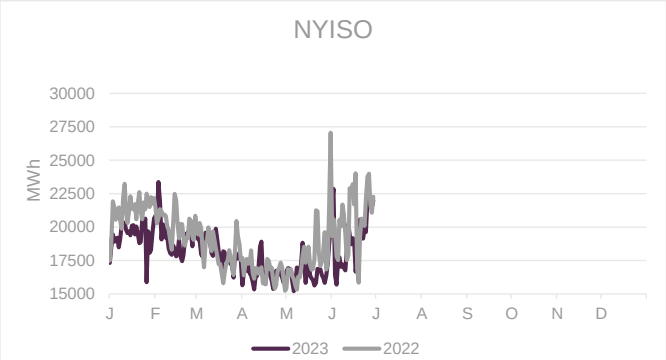

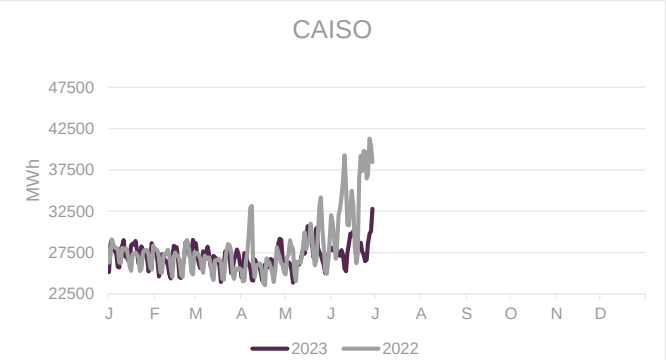

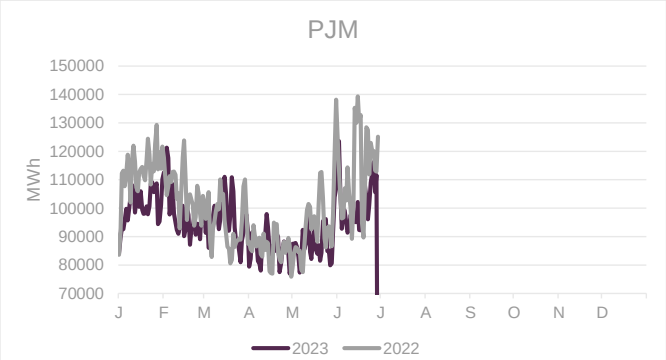

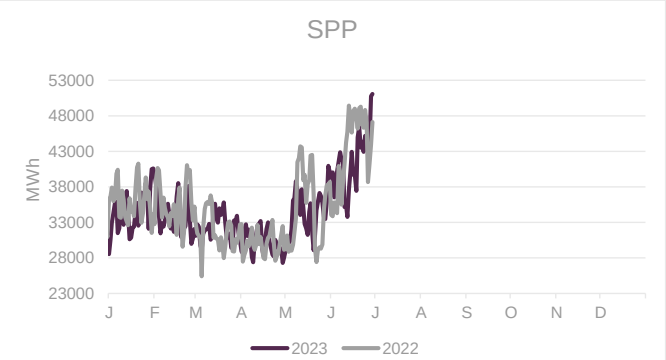

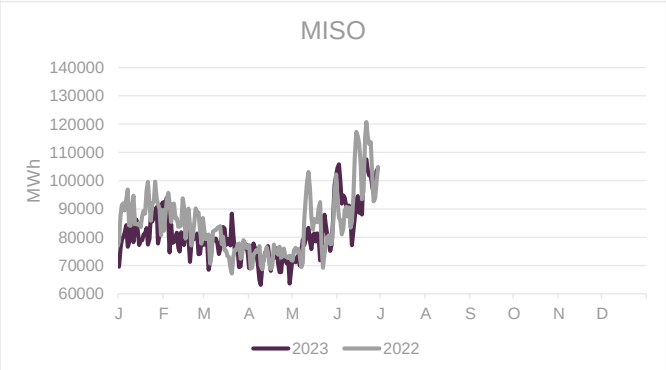

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	66.85%	42	16.94%
NEUTRAL	113	30.46%	6	5.31%
SELL	10	2.70%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	80.57	Neutral
AEP	79.02	Buy
AVA	33.70	Sell
DUK	91.20	Buy
ETR	95.58	Buy
EXC	40.01	Buy
FE	36.17	Buy
PCG	16.72	Buy
PNW	78.25	Neutral

Power & Utilities

August 21, 2023

The Guggenheim Daily Transmission: AZ/PNW, DUK, AVA, PCG, EXC, AEE/IL, AEP, FE, ETR, CA/Fires, CAISO

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

Please see our sector-wide note on the country's evolving regulatory jurisdictions HERE, our updated mid-year utility sector valuation analysis HERE.

Forward Power Curves, Genco MtM, and Weekly Commentary (see our note HERE)

Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson (see our note HERE)

DUK – Constructive final order issued in DEP's North Carolina rate case

AVA – Company reports having had no role in Gray Fire ignition

PCG – PCG responds with additional data to ALJ and TURN requests

EXC – Initial testimony filed in DPL DE case

AEE/IL – Briefs filed in IL gas case

AEP – Julie Sloat elected Chair of AEP's Board effective October 2

FE – PUCO to vote on another six-month investigation deferral on Wednesday

ETR – Briefs opposing exceptions filed in SERI

EXC – Multiple parties file motions to admit additional evidence

CA/Fires – Plant Fire burns over 5K acres in Santa Barbra

CAISO – SoCal hurricane heightens alert at ISO

DUK – Constructive final order issued in DEP's North Carolina rate case

- Friday, the NCUC approved DEP's prior partial settlements and issued an order resolving its first multi-year rate plan (MYRP).
- The order included a 9.80% ROE (vs prior approved level of 9.60%), and also approved the company's requested 53.00% equity layer.
- DEP will implement revised Year 1 rates along with residential decoupling on October 1, 2023.
- More HERE

Guggenheim takeaway: *We caught up with the company over the weekend and this morning. We see this order as constructive even beyond the numbers, as it represents a significant milestone in DUK/NC's journey through the HB951 energy legislation, the NCUC rulemaking process, and now ultimately to the successful culmination of the company's first North Carolina multi-year rate plan. We remind investors that DEC (whose North Carolina rate case is still underway) has hearings scheduled for next week, and so we will be watching for a settlement announcement over the coming week.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

AVA – Company reports having had no role in Gray Fire ignition

- The company reported that a severe windstorm caused the Gray Fire, which has burned more than 10,000 acres around Medical Lake, WA, damaging at least 185 structures.
- Avista has begun an investigation into the wildfire and has so far found no indication that its facilities were involved in its ignition.
- The utility said that it is actively working with first responders, community support agencies and others to help assist those individuals and communities who have been impacted.
- 8-K HERE

Guggenheim takeaway: *We continue to monitor especially given investors' heightened scrutiny with wildfires involving smaller cap utilities.*

PCG – PCG responds with additional data to ALJ and TURN requests

- "Pursuant to the Email Ruling (Ruling) issued August 11, 2023 by Administrative Law Judges DeAngelis and Larsen, PG&E respectfully submits this response providing additional data regarding various memorandum account costs associated with PG&E's requested revenue requirement in the 2023 General Rate Case (GRC). As directed, the data provides information responsive to the questions identified in the Ruling, which clarifies a data request that had been propounded by TURN." - filing
- More HERE

Guggenheim takeaway: *Flagged for your awareness following last week's back and forth in the docket. As we noted then, The CPUC has been vocal in public hearings around the need to get a timely decision done on the PG&E rate case, and commitments to a 3Q resolution of the case. While additional evidentiary filings help set a better case record for a PD, they continue to extend the timeline for potential approval, which is a key component of the capital allocation decisions for PCG, including dividend initiation. Ultimately, we still see an upside to the base capex for PCG even among the bid-ask as system needs are not going away. More on our thesis here.*

EXC – Initial testimony filed in DPL DE case

- The DPA, PSC Staff, and other stakeholders have all field direct testimony in the ongoing DPL electric case
- Staff have recommended a 9.38% ROE (vs. 10.5% ask) and a 50.5% layer (no change)
- More HERE

Guggenheim takeaway: *Heads up on the testimony, which we continue to pick through. Initial Staff data points on ROE set the bid-ask floor in our view, with the commission most recently authorizing a 9.6% only ~2 years ago. As a reminder, of the ~$42M ask roughly $14M is just the roll in of DSIC capital. Interim rates went into effect last month, with rebuttal testimony due 9/29 ahead of hearings in December. Management has pointed to 2Q24 for a final order. As a reminder, DPL is EXC's second smallest distribution rate base next to ACE in NJ.*

AEE/IL – Briefs filed in IL gas case

- Multiple briefs from various stakeholders have been filed in AEE IL's ongoing gas case
- More HERE

Guggenheim takeaway: *The gas case is more advanced than the electric MYP and featured a positive mark from Staff earlier this year (9.89% ROE, 50% equity) relative to the electric side. The latest briefs appear to hew closely to existing intervenor sticking points, including affordability (the AG), and ROEs (multiple parties).*

FE – PUCO to vote on another six-month investigation deferral on Wednesday

- PUCO will meet next on August 23 at which time it will consider whether to approve another six-month deferral of its own HB6-related probes.
- DCR Audit: 20-1629-EL-RDR
- DMR Audit: 17-2474-EL-RDR
- Corporate Separation Audit: 17-0974-EL-UNC
- Review of Political & Charitable Spend: 20-1502-EL-UNC
- More HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim takeaway: *For your calendar, and we remind investors that the company's former executives, who have not been charged so far to date, would seem to be the most likely targets of ongoing federal investigations, in our view, rather than the new executive team who were not in their present roles (or even at FE at all in some cases) when the events around HB6 took place, or the company itself, which already entered into a Deferred Prosecution Agreement with the DOJ and paid a $230m fine.* ***For more, see our previous write-up on this topic HERE****.*

AEP ─ Julie Sloat elected Chair of AEP's Board effective October 2

- Julie Sloat, President and CEO, was elected by the Board of Directors as its new Chair, effective October 2, 2023.
- Nicholas K. Akins will be retiring and stepping down from his position as Executive Chair of AEP's Board on October 1, 2023.
- Also, Daniel G. "Dan" Stoddard, retired SVP, Chief Nuclear Officer and President of Contracted Assets for Dominion Energy, has been elected to the Board.
- More HERE

Guggenheim takeaway: *A natural extension of her current role given Mr. Akins' prior position as Chair as well during his tenure as CEO.*

ETR ─ Briefs opposing exceptions filed in SERI

- System Energy Resources, Inc. filed briefs opposing the filed exceptions of several parties on Friday.
- "*The Commission should deny the Exceptions raised by the Louisiana Public Service Commission ("LPSC"), Arkansas Public Service Commission ("APSC"), and City Council of New Orleans ("CNO") (collectively "Complainants") and reject the Complainants' misguided efforts to convince this Commission to adopt extreme positions that contradict decades of Commission precedent and, at times, contradict each other.*" – SERI filing
- Docket EL20-72-000

Guggenheim takeaway: *FYI on continuing process at FERC for the outstanding SERI issues.*

EXC ─ Multiple parties file motions to admit additional evidence

- Multiple stakeholders have filed to admit additional evidence following ALJ commentary at last Thursday's status hearing
- More HERE

Guggenheim takeaway: *The data points appear to be minor at this time but we continue to parse – flagged for your awareness.*

CA/Fires ─ Plant Fire burns over 5K acres in Santa Barbra

- The fire started Saturday and was approximately 5% contained as of Sunday morning
- More HERE

Guggenheim takeaway: *FYI.*

CAISO ─ SoCal hurricane heightens alert at ISO

- Hurricane Hilary's impacts are ranging from lower demand to lower solar output to downed transmission/distribution lines
- *"The California ISO is closely following Hurricane Hilary and any potential grid impacts. At this time, the grid remains stable and forecasted supply is expected to cover demand." - CAISO*
- More HERE

Guggenheim takeaway: *Flagged for your awareness as the remnants of the storm continue to drop rain on the region.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

CMS Energy Corporation (CMS)

Garrick Rochow, *President & Chief Executive Officer*
Rejji Hayes, *Chief Financial Officer*

Dates & Locations

Wednesday, August 30, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $17.7bn
CMS Energy Corp (CMS) engages in the provision of electric and natural gas activities. It operates through the following business segments: Electric Utility, Gas Utility, and NorthStar Clean Energy. The Electric Utility segment focuses on generation, purchase, distribution, and sale of electricity. The Gas Utility segment includes purchase, transmission, storage, distribution, and sale of natural gas. The NorthStar Clean Energy segment is involved in domestic independent power production including the development and operation of renewable generation and the marketing of independent power production. The company was founded in 1987 and is headquartered in Jackson, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Portland General Electric Company (POR)

Joseph Trpik, *Chief Financial Officer*
Nick White, *Investor Relations*

Dates & Locations

September 18, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $4.75bn

Portland General Electric Co (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)
Sunday, November 12, 2023
5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Location TBD

Monday, November 13, 2023
6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Location TBD

Tuesday, November 14, 2023
6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Location TBD

Company Meetings
More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	8/30	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Comp Sheet

8/18/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$56.21	3,226	3.70	4.17	4.56	4.87	5.07	3.68	4.05	4.31	4.83	5.05	–	0.12	0.25	0.04	–	15.3x	13.9x	13.1x	11.6x	11.1x	-9%	-11%	-11%	-15%	-14%	8.4%	4.9%	71%	Sell	$49	-8%	Neutral	$63	16%
AVA	$33.70	2,579	2.28	2.49	2.61	2.67	2.73	2.30	2.46	2.58	2.67	2.75	–	0.03	–	–	–	14.6x	13.7x	13.1x	12.6x	12.3x	-13%	-12%	-11%	-8%	-5%	5.2%	5.6%	79%	Sell	$33	4%	Sell	$39	20%
NWE	$51.16	3,072	3.42	3.55	3.75	3.91	4.08	3.41	3.60	3.78	3.87	3.98	–	(0.05)	–	0.04	0.10	15.0x	14.2x	13.5x	13.2x	12.9x	-11%	-9%	-7%	-4%	-1%	5.1%	5.1%	74%	Sell	$48	-1%	Buy	$59	21%
POR	$44.15	4,463	2.66	3.05	3.21	3.38	3.55	2.69	3.06	3.23	3.37	3.55	–	–	–	–	–	16.4x	14.4x	13.7x	13.1x	12.4x	-2%	-8%	-7%	-5%	-4%	5.3%	4.4%	66%	Buy	$48	13%	Buy	$52	23%
		13,340																**15.3x**	**14.1x**	**13.3x**	**12.7x**	**12.2x**	**-9%**	**-10%**	**-9%**	**-8%**	**-6%**	**6.0%**	**5.0%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$80.57	21,148	4.35	4.67	5.05	5.40	5.68	4.38	4.68	5.02	5.38	5.70	–	–	–	–	–	18.4x	17.2x	16.0x	15.0x	14.1x	10%	10%	10%	9%	9%	6.6%	3.3%	57%	Neutral	$85	9%	Buy	$90	15%
AEP	$79.02	40,709	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.97	6.32	6.78	0.04	0.04	0.03	0.07	–	15.0x	14.1x	13.2x	12.5x	11.6x	-11%	-10%	-9%	-9%	-10%	6.0%	4.4%	63%	Buy	$96	26%	Buy	$97	27%
CMS	$56.93	16,608	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.61	3.89	4.18	–	0.05	0.04	–	0.08	18.3x	17.0x	15.8x	14.6x	13.6x	9%	9%	8%	7%	5%	8.1%	3.6%	63%	Neutral	$61	11%	Buy	$66	20%
CNP	$28.19	17,744	1.50	1.61	1.73	1.87	2.03	1.49	1.62	1.73	1.87	2.02	–	–	–	–	–	18.9x	17.4x	16.3x	15.1x	14.0x	13%	12%	11%	10%	8%	9.5%	2.7%	49%	Buy	$34	23%	Buy	$33	20%
D	$48.43	40,525	3.37	3.54	3.75	4.24	4.50	3.57	3.58	3.76	4.23	4.36	(0.20)	(0.04)	–	–	0.14	13.6x	13.5x	12.9x	11.4x	11.1x	-19%	-13%	-12%	-17%	-14%	1.4%	5.6%	76%	Buy	$56	21%	Neutral	$56	22%
DTE	$105.59	21,763	6.26	6.73	7.19	7.75	8.30	6.23	6.68	7.14	7.75	8.28	0.03	0.05	0.05	–	–	17.0x	15.8x	14.8x	13.6x	12.7x	1%	1%	1%	-1%	-2%	6.4%	3.8%	61%	Buy	$124	21%	Buy	$125	22%
DUK	$91.20	70,315	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.33	6.71	7.13	0.03	0.08	–	0.04	–	16.2x	15.3x	14.4x	13.6x	12.8x	-3%	-2%	-1%	-1%	-1%	6.3%	4.6%	71%	Buy	$102	16%	Buy	$103	17%
ED	$89.32	30,809	4.86	5.19	5.50	5.81	6.02	4.89	5.23	5.52	5.85	6.13	(0.03)	(0.04)	–	(0.04)	(0.11)	18.3x	17.1x	16.2x	15.3x	14.6x	9%	9%	11%	11%	12%	5.6%	3.7%	65%	Neutral	$85	-1%	Neutral	$90	5%
EIX	$69.04	26,462	4.71	4.98	5.48	5.71	6.03	4.72	5.10	5.57	5.92	6.20	–	(0.12)	(0.09)	(0.21)	(0.17)	14.6x	13.5x	12.4x	11.7x	11.1x	-13%	-13%	-15%	-15%	-14%	5.5%	4.4%	61%	Neutral	$74	12%	Buy	$75	13%
ES	$64.47	22,506	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.95	5.30	5.64	–	0.08	0.05	(0.06)	(0.15)	14.8x	13.9x	13.0x	12.2x	11.4x	-12%	-11%	-11%	-11%	-12%	6.1%	4.4%	62%	Buy	$80	28%	Buy	$82	31%
ETR	$95.58	20,211	6.71	7.16	7.76	8.31	8.97	6.68	7.17	7.70	8.22	8.82	–	–	0.06	0.09	0.15	14.3x	13.3x	12.4x	11.6x	10.8x	-15%	-15%	-15%	-15%	-16%	6.9%	4.7%	64%	Buy	$113	23%	Buy	$118	28%
EVRG	$56.40	12,948	3.65	3.97	4.24	4.47	4.75	3.63	3.95	4.23	4.44	4.69	–	–	–	0.03	0.06	15.5x	14.3x	13.3x	12.7x	12.0x	-8%	-9%	-9%	-7%	-7%	4.8%	4.6%	67%	Buy	$68	25%	Buy	$64	19%
EXC	$40.01	39,782	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.90	3.11	–	–	–	0.03	–	17.0x	15.9x	14.7x	13.8x	12.9x	1%	2%	0%	1%	-1%	6.4%	3.8%	62%	Buy	$45	16%	Buy	$45	17%
FE	$36.17	20,739	2.54	2.69	2.89	3.07	3.27	2.54	2.68	2.87	3.07	3.25	–	–	–	–	–	14.3x	13.5x	12.6x	11.8x	11.1x	-15%	-14%	-14%	-14%	-14%	6.3%	4.5%	61%	Buy	$44	26%	Buy	$42	21%
LNT	$50.62	12,793	2.90	3.08	3.27	3.50	3.67	2.89	3.08	3.29	3.47	3.67	–	–	–	–	–	17.5x	16.4x	15.4x	14.6x	13.8x	4%	5%	5%	6%	6%	6.1%	3.7%	62%	Neutral	$49	1%	Buy	$56	14%
OGE	$34.12	6,834	2.02	2.16	2.25	2.37	2.48	2.01	2.13	2.26	2.39	2.49	–	–	–	–	–	17.0x	16.0x	15.1x	14.3x	13.7x	1%	2%	3%	4%	6%	2.8%	5.0%	81%	Neutral	$36	10%	Neutral	$38	16%
PCG	$16.72	34,966	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	13.8x	12.4x	11.4x	10.5x	9.6x	-18%	-21%	-22%	-23%	-26%	9.7%	0.9%	12%	Buy	$21	27%	Buy	$19	15%
PEG	$60.82	30,356	3.45	3.67	4.10	4.29	4.59	3.45	3.69	4.04	4.24	4.47	–	–	0.06	0.05	0.12	17.6x	16.5x	15.1x	14.3x	13.6x	5%	6%	3%	4%	5%	5.8%	3.9%	65%	Buy	$70	19%	Buy	$67	14%
PNW	$78.25	8,867	4.20	5.00	5.15	5.25	5.40	4.20	4.94	5.12	5.31	5.47	–	0.06	–	(0.06)	(0.07)	18.6x	15.8x	15.3x	14.7x	14.3x	11%	1%	4%	7%	10%	4.9%	4.5%	76%	Neutral	$83	11%	Neutral	$80	7%
PPL	$25.30	18,648	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	16.1x	14.8x	13.9x	13.1x	12.3x	-4%	-5%	-5%	-5%	-5%	8.0%	4.0%	61%	Buy	$31	27%	Buy	$31	25%
SO	$67.81	74,016	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.30	4.53	4.73	–	–	–	–	0.07	18.8x	16.9x	15.8x	15.0x	14.3x	12%	8%	8%	9%	11%	5.9%	4.2%	73%	Buy	$80	22%	Buy	$73	12%
WEC	$85.99	27,124	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.25	5.61	5.99	–	–	–	–	–	18.7x	17.5x	16.4x	15.3x	14.4x	11%	12%	12%	12%	11%	6.1%	3.8%	67%	Neutral	$94	13%	Buy	$98	18%
Mid/Lg Cap (excl. EIX, PCG)																		**16.8x**	**15.6x**	**14.6x**	**13.7x**	**13.0x**						**6.0%**	**4.1%**	**65%**						
SMID + Lg Cap		**629,211**																**16.5x**	**15.4x**	**14.4x**	**13.5x**	**12.8x**						**6.0%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$67.83	137,269	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	(0.03)	(0.14)	21.7x	20.4x	18.4x	16.9x	15.4x	29%	31%	26%	23%	19%	8%	2.9%	61%	Buy	$86	30%	Buy	$90	35%
SRE	$141.43	44,501	9.00	9.50	10.13	10.80	11.71	8.98	9.58	10.21	10.98	11.75	–	(0.08)	(0.08)	(0.18)	(0.04)	15.8x	14.8x	13.9x	12.9x	12.0x	-6%	-5%	-5%	-6%	-7%	5%	3.5%	53%	Buy	$172	25%	Buy	$169	23%
		181,770																**18.7x**	**17.6x**	**16.1x**	**14.9x**	**13.7x**	**12%**	**13%**	**10%**	**8%**	**6%**	**6.5%**	**3.2%**	**57%**						
Gas LDCs																																				
NI	$26.44	10,926	1.57	1.68	1.82	1.95	2.07	1.58	1.68	1.81	1.94	2.07	–	–	–	–	–	16.8x	15.7x	14.6x	13.6x	12.8x	-0%	1%	0%	-1%	-1%	7%	3.9%	63%	Buy	$30	17%	Buy	$31	23%
CPK	$110.88	1,973	5.42	5.84	6.23	6.59	6.94	5.32	5.80	6.25	6.59	6.95	0.10	0.04	–	–	–	20.8x	19.1x	17.7x	16.8x	16.0x	24%	23%	21%	23%	23%	7%	2.2%	43%	Neutral	$112	3%	Buy	$134	23%
NJR	$43.29	4,223	2.67	2.74	2.94	3.10	3.34	2.67	2.75	2.96	3.17	3.42	–	–	–	(0.07)	(0.08)	16.2x	15.7x	14.6x	13.7x	12.7x	-3%	1%	0%	-0%	-2%	6%	3.8%	60%	Neutral	$47	12%	Neutral	$51	22%
NWN	$40.61	1,425	2.65	2.83	2.98	3.09	3.21	2.68	2.78	3.01	3.05	3.23	–	0.05	–	0.04	–	15.2x	14.6x	13.5x	13.3x	12.6x	-10%	-7%	-8%	-3%	-3%	5%	4.8%	71%	Neutral	$42	8%	Buy	$49	25%
OGS	$74.75	4,145	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.96	5.31	–	(0.06)	(0.04)	–	–	18.1x	17.4x	16.3x	15.1x	14.1x	8%	11%	12%	10%	9%	10%	3.6%	63%	Neutral	$73	1%	Neutral	$78	8%
SR	$59.15	3,111	4.20	4.31	4.57	4.73	4.99	4.22	4.32	4.62	4.83	5.06	–	–	(0.05)	(0.10)	(0.07)	14.0x	13.7x	12.8x	12.2x	11.7x	-17%	-12%	-12%	-11%	-10%	5%	5.0%	69%	Neutral	$65	15%	Neutral	$69	22%
		25,805																**16.8x**	**16.0x**	**14.9x**	**14.1x**	**13.3x**	**0%**	**3%**	**2%**	**3%**	**3%**	**6.7%**	**3.9%**	**62%**						
Regulated Water																																				
AWK	$138.96	27,051	4.84	5.14	5.59	5.98	6.45	4.80	5.13	5.59	6.05	6.46	0.04	–	–	(0.07)	–	28.9x	27.1x	24.9x	23.0x	21.5x	72%	73%	70%	67%	66%	7%	2.1%	58%	Neutral	$147	8%	Buy	$158	16%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$104.77	33,693	3,150	3,451	3,509	3,346	3,804	3,436	3,903	3,802	3,708	3,861	(286)	(452)	(293)	(362)	(57)	11.0x	9.5x	9.4x	9.3x	8.6x	37,826	36,997	35,669	34,526	33,105	9.6%	1.2%	23%	Buy	$97	-6%	Buy	$109	5%
NRG	$36.45	8,351	3,181	3,122	3,126	3,042	3,107	3,032	3,211	3,278	2,827	3,032	149	(89)	(153)	215	75	5.9x	5.2x	4.6x	4.9x	4.1x	17,889	16,666	15,186	13,805	12,350	21.2%	4.3%	30%	Neutral	$34	-2%	Neutral	$41	16%
VST	$29.86	10,976	3,700	3,755	3,792	3,621	3,535	3,748	4,079	4,019	3,711	3,971	(48)	(324)	(227)	(91)	(437)	6.2x	5.7x	5.6x	6.0x	5.6x	23,323	23,156	22,582	22,139	22,097	6.8%	2.9%	25%	Buy	$31	7%	Buy	$34	17%
Other																																				
NEP	$46.28	4,324	1,837	1,977	2,143	2,325	2,471	1,976	2,215	2,409	2,475	2,538	(139)	(238)	(266)	(150)	(67)												8.1%	–	Buy	$74	68%	Buy	$77	75%
SMR	$6.67	497	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	170%	Buy	$12	86%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

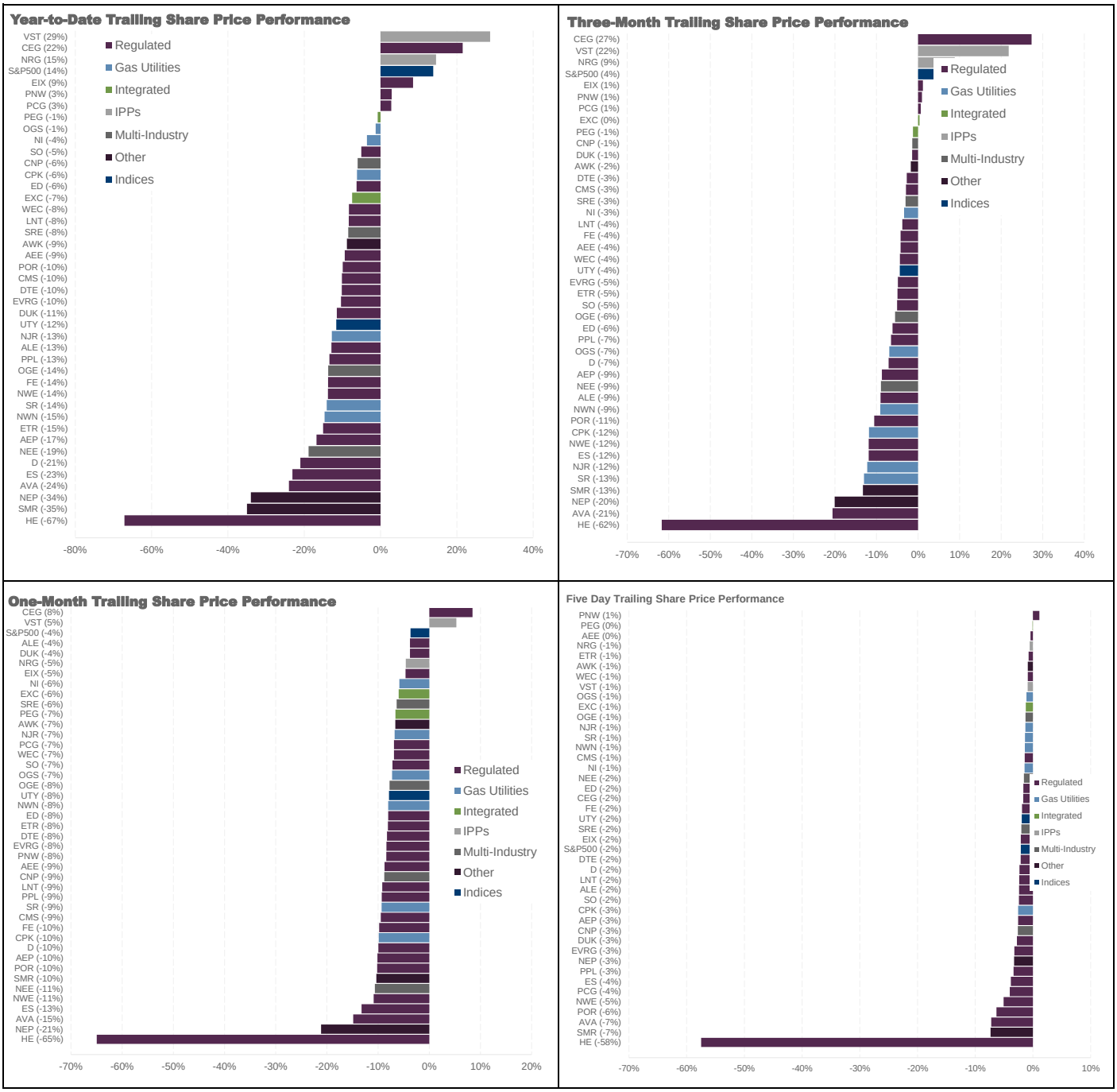

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix

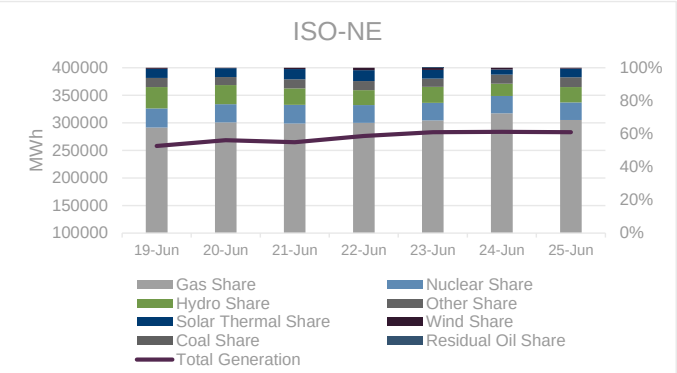

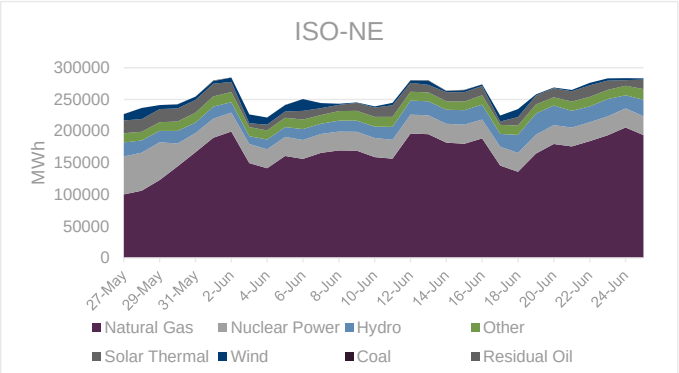

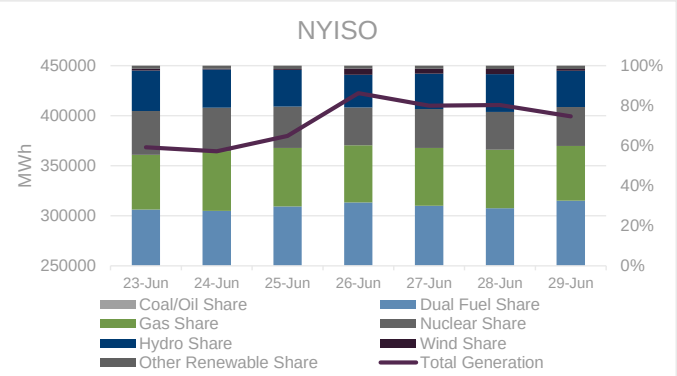

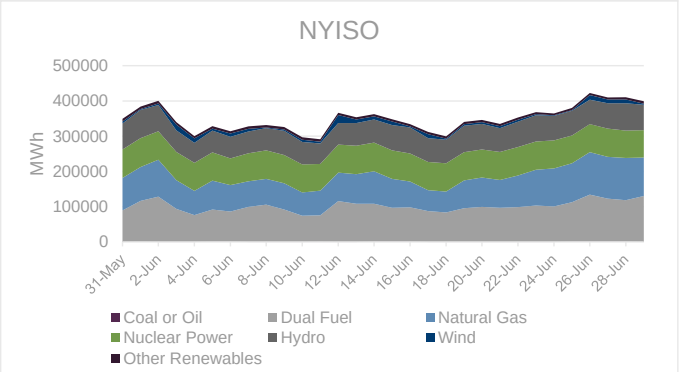

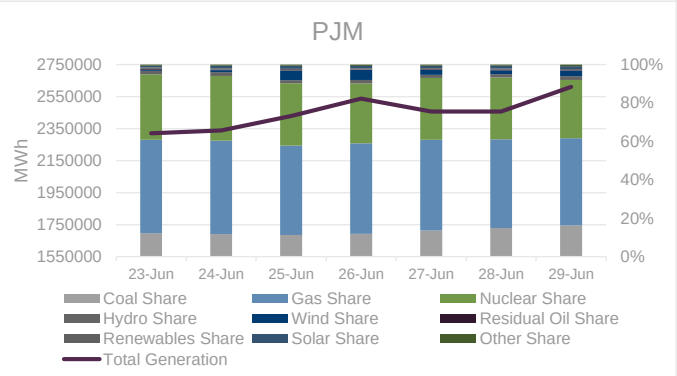

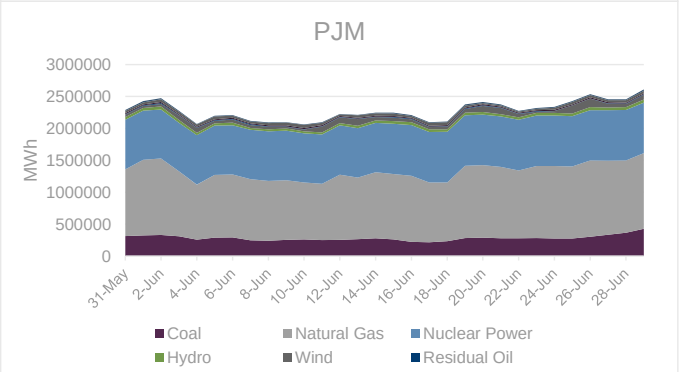

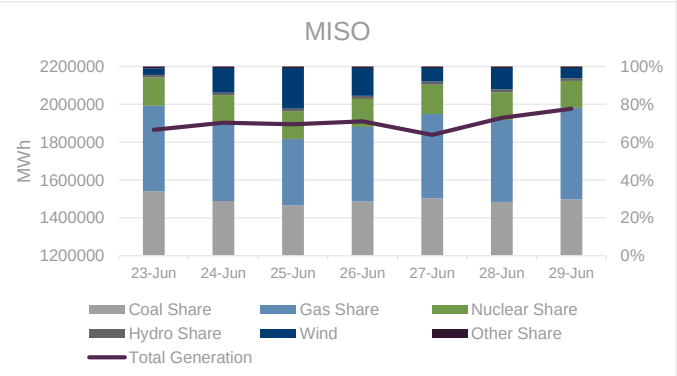

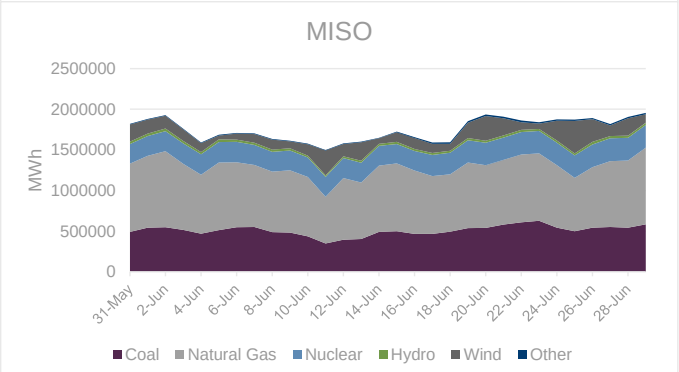

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix (continued)

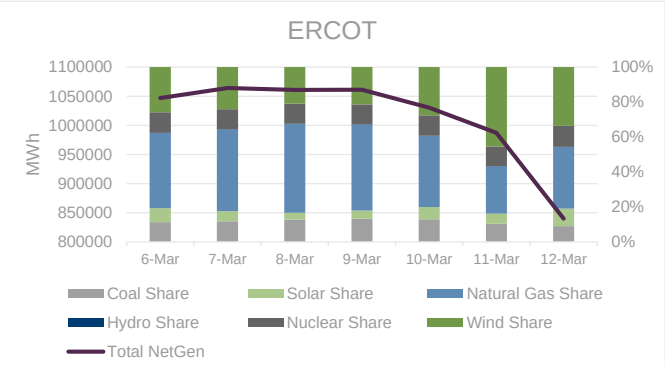

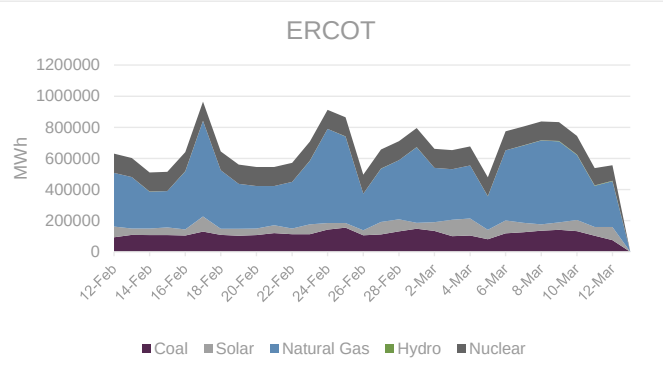

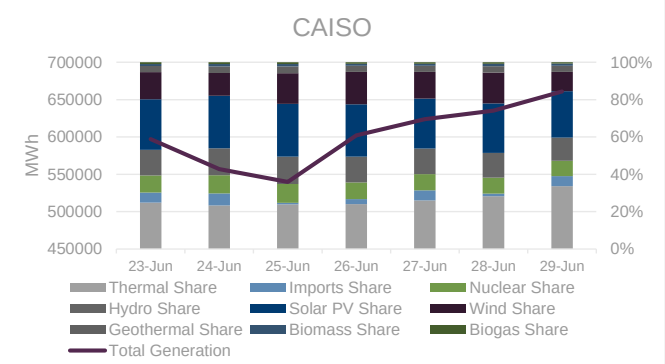

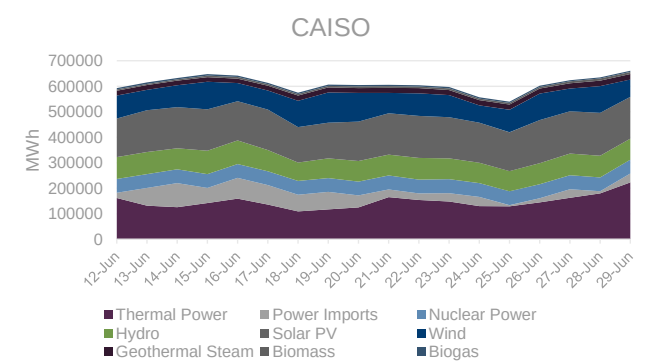

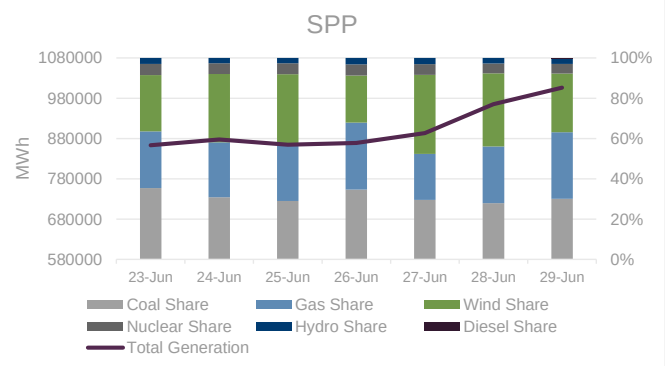

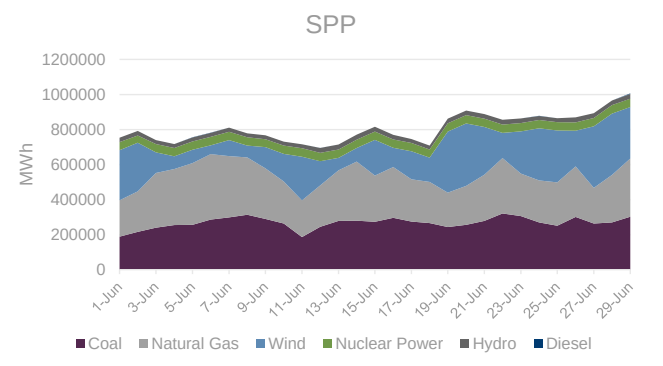

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Weather

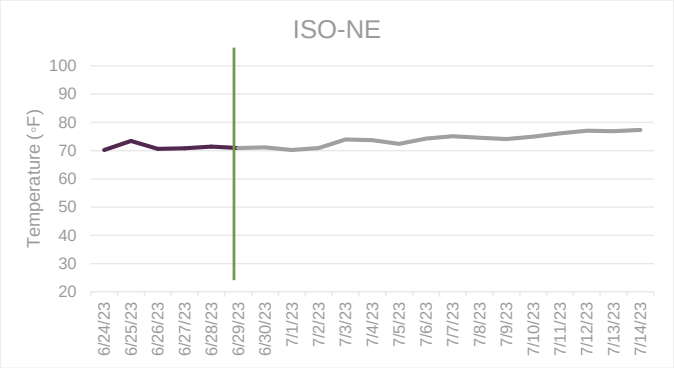

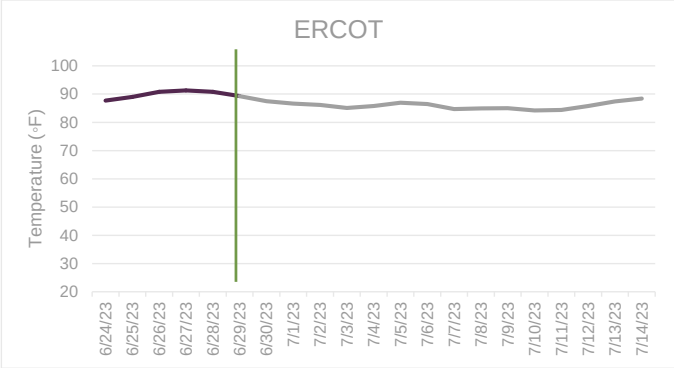

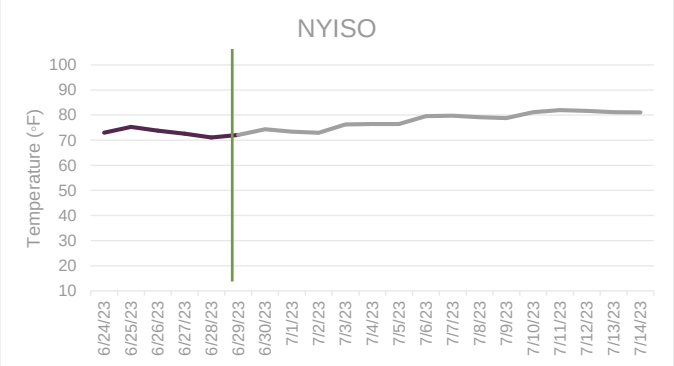

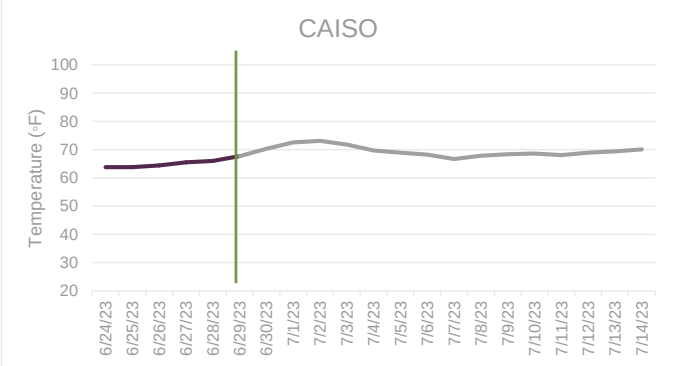

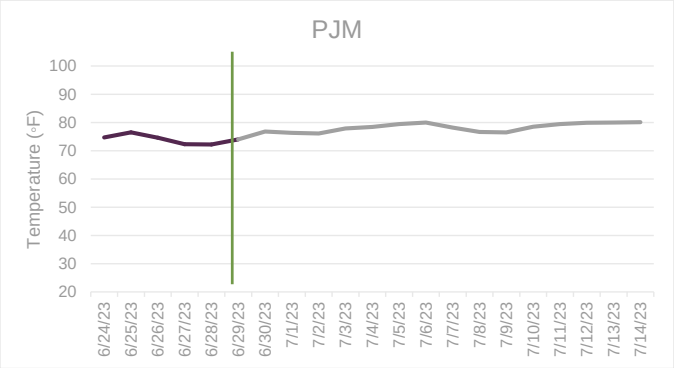

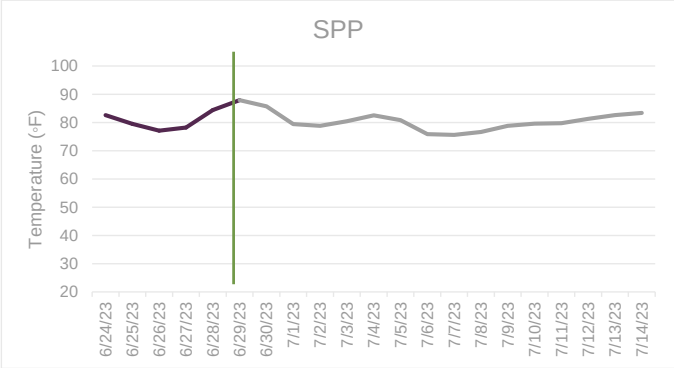

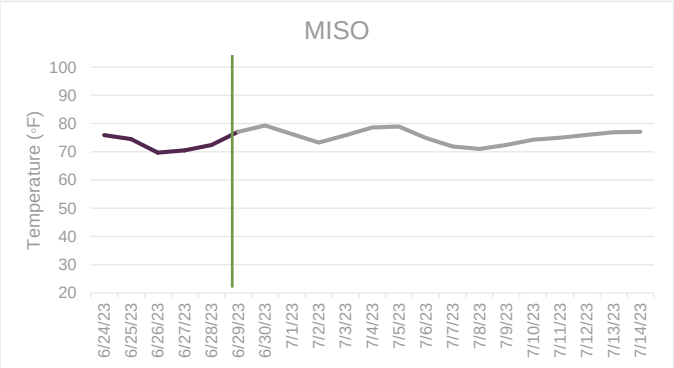

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

YTD Peak Load

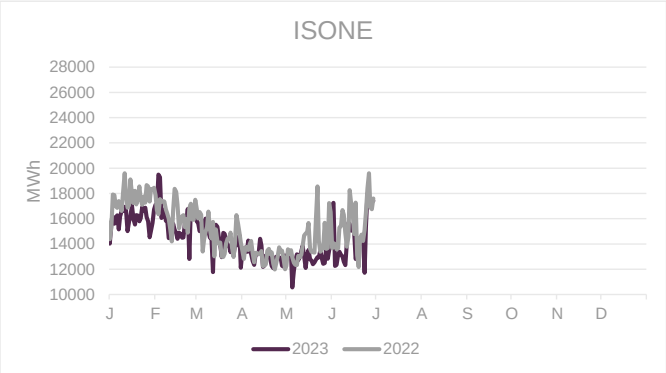

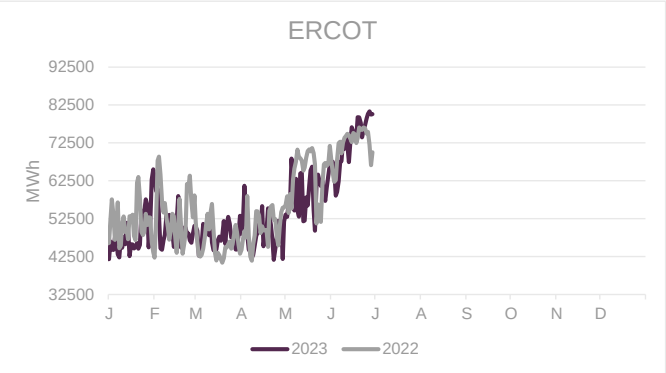

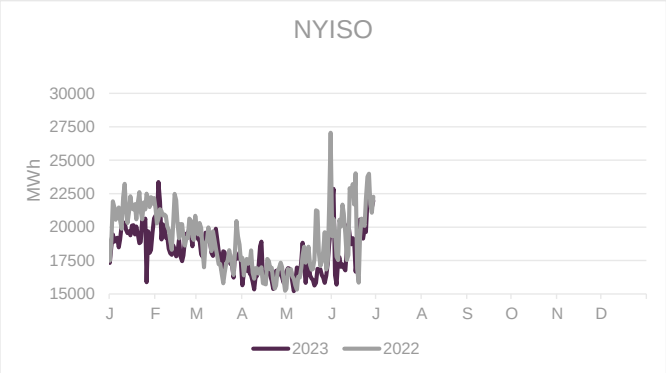

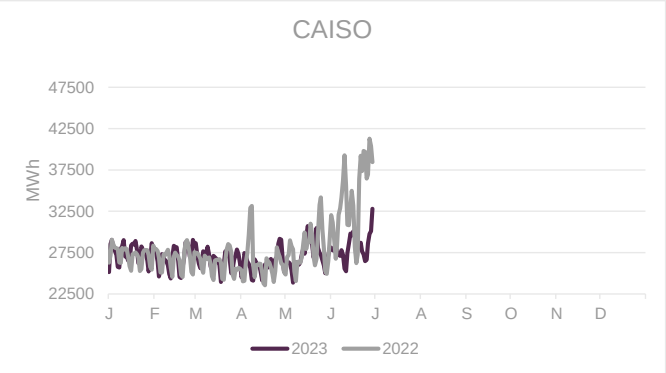

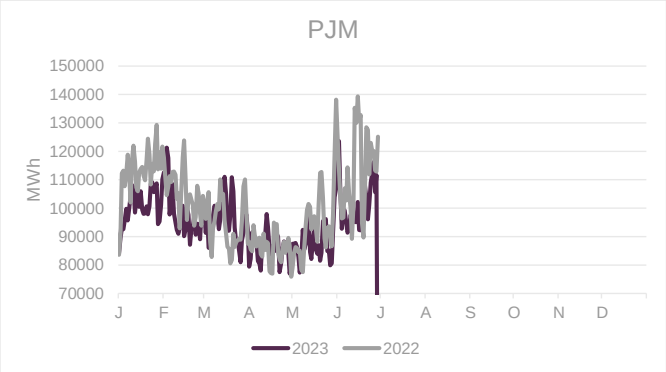

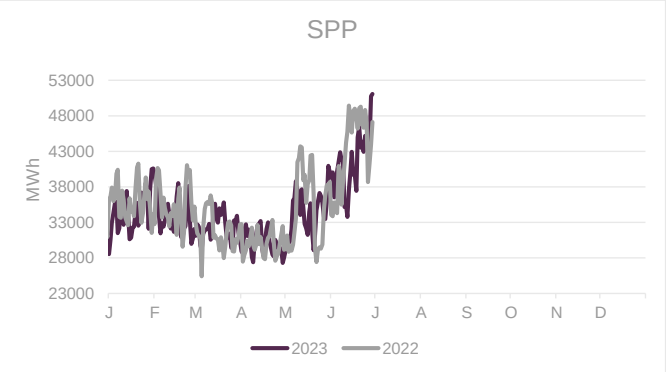

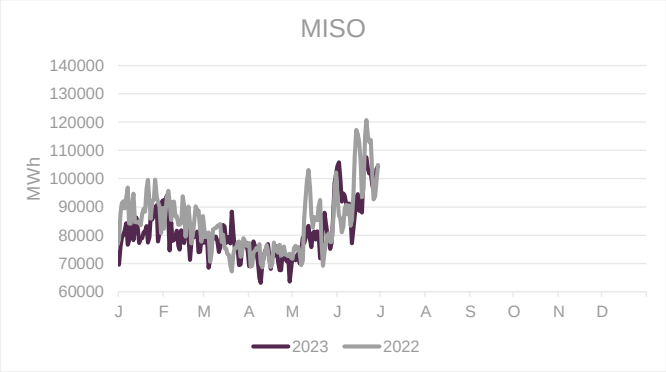

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	66.67%	42	16.94%
NEUTRAL	114	30.65%	6	5.26%
SELL	10	2.69%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

KeyBanc Capital Markets

Alert

August 21, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: D, EXC, POR, AEP, AEE, AGR, XEL, ETR, SRE, WEC, ES, SO, FE, NEE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in D's SC natural gas rate case, EXC's IL electric rate case, POR's OR electric rate case, D' s VA IRP, AEP's APCo VA triennial review, AEE's IL electric rate case, AGR's UIL electric rate case, and XEL's TX electric rate case. In other news, WV Staff files testimony in AEP's ENEC proceedings; intervenors file testimony in EXC's DE electric rate case; parties file briefs opposing exceptions to the ALJ's PD in the SERI UPSA complaint; parties file opening briefs in SDG&E and SoCalGas rate cases; settlement details in the MI Gas Utilities' natural gas rate case are filed; ES files a brief with the CT Superior Court requesting reconsideration in Aquarion rate case appeal; Vogtle Unit 4 starts fuel load; the IL governor issues amendatory veto for ROFR in energy bill; FERC approves FE to consolidate PA utilities; and NEER signs an agreement with Ingevity for 85 MW solar facility.

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Scroll down for a full schedule, including dinners with **DTE** and **AGR.**

ICYMI

NWE — As NWE is nearing the resolution of its 2023 GRC, we are refreshing our thesis on the name. Our thesis is premised on the long-term rate base growth opportunities, improving regulatory construct in MT, and attractive valuation despite relative LTM outperformance. Read more here.

Regulatory Calendar

D — Evidentiary hearings in D's SC natural gas rate case begin August 21: Staff recommended a $5M revenue increase, premised on a 9.37% ROE and 51.97% equity. This compares to DESC's request for a $19M revenue increase, premised on a 10.38% ROE, 54.78% equity, and a $1.1B rate base as of September 20, 2022. Staff and D's recommendation includes $14M for gas costs from eliminating the Net Interruptible Revenue Credit, while Staff and D calculated ($9M) and $5M for non-fuel revenue, respectively. D requested new rates to become effective in October 2023.

EXC — Evidentiary hearings in EXC's IL electric rate case begin on August 21: ComEd's rebuttal testimony included a $1,550M revenue request over 2024-2027 (Docket: 23-0055), compared to Staff's recommendation for a $1,039M revenue increase and EXC's initial request for a $1,501M revenue increase. ComEd requested a 10.65% ROE and argues that Staff's recommended 8.9% ROE using 580 bps over the 2022 U.S. Treasury Bond yield of 3.114% is no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act. As a reminder, the act expired at the end of 2022 and the provisions of the CEJA require that the ROE be determined under current commission law. Staff calculated ROE midpoints of 9.23% and 10.87% in its analysis using the traditional DCF and CAPM methods, respectively. A proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision.

POR — Intervenor rebuttal testimony in POR's OR electric rate case is due on August 22: Parties have reached a partial settlement (details pending). In direct testimony, Staff proposed a $206M revenue increase, premised on a 9.0% ROE/50% equity compared to POR's ask for a $338M revenue increase, premised on a 9.8% ROE/50% equity. POR and Staff include net variable power costs of $107M and $99M, respectively. The lower ROE (-$35M) and differences in the rate base calculation (-$22M) drive the difference. Staff proposed using an average test year, while POR requested a 2023 year-end test year. POR has historically used the monthly averages method. Evidentiary hearings are expected to begin on September 26. New rates will go into effect on January 1, 2024.

D — Staff testimony in D's VA IRP is due on August 22: Intervenor testimony in D's IRP centered around data center demand driving the load growth in D's service territories. The 2023 IRP covers the 15-year period starting in 2024-2038 using 2023 as the base year. The 25-year planning period extends to 2048. The plan takes into account PJM-projected annual peak and energy load growth of 5% and 7%, respectively, over the next decade, driven primarily by data centers and less so by electrification trends. Overall, D is

projecting the addition of ~20 GW of resources in the 15-year period and ~32 GW (net of retirements) in the 25-year period. D has taken into account the provisions of the IRA and the IIJA in its planning. We wrote on D's initial IRP filing here.

AEP — Evidentiary hearings in APCo's VA triennial review are set to begin on August 23: APCO filed rebuttal arguing against the ROE of 9.4% proposed by Staff and the OAG's 9.2% implying that these ROEs are not in line with current capital market conditions and barely above APCO's current authorized ROE of 9.2%. In contrast, APCO contends in its triennial earnings review for the 2020-2022 period that it earned a 5.39% ROE during the period, below the allowed band of 8.5-9.9%, and seeks a $213M rate increase, premised on a 10.6% ROE. According to Staff's calculations, APCO earned a 5.49% ROE during the 2020-2022 period and recommends a $155M revenue increase, premised on the proposed 9.4% ROE. OAG's recommendation is for a $69M revenue increase on its proposed 9.4% ROE. An SCC decision is due by November 30.

AEE — Evidentiary hearings in AEE's IL electric rate case resume on August 24: Staff filed rebuttal testimony recommending a $317M revenue increase over 2024-2027. The updated recommendation bridges the gap between revenue deficiency as calculated by AEE in its rebuttal and the Staff's original testimony, primarily on account of a higher rate base. AEE filed rebuttal testimony for a $450M rate increase and maintained its original stance on a 10.5% ROE and ~54% equity ratio. This compares to AEE's initial request for a $449M rate increase and Staff's recommendation for a $249M revenue increase over the four years. An ICC ruling is due in December, followed by new rates going into effect on January 1, 2024.

AGR — A CT PURA decision in AGR's UIL electric rate filing is due on August 25: In written exceptions, AGR noted the PD is insufficient to cover expenses and attract the needed capital for grid modernization. AGR offered PURA additional time to review the PD and is supportive of extending the statutory deadline from August 25 to September 15. CT PURA issued a PD approving a rate increase of less than $2M and premised on an 8.8% ROE with a further 52 bps cut to address performance and management issues, bringing the effective ROE to 8.28% and a 50% equity layer. PURA also rejected the AGR's application for a three-year rate plan citing errors in the Company's cost of service study as one of several reasons for the rejection. UIL had requested a $131M rate increase over three years with a 10.2% ROE, 52% equity. We wrote in more detail on the PD here.

XEL — Rebuttal testimony in XEL's TX electric rate case is due on August 25: The TX PUC Staff recommended a $102M revenue increase, premised on a 9.5% ROE and 54.6% equity. This compares to XEL's request for a $158M revenue increase, premised on a 10.65% ROE and 54.6% equity. The lower ROE is the primary driver of the delta. Other adjustments include removing fuel-related costs from base rates and an alternative calculation for property and other non-income taxes. Staff did not oppose XEL's request to accelerate the depreciation of the Tolk coal facility to retire the plant in 2028 (vs. 2034 previously). Other intervenors filed testimony, and according to XEL's calculations, the Office of Public Utility Counsel and the Texas Industrial Energy Consumers recommended revenue increases of $130M and $89M, respectively. The OPUC did not recommend an ROE or capital structure, while the TIEC recommended an ROE range of 9.05-9.95%. Hearings are scheduled to begin September 12. A PUCT decision is expected in 1Q24.

Recent Developments for Companies Under Our Coverage

From our midweek: Intervenors file testimony in XEL's TX electric rate case; DUK files its 2023 SC IRP; a MT judge issues a ruling that declares HB 971 unconstitutional; the MN ALJ issues a report supporting the settlement in MERC's natural gas rate case; AEP closes the sale of its unregulated renewables business; and APS signs an agreement for 300 MW of storage resources.

AEP — Staff files testimony in AEP's ENEC proceedings: The WV Staff recommended a total revenue increase of $154M, comprised of the under-recovery of $99M and $35M for the forecast period. This compares to AEP's request for ~$642M, including the accumulated under-recovered balance of ~$553M through February 2023 and $89M of projects for the forecast period from September 2023-August 2024. The biggest driver of the delta was Staff's recommendation to disallow $258M for recovery based on Critical Technologies Consulting's prudence review. Staff also recommended rejecting AEP's proposal to securitize the balance in favor of amortizing the costs over three years using the AEP's cost of debt, or 2.5%, for the carrying charge. CTC conducted its prudence review following the PSC's order in May 2022 after AEP failed to meet the annual capacity factor during the 2020-2021 period. The PSC also deferred any rate increase until the Staff completes the prudence review. AEP noted that the low capacity factors during the 2020-2021 and 2021-2022 ENEC periods were because of inadequate coal supplies. The ENEC is an annual rate adjustment mechanism allowing Wheeling and APCo to recover fuel, purchased power, and environmental compliance costs.

EXC — Intervenors file testimony in EXC's DE electric rate case: Staff recommended a $36M revenue increase, premised on a 9.38% ROE and 50.5% equity. This compares to EXC's supplemental testimony with updated data through 1H23 requesting a $56M (net $42M) revenue increase, premised on a 10.5% ROE and 55.5% equity. The primary drivers of the delta are the lower O&M, Staff's use of an average-rate base method (vs. EXC year-end RB), and lower O&M costs. The Division of the Public Advocate recommended a revenue increase of $29M ($16M net), using a 9.1% ROE and 46.4% equity. We note that EXC and the DPA's net revenue increase excludes $14M for the DSIC rider. EXC plans to file supplemental testimony to incorporate 12 months of actual data on September 29. A final order is expected in April 2024. EXC has interim rates of $56M that went into effect in mid-July.

ETR — Parties file briefs opposing exceptions to ALJ's PD in SERI UPSA complaint: Parties filed briefs opposing exceptions in the Unit Power Sales Agreement complaint (Docket: EL20-72). The ALJ, in its initial decision, determined that SERI should have

excluded multiple identified categories of accumulated deferred income taxes from the rate base when calculating UPSA bills and that SERI's formula rate should include a negative $36.4M cash working capital allowance in the future. The ALJ decision also found that SERI treated sale-leaseback transaction costs correctly. Based on ETR's calculations, if adopted by FERC, ETR would need to refund $115M plus $135M of interest. The LA PSC, AR PSC, MS PSC, and NOCC filed the UPSA complaint in September 2020; evidentiary hearings were held in 3Q22/4Q22; and ETR reached a settlement with the AR PSC, LA PSC, and NOCC to resolve seven of the 26 issues in the docket, resulting in a black-box refund of $18M. FERC has no statutory timeline to issue its decision, and a final order may take 12 months or longer.

- **SERI:** SERI believes the commission should reject all the exceptions raised by the CCNO, AR PSC, and LA PSC. SERI also believes that the commission should accept its and the Trial Staff's exceptions. As a reminder, SERI raised 15 exceptions and five related policy considerations that should be reversed. The exceptions and policy considerations primarily relate to placing the burden of proof for formula-rate inputs on utilities, the length of time the complaint goes back to, the treatment of ADIT in rate base, changes for accounting for income taxes, and the proposed negative cash working capital allowance for utilities. SERI noted that a utility has never received a negative cash working capital allowance, and if the decision was adopted, the amount of interest SERI would be required to pay would exceed the actual refunds and set an unfavorable precedent for future utility investment given the lack of any statute of limitations.
- **Trial Staff:** The Trial Staff opposed several exceptions raised by all parties. Specifically, the Trial Staff agreed with the initial decision and disagreed with SERI's argument regarding the treatment of ADIT. The Trial Staff also opposed exceptions by the CCNO, LA PSC, and AR PSC regarding the treatment of the money pool, upfront payment of the lessors' transaction costs, and the recovery of legal expenses. The Trial Staff urges the commission to affirm the Initial Decision with minimal changes. As a reminder, the Staff largely agreed with the PD except on five issues, where it believes the ALJ was incorrect in its findings regarding SERI's rate base additions for timing differences associated with incentive compensation and medical claim expenses, as well as the use of federal tax deductions for state income taxes accrued and NOL carryforwards. The Trial Staff also disagrees with the decision related to paying AMT liability in the UPSA rate base and setting a negative cash WC allowance.

SRE — Parties file opening briefs in SDG&E and SoCalGas rate cases: Hearings were held throughout the month of June, and parties followed it up with updated testimony and its opening briefs. SRE largely maintained its request from updated testimony. This includes SoCalGas's ask for a $767M revenue increase in 2024, followed by $292M, $261M, and $381M over the years 2025, 2026, and 2027, respectively. SDG&E maintained its $475M request for 2024, with subsequent revenue increases of $346M, $332M, and $303M. Cal Advocates recommended revenue increases for SoCalGas of $360M, $188M, $215M, and $225M for 2024-2027, and $271M, $222M, $239M, and $247M for SDG&E for the same time period. Proposed decisions on Track 1 are due in 2Q24. Costs of Capital are determined outside the rate case proceedings in CA and are thus not part of this docket.

WEC — Parties file settlement details in the MI Gas Utilities' natural gas rate case: WEC filed the settlement for a $10M revenue increase, premised on a 9.8% ROE and 51% equity. The settlement compares to WEC's request for an $18M revenue increase, premised on a 10.4% ROE and 40.48% equity. The settlement also agrees to continue the demand response pilot program and pause the main replacement program rider for 2024. The MRP rider will resume in 2025. The parties previously filed to cancel all scheduled dates after notifying the PSC that an agreement was reached in June. A MI PSC decision is expected by January 3, with new rates going into effect at the beginning of 2024.

ES — ES files brief with the CT Superior Court requesting reconsideration in Aquarion rate case appeal: ES raised 12 counts directly contributing to unjust and unreasonable rates. The counts relate to the disallowance of plant additions, operating expenses, cap structure, ROE, depreciation, and taxes. ES requests the case be remanded back to PURA with instructions from the court for a legally proper reconsideration of the overall impact on the Company. ES filed the appeal with the Superior Court after PURA authorized a $2M revenue decrease, premised on an 8.7% ROE and 50.35% equity. The order compared to ES's three-year rate request for a ~$27.5M rate increase in RY1, ~$13.6M in RY2, and ~$8.8M in RY3. ES's request was based on a 10.35% ROE, 53.06% equity, $1.05B RB, and a 2021 test year. ES obtained a stay from the Superior Court on the PURA decision and must place any collected revenue above the amount authorized in the PURA order in an escrow account until a final ruling is received from the court. Parties will have the option to follow reply briefs followed by hearings scheduled for December 14.

SO — Vogtle Unit 4 starts fuel load: GP has commenced fuel load into Vogtle Unit 4. During fuel load, technicians will move the fuel assemblies to the reactor core and begin startup testing. The testing will demonstrate the integrated operation of the primary coolant and steam supply systems at design temperature and pressure with fuel inside the reactor. Completing the fuel load and testing is the last major milestone before the commercial operation, which is expected in 4Q23 or 1Q24. According to the most recent update, GP's costs for its 45.7% share in Vogtle Units 3 and 4 are estimated at $10.6B. SO agreed that it would not seek approval of any costs exceeding the $7.3B cost recovery previously deemed reasonable by the commission until the prudence review is complete.

AEE — IL governor issues amendatory veto for ROFR in energy bill: Illinois Governor Pritzker issued an amendatory veto on HB 3445. Specifically, the governor vetoed the ROFR-related amendment. The bill passed the IL General Assembly in June but will now be returned to the House to remove the ROFR amendment before the governor approves the omnibus energy bill. The bill favored

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

AEE as it would have provided the Company with a ROFR to build the MISO LRTP projects in IL approved by YE24. Other proposals in HB 3445 include changes to the Adjustable Block Grant program to make it more available to public schools, requiring IPA to conduct a study evaluating several policy proposals, amending existing law regarding siting for renewable energy projects, and requiring the ICC to conduct a thermal energy network workshop.

FE — FERC approves FE's request to consolidate PA utilities: FERC issued an order approving FE's request to consolidate its PA subsidiaries into a single operating entity, FE PA. The subs in PA include Metropolitan Edison Co., Pennsylvania Electric Co., West Penn Power Co., and Pennsylvania Power Co. The consolidation requires Metropolitan Edison and Penn Electric's interest in MAIT to be sold to FE and certain West Penn transmission assets to be sold to FE subsidiary KATCo. FE expects the PA Consolidation to close by early 2024.

NEE — NEER signs agreement with Ingevity for 85 MW solar facility: NEE's NEER signed a renewable product purchase agreement with chemical manufacturing company Ingevity Corp. for an 85 MW solar facility in North Texas. NEE will own and operate the facility, while Ingevity will receive the associated RECs to help offset its scope 2 emissions. The project is expected to enter commercial operation by the end of 2025. At the end of 2022, NEER had ~27 GW of electric generation.

Figure 1 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Electric Utilities

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	8/21/2023	Evidentiary Hearings Begin
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/21/2023	Evidentiary Hearings Begin
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	8/22/2023	Intervenor Testimony
OR	Portland General Electric Co.	POR	D-UE-416	Electric	8/22/2023	Staff and Intervenor Rebuttal Testimony
VA	Dominion Energy	D	PUR-2023-00066	IRP	8/22/2023	Staff Testimony Due
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	8/23/2023	Evidentiary Hearings Begin
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	8/24/2023	Post Hearing Briefs
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	8/24/2023	Post Hearing Briefs
IL	Ameren Illinois	AEE	D-23-0082	Electric	8/24/2023	Evidentiary Hearings Resume
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	8/25/2023	Surrebuttal Testimony
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	8/25/2023	Statutory Deadline for final decision
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/25/2023	Rebuttal Testimony
CA		CPUC	R2207005	Fixed Charges	8/25/2023	Opening Briefs
CA		CPUC	R2008020	NEM 3.0	8/27/2023	Statutory Deadline for completing proceedings
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	8/28/2023	Rebuttal Testimony Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	8/28/2023	Reply Briefs
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	8/28/2023	Evidentiary Hearings Begin
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	8/29/2023	Staff and Intervenor Testimony Due
OR	Avista Corp.	AVA	LC81	IRP	8/29/2023	Staff and Intervenor Comments
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	8/30/2023	Evidentiary Hearings Begin
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	8/30/2023	ALJ Report Due
OR	Portland General Electric Co.	POR	LC80	IRP	8/30/2023	Party Comments on Staff Round 2 Comments
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	8/31/2023	Reply Briefs
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	8/31/2023	Supplemental Testimony
MI	DTE Electric Co.	DTE	U-20147	Electric	8/31/2023	Distribution Grid Plan Technical Conference
MI	DTE Electric Co.	DTE	C-U-21297	Electric	9/1/2023	Reply Briefs Due
ME	Central Maine Power Co.	AGR	D-2022-00152	Electric	9/1/2023	Effective Date for New Rates
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	9/1/2023	Position Statements Due
NJ	Atlantic City Electric Co.	EXC	D-ER23020091	Electric	9/1/2023	Intervenor Testimony Due
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	9/5/2023	Evidentiary Hearings Begin
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	9/5/2023	Position Statements Due
VA	Dominion Energy	D	PUR-2023-00066	IRP	9/5/2023	Rebuttal Testimony Due
MD	The Potomac Edison Co.	FE	C-9695	Electric	9/6/2023	Proposed Order Due
IL	Ameren Illinois	AEE	D-23-0082	Electric	9/6/2023	Initial Briefs Due
	System Energy Resources Inc.	ETR	FERC EL21-56		9/6/2023	Prehearing Conference
OR	Portland General Electric Co.	POR	LC80	IRP	9/6/2023	Company Reply Comments
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	9/7/2023	Reply Briefs
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	9/7/2023	Reply Briefs
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	9/7/2023	Reply Briefs
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	9/7/2023	Reply Briefs
	First Solar	FSLR			9/7/2023	Analyst Day - Perrysburg, OH
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	9/11/2023	Position Statements Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	9/11/2023	Position Statements Due
OR	Portland General Electric Co.	POR	D-UE-416	Electric	9/11/2023	Company Surrebuttal Testimony Due
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	9/12/2023	Initial Briefs Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/12/2023	Intervenor Testimony
TX	Southwestern Public Service Co	XEL	D-54634	Electric	9/12/2023	Hearings Commence
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	9/12/2023	Staff and Intervenor Testimony Due
NM	Avangrid, PNM Resources	AGR		PNM Merger	9/12/2023	NM Supreme Court Oral Arguments
	Short-Term Energy Outlook	EIA			9/12/2023	STEO release
OR	Portland General Electric Co.	POR	LC80	IRP	9/13/2023	Special Public Meeting
	CPI Release	BLS			9/13/2023	CPI release for Prior Month

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	21.2	Overweight	$91	$80.57	3.1%	58%	4.42	4.66	4.94	18.2x	17.3x	16.3x	4.37	4.69	5.04	18.4x	17.2x	16.0x
AEP	American Electric Power Company In	40.7	Sector Weight	NA	$79.02	4.2%	64%	5.30	5.63	5.97	14.9x	14.0x	13.2x	5.27	5.60	5.97	15.0x	14.1x	13.2x
CMS	CMS Energy Corp	16.6	Sector Weight	NA	$56.93	3.4%	63%	3.10	3.33	3.57	18.4x	17.1x	15.9x	3.11	3.36	3.63	18.3x	17.0x	15.7x
CNP	CenterPoint Energy Inc	17.8	Sector Weight	NA	$28.19	2.7%	51%	1.49	1.63	1.72	18.9x	17.3x	16.4x	1.49	1.62	1.73	18.9x	17.4x	16.3x
D	Dominion Energy Inc	40.5	Sector Weight	NA	$48.43	5.5%	74%	3.58	3.84	3.90	13.5x	12.6x	12.4x	3.64	3.58	3.84	13.3x	13.5x	12.6x
DTE	DTE Energy Co	21.8	Sector Weight	NA	$105.59	3.6%	62%	6.22	6.62	7.06	17.0x	16.0x	15.0x	6.25	6.68	7.14	16.9x	15.8x	14.8x
DUK	Duke Energy Corp	70.3	Overweight	$109	$91.20	4.5%	73%	5.68	6.07	6.41	16.1x	15.0x	14.2x	5.62	5.98	6.33	16.2x	15.2x	14.4x
ETR	Entergy Corp	20.2	Sector Weight	NA	$95.58	4.5%	64%	6.77	7.22	7.68	14.1x	13.2x	12.4x	6.71	7.19	7.70	14.2x	13.3x	12.4x
ES	Eversource Energy	22.5	Sector Weight	NA	$64.47	4.2%	62%	4.38	4.66	4.95	14.7x	13.8x	13.0x	4.37	4.65	4.96	14.7x	13.9x	13.0x
ED	Consolidated Edison Inc	30.8	Underweight	$77	$89.32	3.7%	67%	4.85	5.16	5.47	18.4x	17.3x	16.3x	4.90	5.22	5.51	18.2x	17.1x	16.2x
EIX	Edison International	26.5	Sector Weight	NA	$69.04	4.3%	62%	4.73	5.11	5.63	14.6x	13.5x	12.3x	4.71	5.09	5.53	14.6x	13.6x	12.5x
EXC	Exelon Corp	39.8	Sector Weight	NA	$40.01	3.7%	62%	2.36	2.53	2.72	17.0x	15.8x	14.7x	2.36	2.50	2.72	16.9x	16.0x	14.7x
FE	FirstEnergy Corp	20.7	Overweight	$45	$36.17	4.4%	62%	2.56	2.67	2.87	14.1x	13.5x	12.6x	2.54	2.68	2.84	14.2x	13.5x	12.7x
PEG	Public Service Enterprise Group Inc	30.4	Sector Weight	NA	$60.82	3.8%	66%	3.45	3.60	3.88	17.6x	16.9x	15.7x	3.45	3.69	4.06	17.6x	16.5x	15.0x
SO	Southern Co	73.9	Sector Weight	NA	$67.81	4.1%	77%	3.56	4.01	4.25	19.0x	16.9x	16.0x	3.60	4.03	4.33	18.8x	16.8x	15.7x
WEC	WEC Energy Group Inc	27.1	Overweight	$102	$85.99	3.6%	68%	4.62	4.88	5.24	18.6x	17.6x	16.4x	4.61	4.91	5.25	18.7x	17.5x	16.4x
XEL	Xcel Energy Inc	32.1	Overweight	$71	$58.19	3.6%	62%	3.36	3.57	3.75	17.3x	16.3x	15.5x	3.34	3.59	3.84	17.4x	16.2x	15.2x
					Average:	**3.9%**	**64%**				**16.6x**	**15.5x**	**14.6x**				**16.6x**	**15.6x**	**14.5x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
NWE	NorthWestern Corp	3.1	Overweight	$64	$51.16	5.0%	75%	3.43	3.66	3.83	14.9x	14.0x	13.4x	3.43	3.57	3.78	14.9x	14.3x	13.5x
OTTR	Otter Tail Corp	3.5	Sector Weight	NA	$83.02	2.1%	33%	4.71	3.28	3.51	17.6x	25.3x	23.7x	5.31	3.48	3.65	15.6x	23.9x	22.7x
PNW	Pinnacle West Capital Corp	8.9	Underweight	$61	$78.25	4.5%	83%	4.06	4.72	4.94	19.3x	16.6x	15.8x	4.22	4.99	5.18	18.6x	15.7x	15.1x
POR	Portland General Electric Co	4.5	Sector Weight	NA	$44.15	4.3%	71%	2.66	3.06	3.20	16.6x	14.4x	13.8x	2.66	3.04	3.24	16.6x	14.5x	13.6x
					Average:	**4.0%**	**65%**				**17.1x**	**17.6x**	**16.7x**				**16.4x**	**17.1x**	**16.3x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	13.3	Sector Weight	NA	$34.47	5.1%	83%	1.95	2.32	2.47	17.7x	14.9x	14.0x	2.12	2.35	2.52	16.2x	14.7x	13.7x
NEE	Nextera Energy Inc	137.3	Overweight	$85	$67.83	2.8%	60%	3.14	3.41	3.67	21.6x	19.9x	18.5x	3.12	3.41	3.69	21.7x	19.9x	18.4x
SRE	Sempra	44.5	Sector Weight	NA	$141.43	3.4%	53%	8.98	9.48	10.22	15.7x	14.9x	13.8x	9.01	9.58	10.23	15.7x	14.8x	13.8x
					Average:	**3.7%**	**65%**				**18.3x**	**16.6x**	**15.4x**				**17.9x**	**16.5x**	**15.3x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	33.7	Sector Weight	NA	$104.77	1.1%	23%	3,627	3,918	3,813	10.0x	9.2x	9.4x	3,507	3,893	3,837	10.4x	9.2x	9.3x
NRG	NRG Energy Inc	8.4	Not Covered	NA	$36.45	4.2%	33%	NA	NA	NA	NA	NA	NA	3,004	3,125	3,128	6.1x	5.4x	4.1x
VST	Vistra Corp	11.0	Not Covered	NA	$29.86	2.7%	26%	NA	NA	NA	NA	NA	NA	3,781	4,183	4,067	6.7x	5.8x	5.5x
					Average:	**2.7%**	**27%**				**10.0x**	**9.2x**	**9.4x**				**7.7x**	**6.8x**	**6.3x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 4 - Stock Price Performance

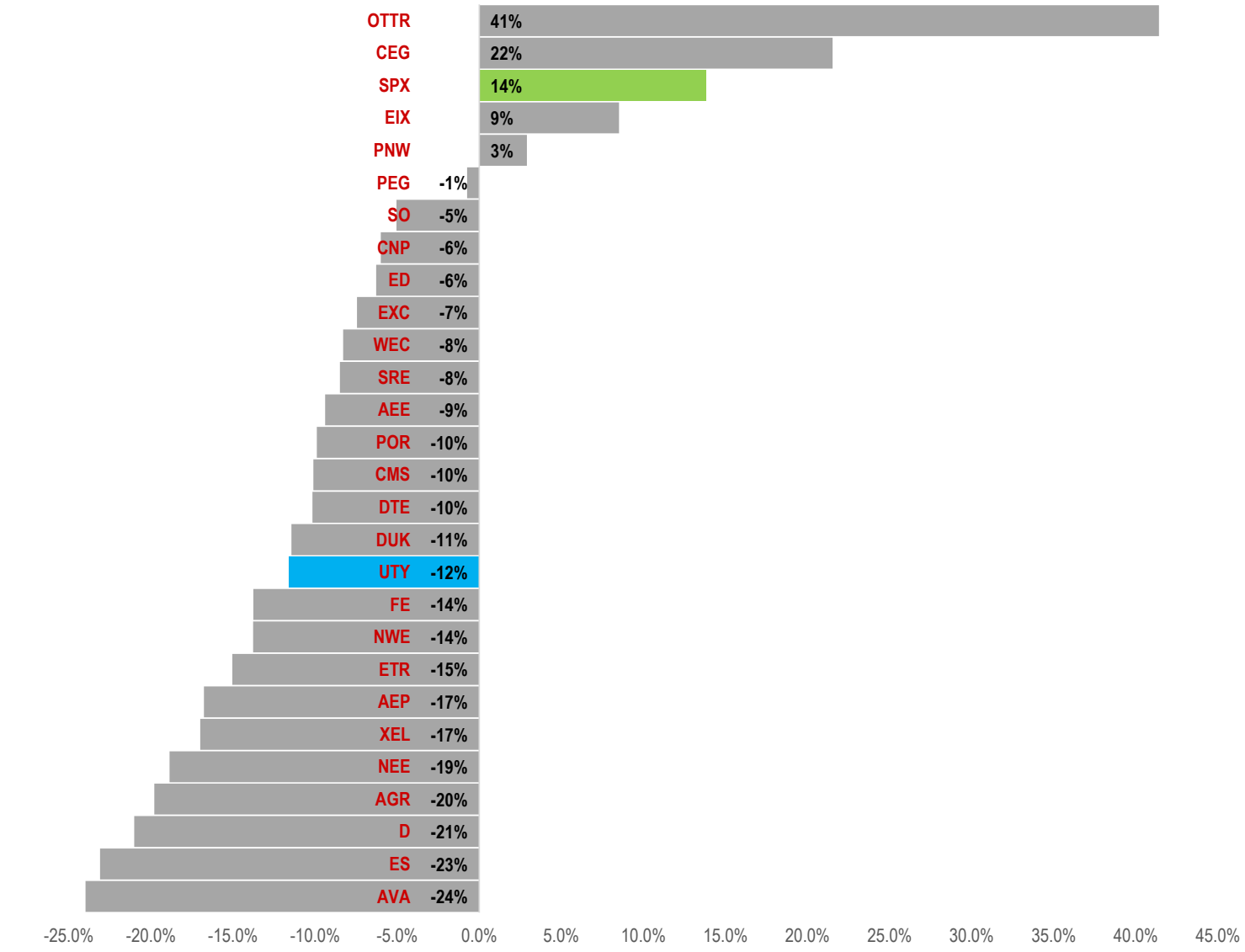

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Select Recent Research

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	258	49.05	43	16.67
Sector Weight [SW]	261	49.62	42	16.09
Underweight [UW]	7	1.33	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	15	68.18
Sector Weight [SW]	32	56.14	11	34.38
Underweight [UW]	3	5.26	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

KeyBanc Capital Markets

Alert

August 14, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: SRE, SO, AEP, DTE, AEE, EXC, ES, ETR, FE, AGR, CMS, CNP, DUK

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in SRE's CA GRCs, SO's IL natural gas rate case, AEP's VA ENEC, DTE's MI electric rate case, AEE's gas rate case in IL, EXC's DC electric rate case, legal briefs in ES's Aquarion CT case, EXC's DE electric rate case, and ETR's SERI proceedings. In other news, parties filed exceptions to the PURA PD in the UIL rate filing; CPUC issued a decision adopting the settlement for the Aliso Canyon gas leak; ES started work on a geothermal pilot in MA; CMS is contemplating selling 13 small hydro facilities; IN regulators are scheduling a conference with AEP, CNP, and DUK to discuss the response to the summer storms; FE filed supplemental testimony in the JCP&L case; APCO issues rebuttal testimony in the pending triennial; and the DOE issues a NOPR to streamline and set deadlines for federal permitting of transmission projects.

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Scroll down for a full schedule, including dinners with **DTE** and **AGR**.

Regulatory Calendar

SRE — Opening briefs in SDG&E and SoCalGas rate cases are due on August 14: In the multiyear filings, SoCalGas is requesting $295M, $261M, and $379M over the years 2025, 2026, and 2027, respectively. **SDG&E** has requested a combined $3B revenue increase effective January 1, 2024 ($674M gas and $2.35B electric). Proposed decisions on Track 1 are due in 2Q24. Costs of Capital are determined outside the rate case proceedings in CA and are thus not part of this docket. See here for more details on what is in each of the filings.

SO — Post hearing briefs on SO's Northern IL gas rate case are due on August 14: IL ICC Staff's revised testimony recommends a $254M revenue deficiency, premised on 9.89% ROE/50% equity, and a 2024 YE test year (vs. $256M previously). Staff's rebuttal excludes the $32M of QIP investments from the rate base after the ICC order disallowing the amounts from the 2019 QIP plant additions reconciliation (Docket: 20-0330). Nicor Gas's rebuttal included a $320M revenue increase, premised on a 10.35% ROE and 54.5% equity. The lower ROE and equity layer and Staff's recommendation to remove certain incentive compensation drive the difference. An ICC decision is due by November 28.

AEP — Intervenor testimony in AEP's ENEC proceedings is due on August 15: AEP filed the 2023 ENEC, requesting recovery of ~$642M, including the accumulated under-recovered balance of ~$553M through February 2023, and $89M of projects for the forecast period from September 2023-August 2024. AEP proposed two alternate mechanisms to recover the costs and reduce customer bill impacts (securitization or recovery over two years, beginning with a $174M increase). The PSC ordered the prudence review in May 2022 after AEP failed to meet the annual capacity factor during the 2020-2021 period. The PSC also deferred any rate increase until the Staff completes the prudence review. AEP noted that the low capacity factors during 2020-2021 and 2021-2022 ENEC periods were because of inadequate coal supplies. The ENEC is an annual rate adjustment mechanism allowing Wheeling and APCo to recover fuel, purchased power, and environmental compliance costs.

DTE — Post hearing briefs in DTE's MI electric rate case are due on August 15: Thus far, Staff has recommended a $383M revenue increase, premised on a 9.8% ROE and 50% equity. This compares to DTE's request for a net $619M revenue increase, premised on a 10.25% ROE and 50% equity. The main drivers of the difference are the lower ROE and Staff's disallowance of O&M costs, including IT and incentive compensation. A PD is expected by October 5 with new rates going into effect on December 10.

AEE — Post hearing briefs in AEE's IL gas rate case are due on August 17: AEE provided an updated request for a $72M rate increase, compared to its initial request for a net $84M revenue increase, and maintained the 54% equity layer (vs. Staff's 50%) but lowered the requested ROE to 10.3%, from 10.7%, closer to the Staff's proposal of 9.89%. AEE also agreed to adjust the 2024 charitable contributions and adopted the AG's HDD adjustment, resulting in an increase to present revenues. Staff recommended a $52M revenue increase. AEE's rate request includes the recovery of $77M of annual revenues that are recovered under the QIP

rider, which Staff proposes to be reviewed in the annual QIP reconciliation. AEE expects an ICC ruling within the 11-month statutory timeframe or by November 29, with rates going into effect on January 1, 2024.

EXC — Supplemental testimony in PEPCo's DC electric rate case is due on August 17: EXC's PEPCO filed a three-year electric rate case with the DC PSC seeking a cumulative $191M revenue increase ($116M in RY1, $37M in RY2, and $37M in RY3). New rates would go into effect on February 15, 2024, with the step-ups effective January 1 of 2025 and 2026, respectively. The rate increase request is premised on a 10.5% ROE and 50.5% equity layer.

ES — Legal briefs in Aquarion rate case appeal are due on August 17: ES filed an appeal with the Superior Court after PURA authorized a $2M revenue decrease, premised on an 8.7% ROE and 50.35% equity. The order compared to ES's three-year rate request for a ~$27.5M rate increase in RY1, ~$13.6M in RY2, and ~$8.8M in RY3. ES's request was based on a 10.35% ROE, 53.06% equity, $1.05B RB, and a 2021 test year. ES obtained a stay from the Superior Court on the PURA decision and must place any collected revenue above the amount authorized in the PURA order in an escrow account until a final order is received from the Court. Hearings are scheduled for December 14.

EXC — Staff and intervenor testimony in EXC's DE electric rate case is due on August 18: EXC filed supplemental testimony with updated data through 1H23 and revised the revenue requirement to $42M (from $60M), premised on a 10.5% ROE and 55.5% equity. The primary driver for EXC to seek the rate increase is the recovery of $290M of investment in the distribution system. EXC is proposing adjustments, including leveraging a pro forma capital structure, utilizing an O&M inflation adjustment, and applying year-end treatment to the rate base. A final order is expected in April 2024. EXC has interim rates of $56M in place that went into effect in mid-July.

ETR — Briefs opposing exceptions in the SERI UPSA complaint are due on August 18: In briefs on exceptions, SERI raised 15 exceptions and five related policy considerations that should be reversed, while the Trial Staff largely agreed with the PD except on five issues. The Staff believes the ALJ was incorrect in its findings regarding SERI's rate base additions for timing differences associated with incentive compensation and medical claim expenses, and the use of federal tax deductions for state taxes accrued and NOL carryforwards. The ALJ, in its decision, determined that SERI should have excluded multiple identified categories of ADIT from the rate base when calculating UPSA bills and that SERI's formula rate should include a negative $36M cash working capital allowance going forward. The ALJ decision also found that SERI treated sale-leaseback transaction costs correctly. Based on ETR's calculations, if adopted by FERC, ETR would need to issue a refund of $115M plus $135M of interest. The LA PSC, AR PSC, MS PSC, and NOCC filed the UPSA complaint in September 2020; evidentiary hearings were held in 2H22; and ETR reached a settlement with the AR PSC, LA PSC, and NOCC to resolve seven of the 26 issues in the docket, resulting in a black-box refund of $18M. FERC does not have a statutory timeline to issue its decision, and a final order may take 12 months or longer.

Recent Developments for Companies Under Our Coverage

From our midweek: XEL requests a PUC rehearing on its order in the MN MYRP; MA lawmakers pare back the spending bill to exclude a provision supporting cost renegotiation for the NECEC project; CEG and NRG file a response with NRC opposing the ROFR complaint filed by partial owners of the STP; CA seeks to create a hydrogen ecosystem; SoCalGas files for approval of an RNG pilot with the CPUC; parties file comments in response to EPA-issued proposal for limiting GHG emissions at power plants; FERC denies ETR's request for a waiver for certain MISO seasonal capacity requirements, and the EIA releases its August STEO.

AGR — Parties file written exceptions to the PD in AGR's UIL electric rate filing:

- In written exceptions, AGR notes the PD is insufficient to cover expenses and attract the needed capital for grid modernization, which would raise borrowing rates, resulting in higher customer rates down the road. The Company contends that the PD as written would yield a rate of return of 5.48% which it characterizes as confiscatory and would violate state and federal constitutional protections. AGR recommends several exceptions to make the PD minimally viable, including authorizing a 9.3% ROE and eliminating the unwarranted penalties. AGR initially requested a 10.2% ROE. Other recommendations include allowing AGR to recover prudently incurred costs and eliminating the disallowance of $37M regulatory assets. AGR is offering PURA additional time to review the PD and is supportive of extending the statutory deadline from August 25 to September 15.
- The OCC provided a letter supporting the PD. The OCC does not take any exceptions but made several recommendations (ESM, rate base) to enhance the PD further. The OAG and PURA's EOE also wrote letters in support of the PD.
- **What was in the original PD?** CT PURA issued a PD in July approving a rate increase of less than $2M on an 8.8% ROE with a further 52 bps cut to address performance and management issues, bringing the effective ROE to 8.28% and a 50% equity layer. PURA also rejected AGR's application for a three-year rate plan citing errors in the Company's cost of service study as one of several reasons for the rejection. UIL had requested a $131M rate increase over three years with a 10.2% ROE, 52% equity. We wrote in more detail on the PD here.

SRE — CPUC issues a decision adopting the settlement for the Aliso Canyon gas leak: The CPUC issued a decision adopting a settlement between SoCalGas and state agencies for the 2015 Aliso Canyon natural gas storage facility leak. The settlement includes a $71M penalty to be paid into the Aliso Canyon recovery account, disallowing the utility from collecting the $1.8B in civil litigation

Sophie Karp (917) 368-2361 / sophie.karp@key.com

settlement costs and over $1B in other costs. The CPUC, in a separate proceeding, is assessing the possibility of eliminating the uses of Aliso Canyon while maintaining energy supply reliability in the LA region.

ES — ES begins work on a geothermal loop pilot project in MA: The Company started drilling on ~90 boreholes as part of its networked geothermal pilot program in MA, which, when complete, will create a geothermal loop to connect about 140 customers. Geothermal technology works by transferring heat to and from underground wells into homes and businesses using heat pumps.The pilot is expected to be complete in time for the 2023 heating season, and as part of the cost recovery terms, ES will operate the pilot for two years to assess the viability of the technology and the cost-effectiveness if it were to be extended to a utility scale project.

CMS — CMS exploring a plan to sell its 13 hydroelectric facilities: CMS plans to issue an RFP to explore the possibility of selling its 13 hydro facilities. CMS contributes the relatively higher cost of the hydropower (~9x higher than other generation sources) as the main reason for exploring the RFP. The facilities contribute less than 1% of total energy provided by CMS. The federal operating licenses for the facilities expire between 2034-2041. CMS will conduct public meetings throughout the remainder of the year to inform its decisions.

AEP, CNP, DUK — IURC schedules a conference with IN utilities to discuss their response to the damage and outages caused by the recent storms: IURC has scheduled a September 22 conference with state utilities to gather information on the utility response to the storms and the challenges faced by the utilities in restoring power. The conference is scheduled in response to consumer advocates' request for an investigation into the storms that hit the state in late June/early July and led ~100K customers to lose power.

FE — FE files supplemental testimony in JCP&L's electric rate case: FE subsidiary Jersey Central Power and Light Co. filed supplemental testimony (Docket: ER23030144) with the NJ BPU largely maintaining its revenue recommendation at ~$192M and above the $185M revenue increase requested in March. The supplemental testimony reflects actuals through the June 30, 2023, test year and incorporates certain revenue classification changes. Intervenor testimony is due September 29, and a NJ BPU final decision expected in 1Q24. In the last rate case, JCP&L was authorized a $94M revenue increase, 9.6% ROE, and 51.44% equity.

AEP — APCo files rebuttal testimony in the VA triennial proceedings: APCO filed rebuttal arguing against the ROE of 9.4% proposed by staff and the OAG's 9.2% implying that these ROEs are not in line with current capital market conditions and barely above APCO's current authorized ROE of 9.2%. In contrast, APCO contends in its triennial earnings review for the 2020-2022 period that it earned a 5.39% ROE during the period, below the allowed band of 8.5-9.9%, and seeks a $213M rate increase, premised on a 10.6% ROE. According to Staff's calculations, APCO earned a 5.49% ROE during the 2020-2022 period and recommends a $155M revenue increase, premised on the proposed 9.4% ROE. OAG's recommendation is for a $69M revenue increase on its proposed 9.4% ROE. An SCC decision is due by November 30.

DOE issues a NOPR to streamline and set deadlines for federal permitting of transmission projects: The proposal would make DOE the lead agency for NEPA (National Environmental Policy Act) reviews, create a Coordinated Interagency Transmission Authorizations and Permits Program (CITAP) for transmission projects rated 230 kV and above (implying that it would create a single window for agency reviews), and set deadlines for federal authorizations and permits on a two-year timeline.

Figure 1 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	8/14/2023	Company Surrebuttal Testimony Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	8/14/2023	Post Hearing Briefs
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	8/14/2023	Opening Briefs
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	8/14/2023	Opening Briefs
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	8/15/2023	Staff and Intervenor Testimony Due
MI	DTE Electric Co.	DTE	C-U-21297	Electric	8/15/2023	Briefs Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	8/17/2023	Post Hearing Briefs
	DoC Solar Investigations	DoC	A-570-979	AD/CVD	8/17/2023	Final Determinations Due
CT	Aquarion Water	ES	HHB-CV23-6078177-S	Water	8/17/2023	Briefs on Aquarion Appeal
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	8/17/2023	Supplemental Testimony
	UPSA Formula Rate Complaint	ETR	EL-20-72		8/18/2023	Briefs Opposing Exceptions Due
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	8/18/2023	Staff and Intervenor Testimony Due
SC	Dominion Energy South Carolina	D	D-2023-70-G	Natural Gas	8/21/2023	Evidentiary Hearings Begin
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	8/21/2023	Evidentiary Hearings Begin
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	8/22/2023	Intervenor Testimony
VA	Dominion Energy	D	PUR-2023-00066	IRP	8/22/2023	Staff Testimony Due
OR	Portland General Electric Co.	POR	D-UE-416	Electric	8/22/2023	Staff and Intervenor Rebuttal Testimony
IL	Ameren Illinois	AEE	D-23-0082	Electric	8/24/2023	Evidentiary Hearings Resume
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	8/24/2023	Evidentiary Hearings Begin
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	8/24/2023	Post Hearing Briefs
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	8/24/2023	Post Hearing Briefs
CT	The United Illuminating Co.	AGR	D-22-08-08	Electric	8/25/2023	Statutory Deadline for final decision
CA		CPUC	R2207005	Fixed Charges	8/25/2023	Opening Briefs
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	8/25/2023	Surrebuttal Testimony
TX	Southwestern Public Service Co	XEL	D-54634	Electric	8/25/2023	Rebuttal Testimony
CA		CPUC	R2008020	NEM 3.0	8/27/2023	Statutory Deadline for completing proceedings
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	8/28/2023	Rebuttal Testimony Due
NC	Duke Energy Carolinas	DUK	E-7 Sub 1276	Electric	8/28/2023	Evidentiary Hearings Begin
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	8/28/2023	Reply Briefs
OR	Avista Corp.	AVA	LC81	IRP	8/29/2023	Staff and Intervenor Comments
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	8/29/2023	Staff and Intervenor Testimony Due
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	8/30/2023	Evidentiary Hearings Begin
OR	Portland General Electric Co.	POR	LC80	IRP	8/30/2023	Party Comments on Staff Round 2 Comments
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	8/30/2023	ALJ Report Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	8/31/2023	Reply Briefs
ME	Central Maine Power Co.	AGR	D-2022-00152	Electric	9/1/2023	Effective Date for New Rates
MI	DTE Electric Co.	DTE	C-U-21297	Electric	9/1/2023	Reply Briefs Due
NJ	Atlantic City Electric Co.	EXC	D-ER23020091	Electric	9/1/2023	Intervenor Testimony Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	9/1/2023	Position Statements Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	9/5/2023	Position Statements Due
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	9/5/2023	Evidentiary Hearings Begin
VA	Dominion Energy	D	PUR-2023-00066	IRP	9/5/2023	Rebuttal Testimony Due
IL	Ameren Illinois	AEE	D-23-0082	Electric	9/6/2023	Initial Briefs Due
MD	The Potomac Edison Co.	FE	C-9695	Electric	9/6/2023	Proposed Order Due
OR	Portland General Electric Co.	POR	LC80	IRP	9/6/2023	Company Reply Comments
	First Solar	FSLR			9/7/2023	Analyst Day - Perrysburg, OH
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	9/7/2023	Reply Briefs
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	9/7/2023	Reply Briefs
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	9/7/2023	Reply Briefs
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	9/7/2023	Reply Briefs

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	21.3	Overweight	$91	$80.91	3.1%	58%	4.42	4.66	4.94	18.3x	17.4x	16.4x	4.37	4.68	5.03	18.5x	17.3x	16.1x
AEP	American Electric Power Company In	41.8	Sector Weight	NA	$81.11	4.1%	64%	5.30	5.63	5.97	15.3x	14.4x	13.6x	5.27	5.60	5.98	15.4x	14.5x	13.6x
CMS	CMS Energy Corp	16.9	Sector Weight	NA	$57.76	3.4%	63%	3.10	3.33	3.57	18.6x	17.3x	16.2x	3.11	3.36	3.62	18.6x	17.2x	16.0x
CNP	CenterPoint Energy Inc	18.3	Sector Weight	NA	$28.95	2.6%	51%	1.49	1.63	1.72	19.4x	17.8x	16.8x	1.49	1.62	1.73	19.4x	17.9x	16.7x
D	Dominion Energy Inc	41.5	Sector Weight	NA	$49.59	5.4%	73%	3.58	3.84	3.90	13.9x	12.9x	12.7x	3.67	3.60	3.86	13.5x	13.8x	12.9x
DTE	DTE Energy Co	22.2	Sector Weight	NA	$107.89	3.6%	61%	6.22	6.62	7.06	17.3x	16.3x	15.3x	6.26	6.72	7.19	17.2x	16.1x	15.0x
DUK	Duke Energy Corp	72.3	Overweight	$109	$93.82	4.4%	73%	5.68	6.07	6.41	16.5x	15.5x	14.6x	5.62	5.98	6.33	16.7x	15.7x	14.8x
ETR	Entergy Corp	20.4	Sector Weight	NA	$96.31	4.5%	64%	6.77	7.22	7.68	14.2x	13.3x	12.5x	6.71	7.19	7.72	14.3x	13.4x	12.5x
ES	Eversource Energy	23.4	Sector Weight	NA	$67.04	4.0%	62%	4.38	4.66	4.95	15.3x	14.4x	13.5x	4.37	4.65	4.97	15.3x	14.4x	13.5x
ED	Consolidated Edison Inc	31.3	Underweight	$77	$90.83	3.6%	67%	4.85	5.16	5.47	18.7x	17.6x	16.6x	4.87	5.24	5.53	18.6x	17.3x	16.4x
EIX	Edison International	27.0	Sector Weight	NA	$70.53	4.2%	63%	4.73	5.11	5.63	14.9x	13.8x	12.5x	4.71	5.09	5.51	15.0x	13.9x	12.8x
EXC	Exelon Corp	40.0	Sector Weight	NA	$40.51	3.6%	62%	2.36	2.53	2.72	17.2x	16.0x	14.9x	2.36	2.50	2.72	17.1x	16.2x	14.9x
FE	FirstEnergy Corp	21.1	Overweight	$45	$36.87	4.3%	62%	2.56	2.67	2.87	14.4x	13.8x	12.8x	2.55	2.69	2.89	14.4x	13.7x	12.8x
PEG	Public Service Enterprise Group Inc	30.4	Sector Weight	NA	$60.87	3.8%	66%	3.45	3.60	3.88	17.6x	16.9x	15.7x	3.45	3.69	4.06	17.6x	16.5x	15.0x
SO	Southern Co	75.8	Sector Weight	NA	$69.50	4.0%	77%	3.56	4.01	4.25	19.5x	17.3x	16.4x	3.60	4.02	4.31	19.3x	17.3x	16.1x
WEC	WEC Energy Group Inc	27.4	Overweight	$102	$86.77	3.6%	68%	4.62	4.88	5.24	18.8x	17.8x	16.6x	4.61	4.91	5.25	18.8x	17.7x	16.5x
XEL	Xcel Energy Inc	32.8	Overweight	$71	$59.70	3.5%	62%	3.36	3.57	3.75	17.8x	16.7x	15.9x	3.34	3.59	3.84	17.9x	16.6x	15.6x
					Average:	**3.9%**	**64%**				**16.9x**	**15.8x**	**14.9x**				**16.9x**	**15.8x**	**14.8x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.8	Underweight	$32	$36.33	5.1%	78%	2.33	2.43	2.55	15.6x	15.0x	14.2x	2.35	2.49	2.62	15.5x	14.6x	13.9x
NWE	NorthWestern Corp	3.2	Overweight	$64	$53.90	4.8%	75%	3.42	3.58	3.74	15.8x	15.1x	14.4x	3.44	3.60	3.75	15.7x	15.0x	14.4x
OTTR	Otter Tail Corp	3.8	Sector Weight	NA	$91.80	1.9%	33%	4.71	3.28	3.51	19.5x	28.0x	26.2x	5.31	3.48	3.65	17.3x	26.4x	25.1x
PNW	Pinnacle West Capital Corp	8.8	Underweight	$61	$77.40	4.5%	83%	4.06	4.72	4.94	19.1x	16.4x	15.7x	4.19	4.88	5.08	18.5x	15.9x	15.2x
POR	Portland General Electric Co	4.8	Sector Weight	NA	$47.13	4.0%	71%	2.66	3.06	3.20	17.7x	15.4x	14.7x	2.66	3.04	3.25	17.7x	15.5x	14.5x
					Average:	**4.0%**	**68%**				**17.5x**	**18.0x**	**17.0x**				**16.9x**	**17.5x**	**16.6x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	13.7	Sector Weight	NA	$35.50	5.0%	84%	1.95	2.32	2.47	18.2x	15.3x	14.4x	2.08	2.32	2.49	17.0x	15.3x	14.2x
NEE	Nextera Energy Inc	139.5	Overweight	$85	$68.92	2.7%	60%	3.14	3.41	3.67	21.9x	20.2x	18.8x	3.13	3.41	3.69	22.1x	20.2x	18.7x
SRE	Sempra	45.4	Sector Weight	NA	$144.35	3.3%	53%	8.98	9.48	10.22	16.1x	15.2x	14.1x	9.00	9.56	10.23	16.0x	15.1x	14.1x
					Average:	**3.7%**	**66%**				**18.7x**	**16.9x**	**15.8x**				**18.4x**	**16.9x**	**15.7x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	34.0	Sector Weight	NA	$106.56	1.1%	25%	3,627	3,918	3,813	10.0x	9.2x	9.4x	3,445	3,839	3,781	10.5x	9.4x	9.5x
NRG	NRG Energy Inc	8.4	Not Covered	NA	$36.66	4.1%	35%	NA	NA	NA	NA	NA	NA	2,961	3,091	3,079	6.3x	5.6x	4.1x
VST	Vistra Corp	11.1	Not Covered	NA	$30.14	2.7%	20%	NA	NA	NA	NA	NA	NA	3,772	4,111	4,078	6.7x	5.9x	5.5x
					Average:	**2.6%**	**27%**				**10.0x**	**9.2x**	**9.4x**				**7.8x**	**7.0x**	**6.4x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

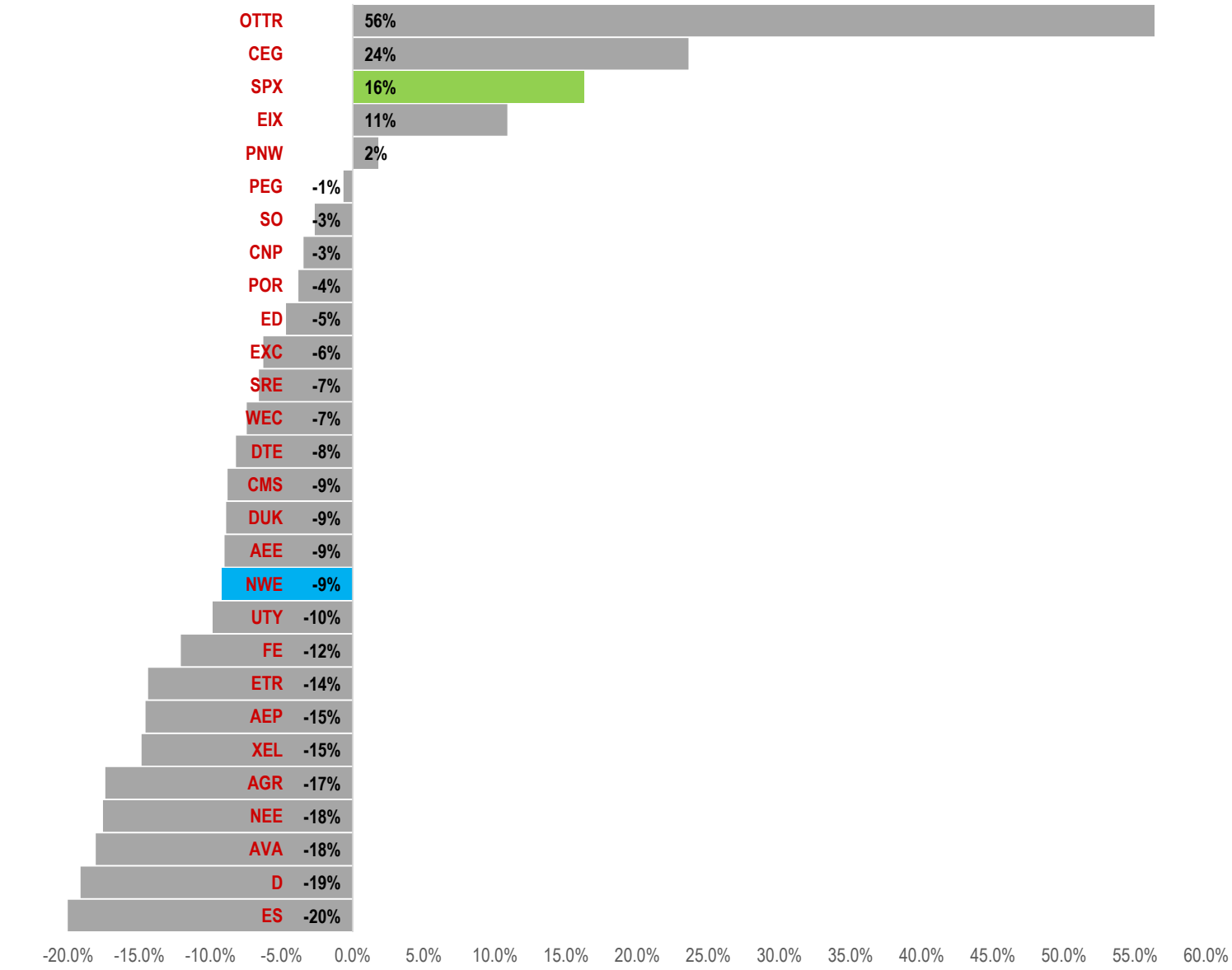

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Select Recent Research

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	259	49.33	44	16.99
Sector Weight [SW]	259	49.33	42	16.22
Underweight [UW]	7	1.33	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	23	40.35	15	65.22
Sector Weight [SW]	31	54.39	11	35.48
Underweight [UW]	3	5.26	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

MIZUHO Mizuho Securities USA LLC

U.S. Equity Research August 7, 2023

Energy Research
Utilities
Company Commentary

Exelon Corporation

Making a Solid Case To Join the Quality 'Bucket'

Rating	**Buy**
Previous Rating	No Change
Price (8/4)	**$39.92**
Price Target	**$45.00**
Previous Price Target	No Change

Key Data

Symbol	EXC(NYSE)
52-Week Range	$47.23 - $35.19
Market Cap ($mm)	$39,692
Shares Outstanding (mm)	994.3
Float	992.2
Average Daily Volume	6,254,444
Dividend/Yield	$1.35/3.4%

Fiscal Year-End: Dec 31

	2023E	2024E Prior	2024E Curr	2025E Prior	2025E Curr
Earnings per Share ($)					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.35E**	**–**	**2.51E**	**–**	**2.70E**
P/E	17.0x	–	15.9x	–	14.8x

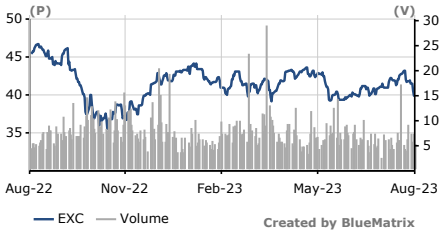

Summary

EXC continues to execute on its plan as a fully regulated utility and while 2Q earnings were in line, we focused on the ROEs of the company's four utilities. While the group has seen macro headwinds chip away at earned ROEs for a significant portion of the utility sector, EXC management continues to deliver on its 2023 ROE target of 9-10%. We maintain our Buy rating on EXC and look for the P/E multiple to continue to re-rate as management progresses on the six pending rate cases. We maintain our PT at $45 and view the current 3% P/E discount for a fully regulated story with 6-8% EPS CAGR as an attractive entry point.

Key Points

EXC reported in-line 2Q earnings, but we believe the focus should be on earned ROEs. EXC reported 2Q earnings of $0.41 which included $0.03 of unfavorable weather. Mizuho believes the focus should be on the earned ROEs of the company's four utilities which are forecasted to be in the 9-10% ROE range. While many utilities in the sector have been unable to navigate the macro challenges of high interest rates and inflation the EXC team has been able to execute on its plan, and we believe the momentum should continue to carry into 2H23.

Reaffirmed 2023 but quarterly 'breakout' slightly different. EXC expects the relative EPS contribution to 3Q to be negative on a y-o-y comparison. Management now expects 3Q23 to contribute 28% of annual proceeds as the quarter will not include several timing benefits that occurred in 3Q22. For 4Q23 EXC is forecasting additional Y-o-Y growth as O&M and tax timing provide a tailwind.

Regulatory update: **MD**: In May PEPCO filed for a three-year $213.6M rate increase with the Maryland PSC. The filing is based off of a 10.5% ROE, 50.5% equity ratio and $3,047M of rate base. **IL**: In January ComEd submitted its electric plan as the formula rate plan will expire later this year. The rate increase is based on a 10.65% ROE and 51.2% equity ratio. A final decision is expected in December. **MD**: In February BG&E filed for a $313.9M electric rate increase on a $5,600M rate base and a $290.1M gas increase on a $3,944M rate base. Both filings are based off of a 10.4% ROE and 52% equity ratio. **NJ**: ACE has revised their rate increase to $93.6M (prev. $104.8M) based off a 10.5% ROE, 50.2% equity, and $2,235M rate base. A final order from NJ regulators is expected in 1Q24. **DC**: PEPCO filed for a $190.7M rate increase based off a 10.5% ROE, 50.5% equity ratio, and $3,416M rate base. Staff recommendations are expected to be filed on October 12.

Anthony Crowdell
Managing Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Brandon Lee, CFA
Senior Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

Willard Grainger
Senior Associate
+212-471-26911
Willard.Grainger@mizuhogroup.com

Alex Mortimer
Associate
+1 212 205 7810
Alexander.Mortimer@mizuhogroup.com

PLEASE REFER TO PAGE 6 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Exelon Valuation

Base Case

Our price $45.00 target is derived as follows:

We value the regulated electric distribution and transmission 2025 earnings of $2.58 using a P/E multiple of 17.6 times, a 16% premium to our electric group average multiple, resulting in a price target of $46.00.

We value the regulated gas distribution 2025 earnings of $0.52 using a P/E multiple of 18.1 times, a 10% premium to our gas group average multiple, resulting in a price target of $9.00.

Adjusting for unallocated debt reduces the PT by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Company Models

In the pages that follow, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet for Exelon Corporation from 2020A to 2025E. To derive the consolidated results, we modeled full financials for each operating subsidiary. Clients who would like the full models may obtain them through their MSUSA representative or by direct request to the authors.

Exhibit 1: EXC Income Statement

Consolidated Income Statement ($ millions)	2020A	2021A	2022A	2023E	2024E	2025E
Revenues	$32,929	$24,837	$25,484	$26,002	$26,650	$27,357
Cost of Goods Sold	14,215	13,320	13,394	13,403	13,433	13,475
O&M	8,494	3,974	4,026	4,079	4,132	4,186
Other Expenses	(11)	0	(4)	(4)	(4)	(4)
Taxes Other then Income	1,713	1,288	1,300	1,313	1,325	1,338
EBITDA	**$8,518**	**$6,255**	**$6,768**	**$7,212**	**$7,763**	**$8,362**
D&A	4,075	3,044	3,213	3,388	3,570	3,757
EBIT	**$4,443**	**$3,211**	**$3,555**	**$3,824**	**$4,194**	**$4,605**
Interest	1,609	1,241	1,391	1,529	1,731	1,950
Other Income	611	174	120	124	129	134
EBT	**$3,445**	**$2,144**	**$2,283**	**$2,419**	**$2,591**	**$2,788**
Taxes	399	106	60	70	73	59
Preferred Dividends	(104)	(1)	(1)	(1)	(1)	(1)
Net Income	**$3,150**	**$2,040**	**$2,224**	**$2,350**	**$2,519**	**$2,730**
EPS	**$3.23**	**$2.08**	**$2.27**	**$2.35**	**$2.51**	**$2.70**

Source: Company reports, MSUSA estimates

Exhibit 2: EXC Cash Flow Statement

Consolidated Cash Flow Statement ($ millions)	2020A	2021A	2022A	2023E	2024E	2025E
Net Income	$3,039	$2,663	$2,224	$2,350	$2,519	$2,730
Depreciation	3,973	3,979	3,111	3,286	3,468	3,655
Deferred Taxes	(570)	(524)	(181)	(378)	(376)	(371)
Maintenance Cap-Ex	(3,526)	(3,516)	(3,003)	(3,178)	(3,360)	(3,547)
Grow th Cap-Ex	(4,149)	(3,784)	(3,947)	(3,872)	(4,090)	(3,978)
Net Cash Generation	**(1,233)**	**(1,181)**	**(1,796)**	**(1,791)**	**(1,839)**	**(1,511)**
EBITDA + Other Income	9,006	8,751	6,751	7,195	7,746	8,344
Interest Expense	888	1,004	1,416	1,554	1,757	1,976
Pfd. Dividends	(1)	(1)	(1)	(1)	(1)	(1)
Common Dividends	(1,417)	(1,501)	1,346	1,448	1,558	1,676

Source: Company reports, MSUSA estimates

Exhibit 3: EXC Balance Sheet

Consolidated Balance Sheet ($ millions)	2020A	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	$1,166	$1,176	$1,836	$1,136	$923	$908
Short Term Debt	$1,644	$1,644	$702	$702	$802	$802
Revolver	0	0	0	0	0	0
Current Portion of Long Term Debt	1,791	2,993	800	800	1,307	1,600
Long Term Debt	35,580	34,479	36,247	38,722	41,290	44,465
Total Debt	**$39,015**	**$39,115**	**$37,749**	**$40,224**	**$43,399**	**$46,867**
Preferred Stock	0	0	0	0	0	0
Total Debt & Preferred	**$39,015**	**$39,115**	**$37,749**	**$40,224**	**$43,399**	**$46,867**
Shareholder's Equity	32,018	20,092	34,566	35,583	36,607	37,416
Total Book Capitalization	**$71,033**	**$59,207**	**$72,315**	**$75,807**	**$80,006**	**$84,283**
Total Credit Capitalization	**$71,033**	**$59,207**	**$72,315**	**$75,807**	**$80,006**	**$84,283**

Source: Company reports, MSUSA estimates

Price Target Calculation and Key Risks

Price Target Calculations: Using a sum of the parts analysis on 2025 results we derive a price target of $45.00 per share. Our price target is derived as follows: (1) Regulated electric distribution and transmission: we derive a PT of $46.00, applying a 16% premium to the electric utility group average P/E multiple; (2) Regulated Gas Distribution: we derive a PT of $9.00, applying a 10% premium to the gas utility group average multiple; (3) Adjusting for unallocated debt reduces the PT by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: Equity overhang, weak commodity outlook, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates has received compensation for investment banking services for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates has managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates have provided investment banking services for Exelon Corporation who is or was a client in the past 12 months.

The compensation of the research analyst writing this report, in whole or part, is based on MSUSA's annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA's internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Anthony Crowdell, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock’s total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform.

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a riskadjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of August 4)	% of coverage	IB service past 12 mo
Buy (Buy)	59.50%	57.31%
Hold (Neutral)	37.99%	53.01%
Sell (Underperform)	2.52%	18.18%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

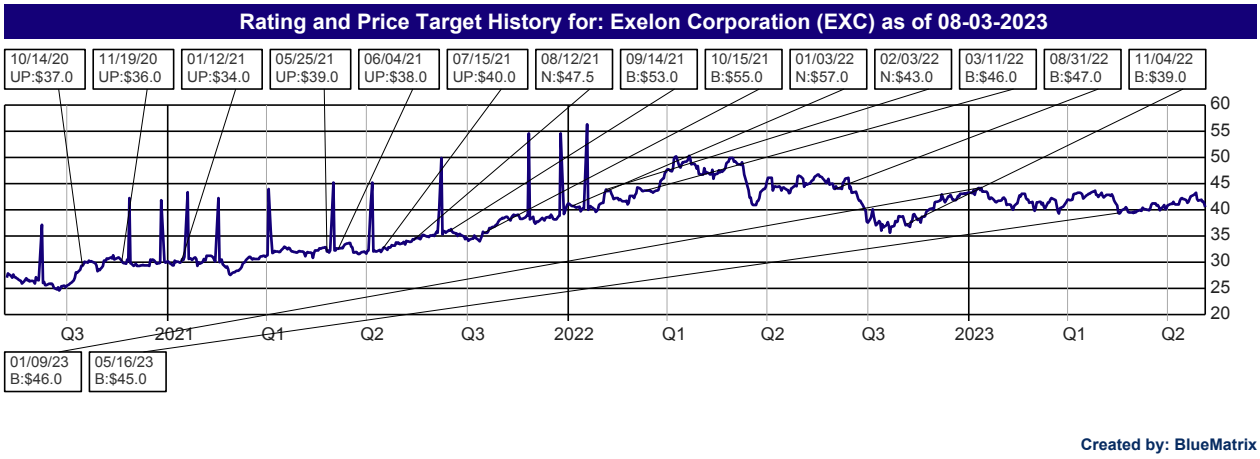

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any

transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2023. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

Sell

Exelon Corp. (EXC)

Remain focused on rate case execution; see less upside to consensus and valuation

EXC	12m Price Target: **$39.00**	Price: **$39.92**	Downside: **2.3%**

Carly Davenport
+1(212)357-1914 | carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+91(22)6616-9131 | jaskaran.jaiya@gs.com
Goldman Sachs India SPL

We update estimates for Exelon Corp (EXC, Sell) following second quarter results that were broadly in line with expectations, and we expect the company to execute within its reiterated earnings guidance range for 2023. While we thought commentary on transmission was constructive, we do not see an above average allocation of spend towards transmission at EXC relative to our coverage on our current estimates. Looking forward, we remain focused on rate case execution given the number of ongoing proceedings, including at EXC's largest utility, ComEd, that should be concluded by the end of the year. We continue to see less upside to consensus estimates, where we are -3% below FactSet consensus on average in 2023-2027, and valuation, where we see 0% total return to our price target versus 17% on average to our coverage. We provide key takeaways from results around regulatory updates, transmission, and the balance sheet inside.

Key takeaways from earnings

Regulatory updates. EXC currently has six active rate case proceedings including at ComEd, BGE, DPL Delaware, ACE, Pepco MD, and Pepco DC. We remain focused on ComEd and BGE, with expectations to receive final orders by end the of the year. Both cases recently file rebuttal testimony, and we look to evidentiary hearings in August for ComEd and August/September for BGE for as next milestones. On the call, management noted ICC staff and intervenors have remained committed to initial positions provided in direct testimony related to ROE and pension asset, with challenges to capital spend focused on certain IT projects at ComEd. At BGE, the case is proceeding in line with the company's expectations, with staff's proposal at 70% of BGE's ask. EXC expects both cases to move through a fully litigated case.

Key Data

Market cap: $39.8bn
Enterprise value: $82.8bn
3m ADTV: $254.6mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**19,078.0**	**20,226.6**	**20,996.8**	**21,688.3**
Revenue ($ mn) Old	19,078.0	19,806.7	20,588.1	21,262.6
EBITDA ($ mn)	6,642.0	7,285.3	7,945.9	8,522.5
EBIT ($ mn)	3,317.0	3,785.4	4,264.6	4,649.3
EPS ($) New	**2.27**	**2.37**	**2.46**	**2.61**
EPS ($) Old	2.27	2.36	2.47	2.59
P/E (X)	19.1	16.8	16.2	15.3
Dividend yield (%)	3.1	3.6	3.9	4.1
Net debt/EBITDA (X)	6.0	5.9	5.8	5.8

	3/23	6/23E	9/23E	12/23E
EPS ($)	0.70	0.41	0.70	0.56

GS Factor Profile

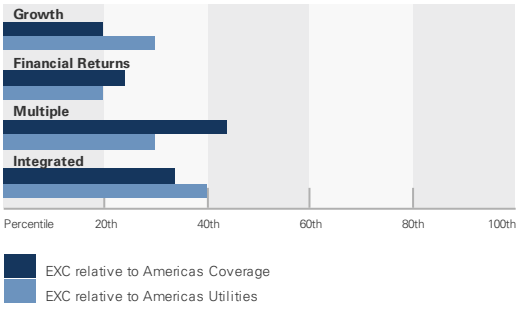

Source: Company data, Goldman Sachs Research estimates. See disclosures for details.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Sell

Exelon Corp. (EXC)

Rating since Jun 7, 2023

Ratios & Valuation

	12/22	12/23E	12/24E	12/25E
P/E (X)	19.1	16.8	16.2	15.3
EV/EBITDA (X)	12.4	11.4	10.8	10.5
EV/sales (X)	4.3	4.1	4.1	4.1
FCF yield (%)	(5.3)	(5.9)	(3.2)	(3.8)
EV/DACF (X)	11.5	11.6	10.9	10.6
CROCI (%)	8.6	7.9	8.1	8.0
ROE (%)	8.6	9.0	9.4	9.6
Net debt/EBITDA (X)	6.0	5.9	5.8	5.8
Net debt/equity (%)	160.2	165.6	170.5	176.0
Interest cover (X)	2.3	2.2	2.3	2.4
Inventory days	39.8	39.0	37.7	37.6
Receivable days	59.5	59.5	52.7	51.0
Days payable outstanding	215.3	156.9	133.2	132.8

Growth & Margins (%)

	12/22	12/23E	12/24E	12/25E
Total revenue growth	14.3	6.0	3.8	3.3
EBITDA growth	8.8	9.7	9.1	7.3
EPS growth	9.0	4.5	3.7	6.3
DPS growth	(11.7)	7.0	7.0	7.0
Gross margin	66.6	66.1	67.3	68.3
EBIT margin	17.4	18.7	20.3	21.4

Price Performance

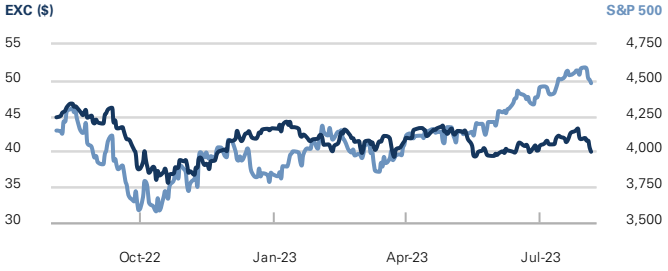

	3m	6m	12m
Absolute	(6.2)%	(2.4)%	(11.4)%
Rel. to the S&P 500	(14.9)%	(9.8)%	(17.9)%

Source: FactSet. Price as of 4 Aug 2023 close.

Income Statement ($ mn)

	12/22	12/23E	12/24E	12/25E
Total revenue	19,078.0	20,226.6	20,996.8	21,688.3
Cost of goods sold	(6,373.0)	(6,848.8)	(6,867.7)	(6,886.0)
SG&A	(4,673.0)	(4,700.3)	(4,769.3)	(4,839.6)
R&D	–	–	–	–
Other operating inc./(exp.)	(1,390.0)	(1,392.2)	(1,414.0)	(1,440.2)
EBITDA	**6,642.0**	**7,285.3**	**7,945.9**	**8,522.5**
Depreciation & amortization	(3,325.0)	(3,499.9)	(3,681.4)	(3,873.1)
EBIT	**3,317.0**	**3,785.4**	**4,264.6**	**4,649.3**
Net interest inc./(exp.)	(1,447.0)	(1,721.2)	(1,872.2)	(1,974.2)
Income/(loss) from associates	–	–	–	–
Pre-tax profit	**2,403.0**	**2,655.0**	**2,978.4**	**3,162.8**
Provision for taxes	(349.0)	(379.0)	(505.8)	(534.3)
Minority interest	(1.0)	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**2,053.0**	**2,276.0**	**2,472.5**	**2,628.5**
Net inc. (post-exceptionals)	**2,238.0**	**2,368.0**	**2,472.5**	**2,628.5**
EPS (basic, pre-except) ($)	**2.08**	**2.28**	**2.46**	**2.62**
EPS (diluted, pre-except) ($)	**2.08**	**2.28**	**2.46**	**2.61**
EPS (ex-ESO exp., dil.) ($)	**--**	**--**	**--**	**--**
DPS ($)	1.35	1.45	1.55	1.65
Div. payout ratio (%)	64.9	63.4	62.8	63.2
Wtd avg shares out. (basic) (mn)	986.0	998.0	1,003.8	1,003.8
Wtd avg shares out. (diluted) (mn)	987.0	999.0	1,005.8	1,005.8

Balance Sheet ($ mn)

	12/22	12/23E	12/24E	12/25E
Cash & cash equivalents	407.0	1,823.9	460.0	765.5
Accounts receivable	3,561.0	3,030.0	3,030.0	3,030.0
Inventory	755.0	710.0	710.0	710.0
Other current assets	2,613.0	3,403.0	3,403.0	3,403.0
Total current assets	**7,336.0**	**8,966.9**	**7,603.0**	**7,908.5**
Net PP&E	69,076.0	73,438.1	78,124.7	83,244.6
Net intangibles	–	–	–	–
Total investments	232.0	238.0	238.0	238.0
Other long-term assets	18,705.0	18,641.0	17,923.0	17,205.0
Total assets	**95,349.0**	**101,284.0**	**103,888.7**	**108,596.1**
Accounts payable	3,382.0	2,506.0	2,506.0	2,506.0
Short-term debt	4,388.0	2,741.0	2,741.0	2,741.0
Current lease liabilities	–	–	–	–
Other current liabilities	2,841.0	2,689.0	2,689.0	2,689.0
Total current liabilities	**10,611.0**	**7,936.0**	**7,936.0**	**7,936.0**
Long-term debt	35,662.0	42,113.0	43,587.0	47,064.0
Non-current lease liabilities	–	–	–	–
Other long-term liabilities	24,332.0	25,255.4	25,465.7	25,728.4
Total long-term liabilities	**59,994.0**	**67,368.4**	**69,052.7**	**72,792.4**
Total liabilities	**70,605.0**	**75,304.4**	**76,988.7**	**80,728.4**
Preferred shares	–	–	–	–
Total common equity	**24,744.0**	**25,979.6**	**26,900.0**	**27,867.8**
Minority interest	–	–	–	–
Total liabilities & equity	**95,349.0**	**101,284.0**	**103,888.7**	**108,596.1**
BVPS ($)	24.89	25.88	26.80	27.76

Cash Flow ($ mn)

	12/22	12/23E	12/24E	12/25E
Net income	2,171.0	2,276.0	2,472.5	2,628.5
D&A add-back	3,533.0	3,500.9	3,681.4	3,873.1
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(1,051.0)	(769.0)	–	–
Others	217.0	(136.6)	210.3	262.6
Cash flow from operations	**4,870.0**	**4,871.3**	**6,364.2**	**6,764.3**
Capital expenditures	(7,147.0)	(7,238.0)	(7,650.0)	(8,275.0)
Acquisitions	–	–	–	–
Divestitures	16.0	10.0	–	–
Others	141.0	10.0	–	–
Cash flow from investing	**(6,990.0)**	**(7,218.0)**	**(7,650.0)**	**(8,275.0)**
Dividends paid	(1,334.0)	(1,437.7)	(1,552.1)	(1,660.8)
Share issuance/(repurchase)	563.0	333.3	–	–
Inc/(dec) in debt	5,022.0	4,872.0	1,474.0	3,477.0
Others	(2,330.0)	(4.0)	–	–
Cash flow from financing	**1,921.0**	**3,763.6**	**(78.1)**	**1,816.2**
Total cash flow	**(199.0)**	**1,416.9**	**(1,363.9)**	**305.5**
Free cash flow	(2,277.0)	(2,366.7)	(1,285.8)	(1,510.7)
Free cash flow per share (basic) ($)	(2.31)	(2.37)	(1.28)	(1.50)

Source: Company data, Goldman Sachs Research estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Transmission. The company noted that it was recently awarded $870 mn in transmission upgrades from PJM in order to address reliability challenges. The projects are expected to be completed in the 2028 timeframe, implying that the spend is outside of the scope of the current capital plan, but is additive to EXC's current plan. The company is also participating in the PJM open window to help transmission reinforcements in the Dominion territory. As we've written previously, we have a positive view on allocation of capital towards transmission, and at current EXC has allocated about 21% of its capex towards transmission, which is broadly in line with the average across our coverage.

Balance sheet. EXC continues to expect a 100-200 bps cushion on average relative to its downgrade thresholds of 12%, and versus current levels of 13%. A key item to monitor in determining where EXC will fall within the 100-200 bps range is the corporate alternative minimum tax, where the company has noted if the CMT is not mitigated through a repairs deduction, EXC expects to be at the low end of that range. Management expects to have some clarity from the Treasury by the end of the year on implementation of the tax. With that said, Treasury has granted deferral of estimated tax payments associated with the CMT until 2024. Regardless of the outcome there, management expects to stick to its plan to issue $425 mn of equity by 2025.

Model Updates and Our Latest Views

We maintain our more negative relative view on EXC following in line results. We remain focused on the number of outstanding rate cases across the business, and in particular outcomes at ComEd and BGE that are expected by the end of this year. In addition to regulatory outcomes, we see less thematic exposure that drive less upside opportunity around investment/earnings growth going forward, and see less attractive valuation at current levels with the stock trading at a ~0.5x premium on our 2025 numbers versus a discount of about 1x since the Ex-Gen spin. On the margin, we view the potential upside around transmission projects in PJM positively, though note this is outside of the scope of the company's current plan and current spend allocated towards transmission is broadly in line with the average across our coverage.

We update our model for the latest results, adjusting our model for 1) O&M expense, 2) interest expense, and 3) debt levels; as well as altering the cadence of our 2023 numbers to better reflect managements guidance. This drives our EPS estimates in 2023-2025 from $2.36/$2.47/$2.59 to $2.37/$2.46/$2.61. We remain below consensus in all years beyond 2023.

Valuation & Key Risks

We are Sell rated on EXC with a 12-month PT of $39 based on a 15x P/E multiple on 2025 earnings. Key risks for EXC include: 1) favorable rate case outcomes, 2) cost control and ability to smooth earnings, 3) a robust balance sheet that appeals to investors seeking safety in the event of a recession, and 4) incremental capex opportunities.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller and Jaskaran Jaiya, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Dominion Energy Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra Energy, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by Goldman Sachs Global Investment Research and referred to in this research.

Goldman Sachs is acting as a manager or co-manager of a pending underwriting: Exelon Corp. ($39.92)

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($39.92)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($39.92)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($39.92)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($39.92)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($39.92)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($39.92)

Goldman Sachs has managed or co-managed a public or Rule 144A offering in the past 12 months: Exelon Corp. ($39.92)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($39.92)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	63%	56%	47%

As of July 1, 2023, Goldman Sachs Global Investment Research had investment ratings on 3,008 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

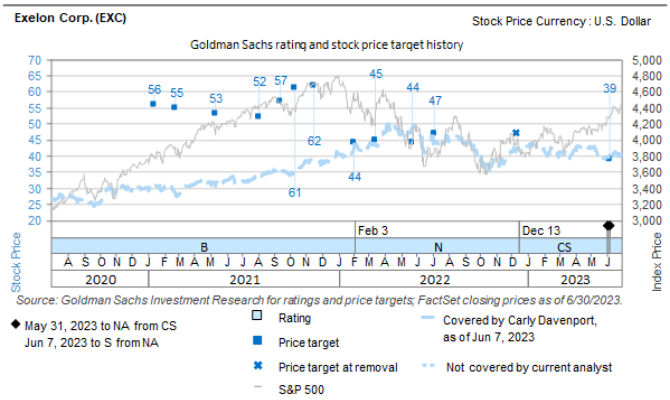

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2023 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Power & Utilities, Alt Energy & Env. Services

Watt's on Tap & Catalyst of the Week

Equities

Americas

Electric Utilities

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Jon Windham, CFA
Analyst
jon.windham@ubs.com
+1-617-478-4711

William Grippin, CFA
Analyst
william.grippin@ubs.com
+1-617-478 4740

Watt's on Tap

August 4 -August 11

Calendar Items

Weekly Calendar	
Fri - August 4	**CMS** - Company report on billing issues due with Michigan Public Service Commission
Mon - August 7	**AEE** - Evidentiary Hearings in IL for Ameren Electric rate case
Tue - August 8	**FTS** - Potential TEPCO rate decision at the Arizona Corporation Commission
Fri - August 11	**XEL** - SPS subsidiary rate case Staff and Intervenor testimony at Public Utility Commission of Texas
Other Possible	**ETR** - FERC clarification around Dec '22 order on SERI issues **PCG**- Potential ALJ decision in general rate case

Source: Company Reports, Utility Regulatory Commissions, FactSet, UBS
Updated as of: 8/3/2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 24.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

In Case You Missed It

North America Power and Utilities
Analysts: Ross Fowler, Gregg Orrill & William Appicelli

07/19/2023 UBS Evidence Lab Inside: 2Q 2023 Preview
08/03/2023 First Read: Pinnacle West Capital Corp "Q2 Miss, But Guidance Raised" (Sell)
08/03/2023 First Read: Southern Co "Modest Beat on Q2 Earnings" (Buy)
08/03/2023 First Read: Sempra "Beat. 2Q'23 Adj. EPS $1.88 v. $1.74 Consensus" (Buy)
08/03/2023 First Read: Constellation Energy Corp "Beat and Raise. 2Q'23 Adj...."
08/02/2023 AEE: Strong Q2 Results
08/02/2023 EXC: Upside Capex Highlighted
08/02/2023 NI: 2Q'23 In-Line. Guidance to Upper Half of Range
08/02/2023 ETR: Headline Beat on O&M Timing
08/02/2023 FTS: In-Line. 2Q'23 Adj. EPS of C$0.62 v. C$0.61 Consensus
08/02/2023 US Power: Lawsuit Filed over STP Transaction
08/01/2023FE: Small beat. 2Q'23 Adj. EPS $0.47 v. $0.45...
08/01/2023 ES: Cautious on Offshore Wind Sale Process
08/01/2023 PEG: Strong Q2 Earnings Beat
08/01/2023 WEC: Q2 Beats Expectations
07/31/2023 SO: Vogtle Unit 3 Comes Online
07/31/2023 SJW: Small Beat. 2Q'23 EPS of $0.58 vs. $0.56 Cons.

North America Alternative Energy and Environmental Services Analysts: Jon Windham & William Grippin

07/27/2023 FSLR: 2Q23: Expanding U.S. module capacity to 14GW
08/02/2023 GNRC: 2Q23: FY2023 guidance cut
08/02/2023 RUN: 2Q23: In-line, relatively more upbeat
08/02/2023 CLH: Clean Harbors Inc "2Q23: Solid result, maintain 2023 guide" (Neutral)
08/01/2023 SPWR: 2Q23: In-line with pre-announcement
08/01/2023 AY: 2Q23 in-line
08/01/2023 RSG: 2Q23: Results in-line
08/01/2023 SHLS: 2Q23: In-line results; FY23...
08/01/2023 SEDG: 2Q23: Weak 3Q23 guide, Europe...
07/31/2023 AMRC: 2Q23 in-line; 2023 guide maintained
07/28/2023 First Read: Casella Waste Systems Inc "Slight 2Q23 miss; Raising FY23..."

We are updating our price targets below for the move in market multiples for the group.

Figure 1: Electric Utilities Price Target Update

Rating	Ticker	8/3/23	Old Price Target	Old Utility Multiple	New Price Target	New Utility Multiple
Neutral	LNT	$51.76	$57	15.7x	$55	15.1x
Neutral	AEE	$82.92	$92	16.0x	$87	15.1x
Buy	EIX	$70.34	$89	15.8x	$85	15.1x
Neutral	ES	$68.12	$71	15.6x	$69	15.1x
Sell	FTS	$53.12	$55	15.7x	$53	15.1x
Buy	NEE	$70.10	$91	16.0x	$86	15.1x
Neutral	OGE	$35.26	$37	15.6x	$36	15.1x
Neutral	WEC	$88.26	$95	16.0x	$90	15.1x
Neutral	XEL	$61.32	$68	16.1x	$64	15.1x

Source: FactSet, UBS estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Figure 2: 2Q'23 Power and Utility Estimates

US Companies in US$			Quarterly					Annual					
Company	Ticker	Scheduled Reporting Date	2Q'23E UBS	2Q'23E Consensus	UBS vs. Consensus	UBS Confidence Indicator[1]	2Q'22A Adjusted	2023E UBS	2023E Consensus	UBS vs. Consensus	Trailing 12 Month	2022A	2023E Guidance
ELECTRIC UTILITIES													
AES Corp	AES	Reported	$0.21A	$0.23	($0.02)		$0.34A	$1.71	$1.71	$0.00	$1.56	$1.67	$1.65-$1.75
Alliant Energy	LNT	4-Aug	$0.59E	$0.58	$0.01		$0.63A	$2.90	$2.89	$0.01	$2.60	$2.80	$2.82-$2.96
Ameren Corp	AEE	Reported	$0.90A	$0.79	$0.11		$0.80A	$4.36	$4.36	($0.01)	$3.95	$4.14	$4.25-$4.45
American Electric Power	AEP	Reported	$1.13A	$1.13	($0.00)		$1.20A	$5.25	$5.27	($0.02)	$5.00	$5.09	$5.19-$5.39
CenterPoint Energy	CNP	Reported	$0.28A	$0.27	$0.01		$0.31A	$1.51	$1.49	$0.03	$0.87	$1.17	$1.48-$1.50
CMS Energy	CMS	Reported	$0.75A	$0.70	$0.05		$0.53A	$3.12	$3.10	$0.02	$2.39	$2.89	$3.06-$3.12
Consolidated Edison	ED	Reported	$0.61A	$0.61	$0.00		$0.64A	$4.93	$4.85	$0.08	$3.69	$4.57	$4.85-$5.00
Dominion Energy	D	4-Aug	$0.47E	$0.47	($0.00)		$0.77A	$3.83	$3.82	$0.02	$3.41	$4.10	N/A
DTE Energy	DTE	Reported	$0.99A	$0.88	$0.11		$0.88A	$6.26	$6.21	$0.04	$4.66	$5.62	$6.09-$6.40
Duke Energy	DUK	8-Aug	$0.95E	$0.98	($0.03)		$1.14A	$5.63	$5.63	$0.00	$5.01	$5.27	$5.55-$5.75
Edison International	EIX	Reported	$1.01A	$0.95	$0.06		$0.94A	$4.71	$4.73	($0.02)	$4.52	$4.63	$4.55-$4.85
Emera Inc (C$)	EMA-TSE	11-Aug	$0.62E	$0.61	$0.01		$0.59A	$3.29	$3.20	$0.09	$2.53	$3.03	N/A
Entergy Corp	ETR	Reported	$1.84A	$1.68	$0.16		$1.78A	$6.65	$6.71	($0.06)	$6.81	$6.42	$6.55-$6.85
Evergy, Inc	EVRG	4-Aug	$0.77E	$0.77	($0.00)		$0.86A	$3.65	$3.63	$0.01	$3.94	$3.71	$3.55-$3.75
Eversource Energy	ES	Reported	$1.00A	$0.91	$0.09		$0.86A	$4.36	$4.36	($0.00)	$3.70	$4.05	$4.25-$4.43
Exelon Corp	EXC	Reported	$0.41A	$0.40	$0.01		$0.44A	$2.36	$2.36	$0.00	$2.03	$2.27	$2.30-$2.42
FirstEnergy Corp	FE	Reported	$0.47A	$0.45	$0.02		$0.53A	$2.59	$2.54	$0.05	$2.27	$2.41	$2.44-$2.64
Fortis Inc (C$)	FTS-TSE	Reported	$0.62A	$0.62	0.00		$0.57A	$2.97	$3.00	($0.03)	$2.62	$2.78	N/A
NextEra Energy	NEE	Reported	$0.88A	$0.88	$0.00		$0.81A	$3.13	$3.11	$0.02	$3.05	$2.90	$2.98-$3.13
NiSource Inc.	NI	Reported	$0.11A	$0.12	($0.01)		$0.12A	$1.57	$1.57	($0.00)	$0.72	$1.46	$1.54-$1.60
OGE Energy Corp	OGE	9-Aug	$0.45E	$0.44	$0.01		$0.36A	$2.01	$2.00	$0.01	$2.30	$3.32	$1.93-$2.07
PG&E Corp	PCG	Reported	$0.23A	$0.25	($0.02)		$0.25A	$1.23	$1.21	$0.02	$1.05	$1.10	$1.19-$1.23
Pinnacle West Capital Corporation	PNW	Reported	$0.94A	$1.16	($0.22)		$1.45A	$4.20	$4.19	$0.02	$5.28	$4.26	$3.95-$4.15
PPL Corporation	PPL	4-Aug	$0.31E	$0.32	($0.01)		$0.30A	$1.60	$1.58	$0.02	$1.31	$2.40	$1.50-$1.65
Public Service Enterprise Group	PEG	Reported	$0.70A	$0.63	$0.07		$0.64A	$3.46	$3.44	$0.01	$2.77	$3.47	$3.40-$3.50
Sempra Energy	SRE	Reported	$1.88A	$1.74	$0.14		$1.98A	$8.98	$9.00	($0.02)	$8.04	$9.21	$8.60-$9.20
Southern Company	SO	Reported	$0.76A	$0.75	$0.01		$1.07A	$3.65	$3.60	$0.05	$3.38	$3.60	$3.55-$3.65
WEC Energy Group	WEC	Reported	$0.92A	$0.85	$0.07		$0.91A	$4.62	$4.61	$0.01	$3.52	$4.46	$4.58-$4.62
Xcel Energy	XEL	Reported	$0.52A	$0.57	($0.05)		$0.60A	$3.35	$3.37	($0.02)	$3.03	$3.17	$3.30-$3.40
Average			**$0.74**	**$0.72**	**$0.02**	**2.8%**	**$0.77**	**$3.72**	**$3.71**	**$0.01**	**$3.31**	**$3.65**	
WATER UTILITIES													
American States Water	AWR	7-Aug	$0.74E	$0.78	($0.04)		$0.54A	$3.16	$2.77	$0.39	$2.12	$2.55	N/A
American Water Works Company	AWK	Reported	$1.44A	$1.31	$0.13		$1.20A	$4.79	$4.78	$0.01	$4.55	$4.51	$4.72-$4.82
California Water	CWT	Reported	$0.17A	$0.50	($0.33)		$0.36A	$1.90	$1.75	$0.14	$0.96	$1.96	N/A
Essential Utilities	WTRG	7-Aug	$0.31E	$0.34	($0.03)		$0.31A	$1.88	$1.86	$0.02	$1.73	$1.77	$1.85-$1.90
SJW Group	SJW	Reported	$0.58A	$0.56	$0.02		$0.39A	$2.47	$2.47	($0.00)	$2.28	$2.06	$2.40-$2.50
Average			**$0.63**	**$0.70**	**($0.05)**	**-7.2%**	**$0.56**	**$2.84**	**$2.73**	**$0.11**	**$2.33**	**$2.57**	
IPPS - Adjusted EBITDA not EPS	**US$mlns**												
Constellation Energy	CEG	Reported	$1,031A	$697	$334		$603A	$3,129	$3,116	$13	N/A	$2,667	$2,900-$3,300
NRG Energy	NRG	8-Aug	$700E	$789	($89)		$358A	$3,062	$3,085	($23)	N/A	$1,754	$3,010-$3,250
Vista Energy	VST	9-Aug	$865E	$855	$10		$761A	$3,699	$3,590	$109	N/A	$3,115	$3,400-$4,000
Average			**$865**	**$780**	**$85**	**10.9%**	**$574**	**$3,297**	**$3,264**	**$33**		**$2,512**	

1. UBS Confidence Indicator: Green = high confidence in estimate vs. consensus; Red = low confidence in estimate vs. consensus; Yellow = mid confidence in estimate vs. consensus

Source: FactSet, Company Filings, UBS estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Figure 3: North America Regulated and Water Utilities, Sorted by Total Return Potential

Rating	Ticker	8/3/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	SRE	$143.31	$200	43%	$8.43	$9.21	$8.98	$9.58	$10.16	14.1x	(7%)	3.2%	7.2%	7.0%	2nd
Buy	AES	$20.65	$26	29%	$1.52	$1.67	$1.71	$1.88	$2.12	9.7x	(36%)	3.1%	6.1%	5.0%	2nd
Buy	FE	$37.17	$45	25%	$2.60	$2.41	$2.59	$2.71	$2.93	12.7x	(16%)	4.2%	7.0%	3.0%	3rd
Buy	NEE	$70.10	$86	25%	$2.55	$2.90	$3.13	$3.43	$3.70	18.9x	25%	2.4%	7.1%	10.0%	1st
Buy	EIX	$70.34	$85	25%	$4.59	$4.63	$4.71	$5.13	$5.70	12.3x	(19%)	4.0%	6.7%	4.0%	2nd
Buy	CMS	$58.35	$71	25%	$2.65	$2.89	$3.12	$3.37	$3.64	16.0x	6%	3.2%	8.1%	7.0%	1st
Neutral	EMA	$50.75	$59	22%	$2.81	$3.03	$3.29	$3.39	$3.53	14.4x	(5%)	5.3%	4.6%	4.7%	1st
Buy	DTE	$109.48	$128	20%	$5.99	$5.96	$6.26	$6.69	$7.15	15.3x	1%	3.3%	6.6%	6.8%	1st
Buy	PPL	$26.63	$31	20%	$1.05	$1.41	$1.60	$1.70	$1.79	14.9x	(2%)	3.3%	7.1%	7.6%	2nd
Buy	EXC	$40.50	$47	19%	$1.83	$2.27	$2.36	$2.54	$2.77	14.6x	(3%)	3.3%	7.1%	7.2%	3rd
Buy	NI	$26.95	$31	19%	$1.37	$1.46	$1.57	$1.68	$1.80	15.0x	(1%)	3.5%	6.8%	4.6%	2nd
Neutral	AEP	$81.99	$94	19%	$4.74	$5.09	$5.25	$5.64	$5.91	13.9x	(8%)	3.9%	5.7%	7.0%	3rd
Buy	PEG	$61.19	$70	18%	$3.65	$3.47	$3.46	$3.67	$3.97	15.4x	2%	3.5%	6.2%	7.0%	2nd
Buy	SO	$68.62	$78	18%	$3.41	$3.60	$3.65	$4.05	$4.35	15.8x	4%	3.9%	6.6%	2.8%	1st
Neutral	DUK	$90.37	$102	17%	$5.24	$5.27	$5.63	$5.97	$6.35	14.2x	(6%)	4.4%	6.3%	4.0%	1st
Neutral	ETR	$98.28	$109	15%	$6.02	$6.42	$6.65	$7.18	$7.67	12.8x	(15%)	4.2%	6.8%	2.3%	3rd
Neutral	LNT	$51.76	$55	10%	$2.65	$2.80	$2.90	$3.08	$3.27	15.8x	4%	3.3%	5.5%	6.0%	1st
Neutral	PCG	$17.31	$19	10%	$1.08	$1.10	$1.23	$1.36	$1.49	11.7x	(23%)	0.0%	9.7%	0.0%	2nd
Neutral	CNP	$29.35	$31	8%	$1.64	$1.17	$1.51	$1.66	$1.75	16.8x	11%	2.4%	11.9%	8.0%	4th
Neutral	AEE	$82.92	$87	8%	$3.82	$4.14	$4.36	$4.71	$5.05	16.4x	8%	2.8%	7.1%	6.0%	2nd
Neutral	D	$50.74	$52	8%	$3.86	$4.10	$3.83	$3.42	$3.70	13.7x	(9%)	5.3%	0.9%	1.5%	3rd
Neutral	ED	$90.33	$94	8%	$4.37	$4.57	$4.93	$5.18	$5.51	16.4x	8%	3.5%	6.3%	4.5%	4th
Neutral	XEL	$61.32	$64	8%	$2.96	$3.17	$3.35	$3.64	$3.89	15.8x	4%	3.2%	7.0%	5.9%	3rd
Neutral	OGE	$35.26	$36	7%	$2.36	$3.32	$2.01	$2.11	$2.26	15.6x	3%	4.7%	7.1%	3.0%	3rd
Neutral	WEC	$88.26	$90	5%	$4.11	$4.46	$4.62	$4.94	$5.28	16.7x	10%	3.3%	6.3%	6.6%	1st
Neutral	EVRG	$58.38	$59	5%	$3.58	$3.71	$3.65	$3.99	$4.30	13.6x	(10%)	4.0%	5.5%	7.0%	4th
Neutral	ES	$68.12	$69	5%	$3.54	$4.05	$4.36	$4.64	$4.94	13.8x	(9%)	3.7%	6.7%	5.5%	4th
Sell	FTS	$53.12	$53	4%	$2.59	$2.78	$2.97	$3.18	$3.37	15.8x	4%	4.1%	5.9%	4.2%	3rd
Sell	PNW	$79.30	$77	1%	$5.47	$4.26	$4.20	$4.96	$5.23	15.1x	0%	4.3%	6.5%	4.6%	4th
Electric Utility Average										**15.1x**		**3.7%**	**6.5%**	**5.5%**	

Rating	Ticker	8/3/23	Price Target	Total Return inc. Div. Yld	UBS 2021A EPS	UBS 2022A EPS	UBS 2023E EPS	UBS 2024E EPS	UBS 2025E EPS	2025 P/E Ratio	2025 Prem/ Disc	Current Dividend Yield	5 Yr EPS Growth	5 Yr DPS Growth	Regulatory Quartile
Buy	WTRG	$40.86	$50	25%	$1.67	$1.77	$1.88	$2.05	$2.18	18.7x	(22%)	2.7%	6.8%	7.0%	2nd
Neutral	SJW	$68.82	$78	15%	$2.14	$2.43	$2.47	$2.80	$2.95	23.3x	(2%)	2.1%	6.3%	7.0%	2nd
Neutral	AWK	$142.13	$150	8%	$4.25	$4.51	$4.79	$5.18	$5.53	25.7x	7%	2.0%	7.9%	8.0%	2nd
Neutral	AWR	$85.93	$88	4%	$2.34	$2.11	$3.11	$2.93	$3.17	27.1x	13%	1.9%	7.4%	6.0%	2nd
Sell	CWT	$51.01	$49	(2%)	$1.97	$1.77	$1.90	$2.08	$2.20	23.2x	(3%)	2.0%	5.7%	5.0%	3rd
Water Utility Average										**23.9x**		**2.2%**	**7.4%**	**7.4%**	

Source: FactSet, UBS Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Figure 4: North America IPPs, Sorted by Total Return Potential

Rating	Ticker	8/3/23	Price Target	Total Return inc. Div. Yld	UBS 2019A EBITDA	UBS 2020A EBITDA	UBS 2021A EBITDA	UBS 2022A EBITDA	UBS 2023E EBITDA	2023 EV/ EBITDA Ratio	2023 Prem/ Disc	2022A Net Debt/ EBITDA	2022A FCF Yield
Buy	VST	$27.94	$37	34%	$3,325	$3,685	$1,908	$2,994	$3,699	6.9x	-3%	4.5x	33%
Sell	NRG	$37.66	$33	(12%)	$1,776	$1,977	$2,404	$2,793	$3,062	6.9x	18%	4.2x	25%
AVERAGE										**6.9x**		**4.3x**	**29%**

Source: FactSet, UBS Estimates

Figure 5: CEG Infrastructure Comps

COMPANY NAME	Currency	TICKER	UBS Rating	Price	Shares	MktCap	Net Debt	UBSe '24 EV/EBITDA	Cons. '24 EV/EBITDA	UBSe 2024 EBITDA
Toll Roads										
Transurban Group	A$	TCL-ASX	Buy	$ 14.04	3,081	$ 43,251	$ 15,754	24.7x	21.2x	$ 2,388
Average								**24.7x**	**21.2x**	
Railroads										
CSX Corp	US$	CSX-USA	Buy	$ 32.91	2,006	$ 66,028	$ 16,517	11.1x	10.1x	$ 7,436
Canadian National Railway	US$	CNI-USA	Buy	$ 117.23	656	$ 76,856	$ 11,116	9.6x	12.4x	$ 9,177
Canadian Pacific Railway	US$	CP-USA	Buy	$ 80.90	931	$ 75,355	$ 14,370	11.1x	15.2x	$ 8,082
Norfolk Southern Corp.	US$	NSC-USA	Neutral	$ 227.28	227	$ 51,596	$ 15,670	11.9x	10.9x	$ 5,675
Union Pacific Corp.	US$	UNP-USA	Neutral	$ 229.89	609	$ 140,108	$ 33,928	13.6x	13.3x	$ 12,815
Average								**11.4x**	**12.4x**	
Clean Power										
AES Corp. (2)	US$	AES-USA	Buy	$ 20.65	711	$ 14,682	$ 19,947	10.2x	8.6x	$ 3,397
Ormat Technologies	US$	ORA-USA	Buy	$ 75.82	60	$ 4,527	$ 1,826	11.6x	10.7x	$ 546
Orsted A/S	DKK	ORSTED-CSE	Buy	568.00 kr.	420	238,776.45 kr.	$ 49,965	9.1x	11.6x	31,746.94 kr.
Atlantica Sustainable Infrastructure	US$	AY-USA	Neutral	$ 22.92	116	$ 2,660	$ 4,836	9.0x	7.9x	$ 834
Average								**8.6x**	**8.8x**	
OVERALL AVERAGE								**12.2x**	**12.2x**	
Constellation Energy Corp (1)	US$	CEG-USA	Buy	$101.14	297	$ 30,036	$ 6,271	9.3x	9.0x	$ 3,886
							At 8% Discount	**11.2x**	**11.2x**	

(1) UBSe '24 EV/EBITDA incorporates value of share buybacks (2) UBS EBITDA includes net tax credits.

Source: FactSet, UBS estimates
Updated: 7/27/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Figure 6: Alternative Energy Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Div Yield (%)	P/E			EV/EBITDA			P/B		
						2023	2023	2024	2025	2023	2024	2025	2023	2024	2025
Utility Scale Renewables															
ARRY	Array Technologies	Buy (CBE)	18.01	30	67	0.0	21.0x	15.3x	12.3x	13.7x	11.2x	9.5x	10.4x	11.7x	18.0x
CSIQ	Canadian Solar	Buy (CBE)	34.55	50	45	0.0	7.4x	5.6x	5.0x	5.0x	3.7x	3.4x	1.0x	1.2x	0.9x
FSLR	First Solar	Buy	196.24	280	43	0.0	24.8x	16.3x	7.6x	16.8x	11.1x	5.7x	3.1x	3.7x	0.4x
FTCI	FTC Solar	Buy (CBE)	3.51	4	14	0.0	-	13.5x	8.8x	-	10.3x	6.8x	5.8x	4.5x	10.9x
JKS	JinkoSolar	Neutral (CBE)	38.55	55	43	0.0	5.4x	4.8x	4.0x	6.7x	6.0x	5.2x	0.5x	0.6x	0.4x
SMR	NuScale Power	Neutral (CBE)	7.10	9	27	0.0	-	-	-	-	-	65.3x	32.1x	192.9x	-
ORA	Ormat Technologies	Buy	75.82	100	32	0.6	42.0x	29.7x	23.1x	12.9x	11.5x	10.3x	1.8x	2.3x	0.7x
SHLS	Shoals Technologies	Buy	24.00	31	29	0.0	40.6x	27.7x	22.7x	27.0x	20.5x	17.8x	6.8x	7.2x	5.5x
TPIC	TPI Composites	Neutral (CBE)	6.20	9	45	0.0	-	-	-	-	13.0x	7.4x	-	-	-12.0x
Average						0.1	23.5x	16.1x	11.9x	13.7x	10.9x	14.6x	7.7x	28.0x	3.1x
Distributed Solar															
AMPS	Altus Power	Buy (CBE)	6.28	10	59	0.0	73.8x	26.6x	14.6x	19.2x	12.1x	7.9x	2.3x	2.1x	1.8x
GNRC	Generac	Buy	110.77	160	44	0.0	21.4x	14.8x	13.3x	13.5x	10.2x	9.3x	2.6x	2.2x	1.9x
SEDG	SolarEdge	Neutral (CBE)	189.79	285	50	0.0	20.4x	16.6x	14.6x	13.3x	11.0x	9.7x	4.0x	3.2x	2.6x
SPWR	SunPower	Neutral (CBE)	9.08	10	10	0.0	-	23.2x	17.6x	30.3x	14.8x	12.1x	3.0x	2.5x	2.1x
RUN	Sunrun	Neutral (CBE)	19.20	22	15	0.0	-	66.7x	16.6x	-	184.6x	58.3x	0.6x	0.5x	0.5x
Average						0.0	20.9x	30.3x	15.5x	19.1x	55.1x	22.4x	2.6x	2.1x	1.8x
Clean Energy Financing/Energy Efficiency															
AMRC	Ameresco	Buy	52.02	70	35	0.0	27.7x	18.3x	14.6x	17.9x	13.1x	10.9x	2.9x	2.5x	2.1x
HASI	Hannon Armstrong	Buy	24.40	47	93	6.7	11.1x	10.3x	9.6x	-	-	-	1.1x	1.0x	0.9x
Yield Co.															
AY	Atlantica	Neutral	22.92	26	13	7.8	-	-	56.9x	9.7x	9.3x	8.8x	1.9x	2.3x	1.3x
BEP	Brookfield Renewable	Buy	26.40	41	55	5.0	-	-	-	12.9x	11.6x	10.4x	4.8x	8.5x	13.4x
CWEN	Clearway	Buy	24.67	37	50	6.1	11.8x	14.4x	13.2x	10.7x	10.1x	9.5x	1.3x	1.9x	2.6x
NEP	NextEra Energy Partners	Buy	50.65	82	62	6.5	51.1x	46.4x	32.7x	12.0x	9.7x	9.0x	1.3x	2.3x	1.8x
Average						6.4	31.4x	30.4x	34.3x	11.3x	10.2x	9.4x	2.3x	3.8x	4.8x
Energy Storage															
FLNC	Fluence Energy	Buy	28.36	34	20	0.0	-	295.1x	21.8x	-	51.3x	8.3x	9.6x	8.8x	5.9x
LICY	Li-Cycle Holdings Corp.	Buy	5.86	10	62	0.0	-	-	-	-	-	103.7x	2.8x	4.0x	5.1x
STEM	Stem Inc.	Buy (CBE)	6.80	8	18	0.0	-	-	12.0x	-	17.4x	7.7x	2.1x	2.1x	1.7x
Average						0.0	-	295.1x	16.9x	-	34.3x	39.9x	4.8x	5.0x	4.2x

Source: FactSet, UBS estimates
Updated 8/3/2023

Figure 7: Environmental Services Comp Table

Ticker	Company Name	Rating	Price	Price Target	Up/ Down Side (%)	Turn-Over ($mn)	Mkt Cap ($bn)	Div Yield (%)	P/E			EV/EBITDA			FCF Yield (%)		
								2023	2023	2024	2025	2023	2024	2025	2023	2024	2025
Municipal solid waste																	
CWST	Casella Waste	Buy	81.33	110	35	28	4.6	0.0	73.9x	72.8x	70.3x	16.3x	13.5x	12.5x	2.6	3.0	3.0
RSG	Republic Services, Inc.	Neutral	149.12	155	4	168	47.2	1.3	30.3x	27.9x	25.4x	13.5x	13.0x	12.3x	3.7	4.0	4.1
WCN	Waste Connections, Inc.	Buy	140.69	167	19	118	36.2	0.7	36.9x	33.6x	30.8x	16.9x	15.4x	14.3x	3.2	3.5	3.8
WM	Waste Management, Inc.	Neutral	160.94	170	6	232	65.2	1.7	28.8x	28.0x	24.6x	14.3x	13.5x	12.9x	2.9	2.3	3.8
Average								0.9	31.5x	29.7x	26.7x	14.6x	13.8x	13.0x	3.1	3.2	3.7
Specialty waste																	
CLH	Clean Harbors, Inc.	Neutral	167.28	175	5	67	9.1	0.0	23.4x	23.4x	20.1x	10.6x	9.8x	8.9x	3.2	3.4	4.9
Renewable natural gas																	
OPAL	OPAL Fuels Inc. Class A	Buy	8.15	12	47	1	1.4	0.0	-	-	27.5x	19.3x	12.9x	7.5x	-	-	-

Source: FactSet, UBS estimates
Updated 8/3/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Figure 8: US Regulated Utility Dividend Yield vs. Moody's Baa Corporate Bond Yield

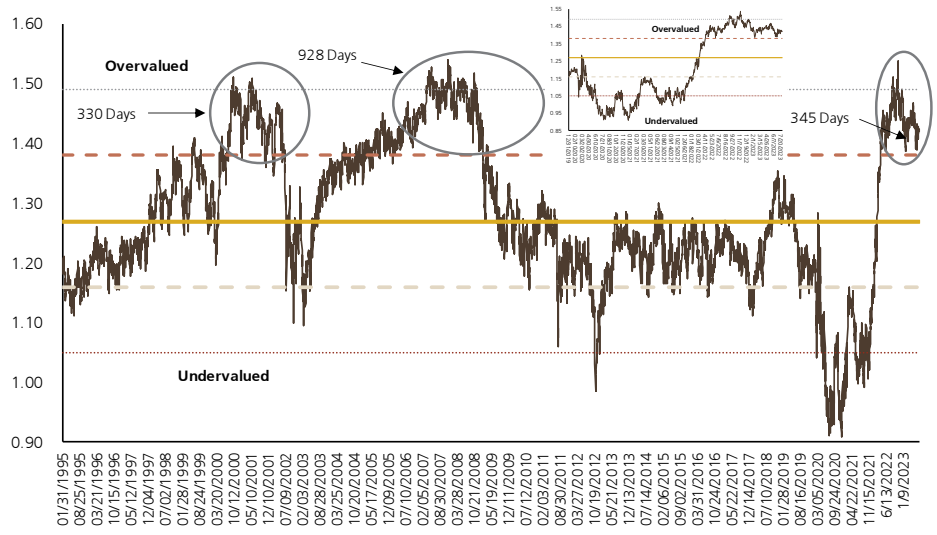

Source: FactSet, US Federal Reserve, UBS
Updated as of: 8/2/2023

RUs 91% correlated to Baa corporate bonds. Now overvalued 15.1% to the mean.

Figure 9: Relative FY2 P/E Ratio US Regulated Utilities vs. S&P 500 with 3mo. Avg. Equity Income Fund Flows $MM

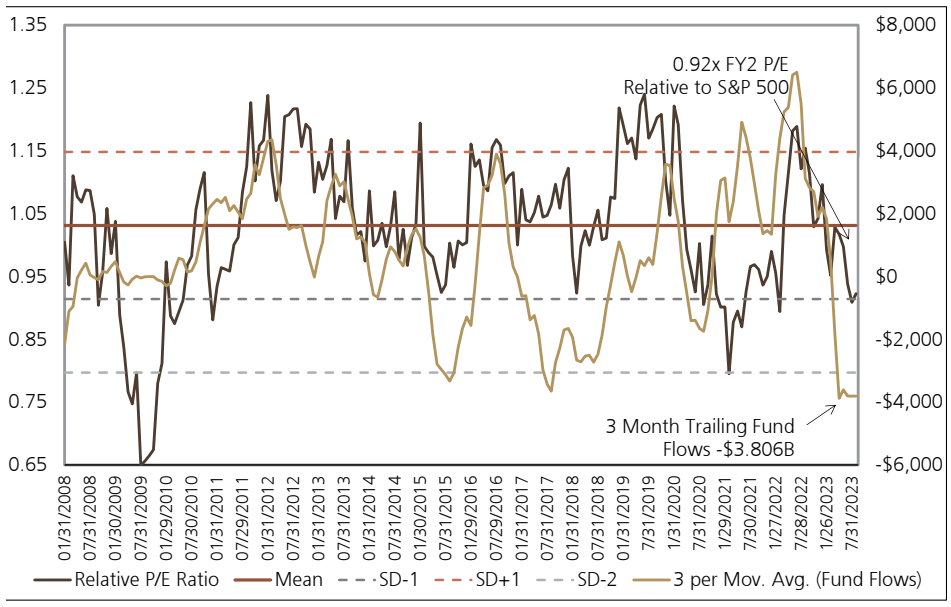

Source: FactSet, Strategic Insights, UBS
Updated as of:8/2/2023

Utilities now trade at a 13.5% discount to the relationship mean. 3-month rolling average equity income fund outflows tend to foreshadow relative value moves.

Interactive Utility Regression Model: We published a "New Analytical Valuation Approach for Regulated Utilities" with Amar Hamoudi, UBS Head of Empirical Scientific Approaches for Research and Evidence Lab, which is a regression model that as of July 27 implies a 14.49x FY 2 P/E vs. current valuation of 15.8x or ~8% overvalued.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Water Utility Relative P/E Chart

Water utilities trade at a 14.9% discount to the 5 year average FY 2 P/E relative to the S&P 500 and a 6% discount to the average since 2008. Water utility valuations are 87% correlated to this relative P/E relationship.

Figure 10: Water Utility FY2 P/E Ratio US Water Utilities vs. S&P 500

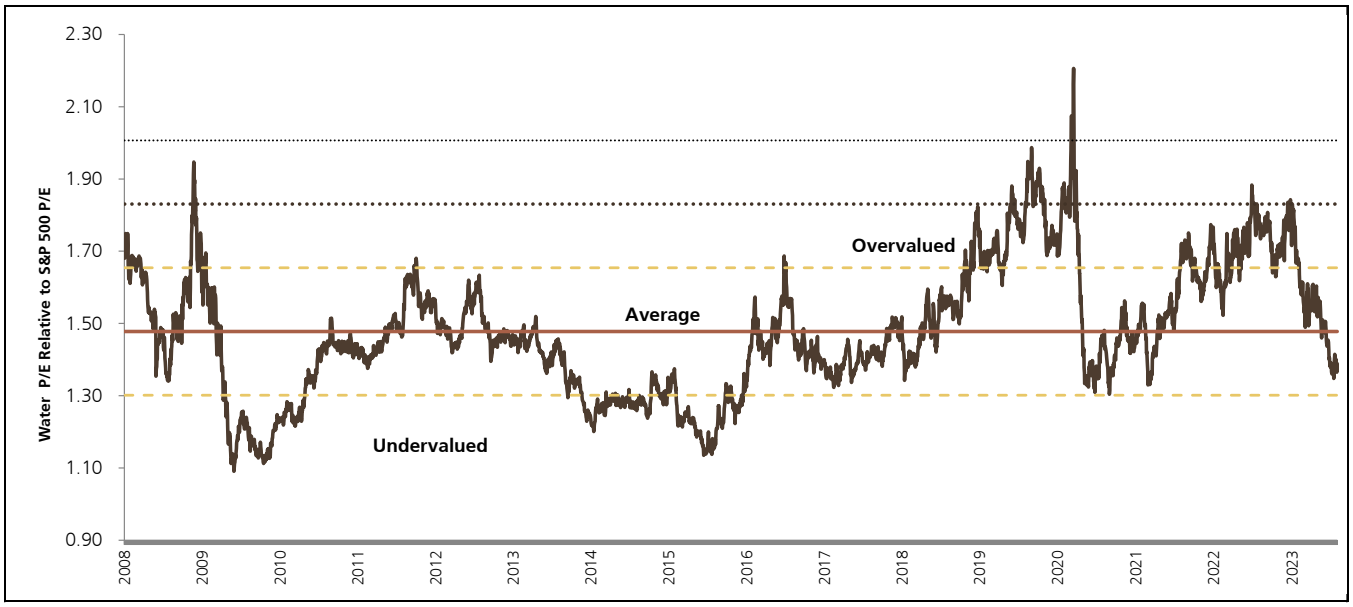

Source: FactSet, UBS

Updated 8/2/2023

The Analyst Conviction Index (ACI)

The ACI = (# of buy ratings - # of sell ratings)/Total # of ratings. We show the sorted ACIs for our regulated utility, power, and water coverage stocks in (Figure 11) below. The graph also shows absolute number of buy, hold, and sell ratings by company. We also track the change in the ACI over the last 12 weeks (Figure 12) to try to gauge where the sell-side consensus view is shifting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Figure 11: Analyst Conviction Index (ACI) and Buy, Sell, Hold Ratings by Stock (ACI = (Buys-Sells)/Total Ratings)

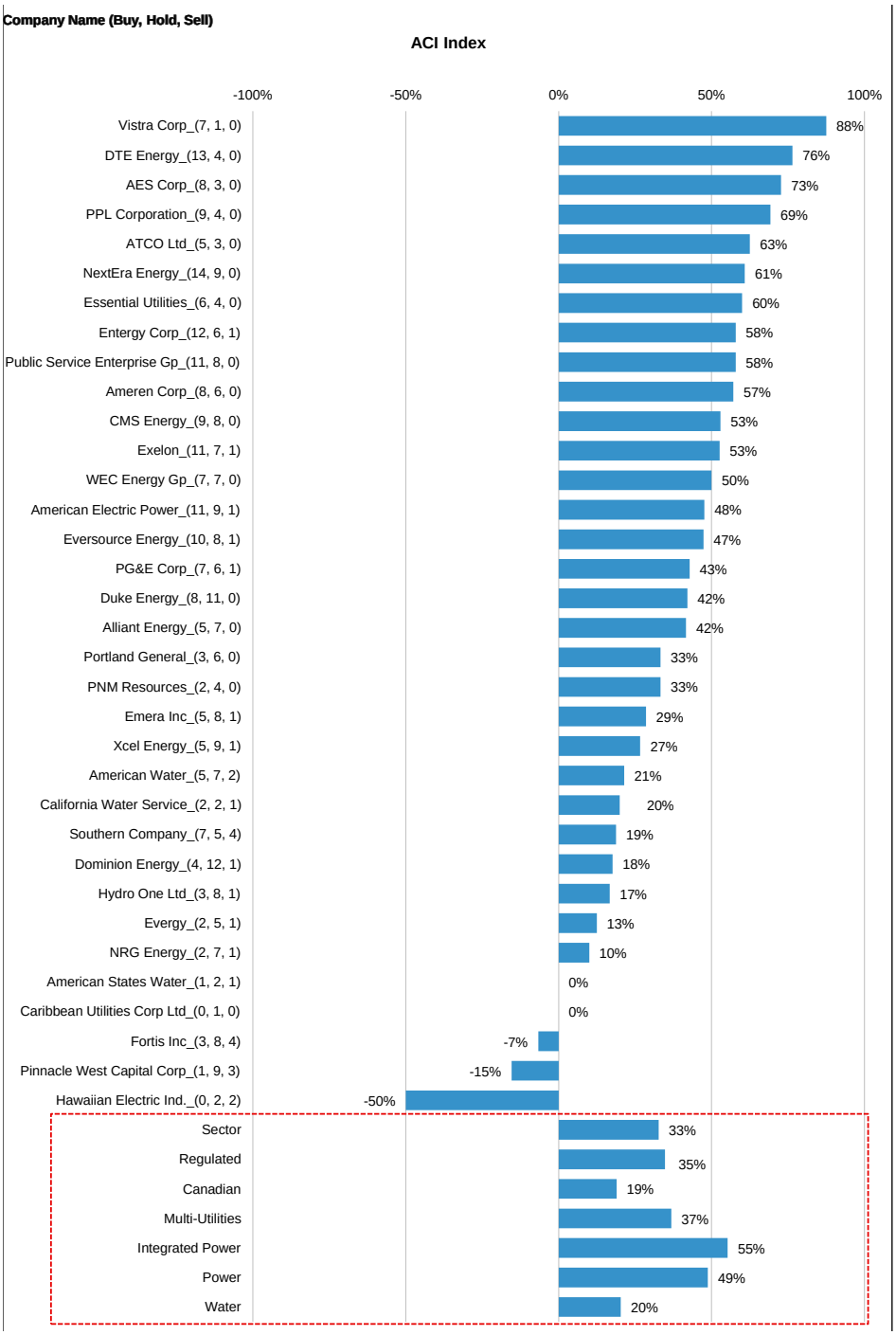

Source: Bloomberg, FactSet, UBS
Updated as of: 8/2/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Figure 12: Change in ACI Index over Last 12 Weeks

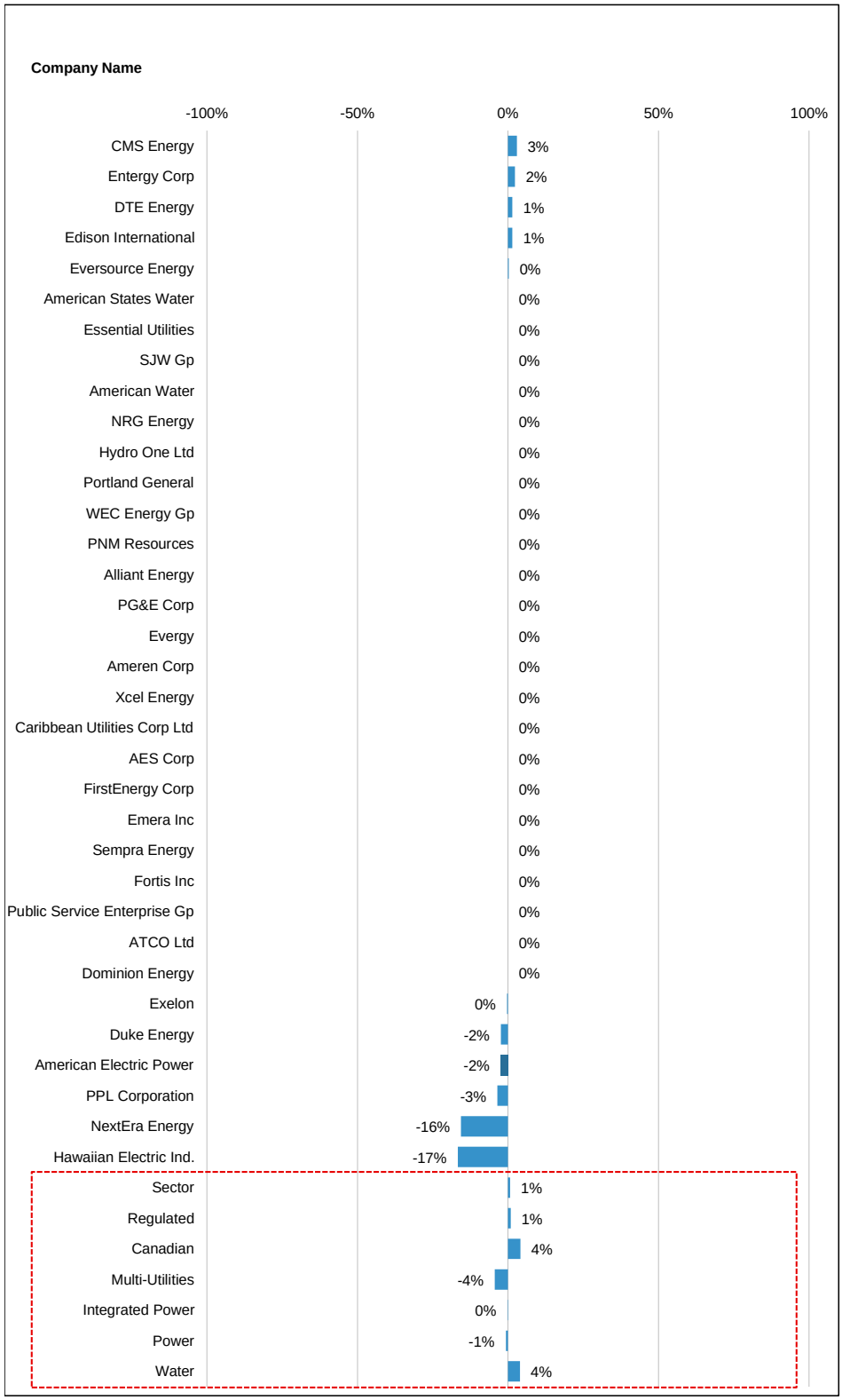

Source: Bloomberg, FactSet, UBS
Updated as of: 8/2/2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Valuation Method and Risk Statement

North America Utilities: Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 7 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 9%, second quartile 3%, third quartile -3% and fourth quartile -9%; 4) Clean Energy Transition: A potential 5% premium for a risk adjusted clean energy transition growth opportunity; 5) Earnings Consistency Adjustment: For companies that fall in the top quartile of % Time Beat/Meet, we include +4%; and a discount of -4% for those in the bottom quartile, 6) a lower relative pricing power discount of 3%, 7) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% of unregulated earnings), we perform a sum-of- the-parts analysis applying business/region appropriate valuations to those diversified businesses; 7) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: large project construction risk, legal risk, and announced M&A completion risk. We identify the following risk factors: rising interest rates; regulatory and policy risks; operational risks; construction risks; cybersecurity risk to the transmission grid and/or customer data, and extreme weather events.
IPPs: We identify the following risks for the sector: Demand for new renewable installations has historically been volatile around changes in state and federal policy, and we expect this volatility to continue. In addition, margins for product manufacturers can be impacted by swings in raw materials pricing and the overall level of energy prices.
Environmental Services: We identify the following risks for the sector: Housing remains a key driver of incremental municipal solid waste volume growth, and a slowdown in new housing starts could put downward pressure on sales growth. In addition, pricing tends to follow GDP growth, and a slowdown in economic growth could lower ability to raise pricing driving potential contraction in margins. For more industrial-exposed names, swings in commodity prices can impact the overall level of waste-generating activity, contributing to earnings volatility

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

California Water Service Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dominion Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Emera Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Eversource Energy

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Entergy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Evergy, Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Fortis Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Question	Response
11. What is the catalyst?	

Alliant Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

NextEra Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	September 30, 2023
10. Is the catalyst date an actual or approximate date?	Approximate

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Question	Response
11. What is the catalyst?	IRS rules for green hydrogen tax credits related to the IRA for matching - hourly vs. annual, and whether additionality will be required.

NiSource Inc.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

PG&E Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Question	Response
11. What is the catalyst?	

Public Service Enterprise Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Pinnacle West Capital Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

PPL Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	August 22, 2023
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Hearings in the Kentucky certificate of public convenience proceeding

Southern Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

WEC Energy Group Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Xcel Energy Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Negative Catalyst
9. Is there an actual or approximate date for the catalyst?	September 15, 2023
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Colorado wildfire hearing

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

American Water Works Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

American Electric Power Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Consolidated Edison Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

OGE Energy Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

American States Water Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Sempra

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 04 August 2023 01:56 AM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	41%
Neutral	FSR is between -6% and 6% of the MRA.	37%	43%
Sell	FSR is > 6% below the MRA.	9%	36%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Gregg Orrill, Jon Windham, CFA, Ross Fowler, CFA, William Appicelli, CFA, William Grippin, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Alliant Energy Corp[16]	LNT.O	Neutral	US$51.76	03 Aug 2023
Ameren Corp[16]	AEE.N	Neutral	US$82.92	03 Aug 2023
Edison International[2,4,5,16,7]	EIX.N	Buy	US$70.34	03 Aug 2023
Evergy, Inc[16]	EVRG.O	Neutral	US$58.38	03 Aug 2023
Eversource Energy[16,7,6b]	ES.N	Neutral	US$68.12	03 Aug 2023
Fortis Inc[2,4,16]	FTS.TO	Sell	C$53.17	03 Aug 2023
NextEra Energy Inc[2,4,5,16,7,6a]	NEE.N	Buy	US$70.10	03 Aug 2023
OGE Energy Corp[16,7]	OGE.N	Neutral	US$35.26	03 Aug 2023
WEC Energy Group Inc[16]	WEC.N	Neutral	US$88.26	03 Aug 2023
Xcel Energy Inc[4,5,16]	XEL.O	Neutral	US$61.32	03 Aug 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and investment banking services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Additional Prices: Brookfield Infrastructure Partners LP, C$42.49 (03 Aug 2023); Generac Holdings Inc, US$110.77 (03 Aug 2023); Vistra Corp., US$27.94 (03 Aug 2023); FirstEnergy Corp, US$37.17 (03 Aug 2023); Brookfield Renewable Partners, US$26.40 (03 Aug 2023); JinkoSolar Holding Co Ltd, US$38.55 (03 Aug 2023); Clearway Energy Inc, US$23.12 (03 Aug 2023); Li-Cycle Holdings Corp, US$5.86 (03 Aug 2023); Southern Co, US$68.62 (03 Aug 2023); American Electric Power Inc, US$81.99 (03 Aug 2023); NextEra Energy Partners LP, US$50.65 (03 Aug 2023); Canadian Pacific Railway, C$108.06 (03 Aug 2023); CSX Corporation, US$32.91 (03 Aug 2023); Atlantica Sustainable Infrastructure PLC, US$22.92 (03 Aug 2023); AES Corp, US$20.65 (03 Aug 2023); Sempra, US $143.31 (03 Aug 2023); Stem Inc, US$6.80 (03 Aug 2023); Constellation Energy Corp, US$101.14 (03 Aug 2023); Emera Inc, C $50.71 (03 Aug 2023); FTC Solar Inc, US$3.51 (03 Aug 2023); Fluence Energy Inc, US$28.36 (03 Aug 2023); TPI Composites Inc, US $6.20 (03 Aug 2023); Entergy Corp, US$98.28 (03 Aug 2023); Canadian Solar Inc, US$34.55 (03 Aug 2023); First Solar Inc, US $196.24 (03 Aug 2023); CMS Energy Corp, US$58.35 (03 Aug 2023); Essential Utilities Inc, US$40.86 (03 Aug 2023); NRG Energy Inc, US$37.66 (03 Aug 2023); Ormat Technologies Inc, US$75.82 (03 Aug 2023); PPL Corp, US$26.63 (03 Aug 2023); Transurban, A $14.04 (03 Aug 2023); American States Water Co, US$85.93 (03 Aug 2023); NiSource Inc., US$26.95 (03 Aug 2023); Waste Management Inc, US$160.94 (03 Aug 2023); OPAL Fuels Inc., US$8.15 (03 Aug 2023); Union Pacific Corporation, US$229.89 (03 Aug 2023); Dominion Energy Inc, US$50.74 (03 Aug 2023); Waste Connections Inc, US$140.69 (03 Aug 2023); California Water Service Group, US$51.01 (03 Aug 2023); Array Technologies Inc, US$18.01 (03 Aug 2023); Clean Harbors Inc, US$167.28 (03 Aug 2023); Sunrun Inc, US$19.20 (03 Aug 2023); CenterPoint Energy Inc, US$29.35 (03 Aug 2023); Public Service Enterprise Group, US$61.19 (03 Aug 2023); Exelon Corp, US$40.50 (03 Aug 2023); Altus Power Inc, US$6.28 (03 Aug 2023); American Water Works Co, US $142.13 (03 Aug 2023); Canadian National Railway Co, C$156.53 (03 Aug 2023); Republic Services Inc, US$149.12 (03 Aug 2023); Hannon Armstrong Sustainable Infra, US$24.40 (03 Aug 2023); Consolidated Edison Inc, US$90.33 (03 Aug 2023); SJW Group, US $68.82 (03 Aug 2023); SolarEdge Technologies Inc, US$189.79 (03 Aug 2023); DTE Energy Co, US$109.48 (03 Aug 2023); Orsted A/S, DKr568.00 (03 Aug 2023); Pinnacle West Capital Corp, US$79.30 (03 Aug 2023); Shoals Technologies Group Inc, US$24.00 (03 Aug 2023); Norfolk Southern Corporation, US$227.28 (03 Aug 2023); SunPower Corp, US$9.08 (03 Aug 2023); Casella Waste Systems Inc, US$81.33 (03 Aug 2023); Duke Energy Corp, US$90.37 (03 Aug 2023); PG&E Corp, US$17.31 (03 Aug 2023); NuScale Power Corp, US$7.10 (03 Aug 2023); Source: UBS. All prices as of local market close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client's profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). For all other recipients: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division this UBS Global Research is issued under the license of UBS Securities Australia Limited. All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG Sydney Branch' Wealth Management Division. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	84.39	Neutral
AVA	38.68	Sell
CEG	95.55	Buy
ETR	101.40	Buy
EXC	41.50	Buy
FE	38.62	Buy
LNT	53.28	Neutral
NI	27.71	Buy
NJR	43.88	Neutral
NWN	42.08	Neutral
PCG	17.57	Buy
PNW	82.57	Neutral
SO	70.97	Buy
SR	61.34	Neutral
SRE	146.87	Buy

Power & Utilities

August 3, 2023

The Guggenheim Daily Transmission: PNW, EXC, ETR, FE, NI, SR, AVA, AEE, CEG, SO, SRE, NJR, NWN, LNT, CEG/NY, PNW/AZ, Wind/M&A, PCG, SC

For details on our Guggenheim-hosted client Utility events including our AWK NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

Please see our sector-wide note on the country's evolving regulatory jurisdictions HERE, our updated mid-year utility sector valuation analysis HERE, and our Utility and IPP 2Q23: Valuation and Estimate Adjustments HERE.

PNW – PNW reports 2Q23 EPS miss; raises 2023 guidance

EXC: No One Minds a Straightforward Update (see our note HERE)

ETR – 2Q EPS Beat With Some Mixed Datapoints; Regulatory Datapoints Continue to Skew More Constructive (see our note HERE)

FE: Double Jeopardy Unlikely, in Our View; Sell-off Overdone; Reiterated Guidance with Potential for Incremental Upside Is the Real Story Here (see our note HERE)

NI: Another Quarter of Reliable Results but with a Twist; 2023 Guidance Raised to Upper Half of Existing Range; Updates Coming in November (see our note HERE)

SR: More Art Than Science; Weather Mitigation Not Quite Right Again; FQ3 2023 EPS Miss and Lowered FY23 Guidance (see our note HERE)

AVA: 2Q23 Quarter Beat; Full Year 2023 EPS Guidance Lowered on ERM-pressures (see our note HERE)

AEE – AEE reports 2Q23 earnings

CEG – CEG reports 2Q23 earnings

SO – SO beats on 2Q23; reaffirms all guidance

SRE – SRE reports 2Q23 EPS beat; 2023 guidance reaffirmed; 2024 guidance reaffirmed

NJR – NJR beats on quarter; reaffirms FY23 and LT EPS guidance

NWN – NWN reports 2Q23 earnings

LNT – IPL reaches non-unanimous settlement agreement in RPU docket ahead of yesterday's hearings

CEG/NY – Governor Hochul press release provides additional detail on PTC-ZEC interaction

PNW/AZ – Agenda posted for Aug 8th/9th Open Meeting

Wind/M&A – Details on US OSW wind stake bidders emerge

PCG – Media reports on PG&E wildfire management plan changes

PCG – Shasta County supervisors debate Zogg Fire settlement

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

SC – Judge tosses case against Westinghouse executive

PNW reports 2Q23 EPS of $0.94 vs. Gugg/consensus at $1.12/$1.18; raised 2023 guidance to $4.10–$4.30 ($4.20 midpoint) from $3.95–$4.15 ($4.05 midpoint)

- **Raised 2023 guidance to $4.10–$4.30 ($4.20 midpoint) from $3.95–$4.15 ($4.05 midpoint) due to SCR Settlement**
- **Weather:** -$0.13/sh vs. normal in 2Q23; $-17m pre-tax weather impact
- +2.0% customer growth YoY vs. 2Q22
  - 2023 guidance: 1.5%–2.5%
  - 2024/2025 guidance: 1.5%–2.5% as well
- +0.1% weather-normalized retail electricity sales YoY in 2Q23
  - 2023 guidance: 2.0%-4.0% (vs 3.5%–5.5% previously)
  - 2024/2025 guidance: 4.5%–6.5% annual weather-normalized retail electricity sales growth
- **Capex:** Reiterated guidance of $5.3bn for 2023-2025
- **Rate base:** Reiterated 5%–7% growth rate
- **Rate case update (docket HERE):** next events will be APS Rejoinder Testimony on Aug 4th, a pre-hearing conference on Aug 7th, and a hearing commencing on Aug 10th
- Conference call will be at 12:00pm ET: +1-888-506-0062… PIN: 804430

AEE – AEE reports 2Q23 earnings

- Reported 2Q23 EPS of $0.90 vs. Gugg/Cons $0.80/0.79
- Weather was flat, lower O&M +$0.08 YoY, COLI ~+$0.04
- 2023 EPS guidance of $4.25 to $4.45 reaffirmed
- Investment metrics/long-term data points unchanged
- Filed notice for Rush Island securitization on 7/28/23, ahead of potential 4Q filing
- Provide in slides an overview of IL ROFR legislation (Pritzker has indicated he will veto)
- Provide in slides surrebuttal/rebuttal comparisons for IL electric MYP, details on FRP 2022 reconciliation
- Call at 10AM ET, Slides HERE

CEG – CEG reports 2Q23 earnings

- Reported EBITDA of $1,031M vs. Gugg/Cons $720M/$700M
- Raised 2023 EBITDA guidance to $3,300M-$3,700M from $2,900M-$3,300M
- 2023 GM guidance +$350M, 2024 +$150M
- 2024 PTC value guidance +$150M (to $250M)
- 2Q23 market and portfolio conditions +$527M vs. 2Q22
- Share repurchases +$250M in 2Q23, $500M now completed
- 2023 hedged % flat, 2024 hedges up +2.5% (vs. 1Q23)
- Slides mention NY ZEC agreement (see more in blurb below)
- Call at 10AM ET, dial in info HERE
- Slides HERE

SO beats on 2Q23 adj. EPS of $0.79 vs $0.75/$0.75 Gugg/consensus; maintains 2023 EPS guidance of $3.55–$3.65 ($3.60 midpoint) vs. $3.60/$3.60 Gugg/cons; initiates 3Q23 guidance of $1.30

- **Weather vs. normal:** -$0.04 for 2Q23 and -**$0.16 YTD in 2023**
- **CEO on record weather:** "*During the first half of the year, we experienced the mildest weather on record for our electric service territories. As we focus on delivering on our financial objectives, we remain committed to providing outstanding service to our customers and the growing economies we serve.*" — Chris Womack, President & CEO
- -0.4% weather-normal residential sales in 2Q23 vs company expectations of +0.6%; +0.9% commercial vs company expectations of -0.8%; -2.4% industrial vs. company expectations of +0.6%
- Total weather-normal electric sales of -0.7% in 2Q23 vs company expectations of +0.2%

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

- **YTD growth:** +24K resi electric customers YoY, +13K resi gas customers both added
- **Vogtle update**
  - Unit 3 reached in-service on July 31, 2023
  - Unit 4 projected in-service date unchanged (Late Q4 2023 to end of Q1 2024) — Unit 4 fuel load projected August to October 2023
  - Georgia Power's share of total capital cost forecast remains unchanged
- 3Q23 guidance of $1.30 initiated vs. Gugg/consensus of $1.38/$1.45, respectively
- Call is at **1:00pm ET** at (**800) 667-1520 (no passcode)**

SRE – SRE reports 2Q23 EPS beat; 2023 guidance reaffirmed; 2024 guidance reaffirmed

- SRE reported 2Q23 Non-GAAP EPS of $1.88 vs. $1.75 consensus and $1.62 Guggenheim estimate
- SRE reiterated 2023 EPS guidance of $8.60 to $9.20 vs. $8.99 consensus
- SRE reaffirmed 2024 EPS guidance range of $9.10 to $9.80 vs. $9.58 consensus and $9.50 Guggenheim estimate
- SRE reiterated LT growth rate of 6-8%.
- SRE reiterated the 5-year capital plan at $40B
- Port Arthur now presented as energy hub with CCS and pipeline expansion (SIP ownership of PA finalized at 28%)
- Cameron Phase 2 has selected engineering contractor, FID targeted for 2024

NJR reports fiscal Q3 FY2023 NFEPS of $0.10 vs. Gugg/cons at -$0.04/-$0.05; re-affirms FY23 NFE guidance of $2.62–$2.72 ($2.67 midpoint) and Gugg/cons at $2.67/$2.67

- **EPS growth:** reiterated 7%–9% LT annual EPS growth (base is FY22's initial guidance midpoint of $2.25)
  - EPS in FY24 still expected to be at or above top end of LT annual growth range of 7%-9% due to the impact of the AMA at NJRES
- **Capex:** increased FY23 capex to $545m-$633m (vs. $520m-$658m, previously); reiterated FY24 capex of $542m-$728m
- **Business mix guidance:** ranges for FY23 were reiterated:
  - New Jersey Natural Gas: **48%-53%** (vs. *55%-60%* originally)
  - Energy Services: **20%-25%** (vs. *15%-20%* originally)
  - Clean Energy Ventures: **18%-20%** (vs. *20%-25%* originally)
  - Storage and Transportation: **4%-8%** (vs. *4%-8%* originally)
  - Home Services and Other: **0%-1%** (vs. *0%-1%* originally)
- **CEV:** placed ~75 MW in service so far this fiscal year and has ~757 MW pipeline of projects under contract, construction or exclusivity through fiscal 2027
- **NJNG growth:** +5,892 new customers additions at NJNG YTD vs. +5,274 during same YTD period in fiscal 2022
- **TSR:** total expected shareholder return of ~10%–13% vs. ~10%–12%, previously
- Earnings call will be held today at **10:00 AM ET**… Dial-in: **(888) 440-5655**…Access code: **7422446**

NWN – NWN reports 2Q23 earnings

- Reported $0.03 vs. Gugg/Cons of $0.06/0.05
- Reaffirmed 2023 guidance of $2.55 to $2.75
- 0.8% connection growth LTM
- LDC O&M +24% or $8.4M
- RNG co-investments (2 facilities) began production
- Water services business has now signed 2 agreements
- Call at 11AM ET. Results posted HERE

LNT – IPL reaches non-unanimous settlement agreement in RPU docket ahead of yesterday's hearings

- The settlement posted late Tuesday evening features a 10.75% ROE for the 400MW of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

solar projects and includes AFUDC and transmission costs in its $735M target.
- The BESS is not included in the settlement.
- The OCA joined the settlement, however two other parties (IBEC/large customers) did not.
- Hearings yesterday on the matter were wide-ranging, with a focus on the OCA settlement and understanding the battery and plans therein.
- More HERE.
- Docket HERE.

Guggenheim takeaway: *Flagging for your awareness in case you missed this during the earnings noise. The settlement landed just ahead of yesterday's hearings, providing a key talking point for much of the day (and prompting an* ***extension request*** *from IBEC yesterday). We see* ***the settlement as a positive step given it includes all of the RPU's solar consideration alongside a favorable ROE, however, we remain cautious on the overall process given how haltingly it has moved to date.*** *As a reminder, the prior IUB took issue with MidAm's [NYSE:BRK.A] settlement for WindPRIME last December (also in rehearing). We also remain on the lookout for any incremental details on the BESS, which has been a point of focus in prior filings. A potential date for IUB action remains TBD.*

CEG/NY — Governor Hochul press release provides additional detail on PTC-ZEC interaction

- "The ZEC contracts expressly provide that ZEC payments would be adjusted for a change in law that materially changes the original economic benefits of the contract, such as a federal tax credit aimed at nuclear production like the IRA production tax credit (PTC). When Constellation begins claiming the federal PTC reflecting its ownership in the upstate New York nuclear generation units on its corporate tax return in 2025 for tax year 2024, the PTC will be used to reduce the ZEC payments. The PTC will reduce the costs to New York electricity customers, potentially resulting in hundreds of millions of dollars in savings, as early as 2025." - release
- More HERE.

Guggenheim takeaway: *Flagged for your awareness as this has been a recurring point of interest, in our view – stay tuned for more detail today.*

PNW/AZ — Agenda posted for Aug 8th/9th Open Meeting

- The ACC has posted its consent and full agenda for next week's Open Meeting.
- The webcast will be live-streamed HERE.

Guggenheim takeaway: *For your calendar. TEP's rate case decision is the final item scheduled on the agenda (including setting its ROE, which may have read-throughs to APS's case).*

Wind/M&A — Details on US OSW wind stake bidders emerge

- SSE [LON: SSE] is reportedly in exclusive talks to acquire CIP's 50% stake in 5GWs of OSW in the US, according to PeakLoad
- The portfolio includes stakes in the Vineyard Northeast and Vineyard Mid Atlantic lease areas.

Guggenheim takeaway: *Interesting data point and a positive sign for other processes (ES) that there is continuing interest stake sales.*

PCG – Media reports on PG&E wildfire management plan changes

- Multiple media sources picked up coverage on PG&E wildfire mitigation practices.
- Media has focused on the headline reduction to tree trimming.
- More here.

Guggenheim takeaway: *While media has selectively picked up the headline as a reduction to tree trimming, the program changes were well documented in regulatory filings as they relate to the effectiveness of risk reduction. PG&E WMP finding were that massive multi-billon dollar tree trimming programs did not provide as much risk mitigation benefit as the other tools that are used. While tree trimming employment may take a dip as a result, PG&E has often talked about converting temporary O&M solutions into permanent capital fixes, like EPSS/PSPS settings, sectionalizing and undergrounding, which provide a permanent risk reduction even if a healthy tree makes wire contact in extreme weather conditions. The*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

argument in media seems to be skewed with opinion and headline focused vs. the extensive WMP case record.

PCG – Shasta County supervisors debate Zogg Fire settlement

- Shasta County supervisors debated the Zogg Fire settlement with affected counties in a live meeting.
- More here.

Guggenheim takeaway: *FYI. While the resolution was constructive, stakeholders remain on edge over the legacy fires. The resolution to Zogg charges and demonstrates PG&E's commitment to provide a fair outcome for its employees. The judicial arguments also highlight the improvement in wildfire prevention and inspections undertaken by the company. Penalties remain in place and the liabilities from the fire are below the $1B insurance limit.*

SC – Judge tosses case against Westinghouse executive

- The case was one of the last defendants in the ongoing VC Summer saga.
- More HERE.

Guggenheim takeaway: *Minor FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President & Chief Executive Officer*
John Griffith, *Chief Financial Officer*
Cheryl Norton, *Chief Operating Officer*
Aaron Musgrave, *Vice President, Investor Relations*

Dates & Locations
August 9 – 10, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $27.7bn
American Water Works Company (AWK) engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment offers water and wastewater services to customers. The Market-Based Businesses segment includes the military services group, which enters into long-term contracts with the U.S. government to provide services on various military installations. The Other segment refers to the corporate costs that are not allocated to the operating segments, eliminations of inter-segment transactions, fair value adjustments, and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

CMS Energy Corporation (CMS)

Garrick Rochow, *President & Chief Executive Officer*
Rejji Hayes, *Chief Financial Officer*

Dates & Locations

Wednesday, August 30, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $17.7bn
CMS Energy Corp (CMS) engages in the provision of electric and natural gas activities. It operates through the following business segments: Electric Utility, Gas Utility, and NorthStar Clean Energy. The Electric Utility segment focuses on generation, purchase, distribution, and sale of electricity. The Gas Utility segment includes purchase, transmission, storage, distribution, and sale of natural gas. The NorthStar Clean Energy segment is involved in domestic independent power production including the development and operation of renewable generation and the marketing of independent power production. The company was founded in 1987 and is headquartered in Jackson, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)
Sunday, November 12, 2023
5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Location TBD

Monday, November 13, 2023
6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Location TBD

Tuesday, November 14, 2023
6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Location TBD

Company Meetings
More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	8/9–8/10	West Coast
CMS	8/30	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Comp Sheet

8/2/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$57.60	3,301	3.70	4.17	4.56	4.87	5.07	3.68	4.05	4.31	4.83	5.05	–	0.12	0.25	0.04	–	15.7x	14.2x	13.4x	11.9x	11.4x	-11%	-14%	-13%	-17%	-17%	8.4%	4.8%	71%	Sell	$49	-10%	Neutral	$64	16%
AVA	$38.68	2,960	2.28	2.49	2.61	2.67	2.73	2.32	2.46	2.58	2.67	2.75	(0.04)	0.03	–	–	–	16.7x	15.7x	15.0x	14.5x	14.1x	-6%	-4%	-3%	0%	2%	5.2%	4.9%	79%	Sell	$33	-10%	Sell	$39	6%
NWE	$55.95	3,359	3.42	3.55	3.75	3.91	4.08	3.41	3.59	3.77	3.85	3.97	–	(0.04)	–	0.06	0.12	16.4x	15.6x	14.9x	14.5x	14.1x	-7%	-5%	-3%	0%	2%	5.1%	4.6%	74%	Sell	$48	-10%	Buy	$60	12%
POR	$47.72	4,824	2.66	3.05	3.21	3.38	3.55	2.69	3.06	3.23	3.37	3.55	–	–	–	–	–	17.8x	15.6x	14.8x	14.2x	13.4x	0%	-5%	-4%	-2%	-2%	5.3%	4.1%	67%	Neutral	$48	5%	Buy	$53	15%
		14,445																**16.6x**	**15.3x**	**14.5x**	**13.8x**	**13.3x**	**-6%**	**-7%**	**-6%**	**-5%**	**-4%**	**6.0%**	**4.6%**	**73%**						
Mid/Large Cap Electric																																			
AEE	$84.39	22,150	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.02	5.36	5.66	–	–	–	0.04	–	19.3x	18.0x	16.8x	15.7x	14.9x	9%	9%	9%	9%	8%	6.6%	3.1%	57%	Neutral	$85	4%	Buy	$92	12%
AEP	$84.50	43,532	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.35	6.79	–	0.04	–	0.04	–	16.0x	15.1x	14.1x	13.3x	12.5x	-9%	-8%	-8%	-8%	-10%	6.0%	4.1%	63%	Buy	$96	18%	Buy	$98	20%
CMS	$59.79	17,443	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.62	3.90	4.20	–	0.05	–	–	0.06	19.2x	17.8x	16.5x	15.3x	14.2x	9%	8%	7%	6%	3%	8.1%	3.4%	63%	Neutral	$61	5%	Buy	$67	16%
CNP	$29.74	18,719	1.50	1.61	1.73	1.87	2.03	1.49	1.62	1.73	1.86	2.01	–	–	–	–	–	19.9x	18.4x	17.2x	16.0x	14.8x	13%	12%	11%	10%	7%	9.5%	2.6%	49%	Buy	$34	17%	Buy	$33	13%
D	$52.34	43,753	3.73	3.54	3.75	4.24	4.50	3.72	3.64	3.89	4.33	3.67	–	(0.10)	(0.14)	(0.09)	0.83	14.1x	14.4x	13.4x	12.1x	14.3x	-20%	-13%	-13%	-16%	4%	1.4%	5.2%	74%	Buy	$56	12%	Neutral	$58	16%
DTE	$113.09	23,309	6.26	6.73	7.19	7.75	8.30	6.21	6.68	7.15	7.75	8.26	0.05	0.05	0.04	–	0.04	18.2x	16.9x	15.8x	14.6x	13.7x	3%	3%	3%	1%	-1%	6.4%	3.5%	61%	Buy	$124	13%	Buy	$127	16%
DUK	$92.53	71,341	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.34	6.71	7.12	–	0.08	–	0.04	0.03	16.5x	15.5x	14.6x	13.8x	13.0x	-7%	-6%	-5%	-5%	-6%	6.3%	4.5%	71%	Buy	$102	15%	Buy	$104	17%
ED	$93.33	32,343	4.83	5.19	5.50	5.81	6.02	4.85	5.23	5.51	5.84	6.13	–	(0.04)	–	–	(0.11)	19.2x	17.8x	16.9x	16.0x	15.2x	9%	8%	10%	11%	10%	5.6%	3.5%	65%	Neutral	$85	-5%	Sell	$92	2%
EIX	$71.54	27,420	4.71	4.98	5.48	5.71	6.03	4.72	5.07	5.49	5.79	6.13	–	(0.09)	–	(0.08)	(0.10)	15.2x	14.1x	13.0x	12.4x	11.7x	-14%	-14%	-15%	-15%	-15%	5.5%	4.2%	61%	Neutral	$74	8%	Neutral	$75	9%
ES	$69.80	24,349	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.96	5.30	5.64	–	0.08	0.04	(0.06)	(0.15)	16.0x	15.0x	14.1x	13.2x	12.4x	-10%	-9%	-9%	-9%	-10%	6.1%	4.0%	62%	Buy	$80	19%	Buy	$82	21%
ETR	$101.40	21,441	6.71	7.16	7.76	8.31	8.97	6.69	7.18	7.70	8.22	8.82	–	–	0.06	0.09	0.15	15.2x	14.1x	13.2x	12.3x	11.5x	-14%	-14%	-14%	-15%	-17%	6.9%	4.4%	64%	Buy	$113	16%	Buy	$117	20%
EVRG	$59.71	13,708	3.65	3.97	4.24	4.47	4.75	3.63	3.96	4.24	4.45	4.65	–	–	–	–	0.11	16.5x	15.1x	14.1x	13.4x	12.9x	-7%	-8%	-9%	-7%	-7%	4.8%	4.3%	67%	Buy	$68	18%	Neutral	$64	12%
EXC	$41.50	41,263	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	17.6x	16.5x	15.2x	14.2x	13.4x	-1%	0%	-1%	-2%	-3%	6.4%	3.6%	62%	Buy	$45	12%	Buy	$45	12%
FE	$38.62	22,143	2.54	2.69	2.89	3.07	3.27	2.55	2.69	2.89	3.08	3.26	–	–	–	–	–	15.2x	14.4x	13.4x	12.5x	11.9x	-14%	-13%	-13%	-13%	-14%	6.3%	4.2%	61%	Buy	$44	18%	Buy	$43	16%
LNT	$53.28	13,394	2.90	3.08	3.27	3.50	3.67	2.89	3.09	3.31	3.47	3.67	–	–	(0.04)	–	–	18.4x	17.3x	16.1x	15.3x	14.5x	4%	5%	5%	6%	5%	6.1%	3.5%	62%	Neutral	$49	-5%	Buy	$57	10%
OGE	$36.18	7,246	2.02	2.16	2.25	2.37	2.48	2.01	2.12	2.26	2.39	2.49	–	0.04	–	–	–	18.0x	17.1x	16.0x	15.1x	14.5x	2%	4%	4%	5%	5%	2.8%	4.7%	82%	Neutral	$36	4%	Neutral	$39	11%
PCG	$17.57	45,137	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	14.5x	13.0x	12.0x	11.0x	10.1x	-18%	-21%	-22%	-24%	-27%	9.7%	0.7%	10%	Buy	$21	20%	Buy	$19	7%
PEG	$63.14	31,514	3.45	3.67	4.10	4.29	4.59	3.45	3.70	4.04	4.24	4.47	–	–	0.06	0.05	0.12	18.3x	17.1x	15.6x	14.9x	14.1x	3%	4%	2%	3%	2%	5.8%	3.7%	65%	Buy	$70	15%	Buy	$67	10%
PNW	$82.57	9,352	4.05	4.60	4.80	5.05	5.35	4.16	4.89	5.07	5.24	5.40	(0.11)	(0.29)	(0.27)	(0.19)	(0.05)	19.8x	16.9x	16.3x	15.8x	15.3x	12%	3%	6%	9%	11%	4.7%	4.2%	75%	Neutral	$77	-3%	Neutral	$79	-0%
PPL	$27.33	20,144	1.58	1.71	1.82	1.95	2.07	1.58	1.71	1.83	1.95	2.08	–	–	–	–	–	17.3x	16.0x	15.0x	14.0x	13.1x	-2%	-3%	-3%	-3%	-5%	8.0%	3.7%	60%	Buy	$31	17%	Buy	$31	17%
SO	$70.97	77,465	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.79	–	–	–	–	–	19.7x	17.6x	16.5x	15.6x	14.8x	11%	7%	7%	8%	7%	5.9%	4.0%	73%	Buy	$80	17%	Neutral	$74	8%
WEC	$89.52	28,238	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.25	5.61	5.99	–	–	–	–	–	19.4x	18.2x	17.0x	15.9x	14.9x	10%	11%	11%	10%	8%	6.1%	3.6%	67%	Neutral	$94	9%	Buy	$99	14%
Mid/Lg Cap (excl. EIX, PCG)																		**17.7x**	**16.5x**	**15.4x**	**14.5x**	**13.8x**						**6.0%**	**3.9%**	**65%**						
SMID + Lg Cap		**669,851**																**17.5x**	**16.3x**	**15.2x**	**14.3x**	**13.7x**						**6.0%**	**4.0%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$38.39	4,206	2.24	2.42	2.55	2.67	2.80	2.21	2.36	2.51	2.60	2.71	0.03	0.06	0.04	0.07	0.09	17.4x	16.3x	15.3x	14.8x	14.2x	-2%	-1%	-1%	2%	3%	5%	3.8%	63%	Neutral	$37	0%	Sell	$37	1%
NEE	$71.91	145,525	3.13	3.43	3.69	3.99	4.27	3.12	3.41	3.70	4.02	4.40	–	–	–	–	(0.13)	23.0x	21.1x	19.4x	17.9x	16.3x	30%	28%	26%	24%	19%	8%	2.8%	60%	Buy	$86	22%	Buy	$90	28%
SRE	$146.87	46,213	9.00	9.50	10.13	10.80	11.71	8.97	9.55	10.17	10.80	11.52	0.03	(0.05)	(0.04)	–	0.19	16.4x	15.4x	14.4x	13.6x	12.7x	-7%	-7%	-6%	-6%	-8%	5%	3.4%	53%	Buy	$172	20%	Buy	$171	20%
		195,944																**18.9x**	**17.6x**	**16.4x**	**15.4x**	**14.4x**	**7%**	**7%**	**6%**	**7%**	**5%**	**6.0%**	**3.3%**	**59%**						
Gas LDCs																																				
NI	$27.71	11,451	1.57	1.68	1.82	1.95	2.07	1.58	1.69	1.81	1.94	2.07	–	–	–	–	–	17.6x	16.4x	15.3x	14.3x	13.4x	-1%	-0%	-0%	-1%	-3%	7%	3.8%	63%	Buy	$30	12%	Buy	$31	17%
CPK	$117.22	2,085	5.42	5.84	6.23	6.59	6.94	5.40	5.80	6.24	6.59	6.95	–	0.04	–	–	–	21.7x	20.2x	18.8x	17.8x	16.9x	23%	23%	22%	23%	22%	7%	2.1%	43%	Neutral	$112	-2%	Buy	$135	17%
NJR	$43.88	4,255	2.67	2.65	2.85	3.05	3.30	2.67	2.74	2.94	3.15	3.41	–	(0.09)	(0.09)	(0.10)	(0.11)	16.5x	16.0x	14.9x	13.9x	12.9x	-7%	-3%	-3%	-4%	-7%	6%	3.8%	60%	Neutral	$47	11%	Neutral	$52	23%
NWN	$42.08	1,477	2.65	2.83	2.98	3.09	3.21	2.67	2.79	2.96	3.05	3.23	–	0.04	–	0.04	–	15.7x	15.1x	14.2x	13.8x	13.0x	-11%	-8%	-8%	-5%	-5%	5%	4.7%	72%	Neutral	$42	4%	Buy	$53	30%
OGS	$79.34	4,399	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.96	5.31	–	(0.06)	(0.04)	–	–	19.2x	18.5x	17.4x	16.0x	15.0x	8%	12%	13%	11%	8%	10%	3.4%	63%	Neutral	$73	-5%	Neutral	$78	2%
SR	$61.34	3,227	4.20	4.31	4.57	4.73	4.99	4.26	4.32	4.62	4.84	5.09	(0.06)	–	(0.05)	(0.11)	(0.10)	14.4x	14.2x	13.3x	12.7x	12.1x	-19%	-14%	-14%	-12%	-13%	5%	4.9%	69%	Neutral	$65	11%	Neutral	$71	20%
		26,894																**17.5x**	**16.7x**	**15.6x**	**14.7x**	**13.9x**	**-1%**	**2%**	**2%**	**2%**	**1%**	**6.6%**	**3.7%**	**62%**						
Regulated Water																																				
AWK	$145.67	28,357	4.84	5.14	5.59	5.98	6.45	4.80	5.13	5.59	6.05	6.46	0.04	–	–	(0.07)	–	30.4x	28.4x	26.1x	24.1x	22.6x	72%	73%	69%	67%	64%	7%	2.0%	58%	Neutral	$147	3%	Neutral	$159	11%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$95.55	31,213	3,150	3,451	3,509	3,346	3,804	3,260	3,732	3,725	3,656	3,796	(110)	(281)	(216)	(310)	–	10.8x	9.2x	8.9x	8.8x	8.1x	35,346	34,516	33,188	32,046	30,625	9.6%	1.3%	25%	Buy	$97	3%	Buy	$101	7%
NRG	$37.37	8,604	3,100	3,124	3,128	3,044	3,109	3,037	3,178	3,252	2,827	3,033	63	(54)	(124)	217	77	5.9x	5.3x	4.7x	4.9x	4.1x	18,034	16,801	15,314	13,926	12,466	21.3%	4.2%	30%	Neutral	$34	-5%	Neutral	$41	13%
VST	$27.99	10,441	3,700	3,755	3,792	3,621	3,535	3,707	3,994	3,993	3,711	3,971	–	(239)	(200)	(91)	(437)	6.1x	5.7x	5.5x	5.8x	5.4x	22,789	22,622	22,048	21,604	21,562	6.8%	3.1%	26%	Buy	$31	14%	Buy	$33	19%
Other																																				
ALTO	$3.74	285	7	30	36	32	33	19	42	494	518	544	–	–	(459)	(485)	(510)												–	–	Buy	$5	34%	Buy	$5	34%
NEP	$52.12	4,869	1,837	1,977	2,143	2,325	2,471	1,979	2,219	2,376	2,469	2,530	(142)	(242)	(233)	(144)	(59)												7.1%	–	Buy	$74	49%	Buy	$78	56%
SMR	$7.27	534	(131)	(57)	8	96	n/a	(115)	(53)	11	171	546	–	–	–	(74)	–												–	–	Buy	$18	148%	Buy	$14	90%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

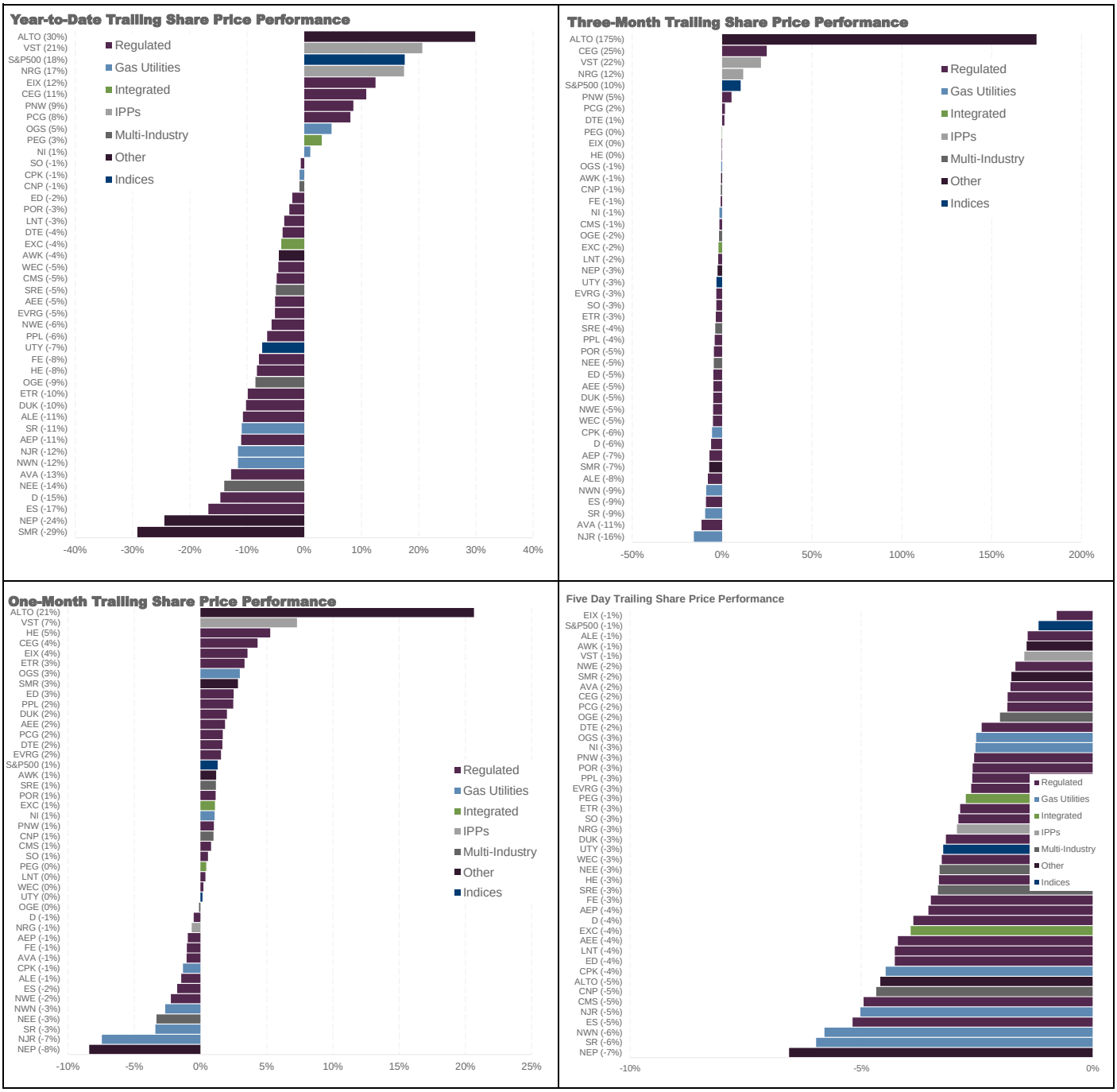

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix

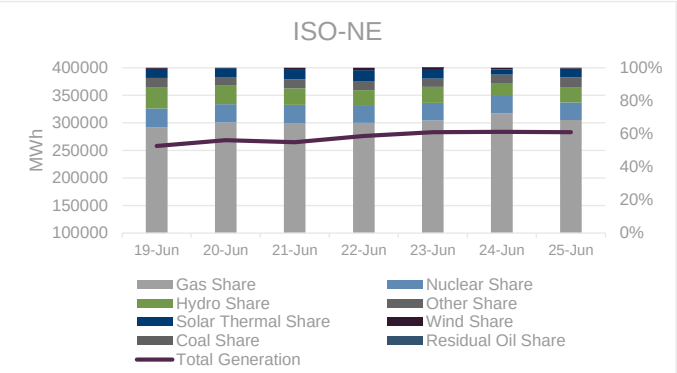

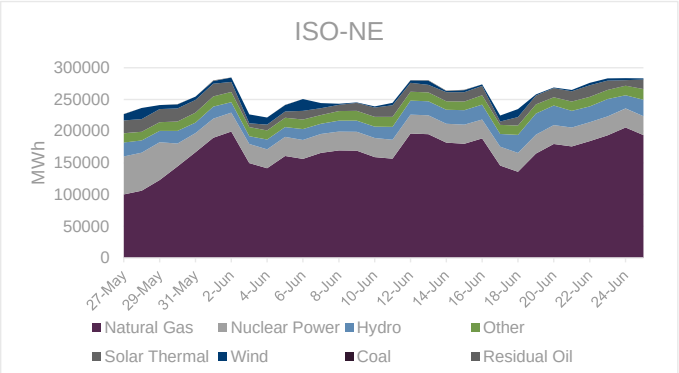

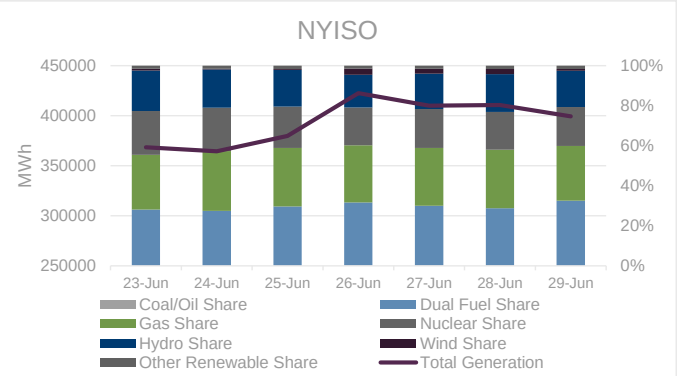

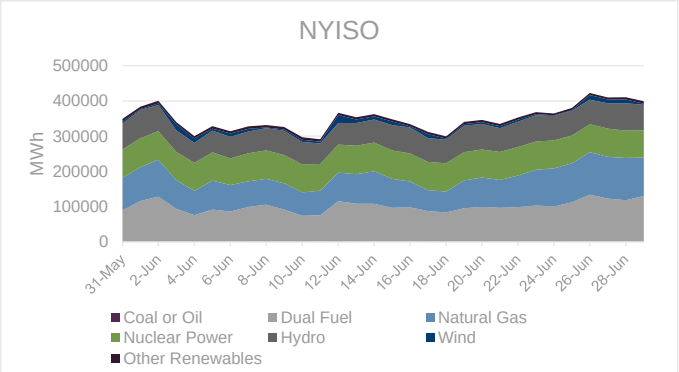

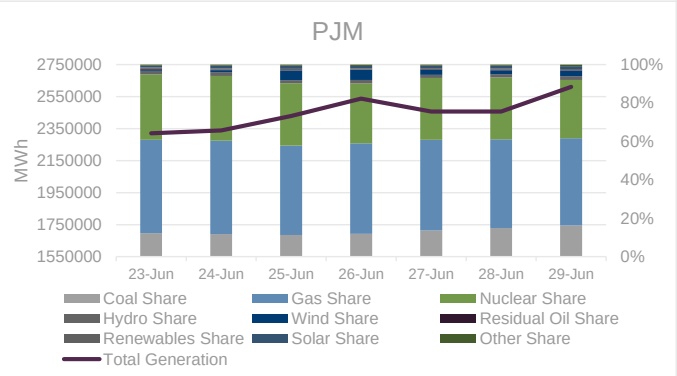

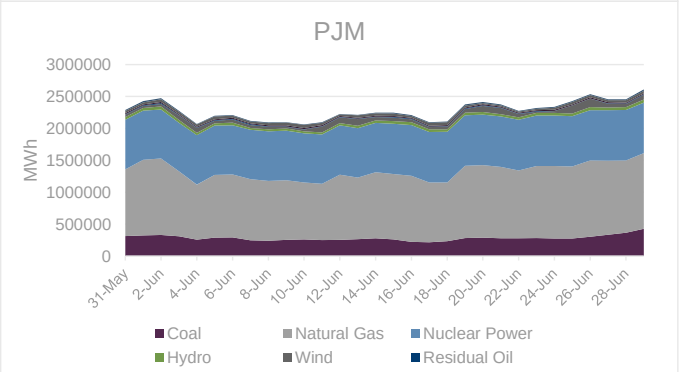

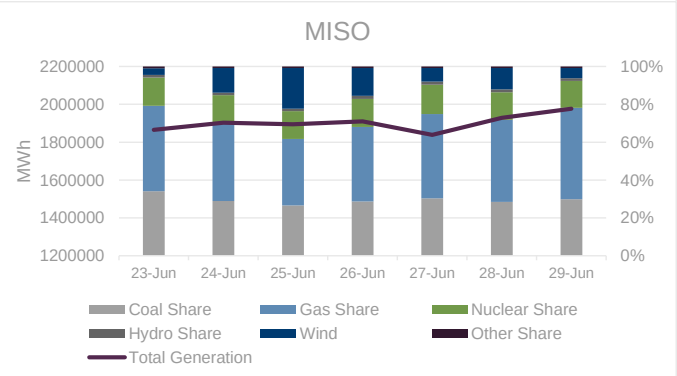

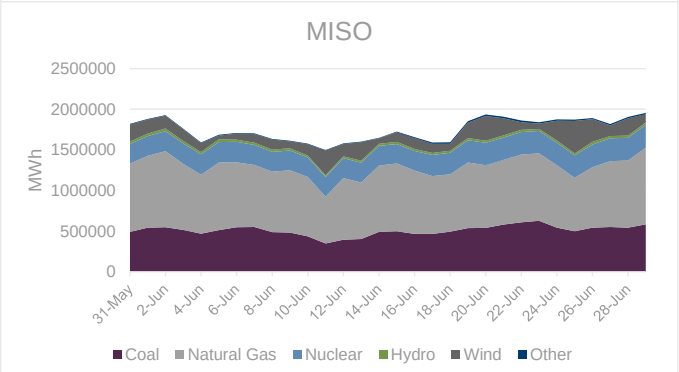

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix (continued)

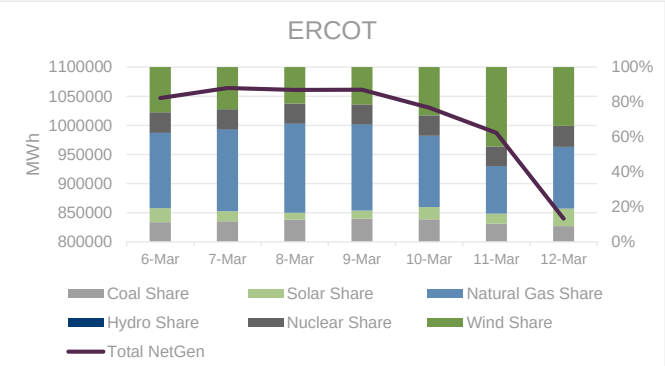

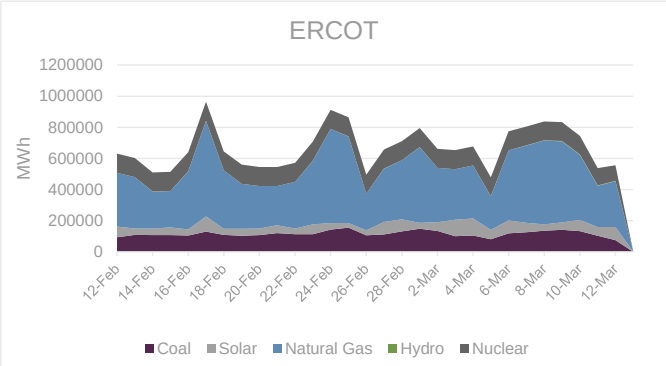

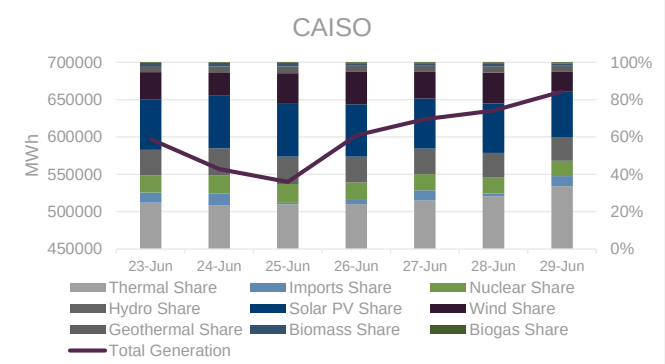

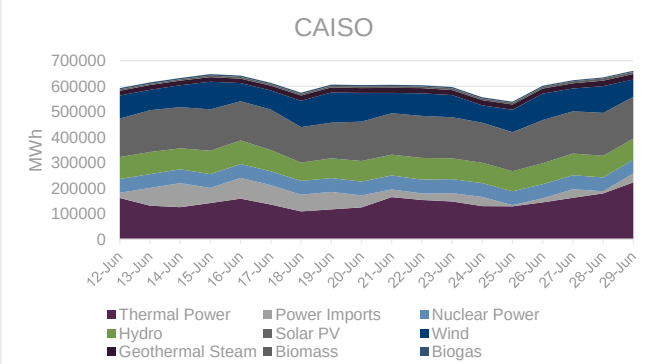

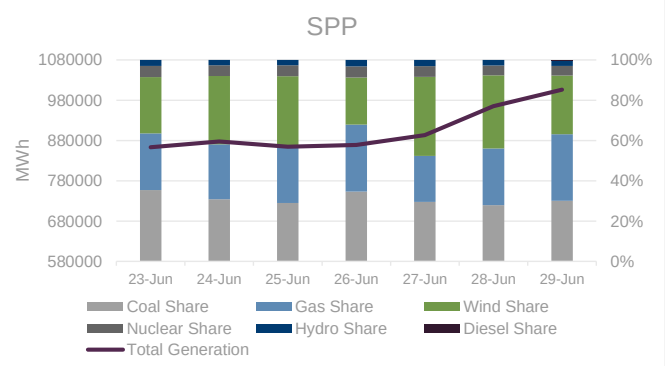

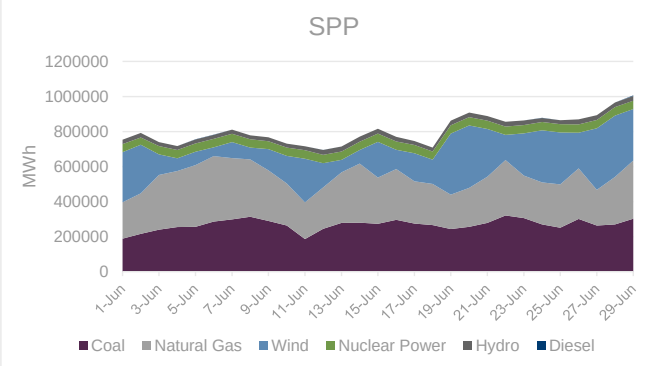

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Weather

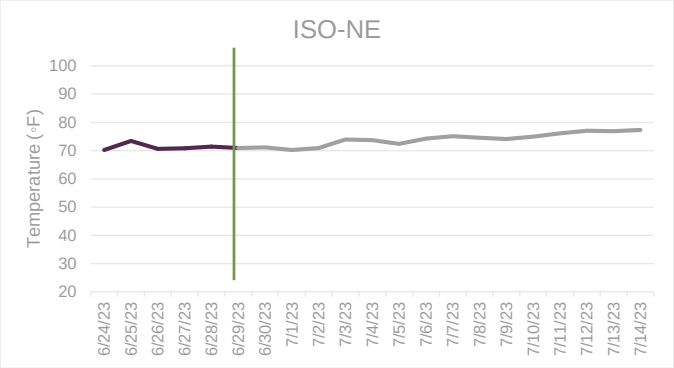

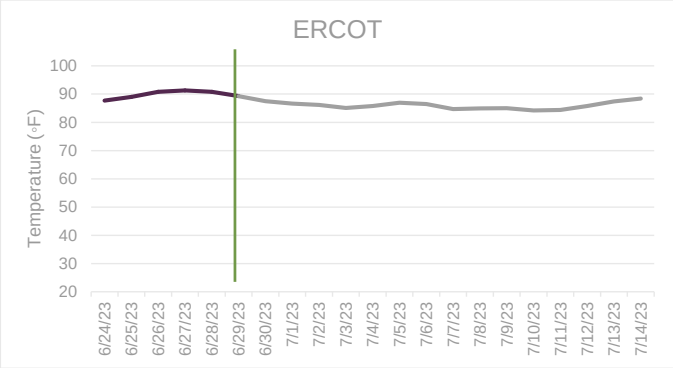

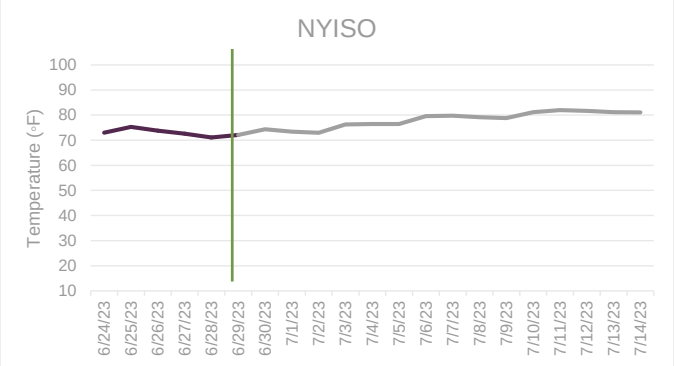

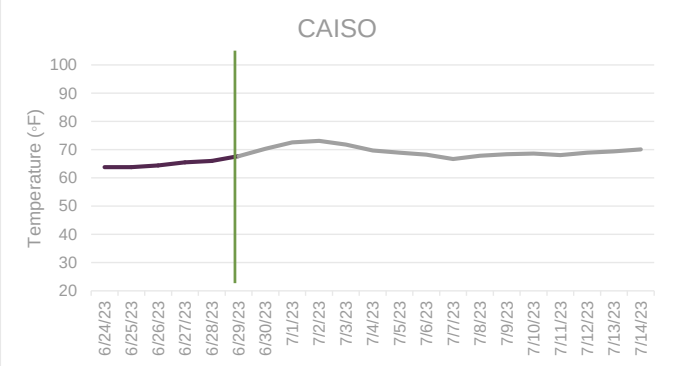

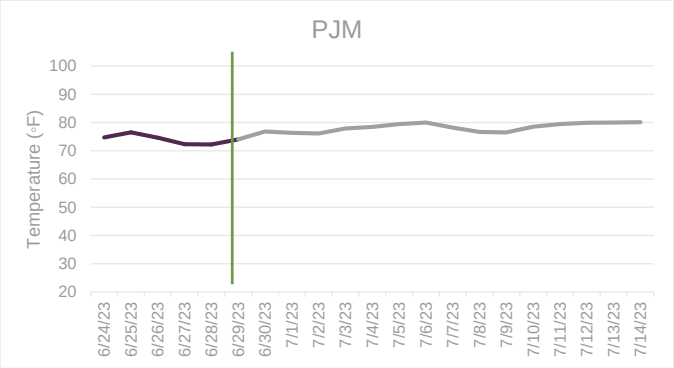

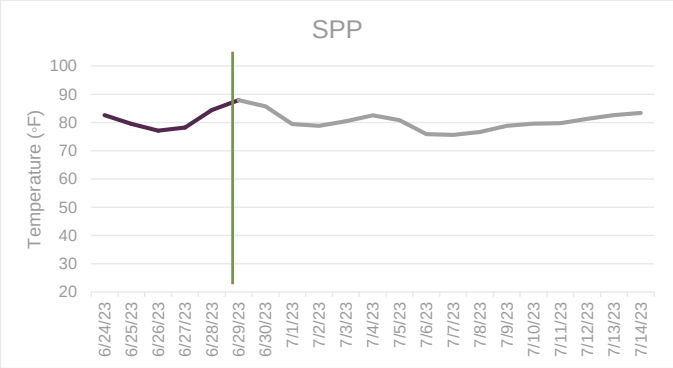

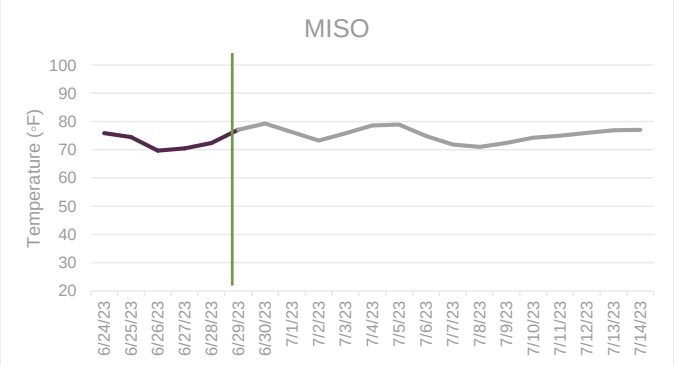

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

YTD Peak Load

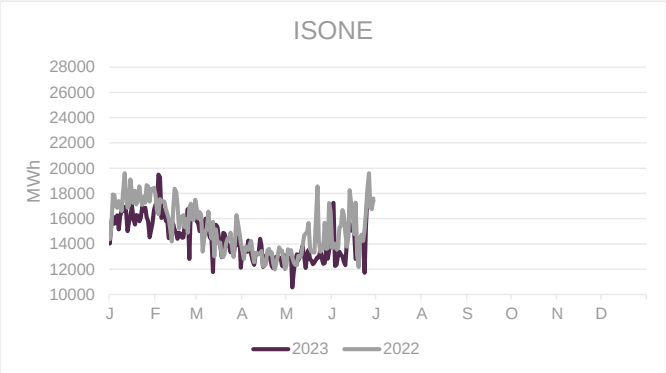

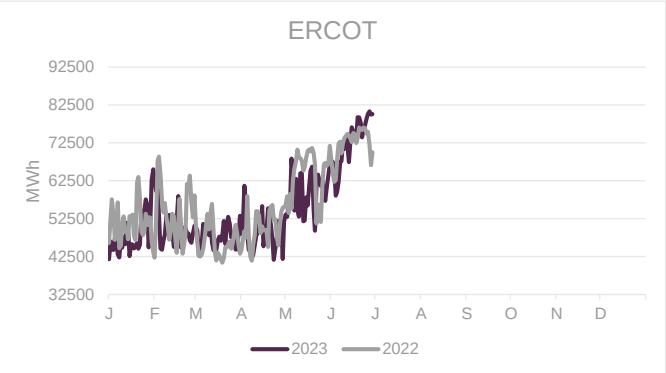

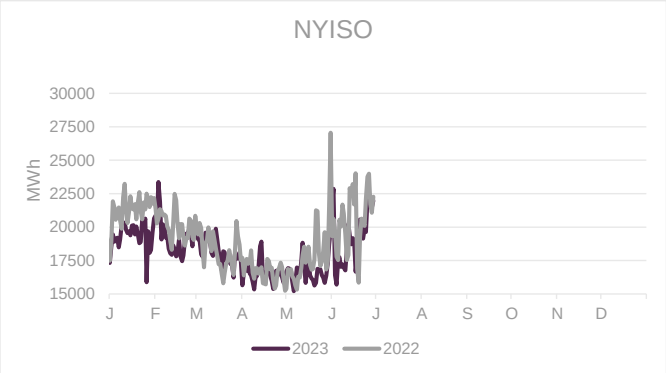

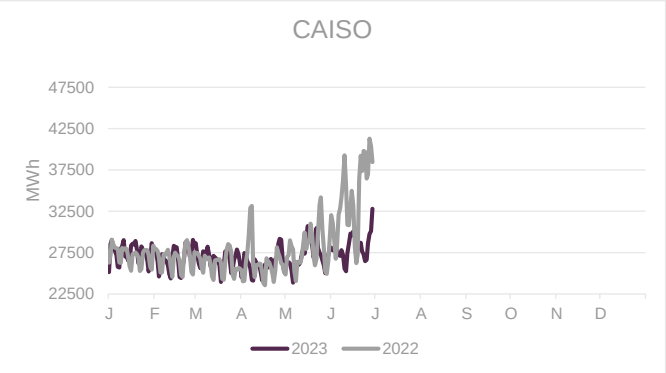

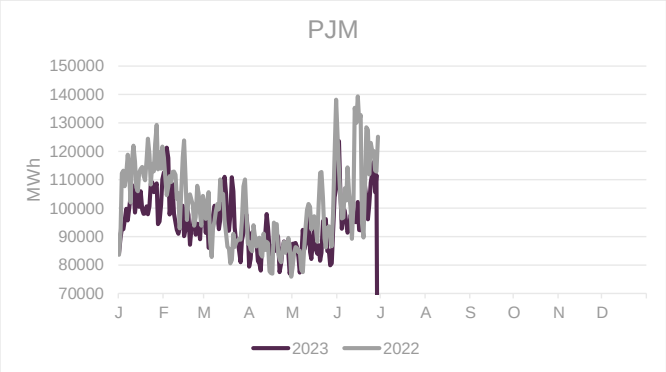

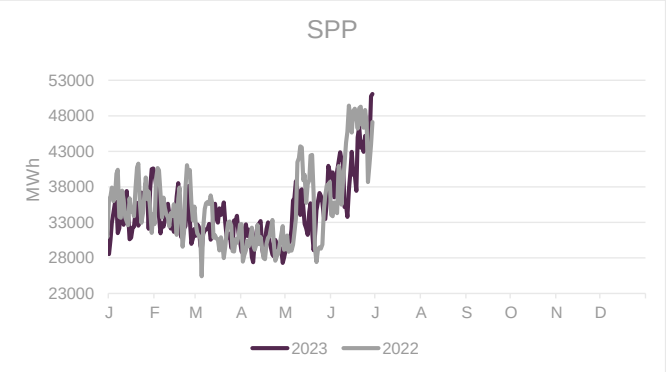

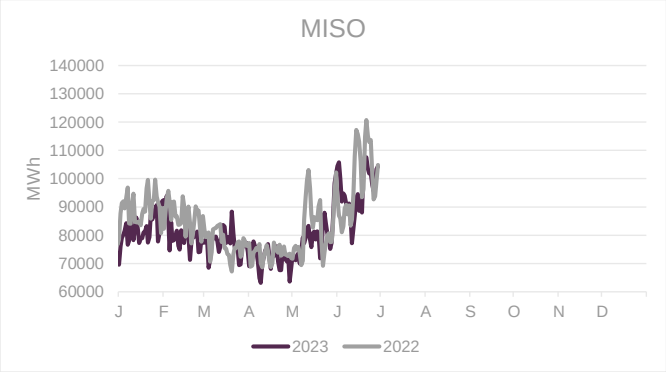

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	247	66.40%	39	15.79%
NEUTRAL	116	31.18%	7	6.03%
SELL	9	2.42%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

EXELON CORP (EXC)

EXC: Don't need EXC-iting quarters for stock to work

August 3, 2023

Rating:
Outperform
Price:
$41.50
Price Target:
$47.00
% Upside:
13.3%

View EXC Model
View Comp Table

Company Information

52-Week Range	$36 - $47
Market Cap. (MM)	$41,275
Enterprise Value (MM)	$83,123
Shares Out. (MM)	994.6
Avg. Value Traded (MM)	$287.60
SI% of Float	1.2%



Source: FactSet

Priced as of 08/02/23



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

The Wolfe Byte

EXC reported in line Q2 and affirmed 2023 guidance and 6-8% EPS growth. EXC pointed to capex upside mostly outside of its 2023-26 plan. But orders in EXC's IL and MD rate cases expected by mid-Dec are key. We expect reasonable outcomes and see the stock getting to a premium.

Q2 in line, 2023 guidance and LT EPS growth affirmed; Dec orders key. EXC reported an in line 2Q23 EPS of $0.41 and affirmed FY23 guidance of $2.30-2.42. EXC also affirmed its 6-8% EPS growth target through 2026. EXC reaffirmed its 13-14% FFO/D expectation for 2023-26 on average, with no plans to change its $425M of equity issuances through 2025. EXC also noted transmission capex upside in the 2027-28. But the key focus is on EXC's ComEd and BGE multiyear rate cases, which anticipate orders by mid-Dec. EXC is beating the UTY by 335bp and now trades at a modest discount to peers on 2025E. We think the stock can ultimately get to a one-turn premium with reasonable rate case outcomes.

IL rate case. Hearings on the ComEd 4yr rate case begin 8/21, with an order by 12/20. Although it expects the case to be fully litigated, EXC pointed to discussions with intervenors, potentially finding agreement on certain issues. Watch surrebuttal filings this month and briefs next month. ICC Staff's rec was ~70% of ComEd's ask. The key contested items are ROE and rate base. Staff wants to use the old formulaic ROE (30Y UST yield + 580bp), even though it is set to expire YE23 under a 2021 state law. Every 50bp ComEd ROE = $0.04. ComEd distribution is ~25% of EXC's RB.

BGE rate case. Hearings on BGE's 3yr rate case begin 8/30, with an order by 12/14. EXC also expects a fully litigated case, which includes 2021-22 reconciliations under the previous 3yr plan. The PSC Staff rec includes a 9.45% ROE vs BGE's 10.4% request and currently allowed 9.50-9.65%. Staff's reconciliations were close to BGE's request, a good sign for certainty under the MYPs in MD. BGE is ~15% of EXC's RB.

LT capex opportunities. EXC pointed to $870M of transmission capex mostly outside of its 2023-26 capital plan. EXC also is participating in an open window for transmission to address load growth in the Dominion territory. Both are indicative of opportunities that would be supportive of extending EXC's growth target.

ESTIMATES

($)	2023E	2024E	2025E
EPS FY	2.37 E	2.51 E	2.76 E
Cons.	2.36 E	2.51 E	2.72 E
P/E	17.5x	16.5x	15.0x

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

WOLFE RESEARCH

August 3, 2023

Investment Conclusion

We believe EXC is a low-risk utility stock. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%, driven by ~8% rate base growth. We think the stock hit last year on IRA and nonlinear EPS growth was overdone. We think the messaging and conviction on its LT outlook will be well-received. And we see the stock over time trading in line with the low-risk, high-quality utilities. This year, focus will be on a first multiyear rate case in IL, as well as a second multiyear filing in MD and reconciliations of the first MD/BGE multiyear case. Those are expected to add more certainty to an otherwise low-risk utility story.

Valuation

Our $47PT is based on a one-turn premium to our utility group P/E of 16x 2025E.

Please help us protect your advantage...
DO NOT FORWARD
Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Relative stock performance and Comps

As shown in Exhibit 1, EXC has outperformed peers since May but still lags over the past year. EXC trades at a modest discount to regulated peers on 2025E; see Exhibit 2.

Exhibit 1: EXC Relative Performance vs. Large-Cap Utilities

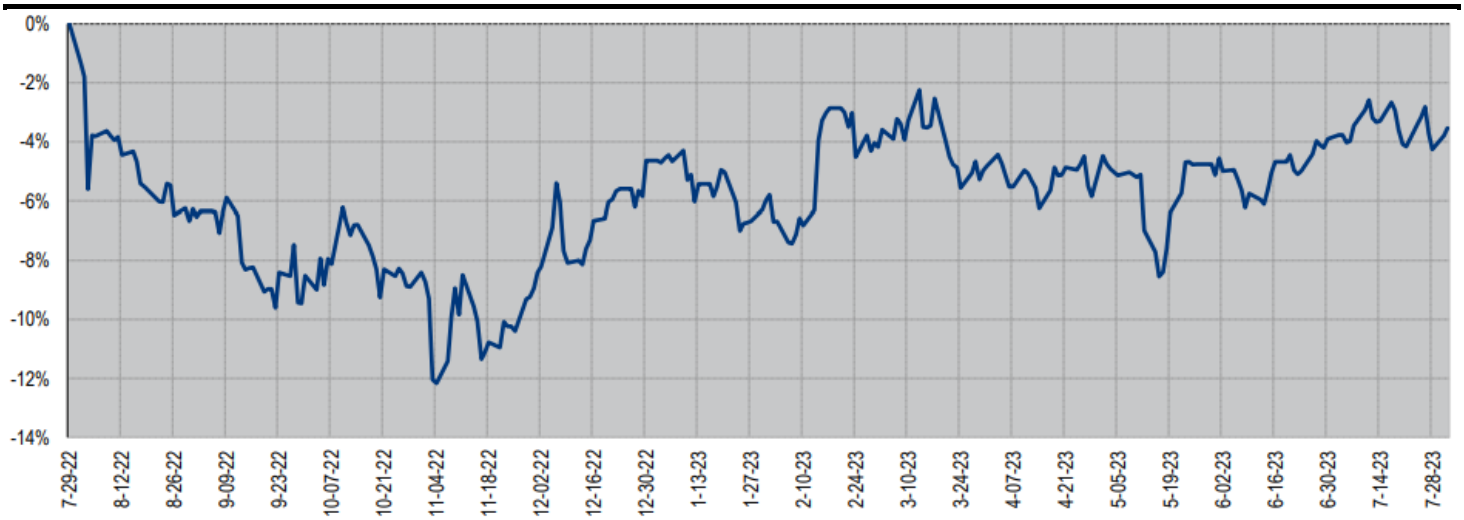

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Exhibit 2: Regulated Utility Comps

Company Name	Ticker	Current Price	Current Shares	Mkt Cap ($M)	P/E 2023E	P/E 2024E	P/E 2025E	P/E 2026E	Div Yield	Div Growth (E)	Payout Ratio	Price/ Book	Equity Ratio
AES Corp.	AES	$21.04	669	$14,083	12.3x	10.9x	10.0x	N/A	3.2%	5.0%	39%	9.2x	19%
Alliant Energy	LNT	$53.28	251	$13,394	18.4x	17.3x	16.2x	15.3x	3.4%	5.8%	63%	2.1x	41%
Ameren	AEE	84.39	263	22,162	19.3x	17.8x	16.7x	15.7x	3.0%	6.8%	58%	2.1x	41%
American Electric	AEP	84.50	515	43,532	16.0x	15.1x	14.1x	13.3x	3.9%	6.0%	63%	1.8x	35%
Avangrid	AGR	36.36	387	14,063	17.3x	16.9x	15.1x	14.0x	4.8%	0.0%	84%	0.7x	65%
CenterPoint Energy	CNP	29.74	631	18,771	19.9x	18.3x	17.0x	15.8x	2.6%	8.6%	51%	2.0x	37%
CMS Energy	CMS	60.28	292	17,585	19.3x	18.0x	16.7x	15.6x	3.2%	6.0%	62%	2.5x	32%
Con Edison	ED	93.33	347	32,343	19.2x	17.7x	17.0x	16.2x	3.5%	2.5%	67%	1.5x	48%
Dominion	D	52.34	836	43,753	13.9x	15.7x	14.2x	N/A	5.1%	0.0%	71%	1.6x	37%
DTE Energy	DTE	113.09	206	23,316	18.1x	16.9x	15.8x	14.6x	3.4%	7.4%	62%	2.2x	35%
Duke Energy	DUK	92.53	771	71,308	16.5x	15.6x	14.6x	13.8x	4.4%	2.0%	73%	1.5x	39%
Edison International	EIX	71.54	383	27,420	15.2x	14.1x	12.8x	N/A	4.1%	5.4%	63%	2.0x	31%
Emera*	EMA	52.17	272	14,175	16.7x	15.7x	15.0x	13.8x	5.3%	4.1%	89%	1.4x	38%
Entergy	ETR	101.40	211	21,441	15.2x	14.1x	13.2x	12.4x	4.5%	6.0%	68%	1.6x	32%
Evergy	EVRG	59.71	230	13,714	16.5x	14.9x	14.0x	13.2x	4.2%	7.0%	69%	1.4x	43%
Eversource Energy	ES	69.80	349	24,349	16.0x	15.2x	14.2x	13.4x	3.9%	5.9%	62%	1.5x	40%
Exelon	EXC	41.50	995	41,275	17.5x	16.6x	15.1x	N/A	3.5%	7.0%	61%	1.6x	37%
FirstEnergy	FE	38.62	573	22,123	15.2x	14.2x	13.5x	12.7x	4.0%	0.0%	61%	2.1x	30%
Fortis*	FTS	55.43	485	26,856	18.6x	17.6x	17.1x	16.5x	4.1%	4.5%	76%	1.4x	42%
NextEra Energy	NEE	71.91	2,024	145,525	23.3x	21.3x	19.7x	18.3x	2.6%	10.0%	60%	3.2x	43%
NiSource	NI	27.71	413	11,446	17.5x	16.3x	15.2x	14.2x	3.6%	6.4%	63%	1.9x	40%
OGE Energy	OGE	36.18	200	7,246	18.1x	17.1x	16.3x	15.4x	4.6%	1.0%	83%	1.7x	49%
PG&E	PCG	17.57	2,091	36,743	14.7x	13.2x	12.0x	11.1x	0.3%	0.0%	5%	1.5x	30%
Pinnacle West	PNW	82.57	113	9,352	19.3x	16.5x	15.8x	15.0x	4.2%	2.0%	82%	1.5x	38%
Portland General	POR	47.72	101	4,824	17.8x	15.7x	14.9x	14.2x	3.9%	5.0%	70%	1.5x	45%
PPL Corp.	PPL	27.33	737	20,144	17.2x	15.9x	14.8x	14.1x	3.5%	6.7%	61%	1.4x	49%
PSEG	PEG	63.14	499	31,505	18.3x	17.3x	15.7x	14.9x	3.6%	5.6%	66%	2.1x	43%
Sempra	SRE	146.87	315	46,213	16.5x	15.5x	14.4x	N/A	3.2%	3.9%	53%	1.7x	50%
Southern Company	SO	70.97	1,090	77,386	19.7x	17.6x	16.5x	15.6x	3.9%	2.9%	78%	2.5x	34%
WEC Energy Group	WEC	89.52	315	28,238	19.4x	18.2x	17.1x	16.0x	3.5%	7.0%	67%	2.4x	39%
Xcel Energy	XEL	62.88	552	34,680	18.7x	17.6x	16.5x	15.6x	3.3%	6.0%	62%	2.0x	39%
Average					**17.5x**	**16.3x**	**15.2x**	**14.6x**	**3.7%**	**4.7%**	**64%**	**2.1x**	**39%**
Average (ex EIX & PCG)					**17.6x**	**16.5x**	**15.4x**	**14.8x**	**3.8%**	**4.9%**	**66%**	**2.1x**	**40%**

Please help us protect your advantage...
DO NOT FORWARD
Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

WOLFE RESEARCH

August 3, 2023

Exelon Corp. Snapshot

Exhibit 3: Financial Summary

Financial Summary	2023E	2024E	2025E
EPS	$2.37	$2.51	$2.76
Consensus EPS	$2.36	$2.51	$2.72
Dividends Per Share	$1.44	$1.55	$1.65
Payout on Utility net Parent	61%	62%	60%
Equity ratio	38%	38%	37%
FFO/Net Debt	14%	14%	14%
Diluted Shares Outstanding	1,000	1,003	1,006
Valuation Metrics			
P/E	17.5x	16.5x	15.0x
Dividend Yield	3.5%	3.7%	4.0%
Segment EPS	**2023E**	**2024E**	**2025E**
ComEd	1.01	1.08	1.15
PECO	0.55	0.55	0.69
BGE	0.47	0.51	0.55
Pepco	0.64	0.70	0.73
Parent	(0.30)	(0.33)	(0.36)
Total EPS	**$2.37**	**$2.51**	**$2.76**
Realized ROE by Utility			
ComEd	9.9%	9.9%	9.9%
PECO	9.4%	8.6%	9.9%
BGE	9.5%	9.7%	9.6%
Pepco	9.4%	9.6%	9.5%
Average Rate Base ($M)	$53,479	$57,289	$61,440

Source: Wolfe Utilities & Power Research

Exhibit 4: Modeling Assumptions

Assumptions	2023E	2024E	2025E
Capex by Segment ($M)			
ComEd	$2,550	$2,550	$2,925
PECO	1,375	1,575	1,625
BGE	1,325	1,475	1,675
Pepco	1,900	1,950	2,000
Parent/other	0	0	0
Total EXC Capex	**$7,150**	**$7,550**	**$8,225**
EXC			
Equity Issued/(Repurchased)	$142	$142	$142
Debt Issued/(Repurchased)	2,575	2,450	2,950

Source: Wolfe Utilities & Power Research

Exhibit 5: 2024 EPS by Subsidiary

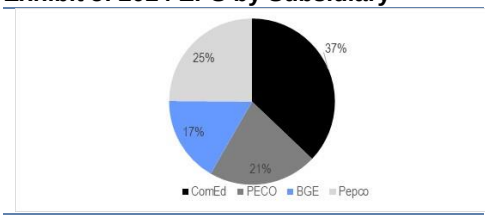

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with above average EPS growth. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%.

Valuation

Our $47 PT is based on a one-turn premium to our utility group average P/E of 16x 2025E. Risks are less capex, lower returns, less cash or more equity needs, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

WOLFE RESEARCH

August 3, 2023

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

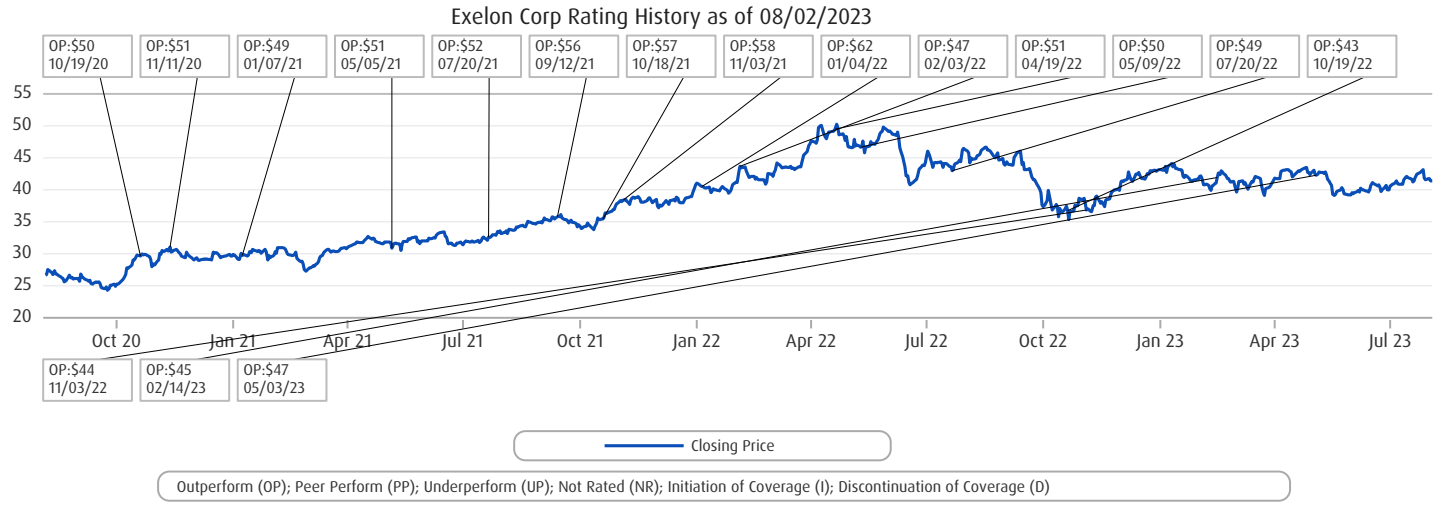

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD
Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Wolfe Research, LLC does not assign target prices for Peer Perform rated companies.

Wolfe Research, LLC uses a relative rating system using the terms Outperform, Peer Perform, and Underperform as per the definitions above. Please carefully read these definitions used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and do not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of August 3, 2023):

Outperform:	43%	4% Investment Banking Clients within the previous 12 months
Peer Perform:	46%	0% Investment Banking Clients within the previous 12 months
Underperform:	11%	1% Investment Banking Clients within the previous 12 months

Wolfe Research, LLC does not assign ratings of Buy, Hold, or Sell to the stocks it covers. Outperform, Peer Perform, and Underperform are not the respective equivalents of Buy, Hold, and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold, and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Advisors, LLC is an SEC registered Investment Adviser affiliate of Wolfe Research, LLC. The Research Department of Wolfe Research, LLC produces and distributes research to clients of Wolfe Research, LLC, Wolfe Research Advisors, LLC, and Wolfe Research Securities. Any analysts publishing these reports are associated with Wolfe Research, LLC, Wolfe Research Advisors, LLC, and Wolfe Research Securities.

The Wolfe Daily Howl, Monthly Controversies Report, and The Highlight Note are subscription-based products for Institutional investor subscribers only and are products of Wolfe Research, LLC. The Wolfe Daily Howl may contain previously published research which have been repackaged for Wolfe Daily Howl subscribers. Wolfe Research, LLC,

Please help us protect your advantage...
DO NOT FORWARD
Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

its affiliates, officers, directors, employees, and agents will not be liable for any investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein or to participate in any particular trading strategy in any jurisdiction. Opinions and information in this communication constitutes the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable based upon publicly available data but Wolfe Research, LLC, and its affiliates, including but not limited to Wolfe Research Securities and Wolfe Research Advisors, LLC, make no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC, or any of its affiliates to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regard to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research, LLC communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts, and electronic publication to our proprietary website. Facts and views in Wolfe Research, LLC research reports and notes have not been reviewed by, and may not reflect, information known to, professionals in other Wolfe Research, LLC affiliates or business areas, including investment banking personnel.

Copyright © Wolfe Research, LLC 2023. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research, LLC, Wolfe Research Securities and Wolfe Research Advisors, LLC which have been given permission prior to such use. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> Power Points: EPS Edition: AEE, ATO, BKH, UGI & NI/EXC
- **Publication Date/Time** : Thursday, August 03, 2023 11:14:14 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_docfn=U2FsdGVkX180%2FNMhtiws91cpfdYA45m6r%2FdB2ucda4B2ZEY%2BcA4MV4BAZC7OXBN8SqpOWgy%2Bq4F79EhRTSo8rStavo%2FtKr7Yx

August 2, 2023 | 21:40 ET~

Exelon

BMO Capital Markets

EXC-NSDQ | Rating: Outperform | Price: Aug-2: $41.50 | Target ↓: $45.00 | Total Rtn: 12%

More EXC-ecution – Strong 2Q23 Results and Year on Track

Bottom Line:

EXC reported an in-line quarter for 2Q23 and remains on track for the year, reaffirming its offsets to mild 1Q weather, and we view management's additional disclosures on key earnings drivers into the back half of the year positively. Management's plan remains on track, and they reaffirmed their 2023 guidance of $2.30-2.42. **Management also reaffirmed their 2021-2025 and 2022-2026 EPS CAGRs of 6-8% with an expectation of being at the midpoint or better. EXC remains an anchor on the relative value/GARP side of our BMO Barbell. Reiterate our Outperform rating.**

Key Points

Importantly, during the call management provided clarity on the shaping of earnings the remainder of the year as they expect 3Q23 to represent ~28% of their full-year earnings at the midpoint of the guidance range. Management noted that 3Q23 earnings are expected to be lower year-over-year as 3Q22 experienced a series of benefits. For 4Q23, the company should benefit from the absence of the pull-forward of costs in 4Q22, the reversal of O&M/tax timing, and a cumulative pickup from BGE's under recovery in 2021 and 2022 in their first MYRP when an order is issued in December 2023. **Management also reaffirmed their commentary from the 1Q23 call that they expect to offset ($0.07) of weather with O&M savings across the platform, better D&A comps at PECO, and the full-year impact of the carrying costs from the CMC regulatory asset balance.**

EXC reported 2Q23 EPS of $0.41 vs. our/consensus estimates of $0.40/$0.41. On the call, management detailed the offset to the mild 1Q23 weather and provided additional disclosures on key earnings drivers into the back half of the year which supports their reaffirmation of their 2023 guidance of $2.30-2.42. **EXC was recently awarded ~ $870mm in transmission projects to address reliability in eastern Maryland with an expected in-service date near year-end 2028. This spending is ~3% additive to the current 2023-2026 capital plan**.

Shares of EXC trade at a 1-2% discount to the group, which we believe offers compelling risk-adjusted value for its low-risk T&D investment strategy. Accordingly, we reiterate our Outperform rating. In the near term, additional multiple expansion is likely to be tied to successful navigation of the regulatory calendar. Our 2023-2025 estimates remain unchanged at $2.36. $2.50 and $2.72, respectively. **Our target price moves to $45 as we mark-to-market our peer group multiples used in our SOTP valuation framework.**

Key Changes		
Target	Estimates	Q3 / 23E
$45.00↓	EPS	$0.66
$46.00	*Previous*	*$0.67*

For disclosure statements, including the Analyst Certification, please refer to page(s) 7 to 10.

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (347) 668-8970
Edward M DeArias, CFA — VP Associate
edward.dearias@bmo.com — (347) 274-1556
Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.44	Shares O/S (mm)	994.6
Yield	3.5%	Market Cap (mm)	$41,275
P/BV	1.2x	Net Debt (mm)	$33,547

BMO Estimates (FY-Dec.)	2021A	2022A	2023E	2024E
EPS	$1.83	$2.27	$2.36	$2.50
DPS	$1.53	$1.35	$1.44	$1.53
EBIT	$2,614	$3,780	$4,063	$4,351
EBITDA	$10,516	$7,261	$7,722	$8,190

Consensus Estimates	2021A	2022A	2023E	2024E
EPS			$2.36	$2.51

Valuation	2021A	2022A	2023E	2024E
P/E	22.7x	18.3x	17.6x	16.6x
Div. Yield (%)	3.7%	3.3%	3.5%	3.7%

QTR. EPS	Q1	Q2	Q3	Q4
2021A	$0.52	$0.49	$0.65	$0.44
2022A	$0.64	$0.44	$0.75	$0.43
2023E	$0.70a	$0.41a	$0.66	$0.53
2024E	$0.71	$0.52	$0.71	$0.56

Notes : Prior numbers reflect our pre-spin estimates

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook, and supportive regulatory environment position the company well to drive multiple expansion.

Exelon - Block Summary Model

Income Statement	2021A	2022A	2023E	2024E
Generation	0	0	0	0
Com Ed	1,255	1,412	1,467	1,554
PECO	651	780	838	894
BGE	481	651	721	776
PHI	801	997	1,062	1,153
Parent and Other	(574)	(61)	(26)	(26)
Consolidated EBIT	2,943	4,060	4,318	4,606
Depreciation & Amortization	7,573	3,201	3,404	3,584
EBITDA	10,516	7,261	7,722	8,190
Interest Expense	1,342	1,431	1,520	1,614
Income Tax	38	455	497	532
Income from continuing operations	1,791	2,227	2,353	2,513
Weighted Average Shares Outstanding	979	982	998	1,006
Diluted Operating EPS	$1.83	$2.27	$2.36	$2.50
Dividends per Share	$1.53	$1.35	$1.44	$1.53
Cash Flow Statement	**2021A**	**2022A**	**2023E**	**2024E**
Operating Cash Flow	3,012	5,228	5,557	5,897
Investing Cash Flow	(3,317)	(6,950)	(7,050)	(7,450)
Financing Cash Flow	758	1,415	1,506	1,411
Net Change in Cash Flow	453	(307)	13	(143)
EOP Cash on Balance Sheet	1,619	1,312	1,325	1,182
Common stock (net)	80	500	667	167
Net debt issued/(repaid)	3,140	2,240	2,275	2,785
Dividends paid	(1,497)	(1,325)	(1,436)	(1,541)
Balance Sheet	**2021A**	**2022A**	**2023E**	**2024E**
Common Equity	34,795	35,795	37,379	38,518
Preferred Equity	0	0	0	0
Total Debt	34,540	36,300	38,575	39,746
Enterprise Value	$74,176	$76,078	$78,954	$80,421
Common equity %	50.2%	49.6%	49.2%	49.2%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	49.8%	50.4%	50.8%	50.8%
Book Value per Share	$35.54	$36.46	$37.44	$38.28

Source: BMO Capital Markets, Company Reports

Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2025E EPS as a base, which we then adjust (premium, discount, or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $50.00

Our upside scenario reflects continued multiple expansion associated with the execution of the company's current ComEd MYRP which should crystalize the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $36.00

Our downside scenario reflects a tightening monetary policy, suboptimal regulatory outcomes that lead to a deceleration of the company's rate base growth.



Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18 months as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 88% of rate base.

BMO Top 15 List

BMO Top 15 List Member

Income Stock

EXC-NSDQ Research

Glossary

Company Models

More EXC-ecution – Strong 2Q23 Results and Year on Track

Bottom Line: EXC reported an in-line quarter for 2Q23 and remains on track for the year, reaffirming its offsets to mild 1Q weather and we view management's additional proactive disclosures on key earnings drivers into the back half of the year positively. Management's plan remains on track, and they reaffirmed their 2023 guidance of $2.30-2.42. **Shares of EXC trade at a 1-2% discount to the group, which we believe offers compelling risk-adjusted value for its low-risk T&D investment strategy. Accordingly, EXC remains an anchor on the relative value/GARP side of our BMO Barbell, and we reiterate our Outperform rating.** In the near term, additional multiple expansion is likely to be tied to successful navigation of the company's regulatory calendar. **Our target price moves to $45 as we mark-to-market our peer group multiples used in our SOTP valuation framework.**

EXC reported 2Q23 EPS of $0.41 vs. our $0.40 estimate and $0.41 for consensus. Year-over-year results declined by ($0.03) with ComEd adding +$0.02 (+$0.01 distribution rates and +$0.01 CMC carrying costs) and PHI adding +$0.02 that was offset by a ($0.04) headwind at PECO ($0.03 unfavorable weather) and ($0.03) at Corporate from interest drag.

Management reaffirmed their 2023 guidance range of $2.30-2.42 compared to BMO/consensus at $2.36. Importantly, during the call management provided clarity on the shaping of earnings the remainder of the year as they expect 3Q23 to represent ~28% of their full-year earnings at the midpoint of the guidance range. Management noted that 3Q23 earnings are expected to be lower year-over-year as 3Q22 experienced a $0.04 pickup from PECO's electric case, $0.03 from an uplift in the 30-year, and $0.03 of formula rate timing at ComEd. For 4Q23, the company expects to see earnings growth from the absence of the pull-forward of costs in 4Q22, the reversal of O&M and tax timing, and a cumulative pickup from BGE's under recovery in 2021 and 2022 in their first MYRP that cannot be booked until an order is issued, which is expected in December 2023. **Management also reaffirmed their commentary from the 1Q23 call that they expect to offset ($0.07) of weather with O&M savings across the platform, better D&A comps at PECO, and the full-year impact of the carrying costs from the CMC regulatory asset balance.**

Longer term, the company also reaffirmed its 2021-2025 and 2022-2026 EPS CAGRs of 6-8% with an expectation of being at the midpoint or better with the drivers for its annual growth ranges unchanged. The company continues to see the payout ratio of ~60% allowing the dividend to grow in line with earnings. Management expects the remaining $425mm of equity issuance to be completed by 2025.

Furthermore, EXC continues to expect credit metrics in the 13-14% over the forecast period, providing 100-200bps of cushion to its 12% downgrade threshold. After raising ~$1.3bn for BGE and PECO in the quarter the company has substantially completed all of its 2023 debt financings. Importantly as of 6/30/21 the company's short-term debt balance was only $1.2bn with only $500mm at the parent, which is down from $2.6bn at YE23 and $900mm at the parent. Despite persistently high interest rates, we think EXC is well-positioned with only $500mm of parent level maturities in 2024 and $807mm in 2025. Every 250bps in higher refinancing costs represents $0.01 and $0.015 to EPS, respectively.

The company was recently awarded ~$870mm in transmission projects to address reliability in eastern Maryland that is expected to be in service by year-end 2028. The company noted that this incremental investment is additive to the current plan. Looking forward, management continued to speak positively on additional transmission opportunities more broadly in PJM and specifically in support of the ambitious offshore wind programs in NJ and MD over time.

In July the company completed the three-year term from the Deferred Prosecution Agreement for ComEd. Following the end of the term the DOJ moved to dismiss the charges as the company fully complied with the DPA and the Court obliged.

The regulatory calendar remains busy with several on-going cases. The ComEd case remains the focal point for most investors with evidentiary hearings in late August, and an order by the end of the year. **While we do not expect the company to reach a comprehensive settlement in the case given it is the first MYRP under the 2021 CEJA, we do think some issues could be ripe for settlement given the constructive initial staff testimony and rebuttal testimony in the case.** At ACE, the company expects an order in 1Q24, though they will be eligible to implement interim rates subject to refund on November 17. For BGE in MD, the company is undergoing its second multi-year plan that covers years 2024-2026. The company expects an order in December 2023. In DC, the company's PEPCO subsidiary also recently filed a 2024-2026 multi-year plan to cover its climate-ready pathway multi-year plan.

Exhibit 1: EXC Summary Model

EXC Model Summary	2020A	2021A	2022A	2023E	2024E	2025E
EPS By Segment						
EXC Gen	$1.44					
Com Ed	$0.66	$0.76	$0.88	$0.87	$0.93	$0.98
PECO	$0.47	$0.51	$0.57	$0.60	$0.62	$0.74
BGE	$0.37	$0.42	$0.43	$0.47	$0.50	$0.54
PHI	$0.52	$0.57	$0.64	$0.67	$0.74	$0.81
Parent & Other	($0.24)	($0.43)	($0.26)	($0.25)	($0.30)	($0.35)
Consolidated E.P.S.	**$3.22**	**$1.83**	**$2.27**	**$2.36**	**$2.50**	**$2.72**
Growth						
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**
Growth				6.5%	6.5%	6.5%
Implied Payout Ratio	47.6%	83.6%	59.5%	61.0%	61.3%	59.9%
Dividend Yield	3.7%	3.7%	3.3%	3.5%	3.7%	3.9%
Valuation Metrics						
Price to Earnings	12.9x	22.7x	18.3x	17.6x	16.6x	15.2x
Price to Book Value	1.2x	1.2x	1.1x	1.1x	1.1x	1.1x
Funding Sources						
Cash Flow from Operations	$4,235	$3,012	$5,228	$5,557	$5,897	$6,271
Total Debt Financings	$8,168	$4,780	$4,300	$3,075	$3,585	$3,748
Total Equity Financings	$45	$80	$500	$667	$167	$167
Credit Metrics						
Total Debt/Capitlization	55%	50%	51%	51%	51%	52%
FFO/Total Debt	21%	28%	14%	13%	13%	14%
EBITDA/Interest Expense	7.0x	7.8x	5.1x	5.1x	5.1x	5.0x
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%
Regulated Operations Performance - Realized ROE (1)						
ComEd	8.7%	9.2%	10.0%	9.3%	9.5%	9.6%
PECO	11.0%	10.9%	11.0%	10.5%	10.0%	10.9%
BGE	9.7%	10.1%	9.7%	9.8%	9.9%	10.0%
PHI	9.1%	9.3%	9.6%	9.6%	9.8%	9.9%

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 2: EXC SOTP

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2025E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	5%	$0.98	13.3x	$13	16.3x	$16	18.3x	$18
PECO	EPS	6%	$0.74	13.4x	$10	16.4x	$12	18.3x	$14
BGE	EPS	5%	$0.54	13.3x	$7	16.3x	$9	18.3x	$10
PHI	EPS	7%	$0.81	13.5x	$11	16.5x	$13	18.3x	$15
Parent & Other	EPS	6%	($0.35)	13.4x	($5)	16.4x	($6)	18.3x	($6)
Utility Value			**$2.72**	**13.4x**	**$36**	**16.4x**	**$45**	**18.3x**	**$50**
Upside/(Downside)					(12%)		8%		20%
Current Yield					3%		3%		3%
Total Return					**(9%)**		**11%**		**24%**

Source: BMO Capital Markets, Company Filings

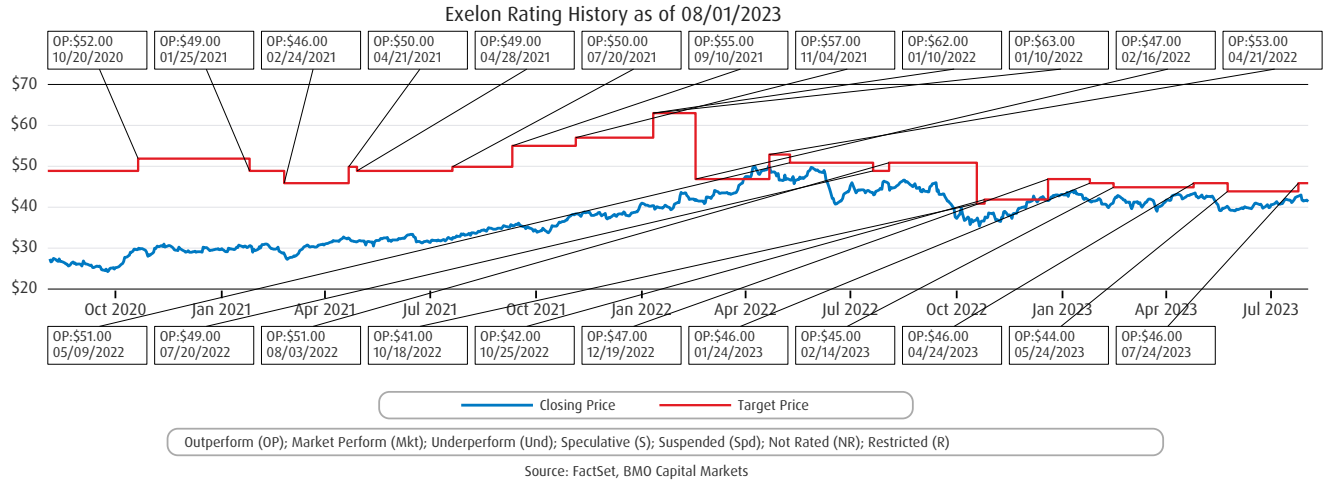

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon in United States.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Adverse outcomes in the company's inaugural MYRP filing in IL, DE electric rate case and 2025 PECO electric GRC. Despite having nearly a 1% cushion over its 12% downgrade threshold, the ability to meet its stated credit metrics given adverse impacts from severe storms, fuel deferrals and other unforeseen expenses.

Distribution of Ratings (August 01, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	48.6 %	18.0 %	48.8 %	53.8 %	57.7 %	57.7%
Hold	Market Perform	49.0 %	18.3 %	50.0 %	44.7 %	41.3 %	37.5%
Sell	Underperform	2.4 %	9.1 %	1.2 %	1.4 %	0.5 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 151 West 42nd St, 33rd Floor, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and

omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. The information in this report is based on general considerations and do not purport to meet the objectives or needs of specific recipients. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. In furnishing this report, BMO Capital Markets intends to take advantage of the exemption from the principal and agency trading restrictions in Section 206(3) of the Investment Advisers Act of 1940 and Rule 206(3)-1 thereunder. Accordingly, recipients of this report are advised that BMO Capital Markets or its affiliates may act as principal for its own account or agent for another person in connection with the purchase or sale of any security mentioned in or the subject of this report. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at August 02, 2023, 21:40 ET. and disseminated at August 02, 2023, 21:40 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2023 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

KeyBanc Capital Markets

Alert

August 02, 2023

Energy: Electric Utilities

Midweek Thoughts — CEG, SO, EXC, POR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

Earlier this week, ES, OTTR, PEG, WEC, EXC, FE, AVA, ETR and AEE reported 2Q23 results. CEG, PNW, SRE, SO, ED, and D are scheduled to report later this week. In other news, partial owners of the STX nuclear plant claim ROFR over NRG's plan to sell its 44% stake in the plant to CEG; SO enters Vogtle Unit 3 into service; BG&E files rebuttal testimony in EXC's MD electric and natural gas rate cases; and the OR Governor signs a securitization bill into law.

Upcoming Earnings Reports

AEE reported after the close today. **CEG, PNW, SRE,** and **SO** report BMO tomorrow (Thursday), followed by **ED** after-market. **D** reports BMO Friday. Our recently published 2Q23 Preview includes our thesis, expectations, and estimates for our coverage. Earlier this week, **ES, OTTR, PEG, WEC, EXC, FE, AVA,** and **ETR** reported earnings. Please scroll down for our takeaways.

Industry News and News from Companies in Our Coverage

CEG — Partial owners of the STX nuclear plant claim ROFR over NRG's plan to sell its 44% stake in the plant to CEG: City Public Service Board of San Antonio and Austin Energy, which own 40% and 16%, respectively, of the facility, jointly filed a motion with the NRC to dismiss the pending License Transfer Application (LTA) between NRG and CEG or have the NRC stay the review of the LTA pending resolution of the lawsuit. The plaintiffs believe that they have a ROFR after NRG agreed to sell its 44% interest to CEG (read more here). NRG believes the suit is without merit and still anticipates closing by year-end.

SO — SO enters Vogtle Unit 3 into service: SO announced that the 1,100 MW Vogtle Unit 3 entered commercial operation on July 31, in line with the Company's latest timeline. The one-month delay from its prior 2Q23 schedule will likely result in $15M of increment capital costs, compared to SO's $10.2B share of the project's total expected costs. The Company previously agreed that it would not seek approval for any costs exceeding the $7.3B forecast presented during VCM 17 hearings. SO will be able to seek a prudence review for all costs once the fuel load begins at Unit 4, expected in the upcoming months after the successful completion of hot-functional testing and receiving the NRC 103(g) finding. With Unit 3 in service, SO will be able to shift more attention to completing and entering Unit 4 into service, expected in late 4Q23 or 1Q24.

EXC — BG&E files rebuttal testimony in EXC's MD electric and natural gas rate cases: BG&E largely reaffirmed its direct testimony while addressing issues raised by intervenors. Specifically, BG&E rebutted the OPC's recommendation to terminate the multi-year pilot and to reduce the capital work plan by $1.3B. BG&E maintained its request for a 10.4% ROE and 52% equity. The equity layer was unopposed by intervening parties. BG&E's initial request sought net increases for the 2024-2027 time period of $314M and $290M for electric and gas, respectively. This is compared to MD PSC Staff's recommended electric and gas revenue increases of $193M and $232, respectively, over the three-year term. Staff's proposed increases are premised on a 9.45% ROE and 52% equity. An MD PSC decision is expected by year-end, with new rates becoming effective in early 2024.

POR — OR Governor signs securitization bill into law: Oregon Governor Kotek signed HB 3143 into law authorizing utilities to securitize costs for declared emergency events, including severe storms, pandemics, or wildfires. The new bill will reduce customer bills while allowing utilities timely recovery at a lower cost of capital. The PUC will be required to approve a securitization request within 180 days of a utility filing. POR was previously required to seek recovery of deferrals, including for a 2020 wildfire ($38M), ice storms ($71M), and COVID-19 ($35M).

Earnings Recap

ETR — ETR reported results ahead of consensus estimates and reaffirmed its full-year guidance and long-term outlook. SERI proceedings remain an overhang, and progress is inching toward clarity from FERC, although there is no statutory deadline. ETR expects to hear a final decision on its TX GRC tomorrow and filed its annual FRPs in AR, LA, and New Orleans in recent months. The Company is currently refreshing its long-term industrial sales forecast, which could further extend the growth opportunity and create incremental opportunity for renewable ownership. Read our full report here.

AVA — AVA reported 2Q results above our estimates, as the Company benefited from the ERM and lower operating costs in the quarter. The Company reaffirmed its full-year guidance but pointed toward the lower end as poor hydro conditions are expected to result in an unfavorable ERM for the year. The Company has reached a couple of regulatory settlements, but we do not expect a material improvement to regulatory lag until 2025. Read our full report here.

FE — FE reported 2Q a couple of pennies ahead of expectations and issued 3Q guidance below expectations while reiterating the FY23 range. More importantly, the Company has once again reiterated its LT 6-8% growth rate target, this time with the new CEO officially at the helm. FE has outlined its regulatory and financial strategy as it continues to take shape. While hearing the 6-8% reiterated, once again, should assuage investor concerns with respect to a potential "reset," the news of another subpoena and below-expectation 3Q guidance will likely dampen the enthusiasm in the NT. Read our full report here.

EXC — EXC reported an in-line quarter and reiterated the 2023 and long-term earnings outlook. While the Company has pending rate cases in several jurisdictions, the one that bears close attention is the IL ComEd MYRP, which is the first under the CEJA and the ROE seems to be the major point of difference between Staff and the ComEd. EXC on its part continues to move all the regulatory proceedings ahead in a timely manner and with many of its regulatory frameworks shifting to multi-year rates plans, earnings volatility should moderate - underpinning the Company's long-term outlook for 6-8% EPS growth through 2026 (stronger growth in the 2H of the planning period as the MYRPs come into effect). The capex outlook remains strong as the energy transition in EXC's densely populated jurisdictions drives T&D expansions. Read our full report here.

WEC — WEC reported 2Q EPS above guidance and consensus, fueled by rate base growth and slightly lower O&M than expected. WEC provided below-Street 3Q guidance but reaffirmed 2023 EPS guidance on expectations of a materially better 4Q relative to 2022. The Company also maintained its 6.5-7% long-term EPS growth rate and expects to refresh its five-year capital plan at EEI later this year, which will explore all financing options. Read our full report here.

PEG — PEG reported an in-line quarter and maintained 2023 guidance and the long-term earnings outlook. The Company announced the execution of its previously stated plan to lift out a portion of the pension to reduce earnings volatility. Regulatory activity continues apace with the GSMP III filing underway and a GRC planned for 4Q23. Nuclear PTC guidance from the IRS is still pending, and we expect that depending on the final form of the guidance, PEG will make further decisions on power hedging, clean hydrogen participation, etc. Read our full report here.

OTTR — OTTR reported EPS of $1.95 vs. our estimate of $1.48 and consensus of $1.45. The Plastics segment saw less modest pricing declines than anticipated, resulting in another beat and raise for the Company. Management now expects the higher-priced environment to continue through 1H24, as prices gradually abate. Longer term, OTTR maintained its 65%/35% earnings mix and its long-term growth rate of 5-7%. Read our full report here.

ES — ES reported a better-than-expected quarter, reiterated the full-year EPS guidance of $4.25-$4.43, and maintained the long-term EPS growth rate of 5-7% with a bias to the upper half of the range. The Company is still working through the mechanics of the sale of offshore projects, and the earlier announced sale of the acreage is on track to close in 3Q. The impairment charge announced of $331M after-tax is larger than the earlier indication of $220M-$280M, an indication of the evolving economics of offshore wind assets and the overall challenging M&A environment at present. Read our full report here.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

AGA Conference Recap: Notes from Meetings — AEE, SRE, NWE, D, DUK, AVA, DTE, CMS, XEL, WEC, CNP

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

AVA: High Visibility of Headwinds Until 2025 - Downgrading to Underweight, $33 PT

WEC: Attractive Entry Point; Upgrading to OW

Thematic Pieces

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	261	49.62	43	16.48
Sector Weight [SW]	258	49.05	43	16.67
Underweight [UW]	7	1.33	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	23	39.66	14	60.87
Sector Weight [SW]	32	55.17	12	37.50
Underweight [UW]	3	5.17	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research") is a Limited Liability Company organized in the state of Ohio and is a wholly owned subsidiary of KeyBanc Capital Markets Inc. The Firm provides objective and sophisticated Research Services, primarily in the form of published Research Reports to an institutional client base. KBCM Research Services do not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Research Services are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Our advisory relationship with our clients is strictly limited to the provision of Research Services.

GUGGENHEIM

August 2, 2023

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC: No One Minds a Straightforward Update

Key Message: EXC reported results in line with our expectations alongside a relatively straightforward update, in our view. With many of the key data points in the 6 active cases skewed towards later in 3Q/4Q, the team remains focused on bread-and-butter utility execution, including mitigating moderate YTD weather drag at PECO. Alongside an affirmation of the '23 guide and underlying plans, the update was augmented by a positive data point on significant future transmission spend in MD (~$870M), which we unpack further below. We continue to see EXC's discount to the slower-growing group as increasingly unjustified, with yet another quarter of successful execution helping to building incremental comfort with the management team and the fundamentals of the MYP-dependent plan. Our focus for the balance of the quarter remains on the case processes, with incremental data points forthcoming at BGE, ComEd, DPL DE, and Pepco DC. We caught up with management.

As a reminder, we recently upgraded EXC to BUY – see our note HEREfor more and our recent NDR note HERE.

What happened? EXC reported results alongside a straightforward affirmation of the plan and key data points as further case clarity remains weighted towards 4Q. **The update was further augmented by the announcement of an incremental $870M transmission opportunity in BGE tied to the deactivation of Brandon Shores, with initial spend potentially landing in the outer year of the current plan ('26).** The announcement caught some investors off guard, in our view, with the prospects for the new spend underscoring what we see as a slightly underappreciated part of EXC's value proposition: transmission in all its forms. Based on our conversations, the scale of the need here is unique to the constraints and topology of the plant's location within PJM and should not be directly extrapolated to any views on other future retirements. For example, management noted that the spend associated with Indian River in Delmarva was several orders of magnitude smaller. Still, we remain on the lookout for other opportunities given the significant resource turnover across both MAAC and COMED. **For more from PJM – see HERE.**

The retirement-driven spend also comes alongside prospects for significant involvement in OSW interconnections in Delmarva, driven by MD's push for 8.5GWs by 2031. Per management, the MD PSC is required to conduct a study by July 2025 ahead of competitive solicitations – we expect this process will likely resemble NJ's own recent interconnection procurements (awarded last fall - ~$1B for ~3.5GWs of OSW). Management also noted, in response to our questions, that it is involved in PJM's competitive solicitations in the DOM zone, with 4 projects ranging in size from $400M to >$1B. Initial indications from PJM are expected in ~October ahead of Board action in December. **In totality, we continue to see opportunities like these as potentially supportive of the current plan's extension into the back of the decade, not dissimilar to the LRTP Tranche 1/2 discussions around MISO North names.**

2H23 event pathway remains relatively straightforward, in our view, as cases continue to mature. As a reminder, the company now has the staff initial testimony "floor" in 3 of its largest cases, with its remaining MYP processes at Pepco MD still in early innings. The initial staff marks have generally been reasonable, in our view (60-80% of ask range), with the balance of the cases either in smaller jurisdictions (NJ) or in their sophomore MYP (Pepco DC/MD). **We asked management about the prospects for settlements in the BGE and Pepco cases given they are the sophomore MYPs in each respective jurisdiction; however, the team continues to expect fully litigated processes** – it is a fresher commission in MD (on our Watchlist - see our note HERE), and the utilities in the state have historically gone through fully litigated cases. Data points on ComEd remain largely static ahead of surrebuttal testimony and hearings later this month; **however, we remain more focused on the September ALJ filing, which could provide further guardrails/context around the wide bid/ask on ROEs.**

EXC BUY

Exelon Corporation
Sector: Power & Utilities

Earnings Release

Share Price	$41.50
Price Target	$45.00

EPS ($) (FY DEC)	1Q	2Q	3Q	4Q	FY
2023	0.70	0.41	0.66E	0.59E	2.36E
Prior	—	*0.40*	*0.78E*	*0.47E*	—
P/E					17.6x
2024	—	—	—	—	2.50E
Prior	—	—	—	—	—
P/E					16.6x
2025	—	—	—	—	2.74E
Prior	—	—	—	—	—
P/E					15.2x

Market Data

52-Week Range	$35.19 - $47.23
Dividend	$0.72
Dividend Yield	1.7%
Market Cap (M)	$41,234
Enterprise Value (M)	$83,063
Shares Out (M)	994.3
ADV (3 mo; 000)	6,318

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

State	Company	Docket	Case Type	Filing Date	Rate Increase ($M)	ROE (%)	Equity Ratio (%)	Rate Case Test Year End Date	Rate Base ($M)	Rate Base Valuation Method	Expected Decision Date	Initial Testimony Filed?	Initial Testimony Due	Staff ROE, Rate Change
Illinois	ComEd	D-23-0055	Electric	1/17/2023	1,502	10.65	51.20	12/2027	18,749	Average	12/20/2023	Yes		8.91%, $1,039
Maryland	BGE	C-9692 (EL)	Electric	2/17/2023	314	10.40	52.00	12/2026	5,593	Average	12/14/2023	Yes		9.45%, $193
Maryland	BGE	C-9692 (GAS)	Natural Gas	2/17/2023	290	10.40	52.00	12/2026	3,945	Average	12/14/2023	Yes		9.45%, $232
District of Columbia	Pepco	FC-1176	Electric	4/13/2023	191	10.50	50.50	12/2026	3,416	Average	2/28/2024	No	Too Early	
Maryland	Pepco	C-9702	Electric	5/16/2023	214	10.50	50.50	12/2027	3,048	Average	3/11/2024	No	Too Early	
New Jersey	ACE	D-ER23020091	Electric	2/15/2023	105	10.50	50.20	06/2023	2,236	Year-end	3/31/2024	No	9/1/2023	
Delaware	DPL	D-22-0897	Electric	12/15/2022	56	10.50	50.50	06/2023	1,083	Year-end	12/31/2023	No	8/18/2023	

Source: Guggenheim Securities LLC, RRA

EXC reported 1Q23 performance of $0.41, just ahead of our estimate and in line with consensus ($0.40/$0.41). YoY adjusted earnings were $0.03 lower, reflecting interest expense and weather drags on higher distribution rates across the utilities. Across the opcos, ComEd earnings were +$0.02 YoY thanks to another quarter of higher distribution rates (investment and treasuries) alongside $0.01 of benefit from CMC carrying costs (we expect another ~$0.01 of benefit from this phenomenon in 2H23). Earnings were $0.04 lower at PECO, reflecting higher gas distribution rates (+$0.01), which were fully offset by weather (-$0.04), and a variety of higher expenses, including $0.01 of D&A and $0.01 of other. The shoulder month drag from weather at PECO slightly exceeded our expectations. BGE was flat, while PHI added $0.02, courtesy of higher distro rates and other items. Interest expense at the parent dragged $0.03. **Management affirmed 2023 EPS guidance in the range of $2.30-$2.42, vs. our $2.36, which remains unchanged.** 3Q EPS shaping expectations of approximately 28% were also disclosed on the update. Finally, we note that there were few incremental updates on the financing or capex plans as the company still awaits full IRS clarity on CAMT (potentially in ~4Q23), with commentary around financing plan flexibility largely unchanged (e.g., credit upside with the repairs/deduction).

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Valuation

Our valuation is based on our 2025E EPS of $2.74. We use our 16x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 16x multiple, we continue to apply a 1-turn premium to each of EXC's subsidiaries for favorable recovery mechanisms (riders, MYPs) and underlying growth/ incremental investment opportunities. We now apply a 1x to ComEd as well for the favorable regulatory mechanisms in place (MYP) and what we see as receding case risk. This blended 17x multiple, applied to our 2025E EPS and discounted back 1 year, equals our $45 PT.

Risks

EXC comprises regulated distribution and transmission assets, which face traditional risk factors and upside drivers inherent with all utilities, including: (1) negative rate case outcomes below our expectations, (2) lower capex outlooks, and (3) interest rate changes above what we account for in our regression model.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates expect(s) to receive or intend(s) to seek compensation for investment banking services from Exelon Corporation in the next 3 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 08-01-2023

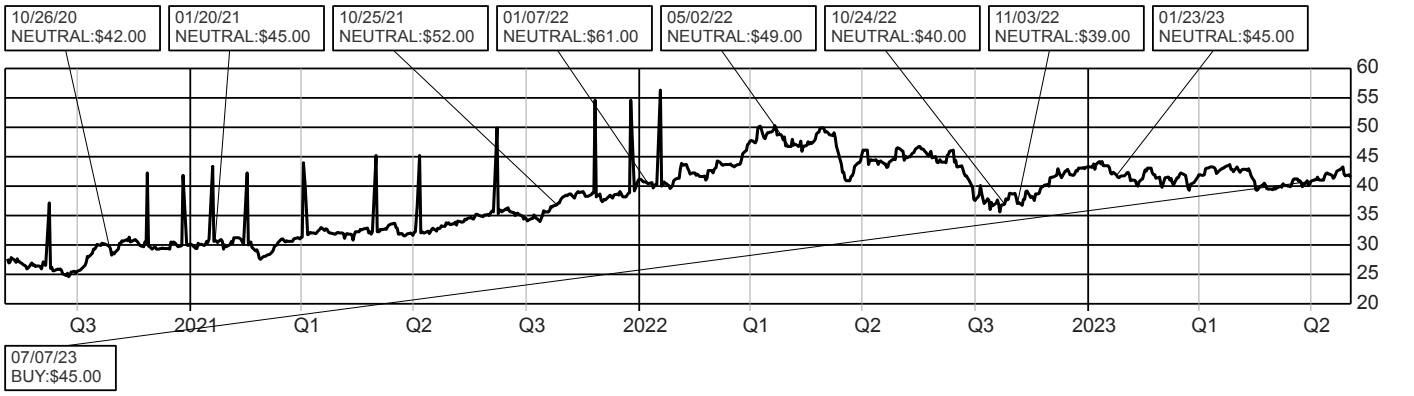

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	247	66.40%	40	16.19%
NEUTRAL	116	31.18%	7	6.03%
SELL	9	2.42%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Exelon Corp

Upside Capex Highlighted

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$47.00**
Price (02 Aug 2023)	**US$41.59**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$46.70-35.54
Market cap.	US$41.4b
Shares o/s	995m (COM)
Free float	100%
Avg. daily volume ('000)	6,217
Avg. daily value (m)	US$254.6
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.6x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E			
	From	To	% ch	Cons.
Q1	0.70	0.70	0	0.70
Q2	0.39	0.41	6	0.41
Q3E	0.76	0.66	-12	0.74
Q4E	0.52	0.59	14	0.51
12/23E	2.36	2.36	0	2.36
12/24E	2.54	2.54	0	2.51
12/25E	2.77	2.77	0	2.72

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Positive Update, Valuation Remains Compelling

We believe EXC provided a solid update, supportive of our view that the transparent growth and stability of the pure play T&D business model warrants a higher valuation than the 4% discount it trades vs. peers. EXC provided clarity on capex opportunities beyond the current plan that could support growth the 6-8% EPS growth, we believe, beyond the '23-26 window. The company continues to show cost discipline to offset interest and other cost pressures and reiterated they expect to be at the mid point or better of the growth rate. We believe the stock sets up well from here over the balance of the year with resolution of both the BGE and ComEd rate cases and potential for additional transmission awards from PJM by year-end.

Generation Retirements and Offshore Wind Drive Transmission Needs Longer-Term

On the call, management highlighted that PJM has recently assigned EXC transmission and substation projects that are needed due to the retirement of the Brandon Shores coal plant. The project is scheduled for completion in 2028 and will cost ~$850mm. This capex is incremental to the current capital plan of $31bn for '23 through '26, although much of the spend will come post this period. We estimate it to be +/-3-4c accretive to run-rate earnings. Additionally, EXC has submitted four transmission proposals to PJM for work in the Dominion territory that range from $300mm to $1.0bn. PJM will provide initial feedback in Sept/Oct and a final decision in December. These projects would also be incremental to the current plan. Lastly, EXC highlighted they will be pursuing transmission projects related to offshore wind development in Maryland and New Jersey. The legislation in Maryland requires solicitations for projects by July of 2025.

BGE and ComEd Rate Cases Likely to Be Fully Litigated; Awaiting CMT Clarity

Management expressed optimism on the progress so far in the BGE and ComEd multi-year rate plan proceedings. Staff positions in both cases have been reasonably constructive in our view (see our notes on BGE here and ComEd here). The company expects both cases to be fully litigated given past precedent for such in Maryland and the regulators in Illinois are likely to see the case through given it is the first plan filed under the new law. Separately, EXC is hopeful it will receive clarity from the U.S. Treasury Dept. by year end on whether repairs tax deduction is included in the CMT. The unmitigated cash flow impact is $200mm/yr and drives whether EXC expects to be at the low end or high end of the 13-14% FFO/Debt target range, with a downgrade threshold of 12%.

Valuation:

We maintain our Buy rating and $47 target.

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)
Profitability/valuation	**12/20**	**12/21**	**12/22**	**12/23E**	**12/24E**	**12/25E**	**12/26E**	**12/27E**
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	10.2	9.5	8.8	8.2	9.7
P/E (UBS, diluted) x	22.4	25.7	19.7	17.6	16.4	15.0	14.1	13.1
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.0)	(3.0)	(3.3)	(2.6)	(1.3)
Dividend yield (net) %	2.9	2.9	3.0	3.5	3.7	4.0	4.3	4.6

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 41.63 on 02-Aug-2023 15:38:03 EDT

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 6.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Revenues	**15,436**	**17,938**	**19,078**	**18,406**	*-3.5*	**18,970**	*3.1*	**19,644**	**20,365**	**21,063**
Gross profit	9,715	11,554	12,703	12,031	*-5.3*	12,595	*4.7*	13,269	13,990	14,688
EBITDA (UBS)	**5,445**	**5,715**	**6,640**	**7,466**	*12.4*	**7,970**	*6.8*	**8,577**	**9,234**	**9,873**
Depreciation & amortisation	(2,891)	(3,033)	(3,325)	(3,563)	*-7.2*	(3,815)	*-7.1*	(4,088)	(4,367)	(4,646)
EBIT (UBS)	**2,554**	**2,682**	**3,315**	**3,902**	*17.7*	**4,155**	*6.5*	**4,489**	**4,867**	**5,227**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	597	261	535	535	*0.0*	584	*9.2*	584	584	584
Net interest	(1,278)	(1,289)	(1,447)	(1,464)	*-1.2*	(1,533)	*-4.7*	(1,583)	(1,695)	(1,742)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**1,873**	**1,654**	**2,403**	**2,973**	*23.7*	**3,206**	*7.8*	**3,490**	**3,756**	**4,069**
Tax	(118)	(38)	(349)	(619)	*-77.5*	(666)	*-7.5*	(715)	(780)	(841)
Profit after tax	**1,755**	**1,616**	**2,054**	**2,353**	*14.6*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Preference dividends	(9)	0	0	0	-	0	-	0	0	0
Minorities	(6)	175	185	0	-	0	-	0	0	0
Extraordinary items	(352)	(175)	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,388**	**1,616**	**2,239**	**2,353**	*5.1*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Net earnings (UBS)	**1,740**	**1,791**	**2,239**	**2,353**	*5.1*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Tax rate (%)	6.3	2.3	14.5	20.8	*43.5*	20.8	*-0.3*	20.5	20.8	20.7

Per Share (US$)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
EPS (UBS, diluted)	1.78	1.83	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
EPS (local GAAP, diluted)	1.42	1.65	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
EPS (UBS, basic)	1.78	1.83	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	*6.7*	1.55	*7.6*	1.67	1.79	1.91
Cash EPS (UBS, diluted) [1]	4.74	4.92	5.64	5.94	*5.3*	6.35	*7.0*	6.85	7.30	7.78
Book value per share	20.66	35.09	24.89	26.03	*4.6*	27.02	*3.8*	28.14	29.45	30.81
Average shares (diluted)	977	980	987	996	*0.9*	1,000	*0.4*	1,002	1,006	1,012

Balance Sheet (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Cash and equivalents	437	672	1,090	885	*-18.8*	25	*-97.2*	416	376	343
Other current assets	5,178	13,285	6,246	7,411	*18.7*	7,568	*2.1*	7,756	7,957	8,151
Total current assets	**5,615**	**13,957**	**7,336**	**8,296**	*13.1*	**7,593**	*-8.5*	**8,172**	**8,332**	**8,494**
Net tangible fixed assets	60,370	64,558	69,076	72,663	*5.2*	76,398	*5.1*	80,485	84,494	88,223
Net intangible fixed assets	6,630	6,630	6,630	6,630	*0.0*	6,630	*0.0*	6,630	6,630	6,630
Investments / other assets	8,608	47,868	12,307	12,307	*0.0*	12,307	*0.0*	12,307	12,307	12,307
Total assets	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,928**	*3.0*	**107,594**	**111,763**	**115,653**
Trade payables & other ST liabilities	5,019	12,710	6,223	5,727	*-8.0*	5,845	*2.1*	5,986	6,137	6,283
Short term debt	2,813	3,401	4,388	3,386	*-22.8*	2,736	*-19.2*	4,743	2,936	3,136
Total current liabilities	**7,832**	**16,111**	**10,611**	**9,113**	*-14.1*	**8,581**	*-5.8*	**10,729**	**9,073**	**9,419**
Long term debt	29,308	31,139	35,662	40,537	*13.7*	43,012	*6.1*	44,355	48,755	50,755
Other long term liabilities	23,886	50,968	24,332	24,332	*0.0*	24,332	*0.0*	24,332	24,332	24,332
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**61,026**	**98,218**	**70,605**	**73,982**	*4.8*	**75,925**	*2.6*	**79,416**	**82,160**	**84,506**
Common s/h equity	**20,186**	**34,393**	**24,744**	**25,913**	*4.7*	**27,002**	*4.2*	**28,178**	**29,603**	**31,148**
Minority interests	11	402	0	0	-	0	-	0	0	0
Total liabilities & equity	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,928**	*3.0*	**107,594**	**111,763**	**115,653**

Cash Flow (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Net income (before pref divs)	1,397	1,616	2,239	2,353	*5.1*	2,540	*7.9*	2,775	2,976	3,227
Depreciation & amortisation	2,891	3,033	3,325	3,563	*7.2*	3,815	*7.1*	4,088	4,367	4,646
Net change in working capital	(246)	(816)	1,184	(1,660)	-	(39)	*97.6*	(47)	(50)	(48)
Other operating	(588)	(821)	(1,878)	0	-	0	-	0	0	0
Operating cash flow	**3,454**	**3,012**	**4,870**	**4,256**	*-12.6*	**6,316**	*48.4*	**6,815**	**7,292**	**7,825**
Tangible capital expenditure	(6,301)	(7,981)	(7,147)	(7,150)	*0.0*	(7,550)	*-5.6*	(8,175)	(8,375)	(8,375)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	877	16	0	-	0	-	0	0	0
Other investing	7	3,787	141	0	-	0	-	0	0	0
Investing cash flow	**(6,294)**	**(3,317)**	**(6,990)**	**(7,150)**	*-2.3*	**(7,550)**	*-5.6*	**(8,175)**	**(8,375)**	**(8,375)**
Equity dividends paid	(1,486)	(1,497)	(1,334)	(1,435)	*-7.5*	(1,551)	*-8.1*	(1,674)	(1,801)	(1,933)
Share issues / (buybacks)	0	0	563	250	*-55.6*	100	*-60.0*	75	250	250
Other financing	1,629	(885)	(2,660)	0	-	0	-	0	0	0
Change in debt & pref shares	2,602	3,140	5,022	3,873	*-22.9*	1,825	*-52.9*	3,350	2,593	2,200
Financing cash flow	**2,745**	**758**	**1,591**	**2,688**	*69.0*	**374**	*-86.1*	**1,751**	**1,042**	**517**
Cash flow inc/(dec) in cash	**(95)**	**453**	**(529)**	**(205)**	*61.2*	**(860)**	*-318.8*	**391**	**(40)**	**(33)**
FX / non cash items	0	(218)	947	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(95)**	**235**	**418**	**(205)**	-	**(860)**	*-318.8*	**391**	**(40)**	**(33)**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Exelon Corp (EXC.O)

Valuation (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
P/E (local GAAP, diluted)	28.1	28.5	19.7	17.6	16.4	15.0	14.1	13.0
P/E (UBS, diluted)	22.4	25.7	19.7	17.6	16.4	15.0	14.1	13.0
P/CEPS	8.4	9.5	7.9	7.0	6.5	6.1	5.7	5.3
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.0)	(3.0)	(3.3)	(2.6)	(1.3)
Dividend yield (net) %	2.9	2.9	3.0	3.5	3.7	4.0	4.3	4.6
P/BV	1.9	1.3	1.8	1.6	1.5	1.5	1.4	1.3
EV/revenues (core)	4.8	4.6	4.1	4.1	4.0	3.9	3.7	4.5
EV/EBITDA (UBS core)	13.5	14.4	11.8	10.1	9.5	8.8	8.2	9.7
EV/EBIT (core)	28.9	30.6	23.6	19.4	18.2	16.9	15.6	18.3
EV/OpFCF (core)	28.9	30.6	23.6	19.4	18.2	16.9	15.6	18.3
EV/op. invested capital	1.4	1.3	1.1	1.1	1.0	1.0	0.9	1.1

Enterprise value (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Market cap.	38,844	45,975	43,902	41,382	41,382	41,382	41,382	41,382
Net debt (cash)	30,329	32,776	32,776	32,776	32,776	32,776	32,776	52,432
Buy out of minorities	11	402	0	0	0	0	0	0
Pension provisions/other	4,503	2,862	1,616	1,616	1,616	1,616	1,616	1,616
Total enterprise value	**73,687**	**82,015**	**78,294**	**75,774**	**75,774**	**75,774**	**75,774**	**95,430**
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	**73,687**	**82,015**	**78,294**	**75,774**	**75,774**	**75,774**	**75,774**	**95,430**

Growth (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenue	(0.5)	16.2	6.4	(3.5)	3.1	3.6	3.7	3.4
EBITDA (UBS)	(5.5)	5.0	16.2	12.4	6.8	7.6	7.7	6.9
EBIT (UBS)	(16.2)	5.0	23.6	17.7	6.5	8.0	8.4	7.4
EPS (UBS, diluted)	(7.1)	2.6	24.1	4.1	7.5	9.0	6.9	7.8
Net DPS	(7.1)	16.6	0.0	6.7	7.6	7.7	7.2	6.7

Margins & Profitability (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Gross profit margin	62.9	64.4	66.6	65.4	66.4	67.5	68.7	69.7
EBITDA margin	35.3	31.9	34.8	40.6	42.0	43.7	45.3	46.9
EBIT (UBS) margin	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
Net earnings (UBS) margin	11.3	10.0	11.7	12.8	13.4	14.1	14.6	15.3
ROIC (EBIT)	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
ROIC post tax	4.4	4.1	4.1	4.5	4.5	4.7	4.8	4.9
ROE (UBS)	8.9	6.6	7.6	9.3	9.6	10.1	10.3	10.6

Capital structure & Coverage (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Net debt / EBITDA	5.8	5.9	5.9	5.8	5.7	5.7	5.6	5.4
Net debt / total equity %	156.9	97.3	157.5	166.1	169.3	172.8	173.3	171.9
Net debt / (net debt + total equity) %	61.1	49.3	61.2	62.4	62.9	63.3	63.4	63.2
Net debt/EV %	41.2	40.0	46.5	54.1	58.6	62.3	66.0	54.9
Capex / depreciation %	NM	NM	NM	NM	197.9	200.0	191.8	180.3
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	2.0	2.1	2.3	2.7	2.7	2.8	2.9	3.0
Dividend cover (UBS)	1.5	1.4	1.7	1.6	1.6	1.7	1.7	1.7
Div. payout ratio (UBS) %	64.9	73.8	59.5	60.9	61.0	60.3	60.5	59.8

Revenues by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
Total	**15,436**	**17,938**	**19,078**	**18,406**	**18,970**	**19,644**	**20,365**	**21,063**

EBIT (UBS) by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Total	**2,554**	**2,682**	**3,315**	**3,902**	**4,155**	**4,489**	**4,867**	**5,227**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Forecast returns

Forecast price appreciation	+13.0%
Forecast dividend yield	3.7%
Forecast stock return	+16.7%
Market return assumption	9.9%
Forecast excess return	+6.8%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $47 premised on a 6% premium to the group multiple or 17.0x our $2.77/share earnings forecast for 2025. Our 6% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 3% discount for a 3rd quartile regulatory ranking overall, a 2% premium for 2nd quartile earnings growth, a 5% premium for energy transition, and 3% discount for lower pricing power.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 02 August 2023 08:00 PM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	41%
Neutral	FSR is between -6% and 6% of the MRA.	37%	43%
Sell	FSR is > 6% below the MRA.	9%	36%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$41.47	01 Aug 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Exelon Corp (US$)

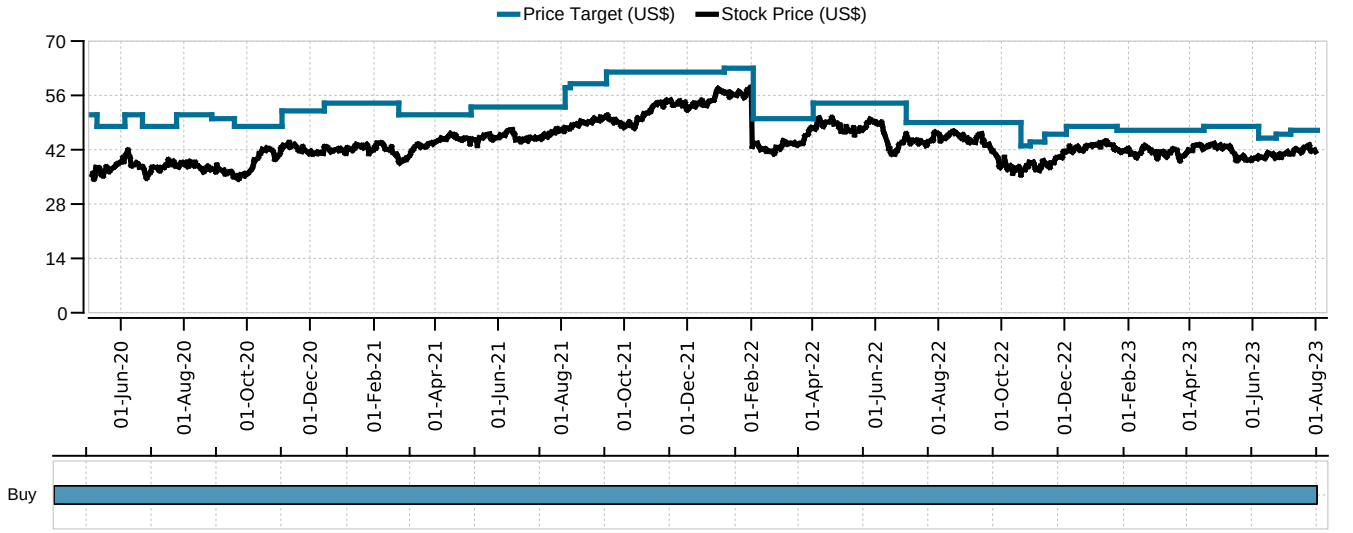

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-05-01	35.80	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy
2023-06-23	39.87	46.00	Buy
2023-07-07	40.96	47.00	Buy

Source: UBS Global Research; Refinitiv as of 01-Aug-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). For all other recipients: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division this UBS Global Research is issued under the license of UBS Securities Australia Limited. All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG Sydney Branch' Wealth Management Division. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

KeyBanc Capital Markets

Alert

August 02, 2023

Energy: Electric Utilities

NYSE: EXC

Exelon Corporation

EXC: Moving Ahead as Planned, No Surprises in 2Q, Reiterating SW

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

EXC reported an in line quarter and reiterated the 2023 and long-term earnings outlook. While the Company has pending rate cases in several jurisdictions, the one that bears close attention is the IL ComEd MYRP, which is the first under the CEJA and the ROE seems to be the major point of difference between Staff and the ComEd. EXC on its part continues to move all the regulatory proceedings ahead in a timely manner and with many of its regulatory frameworks shifting to multi-year rates plans, earnings volatility should moderate - underpinning the Company's long-term outlook for 6-8% EPS growth through 2026 (stronger growth in the 2H of the planning period as the MYRPs come into effect). The capex outlook remains strong as the energy transition in EXC's densely populated jurisdictions drives T&D expansions. We remain Sector Weight on valuation while recognizing EXC's steady execution across several disparate jurisdictions.

EXC's 2Q was in line with expectations: EXC reported an in line quarter that matched consensus and was a penny ahead of our $0.40 estimate. Results by utility were also mostly in line with our breakdown. PECO earnings were below our forecast on unfavorable weather, the impact of which we underestimated.

Figure 1 - EXC 2Q Earnings Reconcilation

2Q23	EXC	KBCM
ComEd	0.25	0.24
PECO	0.10	0.13
BG&E	0.04	0.04
PHI	0.12	0.11
Parent	(0.10)	(0.11)
EXC	**0.41**	**0.40**
Consensus	**0.41**	

Source: Company Reports, KBCM Estimates, Thomson Reuters

2023 guidance reiterated: EXC reiterated 2023 EPS guidance of $2.30-$2.42 vs. our estimate of $2.36 (also consensus). There is also no change to the 6-8% earnings CAGR from 2022-2026 with an expectation to deliver at the midpoint or better. Our 2026E EPS of $2.92 implies a 6.5% CAGR, with an expectation for a stronger cadence of growth over the second half of the reference period.

Capex is unchanged but the energy transition lengthens the capex runway: There is no change to EXC's capex plan of $7.2B for 2023 or the long-term $31B capex plan through 2026 (resulting in an estimated 8% rate base growth rate), but there appear to be projects in the pipeline that could further extend the capex runway. A case in point is the recent award of $870M in transmission projects by PJM to address reliability needs in MD resulting from fossil retirements that will fall beyond the current capex guidance. Beyond the $870M, EXC is bidding in the open window for projects needed by the PJM to support load growth and has submitted four different proposals ranging from $300M to over $1B. A PJM decision is expected by YE. To add to this are offshore-related T&D opportunities in MD and NJ. MD is mandated to issue a solicitation for transmission infrastructure for offshore wind by mid-2025. EXC has received $24M in awards under the first NJ offshore T&D solicitation with the potential for more down the road. Recently, ComEd and BGE were each awarded ~$15M through the Middle Mile Grant by the DoC's National Telecommunications and Information Administration. ComEd will use the funding to enhance grid reliability and resilience while helping to increase broadband connectivity across areas in Chicago. BGE's grant will go toward a $31M project to underground 70 route miles of underground middle-mile fiber infrastructure.

Balance Sheet management, and pending clarity on the AMT: There is no change to EXC's strategy of maintaining a 100-200 bps cushion over the downgrade threshold of 12%, and to that end, the Company executed a stock issuance plan earlier and has a $425M

equity plan by 2025. There is still no clarity from the IRS on the applicability of the AMT as written in the IRA and depending on whether the final regulations allow for a mitigation in the anticipated AMT, it could add ~50 bps to the FFO/debt over the projected ~13%.

Regulatory update:

- **IL Electric MYRP:** The IL electric MYRP remains the most watched rate proceeding especially as it relates to the debate on the ROE where Staff is insisting that the current framework of the 30-year Treasury +580 bps should remain the norm while EXC has argued that that framework was sunset when the CEJA superseded the IL Energy Infrastructure Modernization Act and a more traditional rate making procedure is warranted. Evidentiary hearings begin in late August, a proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision.
- **BGE MYRP:** BGE filed the second MYRP in 1Q23 for a three-year period based on a 10.4% ROE and 52% equity seeking a cumulative net $314M electric and a $290M gas rate increase over 2024-2026. The proceeding will also true up the first two years of BGE's first MYRP and it is seeking recovery of an imbalance of $17.8M for 2021 and $58.7M for 2022. Staff recommended three-year electric and gas revenue increases of $193M and $232M, respectively, premised on a 9.45% ROE and 52% equity. A final commission order is expected before YE.
- **Atlantic City Electric** distribution rate case in NJ is underway and EXC filed seeking a revised $94M rate increase, on a 10.5% ROE and 50.2% equity. The main drivers of the request include recovery of investments to the distribution system, AMI infrastructure, and investments needed to meet the targets set in the NJ Energy Master Plan. BPU approved a 4-year capital tracker for $93M of projects intended to enhance reliability and resiliency Intervenor testimony is scheduled for September and the NJ BPU is expected to issue an order by November 17.
- **DPL DE Electric** distribution filing is underway. DPL DE filed supplemental testimony to reflect actual data through YE22 and projections through 1H23 and revised the revenue requirement to $42M (also 10.5% ROE). Intervenor testimony is scheduled for August and a final order is expected in April 2024. EXC has interim rates in place that went into effect in mid-July.
- **PEPCO DC**'s second MYRP is underway seeking base rate increases for a three-year period through 2026 to support the District's clean energy programs and its goal to become carbon-neutral by 2045. The rate case is premised on a 10.5% ROE, intervenor testimony is scheduled for October 16, and a final outcome is expected in April next year.
- **PEPCO MD** filed an electric MYRP (Docket: 9702) in May seeking a cumulative net increase of $214M, premised on a 10.5% ROE and 50.5% equity (net $74M revenue increase in 2024, $60M each in 2025 and 2026, and a $20M revenue increase in April 2027-December 2027, allowing the next MYRP to become effective at the beginning of 2028. Like the BG&E filings, EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. An MD PSC decision is expected by March 11, 2024, with new rates becoming effective in April 2024.

Recent Research: EXC: Steady Execution Across Multiple Jurisdictions; Sector Weight on Valuation; EXC: In Line Quarter; Clarity on Multi-Year EPS Cadence; IL Rate Case Is the Main Item to Watch in 2023; EXC: 3Q Beats, Longer-Term Growth Rate Reiterated, but Cadence Will Be Uneven; EXC: No Surprises in the Quarter, but the IRA Could Bring a Bigger Tax Bill; EXC: Delivering on Track Results as a Regulated Utility

Valuation: Based on a stock price of $41.41 and our 2024E EPS of $2.52, shares of EXC are trading at a P/E ratio of ~16x, representing a 1% discount to Large-Cap Regulated Utilities trading at ~16x. We view the shares as fairly priced at current levels.

Risks: EXC's regulated utilities are exposed to a number of risks, including regulatory risk in its jurisdictions and on the federal level, weather variations affecting electricity demand and the reliability of its system, interest rate risk affecting its cost of capital, and macroeconomic risk as underlying economic activity affects demand for electric power and gas. Should the impacts of these risks be greater than we currently anticipate, the Company and the shares may underperform relative to our expectations. Conversely, should these risks' impact be less than anticipated, the Company and the shares may outperform relative to our current expectations.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Exelon Corporation - EXC

We expect to receive or intend to seek compensation for investment banking services from Exelon Corporation within the next three months.

During the past 12 months, Exelon Corporation has been a client of the firm or its affiliates for non-securities related services.

As of the date of this report, we make a market in Exelon Corporation.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History

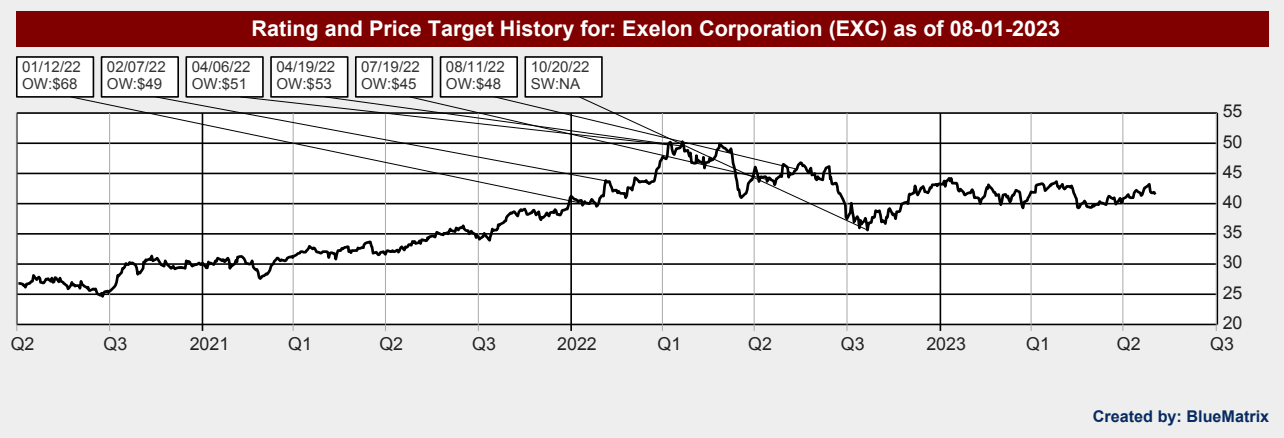

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	261	49.62	43	16.48
Sector Weight [SW]	258	49.05	43	16.67
Underweight [UW]	7	1.33	3	42.86

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	23	39.66	14	60.87
Sector Weight [SW]	32	55.17	12	37.50
Underweight [UW]	3	5.17	3	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research") is a Limited Liability Company organized in the state of Ohio and is a wholly owned subsidiary of KeyBanc Capital Markets Inc. The Firm provides objective and sophisticated Research Services, primarily in the form of published Research Reports to an institutional client base. KBCM Research Services do not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Research Services are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Our advisory relationship with our clients is strictly limited to the provision of Research Services.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: NI guide up, ETR/FTS beats, EXC/OGS in-line, SR/AVA guide down, LNT
- **Publication Date/Time** : Wednesday, August 02, 2023 03:15:26 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_docfn=U2FsdGVkX18UmY20aNQRw4qRbR6y5e7k8Qk4A05byq8ISoLeP2vB%2FeOiMNsLoc0irodSnZzDjROat9YQr0rN2RfQpgjY0GzbVFVMf%2BvrV0

GUGGENHEIM

Power & Utilities

August 2, 2023

The Guggenheim Daily Transmission: ES, OGS, PEG, WEC, ETR, EXC, FE, NI, SR, AVA, PCG, CNP, CEG/NRG, SMR, AEP, AR, Texas

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	84.03	Buy
AVA	37.51	Sell
CEG	96.30	Buy
CNP	29.49	Buy
ES	70.35	Buy
ETR	101.17	Buy
EXC	41.47	Buy
FE	38.99	Buy
NI	27.48	Buy
NRG	37.82	Neutral
OGS	78.03	Neutral
PCG	17.35	Buy
PEG	63.20	Buy
SMR	7.50	Buy
SR	62.05	Neutral
WEC	89.61	Neutral

For details on our Guggenheim-hosted client Utility events including our AWK NDR, CMS NDR, SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

Please see our sector-wide note on the country's evolving regulatory jurisdictions HERE, our updated mid-year utility sector valuation analysis HERE, and our Utility and IPP 2Q23: Valuation and Estimate Adjustments HERE.

ES: Hopefully This is the Last Pandora's Box (see our note HERE)

OGS: Macro Backdrop Improving; Watching for Upside from Cost Pressures Sooner Than Expected — 2Q23 in Line & 2023 Guidance Maintained (see our note HERE)

PEG: 2Q EPS Beat; Quiet Execution Mode a Differentiator for 2023, but Rate Case Cycle Approaches (see our note HERE)

WEC: Laying the Groundwork for Accelerating Asset Base Growth; More to Come at EEI; Healthy 2Q23 EPS Beat and 2023 Guidance Reiterated (see our note HERE)

ETR – ETR reports 2Q23 EPS beat vs. consensus; 2023 guidance reiterated

EXC – **EXC reports 2Q23 earnings**

FE – reports slight 2Q23 beat vs Gugg/consensus; reaffirms 2023 guidance & LT EPS trajectory

NI – reports in line 2Q23; raises 2023 EPS guidance to upper half of $1.54–$1.60 range

SR misses on fiscal 3Q23 EPS; lowers FY23 guidance

AVA beats on 2Q23; now expects FY23 to be "in the lower end" of existing range of $2.27–$2.47

PCG – CA residents file law suit related to environmental damages associated with the Dixie fire

CNP – CNP prices issuance of $900M convertible notes; 4.25% coupon

CEG/NRG – CPS files lawsuit against STP sale in Texas state court and motion at NRC

FE – New subpoena disclosures in 10-Q

SMR – SDA process advances at NRC

AEP – Local media coverage of ApCo's ENEC filing in West Virginia

AR – Arkansas lawmakers debate crypto mining rules

Texas – Economic indicators remain mixed in latest Dallas Fed Surveys

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ETR – ETR reports 2Q23 EPS beat vs. consensus; 2023 guidance reiterated

- ETR reported a 2Q23 adjusted EPS of $1.84 vs. $1.68 consensus and our $1.55 estimate.
- 2Q23 results included $0.07 of weather benefit vs. normal but a -$0.17 change year over year (YTD -$0.15 vs. normal guidance assumption).
- ETR provided drivers updates for 2023 adjusted EPS guidance range of $6.55 – $6.85 vs. consensus estimates of $6.70 and our estimate of $6.71.
- Assumptions in guidance include 0.7% sales growth vs. 1% prior (less favorable than prior).
- Utility taxes other than income taxes guidance is an incremental $0.05 drag vs. prior assumptions.
- ETR expects ~$0.15 YoY parent contribution vs. $0.20 prior due to lower residual EWC revenue and parent interest.
- ETR reiterated LT EPS growth guidance range of 6-8%.
- Equity needs through 2024 are ~$130M (unchanged, but equity issuance settled in Nov 2022).

EXC ─ EXC reports 2Q23 earnings

- EXC reported 2Q23 EPS of $0.41 vs. Gugg/Cons of $0.40/$0.41
- Reaffirmed 2023 EPS guide of $2.30-$2.42
- PECO weather dragged $0.03, Parent interest also dragged $0.03 vs. 2Q22
- 100% of debt financings for 2023 executed in 1H23
- The company's multiple distribution cases "proceeding in line with schedules"
- 2023 operating ROE remains "on track" for 9-10% (no change from 1Q23)
- ComEd DPA completed
- Call at 10AM, details HERE, Slides HERE

FE reports slight 2Q23 beat vs. Gugg/consensus; reaffirms 2023 guidance & LT EPS trajectory

- **2Q23 Operating EPS:** $0.47 reported, vs. Gugg/consensus of $0.45/$0.46 and guidance of $0.40–$0.50 ($0.45 midpoint)
- **Weather vs. normal:** -$0.05 in 2Q23; -$0.16 YTD; **YoY Weather:** -$0.06 vs 2Q22; -$0.18 vs 1H22
- **Guidance (FY23):** reaffirmed $2.44-$2.64 ($2.54 midpoint), vs. Gugg/consensus both at $2.54/$2.54
- **Guidance (3Q23):** $0.80–$0.90 ($0.95 midpoint)
- **LT EPS Growth:** reaffirmed 6%-8% LT annual operating EPS growth rate, based off the previous year's guidance midpoint
- **Signal Peak:** EPS guidance removed from 2Q23 slides (was on slide 6 in 1Q23 deck)
- **Capex:** Reaffirmed ~$18bn plan ('21–'25), along with annual capex guidance figures
- **Credit:** reaffirmed FFO/Debt target of ~14%–15%, with a "*long-term aspiration to be a BBB company*"
  - Remain focused on lowering FE Corp. Holdco debt as a percentage of total balance sheet debt
  - Continuing to target investment grade credit ratings at Moody's (**11% CFO pre-WC/ Debt upgrade threshold**) and S&P (**12% FFO/Debt upgrade threshold**); already achieved at Fitch
  - "*S&P could raise the ratings on FE over the next 12-24 months if: Upon close of the FET minority stake sale the company uses proceeds in a credit supportive manner, such that FFO to debt is consistently above 12% or FE meet its obligations under its DPA*." (**2/10/23 Credit Opinion**)
  - "*Moody's rating upgrade could be considered if FirstEnergy's financial profile strengthens, including cash flow from operations before changes in working capital (CFO pre-WC) to debt above 11%, on a sustained basis and its improved business risk profile is maintained. In addition, the regulatory environments in all of its jurisdictions remain stable and the company demonstrates more of a track record of sound corporate governance and internal controls, a rating upgrade could be possible*." (**11/20/22 Credit Opinion**)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

- **2023 rate cases: MD** (filed March 22nd), **NJ** (filed March 16th), **WV** (filed May 31st)
- **2024 rate cases: OH** (May 2024), **PA** (1Q24)
- Other key filings:
  - **OH:** Filed ESP V on April 5th as expected (ESP IV expires 5/31/2024)
  - **PA:** Filed application to consolidate PA operating companies on March 6th
  - **NJ:** Plan to file IIP in summer 2023
  - **MD:** Filed second phase of EDIS with base rate case on March 22nd
  - **PA/VA/FERC:** FET 30% Interest Sale (Filed for approval: FERC/PA on 5/5, VA on 5/12)
  - **PA:** Plan to file LTIP in summer 2024
- FE will be hosting a call at **10:00 AM ET**. The dial-in is **877-269-7756** and the conference ID is **14070**

NI reports in line 2Q23; raises 2023 EPS guidance to upper half of $1.54–$1.60 range (now implies midpoint of $1.59 vs. $1.57, previously), and vs. Gugg/consensus each at $1.57

- **2Q23 net operating EPS:** $0.11 vs. Gugg/consensus also at $0.11/$0.11
- **Asset sale update:** NIPSCO minority sale agreement with Blackstone Infrastructure Partners previously announced…filed FERC 203 Application; "on track to close by year-end"
- **Credit:** continuing to target 14%-16% FFO/debt post-sale of NIPSCO minority interest
- **EPS CAGR:** reiterates 6%-8% expected annual NOEPS growth through 2027
- **Cost management:** reiterates guidance of flat O&M
- **Capex:** $15bn 2023–2027 capex plan reiterated, along with 2023 capital investment guidance
- **Rate Base:** reiterated 8%-10% expected annual rate base growth; recall that FY22 projected rate base was estimated at ~$16.6bn
- **Credit:** ~$12.6bn of total debt as of June 30, 2023; ~$11.0bn of LT debt; ~12yr weighted average maturity; 3.93% weighted average interest rate
- Committed to maintaining current investment-grade credit ratings: S&P (BBB+), Moody's (Baa2), and Fitch (BBB)
- **Financing:** maintains 2023–2027 financing plan; equity plans (excluding the remarketed equity units of $863m) are to restart the company's ATM equity in 2025+, to support current investment grade credit ratings; may also be used to redeem o/s preferred stock ($900m)
- **TSR:** continuing to target 9%-11% total shareholder return
- **Dividend:** reiterated 60%–70% payout target
- Presentation is available HERE
- Call is at **11:00am: (888) 330-2391, Passcode: 28323**

SR misses on fiscal 3Q23 EPS; lowers FY23 guidance

- **F3Q23 Net Economic EPS:** -$0.42 vs. Gugg/consensus of -$0.18/-$0.04, respectively
- **FY23 Guidance:** lowered to $4.15–$4.25 ($4.20 midpoint) from $4.20–$4.30 ($4.25 midpoint) previously… compares vs. Gugg/consensus of $4.25/$4.27, respectively
- **LT EPS growth:** reaffirmed 5%-7%
- **FFO/Debt target:** maintained 15%–16%
- **2023 Capex:** $700m guidance reiterated
- **10-year Capex Plan:** reiterated $7.0bn capex program for FY23–FY32
- **Rate Base Growth:** Reaffirmed 7%–8% annual rate base growth
- Presentation will be posted HERE once available (*not yet released*)
- Earnings call will be held today at 9**:00 AM ET**… Dial-in: **844-824-3832**…(**no access code**)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

AVA beats on 2Q23; reports $0.23 vs. Gugg/consensus of $0.15/$0.15; now expecting to be "in the lower end" of existing 2023 annual guidance of $2.27–$2.47 vs. Gugg/ consensus at $2.28/$2.32

- **Weather:** AVA is decoupled from weather; however, the company can still be impacted to the extent that weather influences its ERM.
- **AVA CEO:** "*The month of May brought record-high temperatures to our service territory and caused the snowpack to melt faster than expected. As a result, this has been one of our worst years for hydroelectric generation.*"
- AVA now expects to be in the lower end of its guidance range for 2023 **as a result of incurring -$0.08 from its ERM**.
- **Seasonality/shaping:** Excluding the ERM, AVA now expects the remainder of its 2023 EPS to fall ~5% in 3Q22, and ~50% in 4Q22
- **Effective tax rate:** -49.8% in 2Q23, vs -9.6% in 2Q22; YTD EFT of -20.8% in 2023 vs. -16.6% in 1H22
- **Other businesses**: -$0.13 lower YoY in 2Q23, primarily due to recognizing net investment losses in 2023 vs. net investment gains recognized in 2Q22
- **Capex:** 2023 capex guidance at Avista Utilities was reiterated at $475m, and AEL&P's at $19m
- **Debt Financing:** AVA issued $250m of long-term debt in 1Q23 and does not expect to issue further LT debt this year
- **Equity Financing:** $60m of equity has been issued YTD, and common stock issuance guidance was maintained at $120m for 2023
- Presentation is available HERE
- Call is at **10:30am at 844-543-0451… PIN: 642193**

PCG – CA residents file lawsuit related to environmental damages associated with the Dixie fire

- Attorneys for Northern California residents filed a class action lawsuit in San Francisco Superior Court alleging Dixie and Fly fire environmental damages caused long-lasting health impacts, alleging PG&E responsibility.
- The lawsuit targets the substances found inside the wildfire smoke, which was a mixture of air pollutants, carbon monoxide, carbon dioxide, nitrogen oxides, and other volatile compounds.
- More here.
- Calfire previously issued a report finding PG&E wires at fault for starting the Dixie fire.
- Press release here.
- PG&E previously shared an extensive amount of information on the fire and stands by the position that the company acted as a prudent operator.
- PR Here.

Guggenheim takeaway: *The lawsuit is another liability in the stack for Dixie fire, and while the merit of the case is unclear, it could add to potential liability. While the report did implicate PG&E equipment as the source of the fire, the determination of neglect and ultimate liability is outside the scope of the CalFire report. PCG positions remain in line with prior stated facts. The reports surrounding Dixie did indicate possible electrical line contact around the time and place of suspected fire ignition, but there have been no negligence datapoints and PG&E has been fairly transparent in disclosures. PG&E disclosures on the potential Dixie Liability included a reg asset being recorded for utilization of recovery including AB1054 wildfire fund. While this will continue to be a 2023 issue, we see little fundamentally changing for PG&E at this point.*

CNP – CNP prices issuance of $900M convertible notes; 4.25% coupon

- CNP announced pricing of $900M of convertible notes.
- Pricing will be 4.25%, $36.86/sh conversion price.
- The issuance is a part of CNP's flexible liability management.

Guggenheim takeaway: *We caught up with the company yesterday and the convertible note is a part of financing flexibility that could help reduce rising interest costs. CNP noted rising costs of rolling the expired preferred equity given the current SOFR (5.3%) and credit spreads resulting in very expensive preferred costs (~9%). This option would be credit*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

neutral, but earnings accretive from lower interest cost, and the dilution from a potential equity settlement if the stock reaches the required premium would be lower over time than the potential accretion from saved interest.

CEG/NRG ─ CPS files lawsuit against STP sale in Texas state court and motion at NRC

- The San Antonio muni was joined by fellow muni Austin Energy in the proceedings.
- "On July 28, 2023, NRG accepted service of a lawsuit filed by the City of San Antonio, Texas, acting by and through the City Public Service Board of San Antonio ("CPS") in the 130th District Court of Matagorda County, Texas (the "CPS Lawsuit") claiming the existence of a right of first refusal that applies to the transaction contemplated by the Equity Purchase Agreement. On July 31, 2023, CPS and Austin Energy jointly filed a motion with the Nuclear Regulatory Commission ("NRC") seeking to dismiss the pending License Transfer Application ("LTA") between NRG and Constellation, or in the alternative, having the NRC staff to stay their review of the LTA pending resolution of the CPS lawsuit. Also on July 31, 2023, Austin Energy intervened in the CPS Lawsuit claiming a similar right of first refusal." - NRG
- More HERE

Guggenheim takeaway: *Per our catch up with the company, there are multiple layers to the ownership structure of STP, with the participation agreement at the project level specifically exempting the upstream entity from a ROFR in their view. We see this set of actions as noise at this juncture (unclear if San Antonio/Austin could even assemble a rival offer), with the NRC venue a particular irregularity given this is more of a legal/contractual dispute. We continue to monitor. NRG maintains its expectation that the deal will close by YE. We note CPS has not shied from litigation related to STP/new nuclear in the past (e.g., **HERE**, **HERE**).*

FE ─ New subpoena disclosures in 10-Q

- **FE 10-Q (pg 29):** "*On June 29, 2023, the OOCIC served FE a subpoena, seeking information relating to the conduct described in the DPA. FirstEnergy was not aware of the OOCIC's investigation prior to receiving the subpoena and understands that the OOCIC's investigation is also focused on the conduct described in the DPA. FirstEnergy is cooperating with the OOCIC in its investigation. No contingency has been reflected in FirstEnergy's consolidated financial statements, as a loss is neither probable, nor is a loss or range of loss reasonably estimable.*"
- **Also:** "*On April 28, 2021, July 11, 2022, and **May 25, 2023**, the SEC issued additional subpoenas to FE, with which FE has complied. While no contingency has been reflected in its consolidated financial statements, FE believes that it is probable that it will incur a loss in connection with the resolution of the SEC investigation. Given the ongoing nature and complexity of the review, inquiries and investigations, FE cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the SEC investigation.*"
- More HERE

Guggenheim takeaway: *Flagging for your awareness — the OOCIC subpoena requests information related to the DPA (disclosed as part of the DPA in 2021 and other proceedings/ audits). The SEC subpoena requested supplemental information as part of their ongoing investigation… both are HB6 related.*

SMR ─ SDA process advances at NRC

- SMR "announced the U.S. Nuclear Regulatory Commission (NRC) accepted its Standard Design Approval (SDA) Application for formal review. After beginning the **technical review of NuScale's application** in March 2023, the NRC has docketed the application for NuScale's VOYGR-6 plant design featuring an uprated 77 MWe small modular nuclear reactor (SMR), which will support capacity requirements for a wider range of customers. The NRC provided a 24-month review schedule for approval, which will align with the timing needs of NuScale's U.S. customers."
- More HERE

Guggenheim takeaway: *Modest milestone as the 77MWe uprate remains on track for review ahead of deployment to initial customers by the end of the decade (CFPP and Romania). While we continue to monitor the process, as the company notes, the approval for the earlier 50MWe design sets a helpful path forward for the latest application.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

AEP – Local media coverage of ApCo's ENEC filing in West Virginia

- In an article that appears to have included a brief interview with the Chair of the Sierra Club's West Virginia Chapter, local media discuss ApCo's "nearly $650 million rate hike proposal."
- More HERE.

Guggenheim takeaway: *Not unexpectedly, the article contains several errors, most notably that the company is not asking for a $650m rate hike, but rather a ~$88.8m increase in order to capture projected costs and amortize the deferred under-recovery amount mentioned in the article over three years, or… the same $88.8m increase for projected costs, while the under-recovered balance would be permitted to make use of securitization legislation West Virginia passed into law in March of this year.*

AR – Arkansas lawmakers debate crypto mining rules

- AR lawmakers debated "right to mine" bills in Arkansas that limit regulations over the industry.
- The debates came from complaints against bad actors causing pollution and noise in the state.
- More here.

Guggenheim takeaway: *FYI. States weighing some debate around encouraging crypto mining facilities.*

Texas – Economic indicators remain mixed in latest Dallas Fed Surveys

- Manufacturing and retail activity continue to weaken as services improved slightly.
- "Texas factory activity declined in July, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, held fairly steady at -4.8, a reading indicative of a modest contraction in output." – Dallas Fed
- More HERE.
- "Retail sales declined in July, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, improved five points to -2.4 suggesting sales decreased at a slower rate than the previous month. Retailers' inventories increased at a faster rate, with the index increasing from 5.3 to 12.0." – Dallas Fed
- More HERE.

Guggenheim takeaway: *Ongoing weakness in Texas is a headwind to power demand and underlying utility customer growth. The data continues to paint a bit of a mixed picture as respondents continue to expect some modest growth in the region alongside continued labor growth and deepening pessimism on business conditions. We continue to watch the survey data closely for indications of a slowdown in activity and hiring in Texas as any softening would have direct read through to the forward curves as well as the load backdrop for the regulated utilities.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President & Chief Executive Officer*
John Griffith, *Chief Financial Officer*
Cheryl Norton, *Chief Operating Officer*
Aaron Musgrave, *Vice President, Investor Relations*

Dates & Locations
August 9 – 10, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $27.7bn
American Water Works Company (AWK) engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment offers water and wastewater services to customers. The Market-Based Businesses segment includes the military services group, which enters into long-term contracts with the U.S. government to provide services on various military installations. The Other segment refers to the corporate costs that are not allocated to the operating segments, eliminations of inter-segment transactions, fair value adjustments, and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

CMS Energy Corporation (CMS)

Garrick Rochow, *President & Chief Executive Officer*
Rejji Hayes, *Chief Financial Officer*

Dates & Locations

Wednesday, August 30, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $17.7bn

CMS Energy Corp (CMS) engages in the provision of electric and natural gas activities. It operates through the following business segments: Electric Utility, Gas Utility, and NorthStar Clean Energy. The Electric Utility segment focuses on generation, purchase, distribution, and sale of electricity. The Gas Utility segment includes purchase, transmission, storage, distribution, and sale of natural gas. The NorthStar Clean Energy segment is involved in domestic independent power production including the development and operation of renewable generation and the marketing of independent power production. The company was founded in 1987 and is headquartered in Jackson, MI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)
Sunday, November 12, 2023
5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Location TBD

Monday, November 13, 2023
6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Location TBD

Tuesday, November 14, 2023
6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Location TBD

Company Meetings
More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE
5:00PM	HE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	8/9–8/10	West Coast
CMS	8/30	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Comp Sheet

8/1/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$56.97	3,265	3.70	4.17	4.56	4.87	5.07	3.68	4.05	4.31	4.83	5.05	–	0.12	0.25	0.04	–	15.5x	14.1x	13.2x	11.8x	11.3x	-12%	-15%	-14%	-18%	-18%	8.4%	4.9%	71%	Sell	$49	-9%	Neutral	$64	18%
AVA	$37.51	2,842	2.28	2.49	2.61	2.67	2.73	2.32	2.46	2.58	2.67	2.75	(0.04)	0.03	–	–	–	16.1x	15.2x	14.5x	14.1x	13.7x	-9%	-7%	-6%	-3%	-1%	5.2%	5.0%	79%	Sell	$33	-7%	Sell	$39	9%
NWE	$55.99	3,362	3.42	3.55	3.75	3.91	4.08	3.41	3.59	3.77	3.85	3.97	–	(0.04)	–	0.06	0.12	16.4x	15.6x	14.9x	14.5x	14.1x	-7%	-5%	-3%	1%	2%	5.1%	4.6%	74%	Sell	$48	-10%	Buy	$60	12%
POR	$47.61	4,813	2.66	3.05	3.21	3.38	3.55	2.69	3.06	3.23	3.37	3.55	–	–	–	–	–	17.7x	15.6x	14.7x	14.1x	13.4x	0%	-5%	-4%	-2%	-3%	5.3%	4.1%	67%	Neutral	$48	5%	Buy	$53	15%
		14,282																**16.4x**	**15.1x**	**14.3x**	**13.6x**	**13.1x**	**-7%**	**-8%**	**-7%**	**-6%**	**-5%**	**6.0%**	**4.7%**	**73%**						
Mid/Large Cap Electric																																			
AEE	$84.64	22,216	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.02	5.36	5.66	–	–	–	0.04	–	19.4x	18.1x	16.9x	15.8x	15.0x	10%	10%	10%	9%	8%	6.6%	3.1%	57%	Neutral	$85	4%	Buy	$92	12%
AEP	$84.03	43,290	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.35	6.79	–	0.04	–	0.04	–	15.9x	15.0x	14.0x	13.2x	12.4x	-10%	-9%	-9%	-9%	-10%	6.0%	4.1%	63%	Buy	$96	18%	Buy	$98	20%
CMS	$60.43	17,629	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.62	3.90	4.20	–	0.05	–	–	0.06	19.4x	18.0x	16.7x	15.5x	14.4x	10%	9%	8%	7%	4%	8.1%	3.4%	63%	Neutral	$61	4%	Buy	$67	15%
CNP	$29.49	18,562	1.50	1.61	1.73	1.87	2.03	1.49	1.62	1.73	1.86	2.01	–	–	–	–	–	19.8x	18.2x	17.0x	15.8x	14.6x	12%	11%	11%	9%	6%	9.5%	2.6%	49%	Buy	$34	18%	Buy	$33	14%
D	$52.30	43,720	3.73	3.54	3.75	4.24	4.50	3.72	3.64	3.89	4.33	3.67	–	(0.10)	(0.14)	(0.09)	0.83	14.1x	14.4x	13.4x	12.1x	14.3x	-20%	-13%	-13%	-16%	3%	1.4%	5.2%	74%	Buy	$56	12%	Neutral	$58	16%
DTE	$113.15	23,321	6.26	6.73	7.19	7.75	8.30	6.21	6.68	7.15	7.75	8.26	0.05	0.05	0.04	–	0.04	18.2x	16.9x	15.8x	14.6x	13.7x	3%	3%	3%	1%	-1%	6.4%	3.5%	61%	Buy	$124	13%	Buy	$127	16%
DUK	$92.15	71,048	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.34	6.71	7.12	–	0.08	–	0.04	0.03	16.4x	15.4x	14.5x	13.7x	12.9x	-7%	-6%	-6%	-5%	-6%	6.3%	4.5%	71%	Buy	$102	15%	Buy	$104	18%
ED	$93.34	32,346	4.83	5.19	5.50	5.81	6.02	4.85	5.23	5.51	5.84	6.13	–	(0.04)	–	–	(0.11)	19.2x	17.8x	16.9x	16.0x	15.2x	9%	8%	10%	11%	10%	5.6%	3.5%	65%	Neutral	$85	-5%	Sell	$92	2%
EIX	$71.04	27,229	4.71	4.98	5.48	5.71	6.03	4.72	5.07	5.49	5.79	6.13	–	(0.09)	–	(0.08)	(0.10)	15.0x	14.0x	12.9x	12.3x	11.6x	-15%	-15%	-16%	-15%	-16%	5.5%	4.2%	61%	Neutral	$74	8%	Neutral	$75	9%
ES	$70.35	24,541	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.96	5.30	5.64	–	0.08	0.04	(0.06)	(0.15)	16.1x	15.2x	14.2x	13.3x	12.5x	-9%	-8%	-8%	-8%	-10%	6.1%	4.0%	62%	Buy	$80	18%	Buy	$82	21%
ETR	$101.17	21,392	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.70	8.22	8.82	–	–	0.06	0.09	0.15	15.1x	14.1x	13.1x	12.3x	11.5x	-15%	-14%	-15%	-15%	-17%	6.9%	4.4%	64%	Buy	$113	16%	Buy	$116	19%
EVRG	$59.50	13,660	3.65	3.97	4.24	4.47	4.75	3.63	3.96	4.24	4.45	4.65	–	–	–	–	0.11	16.4x	15.0x	14.0x	13.4x	12.8x	-7%	-9%	-9%	-7%	-7%	4.8%	4.3%	67%	Buy	$68	19%	Neutral	$64	13%
EXC	$41.47	41,234	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	17.6x	16.5x	15.2x	14.2x	13.3x	-1%	0%	-1%	-2%	-3%	6.4%	3.7%	62%	Buy	$45	12%	Buy	$45	13%
FE	$38.99	22,355	2.54	2.69	2.89	3.07	3.27	2.54	2.68	2.89	3.08	3.26	–	–	–	–	–	15.3x	14.5x	13.5x	12.7x	12.0x	-13%	-12%	-12%	-12%	-13%	6.3%	4.1%	61%	Buy	$44	17%	Buy	$44	16%
LNT	$53.30	13,399	2.90	3.08	3.27	3.50	3.67	2.89	3.09	3.31	3.47	3.67	–	–	(0.04)	–	–	18.4x	17.3x	16.1x	15.3x	14.5x	4%	5%	5%	6%	5%	6.1%	3.5%	62%	Neutral	$49	-5%	Buy	$57	10%
OGE	$35.99	7,208	2.02	2.16	2.25	2.37	2.48	2.01	2.12	2.26	2.39	2.49	–	0.04	–	–	–	17.9x	17.0x	15.9x	15.1x	14.4x	1%	3%	3%	4%	5%	2.8%	4.7%	82%	Neutral	$36	5%	Neutral	$39	12%
PCG	$17.35	44,572	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.74	–	–	–	–	–	14.4x	12.9x	11.9x	10.9x	10.0x	-19%	-22%	-23%	-25%	-27%	9.7%	0.8%	10%	Buy	$21	22%	Buy	$19	9%
PEG	$63.20	31,544	3.45	3.67	4.10	4.29	4.59	3.45	3.69	4.04	4.24	4.47	–	–	0.06	0.05	0.12	18.3x	17.1x	15.6x	14.9x	14.1x	4%	4%	2%	3%	2%	5.8%	3.7%	65%	Buy	$70	14%	Buy	$67	10%
PNW	$82.28	9,319	4.05	4.60	4.80	5.05	5.35	4.16	4.89	5.07	5.24	5.40	(0.11)	(0.29)	(0.27)	(0.19)	(0.05)	19.8x	16.8x	16.2x	15.7x	15.2x	12%	2%	5%	9%	10%	4.7%	4.2%	75%	Neutral	$77	-2%	Neutral	$79	-0%
PPL	$27.33	20,144	1.58	1.71	1.82	1.95	2.07	1.58	1.71	1.83	1.95	2.08	–	–	–	–	–	17.3x	16.0x	15.0x	14.0x	13.1x	-2%	-3%	-3%	-3%	-5%	8.0%	3.7%	60%	Buy	$31	17%	Buy	$31	17%
SO	$71.28	77,803	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.79	–	–	–	–	–	19.8x	17.7x	16.5x	15.7x	14.9x	12%	7%	7%	8%	8%	5.9%	4.0%	73%	Buy	$80	16%	Neutral	$73	7%
WEC	$89.61	28,266	4.60	4.91	5.24	5.61	5.97	4.61	4.91	5.25	5.61	5.99	–	–	–	–	–	19.5x	18.3x	17.1x	16.0x	15.0x	10%	11%	11%	10%	8%	6.1%	3.6%	67%	Neutral	$94	8%	Buy	$99	14%
Mid/Lg Cap (excl. EIX, PCG)																		**17.7x**	**16.5x**	**15.4x**	**14.5x**	**13.8x**						**6.0%**	**3.9%**	**65%**						
SMID + Lg Cap		**669,080**																**17.5x**	**16.2x**	**15.2x**	**14.3x**	**13.7x**						**6.0%**	**4.0%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
HE	$38.16	4,181	2.24	2.42	2.55	2.67	2.80	2.21	2.36	2.51	2.60	2.71	0.03	0.06	0.04	0.07	0.09	17.3x	16.2x	15.2x	14.7x	14.1x	-2%	-2%	-1%	2%	2%	5%	3.8%	63%	Neutral	$37	1%	Sell	$37	1%
NEE	$72.17	146,051	3.13	3.43	3.69	3.99	4.27	3.12	3.41	3.70	4.02	4.40	–	–	–	–	(0.13)	23.1x	21.2x	19.5x	18.0x	16.4x	31%	29%	27%	24%	19%	8%	2.7%	60%	Buy	$86	22%	Buy	$90	28%
SRE	$147.24	46,329	9.00	9.50	10.13	10.80	11.71	8.97	9.55	10.17	10.80	11.52	0.03	(0.05)	(0.04)	–	0.19	16.4x	15.4x	14.5x	13.6x	12.8x	-7%	-6%	-6%	-6%	-7%	5%	3.4%	53%	Buy	$172	20%	Buy	$171	20%
		196,562																**18.9x**	**17.6x**	**16.4x**	**15.4x**	**14.4x**	**7%**	**7%**	**7%**	**7%**	**5%**	**6.0%**	**3.3%**	**59%**						
Gas LDCs																																				
NI	$27.48	11,351	1.57	1.68	1.82	1.95	2.07	1.57	1.68	1.80	1.94	2.07	–	–	–	–	–	17.5x	16.4x	15.3x	14.2x	13.3x	-1%	-1%	-1%	-2%	-4%	7%	3.8%	64%	Buy	$30	13%	Buy	$31	18%
CPK	$116.87	2,079	5.42	5.84	6.23	6.59	6.94	5.40	5.80	6.24	6.59	6.95	–	0.04	–	–	–	21.6x	20.2x	18.7x	17.7x	16.8x	22%	22%	22%	23%	22%	7%	2.1%	43%	Neutral	$112	-2%	Buy	$135	17%
NJR	$43.88	4,255	2.67	2.65	2.85	3.05	3.30	2.67	2.74	2.94	3.15	3.41	–	(0.09)	(0.09)	(0.10)	(0.11)	16.5x	16.0x	14.9x	13.9x	12.9x	-7%	-3%	-3%	-4%	-7%	6%	3.8%	60%	Neutral	$47	11%	Neutral	$52	23%
NWN	$42.25	1,483	2.65	2.83	2.98	3.09	3.21	2.67	2.79	2.96	3.05	3.23	–	0.04	–	0.04	–	15.8x	15.1x	14.3x	13.8x	13.1x	-11%	-8%	-7%	-4%	-5%	5%	4.6%	72%	Neutral	$42	4%	Buy	$53	30%
OGS	$78.03	4,327	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.57	4.96	5.31	–	(0.06)	(0.04)	–	–	18.9x	18.1x	17.1x	15.7x	14.7x	7%	10%	11%	9%	7%	10%	3.4%	63%	Neutral	$73	-3%	Neutral	$78	4%
SR	$62.05	3,372	4.25	4.31	4.57	4.73	4.99	4.27	4.32	4.62	4.84	5.09	–	–	(0.05)	(0.11)	(0.10)	14.5x	14.4x	13.4x	12.8x	12.2x	-18%	-13%	-13%	-11%	-12%	5%	4.8%	69%	Neutral	$65	10%	Neutral	$72	20%
		26,866																**17.5x**	**16.7x**	**15.6x**	**14.7x**	**13.8x**	**-1%**	**1%**	**1%**	**2%**	**0%**	**6.6%**	**3.7%**	**62%**						
Regulated Water																																				
AWK	$144.46	28,122	4.84	5.14	5.59	5.98	6.45	4.80	5.13	5.59	6.05	6.46	0.04	–	–	(0.07)	–	30.1x	28.2x	25.9x	23.9x	22.4x	70%	71%	68%	65%	62%	7%	2.0%	58%	Neutral	$147	4%	Neutral	$159	12%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$96.30	31,458	3,150	3,451	3,509	3,346	3,804	3,260	3,732	3,725	3,656	3,796	(110)	(281)	(216)	(310)	–	10.9x	9.3x	9.0x	8.8x	8.1x	35,591	34,761	33,433	32,291	30,870	9.6%	1.3%	25%	Buy	$97	2%	Buy	$101	6%
NRG	$37.82	8,707	3,100	3,124	3,128	3,044	3,109	3,037	3,178	3,252	2,827	3,033	63	(54)	(124)	217	77	6.0x	5.3x	4.7x	5.0x	4.1x	18,137	16,905	15,418	14,030	12,569	21.3%	4.2%	30%	Neutral	$34	-6%	Neutral	$41	11%
VST	$27.89	10,404	3,700	3,755	3,792	3,621	3,535	3,707	3,994	3,993	3,711	3,971	–	(239)	(200)	(91)	(437)	6.1x	5.7x	5.5x	5.8x	5.4x	22,751	22,584	22,010	21,567	21,525	6.8%	3.1%	26%	Buy	$31	14%	Buy	$33	20%
Other																																				
ALTO	$3.93	299	7	30	36	32	33	19	42	494	518	544	–	–	(459)	(485)	(510)												–	–	Buy	$5	27%	Buy	$5	27%
NEP	$53.40	4,989	1,837	1,977	2,143	2,325	2,471	1,979	2,219	2,376	2,469	2,530	(142)	(242)	(233)	(144)	(59)												6.9%	–	Buy	$74	46%	Buy	$78	52%
SMR	$7.50	551	(131)	(57)	8	96	n/a	(115)	(53)	11	171	546	–	–	–	(74)	–												–	–	Buy	$18	140%	Buy	$14	84%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

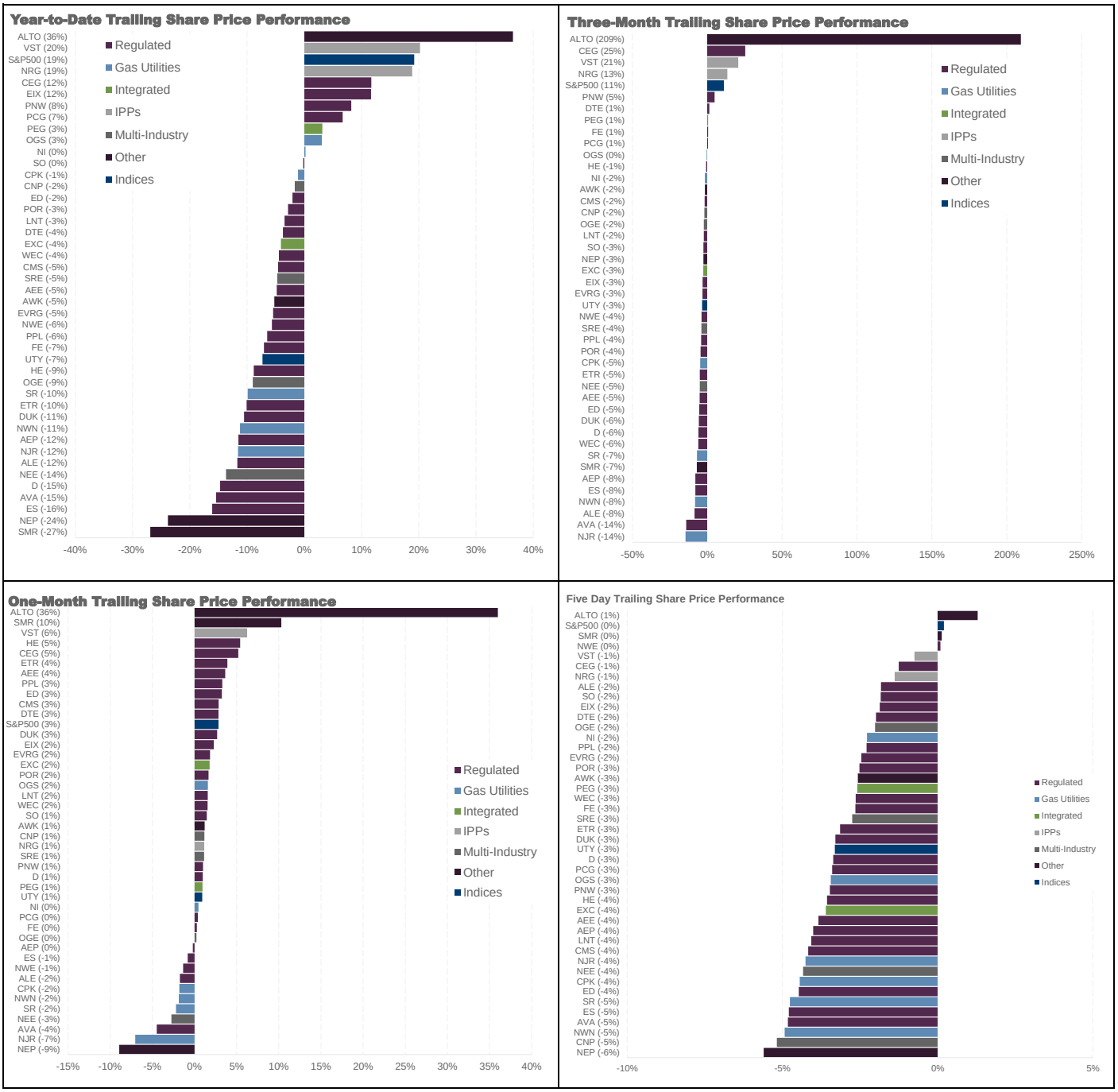

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix

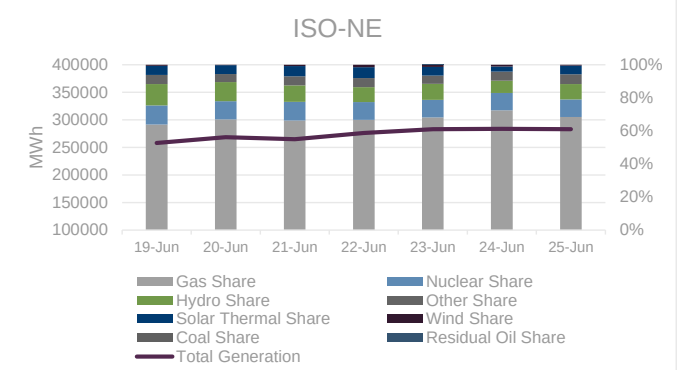

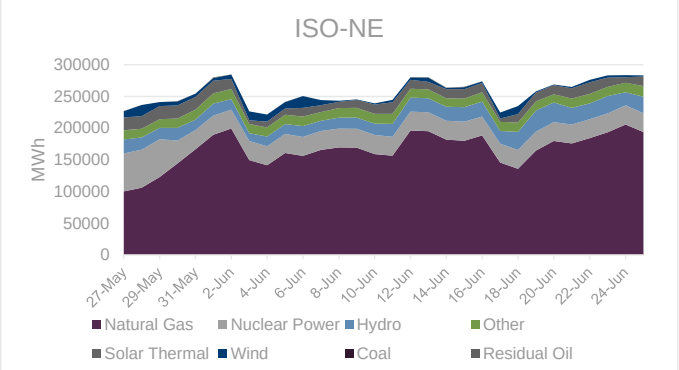

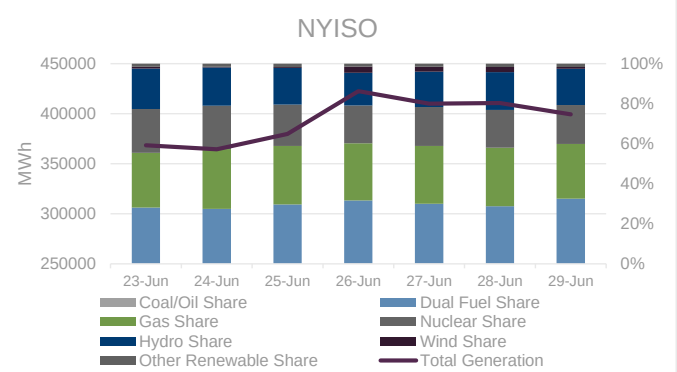

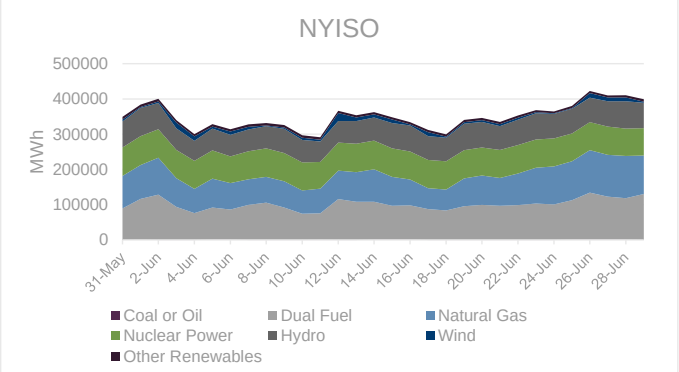

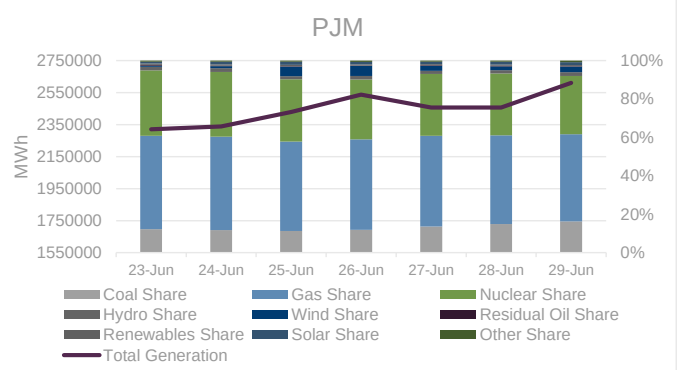

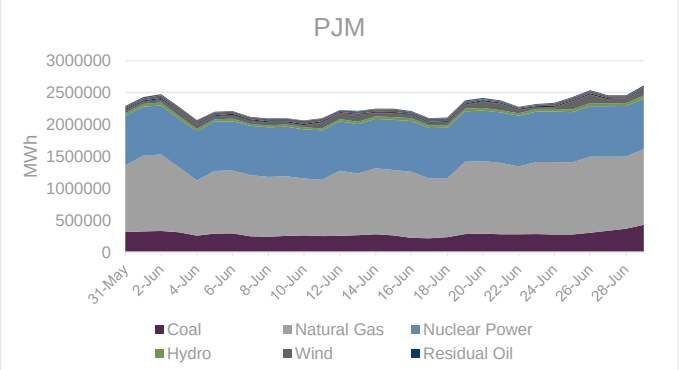

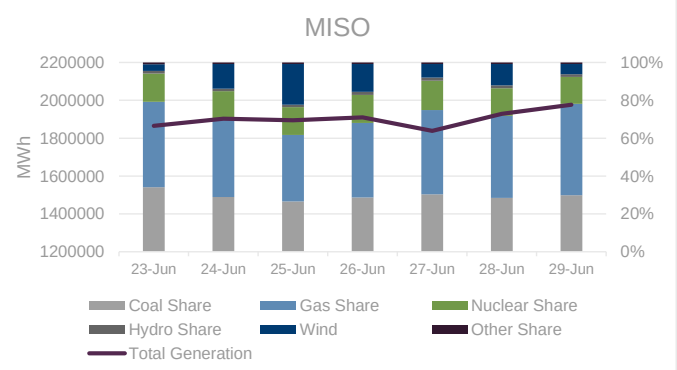

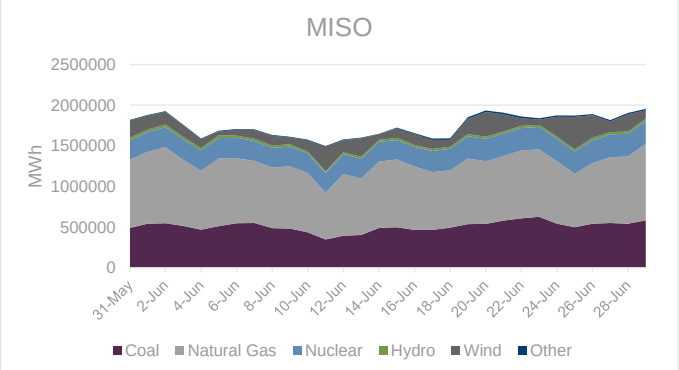

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Generation and Mix (continued)

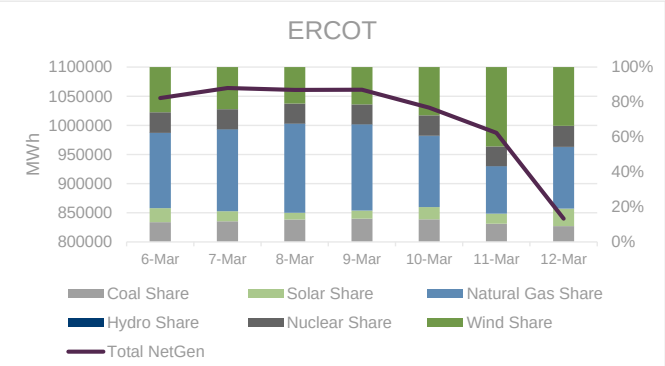

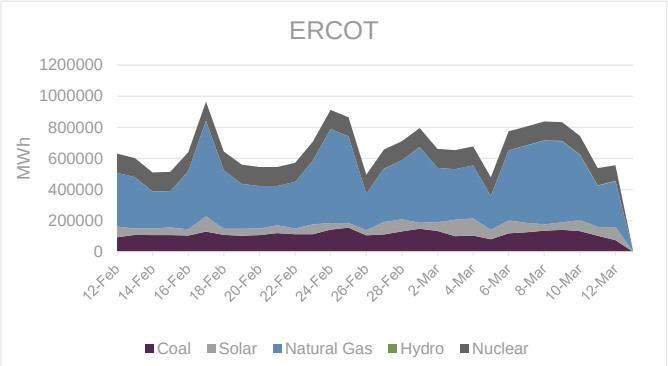

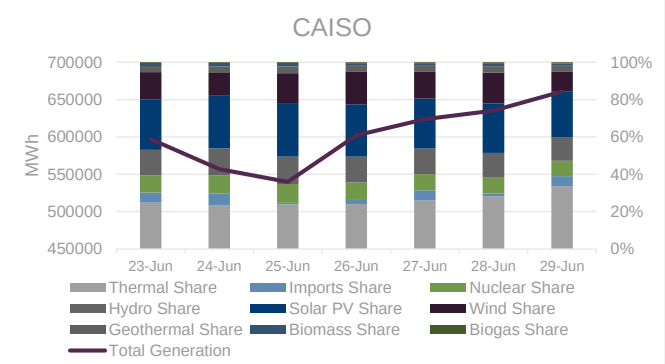

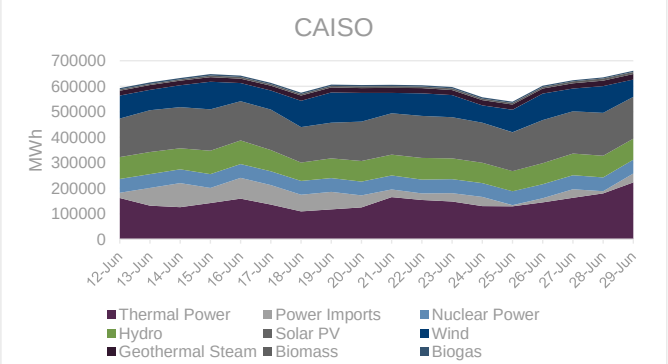

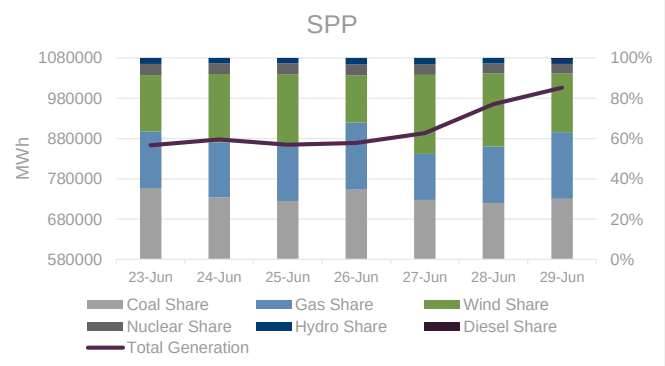

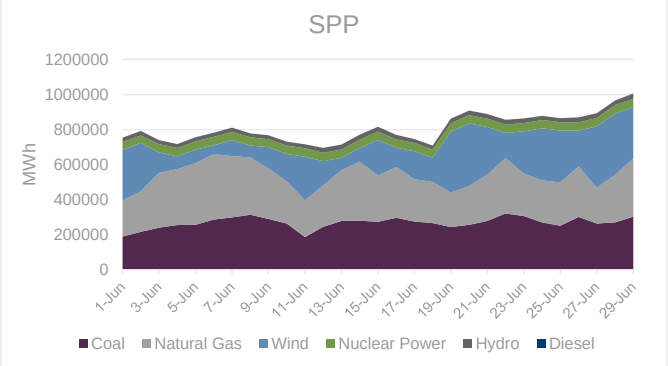

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Weather

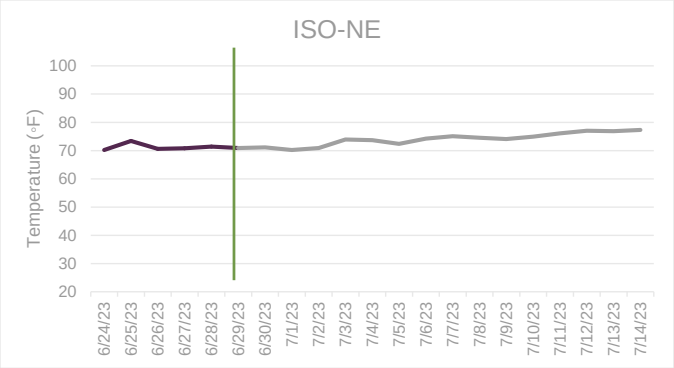

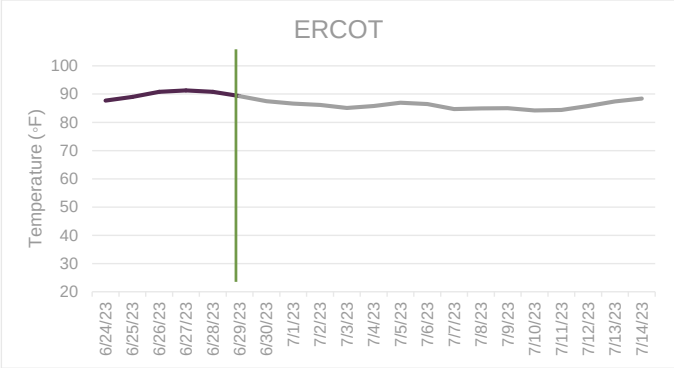

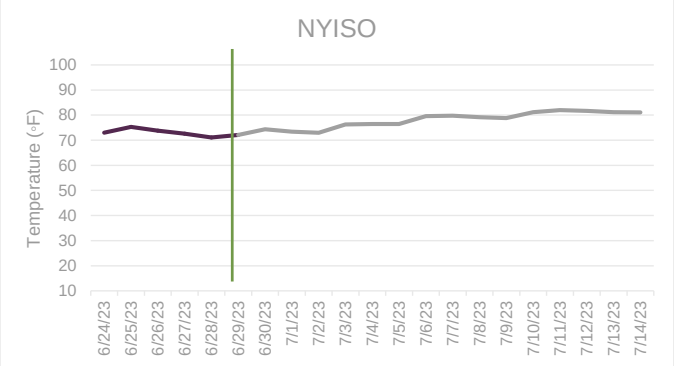

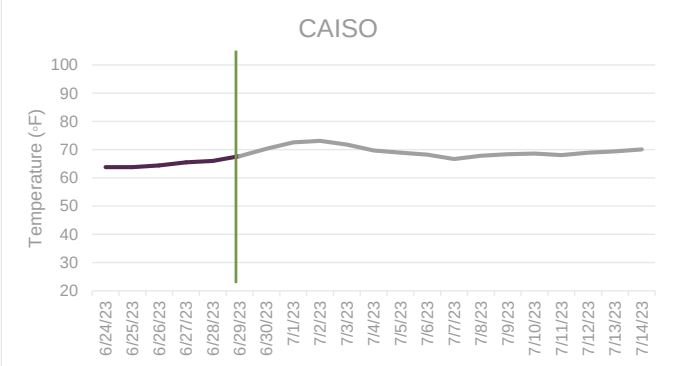

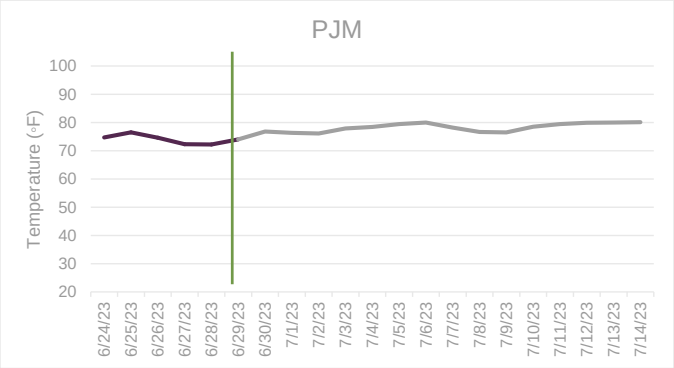

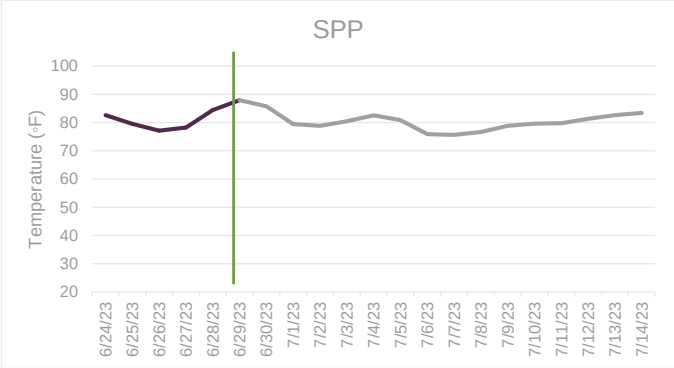

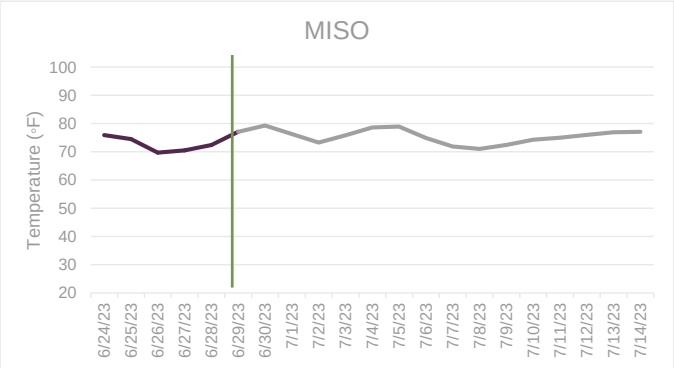

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

YTD Peak Load

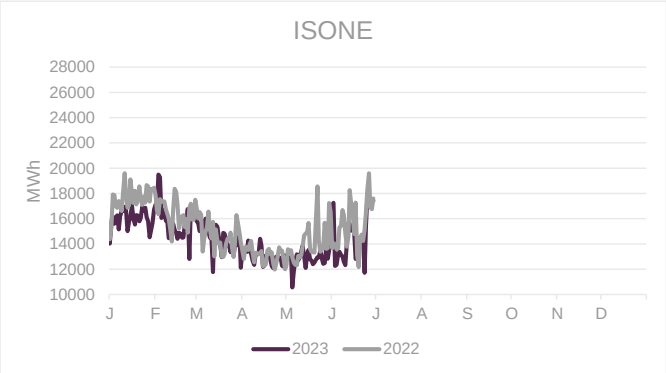

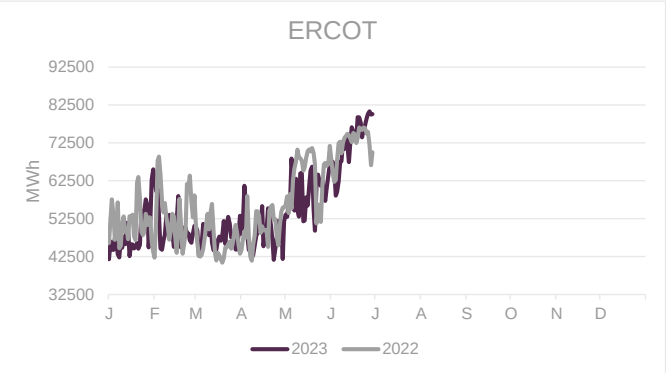

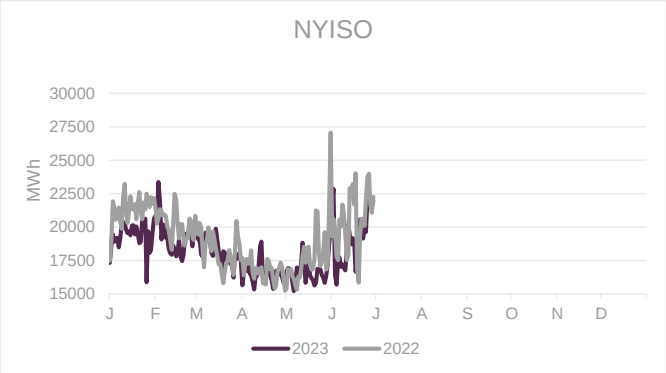

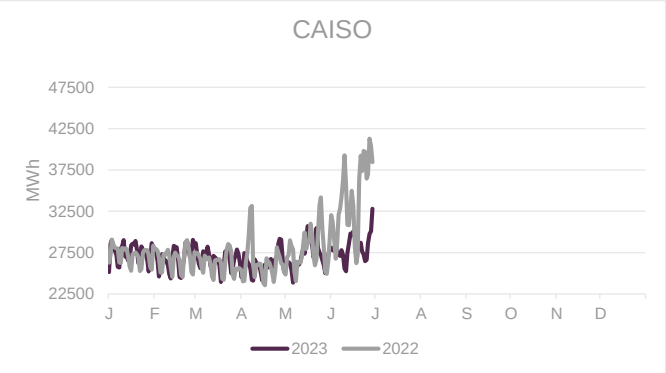

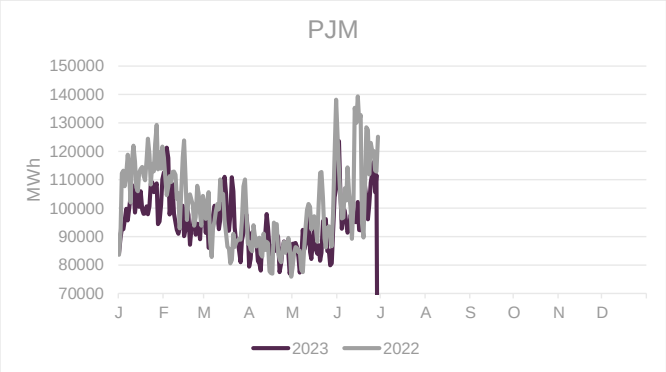

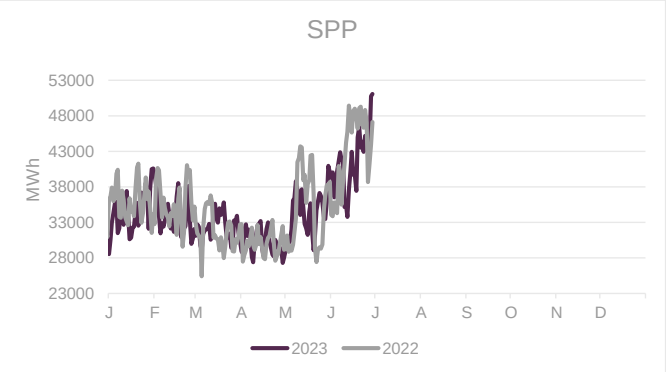

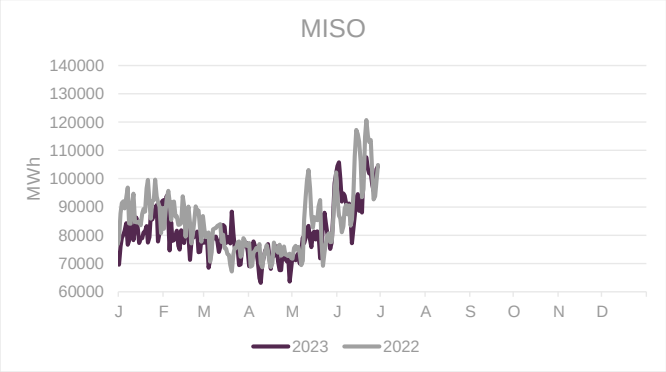

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Require Time

- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- HE – Making Sense of Banking Turbulence; HE's ASB Remains Well Insulated From Isolated Liquidity Issues
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	247	66.40%	40	16.19%
NEUTRAL	116	31.18%	7	6.03%
SELL	9	2.42%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

UBS

Global Research and Evidence Lab
2 August 2023

First Read

Exelon Corp

Q2 Earnings Inline

Q: How did the results compare vs expectations?

A: EXC reported operating earnings of 41c vs. Consensus /UBSe of 41c/39c for Q2'23. The company reported 44c in Q2'22.

Q: What were the most noteworthy areas in the results?

A: ComEd was +2c yoy, PECO was -4c, hurt by 3c of unfavorable weather, BGE was flat, PHI was +2c while Corp drag was 3c worse on higher interest expense.

Q: Has the company's outlook/guidance changed?

A: No. The full year 2023 guidance was reaffirmed at $2.30-$2.42. The company also reaffirmed LT annual EPS growth of 6-8% from 2022-2026, with an expectation to be at the midpoint or better.

Q: How would we expect investors to react?

A: Inline. Overall, a quiet and uneventful quarter, where EXC met expectations - all good things, in our view. We expect questions to focus on key regulatory filings for multiyear rate plans at ComEd in Illinois and at BG&E in Maryland, and the potential for upside capex to the current plan.

Key Metrics

	Consensus estimates	UBS estimates	Actual	% diff vs. UBSe
Operating EPS	$0.41	$0.39	$0.41	5.1%

Source: FactSet, Company data, UBS estimates

Equities

Americas
Electric Utilities

12-month rating	**Buy**
12m price target	**US$47.00**
Price (01 Aug 2023)	**US$41.47**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$46.70-35.54
Market cap.	US$41.2b
Shares o/s	994m (COM)
Free float	100%
Avg. daily volume ('000)	6,273
Avg. daily value (m)	US$256.9
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.6x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E	
	UBS	Cons.
Q1	0.70	0.70
Q2E	0.39	0.41
Q3E	0.76	0.74
Q4E	0.52	0.51
12/23E	2.36	2.36
12/24E	2.54	2.51
12/25E	2.77	2.72

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)
Profitability/valuation	**12/20**	**12/21**	**12/22**	**12/23E**	**12/24E**	**12/25E**	**12/26E**	**12/27E**
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	10.1	9.5	8.8	8.2	9.6
P/E (UBS, diluted) x	22.4	25.7	19.7	17.6	16.3	15.0	14.0	13.0
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.0)	(3.0)	(3.3)	(2.6)	(1.3)
Dividend yield (net) %	2.9	2.9	3.0	3.5	3.7	4.0	4.3	4.6

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 41.47 on 01-Aug-2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Forecast returns

Forecast price appreciation	+13.3%
Forecast dividend yield	3.6%
Forecast stock return	+16.9%
Market return assumption	9.9%
Forecast excess return	+7.0%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $47 premised on a 6% premium to the group multiple or 17.0x our $2.77/share earnings forecast for 2025. Our 6% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 3% discount for a 3rd quartile regulatory ranking overall, a 2% premium for 2nd quartile earnings growth, a 5% premium for energy transition, and 3% discount for lower pricing power.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 02 August 2023 12:39 PM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	41%
Neutral	FSR is between -6% and 6% of the MRA.	37%	43%
Sell	FSR is > 6% below the MRA.	9%	36%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$41.47	01 Aug 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Exelon Corp (US$)

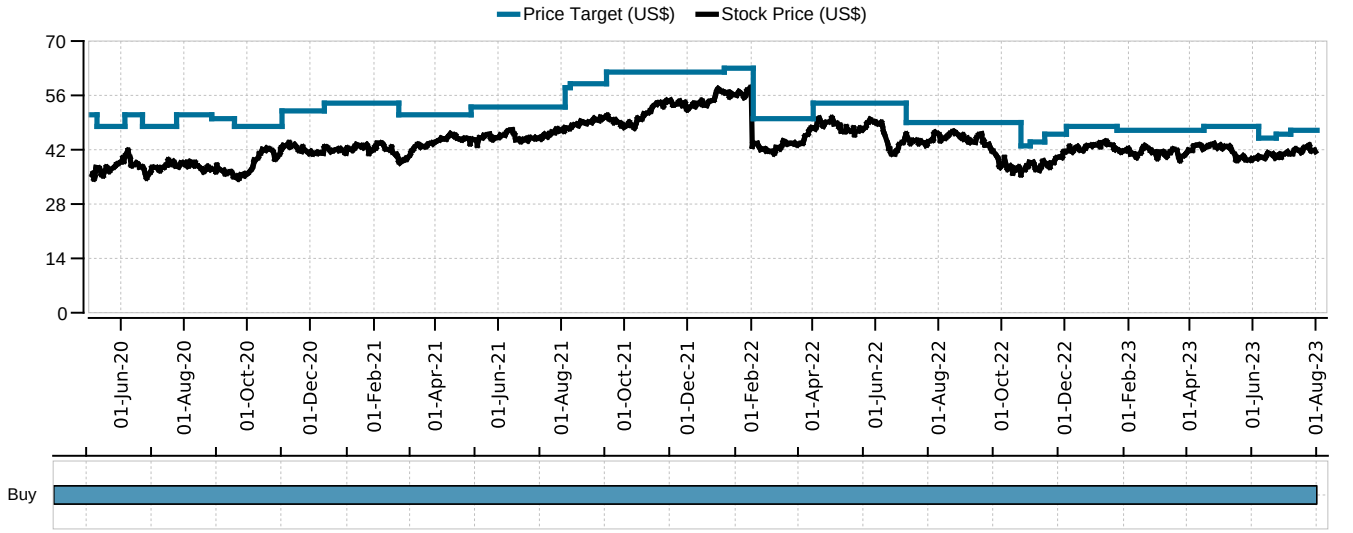

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-05-01	35.80	51.00	Buy
2020-05-08	37.43	48.00	Buy
2020-06-04	38.98	51.00	Buy
2020-06-21	37.53	48.00	Buy
2020-07-24	37.80	51.00	Buy
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy
2023-06-23	39.87	46.00	Buy
2023-07-07	40.96	47.00	Buy

Source: UBS Global Research; Refinitiv as of 01-Aug-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Credit Suisse Global CIO Office Research** is produced by Credit Suisse Wealth Management. **Credit Suisse Securities Research** is produced by Credit Suisse operating under its Securities Research function within the Investment Banking Division. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). For all other recipients: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division this UBS Global Research is issued under the license of UBS Securities Australia Limited. All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG Sydney Branch' Wealth Management Division. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 3/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email :ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosures_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS (France) S.A., French "société anonyme" with share capital of € 132.975.556, at 69 boulevard Haussmann F-75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N° B 421 255 670. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code monétaire et financier", regulated by French banking and financial authorities as the "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830; merchant banking services bearing SEBI Registration Number: INM000010809 and Research Analyst services bearing SEBI Registration Number: INH000001204. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

J.P.Morgan

Exelon Corp.

2Q23 EPS in line; Guide Reaffirmed Across 2023 EPS, LT CAGR, Capex, Financing; MYP and PJM Transmission in Focus

Overweight

EXC, EXC US
Price (01 Aug 23):$41.47

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com

Robin L Shillock
(1-212) 622-8223
robin.shillock@jpmchase.com
J.P. Morgan Securities LLC

- **2Q23 EPS meets JPMe,Street.** EXC reported 2Q23 adjusted EPS of $0.41, matching the $0.41 JPMe/Street median estimates, and down -3c YoY compared with 2Q22 EPS of $0.44 in light of -3c higher parent interest expense, among other items. PECO landed -2c lower than JPMe, with a -3c weather impact and higher depreciation/other, partially offset by higher gas rates. PHI surpassed our estimate by +2c, primarily driven by higher rates. ComED, BGE, and Corp all landed within +/-1c of our estimates.
- **PJM transmission projects approved; DPA sunsets; new PECO substation.** EXC secured $870mm of PJM-approved transmission projects to address reliability needs in eastern Maryland resulting from plant retirements, with expected completion by YE28. EXC also successfully completed its three-year DPA. Lastly, the company called out PECO's $130mm Civic Terminal Yard Substation project, which will upgrade transmission lines from 69kV to 230kV and install two 13kV distribution buses. EXC targets completion by 2Q24.
- **2023 guidance + capital plan + equity needs reaffirmed.** EXC reiterated 2023 adj EPS guidance of $2.30-2.42 ($2.36 JPMe/Street), implying ~5% growth based on the original 2022 guidance midpoint disclosed at the Jan 2022 Analyst Day, and consistent with EXC's 3Q22/EEI growth message as PECO's rate cycle/weather/MYP reconciliations impact growth into 2023. EXC also reaffirmed its 2021-2025 and 2022-2026 EPS CAGR of 6-8% with expectations of midpoint or better. Lastly, EXC's 5yr capex plan remained unchanged at $31.3bn (2023-2026 rate base CAGR of 7.9%), with $425mm of remaining equity issuance between 2023 and 2025. In a relatively quiet quarter, we look for any incremental updates on the timing of EXC's remaining $425 equity issuance given broad attention on sector balance sheets as of late.
- **MYP process underway with batch of evidentiary hearings.** On the regulatory front, ComEd's distribution rate case remains on track for evidentiary hearings in August, followed by reply briefs in September and an ultimate final order by December. Alongside this, current messaging indicates expected commission decisions on ACE, BGE, Pepco DC, Pepco MD, and DPL DE filings in 1Q24, YE23, 2Q24, June 2024, and 2Q24 respectively. Here, we continue to view 2Q23 as an execution-focused quarter for EXC to drill into progress on this MYP transition and anticipate continued messaging on the post-reconciliation accounting benefits that further tighten EXC's EPS trajectory with its underlying rate base growth.
- **Conference call details.** EXC will host a webcast to discuss 2Q23 results on Wednesday, August 2, at 10:00 AM ET.

See page 3 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA [AC]
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Figure 1: EXC 2Q23 Results

Income Statement:	Actual 2Q22	Actual 2Q23	JPM 2Q23E	% Chg Y/Y	% Chg vs JPMe	YoY Drivers
Adj Op EPS by Segment						
ComEd	$ 0.23	$ 0.25	$0.26	7%	-3%	+1c distribution rates, +1c CMC carrying costs
PECO	$ 0.14	$ 0.10	$0.12	-27%	-17%	-3c weather, +1c gas distribution rates, -1c depreciation, -1c other
BGE	$ 0.04	$ 0.04	$0.04	-2%	0%	+1c distribution rates, -1c interest expense
PHI	$ 0.10	$ 0.12	$0.10	17%	15%	+1c distribution and transmission rates, +1c other
Corporate & Other	$ (0.07)	$ (0.10)	($0.11)	42%	-5%	-3c interest expense
Adjusted Operating EPS	**$ 0.44**	**$ 0.41**	**$0.41**	**-7%**	**-1%**	

Source: Company reports and J.P. Morgan estimates.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
18-Aug-20	N	37.34	43
16-Oct-20	N	41.40	45
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45
27-Dec-22	OW	43.04	49
25-Jan-23	OW	41.51	48
08-Mar-23	OW	41.00	47
21-Apr-23	OW	43.00	50
06-Jun-23	OW	39.98	46

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DCP Midstream, LP (DCP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), Kodiak Gas Services, Inc. (KGS), MPLX LP (MPLX), Magellan Midstream Partners, L.P. (MMP), NextEra Energy Inc. (NEE), NorthWestern Energy (NWE), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra Energy (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

J.P. Morgan Equity Research Ratings Distribution, as of July 08, 2023

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	47%	39%	14%
IB clients**	48%	45%	34%
JPMS Equity Research Coverage*	45%	42%	12%
IB clients**	67%	64%	53%

***Please note that the percentages may not add to 100% because of rounding.**
****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided**

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

investment banking services within the previous 12 months.
For purposes of FINRA ratings distribution rules only, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Spurthi Gadamsetty; spurthi.gadamsetty@jpmchase.com; +912261573225. Grievance Officer: Ramprasadh K, jpmipl.research.feedback@jpmorgan.com; +912261573000.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa,

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 060/08/2022 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring: https://www.jpmorgan.com/disclosures/email

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2023. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to msci.com/disclaimer

"Other Disclosures" last revised July 08, 2023.

Copyright 2023 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

Completed 02 Aug 2023 08:14 AM EDT

Disseminated 02 Aug 2023 08:14 AM EDT

Exelon Corp. (EXC): First Take: Largely in-line 2Q; rate case progress remains in focus

Carly Davenport
+1(212)357-1914 |
carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+91(22)6616-9131 |
jaskaran.jaiya@gs.com
Goldman Sachs India SPL

Exelon Corp (EXC, Sell) reported 2Q23 operating EPS of $0.41, a touch below our $0.43 estimate and in-line with FactSet consensus of $0.41. EXC reaffirmed its 2023 EPS guidance range of $2.30-$2.42, which compares to GS/consensus of $2.36, as well at its 6-8% long term growth rate. Weather was only a modest headwind for EXC this quarter YoY at just ($0.03) for PECO. Outside of results, EXC reports limited changes on the regulatory front, with all distribution rate cases continuing to progress in-line with the previously outlined schedules. EXC did announce $870mn of transmission projects awarded to it by PJM, with completion expected in 2028.

We expect the focus of the conference call to be around (a) regulatory updates especially at ComEd and BGE, (b) management commentary on credit metrics and (c) updates on incremental capital spending opportunities.

Analysis

What were the key drivers of the quarterly variance?

Results came in largely in-line with our estimates, with the very slight miss on the quarter driven by higher O&M expense than expected, and mild weather at PECO weighing on gross margin at that business. Results outside of this came in largely in-line with our expectations. We do highlight a one-time charge related to a SEC Matter Loss Contingency for the quarter as an item to monitor, likely related to the investigation into EXC/ComEd's lobbying activities per 10Q filings, but we look for more details on the call.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Exhibit 1: The slight miss on the quarter was most notably driven by PECO, likely due to mild weather impacts
EPS and Net Income by segment

	GS est.	Actual	Variance
Operating EPS			
ComEd	$0.24	$0.25	$0.01
PECO	$0.12	$0.10	($0.02)
BGE	$0.05	$0.04	($0.01)
PHI	$0.10	$0.12	$0.01
Other	($0.09)	($0.10)	($0.01)
EXC	$0.43	$0.41	($0.02)
Operating Net Income			
ComEd	$241	$251	4%
PECO	$118	$98	-17%
BGE	$52	$43	-17%
PHI	$103	$115	11%
Other	($85)	($99)	-17%
EXC	$429	$408	-5%

Source: Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Exhibit 2: EXC 2Q23 EPS came in below GS expectations, with the delta largely driven by O&M and gross margin
EXC Variance Analysis

2Q23 Income Statement Variance	$0.43	$0.41	($0.02)
Income Statement	**GS est**	**Actual**	**Variance**
Revenues			
ComEd	$1,460	$1,901	$441
PECO	$835	$828	($7)
BGE	$837	$797	($40)
PHI	$1,269	$1,305	$36
Other	($9)	($13)	($4)
Total Revenues	**$4,392**	**$4,818**	**$426**
Cost of Revenues			
Purchased Power	($1,213)	($1,727)	($514)
Fuel	($58)	$0	$58
Total Cost of Revenues	**($1,271)**	**($1,727)**	**($456)**
Gross Margin	**$3,121**	**$3,091**	**($30)**
Other Expenses			
Operation & Maintenance	($1,130)	($1,197)	($67)
Depreciation & Amortization	($871)	($866)	$5
Taxes Other Than Income	($335)	($324)	$11
Total Other Expenses	**($2,336)**	**($2,387)**	**($51)**
Equity in losses (earnings) of unconsolidated affiliates- Legacy	$0	$0	$0
Gains on sales of assets	$0	$0	$0
Operating Income	**$785**	**$704**	**($81)**
Other Income and Deductions			
Interest Expense	($436)	($427)	$9
Other, net	$156	$139	($17)
Total Other Income and Deductions	**($280)**	**($288)**	**($8)**
Income before Income Taxes	**$506**	**$416**	**($90)**
Income Taxes	($77)	($73)	$4
Equity in Losses of Unconsolidated Affiliates	$0	$0	$0
Net Income- GAAP	**$429**	**$343**	**($86)**
Minority Interest	$0	$0	$0
Preferred Dividends	$0	$0	$0
Net Income- Attributable to Common	**$429**	**$343**	**($86)**
Discontinued Operations	$0	$0	$0
Cumulative Effect of a Change in Accounting Principle	$0	$0	$0
Other Extraordinary Items	$0	$0	$0
Net Income	**$429**	**$343**	**($86)**
Adjustments to Net Income	$0	$65	$65
Income from Continuing Operations	**$429**	**$408**	**($21)**

Source: Company data, Goldman Sachs Global Investment Research

What are key questions for the conference call?

1. Are there any updates on how the rate cases at ComEd and BGE are progressing?

2. How has O&M tracked thus far this year relative to expectations going into the year?

3. Where could we see further upside relative to announced plans with regard to capital spending?

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Valuation & Key Risks

We are Sell rated on EXC with a 12-month PT of $39 based on a 15x P/E multiple. Key risks for EXC include: 1) favorable rate case outcomes, 2) cost control and ability to smooth earnings, 3) a robust balance sheet that appeals to investors seeking safety in the event of a recession, and 4) incremental capex opportunities.

EXC	12m Price Target: **$39.00**	Price: **$41.47**	Downside: **6.0%**

Sell

Market cap: $41.3bn
Enterprise value: $84.2bn
3m ADTV: $256.9mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn)	19,078.0	19,806.7	20,588.1	21,262.6
EBITDA ($ mn)	6,642.0	7,356.8	8,015.6	8,574.4
EBIT ($ mn)	3,317.0	3,854.2	4,337.4	4,704.3
EPS ($)	2.27	2.36	2.47	2.59
P/E (X)	19.1	17.6	16.8	16.0
EV/EBITDA (X)	12.4	11.5	10.9	10.6
FCF yield (%)	(5.3)	(5.7)	(3.0)	(3.7)
Dividend yield (%)	3.1	3.5	3.7	4.0
Net debt/EBITDA (X)	6.0	5.8	5.7	5.7

	3/23	6/23E	9/23E	12/23E
EPS ($)	0.70	0.43	0.72	0.51

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 1 Aug 2023 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller and Jaskaran Jaiya, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Dominion Energy Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra Energy, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by Goldman Sachs Global Investment Research and referred to in this research.

Goldman Sachs is acting as a manager or co-manager of a pending underwriting: Exelon Corp. ($41.47)

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($41.47)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($41.47)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($41.47)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($41.47)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($41.47)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($41.47)

Goldman Sachs has managed or co-managed a public or Rule 144A offering in the past 12 months: Exelon Corp. ($41.47)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($41.47)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	63%	56%	47%

As of July 1, 2023, Goldman Sachs Global Investment Research had investment ratings on 3,008 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

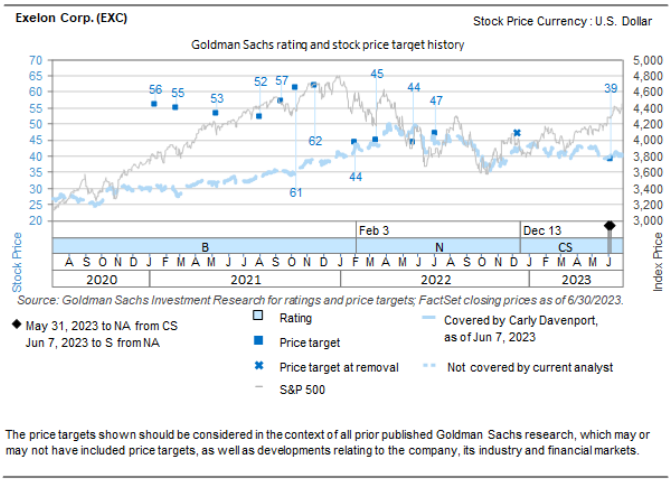

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2023 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

EQUITY RESEARCH QUICK TAKE

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com

August 2, 2023

Exelon Corporation

2Q23 in line; 2023 guidance reaffirmed

NYSE: EXC | USD 41.47 | Sector Perform | Price Target USD 47.00

Sentiment: Neutral

Our view: Adjusted earnings of $0.41 compared to our estimate of $0.40 and consensus of $0.41. 2023 guidance of $2.30-$2.42 is reaffirmed, as is the long-term EPS growth CAGR of 6%-8%. On the call, we expect to hear more on the new Pepco rate case filing and pending distribution rate cases, preliminary commentary on weather in Q3, and the regulatory calendar.

EXC reported 1Q23 earnings of $0.41 versus 1Q22 earnings of $0.44. Higher interest rates and unfavorable weather were both a -3c drag in the quarter, partially offset by increased distribution and transmission rates.

Regulatory updates. Pepco Maryland filed a new 3-year plan in May, requesting $213M of additional revenue through 2027. An order date is expected in June 2024. Multiple outstanding rate cases are ongoing across regulatory areas, with the two largest at ComEd and BGE expected to be completed by the end of this year.

2023 financing outlook. The company completed 100% of its planned 2023 debt financing needs in Q1 and Q2. EXC continues to target 13-14% FFO/debt metric with the downgrade threshold around 12%. The company still expects to issue $425 million of equity by 2025.

Conference call today at 10:00AM ET. Register for a unique pin here.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

Capital Markets

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

RBC Capital Markets

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 30-Jun-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [Outperform]	832	57.22	250	30.05
HOLD [Sector Perform]	573	39.41	138	24.08
SELL [Underperform]	49	3.37	3	6.12

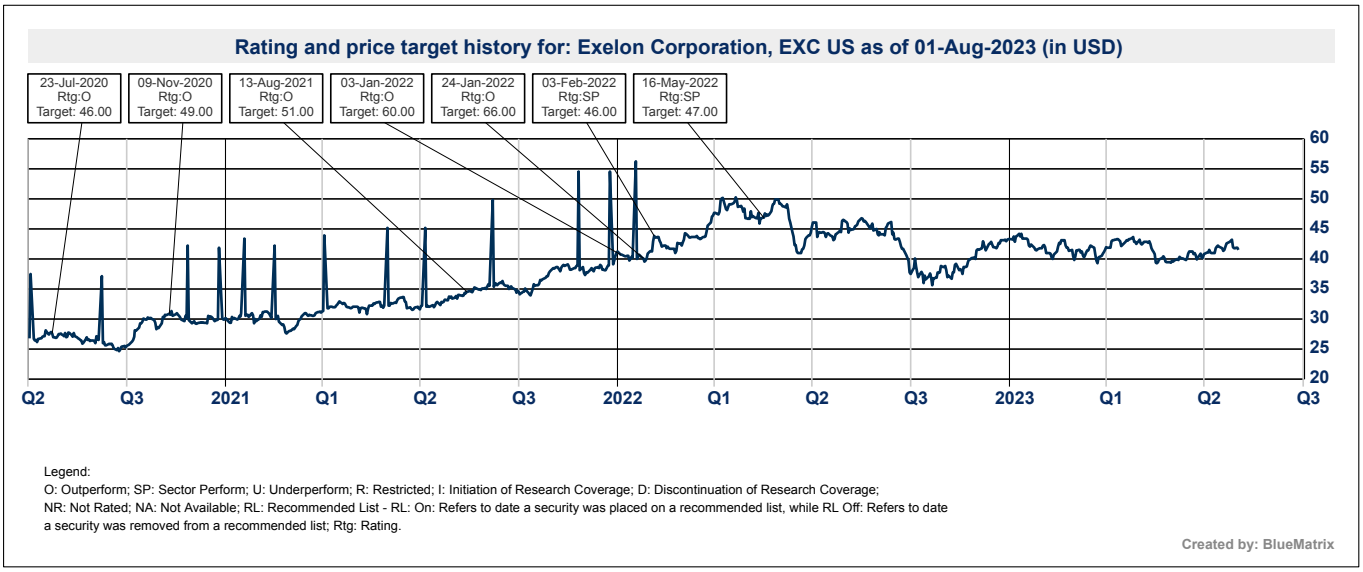

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List. As of April 3, 2023, U.S. RBC Wealth Management's quarterly reports will serve as the primary communication for its models and will highlight any changes to the model made during the quarter.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $47 price target assumes a 18.6x P/E multiple on 2024E utilities EPS of $2.51. Our multiple reflects a slight 3% discount to our base case blended electric and gas multiple of 19.1x, resulting in equity value per share of $47. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Credit metrics deteriorate due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Approval of upcoming multi-year plans at favorable levels

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. (“MSCI”) and Standard & Poor's Financial Services LLC (“S&P”) and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:
This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:33 PM.

KeyBanc Capital Markets

Alert

October 30, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: FE, EXC, ETR, DTE, AVA, WEC, XEL, DUK, ES

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

3Q earnings continue with PEG, OTTR, WEC, DTE, AVA, ETR, EIX, AEP, EXC, DUK, PNW, SO, ED, D, and SRE scheduled to report. This week, we are tracking proceedings in EXC's DE electric rate case and FE's ESP V and Grid Mod II proceedings. In other news, SERI files a compliance report for recoupment amounts and reaches a settlement in principle with AR PSC; parties file exceptions to the ALJ's proposed decision in DTE's MI electric rate case; the OR PUC authorizes a $7M increase in AVA's gas rate case; the MN PUC approves the settlement in MERC's natural gas rate case; SPS files its 2023 NM IRP; DUK completes the sale of its commercial renewables business; and Moody's downgrades ES's credit ratings. ***Don't miss our schedule of meetings at the EEI this fall and contact us to join the meetings.***

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.

Please scroll down for our full schedule, including dinners with **DTE** and **AGR**, and contact us or your KBCM sales representative to schedule meetings.

Upcoming Earnings Report

3Q earnings continue: PEG, OTTR, WEC, DTE, AVA, ETR, EIX, AEP, EXC, DUK, PNW, SO, ED, D, and **SRE** are scheduled to report this week (see calendar below). Our recently published preview, Finally, Attractive, includes our thesis, expectations, and estimates for our coverage.

Figure 1 - 3Q23 Utilities Earnings Calendar

Company Name	Ticker	Date	Time (ET)
FirstEnergy Corp	FE	10/27/2023	9:00 AM
Xcel Energy Inc	XEL	10/27/2023	10:00 AM
Portland General Electric Co	POR	10/27/2023	11:00 AM
NorthWestern Corp	NWE	10/27/2023	3:00 PM
Public Service Enterprise Group Inc	PEG	10/31/2023	11:00 AM
Otter Tail Corp	OTTR	10/31/2023	11:00 AM
WEC Energy Group Inc	WEC	10/31/2023	2:00 PM
DTE Energy Co	DTE	11/1/2023	9:00 AM
Avista Corp	AVA	11/1/2023	10:30 AM
Entergy Corp	ETR	11/1/2023	11:00 AM
Edison International	EIX	11/1/2023	4:30 PM
American Electric Power Co	AEP	11/2/2023	9:00 AM
Exelon Corp	EXC	11/2/2023	10:00 AM
Duke Energy Corp	DUK	11/2/2023	10:00 AM
Pinnacle West Capital Corp	PNW	11/2/2023	12:00 PM
Southern Co	SO	11/2/2023	1:00 PM
Consolidated Edison Inc*	ED	11/2/2023	N/A
Dominion Energy Inc	D	11/3/2023	10:00 AM
Sempra Energy	SRE	11/3/2023	12:00 PM

*ED does not hold a conference call and will release an earnings package after market close
Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

FE — Staff testimony in FE's ESP V plan is due on October 30: FE's Ohio Edison, Cleveland Electric, and Toledo Edison filed the fifth Electric Security Plan (ESP) with the OH PUC, which covers the eight years from June 2024 through May 2032. ESP V focuses on maintaining reliability and affordability. FE proposed several rate design and cost recovery proposals, including continuing capital investment riders and introducing vegetation management, and storm cost recovery riders. FE also proposes a portfolio of energy efficiency and demand response programs. Evidentiary hearings are scheduled for November.

EXC — Surrebuttal testimony in EXC's DE electric rate case is due on November 1: EXC filed rebuttal testimony and updated its ask to $54M (net $39M) compared to its prior request of $56M (net $42M). EXC maintained its request for a 10.5% ROE and 50.5% equity. EXC's request compares to Staff's recommended $36M revenue increase, premised on a 9.38% ROE and 50.5% equity. The primary drivers of the delta are the lower O&M, Staff's use of an average-rate base method (vs. EXC year-end RB), and lower O&M. The Division of the Public Advocate recommended a revenue increase of $29M ($16M net), using a 9.1% ROE and 46.4% equity. EXC and the DPA's net revenue increase excludes $14M for the DSIC rider. A final order is expected in April 2024. Interim rates of $56M went into effect in mid-July.

FE — Staff testimony in FE's Grid Mod II plan is due on November 3: FE is seeking recovery of $626M of capital costs over four years. The plan includes continued investments in AMI by adding 700K more customers, installing distribution automation, and integrating additional volt/var control distribution circuits. The Grid Mod II filing also includes three pilot projects: a lateral electronic circuit protection pilot, a distributed energy resource front-of-the-meter battery energy storage system pilot, and a residential and commercial electric vehicle charging pilot program. Hearings are set to commence in December.

Recent Developments for Companies Under Our Coverage

From our midweek: The MT PSC approves the settlement in NWE's electric and gas rate cases; the VA Staff files testimony in D's biennial review proceedings; the MD PSC authorizes a $28M revenue increase for Potomac Edison; the IL ALJ proposes a $1.2B revenue increase in EXC's IL electric rate; SRE and EIX request a 70 bps increase to authorized ROE levels; AEP receives IURC approval for ~750 MW of solar power; and SO signs an MOU with GSA to develop carbon pollution-free electricity.

ETR — SERI makes compliance filing calculating $68M recoupment amount; reaches settlement agreement with AR PSC:

- SERI filed a compliance report to recalculate and update the required refunds associated with sale-leaseback renewal rent expenses and depreciation rate errors. As a result, SERI calculated that it is due $68M in recoupments ($61M for rent expenses and $7M for the deprecation rates) after refunding ETR AR, ETR MS, and ETR NO $104M on January 10, 2023. SERI will recoup a total of $41M from ETR LA and ETR NO on October 30. FERC instructed SERI to file the compliance report to recalculate the value of overpayments on sale-leaseback refunds previously made to customers in its August 28 order.
- SERI will not be recouping the $27M from the AR PSC after SERI noted in the compliance report that ETR AR and SERI have reached a settlement in principle to resolve several pending cases. The parties are memorializing the settlement and plan to file the agreement with FERC shortly. The settlement terms align with the $588M global settlement SERI and ETR MS entered in 2022. That settlement included a $142M refund to ETR AR. Read more about the global settlement here.

DTE — Parties file exceptions to the ALJ's proposed decision in DTE's MI electric rate case: DTE's critical exceptions included the disallowance of $406M for investments into the electric distribution infrastructure, which replaced and hardened the aging infrastructure across its service territory. DTE's other critical exceptions included the $44M disallowance for IT O&M expenses; $51M disallowance for customer self-service IT investments; the $203M disallowance for decommissioning costs for St. Clair, River Rouge, and Trenton Channel; $7M disallowance for inflation adjustments; and the 9.8% ROE. If the ALJ PFD were adopted, DTE would likely need to pause or cancel critical investments. The Company has implemented cost measures over the past several years to offset high inflation while staying out of any rate cases during the pandemic and only receiving a $30M revenue increase in the 2022 rate case. The Company does not have many more levers to pull and, therefore, would need to cut investments. ~80% of its revenue request is associated with a correction to the sales forecast from the last rate case ($102M), the recovery of investments made between 2021-2023 and expected to be made in 2024 ($278M), and expenses for inflation and higher interest rates ($74M). As a reminder, the ALJ's PFD recommended a $290M revenue increase, premised on a 9.8% ROE and 50% equity. Staff, which recommended a $379M revenue increase, only listed a few exceptions, including the approval of the IRM with some modifications. New rates are expected to go into effect on December 10. Read more about the ALJ PFD here.

AVA — PUC authorizes $7M increase in AVA OR gas rate case: The OR PUC issued a final order adopting the first partial settlement and the second settlement that resolved all remaining issues. As a result, AVA authorized a $7M revenue increase, premised on a 9.5% ROE, 50% equity, and a $340M rate base. The lower revenue requirement relative to AVA's initial $11M (10.24% ROE, 50% equity) request reflects lower depreciation rates from its latest depreciation study and the removal of $6.8M from the rate base for pro forma capital investments. The first settlement resolved the costs of capital components, lowering the revenue requirement by $1.6M. New rates will go into effect January 1, 2024.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

WEC — MN PUC votes to approve settlement in MERC's natural gas rate case: The MN PUC voted to adopt the settlement among Minnesota Energy Resources, the Department of Commerce, the Division of Energy Resources, the OAG, and others that resolved all issues in its latest rate case. While a final order is pending, the settlement agreed to a net $21M revenue increase ($29M gross), premised on a 9.65% ROE and 53% equity. It also extended the revenue decoupling mechanism for three years. MERC initially requested a net $33M revenue increase ($42M gross), premised on a 10.3% ROE, 53% equity layer, and a rate base of $482.5M. Interim rates of ~$37M went into effect on January 1, requiring MERC to refund customers for the over-collected amounts.

XEL — SPS files 2023 NM resource plan: The 2023 IRP (Docket# 23-00073-UT) covers the 20 years from 2024-2043. XEL presented three load forecasts ranging from a low-load growth scenario to a high-load growth forecast. The modeling projects a total resource need ranging from 5-10GW by 2030 and 12.5-23.5GW through 2043. Specifically, to meet the near-term resource needs, XEL plans to add 4.2-6.6GW of wind and solar, 1-4.3GW of dispatchable resources, and 10MW-4.2GW of dispatchable resources. The needs are driven by increased population and economic growth in XEL's service territory, EV adoption, and the expansion of the oil & gas industries. XEL also expects to exit all coal operations by the end of 2028, including the retirement of the Tolk Station at the end of 2028. The earlier retirement of Tolk was recently approved by TX and NM commissioners. The PRC has six months to act on the IRP filing. If approved, XEL expects to issue an RFP in mid-2024.

DUK — DUK completes sale of utility-scale commercial renewables business: DUK announced the closing of the sale of its utility-scale solar and wind group (read more here) to Brookfield Renewable for ~$2.8B, including project debt and non-controlling tax equity interests. The announcement completes DUK's transition to a fully regulated business. In addition to the commercial renewables sale, DUK previously closed the sale of its distributed energy business. The proceeds from both deals will be used to offset capital needs in the regulated business and to help fund the Company's 10-year, $145B capital plan.

ES — Moody's downgrades ES; Fitch revises outlook on ES: Moody's downgraded ES and NSTAR Electric to Baa2 and A2, respectively. Moody's previously rated them Baa1 and A1, respectively. The outlooks were stable. Fitch maintained its ratings but revised its outlooks for ES and NSTAR Electric from stable to negative. The negative outlook reflects the uncertainty around the sale of its offshore development projects and the expectation of a future equity issuance. Fitch noted that the failure to complete the sale or equity issuance in a timely manner would result in a downgrade to the ratings. Fitch currently rates ES and NSTAR as BBB+ and A, respectively.

Earnings Recap

NWE — NWE reported 3Q results slightly ahead of our expectations on lower depreciation and interest expenses than we modeled. Notably, the Company recently received approval of its MT rate cases, resulting in the Company receiving enough clarity to provide 2023 and 2024 earnings guidance, while also updating its long-term growth rate (4-6%) and rate base growth (4-6%). We see the set of updates as an encouraging sign of an improving regulatory construct, and expect NWE to be able to comfortably achieve its growth rates over the next several years, with incremental opportunities for capital investment as it seeks to reduce its capacity shortages. Read our full report here.

POR — POR reported 3Q results in line with our expectations, despite lower residential and C&I volumes and a drag from higher power prices during peak demand periods. Consequently, the Company has narrowed its 2023 guidance and maintained LT growth outlook. Regulatory updates were constructive, particularly as POR has reached a settlement in its OR GRC with constructive PCAM modifications. Read our full report here.

XEL — XEL reported in-line 3Q results and rolled out 2024 guidance that is aligned with our expectations. The Company has also refreshed its base five-year capital plan, which now stands at $34B ($29B prior), with potential for $10B in additions for CO and SPS resource plans and other future RFPs. Read our full report here.

FE — FE reported 3Q results that were near the top end of its range as it benefited from the use of NOLs and continued to execute on its plan to reduce costs to help offset headwinds in 2023. The Company narrowed its guidance range, while slightly raising its capital plan through 2025. We expect a refreshed capital plan to incorporate the outcomes of its rate cases, ESP V, and the Grid Mod II. More importantly, the Company has once again reiterated its LT 6-8% growth rate target and was confident in its commentary that it expects to maintain the range in its refreshed guidance plan. Read our full report here.

CMS — CMS reported in line 3Q results, matching our estimates and consensus. The Company highlighted its operating initiatives designed to offset weather headwinds that have persisted throughout 2023, and noted identified upside to its $15.5B capital plan, though the full refresh is expected on 4Q results. Read our full report here.

AGR — AGR missed 3Q expectations across the board with Renewables driving the largest delta, as taxes were a significant headwind y/y. AGR maintained its FY guidance, which includes the benefits of the make-whole from the NY rate cases and the sale of assets. We note that the outcomes in ME and NY were relatively constructive and an encouraging sign, but CT will remain a challenge in the medium term. A Supreme Court decision on the PNM merger is the main item we are watching, which will set the path for the Company's future financing needs, which could be partially met by the proceeds from the transfer of tax credits. Read our full report here.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

CNP — CNP reported EPS of $0.40, which was ahead of our estimate, resulting in the Company raising its full-year guidance. The Company also took advantage of the strong YTD performance by pulling forward O&M from 2024, helping to derisk next year, and instilling confidence in achieving the 8% growth rate embedded in the 2024 guidance range. The Company raised its 2023-2025 capital plan by $0.5B, which it seeks to fund through a combination of debt/ equity, and will wait until the conclusion of a busy regulatory calendar to refresh its long-term capital plan. The $43.9B capital plan through 2030 should support the Company's 6-8% long-term EPS growth rate, and the Company still has significant opportunities over the next few years to add to its plan. Read our full report here.

NEE — NEE reported an above-consensus quarter and took an impairment charge for NEP. More importantly, NEE began outlining its strategy post the fallout at NEP. The Company's refreshed funding strategy involves tax credit sales, some equity and non-core assets and renewable assets sales. Read our full report here.

Figure 2 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM	Atlantica Sustainable (AY)	NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 3 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
OH	First Energy	FE	23-0301-ES-SSO	Electric	10/30/2023	Staff Testimony Due
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	11/1/2023	Surrebuttal Testimony Due
OH	First Energy	FE	22-0704-EL-UNC	Electric	11/3/2023	Staff Testimony Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	11/6/2023	Rebuttal Testimony
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	11/6/2023	Rebuttal Testimony
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	11/6/2023	Company Testimony Due (Track 2)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	11/6/2023	Company Testimony Due (Track 2)
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	11/7/2023	Evidentiary Hearings
	Short-Term Energy Outlook	EIA			11/7/2023	STEO release
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	11/7/2023	Hearings Commence
OH	First Energy	FE	23-0301-ES-SSO	Electric	11/7/2023	Evidentiary Hearings Begin
MI	DTE Electric Co.	DTE	C-U-21297	Electric	11/8/2023	Replies to Exceptions
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	11/8/2023	Briefs on Exceptions Due
KY	Kentucky Power Co	AEP	2021-00370	Electric	11/9/2023	Company Response to Initial Requests
	CPI Release	BLS			11/14/2023	CPI release for Prior Month
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	11/15/2023	Staff and Intervenor Testimony Due
ID	Avista Corp.	AVA	E-23-05	IRP	11/16/2023	Comments Due
	Federal Energy Reg Comm	FERC			11/16/2023	Open Meeting
OR	Avista	AVA	LC81	IRP	11/17/2023	Staff Final Comments and Recommendations
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	11/20/2023	Reply Briefs on Exceptions Due
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	11/21/2023	Staff and Intervenor Testimony Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 4 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	19.8	Overweight	$82	$75.38	3.3%	58%	4.40	4.68	4.96	17.1x	16.1x	15.2x	4.37	4.68	5.03	17.2x	16.1x	15.0x
AEP	American Electric Power Company In	38.6	Sector Weight	NA	$74.93	4.5%	64%	5.26	5.58	5.93	14.2x	13.4x	12.6x	5.27	5.58	5.97	14.2x	13.4x	12.5x
CMS	CMS Energy Corp	15.8	Overweight	$57	$54.27	3.6%	63%	3.07	3.33	3.61	17.7x	16.3x	15.0x	3.10	3.34	3.60	17.5x	16.2x	15.1x
CNP	CenterPoint Energy Inc	16.8	Overweight	$29	$26.69	2.8%	51%	1.50	1.63	1.74	17.8x	16.4x	15.3x	1.50	1.62	1.74	17.8x	16.5x	15.4x
D	Dominion Energy Inc	33.5	Sector Weight	NA	$40.08	6.7%	87%	2.83	2.85	3.27	14.2x	14.1x	12.3x	3.07	3.17	3.48	13.0x	12.6x	11.5x
DTE	DTE Energy Co	20.0	Overweight	$106	$96.91	4.0%	62%	6.18	6.63	7.02	15.7x	14.6x	13.8x	6.19	6.62	7.14	15.6x	14.6x	13.6x
DUK	Duke Energy Corp	67.5	Overweight	$96	$87.53	4.7%	73%	5.59	6.00	6.38	15.7x	14.6x	13.7x	5.60	5.97	6.34	15.6x	14.7x	13.8x
ETR	Entergy Corp	19.3	Overweight	$97	$91.38	4.7%	64%	6.69	7.19	7.68	13.7x	12.7x	11.9x	6.71	7.19	7.73	13.6x	12.7x	11.8x
ES	Eversource Energy	18.6	Sector Weight	NA	$53.16	5.1%	63%	4.33	4.60	4.89	12.3x	11.6x	10.9x	4.34	4.57	4.83	12.3x	11.6x	11.0x
ED	Consolidated Edison Inc	30.2	Underweight	$73	$87.47	3.7%	66%	4.94	5.19	5.54	17.7x	16.9x	15.8x	4.90	5.24	5.53	17.8x	16.7x	15.8x
EIX	Edison International	23.7	Sector Weight	NA	$61.94	4.8%	63%	4.73	5.11	5.63	13.1x	12.1x	11.0x	4.71	5.14	5.62	13.1x	12.1x	11.0x
EXC	Exelon Corp	38.2	Sector Weight	NA	$38.43	3.8%	62%	2.36	2.53	2.72	16.3x	15.2x	14.1x	2.36	2.50	2.72	16.3x	15.3x	14.1x
FE	FirstEnergy Corp	20.2	Overweight	$41	$35.13	4.5%	62%	2.55	2.70	2.87	13.8x	13.0x	12.2x	2.54	2.68	2.85	13.8x	13.1x	12.3x
PEG	Public Service Enterprise Group Inc	30.0	Sector Weight	NA	$60.11	3.8%	66%	3.46	3.60	3.88	17.4x	16.7x	15.5x	3.46	3.69	4.07	17.4x	16.3x	14.8x
SO	Southern Co	72.6	Sector Weight	NA	$66.53	4.2%	77%	3.61	4.02	4.24	18.4x	16.5x	15.7x	3.60	4.02	4.31	18.5x	16.5x	15.4x
WEC	WEC Energy Group Inc	25.8	Overweight	$94	$81.73	3.8%	68%	4.60	4.93	5.27	17.8x	16.6x	15.5x	4.61	4.92	5.26	17.7x	16.6x	15.5x
XEL	Xcel Energy Inc	32.2	Overweight	$62	$58.31	3.6%	62%	3.35	3.55	3.72	17.4x	16.4x	15.7x	3.36	3.58	3.85	17.4x	16.3x	15.2x
					Average:	**4.2%**	**65%**				**15.9x**	**14.9x**	**13.9x**				**15.8x**	**14.8x**	**13.8x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.4	Sector Weight	NA	$31.83	5.8%	80%	2.31	2.42	2.50	13.8x	13.2x	12.7x	2.29	2.48	2.57	13.9x	12.8x	12.4x
NWE	NorthWestern Corp	2.9	Overweight	$59	$46.55	5.5%	79%	3.41	3.68	3.85	13.7x	12.6x	12.1x	3.26	3.57	3.77	14.3x	13.0x	12.4x
OTTR	Otter Tail Corp	2.9	Sector Weight	NA	$70.38	2.5%	30%	5.88	4.05	3.36	12.0x	17.4x	20.9x	5.90	4.05	3.66	11.9x	17.4x	19.2x
PNW	Pinnacle West Capital Corp	8.4	Sector Weight	NA	$73.77	4.7%	83%	4.24	5.08	5.28	17.4x	14.5x	14.0x	4.22	4.97	5.17	17.5x	14.8x	14.3x
POR	Portland General Electric Co	4.0	Sector Weight	NA	$39.70	4.7%	71%	2.65	3.08	3.27	15.0x	12.9x	12.1x	2.64	3.04	3.21	15.0x	13.1x	12.3x
					Average:	**4.6%**	**68%**				**14.4x**	**14.1x**	**14.4x**				**14.5x**	**14.2x**	**14.1x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	11.2	Sector Weight	NA	$29.07	6.1%	82%	2.12	2.30	2.43	13.7x	12.6x	12.0x	2.13	2.32	2.51	13.6x	12.5x	11.6x
NEE	Nextera Energy Inc	113.8	Sector Weight	NA	$56.24	3.3%	60%	3.13	3.40	3.62	18.0x	16.5x	15.5x	3.13	3.40	3.65	18.0x	16.5x	15.4x
SRE	Sempra	43.9	Sector Weight	NA	$69.72	3.4%	53%	4.50	4.77	5.14	15.5x	14.6x	13.6x	4.50	4.79	4.96	15.5x	14.6x	14.0x
					Average:	**4.3%**	**65%**				**15.7x**	**14.6x**	**13.7x**				**15.7x**	**14.5x**	**13.7x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	35.6	Sector Weight	NA	$110.78	1.0%	23%	3,704	4,039	3,926	10.7x	9.7x	10.1x	3,528	3,964	3,904	11.2x	9.9x	10.2x
NRG	NRG Energy Inc	9.5	Not Covered	NA	$41.66	3.6%	33%	NA	NA	NA	NA	NA	NA	3,020	3,144	3,135	6.1x	5.5x	4.1x
VST	Vistra Corp	11.8	Not Covered	NA	$32.02	2.6%	19%	NA	NA	NA	NA	NA	NA	3,894	4,216	4,136	6.5x	5.9x	5.5x
					Average:	**2.4%**	**25%**				**10.7x**	**9.7x**	**10.1x**				**7.9x**	**7.1x**	**6.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 5 - Stock Price Performance

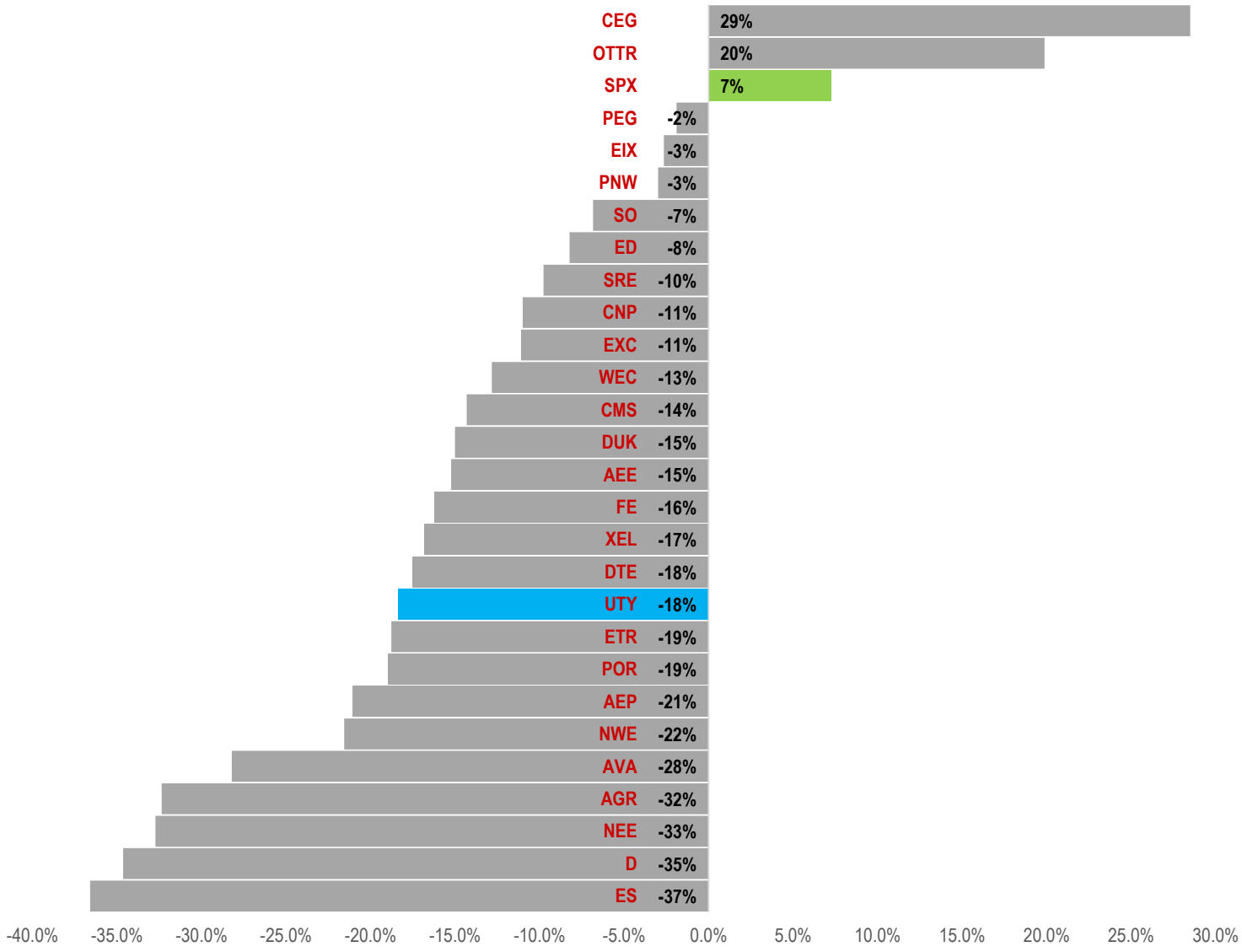

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	241	48.59	43	17.84
Sector Weight [SW]	250	50.40	40	16.00
Underweight [UW]	5	1.01	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	19	76.00
Sector Weight [SW]	31	54.39	10	32.26
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

KeyBanc Capital Markets

Alert

October 25, 2023

Energy: Electric Utilities

Midweek Thoughts — NWE, D, FE, EXC, EIX, SRE, AEP, SO

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

Earlier this week, NEE reported 3Q23 results. AGR, CMS, CNP, FE, NWE, POR, and XEL are scheduled to report later this week. In other news, the MT PSC approves the settlement in NWE's electric and gas rate cases; the VA Staff files testimony in D's biennial review proceedings; the MD PSC authorizes a $28M revenue increase for Potomac Edison; the IL ALJ proposes a $1.2B revenue increase in EXC's IL electric rate; SRE and EIX request a 70 bps increase to authorized ROE levels; AEP receives IURC approval for ~750 MW of solar power; and SO signs an MOU with GSA to develop carbon pollution-free electricity. Don't miss our EEI schedule included below, and contact us to schedule any meetings.

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.

Please scroll down for our full schedule, including dinners with **DTE** and **AGR.** Please contact us or your KBCM sales representative to schedule meetings.

Upcoming Earnings Reports

AGR reported after the close today. **CMS** and **CNP** report BMO tomorrow (Thursday), followed by **FE** and **NWE** AMC. **POR** and **XEL** report BMO Friday. Our recently published 3Q23 Preview includes our thesis, expectations, and estimates for our coverage. Earlier this week, **NEE** reported earnings. Please scroll down for our takeaways.

Industry News and News from Companies in Our Coverage

NWE — MT PSC approves settlement in electric and gas rate cases; new rates going into effect November 1: The MT PSC voted 5-0 to approve the settlement between NWE, the MT Consumer Counsel, and several intervenors. As a reminder, the settlement agreed to an $82M electric revenue increase and an $18M natural gas revenue increase, including $15M and $4M for the respective property tax trackers. The increases are premised on maintaining the authorized ROE levels for electric and gas at 9.65% and 9.55%, respectively. NWE will continue to earn a 10% ROE at Colstrip Unit 4. The parties also adopted the 48.02% equity layer NWE requested. The approval further validates our view that MT is becoming an incrementally more constructive regulatory construct. However, we note that the PSC denied retroactively implementing rates to October 1, 2022, which our model assumed a true-up in 4Q23. NWE will not appeal the decision and new rates will go into effect on November 1, 2023, which will be incremental to the interim electric and gas rates of $29M and $2M, respectively. Read more about the initial settlement here.

D — Staff files testimony in D's VA biennial review proceedings: Staff's analysis determined that D would produce ROEs of 10.49% and 10.37% in 2024 and 2025, respectively. Therefore, Staff recommends a $72M reduction in revenue in 2024 and a $10M increase in 2025. Staff removed adjustments for lost revenues due to DSM/EE adjustment programs, which drove the most significant difference relative to D's request. D provided a forward-looking, rate-making analysis demonstrating a $26M revenue deficiency in 2024 and an incremental $25M in 2025. However, since the legislation also says that the fold-in of $350M in rider revenue (Rider R – Bear Garden, Rider S – Virginia City, Rider W – Warren County) into base rates cannot serve as a basis for a rate increase, D is not proposing any incremental rates in this proceeding. Staff also recommends that D be able to defer $46M of the $76M of severe weather event costs that D experienced during the 2021 and 2022 test periods. The deferrals allow D to earn the 9.35% authorized ROE for those periods. D would be allowed to amortize the costs over two years, beginning January 1, 2023. D made the biennial rate filing in pursuance of new legislation. An SCC order is expected by March 3, 2024, followed by new rates going into effect April 1, 2024.

FE — MD PSC authorizes $28M revenue increase for Potomac Edison: The MD PSC issued a final order authorizing FE's Potomac Edison to increase rates $28M (net $23M), premised on a 9.5% ROE, 53% equity, and $680M rate base. The authorized rate base excluded post-test-year reliability investments and capitalized administrative and general expenses. The PSC also denied Potomac Edison's proposal for a second phase of the electric distribution investment surcharge (EDIS). Potomac Edison's latest request was for a $50M revenue increase premised on a 10.6% ROE, 53.53% equity layer, and a $719M rate base. New rates are expected to go into effect November 1.

EXC — IL ALJ proposes $1.2B revenue increase in EXC's IL electric rate: The ALJ issued a PD recommending a $1,175M revenue increase, premised on a 9.28% ROE. In briefs, EXC updated its request to a $1,499M revenue increase over the 2024-2027 period while proposing to defer ~$339M for future recovery. EXC is allowed to phase-in up to 50% of the initial year's approved increase to be deferred and recovered within 24 months, or by 2026. EXC's request is premised on gradual increases in its ROE (10.5-10.65%) and equity layers (50.58-51.19%) through the four years. Staff filed briefs recommending a $1,118M revenue increase over 2024-2027 while continuing to make its case for an 8.91% ROE, or 580 bps over the 2022 U.S. Treasury Bond yield of 3.114%. The ALJ denied this method in the PD. Exceptions to the PD are due by November 8. The ICC has until December 20 to issue a final decision. New rates are expected to go into effect January 1, 2024.

- **ROE:** The ALJ recommends a 9.28% ROE throughout the four years of the MYRP. The ALJ derived the recommended ROE using the Staff's DCF (9.23%) and CAPM (9.5%) calculations. The ALJ recommendation is better than the 8.91% ROE Staff recommended using the formula approach of 580 bps over the 2022 U.S. Treasury Bond yield of 3.114%. That approach was no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act, which expired at the end of 2022, and the provisions of the CEJA require that the ROE be determined under current commission law and renders the statutory formula rate as "inoperative." EXC requested a 10.5% ROE with annual step-ups of 5 bps, resulting in a 10.65% ROE by 2026.
- **Equity layer:** The ALJ ruled that EXC should not have a capital structure that exceeds 50% equity, and therefore EXC will be authorized a capital structure that is the lower of 50% equity or the Company's actual equity ratio during each year of the MYRP. The ALJ does not believe an equity layer exceeding 50% is just and reasonable and would require specific ICC approval. The ALJ also noted that EXC did not have a capital structure that exceeded 50% over the past five years, and its capital structure has averaged 46.6% equity since 2012. EXC requested an equity ratio beginning at 50.58% in RY1 with gradual increases to 51.19% by RY4.

Figure 1 - EXC IL Electric MYRP GRC

ALJ ($M); ROE: 9.28%; Equity Layer 50%	2024	2025	2026	2027	Total
Proposed Decision					
Revenue Increase	759.1	152.0	130.4	133.1	**1,174.5**
Rate Base	15,320.0	16,304.1	17,162.9	17,983.9	
Staff ($M); ROE: 8.91%; Equity Layer 50%	**2024**	**2025**	**2026**	**2027**	**Total**
Initial Brief					
Revenue Increase	728.7	141.4	121.8	125.7	**1,117.6**
Rate Base	15,323.8	16,267.0	17,056.6	17,799.7	
EXC ($M); ROE: ~10.5%; Equity Layer ~51%	**2024**	**2025**	**2026**	**2027**	**Total**
Initial Brief					
Revenue Increase	968.5	184.2	167.5	179.0	**1,499.3**
Rate Base	15,364.4	16,411.3	17,389.6	18,389.4	
Direct Testimony					
Revenue Increase	904.3	176.0	218.2	203.1	**1,501.6**
Rate Base	15,439.7	16,488.7	17,559.5	18,749.1	

Source: Regulatory filings, KeyBanc Capital Markets Inc

EIX, SRE — CA utilities request 70 bps increase to authorized ROEs: EIX's SCE and SRE's SoCalGas and SDG&E filed advice letters with the CA PUC seeking a 70 bps increase to authorized ROE levels. SCE, SoCalGas, and SDG&E's current authorized ROEs are 10.05%, 9.8%, and 9.95%, respectively. If approved, the 70 bps ROE increase would raise SCE's revenue requirement by $201M and would raise SoCalGas and SDG&E's revenue requirements by $77M and $44M, respectively. The request is in response to the cost-of-capital mechanism, which allows utilities to seek adjustments to authorized ROEs when utility bond yields change by more than 100 bps. The utilities can seek a change that is up to half of the total difference in utility bond yields. Protests to the requests are due by November 2. EIX and SRE requested new rates to become effective November 12.

AEP — I&M receives IURC approval for ~750 MW of solar power: The Indiana Utility Commission issued an order approving AEP's proposal for four solar projects totaling 749 MW of generation. Specifically, APCo will own and operate the 245 MW Lake Trout and 224 MW Mayapple solar projects while purchasing power from the 100 MW Elkhart County and 180 MW Sculpin projects. AEP expects to commence construction on Lake Trout and Mayapple in 2H24 and enter them into service in 1H26. The projects will require ~$1B of capital. AEP agreed to procure ~2.2 GW of new carbon-free resources in its 2021 IRP. AEP previously received MI PSC approval for the Sculpin, Mayapple, and Elkhart projects but is awaiting approval for Lake Trout due to a different process in MI, given its size.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

SO — SO signs MOU with GSA to develop carbon pollution-free electricity: SO and the U.S. General Services Administration signed an MOU to develop carbon pollution-free electricity options across SO's territory for federal facilities. The GSA and SO would collaborate on developing a roadmap that would eventually lead to federal agencies buying more CFE and achieving reliability and resiliency in the region. The understanding is part of the federal government goal, which was put forth in the Federal Sustainability Plan, seeking to achieve 100% CFE for federal government operations by 2030, including 50% on a 24/7 basis, 100% zero-emission vehicle acquisitions by 2035, and net-zero emissions buildings by 2045, among others.

Figure 2 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM	Atlantica Sustainable (AY)	NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Earnings Recap

NEE — NEE reported an above-consensus quarter and took an impairment charge for NEP. More importantly, NEE began outlining its strategy post the fallout at NEP. The Company's refreshed funding strategy involves tax credit sales, some equity and non-core assets and renewable assets sales. Read our full report here.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	242	48.69	45	18.60
Sector Weight [SW]	250	50.30	39	15.60
Underweight [UW]	5	1.01	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	19	76.00
Sector Weight [SW]	31	54.39	10	32.26
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

This document is hosted on "Morgan Stanley" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corp: Illinois Regulation: Chipping Away Toward a Final Decision
- **Publication Date/Time** : Wednesday, October 25, 2023 04:07:41 AM (GMT)
- **Contributor Name** : Morgan Stanley
- **Primary Analyst(s)** : David Arcaro
- **Link to Document** : https://viewer.apps.factset.com/?_doc_product=FRC&_doc_id=1cf1c1b4b91863ccd4b799093912418c&_doc_docfn=U2FsdGVkX18UsFE%2FJ0Na%2Bt9t6DSUPdzDEtx8JITv3M40X%2FcJe6

EXELON CORP (EXC)

New ALJ rec, same weak ROE; but not yet final

October 24, 2023

Rating:
Outperform
Price:
$38.86
Price Target:
$47
% Upside:
20.9%

View EXC Model
View Comp Table

Company Information

52-Week Range	$37 - $44
Market Cap. (MM)	$38,674
Enterprise Value (MM)	$80,494
Shares Out. (MM)	995.2
Avg. Value Traded (MM)	$251.10
SI% of Float	1.6%

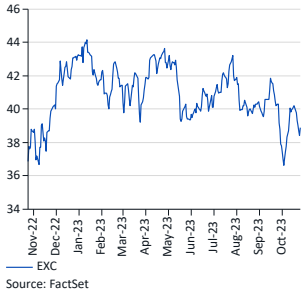

Source: FactSet

Priced as of 10/24/23



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

The Wolfe Byte

An ICC ALJ recommended a disappointing ROE in EXC's ComEd rate case; not a surprise after an ALJ in AEE's similar case. The ICC likely addresses inconsistencies in the ALJ recs with law and gas cases before a final order. We think the 6-8% EPS growth target is intact.

Disappointing ICC ALJ rec: 9.28% ROE and no return on pension. Late 10/23, ICC ALJs recommended in ComEd's 2024-27 electric distribution rate case a 9.28% ROE, no return on pension, and rate base disallowances of ~$100M in 2024 and ~$600M by 2027. The ROE was disappointing but not surprising after ICC ALJs recommended 9.24% for AEE IL electric's rate case last week; see report. The recommended electric ROEs are inconsistent with ICC ALJ proposals in pending gas rate cases (~9.9%) and not supported by the current cost of capital. The ALJ recs will make it harder to achieve the goals in IL's 2021 utility law (CEJA). ComEd will file exceptions on 11/8 and replies 11/20, followed by oral arguments in late Nov. Final ICC decisions in both ComEd and AEE IL electric are due by 12/20. EXC has lagged the UTY by ~300bp since the AEE ALJ was issued. Notably, ComEd distribution is ~27% of EXC's total rate base, and we believe EXC's 6-8% EPS growth target is intact even with the ALJ's proposed ROE.

50bp ComEd distribution ROE = $0.04. Notably allowed ROEs for ComEd had been low under formula rates tied to 30Y UST. We think EXC's 6-8% growth likely assumed ComEd would be at least more in line with prior gas ROEs in IL (9.6-9.7%). ComEd can earn up to 32bp ROE incentives. ComEd requested a WACC on its pension asset, but the ALJ proposes no return; ComEd had been allowed a debt return on pension under formula rates. See p. 3 for more sensitivities. The ICC, which as three new comms, will issue final rulings on pending gas cases in Nov ahead of the electric decisions by 12/20. We are hopeful the ICC will address the inconsistencies of ALJ support for gas investment relative to electric.

Other opportunities. This summer EXC pointed to $870M of transmission capex mostly outside of its 2023-26 capital plan. EXC also is competing for transmission to address load growth in the Dominion territory. Both are indicative of potential capex that could backfill any reduction in ComEd investment.

ESTIMATES			DECEMBER FYE
($)	2023E	2024E	2025E
EPS FY	2.37 E	2.51 E	2.76 E
Cons.	2.36 E	2.51 E	2.72 E
P/E	16.4x	15.5x	14.1x

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

WOLFE RESEARCH

October 24, 2023

Investment Conclusion

We believe EXC is a low-risk utility stock. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%, driven by ~8% rate base growth. We think the stock hit last year on IRA and nonlinear EPS growth was overdone. We think the messaging and conviction on its LT outlook will be well-received. And we see the stock over time trading in line with the low-risk, high-quality utilities. This year, focus will be on a first multiyear rate case in IL, as well as a second multiyear filing in MD and reconciliations of the first MD/BGE multiyear case. Those are expected to add more certainty to an otherwise low-risk utility story.

Valuation

Our $47PT is based on a one-turn premium to our utility group P/E of 16x 2025E.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

WOLFE RESEARCH

October 24, 2023

More on ALJ in ComEd case

ComEd rate case. The ALJs' recommended rate increases and average rate base vs ComEd's revised requests are below. We also note ComEd's requested pension funding costs using its requested WACC.

- Rate increase electric: ALJ vs ComEd
  - 2024: $759M vs $969M
  - 2025: $152M vs $184M
  - 2026: $130M vs $167M
  - 2027: $133M vs $179M
- Rate Base (in $B): ALJ vs ComEd
  - 2024: $15.3 vs $15.4
    - Denied net plant is $88M
  - 2025: $16.3 vs $16.5
    - Denied net plant is $150M
  - 2026: $17.2 vs $17.5
    - Denied net plant is $315M
  - 2027: $18.0 vs $18.6
    - Denied net plant is $589M
- The ALJ rejected ComEd's request for a return on its pension asset, which is outside of rate base. ComEd requested recovery of pension funding costs using a WACC: ~$38M in 2024, $40M in 2025, $42M in 2026, $46M in 2027.

ComEd 2025 EPS sensitivities. The following are key sensitivities for ComEd distribution: Every $100M of disallowed rate base is ~$0.01. Every 50bp ROE is ~$0.04. A debt return (4.27% for 2025) on the jurisdictional portion of ComEd's pension asset (~$700M) is ~$0.03.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Relative stock performance and Comps

As shown in Exhibit 1, EXC has outperformed peers since May but is off 52-week relative highs following the ALJ order in AEE's IL electric case. EXC trades at a modest premium to regulated peers on 2025E; see Exhibit 2.

Exhibit 1: EXC Relative Performance vs. Large-Cap Utilities

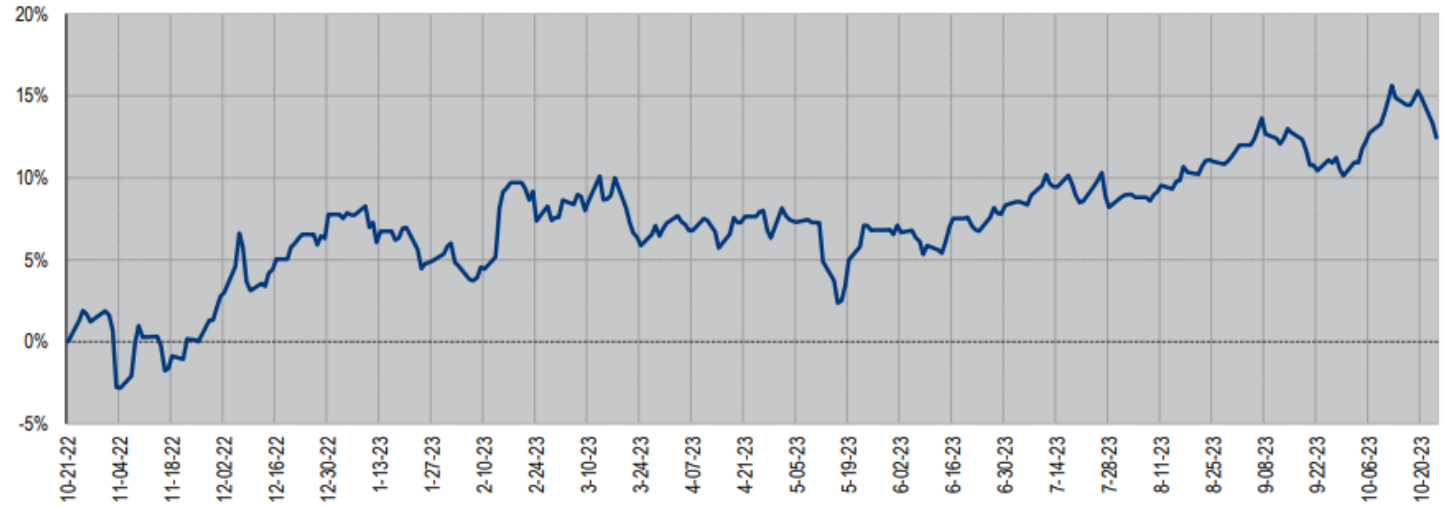

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Exhibit 2: Regulated Utility Comps

Company Name	Ticker	Current Price	Current Shares	Mkt Cap ($M)	P/E 2023E	P/E 2024E	P/E 2025E	P/E 2026E	Div Yield	Div Growth (E)	Payout Ratio	Price/ Book	Equity Ratio
AES Corp.	AES	$14.53	670	$9,730	8.5x	7.5x	6.9x	N/A	4.6%	5.0%	39%	5.9x	12%
Alliant Energy	LNT	$49.44	253	$12,494	17.1x	16.0x	15.1x	14.2x	3.7%	5.8%	63%	1.9x	42%
Ameren	AEE	76.36	263	20,064	17.4x	16.1x	15.1x	14.2x	3.3%	6.8%	58%	1.9x	40%
American Electric	AEP	74.74	515	38,504	14.1x	13.4x	12.5x	11.8x	4.4%	6.0%	63%	1.6x	35%
Avangrid	AGR	30.09	387	11,638	14.3x	14.0x	12.5x	11.6x	5.8%	0.0%	84%	0.6x	65%
CenterPoint Energy	CNP	27.32	631	17,244	18.3x	16.8x	15.6x	14.5x	2.8%	8.6%	51%	1.8x	37%
CMS Energy	CMS	53.64	292	15,648	17.2x	16.1x	14.9x	13.9x	3.6%	6.0%	62%	2.3x	32%
Con Edison	ED	87.97	345	30,343	17.8x	16.4x	15.7x	15.1x	3.7%	2.5%	66%	1.5x	47%
Dominion	D	40.35	837	33,764	11.3x	12.3x	11.2x	N/A	6.6%	0.0%	75%	1.3x	37%
DTE Energy	DTE	97.70	206	20,143	16.0x	14.6x	13.6x	12.6x	4.0%	7.4%	63%	1.9x	35%
Duke Energy	DUK	87.76	771	67,637	15.6x	14.8x	13.9x	13.1x	4.7%	2.0%	73%	1.5x	38%
Edison International	EIX	64.06	383	24,553	13.6x	12.6x	11.4x	N/A	4.6%	5.4%	63%	1.8x	31%
Emera*	EMA	45.46	273	12,411	14.6x	14.0x	13.3x	12.5x	6.1%	4.1%	90%	1.2x	37%
Entergy	ETR	92.40	211	19,538	13.9x	12.8x	12.0x	11.3x	4.9%	6.0%	68%	1.5x	33%
Evergy	EVRG	48.94	230	11,242	13.5x	12.6x	11.9x	11.3x	5.1%	7.0%	69%	1.2x	42%
Eversource Energy	ES	54.03	349	18,861	12.4x	11.7x	11.0x	10.4x	5.0%	5.9%	62%	1.2x	39%
Exelon	EXC	38.86	995	38,674	16.4x	15.5x	14.1x	N/A	3.7%	7.0%	61%	1.5x	37%
FirstEnergy	FE	35.70	573	20,469	14.0x	13.1x	12.4x	11.8x	4.4%	0.0%	61%	1.9x	30%
Fortis*	FTS	54.24	487	26,388	17.6x	16.9x	16.1x	15.6x	4.2%	5.3%	74%	1.3x	42%
NextEra Energy	NEE	55.12	2,051	113,054	17.8x	16.3x	15.1x	14.0x	3.4%	10.0%	61%	2.5x	39%
NiSource	NI	25.23	413	10,426	15.9x	14.8x	13.8x	12.9x	4.0%	6.4%	63%	1.7x	40%
OGE Energy	OGE	33.96	200	6,802	16.7x	16.1x	15.3x	14.5x	4.9%	1.0%	82%	1.6x	48%
PG&E	PCG	16.19	2,091	33,857	13.5x	12.2x	11.1x	10.2x	0.4%	0.0%	5%	1.4x	30%
Pinnacle West	PNW	74.35	113	8,425	17.5x	14.9x	14.2x	13.5x	4.7%	2.0%	82%	1.4x	37%
Portland General	POR	39.79	101	4,023	15.3x	13.1x	12.4x	11.8x	4.7%	5.0%	72%	1.2x	45%
PPL Corp.	PPL	24.14	737	17,793	15.2x	14.1x	13.1x	12.4x	4.0%	6.7%	61%	1.3x	49%
PSEG	PEG	60.48	499	30,186	17.6x	16.5x	15.0x	14.3x	3.8%	5.6%	66%	2.0x	43%
Sempra	SRE	69.78	629	43,913	15.6x	14.7x	13.7x	N/A	3.4%	3.9%	53%	1.6x	47%
Southern Company	SO	66.45	1,091	72,467	18.4x	16.5x	15.4x	14.7x	4.2%	2.9%	78%	2.4x	33%
WEC Energy Group	WEC	81.58	315	25,733	17.7x	16.6x	15.6x	14.6x	3.8%	7.0%	67%	2.2x	39%
Xcel Energy	XEL	59.08	552	32,585	17.6x	16.5x	15.5x	14.7x	3.5%	6.0%	62%	1.9x	39%
Average					**15.6x**	**14.5x**	**13.5x**	**13.1x**	**4.2%**	**4.7%**	**64%**	**1.8x**	**39%**
Average (ex EIX & PCG)					**15.7x**	**14.6x**	**13.7x**	**13.2x**	**4.3%**	**4.9%**	**66%**	**1.8x**	**39%**

Source: Wolfe Utilities & Power Research, FactSet

*Current price shown in CAD

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

WOLFE RESEARCH

October 24, 2023

Exelon Corp. Snapshot

Exhibit 3: Financial Summary

Financial Summary	2023E	2024E	2025E
EPS	$2.37	$2.51	$2.76
Consensus EPS	$2.36	$2.51	$2.72
Dividends Per Share	$1.44	$1.55	$1.65
Payout on Utility net Parent	61%	62%	60%
Equity ratio	38%	38%	37%
FFO/Net Debt	14%	14%	14%
Diluted Shares Outstanding	1,000	1,003	1,006
Valuation Metrics			
P/E	16.4x	15.5x	14.1x
Dividend Yield	3.7%	4.0%	4.3%
Segment EPS	**2023E**	**2024E**	**2025E**
ComEd	1.01	1.08	1.15
PECO	0.55	0.55	0.69
BGE	0.47	0.51	0.55
Pepco	0.64	0.70	0.73
Parent	(0.30)	(0.33)	(0.36)
Total EPS	**$2.37**	**$2.51**	**$2.76**
Realized ROE by Utility			
ComEd	9.9%	9.9%	9.9%
PECO	9.4%	8.6%	9.9%
BGE	9.5%	9.7%	9.6%
Pepco	9.4%	9.6%	9.5%
Average Rate Base ($M)	$53,479	$57,289	$61,440

Source: Wolfe Utilities & Power Research

Exhibit 4: Modeling Assumptions

Assumptions	2023E	2024E	2025E
Capex by Segment ($M)			
ComEd	$2,550	$2,550	$2,925
PECO	1,375	1,575	1,625
BGE	1,325	1,475	1,675
Pepco	1,900	1,950	2,000
Parent/other	0	0	0
Total EXC Capex	**$7,150**	**$7,550**	**$8,225**
EXC			
Equity Issued/(Repurchased)	$142	$142	$142
Debt Issued/(Repurchased)	2,575	2,450	2,950

Source: Wolfe Utilities & Power Research

Exhibit 5: 2024 EPS by Subsidiary

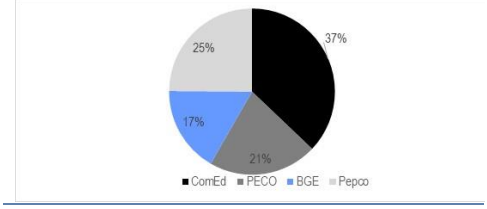

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with above average EPS growth. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%.

Valuation

Our $47 PT is based on a one-turn premium to our utility group average P/E on 2025E. Risks are less capex, lower returns, less cash or more equity needs, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

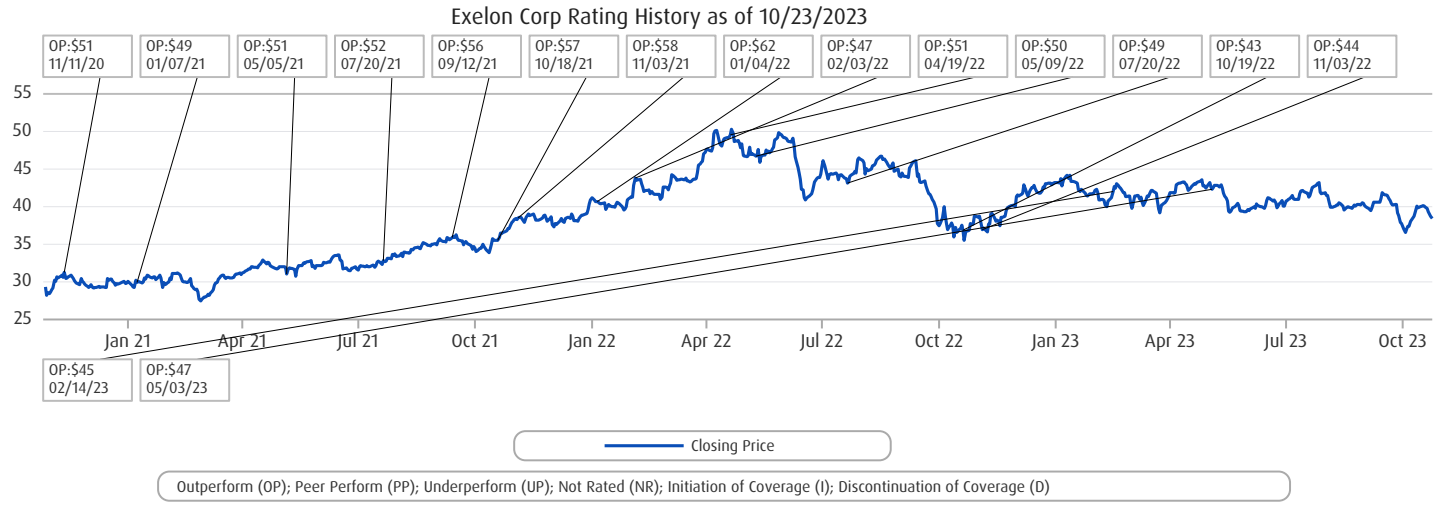

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Wolfe Research, LLC does not assign target prices for Peer Perform rated companies.

Wolfe Research, LLC uses a relative rating system using the terms Outperform, Peer Perform, and Underperform as per the definitions above. Please carefully read these definitions used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and do not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of October 24, 2023):

Outperform:	45%	4% Investment Banking Clients within the previous 12 months
Peer Perform:	45%	1% Investment Banking Clients within the previous 12 months
Underperform:	9%	0% Investment Banking Clients within the previous 12 months

Other Disclosures:

Wolfe Research, LLC does not assign ratings of Buy, Hold, or Sell to the stocks it covers. Outperform, Peer Perform, and Underperform are not the respective equivalents of Buy, Hold, and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold, and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Advisors, LLC is an SEC registered Investment Adviser affiliate of Wolfe Research, LLC. The Research Department of Wolfe Research, LLC produces and distributes research to clients of Wolfe Research, LLC, Wolfe Research Advisors, LLC, and Wolfe Research Securities. Any analysts publishing these reports are associated with Wolfe Research, LLC, Wolfe Research Advisors, LLC, and Wolfe Research Securities.

The Wolfe Daily Howl, Monthly Controversies Report, and The Highlight Note are subscription-based products for Institutional investor subscribers only and are products of Wolfe Research, LLC. The Wolfe Daily Howl may contain previously published research which have been repackaged for Wolfe Daily Howl subscribers. Wolfe Research, LLC,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

its affiliates, officers, directors, employees, and agents will not be liable for any investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein or to participate in any particular trading strategy in any jurisdiction. Opinions and information in this communication constitutes the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable based upon publicly available data but Wolfe Research, LLC, and its affiliates, including but not limited to Wolfe Research Securities and Wolfe Research Advisors, LLC, make no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC, or any of its affiliates to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regard to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research, LLC communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts, and electronic publication to our proprietary website. Facts and views in Wolfe Research, LLC research reports and notes have not been reviewed by, and may not reflect, information known to, professionals in other Wolfe Research, LLC affiliates or business areas, including investment banking personnel.

Copyright © Wolfe Research, LLC 2023. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research, LLC, Wolfe Research Securities and Wolfe Research Advisors, LLC which have been given permission prior to such use. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
ED	86.59	Neutral
ETR	90.92	Buy
EXC	38.40	Buy
FE	34.99	Buy
NEE	51.52	Buy
NEP	22.42	Buy
NI	24.68	Buy
SMR	3.45	Buy

Power & Utilities

October 24, 2023

The Guggenheim Daily Transmission: NEE, NEP, EXC/IL, SMR, Wind, FE, NI, NEE/ED, ETR

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our FE CFO lunch, and other events, scroll down...

'23 LCOE Analysis – Inflation Now Embedded, But IRA Keeps Solar/Wind Competitive; Renewables Not Dead Despite Higher Interest Rates; NEE Positive Lateral (see our note HERE)

Utility and IPP 3Q23: Valuation and Estimate Adjustments (see our note HERE)

Utilities: Perfect Storm of Rates, Tax-Loss Selling, and Macro Concerns Weigh on Sector Valuation: We Remain Cautious and Selective Despite Sell-Off (see our note HERE)

NEE reports 3Q23 EPS beat; NEP reports 3Q23 EBITDA in-line; both reiterate EPS, EBITDA and CAFD guidance; NEER posts strong new project backlog adds

NEP reports 3Q23 EBITDA of $488M vs. $491M consensus

EXC/IL – ALJ PO docketed in ComEd MYP

SMR – NuScale responds to short seller report

Wind – Total sells stake in NY OSW project

FE – Phase 2 of Maryland case continues following $28m base rate increase

NI – Briefs due today in Infrastructure Replacement and Improvement Surcharge proceeding

NEE/ED – MVP continues construction progress; Developer sets 1Q24 COD timeline

ETR – Federal agencies sign agreement for carbon free electricity with ETR-AR

NEE reports 3Q23 EPS beat; NEP reports 3Q23 EBITDA in-line; both reiterate EPS, EBITDA and CAFD guidance; NEER posts strong new project backlog adds

- NEE reported $0.94 EPS for 3Q23 vs. $0.88 consensus and our $0.89 estimate.
- Regulatory Capital Employed has grown 13.4% vs. 12% last quarter
- NEER reported strong earnings growth, despite a drag from lower wind production and higher interest costs (new investment offsetting production and costs). (93% WPI for 3Q23, remains low for 2023 YTD)
- **NEER has ~3,245 MW of new renewables and storage added to the backlog**; ~1,025 MW put in service (strong net adds in 1Q).
- ~455 MW of wind repowering (first additions post IRA, incremental to pre-IRA plan).
- ~21,000+ MW in NEER aggregate backlog.
- **NEE reiterated guidance through 2026, including expectations to be near the top end of the ranges**.
- NEE provided cash flow guidance through 2026. $3B of equity, $3B of asset sales (incl. NEP). ~$25 - $35B of tax equity and project finance expected ($300M done in 2023).

NEP reports 3Q23 EBITDA of $488M vs. $491M consensus

- NEP reported 3Q23 EBITDA of $488M vs. $491M consensus.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- NEP reiterated EBITDA and CAFD run rate guidance of $1,900 - $2,100 MM and $730 - $820 MM respectively (calendar year 2024 expectations for forecasted portfolio as of 12/31/2023)
- NEP reiterated $3.52 annualized DPU rate by year-end, with growth guidance of 5% - 8%, with a target of 6%
- NEP still in process of STX pipeline sales but has settled the CEPF buyouts on revolver; $402M.
- NEP announced plans to repower approximately 740 MW of wind facilities through 2026

EXC/IL – ALJ PO docketed in ComEd MYP

- The ALJ's proposed order in the MYP was docketed last night, calling for a 9.28% ROE (~50% equity)
- "The Commission has consistently approved the use of DCF and CAPM models in determining the cost of common equity. Staff's ROE analysis, using DCF and CAPM models, as adjusted herein is consistent with the Commission's preferred and accepted methods. The Commission finds this result meets the goals of Hope and Bluefield in allowing ComEd to attract capital yet still charge just and reasonable affordable rates. Therefore, the Commission adopts an ROE of 9.28% for each of the four test years." – filing
- "The Commission adopts the Three Tranche Phase-In proposal as proposed by ComEd and initially accepted by the AG. The Three Tranche Phase-In defers 35% of the revenue requirement increase from 2024 to 2026, 10% of the revenue requirement increase from 2025 to 2027, and 35% of the revenue requirement increase from 2026 to 2028."- filing
- More HERE

Guggenheim takeaway: *We believe investor expectations for deviations from AEE's order were fairly muted, with the key case data points appearing to closely resemble AEE's – we continue to parse the order.*

SMR – NuScale responds to short seller report

- The company responded to last week's short seller report with a series of rebuttals this AM
- More HERE

Guggenheim takeaway: *Flagged for your awareness. In our view, many of the seller's data points were not entirely new to investors, with several framing the story in our recent conversations as occupying somewhat of a show-me phase given lower familiarity with ENTRA1 and Standard Power.*

Wind – Total sells stake in NY OSW project

- "Corio and Rise [PRIVATE] took respective stakes of 27.7% and 16.3% in the *Attentive Energy* project. Rise will also contribute its assets and interconnection capabilities in New York City to the project. In exchange, TotalEnergies, which retains the remaining 56%, received a total cash consideration of $420 million. TotalEnergies had secured, in February 2022, 100% of maritime lease OCS-A 0538 at the *New York Bight* auction." – release [NYSE:TTE]
- More HERE

Guggenheim takeaway: *Minor FYI.*

FE – Phase 2 of Maryland case continues following $28m base rate increase

- The MD PSC assigned Potomac Edison a $28.0m base rate increase (vs the ALJ's $31.4m proposal and the company's original $50.4m ask).
- The order featured a 9.50% ROE and 53.0% equity layer, compared with the utility's previously authorized levels of 9.65% and 52.82%, respectively.
- Note that Phase II of the case will now take place and will be limited to consideration of the two programs proposed by the Potomac Edison Company to support low-income customers.
- Docket 9695

Guggenheim takeaway: *We note that modeling to a 9.5% ROE on 53% equity results in no change to FE's EPS vs. the utility's prior earnings parameters of a 9.65% ROE and 52.82% equity ratio, which we had been modeling previously. This is due to MD making up ~3% of FE's rate base.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

NI – Briefs due today in Infrastructure Replacement and Improvement Surcharge proceeding

- Briefs are due today in Columbia Gas of Maryland's Infrastructure Replacement and Improvement Surcharge (IRIS) proceeding.
- Docket 9709

Guggenheim takeaway: *Flagging for your calendar.*

NEE/ED – MVP continues construction progress; Developer sets 1Q24 COD timeline

- FERC approved more temporary workspaces and relocation of certain elements within disturbance limits for MVP.
- The pipeline developer noted last week that given the court challenges and late construction start in 2023, the project will now be ready for COD in 1Q24 (from year end 2023).
- The updated cost estimate also increased from $6.6B to $7.2B.
- MVP also recently filed tariff adjustments for increased maximum tariff rates on the pipe which remains fully subscribed (i.e. increased maximum tariff rate would not affect the negotiated rates)
- FERC Docket: CP16-10. / CP21-57

Guggenheim takeaway: *FYI. Highlights the continued work on construction going into the winter season and the associated with a later 2023 start on construction. MVP had around 50 miles of pipeline construction that was stalled on contested lands that Congress cleared for construction. Temporary workspaces highlight the extensive ramp up in work progress to complete the project by year end. Both ED and NEE have taken major write downs on the MVP project (i.e., not in financial guidance) and would not include any upsides in near term plans. Longer term, the prospect of MVP completion could enable a strategic process (ED specifically mentioned and executed an exit from gas midstream over the past 2 years). At nominal cost the value of MVP is ~1-2% of market cap.*

ETR – Federal agencies sign agreement for carbon free electricity with ETR-AR

- The White House announced an agreement signed with ETR-AR for supply of carbon free electricity for federal agency facilities in AR.
- Collectively, these agencies' total electricity load in the Entergy Arkansas territory is 278 gigawatt-hours
- More here.

Guggenheim takeaway: FYI. Supportive of ETR plans for energy transition and green tariffs across service territories. ETR previously outlined plans for 13 GW of solar over the next decade to support load growth, generation retirements and green tariffs.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update the schedule accordingly.

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

FirstEnergy Corp. (FE)

Jon Taylor, *Chief Financial Officer*

Date & Time

Wednesday, December 6, 2023
12:00PM

Location

Guggenheim Office
330 Madison Ave, 32nd Floor
New York, NY

Company Information

Market Cap: $20.9bn

FirstEnergy Corp. (FE) engages in the generation, transmission, and distribution of electricity as well as energy management and other energy-related services through its subsidiaries. It operates through the following business segments: Regulated Distribution, Regulated Transmission, and Corporate or Other. The Regulated Distribution segment distributes electricity through FirstEnergy's utility operating companies, serving various customers. The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by FirstEnergy's utilities. The Corporate or Other segment reflects corporate support and other costs not charged or attributable to the utilities or transmission companies. The company was founded in 1996 and is headquartered in Akron, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	*10/2–10/3*	West Coast
NRG	*10/4–10/5*	West Coast
PEG	*10/10–10/11*	West Coast
NI	*10/17–10/19*	West Coast
EEI Conference	11/12–11/14	Arizona
FE CFO Lunch	12/6	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

10/23/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$52.40	3,008	3.70	4.17	4.56	4.87	5.07	3.70	4.11	4.35	4.65	5.05	–	0.06	0.21	0.22	–	14.2x	12.8x	12.0x	11.3x	10.4x	-10%	-13%	-12%	-12%	-15%	8.4%	5.4%	70%	Sell	$41	-16%	Neutral	$61	21%
AVA	$31.10	2,380	2.28	2.49	2.61	2.67	2.73	2.29	2.47	2.58	2.64	2.71	–	–	0.03	0.03	–	13.6x	12.6x	12.1x	11.8x	11.5x	-14%	-14%	-12%	-8%	-6%	5.2%	6.1%	78%	Sell	$26	-10%	Sell	$37	23%
NWE	$46.79	2,809	3.42	3.55	3.75	3.91	4.08	3.41	3.58	3.76	3.86	3.98	–	(0.03)	–	0.05	0.10	13.7x	13.1x	12.4x	12.1x	11.8x	-13%	-11%	-9%	-6%	-3%	5.1%	5.6%	73%	Sell	$41	-7%	Neutral	$54	22%
POR	$39.35	3,978	2.66	3.05	3.21	3.38	3.55	2.63	3.04	3.22	3.33	3.49	0.03	–	–	0.05	0.06	15.0x	12.9x	12.2x	11.8x	11.3x	-5%	-12%	-11%	-8%	-7%	5.3%	5.0%	66%	Buy	$45	19%	Buy	$48	27%
		12,175																**14.1x**	**12.8x**	**12.2x**	**11.8x**	**11.2x**	**-10%**	**-12%**	**-11%**	**-9%**	**-8%**	**6.0%**	**5.5%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$75.08	19,707	4.35	4.67	5.05	5.40	5.68	4.37	4.69	5.02	5.36	5.66	–	–	–	0.04	–	17.2x	16.0x	15.0x	14.0x	13.3x	9%	9%	9%	9%	9%	6.6%	3.5%	57%	Neutral	$75	3%	Buy	$85	17%
AEP	$73.35	37,788	5.30	5.64	6.00	6.39	6.81	5.26	5.58	5.98	6.31	6.72	0.04	0.06	–	0.08	0.09	13.9x	13.1x	12.3x	11.6x	10.9x	-12%	-10%	-10%	-10%	-10%	6.0%	4.8%	63%	Buy	$85	21%	Buy	$89	26%
CMS	$52.61	15,348	3.12	3.41	3.65	3.91	4.26	3.10	3.35	3.61	3.86	4.12	–	0.06	0.04	0.05	0.14	17.0x	15.7x	14.6x	13.6x	12.8x	8%	7%	7%	6%	5%	8.1%	3.9%	63%	Neutral	$54	7%	Buy	$62	21%
CNP	$26.80	16,869	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.74	1.87	2.02	–	–	–	–	–	17.9x	16.6x	15.4x	14.3x	13.3x	14%	13%	13%	11%	9%	9.5%	2.9%	49%	Buy	$29	11%	Buy	$31	18%
D	$39.53	33,078	2.88	2.84	3.39	3.75	4.11	3.02	3.17	3.49	3.86	3.90	(0.14)	(0.33)	(0.10)	(0.11)	0.21	13.1x	12.5x	11.3x	10.2x	10.1x	-17%	-15%	-17%	-20%	-17%	-0.4%	6.8%	85%	Buy	$45	21%	Neutral	$49	30%
DTE	$95.97	19,780	6.22	6.73	7.19	7.75	8.30	6.19	6.63	7.15	7.74	8.27	–	0.10	0.04	–	0.03	15.5x	14.5x	13.4x	12.4x	11.6x	-2%	-1%	-2%	-4%	-5%	6.4%	4.2%	62%	Buy	$110	19%	Buy	$119	28%
DUK	$86.33	66,560	5.65	6.05	6.35	6.75	7.15	5.61	5.97	6.34	6.75	7.17	0.04	0.08	–	–	–	15.4x	14.5x	13.6x	12.8x	12.0x	-2%	-1%	-0%	-1%	-1%	6.3%	4.9%	71%	Buy	$93	13%	Buy	$98	18%
ED	$86.59	29,867	4.86	5.19	5.50	5.81	6.02	4.90	5.24	5.53	5.83	6.11	(0.04)	(0.05)	(0.03)	–	(0.09)	17.7x	16.5x	15.7x	14.9x	14.2x	12%	13%	14%	16%	16%	5.6%	3.9%	65%	Neutral	$82	-1%	Neutral	$89	6%
EIX	$61.84	23,703	4.71	4.98	5.48	5.71	6.03	4.71	5.14	5.63	5.98	6.25	–	(0.16)	(0.15)	(0.27)	(0.22)	13.1x	12.0x	11.0x	10.3x	9.9x	-17%	-18%	-20%	-20%	-19%	5.5%	5.0%	61%	Neutral	$63	7%	Buy	$73	22%
ES	$52.46	18,313	4.34	4.70	4.92	5.17	5.37	4.34	4.57	4.83	5.18	5.51	–	0.13	0.09	–	(0.14)	12.1x	11.5x	10.9x	10.1x	9.5x	-23%	-22%	-21%	-21%	-22%	5.6%	5.4%	63%	Neutral	$60	20%	Buy	$71	40%
ETR	$90.92	19,226	6.75	7.16	7.76	8.31	8.97	6.71	7.19	7.71	8.25	8.85	0.04	–	0.05	0.06	0.12	13.6x	12.7x	11.8x	11.0x	10.3x	-14%	-14%	-14%	-14%	-16%	6.9%	5.0%	63%	Buy	$99	14%	Buy	$110	26%
EVRG	$48.32	11,093	3.65	3.89	4.10	4.36	4.63	3.63	3.88	4.12	4.30	4.55	–	–	–	0.06	0.08	13.3x	12.5x	11.7x	11.2x	10.6x	-16%	-15%	-14%	-13%	-13%	4.3%	5.4%	68%	Buy	$54	17%	Buy	$58	25%
EXC	$38.40	38,181	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.10	–	–	–	–	–	16.3x	15.3x	14.1x	13.2x	12.4x	3%	4%	3%	2%	2%	6.4%	4.0%	62%	Buy	$41	11%	Buy	$44	20%
FE	$34.99	20,062	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.88	3.05	3.22	–	–	–	–	0.05	13.8x	13.0x	12.2x	11.5x	10.9x	-12%	-11%	-11%	-11%	-11%	6.3%	4.7%	62%	Buy	$38	13%	Buy	$40	19%
LNT	$48.50	12,257	2.90	3.08	3.27	3.50	3.67	2.88	3.07	3.28	3.49	3.68	–	–	–	–	–	16.8x	15.8x	14.8x	13.9x	13.2x	7%	8%	8%	8%	8%	6.1%	3.9%	63%	Neutral	$43	-7%	Buy	$53	14%
OGE	$33.20	6,650	2.02	2.16	2.25	2.37	2.48	2.01	2.13	2.26	2.40	2.50	–	0.03	–	–	–	16.5x	15.6x	14.7x	13.9x	13.3x	5%	6%	7%	8%	9%	2.8%	5.2%	82%	Neutral	$32	2%	Buy	$36	15%
PCG	$15.74	32,916	1.21	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.59	1.72	–	–	–	–	0.03	13.0x	11.7x	10.7x	9.9x	9.2x	-17%	-20%	-21%	-23%	-25%	9.7%	1.7%	20%	Buy	$19	22%	Buy	$18	19%
PEG	$59.16	29,527	3.45	3.70	4.22	4.38	4.68	3.46	3.69	4.07	4.26	4.50	–	–	0.15	0.12	0.18	17.1x	16.0x	14.5x	13.9x	13.1x	9%	9%	6%	8%	8%	6.2%	4.0%	65%	Buy	$64	12%	Buy	$66	15%
PNW	$73.07	8,280	4.20	5.00	5.15	5.25	5.40	4.21	4.91	5.16	5.36	5.53	–	0.09	–	(0.11)	(0.13)	17.3x	14.9x	14.2x	13.6x	13.2x	10%	2%	4%	6%	9%	4.9%	4.9%	74%	Neutral	$73	5%	Neutral	$80	15%
PPL	$23.68	17,454	1.58	1.71	1.82	1.96	2.08	1.58	1.71	1.82	1.94	2.06	–	–	–	–	–	15.0x	13.9x	13.0x	12.2x	11.5x	-5%	-5%	-5%	-5%	-5%	8.1%	4.3%	60%	Buy	$27	18%	Buy	$29	26%
SO	$65.43	71,418	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.32	4.54	4.74	–	–	–	–	0.06	18.2x	16.3x	15.1x	14.4x	13.8x	15%	11%	11%	12%	13%	5.9%	4.4%	72%	Buy	$72	14%	Buy	$72	15%
WEC	$80.53	25,402	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	17.5x	16.4x	15.3x	14.4x	13.5x	11%	12%	12%	12%	11%	6.1%	4.1%	68%	Neutral	$84	8%	Buy	$91	17%
Mid/Lg Cap (excl. EIX, PCG)																		**15.8x**	**14.7x**	**13.7x**	**12.9x**	**12.2x**							**5.9%**	**4.5%**	**66%**					
SMID + Lg Cap		**585,653**																**15.5x**	**14.4x**	**13.4x**	**12.7x**	**12.0x**							**5.9%**	**4.7%**	**67%**					

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$51.52	104,262	3.13	3.43	3.69	3.99	4.27	3.12	3.39	3.65	3.94	4.36	–	0.04	0.04	0.05	(0.09)	16.5x	15.2x	14.1x	13.1x	11.8x	5%	4%	3%	2%	-3%	8%	3.9%	60%	Buy	$65	30%	Buy	$76	51%
SRE	$68.14	42,881	4.52	4.75	5.06	5.40	5.85	4.49	4.78	5.11	5.49	5.88	0.03	(0.03)	(0.05)	(0.09)	–	15.2x	14.2x	13.3x	12.4x	11.6x	-4%	-3%	-2%	-4%	-5%	-9%	4.7%	67%	Buy	$76	16%	Buy	$79	21%
		147,143																**15.8x**	**14.7x**	**13.7x**	**12.7x**	**11.7x**	**1%**	**0%**	**0%**	**-1%**	**-4%**	**-0.3%**	**4.3%**	**64%**						
Gas LDCs																																				
NI	$24.68	10,199	1.57	1.68	1.82	1.95	2.07	1.58	1.68	1.81	1.94	2.07	–	–	–	–	–	15.6x	14.7x	13.7x	12.7x	11.9x	-1%	0%	-0%	-1%	-2%	7%	4.3%	64%	Buy	$27	14%	Buy	$30	25%
CPK	$89.18	1,587	5.42	5.84	6.23	6.59	6.94	5.26	5.51	6.20	6.62	7.04	0.16	0.33	–	(0.03)	(0.10)	17.0x	16.2x	14.4x	13.5x	12.7x	8%	10%	5%	5%	4%	7%	2.8%	45%	Neutral	$99	14%	Buy	$121	38%
NJR	$41.46	4,045	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.98	3.12	3.42	–	–	(0.04)	–	(0.08)	15.4x	14.9x	13.9x	13.3x	12.1x	-2%	2%	2%	3%	-0%	6%	4.0%	60%	Neutral	$42	5%	Buy	$49	23%
NWN	$38.19	1,340	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.05	3.23	–	0.06	–	0.04	–	14.3x	13.8x	12.7x	12.5x	11.8x	-9%	-6%	-7%	-3%	-3%	5%	5.1%	71%	Neutral	$37	2%	Buy	$49	33%
OGS	$65.38	3,704	4.14	4.24	4.53	4.98	5.31	4.13	4.28	4.56	4.95	5.33	–	(0.04)	–	–	–	15.8x	15.3x	14.3x	13.2x	12.3x	1%	4%	5%	3%	1%	10%	4.1%	63%	Neutral	$64	2%	Neutral	$76	20%
SR	$56.52	2,973	4.20	4.31	4.57	4.73	4.99	4.19	4.32	4.63	4.80	5.06	–	–	(0.06)	(0.07)	(0.07)	13.5x	13.1x	12.2x	11.8x	11.2x	-14%	-11%	-11%	-9%	-8%	5%	5.4%	70%	Neutral	$55	3%	Neutral	$65	21%
		23,848																**15.3x**	**14.7x**	**13.5x**	**12.8x**	**12.0x**	**-3%**	**0%**	**-1%**	**-0%**	**-1%**	**6.7%**	**4.3%**	**62%**						
Regulated Water																																				
AWK	$115.50	22,484	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.60	6.05	6.46	–	–	–	(0.07)	–	24.0x	22.5x	20.6x	19.1x	17.9x	52%	53%	51%	48%	47%	7%	2.6%	58%	Neutral	$126	12%	Buy	$151	34%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$112.11	36,054	3,525	3,951	4,125	3,971	4,213	3,568	3,996	3,991	3,998	4,138	(42)	(45)	134	(27)	75	11.7x	10.1x	9.6x	9.2x	8.4x	41,587	40,326	38,459	36,770	34,964	15.6%	1.1%	22%	Buy	$119	7%	Buy	$115	4%
NRG	$40.64	9,311	3,235	3,250	3,126	3,042	3,107	3,031	3,255	3,152	2,980	3,095	204	–	(26)	62	–	6.2x	5.4x	5.1x	4.9x	4.2x	18,795	17,444	15,964	14,583	13,128	21.2%	4.0%	26%	Neutral	$36	-7%	Neutral	$41	6%
VST	$31.89	11,722	4,050	3,906	3,997	3,822	3,513	3,867	4,223	4,145	4,044	4,318	183	(317)	(148)	(222)	(805)	6.0x	5.4x	5.4x	5.4x	4.9x	23,080	22,717	22,193	21,793	21,072	8.7%	2.7%	24%	Buy	$32	3%	Buy	$36	17%
Other																																				
NEP	$22.42	2,095	1,837	1,977	2,143	2,325	2,471	1,901	1,993	2,034	2,070	2,165	(64)	–	109	255	306												15.6%	–	Buy	$42	103%	Buy	$35	70%
SMR	$3.45	257	(143)	(57)	8	96	n/a	(137)	(62)	1	144	452	–	–	–	(48)	–												–	–	Buy	$14	306%	Buy	$11	225%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

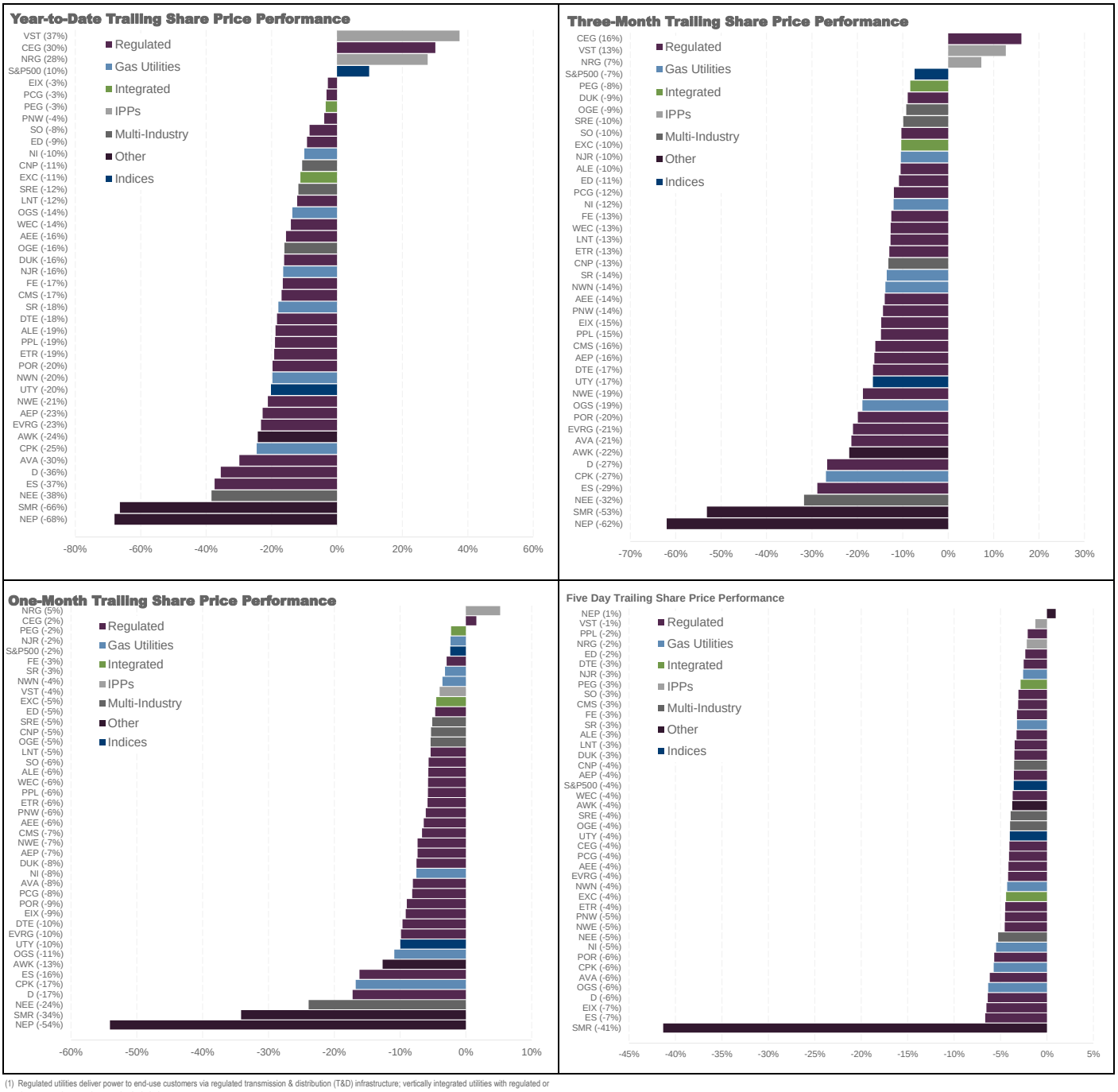

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

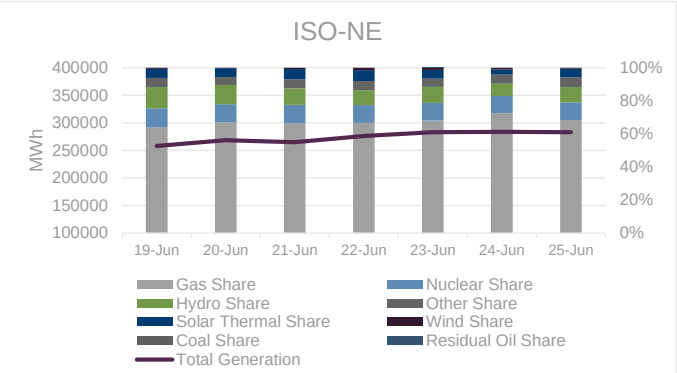

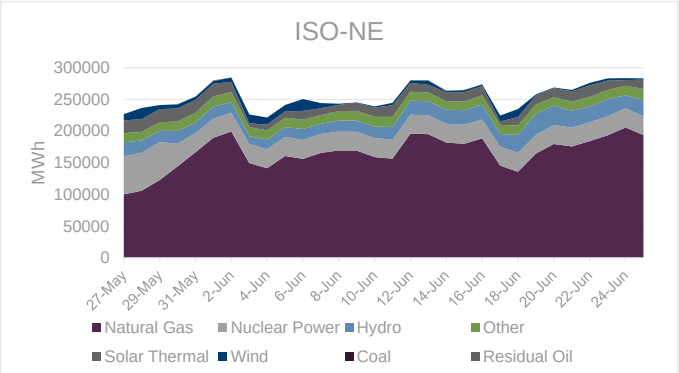

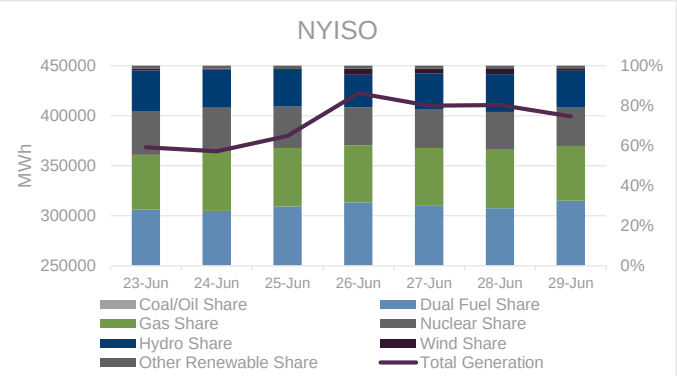

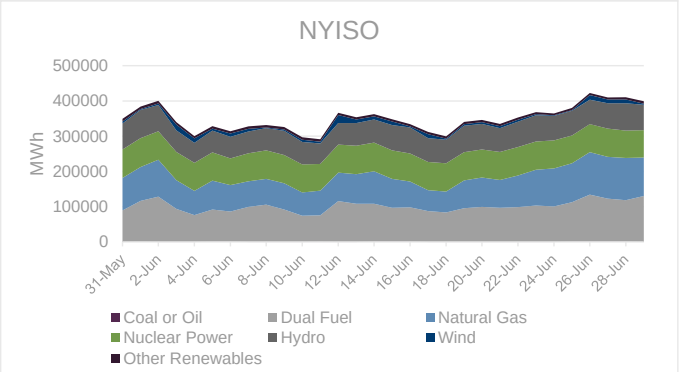

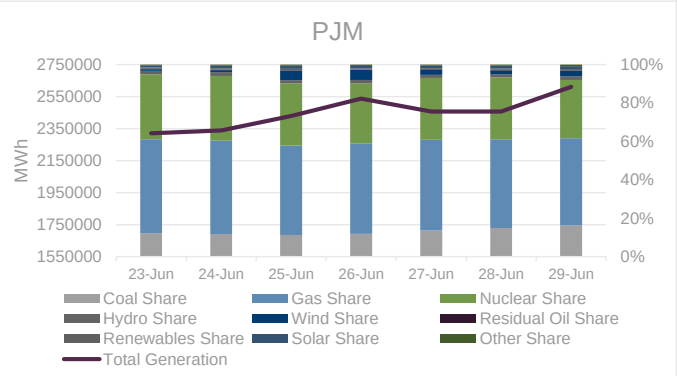

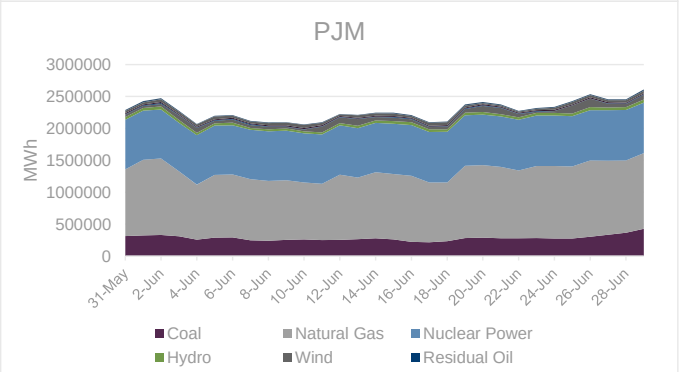

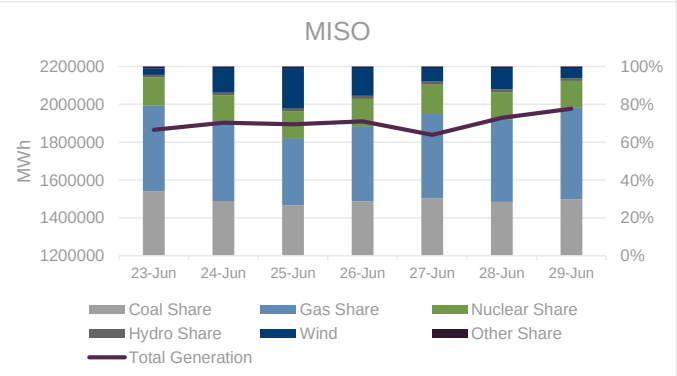

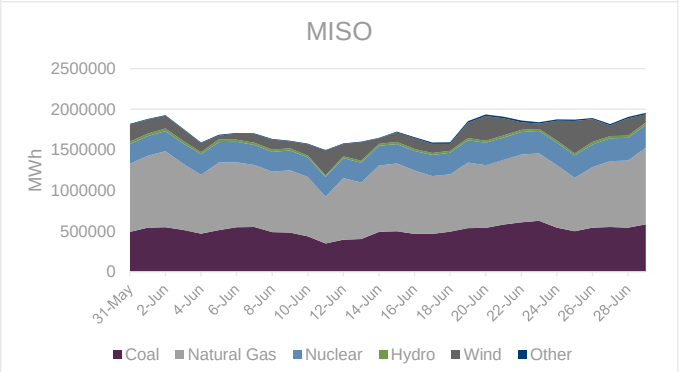

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

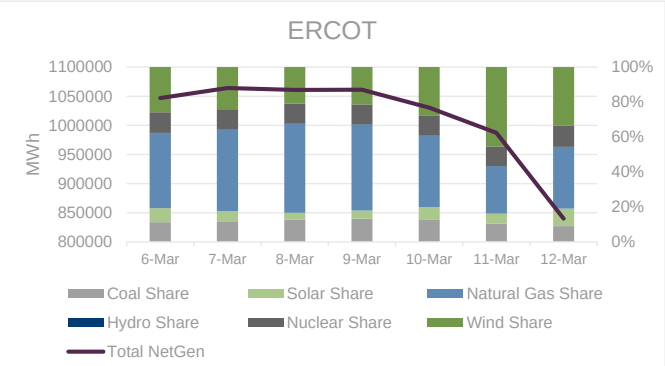

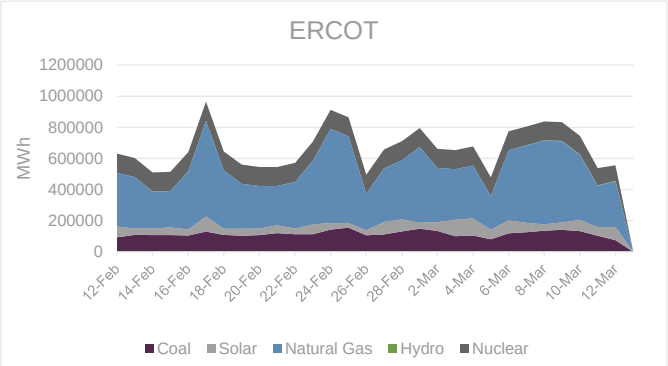

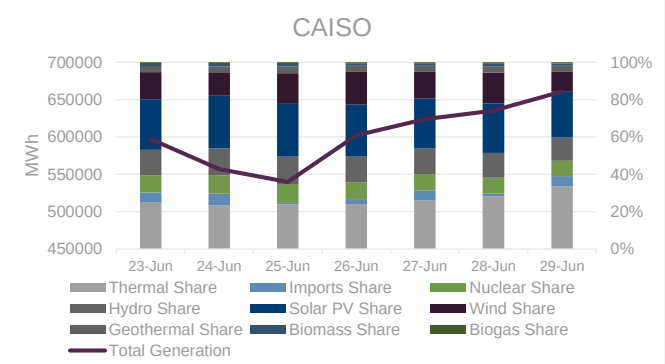

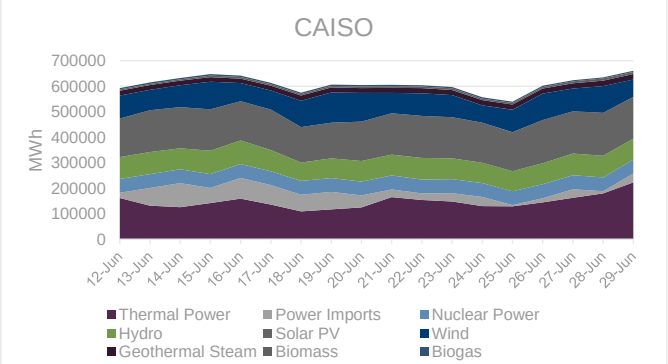

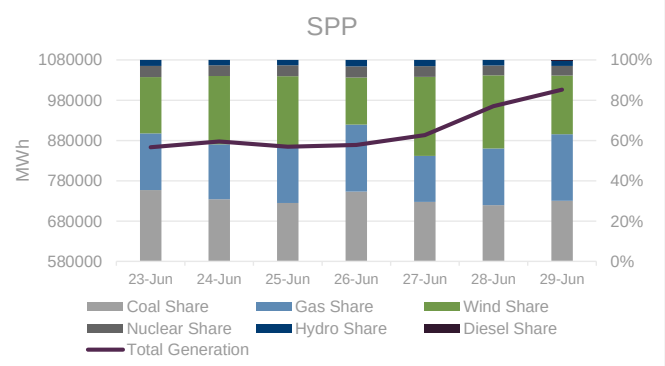

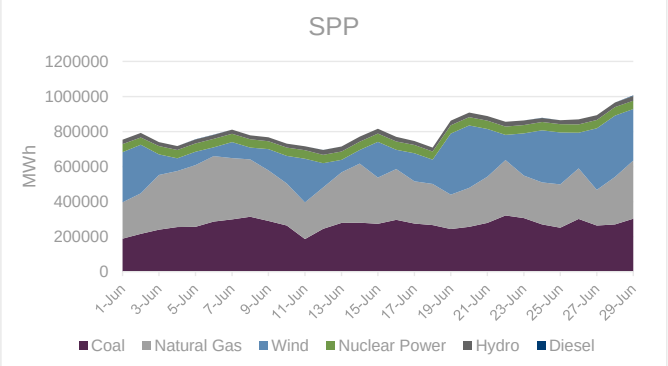

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

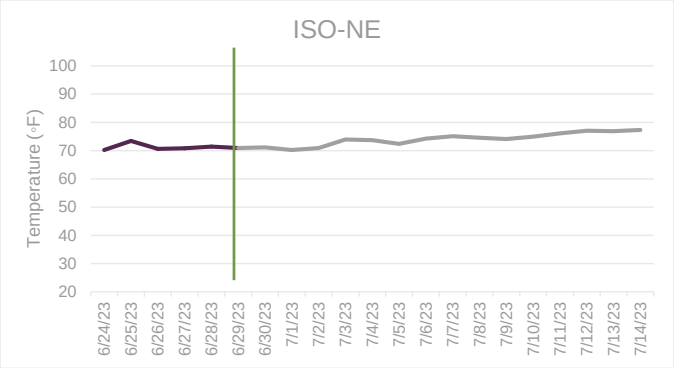

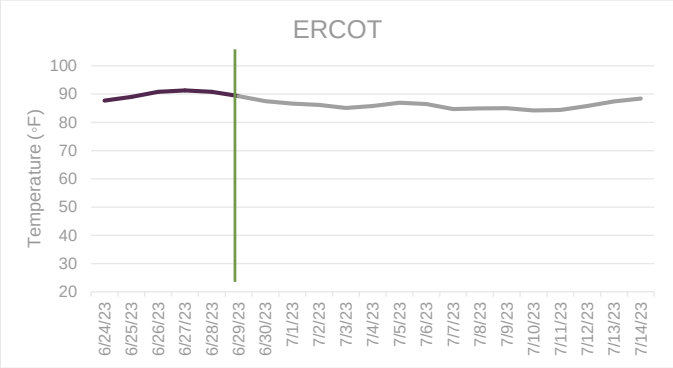

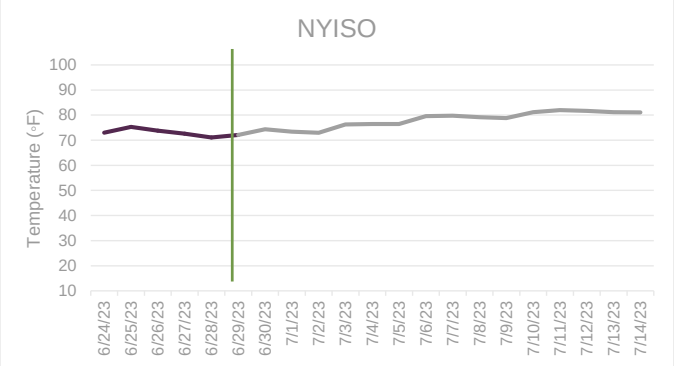

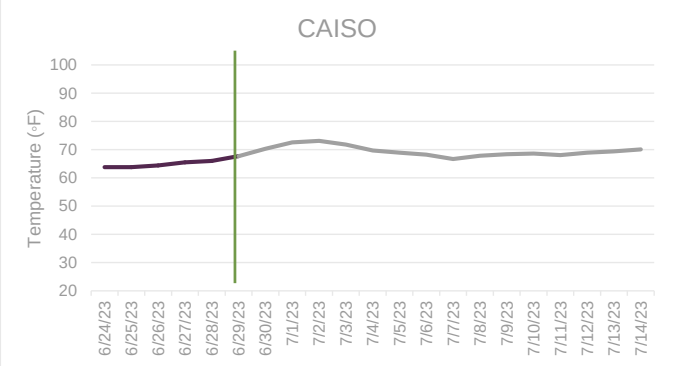

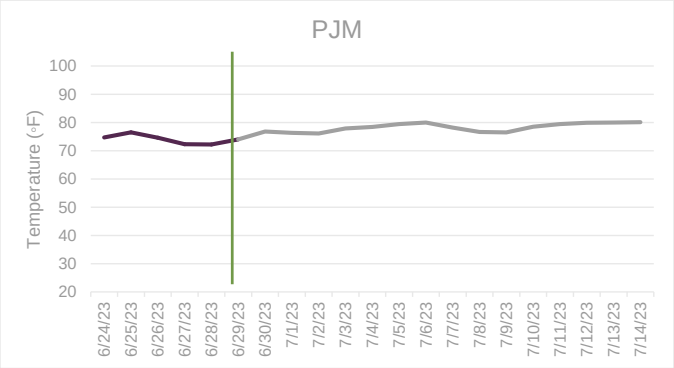

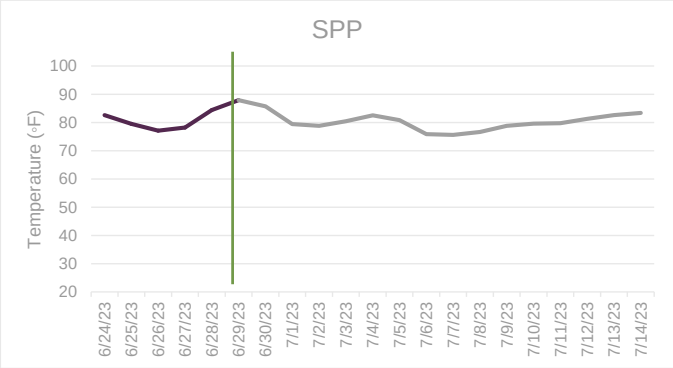

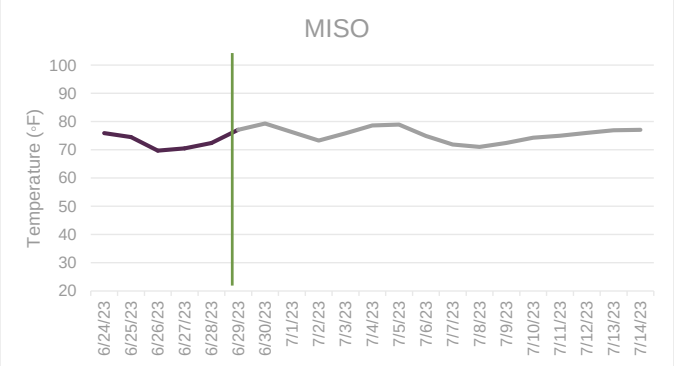

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

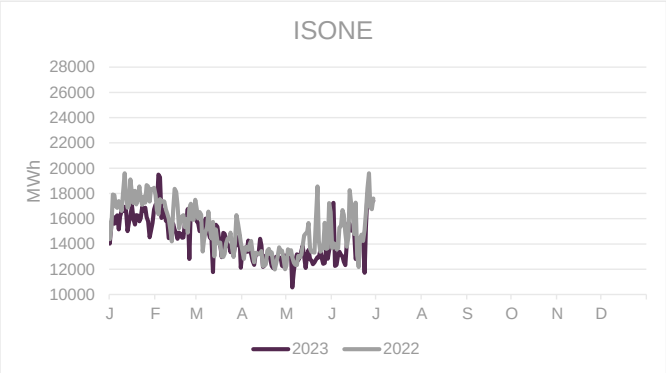

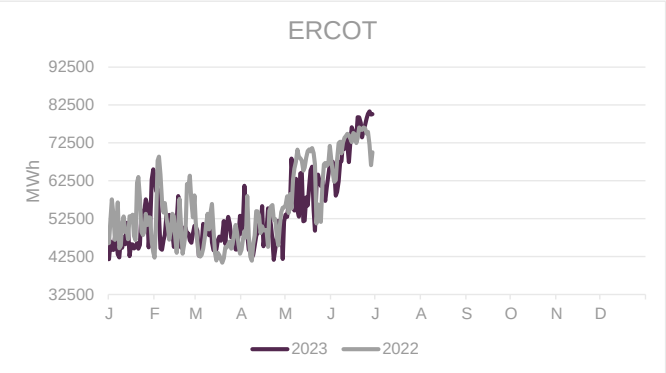

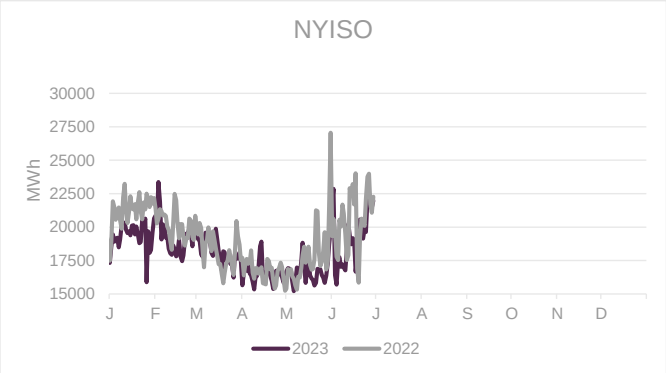

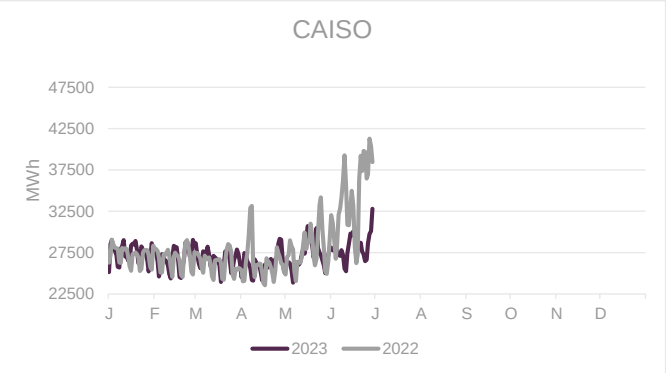

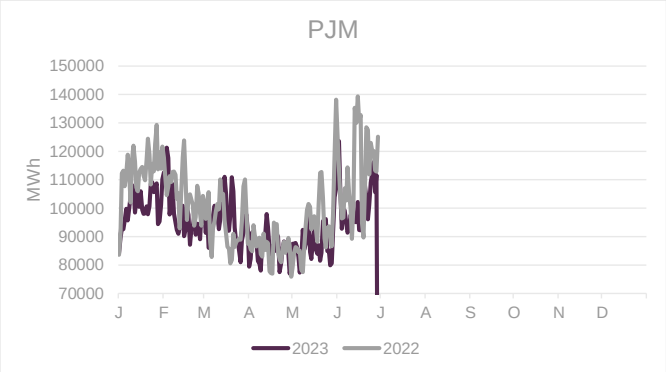

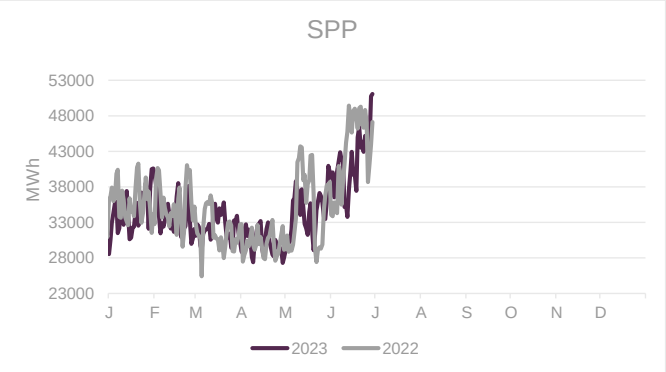

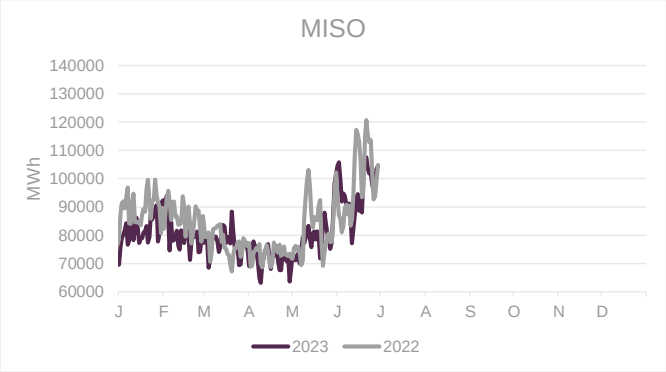

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- '23 LCOE Analysis – Inflation Now Embedded, But IRA Keeps Solar/Wind Competitive; Renewables Not Dead Despite Higher Interest Rates; NEE Positive Lateral
- ES – The Wind Keeps Blowing in the Wrong Direction: Another Messaging Miss, Downgrading to NEUTRAL on Balance Sheet, Protracted OSW Process
- Utilities: Perfect Storm of Rates, Tax-Loss Selling, and Macro Concerns Weigh on Sector Valuation: We Remain Cautious and Selective Despite Sell-Off
- DTE – 2023 Electric Rate Case PFD Drops Revenue Request Below Bid-Ask; MPSC Has Final Say, But Litigation Risk Now Apparent
- EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day
- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	244	66.85%	41	16.80%
NEUTRAL	112	30.68%	8	7.14%
SELL	9	2.47%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Exelon Corp

ALJ Recommends 9.28% ROE; ICC Can Improve It With Final Order

Equities

Americas

Electric Utilities

12-month rating	**Buy**
12m price target	**US$47.00**
Price (23 Oct 2023)	**US$38.40**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$44.15-36.61
Market cap.	US$38.2b
Shares o/s	995m (COM)
Free float	100%
Avg. daily volume ('000)	5,188
Avg. daily value (m)	US$207.4
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.5x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E	
	UBS	**Cons.**
Q1	0.70	0.70
Q2	0.41	0.41
Q3E	0.68	0.67
Q4E	0.57	0.58
12/23E	2.36	2.36
12/24E	2.54	2.50
12/25E	2.77	2.73

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Jeffrey Keitel
Associate Analyst
jeffrey.keitel@ubs.com
+1-212-713 4095

What Happened?

The proposed order in EXC's ComEd multi-year rate case in Illinois was filed post-close yesterday. The 9.28% ROE recommendation is just slightly higher than what we saw in AEE's case (note here) where the Administrative Law Judge recommended a 9.24%. Outside of the ROE, the proposed decision modestly improved upon the Staff position filed in July, with the cumulative revenue increase over '24 to '27 being $1,1175mm vs. Staff at $1,076mm and EXC's ask of $1,550mm. This is a very reasonable outcome on revenue at ~76% of the ask. The PD supports Staff's recommendation of 50.0% vs. the company's request of ~51.0%. On rate base the PD calls for $17,984mm in 2027 vs. Staff at $17,680mm and EXC at $18,715mm.

What's Our Take?

The cat was out of the bag on this disappointing ROE recommendation over the weekend with AEE. EXC underperformed the XLU by 145bps yesterday as most investors priced in the proposed decision in the AEE-IL case, so we don't believe there should be much incremental negative reaction from here. As we commented in that case, recent proposed decisions in several natural gas utility cases in Illinois, ranged from 9.83-9.89%. The formula rate mechanism the ComEd has been operating under for over a decade would imply 10.91%. For sensitivities, a 25bps change in ROE is worth ~ $0.02/shr and 100bps change in equity ratio is worth $0.015/shr. If a final order were to adopt the PD "as is", we see ~1.0% downside to EPS in '25 or ~3c/shr relative to what we believe the company embeds in the midpoint of its 6-8% EPS CAGR from 2022 through 2026, which we assume is ~9.6%. We note this is before any mitigation efforts on the part of management and the company will be eligible to earn up to 32bps of incentive ROE adders under the new multi-year rate plan framework.Overall, despite the ROE being a bit lower than expected (and still potential for improvement) the PD appears balanced and reasonable on revenue and rate base.

What's Next?

Exceptions to the proposed order are due 11/8, replies to exceptions are due 11/20 and a final order is due is 12/20. The company reports Q3 earnings on 11/2. The company will not be providing updated financial guidance until the Q4 call, but we expect the company to update views on the Illinois and Maryland regulatory processes and the pursuit of additional transmission projects.

Valuation:

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)

Profitability/valuation	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	9.7	9.1	8.5	7.9	9.3
P/E (UBS, diluted) x	22.4	25.7	19.7	16.3	15.1	13.9	13.0	12.0
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.6)	(3.2)	(3.6)	(2.8)	(1.4)
Dividend yield (net) %	2.9	2.9	3.0	3.8	4.0	4.3	4.7	5.0

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 38.40 on 23-Oct-2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 8.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

We maintain our Buy rating and $47 price target.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Figure 1 shows the the Company and Staff position (as of July) and the ALJ position on revenue, rate base, equity ratio and ROE.

Figure 1: ComEd MYP Rate Case Position Summary

	Rate Base			Revenue			Equity Ratio			ROE		
	EXC	Staff	ALJ	EXC	Staff	ALJ	EXC	Staff	ALJ	EXC	Staff	ALJ
2024	15,417	15,337	15,320	980	719	759	50.58%	50.00%	50.00%	10.50%	8.91%	9.28%
2025	16,486	16,219	16,304	179	125	152	50.81%	50.00%	50.00%	10.55%	Formula	9.28%
2026	17,560	16,978	17,163	189	118	130	51.03%	50.00%	50.00%	10.60%	Formula	9.28%
2027	18,715	17,680	17,984	202	114	133	51.19%	50.00%	50.00%	10.65%	Formula	9.28%
Total			96%	1,550	1,076	1,076						

Source: Illinois Commerce Commission Filings

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Revenues	**15,436**	**17,938**	**19,078**	**18,406**	*-3.5*	**18,970**	*3.1*	**19,644**	**20,365**	**21,063**
Gross profit	9,715	11,554	12,703	12,031	*-5.3*	12,595	*4.7*	13,269	13,990	14,688
EBITDA (UBS)	**5,445**	**5,715**	**6,640**	**7,466**	*12.4*	**7,970**	*6.8*	**8,577**	**9,234**	**9,873**
Depreciation & amortisation	(2,891)	(3,033)	(3,325)	(3,563)	*-7.2*	(3,815)	*-7.1*	(4,088)	(4,367)	(4,646)
EBIT (UBS)	**2,554**	**2,682**	**3,315**	**3,902**	*17.7*	**4,155**	*6.5*	**4,489**	**4,867**	**5,227**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	597	261	535	535	*0.0*	584	*9.2*	584	584	584
Net interest	(1,278)	(1,289)	(1,447)	(1,464)	*-1.2*	(1,533)	*-4.7*	(1,583)	(1,695)	(1,742)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**1,873**	**1,654**	**2,403**	**2,973**	*23.7*	**3,206**	*7.8*	**3,490**	**3,756**	**4,069**
Tax	(118)	(38)	(349)	(619)	*-77.5*	(666)	*-7.5*	(715)	(780)	(841)
Profit after tax	**1,755**	**1,616**	**2,054**	**2,353**	*14.6*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Preference dividends	(9)	0	0	0	-	0	-	0	0	0
Minorities	(6)	175	185	0	-	0	-	0	0	0
Extraordinary items	(352)	(175)	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,388**	**1,616**	**2,239**	**2,353**	*5.1*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Net earnings (UBS)	**1,740**	**1,791**	**2,239**	**2,353**	*5.1*	**2,540**	*7.9*	**2,775**	**2,976**	**3,227**
Tax rate (%)	6.3	2.3	14.5	20.8	*43.5*	20.8	*-0.3*	20.5	20.8	20.7

Per Share (US$)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
EPS (UBS, diluted)	1.78	1.83	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
EPS (local GAAP, diluted)	1.42	1.65	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
EPS (UBS, basic)	1.78	1.83	2.27	2.36	*4.1*	2.54	*7.5*	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	*6.7*	1.55	*7.6*	1.67	1.79	1.91
Cash EPS (UBS, diluted) [1]	4.74	4.92	5.64	5.94	*5.3*	6.35	*7.0*	6.85	7.30	7.78
Book value per share	20.66	35.09	24.89	26.03	*4.6*	27.02	*3.8*	28.14	29.45	30.81
Average shares (diluted)	977	980	987	996	*0.9*	1,000	*0.4*	1,002	1,006	1,012

Balance Sheet (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Cash and equivalents	437	672	1,090	885	*-18.8*	25	*-97.2*	416	376	343
Other current assets	5,178	13,285	6,246	7,411	*18.7*	7,568	*2.1*	7,756	7,957	8,151
Total current assets	**5,615**	**13,957**	**7,336**	**8,296**	*13.1*	**7,593**	*-8.5*	**8,172**	**8,332**	**8,494**
Net tangible fixed assets	60,370	64,558	69,076	72,663	*5.2*	76,398	*5.1*	80,485	84,494	88,223
Net intangible fixed assets	6,630	6,630	6,630	6,630	*0.0*	6,630	*0.0*	6,630	6,630	6,630
Investments / other assets	8,608	47,868	12,307	12,307	*0.0*	12,307	*0.0*	12,307	12,307	12,307
Total assets	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,928**	*3.0*	**107,594**	**111,763**	**115,653**
Trade payables & other ST liabilities	5,019	12,710	6,223	5,727	*-8.0*	5,845	*2.1*	5,986	6,137	6,283
Short term debt	2,813	3,401	4,388	3,386	*-22.8*	2,736	*-19.2*	4,743	2,936	3,136
Total current liabilities	**7,832**	**16,111**	**10,611**	**9,113**	*-14.1*	**8,581**	*-5.8*	**10,729**	**9,073**	**9,419**
Long term debt	29,308	31,139	35,662	40,537	*13.7*	43,012	*6.1*	44,355	48,755	50,755
Other long term liabilities	23,886	50,968	24,332	24,332	*0.0*	24,332	*0.0*	24,332	24,332	24,332
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**61,026**	**98,218**	**70,605**	**73,982**	*4.8*	**75,925**	*2.6*	**79,416**	**82,160**	**84,506**
Common s/h equity	**20,186**	**34,393**	**24,744**	**25,913**	*4.7*	**27,002**	*4.2*	**28,178**	**29,603**	**31,148**
Minority interests	11	402	0	0	-	0	-	0	0	0
Total liabilities & equity	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,928**	*3.0*	**107,594**	**111,763**	**115,653**

Cash Flow (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Net income (before pref divs)	1,397	1,616	2,239	2,353	*5.1*	2,540	*7.9*	2,775	2,976	3,227
Depreciation & amortisation	2,891	3,033	3,325	3,563	*7.2*	3,815	*7.1*	4,088	4,367	4,646
Net change in working capital	(246)	(816)	1,184	(1,660)	-	(39)	*97.6*	(47)	(50)	(48)
Other operating	(588)	(821)	(1,878)	0	-	0	-	0	0	0
Operating cash flow	**3,454**	**3,012**	**4,870**	**4,256**	*-12.6*	**6,316**	*48.4*	**6,815**	**7,292**	**7,825**
Tangible capital expenditure	(6,301)	(7,981)	(7,147)	(7,150)	*0.0*	(7,550)	*-5.6*	(8,175)	(8,375)	(8,375)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	877	16	0	-	0	-	0	0	0
Other investing	7	3,787	141	0	-	0	-	0	0	0
Investing cash flow	**(6,294)**	**(3,317)**	**(6,990)**	**(7,150)**	*-2.3*	**(7,550)**	*-5.6*	**(8,175)**	**(8,375)**	**(8,375)**
Equity dividends paid	(1,486)	(1,497)	(1,334)	(1,435)	*-7.5*	(1,551)	*-8.1*	(1,674)	(1,801)	(1,933)
Share issues / (buybacks)	0	0	563	250	*-55.6*	100	*-60.0*	75	250	250
Other financing	1,629	(885)	(2,660)	0	-	0	-	0	0	0
Change in debt & pref shares	2,602	3,140	5,022	3,873	*-22.9*	1,825	*-52.9*	3,350	2,593	2,200
Financing cash flow	**2,745**	**758**	**1,591**	**2,688**	*69.0*	**374**	*-86.1*	**1,751**	**1,042**	**517**
Cash flow inc/(dec) in cash	**(95)**	**453**	**(529)**	**(205)**	*61.2*	**(860)**	*-318.8*	**391**	**(40)**	**(33)**
FX / non cash items	0	(218)	947	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(95)**	**235**	**418**	**(205)**	-	**(860)**	*-318.8*	**391**	**(40)**	**(33)**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Exelon Corp (EXC.O)

Valuation (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
P/E (local GAAP, diluted)	28.1	28.5	19.7	16.3	15.1	13.9	13.0	12.0
P/E (UBS, diluted)	22.4	25.7	19.7	16.3	15.1	13.9	13.0	12.0
P/CEPS	8.4	9.5	7.9	6.5	6.0	5.6	5.3	4.9
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.6)	(3.2)	(3.6)	(2.8)	(1.4)
Dividend yield (net) %	2.9	2.9	3.0	3.8	4.0	4.3	4.7	5.0
P/BV	1.9	1.3	1.8	1.5	1.4	1.4	1.3	1.2
EV/revenues (core)	4.8	4.6	4.1	3.9	3.8	3.7	3.6	4.4
EV/EBITDA (UBS core)	13.5	14.4	11.8	9.7	9.1	8.5	7.9	9.3
EV/EBIT (core)	28.9	30.6	23.6	18.6	17.5	16.2	14.9	17.6
EV/OpFCF (core)	28.9	30.6	23.6	18.6	17.5	16.2	14.9	17.6
EV/op. invested capital	1.4	1.3	1.1	1.1	1.0	1.0	0.9	1.1

Enterprise value (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Market cap.	38,844	45,975	43,902	38,208	38,208	38,208	38,208	38,208
Net debt (cash)	30,329	32,776	32,776	32,776	32,776	32,776	32,776	52,432
Buy out of minorities	11	402	0	0	0	0	0	0
Pension provisions/other	4,503	2,862	1,616	1,616	1,616	1,616	1,616	1,616
Total enterprise value	**73,687**	**82,015**	**78,294**	**72,600**	**72,600**	**72,600**	**72,600**	**92,256**
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	**73,687**	**82,015**	**78,294**	**72,600**	**72,600**	**72,600**	**72,600**	**92,256**

Growth (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenue	(0.5)	16.2	6.4	(3.5)	3.1	3.6	3.7	3.4
EBITDA (UBS)	(5.5)	5.0	16.2	12.4	6.8	7.6	7.7	6.9
EBIT (UBS)	(16.2)	5.0	23.6	17.7	6.5	8.0	8.4	7.4
EPS (UBS, diluted)	(7.1)	2.6	24.1	4.1	7.5	9.0	6.9	7.8
Net DPS	(7.1)	16.6	0.0	6.7	7.6	7.7	7.2	6.7

Margins & Profitability (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Gross profit margin	62.9	64.4	66.6	65.4	66.4	67.5	68.7	69.7
EBITDA margin	35.3	31.9	34.8	40.6	42.0	43.7	45.3	46.9
EBIT (UBS) margin	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
Net earnings (UBS) margin	11.3	10.0	11.7	12.8	13.4	14.1	14.6	15.3
ROIC (EBIT)	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
ROIC post tax	4.4	4.1	4.1	4.5	4.5	4.7	4.8	4.9
ROE (UBS)	8.9	6.6	7.6	9.3	9.6	10.1	10.3	10.6

Capital structure & Coverage (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Net debt / EBITDA	5.8	5.9	5.9	5.8	5.7	5.7	5.6	5.4
Net debt / total equity %	156.9	97.3	157.5	166.1	169.3	172.8	173.3	171.9
Net debt / (net debt + total equity) %	61.1	49.3	61.2	62.4	62.9	63.3	63.4	63.2
Net debt/EV %	41.2	40.0	46.5	56.5	61.1	65.0	68.9	56.8
Capex / depreciation %	NM	NM	NM	NM	197.9	200.0	191.8	180.3
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	2.0	2.1	2.3	2.7	2.7	2.8	2.9	3.0
Dividend cover (UBS)	1.5	1.4	1.7	1.6	1.6	1.7	1.7	1.7
Div. payout ratio (UBS) %	64.9	73.8	59.5	60.9	61.0	60.3	60.5	59.8

Revenues by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
Total	**15,436**	**17,938**	**19,078**	**18,406**	**18,970**	**19,644**	**20,365**	**21,063**

EBIT (UBS) by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Total	**2,554**	**2,682**	**3,315**	**3,902**	**4,155**	**4,489**	**4,867**	**5,227**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Forecast returns

Forecast price appreciation	+22.4%
Forecast dividend yield	4.0%
Forecast stock return	+26.4%
Market return assumption	10.0%
Forecast excess return	+16.3%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 4) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 5) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $47 premised on a 6% premium to the group multiple or 17.0x our $2.77/share earnings forecast for 2025. Our 6% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 3% discount for a 3rd quartile regulatory ranking overall, a 2% premium for 2nd quartile earnings growth, a 5% premium for energy transition, and 3% discount for lower pricing power.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 24 October 2023 01:10 PM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	40%
Neutral	FSR is between -6% and 6% of the MRA.	38%	42%
Sell	FSR is > 6% below the MRA.	9%	40%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 September 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$38.40	23 Oct 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

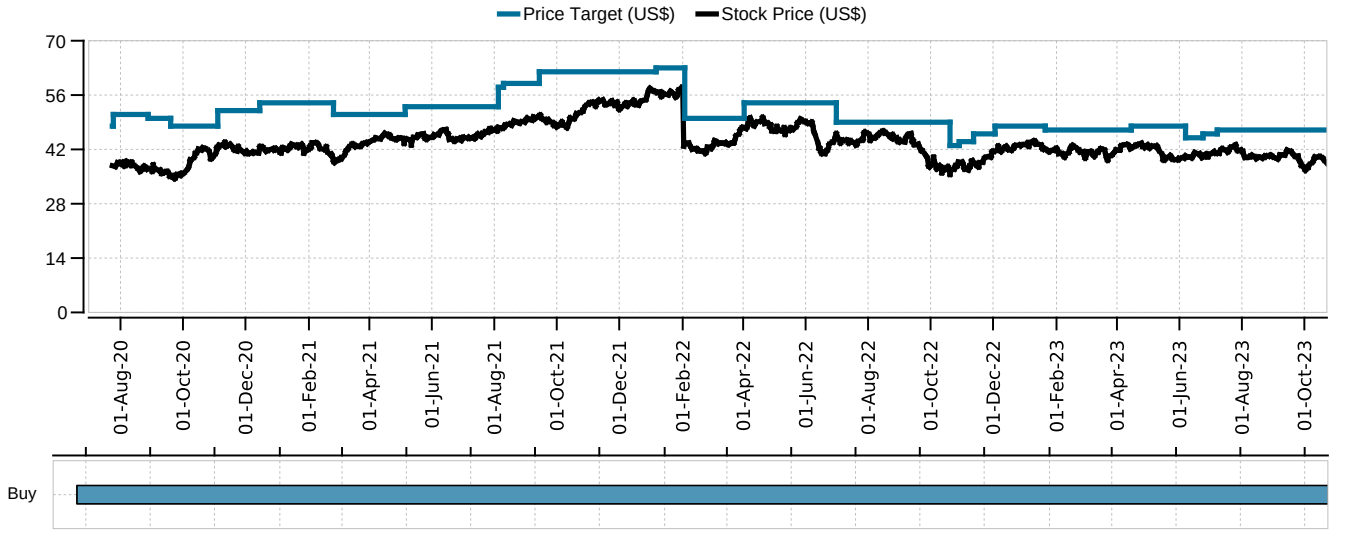

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-07-23	38.64	48.00	Buy
2020-07-24	37.80	51.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-08-27	36.89	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy
2023-06-23	39.87	46.00	Buy
2023-07-07	40.96	47.00	Buy

Source: UBS Global Research; Refinitiv as of 23-Oct-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer. The Disclaimer relevant to Credit Suisse Wealth Management follows the Global Wealth Management Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. UBS Brasil CCTVM is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman: 0800-940-0266/ https://www.ubs.com/br/pt/ubsbb-investment-bank/ombudsman.html **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). For all other recipients: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG, Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG, Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division, this UBS Global Research is issued under the license of UBS Securities Australia Limited. All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG, Sydney Branch's Wealth Management Division. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 3 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio incorporating ESG factors or Sustainable Investing considerations may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Disclosures: If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosure_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS Europe SE Succursale de France (a branch of UBS Europe SE), having its registered office at 69 boulevard Haussmann 75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N°844 425 629. UBS Europe SE Succursale de France is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the French "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

form of a Societas Europaea, duly authorized by BaFin. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 3 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830 and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: parameshwaran.s@ubs.com, Name of Grievance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: ol-ubs-sec-compliance@ubs.com. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons only by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Credit Suisse Wealth Management Disclaimer

This disclaimer must be read in conjunction with "Risk information" and "Important Information About Sustainable Investing Strategies" sections of the Global Wealth Management Disclaimer above. You receive this document in your capacity as a client of Credit Suisse Wealth Management. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website https://www.credit-suisse.com. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by Credit Suisse AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Credit Suisse AG is a UBS Group company. **Australia:** This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division this UBS Global Research is issued under the license of UBS Securities Australia Limited (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098) . All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG Sydney Branch' Wealth Management Division. **Bahrain:** This report is distributed by Credit Suisse AG, Bahrain Branch, authorized and regulated by the Central Bank of Bahrain (CBB) as an Investment Firm Category 2. Related financial services or products are only made available to professional clients and Accredited Investors, as defined by the CBB, and are not intended for any other persons. The Central Bank of Bahrain has not reviewed, nor has it approved, this document or the marketing of any investment vehicle referred to herein in the Kingdom of Bahrain and is not responsible for the performance of any such investment vehicle. Credit Suisse AG, Bahrain Branch is located at Level 21, East Tower, Bahrain World Trade Centre, Manama, Kingdom of Bahrain. **Brazil:** This report is distributed in Brazil by Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários or its affiliates. Pursuant to CVM Resolution No. 20/2021, of February 25, 2021, the author(s) of the report hereby certify(ies) that the views expressed in this report solely and exclusively reflect the personal opinions of the author(s) and have been prepared independently, including with respect to Credit Suisse and other UBS Group entities. Part of the author(s)´s compensation is based on various factors, including the total revenues of the relevant UBS Group entity of which they are in employment of, but no part of the compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/companies or the subject securities. **DIFC:** This information is being distributed by Credit Suisse AG (DIFC Branch). Credit Suisse AG (DIFC Branch) is licensed and regulated by the Dubai Financial Services Authority ("DFSA"). Related financial services or products are only made available to Professional Clients or Market Counterparties, as defined by the DFSA, and are not intended for any other persons. Credit Suisse AG (DIFC Branch) is located on Level 9 East, The Gate Building, DIFC, Dubai, United Arab Emirates. **France:** This report is distributed by Credit Suisse (Luxembourg) S.A. Succursale en France (the "France branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The France branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the French supervisory authority, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and of the Autorité des Marchés Financiers. **Germany:** This report is distributed by Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin"). **Guernsey:** This report is distributed by Credit Suisse AG Guernsey Branch, a branch of Credit Suisse AG (incorporated in the Canton of Zurich), with its place of business at Helvetia Court, Les Echelons, South Esplanade, St Peter Port, Guernsey. Credit Suisse AG Guernsey Branch is wholly owned by Credit Suisse AG and is regulated by the Guernsey Financial Services Commission. Copies of the latest audited accounts are available on request. **Hong Kong:** This report is distributed in Hong Kong by Credit Suisse AG Hong Kong Branch, an Authorized Institution regulated by the Hong Kong Monetary Authority and a Registered Institution regulated by the Securities and Futures Commission, and was prepared in compliance with section 16 of the "Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission" . The contents of this material have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to any offer. If you are in any doubt about any of the contents of this material, you should obtain independent professional advice. No one may have issued or had in its possession for the purposes of issue, or issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or material relating to any product, which is directed at, or the con-tents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than where a product is or is intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder. If you have any queries/objections relating to the receipt of such materials from us, please contact our Data Protection Officer at dataprotectionofficer.pb@credit-suisse.com. **India:** Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. This report is distributed by Credit Suisse Securities (India) Private Limited (CIN no. U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030), as Portfolio Manager (registration no. INP000002478) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr. Annie Besant Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777. **Italy:** This report is distributed in Italy by Credit Suisse (Italy) S.p.A., a bank incorporated and registered under Italian law subject to the supervision and control of Banca d'Italia and CONSOB. **Japan:** This report is solely distributed in Japan by Credit Suisse Securities (Japan) Limited, Financial Instruments Dealer, Director-General of Kanto Local Finance Bureau (Kinsho) No. 66, a member of the Japan Securities Dealers Association, Financial Futures Association of Japan, Japan Investment Advisers Association, and Type II Financial Instruments Firms Association. Credit Suisse Securities (Japan) Limited will not distribute or forward this report outside Japan. **Lebanon:** This report is distributed by Credit Suisse (Lebanon) Finance SAL ("CSLF"), a financial institution incorporated in Lebanon and regulated by the Central Bank of Lebanon ("CBL") with a financial institution license number 42. Credit Suisse (Lebanon) Finance SAL is subject to the CBL's laws and regulations as well as the laws and decisions of the Capital Markets Authority of Lebanon ("CMA"). CSLF is a subsidiary of Credit Suisse AG and part of the UBS Group. The CMA does not accept any responsibility for the content of the information included in this report, including the accuracy or completeness of such information. The liability for the content of this report lies with the issuer, its directors and other persons, such as experts, whose opinions are included in the report with their consent. The CMA has also not assessed the suitability of the investment for any particular investor or type of investor. Investments in financial markets may involve a high degree of complexity and risk and may not be suitable to all investors. The suitability assessment performed by CSLF with respect to this investment will be undertaken based on information that the investor would have provided to CSLF and in accordance with Credit Suisse internal policies and processes. It is understood that the English language will be used in all communication and documentation provided by Credit Suisse and/or CSLF. By accepting to invest in the product, the investor confirms that he has no objection to the use of the English language. **Luxembourg:** This report is distributed by Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. Credit Suisse (Luxembourg) S.A. is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF). **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and C. Suisse Asesoría México, S.A. de C.V. ("Credit Suisse Mexico"). This document is elaborated for information purposes only and does not constitute a recommendation, advice or an invitation to execute any operation and does not replace direct communication with your relationship manager at Credit Suisse Mexico before the execution of any investment. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. The prospectuses, offering documentation, term sheets, investment regimes, annual reports and periodical financial information contain useful information for investors. Such documents can be obtained without any cost, directly from the issuer of securities and investment fund managers or at the securities and stock market web page, as well as from your relationship manager at Credit Suisse Mexico. The information herein does not substitute the Account Statements, the INFORME DE OPERACIONES or/and confirmations you receive from Credit Suisse Mexico pursuant to the General Rules applicable to financial institutions and other persons that provide investment services. C. Suisse Asesoría México, S.A. de C.V. (". C. Suisse Asesoría"), is an investment advisor duly incorporated under the Securities Market Law ("LMV") and is registered before the National Banking and Securities Commission ("CNBV") under folio number 30070 and therefore is not a bank, is not authorized to receive deposits nor to custody any securities, and is not part of Grupo Financiero Credit Suisse (México), S.A. de C.V.. Such registry will not assure the accuracy or veracity of the information provided to its Clients**.** C. Suisse Asesoría is subject to the supervision of the CNBV exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. Under the provisions of the LMV, C. Suisse Asesoría is not an independent investment advisor pursuant to its relationship with Credit Suisse AG, a foreign financial institution, and its indirect relationship with Grupo Financiero Credit Suisse (Mexico), S.A. de C.V. **Portugal:** This report is distributed by Credit Suisse (Luxembourg) S.A., Sucursal em Portugal (the "Portugal branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Portugal branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Portuguese supervisory authority, the Comissão do Mercado dos Valores Mobiliários (CMVM). **Qatar:** This information has been distributed by Credit Suisse (Qatar) L.L.C., which is duly authorized and regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) under QFC License No. 00005. All related financial products or services will only be available to Business Customers or Market Counterparties (as defined by the QFCRA), including individuals, who have opted to be classified as a Business Customer, with net assets in excess of QR 4 million, and who have sufficient financial knowledge, experience and understanding to participate in such products and/or services. Therefore this information must not be delivered to, or relied on by, any other type of individual. **Saudi Arabia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

This information is being distributed by Credit Suisse Saudi Arabia (CR Number 1010228645), duly licensed and regulated by the Saudi Arabian Capital Market Authority pursuant to License Number 08104-37 dated 23/03/1429H corresponding to 21/03/2008AD. Credit Suisse Saudi Arabia's principal place of business is at King Fahad Road, Hay Al Mhamadiya, 12361-6858 Riyadh, Saudi Arabia. Website: https://www.credit-suisse.com/sa. **Singapore:** This material is distributed in Singapore by Credit Suisse AG, Singapore Branch, which is licensed by the Monetary Authority of Singapore under the Banking Act (Cap. 19) to carry on banking business. This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations (the "FAR")) only. By virtue of your status as an institutional investor, accredited investor, or expert investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the FAR and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore branch may provide to you. These include exemptions from complying with: Section 25 of the FAA (pursuant to Regulation 33(1) of the FAR); Section 27 of the FAA (pursuant to Regulation 34(1) of the FAR); and Section 36 of the FAA (pursuant to Regulation 35(1) of the FAR). Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this material. In particular, if you have any queries/objections relating to the receipt of such materials from us, please contact our Data Protection Officer at PDPO.SGD@credit-suisse.com. **South Africa:** This information is being distributed by Credit Suisse AG which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 9788 and / or by Credit Suisse (UK) Limited which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 48779. **Spain:** This report is distributed in Spain by Credit Suisse AG, Sucursal en España, legal entity registered at Comisión Nacional del Mercado de Valores. **Turkey:** The investment information, comments and recommendations contained herein are not within the scope of investment advisory activity. The investment advisory services are provided by the authorized institutions to the persons in a customized manner taking into account the risk and return preferences of the persons. Whereas, the comments and advices included herein are of general nature. Therefore recommendations may not be suitable for your financial status or risk and yield preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations. This report is distributed by Credit Suisse Istanbul Menkul Degerler Anonim Sirketi, regulated by the Capital Markets Board of Turkey, with its registered address at Levazim Mahallesi, Koru Sokak No. 2 Zorlu Center Terasevler No. 61 34340 Besiktas/ Istanbul-Turkey. **United Kingdom:** This material is distributed by Credit Suisse (UK) Limited. Credit Suisse (UK) Limited, is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Where this material is distributed into the United Kingdom by an offshore entity not exempted under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 the following will apply: To the extent communicated in the United Kingdom ("UK") or capable of having an effect in the UK, this document constitutes a financial promotion which has been approved by Credit Suisse (UK) Limited which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority for the conduct of investment business in the UK. The registered address of Credit Suisse (UK) Limited is Five Cabot Square, London, E14 4QR. Please note that the rules under the UK's Financial Services and Markets Act 2000 relating to the protection of retail clients will not be applicable to you and that any potential compensation made available to "eligible claimants" under the UK's Financial Services Compensation Scheme will also not be available to you. Tax treatment depends on the individual circumstances of each client and may be subject to changes in future.

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

EQUITY RESEARCH QUICK TAKE

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com

October 24, 2023

Exelon Corporation

EXC's ComEd Rate Case Proposed Order Issued

NYSE: EXC | USD 38.40 | Sector Perform | Price Target USD 45.00

Sentiment: Neutral

Our view: Previously ComEd had operated under a variable system, where electric rates were based on a distribution formula rate plan with an allowed ROE set to the 30-year UST rate + 580 bps. While the change removes the variability of ROE, it also represents a decline versus what the company would have received under the old plan and likely below company expectations. This proposed order aligns with AEE's (not covered) proposed order that was received in the same jurisdiction on Friday, which allowed for a 9.24% ROE and 50% equity ratio. Had the AEE order not come out on Friday, we would have viewed this proposed order as negative.

The Illinois Commerce Commission released its proposed order for EXC's Commonwealth Edison Company, available here. The proposed order called for an equity ratio of 50% versus 50% previous and 51.2% requested by the company as well as an approved ROE of 9.28% versus 8.91% previous and 10.65% requested. The proposed rates also include a phase-in, allowing the higher rate increases expected under the plan in 2024 (23.9% YoY) to be phased in through 2026.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Capital Markets

Contributing Authors

RBC Capital Markets, LLC
Elias Mingos (Associate) **(212) 266-4040** **elias.mingos@rbccm.com**

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

RBC Capital Markets

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 30-Sep-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [Outperform]	**820**	**55.97**	**250**	**30.49**
HOLD [Sector Perform]	**590**	**40.27**	**148**	**25.08**
SELL [Underperform]	**55**	**3.75**	**5**	**9.09**

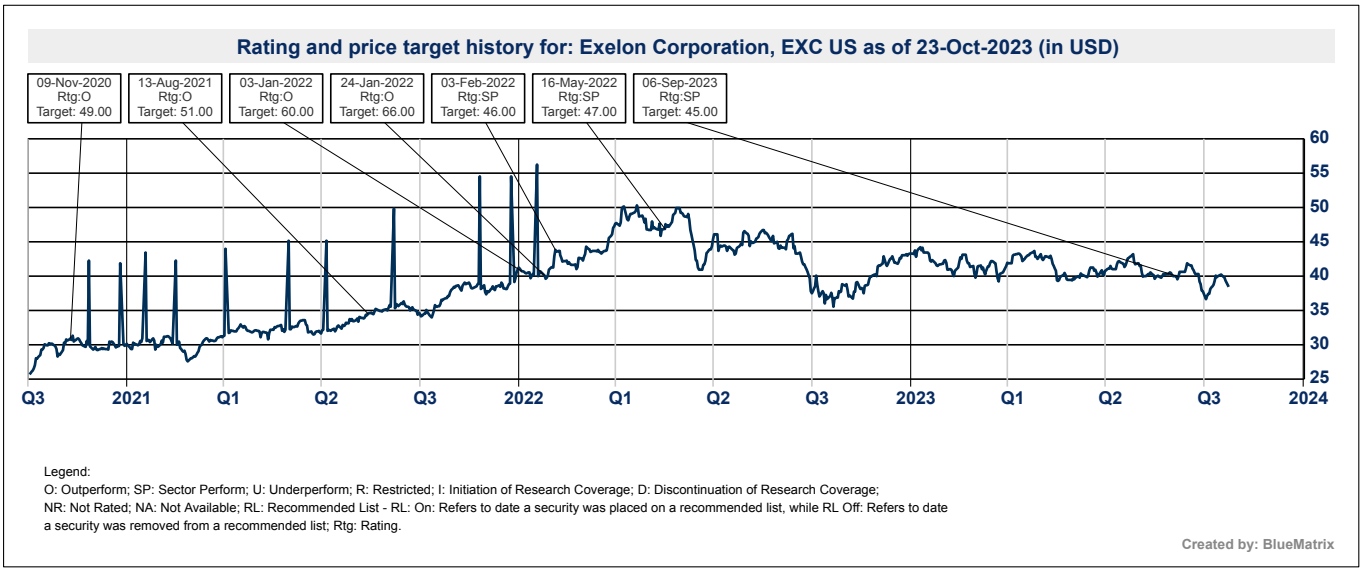

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List. As of April 3, 2023, U.S. RBC Wealth Management's quarterly reports will serve as the primary communication for its models and will highlight any changes to the model made during the quarter.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $45 price target assumes a 16.7x P/E multiple on 2025E utilities EPS of $2.74. Our multiple reflects a slight 3% discount to our base case blended electric and gas multiple of 18.6x, resulting in equity value per share of $53. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Credit metrics deteriorate due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Approval of upcoming multi-year plans at favorable levels

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. (“MSCI”) and Standard & Poor's Financial Services LLC (“S&P”) and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:
This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not “professional investors”, as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not “accredited investors” and “institutional investors”, as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

October 24, 2023 | 09:02 ET~

FLASH

Exelon

EXC-NSDQ 15 | Rating Outperform | Price: Oct-23 $38.40 | Target $42.00 | Total Rtn 13%

ALJ PO Expectedly Similar to Peer AEE - Solid Revenue Requirement

Bottom Line:

Last night the ALJ released the proposed order in ComEd's MYRP. **The PO suggests total revenue increase of ~$1,175mm vs. the company's updated request of ~ $1,499mm (~78%).** The ALJ suggests a 9.28% ROE and a 50% equity ratio vs. the company's 10.5%/50.58% request. **While the headline ROE is consistent with peer AEE's PO, it is likely light of initial investor expectations (~9.5-9.6%), but we view the comprehensive revenue requirement favorably and maintain our Outperform rating.**

Key Points

Revenue Increase: The ALJ recommends a cumulative four-year revenue increase of ~ $1,175mm which compares to updated staff testimony of ~$1,118mm and the company's updated ~$1,499mm request. In terms of shaping the largest delta occurs in the first year of the rate plan (2024).

ROE: The ALJ recommends a 9.28% ROE vs. the 10.5% year-one request. The ROE is based on utilizing Staff's DCF/non-constant DCF models and CAPM models (9.23%/9.50%, respectively) which they believe justifies a 9.28% ROE. Staff originally suggested continuing the formulaic ROE (30-year treasury plus 580bps) that yielded 8.91% at the time, but would be higher if we mark-to-market at the current 5.11% 30-year Treasury.

While we are not surprised to see the ALJ propose moving off the formulaic ROE, the proposed ROE is notably below the 9.8-9.89% recommended in recent gas case proposed orders. Due to the certainty provided by the MYRP, directionally a lower ROE than the gas companies was to be expected, however, the degree of the spread may surprise investors to the downside. **That being said, the ROE should be less of a surprise following AEE's PO on Friday.**

Capital Structure: The ALJ recommends a 50% equity ratio compared to the company's 50.58% request, however, this is consistent with legislation and treatment in the POs of the ongoing gas cases.

Rate Base: ALJ proposes 2027 rate base of ~$18B vs. the company's request of ~$18.6B which we do not view as a significant delta.

Pension Asset: ALJ proposes denying a return on the pension asset.

Bottom Line: Following yesterday's ~150bps of underperformance in conjunction with AEE's PO, we believe the ROE headline is largely priced in and see the PO as a net-neutral event. Holistically, we would view a proposed order with ~78% of the company's ask favorably and maintain our Outperform rating.

For disclosure statements, including the Analyst Certification, please refer to page(s) 2 to 6.

BMO Capital Markets

Utilities, Power & Renewables

James M. Thalacker Analyst
james.thalacker@bmo.com (347) 668-8970
Edward M DeArias, CFA VP Associate
edward.dearias@bmo.com (347) 274-1556
Tanmay Pandit Associate
tanmay.pandit@bmo.com (437) 246-7075
Legal Entity: BMO Capital Markets Corp.



Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 88% of rate base.

BMO Top 15 List

BMO Top 15 List Member

Income Stock

EXC-NSDQ Research
Glossary
Company Models

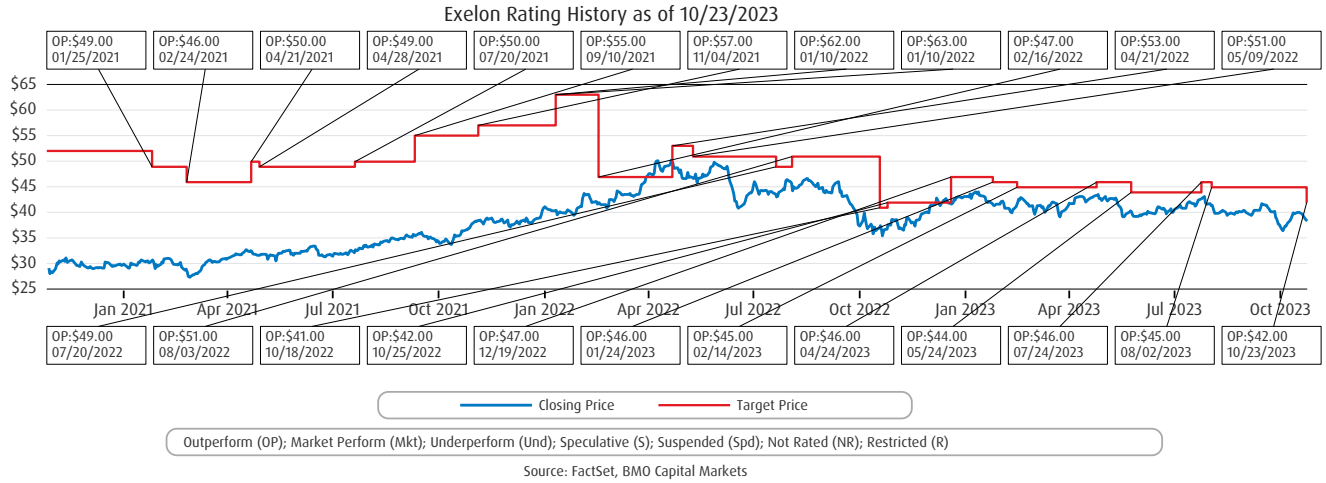

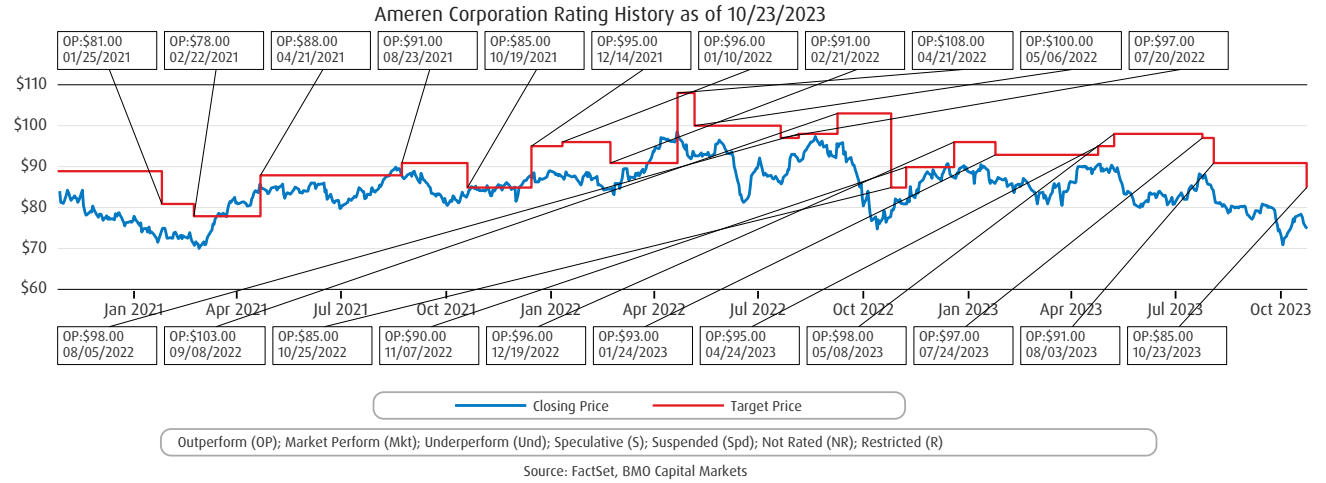

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 9B: BMO Capital Markets makes a market in Exelon and Ameren Corporation in United States.

Methodology and Risks to Target Price/Valuation for Ameren Corporation (AEE-NYSE)

Methodology: Our target price is based on a sum-of-the-parts methodology. Our framework begins with the relevant sector average P/E multiple using 2025E EPS as a base which we then adjust (premium, discount, or no change) to reflect the relative fundamentals of that segment.

Risks: AEE's regulated profile exposes the company to business risk including but not limited to: federal and state regulatory risk, federal and state political risk, environmental policy, interest rate risk, access to capital markets, construction risk, changes in customer demand trends,

changes in customer affordability, extreme weather, natural disaster, and equipment failure. Ameren Illinois formula rates also directly expose 20% of the company's consolidated rate base to fluctuations in the 30-year Treasury yield.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Adverse outcomes in the company's inaugural MYRP filing in IL, DE electric rate case and 2025 PECO electric GRC. Despite having nearly a 1% cushion over its 12% downgrade threshold, the ability to meet its stated credit metrics given adverse impacts from severe storms, fuel deferrals and other unforeseen expenses.

Distribution of Ratings (October 23, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	47.9 %	17.2 %	48.1 %	53.7 %	57.6 %	57.7%
Hold	Market Perform	49.5 %	17.1 %	49.4 %	44.6 %	40.8 %	37.5%
Sell	Underperform	2.6 %	16.7 %	2.5 %	1.5 %	1.0 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 151 West 42nd St, 33rd Floor, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of

reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. The information in this report is based on general considerations and do not purport to meet the objectives or needs of specific recipients. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. In furnishing this report, BMO Capital Markets intends to take advantage of the exemption from the principal and agency trading restrictions in Section 206(3) of the Investment Advisers Act of 1940 and Rule 206(3)-1 thereunder. Accordingly, recipients of this report are advised that BMO Capital Markets or its affiliates may act as principal for its own account or agent for another person in connection with the purchase or sale of any security mentioned in or the subject of this report. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at October 24, 2023, 09:02 ET. and disseminated at October 24, 2023, 09:02 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2023 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

This document is hosted on "Barclays" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corporation: Proposed Decision in ComEd MYRP: 9.28% ROE: Negative
- **Publication Date/Time** : Tuesday, October 24, 2023 11:36:32 AM (GMT)
- **Contributor Name** : Barclays
- **Primary Analyst(s)** : Nicholas Campanella,Fei She,Nathan Richardson
- **Link to Document** : https://viewer.apps.factset.com/?_doc_id=cc893f59cda90dd7263dc6aa610e006a&_doc_product=FRC&_doc_docfn=U2FsdGVkX1%2BJF%2B6ZKbCCDS6FvogRSv%2FD%2FsvtRrDpKuhgV

KeyBanc Capital Markets

Alert

October 23, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: D, EXC, POR, SRE, DTE, AEE, ETR, FE, AEP, XEL, AGR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

3Q earnings begin with NEE, AGR, CNP, CMS, FE, NWE, XEL, and POR scheduled to report. This week, we are tracking proceedings in D's biennial review in VA, EXC's IL electric rate case, POR's integrated resource plan in OR, SRE's SDG&E and SoCalGas rate cases, and DTE's MI electric rate case. In other news, the ALJ proposes a $338M revenue increase in AEE's IL electric rate case; the NM PRC authorizes a $33M revenue increase in SPS's NM electric rate case; the CCNO authorizes a three-year extension to ETR's FRP process; the PA ALJ issued recommended decision to adopt settlement in FE's consolidation proceedings; AEP receives $28M award through DOE's GRIP program; XEL issues an RFP for 1,200 MW of wind resources in MN; and AGR announces the resignation of CFO Patricia Cosgel and an interim replacement. ***Don't miss our schedule of meetings at the EEI this fall and contact us to join the meetings.***

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.

Please scroll down for our full schedule, including dinners with **DTE** and **AGR**, and contact us or your KBCM sales representative to schedule meetings.

Upcoming Earnings Report

3Q earnings begin: NEE, AGR, CNP, CMS, FE, NWE, XEL, and **POR** are scheduled to report this week (see calendar below). Our recently published preview, Finally, Attractive, includes our thesis, expectations, and estimates for our coverage.

Figure 1 - Earnings Calendar

3Q23 Utilities Earnings Calls			
Company Name	**Ticker**	**Date**	**Time (ET)**
NextEra Energy Inc	NEE	10/24/2023	9:00 AM
CenterPoint Energy Inc	CNP	10/26/2023	8:00 AM
CMS Energy Corp	CMS	10/26/2023	9:30 AM
Avangrid Inc	AGR	10/26/2023	10:00 AM
FirstEnergy Corp	FE	10/27/2023	9:00 AM
Xcel Energy Inc	XEL	10/27/2023	10:00 AM
Portland General Electric Co	POR	10/27/2023	11:00 AM
NorthWestern Corp	NWE	10/27/2023	3:00 PM

Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

D — Staff testimony in D's VA biennial review proceedings is due on October 23: The OAG filed testimony calculating a $106M revenue sufficiency in 2024 and an incremental $30M in 2025. The $136M revenue sufficiency for the two years compares to D's revenue deficiency calculation of $51M. The OAG and D's calculations are premised on 50.33% and 52.1% equity layers, respectively. Both use the state-mandated 9.7% ROE. D made the biennial rate filing in pursuance of new legislation. The Company provided a forward-looking, rate-making analysis demonstrating a $26M revenue deficiency in 2024 and an incremental $25M in 2025. However, since the legislation also says that the fold-in of $350M in rider revenue (Rider R – Bear Garden, Rider S – Virginia City, Rider W – Warren County) into base rates cannot serve as a basis for a rate increase; D is not proposing any incremental rates in this proceeding.

EXC — ALJ proposed order in EXC's IL electric rate case is due on October 23: In briefs, EXC updated its request to a $1,494M revenue increase over the 2024-2027 period while proposing to phase in the rate increases to even out expected y/y impacts. EXC's request is premised on gradual increases in its ROE (10.5-10.65%) and equity layers (50.58-51.19%) through the four years. Staff filed briefs recommending a $1,104M revenue increase over 2024-2027. Staff continues to make its case for an 8.91% ROE, or 580 bps over the 2022 U.S. Treasury Bond yield of 3.114%. EXC has argued that this is no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act. The act expired at the end of 2022, and the provisions of the CEJA require that the ROE be determined under current commission law. Staff calculated ROE midpoints of 9.23% and 10.87% in its analysis using the traditional DCF and CAPM methods, respectively. Staff also proposes a 50% equity ratio. The ICC has until December 20 to issue a final decision.

POR — Staff's reply comments in POR's Clean Energy Plan and IRP are due on October 24: Staff's initial comments provided insight into some low-regret actions or opportunities, challenges, and vulnerabilities that need to be addressed. Staff's 29 recommendations for POR to address in reply comments included adopting a scoring metric for GHG reductions, redesigning the Preferred Portfolio without assuming 800 MW of additional transmission, providing an accounting of banked RECs, and a detailed assessment of its small-scale renewable resource compliance strategy including how it plans to meet the compliance obligations and projected shortfalls. POR's CEP includes a set of near-term actions to achieve the targets outlined in HB 2021. The Preferred Portfolio emphasizes solar and wind resources, with ~3.5 GW expected to be online by 2030. POR will issue an annual RFP for up to 520 MW of non-emitting resources through 2028, plans to add 632 MW of storage, energy efficiency (248 MW), and distributed resources (136 MW). The Company will study the addition of community-based renewable energy to reach 155 MW by 2030. This is POR's first CEP/IRP filing since the enactment of HB 2021. The PUC has six months from the March 31 filing to acknowledge the CEP and determine if it is consistent with the new law.

SRE — Settlement deadline in SDG&E and SoCalGas rate cases is on October 24: Hearings were held in June, and parties submitted updated testimony and opening briefs. SRE largely maintained its request from updated testimony. This includes SoCalGas's ask for a $767M revenue increase in 2024, followed by $292M, $261M, and $381M over the years 2025, 2026, and 2027, respectively. SDG&E maintained its $475M request for 2024, with subsequent revenue increases of $346M, $332M, and $303M, respectively. Cal Advocates recommended revenue increases for SoCalGas of $360M, $188M, $215M, and $225M for 2024, 2025, 2026, and 2027, respectively, and $271M, $222M, $239M, and $247M for SDG&E for the same time periods, respectively. Proposed decisions on Track 1 are due in 2Q24.

DTE — Exceptions to the ALJ's proposed decision in DTE's MI electric rate case are due on October 27: The ALJ's PFD recommended a $290M revenue increase, premised on a 9.8% ROE and 50% equity. The PFD was below Staff's $379M and the Company's $580M request, with the difference in the revenue requirement predominantly related to the $593M reduction in rate base and the lower ROE relative to DTE's 10.25% request. New rates are expected to go into effect on December 10. Read more about the ALJ PFD here.

Recent Developments for Companies Under Our Coverage

From our midweek: The KY PSC authorizes a $48M revenue increase in DUK's KY electric rate case; DUK seeks recovery of storm costs for Hurricane Idalia; EXC issues supplemental testimony in PEPCo's DC electric rate case; FE issues an RFP for OH renewable energy credits; the DOE awards $3.5B in the first round of the Grid Resilience and Innovation Partnership program; AGR and CIP announce the installation of the first turbine at Vineyard Wind I, and SRE announces the resignation of the Company's Group President.

AEE — The ALJ proposes $338M revenue increase in AEE's IL electric rate case: The ALJ issued a PD recommending a $338M revenue increase, premised on a 9.24% ROE and 50% equity. The PD compares to Staff's initial brief recommending a $322M revenue increase over 2024-2027 and AEE's reply briefs requesting a $444M revenue increase. The delta between Staff and AEE's calculations was less than the party's initial testimony after Staff raised AEE's allowed rate base. AEE's initial request was for a $449M rate increase, and Staff initially recommended a $249M revenue increase over the four years. An ICC ruling is due by December 20, followed by new rates going into effect on January 1, 2024.

- **ROE:** The ALJ calculated the 9.24% ROE using the average of the Staff's DCF (9.54%) and NCDCF (8.48%) calculations and the Commission's CAPM calculations resulting in 9.5% and 9.34%. The average of the four calculations resulted in a 9.34% ROE. The ALJ also adjusted the ROE 10 bps lower to reflect AEE's proposed downward credit risk adjustment, resulting in the proposed 9.24% ROE. The ALJ recommendation is better than the 8.9% ROE Staff recommended using the formula approach of 580 bps over the 2022 U.S. Treasury Bond yield of 3.114% That approach was no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act, which expired at the end of 2022, and the provisions of the CEJA require that the ROE be determined under current commission law, and renders the statutory formula rate as "inoperative." AEE is requesting a 10.5% ROE.
- **Equity layer:** The ALJ ruled that AEE should not have a capital structure that exceeds 50% equity, and therefore AEE will be authorized a capital structure that is the lower of 50% equity or the Company's actual equity ratio during each year of the MYRP. The ALJ believes the multiyear plan reduces AEE's risk and regulatory lag, therefore justifying the lower equity layer relative to AEE's request. AEE requested an equity ratio beginning at 53.99% in RY1 with gradual increases to 54.03% by RY4.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 2 - IL Electric MYRP GRC

ALJ ($M); ROE: 9.24%; Equity Layer 50%	2024	2025	2026	2027	Total
Proposed Decision ($M)					
Revenue Increase	107.0	87.0	82.7	61.3	**338.0**
Rate Base	4,102.6	4,357.5	4,591.9	4,810.6	
Staff ($M); ROE: 8.9%; Equity Layer 50%	**2024**	**2025**	**2026**	**2027**	**Total**
Initial Brief ($M)					
Revenue Increase	98.6	84.5	87.8	51.4	**322.3**
Rate Base	4,134.4	4,354.5	4,570.8	4,772.9	
AEE ($M); ROE: 10.5%; Equity Layer ~54%	**2024**	**2025**	**2026**	**2027**	**Total**
Reply Brief ($M)					
Revenue Increase	176.6	96.2	95.0	76.1	**443.8**
Rate Base	4,253.6	4,555.7	4,860.5	5,164.0	
Direct Testimony ($M)					
Revenue Increase	170.9	91.0	103.9	78.5	**444.2**
Rate Base	4,324.9	4,639.1	4,958.3	5,278.1	

Source: Regulatory filings, KeyBanc Capital Markets Inc.

XEL — NM PRC authorizes $33M revenue increase in SPS's NM electric rate case: The NM PRC issued a final order adopting the multi-party settlement filed in SPS's NM electric rate case entirely. The order authorizes a $33M revenue increase, premised on a 9.5% ROE and 54.7% equity. The order also approves the amended 2028, previously 2032, abandonment date of Tolk Generation Station. Staff and nine other parties agreed to the settlement, while two parties opposed the settlement. The final order compares to Staff's $37M revenue increase recommendation and XEL's request for a net revenue increase of $76M, premised on a 10.75% ROE, 54.7% equity layer, and a test year ending June 30, 2024.

ETR — CCNO authorizes three-year extension to FRP process: The Council of the City of New Orleans approved ETR's request to extend the electric and gas FRP process three years. ETR's FRP process was set to expire after 2023, but the Company will now file upcoming RFPs in 2024, 2025, and 2026. The CCNO also authorized ETR a 55% equity ratio and 45% long-term debt ratio. This compares to the previously authorized 51% equity/49% debt capital structure and ETR's request for 57% equity/43% debt. The ROE range will remain at 8.85-9.85%. In the 2023 FRP, the CCNO authorized ETR to increase electric and gas rates by $10.5M and $6.9M, respectively, premised on a 9.35% ROE and 51% equity.

FE — ALJ issues recommended decision in FE's proceedings to consolidate PA utilities: The PA ALJ issued a recommended decision to approve without modification the settlement in FE's consolidation proceedings. The stipulation included a mechanism for tracking cost savings realized through the consolidated operations and returning the savings to customers in future base rate proceedings. FE PA will also gradually unify rates among all classes, which will not be met until the conclusion of three rate cases filed on or after January 1, 2025. The settlement was part of FE's filing to consolidate FE's PA subsidiaries into a single operating entity, FE PA. The subs in PA include Metropolitan Edison Co., Pennsylvania Electric Co., West Penn Power Co., and Pennsylvania Power Co. The consolidation requires Metropolitan Edison and Penn Electric's interest in MAIT to be sold to FE and certain West Penn transmission assets to be sold to FE subsidiary KATCo. Exceptions to the ALJ's recommended decision are due by October 26. FERC previously issued an order approving the consolidation, and FE expects the PA Consolidation to close by early 2024.

AEP — DOE awards $28M to AEP in the first round of the Grid Resilience and Innovation Partnership program:AEP was awarded $28M to advance the deployment of its Advanced Distribution Management System (ADMS), including the Distributed Energy Resource Management System (DERMS). AEP seeks to accelerate the deployment of more advanced systems and new technologies to reduce the frequency and impact of power outages. The DERMS program also seeks to provide visibility into DERs to plan and manage the flow of resources through the system. The $28M award to AEP was part of the DOE's ~$3.5B of selected awards announced to strengthen the electric grid resilience and reliability, which were the first round of the larger $10.5B GRIP program that was part of the Bipartisan Infrastructure Bill. Selection for award negotiations is not a commitment by DOE to issue an award or provide funding. Before funding is issued, the DOE and applicants will undergo a negotiation process, which could result in canceled negotiations or rescinded awards.

XEL — XEL issues RFP for 1,200 MW of wind resources in MN: XEL issued an RFP seeking 1,200 MW of wind resources in MN. XEL expects the projects to be located in southwest MN and be entered into service by the end of 2027. XEL plans to reuse the Sherco transmission interconnection rights, and the resources will help offset the 2030 retirement of the Sherco coal plant. The resources will be complementary to 710 MW of solar resources that XEL previously selected to be located at Sherco and utilize the Sherco 2 interconnection rights. RFP bids for the wind resources are due December 14.

AGR — CFO Patricia Cosgel resigns, AGR names interim replacement: Patricia Cosgel announced her intention to resign as AGR's CFO, effective November 24. Ms. Cosgel joined AGR in 2015 as VP and Treasurer before being promoted to CFO in July 2022, a role she was previously appointed to on an interim basis in February 2022. Justin Lagasse will replace Ms. Cosgel on an interim basis, effective November 24. Mr. Lagasse currently serves as SVP, Controller and held prior roles as VP, Chief Accounting Officer, and Directory of Technical Accounting. He joined AGR in September 2017.

Figure 3 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM	Atlantica Sustainable (AY)	NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Figure 4 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	10/23/2023	Staff Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	10/23/2023	ALJ Proposed Order
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	10/24/2023	Reply Briefs on Exceptions Due
OR	Portland General Electric Co.	POR	LC80	IRP	10/24/2023	Staff Round 2 Comments
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	10/24/2023	Settlement Deadline (Track 1)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	10/24/2023	Settlement Deadline (Track 1)
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	10/26/2023	Reply Briefs Due
MI	DTE Electric Co.	DTE	C-U-21297	Electric	10/27/2023	Exceptions Due
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	11/1/2023	Surrebuttal Testimony Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	11/6/2023	Rebuttal Testimony
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	11/6/2023	Rebuttal Testimony
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	11/6/2023	Company Testimony Due (Track 2)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	11/6/2023	Company Testimony Due (Track 2)
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	11/7/2023	Evidentiary Hearings
	Short-Term Energy Outlook	EIA			11/7/2023	STEO release
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	11/7/2023	Hearings Commence
MI	DTE Electric Co.	DTE	C-U-21297	Electric	11/8/2023	Replies to Exceptions
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	11/8/2023	Briefs on Exceptions Due
KY	Kentucky Power Co	AEP	2021-00370	Electric	11/9/2023	Company Response to Initial Requests
	CPI Release	BLS			11/14/2023	CPI release for Prior Month
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	11/15/2023	Staff and Intervenor Testimony Due
ID	Avista Corp.	AVA	E-23-05	IRP	11/16/2023	Comments Due
	Federal Energy Reg Comm	FERC			11/16/2023	Open Meeting
OR	Avista	AVA	LC81	IRP	11/17/2023	Staff Final Comments and Recommendations

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 5 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	20.4	Overweight	$82	$76.33	3.3%	58%	4.40	4.68	4.96	17.3x	16.3x	15.4x	4.37	4.68	5.03	17.5x	16.3x	15.2x
AEP	American Electric Power Company In	38.3	Sector Weight	NA	$73.35	4.6%	64%	5.26	5.58	5.93	13.9x	13.1x	12.4x	5.27	5.59	5.98	13.9x	13.1x	12.3x
CMS	CMS Energy Corp	15.6	Overweight	$57	$52.91	3.7%	63%	3.07	3.33	3.61	17.2x	15.9x	14.7x	3.11	3.35	3.60	17.0x	15.8x	14.7x
CNP	CenterPoint Energy Inc	17.3	Overweight	$29	$27.14	2.8%	51%	1.50	1.63	1.74	18.1x	16.7x	15.6x	1.49	1.62	1.73	18.2x	16.8x	15.7x
D	Dominion Energy Inc	34.0	Sector Weight	NA	$40.02	6.7%	79%	2.83	2.85	3.27	14.1x	14.0x	12.2x	3.38	3.42	3.56	11.8x	11.7x	11.2x
DTE	DTE Energy Co	19.9	Overweight	$106	$96.65	4.0%	62%	6.18	6.63	7.02	15.6x	14.6x	13.8x	6.20	6.65	7.14	15.6x	14.5x	13.5x
DUK	Duke Energy Corp	67.7	Overweight	$96	$87.03	4.7%	73%	5.59	6.00	6.38	15.6x	14.5x	13.6x	5.60	5.97	6.34	15.5x	14.6x	13.7x
ETR	Entergy Corp	19.7	Overweight	$97	$93.08	4.6%	64%	6.69	7.19	7.68	13.9x	12.9x	12.1x	6.71	7.19	7.72	13.9x	12.9x	12.1x
ES	Eversource Energy	18.8	Sector Weight	NA	$53.50	5.1%	62%	4.33	4.60	4.89	12.4x	11.6x	10.9x	4.34	4.57	4.84	12.3x	11.7x	11.0x
ED	Consolidated Edison Inc	30.2	Underweight	$73	$87.06	3.7%	67%	4.94	5.19	5.54	17.6x	16.8x	15.7x	4.90	5.24	5.53	17.8x	16.6x	15.7x
EIX	Edison International	24.5	Sector Weight	NA	$62.71	4.7%	63%	4.73	5.11	5.63	13.3x	12.3x	11.1x	4.71	5.13	5.60	13.3x	12.2x	11.2x
EXC	Exelon Corp	39.6	Sector Weight	NA	$39.30	3.7%	62%	2.36	2.53	2.72	16.7x	15.5x	14.4x	2.36	2.50	2.73	16.7x	15.7x	14.4x
FE	FirstEnergy Corp	20.4	Overweight	$41	$35.28	4.5%	62%	2.55	2.70	2.87	13.8x	13.1x	12.3x	2.54	2.68	2.85	13.9x	13.2x	12.4x
PEG	Public Service Enterprise Group Inc	29.6	Sector Weight	NA	$59.30	3.9%	66%	3.46	3.60	3.88	17.1x	16.5x	15.3x	3.46	3.69	4.06	17.2x	16.1x	14.6x
SO	Southern Co	71.7	Sector Weight	NA	$65.73	4.2%	77%	3.61	4.02	4.24	18.2x	16.4x	15.5x	3.60	4.02	4.31	18.2x	16.3x	15.2x
WEC	WEC Energy Group Inc	25.6	Overweight	$94	$81.20	3.8%	68%	4.60	4.93	5.27	17.7x	16.5x	15.4x	4.61	4.92	5.26	17.6x	16.5x	15.4x
XEL	Xcel Energy Inc	32.6	Overweight	$62	$58.10	3.6%	62%	3.35	3.55	3.72	17.3x	16.4x	15.6x	3.35	3.59	3.85	17.3x	16.2x	15.1x
					Average:	**4.2%**	**65%**				**15.9x**	**14.9x**	**13.9x**				**15.7x**	**14.7x**	**13.7x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.5	Sector Weight	NA	$31.50	5.8%	80%	2.31	2.42	2.50	13.6x	13.0x	12.6x	2.29	2.48	2.57	13.8x	12.7x	12.3x
NWE	NorthWestern Corp	2.9	Overweight	$59	$47.09	5.4%	75%	3.41	3.68	3.85	13.8x	12.8x	12.2x	3.42	3.57	3.77	13.8x	13.2x	12.5x
OTTR	Otter Tail Corp	3.0	Sector Weight	NA	$70.30	2.5%	30%	5.88	4.05	3.36	12.0x	17.4x	20.9x	5.90	4.05	3.66	11.9x	17.4x	19.2x
PNW	Pinnacle West Capital Corp	8.4	Sector Weight	NA	$74.23	4.7%	83%	4.24	5.08	5.28	17.5x	14.6x	14.1x	4.22	4.98	5.17	17.6x	14.9x	14.4x
POR	Portland General Electric Co	4.0	Sector Weight	NA	$40.04	4.7%	71%	2.65	3.08	3.27	15.1x	13.0x	12.2x	2.65	3.03	3.22	15.1x	13.2x	12.4x
					Average:	**4.6%**	**68%**				**14.4x**	**14.2x**	**14.4x**				**14.4x**	**14.3x**	**14.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	11.9	Sector Weight	NA	$30.59	5.8%	81%	2.12	2.30	2.43	14.4x	13.3x	12.6x	2.16	2.35	2.51	14.2x	13.0x	12.2x
NEE	Nextera Energy Inc	105.2	Sector Weight	NA	$51.96	3.6%	60%	3.13	3.40	3.62	16.6x	15.3x	14.4x	3.12	3.40	3.62	16.6x	15.3x	14.4x
SRE	Sempra	43.1	Sector Weight	NA	$68.56	3.5%	53%	4.50	4.77	5.14	15.2x	14.4x	13.3x	4.50	4.79	5.12	15.2x	14.3x	13.4x
					Average:	**4.3%**	**65%**				**15.4x**	**14.3x**	**13.4x**				**15.3x**	**14.2x**	**13.3x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	36.8	Sector Weight	NA	$112.10	1.0%	22%	3,704	4,039	3,926	10.6x	9.6x	10.1x	3,518	3,957	3,882	11.2x	9.8x	10.2x
NRG	NRG Energy Inc	9.3	Not Covered	NA	$40.53	3.7%	33%	NA	NA	NA	NA	NA	NA	3,012	3,138	3,128	6.1x	5.5x	4.1x
VST	Vistra Corp	11.7	Not Covered	NA	$31.93	2.6%	18%	NA	NA	NA	NA	NA	NA	3,907	4,215	4,138	6.5x	5.9x	5.5x
					Average:	**2.5%**	**24%**				**10.6x**	**9.6x**	**10.1x**				**7.9x**	**7.1x**	**6.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 6 - Stock Price Performance

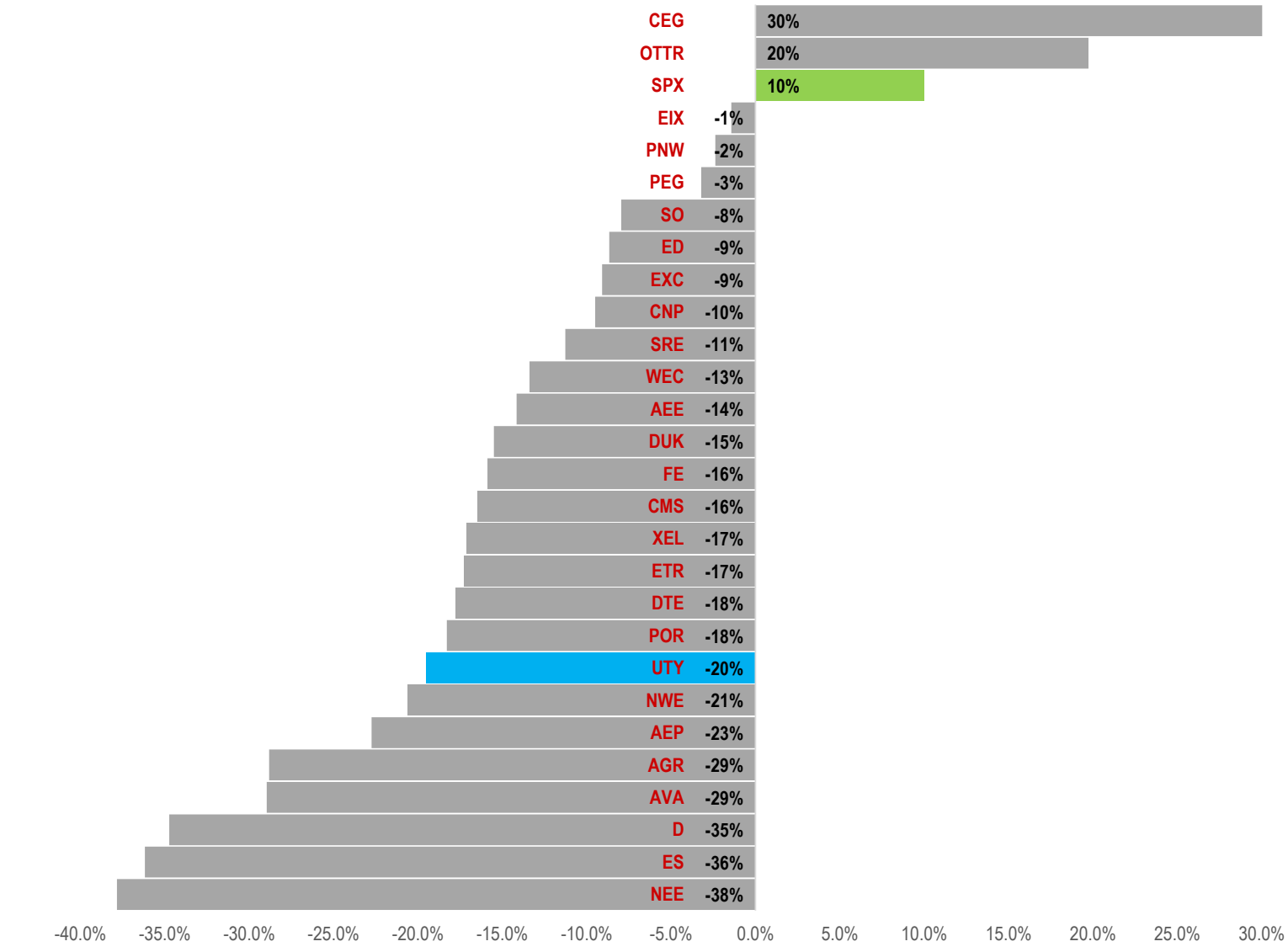

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	242	48.59	46	19.01
Sector Weight [SW]	251	50.40	38	15.14
Underweight [UW]	5	1.00	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	19	76.00
Sector Weight [SW]	31	54.39	10	32.26
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

KeyBanc Capital Markets

Alert

October 18, 2023

Energy: Electric Utilities

Midweek Thoughts — DUK, EXC, FE, POR, XEL, AGR, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, the KY PSC authorizes a $48M revenue increase in DUK's KY electric rate case; DUK seeks recovery of storm costs for Hurricane Idalia; EXC issues supplemental testimony in PEPCo's DC electric rate case; FE issues an RFP for OH renewable energy credits; the DOE awards $3.5B of awards in the first round of the Grid Resilience and Innovation Partnership program; AGR and CIP announce the installation of the first turbine at Vineyard Wind I, and SRE announces the resignation of the Company's Group President. Don't miss our EEI schedule included below, and contact us to schedule any meetings.

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Please scroll down for our full schedule, including dinners with **DTE** and **AGR**. Please contact us or your KBCM sales representative to schedule meetings.

ICYMI
We published our 3Q23 Previews for Utilities and Alternative Energy. Access our reports here and here.

Industry News and News from Companies in Our Coverage
DUK — KY PSC authorizes $48M revenue increase in DUK's KY electric rate case: The KY PSC issued a final order authorizing a $48M revenue increase, premised on a 9.75% ROE, 52.15% equity, and a $1.1B rate base for a June 30, 2024, test year. The order compares to DUK's $75M request, premised on a 10.35% ROE, 52.15% equity layer, and $1.2B rate base. The PSC maintained depreciation expenses to reflect a 2041 retirement date for the 600 MW East Bend coal plant while excluding terminal net salvage from depreciation expense. DUK had proposed accelerating depreciation rates for East Bend to align with the change in the expected life of the plant from 2041 to 2035 but had not committed to an earlier retirement date nor filed a CPCN for resources to replace the plant before 2041. The PSC also denied a local investment charge mechanism for unplanned distribution-related investments. We expect new rates to go into effect on November 1.

DUK — DUK requests Hurricane Idalia recovery: DUK filed a request with the FL PSC to recover $166M of storm costs, including ~$92M for costs associated with Hurricane Idalia. DUK proposed to recover the amount over 12 months, beginning January 2024. Other expenses include replenishing the storm reserve and interest related to Hurricane Idalia. The impact to customers would be partially offset by a bill-reduction request filed in a different proceeding (Docket: 20230020), where DUK filed to lower storm restoration costs related to 2021/2022 hurricanes by $11M. The PSC previously approved DUK to recover $442M on an interim basis beginning in April 2023 for the earlier storms. Those costs were set to roll off in March 2024, although DUK is also proposing to extend the recovery of the remaining ~$74M over the same 12-month period (January-December 2024). If approved, the Hurricane Idalia costs will be subject to a true-up based on actual costs.

EXC — EXC issues supplemental testimony in PEPCo's DC electric rate case: EXC made a compliance filing to reflect a traditional test year. EXC's traditional test year filing supports a $108M revenue increase, using an adjusted 12-month period ending December 31, 2023. EXC was required to make the compliance filing to enable the PSC to analyze the multiyear plan filing relative to a traditional rate case while also considering authorizing a traditional one-year rate case. As a reminder, PEPCO filed a three-year electric rate case with the DC PSC seeking a cumulative $191M revenue increase ($116M in RY1, $37M in RY2, and $37M in RY3). New rates would go into effect on February 15, 2024, with the step-ups effective January 1, 2025 and 2026, respectively. The rate increase request is premised on a 10.5% ROE and 50.5% equity layer.

FE — FE issues RFP for OH renewable energy credits: FE issued an RFP seeking 570,000 OH-compliant renewable energy credits (RECs) for its OH utilities. The RECs must be associated with energy generated between January 1, 2021, and December 31, 2023, and be deliverable through the PJM interconnection. The RECs will help FE to meet its 2023 renewable energy targets under the state's alternative energy law. The law requires 8.5% of the electricity sold by OH electric utilities to be from renewable energy by 2026. FE is allowed to recover the costs through the standard service monthly charge. Proposals are due November 28.

AGR, EXC, POR, XEL — DOE awards $3.5B in the first round of the Grid Resilience and Innovation Partnership program: The DOE announced ~$3.5B of awards for 58 projects to strengthen the electric grid resilience and reliability. Recipients of the awards previously submitted concept papers, followed by full applications if they received letters of encouragement. The $3.5B of awards were the first round of the larger $10.5B GRIP program that was part of the Bipartisan Infrastructure Bill and offers grants for projects that enhance grid flexibility and improve grid resilience against climate change and extreme weather. Selection for award negotiations is not a commitment by DOE to issue an award or provide funding. Before funding is issued, the DOE and applicants will undergo a negotiation process, which could result in canceled negotiations or rescinded awards. Selected awards include:

- **AGR**'s CMP was awarded $30M to accelerate the deployment of smart grid technologies that seek to reduce the frequency and impact of power outages through investments in "self-healing" technologies, including advanced grid restoration (AGR) and sequential reclosing (SR). CMP also seeks to deploy a distribution supervisory control and data acquisition (SCADA) switch program to help prevent faults.
- **EXC** was awarded $50M to fund a variety of new grid technologies to improve grid resilience, reliability, and workforce programming. EXC plans to run new pilot programs to support DERs and solar installations and improve system response time during inclement weather. EXC filed an application with the DOE seeking $700M of funding for 10 projects through the GRIP program. The projects included a community innovation hub, battery-backed community microgrids, deployment of smart meters, and improved grid resilience in under-resourced communities. Some of the projects could still be selected in future rounds.
- **POR** was awarded $250M as part of a partnership with the Confederated Tribes of the Warm Springs Reservation of OR (CTWS) to support vital transmission upgrades in the region. Specifically, POR and CTWS plan to enhance the existing 230kV Bethel-Round Butte transmission line, enabling renewable energy development.
- **XEL** was awarded $100M to boost wildfire mitigation and grid resilience. XEL will also provide $140M toward the projects to mitigate the threat of wildfires and severe storms while reducing power outages. Specifically, XEL plans to add fire-resistant coatings to 6,000 wood poles, improve equipment safety features in power lines and EV chargers in high fire-risk conditions, underground high-risk distribution circuits, and enhance vegetation management. It also plans to build on current programs using emerging technology to identify risks and predict the future spread of fires. The projects will be based in CO, MN, NM, TX, and WI.

AGR — AGR and CIP announced the installation of the first turbine at Vineyard Wind I: AGR and CIP announced that the Vineyard Wind I project completed the installation of the first turbine. The 13 MW GE Haliade-X Wind turbine comprises one tower, three blades, and one nacelle. The successful installation represents the completion of the first turbine of the first commercial-scale offshore wind farm in the U.S. The 804 MW Vineyard Wind I will consist of 62 turbines upon completion. The project is on track (COD 2024), and AGR expects that 85% of the capex should be eligible for a 30% ITC. The project is a 50/50 partnership between AGR and Copenhagen Infrastructure Partners.

SRE — SRE announces the resignation of Group President: Kevin Sagara announced that he will resign as VP and Group President at SRE, effective December 1. He will also be resigning from his role as Chairman and Director of SoCal Gas. Mr. Sagara has served in his current position since June 2020 and previously held several other leadership roles at SRE, including President of Sempra Renewables. Mr. Sagara first joined SRE as an attorney with SDG&E in 1992. SRE has not named a replacement.

Figure 1 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM	Atlantica Sustainable (AY)	NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	241	48.39	46	19.09
Sector Weight [SW]	252	50.60	38	15.08
Underweight [UW]	5	1.00	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	19	76.00
Sector Weight [SW]	31	54.39	10	32.26
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

Americas Utilities

3Q Preview: Weather less of an impact, interest/cost management in focus; Buy SO, NEE

Carly Davenport
+1(212)357-1914 | carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+1(332)245-7709 | jaskaran.jaiya@gs.com
Goldman Sachs India SPL

We update estimates across our Utilities coverage ahead of 3Q2023 results. From a macro perspective, weather this quarter should be much less impactful than it has been in recent quarters, with higher YoY interest costs and O&M management in focus as companies focus on full year earnings execution. While certain companies will provide updates on capital spending and earnings guidance, many expect the quarter to be light on material updates, with plans to provide a more fulsome update at EEI or on the 4Q2023 earnings call.

On single stocks, we are constructive on Buy rated Southern Company (SO) into the quarter, where we expect strong cost management and more favorable weather to drive above consensus results. We also expect investor focus on the recent Vogtle Unit 4 update and for more detail from management on the comfort with the 1Q24 timeline. While we are in line with consensus on the quarter, we also believe 3Q results could be a positive catalyst for Buy rated NextEra (NEE) to the extent the company reports a strong renewables backlog number and/or if management is able to provide incremental disclosure around NEER financing or NEE interest rate swaps. We see 26% total return to SO and 36% to NEE.

Where we see the most upside to consensus around 3Q23 results. We are 3% above consensus for Buy rated SO for 3Q23. We expect strong cost management and weather that was slightly better than normal will drive the beat for the quarter. Outside of results, we expect investors will be focused on Vogtle Unit 4 following the recent delay, and we expect management to discuss why they are still comfortable guiding to a 1Q2024 in-service date. We also look for incremental updates on potential renewable spend at SO Power, but acknowledge that we may not hear an update this quarter with Vogtle not yet completed. Additionally, we expect focus on how the prudency view has proceeded thus far, and what the next steps are. SO remains our top idea given a path to multiple re-rating as the project execution risk overhang is removed with Vogtle completion in the near-term, expectations of a strong balance sheet post Vogtle, favorable regulatory jurisdictions, and above average growth. Our $81 target price implies a 26% total return.

Where we see the most downside to consensus around 3Q23 results. We are

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

4% below consensus for EXC, largely driven by modest interest expense and O&M headwinds. EXC is in the midst of two important rate cases at its ComEd and BGE segments, with the ComEd rate case being one of the main topics of debate for EXC. We expect these rate cases will be the primary area of interest for investors. The ComEd rate case expects a ruling from the Administrative Law Judge (ALJ) before earnings, which will be an important milestone in the rate case. We expect EXC to receive an RoE in-line with the national average of 9.7% from the ComEd final order, but we acknowledge that this rate case is particularly difficult to forecast as the commission is switching from a formulaic approach to a traditional approach. Given the uncertainty from the rate case we consider it to be a regulatory overhang for the stock, and do not believe EXC warrants a premium valuation. We expect both the ALJ decision and the final order in December will be material catalysts for the stock, but the outcome will determine if it is a headwind or tailwind. We see more appealing valuation elsewhere in our coverage, with our $39 target price for EXC implying only 1% total return.

Exhibit 1: We are in-line on average for 3Q earnings across our utilities coverage
GS v/s Consensus

	3Q23			2023			2024			2025		
EPS	**GS**	**Cons**	**% Delta**	**GS**	**Cons**	**% Delta**	**GS**	**Cons**	**% Delta**	**GS**	**Cons**	**% Delta**
NEE	$0.89	$0.89	0%	$3.21	$3.12	3%	$3.45	$3.40	2%	$3.72	$3.66	2%
SRE	$0.99	$1.00	-1%	$4.61	$4.49	3%	$4.74	$4.79	-1%	$5.13	$5.11	0%
SO	$1.37	$1.33	3%	$3.55	$3.60	-1%	$4.03	$4.03	0%	$4.48	$4.32	4%
AEP	$1.73	$1.73	0%	$5.20	$5.27	-1%	$5.66	$5.59	1%	$6.19	$5.98	3%
XEL	$1.26	$1.29	-2%	$3.36	$3.36	0%	$3.59	$3.59	0%	$3.88	$3.81	2%
DUK	$1.96	$1.98	-1%	$5.50	$5.61	-2%	$5.93	$5.98	-1%	$6.23	$6.34	-2%
D	$0.86	$0.80	8%	$3.47	$3.37	3%	$3.49	$3.35	4%	$3.60	$3.58	1%
PEG	$0.74	$0.73	1%	$3.45	$3.46	0%	$3.65	$3.69	-1%	$4.06	$4.06	0%
EXC	$0.68	$0.70	-4%	$2.37	$2.36	0%	$2.46	$2.51	-2%	$2.61	$2.73	-4%
ED	$1.62	$1.66	-3%	$4.84	$4.89	-1%	$5.09	$5.23	-3%	$5.53	$5.51	0%
Coverage Average vs. Consensus			**0%**			**0%**			**0%**			**1%**
Buy rated Average vs. Consensus			***0%***			***1%***			***0%***			***2%***

We note our D estimate still embeds the Gas LDC business, which may not be comparable versus consensus estimates

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 2: We see 21% total return potential to our coverage on average
Comp analysis

	Ticker	Rating	Price	Target	Dividend Yield	Total Return	EPS			P/E			EPS CAGR
			10/13/23	12 Mo.	%	%	2023	2024	2025	2023	2024	2025	22-25 (%)
Large Cap Regulated Utilities													
American Elec Power	AEP	Buy	74.47	$100.00	4.5%	39%	$5.20	$5.66	$6.19	14.3x	13.1x	12.0x	7%
Duke Energy	DUK	Neutral	88.68	97.00	4.6%	14%	5.50	5.93	6.23	16.1x	15.0x	14.2x	6%
Consolidated Edison	ED	Sell	88.02	88.00	3.7%	4%	4.84	5.09	5.53	18.2x	17.3x	15.9x	7%
Exelon	EXC	Sell	39.95	39.00	3.7%	1%	2.37	2.46	2.61	16.9x	16.3x	15.3x	5%
Southern Company	SO	Buy	66.55	81.00	4.2%	26%	3.55	4.03	4.48	18.7x	16.5x	14.9x	8%
Xcel	XEL	Buy	58.86	74.00	3.5%	29%	3.36	3.59	3.88	17.5x	16.4x	15.2x	7%
Public Service Enterprise Group	PEG	Neutral	60.80	65.00	3.8%	11%	3.45	3.65	4.06	17.6x	16.7x	15.0x	6%
Sector Average					***4.0%***	***18%***				***17.0x***	***15.9x***	***14.6x***	***6%***
Diversified Utilities													
Dominion Energy	D	Not Rated	41.88		6.4%	-	3.47	3.49	3.60	12.1x	12.0x	11.6x	-4%
NextEra Energy	NEE	Buy	54.49	72.00	3.4%	36%	3.21	3.45	3.72	17.0x	15.8x	14.7x	9%
Sempra Energy	SRE	Buy	69.49	89.00	3.4%	31%	4.61	4.74	5.13	15.1x	14.7x	13.5x	4%
Sector Average					***4.4%***	***34%***				***14.7x***	***14.1x***	***13.3x***	***3%***
Coverage Average					***4.1%***	***21%***				***16.3x***	***15.4x***	***14.2x***	***5%***

SO is on the Americas Conviction List

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

NextEra Energy (NEE, Buy)

Our most recent views

We remain Buy Rated on NEE, with 36% total return following recent challenges and its significant underperformance. NEE is still the most exposed to renewables in our coverage, and we believe that the company can still hit the top end of its growth range going forward. Many investors are concerned that a slowdown in renewables monetizations and higher interest rates will slow NEE's ability to grow, but we believe these fears are overdone. We believe that NEE can utilize tax equity financing, monetization of tax credits, non core asset sales, and interest rate swaps to mitigate the bulk of these headwinds. In our view, a quarter of strong financial results as well as 2GW of renewable backlog growth would be viewed positively by investors. Our latest note on NEE goes into detail on our positive views.

Quarterly outlook

We slightly raise our 3Q23E EPS to $0.89 which is in-line with FactSet consensus of $0.89 for the quarter. We reflect higher interest expense for the quarter as well as slightly lower O&M expense. Overall, we expect a strong quarter for NEE, as it has consistently hit or beat its guidance. While financial results will of course be important, investors will be very focused on management commentary on the growth outlook for the business. We believe that more disclosures surrounding the NEER segment or on NEE's interest rate swaps could contribute to improving investor sentiment. In addition to these items, we expect investors to be focused on (a) updates on addition to the renewables backlog at the NEER segment, (b) discussion on how NEE will replace the funding gap left by a slowdown in asset monetizations, (c) updates on the Supreme Court review/potential FPL campaign finance violations as reported by NPR, and (d) commentary around renewable project returns.

Valuation & Key Risks

We are Buy rated on NEE. We value NEE with a SOTP, applying a 5x premium to its Florida based utility given its strong regulatory jurisdiction. We apply a 12x EV/EBITDA multiple to its NEER segment, given its scale advantage and consistent execution over the years. Our 12-month target price of $72, implies a 36% total return vs the average of 21% for our coverage group. Our 2023-2025 EPS estimates move from $3.18/$3.45/$3.71 to $3.21/$3.45/$3.72. Key risks for NEE include the 1) a more negative regulatory landscape, 2) a slowdown in renewable demand, 3) impact of higher interest rates when interest rate hedges begin to roll off.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

NEE	12m Price Target: $72	Price: $54.49	Upside: 32.1%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $109.3bn	**Revenue ($ mn) New**	**20,956.0**	**27,742.3**	**27,828.2**	**29,694.9**
Enterprise value: $190.7bn	Revenue ($ mn) Old	20,956.0	27,742.3	27,824.5	29,691.1
3m ADTV :$767.4mn	EBITDA ($ mn)	9,280.0	16,426.5	16,237.0	17,884.6
United States	EBIT ($ mn)	4,081.0	10,009.5	10,008.2	11,021.5
America-Utilities:	**EPS ($) New**	**2.91**	**3.21**	**3.45**	**3.72**
	EPS ($) Old	2.91	3.18	3.45	3.71
M&A Rank: 3	P/E (X)	27.7	17.0	15.8	14.7
	Dividend yield (%)	2.1	3.4	3.8	4.1
	Net debt/EBITDA (X)	6.8	4.3	4.8	4.6
		6/23	**9/23E**	**12/23E**	**3/24E**
	EPS ($)	0.88	0.89	0.61	0.89

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 13 Oct 2023 close.

American Electric Power (AEP, Buy)

Our most recent views

We continue to view AEP as well positioned in the energy transition as the leader in transmission, and expect that its renewable build out and ongoing effort to improve its regulatory jurisdictions will improve sentiment around the stock over time. As discussed in detail in our Initiation note, we see a $93bn gap in transmission spend through 2030, and expect that AEP will benefit significantly from this opportunity for incremental spend. Additionally, AEP has allocated $8.6bn for renewables to replace the 4.7 GWs of coal that it plans to retire through 2028. We see the potential for upside from the renewable build out if AEP ends up owning a higher share of the projects than the market expects, but expect this transition to be a tailwind regardless as it replaces high cost coal generation with low cost renewables. We also expect AEP to provide details on a bridge to its FFO/Debt target going forward, which we believe will help ease concerns around the state of its balance sheet.

Quarterly outlook

Our estimate for 3Q2023 comes in at $1.73 which puts us in-line with consensus at $1.73. We expect higher interest expense to be a headwind for the quarter along with weather which was a tailwind for 3Q2022 and data indicates that it was closer to normal levels this year. To the extent the company provides more granularity on the bridge between current FFO/debt levels to its targets, we believe it would be viewed favorably by investors as the balance sheet has remained one of the top concerns in our conversations. Additionally, we expect investors to be focused on 1) regulatory updates for the various jurisdictions, 2) RFP updates, 3) earned vs authorized RoEs, 4) updates on cost management.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Valuation & Key Risks

We are Buy rated on AEP with a 12-month, SOTP based price target of $100. We value AEP with a SOTP to account for its transmission holdco segment along with its regulated utilities. We apply a 16x multiple to its VIU and T&D segments, accounting for the potential renewable growth at VIU as well as the regulatory lag that both segments face. For the Transco segment we apply a 19x multiple to account for the strong RoEs and material investment into the segment. Our 2023-2025 estimates move from $5.16/$5.64/$6.16 to $5.20/$5.66/$6.19. Key risks include 1) Lower than expected ownership of renewable RFPs; 2) Financing needs; 3) Failure to make progress on closing the ROE gap at the VIU utilities, and 4) cost management.

AEP	12m Price Target: $100	Price: $74.47	Upside: 34.3%

Buy

Market cap: $38.4bn
Enterprise value: $81.8bn
3m ADTV :$260.8mn
United States
America-Utilities:
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**19,467.6**	**19,779.0**	**20,170.2**	**20,571.7**
Revenue ($ mn) Old	19,467.6	19,779.0	20,170.2	20,571.7
EBITDA ($ mn)	6,885.8	7,727.3	8,470.7	9,423.6
EBIT ($ mn)	3,272.2	4,173.2	4,574.7	5,096.2
EPS ($) New	**5.08**	**5.20**	**5.66**	**6.19**
EPS ($) Old	5.08	5.16	5.64	6.16
P/E (X)	18.7	14.3	13.1	12.0
Dividend yield (%)	3.3	4.4	4.5	4.7
Net debt/EBITDA (X)	5.7	5.6	5.5	5.3
	6/23	**9/23E**	**12/23E**	**3/24E**
EPS ($)	1.13	1.73	1.24	1.33

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 13 Oct 2023 close.

Southern Company (SO, Buy)

Our most recent views

We continue to view SO as well positioned to rerate to its historical valuation premium as the Vogtle expansion is brought online. Despite the recent delay with Unit 4, we continue to believe that the majority of risk for Vogtle is behind us at this point, and the 1Q24 timeline is in line with our expectations. The challenging macro environment has made SO's strong balance sheet even more valuable, and its favorable regulatory jurisdictions warrant a premium valuation in our view. We still believe there is potential for upside from the prudency review, as the latest stipulated agreement would allow SO to put $7.52bn of Vogtle spend into rate base, above the original $7.3bn that is embedded in our numbers. SO is currently trading at a 0.7x premium to regulated utilities on our 2025 numbers, and we believe that as Vogtle progresses towards completion SO will rerate back to its 2x premium.

Quarterly outlook

Our 3Q23 EPS estimate is $1.37, which is above FactSet consensus at $1.33. On the quarter, we see O&M expense decreasing, interest expense increasing, and favorable

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

weather providing a slight benefit. We expect that this quarter will be relatively quiet in terms of updates, with management likely focusing on recent Vogtle news. While we do expect strong results from SO in 2023, we believe Unit 4 coming online in early 2024 will be the inflection point for the stock to rerate. Outside of results, we expect investors will focus on 1) Vogtle Unit 4 timeline given recent delays, 2) prudency review updates, 3) potential incremental renewable spend at SO Power, and 4) load growth in SO's service regions.

Valuation & Key Risks

We are Buy rated on SO. We value SO with a P/E multiple of 18x on 2025 EPS, a 2x premium to our baseline multiple. Our target price of $81 price target implies a total return of 26% vs the average for our coverage group of 21%. Our 2023-2025 EPS estimates move from $3.58/$4.07/$4.52 to $3.55/$4.03/$4.48 to reflect quarterly updates and tweaks to costs in the back half. Key risks include: 1) execution risk around Vogtle, 2) balance sheet strength and 3) slower than anticipated rate base/earnings growth.

SO	12m Price Target: $81	Price: $66.55	Upside: 21.7%

Buy

Market cap: $73.1bn
Enterprise value: $133.2bn
3m ADTV :$271.6mn
United States
America-Utilities:
M&A Rank: 3
Americas Conviction List

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**29,279.0**	**27,487.8**	**29,077.0**	**30,348.6**
Revenue ($ mn) Old	29,279.0	27,488.0	28,875.1	30,067.3
EBITDA ($ mn)	9,033.0	10,202.1	11,652.6	12,573.9
EBIT ($ mn)	5,370.0	6,057.4	7,408.3	8,074.3
EPS ($) New	**3.60**	**3.55**	**4.03**	**4.48**
EPS ($) Old	3.60	3.58	4.07	4.52
P/E (X)	19.7	18.7	16.5	14.9
Dividend yield (%)	3.8	4.2	4.4	4.5
Net debt/EBITDA (X)	6.2	5.9	5.4	5.1

	6/23	9/23E	12/23E	3/24E
EPS ($)	0.79	1.37	0.63	0.85

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 13 Oct 2023 close.

Exelon (EXC, Sell)

Our most recent views

We continue to see less upside to EXC largely due to the rate case overhang at its largest segment ComEd, and the fact that is has less notably less thematic exposure than other names in our coverage. The ComEd rate case has been a topic of debate, and our views is that EXC will receive an RoE roughly in line with the 9.7% national average, but we assume that the segment slightly underearns authorized going forward. Given that EXC only owns T&D assets, we see limited opportunity for above average growth vs a company that is spending capex on assets like renewables. We do acknowledge its balance sheet cushion relative to its downgrade threshold which is something that is very much in focus for investors now, but do not think that the 1.1x premium that EXC

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

trades at on 2025 numbers is warranted.

Quarterly outlook

We update our 3Q2023 estimate to $0.68 (from $0.70 prior) to better reflect our expectations for O&M cadence in the back half of the year, which compares to FactSet consensus at $0.70. We revise our estimates to account for some amount of interest rate and O&M drag in 3Q, but our FY2023 estimate of $2.37 remains within EXC's guidance range of $2.30-$2.42. Outside of results, we expect investors to be most interested in (a) regulatory updates at both ComEd and BGE, (b) commentary around how EXC will navigate a higher interest rate environment, (c) cost management.

Valuation & Key Risks

We are Sell rated on EXC. We apply an unchanged 15x P/E multiple (vs our baseline multiple of 16x) to our 2025 EPS estimate to derive a 12-month $39 PT, reflecting a 1% total return versus 21% for our coverage. Our 2023-2025 EPS remains the same at $2.37/$2.46/$2.61. Key risks for EXC include: 1) favorable rate case outcomes, 2) cost management, 3) balance sheet cushion relative to downgrade threshold appeals to investors seeking a defensive name, and 4) incremental capex opportunities beyond the base level T&D spend.

EXC	12m Price Target: $39	Price: $40.17			Downside: 2.9%
Sell	GS Forecast				
		12/22	12/23E	12/24E	12/25E
Market cap: $40.0bn	**Revenue ($ mn) New**	**19,078.0**	**20,226.6**	**20,996.8**	**21,688.3**
Enterprise value: $83.1bn	Revenue ($ mn) Old	19,078.0	20,226.6	20,996.8	21,688.3
3m ADTV :$217.1mn	EBITDA ($ mn)	6,642.0	7,291.4	7,952.2	8,524.5
United States	EBIT ($ mn)	3,317.0	3,791.5	4,270.8	4,651.4
America-Utilities:	**EPS ($) New**	**2.27**	**2.37**	**2.46**	**2.61**
	EPS ($) Old	2.27	2.37	2.46	2.61
M&A Rank: 3	P/E (X)	19.1	17.0	16.3	15.4
	Dividend yield (%)	3.1	3.6	3.8	4.1
	Net debt/EBITDA (X)	6.0	5.9	5.8	5.8
		6/23	9/23E	12/23E	3/24E
	EPS ($)	0.41	0.68	0.58	0.74

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Oct 2023 close.

Xcel Energy (XEL, Buy)

Our most recent views

We remain positive on XEL as we see potential upside on the Preferred plan (Commission approvals expected in 4Q23) which could drive around ~$11bn of incremental capex, if approved, which in our view could drive up 2025E EPS by ~2-4%. Our positive view on XEL has been driven by robust investment opportunities across regulated renewables and transmission as the portfolio transitions away from coal, which we believe is materializing. While investor concerns remain around the potential

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

implications of the Marshall Fire for XEL, we note that the management has focused on communicating the facts/circumstances of the situation. We remain Buy rated and expect 29% total return vs 21% total return our coverage.

Quarterly outlook

We reduce our 3Q23 EPS estimate to $1.26 (from $1.37 earlier) which is below FactSet consensus at $1.29 to account for timing of O&M for the remainder of 2023E, which we now expect to be more heavily weighted to 4Q versus 3Q. We also adjust 4Q23 EPS upwards to $0.81 (from $0.71), which is above FactSet consensus at $0.77, to maintain our 2023E EPS at $3.36 which is in-line with FactSet consensus and accounts for revised cadence around O&M. Outside of results, we expect investors to be focused on (a) commentary around the Preferred plan, (b) outlook on guidance for the year and updates on the capital plan/forward earnings guidance, and (c) updates on the Marshall fire.

Valuation & Key Risks

We are Buy rated on XEL. Our 12-month, P/E based price target is $74. In our valuation, we apply a 19x (unchanged) multiple on 2025 earnings, representing a 3x premium to our baseline multiple to account for attractive leverage to renewables and transmission, as well as above average growth versus peer and a strong track record of execution. Our 2023-2025 EPS estimates change to $3.36/$3.59/$3.88 from $3.36/$3.63/$3.90 to reflect higher interest, O&M and D&A expenses. Key risks to our positive view include 1) negative rate case outcomes, 2) slower than expected renewable transition, 3) failure to close gap between earned vs authorized ROE, and 4) cost management.

XEL	12m Price Target: $74	Price: $58.86		Upside: 25.7%	
Buy	GS Forecast				
		12/22	12/23E	12/24E	12/25E
Market cap: $32.1bn	**Revenue ($ mn) New**	**15,310.0**	**15,605.8**	**16,013.0**	**16,453.0**
Enterprise value: $59.5bn	Revenue ($ mn) Old	15,310.0	15,605.8	16,013.0	16,453.0
3m ADTV :$257.1mn	EBITDA ($ mn)	4,939.0	5,184.6	5,708.3	6,130.8
United States	EBIT ($ mn)	2,428.0	2,590.7	2,964.3	3,194.6
America-Utilities:	**EPS ($) New**	**3.17**	**3.36**	**3.59**	**3.88**
	EPS ($) Old	3.17	3.36	3.63	3.90
M&A Rank: 3	P/E (X)	22.1	17.5	16.4	15.2
	Dividend yield (%)	2.8	3.5	3.8	4.0
	Net debt/EBITDA (X)	5.2	5.2	5.2	5.3
		6/23	**9/23E**	**12/23E**	**3/24E**
	EPS ($)	0.52	1.26	0.81	0.74

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 13 Oct 2023 close.

Sempra (SRE, Buy)

Our most recent views

We continue to view SRE favorably for its regulated utility in Texas and its LNG project

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

pipeline within its infrastructure segment. SRE's Texas utility Oncor benefits from organic load growth in its service territory, and despite raising its capital spending plan just last year to $19bn, we expect Oncor to raise the capital plan yet again this year. We also view SRE's LNG portfolio favorably, as these assets have longer dated contracts that can provide steady cash flows to help fund SRE's regulated utility capex. We expect 2024 to be a robust year for SRE's LNG business as both its Port Arthur Phase 2 project and its Cameron expansion project will likely reach FID next year. We believe that SRE's current 0.7x P/E discount to our coverage on 2025 numbers is unwarranted and positive developments from both its LNG business and its Texas utility will help to improve sentiment.

Quarterly outlook

We raise our 3Q2023 estimate slightly to $0.99 which compares to FactSet consensus at $1.00. On the quarter, we expect an increase in interest expense and strong results from Oncor due to favorable weather. SRE noted that this quarter would likely have limited updates, and that a more fulsome update for the company would come in February along with full year 2023 results. For the quarter, we expect investors to be focused on (a) any commentary around the Cameron LNG facility and Port Arthur Phase 2 progress, (b) regulatory updates at the California utilities, (c) cost trends in the back half of 2023.

Valuation & Key Risks

We are Buy rated on Sempra. We value SRE with a SOTP, applying a 1x discount to the California utilities and a 1x premium to the Texas utilities. We value the SIP segment with an unchanged 11x EV/EBITDA multiple, and apply a probability of completion for the LNG projects that are in flight. Our target price of $89 implies a total return of 31% vs an average of 21% for our coverage group. Our 2023-2025 EPS estimates move from $4.59/$4.77/$5.17 to $4.61/$4.74/$5.13. Key risks for SRE include (1) delays with the LNG projects, (2) Texas customer growth slowing or the regulatory environment becoming less favorable in Texas, and (3) unfavorable rate case outcomes at the California utilities or challenging regulatory constructs.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

SRE	12m Price Target: $89	Price: $69.49	Upside: 28.1%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $43.9bn	**Revenue ($ mn) New**	**14,439.0**	**17,920.3**	**18,360.7**	**18,767.2**
Enterprise value: $74.6bn	Revenue ($ mn) Old	14,439.0	17,920.3	18,360.7	18,767.2
3m ADTV :$168.8mn	EBITDA ($ mn)	4,341.0	6,193.0	5,729.1	6,030.2
United States	EBIT ($ mn)	2,322.0	4,009.6	3,427.0	3,579.6
America-Utilities:	**EPS ($) New**	**9.21**	**4.61**	**4.74**	**5.13**
	EPS ($) Old	4.61	4.59	4.77	5.17
M&A Rank: 3	P/E (X)	8.4	15.1	14.7	13.5
	Dividend yield (%)	3.0	3.5	3.9	4.2
	Net debt/EBITDA (X)	6.6	5.0	5.7	5.6
		6/23	**9/23E**	**12/23E**	**3/24E**
	EPS ($)	0.94	0.99	1.23	1.37

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 13 Oct 2023 close.

Duke Energy (DUK, Neutral)

Our most recent views

We are Neutral rated on DUK. DUK continues to have an appealing long term growth story, but we still expect the inflection there to be longer dated, and we continue to view the balance sheet as less advantaged in the near term. We continue to view DUK as a solid electric and gas utility outside of this, and acknowledge that it has continued to push to improve the regulatory mechanisms in its service territories. However we believe these improvements are largely priced in and DUK's short term outlook is still challenging given balance sheet constraints. Our current target price of $97 implies 14% upside vs our coverage average of 21%.

Quarterly outlook

Our 3Q23 estimate is at $0.99 as compared to FactSet consensus at $1.00. On the quarter, we expect interest expense to be the largest headwind for the quarter and adjust accordingly, with O&M reductions somewhat offsetting it. We expect weather will likely be a modest tailwind for the quarter, but not a major driver of results. Outside of results, we expect investors to be focused on (a) how DUK is tracking on its cost management plans as it expects to reduce O&M expense by $300mn in 2023, (b) commentary on equity needs and the outlook of the balance sheet going into 2024 and (d) regulatory updates.

Valuation & Key Risks

We are Neutral rated on DUK. We value DUK using a P/E methodology, applying a half turn discount to our baseline multiple of 16x. We view this slight discount as warranted due to DUK's constrained balance sheet and less differentiated regulatory jurisdictions, in our view. Our current target price of $97 implies a total return of 14%, vs the average of 21% for our coverage group. Key risks for DUK include 1) rate case outcomes, 2) cost

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

management and 3) poor load growth or weather.

DUK	12m Price Target: $97	Price: $88.68	Upside: 9.4%

Neutral

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $68.3bn	**Revenue ($ mn) New**	**28,768.0**	**30,260.4**	**31,906.1**	**33,267.4**
Enterprise value: $146.5bn	Revenue ($ mn) Old	28,768.0	30,260.4	31,906.1	33,267.4
3m ADTV :$291.8mn	EBITDA ($ mn)	11,778.0	13,169.5	14,480.1	15,542.5
United States	EBIT ($ mn)	6,692.0	7,870.8	8,803.6	9,301.0
America-Utilities:	**EPS ($) New**	**5.28**	**5.50**	**5.93**	**6.23**
	EPS ($) Old	5.28	5.54	5.98	6.28
M&A Rank: 3	P/E (X)	19.8	16.1	15.0	14.2
	Dividend yield (%)	3.8	4.6	4.8	4.9
	Net debt/EBITDA (X)	6.0	5.8	5.6	5.5
		6/23	**9/23E**	**12/23E**	**3/24E**
	EPS ($)	0.91	1.96	1.43	1.28

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 13 Oct 2023 close.

Dominion Energy (D, Not Rated)

Quarterly outlook

Our 3Q23 EPS estimate changes to $0.86, as compared to FactSet consensus at $0.80. We note our estimate includes $0.08 of earnings from the Gas LDCs segment in our model, which may not be an apples to apples comparison to consensus estimates. On the quarter, Dominion recently decreased their guidance from $0.72-$0.87 to $0.66-$0.81 (a reduction of $0.05-$0.06) to account for exclusion of Gas LDCs from operating earnings. The company expects reduction in earnings from rate reduction at DEV, loss of solar ITC and outages at Millstone. Apart from results, we expect investors to be on the lookout for (a) updates on the business review, (b) commentary on the sale of Gas LDC assets, and (c) management guidance for 4Q23.

Valuation & Key Risks

We are Not Rated on Dominion Energy. Our 2023-2025 EPS estimates moves from $3.56/$3.51/$3.61 to $3.47/$3.49/$3.60 to account for updated guidance.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

D	Price Target: --	Price: $41.88	--

Not Rated

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $34.0bn	**Revenue ($ mn) New**	**17,174.0**	**20,830.8**	**21,654.9**	**22,645.1**
Enterprise value: $83.9bn	Revenue ($ mn) Old	17,174.0	20,796.9	21,625.7	22,603.8
3m ADTV :$228.1mn	EBITDA ($ mn)	4,849.0	8,899.1	8,559.6	9,208.2
United States	EBIT ($ mn)	2,019.0	5,954.8	5,499.5	5,902.3
America-Utilities:	**EPS ($) New**	**4.11**	**3.47**	**3.49**	**3.60**
	EPS ($) Old	4.11	3.56	3.51	3.61
	P/E (X)	18.6	12.1	12.0	11.6
	Dividend yield (%)	3.5	6.4	6.4	6.7
	Net debt/EBITDA (X)	9.4	5.3	6.0	6.2
		6/23	**9/23E**	**12/23E**	**3/24E**
	EPS ($)	0.53	0.86	1.08	0.96

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 13 Oct 2023 close.

Public Service Enterprise Group (PEG, Neutral)

Our most recent views

We remain Neutral rated on PEG. We do see long term value in PEG's business model with 90%/10% regulated/unregulated split, as PEG can use the cash from its merchant nuclear fleet to fund regulated capex. Near term, we see headwinds for PEG as it continues to deal with higher interest rates and pension expense through the end of the year. PEG's upcoming rate case will account for these costs and allow PEG to recover them, but rates will likely not go into effect until sometime in 2025. We view the latest delay to GSMP Phase 3 to be neutral to slightly negative, as there is now some level of uncertainty around the program and the upcoming rate case with recent commission changes.

Quarterly outlook

Our 3Q23 EPS estimate remains unchanged at $0.74 as compared to FactSet consensus at $0.73. We expect pension and interest to be the largest drivers year over year from an earnings perspective, though we expect growth in customers and grid/transmission investments to offset some of the higher expenses. Apart from results, we expect investors to be on the lookout for (a) any updates around nuclear PTC or hydrogen tax credit expectations, and (b) regulatory updates including the expected distribution rate case filing later this year.

Valuation & Key Risks

We are Neutral rated on PEG and our 12-month price target is $65. We value PEG with a SOTP, applying a 16x P/E multiple on PSE&G 2025 earnings, which is in line with our baseline multiple for the sector. We apply a 9x EV/EBITDA multiple on the Power & Other segment as the nuclear PTC will help derisk the cash flow at the segment going forward. We see 11% total return versus an average of 21% for our coverage. Our

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

2023-2025 EPS estimates move from $3.45/$3.64/$4.05 to $3.45/$3.65/$4.06 as we model slight growth in customer numbers. Key risks for PEG include 1) 2023 distribution rate case uncertainty 2) lack of clarity around the nuclear PTC, 3) potential for upside to current capital plan.

PEG	12m Price Target: $65	Price: $60.8	Upside: 6.9%

Neutral

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $30.4bn	**Revenue ($ mn) New**	**9,800.0**	**10,895.9**	**9,768.9**	**10,267.7**
Enterprise value: $49.6bn	Revenue ($ mn) Old	9,800.0	10,895.9	9,768.9	10,267.7
3m ADTV :$151.4mn	EBITDA ($ mn)	2,730.0	5,057.5	4,263.9	4,667.6
United States	EBIT ($ mn)	1,629.6	3,911.5	3,029.1	3,349.6
America-Utilities:	**EPS ($) New**	**3.46**	**3.45**	**3.65**	**4.06**
	EPS ($) Old	3.46	3.45	3.64	4.05
M&A Rank: 3	P/E (X)	18.5	17.6	16.7	15.0
	Dividend yield (%)	3.4	3.8	3.9	4.1
	Net debt/EBITDA (X)	7.3	3.8	4.7	4.5
		6/23	**9/23E**	**12/23E**	**3/24E**
	EPS ($)	0.70	0.74	0.63	1.14

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 13 Oct 2023 close.

Consolidated Edison (ED, Sell)

Our most recent views

We remain cautious on ED and see valuation as less compelling following the outperformance v/s the XLU (~8% YTD). While we recognize the balance sheet strength at the company, in addition to valuation we see fewer near term catalysts following resolution on the CECONY rate cases, lower relative exposure to energy transition investment opportunities outside of grid reliability, and concerns around customer affordability constraints on investment growth in New York.

Quarterly outlook

Our 3Q23 EPS remains at $1.62 which keeps us below FactSet consensus at $1.66. We adjust our debt and cash levels in 2024 and beyond, which drives a slight change in our 2024 EPS estimate. For the full year 2023E, we expect higher interest expenses (~$190mn higher in 2023E vs 2022A) to moderate the benefit from lower operating expenses, which keeps 2023E EPS unchanged at $4.84. Outside of results, the items that we expect investors to be focused on are (a) management commentary on cost management, (b) any updates on the steam rate case, and (c) potential upside to capex plans given ED's clean energy transition.

Valuation & Key Risks

We are Sell rated on ED. We derive our unchanged $88 12-month price target using a 16x P/E multiple (in line with our baseline multiple of 16x) on our 2025 EPS estimates, reflecting a 4% total return versus 21% for our coverage. Our 2023-2025 EPS estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

move from $4.84/$5.10/$5.53 to $4.84/$5.09/$5.53. Key risks for ED include: 1) premium valuation persisting and 2) stronger than expected execution.

ED	12m Price Target: $88	Price: $88.02	Downside: 0%

Sell

GS Forecast

Market cap: $31.2bn
Enterprise value: $50.3bn
3m ADTV :$163.4mn
United States
America-Utilities:
M&A Rank: 3

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**15,670.0**	**15,196.0**	**16,235.1**	**17,021.4**
Revenue ($ mn) Old	15,670.0	15,196.0	16,235.1	17,021.4
EBITDA ($ mn)	4,680.0	5,489.7	5,525.0	6,097.4
EBIT ($ mn)	2,624.0	3,529.9	3,255.8	3,601.8
EPS ($) New	**4.54**	**4.84**	**5.09**	**5.53**
EPS ($) Old	4.54	4.84	5.10	5.53
P/E (X)	20.3	18.2	17.3	15.9
Dividend yield (%)	3.4	3.7	3.8	3.9
Net debt/EBITDA (X)	4.2	3.6	3.9	3.7
	6/23	**9/23E**	**12/23E**	**3/24E**
EPS ($)	0.61	1.62	0.79	1.76

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 13 Oct 2023 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller and Jaskaran Jaiya, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Financial advisory disclosure

Goldman Sachs and/or one of its affiliates is acting as a financial advisor in connection with an announced strategic matter involving the following company or one of its affiliates: Dominion Energy, Inc.

The rating(s) for American Electric Power, Consolidated Edison Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra, Southern Co. and Xcel Energy Inc. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	62%	56%	44%

As of October 1, 2023, Goldman Sachs Global Investment Research had investment ratings on 2,960 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Goldman Sachs (India) Securities Private Limited Investor Grievance E-mail: india-client-support@gs.com. Compliance Officer: Anil Rajput |Tel: + 91 22 6616 9000 | Email: anil.m.rajput@gs.com. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) are not provided or have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, when the company is an early-stage biotechnology company, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2023 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

KeyBanc Capital Markets

Alert

October 16, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: EXC, FE, ETR, AEE, WEC, AGR, ES, DUK, XEL

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, we are tracking proceedings in EXC's electric rate case in DC, FE's electric rate case in MD, ETR's formula rate plan in AR, AEE's IL electric rate case, and WEC's limited reopener rate case in WI. In other news, the NY PSC denies contracted offshore wind projects to be amended; the NY PSC approves settlement in AGR's NYSEG and RGE electric and gas rates; NC legislators override the governor's veto to change the NCUC composition; parties file briefs in EXC's MD electric and natural gas rate cases; and XEL files reply briefs in the NSP-WI electric and gas rate cases. ***Don't miss our schedule of meetings at the EEI this fall and contact us to join the meetings.***

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Please scroll down for our full schedule, including dinners with **DTE** and **AGR**, and contact us or your KBCM sales representative to schedule meetings.

Regulatory Calendar

EXC — Supplemental testimony in PEPCo's DC electric rate case is due on October 16: EXC's PEPCO filed a three-year electric rate case with the DC PSC seeking a cumulative $191M revenue increase ($116M in RY1, $37M in RY2, and $37M in RY3). New rates would go into effect on February 15, 2024, with the step-ups effective January 1 of 2025 and 2026, respectively. The rate increase request is premised on a 10.5% ROE and 50.5% equity layer.

FE — The final order in Potomac Edison's MD electric rate case is due on October 18: The ALJ's proposed order recommended a $30M revenue increase, premised on a 9.5% ROE and 53% equity. The proposal removed all spending related to post-test-year reliability projects and the associated depreciation, resulting in a $694M rate base at the end of 2022. The ALJ also recommended the denial of Phase II of the electric distribution investment surcharge (EDIS). The ALJ order aligned with the Staff's recommendation for a $29M revenue increase, using a 9.5% ROE and 53% equity. FE's latest request was for a $50M revenue increase premised on a 10.6% ROE, 53.53% equity layer, and a $719M rate base.

ETR — Company responses in ETR AR's FRP are due on October 19: AR PSC Staff (Docket: 16-036-FR) recommended a $137M revenue increase, capped at $88M due to the 4% revenue constraint. Staff calculated a $47M adjustment for the 2022 historical test year and a $90M adjustment for the forecast year. Staff also recommended a 5.62318% benchmark rate of return on rate base compared to ETR's 5.62085% request. ETR AR submitted the FRP application seeking approval of an $89M electric revenue requirement. The FRP includes $50M for the 2022 historical test year and $81M for the 2024 forecast year, although state law only allows a 4% maximum increase, limiting ETR to the $89M request. Hearings are set to commence on November 13 and a Commission ruling is expected December 13.

FERC — FERC's Open Meeting is scheduled for October 19: A copy of the Sunshine Notice is included here.

AEE — TheALJ PD in AEE's IL electric rate case is due on October 20: Staff filed rebuttal testimony recommending a $317M revenue increase over 2024-2027. The updated recommendation bridges the gap between revenue deficiency as calculated by AEE in its rebuttal and the Staff's original testimony, primarily on account of a higher rate base. AEE filed rebuttal testimony for a $450M rate increase and maintained its original stance on a 10.5% ROE and ~54% equity ratio. This compares to AEE's initial request for a $449M rate increase and Staff's recommendation for a $249M revenue increase over the four years. An ICC ruling is due in December, followed by new rates going into effect on January 1, 2024.

WEC — Reply briefs in WEC's limited reopener WI cases are due on October 20: In rebuttal testimony, WEC disagreed with the Staff's recommendation to disallow certain costs associated with West Riverside 2 and Badger Hollow II. Staff's recommendation was to remove the associated cost, resulting in a $76M net revenue increase ($35M WEPCO-E, $21M WEPCO-G, $20M WG), compared to WEC's $90M revenue request ($44M WEPCO-E, $24M WEPCO-G, $22M WG). Staff and WEC's calculations exclude fuel recovery

costs of $42M and $40M, respectively. WEC filed the reopener to recover capital investments for projects achieving commercial operations in 2023 and 2024, and to incorporate projected O&M savings from the planned retirement of coal units. A WI PSC decision is expected in 4Q23, with new rates effective January 1, 2024.

Recent Developments for Companies Under Our Coverage

From our midweek: The ALJ files a proposed order in WEC's IL gas rate cases; the NJ BPU approves the stipulation in PEG's GSMP filing to extend Phase II through 2025; intervenors file testimony in D's VA biennial review; SCE and the DOJ reach a settlement in the 2017 Thomas Fire proceedings; NC legislators override the governor's veto to include nuclear within the definition of clean energy; and the EIA releases its October STEO.

ES — NY PSC denies price increases for contracted projects, likely triggering a series of contract cancelations:

- **What happened?** The NY PSC denied NYSERDA the ability to amend existing contracts for ORECs for offshore wind projects. The PSC decision was in response to petitions by the project developers to raise prices to reflect the current environment, given supply chain challenges and higher interest rates that have disrupted the industry and made projects unviable at current contracted prices. The impacted projects include the 924 MW Sunrise Wind, 816 MW Empire Wind 1, 1,260 MW Empire Wind 2, and 1,230 MW Beacon Wind. ES and Orsted, which were developing Sunrise Wind, sought a 54% price increase to maintain the project's economic viability. The PSC said the companies could exit the deals and bid again in future procurement processes. Shares of ES (-7.5%) underperformed the UTY (-1.6%) during PSC discussions and following the order.
- **What's next?** We believe that while ES has not formally stated its path forward following the PSC decision, it is quite possible that it will rescind the current PPA in favor of rebidding in the next RFP. Termination of the current PPA will likely incur ES a $22M penalty. Recently, AGR agreed to pay $48M and $16M to terminate the PPAs in the ~1.2GW Commonwealth Offshore Wind project in MA and the 804 MW Park City Wind project in CT, respectively. In response to the PSC's decision, the NY governor released her 10-Point Action Plan to reinforce the state's climate policy goals and expedite the rebidding process.
- **What implications does this decision have for ES?** ES has yet to announce the sale of its 50% interest in South Fork, Sunrise, and Revolution. The sale has taken longer than anticipated but is still likely to be announced before YE. The PSC decision on the ORECs adds uncertainty into the value that the projects could bring, especially if ES decides to exit the current Sunrise Wind PPA. It is also likely that ES will take another write-down since ES's fair value estimation of its offshore project portfolio assumed a successful repricing of the Sunrise Wind OREC contract (valued at ~$400M). Last quarter, ES took a $331M after-tax impairment charge to adjust for the carrying value of the total offshore wind investment. See here and here for more.

AGR — NY PSC issues a final order in AGR's NYSEG and RGE electric and gas rate cases: The NY PSC issued a final order adopting the three-year settlement in AGR's NYSEG and RGE electric and gas rate cases. The order authorizes a cumulative $769M revenue increase, premised on a 9.2% ROE and 48% equity. The PSC also authorizes AGR's five-year capital plan of $6.4B for 2022-2026, including recovery of capital investments already made and $634M of investments approved toward the implementation of Phase 1 of the NY climate law (CLCPA). AGR is approved to update its ESM that does not include any low-end earnings sharing. The mechanism directs 100% of the customer's portion toward the accelerated recovery of regulatory deferred assets. AGR will direct 50% of its electric earnings toward storm-related reg assets. The new rates are retroactive to May 1, 2023.

DUK — NC legislators override the governor's veto to change NCUC composition: The NC General Assembly voted to override the governor's veto of SB 512, which proposes reducing the NCUC down to five commissioners, reducing the NCUC chair to a three-year term, and allowing the governor to appoint three of the commissioners. The General Assembly would be responsible for appointing the two other commissioners. If enacted, the NCUC would begin experiencing changes to the composition in 2025, when two of the three expiring terms would not be refilled. In response to the override, the governor filed a lawsuit seeking to block the enactment of the legislation while also requesting a temporary restraining order to prevent many of the provisions of the legislation from going into effect until the constitutionality is resolved. The NCUC has historically comprised seven governor-appointed commissioners and a chair serving four years. We are currently watching the DEC multiyear rate case.

EXC — Parties file briefs in EXC's MD electric and natural gas rate cases: BG&E filed its initial briefs, maintaining its 10.4% ROE and 52% equity. The Company's overall request is for a cumulative net $314M electric and a $290M gas rate increase over 2024-2026, premised on 10.4% ROE and 52% equity. EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. EXC also noted the importance of continuing its Resilience Investment Plan during the multiyear plan, while broader proceedings to explore resilience for MD's grid can always be explored later. The MD PSC staff recommends that the PSC deny $109M for funding the program. Staff also maintained its ROE and capital structure at 9.45% and 52%, respectively, while recommending RY1 revenue increases of $41M and $127M for electric and gas, respectively. Overall, the Staff recommends electric and gas revenue increases of $193M and $232M, respectively, over a three-year term. A MD PSC decision is expected by year-end, with new rates becoming effective in early 2024.

XEL — XEL files reply briefs in the NSP-WI electric and gas rate cases: In reply briefs, XEL broadly argued against the CUB and Walmart's demands of a lower ROE (9.3%) and the disallowance of other costs. XEL maintained its requests from its initial briefs, including a proposal for a 10.25% ROE, 52.5% equity, and its proposed earnings-sharing mechanism. These were three of the

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

five Staff proposed adjustments that XEL opposed in rebuttal testimony, including AIP costs, RAP expenses, fuel adjustments, and MISO charges. Cumulatively, these adjustments lowered the electric and gas revenue deficiencies by $27M and $3M, respectively. XEL adopted eight of the 13 adjustments that Staff proposed, including the $11M adjustment in the electric rate case to reflect the extended life of the Monticello nuclear facility and several wind facilities (which were the main areas of difference between XEL and Staff testimonies). XEL's original ask was for electric and gas revenue increases of $40M and $9M, respectively, premised on a 10.25% ROE and 52.5% equity.

Figure 1 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
KY	Kentucky Power Co	AEP	2021-00370	Electric	10/16/2023	Initial Requests Due
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	10/16/2023	Supplemental Testimony
MD	The Potomac Edison Co.	FE	C-9695	Electric	10/18/2023	Final Order Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	10/19/2023	Company Responses
	Federal Energy Reg Comm	FERC			10/19/2023	Open Meeting
IL	Ameren Illinois	AEE	D-23-0082	Electric	10/20/2023	ALJ Proposed Order
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/20/2023	Reply Briefs Due
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	10/23/2023	Staff Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	10/23/2023	ALJ Proposed Order
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	10/24/2023	Reply Briefs on Exceptions Due
OR	Portland General Electric Co.	POR	LC80	IRP	10/24/2023	Staff Round 2 Comments
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	10/24/2023	Settlement Deadline (Track 1)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	10/24/2023	Settlement Deadline (Track 1)
TX	Southwestern Public Service Co	XEL	D-54634	Electric	10/25/2023	Order Due
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	10/26/2023	Reply Briefs Due
MI	DTE Electric Co.	DTE	C-U-21297	Electric	10/27/2023	Exceptions Due
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	10/27/2023	Rebuttal Testimony Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	10/27/2023	Staff and Intervenor Direct Testimony
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	11/1/2023	Surrebuttal Testimony Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	11/6/2023	Rebuttal Testimony
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	11/6/2023	Rebuttal Testimony
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	11/6/2023	Company Testimony Due (Track 2)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	11/6/2023	Company Testimony Due (Track 2)
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	11/7/2023	Evidentiary Hearings
	Short-Term Energy Outlook	EIA			11/7/2023	STEO release
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	11/7/2023	Hearings Commence
MI	DTE Electric Co.	DTE	C-U-21297	Electric	11/8/2023	Replies to Exceptions
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	11/8/2023	Briefs on Exceptions Due
KY	Kentucky Power Co	AEP	2021-00370	Electric	11/9/2023	Company Response to Initial Requests

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	20.2	Overweight	$82	$77.95	3.2%	58%	4.42	4.66	4.94	17.6x	16.7x	15.8x	4.37	4.69	5.03	17.8x	16.6x	15.5x
AEP	American Electric Power Company In	37.9	Sector Weight	NA	$74.47	4.5%	64%	5.30	5.63	5.97	14.1x	13.2x	12.5x	5.27	5.59	5.98	14.1x	13.3x	12.5x
CMS	CMS Energy Corp	15.6	Overweight	$57	$54.02	3.6%	63%	3.10	3.33	3.57	17.4x	16.2x	15.1x	3.11	3.35	3.60	17.4x	16.1x	15.0x
CNP	CenterPoint Energy Inc	17.4	Overweight	$29	$27.57	2.7%	51%	1.49	1.63	1.72	18.5x	16.9x	16.0x	1.49	1.62	1.73	18.5x	17.0x	15.9x
D	Dominion Energy Inc	34.8	Sector Weight	NA	$41.88	6.4%	79%	3.26	3.73	3.78	12.8x	11.2x	11.1x	3.39	3.46	3.60	12.4x	12.1x	11.6x
DTE	DTE Energy Co	19.8	Overweight	$106	$97.87	3.9%	62%	6.22	6.62	7.06	15.7x	14.8x	13.9x	6.22	6.66	7.14	15.7x	14.7x	13.7x
DUK	Duke Energy Corp	67.8	Overweight	$96	$88.68	4.6%	73%	5.62	6.00	6.34	15.8x	14.8x	14.0x	5.61	5.98	6.33	15.8x	14.8x	14.0x
ETR	Entergy Corp	19.8	Overweight	$97	$93.55	4.6%	65%	6.68	7.21	7.69	14.0x	13.0x	12.2x	6.70	7.19	7.71	14.0x	13.0x	12.1x
ES	Eversource Energy	19.0	Sector Weight	NA	$55.03	4.9%	62%	4.38	4.66	4.95	12.6x	11.8x	11.1x	4.35	4.61	4.89	12.7x	11.9x	11.2x
ED	Consolidated Edison Inc	30.1	Underweight	$77	$88.02	3.7%	66%	4.94	5.19	5.54	17.8x	17.0x	15.9x	4.90	5.24	5.53	17.9x	16.8x	15.9x
EIX	Edison International	24.9	Sector Weight	NA	$65.69	4.5%	63%	4.73	5.11	5.63	13.9x	12.9x	11.7x	4.71	5.13	5.60	13.9x	12.8x	11.7x
EXC	Exelon Corp	39.6	Sector Weight	NA	$39.95	3.7%	62%	2.36	2.53	2.72	16.9x	15.8x	14.7x	2.36	2.51	2.73	16.9x	15.9x	14.7x
FE	FirstEnergy Corp	20.2	Overweight	$41	$35.60	4.4%	62%	2.52	2.71	2.88	14.1x	13.1x	12.4x	2.54	2.69	2.85	14.0x	13.3x	12.5x
PEG	Public Service Enterprise Group Inc	30.2	Sector Weight	NA	$60.80	3.8%	66%	3.45	3.60	3.88	17.6x	16.9x	15.7x	3.46	3.69	4.06	17.6x	16.5x	15.0x
SO	Southern Co	71.6	Sector Weight	NA	$66.55	4.2%	77%	3.58	4.03	4.27	18.6x	16.5x	15.6x	3.60	4.03	4.32	18.5x	16.5x	15.4x
WEC	WEC Energy Group Inc	25.6	Overweight	$94	$82.52	3.8%	68%	4.61	4.93	5.27	17.9x	16.7x	15.7x	4.61	4.92	5.26	17.9x	16.8x	15.7x
XEL	Xcel Energy Inc	32.1	Overweight	$62	$58.86	3.5%	62%	3.36	3.57	3.75	17.5x	16.5x	15.7x	3.36	3.60	3.85	17.5x	16.4x	15.3x
					Average:	**4.1%**	**65%**				**16.1x**	**14.9x**	**14.0x**				**16.0x**	**15.0x**	**14.0x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.5	Sector Weight	NA	$32.73	5.6%	80%	2.30	2.45	2.53	14.2x	13.4x	12.9x	2.29	2.49	2.58	14.3x	13.2x	12.7x
NWE	NorthWestern Corp	3.0	Overweight	$64	$48.41	5.3%	75%	3.43	3.66	3.83	14.1x	13.2x	12.6x	3.43	3.57	3.77	14.1x	13.6x	12.8x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$74.49	2.3%	30%	5.79	4.08	3.35	12.9x	18.3x	22.2x	5.87	4.06	3.65	12.7x	18.4x	20.4x
PNW	Pinnacle West Capital Corp	8.5	Sector Weight	NA	$75.69	4.6%	83%	4.18	5.04	5.24	18.1x	15.0x	14.4x	4.21	4.97	5.16	18.0x	15.2x	14.7x
POR	Portland General Electric Co	4.2	Sector Weight	NA	$41.66	4.5%	70%	2.66	3.06	3.20	15.7x	13.6x	13.0x	2.68	3.04	3.21	15.6x	13.7x	13.0x
					Average:	**4.5%**	**68%**				**15.0x**	**14.7x**	**15.1x**				**14.9x**	**14.8x**	**14.7x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	11.8	Sector Weight	NA	$30.98	5.7%	82%	1.95	2.32	2.47	15.9x	13.4x	12.5x	2.14	2.35	2.52	14.5x	13.2x	12.3x
NEE	Nextera Energy Inc	107.3	Sector Weight	NA	$54.49	3.4%	60%	3.14	3.41	3.67	17.4x	16.0x	14.8x	3.12	3.40	3.63	17.5x	16.0x	15.0x
SRE	Sempra	43.1	Sector Weight	NA	$69.49	3.4%	53%	4.49	4.77	5.14	15.5x	14.6x	13.5x	4.50	4.79	5.12	15.5x	14.5x	13.6x
					Average:	**4.2%**	**65%**				**16.2x**	**14.6x**	**13.6x**				**15.8x**	**14.6x**	**13.6x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	37.2	Sector Weight	NA	$113.69	1.0%	22%	3,627	3,918	3,813	10.9x	9.9x	10.4x	3,511	3,947	3,871	11.2x	9.9x	10.2x
NRG	NRG Energy Inc	9.5	Not Covered	NA	$41.01	3.7%	33%	NA	NA	NA	NA	NA	NA	3,009	3,130	3,128	6.1x	5.5x	4.1x
VST	Vistra Corp	11.7	Not Covered	NA	$31.64	2.7%	18%	NA	NA	NA	NA	NA	NA	3,907	4,215	4,138	6.5x	5.9x	5.5x
					Average:	**2.5%**	**24%**				**10.9x**	**9.9x**	**10.4x**				**7.9x**	**7.1x**	**6.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

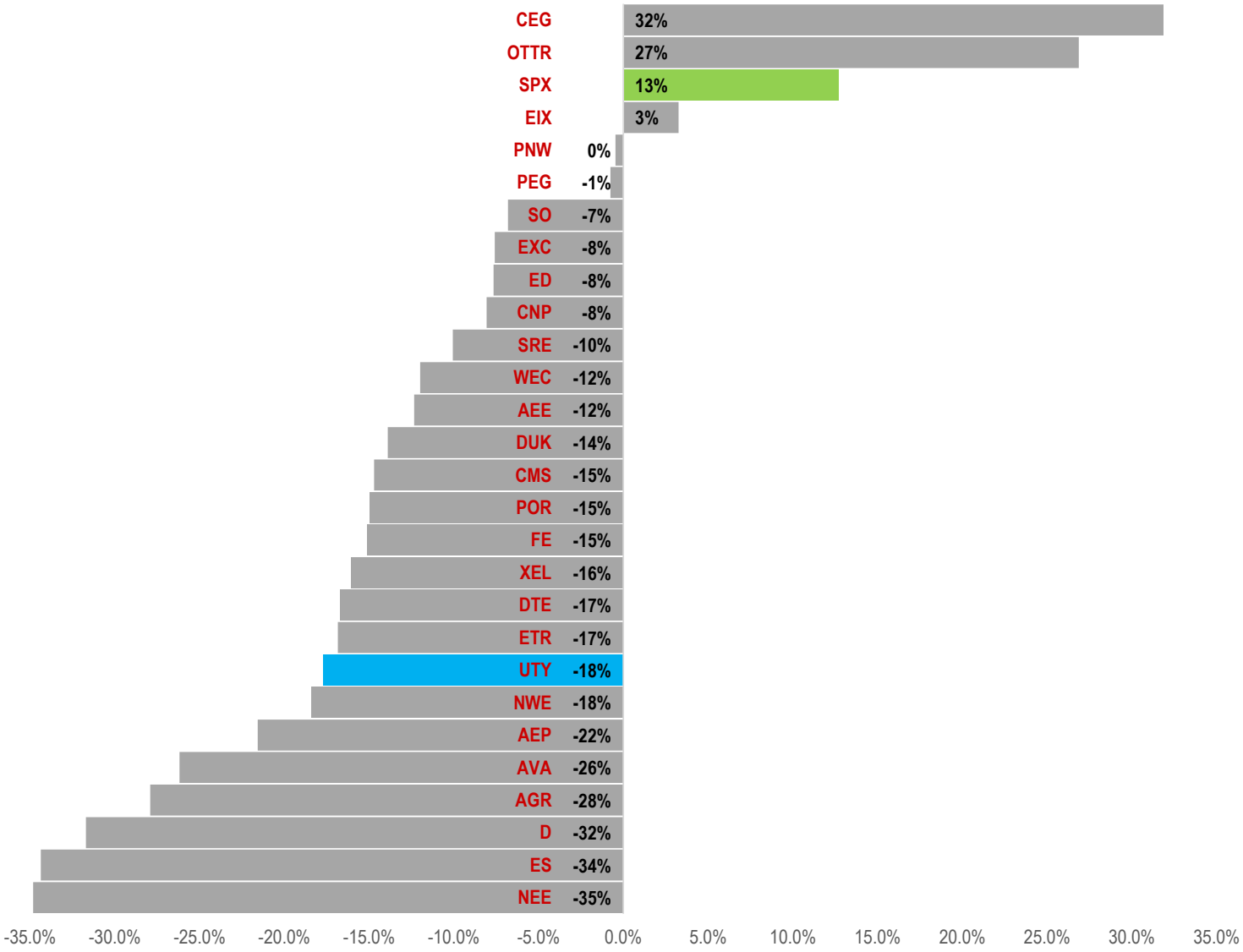

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	240	48.29	45	18.75
Sector Weight [SW]	252	50.70	38	15.08
Underweight [UW]	5	1.01	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	19	76.00
Sector Weight [SW]	31	54.39	10	32.26
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

KeyBanc Capital Markets

Alert

October 09, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: CMS, D, XEL, ED, EXC, WEC, POR, SO, ETR, PNW, AGR, ES, EIX

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, we are tracking proceedings in CMS's electric rate case in MI, D's VA biennial review, XEL's rate cases in WI, ED's steam rate case in NY, EXC's MD rate cases, and WEC's limited reopener in WI. In other news, POR reaches a constructive settlement resolving all outstanding issues in its electric rate case; SO identifies a motor fault in Vogtle Unit 4; SO reaches an estimated $413M settlement with OPC; the AR Staff files testimony in ETR's FRP; FERC partially accepts PNW's proposal for AZ interconnection reform; CT, MA, and RI sign an MOU to coordinate offshore wind procurements; Orange County files lawsuits against EIX for the Silverado Fire and Coastal Fire; PEPCO reaches a $57M settlement in a chemical dumping lawsuit; and CMS announces plans to add an 85 MW solar facility at a former coal power plant site. ***Don't miss our schedule of meetings at the EEI this fall and contact us to join the meetings.***

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Please scroll down for our full schedule, including dinners with **DTE** and **AGR,** and contact us or your KBCM sales representative to schedule meetings.

ICYMI
Close Your Eyes and Buy (Quality): We shook up our ratings and price targets to reflect our current views on the space. Read more here.

WEC — We hosted WEC for a set of management meetings last week. Given the timing, WEC discussed its pending refreshed capital plan, as well as how it plans to finance it, and its longer-term outlook. Read more here.

DTE — We provided our thoughts on the ALJ's PD in DTE's electric rate case. Overall, the ALJ proposed a $290M rev increase (9.8% ROE) compared to DTE's $580M (10.25% ROE) request and Staffs $379M recommendation (9.8% ROE). Read more here.

Regulatory Calendar
CMS — Hearings in CMS's MI electric rate case begin October 9: CMS lowered its request to $160M, down from the $218M requested during the initial filing. The lower revenue deficiency is due to CMS reducing its rate base by ~$576M and lower O&M expenses of $28M. The lower rate base reflects the removal of capex for Mustang Mile, Washtenaw, and Muskegon solar projects, which the Company will seek to recover in a future rate case. CMS continues to pursue a 10.25% ROE and 52% equity. The lower request narrows the gap compared to Staff's $95M revenue increase recommendation based on a 9.8% ROE and 50% equity—the lower ROE continues to drive the difference. Concerning the IRM (Investment Recovery Mechanism), CMS supported some of the Staff's proposed changes but did not support reduced spending for the IRM. An ALJ PD is expected on December 21.

D — Intervenor testimony in D's VA biennial review proceedings is due on October 10: D made a biennial rate filing in pursuance of the new legislation. The Company provided a forward-looking, rate-making analysis based on the 9.7% ROE and 52.1% equity layer provided for in the legislation and demonstrates a $26M revenue deficiency in 2024 and $51M in 2025. However, since the legislation also says that the fold-in of $350M in rider revenue into base rates cannot serve as a basis for a rate increase, D is not proposing any incremental rates in this proceeding.

XEL — Reply briefs in the NSP-WI electric and gas rate cases are due on October 10: In initial briefs, XEL requested the PSC accept its proposal for a 10.25% ROE, 52.5% equity, and its proposed earnings sharing mechanism. These were three of the five Staff proposed adjustments that XEL opposed in rebuttal testimony, including AIP costs, RAP expenses, fuel adjustments, and MISO charges. Cumulatively, these adjustments lowered the electric and gas revenue deficiencies by $27M and $3M, respectively. XEL adopted eight of the 13 adjustments that Staff proposed, including the $11M adjustment in the electric rate case to reflect the extended

life of the Monticello nuclear facility and several wind facilities (which were the main areas of difference between XEL and Staff testimonies). XEL's original ask was for electric and gas revenue increases of $40M and $9M, respectively, premised on a 10.25% ROE and 52.5% equity (Docket: 4220-UR-126).

ED — Evidentiary hearings in ED's CECONY steam rate case begin on October 11: Staff offered a statement in support of the Joint Proposal agreeing to a three-year rate plan beginning in November 2023 with a levelized revenue increase of $77.8M in each of RY1-RY3. The JP proposes a 9.25% ROE and a 48% equity layer and includes an ESM in which customers will share earnings in excess of 9.75%. The settlement also includes a weather normalization adjustment and reflects roughly $105M of capex each year during the rate plan. The settlement compares to Staff's recommended $94M revenue increase, premised on a 9% ROE and 48% equity, and ED's $141M revenue request, 10% ROE, and 50% equity layer.

EXC — Briefs in EXC's MD electric and natural gas rate cases are due on October 12: MD PSC Staff recommended electric and gas revenue increases of $193M and $232M, respectively, over a three-year term. The increases are premised on a 9.45% ROE and 52% equity. This compares to BG&E's (Docket: C-9692) request for a cumulative net $314M electric and a $290M gas rate increase over 2024-2026, premised on 10.4% ROE and 52% equity. The difference is largely due to the lower ROE proposed by Staff. EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. A MD PSC decision is expected by year-end, with new rates becoming effective in early 2024.

WEC — Briefs in WEC's limited reopener WI cases are due on October 13: In rebuttal testimony, WEC disagreed with the Staff's recommendation to disallow certain costs associated with West Riverside 2 and Badger Hollow II. As a reminder, Staff's recommendation to remove the associated cost resulted in a cumulative $76M net revenue increase ($35M WEPCO-E, $21M WEPCO-G, $20M WG), compared to WEC's $90M revenue request ($44M WEPCO-E, $24M WEPCO-G, $22M WG). Staff and WEC's calculations exclude fuel recovery costs of $42M and $40M, respectively. WEC filed the reopener to recover capital investments for projects achieving commercial operations in 2023 and 2024, and to incorporate projected O&M savings from the planned retirement of coal units. A WI PSC decision is expected in 4Q23, with new rates effective January 1, 2024.

Recent Developments for Companies Under Our Coverage

From our midweek: Intervenors file testimony in KY Power's electric rate case; AGR reaches an agreement to terminate Park City PPAs; EXC files rebuttal testimony in its DE electric rate case; the NC governor vetoes the clean energy bill proposal; DUK completes the sale of its distributed energy assets; D proposes new solar projects for VA customers; AEP appoints a new CFO; and OTTR announces the retirement of its CFO and names a replacement.

POR — POR reaches constructive settlement resolving all outstanding issues in OR electric rate case: POR, OR PUC Staff, the OR CUB, and others reached a sixth and final settlement, resolving all outstanding issues in the electric rate case. The settlement agrees to a $391M (net $208M) revenue increase, premised on 9.5% ROE, 50% equity, and a $6.2B rate base. The authorized revenue increase includes $183M of power costs and reflects POR's updated load forecast. Parties also agreed to adjust the Power Cost Adjustment Mechanism (PCAM) to allow POR to recover 80% of reliability contingency event (RCE) costs that are above POR's forecast in its annual tariff, with the remaining 20% of RCE costs flowing through the existing PCAM. While POR requested that 100% of the expenses during RCE be recoverable, the updated mechanism mitigates some volatility associated with power costs during periods of region-wide capacity constraints. The settlement also includes a vegetation management tracker that POR requested. As part of the agreement, POR withdrew its request to add associated battery storage to the Renewable Adjustment Clause. The settlement is a constructive outcome relative to the Company's initial ask for $338M (net $231M), premised on a 9.8% ROE, 50% equity, and $6.3B rate base. The primary adjustments were the agreed-upon ROE (-$13M) and O&M expenses (-$17M). A PUC decision is expected in December, followed by new rates going into effect on January 1, 2024.

SO — SO identifies motor fault resulting in Vogtle Unit 4 in-service date of 1Q24: SO identified a motor fault in one of the four reactor coolant pumps during startup and pre-operational testing at Unit 4. SO has begun replacing the pump with a spare RCP that was on site. As a result of the fault, SO now expects the plant to enter service during 1Q24, still within its prior 4Q23-1Q24 window. However, the delay will result in a $0.05 EPS impact in 2024, implying earnings toward the lower end of the $3.95-$4.10 range. SO will provide narrower 2024 guidance at the end of the year. At the end of 2Q23, the Company's total cost forecast for Vogtle was $10.6B.

SO — SO reaches an estimated $413M settlement with OPC with respect to certain cost-sharing provisions in the joint ownership agreement: SO reached an agreement with Oglethorpe Power Corporation (OPC) to resolve the dispute regarding the interpretation of the cost-sharing and tender provisions of the Vogtle Joint Ownership Agreement. As a result of the settlement, OPC will not exercise its tender option, and SO will pay $308M for a portion of OPC's construction costs for previously incurred costs. SO is also expected to pay OPC an incremental $105M for further construction costs, based on the current project capital cost forecast. If construction costs exceed current projections, SO will pay 66% of all incremental construction costs. SO expects to record a $152M ($114M after tax) charge in 3Q23. SO previously reached a similar agreement with the Municipal Electric Authority of Georgia (MEAG) paying $76M for a portion of MEAG's construction costs and 20% of all incremental construction costs above projections at the time. The settlement with MEAG is not affected by the latest agreement, and neither settlement resolves the lawsuit with Dalton. However, SO estimates its current exposure is a $17M pre-tax charge to income for the pending dispute with Dalton.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

ETR — Staff files testimony in ETR AR's FRP: AR PSC Staff (Docket: 16-036-FR) recommended a $137M revenue increase, capped at $88M due to the 4% revenue constraint. Staff calculated a $47M adjustment for the 2022 historical test year and a $90M adjustment for the forecast year. Staff also recommended a 5.62318% benchmark rate of return on rate base compared to ETR's 5.62085% request. ETR AR submitted the FRP application seeking approval of an $89M electric revenue requirement. The FRP includes $50M for the 2022 historical test year and $81M for the 2024 forecast year, although state law only allows a 4% maximum increase, limiting ETR to the $89M request. Hearings are set to commence on November 13 and a Commission ruling is expected December 13.

PNW — FERC partially accepts PNW's proposal for AZ interconnection reform: The order partially adopts PNW's proposals to reform AZ's interconnection policy. The order requires developers to post a study deposit of $100,000, demonstrate 100% site control, and choose between two additional options: demonstrating commercial readiness through signed contracts or posting a $7.5M deposit. Developers can either demonstrate site control or post a $160,000 study deposit for projects between 20 MW and 75 MW or a $250,000 study deposit for projects exceeding 75 MW. PNW was seeking to remove the deposit option. However, FERC rejected the proposal in favor of maintaining the current site control requirements. FERC also rejected PNW's proposal to use any remaining queue withdrawal penalty revenue to offset the costs of network upgrades in the same cluster projects. PNW can draw on the $7.5M deposit if a project withdraws from a cluster study and triggers delays for remaining projects. The FERC order is in response to PNW's proposal with FERC (ER23-2398) requesting that FERC permit changes to the interconnection process as it relates to the PNW's AZ transmission system to allow a readiness standard for processing interconnection requests (and move away from the first come, first served approach). PNW has an interconnection queue backlog of 224 projects totaling ~78 GW. The revisions went into effect on September 30.

AGR, ES — CT, MA, RI sign MOU to coordinate offshore wind procurement: Three New England states (CT, MA, RI) signed a memorandum of understanding establishing guidelines for multi-state offshore wind procurements. The MOU allows the states to select a multi-state proposal up to each state's procurement authority and split the MW and RECs from a single project. The agreement between the three states follows several offshore wind projects canceling contracts due to higher interest rates and inflation, making prior contracts uneconomic. Those canceled projects are expected to be rebid into upcoming RFPs. MA, CT, and RI seek to procure a total of 6,000 MW in 2024, with the states targeting procurements of 3,600 MW, 1,200 MW, and 1,200 MW, respectively.

EIX — A California county files lawsuits against EIX for the Silverado Fire and Coastal Fire: Orange County filed lawsuits against EIX for its role in the 2020 Silverado and 2022 Coastal wildfires. T-Mobile was also named as a defendant in the Silverado Fire. Orange County claims that EIX's negligence caused the two wildfires. EIX filed Electric Safety Incident Reports (ESIR) for each fire. EIX issued a report following the Coastal Fire, notifying the CPUC that circuit activity occurred around the fire's reported time. After the Silverado Fire, EIX notified the regulator that a lashing wire attached to a telecommunications line may have contacted EIX's power line. CA utilities are required to submit a report in certain instances, including when significant public attention has been focused on such events, and the submission is not an admission of guilt. CA has a framework of inverse condemnation, which means that utilities are deemed responsible for wildfire damage caused by their equipment whether the companies are acting negligently or not. CA legislature passed AB 1054 in 2019, which provides safeguards against the inverse condemnation statute.

EXC — PEPCO reaches $57M settlement in chemical dumping lawsuit: EXC's PEPCO reached a $57M settlement with the District of Columbia to resolve civil claims brought by the city. The city accused PEPCO of dumping toxic chemicals into the Anacostia River for several years. ~$47M of the settlement will go toward cleaning up the river, while the remaining $10M is for penalties. PEPCO is required to clean up contamination at the Buzzard Point and Benning Road facilities and will also investigate the environmental costs of its 60,000 underground transformer vaults around DC.

CMS — CMS announces plans to add 85 MW solar facility at power plant site: CMS announces plans to add an 85 MW solar facility at the Dan E Karn Power Plant. The project is expected to enter service by 2026 and be located at the former sites of the previously closed units 1 and 2 of the coal plant. CMS closed units 1 and 2 this past June and is amortizing the decommissioning costs through 2031 (beginning in 2024) and the coal ash disposal costs over 10 years starting in 2024. CMS will continue to run the 693 MW Unit 3 and 710 MW Unit 4 at the Karn facility until 2031. Those units run on natural gas. CMS plans to eliminate all coal generation from its generation mix by 2025.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 1 – KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	10/9/2023	Evidentiary Hearings Begin
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	10/10/2023	Intervenor Testimony
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	10/10/2023	Reply Briefs Due
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	10/11/2023	Evidentiary Hearings Begin
	Short-Term Energy Outlook (Winter Fuels)	EIA			10/11/2023	STEO release
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	10/12/2023	Briefs on Exceptions Due
	CPI Release	BLS			10/12/2023	CPI release for Prior Month
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	10/12/2023	Briefs Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/13/2023	Briefs Due
KY	Kentucky Power Co	AEP	2021-00370	Electric	10/16/2023	Initial Requests Due
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	10/16/2023	Hearing Examiner Report Due
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	10/16/2023	Supplemental Testimony
MD	The Potomac Edison Co.	FE	C-9695	Electric	10/18/2023	Final Order Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	10/19/2023	Company Responses
	Federal Energy Reg Comm	FERC			10/19/2023	Open Meeting
IL	Ameren Illinois	AEE	D-23-0082	Electric	10/20/2023	ALJ Proposed Order
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/20/2023	Reply Briefs Due
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	10/23/2023	Staff Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	10/23/2023	ALJ Proposed Order
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	10/24/2023	Reply Briefs on Exceptions Due
OR	Portland General Electric Co.	POR	LC80	IRP	10/24/2023	Staff Round 2 Comments
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	10/24/2023	Settlement Deadline (Track 1)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	10/24/2023	Settlement Deadline (Track 1)
TX	Southwestern Public Service Co	XEL	D-54634	Electric	10/25/2023	Order Due
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	10/26/2023	Reply Briefs Due
MI	DTE Electric Co.	DTE	C-U-21297	Electric	10/27/2023	Exceptions Due
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	10/27/2023	Rebuttal Testimony Due
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	10/27/2023	Staff and Intervenor Direct Testimony
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	11/1/2023	Surrebuttal Testimony Due

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	19.2	Overweight	$82	$74.00	3.4%	58%	4.42	4.66	4.94	16.7x	15.9x	15.0x	4.37	4.69	5.03	16.9x	15.8x	14.7x
AEP	American Electric Power Company In	36.7	Sector Weight	NA	$72.19	4.7%	64%	5.30	5.63	5.97	13.6x	12.8x	12.1x	5.27	5.60	5.98	13.7x	12.9x	12.1x
CMS	CMS Energy Corp	15.1	Overweight	$57	$53.04	3.7%	63%	3.10	3.33	3.57	17.1x	15.9x	14.9x	3.11	3.35	3.60	17.1x	15.8x	14.7x
CNP	CenterPoint Energy Inc	16.8	Overweight	$29	$26.87	2.8%	51%	1.49	1.63	1.72	18.0x	16.5x	15.6x	1.49	1.62	1.73	18.0x	16.6x	15.5x
D	Dominion Energy Inc	34.3	Sector Weight	NA	$41.70	6.4%	78%	3.26	3.73	3.78	12.8x	11.2x	11.0x	3.43	3.46	3.60	12.2x	12.1x	11.6x
DTE	DTE Energy Co	19.4	Overweight	$106	$95.16	4.0%	62%	6.22	6.62	7.06	15.3x	14.4x	13.5x	6.23	6.66	7.14	15.3x	14.3x	13.3x
DUK	Duke Energy Corp	65.9	Overweight	$96	$86.92	4.7%	73%	5.62	6.00	6.34	15.5x	14.5x	13.7x	5.61	5.98	6.33	15.5x	14.5x	13.7x
ETR	Entergy Corp	19.4	Overweight	$97	$91.99	4.7%	65%	6.68	7.21	7.69	13.8x	12.8x	12.0x	6.70	7.19	7.71	13.7x	12.8x	11.9x
ES	Eversource Energy	19.3	Sector Weight	NA	$55.81	4.9%	62%	4.38	4.66	4.95	12.7x	12.0x	11.3x	4.37	4.64	4.93	12.8x	12.0x	11.3x
ED	Consolidated Edison Inc	29.2	Underweight	$77	$86.35	3.8%	66%	4.94	5.19	5.54	17.5x	16.6x	15.6x	4.90	5.24	5.53	17.6x	16.5x	15.6x
EIX	Edison International	23.3	Sector Weight	NA	$62.06	4.7%	63%	4.73	5.11	5.63	13.1x	12.1x	11.0x	4.71	5.13	5.60	13.2x	12.1x	11.1x
EXC	Exelon Corp	37.2	Sector Weight	NA	$38.08	3.8%	62%	2.36	2.53	2.72	16.1x	15.1x	14.0x	2.36	2.51	2.73	16.1x	15.2x	14.0x
FE	FirstEnergy Corp	19.4	Overweight	$41	$34.25	4.6%	62%	2.52	2.71	2.88	13.6x	12.6x	11.9x	2.54	2.69	2.85	13.5x	12.8x	12.0x
PEG	Public Service Enterprise Group Inc	28.2	Sector Weight	NA	$57.32	4.0%	66%	3.45	3.60	3.88	16.6x	15.9x	14.8x	3.46	3.69	4.06	16.6x	15.5x	14.1x
SO	Southern Co	70.4	Sector Weight	NA	$64.97	4.3%	77%	3.58	4.03	4.27	18.1x	16.1x	15.2x	3.60	4.03	4.32	18.1x	16.1x	15.0x
WEC	WEC Energy Group Inc	25.0	Overweight	$94	$80.63	3.9%	68%	4.61	4.93	5.27	17.5x	16.4x	15.3x	4.61	4.92	5.26	17.5x	16.4x	15.3x
XEL	Xcel Energy Inc	31.2	Overweight	$62	$57.35	3.6%	62%	3.36	3.57	3.75	17.1x	16.1x	15.3x	3.36	3.60	3.85	17.1x	15.9x	14.9x
					Average:	**4.2%**	**65%**				**15.6x**	**14.5x**	**13.7x**				**15.6x**	**14.5x**	**13.6x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.4	Sector Weight	NA	$31.94	5.8%	80%	2.30	2.45	2.53	13.9x	13.0x	12.6x	2.29	2.49	2.58	14.0x	12.8x	12.4x
NWE	NorthWestern Corp	3.0	Overweight	$64	$48.95	5.2%	75%	3.43	3.66	3.83	14.3x	13.4x	12.8x	3.43	3.57	3.77	14.3x	13.7x	13.0x
OTTR	Otter Tail Corp	3.1	Sector Weight	NA	$74.30	2.3%	30%	5.79	4.08	3.35	12.8x	18.2x	22.2x	5.87	4.06	3.65	12.7x	18.3x	20.3x
PNW	Pinnacle West Capital Corp	8.2	Sector Weight	NA	$72.36	4.8%	83%	4.18	5.04	5.24	17.3x	14.4x	13.8x	4.21	4.98	5.16	17.2x	14.5x	14.0x
POR	Portland General Electric Co	4.0	Sector Weight	NA	$40.64	4.6%	70%	2.66	3.06	3.20	15.3x	13.3x	12.7x	2.68	3.04	3.23	15.2x	13.4x	12.6x
					Average:	**4.6%**	**68%**				**14.7x**	**14.5x**	**14.8x**				**14.7x**	**14.6x**	**14.5x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	11.1	Sector Weight	NA	$29.50	6.0%	82%	1.95	2.32	2.47	15.1x	12.7x	11.9x	2.14	2.36	2.53	13.8x	12.5x	11.7x
NEE	Nextera Energy Inc	100.1	Sector Weight	NA	$50.24	3.7%	60%	3.14	3.41	3.67	16.0x	14.7x	13.7x	3.12	3.40	3.63	16.1x	14.8x	13.8x
SRE	Sempra	41.7	Sector Weight	NA	$67.13	3.5%	53%	4.49	4.77	5.14	15.0x	14.1x	13.1x	4.50	4.79	5.12	14.9x	14.0x	13.1x
					Average:	**4.4%**	**65%**				**15.4x**	**13.8x**	**12.9x**				**14.9x**	**13.8x**	**12.9x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	34.7	Sector Weight	NA	$110.17	1.0%	22%	3,627	3,918	3,813	10.9x	9.9x	10.4x	3,517	3,937	3,881	11.2x	9.9x	10.2x
NRG	NRG Energy Inc	8.9	Not Covered	NA	$38.97	3.9%	33%	NA	NA	NA	NA	NA	NA	3,009	3,130	3,128	6.1x	5.5x	4.1x
VST	Vistra Corp	11.7	Not Covered	NA	$31.54	2.7%	18%	NA	NA	NA	NA	NA	NA	3,907	4,215	4,138	6.5x	5.9x	5.5x
					Average:	**2.5%**	**24%**				**10.9x**	**9.9x**	**10.4x**				**7.9x**	**7.1x**	**6.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

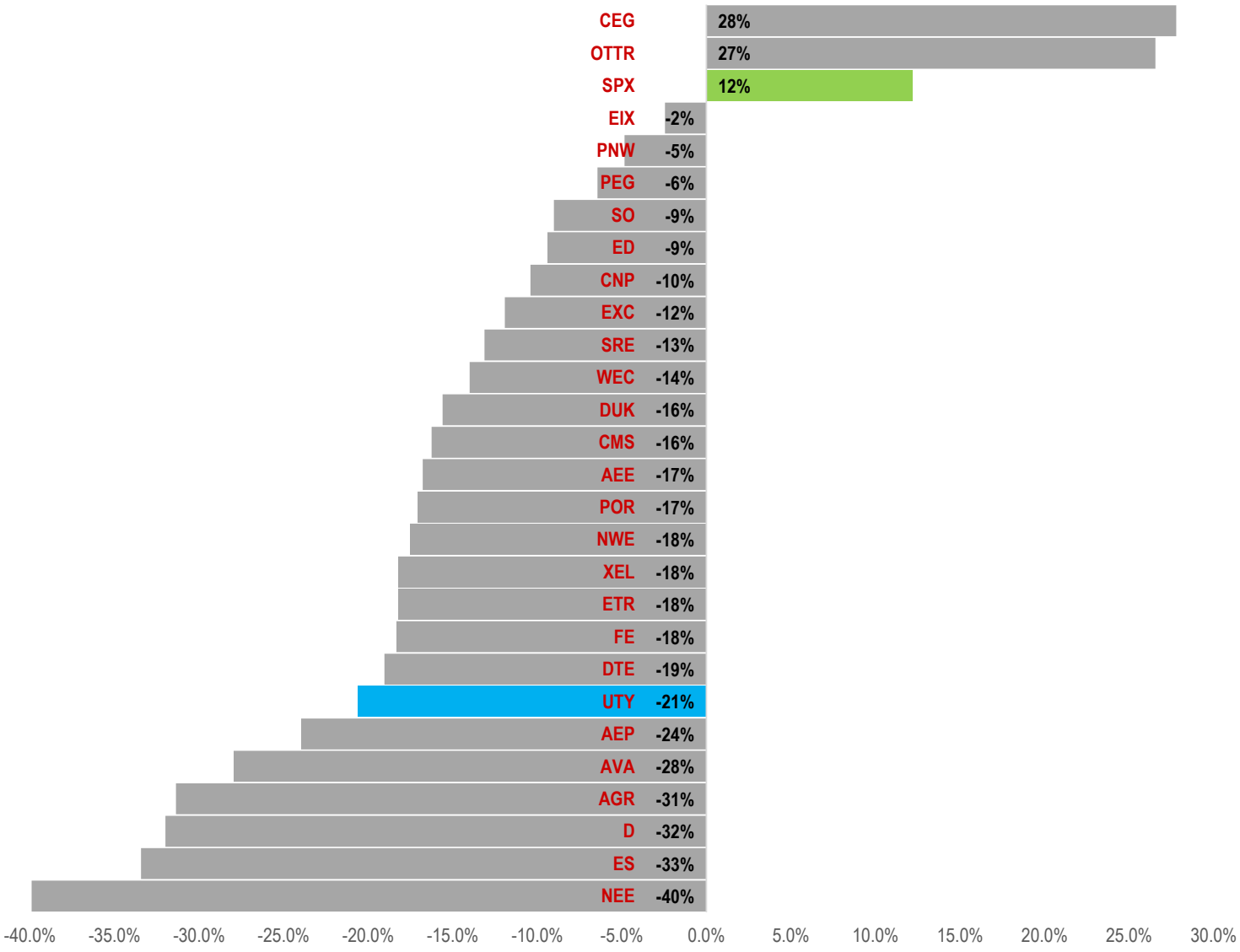

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	241	48.49	44	18.26
Sector Weight [SW]	253	50.91	39	15.42
Underweight [UW]	3	0.60	1	33.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	19	76.00
Sector Weight [SW]	31	54.39	10	32.26
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

KeyBanc Capital Markets

Alert

October 04, 2023

Energy: Electric Utilities

Midweek Thoughts — AEP, AGR, ES, EXC, DUK, D, OTTR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, intervenors file testimony in KY Power's electric rate case; AGR reaches an agreement to terminate Park City PPAs; EXC files rebuttal testimony in its DE electric rate case; the NC governor vetoes the clean energy bill proposal; DUK completes the sale of its distributed energy assets; D proposes new solar projects for VA customers; AEP appoints a new CFO; and OTTR announces the retirement of its CFO and names a replacement. Don't miss our EEI schedule included below, and contact us to schedule any meetings.

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.

Please scroll down for our full schedule, including dinners with **DTE** and **AGR**. Please contact us or your KBCM sales representative to schedule meetings.

Industry News and News from Companies in Our Coverage

AEP — Intervenors file testimony in KY Power's electric rate case: The Office of the AG and KY Industrial Utility Customers filed joint testimony recommending a $66M revenue increase, premised on a 9.7% ROE, 41.24% equity, and $1,573M rate base as of March 31, 2023. This compares to KY Power's request for a ~$94M revenue increase, premised on a 9.9% ROE, 41.62% equity, and a ~$1,793M rate base using the same test year. The lower rate base is a material driver of the delta as the interveners recommend recalculating certain working capital items and removing assets associated with a federal NOL ADIT from rate base, The OAG and KIUC do not oppose KY Power's proposed distribution reliability rider, but want to limit the recovery to incremental capex and O&M. Through the filing, KY Power is seeking to right-size its rate base and improve the balance sheet to improve the earned ROE. At the end of 2Q23, KY Power earned a 1.6% ROE over the past 12 months. KY Power will file rebuttal testimony by November 6, followed by hearings beginning on November 28. New rates are expected to go into effect on January 1, 2024.

EXC — EXC files rebuttal testimony in DE electric rate case: EXC filed rebuttal testimony and updated its ask to $54M (net $39M) compared to its prior request of $56M (net $42M). EXC maintained its request for a 10.5% ROE and 50.5% equity. EXC's request compares to Staff's recommended $36M revenue increase, premised on a 9.38% ROE and 50.5% equity. The primary drivers of the delta are the lower O&M, Staff's use of an average-rate base method (vs. EXC year-end RB), and lower O&M. The Division of the Public Advocate recommended a revenue increase of $29M ($16M net), using a 9.1% ROE and 46.4% equity. EXC and the DPA's net revenue increase excludes $14M for the DSIC rider. A final order is expected in April 2024. Interim rates of $56M went into effect in mid-July.

AGR, ES — AGR reaches an agreement with utilities to terminate Park City PPA: AGR agreed to pay a cumulative $16M to ES and AGR's UIL to terminate the PPA for the 804MW Park City Offshore Wind project. AGR sought to be released from its contracts after determining that the project could not receive financing under the current PPAs. ES and UIL filed the requests with the CT PURA to approve the termination. AGR will decide to rebid either into the next CT RFP or in MA.

DUK — NC governor vetoes clean energy bill: The NC governor vetoed SB 678, or the "Promote Clean Energy" bill, which proposes to redefine renewable energy as clean energy and include nuclear and fusion technology as clean energy. Republican lawmakers plan to override the veto. DUK owns and operates the largest regulated nuclear fleet in the U.S., with 11 nuclear units located at six separate sites totaling 10.7 GW across North Carolina and South Carolina. In its 2023 SC IRP and NC Carbon Plan filings, DUK has proposed investments in new advanced nuclear technology, including small modular reactors.

DUK — DUK completes sale of distributed energy assets: DUK announced the closing of the sale of the distributed energy business to ArcLight Capital Partners for $364M, including non-controlling tax equity interests. The distributed energy business included REC Solar operating assets, a development pipeline, an O&M portfolio, and distributed fuel cell projects. In addition to the distributed energy assets, DUK previously agreed to sell its utility-scale solar and wind group (read more here) to Brookfield Renewable for ~$2.8B, including project debt and non-controlling tax equity interests. DUK still expects the deal with Brookfield to close by year-end. The

proceeds from both deals will be used to offset capital needs in the regulated business and to help fund the Company's 10-year, $145B capital plan.

D — D proposes new solar projects for VA customers: D proposed new solar projects for VA customers in a clean energy filing with the Virginia State Corporation Committee (Docket: PUR-2023-00142). The Company proposed more than a dozen new solar projects, which, if approved, would generate 772 MW of electricity. The proposal includes six solar plants in VA owned by the utility, including 13 PPAs totaling 435 MW. Approval of these solar projects would bring D's total solar energy in VA to 4,600 MW.

AEP — AEP appoints new CFO: AEP announced Charles Zebula will replace Ann Kelly as CFO, effective immediately. Mr. Zebula joined AEP in 1998 and most recently served as an EVP of Portfolio Optimization. Mr. Zebula will report to CEO Julie Sloat. At the same time, AEP reaffirmed its 2023 EPS guidance range of $5.19-$5.39, the 6-7% long-term growth rate, and the FFO/debt target of 14-15%.

OTTR — OTTR CFO retiring, replacement named: OTTR announced that CFO Kevin Moug will retire from his role at the end of the year. Todd Wahlund, who has served as CFO and VP of finance at Ottertail Power Company since 2018, will replace him. Mr. Wahlund joined OTTR in 1992. We view the move as part of OTTR's leadership transition plan.

Figure 1 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	238	47.89	42	17.65
Sector Weight [SW]	255	51.31	40	15.69
Underweight [UW]	4	0.80	2	50.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	17	77.27
Sector Weight [SW]	33	57.89	11	33.33
Underweight [UW]	2	3.51	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

ARGUS

NASDAQ: EXC

EXELON CORP

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Analyst's Notes

Analysis by Marie Ferguson, October 4, 2023

ARGUS RATING: BUY

- Reaffirming BUY and $50 target
- Management has balanced its rate case filings and expects rate decisions at its six utilities from 4Q23 through 2Q24.
- Exelon recently reported 2Q23 operating EPS of $0.41, down from $0.44 a year earlier and just above the consensus of $0.40. The lower earnings reflected unfavorable weather and higher interest costs.
- At the end of September, the company settled SEC fraud charges against its ComEd subsidiary by agreeing to a $46 million civil penalty. The charges related to activities in 2011-2019.
- The current annualized dividend of $1.44 per share yields about 3.9%, near the peer average of 4.0%.

INVESTMENT THESIS

We are maintaining our BUY rating on Exelon Corp. (NYSE: EXC), which provides electricity and natural gas to about 10 million customers in Illinois, Maryland, Pennsylvania, New Jersey, Delaware, and the District of Columbia. We have a positive view of the company's transformation into a pure-play transmission utility through the spinoff of its competitive energy business, Constellation Energy (CEG), which should lower earnings volatility. Management projects long-term earnings growth of 6%-8% from the company's utilities, which we believe is achievable. Exelon is also benefiting from favorable rate case decisions, as well as from its cleaner transmission mix and focus on hydro power.

In conjunction with the February 2022 Constellation spinoff, EXC shareholders received one share of CEG for every three shares of EXC. Exelon shares were repriced as a result of this separation.

We believe that the current share price offers a buying opportunity for income-oriented investors, and are reiterating our target price of $50.

RECENT DEVELOPMENTS

EXC shares have outperformed peers over the past three months, falling 9% compared

Market Data

Pricing reflects previous trading week's closing price.

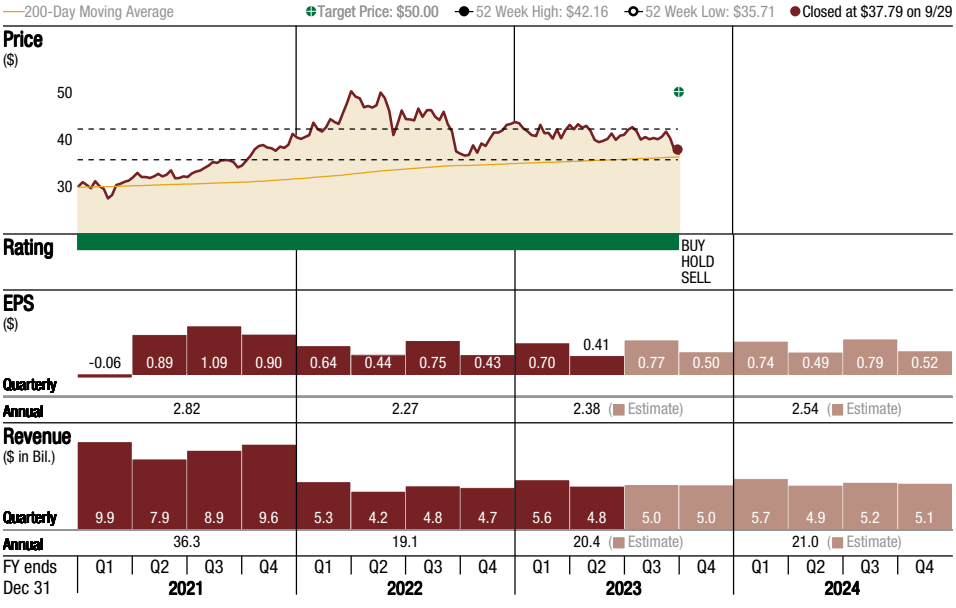

Argus Recommendations

Twelve Month Rating	SELL	HOLD	**BUY**
Five Year Rating	SELL	HOLD	**BUY**
Sector Rating	Under Weight	**Market Weight**	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 71% Buy, 29% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	$37.05
Target Price	$50.00
52 Week Price Range	$35.19 to $44.37
Shares Outstanding	994.30 Million
Dividend	$1.44

Sector Overview

Sector	Utility
Sector Rating	MARKET WEIGHT
Total % of S&P 500 Market Cap.	2.00%

Financial Strength

Financial Strength Rating	MEDIUM
Debt/Capital Ratio	62.0%
Return on Equity	9.4%
Net Margin	10.6%
Payout Ratio	0.61
Current Ratio	0.69
Revenue	$19.91 Billion
After-Tax Income	$2.12 Billion

Valuation

Current FY P/E	15.57
Prior FY P/E	16.32
Price/Sales	1.85
Price/Book	1.47
Book Value/Share	$25.21
Market Capitalization	$36.84 Billion

Forecasted Growth

1 Year EPS Growth Forecast: 4.85%

5 Year EPS Growth Forecast: 7.00%

1 Year Dividend Growth Forecast: 6.67%

Risk

Beta	0.81
Institutional Ownership	0.82%

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes ...Continued

to a loss of 13% for the S&P Utility Sector index (XLU). The S&P has fallen 5% over the past quarter. Over the past 52 weeks, the shares have declined 1%, compared to a loss of about 13% for the XLU. The S&P 500 has gained 18% over the past year.

Exelon recently reported 2Q23 operating EPS of $0.41, down from $0.44 a year earlier and just above the consensus of $0.40. The lower earnings reflected unfavorable weather and higher interest costs.

Second-quarter operating revenues rose 14% from the prior year to $4.8 billion. Operating expenses increased 16% to $4.1 billion. The company has been battling high interest costs. In 2Q23, net interest expense was $427 million, up from $358 million a year earlier.

EXC has several pending rate cases. Thus far in 2023, it has filed an electric distribution rate case for ACE and multiyear rate plans for BGE and Pepco DC. Management expects rate case decisions at its six utilities from 4Q23 through 2Q24.

Meanwhile, Pennsylvania regulators recently approved a $55 million increase in gas distribution revenues that took effect in 1Q23. Separately, DPL/Delmarva obtained an $8 million increase in gas distribution rates and an authorized ROE of 9.6%, which took effect at the end of 2022. The company's average ROE is 9.4%, above the peer average. Looking ahead, management projects a consolidated ROE of 9%-10%.

Management is focused on capital investments that will improve reliability and provide cleaner energy. It plans to allocate $31 billion to new infrastructure by 2026, which will increase the rate base by 8%. The company has taken on additional debt to fund these improvements, issuing $650 million of long-term bonds in 3Q22. In 2Q23, Exelon also applied for $700 million in federal funding through the Infrastructure Investment and Jobs Act that could help to finance 10 new smart-grid and grid resilience projects.

After the close of 2Q23, Exelon subsidiary ComEd and former ComEd CEO Anne Pramaggiore were charged with civil fraud related to activities from 2011 through 2019. According to the SEC, ComEd and its former CEO offered bribes and jobs to third-party vendors with the goal of influencing an Illinois Representative to obtain favorable legislation. Exelon agreed to settle the charges with a payment of $46 million. The charges against the former CEO, including allegations that she directed payments of more than $1.3 million, will be litigated. The SEC's complaint alleges that Ms. Pramaggiore lied to Exelon auditors and filed false certifications. ComEd estimates that it received anticipated benefits of more than $150 million from favorable legislation.

Along with 2Q23 earnings, management reaffirmed its 2023 adjusted EPS guidance of $2.30-$2.42. It also projects 6%-8% growth in operating earnings through 2025-2026, driven mainly by rate increases.

EARNINGS & GROWTH ANALYSIS

Growth & Valuation Analysis

GROWTH ANALYSIS

($ in Millions, except per share data)	2018	2019	2020	2021	2022
Revenue	35,978	34,438	33,039	17,938	19,078
COGS	26,007	24,112	23,512	10,932	11,046
Gross Profit	9,971	10,326	9,527	7,006	8,032
SG&A	—	—	—	—	—
R&D	—	—	—	—	—
Operating Income	3,835	4,342	2,799	2,682	3,317
Interest Expense	1,554	1,616	1,635	1,289	1,447
Pretax Income	2,225	3,985	2,333	1,654	2,403
Income Taxes	118	774	373	38	349
Tax Rate (%)	5	19	16	2	15
Net Income	2,005	2,936	1,963	1,706	2,170
Diluted Shares Outstanding	969	974	977	980	987
EPS	2.07	3.01	2.01	1.74	2.20
Dividend	1.38	1.45	1.53	1.53	1.35
GROWTH RATES (%)					
Revenue	7.2	-4.3	-4.1	-45.7	6.4
Operating Income	-2.6	13.2	-35.5	-4.2	23.7
Net Income	-46.9	46.4	-33.1	-13.1	27.2
EPS	-48.0	45.4	-33.2	-17.9	26.1
Dividend	5.3	5.1	5.5		-11.8
Sustainable Growth Rate	8.2	2.9	2.8	0.5	2.4
VALUATION ANALYSIS					
Price: High	$47.40	$51.18	$50.54	$58.01	$58.21
Price: Low	$35.57	$43.42	$29.28	$38.35	$35.19
Price/Sales: High-Low	1.3 - 1.0	1.4 - 1.2	1.5 - 0.9	3.2 - 2.1	3.0 - 1.8
P/E: High-Low	22.9 - 17.2	17.0 - 14.4	25.1 - 14.6	33.3 - 22.0	26.5 - 16.0
Price/Cash Flow: High-Low	5.4 - 4.1	6.8 - 5.7	9.0 - 5.2	13.7 - 9.0	19.0 - 11.5

Financial & Risk Analysis

FINANCIAL STRENGTH	2020	2021	2022
Cash ($ in Millions)	663	672	407
Working Capital ($ in Millions)	-209	-2,154	-3,275
Current Ratio	0.98	0.87	0.69
LT Debt/Equity Ratio (%)	108.9	90.5	144.1
Total Debt/Equity Ratio (%)	120.7	100.4	161.9
RATIOS (%)			
Gross Profit Margin	28.8	39.1	42.1
Operating Margin	8.5	15.0	17.4
Net Margin	5.9	9.5	11.4
Return On Assets	1.5	1.3	1.9
Return On Equity	6.1	5.1	7.3
RISK ANALYSIS			
Cash Cycle (days)	15.0	-8.8	-34.0
Cash Flow/Cap Ex	0.5	0.4	0.7
Oper. Income/Int. Exp. (ratio)	2.4	2.3	2.7
Payout Ratio	60.4	62.1	89.5

The data contained on this page of this report has been provided by Morningstar, Inc. (© 2023 Morningstar, Inc. All Rights Reserved). This data (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. This data is set forth herein for historical reference only and is not necessarily used in Argus' analysis of the stock set forth on this page of this report or any other stock or other security. All earnings figures are in GAAP.

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes ...Continued

Following the CEG spinoff, Exelon has six utility subsidiaries: PECO (1.7 million electric and 0.5 million gas customers near Philadelphia); PEPCO (1 million electric customers in Maryland and Washington DC); DPL (0.5 million electric and 0.1 million gas customers in Delaware); ACE (0.6 million electric customers in New Jersey); BGE (1.3 million electric and 0.7 million gas customers near Baltimore); and ComEd (4 million electric customers in Illinois).

Electricity sales in GWhs fell 6.5% from the prior year in 2Q23, reflecting a 12% decline in residential sales and a 5% decline in small commercial sales. Driven by rate increases, electric revenues rose 28% to $1.8 billion. Heating degree days fell 19% from the prior year.

The company breaks out results for four segments: ComEd, PECO, BGE, and PHI (which includes ACE, PEPCO, and DPL). Compared to 2Q22, second-quarter adjusted operating earnings were as follows: up 10% to $251 million at ComEd; down 26% to $98 million at PECO (which saw the greatest impact from weather among the company's subsidiaries); up 13% at BGE; and up 14% to $115 million at PHI.

Going forward, the company should continue to benefit from cost cutting and favorable rate case decisions, as well as from more moderate fuel costs, multiyear labor agreements, and improved technology. The company has mixed service territories, with cold winters in Illinois and more moderate weather in the mid-Atlantic region, which can help it to manage costs. We expect Exelon to benefit from economic growth in the Chicago and Philadelphia areas, offset by slower growth and higher unemployment in Baltimore. We expect the strongest segment results at ComEd and BGE, helped by rate increases, with weaker earnings at PECO due to regulatory lag and higher interest expense.

We expect the company to rebound from the recent fraud settlement at its ComEd subsidiary as earnings growth is driven by rate increases. We are maintaining our 2023 operating EPS estimate of $2.38 and raising our 2024 estimate to $2.54 from $2.52. Our estimates assume a return to normal weather patterns and lower interest rates in 2024.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Exelon is Medium. Moody's rates the company's debt an investment-grade Baa2. S&P and Fitch rate the company BBB.

The company's long-term debt has increased. At the end of 2Q23, long-term debt was $39.5 billion, up from $35.3 billion at the end of 2022. Cash and equivalents were $399 million, down from $407 million. The long-term debt/cap ratio at the end of 2Q23 was 61%, in line with the peer average but up from 59% at the end of 2022.

The weighted-average maturity of the company's long-term debt is about 17 years. Exelon has $500 million of debt maturing in 2023. Long-term regulatory assets totaled $8 billion at the end of 2Q23, up from $7.8 billion at the end of 1Q23.

Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare EXC versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- **The scatterplot shows how EXC stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.**
- **The table builds on the scatterplot by displaying more financial information.**
- **The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how EXC might fit into or modify a diversified portfolio.**

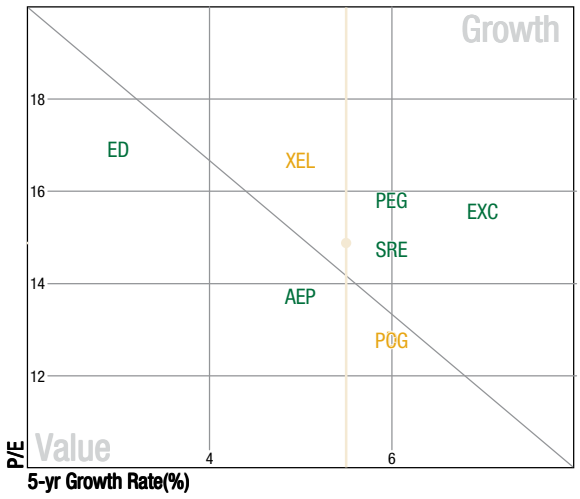

Ticker	Company	Market Cap ($ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
SRE	Sempra Energy	41,748	6.0	14.7	15.0	6.7	BUY
AEP	American Electric Power Co Inc	37,510	5.0	13.7	10.2	6.0	BUY
EXC	Exelon Corp.	36,839	7.0	15.6	10.6	6.7	BUY
D	Dominion Energy Inc	35,538	6.0	12.8	12.7	3.6	HOLD
PCG	PG&E Corp.	32,059	6.0	12.8	8.8	12.5	HOLD
XEL	Xcel Energy, Inc.	30,798	5.0	16.7	11.4	6.3	HOLD
ED	Consolidated Edison, Inc.	28,691	3.0	16.9	15.8	6.7	BUY
PEG	Public Serv Enterprise Grp Inc	27,716	6.0	15.8	24.0	7.7	BUY
Peer Average		**33,862**	**5.5**	**14.9**	**13.6**	**7.0**	

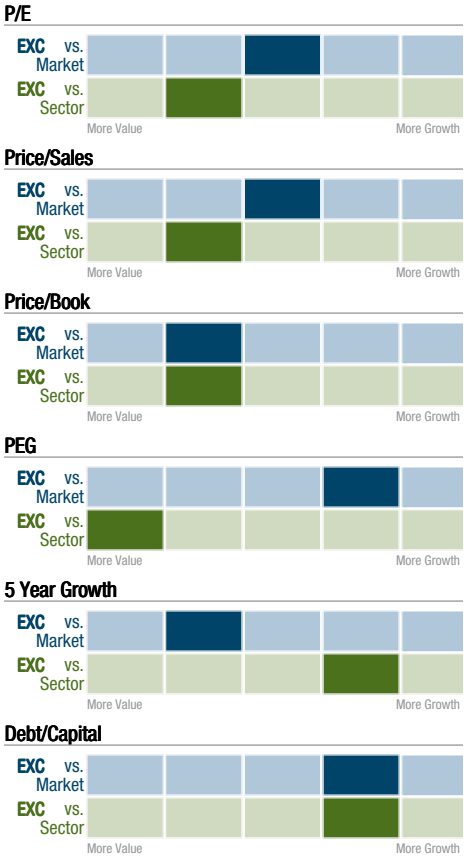

©2023 Argus Research Company

Analyst's Notes ...Continued

Following the Constellation spinoff, Exelon lowered its quarterly dividend by 12% to $0.3375 per share, or $1.35 annually. It then increased its payout by 6.6% in February 2023. The increase was slightly greater than usual, as the average increase over the last five years has been about 5.5%. The current quarterly dividend of $0.36, or $1.44 annually, yields about 3.9%, near the peer average of 4.0%. Our dividend estimates are $1.44 for 2023 and $1.53 for 2024.

MANAGEMENT & RISKS

Calvin Butler became the company's president and CEO in January 2023 following the retirement of Christopher Crane. Jeanne Jones is the CFO. Exelon has recently added several board members, including Ann Richo, Charisse Lillie, and Matthew Rogers. Directors Paul Joskow, Ann Berzin, and Carlos Gutierrez will be leaving at the end of their terms.

EXC settled fraud charges against its ComEd subsidiary in Illinois after the close of 2Q23. The civil charges include charges against former ComEd CEO Anne Pramaggiore related to activities in 2011-2019, which will be litigated.

Risks for Exelon shareholders include cooler-than-normal conditions during the summer air-conditioning season and warmer-than-normal temperatures during the winter heating season. The transmission business may also be hurt by extreme weather events. The company also faces regulatory risk.

Utility stocks in general are susceptible to commodity price fluctuations and potential environmental and safety liabilities. In addition, the capital-intensive nature of the utility industry creates ongoing liquidity risk. Utility stock performance also tends to be sensitive to interest rates; when rates rise, utility yields often rise.

COMPANY DESCRIPTION

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Through its regulated utility subsidiaries, Exelon delivers electricity and natural gas to about 10 million customers, primarily in central Maryland (Baltimore Gas & Electric Co.), northern Illinois (ComEd), and southeastern Pennsylvania (PECO). About 90% of EXC's 2022 revenues were from the electricity business and about 42% of earnings were from the largest utility, ComEd. The company plans to cut emissions by 50% by 2030 and to achieve net-zero emissions by 2050. The shares are a component of the S&P 500. The market cap is about $37 billion.

VALUATION

Although EXC shares have participated in the recent rotation out of Utility stocks, they have outperformed the Utility Sector index XLU over the past year. This includes recent trading on news of the civil fraud settlement. At current prices near $37, the shares are trading below the midpoint of their 52-week range of $35-$44 and appear undervalued on several key metrics. They are trading at 15.5-times our 2023 EPS estimate, below the average of 17.4 for Argus-covered utilities. The PEG multiple of 2.5 is below the peer average of 2.9, and the price/sales multiple of 2.1 is below the peer average of 2.7.

While Exelon may continue to face pressure from high interest rates, we believe that the shares offer value based on the company's size and scale. Recent results have been driven by rate increases and further favorable rate decisions are expected at the company's six subsidiaries over the next several quarters. We also like Exelon's focus on renewable energy, cleaner transmission, and decreased volatility following the spinoff of the nuclear generation business. We believe that the current share price offers a favorable entry point and are reiterating our BUY rating with a target price of $50.

On October 4 at midday, BUY-rated EXC traded at $37.04, down $0.01.

Please see important information about this report on page 5

©2023 Argus Research Company

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

Argus Research Disclaimer

Argus Research Co. (ARC) is an independent investment research provider whose parent company, Argus Investors' Counsel, Inc. (AIC), is registered with the U.S. Securities and Exchange Commission. Argus Investors' Counsel is a subsidiary of The Argus Research Group, Inc. Neither The Argus Research Group nor any affiliate is a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc. The information contained in this research report is produced and copyrighted by Argus Research Co., and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. In addition, this content is not prepared subject to Canadian disclosure requirements. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance. Argus has provided independent research since 1934. Argus officers, employees, agents and/or affiliates may have positions in stocks discussed in this report. No Argus officers, employees, agents and/or affiliates may serve as officers or directors of covered companies, or may own more than one percent of a covered company's stock. Argus Investors' Counsel (AIC), a portfolio management business based in Stamford, Connecticut, is a customer of Argus Research Co. (ARC), based in New York. Argus Investors' Counsel pays Argus Research Co. for research used in the management of the AIC core equity strategy and model portfolio and UIT products, and has the same access to Argus Research Co. reports as other customers. However, clients and prospective clients should note that Argus Investors' Counsel and Argus Research Co., as units of The Argus Research Group, have certain employees in common, including those with both research and portfolio management responsibilities, and that Argus Research Co. employees participate in the management and marketing of the AIC core equity strategy and UIT and model portfolio products.

Morningstar Disclaimer

© 2023 Morningstar, Inc. All Rights Reserved. Certain financial information included in this report: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
EIX	61.23	Neutral
EXC	37.05	Buy
PCG	15.33	Buy
SO	64.03	Buy

Power & Utilities

October 4, 2023

The Guggenheim Daily Transmission: PCG, EIX, ERCOT, SO, EXC, Wind/MD

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our NRG NDR, PEG NDR, NI NDR, FE CFO lunch, and other events, scroll down...

Power/Gas: No Country for New Gas… (see our note HERE)

PCG – Intervenors file comments on the PD/APD in the PG&E GRC proceeding

EIX – SCE files application for wildfire memo account recovery

ERCOT – Winter reserves program continues to draw questions

SO – Georgia Power issues RFI for resources up to 1,200 MW

EXC – Pepco reaches $57M settlement with DC over PCB suit

Wind/MD – BOEM opens draft EIS for MOW project off MD coast

SO – Southern Company begins salt operations of Integrated Effects Test along with partners

PCG – Intervenors file comments on the PD/APD in the PG&E GRC proceeding

- Intervenors filed comments on the proposed decisions (PD/APD) in the 2023 PG&E GRC proceeding.
- IOUs including PCG, SRE and EIX filed comments arguing for more spending on reliability and safety, opposing a variety of the cutbacks in the PD/APD including finding issues with precedent and legal standards.
- Intervenors addressed a variety of issues in support and opposition to the PD/APD but generally focused on reductions in revenue requirement and reductions in certain spending programs, with TURN specifically supporting reductions to the escalation factors as proposed in the APD.
- CPUC set a rate-setting all-party meeting in the PG&E GRC process for October 21, 2023.
- The proposed decisions are now still in comment phase and will be able to be heard at the November 2 CPUC meeting.
- Docket: A2106021

Guggenheim takeaway: *FYI. No surprises for us in the comments at this point as intervenors look to justify lower revenue requirements. The proposed decision was below expectations based on headline rate base figures and undergrounding miles, but provides a level of clarity on PG&E core capex. The rate base outcome as proposed would put PCG into the bottom half of prior 5-year guidance. There were also large parts of capex/rate base that were moved into separate proceedings (i.e., still room for upside vs. PD baselines), which defers, but does not preclude, recovery and ultimate inclusion into rate base (on the order of $3.5B, potentially bringing PCG back into the midpoint of the guidance range). PG&E also filed for a balancing account on customer interconnection capex above authorized (as per SB410), which could result in faster and incremental capex (note: GRC PD was supportive of full PG&E ask on customer interconnection and distribution needs). See more on our takes from the CPUC decisions in our note* HERE.

EIX – SCE files application for wildfire memo account recovery

- SCE filed an application for certain wildfire and risk mitigation spending recovery as directed under the prior GRC decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- SCE submitted a review for (O&M) expenses totaling $112.914 million and capital expenditures totaling $135.736 million in SCE's Wildfire Mitigation Plan Memorandum Account (WMPMA) and Fire Risk Mitigation Memorandum Account (FRMMA).
- Additionally, SCE is looking to recover 2022 O&M expenses for vegetation management activities totaling $245.168 million recorded in SCE's Vegetation Management Balancing Account (VMBA).
- Docket: A2310001 (currently undocketed)

Guggenheim takeaway:*FYI. The applications are part of the recurring process for SCE to recover certain risk mitigation activities that were not covered in base rates in the prior GRC cycle.*

ERCOT – Winter reserves program continues to draw questions

- Yesterday, the ISO issued an RFP for up to 3GWs of reserves for the winter season.
- "Just because we're asking for up to 3,000 MW, it doesn't mean that we would sign contracts for that. We may not get that much offered, or it may be too expensive. … Those are all unknowns at this point. I think this exercise will help educate us to what the market is capable of providing." - ERCOT COO via Platts
- More HERE.

Guggenheim takeaway: *The winter reserves program and associated scenario analyses generated some media coverage yesterday, but it remains unclear what the potential implications of the program could be on potential tightness this winter. As a reminder, the ISO has been under scrutiny more recently for changes to the ancillary services market – see our recent gas note HERE for more.*

SO – Georgia Power issues RFI for resources up to 1,200 MW

- Now projecting more capacity needs than previously expected, Georgia Power has issued a Request for Information (RFI) for energy storage systems combined with a renewable or thermal generation resource.
- The utility requires that each resource must be firm, >100 MW, but no more than 1,200 MW in size.
- Responses are due October 24th.
- More HERE.

Guggenheim takeaway: *Recall that upon returning from our trip with investors to Georgia this July, our biggest, unexpected takeaway was the rapid pace of accelerating future load growth expectations in the state as being something to watch as Georgia Power updates various stakeholders at the Commission with a potential updated IRP in the works. In contrast to last year's trip, the IRA had largely resolved economic concerns around rate-basing solar, while the jump in expected industrial load means more gas plants will also be required – i.e., in all of the above strategy, which will include keeping remaining coal asset operating.* ***For more, please see our note HERE, as well as our subsequent call with the Georgia PSC's new Chair (HERE).***

EXC – Pepco reaches $57M settlement with DC over PCB suit

- The utility will pay $47M towards river cleanup and $10M towards civil penalties in a settlement with the DC AG.
- More HERE, HERE

Guggenheim takeaway: *Minor FYI.*

Wind/MD – BOEM opens draft EIS for MOW project off MD coast

- "In support of the Biden-Harris administration's goal of deploying 30 gigawatts of offshore wind energy capacity by 2030, the Bureau of Ocean Energy Management (BOEM) today announced the availability of the draft Environmental Impact Statement (EIS) for the proposed Maryland Offshore Wind Project. If approved, the project could generate between 1,100 and 2,200 megawatts of clean, renewable energy to the Delmarva Peninsula, which could power up to 770,000 homes." - release
- More HERE

Guggenheim takeaway: *As a reminder, the state of MD has significant OSW goals (8.5GW by 2031) that will require substantial capital deployment in the coming years.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

SO – Southern Company begins salt operations of Integrated Effects Test along with partners

- In partnership with TerraPower [PRIVATE] and CORE POWER [PRIVATE], Southern Company commenced the salt operations of the Integrated Effects Test (IET), which will inform the design, licensing and also the operation of a ~180 MW Molten Chloride Fast Reactor (MCFR) demo unit, which is planned for the early-2030s.
- "*The startup of the Integrated Effects Test is a milestone achievement in the development of the first fast-spectrum molten salt reactor, and we are immensely proud to contribute to its success*," said Mikal Bøe, president and CEO of CORE POWER. "*The Integrated Effects Test allows us to collect that crucial last-mile data for a design and build of the Molten Chloride Fast Reactor and takes the team one step closer to a genuinely unique way to do new nuclear that is appropriate for the commercial marine environment*." – release
- Company press release HERE

Guggenheim takeaway: *TerraPower's MCFR technology operates at higher temperatures than conventional nuclear reactors, offering potential for process heat applications and thermal storage, while also claiming to generate electricity more efficiently. Importantly, this technology represents another emission-free generation option in addition to conventional nuclear projects and traditional renewables.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NRG Energy Inc. (NRG)

Mauricio Gutierrez, President & Chief Executive Officer
Bruce Chung, Chief Financial Officer
Kevin Cole, Treasurer & Head of Investor Relations

Dates & Locations
October 4 – 5, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $8.83bn
NRG Energy, Inc. (NRG) engages in the production, sale, and distribution of energy and energy services. It operates through the following segments: Generation, Retail, and Corporate. The Generation segment includes all power plant activities, domestic and international, as well as renewables. The Retail segment includes mass customers and business solutions, and other distributed and reliability products. The Corporate segment includes residential solar and electric vehicle services. The company was founded in 1989 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NiSource, Inc. (NI)

Lloyd Yates, *President & Chief Executive Officer*
Shawn Anderson, *Chief Financial Officer*
Randy Hulen, VP, *Investor Relations & Treasurer*

Dates & Locations
October 18 – 20, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $11.4bn
NiSource, Inc. (NI) is a holding company, which engages in the provision of energy solutions. It operates under the Gas Distribution Operations and Electric Operations segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial, and industrial customers. The Electric Operations segment includes generation, transmission, and distribution of electricity through NIPSCO, and wholesaling electric and transmission transactions. The company was founded in 1987 and is headquartered in Merrillville. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

FirstEnergy Corp. (FE)

Jon Taylor, *Chief Financial Officer*

Date & Time

Wednesday, December 6, 2023
12:00PM

Location

Guggenheim Office
330 Madison Ave, 32nd Floor
New York, NY

Company Information

Market Cap: $20.9bn

FirstEnergy Corp. (FE) engages in the generation, transmission, and distribution of electricity as well as energy management and other energy-related services through its subsidiaries. It operates through the following business segments: Regulated Distribution, Regulated Transmission, and Corporate or Other. The Regulated Distribution segment distributes electricity through FirstEnergy's utility operating companies, serving various customers. The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by FirstEnergy's utilities. The Corporate or Other segment reflects corporate support and other costs not charged or attributable to the utilities or transmission companies. The company was founded in 1996 and is headquartered in Akron, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	*10/2–10/3*	West Coast
NRG	10/4–10/5	West Coast
PEG	10/10–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona
FE CFO Lunch	12/6	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

10/3/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$50.48	2,897	3.70	4.17	4.56	4.87	5.07	3.70	4.10	4.36	4.65	5.05	–	0.07	0.20	0.22	–	13.7x	12.3x	11.6x	10.8x	10.0x	-12%	-14%	-14%	-14%	-16%	8.4%	5.6%	70%	Sell	$49	3%	Neutral	$62	28%
AVA	$31.33	2,398	2.28	2.49	2.61	2.67	2.73	2.29	2.47	2.58	2.65	2.73	–	–	–	–	–	13.7x	12.7x	12.1x	11.8x	11.5x	-11%	-12%	-10%	-6%	-4%	5.2%	6.1%	78%	Sell	$33	11%	Sell	$38	28%
NWE	$47.27	2,838	3.42	3.55	3.75	3.91	4.08	3.42	3.58	3.76	3.86	3.98	–	(0.03)	–	0.06	0.10	13.8x	13.2x	12.6x	12.3x	11.9x	-10%	-8%	-7%	-3%	-1%	5.1%	5.5%	73%	Sell	$48	7%	Neutral	$57	26%
POR	$39.49	3,992	2.66	3.05	3.21	3.38	3.55	2.67	3.04	3.23	3.35	3.55	–	–	–	–	–	14.8x	13.0x	12.2x	11.8x	11.1x	-4%	-9%	-9%	-7%	-7%	5.3%	5.0%	66%	Buy	$48	27%	Buy	$50	30%
		12,125																14.0x	12.8x	12.1x	11.7x	11.1x	-9%	-11%	-10%	-8%	-7%	6.0%	5.5%	72%						
Mid/Large Cap Electric																																			
AEE	$72.57	19,048	4.35	4.67	5.05	5.40	5.68	4.38	4.69	5.02	5.36	5.66	–	–	0.03	0.04	–	16.6x	15.5x	14.5x	13.6x	12.8x	7%	8%	8%	7%	7%	6.6%	3.7%	58%	Neutral	$85	21%	Buy	$88	25%
AEP	$72.81	37,510	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.32	6.73	–	0.04	–	0.07	0.08	13.8x	13.0x	12.2x	11.5x	10.8x	-11%	-9%	-9%	-9%	-10%	6.0%	4.8%	63%	Buy	$96	37%	Buy	$94	34%
CMS	$51.87	15,132	3.12	3.41	3.65	3.91	4.26	3.11	3.35	3.60	3.86	4.11	–	0.06	0.05	0.05	0.15	16.7x	15.5x	14.4x	13.4x	12.6x	8%	8%	7%	6%	5%	8.1%	4.0%	63%	Neutral	$61	22%	Buy	$64	27%
CNP	$26.35	16,586	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	17.6x	16.3x	15.2x	14.1x	13.1x	14%	13%	13%	12%	9%	9.5%	3.0%	49%	Buy	$34	32%	Buy	$32	24%
D	$42.47	35,538	3.37	3.54	3.75	4.24	4.50	3.23	3.37	3.56	3.99	4.06	0.14	0.18	0.20	0.25	0.44	13.1x	12.6x	11.9x	10.6x	10.5x	-15%	-12%	-11%	-16%	-12%	1.4%	6.3%	81%	Buy	$56	38%	Neutral	$52	28%
DTE	$97.36	20,067	6.26	6.73	7.19	7.75	8.30	6.23	6.66	7.14	7.74	8.27	0.03	0.07	0.05	–	–	15.6x	14.6x	13.6x	12.6x	11.8x	1%	2%	1%	-0%	-2%	6.4%	4.2%	62%	Buy	$124	32%	Buy	$124	32%
DUK	$85.76	66,121	5.65	6.05	6.35	6.75	7.15	5.62	5.98	6.33	6.74	7.16	0.03	0.07	–	–	–	15.3x	14.4x	13.5x	12.7x	12.0x	-1%	-0%	1%	1%	0%	6.3%	4.9%	71%	Buy	$102	24%	Buy	$100	21%
ED	$83.18	28,691	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.53	5.84	6.11	(0.03)	(0.05)	(0.03)	–	(0.09)	17.0x	15.9x	15.0x	14.3x	13.6x	10%	11%	12%	13%	14%	5.6%	4.0%	65%	Neutral	$85	6%	Neutral	$89	11%
EIX	$61.23	23,469	4.71	4.98	5.48	5.71	6.03	4.71	5.14	5.62	5.98	6.25	–	(0.16)	(0.14)	(0.27)	(0.22)	13.0x	11.9x	10.9x	10.2x	9.8x	-16%	-17%	-19%	-19%	-18%	5.5%	5.0%	61%	Neutral	$74	26%	Buy	$74	26%
ES	$56.05	19,566	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.25	5.59	–	0.08	0.06	–	(0.10)	12.8x	12.1x	11.4x	10.7x	10.0x	-17%	-16%	-16%	-15%	-16%	6.1%	5.1%	62%	Buy	$80	48%	Buy	$79	45%
ETR	$90.09	19,050	6.71	7.16	7.76	8.31	8.97	6.71	7.19	7.71	8.25	8.84	–	(0.03)	0.05	0.06	0.13	13.4x	12.5x	11.7x	10.9x	10.2x	-13%	-13%	-13%	-14%	-15%	6.9%	5.0%	64%	Buy	$113	30%	Buy	$114	32%
EVRG	$49.00	11,250	3.65	3.89	4.10	4.35	4.62	3.63	3.91	4.14	4.33	4.59	–	–	(0.04)	–	0.03	13.5x	12.5x	11.8x	11.3x	10.7x	-13%	-13%	-12%	-10%	-11%	4.2%	5.3%	68%	Buy	$62	32%	Buy	$60	27%
EXC	$37.05	36,839	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	15.7x	14.8x	13.6x	12.7x	11.9x	2%	3%	1%	0%	-0%	6.4%	4.1%	62%	Buy	$45	26%	Buy	$45	25%
FE	$33.61	19,271	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.88	3.05	3.22	–	–	–	–	0.05	13.3x	12.5x	11.7x	11.0x	10.4x	-14%	-13%	-13%	-13%	-13%	6.3%	4.8%	61%	Buy	$44	36%	Buy	$41	28%
LNT	$46.79	11,825	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.28	3.47	3.68	–	–	–	–	–	16.2x	15.2x	14.3x	13.5x	12.7x	5%	6%	6%	7%	6%	6.1%	4.1%	63%	Neutral	$49	9%	Buy	$55	21%
OGE	$32.32	6,473	2.02	2.16	2.25	2.37	2.48	2.01	2.14	2.27	2.40	2.50	–	–	–	–	–	16.1x	15.1x	14.2x	13.5x	12.9x	4%	5%	6%	7%	8%	2.8%	5.3%	81%	Neutral	$36	17%	Buy	$37	20%
PCG	$15.33	32,059	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.59	1.73	–	–	–	–	–	12.7x	11.4x	10.5x	9.6x	8.9x	-18%	-21%	-22%	-24%	-26%	9.7%	1.3%	15%	Buy	$21	38%	Buy	$19	25%
PEG	$55.53	27,716	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.24	4.49	–	–	0.04	0.05	0.10	16.1x	15.0x	13.7x	13.1x	12.4x	4%	5%	2%	4%	4%	5.8%	4.3%	65%	Buy	$70	30%	Buy	$67	24%
PNW	$71.87	8,144	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.37	5.52	–	–	–	(0.12)	(0.12)	17.1x	14.4x	13.9x	13.4x	13.0x	11%	1%	4%	6%	9%	4.9%	4.9%	74%	Neutral	$83	20%	Neutral	$80	17%
PPL	$22.98	16,938	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	14.5x	13.5x	12.6x	11.9x	11.2x	-6%	-6%	-6%	-6%	-7%	8.0%	4.4%	61%	Buy	$31	39%	Buy	$30	33%
SO	$64.03	69,890	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.76	–	–	–	–	0.04	17.8x	15.9x	14.9x	14.1x	13.5x	15%	11%	10%	11%	13%	5.9%	4.5%	73%	Buy	$80	29%	Buy	$73	19%
WEC	$78.24	24,680	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	17.0x	15.9x	14.9x	14.0x	13.1x	10%	11%	11%	10%	10%	6.1%	4.2%	68%	Neutral	$94	24%	Buy	$95	26%
Mid/Lg Cap (excl. EIX, PCG)																		**15.5x**	**14.4x**	**13.5x**	**12.6x**	**12.0x**						**6.0%**	**4.5%**	**66%**						
SMID + Lg Cap		**577,985**																**15.2x**	**14.1x**	**13.2x**	**12.5x**	**11.8x**						**6.0%**	**4.7%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$52.78	106,812	3.13	3.43	3.69	3.99	4.27	3.12	3.39	3.66	3.99	4.34	–	0.04	0.03	–	(0.07)	16.9x	15.6x	14.4x	13.2x	12.2x	9%	8%	7%	5%	2%	8%	3.8%	60%	Buy	$73	42%	Buy	$80	55%
SRE	$66.34	41,748	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.04	5.33	5.88	4.49	4.69	5.09	5.48	5.83	14.7x	13.8x	13.2x	12.5x	11.3x	-5%	-4%	-2%	-1%	-6%	5%	4.4%	61%	Buy	$172	164%	Buy	$81	26%
		148,560																15.8x	14.7x	13.8x	12.8x	11.7x	2%	2%	3%	2%	-2%	6.5%	4.1%	61%						
Gas LDCs																																				
NI	$23.96	9,902	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.81	1.94	2.07	–	–	–	–	–	15.2x	14.3x	13.3x	12.3x	11.6x	-2%	-0%	-1%	-2%	-3%	7%	4.4%	64%	Buy	$30	30%	Buy	$31	34%
CPK	$93.97	1,672	5.42	5.84	6.23	6.59	6.94	5.30	5.68	6.24	6.53	6.98	0.12	0.16	–	0.06	(0.04)	17.7x	16.6x	15.1x	14.4x	13.5x	15%	15%	12%	14%	13%	7%	2.6%	44%	Neutral	$112	22%	Buy	$129	40%
NJR	$39.90	3,893	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.95	3.13	3.42	–	–	–	–	(0.08)	14.9x	14.5x	13.5x	12.8x	11.7x	-4%	1%	0%	1%	-2%	6%	4.2%	60%	Neutral	$47	22%	Buy	$49	27%
NWN	$37.44	1,314	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.05	3.23	–	0.06	–	0.04	–	14.0x	13.5x	12.5x	12.3x	11.6x	-9%	-6%	-7%	-3%	-3%	5%	5.2%	71%	Neutral	$42	17%	Buy	$50	39%
OGS	$66.46	3,765	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.58	4.97	5.30	–	(0.06)	(0.05)	–	–	16.1x	15.4x	14.5x	13.4x	12.5x	4%	8%	8%	6%	5%	10%	4.1%	63%	Neutral	$73	14%	Neutral	$78	22%
SR	$55.32	2,910	4.20	4.31	4.57	4.73	4.99	4.19	4.32	4.63	4.80	5.06	–	–	(0.06)	(0.07)	(0.07)	13.2x	12.8x	11.9x	11.5x	10.9x	-15%	-11%	-11%	-9%	-9%	5%	5.5%	70%	Neutral	$65	23%	Neutral	$67	27%
		23,456																15.2x	14.5x	13.5x	12.8x	12.0x	-2%	1%	0%	1%	0%	6.7%	4.3%	62%						
Regulated Water																																				
AWK	$117.00	22,776	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.60	6.04	6.46	–	–	–	(0.06)	–	24.3x	22.7x	20.9x	19.4x	18.1x	57%	58%	55%	53%	51%	7%	2.5%	58%	Neutral	$147	28%	Buy	$155	35%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$104.89	33,732	3,150	3,451	3,509	3,346	3,804	3,504	3,981	3,919	3,911	4,024	(354)	(530)	(409)	(565)	(221)	10.8x	9.3x	9.1x	8.8x	8.2x	37,865	37,035	35,707	34,565	33,144	9.6%	1.2%	23%	Buy	$97	-6%	Buy	$111	7%
NRG	$37.85	8,672	3,181	3,122	3,126	3,042	3,107	3,021	3,232	3,109	2,980	3,095	160	(110)	–	62	–	6.0x	5.3x	5.0x	4.7x	4.1x	18,210	16,986	15,507	14,125	12,671	21.2%	4.3%	27%	Neutral	$34	-6%	Neutral	$41	13%
VST	$32.00	11,762	3,700	3,755	3,792	3,621	3,535	3,867	4,223	4,145	4,044	4,318	(167)	(469)	(353)	(424)	(783)	6.2x	5.7x	5.6x	5.7x	5.3x	24,110	23,943	23,369	22,925	22,883	6.8%	2.7%	24%	Buy	$31	-0%	Buy	$36	16%
Other																																				
NEP	$23.14	2,162	1,837	1,977	2,143	2,325	2,471	1,908	2,042	2,145	2,256	2,272	(71)	(65)	–	68	199												15.5%	–	Buy	$42	97%	Buy	$44	104%
SMR	$4.96	369	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	263%	Buy	$12	150%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

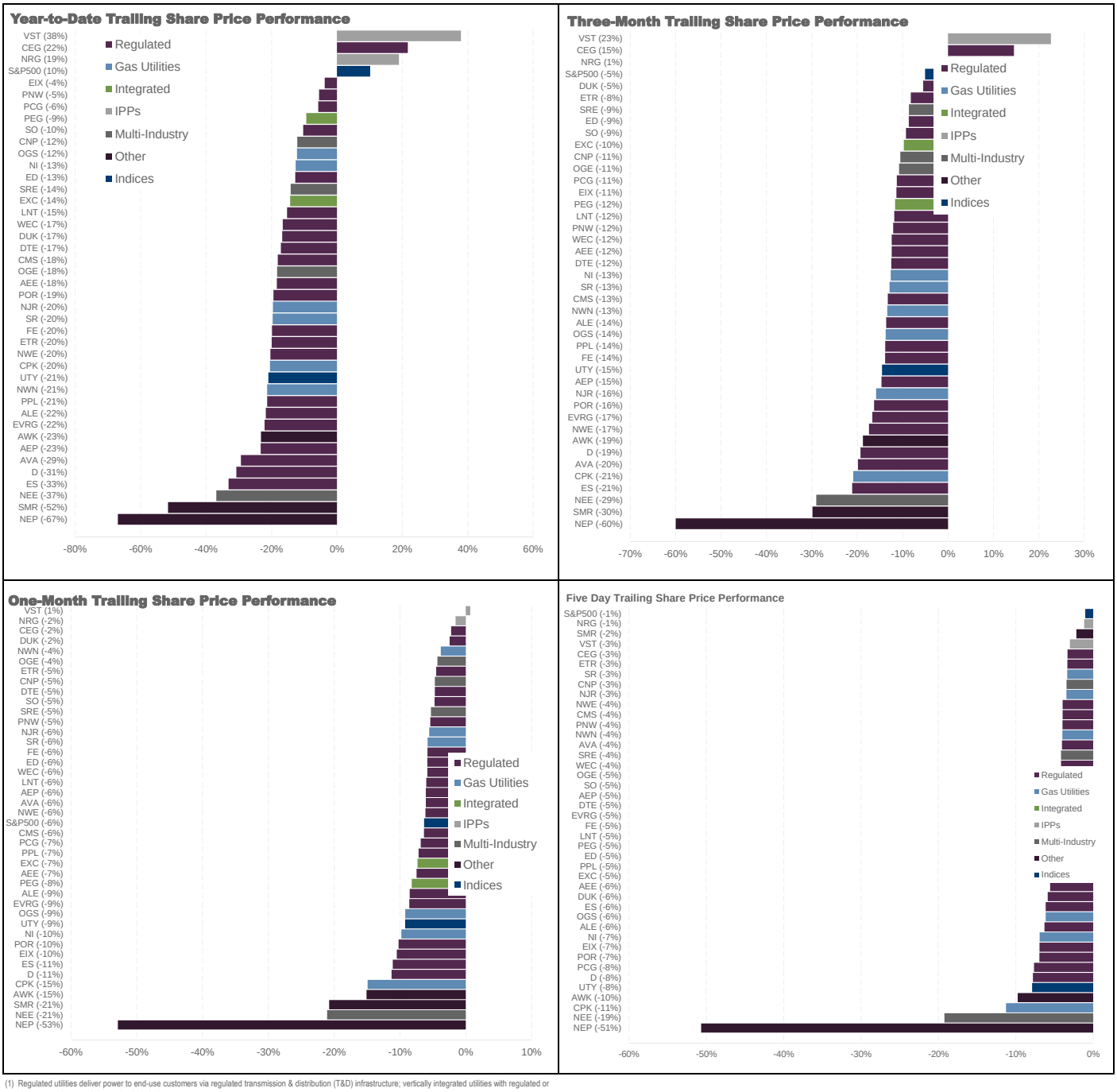

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

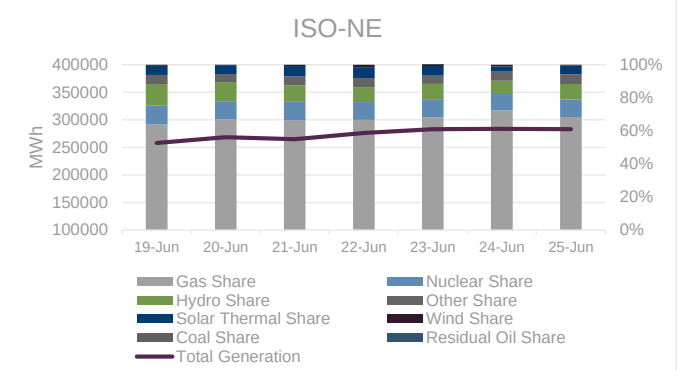

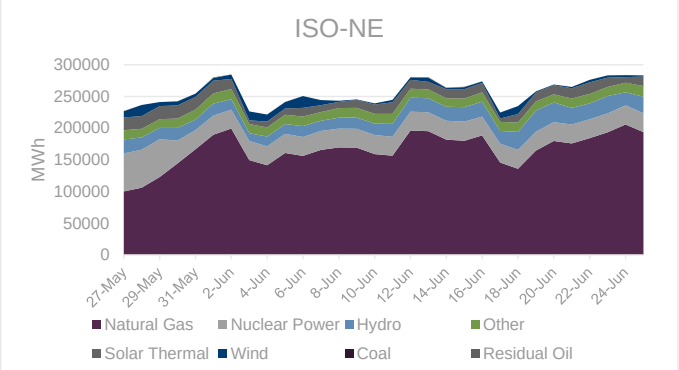

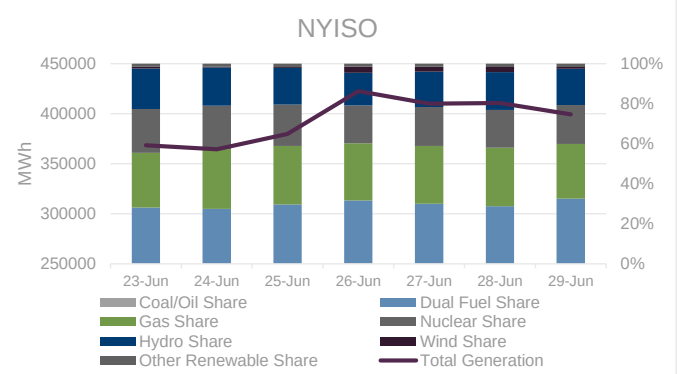

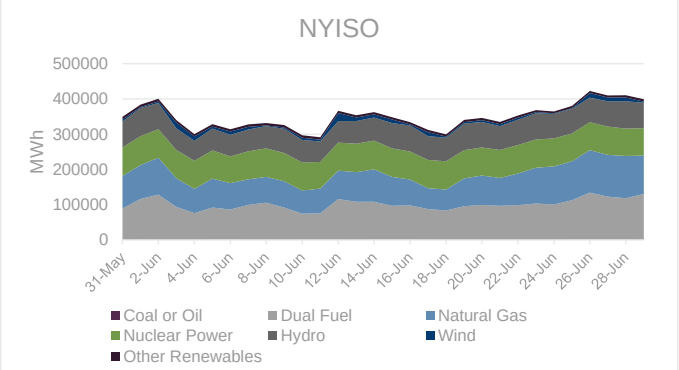

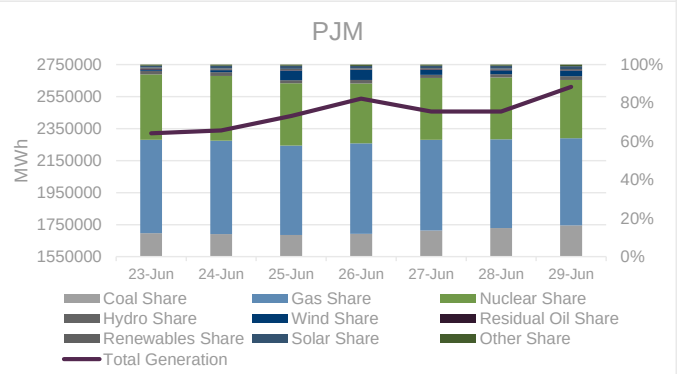

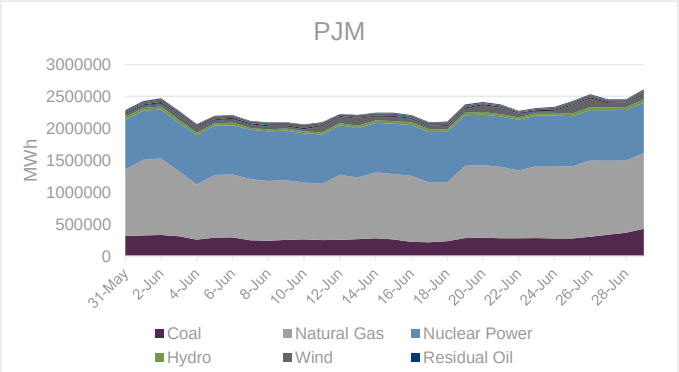

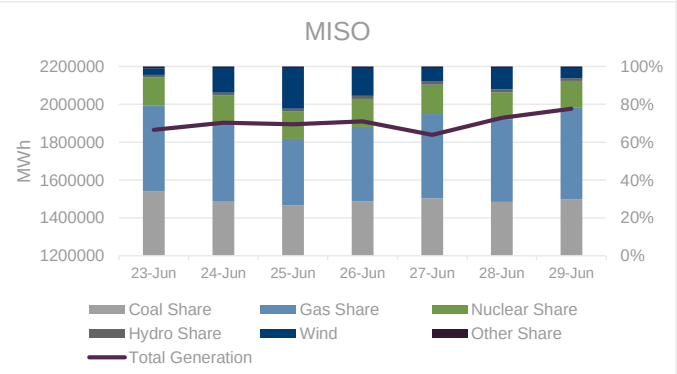

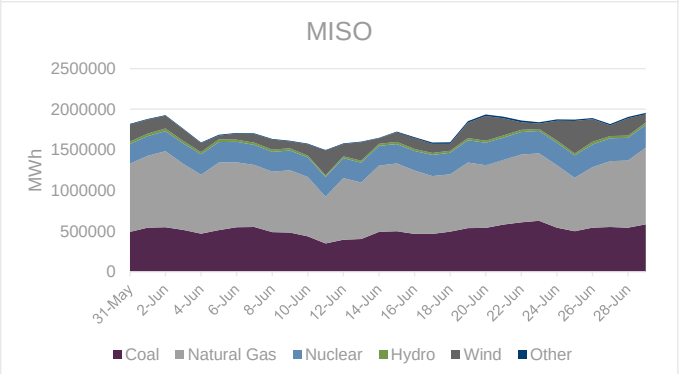

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

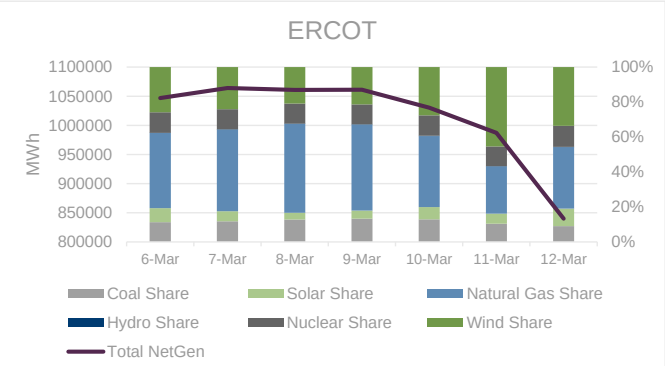

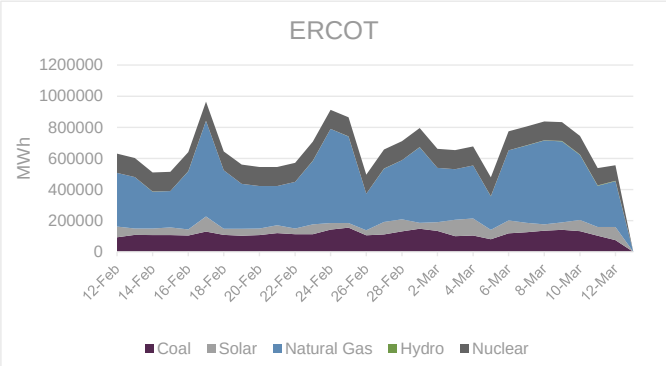

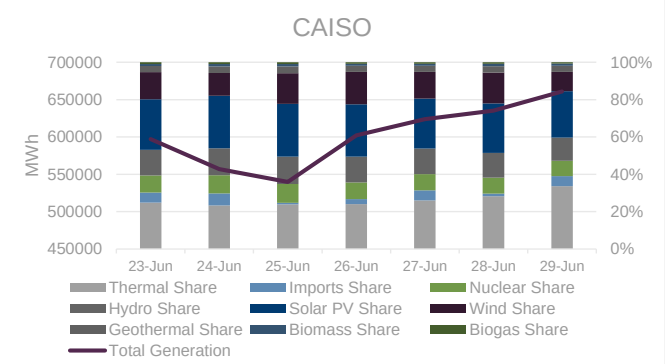

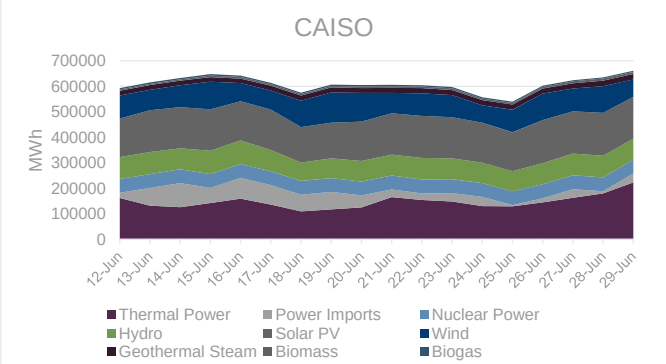

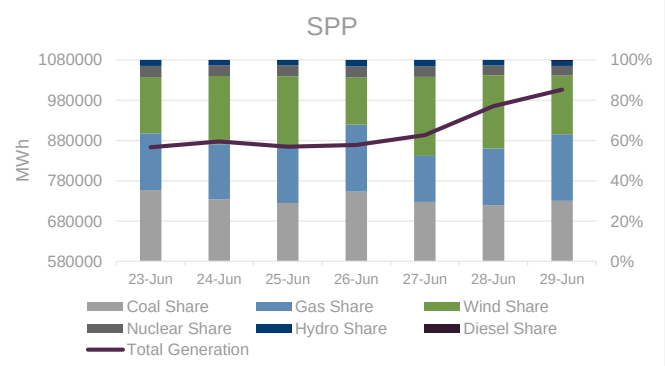

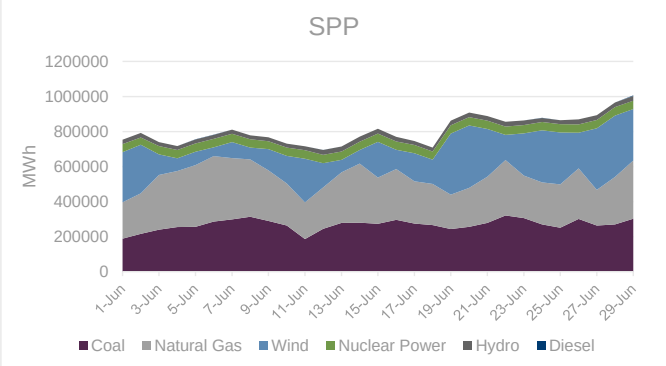

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

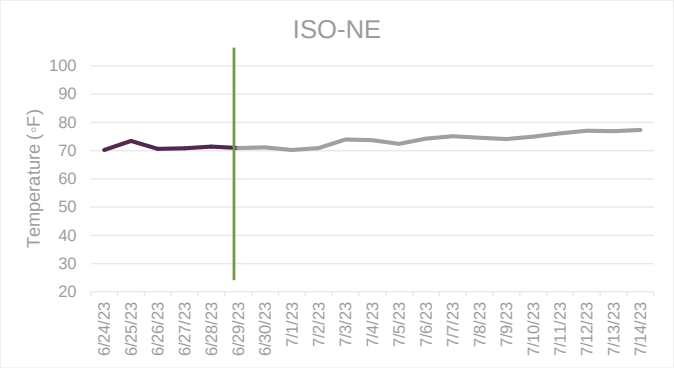

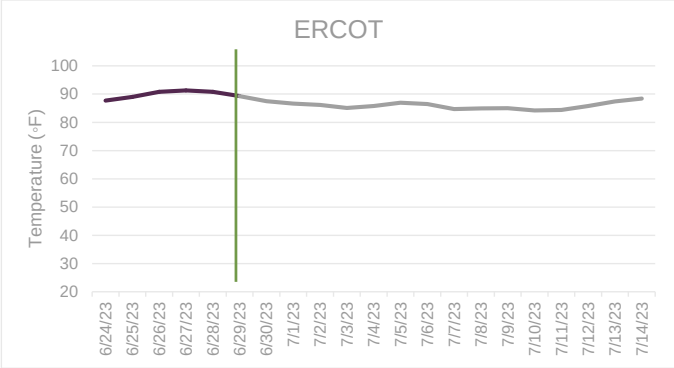

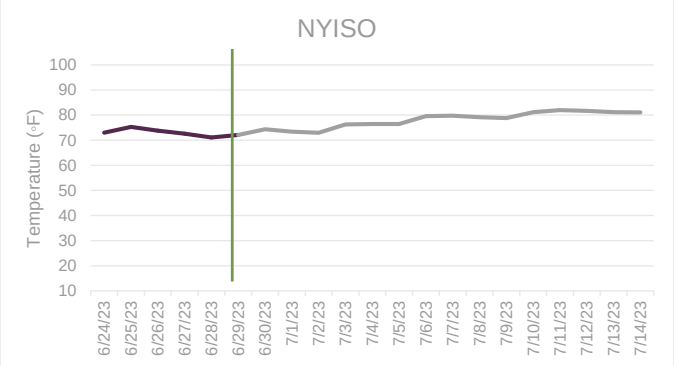

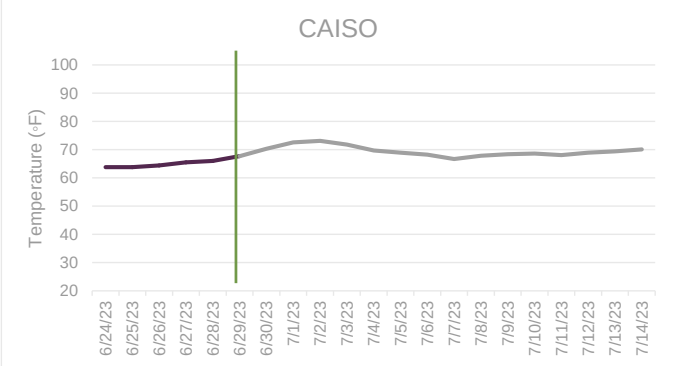

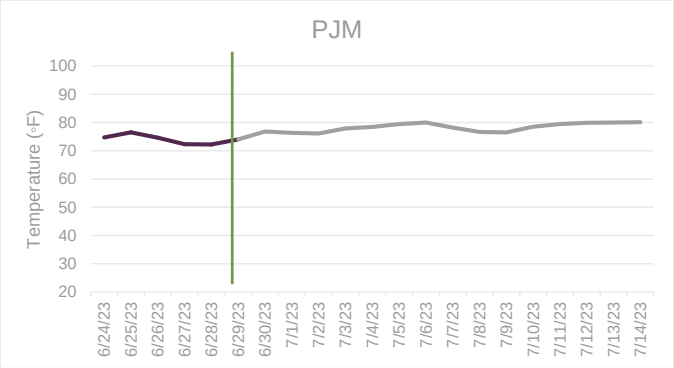

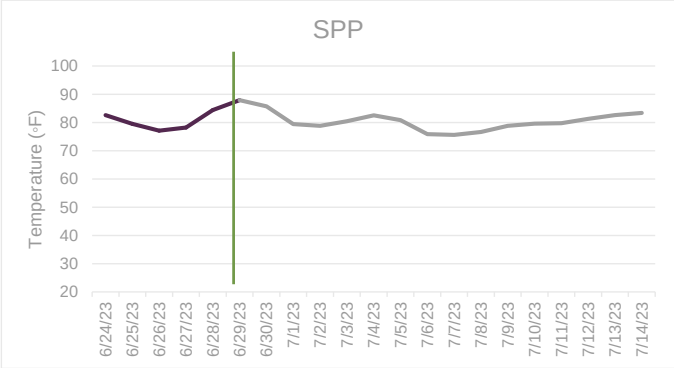

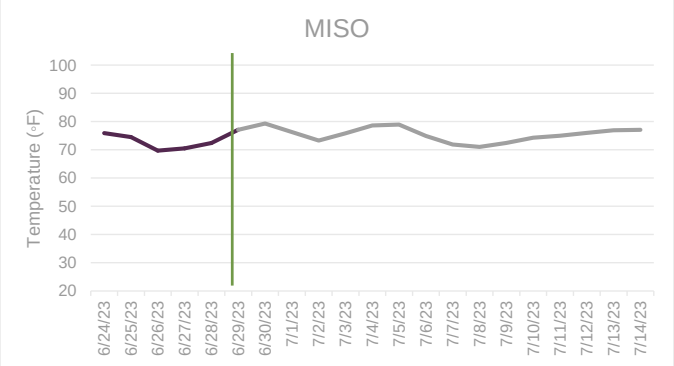

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

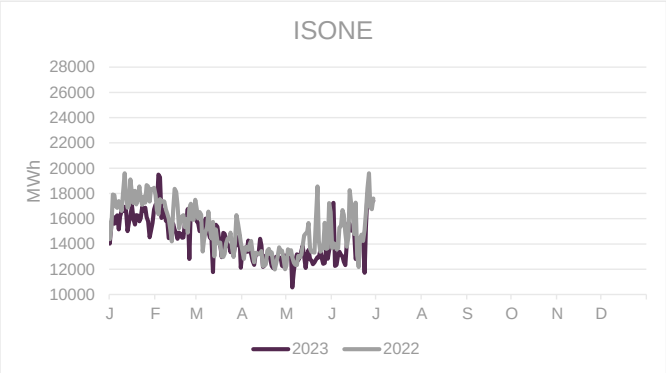

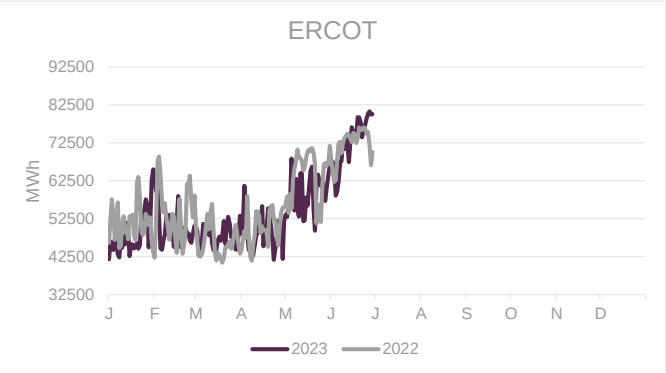

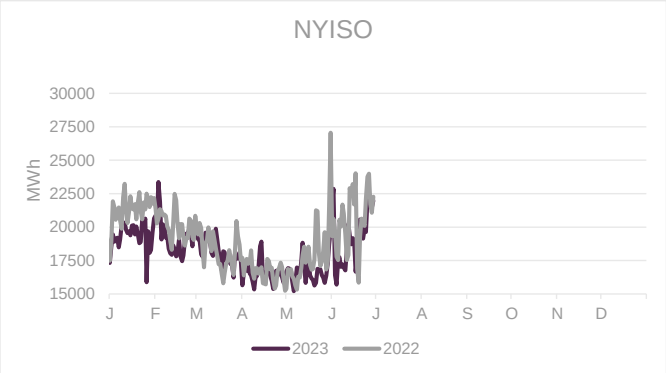

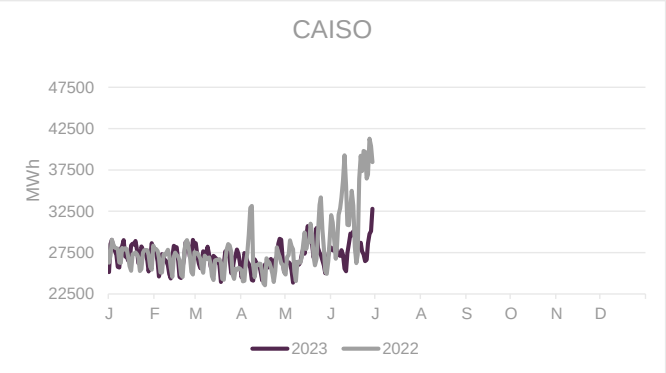

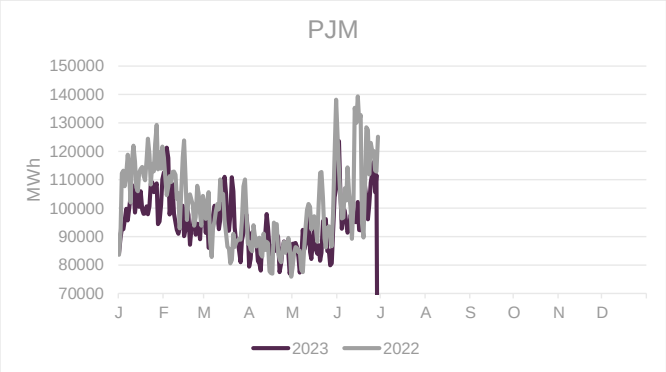

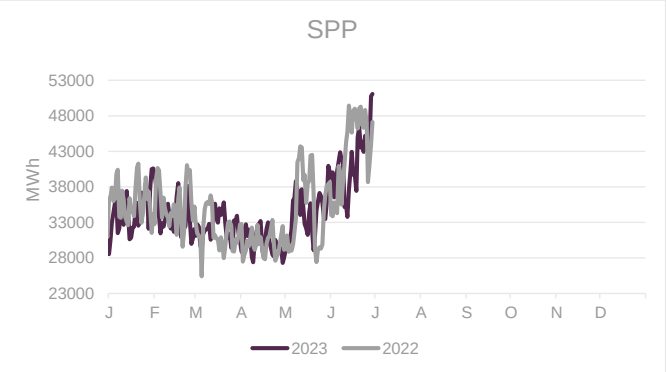

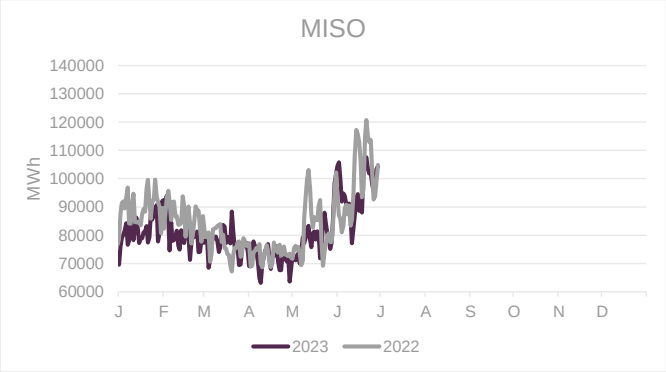

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day
- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Guggenheim Securities, LLC or its affiliates received compensation for investment banking services from PG&E Corporation during the past 12 months.

Guggenheim Securities, LLC makes a market in the securities of PG&E Corporation.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

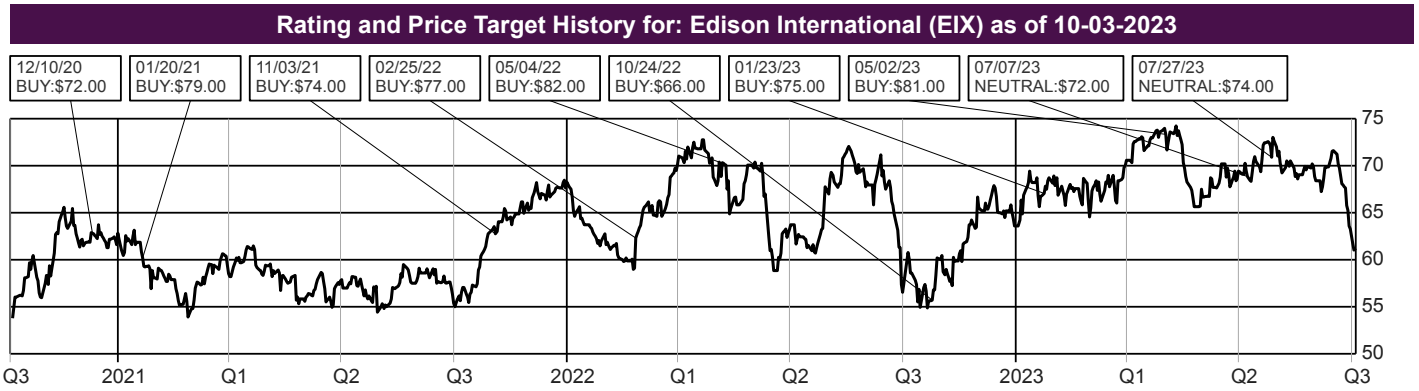

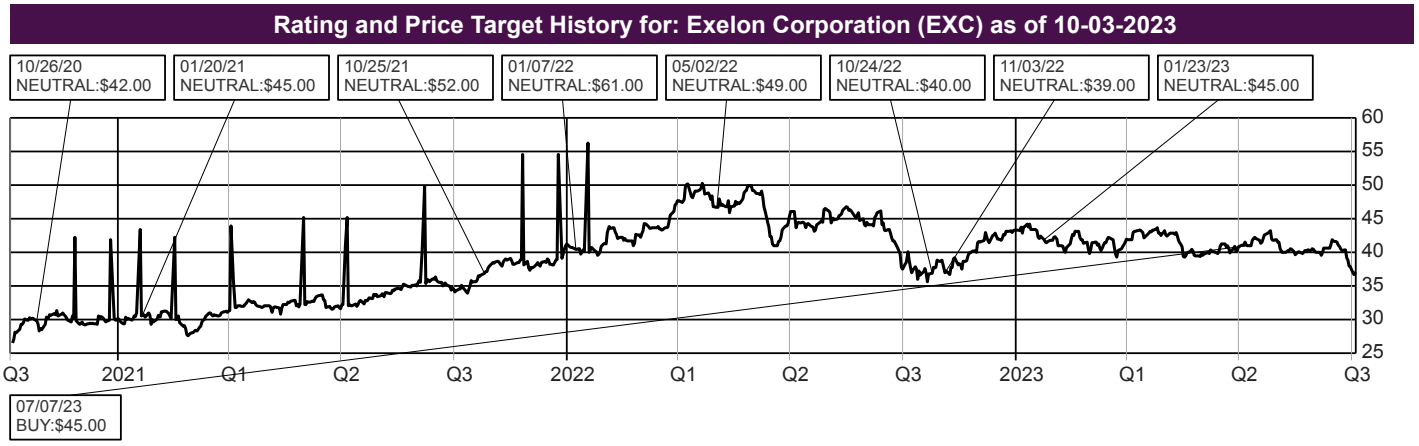

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Rating and Price Target History for: PG&E Corporation (PCG) as of 10-03-2023

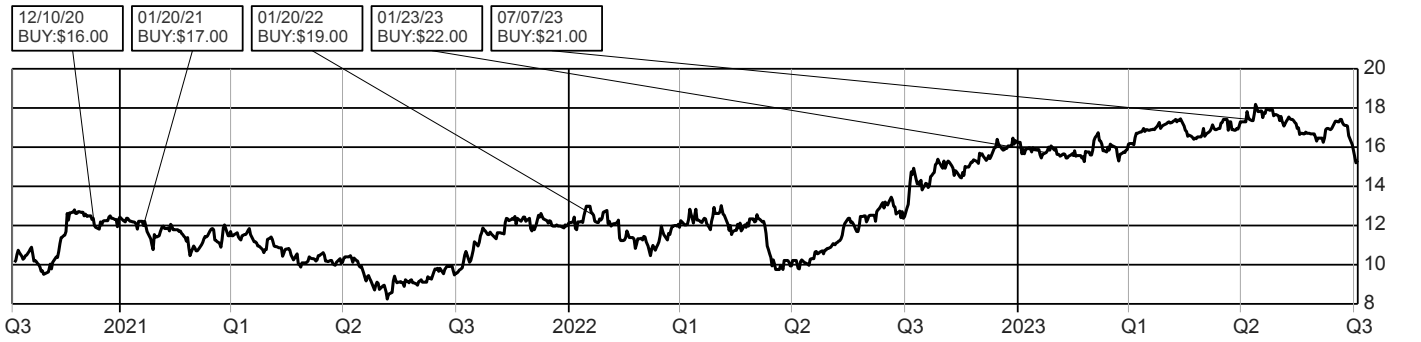

Created by: BlueMatrix

Rating and Price Target History for: Southern Company (SO) as of 10-03-2023



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	243	67.31%	42	17.28%
NEUTRAL	109	30.19%	7	6.42%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: AEP CFO, VST nuclear, EXC settlement, SRE Cali, & NM regulatory
- **Publication Date/Time** : Monday, October 02, 2023 03:37:53 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_id=7e5e41c4bbe9a5e892e54c29348e1413&_doc_product=FRC&_doc_docfn=U2FsdGVkX1%2Blon6DgRBDsY%2FgBeSPdC%2BV0edq7sujra1ygk02i

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	75.22	Buy
CMS	53.11	Neutral
D	44.67	Buy
DTE	99.28	Buy
EVRG	50.70	Buy
EXC	37.79	Buy
FE	34.18	Buy
LNT	48.45	Neutral
NWE	48.06	Sell
PPL	23.56	Buy
VST	33.18	Buy

Power & Utilities

October 2, 2023

The Guggenheim Daily Transmission: EVRG, Power/Gas, AEP, CMS/DTE, VST, LNT, PPL/RI, EXC/IL, NWE, FE, D

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our CEG NDR, NRG NDR, PEG NDR, NI NDR, FE CFO lunch, and other events, scroll down...

EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day (see our note HERE)

Forward Power Curves, Genco MtM, and Weekly Commentary (see our note HERE)

Power/Gas: No Country for New Gas… (see our note HERE)

AEP – Charles Zebula appointed as CFO, effective immediately

CMS/DTE – DTE announces plans to improve distribution grid reliability; CMS files distribution plan

VST – NRC approves ENGH license transfers

LNT – Additional exhibits and testimony filed in ongoing WPL case

PPL/RI – PPL to re-issue offshore wind RFP in RI

EXC/IL – Staff position statement filed in ComEd MYP

NWE – Holding company re-organization announced as expected

FE – OPC partially withdraws appeal of ALJ decision in Potomac Edison case

D – D warns on mini-tender offer

AEP – Charles Zebula appointed as CFO, effective immediately

- AEP's prior CFO, Ann Kelly, is departing the company.
- Mr. Zebula previously served as AEP's EVP, Portfolio Optimization.
- AEP reaffirmed its 2023 operating earnings guidance range of $5.19–$5.39 per share, LT growth rate of 6%–7% and FFO/Debt target of 14%–15%.
- Press release HERE

Guggenheim takeaway: *In our view, as well as the feedback we've received from investors, Ann likely wasn't the right fit for AEP, and it's good to see Julie making changes where needed. We caught up with the company this morning after the announcement. While this was a sudden and unexpected change in leadership, we note that the company highlighted Chuck's deep business and financial experience (>20 years with AEP and a former treasurer of the company) when describing what it referred to as a "stabilizing transition".*

CMS/DTE – DTE announces plans to improve distribution grid reliability; CMS files distribution plan

- DTE made an announcement Friday that the company would file its distribution grid plan with the MPSC with a roadmap to achieve 60% reliability improvements over the next 5 years.
- The plan also includes increased goals for grid automation and rebuilding some of the oldest parts of the grid.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- The plan calls for $9B in capex investments over the next 5 years (in line with prior capex plans).
- CMS also filed the company's distribution grid plan with $7B in proposed grid investments.
- Docket: U-20147.

Guggenheim takeaway: *FYI. The overall plan aligns in magnitude with the prior DTE capex plans but lays out some detail expectations to address stakeholder concerns with reliability. For CMS, the DGP is a slight step up from the $1.1B/yr in distribution capex in the prior announced plan. We anticipate further updates as part of 3Q and EEI disclosures in October/November. As we highlighted before, what could come about from the events in MI is increased capital spending.*

VST – NRC approves ENGH license transfers

- "The Nuclear Regulatory Commission has approved the transfer of the licenses for four operating reactors and their associated spent fuel storage facilities from Energy Harbor Nuclear Corp. to Vistra Operations Company LLC. The transfer is part of VistraOps' acquisition of Energy Harbor's nuclear assets." - NRC
- More HERE

Guggenheim takeaway: *Minor FYI – the NRC is part of the process and not the main point of interest for investors at this point given DOJ/FERC. As a reminder, VST submitted a lengthy response to FERC earlier last month, including potential mitigation efforts in ATSI – see HERE for more.*

LNT – Additional exhibits and testimony filed in ongoing WPL case

- Multiple pieces of testimony and rebuttal testimony have been filed in the ongoing WPL docket, in
- More HERE

Guggenheim takeaway: *Yet more data-oriented filings in the case coming off hearings last week and additional briefs this week. The bid-ask on the case remains relatively narrow in our view, and we note multiple investors have asked in recent weeks whether a settlement could be forthcoming, which we believe is quite possible. In totality this case continues to reduce our focus on WI as a jurisdiction of concern and reinforce the focus on 'gradualism' at the PSCW = stay tuned for additional data points (e.g., settlement) in the coming days.*

PPL/RI – PPL to re-issue offshore wind RFP in RI

- "Rhode Island Energy, the state's leading energy utility, will be issuing a new Request for Proposals (RFP) to solicit approximately 1200 megawatts of new offshore wind to help power the state's clean energy needs… Rhode Island Energy is expected to issue its RFP in October, with proposals being due in early 2024 and a potential selection being made in Summer 2024. The new RFP will be released to coincide with offshore wind RFP procurement efforts in Massachusetts and Connecticut, thereby driving a unique offshore wind industry opportunity and economies of scale across southern New England."
- More HERE

Guggenheim takeaway: *Heads up. This is the re-run of the earlier procurement that failed to receive more than 1 bid.*

EXC/IL – Staff position statement filed in ComEd MYP

- ICC Staff's 300+ page position statement has been docketed in the ongoing MYP
- More HERE

Guggenheim takeaway: *Our initial parse indicates positions remain largely unchanged — the statement could serve as a useful refresher for those looking to catch up on the case and Staff's position. We continue to look for any potential readthrough from the forthcoming ALJ/proposed order due 10/23.*

NWE – Holding company re-organization announced as expected

- NWE announced that today, it executed upon its previously disclosed plans to create a holding company, as approved by the Montana PSC.
- NorthWestern Energy will be succeeded by NorthWestern Energy Group, Inc., while the company's ticker symbol "NWE" will remain unchanged.
- 8-K HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim takeaway: *Having a holding company should make certain aspects of financing easier for the company. We also note that simply having a holding company could make corporate acquisitions or divestitures easier as well.*

FE – OPC partially withdraws appeal of ALJ decision in Potomac Edison case

- The OPC withdrew part of its appeal of the ALJ's decision following the issuing of an errata by the ALJ, specifically to do with Appendix C, regarding depreciation rates.
- Recall that the ALJ recommended a 9.5% ROE, in line with Staff's 9.5% recommendation as well, and also accepted Staff's recommendation to adopt the utility's 53% requested equity ratio.
- A final order is scheduled to be issued on October 18th.
- Docket 9695

Guggenheim takeaway: *We note that modeling to a 9.5% ROE on 53% equity results in no change to FE's EPS vs. the utility's prior earnings parameters of a 9.65% ROE and 52.82% equity ratio, which we had been modeling previously. This is due to MD making up ~3% of FE's rate base.*

D – D warns on mini-tender offer

- "Dominion Energy does not endorse TRC Capital's unsolicited mini-tender offer and recommends that shareholders do not tender their shares. Dominion Energy is not associated in any way with TRC Capital, its mini-tender offer, or the mini-tender offer documentation." - D
- More HERE

Guggenheim takeaway: *Minor FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NRG Energy Inc. (NRG)

Mauricio Gutierrez, President & Chief Executive Officer
Bruce Chung, Chief Financial Officer
Kevin Cole, Treasurer & Head of Investor Relations

Dates & Locations
October 4 – 5, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $8.83bn
NRG Energy, Inc. (NRG) engages in the production, sale, and distribution of energy and energy services. It operates through the following segments: Generation, Retail, and Corporate. The Generation segment includes all power plant activities, domestic and international, as well as renewables. The Retail segment includes mass customers and business solutions, and other distributed and reliability products. The Corporate segment includes residential solar and electric vehicle services. The company was founded in 1989 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NiSource, Inc. (NI)

Lloyd Yates, *President & Chief Executive Officer*
Shawn Anderson, *Chief Financial Officer*
Randy Hulen, VP, *Investor Relations & Treasurer*

Dates & Locations
October 18 – 20, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $11.4bn
NiSource, Inc. (NI) is a holding company, which engages in the provision of energy solutions. It operates under the Gas Distribution Operations and Electric Operations segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial, and industrial customers. The Electric Operations segment includes generation, transmission, and distribution of electricity through NIPSCO, and wholesaling electric and transmission transactions. The company was founded in 1987 and is headquartered in Merrillville. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

FirstEnergy Corp. (FE)

Jon Taylor, *Chief Financial Officer*

Date & Time

Wednesday, December 6, 2023
12:00PM

Location

Guggenheim Office
330 Madison Ave, 32nd Floor
New York, NY

Company Information

Market Cap: $20.9bn

FirstEnergy Corp. (FE) engages in the generation, transmission, and distribution of electricity as well as energy management and other energy-related services through its subsidiaries. It operates through the following business segments: Regulated Distribution, Regulated Transmission, and Corporate or Other. The Regulated Distribution segment distributes electricity through FirstEnergy's utility operating companies, serving various customers. The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by FirstEnergy's utilities. The Corporate or Other segment reflects corporate support and other costs not charged or attributable to the utilities or transmission companies. The company was founded in 1996 and is headquartered in Akron, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	10/2–10/3	West Coast
NRG	10/4–10/5	West Coast
PEG	10/10–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona
FE CFO Lunch	12/6	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

9/29/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$52.80	3,031	3.70	4.17	4.56	4.87	5.07	3.70	4.10	4.36	4.65	5.05	–	0.07	0.20	0.22	–	14.3x	12.9x	12.1x	11.3x	10.5x	-10%	-13%	-12%	-13%	-15%	8.4%	5.3%	70%	Sell	$49	-2%	Neutral	$62	23%
AVA	$32.37	2,477	2.28	2.49	2.61	2.67	2.73	2.29	2.47	2.58	2.65	2.73	–	–	–	–	–	14.1x	13.1x	12.5x	12.2x	11.9x	-11%	-11%	-9%	-6%	-3%	5.2%	5.9%	78%	Sell	$33	8%	Sell	$38	24%
NWE	$48.06	2,886	3.42	3.55	3.75	3.91	4.08	3.42	3.58	3.76	3.86	3.98	–	(0.03)	–	0.06	0.10	14.1x	13.4x	12.8x	12.5x	12.1x	-11%	-9%	-8%	-4%	-2%	5.1%	5.4%	73%	Sell	$48	5%	Sell	$48	5%
POR	$40.48	4,092	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.23	3.35	3.55	–	–	–	–	–	15.1x	13.3x	12.5x	12.1x	11.4x	-5%	-10%	-9%	-7%	-7%	5.3%	4.8%	66%	Buy	$48	23%	Buy	$50	27%
		12,486																**14.4x**	**13.2x**	**12.5x**	**12.0x**	**11.5x**	**-9%**	**-11%**	**-10%**	**-7%**	**-7%**	**6.0%**	**5.4%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$74.83	19,641	4.35	4.67	5.05	5.40	5.68	4.38	4.69	5.02	5.36	5.66	–	–	0.03	0.04	–	17.1x	16.0x	14.9x	14.0x	13.2x	8%	8%	8%	8%	8%	6.6%	3.5%	58%	Neutral	$85	17%	Buy	$88	21%
AEP	$75.22	38,752	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.32	6.73	–	0.04	–	0.07	0.08	14.3x	13.4x	12.6x	11.9x	11.2x	-10%	-9%	-9%	-8%	-9%	6.0%	4.6%	63%	Buy	$96	32%	Buy	$94	29%
CMS	$53.11	15,494	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.61	3.88	4.15	–	0.05	0.04	0.03	0.11	17.1x	15.8x	14.7x	13.7x	12.8x	8%	7%	7%	6%	4%	8.1%	3.9%	63%	Neutral	$61	19%	Buy	$64	25%
CNP	$26.85	16,900	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	17.9x	16.6x	15.5x	14.4x	13.3x	13%	12%	12%	11%	9%	9.5%	2.9%	49%	Buy	$34	30%	Buy	$32	22%
D	$44.67	37,379	3.37	3.54	3.75	4.24	4.50	3.23	3.37	3.56	3.99	4.06	0.14	0.18	0.20	0.25	0.44	13.8x	13.3x	12.6x	11.2x	11.0x	-13%	-10%	-9%	-14%	-10%	1.4%	6.0%	81%	Buy	$56	31%	Neutral	$52	22%
DTE	$99.28	20,463	6.26	6.73	7.19	7.75	8.30	6.23	6.66	7.14	7.74	8.27	0.03	0.07	0.05	–	–	15.9x	14.9x	13.9x	12.8x	12.0x	0%	1%	1%	-1%	-2%	6.4%	4.1%	62%	Buy	$124	29%	Buy	$124	29%
DUK	$88.26	68,048	5.65	6.05	6.35	6.75	7.15	5.62	5.98	6.33	6.74	7.16	0.03	0.07	–	–	–	15.7x	14.8x	13.9x	13.1x	12.3x	-1%	0%	1%	1%	0%	6.3%	4.7%	71%	Buy	$102	20%	Buy	$100	18%
ED	$85.53	29,501	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.51	5.79	6.05	(0.03)	(0.05)	–	–	(0.03)	17.5x	16.3x	15.5x	14.8x	14.1x	10%	11%	12%	14%	15%	5.6%	3.9%	65%	Neutral	$85	3%	Neutral	$88	7%
EIX	$63.29	24,258	4.71	4.98	5.48	5.71	6.03	4.71	5.14	5.62	5.98	6.25	–	(0.16)	(0.14)	(0.27)	(0.22)	13.4x	12.3x	11.3x	10.6x	10.1x	-15%	-17%	-19%	-18%	-18%	5.5%	4.8%	61%	Neutral	$74	22%	Buy	$75	23%
ES	$58.15	20,299	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.25	5.60	–	0.08	0.06	–	(0.11)	13.3x	12.5x	11.8x	11.1x	10.4x	-16%	-15%	-15%	-15%	-15%	6.1%	4.9%	62%	Buy	$80	42%	Buy	$79	41%
ETR	$92.50	19,560	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.71	8.25	8.85	–	(0.03)	0.05	0.06	0.12	13.8x	12.9x	12.0x	11.2x	10.5x	-13%	-13%	-13%	-14%	-15%	6.9%	4.9%	64%	Buy	$113	27%	Buy	$114	29%
EVRG	$50.70	11,640	3.65	3.89	4.10	4.35	4.62	3.63	3.90	4.13	4.32	4.59	–	–	(0.03)	–	0.03	14.0x	13.0x	12.3x	11.7x	11.0x	-12%	-12%	-11%	-10%	-10%	4.2%	5.1%	68%	Buy	$62	27%	Buy	$60	23%
EXC	$37.79	37,575	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	16.0x	15.1x	13.9x	12.9x	12.2x	1%	2%	0%	-0%	-1%	6.4%	4.0%	62%	Buy	$45	23%	Buy	$45	23%
FE	$34.18	19,598	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.88	3.05	3.22	–	–	–	–	0.05	13.5x	12.7x	11.9x	11.2x	10.6x	-15%	-14%	-14%	-14%	-14%	6.3%	4.8%	61%	Buy	$44	33%	Buy	$41	26%
LNT	$48.45	12,244	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.28	3.47	3.68	–	–	–	–	–	16.7x	15.8x	14.8x	14.0x	13.2x	5%	7%	7%	8%	7%	6.1%	3.9%	63%	Neutral	$49	5%	Buy	$55	17%
OGE	$33.33	6,676	2.02	2.16	2.25	2.37	2.48	2.01	2.14	2.27	2.40	2.50	–	–	–	–	–	16.6x	15.6x	14.7x	13.9x	13.3x	4%	6%	6%	7%	8%	2.8%	5.1%	81%	Neutral	$36	13%	Buy	$38	18%
PCG	$16.13	33,732	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.59	1.73	–	–	–	–	–	13.3x	12.0x	11.0x	10.1x	9.3x	-16%	-19%	-20%	-22%	-24%	9.7%	1.2%	15%	Buy	$21	31%	Buy	$19	19%
PEG	$56.91	28,404	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.24	4.49	–	–	0.04	0.05	0.10	16.5x	15.4x	14.0x	13.4x	12.7x	4%	4%	2%	3%	3%	5.8%	4.2%	65%	Buy	$70	27%	Buy	$67	22%
PNW	$73.68	8,349	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.48	5.61	–	–	–	(0.23)	(0.21)	17.5x	14.8x	14.3x	13.5x	13.1x	10%	0%	3%	4%	7%	4.9%	4.8%	74%	Neutral	$83	17%	Neutral	$80	14%
PPL	$23.56	17,366	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	14.9x	13.9x	13.0x	12.2x	11.5x	-6%	-6%	-6%	-6%	-7%	8.0%	4.3%	61%	Buy	$31	36%	Buy	$30	31%
SO	$64.72	70,643	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.76	–	–	–	–	0.04	18.0x	16.1x	15.0x	14.2x	13.6x	13%	9%	9%	10%	11%	5.9%	4.4%	73%	Buy	$80	28%	Buy	$73	17%
WEC	$80.55	25,408	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	17.5x	16.4x	15.3x	14.4x	13.5x	10%	11%	11%	11%	10%	6.1%	4.1%	68%	Neutral	$94	21%	Buy	$95	23%
Mid/Lg Cap (excl. EIX, PCG)																		**15.9x**	**14.8x**	**13.8x**	**13.0x**	**12.3x**						**6.0%**	**4.4%**	**66%**						
SMID + Lg Cap		**594,414**																**15.6x**	**14.5x**	**13.6x**	**12.8x**	**12.1x**						**6.0%**	**4.6%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$57.29	115,939	3.13	3.43	3.69	3.99	4.27	3.12	3.40	3.66	3.99	4.34	–	0.03	0.03	–	(0.07)	18.4x	16.9x	15.7x	14.4x	13.2x	16%	14%	13%	11%	8%	8%	3.5%	60%	Buy	$73	31%	Buy	$81	44%
SRE	$68.03	42,812	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.04	5.33	5.88	4.49	4.69	5.09	5.48	5.83	15.1x	14.1x	13.5x	12.8x	11.6x	-5%	-4%	-2%	-2%	-6%	5%	4.2%	61%	Buy	$172	157%	Buy	$81	23%
		158,750																**16.7x**	**15.5x**	**14.6x**	**13.6x**	**12.4x**	**5%**	**5%**	**5%**	**5%**	**1%**	**6.5%**	**3.9%**	**60%**						
Gas LDCs																																				
NI	$24.68	10,199	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.82	1.94	2.07	–	–	–	–	–	15.6x	14.7x	13.6x	12.7x	11.9x	-2%	-0%	-2%	-2%	-3%	7%	4.3%	64%	Buy	$30	26%	Buy	$31	30%
CPK	$97.75	1,740	5.42	5.84	6.23	6.59	6.94	5.30	5.68	6.24	6.53	6.98	0.12	0.16	–	0.06	(0.04)	18.4x	17.2x	15.7x	15.0x	14.0x	16%	17%	13%	15%	14%	7%	2.5%	44%	Neutral	$112	17%	Buy	$129	35%
NJR	$40.63	3,964	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.95	3.13	3.42	–	–	–	–	(0.08)	15.1x	14.7x	13.8x	13.0x	11.9x	-5%	-0%	-0%	0%	-3%	6%	4.1%	60%	Neutral	$47	20%	Buy	$49	25%
NWN	$38.16	1,339	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.05	3.23	–	0.06	–	0.04	–	14.3x	13.8x	12.7x	12.5x	11.8x	-10%	-7%	-8%	-4%	-4%	5%	5.1%	71%	Neutral	$42	15%	Buy	$50	36%
OGS	$68.28	3,868	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.58	4.97	5.30	–	(0.06)	(0.05)	–	–	16.5x	15.9x	14.9x	13.8x	12.9x	4%	8%	8%	6%	5%	10%	3.9%	63%	Neutral	$73	11%	Neutral	$78	19%
SR	$56.58	2,976	4.20	4.31	4.57	4.73	4.99	4.19	4.32	4.63	4.80	5.06	–	–	(0.06)	(0.07)	(0.07)	13.5x	13.1x	12.2x	11.8x	11.2x	-15%	-11%	-12%	-9%	-9%	5%	5.3%	70%	Neutral	$65	20%	Neutral	$67	24%
		24,086																**15.6x**	**14.9x**	**13.8x**	**13.1x**	**12.3x**	**-2%**	**1%**	**-0%**	**1%**	**0%**	**6.7%**	**4.2%**	**62%**						
Regulated Water																																				
AWK	$123.83	24,106	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.04	6.46	–	–	–	(0.06)	–	25.7x	24.1x	22.2x	20.5x	19.2x	62%	63%	60%	58%	56%	7%	2.4%	58%	Neutral	$147	21%	Buy	$157	29%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$109.08	35,079	3,150	3,451	3,509	3,346	3,804	3,504	3,981	3,919	3,911	4,024	(354)	(530)	(409)	(565)	(221)	11.2x	9.6x	9.5x	9.2x	8.6x	39,212	39,383	37,055	35,912	34,491	9.6%	1.1%	23%	Buy	$97	-10%	Buy	$111	3%
NRG	$38.52	8,826	3,181	3,122	3,126	3,042	3,107	3,021	3,232	3,109	2,980	3,095	160	(110)	–	62	–	6.1x	5.3x	5.0x	4.8x	4.1x	18,364	17,140	15,661	14,279	12,825	21.2%	4.2%	27%	Neutral	$34	-8%	Neutral	$41	11%
VST	$33.18	12,196	3,700	3,755	3,792	3,621	3,535	3,867	4,223	4,145	4,044	4,318	(167)	(469)	(353)	(424)	(783)	6.3x	5.8x	5.7x	5.8x	5.4x	24,544	24,377	23,802	23,359	23,317	6.8%	2.7%	24%	Buy	$31	-4%	Buy	$36	12%
Other																																				
NEP	$29.70	2,775	1,837	1,977	2,143	2,325	2,471	1,924	2,074	2,205	2,387	2,504	(87)	(97)	(62)	(62)	(33)												12.1%	–	Buy	$42	54%	Buy	$48	75%
SMR	$4.90	365	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	267%	Buy	$12	153%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

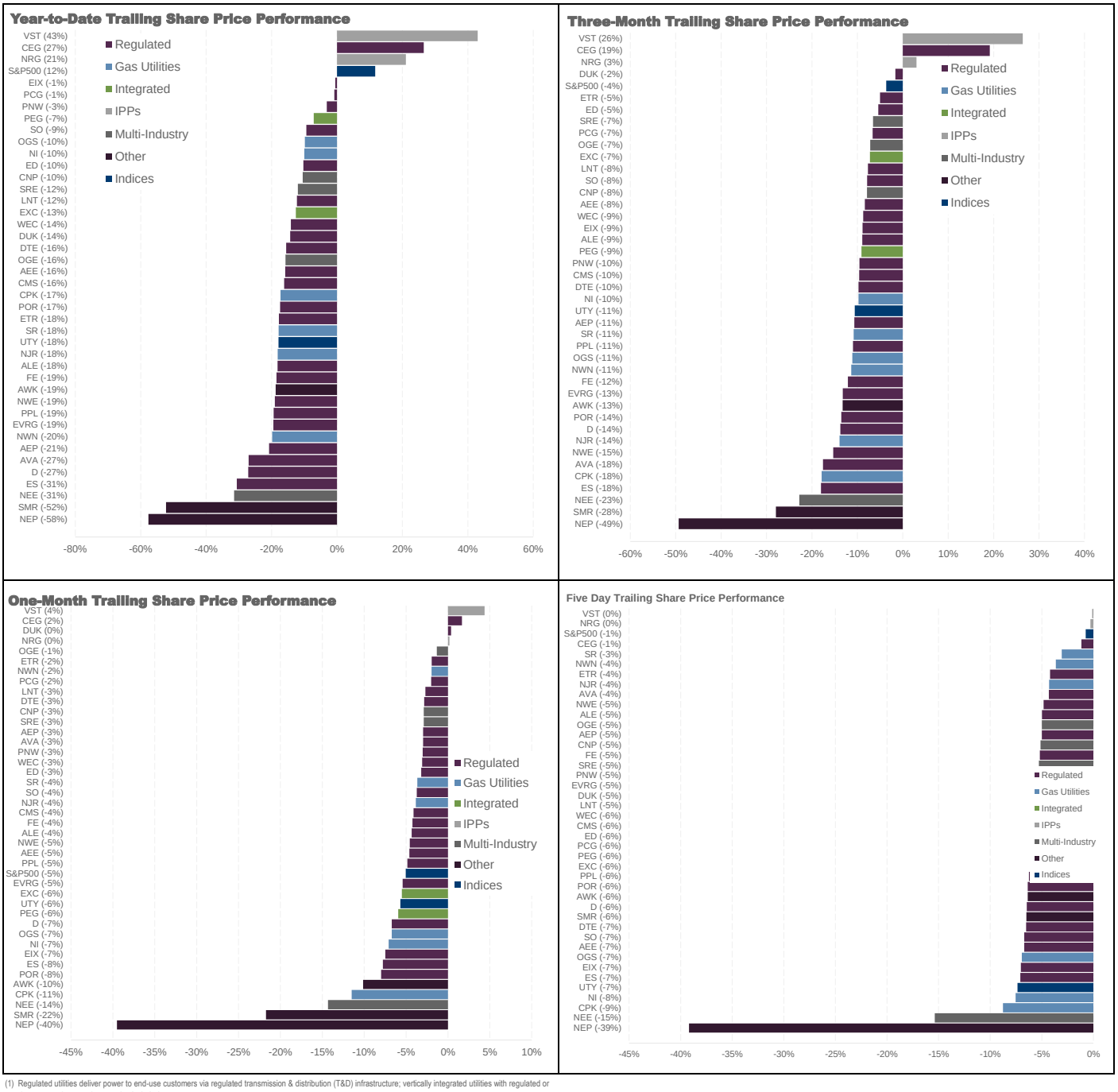

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

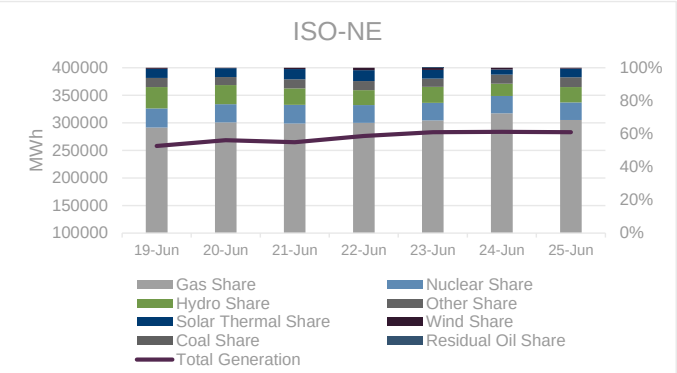

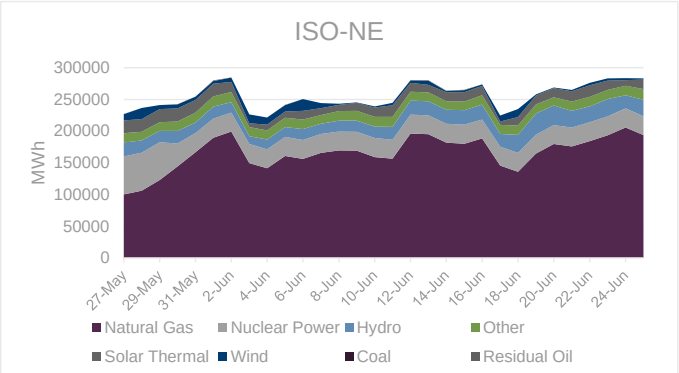

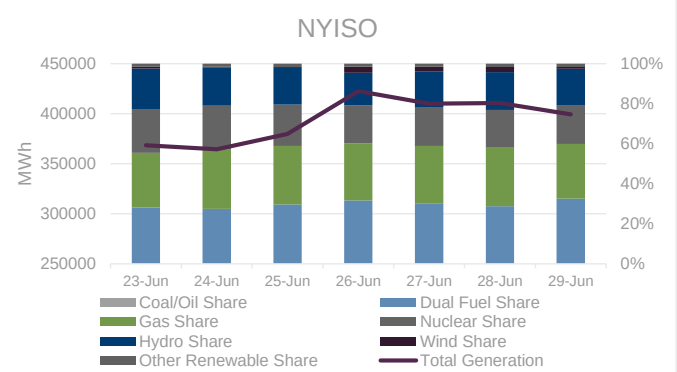

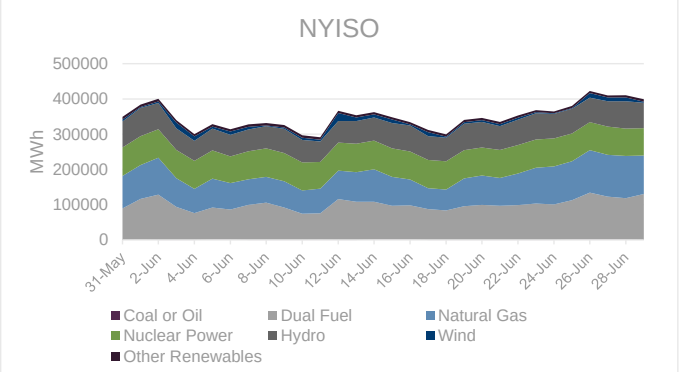

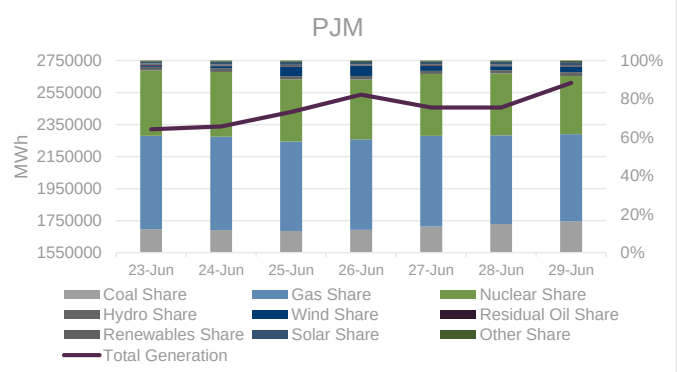

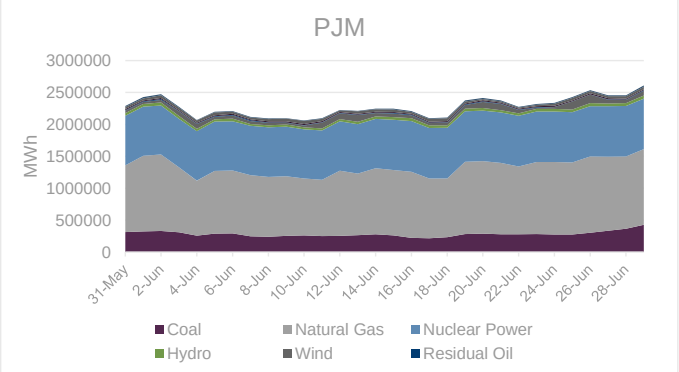

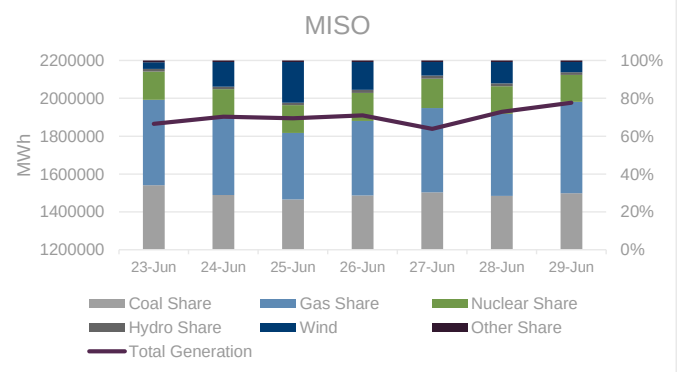

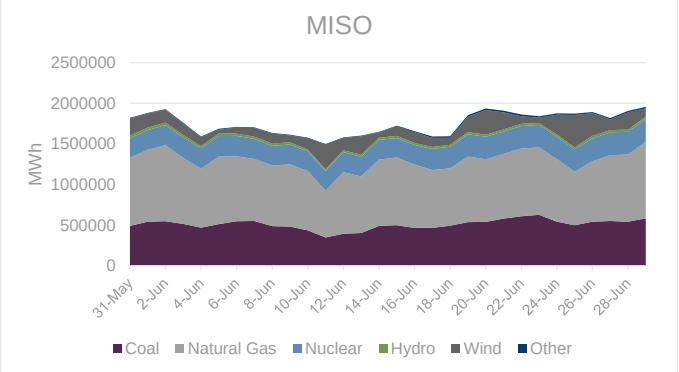

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

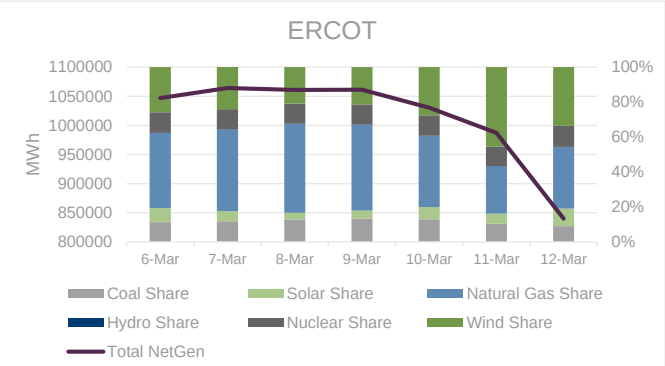

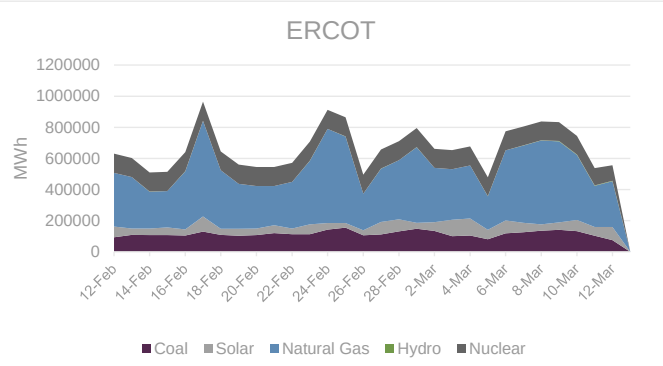

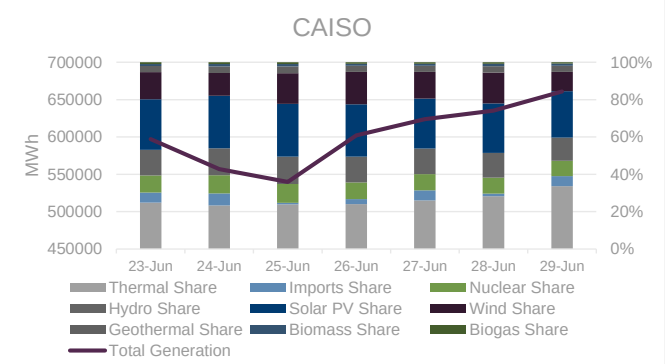

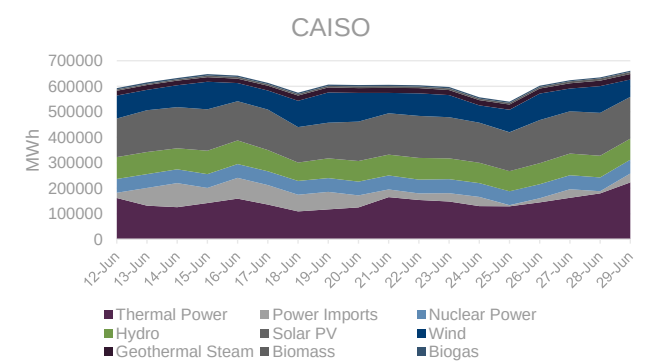

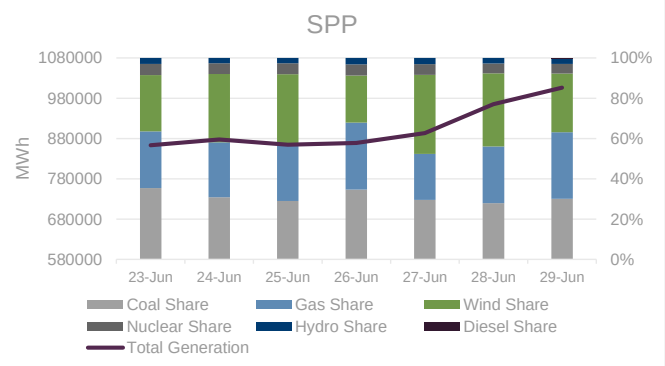

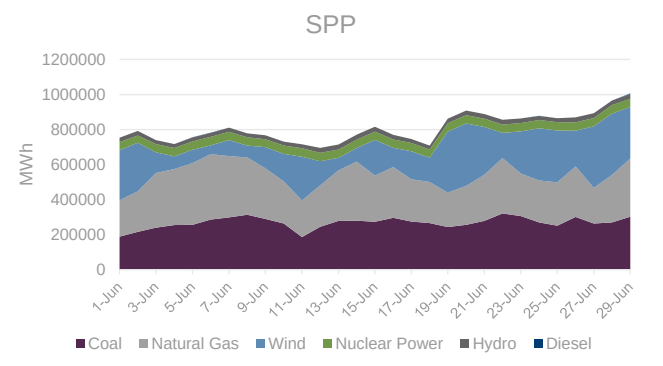

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

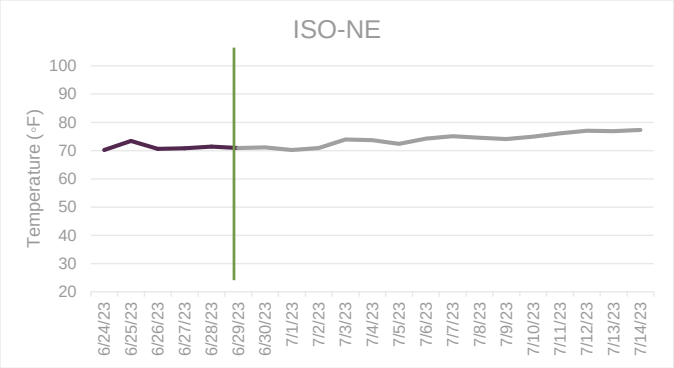

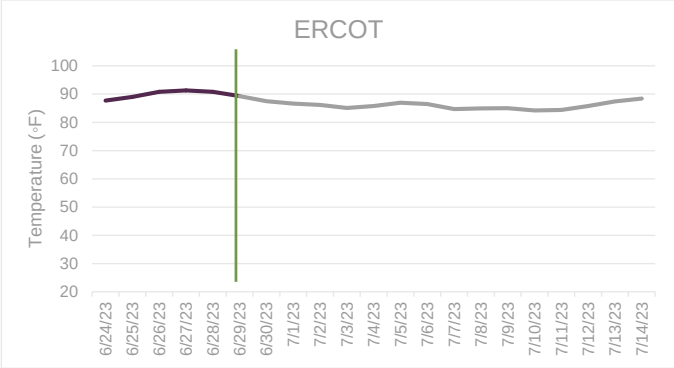

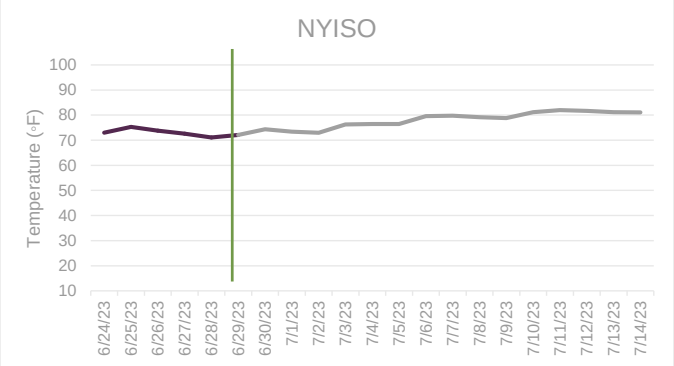

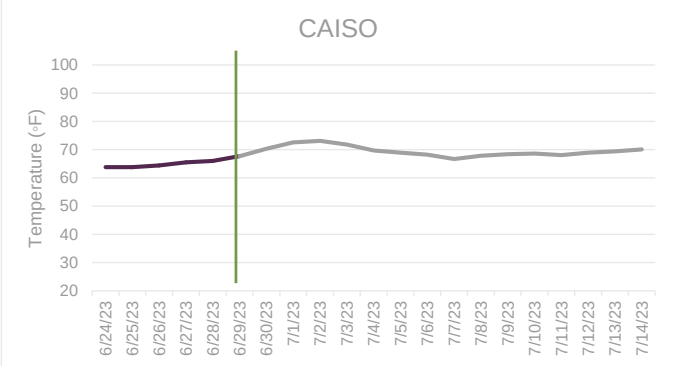

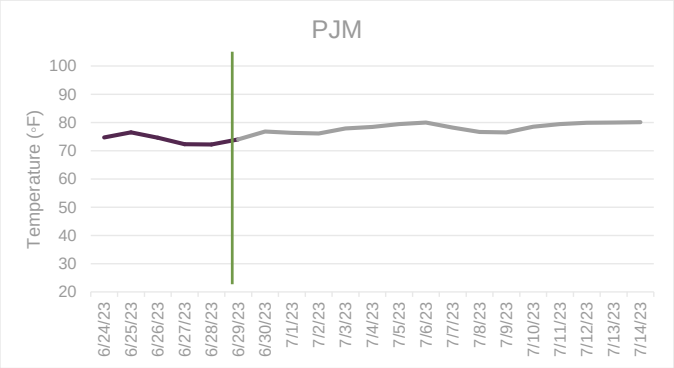

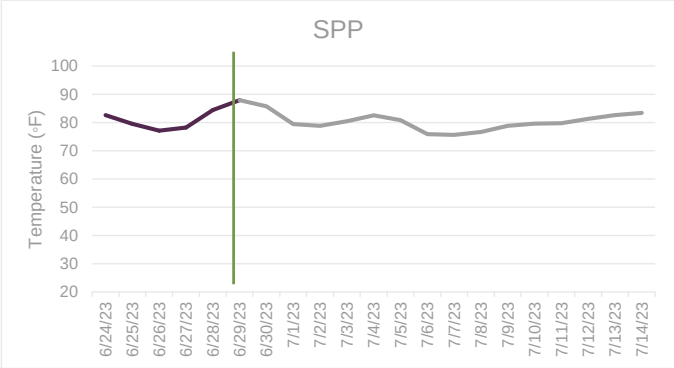

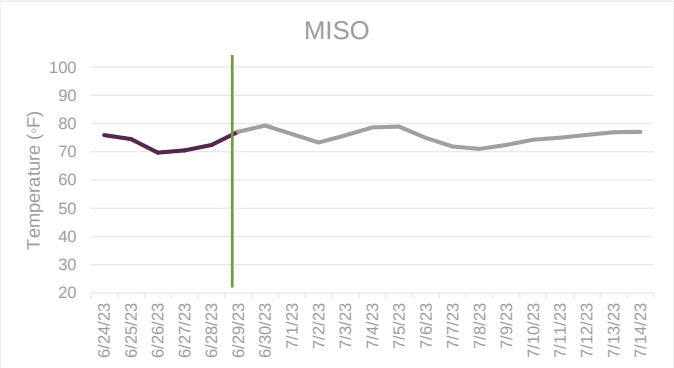

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

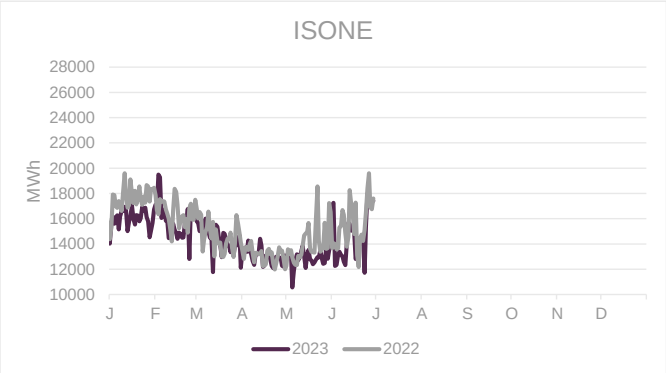

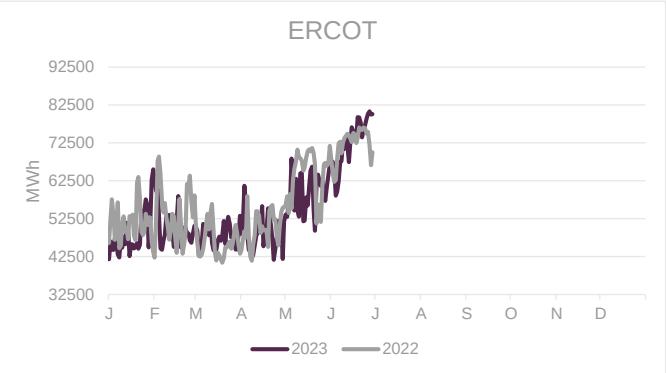

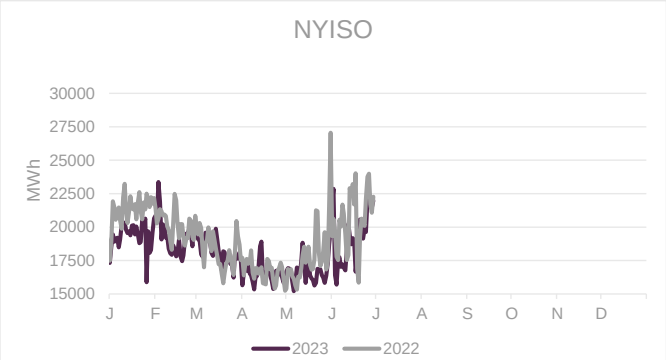

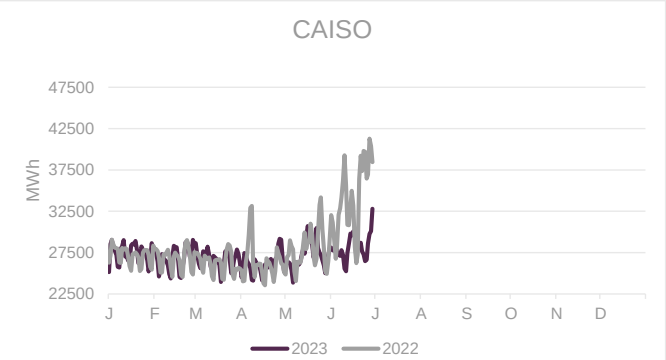

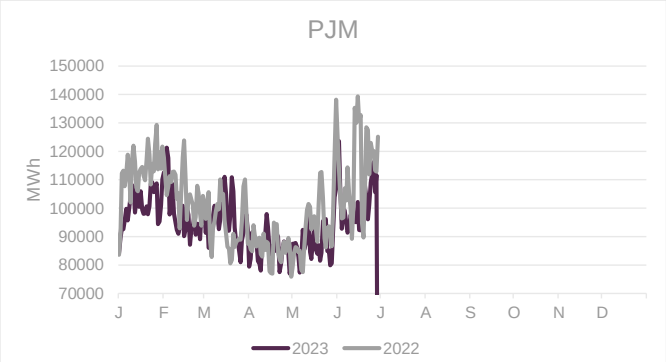

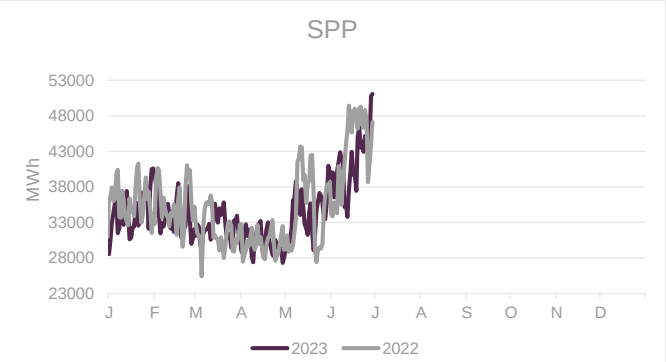

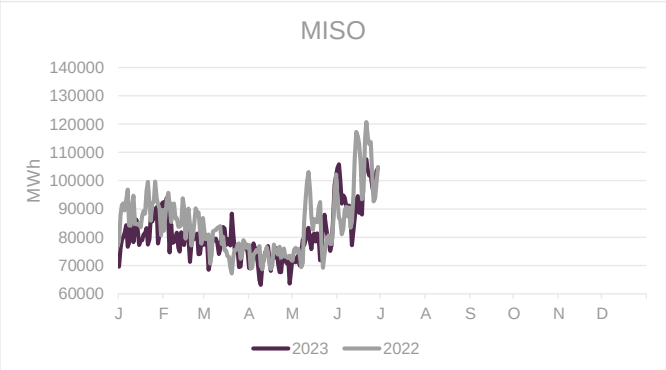

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day
- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	243	67.31%	42	17.28%
NEUTRAL	109	30.19%	7	6.42%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM

Power & Utilities

September 29, 2023

The Guggenheim Daily Transmission: NEE/NEP, Power/Gas, EIX, OGE, EXC, PPL, D/VA, PJM, WEC, Power/Policy, ERCOT, Mexico

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
D	44.14	Buy
EIX	63.59	Neutral
EXC	37.88	Buy
NEE	57.08	Buy
NEP	30.54	Buy
OGE	33.18	Neutral
PPL	23.38	Buy
WEC	79.88	Neutral

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our CEG NDR, NRG NDR, PEG NDR, NI NDR, FE CFO lunch, and other events, scroll down...

NEE/NEP: Day 2 Selloff Continues, NEP Price Warrants Reconsideration of Buy-in Thesis (see our note HERE)

Power/Gas: No Country for New Gas… (see our note HERE)

NEE – FL State Supreme Court remands FPL rate case settlement back to FPSC, finding the commission needed more justification in approval order

EIX – CPUC extends statutory deadline for 2022 CEMA application approval

EIX – CPUC extends statutory deadline for 2021 CEMA/WEMA application approval

OGE – OG&E and APSC staff proposes canceling hearing and submitting matters for determination for flexible resource approvals

EXC – EXC finalizes SEC settlement

PPL – RI PUC approves AMI program

D/VA – Former SCC commissioner returns to provide interim quorum

PJM – PJM Board details planned BRA/RPM changes

WEC – Hearing scheduled in limited re-opener docket

Power/Policy – House Energy, Climate, and Grid Security Subcommittee holds hearing with RTO heads

ERCOT – PUCT open meeting features lengthy discussion of reliability standard

Mexico – Supreme Court delays debate over AMLO energy policy

NEE – FL State Supreme Court remands FPL rate case settlement back to FPSC, finding the commission needed more justification in approval order

- FL Supreme Court issued a decision on the remand of the 2021 FPL rate case settlement.
- FLSC found that the order approving the settlement has not “supplied a basis for meaningful judicial review of its conclusion that the settlement agreement at issue provides a reasonable resolution of all issues raised”.
- The decision established that FPSC has authority to make such determinations, but the remand requires further argumentation from the commission.
- More in media here.
- Docket: 20210015

Guggenheim takeaway: *The remand decision from the FLSC is in line with our expectations (we caught up with the company shortly after the decision). The arguments before the FLSC were to determine FPSC authority over the matter and determine the basis for the order approving settlement. The order approving the settlement was short and did not include explicit justification for approval, but rather relied on prior case record. The FPSC*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

now has an opportunity to complete the order in alignment with statutory interpretation set by the FLSC. From a judicial process standpoint, DUK had a similar situation in FL last year, where the solar program was also remanded for additional record building, albeit on a slightly different issue (solar tariff related vs. scope modifications). The FPSC makes a solid argument for its approval in that the deviations in settlement from case record were on the size of the program and not in any structural change, and the same program has been approved without challenge in prior proceedings. Procedurally, this does cast some uncertainty around the settlement, but a remand puts the process back to the PSC, and provides an opportunity to address the limited issues around record and documentation vs. any sort of re-opening of the voluminous case record, of which there is no history (i.e., FPSC provides an avenue for record entry on contested issues and clarity around its decision making).

EIX – CPUC extends statutory deadline for 2022 CEMA application approval

- CPUC has issued an order extending the statutory deadline for the SCE 2022 CEMA application proceeding until April 1, 2024.
- The CEMA application is related to winter storms, heatwaves and fires in 2019-2020,
- Docket: A2203018

Guggenheim takeaway: *FYI. The push out of the proceeding into 2024 could potentially delay the recovery of funds into 2024 with modest cash and earnings impacts.*

EIX – CPUC extends statutory deadline for 2021 CEMA/WEMA application approval

- CPUC has previously issued an order extending the statutory deadline for the SCE 2021 CEMA application proceeding until January 31, 2024.
- The CEMA application is related to drought, firestorms, heatwaves, earthquakes and windstorms in 2018-2020,
- Docket: A2109019

Guggenheim takeaway: *FYI. The push out of the proceeding into 2024 could potentially delay the recovery of funds into 2024 with modest cash and earnings impacts.*

OGE – OG&E and APSC staff proposes canceling hearing and submitting matters for determination for flexible resource approvals

- Intervenors filed a joint motion to cancel hearings and submit the case for APSC determination in the flexible resource procurement proceeding.
- The proposed schedule includes an OGE requested an order date of November 30, 2023.
- APSC docket: 23-039-U
- OG&E previously filed an application for determination of need for 448MW of combustion turbines as part of the flexible RFP procurement result.
- OG&E's Horseshoe Lake Power Plant is the best alternative with a 448 MW capacity ($330M capital cost, $394M of total rate base) and an estimated in-service date of late 2026.
- The project will use GE7F Class hydrogen-capable combustion turbines.
- OG&E proposed a Generation Capacity Rider (GCR) for recovery of the costs associated with the Horseshoe Lake combustion turbines after the units are placed into service
- OCC docket: PUD2023-000038

Guggenheim takeaway: *FYI. As anticipated OGE is moving forward with the flexible resources procurement as mgmt. had previously put the solar procurement on reconsideration (now reiterated) to find better opportunities post IRA. OGE previously communicated that RFP outcomes are incremental to current plan, but would not increase capex in the current plan but shift some of the spending between years.*

EXC – EXC finalizes SEC settlement

- "Under the terms of the settlement, the Companies have agreed to pay a civil penalty of $46.2 million and to cease and desist from committing or causing any violations and any future violations of specified provisions of the federal securities laws and rules promulgated thereunder. Exelon recorded an accrual for the full amount of the penalty in the second quarter of 2023, which was reflected in Exelon's financial results reported in its Quarterly Report on Form 10-Q for the period ended June 30, 2023." - release
- 8K HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- SEC HERE

Guggenheim takeaway: *Minor FYI – the settlement is largely in line with the accrual reserved in 2Q, and management previously discussed this on the call.*

PPL – RI PUC approves AMI program

- The PUC approved the 3-year metering program alongside a $153M cost cap
- More HERE

Guggenheim takeaway: *Modest positive to see the program advance as investors continue to build comfort with the state and the commission itself. Per the company, the approval is largely in line with expectations. We continue to monitor.*

D/VA – Former SCC commissioner returns to provide interim quorum

- Judge Jimmy Dimitri was reportedly recalled to the commission to participate following Patricia West's departure
- More HERE

Guggenheim takeaway: *As we noted previously, the General Assembly recessed its special session but has not technically adjourned, which impedes the Governor's ability to advance interim appointments to the Commission. In the interim, Commissioner Dimitri can backfill the need for a quorum. In our view, this impasse is more of the same partisan politics that have prevailed for several years now, over both appointments and elections to the regulatory body, and is not representative of some new hostility towards the SCC itself or the utilities. While we remain on the lookout for the next data points regarding a longer-term solution (potentially after the election), we note that regardless D's case activity for the remainder of the year is relatively light.*

PJM – PJM Board details planned BRA/RPM changes

- In a lengthy letter the PJM Board has detailed its ongoing planned changes to the capacity construct under the ongoing CIFP effort
- The CP portion of the plans appear to include a stop-loss on penalties set at 1.5 x the BRA clearing price
- "The Board has directed PJM to file several changes to the Capacity Performance (CP) construct. In general, the Board continues to support strong performance incentives in the capacity market absent a stronger set of explicit requirements or a broader review of performance incentives in the energy and ancillary service markets that may allow more targeted performance incentives to be put in place. However, the Board also acknowledges the concern of many capacity market sellers regarding the level of risk associated with taking on a capacity commitment versus the annual revenues and the challenge some suppliers have voiced regarding the ability to express risk in capacity market offers." – PJM
- "The Board directs PJM to make the necessary changes to the MSOC to allow capacity market sellers to include their cost of risk in their offer even if their Net Avoidable Cost Rate (Net ACR) is zero or otherwise negative. The ability to express risk in offers is integral to ensuring the optimal set of resources are selected to provide capacity, and on its own is not an exertion of market power when those quantified risks are rooted in rigorous, reasonable analysis as is required by the current resource-specific process." - PJM
- The 2025/2026 DY auction would open 6/12/24 under the current plan
- More HERE

Guggenheim takeaway: *In totality the Board is building off of several proposals aired over the course of the CIFP, while appearing to acknowledge some of the technical shortcomings in the current design (MSOC). The changes come alongside a commitment to further evaluations (prompt design), and investors should take the process with a grain of salt – the BRA continues to lurch from reform to reform. As a reminder, our coverage universe is increasingly exposed more from a customer bill standpoint than a topline impact, with VST the remaining non-nuclear-PTC'd merchant exposure via its gas assets and the slowly shrinking Sunset segment.*

WEC – Hearing scheduled in limited re-opener docket

- A hearing has been scheduled for Wednesday, October 4th 10:00am.
- Recall that the 2024 limited re-opener being sought addresses recovery of new renewable facilities, RICE generation capacity, as well as LNG reliability investments which achieve

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

commercial operation in 2023 and 2024.

- The re-opener also addresses projected O&M savings from the planned retirement of two older coal-fueled units, while ROE and equity layer **will not be considered**.
- Docket 5-UR-110

Guggenheim takeaway: *For your calendar. Note that no formal action will be taken by the commission at this meeting.*

Power/Policy — House Energy, Climate, and Grid Security Subcommittee holds hearing with RTO heads

- Leadership from 7 of the nations RTOs testified before the subcommittee and answered lawmakers' questions on the health and outlook for the BES
- More HERE

Guggenheim takeaway: *The substance of the hearing appears to be somewhat educational for lawmakers, while also providing the RTO/ISOs with an outlet to express concern over the ongoing challenges of managing reliability in a changing resource environment – we continue to look for areas of bipartisan alignment, which could include permitting reform.*

ERCOT — PUCT open meeting features lengthy discussion of reliability standard

- The commissioners spoke at length on various scenarios for establishing the standard, including a significant amount of time on the degree to which the ISO should extrapolate potential policy driven retirements of coal
- "If you're going to imply EPA regulations are going to shutter 8,300 MW of coal, you have to take into account the absolute possibility that the voters will approve the money, and we'll have state-backed financing" – Chair McAdams via Platts
- "I fear that if we start subtracting massive amounts of megawatts out of the models due to hypothetical federal regulations which we are sure to litigate and go all the way to the US Supreme Court, which will take some time, I believe it will blow out the top of our models, unduly alarm the public, create a narrative that certain alternatives are better, and then we're left with nothing," - Chair McAdams via Platts
- More HERE

Guggenheim takeaway: *Heads up on the data points out of the open meeting, with the PUC's ongoing debate around the reliability standard a key part of the future establishment of the PCM.* ***See our very recent ERCOT gas note HERE for more detail****.*

Mexico — Supreme Court delays debate over AMLO energy policy

- The complaint from private developers was delayed by up to several months according to reports
- More HERE

Guggenheim takeaway: *FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NRG Energy Inc. (NRG)

Mauricio Gutierrez, President & Chief Executive Officer
Bruce Chung, Chief Financial Officer
Kevin Cole, Treasurer & Head of Investor Relations

Dates & Locations
October 4 – 5, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $8.83bn
NRG Energy, Inc. (NRG) engages in the production, sale, and distribution of energy and energy services. It operates through the following segments: Generation, Retail, and Corporate. The Generation segment includes all power plant activities, domestic and international, as well as renewables. The Retail segment includes mass customers and business solutions, and other distributed and reliability products. The Corporate segment includes residential solar and electric vehicle services. The company was founded in 1989 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NiSource, Inc. (NI)

Lloyd Yates, *President & Chief Executive Officer*
Shawn Anderson, *Chief Financial Officer*
Randy Hulen, VP, *Investor Relations & Treasurer*

Dates & Locations
October 18 – 20, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $11.4bn
NiSource, Inc. (NI) is a holding company, which engages in the provision of energy solutions. It operates under the Gas Distribution Operations and Electric Operations segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial, and industrial customers. The Electric Operations segment includes generation, transmission, and distribution of electricity through NIPSCO, and wholesaling electric and transmission transactions. The company was founded in 1987 and is headquartered in Merrillville. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

FirstEnergy Corp. (FE)

Jon Taylor, *Chief Financial Officer*

Date & Time

Wednesday, December 6, 2023
12:00PM

Location

Guggenheim Office
330 Madison Ave, 32nd Floor
New York, NY

Company Information

Market Cap: $20.9bn

FirstEnergy Corp. (FE) engages in the generation, transmission, and distribution of electricity as well as energy management and other energy-related services through its subsidiaries. It operates through the following business segments: Regulated Distribution, Regulated Transmission, and Corporate or Other. The Regulated Distribution segment distributes electricity through FirstEnergy's utility operating companies, serving various customers. The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by FirstEnergy's utilities. The Corporate or Other segment reflects corporate support and other costs not charged or attributable to the utilities or transmission companies. The company was founded in 1996 and is headquartered in Akron, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	10/2–10/3	West Coast
NRG	10/4–10/5	West Coast
PEG	10/10–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona
FE CFO Lunch	12/6	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

9/28/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$52.57	3,017	3.70	4.17	4.56	4.87	5.07	3.70	4.10	4.36	4.65	5.05	–	0.07	0.20	0.22	–	14.2x	12.8x	12.1x	11.3x	10.4x	-10%	-13%	-12%	-13%	-15%	8.4%	5.3%	70%	Sell	$49	-1%	Neutral	$62	23%
AVA	$32.10	2,456	2.28	2.49	2.61	2.67	2.73	2.28	2.47	2.58	2.65	2.73	–	–	–	–	–	14.1x	13.0x	12.4x	12.1x	11.8x	-11%	-12%	-10%	-6%	-4%	5.2%	5.9%	78%	Sell	$33	9%	Sell	$40	29%
NWE	$47.87	2,874	3.42	3.55	3.75	3.91	4.08	3.42	3.57	3.76	3.86	3.98	–	–	–	0.06	0.10	14.0x	13.4x	12.7x	12.4x	12.0x	-11%	-9%	-8%	-4%	-2%	5.1%	5.4%	74%	Sell	$48	6%	Neutral	$57	24%
POR	$40.66	4,111	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.23	3.35	3.55	–	–	–	–	–	15.2x	13.4x	12.6x	12.1x	11.5x	-4%	-9%	-9%	-6%	-6%	5.3%	4.8%	66%	Buy	$48	23%	Buy	$50	27%
		12,459																**14.4x**	**13.1x**	**12.5x**	**12.0x**	**11.4x**	**-9%**	**-10%**	**-10%**	**-7%**	**-7%**	**6.0%**	**5.4%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$74.44	19,539	4.35	4.67	5.05	5.40	5.68	4.38	4.69	5.02	5.36	5.66	–	–	0.03	0.04	–	17.0x	15.9x	14.8x	13.9x	13.2x	8%	8%	8%	8%	8%	6.6%	3.6%	58%	Neutral	$85	18%	Buy	$88	22%
AEP	$74.67	38,468	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.32	6.73	–	0.04	–	0.07	0.08	14.2x	13.3x	12.5x	11.8x	11.1x	-10%	-9%	-9%	-8%	-9%	6.0%	4.7%	63%	Buy	$96	33%	Buy	$94	30%
CMS	$52.70	15,374	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.61	3.88	4.15	–	0.05	0.04	0.03	0.11	16.9x	15.7x	14.6x	13.6x	12.7x	7%	7%	6%	5%	4%	8.1%	3.9%	63%	Neutral	$61	20%	Buy	$64	26%
CNP	$26.70	16,806	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	17.8x	16.5x	15.4x	14.3x	13.3x	13%	12%	12%	11%	8%	9.5%	2.9%	49%	Buy	$34	30%	Buy	$32	23%
D	$44.14	36,935	3.37	3.54	3.75	4.24	4.50	3.26	3.40	3.56	3.99	4.06	0.11	0.14	0.20	0.25	0.44	13.5x	13.0x	12.4x	11.1x	10.9x	-14%	-12%	-10%	-14%	-11%	1.4%	6.1%	80%	Buy	$56	33%	Neutral	$52	23%
DTE	$98.63	20,329	6.26	6.73	7.19	7.75	8.30	6.23	6.66	7.14	7.74	8.27	0.03	0.07	0.05	–	–	15.8x	14.8x	13.8x	12.7x	11.9x	0%	1%	0%	-1%	-2%	6.4%	4.1%	62%	Buy	$124	30%	Buy	$124	30%
DUK	$88.68	68,372	5.65	6.05	6.35	6.75	7.15	5.62	5.98	6.33	6.74	7.16	0.03	0.07	–	–	–	15.8x	14.8x	14.0x	13.2x	12.4x	-0%	1%	2%	2%	1%	6.3%	4.7%	71%	Buy	$102	20%	Buy	$100	17%
ED	$85.49	29,488	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.51	5.79	6.05	(0.03)	(0.05)	–	–	(0.03)	17.5x	16.3x	15.5x	14.8x	14.1x	11%	11%	13%	14%	16%	5.6%	3.9%	65%	Neutral	$85	3%	Neutral	$88	7%
EIX	$63.59	24,373	4.71	4.98	5.48	5.71	6.03	4.71	5.14	5.62	5.98	6.25	–	(0.16)	(0.14)	(0.27)	(0.22)	13.5x	12.4x	11.3x	10.6x	10.2x	-15%	-16%	-18%	-18%	-17%	5.5%	4.8%	61%	Neutral	$74	21%	Buy	$75	22%
ES	$57.36	20,024	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.25	5.60	–	0.08	0.06	–	(0.11)	13.1x	12.4x	11.6x	10.9x	10.2x	-17%	-16%	-16%	-15%	-16%	6.1%	4.9%	62%	Buy	$80	44%	Buy	$79	43%
ETR	$92.29	19,515	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.71	8.25	8.85	–	(0.03)	0.05	0.06	0.12	13.8x	12.8x	12.0x	11.2x	10.4x	-13%	-13%	-13%	-13%	-15%	6.9%	4.9%	64%	Buy	$113	27%	Buy	$114	29%
EVRG	$50.42	11,576	3.65	3.97	4.24	4.47	4.75	3.63	3.92	4.17	4.37	4.66	–	0.05	0.07	0.10	0.09	13.9x	12.9x	12.1x	11.5x	10.8x	-12%	-12%	-12%	-11%	-11%	4.8%	5.1%	67%	Buy	$68	40%	Buy	$62	28%
EXC	$37.88	37,664	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	16.0x	15.1x	13.9x	13.0x	12.2x	1%	3%	1%	0%	-0%	6.4%	4.0%	62%	Buy	$45	23%	Buy	$45	22%
FE	$34.57	19,821	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.88	3.05	3.22	–	–	–	–	0.05	13.6x	12.9x	12.0x	11.3x	10.7x	-14%	-12%	-13%	-12%	-12%	6.3%	4.7%	61%	Buy	$44	32%	Buy	$41	24%
LNT	$48.06	12,146	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.28	3.47	3.68	–	–	–	–	–	16.6x	15.6x	14.7x	13.8x	13.1x	5%	6%	6%	7%	7%	6.1%	3.9%	63%	Neutral	$49	6%	Buy	$55	18%
OGE	$33.18	6,646	2.02	2.16	2.25	2.37	2.48	2.01	2.14	2.27	2.40	2.50	–	–	–	–	–	16.5x	15.5x	14.6x	13.8x	13.3x	4%	6%	6%	7%	8%	2.8%	5.1%	81%	Neutral	$36	14%	Buy	$38	18%
PCG	$16.28	34,045	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.59	1.73	–	–	–	–	–	13.5x	12.1x	11.1x	10.2x	9.4x	-15%	-18%	-19%	-21%	-23%	9.7%	1.2%	15%	Buy	$21	30%	Buy	$19	18%
PEG	$56.66	28,280	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.24	4.49	–	–	0.04	0.05	0.10	16.4x	15.3x	14.0x	13.4x	12.6x	4%	4%	1%	3%	3%	5.8%	4.2%	65%	Buy	$70	28%	Buy	$67	22%
PNW	$73.47	8,325	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.48	5.61	–	–	–	(0.23)	(0.21)	17.5x	14.8x	14.2x	13.4x	13.1x	10%	0%	3%	4%	7%	4.9%	4.8%	74%	Neutral	$83	18%	Neutral	$80	14%
PPL	$23.38	17,233	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	14.8x	13.8x	12.9x	12.1x	11.4x	-7%	-6%	-7%	-7%	-7%	8.0%	4.3%	61%	Buy	$31	37%	Buy	$30	32%
SO	$65.07	71,025	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.76	–	–	–	–	0.04	18.1x	16.2x	15.1x	14.3x	13.7x	14%	10%	10%	11%	12%	5.9%	4.4%	73%	Buy	$80	27%	Buy	$73	17%
WEC	$79.88	25,197	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	17.3x	16.2x	15.2x	14.2x	13.4x	10%	11%	10%	10%	10%	6.1%	4.1%	68%	Neutral	$94	22%	Buy	$95	24%
Mid/Lg Cap (excl. EIX, PCG)																		**15.8x**	**14.7x**	**13.8x**	**12.9x**	**12.2x**							**6.0%**	**4.4%**	**66%**					
SMID + Lg Cap		**593,638**																**15.6x**	**14.4x**	**13.5x**	**12.8x**	**12.1x**							**6.0%**	**4.6%**	**67%**					

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$57.08	115,514	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.01	4.39	–	0.10	–	–	(0.12)	18.3x	17.2x	15.5x	14.3x	13.0x	16%	17%	13%	10%	6%	8%	3.5%	61%	Buy	$73	31%	Buy	$83	49%
SRE	$67.77	42,648	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.04	5.33	5.88	4.49	4.69	5.09	5.48	5.83	15.0x	14.1x	13.4x	12.7x	11.5x	-5%	-4%	-2%	-1%	-6%	5%	4.2%	61%	Buy	$172	158%	Buy	$81	24%
		158,162																**16.7x**	**15.6x**	**14.5x**	**13.5x**	**12.3x**	**5%**	**6%**	**5%**	**4%**	**0%**	**6.5%**	**3.9%**	**61%**						
Gas LDCs																																				
NI	$24.60	10,166	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.82	1.94	2.07	–	–	–	–	–	15.6x	14.7x	13.5x	12.7x	11.9x	-2%	0%	-2%	-2%	-3%	7%	4.3%	64%	Buy	$30	26%	Buy	$31	31%
CPK	$100.89	1,796	5.42	5.84	6.23	6.59	6.94	5.31	5.76	6.27	6.51	6.89	0.11	0.08	(0.04)	0.08	0.05	19.0x	17.5x	16.1x	15.5x	14.6x	20%	19%	17%	20%	20%	7%	2.4%	43%	Neutral	$112	13%	Buy	$130	31%
NJR	$40.74	3,975	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.95	3.13	3.42	–	–	–	–	(0.08)	15.2x	14.8x	13.8x	13.0x	11.9x	-4%	1%	0%	1%	-3%	6%	4.1%	60%	Neutral	$47	19%	Buy	$49	24%
NWN	$38.27	1,343	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.05	3.23	–	0.06	–	0.04	–	14.3x	13.8x	12.8x	12.5x	11.8x	-9%	-6%	-7%	-3%	-3%	5%	5.1%	71%	Neutral	$42	15%	Buy	$50	36%
OGS	$69.11	3,915	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.58	4.97	5.30	–	(0.06)	(0.05)	–	–	16.7x	16.1x	15.1x	13.9x	13.0x	6%	9%	10%	8%	7%	10%	3.9%	63%	Neutral	$73	10%	Neutral	$78	17%
SR	$55.90	2,941	4.20	4.31	4.57	4.73	4.99	4.19	4.32	4.63	4.80	5.06	–	–	(0.06)	(0.07)	(0.07)	13.3x	12.9x	12.1x	11.6x	11.0x	-16%	-12%	-12%	-10%	-10%	5%	5.4%	70%	Neutral	$65	22%	Neutral	$67	26%
		24,135																**15.7x**	**15.0x**	**13.9x**	**13.2x**	**12.4x**	**-1%**	**2%**	**1%**	**2%**	**1%**	**6.7%**	**4.2%**	**62%**						
Regulated Water																																				
AWK	$123.58	24,057	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.04	6.46	–	–	–	(0.06)	–	25.7x	24.0x	22.1x	20.4x	19.1x	62%	64%	61%	58%	57%	7%	2.4%	58%	Neutral	$147	21%	Buy	$157	29%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$109.32	35,156	3,150	3,451	3,509	3,346	3,804	3,504	3,981	3,919	3,911	4,024	(354)	(530)	(409)	(565)	(221)	11.2x	9.7x	9.5x	9.2x	8.6x	39,290	38,460	37,132	35,989	34,568	9.6%	1.1%	23%	Buy	$97	-10%	Buy	$111	2%
NRG	$38.28	8,771	3,181	3,122	3,126	3,042	3,107	3,021	3,232	3,109	2,980	3,095	160	(110)	–	62	–	6.1x	5.3x	5.0x	4.8x	4.1x	18,309	17,085	15,606	14,224	12,770	21.2%	4.2%	27%	Neutral	$34	-7%	Neutral	$41	12%
VST	$33.43	12,288	3,700	3,755	3,792	3,621	3,535	3,841	4,206	4,123	4,044	4,318	(141)	(451)	(331)	(424)	(783)	6.4x	5.8x	5.8x	5.8x	5.4x	24,635	24,469	23,894	23,451	23,409	6.8%	2.6%	25%	Buy	$31	-5%	Buy	$36	10%
Other																																				
NEP	$30.54	2,853	1,837	1,977	2,143	2,325	2,471	1,911	2,097	2,240	2,461	2,617	(74)	(120)	(97)	(136)	(146)												11.9%	–	Buy	$42	49%	Buy	$54	88%
SMR	$5.06	377	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	256%	Buy	$12	145%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

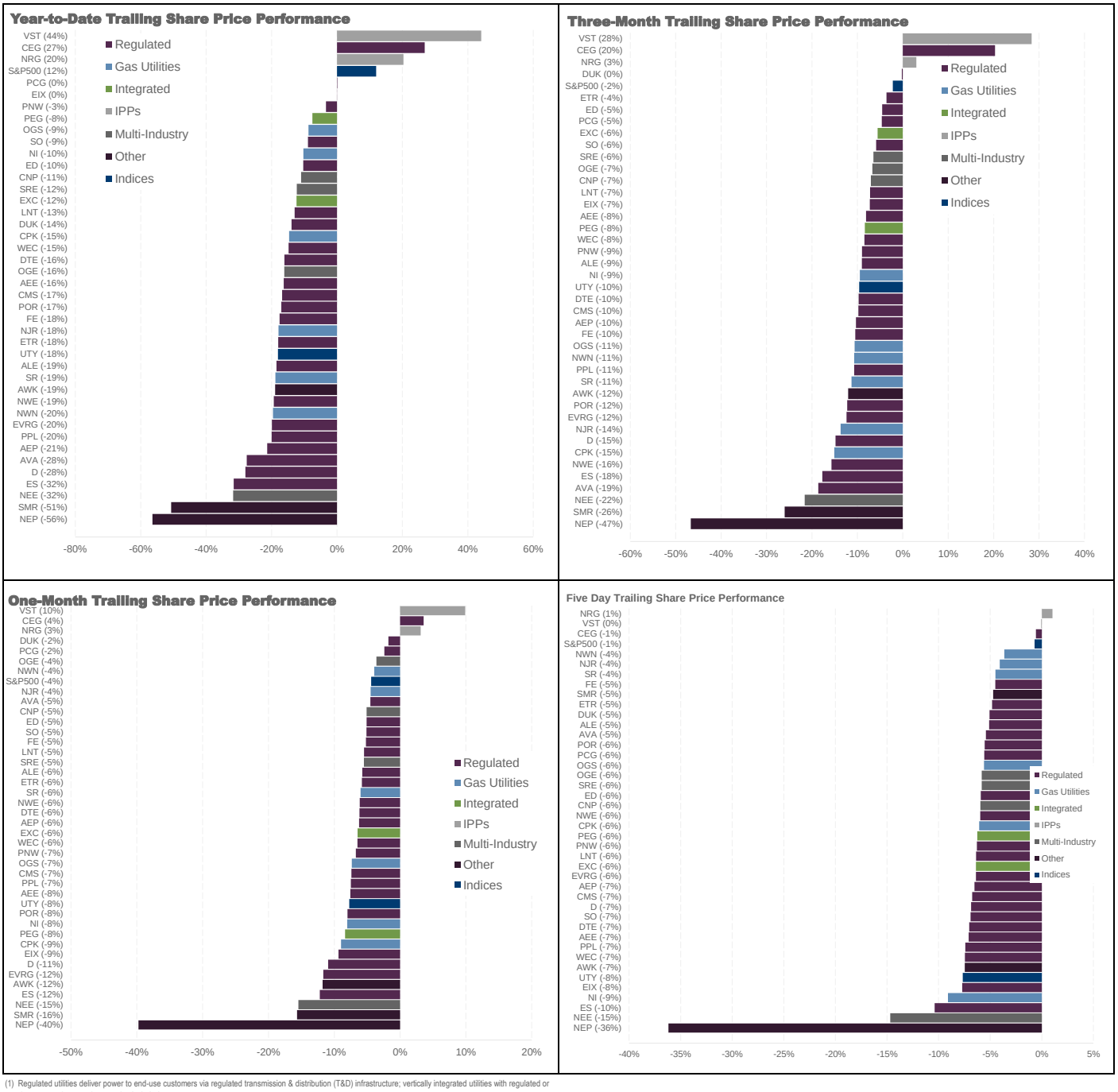

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

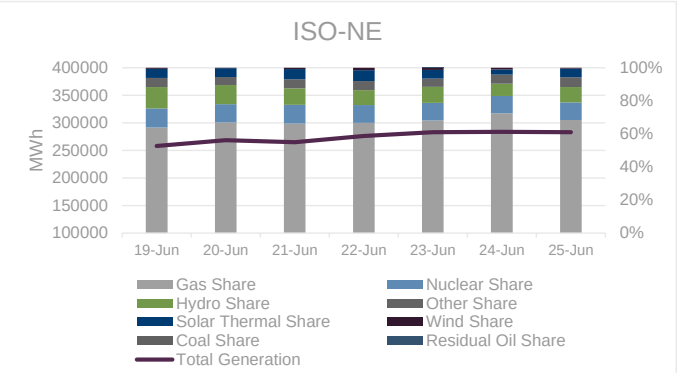

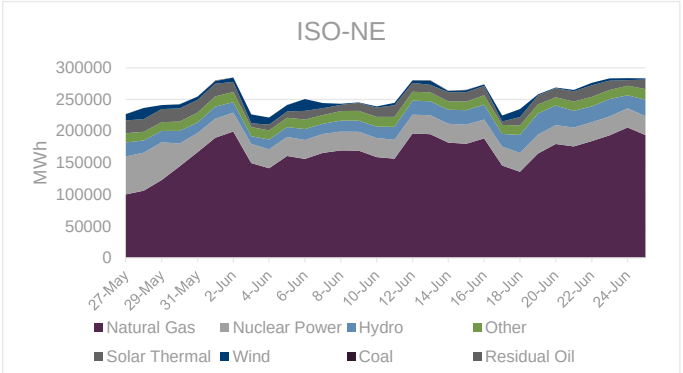

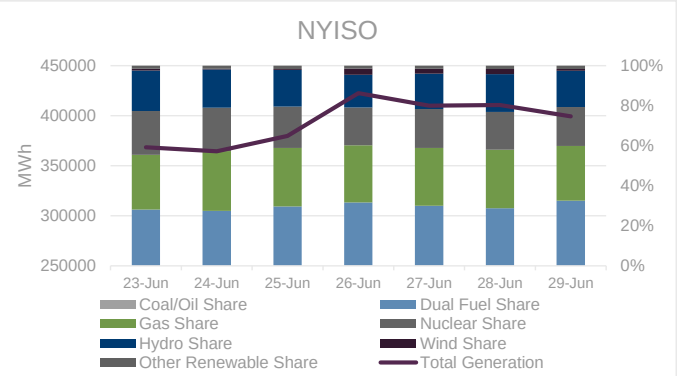

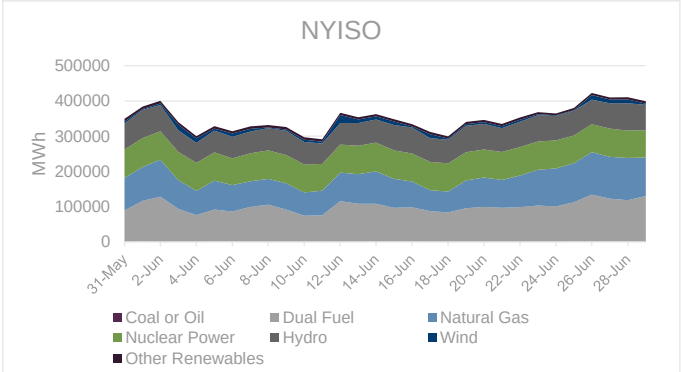

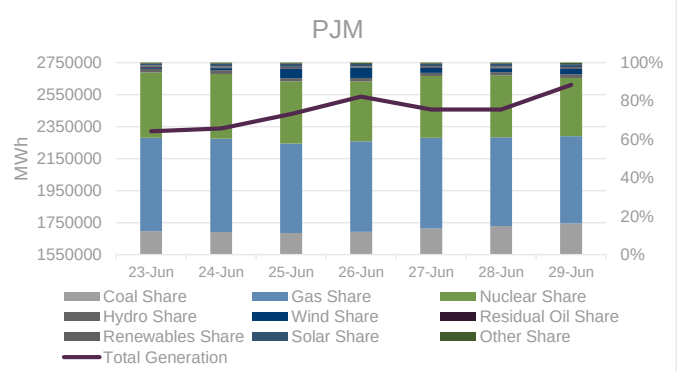

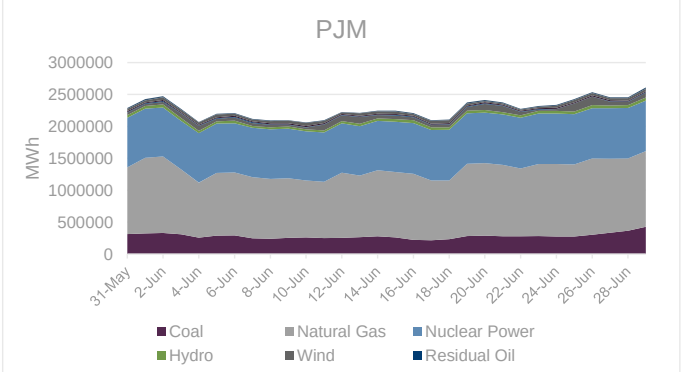

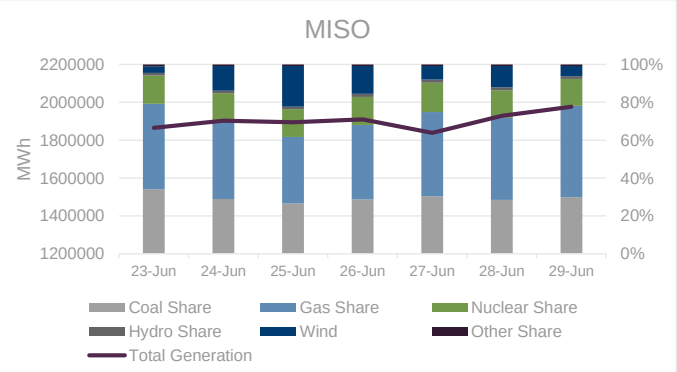

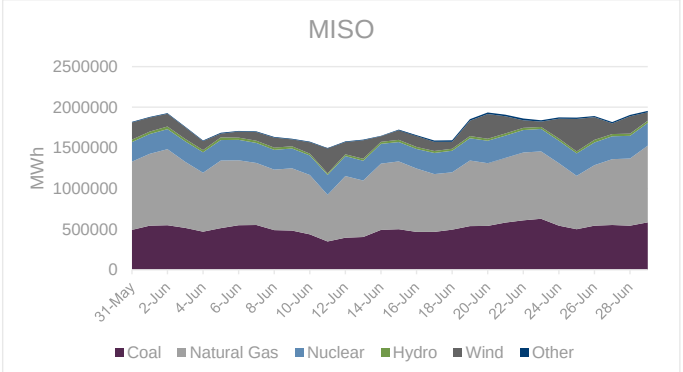

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

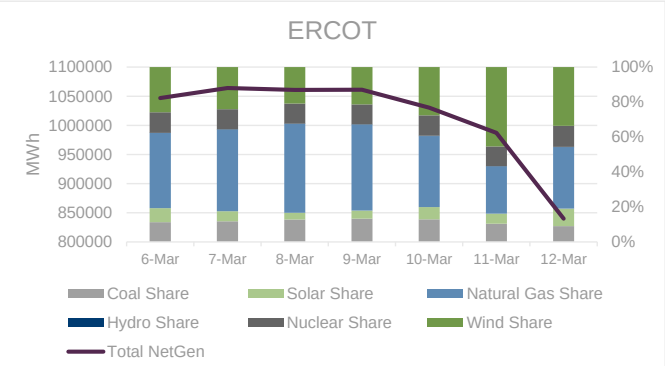

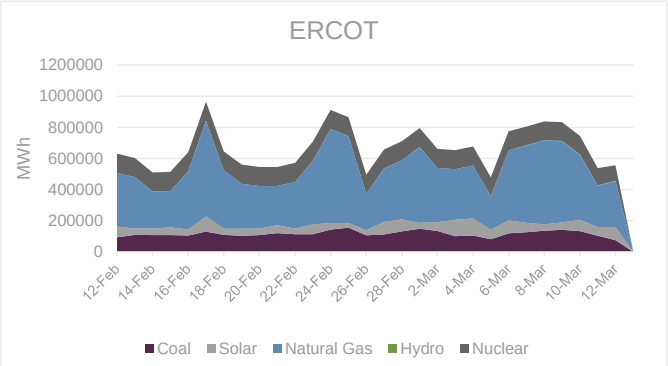

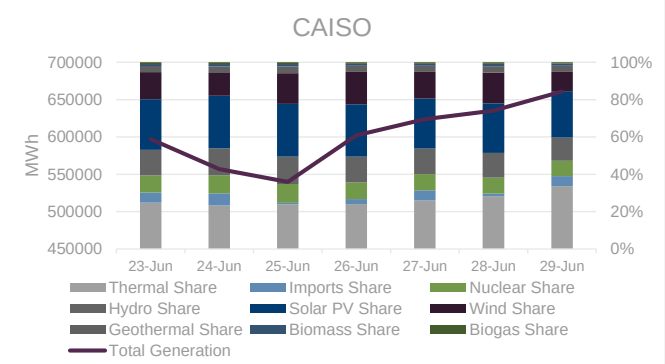

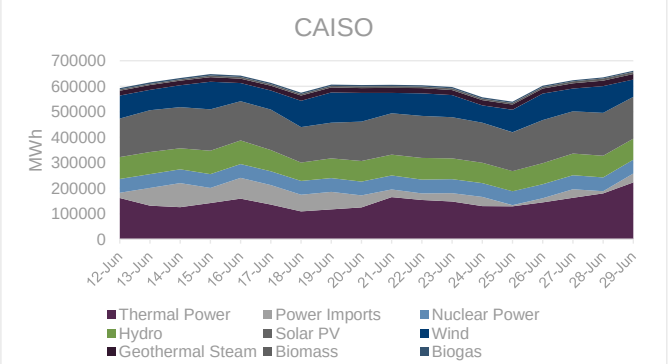

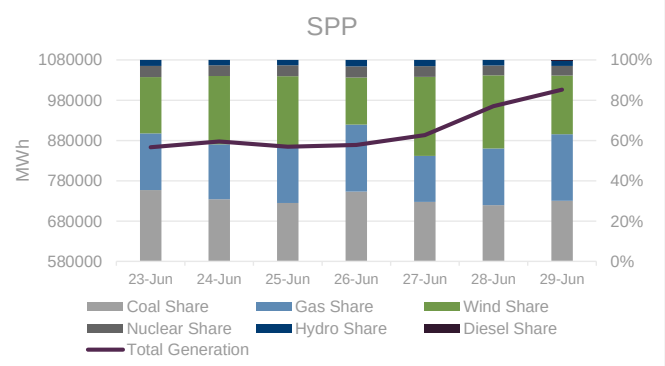

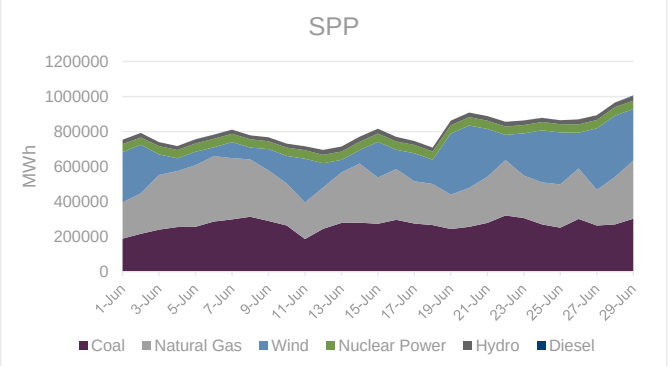

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

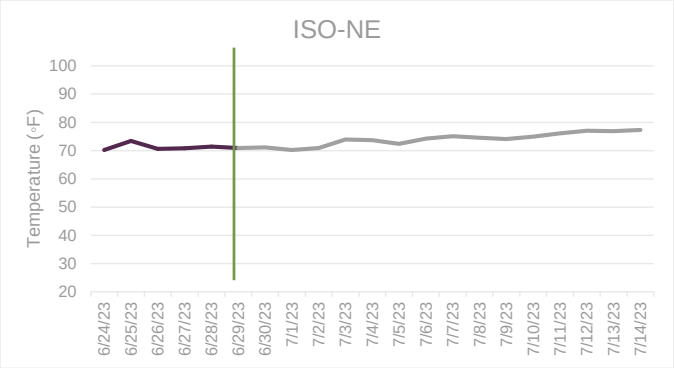

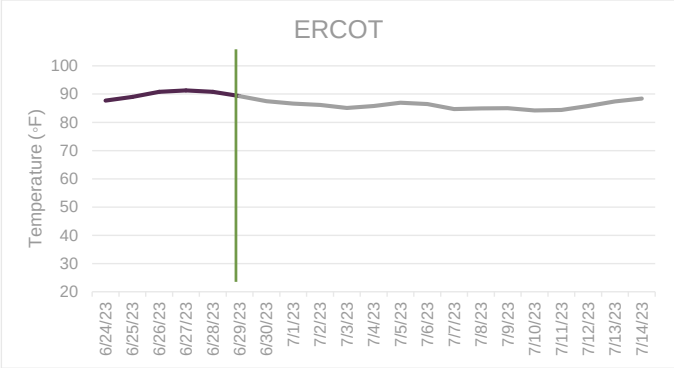

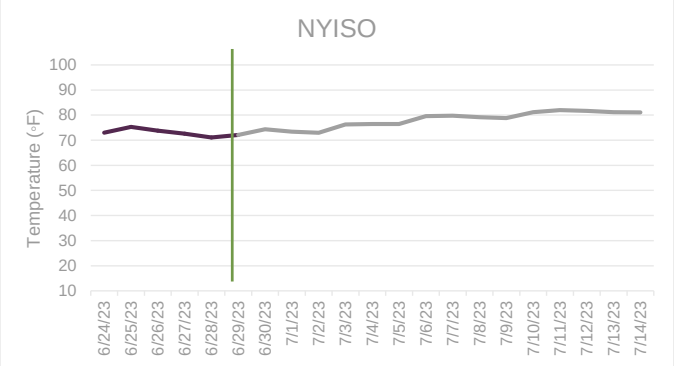

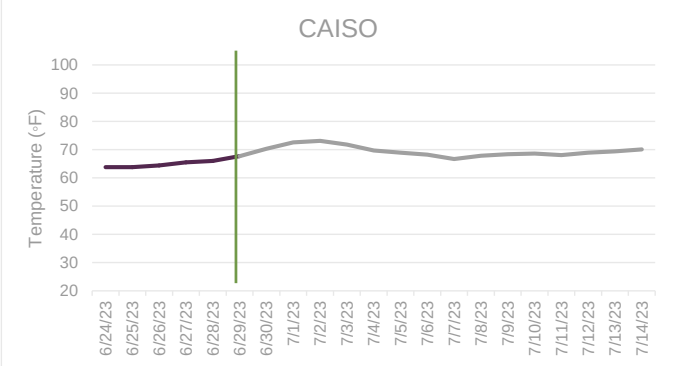

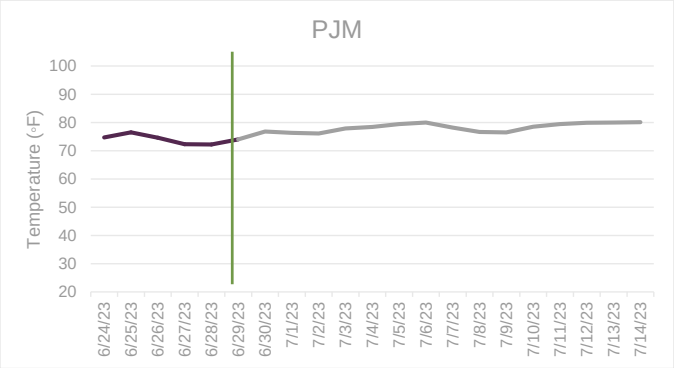

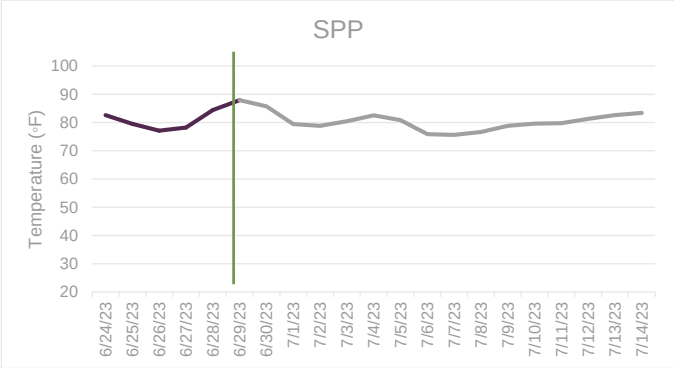

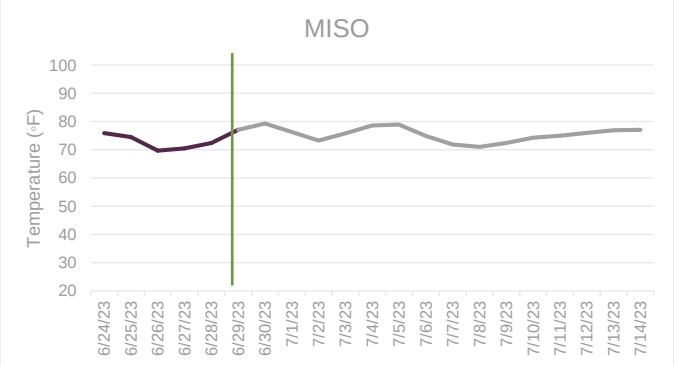

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

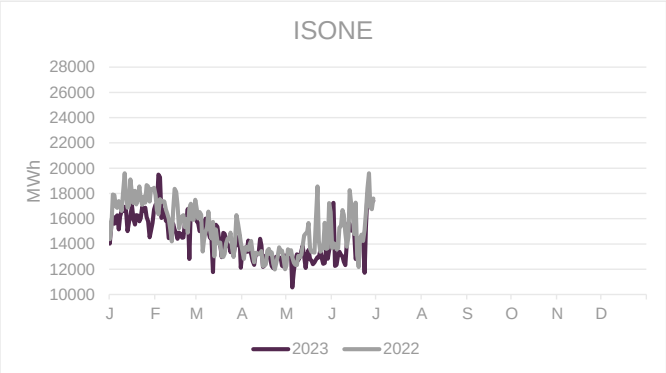

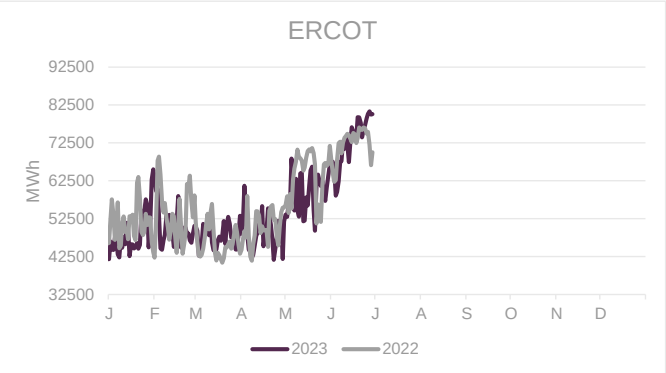

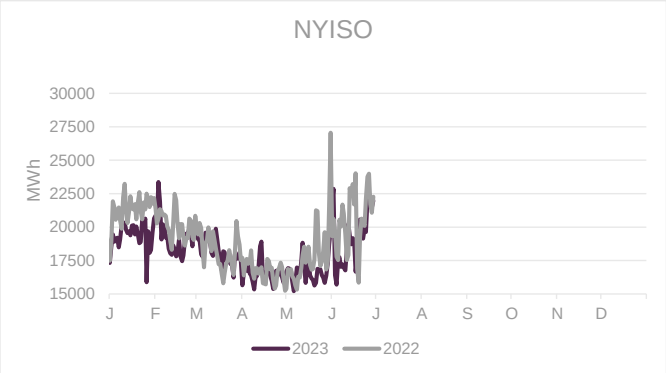

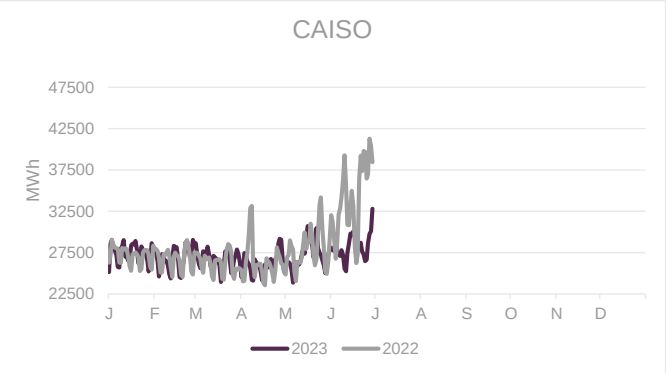

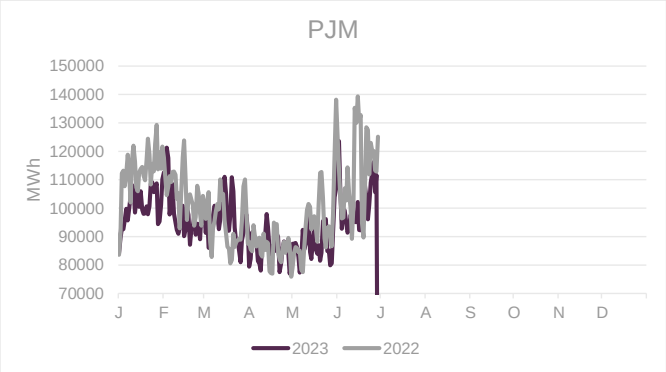

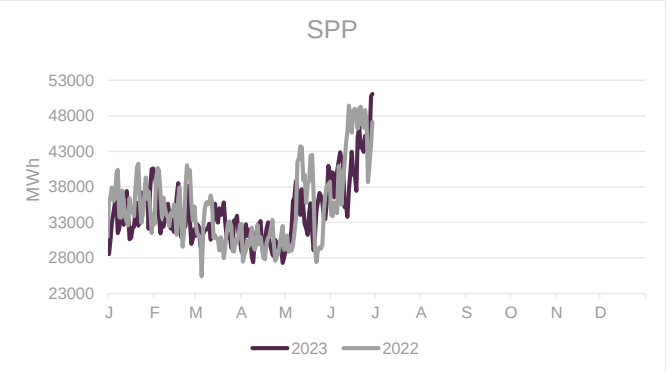

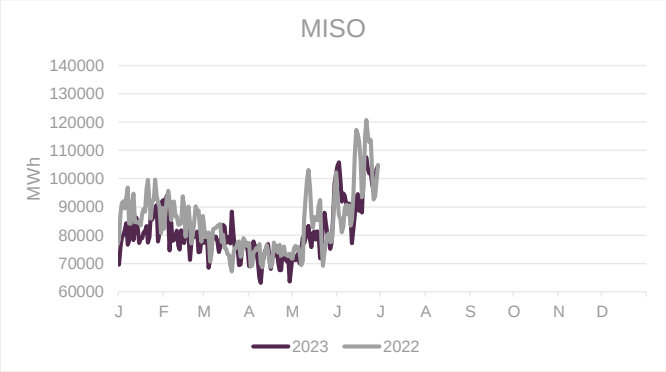

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	243	67.31%	42	17.28%
NEUTRAL	109	30.19%	7	6.42%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
ETR	93.25	Buy
EXC	38.80	Buy
NEE	59.96	Buy
NEP	37.46	Buy
NI	25.18	Buy
PNW	74.16	Neutral
PPL	23.94	Buy
SO	66.14	Buy
SRE	69.41	Buy

Power & Utilities

September 28, 2023

The Guggenheim Daily Transmission: NEE/NEP, Power/Gas, ETR, SRE, PPL/RI, ERCOT, EXC, AZ/ PNW, SO, NI

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our CEG NDR, NRG NDR, PEG NDR, NI NDR, FE CFO lunch, and other events, scroll down...

NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View (see our note HERE)

Power/Gas: No Country for New Gas… (see our note HERE)

ETR – LPSC files request for rehearing in SERI complaint proceeding at FERC on sale-leaseback and ADIT refund treatment

SRE – SIP announces group president appointment for Tania Mena Otriz

PPL/RI – AMI decision possible at today's open meeting

ERCOT – PUCT to host open meeting

EXC – Reply briefs filed in ComEd MYP

AZ/PNW – Algonquin [TSX:AQN] (not covered) subsidiary's procedural schedule modified

SO – Local media coverage of EPA's coal ash pond recommendation

NI – Remarketing of mandatory convertible preferred stock postponed to November

ETR – LPSC files request for rehearing in SERI complaint proceeding at FERC on sale-leaseback and ADIT refund treatment

- LPSC filed a request for rehearing in the SERI complaint on sale leaseback and ADIT treatment.
- FERC previously issued a rehearing order in part modifying the Initial decision on the sale leaseback and ADIT portion of the SERI complaint (18-152).
- FERC order affirms the Initial decision in part, including siding with SERI on the ADIT calculations and provides a partial agreement with recognition of sale leaseback cost recovery.
- FERC commissioners dissented and concurred in part, especially noting the constitutionality challenges in the rehearing request.
- FERC Docket ER18-182 (available through search). MS Settlement here.
- Docket: EL20-72 / EL18-152 (through FERC search). Partial settlement found under 20-72.

Guggenheim takeaway: *FYI. The FERC outcome would result in no incremental refunds, while affirming the ADIT issue resolution and providing some clarity on the sale leaseback recovery (modest potential upside vs. initial order on depreciation portion of $90M in sale leaseback refunds, pending recalculated SERI filing). ETR does not see any challenges to the tax portions of the appeals so there is no more merit to the further challenges at FERC on this issue. Uncertain tax positions portion of the complaint has created some deadlock with FERC in terms of resources in the further SERI proceedings, so having clarity in this docket provides an opportunity to litigate or settle the other / final complaints around operational prudency (docket EL21-56). ETR has previously commented in multiple venues*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

on the progressive financial steps taken to include adverse outcomes at FERC into guidance explicitly and implicitly (i.e., within the range of equity needs scenarios, which have been resolved to near zero in the near term).

SRE – SIP announces group president appointment for Tania Mena Otriz

- Tania Ortiz Mena has been appointed president of Sempra Infrastructure.
- Ortiz Mena most recently served as group president of clean power and energy networks at Sempra Infrastructure.
- More here.

Guggenheim takeaway:*FYI. Mena Ortiz previously led IENOVA (SIP Mexico business lines).*

PPL/RI ─ AMI decision possible at today's open meeting

- "At this Open Meeting, the PUC will review the record and vote on the Company's AMF proposal. The Commission plans to discuss the matter in the morning and then recess before taking votes in the afternoon." – PUC
- The meeting will be streamed at 10AM HERE.
- More HERE

Guggenheim takeaway: *Heads up on the schedule, with the potential for a vote to drag into the afternoon per the latest filing.*

ERCOT ─ PUCT to host open meeting

- The ongoing work on the ERCOT reliability standard is on the docket, alongside the potential for other reliability and infrastructure conversations.
- More HERE

Guggenheim takeaway: *Minor FYI.*

EXC ─ Reply briefs filed in ComEd MYP

- Several reply briefs have been docketed in the ongoing MYP.
- "For the foregoing reasons, IIEC/CUB/CDC/PCR continue to oppose ComEd's request for an excessive ROE in each of the four years of the MYRP period, as well as the Company's proposed annual adder." - CUB
- More HERE

Guggenheim takeaway: *There are several non-focus intervenor filings in the docket as of the AM, however, we note that postings to the ICC website can lag the deadline by up to half a day, so stay tuned for additional potential filings. Our initial parse indicates positions remain largely unchanged — we continue to look for any potential readthrough from the forthcoming ALJ/proposed order due 10/23. IN the interim position statements will be due later today.*

AZ ─ Algonquin [TSX:AQN] (not covered) subsidiary's procedural schedule modified

- Opening briefs: November 2, 2023
- Responsive briefs: November 16, 2023
- Timeclock for a decision: extended until January 31, 2024
- Docket E-04204A-22-0251

Guggenheim takeaway: *While Tucson Electric's rate case result was the primary focus of investors watching to see what PNW's Arizona Public Service may have in store, we will also continue to monitor UNS' case as we gather a sense of the extent to which the regulatory regime in AZ has actually evolved.* ***For a recap of the event, we recently hosted with AZ's two newest commissioners, see our note "Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson" (link HERE).***

SO ─ Local media coverage of regional environmental activists' comments to the EPA on Georgia coal ash ponds

- The activists are opposing Georgia Power's plans to cap in place four of the 10 ponds currently planned for that treatment.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- 19 other ponds are planned to be excavated and removed.
- More HERE

Guggenheim takeaway: *Minor FYI.*

NI – Remarketing of mandatory convertible preferred stock postponed to November

- Due to market conditions, the company decided to postpone the remarketing of up to 862,500 shares of its Series C Mandatory Convertible Preferred Stock.
- The next remarketing period is expected to occur in November, the company stated.
- The preferreds were originally issued on April 19, 2021.
- 8-K HERE

Guggenheim takeaway: *Understandable given the pressure the group has been under as a whole.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NRG Energy Inc. (NRG)

Mauricio Gutierrez, President & Chief Executive Officer
Bruce Chung, Chief Financial Officer
Kevin Cole, Treasurer & Head of Investor Relations

Dates & Locations
October 4 – 5, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $8.83bn
NRG Energy, Inc. (NRG) engages in the production, sale, and distribution of energy and energy services. It operates through the following segments: Generation, Retail, and Corporate. The Generation segment includes all power plant activities, domestic and international, as well as renewables. The Retail segment includes mass customers and business solutions, and other distributed and reliability products. The Corporate segment includes residential solar and electric vehicle services. The company was founded in 1989 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NiSource, Inc. (NI)

Lloyd Yates, *President & Chief Executive Officer*
Shawn Anderson, *Chief Financial Officer*
Randy Hulen, VP, *Investor Relations & Treasurer*

Dates & Locations
October 18 – 20, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $11.4bn
NiSource, Inc. (NI) is a holding company, which engages in the provision of energy solutions. It operates under the Gas Distribution Operations and Electric Operations segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial, and industrial customers. The Electric Operations segment includes generation, transmission, and distribution of electricity through NIPSCO, and wholesaling electric and transmission transactions. The company was founded in 1987 and is headquartered in Merrillville. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

FirstEnergy Corp. (FE)

Jon Taylor, *Chief Financial Officer*

Date & Time

Wednesday, December 6, 2023
12:00PM

Location

Guggenheim Office
330 Madison Ave, 32nd Floor
New York, NY

Company Information

Market Cap: $20.9bn

FirstEnergy Corp. (FE) engages in the generation, transmission, and distribution of electricity as well as energy management and other energy-related services through its subsidiaries. It operates through the following business segments: Regulated Distribution, Regulated Transmission, and Corporate or Other. The Regulated Distribution segment distributes electricity through FirstEnergy's utility operating companies, serving various customers. The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by FirstEnergy's utilities. The Corporate or Other segment reflects corporate support and other costs not charged or attributable to the utilities or transmission companies. The company was founded in 1996 and is headquartered in Akron, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	10/2–10/3	West Coast
NRG	10/4–10/5	West Coast
PEG	10/10–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona
FE CFO Lunch	12/6	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

9/27/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$53.79	3,087	3.70	4.17	4.56	4.87	5.07	3.70	4.10	4.36	4.65	5.05	–	0.07	0.20	0.22	–	14.6x	13.1x	12.3x	11.6x	10.7x	-9%	-12%	-12%	-12%	-14%	8.4%	5.2%	70%	Sell	$49	-4%	Neutral	$62	20%
AVA	$32.35	2,476	2.28	2.49	2.61	2.67	2.73	2.28	2.47	2.58	2.65	2.73	–	–	–	–	–	14.2x	13.1x	12.5x	12.2x	11.8x	-12%	-12%	-10%	-7%	-5%	5.2%	5.9%	78%	Sell	$33	8%	Sell	$40	28%
NWE	$48.75	2,927	3.42	3.55	3.75	3.91	4.08	3.42	3.57	3.76	3.86	3.98	–	–	–	0.06	0.10	14.3x	13.7x	13.0x	12.6x	12.3x	-11%	-9%	-7%	-4%	-1%	5.1%	5.3%	74%	Sell	$48	4%	Neutral	$57	22%
POR	$41.29	4,174	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.23	3.35	3.55	–	–	–	–	–	15.4x	13.6x	12.8x	12.3x	11.6x	-4%	-9%	-9%	-6%	-6%	5.3%	4.7%	66%	Buy	$48	21%	Buy	$50	25%
		12,664																**14.6x**	**13.4x**	**12.7x**	**12.2x**	**11.6x**	**-9%**	**-11%**	**-10%**	**-7%**	**-7%**	**6.0%**	**5.3%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$76.11	19,977	4.35	4.67	5.05	5.40	5.68	4.37	4.69	5.02	5.36	5.66	–	–	0.03	0.04	–	17.4x	16.2x	15.2x	14.2x	13.5x	8%	9%	8%	8%	8%	6.6%	3.5%	58%	Neutral	$85	15%	Buy	$88	19%
AEP	$75.86	39,081	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.32	6.73	–	0.04	–	0.07	0.08	14.4x	13.6x	12.7x	12.0x	11.3x	-10%	-9%	-9%	-9%	-9%	6.0%	4.6%	63%	Buy	$96	31%	Buy	$94	28%
CMS	$53.35	15,564	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.61	3.88	4.15	–	0.05	0.04	0.03	0.11	17.2x	15.9x	14.8x	13.8x	12.9x	7%	6%	6%	5%	4%	8.1%	3.9%	63%	Neutral	$61	18%	Buy	$64	24%
CNP	$27.15	17,089	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	18.1x	16.8x	15.7x	14.5x	13.5x	13%	12%	12%	11%	8%	9.5%	2.9%	49%	Buy	$34	28%	Buy	$32	21%
D	$45.46	38,040	3.37	3.54	3.75	4.24	4.50	3.26	3.40	3.56	3.99	4.06	0.11	0.14	0.20	0.25	0.44	13.9x	13.4x	12.8x	11.4x	11.2x	-13%	-10%	-9%	-13%	-10%	1.4%	5.9%	80%	Buy	$56	29%	Neutral	$52	20%
DTE	$100.54	20,722	6.26	6.73	7.19	7.75	8.30	6.23	6.66	7.14	7.74	8.27	0.03	0.07	0.05	–	–	16.1x	15.1x	14.1x	13.0x	12.2x	0%	1%	1%	-1%	-2%	6.4%	4.0%	62%	Buy	$124	27%	Buy	$124	28%
DUK	$90.09	69,459	5.65	6.05	6.35	6.75	7.15	5.62	5.98	6.33	6.74	7.16	0.03	0.07	–	–	–	16.0x	15.1x	14.2x	13.4x	12.6x	-0%	1%	2%	2%	1%	6.3%	4.6%	71%	Buy	$102	18%	Buy	$100	15%
ED	$86.63	29,881	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.51	5.79	6.05	(0.03)	(0.05)	–	–	(0.03)	17.7x	16.5x	15.7x	15.0x	14.3x	10%	11%	12%	14%	15%	5.6%	3.9%	65%	Neutral	$85	2%	Neutral	$88	6%
EIX	$64.56	24,746	4.71	4.98	5.48	5.71	6.03	4.71	5.14	5.62	5.98	6.25	–	(0.16)	(0.14)	(0.27)	(0.22)	13.7x	12.6x	11.5x	10.8x	10.3x	-15%	-16%	-18%	-18%	-17%	5.5%	4.7%	61%	Neutral	$74	19%	Buy	$75	20%
ES	$58.77	20,516	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.25	5.60	–	0.08	0.06	–	(0.11)	13.5x	12.7x	11.9x	11.2x	10.5x	-16%	-15%	-15%	-15%	-16%	6.1%	4.8%	62%	Buy	$80	41%	Buy	$79	39%
ETR	$93.25	19,718	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.71	8.25	8.85	–	(0.03)	0.05	0.06	0.12	13.9x	13.0x	12.1x	11.3x	10.5x	-13%	-13%	-14%	-14%	-15%	6.9%	4.8%	64%	Buy	$113	26%	Buy	$114	27%
EVRG	$51.05	11,720	3.65	3.97	4.24	4.47	4.75	3.63	3.92	4.17	4.37	4.66	–	0.05	0.07	0.10	0.09	14.1x	13.0x	12.2x	11.7x	11.0x	-13%	-13%	-13%	-11%	-12%	4.8%	5.1%	67%	Buy	$68	38%	Buy	$62	26%
EXC	$38.80	38,579	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	16.4x	15.5x	14.2x	13.3x	12.5x	2%	4%	2%	1%	0%	6.4%	3.9%	62%	Buy	$45	20%	Buy	$45	19%
FE	$35.24	20,205	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.88	3.05	3.22	–	–	–	–	0.05	13.9x	13.1x	12.3x	11.6x	10.9x	-14%	-12%	-12%	-12%	-12%	6.3%	4.6%	61%	Buy	$44	29%	Buy	$41	22%
LNT	$48.55	12,270	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.28	3.47	3.68	–	–	–	–	–	16.8x	15.8x	14.8x	14.0x	13.2x	4%	6%	6%	6%	6%	6.1%	3.9%	63%	Neutral	$49	5%	Buy	$55	17%
OGE	$33.52	6,714	2.02	2.16	2.25	2.37	2.48	2.01	2.14	2.27	2.40	2.50	–	–	–	–	–	16.7x	15.7x	14.8x	14.0x	13.4x	4%	5%	6%	6%	8%	2.8%	5.1%	81%	Neutral	$36	12%	Buy	$38	17%
PCG	$16.44	34,380	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.59	1.73	–	–	–	–	–	13.6x	12.2x	11.2x	10.3x	9.5x	-15%	-18%	-20%	-21%	-24%	9.7%	1.2%	15%	Buy	$21	29%	Buy	$19	17%
PEG	$57.90	28,899	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.24	4.49	–	–	0.04	0.05	0.10	16.7x	15.7x	14.3x	13.7x	12.9x	4%	5%	2%	4%	4%	5.8%	4.1%	65%	Buy	$70	25%	Buy	$67	20%
PNW	$74.16	8,403	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.48	5.61	–	–	–	(0.23)	(0.21)	17.6x	14.9x	14.4x	13.5x	13.2x	10%	-0%	3%	3%	6%	4.9%	4.8%	74%	Neutral	$83	17%	Neutral	$80	13%
PPL	$23.94	17,646	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	15.1x	14.1x	13.2x	12.4x	11.6x	-6%	-6%	-6%	-6%	-6%	8.0%	4.2%	61%	Buy	$31	34%	Buy	$30	29%
SO	$66.14	72,193	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.76	–	–	–	–	0.04	18.4x	16.4x	15.3x	14.6x	13.9x	14%	10%	10%	11%	12%	5.9%	4.3%	73%	Buy	$80	25%	Buy	$73	15%
WEC	$80.57	25,415	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	17.5x	16.4x	15.3x	14.4x	13.5x	9%	10%	9%	9%	9%	6.1%	4.1%	68%	Neutral	$94	21%	Buy	$95	22%
Mid/Lg Cap (excl. EIX, PCG)																		**16.1x**	**14.9x**	**14.0x**	**13.1x**	**12.4x**							**6.0%**	**4.4%**	**66%**					
SMID + Lg Cap		**603,880**																**15.8x**	**14.7x**	**13.8x**	**13.0x**	**12.3x**							**6.0%**	**4.5%**	**67%**					

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$59.96	121,342	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	–	(0.14)	19.2x	18.0x	16.3x	14.9x	13.6x	20%	21%	16%	14%	9%	8%	3.3%	61%	Buy	$73	25%	Buy	$84	44%
SRE	$69.41	43,680	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.04	5.33	5.88	4.49	4.69	5.09	5.48	5.83	15.4x	14.4x	13.8x	13.0x	11.8x	-4%	-3%	-2%	-1%	-5%	5%	4.1%	61%	Buy	$172	152%	Buy	$81	21%
		165,022																**17.3x**	**16.2x**	**15.0x**	**14.0x**	**12.7x**	**8%**	**9%**	**7%**	**6%**	**2%**	**6.5%**	**3.7%**	**61%**						
Gas LDCs																																				
NI	$25.18	10,406	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.82	1.94	2.07	–	–	–	–	–	15.9x	15.0x	13.9x	13.0x	12.2x	-1%	1%	-1%	-1%	-2%	7%	4.2%	64%	Buy	$30	23%	Buy	$31	29%
CPK	$101.28	1,802	5.42	5.84	6.23	6.59	6.94	5.30	5.74	6.26	6.51	6.89	0.12	0.10	–	0.08	0.05	19.1x	17.6x	16.2x	15.6x	14.7x	19%	18%	16%	19%	18%	7%	2.4%	43%	Neutral	$112	13%	Buy	$132	32%
NJR	$41.11	4,011	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.95	3.13	3.42	–	–	–	–	(0.08)	15.3x	14.9x	13.9x	13.2x	12.0x	-5%	-0%	-1%	0%	-3%	6%	4.0%	60%	Neutral	$47	18%	Buy	$49	23%
NWN	$38.15	1,339	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.05	3.23	–	0.06	–	0.04	–	14.3x	13.8x	12.7x	12.5x	11.8x	-11%	-8%	-9%	-5%	-5%	5%	5.1%	71%	Neutral	$42	15%	Buy	$50	36%
OGS	$69.93	3,961	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.58	4.97	5.30	–	(0.06)	(0.05)	–	–	16.9x	16.3x	15.3x	14.1x	13.2x	5%	9%	9%	7%	6%	10%	3.8%	63%	Neutral	$73	8%	Neutral	$78	16%
SR	$56.30	2,962	4.20	4.31	4.57	4.73	4.99	4.20	4.33	4.64	4.82	5.06	–	–	(0.06)	(0.09)	(0.07)	13.4x	13.0x	12.1x	11.7x	11.1x	-17%	-13%	-13%	-11%	-11%	5%	5.4%	70%	Neutral	$65	21%	Neutral	$68	26%
		24,481																**15.8x**	**15.1x**	**14.0x**	**13.3x**	**12.5x**	**-2%**	**1%**	**0%**	**1%**	**1%**	**6.7%**	**4.2%**	**62%**						
Regulated Water																																				
AWK	$126.34	24,594	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.04	6.46	–	–	–	(0.06)	–	26.3x	24.6x	22.6x	20.9x	19.6x	63%	65%	61%	59%	57%	7%	2.3%	58%	Neutral	$147	19%	Buy	$157	26%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$110.75	35,616	3,150	3,451	3,509	3,346	3,804	3,504	3,981	3,919	3,911	4,024	(354)	(530)	(409)	(565)	(221)	11.3x	9.8x	9.6x	9.3x	8.7x	39,749	38,920	37,932	36,449	35,028	9.6%	1.1%	23%	Buy	$97	-11%	Buy	$111	1%
NRG	$38.58	8,839	3,181	3,122	3,126	3,042	3,107	3,021	3,232	3,109	2,980	3,095	160	(110)	–	62	–	6.1x	5.3x	5.0x	4.8x	4.1x	18,377	17,154	15,674	14,293	12,838	21.2%	4.2%	27%	Neutral	$34	-8%	Neutral	$41	11%
VST	$33.32	12,247	3,700	3,755	3,792	3,621	3,535	3,841	4,206	4,123	4,044	4,318	(141)	(451)	(331)	(424)	(783)	6.4x	5.8x	5.8x	5.8x	5.4x	24,595	24,428	23,854	23,410	23,369	6.8%	2.7%	25%	Buy	$31	-4%	Buy	$36	11%
Other																																				
NEP	$37.46	3,500	1,837	1,977	2,143	2,325	2,471	1,916	2,045	2,192	2,463	2,538	(79)	(68)	(49)	(138)	(67)												9.7%	–	Buy	$42	22%	Buy	$57	61%
SMR	$5.14	383	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	250%	Buy	$12	141%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

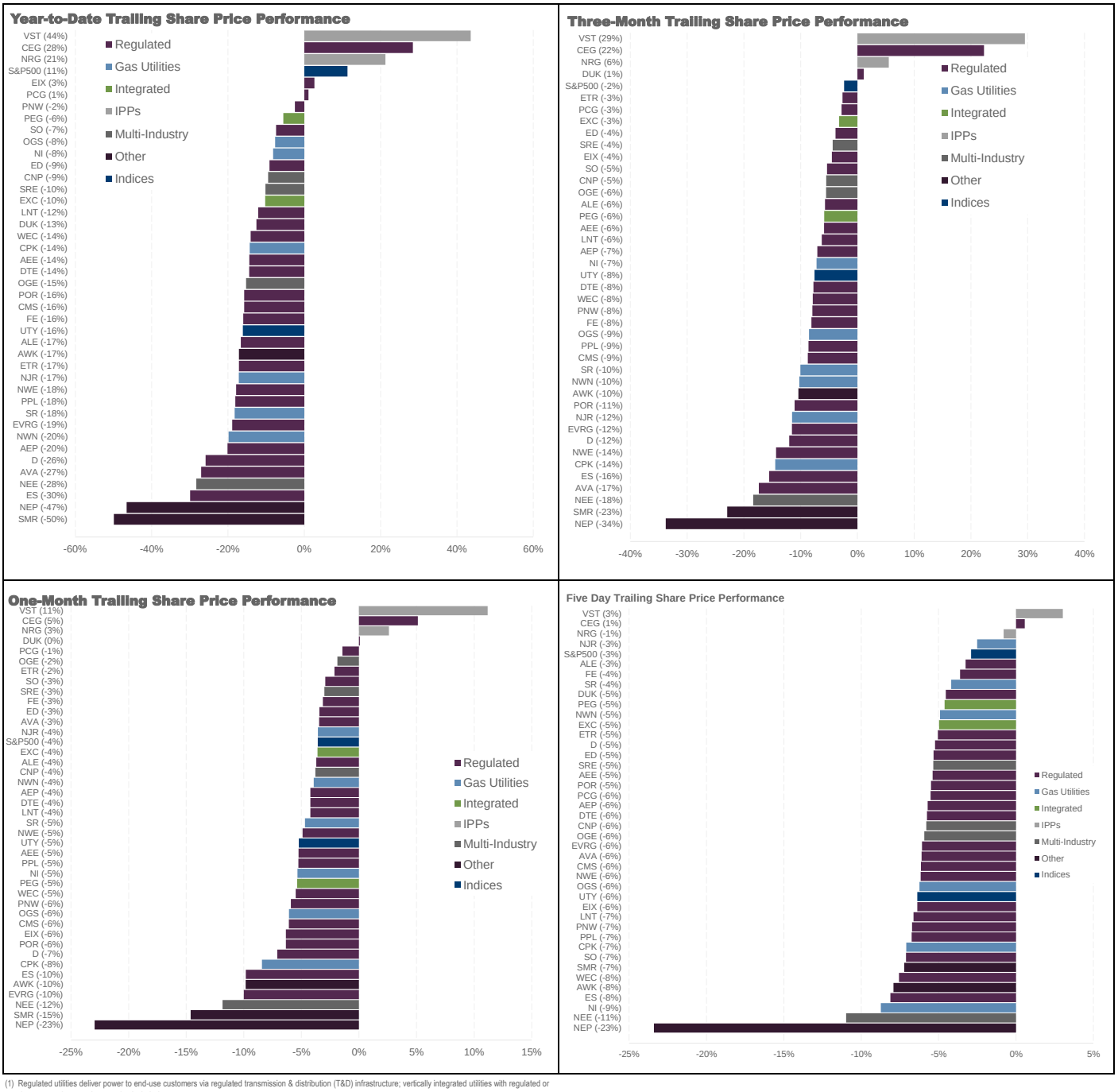

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

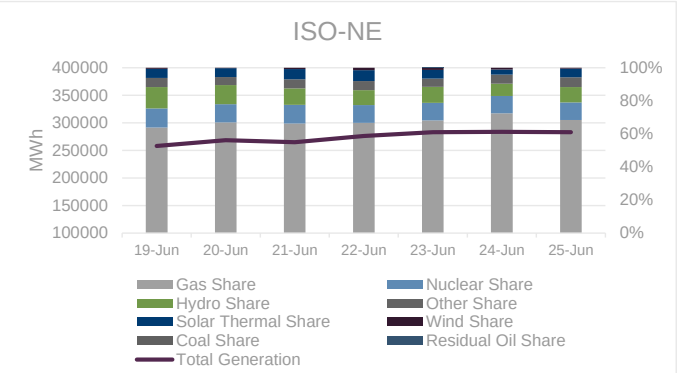

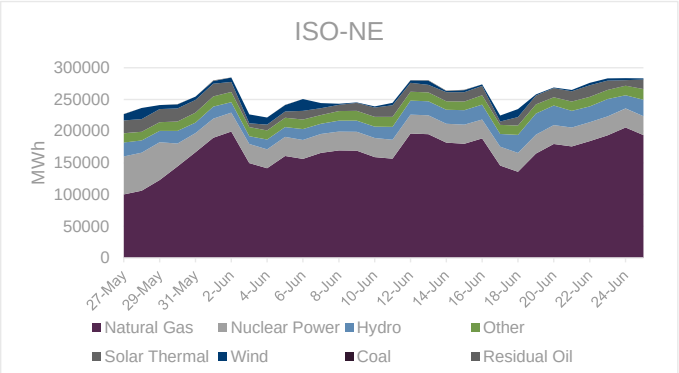

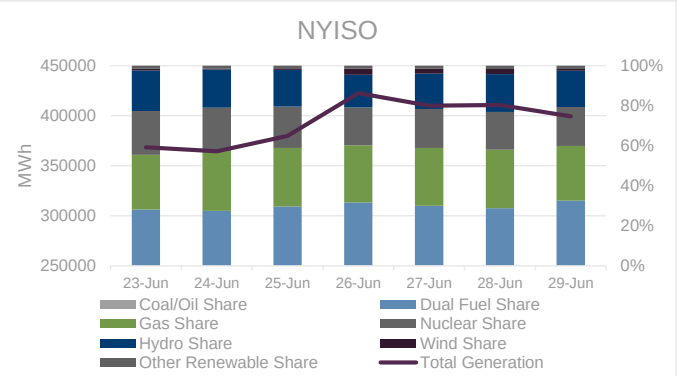

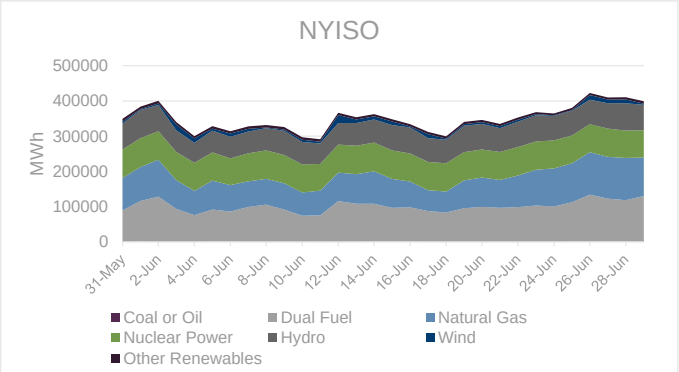

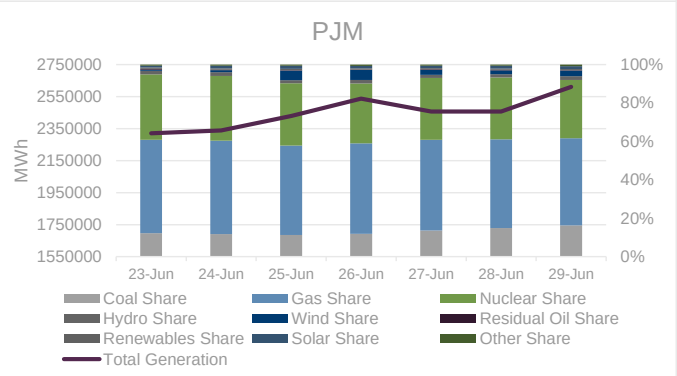

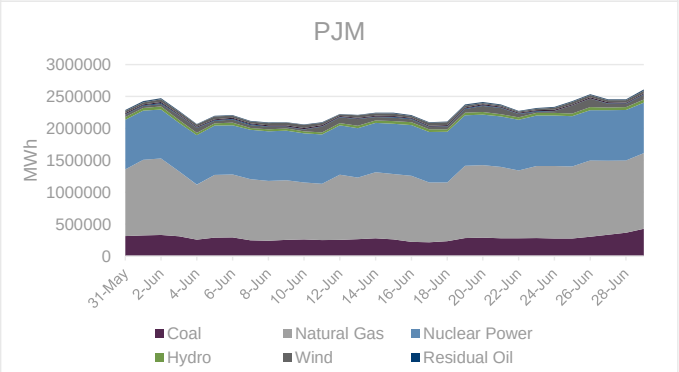

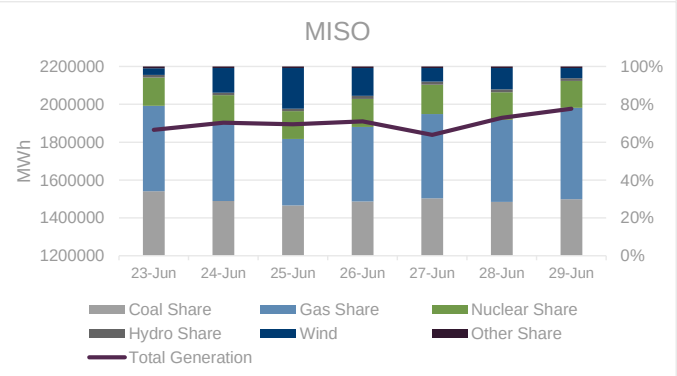

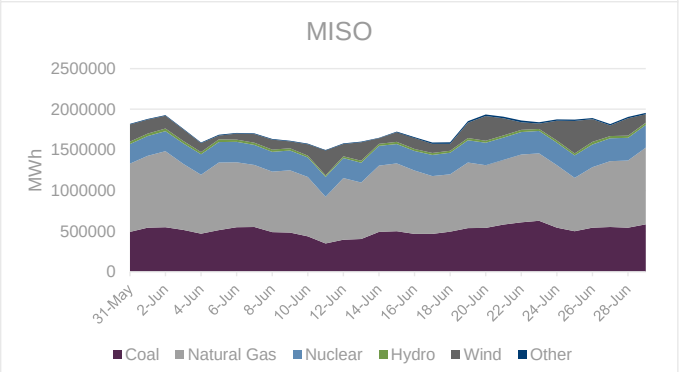

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

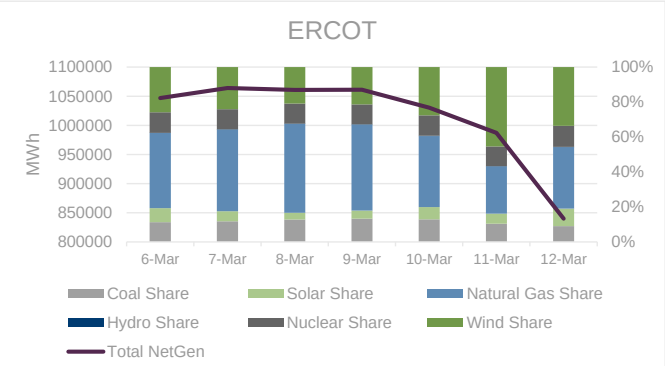

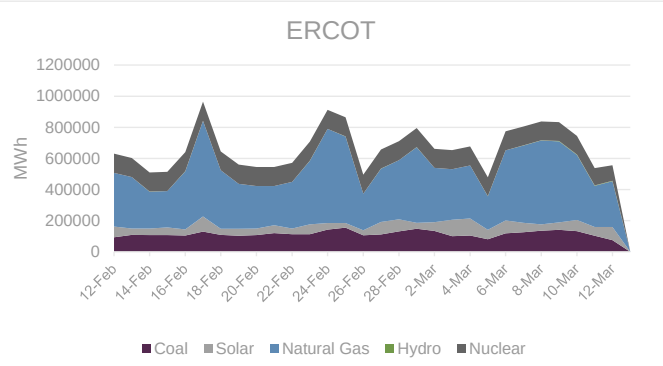

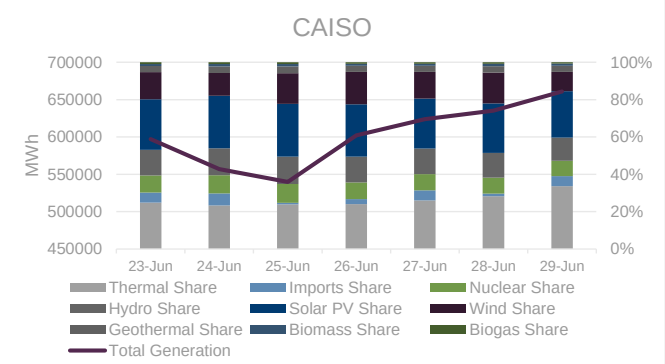

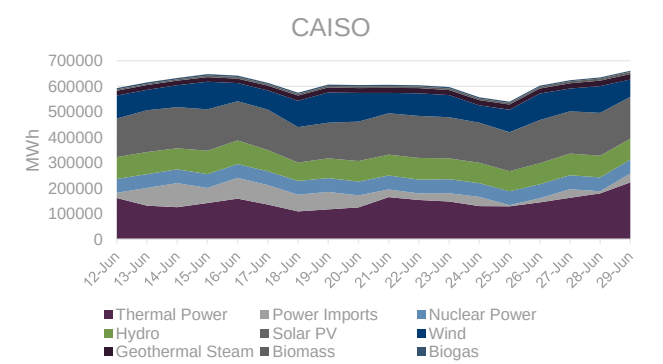

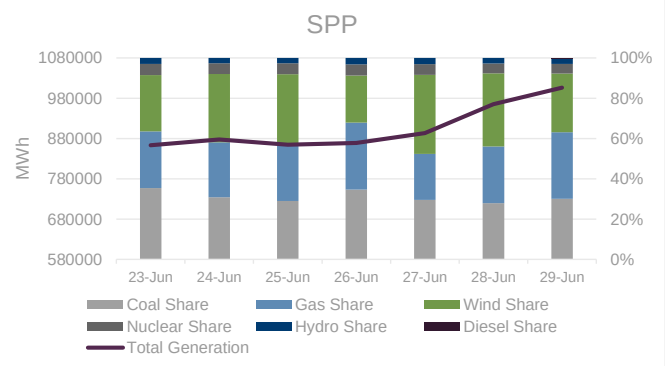

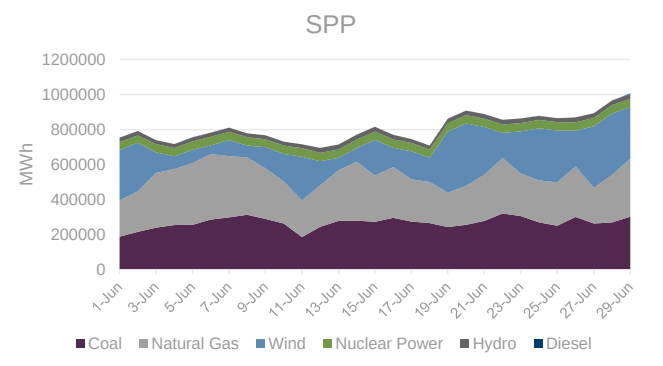

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

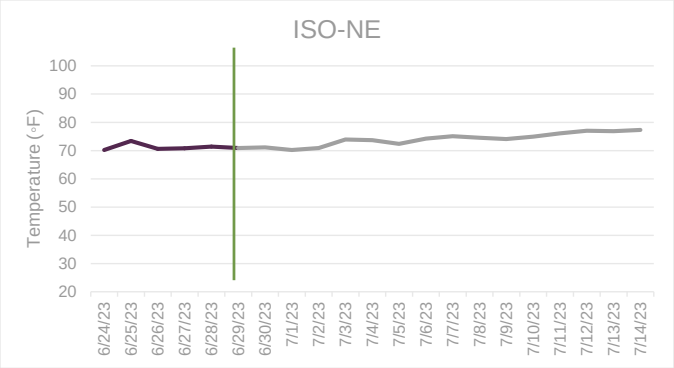

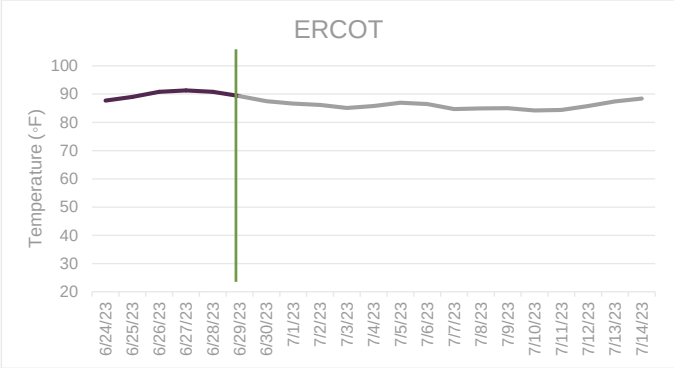

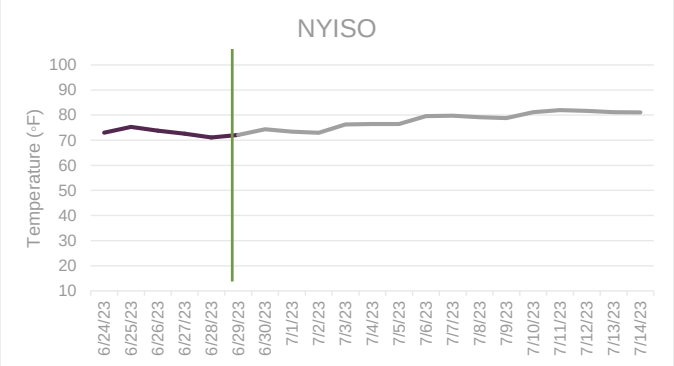

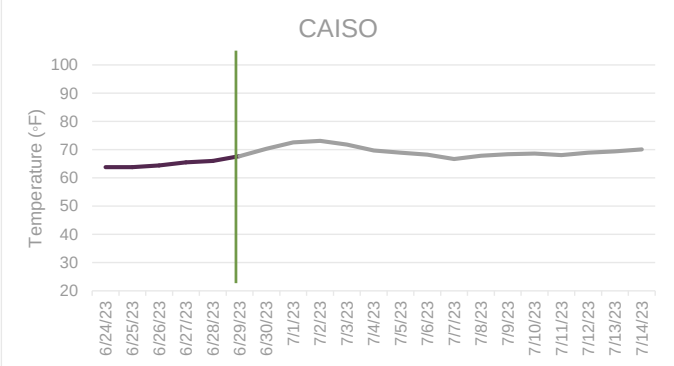

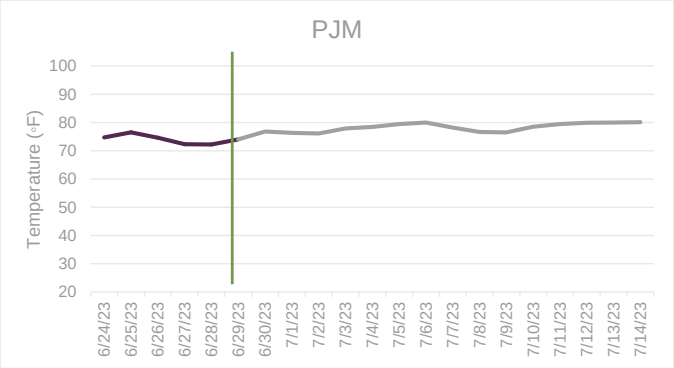

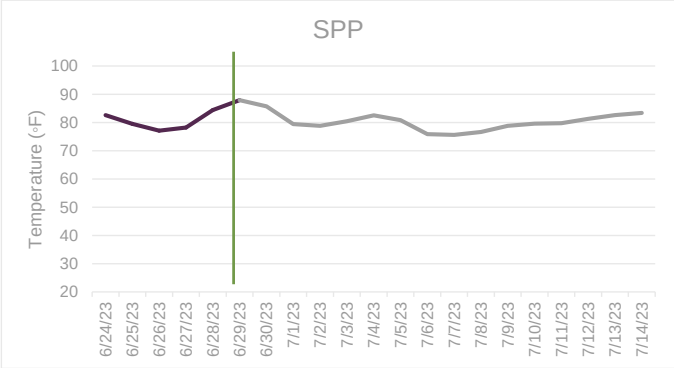

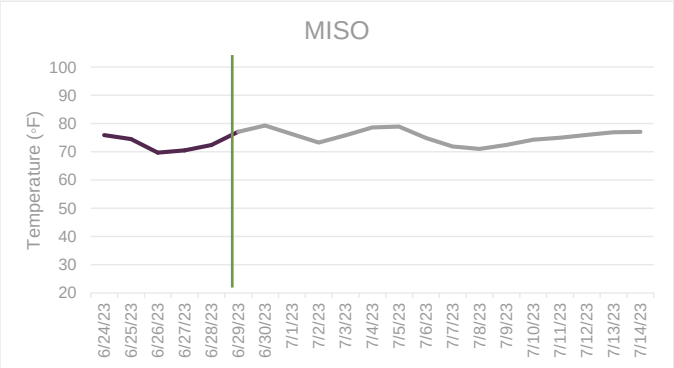

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

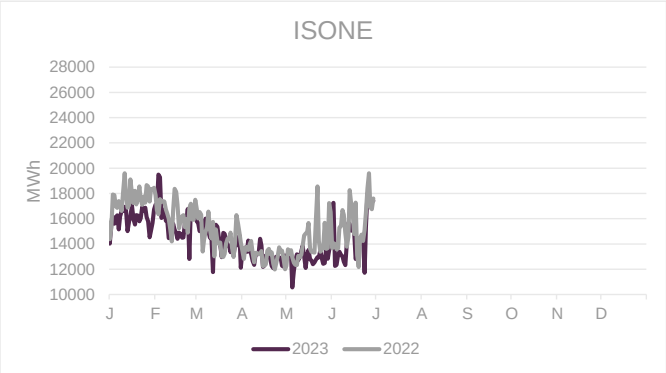

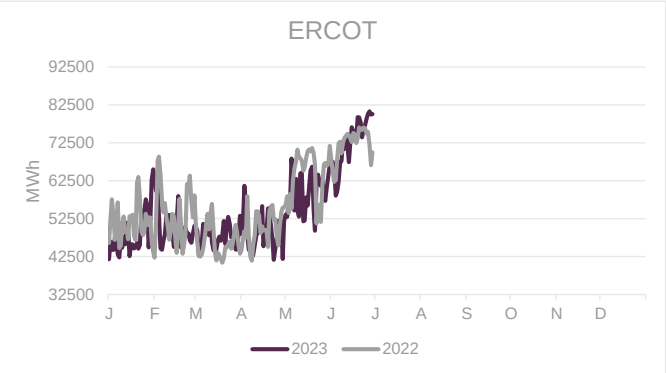

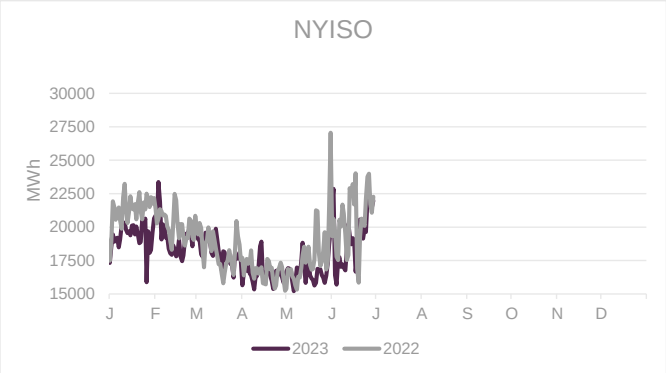

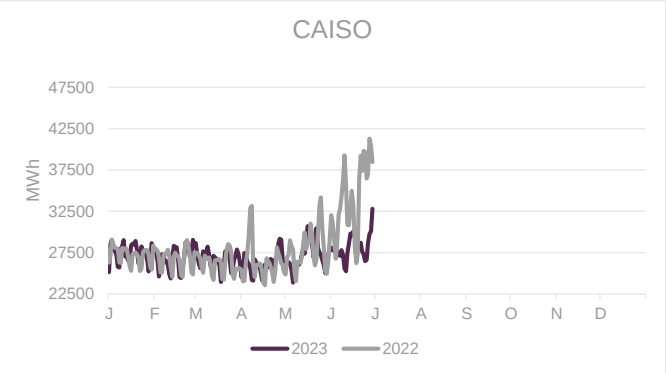

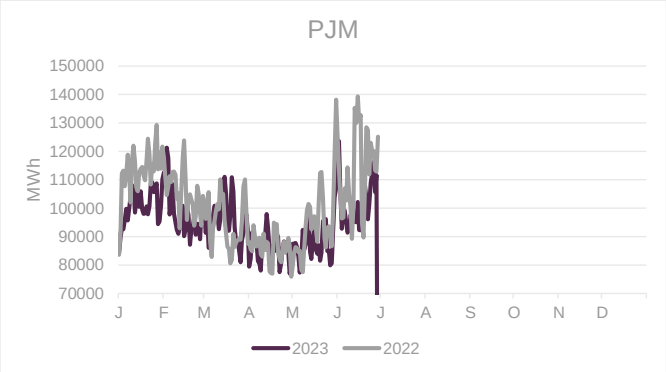

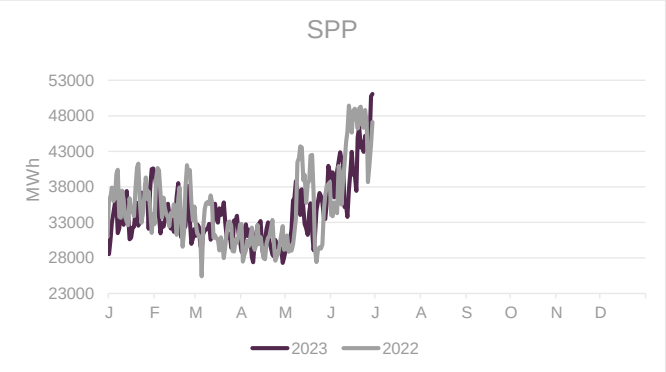

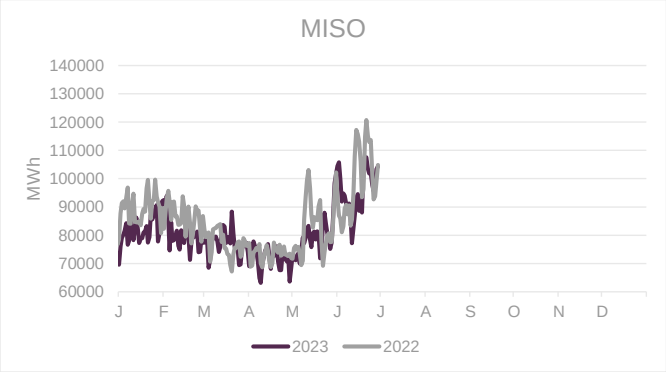

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	243	67.31%	42	17.28%
NEUTRAL	109	30.19%	7	6.42%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	79.55	Neutral
D	47.91	Buy
ED	90.23	Neutral
ETR	96.16	Buy
EXC	40.30	Buy
LNT	51.05	Neutral
NEE	67.47	Buy
SO	69.29	Buy

Power & Utilities

September 26, 2023

The Guggenheim Daily Transmission: AEE/MO, ETR, NEE/ED, SO, D, LNT, EXC, ERCOT

Please join us for our quarterly utilities investor roundtable in NJ TONIGHT.

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our CEG NDR, NRG NDR, PEG NDR, NI NDR, FE CFO lunch, and other events, scroll down...

Power/Gas: No Country for New Gas… (see our note HERE)

AEE/MO – 2023 IRP filed in MO featuring additional gas, storage

ETR – FERC approves procedural extension in Track 3 operational prudence complaint at FERC

NEE/ED – FERC approves temporary workspaces and minor relocations for MVP

SO – Southern Power acquires 150 MW South Cheyenne Solar Facility

D – BOEM issues final EIS for CVOW; preferred alternative draws media attention

LNT – WPL surrebuttal testimony docketed

EXC – ICC Staff file errata sheet for initial brief schedules

ERCOT – PUCT dockets priority implementation update ahead of open meetings

AEE/MO – 2023 IRP filed in MO featuring additional gas, storage

- The IRP was filed today in MO, featuring several overhauls to the pathways planned for least cost carbon emission reductions (still net zero by 2045)
- Coal changes data points include the retirement of Rush Island by 2024 and the extension of the Sioux retirement from 2030 to 2032
- The renewables investment by 2030 is +$1B vs, prior, with the 4.7GW target advanced to 2036 from 2040
- No change to gas retirement timelines vs. 2022 IRP (500MW by 2030)
- Gas additions now include an $800M CT facility by 2027 and a potential $1.7B CCGT by 2033
- 1.2GW of battery storage now proposed - $600M by 2030
- More HERE
- Release HERE
- Slides HERE

Guggenheim takeaway: *AEE's latest IRP lays out a robust incremental investment opportunity set through 2040, with several interesting pull forwards (e.g., renewables) in the next decade alongside a need for ongoing capacity via new NT gas additions. We see the updates as somewhat iterative to the 2022 IRP update vs. a wholesale departure (e.g., the 2020 to 2022 shifts), with management fully capitalizing on all available options to meet its portfolio goals. In our view the latest update continues to cement AEE's line of sight to a long runway of top tier rate base growth and maintaining the 6-8% EPS guide beyond our 2027 forecast window.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ETR – FERC approves procedural extension in Track 3 operational prudence complaint at FERC

- FERC ALJ approved the procedural extension for Track 3 of the operational prudence complaint for SERI.
- SERI and the joint parties to the SERI complaint proceeding requested a ~9 month procedural schedule extension as intervenors are participating in other ETR related proceedings.
- The new schedule for Track 3 of the proceeding would hold hearings January 13, 2025 and target an initial decision deadline of July 28, 2025.
- SERI previously filed a supplemental brief showing precedent for operational prudence reviews not including operational issues after the complaint filing dates.
- SERI motions for the FERC not to include 2022 outages into the operational prudence reviews based on a North Carolina case.
- Docket: EL21-56 (through FERC search)

Guggenheim takeaway:*FYI. The procedural request would shift the proceeding into 2025 further extending the timeline for an outcome. While this will keep the overhang for SERI for longer, ETR has spread out potential changes in liability over a longer period of time and could help facilitate a settlement for immediate customer relief. This specific complaint relates to alleged imprudent operations and purchased power costs. Originally the complaint was quantified as retail regulators seeking damages of ~$360M for "imprudent operation" of the Grand Gulf nuclear plant between 2016 and 2020, and an investigation of the plant's management by System Energy Resources Inc. since 2012. The complainants also asked FERC to investigate the prudence of an $800 million capacity uprate of Grand Gulf in 2012, which they said led to overall decreased output from 2012 to 2020. The process so far has been reaching impasses in settlement talks and disputed on both procedural and scoping issues, but since FERC cleared the other complaint decisions and rehearing orders, operational prudence remains the last (and arguably the more difficult) complaint against SERI.*

NEE/ED – FERC approves temporary workspaces and minor relocations for MVP

- FERC approved more temporary workspaces and relocation of certain elements within disturbance limits for MVP.
- MVP also recently filed tariff adjustments for firm transport on the pipe which remains fully subscribed.
- US Supreme Court previously overturned a lower court stay on MVP construction activities that challenged the constitutionality of Congress approval.
- US SC lifted the stay on construction and MVP filed a notice with FERC on commencement of construction activities.
- After Congress passed a debt ceiling deal which expedited approval of new permits and removed the appeals option, MVP received all necessary permits including US Army Corps of Engineers.
- The project developer still anticipates a 2023 year-end completion.
- FERC Docket: CP16-10. / CP21-57

Guggenheim takeaway: *FYI. MVP had around 50 miles of pipeline construction that was stalled on contested lands that Congress cleared for construction. Temporary workspaces highlight the extensive ramp up in work progress to complete the project by year end. Both ED and NEE have taken major write downs on the MVP project (i.e., not in financial guidance) and would not include any upsides in near term plans. Longer term, the prospect of MVP completion could enable a strategic process (ED specifically mentioned and executed an exit from gas midstream over the past 2 years). At nominal cost the value of MVP is ~1-2% of market cap.*

SO – Southern Power acquires 150 MW South Cheyenne Solar Facility

- Located in Wyoming, the acquisition constitutes Southern Power's 30th solar project.
- Construction is well underway, with the project expected to reach COD in 1Q24.
- More HERE

Guggenheim Takeaway:*This acquisition follows on the heels of last week's 200 MW Millers Branch solar project. Both are incremental to SO's existing $43bn capex plan. We estimate that the two projects will contribute ~$0.02 of EPS once both are complete.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

D – BOEM issues final EIS for CVOW; preferred alternative draws media attention

- BOEM made the final EIS available yesterday, alongside an affirmation of the pricing and schedule by Dominion
- Media has also profiled the inclusion in the EIS of several alternatives from BOEM, including an alternative that would be 400MW smaller (2.6GW) to accommodate the Fish Haven Area
- "CEQ NEPA implementing regulations require the identification of a preferred alternative in the Final EIS." - BOEM
- More HERE

Guggenheim takeaway: *Part of the process for the project and good to see the ongoing affirmation of the pricing/schedule by D. While the alternatives included in the EIS may seem different, we see that as a specific part of the formal process – not an indication of some sort of pushback.*

LNT – WPL surrebuttal testimony docketed

- Several parties have filed surrebuttal testimony in the ongoing GRC
- Staff continue to recommend a 9.7% ROE
- "The net effect of these corrections does increase the lower-bound of my average reasonableness range and midpoint but does not change my ROE recommendation… an ROE recommendation of 9.70 percent was chosen in this proceeding under the tenant of gradualism" - PSCW Staff
- More HERE

Guggenheim takeaway: *Heads up on the voluminous filings, which we continue to parse ahead of a hearing tomorrow and additional briefs late next week. The bid-ask on the case remains relatively narrow in our view, and we note multiple investors have asked in recent weeks whether a settlement could be forthcoming, which we believe is quite possible. In totality this case continues to reduce our focus on WI as a jurisdiction of concern and reinforce the focus on 'gradualism' at the PSCW = stay tuned for additional data points (e.g., settlement) in the coming days).*

EXC – ICC Staff file errata sheet for initial brief schedules

- Staff filed an updated schedule 12 to account for surrebuttal testimony alongside a re-run of supporting schedules/appendices
- "Concurrent with filing this Errata Sheet, Staff will file corrected Appendices to Staff's Initial Brief, and include the corrected Schedule 12 in the Corrected Appendix A to Staff's Initial Brief. Due to the flow-through nature of the schedule, and in the interest of a clear record, Staff also provides a Corrected Summary – Attachment, Corrected Appendix B, Corrected Appendix C, and Corrected Appendix D, with all schedules." - filing
- More HERE

Guggenheim takeaway: *Flagged for your awareness*

ERCOT – PUCT dockets priority implementation update ahead of open meetings

- The memo features a quick summary of ongoing policy priorities for the PUCT, including items like the ancillary services updates under HB1500
- The PUCT will consider ongoing work on the reliably standard at this Thursday's open meeting (9/28), alongside a workshop on EE today
- More HERE

Guggenheim takeaway: *Minor FYI as we continue to monitor several ongoing items at ERCOT – see our most recent gas note HERE for more on the policy backdrop.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Tuesday, September 26th

Dates & Time

Tuesday, September 26, 2023
6:00PM ET

Location

New Jersey
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NRG Energy Inc. (NRG)

Mauricio Gutierrez, President & Chief Executive Officer
Bruce Chung, Chief Financial Officer
Kevin Cole, Treasurer & Head of Investor Relations

Dates & Locations
October 4 – 5, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $8.83bn
NRG Energy, Inc. (NRG) engages in the production, sale, and distribution of energy and energy services. It operates through the following segments: Generation, Retail, and Corporate. The Generation segment includes all power plant activities, domestic and international, as well as renewables. The Retail segment includes mass customers and business solutions, and other distributed and reliability products. The Corporate segment includes residential solar and electric vehicle services. The company was founded in 1989 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NiSource, Inc. (NI)

Lloyd Yates, *President & Chief Executive Officer*
Shawn Anderson, *Chief Financial Officer*
Randy Hulen, VP, *Investor Relations & Treasurer*

Dates & Locations
October 18 – 20, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $11.4bn
NiSource, Inc. (NI) is a holding company, which engages in the provision of energy solutions. It operates under the Gas Distribution Operations and Electric Operations segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial, and industrial customers. The Electric Operations segment includes generation, transmission, and distribution of electricity through NIPSCO, and wholesaling electric and transmission transactions. The company was founded in 1987 and is headquartered in Merrillville. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

FirstEnergy Corp. (FE)

Jon Taylor, *Chief Financial Officer*

Date & Time

Wednesday, December 6, 2023
12:00PM

Location

Guggenheim Office
330 Madison Ave, 32nd Floor
New York, NY

Company Information

Market Cap: $20.9bn

FirstEnergy Corp. (FE) engages in the generation, transmission, and distribution of electricity as well as energy management and other energy-related services through its subsidiaries. It operates through the following business segments: Regulated Distribution, Regulated Transmission, and Corporate or Other. The Regulated Distribution segment distributes electricity through FirstEnergy's utility operating companies, serving various customers. The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by FirstEnergy's utilities. The Corporate or Other segment reflects corporate support and other costs not charged or attributable to the utilities or transmission companies. The company was founded in 1996 and is headquartered in Akron, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
NRG	10/4–10/5	West Coast
PEG	10/10–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona
FE CFO Lunch	12/6	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

9/25/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.57	3,190	3.70	4.17	4.56	4.87	5.07	3.70	4.10	4.36	4.65	5.05	–	0.07	0.20	0.22	–	15.0x	13.5x	12.8x	11.9x	11.0x	-11%	-13%	-13%	-13%	-15%	8.4%	5.0%	70%	Sell	$49	-7%	Neutral	$62	17%
AVA	$33.83	2,589	2.28	2.49	2.61	2.67	2.73	2.28	2.47	2.58	2.65	2.73	–	–	–	–	–	14.8x	13.7x	13.1x	12.8x	12.4x	-12%	-13%	-11%	-7%	-5%	5.2%	5.6%	79%	Sell	$33	3%	Sell	$40	22%
NWE	$50.50	3,032	3.42	3.55	3.75	3.91	4.08	3.42	3.57	3.76	3.86	3.98	–	–	–	0.06	0.10	14.8x	14.1x	13.4x	13.1x	12.7x	-12%	-10%	-8%	-5%	-3%	5.1%	5.2%	74%	Sell	$48	0%	Neutral	$57	18%
POR	$43.23	4,370	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.23	3.35	3.55	–	–	–	–	–	16.1x	14.2x	13.4x	12.9x	12.2x	-4%	-9%	-9%	-6%	-6%	5.3%	4.5%	66%	Buy	$48	16%	Buy	$50	20%
		13,181																**15.2x**	**13.9x**	**13.2x**	**12.7x**	**12.1x**	**-10%**	**-11%**	**-10%**	**-8%**	**-7%**	**6.0%**	**5.1%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$80.21	21,053	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.01	5.35	5.66	–	–	0.04	0.05	–	18.4x	17.1x	16.0x	15.0x	14.2x	9%	10%	9%	9%	9%	6.6%	3.3%	58%	Neutral	$85	9%	Buy	$88	13%
AEP	$79.17	40,786	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.32	6.73	–	0.04	–	0.07	0.08	15.0x	14.1x	13.2x	12.5x	11.8x	-11%	-10%	-10%	-9%	-10%	6.0%	4.4%	63%	Buy	$96	26%	Buy	$94	23%
CMS	$56.37	16,445	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.61	3.88	4.15	–	0.05	0.04	0.03	0.11	18.1x	16.8x	15.6x	14.5x	13.6x	8%	7%	7%	6%	4%	8.1%	3.7%	63%	Neutral	$61	12%	Buy	$64	17%
CNP	$28.30	17,813	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	18.9x	17.5x	16.3x	15.1x	14.1x	12%	12%	11%	10%	8%	9.5%	2.8%	49%	Buy	$34	23%	Buy	$32	17%
D	$47.75	39,956	3.37	3.54	3.75	4.24	4.50	3.26	3.40	3.56	3.99	4.06	0.11	0.14	0.20	0.25	0.44	14.6x	14.1x	13.4x	12.0x	11.8x	-13%	-10%	-8%	-13%	-10%	1.4%	5.6%	80%	Buy	$56	23%	Neutral	$52	14%
DTE	$106.21	21,891	6.26	6.73	7.19	7.75	8.30	6.23	6.66	7.14	7.74	8.27	0.03	0.07	0.05	–	–	17.1x	15.9x	14.9x	13.7x	12.8x	1%	2%	1%	-0%	-1%	6.4%	3.8%	62%	Buy	$124	21%	Buy	$124	21%
DUK	$93.33	71,957	5.65	6.05	6.35	6.75	7.15	5.62	5.98	6.33	6.74	7.16	0.03	0.07	–	–	–	16.6x	15.6x	14.7x	13.8x	13.0x	-1%	-0%	0%	1%	0%	6.3%	4.5%	71%	Buy	$102	14%	Buy	$100	11%
ED	$90.83	31,329	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.51	5.79	6.05	(0.03)	(0.05)	–	–	(0.03)	18.6x	17.3x	16.5x	15.7x	15.0x	10%	11%	12%	14%	15%	5.6%	3.7%	65%	Neutral	$85	-3%	Neutral	$88	1%
EIX	$68.07	26,090	4.71	4.98	5.48	5.71	6.03	4.72	5.13	5.62	5.98	6.25	–	(0.15)	(0.14)	(0.27)	(0.22)	14.4x	13.3x	12.1x	11.4x	10.9x	-14%	-15%	-17%	-17%	-16%	5.5%	4.5%	61%	Neutral	$74	13%	Buy	$74	14%
ES	$62.58	21,846	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.25	5.60	–	0.08	0.06	–	(0.11)	14.3x	13.5x	12.7x	11.9x	11.2x	-15%	-14%	-14%	-13%	-14%	6.1%	4.5%	62%	Buy	$80	32%	Buy	$79	31%
ETR	$96.55	20,416	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.71	8.25	8.85	–	(0.03)	0.05	0.06	0.12	14.4x	13.4x	12.5x	11.7x	10.9x	-14%	-14%	-15%	-15%	-16%	6.9%	4.7%	64%	Buy	$113	22%	Buy	$114	23%
EVRG	$53.61	12,308	3.65	3.97	4.24	4.47	4.75	3.63	3.92	4.17	4.37	4.66	–	0.05	0.07	0.10	0.09	14.8x	13.7x	12.9x	12.3x	11.5x	-12%	-13%	-12%	-11%	-12%	4.8%	4.8%	67%	Buy	$68	32%	Buy	$62	20%
EXC	$40.21	39,981	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	17.0x	16.0x	14.8x	13.8x	12.9x	1%	2%	1%	0%	-1%	6.4%	3.8%	62%	Buy	$45	16%	Buy	$45	15%
FE	$36.05	20,670	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.88	3.05	3.22	–	–	–	–	0.05	14.2x	13.4x	12.5x	11.8x	11.2x	-16%	-14%	-15%	-14%	-14%	6.3%	4.5%	61%	Buy	$44	27%	Buy	$41	19%
LNT	$51.25	12,952	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.28	3.47	3.68	–	–	–	–	–	17.7x	16.7x	15.6x	14.8x	13.9x	5%	7%	7%	7%	7%	6.1%	3.7%	63%	Neutral	$49	-1%	Buy	$55	11%
OGE	$35.08	7,026	2.02	2.16	2.25	2.37	2.48	2.01	2.14	2.27	2.38	2.50	–	–	–	–	–	17.5x	16.4x	15.5x	14.8x	14.0x	4%	5%	5%	7%	8%	2.8%	4.9%	81%	Neutral	$36	7%	Buy	$38	12%
PCG	$17.14	35,844	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.59	1.73	–	–	–	–	–	14.2x	12.7x	11.7x	10.8x	9.9x	-16%	-19%	-20%	-22%	-24%	9.7%	1.1%	15%	Buy	$21	24%	Buy	$19	12%
PEG	$60.52	30,206	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.24	4.49	–	–	0.04	0.05	0.10	17.5x	16.4x	14.9x	14.3x	13.5x	4%	5%	2%	4%	4%	5.8%	3.9%	65%	Buy	$70	20%	Buy	$67	14%
PNW	$77.81	8,817	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.48	5.61	–	–	–	(0.23)	(0.21)	18.5x	15.6x	15.1x	14.2x	13.9x	10%	-0%	3%	3%	6%	4.9%	4.6%	74%	Neutral	$83	11%	Neutral	$81	8%
PPL	$25.13	18,523	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	15.9x	14.8x	13.8x	13.0x	12.2x	-6%	-6%	-6%	-6%	-6%	8.0%	4.0%	61%	Buy	$31	27%	Buy	$30	23%
SO	$69.37	75,718	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.76	–	–	–	–	0.04	19.3x	17.2x	16.1x	15.3x	14.6x	14%	10%	10%	11%	12%	5.9%	4.1%	73%	Buy	$80	19%	Buy	$73	9%
WEC	$85.44	26,951	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.5x	17.4x	16.2x	15.2x	14.3x	10%	11%	11%	11%	10%	6.1%	3.8%	68%	Neutral	$94	14%	Buy	$95	16%
Mid/Lg Cap (excl. EIX, PCG)																		**16.8x**	**15.6x**	**14.7x**	**13.8x**	**13.0x**						**6.0%**	**4.2%**	**66%**						
SMID + Lg Cap		**631,759**																**16.6x**	**15.4x**	**14.4x**	**13.6x**	**12.9x**						**6.0%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$67.70	137,005	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	–	(0.14)	21.7x	20.4x	18.4x	16.8x	15.3x	29%	30%	25%	22%	18%	8%	3.0%	61%	Buy	$86	30%	Buy	$88	34%
SRE	$71.82	45,197	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.04	5.33	5.88	4.49	4.69	5.09	5.48	5.83	15.9x	14.9x	14.2x	13.5x	12.2x	-5%	-5%	-3%	-2%	-6%	5%	4.0%	61%	Buy	$172	143%	Buy	$81	17%
		182,202																**18.8x**	**17.6x**	**16.3x**	**15.2x**	**13.8x**	**12%**	**13%**	**11%**	**10%**	**6%**	**6.5%**	**3.5%**	**61%**						
Gas LDCs																																				
NI	$26.69	11,030	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.82	1.94	2.07	–	–	–	–	–	16.9x	15.9x	14.7x	13.7x	12.9x	0%	2%	0%	-0%	-1%	7%	4.0%	64%	Buy	$30	16%	Buy	$31	21%
CPK	$107.13	1,907	5.42	5.84	6.23	6.59	6.94	5.32	5.81	6.25	6.59	6.95	0.10	0.03	–	–	–	20.2x	18.5x	17.1x	16.2x	15.4x	20%	18%	17%	18%	18%	7%	2.3%	43%	Neutral	$112	7%	Buy	$132	26%
NJR	$42.45	4,142	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.95	3.13	3.42	–	–	–	–	(0.08)	15.8x	15.4x	14.4x	13.6x	12.4x	-6%	-2%	-2%	-1%	-5%	6%	3.9%	60%	Neutral	$47	15%	Buy	$49	19%
NWN	$39.60	1,390	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.05	3.23	–	0.06	–	0.04	–	14.8x	14.3x	13.2x	13.0x	12.3x	-12%	-9%	-10%	-6%	-6%	5%	5.0%	72%	Neutral	$42	11%	Buy	$50	31%
OGS	$73.37	4,156	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.58	4.97	5.30	–	(0.06)	(0.05)	–	–	17.7x	17.1x	16.0x	14.8x	13.8x	5%	9%	9%	7%	6%	10%	3.7%	63%	Neutral	$73	3%	Neutral	$78	10%
SR	$58.37	3,070	4.20	4.31	4.57	4.73	4.99	4.20	4.33	4.64	4.82	5.06	–	–	(0.06)	(0.09)	(0.07)	13.9x	13.5x	12.6x	12.1x	11.5x	-17%	-14%	-14%	-12%	-11%	5%	5.2%	70%	Neutral	$65	17%	Neutral	$68	22%
		25,695																**16.6x**	**15.8x**	**14.7x**	**13.9x**	**13.1x**	**-2%**	**1%**	**0%**	**1%**	**0%**	**6.7%**	**4.0%**	**62%**						
Regulated Water																																				
AWK	$132.25	25,745	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.04	6.46	–	–	–	(0.06)	–	27.5x	25.7x	23.7x	21.9x	20.5x	63%	64%	61%	59%	57%	7%	2.2%	58%	Neutral	$147	13%	Buy	$157	21%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$110.36	35,491	3,150	3,451	3,509	3,346	3,804	3,504	3,981	3,919	3,911	4,024	(354)	(530)	(409)	(565)	(221)	11.3x	9.7x	9.6x	9.3x	8.7x	39,624	38,794	37,466	36,324	34,903	9.6%	1.1%	23%	Buy	$97	-11%	Buy	$111	1%
NRG	$38.63	8,851	3,181	3,122	3,126	3,042	3,107	3,021	3,232	3,109	2,980	3,095	160	(110)	–	62	–	6.1x	5.3x	5.0x	4.8x	4.2x	18,389	17,165	15,686	14,304	12,850	21.2%	4.2%	27%	Neutral	$34	-8%	Neutral	$41	11%
VST	$33.22	12,211	3,700	3,755	3,792	3,621	3,535	3,841	4,206	4,123	4,044	4,318	(141)	(451)	(331)	(424)	(783)	6.4x	5.8x	5.8x	5.8x	5.4x	24,558	24,391	23,817	23,374	23,332	6.8%	2.7%	25%	Buy	$31	-4%	Buy	$36	11%
Other																																				
NEP	$48.84	4,563	1,837	1,977	2,143	2,325	2,471	1,930	2,190	2,381	2,475	2,538	(93)	(213)	(238)	(150)	(67)												7.7%	–	Buy	$74	59%	Buy	$76	63%
SMR	$5.24	390	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	244%	Buy	$12	136%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

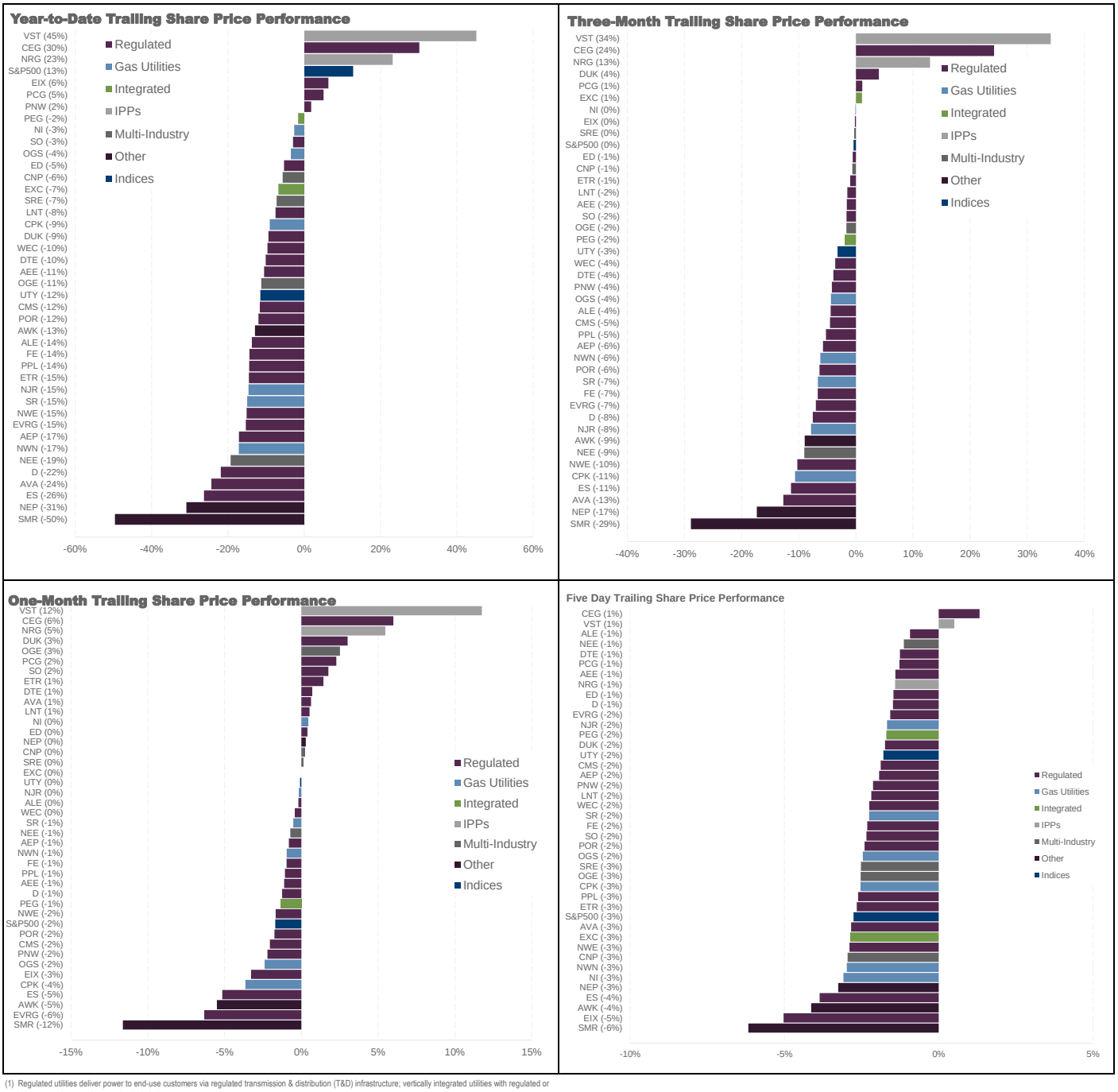

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

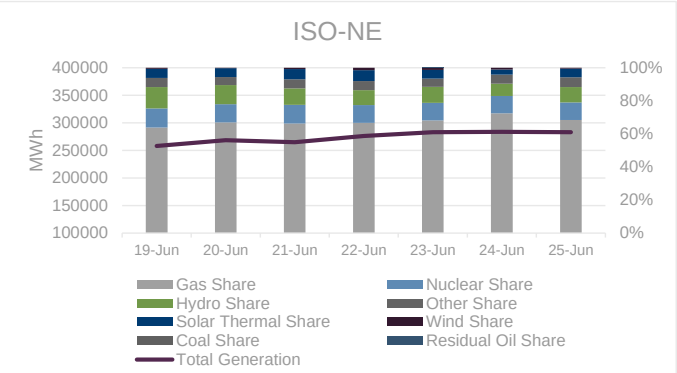

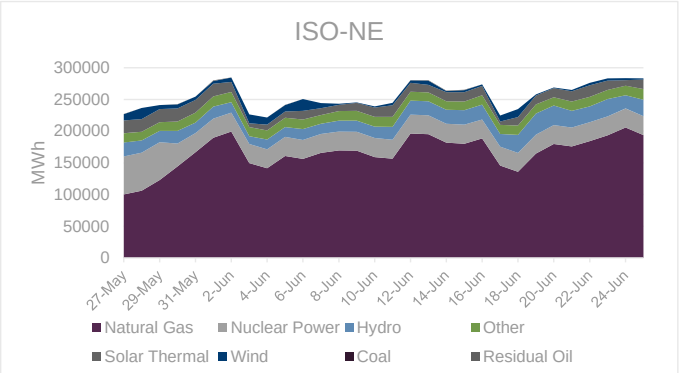

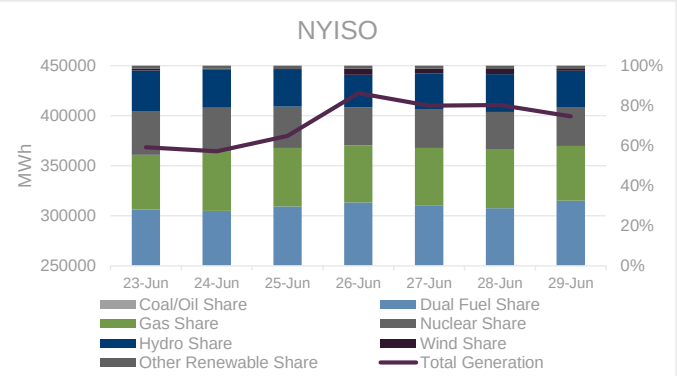

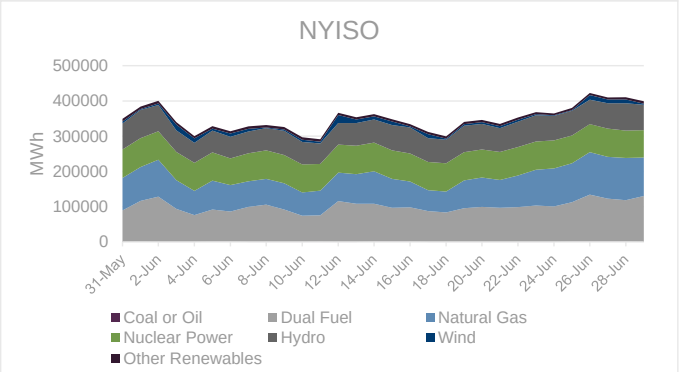

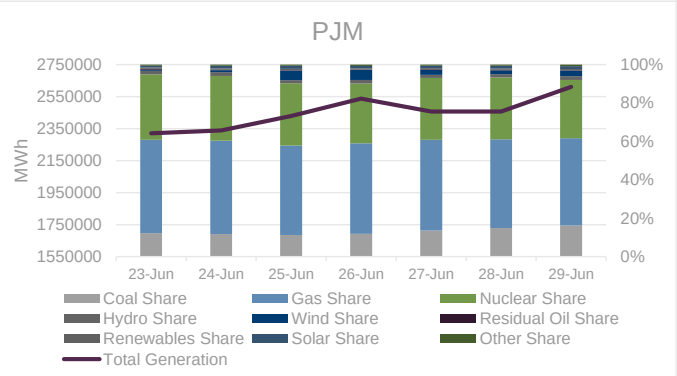

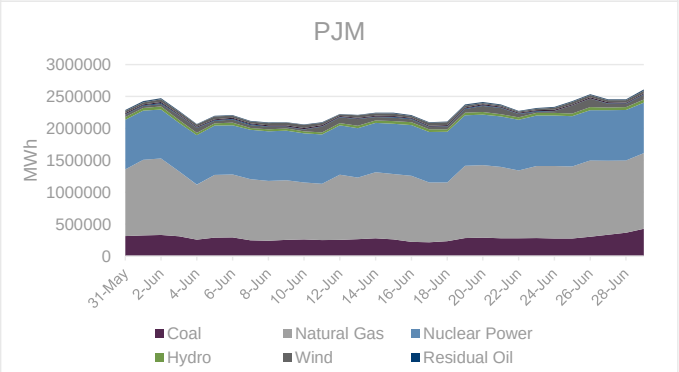

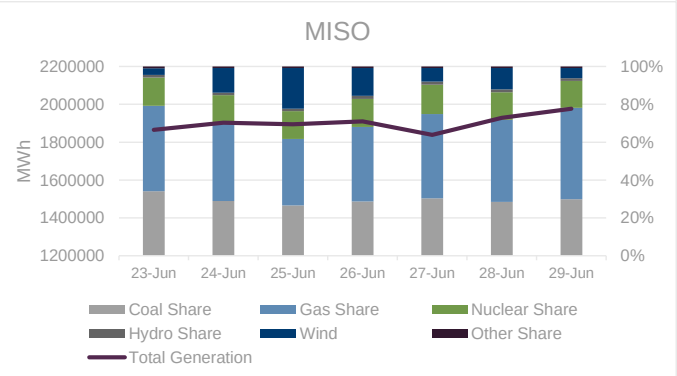

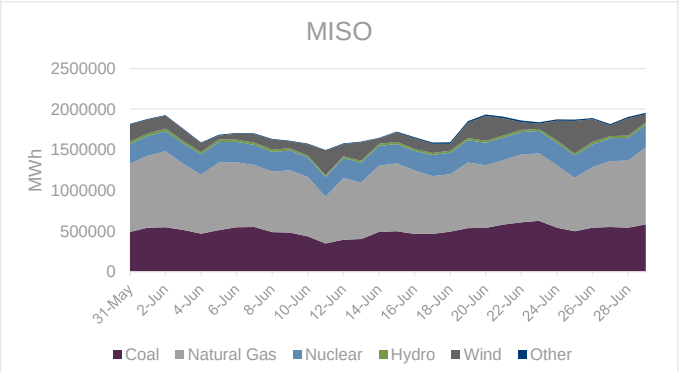

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

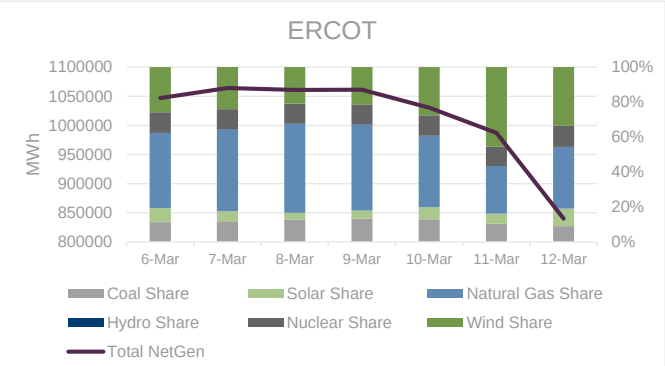

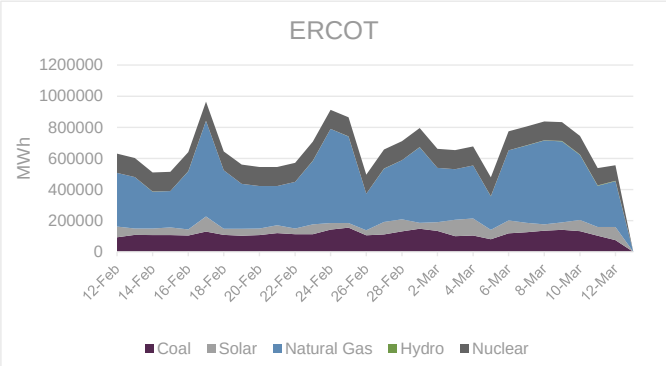

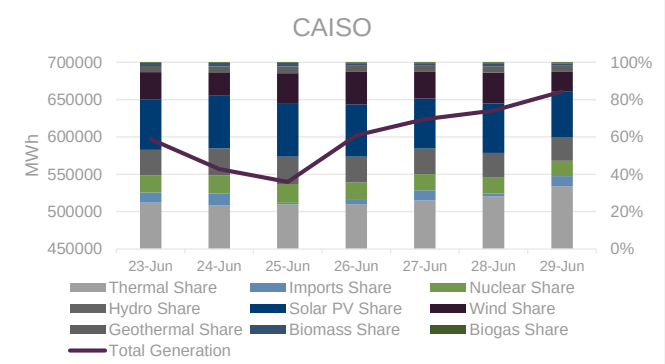

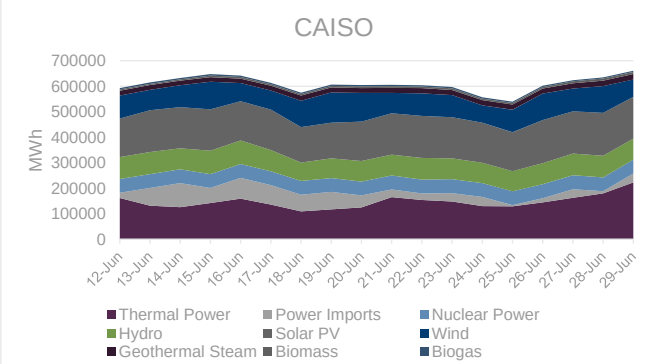

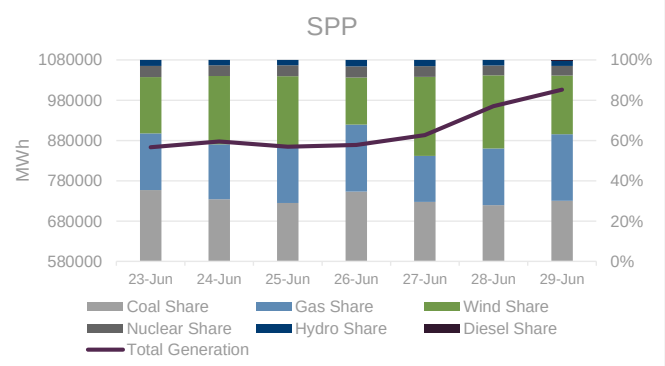

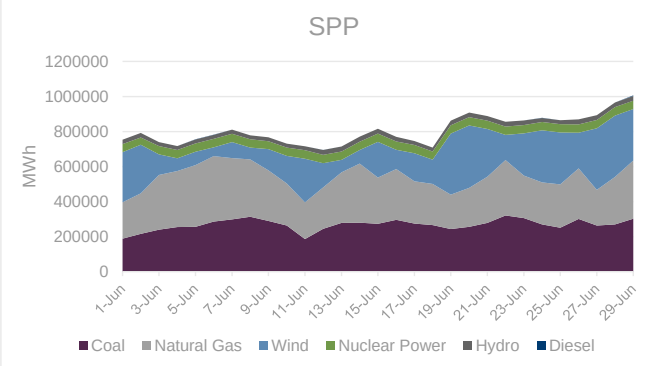

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

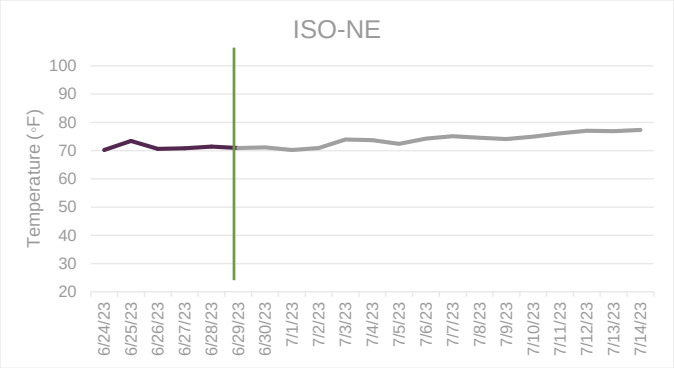

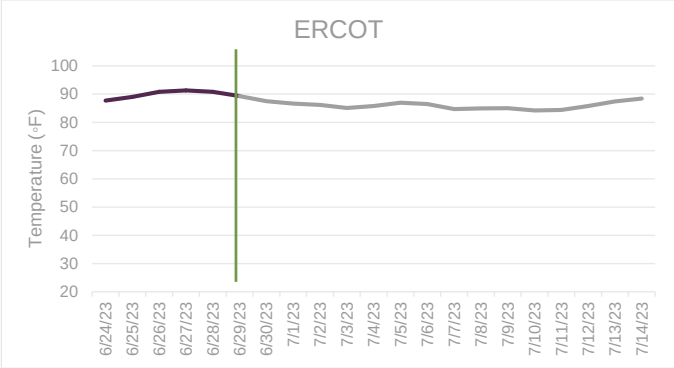

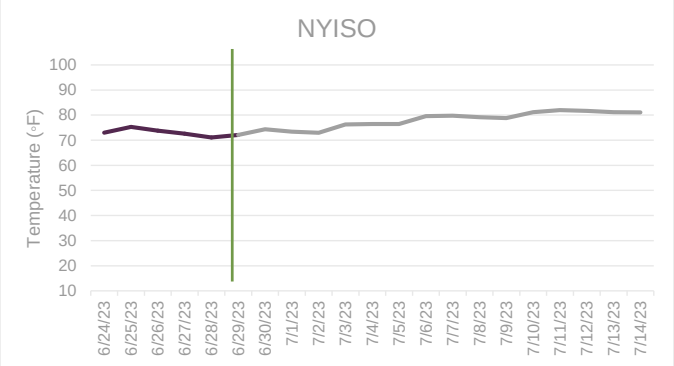

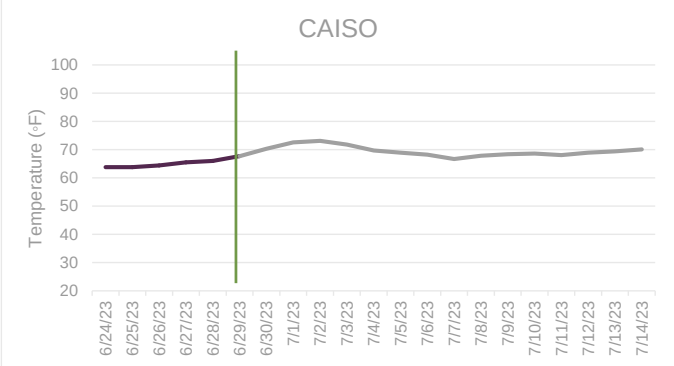

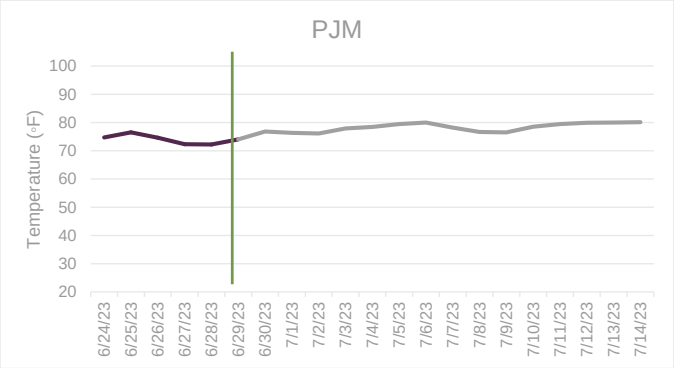

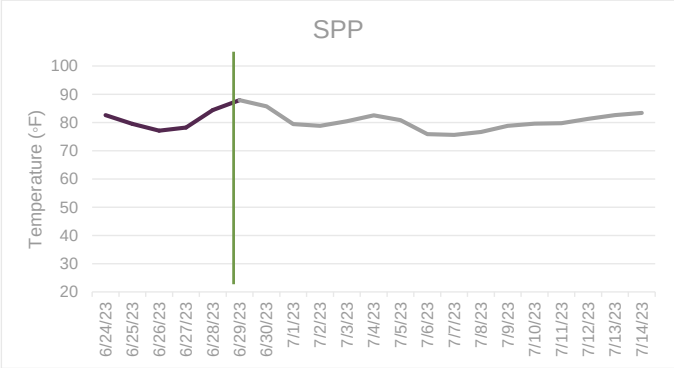

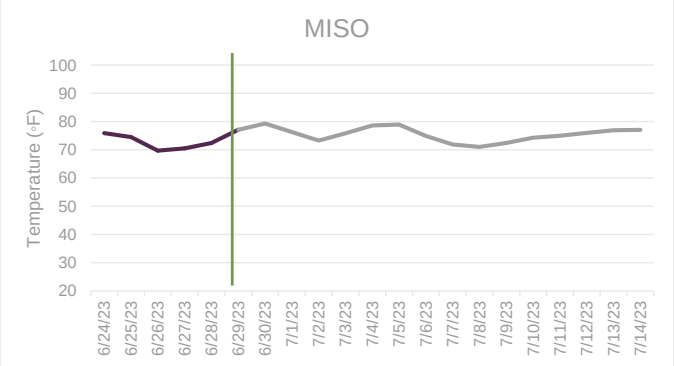

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

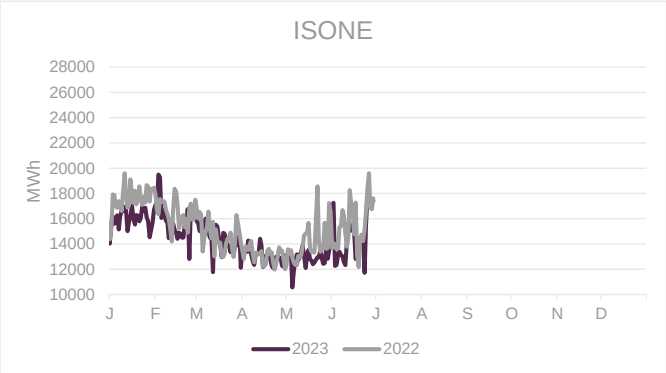

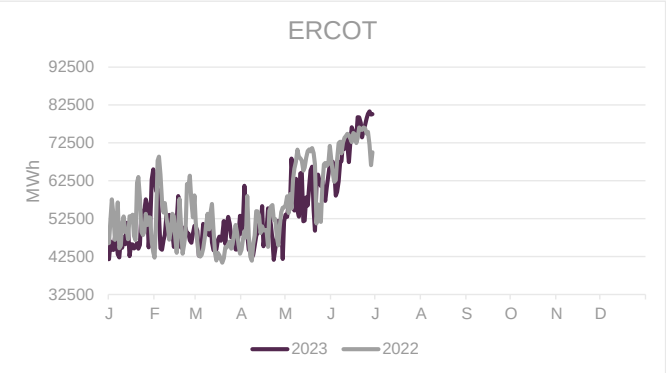

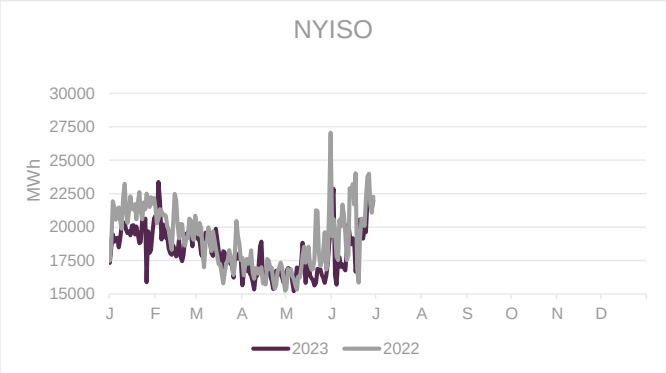

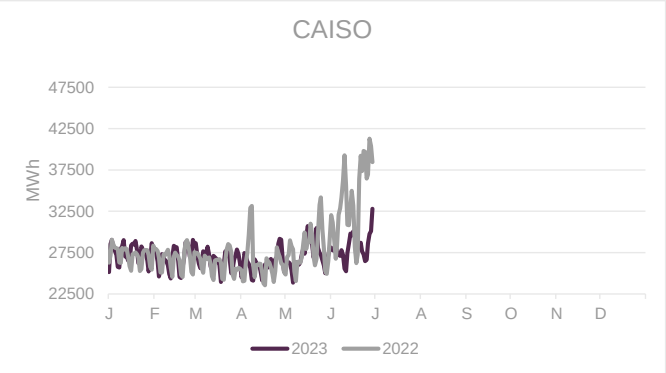

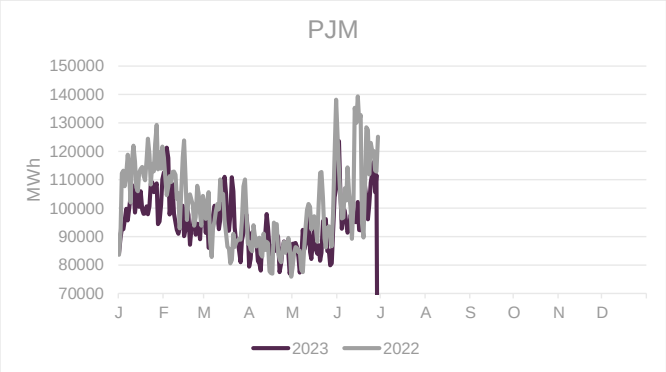

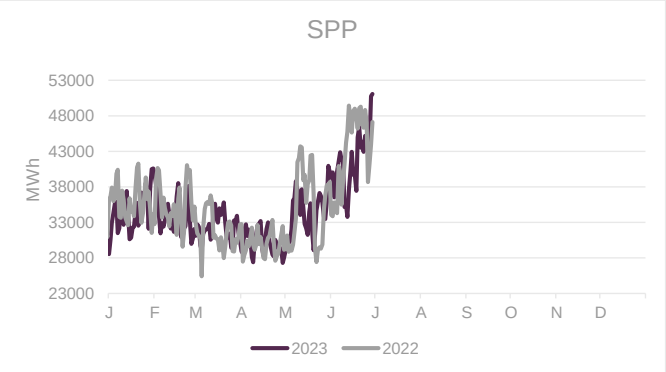

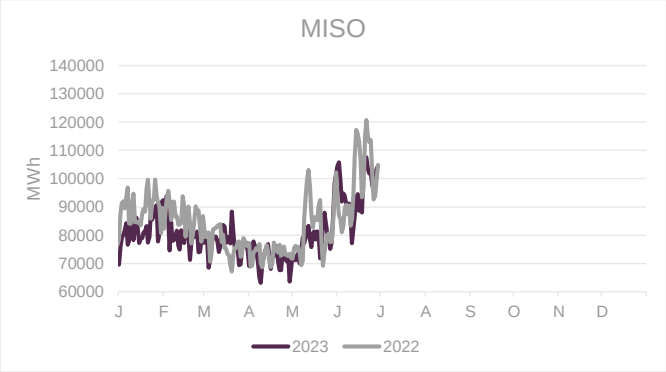

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVRG	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVRG	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVRG	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	243	67.13%	41	16.87%
NEUTRAL	110	30.39%	7	6.36%
SELL	9	2.49%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

KeyBanc Capital Markets

Alert

September 25, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AEE, AVA, WEC, XEL, EXC, FE, ED, SO, D, EIX, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in AEE's gas rate case in IL, AVA's natural gas IRP in OR, WEC's limited reopener rate cases in WI, XEL's WI rate cases, EXC's IL electric rate case, EXC's DE electric rate case, FE's electric rate case in NJ, and ED's stream rate case. In other news, PSCO files Phase 2 of its Clean Energy Plan; the IL ALJ issues a proposed order in SO's Northern IL gas rate case; the SC PSC approves new rates in D's SC natural gas rate case; parties file briefs to the ALJ proposed order in Potomac Edison's MD electric rate case; the SCC approves Phase III of D's Grid Transformation Plan; EIX releases a new paper to meet CA's 2045 net-zero goal; WA votes to revamp building electrification mandates; SRE receives FERC permit for Port Arthur Phase 2; XEL announces receipt of up to a $70M grant for long-duration storage, and D files a long-duration storage pilot with the SCC. ***Don't miss our schedule of meetings at the EEI this fall and contact us to join the meetings.***

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Please scroll down for our full schedule, including dinners with **DTE** and **AGR**, and contact us or your KBCM sales representative to schedule meetings.

Regulatory Calendar

AEE — A PD in AEE's IL gas rate case is due on September 26: In the draft order, AEE suggested a $72M rate increase, premised on a 54% equity layer, 10.3% ROE, and a rate base of $2.894B using a 2024 test year, vs. Staff's suggestion for a $51M revenue increase, premised on a 9.89% ROE, 50% equity, and a $2.893B rate base. AEE initially requested an $84M revenue increase on a 10.7% ROE. AEE expects an ICC ruling within the 11-month statutory timeframe or by November 29, with rates going into effect on January 1, 2024.

AVA — Company reply comments on AVA's OR natural gas IRP are due on September 26: AVA filed a presentation of its 2023 natural gas IRP, highlighting the Company's preferred resource strategy to meet the expected 0.9% average annual growth through 2045. AVA's OR resource options include a combination of RNG, wastewater treatment plants, EE, community climate investments, and conventional natural gas to meet forecasted demand. AVA could add synthetic methane in the 2030s. AVA filed the IRP with the ID, OR, and WA utility commissions. AVA's filing includes strategies to comply with OR's Climate Protection Program and WA's Climate Commitment Act while meeting forecasted demand. Across the portfolio strategies, AVA will rely heavily on procuring natural gas and energy efficiency. AVA is required to file a natural gas IRP with the OPUC, WUTC, and IPUC every two years.

WEC — Rebuttal testimony in WEC's limited reopener WI cases is due on September 26: Staff recommended a cumulative $76M net revenue increase ($35M WEPCO-E, $21M WEPCO-G, $20M WG), compared to WEC's $90M revenue request ($44M WEPCO-E, $24M WEPCO-G, $22M WG). Staff and WEC's calculations exclude fuel recovery costs of $42M and $40M, respectively. The disallowance of certain costs associated with West Riverside 2 and Badger Hollow II are the main drivers of the difference, while O&M related to Bluff Creek and Ixonia also drive some difference. WEC filed the reopener to recover capital investments for projects achieving commercial operations in 2023 and 2024, and to incorporate projected O&M savings from the planned retirement of coal units. A WI PSC decision is expected in 4Q23, with new rates effective January 1, 2024.

XEL — Revised testimony in the NSP-WI electric and gas rate cases is due on September 27: XEL has adopted eight of the 13 adjustments that Staff proposed, including the $11M adjustment in the electric rate case to reflect the extended life of the Monticello nuclear facility and several wind facilities (which were the main areas of difference between XEL and Staff testimonies). XEL opposed five of the Staff proposed adjustments, including the ROE, AIP costs, RAP expenses, fuel adjustments, and MISO charges. Cumulatively, these adjustments lowered the electric and gas revenue deficiencies by $27M and $3M, respectively. This implies that XEL updated its request to $24M and $8M for electric and gas, respectively (vs. its original ask of $40M and $9M, respectively, premised on 10.25% ROE and 52.5% equity). Staff recommended an electric rate decrease of $3M when including fuel and purchased power adjustments and a natural gas rate increase of $5M based on an ROE of 9.7% and an equity ratio of 52.5% (Docket: 4220-UR-126).

EXC — A draft order in EXC's IL electric rate case is due on September 28: In briefs, EXC updated its request to a $1,494M revenue increase over the 2024-2027 period while proposing to phase in the rate increases to even out expected y/y impacts. EXC's request is premised on gradual increases in its ROE (10.5-10.65%) and equity layers (50.58-51.19%) through the four years. Staff filed briefs recommending a $1,104M revenue increase over 2024-2027. This compares to its prior recommendation for a $1,076M revenue increase (Docket: 23-0055). Staff continues to make its case for an 8.91% ROE, or 580 bps over the 2022 U.S. Treasury Bond yield of 3.114%. EXC has argued that this is no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act. The act expired at the end of 2022, and the provisions of the CEJA require that the ROE be determined under current commission law. Staff calculated ROE midpoints of 9.23% and 10.87% in its analysis using the traditional DCF and CAPM methods, respectively. Staff also proposes a 50% equity ratio. A proposed order is due October 23. The ICC has until December 20 to issue a final decision.

EXC — Rebuttal testimony in EXC's DE electric rate case is due on September 29: Staff recommended a $36M revenue increase, premised on a 9.38% ROE and 50.5% equity. This compares to EXC's supplemental testimony with updated data through 1H23 requesting a $56M (net $42M) revenue increase, premised on a 10.5% ROE and 55.5% equity. The primary drivers of the delta are the lower O&M, Staff's use of an average-rate base method (vs. EXC year-end RB), and lower O&M costs. The Division of the Public Advocate recommended a revenue increase of $29M ($16M net), using a 9.1% ROE and 46.4% equity. EXC and the DPA's net revenue increase excludes $14M for the DSIC rider. EXC plans to file supplemental testimony to incorporate 12 months of actual data on September 29. A final order is expected in April 2024. EXC has interim rates of $56M that went into effect in mid-July.

FE — Intervenor testimony in JCP&L's electric rate case is due on September 29: FE subsidiary Jersey Central Power and Light Co. filed supplemental testimony (Docket: ER23030144) with the NJ BPU largely maintaining its revenue recommendation at ~$192M and above the $185M revenue increase requested in March. The supplemental testimony reflects actuals through the June 30, 2023, test year and incorporates certain revenue classification changes. A NJ BPU final decision is expected in 1Q24. In the last rate case, JCP&L was authorized a $94M revenue increase, 9.6% ROE, and 51.44% equity.

ED — Reply statements on the settlement in ED's CECONY steam rate case are due on September 29: Staff offered a statement in support of the Joint Proposal agreeing to a three-year rate plan beginning in November 2023 with a levelized revenue increase of $77.8M in each of RY1-RY3. The JP proposes a 9.25% ROE and a 48% equity layer and includes an ESM where customers will share earnings in excess of 9.75%. The settlement also includes a weather normalization adjustment and reflects roughly $105M of capex each year during the rate plan. The settlement compared to Staff's recommended $94M revenue increase, premised on a 9% ROE and 48% equity, and ED's $141M revenue request, 10% ROE, and 50% equity layer. Prehearing submissions will also be filed on September 29, followed by evidentiary hearings beginning on October 11.

Recent Developments for Companies Under Our Coverage

From our midweek: The VA General Assembly recesses without filling vacancies at the VA SCC; the VA ALJ proposes the SCC adopts APCo's VA triennial settlement; DUK reaches a settlement in Piedmont make-whole gas rate case; XEL requests to suspend the procedural schedule in its TX electric rate case as settlement discussions progress; AVA requests approval of $2.1M tariff filing in AK electric rate case; CMS lowers its request in electric rate case in rebuttal testimony; and ES announces Paul Chodak as COO.

XEL — PSCO files Phase 2 of the Clean Energy Plan with the CO PUC: PSCO filed the second phase of its Clean Energy Plan (Docket: 21A-0141E) with the CO PSC. PSCO proposed 22 projects totaling 7.2 GW of generation, including 3.4 GW of wind, 2.0 GW of solar, 1.2 GW of storage, and 628 MW of natural gas to ensure reliability. The new generation would be a mixture of company-owned resources and PPAs, with XEL owning ~67% of the new capacity, including 2.5 GW of wind, 1.1 GW of solar, and 500 MW of storage. If approved, XEL expects to invest $7.9B in generation resources and $2.9B in transmission. The preferred plan aims to reduce carbon emissions by more than 80% by 2030 from 2005 levels and retire its coal fleet by 2030. XEL expects to utilize ~$10B in tax credits under the IRA to offset costs. The projects would be built between 2026-2029. A PUC decision on Phase 2 is expected in 4Q23.

SO — ALJ issues proposed order in SO's Northern IL gas rate case: The ALJ issued a proposed order recommending a $250M revenue increase, premised on a 9.89% ROE, 50% equity, and a $6B rate base using a 2024 test year. The order adopts the ICC's previous order to remove $32M of QIP-related investment from the rate base, for which Nicor requested a rehearing, but the ICC denied. The ALJ also removed $112M of claimed pension assets from rate base**.** The proposed order compares to Nicor Gas's $317M revenue increase request, premised on a 10.3% ROE, 54.5% equity, $6.158B rate base, and the ICC Staff's $254M revenue deficiency, premised on 9.89% ROE/50% equity, $6.07B rate base. Parties will file exceptions by October 6; an ICC final decision is due November 28.

D — SC PSC approves new rates in D's SC natural gas rate case: The SC PSC voted to adopt the settlement for a net $9M revenue increase ($5M decrease), premised on a 9.49% ROE, 54.78% equity, and a $1.1B rate base as of September 30, 2022. The difference accounts for a $5M decrease in base rates but a $14M increase in the cost of gas revenues. The settlement compares to Staff's net $5M recommendation (-$9M) and D's net $19M revenue request ($5M). A final order is expected in the first week of October, with new rates going into effect shortly after that. Per the terms of the settlement, D will not file its next GRC before April 1, 2026.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

FE — Parties file briefs to the ALJ proposed order in Potomac Edison's MD electric rate case: In a memorandum of appeals, FE argues that the ALJ deviated from precedent in its decision to reject the extension of the EDIS II program, post-test-year reliability investments, and exclusion of the recovery of monetary awards for employees from FE's COVID-19 regulatory asset. FE argues that the programs associated with EDIS meet all the criteria for a surcharge recovery. The OPC challenged the recovery of affiliate service costs and the costs related to misconduct litigation by FE's OH subsidiaries. Staff requested a clarification on the depreciation study to determine what date the study is based on (6/30/22 vs. 12/31/22) and what depreciation rate to use. The ALJ's proposed order recommended a $30M revenue increase, premised on a 9.5% ROE and 53% equity. The proposal removed all spending related to post-test-year reliability projects and the associated depreciation, resulting in a $694M rate base at the end of 2022. The ALJ also recommended the denial of Phase II of the electric distribution investment surcharge (EDIS). FE requested the second phase to support three reliability programs: underground cable replacement, substation reclosers, and distribution automation. The ALJ order aligned with the Staff's recommendation for a $29M revenue increase, using a 9.5% ROE and 53% equity. FE's latest request was for a $50M revenue increase premised on a 10.6% ROE, 53.53% equity layer, and a $719M rate base. Replies to the appeals are due September 27, and a MD PSC final decision is expected by October 18.

D — SCC approves Phase III of Grid Transformation Plan: The VA SCC issued an order authorizing D's Phase III of its Grid Transformation plan for projects entering service between 2024-2026. The SCC capped D's spend at $824M and $58.6M of expenses for the three years. The program approves D to invest in programs including AMI deployment, vegetation management, voltage optimization, substation technology deployment, and telecommunications build-outs. The SCC approved D to only spend $183M on its main feeder hardening program compared to its $508M ask. The SCC noted that D failed to demonstrate that the program met the benchmark for reduction in outage minutes during its pilot years. D requested $1.1B in capital investment and $71M in operating expenses for 2024-2026. The Grid Transformation plan is a 10-year plan that D files with the SCC, developed with the 2018 Grid Transformation and Security Act. D recovers the cost through the Rider GT.

EIX — EIX releases new paper to meet 2045 net-zero goal: EIX released its Countdown to 2045 white paper, highlighting the requirements to meet the State's 2045 net-zero target. According to EIX, CA needs to update its planning, policy, and technologies to achieve the net-zero goals, including adding 90 GW of utility-scale clean generation, 25 GW of utility-scale storage, and 15 GW of BTM solar and storage. The total investment needed is estimated at $370B for the clean-energy investments and the required T&D needed to support the grid and the new resources. EIX expects electricity demand to grow by 80% by 2045, driven by EV adoption reaching 90% of all vehicles and the electrification of 95% of the buildings in the state. Meeting the goals will require new technologies, including offshore wind, clean hydrogen, carbon capture, and vehicle-to-grid connectivity. The Countdown to 20245 white paper was an update to SCE's 2019 Pathway to 2045 study.

AVA — WA votes to revamp building electrification mandates: In response to legal challenges against electric heating mandates, the Washington State Building Council has voted 10-2 to advance proposed changes to its building code. The changes would heavily discourage the use of natural gas in new construction, driven by the state's goal of reducing annual net energy consumption in buildings by 70% in 2031. While the electric heating mandates were initially intended to help achieve this goal, a U.S. appeals court decision challenged their legality. Under the new proposals, gas appliances would be allowed, but builders will face additional efficiency requirements, particularly in residential construction, to compensate for their lower energy efficiency compared to heat pumps. The Council's approach could potentially be a template for other states and cities looking to reduce gas use in new construction. WA was the first state to approve an electrification mandate into its statewide energy code, which aligns with state law and requires the council to adopt energy codes that reduce annual net energy consumption in buildings by 70% from 2006 levels by 2031.

SRE — SRE receives FERC permits for Port Arthur Phase 2: FERC approved the expansion of Port Arthur Phase 2. The project expects to add 6-13 MTPA, consisting of two LNG trains, storage, a marine berth, and related infrastructure. Phase 2 remains in the development stages, and SRE continues to lock in offtake agreements. SRE received an HOA from INEOS for 0.2 MTPA of LNG. SRE previously received FID for Port Arthur Phase 1 in March. SRE expects commercial operation for Phase 1 in 2027 and 2028 for Trains 1 and 2, respectively.

XEL — XEL announces receipt of up to a $70M grant for LDES: XEL announced that it will receive a grant for up to $70M from the DOE to partially fund two 10 MW multi-day storage projects through a partnership with Form Energy. XEL and Form announced the partnership in January to deploy iron-air LDES systems capable of storing electricity for 100 hours, making it suitable for grid-scale applications. XEL will deploy the systems at the retiring Sherburne County and Comanche Station coal sites. XEL has received MN PUC approval and expects CO PUC regulatory approval later this year. The systems are expected to come online as early as 2025 and will help XEL meet the last 15-20% of its clean-energy targets. The $70M grant will be combined with a $20M grant XEL previously received from Bill Gates's Breakthrough Energy Ventures.

D — D files long-duration storage pilot with the SCC: D filed a pilot with the SCC to install 8.94 MW of long-duration energy storage at the existing Darbytown Power Station. The pilot includes two alternative technologies to lithium-ion batteries: Form Energy's iron-air batteries and Eos Energy's zinc-hybrid batteries. The Form and Eos projects would be 4.94 MW and 4 MW, respectively. If approved, D would begin construction by 2024, with the projects operational by the end of 2026.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 1 – KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	9/26/2023	Proposed Order Due
OR	Avista Corp.	AVA	LC81	IRP	9/26/2023	Company Reply Comments
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	9/26/2023	Rebuttal Testimony Due
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	9/27/2023	Reply Briefs Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/27/2023	Revised Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	9/28/2023	Draft Orders Due
CA		CPUC	R2207005	Fixed Charges	9/29/2023	Reply Briefs
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	9/29/2023	Reply Statements
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	9/29/2023	Prehearing Submissions
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	9/29/2023	Rebuttal Testimony Due
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	9/29/2023	Intervenor Testimony Due
MN	Ottertail Power	OTTR	21-339	IRP	9/29/2023	Reply Comments Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	10/2/2023	Intervenor Testimony
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	10/2/2023	Settlement Deadline (Track 1)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	10/2/2023	Settlement Deadline (Track 1)
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/2/2023	Surrebuttal Testimony Due
NY	Consolidated Edison Co. of NY	ED			10/3/2023	Clean Energy Future
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	10/3/2023	Initial Briefs Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	10/4/2023	Staff and Intervenor Objections
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/4/2023	Hearings Begin
MI	DTE Electric Co.	DTE	C-U-21297	Electric	10/5/2023	PFD Target Date
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	10/5/2023	Proposed Order Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	10/5/2023	Proposed Order Due
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	10/9/2023	Evidentiary Hearings Begin
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	10/10/2023	Intervenor Testimony
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	10/10/2023	Reply Briefs Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	10/10/2023	Initial Briefs Due
NY	Consolidated Edison Co. of NY	ED	C-22-S-0659	Steam	10/11/2023	Evidentiary Hearings Begin
	Short-Term Energy Outlook (Winter Fuels)	EIA			10/11/2023	STEO release
OR	Portland General Electric Co.	POR	D-UE-416	Electric	10/11/2023	Stipulation Due
	CPI Release	BLS			10/12/2023	CPI release for Prior Month
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	10/12/2023	Briefs Due
OH	First Energy	FE	23-0301-ES-SSO	Electric	10/13/2023	Intervenor Testimony Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/13/2023	Briefs Due
VA	Appalachian Power Co.	AEP	PUR-2023-00002	Electric	10/16/2023	Hearing Examiner Report Due
KY	Kentucky Power Co	AEP	2021-00370	Electric	10/16/2023	Initial Requests Due
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	10/16/2023	Supplemental Testimony
MD	The Potomac Edison Co.	FE	C-9695	Electric	10/18/2023	Final Order Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	10/19/2023	Company Responses
	Federal Energy Reg Comm	FERC			10/19/2023	Open Meeting
IL	Ameren Illinois	AEE	D-23-0082	Electric	10/20/2023	ALJ Proposed Order
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/20/2023	Reply Briefs Due

Source: Regulatory filings, KeyBanc Capital Markets Inc., S&P Market Intelligence

Figure 3 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	21.1	Overweight	$91	$80.21	3.1%	58%	4.42	4.66	4.94	18.1x	17.2x	16.2x	4.37	4.69	5.03	18.4x	17.1x	16.0x
AEP	American Electric Power Company In	40.8	Sector Weight	NA	$79.17	4.2%	64%	5.30	5.63	5.97	14.9x	14.1x	13.3x	5.27	5.60	5.98	15.0x	14.1x	13.2x
CMS	CMS Energy Corp	16.4	Sector Weight	NA	$56.37	3.5%	63%	3.10	3.33	3.57	18.2x	16.9x	15.8x	3.11	3.35	3.59	18.1x	16.8x	15.7x
CNP	CenterPoint Energy Inc	17.9	Sector Weight	NA	$28.30	2.7%	51%	1.49	1.63	1.72	19.0x	17.4x	16.5x	1.49	1.62	1.73	19.0x	17.5x	16.3x
D	Dominion Energy Inc	40.0	Sector Weight	NA	$47.75	5.6%	77%	3.26	3.73	3.78	14.6x	12.8x	12.6x	3.49	3.51	3.61	13.7x	13.6x	13.2x
DTE	DTE Energy Co	21.9	Sector Weight	NA	$106.21	3.6%	62%	6.22	6.62	7.06	17.1x	16.0x	15.0x	6.23	6.66	7.14	17.0x	15.9x	14.9x
DUK	Duke Energy Corp	71.9	Overweight	$109	$93.33	4.4%	73%	5.62	6.00	6.34	16.6x	15.6x	14.7x	5.61	5.98	6.33	16.6x	15.6x	14.7x
ETR	Entergy Corp	20.4	Sector Weight	NA	$96.55	4.5%	65%	6.68	7.21	7.69	14.5x	13.4x	12.6x	6.70	7.19	7.71	14.4x	13.4x	12.5x
ES	Eversource Energy	21.8	Sector Weight	NA	$62.58	4.3%	62%	4.38	4.66	4.95	14.3x	13.4x	12.6x	4.37	4.64	4.93	14.3x	13.5x	12.7x
ED	Consolidated Edison Inc	31.3	Underweight	$77	$90.83	3.6%	66%	4.94	5.19	5.54	18.4x	17.5x	16.4x	4.90	5.23	5.51	18.5x	17.4x	16.5x
EIX	Edison International	26.1	Sector Weight	NA	$68.07	4.3%	63%	4.73	5.11	5.63	14.4x	13.3x	12.1x	4.71	5.12	5.59	14.4x	13.3x	12.2x
EXC	Exelon Corp	40.0	Sector Weight	NA	$40.21	3.6%	62%	2.36	2.53	2.72	17.0x	15.9x	14.8x	2.36	2.50	2.73	17.0x	16.1x	14.8x
FE	FirstEnergy Corp	20.7	Overweight	$45	$36.05	4.4%	62%	2.52	2.71	2.88	14.3x	13.3x	12.5x	2.54	2.69	2.85	14.2x	13.4x	12.6x
PEG	Public Service Enterprise Group Inc	30.2	Sector Weight	NA	$60.52	3.8%	66%	3.45	3.60	3.88	17.5x	16.8x	15.6x	3.46	3.69	4.06	17.5x	16.4x	14.9x
SO	Southern Co	75.7	Sector Weight	NA	$69.37	4.0%	77%	3.58	4.03	4.27	19.4x	17.2x	16.2x	3.60	4.03	4.32	19.3x	17.2x	16.0x
WEC	WEC Energy Group Inc	27.0	Overweight	$102	$85.44	3.6%	68%	4.61	4.93	5.27	18.5x	17.3x	16.2x	4.61	4.92	5.25	18.5x	17.4x	16.3x
XEL	Xcel Energy Inc	32.9	Overweight	$71	$59.73	3.5%	62%	3.36	3.57	3.75	17.8x	16.7x	15.9x	3.35	3.59	3.85	17.8x	16.6x	15.5x
					Average:	**3.9%**	**65%**				**16.7x**	**15.6x**	**14.7x**				**16.7x**	**15.6x**	**14.6x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.6	Sector Weight	NA	$33.83	5.4%	80%	2.30	2.45	2.53	14.7x	13.8x	13.4x	2.29	2.49	2.58	14.8x	13.6x	13.1x
NWE	NorthWestern Corp	3.0	Overweight	$64	$50.50	5.1%	75%	3.43	3.66	3.83	14.7x	13.8x	13.2x	3.44	3.57	3.77	14.7x	14.2x	13.4x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$76.95	2.3%	30%	5.79	4.08	3.35	13.3x	18.9x	23.0x	5.87	4.06	3.65	13.1x	19.0x	21.1x
PNW	Pinnacle West Capital Corp	8.8	Underweight	$61	$77.81	4.5%	82%	4.18	5.04	5.24	18.6x	15.4x	14.8x	4.23	5.04	5.23	18.4x	15.4x	14.9x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$43.23	4.4%	70%	2.66	3.06	3.20	16.3x	14.1x	13.5x	2.68	3.04	3.23	16.2x	14.2x	13.4x
					Average:	**4.3%**	**67%**				**15.5x**	**15.2x**	**15.6x**				**15.4x**	**15.3x**	**15.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	12.9	Sector Weight	NA	$33.43	5.3%	82%	1.95	2.32	2.47	17.1x	14.4x	13.5x	2.14	2.36	2.53	15.6x	14.2x	13.2x
NEE	Nextera Energy Inc	137.0	Overweight	$85	$67.70	2.8%	60%	3.14	3.41	3.67	21.6x	19.9x	18.4x	3.12	3.41	3.69	21.7x	19.9x	18.3x
SRE	Sempra	45.2	Sector Weight	NA	$71.82	3.3%	53%	4.49	4.77	5.14	16.0x	15.1x	14.0x	4.50	4.79	5.12	16.0x	15.0x	14.0x
					Average:	**3.8%**	**65%**				**18.2x**	**16.4x**	**15.3x**				**17.8x**	**16.3x**	**15.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	35.5	Sector Weight	NA	$110.36	1.0%	22%	3,627	3,918	3,813	10.9x	9.9x	10.4x	3,517	3,937	3,881	11.2x	9.9x	10.2x
NRG	NRG Energy Inc	8.9	Not Covered	NA	$38.63	3.9%	33%	NA	NA	NA	NA	NA	NA	3,009	3,130	3,128	6.0x	5.4x	4.1x
VST	Vistra Corp	12.2	Not Covered	NA	$33.22	2.5%	18%	NA	NA	NA	NA	NA	NA	3,891	4,205	4,124	6.5x	5.9x	5.6x
					Average:	**2.5%**	**24%**				**10.9x**	**9.9x**	**10.4x**				**7.9x**	**7.1x**	**6.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

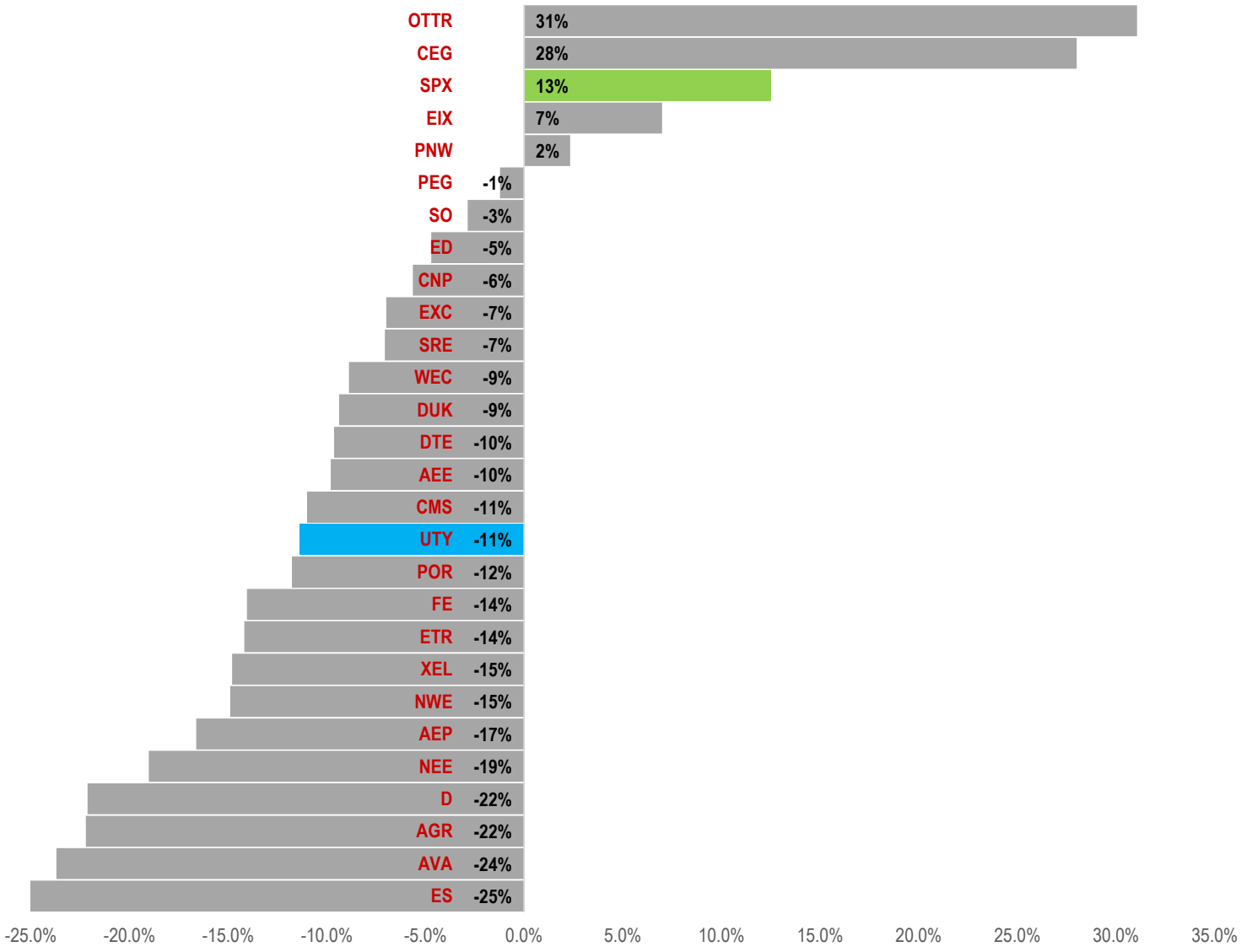

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Select Recent Research

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	248	48.63	41	16.53
Sector Weight [SW]	255	50.00	43	16.86
Underweight [UW]	7	1.37	2	28.57

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	16	72.73
Sector Weight [SW]	33	57.89	11	33.33
Underweight [UW]	2	3.51	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CMS	56.84	Neutral
DUK	94.37	Buy
EIX	69.75	Neutral
ETR	98.21	Buy
EXC	40.83	Buy
PCG	17.40	Buy
POR	43.69	Buy
SR	58.76	Neutral
SRE	73.33	Buy

Power & Utilities

September 21, 2023

The Guggenheim Daily Transmission: SR, EIX/PCG/ SRE, ETR, NC/DUK, EXC/PJM/MD, POR, CMS

Please join us for our quarterly utilities investor roundtables in NYC on Sept. 25th, and NJ on Sept. 26th, both invite details below.

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our CEG NDR, NRG NDR, PEG NDR, NI NDR, and other events, scroll down...

SR – Steve Lindsey announced as incoming President and CEO

EIX/PCG/SRE – CPUC issues ruling on phase 2 of the 2022 cost of capital proceeding

ETR – FERC ALJ sets oral argument on motion to compel in operational prudence complaint at FERC

NC/DUK – House of Representatives places pro-nuclear bill on calendar for vote today

EXC/PJM/MD – Maryland PSC and OPC file protests at FERC over Brandon Shores transmission need

POR – GRC schedule slightly tweaked as POR indicates additional settlements potentially forthcoming

CMS – CMS announces expansion of voluntary renewables programs in MI

SR – Steve Lindsey announced as incoming President and CEO

- Mr. Lindsey will become Spire's new President and CEO effective October 1, 2023.
- Most recently, he has served as EVP and Chief Operating Officer for the company.
- Mr. Lindsey has also been appointed to the Board of Directors.
- More HERE

Guggenheim takeaway: *We see Mr. Lindsey as a strong choice given his utility pedigree (he spent 23 years at AGL Resources, most recently at Atlanta Gas Light, Chattanooga Gas and Florida City Gas, as well as a senior vice president of southern operations for AGL Resources. In our view, this operational expertise likely comes with many regulatory lessons learned and relationship building skills acquired.* ***As we wrote in our most recent SR note (link HERE)****, we see the changing of the guard at SR as a potential opportunity for an even more complete regulatory refresh following the pressures the company faced in Missouri (its largest jurisdiction) after a difficult final rate case order put the company on the defensive for most of the following year as it tried to regain its course. As a reminder, although the black box settlement which Spire Missouri obtained in its most recent rate case seemed constructive to us, it* ***would never have been required*** *if the utility had not been forced to refile another rate case so quickly after its last one due to the surprisingly poor result obtained in the preceding case.*

EIX/PCG/SRE – CPUC issues ruling on phase 2 of the 2022 cost of capital proceeding

- The CPUC posted a ruling on scope and schedule for the phase 2 of the 2022 cost of capital proceeding.
- Issues in phase 2 include:
  - The timing of the filing of subsequent cost of capital applications,
  - Whether a blended return on equity should be authorized for combined service gas

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

and electric investor-owned utilities for future cost of capital cycle applications, and
  - Whether other policy modifications should be ordered with regard to future cost of capital application cycles.
- Opening testimony is due by mid-November, Opening Briefs filed by early February 2024 and proceeding submitted after reply briefs.
- Docket: A2204008 et al

Guggenheim takeaway: *FYI. Phase 2 of the proceeding is limited in scope and separate from the potential CCM trigger at the end of the current remeasurement period in October. Currently, the CCM is set to trigger and EIX, PCG, and SRE have all indicated a level of intent to follow the regulatory process for an upwards adjustment.*

ETR – FERC ALJ sets oral argument on motion to compel in operational prudence complaint at FERC

- FERC ALJ scheduled an oral argument for September 28, 2023 on the motion to compel data requests in the SERI operational prudence proceeding.
- SERI previously filed a supplemental brief showing precedent for operational prudence reviews not including operational issues after the complaint filing dates.
- SERI motions for the FERC not to include 2022 outages into the operational prudence reviews based on a North Carolina case.
- Docket: EL21-56 (through FERC search)

Guggenheim takeaway:*FYI. Another step in the litigation back and forth on the SERI complaint case. This specific complaint relates to alleged imprudent operations and purchased power costs. Originally the complaint was quantified as retail regulators seeking damages of ~$360M for "imprudent operation" of the Grand Gulf nuclear plant between 2016 and 2020, and an investigation of the plant's management by System Energy Resources Inc. since 2012. The complainants also asked FERC to investigate the prudence of an $800 million capacity uprate of Grand Gulf in 2012, which they said led to overall decreased output from 2012 to 2020. The process so far has been reaching impasse in settlement talks and disputed on both procedural and scoping issues, but since FERC cleared the other complaint decisions and rehearing orders, operational prudence remains the last (and arguably the more difficult) complaint against SERI.*

EXC/PJM/MD – Maryland PSC and OPC file protests at FERC over Brandon Shores transmission need

- The state entities have taken issue with the award of roughly ~$785M in transmission work to EXC and the RTO's overall planning process for the retirement.
- "The Maryland PSC requests FERC find this applicable portion of the PJM filing to be deficient and to direct PJM to conduct its reliability assessment and transmission upgrade approval process in a more holistic manner and with consideration of state policies and jurisdiction." - PSC
- PSC filing HERE
- More HERE

Guggenheim takeaway: *Heads up on the filings at FERC, with this particular project a point of interest of ours on the 2Q23 call (see our note HERE) and one that we spoke with the company at length on during and after the update. Based on our conversations, the scale of the need here is unique to the constraints and topology of the plant's location within PJM and should not be directly extrapolated to any views on other future retirements. For example, management noted that the spend associated with Indian River in Delmarva was several orders of magnitude smaller. Still, we remain on the lookout for other opportunities given the significant resource turnover across both MAAC and COMED. For more from PJM – see HERE. With regard to the protests – we do not have a strong view on the merits of the state's concerns given PJM followed its own RTEP process, however, we acknowledge that the scale and potential allocation of costs here makes the situation somewhat unique.*

POR – GRC schedule slightly tweaked as POR indicates additional settlements potentially forthcoming

- The deadline for cross-examination statements was moved one day to today (9/21) as PGE indicates settlements remain ongoing.
- "The allowance for AUT revisions outside of a GRC was resolved by the parties and will be included in a forthcoming partial stipulation. PGE hopes to submit all outstanding partial stipulations and supporting testimony for Commission consideration by no later

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

than September 25, 2023." -filing

- More HERE

Guggenheim takeaway: *Flagged for your awareness as POR continues to work through 1) ROE, 2) the PCAM policy proposals, and 3) the question of standalone batteries in the RAC. See our most recent updates HERE and HERE for key background data points.*

NC/DUK – House of Representatives places pro-nuclear bill on calendar for vote today

- Yesterday, conference committees were appointed in both the House and Senate.
- North Carolina Senate Bill 678
- NC House of Representatives Calendar (scheduled for a vote today)

Guggenheim takeaway: *For your calendar. We continue to view DUK as the primary beneficiary of this bill, which would redefine "renewable energy" as "clean energy" in order to provide a term that includes nuclear resources and fusion energy, and which specifically eliminates language impeding CPCN issuance for nuclear facilities.* ***Also, in recent weeks, DUK filed its NC Carbon Plan update and SC IRP, which we covered HERE, and HERE, respectively.***

CMS – CMS announces expansion of voluntary renewables programs in MI

- CMS announced plans for expansion and modification of voluntary renewables program access for customers.
- The program updates include :
- Affordable community solar for all – cut in half the cost of monthly Solar Gardens subscriptions and build more 100% Michigan-made community solar fields.
- More options for large-scale solar and wind – seeking to remove the cap on its renewable energy programs to move forward with wind and solar projects as quickly as customers desire.
- Green Giving – program for customers to pass benefits to others.
- The company will file its plans this Friday with the Michigan Public Service Commission (MPSC).
- More here

Guggenheim takeaway:*FYI. The plan to increase voluntary renewables access continues to build on a strong energy transition plan for CMS. Mgmt. previously noted that demand for VRP has been strong and consistently achieves the caps.* ***More thoughts on recent CMS updates in our NDR note here.***

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Monday, September 25th

Dates & Time

Monday, September 25, 2023
5:30PM ET

Location

New York
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Tuesday, September 26th

Dates & Time

Tuesday, September 26, 2023
6:00PM ET

Location

New Jersey
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NRG Energy Inc. (NRG)

Mauricio Gutierrez, President & Chief Executive Officer
Bruce Chung, Chief Financial Officer
Kevin Cole, Treasurer & Head of Investor Relations

Dates & Locations
October 4 – 5, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $8.83bn
NRG Energy, Inc. (NRG) engages in the production, sale, and distribution of energy and energy services. It operates through the following segments: Generation, Retail, and Corporate. The Generation segment includes all power plant activities, domestic and international, as well as renewables. The Retail segment includes mass customers and business solutions, and other distributed and reliability products. The Corporate segment includes residential solar and electric vehicle services. The company was founded in 1989 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NiSource, Inc. (NI)

Lloyd Yates, *President & Chief Executive Officer*
Shawn Anderson, *Chief Financial Officer*
Randy Hulen, VP, *Investor Relations & Treasurer*

Dates & Locations
October 18 – 20, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $11.4bn
NiSource, Inc. (NI) is a holding company, which engages in the provision of energy solutions. It operates under the Gas Distribution Operations and Electric Operations segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial, and industrial customers. The Electric Operations segment includes generation, transmission, and distribution of electricity through NIPSCO, and wholesaling electric and transmission transactions. The company was founded in 1987 and is headquartered in Merrillville. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	9/25	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
NRG	10/4–10/5	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona
FE CFO Lunch	12/6	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

9/20/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.60	3,191	3.70	4.17	4.56	4.87	5.07	3.70	4.10	4.36	4.65	5.05	–	0.07	0.20	0.22	–	15.0x	13.5x	12.8x	11.9x	11.0x	-12%	-15%	-14%	-14%	-16%	8.4%	5.0%	70%	Sell	$49	-7%	Neutral	$62	17%
AVA	$34.45	2,636	2.28	2.49	2.61	2.67	2.73	2.29	2.50	2.61	2.65	2.73	–	–	–	–	–	15.0x	13.8x	13.2x	13.0x	12.6x	-12%	-13%	-11%	-7%	-4%	5.2%	5.5%	78%	Sell	$33	1%	Sell	$40	22%
NWE	$51.95	3,119	3.42	3.55	3.75	3.91	4.08	3.42	3.54	3.74	3.86	3.98	–	–	–	0.06	0.10	15.2x	14.7x	13.9x	13.5x	13.1x	-11%	-8%	-7%	-3%	-1%	5.1%	5.0%	74%	Sell	$48	-3%	Neutral	$58	16%
POR	$43.69	4,417	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.23	3.35	3.55	–	–	–	–	–	16.3x	14.4x	13.5x	13.0x	12.3x	-5%	-10%	-9%	-7%	-7%	5.3%	4.5%	66%	Buy	$48	14%	Buy	$50	19%
		13,364																**15.4x**	**14.1x**	**13.3x**	**12.9x**	**12.3x**	**-10%**	**-11%**	**-10%**	**-8%**	**-7%**	**6.0%**	**5.0%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$80.44	21,114	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.01	5.35	5.66	–	–	0.04	0.05	–	18.4x	17.2x	16.1x	15.0x	14.2x	8%	8%	8%	8%	8%	6.6%	3.3%	58%	Neutral	$85	9%	Buy	$88	13%
AEP	$80.45	41,446	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.31	6.71	–	0.04	–	0.08	0.10	15.3x	14.4x	13.5x	12.8x	12.0x	-11%	-9%	-9%	-9%	-9%	6.0%	4.3%	63%	Buy	$96	24%	Buy	$94	21%
CMS	$56.84	16,582	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.61	3.88	4.15	–	0.05	0.04	0.03	0.11	18.3x	16.9x	15.8x	14.7x	13.7x	7%	7%	6%	5%	4%	8.1%	3.6%	63%	Neutral	$61	11%	Buy	$64	16%
CNP	$28.82	18,140	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	19.2x	17.8x	16.6x	15.4x	14.3x	13%	12%	12%	10%	8%	9.5%	2.7%	49%	Buy	$34	21%	Buy	$32	14%
D	$47.97	40,140	3.37	3.54	3.75	4.24	4.50	3.28	3.41	3.58	4.00	4.07	0.09	0.13	0.18	0.24	0.43	14.6x	14.1x	13.4x	12.0x	11.8x	-14%	-11%	-10%	-14%	-11%	1.4%	5.6%	80%	Buy	$56	22%	Neutral	$52	13%
DTE	$106.68	21,988	6.26	6.73	7.19	7.75	8.30	6.23	6.66	7.14	7.74	8.27	0.03	0.07	0.05	–	–	17.1x	16.0x	14.9x	13.8x	12.9x	0%	1%	0%	-1%	-2%	6.4%	3.8%	62%	Buy	$124	20%	Buy	$124	20%
DUK	$94.37	72,759	5.65	6.05	6.35	6.75	7.15	5.62	5.98	6.33	6.74	7.16	0.03	0.07	–	–	–	16.8x	15.8x	14.9x	14.0x	13.2x	-2%	-0%	0%	0%	-0%	6.3%	4.4%	71%	Buy	$102	13%	Buy	$99	10%
ED	$91.50	31,561	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.51	5.79	6.05	(0.03)	(0.05)	–	–	(0.03)	18.7x	17.5x	16.6x	15.8x	15.1x	10%	10%	12%	13%	15%	5.6%	3.6%	65%	Neutral	$85	-3%	Neutral	$88	0%
EIX	$69.75	26,734	4.71	4.98	5.48	5.71	6.03	4.72	5.13	5.62	5.98	6.25	–	(0.15)	(0.14)	(0.27)	(0.22)	14.8x	13.6x	12.4x	11.7x	11.2x	-13%	-14%	-17%	-16%	-15%	5.5%	4.4%	61%	Neutral	$74	10%	Buy	$74	11%
ES	$63.96	22,328	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.25	5.60	–	0.08	0.06	–	(0.11)	14.6x	13.8x	13.0x	12.2x	11.4x	-14%	-13%	-13%	-13%	-13%	6.1%	4.4%	62%	Buy	$80	29%	Buy	$79	28%
ETR	$98.21	20,767	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.71	8.25	8.85	–	(0.03)	0.05	0.06	0.12	14.7x	13.7x	12.7x	11.9x	11.1x	-14%	-14%	-14%	-15%	-16%	6.9%	4.6%	64%	Buy	$113	20%	Buy	$114	21%
EVRG	$54.35	12,478	3.65	3.97	4.24	4.47	4.75	3.63	3.92	4.17	4.37	4.66	–	0.05	0.07	0.10	0.09	15.0x	13.9x	13.0x	12.4x	11.7x	-12%	-13%	-12%	-11%	-12%	4.8%	4.8%	67%	Buy	$68	30%	Buy	$62	19%
EXC	$40.83	40,597	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	17.3x	16.3x	15.0x	14.0x	13.1x	1%	3%	1%	0%	-0%	6.4%	3.7%	62%	Buy	$45	14%	Buy	$45	13%
FE	$36.56	20,962	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.88	3.05	3.24	–	–	–	–	0.03	14.4x	13.6x	12.7x	12.0x	11.3x	-16%	-14%	-14%	-14%	-14%	6.3%	4.4%	61%	Buy	$44	25%	Buy	$41	17%
LNT	$51.99	13,139	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.28	3.47	3.68	–	–	–	–	–	18.0x	16.9x	15.9x	15.0x	14.1x	5%	7%	7%	7%	7%	6.1%	3.6%	63%	Neutral	$49	-2%	Buy	$55	10%
OGE	$35.63	7,136	2.02	2.16	2.25	2.37	2.48	2.01	2.14	2.27	2.38	2.50	–	–	–	–	–	17.7x	16.6x	15.7x	15.0x	14.3x	4%	5%	6%	7%	8%	2.8%	4.8%	81%	Neutral	$36	6%	Buy	$38	10%
PCG	$17.40	36,388	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.59	1.73	–	–	–	–	–	14.4x	12.9x	11.9x	10.9x	10.1x	-16%	-19%	-20%	-22%	-24%	9.7%	1.1%	15%	Buy	$21	22%	Buy	$19	10%
PEG	$60.70	30,296	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.25	4.52	–	–	0.04	0.04	0.07	17.6x	16.4x	15.0x	14.3x	13.4x	3%	4%	1%	2%	2%	5.8%	3.9%	65%	Buy	$70	19%	Buy	$67	14%
PNW	$79.50	9,008	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.48	5.61	–	–	–	(0.23)	(0.21)	18.9x	16.0x	15.4x	14.5x	14.2x	11%	1%	4%	4%	7%	4.9%	4.5%	74%	Neutral	$83	9%	Neutral	$80	6%
PPL	$25.67	18,921	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	16.2x	15.1x	14.1x	13.2x	12.5x	-5%	-5%	-5%	-5%	-5%	8.0%	3.9%	61%	Buy	$31	25%	Buy	$30	21%
SO	$71.20	77,716	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.76	–	–	–	–	0.04	19.8x	17.7x	16.5x	15.7x	15.0x	16%	11%	11%	12%	13%	5.9%	4.0%	73%	Buy	$80	16%	Buy	$73	6%
WEC	$87.16	27,493	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.9x	17.7x	16.6x	15.5x	14.6x	11%	12%	11%	11%	11%	6.1%	3.8%	68%	Neutral	$94	12%	Buy	$95	13%
Mid/Lg Cap (excl. EIX, PCG)																		**17.1x**	**15.9x**	**14.9x**	**14.0x**	**13.2x**						**6.0%**	**4.1%**	**66%**						
SMID + Lg Cap		**641,056**																**16.8x**	**15.6x**	**14.6x**	**13.8x**	**13.0x**						**6.0%**	**4.2%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$67.35	136,297	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	–	(0.14)	21.6x	20.2x	18.3x	16.8x	15.3x	26%	28%	23%	20%	16%	8%	3.0%	61%	Buy	$86	31%	Buy	$89	35%
SRE	$73.33	46,147	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.04	5.33	5.88	4.49	4.69	5.09	5.48	5.83	16.3x	15.2x	14.6x	13.8x	12.5x	-5%	-4%	-2%	-1%	-5%	5%	3.9%	61%	Buy	$172	138%	Buy	$81	14%
		182,444																**18.9x**	**17.7x**	**16.4x**	**15.3x**	**13.9x**	**11%**	**12%**	**11%**	**9%**	**5%**	**6.5%**	**3.4%**	**61%**						
Gas LDCs																																				
NI	$27.59	11,402	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.82	1.94	2.07	–	–	–	–	–	17.5x	16.5x	15.2x	14.2x	13.3x	2%	4%	2%	2%	1%	7%	3.8%	64%	Buy	$30	13%	Buy	$31	17%
CPK	$109.01	1,940	5.42	5.84	6.23	6.59	6.94	5.34	5.83	6.25	6.58	6.92	0.08	–	–	–	–	20.4x	18.7x	17.4x	16.6x	15.8x	20%	18%	17%	19%	19%	7%	2.3%	43%	Neutral	$112	5%	Buy	$132	23%
NJR	$42.17	4,114	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.95	3.13	3.42	–	–	–	–	(0.08)	15.7x	15.3x	14.3x	13.5x	12.3x	-8%	-4%	-4%	-3%	-7%	6%	3.9%	60%	Neutral	$47	15%	Buy	$49	20%
NWN	$40.12	1,408	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.04	3.22	–	0.06	–	0.05	–	15.0x	14.5x	13.4x	13.2x	12.5x	-12%	-9%	-10%	-5%	-5%	5%	4.9%	72%	Neutral	$42	10%	Buy	$50	30%
OGS	$74.58	4,225	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.58	4.97	5.30	–	(0.06)	(0.05)	–	–	18.0x	17.3x	16.3x	15.0x	14.1x	6%	9%	10%	8%	7%	10%	3.6%	63%	Neutral	$73	1%	Neutral	$78	8%
SR	$58.76	3,091	4.20	4.31	4.57	4.73	4.99	4.20	4.33	4.64	4.82	5.06	–	–	(0.06)	(0.09)	(0.07)	14.0x	13.6x	12.7x	12.2x	11.6x	-18%	-14%	-15%	-13%	-12%	5%	5.1%	70%	Neutral	$65	16%	Neutral	$68	20%
		26,180																**16.8x**	**16.0x**	**14.9x**	**14.1x**	**13.3x**	**-2%**	**1%**	**0%**	**1%**	**1%**	**6.7%**	**3.9%**	**62%**						
Regulated Water																																				
AWK	$137.20	26,709	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.04	6.46	–	–	–	(0.06)	–	28.5x	26.7x	24.5x	22.7x	21.2x	67%	68%	65%	63%	61%	7%	2.1%	58%	Neutral	$147	9%	Buy	$157	16%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$110.13	35,417	3,150	3,451	3,509	3,346	3,804	3,499	3,979	3,860	3,795	3,865	(349)	(527)	(351)	(449)	(62)	11.3x	9.7x	9.7x	9.6x	9.0x	39,550	38,720	37,392	36,250	34,829	9.6%	1.1%	22%	Buy	$97	-11%	Buy	$111	1%
NRG	$38.89	8,910	3,181	3,122	3,126	3,042	3,107	2,995	3,219	3,110	2,980	3,095	186	(97)	–	62	–	6.2x	5.4x	5.1x	4.8x	4.2x	18,448	17,225	15,745	14,364	12,909	21.2%	4.1%	28%	Neutral	$34	-8%	Neutral	$41	10%
VST	$32.34	11,887	3,700	3,755	3,792	3,621	3,535	3,841	4,206	4,123	4,044	4,318	(141)	(451)	(331)	(424)	(783)	6.3x	5.7x	5.7x	5.7x	5.3x	24,235	24,068	23,494	23,050	23,008	6.8%	2.7%	25%	Buy	$31	-1%	Buy	$35	10%
Other																																				
NEP	$48.90	4,569	1,837	1,977	2,143	2,325	2,471	1,931	2,185	2,371	2,462	2,496	(94)	(208)	(228)	(137)	(26)												7.7%	–	Buy	$74	59%	Buy	$75	61%
SMR	$5.54	413	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	225%	Buy	$12	123%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

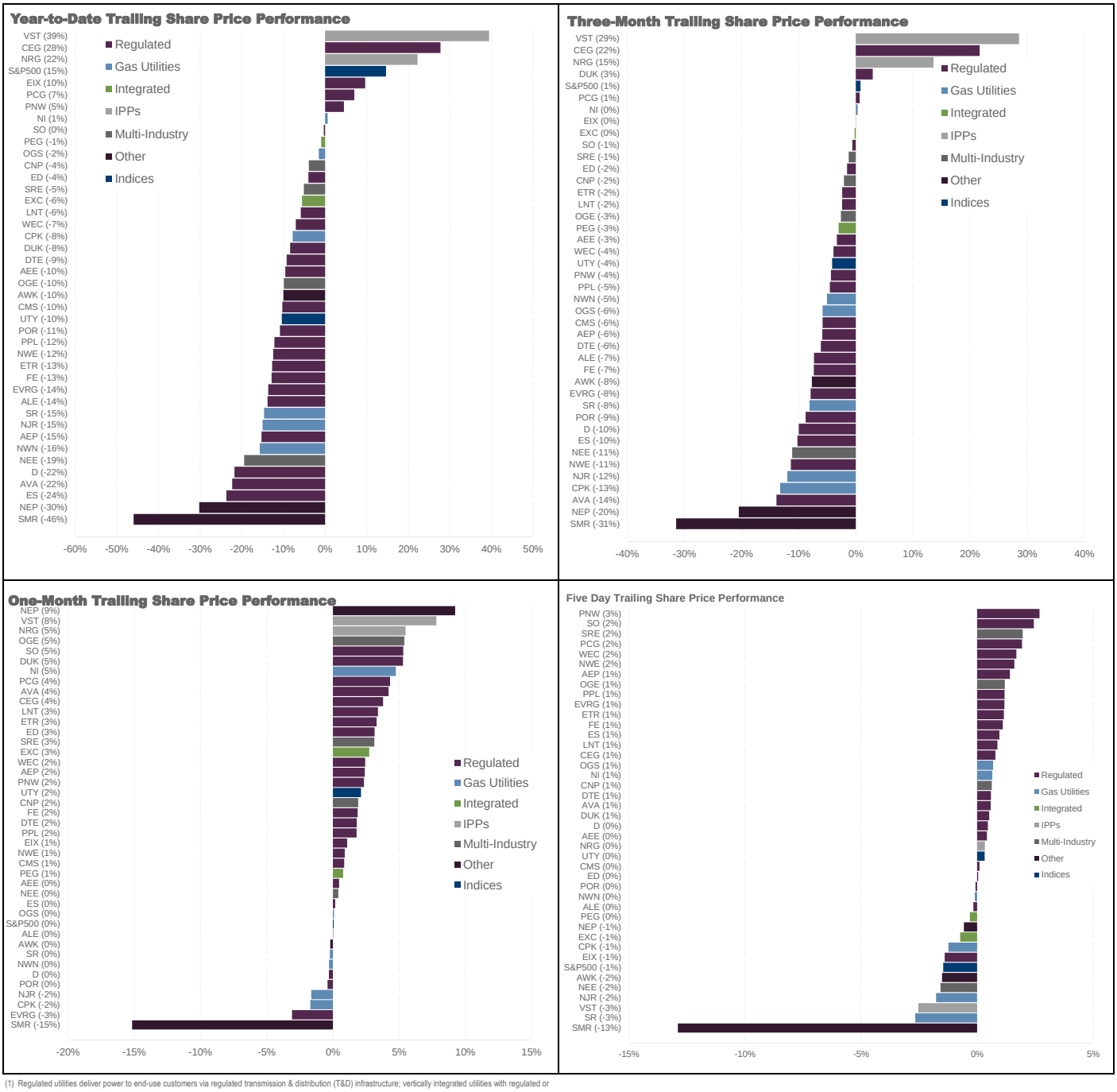

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

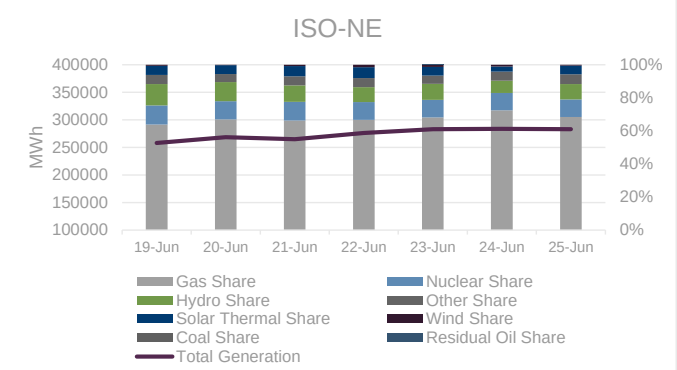

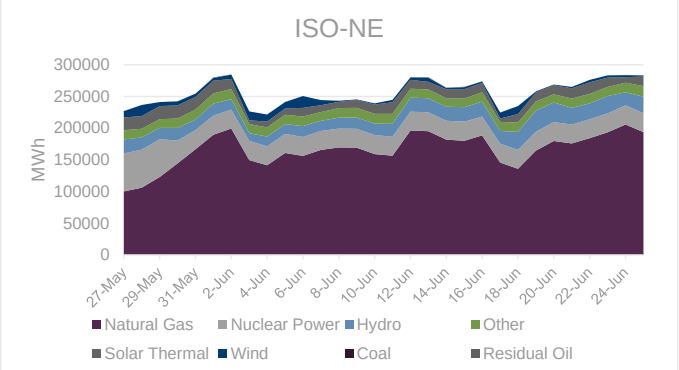

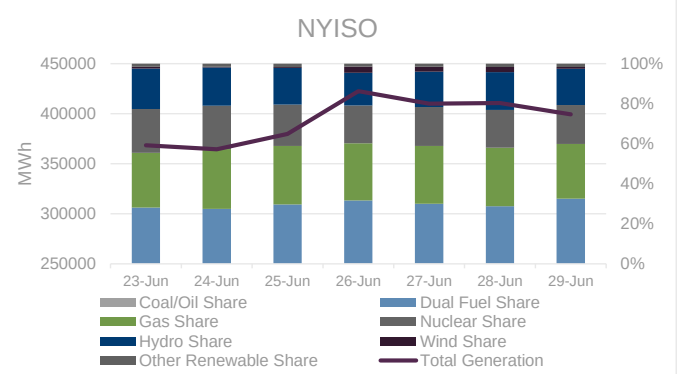

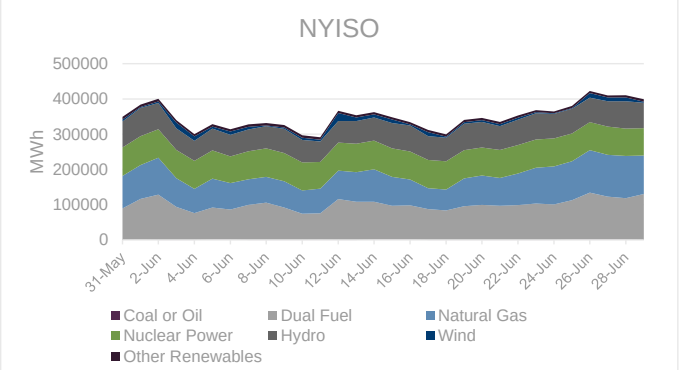

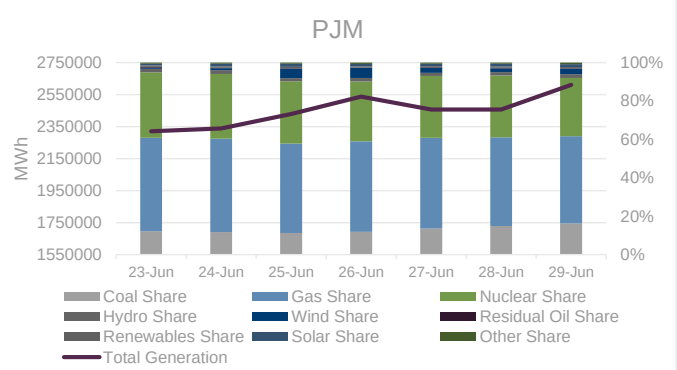

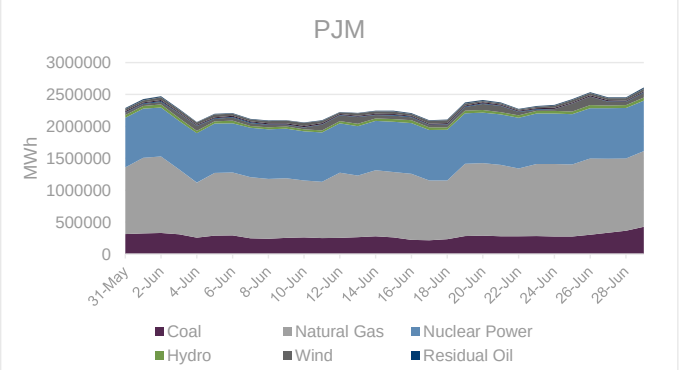

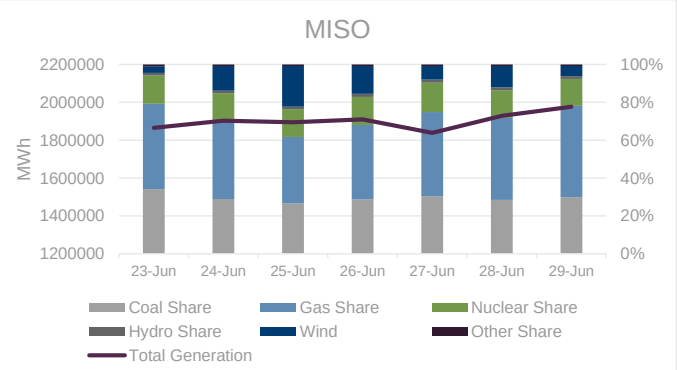

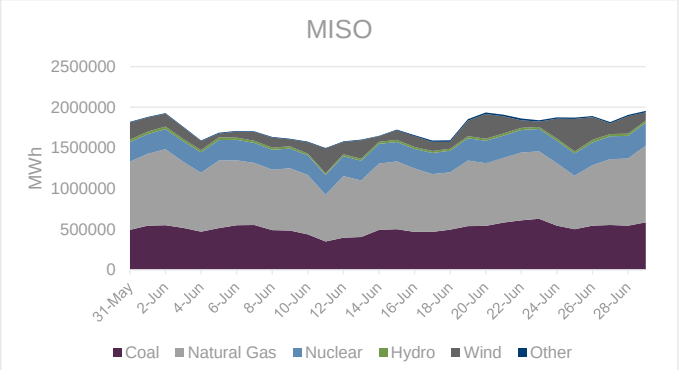

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

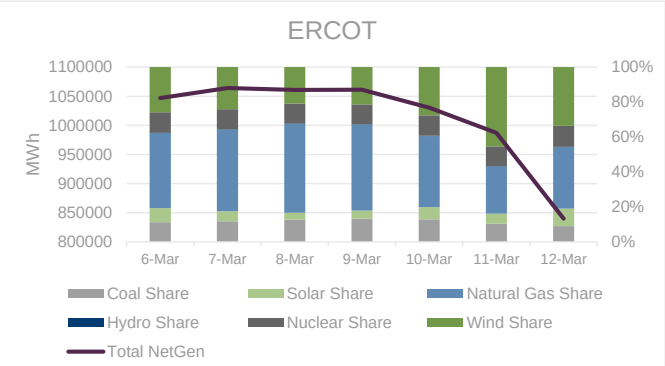

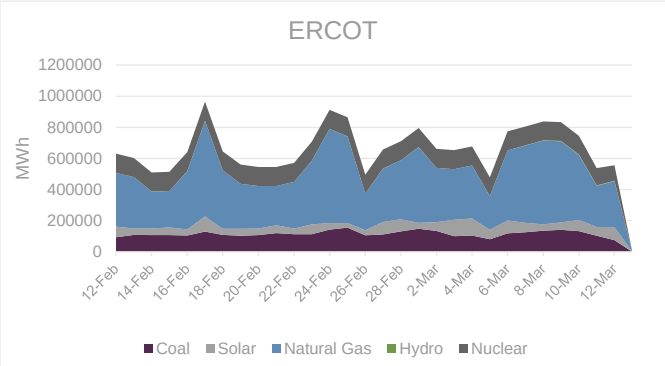

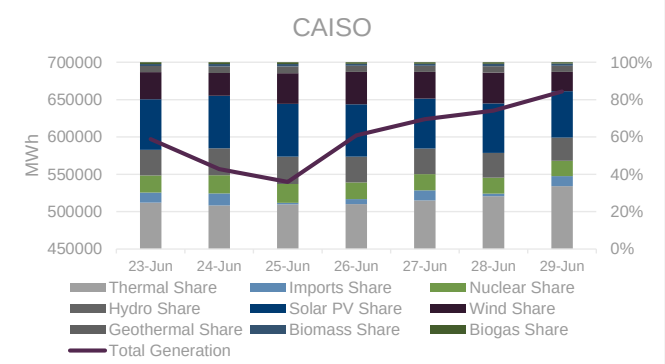

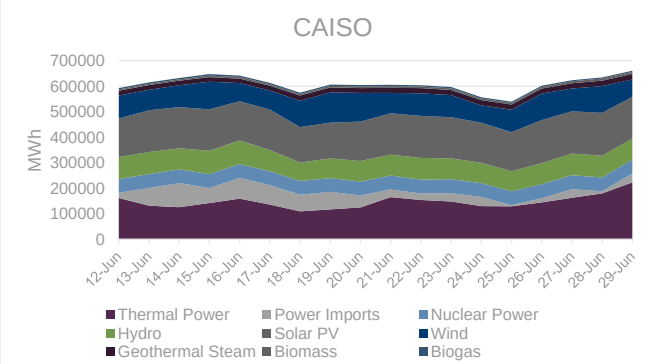

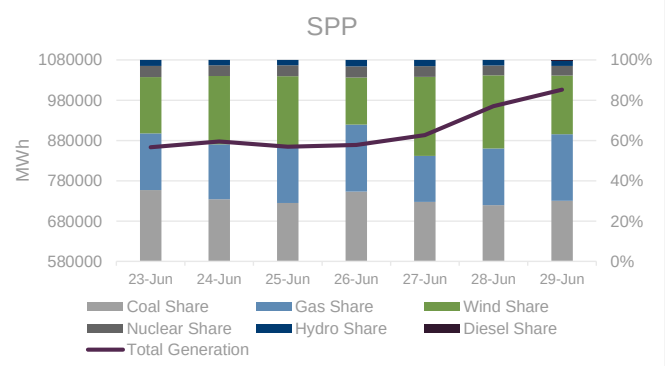

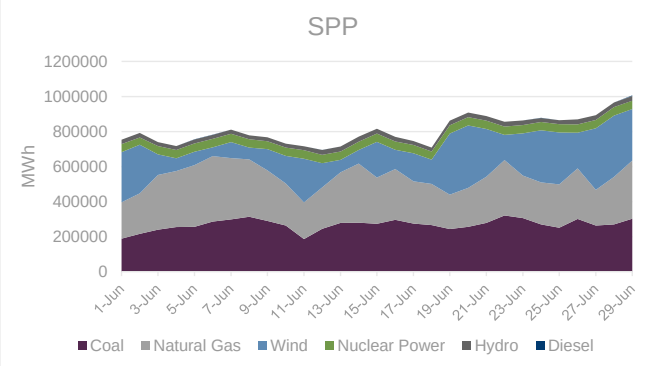

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

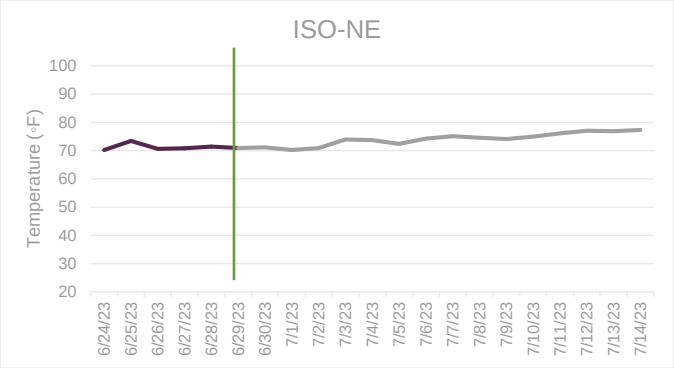

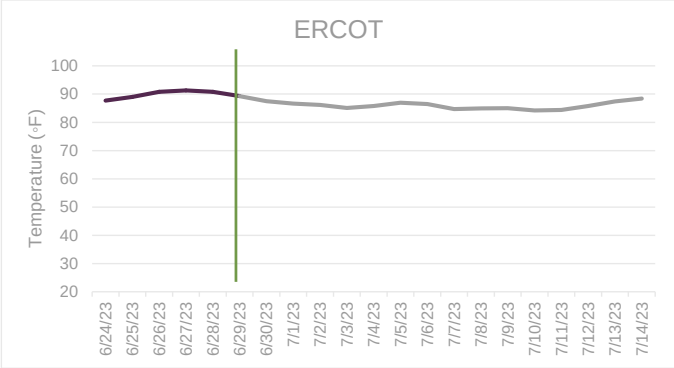

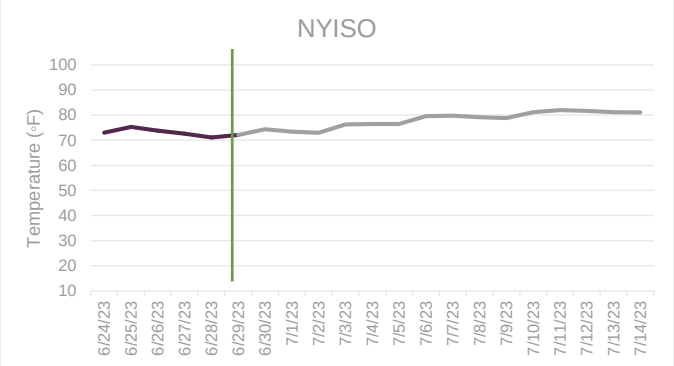

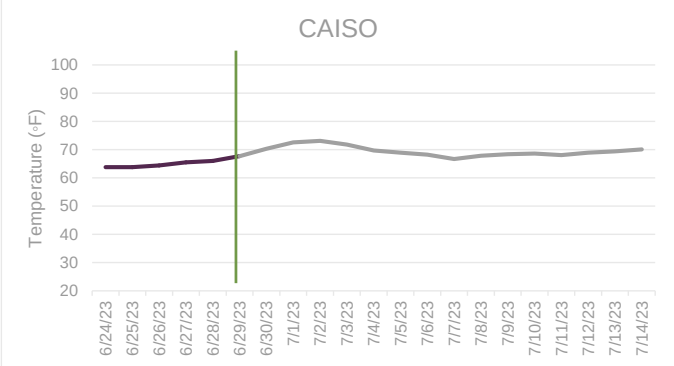

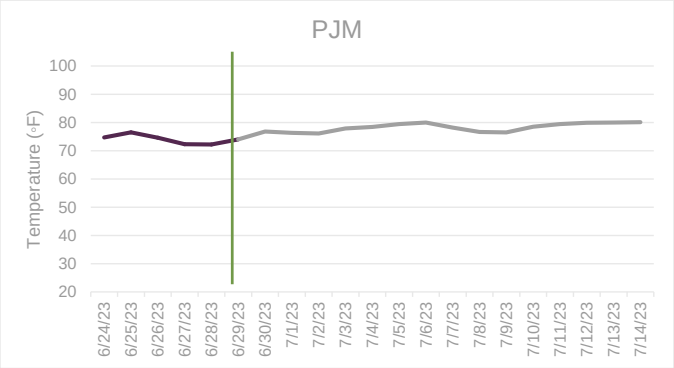

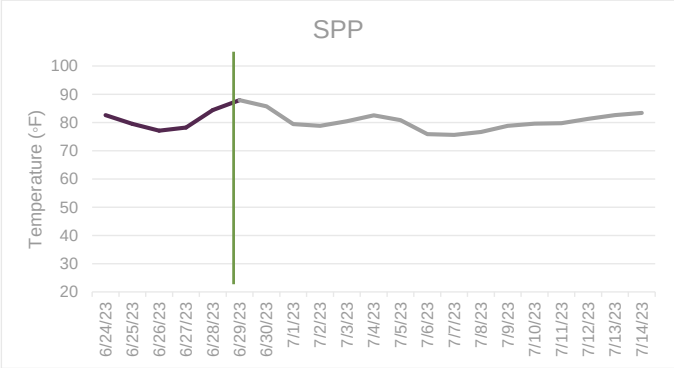

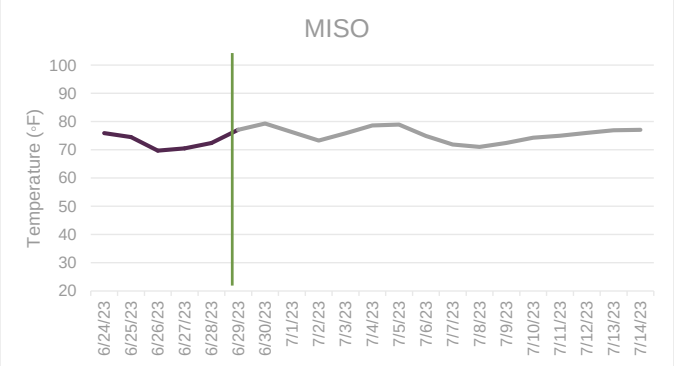

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

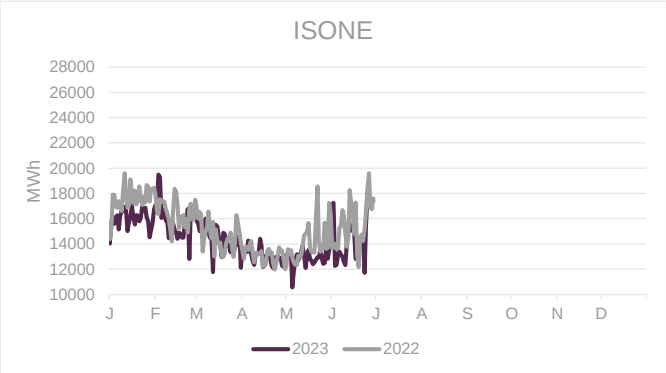

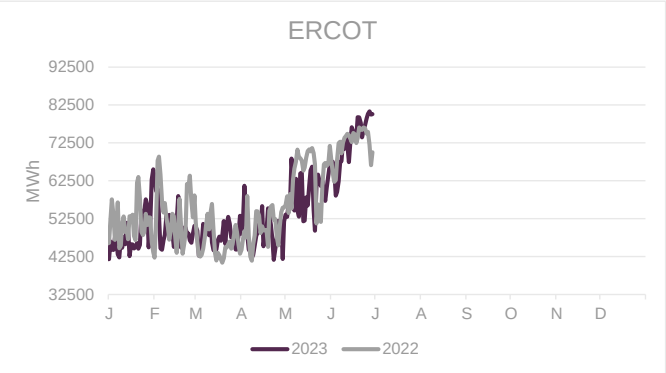

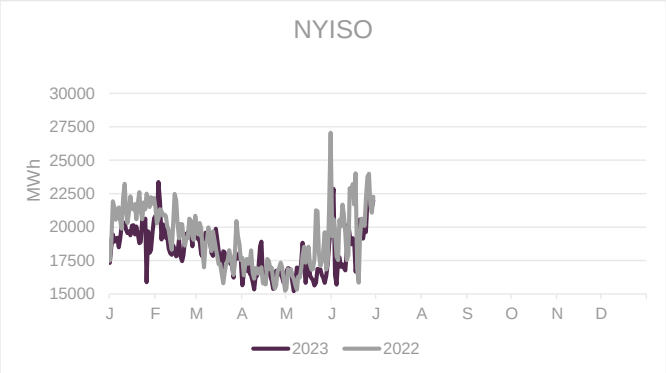

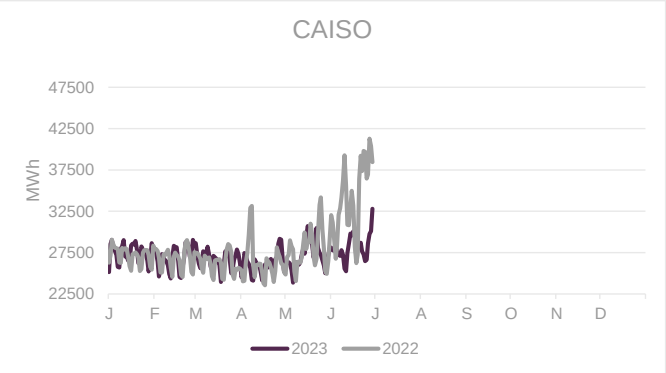

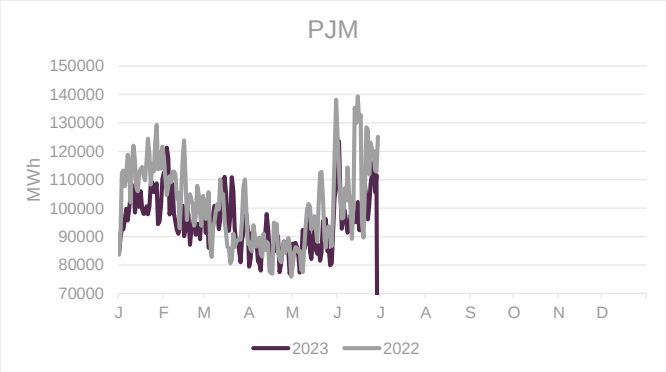

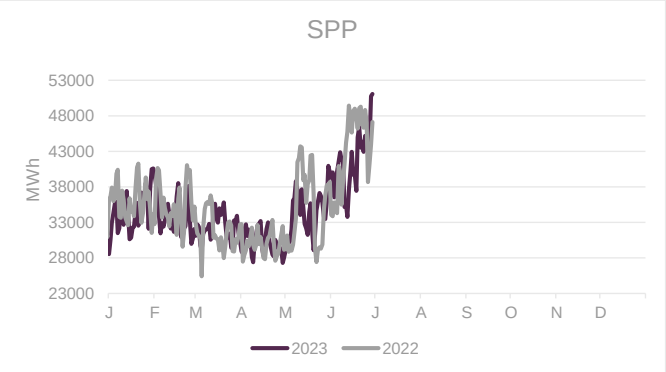

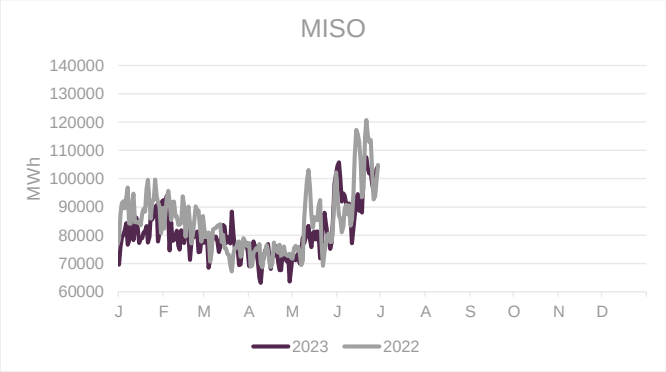

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: “If It Isn’t Broke, Don’t Fix It”
- SO: “Georgia on My Mind” While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don’t Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night’s Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE’s New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won’t Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	244	67.40%	42	17.21%
NEUTRAL	108	29.83%	6	5.56%
SELL	10	2.76%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	80.04	Buy
D	48.47	Buy
DUK	95.18	Buy
EXC	41.65	Buy
FE	36.91	Buy
PCG	17.31	Buy

Power & Utilities

September 18, 2023

The Guggenheim Daily Transmission: PCG, CA, FERC/LNG, EXC/DC, D/VA, Nuclear, FE, AEP, DUK

Please join us for our quarterly utilities investor roundtables in NYC on Sept. 25th, and NJ on Sept. 26th, both invite details below.

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our POR NDR, CEG NDR, NRG NDR, PEG NDR, NI NDR, and other events, scroll down...

Forward Power Curves, Genco MtM, and Weekly Commentary (see our note HERE)

PCG – PG&E files opening brief in GRC Phase II proceeding on distribution capacity balancing account aligning with SB410

CA – CA passes AB1373 enhancing energy procurement and offshore wind path to market

FERC/LNG – FERC agenda for September 21 meeting includes votes on LNG projects

EXC/DC – DC PSC adopts refreshed procedural schedule in Pepco case

D/VA – DEV details substantial data center load in SCC filings

Nuclear – DOD awards contract for transportable microreactor design

FE – OPC appeals ALJ decision in Potomac Edison case

AEP – Hearing dates set in Kentucky Power docket

DUK – Procedural schedule adopted in South Carolina docket

PCG – PG&E files opening brief in GRC Phase II proceeding on distribution capacity balancing account aligning with SB410

- PG&E filed opening briefs in the Phase II proceeding of the GRC, specifically addressing a distribution capacity balancing account.
- The testimony aligns with the recently passed SB410 bill which provides support for CA electric interconnections.
- The rate mechanism authorized under SB410 and proposed by PG&E will facilitate and accelerate energization of new services in particular driven by EV adoption.
- The rate impact of this balancing account would be limited to 2.5% of distribution revenues as currently proposed.
- Docket: A2106021

Guggenheim takeaway: *The Phase 2 filings come after a recent passage of SB410, which helped codify the need for interconnection reform and provide a path for new regulatory mechanisms. We caught up with the company over the weekend. The bill and the GRC filing both acknowledge the increasing need for new distribution capacity especially as the company aligns with most recent EV adoption forecasts and goals for the state. Mgmt. noted that there was a history of underearning certain distribution capex which would be potentially resolved and enable a smoother regulatory process. The 2.5% cap as proposed could provide over $200M of revenue flexibility which supports up to 7-8x in capex deployment (~ $1.5B) and mgmt. noted that such capex would fall under upside capital that is not currently in plan and would be potentially above the authorized capex levels embedded in the Phase I proposed decision. The proposed decision was below expectations based on headline rate base figures and undergrounding miles but provides a level of clarity on PG&E core capex.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

There were also large parts of capex/rate base that were moved into separate proceedings (i.e., still room for upside vs. PD baselines) and Phase II starts to build on clarity around incremental capex. See more on our takes from the CPUC decisions in our note HERE.

CA – CA passes AB1373 enhancing energy procurement and offshore wind path to market

- CA passed AB 1373 last week, a bill to enhance energy procurement processes with CEC and CPUC.
- The bill authorizes the state agencies to approve large scale procurement of offshore wind.
- The bill has a history of multiple iterations over the years, and the passage finally aligns with state policy for up to 25 GW of offshore wind.
- AB 1373 bill text here.

Guggenheim takeaway: *The bill is an important step in guiding agencies on energy procurement which is the path to market for offshore wind. CA has not been the leader in offshore wind development and many of the northeast states are currently struggling with offshore wind policy and development.*

FERC/LNG – FERC agenda for September 21 meeting includes votes on LNG projects

- FERC September 21, 2023 meeting agenda includes work on gas and LNG applications at the agency.
- The agenda will possibly hold votes on LNG projects including SRE's Port Arthur expansion.
- The expansion application for Port Arthur was for an incremental 6.75MTPA of capacity at the site and the developer has been addressing stakeholder concerns on the supplemental environmental assessment.
- FERC has been working on supplemental environmental assessments for PA phase 2 for an extended period of time.
- FERC Docket: CP20-55

Guggenheim takeaway:*FYI. Update on FERC process as SRE pursues further LNG expansions. There is strong local pushback on environmental impacts, but SRE has been focused on lowering environmental impacts through electrification and CCS opportunities (relative to other LNG developers). While the plans for FID on PA are completed, the expansion project is still in the earlier stage of development. The co-location for the expansion project could provide an opportunity to accelerate development timelines.*

EXC/DC – DC PSC adopts refreshed procedural schedule in Pepco case

- "In this instance, Pepco has presented good cause to enlarge the time to address the Commission's directives in Order No. 21886 because additional time is needed to develop supplemental testimony and exhibits along with supporting schedules to support a traditional historical test year rate application for the test period ending December 31, 2023. Pepco filed supplemental testimony with accompanying exhibits on the Modified EMRP Pilot, as directed by Order No. 21886, on August 31, 2023. Therefore, Pepco is directed to file supplemental testimony with accompanying exhibits and supporting schedules to support a traditional historical test year rate application for the test period ending December 31, 2023, on or before October 16, 2023." – DC PSC
- More HERE

Guggenheim takeaway: *Minor FYI for your calendars as the case remains very early in the initial data discovery phase (direct testimony not due until December).*

D/VA – DEV details substantial data center load in SCC filings

- Local media has picked up DEV's filing of data center electric service agreements totaling some 5.8GW in additional load by 2032
- "As of July 2023, the Company has 8,658 MWs contracted associated with projects with customer requested completion dates through 2031. These contracted amounts do not contemplate the many data center projects that are in a development phase and have not yet reached a point in the service connection process where a contract is executed" – DEV
- More HERE
- Media HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim takeaway: *DEV's substantial data center load and associated T&D needs remains a key area of potential growth in our view, with these latest filings and associated media coverage driving a finer point on the substantial needs between now and the end of the decade to meet the current pipeline. We continue to view core rate base growth at DEV as supportive of 5-7% growth post-review.*

Nuclear ─ DOD awards contract for transportable microreactor design

- "As part of the Strategic Capabilities Office (SCO) initiative Project Pele, the Department of Defense (DOD) has awarded a contract option to X-energy, LLC of Rockville, Maryland in order to develop an enhanced engineering design for a transportable micro nuclear reactor." - release
- More HERE

Guggenheim takeaway: *Minor FYI as we continue to monitor federal support for microreactors.*

FE ─ OPC appeals ALJ decision in Potomac Edison case

- The OPC issued an appeal in response to the ALJ's proposed order in Potomac Edison's electric distribution rate case.
- OPC's complaints primarily appear to focus around ongoing HB6 disputes, particularly accounting-related ones.
- The ALJ recommended a 9.5% ROE, in line with Staff's 9.5% recommendation as well, and also accepted Staff's recommendation to adopt the utility's 53% requested equity ratio.
- A final order is scheduled to be issued on October 18th.
- Docket 9695

Guggenheim takeaway: *We note that modeling to a 9.5% ROE on 53% equity results in no change to FE's EPS vs. the utility's prior earnings parameters of a 9.65% ROE and 52.82% equity ratio, which we had been modeling previously. This is due to MD making up ~3% of FE's rate base.*

AEP ─ Hearing dates set in Kentucky Power docket

- This docket is part of an ongoing KY PSC investigation dating back originally to 2021.
- A hearing has been scheduled for January 31, 2024, and again on February 1, 2024.
- Docket 2021-00370

Guggenheim takeaway: *Flagging for your calendar.*

DUK ─ Procedural schedule adopted in South Carolina docket

- This docket was created to establish Green Source Advantage Programs and Riders GSA.
- The docket was originally opened in October 2018.
- Docket 2018-320-E

Guggenheim takeaway: *Routine in nature but flagging for your calendar.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Portland General Electric Company (POR)

Joseph Trpik, *Chief Financial Officer*
Nick White, *Investor Relations*

Dates & Locations

September 18, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $4.75bn
Portland General Electric Co (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Monday, September 25th

Dates & Time

Monday, September 25, 2023
5:30PM ET

Location

New York
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Tuesday, September 26th

Dates & Time

Tuesday, September 26, 2023
6:00PM ET

Location

New Jersey
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

NRG Energy Inc. (NRG)

Mauricio Gutierrez, President & Chief Executive Officer
Bruce Chung, Chief Financial Officer
Kevin Cole, Treasurer & Head of Investor Relations

Dates & Locations
October 4 – 5, 2023
West Coast

Meeting Format
NDR - 1:1 Meetings

Company Information
Market Cap: $8.83bn
NRG Energy, Inc. (NRG) engages in the production, sale, and distribution of energy and energy services. It operates through the following segments: Generation, Retail, and Corporate. The Generation segment includes all power plant activities, domestic and international, as well as renewables. The Retail segment includes mass customers and business solutions, and other distributed and reliability products. The Corporate segment includes residential solar and electric vehicle services. The company was founded in 1989 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	9/18–9/19	NYC
NY Roundtable	9/25	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
NRG	10/4–10/5	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona
FE CFO Lunch	12/6	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

9/15/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$56.56	3,246	3.70	4.17	4.56	4.87	5.07	3.70	4.10	4.36	4.65	5.05	–	0.07	0.20	0.22	–	15.3x	13.8x	13.0x	12.2x	11.2x	-11%	-13%	-13%	-13%	-15%	8.4%	5.0%	70%	Sell	$49	-8%	Neutral	$62	15%
AVA	$34.89	2,670	2.28	2.49	2.61	2.67	2.73	2.29	2.50	2.61	2.65	2.73	–	–	–	–	–	15.2x	14.0x	13.4x	13.2x	12.8x	-11%	-12%	-10%	-6%	-3%	5.2%	5.4%	78%	Sell	$33	0%	Sell	$40	21%
NWE	$51.96	3,120	3.42	3.55	3.75	3.91	4.08	3.42	3.54	3.74	3.86	3.98	–	–	–	0.06	0.10	15.2x	14.7x	13.9x	13.5x	13.1x	-11%	-8%	-7%	-4%	-1%	5.1%	5.0%	74%	Sell	$48	-3%	Neutral	$58	16%
POR	$44.44	4,493	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.23	3.35	3.55	–	–	–	–	–	16.6x	14.6x	13.7x	13.3x	12.5x	-3%	-8%	-8%	-5%	-5%	5.3%	4.4%	66%	Buy	$48	12%	Buy	$50	17%
		13,529																**15.6x**	**14.3x**	**13.5x**	**13.0x**	**12.4x**	**-9%**	**-10%**	**-9%**	**-7%**	**-6%**	**6.0%**	**5.0%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$80.77	21,200	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.01	5.35	5.66	–	–	0.04	0.05	–	18.5x	17.3x	16.1x	15.1x	14.3x	8%	9%	8%	8%	8%	6.6%	3.3%	58%	Neutral	$85	9%	Buy	$88	12%
AEP	$80.04	41,235	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.31	6.71	–	0.04	–	0.08	0.10	15.2x	14.3x	13.4x	12.7x	11.9x	-11%	-10%	-10%	-9%	-10%	6.0%	4.3%	63%	Buy	$96	24%	Buy	$94	22%
CMS	$57.21	16,690	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.62	3.88	4.15	–	0.06	0.03	0.03	0.11	18.4x	17.1x	15.8x	14.8x	13.8x	8%	7%	6%	5%	4%	8.1%	3.6%	63%	Neutral	$61	10%	Buy	$64	15%
CNP	$29.08	18,304	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	19.4x	18.0x	16.8x	15.6x	14.4x	13%	13%	13%	11%	9%	9.5%	2.7%	49%	Buy	$34	20%	Buy	$32	13%
D	$48.47	40,558	3.37	3.54	3.75	4.24	4.50	3.28	3.41	3.58	4.00	4.07	0.09	0.13	0.18	0.24	0.43	14.8x	14.2x	13.6x	12.1x	11.9x	-14%	-11%	-9%	-13%	-10%	1.4%	5.5%	80%	Buy	$56	21%	Neutral	$52	12%
DTE	$106.78	22,008	6.26	6.73	7.19	7.75	8.30	6.23	6.69	7.18	7.74	8.27	–	0.04	–	–	–	17.1x	16.0x	14.9x	13.8x	12.9x	0%	0%	-0%	-1%	-2%	6.4%	3.8%	62%	Buy	$124	20%	Buy	$123	19%
DUK	$95.18	73,384	5.65	6.05	6.35	6.75	7.15	5.62	5.98	6.33	6.74	7.16	0.03	0.07	–	–	–	16.9x	15.9x	15.0x	14.1x	13.3x	-1%	0%	1%	1%	1%	6.3%	4.4%	71%	Buy	$102	12%	Buy	$99	9%
ED	$91.49	31,557	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.51	5.79	6.05	(0.03)	(0.05)	–	–	(0.03)	18.7x	17.5x	16.6x	15.8x	15.1x	9%	10%	11%	13%	14%	5.6%	3.6%	65%	Neutral	$85	-3%	Neutral	$88	0%
EIX	$71.56	27,428	4.71	4.98	5.48	5.71	6.03	4.72	5.13	5.62	5.98	6.25	–	(0.15)	(0.14)	(0.27)	(0.22)	15.2x	14.0x	12.7x	12.0x	11.4x	-11%	-12%	-15%	-14%	-13%	5.5%	4.3%	61%	Neutral	$74	8%	Buy	$74	8%
ES	$64.21	22,415	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.25	5.60	–	0.08	0.06	–	(0.11)	14.7x	13.8x	13.0x	12.2x	11.5x	-14%	-13%	-13%	-13%	-13%	6.1%	4.4%	62%	Buy	$80	29%	Buy	$79	28%
ETR	$98.40	20,807	6.71	7.16	7.76	8.31	8.97	6.70	7.19	7.71	8.25	8.85	–	(0.03)	0.05	0.06	0.12	14.7x	13.7x	12.8x	11.9x	11.1x	-14%	-14%	-14%	-15%	-16%	6.9%	4.6%	64%	Buy	$113	19%	Buy	$114	21%
EVRG	$54.14	12,430	3.65	3.97	4.24	4.47	4.75	3.63	3.92	4.17	4.37	4.66	–	0.05	0.07	0.10	0.09	14.9x	13.8x	13.0x	12.4x	11.6x	-13%	-13%	-13%	-11%	-12%	4.8%	4.8%	67%	Buy	$68	30%	Buy	$62	20%
EXC	$41.65	41,413	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.11	–	–	–	–	–	17.6x	16.6x	15.3x	14.3x	13.4x	3%	4%	3%	2%	1%	6.4%	3.7%	62%	Buy	$45	12%	Buy	$45	12%
FE	$36.91	21,163	2.54	2.69	2.89	3.07	3.27	2.54	2.69	2.88	3.05	3.24	–	–	–	–	0.03	14.6x	13.7x	12.8x	12.1x	11.4x	-15%	-14%	-14%	-14%	-14%	6.3%	4.4%	61%	Buy	$44	24%	Buy	$41	16%
LNT	$51.78	13,086	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.28	3.47	3.67	–	–	–	–	–	17.9x	16.8x	15.8x	14.9x	14.1x	5%	6%	6%	7%	7%	6.1%	3.7%	63%	Neutral	$49	-2%	Buy	$55	10%
OGE	$35.77	7,164	2.02	2.16	2.25	2.37	2.48	2.01	2.14	2.27	2.38	2.50	–	–	–	–	–	17.8x	16.7x	15.8x	15.1x	14.3x	4%	5%	6%	8%	8%	2.8%	4.8%	81%	Neutral	$36	5%	Buy	$38	10%
PCG	$17.31	36,199	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.59	1.73	–	–	–	–	–	14.3x	12.9x	11.8x	10.9x	10.0x	-16%	-19%	-21%	-22%	-24%	9.7%	1.0%	14%	Buy	$21	22%	Buy	$19	11%
PEG	$61.35	30,620	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.25	4.52	–	–	0.04	0.04	0.07	17.7x	16.6x	15.1x	14.4x	13.6x	4%	4%	2%	3%	3%	5.8%	3.9%	65%	Buy	$70	18%	Buy	$67	13%
PNW	$78.62	8,909	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.48	5.61	–	–	–	(0.23)	(0.21)	18.7x	15.8x	15.2x	14.3x	14.0x	9%	-1%	2%	3%	6%	4.9%	4.5%	74%	Neutral	$83	10%	Neutral	$80	7%
PPL	$25.66	18,914	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	16.2x	15.1x	14.1x	13.2x	12.5x	-5%	-5%	-5%	-5%	-6%	8.0%	3.9%	61%	Buy	$31	25%	Buy	$30	21%
SO	$71.09	77,596	3.60	4.05	4.30	4.55	4.80	3.60	4.03	4.31	4.55	4.76	–	–	–	–	0.04	19.8x	17.7x	16.5x	15.6x	14.9x	15%	11%	11%	12%	13%	5.9%	4.0%	73%	Buy	$80	17%	Buy	$73	7%
WEC	$86.26	27,209	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.7x	17.5x	16.4x	15.4x	14.5x	9%	10%	10%	10%	9%	6.1%	3.8%	68%	Neutral	$94	13%	Buy	$95	14%
Mid/Lg Cap (excl. EIX, PCG)																		**17.1x**	**15.9x**	**14.9x**	**14.0x**	**13.2x**						**6.0%**	**4.1%**	**66%**						
SMID + Lg Cap		**643,817**																**16.9x**	**15.6x**	**14.7x**	**13.8x**	**13.1x**						**6.0%**	**4.2%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$68.64	138,908	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	–	(0.14)	22.0x	20.6x	18.6x	17.1x	15.6x	28%	30%	25%	22%	18%	8%	2.9%	61%	Buy	$86	28%	Buy	$89	32%
SRE	$73.10	46,002	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.04	5.33	5.88	4.49	4.69	5.09	5.48	5.83	16.2x	15.2x	14.5x	13.7x	12.4x	-5%	-4%	-3%	-2%	-6%	5%	3.9%	60%	Buy	$172	139%	Buy	$81	14%
		184,910																**19.1x**	**17.9x**	**16.6x**	**15.4x**	**14.0x**	**12%**	**13%**	**11%**	**10%**	**6%**	**6.5%**	**3.4%**	**61%**						
Gas LDCs																																				
NI	$27.67	11,435	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.82	1.94	2.07	–	–	–	–	–	17.5x	16.5x	15.2x	14.2x	13.4x	2%	4%	2%	2%	1%	7%	3.8%	64%	Buy	$30	12%	Buy	$31	17%
CPK	$111.13	1,978	5.42	5.84	6.23	6.59	6.94	5.34	5.83	6.25	6.58	6.92	0.08	–	–	–	–	20.8x	19.1x	17.8x	16.9x	16.1x	22%	20%	19%	21%	21%	7%	2.2%	43%	Neutral	$112	3%	Buy	$132	21%
NJR	$43.54	4,248	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.95	3.13	3.42	–	–	–	–	(0.08)	16.2x	15.8x	14.7x	13.9x	12.7x	-5%	-1%	-1%	-0%	-4%	6%	3.8%	60%	Neutral	$47	12%	Buy	$49	16%
NWN	$41.22	1,447	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.04	3.22	–	0.06	–	0.05	–	15.5x	14.9x	13.7x	13.6x	12.8x	-10%	-7%	-8%	-3%	-3%	5%	4.8%	72%	Neutral	$42	7%	Buy	$50	26%
OGS	$75.65	4,286	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.58	4.97	5.30	–	(0.06)	(0.05)	–	–	18.3x	17.6x	16.5x	15.2x	14.3x	7%	11%	11%	9%	8%	10%	3.6%	63%	Neutral	$73	0%	Neutral	$78	7%
SR	$60.65	3,190	4.20	4.31	4.57	4.73	4.99	4.20	4.33	4.64	4.82	5.06	–	–	(0.06)	(0.09)	(0.07)	14.5x	14.0x	13.1x	12.6x	12.0x	-16%	-12%	-12%	-10%	-9%	5%	5.0%	70%	Neutral	$65	12%	Neutral	$68	17%
		26,583																**17.1x**	**16.3x**	**15.2x**	**14.4x**	**13.5x**	**0%**	**3%**	**2%**	**3%**	**2%**	**6.7%**	**3.9%**	**62%**						
Regulated Water																																				
AWK	$138.90	27,039	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.04	6.46	–	–	–	(0.06)	–	28.9x	27.0x	24.8x	23.0x	21.5x	69%	70%	67%	64%	63%	7%	2.1%	58%	Neutral	$147	8%	Buy	$157	15%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$109.93	35,353	3,150	3,451	3,509	3,346	3,804	3,492	3,959	3,831	3,780	3,875	(342)	(507)	(322)	(434)	(71)	11.3x	9.8x	9.7x	9.6x	9.0x	39,486	38,656	37,328	36,185	34,765	9.6%	1.1%	22%	Buy	$97	-11%	Buy	$109	1%
NRG	$39.10	8,958	3,181	3,122	3,126	3,042	3,107	2,960	3,210	3,059	2,693	2,791	221	(88)	67	349	316	6.2x	5.4x	5.2x	5.4x	4.6x	18,496	17,273	15,794	14,412	12,958	21.2%	4.1%	28%	Neutral	$34	-9%	Neutral	$41	8%
VST	$32.91	12,097	3,700	3,755	3,792	3,621	3,535	3,821	4,083	3,966	3,762	3,724	(120)	(329)	(174)	(141)	(189)	6.4x	5.9x	6.0x	6.2x	6.2x	24,444	24,277	23,703	23,260	23,218	6.8%	2.7%	25%	Buy	$31	-3%	Buy	$34	7%
Other																																				
NEP	$50.92	4,758	1,837	1,977	2,143	2,325	2,471	1,909	2,140	2,342	2,455	2,471	(72)	(163)	(199)	(130)	–												7.4%	–	Buy	$74	53%	Buy	$76	57%
SMR	$6.00	447	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	200%	Buy	$12	106%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

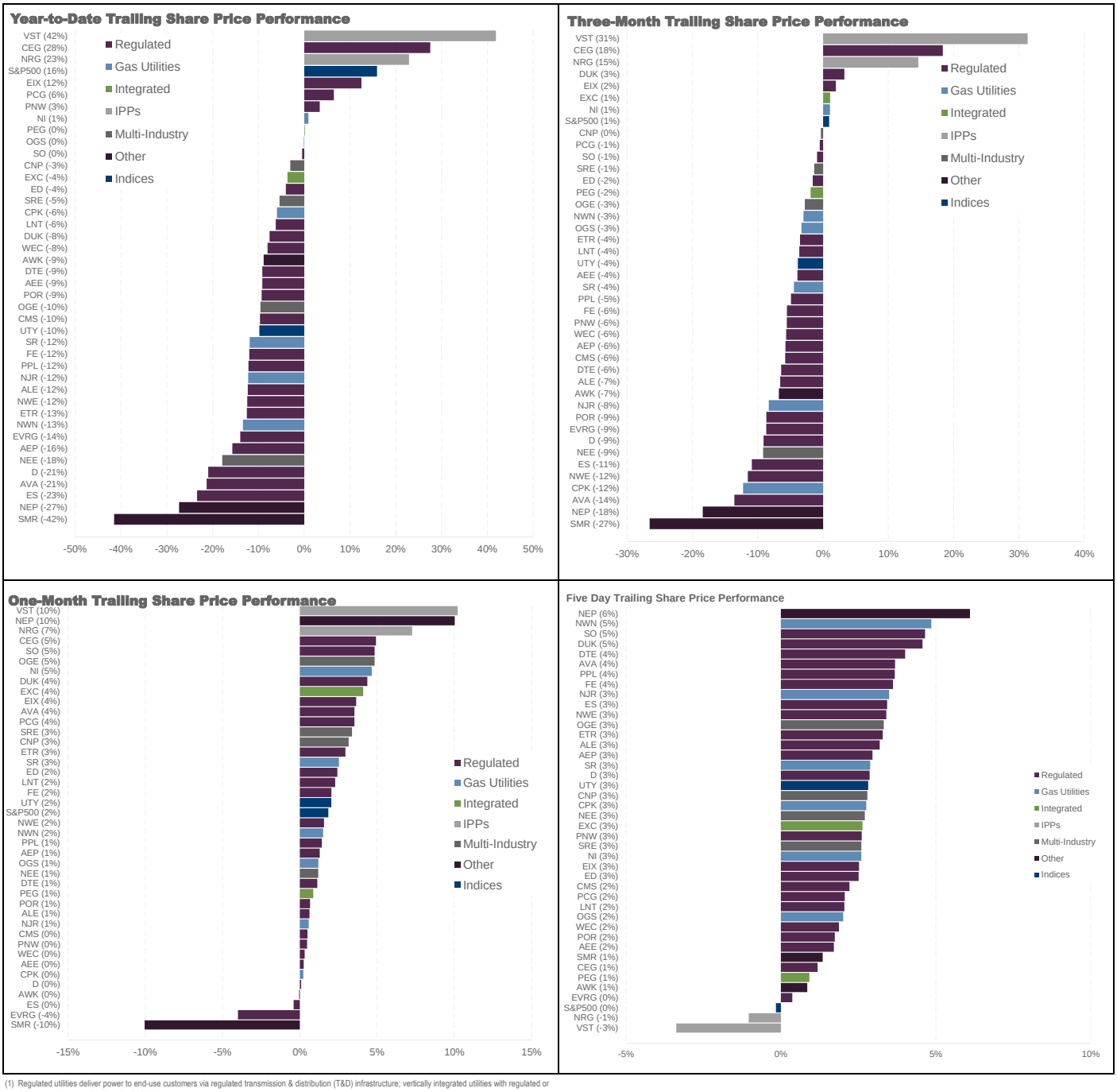

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

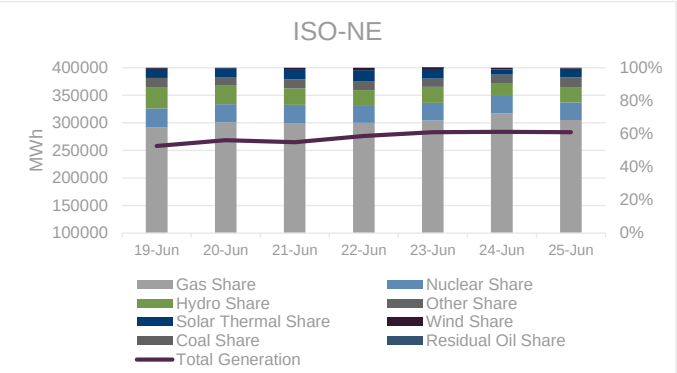

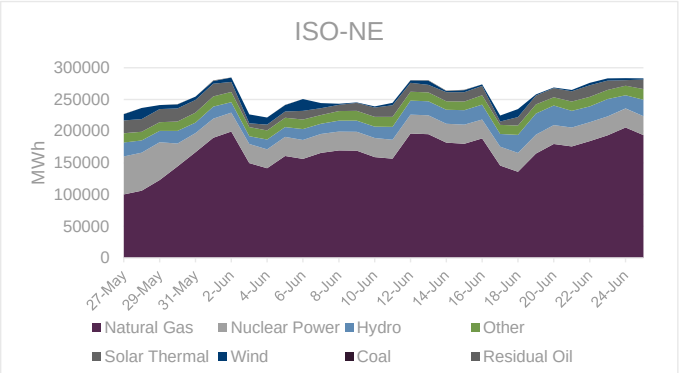

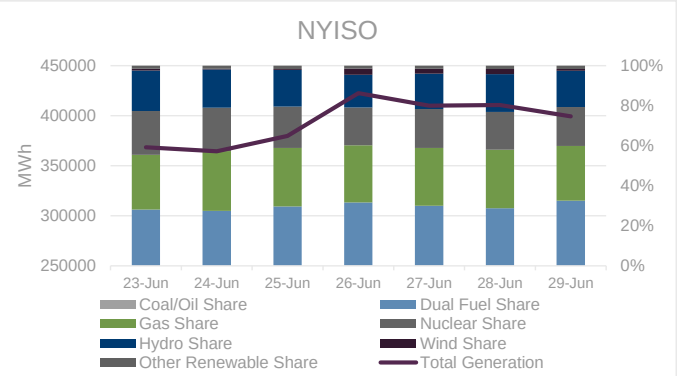

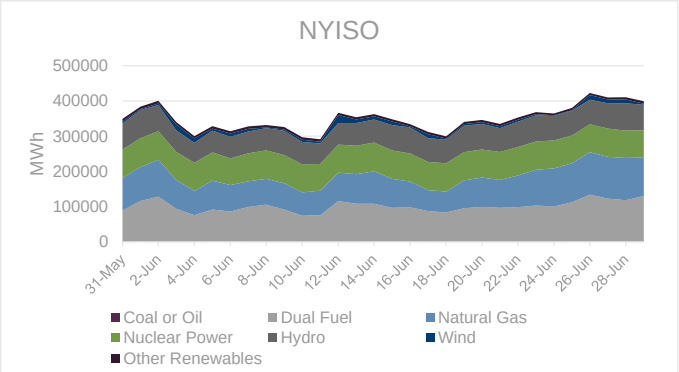

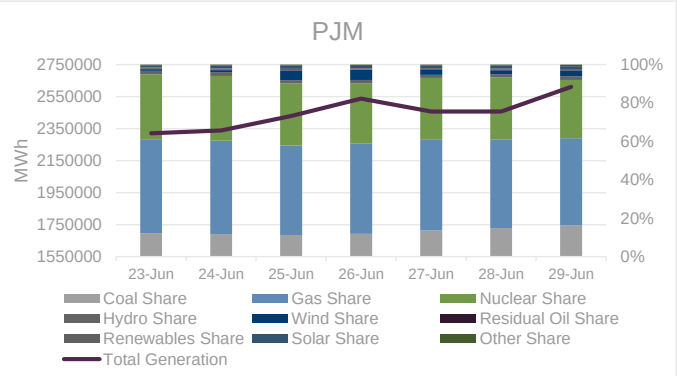

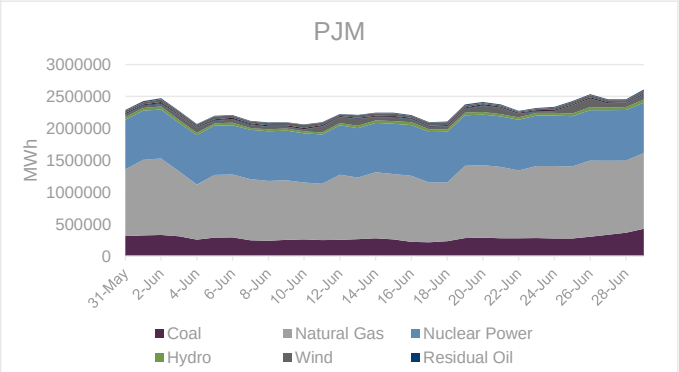

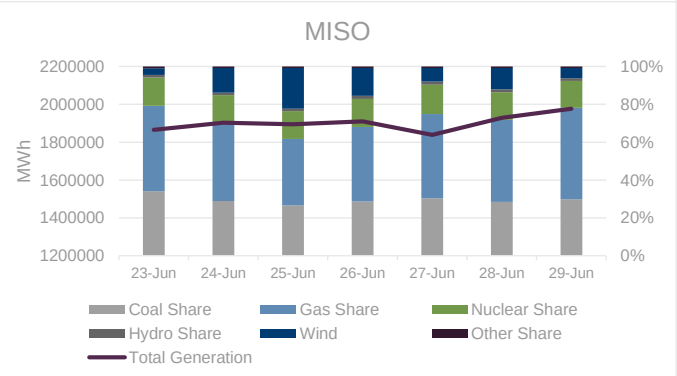

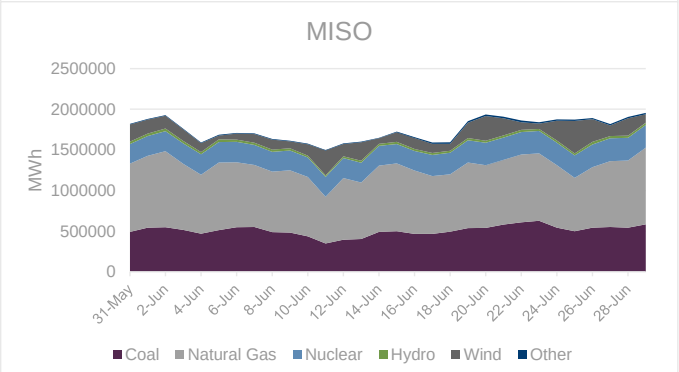

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

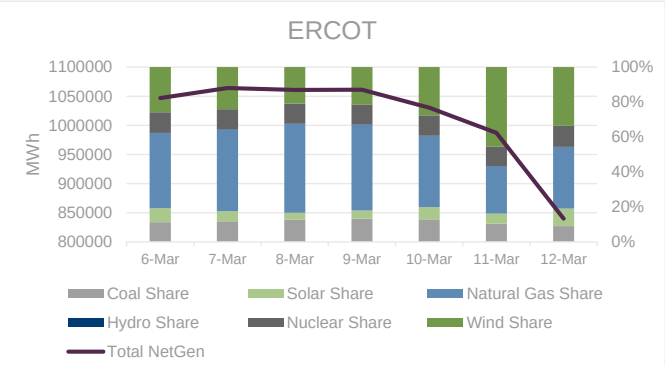

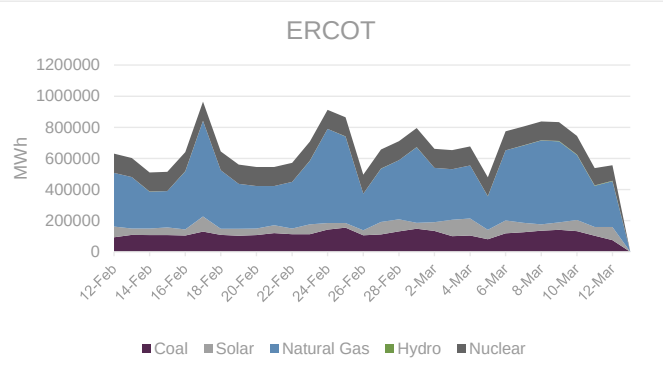

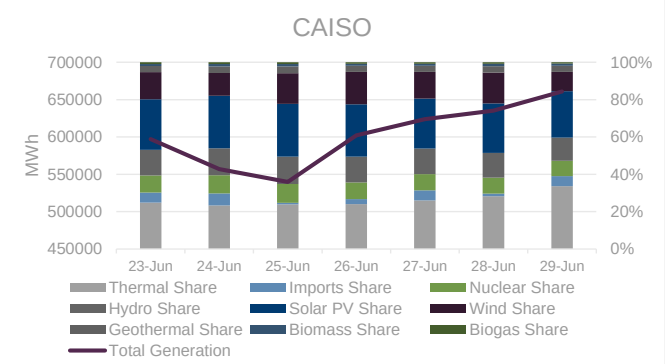

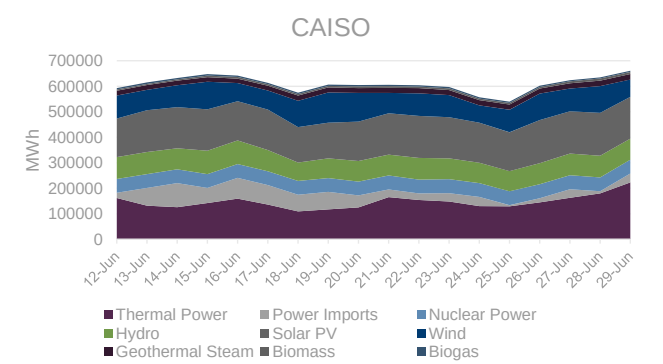

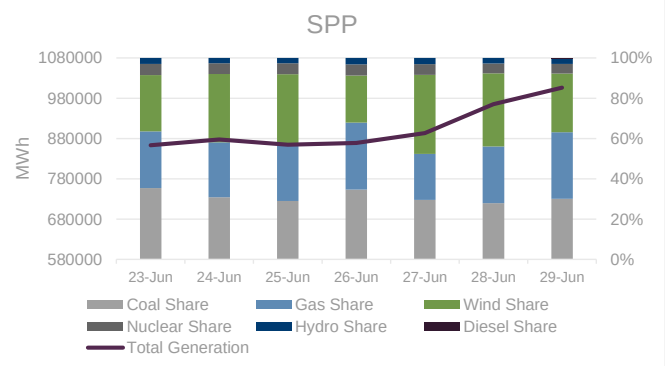

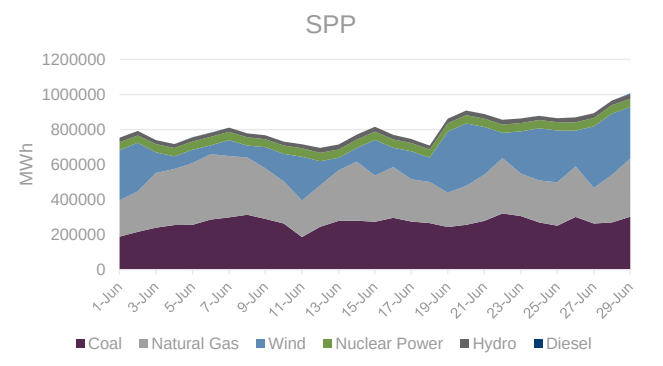

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

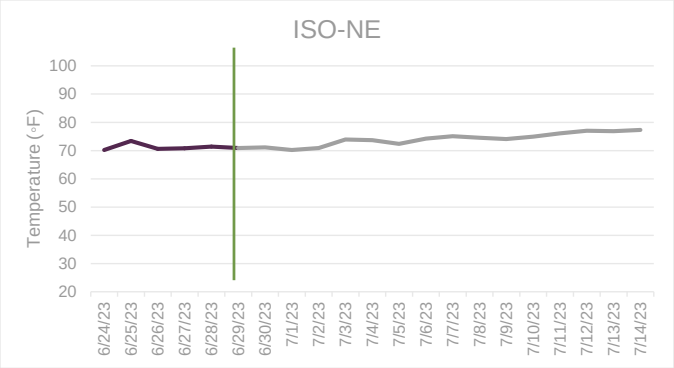

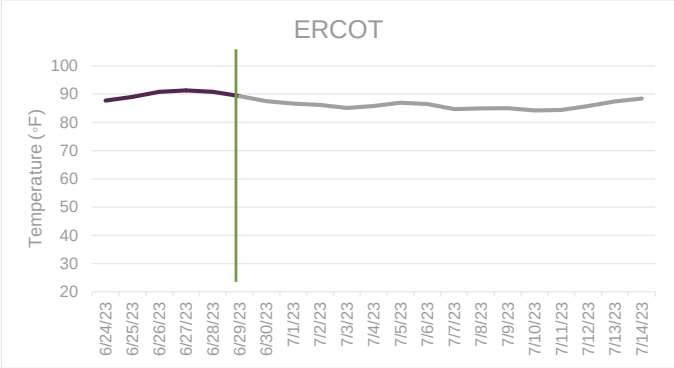

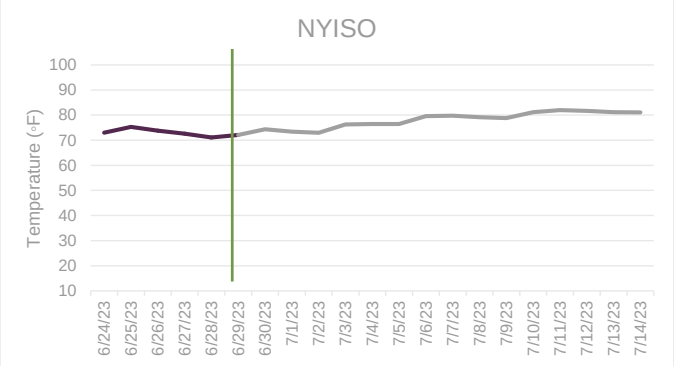

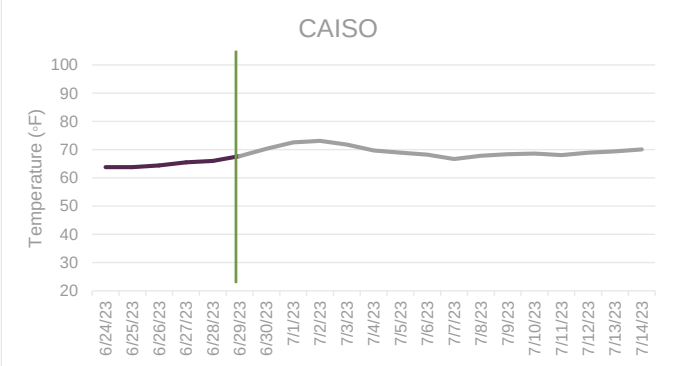

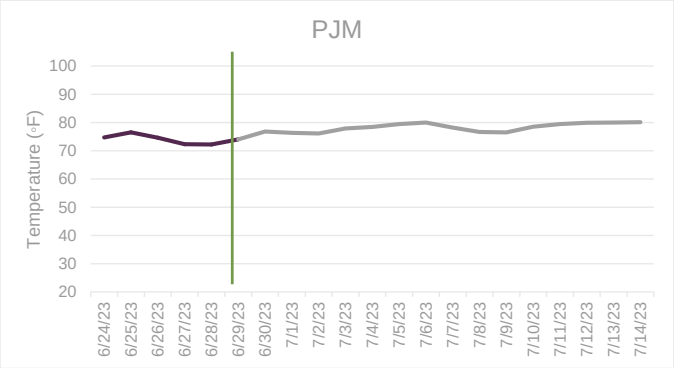

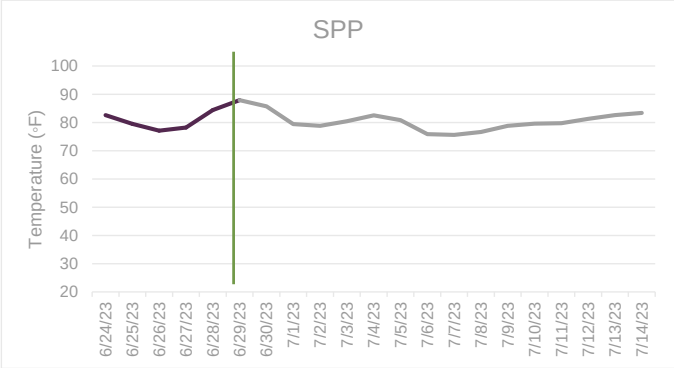

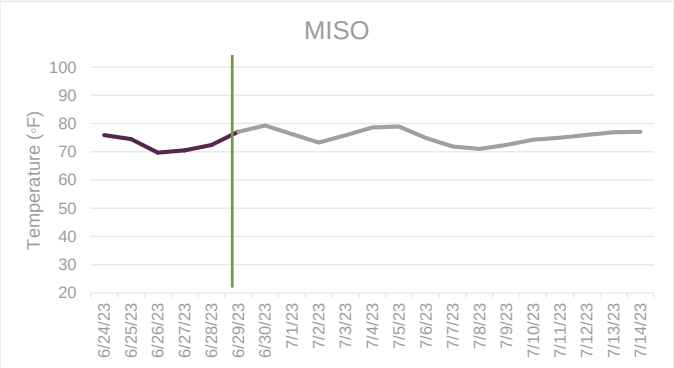

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

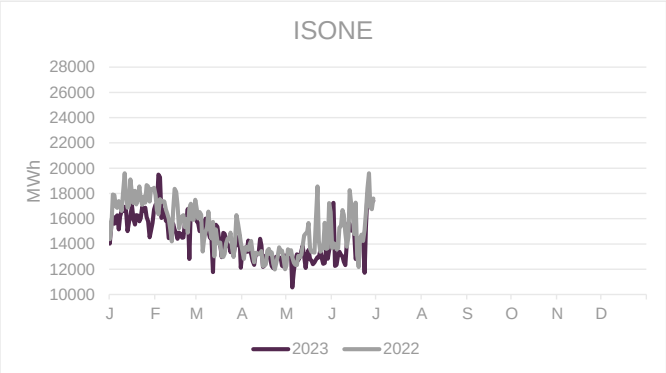

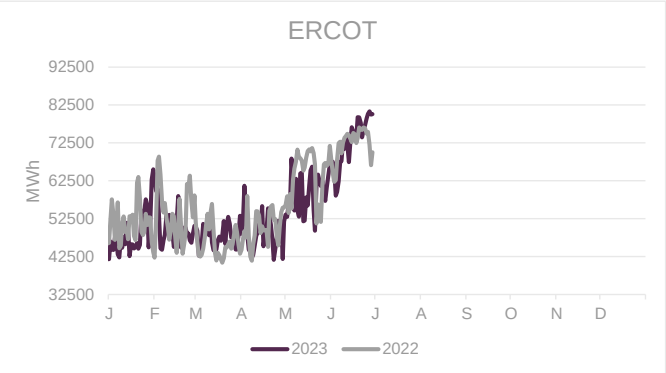

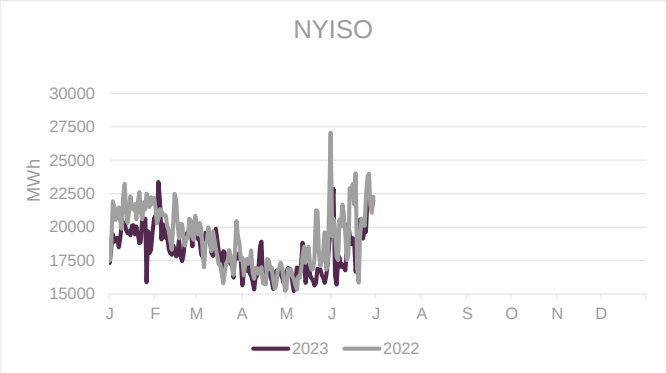

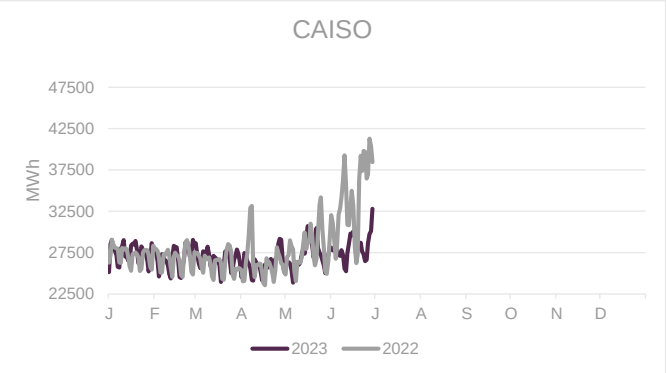

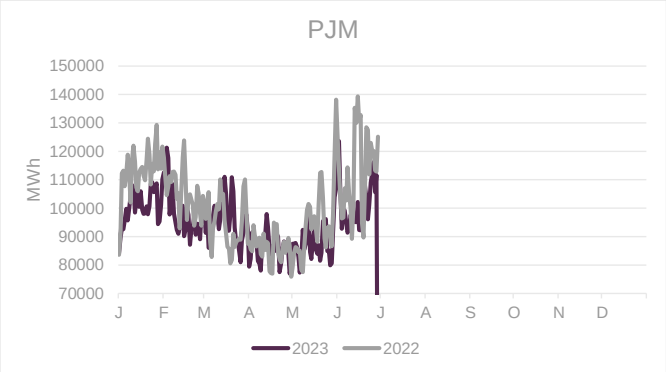

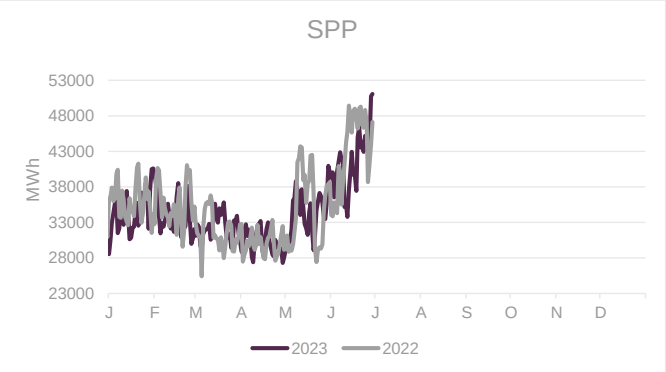

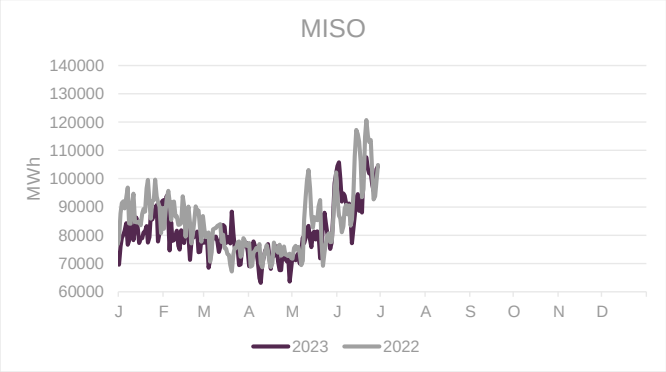

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: “If It Isn’t Broke, Don’t Fix It”
- SO: “Georgia on My Mind” While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don’t Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night’s Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE’s New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won’t Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	246	66.49%	42	17.07%
NEUTRAL	114	30.81%	7	6.14%
SELL	10	2.70%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

KeyBanc Capital Markets

Alert

September 18, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: D, CMS, SO, XEL, AGR, AEP, ETR, WEC, CEG, EXC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in D's VA IRP, CMS's electric rate case in MI, FERC's Open Meeting, SO's gas rate case in IL, and XEL's rate cases in WI. In other news, the NM Supreme Court holds oral arguments in the PNM merger; the MN PUC rejects XEL's MN MYRP rehearing request; the WV PSC issues order authorizing $89M revenue increase in AEP ENEC proceedings; the CCNO authorizes a $17M cumulative rate increase for ETR's 2023 FRP; parties file proposed orders in WEC's Peoples Gas and North Shore rate cases; and CEG and ComEd reach a 100% carbon-free energy matching agreement. ***Don't miss our schedule of meetings at the EEI this fall and contact us to join the meetings.***

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Please scroll down for our full schedule, including dinners with **DTE** and **AGR**, and contact us or your KBCM sales representative to schedule meetings.

ICYMI
Last week, we held meetings with the management teams from **AVA** and **NWE**. Please read our takeaways here and here.

Regulatory Calendar
D — Hearings in D's VA IRP begin on September 18: D filed rebuttal testimony noting that it incorporated PJM's load forecast into its data center forecast and defended the credibility of its forecasts since they incorporate EE and DR programs and use county-by-county load forecasts based on customer commitments. Staff and interveners believe that D's forecasted growth is optimistic, requiring D to build SMRs and continue operating fossil fuel plants. According to Staff, D's demand would peak at 22,000 MW, up from 17,000 MW currently but below D's forecasted peak load of 27,000 MW. The 2023 IRP covers the 15-year period starting in 2024-2038 using 2023 as the base year. The 25-year planning period extends to 2048. The plan considers PJM-projected annual peak and energy load growth of 5% and 7% over the next decade, respectively, driven by data centers and less so by electrification trends. D is projecting the addition of ~20 GW of resources in the 15-year period and ~32 GW (net of retirements) in the 25-year period. D has considered the provisions of the IRA and the IIJA in its planning. We wrote on D's initial IRP filing here.

CMS — Rebuttal testimony in CMS's MI electric rate case is due on September 19: Staff recommended a $95M revenue increase based on 9.8% ROE (50% equity) vs. CMS's request for $218M in revenue requirement based on a 10.25% ROE (52% equity)—the difference driven primarily by a lower ROE. Both the AG's office and Staff recommend removing ~$260M of capex for the Mustang Mile solar project with the AG citing uncertain timing and amount of capex as the reason. Staff recommends removing the capex from plant in service to CWIP since the project is expected to come online after the end of the test year. With respect to a CMS-proposed IRM, Staff proposes some changes if the commission decides to include an IRM (Investment Recovery Mechanism) tracker to ring-fence certain investments, including those for reliability and resilience, to make it easier to track the performance of these investments. An ALJ PD is expected on December 21.

FERC — FERC's Open Meeting is scheduled for September 21: A copy of the Sunshine Notice is included here.

SO — A proposed order in **SO's Northern IL gas rate case is due on September 22:** In its draft order, IL ICC Staff suggests a $254M revenue deficiency, premised on 9.89% ROE/50% equity, $6.07B rate base, and a 2024 YE test year. This compares to Nicor Gas's $317M revenue increase request, premised on a 10.3% ROE, 54.5% equity, $6.158B rate base, and a 2024 test year. An ICC decision is due by November 28.

XEL — Hearings in the NSP-WI electric and gas rate cases begin on September 22: XEL adopted eight of the 13 adjustments that Staff proposed in its testimony, including the $11M adjustment in the electric rate case to reflect the extended life of the Monticello nuclear facility and several wind facilities (which were the main areas of difference between XEL and Staff testimonies). XEL opposed five of the Staff proposed adjustments, including the ROE, AIP costs, RAP expenses, fuel adjustments, and MISO charges.

Cumulatively, these adjustments lowered the electric and gas revenue deficiencies by $27M and $3M, respectively. This implies that XEL updated its request to $24M and $8M for electric and gas, respectively (vs. its original ask of $40M and $9M, respectively, premised on 10.25% ROE and 52.5% equity). Staff recommended an electric rate decrease of $3M when including fuel and purchased power adjustments and a natural gas rate increase of $5M based on an ROE of 9.7% and an equity ratio of 52.5% (Docket: 4220-UR-126).

Recent Developments for Companies Under Our Coverage

From our midweek: Staff files testimony in WEC's limited re-opener in WI; the WV PSC orders an $89M revenue increase in AEP ENEC proceedings (details pending); XEL files rebuttal testimony in WI rate cases; parties request to suspend the procedural schedule in the NJ electric rate case as settlement discussions progress; parties file initial briefs in EXC's IL electric rate case; settling parties file proposed order in D's SC natural gas rate case; EXC receives approval for $173M settlement in class action lawsuit; SIP closes minority interest sale of Port Arthur Phase 1 to KKR; the NJ governor appoints a BPU president; MD utilities seek to procure 3,729 MW of power; and EIA releases its September short-term energy outlook.

AGR — NM Supreme Court holds oral arguments in the PNM merger proceedings: The NM Supreme Court held oral arguments regarding the legality of the PRC decision in rejecting the merger of PNM with AGR despite there being broad-based stakeholder support for the transaction. AGR presented arguments followed by intervenor New Energy Economy and the PRC. The arguments presented were as expected. AGR argued that the PRC's decision departed materially from its standard, and admitted hearsay testimony related to an audit conducted in Maine by a third party without a cross exam. The PRC believes its decision was lawful, based on its determination that the proposed transaction was not in the public interest, and relied on substantial evidence. Intervenor New Energy Economy argued that while some of the commission's decision may have been supported by inadmissible evidence, it should not require the case to be remanded to the PRC and risk reopening the entire case. The Supreme Court noted that it will issue a decision as soon as possible. It is our understanding that the court will determine whether the PRC exceeded its jurisdictional authority in denying approval for the merger in late 2021 and may choose to remand the case to the commission.

XEL — MN PUC rejects XEL's rehearing request; upholds prior decision: The MN PUC voted 5-0 to exclude new evidence from the record and deny a rehearing of the multiyear rate case. XEL is assessing its options, which could include filing with the MN Court of Appeals. XEL had requested the PUC to reconsider its decision on the ROE, recovery of insurance premiums and employee compensation expenses, prepaid pension assets, and sale true-up mechanism. The MN PUC authorized a $311M revenue increase over three years, premised on 9.25% ROE/52.5% equity, vs. XEL's ask for a $498M request premised on a 10.2% ROE and the ALJ's $386M recommendation using a 9.87% ROE. Read our takeaways on the MN PUC's decision here.

AEP — WV PSC issues a partial order in the ENEC proceedings: The WV PSC issued an order in AEP's APCo and Wheeling Power Co.'s ENEC proceedings, authorizing an $89M revenue increase for the 2023-2024 forecast year, in line with AEP's request. The PSC, however, is still evaluating the prudency and cost recovery request from the 2021 and 2022 ENEC proceedings. As part of its 2023 ENEC, AEP requested ~$642M, including an under-recovered balance of ~$553M and $89M worth of projects for September 2023-August 2024. Staff recommended that AEP be allowed to recover only $99M, disallowing $258M based on the consulting firm CTC's prudence review, and recommended rejecting AEP's proposal to securitize the balance in favor of amortizing the costs over three years using AEP's cost of debt, or 2.5%, as the carrying charge. CTC conducted a prudence review following the PSC's order in May 2022 after AEP failed to meet the annual capacity factor during the 2020-2021 period, and the PSC deferred any rate increase until the prudence review was complete. AEP noted that the low capacity factors during the 2020-2021 and 2021-2022 periods were because of inadequate coal supplies. The ENEC is an annual rate adjustment mechanism allowing Wheeling and APCo to recover fuel, purchased power, and environmental compliance costs.

ETR — CCNO authorizes a $17M rate increase in the 2023 FRP: The Council of the City of New Orleans approved electric and gas rate increases of $10.5M and $6.9M, respectively. As part of its 2023 FRP filing, ETR requested electric and gas revenue increases of $21M and $8M, respectively. The requests were premised on a 9.35% ROE and 51% equity ratio, and included request for recovery of expenses, capital investments, and previously deferred reliability expenses. New rates will go into effect in the next billing cycle.

WEC — Parties file proposed orders in WEC's Peoples Gas and North Shore rate cases: Peoples Gas and North Shore Gas proposed orders for revenue increases of $401M and $17M, respectively, on rate bases of $4.8B and $429M, respectively. The requests are based on a 9.9% ROE and 54% equity layer, which has been maintained throughout the rate case. Staff's proposed order was consistent with its initial briefs, recommending revenue increases of $353M and $14M, premised on rate bases of $4.6B and $424M for Peoples Gas and North Shore, respectively. Staff also recommended an ROE of 9.83% for both companies while using Peoples Gas and North Shores' actual equity layers of 50.79% and 52.58%. An ICC decision is expected by November 29. New rates are expected to go into effect on January 1, 2024.

CEG, EXC — CEG and ComEd reach 100% carbon-free energy matching agreement: CEG and EXC's ComEd reached an agreement for CEG to provide 100% locally produced carbon-free nuclear energy to power all of ComEd's 54 offices and metered facilities. CEG will match the clean energy production to the time and place ComEd uses energy around the clock. The agreement makes ComEd the first IOU in the U.S. to achieve complete clean energy consumption in real time. CEG previously agreed with Microsoft to supply one of its Virginia data centers with 100% carbon-free nuclear energy.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 1 – KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
VA	Dominion Energy	D	PUR-2023-00066	IRP	9/18/2023	Evidentiary Hearings Begin
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	9/19/2023	Rebuttal Testimony Due
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	9/19/2023	Rebuttal Testimony
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/19/2023	Surrebuttal Testimony
	Federal Energy Reg Comm	FERC			9/21/2023	Open Meeting
IL	Ameren Illinois	AEE	D-23-0082	Electric	9/22/2023	Reply Briefs Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	9/22/2023	Proposed Order Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/22/2023	Hearings Commence
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	9/26/2023	Proposed Order Due
OR	Avista Corp.	AVA	LC81	IRP	9/26/2023	Company Reply Comments
OR	Portland General Electric Co.	POR	D-UE-416	Electric	9/26/2023	Evidentiary Hearings Begin
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	9/26/2023	Rebuttal Testimony Due
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	9/27/2023	Replay Briefs Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/27/2023	Revised Testimony
CA		CPUC	R2207005	Fixed Charges	9/29/2023	Reply Briefs
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	9/29/2023	Rebuttal Testimony Due
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	9/29/2023	Intervenor Testimony Due
MN	Ottertail Power	OTTR	21-339	IRP	9/29/2023	Reply Comments Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	10/2/2023	Intervenor Testimony
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	10/2/2023	Settlement Deadline (Track 1)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	10/2/2023	Settlement Deadline (Track 1)
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/2/2023	Surrebuttal Testimony Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	10/3/2023	Initial Briefs Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	10/4/2023	Staff and Intervenor Objections
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/4/2023	Hearings Begin
MI	DTE Electric Co.	DTE	C-U-21297	Electric	10/5/2023	PFD Target Date
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	10/5/2023	Proposed Order Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	10/5/2023	Proposed Order Due
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	10/9/2023	Evidentiary Hearings Begin
OR	Portland General Electric Co.	POR	D-UE-416	Electric	10/9/2023	Briefs Due
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	10/10/2023	Intervenor Testimony
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	10/10/2023	Reply Briefs Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	10/10/2023	Initial Briefs Due
	Short-Term Energy Outlook (Winter Fuels)	EIA			10/11/2023	STEO release
	CPI Release	BLS			10/12/2023	CPI release for Prior Month
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	10/12/2023	Briefs Due
OH	First Energy	FE	23-0301-ES-SSO	Electric	10/13/2023	Intervenor Testimony Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/13/2023	Briefs Due

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	21.2	Overweight	$91	$80.77	3.1%	58%	4.42	4.66	4.94	18.3x	17.3x	16.4x	4.37	4.69	5.02	18.5x	17.2x	16.1x
AEP	American Electric Power Company In	41.2	Sector Weight	NA	$80.04	4.2%	64%	5.30	5.63	5.97	15.1x	14.2x	13.4x	5.27	5.60	5.98	15.2x	14.3x	13.4x
CMS	CMS Energy Corp	16.7	Sector Weight	NA	$57.21	3.4%	63%	3.10	3.33	3.57	18.5x	17.2x	16.0x	3.11	3.35	3.62	18.4x	17.1x	15.8x
CNP	CenterPoint Energy Inc	18.4	Sector Weight	NA	$29.08	2.6%	51%	1.49	1.63	1.72	19.5x	17.8x	16.9x	1.49	1.62	1.73	19.5x	18.0x	16.8x
D	Dominion Energy Inc	40.6	Sector Weight	NA	$48.47	5.5%	77%	3.26	3.73	3.78	14.9x	13.0x	12.8x	3.49	3.53	3.65	13.9x	13.7x	13.3x
DTE	DTE Energy Co	22.0	Sector Weight	NA	$106.78	3.6%	62%	6.22	6.62	7.06	17.2x	16.1x	15.1x	6.23	6.67	7.14	17.1x	16.0x	15.0x
DUK	Duke Energy Corp	73.4	Overweight	$109	$95.18	4.3%	73%	5.62	6.00	6.34	16.9x	15.9x	15.0x	5.61	5.98	6.33	17.0x	15.9x	15.0x
ETR	Entergy Corp	20.8	Sector Weight	NA	$98.40	4.4%	65%	6.68	7.21	7.69	14.7x	13.6x	12.8x	6.70	7.19	7.71	14.7x	13.7x	12.8x
ES	Eversource Energy	22.4	Sector Weight	NA	$64.21	4.2%	62%	4.38	4.66	4.95	14.7x	13.8x	13.0x	4.37	4.64	4.93	14.7x	13.8x	13.0x
ED	Consolidated Edison Inc	31.6	Underweight	$77	$91.49	3.6%	66%	4.94	5.19	5.54	18.5x	17.6x	16.5x	4.90	5.23	5.51	18.7x	17.5x	16.6x
EIX	Edison International	27.4	Sector Weight	NA	$71.56	4.1%	63%	4.73	5.11	5.63	15.1x	14.0x	12.7x	4.71	5.12	5.59	15.2x	14.0x	12.8x
EXC	Exelon Corp	41.5	Sector Weight	NA	$41.65	3.5%	62%	2.36	2.53	2.72	17.6x	16.5x	15.3x	2.36	2.50	2.73	17.6x	16.6x	15.3x
FE	FirstEnergy Corp	21.2	Overweight	$45	$36.91	4.3%	62%	2.52	2.71	2.88	14.6x	13.6x	12.8x	2.54	2.69	2.85	14.5x	13.7x	12.9x
PEG	Public Service Enterprise Group Inc	30.6	Sector Weight	NA	$61.35	3.7%	66%	3.45	3.60	3.88	17.8x	17.0x	15.8x	3.46	3.69	4.06	17.7x	16.6x	15.1x
SO	Southern Co	77.5	Sector Weight	NA	$71.09	3.9%	77%	3.58	4.03	4.27	19.9x	17.6x	16.6x	3.60	4.03	4.32	19.8x	17.6x	16.4x
WEC	WEC Energy Group Inc	27.2	Overweight	$102	$86.26	3.6%	68%	4.61	4.93	5.27	18.7x	17.5x	16.4x	4.61	4.92	5.25	18.7x	17.5x	16.4x
XEL	Xcel Energy Inc	32.0	Overweight	$71	$57.97	3.6%	62%	3.36	3.57	3.75	17.3x	16.2x	15.5x	3.35	3.59	3.85	17.3x	16.1x	15.1x
					Average:	**3.9%**	**65%**				**17.0x**	**15.8x**	**14.9x**				**17.0x**	**15.9x**	**14.8x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.7	Sector Weight	NA	$34.89	5.3%	80%	2.30	2.45	2.53	15.2x	14.2x	13.8x	2.29	2.49	2.58	15.3x	14.0x	13.5x
NWE	NorthWestern Corp	3.1	Overweight	$64	$51.96	4.9%	75%	3.43	3.66	3.83	15.1x	14.2x	13.6x	3.44	3.57	3.77	15.1x	14.6x	13.8x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$76.39	2.3%	31%	5.79	4.08	3.35	13.2x	18.7x	22.8x	5.55	3.79	3.57	13.8x	20.1x	21.4x
PNW	Pinnacle West Capital Corp	8.9	Underweight	$61	$78.62	4.4%	82%	4.18	5.04	5.24	18.8x	15.6x	15.0x	4.23	5.04	5.22	18.6x	15.6x	15.0x
POR	Portland General Electric Co	4.5	Sector Weight	NA	$44.44	4.2%	70%	2.66	3.06	3.20	16.7x	14.5x	13.9x	2.68	3.04	3.23	16.6x	14.6x	13.8x
					Average:	**4.2%**	**68%**				**15.8x**	**15.5x**	**15.8x**				**15.9x**	**15.8x**	**15.5x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	13.4	Sector Weight	NA	$34.65	5.1%	83%	1.95	2.32	2.47	17.8x	14.9x	14.0x	2.11	2.36	2.53	16.4x	14.7x	13.7x
NEE	Nextera Energy Inc	138.9	Overweight	$85	$68.64	2.7%	60%	3.14	3.41	3.67	21.9x	20.1x	18.7x	3.12	3.41	3.69	22.0x	20.1x	18.6x
SRE	Sempra	46.0	Sector Weight	NA	$73.10	3.2%	53%	4.49	4.77	5.14	16.3x	15.3x	14.2x	4.49	4.79	5.12	16.3x	15.3x	14.3x
					Average:	**3.7%**	**65%**				**18.6x**	**16.8x**	**15.7x**				**18.2x**	**16.7x**	**15.5x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	35.4	Sector Weight	NA	$109.93	1.0%	22%	3,627	3,918	3,813	10.7x	9.8x	10.2x	3,506	3,916	3,831	11.1x	9.8x	10.1x
NRG	NRG Energy Inc	9.0	Not Covered	NA	$39.10	3.9%	33%	NA	NA	NA	NA	NA	NA	3,005	3,124	3,128	6.0x	5.4x	4.1x
VST	Vistra Corp	12.1	Not Covered	NA	$32.91	2.5%	16%	NA	NA	NA	NA	NA	NA	3,835	4,120	4,040	6.6x	5.9x	5.6x
					Average:	**2.5%**	**24%**				**10.7x**	**9.8x**	**10.2x**				**7.9x**	**7.1x**	**6.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

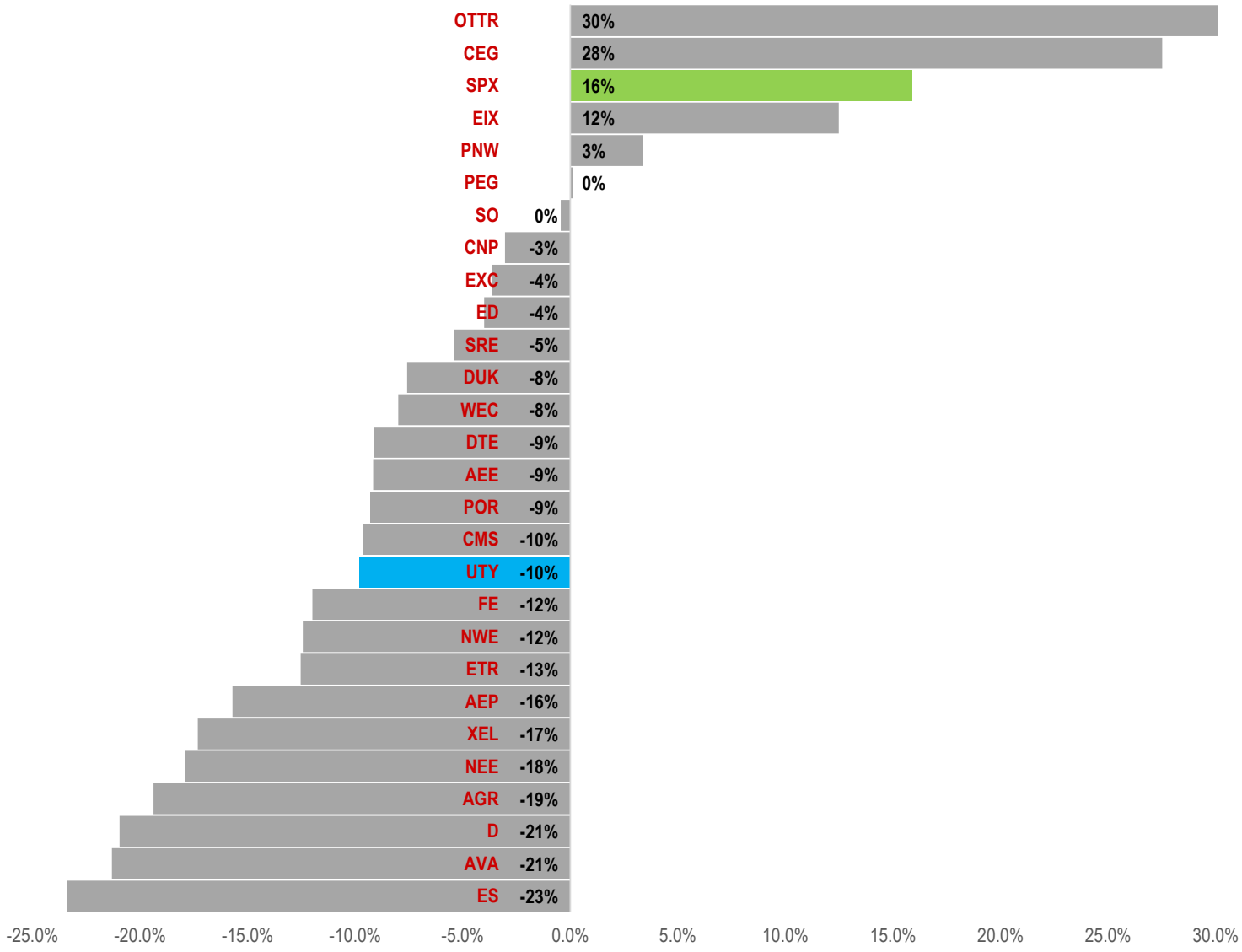

Source: Thomson Reuters, KeyBanc Capital Markets Inc.
Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	249	48.82	42	16.87
Sector Weight [SW]	254	49.80	44	17.32
Underweight [UW]	7	1.37	2	28.57

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	16	72.73
Sector Weight [SW]	33	57.89	12	36.36
Underweight [UW]	2	3.51	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

KeyBanc Capital Markets

Alert

September 13, 2023

Energy: Electric Utilities

Midweek Thoughts — WEC, AEP, XEL, EXC, D, SRE, PEG, FE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, Staff files testimony in WEC's limited reopener in WI; the WV PSC orders an $89M revenue increase in AEP ENEC proceedings (details pending); XEL files rebuttal testimony in WI rate cases; parties request to suspend the procedural schedule in the NJ electric rate case as settlement discussions progress; parties file initial briefs in EXC's IL electric rate case; settling parties file proposed order in D's SC natural gas rate case; EXC receives approval for $173M settlement in class action lawsuit; SIP closes minority interest sale of Port Arthur Phase 1 to KKR; the NJ governor appoints a BPU president; MD utilities seek to procure 3,729 MW of power; and EIA releases its September short-term energy outlook. Don't miss our EEI schedule included below and contact us to schedule any meetings.

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.

Please scroll down for our full schedule, including dinners with **DTE** and **AGR.** Please contact us or your KBCM sales representative to schedule meetings.

Industry News and News from Companies in Our Coverage

WEC — Staff and Interveners provide testimony in WEC's limited reopener in WI: Staff recommends a cumulative $76M net revenue increase ($35M WEPCO-E, $21M WEPCO-G, $20M WG), compared to WEC's $90M revenue request ($44M WEPCO-E, $24M WEPCO-G, $22M WG). Staff and WEC's calculations exclude fuel recovery costs of $42M and $40M, respectively. The disallowance of certain costs associated with West Riverside 2 and Badger Hollow II are the main drivers of the difference, while O&M related to Bluff Creek and Ixonia also drive some difference. WEC filed the reopener to recover capital investments for projects achieving commercial operations in 2023 and 2024, and to incorporate projected O&M savings from the planned retirement of coal units. A WI PSC decision is expected in 4Q23, with new rates effective January 1, 2024.

XEL — XEL files rebuttal testimony in the NSP-WI electric and gas rate cases: XEL adopted eight of the 13 adjustments that Staff proposed in its testimony, including the $11M adjustment in the electric rate case to reflect the extended life of the Monticello nuclear facility and several wind facilities (which were the main areas of difference between XEL and Staff testimonies). XEL opposed five Staff proposed adjustments, including the ROE, AIP costs, RAP expenses, fuel adjustments, and MISO charges. Cumulatively, these adjustments lowered the electric and gas revenue deficiencies by $27M and $3M, respectively. This implies that XEL updated its request to $24M and $8M for electric and gas, respectively (vs. its original ask of $40M and $9M, respectively, premised on 10.25% ROE and 52.5% equity). Staff recommended an electric rate decrease of $3M when including fuel and purchased power adjustments and a natural gas rate increase of $5M based on an ROE of 9.7% and an equity ratio of 52.5% (Docket: 4220-UR-126). Hearings are set to begin September 22.

EXC — Parties file initial briefs in EXC's IL electric rate case: In briefs, EXC updated its request to a $1,494M revenue increase over the 2024-2027 period while proposing to phase in the rate increases to even out expected y/y impacts. EXC's request is premised on gradual increases in its ROE (10.5-10.65%) and equity layers (50.58-51.19%) through the four years. Staff filed briefs recommending a $1,104M revenue increase over 2024-2027. This compares to its prior recommendation for a $1,076M revenue increase (Docket: 23-0055). Staff continues to make its case for an 8.91% ROE, or 580 bps over the 2022 U.S. Treasury Bond yield of 3.114%. EXC has argued that this is no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act. The act expired at the end of 2022, and the provisions of the CEJA require that the ROE be determined under current commission law. Staff calculated ROE midpoints of 9.23% and 10.87% in its analysis using the traditional DCF and CAPM methods, respectively. Staff also proposes a 50% equity ratio. Reply briefs are due by September 27, and a proposed order is due October 23. The ICC has until December 20 to issue a final decision.

D — Settling parties file proposed order in D's SC natural gas rate case: The Office of the Regulatory Staff, D, the SC Department of Consumer Affairs, and other settling parties filed a proposed order for the PSC to adopt the settlement agreeing to a $9M revenue increase (net $5M decrease), premised on a 9.49% ROE and 54.78% equity. The $14M difference accounts for the cost of gas revenue.

The settlement compares to Staff's $5M recommendation (net -$9M) and D's $19M revenue request (net $5M). Per the settlement, D will not file its next GRC before April 1, 2026. New rates are expected to go into effect in October 2023.

AEP — WV PSC orders an $89M revenue increase in AEP ENEC proceedings: The WV PSC authorized an $89M revenue increase in ENEC rates for AEP's APCo and Wheeling Power Co. The final order has not been filed on the PSC website yet and thus we cannot gauge the full scope of the ruling (and could be just for the forecast period). AEP's requested ~$642M includes an under-recovered balance of ~$553M and $89M worth of projects for the forecast period September 2023-August 2024. Staff recommended a revenue increase of $154M, including under-recovery of $99M and $35M for the forecast period. Staff recommended disallowing $258M for recovery based on the consulting firm CTC's prudence review and recommended rejecting AEP's proposal to securitize the balance in favor of amortizing the costs over three years using AEP's cost of debt, or 2.5%, as the carrying charge. CTC conducted a prudence review following the PSC's order in May 2022 after AEP failed to meet the annual capacity factor during the 2020-2021 period and the PSC deferred any rate increase until the prudence review is complete. AEP noted that the low capacity factors during the 2020-2021 and 2021-2022 periods were because of inadequate coal supplies. The ENEC is an annual rate adjustment mechanism allowing Wheeling and APCo to recover fuel, purchased power, and environmental compliance costs.

EXC — Parties request to suspend the procedural schedule in the NJ electric rate case as settlement discussions progress: Parties filed a request with the NJ BPU to suspend the procedural schedule to allow the continuation of settlement discussions, as a settlement has been reached in principle on several key issues. If parties cannot reach an agreement, a revised procedural schedule will be issued. ACE filed an electric rate case in NJ (Docket: ER23020091) seeking a net revenue increase of $92M, premised on 10.5% ROE and 50.2% equity. The main drivers of the request include recovery of investments to the distribution system and necessary investments to meet the targets set in NJ's Energy Master Plan. ACE also seeks recovery for higher interest rates, inflation, and storm costs. The NJ BPU is expected to issue an order by November 17.

EXC — EXC receives approval for $173M settlement, while a judge delays decision on $40M settlement in shareholder derivative lawsuit: U.S. District Court for the Northern District of Illinois issued a final approval for a previously reached settlement for EXC to pay investors $173M. The attorneys will receive 26% of the settlement fund. EXC's insurance covers the $173M settlement. At the same time, a judge delayed a decision on approving a settlement to resolve and dismiss all derivative claims and lawsuits against EXC, including a $40M payment to EXC by its insurers, compliance and disclosure-related reforms, and certain changes in board and committee composition. The lawsuits were in response to ComEd's agreement with the U.S. Attorney's Office to resolve an ongoing investigation into ComEd's past lobbying practices in Illinois. The agreement required ComEd to make $200M in payments.

SRE — SIP closes minority interest sale in Port Arthur Phase 1 to KKR: SRE completed the sale of a 42% indirect, non-controlling interest in Port Arthur Phase 1 to KKR. The financial details were not disclosed, but SIP previously agreed to sell 25-48.7% of the project (or 35.7-69.5% of its share) for ~$180M in cash (which would be $64M for a 35.7% interest and $125M for a 69.5% interest) plus KKR's pro rata equity share of development costs prior to closing that is in excess of $439M. SIP retains a controlling 28% indirect interest in Port Arthur LNG Phase 1 at the project level. Port Arthur Phase 1 received FID in March. The project will consist of two LNG trains, storage, and related infrastructure. SRE expects commercial operation in 2027 and 2028 for Trains 1 and 2, respectively. The total estimated capex for the project is $13B.

PEG, EXC, FE — NJ Governor appoints BPU president: NJ Governor Murphy appointed Christine Guhl-Sadovy (D) to serve as the president, following the passing of Joseph Fiordaliso, the former president. Ms. Sadovy's term at the BPU ends in March 2029. The BPU will operate with only four commissioners until the governor nominates the fifth commissioner. The NJ BPU is made up of five commissioners who serve staggered, six-year terms. The primary proceedings we are tracking in NJ include EXC's ACE electric rate case and FE's JCP&L electric rate case. PEG is scheduled to make a GRC filing by year-end. We are also following the state's Offshore Wind solicitation and allocations for the onshore infrastructure for offshore wind power.

EXC, FE — MD utilities seek to procure 3,729 MW of power: EXC's Baltimore Gas and Electric, Delmarva Power & Light, Potomac Electric Power, and FE's Potomac Edison filed RFPs totaling 3,729 MW for procurement of wholesale power. The supply contract terms are expected to range from three to 24 months. The utilities are required to procure supply to meet their standard offer service obligations for customers who do not choose a competitive electric supplier.

EIA's September Short-Term Energy Outlook: Electricity generation is expected to be up 2% y/y in 3Q23, as the U.S. experienced warmer weather for much of the quarter. Natural gas generation will serve as the marginal fuel supply with expectations for a 5% y/y increase for September, supported by lower natural gas prices and several new plants coming online. Overall, natural gas usage for electricity is expected to be up 6% y/y for 2023 before declining ~4% in 2024. Renewable generation continues to increase its contribution to the grid, as 26 GW of new solar capacity will be added in 2023 and another 33 GW in 2024. The share of renewables (ex. hydro) will increase to 18% of the U.S. generation mix in 2024, compared to 15% in 2022 and 16% in 2023. Weather in September is expected to be warmer than normal, resulting in 11% more CDDs in September 2023 vs. September 2022, although 2023 is expected to see 1,481 CDDs for the full year, or a ~5% decrease y/y, due to the milder 1H23.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 1. KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	249	48.82	41	16.47
Sector Weight [SW]	254	49.80	44	17.32
Underweight [UW]	7	1.37	2	28.57

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	15	68.18
Sector Weight [SW]	33	57.89	12	36.36
Underweight [UW]	2	3.51	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
D	47.57	Buy
DUK	92.12	Buy
ED	90.20	Neutral
ETR	95.74	Buy
EVRG	53.01	Buy
EXC	40.56	Buy
NEE	67.73	Buy
PCG	16.94	Buy
SRE	71.29	Buy

Power & Utilities

September 13, 2023

The Guggenheim Daily Transmission: PCG, SRE, ETR, NEE/ED, EVRG, PJM/M&A, Nuclear, CA, NC/DUK, D/ISO-NE, EXC, D/SC

Please join us for our quarterly utilities investor roundtables in NYC on Sept. 25th, and NJ on Sept. 26th, both invite details below.

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our SO NDR, POR NDR, CEG NDR, NRG NDR, PEG NDR, NI NDR, and other events, scroll down...

PCG – OEIS adjusts schedule for review of PG&E revision notice filings

PCG – PG&E GRC proposed decision timeframe moves approval past October CPUC meeting

SRE – CPUC ALJ approves schedule modification in Track 2 of the 2024 General Rate Case

ETR – SERI files a notice of protective petition for review with appeals court in SERI complaint proceeding

NEE/ED – MVP files CPCN supplements and tariff adjustments for the pipeline project.

SRE – SIP closes financial transaction related to equity ownership on the Port Arthur Project

EVRG – Local media profiles EVRG's concerns over TOU rates in MO

PJM/M&A – PE groups transact ownership stake in 3 northeastern gas assets

Nuclear – Holtec signs PPA with Coop for Palisades nuclear plant

CA – CA legislature passes emissions disclosure bill

NC/DUK – Conference committees appointed for pro-nuclear bill in NC legislature

CA – CalFire responding to small fires in Sonoma County

D/ISO-NE – Millstone Unit 2 output lowered for maintenance

EXC – Additional briefs filed in ComEd MYP

D/SC – Gas supplier takes issue with tariff tweak

ED – CECONY breaks ground on Brooklyn Clean Energy Hub

ETR – ETR MS files storm response report on June storms

PCG – OEIS adjusts schedule for review of PG&E revision notice filings

- OEIS issued a response to the PG&E scheduling of the supplemental response to the revision notice from the agency in the WMP process.
- OEIS agrees to a new schedule including:
  - PG&E Supplemental Response Due: September 27, 2023
  - Opening Comments on Supplemental Response Due: October 9, 2023
  - Reply Comments Due: October 16, 2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- Draft Decision Issued By: December 29, 2023
- PG&E 2023 Safety Certification Request Due: December 12, 2023

Guggenheim takeaway: *FYI. The process for PG&E's WMP has been getting more drawn out over time to address issues of incremental alignment, and we caught up with the company on any incremental expectations from the process. While the OEIS has drawn out the proceeding with the new scheduling, the agency has consistently gotten ahead of calendar conflicts and has acted independently of the CPUC WMP and certification process (i.e., committed to transparent and timely outcomes). While PG&E's safety certification is now due December 12, 2023 (right before the prior decision's expiration, the certification will remain active during the filing process and the timing of the WMP draft decision does not prevent a path to all necessary approvals (i.e., with a December filing the process will potentially run through the 90 day clock in February of 2024). We appreciate the near term timing issues/optics, but remain supportive of the PG&E transformation trajectory.*

PCG – PG&E GRC proposed decision timeframe moves approval past October CPUC meeting

- The CPUC due date for a proposed decision on the PG&E GRC to be able to hear the matter at the October 12 Voting meeting has passed, narrowing the options for a vote in the 3Q timeframe (pre-3Q earnings).
- Next potential date to get a final order would be the November 2, 2023 CPUC meeting.

Guggenheim takeaway: *FYI. While the CPUC recently reiterated the intention to issue a GRC PD in the 3Q timeframe, the dates have moved past the potential final decision date for a clean outcome before the 3Q earnings call. The window of opportunity for PCG is now shrinking, but there remain pathways for the CPUC to adhere to its public statements, for PG&E to receive a final order and prevent slippage of the regulatory and capital allocation timeframes into 2024.*

SRE – CPUC ALJ approves schedule modification in Track 2 of the 2024 General Rate Case

- CPUC ALJ approved a new schedule through an email ruling in the track 2 of the 2024 GRC for SDGE.
- Track 2 relates certain memorandum accounts recovery, not core capex and O&M.
- The new schedule allows for later briefing due to track 1 schedule changes.
  - SDG&E Testimony is due November 6, 2023
  - Intervenor Testimony due March 15, 2024
  - Evidentiary Hearings (if necessary) are scheduled for May 13 to May 15, 2024
  - Opening Briefs Filed June 7, 2024
  - Reply Briefs Filed June 21, 2024
- Dockets: A2205015 / A2205016

Guggenheim takeaway: *FYI. The process in the GRC continues building evidentiary record. Given the language of the GRC, investors can anticipate to see a material change in capex for SDGE including increased wildfire spend on undergrounding and covered conductors. As a reminder, SDG&E is seeking an increase in rates of $286 million for the 2024 test year and also seeking incremental, post-test year combined electric and gas rate increases of $363.2 million in 2025, $338.1 million in 2026 and $306.9 million in 2027; and SoCalGas is seeking a $767 million increase in gas rates for the 2024 test year and also seeking incremental, post-test year gas rate increases of $292 million in 2025, $267 million in 2026 and $413 million in 2027.*

ETR – SERI files a notice of protective petition for review with appeals court in SERI complaint proceeding

- SERI filed a notice of protective petition for review in the SERI complain proceeding.
- FERC issued a rehearing order in part modifying the Initial decision on the sale leaseback and ADIT portion of the SERI complaint (18-152).
- FERC commissioners dissented and concurred in part, especially noting the constitutionality challenges in the rehearing request.
- FERC Docket ER18-182 (available through search). MS Settlement here.
- Docket: EL20-72 / EL18-152 (through FERC search). Partial settlement found under 20-72.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim takeaway: *FYI on continuing process at FERC for the outstanding SERI issues.*

NEE/ED – MVP files CPCN supplements and tariff adjustments for the pipeline project.

- MVP filed supplemental information related to the CPCN and has progressed on construction activities on the MVP project.
- MVP also filed tariff adjustments for firm transport on the pipe which remains fully subscribed.
- US Supreme Court previously overturned a lower court stay on MVP construction activities that challenged constitutionality of Congress approval.
- US SC lifted the stay on construction and MVP filed a notice with FERC on commencement of construction activities.
- After Congress passed a debt ceiling deal which expedited approval of new permits and removed the appeals option, MVP received all necessary permits including US Army Corps of Engineers.
- The project developer still anticipates a 2023 year end completion.
- FERC Docket: CP16-10. / CP21-57

Guggenheim takeaway: *FYI. USSC was the highest authority that was left to opine on this case and construction activities are now able to continue. MVP had around 50 miles of pipeline construction that was stalled on contested lands that Congress cleared for construction. Both ED and NEE have taken major write downs on the MVP project (i.e., not in financial guidance) and would not include any upsides in near term plans. Longer term, the prospect of MVP completion could enable a strategic process (ED specifically mentioned and executed an exit from gas midstream over the past 2 years). At nominal cost the value of MVP is ~1-2% of market cap.*

SRE – SIP closes financial transaction related to equity ownership on the Port Arthur Project

- SIP announced the closing of project equity deals on the Port Arthur project.
- PA closed on a 42% non-controlling interest sale to KKR (private) and has already sold 30% to COP.
- The transaction closed in accordance with the terms previously disclosed

Guggenheim takeaway:*FYI. Highlights the ability to get a timely close on a transaction and access to capital for SIP.*

EVRG ─ Local media profiles EVRG's concerns over TOU rates in MO

- The implementation of TOU rates continues to draw negative commentary from customers, prompting EVRG to seek relief from the MO PSC
- "The tone of the comments is mostly negative and speaks to customer frustration with being forced to move rates because Evergy is trying to spike customer bills to increase profits," - EVRG
- More HERE

Guggenheim takeaway: *Flagged for your awareness as this remains a source of significant local noise for EVRG YTD. In our view media has made clear that the PSC has led the charge on the matter, however we continue to monitor for any further noise (e.g., political).*

PJM/M&A ─ PE groups transact ownership stake in 3 northeastern gas assets

- "EGCO Compass II, LLC, a wholly owned subsidiary of EGCO domiciled in the United States, entered into a purchase and sale agreement with affiliates of Lotus Infrastructure Partners on September 8, 2023 to acquire the 50% ownership interest in a portfolio of three operational natural gas-fired combined cycle power facilities (CCGT) situated in the Northeast of the U.S. The Compass Portfolio comprises Marcus Hook Energy, L.P. (Marcus Hook), a 912 MW CCGT facility located just outside of Philadelphia, PA as well as Milford Power, LLC (Milford) and Dighton Power, LLC (Dighton), which are 205 MW and 187 MW CCGT facilities, respectively, located in the state of Massachusetts." – release [PRIVATE]
- More HERE

Guggenheim takeaway: *Interesting data point, however further details remain undisclosed. The Marcus Hook facility has a capacity contract with LIPA.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Nuclear – Holtec signs PPA with Coop for Palisades nuclear plant

- Holtec (private) announced a PPA with Wolverine Power Coop (private) for two thirds of the 800MW Palisades nuclear plant.
- The PPA moves Palisades one step closer to a potential DOE loan and repowering.
- According to the company, the repowering decision is still pending the $1B DOE loan application and necessary exemptions and license transfers from the NRC.
- A loan guarantee would provide support for the necessary capital to reverse the June 2022 decommissioning decision.
- Holtec believes about 2 years will be the repowering timeline, putting a potential return to CoD in 2025.
- MI previously announced interest in keeping the nuclear plant online (after shutdown in summer 2022), including a $150M in state funds for repowering support.
- More here.

Guggenheim takeaway:*FYI. Holtec has claimed that the technical side of reopening is feasible with federal funding and as part of repowering the NRC license would be transferred to a Holtec operating unit. The PPA agreement is a step in the right direction and could be enough to demonstrate the need for the plant for a DOE support loan. That said, reversing the decommissioning path is a heavy lift given the currently shut down status, needing to invest in capex, finding labor and or an ultimate owner for the power plant.*

CA – CA legislature passes emissions disclosure bill

- CA legislature passed SB 253, a bill requiring companies larger than $1B in revenue to disclose supply chain emissions profiles.
- Businesses would be required to report Scope 1 and 2 emissions by 2026 and scope 3 by 2027.
- SB 253 here.

Guggenheim takeaway: *FYI. Continues CA push for decarbonization through more strict reporting guidelines by the state.*

NC/DUK — Conference committees appointed for pro-nuclear bill in NC legislature

- Yesterday, conference committees were appointed in both the House and Senate.
- North Carolina Senate Bill 678

Guggenheim takeaway: *In our view, DUK would be the primary beneficiary of this bill, which would redefine "renewable energy" as "clean energy" in order to provide a term that includes nuclear resources and fusion energy, and which specifically eliminates language impeding CPCN issuance for nuclear facilities.* ***Recently, DUK filed its NC Carbon Plan update and SC IRP, which we covered HERE, and HERE, respectively.***

CA – CalFire responding to small fires in Sonoma County

- CalFire is reported 50% containment on a recent fire in Sonoma County
- The Alta fire was 14 acres as of last reporting.
- CalFire incident reports here

Guggenheim takeaway: *FYI.*

D/ISO-NE — Millstone Unit 2 output lowered for maintenance

- Power had been lowered to ~590MW (vs. ~870MW) to allow work on a heat exchanger
- More HERE

Guggenheim takeaway: *Minor heads up – we continue to monitor operational performance at Millstone following outages earlier this year.*

EXC — Additional briefs filed in ComEd MYP

- Multiple parties, including environmental groups, labor reps, large industrials, and consumer advocates have filed briefs of varying length in the ongoing MYP docket
- More HERE

Guggenheim takeaway: *Flagged for your awareness as the case goes through multiple rounds of briefs in the weeks to come, ahead of a PO in October.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

D/SC – Gas supplier takes issue with tariff tweak

- A large C&I group and a gas supplier have taken issue with the potential end of Rate 35, a program for open market gas purchases by large customers, claiming $111M in incremental gas costs
- The groups claim the utilities ROE should be 8.43%
- More HERE

Guggenheim takeaway: *Minor FYI. As a reminder a stipulation was reached late last month with multiple parties (including ORS) in this case for a 9.49% ROE.*

ED – CECONY breaks ground on Brooklyn Clean Energy Hub

- CECONY announced the start of construction on the Brooklyn Clean Energy Hub.
- The Brooklyn Clean Energy Hub was an approved proposal to bring 1,500MW of offshore wind into the CECONY system.
- The project will support union labor and has seen vocal support from legislators and city representatives.
- More here.

Guggenheim takeaway: *The clean energy hub was approved by the NYPSC as part of the non GRC capex programs. The project demonstrated the alignment between system needs and policy support.*

ETR – ETR MS files storm response report on June storms

- ETR MS filed a storm response evaluation and acknowledged the shortcomings of June 2023 storm response including not meeting customer expectations.
- The storms were noted as being severe and back-to-back which stretched company resources, but also created some unusual customer communications which will be used to improve future experience for customers.
- More here.

Guggenheim takeaway: *FYI. The storm response drew criticism from local representatives in MS, but overall, ETR-MS has been a balanced jurisdiction in achieving good customer outcomes (i.e. supportive of ETR investments to improve grid reliability).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Portland General Electric Company (POR)

Joseph Trpik, *Chief Financial Officer*
Nick White, *Investor Relations*

Dates & Locations

September 18, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $4.75bn

Portland General Electric Co (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Monday, September 25th

Dates & Time

Monday, September 25, 2023
5:30PM ET

Location

New York
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Tuesday, September 26th

Dates & Time

Tuesday, September 26, 2023
6:00PM ET

Location

New Jersey
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
NY Roundtable	9/25	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
NRG	10/4–10/5	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

9/12/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.43	3,182	3.70	4.17	4.56	4.87	5.07	3.69	4.09	4.36	4.65	5.05	–	0.09	0.20	0.22	–	15.0x	13.6x	12.7x	11.9x	11.0x	-10%	-13%	-13%	-13%	-15%	8.4%	5.1%	71%	Sell	$49	-7%	Neutral	$62	17%
AVA	$34.22	2,619	2.28	2.49	2.61	2.67	2.73	2.29	2.50	2.61	2.65	2.73	–	–	–	–	–	14.9x	13.7x	13.1x	12.9x	12.5x	-11%	-12%	-10%	-5%	-3%	5.2%	5.5%	78%	Sell	$33	2%	Sell	$40	23%
NWE	$51.32	3,081	3.42	3.55	3.75	3.91	4.08	3.42	3.54	3.74	3.86	3.98	–	–	–	0.06	0.10	15.0x	14.5x	13.7x	13.3x	12.9x	-10%	-7%	-6%	-2%	0%	5.1%	5.1%	74%	Sell	$48	-1%	Neutral	$58	18%
POR	$43.79	4,427	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.23	3.35	3.55	–	–	–	–	–	16.3x	14.4x	13.5x	13.1x	12.3x	-2%	-7%	-7%	-4%	-4%	5.3%	4.5%	67%	Buy	$48	14%	Buy	$50	19%
		13,309																**15.3x**	**14.0x**	**13.3x**	**12.8x**	**12.2x**	**-8%**	**-9%**	**-9%**	**-6%**	**-5%**	**6.0%**	**5.0%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$78.74	20,667	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.01	5.35	5.66	–	–	0.04	0.05	–	18.0x	16.8x	15.7x	14.7x	13.9x	8%	9%	8%	8%	8%	6.6%	3.4%	58%	Neutral	$85	11%	Buy	$89	16%
AEP	$77.82	40,091	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.32	6.71	–	0.04	–	0.07	0.10	14.8x	13.9x	13.0x	12.3x	11.6x	-12%	-10%	-10%	-10%	-10%	6.0%	4.5%	63%	Buy	$96	28%	Buy	$95	26%
CMS	$56.03	16,345	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.62	3.87	4.15	–	0.06	0.03	0.04	0.11	18.0x	16.7x	15.5x	14.5x	13.5x	8%	8%	7%	6%	5%	8.1%	3.7%	63%	Neutral	$61	13%	Buy	$65	19%
CNP	$28.30	17,813	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	18.9x	17.5x	16.3x	15.1x	14.1x	13%	13%	12%	11%	9%	9.5%	2.8%	49%	Buy	$34	23%	Buy	$32	17%
D	$47.57	39,805	3.37	3.54	3.75	4.24	4.50	3.32	3.44	3.60	4.11	4.19	0.05	0.10	0.15	0.13	0.31	14.3x	13.8x	13.2x	11.6x	11.4x	-14%	-11%	-9%	-15%	-12%	1.4%	5.6%	79%	Buy	$56	23%	Neutral	$52	15%
DTE	$103.92	21,419	6.26	6.73	7.19	7.75	8.30	6.23	6.69	7.18	7.74	8.27	–	0.04	–	–	–	16.7x	15.5x	14.5x	13.4x	12.6x	-0%	0%	-0%	-2%	-3%	6.4%	3.9%	62%	Buy	$124	23%	Buy	$124	23%
DUK	$92.12	71,025	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.33	6.75	7.16	0.03	0.08	–	–	–	16.4x	15.4x	14.6x	13.7x	12.9x	-2%	-1%	0%	0%	-0%	6.3%	4.5%	71%	Buy	$102	15%	Buy	$101	14%
ED	$90.20	31,112	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.51	5.79	6.05	(0.03)	(0.05)	–	–	(0.03)	18.4x	17.2x	16.4x	15.6x	14.9x	10%	11%	13%	14%	16%	5.6%	3.7%	65%	Neutral	$85	-2%	Neutral	$90	3%
EIX	$70.29	26,941	4.71	4.98	5.48	5.71	6.03	4.72	5.13	5.60	5.93	6.25	–	(0.15)	(0.11)	(0.22)	(0.22)	14.9x	13.7x	12.6x	11.9x	11.2x	-11%	-12%	-14%	-13%	-13%	5.5%	4.3%	61%	Neutral	$74	10%	Buy	$74	10%
ES	$62.39	21,779	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.25	5.60	–	0.08	0.06	–	(0.11)	14.3x	13.4x	12.6x	11.9x	11.1x	-14%	-13%	-13%	-13%	-14%	6.1%	4.5%	62%	Buy	$80	33%	Buy	$80	33%
ETR	$95.74	20,245	6.71	7.16	7.76	8.31	8.97	6.69	7.19	7.71	8.25	8.85	–	(0.03)	0.05	0.06	0.12	14.3x	13.3x	12.4x	11.6x	10.8x	-14%	-14%	-15%	-15%	-16%	6.9%	4.7%	64%	Buy	$113	23%	Buy	$115	25%
EVRG	$53.01	12,170	3.65	3.97	4.24	4.47	4.75	3.64	3.93	4.18	4.37	4.66	–	0.04	0.06	0.10	0.09	14.6x	13.5x	12.7x	12.1x	11.4x	-13%	-13%	-13%	-11%	-12%	4.8%	4.9%	67%	Buy	$68	33%	Buy	$62	22%
EXC	$40.56	40,329	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.91	3.11	–	–	–	–	–	17.2x	16.2x	14.9x	13.9x	13.1x	3%	4%	3%	2%	1%	6.4%	3.8%	62%	Buy	$45	15%	Buy	$45	15%
FE	$35.87	20,567	2.54	2.69	2.89	3.07	3.27	2.53	2.69	2.87	3.05	3.24	–	–	–	–	0.03	14.2x	13.4x	12.5x	11.8x	11.1x	-15%	-14%	-14%	-14%	-14%	6.3%	4.5%	61%	Buy	$44	27%	Buy	$41	20%
LNT	$50.72	12,818	2.90	3.08	3.27	3.50	3.67	2.89	3.08	3.28	3.47	3.67	–	–	–	–	–	17.5x	16.5x	15.5x	14.6x	13.8x	5%	6%	7%	7%	7%	6.1%	3.7%	62%	Neutral	$49	0%	Buy	$55	13%
OGE	$34.90	6,990	2.02	2.16	2.25	2.37	2.48	2.01	2.14	2.27	2.38	2.50	–	–	–	–	–	17.4x	16.3x	15.4x	14.7x	14.0x	4%	5%	6%	8%	8%	2.8%	4.9%	81%	Neutral	$36	8%	Buy	$38	13%
PCG	$16.94	35,426	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.58	1.73	–	–	–	–	–	14.0x	12.6x	11.6x	10.7x	9.8x	-16%	-19%	-20%	-22%	-24%	9.7%	1.1%	15%	Buy	$21	25%	Buy	$19	13%
PEG	$60.63	30,261	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.24	4.52	–	–	0.04	0.05	0.07	17.5x	16.4x	14.9x	14.3x	13.4x	5%	6%	3%	5%	4%	5.8%	3.9%	65%	Buy	$70	19%	Buy	$67	14%
PNW	$76.48	8,666	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.48	5.61	–	–	–	(0.23)	(0.21)	18.2x	15.4x	14.8x	14.0x	13.6x	9%	-1%	2%	2%	6%	4.9%	4.6%	75%	Neutral	$83	13%	Neutral	$80	10%
PPL	$25.07	18,479	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.81	1.93	2.06	–	–	–	–	–	15.8x	14.8x	13.8x	13.0x	12.2x	-5%	-5%	-5%	-5%	-6%	8.0%	4.0%	61%	Buy	$31	28%	Buy	$30	23%
SO	$68.60	74,878	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.31	4.54	4.76	–	–	–	–	0.04	19.1x	17.1x	15.9x	15.1x	14.4x	14%	10%	10%	11%	12%	5.9%	4.2%	73%	Buy	$80	21%	Buy	$73	11%
WEC	$84.45	26,638	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.3x	17.2x	16.1x	15.1x	14.2x	10%	11%	10%	10%	10%	6.1%	3.9%	68%	Neutral	$94	15%	Buy	$96	17%
Mid/Lg Cap (excl. EIX, PCG)																		**16.7x**	**15.5x**	**14.5x**	**13.6x**	**12.9x**							**6.0%**	**4.2%**	**66%**					
SMID + Lg Cap		**627,773**																**16.5x**	**15.3x**	**14.3x**	**13.5x**	**12.8x**							**6.0%**	**4.3%**	**67%**					

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$67.73	137,066	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	–	(0.14)	21.7x	20.4x	18.4x	16.9x	15.4x	30%	31%	27%	24%	19%	8%	2.9%	61%	Buy	$86	30%	Buy	$89	34%
SRE	$71.29	44,863	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.03	5.31	5.87	4.50	4.69	5.10	5.49	5.84	15.8x	14.8x	14.2x	13.4x	12.1x	-5%	-4%	-2%	-2%	-6%	5%	4.0%	61%	Buy	$172	145%	Buy	$81	17%
		181,929																**18.8x**	**17.6x**	**16.3x**	**15.1x**	**13.7x**	**12%**	**13%**	**12%**	**11%**	**7%**	**6.5%**	**3.5%**	**61%**						
Gas LDCs																																				
NI	$27.13	11,212	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.82	1.94	2.07	–	–	–	–	–	17.2x	16.2x	14.9x	14.0x	13.1x	3%	4%	3%	2%	2%	7%	3.9%	64%	Buy	$30	14%	Buy	$31	19%
CPK	$109.39	1,947	5.42	5.84	6.23	6.59	6.94	5.34	5.83	6.25	6.58	6.92	0.08	–	–	–	–	20.5x	18.8x	17.5x	16.6x	15.8x	23%	21%	20%	22%	23%	7%	2.2%	43%	Neutral	$112	5%	Buy	$132	22%
NJR	$42.72	4,168	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.95	3.13	3.42	–	–	–	–	(0.08)	15.9x	15.5x	14.5x	13.7x	12.5x	-5%	-0%	-0%	0%	-3%	6%	3.9%	60%	Neutral	$47	14%	Neutral	$49	18%
NWN	$40.09	1,407	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.04	3.22	–	0.06	–	0.05	–	15.0x	14.5x	13.4x	13.2x	12.5x	-10%	-7%	-8%	-3%	-3%	5%	4.9%	72%	Neutral	$42	10%	Buy	$50	30%
OGS	$73.94	4,189	4.14	4.24	4.53	4.98	5.31	4.14	4.30	4.58	4.97	5.30	–	(0.06)	(0.05)	–	–	17.9x	17.2x	16.2x	14.9x	14.0x	7%	11%	11%	9%	8%	10%	3.6%	63%	Neutral	$73	2%	Neutral	$78	9%
SR	$59.77	3,144	4.20	4.31	4.57	4.73	4.99	4.20	4.33	4.64	4.82	5.06	–	–	(0.06)	(0.09)	(0.07)	14.2x	13.8x	12.9x	12.4x	11.8x	-15%	-11%	-11%	-9%	-8%	5%	5.0%	70%	Neutral	$65	14%	Neutral	$68	18%
		26,066																**16.8x**	**16.0x**	**14.9x**	**14.1x**	**13.3x**	**1%**	**3%**	**2%**	**4%**	**3%**	**6.7%**	**3.9%**	**62%**						
Regulated Water																																				
AWK	$137.56	26,779	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.04	6.46	–	–	–	(0.06)	–	28.6x	26.8x	24.6x	22.8x	21.3x	71%	72%	69%	67%	65%	7%	2.1%	58%	Neutral	$147	9%	Buy	$157	16%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$108.50	34,893	3,150	3,451	3,509	3,346	3,804	3,492	3,959	3,831	3,780	3,875	(342)	(507)	(322)	(434)	(71)	11.2x	9.6x	9.6x	9.5x	8.9x	39,026	38,196	36,868	35,725	34,305	9.6%	1.1%	22%	Buy	$97	-9%	Buy	$109	2%
NRG	$38.69	8,865	3,181	3,122	3,126	3,042	3,107	3,067	3,087	3,059	2,693	2,791	114	35	67	349	316	6.0x	5.6x	5.1x	5.3x	4.6x	18,402	17,179	15,700	14,318	12,864	21.2%	4.2%	28%	Neutral	$34	-8%	Neutral	$41	9%
VST	$33.70	12,387	3,700	3,755	3,792	3,621	3,535	3,781	4,058	3,962	3,789	N/A N/A	(81)	(303)	(169)	(168)	–	6.5x	6.1x	6.1x	6.2x	–	24,735	24,568	23,994	23,550	23,508	6.8%	2.6%	25%	Buy	$31	-5%	Buy	$34	4%
Other																																				
NEP	$48.74	4,554	1,837	1,977	2,143	2,325	2,471	1,909	2,140	2,342	2,455	2,471	(72)	(163)	(199)	(130)	–												7.7%	–	Buy	$74	60%	Buy	$76	64%
SMR	$6.18	460	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	191%	Buy	$12	100%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

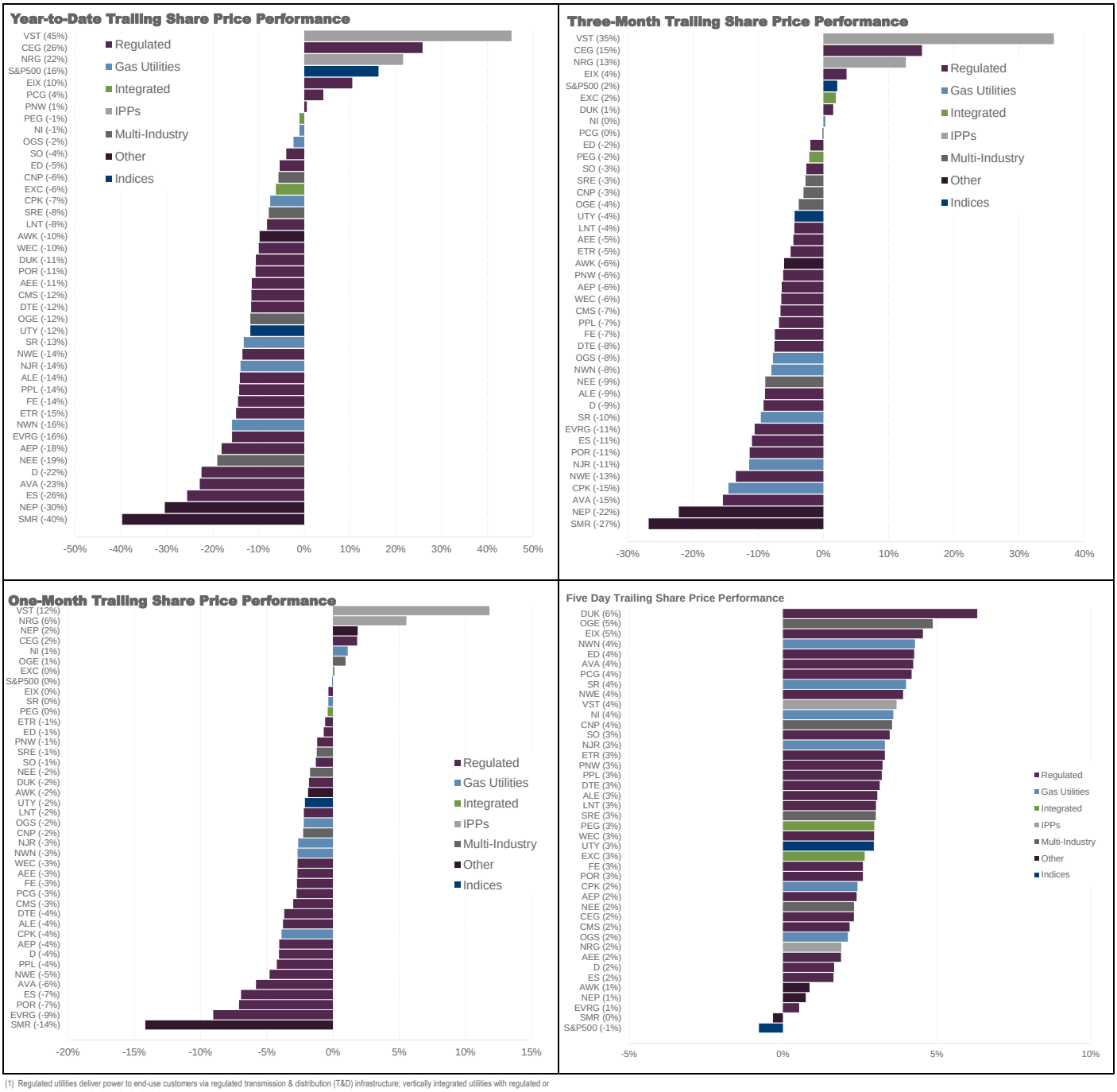

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

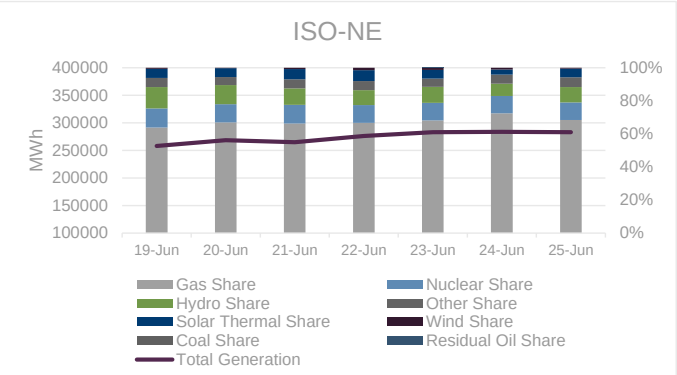

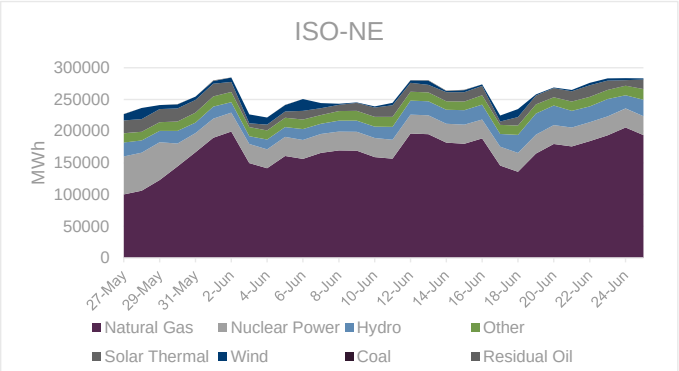

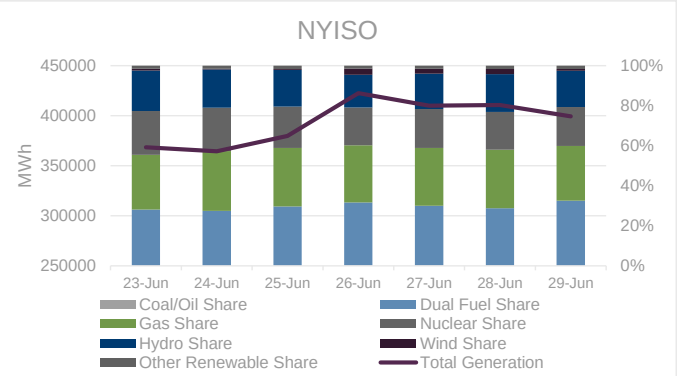

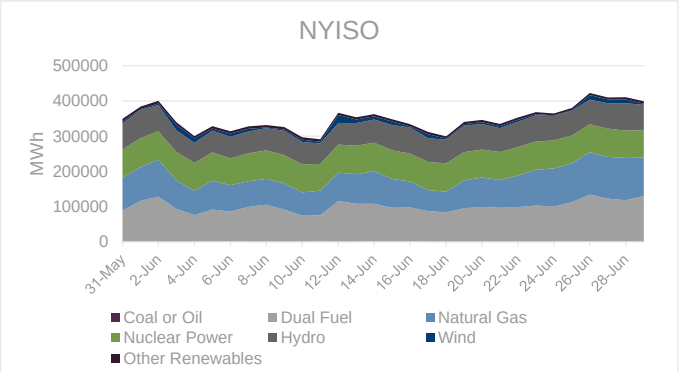

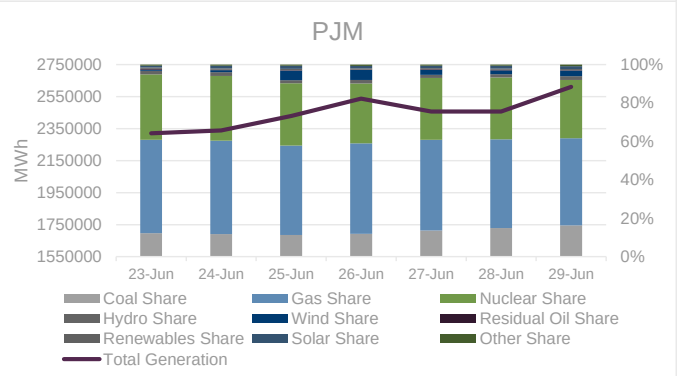

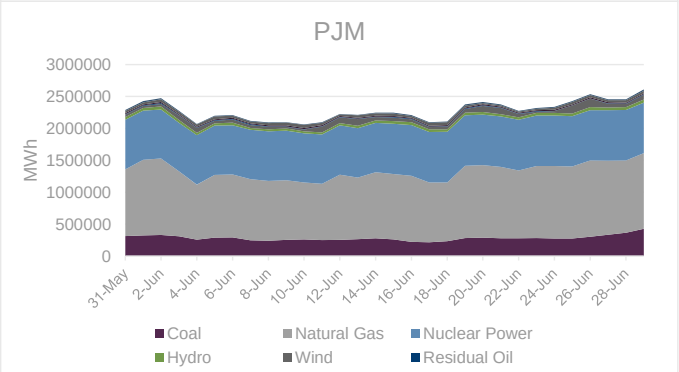

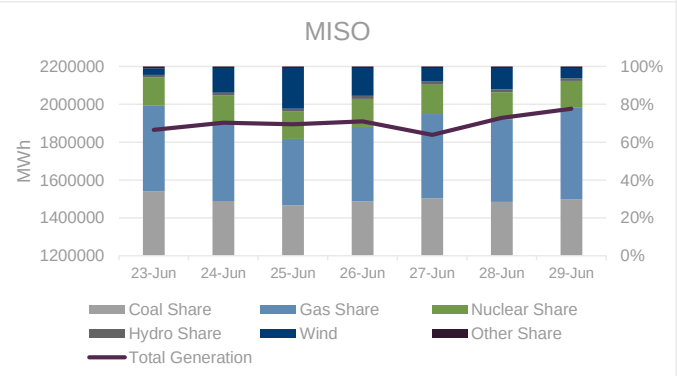

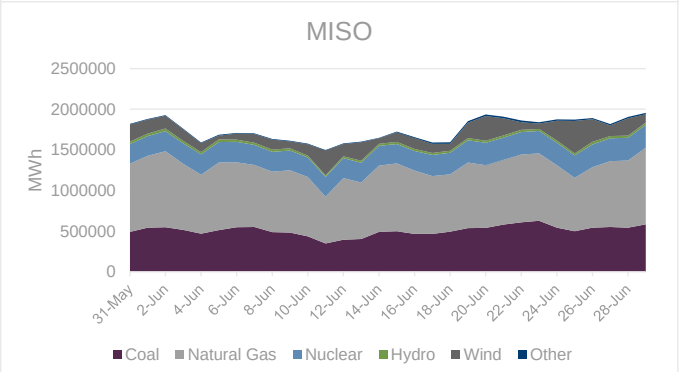

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

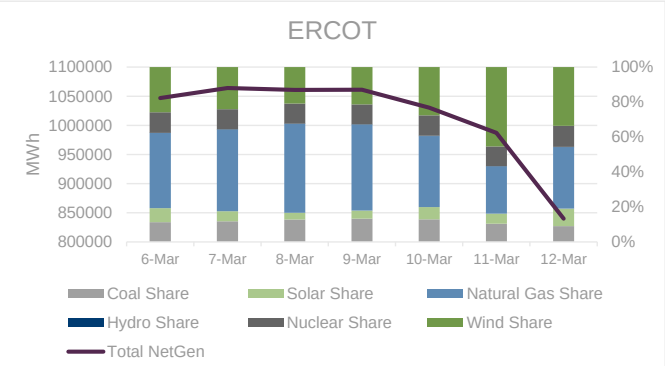

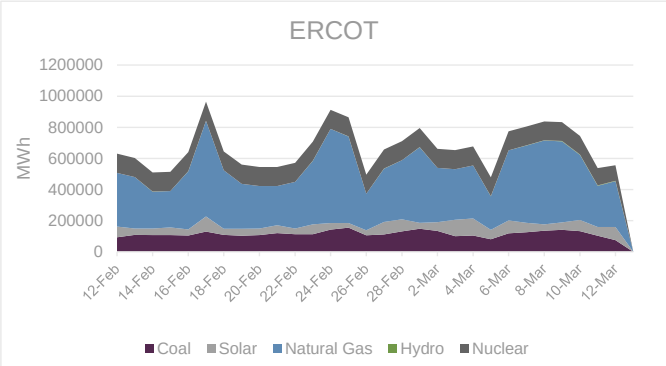

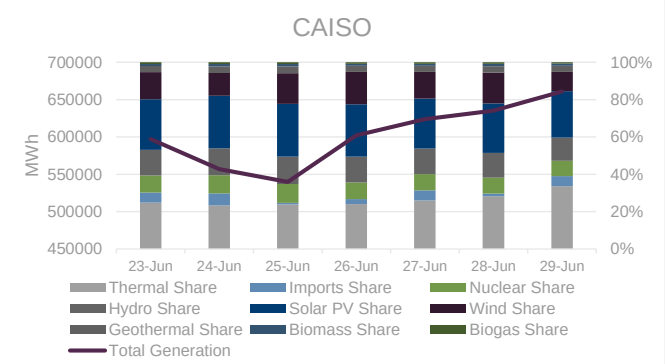

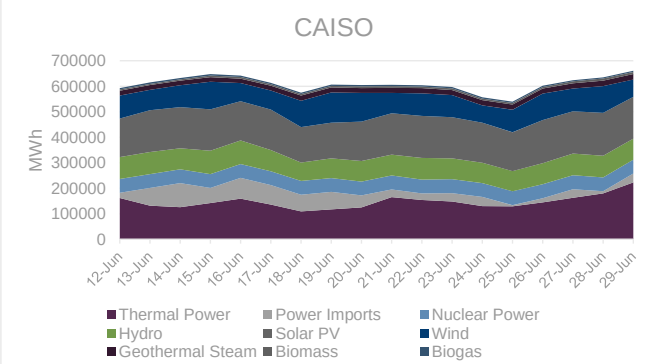

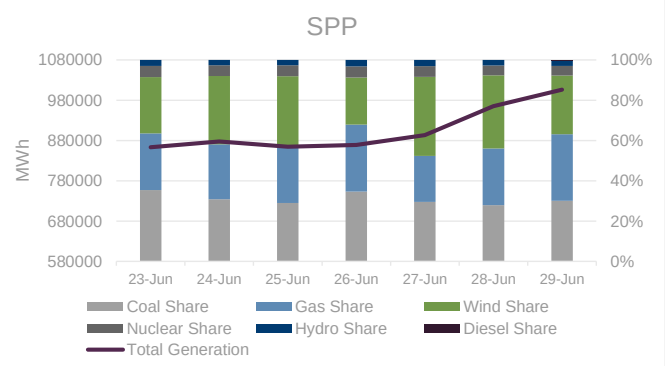

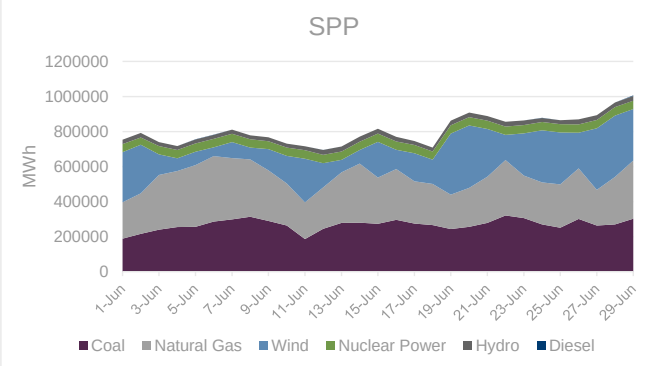

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

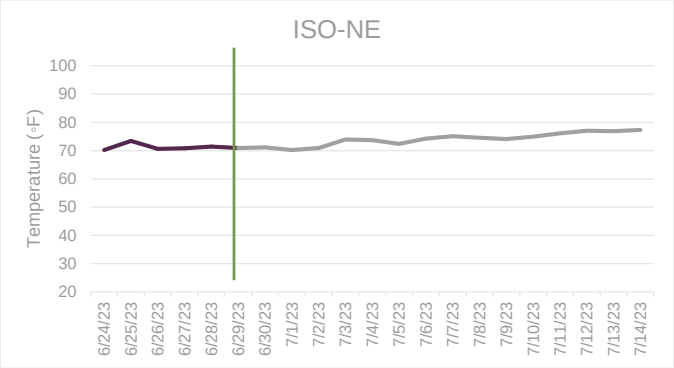

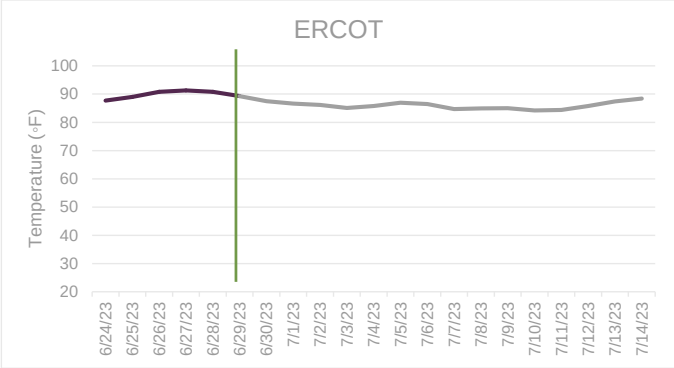

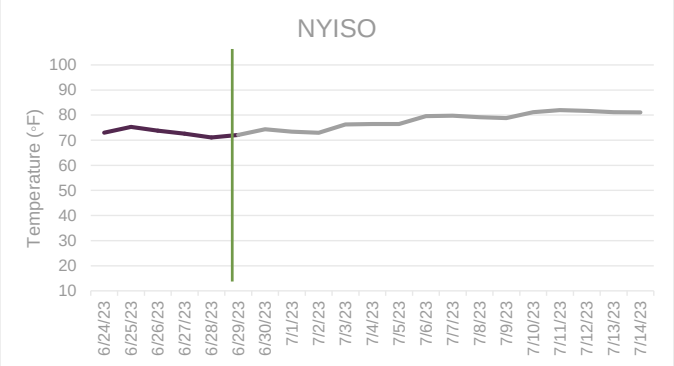

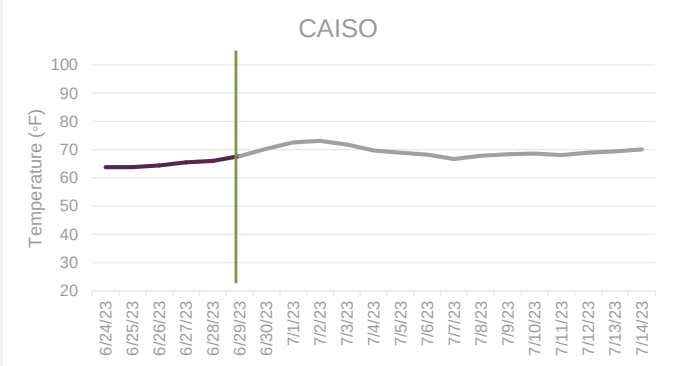

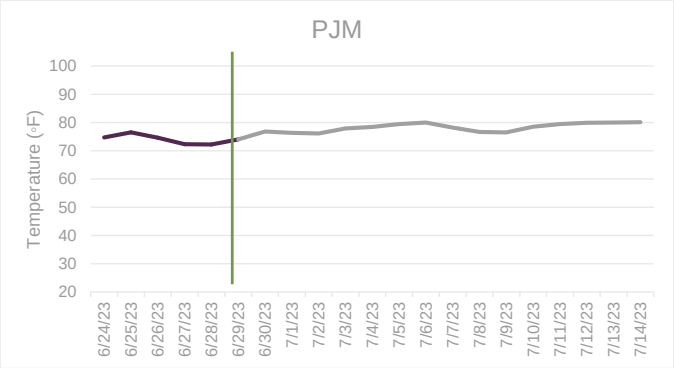

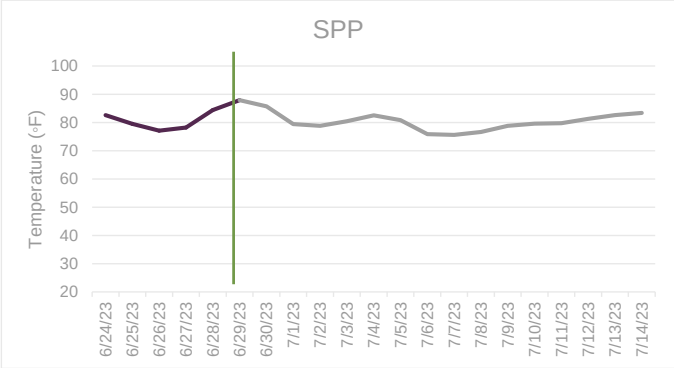

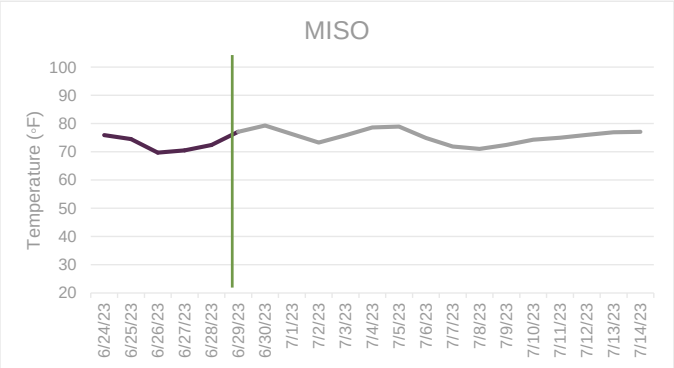

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

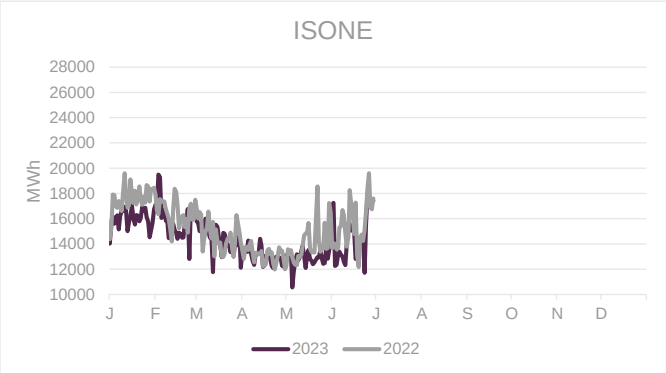

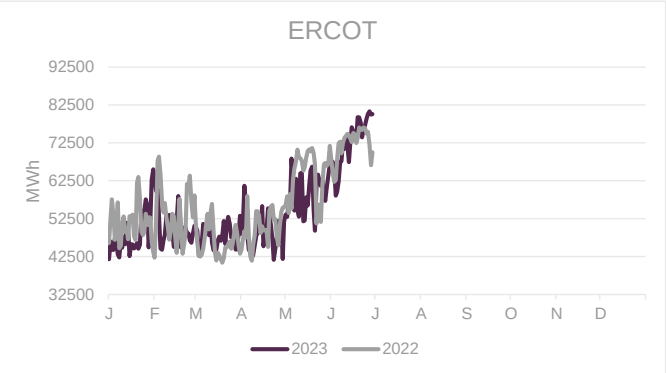

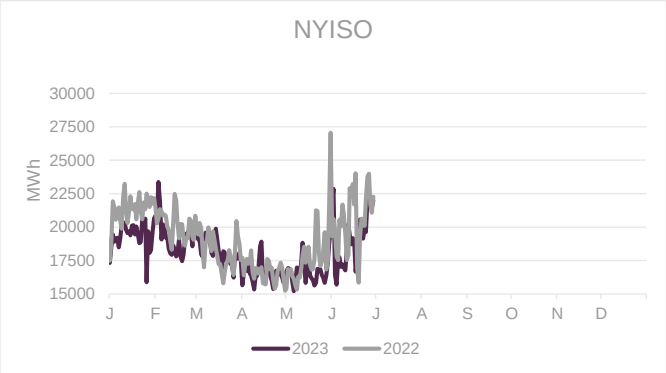

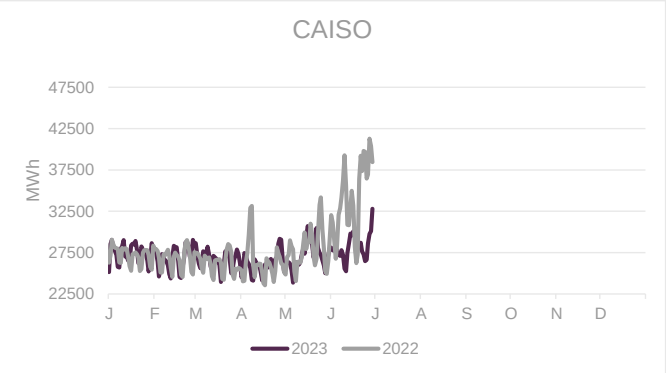

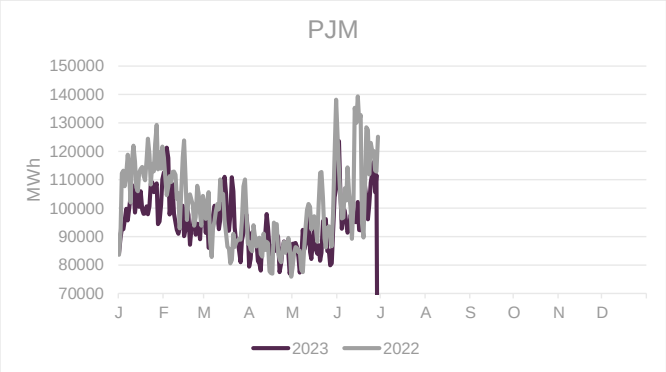

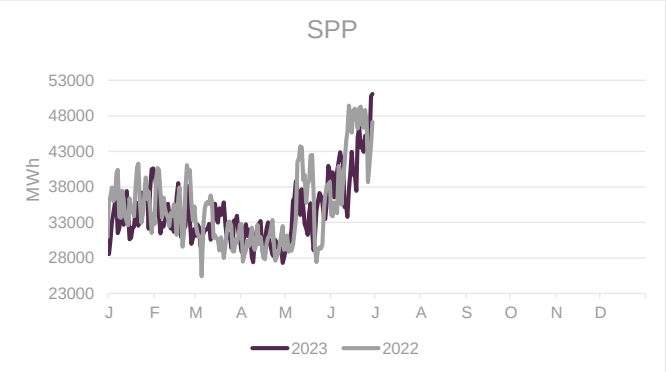

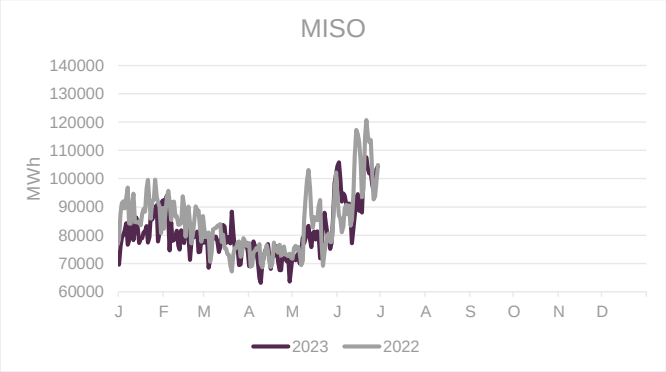

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	247	66.40%	42	17.00%
NEUTRAL	115	30.91%	7	6.09%
SELL	10	2.69%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM

Power & Utilities

September 12, 2023

The Guggenheim Daily Transmission: OGS, Wind/NY, CEG/NYISO, ERCOT/M&A, SRE, CA, EXC, Talen, NC/DUK, WEC, LA

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CEG	109.98	Buy
DUK	91.78	Buy
EXC	40.58	Buy
OGS	74.73	Neutral
SRE	71.16	Buy
WEC	84.53	Neutral

Please join us for our quarterly utilities investor roundtables in NYC on Sept. 25th, and NJ on Sept. 26th, both invite details below.

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

OGS – ONE Gas issues 1.2m shares via equity forward

Wind/NY – BOEM issues final EIS for Empire Wind

CEG/NYISO – Ginna trips offline

ERCOT/M&A – Peaker plant put up for sale

SRE – SDG&E files safety certification request

CA – Senate bill for transmission permitting improvements advancing through hearings and Assembly committee after concurrence

EXC – Settlement resolves securities suit over ComEd scandal

Talen – Talen settles class action lawsuit over post-spin employee pensions

NC/DUK – Pro-nuclear bill continues to work through NC legislature

WEC – Statements of position and proposed order filed in Illinois gas cases

LA – Media picks up coverage of wildfire risks in Louisiana Bayous

OGS – ONE Gas issues 1.2m shares via equity forward

- OGS announced after-market yesterday that it was issuing 1.2m shares of common stock via a forward sale agreement.
- The deal is expected to generate gross proceeds of $88.8m, and the underwriters have been granted an option to purchase up to 180k additional shares.
- ONE Gas intends to use any net proceeds received for general corporate purposes, which may include repayment or refinancing of debt, working capital, construction and acquisition expenditures and investments.
- Preliminary prospectus HERE

Guggenheim takeaway: *As expected, given OGS' $1.8bn 5-year financing plan (of which ~35% is indicated to be equity issuances). Prior to this transaction, OGS had indicated that its 2023 equity needs had been met, while its 2024 equity needs had only been partially met.*

Wind/NY – BOEM issues final EIS for Empire Wind

- "On Sep. 11, 2023, BOEM announced the availability of the Final Environmental Impact Statement (Final EIS) for the proposed Empire Wind project offshore New York. The project proposes up to 147 wind turbines and up to 2 offshore substations with two cable routes located 12 nautical miles (nm) from Long Island, New York and 16.9 nm from Long Branch, New Jersey. The Project is expected to generate 2,076-megawatts of clean, renewable energy." - BOEM

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- More HERE

Guggenheim takeaway: *While this is a procedural data point on the project, we remain closely attuned to the ongoing request before the state to adjust the pricing and tenor of the project (Empire Wind sought a 5-year extension to 30 years), alongside several other projects including Sunrise. Those efforts have sought action from the commission by the end of next month.*

CEG/NYISO – Ginna trips offline

- "On 9/9/23 at 1143 EDT, with the Unit 1 in Mode 1 at 100 percent power, all 4 turbine control valves closed resulting in a reactor protection system (RPS) automatic reactor trip on over temperature differential temperature. All control rods inserted as expected. The trip was not complex and all systems responded normally post-trip. The cause of the control valve closure has not been determined." - NRC
- More HERE

Guggenheim takeaway: *Flagged for your awareness.*

ERCOT/M&A – Peaker plant put up for sale

- WattBridge [PRIVATE] has put the ~380MW Braes Bayou facility up for sale, according to PeakLoad
- The facilities went into operation in 2022, with the process seeking to close by late October

Guggenheim takeaway: *Interesting data point as we continue to closely monitor the economics for newbuilds in ERCOT and valuations on existing assets – stay tuned for additional details.*

SRE – SDG&E files safety certification request

- SDG&E filed a wildfire safety certification request with the OEIS.
- The request shows that SDG&E has substantially satisfied all requirements for certification.
- The Office of Energy Infrastructure Safety (OEIS) previously issued draft decision reports on the 2023-2025 SCE and SDG&E wildfire mitigation plans.
- The draft decisions are a commentary on the strengths and weaknesses of each plan and recommendations for improvements.
- In its evaluation of an electrical corporation's 2023-2025 WMP, Energy Safety considers the areas where the electrical corporation must improve, as well as the progress it plans to achieve in its areas of strength.
- OEIS, in totality approved the WMPs for both EIX and SRE.

Guggenheim takeaway: *FYI. The draft decisions are still subject to approval, but the history of both EIX and SRE has been less contentious in the WMP process. With all statutory requirements met, SDG&E safety certification approval should not be contentious (in our view).*

CA – Senate bill for transmission permitting improvements advancing through hearings and Assembly committee after concurrence

- SB 619 has passed both Senate and Assembly votes and reached concurrence through respective committees.
- SB 619 seeks to improve the transmission permitting process with increased authority for the CEC to certify siting treating transmission as environmental leadership projects.
- SB 619 text here.

Guggenheim takeaway: *The genesis of the bill was CA's history of transmission development delays and long lead times. While the bill will increase the state's authority over siting, transmission development remains a long lead time item.*

EXC – Settlement resolves securities suit over ComEd scandal

- The previously reached $173M settlement was approved by a judge last Friday
- More HERE

Guggenheim takeaway: *Minor FYI. The concurrent derivatives suit ($40M settlement) was delayed by another judge over certain investor objections.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Talen – Talen settles class action lawsuit over post-spin employee pensions

- Talen [PRIVATE] has reportedly reached a settlement in a class action lawsuit over post-spin interpretations of the company's pension and benefits
- The settlement will be submitted to the court by 10/13
- More HERE

Guggenheim takeaway: *Flagged for your awareness as interest continues to build in Talen.*

NC/DUK – Pro-nuclear bill continues to work through NC legislature

- Yesterday, the bill was withdrawn from the Committee on Rules and Operations of the Senate.
- It appears that the bill may be re-referred to another committee, as was the case when it was withdrawn from committee twice previously.
- North Carolina Senate Bill 678

Guggenheim takeaway: *In our view, DUK would be the primary beneficiary of this bill, which would redefine "renewable energy" as "clean energy" in order to provide a term that includes nuclear resources and fusion energy, and which specifically eliminates language impeding CPCN issuance for nuclear facilities.* ***Recently, DUK filed its NC Carbon Plan update and SC IRP, which we covered HERE, and HERE, respectively.***

WEC – Statements of position and proposed order filed in Illinois gas cases

- As scheduled, statements of position were filed along with a proposed order by the utilities.
- Following reply briefs which were filed at the end of last week, statements of position were filed by the Staff of the Illinois Commerce Commission, the City of Chicago, and CUB, among others.
- The deadline for commission action is November 29th at 5:00pm.
- Docket 23-0069

Guggenheim takeaway: *We continue to focus on ROE and capital structure, as both historic plant balances and 2023/2024 forecasted capital additions remain uncontested. We remind investors that the Illinois Staff recommended a 9.83% ROE earlier this year (which continues to be our go-forward baseline assumption in this case), compared with the utilities' ask of 9.90% and PGL's presently authorized level of 9.05%.*

LA – Media picks up coverage of wildfire risks in Louisiana Bayous

- Wildfires in LA have burned over 60,000 acres in 2023, which is unusual given the historically wet and swampy geographies, but hot and dry weather conditions have elevated wildfire risks in 2023.
- The biggest fires this year forces some evacuation orders but were largely rural.
- Media picked up coverage of the risks with an interview of the LA Forestry commissioner who noted a departure from historic norms for the region.
- Media coverage here.

Guggenheim takeaway: *The wildfires in LA have been more rural and much smaller in size than West coast fires by acreage but the changing weather patterns present a clear risk for LA. While many of the wildfires have historically seen allegations of utility negligence, the LA fires have not seen any investigations, and we note the biggest fires were in muni/coop service areas. From a liability standpoint, LA uses an ordinary negligence standard.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Portland General Electric Company (POR)

Joseph Trpik, *Chief Financial Officer*
Nick White, *Investor Relations*

Dates & Locations

September 18, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $4.75bn

Portland General Electric Co (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Monday, September 25th

Dates & Time

Monday, September 25, 2023
5:30PM ET

Location

New York
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Tuesday, September 26th

Dates & Time

Tuesday, September 26, 2023
6:00PM ET

Location

New Jersey
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
NY Roundtable	9/25	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

9/11/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.56	3,189	3.70	4.17	4.56	4.87	5.07	3.69	4.09	4.36	4.65	5.05	–	0.09	0.20	0.22	–	15.0x	13.6x	12.7x	11.9x	11.0x	-10%	-12%	-12%	-12%	-14%	8.4%	5.0%	71%	Sell	$49	-7%	Neutral	$62	17%
AVA	$34.09	2,609	2.28	2.49	2.61	2.67	2.73	2.29	2.50	2.61	2.65	2.73	–	–	–	–	–	14.9x	13.7x	13.0x	12.9x	12.5x	-11%	-12%	-10%	-6%	-3%	5.2%	5.6%	78%	Sell	$33	2%	Sell	$40	24%
NWE	$50.99	3,062	3.42	3.55	3.75	3.91	4.08	3.42	3.54	3.74	3.86	3.98	–	–	–	0.06	0.10	14.9x	14.4x	13.6x	13.2x	12.8x	-11%	-7%	-6%	-3%	-0%	5.1%	5.1%	74%	Sell	$48	-1%	Neutral	$58	18%
POR	$43.70	4,418	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.23	3.35	3.55	–	–	–	–	–	16.3x	14.4x	13.5x	13.0x	12.3x	-2%	-7%	-7%	-4%	-4%	5.3%	4.5%	67%	Buy	$48	14%	Buy	$50	19%
		13,277																**15.3x**	**14.0x**	**13.2x**	**12.8x**	**12.2x**	**-8%**	**-10%**	**-9%**	**-6%**	**-5%**	**6.0%**	**5.0%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$78.64	20,641	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.01	5.35	5.66	–	–	0.04	0.05	–	18.0x	16.8x	15.7x	14.7x	13.9x	8%	9%	8%	8%	8%	6.6%	3.4%	58%	Neutral	$85	11%	Buy	$89	16%
AEP	$77.80	40,081	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.32	6.71	–	0.04	–	0.07	0.10	14.8x	13.9x	13.0x	12.3x	11.6x	-11%	-10%	-10%	-10%	-10%	6.0%	4.5%	63%	Buy	$96	28%	Buy	$95	26%
CMS	$56.14	16,378	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.62	3.87	4.15	–	0.06	0.03	0.04	0.11	18.1x	16.7x	15.5x	14.5x	13.5x	8%	8%	7%	6%	5%	8.1%	3.7%	63%	Neutral	$61	12%	Buy	$65	19%
CNP	$28.31	17,819	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	18.9x	17.5x	16.3x	15.1x	14.1x	13%	13%	13%	11%	9%	9.5%	2.8%	49%	Buy	$34	23%	Buy	$32	17%
D	$47.30	39,579	3.37	3.54	3.75	4.24	4.50	3.32	3.44	3.60	4.11	4.19	0.05	0.10	0.15	0.13	0.31	14.2x	13.8x	13.1x	11.5x	11.3x	-15%	-11%	-9%	-16%	-12%	1.4%	5.7%	79%	Buy	$56	24%	Neutral	$53	18%
DTE	$103.02	21,233	6.26	6.73	7.19	7.75	8.30	6.23	6.69	7.18	7.74	8.27	–	0.04	–	–	–	16.5x	15.4x	14.4x	13.3x	12.5x	-1%	-1%	-1%	-2%	-3%	6.4%	3.9%	62%	Buy	$124	24%	Buy	$124	24%
DUK	$91.78	70,762	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.33	6.75	7.16	0.03	0.08	–	–	–	16.3x	15.4x	14.5x	13.6x	12.8x	-2%	-1%	-0%	-0%	-0%	6.3%	4.6%	71%	Buy	$102	16%	Buy	$101	14%
ED	$89.73	30,950	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.51	5.79	6.05	(0.03)	(0.05)	–	–	(0.03)	18.3x	17.1x	16.3x	15.5x	14.8x	10%	11%	12%	14%	15%	5.6%	3.7%	65%	Neutral	$85	-2%	Neutral	$90	3%
EIX	$69.87	26,780	4.71	4.98	5.48	5.71	6.03	4.72	5.13	5.60	5.93	6.25	–	(0.15)	(0.11)	(0.22)	(0.22)	14.8x	13.6x	12.5x	11.8x	11.2x	-11%	-12%	-14%	-13%	-13%	5.5%	4.4%	61%	Neutral	$74	10%	Buy	$74	10%
ES	$62.36	21,769	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.25	5.60	–	0.08	0.06	–	(0.11)	14.3x	13.4x	12.6x	11.9x	11.1x	-14%	-13%	-13%	-13%	-13%	6.1%	4.5%	62%	Buy	$80	33%	Buy	$80	33%
ETR	$95.33	20,158	6.71	7.16	7.76	8.31	8.97	6.69	7.19	7.71	8.25	8.85	–	(0.03)	0.05	0.06	0.12	14.2x	13.3x	12.4x	11.6x	10.8x	-15%	-14%	-15%	-15%	-16%	6.9%	4.7%	64%	Buy	$113	23%	Buy	$115	25%
EVRG	$52.71	12,101	3.65	3.97	4.24	4.47	4.75	3.64	3.93	4.18	4.37	4.66	–	0.04	0.06	0.10	0.09	14.5x	13.4x	12.6x	12.1x	11.3x	-13%	-13%	-13%	-11%	-12%	4.8%	4.9%	67%	Buy	$68	34%	Buy	$62	23%
EXC	$40.58	40,349	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.91	3.11	–	–	–	–	–	17.2x	16.2x	14.9x	13.9x	13.1x	3%	4%	3%	2%	2%	6.4%	3.8%	62%	Buy	$45	15%	Buy	$45	15%
FE	$35.58	20,400	2.54	2.69	2.89	3.07	3.27	2.53	2.69	2.87	3.05	3.24	–	–	–	–	0.03	14.0x	13.2x	12.4x	11.7x	11.0x	-16%	-14%	-15%	-14%	-15%	6.3%	4.6%	61%	Buy	$44	28%	Buy	$41	21%
LNT	$50.79	12,836	2.90	3.08	3.27	3.50	3.67	2.89	3.08	3.28	3.47	3.67	–	–	–	–	–	17.6x	16.5x	15.5x	14.6x	13.8x	5%	7%	7%	7%	8%	6.1%	3.7%	62%	Neutral	$49	0%	Buy	$55	13%
OGE	$34.85	6,980	2.02	2.16	2.25	2.37	2.48	2.01	2.14	2.27	2.38	2.50	–	–	–	–	–	17.3x	16.3x	15.4x	14.7x	14.0x	4%	5%	6%	8%	8%	2.8%	4.9%	81%	Neutral	$36	8%	Buy	$38	13%
PCG	$16.90	35,342	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.58	1.73	–	–	–	–	–	14.0x	12.6x	11.6x	10.7x	9.8x	-16%	-19%	-20%	-22%	-24%	9.7%	1.1%	15%	Buy	$21	25%	Buy	$19	14%
PEG	$60.80	30,346	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.24	4.52	–	–	0.04	0.05	0.07	17.6x	16.5x	15.0x	14.3x	13.5x	6%	6%	3%	5%	5%	5.8%	3.9%	65%	Buy	$70	19%	Buy	$67	14%
PNW	$76.52	8,671	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.48	5.61	–	–	–	(0.23)	(0.21)	18.2x	15.4x	14.8x	14.0x	13.6x	9%	-1%	2%	3%	6%	4.9%	4.6%	75%	Neutral	$83	13%	Neutral	$80	10%
PPL	$25.03	18,449	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.81	1.93	2.06	–	–	–	–	–	15.8x	14.7x	13.8x	13.0x	12.2x	-5%	-5%	-5%	-5%	-5%	8.0%	4.0%	61%	Buy	$31	28%	Buy	$30	24%
SO	$68.13	74,365	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.31	4.54	4.76	–	–	–	–	0.04	18.9x	16.9x	15.8x	15.0x	14.3x	14%	9%	9%	10%	11%	5.9%	4.2%	73%	Buy	$80	22%	Buy	$73	11%
WEC	$84.53	26,664	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.3x	17.2x	16.1x	15.1x	14.2x	10%	11%	11%	11%	10%	6.1%	3.9%	68%	Neutral	$94	15%	Buy	$96	17%
Mid/Lg Cap (excl. EIX, PCG)																		**16.7x**	**15.5x**	**14.5x**	**13.6x**	**12.9x**						**6.0%**	**4.2%**	**66%**						
SMID + Lg Cap		**625,931**																**16.4x**	**15.2x**	**14.3x**	**13.5x**	**12.7x**						**6.0%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$67.53	136,661	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	–	(0.14)	21.6x	20.3x	18.3x	16.8x	15.3x	30%	31%	26%	23%	19%	8%	3.0%	61%	Buy	$86	30%	Buy	$89	35%
SRE	$71.16	44,781	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.03	5.31	5.87	4.50	4.69	5.10	5.49	5.84	15.8x	14.8x	14.2x	13.4x	12.1x	-5%	-4%	-2%	-2%	-6%	5%	4.0%	61%	Buy	$172	146%	Buy	$81	18%
		181,443																**18.7x**	**17.6x**	**16.2x**	**15.1x**	**13.7x**	**12%**	**13%**	**12%**	**11%**	**7%**	**6.5%**	**3.5%**	**61%**						
Gas LDCs																																				
NI	$27.08	11,191	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.82	1.94	2.07	–	–	–	–	–	17.1x	16.2x	14.9x	13.9x	13.1x	3%	5%	3%	2%	2%	7%	3.9%	64%	Buy	$30	15%	Buy	$31	20%
CPK	$109.30	1,945	5.42	5.84	6.23	6.59	6.94	5.34	5.83	6.25	6.58	6.92	0.08	–	–	–	–	20.5x	18.8x	17.5x	16.6x	15.8x	23%	21%	20%	22%	23%	7%	2.2%	43%	Neutral	$112	5%	Buy	$132	23%
NJR	$42.26	4,123	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.98	3.17	3.42	–	–	(0.04)	(0.07)	(0.08)	15.8x	15.3x	14.2x	13.3x	12.4x	-5%	-1%	-2%	-2%	-4%	6%	3.9%	60%	Neutral	$47	15%	Neutral	$50	21%
NWN	$39.90	1,400	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.04	3.22	–	0.06	–	0.05	–	15.0x	14.4x	13.3x	13.1x	12.4x	-10%	-7%	-8%	-3%	-4%	5%	4.9%	72%	Neutral	$42	10%	Buy	$50	30%
OGS	$74.73	4,233	4.14	4.24	4.53	4.98	5.31	4.14	4.31	4.58	4.97	5.30	–	(0.07)	(0.05)	–	–	18.0x	17.4x	16.3x	15.1x	14.1x	8%	12%	13%	11%	10%	10%	3.6%	63%	Neutral	$73	1%	Neutral	$78	8%
SR	$59.37	3,123	4.20	4.31	4.57	4.73	4.99	4.20	4.33	4.64	4.82	5.06	–	–	(0.06)	(0.09)	(0.07)	14.1x	13.7x	12.8x	12.3x	11.7x	-15%	-11%	-12%	-9%	-9%	5%	5.1%	70%	Neutral	$65	15%	Neutral	$68	19%
		26,016																**16.7x**	**16.0x**	**14.8x**	**14.1x**	**13.2x**	**1%**	**3%**	**2%**	**3%**	**3%**	**6.7%**	**3.9%**	**62%**						
Regulated Water																																				
AWK	$138.22	26,907	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.04	6.46	–	–	–	(0.06)	–	28.7x	26.9x	24.7x	22.9x	21.4x	72%	74%	70%	68%	66%	7%	2.1%	58%	Neutral	$147	8%	Buy	$157	15%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$109.98	35,369	3,150	3,451	3,509	3,346	3,804	3,492	3,959	3,831	3,780	3,875	(342)	(507)	(322)	(434)	(71)	11.3x	9.8x	9.7x	9.6x	9.0x	39,502	39,672	37,344	36,201	34,781	9.6%	1.1%	22%	Buy	$97	-11%	Buy	$109	1%
NRG	$38.85	8,901	3,181	3,122	3,126	3,042	3,107	3,067	3,087	3,059	2,693	2,791	114	35	67	349	316	6.0x	5.6x	5.1x	5.3x	4.6x	18,439	17,215	15,736	14,355	12,900	21.2%	4.1%	28%	Neutral	$34	-8%	Neutral	$41	9%
VST	$33.69	12,383	3,700	3,755	3,792	3,621	3,535	3,781	4,058	3,962	3,789	N/A N/A	(81)	(303)	(169)	(168)	–	6.5x	6.1x	6.1x	6.2x	–	24,731	24,564	23,990	23,546	23,505	6.8%	2.6%	25%	Buy	$31	-5%	Buy	$34	4%
Other																																				
NEP	$48.72	4,552	1,837	1,977	2,143	2,325	2,471	1,909	2,140	2,342	2,455	2,471	(72)	(163)	(199)	(130)	–												7.7%	–	Buy	$74	60%	Buy	$76	64%
SMR	$5.92	441	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	204%	Buy	$12	109%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

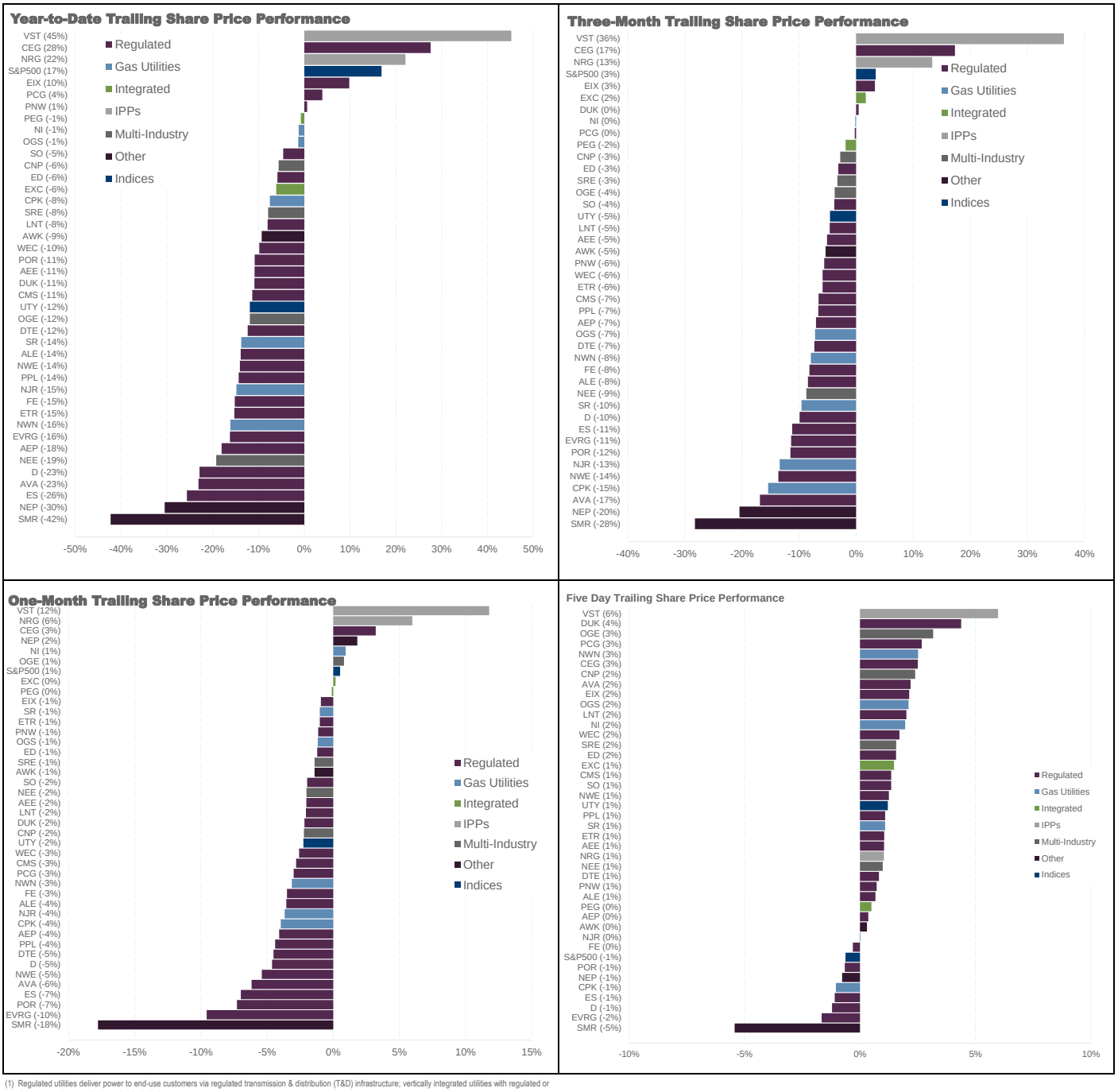

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

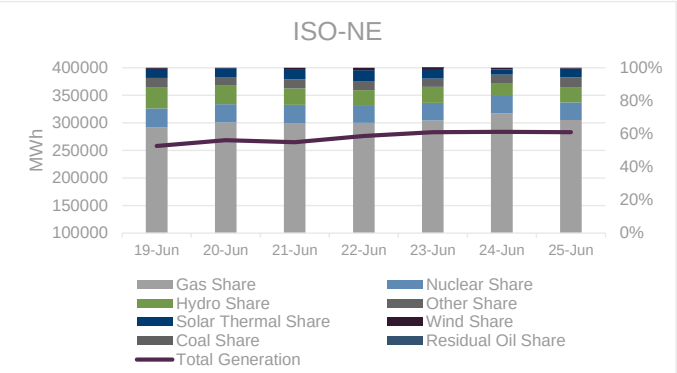

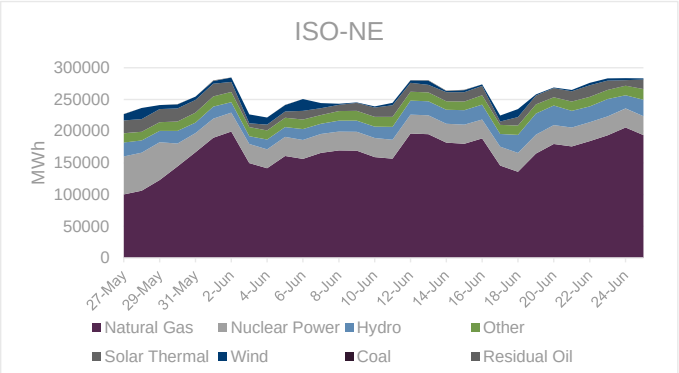

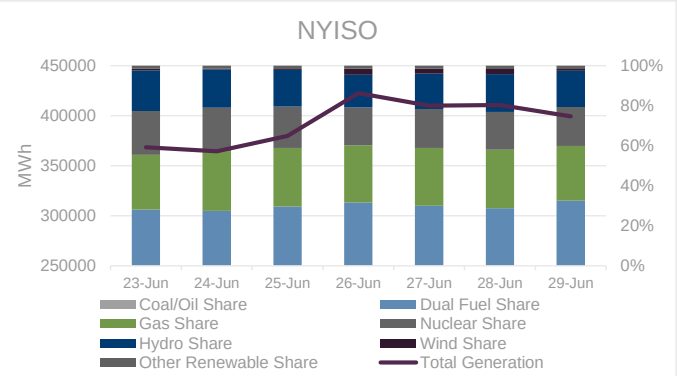

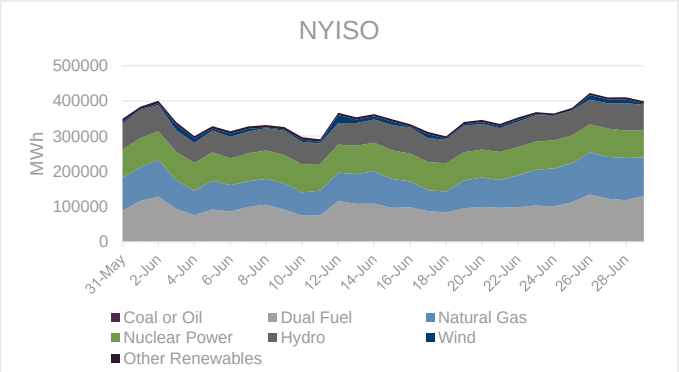

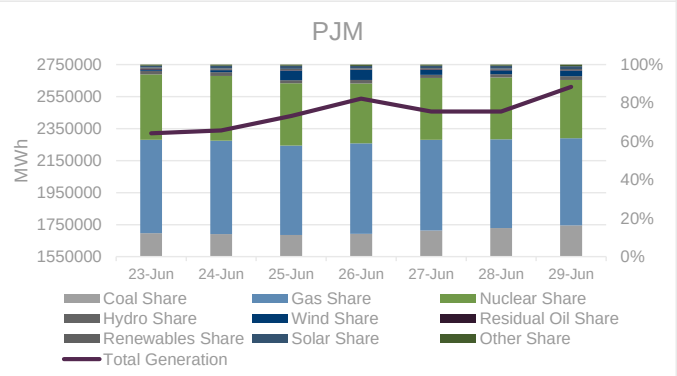

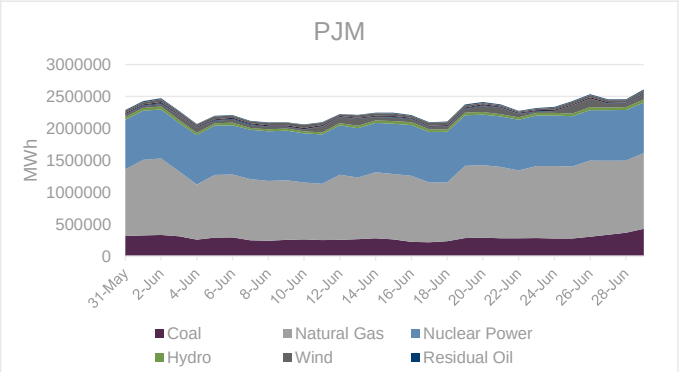

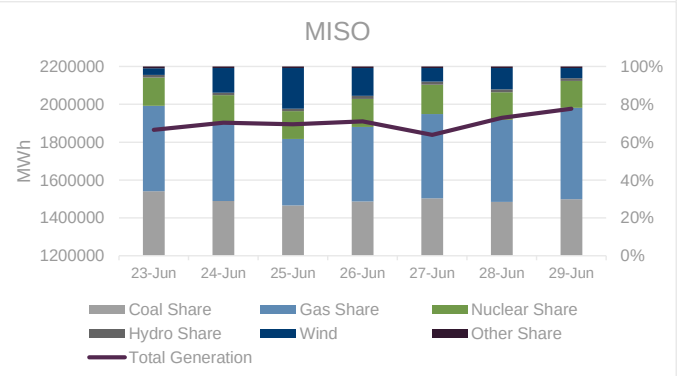

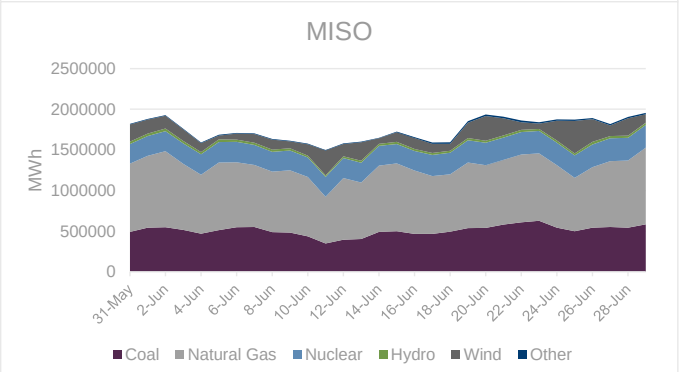

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

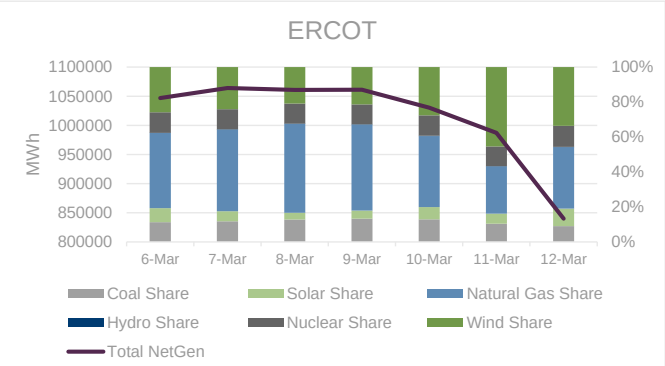

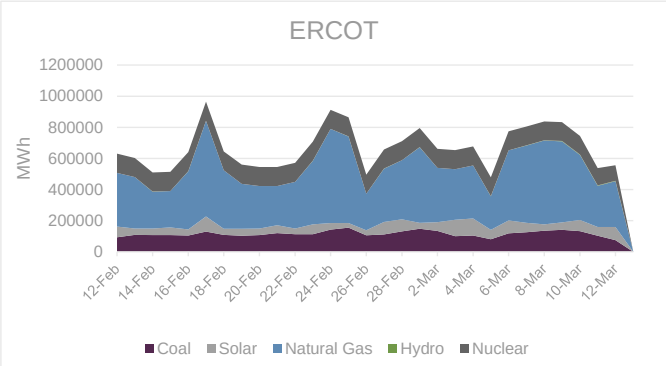

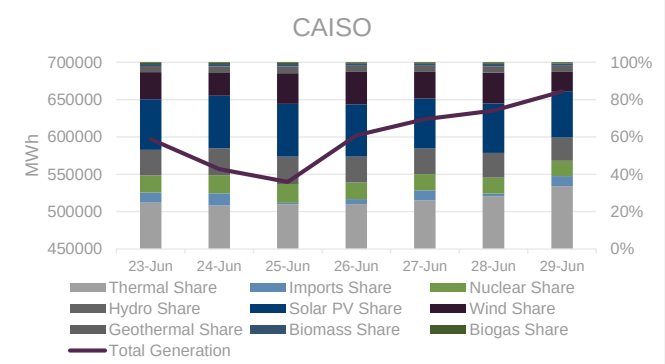

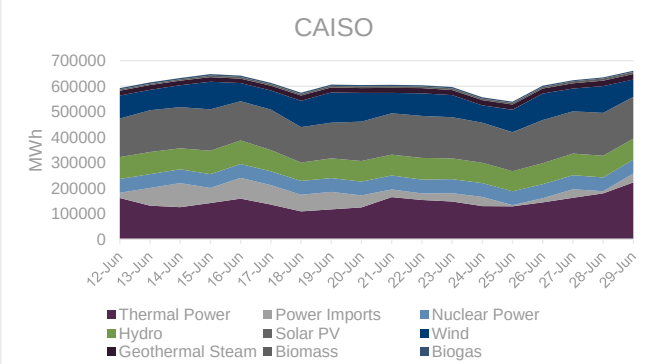

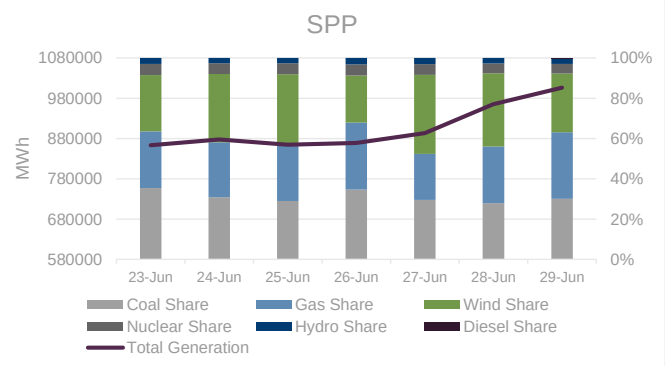

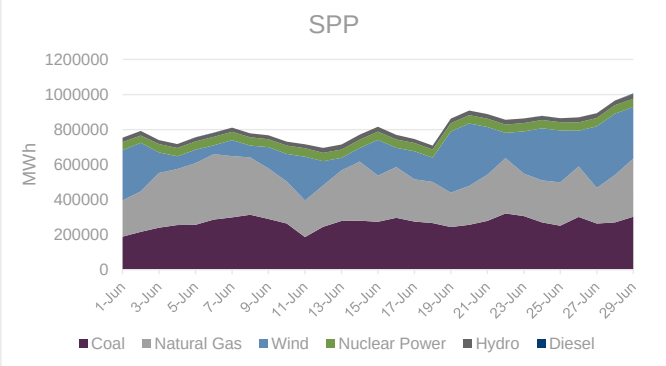

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

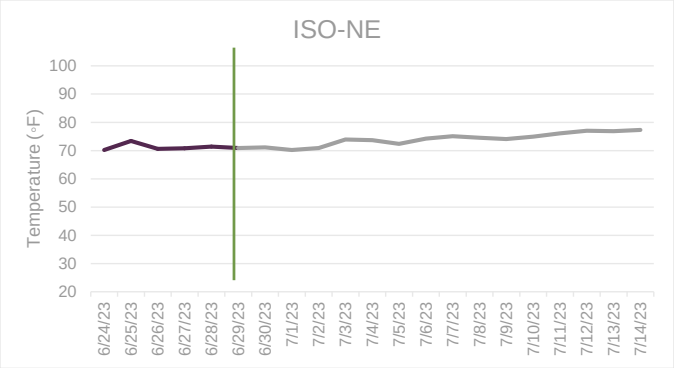

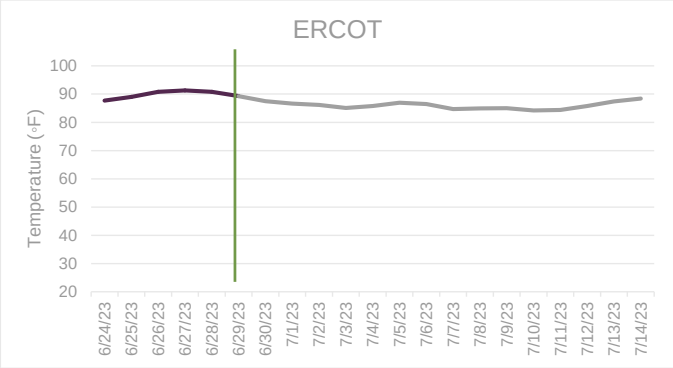

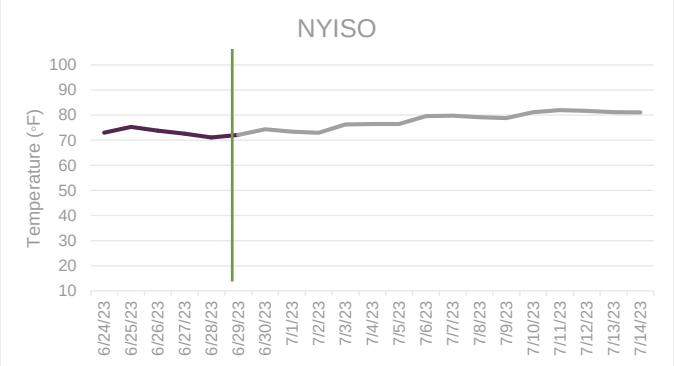

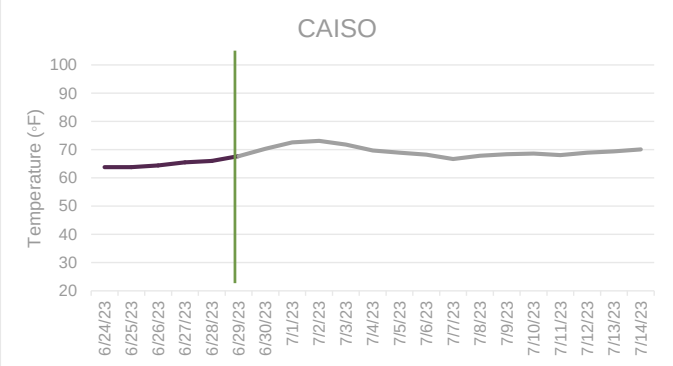

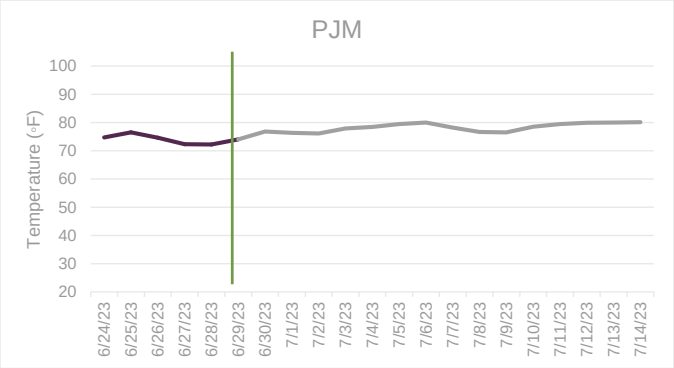

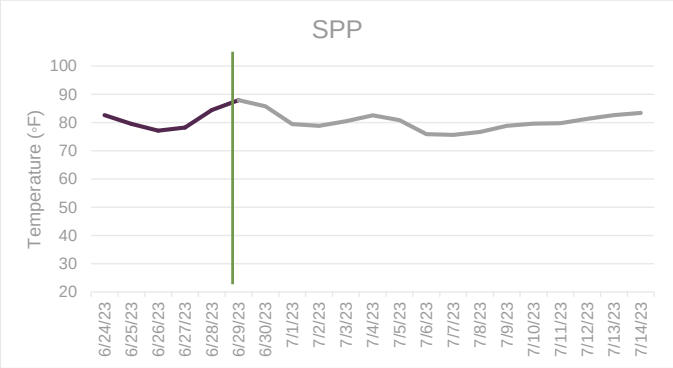

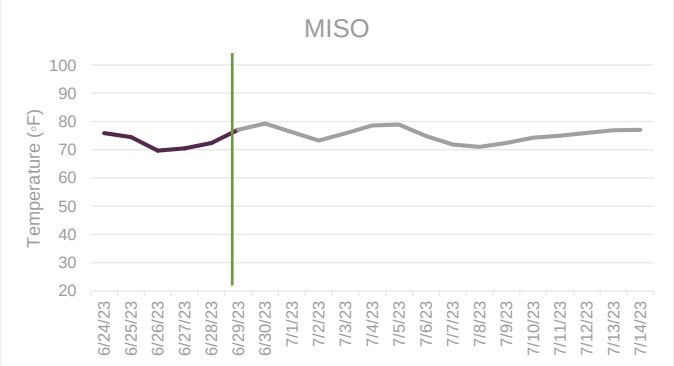

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

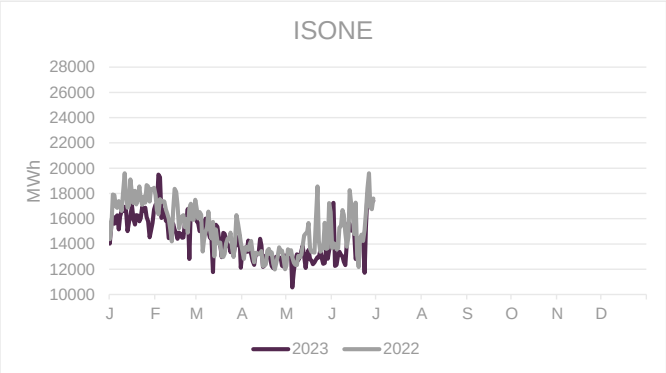

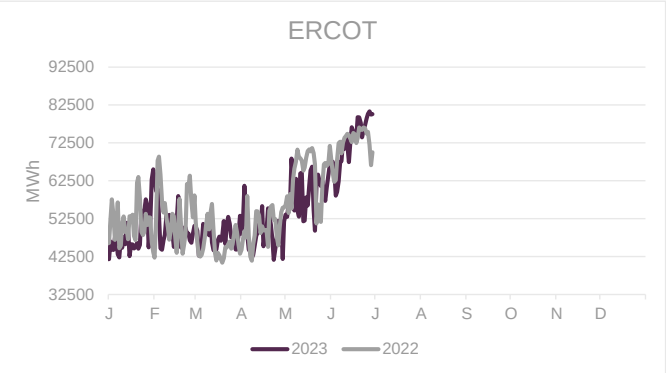

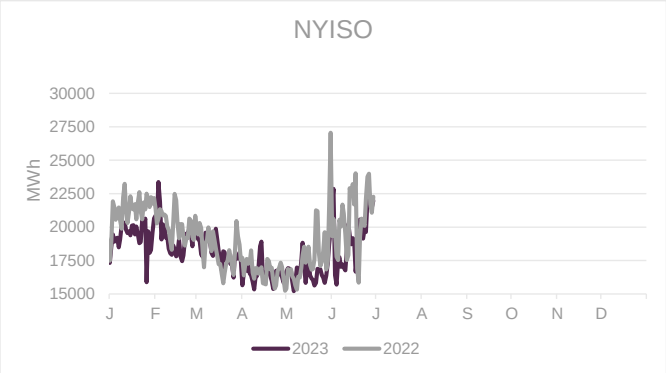

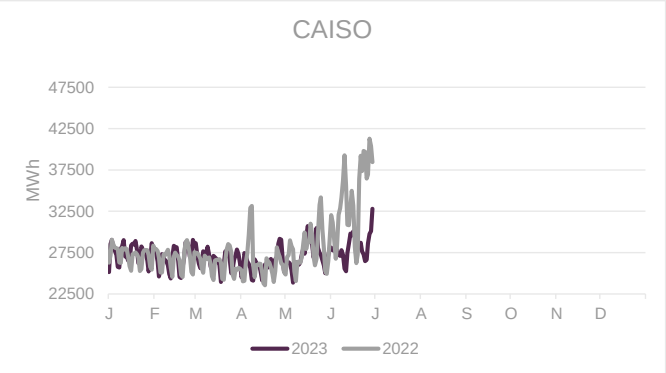

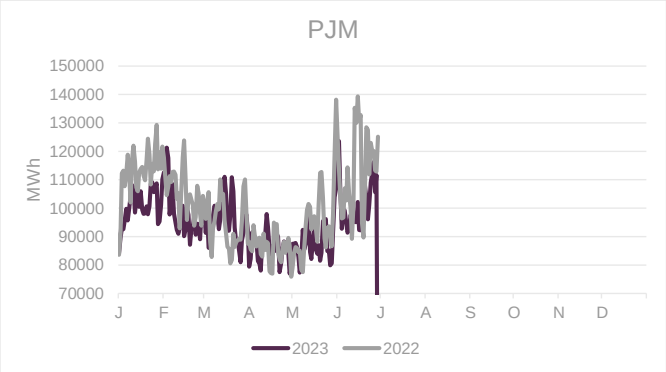

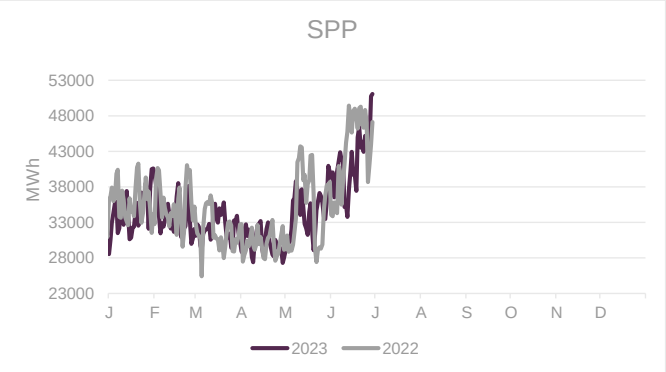

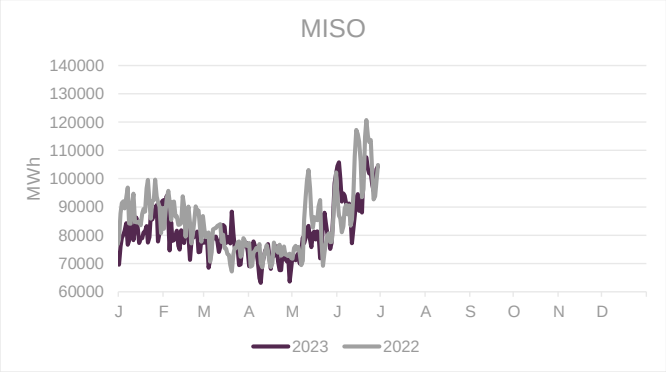

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	66.67%	42	16.94%
NEUTRAL	114	30.65%	7	6.14%
SELL	10	2.69%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Electric Utilities & IPPs >> PowerPoints: HE Latest, EXC Settlement, ED Steam, FE MD, UGI WV, Debt & Power
- **Publication Date/Time** : Monday, September 11, 2023 11:55:33 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_id=5c2bd4dff0161f2b3f2ce8ffb3440998&_doc_docfn=U2FsdGVkX182SoekouArpmdHNHwKo10eREog587Q%2BBegHiNsUEyKbzx2KPwO6ZnpiQp6ov2

KeyBanc Capital Markets

Alert

September 11, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AGR, EXC, WEC, XEL, DUK, POR, FE, AEP, DTE, EIX, SRE, ES, PEG

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in AGR and PNM's proposed merger, EXC's IL electric rate case, WEC's limited reopener in WI, XEL's WI rate cases, XEL's TX electric rate case, and XEL's MN electric rate case. In other news, DUK files a Joint Climate Risk and Resilience study report; the ALJ issues a proposed order in Potomac Edison's MD electric rate case; the Hearing Examiner issues support for SPS's NM electric rate case; POR addresses intervenor comments on OR Clean Energy Plan; a majority of PJM participants reach a settlement on penalties related to December's Winter Storm Elliott outages; the Appeals Court remands PURPA rules to FERC to conduct further assessment of the changes made via Order 872; APCo receives SCC approval for ~350 MW of solar and wind power; the LA PSC allows SWEPCO to seek IRS ruling for treatment of ADIT; the MI PSC hosts a technical conference for DTE's Distribution Grid Plan; the CA governor and state legislature reach an agreement to streamline the clean energy transition; ES closes sale with Orsted for the offshore lease acreage; and the NJ BPU is down to four commissioners. Don't miss our schedule of meetings at the EEI this fall and contact us to join the meetings.

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Please scroll down for our full schedule, including dinners with **DTE** and **AGR**, and contact us or your KBCM sales representative to schedule meetings.

Regulatory Calendar

AGR — Oral arguments in the PNM merger proceedings are scheduled for September 12: The NM Supreme Court will hear oral arguments on the legality of the PRC decision regarding the merger on September 12. PNM and AGR extended the merger agreement until the end of the year to allow time for the court's decision and a potential remand to the PRC for a decision. There is no deadline by which the court needs to issue a ruling, but we could potentially hear an outcome by the end of the year (for background, see here).

EXC — Initial briefs in EXC's IL electric rate case are due on September 12: ComEd's rebuttal testimony included a $1,550M revenue request over 2024-2027 (Docket: 23-0055), compared to Staff's recommendation for a $1,039M revenue increase. ComEd requested a 10.65% ROE and argues that Staff's recommended 8.9% ROE using 580 bps over the 2022 U.S. Treasury Bond yield of 3.114% is no longer applicable since that option existed only under the IL Energy Infrastructure Modernization Act. The act expired at the end of 2022 and the provisions of the CEJA require that the ROE be determined under current commission law. Staff calculated ROE midpoints of 9.23% and 10.87% in its analysis using the traditional DCF and CAPM methods, respectively. A proposed order is due on October 23, and December 20 is the ICC's deadline to issue a decision.

WEC — Staff and Intervenor testimony in WEC's limited reopener WI cases is due on September 12: WEC is seeking a cumulative $100M revenue increase to recover capital investments that achieve commercial operation in 2023 and 2024. The reopener also implements projected O&M savings from the planned retirement of coal units. The ROE and equity layer will not be addressed. A WI PSC decision is expected in 4Q23, with new rates effective January 1, 2024.

XEL — Evidentiary hearings in XEL's TX electric rate case begin on September 12: XEL updated its request to a $136M revenue increase while maintaining a 10.65% ROE and 54.68% equity. This compares to XEL's initial request for a $158M revenue increase and the TX PUC Staff's recommendation for a $102M revenue increase, premised on a 9.5% ROE and 54.6% equity. The lower request excludes $10.8M of deferred costs that XEL would recover through a two-year rider. XEL also updated its request to reflect the passage of SB 1016, including removing the elimination of its capitalized annual incentive program and related expenses and including long-term incentives for non-officers. A PUCT decision is expected in 1Q24.

XEL — Rebuttal testimony in the NSP-WI electric and gas rate cases is due on September 13: Staff recommended an electric base rate decrease of $3M when including fuel and purchased power adjustments, and a natural gas rate increase of $5M based on a ROE of 9.7% and an equity ratio of 52.5% (Docket: 4220-UR-126). Intervenor comments centered on cost of service, rate design, and

other policy issues. XEL filed the electric and gas rate cases requesting revenue increases of $40M and $9M, respectively, premised on 10.25% ROE and 52.5% equity. The main difference in the staff recommendation and XEL's request on the electric filing relates to the recent extensions received for the Monticello Nuclear plant and other wind facilities. The life extensions flow to NSP-WI through the Interchange Agreement (cost sharing agreement between NSP-WI and NSP-MN) and reduce the electric rate request through lower D&A.

XEL — The MN PUC will decide on a rehearing in XEL's MN MYRP on September 14: The MN PUC will decide on rehearing the rate case at its September 14 open meeting. XEL requested the rehearing of the MN PUC's rate case order that came in below expectations. The commission order authorized a $311M revenue increase over three years, premised on 9.25% ROE/52.5% equity, vs. XEL's ask for a $498M request premised on a 10.2% ROE and the ALJ's $386M recommendation using a 9.87% ROE. XEL is requesting that the PUC reconsider its decision on the ROE, the recovery of insurance premiums and employee compensation expenses, prepaid pension assets, and the sale true-up mechanism. Read our takeaways on the MN PUC's decision here.

Recent Developments for Companies Under Our Coverage

From our midweek: ES partner Orsted lays out possibility of abandoning U.S. offshore wind projects; D files rebuttal testimony in the VA IRP; the DOJ sues SCE for the 2020 Bobcat wildfire; parties file draft orders in SO's Northern IL gas rate case and AEE's IL gas rate case; ES files an Electric System Modernization Plan in MA; MA DPU changes the periods for basic supply rate adjustments to ease customer bill pressure during peak winter months; NCUC authorizes TOU rates for solar customers; the WV PSC moves forward with the FE management audit; and AVA issues an RFP for RNG.

DUK — DUK files a Joint Climate Risk and Resilience study report: DUK filed a Joint Climate Risk and Resilience Study report with the NCUC, highlighting significant vulnerabilities to DUK's grid from extreme weather and climate change. The system risks facing reduced service reliability in the future if DUK does not make adaptation investments. Substations are the biggest risk and DUK has initiated mitigation steps, including building new substations at least 2 feet higher than the federally designated levels to avoid flooding. The T&D system faces medium or low-scoring risks, while DUK's asset management practices are at high risk. DUK's load forecasting, capacity planning, and reliability planning are all at medium risk. To continue to improve its resilience, DUK identifies four frameworks, including monitoring climate science, maintaining readiness, incorporating new factors in T&D investments, and partnering with local communities. The report does not specify a specific set of investments, but DUK will continue to develop and refine its efforts to ensure that its system can address the evolving impacts of climate change. The Joint Climate Risk and Resilience report built on the Company's vulnerability study conducted in 3Q22.

FE — ALJ issues a proposed order in Potomac Edison's MD electric rate case: The ALJ issued a proposed order recommending a $30M revenue increase, premised on a 9.5% ROE and 53% equity. The proposal removes all spend related to post-test-year reliability projects and the associated depreciation, resulting in a $694M rate base at the end of 2022. The ALJ also recommended the denial of Phase II of the electric distribution investment surcharge (EDIS). FE requested the second phase to support three reliability programs: underground cable replacement, substation reclosers, and distribution automation. The ALJ order is relatively in line with Staff's recommendation for a $29M revenue increase, using a 9.5% ROE and 53% equity. FE's latest request was for a $50M revenue increase premised on a 10.6% ROE, 53.53% equity layer, and a $719M rate base. Parties will be able to file a memorandum of appeals by September 15. An MD PSC final decision is expected in 4Q23.

XEL — Hearing Examiner issues support for SPS's NM electric rate case: The NM Hearing Examiner issued a certification of stipulation supporting the settlement in XEL's NM electric rate case. The settlement agreed to a $33M revenue increase, premised on a 9.5% ROE and 54.7% equity. The settlement also agrees to approve the amended 2028, previously 2032, abandonment date of Tolk Generation Station. Staff and nine other parties agreed to the settlement, while two parties opposed the settlement. The settlement compares to Staff's $37M revenue increase recommendation and XEL's request for a net revenue increase of $76M, premised on a 10.75% ROE, 54.7% equity layer, and a test year ending June 30, 2024. A PRC vote could occur at an upcoming meeting with a final decision expected in 4Q23. The next open meeting is September 27.

POR — POR addresses intervenor comments on OR Clean Energy Plan and IRP: POR addressed Staffs comments and recommendations with a path based on a no-regrets process that will put POR on track to achieve its 2030 carbon emission targets, while positioning it suitably for the subsequent 2035 and 2040 targets. POR requires significant investments to increase its capacity to meet projected growth, although an expanded market structure in the West could help alleviate some of that need. POR will seek to meet demand at the least cost, which will be updated based on available technologies in subsequent CEPs. Staff's comments provided insight into some low-regret actions or opportunities, challenges, and vulnerabilities that need to be addressed. Staff's 29 recommendations for POR to address in reply comments included adopting a scoring metric for GHG reductions, redesigning the Preferred Portfolio without assuming 800 MW of additional transmission, providing an accounting of banked RECs, and a detailed assessment of its small-scale renewable resource compliance strategy including how it plans to meet the compliance obligations and projected shortfalls. POR's CEP includes a set of near-term actions to achieve the targets outlined in HB 2021. The Preferred Portfolio emphasizes solar and wind resources, with ~3.5GW expected to be online by 2030. POR will issue an annual RFP for up to 520 MW of non-emitting resources through 2028, plans to add 632 MW of storage, energy efficiency (248 MW), and distributed resources (136 MW). The Company will study the addition of community-based renewable energy to reach 155 MW by 2030. This is POR's first CEP/

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

IRP filing since the enactment of HB 2021. The PUC has six months from the March 31 filing to acknowledge the CEP and determine if it is consistent with the new law

Majority of PJM participants reach a settlement on the penalties related to December's Winter Storm Elliott outages: The majority of the participants have reached a settlement in principle, with a final settlement anticipated by the end of September. The settlement is for the $1.8B in penalties the owners of power plants in the PJM Interconnection market were fined for failing to provide electricity during the December Winter Storm. Nearly 46 GW or 23.2% of PJM's generating fleet was unexpectedly offline on December 24 primarily due to equipment that didn't operate and fuel supply challenges with gas-fired generation accounting for ~70% of unplanned outages. The cases cover 13 complaints against the PJM challenging its assessments of the penalties during the storm. Under PJM's forward capacity market construct, generators with capacity supply obligations are subject to penalties when they fail to perform in grid emergencies. Those penalties go into a bonus pool that compensates overperforming generators, which, in this case, included Constellation and Vistra, which sought an order on the merits of the case.

Appeals Court remands PURPA rules to FERC to conduct assessment: The U.S. Court of Appeals for the Ninth Circuit remanded FERC order 872 to FERC. The Appeals Court determined that FERC's lack of an environmental assessment before issuing the order violated the National Environmental Policy Act. While FERC will be required to conduct an environmental assessment, likely delaying implementation of the rules, the Appeals Court did not vacate the order itself, as it determined the order did not suffer from a fundamental flaw and was reasonable. FERC issued Order 872 in 2020, changing the QF eligibility criteria and mandatory purchase obligation and avoided costs methodology. PURPA requires utilities to purchase power from QFs at the avoided cost and in areas where the utilities' avoided capacity costs are high. In 2020, FERC updated the PURPA rules to such that only those power production facilities with a net capacity of 5 MW or less are considered not to have nondiscriminatory access to markets, thereby affording them protections under PURPA, bringing the threshold down from the prior 20 MW or less. The Order also modified the site rule for determining which assets constitute a single QF and made changes to power rates calculated under PURPA. The FERC made these changes to respond to the changing generation mix and the growing deployment of larger wind and solar projects that made PURPA protections less necessary.

AEP — APCo receives SCC approval for ~350 MW of solar and wind power: The VA SCC issued an order approving AEP's 2023 renewable energy portfolio standard (RPS) program filing to add 350 MW of renewable power. SCC approved the RPS Development Plan and the $16M revenue requirement for the 2023-24 rate year. Specifically, APCo will enter into six solar PPAs totaling 184 MWs, a renegotiated 20 MW solar PPA, and acquire a 146 MW onshore wind facility. The Grover Hill wind facility is located in OH. The SCC denied APCO's request for the cost recovery associated with the Beech Ridge legacy wind PPA. APCo is required to file an RPS plan and petitions for new solar and onshore wind capacity annually. The RPS program was established as part of the VA Clean Economy Act, which targets 100% carbon-free generation by 2045. APCo will file its next RPS application on or after March 15, 2024.

AEP — LA PSC allows SWEPCO to seek IRS ruling for treatment of ADIT: The LA PSC issued an order allowing SWEPCO to seek a private letter ruling from the IRS to address a potential violation for the treatment of the net operating loss carry forward. The order authorizes SWEPCO to establish a regulatory asset for the return of ADIT and NOLs. SWEPCO would be eligible to request recovery of the asset (or liability) once receiving a determination from the IRS. This was the only issue not agreed to in the previously filed settlement. SWEPCO sought the inclusion of NOLs as part of its 2019 LA rate case that resulted in a $27M net revenue increase, premised on a 9.5% ROE. AEP filed the application in 2019 seeking a revenue increase of $134M premised on a 10.35% ROE and 50.8% equity.

DTE — The MI PSC hosts a technical conference for DTE's Distribution Grid Plan ahead of a completed filing by the company: The technical conference was held prior to DTE filing its 2023 Distribution Grid Plan. The conference focused on four main pillars: infrastructure resilience and hardening, tree trimming, technology and automation, and infrastructure redesign and modernization. The new plan seeks to achieve increased reliability and to support the forecasted load growth from increased electrification and electric vehicles. DTE is seeking to accomplish full grid automation in five years, which will play a key role in reducing outages during storms and follow-up restoration. Also included in the grid filing will be the acceleration of the upgrade of about 16K miles of the 4800 kV lines that are way beyond their useful life. DTE will file a distribution grid plan by September 29.

EIX, SRE — CA Governor Newsom and legislature reach agreement to streamline clean energy transition: CA Governor Newsom and the CA Legislature reached an agreement in AB 1373 to fast-track the clean energy transition in the state. The agreement creates a central buyer to procure clean energy for the grid, focusing on offshore wind, geothermal, and long-duration storage. The bill also includes the infrastructure streamlining package that was signed last month. That law uses $180B in federal, state, and local infrastructure funds over the next 10 years to accelerate infrastructure projects as CA looks to achieve a 100% clean electric grid by 2045. The governor has emphasized the need for CA to make aggressive infrastructure and clean energy investments, noting the struggles the TX grid has faced during recent extreme heat waves.

ES — ES closes sale of offshore lease acreage: ES closed the sale of its 50% interest in the 175K uncommitted offshore lease acreage for $625M in an all-cash transaction to Orsted. ES plans to use a portion of the proceeds for a tax equity investment of about $545M for the South Fork Offshore Wind Project. ES is also in the final phases of advancing the sale of the 50% interest in the three projects (South Fork, Revolution, and Sunrise).

Sophie Karp (917) 368-2361 / sophie.karp@key.com

PEG, EXC, FE — NJ BPU down to four commissioners after the passing of chair: The NJ BPU is without a president after Joseph Fiordaliso passed away. Mr. Fiordaliso joined the BPU in 2005 and served as president since 2018. Until a replacement is named by the governor, the BPU will act with four commissioners, one of whom, Commissioner Mary-Anna Holden (R), is serving on a term that expired in 2021. The NJ BPU is made up of five commissioners who serve staggered, six-year terms. The primary proceedings we are tracking in NJ include EXC's ACE electric rate case and FE's JCP&L electric rate case. PEG is scheduled to make a GRC filing by year-end. We are also following the State's Offshore Wind solicitation and allocations for the onshore infrastructure for offshore wind power.

Figure 1 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
OR	Portland General Electric Co.	POR	D-UE-416	Electric	9/11/2023	Company Surrebuttal Testimony Due
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	9/11/2023	Position Statements Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	9/11/2023	Position Statements Due
NM	Avangrid, PNM Resources	AGR		PNM Merger	9/12/2023	NM Supreme Court Oral Arguments
	Short-Term Energy Outlook	EIA			9/12/2023	STEO release
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	9/12/2023	Initial Briefs Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	9/12/2023	Staff and Intervenor Testimony Due
TX	Southwestern Public Service Co	XEL	D-54634	Electric	9/12/2023	Hearings Commence
	CPI Release	BLS			9/13/2023	CPI release for Prior Month
OR	Portland General Electric Co.	POR	LC80	IRP	9/13/2023	Special Public Meeting
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/13/2023	Rebuttal Testimony
MN	Northern States Power Co.	XEL	D-E-002/GR-21-630	Electric	9/14/2023	Rehearing Decision
VA	Dominion Energy	D	PUR-2023-00066	IRP	9/18/2023	Evidentiary Hearings Begin
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	9/19/2023	Rebuttal Testimony Due
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	9/19/2023	Rebuttal Testimony
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/19/2023	Surrebuttal Testimony
	Federal Energy Reg Comm	FERC			9/21/2023	Open Meeting
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	9/21/2023	Company Testimony Due (Track 2)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	9/21/2023	Company Testimony Due (Track 2)
IL	Ameren Illinois	AEE	D-23-0082	Electric	9/22/2023	Reply Briefs Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	9/22/2023	Proposed Order Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/22/2023	Hearings Commence
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	9/26/2023	Proposed Order Due
OR	Avista Corp.	AVA	LC81	IRP	9/26/2023	Company Reply Comments
OR	Portland General Electric Co.	POR	D-UE-416	Electric	9/26/2023	Evidentiary Hearings Begin
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	9/26/2023	Rebuttal Testimony Due
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	9/27/2023	Replay Briefs Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/27/2023	Revised Testimony
CA		CPUC	R2207005	Fixed Charges	9/29/2023	Reply Briefs
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	9/29/2023	Rebuttal Testimony Due
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	9/29/2023	Intervenor Testimony Due
MN	Ottertail Power	OTTR	21-339	IRP	9/29/2023	Reply Comments Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	10/2/2023	Intervenor Testimony
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/2/2023	Surrebuttal Testimony Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	10/3/2023	Initial Briefs Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	10/4/2023	Staff and Intervenor Objections
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/4/2023	Hearings Begin
MI	DTE Electric Co.	DTE	C-U-21297	Electric	10/5/2023	PFD Target Date
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	10/5/2023	Proposed Order Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	10/5/2023	Proposed Order Due
NJ	Atlantic City Electric Co.	EXC	D-ER23020091	Electric	10/6/2023	Rebuttal Testimony Due

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	20.9	Overweight	$91	$79.41	3.2%	58%	4.42	4.66	4.94	18.0x	17.0x	16.1x	4.37	4.69	5.02	18.2x	16.9x	15.8x
AEP	American Electric Power Company In	40.0	Sector Weight	NA	$77.74	4.3%	64%	5.30	5.63	5.97	14.7x	13.8x	13.0x	5.27	5.60	5.98	14.8x	13.9x	13.0x
CMS	CMS Energy Corp	16.3	Sector Weight	NA	$55.97	3.5%	63%	3.10	3.33	3.57	18.1x	16.8x	15.7x	3.11	3.35	3.62	18.0x	16.7x	15.5x
CNP	CenterPoint Energy Inc	17.9	Sector Weight	NA	$28.29	2.7%	51%	1.49	1.63	1.72	19.0x	17.4x	16.4x	1.49	1.62	1.73	19.0x	17.5x	16.3x
D	Dominion Energy Inc	39.4	Sector Weight	NA	$47.12	5.7%	74%	3.26	3.73	3.78	14.5x	12.6x	12.5x	3.62	3.61	3.81	13.0x	13.1x	12.4x
DTE	DTE Energy Co	21.2	Sector Weight	NA	$102.66	3.7%	62%	6.22	6.62	7.06	16.5x	15.5x	14.5x	6.24	6.67	7.14	16.5x	15.4x	14.4x
DUK	Duke Energy Corp	70.1	Overweight	$109	$91.02	4.5%	73%	5.62	6.00	6.34	16.2x	15.2x	14.4x	5.61	5.97	6.33	16.2x	15.2x	14.4x
ETR	Entergy Corp	20.1	Sector Weight	NA	$95.27	4.5%	65%	6.68	7.21	7.69	14.3x	13.2x	12.4x	6.70	7.19	7.71	14.2x	13.3x	12.4x
ES	Eversource Energy	21.7	Sector Weight	NA	$62.08	4.4%	62%	4.38	4.66	4.95	14.2x	13.3x	12.5x	4.37	4.64	4.94	14.2x	13.4x	12.6x
ED	Consolidated Edison Inc	30.8	Underweight	$77	$89.25	3.7%	66%	4.94	5.19	5.54	18.1x	17.2x	16.1x	4.90	5.23	5.51	18.2x	17.1x	16.2x
EIX	Edison International	26.8	Sector Weight	NA	$69.80	4.2%	63%	4.73	5.11	5.63	14.8x	13.7x	12.4x	4.71	5.10	5.56	14.8x	13.7x	12.6x
EXC	Exelon Corp	40.4	Sector Weight	NA	$40.58	3.6%	62%	2.36	2.53	2.72	17.2x	16.0x	14.9x	2.36	2.50	2.72	17.2x	16.2x	14.9x
FE	FirstEnergy Corp	20.4	Overweight	$45	$35.62	4.4%	62%	2.52	2.71	2.88	14.1x	13.1x	12.4x	2.54	2.69	2.85	14.0x	13.3x	12.5x
PEG	Public Service Enterprise Group Inc	30.3	Sector Weight	NA	$60.79	3.8%	66%	3.45	3.60	3.88	17.6x	16.9x	15.7x	3.46	3.69	4.06	17.6x	16.5x	15.0x
SO	Southern Co	74.1	Sector Weight	NA	$67.93	4.1%	77%	3.58	4.03	4.27	19.0x	16.9x	15.9x	3.60	4.03	4.32	18.9x	16.9x	15.7x
WEC	WEC Energy Group Inc	26.7	Overweight	$102	$84.67	3.7%	68%	4.61	4.93	5.27	18.4x	17.2x	16.1x	4.61	4.92	5.26	18.4x	17.2x	16.1x
XEL	Xcel Energy Inc	31.5	Overweight	$71	$57.07	3.6%	62%	3.36	3.57	3.75	17.0x	16.0x	15.2x	3.35	3.58	3.83	17.1x	15.9x	14.9x
					Average:	**4.0%**	**64%**				**16.6x**	**15.4x**	**14.5x**				**16.5x**	**15.4x**	**14.4x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.6	Sector Weight	NA	$33.65	5.5%	80%	2.30	2.45	2.53	14.6x	13.7x	13.3x	2.29	2.49	2.58	14.7x	13.5x	13.1x
NWE	NorthWestern Corp	3.0	Overweight	$64	$50.25	5.1%	75%	3.43	3.66	3.83	14.7x	13.7x	13.1x	3.44	3.57	3.77	14.6x	14.1x	13.3x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$75.64	2.3%	31%	5.79	4.08	3.35	13.1x	18.5x	22.6x	5.55	3.79	3.57	13.6x	19.9x	21.2x
PNW	Pinnacle West Capital Corp	8.7	Underweight	$61	$76.62	4.5%	82%	4.18	5.04	5.24	18.3x	15.2x	14.6x	4.23	5.04	5.22	18.1x	15.2x	14.7x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$43.68	4.3%	70%	2.66	3.06	3.20	16.4x	14.3x	13.7x	2.68	3.04	3.23	16.3x	14.4x	13.5x
					Average:	**4.3%**	**68%**				**15.4x**	**15.1x**	**15.5x**				**15.5x**	**15.4x**	**15.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	13.2	Sector Weight	NA	$34.01	5.2%	83%	1.95	2.32	2.47	17.4x	14.7x	13.8x	2.11	2.36	2.53	16.1x	14.4x	13.4x
NEE	Nextera Energy Inc	135.2	Overweight	$85	$66.83	2.8%	60%	3.14	3.41	3.67	21.3x	19.6x	18.2x	3.12	3.41	3.69	21.4x	19.6x	18.1x
SRE	Sempra	44.8	Sector Weight	NA	$71.25	3.3%	53%	4.49	4.77	5.14	15.9x	14.9x	13.9x	4.49	4.79	5.12	15.9x	14.9x	13.9x
					Average:	**3.8%**	**65%**				**18.2x**	**16.4x**	**15.3x**				**17.8x**	**16.3x**	**15.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	34.9	Sector Weight	NA	$108.64	1.1%	22%	3,627	3,918	3,813	10.7x	9.8x	10.2x	3,506	3,916	3,831	11.1x	9.8x	10.1x
NRG	NRG Energy Inc	9.1	Not Covered	NA	$39.51	3.8%	33%	NA	NA	NA	NA	NA	NA	3,005	3,124	3,128	6.0x	5.4x	4.1x
VST	Vistra Corp	12.5	Not Covered	NA	$34.06	2.4%	16%	NA	NA	NA	NA	NA	NA	3,822	4,176	4,095	6.6x	5.9x	5.5x
					Average:	**2.4%**	**23%**				**10.7x**	**9.8x**	**10.2x**				**7.9x**	**7.0x**	**6.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

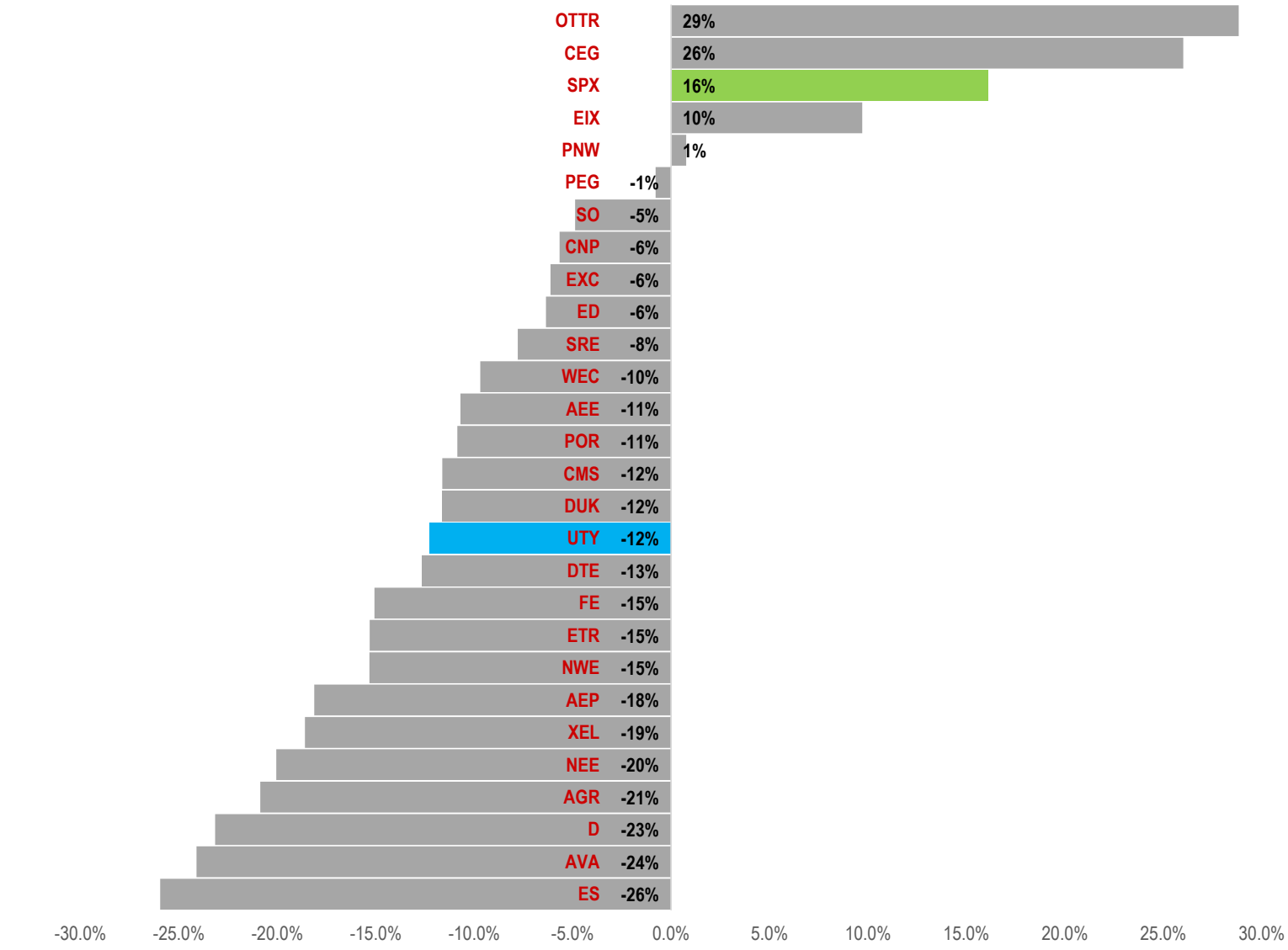

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Select Recent Research

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	259	49.33	42	16.22
Sector Weight [SW]	260	49.52	44	16.92
Underweight [UW]	6	1.14	2	33.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	15	68.18
Sector Weight [SW]	33	57.89	12	36.36
Underweight [UW]	2	3.51	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	76.38	Buy
CMS	54.93	Neutral
EXC	39.86	Buy
FE	35.09	Buy
PCG	16.45	Buy
POR	43.18	Buy
SMR	5.85	Buy
SRE	69.61	Buy

Power & Utilities

September 7, 2023

The Guggenheim Daily Transmission: CMS, PCG, AEP, SRE, FE, ERCOT, EXC/NJ, POR, SMR

Please join us for our quarterly utilities investor roundtables in NYC on Sept. 25th, and NJ on Sept. 26th, both invite details below.

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our SO NDR, POR NDR, CEG NDR, PEG NDR, NI NDR, and other events, scroll down...

CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs (see our note HERE)

PCG – Intervenors file ex-parte in the PG&E 2023 GRC detailing certain revenue requirements

PCG – Shasta County public meeting hears debate on use of proceeds for Zogg Fire settlement

AEP – Joint stipulation entered into in Ohio ESP V case

SRE – Public Advocates Office sends letter to CPUC on draft stipulation in the 2024 General Rate Case for SCG

FE – ALJ issues proposed order in Potomac Edison case

ERCOT – ERCOT declared EEA2 last night

EXC/NJ – Filings indicate ACE settlement forthcoming

POR – POR responds to Round 1 of IRP comments

SMR – Chubu Electric to buy stake in NuScale Power from JBIC

PCG – Intervenors file ex-parte in the PG&E 2023 GRC detailing certain revenue requirements

- CUE filed an exparte communication from last week in the PG&E GRC process.
- The communication note is from September 1, 2023 where CUE talked about support for PG&E's undergrounding proposals.
- PG&E previously filed updated testimony in the 2023 General Rate Case, which incorporates updated cost escalation on O&M and capital, as well as tax law changes that impact revenue requirements.
- The updated testimony results in a 2023 base year revenue requirement increase of $835M (the bulk of the contribution from expense escalation, $641M).
- Escalation for 2024-2026 results in revenue requirement increases of $31M, $105M and $119M in the respective attrition years.
- Capital cost escalation also results in an increase to rate base, with a 2023 base year step up to $50.9B (+$1.7B vs prior request) and up to $68B by 2026 (+$5.4B vs. prior request).
- Docket: A2106021

Guggenheim takeaway: *The CPUC has been vocal in public hearings around the need to get a timely decision done on the PG&E rate case, and commitments to a 3Q resolution of the case. The date for a clean PD/FD process has passed, but PG&E maintains options around recognition of PD if one is issued before the 3Q earnings call date. The exparte shows there is still some input from stakeholders this late in the process, and while the*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

content is supportive, the timeline continues to slip. Ultimately, we still see an upside to the base capex for PCG even among the bid-ask as system needs are not going away. More on our thesis here.

PCG – Shasta County public meeting hears debate on use of proceeds for Zogg Fire settlement

- Shasta County town hall meeting saw debate on the use of proceeds for the Zogg Fire settlement in a live meeting.
- The County is taking input on use of funds and questioning how the money was distributed.
- More here.

Guggenheim takeaway: *FYI. While the resolution was constructive, stakeholders remain on edge over the legacy fires. The resolution to Zogg charges demonstrates PG&E's commitment to provide a fair outcome for its employees. The judicial arguments also highlight the improvement in wildfire prevention and inspections undertaken by the company. Penalties remain in place and the liabilities from the fire are below the $1B insurance limit.*

AEP – Joint stipulation entered into in Ohio ESP V case

- Yesterday, September 6th, Ohio Power Company filed a Joint Stipulation and Recommendation in its ESP V docket.
- The stipulation resolves all of the issues raised by Ohio Power Company in this proceeding.
- The settlement would have AEP's ESP V run from June 1, 2024 through May 31, 2028, vs. the company's filed application requesting a term of June 1, 2024 through May 31, 2030.
- Docket 23-0023-EL-SSO
- Media coverage HERE

Guggenheim takeaway: *While the settlement reduces the timeframe in which ESP V will be in effect for, it also resolves all issues, which we see as an example of another constructive regulatory outcome (albeit subject to PUCO approval). As we continue to reiterate, AEP will need its streak of regulatory successes to keep building in order to shake some investors' misgivings following several regulatory missteps over the past year.* ***In our view, rebuilding the credibility of its regulatory strategy remains an achievable outcome for AEP, with this settlement representing another positive datapoint in that trajectory.***

SRE – Public Advocates Office sends letter to CPUC on draft stipulation in the 2024 General Rate Case for SCG

- The Public Advocate Office sent a letter to the CPUC ALJ notifying that a draft stipulation is in the works in the So Cal Gas (SCG/SRE) rate case.
- From initial filings, there is a healthy amount of disputes around ratemaking issues and investment levels for both utilities, including disputing the investments in light of state electrification policy and decarbonization goals impacting sales volumes negatively.
- CPUC previously adjusted the filing schedules, moving other procedural items further by around 2 weeks, but the target PD date remains in 2Q24.
- Dockets: A2205015 / A2205016

Guggenheim takeaway: *FYI. The notification does not specify any details on a partial or full stipulation, and it could be procedural in nature given the current stage of the GRC. Given the language of the GRC, investors can anticipate to see a material change in capex for SDGE including increased wildfire spend on undergrounding and covered conductors. As a reminder, SDG&E is seeking an increase in rates of $286 million for the 2024 test year and also seeking incremental, post-test year combined electric and gas rate increases of $363.2 million in 2025, $338.1 million in 2026 and $306.9 million in 2027; and SoCalGas is seeking a $767 million increase in gas rates for the 2024 test year and also seeking incremental, post-test year gas rate increases of $292 million in 2025, $267 million in 2026 and $413 million in 2027.*

FE – ALJ issues proposed order in Potomac Edison case

- Yesterday, September 6th, the ALJ issued a proposed order in Potomac Edison's electric distribution rate case.
- The ALJ recommended a 9.5% ROE, in line with Staff's 9.5% recommendation as well, and also accepted Staff's recommendation to adopt the utility's 53% requested equity

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ratio.

- A final order is scheduled to be issued on October 18th.
- Docket 9695

Guggenheim takeaway: *We note that modeling to a 9.5% ROE on 53% equity results in no change to FE's EPS vs. the utility's prior earnings parameters of a 9.65% ROE and 52.82% equity ratio, which we had been modeling to previously. This is due to MD making up ~3% of FE's rate base.*

ERCOT – ERCOT declared EEA2 last night

- The grid operator declared the emergency after issuing a call for conservation and activating its ERS and remaining reserves.
- "An EEA 2 is issued when ERCOT's operating reserves have dropped below 1,750 MWs and are not expected to recover within 30 minutes. Controlled outages have not been requested at this time, however, could become necessary if demand isn't lowered or additional supply cannot be added from generators."
- "At this time, ERCOT is bringing all available generation online, releasing any remaining reserves, using demand response to lower electric demand. ERCOT is also working with out-of-state Independent System Operators (ISOs) and Market Participants to obtain additional power generation capacity. Additionally, ERCOT obtained Texas Commission on Environmental Quality (TCEQ) enforcement discretion, which allows a generator to extend its service/run-time/operations to help meet demand, if needed, to help maintain grid reliability." - ERCOT
- More HERE

Guggenheim takeaway: *This is one of the closer calls for the ISO this summer as a punishing amount of heat continues to blanket Texas. While pricing signals in this case spiked, as it has in several cases this summer, in our view, longer term questions remain around the new entry of dispatchable MWs under the proposed incentives (loans program) and market mechanisms (PCM, etc.).*

EXC/NJ – Filings indicate ACE settlement forthcoming

- "On behalf of Atlantic City Electric Company ("ACE" or the "Company"), the Petitioner in the above-referenced matter, we are pleased to report that significant progress has been made in resolving this matter. While the parties have reached a settlement in principle on some key issues, the parties continue to discuss important aspects of the case, and a Stipulation of Settlement has not yet been finalized among the parties. Given this, the Company respectfully requests that Your Honor temporarily suspend the procedural schedule to permit the parties to focus on the drafting and execution of a mutually acceptable Stipulation of Settlement."
- More HERE.

Guggenheim takeaway: *Yet another filing indicating a settlement remains forthcoming (there was an earlier indication on ~8/24), with the potential execution on a settlement at ACE a modest positive, in our view, all things equal. As a reminder, ACE is EXC's smallest utility (~6% of total company).*

POR – POR responds to Round 1 of IRP comments

- The utility responded in a lengthy filing yesterday to various stakeholder comments.
- "PGE has sought to respond to each point of feedback included in Staff and stakeholders' Round 1 comments. Appendix A to PGE's response lists each comment and references the chapter in which it is addressed. PGE looks forward to engaging in further discussion of these topics and providing additional information on remaining questions at the upcoming LC 80 workshops on September 14th and 22nd." - POR
- More HERE

Guggenheim takeaway: *The 2023 IRP process remains a key focus area of ours as it advances swiftly ahead of a potential RFP in the coming months. The RFP cycle remains a key driver of LT growth given the potential for owned generation – see our very recent upgrade HEREfor more.*

SMR – Chubu Electric to buy stake in NuScale Power from JBIC

- The Japanese utility will buy at least a portion of the public export credit agency stake.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- "As an equity owner, we want to expand our revenue base through investing in NuScale." - Hiroki Sato, Chubu via Reuters
- More HERE (9502.T)

Guggenheim takeaway: *Interesting data point as we continue to monitor large holder churn and potential linkages to new customer opportunities (Korea, Japan).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Southern Company (SO)

Dan Tucker, *Chief Financial Officer*

Scott Gammill, *VP of Investor Relations & Treasurer*

Dates & Locations

September 13-15, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $77.5bn

Southern Company (SO) is a holding company, which engages in the generation and sale of electricity. It operates through the following segments: Traditional Electric Operating Companies, Southern Power and Southern Company Gas. The Traditional Electric Operating Companies segment refers to vertically integrated utilities that own generation, transmission and distribution facilities, and supplies electric services in the states of Alabama, Georgia, and Mississippi. The Southern Power segment constructs, acquires, owns, and manages generation assets such as renewable energy projects and sells electricity in the wholesale market. The Southern Company Gas segment distributes natural gas through natural gas distribution facilities in the states of Illinois, Georgia, Virginia, New Jersey, Tennessee, and Maryland. The company was founded on November 9, 1945, and is headquartered in Atlanta, GA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Portland General Electric Company (POR)

Joseph Trpik, *Chief Financial Officer*
Nick White, *Investor Relations*

Dates & Locations

September 18, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $4.75bn

Portland General Electric Co (POR) engages in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity in the state of Oregon. The firm also sells electricity and natural gas in the wholesale market to utilities, brokers, and power marketers. It also serves residential, commercial and non-residential customers. The company was founded by Edward L. Eastham and Parker F. Morey in 1888 and is headquartered in Portland, OR. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Monday, September 25th

Dates & Time

Monday, September 25, 2023
5:30PM ET

Location

New York
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Utilities Investor Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Tuesday, September 26th

Dates & Time

Tuesday, September 26, 2023
6:00PM ET

Location

New Jersey
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Constellation Energy Corporation (CEG)

Dan Eggers, *Chief Financial Officer*

Emily Duncan, *Vice President, Investor Relations*

Dates & Locations

October 2 - 3, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $33.9bn

Constellation Energy Corp (CEG) engages in the generation, supply, and marketing of clean energy electricity, and renewable energy products and solutions. It operates under the following geographical segments: Mid-Atlantic, Midwest, New York, Texas, and Other Power Regions Segment. The company is headquartered in Baltimore, MD. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.



Equity Research | Corporate Access

Public Service Enterprise Group, Inc. (PEG)

Ralph LaRossa, *Chairman, President & Chief Executive Officer*

Daniel Cregg, *Chief Financial Officer*

Carlotta Chan, *Vice President Investor Relations*

Dates & Locations

October 9 - 12, 2023
West Coast

Meeting Format

NDR - 1:1 Meetings

Company Information

Market Cap: $29.4bn

Public Service Enterprise Group (PEG) is an energy company, which engages in the business of regulated electric and gas utility, and nuclear generation. Its products and services include energy, capacity, ancillary services, and emissions allowances and congestion credits. The firm operates through the Public Service Electric and Gas Company (PSE&G) and PSEG Power segments. The PSE&G segment focuses on the transmission of electricity and distribution of electricity and natural gas. The PSEG Power segment wholesales energy, fuel supply, and energy transacting functions. The company was founded in 1903 and is headquartered in Newark, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update schedule accordingly

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	9/13–9/15	West Coast
POR	9/18–9/19	NYC
NY Roundtable	9/25	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
PEG	10/9–10/12	West Coast
NI	10/17–10/20	West Coast
EEI Conference	11/12–11/14	Arizona

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Comp Sheet

9/6/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$54.58	3,133	3.70	4.17	4.56	4.87	5.07	3.69	4.05	4.31	4.65	5.05	–	0.12	0.25	0.22	–	14.8x	13.5x	12.7x	11.7x	10.8x	-9%	-11%	-10%	-12%	-14%	8.4%	5.1%	71%	Sell	$49	-5%	Neutral	$62	19%
AVA	$32.92	2,519	2.28	2.49	2.61	2.67	2.73	2.29	2.50	2.61	2.65	2.73	–	–	–	–	–	14.4x	13.2x	12.6x	12.4x	12.1x	-12%	-13%	-11%	-6%	-4%	5.2%	5.8%	78%	Sell	$33	6%	Sell	$40	28%
NWE	$49.59	2,977	3.42	3.55	3.75	3.91	4.08	3.42	3.54	3.74	3.86	3.98	–	–	–	0.06	0.10	14.5x	14.0x	13.2x	12.9x	12.5x	-11%	-7%	-6%	-3%	-1%	5.1%	5.2%	74%	Sell	$48	2%	Neutral	$58	22%
POR	$43.18	4,365	2.66	3.05	3.21	3.38	3.55	2.68	3.04	3.23	3.35	3.55	–	–	–	–	–	16.1x	14.2x	13.4x	12.9x	12.2x	-1%	-6%	-6%	-3%	-3%	5.3%	4.5%	67%	Buy	$48	16%	Buy	$50	21%
		12,995																**14.9x**	**13.7x**	**13.0x**	**12.5x**	**11.9x**	**-8%**	**-9%**	**-8%**	**-6%**	**-5%**	**6.0%**	**5.2%**	**72%**						
Mid/Large Cap Electric																																			
AEE	$77.67	20,386	4.35	4.67	5.05	5.40	5.68	4.37	4.68	5.01	5.35	5.66	–	–	0.04	0.05	–	17.8x	16.6x	15.5x	14.5x	13.7x	9%	10%	10%	10%	10%	6.6%	3.4%	58%	Neutral	$85	13%	Buy	$89	18%
AEP	$76.38	39,349	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.98	6.32	6.71	–	0.04	–	0.07	0.10	14.5x	13.6x	12.8x	12.1x	11.4x	-11%	-10%	-10%	-9%	-9%	6.0%	4.5%	63%	Buy	$96	30%	Buy	$95	28%
CMS	$54.93	16,025	3.12	3.41	3.65	3.91	4.26	3.11	3.36	3.62	3.88	4.18	–	0.06	0.03	–	0.08	17.7x	16.4x	15.2x	14.1x	13.1x	9%	8%	7%	7%	5%	8.1%	3.7%	63%	Neutral	$61	15%	Buy	$65	21%
CNP	$27.36	17,221	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.73	1.87	2.01	–	–	–	–	–	18.3x	16.9x	15.8x	14.6x	13.6x	12%	12%	12%	10%	8%	9.5%	2.9%	49%	Buy	$34	27%	Buy	$32	21%
D	$45.95	38,450	3.37	3.54	3.75	4.24	4.50	3.37	3.47	3.63	4.17	4.24	–	0.07	0.12	0.07	0.26	13.6x	13.2x	12.7x	11.0x	10.8x	-16%	-12%	-11%	-17%	-14%	1.4%	5.8%	78%	Buy	$56	28%	Neutral	$54	23%
DTE	$100.89	20,794	6.26	6.73	7.19	7.75	8.30	6.24	6.69	7.18	7.74	8.27	–	0.04	–	–	–	16.2x	15.1x	14.1x	13.0x	12.2x	-0%	-0%	-1%	-2%	-3%	6.4%	4.0%	62%	Buy	$124	27%	Buy	$124	27%
DUK	$87.49	67,455	5.65	6.05	6.35	6.75	7.15	5.62	5.97	6.33	6.75	7.16	0.03	0.08	–	–	–	15.6x	14.7x	13.8x	13.0x	12.2x	-4%	-3%	-2%	-2%	-2%	6.3%	4.8%	71%	Buy	$102	21%	Buy	$101	20%
ED	$86.80	29,939	4.86	5.19	5.50	5.81	6.02	4.89	5.24	5.51	5.79	6.05	(0.03)	(0.05)	–	–	(0.03)	17.7x	16.6x	15.8x	15.0x	14.3x	9%	10%	11%	13%	14%	5.6%	3.8%	65%	Neutral	$85	2%	Neutral	$89	7%
EIX	$67.73	25,960	4.71	4.98	5.48	5.71	6.03	4.72	5.13	5.60	5.93	6.25	–	(0.15)	(0.11)	(0.22)	(0.22)	14.4x	13.2x	12.1x	11.4x	10.8x	-12%	-12%	-14%	-14%	-14%	5.5%	4.5%	61%	Neutral	$74	14%	Buy	$74	14%
ES	$60.98	21,287	4.34	4.72	5.00	5.24	5.49	4.37	4.64	4.94	5.27	5.60	(0.03)	0.08	0.06	–	(0.11)	13.9x	13.1x	12.4x	11.6x	10.9x	-14%	-13%	-13%	-13%	-13%	6.1%	4.6%	62%	Buy	$80	36%	Buy	$80	37%
ETR	$93.85	19,845	6.71	7.16	7.76	8.31	8.97	6.69	7.19	7.71	8.25	8.85	–	(0.03)	0.05	0.06	0.12	14.0x	13.1x	12.2x	11.4x	10.6x	-14%	-14%	-14%	-14%	-15%	6.9%	4.8%	64%	Buy	$113	25%	Buy	$115	27%
EVRG	$53.31	12,239	3.65	3.97	4.24	4.47	4.75	3.64	3.95	4.21	4.42	4.66	–	–	–	0.05	0.09	14.7x	13.5x	12.7x	12.1x	11.4x	-10%	-11%	-10%	-9%	-9%	4.8%	4.9%	67%	Buy	$68	32%	Buy	$63	23%
EXC	$39.86	39,633	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.91	3.11	–	–	–	–	–	16.9x	15.9x	14.6x	13.7x	12.8x	4%	5%	4%	3%	2%	6.4%	3.8%	62%	Buy	$45	17%	Buy	$45	16%
FE	$35.09	20,119	2.54	2.69	2.89	3.07	3.27	2.53	2.69	2.87	3.05	3.24	–	–	–	–	0.03	13.8x	13.1x	12.2x	11.5x	10.8x	-15%	-13%	-14%	-13%	-14%	6.3%	4.6%	61%	Buy	$44	30%	Buy	$41	23%
LNT	$49.60	12,535	2.90	3.08	3.27	3.50	3.67	2.89	3.08	3.28	3.47	3.67	–	–	–	–	–	17.1x	16.1x	15.1x	14.3x	13.5x	6%	7%	7%	8%	8%	6.1%	3.8%	62%	Neutral	$49	3%	Buy	$56	16%
OGE	$33.28	6,666	2.02	2.16	2.25	2.37	2.48	2.01	2.13	2.26	2.40	2.50	–	–	–	–	–	16.6x	15.6x	14.7x	13.9x	13.3x	2%	3%	4%	5%	6%	2.8%	5.1%	82%	Neutral	$36	13%	Buy	$38	18%
PCG	$16.45	34,401	1.22	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.58	1.73	–	–	–	–	–	13.6x	12.2x	11.2x	10.4x	9.5x	-16%	-19%	-20%	-22%	-24%	9.7%	1.1%	14%	Buy	$21	29%	Buy	$19	17%
PEG	$58.67	29,283	3.45	3.67	4.10	4.29	4.59	3.46	3.69	4.06	4.24	4.52	–	–	0.04	0.05	0.07	17.0x	15.9x	14.5x	13.8x	13.0x	4%	5%	2%	4%	4%	5.8%	4.0%	65%	Buy	$70	23%	Buy	$67	18%
PNW	$75.44	8,548	4.20	5.00	5.15	5.25	5.40	4.21	4.98	5.16	5.48	5.61	–	–	–	(0.23)	(0.21)	17.9x	15.1x	14.6x	13.8x	13.4x	10%	0%	3%	4%	7%	4.9%	4.7%	75%	Neutral	$83	15%	Neutral	$80	11%
PPL	$24.16	17,808	1.58	1.71	1.82	1.95	2.07	1.58	1.70	1.81	1.93	2.06	–	–	–	–	–	15.3x	14.2x	13.3x	12.5x	11.7x	-6%	-6%	-6%	-6%	-6%	8.0%	4.2%	61%	Buy	$31	32%	Buy	$30	28%
SO	$66.25	72,313	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.31	4.54	4.76	–	–	–	–	0.04	18.4x	16.5x	15.4x	14.6x	13.9x	13%	9%	9%	10%	11%	5.9%	4.3%	73%	Buy	$80	25%	Buy	$73	15%
WEC	$82.07	25,888	4.60	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	17.8x	16.7x	15.6x	14.6x	13.8x	10%	11%	10%	10%	10%	6.1%	4.0%	68%	Neutral	$94	19%	Buy	$97	22%
Mid/Lg Cap (excl. EIX, PCG)																		**16.2x**	**15.1x**	**14.1x**	**13.3x**	**12.5x**							**6.0%**	**4.3%**	**66%**					
SMID + Lg Cap		**609,139**																**16.0x**	**14.9x**	**13.9x**	**13.1x**	**12.4x**							**6.0%**	**4.4%**	**67%**					

		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
NEE	$65.69	132,938	3.13	3.43	3.69	3.99	4.27	3.12	3.33	3.68	4.02	4.41	–	0.10	–	–	(0.14)	21.0x	19.8x	17.8x	16.3x	14.9x	30%	31%	26%	23%	19%	8%	3.0%	61%	Buy	$86	34%	Buy	$89	39%
SRE	$69.61	43,806	9.00	9.50	10.13	10.80	11.71	4.51	4.81	5.03	5.31	5.87	4.50	4.69	5.10	5.49	5.84	15.5x	14.5x	13.8x	13.1x	11.9x	-5%	-4%	-2%	-1%	-5%	5%	4.1%	61%	Buy	$172	151%	Buy	$81	20%
		176,744																**18.2x**	**17.1x**	**15.8x**	**14.7x**	**13.4x**	**12%**	**13%**	**12%**	**11%**	**7%**	**6.5%**	**3.6%**	**61%**						
Gas LDCs																																			
NI	$26.31	10,873	1.57	1.68	1.82	1.95	2.07	1.58	1.67	1.82	1.94	2.07	–	–	–	–	–	16.6x	15.7x	14.5x	13.5x	12.7x	2%	4%	2%	2%	1%	7%	4.0%	64%	Buy	$30	18%	Buy	$31	23%
CPK	$107.27	1,909	5.42	5.84	6.23	6.59	6.94	5.34	5.83	6.25	6.58	6.92	0.08	–	–	–	–	20.1x	18.4x	17.2x	16.3x	15.5x	24%	22%	21%	23%	24%	7%	2.3%	43%	Neutral	$112	7%	Buy	$132	25%
NJR	$41.38	4,037	2.67	2.74	2.94	3.10	3.34	2.68	2.76	2.98	3.17	3.42	–	–	(0.04)	(0.07)	(0.08)	15.4x	15.0x	13.9x	13.1x	12.1x	-5%	-0%	-2%	-1%	-3%	6%	4.0%	60%	Neutral	$47	18%	Neutral	$50	24%
NWN	$38.79	1,361	2.65	2.83	2.98	3.09	3.21	2.66	2.77	3.00	3.04	3.22	–	0.06	–	0.05	–	14.6x	14.0x	12.9x	12.8x	12.1x	-10%	-7%	-8%	-4%	-4%	5%	5.1%	72%	Neutral	$42	13%	Buy	$47	27%
OGS	$73.35	4,067	4.14	4.24	4.53	4.98	5.31	4.14	4.31	4.58	4.97	5.30	–	(0.07)	(0.05)	–	–	17.7x	17.0x	16.0x	14.8x	13.8x	9%	13%	13%	11%	10%	10%	3.7%	63%	Neutral	$73	3%	Neutral	$78	10%
SR	$58.46	3,075	4.20	4.31	4.57	4.73	4.99	4.20	4.33	4.64	4.82	5.06	–	–	(0.06)	(0.09)	(0.07)	13.9x	13.5x	12.6x	12.1x	11.5x	-14%	-11%	-11%	-8%	-8%	5%	5.2%	70%	Neutral	$65	16%	Neutral	$68	21%
		25,323																**16.4x**	**15.6x**	**14.5x**	**13.8x**	**13.0x**	**1%**	**3%**	**3%**	**4%**	**3%**	**6.7%**	**4.0%**	**62%**						
Regulated Water																																			
AWK	$135.73	26,422	4.84	5.14	5.59	5.98	6.45	4.81	5.14	5.59	6.04	6.46	–	–	–	(0.06)	–	28.2x	26.4x	24.3x	22.5x	21.0x	74%	75%	72%	69%	68%	7%	2.2%	58%	Neutral	$147	10%	Buy	$157	17%

		Market	Guggenheim EBITDA Ests					Consensus					Δ vs Consensus (>$20m)					Implied EV/EBITDA Multiple					Enterprise Value					'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$106.64	34,295	3,150	3,451	3,509	3,346	3,804	3,492	3,959	3,831	3,780	3,875	(342)	(507)	(322)	(434)	(71)	11.0x	9.5x	9.5x	9.3x	8.7x	38,428	37,598	36,270	35,127	33,707	9.6%	1.2%	22%	Buy	$97	-8%	Buy	$109	4%
NRG	$38.02	8,711	3,181	3,122	3,126	3,042	3,107	3,016	3,124	3,137	2,827	3,032	165	–	–	215	75	6.0x	5.5x	5.0x	5.0x	4.2x	18,249	17,025	15,546	14,164	12,710	21.2%	4.2%	27%	Neutral	$34	-6%	Neutral	$41	11%
VST	$32.81	12,060	3,700	3,755	3,792	3,621	3,535	3,756	4,081	4,020	3,711	3,971	(55)	(327)	(227)	(91)	(437)	6.5x	5.9x	5.9x	6.3x	5.8x	24,408	24,241	23,666	23,223	23,181	6.8%	2.7%	25%	Buy	$31	-3%	Buy	$34	7%
Other																																			
NEP	$47.55	4,443	1,837	1,977	2,143	2,325	2,471	1,909	2,140	2,342	2,455	2,471	(72)	(163)	(199)	(130)	–												7.9%	–	Buy	$74	63%	Buy	$76	68%
SMR	$5.85	436	(141)	(57)	8	96	n/a	(137)	(49)	10	139	485	–	–	–	(43)	–												–	–	Buy	$18	208%	Buy	$12	112%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

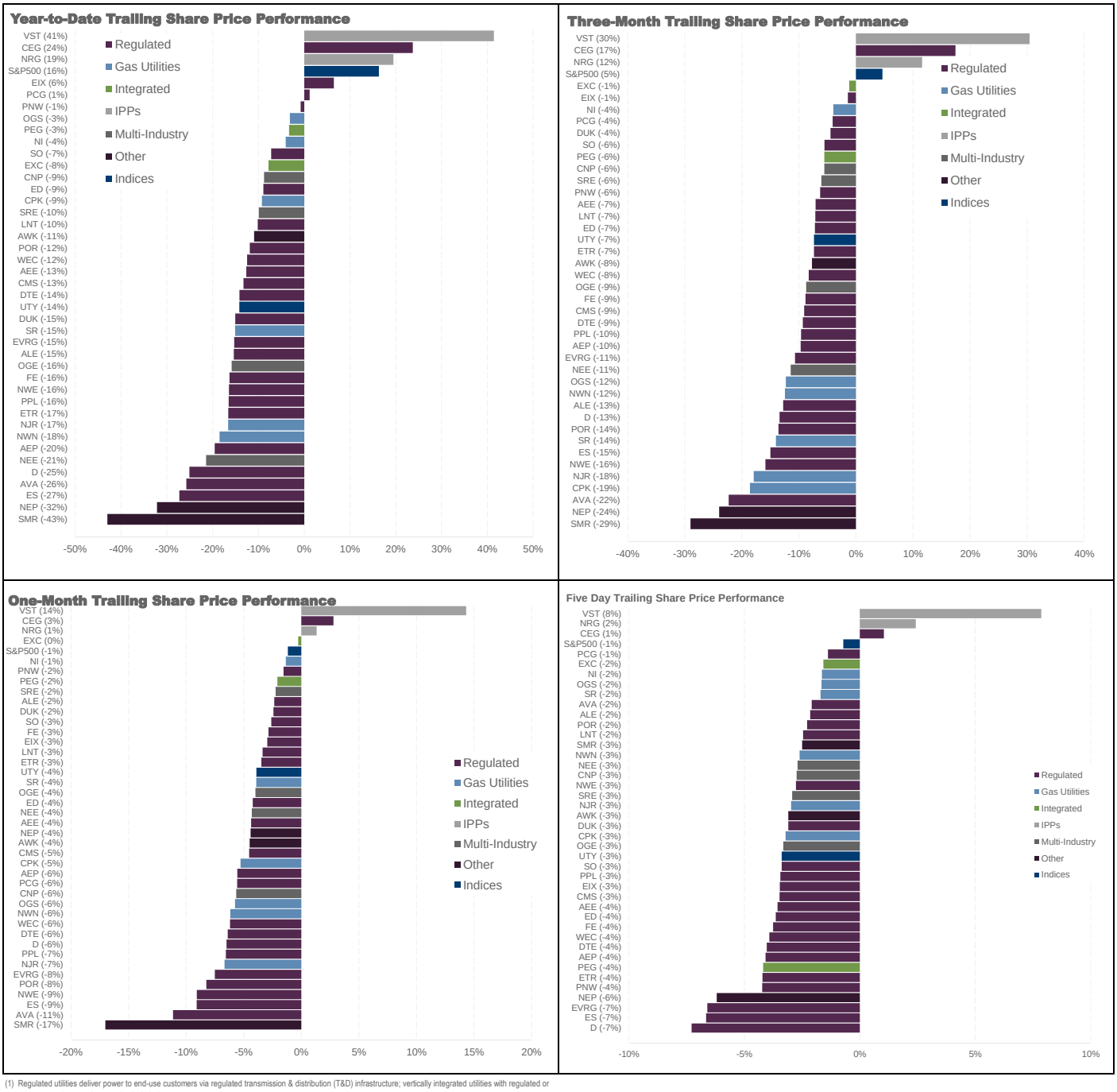

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix

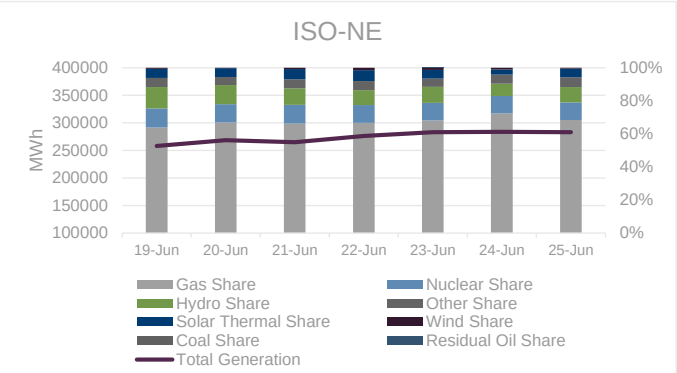

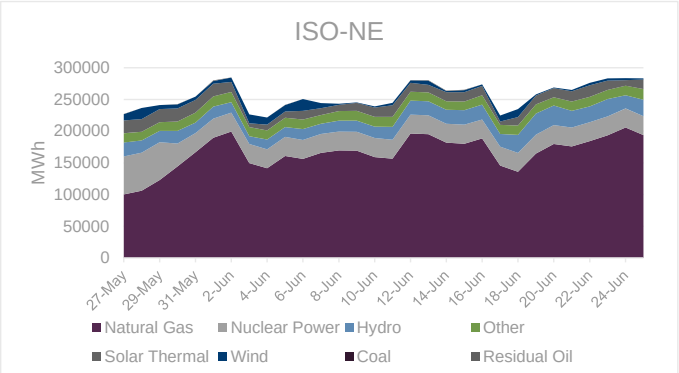

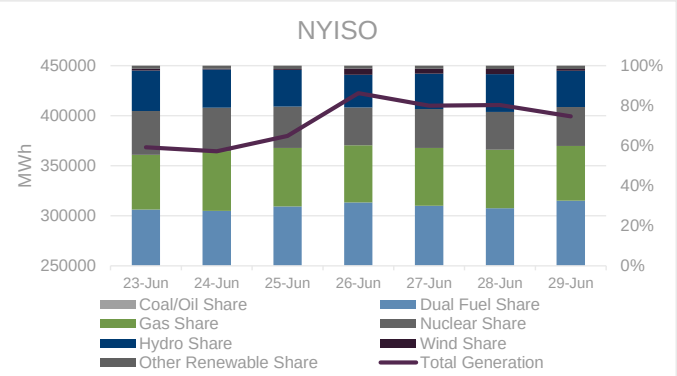

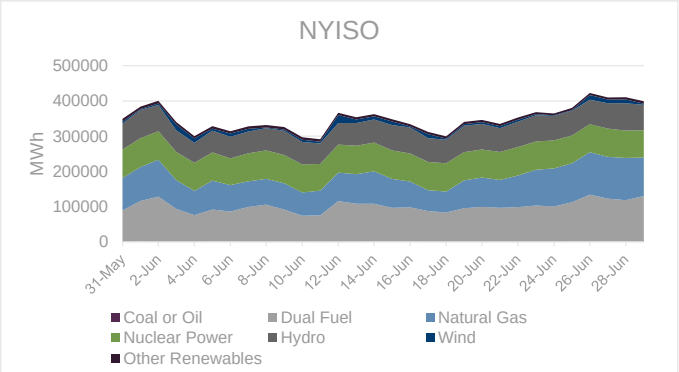

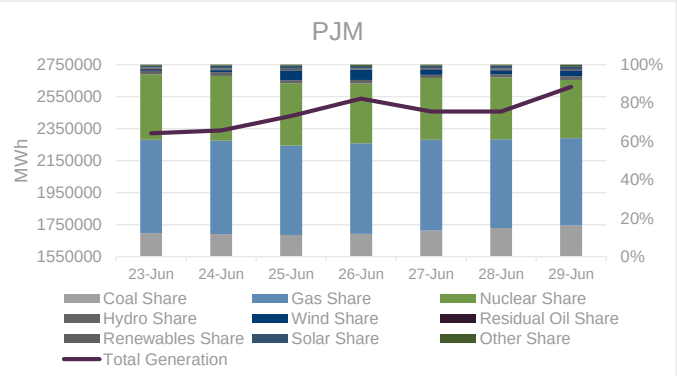

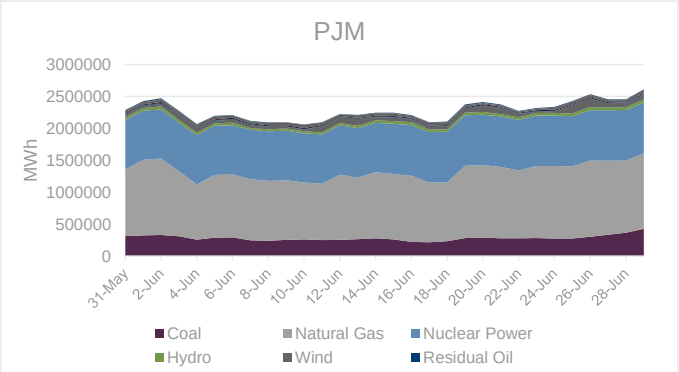

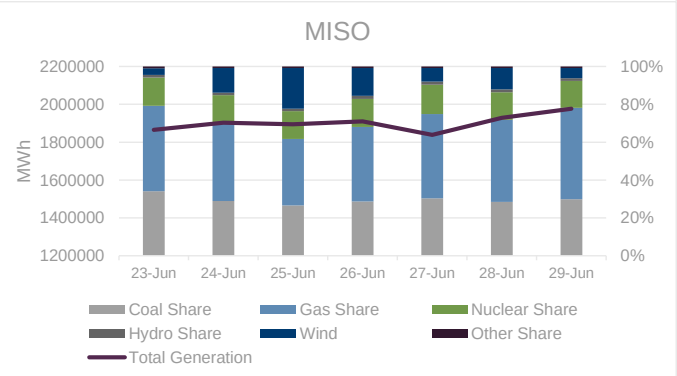

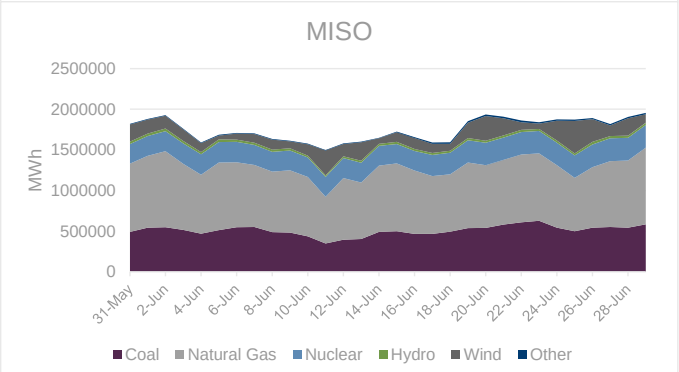

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Generation and Mix (continued)

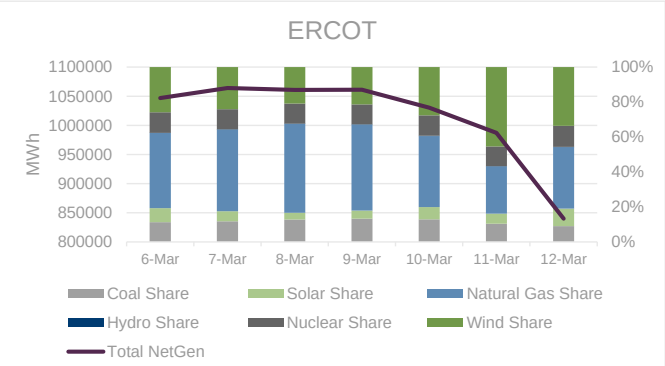

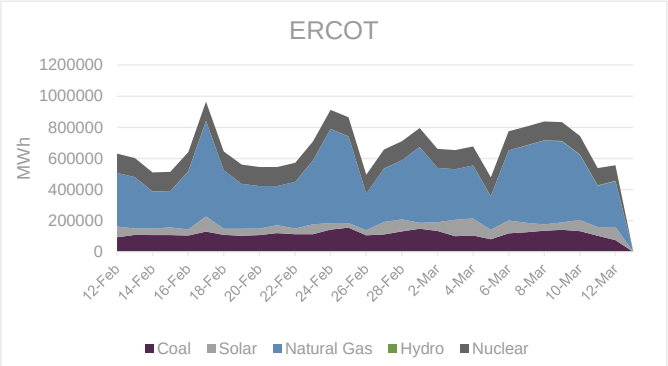

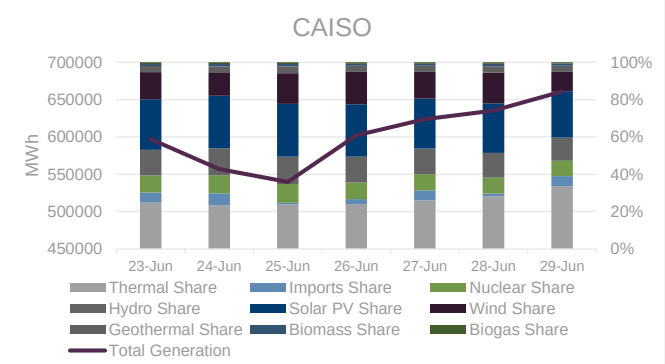

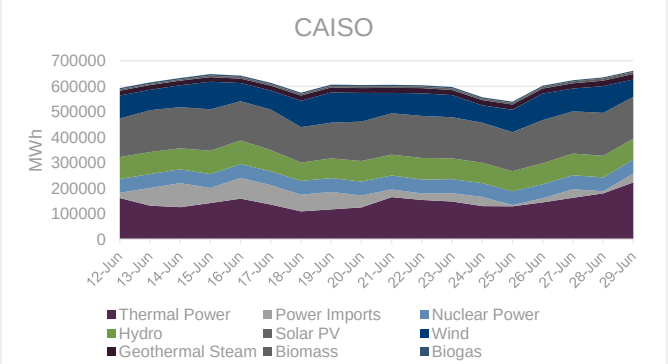

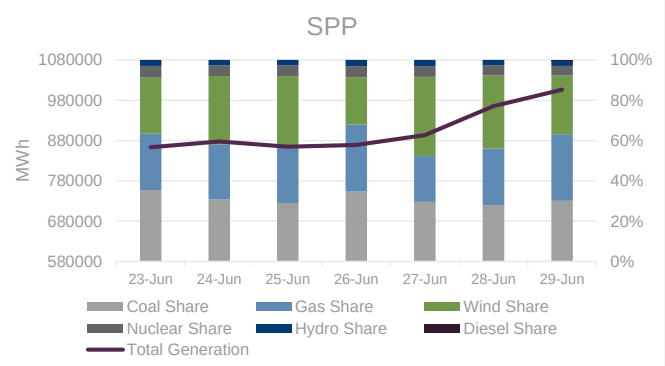

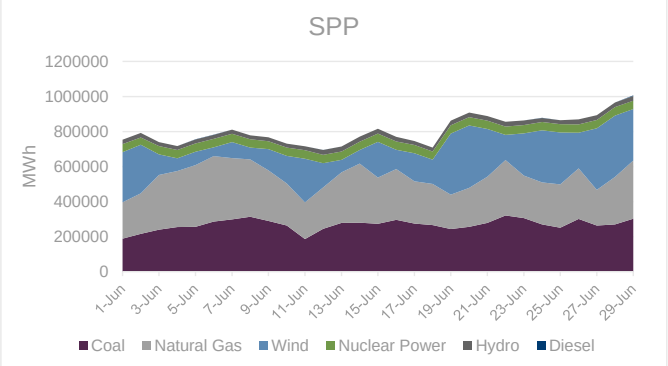

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Weather

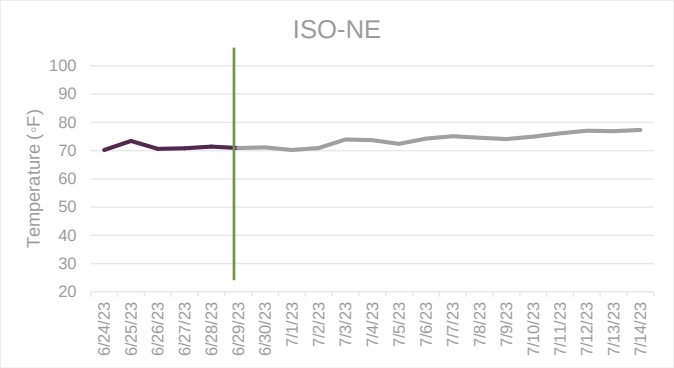

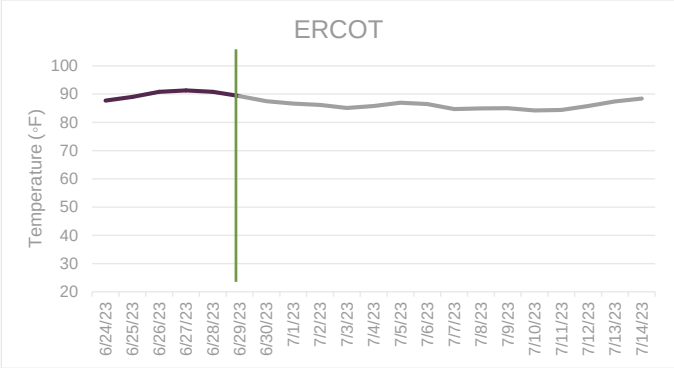

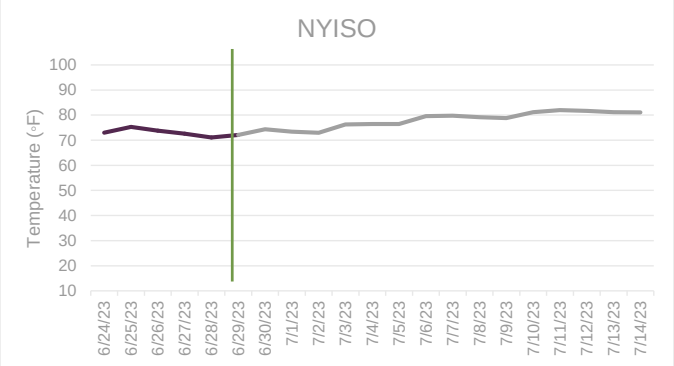

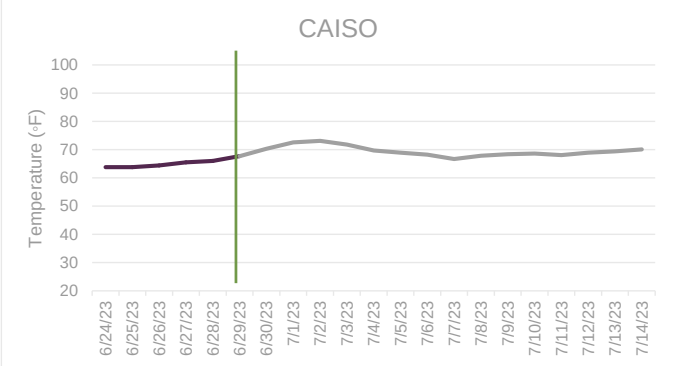

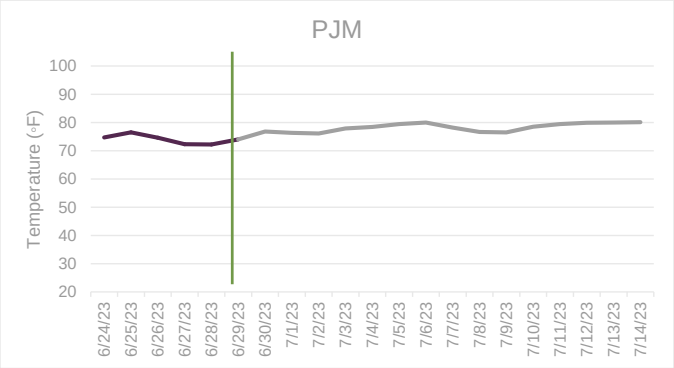

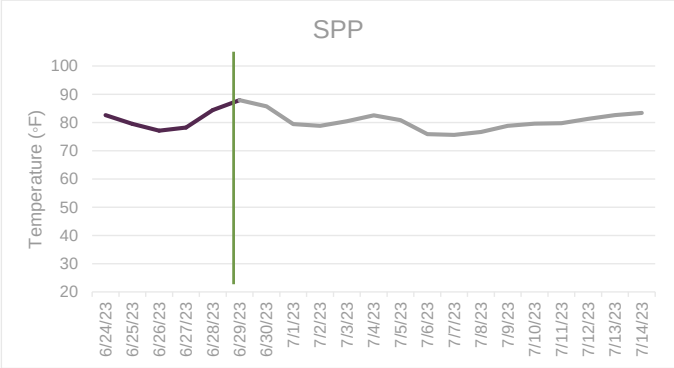

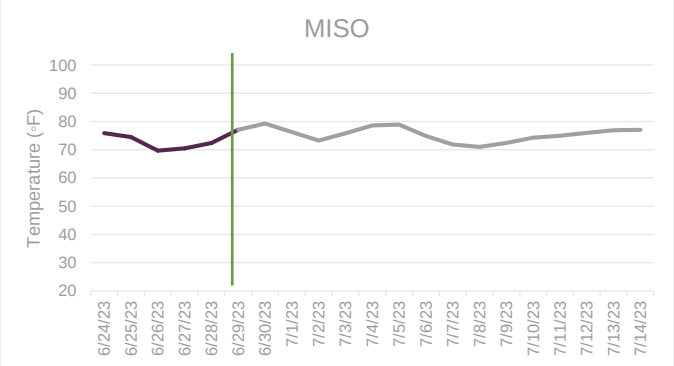

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

YTD Peak Load

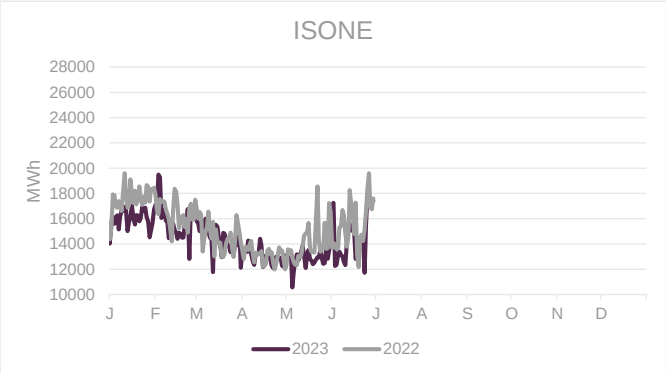

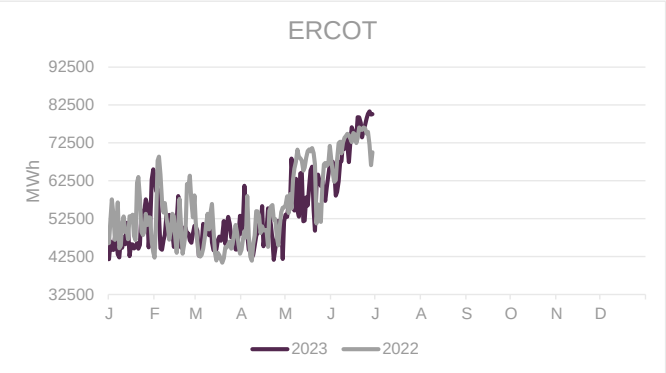

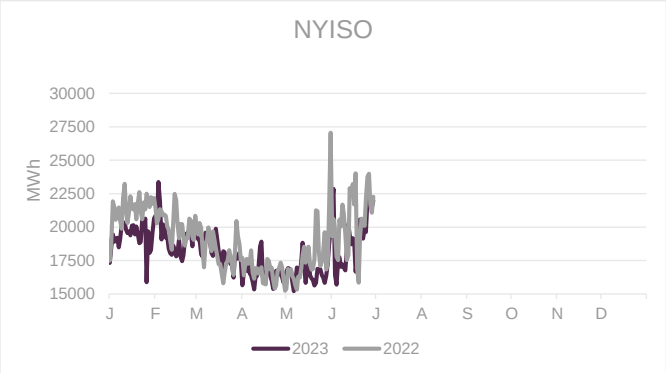

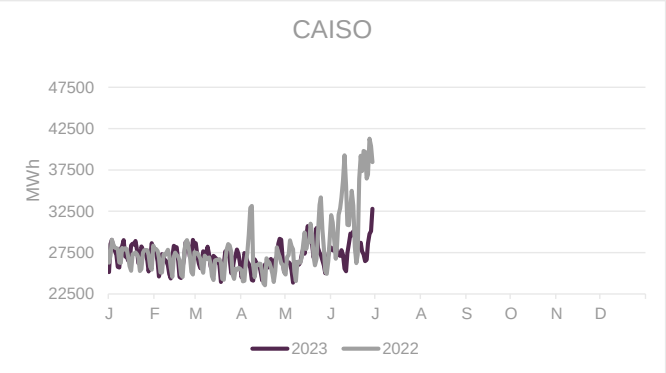

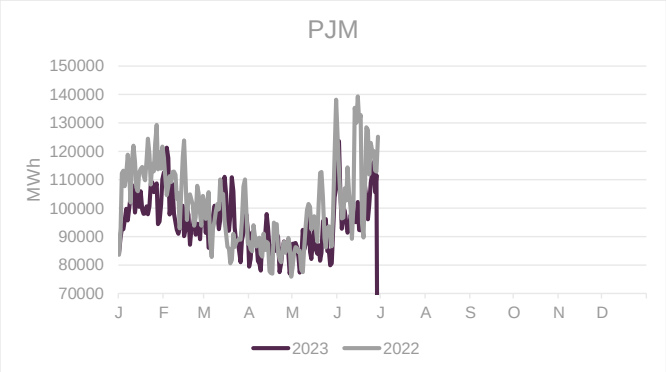

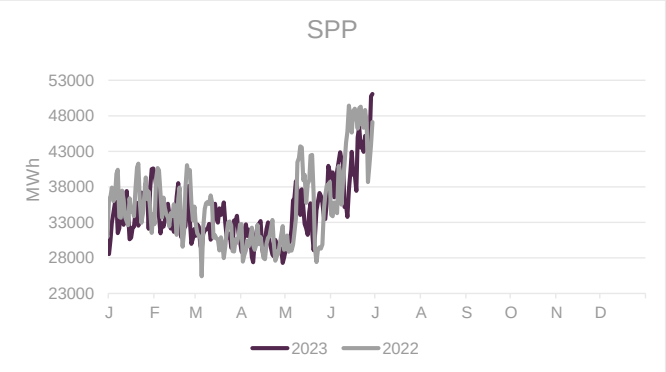

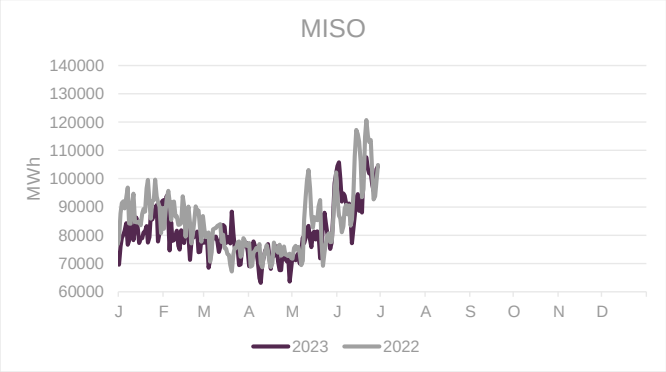

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (6/6/2023-9/6/2023)

Date	State	Ticker	Utility/Event	Docket	Description
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
4/1/2023-6/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	ALJ proposed decision expected
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Hearings scheduled in rate case
5/22/2023-6/16/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Hearings scheduled in rate case
6/1/2023-6/30/2023	MO	AEE	Union Electric Co.	C-ER-2022-0337	Decision possible in rate proceeding
6/1/2023-6/30/2023	OH	DUK	Duke Energy Ohio Inc.	C-22-0507-GA-AIR	Decision possible in rate proceeding
6/1/2023-6/30/2023	OK	AEP	Public Service Co. of OK	Ca-PUD2022-000093	Decision possible in rate proceeding
6/1/2023-6/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2022-00150 (G-RAC)	Decision likely in G-RAC proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Hearing examiners report may be issued in Rider RGGI reinstatement proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00164 (Rder US-2)	Decision likely in Rider US-2 proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Hearing Examiners report may bee issued in Rider OSW update proceeding
6/1/2023-6/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Hearing examiner's report may be issued in Rider DSM proceeding
6/12/2023	IL	SO	North Shore Gas Co.	D-23-0068	Company rebuttal testimony due in rate proceeding
6/12/2023-6/13/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearings scheduled in rate case
6/13/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Scheduling conference to be held in electric multiyear rate plan proceeding
6/13/2023	MI	DTE	DTE Electric Co.	C-U-21297	Staff and intervenor testimony due
6/13/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor testimony on rates due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Staff, intervenor testimony due
6/14/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Staff, intervenor testimony due
6/14/2023	IL	AEE	Ameren Illinois	D-23-0082	Company rebuttal testimony due in rate proceeding
6/14/2023	OR	POR	Portland General Electric Co.	D-UE-416	Power cost update settlement conference
6/15/2023	PA	FE	FirstEnergy Corp.		Intervenor testimony due in operating company consolidation proceedings
6/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Deadline for Delmarva to request for interim electric rates
6/19/2023-6/26/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Hearings scheduled in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file testimony in rate case
6/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file testimony in rate case
6/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE testimony on power cost update due
6/26/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Briefs due in rate case
6/27/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Company rebuttal testimony due in rate proceeding
6/28/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
6/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Intervening parties to file testimony in Rider CCR update
6/29/2023	TX	ETR	Entergy Texas Inc.	D-53719	End of agreed upon suspension period — decision may be issued in rate case
6/30/2023	MD	FE	The Potomac Edison Co.	C-9695	Rebuttal testimony due in rate case
6/6/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Staff to file testimony in Rider E update proceeding
6/7/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Prehearing conference scheduled in rate case
6/7/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Prehearing conference scheduled in rate case
6/9/2023	MD	FE	The Potomac Edison Co.	C-9695	Intervening parties to file testimony in rate case
6/9/2023	NC	DUK	Duke Energy Progress LLC	D-E-2 Sub 1300	Proposed orders and/or briefs due by
7/1/2023-7/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00070*(RiderRGGI)	Decision may be issued in Rider RGGI reinstatement proceeding
7/1/2023-7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00187 (Rider OSW)	Decision expected in Rider OSW update proceeding
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
7/10/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Reply briefs due
7/11/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Intervenor testimony due
7/11/2023-7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing scheduled in Rider E update proceeding
7/12/2023	ID	AVA	Avista Corp.	C-AVU-E-23-01	Company rebuttal testimony due
7/12/2023	ID	AVA	Avista Corp.	C-AVU-G-23-01	Company rebuttal testimony due
7/12/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Staff testimony due in Rider CCR update proceeding
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Opening briefs due in rate case
7/14/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Opening briefs due in rate case
7/14/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Opening briefs due in rate case
7/14/2023	KY	DUK	Duke Energy Kentucky Inc.	C-2022-00372	Deadline for decision in rate proceeding
7/14/2023	MD	FE	The Potomac Edison Co.	C-9695	Surrebuttal testimony due in rate case
7/14/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Intervening parties to file testimony in triennial review case
7/15/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Delmarva may implement proposed electric rate increase, subject to refund
7/15/2023-8/15/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Hearing Examiners report may be issued in rate case
7/18/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Hearing to begin in rate proceeding
7/18/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company updated testimony due on or before
7/18/2023-7/21/2023	MD	FE	The Potomac Edison Co.	C-9695	Hearings scheduled in rate case
7/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Public Staff and intervenor testimony due by
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	PGE reply testimony on rate revision due
7/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on power cost update due
7/24/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
7/25/2023	IL	AEE	Ameren Illinois	D-23-0067	Hearing to begin in rate proceeding
7/28/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Staff testimony due in triennial review proceeding
7/31/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Rebuttal testimony to be filed in rate case
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00162 (Rider SNA)	Decision expected in Rider SNA adjustment proceeding
7/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2022-00210 (Rider DSM)	Decision expected in Rider DSM proceeding
7/31/2023-8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Rebuttal and surrebuttal testimony to be filed
7/7/2023	OR	AVA	Avista Corp.	D-UG-461	Staff, intervenor testimony due
8/1/2023	OR	POR	Portland General Electric Co.	D-UE-416	General rate revision settlement conference
8/1/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Rebuttal testimony due
8/1/2023-8/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Hearing Examiner's report may be issued in Rider E update proceeding
8/10/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Hearing to begin in electric rate case
8/10/2023	IL	SO	North Shore Gas Co.	D-23-0068	Hearing to begin in rate proceeding
8/10/2023-8/11/2023	PA	FE	FirstEnergy Corp.		Heairings scheduled in operating company consolidation proceeding
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Elec)	Reply briefs due
8/11/2023	CA	SRE	San Diego Gas & Electric Co.	A-22-05-016 (Gas)	Reply briefs due
8/11/2023	CA	SRE	Southern California Gas Co.	A-22-05-016	Reply briefs due
8/11/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Rebuttal testimony due in triennial review case
8/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Briefs due in electric rate case
8/16/2023	MI	CMS	Consumers Energy Co.	C-U-21308	ALJ proposed decision expected
8/18/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Intervenor testimony due in electric rate proceeding
8/18/2023	OR	AVA	Avista Corp.	D-UG-461	Settlement conference--hosted by Staff
8/21/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Hearing to begin in rate proceeding
8/21/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Evidentiary hearings begin
8/22/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor rebuttal testimony on rate revision due
8/22/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Intervenor testimony due in gas rate proceeding
8/23/2023-8/24/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearings scheduled in triennial review proceeding
8/25/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Surrebuttal testimony to be filed
8/29/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Staff and intervenor testimony due
8/3/2023-8/17/2023	MD	FE	The Potomac Edison Co.	C-9695	Briefs to be filed in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Hearings to be conducted in rate case
8/30/2023-9/8/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Hearings to be conducted in rate case
8/4/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Company rebuttal testimony due by
8/7/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Prehearing conference to be held in electric rate case
8/7/2023	IL	AEE	Ameren Illinois	D-23-0082	Hearing to begin in rate proceeding
8/7/2023	OR	AVA	Avista Corp.	D-UG-461	Avista reply testimony due
8/9/2023-8/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearings scheduled in Rider CCR update proceeding
9/1/2023	MI	DTE	DTE Electric Co.	C-U-21297	Reply briefs due in electric rate case
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/1/2023-9/30/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2022-00052	Decision may be issued in rate case
9/6/2023	MD	AEP	Public Service Co. of OK	C-9695	Law judge's proposed order to be issued in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	66.85%	42	16.94%
NEUTRAL	113	30.46%	7	6.19%
SELL	10	2.70%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive

Jonathan Elias 212.381.7573
Jonathan.Elias@guggenheimpartners.com

Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution

John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail

Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants

Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines

Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist

Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power and Energy Transition Equity Research

Energy Technology & Industrial Technology

Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities

Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media

Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

Media & Live Entertainment

Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software

John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist

Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology

Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Global Biopharmaceuticals

Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services

Sandy Draper, CFA 404.926.1021
Sandy.Draper@guggenheimpartners.com

Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist

Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 30-Oct-2023 04:34 PM.

KeyBanc Capital Markets

Alert

September 05, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AEP, D, FE, POR, SRE, EXC, CMS, SO, AVA, XEL, ETR, ED

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com

This week, we are tracking proceedings in AEP's ENEC case, D's VA IRP, FE's MD electric rate case, POR's OR IRP, SDG&E and SoCalGas's rate cases, and EXC's NJ electric rate case. In other news, regulators issued approvals for previously reached settlements in the CMS MI gas rate case, SO's VA natural gas rate case, and AVA's ID electric and gas rate filings. FE and stakeholders reached a unanimous settlement with the PA PUC to separate the PA transmission and distribution assets. D announced the closing of the sale of Cove Point to Berkshire. ED entered a joint proposal for a three-year rate plan in the steam rate case, XEL and intervenors filed testimony in the WI electric and gas rate cases, and ETR filed an FRP in LA. The PA governor appoints a PUC chair and SRE's SIP partners with a Japanese consortium to evaluate a proposal to produce and export liquefied synthetic natural gas. Don't miss our schedule of meetings at the EEI this fall and contact us to join the meetings.

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.
Please scroll down for our full schedule, including dinners with **DTE** and **AGR**, and contact us or your KBCM sales representative to schedule meetings.

Regulatory Calendar
AEP — Hearings in AEP's ENEC proceedings begin on September 5: The WV Staff recommended a revenue increase of $154M, including under-recovery of $99M and $35M for the forecast period. This compares to AEP's request for ~$642M, including an under-recovered balance of ~$553M and $89M of projects for the forecast period from September 2023-August 2024. Driving the difference is Staff's recommendation to disallow $258M for recovery based on consultant CTC's prudence review. Staff also recommended rejecting AEP's proposal to securitize the balance in favor of amortizing the costs over three years using AEP's cost of debt, or 2.5%, as the carrying charge. CTC conducted a prudence review following the PSC's order in May 2022 after AEP failed to meet the annual capacity factor during the 2020-2021 period and the PSC deferred any rate increase until the prudence review is complete. AEP noted that the low capacity factors during the 2020-2021 and 2021-2022 periods were because of inadequate coal supplies. The ENEC is an annual rate adjustment mechanism allowing Wheeling and APCo to recover fuel, purchased power, and environmental compliance costs.

D — Rebuttal testimony in D's VA IRP is due on September 5: In testimony, Staff believes D's forecasted growth is optimistic and would require reliance on D building SMR plants, and to continue operating fossil fuel plants. According to Staff, D's forecasted load growth is overly optimistic, and it expects D's demand to peak at 22,000 MW, up from 17,000 MW currently, but materially lower than D's forecasted peak load of 27,000 MW. Intervenor testimony in D's IRP centered around data center demand driving the load growth in D's service territories. The 2023 IRP covers the 15-year period starting in 2024-2038 using 2023 as the base year. The 25-year planning period extends to 2048. The plan considers PJM-projected annual peak and energy load growth of 5% and 7% over the next decade, respectively, driven primarily by data centers and less so by electrification trends. Overall, D is projecting the addition of ~20 GW of resources in the 15-year period and ~32 GW (net of retirements) in the 25-year period. D has considered the provisions of the IRA and the IIJA in its planning. We wrote on D's initial IRP filing here.

FE — The ALJ's proposed order in Potomac Edison's MD electric rate case is due on September 6: Potomac Edison Co. requested a net $46M revenue increase, premised on 10.6% ROE/53.53% equity. The Company would adopt the Staff's proposed 70/30 split to determine the allocation factors of the electric distribution investment surcharge (EDIS) program for the next four years. FE's net request excludes the recovery of $4.8M of revenue collected through the EDIS. This compares to the MD PSC Staff's recommendation for a net $19M revenue increase, premised on a 9.5% ROE and 53.53% equity. An MD PSC final decision is expected in 4Q23.

POR — Reply comments in POR's OR Clean Energy Plan and IRP are due on September 6: Staff's initial comments provide insight into some low-regret actions or opportunities, challenges, and vulnerabilities that need to be addressed. Staff's 29 recommendations for POR to address in reply comments include adopting a scoring metric for GHG reductions, redesigning the Preferred Portfolio without assuming 800 MW of additional transmission, providing an accounting of banked RECs, and a detailed assessment of its

small-scale renewable resource compliance strategy including how it plans to meet the compliance obligations and projected shortfalls. POR's CEP includes a set of near-term actions to achieve the targets outlined in HB 2021. The Preferred Portfolio emphasizes solar and wind resources, with ~3.5GW expected to be online by 2030. POR will issue an annual RFP for up to 520 MW of non-emitting resources through 2028, plans to add 632 MW of storage, energy efficiency (248 MW), and distributed resources (136 MW). The Company will study the addition of community-based renewable energy to reach 155 MW by 2030. This is POR's first CEP/IRP filing since the enactment of HB 2021. The PUC has six months from the March 31 filing to acknowledge the CEP and determine if it is consistent with the new law.

SRE — Reply briefs in SDG&E and SoCalGas rate cases are due on September 7: Hearings were held in June, and parties submitted updated testimony and opening briefs. SRE largely maintained its request from updated testimony. This includes SoCalGas's ask for a $767M revenue increase in 2024, followed by $292M, $261M, and $381M over the years 2025, 2026, and 2027, respectively. SDG&E maintained its $475M request for 2024, with subsequent revenue increases of $346M, $332M, and $303M, respectively. Cal Advocates recommended revenue increases for SoCalGas of $360M, $188M, $215M, and $225M for 2024, 2025, 2026, and 2027, respectively, and $271M, $222M, $239M, and $247M for SDG&E for the same time period, respectively. Proposed decisions on Track 1 are due in 2Q24. Costs of Capital are determined outside the rate case proceedings in CA and are thus not part of this docket.

EXC — Intervenor testimony in EXC's NJ electric rate case is due on September 8: ACE filed an electric rate case in NJ (Docket: ER23020091) seeking a net revenue increase of $92M, premised on 10.5% ROE and 50.2% equity. The main drivers of the request include recovery of investments to the distribution system and necessary investments to meet the targets set in NJ's Energy Master Plan. ACE also seeks recovery for higher interest rates, inflation, and storm costs. The NJ BPU is expected to issue an order by November 17.

Recent Developments for Companies Under Our Coverage

From our midweek: EIX makes the first filing with the CPUC to recover $2.4B in costs and legal fees for the 2017/2018 wildfire and mudslide events. Orsted announced an anticipated write-down of up to $2.35B on U.S. offshore wind projects with potential implications for ES's carrying value of its Revolution Wind and Sunrise Wind projects. DUK reached a second partial settlement in the DEC NC MYRP; POR filed a rebuttal in the OR electric rate case; and staff and interveners issued testimony in CMS's MI electric rate case. ETR reaches a favorable resolution on the sale-leaseback FERC docket, but the LA PSC disagrees on ETR's interpretation of the FERC ruling. Georgia Power reaches a settlement regarding Vogtle cost recovery, and VCM 29 is filed. KY PSC rejects a proposal by AEP to supply power to a cryptomining operation; FERC approves the sale of FE's sale of a 30% interest in FET to Brookfield; DTE's Fermi 2 nuclear plant is shut down for non-emergency, unplanned repairs; NEE Transmission is picked for a ~$300M NM transmission project; and the PUCT approves interim rates in CNP's TEEEF rider.

CMS — Commission approves the settlement in the natural gas GRC: The MI PSC approved a previously reached settlement in CMS's natural gas rate case. PSC Staff, the AG's office, and others had agreed to a $95M revenue increase, premised on a 9.9% ROE and 50.75% equity. The settlement included a $214M allowance for the enhanced infrastructure replacement program (EIRP) to replace a minimum of 110.8 miles of installed main replacements by the end of September 2024, and allows CMS to implement an OPEB volatility mechanism to smooth out the impact on earnings by creating a regulatory asset/liability for future recovery or credit to customers compared to the amounts included in rates. CMS's revised request was for a $175M revenue increase, on 10.25% ROE/51.5% equity. New rates will go into effect on October 1.

SO — SCC approves the settlement in the VA Natural Gas rate case: The SCC issued a final order approving the settlement reached in the VA Natural Gas case. The settlement agreed to a $48M revenue increase, premised on a 9.7% ROE and 49.06% equity, and was constructive compared to Staff proposal for a $24M revenue increase, premised on a 9.5% ROE and 47.05% equity and the AG's Office recommendation for a $31M revenue increase. SO initially sought a $69M revenue increase, premised on 10.35% ROE and 53.2% equity. Interim rates of $69M are in effect since January 1; the excess over the approved amount will be refunded.

AVA — ID PUC approves settlement agreement in the multiyear electric and gas rate plans: AVA received PUC approval of the multiparty settlement filed in June for the electric and gas rate cases. New rates will go into effect in September. As part of the settlement in the two-year electric and gas rate cases, electric revenues will increase by $22M in RY1 and $4M in RY2, and natural gas revenues will increase by $1M and ~$0M, respectively. Both increases are based on a 9.4% ROE and 50% equity. This compares to AVA's request for $37.5M and $13.2M electric rate increases in RY1 and RY2, respectively, and gas rate increases of $2.8M and $0.1M, respectively, based on a 10.25% ROE and 50% equity.

FE — FE and stakeholders reach a unanimous settlement with the PA PUC to separate the AP transmission and distribution assets: Under FE's plan, PA distribution companies Met-Ed, Penelec, Penn Power, and West Penn will merge into a new entity called FE PA Electric. Currently, all but Penn Power are direct subsidiaries of FE and Penn Power is a subsidiary of OH Edison. If the settlement receives approval, the new entity will become a PA electric utility. As part of the settlement, FE has agreed to maintain separate tariff structures for the distinct distribution companies until three rate cases are concluded (the first one is targeted for 2025) or for 10 years, whichever is sooner. FE asked for the separation of T&D assets to streamline its business operations. FERC and the VA SCC previously approved the reorganization.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

D — D announces closure of sale of its 50% interest in Cove Point: D announced the closure of the sale of the remaining 50% limited partnership interest in Cove Point to Berkshire Hathaway. D's proceeds include $3.3B plus $200M from the settlement of related interest rate derivatives. D announced the sale in July as part of the ongoing portfolio restructuring. See our takeaways on the announcement here.

ED — ED enters a joint proposal for a three-year rate plan for the steam business: The Joint Proposal includes a three-year rate plan beginning in November 2023 with a levelized revenue increase of $77.8M in each of RY1-RY3. The JP proposes a 9.25% ROE and a 48% equity layer and includes an ESM where customers will share earnings in excess of 9.75%. The settlement also includes a weather normalization adjustment and reflects roughly $105M of capex each year during the rate plan. The 9.25% ROE and 48% equity layer are in line with other decisions this year including the ED's CECONY gas and electric rate cases and 5 bps above AGR's NYSEG and RG&E rate cases. Staff recommended a $94M revenue increase, premised on a 9% ROE and 48% equity, compared to ED's $141M revenue request, 10% ROE, and 50% equity layer.

XEL — Staff and Interveners file testimony in the NSP-WI electric and gas rate cases: Staff recommended an electric base rate decrease of $3M when including fuel and purchased power adjustments, and a natural gas rate increase of $5M based on a ROE of 9.7% and an equity ratio of 52.5% (Docket: 4220-UR-126). Intervenor comments centered on cost of service, rate design, and other policy issues. XEL filed the electric and gas rate cases requesting revenue increases of $40M and $9M, respectively, premised on 10.25% ROE and 52.5% equity. The main difference in the staff recommendation and XEL's request on the electric filing relates to the recent extensions received for the Monticello Nuclear plant and other wind facilities. The life extensions flow to NSP-WI through the Interchange Agreement (cost sharing agreement between NSP-WI and NSP-MN) and reduce the electric rate request through lower D&A.

ETR — ETR files an FRP in LA: ETR LA submitted an application for an increase in rates through an FRP extension. The proposed FRP (Docket: U-36959) seeks approval of a $173M electric revenue requirement. The application introduces a regulatory blueprint to support grid strengthening efforts in LA, including grid hardening, vegetation management over a 10-year period through 2033, and plans to grow the generation portfolio by adding new solar.

FE, EXC — PA governor makes a PUC appointment: Governor Shapiro (D) named Commissioner Stephen DeFrank (D) as Chairman of the PUC. Also, the state Senate approved the governor's nomination of Kimberly Brown (D) to a five-year term at the PUC. With these announcements, the PA PUC is restored to its full strength of five commissioners.

SRE — SIP and a Japanese consortium are working on a project to produce liquefied synthetic natural gas: SIP, along with four Japanese natural gas utilities, is evaluating a proposed project to produce 130K MT per year of e-natural gas, a synthetic gas produced from hydrogen and CO_2. The gas would be liquefied at the Cameron LNG terminal before export to Japan, where the product would be marketed as e-methane.

Figure 1 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM	Eversource Energy (ES)		
1:00 PM		NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM		Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
5:00 PM		Atlantica Sustainable (AY)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	9/5/2023	Position Statements Due
WV	American Electric Power	AEP	23-0377-E-ENEC	ENEC	9/5/2023	Evidentiary Hearings Begin
VA	Dominion Energy	D	PUR-2023-00066	IRP	9/5/2023	Rebuttal Testimony Due
IL	Ameren Illinois	AEE	D-23-0082	Electric	9/6/2023	Initial Briefs Due
	System Energy Resources Inc.	ETR	FERC EL21-56		9/6/2023	Prehearing Conference
MD	The Potomac Edison Co.	FE	C-9695	Electric	9/6/2023	Proposed Order Due
OR	Portland General Electric Co.	POR	LC80	IRP	9/6/2023	Company Reply Comments
	First Solar	FSLR			9/7/2023	Analyst Day - Perrysburg, OH
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	9/7/2023	Reply Briefs
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	9/7/2023	Reply Briefs
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	9/7/2023	Reply Briefs
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	9/7/2023	Reply Briefs
NJ	Atlantic City Electric Co.	EXC	D-ER23020091	Electric	9/8/2023	Intervenor Testimony Due
OR	Portland General Electric Co.	POR	D-UE-416	Electric	9/11/2023	Company Surrebuttal Testimony Due
IL	North Shore Gas Co	WEC	D-23-0068	Natural Gas	9/11/2023	Position Statements Due
IL	The Peoples Gas Light & Coke Co	WEC	D-23-0069	Natural Gas	9/11/2023	Position Statements Due
NM	Avangrid, PNM Resources	AGR		PNM Merger	9/12/2023	NM Supreme Court Oral Arguments
	Short-Term Energy Outlook	EIA			9/12/2023	STEO release
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	9/12/2023	Initial Briefs Due
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	9/12/2023	Staff and Intervenor Testimony Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/12/2023	Intervenor Testimony
TX	Southwestern Public Service Co	XEL	D-54634	Electric	9/12/2023	Hearings Commence
	CPI Release	BLS			9/13/2023	CPI release for Prior Month
OR	Portland General Electric Co.	POR	LC80	IRP	9/13/2023	Special Public Meeting
VA	Dominion Energy	D	PUR-2023-00066	IRP	9/18/2023	Evidentiary Hearings Begin
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	9/19/2023	Rebuttal Testimony Due
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	9/19/2023	Rebuttal Testimony
	Federal Energy Reg Comm	FERC			9/21/2023	Open Meeting
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	9/21/2023	Company Testimony Due (Track 2)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	9/21/2023	Company Testimony Due (Track 2)
IL	Ameren Illinois	AEE	D-23-0082	Electric	9/22/2023	Reply Briefs Due
IL	Northern Illinois Gas Co.	SO	D-23-0066	Natural Gas	9/22/2023	Proposed Order Due
IL	Ameren Illinois	AEE	D-23-0067	Natural Gas	9/26/2023	Proposed Order Due
OR	Avista Corp.	AVA	LC81	IRP	9/26/2023	Company Reply Comments
OR	Portland General Electric Co.	POR	D-UE-416	Electric	9/26/2023	Evidentiary Hearings Begin
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	9/26/2023	Rebuttal Testimony Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	9/26/2023	Rebuttal Testimony
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	9/27/2023	Replay Briefs Due
CA		CPUC	R2207005	Fixed Charges	9/29/2023	Reply Briefs
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	9/29/2023	Rebuttal Testimony Due
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	9/29/2023	Intervenor Testimony Due
MN	Ottertail Power	OTTR	21-339	IRP	9/29/2023	Reply Comments Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	10/2/2023	Intervenor Testimony
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/2/2023	Surrebuttal Testimony Due
WI	Northern States Power Co.	XEL	D-4220-UR-126 (Elec/Gas)	Electric/Nat Gas	10/2/2023	Surrebuttal Testimony
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	10/4/2023	Staff and Intervenor Objections
WI	Wisconsin Electric Power Co.	WEC	D-5-UR-110	Elec/Nat Gas	10/4/2023	Hearings Begin

Source: Regulatory filings, company reports, KeyBanc Capital Markets Inc.

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	20.6	Overweight	$91	$78.45	3.2%	58%	4.42	4.66	4.94	17.7x	16.8x	15.9x	4.37	4.69	5.02	18.0x	16.7x	15.6x
AEP	American Electric Power Company In	39.9	Sector Weight	NA	$77.52	4.3%	64%	5.30	5.63	5.97	14.6x	13.8x	13.0x	5.27	5.60	5.98	14.7x	13.8x	13.0x
CMS	CMS Energy Corp	16.2	Sector Weight	NA	$55.39	3.5%	63%	3.10	3.33	3.57	17.9x	16.6x	15.5x	3.11	3.35	3.62	17.8x	16.5x	15.3x
CNP	CenterPoint Energy Inc	17.5	Sector Weight	NA	$27.65	2.7%	51%	1.49	1.63	1.72	18.6x	17.0x	16.1x	1.49	1.62	1.73	18.6x	17.1x	16.0x
D	Dominion Energy Inc	40.1	Sector Weight	NA	$47.88	5.6%	74%	3.26	3.73	3.78	14.7x	12.8x	12.7x	3.63	3.58	3.83	13.2x	13.4x	12.5x
DTE	DTE Energy Co	21.1	Sector Weight	NA	$102.18	3.8%	62%	6.22	6.62	7.06	16.4x	15.4x	14.5x	6.24	6.67	7.14	16.4x	15.3x	14.3x
DUK	Duke Energy Corp	67.8	Overweight	$109	$87.93	4.7%	73%	5.62	6.00	6.34	15.6x	14.7x	13.9x	5.61	5.97	6.33	15.7x	14.7x	13.9x
ETR	Entergy Corp	19.9	Sector Weight	NA	$94.34	4.6%	65%	6.68	7.21	7.69	14.1x	13.1x	12.3x	6.70	7.19	7.71	14.1x	13.1x	12.2x
ES	Eversource Energy	22.0	Sector Weight	NA	$63.05	4.3%	62%	4.38	4.66	4.95	14.4x	13.5x	12.7x	4.37	4.64	4.94	14.4x	13.6x	12.8x
ED	Consolidated Edison Inc	30.5	Underweight	$77	$88.35	3.7%	67%	4.94	5.19	5.54	17.9x	17.0x	15.9x	4.90	5.23	5.50	18.0x	16.9x	16.1x
EIX	Edison International	26.2	Sector Weight	NA	$68.41	4.3%	63%	4.73	5.11	5.63	14.5x	13.4x	12.2x	4.71	5.10	5.56	14.5x	13.4x	12.3x
EXC	Exelon Corp	39.8	Sector Weight	NA	$39.99	3.6%	62%	2.36	2.53	2.72	16.9x	15.8x	14.7x	2.36	2.50	2.72	16.9x	16.0x	14.7x
FE	FirstEnergy Corp	20.5	Overweight	$45	$35.69	4.4%	62%	2.52	2.71	2.88	14.2x	13.2x	12.4x	2.54	2.69	2.85	14.1x	13.3x	12.5x
PEG	Public Service Enterprise Group Inc	30.2	Sector Weight	NA	$60.50	3.8%	66%	3.45	3.60	3.88	17.5x	16.8x	15.6x	3.46	3.69	4.06	17.5x	16.4x	14.9x
SO	Southern Co	73.3	Sector Weight	NA	$67.22	4.1%	77%	3.58	4.03	4.27	18.8x	16.7x	15.7x	3.60	4.03	4.32	18.7x	16.7x	15.5x
WEC	WEC Energy Group Inc	26.2	Overweight	$102	$83.11	3.8%	68%	4.61	4.93	5.27	18.0x	16.9x	15.8x	4.61	4.92	5.26	18.0x	16.9x	15.8x
XEL	Xcel Energy Inc	31.2	Overweight	$71	$56.51	3.7%	62%	3.36	3.57	3.75	16.8x	15.8x	15.1x	3.35	3.58	3.83	16.9x	15.8x	14.7x
					Average:	**4.0%**	**64%**				**16.4x**	**15.3x**	**14.3x**				**16.3x**	**15.3x**	**14.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.6	Sector Weight	NA	$33.36	5.5%	80%	2.30	2.45	2.53	14.5x	13.6x	13.2x	2.30	2.49	2.53	14.5x	13.4x	13.2x
NWE	NorthWestern Corp	3.0	Overweight	$64	$50.36	5.1%	75%	3.43	3.66	3.83	14.7x	13.8x	13.1x	3.44	3.57	3.77	14.6x	14.1x	13.4x
OTTR	Otter Tail Corp	3.4	Sector Weight	NA	$82.33	2.1%	31%	5.79	4.08	3.35	14.2x	20.2x	24.6x	5.55	3.79	3.57	14.8x	21.7x	23.1x
PNW	Pinnacle West Capital Corp	8.6	Underweight	$61	$75.97	4.6%	82%	4.18	5.04	5.24	18.2x	15.1x	14.5x	4.23	5.04	5.22	18.0x	15.1x	14.5x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$43.99	4.3%	70%	2.66	3.06	3.20	16.5x	14.4x	13.7x	2.67	3.03	3.24	16.5x	14.5x	13.6x
					Average:	**4.3%**	**68%**				**15.6x**	**15.4x**	**15.8x**				**15.7x**	**15.8x**	**15.5x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	13.3	Sector Weight	NA	$34.39	5.1%	84%	1.95	2.32	2.47	17.6x	14.8x	13.9x	2.10	2.35	2.52	16.4x	14.6x	13.6x
NEE	Nextera Energy Inc	135.3	Overweight	$85	$66.87	2.8%	60%	3.14	3.41	3.67	21.3x	19.6x	18.2x	3.12	3.41	3.69	21.4x	19.6x	18.1x
SRE	Sempra	44.1	Sector Weight	NA	$70.06	3.4%	53%	4.49	4.74	5.11	15.6x	14.8x	13.7x	4.49	4.78	5.12	15.6x	14.6x	13.7x
					Average:	**3.8%**	**66%**				**18.2x**	**16.4x**	**15.3x**				**17.8x**	**16.3x**	**15.1x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	34.5	Sector Weight	NA	$107.29	1.1%	22%	3,627	3,918	3,813	10.7x	9.8x	10.2x	3,506	3,916	3,831	11.1x	9.8x	10.1x
NRG	NRG Energy Inc	8.8	Not Covered	NA	$38.45	3.9%	33%	NA	NA	NA	NA	NA	NA	3,005	3,124	3,128	6.0x	5.4x	4.1x
VST	Vistra Corp	11.7	Not Covered	NA	$31.79	2.5%	16%	NA	NA	NA	NA	NA	NA	3,822	4,176	4,095	6.6x	5.9x	5.5x
					Average:	**2.5%**	**23%**				**10.7x**	**9.8x**	**10.2x**				**7.9x**	**7.0x**	**6.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 4 - Stock Price Performance

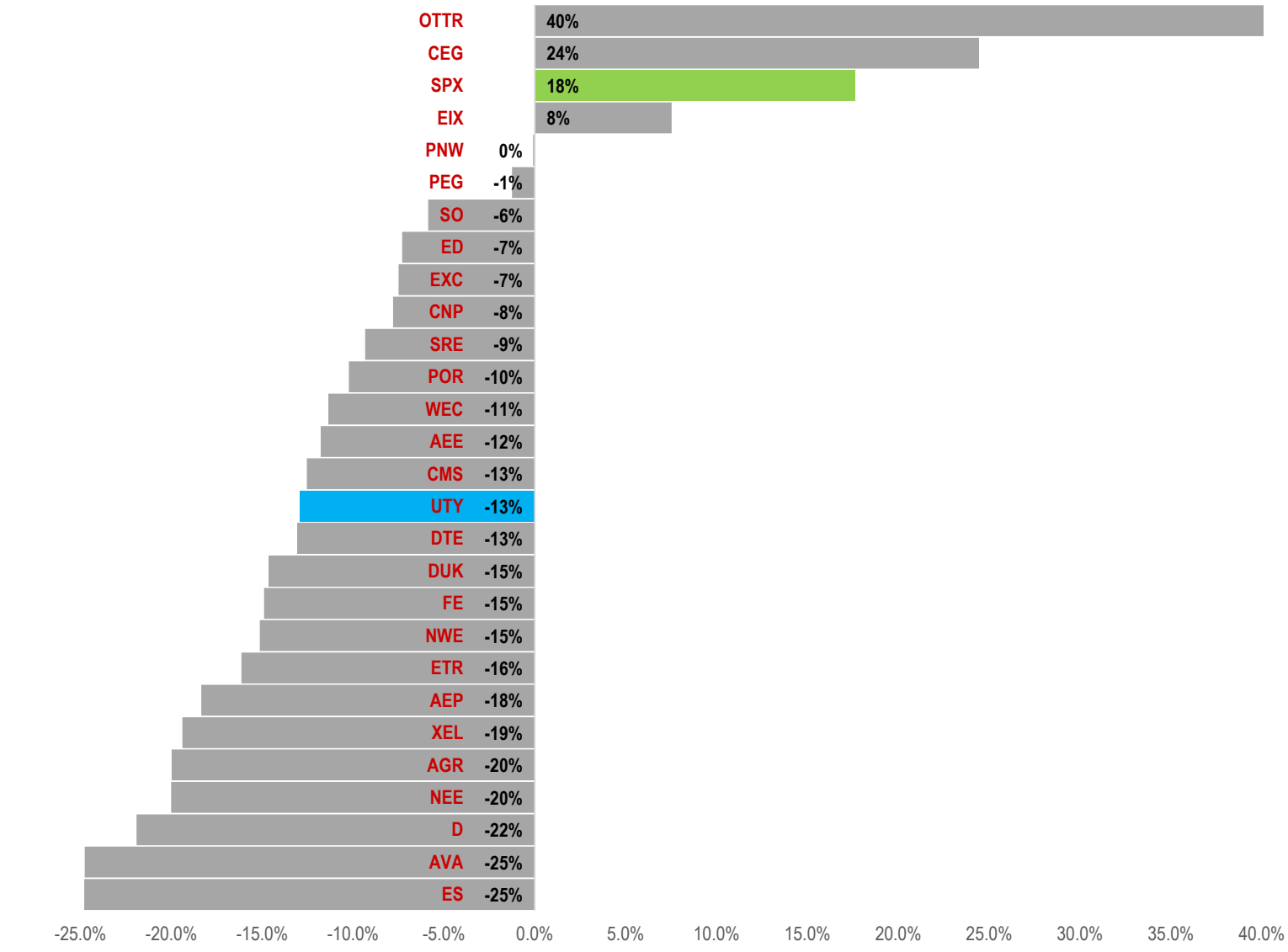

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Select Recent Research

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AGR: Upgrading to SW on Valuation

DUK: Renewables Sale Announced; Maintain OW

AEE: Upgrading to Overweight, $90 PT

XEL: Below Expectations ROE in MN; Long-Term Story Intact; Maintain OW, $75 PT

CEG: Attractive Deal Announcement - Reiterate OW, $95 PT

ES: Offshore Lease Acreage Sale Fetches Attractive Valuation

NWE: Constructive Settlement Reached in MT GRC

FE: FET Sale Creates Significant Valuation Marker; Reiterate Overweight and $45 Price Target

Thematic Pieces

Utilities 2Q23 Earnings Preview: In Limbo

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Second Act: CPUC Reopens Net Metering Docket (RUN, NOVA, ENPH, HASI)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

CA Net Metering Proceedings: Takeaways from Our Discussion with an Industry Expert

Alternative Energy Primer

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	258	49.14	42	16.28
Sector Weight [SW]	261	49.71	44	16.86
Underweight [UW]	6	1.14	2	33.33

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	15	68.18
Sector Weight [SW]	33	57.89	12	36.36
Underweight [UW]	2	3.51	2	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

Contents

05	27 DEC '23 8:24A.M.	The Guggenheim Daily Transmission: ISO-NE/Transmission, EXC/IL, NY, AEP (Guggenheim Securities) - 15 Pages
20	22 DEC '23 4:35P.M.	WATTS COOKING? Weekly >> Topics: EXC; SO; CMS (RBC Capital Markets) - 8 Pages
28	22 DEC '23 10:34A.M.	US Utilities & IPPs >> PowerPoints: Hydrogen 45V, EVRG Credit, EXC Regulatory, and Maryland Natural Gas (BofA Global Research) - 14 Pages
29	21 DEC '23 9:59A.M.	US Power & Utilities: Slide Deck on AEE / EXC Post IL Rate Order (Barclays) - 10 Pages
30	21 DEC '23 5:00A.M.	Exelon Corporation: Early Holiday Hangover: Why We're Still OW Following Illinois (Barclays) - 14 Pages
31	20 DEC '23 4:26P.M.	Midweek Thoughts - EXC, SO, EIX, AEP, OTTR, PEG, AGR (KeyBanc Capital Markets) - 6 Pages
37	20 DEC '23 2:39P.M.	Exelon Corp. >> Downgrading ComEd to UW; maintaining HoldCo on MW (BofA Global Research) - 7 Pages
38	20 DEC '23 2:39P.M.	Exelon Corp. >> ComEd negative rate case outcome, but maintaining HoldCo at MW (BofA Global Research) - 7 Pages
39	20 DEC '23 2:05P.M.	Time to EXC-h-AEE-le? Clarity Will Take Time but Bear Case Likely Priced In (BMO Capital Markets) - 16 Pages
55	20 DEC '23 8:39A.M.	Analyst's NotesAnalyst's NotesAnalyst's NotesAnalyst's Notes >> EXELON CORPEXELON CORPEXELON CORPEXELON CORP (Argus Research) - 5 Pages
60	19 DEC '23 11:14A.M.	US Utilities & IPPs >> PowerPoints: AEE & EXC Illinois Feedback. Capex cuts, rehearing, & legislation? (BofA Global Research) - 8 Pages
61	19 DEC '23 7:11A.M.	US Power & Utilities: C-Suite Discussions: EXC IL Follow Up & PCG Dinner (Barclays) - 11 Pages
62	19 DEC '23 5:03A.M.	Utility and Infrastructure Daily >> Comments on AEE, EXC & DUK (Wells Fargo Securities) - 8 Pages
70	18 DEC '23 10:33P.M.	EXC: The best-laid plans often go astray; target to $38 (RBC Capital Markets) - 8 Pages
78	18 DEC '23 11:50A.M.	US Utilities & Clean Tech >> PowerPoints: DUK NC Rate Case, XEL CO Resource Plan, SPWR Going Concern, EXC (BofA Global Research) - 10 Pages
79	18 DEC '23 9:58A.M.	North American Utilities >> IL Have a Blue Christmas: AEE & EXC on CEJA's Naughty List with Lower ROEs; Downgrade to Neutral (JP Morgan) - 14 Pages
93	18 DEC '23 5:02A.M.	Heads Up - The Week Ahead in Utilities: AEE, POR, SO, DTE, D, ETR, FE, EXC, WEC, XEL, CEG, DUK, AEP, CNP, SRE (KeyBanc Capital Markets) - 9 Pages

102	17 DEC '23 11:12P.M.	AEE and EXC: Backing Off Illinois; Downgrading EXC to EW (Morgan Stanley) - 19 Pages
103	17 DEC '23 11:31A.M.	WATTS COOKING? Weekly >> Topics: Ute strength/EXC/SO/CMS; NERC; WEC (RBC Capital Markets) - 8 Pages
111	15 DEC '23 12:32P.M.	US Utilities & Clean Tech >> PowerPoints: EXC/AEE Illinois, CEG Buybacks, 45X Tax Credits, & BKH (BofA Global Research) - 11 Pages
112	15 DEC '23 8:08A.M.	The Guggenheim Daily Transmission: IL, EIX/PCG/SRE, CNP, NY/Gas, EXC/MD, CEG, Power/NERC, PPL (Guggenheim Securities) - 19 Pages
131	15 DEC '23 7:18A.M.	Exelon >> Illinois Holiday Grinch Before Christmas: Downgrade to Neutral after Rate Case (BofA Global Research) - 13 Pages
132	15 DEC '23 5:33A.M.	EXC: A December to never remember; cut PT to $41 (Wolfe Research) - 9 Pages
141	15 DEC '23 1:31A.M.	IL-Communication - MYRP Off to Tough Start (BMO Capital Markets) - 14 Pages
155	14 DEC '23 11:11P.M.	Ameren & Exelon: Time to Reassess Illinois Following Surprisingly Negative Rate Case Decisions (Morgan Stanley) - 10 Pages
156	14 DEC '23 5:10P.M.	The ICC Delivers a Lump of Coal for AEE & EXC (Wells Fargo Securities) - 10 Pages
166	14 DEC '23 5:01P.M.	EXC: EXC's ComEd rate case ruled at 8.9% by ICC, grid plan rejected, to be refiled (RBC Capital Markets) - 5 Pages
171	14 DEC '23 1:44P.M.	First Read: Exelon Corp "Negative Rate Case Outcome - Rating and PT Under..." >> Negative Rate Case Outcome - Rating and PT Under Review (UBS) - 14 Pages
185	14 DEC '23 1:06P.M.	US Power & Utilities: AEE/EXC: Coal Stocking-Stuffer in Illinois (Barclays) - 10 Pages
186	13 DEC '23 3:56P.M.	Midweek Thoughts - CNP, EXC, D, FE, NEE, WEC, SO, AGR (KeyBanc Capital Markets) - 5 Pages
191	11 DEC '23 6:56A.M.	Heads Up - The Week Ahead in Utilities: FE, AEP, ETR, ES, POR, EXC, DTE, AVA, AEE (KeyBanc Capital Markets) - 8 Pages
199	07 DEC '23 7:44A.M.	The Guggenheim Daily Transmission: Uranium/Policy, SE/Policy, Wildfires/OR, CNP, RNG, Nuclear, DUK, EXC/DC, ES/CT, D/SC (Guggenheim Securities) - 21 Pages
220	05 DEC '23 12:55P.M.	US Utilities & IPPs >> PowerPoints: ES MA, EXC Labor, FE/AEP Ohio, Texas Earned ROEs, and NEP Latest (BofA Global Research) - 11 Pages
221	05 DEC '23 7:30A.M.	Trucost Environmental Skyline: Exelon Corp (Trucost) - 1 Page
222	04 DEC '23 5:28A.M.	Things Are Pretty Illinoisy (Scotiabank GBM) - 10 Pages

232	04 DEC '23 5:01A.M.	Heads Up - The Week Ahead in Utilities: EXC, AVA, ES, DTE, AEP, PEG, AGR, NEE (KeyBanc Capital Markets) - 8 Pages
240	01 DEC '23 8:44A.M.	The Guggenheim Daily Transmission: OGS, DTE, CPK, NI, AEP, ETR, PCG, EXC/MD, Offshore Wind, ERCOT, PJM (Guggenheim Securities) - 22 Pages
262	30 NOV '23 3:03P.M.	Americas Utilities: Updating Select Estimates and Key Catalysts to Watch into Year-End; Buy XEL, SO (on CL) (Goldman Sachs) - 10 Pages
272	30 NOV '23 4:30A.M.	Exelon Corporation: All Eyes on Illinois: Toronto NDR Takeaways (Barclays) - 10 Pages
273	27 NOV '23 5:06A.M.	Heads Up - The Week Ahead in Utilities: D, ES, AVA, PNW, EXC (KeyBanc Capital Markets) - 7 Pages
280	21 NOV '23 8:08A.M.	The Guggenheim Daily Transmission: EEI, NRG, ETR, PNW, AEP, PCG, EIX, SO, DOE, EXC (Guggenheim Securities) - 21 Pages
301	21 NOV '23 4:31A.M.	The Future Ain't What It Used To Be; Downgrade to Neutral (Mizuho Securities USA) - 9 Pages
310	20 NOV '23 5:03A.M.	Heads Up - The Week Ahead in Utilities: EXC, FE, WEC, SO, ED, AEP, XEL, EIX (KeyBanc Capital Markets) - 9 Pages
319	15 NOV '23 4:42A.M.	U.S. Power & Utilities: Day 3 Recap of EEI Conference >> AWK, CNP, ETR, EXC, NEE/NEP, PCG, PNW, PPL, WEC (RBC Capital Markets) - 8 Pages
327	14 NOV '23 6:16A.M.	EEI Day Two: Notes from Meetings - EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE (KeyBanc Capital Markets) - 10 Pages
337	13 NOV '23 6:26A.M.	Heads Up - The Week Ahead in Utilities: AEP, AVA, EXC, AGR, D, WEC, CNP, ETR, SRE, XEL (KeyBanc Capital Markets) - 8 Pages
345	09 NOV '23 10:43A.M.	US Utilities & IPPs >> PowerPoints: WEC Chair, TX Turnover, AEE /ATO/ORA EPS, D Latest + M&A, & EXC NJ (BofA Global Research) - 14 Pages
346	06 NOV '23 5:01A.M.	Heads Up - The Week Ahead in Utilities: D, AEP, FE, DTE, EXC, CNP, PNW, ETR, DUK, XEL, SO (KeyBanc Capital Markets) - 11 Pages
357	03 NOV '23 8:28A.M.	The Guggenheim Daily Transmission: AEP, ALE, AWK, DUK, ED, EXC, IDA, NRG, OGE, PNW, PPL, SO, SRE, D, LNT, NWN, EIX/PCG/SRE, AEE (Guggenheim Securities) - 21 Pages
378	02 NOV '23 6:52P.M.	Exelon Corp. (EXC): Uncertainty around ComEd rate case persists, focus on resolution by year-end (Goldman Sachs) - 7 Pages
385	02 NOV '23 6:01P.M.	EXC-ellent EXC-ecution for the Quarter (BMO Capital Markets) - 13 Pages
398	02 NOV '23 3:28P.M.	EXC: Groundhog's Day? Another Inline Quarter with Transmission Upside as NT Regulatory Cycle Enters Final Stretch (Guggenheim Securities) - 5 Pages
403	02 NOV '23 12:11P.M.	EXC: 3Q in Line; Steady as It Goes (KeyBanc Capital Markets) - 4 Pages

407	02 NOV '23 10:24A.M.	US Utilities & Clean Tech >> Earnings: AEP Beat, DUK Cut, SO Beat, EXC In-Line, CWEN Guide, NRG, EIX, OGE, ALE (BofA Global Research) - 13 Pages
408	02 NOV '23 8:33A.M.	Exelon Corp. (EXC): First Take: Slight miss vs. GS but in line with consensus, ComEd rate case in focus (Goldman Sachs) - 8 Pages
416	02 NOV '23 7:23A.M.	Exelon Corp. >> 3Q23 In Line & 2023 Guidance Narrowed; Spotlight on IL MYP & PJM Transmission (JP Morgan) - 7 Pages
423	02 NOV '23 7:19A.M.	EXC: 3Q23 inline; 2023; guidance narrowed (RBC Capital Markets) - 5 Pages
428	02 NOV '23 6:50A.M.	First Read: Exelon Corp "In-Line. 3Q'23 Adj. EPS $0.67 v. $0.67 Cons." (Buy) >> In-Line. 3Q'23 Adj. EPS $0.67 v. $0.67 Cons. (UBS) - 14 Pages

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	80.73	Buy
EXC	35.53	Neutral

Power & Utilities

December 27, 2023

The Guggenheim Daily Transmission: ISO-NE/ Transmission, EXC/IL, NY, AEP

For details on our 2023 events, scroll down...

ISO-NE/transmission – Maine PUC cancels contract for major transmission project

EXC/IL – Labor group files for rehearing in IL

NY – NY attorney general argues the gas policy is protected under US constitution

AEP – Regulators approve 245 MW solar farm for I&M

ISO-NE/transmission – Maine PUC cancels contract for major transmission project

- The 1GW line would have moved power from a similarly sized wind project in Aroostook County in Maine to the center of the state.
- More HERE

Guggenheim takeaway: *Interesting data point on a competitively-procured project.*

EXC/IL – Labor group files for rehearing in IL

- "IBEW Local 15's Application focuses solely on the Commission's incorrect decision to preclude ComEd from receiving any return on its Pension Asset. Order at 369-70. As discussed below, neither the law nor the facts support this result. The maintenance of the Pension Asset, and ComEd's decision to support it with shareholder funds, has benefitted workers and retirees as well as all customers." – filing
- More HERE

Guggenheim takeaway: *Minor FYI as this is a limited focus for the IBEW, however, we continue to monitor the process for further rehearing details and potential appeals – see our note HERE for more.*

NY – NY attorney general argues the gas policy is protected under US constitution

- The NY AG office made claims that the challenges against the NY gas ban should be dismissed.
- Under the arguments, the appeals court does not have the jurisdiction to rule on the challenges to the NY gas ban.
- More in media here.

Guggenheim takeaway:*FYI.*

AEP – Regulators approve 245 MW solar farm for I&M

- The Michigan PSC has approved I&M's plan to construct its largest solar farm so far.
- The PSC approved $532m for potential project costs.
- Regulators also approved the utility's request to defer incurred project costs as a regulatory asset until it is able to be moved into base rates.
- Construction is expected to begin in 4Q24 and to reach COD by 2Q26.
- Company press release HERE.

Guggenheim takeaway: *FYI, as we expected. As a reminder, I&M is working towards meeting a 749 MW need across four solar projects as part of its IRP filings.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	*10/2–10/3*	West Coast
NRG	*10/4–10/5*	West Coast
PEG	*10/10–10/11*	West Coast
NI	*10/17–10/19*	West Coast
EEI Conference	*11/12–11/14*	Arizona
NEE	*11/30–12/1*	Boston/NYC
FE CFO Lunch	*12/6*	In Person at Guggenheim
Guggenheim-hosted year end lunch with Shar and Joe Osha	*12/12*	In Person at Guggenheim
NRG	*12/13-12/14*	NYC
A Discussion on the Hydrogen PTC Guidance	*12/15*	Dial-in

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Comp Sheet

12/26/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$61.69	3,546	4.35	4.17	4.56	4.87	5.07	4.35	4.11	4.30	4.73	5.03	–	0.06	0.26	0.14	0.04	14.2x	15.0x	14.4x	13.0x	12.3x	-16%	-4%	-2%	-5%	-5%	8.4%	4.6%	69%	Sell	$41	-29%	Neutral	$60	1%
AVA	$35.98	2,784	2.28	2.49	2.61	2.67	2.73	2.27	2.42	2.59	2.64	2.78	–	0.07	–	0.03	(0.04)	15.8x	14.9x	13.9x	13.6x	13.0x	-6%	-5%	-5%	-1%	0%	5.2%	5.3%	79%	Sell	$26	-22%	Sell	$32	-6%
IDA	$98.00	4,960	5.09	5.44	5.80	5.99	6.28	5.13	5.46	5.85	6.04	6.38	(0.04)	–	(0.05)	(0.04)	(0.10)	19.1x	17.9x	16.8x	16.2x	15.4x	13%	15%	15%	18%	19%	4.2%	3.4%	62%	Buy	$109	15%	Buy	$106	12%
NWE	$51.35	3,145	3.05	3.52	3.73	3.92	4.11	3.13	3.53	3.71	3.89	4.06	(0.08)	–	–	0.03	0.05	16.4x	14.5x	13.9x	13.2x	12.6x	-3%	-7%	-5%	-4%	-2%	5.3%	5.1%	74%	Sell	$39	-19%	Neutral	$52	6%
UTL	$52.67	848	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	18.9x	18.0x	17.0x	16.0x	15.1x	12%	15%	17%	16%	16%	6.2%	3.1%	56%	Neutral	$45	-11%	Buy	$52	1%
POR	$43.27	4,376	2.63	3.05	3.21	3.38	3.55	2.61	3.05	3.19	3.33	3.48	–	–	–	0.05	0.07	16.6x	14.2x	13.6x	13.0x	12.4x	-2%	-9%	-7%	-5%	-4%	5.3%	4.6%	65%	Buy	$45	9%	Buy	$48	15%
		19,658																**16.8x**	**15.8x**	**14.9x**	**14.2x**	**13.5x**	**-0%**	**1%**	**2%**	**3%**	**4%**	**5.8%**	**4.4%**	**68%**						
Mid/Large Cap Electric																																			
AEE	$71.77	18,872	4.38	4.67	5.05	5.40	5.68	4.38	4.59	4.92	5.23	5.49	–	0.08	0.13	0.17	0.19	16.4x	15.6x	14.6x	13.7x	13.1x	-3%	-0%	-0%	-0%	1%	6.6%	3.7%	59%	Neutral	$73	5%	Buy	$79	13%
AEP	$80.73	41,590	5.30	5.64	6.00	6.39	6.81	5.28	5.60	5.96	6.31	6.73	–	0.04	0.04	0.08	0.08	15.3x	14.4x	13.5x	12.8x	12.0x	-9%	-8%	-7%	-7%	-7%	6.0%	4.4%	64%	Buy	$85	10%	Buy	$88	14%
CMS	$57.50	16,776	3.12	3.41	3.65	3.91	4.26	3.10	3.34	3.61	3.86	4.13	–	0.07	0.04	0.05	0.13	18.5x	17.2x	15.9x	14.9x	13.9x	10%	10%	9%	9%	8%	8.1%	3.6%	63%	Neutral	$54	-2%	Buy	$61	9%
CNP	$28.50	17,939	1.50	1.61	1.73	1.87	2.03	1.50	1.63	1.74	1.88	2.03	–	–	–	–	–	19.0x	17.5x	16.3x	15.1x	14.0x	12%	12%	12%	10%	8%	9.5%	2.8%	49%	Buy	$30	8%	Buy	$30	8%
D	$47.05	39,370	2.10	2.84	3.39	3.75	4.11	2.62	3.12	3.44	3.84	3.96	(0.52)	(0.28)	(0.05)	(0.09)	0.15	17.9x	15.1x	13.7x	12.3x	11.9x	6%	-4%	-6%	-11%	-8%	-0.4%	5.7%	86%	Buy	$45	1%	Neutral	$48	7%
DTE	$110.17	22,707	5.75	6.63	7.19	7.71	8.26	5.78	6.64	7.17	7.75	8.37	–	–	–	(0.04)	(0.11)	19.1x	16.6x	15.4x	14.2x	13.2x	13%	6%	5%	3%	2%	6.3%	3.7%	62%	Buy	$103	-3%	Buy	$116	9%
DUK	$96.73	74,579	5.60	6.05	6.35	6.75	7.15	5.60	5.97	6.33	6.72	7.16	–	0.08	–	0.04	–	17.3x	16.2x	15.3x	14.4x	13.5x	2%	4%	5%	5%	4%	6.3%	4.4%	71%	Buy	$99	7%	Buy	$101	9%
ED	$90.27	31,136	5.05	5.30	5.62	5.94	6.21	5.03	5.30	5.60	5.87	6.14	–	–	–	0.07	0.07	18.0x	17.0x	16.1x	15.4x	14.7x	6%	9%	10%	12%	14%	6.3%	3.7%	64%	Neutral	$84	-3%	Neutral	$89	3%
EIX	$71.64	27,479	4.71	4.98	5.48	5.71	6.03	4.70	5.11	5.60	5.93	6.28	–	(0.13)	(0.12)	(0.22)	(0.25)	15.2x	14.0x	12.8x	12.1x	11.4x	-10%	-10%	-12%	-12%	-12%	5.5%	4.3%	61%	Neutral	$66	-4%	Buy	$74	8%
ES	$61.44	21,448	4.37	4.70	4.92	5.17	5.37	4.35	4.59	4.84	5.11	5.58	–	0.11	0.08	0.06	(0.21)	14.1x	13.4x	12.7x	12.0x	11.0x	-16%	-14%	-13%	-12%	-15%	5.6%	4.7%	62%	Neutral	$60	2%	Buy	$65	11%
ETR	$100.35	21,220	6.75	7.16	7.76	8.31	8.97	6.74	7.20	7.72	8.29	8.86	–	(0.04)	0.04	–	0.11	14.9x	13.9x	13.0x	12.1x	11.3x	-12%	-11%	-11%	-12%	-13%	6.9%	4.5%	63%	Buy	$103	7%	Buy	$110	14%
EVRG	$51.79	11,890	3.59	3.89	4.10	4.36	4.63	3.60	3.84	4.03	4.29	4.52	–	0.05	0.07	0.07	0.11	14.4x	13.5x	12.9x	12.1x	11.5x	-15%	-14%	-12%	-12%	-12%	4.3%	5.0%	68%	Buy	$54	9%	Buy	$55	12%
EXC	$35.53	35,327	2.36	2.50	2.74	2.93	3.10	2.36	2.44	2.65	2.82	3.01	–	0.06	0.09	0.11	0.09	15.0x	14.6x	13.4x	12.6x	11.8x	-11%	-7%	-8%	-8%	-9%	6.4%	4.4%	64%	Neutral	$40	17%	Neutral	$41	18%
FE	$36.34	20,852	2.54	2.69	2.89	3.07	3.27	2.54	2.65	2.87	3.03	3.23	–	0.04	–	0.04	0.04	14.3x	13.7x	12.7x	12.0x	11.2x	-15%	-12%	-13%	-13%	-13%	6.3%	4.5%	62%	Buy	$41	17%	Buy	$39	12%
LNT	$50.93	12,871	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.28	3.48	3.68	–	–	–	–	–	17.6x	16.6x	15.5x	14.6x	13.8x	4%	6%	6%	7%	7%	6.1%	3.8%	63%	Neutral	$46	-6%	Buy	$54	9%
OGE	$34.98	7,006	2.07	2.16	2.25	2.37	2.48	2.05	2.14	2.27	2.40	2.50	–	–	–	–	–	17.1x	16.3x	15.4x	14.6x	14.0x	1%	4%	6%	6%	8%	2.8%	4.9%	80%	Neutral	$34	2%	Buy	$37	11%
PCG	$17.87	38,126	1.21	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.57	1.71	–	–	–	0.04	0.04	14.7x	13.2x	12.2x	11.4x	10.5x	-13%	-15%	-17%	-17%	-19%	9.7%	1.1%	14%	Buy	$19	7%	Buy	$19	8%
PEG	$60.72	30,306	3.45	3.70	4.22	4.38	4.68	3.47	3.70	4.08	4.27	4.51	–	–	0.14	0.11	0.17	17.5x	16.4x	14.9x	14.2x	13.5x	4%	5%	2%	4%	4%	6.2%	4.0%	65%	Buy	$64	9%	Buy	$66	12%
PNW	$71.35	8,085	4.20	5.00	5.15	5.25	5.40	4.25	4.90	5.12	5.33	5.48	(0.05)	0.11	–	(0.08)	(0.08)	16.8x	14.6x	13.9x	13.4x	13.0x	-1%	-7%	-5%	-3%	0%	4.9%	4.9%	72%	Neutral	$73	7%	Buy	$78	15%
PPL	$26.98	19,888	1.58	1.71	1.82	1.96	2.08	1.58	1.70	1.81	1.93	2.06	–	–	–	0.03	–	17.1x	15.9x	14.9x	14.0x	13.1x	1%	1%	2%	2%	1%	8.1%	3.8%	60%	Buy	$27	4%	Buy	$29	9%
SO	$69.45	75,806	3.60	4.05	4.30	4.55	4.80	3.60	4.01	4.32	4.54	4.76	–	0.04	–	–	0.04	19.3x	17.3x	16.1x	15.3x	14.6x	14%	11%	10%	11%	13%	5.9%	4.1%	72%	Buy	$77	15%	Buy	$73	10%
WEC	$83.64	26,383	4.62	4.91	5.24	5.61	5.97	4.61	4.91	5.24	5.60	5.97	–	–	–	–	–	18.1x	17.0x	16.0x	14.9x	14.0x	7%	9%	9%	9%	8%	6.1%	4.0%	68%	Neutral	$84	4%	Buy	$90	11%
Mid/Lg Cap (excl. EIX, PCG)																		**16.9x**	**15.6x**	**14.6x**	**13.7x**	**13.0x**						**5.9%**	**4.2%**	**66%**						
SMID + Lg Cap		**639,313**																**16.9x**	**15.7x**	**14.7x**	**13.8x**	**13.1x**						**5.9%**	**4.3%**	**66%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$60.21	121,848	3.13	3.43	3.69	3.99	4.27	3.13	3.40	3.67	3.85	4.28	–	0.03	–	0.14	–	19.3x	17.7x	16.4x	15.6x	14.1x	14%	13%	12%	14%	9%	8%	3.4%	61%	Buy	$70	20%	Buy	$72	22%
SRE	$74.46	46,860	4.52	4.75	5.06	5.40	5.85	4.57	4.80	5.12	5.49	5.83	(0.05)	(0.05)	(0.06)	(0.09)	–	16.3x	15.5x	14.5x	13.6x	12.8x	-3%	-1%	-1%	-1%	-1%	-9%	4.6%	71%	Buy	$79	11%	Buy	$81	14%
		168,708																**17.8x**	**16.6x**	**15.5x**	**14.6x**	**13.4x**	**5%**	**6%**	**6%**	**6%**	**4%**	**-0.3%**	**4.0%**	**66%**						
Gas LDCs																																				
NI	$26.43	10,927	1.57	1.68	1.82	1.95	2.07	1.59	1.71	1.83	1.96	2.10	–	–	–	–	–	16.6x	15.5x	14.4x	13.5x	12.6x	-1%	-1%	-1%	-2%	-3%	7%	4.0%	63%	Buy	$27	6%	Buy	$30	16%
CPK	$106.62	2,309	5.30	5.84	6.23	6.59	6.94	5.23	5.49	6.20	6.62	7.03	0.07	0.36	–	(0.03)	(0.09)	20.4x	19.4x	17.2x	16.1x	15.2x	21%	24%	18%	17%	17%	7%	2.4%	46%	Neutral	$99	-5%	Buy	$121	16%
NJR	$44.84	4,385	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.94	3.11	3.36	–	–	–	–	–	16.7x	16.1x	15.2x	14.4x	13.4x	-1%	3%	4%	5%	3%	6%	3.8%	61%	Neutral	$42	-3%	Buy	$49	13%
NWN	$39.11	1,373	2.65	2.83	2.98	3.09	3.21	2.67	2.76	2.98	3.05	3.23	–	0.07	–	0.04	–	14.7x	14.2x	13.1x	12.8x	12.1x	-13%	-9%	-10%	-7%	-7%	5%	5.0%	71%	Neutral	$37	-0%	Buy	$46	24%
OGS	$64.82	3,595	4.14	3.85	4.13	4.69	5.12	4.15	3.87	4.21	4.56	4.92	–	–	(0.08)	0.14	0.21	15.6x	16.7x	15.4x	14.2x	13.2x	-7%	7%	5%	4%	2%	5%	4.1%	69%	Neutral	$58	-6%	Neutral	$61	-2%
SR	$63.30	3,369	4.05	4.35	4.61	4.85	5.05	4.18	4.32	4.55	4.88	5.06	(0.13)	–	0.06	–	–	15.1x	14.6x	13.9x	13.0x	12.5x	-10%	-6%	-5%	-5%	-3%	6%	4.8%	70%	Neutral	$55	-8%	Neutral	$63	4%
		25,957																**16.5x**	**16.1x**	**14.9x**	**14.0x**	**13.2x**	**-2%**	**3%**	**2%**	**2%**	**2%**	**5.8%**	**4.0%**	**63%**						
Regulated Water																																				
AWK	$132.27	25,754	4.82	5.14	5.59	5.98	6.45	4.82	5.16	5.61	6.03	6.49	–	–	–	(0.05)	(0.04)	27.5x	25.7x	23.6x	21.9x	20.4x	63%	64%	61%	60%	57%	7%	2.3%	58%	Neutral	$126	-2%	Buy	$145	12%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$117.57	37,550	3,525	3,951	4,125	3,971	4,213	3,882	4,140	4,105	3,947	4,190	(356)	(190)	20	25	22	11.1x	10.1x	9.7x	9.7x	8.7x	43,083	41,822	39,956	38,266	36,460	15.6%	1.1%	20%	Buy	$119	2%	Buy	$130	12%
NRG	$50.81	11,471	3,248	3,418	3,311	3,324	3,377	3,161	3,355	3,279	3,140	3,492	87	63	32	185	(115)	6.6x	6.2x	6.1x	6.3x	5.6x	20,933	20,735	20,117	19,850	19,491	23.6%	3.2%	23%	Buy	$51	4%	Buy	$48	-1%
VST	$38.20	13,658	4,050	3,906	3,997	3,822	3,513	3,964	4,407	4,367	4,127	4,336	86	(501)	(371)	(305)	(823)	6.3x	5.6x	5.5x	5.7x	5.3x	25,016	24,654	24,129	23,730	23,009	8.7%	2.4%	24%	Buy	$32	-14%	Buy	$40	8%
Other																																				
NEP	$30.60	2,859	1,902	2,021	2,080	2,099	2,118	1,901	2,059	2,040	2,002	2,023	–	(38)	40	97	95												12.3%	–	Buy	$37	33%	Buy	$31	15%
SMR	$3.37	259	(143)	(57)	8	96	n/a	(120)	(117)	(108)	N/A	N/A	N/A	(23)	60	116	–	–												–	–	Buy	$14	315%	Buy	$10	197%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

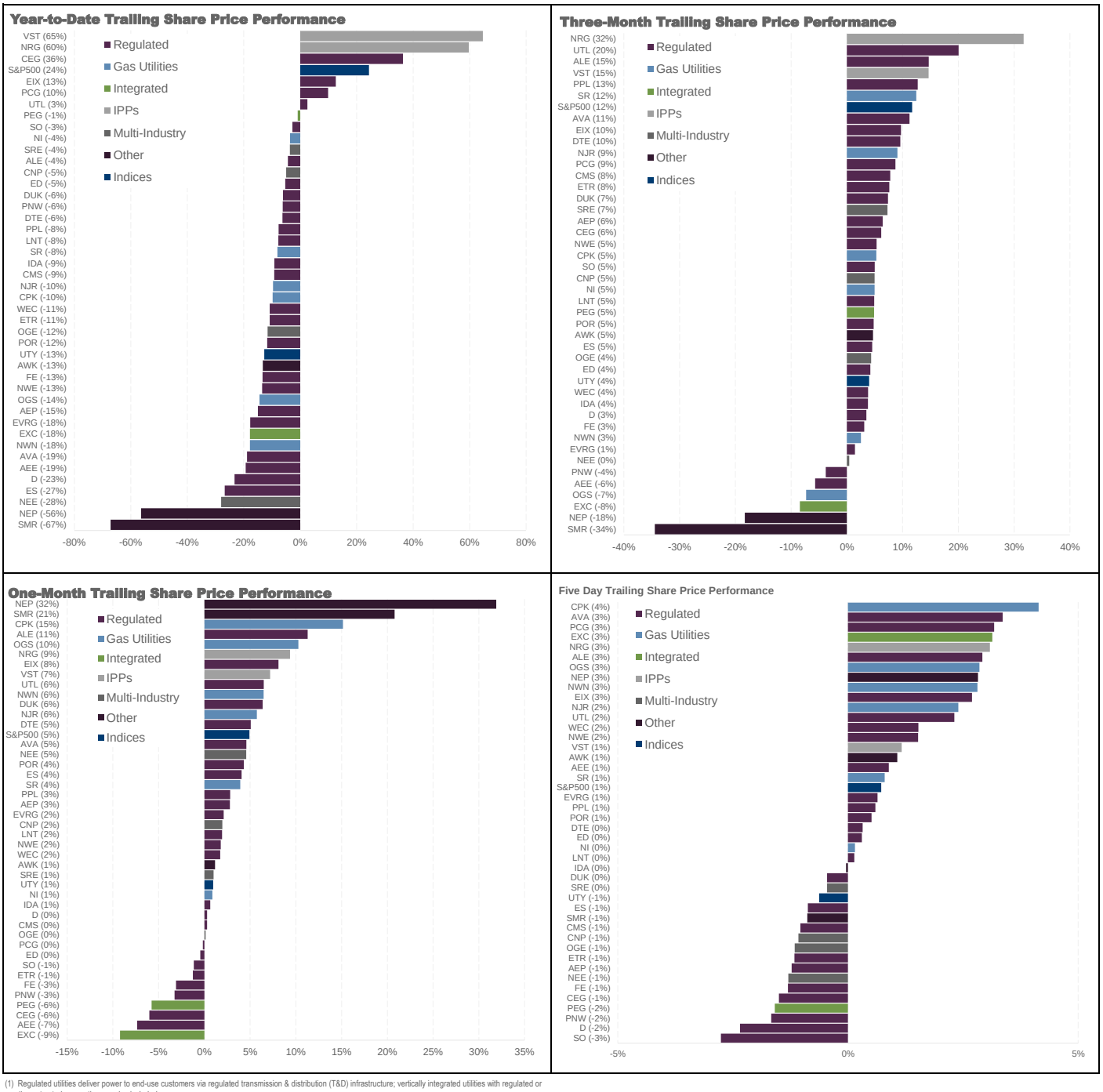

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix

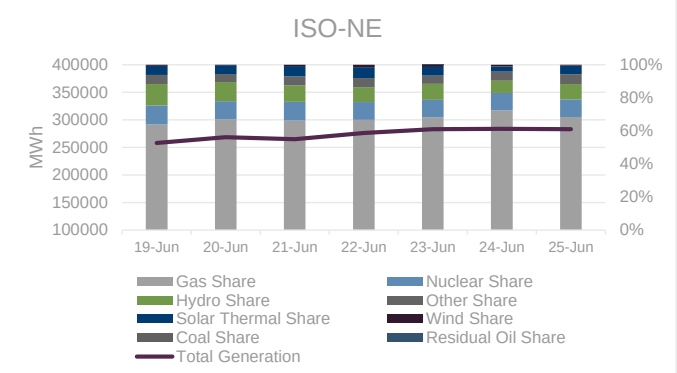

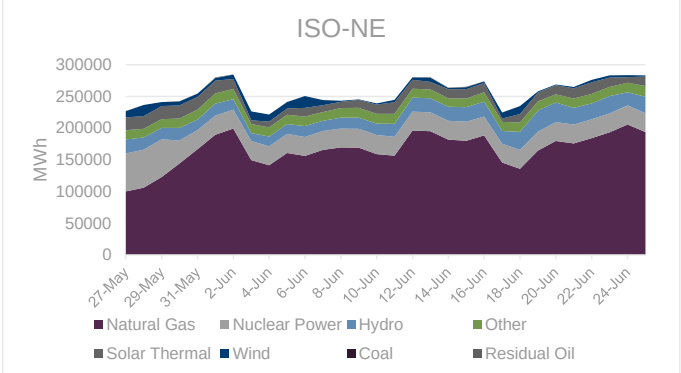

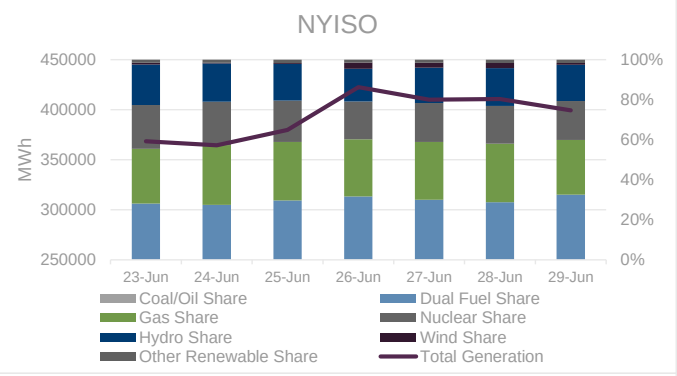

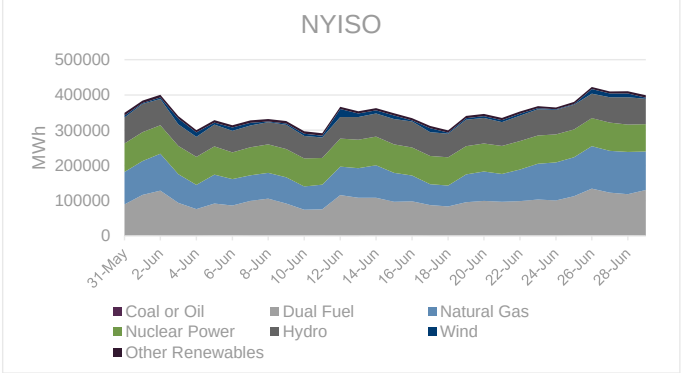

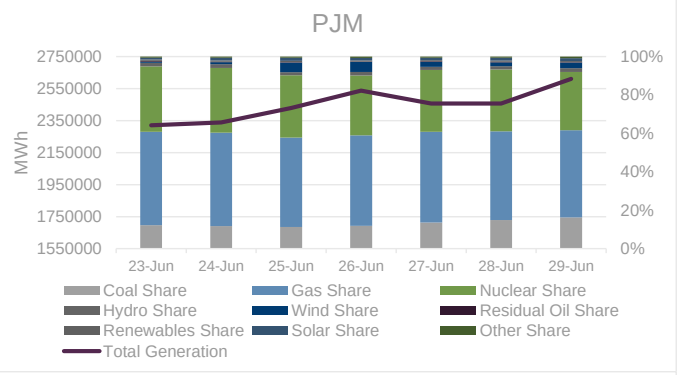

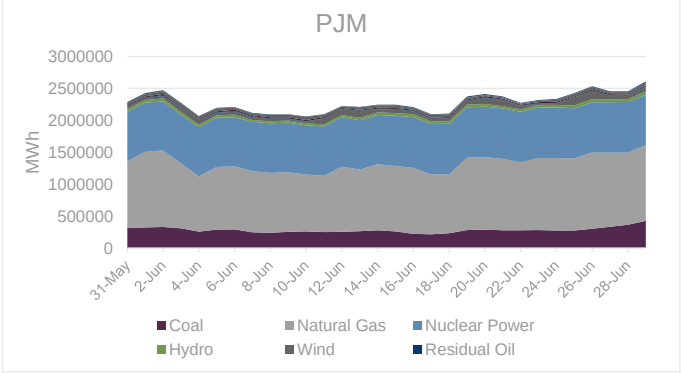

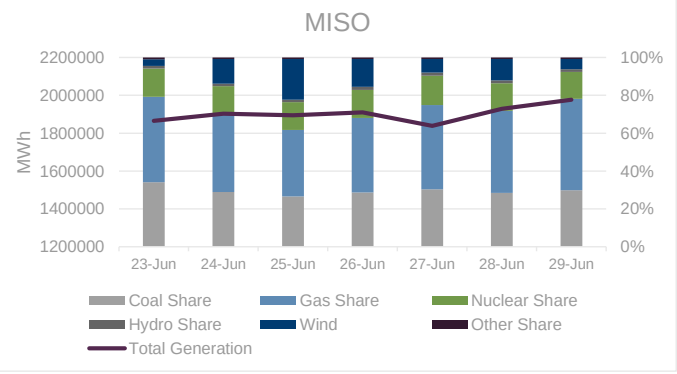

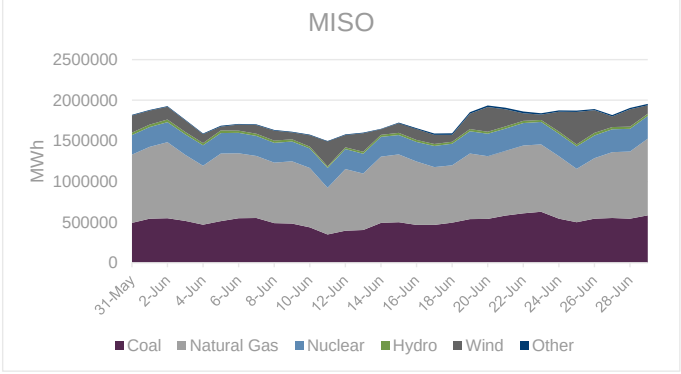

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix (continued)

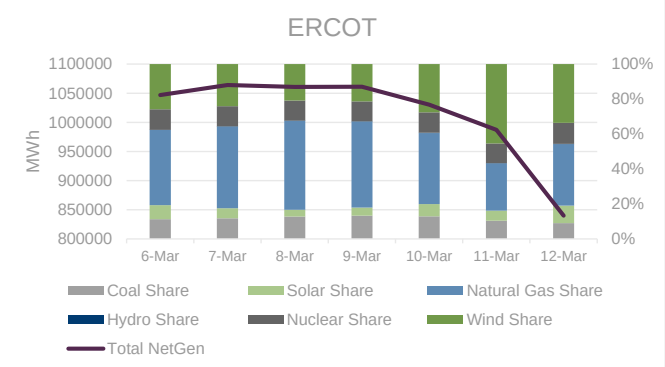

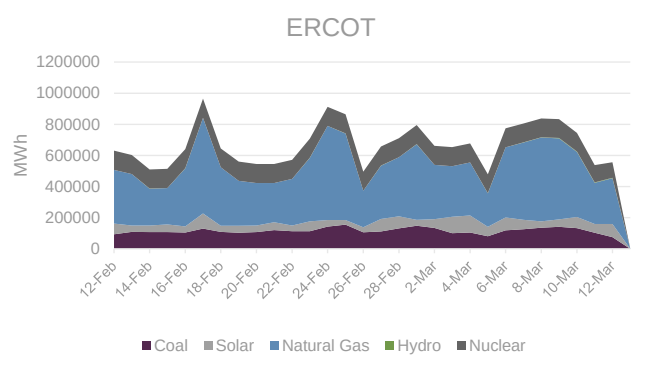

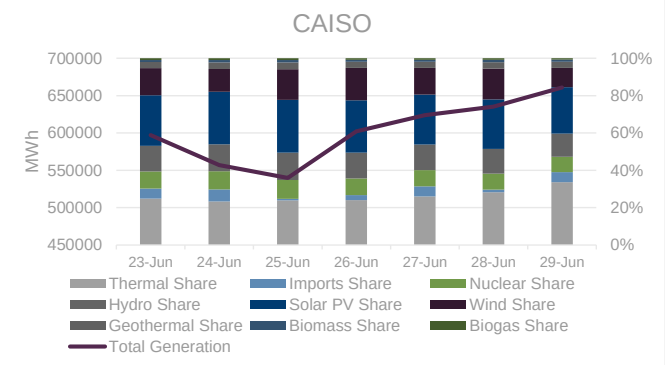

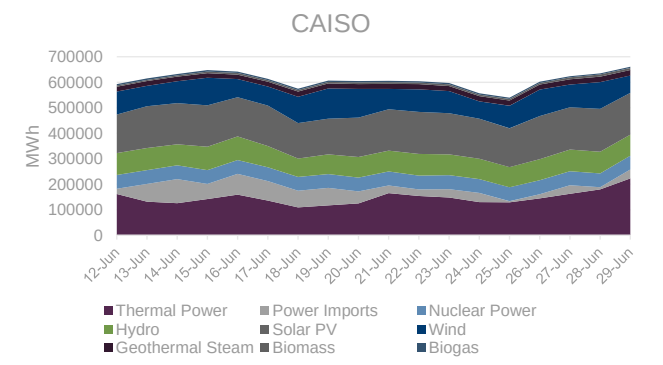

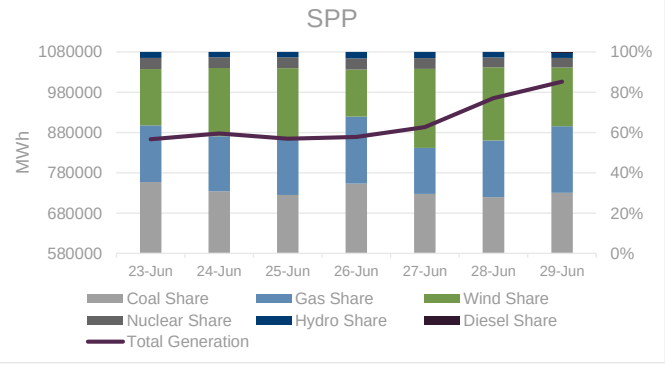

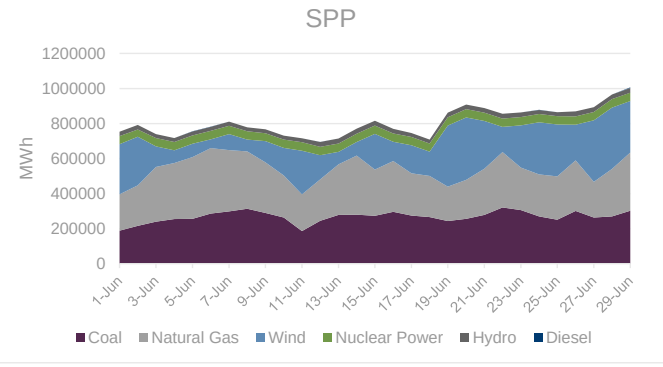

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Weather

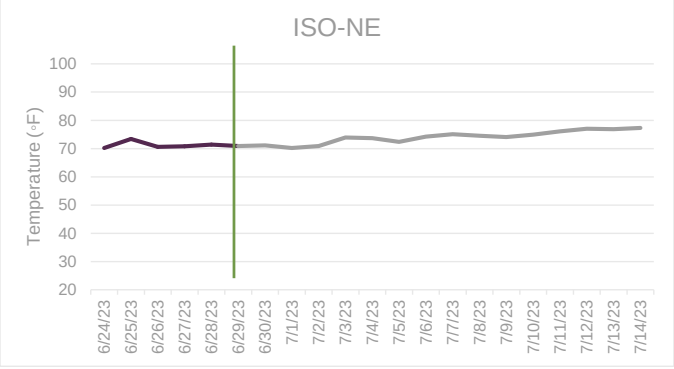

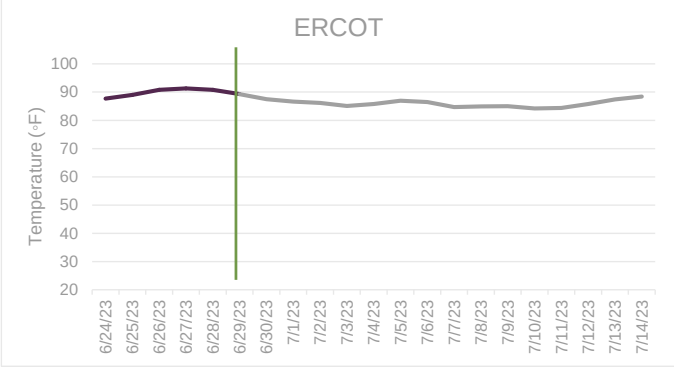

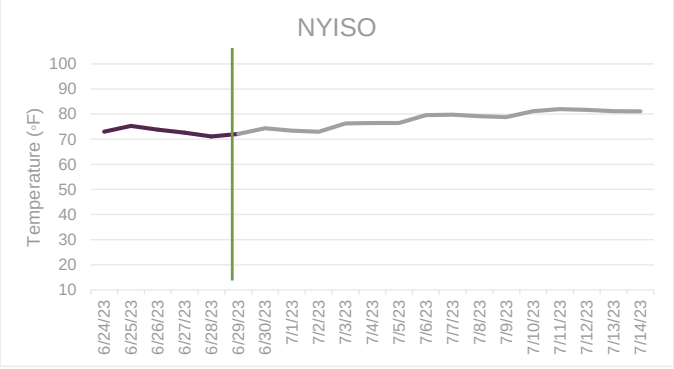

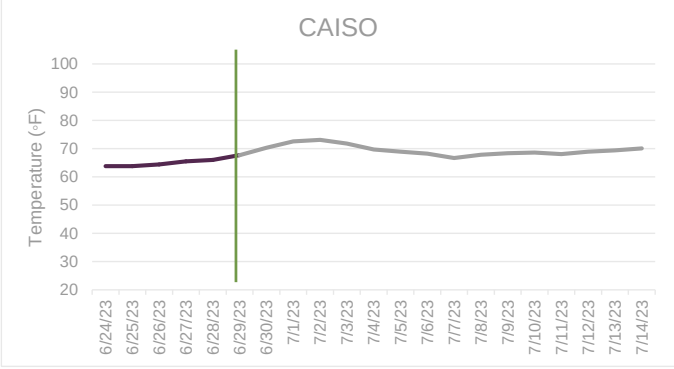

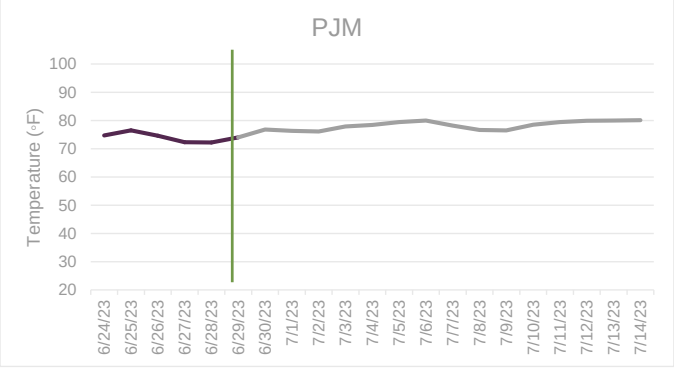

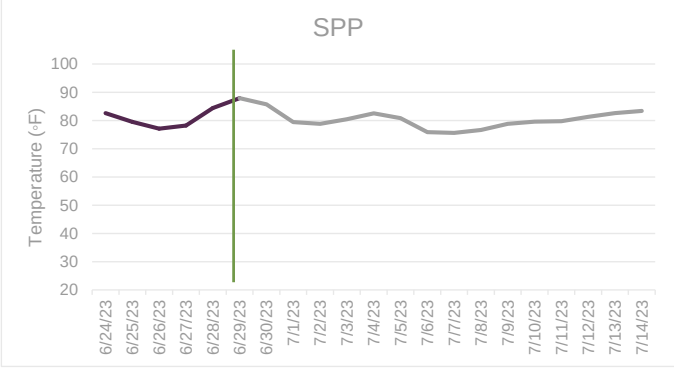

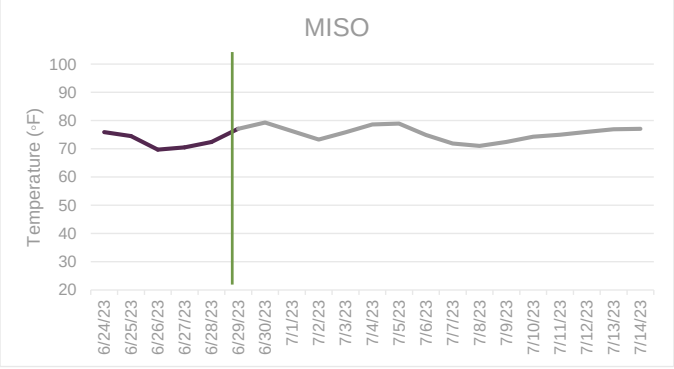

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

YTD Peak Load

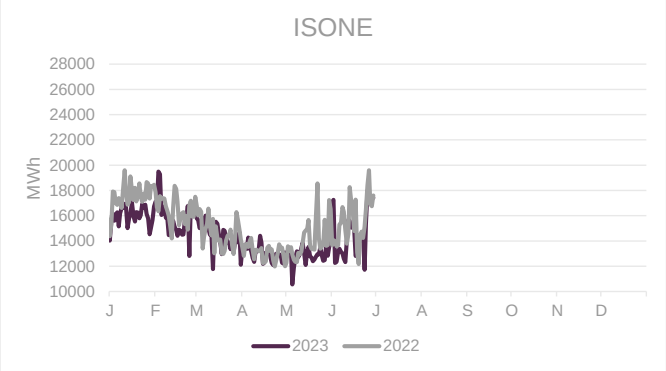

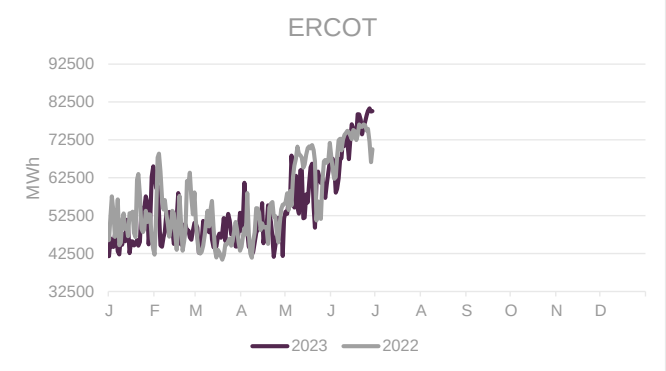

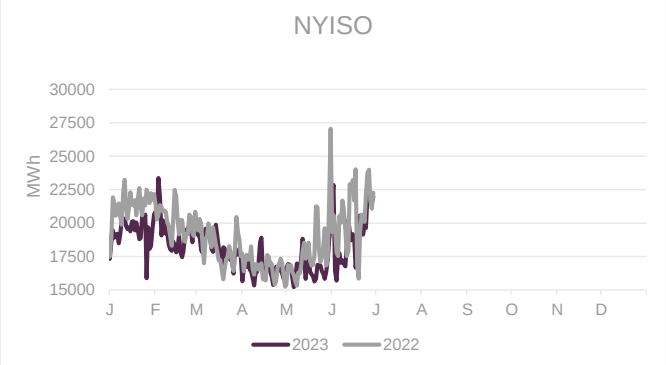

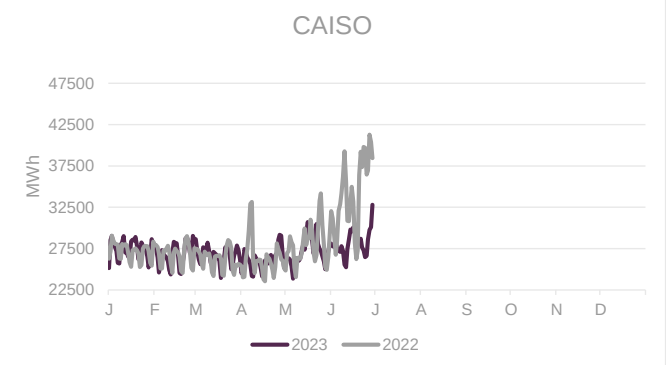

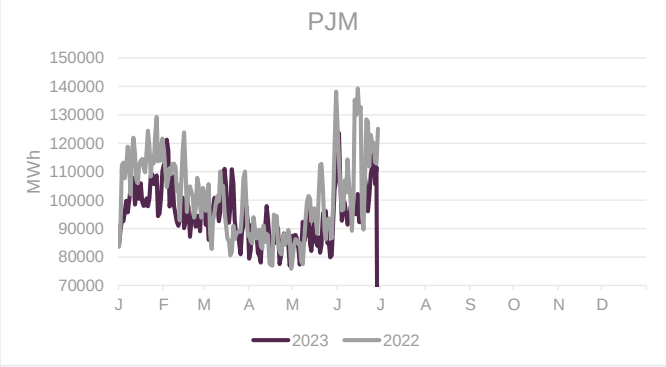

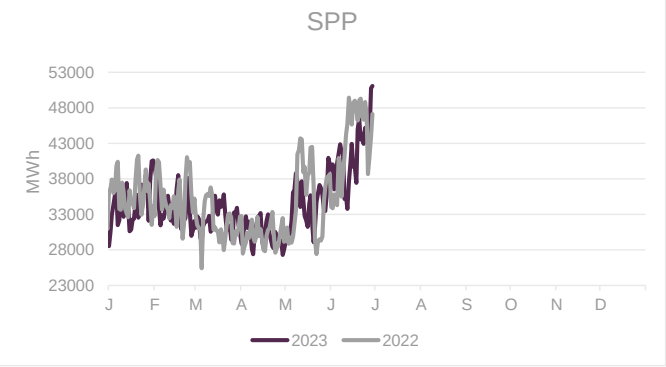

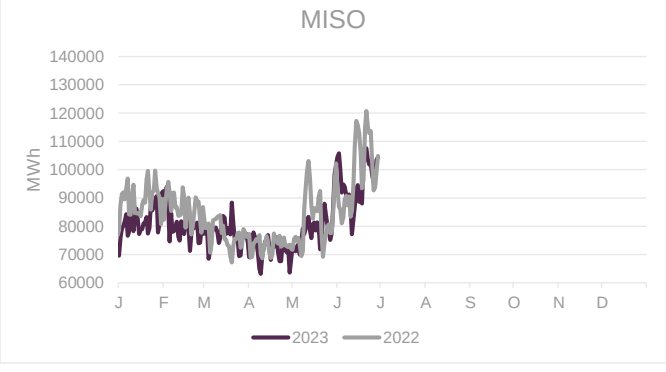

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (11/28/2023-2/28/2024)

Date	State	Ticker	Utility/Event	Docket	Description
10/1/2023-9/3/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case fiilng may occur in fiscal 2024
11/1/2023-11/30/2023	MC	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/30/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/29/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Rebuttal testimony due in BC-RAC proceeding
11/30/2023	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 4)	Commission decision in proceeding expected by
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
11/30/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Decision likely in SAVE Rider Proceeding
12/1/2023-12/31/2023	MI	CMS	Consumers Energy Co.		Gas rate case expected to be filed
12/1/2023-12/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Final order in rate case expected
12/1/2023-12/31/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2023-00180 (SAVE)	Decision expected in SAVE update proceeding
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/7/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Parties and staff to file testimony in Rider CE proceeding
12/11/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
12/12/2023-12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Intervening parties to file testimony in Rider US-4 proceeding
12/13/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Company rebuttal testimony due in rate proceeding
12/13/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing scheduled in BC-RAC update proceeding
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Final date for PSC decision in rate case, per prior order
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Final date for PSC decision in rate case, per prior order
12/15/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Intervenor direct testimony due in multiyear rate plan case
12/15/2023-1/15/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
12/15/2023-1/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearing examiner's recommendation may be issued in Rider GV update proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Intervening parties to file testimony in Rider GT proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Intervenors to file testimony in Rider US-3 proceeding
12/18/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due in general rate case
12/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Deadline for decision in rate proceeding
12/20/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Deadline for decision in rate proceeding
12/20/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Deadline for settlement to be filed in rate proceeding
12/20/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Decision expected in IRIS proceeding
12/20/2023	OR	AVA	Avista Corp.	D-UG-461	Target date for PUC order
12/21/2023	MI	CMS	Consumers Energy Co.	C-U-21389	ALJ proposed decision expected
12/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Rebuttal testimony due in Rider CE proceeding
12/29/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Decision in rate case expected by
12/31/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Possible decision issued in electric rate proceeding
1/1/2024-1/12/2024	PA	FE	FirstEnergy Corp.		FirstEnergy Corp. operating companies may file joint rate case
1/1/2024	OR	POR	Portland General Electric Co.	D-UE-416	New rates effective
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearing examiner's report may be issued in earnings review proceeding
1/5/2024	CA	PCG	Pacific Gas and Electric Co.		Proposed ALJ decision in petition to transfer non-nuclear generation assets by
1/10/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing scheduled in Rider CE proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Staff to file testimony in Rider US-3 proceeding
1/16/2024	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Hearing to begin in rate proceeding
1/16/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
1/17/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Staff to file testimony in Rider US-4 proceeding
1/24/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Direct testimony due in Rider RBB proceeding
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/29/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West		Rate case filing expected
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- EIX-PCG-SRE: Christmas Miracle in CA; CPUC Approves Cost of Capital Adjustment, 70bp ROE Benefit
- Hydrogen Flash: IRS Hydrogen Rules Reach Crossroads; Draft Guidance Excludes Nukes, Hourly Matching in 2028
- Hydrogen PTC Expert: Leaked Details Likely to Stand, but Pathways for Modification Remain
- IL: Is Illinois Becoming the Next Connecticut? To Be Determined, but Taking a Neutral Stance on the State
- FE: CFO NDR Lunch Yields Incremental Datapoints and Clarifications Post-EEI; Value-Add Meeting – Reiterate BUY on Catalysts, Valuation
- DTE – Business Update Puts Mosaic Pieces In Place; Premium Growth, No Change in Equity, but Regulatory Risk Remains
- NEE/NEP NDR: What's with All the Fuss? Fresh Set of Eyes on NEE Value Drivers; Mgmt. Focused on Execution and Improved Messaging
- Hydrogen PTC: Reports Indicate a Narrower Pathway to Eligibility
- OGS: 2024 Guidance Misses Expectations; New 5yr Plan Leaves LT Rate Base Growth Trajectory Intact; Larger Capex Plan Brings Bigger Equity Need Too
- SO – Statewide Elections to Continue at Georgia PSC; Ruling Constructive for Buy Rated SO
- NRG: Quick Thoughts - Follow-Up Conversation(s) Reiterate No Change in Strategy/Capital Allocation; Renewed Focus on Operations – No Hidden Landmines Here
- NRG: CEO Departure Brings Elliott Standstill; Strategy Unchanged
- EEI: Wandering Desert Ridge, Parched for Alpha…
- NI – Remarketing Process Postponed; Substitute Equity Not Needed Until YE24; More Details to Come Tomorrow/Friday
- UTL: "It's Not the Size of the Dog in the Fight, It's the Size of the Fight in the Dog"; Valuation Full but Has Potential; Initiating Coverage at NEUTRAL
- NRG: Steadfast Capital Return Commitment, Confidence in Management, and Clear Messaging Go a Long Way…. Upgrading to BUY
- IDA: "Here We Have Idaho", and No Drama – What's Not to Like?; Initiating Coverage with a BUY
- NI NDR: A Hidden Gem with Catalysts & Clearing Events Ahead
- '23 LCOE Analysis – Inflation Now Embedded, But IRA Keeps Solar/Wind Competitive; Renewables Not Dead Despite Higher Interest Rates; NEE Positive Lateral
- ES – The Wind Keeps Blowing in the Wrong Direction: Another Messaging Miss, Downgrading to NEUTRAL on Balance Sheet, Protracted OSW Process
- Utilities: Perfect Storm of Rates, Tax-Loss Selling, and Macro Concerns Weigh on Sector Valuation: We Remain Cautious and Selective Despite Sell-Off
- DTE – 2023 Electric Rate Case PFD Drops Revenue Request Below Bid-Ask; MPSC Has Final Say, But Litigation Risk Now Apparent
- EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day
- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: American Electric Power Co., Inc. (AEP) as of 12-26-2023



Created by: BlueMatrix

Rating and Price Target History for: Exelon Corporation (EXC) as of 12-26-2023



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	249	68.60%	43	17.27%
NEUTRAL	106	29.20%	6	5.66%
SELL	8	2.20%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities 212.292.4700
Jeffrey Cohen, Head of Sales 212.292.4762
Dante Ferrarie, Head of Trading 212.518.3331
Craig Peckham, Head of Research 212.292.4765

Sales and Trading Offices

New York 212.292.4700
San Francisco 415.852.6451
Boston 617.859.4626
Richmond 804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Eleanor Firestein (Senior Associate)
(212) 428-6543, eleanor.firestein@rbccm.com
Kevin Patel (Senior Associate)
(212) 428-5442, kevin.patel@rbccm.com
Elias Mingos (Associate)
(212) 266-4040, elias.mingos@rbccm.com

December 22, 2023

WATTS COOKING? Weekly

Topics: EXC; SO; CMS

Our view: Weekly developments that we found to be of interest.

WATTS on Your Mind

This past quieter week, many conversations focused on the Illinois rate case decision for **EXC** (we do not cover **AEE**) and what it means for the rest of the industry (see comments here). Most investors focused on the damage that has been done to EXC's otherwise intriguing growth profile. A few investors inquired whether the stock price weakness was a good entry point, but we are not seeing many warming up to the idea. Ultimately, we need to see more concrete evidence that the Commission understands the challenges that are now facing Illinois utilities.

WATTS on Our Mind

This is our last WATTS Cooking in 2023. We wish everyone a wonderful Holiday Seasons and a Happy New Year!

On Tuesday, the Georgia Public Service Commission (GPSC) approved Georgia Power's Vogtle Units 3 and 4 prudency settlement. The settlement (reached in August) calls for recovery of $7.6B in capital costs and $1.02B in associated retail rate base items. Once Unit 4 reaches COD, the additional $5.5B of capital costs will be included in rate base. We highlight that **SO** will be on the hook for the remaining $2.6B of capital costs. **Our view: The unanimous approval was very much expected but nonetheless represents a checked box on the road to putting Vogtle risk behind them. However, if COD is not reached by 3/31/2024, Georgia Power's ROE on existing Vogtle base rates will be zero until COD is reached.**

On Thursday, Consumers Energy's electric rate case (U-21389) received a Proposal for Decision (PFD) from the ALJ. The ROE and equity ratio recommended in the PFD was 9.8% and 50%, respectively, in line with the Michigan Public Service Commission (MPSC) staff's recommendation. The company filed for a 10.25% ROE and 51.5% equity ratio. The PFD recommended a revenue increase of $86M, compared to the staff's revised recommendation of $105M and the company's revised request of $169M. On the undergrounding pilot, the ALJ and Staff recommended limiting construction to 10.3 miles, rejecting the company's argument for an additional 11.3 miles. The PFD also calls for the rejection of the Investment Recovery Mechanism (IRM). **Our view: The PFD was largely in line with our expectations. We would not be surprised to see the Commission extend the company's current ROE of 9.9% in the final order, similar to DTE. The largest point of contention is the IRM, which is predominantly the reason the case will likely go the fully litigated route. Given the Commission's support for a mechanism to isolate the investment opportunity and the recent approval of an IRM for DTE, we believe that a similar outcome is likely for CMS. As a reminder, CMS has filed for ~$100M of investment per year ending in February 2027.**

WATTS on the ShUFL - unchanged

Shelby's Utility Focus List (ShUFL)

Best Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
PCG	OP	0.0%	$21.00	19.5%
EIX	OP	4.2%	$81.00	20.2%
NEE	OP	3.1%	$74.00	25.8%
SO	OP	4.0%	$80.00	18.7%

Defensive Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AWK	OP	2.1%	$169.00	30.2%
PPL	OP	3.6%	$30.00	15.2%
CMS	SP	3.4%	$64.00	14.9%
WEC	SP	3.8%	$95.00	18.0%

Least Favorite Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
ED	SP	3.6%	$94.00	8.0%
UTL	SP	3.1%	$52.00	2.4%

Source: Factset; RBC Capital Markets estimates

1/22-1/26/2024: European mktg.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Shelby's Utility Focus List (ShUFL)

Our ShUFL is unchanged.

Exhibit 1 - PCG tops Best Plays; AWK Best Defensive Plays; ED Least Favorite

Shelby's Utility Focus List (ShUFL)

Best Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
PG&E Corp.	PCG	Outperform	$17.57	0.0%	$21.00	19.5%
Edison International	EIX	Outperform	$69.84	4.2%	$81.00	20.2%
NextEra Energy, Inc.	NEE	Outperform	$60.30	3.1%	$74.00	25.8%
Southern Co.	SO	Outperform	$69.75	4.0%	$80.00	18.7%

Defensive Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
American Water Works	AWK	Outperform	$131.98	2.1%	$169.00	30.2%
PPL Corp.	PPL	Outperform	$26.88	3.6%	$30.00	15.2%
CMS Energy	CMS	Sector Perform	$57.39	3.4%	$64.00	14.9%
WEC Energy Group	WEC	Sector Perform	$83.17	3.8%	$95.00	18.0%

Least Favorite Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
Consolidated Edison	ED	Sector Perform	$90.02	3.6%	$94.00	8.0%
Unitil Corp.	UTL	Sector Perform	$52.36	3.1%	$52.00	2.4%

Source: Factset; RBC Capital Markets estimates

Notes: Priced as of market close 12/22/23. Past performance is not necessarily indicative of future performance.
Source: Factset, RBC Capital Markets estimates

Notable Publications

FLNC US: Diablo BESS project lawsuit pressuring stock price — 12.20.2023

EXC US: The best-laid plans often go astray; target to $38 — 12.18.2023

DUK US: DEC rate stipulation approved, constructive ROE authorized — 12.17.2023

EXC US: EXC's ComEd rate case ruled at 8.9% by ICC, grid plan rejected, to be refiled — 12.14.2023

RBC ESG Stratify™: North American Renewable Energy — 12.14.2023

FLNC US: Charged for 2024; Upping target to $33 — 12.11.2023

FLNC US: FLNC shelf sale announced; All controlling entities participating — 12.06.2023

RBC Capital Markets U.S. Small Cap Growth Idea List — 12.05.2023

BEP US: Bid for Origin Energy falls short as expected, potentially moving on to Plan B — 12.04.2023

RBC Global Regulated Utilities — 12.04.2023

FLNC US: 4Q23 revenues above consensus; FY2024 guidance introduced — 11.28.2023

PCG US: Dividend lower than expected; long-term EPS growth guidance unchanged — 11.28.2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

SR US: Keeping the pilot light on — 11.22.2023

RBC Imagine™: Climate of change for nuclear energy — 11.21.2023

PCG US: CPUC approves most recent proposed decision in 2023 General Rate Case — 11.17.2023

U.S. Power & Utilities: Day 3 Recap of EEI Conference — 11.15.2023

U.S. Power & Utilities: Day 2 Recap of EEI Conference — 11.14.2023

U.S. Power & Utilities: Day 1 Recap of EEI Conference — 11.13.2023

BEP US: Opportunity in volatile markets; resuming coverage — 11.12.2023

AY US: The wait continues; reducing price target to $26 — 11.09.2023

Global Energy Best Ideas — 11.01.2023

NEE US: NEErly back on track? — 10.27.2023

FLNC US: On the Road with FLNC — 10.26.2023

EXC US: EXC's ComEd Rate Case Proposed Order Issued — 10.24.2023

WATTS UP! - California CFO Roundtable — 10.04.2023

Top 30 Global Ideas for 2023 — 10.02.2023

CPK US: Chesapeake Expands in the Sunshine State — 10.01.2023

WEC US: Leader of the Pack; Initiate at Sector Perform — 09.27.2023

AES US: AES Announces Sell-Downs of LNG Business Stakes in the Dominican Republic and Panama — 09.26.2023

AWK US: On the Road with AWK — 09.13.2023

D US: Devil in the D'tails; Awaiting strategic review — 09.12.2023

EIX US: The Up & Up — 09.11.2023

SO US: Prudency review and settlement filed for Vogtle Units 3 and 4 — 08.30.2023

WATTS UP! : A look into the eye of the storm — 08.29.2023

ETR US: FERC resolves uncertain tax issue at SERI — 08.29.2023

SO US: SO close I can feel it — 08.23.2023

DUK US: Partial settlement reached on DEC rate case — 08.22.2023

DUK US: DUK outlines 2023 Carolinas Resource Plan — 08.15.2023

FLNC US: You’re the BESS thing that’s ever been mine — 06.22.2023

CEG US: Acquires NRG's 44% stake in South Texas Project Electric Generating Station — 06.01.2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

PCG US: Glass Still Half Full; Reiterating Outperform — 05.30.2023

Energy Made Simple 3.0 – 04.13.2023

SJW US: All Quiet on the Western Front – 04.10.2023

PNW US: Upward revision to earnings, PT unchanged — 03.28.2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

RBC Capital Markets

Exhibit 2 - RBC Capital Markets U.S. Power and Utility Coverage Universe

Ticker	Company	Rating	Price 12/22/23	Price Target	Current Yield	Implied Tot. Return	Cap. ($MM)	EPS 2022A	EPS 2023E	EPS 2024E	EPS 2025E	EPS 2026E	EPS 2027E	P/E 2023E	P/E 2024E	P/E 2025E	P/E 2026E	P/E 2027E	Div. Payout	5-yr EPS Growth	'23 EV/ EBITDA	'24 EV/ EBITDA	Price/ BV	Debt/ EBITDA
DEFENSIVE UTILITIES																								
AEP	American Electric Power	Outperform	$80.92	$90.00	4.3%	15.6%	42,091	$5.09	$5.30	$5.62	$5.92	$6.38	$6.89	15.3	14.4	13.7	12.7	11.7	66.4%	6.2%	11.0	10.3	1.66	6.0
CMS	CMS Energy	Sector Perform	$57.39	$64.00	3.4%	14.9%	16,604	$2.89	$3.11	$3.33	$3.59	$3.86	$4.16	18.5	17.2	16.0	14.9	13.8	62.7%	7.6%	10.9	10.1	2.39	6.4
CNP	CenterPoint Energy	Outperform	$28.51	$33.00	2.8%	18.6%	17,864	$1.38	$1.51	$1.64	$1.77	$1.90	$2.02	18.9	17.4	16.1	15.0	14.1	53.0%	7.9%	11.8	10.3	1.86	6.6
DUK	Duke Energy	Sector Perform	$97.13	$101.00	4.2%	8.2%	74,266	$5.27	$5.60	$5.97	$6.29	$6.66	$7.08	17.3	16.3	15.4	14.6	13.7	73.2%	6.1%	12.0	11.4	1.58	6.7
ED	Consolidated Edison	Sector Perform	$90.02	$94.00	3.6%	8.0%	30,797	$4.55	$5.05	$5.33	$5.63	$5.91	$6.19	17.8	16.9	16.0	15.2	14.5	64.2%	6.3%	11.3	10.5	1.46	4.7
EIX	Edison International	Outperform	$69.84	$81.00	4.2%	20.2%	26,416	$4.63	$4.74	$5.10	$5.50	$5.82	$6.15	14.7	13.7	12.7	12.0	11.4	62.2%	5.8%	10.6	9.2	1.93	5.9
ETR	Entergy Corp.	Outperform	$100.62	$117.00	4.5%	20.8%	21,090	$6.42	$6.77	$7.22	$7.70	$8.25	$8.82	14.9	13.9	13.1	12.2	11.4	66.8%	6.6%	10.0	9.3	1.54	6.4
EXC	Exelon Corp.	Sector Perform	$35.47	$38.00	4.1%	11.2%	34,910	$2.27	$2.36	$2.44	$2.67	$2.87	$3.05	15.0	14.5	13.3	12.4	11.6	61.0%	6.1%	9.9	9.3	1.39	5.8
FE	FirstEnergy	Outperform	$36.47	$41.00	4.5%	16.9%	20,847	$2.41	$2.55	$2.68	$2.89	$3.03	$3.15	14.3	13.6	12.6	12.0	11.6	64.3%	5.5%	11.1	10.3	1.99	6.2
NWN	Northwest Natural	Restricted	$39.32	R	R	R	1,417	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
PCG	PG&E Corp.	Outperform	$17.57	$21.00	0.0%	19.5%	37,251	$1.10	$1.22	$1.35	$1.48	$1.64	$1.79	14.4	13.0	11.9	10.7	9.8	0.0%	10.2%	10.5	9.5	1.54	8.6
PNM	PNM Resources	Sector Perform	$42.14	$50.30	3.5%	21.1%	3,663	$2.69	$2.79	$2.81	$2.94	$3.13	$3.35	15.1	15.0	14.3	13.5	12.6	52.7%	4.5%	10.7	9.7	1.64	5.7
PNW	Pinnacle West	Sector Perform	$71.51	$83.00	4.9%	21.0%	8,030	$4.26	$4.23	$4.91	$5.17	$5.45	$5.78	16.9	14.6	13.8	13.1	12.4	83.2%	6.3%	11.0	9.8	1.26	6.6
PPL	PPL Corp.	Outperform	$26.88	$30.00	3.6%	15.2%	19,453	$1.41	$1.59	$1.70	$1.81	$1.92	$2.05	16.9	15.8	14.8	14.0	13.1	60.4%	7.8%	10.3	9.7	1.39	5.1
SO	Southern Co.	Outperform	$69.75	$80.00	4.0%	18.7%	75,656	$3.58	$3.60	$4.00	$4.29	$4.55	$4.77	19.4	17.4	16.3	15.3	14.6	77.8%	5.9%	13.1	12.1	2.41	6.2
SR	Spire Inc.	Sector Perform	$64.18	$65.00	4.7%	6.0%	3,353	$3.87	$4.05	$4.29	$4.59	$4.89	$5.10	15.8	15.0	14.0	13.1	12.6	74.6%	5.7%	12.3	11.9	1.25	6.8
UTL	Unitil Corp.	Sector Perform	$52.36	$52.00	3.1%	2.4%	828	$2.59	$2.79	$2.95	$3.13	$3.31	$3.49	18.8	17.7	16.7	15.8	15.0	58.1%	6.1%	9.9	9.4	1.73	4.6
WEC	WEC Energy Group	Sector Perform	$83.17	$95.00	3.8%	18.0%	25,976	$4.45	$4.62	$4.90	$5.25	$5.59	$5.95	18.0	17.0	15.8	14.9	14.0	67.5%	6.7%	12.5	11.6	2.21	5.7
XEL	Xcel Energy	Sector Perform	$62.20	$67.00	3.3%	11.1%	33,953	$3.17	$3.36	$3.58	$3.80	$4.04	$4.31	18.5	17.4	16.4	15.4	14.4	61.9%	6.3%	11.5	10.6	1.96	5.6
	Average (PCG excl. from P/E, yield, payout, debt/EBITDA calculations)				4.0%	14.9%								17.1	15.9	14.9	14.0	13.2	67.4%	6.6%	11.4	10.6	1.80	6.0
DIVERSIFIED UTILITIES																								
BKH	Black Hills	Restricted	$54.75	R	R	R	3,666	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
CPK	Chesapeake Utilities	Sector Perform	$106.53	$111.00	2.2%	6.4%	2,254	$5.04	$5.28	$5.45	$6.07	$6.72	$7.38	20.2	19.5	17.6	15.9	14.4	44.7%	7.9%	12.8	10.2	2.14	3.8
D	Dominion Energy	Sector Perform	$47.11	$53.00	5.7%	18.2%	39,120	$4.11	$3.02	$3.08	$3.45	$3.69	$3.96	15.6	15.3	13.7	12.8	11.9	88.4%	-0.7%	11.1	11.8	1.49	6.1
NEE	NextEra Energy, Inc.	Outperform	$60.30	$74.00	3.1%	25.8%	122,282	$2.90	$3.14	$3.41	$3.65	$3.91	$4.24	19.2	17.7	16.5	15.4	14.2	59.6%	7.9%	13.9	12.6	2.60	6.1
PEG	Public Service Enterprise	Outperform	$61.04	$70.00	3.7%	18.4%	30,073	$3.47	$3.48	$3.74	$4.09	$4.24	$4.39	17.5	16.3	14.9	14.4	13.9	65.5%	4.8%	12.8	12.0	1.98	5.8
SRE	Sempra	Outperform	$73.81	$82.00	3.2%	14.3%	46,029	$4.61	$4.58	$4.78	$5.07	$5.41	$5.76	16.1	15.4	14.6	13.6	12.8	52.0%	4.6%	14.8	13.6	1.68	5.9
	Average				3.6%	20.9%								17.6	16.5	15.3	14.3	13.3	62.5%	5.4%	13.3	12.4	2.13	5.9
	Average (PCG excl. from P/E, yield, payout, debt/EBITDA calculations)				3.6%	16.9%								17.2	16.1	15.0	14.1	13.3	65.7%	6.2%	12.1	11.2	1.91	6.0
WATER UTILITIES																								
AWK	American Water Works	Outperform	$131.98	$169.00	2.1%	30.2%	25,604	$4.51	$4.75	$5.13	$5.54	$5.99	$6.48	27.8	25.7	23.8	22.0	20.4	59.6%	7.5%	16.4	15.2	2.59	6.1
SJW	SJW Group	Sector Perform	$66.82	$79.00	2.3%	20.5%	2,131	$2.43	$2.67	$2.71	$2.87	$3.04	$3.22	25.0	24.7	23.3	22.0	20.8	56.9%	5.8%	14.9	13.8	1.75	7.2
WTRG	Essential Utilities	Outperform	$37.24	$47.00	3.3%	29.5%	10,121	$1.77	$1.87	$1.99	$2.12	$2.26	$2.40	19.9	18.7	17.6	16.5	15.5	65.7%	6.3%	14.8	13.7	1.71	7.0
	Average				2.5%	29.5%								25.5	23.8	22.1	20.5	19.1	61.1%	7.1%	15.9	14.7	2.30	6.4
INDEPENDENT POWER PRODUCERS																								
AES	The AES Corp.	Outperform	$19.16	$22.00	3.5%	18.3%	12,623	$1.67	$1.73	$1.94	$2.06	$2.26	$2.44	11.1	9.9	9.3	8.5	7.9	38.4%	7.9%	12.0	10.6	6.50	7.5
CEG	Constellation Energy Corp.	Sector Perform	$116.28	$119.00	1.0%	3.3%	37,741	-$0.51	$3.98	$5.98	$5.47	$4.80	$5.64	29.2	19.4	21.3	24.2	20.6	28.3%	NM	11.6	11.4	3.24	2.9
VST	Vistra Energy	Restricted	$38.12	R	R	R	13,512	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
	Average				1.6%	7.1%								24.7	17.0	18.3	20.3	17.4	30.9%	7.9%	11.7	11.2	4.05	4.0
YIELDCOs																								
AY	Atlantica Sustain. Infra.	Outperform	$21.72	$26.00	8.2%	27.9%	2,499	-$0.05	$0.17	$0.54	$0.76	$0.89	$1.16	127.8	40.2	28.6	24.4	18.7	1047.1%	NM	9.8	9.3	1.66	6.2
BEP	Brookfield Renewables	Outperform	$27.01	$29.00	5.0%	12.4%	17,422	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	19.2	17.6	1.87	11.6
CWEN	Clearway Energy	Sector Perform	$27.53	$26.00	5.8%	0.2%	3,178	$4.99	$1.16	$1.70	$2.16	$2.26	$2.41	23.7	16.2	12.7	12.2	11.4	136.6%	NM	11.4	10.6	1.51	6.1
NEP	NextEra Energy Partners	Outperform	$30.61	$38.00	11.3%	35.5%	5,744	$5.62	$1.79	$2.23	$2.32	$2.22	$2.43	17.1	13.7	13.2	13.8	12.6	193.9%	NM	12.0	11.4	0.82	3.8
	Average				8.7%	18.9%								43.2	20.2	16.4	15.7	13.6	364.6%	N/M	11.4	10.7	1.2	5.0
ALT. ENERGY																								
FLNC	Fluence Energy	Outperform#	$25.32	$33.00	0.0%	30.3%	4,356	-$1.58	$0.56	$0.25	$0.90	$1.41	$2.18	45.2	101.3	28.1	18.0	11.6	0.0%	NM	-85.4	110.6	3.61	10.6
SP50	Standard & Poor's 500 Index		$4,766	$5,000	1.5%	6.4%		$216.00	$220.00	$229.00	N/A	N/A	N/A	21.7	20.8	N/A	N/A	N/A						
UTY	Philadelphia Utility Index		$802	$915	3.6%	17.8%				Utility P/E relative to S&P:				-20.5%	-22.7%	N/A	N/A	N/A						

A - Actual; E - Estimated; R - Restricted; #Speculative Risk

Source: RBC Capital Markets estimates; Factset, #Fluence is Speculative Risk. R = Restricted

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 30-Sep-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	820	55.97	250	30.49
HOLD [Sector Perform]	590	40.27	148	25.08
SELL [Underperform]	55	3.75	5	9.09

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.
To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:

This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:

This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:

This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not “professional investors”, as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:

This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not “accredited investors” and “institutional investors”, as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: Hydrogen 45V, EVRG Credit, EXC Regulatory, and Maryland Natural Gas
- **Publication Date/Time** : Friday, December 22, 2023 04:34:53 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_id=77520babb7cb4e6d711cd06f855324fc&_doc_docfn=U2FsdGVkX18WHx4HQGcuw1Os9ycBL8pnM7AbhPumrP7A0bEUnt92x9Z2mvs3zH%2Fdo2x%

This document is hosted on "Barclays" server, please use the URL link provided below to open the actual document

- **Headline** : US Power & Utilities: Slide Deck on AEE / EXC Post IL Rate Order
- **Publication Date/Time** : Thursday, December 21, 2023 03:59:49 PM (GMT)
- **Contributor Name** : Barclays
- **Primary Analyst(s)** : Nicholas Campanella,Fei She,Nathan Richardson
- **Link to Document** : https://viewer.apps.factset.com/?_doc_product=FRC&_doc_id=15d8fffd0cb4eb6e55c9db675e3d2fac&_doc_docfn=U2FsdGVkX1%2FBynpPuKIu4dbnzv8kA1hGWykfINnH9ClFSn9NrxGa%2F0

This document is hosted on "Barclays" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corporation: Early Holiday Hangover: Why We're Still OW Following Illinois
- **Publication Date/Time** : Thursday, December 21, 2023 11:00:10 AM (GMT)
- **Contributor Name** : Barclays
- **Primary Analyst(s)** : Nicholas Campanella,Fei She,Nathan Richardson
- **Link to Document** : https://viewer.apps.factset.com/?_doc_product=FRC&_doc_docfn=U2FsdGVkX1%2F%2BoUoeNGUB8aMo9p2L3ocIOC16bYjqHz18oh2BDCQQV4KTBm42jVkBcaFdQC6wUzFdCy2s%2BAE

KeyBanc Capital Markets

Alert

December 20, 2023

Energy: Electric Utilities

Midweek Thoughts — EXC, SO, EIX, AEP, OTTR, PEG, AGR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, intervenors file testimony in PEPCo's MD electric rate case; the GA PSC authorizes SO to recover $7.6B for Vogtle Units 3 and 4; the CA PUC adopts settlement authorizing a $790M revenue increase in 2024 for SCE; the PUCT approves a preliminary order resulting in AEP's expectation of a non-operating charge in 4Q23; the ND PSC authorizes OTTR to implement interim rates; PEG initiates 2024 EPS guidance; and AGR announces first tax equity funding for Vineyard Wind project.

ICYMI

DUK — The NCUC issued a final order in the DEC rate case, whereby DUK received a 10.1% ROE and a $768M revenue increase (93% of ask), as well as resolved other key items. The order supports our positive view on DUK, as we see the outcome as constructive. Read our full note here.

Industry News and News from Companies in Our Coverage

EXC — Intervenors file testimony in PEPCo's MD electric rate case: Staff filed testimony recommending a cumulative $132M revenue increase, premised on a 9.55% ROE and 50.5% equity. This compares to PEPCO's request (Docket: 9702) for a cumulative net increase of $214M, premised on a 10.5% ROE and 50.5% equity (net $74M revenue increase in 2024, $60M each in 2025 and 2026, and a $20M revenue increase in April 2027-December 2027). In addition to the lower ROE, an adjustment to depreciation expenses to eliminate depreciation on disallowed rate base items contributed to the delta. Staff also recommended rates remain flat in 2027, with a true-up to address any shortfall from April 1, 2027, to December 31, 2027. The OPC recommended a $66M revenue increase over the four years, using a 9.25% ROE, but recommended the PSC only authorize a single-year increase. The OPC proposed the same in EXC's BGE rate case, but the PSC denied the OPC's recommendation in the BGE case. However, the PSC noted it will investigate if continuing the multi-year plan process makes sense. Rebuttal testimony is due January 26, followed by evidentiary hearings beginning in March 2024. A final order is expected in June 2024, with rates retroactive to April 1, 2024.

SO — GA PSC authorizes SO to recover $7.6B for Vogtle: The GA PSC voted to approve the settlement in SO's Vogtle cost recovery proceedings. As a result, SO is authorized the recovery of $7.562B for construction and capital costs associated with Vogtle Units 3 and 4. SO currently has $2.1B of project construction costs in rate base but will be able to include the remaining $5.462B once Unit 4 is in commercial operation. The stipulation resolved all prudency review issues concerning Vogtle, including specifying the depreciation rate and other relevant matters. GP will continue to file the semiannual VCM reports until Unit 4 reaches commerciality, but no testimony or hearings related to them are required. Unit 4 is expected to enter commercial operations in March 2024. As of 3Q23, SO's forecasted total construction and capital cost for the project stands at $10.7B.

EIX — CA PUC adopts settlement in Track 4 proceedings of SCE's GRC: The PUC adopted the settlement in Track 4 of SCE's GRC, authorizing a $8.4B revenue requirement for 2024. The authorized amount is a $790M increase over the 2023 estimated revenue requirement of $7.7B for the 2023 attrition year. The settlement included an increase to O&M expenses for $255M and $52M for vegetation management and wildfire mitigation, respectively. SCE initially requested authorization of $8.6B in revenue for 2024, an increase of $972M. The Track 4 proceedings provide a bridge-year funding mechanism for 2024 between the Company's three-year 2021 GRC and the upcoming four-year 2025 GRC cycle. A significant portion of the Track 4 revenue requirement is in relation to projects previously approved by the CPUC. The rates go into effect on January 1, 2024.

AEP — PUCT approves preliminary order in proceedings on the disallowance of capitalized Turk Plant costs: The PUCT approved a preliminary order (Docket: 55155) and referred the docket to the State Office of Administrative Hearings to address seven issues related to AEP's SWEPCo 2012 rate case (Docket: 40443). AEP's request to recover costs exceeding the $1.522B Texas Capital Cost Cap for the Turk Plant was excluded from the list of issues. Therefore, AEP does not believe it will be able to recover capitalized AFUDC over the $1.522B cap. As a result, AEP expects to record a pre-tax, non-cash disallowance of $80M-$90M in 4Q23. AEP could also be required to refund customers $0-$200M for the collection of revenues between February 2013 through December 2013. The refund amount will be addressed by the SOAH. The remand proceeding refers to AEP's 2012 rate case, when it sought to recover the cost of its Turk Capital plan, including AFUDC. The final order included AFUDC in the cost cap, which was appealed and temporarily reversed to exclude AFUDC before the Texas Third Court of Appeals determined that AFUDC should be included

and remanded the case back to the PUC. A prehearing conference on the preliminary order will be held on January 23. AEP expects to exclude the pre-tax charge from its 2023 operating EPS. The Company reaffirmed 2024 operating EPS guidance of $5.53-$5.73 and its 6-7% long-term earnings growth rate.

OTTR — ND PSC authorizes net $14M interim rate increase: The PSC authorized OTTR to implement a net $14M rate increase effective January 1. The interim rate increase includes the transfer of $20M of rider into rates. OTTR is requesting (Docket: PU-23-342) a $17M net revenue increase, premised on a 10.6% ROE and 53.5% equity layer. OTTR also seeks to move ~$23M of revenues from riders into base rates. The filing included a sales adjustment rider proposal, which would limit the rate case filings required due to a significant change in sales. OTTR does not have a decoupling mechanism in place in ND. There is no procedural schedule set, but typically, ND rate cases are completed in seven months.

PEG — PEG initiates 2024 EPS guidance of $3.60-$3.70: PEG initiated 2024 EPS guidance of $3.60-$3.70. The midpoint of the range represents a 6% increase from 2023 EPS guidance of $3.40-$3.50, in line with the Company's long-term outlook of 5-7% earnings growth through 2027. The 2024 guidance compares to our consensus-matching EPS estimate of $3.69.

AGR — AGR announces first tax equity funding for Vineyard Wind: AGR announced that it received the first funding from its $1.2B tax-equity financing transaction. AGR also issued a $57M parent guaranty in favor of the tax equity investors. The guaranty will increase as the tax equity investors fund the offshore project, including a maximum guaranteed amount of $725M. The 804 MW Vineyard Wind I will consist of 62 turbines upon completion. The project is on track (COD 2024), and AGR expects that 85% of the capex should be eligible for a 30% ITC. The project is a 50/50 partnership between AGR and Copenhagen Infrastructure Partners.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

AEE: IL Going Rogue – Downgrading AEE to Sector Weight

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	239	47.90	43	17.99
Sector Weight [SW]	255	51.10	41	16.08
Underweight [UW]	5	1.00	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	19	76.00
Sector Weight [SW]	31	54.39	11	35.48
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corp. >> Downgrading ComEd to UW; maintaining HoldCo on MW
- **Publication Date/Time** : Wednesday, December 20, 2023 08:39:45 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Antoine Aurimond
- **Link to Document** : https://viewer.apps.factset.com/?_doc_docfn=U2FsdGVkX19D5u52QAGz6rndmWm05OaL0juxy9cS9KACQDNoSi8z3lbKJ9gJ6AV9k73ubRwHyM2d9p2HCIudtRwoVWRLBsLDiklYhiD9bVjp3sl

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corp. >> ComEd negative rate case outcome, but maintaining HoldCo at MW
- **Publication Date/Time** : Wednesday, December 20, 2023 08:39:21 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Antoine Aurimond
- **Link to Document** : https://viewer.apps.factset.com/?_doc_product=FRC&_doc_docfn=U2FsdGVkX18Vae8OxMC5LqydH7bE61DF52dR9FHyk%2FlYaqiw6UrwvuKEjTdGwEZGYSmCV0pWzpBEpnt%2B4eWgucv

Time to EXC-h-AEE-le? Clarity Will Take Time but Bear Case Likely Priced In

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (347) 668-8970

Edward M DeArias, CFA — VP Associate
edward.dearias@bmo.com — (347) 274-1556

Tanmay Pandit — Senior Associate
tanmay.pandit@bmo.com — (437) 246-7075

Legal Entity: BMO Capital Markets Corp.

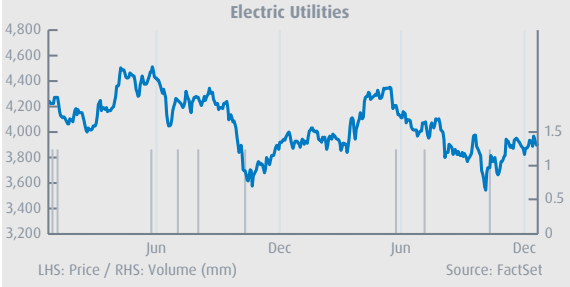

Bottom Line:

Following significant underperformance of more than ~11% for EXC and ~8% for AEE, we are revising our 2025 estimates and present our updated illustrative 2025/2026 scenario analysis. Our revised scenarios imply 2025/2026 EPS for EXC of $2.58/$2.70 and $4.83/$5.04 for AEE. Our target prices go to $38 for EXC and $78 for AEE based on our revised 2025 estimates. **We see shares of EXC still trading at a 6-7% discount and a modest 1-3% premium for AEE on our bearish EPS scenarios (a double discount) which supports our Outperform ratings.**

Key Points

Inside the note we present exhibits with our updated scenario analysis and our new credit analysis as well as a detailed description of our thought process.

Our updated outlooks for both companies now formally include the incremental EPS headwinds related to a 25% reduction in ongoing capital expenditures at IL electric distribution operations as well as incremental external equity to repair the net impacts to credit metrics related to impacts of the lower ROE and ongoing lower FFO and debt related to our lower investment outlook (~20-30bps of FFO/debt to consolidated metrics). We have also included the incremental EPS drag from the ICC's treatment on pension/OPEB returns. **Importantly, in the effort of conservatism, we also do not assume either company shifts our reduced capital investment in IL to any of its other operating subsidiaries nor do we assume any EPS mitigation via cost savings.**

We believe that this creates a sufficiently bearish earnings outlook for both names, and given the significant relative underperformance of EXC (~11%) and AEE (~8%) over the last week, we believe the implied ~6-7% discount for EXC and ~1-3% premium for AEE represents an overly punitive "double discount" (both earnings and multiple) for both names. We believe this provides a good support level for both companies and underpins the maintenance of our Outperform ratings on EXC and AEE shares. However, we acknowledge the significant "air gap" in the catalyst calendar for both companies with: 1) no additional clarity on either companies' long-term growth rates, capital investment outlooks, or equity requirements until their 4Q23 calls in January/February; and 2) any additional regulatory clarity from the ICC related to their grid plans until later in 2024. As such, while we believe the stocks are likely approaching a bottom and have a favorable risk/return profile at current levels, they could chop in the interim as we see continued sponsorship rotation and investors further handicap the ongoing earnings power for both names and there is a lack of any immediate upside catalysts.

Investors remain keenly focused on whether the companies will be able to maintain their long-term growth rates of 6-8%. **Based on both stocks' performance over the last four trading days and the relative P/E valuation on our bearish EPS outlook, we see any downward revision to the growth rate as already discounted in EXC/ AEE shares.**

Although we see the risk/return on both names as favorable given the recent sell-off and the implied valuations associated with our revised forecast, we believe EXC could be closer to approaching a fundamental bottom in the near term.

For disclosure statements, including the Analyst Certification, please refer to page(s) 11 to 16.

Industry Research

Glossary

Time to EXC-h-AEE-le? Full Clarity Will Take Time but Bear Case Likely Priced in at Current Levels

Bottom Line: We are revising our scenario analysis related to the ICC's MYRP orders for both Exelon (EXC-NSDQ, $35.41) and Ameren (AEE-NYSE, $72.35) to reflect what we believe likely represents a more conservative set of assumptions. Our revised scenarios imply 2025/2026 EPS for EXC of $2.58/$2.70 and $4.83/$5.04 for AEE. Our updated outlooks for both companies now formally include the incremental EPS headwinds related to a 25% reduction in ongoing capital expenditures at Illinois (IL) electric distribution operations as well as incremental external equity to repair the net impacts to credit metrics related to impacts of the lower ROE and ongoing lower FFO and debt related to our lower investment outlook (~20-30bps of FFO/debt to consolidated metrics). We have also included the incremental EPS drag from the ICC's treatment on pension/OPEB returns. Importantly, in the effort of conservatism, we also do not assume either company shifts our reduced capital investment in IL to any of its other operating subsidiaries nor do we assume any EPS mitigation via cost savings.

We believe that this creates a sufficiently bearish earnings outlook for both names, and given the significant relative underperformance of EXC (~11%) and AEE (~8%) over the last week, we believe the implied ~6-7% discount for EXC and ~1-3% premium for AEE represents an overly punitive "double discount" (both earnings and multiple) for both names. We believe this provides a good support level for both companies and underpins the maintenance of our Outperform ratings on EXC and AEE shares. However, we acknowledge the significant "air gap" in the catalyst calendar for both companies with: 1) no additional clarity on either companies' long-term growth rates, capital investment outlooks, or equity requirements until their 4Q23 calls in January/February; and 2) any additional regulatory clarity from the ICC related to their grid plans until later in 2024. As such, while we believe the stocks are likely approaching a bottom and have a favorable risk/return profile at current levels, they could chop in the interim as we see continued sponsorship rotation and investors further handicap the ongoing earnings power for both names and there is a lack of any immediate upside catalysts. **Although we see the risk/return on both names as favorable given the recent sell-off and the implied valuations associated with our revised forecast, we believe EXC could be closer to approaching a fundamental bottom in the near term.**

Exhibit 1: EXC 12-Month 2YR Forward Relative P/E

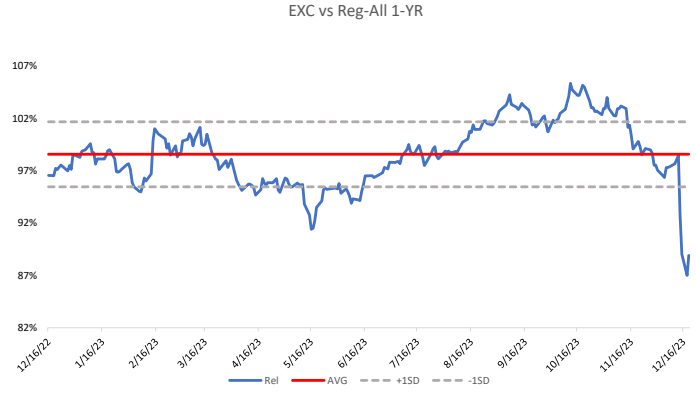

Source: BMO Capital Markets, FactSet

Exhibit 2: AEE 12-Month 2YR Forward Relative P/E

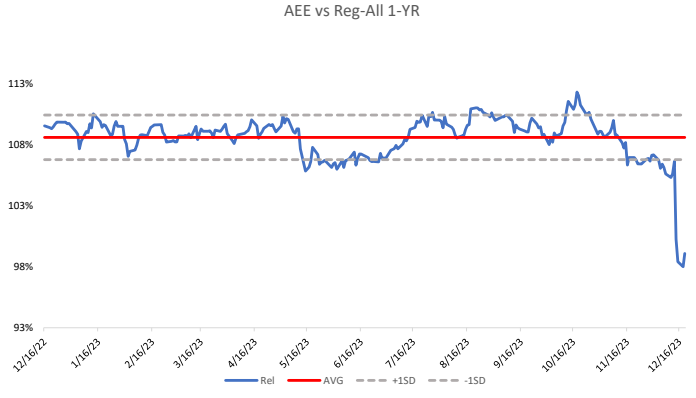

Source: BMO Capital Markets, FactSet

Updated & Incrementally Conservative Exelon Outlook

EXC shares have pulled back nearly 11% relative to their utility peers after the ICC's initial order in the company's MYRP on 12/14/23 that was followed by multiple sell side downgrades. With no clarity related to ComEd's forward distribution investment program and the associated credit impacts of the order, this level of underperformance clearly reflects investors' lack of clarity on the forward earnings

power of the company. As such, we are revising our initial scenario analysis to reflect what we believe likely represents a more conservative set of assumptions. In our initial scenario analysis, we adjusted our 2024 EPS estimate for ~80bps reduction in our ROE assumptions (original assumption of 9.7%) and the implied reduction in rate base for 2024 based on the order approving a rate base consistent with the 2022 year-end level (and possibly functionally ignoring any invested capital in 2023 until a grid plan and revised rate base levels are approved later in 2024). Our previous base case then assumed that with the approval of a grid plan sometime in 2024 the forward rate base estimates did not change significantly from the company's 4Q22 outlook (as capital has yet to be formally disallowed) which limited the impact in 2025 and beyond to the ~$0.06-0.07 EPS headwind from the change in our earned ROE assumptions.

However, in an effort to paint a more conservative or even near-worst case scenario, we are revising the assumptions behind our initial scenario analysis: 1) we maintain our earnings headwinds for the ~80bps change in the ROE which represents around a $0.06-0.07 EPS headwind; 2) we formally reduce our estimates by an additional ($0.03) to account for the disallowance of any return on the pension asset; and 3) with the significantly lower-than-expected ROE awarded to ComEd as well as the associated impact to the opco's ongoing FFO, we expect the company to likely reduce its overall distribution capital investment in the state. Although we believe the company could have the ability to replace some of this lower assumed capital investment into other jurisdictions including transmission projects (as signaled on the company's 3Q23 call) and potentially additional capital deployment into PECO, which remains the company's largest jurisdiction operating outside of a multi-year rate plan. **However, as we look to stress our scenarios, we are removing $500mm per year of capital from the ComEd distribution forecast beginning in 2024 and purposefully assume the capital is not redeployed elsewhere and/or mitigated with other cost offsets to be conservative.** We estimate that on a full run-rate basis every $500mm of capital removed represents ~$0.02-0.025 of EPS.

In Exhibit 3 below we illustrate the impact of the aforementioned changes in our assumptions which would result in an additional ~$0.06 headwind to our 2025 EPS and ~$0.08 to an illustrative 2026 EPS presented in our 12/14/2023 scenario analysis.

Exhibit 3: Illustrative ComEd Distribution EPS Changes and ROE/Rate Base Impacts

	2022	2023	2024	2025	2026	'22-26
Current Rate Base	**$13,756**	**$14,810**	**$15,704**	**$16,754**	**$17,831**	**6.7%**
Cumlative Change in Capital Plan		$0	($500)	($1,000)	($1,500)	
Cumulative Chante in D&A Expense		$0	($13)	($25)	($38)	
Net Cumulative Impact to Rate Base		$0	($488)	($975)	($1,463)	
New Year-End Rate Base	**$13,756**	**$14,810**	**$15,217**	**$15,779**	**$16,369**	**4.4%**
New Average Rate Base			*$15,013*	*$15,498*	*$16,074*	
ROE				8.91%	8.91%	
Equity Ratio				50.0%	50.0%	
Lost EPS Based on Lower Average Rate Base				**($0.03)**	**($0.05)**	
Current EPS				**$2.66**	**$2.83**	
Lost EPS Based on Lower Average Rate Base				**($0.03)**	**($0.05)**	
Pension Disallowance EPS				**($0.03)**	**($0.03)**	
New EPS (Before Additonal Equity/Dilution)				**$2.60**	**$2.75**	
Implied P/E				**13.6x**	**12.9x**	
Reltive Premium/(Discount) to Utility Peers				**(7.9%)**	**(7.3%)**	

**2026 Current EPS uses the illustrative $2.83 from our 12/14/23 scenario analysis*

Source: BMO Capital Markets, Company Reports

We then turn to assess the net credit impacts of aforementioned changes. We begin with the company's current YE22 and TTM (ending 1Q23) FFO/debt metrics that were 13.4% and 13.1%, respectively, which is in line with management's expectation of being at the low end of their 13-14% target range when including the negative impact of the Corporate Alternative Minimum Tax cash included in the IRA of

~$200mm. Of note the baseline in our previous published analysis includes ~20bps of additional cushion or 13.2%. We see the net impact in our revised scenarios implying a ~30bps headwind to consolidated credit metrics due to: 1) the reduction in the allowed ROE; 2) lost FFO from lower capital deployment; and 3) pension return disallowance. This is partially offset by lower overall debt issuances related to the debt component of our assumed capital investment reduction. **Accordingly, although the company would still be meaningfully above their ~12% downgrade threshold (Moody's basis), we estimate that the company could require ~$1bn of external equity issuance to bring its metrics back in line with the company's targeted 13-14% range or at least 100bps cushion above its downgrade threshold**. As a placeholder, we have assumed the company would layer that equity via a ratable issuance across 2025 where the dilution is partially offset by interest savings as it uses the proceeds to pay down debt/avoid incremental debt issuances. **In Exhibit 4 below we illustrate this analysis and the impact of the additional equity on 2025 and 2026 EPS.**

Exhibit 4: Illustrative ComEd Credit Analysis and Equity EPS Impacts

	2022	2023	2024	2025	2026
Previous Forecat FFO/Debt				13.0%	13.0%
Modeled Total Debt				$46,830	$50,320
Implied FFO				**$6,088**	**$6,542**
Lost FFO Due to Low ComEd Allowed ROE (Grossed Up Taxes)				($90)	($96)
Lost FFO Related too Lack of Pension Return (Grossed Up Taxes)				($42)	($42)
Lost FFO Lower Capital Deployment (NI + Lost D&A)				($70)	($113)
Adjusted FFO				**$5,886**	**$6,291**
Cumulative Lower Debt Issued				($500)	($750)
New Total Debt				**$46,330**	**$49,570**
Implied FFO/Debt Before Any Incremental External Equity				**12.7%**	**12.7%**
Equity Requirement to meet Management's Target 13-14% FFO/Debt				**$1,050**	
Issuance Price				$35.41	
Incremental Shares			0	30	30
Forecast Weighted Average Shares				1034	1066
Interest Savings Debt Paydown (FY Run-Rate @ 4% Pre-Tax)				**$0.03**	**$0.03**
Total Adjusted Forecast EPS				**$2.58**	**$2.70**
Implied P/E				**13.7x**	**13.1x**
Reltive Premium/(Discount) to Utility Peers				**(7.1%)**	**(5.7%)**

Source: BMO Capital Markets, Company Reports, FactSet

Given the aforementioned impacts, we are updating our 2025 EPS to $2.58 from $2.66 while our 2023 and 2024 estimates remain unchanged at $2.36 and $2.37, respectively.

After incorporating a more conservative set of assumptions in our updated scenario analysis, we see shares of EXC trading at a ~6-7% discount, which represents an overly punitive "double discount" (both earnings and multiple) and underpins our reiteration of our Outperform rating. Furthermore, we would emphasize we find these assumptions to be sufficiently conservative as they assume no mitigating offsets to the headwinds which should approach a near worst-case scenario. However, we acknowledge the significant "air gap" in the catalyst calendar for both companies with: 1) no additional clarity on either companies' long-term growth rates, capital investment outlooks, or equity requirements until their 4Q23 calls in January/February; and 2) any additional regulatory clarity from the ICC related to their grid plans until later in 2024. As such, while we believe the stocks are likely approaching a bottom and have a favorable risk/return profile at current levels, they could chop in the interim as we see continued sponsorship rotation and investors further handicap the ongoing earnings power for both names and there is a lack of any immediate upside catalysts. **Although we see the risk/return on both names as favorable given the recent sell-off and the implied valuations associated with our revised forecast, we believe EXC could be closer to approaching a fundamental bottom in the near term.**

EXC has 30 days to file for reconsideration/rehearing with the ICC who then has 20 days to respond to the company's motion. If rehearing is denied, we would expect the company to seek relief through the appellate system specifically on the issues of ROE, capital structure, and the pension disallowance. ComEd's updated grid plan is due to be filed within 90 days (approximately 3/14/24). **Before the re-filing deadline the company is likely to roll forward their capital plan and provide their annual long-term financial update on their year-end call in January/February**. With this update, investors remain keenly focused on whether or not the company will be able to maintain their long-term growth rate of 6-8%. **Based on the stock's performance over the last four trading days and the relative P/E discount on our bearish EPS outlook, we see any downward revision to the growth rate as already discounted in EXC shares**. In fact, with a cut to the growth rate likely priced in, we believe the year-end call could be a positive catalyst as management is able to provide investors with incremental clarity relative to the current opacity including any potential mitigatory measures including cost saving and capital reallocation, neither of which we have included our current EPS outlook.

Our target price moves to $38 using our revised 2025 EPS estimates and supports a 12% total return opportunity even using our revised/more conservative assumptions.

Updated & Incrementally Conservative Ameren Outlook

Following AEE's significant underperformance of almost 8% relative to its peers after the ICC's order in the company's MYRP on 12/14/23, we are revising our initial scenario analysis to reflect what we believe likely represents a more conservative set of assumptions in an effort to paint a worst or near-worst case scenario for AEE shares. In our initial scenario analysis, we had adjusted our 2024 EPS estimate for: 1) ~100bps reduction in our ROE assumptions (original assumption of 9.7%); and 2) the implied reduction in rate base for 2024 based on the language in the ICC's order approving a rate base consistent with the company's 2022 year-end jurisdictional distribution rate base (which we believe did not include invested capital for 2023) and CAPEX consistent with the company's current capital spending plan until the ICC approves its MYRP-related grid plan later in 2024. We had previously assumed that with the approval of the grid plan, the forward rate base estimates would not likely change significantly (using the company's current forecast and as capital has yet to be formally disallowed) and the ultimate impact in 2025 and beyond would be limited to the ~$0.08-0.09 EPS headwind from the change in just the authorized ROE.

However, similar to our analysis above for EXC, we are revising our initial forecast to reflect a more conservative financial case given the significant uncertainty in the forward earnings and cash flow of the company's Illinois electric distribution operations. Specifically, our revised analysis makes the following assumptions: 1) we maintain our earnings headwinds for the ~100bps change in the ROE; 2) we formally reduce our estimates by an additional ($0.04) to account for the disallowance of a return on OPEB (~$14mm revenue headwind); and 3) with a disappointing authorized ROE we are reducing our assumed distribution investment in IL by ~$186mm per year or 25% beginning in 2024, and in the interest of conservatism have assumed the capital is not redeployed in MO or via transmission investment (despite the company's consolidated $48bn+ backlog), nor have we offset the impact with any assumed cost mitigation efforts. We estimate that on a full run-rate basis every $200mm of capital removed represents ~$0.03 of EPS.

In Exhibit 5 below we illustrate the impact of the aforementioned changes in our analysis which would result in an additional ~$0.08 headwind to our 2025 EPS and ~$0.11 to the illustrative 2026 EPS presented in our 12/14/2023 scenario analysis.

Exhibit 5: Illustrative AEE IL Distribution EPS Changes and ROE/Rate Base Impacts

	2024	2025	2026
Current Rate Base	**$4,876**	**$5,220**	**$5,619**
Cumlative Change in Capital Plan	($186)	($372)	($558)
Cumulative Chante in D&A Expense	($5)	($14)	($28)
Net Cumulative Impact to Rate Base	($181)	($358)	($530)
New Year-End Rate Base	**$4,695**	**$4,862**	**$5,089**
New Average Rate Base	*$4,695*	*$4,778*	*$4,976*
ROE		8.72%	8.72%
Equity Ratio		50.0%	50.0%
Lost EPS AVG RB		**($0.04)**	**($0.07)**
OPEB Disallowance EPS		**($0.04)**	**($0.04)**
Current EPS		**$4.93**	**$5.19**
OPEB Disallowance EPS		**($0.04)**	**($0.07)**
Pension Disallowance EPS		**($0.04)**	**($0.04)**
New EPS (Before Additonal Equity/Dilution)		**$4.85**	**$5.08**
Implied P/E		**14.9x**	**14.2x**
Reltive Premium/(Discount) to Utility Peers		**0.8%**	**2.4%**

*2026 Current EPS uses the illustrative $5.19 from our 12/14/23 scenario analysis

Source: BMO Capital Markets, Company Reports

We then go on to assess the credit impacts of these changes. We begin with an assumption that the company is at ~17.5% FFO/debt vs their 17.0% downgrade threshold using Moody's methodology. We see the lost FFO from the ROE reduction, lower capital deployment, and OPEB disallowance that is partially offset by lower debt issuance related to the debt component of our assumed reduction in capital spending, resulting in a net ~20-30bps headwind to consolidated credit metrics. Accordingly, although the company would still be above their consolidated ~17.0% downgrade threshold, **we estimate recouping the lost 20-30bps could require ~$264mm of higher external equity.** We layer this level of equity ratably across 2025 where the dilution is partially offset by a couple pennies of interest savings from the associated debt paydown/debt avoidance.

In Exhibit 6 we present the credit side of our analysis and the impact of the additional equity issuance on the company's 2025 and illustrative 2026 EPS. Given the aforementioned impacts, we are lowering our 2025 EPS to $4.83 from $4.93 while our 2023 and 2024 estimates remain unchanged at $4.37 and $4.48, respectively.

Exhibit 6: Illustrative AEE IL Electric Distribution Credit Analysis and Equity EPS Impacts

	2025	2026
Previous Forecat FFO/Debt	17.5%	17.5%
Modeled Total Debt	$19,176	$20,381
Implied FFO	**$3,356**	**$3,567**
Lost IL FFO Due to Lower Authorized ROE (Grossed Up Taxes)	($34)	($37)
Lost IL FFO OPEB (Grossed Up Taxes)	($14)	($14)
Lost FFO Lower Capital Deployment (NI + Lost D&A)	($30)	($55)
New FFO	**$3,277**	**$3,461**
Cumulative Lower Debt Issued	($186)	($279)
New Total Debt	**$18,990**	**$20,102**
Implied FFO/Debt Before Any Incremental External Equity	**17.3%**	**17.2%**
Equity Requirement to meet Management's Target FFO/Debt	**$264**	
Issuance Price	$72.35	
Incremental Shares	4	4
Forecast Weighted Average Shares	281	286
Interest Savings Debt Paydown (FY Run-Rate @ 4% Pre-Tax)	**$0.03**	**$0.03**
Total Adjusted Forecast EPS	**$4.83**	**$5.04**
Implied P/E	**15.0x**	**14.3x**
Reltive Premium/(Discount) to Utility Peers	**1.1%**	**3.2%**

Source: BMO Capital Markets, Company Reports

After incorporating a more conservative set of assumptions in our updated scenario analysis, we see shares of AEE trading at a ~1-3% premium, which underpins the maintenance of our Outperform rating. Furthermore, we continue to emphasize we find these assumptions to be rather conservative and allocate no mitigating offsets to the headwinds. **That said, we acknowledge the catalyst calendar remains quiet.** AEE has 30 days to file for reconsideration/rehearing after which the ICC has 20 days to respond to the company's motion. If rehearing is denied, we would expect the company, like EXC, to seek relief through the appellate system. AEE's updated grid plan is due to be filed within 90 days (approximately 3/14/24). Prior to this re-filing deadline, we expect the company to roll forward their capital plan and provide their annual long-term financial update on their 4Q23 conference call based on their assessment of their consolidated capital opportunities, commitment to credit quality, and any mitigation efforts to help address or smooth any earnings or cash flow shortfalls.

Some investors remain focused on whether or not the company will update their long-term growth rate on the year-end call. Based on the stock's performance over the last four trading days and the in-line to modest premium on our revised/more conservative EPS outlook, similar to EXC, we see any update to the growth rate as largely perfunctory. In fact, we believe the year-end call could help derisk the story as management is able to provide additional clarity on some of the potential mitigatory actions it could take including cost savings and/or capital reallocation, which we have explicitly not given them credit for in our current outlook.

Our target price moves to $78 using our revised 2025 EPS estimates and supports an 11% total return opportunity even using our revised/more conservative assumptions.

Exhibit 7: EXC Summary Model

EXC Model Summary	2020A	2021A	2022A	2023E	2024E	2025E
EPS By Segment						
EXC Gen	$1.44					
Com Ed	$0.66	$0.76	$0.94	$1.01	$0.93	$0.95
PECO	$0.47	$0.51	$0.63	$0.62	$0.65	$0.75
BGE	$0.37	$0.42	$0.43	$0.48	$0.53	$0.58
PHI	$0.52	$0.57	$0.62	$0.65	$0.70	$0.78
Parent & Other	($0.24)	($0.43)	($0.35)	($0.38)	($0.45)	($0.46)
Consolidated E.P.S.	**$3.22**	**$1.83**	**$2.27**	**$2.36**	**$2.37**	**$2.58**
Growth						
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**
Growth				6.5%	6.5%	6.5%
Implied Payout Ratio	47.6%	83.6%	59.5%	60.9%	64.7%	63.1%
Dividend Yield	4.3%	4.3%	3.8%	4.1%	4.3%	4.6%
Valuation Metrics						
Price to Earnings	12.9x	22.7x	18.3x	17.6x	17.5x	16.1x
Price to Book Value	1.2x	1.2x	1.7x	1.6x	1.5x	1.5x
Funding Sources						
Cash Flow from Operations	$4,235	$3,012	$4,870	$5,653	$5,836	$6,281
Total Debt Financings	$8,168	$4,780	$7,095	$3,025	$3,790	$3,225
Total Equity Financings	$45	$80	$599	$167	$167	$1,217
Credit Metrics						
Total Debt/Capitlization	56%	50%	62%	62%	62%	61%
FFO/Total Debt	20%	28%	15%	12%	12%	13%
EBITDA/Interest Expense	7.0x	7.8x	4.9x	4.7x	4.5x	4.6x
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%
Regulated Operations Performance - Realized ROE (1)						
ComEd	8.7%	9.2%	10.0%	10.2%	9.0%	9.0%
PECO	11.0%	10.9%	11.3%	11.1%	10.6%	11.2%
BGE	9.7%	10.1%	8.5%	9.8%	10.1%	10.3%
PHI	9.1%	9.3%	9.5%	9.4%	9.5%	9.8%

Source: BMO Capital Markets, Company Filings

Exhibit 8: EXC SOTP

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2025E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	(15%)	$0.95	9.6x	$9	12.6x	$12	14.6x	$14
PECO	EPS	10%	$0.75	13.3x	$10	16.3x	$12	14.6x	$11
BGE	EPS	5%	$0.58	12.5x	$7	15.5x	$9	14.6x	$8
PHI	EPS	5%	$0.78	12.5x	$10	15.5x	$12	14.6x	$11
Parent & Other	EPS	0%	($0.46)	11.8x	($5)	14.8x	($7)	14.6x	($7)
Utility Value			**$2.58**	**11.8x**	**$30**	**14.8x**	**$38**	**14.6x**	**$38**
Upside/(Downside)					(14%)		8%		6%
Current Yield					4%		4%		4%
Total Return					**(10%)**		**12%**		**10%**

Source: BMO Capital Markets, Company Filings

Exhibit 9: AEE Summary Model

Ameren Coporation (AEE)	2020A	2021A	2022A	2023E	2024E	2025E
EPS By Segment						
Ameren Illinois	$1.52	$1.65	$1.98	$2.11	$2.11	$2.34
Union Electric	$1.75	$2.01	$2.17	$2.28	$2.44	$2.58
Ameren Transmission Company of Illinois	$0.32	$0.30	$0.29	$0.30	$0.28	$0.26
Parent & Other	($0.09)	($0.12)	($0.29)	($0.33)	($0.33)	($0.35)
Consolidated E.P.S.	**$3.50**	**$3.84**	**$4.14**	**$4.37**	**$4.48**	**$4.83**
Dividend per share	**$2.00**	**$2.20**	**$2.36**	**$2.52**	**$2.70**	**$2.89**
Payout Ratio total	57.1%	57.2%	57.0%	57.7%	60.1%	59.8%
Dividend Yield	2.8%	3.0%	3.3%	3.5%	3.7%	4.0%
Valuation Metrics						
Price to Earnings	20.7x	18.8x	17.5x	16.6x	16.1x	15.0x
Price to Book Value	2.2x	2.3x	2.2x	2.1x	1.9x	1.8x
Funding Sources						
Cash Flow from Operations	$1,727	$1,661	$2,263	$2,631	$2,737	$2,972
Total Debt Financings, Net	$1,791	$2,044	$1,484	$1,310	$1,441	$1,000
Total Equity Financings, Net	$476	$308	$333	$300	$600	$864
Credit Metrics						
Total Debt/Capitlization	56%	58%	59%	59%	59%	57%
FFO/Total Debt	17%	16%	15%	15%	15%	15%
Forecast ROE's - Consolidated						
Ameren Illinois Electric	9.9%	10.1%	11.1%	11.0%	10.2%	10.9%
Ameren Illinois Gas	9.9%	10.1%	10.6%	10.5%	10.2%	10.9%
Ameren Illinois Transmission	9.7%	9.9%	10.1%	10.1%	9.4%	10.0%
Union Electric	9.3%	9.7%	9.5%	9.6%	9.7%	9.8%
Ameren Transmission Company of Illinois	9.3%	9.0%	8.5%	8.5%	8.0%	8.0%

Source: BMO Capital Markets, Company Filings

Exhibit 10: AEE SOTP

Regulated, Parent & Other	Valuation Metric	Sector Comp	Sector Multiple	Prem/ (Discount)	Base Multiple	BMO Low Case P/E Multiple	BMO Low Case Implied Valu ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
Ameren Illinois	EPS	Electric	14.8x	(5.0%)	14.1x	11.1x	$26	14.1x	$33	16.1x	$38
Union Electric	EPS	Electric	14.8x	+20.0%	17.8x	14.8x	$38	17.8x	$46	19.8x	$51
Ameren Transmission Company of Illinois	EPS	Transmission	14.8x	+25%	18.5x	15.5x	$4	18.5x	$5	20.5x	$5
Parent & Other	EPS	Blend	14.8x	+9%	16.1x	13.1x	($5)	16.1x	($6)	16.1x	($6)
Utility, Parent & Other (UP&O) Value						13.1x	**$63**	16.1x	**$78**	18.3x	**$88**
Electric Distribution							$64		$79		$89
Transmission							$4		$5		$5
Parent							($5)		($6)		($6)
Consolidated Ameren							**$63**		**$78**		**$88**
Upside/(Downside)							-12.4%		7.6%		21.9%
Current Yield							3.5%		3.5%		3.5%
Total Return							**-8.9%**		**11.1%**		**25.4%**

Source: BMO Capital Markets, Company Filings

Exelon Rating History as of 12/19/2023

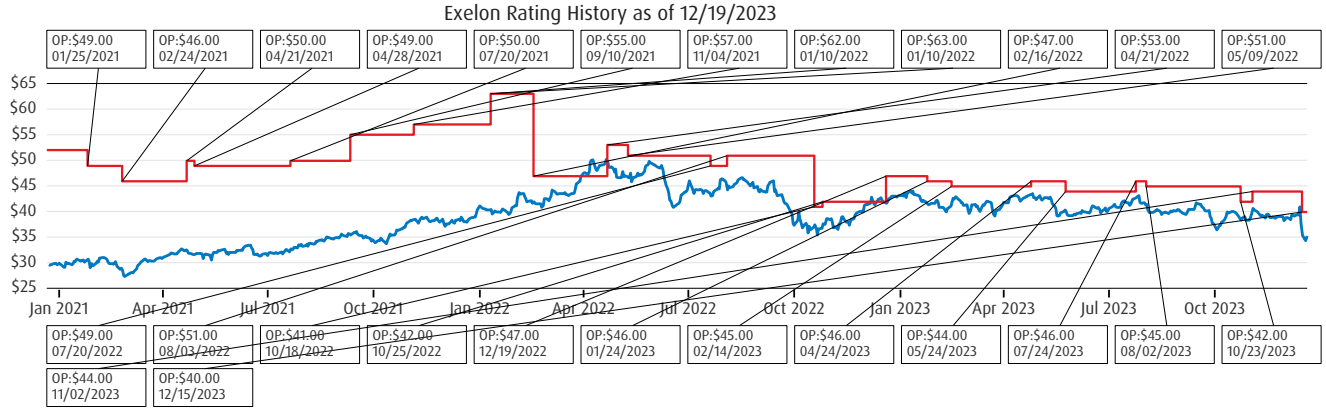

Source: FactSet, BMO Capital Markets

Ameren Corporation Rating History as of 12/19/2023

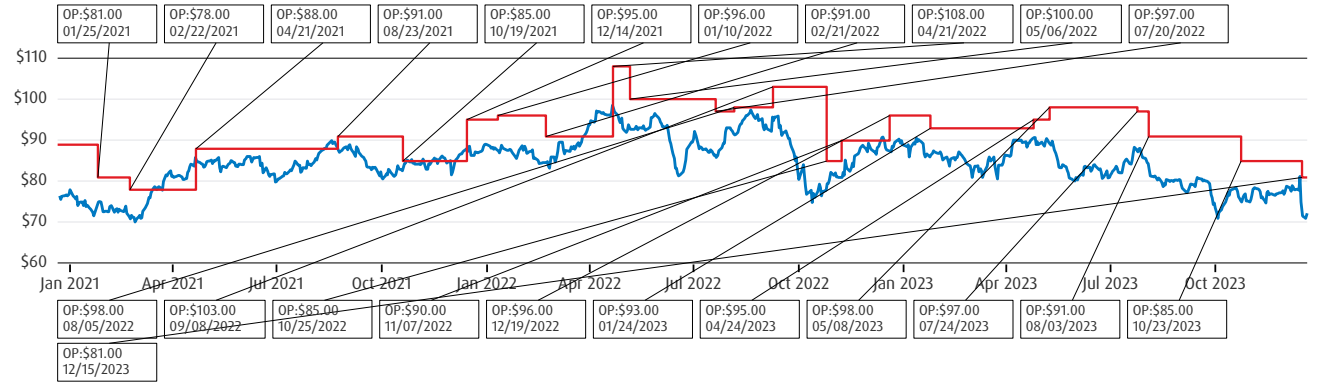

Source: FactSet, BMO Capital Markets

Phillips Edison & Company, Inc. Rating History as of 12/19/2023

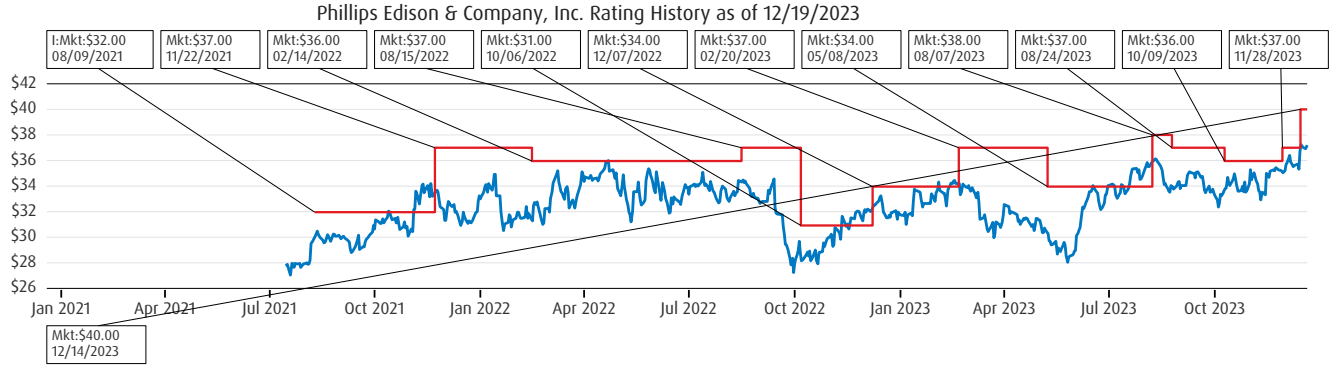

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 1: BMO Capital Markets has undertaken an underwriting liability with respect to Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 2: BMO Capital Markets has provided investment banking services for remuneration with respect to Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 3: BMO Capital Markets has managed or co-managed a public offering of securities with respect to Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 4: BMO Capital Markets or an affiliate has received compensation for investment banking services from Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 5: BMO Capital Markets or an affiliate received compensation for products or services other than investment banking services within the past 12 months from Phillips Edison & Company, Inc..

Disclosure 6A: Phillips Edison & Company, Inc. is a client (or was a client) of BMO Nesbitt Burns Inc., BMO Capital Markets Corp., BMO Capital Markets Limited or an affiliate within the past 12 months: A) Investment Banking Services

Disclosure 6C: Phillips Edison & Company, Inc. is a client (or was a client) of BMO Nesbitt Burns Inc., BMO Capital Markets Corp., BMO Capital Markets Limited or an affiliate within the past 12 months: C) Non-Securities Related Services.

Disclosure 9B: BMO Capital Markets makes a market in Phillips Edison & Company, Inc. in United States.

Disclosure 19: BMO Capital Markets Corp. ("BMO CMC") is acting as an agent to Phillips Edison and Company, Inc. on an at-the-market equity offering program. BMO CMC is being paid a fee based on the program. BMO CMC follows information control procedures which prevent its research analysts who are issuing research from having access to material non-public information received by BMO CMC's investment banking personnel in connection with the transaction. Accordingly, it is possible that individual employees at BMO CMC may have material non-public information or opinions which are not included in, and may not be consistent with, the information and opinions in this research report.

Methodology and Risks to Target Price/Valuation for Ameren Corporation (AEE-NYSE)

Methodology: Our target price is based on a sum-of-the-parts methodology. Our framework begins with the relevant sector average P/E multiple using 2025E EPS as a base which we then adjust (premium, discount, or no change) to reflect the relative fundamentals of that segment.

Risks: AEE's regulated profile exposes the company to business risk including but not limited to: federal and state regulatory risk, federal and state political risk, environmental policy, interest rate risk, access to capital markets, construction risk, changes in customer demand trends, changes in customer affordability, extreme weather, natural disaster, and equipment failure. Ameren Illinois formula rates also directly expose 20% of the company's consolidated rate base to fluctuations in the 30-year Treasury yield.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Adverse outcomes in the company's inaugural MYRP filing in IL, DE electric rate case and 2025 PECO electric GRC. Despite having nearly a 1% cushion over its 12% downgrade threshold, the ability to meet its stated credit metrics given adverse impacts from severe storms, fuel deferrals, and other unforeseen expenses.

Methodology and Risks to Target Price/Valuation for Phillips Edison & Company, Inc. (PECO-NSDQ)

Methodology: Our target price is based on a combination of our NAV and DCF analyses, taking into account FFO/AFFO multiples relative to peers, other REITs, and earnings expectations.

Risks: Primary risks include a softening leasing environment and elevated store closings, rising interest rates, rising capitalization rates, the health of the economy and fluctuations in occupancy/rent levels, availability and cost of capital, financial stability of tenants, new competitive supply, environmental matters, and higher costs of maintaining vacant space (labor, energy/utilities, repairs and maintenance, etc.).

Distribution of Ratings (December 19, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	48.0 %	15.1 %	43.2 %	53.8 %	57.0 %	57.7%
Hold	Market Perform	49.3 %	17.4 %	51.4 %	44.7 %	41.1 %	37.5%
Sell	Underperform	2.5 %	27.3 %	4.0 %	1.4 %	1.4 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 151 West 42nd St, 33rd Floor, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month

target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. The information in this report is based on general considerations and do not purport to meet the objectives or needs of specific recipients. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. In furnishing this report, BMO Capital Markets intends to take advantage of the exemption from the principal and agency trading restrictions in Section 206(3) of the Investment Advisers Act of 1940 and Rule 206(3)-1 thereunder. Accordingly, recipients of this report are advised that BMO Capital Markets or its affiliates may act as principal for its own account or agent for another person in connection with the purchase or sale of any security mentioned in or the subject of this report. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited

and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at December 20, 2023, 15:03 ET. and disseminated at December 20, 2023, 15:03 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2023 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

ARGUS

NASDAQ: EXC

EXELON CORP

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Analyst's Notes

Analysis by Marie Ferguson, December 19, 2023

ARGUS RATING: BUY

- Reaffirming BUY and $50 target
- In mid-December 2023, regulators requested a refiling of ComEd's rate application. The company still expects rate decisions at five utilities in 2024.
- Exelon recently reported 3Q23 adjusted operating EPS of $0.67, down from $0.75 a year earlier. The lower earnings reflected storm costs.
- Earnings growth was solid at ComEd with a 15% increase over 3Q22. This is in spite of moderate weather and a 3Q23 settlement of SEC fraud charges against the subsidiary resulting in a $46 million civil penalty related to activities in 2011-2019.
- The current annualized dividend of $1.44 per share yields about 4.1%, topping the peer average of 3.7%.

INVESTMENT THESIS

We are maintaining our BUY rating on Exelon Corp. (NYSE: EXC), which provides electricity and natural gas to about 10 million customers in Illinois, Maryland, Pennsylvania, New Jersey, Delaware, and the District of Columbia. We have a positive view of the company's transformation into a pure-play transmission utility through the spinoff of its competitive energy business, Constellation Energy (CEG), which should lower earnings volatility. Management projects long-term earnings growth of 6%-8% from the company's utilities, which we believe is achievable. Exelon is also benefiting from favorable rate case decisions, as well as from its cleaner transmission mix and focus on hydro power.

In conjunction with the February 2022 Constellation spinoff, EXC shareholders received one share of CEG for every three shares of EXC. Exelon shares were repriced as a result of this separation.

We believe that the current share price offers a buying opportunity for income-oriented investors, and are reiterating our target price of $50.

RECENT DEVELOPMENTS

Market Data

Pricing reflects previous trading week's closing price.

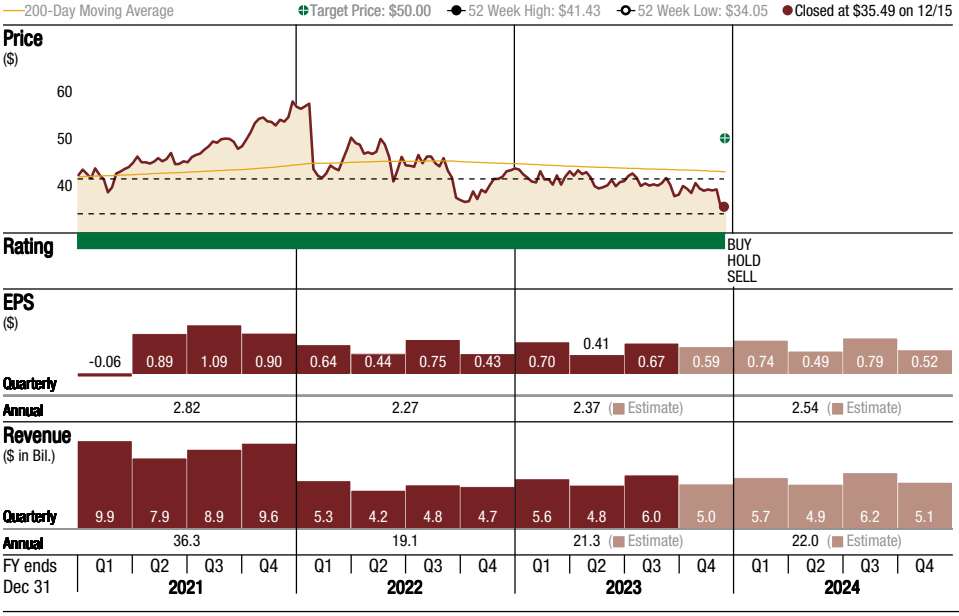

Argus Recommendations

Twelve Month Rating	SELL	HOLD	**BUY**
Five Year Rating	SELL	HOLD	**BUY**
Sector Rating	Under Weight	**Market Weight**	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 72% Buy, 28% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	$35.41
Target Price	$50.00
52 Week Price Range	$34.05 to $44.37
Shares Outstanding	994.30 Million
Dividend	$1.44

Sector Overview

Sector	Utility
Sector Rating	MARKET WEIGHT
Total % of S&P 500 Market Cap.	2.00%

Financial Strength

Financial Strength Rating	MEDIUM
Debt/Capital Ratio	62.0%
Return on Equity	9.3%
Net Margin	10.2%
Payout Ratio	0.61
Current Ratio	0.69
Revenue	$21.04 Billion
After-Tax Income	$2.14 Billion

Valuation

Current FY P/E	14.94
Prior FY P/E	15.60
Price/Sales	1.67
Price/Book	1.38
Book Value/Share	$25.60
Market Capitalization	$35.21 Billion

Forecasted Growth

1 Year EPS Growth Forecast	4.41%
5 Year EPS Growth Forecast	7.00%
1 Year Dividend Growth Forecast	6.67%

Risk

Beta	0.78
Institutional Ownership	0.82%

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes ...Continued

EXC shares have traded recently on regulatory news for its largest subsidiary. The shares have fallen 17% over the past three months, compared to a gain of 6% for the S&P 500, a loss of 0.5% for the Utility ETF (IDU), and a loss of 1.5% for the S&P Utility Sector Index (XLU). Over the past 52 weeks, the shares have declined 18%, compared to losses of 7% and 9.3% for the IDU and XLU, respectively. The S&P 500 has gained 22.5% over the past year.

Exelon recently reported 3Q23 adjusted operating EPS of $0.67, down from $0.75 a year earlier and in line with the consensus. The lower earnings reflected higher storm costs, offset by higher rates at PECO, BGE, and PHI.

Third-quarter operating revenues were $5.98 billion, up 23% from $4.85 billion in 3Q22. For the nine months ending September 30, operating revenues were $16.3 billion, up from $14.4 billion for the same period a year ago. Operating expenses were $4.9 billion in 3Q23, compared with $3.8 billion in 3Q22. The largest line-item increase was for purchased power and fuel with $2.4 billion spent in 3Q23, versus $1.5 billion a year ago. Like most peers, interest expenses also continued to increase, with reported net interest of $437 million in 3Q23, compared with $365 million in 3Q22.

EXC has several ongoing rate cases. Thus far in 2023, it has filed an electric distribution rate case for ACE and multiyear rate plans for BGE and Pepco DC. Management expects rate case decisions at its six utilities from 4Q23 through 2Q24.

In a setback, regulators requested that EXC refile its ComEd, Chicago-based rate increase application by the end of 1Q24, citing stricter compliance requirements to phase out carbon emissions. While ComEd has a higher ROE, the ICC rejected new grid plans and the utility's $1.5 billion, multiyear rate hike request until refiling requirements are met.

Meanwhile, Pennsylvania regulators recently approved a $55 million increase in gas distribution revenues that took effect in 2023. Separately, DPL/Delmarva obtained an $8 million increase in gas distribution rates and an authorized ROE of 9.6%, which took effect at the end of 2022. The company's average ROE is 9.4%, above the peer average. Looking ahead, management projects a consolidated ROE of 9%-10%.

Management is focused on capital investments that will improve reliability and provide cleaner energy. It plans to allocate $31 billion to new infrastructure by 2026, which will increase the rate base by 8%. In 2Q23, Exelon also applied for $700 million in federal funding through the Infrastructure Investment and Jobs Act that could help to finance 10 new smart-grid and grid resilience projects.

During the third quarter, Exelon subsidiary ComEd and former ComEd CEO Anne Pramaggiore were charged with civil fraud related to activities from 2011 through 2019. According to the SEC, ComEd and its former CEO offered bribes and jobs to third-party vendors with the goal of influencing an Illinois Representative to obtain favorable legislation. Exelon agreed to

Growth & Valuation Analysis

GROWTH ANALYSIS ($ in Millions, except per share data)	2018	2019	2020	2021	2022
Revenue	35,978	34,438	33,039	17,938	19,078
COGS	26,007	24,112	23,512	10,932	11,046
Gross Profit	9,971	10,326	9,527	7,006	8,032
SG&A	—	—	—	—	—
R&D	—	—	—	—	—
Operating Income	3,835	4,342	2,799	2,682	3,317
Interest Expense	1,554	1,616	1,635	1,289	1,447
Pretax Income	2,225	3,985	2,333	1,654	2,403
Income Taxes	118	774	373	38	349
Tax Rate (%)	5	19	16	2	15
Net Income	2,005	2,936	1,963	1,706	2,170
Diluted Shares Outstanding	969	974	977	980	987
EPS	2.07	3.01	2.01	1.74	2.20
Dividend	1.38	1.45	1.53	1.53	1.35
GROWTH RATES (%)					
Revenue	7.2	-4.3	-4.1	-45.7	6.4
Operating Income	-2.6	13.2	-35.5	-4.2	23.7
Net Income	-46.9	46.4	-33.1	-13.1	27.2
EPS	-48.0	45.4	-33.2	-17.9	26.1
Dividend	5.3	5.1	5.5		-11.8
Sustainable Growth Rate	8.2	2.9	2.8	0.5	2.4
VALUATION ANALYSIS					
Price: High	$47.40	$51.18	$50.54	$58.01	$58.21
Price: Low	$35.57	$43.42	$29.28	$38.35	$35.19
Price/Sales: High-Low	1.3 - 1.0	1.4 - 1.2	1.5 - 0.9	3.2 - 2.1	3.0 - 1.8
P/E: High-Low	22.9 - 17.2	17.0 - 14.4	25.1 - 14.6	33.3 - 22.0	26.5 - 16.0
Price/Cash Flow: High-Low	5.4 - 4.1	6.8 - 5.7	9.0 - 5.2	13.7 - 9.0	19.0 - 11.5

Financial & Risk Analysis

FINANCIAL STRENGTH	2020	2021	2022
Cash ($ in Millions)	663	672	407
Working Capital ($ in Millions)	-209	-2,154	-3,275
Current Ratio	0.98	0.87	0.69
LT Debt/Equity Ratio (%)	108.9	90.5	144.1
Total Debt/Equity Ratio (%)	120.7	100.4	161.9
RATIOS (%)			
Gross Profit Margin	28.8	39.1	42.1
Operating Margin	8.5	15.0	17.4
Net Margin	5.9	9.5	11.4
Return On Assets	1.5	1.3	1.9
Return On Equity	6.1	5.1	7.3
RISK ANALYSIS			
Cash Cycle (days)	15.0	-8.8	-34.0
Cash Flow/Cap Ex	0.5	0.4	0.7
Oper. Income/Int. Exp. (ratio)	2.4	2.3	2.7
Payout Ratio	60.4	62.1	89.5

The data contained on this page of this report has been provided by Morningstar, Inc. (© 2023 Morningstar, Inc. All Rights Reserved). This data (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. This data is set forth herein for historical reference only and is not necessarily used in Argus' analysis of the stock set forth on this page of this report or any other stock or other security. All earnings figures are in GAAP.

Please see important information about this report on page 5

©2023 Argus Research Company

Analyst's Notes ...Continued

settle the charges with a payment of $46 million. The charges against the former CEO, including allegations that she directed payments of more than $1.3 million, will be litigated. The SEC's complaint alleges that Ms. Pramaggiore lied to Exelon auditors and filed false certifications. ComEd estimates that it received anticipated benefits of more than $150 million from favorable legislation.

Along with 3Q23 earnings, management narrowed its 2023 adjusted EPS guidance to $2.32-$2.40, from $2.30-$2.42. The midpoint remained unchanged at $2.36. It also continues to project 6%-8% growth in operating earnings through 2025-2026, driven mainly by rate increases.

EARNINGS & GROWTH ANALYSIS

Following the CEG spinoff, Exelon has six utility subsidiaries: PECO (1.7 million electric and 0.5 million gas customers near Philadelphia); PEPCO (1 million electric customers in Maryland and Washington DC); DPL (0.5 million electric and 0.1 million gas customers in Delaware); ACE (0.6 million electric customers in New Jersey); BGE (1.3 million electric and 0.7 million gas customers near Baltimore); and ComEd (4 million electric customers in Illinois).

Electricity revenues in GWh in 3Q23 were down 1.6% over 3Q22, but up 65% in revenue. GWh sales declined 3% for residential deliveries, decreased 2% for small commercial deliveries, but increased 0.2% for industrial deliveries. The number of heating degree days decreased about 80% from normal temperatures during the third-quarter.

The company breaks out results for four segments: ComEd, PECO, BGE, and PHI (which includes ACE, PEPCO, and DPL). Compared to 3Q22, third-quarter adjusted operating earnings were as follows: up 15% to $338 million at ComEd; down 14% at PECO to $149 million; 48% at BGE to $47 million; down 18% at PHI to $234 million. For the nine months ending September 30, ComEd adjusted earnings were $839 million, up 17% from $715 million for the same period in 2022.

Like many Midwestern utilities, 2023 earnings reflected mild weather for the first three quarters. Thus far in 4Q23, we note that normal weather patterns have returned to the upper Midwest with average Illinois temperatures below 35 degrees for most of the past three months. Going forward, the company should continue to benefit from cost cutting and favorable rate case decisions, as well as from more moderate wholesale fuel costs, multiyear labor agreements, and improved technology. The company has mixed service territories, with cold winters in Illinois and more moderate weather in the mid-Atlantic region, which can help it to manage costs. We expect Exelon to benefit from economic growth in the Chicago and Philadelphia areas, offset by slower growth and higher unemployment in Baltimore. We expect the strongest segment results at ComEd and BGE, helped by rate increases, with weaker earnings at PECO due to regulatory lag and higher interest expense.

Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare EXC versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- **The scatterplot shows how EXC stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.**
- **The table builds on the scatterplot by displaying more financial information.**
- **The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how EXC might fit into or modify a diversified portfolio.**

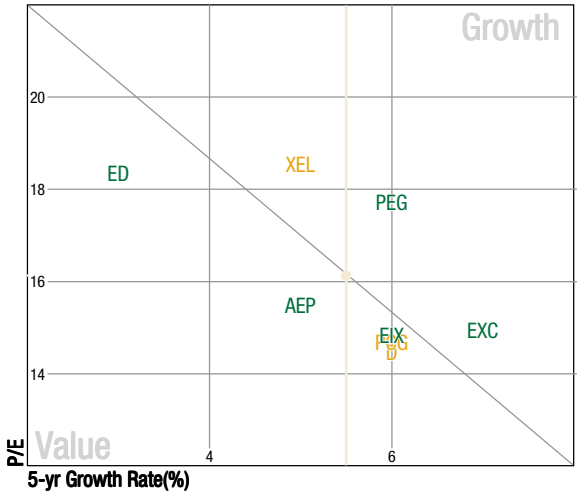

Ticker	Company	Market Cap ($ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
AEP	American Electric Power Co Inc	42,311	5.0	15.5	11.7	6.6	BUY
D	Dominion Energy Inc	40,173	6.0	14.5	9.7	3.6	HOLD
PCG	PG&E Corp.	37,592	6.0	14.7	8.1	12.5	HOLD
EXC	Exelon Corp.	35,208	7.0	14.9	10.2	7.2	BUY
XEL	Xcel Energy, Inc.	34,279	5.0	18.5	11.8	6.3	HOLD
ED	Consolidated Edison, Inc.	31,150	3.0	18.4	15.6	6.7	BUY
PEG	Public Serv Enterprise Grp Inc	31,030	6.0	17.7	23.8	7.7	BUY
EIX	Edison International	26,854	6.0	14.8	8.7	9.1	BUY
Peer Average		**34,825**	**5.5**	**16.1**	**12.4**	**7.5**	

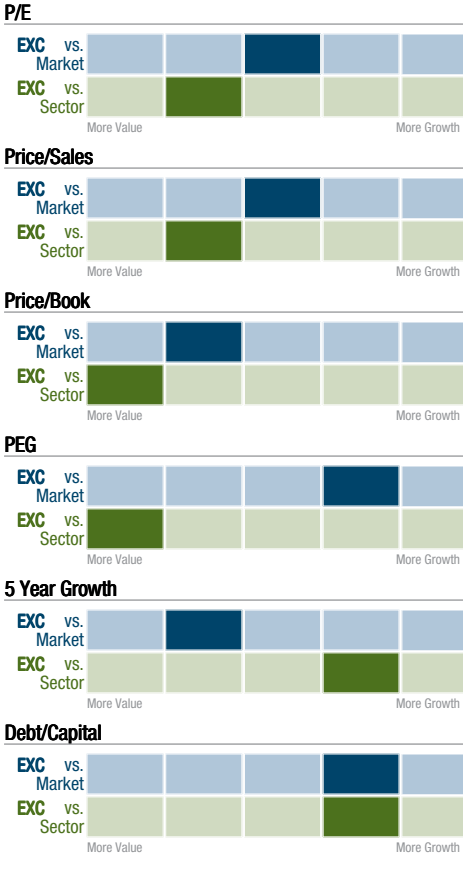

©2023 Argus Research Company

Analyst's Notes ...Continued

We expect the company to rebound from the recent fraud settlement at its ComEd subsidiary which posted solid earnings growth in 3Q23. Overall results tend to be driven by rate increases. In spite of the request to refile for rate increases near Chicago, we expect rates to remain strong through the other territories. We are adjusting our 2023 adjusted operating EPS estimate to reflect the lower-than expected 3Q23 results. Our 2023 operating EPS estimate is $2.37, down from $2.38. We are maintaining our 2024 estimate of $2.54. Our estimates assume a return to normal weather patterns and lower interest rates in the last half of 2024.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Exelon is Medium. Moody's rates the company's debt an investment-grade Baa2. S&P and Fitch rate the company BBB.

At the end of 3Q23, long-term debt was $39.4 billion, up from $35.3 billion at the end of 2022. Cash and equivalents were $300 million, down from $407 million. The long-term debt/cap ratio at the end of 3Q23 was 61%, unchanged from 2Q23 and in line with the peer average, but up from 59% at the end of 2022.

The weighted-average maturity of the company's long-term debt is about 17 years. Long-term regulatory assets totaled $8.1 billion at the end of 3Q23, up from $8.0 billion at the end of 4Q22.

Following the Constellation spinoff, Exelon lowered its quarterly dividend by 12% to $0.3375 per share, or $1.35 annually. It then increased its payout by 6.6% in February 2023. The increase was slightly greater than usual, as the average increase over the last five years has been about 5.5%. The current quarterly dividend of $0.36, or $1.44 annually, yields about 4.1%, above the peer average of 3.7%. Our dividend estimates are $1.44 for 2023 and $1.53 for 2024.

MANAGEMENT & RISKS

Calvin Butler became the company's president and CEO in January 2023 following the retirement of Christopher Crane. Jeanne Jones is the CFO. Exelon has recently added several board members, including Brian Segedi, Ann Richo, Charisse Lillie, and Matthew Rogers. Directors Paul Joskow, Ann Berzin, and Carlos Gutierrez will be leaving at the end of their terms. EXC settled fraud charges against its ComEd subsidiary in Illinois after the close of 2Q23. The civil charges include charges against former ComEd CEO Anne Pramaggiore related to activities in 2011-2019, which will be litigated.

Risks for Exelon shareholders include cooler-than-normal conditions during the summer air-conditioning season and warmer-than-normal temperatures during the winter heating season. The transmission business may also be hurt by extreme weather events. The company also faces regulatory risk.

Utility stocks in general are susceptible to commodity price fluctuations and potential environmental and safety liabilities. In addition, the capital-intensive nature of the utility industry creates ongoing liquidity risk. Utility stock performance also tends to be sensitive to interest rates; when rates rise, utility yields often rise.

COMPANY DESCRIPTION

Exelon Corp. is a leading energy provider, with transmission and distribution operations in the U.S. and headquarters in Chicago. Exelon spun off its generation business, which was about 60% nuclear, as Constellation Energy at the end of 2021. Constellation is now a publicly traded company focused on generation and competitive distribution, while Exelon focuses on regulated transmission and distribution.

Through its regulated utility subsidiaries, Exelon delivers electricity and natural gas to about 10 million customers, primarily in central Maryland (Baltimore Gas & Electric Co.), northern Illinois (ComEd), and southeastern Pennsylvania (PECO). About 90% of EXC's 2022 revenues were from the electricity business and about 42% of earnings were from the largest utility, ComEd. The company plans to cut emissions by 50% by 2030 and to achieve net-zero emissions by 2050. The shares are a component of the S&P 500. The market cap is about $35 billion.

VALUATION

EXC share have fallen about 12% in the past week, largely due to negative regulatory news regarding the company's largest subsidiary. ComEd's earnings growth has been solid and with normal weather patterns returning to the area, the subsidiary should continue to see results until refiling its rate application.

EXC shares are currently trading near the bottom of their 52 week range of $34-$44 and could provide a buying opportunity to interest investors. The share's above average dividend yield also adds to total return.

At current prices near $34, the shares appear undervalued on several key metrics. They are trading at 13.5-times our 2024 adjusted EPS estimate, below the average of 16.5 for Argus-covered utilities. The PEG multiple of 2.3 is below the peer average of 2.9, and the price/sales multiple of 2.0 is below the peer average of 2.3.

While Exelon may continue to face pressure from high interest rates, we believe that the shares offer value based on the company's size and scale. Recent results have been driven by rate increases and further rate decisions are pending. We also like Exelon's focus on renewable energy, cleaner transmission, and decreased volatility following the spinoff of the nuclear generation business. We believe that the current share price offers a favorable entry point and are reiterating our BUY rating with a target price of $50.

On December 19, BUY-rated EXC closed at $35.41, up $0.96.

Please see important information about this report on page 5

©2023 Argus Research Company

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

Argus Research Disclaimer

Argus Research Co. (ARC) is an independent investment research provider whose parent company, Argus Investors' Counsel, Inc. (AIC), is registered with the U.S. Securities and Exchange Commission. Argus Investors' Counsel is a subsidiary of The Argus Research Group, Inc. Neither The Argus Research Group nor any affiliate is a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc. The information contained in this research report is produced and copyrighted by Argus Research Co., and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. In addition, this content is not prepared subject to Canadian disclosure requirements. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance. Argus has provided independent research since 1934. Argus officers, employees, agents and/or affiliates may have positions in stocks discussed in this report. No Argus officers, employees, agents and/or affiliates may serve as officers or directors of covered companies, or may own more than one percent of a covered company's stock. Argus Investors' Counsel (AIC), a portfolio management business based in Stamford, Connecticut, is a customer of Argus Research Co. (ARC), based in New York. Argus Investors' Counsel pays Argus Research Co. for research used in the management of the AIC core equity strategy and model portfolio and UIT products, and has the same access to Argus Research Co. reports as other customers. However, clients and prospective clients should note that Argus Investors' Counsel and Argus Research Co., as units of The Argus Research Group, have certain employees in common, including those with both research and portfolio management responsibilities, and that Argus Research Co. employees participate in the management and marketing of the AIC core equity strategy and UIT and model portfolio products.

Morningstar Disclaimer

© 2023 Morningstar, Inc. All Rights Reserved. Certain financial information included in this report: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: AEE & EXC Illinois Feedback. Capex cuts, rehearing, & legislation?
- **Publication Date/Time** : Tuesday, December 19, 2023 05:14:13 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_id=5c92865e6329d0e8a61f573c0ef70dc8&_doc_product=FRC&_doc_docfn=U2FsdGVkX1%2F8wV99Xi3zT2AHkV4HnrHsFjHGOrnVGZM8wXoU3Moej

This document is hosted on "Barclays" server, please use the URL link provided below to open the actual document

- **Headline** : US Power & Utilities: C-Suite Discussions: EXC IL Follow Up & PCG Dinner
- **Publication Date/Time** : Tuesday, December 19, 2023 01:11:09 PM (GMT)
- **Contributor Name** : Barclays
- **Primary Analyst(s)** : Nicholas Campanella,Fei She,Nathan Richardson
- **Link to Document** : https://viewer.apps.factset.com/?_doc_docfn=U2FsdGVkX1%2B9cCkOvA7q45SIGWj4reUGk2vR9nsd5VT28LMiaSsZdYbck0oLkZP3DG8zbbMKivI81aJth3D%2FBiNK1JZhBY%2BfUXe2f3mJ

Equity Research

Industry Update — December 19, 2023

Utilities

Utility and Infrastructure Daily

Comments on AEE, EXC & DUK

Our Call

Quick thoughts from Wells Fargo Securities, LLC Utility & Infrastructure Team:

Utilities

A Tale of Two States (IL & NC). On 12/18, **AEE & EXC** issued 8-Ks in response to the ICC's adverse electric distribution rate orders on 12/14. In addition, we caught up with AEE CEO Marty Lyons and CFO Michael Moehn yesterday. Recall, the ICC rejected AEE's & EXC's 4-yr Grid Plans and, separately, authorized ROEs (under the MYRPs) that were well below the ALJ proposals - 8.72% for AEE and 8.91% for EXC vs. the ALJ recommendations of 9.24% & 9.28%, respectively.

In reaction to the onerous orders, shares of AEE & EXC have underperformed the S&P Utilities by 900 bps & 1,300 bps, respectively, since 12/13. Both AEE & EXC are still processing the implications and evaluating the next steps, which will likely include seeking re-hearing on several matters followed by potential legal appeals. AEE also indicated that the balance of the orders may prompt "significant reductions" to the company's IL capex & O&M.

We think the timing of the orders will make it difficult for the companies to fully mitigate the '24 EPS impact; particularly since the revenue requirements are premised on historical rate bases until the Grid Plans are sorted out (no timetable for a final order). We also think the orders pose a risk to the companies' long-term EPS CAGR goals. Both AEE & EXC plan to provide '24 EPS guidance, capex refreshes and updated long-term EPS CAGR guidance in conjunction with the Q4 earnings releases.

In our discussion with AEE, mgmt. pointed to potential near-term mitigating actions including cost savings initiatives, re-allocation of capital investment and financing decisions. Lastly, AEE strongly believes the IL Public Utilities Act supports using YE'23 rate base ($4.3B) to set rates once the amount is filed with the ICC. Currently, the ICC is using AEE's YE'22 rate base of $3.9B to set '24-27 rates. We estimate that converting to YE'23 rate base adds $0.06 to '24 EPS power.

Not all is doom and gloom in utility land. Late on 12/15, the NCUC issued a constructive order for **DUK** subsidiary DEC. Notably, the commission approved a 10.1% ROE, which was a modest positive surprise given the NCUC recently authorized DEP (DUK's other NC utility) a 9.8% ROE (August '23). We estimate that the 30 bps higher ROE (relative to our expectation) impacts EPS by ~+$0.05. At the least, the order improves our confidence in our EPS outlook (our 24E & 25E EPS are $6.00 & $6.35).

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Sarah Akers, CFA
Equity Analyst | Wells Fargo Securities, LLC
Sarah.Akers@wellsfargo.com | 314-875-2040

Jonathan Reeder
Equity Analyst | Wells Fargo Securities, LLC
Jonathan.Reeder@wellsfargo.com | 314-875-2052

David Welkener, CFA
Associate Equity Analyst | Wells Fargo Securities, LLC
David.Welkener@wellsfargo.com | 314-875-2054

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

All estimates/forecasts are as of 12/18/2023 unless otherwise stated. 12/19/2023 6:00:00EST. Please see page 4 for rating definitions, important disclosures and required analyst certifications. Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

Company/Ticker/Rating/Price

Ameren Corp. (AEE/Overweight/$18.7B market cap) 12/18/23 closing price: $71.14

Duke Energy (DUK/Overweight/$74.9B market cap) 12/18/23 closing price: $97.17

Exelon Corp. (EXC/Equal weight/$34.3B market cap) 12/18/23 closing price: $34.45

Acronyms

ALJ - Administrative Law Judge

ICC - Illinois Commerce Commission

MYRP - Multi-year Rate Plan

NCUC - North Carolina Utilities Commission

Investment Thesis, Valuation and Risks

Ameren Corporation (AEE)

Investment Thesis

Our Overweight thesis reflects AEE's strong 5-yr annual EPS growth prospects of 6%, long runway of capital investment opportunities (including electric transmission projects in MISO) and management's strong financial track record.

Target Price Valuation for AEE: $84.00

Our $84 price target is based on (1) a P/E analysis ($82/sh) (75%)—apply a 0-5% premium to the '24 Regulated Electric median of ~16.5X on our 25E EPS of $4.85 and (2) a three-stage dividend discount analysis ($89/sh) (25%), which employs a ~8% discount rate.

Risks to Our Price Target and Rating for AEE

Risks include the potential failure to achieve earned returns near the utilities' allowed ROEs, regulatory-related risks, particuarly in IL, and the risk that upside capex opportunities do not materialize as expected.

Duke Energy Corp. (DUK)

Investment Thesis

We rate shares Overweight. After a multi-year period of restructuring/back to basics and underwhelming financial performance, DUK appears poised to deliver a 6%+ EPS CAGR. We also consider DUK's NC & FL regulatory jurisdictions (~75% of earnings) to be above-average.

Target Price Valuation for DUK: $103.00

Our $103/sh price target is based on P/E multiple and dividend discount analyses. We apply a P/E multiple of ~16X, which represents a 0-5% premium to the '24 Large/Mid Cap Regulated Electric peer group median, on our 25E EPS of $6.35. Separately, our DDM supports a price target in excess of $105/sh. Key assumptions include long-term earnings and dividend growth of ~3% and a discount rate of ~8%.

Risks to Our Price Target and Rating for DUK

Risks to our price target include unexpected adverse regulatory outcomes and inability to achieve targeted cost savings (downside risk).

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (7%) and wires-centric asset mix are balanced by modest balance sheet concerns and our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $41.00

Our $41 price target is based on a P/E multiple analysis. We apply a P/E of 15X to our 25E EPS of $2.65. Our multiple represents a 5% discount to the '24 Regulated Electric peer group median as we balance positive features (strong 7% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '24 median to our 25E EPS due to the forward-looking nature of our price target.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

I, Neil Kalton, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

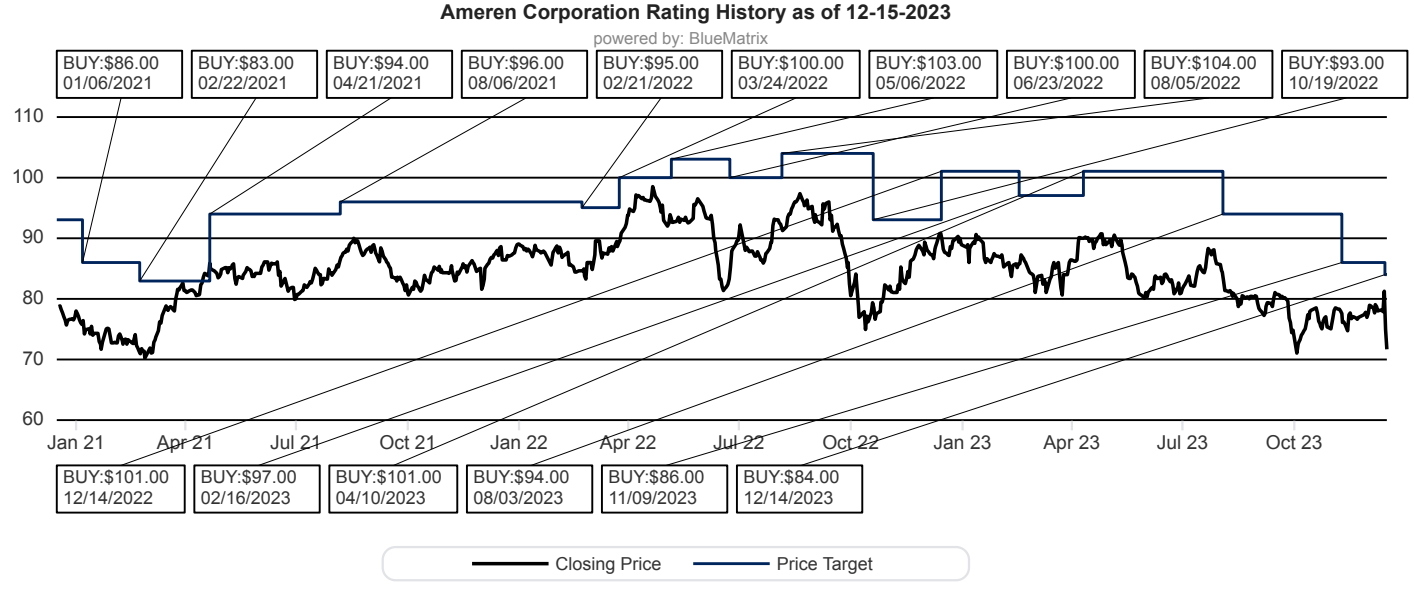

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

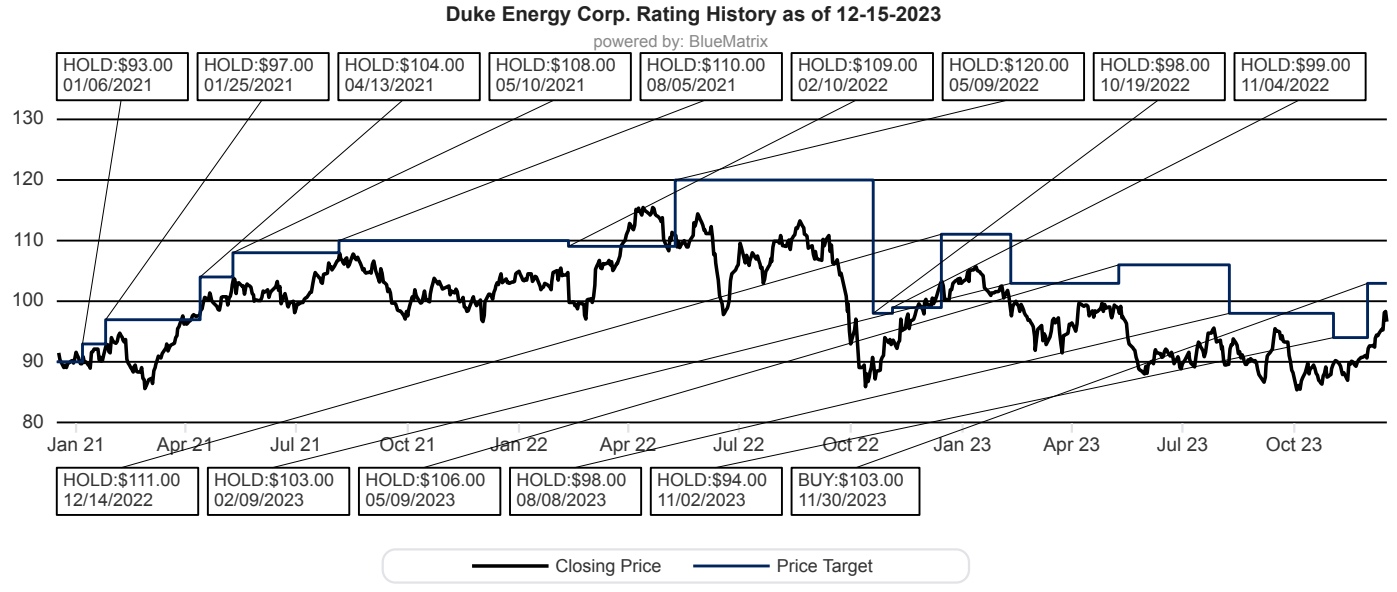

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

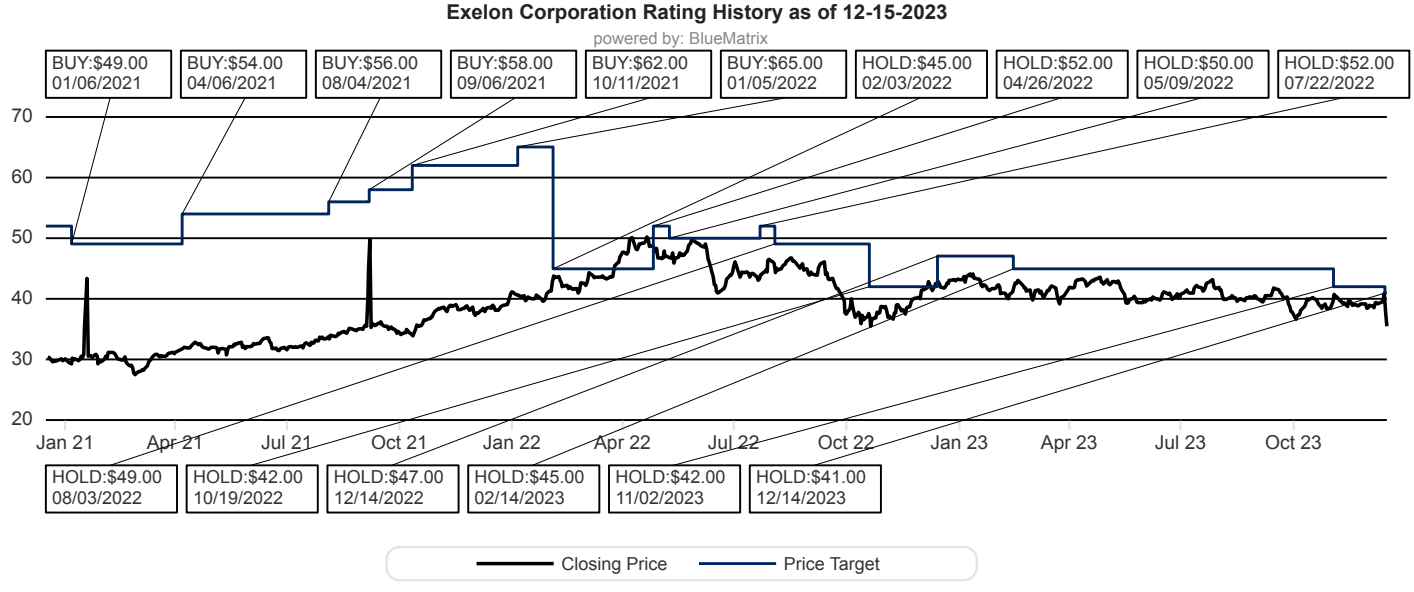

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Ameren Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Ameren Corporation.

Wells Fargo Securities, LLC, maintains a market in the common stock of Ameren Corporation.

Ameren Corporation currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-investment banking securities-related services to Ameren Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Ameren Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Ameren Corporation in the next three months.

Wells Fargo Securities, LLC, received compensation for products or services other than investment banking services from Ameren Corporation in the past 12 months.

Ameren Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-securities services to Ameren Corporation.

Ameren Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Ameren Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Ameren Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Ameren Corporation in the past 12 months.

Wells Fargo Securities, LLC and/or its affiliates, have beneficial ownership of 0.5% or more of any class of the common stock of Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Duke Energy Corp. in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates managed or co managed a public (or 144a) offering of securities for an affiliate of Duke Energy Corp. within the past 12 months.

Wells Fargo Securities, LLC, maintains a market in the common stock of Duke Energy Corp..

Duke Energy Corp. currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-investment banking securities-related services to Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Duke Energy Corp. within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Duke Energy Corp. in the next three months.

A director or officer of Wells Fargo & Company serves on the board of directors of Duke Energy Corp.. Wells Fargo & Company is the parent of Wells Fargo Securities, LLC.

Wells Fargo Securities, LLC, received compensation for products or services other than investment banking services from Duke Energy Corp. in the past 12 months.

Duke Energy Corp. currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-securities services to Duke Energy Corp..

Duke Energy Corp. currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Duke Energy Corp..

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Duke Energy Corp. in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

OW=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

EW=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

UW=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

NR=Not Rated: The rating and price target has been removed due to lack of fundamental basis to support the recommendation or due to legal, regulatory or company policy considerations.

As of December 18, 2023
49.0% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
43.8% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
7.2% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 31.9% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 31.1% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 23.9% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Canadian Investment Regulatory Organization (CIRO) and, Member – Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should seek professional advice, including tax advice, to determine whether any advice or recommendation in the attached research report is suitable for their particular circumstances. The information in this report is provided as of the date of the report and has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. Copyright © 2023 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

EQUITY RESEARCH

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Elias Mingos (Associate)
(212) 266-4040, elias.mingos@rbccm.com

December 18, 2023

Exelon Corporation

The best-laid plans often go astray; target to $38

Our view: EXC's new headline ROE at ComEd by the ICC was dissapointing, but we view the larger risk coming from the denied grid plan. Outlined in the written order are significant deficiencies, and we struggle to see how EXC can find an effective solution inside their three month timeline to refile. Given that, we find it a serious possibility that ComEd's revised grid plan will not be approved in 2024. We also expect significant rate base exemptions when the plan is ultimately approved. Our price target moves to $38 from $45. We maintain our Sector Perform rating.

Key points:

ROE is the headline dissapointment. The approved 8.9% ROE and 50% equity layer is below the implied rate that ComEd would have received under the previous cost of capital mechanism, which was 580bps + 30 year Treasury yield. While the low ROE is an issue, we see more serious long term concerns from EXC's rejected grid plan.

The Grid Plan rejection more serious than a simple refile. While the decision to reject the grid plan outright rather than alter it was not unanimous, all commissioners viewed ComEd's proposal as requiring significant amendments to be compliant with the Climate and Equitable Jobs Act (CEJA). Signed into law in September 2021, CEJA put significant reporting and compliance requirements on grid plans in Illinois. Inside the act, Section 16-105.17(d) lays out eleven requirements for approval, of which the Commission found ComEd did not satisfy multiple.

EIEC benefits will be difficult to prove. CEJA requires the company to bring at least 40% of the plan's benefits to low income and Equity Investment Eligible Communities (EIECs). While ComEd had shown 40% of spending in qualifying areas, the Commission viewed that as unsatisfactory. Noting that "the Grid Plan should measure how effective ComEd's investments are, not just how much the company is spending" in their rejection, the ICC ordered for a system which estimates where benefits are going, not just where they are spent. We are skeptical that any company would be able to create estimates that are satisfactory for the Commission in the time period proposed, especially given the required census tract-level disclosures.

Project level analysis will cause spending to be litigated. We also note the requirement that the grid plan show the optimization of grid assets for proposed system investments. While the Commission did not provide any specific reporting structure that ComEd could follow to satisfy the law, they did note ComEd must show project level cost benefit analysis for every project proposed in the Grid Plan. Additionally, ComEd must provide interconnection costs for distributed energy resources in a new system.

Updating estimates and price target. We lower our 2023–27 adj. EPS estimates to $2.36, $2.44, $2.67, $2.87, and $3.05 from $2.38, $2.51, $2.74, $2.93, and $3.12, respectively. Our price target moves to $38 from $45.

Sector Perform

NYSE: EXC; USD 34.45

Price Target USD 38.00 ↓ 45.00

WHAT'S INSIDE	
☐ Rating/Risk Change	☑ Price Target Change
☐ In-Depth Report	☑ Est. Change
☐ Preview	☑ News Analysis

Scenario Analysis*

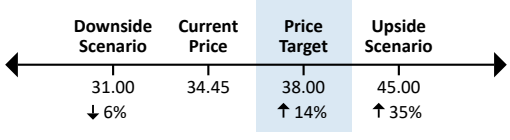

*Implied Total Returns

Key Statistics

Shares O/S (MM):	977.0	Market Cap (MM):	33,658
Dividend:	1.35	Yield:	3.9%
ROE:	9.2%	Tr. 12 ROE:	9.20%
Float (MM):	958.3	Enterprise Val. (MM):	71,226
Debt to Cap:	56%	Avg. Daily Volume:	8,508,733
Institutional Ownership:	80%		

RBC Estimates

FY Dec	2023E	2024E	2025E	2026E
EPS, Adj Diluted	2.36	2.44	2.67	2.87
Prev.	2.38	2.52	2.75	2.95
P/AEPS	14.6x	14.1x	12.9x	12.0x
DPS	1.44	1.55	1.65	1.77
Div Yield	4.2%	4.5%	4.8%	5.1%

EPS, Adj Diluted	Q1	Q2	Q3	Q4
2023	0.70A	0.41A	0.67A	

All values in USD unless otherwise noted.
Priced as of prior trading day's market close, EST (unless otherwise noted).

Disseminated: Dec 18, 2023 23:31EST; Produced: Dec 18, 2023 23:31EST
For Required Conflicts Disclosures, see page 5

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

Exelon Corp.	Shelby G. Tucker, CFA; RBC Capital Markets
Consolidated Income Statement	**+1 (212) 428-6462; shelby.tucker@rbccm.com**

Millions of Dollars Except for Per Share Amounts
Fiscal Year Ending December 31

	2021	2022	2023E	2024E	2025E	2026E	2027E
INCOME STATEMENT							
Total Operating Revenues	**36,347**	**19,078**	**20,451**	**20,827**	**21,497**	**22,525**	**23,524**
Fuel and Purchased Power	**(17,364)**	**(6,373)**	**(6,919)**	**(6,680)**	**(6,505)**	**(6,720)**	**(6,941)**
Gross Margin	**18,983**	**12,705**	**13,532**	**14,147**	**14,992**	**15,805**	**16,582**
Operation & Maintenance	(8,659)	(4,673)	(4,880)	(4,916)	(5,019)	(5,132)	(5,241)
Impairments	-	-	-	-	-	-	-
Depreciation and Amortization	(6,036)	(3,325)	(3,487)	(3,679)	(3,887)	(4,094)	(4,297)
Taxes Other Than Income	(1,766)	(1,390)	(1,374)	(1,422)	(1,475)	(1,526)	(1,573)
Total Operating Expenses	**(33,825)**	**(15,761)**	**(16,660)**	**(16,696)**	**(16,886)**	**(17,472)**	**(18,053)**
Operating Income	**2,522**	**3,317**	**3,791**	**4,131**	**4,611**	**5,053**	**5,470**
Gain on sales of assets	201	(2)	-	-	-	-	-
Gain on consolidation and acquisition of businesses	-	-	-	-	-	-	-
Other, Net	1,056	535	571	571	572	572	573
EBIT	**3,779**	**3,850**	**4,362**	**4,702**	**5,183**	**5,625**	**6,043**
EBITDA	**9,815**	**7,175**	**7,849**	**8,380**	**9,070**	**9,719**	**10,341**
Interest Expense	(1,571)	(1,447)	(1,602)	(1,860)	(2,056)	(2,257)	(2,456)
Interest Expense to Affiliates, net	-	-	-	-	-	-	-
Total Other Income and Deductions	(1,571)	(1,447)	(1,602)	(1,860)	(2,056)	(2,257)	(2,456)
EBT	2,208	2,403	2,760	2,842	3,127	3,368	3,588
Income Taxes	(370)	(349)	(390)	(396)	(436)	(474)	(507)
Effective Tax Rate	16.8%	14.5%	14.1%	13.9%	14.0%	14.1%	14.1%
Income Before Extraordinary and Accounting Changes	1,838	2,054	2,369	2,446	2,690	2,894	3,080
Equity in Earnings (Losses) of Unconsolidated Affiliates	(9)	-	-	-	-	-	-
Net Income	1,829	2,054	2,369	2,446	2,690	2,894	3,080
Income from Discontinued Operations	-	-	-	-	-	-	-
Noncontrolling Interests and BGE Preference Stock Dividends	(123)	116	-	-	-	-	-
Cummulative effect of change in accounting principle	-	-	-	-	-	-	-
Net Income Attributable to common shareholders	**1,706**	**2,170**	**2,369**	**2,446**	**2,690**	**2,894**	**3,080**
Extraordinary Items and GAAP Changes	-	69	-	-	-	-	-
Ongoing Income	**1,706**	**2,239**	**2,369**	**2,446**	**2,690**	**2,894**	**3,080**
Earnings per share:							
Net Income (Diluted)	**$ 1.74**	**$ 2.20**	**$ 2.38**	**$ 2.44**	**$ 2.67**	**$ 2.87**	**$ 3.05**
Ongoing Income (Diluted)	**$ 1.74**	**$ 2.27**	**$ 2.38**	**$ 2.44**	**$ 2.67**	**$ 2.87**	**$ 3.05**
EPS % Growth	-46.0%	30.3%	4.8%	2.8%	9.4%	7.3%	6.3%
Average Shares Outstanding - Basic	979.0	986.0	995.8	1,000.5	1,005.3	1,008.2	1,010.0
Average Shares Outstanding - Diluted	980.0	987.0	996.8	1,001.5	1,006.3	1,009.2	1,011.0
Dividends per common share	1.5300	1.3500	1.4445	1.5456	1.6538	1.7696	1.8934
Dividend Growth	0.00%	-11.76%	7.00%	7.00%	7.00%	7.00%	7.00%
Dividend Payout Ratio	88%	60%	61%	63%	62%	62%	62%

Source: Company Reports, RBC Capital Markets Estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

RBC Capital Markets

Key ESG questions

This section is intended to highlight key ESG discussion points relevant to this company, as well as our views on the outlook. Both the questions we highlight and our responses will evolve over time as the dialogue between management, analysts and investors continues to advance. We welcome any feedback on the topics.

	Our view
How do EXC's utilities rank across peers operationally?	EXC utilities rank in the top quartile of transmission and distribution operators in terms of operating metrics and customer satisfaction scores, according to EXC presentation materials. EXC utility customer bills average modestly below the US average, which we believe has a positive social impact.
What are EXC utilities' key environmental goals?	EXC has committed to a net-zero by 2050 operations goal, with an interim target of 50% by 2030. Post-separation from Constellation, EXC owns no generation supply and enables ~2GW of distributed energy resources. EXC also expects 50% vehicle fleet electrification by 2030. EXC is promoting electrification by advancing EV infrastructure in its operating territories.
What are EXC's key governance matters?	In July 2020, ComEd entered into a two-year deferred prosecution agreement (DPA) with Federal authorities in relation to certain past political lobbying activities. We expect this to produce an overhang for some investors during the course of the DPA.
What is diversity like at the management/board level?	As of 2022, 92% of board members (including Board Chair) are independent. 33% of Board of Directors are women while 22% are ethnically diverse.
What environmental disclosures does EXC provide?	EXC provides disclosures on GRI standards, SASB standards, EEI/AGA ESG templates, and scope 1-3 emissions information.

Shelby Tucker, CFA (212) 428-6462; shelby.tucker@rbccm.com

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

Target/Upside/Downside Scenarios

Exelon Corporation

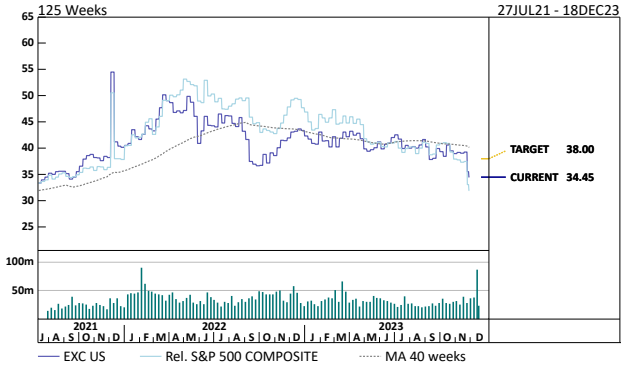

Source: Bloomberg and RBC Capital Markets estimates for Target

Valuation

Our $38 price target assumes a 14.2x P/E multiple on 2025E utilities EPS of $2.67. Our multiple reflects a 15% discount to our base case blended electric and gas multiple of 18.6x. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR after 2024 and 7–8% rate base CAGR), we note the considerable regulatory overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Upside scenario

Upside scenario of $45. We assume that 30-bps improvement in overall ROE leads to $93M higher net income and 2025 EPS of $2.77. We then apply a 20% discount to our upside blended electric and gas multiple of 18.6x, resulting in an equity per share value of $45.

Downside scenario

Downside scenario of $31. We assume that higher O&M and lower ROE reduce 2025E EPS to $2.58. We also expect ComEd to face significant issues in receiving approval for their grid plan, delaying recovery on invested capital and slowing down future rate base growth. We apply a 5% discount on our downside blended electric and gas multiple of 12.8x. We give consideration to rate recovery benefits from operations outside of Illinois and formula rates.

Investment summary

Exelon returns to a fully regulated T&D utility after a successful spinoff of its generation unit Constellation. One-third of Exelon's earnings comes from its primary utility, ComEd, which benefits from low-cost nuclear power generation. Regulatory hurdles in Illinois have become significantly higher, as lower ROEs and increased scrutiny on grid investments reduce earnings and delay capital spending plans. Over the 5-year period ending 2027, we project EPS CAGR of 6.6% and recognize headwinds in 2023 and 2024. In the near-term, we await the approval of ComEd's once denied Grid Plan, which could slip into 2025.

Potential catalysts

- Approval of further multiyear rate plans
- Favorable rate case decision on ComEd leading to material increase in allowed ROE
- Equity issuances at favorable prices leading to less-than-expected dilution
- Management announces accretive utility transactions and further improves balance sheet

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Adverse grid plan rulings continue
- Credit metrics deteriorate due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Regulatory overhang softens

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

RBC Capital Markets

Company description

Exelon is one of the largest power companies in the U.S. Its six T&D utilities (ComEd, PECO, BG&E, PEPCO, DPL, ACE) serve more than 10 million electric and gas customers in DE, DC, IL, NJ, PA, and MD. Exelon operates 11,160 miles of regulated electric transmission lines and expects to have a total rate base of $52 billion by 2022. EXC separated from its generation business, Constellation, in February 2022.

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 30-Sep-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	820	55.97	250	30.49
HOLD [Sector Perform]	590	40.27	148	25.08
SELL [Underperform]	55	3.75	5	9.09

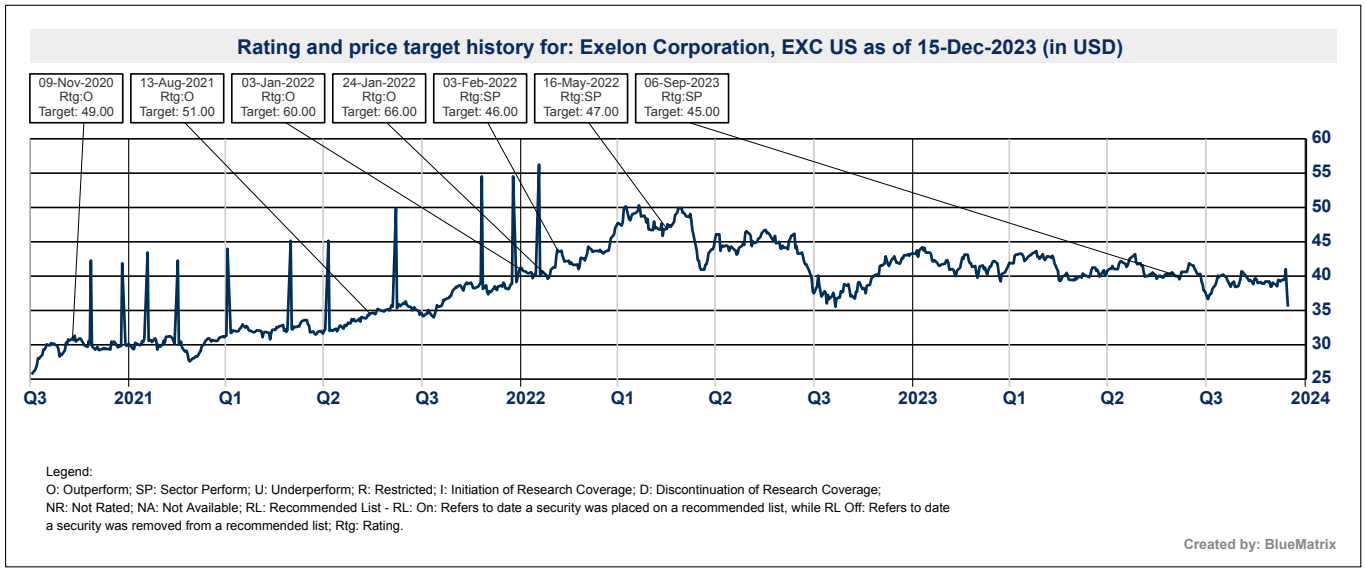

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List. As of April 3, 2023, U.S. RBC Wealth Management's quarterly reports will serve as the primary communication for its models and will highlight any changes to the model made during the quarter.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $38 price target assumes a 14.2x P/E multiple on 2025E utilities EPS of $2.67. Our multiple reflects a 15% discount to our base case blended electric and gas multiple of 18.6x. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR after 2024 and 7–8% rate base CAGR), we note the considerable regulatory overhang and lower ROE at ComEd. Our

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

price target supports a Sector Perform rating.

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Adverse grid plan rulings continue
- Credit metrics deteriorate due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Regulatory overhang softens

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:
This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not “professional investors”, as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not “accredited investors” and “institutional investors”, as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & Clean Tech >> PowerPoints: DUK NC Rate Case, XEL CO Resource Plan, SPWR Going Concern, EXC
- **Publication Date/Time** : Monday, December 18, 2023 05:50:51 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_docfn=U2FsdGVkX18raCjt1mDEjElWzHCzaXXqY%2BN0LhyC0oJrutfvp12LE7%2BmywP43LnkUBtdaZIWB%2B4qNt1rHztzgL4nGYlfJ2J4%2Bw6x66RX

North American Utilities

IL Have a Blue Christmas: AEE & EXC on CEJA's Naughty List with Lower ROEs; Downgrade to Neutral

AEE and **EXC** took the spotlight last week after both receiving challenging ICC rate orders and grid plan rejections due to a deemed inability to sufficiently follow CEJA guidelines (particularly related to affordability and cost effectiveness), driving elevated confusion and casting significant concern over the state's regulatory backdrop and support for utilities. While valuations have slipped since the orders, we view the sell-off as warranted given the authorized ROEs' material EPS headwind to both utilities and material new overhang from to-be-decided MYRP capex that carries potentially additional earnings downside risk. Here, the grid plan refilings reduce rate base visibility, given the ICC indicated that total rate base and methodology will be subject to change after the commission reviews each refiled grid plan. The rulings have raised larger investor questions as to why IL granted electric utilities a lower authorized ROE than gas when CEJA mandates a significant electrification build out and as to the overall attractiveness of IL as a regulatory jurisdiction. Given the significant disappointment in the outcomes and likely extended IL uncertainty, we see a difficult path for both names to outperform in 2024, underpinning our downgrades to Neutral for each.

- **AEE: IL double whammy with electric hit now following gas.** We downgrade Ameren to Neutral from Overweight, following back-to-back lower than expected IL electric and gas rate case outcomes. On Thursday, the ICC granted an 8.72% electric authorized ROE, notably below the ALJ's 9.24% recommendation. The ruling comes roughly a month after the ICC granted a disappointing 9.44% gas ROE (down from 9.67%). This well below average electric ROE now challenges broader market hope that state electric system goals would drive a more favorable electric rate case outcome. While AEE has historically had stronger MO regulatory relationships and MO represents the majority of the company's YE 2022 rate base (51% vs 29% for IL electric/gas), we believe the two consecutive ROE hits will be difficult to backfill by reallocating investment, at least in the near-term. Though we note AEE's very good management track record, given the lower 8.72% ROE, temporary extension of YE 2022 rate base, and likely trimming of IL electric capex, we expect investors will be wary of underwriting IL risk until greater clarity emerges on forward earnings power and the potential for a growth re-base, all factors inconsistent with the company's prior premium (now eroded net of lower earnings from this outcome). As it currently stands, this overhang appears set to continue well into 2024 while the ICC reviews a revised grid plan.
- **EXC: CEJA's future ain't what it used to be.** We downgrade Exelon to

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com

Robin L Shillock
(1-212) 622-8223
robin.shillock@jpmchase.com
J.P. Morgan Securities LLC

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price ($)	Rating Cur	Rating Prev	Price Target Cur	Price Target End Date	Price Target Prev	Price Target End Date
Ameren Corporation	AEE US	18,879.34	71.73	N	OW	80.00	Dec-24	89.00	n/c
Exelon Corp.	EXC US	35,383.53	35.49	N	OW	41.00	Dec-24	46.00	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 15 Dec 23.

See page 8 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Neutral from Overweight, following ComEd's unsupportive rate order, which we see both challenging the utility's growth profile (relative to peers at similar valuations) and underpinning a negative inflection point for IL's increasingly challenged regulatory environment. Here, ComEd's authorized 8.905% ROE stands well below both the ALJ's 9.28% recommendation and national averages. While the recent sell-off has widened EXC's discount (net of lower earnings for the prospective IL ROE and capex hits), we do not see any convincing upside cases, particularly as 1) IL's MYP structure locks in ComEd's rates for the next four years, 2) any ultimate appeal could span 2024+, and 3) ComEd's rate base growth now merits caution, as uncertainty looms over potential distribution capex revisions in the grid plan refiling. Lastly, EXC's relatively low FFO/debt serves as yet another headwind to valuation upside, now exacerbated by these IL changes.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Adj. EPS Estimate Changes

$		FY23E			FY24E		
Company	**BBG Ticker**	**Prev**	**Cur**	**Δ**	**Prev**	**Cur**	**Δ**
Ameren Corporation	AEE US	4.37	4.37	(0.04%)	4.68	4.53	(3.25%)
Exelon Corp.	EXC US	2.37	2.37	0.01%	2.51	2.36	(6.11%)

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Investment Thesis, Valuation and Risks

Ameren Corporation *(Neutral; Price Target: $80.00)*

Investment Thesis

We downgrade Ameren to Neutral from Overweight, following back-to-back lower than expected IL electric and gas rate case outcomes. On Thursday, the ICC granted an 8.72% electric authorized ROE, notably below the ALJ's 9.24% recommendation. The ruling comes roughly a month after the ICC granted a disappointing 9.44% gas ROE (down from 9.67%). This well below average electric ROE now challenges broader market hope that state electric system goals would drive a more favorable electric rate case outcome. While AEE has historically had stronger MO regulatory relationships and MO represents the majority of the company's YE 2022 rate base (51% vs 29% for IL electric/gas), we believe the two consecutive ROE hits will be difficult to backfill by reallocating investment, at least in the near-term. Though we note AEE's very good management track record, given the lower 8.72% ROE, temporary extension of YE 2022 rate base, and likely trimming of IL electric capex, we expect investors will be wary of underwriting IL risk until greater clarity emerges on forward earnings power and the potential for a growth re-base, all factors inconsistent with the company's prior premium (now eroded net of lower earnings from this outcome). As it currently stands, this overhang appears set to continue well into 2024 while the ICC reviews a revised grid plan.

Valuation

We lower our Dec 2024 price target to $80/share from $89, based on an SOTP valuation using our 2025 estimates. The MO, IL electric, IL gas, and transmission segments are valued at 15.6-18.7x multiples, and we apply a 16.4x multiple to AEE's corporate segment. Among these, we value the transmission segment at a 25% premium to peers, given the notable opportunities in AEE's MISO footprint not yet in the plan. Following the recent IL regulatory outcomes, lower estimates and premiums relative to peers contribute to our revised price target.

Risks to Rating and Price Target

- While the company appears well positioned to execute its investment program under PISA, Missouri continues to feature unanticipated regulatory risks that have impacted local peer utilities. Although these rulings have not involved Ameren, it remains to be seen if these or other issues impact the company's current rate case or subsequent filings.
- IL electric ratemaking remains subject to a transition off prior formula rates. Depending on final capital evaluations, the IL commission may authorize a grid plan that drives higher or lower capex, and subsequently earnings, relative to our estimates.
- Given Ameren's relatively limited use of parent leverage and balance sheet headroom at current ratings, parent debt could be used to drive accretion even at elevated transaction multiples. This could result in higher-than-anticipated ongoing equity financing requirements after the company's balance sheet headroom is utilized. Additionally, the ability to realize EPS accretion through debt-funded transactions may not necessarily lead to meaningful shareholder value creation at current sector valuations.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Investment Thesis, Valuation and Risks

Exelon Corp. *(Neutral; Price Target: $41.00)*

Investment Thesis

We downgrade Exelon to Neutral from Overweight, following ComEd's unsupportive rate order, which we see both challenging the utility's growth profile (relative to peers at similar valuations) and underpinning a negative inflection point for IL's increasingly challenged regulatory environment. Here, ComEd's authorized 8.905% ROE stands well below both the ALJ's 9.28% recommendation and national averages. While the recent sell-off has widened EXC's discount (net of lower earnings for the prospective IL ROE and capex hits), we do not see any convincing upside cases, particularly as, 1) IL's MYP structure locks in ComEd's rates for the next four years, 2) any ultimate appeal could span 2024+, and 3) ComEd's rate base growth now merits caution, as uncertainty looms over potential distribution capex revisions in the grid plan refiling. Lastly, EXC's relatively low FFO/debt serves as yet another headwind to valuation upside, now exacerbated by these IL changes.

Valuation

We lower our Dec 2024 price target to $41/share from $46/share based on an SOTP valuation using our 2024 estimates. We use an average 15.6x P/E multiple for the regulated utility and corporate business segments, in line with peers. Our lower price target stems from reduced ComEd earnings estimates and a new offset to the multiple introduced to reflect IL regulatory risk.

Risks to Rating and Price Target

- Regulated electric and gas utilities are subject to strict federal and state regulation, including determinations of allowed revenues. Any change to regulations may cause future earning power to differ materially from current expectations.
- Legacy ComEd issues bring up the potential for negative headline risk if new information comes to light.
- The company possesses attractive leverage to growing electrification trends. However, if these investments develop slower or faster than we anticipate, it could lead to a weaker / stronger earnings outlook than we currently forecast.

Jeremy Tonet, CFA [AC]
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Ameren Corporation: Summary of Financials

Income Statement - Annual	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	**6,394**	**7,957**	**8,029**	**8,719**	**9,058**
COGS	(1,629)	(2,677)	(2,641)	(2,696)	(2,696)
Gross profit	**4,765**	**5,280**	**5,388**	**6,023**	**6,362**
SG&A	(2,286)	(2,476)	**(2,393)**	**(2,362)**	**(2,385)**
Adj. EBITDA	**2,681**	**3,030**	**3,297**	**3,825**	**4,141**
D&A	(1,146)	(1,289)	(1,396)	(1,525)	(1,583)
Adj. EBIT	**1,535**	**1,741**	**1,901**	**2,300**	**2,557**
Net Interest	(383)	(486)	(572)	(681)	(752)
Adj. PBT	**1,152**	**1,255**	**1,328**	**1,619**	**1,805**
Tax	(157)	(176)	(172)	(382)	(428)
Minority Interest	(5)	(5)	(4)	(6)	(6)
Adj. Net Income	**990**	**1,074**	**1,153**	**1,231**	**1,372**
Reported EPS	3.84	4.14	4.37	4.53	4.90
Adj. EPS	**3.84**	**4.14**	**4.37**	**4.53**	**4.90**
DPS	**2.20**	**2.36**	**2.52**	**2.68**	**2.86**
Payout ratio	57.2%	57.0%	57.7%	59.2%	58.3%
Shares outstanding	258	260	264	272	280

Income Statement - Quarterly	1Q23A	2Q23A	3Q23A	4Q23E
Revenue	**2,062A**	**1,760A**	**2,060A**	**2,147**
COGS	(816)A	(522)A	(460)A	(843)
Gross profit	**1,246A**	**1,238A**	**1,600A**	**1,304**
SG&A	(575)A	(574)A	(617)A	(627)
Adj. EBITDA	**749A**	**746A**	**1,084A**	**718**
D&A	(320)A	(335)A	(369)A	(372)
Adj. EBIT	**429A**	**411A**	**715A**	**346**
Net Interest	(127)A	(134)A	(152)A	(159)
Adj. PBT	**302A**	**277A**	**563A**	**186**
Tax	(37)A	(38)A	(69)A	(28)
Minority Interest	(1)A	(2)A	(1)A	0
Adj. Net Income	**264A**	**237A**	**493A**	**159**
Reported EPS	1.00A	0.90A	1.87A	0.60
Adj. EPS	**1.00A**	**0.90A**	**1.87A**	**0.60**
DPS	**0.63A**	**0.63A**	**0.63A**	**0.63**
Payout ratio	62.8%A	70.0%A	33.7%A	105.2%
Shares outstanding	263A	263A	263A	266

Balance Sheet & Cash Flow Statement	FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	155	216	0	0	0
Accounts receivable	820	1,100	1,022	1,022	1,022
Other current assets	993	1,352	859	1,051	1,247
Current assets	**1,968**	**2,668**	**1,881**	**2,073**	**2,269**
PP&E	29,261	31,262	33,426	35,701	37,991
Other non current assets	4,506	3,974	4,592	4,650	4,708
Total assets	**35,735**	**37,904**	**39,899**	**42,423**	**44,967**
Short term borrowings	1,050	1,410	2,189	2,535	2,631
Payables	1,095	1,159	955	955	955
Other short term liabilities	681	797	873	873	873
Current liabilities	**2,826**	**3,366**	**4,017**	**4,363**	**4,459**
Long-term debt	12,562	13,685	13,820	14,555	15,442
Other long term liabilities	10,518	10,216	10,599	10,940	11,328
Total liabilities	**25,906**	**27,267**	**28,435**	**29,857**	**31,229**
Shareholders' equity	9,700	10,508	11,335	12,437	13,609
Minority interests	129	129	129	129	129
Total liabilities & equity	**35,735**	**37,904**	**39,899**	**42,423**	**44,967**
BVPS	**37.64**	**40.11**	**42.47**	**45.20**	**48.09**
y/y Growth	*6.7%*	*6.6%*	*5.9%*	*6.4%*	*6.4%*
Net debt/(cash)	13,457	14,879	16,009	17,089	18,073
Cash flow from operating activities	**1,661**	**2,263**	**2,544**	**2,938**	**3,179**
o/w Depreciation & amortization	1,219	1,438	1,435	1,525	1,583
o/w Changes in working capital	(788)	(494)	(263)	(192)	(195)
Cash flow from investing activities	**(3,528)**	**(3,370)**	**(3,539)**	**(3,890)**	**(3,964)**
o/w Capital expenditure	(3,479)	(3,351)	(3,440)	(3,835)	(3,909)
as % of sales	*54.4%*	*42.1%*	*42.8%*	*44.0%*	*43.1%*
Cash flow from financing activities	**1,721**	**1,168**	**1,053**	**606**	**991**
o/w Dividends paid	(570)	(615)	(667)	(729)	(799)
o/w Net debt issued/(repaid)	1,989	962	1,162	735	1,190
Net change in cash	**(146)**	**61**	**58**	**(346)**	**206**
Adj. Free cash flow to firm	**(1,487)**	**(670)**	**(397)**	**(376)**	**(156)**
y/y Growth	*29.3%*	*(54.9%)*	*(40.7%)*	*(5.3%)*	*(58.7%)*

Ratio Analysis	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	74.5%	66.4%	67.1%	69.1%	70.2%
EBITDA margin	41.9%	38.1%	41.1%	43.9%	45.7%
EBIT margin	24.0%	21.9%	23.7%	26.4%	28.2%
Net profit margin	15.5%	13.5%	14.4%	14.1%	15.1%
ROE	10.6%	10.6%	10.6%	10.4%	10.5%
ROA	2.9%	2.9%	3.0%	3.0%	3.1%
ROCE	6.1%	6.1%	6.3%	6.2%	6.4%
SG&A/Sales	35.8%	31.1%	29.8%	27.1%	26.3%
Net debt/equity	1.4	1.4	1.4	1.4	1.3
P/E (x)	18.7	17.3	16.4	15.8	14.6
P/BV (x)	1.9	1.8	1.7	1.6	1.5
EV/EBITDA (x)	5.0	4.9	4.9	4.5	4.4
Dividend Yield	3.1%	3.3%	3.5%	3.7%	4.0%
Sales/Assets (x)	0.2	0.2	0.2	0.2	0.2
Interest cover (x)	7.0	6.2	5.8	5.6	5.5
Operating leverage	55.9%	54.9%	1006.6%	244.4%	288.1%
Revenue y/y Growth	10.4%	24.4%	0.9%	8.6%	3.9%
EBITDA y/y Growth	6.1%	13.0%	8.8%	16.0%	8.3%
Tax rate	13.6%	14.0%	12.9%	23.6%	23.7%
Adj. Net Income y/y Growth	13.7%	8.5%	7.4%	6.8%	11.4%
EPS y/y Growth	9.7%	7.7%	5.6%	3.7%	8.2%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Jeremy Tonet, CFA [AC]
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Exelon Corp.: Summary of Financials

Income Statement - Annual	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	**16,698**	**19,078**	**21,318**	**21,546**	**22,151**
COGS	(5,201)	(6,373)	(7,753)	(7,752)	(7,752)
Gross profit	**11,497**	**12,705**	**13,565**	**13,794**	**14,399**
SG&A	(5,395)	(6,063)	**(6,081)**	**(5,974)**	**(6,006)**
Adj. EBITDA	**6,363**	**7,175**	**7,859**	**8,061**	**8,634**
D&A	(3,033)	(3,325)	(3,504)	(3,614)	(3,715)
Adj. EBIT	**3,330**	**3,850**	**4,355**	**4,447**	**4,918**
Net Interest	(1,274)	(1,447)	(1,729)	(1,869)	(1,997)
Adj. PBT	**2,056**	**2,403**	**2,626**	**2,579**	**2,921**
Tax	(145)	(349)	(329)	(225)	(254)
Minority Interest	(1)	0	0	0	0
Adj. Net Income	**2,047**	**2,239**	**2,360**	**2,354**	**2,667**
Reported EPS	2.09	2.27	2.37	2.36	2.66
Adj. EPS	**2.09**	**2.27**	**2.37**	**2.36**	**2.66**
DPS	**1.53**	**1.35**	**1.44**	**1.54**	**1.65**
Payout ratio	73.2%	59.5%	60.8%	65.3%	61.9%
Shares outstanding	980	987	996	998	1,002

Income Statement - Quarterly	1Q23A	2Q23A	3Q23A	4Q23E
Revenue	**5,563A**	**4,818A**	**5,980A**	**4,957**
COGS	(2,091)A	(1,727)A	(2,397)A	(1,538)
Gross profit	**3,472A**	**3,091A**	**3,583A**	**3,419**
SG&A	(1,506)A	(1,521)A	(1,570)A	(1,484)
Adj. EBITDA	**2,075A**	**1,709A**	**2,094A**	**1,981**
D&A	(860)A	(866)A	(890)A	(888)
Adj. EBIT	**1,215A**	**843A**	**1,204A**	**1,093**
Net Interest	(412)A	(427)A	(437)A	(453)
Adj. PBT	**803A**	**416A**	**767A**	**640**
Tax	(134)A	(73)A	(67)A	(55)
Minority Interest	0A	0A	0A	0
Adj. Net Income	**696A**	**408A**	**671A**	**585**
Reported EPS	0.70A	0.41A	0.67A	0.59
Adj. EPS	**0.70A**	**0.41A**	**0.67A**	**0.59**
DPS	**0.36A**	**0.36A**	**0.36A**	**0.36**
Payout ratio	51.5%A	87.9%A	53.5%A	61.3%
Shares outstanding	996A	996A	997A	996

Balance Sheet & Cash Flow Statement	FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	1,619	1,090	1,000	1,000	1,000
Accounts receivable	5,126	3,561	3,314	3,314	3,314
Other current assets	7,212	2,685	3,347	3,695	4,081
Current assets	**13,957**	**7,336**	**7,661**	**8,009**	**8,395**
PP&E	84,219	69,076	73,358	76,687	80,701
Other non current assets	34,837	18,937	19,362	19,680	19,998
Total assets	**133,013**	**95,349**	**100,381**	**104,375**	**109,095**
Short term borrowings	6,703	4,388	3,374	3,374	3,374
Payables	4,136	3,382	2,684	2,684	2,684
Other short term liabilities	5,272	2,841	2,742	2,742	2,742
Current liabilities	**16,111**	**10,611**	**8,800**	**8,800**	**8,800**
Long-term debt	35,714	35,662	40,651	43,462	46,770
Other long term liabilities	46,393	24,332	25,223	25,448	25,702
Total liabilities	**98,218**	**70,605**	**74,674**	**77,710**	**81,272**
Shareholders' equity	34,393	24,744	25,707	26,665	27,822
Minority interests	402	0	0	0	0
Total liabilities & equity	**133,013**	**95,349**	**100,381**	**104,375**	**109,095**
BVPS	**35.13**	**24.89**	**25.83**	**26.69**	**27.75**
y/y Growth	*5.2%*	*(29.1%)*	*3.8%*	*3.3%*	*4.0%*
Net debt/(cash)	40,798	38,960	43,025	45,836	49,144
Cash flow from operating activities	**3,012**	**4,870**	**4,651**	**5,527**	**5,931**
o/w Depreciation & amortization	7,573	3,533	3,504	3,614	3,715
o/w Changes in working capital	(5,565)	(1,667)	(1,118)	(347)	(387)
Cash flow from investing activities	**(3,317)**	**(6,990)**	**(7,303)**	**(6,943)**	**(7,730)**
o/w Capital expenditure	(7,981)	(7,147)	(7,328)	(6,943)	(7,730)
as % of sales	*47.8%*	*37.5%*	*34.4%*	*32.2%*	*34.9%*
Cash flow from financing activities	**758**	**1,591**	**2,562**	**1,415**	**1,799**
o/w Dividends paid	(1,497)	(1,334)	(1,432)	(1,537)	(1,651)
o/w Net debt issued/(repaid)	1,841	4,236	4,921	2,811	3,308
Net change in cash	**453**	**(529)**	**(90)**	**0**	**0**
Adj. Free cash flow to firm	**(3,785)**	**(1,040)**	**(1,165)**	**291**	**25**
y/y Growth	*58.3%*	*(72.5%)*	*12.0%*	*(124.9%)*	*(91.5%)*

Ratio Analysis	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	68.9%	66.6%	63.6%	64.0%	65.0%
EBITDA margin	38.1%	37.6%	36.9%	37.4%	39.0%
EBIT margin	19.9%	20.2%	20.4%	20.6%	22.2%
Net profit margin	12.3%	11.7%	11.1%	10.9%	12.0%
ROE	6.1%	7.6%	9.4%	9.0%	9.8%
ROA	1.6%	2.0%	2.4%	2.3%	2.5%
ROCE	4.2%	4.6%	5.7%	5.7%	5.9%
SG&A/Sales	32.3%	31.8%	28.5%	27.7%	27.1%
Net debt/equity	1.2	1.6	1.7	1.7	1.8
P/E (x)	17.0	15.6	15.0	15.0	13.3
P/BV (x)	1.0	1.4	1.4	1.3	1.3
EV/EBITDA (x)	11.9	10.3	10.0	10.1	9.8
Dividend Yield	4.3%	3.8%	4.1%	4.3%	4.6%
Sales/Assets (x)	0.1	0.2	0.2	0.2	0.2
Interest cover (x)	5.0	5.0	4.5	4.3	4.3
Operating leverage	69.2%	109.6%	111.7%	197.9%	377.6%
Revenue y/y Growth	(49.3%)	14.3%	11.7%	1.1%	2.8%
EBITDA y/y Growth	(30.3%)	12.8%	9.5%	2.6%	7.1%
Tax rate	7.1%	14.5%	12.5%	8.7%	8.7%
Adj. Net Income y/y Growth	(35.0%)	9.4%	5.4%	(0.2%)	13.3%
EPS y/y Growth	(35.2%)	8.6%	4.4%	(0.4%)	12.8%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Ameren Corporation, Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Ameren Corporation, Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Ameren Corporation, Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Ameren Corporation, Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Ameren Corporation, Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Ameren Corporation, Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Ameren Corporation, Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Ameren Corporation, Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Ameren Corporation, Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Ameren Corporation, Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures , calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Ameren Corporation (AEE, AEE US) Price Chart

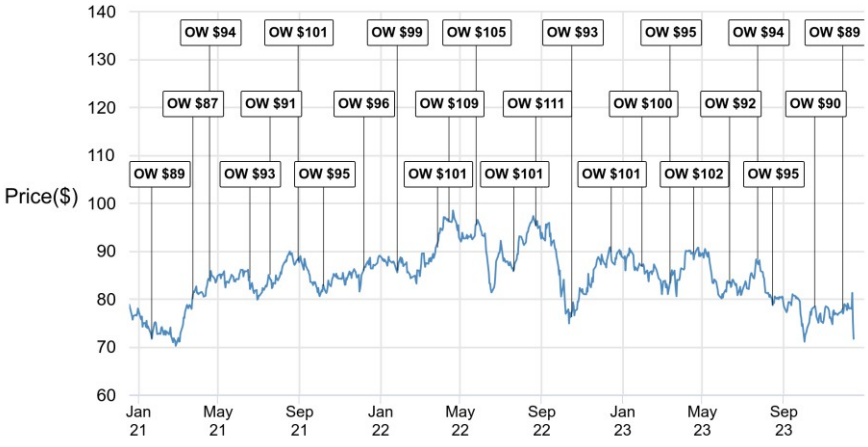

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Dec 04, 2003. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
22-Jan-21	OW	71.74	89
24-Mar-21	OW	79.98	87
19-Apr-21	OW	84.24	94
18-Jun-21	OW	84.49	93
19-Jul-21	OW	85.06	91
30-Aug-21	OW	88.02	101
08-Oct-21	OW	82.72	95
07-Dec-21	OW	85.94	96
26-Jan-22	OW	85.98	99
28-Mar-22	OW	90.78	101
14-Apr-22	OW	96.25	109
25-May-22	OW	95.51	105
21-Jul-22	OW	85.85	101
24-Aug-22	OW	95.34	111
17-Oct-22	OW	76.25	93
15-Dec-22	OW	89.79	101
31-Jan-23	OW	86.91	100
14-Mar-23	OW	83.31	95
18-Apr-23	OW	89.74	102
12-Jun-23	OW	83.36	92
24-Jul-23	OW	88.29	94
16-Aug-23	OW	78.76	95
18-Oct-23	OW	78.40	90
29-Nov-23	OW	77.85	89

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45
27-Dec-22	OW	43.04	49
25-Jan-23	OW	41.51	48
08-Mar-23	OW	41.00	47
21-Apr-23	OW	43.00	50
06-Jun-23	OW	39.98	46
15-Aug-23	OW	40.08	48
18-Oct-23	OW	40.06	46

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), Kodiak Gas Services, Inc. (KGS), MPLX LP (MPLX), NextEra Energy Inc. (NEE), NorthWestern Energy (NWE), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

J.P. Morgan Equity Research Ratings Distribution, as of October 07, 2023

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	47%	39%	14%
IB clients**	47%	45%	33%
JPMS Equity Research Coverage*	46%	41%	13%
IB clients**	65%	64%	51%

***Please note that the percentages may not add to 100% because of rounding.**
****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.**
For purposes of FINRA ratings distribution rules only, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Canadian Investment Regulatory Organization and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A.,

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Spurthi Gadamsetty; spurthi.gadamsetty@jpmchase.com; +912261573225. Grievance Officer: Ramprasadh K, jpmipl.research.feedback@jpmorgan.com; +912261573000.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 030/08/2023 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring: https://www.jpmorgan.com/disclosures/email

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2023. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to msci.com/disclaimer

"Other Disclosures" last revised October 21, 2023.

Copyright 2023 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan. It is strictly prohibited to use or share without prior written consent from J.P. Morgan any research material received from J.P. Morgan or an authorized third-party ("J.P. Morgan Data") in any third-party artificial intelligence ("AI") systems or models when such J.P. Morgan Data is accessible by a third-party. It is permissible to use J.P. Morgan Data for internal business purposes only in an AI system or model that protects the confidentiality of J.P. Morgan Data so as to prevent any and all access to or use of such J.P. Morgan Data by any third-party.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Completed 18 Dec 2023 02:50 AM EST

Disseminated 18 Dec 2023 10:55 AM EST

KeyBanc Capital Markets

Alert

December 18, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AEE, POR, SO, DTE, D, ETR, FE, EXC, WEC, XEL, CEG, DUK, AEP, CNP, SRE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

ICYMI, the ICC issued a final order in AEE and EXC's multi-year rate cases. This week, we are tracking proceedings in POR's electric rate case, FERC's Open Meeting, SO's Vogtle cost recovery docket, CMS' electric rate case, D's IRP in VA, ETR's SERI proceedings, and FE's WV electric rate case. In other news, the IL ICC issues a final order in EXC's multi-year rate case; the MD PSC issues a final decision in BGE's electric and gas rate cases; the IL ICC denies WEX's motion for clarification regarding its 2024 safety modernization program; the AR PSC issues a final order in ETR's FRP proceedings; the CO PUC verbally approves an alternative portfolio for XEL; a Russian state-owned uranium company warns U.S. utilities of a potential ban; TX PUC Commissioner Adams resigns; and DUK issues an RFP for 5 GW of resources.

ICYMI

AEE — The ICC issued its decisions in AEE's (as well as EXC's) multiyear rate cases, which came in with ROEs below national averages and stakeholders' recommendations, wholesale rejection of grid investments over the forecast period, and was punctuated by hostility toward IL utilities. While IL represents a smaller portion of AEE's business, our preliminary calculation suggests that the impacts of the IL order are nonetheless materially negative to AEE's growth rate in the near and medium term. Read more here.

What to Watch Before Year End

We anticipate several regulatory filings and material announcements that can occur and move shares before the year-end. Those include:

DUK — Final order in DEC rate case: As a reminder, DUK has reached several partial settlements agreeing to a $19.5B rate base, the treatment of nuclear PTCs, a three-year grid investment plan, and smaller items. The ROE, capital structure, and COVID deferrals are some of the more notable items outstanding and will be left up to the commission for a final decision. We expect the final outcome to align with the DEP rate case, which authorized a 9.8% ROE and 53% equity.

PNW — ALJ to file a ROO might come in late 2023/early 2024: We expect the ALJ to issue a Recommended Opinion and Order in the near term (late-2023/early-2024). APS updated its request to a $376M net revenue increase in initial briefs, down from $460M in its original request, while maintaining the 10.25% ROE and 51.93% equity layer. In reply briefs, Staff supported the system reliability benefit (SRB) mechanism as modified in PNW's initial briefs, as long as Staff is involved earlier in the process and can review all projects during future rate case proceedings. PNW addressed several concerns in the SRB in its initial brief filing after spending more time discussing the idea with intervenors and stakeholders. The SRB proposes to track capital and derisk some projects that need to reliably serve load while reducing the number of rate cases PNW files and the regulatory lag. Staff also supported the continuation of the fixed-cost recovery mechanism and maintained its 9.68% ROE recommendation. As a reminder, new rates are expected to go into effect the first of the month following an ACC order, likely at some point in 1Q24.

AEP — Expect a deal announcement for the sale of NM JV: The Company indicated earlier this fall that it was close to signing a contract for its New Mexico Renewable Development JV, with a deal expected by year-end. The deal is a part of the broader effort to sell non-core assets, and in total AEP embedded ~$700M of sale proceeds int the 2024 cash flow assumptions.

ES — Expect a deal announcement for Revolution and Sunrise offshore wind projects: The Company indicated earlier this fall that the deal to sell these two projects may come before year-end.

CMS — Gas GRC to be filed by end of December: In its last gas rate case, CMS reached a settlement for a $95M revenue increase, premised on a 9.9% ROE and 50.75% equity. CMS was also authorized a $214M allowance for the enhanced infrastructure replacement program (EIRP) to replace a minimum of 110.8 miles of installed main replacements by the end of September 2024. CMS implemented an OPEB volatility mechanism to smooth out the impact on earnings by creating a regulatory asset/liability for future recovery or credit to customers compared to the amounts included in rates. New rates will go into effect on October 1, 2023.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

PEG — GRC to be filed by the end of December: The process in NJ takes 9-12 months and the Company does not expect that the filing will show any significant rate increase request. ~45% of PEG's rate base has various tracker/rider-related recovery mechanisms, which is trued up annually under formula rates. The balance will be covered by the rate case. Debt service costs aggregated over the past five years should imply no major change in the upcoming rate case and the Company has managed O&M effectively as well through AMI implementation, etc., so that should not be a substantial change either. Cost recovery for Hurricane Sandy will roll off, but will be replaced by COVID-related spending. Much of the capital to be presented in the rate case has received prudency approvals from the BPU and will simply be rolled into rates. The rate case will also present customer bill relief as the ZEC payments end in 2025. Also included in the rate filing will be a request for smoothing the impact from market-related volatility on pensions.

AGR, PNM — Waiting for the Court ruling? The Companies are waiting on the NM Supreme Court decision on their appeal to turn the PNM merger decision back to the commission, which, if granted, would turn the case back to the NM Commission. There's no definitive timeline for the decision, but it is worth watching at the end of the year.

Regulatory Calendar

POR — Final order in POR's electric rate case is due on December 18: POR, OR PUC Staff, the OR CUB, and others reached a sixth and final settlement, resolving all outstanding issues in the electric rate case. The settlement agrees to a $391M (net $208M) revenue increase, premised on 9.5% ROE, 50% equity, and a $6.2B rate base. The authorized revenue increase includes $183M of power costs and reflects POR's updated load forecast. Parties also agreed to adjust the Power Cost Adjustment Mechanism (PCAM) to allow POR to recover 80% of reliability contingency event (RCE) costs that are above POR's forecast in its annual tariff, with the remaining 20% of RCE costs flowing through the existing PCAM. While POR requested that 100% of the expenses during RCE be recoverable, the updated mechanism mitigates some volatility associated with power costs during periods of region-wide capacity constraints. The settlement also includes a vegetation management tracker that POR requested. New rates are expected to go into effect on January 1, 2024.

FERC — FERC's Open Meeting is scheduled for December 19: A copy of the Sunshine Notice is included here.

SO — GA PSC set to vote on Vogtle cost recovery on December 19: Parties reached a settlement that GP's forecasted total construction and capital cost for the project stands at $10,188M and that any additional project construction capital cost above $7,562M is the Company's responsibility and not the ratepayers'. If approved by the GA PSC, this agreement will resolve all prudency review issues with respect to Vogtle. Once Unit 4 is in commercial operation, GP will include the remaining $5,462M of project construction costs in rate base. The stipulation specifies the depreciation rate and other relevant matters. GP will continue to file the semiannual VCM reports until Unit 4 reaches commerciality but no testimony or hearings related to them will be required. Unit 4 is expected to enter commercial operations in March 2024.

DTE — A proposed decision in CMS's MI electric rate case is due on December 21: CMS seeks a $169M revenue increase on a forward test year with an ROE of 10.25% and a 51.5% equity ratio. Aside from the regular items, the request includes an Investment Recovery Mechanism (IRM) tracker with the intent of ring-fencing certain investments, including those for reliability and resiliency, to make it easier to track the performance of these investments. The Company has a similar regulatory mechanism in place at the gas utility, which has grown over time. Once set in place, the mechanism could allow more timely recovery of storm costs (targeting a starting allowance of ~$100M). CMS included ~$107M in Service Restoration costs in the test year and proposed a Symmetric Performance Incentive Mechanism that would return the unspent balance to ratepayers and accrue excesses as deferrals. Also included is a request for approval of a pension/OPEB volatility mechanics, to smooth out the impact of pension expenses over time. As expected, the filing includes a request for an undergrounding pilot to convert 10.3 miles of overhead lines to underground. An ALJ PD is expected on December 21.

D — Briefs in D's VA IRP are due on December 21: The ALJ recommended the SCC find that D's IRP was not reasonable given its short-term action plan calling for 970 MW of natural gas by 2028, and does not fully consider all in-state and regional resources as alternatives. The ALJ does not believe D should be required to file a new IRP but recommended the Company hire a third party to conduct a load-forecast analysis and verify D's projected forecasted load growth prior to its next IRP filing. D should also include a scenario analysis that models D's participation and exit of the RGGI. An SCC order is expected in the near term. As a reminder, D filed rebuttal testimony noting that it incorporated PJM's load forecast into its data center forecast and defended the credibility of its forecasts since they incorporate EE and DR programs and use county-by-county load forecasts based on customer commitments. The 2023 IRP covers the 15-year period starting in 2024-2038 using 2023 as the base year. The 25-year planning period extends to 2048. The plan considers PJM-projected annual peak and energy load growth of 5% and 7% over the next decade, respectively, driven by data centers and less so by electrification trends. D is projecting the addition of ~20 GW of resources in the 15-year period and ~32 GW (net of retirements) in the 25-year period. We wrote on D's initial IRP filing here.

ETR — Intervenor testimony in SERI proceedings is due on December 22: The SERI proceedings are about two-thirds resolved following AR's settlement, on terms that were similar to those achieved with the MS commission. SERI is trying to capitalize on the momentum to reach settlements with the outstanding jurisdictions. Specifically, ETR believes New Orleans is more incentivized to

Sophie Karp (917) 368-2361 / sophie.karp@key.com

agree to a settlement, which could help with progress in the discussions with LA, as the only remaining party after NOLA. If LA does not agree to a settlement, the proceedings could be protracted but much of the overhang would already be removed. Hearings for Track III are set to begin January 13, 2025, and an initial decision is due July 28.

FE — Rebuttal testimony in FE's WV electric rate case is due on December 22: Staff recommended a revenue increase of $81M (net $55M), including a $104M revenue increase for Mon Power and a $24M revenue decrease for PE. The recommendation is premised on equity layers for Mon Power and PE of 44.32% and 47.9684%, respectively, while using a 9.44% ROE for both. Staff also recommended including the roll-in of $25M for the vegetation management surcharge, resulting in a net $55M increase. Staff did not support the Infrastructure Investment Program but suggested the Company file a separate proceeding for the program, which seeks to invest ~$90M from 2024-2026. Overall, Staff's recommendation compares to FE's combined request for a $207M revenue increase ($222M for Mon Power, -$15M for PE), premised on a 10.85% ROE and 49.18% equity. Staff's update to depreciation expenses to reflect plant balances as of June 30, 2022, is the primary driver of the delta, which aligns with the settlement in a separate case related to the depreciation accrual rates (Docket: 23-0030-E-D). FE initially calculated the depreciation expenses using a 13-month average. Additionally, the lower equity layers and ROE contributed to the delta. A WV PSC final decision is expected in 1Q24.

Recent Developments for Companies Under Our Coverage

From our midweek: CNP files an electric rate case in IN; EXC files the settlement details in its DE electric rate case; VA ALJ recommends the SCC deny D's VA IRP; PJM awards $5B of transmission projects as part of its RTEP W3 process; Cardinal-Hickory Creek transmission line owners announce the energization of the eastern portion of the line; SO announces Chris Womack as the executive chairman of the board; AGR begins rolling out smart meters for NY State customers; and EIA releases its December Short-Term Energy Outlook.

EXC — ICC issues a final order in EXC's multi-year rate case: The ICC issued a final order authorizing a $506M revenue increase for 2024-2027, premised on an 8.9% ROE and 50% equity. The order is similar to the final order in AEE's case (read more about our AEE downgrade and the IL regulatory climate here), where the ICC rejected the entirety of the grid plan and kept the rate base flat from the last authorized level, or $13.8B in EXC's case. EXC will have three months to refile its grid plan. The final order compares to the ALJ's PD recommending a $1,175M revenue increase, premised on a 9.28% ROE. In briefs, EXC updated its request to a $1,499M revenue increase over the 2024-2027 period while proposing to defer ~$339M for future recovery. EXC's request was premised on gradual increases in its ROE (10.5-10.65%) and equity layers (50.58-51.19%) through the four years. New rates are expected to go into effect January 1, 2024.

EXC — MD PSC issues final decision in BGE electric and gas multi-year plans: The MD PSC issued a final order authorizing electric and gas revenue increases of $179M and $228M, respectively, premised on ROEs of 9.5% and 9.45% for the electric and gas operations, respectively. The PSC denied BGE's request for performance incentive mechanisms, citing the design and costs as outweighing the customer benefits. BGE filed the request seeking a net $314M electric and a $290M gas rate increase over 2024-2026 based on a 10.4% ROE and 52% equity. The lower ROEs were the primary driver of the delta, while lower authorized rate bases and a difference in depreciation related to the electric assets contributed. The multi-year rate plans were the second such filings for BGE in MD, but the PSC will investigate where it makes sense to continue the process. The OPC recommended a single-year rate case in its testimony. New rates are expected to go into effect January 1, 2024, with step ups in 2025 and 2026.

WEC — ICC denies WEC's motion for clarification on 2024 safety modernization program: The ICC issued an order denying WEC's motion for clarification related to the disallowance of the 2024 Safety Modernization Program (SMP). WEC filed the emergency motion following the ICC's final order that disallowed $265M related to spending for the SMP for the 2024 test year and paused the program (read more about the final order here). WEC requested permission to continue ~$134M of work in 2024 for the interest of public safety and system reliability. Specifically, ~$29M is related to emergency work with $47M and $31M related to uncompleted and system improvement work, respectively. As part of its final order in Peoples Gas's rate case, the ICC placed the SMP on hold until a separate proceeding determines the method and capital investment required to replace high-risk pipe. The proceeding will be initiated by February 1, 2024. PGL is in the process of replacing ~2K miles of Chicago's aging natural gas pipeline infrastructure through the SMP and was authorized to recover the costs through the QIP rider. The QIP is set to expire at the end of 2023, and PGL was not seeking an extension to the rider and would seek cost recovery through future rate cases. PGL's projected average annual investment through 2025 is between $280M and $300M. While the ICC's decision on WEC's gas utilities was relatively restrictive, we expect WEC to redirect capital to WI, until such time that IL figures out its priorities with respect to gas system safety investment (which might be in 2025 or beyond).

ETR — The AR PSC issues final order approving settlement in ETR's FRP: The AR PSC issued a final order adopting the settlement in ETR AR's 2023 formula rate plan. ETR is authorized an $87.7M revenue increase, comprised of a $49.8M deficiency for the 2022 historical test year and a $129.0M deficiency for the 2024 forecast year, although state law only allows a 4% maximum revenue increase. Settling parties included ETR, the AR PSC Staff, the Office of the AR Attorney General, and others. ETR AR submitted the FRP application seeking approval of an $89M electric revenue requirement, including $50M for the 2022 historical test year and $81M for the 2024 forecast year, limiting ETR to the $89M request given the 4% revenue constraint. New rates will go into effect on January 2, 2024.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

XEL — CO PUC verbally approves XEL's resource portfolio plan: The CO PUC verbally approved an alternative portfolio for XEL that includes 5,835 MW of resources. The portfolio comprises renewable resources and only proposes 669 MW of natural gas. XEL would own 3,133 MW of resources and acquire the remaining 2,702 MW through PPAs. Based on the plan, XEL expects to invest $4.8B. The approved alternative portfolio compares to the Preferred Plan XEL filed with the PUC in October, which proposed 7,192 MW of total resources and 4,787 MW of XEL-owned resources. XEL's preferred plan offered the potential for $10.8B of investments for generation resources and transmission capacity upgrades. If accepted entirely, XEL's preferred plan would have been $7.6B of incremental capital opportunity to XEL's $34B 2024-2028 plan. The Just Transition Plan filing provides the potential for incremental resources and capital investments. XEL plans to make that filing by June 1, 2024.

CEG, D, DUK — Tenex warns U.S. customers of potential uranium export bans: According to reports, Tenex warned U.S. utilities of a potential ban on exporting nuclear fuel to the U.S. Tenex is a Russian state-owned uranium company. According to the reports, if Congress were to pass legislation prohibiting imports of nuclear fuel from Russia beginning in 2028, Russia would preemptively implement a ban on exports to the U.S. Russia was the number one foreign supplier to the U.S. in 2022, providing almost ~25% of enriched uranium. The U.S. operates 93 nuclear plants. See our report on the Nuclear Renaissance, where we offer a detailed breakdown of the uranium supply chain.

AEP, CNP, ETR, SRE, XEL — PUCT Adams resigns from position: Commissioner Adams announced his anticipated resignation from the TX PUC. Mr. Adams departure will leave two vacancies on the five-member commission. As a reminder, Chair Lake resigned from his role in August. Adams and Lake both joined the PUC in April 2021 following the shake-up of the PUC in the aftermath of the February 2021 winter storm. Recall that the TX legislature voted to expand the number of commissioners at the PUCT from three to five as part of the regulatory overhaul following the response to Winter Storm Uri (Governor Abbott signed SB 2154 into law in June 2021). Under the new law, PUCT commissioners must be TX residents, registered voters, and well-informed in public utilities and utility regulations. In TX, we are actively following XEL's TX electric rate case.

DUK — DUK issues RFP for 5 GW of resources in IN: DUK issued an RFP seeking 2,500 MW of intermittent resources and 2,500 MW of non-intermittent resources. The intermittent generation can include renewable generation plus battery storage, while DUK is seeking natural gas generation and stand-alone battery storage for the non-intermittent resources. DUK is flexible on the locations of the projects, but prefer projects that are deliverable to MISO Zone 6. The resources should all be on-line no later than the end of 2032. RFP bids for the intermittent resources are due February 9 and the non-intermittent resources are due February 23.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
OR	Portland General Electric Co.	POR	D-UE-416	Electric	12/18/2023	Commission Order Expected
	Federal Energy Reg Comm	FERC			12/19/2023	Open Meeting
GA	Georgia Power Co.	SO	Docket #29849	Nuclear	12/19/2023	Commission Decision
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	12/20/2023	Settlement Deadline
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	12/21/2023	Proposed Decision Due
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	12/21/2023	Post Hearing Briefs
	System Energy Resources Inc.	ETR	FERC EL21-56		12/22/2023	Complainants and Intervenors Testimony
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	12/22/2023	Rebuttal Testimony Due
NM	Avangrid, PNM Resources	AGR			12/31/2023	Revised Merger Agreement deadline
MI	Consumers Energy Co.	CMS		Natural Gas	12/31/2023	Gas Rate Case Filing Expected
NJ	Public Service Electric and Gas Co.	PEG			12/31/2023	Rate Case Filing Expected
NJ	Public Service Electric and Gas Co.	PEG			12/31/2023	2024 EPS Guidance Expected
OR	Portland General Electric Co.	POR	D-UE-416	Electric	1/1/2024	Rates Effective
NJ	Jersey Cntrl Power & Light Co	FE	D-ER23030144	Electric	1/8/2024	Evidentiary Hearings Begin
OR	Portland General Electric Co.	POR	LC80	IRP	1/9/2024	Parties Comments on Staff Report
CT	Aquarion Water	ES	HHB-CV23-6078177-S	Water	1/11/2024	Hearings on Aquarion Appeal

Source: Company filings, regulatory filings, S&P Market Intelligence, KBCM

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Price	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Target	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	19.7	Sector Weight	NA	$71.73	3.5%	57%	4.41	4.72	5.01	16.3x	15.2x	14.3x	4.38	4.68	5.03	16.4x	15.3x	14.3x
AEP	American Electric Power Company In	43.8	Sector Weight	NA	$82.23	4.1%	64%	5.26	5.58	5.93	15.6x	14.7x	13.9x	5.28	5.60	5.96	15.6x	14.7x	13.8x
CMS	CMS Energy Corp	17.2	Overweight	$60	$57.98	3.4%	63%	3.05	3.34	3.73	19.0x	17.4x	15.5x	3.10	3.34	3.60	18.7x	17.4x	16.1x
D	Dominion Energy Inc	41.1	Sector Weight	NA	$48.48	5.5%	93%	2.83	2.85	3.27	17.1x	17.0x	14.8x	2.87	3.13	3.45	16.9x	15.5x	14.0x
ETR	Entergy Corp	21.8	Overweight	$108	$100.88	4.3%	64%	6.71	7.20	7.70	15.0x	14.0x	13.1x	6.74	7.20	7.73	15.0x	14.0x	13.1x
ES	Eversource Energy	22.2	Sector Weight	NA	$61.82	4.4%	63%	4.33	4.60	4.89	14.3x	13.4x	12.6x	4.34	4.57	4.81	14.3x	13.5x	12.9x
ED	Consolidated Edison Inc	31.7	Underweight	$73	$89.85	3.6%	65%	5.07	5.24	5.57	17.7x	17.1x	16.1x	5.01	5.29	5.59	17.9x	17.0x	16.1x
EIX	Edison International	27.0	Sector Weight	NA	$70.05	4.2%	63%	4.72	5.09	5.59	14.8x	13.8x	12.5x	4.70	5.12	5.61	14.9x	13.7x	12.5x
EXC	Exelon Corp	37.7	Sector Weight	NA	$35.49	4.1%	62%	2.36	2.55	2.70	15.0x	13.9x	13.1x	2.36	2.51	2.72	15.0x	14.2x	13.1x
FE	FirstEnergy Corp	21.7	Overweight	$41	$36.98	4.3%	62%	2.56	2.63	2.85	14.4x	14.1x	13.0x	2.54	2.66	2.84	14.6x	13.9x	13.0x
PEG	Public Service Enterprise Group Inc	31.4	Sector Weight	NA	$61.54	3.7%	66%	3.48	3.69	4.01	17.7x	16.7x	15.3x	3.46	3.69	4.08	17.8x	16.7x	15.1x
SO	Southern Co	78.0	Sector Weight	NA	$70.86	3.9%	77%	3.56	4.23	4.34	19.9x	16.8x	16.3x	3.60	4.03	4.32	19.7x	17.6x	16.4x
WEC	WEC Energy Group Inc	26.7	Overweight	$94	$82.46	3.8%	68%	4.62	4.91	5.27	17.8x	16.8x	15.6x	4.61	4.91	5.25	17.9x	16.8x	15.7x
XEL	Xcel Energy Inc	34.5	Overweight	$62	$61.58	3.4%	62%	3.36	3.59	3.88	18.3x	17.2x	15.9x	3.36	3.58	3.84	18.3x	17.2x	16.1x
					Average:	**4.0%**	**66%**				**16.7x**	**15.6x**	**14.4x**				**16.6x**	**15.5x**	**14.4x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.8	Sector Weight	NA	$34.87	5.3%	81%	2.30	2.42	2.64	15.2x	14.4x	13.2x	2.28	2.43	2.57	15.3x	14.3x	13.6x
NWE	NorthWestern Corp	3.2	Overweight	$59	$50.83	5.0%	84%	3.04	3.49	3.73	16.7x	14.6x	13.6x	3.05	3.52	3.70	16.7x	14.4x	13.8x
OTTR	Otter Tail Corp	3.3	Sector Weight	NA	$78.89	2.2%	25%	6.85	4.37	3.62	11.5x	18.1x	21.8x	6.86	4.09	3.76	11.5x	19.3x	21.0x
PNW	Pinnacle West Capital Corp	8.5	Sector Weight	NA	$73.72	4.7%	82%	4.44	4.93	5.16	16.6x	15.0x	14.3x	4.25	4.89	5.12	17.3x	15.1x	14.4x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$43.00	4.4%	72%	2.55	2.96	3.19	16.9x	14.5x	13.5x	2.62	3.04	3.19	16.4x	14.1x	13.5x
					Average:	**4.3%**	**69%**				**15.4x**	**15.3x**	**15.3x**				**15.4x**	**15.5x**	**15.2x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	13.1	Sector Weight	NA	$32.86	5.4%	83%	2.13	2.32	2.46	15.4x	14.2x	13.4x	2.11	2.31	2.48	15.6x	14.3x	13.3x
NEE	Nextera Energy Inc	128.8	Sector Weight	NA	$61.50	3.0%	60%	3.13	3.40	3.62	19.6x	18.1x	17.0x	3.13	3.40	3.66	19.6x	18.1x	16.8x
SRE	Sempra	48.1	Sector Weight	NA	$75.22	3.2%	52%	4.50	4.77	5.14	16.7x	15.8x	14.6x	4.57	4.80	4.94	16.5x	15.7x	15.2x
					Average:	**3.9%**	**65%**				**17.3x**	**16.0x**	**15.0x**				**17.2x**	**16.0x**	**15.1x**
		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	36.9	Sector Weight	NA	$118.75	1.0%	18%	3,949	4,067	3,946	11.4x	10.8x	10.9x	3,927	4,155	4,138	11.4x	10.6x	10.4x
NRG	NRG Energy Inc	10.9	Not Covered	NA	$48.76	3.1%	32%	NA	NA	NA	NA	NA	NA	3,122	3,265	3,281	6.3x	6.2x	4.3x
VST	Vistra Corp	13.4	Not Covered	NA	$37.68	2.2%	20%	NA	NA	NA	NA	NA	NA	3,985	4,378	4,334	6.7x	6.2x	6.0x
					Average:	**2.1%**	**23%**				**11.4x**	**10.8x**	**10.9x**				**8.2x**	**7.7x**	**6.9x**

Source: Thomson Reuters, Company Reports, KBCM Estimates

Figure 3 - Stock Price Performance

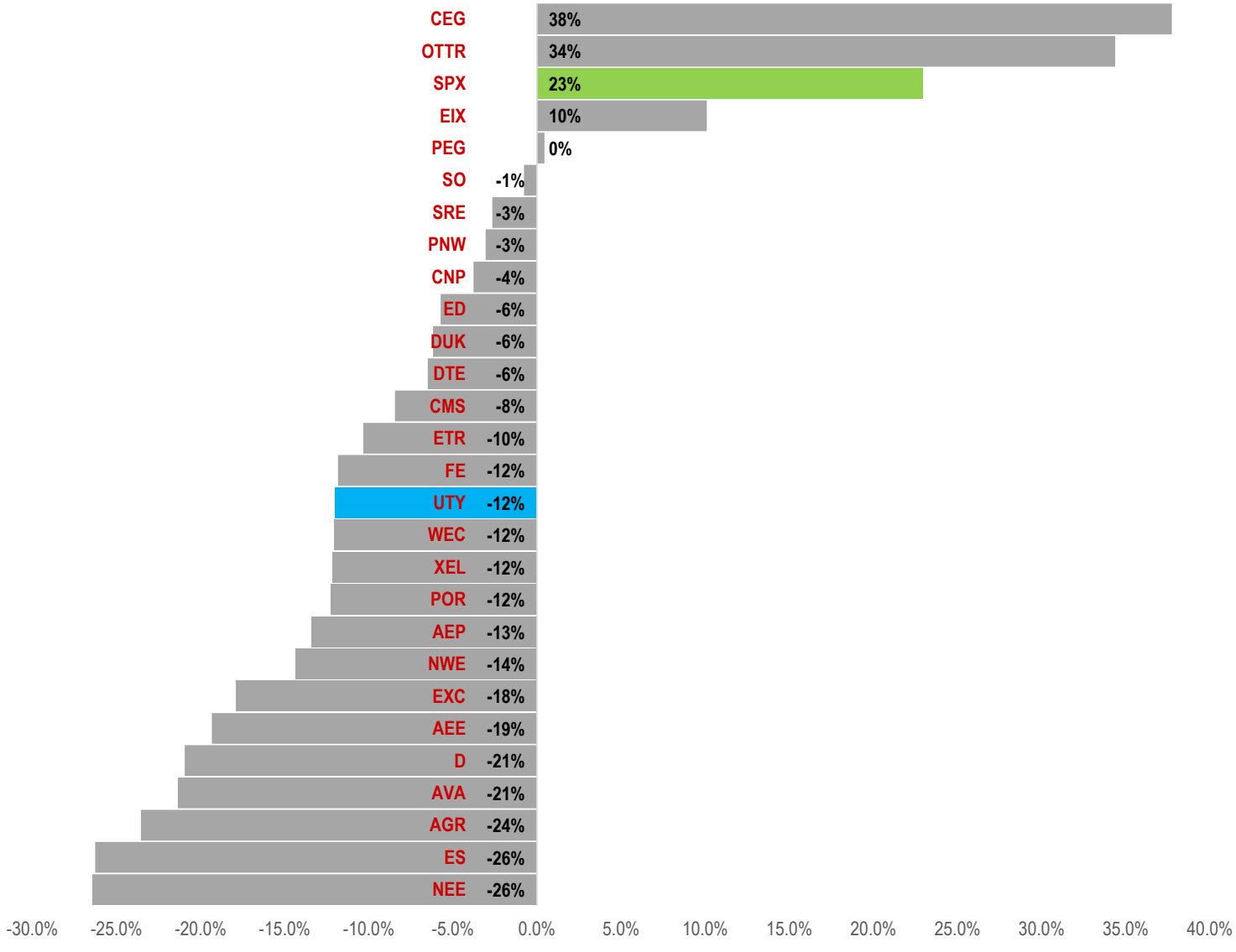

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Select Recent Research

EEI Day Three: Notes from Meetings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	239	47.90	43	17.99
Sector Weight [SW]	255	51.10	42	16.47
Underweight [UW]	5	1.00	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	19	76.00
Sector Weight [SW]	31	54.39	11	35.48
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

This document is hosted on "Morgan Stanley" server, please use the URL link provided below to open the actual document

- **Headline** : AEE and EXC: Backing Off Illinois; Downgrading EXC to EW
- **Publication Date/Time** : Monday, December 18, 2023 05:12:50 AM (GMT)
- **Contributor Name** : Morgan Stanley
- **Primary Analyst(s)** : David Arcaro
- **Link to Document** : https://viewer.apps.factset.com/?_doc_product=FRC&_doc_docfn=U2FsdGVkX1%2FXg3UV1ae8b3B0Xy95gpG9CRU3k1OhG3rt%2FKagcg%2BBD%2FGd4wSS1Gza8o%2BYzoybxM6zSaHI

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Eleanor Firestein (Senior Associate)
(212) 428-6543, eleanor.firestein@rbccm.com
Kevin Patel (Senior Associate)
(212) 428-5442, kevin.patel@rbccm.com
Elias Mingos (Associate)
(212) 266-4040, elias.mingos@rbccm.com

December 17, 2023

WATTS COOKING? Weekly

Topics: Ute strength/EXC/SO/CMS; NERC; WEC

Our view: Weekly developments that we found to be of interest.

WATTS on Your Mind

This past week, investors continued to focus on a lowering interest rate environment that may be favorable to utilities.Most investors still call for a soft landing. As we wrote in last week's WATTS Cooking, generalists have been doing work on utilities and were rewarded for it when the Fed Chairman Powell called for moderation of the Fed Fund. Unfortunately, Illinois spoiled the party with a rate case decision of **EXC** and **AEE** (Not Rated) that every investor viewed as nonsensical. It is a stark reminder for many investors that not every utility is the same and a constructive regulatory environment is preferred. Hence, many of the conversations focused on **SO**, **CMS**, **WEC**, and even **NEE** (given how supportive Florida is).

WATTS on Our Mind

Wednesday, the North American Electric Reliability Corporation (NERC) released its Long-Term Reliability Assessment report. It flagged many elevated or high-risk regions projected to face risks due to accelerated electrification, decarbonization efforts, and generation retirements, leading to capacity shortfalls, low reserve margins, and increased usage distribution generation. MISO and the SERC-Central regions were labeled as high-risk areas facing a near-term capacity shortfall. The report highlights the dependence on natural gas fuel supplies, which can fall short during periods of subfreezing temperatures. NERC's recommendation called for the increased usage of reliable generation sources and accelerating additions to transmission capacity. **Our view: To support reliability, we do not foresee a shift in coal retirement timelines, although some units may see slightly extended timelines. Rather, we expect a further push for weatherization for gas plants and an acceleration of battery storage deployment. From a transmission perspective, we anticipate a push for inter-regional connectivity.**

On the back of EXC's and AEE's adverse decisions by the Illinois Commission (ICC), we would note that WEC's Peoples Gas' request to reverse a portion of its November decision, including the pipeline Safety Modernization Program (SMP), was rejected. WEC requested authorization for a $134M spending program in 2024 to wrap up pipeline projects underway. Last month, the commission ordered a spending pause on the SMP in addition to disallowing $236M of investment costs and authorized a ROE of 9.38%, materially below the ALJ recommendation of 9.83%. **Our view: We expect the company to clarify the magnitude of a charge after the outcome of the rehearing request, which is expected by January 4th. Last month, the commission ordered The ICC Staff to initiate a process to determine the pipe replacement method and investment amount by February 1st, with a decision within 12 months.**

WATTS on the ShUFL - unchanged

Shelby's Utility Focus List (ShUFL)

Best Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
PCG	OP	0.0%	$21.00	18.2%
EIX	OP	4.2%	$81.00	19.8%
NEE	OP	3.0%	$74.00	23.4%
SO	OP	4.0%	$80.00	16.9%

Defensive Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AWK	OP	2.1%	$169.00	30.4%
PPL	OP	3.6%	$30.00	15.1%
CMS	SP	3.4%	$64.00	13.7%
WEC	SP	3.8%	$95.00	19.0%

Least Favorite Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
ED	SP	3.6%	$94.00	8.2%
UTL	SP	3.2%	$52.00	6.0%

Source: Factset; RBC Capital Markets estimates

12/18: Chicago mktg
1/22-1/26/2024: European mktg.

Priced as of prior trading day's market close, EST (unless otherwise noted). All values in USD unless otherwise noted
Disseminated: Dec 17, 2023 12:30EST; Produced: Dec 17, 2023 12:06EST
For Required Conflicts Disclosures, see page 6

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Shelby's Utility Focus List (ShUFL)

Our ShUFL is unchanged.

Exhibit 1 - PCG tops Best Plays; AWK Best Defensive Plays; ED Least Favorite

Shelby's Utility Focus List (ShUFL)

Best Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
PG&E Corp.	PCG	Outperform	$17.76	0.0%	$21.00	18.2%
Edison International	EIX	Outperform	$70.05	4.2%	$81.00	19.8%
NextEra Energy, Inc.	NEE	Outperform	$61.50	3.0%	$74.00	23.4%
Southern Co.	SO	Outperform	$70.86	4.0%	$80.00	16.9%

Defensive Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
American Water Works	AWK	Outperform	$131.75	2.1%	$169.00	30.4%
PPL Corp.	PPL	Outperform	$26.90	3.6%	$30.00	15.1%
CMS Energy	CMS	Sector Perform	$57.98	3.4%	$64.00	13.7%
WEC Energy Group	WEC	Sector Perform	$82.46	3.8%	$95.00	19.0%

Least Favorite Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
Consolidated Edison	ED	Sector Perform	$89.85	3.6%	$94.00	8.2%
Unitil Corp.	UTL	Sector Perform	$50.59	3.2%	$52.00	6.0%

Source: Factset; RBC Capital Markets estimates

Notes: Priced as of market close 12/15/23. Past performance is not necessarily indicative of future performance.
Source: Factset, RBC Capital Markets estimates

Notable Publications

EXC US: EXC's ComEd rate case ruled at 8.9% by ICC, grid plan rejected, to be refiled — 12.14.2023

RBC ESG Stratify™: North American Renewable Energy — 12.14.2023

FLNC US: Charged for 2024; Upping target to $33 — 12.11.2023

FLNC US: FLNC shelf sale announced; All controlling entities participating — 12.06.2023

RBC Capital Markets U.S. Small Cap Growth Idea List — 12.05.2023

BEP US: Bid for Origin Energy falls short as expected, potentially moving on to Plan B — 12.04.2023

RBC Global Regulated Utilities — 12.04.2023

FLNC US: 4Q23 revenues above consensus; FY2024 guidance introduced — 11.28.2023

PCG US: Dividend lower than expected; long-term EPS growth guidance unchanged — 11.28.2023

SR US: Keeping the pilot light on — 11.22.2023

RBC Imagine™: Climate of change for nuclear energy — 11.21.2023

PCG US: CPUC approves most recent proposed decision in 2023 General Rate Case — 11.17.2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

U.S. Power & Utilities: Day 3 Recap of EEI Conference — 11.15.2023

U.S. Power & Utilities: Day 2 Recap of EEI Conference — 11.14.2023

U.S. Power & Utilities: Day 1 Recap of EEI Conference — 11.13.2023

BEP US: Opportunity in volatile markets; resuming coverage — 11.12.2023

AY US: The wait continues; reducing price target to $26 — 11.09.2023

Global Energy Best Ideas — 11.01.2023

NEE US: NEErly back on track? — 10.27.2023

FLNC US: On the Road with FLNC — 10.26.2023

EXC US: EXC's ComEd Rate Case Proposed Order Issued — 10.24.2023

WATTS UP! - California CFO Roundtable — 10.04.2023

Top 30 Global Ideas for 2023 — 10.02.2023

CPK US: Chesapeake Expands in the Sunshine State — 10.01.2023

WEC US: Leader of the Pack; Initiate at Sector Perform — 09.27.2023

AES US: AES Announces Sell-Downs of LNG Business Stakes in the Dominican Republic and Panama — 09.26.2023

AWK US: On the Road with AWK — 09.13.2023

D US: Devil in the D'tails; Awaiting strategic review — 09.12.2023

EIX US: The Up & Up — 09.11.2023

SO US: Prudency review and settlement filed for Vogtle Units 3 and 4 — 08.30.2023

WATTS UP! : A look into the eye of the storm — 08.29.2023

ETR US: FERC resolves uncertain tax issue at SERI — 08.29.2023

SO US: SO close I can feel it — 08.23.2023

DUK US: Partial settlement reached on DEC rate case — 08.22.2023

DUK US: DUK outlines 2023 Carolinas Resource Plan — 08.15.2023

FLNC US: You're the BESS thing that's ever been mine — 06.22.2023

CEG US: Acquires NRG's 44% stake in South Texas Project Electric Generating Station — 06.01.2023

PCG US: Glass Still Half Full; Reiterating Outperform — 05.30.2023

Energy Made Simple 3.0 – 04.13.2023

SJW US: All Quiet on the Western Front – 04.10.2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

PNW US: Upward revision to earnings, PT unchanged — 03.28.2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

Exhibit 2 - RBC Capital Markets U.S. Power and Utility Coverage Universe

Ticker	Company	Rating	Price 12/15/23	Price Target	Current Yield	Implied Tot. Return	Cap. ($MM)	EPS 2022A	EPS 2023E	EPS 2024E	EPS 2025E	EPS 2026E	EPS 2027E	P/E 2023E	P/E 2024E	P/E 2025E	P/E 2026E	P/E 2027E	Div. Payout	5-yr EPS Growth	'23 EV/ EBITDA	'24 EV/ EBITDA	Price/ BV	Debt/ EBITDA
DEFENSIVE UTILITIES																								
AEP	American Electric Power	Outperform	$82.23	$90.00	4.3%	13.7%	43,821	$5.09	$5.30	$5.62	$5.92	$6.38	$6.89	15.5	14.6	13.9	12.9	11.9	66.4%	6.2%	11.1	10.4	1.73	6.0
CMS	CMS Energy	Sector Perform	$57.98	$64.00	3.4%	13.7%	17,202	$2.89	$3.11	$3.33	$3.59	$3.86	$4.16	18.6	17.4	16.2	15.0	13.9	62.7%	7.6%	11.0	10.1	2.47	6.4
CNP	CenterPoint Energy	Outperform	$28.86	$33.00	2.8%	17.1%	18,747	$1.38	$1.51	$1.64	$1.77	$1.90	$2.02	19.1	17.6	16.3	15.2	14.3	53.0%	7.9%	11.9	10.4	1.96	6.6
DUK	Duke Energy	Sector Perform	$96.63	$101.00	4.2%	8.8%	75,769	$5.27	$5.60	$5.97	$6.29	$6.66	$7.08	17.3	16.2	15.4	14.5	13.6	73.2%	6.1%	12.0	11.4	1.61	6.7
ED	Consolidated Edison	Sector Perform	$89.85	$94.00	3.6%	8.2%	31,729	$4.55	$5.05	$5.33	$5.63	$5.91	$6.19	17.8	16.9	16.0	15.2	14.5	64.2%	6.3%	11.3	10.5	1.50	4.7
EIX	Edison International	Outperform	$70.05	$81.00	4.2%	19.8%	26,973	$4.63	$4.74	$5.10	$5.50	$5.82	$6.15	14.8	13.7	12.7	12.0	11.4	62.2%	5.8%	10.7	9.2	1.97	5.9
ETR	Entergy Corp.	Outperform	$100.88	$117.00	4.5%	20.5%	21,839	$6.42	$6.77	$7.22	$7.70	$8.25	$8.82	14.9	14.0	13.1	12.2	11.4	66.8%	6.6%	10.0	9.4	1.60	6.4
EXC	Exelon Corp.	Sector Perform	$35.49	$45.00	4.1%	30.9%	37,727	$2.27	$2.38	$2.52	$2.75	$2.95	$3.14	14.9	14.1	12.9	12.0	11.3	60.5%	6.7%	9.9	9.3	1.50	5.8
FE	FirstEnergy	Outperform	$36.98	$41.00	4.4%	15.3%	21,730	$2.41	$2.55	$2.68	$2.89	$3.03	$3.15	14.5	13.8	12.8	12.2	11.7	64.3%	5.5%	11.2	10.4	2.07	6.2
NWN	Northwest Natural	Restricted	$38.43	R	R	R	1,445	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
PCG	PG&E Corp.	Outperform	$17.76	$21.00	0.0%	18.2%	38,190	$1.10	$1.22	$1.35	$1.48	$1.64	$1.79	14.6	13.2	12.0	10.8	9.9	0.0%	10.2%	10.6	9.6	1.58	8.6
PNM	PNM Resources	Sector Perform	$42.97	$50.30	3.4%	18.8%	3,582	$2.69	$2.79	$2.81	$2.94	$3.13	$3.35	15.4	15.3	14.6	13.7	12.8	52.7%	4.5%	10.8	9.8	1.60	5.7
PNW	Pinnacle West	Sector Perform	$73.72	$83.00	4.8%	17.4%	8,472	$4.26	$4.23	$4.91	$5.17	$5.45	$5.78	17.4	15.0	14.3	13.5	12.8	83.2%	6.3%	11.1	9.9	1.33	6.6
PPL	PPL Corp.	Outperform	$26.90	$30.00	3.6%	15.1%	19,932	$1.41	$1.59	$1.70	$1.81	$1.92	$2.05	16.9	15.8	14.9	14.0	13.1	60.4%	7.8%	10.3	9.8	1.42	5.1
SO	Southern Co.	Outperform	$70.86	$80.00	4.0%	16.9%	77,979	$3.58	$3.60	$4.00	$4.29	$4.55	$4.77	19.7	17.7	16.5	15.6	14.9	77.8%	5.9%	13.2	12.2	2.49	6.2
SR	Spire Inc.	Sector Perform	$62.93	$65.00	4.8%	8.1%	3,438	$3.87	$4.05	$4.29	$4.59	$4.89	$5.10	15.5	14.7	13.7	12.9	12.3	74.6%	5.7%	12.2	11.8	1.29	6.8
UTL	Unitil Corp.	Sector Perform	$50.59	$52.00	3.2%	6.0%	844	$2.59	$2.79	$2.95	$3.13	$3.31	$3.49	18.1	17.1	16.2	15.3	14.5	58.1%	6.1%	9.7	9.2	1.76	4.6
WEC	WEC Energy Group	Sector Perform	$82.46	$95.00	3.8%	19.0%	26,692	$4.45	$4.62	$4.90	$5.25	$5.59	$5.95	17.8	16.8	15.7	14.8	13.9	67.5%	6.7%	12.5	11.5	2.27	5.7
XEL	Xcel Energy	Sector Perform	$61.58	$67.00	3.4%	12.2%	34,527	$3.17	$3.36	$3.58	$3.80	$4.04	$4.31	18.3	17.2	16.2	15.2	14.3	61.9%	6.3%	11.4	10.6	1.99	5.6
	Average (PCG excl. from P/E, yield, payout, debt/EBITDA calculations)				3.9%	15.8%								17.1	15.9	14.9	14.0	13.2	67.3%	6.6%	11.4	10.6	1.86	6.0
DIVERSIFIED UTILITIES																								
BKH	Black Hills	Restricted	$54.62	R	R	R	3,788	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
CPK	Chesapeake Utilities	Sector Perform	$102.01	$111.00	2.3%	11.1%	2,286	$5.04	$5.28	$5.45	$6.07	$6.72	$7.38	19.3	18.7	16.8	15.2	13.8	44.7%	7.9%	12.4	9.8	2.17	3.8
D	Dominion Energy	Sector Perform	$48.48	$53.00	5.5%	14.8%	41,137	$4.11	$3.02	$3.08	$3.45	$3.69	$3.96	16.1	15.7	14.1	13.1	12.2	88.4%	-0.7%	11.2	12.0	1.57	6.1
NEE	NextEra Energy, Inc.	Outperform	$61.50	$74.00	3.0%	23.4%	128,806	$2.90	$3.14	$3.41	$3.65	$3.91	$4.24	19.6	18.0	16.8	15.7	14.5	59.6%	7.9%	14.1	12.7	2.74	6.1
PEG	Public Service Enterprise	Outperform	$61.54	$70.00	3.7%	17.5%	31,384	$3.47	$3.48	$3.74	$4.09	$4.24	$4.39	17.7	16.5	15.0	14.5	14.0	65.5%	4.8%	12.9	12.1	2.07	5.8
SRE	Sempra	Outperform	$75.22	$82.00	3.2%	12.2%	48,131	$4.61	$4.58	$4.78	$5.07	$5.41	$5.76	16.4	15.7	14.8	13.9	13.1	52.0%	4.6%	15.0	13.7	1.76	5.9
	Average				3.5%	18.7%								17.9	16.8	15.5	14.6	13.6	62.5%	5.4%	13.4	12.5	2.24	5.9
	Average (PCG excl. from P/E, yield, payout, debt/EBITDA calculations)				3.6%	16.7%								17.4	16.2	15.1	14.2	13.4	65.6%	6.2%	12.2	11.3	1.99	6.0
WATER UTILITIES																								
AWK	American Water Works	Outperform	$131.75	$169.00	2.1%	30.4%	26,186	$4.51	$4.75	$5.13	$5.54	$5.99	$6.48	27.7	25.7	23.8	22.0	20.3	59.6%	7.5%	16.4	15.2	2.65	6.1
SJW	SJW Group	Sector Perform	$66.97	$79.00	2.3%	20.2%	2,177	$2.43	$2.67	$2.71	$2.87	$3.04	$3.22	25.1	24.7	23.3	22.0	20.8	56.9%	5.8%	14.9	13.8	1.78	7.2
WTRG	Essential Utilities	Outperform	$36.09	$47.00	3.4%	33.6%	10,134	$1.77	$1.87	$1.99	$2.12	$2.26	$2.40	19.3	18.1	17.0	16.0	15.0	65.7%	6.3%	14.5	13.5	1.71	7.0
	Average				2.5%	30.7%								25.4	23.6	22.0	20.4	19.0	61.0%	7.1%	15.8	14.7	2.35	6.4
INDEPENDENT POWER PRODUCERS																								
AES	The AES Corp.	Outperform	$19.35	$22.00	3.4%	17.1%	13,145	$1.67	$1.73	$1.94	$2.06	$2.26	$2.44	11.2	10.0	9.4	8.6	7.9	38.4%	7.9%	12.0	10.6	6.77	7.5
CEG	Constellation Energy Corp.	Sector Perform	$118.75	$119.00	0.9%	1.2%	36,876	-$0.51	$3.98	$5.98	$5.47	$4.80	$5.64	29.8	19.9	21.7	24.7	21.1	28.3%	NM	11.8	11.6	3.16	2.9
VST	Vistra Energy	Restricted	$37.68	R	R	R	13,405	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
	Average				1.6%	5.4%								24.9	17.3	18.5	20.5	17.6	31.0%	7.9%	11.9	11.3	4.11	4.1
YIELDCOs																								
AY	Atlantica Sustain. Infra.	Outperform	$21.24	$26.00	8.4%	30.8%	2,465	-$0.05	$0.17	$0.54	$0.76	$0.89	$1.16	124.9	39.3	27.9	23.9	18.3	1047.1%	NM	9.7	9.2	1.63	6.2
BEP	Brookfield Renewables	Outperform	$26.81	$29.00	5.0%	13.2%	17,693	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	19.1	17.5	1.90	11.6
CWEN	Clearway Energy	Sector Perform	$26.63	$26.00	6.0%	3.6%	3,119	$4.99	$1.16	$1.70	$2.16	$2.26	$2.41	22.9	15.7	12.3	11.8	11.0	136.6%	NM	11.3	10.5	1.48	6.1
NEP	NextEra Energy Partners	Outperform	$30.16	$38.00	11.5%	37.5%	5,741	$5.62	$1.79	$2.23	$2.32	$2.22	$2.43	16.8	13.5	13.0	13.6	12.4	193.9%	NM	12.0	11.3	0.82	3.8
	Average				8.9%	21.5%								42.1	19.7	16.1	15.3	13.3	363.8%	N/M	11.3	10.6	1.2	4.9
ALT. ENERGY																								
FLNC	Fluence Energy	Outperform#	$25.89	$33.00	0.0%	27.5%	4,319	-$1.58	$0.56	$0.25	$0.90	$1.41	$2.18	46.2	103.6	28.8	18.4	11.9	0.0%	NM	-87.4	113.2	3.58	10.6
SP50	Standard & Poor's 500 Index		$4,719	$5,000	1.5%	7.5%		$216.00	$220.00	$229.00	N/A	N/A	N/A	21.5	20.6	N/A	N/A	N/A						
UTY	Philadelphia Utility Index		$809	$915	3.6%	16.8%				Utility P/E relative to S&P:				-18.9%	-21.3%	N/A	N/A	N/A						

A - Actual; E - Estimated; R - Restricted; #Speculative Risk

Source: RBC Capital Markets estimates; Factset, #Fluence is Speculative Risk. R = Restricted

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

Companies mentioned

CMS Energy Corporation (NYSE: CMS US; $57.98; Sector Perform)
Exelon Corporation (NYSE: EXC US; $35.49; Sector Perform)
NextEra Energy, Inc. (NYSE: NEE US; $61.50; Outperform)
The Southern Company (NYSE: SO US; $70.86; Outperform)
WEC Energy Group Inc. (NYSE: WEC US; $82.46; Sector Perform)

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 30-Sep-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	820	55.97	250	30.49
HOLD [Sector Perform]	590	40.27	148	25.08
SELL [Underperform]	55	3.75	5	9.09

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:
This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not “professional investors”, as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not “accredited investors” and “institutional investors”, as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & Clean Tech >> PowerPoints: EXC/AEE Illinois, CEG Buybacks, 45X Tax Credits, & BKH
- **Publication Date/Time** : Friday, December 15, 2023 06:32:01 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_docfn=U2FsdGVkX1%2BDB9UyzMeU0roVysTW33ijZftZ4dTAOTVVQdGhjlaCNQCWEACpYbpKAQT280pOZfOtwjAF8brd5XfuWSwON%2BPZVWXAYb

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CEG	115.60	Buy
CNP	29.70	Buy
EIX	70.32	Neutral
EXC	37.90	Neutral
PCG	17.90	Buy
PPL	27.04	Buy
SRE	76.48	Buy

Power & Utilities

December 15, 2023

The Guggenheim Daily Transmission: IL, EIX/PCG/SRE, CNP, NY/Gas, EXC/MD, CEG, Power/NERC, PPL

For details on our hydrogen PTC guidance call TODAY, and other events, scroll down...

IL: Is Illinois Becoming the Next Connecticut? To Be Determined, but Taking a Neutral Stance on the State (see our note HERE)

EIX/PCG/SRE – CA intervenors file petition for modification on cost of capital decision

PCG – CPUC conditionally approves Diablo Canyon extension

CNP – CNP MN Gas receives interim rate approval

NY/Gas – NYPSC declines to approve Long Term Gas Plan

EXC/MD – BGE receives final order in MYPs

CEG – CEG lifts buybacks by $1B

Power/NERC – NERC releases annual reliability assessment

PPL – KY utilities reach labor agreement with IBEW

EIX/PCG/SRE – CA intervenors file petition for modification on cost of capital decision

- A ratepayer stakeholder coalition filed a petition for modification of the prior cost of capital decision alleging that the CCM doesn't work and should be eliminated.
- Previously, EIX, PCG and SRE CA investor-owned utilities (SCE, PG&E, SDG&E and SCG) filed responses to the protest of advice letters for the cost of capital mechanism (CCM) trigger resulting in ~70bp of proposed ROE increases.
- The CPUC Energy Division also issued an Advice Letter suspension notice which gives up to 120 days for the CPUC to decide on the advice letter implementation.
- Pursuant to the CCM, IOUs requested (AL numbers: 6207-G, 4300-E / 3239-G, 4813-G/7046-E, 5120-E):
  - SCE's authorized ROE of 10.05%increases by 70 basis points, resulting in an authorized ROE of 10.75% for 2024.
  - PG&E's authorized ROE of 10.00% percent increases by 70 basis points, resulting in an authorized ROE of 10.70% for 2024.
  - SDG&E's authorized ROE of 9.95% percent increases by 70 basis points, resulting in an authorized ROE of 10.65% for 2024.
  - SCG's authorized ROE of 9.8% percent increases by 70 basis points, resulting in an authorized ROE of 10.50% for 2024.
- Docket: A2204008 et al

Guggenheim takeaway:*The petition for modification is a bold attempt to change regulatory precedent on cost of capital in California. The filing references misalignment between the CCM and actual cost of capital for utilities dating back to 2008, despite the commission having litigated cost of capital multiple times and most recently the commission allowing a downward cost of capital adjustment. During Covid, intervenors argued for keeping the CCM without exception for extraordinary circumstance when the outcome was favorable, but the petition for modification seemingly reverses course.*

PCG – CPUC conditionally approves Diablo Canyon extension

- CPUC voted to approve the Diablo Canyon operations extension on condition of NRC

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

approval.

- Additionally the CPUC conditioned the extension on the $1.4B in federal loan guarantees and futher option to review the prudency of costs.
- PG&E previously filed a License Renewal Application with the Nuclear Regulatory Commission (NRC) seeking to extend operations at Diablo Canyon Power Plant (DCPP).
- The license renewal comes after a prior application (pre-retirement decision) was rejected, but the plant received the necessary approvals to operate during the new application period.
- Once the NRC determines whether the application is sufficient for its review, a multi-year evaluation process will begin, which includes ample opportunities for public feedback and involvement. Under federal regulation, DCPP will continue to operate until the NRC has taken final action on PG&E's application.
- CPUC docket: R2301007.

Guggenheim takeaway: *FYI. The CPUC process is constructive to get alignment with policy. The NRC process previously kicked off for Diablo Canyon license extensions. The NRC involvement continues to be thorough and well supported by state agencies. From an earnings perspective there could be a tailwind for PCG from the extension, but impacts would remain in the prior range of EPS / rate base guidance outcomes (more thoughts in our SB846 note* **here***). Overall, we believe PG&E actions on extending Diablo Canyon operations provide support to the state policy objectives, provides benefits to customers from carbon free generation at reduced costs and secures good will.*

CNP – CNP MN Gas receives interim rate approval

- MN PUC approved interim rates for the CNP MN Gas general rate case in 2024.
- MN PUC approved a 5.3% interim rate increase, subject to refund, vs. a 6.5% request for 2024.
- The proposed rate increase is $84,630,373 or a 6.5% increase over test year revenues (2024), and an additional $51,781,868 or a 3.7% increase over plan year gross revenues (2025).
- CenterPoint Energy requests an interim rate increase of $68.7 million for 2024, or approximately 14.0% more than the current rate without the cost of gas, or 5.3% more than the current rate with the cost of gas.
- For the 2025 Plan Year the interim rate increase is an additional $33.2 million, or $101.9 million total increase, which represents an increase of 20.6% over current rates without the cost of gas, or 7.8% with the cost of gas.
- CNP request is based on a 10.3% ROE and 52.5% equity ratio.
- CNP interim rate request is based on a 9.39% ROE
- The request is based on 2024-2025 rate base of $2.18B and $2.35B respectively.
- Docket: 23-173 (search)

Guggenheim takeaway:*FYI. CNP moving through proceeding to reconcile revenues and recovery of investment and costs.*

NY/Gas – NYPSC declines to approve Long Term Gas Plan

- NYPSC rejected the first long term gas planning study under the new LT gas planning framework alleging insufficient action to curb reliance on natural gas.
- The process framework was adopted as part of the CLCPA law and requires utilities to reduce greenhouse gas emissions 40% by 2030, 85% by 2050, and net-zero emissions by 2050
- Intervenors noted that the LT plans must show a path to halt natural gas expansion.

Guggenheim takeaway:*FYI. While this is the first litigated LT planning process, ED will likewise be scrutinized along the same framework. The process overall highlights the policy push against natural gas in NY state.*

EXC/MD – BGE receives final order in MYPs

- “Originally BGE requested an increase of $602 million through 2026, the Commission authorizes BGE to increase electric and gas rates by $408 million through 2026.” - PSC
- The PSC has order 9.5% ROE (vs. Staff recc 9.45%, 9+.5% prior) for electric and 9.45% for gas (vs. prior 9.65%)
- “The Commission, in light of recent laws and policies that are ushering in a reduction in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

use of gas and an increase of electrification, prefers a higher ROE for electric distribution as a reflection of the policy shift. The slightly lower gas ROE should incentivize BGE, a dual fuel utility, to invest in its electric distribution system rather than gas distribution" – PSC

- "The Commission approves BGE's proposed capital structure except for the proposed cost of debt. The long-standing precedent in Maryland is that a utility's actual test-year-ending capital structure should be used when determining its authorized rate of return in a base rate proceeding, absent evidence that the actual capital structure would impose an undue burden on ratepayers." - PSC
- More HERE

Guggenheim takeaway: *Heads up on the FO, which we continue to parse in light of the dual MYP orders yesterday.*

CEG ─ CEG lifts buybacks by $1B

- "On December 12, 2023, the Board of Directors of Constellation Energy Corporation (the "Company") approved an increase to the Company's previously announced $1 billion share repurchase program, authorizing the repurchase of up to an additional $1 billion of the Company's outstanding common stock. The timing and amount of any share repurchases under the Company's authorization will be determined by management based on market conditions, applicable legal requirements and other factors, and such repurchases may be executed in the open market, in privately negotiated transactions or otherwise in compliance with Rule 10b-18 and Rule 10b5-1 under the Securities Exchange Act of 1934. The program may be may be limited, suspended, or discontinued at any time at the Company's discretion and without prior notice" - CEG
- More HERE

Guggenheim takeaway: *We had previously expected (HERE) some degree of buyback increase on the 3Q call in light of the ongoing outperformance on the year and the pending addition of STP, both of which were incremental to the prior 23-24 FCF guide of $1.0-1.4B of CAFA (previously updated after the STP deal HERE). In our view buybacks remain a logical avenue of capital allocation in the NT as management continues to recalibrate growth options (e.g., hydrogen may be challenging) and looks ahead to the next roll in February.*

Power/NERC ─ NERC releases annual reliability assessment

- The annual assessment found MISO and SERC Central as 'high risk"
- More HERE, HERE

Guggenheim takeaway: *Interesting read as we continue to monitor the reliability backdrop heading into winter.*

PPL ─ KY utilities reach labor agreement with IBEW

- "Louisville Gas and Electric Company, a subsidiary of PPL Corporation (NYSE: PPL), has announced it reached a new three-year contract agreement with International Brotherhood of Electrical Workers Local 2100, which currently represents more than 600 employees… The agreement, which is currently in effect through Oct. 1, 2026, includes 3% annual wage increases in each year of the contract for all employees represented by IBEW 2100." - release
- More HERE

Guggenheim takeaway: *Minor FYI as we continue to monitor the backdrop for potential case timing in KY, as first laid out at EEI (more HERE).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.



Equity Research | Corporate Access

A Discussion on the Hydrogen PTC Guidance

Please join Shar Pourreza and Joe Osha for a quick and timely discussion on the current backdrop for the pending Hydrogen PTC guidance with Van Ness Feldman's Senior Tax Counsel Michael Platner. Michael has an extensive background lobbying Treasury on tax matters over his 30-year career, including intimate involvement in the hydrogen PTC process to date.

Key Topics

- Expectations for the draft following recent media reports on 'leaked' versions
- Potential pathways forward for compromises on additionality, matching, and deliverability
- Timing thoughts and procedural data points in the process
- Broader thoughts on IRA pushback and potential political change
- *And other items related to this topic to be discussed…*

Date & Time

Friday, December 15, 2023
12:00PM ET

Speaker Bio

Michael Platner is Senior Tax Counsel at Van Ness Feldman. Michael's practice focuses on government affairs and legal issues pertaining to tax, energy, customs, and international trade legislative and regulatory issues. Michael has extensive experience developing and implementing successful government relations programs. He has a refined understanding of the political landscape, supported by substantial technical skills and a wealth of experience drafting issue papers, advising on tax matters, and building winning strategies for participants in energy and related markets.

Participating Guggenheim Participants

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*
Joseph Osha, *Managing Director, Equity Research Analyst – Energy Technology and Industrial Technology*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	*10/2–10/3*	West Coast
NRG	*10/4–10/5*	West Coast
PEG	*10/10–10/11*	West Coast
NI	*10/17–10/19*	West Coast
EEI Conference	*11/12–11/14*	Arizona
NEE	*11/30–12/1*	Boston/NYC
FE CFO Lunch	*12/6*	In Person at Guggenheim
Guggenheim-hosted year end lunch with Shar and Joe Osha	*12/12*	In Person at Guggenheim
NRG	*12/13-12/14*	NYC
A Discussion on the Hydrogen PTC Guidance	12/15	Dial-in

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Comp Sheet

12/14/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$60.70	3,489	4.35	4.17	4.56	4.87	5.07	4.35	4.13	4.28	4.81	5.03	–	0.04	0.28	0.06	0.04	14.0x	14.7x	14.2x	12.6x	12.1x	-20%	-9%	-6%	-10%	-9%	8.4%	4.7%	68%	Sell	$41	-28%	Neutral	$59	2%
AVA	$35.69	2,761	2.28	2.49	2.61	2.67	2.73	2.29	2.45	2.63	2.70	2.78	–	0.05	–	(0.03)	(0.04)	15.6x	14.6x	13.6x	13.2x	12.9x	-10%	-9%	-10%	-6%	-3%	5.2%	5.4%	79%	Sell	$26	-22%	Sell	$32	-4%
IDA	$98.97	5,009	5.09	5.44	5.80	5.99	6.28	5.13	5.46	5.85	6.04	6.38	(0.04)	–	(0.05)	(0.04)	(0.10)	19.3x	18.1x	16.9x	16.4x	15.5x	11%	13%	13%	16%	16%	4.2%	3.4%	62%	Buy	$109	14%	Buy	$106	10%
NWE	$52.05	3,188	3.05	3.52	3.73	3.92	4.11	3.13	3.53	3.71	3.90	4.06	(0.08)	–	–	–	0.05	16.7x	14.7x	14.0x	13.4x	12.8x	-4%	-8%	-7%	-5%	-4%	5.3%	5.0%	74%	Sell	$39	-20%	Neutral	$51	3%
UTL	$52.43	844	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	18.8x	17.9x	17.0x	15.9x	15.0x	8%	11%	13%	13%	13%	6.2%	3.1%	n/a	Neutral	$45	-11%	Buy	$52	2%
POR	$43.80	4,429	2.63	3.05	3.21	3.38	3.55	2.61	3.05	3.19	3.34	3.48	–	–	–	0.04	0.07	16.8x	14.4x	13.7x	13.1x	12.6x	-4%	-11%	-9%	-7%	-6%	5.3%	4.5%	65%	Buy	$45	7%	Buy	$48	13%
		19,720																**16.8x**	**15.7x**	**14.9x**	**14.1x**	**13.5x**	**-3%**	**-2%**	**-1%**	**-0%**	**1%**	**5.8%**	**4.3%**	**70%**						
Mid/Large Cap Electric																																			
AEE	$75.02	19,726	4.38	4.67	5.05	5.40	5.68	4.38	4.65	5.00	5.35	5.66	–	–	0.05	0.05	–	17.1x	16.1x	15.0x	14.0x	13.3x	-1%	0%	-0%	-1%	-0%	6.6%	3.6%	58%	Neutral	$73	1%	Buy	$82	13%
AEP	$83.33	42,930	5.30	5.64	6.00	6.39	6.81	5.28	5.60	5.96	6.31	6.73	–	0.04	0.04	0.08	0.08	15.8x	14.9x	14.0x	13.2x	12.4x	-9%	-8%	-7%	-6%	-7%	6.0%	4.3%	64%	Buy	$85	6%	Buy	$87	9%
CMS	$58.96	17,202	3.12	3.41	3.65	3.91	4.26	3.10	3.34	3.61	3.86	4.13	–	0.07	0.04	0.05	0.13	19.0x	17.6x	16.3x	15.3x	14.3x	9%	10%	9%	8%	7%	8.1%	3.5%	63%	Neutral	$54	-5%	Buy	$60	6%
CNP	$29.70	18,694	1.50	1.61	1.73	1.87	2.03	1.52	1.63	1.75	1.89	2.03	–	–	–	–	–	19.5x	18.2x	17.0x	15.7x	14.6x	12%	13%	13%	12%	10%	9.5%	2.7%	49%	Buy	$30	4%	Buy	$30	5%
D	$49.16	41,136	2.10	2.84	3.39	3.75	4.11	2.61	3.12	3.44	3.87	3.96	(0.51)	(0.28)	(0.05)	(0.12)	0.15	18.9x	15.8x	14.3x	12.7x	12.4x	8%	-2%	-5%	-10%	-7%	-0.4%	5.4%	86%	Buy	$45	-3%	Neutral	$47	2%
DTE	$111.41	22,963	5.75	6.63	7.19	7.71	8.26	5.78	6.64	7.17	7.73	8.37	–	–	–	–	(0.11)	19.3x	16.8x	15.5x	14.4x	13.3x	11%	4%	3%	2%	-0%	6.3%	3.7%	62%	Buy	$103	-4%	Buy	$116	7%
DUK	$98.31	75,797	5.60	6.05	6.35	6.75	7.15	5.60	5.97	6.33	6.73	7.12	–	0.09	–	–	0.03	17.6x	16.5x	15.5x	14.6x	13.8x	1%	2%	3%	4%	4%	6.3%	4.3%	71%	Buy	$99	5%	Buy	$99	5%
ED	$91.91	31,702	5.05	5.30	5.62	5.94	6.21	5.02	5.30	5.60	5.85	6.14	–	–	–	0.09	0.07	18.3x	17.3x	16.4x	15.7x	15.0x	5%	8%	9%	11%	12%	6.3%	3.7%	64%	Neutral	$84	-5%	Neutral	$89	0%
EIX	$70.32	26,972	4.71	4.98	5.48	5.71	6.03	4.69	5.12	5.66	5.92	6.26	–	(0.14)	(0.18)	(0.21)	(0.23)	15.0x	13.7x	12.4x	11.9x	11.2x	-14%	-15%	-17%	-16%	-16%	5.5%	4.4%	61%	Neutral	$66	-2%	Buy	$74	9%
ES	$62.86	21,942	4.37	4.70	4.92	5.17	5.37	4.36	4.59	4.84	5.19	5.58	–	0.11	0.08	–	(0.21)	14.4x	13.7x	13.0x	12.1x	11.3x	-17%	-15%	-14%	-14%	-15%	5.6%	4.5%	62%	Neutral	$60	0%	Buy	$63	5%
ETR	$103.27	21,837	6.75	7.16	7.76	8.31	8.97	6.74	7.20	7.72	8.29	8.86	–	(0.04)	0.04	–	0.11	15.3x	14.3x	13.4x	12.5x	11.7x	-12%	-11%	-11%	-12%	-12%	6.9%	4.4%	63%	Buy	$103	4%	Buy	$110	11%
EVRG	$53.37	12,253	3.59	3.89	4.10	4.36	4.63	3.60	3.84	4.03	4.29	4.52	–	0.05	0.07	0.07	0.11	14.8x	13.9x	13.3x	12.4x	11.8x	-15%	-14%	-12%	-12%	-11%	4.3%	4.9%	68%	Buy	$54	6%	Buy	$55	8%
EXC	$37.90	37,684	2.36	2.50	2.74	2.93	3.10	2.36	2.49	2.71	2.88	3.07	–	–	0.03	0.06	0.03	16.0x	15.2x	14.0x	13.2x	12.4x	-8%	-6%	-7%	-7%	-7%	6.4%	4.1%	63%	Neutral	$40	10%	Buy	$43	17%
FE	$37.87	21,730	2.54	2.69	2.89	3.07	3.27	2.54	2.65	2.87	3.03	3.23	–	0.04	–	0.04	0.04	14.9x	14.3x	13.2x	12.5x	11.7x	-14%	-11%	-12%	-11%	-12%	6.3%	4.4%	62%	Buy	$41	13%	Buy	$39	8%
LNT	$52.19	13,189	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.28	3.48	3.68	–	–	–	–	–	18.0x	17.0x	15.9x	15.0x	14.2x	4%	6%	6%	6%	6%	6.1%	3.7%	63%	Neutral	$46	-8%	Buy	$54	6%
OGE	$36.26	7,262	2.07	2.16	2.25	2.37	2.48	2.04	2.14	2.28	2.40	2.50	–	–	–	–	–	17.7x	17.0x	15.9x	15.1x	14.5x	2%	5%	6%	7%	9%	2.8%	4.7%	80%	Neutral	$34	-2%	Buy	$37	7%
PCG	$17.90	38,190	1.21	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.56	1.71	–	–	–	0.05	0.04	14.7x	13.2x	12.2x	11.5x	10.5x	-15%	-18%	-19%	-19%	-21%	9.7%	1.0%	13%	Buy	$19	7%	Buy	$19	7%
PEG	$62.98	31,434	3.45	3.70	4.22	4.38	4.68	3.46	3.70	4.08	4.27	4.51	–	–	0.14	0.11	0.17	18.2x	17.0x	15.4x	14.7x	14.0x	5%	6%	3%	5%	5%	6.2%	3.8%	65%	Buy	$64	5%	Buy	$66	8%
PNW	$74.71	8,466	4.20	5.00	5.15	5.25	5.40	4.25	4.90	5.12	5.33	5.48	(0.05)	0.11	–	(0.08)	(0.08)	17.6x	15.3x	14.6x	14.0x	13.6x	1%	-5%	-3%	-1%	2%	4.9%	4.7%	72%	Neutral	$73	2%	Buy	$79	10%
PPL	$27.04	19,932	1.58	1.71	1.82	1.96	2.08	1.58	1.70	1.82	1.93	2.06	–	–	–	0.03	–	17.2x	15.9x	14.9x	14.0x	13.1x	-1%	-1%	-1%	-1%	-1%	8.1%	3.8%	60%	Buy	$27	4%	Buy	$29	9%
SO	$71.50	78,043	3.60	4.05	4.30	4.55	4.80	3.59	4.01	4.29	4.54	4.76	–	0.04	–	–	0.04	19.9x	17.8x	16.7x	15.7x	15.0x	15%	11%	11%	12%	13%	5.9%	4.0%	72%	Buy	$77	12%	Buy	$73	6%
WEC	$84.62	26,692	4.62	4.91	5.24	5.61	5.97	4.61	4.91	5.24	5.60	5.97	–	–	–	–	–	18.3x	17.2x	16.1x	15.1x	14.2x	5%	7%	7%	7%	6%	6.1%	3.9%	68%	Neutral	$84	3%	Buy	$90	10%
Mid/Lg Cap (excl. EIX, PCG)																		**17.4x**	**16.1x**	**15.0x**	**14.1x**	**13.3x**						**5.9%**	**4.1%**	**66%**						
SMID + Lg Cap		**655,497**																**17.3x**	**16.0x**	**15.0x**	**14.1x**	**13.4x**						**5.9%**	**4.2%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$62.78	127,049	3.13	3.43	3.69	3.99	4.27	3.13	3.40	3.66	3.86	4.28	–	0.03	–	0.13	–	20.0x	18.5x	17.1x	16.3x	14.7x	15%	15%	14%	15%	10%	8%	3.3%	61%	Buy	$70	15%	Buy	$70	15%
SRE	$76.48	48,131	4.52	4.75	5.06	5.40	5.85	4.55	4.79	5.12	5.49	5.83	–	(0.04)	(0.06)	(0.09)	–	16.8x	16.0x	14.9x	13.9x	13.1x	-3%	-1%	-1%	-1%	-2%	-9%	4.4%	71%	Buy	$79	8%	Buy	$81	10%
		175,180																**18.4x**	**17.2x**	**16.0x**	**15.1x**	**13.9x**	**6%**	**7%**	**7%**	**7%**	**4%**	**-0.3%**	**3.8%**	**66%**						
Gas LDCs																																				
NI	$26.68	11,030	1.57	1.68	1.82	1.95	2.07	1.59	1.71	1.83	1.96	2.10	–	–	–	–	–	16.8x	15.6x	14.6x	13.6x	12.7x	-3%	-3%	-3%	-4%	-5%	7%	4.0%	63%	Buy	$27	5%	Buy	$30	15%
CPK	$105.58	2,286	5.30	5.84	6.23	6.59	6.94	5.23	5.49	6.21	6.62	7.03	0.07	0.35	–	(0.03)	(0.09)	20.2x	19.2x	17.0x	15.9x	15.0x	16%	19%	13%	13%	13%	7%	2.4%	46%	Neutral	$99	-4%	Buy	$121	17%
NJR	$44.74	4,375	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.95	3.11	3.39	–	–	–	–	(0.05)	16.6x	16.1x	15.2x	14.4x	13.2x	-5%	-0%	1%	2%	-1%	6%	3.8%	60%	Neutral	$42	-2%	Buy	$49	13%
NWN	$39.28	1,379	2.65	2.83	2.98	3.09	3.21	2.66	2.75	2.96	3.05	3.23	–	0.08	–	0.04	–	14.7x	14.3x	13.3x	12.9x	12.2x	-15%	-11%	-12%	-9%	-9%	5%	5.0%	71%	Neutral	$37	-1%	Buy	$43	14%
OGS	$64.46	3,575	4.14	3.85	4.13	4.69	5.12	4.15	3.87	4.21	4.56	4.92	–	–	(0.08)	0.14	0.21	15.5x	16.6x	15.3x	14.2x	13.1x	-11%	3%	2%	0%	-2%	5%	4.1%	68%	Neutral	$58	-6%	Neutral	$61	-1%
SR	$64.66	3,442	4.05	4.35	4.61	4.85	5.05	4.18	4.32	4.55	4.88	5.07	(0.13)	–	0.06	–	–	15.5x	15.0x	14.2x	13.3x	12.8x	-11%	-7%	-5%	-6%	-4%	6%	4.7%	70%	Neutral	$55	-10%	Neutral	$63	1%
		26,086																**16.6x**	**16.1x**	**14.9x**	**14.0x**	**13.2x**	**-5%**	**0%**	**-1%**	**-0%**	**-1%**	**5.8%**	**4.0%**	**63%**						
Regulated Water																																				
AWK	$134.49	26,186	4.82	5.14	5.59	5.98	6.45	4.81	5.15	5.61	6.03	6.49	–	–	–	(0.05)	(0.04)	27.9x	26.1x	24.0x	22.3x	20.7x	61%	62%	60%	58%	56%	7%	2.2%	58%	Neutral	$126	-4%	Buy	$147	11%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$115.60	36,921	3,525	3,951	4,125	3,971	4,213	3,873	4,166	4,142	4,003	4,190	(347)	(215)	–	(32)	22	11.0x	9.9x	9.5x	9.4x	8.6x	42,454	41,193	39,326	37,637	35,831	15.6%	1.1%	20%	Buy	$119	4%	Buy	$130	14%
NRG	$48.21	10,884	3,248	3,418	3,311	3,324	3,377	3,145	3,344	3,279	3,140	3,492	102	74	32	185	(115)	6.5x	6.0x	6.0x	6.1x	5.4x	20,346	20,148	19,530	19,263	18,904	23.6%	3.4%	25%	Buy	$51	9%	Neutral	$48	2%
VST	$37.49	13,405	4,050	3,906	3,997	3,822	3,513	3,964	4,407	4,367	4,127	4,336	86	(501)	(371)	(305)	(823)	6.2x	5.5x	5.5x	5.7x	5.2x	24,763	24,400	23,875	23,476	22,755	8.7%	2.4%	23%	Buy	$32	-12%	Buy	$40	10%
Other																																				
NEP	$30.56	2,855	1,902	2,021	2,080	2,099	2,118	1,901	2,059	2,040	2,002	2,023	–	(38)	40	97	95												12.2%	–	–	Buy	$37	33%	Buy	$31	15%
SMR	$3.48	267	(143)	(57)	8	96	n/a	(120)	(117)	(108)	N/A	N/A	N/A	(23)	60	116	–	–												–	–	–	Buy	$14	302%	Buy	$10	187%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

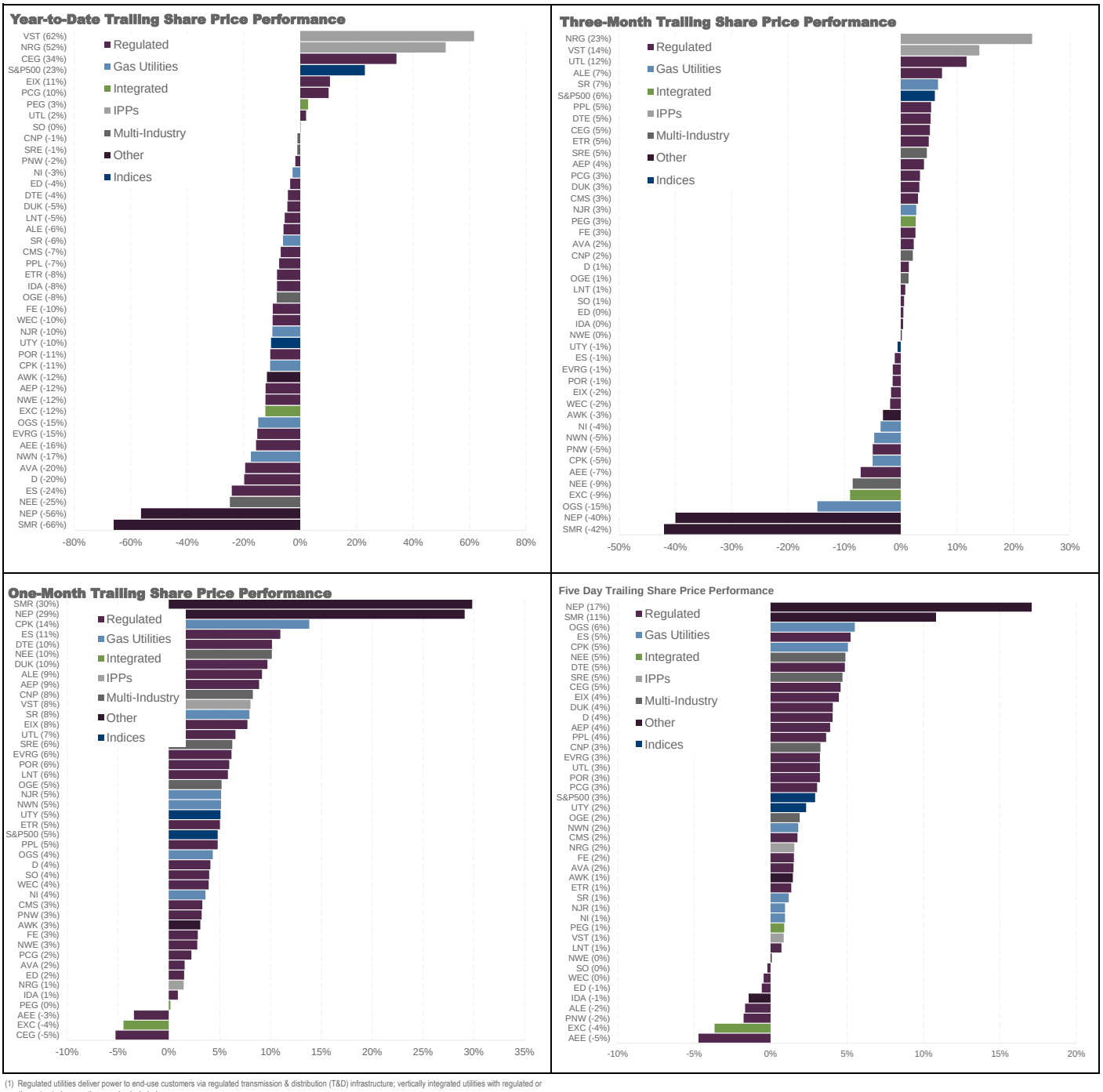

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix

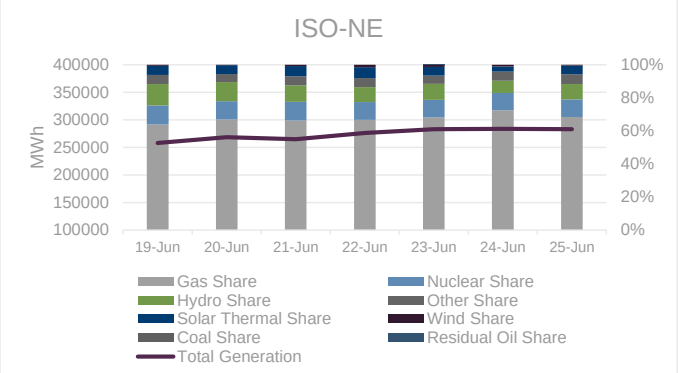

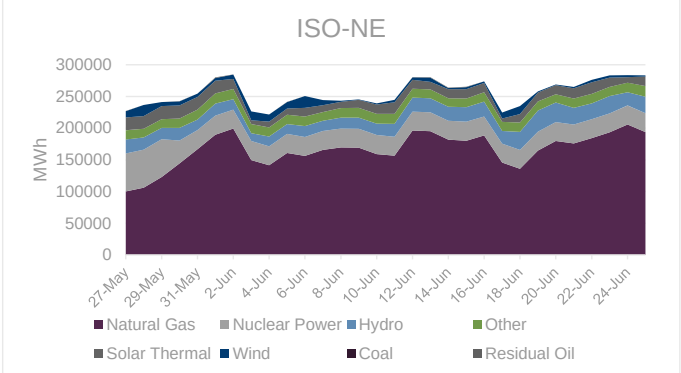

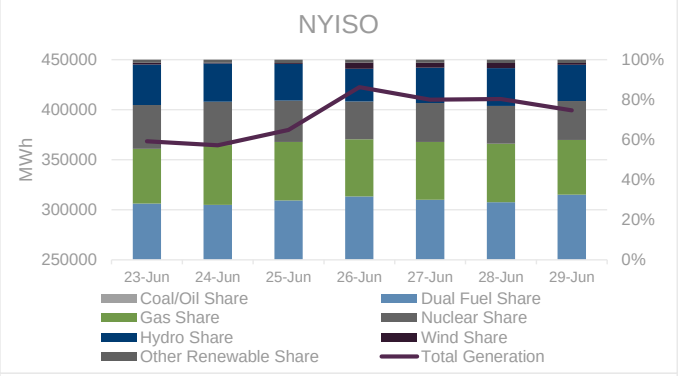

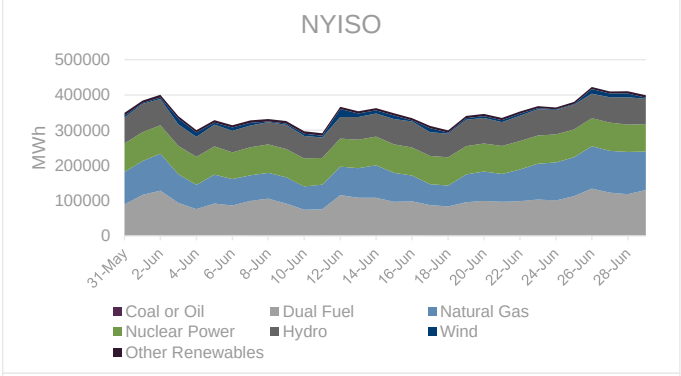

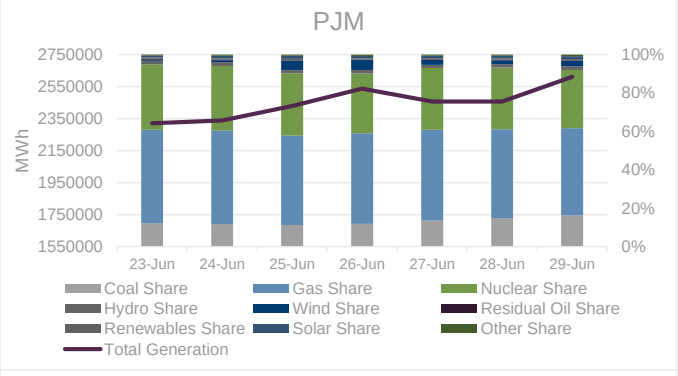

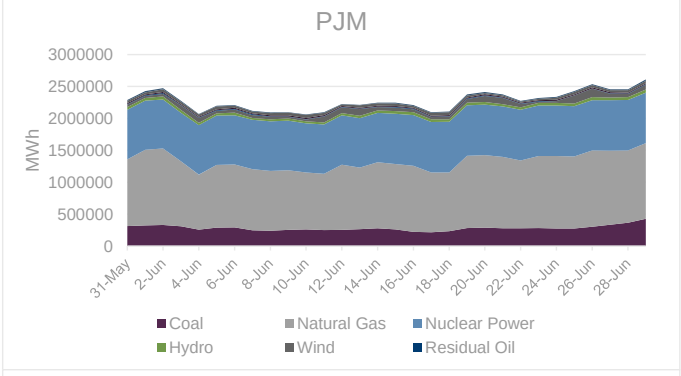

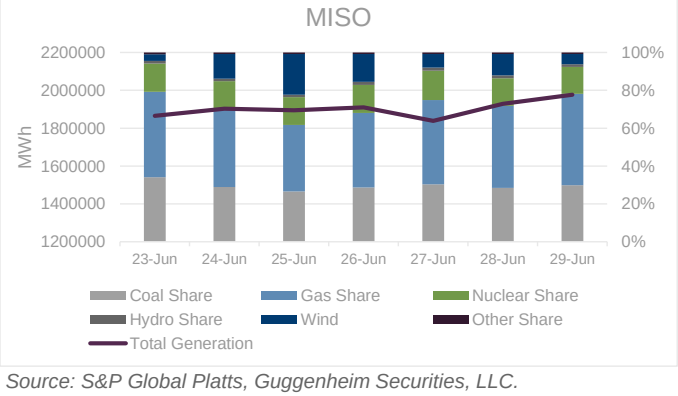

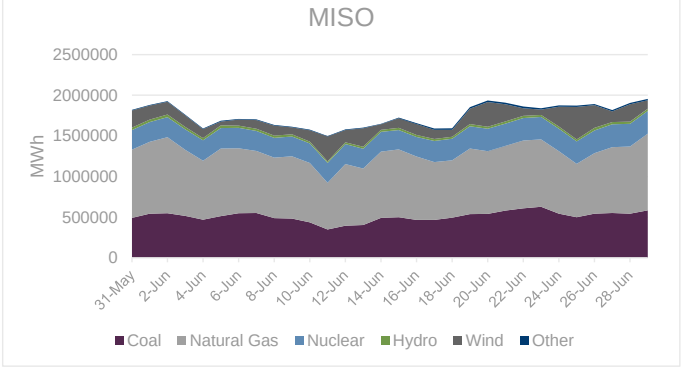

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix (continued)

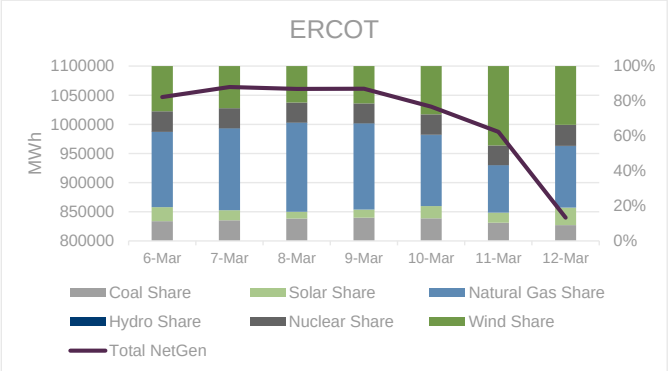

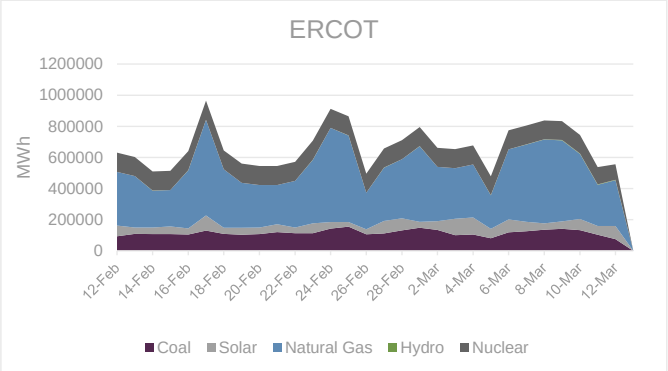

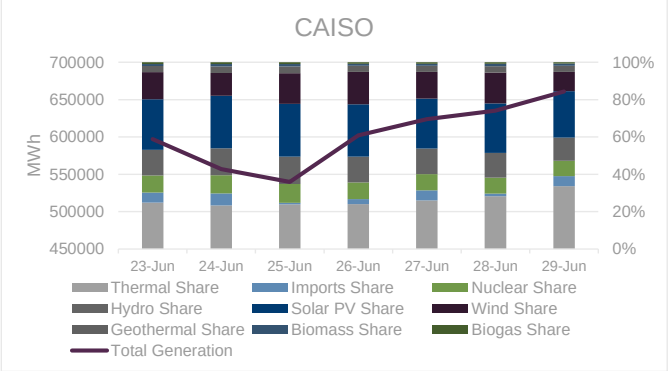

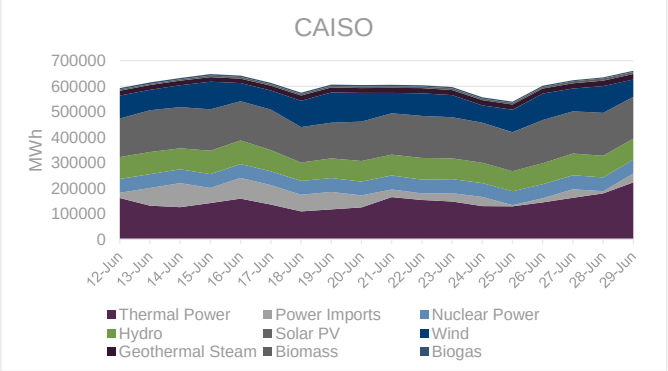

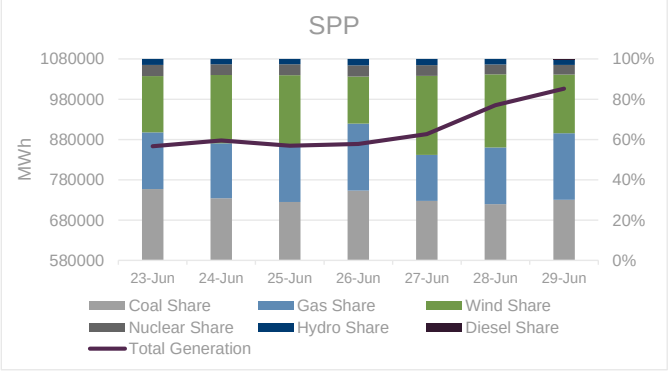

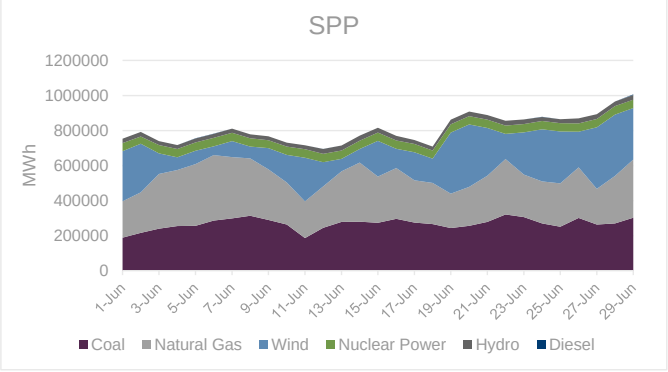

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Weather

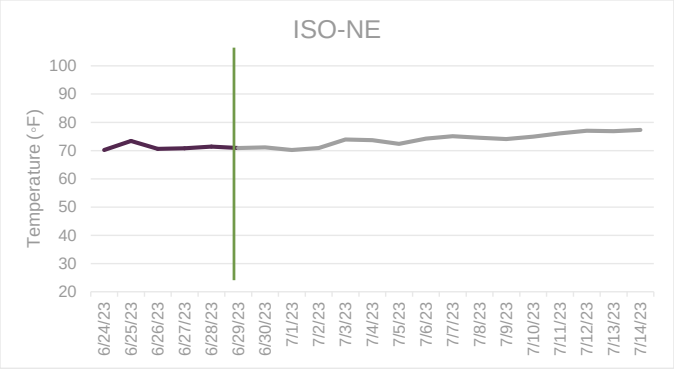

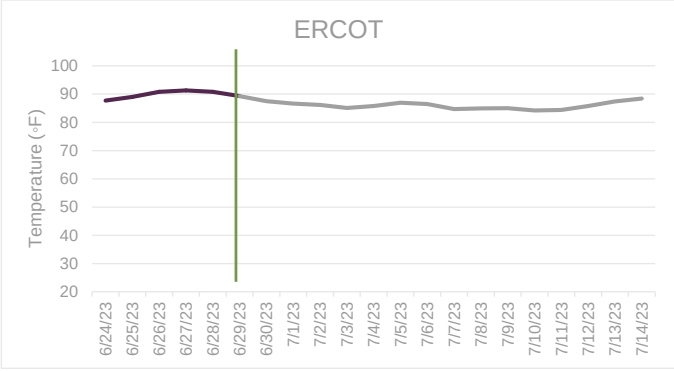

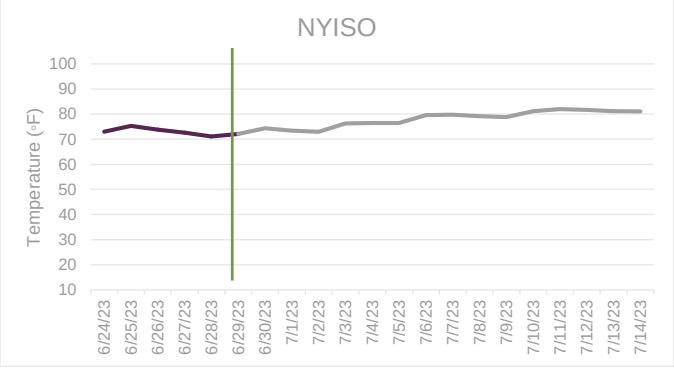

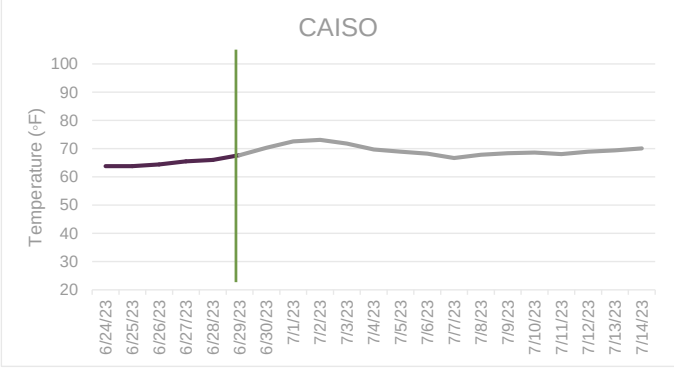

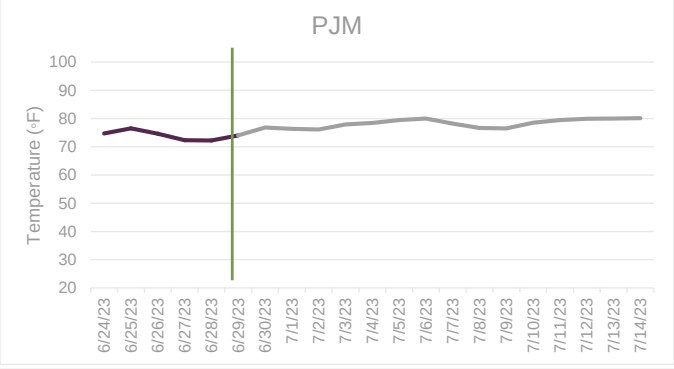

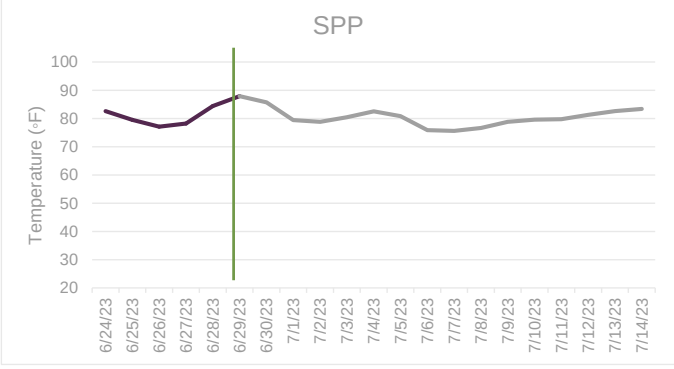

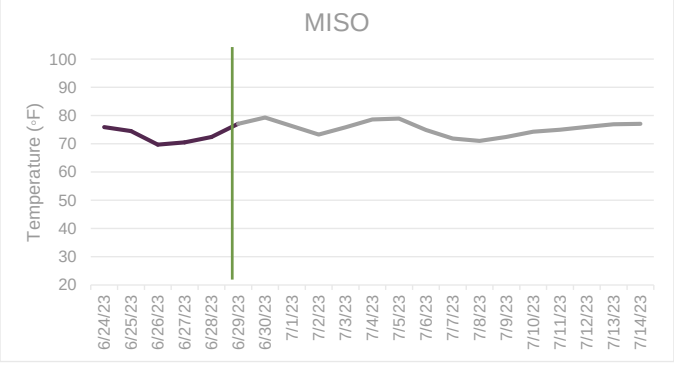

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

YTD Peak Load

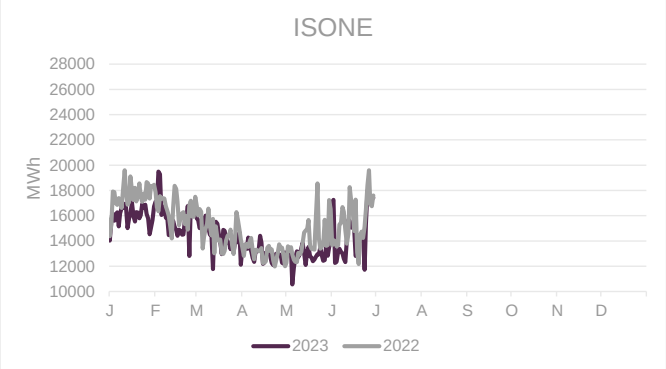

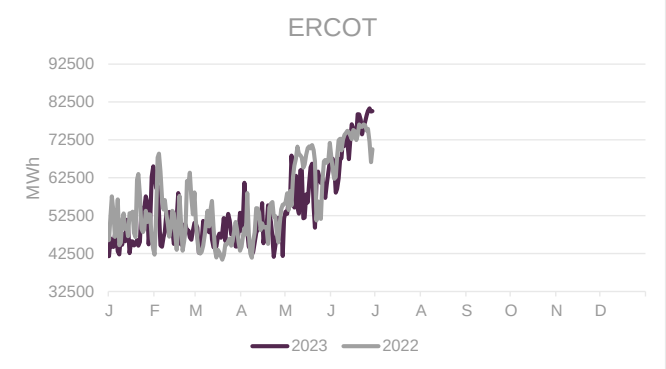

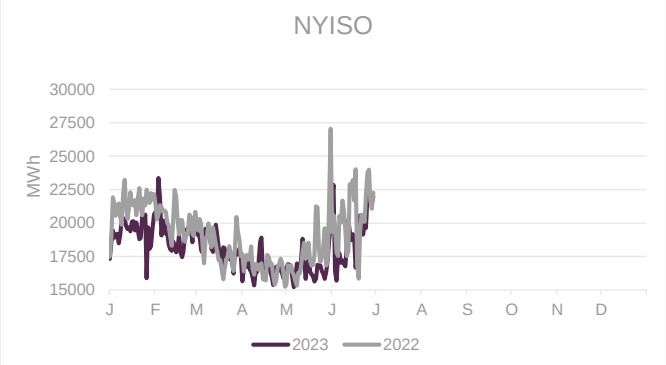

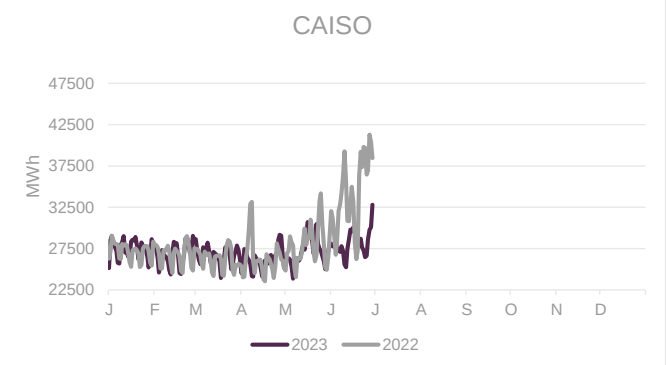

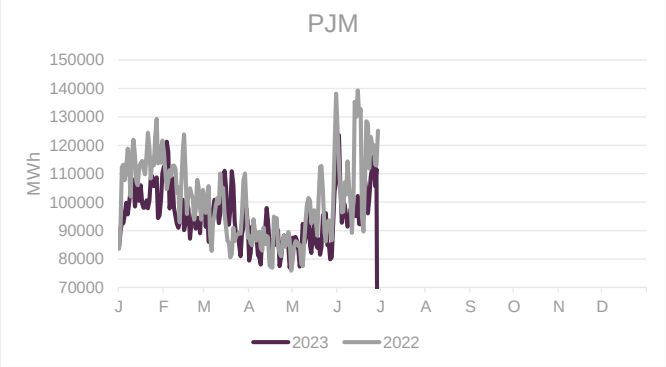

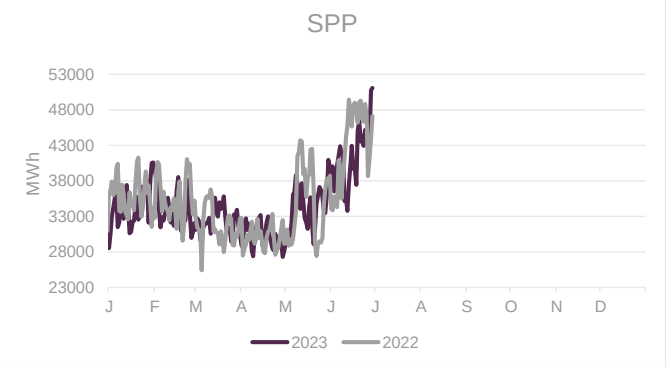

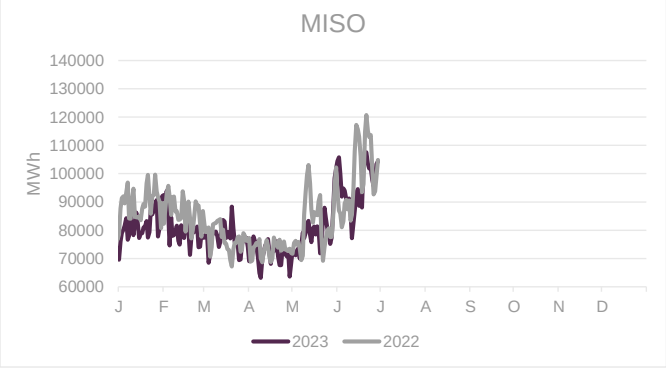

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (11/28/2023-2/28/2024)

Date	State	Ticker	Utility/Event	Docket	Description
10/1/2023-9/3/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case fiilng may occur in fiscal 2024
11/1/2023-11/30/2023	MC	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/30/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/29/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Rebuttal testimony due in BC-RAC proceeding
11/30/2023	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 4)	Commission decision in proceeding expected by
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
11/30/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Decision likely in SAVE Rider Proceeding
12/1/2023-12/31/2023	MI	CMS	Consumers Energy Co.		Gas rate case expected to be filed
12/1/2023-12/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Final order in rate case expected
12/1/2023-12/31/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2023-00180 (SAVE)	Decision expected in SAVE update proceeding
12/1/2023-12/31/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/7/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Parties and staff to file testimony in Rider CE proceeding
12/11/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
12/12/2023-12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Intervening parties to file testimony in Rider US-4 proceeding
12/13/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Company rebuttal testimony due in rate proceeding
12/13/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing scheduled in BC-RAC update proceeding
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Final date for PSC decision in rate case, per prior order
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Final date for PSC decision in rate case, per prior order
12/15/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Intervenor direct testimony due in multiyear rate plan case
12/15/2023-1/15/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
12/15/2023-1/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearing examiner's recommendation may be issued in Rider GV update proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Intervening parties to file testimony in Rider GT proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Intervenors to file testimony in Rider US-3 proceeding
12/18/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due in general rate case
12/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Deadline for decision in rate proceeding
12/20/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Deadline for decision in rate proceeding
12/20/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Deadline for settlement to be filed in rate proceeding
12/20/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Decision expected in IRIS proceeding
12/20/2023	OR	AVA	Avista Corp.	D-UG-461	Target date for PUC order
12/21/2023	MI	CMS	Consumers Energy Co.	C-U-21389	ALJ proposed decision expected
12/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Rebuttal testimony due in Rider CE proceeding
12/29/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Decision in rate case expected by
12/31/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Possible decision issued in electric rate proceeding
1/1/2024-1/12/2024	PA	FE	FirstEnergy Corp.		FirstEnergy Corp. operating companies may file joint rate case
1/1/2024	OR	POR	Portland General Electric Co.	D-UE-416	New rates effective
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearing examiner's report may be issued in earnings review proceeding
1/5/2024	CA	PCG	Pacific Gas and Electric Co.		Proposed ALJ decision in petition to transfer non-nuclear generation assets by
1/10/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing scheduled in Rider CE proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Staff to file testimony in Rider US-3 proceeding
1/16/2024	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Hearing to begin in rate proceeding
1/16/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
1/17/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Staff to file testimony in Rider US-4 proceeding
1/24/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Direct testimony due in Rider RBB proceeding
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/29/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West		Rate case filing expected
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- IL: Is Illinois Becoming the Next Connecticut? To Be Determined, but Taking a Neutral Stance on the State
- FE: CFO NDR Lunch Yields Incremental Datapoints and Clarifications Post-EEI; Value-Add Meeting – Reiterate BUY on Catalysts, Valuation
- DTE – Business Update Puts Mosaic Pieces In Place; Premium Growth, No Change in Equity, but Regulatory Risk Remains
- NEE/NEP NDR: What's with All the Fuss? Fresh Set of Eyes on NEE Value Drivers; Mgmt. Focused on Execution and Improved Messaging
- Hydrogen PTC: Reports Indicate a Narrower Pathway to Eligibility
- OGS: 2024 Guidance Misses Expectations; New 5yr Plan Leaves LT Rate Base Growth Trajectory Intact; Larger Capex Plan Brings Bigger Equity Need Too
- SO – Statewide Elections to Continue at Georgia PSC; Ruling Constructive for Buy Rated SO
- NRG: Quick Thoughts - Follow-Up Conversation(s) Reiterate No Change in Strategy/Capital Allocation; Renewed Focus on Operations – No Hidden Landmines Here
- NRG: CEO Departure Brings Elliott Standstill; Strategy Unchanged
- EEI: Wandering Desert Ridge, Parched for Alpha…
- NI – Remarketing Process Postponed; Substitute Equity Not Needed Until YE24; More Details to Come Tomorrow/Friday
- UTL: "It's Not the Size of the Dog in the Fight, It's the Size of the Fight in the Dog"; Valuation Full but Has Potential; Initiating Coverage at NEUTRAL
- NRG: Steadfast Capital Return Commitment, Confidence in Management, and Clear Messaging Go a Long Way…. Upgrading to BUY
- IDA: "Here We Have Idaho", and No Drama – What's Not to Like?; Initiating Coverage with a BUY
- NI NDR: A Hidden Gem with Catalysts & Clearing Events Ahead
- '23 LCOE Analysis – Inflation Now Embedded, But IRA Keeps Solar/Wind Competitive; Renewables Not Dead Despite Higher Interest Rates; NEE Positive Lateral
- ES – The Wind Keeps Blowing in the Wrong Direction: Another Messaging Miss, Downgrading to NEUTRAL on Balance Sheet, Protracted OSW Process
- Utilities: Perfect Storm of Rates, Tax-Loss Selling, and Macro Concerns Weigh on Sector Valuation: We Remain Cautious and Selective Despite Sell-Off
- DTE – 2023 Electric Rate Case PFD Drops Revenue Request Below Bid-Ask; MPSC Has Final Say, But Litigation Risk Now Apparent
- EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day
- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a “Rip-the-Band-Aid-Off” Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW’s Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains ’23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	257	68.35%	45	17.51%
NEUTRAL	111	29.52%	8	7.21%
SELL	8	2.13%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities 212.292.4700
Jeffrey Cohen, Head of Sales 212.292.4762
Dante Ferrarie, Head of Trading 212.518.3331
Craig Peckham, Head of Research 212.292.4765

Sales and Trading Offices

New York 212.292.4700
San Francisco 415.852.6451
Boston 617.859.4626
Richmond 804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Illinois Holiday Grinch Before Christmas: Downgrade to Neutral after Rate Case
- **Publication Date/Time** : Friday, December 15, 2023 01:18:34 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Paul Zimbardo
- **Link to Document** : https://viewer.apps.factset.com/?_doc_id=a4a0abfce21e51bae5ee9b5579a4daeb&_doc_docfn=U2FsdGVkX19NW%2BQoJmLGzepK4luvD0Rypbxdrm4%2ByU2l%2FukqLj0OGqVs43hLygXuf

EXELON CORP (EXC)

EXC: A December to never remember; cut PT to $41

December 15, 2023

Rating:
Outperform
Price:
$37.90
Price Target:
$41
Prior: $47
% Upside:
8.2%

View EXC Model
View Comp Table

Company Information

52-Week Range	$37 - $44
Market Cap. (MM)	$37,727
Enterprise Value (MM)	$80,208
Shares Out. (MM)	995.4
Avg. Value Traded (MM)	$1,020.48
SI% of Float	1.2%

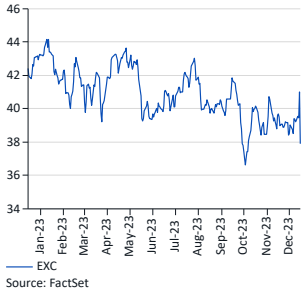

Priced as of 12/14/23



Steve Fleishman
sfleishman@wolferesearch.com
(646) 582-9241
View Steve's Research

David Paz
dpaz@wolferesearch.com
(646) 582-9242

The Wolfe Byte

EXC's IL and MD multi-year rate orders issued: IL was poor with very low ROE and a punt on incremental rate base until next yr, sending the stock down 8%. MD was post-close and solid. We still see EXC tracking to low end of 6-8% EPS CAGR assuming capital redirected from IL.

Stock falls on disappointing IL order; MD is better. On 12/14, the ICC set an ROE of 8.9% in ComEd's 2024-27 electric distribution case and rejected its grid plan. The order reduced the already low ALJ-proposed ROE by 40bp and kept 2024-27 rate base flat to 2022 until approval next year of a revised grid plan. The stock trailed the UTY by 620bp. The order appears to likely put EXC on the low end of its 6-8% EPS growth target, but more 2024-27 RB will likely be added. The MD order hit after close and was decent. IL has cemented itself as one of the worst regulatory states and may dominate near-term attention. Fortunately, its only ~28% of EXC RB and we see EXC's other jurisdictions much better. Given the overhang and low ROEs, we expect the company to redirect investment from IL into their other states. We now target an avg multiple vs prior premium and cut PT by $6 on P/E of 15x vs 17x prior.

IL sends bad signal; flat RB growth to 2022 or 2023? Under formula rates, IL ROEs were low due to the 30Y UST yields, but now 2024-27 ROEs will stay at 8.9% regardless of rates. The EPS hit from lower ROE is manageable, but RB is uncertain until a grid plan is approved. And the ICC ordered 2024-27 flat to the last authorized RB, which was YE22. Next year, YE23 RB will be set under formula rates and presumably be higher than YE22. Whether that will result in a higher 2024-27 RB than those in the 12/14 order is unclear. See p. 3 for a scenario that keeps 2024-26 RB flat with 2022. It is unlikely but informative.

Decent BGE order; excl FERC RB, MD is close to IL's size. The BGE MYP order was in line w/ PSC Staff recs, which we viewed as reasonable. The 9.5% ROE for the larger electric RB is unchanged, while 9.45% for gas is 20bp lower than last allowed. The cumulative rate increase of $408M is in line w/ Staff's $425M. And the order approved most of EXC's requested 2021-22 reconciliations; important for future certainty. We note EXC's MD RB is ~22% of total, while IL distrn is ~28%.

ESTIMATES				DECEMBER FYE
($)	2023E	2024E	2025E	2026E
EPS FY	2.37 E	2.51 E	2.76 E	2.86 E
Cons.	2.36 E	2.50 E	2.71 E	2.89 E
P/E	16.0x	15.1x	13.7x	13.2x

This report is limited solely for Wolfe Research's clients.Please refer to the DISCLOSURE SECTION located at the end of this report for Analyst Certifications and Other Important Disclosures.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Investment Conclusion

We believe EXC is a low-risk utility stock. It is a mostly electric T&D utility with no coal, in line or above regulation in most of its jurisdictions outside of IL, flexible B/S, and LT EPS growth target of 6-8%. We liked the messaging and conviction on its LT outlook over the past year. The focus has been on a first multiyear rate case in IL, as well as a second multiyear filing in MD and reconciliations of the first MD/BGE multiyear case. IL was disappointing and the case will carryover into 2024, whereas MD was decent. The stock likely trades at a discount to low-risk, high-quality utilities, given IL overhang.

Valuation

Our $41PT is based on our utility group P/E of 15x 2025E.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

WOLFE RESEARCH

December 15, 2023

Scenario: Keep 2024-26 ComEd rate base flattish to 2022

Below is a scenario that we view as unlikely but wanted to show as investors look at 2024-27 earnings power while IL regulators set placeholder rate base flat to YE22 until approval sometime next year of a new grid plan, which is to be filed within 90 days.

Given 2023 rate base and earnings in IL will be under the sunsetting formula rates law, we continue to assume rate base growth in 2023 vs 2022 (~$1B). However, we then reduce ComEd rate base in 2024-26 to keep flattish with YE22.

Under the scenario, a CAGR could be ~5% before any capex redeployment outside IL. If much of the $2.0-2.5B/yr of capex proposed in ComEd's 2024-26 plan goes to other jurisdictions, we think EXC can maintain its 6-8%.

Financial Summary	**2023E**	**2024E**	**2025E**	**2026E**
EPS	$2.37	$2.39	$2.61	$2.69
Consensus EPS	$2.36	$2.50	$2.71	$2.89
Payout	61%	65%	63%	66%
Equity ratio	38%	39%	39%	38%
FFO/Net Debt	14%	14%	14%	14%
Diluted Shares Outstanding	1,000	1,003	1,007	1,009
Valuation Metrics				
P/E	16.0x	15.9x	14.6x	14.1x
Dividend Yield	3.8%	4.1%	4.4%	4.7%
Segment EPS	**2023E**	**2024E**	**2025E**	**2026E**
ComEd	1.01	0.95	0.95	0.97
PECO	0.55	0.55	0.69	0.70
BGE	0.47	0.51	0.55	0.59
Pepco	0.64	0.70	0.73	0.77
Parent	(0.30)	(0.31)	(0.32)	(0.34)
Total EPS	**$2.37**	**$2.39**	**$2.61**	**$2.69**
Realized ROE (incl transmission)				
ComEd	9.9%	9.5%	9.5%	9.5%
PECO	9.4%	8.6%	9.9%	9.2%
BGE	9.6%	9.6%	9.7%	9.7%
Pepco	9.4%	9.6%	9.5%	9.5%
Average Rate Base ($M)	$53,479	$56,400	$59,025	$62,163

Opportunities outside of current plan. EXC has pointed to transmission capex upside mostly outside of its 2023-26 capital plan. But some of the $800-900M Brandon Shores transmission project could be added to 2025-26. The numbers above do not include that upside. Every $100M is ~$0.01 EPS.

Please help us protect your advantage...
DO NOT FORWARD
Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Relative stock performance and Comps

Exhibit 1: EXC Relative Performance vs. Large-Cap Utilities

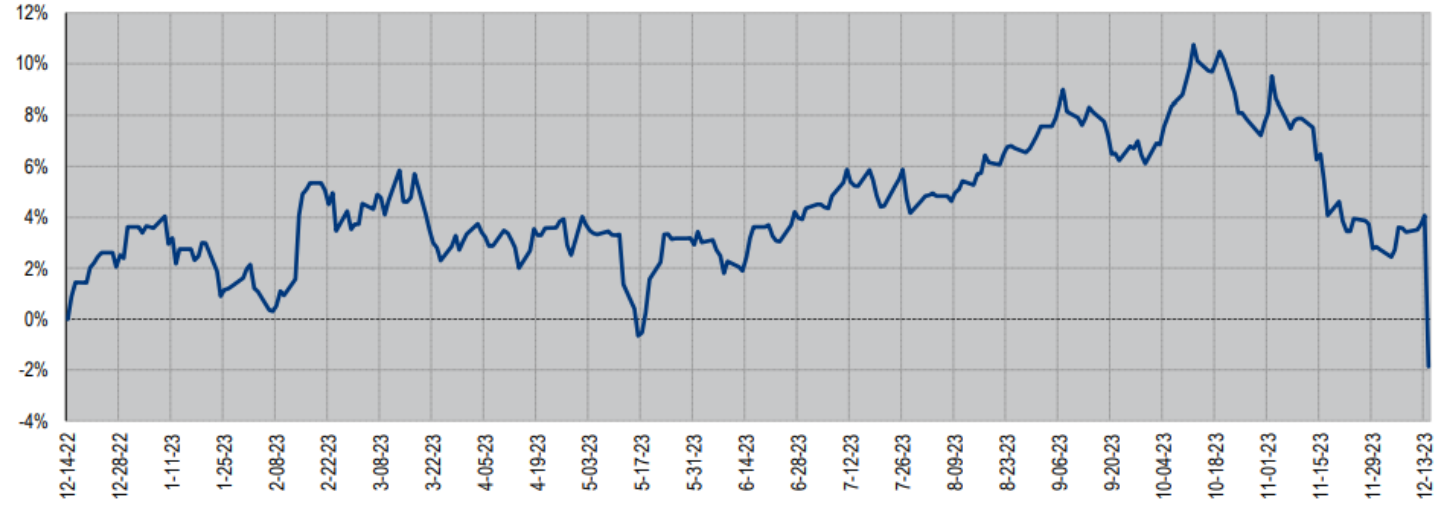

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

WOLFE RESEARCH

December 15, 2023

Exhibit 2: Regulated Utility Comps

Company Name	Ticker	Current Price	Current Shares	Mkt Cap ($M)	P/E 2023E	P/E 2024E	P/E 2025E	P/E 2026E	Div Yield	Div Growth (E)	Payout Ratio	Price/ Book	Equity Ratio
AES Corp.	AES	$19.63	670	$13,145	11.4x	10.2x	9.3x	N/A	3.4%	5.0%	39%	6.8x	19%
Alliant Energy	LNT	$52.19	255	$13,318	18.0x	17.1x	16.0x	15.0x	3.5%	5.8%	63%	2.0x	42%
Ameren	AEE	75.02	263	19,726	17.1x	15.8x	14.8x	14.0x	3.4%	6.8%	57%	1.8x	41%
American Electric	AEP	83.33	515	42,930	15.7x	14.9x	13.9x	13.1x	4.2%	6.0%	67%	1.7x	37%
Avangrid	AGR	33.99	387	13,146	16.2x	15.8x	14.2x	13.1x	5.2%	0.0%	84%	0.7x	64%
CenterPoint Energy	CNP	29.70	631	18,747	19.8x	18.3x	17.0x	15.8x	2.6%	10.0%	51%	2.0x	34%
CMS Energy	CMS	58.96	292	17,202	18.9x	17.6x	16.4x	15.3x	3.3%	6.0%	62%	2.5x	32%
Con Edison	ED	91.91	345	31,729	18.2x	17.2x	16.4x	15.8x	3.5%	2.5%	64%	1.5x	47%
Dominion	D	49.16	837	41,136	16.3x	14.9x	13.7x	13.0x	5.4%	0.0%	88%	1.6x	40%
DTE Energy	DTE	112.43	206	23,190	19.6x	16.9x	15.8x	14.5x	3.4%	7.4%	68%	2.1x	35%
Duke Energy	DUK	98.31	771	75,769	17.5x	16.6x	15.6x	14.6x	4.2%	2.0%	73%	1.6x	38%
Edison International	EIX	70.32	384	26,973	15.1x	13.7x	12.5x	11.9x	4.2%	5.4%	64%	2.0x	31%
Emera*	EMA	50.23	274	13,763	16.4x	15.8x	14.5x	13.9x	5.5%	4.1%	91%	1.3x	38%
Entergy	ETR	103.27	211	21,839	15.5x	14.3x	13.4x	12.5x	4.4%	6.0%	68%	1.6x	34%
Evergy	EVRG	53.37	230	12,260	14.9x	14.0x	13.3x	12.6x	4.6%	6.4%	69%	1.3x	43%
Eversource Energy	ES	63.53	349	22,193	14.5x	13.8x	12.9x	12.2x	4.2%	5.9%	62%	1.4x	38%
Exelon	EXC	37.90	995	37,727	16.0x	15.1x	13.7x	13.3x	3.8%	7.0%	61%	1.5x	37%
FirstEnergy	FE	37.87	574	21,730	14.9x	13.9x	13.2x	12.5x	4.2%	5.0%	62%	2.1x	30%
Fortis*	FTS	55.57	489	27,146	18.1x	17.1x	16.5x	15.9x	4.1%	5.3%	74%	1.4x	42%
NextEra Energy	NEE	62.78	2,024	127,049	20.3x	18.6x	17.2x	16.0x	3.0%	10.0%	61%	2.7x	43%
NiSource	NI	26.68	447	11,934	16.7x	15.5x	14.4x	13.5x	3.7%	6.4%	63%	1.8x	40%
OGE Energy	OGE	36.26	200	7,262	17.7x	17.2x	16.3x	15.5x	4.6%	1.0%	81%	1.6x	49%
PG&E	PCG	17.90	2,134	38,190	15.0x	13.5x	12.2x	11.3x	0.3%	0.0%	5%	1.6x	30%
Pinnacle West	PNW	74.71	113	8,472	17.6x	15.7x	14.9x	13.8x	4.7%	1.8%	82%	1.3x	39%
Portland General	POR	43.80	101	4,429	16.7x	14.4x	13.7x	13.1x	4.3%	5.0%	72%	1.3x	45%
PPL Corp.	PPL	27.04	737	19,932	17.0x	15.7x	14.6x	13.9x	3.6%	6.7%	60%	1.4x	49%
PSEG	PEG	62.98	498	31,384	18.3x	17.2x	15.6x	14.9x	3.6%	5.6%	66%	2.1x	43%
Sempra	SRE	76.48	629	48,131	16.6x	15.9x	15.0x	N/A	3.1%	3.9%	52%	0.9x	50%
Southern Company	SO	71.50	1,091	77,979	19.8x	17.8x	16.6x	15.8x	3.9%	2.9%	78%	2.5x	33%
WEC Energy Group	WEC	84.62	315	26,692	18.3x	17.2x	16.1x	15.1x	3.7%	7.0%	67%	2.3x	39%
Xcel Energy	XEL	62.57	552	34,527	18.7x	17.5x	16.4x	15.3x	3.3%	6.7%	62%	2.0x	39%
Average					**17.0x**	**15.8x**	**14.7x**	**14.0x**	**3.8%**	**5.0%**	**65%**	**1.9x**	**39%**
Average (ex AES)					**17.2x**	**16.0x**	**14.9x**	**14.0x**	**3.9%**	**5.0%**	**66%**	**1.7x**	**40%**

Please help us protect your advantage...
DO NOT FORWARD
Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

WOLFE RESEARCH

December 15, 2023

Exelon Corp. Snapshot

Exhibit 3: Financial Summary

Financial Summary	2023E	2024E	2025E	2026E
EPS	$2.37	$2.51	$2.76	$2.86
Consensus EPS	$2.36	$2.50	$2.71	$2.89
Dividends Per Share	$1.44	$1.55	$1.65	$1.77
Payout on Utility net Parent	61%	62%	60%	62%
Equity ratio	38%	38%	37%	37%
FFO/Net Debt	14%	14%	14%	14%
Diluted Shares Outstanding	1,000	1,003	1,006	1,008
Valuation Metrics				
P/E	16.1x	15.1x	13.8x	13.3x
Dividend Yield	3.8%	4.1%	4.4%	4.7%
Segment EPS	**2023E**	**2024E**	**2025E**	**2026E**
ComEd	1.01	1.08	1.15	1.21
PECO	0.55	0.55	0.69	0.69
BGE	0.47	0.51	0.55	0.59
Pepco	0.64	0.70	0.73	0.77
Parent	(0.30)	(0.33)	(0.36)	(0.39)
Total EPS	**$2.37**	**$2.51**	**$2.76**	**$2.86**
Realized ROE (incl transmission)				
ComEd	9.9%	9.9%	9.9%	9.8%
PECO	9.4%	8.6%	9.9%	9.0%
BGE	9.5%	9.7%	9.6%	9.6%
Pepco	9.4%	9.6%	9.5%	9.5%
Average Rate Base ($M)	$53,479	$57,289	$61,440	$65,783

Source: Wolfe Utilities & Power Research

Exhibit 4: Modeling Assumptions

Assumptions	2023E	2024E	2025E	2026E
Capex by Segment ($M)				
ComEd	$2,550	$2,550	$2,925	$3,100
PECO	1,375	1,575	1,625	1,650
BGE	1,325	1,475	1,675	1,525
Pepco	1,900	1,950	2,000	2,075
Parent/other	0	0	0	0
Total EXC Capex	**$7,150**	**$7,550**	**$8,225**	**$8,350**
EXC				
Equity Issued/(Repurchased)	$142	$142	$142	$0
Debt Issued/(Repurchased)	2,575	2,450	2,950	2,900

Source: Wolfe Utilities & Power Research

Exhibit 5: 2024 EPS by Subsidiary

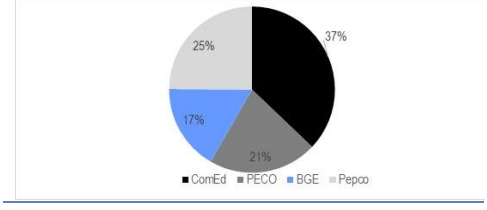

Source: Wolfe Utilities & Power Research

Company Description

Chicago-based EXC is a large T&D (wires-only) regulated utility company, providing mostly electric service to roughly 10 million customers in the Mid-Atlantic and northern IL. It has no coal or other generation. ComEd serves northern IL and is EXC's largest utility sub, representing ~40% of rate base. Pepco serves DC, DE, MD and southern NJ and represents 25% of rate base. PECO, which serves southeastern PA, and BGE, which serves Baltimore, each represent nearly 20% of rate base. A little over 90% of EXC's total rate base is electric, with the rest gas LDC.

Investment Thesis

We believe EXC is a low-risk utility stock with an above average EPS growth target. It is a mostly electric T&D utility with no coal, constructive regulation in most of its jurisdictions, flexible B/S, and LT EPS growth of 6-8%.

Valuation

Our $41 PT is based on our utility group average P/E on 2025E. Risks are less capex, lower returns, less cash or more equity needs, and unfavorable regulatory outcomes.

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

DISCLOSURE SECTION

Analyst Certification:

The various Wolfe Research, LLC analysts who are primarily responsible for this research report certify that (i) the recommendations and opinions expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and (ii) no part of the research analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this report.

Important Disclosures:

Price Chart(s) with Ratings and Target Price History

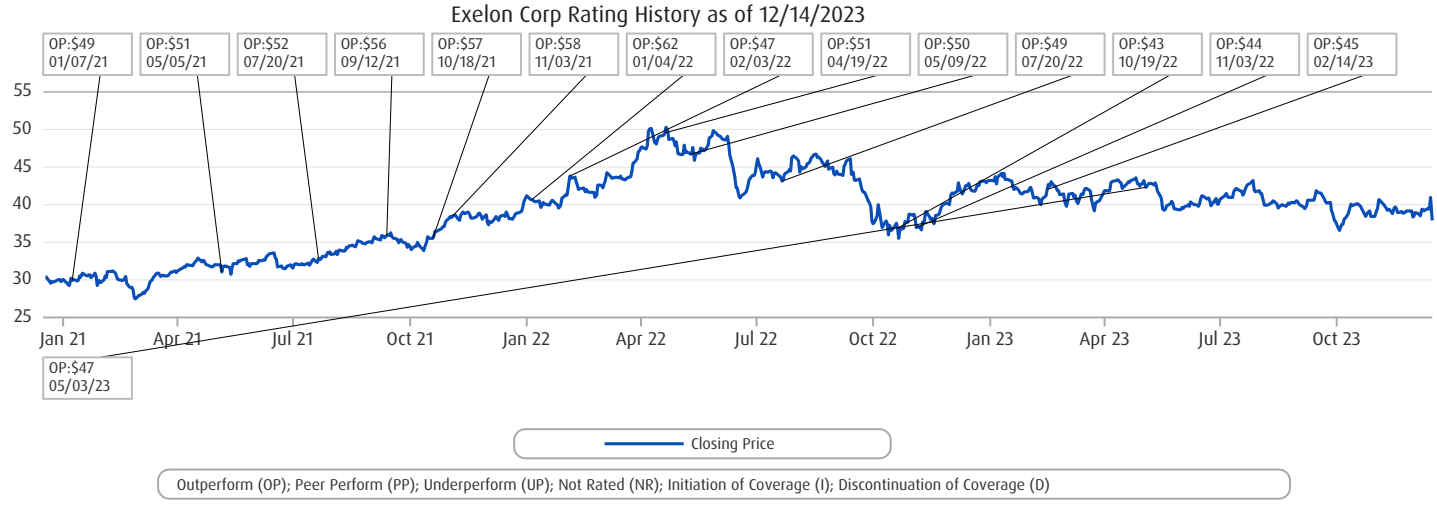

Wolfe Research, LLC Fundamental Valuation Methodology:

Company:	Fundamental Valuation Methodology:
Exelon Corp	P/E

Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:

Company:	Risks That May Impede Achievement of the Recommendation, Rating or Target Price:
Exelon Corp	Risks are less capex, lower returns than projected, and unfavorable regulatory outcomes

Wolfe Research, LLC Research Disclosures:

Company:	Research Disclosures:
Exelon Corp	None

Other Disclosures:

Wolfe Research, LLC Fundamental Stock Ratings Key:

Please help us protect your advantage...
DO NOT FORWARD

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Outperform (OP):	The security is projected to outperform analyst's industry coverage universe over the next 12 months.
Peer Perform (PP):	The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.
Underperform (UP):	The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Wolfe Research, LLC does not assign target prices for Peer Perform rated companies.

Wolfe Research, LLC uses a relative rating system using the terms Outperform, Peer Perform, and Underperform as per the definitions above. Please carefully read these definitions used in Wolfe Research, LLC research. In addition, since Wolfe Research, LLC research contains more complete information concerning the analyst's views, please carefully read Wolfe Research, LLC research in its entirety and do not infer the contents from the ratings alone. In all cases, ratings (or research) should not be used or relied upon as investment advice and any investment decisions should be based upon individual circumstances and other considerations.

Wolfe Research, LLC Industry Weighting System:

Market Overweight (MO):	Expect the industry to outperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.
Market Weight (MW):	Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the U.S.) over the next 12 months.
Market Underweight (MU):	Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

Wolfe Research, LLC Distribution of Fundamental Stock Ratings (As of December 15, 2023):

Outperform:	46%	4% Investment Banking Clients within the previous 12 months
Peer Perform:	45%	1% Investment Banking Clients within the previous 12 months
Underperform:	9%	0% Investment Banking Clients within the previous 12 months

Other Disclosures:

Wolfe Research, LLC does not assign ratings of Buy, Hold, or Sell to the stocks it covers. Outperform, Peer Perform, and Underperform are not the respective equivalents of Buy, Hold, and Sell but represent relative weightings as defined above. To satisfy regulatory requirements, Outperform has been designated to correspond with Buy, Peer Perform has been designated to correspond with Hold, and Underperform has been designated to correspond with Sell.

Wolfe Research Securities and Wolfe Research, LLC have adopted the use of Wolfe Research and The Wolfe Daily Howl as brand names. Wolfe Research Securities, a member of FINRA (www.finra.org) and the National Futures Association, is the broker-dealer affiliate of Wolfe Research, LLC. Wolfe Research Advisors, LLC is an SEC registered Investment Adviser affiliate of Wolfe Research, LLC. The Research Department of Wolfe Research, LLC produces and distributes research to clients of Wolfe Research, LLC, Wolfe Research Advisors, LLC, and Wolfe Research Securities. Any analysts publishing these reports are associated with Wolfe Research, LLC, Wolfe Research Advisors, LLC, and Wolfe Research Securities.

The Wolfe Daily Howl, Monthly Controversies Report, and The Highlight Note are subscription-based products for Institutional investor subscribers only and are products of Wolfe Research, LLC. The Wolfe Daily Howl may contain previously published research which have been repackaged for Wolfe Daily Howl subscribers. Wolfe Research, LLC,

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

its affiliates, officers, directors, employees, and agents will not be liable for any investment decisions made or actions taken by you or others based on any news, information, opinion, or any other material published through this service.

The content of this report is to be used solely for informational purposes and should not be regarded as an offer, or a solicitation of an offer, to buy or sell a security, financial instrument or service discussed herein or to participate in any particular trading strategy in any jurisdiction. Opinions and information in this communication constitutes the current judgment of the authors as of the date and time of this report and are subject to change without notice. Information herein is believed to be reliable based upon publicly available data but Wolfe Research, LLC, and its affiliates, including but not limited to Wolfe Research Securities and Wolfe Research Advisors, LLC, make no representation that it is complete or accurate. The information provided in this communication is not designed to replace a recipient's own decision-making processes for assessing a proposed transaction or investment involving a financial instrument discussed herein. Recipients are encouraged to seek financial advice from their financial advisor regarding the appropriateness of investing in a security or financial instrument referred to in this report and should understand that statements regarding the future performance of the financial instruments or the securities referenced herein may not be realized. Past performance is not indicative of future results. This report is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to applicable law, or which would subject Wolfe Research, LLC, or any of its affiliates to any registration requirement within such location. For additional important disclosures, please see https://www.WolfeResearch.com/Disclosures.

The views expressed in Wolfe Research, LLC research reports with regard to sectors and/or specific companies may from time to time be inconsistent with the views implied by inclusion of those sectors and companies in other Wolfe Research, LLC analysts' research reports and modeling screens. Wolfe Research, LLC communicates with clients across a variety of mediums of the clients' choosing including emails, voice blasts, and electronic publication to our proprietary website. Facts and views in Wolfe Research, LLC research reports and notes have not been reviewed by, and may not reflect, information known to, professionals in other Wolfe Research, LLC affiliates or business areas, including investment banking personnel.

Copyright © Wolfe Research, LLC 2023. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Wolfe Research, LLC. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Wolfe Research, LLC.

This report is limited for the sole use of clients of Wolfe Research, LLC, Wolfe Research Securities and Wolfe Research Advisors, LLC which have been given permission prior to such use. Any distribution of the content produced by Wolfe Research, LLC will violate the understanding of the terms of our relationship.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

IL-Communication - MYRP Off to Tough Start

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (347) 668-8970

Edward M DeArias, CFA — VP Associate
edward.dearias@bmo.com — (347) 274-1556

Tanmay Pandit — Associate
tanmay.pandit@bmo.com — (437) 246-7075

Legal Entity: BMO Capital Markets Corp.

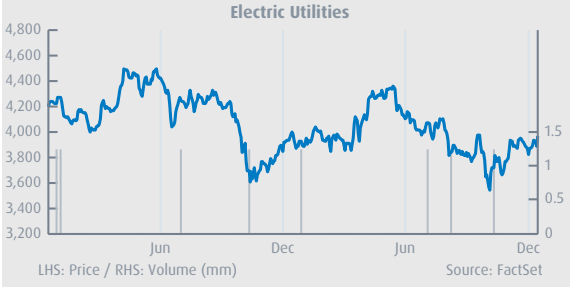

Bottom Line:

Today the Illinois Commerce Commission (ICC) issued decisions in the inaugural electric MYRPs for EXC and AEE in IL. The decisions were worse than feared as the ICC outright denied both companies' grid plan filings and adopted some of the lowest ROEs in the US. In rejecting both utilities' grid filings, the ICC cited a lack of transparency in the workshop process for the grid plan that was expected following approval of the order and insufficient information to effectively perform required cost-benefit analysis and appropriate equality considerations associated with the 2021 Climate and Equitable Jobs Act (CEJA) legislation amongst other factors. This ultimately led the commission to conclude that as filed the plans did not satisfy the requirements of CEJA. **However, notably absent from the decision was an explicit disallowance of any discrete capital spending.**

Key Points

While the grid plans were rejected as filed, the companies were directed to refile their plans in compliance with the requirements outlined in the CEJA within 90 days. It is our understanding that once a grid plan is ultimately approved, the revenue requirements and rate base test years from the orders will be updated to reflect the compliant grid plan**.**

Now the really bad news... While the commission's rejection of the grid plan removed any near-term certainty on both utilities 2024-2027 revenue requirements and rate bases, the one thing that was clear was the punitive authorized ROEs of 8.905% for EXC and 8.72% for AEE. Even though we believe most investors' expectations were significantly dampened by the mid-November final orders in the Illinois gas utility rate cases, from our conversations investor outlooks had coalesced around the 9.3-9.4% levels. Which, given the sensitivity of ~$0.04 of EPS per every 50bps change in ROE for both companies, in our opinion could have resulted in a derisking event given the modest impact relative to a ~9.5% US average ROE. Regarding the equity layer, the commission authorized a 50% (pre-goodwill) and consistent with the proposed orders did not approve a return on the pension assets.

As discussed more inside, taking all of this into account we expect a disproportionate effect on 2024 earnings for each company given the lower initial level of approved rate base combined with the reduction in ROE. In both of our previous forecasts for EXC and AEE, we had assumed a ~9.7% awarded ROE. As we describe above, although 2024 earnings may reflect the lower level of approved rate base, we expect a normalization with the ultimate approval of the capital plan. Specifically, until we receive more clarity from the company's revised grid plans in 2024, our revised forecasts reflect the base, non-MYRP upside, capital plans as presented by both companies in their 4Q22 outlooks as our base case capital plan. **Inside we present the assumptions behind our estimate changes for each company based on our current understating of today's orders.**

Following today's significant ~690bps relative underperformance, even on our downwardly adjusted estimates we see AEE trading in-line with the broader group and EXC trading at ~5.5% discount before considering any potential mitigation efforts. Maintain Outperform ratings; AEE and EXC targets to $81 and $40, respectively.

For disclosure statements, including the Analyst Certification, please refer to page(s) 10 to 14.

Industry Research

Glossary

IL-Communication – Time to Root Down

Bottom Line: Today the Illinois Commerce Commission (ICC) issued decisions in the inaugural electric MYRPs for EXC and AEE in IL. The decisions were worse than feared as the ICC outright denied both companies' grid plan filings and adopted some of the lowest ROEs in the US. In rejecting both utilities' grid filings, the ICC cited a lack of transparency in the workshop process for the grid plan that was expected following approval of the order and insufficient information to effectively perform required cost-benefit analysis and appropriate equality considerations associated with the 2021 Climate and Equitable Jobs Act (CEJA) legislation amongst other factors. This ultimately led the commission to conclude that as filed the plans did not satisfy the requirements of CEJA. **However, notably absent from the decision was an explicit disallowance of any discrete capital spending.**

While the grid plans were rejected as filed, the companies were directed to refile their plans in compliance with the requirements outlined in the CEJA within 90 days. It is our understanding that once a grid plan is ultimately approved, the revenue requirements and rate base test years from the orders will be updated to reflect the compliant grid plan**. In this regard, we see today's decision on the company's initial multi-year rate plans as more representative of receiving an incomplete on a test rather than a failing grade**. And in fact, in our review of the record we see broad stakeholder alignment on the proposed capital plans aligning with the legislation and following a remediation of the identified deficiencies in the plans **we continue to believe a constructive level of capital deployment will ultimately be approved.** However, without an approved grid plan, the commission reverted to an alternate method of establishing rate base and revenue requirements. For rate base, they chose to use the last approved rate base numbers for each company as filed in their 2022 year-end reconciliations. In the absence of any approved capital deployment the rate base levels were relatively unchanged at ~$13.76bn for EXC and ~$3.87bn for AEE. The revenue requirements included updates for certain known expenses. As filed, the order provides for a cumulative increase of $506mm for EXC compared to their updated request of ~$1.5bn and ~$58mm for AEE versus their $448mm request.

Now the really bad news… While the commission's rejection of the grid plan removed any near-term certainty on both utilities 2024-2027 revenue requirements and rate bases, the one thing that was clear was the punitive authorized ROEs of 8.905% for EXC and 8.72% for AEE. Even though we believe most investors' expectations were significantly dampened by the mid-November final orders in the Illinois gas utility rate cases, from our conversations investor outlooks had coalesced around the 9.3-9.4% levels. Which, given the sensitivity of ~$0.04 of EPS per every 50bps change in ROE for both companies, in our opinion could have resulted in a derisking event given the modest impact relative to a ~9.5% US average ROE. Regarding the equity layer, the commission authorized a 50% (pre-goodwill) and consistent with the proposed orders did not approve a return on the pension assets.

As discussed more below, taking all of this into account we expect a disproportionate effect on 2024 earnings for each company given the lower initial level of approved rate base combined with the reduction in ROE. In both of our previous forecasts for EXC and AEE, we had assumed a ~9.7% awarded ROE. As we describe above, although 2024 earnings may reflect the lower level of approved rate base, we expect a normalization with the ultimate approval of the capital plan. Specifically, until we receive more clarity from the company's revised grid plans in 2024, our revised forecasts reflect the base, non-MYRP upside, capital plans as presented by both companies in their 4Q22 outlooks as our base case capital plan. **Below we present the assumptions behind our estimate changes for each company based on our current understating of today's orders.**

Exelon Updates for Both IL & MD Final Orders

For EXC, we are lowering our initial base case 2024 and 2025 EPS estimates to $2.37 and $2.66 from $2.50 and $2.72, respectively. As presented in Exhibit 1 below, the ~80bps reduction in the authorized ROE contributes ~$0.06-0.07 of EPS headwind while the lower approved rate base level creates a ~$0.07

hurdle relative to our previous forecast. Furthermore, based on stakeholder support for the capital as proposed in the plan we continue to model a level of rate base growth consistent with the current base capital plan management outlined on their 4Q22 call. **Thus, although 2024 approved rate base is likely to remain unchanged until the grid plan is approved, assuming the final approval occurs at some point in 2024 our modeled 2025 weighted average rate base is largely unchanged reflecting the capital spent in 2023 and in our opinion likely to be spent in 2024 and 2025.** While some many argue that at a sub 9% ROE the company will likely not make the same level of investments that it outlined in its 4Q22 presentation, given its past history as precedent when under IL's formula rate construct the company earned ROEs in a similar range (and sometimes below), we believe the company's distribution capital plan is likely to remain in the ~$2bn range with potential upside from additional transmission opportunities. **Thus, more than half of our current 2024 EPS impact is effectively a timing-related impact and when the company begins to collect the revenue requirements under its revised grid plan it should help mitigate the ultimate impact in 2025 to ~$0.06.**

Exhibit 1: Illustrative ComEd Distribution EPS Changes and ROE/Rate Base Impacts

Current	2022	2023	2024	2025	2026	
YE EDC Rate Base	$13,756	$14,911	$15,704	$16,754	$17,831	
Average Rate Base		*$14,334*	*$15,308*	*$16,229*	*$17,293*	
Curr Equity Ratio		49.5%	50.0%	50.0%	50.0%	
Curr ROE Assumptions		9.90%	9.70%	9.70%	9.70%	
NI		$702	$742	$787	$839	
Shares		997	1000	1004	1007	
Implied EPS		**$0.70**	**$0.74**	**$0.78**	**$0.83**	
New Equity Ratio		49.45%	50.0%	50.0%	50.0%	
New ROE		9.90%	8.91%	8.91%	8.91%	
NI		702	682	723	770	
Implied EPS		**$0.70**	**$0.68**	**$0.72**	**$0.76**	
Delta vs Original Assumptions		**$0.00**	**($0.06)**	**($0.06)**	**($0.07)**	
New WAVG Rate Base	$13,756	$13,756	$13,756	$16,229	$17,293	
Implied EPS			**$0.61**	**$0.72**	**$0.76**	
Delta vs Original Assumptions			**($0.13)**	**($0.06)**	**($0.07)**	**22-26 CAGR**
New Consolidated EPS			**$2.37**	**$2.66**	**$2.83**	**6%**
P/E				**14.3x**		
Discount vs Group				**-5.5%**		

*2026 Based on Consensus EPS

Source: BMO Capital Markets, Company Reports, FactSet

Furthermore, using 2026 consensus as a starting point we see the implied ~$0.07 reduction from the lower ROE yielding an illustrative 2026 EPS of $2.83. Importantly, this would still imply 2022-2026 EPS growth of 6%, which is within the company's current stated 6-8% EPS CAGR, albeit towards the low end.

We also note that our estimates assume the impact of the lower ROE is left unmitigated. Aside from traditional cost management efforts, we would highlight that the company sees additional investment opportunities including those referenced above within their transmission business that could help smooth a lower capital investment program on the distribution side. We await further guidance from management on their year-end call when they roll forward their 4-year capital plan.

Mind the Credit Gap

While most investors' primary attention will be on the EPS impacts to 2024-2026 related to the lower ROE and initial rate base in 2024, we would also highlight that until we have additional clarity on the company's revised grid plan in support of the 2021 Climate and Equitable Jobs Act (CEJA) and the associated revenue requirements, **there could be at least a temporary impact to ComEd's funds from**

operations (FFO) that lowers consolidated FFO as well. Using our current base case impact to 2025 of ~$0.06/share, we see roughly a $70-80mm impact to operating cash flow. Assuming the company continues to target a cushion of 100-200bps above its current downgrade threshold of 12% (CFO Pre-WC / Debt) on average though 2026, at the lower end of its 13-14% outlook we could see the need for an additional $550-600mm of incremental equity needs or ~1.5% of potential dilution. While we have not incorporated an additional equity in our current forecast pending the final resolution to the company's IL MYRP later in 2024, we will be watching closely the rating agencies response to today's order including any change in business risk. As a reminder the parent (EXC) has a Baa2/Stable outlook at Moody's and BBB+/Positive outlook currently at Standard & Poor's. Similarly, ComEd is rated A2/Stable at Moody's and A-/Stable outlook at Standard & Poor's.

Lowering Our Target Price to Reflect The Increased Uncertainty in the Illinois Regulatory Construct

Given the significantly lower-than-expected ROE, especially relative to national averages of ~9.5%, and the uncertainty of the final financial impact of the ICC's order in the company's inaugural MYRP proceeding, we believe investors will likely place a significant discount on ComEd's forward earnings in their sum-of-the-parts valuations. As such we have moved our 2025 multiple for ComEd's distribution earnings to a 15% discount or 12.8x relative to our mark-to-market, peer average electric multiple of 15.1x. Despite the nearly 5% absolute upside move in the utility sector since we last marked our EXC target price to market, today we are lowering our target price to $40 or nearly 10% below our previous $44 price objective. **However, even with this our lower base case EPS outlook and lower implied consolidated trading multiple (in line with the average utility due primarily to the premiums we ascribe to transmission and PECO), we still see a 10% total return in EXC shares and maintain our Outperform rating.**

Maryland Rate Case – Better Than Feared

The company also received final orders in their BG&E rate cases in MD. Overall, we believe the final orders in the company's BG&E electric and gas case were largely better than feared with only a modest reduction in rate relief versus staff's June position and an in-line/unchanged ROE and equity layer of 9.5% and 52%.

On the electric side, the company's 2024-2026 MYP will include ~$179mm in cumulative rate relief or about 57% of the company's mitigated request of $313mm and staff's June recommendation of $193mm (~93%). This includes increases of $93mm, $61mm and $25mm in 2024-2026 based on an adjusted rate base of $4.790mm, $5,025mm and $5,197mm, respectively. Total rate base disallowances were a modest $110mm. Of note, the Commission found BGE's proposed PIM program would not likely to lead to reasonable rates and was denied.

On the gas side, the company's 2024-2026 MYP will induce ~$229mm in cumulative rate relief or about 79% of the company's mitigated request of $289mm and staff's June recommendation of $232mm (~99%). This includes increase of $148mm, $41mm and $41mm in 2024-2026 based on an adjusted rate base of $3,241mm, $3,517mm and $3,801mm, respectively. Total rate base disallowances were slightly higher at 6% or $208mm with ~$121mm of this in 2026 related to its STRIDE investments, gas meter conversion costs and leak prone pipes program.

Ameren Updates for IL Final Order

Similar to EXC above, we see the same moving parts with AEE. Accordingly, we are lowering our initial base case 2024 and 2025 EPS estimates to $4.48 and $4.93 from $4.69 and $5.02, respectively. As presented in Exhibit 2 below, the ~100bps reduction in the authorized ROE contributes ~$0.08-0.09 of

EPS headwind while the lower approved rate base level creates a ~$0.13 relative to our previous forecast. Furthermore, based on stakeholder support for the capital as proposed in the plan we continue to model a level of rate base growth consistent with the current base capital plan management outlined on their 4Q22 call. Thus, although 2024 approved rate base is likely to remain unchanged until the grid plan is approved, assuming the final approval occurs at some point in 2024 our modeled 2025 weighted average rate base is largely unchanged reflecting the capital spent in 2023 and in our opinion likely to be spent in 2024 and 2025. While some many argue that at a sub 9% ROE that the company will likely not make the same level of investments that it outlined in its 4Q22 presentation, given its past history as precedent when under IL's formula rate construct the company earned ROEs in a similar range (and sometimes below), we believe the company's distribution capital plan is likely to remain in the ~$650-750mm range. Thus, more than half of our current 2024 EPS impact is effectively a timing-related impact that as the company begins to collect the revenue requirements under its revised grid plan should help mitigate the ultimate impact in 2025 to ~$0.09.

Exhibit 2: Illustrative AEE IL Distribution EPS Changes and ROE/Rate Base Impacts

Current	2022	2023	2024	2025	2026	
YE EDC Rate Base	$4,200	$4,514	$4,876	$5,220	$5,619	
Average Rate Base		*$4,357*	*$4,695*	*$5,048*	*$5,419*	
Curr Equity Ratio		50.0%	50.0%	50.0%	50.0%	
Curr ROE Assumptions		9.90%	9.70%	9.70%	9.70%	
NI		$216	$228	$245	$263	
Shares		266	272	279	282	
Implied EPS		**$0.81**	**$0.84**	**$0.88**	**$0.93**	
New Equity Ratio		50.0%	50.0%	50.0%	50.0%	
New ROE		9.90%	8.72%	8.72%	8.72%	
NI		216	205	220	236	
Implied EPS		**$0.81**	**$0.75**	**$0.79**	**$0.84**	
Delta vs Original Assumptions		**$0.00**	**($0.08)**	**($0.09)**	**($0.09)**	
New WAVG Rate Base	$3,872	$3,872	$3,872	$5,048	$5,419	
Implied EPS			**$0.62**	**$0.79**	**$0.84**	
Delta vs Original Assumptions			**($0.22)**	**($0.09)**	**($0.09)**	**23-26 CAGR**
New Consolidated EPS			**$4.48**	**$4.93**	**$5.19**	**6.0%**
P/E				**15.2x**		
Premium vs Group				**0.8%**		

*2026 Based On Consensus EPS

Source: BMO Capital Markets, Company Reports, FactSet

We also note that our estimates assume the impact of the lower ROE is left unmitigated. Aside from traditional cost management efforts, we would highlight that the company already has a $48bn+ pipeline of investment opportunities with additional upside drivers from generation modernization. Furthermore, the company has a strong track record of successfully managing capital between their jurisdictions (i.e. before MO passed PISA legislation). We await further guidance from management on their year-end call when they roll forward their 5-year capital plan.

Given the significantly lower-than-expected ROE, especially relative to national averages of ~9.5%, and the uncertainty of the final financial impact of the ICC's order in the company's inaugural MYRP proceeding and recent modestly disappointing gas order, we believe investors will likely place a significant discount on AEE IL's forward earnings in their sum-of-the-parts valuations. However, we also note the company's IL subsidiary contains a significant portion of transmission spending that we still consider a ~25% premium business and largely offsets the electric distribution and gas LDC discounts. As such we have moved our 2025 multiple for AEE IL's earnings to a 5% discount or 14.3x relative to our mark-to-market, peer average electric multiple of 15.1x.

Despite the nearly 8% absolute upside move in the utility sector since we last marked our AEE price target to market, today we are lowering our target price to $81. **However, even with this our lower base case EPS outlook and lower implied consolidated trading multiple (still a ~9% premium primarily due to the value we ascribe to transmission and MO), we still see a 11% total return in AEE shares and maintain our Outperform rating.**

Exhibit 3: EXC Summary Model

EXC Model Summary	2020A	2021A	2022A	2023E	2024E	2025E
EPS By Segment						
EXC Gen	$1.44					
Com Ed	$0.66	$0.76	$0.94	$1.01	$0.93	$1.04
PECO	$0.47	$0.51	$0.63	$0.62	$0.65	$0.76
BGE	$0.37	$0.42	$0.43	$0.48	$0.53	$0.58
PHI	$0.52	$0.57	$0.62	$0.65	$0.70	$0.79
Parent & Other	($0.24)	($0.43)	($0.35)	($0.38)	($0.45)	($0.51)
Consolidated E.P.S.	**$3.22**	**$1.83**	**$2.27**	**$2.36**	**$2.37**	**$2.66**
Growth						
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**
Growth				6.5%	6.5%	6.5%
Implied Payout Ratio	47.6%	83.6%	59.5%	60.9%	64.6%	61.4%
Dividend Yield	4.0%	4.0%	3.6%	3.8%	4.0%	4.3%
Valuation Metrics						
Price to Earnings	12.9x	22.7x	18.3x	17.6x	17.5x	15.6x
Price to Book Value	1.2x	1.2x	1.7x	1.6x	1.5x	1.5x
Funding Sources						
Cash Flow from Operations	$4,235	$3,012	$4,870	$5,653	$5,851	$6,343
Total Debt Financings	$8,168	$4,780	$7,095	$3,025	$3,790	$4,545
Total Equity Financings	$45	$80	$599	$167	$167	$167
Credit Metrics						
Total Debt/Capitlization	56%	50%	62%	61%	61%	61%
FFO/Total Debt	20%	28%	15%	13%	13%	13%
EBITDA/Interest Expense	7.0x	7.8x	4.9x	4.7x	4.5x	4.5x
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%
Regulated Operations Performance - Realized ROE (1)						
ComEd	8.7%	9.2%	10.0%	10.2%	8.9%	9.5%
PECO	11.0%	10.9%	11.3%	11.1%	10.6%	11.2%
BGE	9.7%	10.1%	8.5%	9.8%	10.1%	10.3%
PHI	9.1%	9.3%	9.5%	9.4%	9.5%	9.8%

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 4: EXC SOTP

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2025E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	(15%)	$1.04	9.8x	$10	12.8x	$13	14.8x	$15
PECO	EPS	12%	$0.76	13.9x	$11	16.9x	$13	14.8x	$11
BGE	EPS	5%	$0.58	12.9x	$8	15.9x	$9	14.8x	$9
PHI	EPS	5%	$0.79	12.9x	$10	15.9x	$12	14.8x	$12
Parent & Other	EPS	0%	($0.51)	12.1x	($6)	15.1x	($8)	14.8x	($8)
Utility Value			**$2.66**	**12.1x**	**$32**	**15.1x**	**$40**	**14.8x**	**$39**
Upside/(Downside)					(15%)		6%		4%
Current Yield					4%		4%		4%
Total Return					**(11%)**		**10%**		**8%**

Source: BMO Capital Markets, Company Filings

Exhibit 5: AEE Summary Model

Ameren Coporation (AEE)	2020A	2021A	2022A	2023E	2024E	2025E
EPS By Segment						
Ameren Illinois	$1.52	$1.65	$1.98	$2.11	$2.10	$2.42
Union Electric	$1.75	$2.01	$2.17	$2.28	$2.44	$2.60
Ameren Transmission Company of Illinois	$0.32	$0.30	$0.29	$0.30	$0.28	$0.26
Parent & Other	($0.09)	($0.12)	($0.29)	($0.33)	($0.33)	($0.36)
Consolidated E.P.S.	**$3.50**	**$3.84**	**$4.14**	**$4.37**	**$4.48**	**$4.93**
Dividend per share	**$2.00**	**$2.20**	**$2.36**	**$2.52**	**$2.70**	**$2.89**
Payout Ratio total	57.1%	57.2%	57.0%	57.7%	60.2%	58.6%
Dividend Yield	2.7%	2.9%	3.1%	3.4%	3.6%	3.8%
Valuation Metrics						
Price to Earnings	21.4x	19.5x	18.1x	17.2x	16.7x	15.2x
Price to Book Value	2.2x	2.3x	2.2x	2.1x	1.9x	1.8x
Funding Sources						
Cash Flow from Operations	$1,727	$1,661	$2,263	$2,631	$2,751	$3,009
Total Debt Financings, Net	$1,791	$2,044	$1,484	$1,310	$1,441	$1,330
Total Equity Financings, Net	$476	$308	$333	$300	$600	$600
Credit Metrics						
Total Debt/Capitlization	56%	58%	59%	59%	59%	58%
FFO/Total Debt	17%	16%	15%	15%	15%	15%
Forecast ROE's - Consolidated						
Ameren Illinois Electric	9.9%	10.1%	11.1%	11.0%	10.1%	10.9%
Ameren Illinois Gas	9.9%	10.1%	10.6%	10.5%	10.1%	10.9%
Ameren Illinois Transmission	9.7%	9.9%	10.1%	10.1%	9.3%	10.0%
Union Electric	9.3%	9.7%	9.5%	9.6%	9.7%	9.8%
Ameren Transmission Company of Illinois	9.3%	9.0%	8.5%	8.5%	8.0%	8.0%

Source: BMO Capital Markets, Company Filings

Exhibit 6: AEE SOTP

Regulated, Parent & Other	Valuation Metric	2025E EPS	Sector Comp	Sector Multiple	Prem/ (Discount)	Base Multiple	BMO Low Case P/E Multiple	BMO Low Case Implied Valu ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
Ameren Illinois	EPS	$2.42	Electric	15.1x	(5.0%)	14.3x	11.3x	$27	14.3x	$35	16.3x	$40
Union Electric	EPS	$2.60	Electric	15.1x	+20.0%	18.1x	15.1x	$39	18.1x	$47	20.1x	$52
Ameren Transmission Company of Illinoi	EPS	$0.26	Transmission	15.1x	+25%	18.9x	15.9x	$4	18.9x	$5	20.9x	$5
Parent & Other	EPS	($0.36)	Blend	15.1x	+9%	16.4x	13.4x	($5)	16.4x	($6)	16.4x	($6)
Utility, Parent & Other (UP&O) Value		**$4.93**					13.4x	**$66**	16.4x	**$81**	18.6x	**$92**
Electric Distribution								$67		$82		$92
Transmission								$4		$5		$5
Parent								($5)		($6)		($6)
Consolidated Ameren								**$66**		**$81**		**$92**
Upside/(Downside)								-11.8%		7.9%		22.0%
Current Yield								3.4%		3.4%		3.4%
Total Return								**-8.5%**		**11.3%**		**25.3%**

Source: BMO Capital Markets, Company Filings

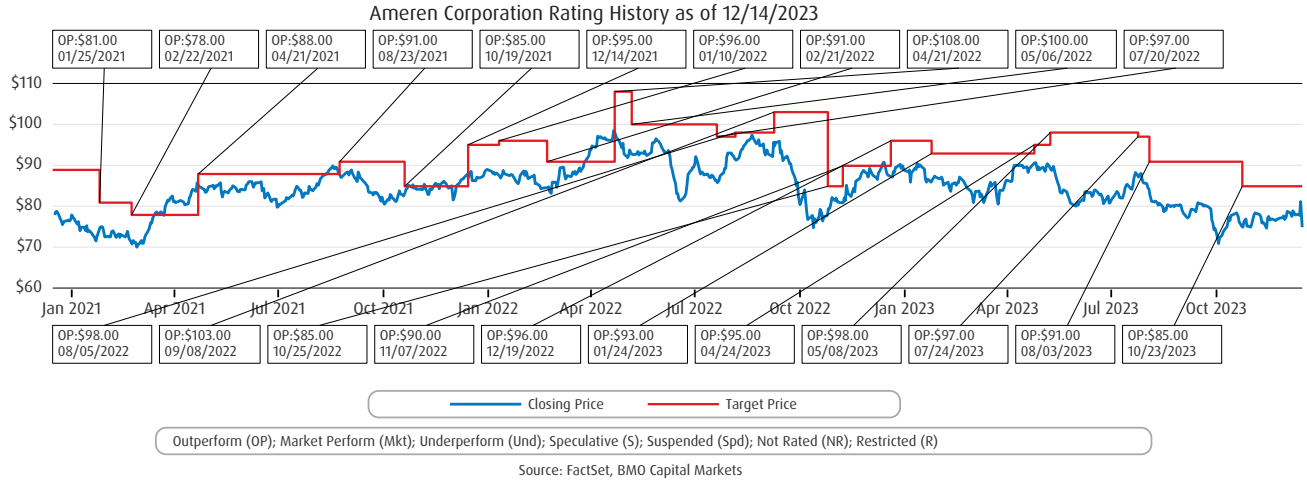

Source: FactSet, BMO Capital Markets

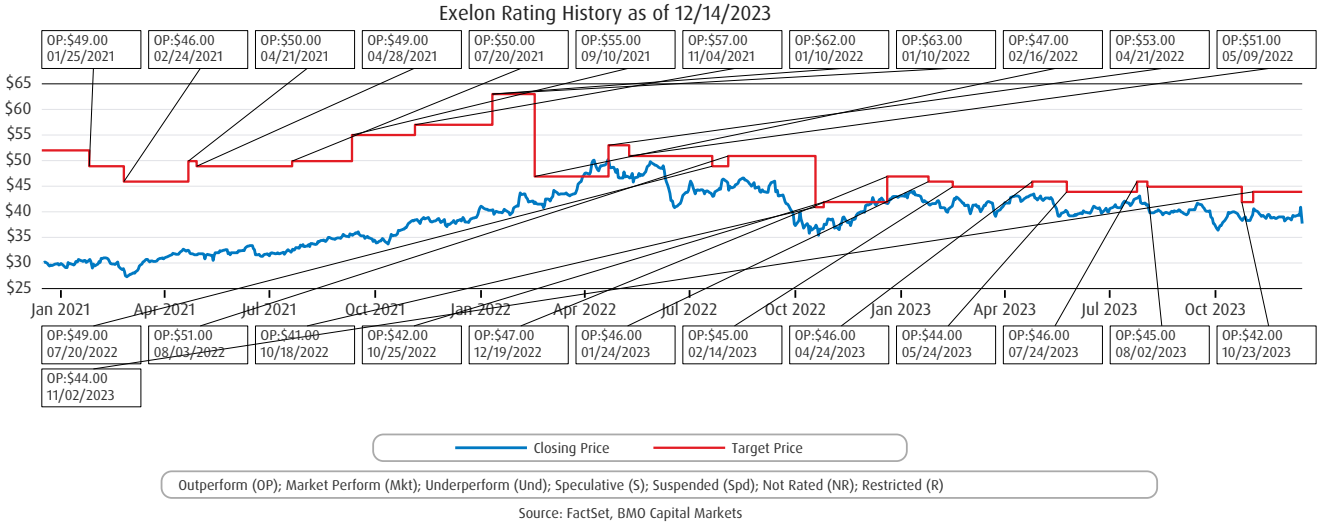

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Methodology and Risks to Target Price/Valuation for Ameren Corporation (AEE-NYSE)

Methodology: Our target price is based on a sum-of-the-parts methodology. Our framework begins with the relevant sector average P/E multiple using 2025E EPS as a base which we then adjust (premium, discount, or no change) to reflect the relative fundamentals of that segment.

Risks: AEE's regulated profile exposes the company to business risk including but not limited to: federal and state regulatory risk, federal and state political risk, environmental policy, interest rate risk, access to capital markets, construction risk, changes in customer demand trends, changes in customer affordability, extreme weather, natural disaster, and equipment failure. Ameren Illinois formula rates also directly expose 20% of the company's consolidated rate base to fluctuations in the 30-year Treasury yield.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Adverse outcomes in the company's inaugural MYRP filing in IL, DE electric rate case and 2025 PECO electric GRC. Despite having nearly a 1% cushion over its 12% downgrade threshold, the ability to meet its stated credit metrics given adverse impacts from severe storms, fuel deferrals, and other unforeseen expenses.

Distribution of Ratings (December 14, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	47.3 %	15.3 %	43.2 %	53.7 %	57.3 %	57.7%
Hold	Market Perform	50.0 %	17.6 %	52.7 %	44.9 %	41.3 %	37.5%
Sell	Underperform	2.5 %	18.2 %	2.7 %	1.3 %	0.9 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 151 West 42nd St, 33rd Floor, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of

reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. The information in this report is based on general considerations and do not purport to meet the objectives or needs of specific recipients. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. In furnishing this report, BMO Capital Markets intends to take advantage of the exemption from the principal and agency trading restrictions in Section 206(3) of the Investment Advisers Act of 1940 and Rule 206(3)-1 thereunder. Accordingly, recipients of this report are advised that BMO Capital Markets or its affiliates may act as principal for its own account or agent for another person in connection with the purchase or sale of any security mentioned in or the subject of this report. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at December 15, 2023, 02:28 ET. and disseminated at December 15, 2023, 02:28 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2023 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

This document is hosted on "Morgan Stanley" server, please use the URL link provided below to open the actual document

- **Headline** : Ameren & Exelon: Time to Reassess Illinois Following Surprisingly Negative Rate Case Decisions
- **Publication Date/Time** : Friday, December 15, 2023 05:11:03 AM (GMT)
- **Contributor Name** : Morgan Stanley
- **Primary Analyst(s)** : David Arcaro
- **Link to Document** : https://viewer.apps.factset.com/?_doc_product=FRC&_doc_id=07bad6341f260f1468239a3b34713c1d&_doc_docfn=U2FsdGVkX19kzrEN81YDQHk5%2FzgzGYR0YjDoTd3%2FCeDYWCC9xI

Equity Research

Price Target Change — December 14, 2023

Regulated Electric Utilities

The ICC Delivers a Lump of Coal for AEE & EXC

Our Call

No mincing words. The ICC's orders on AEE's & EXC's MYRPs & grid plans were onerous and threaten the targeted EPS CAGRs. We reduce estimates and lower our PTs. We maintain our OW on AEE, but shares could be in the penalty box near term.

Grid Plan Rejection. The ICC rejected EXC's & AEE's electric distribution grid plans, citing among a litany of items, a lack of information and supporting data underlying the capital plans. The companies were given three months to re-file. We believe a large portion of EXC's & AEE's '24 IL electric distribution capex relates to the grid plans, so it will be interesting to see how much the companies scale back until clarity is achieved.

MYRP — Low, Low, Low ROEs. Maybe we should have seen this coming after the recent natural gas utility rate orders (9.4-9.5% ROEs vs. the ALJ rec. of ~9.8%). However, we view the clean energy transition as a priority in IL and thought the ICC was likely to adopt the ALJ rec. of 9.24% (AEE) & 9.28% (EXC). Not the case! Instead, the ICC approved low allowed ROEs of 8.72% (AEE) & 8.905% (EXC). These are among the lowest ROEs approved in '23 and are well below the national average of ~9.5%.

Our Thoughts. We now view IL as one of the worst regulatory jurisdictions in the U.S. (nipping at CT's heels). We think the totality of the recent orders suggest that the regulatory balancing act between customers and investors is currently heavily skewed toward customers. As a result, we wonder if AEE & EXC will allocate capital away from IL. Keep in mind, IL represents ~25% of both AEE's & EXC's total rate base.

AEE. We lower our 24-27E EPS to/from $4.50/$4.70, $4.85/$5.05, $5.15/$5.40 & $5.50/$5.70. The revised outlook results in a 6% CAGR, which is at the low end of the 6-8% guidance. We think there could be factors that mitigate the EPS impact (pull forward of capex and/or re-allocation of capital away from IL). We will likely have more clarity on the Q4 release (capex refresh, etc.). We lower our PT to $84 from $86 premised on a 0-5% P/E multiple premium to peers vs. a 10% premium previously.

EXC. We lower our 24-27E EPS to/from $2.43/$2.50, $2.65/$2.73, $2.81/$2.92 & $3.00/$3.11. The outlook results in a 6% CAGR, which is at the low end of the 6-8% guidance. Like AEE, there could be factors that mitigate the impact of the IL orders. Lastly, we lower our PT to $41 from $42 premised on a 5% P/E multiple discount to peers vs. an in-line multiple previously.

Equity Analyst(s)

Neil Kalton, CFA
Equity Analyst | Wells Fargo Securities, LLC
Neil.Kalton@wellsfargo.com | 314-875-2051

Amanda Bersing
Associate Equity Analyst | Wells Fargo Securities, LLC
Amanda.Bersing@wellsfargo.com | 314-875-2048

All estimates/forecasts are as of 12/14/2023 unless otherwise stated. 12/14/2023 18:06:52EST. Please see page 7 for rating definitions, important disclosures and required analyst certifications. Wells Fargo Securities, LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of the report and investors should consider this report as only a single factor in making their investment decision.

Financials

$ Company Name (Ticker)	Rating Curr.	Rating Prior	Price 12/14/23	FY EPS 2022A	FY EPS 2023E Curr.	FY EPS 2023E Prior	FY EPS 2024E Curr.	FY EPS 2024E Prior	FY P/E 2023	FY P/E 2024	Price Target To	Price Target From
Regulated Electric Utilities												
Ameren Corporation (AEE)	OW	NC	$75.02	4.14	4.38	NC	4.50	4.70	17.1x	16.7x	$84.00	$86.00
Exelon Corporation (EXC)	EW	NC	$37.90	2.27	2.38	NC	2.43	2.50	16.0x	15.6x	$41.00	$42.00

Source: Company data and Wells Fargo Securities, LLC estimates, and Refinitiv.
OW = Overweight, EW = Equal Weight, UW = Underweight, NR = Not Rated, SR = Suspended
NA = Not Available, NC = No Change, NE = No Estimate, NM = Not Meaningful

AEE Earnings Model ($ millions except per share data)	2022	2023E	2024E	2025E	2026E	2027E
Revenues	**$7,957**	**$8,280**	**$8,546**	**$8,933**	**$9,320**	**$9,744**
Expenses						
Purchased Power/Fuel/Power Cost Adjustments	1,547	884	889	893	898	902
Fuel Expense	473	1,138	1,143	1,148	1,152	1,157
Other O&M	1,937	1,913	1,933	1,964	1,997	2,032
Depreciation & Amortization	1,289	1,389	1,505	1,632	1,772	1,915
Gas for Resale	657	684	687	689	691	693
Other	539	541	550	558	568	577
Total Expenses	**$6,442**	**$6,550**	**$6,706**	**$6,884**	**$7,077**	**$7,276**
EBIT	**$1,515**	**$1,730**	**$1,840**	**$2,050**	**$2,243**	**$2,468**
EBITDA	**$2,804**	**$3,119**	**$3,345**	**$3,682**	**$4,015**	**$4,383**
Other Income	226	176	175	175	173	175
Interest Expense	486	546	611	676	739	808
Income Taxes	176	191	175	190	201	224
Tax Rate	*14%*	*14%*	*12%*	*12%*	*12%*	*12%*
Earnings						
Income Before Minority Interest & Preferred	$1,079	$1,169	$1,229	$1,359	$1,476	$1,610
Minority Interest & Preferred Dividends	5	6	6	6	6	6
Earnings for common	**1,074**	**1,164**	**1,223**	**1,353**	**1,470**	**1,605**
Avg. Diluted Shares Outstanding	260	266	272	279	286	292
EPS	$4.14	$4.38	$4.50	$4.85	$5.15	$5.50
Non-Recurring	0.00	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$4.14**	**$4.38**	**$4.50**	**$4.85**	**$5.15**	**$5.50**
Q1 EPS	$0.97	$1.00A				
Q2 EPS	$0.80	$0.9A				
Q3 EPS	$1.74	$1.87A				
Q4 EPS	$0.63	$0.61				

AEE Supplemental Information	2022	2023E	2024E	2025E	2026E	2027E
Dividend Information						
Dividends Per Share - YE Rate	$2.36	$2.52	$2.67	$2.83	$3.00	$3.18
Dividends Paid Per Share	2.36	2.52	2.67	2.83	3.00	3.18
Payout Ratio	57%	58%	59%	58%	58%	58%
Cash Flow & Balance Sheet Items						
Capital Expenditures (millions)	$3,351	$3,723	$3,639	$4,009	$4,319	$4,294
Book ROE	10.6%	10.6%	10.2%	10.3%	10.3%	10.3%
FFO/Debt	18%	17%	17%	17%	18%	18%
Debt/EBITDA	5.3x	5.1x	5.1x	4.9x	4.8x	4.6x
Common Equity as % of Total Capitalization	41%	41%	42%	43%	43%	44%

Source: Wells Fargo Securities, LLC estimates and company filings

EXC Earnings Model						
($ millions except per share data)	**2022**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**
Revenues	**$19,078**	**$20,161**	**$20,762**	**$21,550**	**$22,321**	**$23,109**
Expenses						
Purchased Power/Fuel/Power Cost Adjustments	6,373	6,392	6,416	6,440	6,464	6,488
Other O&M	4,673	4,529	4,562	4,611	4,645	4,687
Depreciation & Amortization	3,325	3,477	3,730	4,003	4,299	4,599
Other	1,392	1,364	1,388	1,413	1,438	1,463
Total Expenses	**$15,763**	**$15,763**	**$16,096**	**$16,467**	**$16,846**	**$17,238**
EBIT	**$3,315**	**$4,398**	**$4,666**	**$5,083**	**$5,476**	**$5,871**
EBITDA	**$6,640**	**$7,876**	**$8,396**	**$9,087**	**$9,775**	**$10,471**
Other Income	535	255	255	255	250	251
Interest Expense	1,447	1,651	1,597	1,520	1,460	1,403
Income Taxes	349	501	552	600	641	685
Tax Rate	*15%*	*17%*	*19%*	*18%*	*18%*	*18%*
Earnings						
Income from Continuing Operations	$2,054	$2,370	$2,431	$2,670	$2,831	$3,025
Nonrecurring	0	0	0	0	0	0
Adjustment for Non-Controlling Interest	1	0	0	0	0	0
Net Income	**$2,054**	**$2,370**	**$2,431**	**$2,670**	**$2,831**	**$3,025**
Avg. Diluted Shares Outstanding	987	998	1,002	1,006	1,008	1,009
EPS	$2.08	$2.38	$2.43	$2.65	$2.81	$3.00
Non-Recurring	(0.18)	0.00	0.00	0.00	0.00	0.00
Ongoing EPS	**$2.27**	**$2.38**	**$2.43**	**$2.65**	**$2.81**	**$3.00**
Q1 EPS	0.64A	0.70A				
Q2 EPS	0.44A	0.41A				
Q3 EPS	0.75A	0.67A				
Q3 EPS	0.43A	0.60				

EXC Supplemental Information	2022	2023E	2024E	2025E	2026E	2027E
Dividend Information						
Dividends Per Share - YE Rate	$1.35	$1.44	$1.54	$1.66	$1.80	$1.94
Dividends Paid Per Share	1.35	1.44	1.54	1.66	1.80	1.94
Payout Ratio	59%	61%	64%	63%	64%	65%
Cash Flow & Balance Sheet Items						
Capital Expenditures (millions)	$7,147	$7,175	$7,100	$8,225	$8,375	$8,375
Book ROE	7.6%	9.4%	9.2%	9.7%	9.9%	10.2%
FFO/Debt	11%	13%	13%	13%	13%	13%
Debt/EBITDA	6.0x	5.5x	5.3x	5.3x	5.3x	5.3x
Common Equity as % of Total Capitalization	38%	38%	38%	37%	36%	35%

Source: Wells Fargo Securities, LLC estimates and company filings

Acronyms

ALJ - Administrative Law Judge

ICC - Illinois Commerce Commission

MYRP - Multi-Year Rate Plan

Investment Thesis, Valuation and Risks

Ameren Corporation (AEE)

Investment Thesis

Our Overweight thesis reflects AEE's strong 5-yr annual EPS growth prospects of 6%, long runway of capital investment opportunities (including electric transmission projects in MISO) and management's strong financial track record.

Target Price Valuation for AEE: $84.00 from $86.00

Our $84 price target is based on (1) a P/E analysis ($82/sh) (75%)—apply a 0-5% premium to the '24 Regulated Electric median of ~16.5X on our 25E EPS of $4.85 and (2) a three-stage dividend discount analysis ($89/sh) (25%), which employs a ~8% discount rate.

Risks to Our Price Target and Rating for AEE

Risks include the potential failure to achieve earned returns near the utilities' allowed ROEs, regulatory-related risks, particuarly in IL, and the risk that upside capex opportunities do not materialize as expected.

Exelon Corporation (EXC)

Investment Thesis

Our Equal Weight rating reflects our view that the current share price adequately reflects EXC's risk/reward proposition. Positive attributes including a healthy projected EPS CAGR (7%) and wires-centric asset mix are balanced by modest balance sheet concerns and our view that the company's regulatory jurisdictions are average to below average.

Target Price Valuation for EXC: $41.00 from $42.00

Our $41 price target is based on a P/E multiple analysis. We apply a P/E of 15X to our 25E EPS of $2.65. Our multiple represents a 5% discount to the '24 Regulated Electric peer group median as we balance positive features (strong 7% EPS CAGR and predominantly electric wires strategy) with our perception that EXC's regulatory jurisdictions are average to below average. We apply the '24 median to our 25E EPS due to the forward-looking nature of our price target.

Risks to Our Price Target and Rating for EXC

Risks to our thesis include favorable/unfavorable regulatory developments (upside/downside) and greater-than-expected ESG appetite for a wires-centric company (upside).

Required Disclosures

I, Neil Kalton, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

Additional Information Available Upon Request

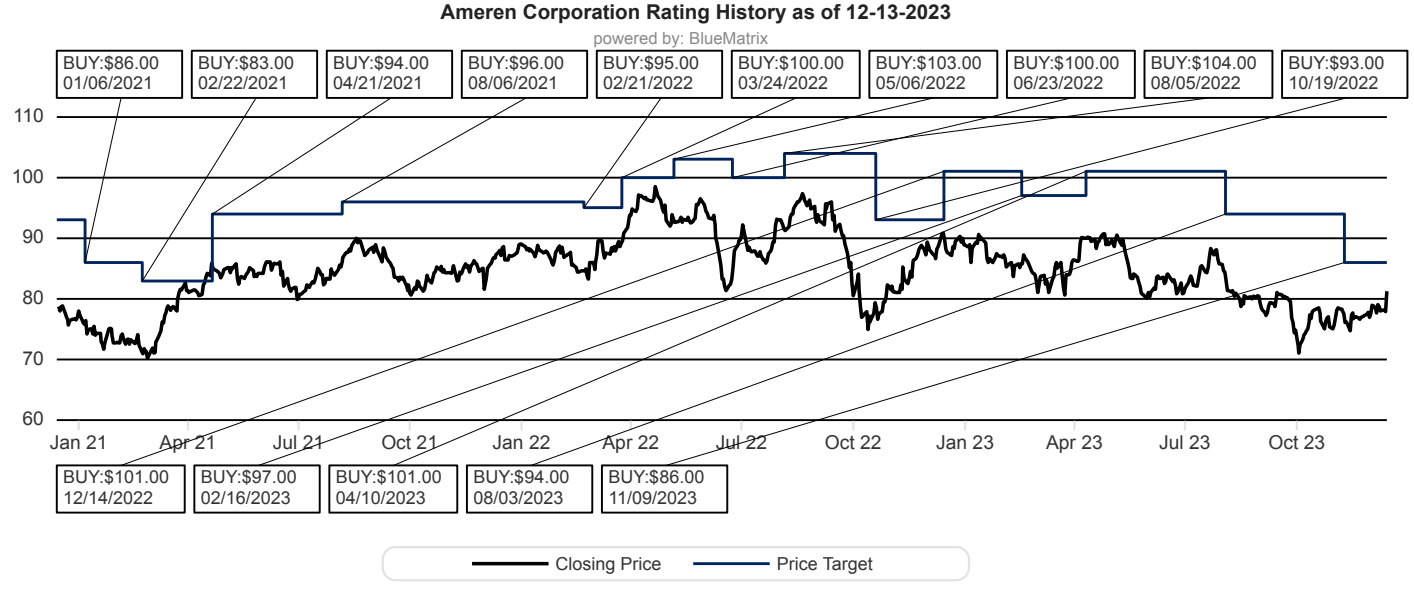

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

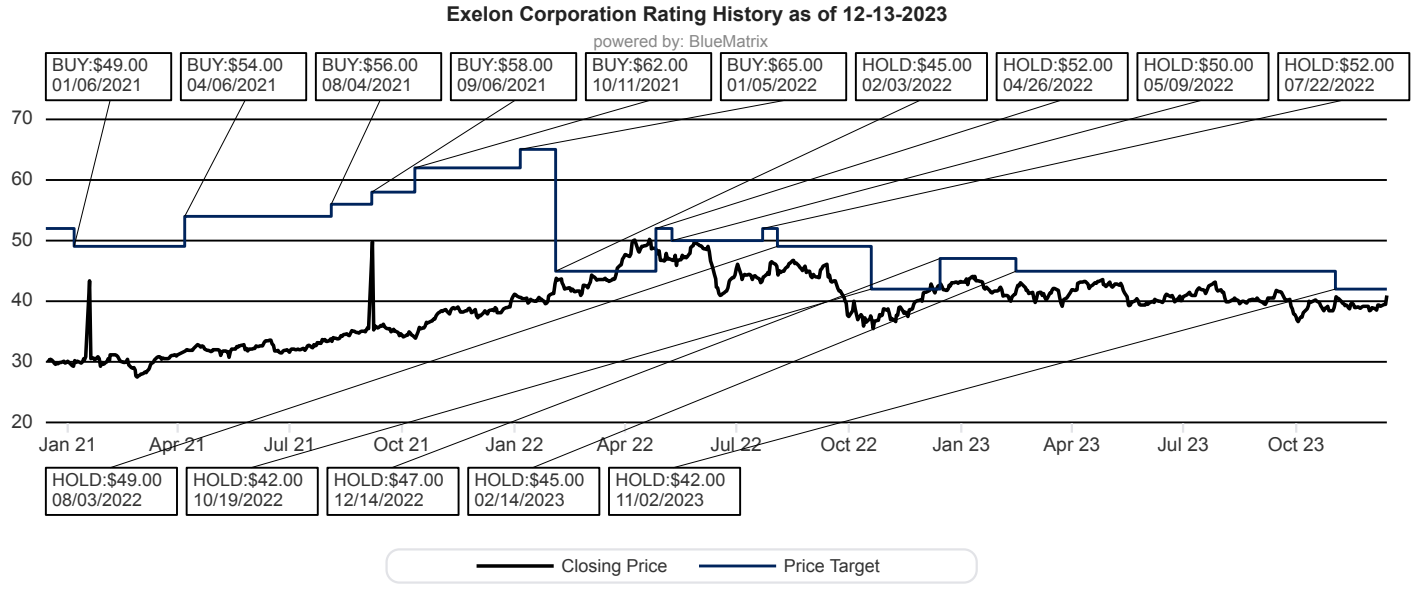

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Ameren Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Ameren Corporation.

Wells Fargo Securities, LLC, maintains a market in the common stock of Ameren Corporation.

Ameren Corporation currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-investment banking securities-related services to Ameren Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Ameren Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Ameren Corporation in the next three months.

Wells Fargo Securities, LLC, received compensation for products or services other than investment banking services from Ameren Corporation in the past 12 months.

Ameren Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided non-securities services to Ameren Corporation.

Ameren Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Ameren Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Ameren Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Ameren Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

Wells Fargo Securities, LLC, or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Exelon Corporation.

Wells Fargo Securities, LLC, maintains a market in the common stock of Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates, managed or co-managed a public (or 144a) offering of securities for Exelon Corporation within the past 12 months.

Wells Fargo Securities, LLC, or any of its affiliates, intends to seek or expects to receive compensation for investment banking services from Exelon Corporation in the next three months.

Exelon Corporation currently is, or during the 12 month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC, provided investment banking services to Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates has a significant financial interest in Exelon Corporation.

Wells Fargo Securities, LLC, or its affiliates received compensation for investment banking services from an affiliate of Exelon Corporation in the past 12 months.

STOCK RATING

OW=Overweight: Total return on stock expected to be 10%+ over the next 12 months. BUY

EW=Equal Weight: Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

UW=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

NR=Not Rated: The rating and price target has been removed due to lack of fundamental basis to support the recommendation or due to legal, regulatory or company policy considerations.

As of December 13, 2023
48.9% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Overweight.
44.1% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.
7.0% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underweight.
Wells Fargo Securities, LLC has provided investment banking services for 31.4% of its Equity Research Overweight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 30.9% of its Equity Research Equal Weight-rated companies.
Wells Fargo Securities, LLC has provided investment banking services for 24.6% of its Equity Research Underweight-rated companies.

Important Disclosure for U.S. Clients

This report was prepared by Wells Fargo Securities Global Research Department ("WFS Research") personnel associated with Wells Fargo Securities, LLC ("Wells Fargo Securities").

WFS Research may, from time to time, provide clients with short-term trading views in its research reports regarding subject companies on which Wells Fargo Securities currently has equity research coverage. A short-term trading view offers a view on how the market price of a subject company's common equity may trend in absolute terms during the 30 days following the date of the short-term trading view. A short-term trading view on a subject company's common equity does not impact our fundamental investment rating or price target for that company, which reflect our view of how the subject company's common equity may perform over a one-year period. A short-term trading view may reach a different conclusion than the firm's fundamental investment rating and price target for a subject company and, therefore, short-term trading views could result in short-term price movements that are contrary to our fundamental investment rating and price target. Short-term trading views are not ratings and the firm does not intend, nor undertakes any obligation, to maintain, update or close out short-term trading views. Short-term trading views may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any short-term trading views discussed in WFS Research reports.

Important Disclosure for International Clients

United Kingdom – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a UK incorporated investment firm authorised and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorised person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients. For the purposes of the U.K. Financial Conduct Authority's rules, this report constitutes impartial investment research.

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by WFSIL or Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC and Wells Fargo Securities International Limited are exempt from the requirements to hold an Australian financial services license in respect of the financial services they provide to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under the laws of the United States and Wells Fargo Securities International Limited is regulated under laws of the United Kingdom. All such laws differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC or Wells Fargo Securities International Limited in the course of providing the financial services will be prepared in accordance with the laws of the United States or United Kingdom and not Australian laws.

Canada – This report is distributed in Canada by Wells Fargo Securities Canada, Ltd., a registered investment dealer in Canada and member of the Canadian Investment Regulatory Organization (CIRO) and, Member – Canadian Investor Protection Fund (CIPF). Wells Fargo Securities, LLC's research analysts may participate in company events such as site visits but are generally prohibited from accepting payment or reimbursement by the subject companies for associated expenses unless pre-authorized by members of Research Management.

China – Strictly Private and Confidential. For the sole use of the recipient only. Not to be copied or redistributed within the People's Republic of China.

Brazil - This report was not created for distribution to investors resident in Brazil or to the Brazilian public in general. Wells Fargo Securities, LLC is a broker-dealer registered in United States of America with and regulated by the U.S. Securities and Exchange Commission. Wells Fargo Securities, LLC is not registered in Brazil and its products, including this report and the securities mentioned in this report, have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets, and, as a result, have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, the CVM). The offer of Wells Fargo Securities, LLC's products, including this report and any securities mentioned in this report, is intended only for residents in the countries in which Wells Fargo Securities, LLC is authorized to operate.

About Wells Fargo Securities

Wells Fargo Securities is the trade name for the capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including but not limited to Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, NFA and SIPC, Wells Fargo Prime Services, LLC, a member of FINRA, NFA and SIPC, Wells Fargo Securities Canada, Ltd., a member of IIROC and CIPF, Wells Fargo Bank, N.A. and Wells Fargo Securities International Limited, authorized and regulated by the Financial Conduct Authority.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in the report. This report, including any ratings it contains, does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should seek professional advice, including tax advice, to determine whether any advice or recommendation in the attached research report is suitable for their particular circumstances. The information in this report is provided as of the date of the report and has been obtained or derived from sources believed by Wells Fargo Securities Global Research Department ("WFS Research"), to be reliable, but WFS Research does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of WFS Research, at the time that the report was published, and are subject to change without notice. Certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by third parties (collectively, "Third Party Content"). Third Party Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Third Party Content included in this report for purposes other than fair use requires permission from the copyright owner. Any external website links included in this publication are not maintained, controlled or operated by Wells Fargo Securities. Wells Fargo Securities does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of Wells Fargo Securities. Please review the applicable privacy and security policies and terms and conditions for the website you are visiting. All Wells Fargo Securities research reports published by WFS Research are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Clients may also receive our research via third party vendors. Not all research content is redistributed to our clients or available to third-party aggregators, nor is WFS Research responsible for the redistribution of our research by third party aggregators. Equity Strategists focus on investment themes across the equity markets and sectors. Any discussion within an Equity Strategy report of specific securities is not intended to provide a fundamental analysis of any individual company described therein. The information provided in Equity Strategy reports is subject to change without notice, and investors should not expect continuing information or additional reports relating to any security described therein. Wells Fargo Securities' Signature Picks is a product of the Equity Strategy team and represents a portfolio of stocks selected from the Equity Research Department's universe of Overweight rated stocks. Stocks with this designation are selected by the Signature Picks Committee based on factors such as volatility, risks, market cap and liquidity and may not represent the fundamental analysts' top-rated stock in their respective coverage universe. For research or other data available on a particular security, please contact your sales representative or go to http://research.wellsfargosecurities.com. Copyright © 2023 Wells Fargo Securities, LLC

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE

EQUITY RESEARCH QUICK TAKE

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com

December 14, 2023

Exelon Corporation

EXC's ComEd rate case ruled at 8.9% by ICC, grid plan rejected, to be refiled

NYSE: EXC | USD 37.90 | Sector Perform | Price Target USD 45.00

Sentiment: Negative

Our view: We believe the decision justifies our concerns of the increasingly negative regulatory environment EXC is operating in. The Illinois Commerce Committee's (ICC) 8.9% ROE announced today during their open meeting is significantly below EXC's previous ROE in Illinois, which was at 580 bps + the 30Y Treasury rate, implying around a 100-bp decline from this decision. We believe the increased scrutiny seen from the disallowances as well as the rejection of the grid plan shows the regulatory environment in Illinois has become significantly more unfavorable. We also note the additional headwind from the possibility of credit rating downgrades; Moody's has pointed to a negative outcome from pending general rate cases and an authorized ROE well below the industry norm could result in a negative action. While the written order has not yet been released, we would not expect a significant departure from the disappointing commentary provided by the ICC during today's meeting.

The ICC ruled on Commonwealth Edison's rate case at an 8.9% ROE, below EXC's request of 10.65% and the ALJ recommendation of 9.28%. In addition, we note that significant portions of their proposed rate base increases were disallowed, meaning the decision implies a lower rate base and a lower return on that base than expected. ComEd's grid plan was also rejected, with the Commission citing transparency and equity concerns. ComEd will now need to refile a new grid plan next year that addresses the concerns the Commission pointed to in their 4-1 denial decision. Further details will be provided when the written order is released.

All values in USD unless otherwise noted. Priced as of prior trading day's market close, EST (unless otherwise noted).
Disseminated: Dec 14, 2023 17:59EST; Produced: Dec 14, 2023 17:59EST
For Required Conflicts Disclosures, see page 2

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

Contributing Authors

RBC Capital Markets, LLC
Elias Mingos (Associate) **(212) 266-4040** **elias.mingos@rbccm.com**

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

RBC Capital Markets

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 30-Sep-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	820	55.97	250	30.49
HOLD [Sector Perform]	590	40.27	148	25.08
SELL [Underperform]	55	3.75	5	9.09

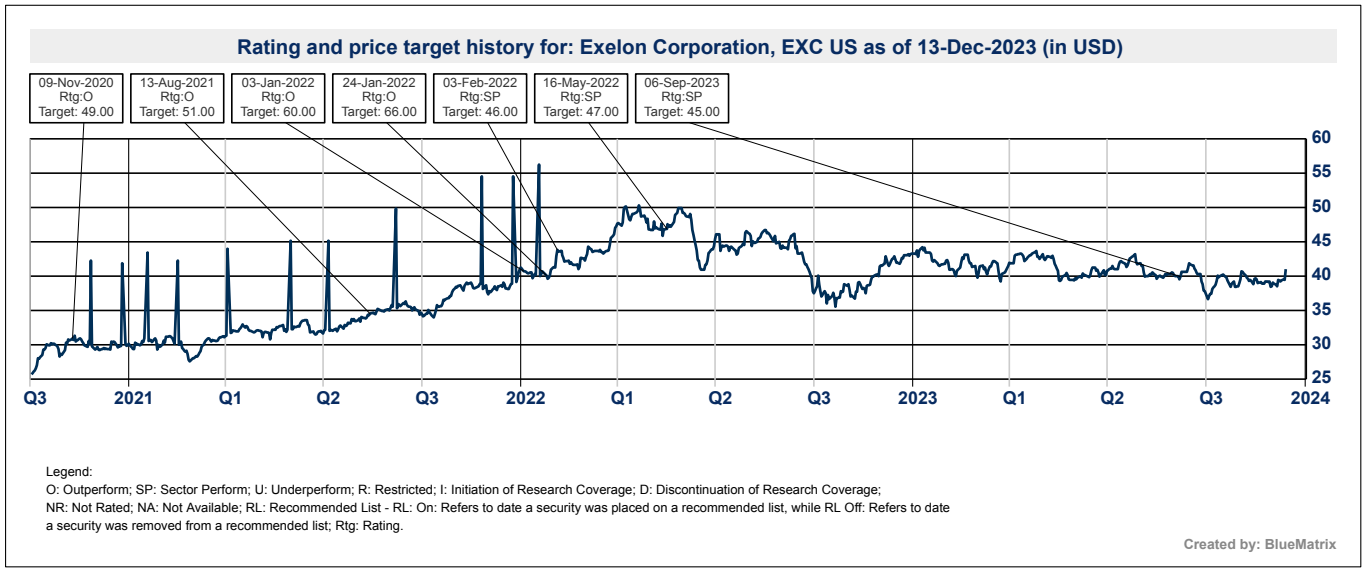

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List. As of April 3, 2023, U.S. RBC Wealth Management's quarterly reports will serve as the primary communication for its models and will highlight any changes to the model made during the quarter.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $45 price target assumes a 16.7x P/E multiple on 2025E utilities EPS of $2.75. Our multiple reflects a slight 3% discount to our base case blended electric and gas multiple of 18.6x. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory overhang and lower ROE at ComEd. Our

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

price target supports a Sector Perform rating.

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Credit metrics deteriorate due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Approval of upcoming multi-year plans at favorable levels

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. (“MSCI”) and Standard & Poor's Financial Services LLC (“S&P”) and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:
This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not “professional investors”, as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not “accredited investors” and “institutional investors”, as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

UBS

Global Research and Evidence Lab
14 December 2023

First Read

Exelon Corp

Negative Rate Case Outcome - Rating and PT Under Review

What Happened?

The Illinois Commerce Commission issued it's ruling in Exelon's ComEd multi-year rate plan filing today. The ICC deemed ComEd's grid plan deficient under what is called for in the Climate and Equitable Jobs Act and rejected it, requesting the company to refile within three months. While the capex and rebase numbers will have to determined in the subsequent refile the commission authorized a ROE of 8.95% and an equity ratio of 50%.

What's Our Take?

The actions taken by the ICC today call into question, in our view, the regulatory backdrop in which EXC operates. We are reviewing our earnings and valuation for EXC given the development. The stock is reacting to a well below average ROE and the lack of knowing what the amount of capex and rate base will be over the next four years. As a sensitivity, every 50bps of ROE is worth ~$0.04/shr and every $100mm of rate base is worth $0.01/shr.

What's Next?

The company will need to refile the grid plan with the next three months. Exelon is also awaiting a final decision in it's BG&E case today in Maryland.

Valuation:

We have placed our rating and price target under review.

Equities

Americas

Electric Utilities

12-month rating (UR)	**Buy ***
12m price target (UR)	**US$47.00**
Price (14 Dec 2023)	**US$38.00**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$44.15-36.61
Market cap.	US$37.9b
Shares o/s	997m (COM)
Free float	100%
Avg. daily volume ('000)	6,381
Avg. daily value (m)	US$250.3
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.5x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E	
	UBS	Cons.
Q1	0.70	0.70
Q2	0.41	0.41
Q3	0.67	0.67
Q4E	0.58	0.58
12/23E	2.36	2.36
12/24E	2.54	2.51
12/25E	2.77	2.72

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)
Profitability/valuation	**12/20**	**12/21**	**12/22**	**12/23E**	**12/24E**	**12/25E**	**12/26E**	**12/27E**
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	9.8	9.1	8.5	7.9	9.4
P/E (UBS, diluted) x	22.4	25.7	19.7	16.3	15.2	13.9	13.0	12.1
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.5)	(3.2)	(3.5)	(2.8)	(1.4)
Dividend yield (net) %	2.9	2.9	3.0	3.7	4.0	4.3	4.6	5.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 38.59 on 14-Dec-2023 14:38:01 EST

This report has been prepared by UBS Securities LLC. * Under review; See page 5. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Forecast returns

Forecast price appreciation	23.7%
Forecast dividend yield	4.1%
Forecast stock return	27.8%
Market return assumption	9.4%
Forecast excess return	18.3%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We have placed our rating and price target under review. Our Price Target of $47 premised on a 6% premium to the group multiple or 17.0x our $2.77/share earnings forecast for 2025.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 14 December 2023 07:41 PM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	40%
Neutral	FSR is between -6% and 6% of the MRA.	38%	42%
Sell	FSR is > 6% below the MRA.	9%	40%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 September 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$41.00	13 Dec 2023

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Exelon Corp (US$)

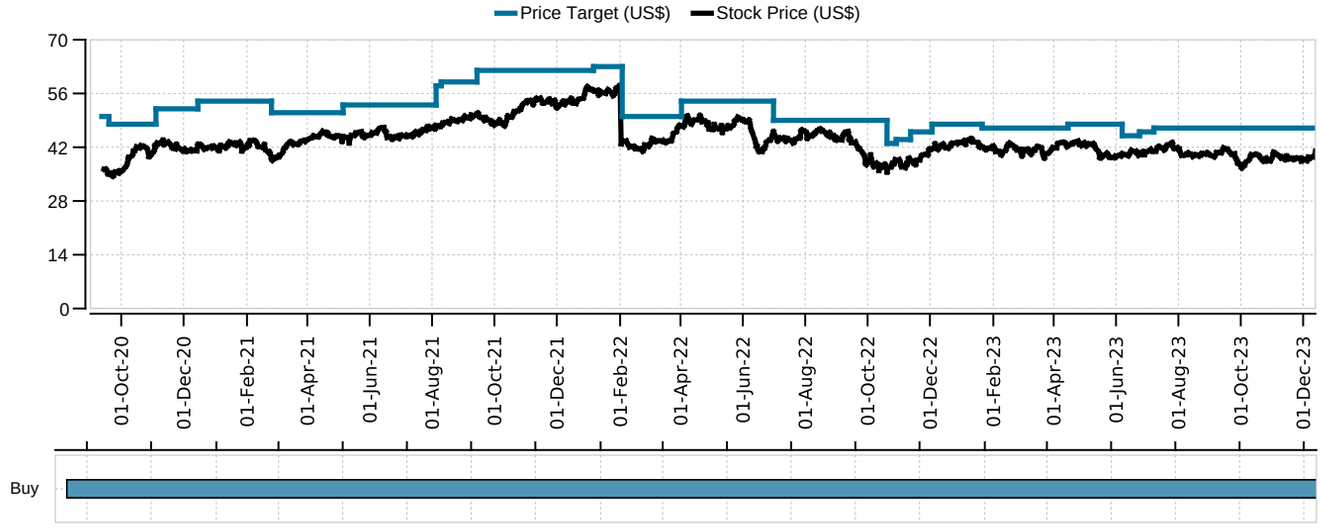

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-09-11	35.83	50.00	Buy
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy
2023-06-23	39.87	46.00	Buy
2023-07-07	40.96	47.00	Buy

Source: UBS Global Research; LSEG Eikon as of 13-Dec-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer. The Disclaimer relevant to Credit Suisse Wealth Management follows the Global Wealth Management Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. UBS Brasil CCTVM is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman: 0800-940-0266/ https://www.ubs.com/br/pt/ubsbb-investment-bank/ombudsman.html **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). For all other recipients: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG, Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG, Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division, this UBS Global Research is issued under the license of UBS Securities Australia Limited. All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG, Sydney Branch's Wealth Management Division. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 3 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio incorporating ESG factors or Sustainable Investing considerations may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Disclosures: If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosure_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS Europe SE Succursale de France (a branch of UBS Europe SE), having its registered office at 69 boulevard Haussmann 75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N°844 425 629. UBS Europe SE Succursale de France is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the French "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

form of a Societas Europaea, duly authorized by BaFin. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 3 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830 and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: parameshwaran.s@ubs.com, Name of Grievance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: ol-ubs-sec-compliance@ubs.com. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons only by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Credit Suisse Wealth Management Disclaimer

This disclaimer must be read in conjunction with "Risk information" and "Important Information About Sustainable Investing Strategies" sections of the Global Wealth Management Disclaimer above. You receive this document in your capacity as a client of Credit Suisse Wealth Management. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website https://www.credit-suisse.com. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by Credit Suisse AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Credit Suisse AG is a UBS Group company. **Australia:** This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division this UBS Global Research is issued under the license of UBS Securities Australia Limited (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098) . All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG Sydney Branch' Wealth Management Division. **Bahrain:** This report is distributed by Credit Suisse AG, Bahrain Branch, authorized and regulated by the Central Bank of Bahrain (CBB) as an Investment Firm Category 2. Related financial services or products are only made available to professional clients and Accredited Investors, as defined by the CBB, and are not intended for any other persons. The Central Bank of Bahrain has not reviewed, nor has it approved, this document or the marketing of any investment vehicle referred to herein in the Kingdom of Bahrain and is not responsible for the performance of any such investment vehicle. Credit Suisse AG, Bahrain Branch is located at Level 21, East Tower, Bahrain World Trade Centre, Manama, Kingdom of Bahrain. **Brazil:** This report is distributed in Brazil by Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários or its affiliates. Pursuant to CVM Resolution No. 20/2021, of February 25, 2021, the author(s) of the report hereby certify(ies) that the views expressed in this report solely and exclusively reflect the personal opinions of the author(s) and have been prepared independently, including with respect to Credit Suisse and other UBS Group entities. Part of the author(s)´s compensation is based on various factors, including the total revenues of the relevant UBS Group entity of which they are in employment of, but no part of the compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/companies or the subject securities. **DIFC:** This information is being distributed by Credit Suisse AG (DIFC Branch). Credit Suisse AG (DIFC Branch) is licensed and regulated by the Dubai Financial Services Authority ("DFSA"). Related financial services or products are only made available to Professional Clients or Market Counterparties, as defined by the DFSA, and are not intended for any other persons. Credit Suisse AG (DIFC Branch) is located on Level 9 East, The Gate Building, DIFC, Dubai, United Arab Emirates. **France:** This report is distributed by Credit Suisse (Luxembourg) S.A. Succursale en France (the "France branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The France branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the French supervisory authority, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and of the Autorité des Marchés Financiers. **Germany:** This report is distributed by Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin"). **Guernsey:** This report is distributed by Credit Suisse AG Guernsey Branch, a branch of Credit Suisse AG (incorporated in the Canton of Zurich), with its place of business at Helvetia Court, Les Echelons, South Esplanade, St Peter Port, Guernsey. Credit Suisse AG Guernsey Branch is wholly owned by Credit Suisse AG and is regulated by the Guernsey Financial Services Commission. Copies of the latest audited accounts are available on request. **Hong Kong:** This report is distributed in Hong Kong by Credit Suisse AG Hong Kong Branch, an Authorized Institution regulated by the Hong Kong Monetary Authority and a Registered Institution regulated by the Securities and Futures Commission, and was prepared in compliance with section 16 of the "Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission". The contents of this material have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to any offer. If you are in any doubt about any of the contents of this material, you should obtain independent professional advice. No one may have issued or had in its possession for the purposes of issue, or issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or material relating to any product, which is directed at, or the con-tents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than where a product is or is intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder. If you have any queries/objections relating to the receipt of such materials from us, please contact our Data Protection Officer at dataprotectionofficer.pb@credit-suisse.com. **India:** Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. This report is distributed by Credit Suisse Securities (India) Private Limited (CIN no. U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030), as Portfolio Manager (registration no. INP000002478) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr. Annie Besant Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777. **Italy:** This report is distributed in Italy by Credit Suisse (Italy) S.p.A., a bank incorporated and registered under Italian law subject to the supervision and control of Banca d'Italia and CONSOB. **Japan:** This report is solely distributed in Japan by Credit Suisse Securities (Japan) Limited, Financial Instruments Dealer, Director-General of Kanto Local Finance Bureau (Kinsho) No. 66, a member of the Japan Securities Dealers Association, Financial Futures Association of Japan, Japan Investment Advisers Association, and Type II Financial Instruments Firms Association. Credit Suisse Securities (Japan) Limited will not distribute or forward this report outside Japan. **Lebanon:** This report is distributed by Credit Suisse (Lebanon) Finance SAL ("CSLF"), a financial institution incorporated in Lebanon and regulated by the Central Bank of Lebanon ("CBL") with a financial institution license number 42. Credit Suisse (Lebanon) Finance SAL is subject to the CBL's laws and regulations as well as the laws and decisions of the Capital Markets Authority of Lebanon ("CMA"). CSLF is a subsidiary of Credit Suisse AG and part of the UBS Group. The CMA does not accept any responsibility for the content of the information included in this report, including the accuracy or completeness of such information. The liability for the content of this report lies with the issuer, its directors and other persons, such as experts, whose opinions are included in the report with their consent. The CMA has also not assessed the suitability of the investment for any particular investor or type of investor. Investments in financial markets may involve a high degree of complexity and risk and may not be suitable to all investors. The suitability assessment performed by CSLF with respect to this investment will be undertaken based on information that the investor would have provided to CSLF and in accordance with Credit Suisse internal policies and processes. It is understood that the English language will be used in all communication and documentation provided by Credit Suisse and/or CSLF. By accepting to invest in the product, the investor confirms that he has no objection to the use of the English language. **Luxembourg:** This report is distributed by Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. Credit Suisse (Luxembourg) S.A. is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF). **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and C. Suisse Asesoría México, S.A. de C.V. ("Credit Suisse Mexico"). This document is elaborated for information purposes only and does not constitute a recommendation, advice or an invitation to execute any operation and does not replace direct communication with your relationship manager at Credit Suisse Mexico before the execution of any investment. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. The prospectuses, offering documentation, term sheets, investment regimes, annual reports and periodical financial information contain useful information for investors. Such documents can be obtained without any cost, directly from the issuer of securities and investment fund managers or at the securities and stock market web page, as well as from your relationship manager at Credit Suisse Mexico. The information herein does not substitute the Account Statements, the INFORME DE OPERACIONES or/and confirmations you receive from Credit Suisse Mexico pursuant to the General Rules applicable to financial institutions and other persons that provide investment services. C. Suisse Asesoría México, S.A. de C.V. (". C. Suisse Asesoría"), is an investment advisor duly incorporated under the Securities Market Law ("LMV") and is registered before the National Banking and Securities Commission ("CNBV") under folio number 30070 and therefore is not a bank, is not authorized to receive deposits nor to custody any securities, and is not part of Grupo Financiero Credit Suisse (México), S.A. de C.V.. Such registry will not assure the accuracy or veracity of the information provided to its Clients**.** C. Suisse Asesoría is subject to the supervision of the CNBV exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. Under the provisions of the LMV, C. Suisse Asesoría is not an independent investment advisor pursuant to its relationship with Credit Suisse AG, a foreign financial institution, and its indirect relationship with Grupo Financiero Credit Suisse (Mexico), S.A. de C.V. **Portugal:** This report is distributed by Credit Suisse (Luxembourg) S.A., Sucursal em Portugal (the "Portugal branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Portugal branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Portuguese supervisory authority, the Comissão do Mercado dos Valores Mobiliários (CMVM). **Qatar:** This information has been distributed by Credit Suisse (Qatar) L.L.C., which is duly authorized and regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) under QFC License No. 00005. All related financial products or services will only be available to Business Customers or Market Counterparties (as defined by the QFCRA), including individuals, who have opted to be classified as a Business Customer, with net assets in excess of QR 4 million, and who have sufficient financial knowledge, experience and understanding to participate in such products and/or services. Therefore this information must not be delivered to, or relied on by, any other type of individual. **Saudi Arabia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

This information is being distributed by Credit Suisse Saudi Arabia (CR Number 1010228645), duly licensed and regulated by the Saudi Arabian Capital Market Authority pursuant to License Number 08104-37 dated 23/03/1429H corresponding to 21/03/2008AD. Credit Suisse Saudi Arabia's principal place of business is at King Fahad Road, Hay Al Mhamadiya, 12361-6858 Riyadh, Saudi Arabia. Website: https://www.credit-suisse.com/sa. **Singapore:** This material is distributed in Singapore by Credit Suisse AG, Singapore Branch, which is licensed by the Monetary Authority of Singapore under the Banking Act (Cap. 19) to carry on banking business. This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations (the "FAR")) only. By virtue of your status as an institutional investor, accredited investor, or expert investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the FAR and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore branch may provide to you. These include exemptions from complying with: Section 25 of the FAA (pursuant to Regulation 33(1) of the FAR); Section 27 of the FAA (pursuant to Regulation 34(1) of the FAR); and Section 36 of the FAA (pursuant to Regulation 35(1) of the FAR). Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this material. In particular, if you have any queries/objections relating to the receipt of such materials from us, please contact our Data Protection Officer at PDPO.SGD@credit-suisse.com. **South Africa:** This information is being distributed by Credit Suisse AG which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 9788 and / or by Credit Suisse (UK) Limited which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 48779. **Spain:** This report is distributed in Spain by Credit Suisse AG, Sucursal en España, legal entity registered at Comisión Nacional del Mercado de Valores. **Turkey:** The investment information, comments and recommendations contained herein are not within the scope of investment advisory activity. The investment advisory services are provided by the authorized institutions to the persons in a customized manner taking into account the risk and return preferences of the persons. Whereas, the comments and advices included herein are of general nature. Therefore recommendations may not be suitable for your financial status or risk and yield preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations. This report is distributed by Credit Suisse Istanbul Menkul Degerler Anonim Sirketi, regulated by the Capital Markets Board of Turkey, with its registered address at Levazim Mahallesi, Koru Sokak No. 2 Zorlu Center Terasevler No. 61 34340 Besiktas/ Istanbul-Turkey. **United Kingdom:** This material is distributed by Credit Suisse (UK) Limited. Credit Suisse (UK) Limited, is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Where this material is distributed into the United Kingdom by an offshore entity not exempted under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 the following will apply: To the extent communicated in the United Kingdom ("UK") or capable of having an effect in the UK, this document constitutes a financial promotion which has been approved by Credit Suisse (UK) Limited which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority for the conduct of investment business in the UK. The registered address of Credit Suisse (UK) Limited is Five Cabot Square, London, E14 4QR. Please note that the rules under the UK's Financial Services and Markets Act 2000 relating to the protection of retail clients will not be applicable to you and that any potential compensation made available to "eligible claimants" under the UK's Financial Services Compensation Scheme will also not be available to you. Tax treatment depends on the individual circumstances of each client and may be subject to changes in future.

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

This document is hosted on "Barclays" server, please use the URL link provided below to open the actual document

- **Headline** : US Power & Utilities: AEE/EXC: Coal Stocking-Stuffer in Illinois
- **Publication Date/Time** : Thursday, December 14, 2023 07:06:46 PM (GMT)
- **Contributor Name** : Barclays
- **Primary Analyst(s)** : Nicholas Campanella,Fei She,Nathan Richardson
- **Link to Document** : https://viewer.apps.factset.com/?_doc_docfn=U2FsdGVkX1%2Fc7NW%2FsZcxaKcaXua7oO89Nr50CGxYGln5WuFYZyEmnHAOXc7IGWRTEu19TT3z9bBS08K7xBUcEttqqI%2FjFkhp0Q9yN

KeyBanc Capital Markets

Alert

December 13, 2023

Energy: Electric Utilities

Midweek Thoughts — CNP, EXC, D, FE, NEE, WEC, SO, AGR

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, CNP files an electric rate case in IN; EXC files the settlement details in its DE electric rate case; VA ALJ recommends the SCC deny D's VA IRP; PJM awards $5B of transmission projects as part of its RTEP W3 process; Cardinal-Hickory Creek transmission line owners announce the energization of the eastern portion of the line; SO announces Chris Womack as the executive chairman of the board; AGR begins rolling out smart meters for NY State customers; and EIA releases its December Short-Term Energy Outlook.

Industry News and News from Companies in Our Coverage

CNP — CNP files IN electric rate case: CNP's subsidiary, Southern Indiana Gas and Electric Co. filed an electric rate case (Docket: 45990) with the IN URC. CNP seeks a $119M revenue increase over three phases, premised on a 10.4% ROE and 46.95% equity layer. The three-phase rate increase would implement a $42M revenue increase in October 2024, or shortly after a final order, with incremental increases of $25M (47.44% equity) and $52M (48.29% equity) in 2025 and 2026, respectively. CNP filed the rate case due to the infrastructure investments it has made and expects to make in the future and the recovery of higher operating costs. CNP was also required to file a GRC before its 2017-2023 TDSIC Plan expires at the end of 2023. CNP expects an IN URC final order by October 2, 2024. CNP was authorized a $29M increase, premised on a 10.4% ROE and 43.46% equity in its last rate case filed in 2011.

EXC — EXC files settlement in DE electric rate case: EXC reached a comprehensive settlement with the DE DPA and several other intervenors, agreeing to a $42M (net $28M) revenue increase, premised on a 9.6% ROE and 50.5% equity. The parties also agreed to a significant storm expense rider, allowing EXC to recover costs for any storm that results in more than $5M of expenses. For storms that cause expenses between $5M-$15M, EXC can defer the expenses and recover them over 24 months. For storms exceeding $15M in expenses, EXC will earn a return at the long-term cost of debt and recover the costs over a period determined on a case-by-case basis. The settlement compares to EXC's initial request of $72M (net $58M), premised on a 10.5% ROE and 50.5% equity. The DE PSC Staff has not agreed to any of the settlements, which recommended a $36M revenue increase, premised on a 9.38% ROE and 50.5% equity. The net amount excludes $14M for the DSIC rider. The procedural schedule has no upcoming dates, although an ALJ proposed decision is likely in the forthcoming weeks. A PSC final order is expected in April 2024. Interim rates of $56M went into effect in mid-July.

D — ALJ recommends the SCC deny D's VA IRP: The ALJ recommended the SCC find that D's IRP was not reasonable given its short-term action plan calling for 970 MW of natural gas by 2028, and does not fully consider all in-state and regional resources as alternatives. The ALJ does not believe D should be required to file a new IRP but recommended the Company hire a third party to conduct a load-forecast analysis and verify D's projected forecasted load growth prior to its next IRP filing. D should also include a scenario analysis that models D's participation and exit of the RGGI. Comments are due by December 29 and an SCC order is expected in the near term. As a reminder, D filed rebuttal testimony noting that it incorporated PJM's load forecast into its data center forecast and defended the credibility of its forecasts since they incorporate EE and DR programs and use county-by-county load forecasts based on customer commitments. The 2023 IRP covers the 15-year period starting in 2024-2038 using 2023 as the base year. The 25-year planning period extends to 2048. The plan considers PJM-projected annual peak and energy load growth of 5% and 7% over the next decade, respectively, driven by data centers and less so by electrification trends. D is projecting the addition of ~20 GW of resources in the 15-year period and ~32 GW (net of retirements) in the 25-year period. We wrote on D's initial IRP filing here.

D, EXC, FE, NEE, PEG — PJM awards $5B of transmission projects: PJM awarded ~$5B of transmission projects across its service territory as part of its Regional Transmission Expansion Planning Window 3 process. The RTO requested proposals to help meet forecasted electricity demand growth, generation retirements, and future capacity needs. PJM expects ~7,500 MW of increased demand from new data centers and 11,000 MW of generation retirement. PJM received 72 proposals and prioritized projects that could meet system needs by 2028.

- **FE:** PJM awarded FE's Potomac Edison and Mid-Atlantic Interstate Transmission (MAIT) three transmission projects. The projects include an upgrade to an existing 24-mile transmission line from Adamas County, PA, to Carroll County; an upgrade to a transmission

line in Frederick County and Montgomery County; and an upgrade to a 36-mile transmission line in VA and WW. The awards are for ~$135M, $235M, and $392M, respectively.

- **NEE:** PJM selected NEE's subsidiary NextEra Energy Transmission Mid-Atlantic to build the Mid-Atlantic Resilience Link, a new ~130-mile, 500kV transmission line and a new substation. NEE will finance, develop, own, construct, operate, and maintain the project.

WEC — Owners energize the eastern portion of the Cardinal-Hickory Creek transmission line: The co-owners of the 100-mile, 345-kV Cardinal-Hickory Creek transmission line announced that the eastern half has been energized and is operational. The eastern half covers the portion from the Hill Valley Substation to the Cardinal Substation and was built and is operated by ATC. The western portion has ~1.5 miles left of construction to complete. The owners expect the entire project to be completed and in service by June 2024. Litigation in federal courts delayed the line's construction and caused several delays to the timeline. The project is being developed jointly by WEC's subsidiary ATC, ITC Midwest, and Dairyland Power Cooperative. When complete, the transmission line will be entered into MISO and help supply renewable resources to the region.

SO — Chris Womack announced as Tom Fanning's replacement as executive chairman: SO announced that Chris Womack will replace Tom Fanning as executive chairman of the board of directors effective at the end of the year. Mr. Fanning joined SO in 1980 and served as CEO from 2010 until earlier this year. In April, Chris Womack also replaced Mr. Fanning as SO's CEO and president. Mr. Womack has been with SO since 1988. We view the announcement as the final transition, as Tom Fanning will no longer have an official post at SO.

AGR — AGR rolls out smart meters in NY: AGR announced that NYSEG and RG&E have installed ~250,000 meters in upstate NY. The installations are part of a larger plan to install 1.3M electric smart meters and 600,000 natural gas modules for NY customers. The meters enable NYSEG and RG&E to transmit usage and meter status data to bill customers on actual usage. Other benefits include a reduction in on-site visits and quicker response to outages.

EIA's December Short-Term Energy Outlook: Renewables continue to increase share, with expectations of solar and wind contributing more generation than coal in 2024, marking the first occurrence. Driven by an increase in solar generation of 23GW and 37GW of new capacity in 2023 and 2024, respectively, solar and wind are expected to contribute 5.5% and 11.2% in 2024, respectively, up from 4.1% and 10.7% in 2023, respectively. This compares to the forecast for coal to contribute 14.6% in 2024, down from 16.6% in 2023. In addition to the more significant contribution from renewables, an increase in natural gas generation is driving the decline in coal. Natural gas prices are expected to be lower, averaging $2.80/MMBtu during the 2023-2024 winter season, down ~$0.60 from the $3.40/MMBtu November forecast. The lower prices reflect a warmer-than-average start to winter and high natural gas production. Natural gas storage inventories are higher than average and are forecasted to end the winter 22% above the five-year average. Natural gas prices are expected to average $2.79/MMBtu for all of 2024, down from prior estimates of $3.25/MMBtu. As a result, electricity prices are expected to average $12.65/MWh for all of 2024, relatively flat from 2023, or $12.64/MWh.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Select Recent Research

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	240	48.10	44	18.33
Sector Weight [SW]	254	50.90	41	16.14
Underweight [UW]	5	1.00	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	26	45.61	20	76.92
Sector Weight [SW]	30	52.63	10	33.33
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

KeyBanc Capital Markets

Alert

December 11, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: FE, AEP, ETR, ES, POR, EXC, DTE, AVA, AEE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, we are tracking proceedings in FE's Grid Mod II case, AEP's electric rate case in IN, ETR's AR FRP, Aquarion's rate case appeal in CT, POR's IRP, and EXC's electric rate cases in DC and MD. In other news, DTE raises its five-year capital plan and issues 2024 guidance; the PA PUC approves FE's settlement to consolidate its PA utilities; the ID PUC denies AVA's request to modify its power cost adjustment mechanism; and MISO selects two companies to develop transmission projects.

Regulatory Calendar

FE — Hearings in FE's Grid Mod II proceedings begin on December 11: FE is seeking recovery of $626M of capital costs over four years. The plan includes continued investments in AMI by adding 700K more customers, installing distribution automation, and integrating additional volt/var control distribution circuits. The Grid Mod II filing also includes three pilot projects: a lateral electronic circuit protection pilot, a distributed energy resource front-of-the-meter battery energy storage system pilot, and a residential and commercial electric vehicle charging pilot program. The schedule is slightly behind the ESP filing, but FE will also seek to reach a settlement on this docket.

AEP — Rebuttal testimony in AEP's IN electric rate case is due on December 13: The Office of the Utility Consumer Counselor recommended a $43M revenue increase, premised on a 9.3% ROE and a $5.4B rate base. The OUCC recommendation compares to AEP's $116M (net $41M) revenue request, premised on a 10.5% ROE and 51.2% equity. The OUCC's lower ROE recommendation was the primary driver of the delta, further compounded by adjustments to O&M and depreciation. The OUCC supported AEP's proposal to phase in the increase over two steps, with a portion of rates going into effect shortly after a final order, followed by an incremental step-up in 2025. As a reminder, AEP sought an $84M initial increase, followed by an incremental $33M revenue increase. The OUCC recommended the denial of the Grants Project Rider to recover costs for projects eligible to receive state and federal grants. Hearings are set to begin in January, followed by a Commission order in June 2024. New rates are expected to go into effect in mid-2024.

ETR — Final order in ETR AR's FRP is due on December 13: Parties reached a settlement in ETR AR's 2023 formula rate plan, agreeing to a $87.7M revenue increase. The revenue change comprises a $49.8M deficiency for the 2022 historical test year and a $129.0M deficiency for the 2024 forecast year, although state law only allows a 4% maximum revenue increase. Settling parties included ETR, the AR PSC Staff, the Office of the AR Attorney General, and others. ETR AR submitted the FRP application seeking approval of an $89M electric revenue requirement. The FRP included $50M for the 2022 historical test year and $81M for the 2024 forecast year, limiting ETR to the $89M request given the 4% revenue constraint. As a result of the settlement, the evidentiary hearings were canceled. New rates are expected to go into effect on January 2, 2024.

ES — Hearings in the Aquarion rate case appeal are set to begin on December 14: ES filed the appeal with the Superior Court after PURA authorized a $2M revenue decrease, premised on an 8.7% ROE and 50.35% equity. The order compared to ES's three-year rate request for a ~$27.5M rate increase in RY1, ~$13.6M in RY2, and ~$8.8M in RY3. ES's request was based on a 10.35% ROE, 53.06% equity, $1.05B RB, and a 2021 test year. ES obtained a stay from the Superior Court on the PURA decision and must place any collected revenue above the amount authorized in the PURA order in an escrow account until a final ruling is received from the court.

POR — Staff's report and final recommendations in POR's Clean Energy Plan and IRP are due on December 14: Staff's initial comments provided insight into some low-regret actions or opportunities, challenges, and vulnerabilities that need to be addressed. Staff's 29 recommendations for POR to address in reply comments included adopting a scoring metric for GHG reductions, redesigning the Preferred Portfolio without assuming 800 MW of additional transmission, providing an accounting of banked RECs, and a detailed assessment of its small-scale renewable resource compliance strategy including how it plans to meet the compliance obligations and projected shortfalls. POR's CEP includes a set of near-term actions to achieve the targets outlined in HB 2021. The Preferred Portfolio emphasizes solar and wind resources, with ~3.5 GW expected to be online by 2030. POR will issue an annual RFP for up to 520 MW of non-emitting resources through 2028, plans to add 632 MW of storage, energy efficiency (248 MW), and distributed resources

(136 MW). The Company will study the addition of community-based renewable energy to reach 155 MW by 2030. This is POR's first CEP/IRP filing since the enactment of HB 2021.

EXC — Intervenor testimony in PEPCo's DC electric rate case is due on December 15: EXC made a compliance filing to reflect a traditional test year, supporting a $108M revenue increase, using an adjusted 12-month period ending December 31, 2023. EXC was required to make the compliance filing to enable the PSC to analyze the multiyear plan filing relative to a traditional rate case while also considering authorizing a traditional one-year rate case. As a reminder, PEPCO filed a three-year electric rate case with the DC PSC seeking a cumulative $191M revenue increase ($116M in RY1, $37M in RY2, and $37M in RY3). New rates would go into effect on February 15, 2024, with the step-ups effective January 1, 2025 and 2026, respectively. The rate increase request is premised on a 10.5% ROE and 50.5% equity layer.

EXC — Intervenor testimony in PEPCo's MD electric rate case is due on December 15: PEPCO MD filed an electric MYRP (Docket: 9702) in May seeking a cumulative net increase of $214M, premised on a 10.5% ROE and 50.5% equity (net $74M revenue increase in 2024, $60M each in 2025 and 2026, and a $20M revenue increase in April 2027-December 2027), allowing the next MYRP to become effective at the beginning of 2028. EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. The evidentiary hearings are set to start in March 2024 followed by briefs in April 2024. A final order is expected in June 2024.

Recent Developments for Companies Under Our Coverage

From our midweek: WEC files an emergency motion with the ICC to continue the safety modernization program; the FL PSC approves DUK to recover 2023 storm restoration costs; FE reaches a settlement in its WV ENEC proceedings; MN utility Allete is exploring a sale and amassing interest from infrastructure funds and buyout firms; the WV PSC approves AEP to recover costs associated with the purchase of a wind facility and solar PPAs; the CO PUC denies XEL's extension to its wildfire plan deferral mechanisms; XEL and Ford partner on an EV charging initiative; and ISO NE expects sufficient capacity this winter.

DTE — DTE raises capital plan and issues 2024 guidance: DTE held a business update meeting where the Company raised its five-year capital plan by $2B, driven by an increased opportunity to invest in cleaner generation. As a result, the Company expects to invest ~$25B for the 2024-2028 period and has a 10-year investment plan that exceeds $50B. Additionally, DTE issued 2024 EPS guidance of $6.54-$6.83. The 2024 guidance compares to our $6.75 estimate. The Company expects a 6-8% LT EPS growth through 2028, using the 2023 original guidance midpoint as the base, or $6.25. DTE held the business update in the aftermath of its 2023 electric rate case, which resulted in a $368M revenue increase and ~$350M of investments through the investment recovery mechanism (IRM) over the next two years. The refreshed guidance also embedded the package of climate-related bills recently signed into law, including SB 271, which were expected to lengthen the capital investment opportunity for MI utilities. SB 271 sets to transition the state to 100% clean energy by 2040, including benchmarks along the way, with 50% clean energy by 2030 and 60% by 2035.

FE — PUC votes to approve settlement to consolidate PA utilities: The PA PUC voted to approve the settlement in FE's consolidation proceedings. The Commission's vote aligned with the ALJ's recommended decision to approve the settlement without modification. The stipulation included a mechanism for tracking cost savings realized through the consolidated operations and returning the savings to customers in future base rate proceedings. FE PA will also gradually unify rates among all classes, which will not be met until the conclusion of three rate cases filed on or after January 1, 2025. The settlement was part of FE's filing to consolidate FE's PA subsidiaries into a single operating entity, FE PA. The subs in PA include Metropolitan Edison Co., Pennsylvania Electric Co., West Penn Power Co., and Pennsylvania Power Co. The consolidation requires Metropolitan Edison and Penn Electric's interest in MAIT to be sold to FE and certain West Penn transmission assets to be sold to FE subsidiary KATCo. FERC previously issued an order approving the consolidation. FE also received approval from the VA SCC for transferring certain transmission assets and reorganization approval from the NYPSC. The reorganization received all required approvals, and the new structure will go into effect on January 1, 2024.

AVA — ID PUC denies adjustment to power cost mechanism: The ID PUC issued an order denying AVA's request to modify its power cost adjustment mechanism to account for ongoing expenses to comply with WA State GHG cap-and-trade rules. The ID PUC did not believe rates should be adjusted for ID customers since the CCA is a WA-specific policy initiative. As part of its 2023 rate case, AVA sought approval to change its power costs to account for ID's share of costs to comply with WA's Climate Commitment Act (CCA). Specifically, AVA was seeking cost recovery for ID customers' proportional share in the 25MW Boulder Park gas-fired power plant and the cost of carbon allowances for wholesale power delivered in WA and allocated to ID customers. As a reminder, the PUC previously approved the multiparty settlement for AVA's electric and gas rate cases. As part of the settlement in the two-year electric and gas rate cases, electric revenues will increase by $22M in RY1 and $4M in RY2, and natural gas revenues will increase by $1M and ~$0M, respectively. New rates went into effect on September 1.

AEE — MISO selects two transmission projects as part of Tranche 1 competitive bids: MISO selected two companies as part of competitive bids for transmission projects in WI and IL, including AEE. AEE was awarded the Iowa/Illinois State Border to Ipava transmission project. The two segments total ~69 miles and are part of the larger Skunk River to Ipava project. AEE estimates that the Skunk River-Ipava Segment would cost ~$22M. MISO also selected Dairyland Power to develop the Alma-Blair transmission line. The two projects are expected to enter service by June 1, 2028. AEE was previously awarded an $84M project for one of its competitive

bids (Orient-Denny-Fairport) in LTRP Tranche 1. In addition to Skunk River-Ipava, AEE submitted the Denny-Zachary-Thomas Hill-Maywood project at an estimated cost of ~$560M. MISO is expected to announce the winners of the competitive bids in June 2024.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
OH	First Energy	FE	22-0704-EL-UNC	Electric	12/11/2023	Hearings Begin
	CPI Release	BLS			12/12/2023	CPI release for Prior Month
	Short-Term Energy Outlook	EIA			12/12/2023	STEO release
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	12/13/2023	Rebuttal Testimony Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	12/13/2023	Commission Order Expected
CT	Aquarion Water	ES	HHB-CV23-6078177-S	Water	12/14/2023	Hearings on Aquarion Appeal
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	12/14/2023	PSC Order Due
OR	Portland General Electric Co.	POR	LC80	IRP	12/14/2023	Staff Report and Final Recommendations
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	12/15/2023	Track 4 Proposed Decision
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	12/15/2023	Intervenor Testimony
MD	Potomac Electric Power Co.	EXC	C-9702	Electric	12/15/2023	Intervenor Testimony
OR	Portland General Electric Co.	POR	D-UE-416	Electric	12/18/2023	Commission Order Expected
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	12/20/2023	Settlement Deadline
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	12/21/2023	Proposed Decision Due
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	12/21/2023	Post Hearing Briefs
	Federal Energy Reg Comm	FERC			12/21/2023	Open Meeting
	System Energy Resources Inc.	ETR	FERC EL21-56		12/22/2023	Complainants and Intervenors Testimony
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	12/22/2023	Rebuttal Testimony Due
NM	Avangrid, PNM Resources	AGR			12/31/2023	Revised Merger Agreement deadline
OR	Portland General Electric Co.	POR	D-UE-416	Electric	1/1/2024	Rates Effective

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
								Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		**Market Cap ($B)**	**Rating**	**Price Target**	**Current Price**	**Dividend ('23E) Yield**	**Payout**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**
AEE	Ameren Corp	20.5	Overweight	$82	$78.02	3.2%	57%	4.41	4.72	5.01	17.7x	16.5x	15.6x	4.38	4.69	5.03	17.8x	16.6x	15.5x
AEP	American Electric Power Company In	41.9	Sector Weight	NA	$79.64	4.2%	64%	5.26	5.58	5.93	15.1x	14.3x	13.4x	5.27	5.60	5.96	15.1x	14.2x	13.4x
CMS	CMS Energy Corp	17.0	Overweight	$60	$58.15	3.4%	63%	3.05	3.34	3.73	19.1x	17.4x	15.6x	3.10	3.34	3.60	18.8x	17.4x	16.2x
D	Dominion Energy Inc	39.7	Sector Weight	NA	$47.49	5.6%	92%	2.83	2.85	3.27	16.8x	16.7x	14.5x	2.89	3.13	3.45	16.5x	15.2x	13.7x
DUK	Duke Energy Corp	72.7	Overweight	$96	$94.39	4.3%	73%	5.61	5.91	6.30	16.8x	16.0x	15.0x	5.60	5.97	6.32	16.9x	15.8x	14.9x
ES	Eversource Energy	20.8	Sector Weight	NA	$59.65	4.5%	63%	4.33	4.60	4.89	13.8x	13.0x	12.2x	4.34	4.57	4.81	13.8x	13.1x	12.4x
ED	Consolidated Edison Inc	31.6	Underweight	$73	$91.55	3.6%	65%	5.07	5.24	5.57	18.1x	17.5x	16.4x	5.01	5.28	5.59	18.3x	17.3x	16.4x
EIX	Edison International	25.9	Sector Weight	NA	$67.45	4.4%	63%	4.72	5.09	5.59	14.3x	13.3x	12.1x	4.70	5.12	5.61	14.3x	13.2x	12.0x
EXC	Exelon Corp	39.0	Sector Weight	NA	$39.21	3.7%	62%	2.36	2.55	2.70	16.6x	15.4x	14.5x	2.36	2.51	2.72	16.6x	15.7x	14.4x
FE	FirstEnergy Corp	21.3	Overweight	$41	$37.08	4.3%	62%	2.56	2.63	2.85	14.5x	14.1x	13.0x	2.54	2.66	2.84	14.6x	14.0x	13.0x
PEG	Public Service Enterprise Group Inc	31.2	Sector Weight	NA	$62.57	3.6%	66%	3.46	3.60	3.88	18.1x	17.4x	16.1x	3.46	3.69	4.07	18.1x	17.0x	15.4x
SO	Southern Co	78.0	Sector Weight	NA	$71.50	3.9%	77%	3.61	4.02	4.24	19.8x	17.8x	16.9x	3.60	4.01	4.31	19.9x	17.8x	16.6x
WEC	WEC Energy Group Inc	26.5	Overweight	$94	$84.07	3.7%	68%	4.60	4.93	5.27	18.3x	17.1x	16.0x	4.61	4.91	5.25	18.2x	17.1x	16.0x
XEL	Xcel Energy Inc	33.6	Overweight	$62	$60.91	3.4%	62%	3.36	3.59	3.88	18.1x	17.0x	15.7x	3.36	3.58	3.84	18.1x	17.0x	15.9x
					Average:	**4.0%**	**67%**				**16.9x**	**15.9x**	**14.8x**				**16.9x**	**15.8x**	**14.7x**

								Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		**Market Cap ($B)**	**Rating**	**Target Price**	**Current Price**	**Dividend ('23E) Yield**	**Payout**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**
AVA	Avista Corp	2.7	Sector Weight	NA	$35.14	5.2%	81%	2.30	2.42	2.64	15.3x	14.5x	13.3x	2.28	2.43	2.57	15.4x	14.5x	13.7x
NWE	NorthWestern Corp	3.2	Overweight	$59	$51.87	4.9%	84%	3.04	3.49	3.73	17.1x	14.9x	13.9x	3.05	3.52	3.70	17.0x	14.7x	14.0x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$75.96	2.3%	25%	6.85	4.37	3.62	11.1x	17.4x	21.0x	6.86	4.09	3.76	11.1x	18.6x	20.2x
PNW	Pinnacle West Capital Corp	8.5	Sector Weight	NA	$75.30	4.6%	82%	4.44	4.93	5.16	17.0x	15.3x	14.6x	4.25	4.90	5.13	17.7x	15.4x	14.7x
POR	Portland General Electric Co	4.3	Sector Weight	NA	$42.54	4.4%	72%	2.55	2.96	3.19	16.7x	14.4x	13.3x	2.62	3.06	3.19	16.2x	13.9x	13.3x
					Average:	**4.3%**	**69%**				**15.4x**	**15.3x**	**15.2x**				**15.5x**	**15.4x**	**15.2x**

								Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		**Market Cap ($B)**	**Rating**	**Target Price**	**Current Price**	**Dividend ('23E) Yield**	**Payout**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**
AGR	Avangrid Inc	12.4	Sector Weight	NA	$32.07	5.5%	83%	2.13	2.32	2.46	15.1x	13.8x	13.0x	2.11	2.31	2.48	15.2x	13.9x	12.9x
NEE	Nextera Energy Inc	122.5	Sector Weight	NA	$59.70	3.1%	60%	3.13	3.40	3.62	19.1x	17.6x	16.5x	3.13	3.40	3.66	19.1x	17.6x	16.3x
SRE	Sempra	45.6	Sector Weight	NA	$72.38	3.3%	52%	4.50	4.77	5.14	16.1x	15.2x	14.1x	4.56	4.79	4.92	15.9x	15.1x	14.7x
					Average:	**4.0%**	**65%**				**16.7x**	**15.5x**	**14.5x**				**16.7x**	**15.5x**	**14.7x**

								EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		**Market Cap ($B)**	**Rating**	**Target Price**	**Current Price**	**Dividend ('23E) Yield**	**Payout**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**	**'23E**	**'24E**	**'25E**
CEG	Constellation Energy Corp	35.5	Sector Weight	NA	$111.21	1.0%	18%	3,949	4,067	3,946	11.5x	11.0x	11.1x	3,902	4,162	4,144	11.6x	10.7x	10.6x
NRG	NRG Energy Inc	10.8	Not Covered	NA	$47.81	3.2%	32%	NA	NA	NA	NA	NA	NA	3,128	3,327	3,345	6.3x	6.1x	4.2x
VST	Vistra Corp	13.2	Not Covered	NA	$36.96	2.3%	20%	NA	NA	NA	NA	NA	NA	3,985	4,303	4,238	6.7x	6.1x	5.9x
					Average:	**2.2%**	**23%**				**11.5x**	**11.0x**	**11.1x**				**8.2x**	**7.6x**	**6.9x**

Source: Company reports, KBCM Estimates Thomson Reuters

Figure 3 - Stock Price Performance

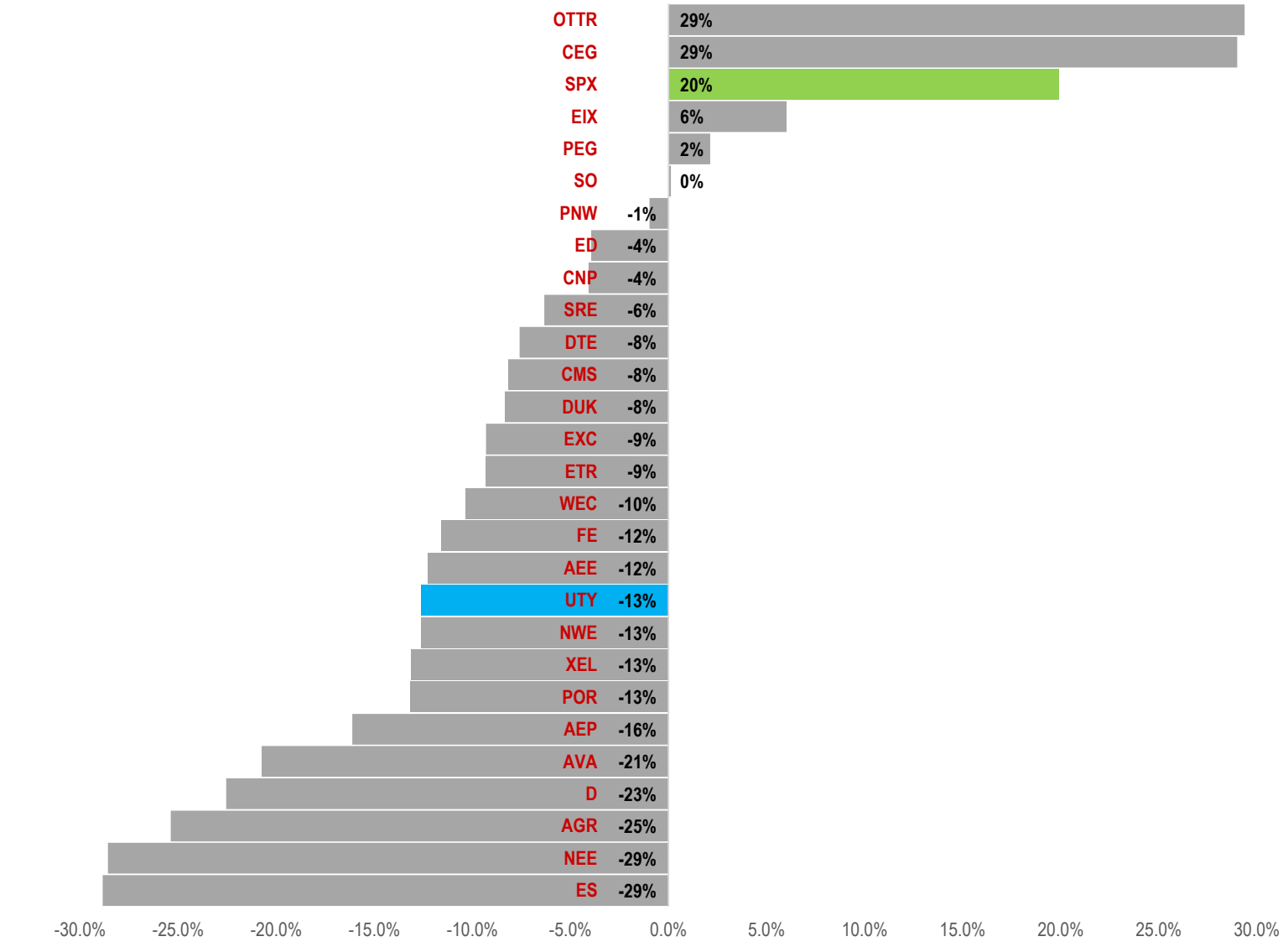

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Select Recent Research

EEI Day Three: Notes from Meetings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	240	48.10	44	18.33
Sector Weight [SW]	254	50.90	41	16.14
Underweight [UW]	5	1.00	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	26	45.61	20	76.92
Sector Weight [SW]	30	52.63	10	33.33
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
CNP	28.78	Buy
D	47.26	Buy
DUK	93.94	Buy
ES	60.60	Neutral
EXC	39.41	Buy

Power & Utilities

December 7, 2023

The Guggenheim Daily Transmission: Uranium/Policy, SE/Policy, Wildfires/OR, CNP, RNG, Nuclear, DUK, EXC/DC, ES/CT, D/SC

For details on our Guggenheim-hosted client Utility events including our Guggenheim lunch "An Electric Year-End - A Discussion on Renewables and Reliability", NRG NDR, and other events, scroll down...

Uranium/Policy – Russian uranium ban to see House floor vote

SE/Policy – Media highlights frictions between SE utilities and data center owners

Wildfires/OR – Pacific Power reaches $299M settlement in 2020 Oregon Archie Creek fire

CNP – CNP Indiana Electric files testimony in IURC rate case proceeding

RNG – Ares infrastructure acquires RNG developer

Nuclear – Opposition grows for repowering of Palisades nuclear plant

DUK – Potential for elevated blackout risk in NC/SC and VA this winter

EXC/DC – DC PSC adopts modifications to procedural schedule for MYP

ES/CT – CL&P and others request additional clarifications in AMI docket

D/SC – Stakeholder groups file request for clarifications in DESC IRP

Uranium/Policy – Russian uranium ban to see House floor vote

- "H.R. 1042 would prohibit imports of low-enriched uranium (LEU) from the Russian Federation, starting 90 days after enactment. Through December 31, 2027, the bill would allow the Secretary of Energy, in consultation with the Secretaries of State and Commerce, to issue waivers for imports up to amounts allowed under current law; after that date, no further imports would be permitted. The bill's restrictions would end on December 31, 2040." - CBO
- "Under the bill, CBO estimates that the price of nuclear fuel would increase by 13 percent. That estimate is based on a range of potential price scenarios and CBO's expectation of their respective likelihoods. Based on discussion with industry experts, CBO expects that a moderate price increase driven by a gradual replacement of Russian suppliers with higher-cost sources of enrichment services under the bill's waiver provisions is the most likely scenario. Alternatively, the bill's restrictions could be interpreted as a basis for terminating contracts for enrichment services by Russian LEU exporters, leading to a greater degree of market disruption. CBO expects that this scenario is much less likely." - CBO
- More HERE

Guggenheim takeaway: *Heads up as the policy push against Russian uranium continues. Of note, the legislation appears to give the DOE/DOC leeway to issue waivers through 2027, which would align with the existing step down to the 15% demand cap under the existing suspension agreement. Most of the nuclear operators we have spoken to have not flagged NT concerns around supplies, however we continue to monitor domestic efforts to expand enrichment capacity. See our uranium baseline from last year HERE for more.*

SE/Policy – Media highlights frictions between SE utilities and data center owners

- The Energy and Policy institute has flagged comments from several SE utilities over recent months as it pertains to data center load and decarbonization more broadly

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- More HERE

Guggenheim takeaway: *Minor FYI flagged for your awareness as reports like these can be recirculated. In our view some of the anti-utility rhetoric in the article is misplaced.*

Wildfires/OR ─ Pacific Power reaches $299M settlement in 2020 Oregon Archie Creek fire

- The $299M settlement equals roughly $646K per claimant, with several timber companies not participating in the process
- More HERE [NYSE: BRK.A]

Guggenheim takeaway: *Interesting data points on the settlement, which came just ahead of the trial commencement next month. As a reminder this event was distinct from the Beachie Creek/Lionshead event that occurred to the north along the Santiam Canyon in Clackamas/Linn counties (also in 2020).*

CNP ─ CNP Indiana Electric files testimony in IURC rate case proceeding

- CNP filed additional testimony in support of the CNP Indiana Electric rate case.
- Major points of revenue deficiency are generation projects placed in service after the last IRP and TDSIC deferred capex.
- CNP Indiana Electric filed a rate case seeking a $118.8M rate increase in 3 phases (2024-2026).
- The Phase 1 (2024) increase is projected to be $42,137,651, or approximately 6%; the Phase 2 increase is projected to be an additional $24,482,578, or approximately 3% from Phase 1; the Phase 3 increase is projected to be an additional $52,137,464, or approximately 7.0% from Phase 2.
- The revenue request is based on a 10.4% ROE (vs. 10.4% currently authorized).
- The request proposes other adjustments to rate design and regulatory accounts.
- Docket: 45990 available in IURC portal.

Guggenheim takeaway:*FYI. CNP previously indicated that the company would be seeking to engage in rate proceedings in IN starting in 4Q23. While CNP has not filed an IN rate case in over a decade, the company had intermittent rider recovery filings which reconciled invested capital and cost of capital. We continue to monitor early-stage progress.*

RNG ─ Ares infrastructure acquires RNG developer

- Ares Infrastructure (private) acquired Burnham RNG (private) including LT contracted projects.
- The companies made the announcement here.
- The projects include industrial wastewater treatment and RNG production contracts for 20-30 years.

Guggenheim takeaway:*FYI. Datapoint on private infrastructure demand for RNG assets and developers. While the terms are undisclosed the transaction shows demand for alternative gas infrastructure. This could have a positive read through to our utility coverage where RNG assets could be monetized including DTE which has been in the news previously looking to market Vantage RNG assets.*

Nuclear – Opposition grows for repowering of Palisades nuclear plant

- Opponents of the Palisades repowering have started to come forward.
- Opponents filed arguments with the NRC that the project is not economic.
- More here.

Guggenheim takeaway:*FYI. New datapoints on Palisades repowering efforts after the decommissioning agent started making efforts of a restart or repower.*

DUK – Potential for elevated blackout risk in NC/SC and VA this winter

- A new report from the North American Electric Reliability Corporation (NERC) suggests that a heightened risk for blackouts may exist in the Carolinas and Virginia this winter.
- DUK however, says it's ready, having made many improvements to its systems over the past year since Winter Storm Elliott caused havoc on the grid last year with rolling outages.
- More HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim takeaway:*Further evidence in support of DUK's much needed ongoing investment in new generation as part of its upcoming, Q4 roll forward of its IRP-driven capital plan.*

EXC/DC – DC PSC adopts modifications to procedural schedule for MYP

- "By this Order, the Public Service Commission of the District of Columbia "Commission") grants, in part, and denies in part, the Motion for Enlargement of Time of the Apartment and Office Building Association of Metropolitan Washington ("AOBA"). The Commission adopts the procedural schedule set forth in Attachment A of this Order." - filing
- More HERE

Guggenheim takeaway: *Minor procedural FYI for your calendars.*

ES/CT – CL&P and others request additional clarifications in AMI docket

- Multiple parties have filed exceptions to the earlier draft decision
- "The Proposed Final Decision introduces layers of complexity not yet contemplated in this proceeding, nor having the benefit of any discussion among interested stakeholders. Therefore, Eversource respectfully requests that PURA conduct one or more technical sessions to address the countervailing concepts that exist in the Proposed Final Decision to assist in streamlining the AMI implementation process and assuring its success" – ES
- "These two concerns are: (1) huge, unnecessary complexity due to the imposition of multiple layers of new reporting requirements and a series of compliance filings that, at least appear to be prerequisites to the filing of an updated AMI Implementation Plan, thereby causing unnecessary delay and inefficiency; and (2) no reasonably balanced, clear and certain cost recovery path to come after system implementation, not before. Eversource cannot finance the $700 million AMI investment without a discrete cost-recovery mechanism due to investor and credit-rating concerns over the Connecticut regulatory environment." - ES
- More HERE

Guggenheim takeaway: *Somewhat minor, but important nonetheless as ES continues to push on ensuring adequate cost recovery pathways for the process, alongside a host of other technical and procedural data points from other parties in their exceptions.*

D/SC – Stakeholder groups file request for clarifications in DESC IRP

- The South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, Sierra Club, and Carolinas Clean Energy Business Association have filed a motion for clarification
- "To ensure the Order in this proceeding accurately reflects parties' various positions, we accordingly request that this statement in the Order be modified to correctly reflect Joint Intervenors' recommendation" - filing
- More HERE

Guggenheim takeaway: *Minor FYI – most of the recommendations appear to be technical (matching testimony) or minor tweaks.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.



Equity Research | Corporate Access

NRG Energy Inc. (NRG)

Mauricio Gutierrez, *President & Chief Executive Officer*
Dr. Lawrence Coben, *Interim Chief Executive Officer*
Bruce Chung, *Chief Financial Officer*
Rasesh Patel, *President of Vivint Smart Home*
Elizabeth Killinger, *Head of Retail*
Rob Gaudette, *Head of Business & Commercial Operations*
Kevin Cole, *Head of Treasury & Investor Relations*

Dates & Locations

December 13 – 14, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $10.2bn

NRG Energy, Inc. (NRG) engages in the production, sale, and distribution of energy and energy services. It operates through the following segments: Generation, Retail, and Corporate. The Generation segment includes all power plant activities, domestic and international, as well as renewables. The Retail segment includes mass customers and business solutions, and other distributed and reliability products. The Corporate segment includes residential solar and electric vehicle services. The company was founded in 1989 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.



Corporate Access/View From the Trading Desk

An Electric Year End: A Discussion on Renewables and Reliability

Please join Shar Pourreza, Joe Osha, and members of the Guggenheim equity sales and trading team for a lunch to discuss the ongoing intersection of the renewables industry and traditional power & utility players.

Key Topics

- Key 2024 development trends and directional readthrough to LCOEs
- Utilities' renewables trends and C-Suite mindset
- Grid stability concerns and readthrough to reliability
- Regional gas vs. renewable considerations (e.g., ERCOT vs. PJM)
- *And other items related to this topic to be discussed…*

Date & Time

Tuesday, December 12, 2023
12:15PM ET

Guggenheim Participants

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*
Joseph Osha, *Managing Director, Equity Research Analyst – Energy Technology and Industrial Technology*
Seth Ostrie, *Senior Managing Director - Equity Specialty Sales*
Joseph Ferrarese, *Managing Director - Equity Trading*
John Ritter, *Director - Equity Trading*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	*10/2–10/3*	West Coast
NRG	*10/4–10/5*	West Coast
PEG	*10/10–10/11*	West Coast
NI	*10/17–10/19*	West Coast
EEI Conference	*11/12–11/14*	Arizona
NEE	*11/30–12/1*	Boston/NYC
FE CFO Lunch	12/6	In Person at Guggenheim
Guggenheim-hosted year end lunch with Shar and Joe Osha	12/12	In Person at Guggenheim
NRG	12/13-12/14	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Comp Sheet

12/5/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$60.76	3,492	4.35	4.17	4.56	4.87	5.07	4.35	4.12	4.26	4.81	5.03	–	0.05	0.30	0.06	0.04	14.0x	14.8x	14.3x	12.6x	12.1x	-18%	-6%	-3%	-8%	-7%	8.4%	4.7%	68%	Sell	$41	-28%	Neutral	$59	2%
AVA	$34.75	2,689	2.28	2.49	2.61	2.67	2.73	2.29	2.45	2.63	2.70	2.78	–	0.05	–	(0.03)	(0.04)	15.2x	14.2x	13.2x	12.9x	12.5x	-11%	-10%	-10%	-7%	-4%	5.2%	5.5%	79%	Sell	$26	-20%	Sell	$32	-2%
IDA	$98.39	4,980	5.09	5.44	5.80	5.99	6.28	5.13	5.46	5.85	6.04	6.38	(0.04)	–	(0.05)	(0.04)	(0.10)	19.2x	18.0x	16.8x	16.3x	15.4x	13%	15%	15%	18%	18%	4.2%	3.4%	62%	Buy	$109	14%	Buy	$105	11%
NWE	$51.80	3,172	3.05	3.52	3.73	3.92	4.11	3.14	3.54	3.70	3.88	4.07	(0.09)	–	–	0.04	0.04	16.5x	14.6x	14.0x	13.4x	12.7x	-3%	-7%	-5%	-3%	-2%	5.3%	5.1%	74%	Sell	$39	-20%	Neutral	$51	4%
UTL	$50.08	806	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	18.0x	17.1x	16.2x	15.2x	14.3x	6%	9%	10%	10%	10%	6.2%	3.2%	n/a	Neutral	$45	-7%	Buy	$52	6%
POR	$42.02	4,249	2.63	3.05	3.21	3.38	3.55	2.63	3.05	3.20	3.33	3.45	–	–	–	0.05	0.10	16.0x	13.8x	13.1x	12.6x	12.2x	-6%	-12%	-11%	-8%	-6%	5.3%	4.7%	66%	Buy	$45	12%	Buy	$47	17%
		19,389																16.5x	15.4x	14.6x	13.8x	13.2x	-3%	-2%	-0%	0%	1%	5.8%	4.4%	70%						
Mid/Large Cap Electric																																			
AEE	$77.72	20,400	4.38	4.67	5.05	5.40	5.68	4.38	4.69	5.02	5.37	5.68	–	–	–	0.03	–	17.8x	16.6x	15.5x	14.5x	13.7x	4%	5%	5%	5%	5%	6.6%	3.4%	57%	Neutral	$75	-0%	Buy	$83	10%
AEP	$79.31	40,859	5.30	5.64	6.00	6.39	6.81	5.28	5.61	5.97	6.31	6.73	–	–	0.03	0.08	0.08	15.0x	14.1x	13.3x	12.6x	11.8x	-12%	-10%	-9%	-9%	-9%	6.0%	4.5%	63%	Buy	$85	12%	Buy	$87	14%
CMS	$57.33	16,727	3.12	3.41	3.65	3.91	4.26	3.10	3.34	3.60	3.86	4.13	–	0.07	0.05	0.05	0.14	18.5x	17.2x	15.9x	14.8x	13.9x	9%	9%	8%	8%	7%	8.1%	3.6%	63%	Neutral	$54	-2%	Buy	$60	8%
CNP	$28.56	17,977	1.50	1.61	1.73	1.87	2.03	1.49	1.62	1.75	1.89	2.03	–	–	–	–	–	19.1x	17.6x	16.3x	15.1x	14.1x	12%	12%	11%	10%	8%	9.5%	2.8%	49%	Buy	$30	8%	Buy	$30	8%
D	$46.32	38,759	2.10	2.84	3.39	3.75	4.11	2.53	3.08	3.42	3.87	3.96	(0.43)	(0.24)	–	(0.12)	0.15	18.3x	15.1x	13.5x	12.0x	11.7x	8%	-4%	-8%	-13%	-10%	-0.4%	5.8%	88%	Buy	$45	3%	Neutral	$48	10%
DTE	$106.66	21,984	5.75	6.63	7.19	7.71	8.26	5.86	6.61	7.14	7.71	8.35	(0.11)	–	0.05	–	(0.09)	18.2x	16.1x	14.9x	13.8x	12.8x	7%	3%	2%	0%	-2%	6.3%	3.8%	63%	Buy	$103	0%	Buy	$112	9%
DUK	$92.47	71,294	5.60	6.05	6.35	6.75	7.15	5.60	5.97	6.32	6.73	7.12	–	0.09	–	–	0.03	16.5x	15.5x	14.6x	13.7x	13.0x	-3%	-1%	-0%	-0%	-0%	6.3%	4.5%	71%	Buy	$99	12%	Buy	$99	12%
ED	$91.19	31,454	5.05	5.30	5.62	5.94	6.21	5.02	5.29	5.59	5.85	6.14	–	–	–	0.09	0.07	18.2x	17.2x	16.3x	15.6x	14.9x	7%	10%	11%	13%	14%	6.3%	3.7%	64%	Neutral	$84	-4%	Neutral	$89	1%
EIX	$66.72	25,592	4.71	4.98	5.48	5.71	6.03	4.69	5.12	5.60	5.92	6.26	–	(0.14)	(0.12)	(0.21)	(0.23)	14.2x	13.0x	11.9x	11.3x	10.7x	-16%	-17%	-19%	-18%	-18%	5.5%	4.6%	61%	Neutral	$66	4%	Buy	$74	15%
ES	$60.19	21,011	4.37	4.70	4.92	5.17	5.37	4.36	4.56	4.82	5.16	5.48	–	0.14	0.10	–	(0.11)	13.8x	13.2x	12.5x	11.7x	11.0x	-19%	-16%	-15%	-15%	-16%	5.6%	4.7%	63%	Neutral	$60	4%	Buy	$66	14%
ETR	$100.42	21,234	6.75	7.16	7.76	8.31	8.97	6.75	7.20	7.72	8.30	8.86	–	(0.04)	0.04	–	0.11	14.9x	13.9x	13.0x	12.1x	11.3x	-13%	-11%	-11%	-12%	-13%	6.9%	4.5%	63%	Buy	$103	7%	Buy	$110	14%
EVRG	$51.21	11,757	3.59	3.89	4.10	4.36	4.63	3.62	3.85	4.05	4.29	4.52	–	0.04	0.05	0.07	0.11	14.2x	13.3x	12.7x	11.9x	11.3x	-17%	-15%	-14%	-13%	-13%	4.3%	5.1%	68%	Buy	$54	11%	Buy	$55	13%
EXC	$38.50	38,281	2.36	2.50	2.74	2.93	3.10	2.36	2.50	2.72	2.90	3.10	–	–	–	–	–	16.3x	15.4x	14.2x	13.3x	12.4x	-4%	-2%	-3%	-4%	-4%	6.4%	4.0%	62%	Buy	$44	18%	Buy	$44	17%
FE	$37.05	21,260	2.54	2.69	2.89	3.07	3.27	2.54	2.65	2.87	3.03	3.23	–	0.04	–	0.04	0.04	14.6x	14.0x	12.9x	12.2x	11.5x	-14%	-11%	-12%	-11%	-12%	6.3%	4.5%	62%	Buy	$38	7%	Buy	$39	10%
LNT	$51.25	12,952	2.90	3.08	3.27	3.50	3.67	2.90	3.07	3.28	3.48	3.68	–	–	–	–	–	17.7x	16.7x	15.6x	14.7x	13.9x	4%	6%	7%	7%	7%	6.1%	3.7%	63%	Neutral	$46	-7%	Buy	$54	8%
OGE	$35.24	7,058	2.07	2.16	2.25	2.37	2.48	2.05	2.14	2.27	2.40	2.50	–	–	–	–	–	17.2x	16.5x	15.5x	14.7x	14.1x	1%	5%	6%	7%	8%	2.8%	4.8%	80%	Neutral	$34	1%	Buy	$37	10%
PCG	$17.06	36,398	1.21	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.56	1.71	–	–	–	0.05	0.04	14.1x	12.6x	11.7x	10.9x	10.0x	-17%	-20%	-21%	-21%	-23%	9.7%	1.0%	13%	Buy	$19	12%	Buy	$19	12%
PEG	$62.60	31,244	3.45	3.70	4.22	4.38	4.68	3.46	3.69	4.08	4.27	4.51	–	–	0.14	0.11	0.17	18.1x	17.0x	15.4x	14.7x	13.9x	6%	8%	5%	6%	7%	6.2%	3.8%	65%	Buy	$64	6%	Buy	$65	8%
PNW	$74.82	8,478	4.20	5.00	5.15	5.25	5.40	4.23	4.92	5.14	5.32	5.47	(0.03)	0.09	–	(0.07)	(0.07)	17.7x	15.2x	14.6x	14.1x	13.7x	4%	-3%	-1%	2%	5%	4.9%	4.7%	72%	Neutral	$73	2%	Buy	$77	7%
PPL	$26.02	19,179	1.58	1.71	1.82	1.96	2.08	1.58	1.70	1.82	1.93	2.06	–	–	–	0.03	–	16.5x	15.3x	14.3x	13.5x	12.6x	-3%	-3%	-3%	-2%	-3%	8.1%	3.9%	60%	Buy	$27	8%	Buy	$28	13%
SO	$70.93	77,421	3.60	4.05	4.30	4.55	4.80	3.60	4.02	4.31	4.54	4.77	–	0.03	–	–	–	19.7x	17.7x	16.4x	15.6x	14.9x	16%	12%	12%	13%	14%	5.9%	4.1%	72%	Buy	$77	13%	Buy	$73	6%
WEC	$83.73	26,411	4.62	4.91	5.24	5.61	5.97	4.61	4.91	5.25	5.61	5.97	–	–	–	–	–	18.2x	17.1x	16.0x	14.9x	14.0x	7%	8%	9%	8%	8%	6.1%	4.0%	68%	Neutral	$84	4%	Buy	$90	11%
Mid/Lg Cap (excl. EIX, PCG)																		**17.0x**	**15.7x**	**14.7x**	**13.8x**	**13.0x**						**5.9%**	**4.2%**	**66%**						
SMID + Lg Cap		**637,117**																**16.9x**	**15.7x**	**14.7x**	**13.8x**	**13.1x**						**5.9%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$58.23	117,841	3.13	3.43	3.69	3.99	4.27	3.13	3.40	3.65	3.86	4.28	–	0.03	0.04	0.13	–	18.6x	17.1x	15.9x	15.1x	13.6x	9%	9%	9%	10%	4%	8%	3.5%	60%	Buy	$70	24%	Buy	$70	23%
SRE	$70.93	44,638	4.52	4.75	5.06	5.40	5.85	4.56	4.78	5.11	5.47	5.83	(0.04)	(0.03)	(0.05)	(0.07)	–	15.6x	14.8x	13.9x	13.0x	12.2x	-8%	-6%	-5%	-6%	-7%	-9%	4.9%	73%	Buy	$79	16%	Buy	$80	18%
		162,479																17.1x	16.0x	14.9x	14.0x	12.9x	0%	2%	2%	2%	-1%	-0.3%	4.2%	67%						
Gas LDCs																																				
NI	$26.14	10,807	1.57	1.68	1.82	1.95	2.07	1.59	1.71	1.83	1.96	2.10	–	–	–	–	–	16.5x	15.3x	14.3x	13.3x	12.5x	-3%	-3%	-3%	-3%	-4%	7%	4.1%	63%	Buy	$27	7%	Buy	$30	17%
CPK	$99.04	2,145	5.30	5.84	6.23	6.59	6.94	5.23	5.49	6.21	6.62	7.03	0.07	0.35	–	(0.03)	(0.09)	18.9x	18.0x	16.0x	15.0x	14.1x	11%	15%	9%	9%	8%	7%	2.5%	46%	Neutral	$99	2%	Buy	$121	25%
NJR	$43.41	4,241	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.96	3.11	3.39	–	–	–	–	(0.05)	16.1x	15.6x	14.7x	14.0x	12.8x	-5%	-1%	-0%	2%	-2%	6%	3.9%	60%	Neutral	$42	1%	Buy	$48	14%
NWN	$37.73	1,324	2.65	2.83	2.98	3.09	3.21	2.66	2.75	2.96	3.05	3.23	–	0.08	–	0.04	–	14.2x	13.7x	12.7x	12.4x	11.7x	-17%	-13%	-13%	-10%	-10%	5%	5.2%	71%	Neutral	$37	3%	Buy	$46	28%
OGS	$60.31	3,344	4.14	3.85	4.13	4.69	5.12	4.13	3.95	4.25	4.56	4.92	–	(0.10)	(0.12)	0.14	0.21	14.6x	15.3x	14.2x	13.2x	12.3x	-14%	-3%	-3%	-4%	-6%	5%	4.4%	67%	Neutral	$58	1%	Neutral	$61	6%
SR	$61.84	3,253	4.05	4.35	4.61	4.85	5.05	4.18	4.32	4.56	4.88	5.07	(0.13)	0.03	0.05	–	–	14.8x	14.3x	13.6x	12.7x	12.2x	-13%	-9%	-8%	-8%	-6%	6%	4.9%	70%	Neutral	$55	-6%	Neutral	$62	5%
		25,115																15.8x	15.4x	14.2x	13.4x	12.6x	-7%	-2%	-3%	-3%	-3%	5.8%	4.2%	63%						
Regulated Water																																				
AWK	$131.38	25,580	4.82	5.14	5.59	5.98	6.45	4.81	5.15	5.60	6.03	6.46	–	–	–	(0.05)	–	27.3x	25.5x	23.5x	21.8x	20.3x	60%	62%	60%	58%	56%	7%	2.3%	59%	Neutral	$126	-2%	Buy	$146	13%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$118.31	37,786	3,525	3,951	4,125	3,971	4,213	3,782	4,120	4,119	4,043	4,194	(257)	(169)	–	(72)	–	11.5x	10.2x	9.8x	9.5x	8.7x	43,320	42,059	40,192	38,502	36,697	15.6%	1.1%	20%	Buy	$119	2%	Buy	$130	11%
NRG	$48.26	10,895	3,248	3,418	3,311	3,324	3,377	3,150	3,358	3,374	3,140	3,492	98	60	(64)	185	(115)	6.5x	6.0x	5.8x	6.1x	5.4x	20,358	20,159	19,541	19,274	18,916	23.6%	3.4%	25%	Buy	$51	9%	Neutral	$47	-0%
VST	$37.37	13,362	4,050	3,906	3,997	3,822	3,513	3,964	4,258	4,194	4,127	4,336	86	(351)	(198)	(305)	(823)	6.2x	5.7x	5.7x	5.7x	5.2x	24,720	24,357	23,832	23,433	22,712	8.7%	2.4%	23%	Buy	$32	-12%	Buy	$39	8%
Other																																				
NEP	$24.99	2,335	1,902	2,021	2,080	2,099	2,118	1,903	2,075	2,069	2,037	2,124	–	(54)	–	62	–												15.1%	–	Buy	$37	63%	Buy	$32	43%
SMR	$3.08	236	(143)	(57)	8	96	n/a	(146)	(82)	(20)	144	452	–	26	28	(48)	–												–	–	Buy	$14	355%	Buy	$10	225%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

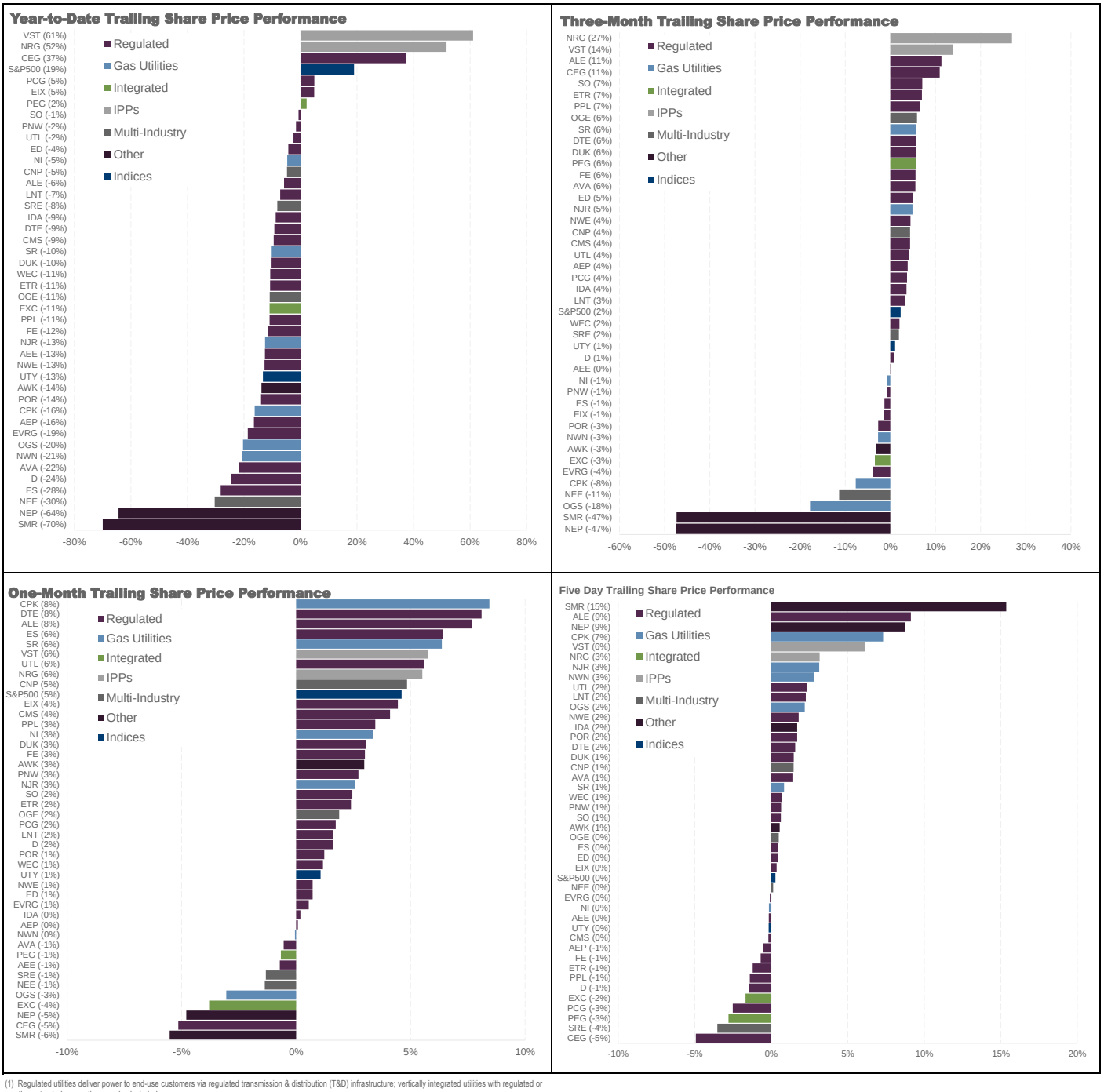

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix

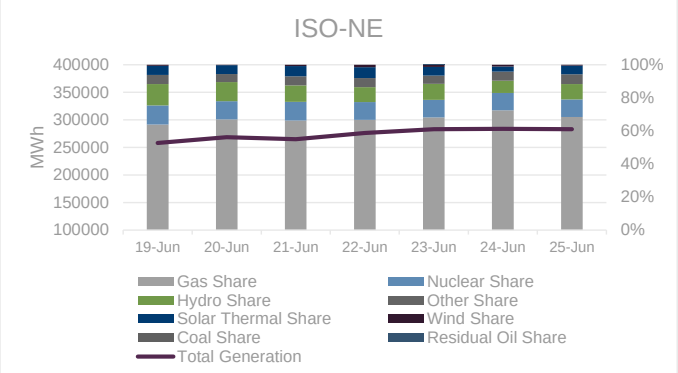

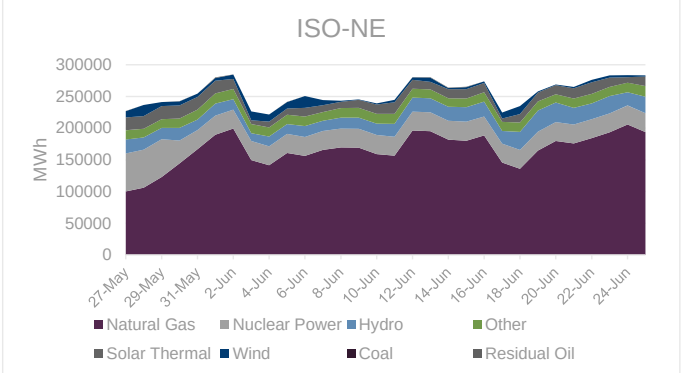

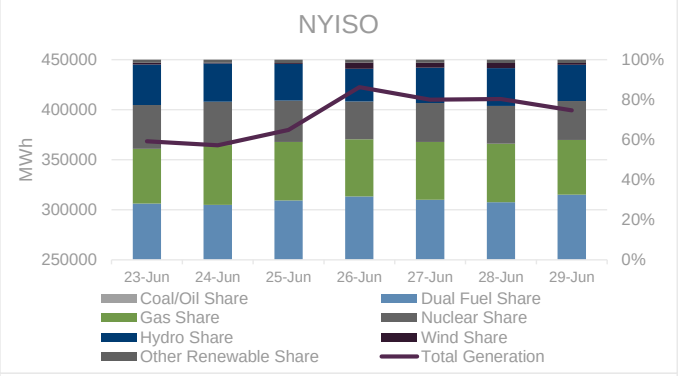

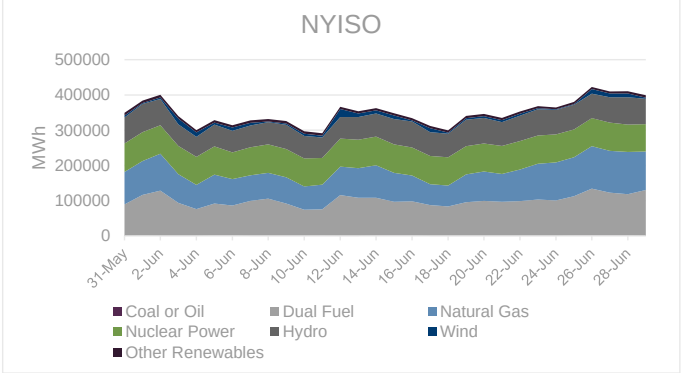

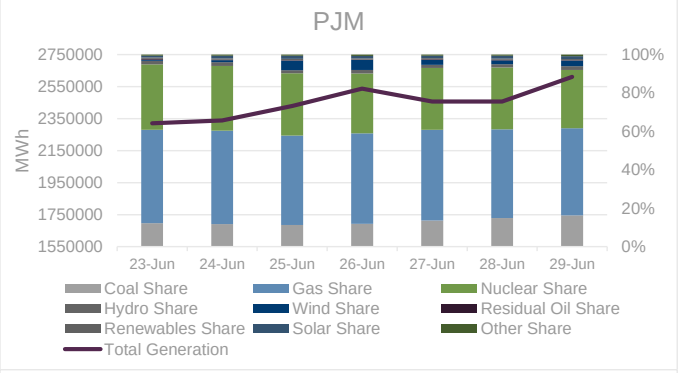

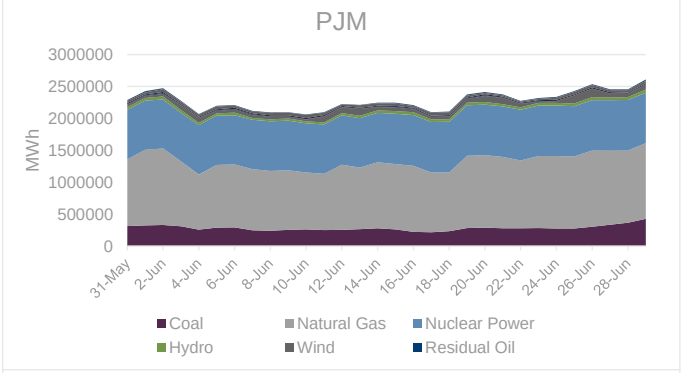

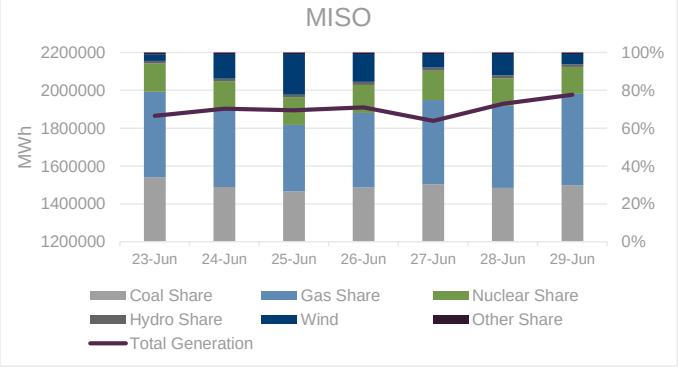

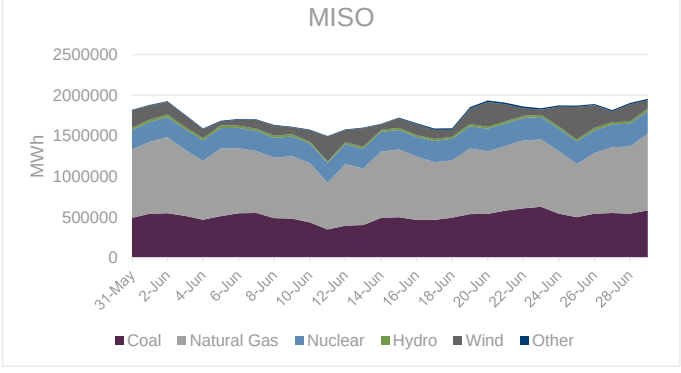

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix (continued)

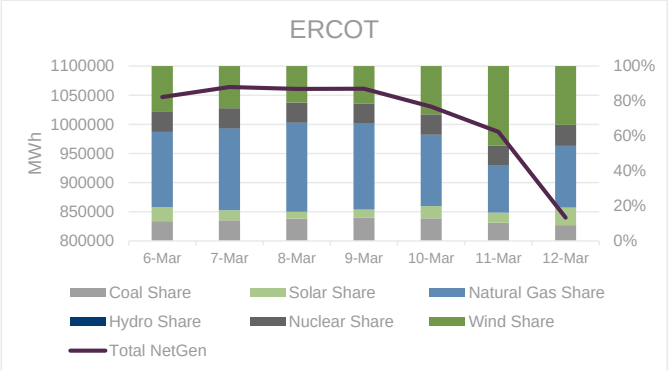

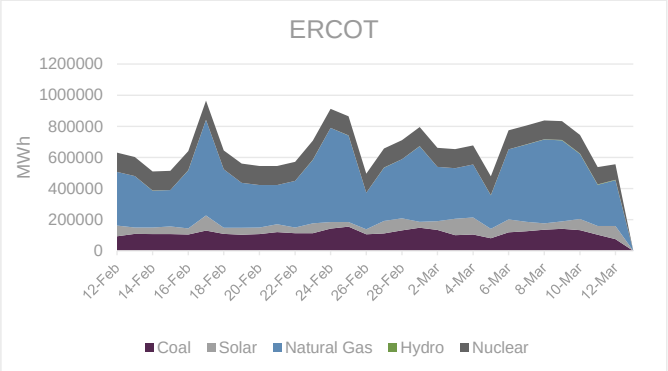

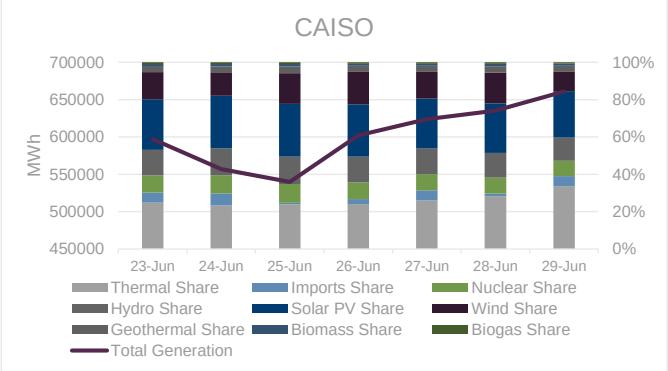

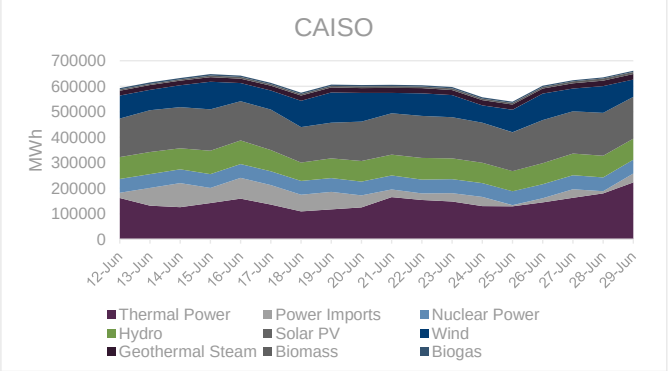

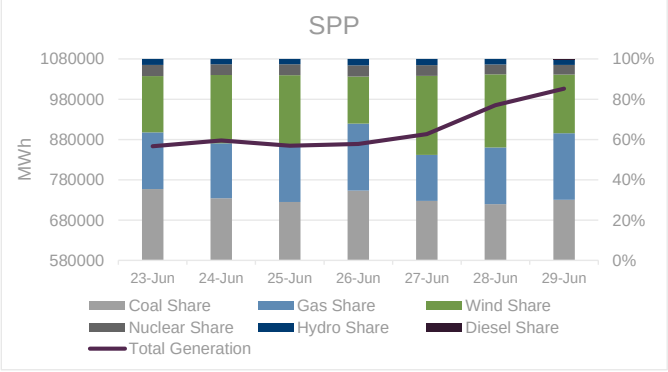

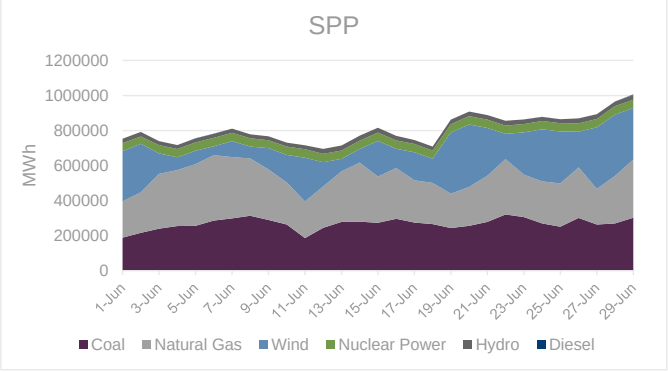

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Weather

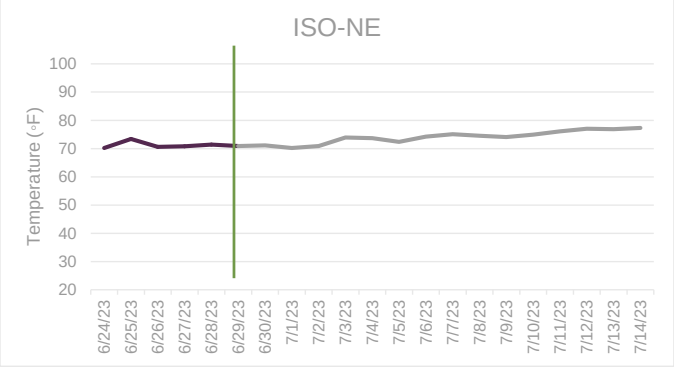

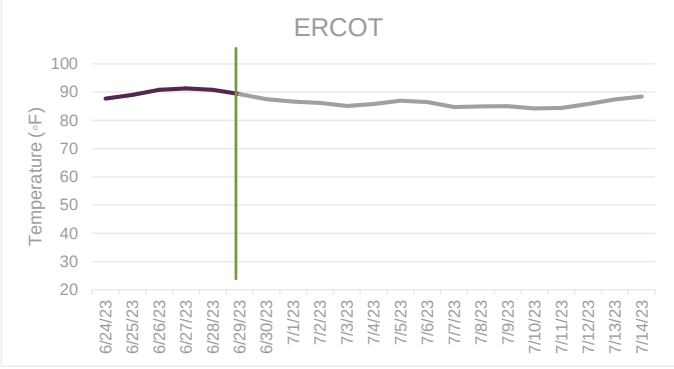

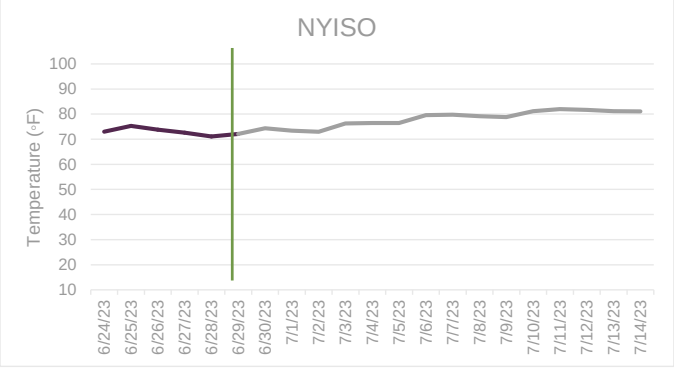

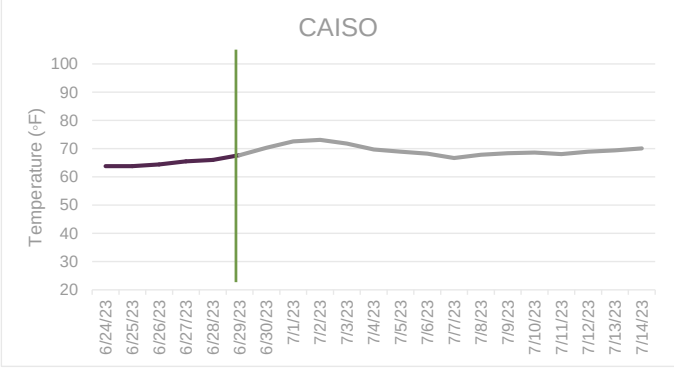

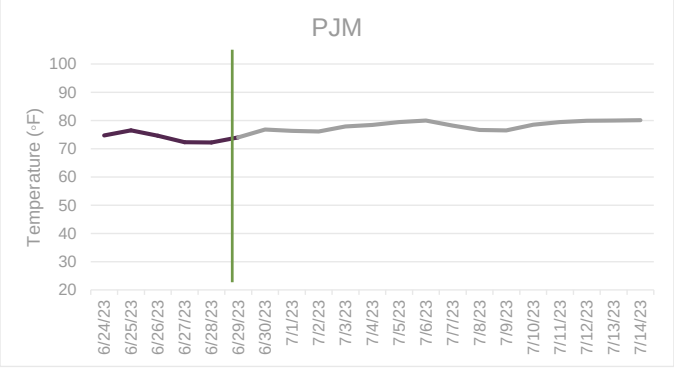

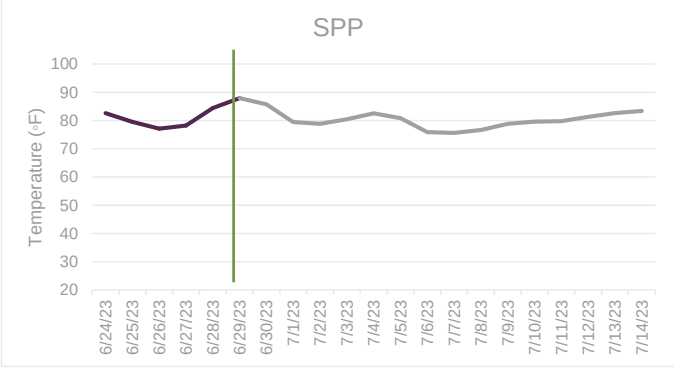

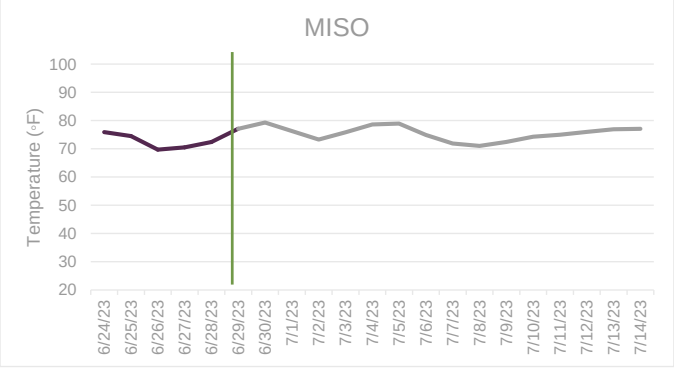

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

YTD Peak Load

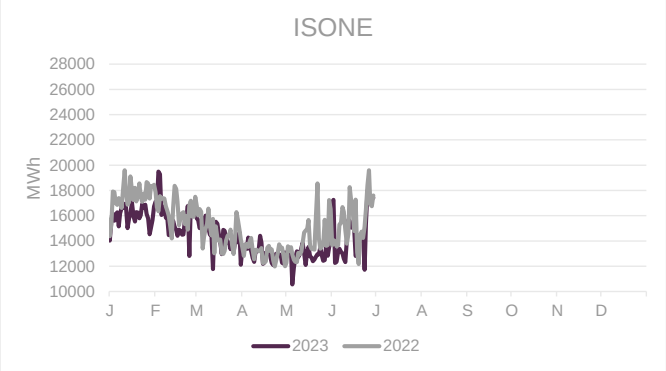

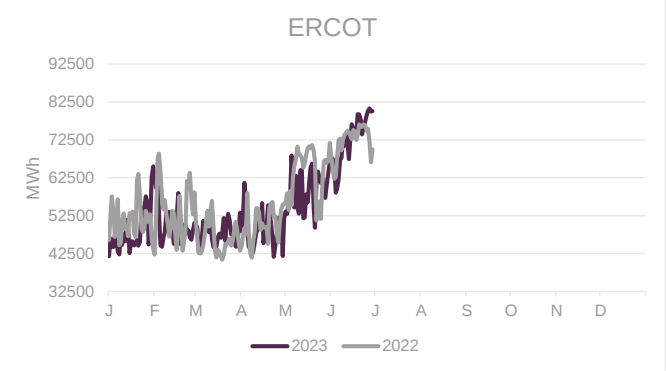

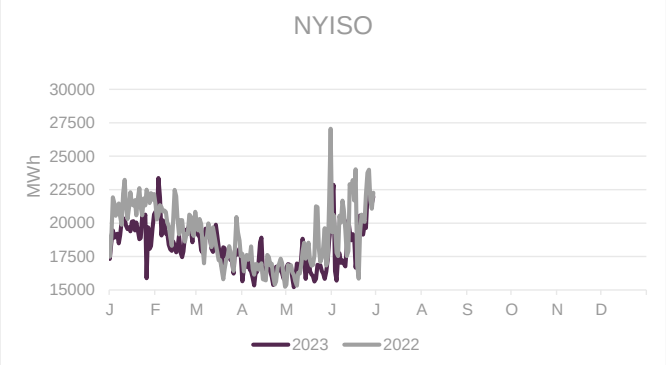

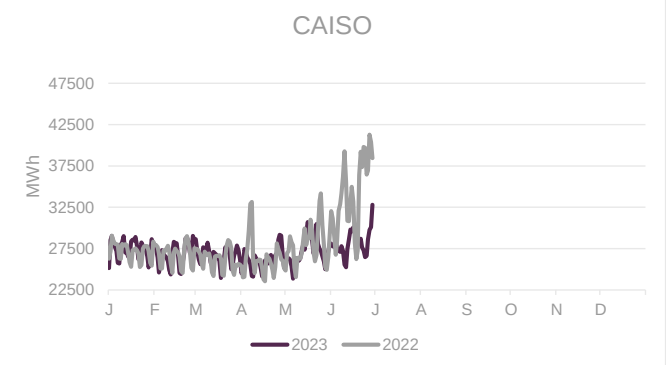

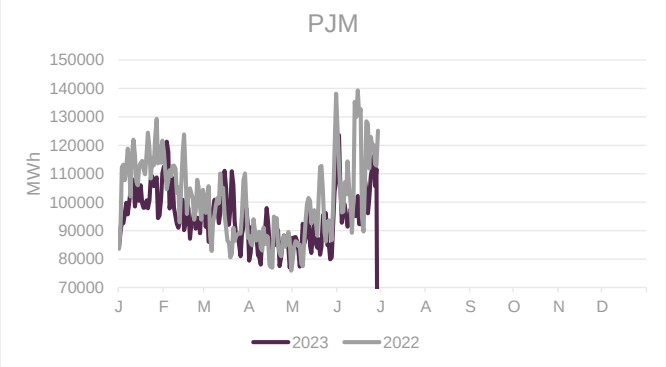

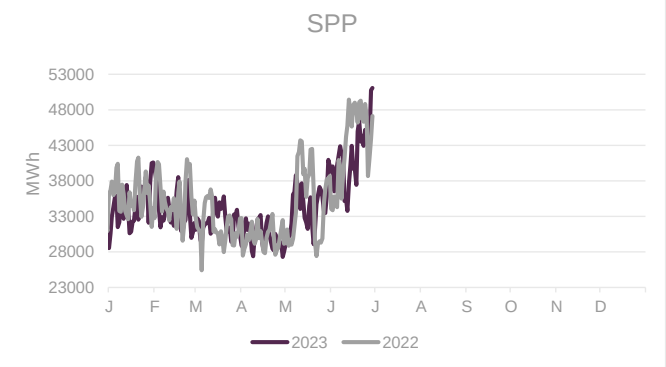

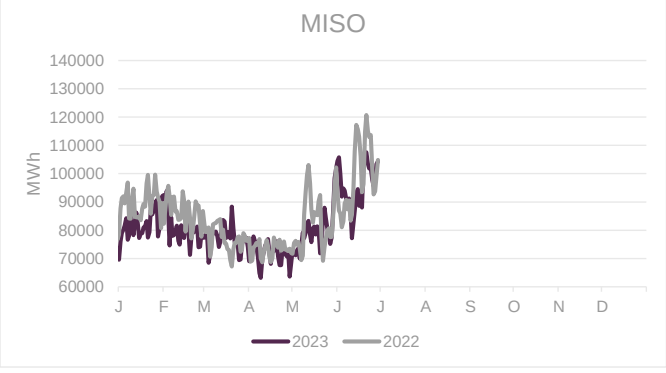

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (11/28/2023-2/28/2024)

Date	State	Ticker	Utility/Event	Docket	Description
10/1/2023-9/3/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case fiilng may occur in fiscal 2024
11/1/2023-11/30/2023	MC	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/30/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/29/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Rebuttal testimony due in BC-RAC proceeding
11/30/2023	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 4)	Commission decision in proceeding expected by
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
11/30/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Decision likely in SAVE Rider Proceeding
12/1/2023-12/31/2023	MI	CMS	Consumers Energy Co.		Gas rate case expected to be filed
12/1/2023-12/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Final order in rate case expected
12/1/2023-12/31/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2023-00180 (SAVE)	Decision expected in SAVE update proceeding
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/7/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Parties and staff to file testimony in Rider CE proceeding
12/11/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
12/12/2023-12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Intervening parties to file testimony in Rider US-4 proceeding
12/13/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Company rebuttal testimony due in rate proceeding
12/13/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing scheduled in BC-RAC update proceeding
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Final date for PSC decision in rate case, per prior order
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Final date for PSC decision in rate case, per prior order
12/15/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Intervenor direct testimony due in multiyear rate plan case
12/15/2023-1/15/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
12/15/2023-1/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearing examiner's recommendation may be issued in Rider GV update proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Intervening parties to file testimony in Rider GT proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Intervenors to file testimony in Rider US-3 proceeding
12/18/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due in general rate case
12/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Deadline for decision in rate proceeding
12/20/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Deadline for decision in rate proceeding
12/20/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Deadline for settlement to be filed in rate proceeding
12/20/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Decision expected in IRIS proceeding
12/20/2023	OR	AVA	Avista Corp.	D-UG-461	Target date for PUC order
12/21/2023	MI	CMS	Consumers Energy Co.	C-U-21389	ALJ proposed decision expected
12/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Rebuttal testimony due in Rider CE proceeding
12/29/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Decision in rate case expected by
12/31/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Possible decision issued in electric rate proceeding
1/1/2024-1/12/2024	PA	FE	FirstEnergy Corp.		FirstEnergy Corp. operating companies may file joint rate case
1/1/2024	OR	POR	Portland General Electric Co.	D-UE-416	New rates effective
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearing examiner's report may be issued in earnings review proceeding
1/5/2024	CA	PCG	Pacific Gas and Electric Co.		Proposed ALJ decision in petition to transfer non-nuclear generation assets by
1/10/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing scheduled in Rider CE proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Staff to file testimony in Rider US-3 proceeding
1/16/2024	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Hearing to begin in rate proceeding
1/16/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
1/17/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Staff to file testimony in Rider US-4 proceeding
1/24/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Direct testimony due in Rider RBB proceeding
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/29/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West		Rate case filing expected
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NEE/NEP NDR: What's with All the Fuss? Fresh Set of Eyes on NEE Value Drivers; Mgmt. Focused on Execution and Improved Messaging
- Hydrogen PTC: Reports Indicate a Narrower Pathway to Eligibility
- OGS: 2024 Guidance Misses Expectations; New 5yr Plan Leaves LT Rate Base Growth Trajectory Intact; Larger Capex Plan Brings Bigger Equity Need Too
- SO – Statewide Elections to Continue at Georgia PSC; Ruling Constructive for Buy Rated SO
- NRG: Quick Thoughts - Follow-Up Conversation(s) Reiterate No Change in Strategy/Capital Allocation; Renewed Focus on Operations – No Hidden Landmines Here
- NRG: CEO Departure Brings Elliott Standstill; Strategy Unchanged
- EEI: Wandering Desert Ridge, Parched for Alpha…
- NI – Remarketing Process Postponed; Substitute Equity Not Needed Until YE24; More Details to Come Tomorrow/Friday
- UTL: "It's Not the Size of the Dog in the Fight, It's the Size of the Fight in the Dog"; Valuation Full but Has Potential; Initiating Coverage at NEUTRAL
- NRG: Steadfast Capital Return Commitment, Confidence in Management, and Clear Messaging Go a Long Way…. Upgrading to BUY
- IDA: "Here We Have Idaho", and No Drama – What's Not to Like?; Initiating Coverage with a BUY
- NI NDR: A Hidden Gem with Catalysts & Clearing Events Ahead
- '23 LCOE Analysis – Inflation Now Embedded, But IRA Keeps Solar/Wind Competitive; Renewables Not Dead Despite Higher Interest Rates; NEE Positive Lateral
- ES – The Wind Keeps Blowing in the Wrong Direction: Another Messaging Miss, Downgrading to NEUTRAL on Balance Sheet, Protracted OSW Process
- Utilities: Perfect Storm of Rates, Tax-Loss Selling, and Macro Concerns Weigh on Sector Valuation: We Remain Cautious and Selective Despite Sell-Off
- DTE – 2023 Electric Rate Case PFD Drops Revenue Request Below Bid-Ask; MPSC Has Final Say, But Litigation Risk Now Apparent
- EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day
- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

CenterPoint Energy, Inc. and Dominion Energy, Inc. are or were during the 12-month period preceding the date of the distribution of this report a client of Guggenheim Securities, LLC. Guggenheim Securities, LLC provided CenterPoint Energy, Inc. and Dominion Energy, Inc. investment banking services.

Guggenheim Securities, LLC or its affiliates received compensation for investment banking services from CenterPoint Energy, Inc., Dominion Energy, Inc. and Duke Energy Corporation during the past 12 months.

Guggenheim Securities, LLC managed or co-managed a public offering of securities for Dominion Energy, Inc. during the past 12 months.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: CenterPoint Energy, Inc. (CNP) as of 12-06-2023



Created by: BlueMatrix

Rating and Price Target History for: Dominion Energy, Inc. (D) as of 12-06-2023



Created by: BlueMatrix

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Rating and Price Target History for: Duke Energy Corporation (DUK) as of 12-06-2023



Created by: BlueMatrix

Rating and Price Target History for: Eversource Energy (ES) as of 12-06-2023



Created by: BlueMatrix

Rating and Price Target History for: Exelon Corporation (EXC) as of 12-06-2023



Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	249	68.22%	44	17.67%
NEUTRAL	108	29.59%	8	7.41%
SELL	8	2.19%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: ES MA, EXC Labor, FE/AEP Ohio, Texas Earned ROEs, and NEP Latest
- **Publication Date/Time** : Tuesday, December 05, 2023 06:55:11 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_product=FRC&_doc_docfn=U2FsdGVkX1%2BLj84V06ZpbjIMPBkoyoykMJ7JmwSpzKnZkqIxXon32vUt6zwF%2BIyQQk1Q43wNDW8Q19U7pDt6qQQR(

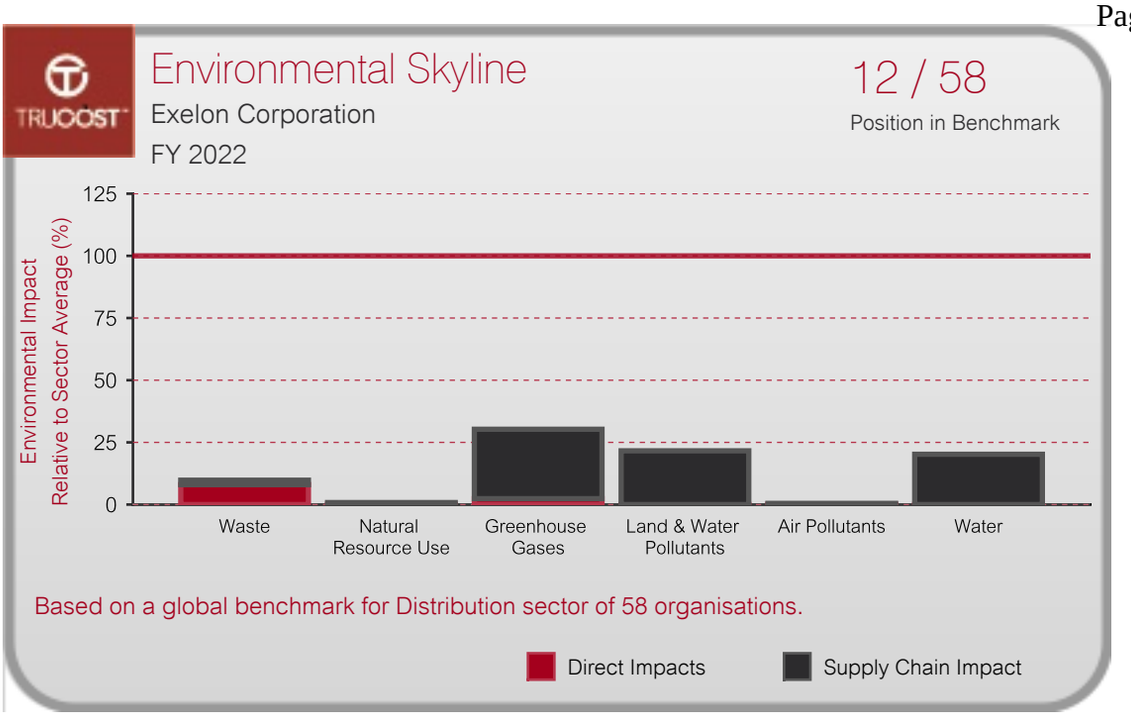

TRUCOST ENVIRONMENTAL SKYLINE EXPLANATORY NOTES

In a single graphic, you get a view of five different dimensions of corporate environmental impact:

- Trucost's Environmental Skyline is an assessment of the performance of an organisation across **six broad groups of environmental KPIs:** greenhouse gases, water, waste, air pollutants, natural resource use, and land/water pollutants. Environmental impacts are not just about carbon, and the Environmental Skyline gives you exactly that broader perspective, which is practically impossible to get without access to Trucost's data.

- Most organisations struggle to assess their direct impacts, let alone their indirect supply chain impacts. Trucost's Environmental Skyline offers an immediate evaluation of the **scale of direct and indirect environmental impacts** an organisation is causing, for each of the environmental KPIs listed above.

- Each organisation is assessed according to the scale of its different business activities for a particular year. Business activities are classified based upon North American Industrial Classification (NAICS) 6 digit codes. Each environmental KPI in the Environmental Skyline is offered as a **comparison to an industry benchmark**. The benchmark index of 100 represents average performance in the sector. The higher the index rating, the worse the performance of the organisation compared to its peers.

- Trucost rates an organisation's overall environmental performance by providing its **position in the benchmark**. The organisation is ranked against peers who share the same primary business activity at NAICS 3 digit code level.

- An organisation will have **a different Environmental Skyline each financial year**. The total number of organisations in the benchmark will increase as financial and environmental data becomes available for analysis by Trucost.

In essence, Trucost's Environmental Skyline offers a valuable assessment of an organisation's performance, covering issues that are near-impossible to assess without the use of Trucost's powerful data model and methodology.

www.trucost.com

Scotiabank
Global Equity Research

Daily Edge | Pre-market
Monday, December 4, 2023

Analyst Team
Andrew Weisel, CFA | Analyst
Scotia Capital (USA) Inc. | 212-225-5266
Rebecca Gaebler | Associate
Scotia Capital (USA) Inc. | 917-363-5697

Pertinent Data

Rating	**Sector Perform**
1-Yr. Target	**US$42.00**
EXC-Q	US$38.99
1-Yr. Return	11.6%
Div. (Curr.)	$1.44
Yield (Curr.)	3.7%
Quant Ranking	27

Valuation: 15.8x our 2025 EPS estimate

Capitalization

Market Cap. (M)	$38,093
Enterprise Value (M)	$80,553
Shares O/S (M)	977

Volume and Closing Price for EXC-Q

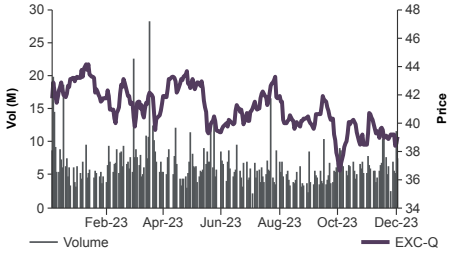

Source: FactSet.

Utilities & Energy Infrastructure

Exelon Corporation

EXC-Q: US$38.99 **Target:** US$42.00 **Rating:** Sector Perform

Things Are Pretty Illinoisy

OUR TAKE: Mixed. We've had a pickup in inbound questions about EXC, so ahead of the upcoming ComEd rate case decision, we're providing a bit more detail into our latest thinking on the stock. We remain on the sidelines: we see the peer-average P/E multiple as reasonable as the strong 6%-8% EPS/DPS growth and best-in-class operational performance and reliability are offset by the high degree of rate case risk over the next six months. It seems as though several investors have a positive bias, but are awaiting clarity on the earnings power of ComEd, the largest segment at ~45% of EPS. We have a negative bias on the rate case, to be concluded on December 14. The ALJ recommendations on ROE and equity ratio look low, particularly compared to results from recent natural gas rate cases in IL, which themselves were lower than the ALJ recommendations. The commissioners and process are new and unproven. Separately, the balance sheet looks strong (though we expect more equity to come with a substantial capex increase in February), and the outlook for underlying demand is mixed. While we remain at SP, we would be more constructive if the ComEd rate case goes better than we expect (or if not, if the stock sells off to create an entry point).

KEY POINTS

All eyes on the rate case; we're cautious. ComEd's four-year rate case should be resolved by December 14. This is the first under IL's recently restructured process, which now has a much more typical setup compared to the formulaic approach that had been in place for the past decade. It will also be the first electric rate case decisions by the revamped Commission, including a new Chairman. Intuitively, management and nearly all investors have been expecting the new setup to result in meaningfully higher allowed ROEs, particularly given today's higher-for-longer environment. Recall that the formulaic ROE was consistently weighed down by low interest rates; the current allowed ROE is 7.85% and has averaged ~8.25% over the past several years. Moreover, as we published last week, higher allowed ROEs have been a solid industry trend in recent years, 2023 in particular (link to our analysis). However, based on recent data points from IL, we're skeptical that the allowed ROE will be more than ~9.25% – a big improvement, but seemingly not enough to satisfy management. Specifically, the ALJ's recommendation called for an ~$300m revenue reduction predicated on a 50% equity ratio and a 9.28% allowed ROE, which management calls insufficient and believes is below the cost of capital (we note that we're not sure our math agrees with that argument). EXC instead argues for limiting the number of expert witnesses or fixing the beta, which would result in allowed ROEs of 9.91% or 9.59%, respectively. Looking at other recent rate cases in IL, the trend doesn't look encouraging to us. YTD, the ICC has completed four rate cases, all for natural gas utilities and all concluded in mid-November. In each case, the allowed ROE has been disappointing compared to the nationwide average of ~9.6% and even worse than ALJ recommendations (by ~45bps); equity ratios have also disappointed, ~3.3% below requested levels (see Exhibit 1 for details). Performance-based metrics will also be critical in the final order, though EXC sees a symmetrical upside/downside risk to hitting the objectives, meaning that these should not impact the allowed ROE; we agree, in

Qtly Adj EPS (FD)	Q1	Q2	Q3	Q4	Year	Price/Adj. EPS
2022A	$0.64	$0.44	$0.75	$0.43	$2.27	19.1x
2023E	$0.70A	$0.41A	$0.67A	$0.56	$2.34	16.4x
2024E	$0.62	$0.62	$0.62	$0.62	$2.47	15.6x
2025E	$0.75	$0.57	$0.81	$0.57	$2.70	14.3x

(FY-Dec.)	2021A	2022A	2023E	2024E	2025E
EPS Growth (y/y)	13.2%	33.3%	3.3%	5.5%	9.1%
Dividends per Share	$1.53	$1.35	$1.44	$1.54	$1.65
DPS Growth (y/y)	0.0%	(11.8)%	6.7%	7.0%	7.0%

Historical price multiple calculations use FYE prices. All values in US$ unless otherwise indicated.
Source: FactSet; company reports; Scotiabank GBM estimates.

Production: December 3, 2023, 18:11 ET. Dissemination: December 4, 2023, 06:26 ET.

For Reg AC Certification and important disclosures see Appendix A of this report. Analysts employed by non-U.S. affiliates are not registered/qualified as research analysts with FINRA in the U.S. unless otherwise noted within this report.

theory. Separate from the ROEs, the ALJ recommendation included no return on the pension assets despite having been authorized a debt return historically; management requests a WACC return and points to shareholder contributions made in 2005 and 2009 to create the asset (the state AG supports EXC's view). Still, it's worth noting that management sees some parts of the ALJ proposed order as being constructive, most notably the consensus on the amount and pace of investment necessary to advance the Climate and Equitable Jobs Act and economic development goals. It's unclear to us if EXC can deliver on its expectation of being at the "midpoint or better of expected 6%-8%" growth target for 2022-2026 should the ICC issue financial metrics in line with or worse than the ALJ's recommendation. Cost cutting would no doubt help, as would a reallocation of capex to other states, but management admits it would be challenging.

Exhibit 1 - Last Month's Gas Rate Case Decisions from the ICC Call for ROEs ~70bps Below What Was Requested, and ~45bps Below ALJ Recommendations, while Authorized Equity Ratios were ~3.3% Below Requested Levels

	ROE			Equity Ratio	
Utility	Requested	ALJ	Authorized	Requested	Authorized
Ameren Illinois (AEE)	10.3%	9.9%	**9.4%**	54.0%	**50.0%**
North Shore Gas (WEC)	9.9%	9.8%	**9.4%**	54.0%	**52.6%**
Northern Illinois Gas (SO)	10.4%	9.9%	**9.5%**	54.5%	**50.0%**
Peoples Gas (WEC)	9.9%	9.8%	**9.4%**	54.0%	**50.8%**
Average	***10.1%***	***9.9%***	***9.4%***	***54.1%***	***50.8%***
ComEd (EXC)	**10.7%**	**9.3%**	**??**	**51.2%**	**??**

Source: S&P Global Market Intelligence, Scotiabank GBM.

Solid balance sheet, but LT equity needs are likely to rise. While the equity outlook currently is very modest, like so many others across the industry, we expect higher levels of capex to drive higher equity needs going forward. Management is comfortable with the current credit ratings and believes that the 12% FFO/debt downgrade threshold is among the lowest in the industry. EXC targets a cushion of 100-200bps over that level, though the corporate AMT may bring near-term FFO/debt levels to the low end of that range, or ~13% (the repairs deduction would help). Rate cases should also help support the cushion. In terms of equity, EXC has ~$425m remaining through 2025 under the current plan. That said, we expect a meaningful increase to the capex outlook in February, as we describe below. While management hasn't given a rule of thumb in terms of a percent of equity per incremental dollar of capex, we expect to see meaningfully more equity going forward – but importantly, this is "good equity" (accretive to EPS growth) rather than "bad equity" (i.e., balance sheet repair). Additionally, the current plan calls for ~$13B of debt issuances over 2023-2026 to support the ~$31B capex plan, including $5B of Parent debt. Lastly, management continues to project dividend growth in line with EPS growth, maintaining a ~60% DPO.

Impressive outlook for data centers, supporting capex/rate base growth and helping with customer affordability, but the outlook for Chicago's economy is questionable. Management is excited about recent project announcements, pointing to a pipeline of 5.6GW over 26 projects that are "in engineering," meaning that customers have paid deposits and, in most cases, have secured sites. Most are data centers, but other energy-hungry projects include battery gigafactories and EV manufacturing facilities, for example. On top of that, EXC estimates ~8GW of high-probability projects for which active discussions are underway. The state's closing fund provides strong tax incentives to encourage investments in IL. EXC is also in advanced discussions for data centers in MD, but no projects have yet been formally announced. However, we worry about negative trends in Chicago. Media reports paint a bleak picture of the city, with a large number of major corporations and residents leaving the city due to a combination of taxes and crime. The reports are no doubt exaggerated, but challenges to the local economy always weigh on affordability and a utility's ability to make the appropriate and necessary investments in reliability, safety, and decarbonization.

Risks and catalysts:

- **ComEd:** First and foremost, a final order in the ComEd rate case described above is expected at the last scheduled ICC meeting of the year on December 14.

- **Other rate cases:** Besides ComEd, EXC has rate cases underway for BG&E (final order expected on December 14th), Delmarva Electric DE (2Q24), Pepco DC (mid-2024), and Pepco MD (June 2024).

- **Financial updates:** Next, management will provide financial updates in early 2024. Starting with 2024 EPS guidance, management points to the "low end" of the 6%-8% range; applying 6% growth to the 2023 midpoint of $2.36 implies $2.50 (Scotia $2.47/Street $2.51). We don't expect any change to the 6%-8% CAGR, but note that the 2023 EPS guidance midpoint implies y/y growth of 4.9% vs. the original 2022 midpoint (or 4.0% from 2022A); with a lower anchor to the 2023-2027 range, a consistent CAGR may be achievable even

if the ComEd rate case goes worse than management expects. Lastly, we expect a meaningful increase to the capex outlook, driven by transmission and reliability needs.

- **Earnings volatility:** While the 6%-8% range is impressive and above average, the year-to-year volatility is quite high. We've always had a preference for companies that are able to deliver fast growth, but more importantly, at a consistent pace each year. EXC's former ownership of merchant power assets (now Constellation) no doubt added to historical volatility. But even looking forward, rate cases and lumpy capex will drive inconsistent growth rates. Qualitatively, management points to 2023E as being "below [the] low end" of the 6%-8% range, 2024E "in [the] low end", 2025E "above" the range, and 2026E "in [the] middle." We credit management for these detailed pointers and appreciate the commentary around shaping. Many investors won't be bothered by the volatile pace of growth, but we're in the camp that investors should want utilities to be as boring as predictable as possible.

Company Description

Exelon (EXC) is the nation's largest energy delivery company, serving more than 10 million customers through six fully regulated transmission and distribution utilities — Atlantic City Electric (ACE), Baltimore Gas and Electric (BGE), Commonwealth Edison (ComEd), Delmarva Power & Light (DPL), PECO Energy Company (PECO), and Potomac Electric Power Company (Pepco).

Investment Thesis

We're drawn to the materially de-risked portfolio that EXC retains after the CEG spinoff. RemainCo will have much better visibility into above-average EPS/DPS growth of 6%-8% as it will no longer be at the mercy of commodity markets. We like the favorable regulatory recovery mechanisms and revenue decoupling for most EXC utility subs, which have helped the company to achieve strong earned ROEs of ~9.5%. The quiet near-term rate case calendar also limits regulatory risks. However, we see the valuation as fair. We believe that the appeal of above-average EPS/DPS growth and a quiet rate case outlook is offset by uncertainty about the regulatory construct in IL, challenging regulatory environments in several jurisdictions, and the ESG "ding" from the ComEd bribery scandal.

Key Risks

Busy rate case schedule (with the IL ComEd rate case being particularly high-profile), below-average credit ratings, and higher interest rates.

Appendix A: Important Disclosures

Company	Disclosures (see legend below)*
Exelon Corporation	L, N2

I, Andrew Weisel, certify that (1) the views expressed in this report in connection with securities or issuers that I analyze accurately reflect my personal views and (2) no part of my compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by me in this report.

Analysts employed by non-U.S. affiliates are not registered/qualified as research analysts with FINRA in the U.S. unless otherwise noted within this report. These analysts may not be associated persons of Scotia Capital (USA) Inc. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

This document has been prepared by Research Analysts employed by The Bank of Nova Scotia and/or its affiliates. The Bank of Nova Scotia, its subsidiaries, branches and affiliates are referred to herein as "Scotiabank." "Scotiabank" together with "Global Banking and Markets" is the marketing name of the global corporate and investment banking and capital markets business of The Bank of Nova Scotia and its affiliates. Scotiabank, Global Banking and Markets produces research reports under a single marketing identity referred to as "globally branded research" under U.S. rules. This research is produced on a single global research platform with one set of rules which meet the most stringent standards set by regulators in the various jurisdictions in which the research reports are produced. In addition, the Research Analysts who produce the research reports, regardless of location, are subject to one set of policies designed to meet the most stringent rules established by regulators in the various jurisdictions where the research reports are produced.

Scotiabank relies on information barriers to control the flow of non-public or proprietary information contained in one or more areas within Scotiabank into other areas, units, groups or affiliates of Scotiabank. In addition, Scotiabank has implemented procedures to prevent research independence being compromised by any interactions they may have with other business areas of The Bank of Nova Scotia. The compensation of the Research Analyst who prepared this document is determined exclusively by Scotiabank Research Management and senior management (not including investment or corporate banking).

Research Analyst compensation is not based on investment or corporate banking revenues; however, compensation may relate to the revenues of Scotiabank as a whole, of which investment banking, corporate banking, sales and trading are a part. Scotiabank Research will initiate, update and cease coverage solely at the discretion of Scotiabank Research Management. Scotiabank Research has independent supervisory oversight and does not report to the corporate or investment banking functions of Scotiabank.

For Scotiabank, Global Banking and Markets Research Analyst Standards and Disclosure Policies, please visit www.gbm.scotiabank.com/disclosures.

For additional questions, please contact Scotiabank, Global Banking and Markets Research, 4 King St W, 12th Flr, Toronto, Ontario, M5H 1A1.

Time of dissemination: December 4, 2023, 06:26 ET. Time of production: December 3, 2023, 18:11 ET. Note: Time of dissemination is defined as the time at which the document was disseminated to clients. Time of production is defined as the time at which the Supervisory Analyst approved the document.

***Legend**

L	Scotia Capital (USA) Inc. has received compensation for non-investment banking services during the past 12 months.
N2	Scotia Capital (USA) Inc. had a non-investment banking securities-related services client relationship during the past 12 months.

Rating and Price Target History

Exelon Corporation (EXC-Q) as of December 01, 2023 (in USD)

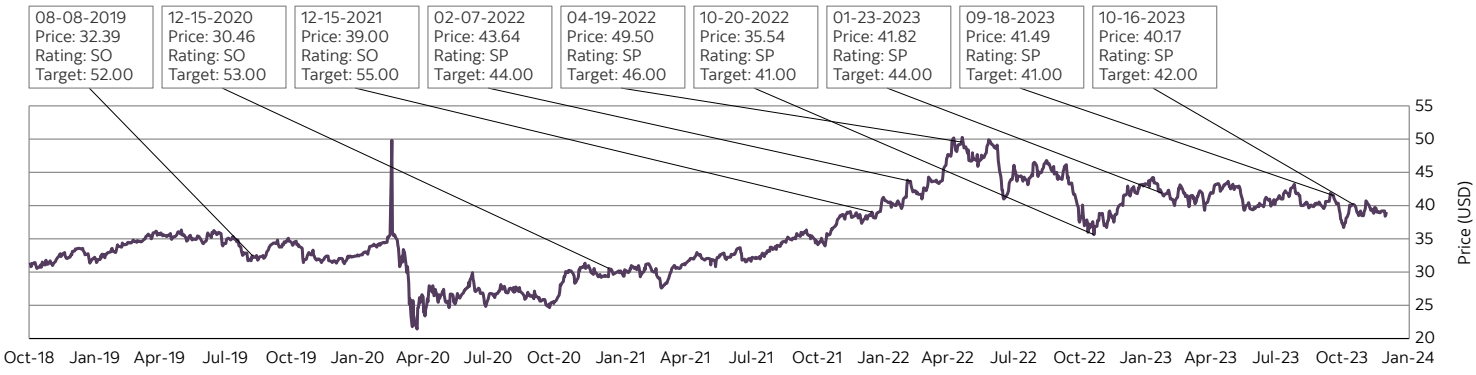

*Represents the value(s) that changed.
Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
Source: Scotiabank GBM estimates; FactSet.

Definition of Scotiabank, Global Banking and Markets Equity Research Ratings

Scotiabank has a three-tiered rating system, with ratings of Sector Outperform, Sector Perform, and Sector Underperform. Each Research Analyst assigns a rating that is relative to his or her coverage universe or an index identified by the Research Analyst that includes, but is not limited to, stocks covered by the Research Analyst.

The rating assigned to each security covered in this report is based on the Scotiabank, Global Banking and Markets Research Analyst's 12-month view on the security. Research Analysts may sometimes express in research reports shorter-term views on these securities that may impact the price of the equity security in a manner directly counter to the Research Analyst's 12-month view. These shorter-term views are based upon catalysts or events that may have a shorter-term impact on the market price of the equity securities discussed in research reports, including but not limited to the inherent volatility of the marketplace. Any such shorter-term views expressed in research report are distinct from and do not affect the Research Analyst's 12-month view and are clearly noted as such.

Ratings

Sector Outperform (SO)
The stock is expected to outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Perform (SP)
The stock is expected to perform approximately in line with the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Sector Underperform (SU)
The stock is expected to underperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that includes, but is not limited to, stocks covered by the analyst.

Focus Stock (FS)
As of April 29, 2019, Scotiabank GBM discontinued the Focus Stock rating. A stock assigned this rating represented an analyst's best idea(s); stocks in this category were expected to significantly outperform the average 12-month total return of the analyst's coverage universe or an index identified by the analyst that included, but was not limited to, stocks covered by the analyst.

Other Ratings

Under Review – The rating has been temporarily placed under review, until sufficient information has been received and assessed by the analyst.

Tender – As of January 25, 2021, Scotiabank GBM discontinued the Tender rating.

Risk Ranking
The Speculative risk ranking reflects exceptionally high financial and/or operational risk, exceptionally low predictability of financial results, and exceptionally high stock volatility. The Director of Research and the Supervisory Analyst jointly make the final determination of the Speculative risk ranking.

Ratings Distribution

As of November 30, 2023

	Companies Rated in Each Category		Investment Banking Service Provided in the Last 12 Months	
Rating	**Count**	**Percentage**	**Count**	**Percentage**
Sector Outperform	275	52%	58	21%
Sector Perform	238	45%	40	17%
Sector Underperform	20	4%	0	0%

For the purposes of the ratings distribution disclosure FINRA requires members who use a ratings system with terms different than "buy," "hold/neutral" and "sell," to equate their own ratings into these categories. Our Sector Outperform, Sector Perform, and Sector Underperform ratings are based on the criteria above, but for this purpose could be equated to buy, neutral and sell ratings, respectively.

General Disclosures

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Scotiabank to any registration or licensing requirement within such jurisdiction. It is published solely for information purposes; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy.

No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in this document except with respect to information concerning Bank of Nova Scotia (TSX: BNS; NYSE: BNS). This document is not intended to be a complete statement or summary of the securities, markets or developments referred to in this document. Scotiabank does not undertake to update or keep current the information contained herein, nor make any commitment as to the frequency of publication.

If you are affected by EU MiFID or the onshored UK MiFID regime, you must advise us in writing at trade_supervision@scotiabank.com.

Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Scotiabank. Any statements contained in this document attributed to a third party represent Scotiabank's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. Investments involve risks, and investors should exercise prudence and their own independent judgement in making their investment decisions and carefully consider any risks involved.

The financial instruments that may be described in this document may not be eligible for sale in all jurisdictions or to certain categories of investors. Instruments such as options, derivative products, and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price, or income of any security or related instrument referred to in this document. For investment advice, trade execution, or other enquiries, clients should contact their local sales representative. The value of any investment or income may go down as well as up, and investors may not get back the full amount invested. Past performance is not necessarily a guide to future performance.

To the full extent permitted by law, neither Scotiabank nor any of its directors, employees or agents accepts any liability whatsoever for any direct or consequential loss arising from any use of the information or this document. Nothing in this document constitutes financial, investment, tax, accounting or legal advice. Investors should seek their own legal, financial and tax advice regarding the appropriateness of investing in any securities or pursuing any strategies discussed in the document. Any prices stated in this document are for information purposes only and do not represent real-time valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect Scotiabank's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Scotiabank or any other source may yield substantially different results. All pricing of securities in reports is based on the closing price of the securities' principal marketplace on the night before the publication date, unless otherwise explicitly stated.

The Research Analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information.

In the normal course of offering investment and banking products and services to clients, Scotiabank may act in several capacities (including issuer, market maker, underwriter, distributor, index sponsor, swap counterparty, and calculation agent) simultaneously with respect to a product, giving rise to conflicts of interest. Scotiabank uses controls such as information barriers to manage conflicts should they arise. Scotiabank and its affiliates, officers, directors, and employees may have long or short positions (including hedging and trading positions), trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Recipients of this document should expect that Scotiabank will from time to time perform services (including investment banking or capital market services) in connection with the services and activities described in this document and that they perform services for and engage in transactions with other market participants, including the issuers of certain of the investments underlying the transactions herein.

The information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the information, conduct independent due diligence when making an investment decision and consider the appropriateness of the information, having regard to their objectives, financial situation and needs. For further information, please contact your sales representative.

Scotiabank specifically prohibits the redistribution of this document in whole or in part without Scotiabank's prior written permission, and Scotiabank accepts no liability whatsoever for the actions of third parties in this respect. Images may depict objects or elements that are protected by third-party copyright, trademarks and other intellectual property rights.

Equity research reports published by Scotiabank are initially and simultaneously made available electronically to intended recipients through its proprietary research website, ScotiaView, e-mail, and through third-party aggregators. The mediums in which research is disseminated to clients may vary depending on client preference as to the frequency and manner of receiving research reports. Institutional clients with questions regarding distribution of equity research or who wish to access the proprietary model used to produce this report should contact Scotiabank at 1-800-208-7666.

A list of all investment recommendations in an equity security or issuer that have been disseminated during the preceding 12 months is available at the following location: www.gbm.scotiabank.com/disclosures.

Additional Disclosures

Australia: This report is provided in Australia by the Bank of Nova Scotia, an APRA-regulated Authorised Deposit-Taking Institution (Foreign Bank ADI) holding an Australian Financial Services License (AFSL).

Canada: Distributed to eligible Canadian persons by Scotia Capital Inc., a registered investment dealer in Canada.

Chile: This report is distributed by Scotia Corredora de Bolsa Chile Limitada, a subsidiary of The Bank of Nova Scotia.

China: The research report may not be offered, sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly, in Mainland China (excluding Hong Kong, Macau and Taiwan, “China”) in contravention of any applicable laws.

This research report does not constitute an offer to sell or the solicitation of an offer to buy any securities in Mainland China (excluding Hong Kong, Macau and Taiwan, "China") to any person to whom it is unlawful to make the offer or solicitation in China.

The issuer does not represent that this research report may be lawfully distributed, or that any securities may be lawfully offered, in compliance with any applicable registration or other requirements in Mainland China (excluding Hong Kong, Macau and Taiwan, "China"), or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the issuer which would permit a public offering of any securities or distribution of this document in China. Accordingly, the securities are not being offered or sold within China by means of this research report or any other document. Neither this research report nor any advertisement or other offering material may be distributed or published in China, except under circumstances that will result in compliance with any applicable laws and regulations.

Colombia: This report is distributed in Colombia by The Bank of Nova Scotia (“Scotiabank”) or Scotia Capital Inc. (“SCI”) through the Representation in Scotiabank Colpatria S.A. and/or Scotia Securities (Colombia) S.A. Sociedad Comisionista de Bolsa authorized by the Financial Superintendence of Colombia via Resolutions 1377 of 2010, 058 of 2014, 226 of 2015 and 1070 of 2021. This document does not contain any type of investment advice nor does it aim to provide advice. This report is prepared by analysts employed by Scotiabank and certain of its affiliates, including SCI. This report is strictly private and confidential and may not be reproduced or used for any other purpose by the recipient of this report or provided to any person or entity other than the recipient of this report.

Hong Kong: This report is distributed by The Bank of Nova Scotia Hong Kong Branch, which is authorized by the Securities and Future Commission to conduct Type 1 and Type 4 regulated activities and regulated by the Hong Kong Monetary Authority.

Japan: This research report is provided for information purposes only and it is not intended to solicit any orders for securities transactions or commodities futures contracts. While we believe that the data and information contained in this research report are obtained from reliable sources, we do not guarantee the accuracy or completeness of the data and information.

Mexico: The information contained in this report is for informational purposes only and is not intended to influence the decision of the addressee in any way whatsoever with respect to an investment in a certain type of security, financial instrument, commodity, futures contract, issuer, or market, and is not to be construed as an offer to sell or a solicitation of an offer to buy any securities or commodities futures contracts. Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, is not responsible for the outcome of any investment performed based on the contents of this research report. The analysis contained in this research report reflects exclusively the point of view of the Analysts responsible for its preparation. The Analysts did not receive any compensation other than from the Financial Entity or Investment Advisor to which they provide their services or from legal entities that belong to the same Financial Group or Business Group.

Peru: This report is distributed by Scotiabank Peru SAA, a subsidiary of The Bank of Nova Scotia. This report is prepared by analysts employed by The Bank of Nova Scotia and certain of its affiliates, including Scotia Capital Inc.

Singapore: For investors in the Republic of Singapore, this document is provided via an arrangement with BNS Asia Limited pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act 2001. If there are any matters arising from, or in connection with this

material, please contact BNS Asia Limited, located at 1 Raffles Quay, #20-01 North Tower, One Raffles Quay, Singapore 048583, telephone: +65 6305 8388.

This document is intended for general circulation only and any recommendation that may be contained in this document concerning an investment product does not take into account the specific investment objectives, financial situation, or particular needs of any particular person, and advice should be sought from a financial adviser based in Singapore regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation, or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

BNS Asia Limited and/or its affiliates may have in the past done business with or may currently be doing or seeking to do business with the companies or issuers covered in this report. The information provided or to be provided or actions taken by or to be taken by BNS Asia Limited and/or its affiliates in such circumstances may be different from or contrary to the discussion set out in this report.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is distributed by The Bank of Nova Scotia, London branch ("BNS London"), Scotiabank Europe plc, or Scotiabank (Ireland) Designated Activity Company to persons who are eligible counterparties or professional clients. BNS London is authorised by the Prudential Regulation Authority (PRA) and subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA. Scotiabank Europe plc is authorised by the PRA and subject to regulation by the FCA and PRA. Scotiabank (Ireland) Designated Activity Company is authorised and regulated by the Central Bank of Ireland (CBI).

United States: United States: Distributed to U.S. persons by Scotia Capital (USA) Inc. or by an authorized subsidiary or affiliate of The Bank of Nova Scotia that is not registered as a U.S. broker-dealer (a 'non-U.S. affiliate') to Major US Institutional Investors only. Scotia Capital (USA) Inc. accepts responsibility for the content of a document prepared by its non-U.S. affiliate (s) when distributed to U.S. persons by Scotia Capital (USA) Inc. To the extent that a U.S. person wishes to transact in the securities mentioned in this document through Scotiabank, such transactions must be effected through Scotia Capital (USA) Inc., and not through a non-U.S. affiliate. The information in this document has not been approved, disapproved, or recommended by the U.S. Securities and Exchange Commission ("SEC"), any state securities commission in the United States or any other U.S. or non-U.S. regulatory authority. None of these authorities has passed on or endorsed the merits or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable. Scotiabank, together with "Global Banking and Markets," is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including Scotia Capital Inc., Scotia Capital (USA) Inc., Scotiabank Europe plc, Scotiabank (Ireland) Designated Activity Company, Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank Group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability. Scotia Capital Inc. is a member of the Canadian Investor Protection Fund and regulated by the Investment Industry Regulatory Organization of Canada. Scotia Capital (USA) Inc. is a broker-dealer registered with the SEC and is a member of FINRA, NYSE, NFA and SIPC. BNS London is authorised by the Prudential Regulation Authority ("PRA") and subject to regulation by the Financial Conduct Authority ("FCA") and limited regulation by the PRA. Scotiabank Europe plc is authorised by the PRA and subject to regulation by the FCA and PRA. Scotiabank (Ireland) Designated Activity Company is authorised and regulated by the CBI. Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat , Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

© The Bank of Nova Scotia 2023
This report and all the information, opinions, and conclusions contained in it are protected by copyright. This report may not be reproduced in whole or in part, or referred to in any manner whatsoever, nor may the information, opinions, and conclusions contained in it be referred to without the prior, express consent of Scotiabank, Global Banking and Markets. The Bank of Nova Scotia, Scotiabank, and Global Banking and Markets logo and names are among the registered and unregistered trademarks of The Bank of Nova Scotia. All rights reserved.

KeyBanc Capital Markets

Alert

December 04, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: EXC, AVA, ES, DTE, AEP, PEG, AGR, NEE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, we are tracking proceedings in EXC's electric rate case in DE, AVA's electric IRP in ID, and ES's MA annual PBR adjustment. In other news, the MI PSC approves a $368M revenue increase in DTE's electric rate case; the VA SCC issues a final order authorizing a $127M revenue increase in APCo's VA triennial review; NYSERDA launches its fourth offshore wind solicitation; PEG files its CEF-EE II Program with the NJ BPU;the Superior Court enters an order to consolidate and bifurcate Babb Road fire proceedings; the Maine Commission on Governmental Ethics and Elections Practices fines two groups tied to opposing the NECEC transmission project; and NEE completes the sale of Florida City Gas.

Regulatory Calendar

EXC — Evidentiary hearings in EXC's DE electric rate case are set to begin on December 4: EXC reached a comprehensive settlement with the Delaware DPA, yet to be filed, and settlements on the respective issues with three other intervenors. The DE PSC Staff has not agreed to any of the settlements. In rebuttal testimony, EXC updated its ask to $54M (net $39M) compared to its prior request of $56M (net $42M). EXC maintained its request for a 10.5% ROE and 50.5% equity. EXC's request compares to Staff's recommended $36M revenue increase, premised on a 9.38% ROE and 50.5% equity. The primary drivers of the delta are the lower O&M, Staff's use of an average-rate base method (vs. EXC year-end RB), and lower O&M. The Division of the Public Advocate recommended a revenue increase of $29M ($16M net), using a 9.1% ROE and 46.4% equity. EXC and the DPA's net revenue increase excludes $14M for the DSIC rider. A final order is expected in April 2024. Interim rates of $56M went into effect in mid-July.

AVA — Reply comments in AVA's 2023 electric IRP are due on December 7: AVA filed its 2023 electric IRP with the ID focusing on reliability and the lowest cost resources. AVA studied 17 alternative portfolio scenarios, and the preferred resource strategy requires no new resources through 2030. In ID, the PRS identifies 90 MW of natural gas in 2034. After 2035, the PRS selects a diverse set of resources to meet demand, including 170 MW of long-duration storage, 25 MW of short-duration storage, the renewal of 245 MW of PPA wind contracts, 300 MW of wind, and 600 MW of renewable-fueled turbines (ammonia and/or green hydrogen). The PRS also selects 111 MW of natural gas from the markets and a 102 MW natural gas plant in ID. The resources identified would meet AVA's forecasted annual load growth of 0.85% (up from a 0.24% CAGR in the 2021 IRP), which reflects higher residential and commercial EVs and new building electrification. The plan also replaces AVA's exit from Colstrip Units 3 and 4 and the retirement of 278 MW of natural gas between 2035-2044. AVA is required to file an electric IRP with the IPUC every two years. The IPUC does not approve or disapprove of the content in the IRP; instead, it acknowledges the IRP.

ES — Reply briefs in ES's MA annual PBR are due on December 8: In initial briefs, the MA Department of Energy Resources recommended that the DPU direct ES to file its PBR plan reporting requirements as part of this proceeding and open a second phase to evaluate the first five years of the PBR. The DOER also recommended ES consults with the Grid Modernization Advisory Council to refine its PBR metrics. ES is seeking a $105M revenue increase as part of its annual performance-based ratemaking adjustment. The revenue increase includes a proposed $51M revenue cap adjustment, which accounts for inflation, and a $54M adjustment to recover capital investments. ES also seeks to recover $16M in property taxes through a separate factor. The DPU previously approved ES to recover ~$31M over two years beginning in 2024. Last year, the DPU authorized a five-year extension to the PBR mechanism. The new rates are expected to be effective on January 1, 2024.

Recent Developments for Companies Under Our Coverage

From our midweek: The SC PSC approves D's 2023 SC IRP; SRE announces several leadership transitions; the Georgia Appeals Court rules to continue PSC statewide elections; the MI governor signs a package of clean-energy bills that sets the state on a path to 100% clean energy by 2040; NYISO plans to keep four NYC peaker plants in service past scheduled retirement dates; and the CO PUC is exploring a VPP pilot program on an accelerated timeline.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

DTE — MI PSC approves $368M revenue increase in DTE's electric rate case: The MI PSC issued a final order approving a $368M revenue increase in DTE's electric rate case. The MI PSC also maintained DTE's authorized ROE at 9.9% and authorized a two-year timeline for an investment recovery mechanism (IRM). Through the IRM, DTE will invest ~$350M over the next two years to improve the grid's reliability and resilience, directed toward upgrading existing infrastructure, undergrounding residential distribution wires, and transitioning to a smarter grid. The PSC's decision aligns with the Staff's $379M recommendation, in line with our expectations, as we previously noted that the final PSC authorized levels usually gravitate higher than the ALJ PFD (read more here), which is typically at the lower end of recommendations. As a reminder, the ALJ recommended a $290M increase premised on a 9.8% ROE and 50% equity. DTE initially requested a net $619M revenue increase, premised on a 10.25% ROE and 50% equity. The main drivers included the recovery of capital investments and higher operating expenses. New rates are expected to go into effect on December 15.

AEP — VA SCC issues final order authorizing $127M revenue increase in APCo's VA triennial review: The SCC issued a final order adopting the ALJ Hearing Examiner's report with some modifications, resulting in a $127M revenue increase for APCo. The modifications were related to the proposed low-income customer charge exemption. The order adopts the ALJ's recommendation to approve the settlement between APCo, SCC Staff, Appalachian Voices, and others. The increase is premised on a 9.5% ROE. Other stipulations included the 48.3% equity layer that APCo had at the end of 2022, depreciation rates for Amos Units 1-3 based on a 2040 retirement date, and the amortization of a $50M severe weather event regulatory asset over three years. The settlement compares to APCo's request for a $213M rate increase, premised on a 10.6% ROE and its triennial earnings review for the 2020-2022 period that it earned a 5.39% ROE during the period, below the allowed band of 8.5-9.9%. Staff calculated a 5.49% earned ROE during 2020-2022 and recommended a $155M revenue increase, premised on a proposed 9.4% ROE. New rates will go into effect on January 1.

ES — NYSERDA launches fourth offshore wind solicitation: The NYSERDA launched its fourth offshore wind solicitation. The solicitation is expected to be accelerated, with final proposals for projects due in January 2024, and includes provisions from the latest rounds of renewable energy procurements, such as inflation indexing and agricultural land preservation. NYSERDA released the solicitation as part of the NY governor's 10-Point Action Plan to reinforce the state's climate policy goals and expedite the rebidding process. The governor issued the plan in response to the NY PSC's decision to deny NYSERDA the ability to amend existing contracts for ORECs for offshore wind projects. ES and Orsted, co-developers of the 924 MW Sunrise Wind, were impacted and are expected to rebid Sunrise. ES believes it should have a competitive advantage relative to fellow proposals, given the project's maturity and visibility for delivering the project in the 2026/2027 timeframe. NYSERDA's expedited solicitations support progress toward achieving New York's Climate Leadership and Community Protection Act goals to obtain 70% of New York's electricity from renewable sources by 2030 and develop 9,000 MW of offshore wind by 2035. NYSERDA expects to award projects in February and execute contracts in 2Q24.

PEG — PEG files CEF-EE II Program with the NJ BPU driving increase to utility capital plan: PEG submitted its Clean Energy Future – Energy Efficiency II Program with the NJ BPU. The $3.1B program comprises 11 programs, including eight existing EE programs in residential, multi-family, and C&I sectors. The filing also introduced three initiatives focused on building decarbonization, demand management, and support for new technology adoption. PEG's filing aligns with the BPU's EE framework and NJ's clean energy targets, driving a significant investment in EE compared to prior programs. As a result of this filing and the previously approved GSMP 2 extension, PEG expects to invest $16B-$18.5B in the utility for the 2023-2027 period, up from $15.5B-$18B. PEG expects to invest a total of $16.3B-$18.9B across all of its businesses for the same period. The program covers investments over the 30 months from January 2025 through June 2027.

AVA — Court consolidates lawsuits in 2020 Babb Road Fire proceedings: AVA agreed to a stipulated order in the Babb Road fire proceedings (Case No. 22-2-00968-32) to consolidate the 11 cases for trial. The 11 lawsuits were previously consolidated for the discovery and pre-trial proceedings. The Superior Court of Spokane County, WA, entered the order. Additionally, the order bifurcates the trial into liability and damages phases. As a result, the initial trial in the case will focus solely on whether AVA was legally responsible for the fire. If AVA is found accountable, parties would then engage in the damages phase of the trial. The order also memorializes the plaintiffs' agreement to voluntarily dismiss all claims asserting inverse condemnation as a theory of liability without prejudice. AVA has not estimated a range of potential losses in the event of an adverse outcome, but the plaintiffs will complete a damages questionnaire identifying all claimed damages being sought in connection with the litigation. Insurance companies filed six subrogation actions to recover ~$23M purportedly paid to insureds. The trial's first phase is set to begin on May 28, 2024.

AGR, NEE — A ME Commission fines two groups following NECEC investigation: The Maine Commission on Governmental Ethics and Elections Practices entered into consent agreements with Clean Energy for ME, LLC, and Alpine Initiatives for failing to file campaign finance reports and not registering as a ballot question committee and political action committee, respectively. As a result, Clean Energy for ME and Alpine Initiatives agreed to pay fines of $50,000 and $160,000, respectively. The Clean Energy for ME, AKA Stop the Corridor, was formed to organize opposition to the NECEC project and influence public opinion against the project. NEE has ties to both companies, including paying $95,726 to Stop the Corridor, and although the Alpine Initiatives agreement did not directly mention NEE, the attorney representing Clean Energy for ME noted that the client mentioned in the Stop the Corridor report and the Alpine Initiatives report are the same. The investigation was requested by Clean Energy Matters, a PAC funded by AGR's CMP, arguing that Stop the Corridor had to register as a political committee in December 2019 after it spent at least $50,000 to help the petitioning drive to get the citizen initiative opposing the CMP corridor on the ballot but declined to share how it raised the money. AGR began construction on the 1.2 GW NECEC transmission project in January 2021 but was required to suspend it after ~59% of

ME voters rejected the project in a November 2021 referendum vote. The vote was overturned this past April when a ME Business and Consumer Court jury voted 9-0 in favor of AGR's constitutional right to resume the development of the project, finding that AGR had completed enough construction at the time of the referendum-led suspension to have a vested right to continue work on the project. AGR has resumed construction on NECEC and is still negotiating with the EDCs to approve the higher project cost (delays due to litigation, inflation, etc.) and the potential for changing the COD past the current target of 2H25. The updated project cost, as provided by the Company, is $1.5B. NECEC connects hydropower from Quebec to New England customers.

NEE — NEE completes sale of Florida City Gas: NEE's FP&L subsidiary Florida City Gas's sale to Chesapeake Utilities has been completed, in line with the 4Q23 expectations. NEE received $923M in cash, including $145M of intercompany debt. NEE expects the deal to be accretive to earnings and will use the proceeds to invest in its core businesses. In March, Florida City Gas received FL PSC approval to increase rates by $23M, premised on a 9.5% ROE, 59.6% equity, and $487.3M rate base for a test year ending December 31, 2023. Using the authorized rate base implies a 1.9x EV/2023 rate base multiple, in line with the 1.5-2.0x range we have seen in recent deals.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	12/4/2023	Hearings Commence
ID	Avista Corp.	AVA	E-23-05	IRP	12/7/2023	Reply Comments Due
MA	NSTAR Electric Co.	ES	DPU 23-92	Electric	12/8/2023	Reply Briefs Due
OH	First Energy	FE	22-0704-EL-UNC	Electric	12/11/2023	Hearings Begin
	CPI Release	BLS			12/12/2023	CPI release for Prior Month
	Short-Term Energy Outlook	EIA			12/12/2023	STEO release
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	12/13/2023	Rebuttal Testimony Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	12/13/2023	Commission Order Expected
CT	Aquarion Water	ES	HHB-CV23-6078177-S	Water	12/14/2023	Hearings on Aquarion Appeal
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	12/14/2023	PSC Order Due
OR	Portland General Electric Co.	POR	LC80	IRP	12/14/2023	Staff Report and Final Recommendations
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	12/15/2023	Track 4 Proposed Decision
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	12/15/2023	Intervenor Testimony
MD	Potomac Electric Power Co.	EXC	C-9702	Electric	12/15/2023	Intervenor Testimony
OR	Portland General Electric Co.	POR	D-UE-416	Electric	12/18/2023	Commission Order Expected
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	12/20/2023	Settlement Deadline
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	12/21/2023	Proposed Decision Due
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	12/21/2023	Post Hearing Briefs
	Federal Energy Reg Comm	FERC			12/21/2023	Open Meeting
	System Energy Resources Inc.	ETR	FERC EL21-56		12/22/2023	Complainants and Intervenors Testimony
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	12/22/2023	Rebuttal Testimony Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

							KBCM Forecasts						Consensus					
		Market Cap	Rating	Price	Current	Dividend ('23E)	Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Target	Price	Yield / Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	20.4	Overweight	$82	$78.97	3.2% / 57%	4.41	4.72	5.01	17.9x	16.7x	15.8x	4.43	4.69	5.03	17.8x	16.9x	15.7x
AEP	American Electric Power Company In	41.8	Sector Weight	NA	$80.51	4.2% / 64%	5.26	5.58	5.93	15.3x	14.4x	13.6x	5.27	5.61	5.96	15.3x	14.3x	13.5x
D	Dominion Energy Inc	37.9	Sector Weight	NA	$46.67	5.7% / 92%	2.83	2.85	3.27	16.5x	16.4x	14.3x	2.89	3.13	3.45	16.2x	14.9x	13.5x
DUK	Duke Energy Corp	71.1	Overweight	$96	$92.64	4.4% / 73%	5.59	6.00	6.38	16.6x	15.4x	14.5x	5.60	5.97	6.33	16.6x	15.5x	14.6x
ES	Eversource Energy	20.8	Sector Weight	NA	$60.78	4.5% / 63%	4.33	4.60	4.89	14.0x	13.2x	12.4x	4.34	4.57	4.81	14.0x	13.3x	12.6x
ED	Consolidated Edison Inc	31.1	Underweight	$73	$91.68	3.6% / 65%	5.07	5.24	5.57	18.1x	17.5x	16.5x	5.01	5.28	5.58	18.3x	17.4x	16.4x
EIX	Edison International	25.7	Sector Weight	NA	$67.48	4.4% / 63%	4.72	5.09	5.59	14.3x	13.3x	12.1x	4.71	5.12	5.61	14.3x	13.2x	12.0x
EXC	Exelon Corp	38.3	Sector Weight	NA	$38.99	3.7% / 62%	2.36	2.53	2.72	16.5x	15.4x	14.3x	2.36	2.50	2.72	16.5x	15.6x	14.3x
FE	FirstEnergy Corp	21.2	Overweight	$41	$37.36	4.2% / 62%	2.56	2.63	2.85	14.6x	14.2x	13.1x	2.54	2.66	2.84	14.7x	14.1x	13.1x
PEG	Public Service Enterprise Group Inc	31.1	Sector Weight	NA	$63.42	3.6% / 66%	3.46	3.60	3.88	18.3x	17.6x	16.3x	3.46	3.69	4.07	18.3x	17.2x	15.6x
SO	Southern Co	77.4	Sector Weight	NA	$71.52	3.9% / 77%	3.61	4.02	4.24	19.8x	17.8x	16.9x	3.60	4.02	4.31	19.9x	17.8x	16.6x
WEC	WEC Energy Group Inc	26.4	Overweight	$94	$84.97	3.7% / 68%	4.60	4.93	5.27	18.5x	17.2x	16.1x	4.61	4.91	5.25	18.4x	17.3x	16.2x
XEL	Xcel Energy Inc	33.6	Overweight	$62	$61.43	3.4% / 62%	3.36	3.59	3.88	18.3x	17.1x	15.8x	3.36	3.58	3.84	18.3x	17.2x	16.0x
					Average:	**4.0% / 67%**				**16.8x**	**15.9x**	**14.7x**				**16.8x**	**15.7x**	**14.6x**

		Market Cap	Rating	Target	Current	Dividend ('23E)	Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield / Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.6	Sector Weight	NA	$34.91	5.3% / 81%	2.30	2.42	2.64	15.2x	14.4x	13.2x	2.28	2.43	2.57	15.3x	14.4x	13.6x
NWE	NorthWestern Corp	3.1	Overweight	$59	$51.42	5.0% / 82%	3.41	3.68	3.85	15.1x	14.0x	13.4x	3.11	3.55	3.72	16.5x	14.5x	13.8x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$76.82	2.3% / 25%	6.85	4.37	3.62	11.2x	17.6x	21.2x	6.86	4.09	3.76	11.2x	18.8x	20.5x
PNW	Pinnacle West Capital Corp	8.5	Sector Weight	NA	$75.08	4.6% / 82%	4.24	5.08	5.28	17.7x	14.8x	14.2x	4.23	4.92	5.14	17.7x	15.3x	14.6x
POR	Portland General Electric Co	4.2	Sector Weight	NA	$41.97	4.5% / 72%	2.65	3.08	3.27	15.8x	13.6x	12.8x	2.62	3.04	3.21	16.0x	13.8x	13.1x
					Average:	**4.3% / 69%**				**15.0x**	**14.9x**	**15.0x**				**15.4x**	**15.3x**	**15.1x**

		Market Cap	Rating	Target	Current	Dividend ('23E)	Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield / Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	11.9	Sector Weight	NA	$32.01	5.5% / 83%	2.12	2.30	2.43	15.1x	13.9x	13.2x	2.12	2.31	2.49	15.1x	13.8x	12.8x
NEE	Nextera Energy Inc	120.0	Sector Weight	NA	$59.17	3.2% / 60%	3.13	3.40	3.62	18.9x	17.4x	16.3x	3.13	3.40	3.66	18.9x	17.4x	16.2x
SRE	Sempra	45.9	Sector Weight	NA	$73.20	3.3% / 52%	4.50	4.77	5.14	16.3x	15.3x	14.2x	4.57	4.80	4.92	16.0x	15.2x	14.9x
					Average:	**4.0% / 65%**				**16.8x**	**15.6x**	**14.6x**				**16.7x**	**15.5x**	**14.6x**

		Market Cap	Rating	Target	Current	Dividend ('23E)	EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield / Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	38.7	Sector Weight	NA	$119.88	1.0% / 18%	3,704	4,039	3,926	12.4x	11.1x	11.3x	3,880	4,160	4,142	11.8x	10.8x	10.7x
NRG	NRG Energy Inc	10.8	Not Covered	NA	$48.37	3.1% / 32%	NA	NA	NA	NA	NA	NA	3,128	3,327	3,345	6.3x	6.0x	4.1x
VST	Vistra Corp	12.7	Not Covered	NA	$36.28	2.3% / 20%	NA	NA	NA	NA	NA	NA	3,985	4,303	4,238	6.7x	6.1x	5.9x
					Average:	**2.1% / 23%**				**12.4x**	**11.1x**	**11.3x**				**8.3x**	**7.6x**	**6.9x**

Source: Company reports, KeyBanc Capital Markets Inc. estimates, Thomson Reuters

Figure 3 - Stock Price Performance

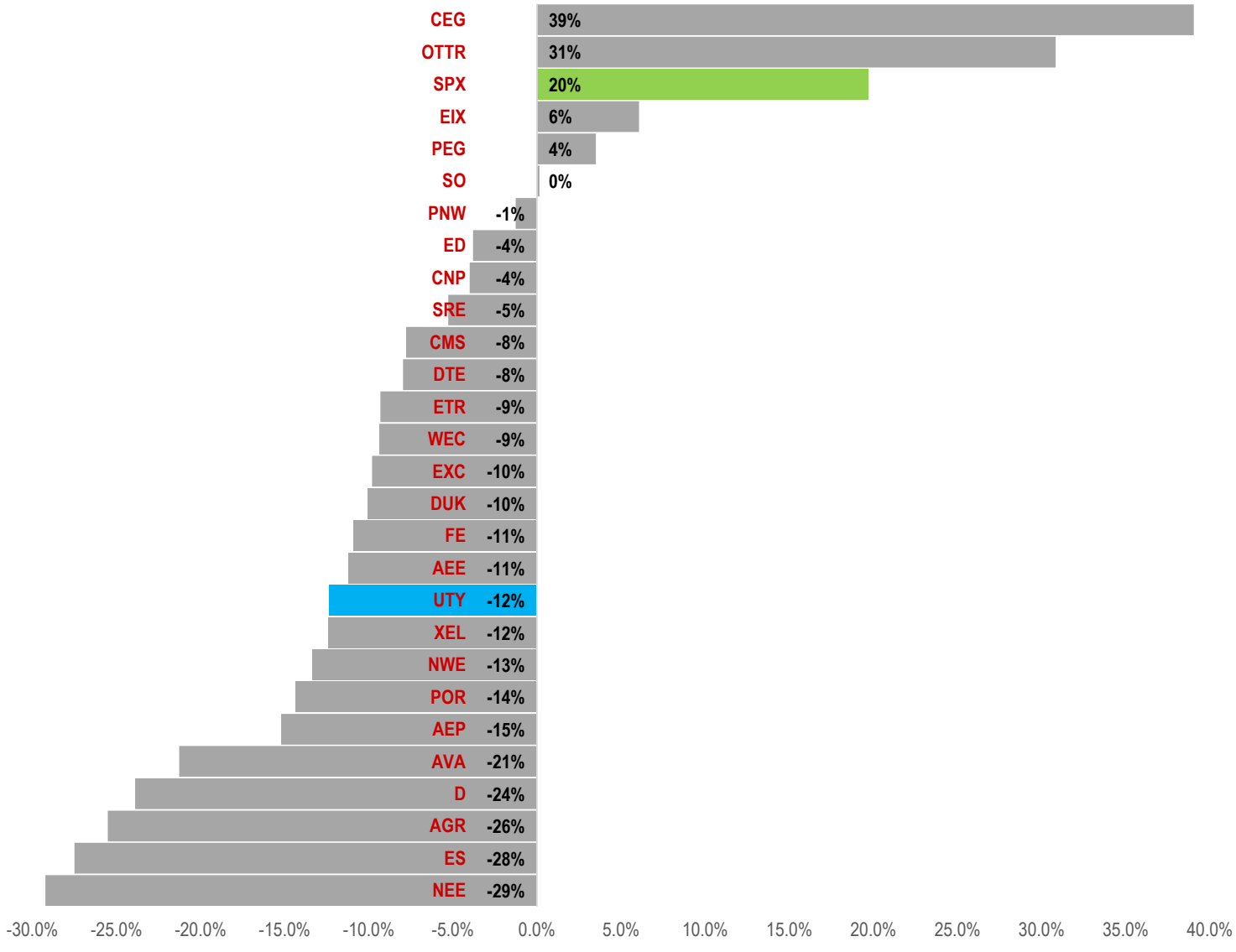

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Select Recent Research

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	236	47.97	43	18.22
Sector Weight [SW]	251	51.02	40	15.94
Underweight [UW]	5	1.02	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	44.64	19	76.00
Sector Weight [SW]	30	53.57	10	33.33
Underweight [UW]	1	1.79	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	79.55	Buy
CPK	95.60	Neutral
DTE	104.11	Buy
ETR	101.41	Buy
EXC	38.51	Buy
NI	25.64	Buy
OGS	57.63	Neutral
PCG	17.17	Buy

Power & Utilities

December 1, 2023

The Guggenheim Daily Transmission: OGS, DTE, CPK, NI, AEP, ETR, PCG, EXC/MD, Offshore Wind, ERCOT, PJM

For details on our Guggenheim-hosted client Utility events including our NEE NDR TODAY, FE CFO lunch, NRG NDR, and other events, scroll down...

EEI: Wandering Desert Ridge, Parched for Alpha… (see our note HERE)

OGS: 2024 Guidance Misses Expectations; New 5yr Plan Leaves LT Rate Base Growth Trajectory Intact; Larger Capex Plan Brings Bigger Equity Need Too (see our note HERE)

DTE – 2023 DTE Electric rate case on the MPSC commission agenda for December 1, 2023

CPK – Chesapeake has completed its acquisition of Florida City Gas

NI – Settlement rate announced for the conversion of the April 2021 equity units into common shares

AEP – Final order issued in Virginia triennial rate review

ETR – CCNO and LPSC file opposition to SERI comments on motion to issue interim refunds

PCG – TURN files response to PG&E Phase II GRC motions

EXC/MD – BGE dockets memo on Baltimore conduit accounting

Offshore Wind – NJ Governor Murphy accelerates timeline for next offshore wind solicitation

ERCOT – PUCT discusses PCM implementation at open meeting

PJM – Stakeholder group takes transmission cost concerns to PJM Board

DTE – 2023 DTE Electric rate case on the MPSC commission agenda for December 1, 2023

- MPSC has issued an agenda for the December 1, 2023 meeting with the DTE Electric rate case on the agenda.
- MPSC ALJ has previously issued a proposal for decision (PFD) in the DTE Electric Rate case reducing revenue increases to 47% of the request, vs. revenue recommendations of 52% and 62% DTE requested from the AG and Staff, respectively.
- More in our note here.
- Docket: U-21297

Guggenheim takeaway: *FYI. PFD represents a surprising revenue requirement below the prior testimony levels, but ALJ rate base reductions not uncommon; risk of a litigated outcome once again shows its face. MPSC ALJ issued a PFD with a 47% revenue recommendation vs. 50-60% range set by prior testimony (Staff/AG) and reduced the authorized rate base by almost $600M. The PFD is a reduction of $97M in revenue requirement from the updated Staff testimony, which at the headline represents an EPS impact of $0.31 vs. Staff, so if Staff revenue levels would require DTE flex to achieve earnings outcome, the PFD would require another $97M above that. The PFD achieves this through a variety of reductions, but most notably a reduction in capex and rate base recognition resulting in $592M lower rate base vs. Staff. The rate base reduction represents a more modest $0.11 headwind (9.8% ROE, 40% equity).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

CPK – Chesapeake has completed its acquisition of Florida City Gas

- Recall that on September 26th, CPK announced that it would acquire Florida City Gas from NEE.
- From today's announcement: "As previously announced, Chesapeake Utilities' capital expenditure guidance is projected to be $1.5 billion to $1.8 billion for the five-year period ending 2028, an increase of 65% over its previous plan. Approximately 60% of the Company's upcoming five-year capital investment plan will be allocated to Florida, including investments related to pipeline replacement programs, expansions to support customer growth and increased transmission capabilities to reach new developments and support increased demand. With this transaction, Chesapeake Utilities' regulated operations are projected to represent approximately 87% of its business mix." – company press release
- CPK indicated that it will provide more detail on its acquisition integration plan along with its **Q4 2023 earnings in February 2024**.
- Press release HERE

Guggenheim takeaway: *FYI; for more, including background on the transaction, please see our 3Q update note* ***"CPK – 3Q23 EPS Beat; Despite Tough Weather 2023, CPK Continues Major Transformation Path with FCG Add-on" (link HERE)****, as well as our original note covering the transaction when it was first announced:* ***"CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK" (link HERE)****.*

NI – Settlement rate announced for the conversion of the April 2021 equity units into common shares

- Each holder will receive 3.9295 shares of common stock, with cash to be paid in lieu of any fractional share.
- As per the original conditions of the transaction, the settlement rate was set based on NI's trailing 40-day VWAP for the period ending November 29, 2023.
- NI will retire and cancel the Series C Mandatory Convertible Preferred Stock and voluntarily delist the units (Bloomberg Ticker: NIMC) from the NYSE.
- Press release HERE

Guggenheim takeaway: *The For more, please* ***see our write-up regarding NI's revisions to its financing plan, adding $600m of planned equity issuance in 2024 (link HERE)****. Also, please see our note immediately following EEI…* ***"NI – Remarketing Process Postponed; Substitute Equity Not Needed Until YE24; More Details to Come Tomorrow/Friday"*** *(link HERE).*

AEP – Final order issued in Virginia triennial rate review

- Yesterday, and without modification, the Virginia State Corporation Commission approved the settlement resolving all issues in APCO's mandatory triennial rate review proceeding.
- A base rate increase of $127.3m was authorized, although both the order and the approved black box settlement are silent on rate of return, capital structure, etc.
- The utility had originally sought a $212.6m rate increase premised on a 10.6% ROE (vs 9.2% last authorized in 2020), and an equity layer of 48.31% (vs its last authorized level of 50.31%).
- Docket PUR-2023-00002

Guggenheim takeaway: *We note that despite being a black box settlement with regards to the revenue increase calculation… "for other regulatory purposes", an ROE of 9.5% has been set (along with the company's requested equity ratio of 48.31%). In our view, the 9.5% ROE for "other regulatory purposes" at least constitutes a welcome 30bps step-up compared with the final order in its Nov. 2020 triennial rate review.* ***For our takeaways from a very well-attended meeting we hosted with AEP mgmt., please see our note HERE****.*

ETR – CCNO and LPSC file opposition to SERI comments on motion to issue interim refunds

- City Council of New Orleans and LPSC filed an answer to SERI responses on the interim rate relief motions.
- CCNO and LPSC continue to argue for interim refunds from past commission orders.
- ETR regulatory info here.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- FERC Docket ER18-182 (available through search). MS Settlement here.
- Docket: EL20-72 / EL18-152 (through FERC search). Partial settlement found under 20-72.

Guggenheim takeaway: *FYI. Debate with LPSC and CCNO continues as parties argue for interim rate relief.*

PCG – TURN files response to PG&E Phase II GRC motions

- TURN filed comments in opposition to PG&E Phase II GRC motion to include SB410 in phase 2 of the proceeding.
- TURN argues the PG&E motions are outside of the scope of Phase II.
- Docket: A2106021

Guggenheim takeaway: *FYI. Phase II GRC process is ramping up.*

EXC/MD – BGE dockets memo on Baltimore conduit accounting

- The utility has docketed an accounting memo on its deal to utilize the city-owned conduit
- "There is nothing nefarious or controversial in the memo. The memo is a routine professional accounting analysis that any responsible company undertakes to ensure it is properly accounting for costs under Generally Accepted Accounting Principles. The memo addresses how BGE should account for the money paid to Baltimore City and the $120 million of capital commitments made by BGE in Baltimore City's conduit system. The Company's accountants determined, and BGE's independent auditor (PricewaterhouseCoopers) confirmed, it is appropriate to capitalize the investments because, while BGE does not own the conduit system, BGE has been granted perpetual access to rights of way by the State of Maryland to distribute electricity in the City. Because of BGE's perpetual access rights, BGE's customers will benefit from these modernization investments over the life of the assets, as opposed to over the life of the agreement term. Pursuant to general accounting principles, investments of this type should be recovered over the life of the assets." – filing
- "After failing to dispute the merits of the analysis in the memo with its own accounting expert, and only after the case was already closed, OPC then turned to the media where it made statements suggesting that the Company acted improperly by objecting to the public disclosure of a confidential internal memo. Conveniently, OPC failed to acknowledge that the memo had been provided to OPC and to the Commission with their understanding and with their agreement that the memo would be used only for the MYP proceeding and would remain confidential" - filing
- More HERE

Guggenheim takeaway: *The deal and associated media commentary from the OPC has been a source of significant local noise in recent days (see HERE), with the company largely maintaining the positions it mentions above. We continue to monitor this and several other items (Baltimore external meter pushback) as the utility approaches a final order before a newer PSC.*

Offshore Wind – NJ Governor Murphy accelerates timeline for next offshore wind solicitation

- NJ Governor Murphy directed regulators to accelerate the timeline for the next offshore wind solicitation.
- The fourth bid will be held in early 2024 and will take solicitations for 1,200MW.
- Media coverage here

Guggenheim takeaway: *FYI. NJ continues to push through on offshore wind goals despite the first projects' lack of success.*

ERCOT – PUCT discusses PCM implementation at open meeting

- The commissioners discussed the ongoing technical implementation of the mechanism at yesterday's meeting, building upon an earlier memo from Staff
- "Staff contends that an individual review of the 12 PCM principles outlined in that Order is warranted prior to ERCOT and Staff developing a PCM strawman to ensure that the Commission's vision for the PCM within the guardrails established in HB1500 is accurately captured" - Memo
- More HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim takeaway: *Flagged for your awareness as the Commissioners themselves seek to get up to speed on the PCM pathways and potential impacts. As a reminder, the mechanism is built upon the associated process to establish a reliability standard – we continue to monitor both processes for key data points in the months ahead.*

PJM – Stakeholder group takes transmission cost concerns to PJM Board

- "Based on the OPSI Board's collective concerns regarding the shortcomings of our current processes, we seek your support in finding solutions to address our needs in ways that elevate reliability and affordability. Within the PJM footprint, rapid changes in both load forecasts and available supply are creating pronounced grid reliability issues that challenge PJM's existing planning tools. To take a single but significant recent example, on October 31, 2023, PJM announced at its Transmission Expansion Advisory Committee meeting that, in early December, it will be presenting the PJM Board with a recommended suite of transmission upgrades at proportions never seen before in the region and with costs expected to approach $6 billion." – OPSI
- "The reliability challenges that have recently presented themselves, coupled with the significant cost impact on customers associated with addressing these challenges have amplified our concern that factors outside the transmission planning process may contribute to the high cost of transmission upgrades and warrant attention to ensure these costs do not become an undue burden to retail consumers." - OPSI
- More HERE

Guggenheim takeaway: *Concerns over transmission costs in PJM are not new in our view, with the latest batch of projects reflective of the ongoing changes in grid topology in the RTO as assets in EMAAC retire and load growth continues unabated in others (DOM). Still, we are closely watching the forthcoming Board approval of the TEAC projects mentioned in the letter above, alongside any potential reforms from the Board.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

John Ketchum, *Chairman & Chief Executive Officer*
Kirk Crews, *Chief Financial Officer*
Michael Dunne, *Treasurer*
Kristin Rose, *Investor Relations*

Date & Locations

Thursday, November 30 | Boston
Friday, December 1 | New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $116.4bn

NextEra Energy, Inc. (NEE) engages in the provision of renewable energy. It operates through the following segments: FPL and NEER. The FPL segment involves the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. The company was founded on December 28, 1925 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.



Equity Research | Corporate Access

FirstEnergy Corp. (FE)

Jon Taylor, *Chief Financial Officer*

Date & Time

Wednesday, December 6, 2023
12:00PM

Location

Guggenheim Office
330 Madison Ave, 32nd Floor
New York, NY

Company Information

Market Cap: $20.9bn

FirstEnergy Corp. (FE) engages in the generation, transmission, and distribution of electricity as well as energy management and other energy-related services through its subsidiaries. It operates through the following business segments: Regulated Distribution, Regulated Transmission, and Corporate or Other. The Regulated Distribution segment distributes electricity through FirstEnergy's utility operating companies, serving various customers. The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by FirstEnergy's utilities. The Corporate or Other segment reflects corporate support and other costs not charged or attributable to the utilities or transmission companies. The company was founded in 1996 and is headquartered in Akron, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.



Equity Research | Corporate Access

NRG Energy Inc. (NRG)

Mauricio Gutierrez, *President & Chief Executive Officer*
Dr. Lawrence Coben, *Interim Chief Executive Officer*
Bruce Chung, *Chief Financial Officer*
Rasesh Patel, *President of Vivint Smart Home*
Elizabeth Killinger, *Head of Retail*
Rob Gaudette, *Head of Business & Commercial Operations*
Kevin Cole, *Head of Treasury & Investor Relations*

Dates & Locations

December 13 – 14, 2023
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $10.2bn

NRG Energy, Inc. (NRG) engages in the production, sale, and distribution of energy and energy services. It operates through the following segments: Generation, Retail, and Corporate. The Generation segment includes all power plant activities, domestic and international, as well as renewables. The Retail segment includes mass customers and business solutions, and other distributed and reliability products. The Corporate segment includes residential solar and electric vehicle services. The company was founded in 1989 and is headquartered in Houston, TX. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	*10/2–10/3*	West Coast
NRG	*10/4–10/5*	West Coast
PEG	*10/10–10/11*	West Coast
NI	*10/17–10/19*	West Coast
EEI Conference	*11/12–11/14*	Arizona
NEE	11/30–12/1	Boston/NYC
FE CFO Lunch	12/6	In Person at Guggenheim
Guggenheim-hosted year end lunch with Shar and Joe Osha	12/12	In Person at Guggenheim
NRG	12/13-12/14	NYC
POR	5/28-5/29	NYC & Boston

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Comp Sheet

11/29/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.11	3,168	4.35	4.17	4.56	4.87	5.07	4.19	4.12	4.29	4.72	5.03	0.16	0.05	0.27	0.15	0.04	13.2x	13.4x	12.8x	11.7x	11.0x	-22%	-14%	-12%	-14%	-15%	8.4%	5.1%	69%	Sell	$41	-20%	Neutral	$59	12%
AVA	$33.93	2,625	2.28	2.49	2.61	2.67	2.73	2.29	2.47	2.61	2.70	2.78	–	–	–	(0.03)	(0.04)	14.8x	13.8x	13.0x	12.6x	12.2x	-12%	-12%	-11%	-8%	-5%	5.2%	5.6%	78%	Sell	$26	-18%	Sell	$36	11%
IDA	$95.57	4,837	5.09	5.44	5.80	5.99	6.28	5.11	5.44	5.79	6.04	6.38	–	–	–	(0.04)	(0.10)	18.7x	17.6x	16.5x	15.8x	15.0x	11%	13%	14%	16%	16%	4.2%	3.5%	62%	Buy	$109	18%	Buy	$105	13%
NWE	$50.52	3,094	3.05	3.52	3.73	3.92	4.11	3.14	3.54	3.70	3.88	4.07	(0.09)	–	–	0.04	0.04	16.1x	14.3x	13.7x	13.0x	12.4x	-4%	-8%	-6%	-5%	-4%	5.3%	5.2%	75%	Sell	$39	-18%	Neutral	$51	6%
UTL	$48.26	777	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	17.3x	16.5x	15.6x	14.6x	13.8x	3%	6%	7%	7%	7%	6.2%	3.4%	n/a	Neutral	$45	-3%	Buy	$52	10%
POR	$40.78	4,124	2.63	3.05	3.21	3.38	3.55	2.66	3.04	3.21	3.35	3.45	–	–	–	–	0.10	15.4x	13.4x	12.7x	12.2x	11.8x	-9%	-14%	-12%	-11%	-8%	5.3%	4.9%	66%	Buy	$45	15%	Buy	$47	21%
		18,625																**15.9x**	**14.8x**	**14.1x**	**13.3x**	**12.7x**	**-5%**	**-5%**	**-3%**	**-2%**	**-2%**	**5.8%**	**4.6%**	**70%**						
Mid/Large Cap Electric																																			
AEE	$76.99	20,208	4.38	4.67	5.05	5.40	5.68	4.38	4.69	5.02	5.37	5.68	–	–	–	0.03	–	17.6x	16.4x	15.3x	14.3x	13.5x	5%	6%	6%	5%	5%	6.6%	3.5%	57%	Neutral	$75	1%	Buy	$83	11%
AEP	$79.22	40,810	5.30	5.64	6.00	6.39	6.81	5.27	5.58	5.97	6.30	6.68	–	0.06	0.04	0.09	0.13	15.0x	14.2x	13.3x	12.6x	11.9x	-11%	-9%	-9%	-8%	-8%	6.0%	4.5%	64%	Buy	$85	12%	Buy	$86	14%
CMS	$56.75	16,558	3.12	3.41	3.65	3.91	4.26	3.11	3.34	3.60	3.86	4.13	–	0.07	0.05	0.05	0.14	18.3x	17.0x	15.7x	14.7x	13.8x	9%	9%	8%	8%	7%	8.1%	3.7%	63%	Neutral	$54	-1%	Buy	$60	10%
CNP	$27.89	17,555	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.74	1.88	2.02	–	–	–	–	–	18.6x	17.2x	16.0x	14.9x	13.8x	10%	10%	10%	9%	7%	9.5%	2.8%	49%	Buy	$30	10%	Buy	$30	11%
D	$46.06	38,544	2.10	2.84	3.39	3.75	4.11	2.67	3.13	3.45	3.83	3.91	(0.57)	(0.29)	(0.06)	(0.08)	0.20	17.3x	14.7x	13.3x	12.0x	11.8x	3%	-5%	-8%	-12%	-9%	-0.4%	5.8%	87%	Buy	$45	4%	Neutral	$48	10%
DTE	$104.14	21,464	5.75	6.63	7.19	7.71	8.26	5.91	6.62	7.14	7.74	8.35	(0.16)	–	0.05	(0.03)	(0.09)	17.6x	15.7x	14.6x	13.5x	12.5x	5%	1%	0%	-1%	-3%	6.3%	3.9%	62%	Buy	$103	3%	Buy	$110	10%
DUK	$90.71	69,937	5.60	6.05	6.35	6.75	7.15	5.60	5.97	6.34	6.75	7.17	–	0.08	–	–	–	16.2x	15.2x	14.3x	13.4x	12.7x	-4%	-2%	-1%	-2%	-2%	6.3%	4.6%	71%	Buy	$99	14%	Buy	$99	14%
ED	$89.94	31,022	5.05	5.30	5.62	5.94	6.21	5.01	5.29	5.58	5.85	6.14	0.04	–	0.04	0.09	0.07	18.0x	17.0x	16.1x	15.4x	14.7x	7%	9%	11%	13%	14%	6.3%	3.7%	64%	Neutral	$84	-3%	Neutral	$89	2%
EIX	$65.78	25,231	4.71	4.98	5.48	5.71	6.03	4.70	5.11	5.62	5.97	6.26	–	(0.13)	(0.14)	(0.26)	(0.23)	14.0x	12.9x	11.7x	11.0x	10.5x	-17%	-17%	-19%	-19%	-19%	5.5%	4.7%	61%	Neutral	$66	5%	Buy	$73	16%
ES	$59.71	20,844	4.37	4.70	4.92	5.17	5.37	4.36	4.56	4.82	5.16	5.48	–	0.14	0.10	–	(0.11)	13.7x	13.1x	12.4x	11.6x	10.9x	-18%	-16%	-15%	-15%	-16%	5.6%	4.8%	63%	Neutral	$60	5%	Buy	$66	15%
ETR	$100.59	21,270	6.75	7.16	7.76	8.31	8.97	6.73	7.20	7.72	8.25	8.85	–	(0.04)	0.04	0.06	0.12	14.9x	14.0x	13.0x	12.2x	11.4x	-11%	-10%	-10%	-11%	-12%	6.9%	4.5%	63%	Buy	$103	7%	Buy	$109	13%
EVRG	$50.64	11,626	3.59	3.89	4.10	4.36	4.63	3.61	3.84	4.05	4.29	4.52	–	0.05	0.05	0.07	0.11	14.0x	13.2x	12.5x	11.8x	11.2x	-17%	-15%	-14%	-14%	-13%	4.3%	5.2%	68%	Buy	$54	12%	Buy	$55	14%
EXC	$38.39	38,171	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.10	–	–	–	–	–	16.3x	15.3x	14.1x	13.2x	12.4x	-3%	-2%	-3%	-3%	-4%	6.4%	4.0%	62%	Buy	$44	19%	Buy	$44	18%
FE	$36.98	21,220	2.54	2.69	2.89	3.07	3.27	2.54	2.65	2.88	3.04	3.23	–	0.04	–	0.03	0.04	14.6x	13.9x	12.8x	12.2x	11.4x	-13%	-10%	-12%	-11%	-11%	6.3%	4.5%	62%	Buy	$38	7%	Buy	$39	10%
LNT	$49.94	12,621	2.90	3.08	3.27	3.50	3.67	2.88	3.07	3.27	3.49	3.69	–	–	–	–	–	17.3x	16.3x	15.3x	14.3x	13.5x	3%	5%	5%	5%	5%	6.1%	3.8%	63%	Neutral	$46	-4%	Buy	$54	11%
OGE	$34.79	6,968	2.07	2.16	2.25	2.37	2.48	2.04	2.13	2.26	2.40	2.51	–	–	–	(0.03)	(0.03)	17.0x	16.3x	15.4x	14.5x	13.9x	1%	5%	6%	6%	7%	2.8%	4.9%	81%	Neutral	$34	3%	Buy	$37	11%
PCG	$17.17	36,632	1.21	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.56	1.70	–	–	–	0.05	0.05	14.2x	12.7x	11.7x	11.0x	10.1x	-16%	-18%	-19%	-20%	-22%	9.7%	1.0%	12%	Buy	$19	12%	Buy	$19	9%
PEG	$63.29	31,589	3.45	3.70	4.22	4.38	4.68	3.46	3.69	4.07	4.26	4.49	–	–	0.15	0.13	0.19	18.3x	17.2x	15.6x	14.9x	14.1x	9%	10%	7%	9%	9%	6.2%	3.8%	65%	Buy	$64	5%	Buy	$65	7%
PNW	$74.11	8,398	4.20	5.00	5.15	5.25	5.40	4.23	4.98	5.21	5.34	5.51	(0.03)	–	(0.06)	(0.09)	(0.11)	17.5x	14.9x	14.2x	13.9x	13.5x	4%	-4%	-2%	2%	4%	4.9%	4.8%	72%	Neutral	$73	3%	Buy	$77	9%
PPL	$26.03	19,186	1.58	1.71	1.82	1.96	2.08	1.58	1.71	1.82	1.94	2.06	–	–	–	–	–	16.5x	15.3x	14.3x	13.4x	12.6x	-2%	-2%	-2%	-2%	-2%	8.1%	3.9%	60%	Buy	$27	8%	Buy	$28	13%
SO	$70.23	76,657	3.60	4.05	4.30	4.55	4.80	3.61	4.02	4.32	4.54	4.74	–	–	–	–	0.06	19.5x	17.5x	16.3x	15.5x	14.8x	16%	12%	12%	13%	15%	5.9%	4.1%	72%	Buy	$77	14%	Buy	$72	7%
WEC	$82.97	26,172	4.62	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.0x	16.9x	15.8x	14.8x	13.9x	7%	8%	9%	8%	8%	6.1%	4.0%	68%	Neutral	$84	5%	Buy	$88	10%
Mid/Lg Cap (excl. EIX, PCG)																		**16.8x**	**15.6x**	**14.5x**	**13.6x**	**12.9x**						**5.9%**	**4.2%**	**66%**						
SMID + Lg Cap		**631,307**																**16.6x**	**15.4x**	**14.4x**	**13.6x**	**12.9x**						**5.9%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$58.36	118,104	3.13	3.43	3.69	3.99	4.27	3.13	3.40	3.65	3.86	4.28	–	0.03	0.04	0.13	–	18.6x	17.2x	16.0x	15.1x	13.6x	11%	10%	10%	11%	6%	8%	3.5%	60%	Buy	$65	15%	Buy	$69	22%
SRE	$72.95	45,909	4.52	4.75	5.06	5.40	5.85	4.54	4.79	5.11	5.49	5.88	–	(0.04)	(0.05)	(0.09)	(0.03)	16.1x	15.2x	14.3x	13.3x	12.4x	-4%	-2%	-2%	-3%	-4%	-9%	4.5%	68%	Buy	$79	13%	Buy	$80	14%
		164,013																**17.4x**	**16.2x**	**15.1x**	**14.2x**	**13.0x**	**3%**	**4%**	**4%**	**4%**	**1%**	**-0.3%**	**4.0%**	**64%**						
Gas LDCs																																				
NI	$25.81	10,670	1.57	1.68	1.82	1.95	2.07	1.59	1.70	1.82	1.96	2.10	–	–	–	–	–	16.3x	15.2x	14.2x	13.1x	12.3x	-3%	-2%	-3%	-4%	-5%	7%	4.1%	63%	Buy	$27	9%	Buy	$29	18%
CPK	$92.43	2,002	5.30	5.84	6.23	6.59	6.94	5.24	5.49	6.21	6.62	7.03	0.06	0.35	–	(0.03)	(0.09)	17.6x	16.8x	14.9x	14.0x	13.1x	5%	8%	3%	2%	2%	7%	2.7%	46%	Neutral	$99	10%	Buy	$120	33%
NJR	$41.88	4,092	2.70	2.80	2.94	3.10	3.34	2.69	2.79	2.96	3.11	3.39	–	–	–	–	(0.05)	15.6x	15.0x	14.2x	13.5x	12.4x	-7%	-4%	-2%	-1%	-4%	6%	4.0%	60%	Neutral	$42	4%	Buy	$48	18%
NWN	$36.37	1,277	2.65	2.83	2.98	3.09	3.21	2.66	2.75	2.96	3.05	3.23	–	0.08	–	0.04	–	13.7x	13.2x	12.3x	11.9x	11.3x	-19%	-15%	-15%	-13%	-13%	5%	5.4%	71%	Neutral	$37	7%	Buy	$46	33%
OGS	$58.87	3,265	4.14	4.24	4.53	4.98	5.31	4.13	4.19	4.45	4.98	5.31	–	0.05	0.08	–	–	14.2x	14.1x	13.2x	11.8x	11.1x	-15%	-10%	-9%	-13%	-14%	10%	4.6%	65%	Neutral	$64	13%	Neutral	$66	16%
SR	$60.92	3,205	4.05	4.35	4.61	4.85	5.05	4.18	4.32	4.58	4.83	5.07	(0.13)	0.03	0.03	–	–	14.6x	14.1x	13.3x	12.6x	12.0x	-13%	-9%	-8%	-8%	-7%	6%	5.0%	70%	Neutral	$55	-5%	Neutral	$62	7%
		24,510																**15.3x**	**14.7x**	**13.7x**	**12.8x**	**12.0x**	**-9%**	**-5%**	**-6%**	**-6%**	**-7%**	**6.7%**	**4.3%**	**63%**						
Regulated Water																																				
AWK	$131.22	25,549	4.82	5.14	5.59	5.98	6.45	4.81	5.15	5.60	6.04	6.46	–	–	–	(0.06)	–	27.3x	25.5x	23.4x	21.7x	20.3x	62%	64%	61%	59%	57%	7%	2.3%	58%	Neutral	$126	-2%	Buy	$145	13%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$120.58	38,611	3,525	3,951	4,125	3,971	4,213	3,760	4,118	4,117	4,041	4,178	(234)	(167)	–	(70)	35	11.7x	10.4x	9.9x	9.7x	9.0x	44,045	42,784	40,917	39,227	37,422	15.6%	1.1%	20%	Buy	$119	-0%	Buy	$130	9%
NRG	$46.85	10,577	3,248	3,418	3,311	3,324	3,377	3,150	3,358	3,374	3,140	3,492	98	60	(64)	185	(115)	6.4x	5.9x	5.7x	6.0x	5.3x	20,039	19,841	19,223	18,956	18,597	23.6%	3.5%	25%	Buy	$51	12%	Neutral	$47	3%
VST	$34.92	12,486	4,050	3,906	3,997	3,822	3,513	3,964	4,258	4,194	4,127	4,336	86	(351)	(198)	(305)	(823)	6.0x	5.5x	5.5x	5.5x	5.0x	23,844	23,481	22,956	22,557	21,836	8.7%	2.6%	23%	Buy	$32	-6%	Buy	$39	16%
Other																																				
NEP	$23.37	2,184	1,902	2,021	2,080	2,099	2,118	1,921	2,052	2,069	2,037	2,124	–	(31)	–	62	–												16.1%	–	Buy	$42	96%	Buy	$33	56%
SMR	$2.76	212	(143)	(57)	8	96	n/a	(146)	(82)	(20)	144	452	–	26	28	(48)	–												–	–	Buy	$14	407%	Buy	$10	262%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

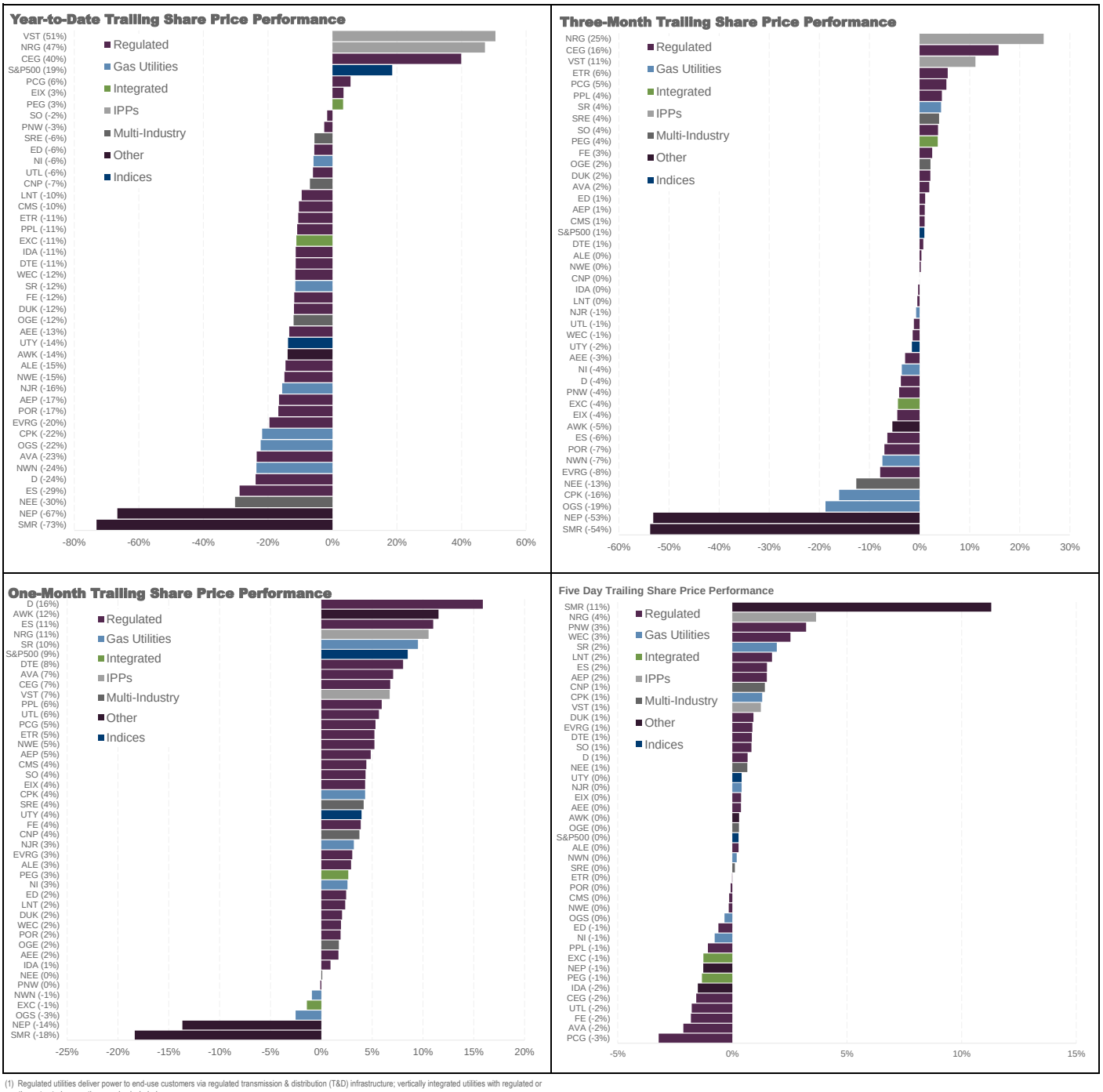

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix

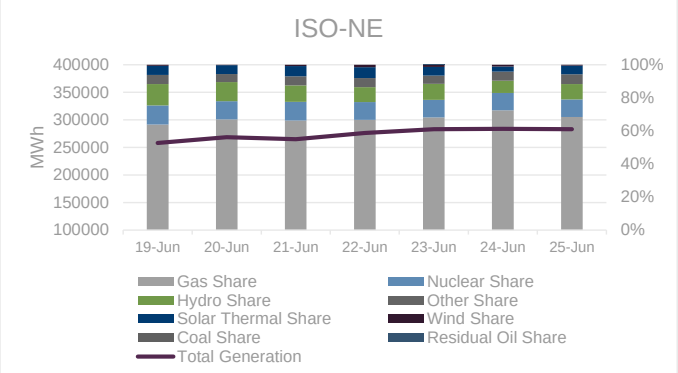

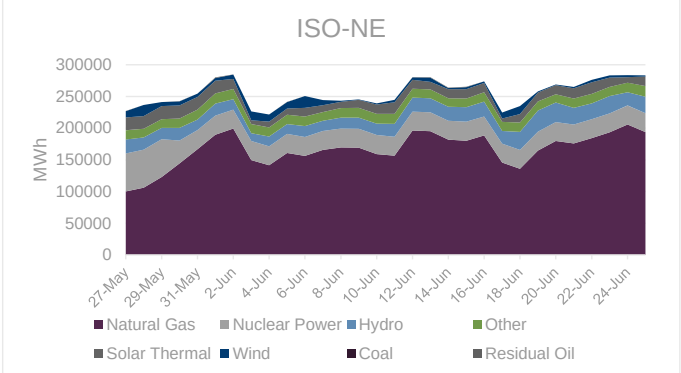

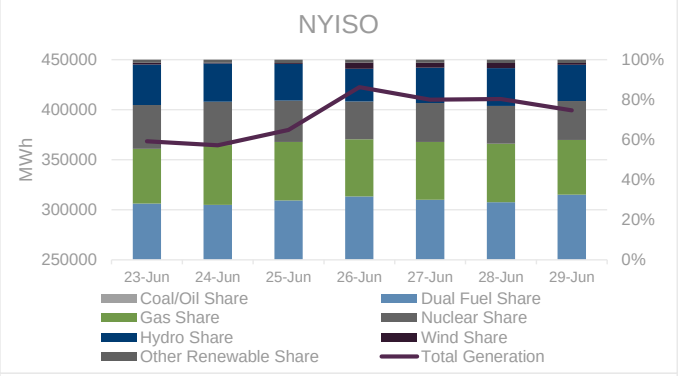

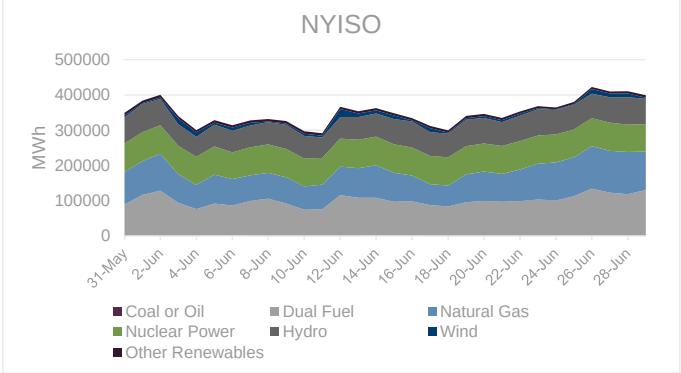

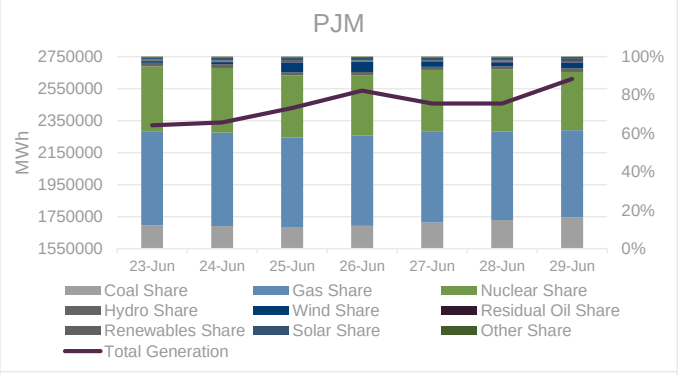

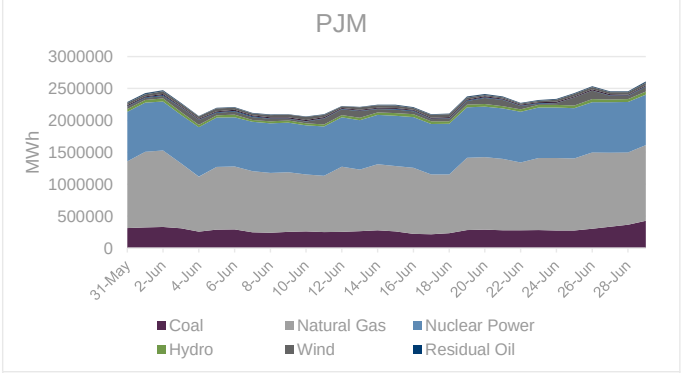

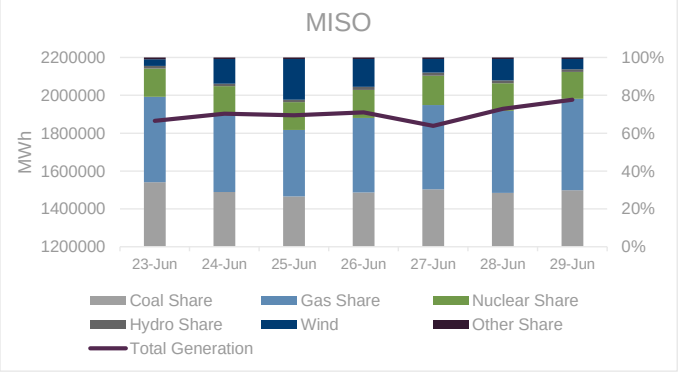

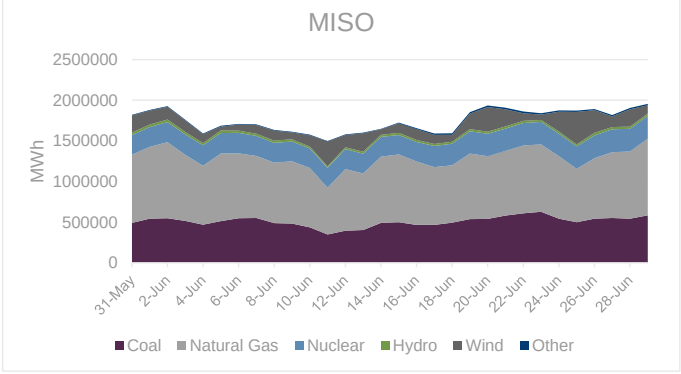

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix (continued)

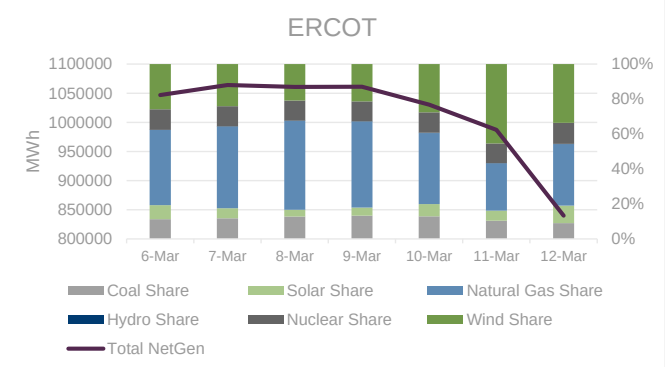

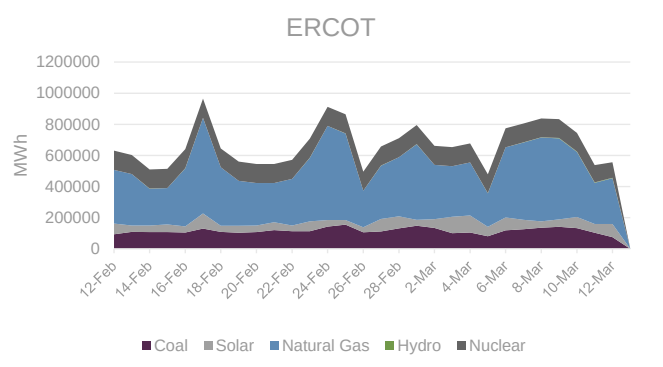

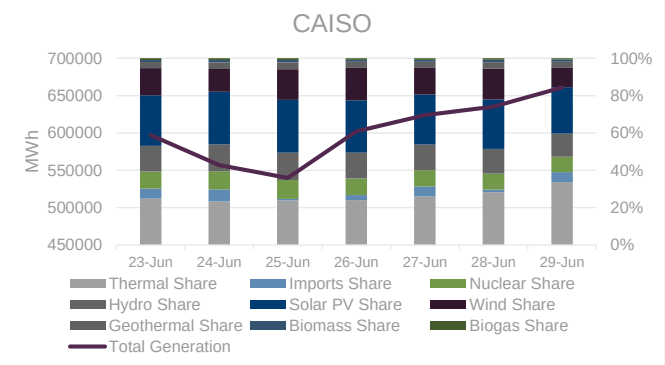

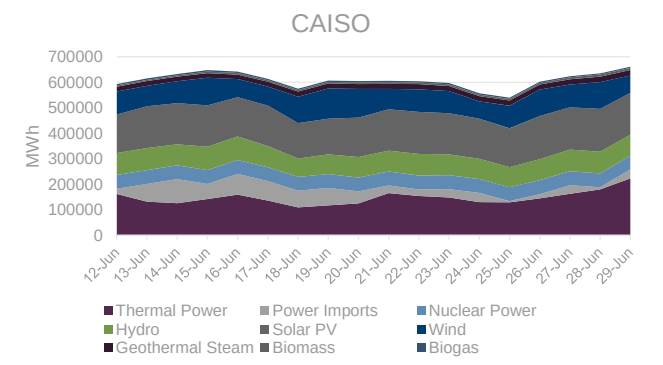

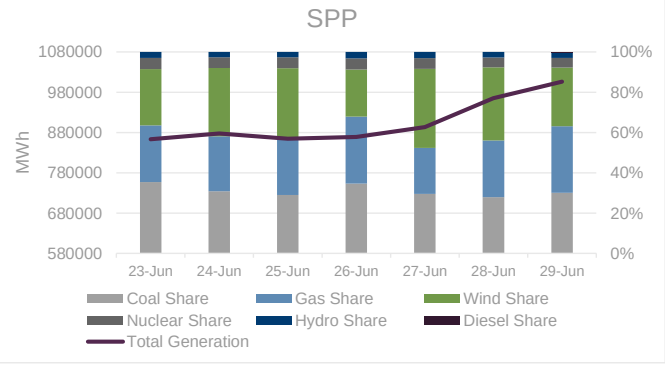

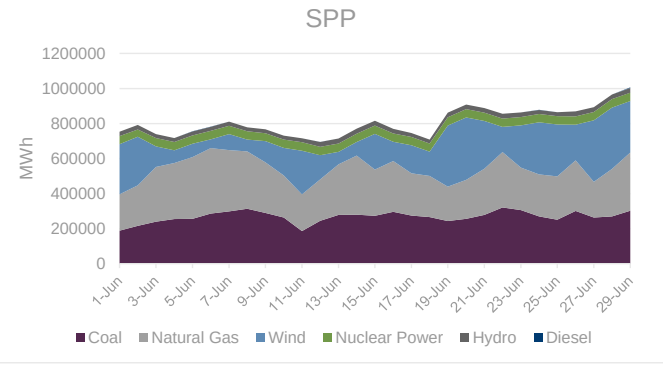

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Weather

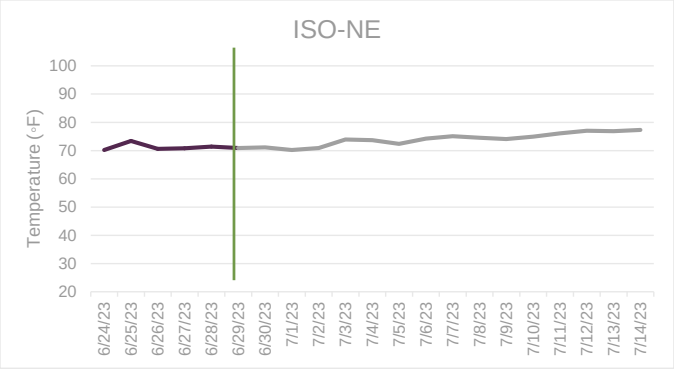

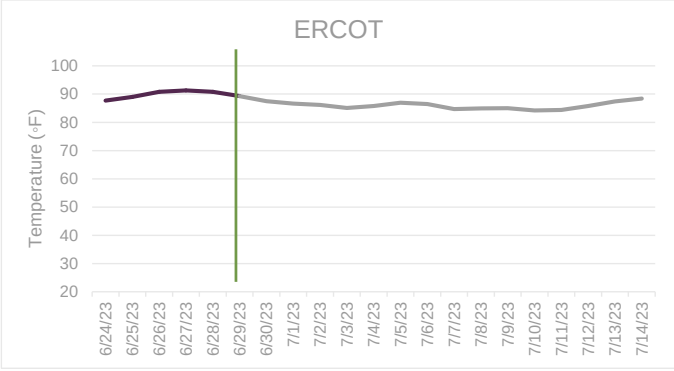

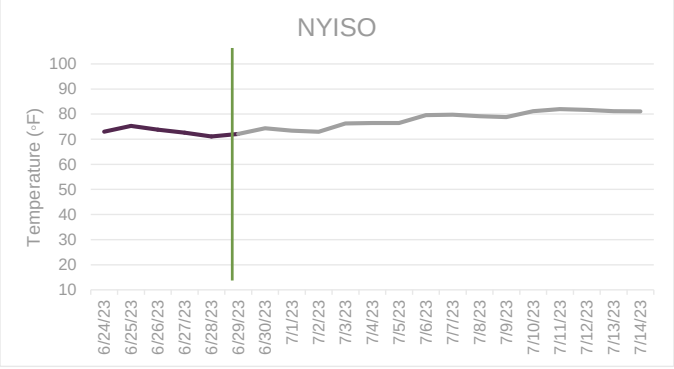

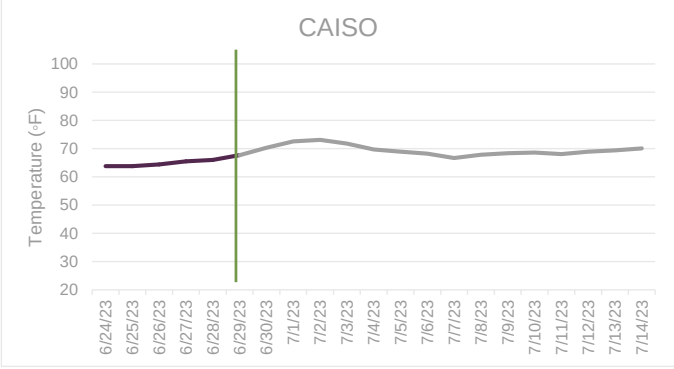

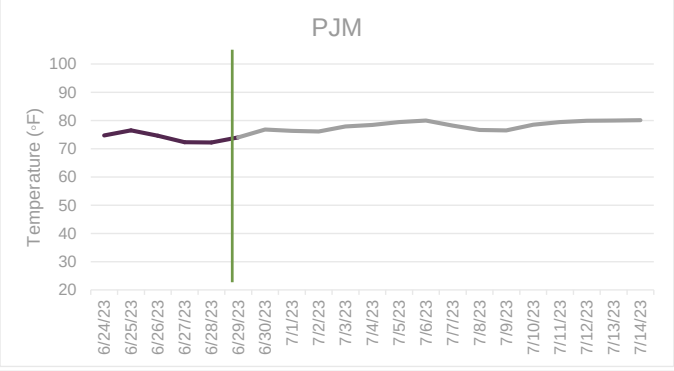

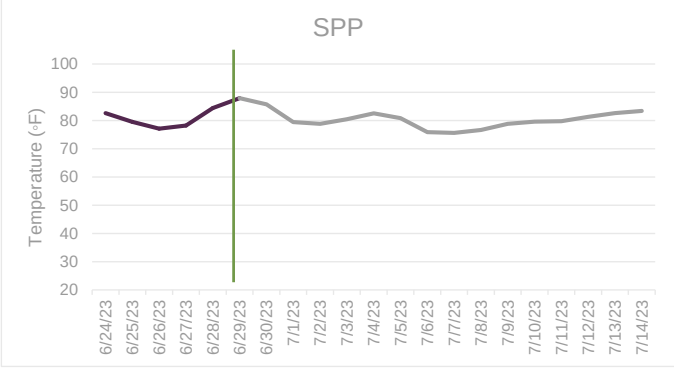

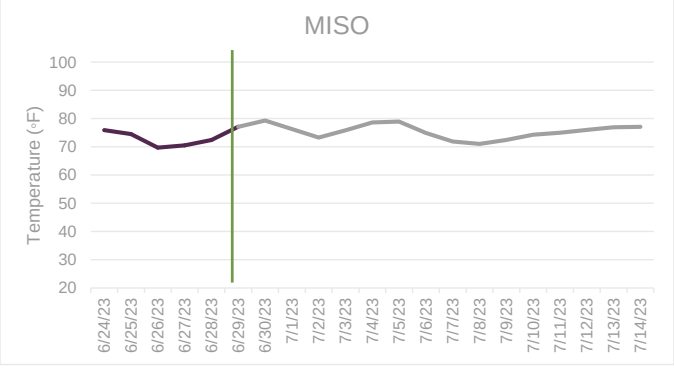

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

YTD Peak Load

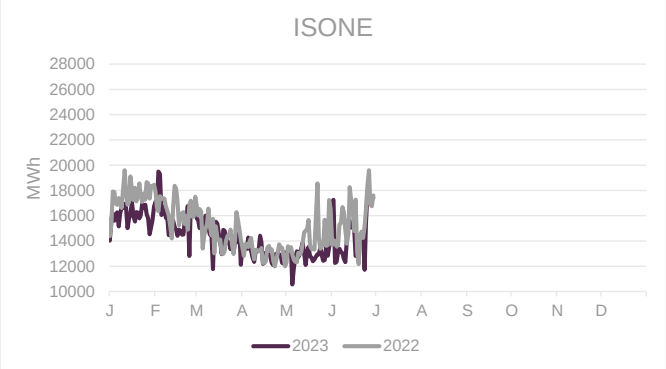

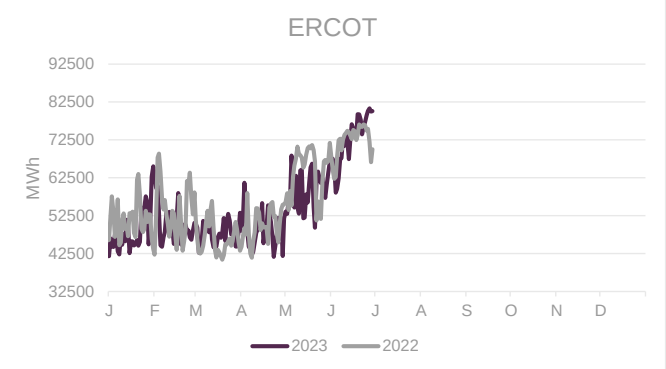

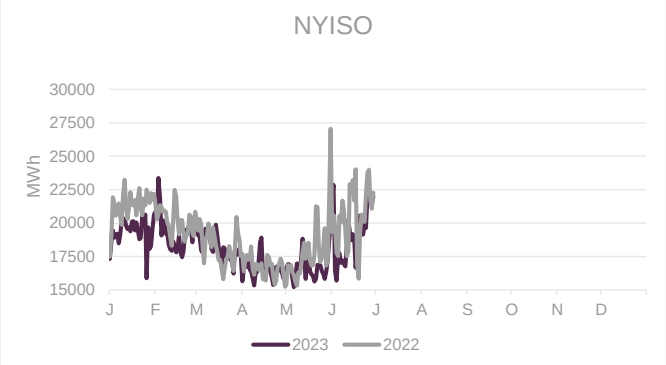

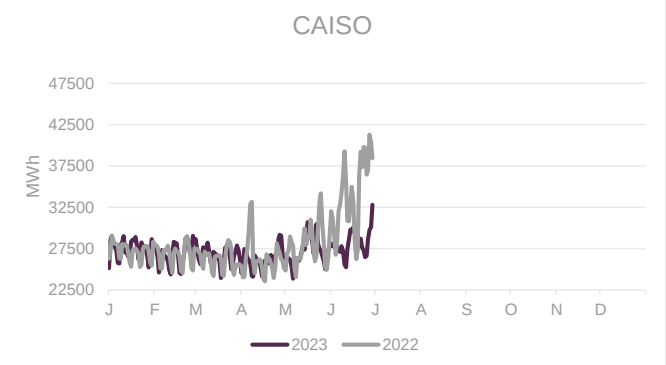

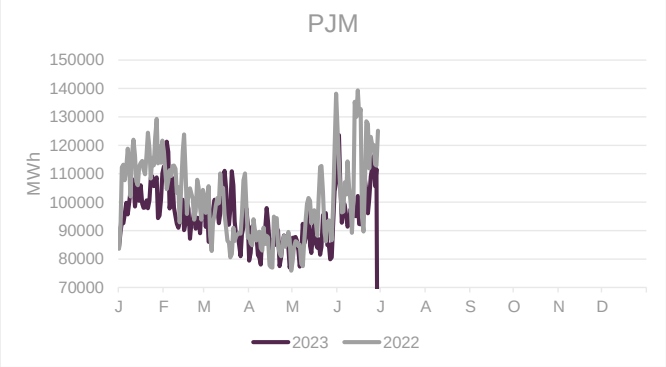

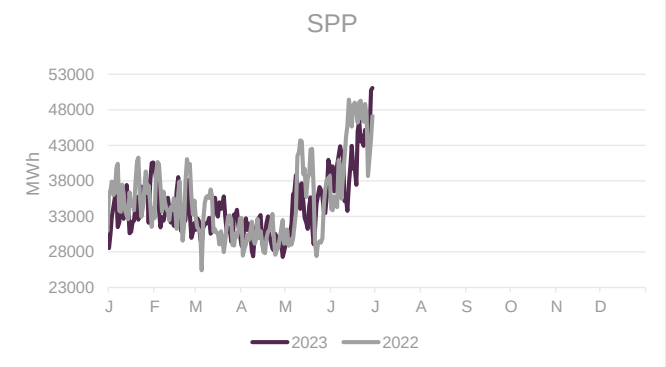

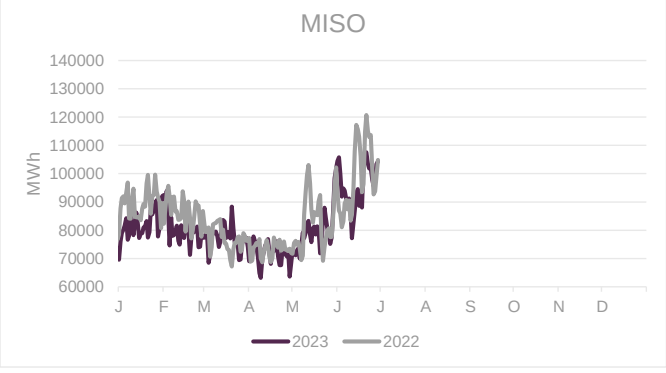

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (11/28/2023-2/28/2024)

Date	State	Ticker	Utility/Event	Docket	Description
10/1/2023-9/3/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case fiilng may occur in fiscal 2024
11/1/2023-11/30/2023	MC	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/30/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/29/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Rebuttal testimony due in BC-RAC proceeding
11/30/2023	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 4)	Commission decision in proceeding expected by
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
11/30/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Decision likely in SAVE Rider Proceeding
12/1/2023-12/31/2023	MI	CMS	Consumers Energy Co.		Gas rate case expected to be filed
12/1/2023-12/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Final order in rate case expected
12/1/2023-12/31/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2023-00180 (SAVE)	Decision expected in SAVE update proceeding
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/7/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Parties and staff to file testimony in Rider CE proceeding
12/11/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
12/12/2023-12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Intervening parties to file testimony in Rider US-4 proceeding
12/13/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Company rebuttal testimony due in rate proceeding
12/13/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing scheduled in BC-RAC update proceeding
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Final date for PSC decision in rate case, per prior order
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Final date for PSC decision in rate case, per prior order
12/15/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Intervenor direct testimony due in multiyear rate plan case
12/15/2023-1/15/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
12/15/2023-1/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearing examiner's recommendation may be issued in Rider GV update proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Intervening parties to file testimony in Rider GT proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Intervenors to file testimony in Rider US-3 proceeding
12/18/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due in general rate case
12/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Deadline for decision in rate proceeding
12/20/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Deadline for decision in rate proceeding
12/20/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Deadline for settlement to be filed in rate proceeding
12/20/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Decision expected in IRIS proceeding
12/20/2023	OR	AVA	Avista Corp.	D-UG-461	Target date for PUC order
12/21/2023	MI	CMS	Consumers Energy Co.	C-U-21389	ALJ proposed decision expected
12/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Rebuttal testimony due in Rider CE proceeding
12/29/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Decision in rate case expected by
12/31/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Possible decision issued in electric rate proceeding
1/1/2024-1/12/2024	PA	FE	FirstEnergy Corp.		FirstEnergy Corp. operating companies may file joint rate case
1/1/2024	OR	POR	Portland General Electric Co.	D-UE-416	New rates effective
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearing examiner's report may be issued in earnings review proceeding
1/5/2024	CA	PCG	Pacific Gas and Electric Co.		Proposed ALJ decision in petition to transfer non-nuclear generation assets by
1/10/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing scheduled in Rider CE proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Staff to file testimony in Rider US-3 proceeding
1/16/2024	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Hearing to begin in rate proceeding
1/16/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
1/17/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Staff to file testimony in Rider US-4 proceeding
1/24/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Direct testimony due in Rider RBB proceeding
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/29/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West		Rate case filing expected
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- OGS: 2024 Guidance Misses Expectations; New 5yr Plan Leaves LT Rate Base Growth Trajectory Intact; Larger Capex Plan Brings Bigger Equity Need Too
- SO – Statewide Elections to Continue at Georgia PSC; Ruling Constructive for Buy Rated SO
- NRG: Quick Thoughts - Follow-Up Conversation(s) Reiterate No Change in Strategy/Capital Allocation; Renewed Focus on Operations – No Hidden Landmines Here
- NRG: CEO Departure Brings Elliott Standstill; Strategy Unchanged
- EEI: Wandering Desert Ridge, Parched for Alpha…
- NI – Remarketing Process Postponed; Substitute Equity Not Needed Until YE24; More Details to Come Tomorrow/Friday
- UTL: "It's Not the Size of the Dog in the Fight, It's the Size of the Fight in the Dog"; Valuation Full but Has Potential; Initiating Coverage at NEUTRAL
- NRG: Steadfast Capital Return Commitment, Confidence in Management, and Clear Messaging Go a Long Way…. Upgrading to BUY
- IDA: "Here We Have Idaho", and No Drama – What's Not to Like?; Initiating Coverage with a BUY
- NI NDR: A Hidden Gem with Catalysts & Clearing Events Ahead
- '23 LCOE Analysis – Inflation Now Embedded, But IRA Keeps Solar/Wind Competitive; Renewables Not Dead Despite Higher Interest Rates; NEE Positive Lateral
- ES – The Wind Keeps Blowing in the Wrong Direction: Another Messaging Miss, Downgrading to NEUTRAL on Balance Sheet, Protracted OSW Process
- Utilities: Perfect Storm of Rates, Tax-Loss Selling, and Macro Concerns Weigh on Sector Valuation: We Remain Cautious and Selective Despite Sell-Off
- DTE – 2023 Electric Rate Case PFD Drops Revenue Request Below Bid-Ask; MPSC Has Final Say, But Litigation Risk Now Apparent
- EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day
- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	250	67.93%	43	17.20%
NEUTRAL	110	29.89%	8	7.27%
SELL	8	2.17%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Americas Utilities: Updating Select Estimates and Key Catalysts to Watch into Year-End; Buy XEL, SO (on CL)

Carly Davenport
+1(212)357-1914 |
carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+1(332)245-7709 |
jaskaran.jaiya@gs.com
Goldman Sachs India SPL

We update select estimates across our Utilities coverage following 10Q reviews and guidance updates including for Buy rated AEP, NEE, and Sell rated EXC and ED. We also highlight key catalysts we are watching into year-end, where we expect a decision on **SO**'s Vogtle prudency review on December 19, a final order on **EXC**'s ComEd and BGE rate cases on December 14, a potential commission order on **XEL**'s Colorado Preferred Plan in December that could represent ~$8 bn of capex upside, and several other regulatory decisions and filings for the remainder of our coverage. Outside of the scope of 2023 but still in focus, we look to fourth quarter earnings calls for utilities to provide an update on capital spending plans over the next five years, where we continue to see risk skewed to the upside. We highlight Buy rated SO (on CL) and XEL where we see potential for events into year-end around Vogtle for SO and the Colorado Preferred Plan for XEL to be positive catalysts for shares.

Catalysts into Year-End

Southern Company (SO, Buy on CL)

- **Vogtle Prudency Review Order: December 19.** The Georgia Public Utility Commission staff put forward a stipulated agreement for the ongoing Vogtle Prudency review back in August. The stipulated agreement would allow for up to $7.562 bn of Vogtle spend to be put into rate base, versus the original amount of $7.3 bn. The agreement also states that if Vogtle Unit 4 is not put in-service by the end of 1Q2024, any portion of spend above the $2.1 bn of Unit 3 spend already in rate base will earn no return, as opposed to the penalty RoE that this spend was earning previously. This change alters the expected headwind from a delay to Unit 4, with SO now expecting a one quarter delay to create a ($0.09) drag on earnings, up from ($0.05) previously. The commission will vote on the stipulated agreement on December 19. Our model continues to embed Unit 4 going in-service in 1Q2024.
- **Vogtle project updates.** There are several key milestones we are looking out for on Vogtle Unit 4, the first of which is successfully replacing the reactor coolant pump that malfunctioned. The next notable step is having Unit 4 reach initial

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

criticality. It is difficult to predict the timing of these next steps, but we believe they are worth monitoring as we head towards the end of the year as any positive news on Vogtle could improve sentiment around SO.

Xcel Energy (XEL, Buy)

- **Potential Colorado Preferred Plan Order.** XEL's preferred plan in Colorado has laid out the potential for up to $11bn in incremental spend. The plan includes $7.9bn of generation spend to build 7.2 GWs of renewables/natural gas, and $3bn of transmission spend, our previous note discusses the plan in detail. The commission does not have a firm date that it must make a decision by, but XEL has requested a decision in December so that it has clarity on the Preferred Plan before the 4Q2023 earnings call. Although investors have been very focused on this plan from the day it was filed, most acknowledge that the current plan can and likely will be altered to some extent, so we believe a final order on the plan that provides clarity on the investment potential will prove to be a catalyst for XEL. We also note that due to the significant potential capex upside from this plan, XEL has outperformed the XLU following the announcement of the plan.

Exelon (EXC, Sell)

- **ComEd and BGE rate case final orders: December 14th.** EXC expects the rate cases for two of its largest segments to conclude on December 14th, and both rate cases contain items that have been contentious throughout the process. ComEd's rate case has been focused on the authorized RoE, as Illinois has used a formulaic approach to determining RoEs for nearly a decade, and is now moving to traditional rate making methods. The latest update from the commission proposed a 9.28% RoE, below the national average of 9.6%. EXC stated that the method used to calculate this RoE is unconventional and it will continue to advocate for a different method to arrive at an RoE closer to the national average. There has also been debate around if ComEd can earn a return on its pension asset. A constructive or challenging outcome to the RoE discussion will likely be a catalyst for EXC given that ComEd is its largest segment. The BGE rate case has revolved around a few items, one of which is the implementation of performance incentive mechanisms that could allow BGE to increase its authorized RoE if those goals are all achieved. The RoE also remains uncertain, with the latest proposed RoE at 9.5%.

Duke Energy (DUK, Neutral)

- **DEC North Carolina rate case.** DUK is expecting a final order on its NC rate case for DEC, which will clarify the RoE and equity layer aspects of the rate case. The commission has already agreed on several important items in the rate case, including the Multi-Year Rate Plan which will allow $4.6 bn of capital to earn a return with minimal lag from Jan 2024 to the end of 2026. DUK's DEP segment recently settled its rate case in NC and achieved an RoE of 9.8% which is slightly above the national averageOur model continues to reflect a 9.6% RoE for the DEC segment going forward.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Public Service Enterprise Group (PEG, Neutral)

- **Distribution rate case filing.** PEG plans to file its first distribution rate in five years this December, and anticipates that it will request recovery for up to $3.3 bn of spend. Management has noted that while this is the first rate case in a significant amount of time, regulatory mechanisms such as riders have allowed PEG to earn a return on a significant amount of spend over the years, so this case will not be a massive true up. The New Jersey Board of Public Utilities (BPU) composition has changed recently, so this rate case will be an important indication of how constructive the regulatory environment is in New Jersey. Discussions with investors have indicated that most expect a relatively constructive outcome, but are somewhat hesitant due to the BPU change and the length of time since the last rate case ruling for PEG.

American Electric Power (AEP, Buy)

- **New Mexico Renewable Development (NMRD) sale announcement.** AEP has been in the process of simplifying its portfolio this year, and the next asset expected to be sold is a joint venture with PNM Resources that includes ~625 MWs of renewables. The assets are relatively small in AEP's portfolio, with a book value of $119mn, and only making up roughly $0.01 of EPS. AEP stated it expects a sale agreement to be announced by the end of 2023, and the transaction could close as soon as December 2023 or early 2024, per company commentary.
- **West Virginia deferred fuel proceeding.** AEP currently has ~$553mn of deferred fuel at its West Virginia utility that it is seeking recovery on from the commission. Management has stated that the proceeding is "approaching resolution", so we expect it could be resolved by YE2023 or in early 2024. AEP filed two options in the original fuel recovery application, option one amortizes the fuel balance over three years, and option two allows the West Virginia Commission the opportunity to determine how the fuel is recovered.

Dominion Energy (D, Not Rated)

- **Decision on an offshore wind project partner.** D has undertaken a 2.6 GW offshore wind project off of the coast of Virginia, which is expected to be fully constructed by 2026. As part of its ongoing business review, D has determined that it would like to find a non-controlling equity financing partner for the project. D is still in the process of choosing a partner, and expects to make a decision on this by YE2023 or early 2024. The company has also stated that an investor day that provides on update on the ongoing business review and lays out D's plans going forward will follow this decision.

Utilities Sector

- **Inflation Reduction Act (IRA) guidance.** Utilities continue to await guidance from Treasury on certain key items like the hydrogen and nuclear tax credits proposed in the IRA. The hydrogen tax credit guidance will determine whether utilities will be required to match annually or hourly, which has been a heavily debated topic. The utilities that we have met with have unanimously supported annual matching, and

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

proposed that the industry moves to hourly matching eventually. Utilities are also awaiting guidance on the Nuclear PTC, as many utilities have regulated nuclear power plants and the PTC benefits will go to customers and could remove some pressure on the bill. Other utilities such as PEG have unregulated nuclear fleets, and the PTC will provide a price floor for these assets. Guidance will give utilities with unregulated nuclear fleets clarity on how to approach hedging going forward. Treasury has delayed the decision on both the hydrogen and nuclear tax credit, and utilities are hoping for a decision in late 2023/early 2024.

Exhibit 1: Pending rate cases details in 2023
2023 Pending rate cases

						ROE %		Equity Ratio %		
State	State	Company	Parent Ticker	Docket	Type	Requested	Current Authorized	Requested	Current Authorized	Expected Decision Date
Wyoming	WY	Dominion Energy Inc.	D	D-30010-215-GR-23	Natural Gas	10.30%	9.35%	51.56%	55.00%	Dec-23
Delaware	DE	Delmarva Power & Light Co.	EXC	D-22-0897	Electric	10.50%	9.60%	50.50%	NA	Dec-23
Illinois	IL	Commonwealth Edison Co.	EXC	D-23-0055	Electric	10.65%	NA	51.20%	NA	Dec-23
Maryland	MD	Baltimore Gas and Electric Co.	EXC	C-9692 (EL)	Electric	10.40%	9.50%	52.00%	52.00%	Dec-23
Maryland	MD	Baltimore Gas and Electric Co.	EXC	C-9692 (GAS)	Natural Gas	10.40%	9.65%	52.00%	52.00%	Dec-23
Virginia	VA	Virginia Natural Gas Inc.	SO	C-PUR-2023-00180 (SAVE)	Natural Gas	9.70%	NA	49.06%	NA	Dec-23

Source: SNL, Data compiled by Goldman Sachs Global Investment Research

Exhibit 2: We highlight upcoming non rate case events for the remainder of the year
Non rate case events for the remainder of the year

Date	State	Company	Docket	Ticker	Action or Status
12/13/2023	IN	Indiana Michigan Power Co.	Ca-45933	AEP	Company rebuttal testimony due in rate proceeding
12/13/2023	VA	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	AEP	Hearing scheduled in BC-RAC update proceeding
12/15/2023	VA	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	AEP	Hearing Examiner report may be issued in BC-RAC update proceeding
12/20/2023	IN	Indiana Michigan Power Co.	Ca-45933	AEP	Deadline for settlement to be filed in rate proceeding
12/7/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	D	Parties and staff to file testimony in Rider CE proceeding
12/12/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	D	Intervening parties to file testimony in Rider US-4 proceeding
12/15/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	D	Hearing examiner's recommendation may be issued in Rider GV update proceeding
12/15/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	D	Intervening parties to file testimony in Rider GT proceeding
12/15/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	D	Intervenors to file testimony in Rider US-3 proceeding
12/21/2023	VA	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	D	Rebuttal testimony due in Rider CE proceeding
12/29/2023	NC	Duke Energy Carolinas LLC	D-E-7 Sub 1276	DUK	Decision in rate case expected by
12/4/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Evidentiary hearings to take place in electric rate proceeding
12/11/2023	DC	Potomac Electric Power Co.	FC-1176	EXC	Intervenor testimony due in electric multiyear rate plan proceeding
12/14/2023	MD	Baltimore Gas and Electric Co.	C-9692 (EL)	EXC	Final date for PSC decision in rate case, per prior order
12/14/2023	MD	Baltimore Gas and Electric Co.	C-9692 (GAS)	EXC	Final date for PSC decision in rate case, per prior order
12/15/2023	MD	Potomac Electric Power Co.	C-9702	EXC	Intervenor direct testimony due in multiyear rate plan case
12/20/2023	IL	Commonwealth Edison Co.	D-23-0055	EXC	Deadline for decision in rate proceeding
12/31/2023	DE	Delmarva Power & Light Co.	D-22-0897	EXC	Possible decision issued in electric rate proceeding

Source: SNL, Data compiled by Goldman Sachs Global Investment Research

Updating Select Estimates

NEE

Model changes: We update for the 3Q23 10-Q and our 2023-2025 EPS estimates remain unchanged at $3.22/$3.40/$3.67, and our 5 year earnings CAGR remains at 9%. Our price target is unchanged at $72.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Exhibit 3: Our unchanged estimates screen modestly above consensus
New v/s Old v/s Consensus

	EPS			% Difference	
	GS- New	GS- Old	Cons	vs Old	vs Cons
2023E	$3.22	$3.22	$3.13	0%	3%
2024E	$3.40	$3.40	$3.40	0%	0%
2025E	$3.67	$3.67	$3.65	0%	1%
2026E	$4.05	$4.05	$3.95	0%	3%
2027E	$4.51	$4.51	$4.35	0%	4%

Source: FactSet, Goldman Sachs Global Investment Research

EXC

Model changes: We update our model for a number of items, including 1) the 3Q23 10-Q update and 2) slight adjustments to debt levels to manage cash balances. Following these updates our 2023-2025 estimates move from $2.36/$2.45/$2.61 to $2.36/$2.48/$2.63. Our price target is unchanged at $39.

Exhibit 4: Our revised estimates remain below consensus
New v/s Old v/s Consensus

	EPS Estimates			% Difference	
	GS- New	GS- Old	Cons.	vs. Old	vs. Cons.
2023E	$2.36	$2.36	$2.36	0%	0%
2024E	$2.48	$2.45	$2.51	1%	(1%)
2025E	$2.63	$2.61	$2.72	1%	(4%)
2026E	$2.82	$2.78	$2.93	2%	(3%)
2027E	$3.06	$3.02	$3.12	1%	(2%)

Source: FactSet, Goldman Sachs Global Investment Research

ED

Model changes: We update our model for the 3Q2023 10Q and the O&R segment for the quarterly results. This update moves our 2023-2025 EPS estimates from $5.01/$5.15/$5.55 to $5.00/$5.16/$5.56. Our price target remains $89.

Exhibit 5: Our estimates are slightly below consensus
New v/s old v/s Consensus

	EPS			Difference	
	New	Old	Cons.	vs old	vs cons.
2023E	$5.00	$5.01	$5.00	(0%)	0%
2024E	$5.16	$5.15	$5.27	0%	(2%)
2025E	$5.56	$5.55	$5.55	0%	0%
2026E	$5.75	$5.74	$5.82	0%	(1%)
2027E	$6.10	$6.09	$6.13	0%	(1%)

Source: Data compiled by Goldman Sachs Global Investment Research, FactSet

AEP

Model changes: We update our model to include the latest KPCo rate case settlement, and update the timing of AEP's renewable projects to reflect the latest guidance. We additionally update our capex estimates for AEP's new 5-year plan. Our 2023-2025 EPS estimates move from $5.27/$5.61/$6.17 to $5.27/$5.69/$6.08. Our target price moves

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

down to $99 (from $100), primarily driven by our changes to AEP's renewables cadence, pushing some projects to later COD dates.

Exhibit 6: Our estimates remain above consensus in all years but 2023 where we are in-line.
New vs old vs consensus EPS

	EPS			% difference	
	New	Old	Cons.	GS - Old	Cons.
2023E	$5.27	$5.27	$5.28	0%	0%
2024E	$5.69	$5.61	$5.60	1%	2%
2025E	$6.08	$6.17	$5.97	-1%	2%
2026E	$6.58	$6.58	$6.32	0%	4%
2027E	$6.98	$7.00	$6.78	0%	3%

Source: Company data, Goldman Sachs Global Investment Research, FactSet

Comp Sheet

	Ticker	Rating	Price	Target	Dividend Yield	Total Return	EPS			P/E			EPS CAGR
			11/29/23	12 Mo.	%	%	2023	2024	2025	2023	2024	2025	22-25 (%)
Large Cap Regulated Utilities													
American Elec Power	AEP	Buy	79.22	$99.00	4.3%	29%	$5.27	$5.69	$6.08	15.0x	13.9x	13.0x	6%
Duke Energy	DUK	Neutral	90.71	98.00	4.5%	13%	5.54	5.95	6.29	16.4x	15.2x	14.4x	6%
Consolidated Edison	ED	Sell	89.94	89.00	3.6%	3%	5.00	5.16	5.56	18.0x	17.4x	16.2x	7%
Exelon	EXC	Sell	38.39	39.00	3.8%	5%	2.36	2.48	2.63	16.2x	15.5x	14.6x	5%
Southern Company	SO	Buy	70.23	82.00	4.0%	21%	3.61	4.09	4.53	19.4x	17.2x	15.5x	8%
Xcel	XEL	Buy	60.00	74.00	3.5%	27%	3.36	3.59	3.90	17.9x	16.7x	15.4x	7%
Public Service Enterprise Group	PEG	Neutral	63.29	67.00	3.6%	9%	3.46	3.64	4.22	18.3x	17.4x	15.0x	7%
Sector Average					***3.9%***	***15%***				***17.3x***	***16.2x***	***14.9x***	***7%***
Diversified Utilities													
Dominion Energy	D	Not Rated	46.73		5.7%	-	2.95	3.48	3.54	15.9x	13.4x	13.2x	-5%
NextEra Energy	NEE	Buy	58.36	72.00	3.2%	27%	3.22	3.40	3.67	18.1x	17.2x	15.9x	8%
Sempra Energy	SRE	Buy	72.95	89.00	3.3%	25%	4.67	4.83	5.24	15.6x	15.1x	13.9x	4%
Sector Average					***4.0%***	***26%***				***16.5x***	***15.2x***	***14.3x***	***3%***
Coverage Average					***3.9%***	***18%***				***17.1x***	***15.9x***	***14.7x***	***5%***

SO is on the Americas Conviction List

Source: FactSet, Goldman Sachs Global Investment Research

Price Target Methodologies and Key Risks

Price Target Methodologies and Key Risks

Ticker	Methodology	Rating	Price Target (12 mo.)	11/29/2023 Price	Key Risks
AEP	SOTP	Buy	$99	$79.22	**Key downside risks:** unfavorable rate case or fuel securitization outcomes; failure to make progress on closing the ROE gap at the VIU utilities
DUK	P/E (15.5x 2025 EPS)	Neutral	$98	$90.71	**Key upside/downside risks:** rate case outcomes; cost management; poor load growth or weather
ED	P/E (16x 2025 EPS)	Sell	$89	$89.94	**Key upside risks:** 1) premium valuation persisting and 2) stronger than expected execution.
EXC	P/E (15x 2025 EOS)	Sell	$39	$38.39	**Key upside risks**: favorable rate case outcomes, cost control and ability to smooth earnings, the shift in the business mix towards regulated growth driving multiple rerating, and incremental capex opportunities
SO	P/E (18x 2025 EPS)	Buy	$82	$70.23	**Key downside risks**: execution risk around Vogtle, balance sheet strength, slower than anticipated rate base/earnings growth
XEL	P/E (19x 2025 EPS)	Buy	$74	$60.00	**Key downside risks:** negative rate case outcomes, slower than expected renewable transition, unfavorable commission decision on IRPs, and cost management
PEG	SOTP	Neutral	$67	$63.29	**Key upside/downside risks:** outcome in its upcoming 2023 distribution rate case, power price volatility, upside to capital spending plans.
D	N/A	Not Rated		$46.73	**N/A**
NEE	SOTP	Buy	$72	$58.36	**Key downside risks:** regulatory landscape turning more negative, risk around the goals laid out in NEER's renewable development plan, Florida population growth slowing leading to slower than expected load growth and customer growth at FPL, and cost management.
SRE	SOTP	Buy	$89	$72.95	**Key downside risks:** delays with the LNG projects, Texas customer growth slowing or the regulatory environment becoming less favorable in Texas, and unfavorable rate case outcomes at the California utilities or challenging regulatory constructs

SO is on the Americas Conviction List

Source: Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller and Jaskaran Jaiya, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Financial advisory disclosure

Goldman Sachs and/or one of its affiliates is acting as a financial advisor in connection with an announced strategic matter involving the following company or one of its affiliates: Dominion Energy, Inc.

The rating(s) for American Electric Power, Consolidated Edison Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Southern Co. and Xcel Energy Inc. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	62%	56%	44%

As of October 1, 2023, Goldman Sachs Global Investment Research had investment ratings on 2,960 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Goldman Sachs (India) Securities Private Limited Investor Grievance E-mail: india-client-support@gs.com. Compliance Officer: Anil Rajput |Tel: + 91 22 6616 9000 | Email: anil.m.rajput@gs.com. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) are not provided or have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, when the company is an early-stage biotechnology company, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2023 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

This document is hosted on "Barclays" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon Corporation: All Eyes on Illinois: Toronto NDR Takeaways
- **Publication Date/Time** : Thursday, November 30, 2023 10:30:09 AM (GMT)
- **Contributor Name** : Barclays
- **Primary Analyst(s)** : Nicholas Campanella,Fei She,Nathan Richardson
- **Link to Document** : https://viewer.apps.factset.com/?_doc_id=5c18085de9d81ae07efbbd7d7e8a26ff&_doc_product=FRC&_doc_docfn=U2FsdGVkX18CasGOlnR7U70whwdhjZryebMykpEin6pYRS3%2FV%2Blrd

KeyBanc Capital Markets

Alert

November 27, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: D, ES, AVA, PNW, EXC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, we are tracking proceedings in D's biennial review in VA, ES's MA annual PBR adjustment, and AVA's OR natural gas IRP. In other news, parties file reply briefs in PNW's AZ electric GRC; ES and Orsted announced the installation of the first turbine at South Fork; NERC publishes its 2023-2024 Winter Reliability Assessment report; and the PA governor appeals Commonwealth Court's decision to block entrance into RGGI.

Regulatory Calendar

D — Evidentiary hearings in D's VA biennial review proceedings begin November 28: D, Staff, the Office of the Attorney General, and others reached a settlement agreeing to no change to base rates for 2024-2025. The parties also agreed that earnings were within the authorized band for 2021-2022, requiring no further actions. D agreed to issue $15M in bill credits by September 30, 2024. D's initial filing provided a forward-looking, rate-making analysis demonstrating a $26M revenue deficiency in 2024 and an incremental $25M in 2025. However, since the legislation also says that the fold-in of $350M in rider revenue (Rider R – Bear Garden, Rider S – Virginia City, Rider W – Warren County) into base rates cannot serve as a basis for a rate increase, D did not propose any incremental rates in this proceeding. D made the biennial rate filing in pursuance of new legislation. An SCC order is expected by March 3, 2024, followed by new rates going into effect April 1, 2024.

ES — Initial briefs in ES's MA annual PBR are due on December 1: ES is seeking a $105M revenue increase as part of its annual performance-based ratemaking adjustment. The revenue increase includes a proposed $51M revenue cap adjustment, which accounts for inflation, and a $54M adjustment to recover capital investments. ES also seeks to recover $16M in property taxes through a separate factor. The DPU previously approved ES to recover ~$31M over two years beginning in 2024. Last year, the DPU authorized a five-year extension to the PBR mechanism. Reply briefs are due on December 8. The new rates are expected to be effective on January 1, 2024.

AVA — Staff final comments on AVA's OR natural gas IRP are due on December 1: AVA filed a presentation of its 2023 natural gas IRP, highlighting the Company's preferred resource strategy to meet the expected 0.9% average annual growth through 2045. AVA's OR resource options include a combination of RNG, wastewater treatment plants, EE, community climate investments, and conventional natural gas to meet forecasted demand. AVA could add synthetic methane in the 2030s. AVA filed the IRP with the ID, OR, and WA utility commissions. AVA's filing includes strategies to comply with OR's Climate Protection Program and WA's Climate Commitment Act while meeting forecasted demand. Across the portfolio strategies, AVA will rely heavily on procuring natural gas and energy efficiency. AVA is required to file a natural gas IRP with the OPUC, WUTC, and IPUC every two years.

Recent Developments for Companies Under Our Coverage

From our midweek: AEP reached a settlement in KY Power's electric rate case; the WV PSC Staff filed testimony in FE's electric rate case; the ICC authorized a $112M revenue increase in AEE's IL gas rate case; ED's CECONY and O&R filed climate resilience investment plans with the NY PSC; and FE announced a COO and Utilities President as part of its corporate restructuring plans.

PNW — Parties file reply briefs in PNW's AZ electric GRC: In reply briefs, Staff supported the system reliability benefit (SRB) mechanism as modified in PNW's initial briefs, as long as Staff is involved earlier in the process and can review all projects during future rate case proceedings. PNW addressed several concerns in the SRB in its initial brief filing after spending more time discussing the idea with intervenors and stakeholders. The SRB proposes to track capital and derisk some projects that need to reliably serve load while reducing the number of rate cases PNW files and the regulatory lag. Staff also supported the continuation of the fixed cost recovery mechanism and maintained its 9.68% ROE recommendation. As a reminder, APS updated its request to a $376M net revenue increase in initial briefs, down from $460M in its original request, while maintaining the 10.25% ROE and 51.93% equity layer. New rates are expected to go into effect the first of the month following an ACC order, likely at some point in 1Q24.

ES — ES and Orsted announced the installation of the first turbine at South Fork: ES and Orsted announced that the South Fork project completed the installation of the first turbine. The 132 MW South Fork will consist of 12 Siemens Gamesa turbines upon completion. The project is on track to enter service in 2024. The project is a 50/50 partnership between ES and Orsted, although

ES is in the process of divesting its 50% interest in its offshore wind projects (Southfork, Revolution, and Sunrise), and is engaged in discussions with a potential buyer. Once Orsted and the buyer reach an agreement, ES will be able to announce the sale and related terms.

NERC publishes 2023-2024 Winter Reliability Assessment report: NERC's Winter Reliability Assessment covers three months, from December to February. NERC expects the upcoming winter to be milder for the country's northern half. NERC projects adequate resources for a normal winter, but similar to recent years, extended extreme weather could pose significant risks to reliability. As a result, NERC highlights MISO, SPP, ERCOT, PJM, the Northeast, and parts of the Southeast as regions that face elevated risks of potential shortfalls during a prolonged, wide-area cold snap. The southern area of MISO faces higher risks due to the inadequate weatherization of generators and heavier reliance on natural gas. The Northeast also continues to face risks due to the limited infrastructure for natural gas transportation. Ahead of the winter, NERC advises the bulk power systems to take actions, including preparing generation for cold weather, monitoring fuel supply adequacy, anticipating the potential for underestimated load in extreme cold, and taking early action to reduce the risk of a reserve shortfall.

EXC — PA governor appeals Commonwealth Court's decision to block entrance into RGGI: PA Governor Shapiro filed an appeal of the Commonwealth Court's decision to block PA from entering the Regional Greenhouse Gas Initiative. The Commonwealth Court previously ruled that the General Assembly must approve PA's participation in the RGGI and that the Pennsylvania Department of Environmental Protection does not have the authority to impose a tax. PA formally joined the RGGI under former Governor Wolf's administration in April 2022. The RGGI comprises nine states and is designed to reduce CO_2 emissions from power generators through a cap and trade program. Operators buy purchase allowances through a regional auction to offset emissions that exceed a preset threshold. The program requires utilities to purchase carbon credits, and the proceeds are invested in state programs for flood resilience, etc. The cost of purchasing the credits is passed onto ratepayers. PA has not participated in any quarterly carbon credit auctions since joining.

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	11/28/2023	Evidentiary Hearings
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	11/30/2023	Final Order Due
MA	NSTAR Electric Co.	ES	DPU 23-92	Electric	12/1/2023	Initial Briefs Due
OR	Avista	AVA	LC81	IRP	12/1/2023	Staff Final Comments and Recommendations
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	12/4/2023	Hearings Commence
ID	Avista Corp.	AVA	E-23-05	IRP	12/7/2023	Reply Comments Due
MA	NSTAR Electric Co.	ES	DPU 23-92	Electric	12/8/2023	Reply Briefs Due
OH	First Energy	FE	22-0704-EL-UNC	Electric	12/11/2023	Hearings Begin
	CPI Release	BLS			12/12/2023	CPI release for Prior Month
	Short-Term Energy Outlook	EIA			12/12/2023	STEO release
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	12/13/2023	Commission Order Expected
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	12/13/2023	Rebuttal Testimony Due
CT	Aquarion Water	ES	HHB-CV23-6078177-S	Water	12/14/2023	Hearings on Aquarion Appeal
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	12/14/2023	PSC Order Due
OR	Portland General Electric Co.	POR	LC80	IRP	12/14/2023	Staff Report and Final Recommendations
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	12/15/2023	Track 4 Proposed Decision
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	12/15/2023	Intervenor Testimony
MD	Potomac Electric Power Co.	EXC	C-9702	Electric	12/15/2023	Intervenor Testimony
OR	Portland General Electric Co.	POR	D-UE-416	Electric	12/18/2023	Commission Order Expected
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	12/20/2023	Settlement Deadline
MI	Consumers Energy Co.	CMS	C-U-21389	Electric	12/21/2023	Proposed Decision Due
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	12/21/2023	Post Hearing Briefs
	Federal Energy Reg Comm	FERC			12/21/2023	Open Meeting
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	12/22/2023	Rebuttal Testimony Due
	System Energy Resources Inc.	ETR	FERC EL21-56		12/22/2023	Complainants and Intervenors Testimony

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	20.3	Overweight	$82	$77.17	3.3%	57%	4.40	4.68	4.96	17.5x	16.5x	15.6x	4.43	4.69	5.03	17.4x	16.5x	15.3x
AEP	American Electric Power Company In	41.3	Sector Weight	NA	$78.50	4.3%	64%	5.26	5.58	5.93	14.9x	14.1x	13.2x	5.28	5.61	5.97	14.9x	14.0x	13.1x
CNP	CenterPoint Energy Inc	17.6	Overweight	$29	$27.93	2.7%	51%	1.50	1.63	1.74	18.6x	17.1x	16.1x	1.50	1.62	1.74	18.6x	17.2x	16.1x
D	Dominion Energy Inc	39.3	Sector Weight	NA	$46.96	5.7%	92%	2.83	2.85	3.27	16.6x	16.5x	14.4x	2.89	3.15	3.45	16.2x	14.9x	13.6x
DTE	DTE Energy Co	21.7	Overweight	$106	$105.37	3.6%	66%	6.18	6.63	7.02	17.1x	15.9x	15.0x	5.86	6.60	7.12	18.0x	16.0x	14.8x
DUK	Duke Energy Corp	69.9	Overweight	$96	$90.74	4.5%	73%	5.59	6.00	6.38	16.2x	15.1x	14.2x	5.60	5.97	6.33	16.2x	15.2x	14.3x
ES	Eversource Energy	20.7	Sector Weight	NA	$59.26	4.6%	63%	4.33	4.60	4.89	13.7x	12.9x	12.1x	4.33	4.56	4.81	13.7x	13.0x	12.3x
ED	Consolidated Edison Inc	31.4	Underweight	$73	$90.96	3.6%	65%	4.94	5.19	5.54	18.4x	17.5x	16.4x	5.00	5.27	5.58	18.2x	17.2x	16.3x
EIX	Edison International	25.2	Sector Weight	NA	$65.85	4.5%	63%	4.73	5.11	5.63	13.9x	12.9x	11.7x	4.71	5.11	5.59	14.0x	12.9x	11.8x
EXC	Exelon Corp	39.0	Sector Weight	NA	$39.19	3.7%	62%	2.36	2.53	2.72	16.6x	15.5x	14.4x	2.36	2.50	2.71	16.6x	15.7x	14.4x
FE	FirstEnergy Corp	21.6	Overweight	$41	$37.64	4.2%	62%	2.55	2.70	2.87	14.8x	13.9x	13.1x	2.54	2.66	2.85	14.8x	14.1x	13.2x
PEG	Public Service Enterprise Group Inc	32.4	Sector Weight	NA	$65.09	3.5%	66%	3.46	3.60	3.88	18.8x	18.1x	16.8x	3.46	3.69	4.07	18.8x	17.7x	16.0x
SO	Southern Co	75.9	Sector Weight	NA	$69.61	4.0%	77%	3.61	4.02	4.24	19.3x	17.3x	16.4x	3.60	4.03	4.31	19.3x	17.3x	16.1x
WEC	WEC Energy Group Inc	25.7	Overweight	$94	$81.60	3.8%	68%	4.60	4.93	5.27	17.7x	16.6x	15.5x	4.61	4.91	5.25	17.7x	16.6x	15.5x
XEL	Xcel Energy Inc	33.4	Overweight	$62	$60.52	3.4%	62%	3.35	3.55	3.72	18.1x	17.0x	16.3x	3.36	3.58	3.82	18.0x	16.9x	15.8x
					Average:	**4.0%**	**66%**				**16.8x**	**15.8x**	**14.7x**				**16.8x**	**15.7x**	**14.6x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.7	Sector Weight	NA	$34.74	5.3%	81%	2.31	2.42	2.50	15.0x	14.4x	13.9x	2.29	2.43	2.52	15.2x	14.3x	13.8x
NWE	NorthWestern Corp	3.1	Overweight	$59	$51.13	5.0%	82%	3.41	3.68	3.85	15.0x	13.9x	13.3x	3.11	3.55	3.72	16.4x	14.4x	13.7x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$76.65	2.3%	27%	5.88	4.05	3.36	13.0x	18.9x	22.8x	6.38	3.93	3.63	12.0x	19.5x	21.1x
PNW	Pinnacle West Capital Corp	8.3	Sector Weight	NA	$73.26	4.8%	82%	4.24	5.08	5.28	17.3x	14.4x	13.9x	4.23	4.92	5.14	17.3x	14.9x	14.3x
POR	Portland General Electric Co	4.2	Sector Weight	NA	$41.46	4.5%	72%	2.65	3.08	3.27	15.6x	13.5x	12.7x	2.62	3.04	3.21	15.8x	13.6x	12.9x
					Average:	**4.4%**	**69%**				**15.2x**	**15.0x**	**15.3x**				**15.4x**	**15.4x**	**15.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	12.1	Sector Weight	NA	$31.41	5.6%	83%	2.12	2.30	2.43	14.8x	13.7x	12.9x	2.12	2.35	2.55	14.9x	13.4x	12.3x
NEE	Nextera Energy Inc	118.1	Sector Weight	NA	$57.55	3.3%	60%	3.13	3.40	3.62	18.4x	16.9x	15.9x	3.13	3.40	3.66	18.4x	16.9x	15.7x
SRE	Sempra	46.4	Sector Weight	NA	$73.67	3.2%	52%	4.50	4.77	5.14	16.4x	15.4x	14.3x	4.57	4.81	4.91	16.1x	15.3x	15.0x
					Average:	**4.0%**	**65%**				**16.5x**	**15.3x**	**14.4x**				**16.5x**	**15.2x**	**14.3x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	39.6	Sector Weight	NA	$123.86	0.9%	19%	3,704	4,039	3,926	12.4x	11.1x	11.3x	3,872	4,144	4,128	11.8x	10.9x	10.8x
NRG	NRG Energy Inc	10.4	Not Covered	NA	$45.89	3.3%	32%	NA	NA	NA	NA	NA	NA	3,128	3,327	3,260	6.2x	6.0x	4.2x
VST	Vistra Corp	12.5	Not Covered	NA	$34.86	2.4%	21%	NA	NA	NA	NA	NA	NA	3,979	4,365	4,297	6.7x	6.0x	5.8x
					Average:	**2.2%**	**24%**				**12.4x**	**11.1x**	**11.3x**				**8.3x**	**7.6x**	**6.9x**

Source: Company reports, KeyBanc Capital Markets Inc. estimates Thomson Reuters

Figure 3 - Stock Price Performance

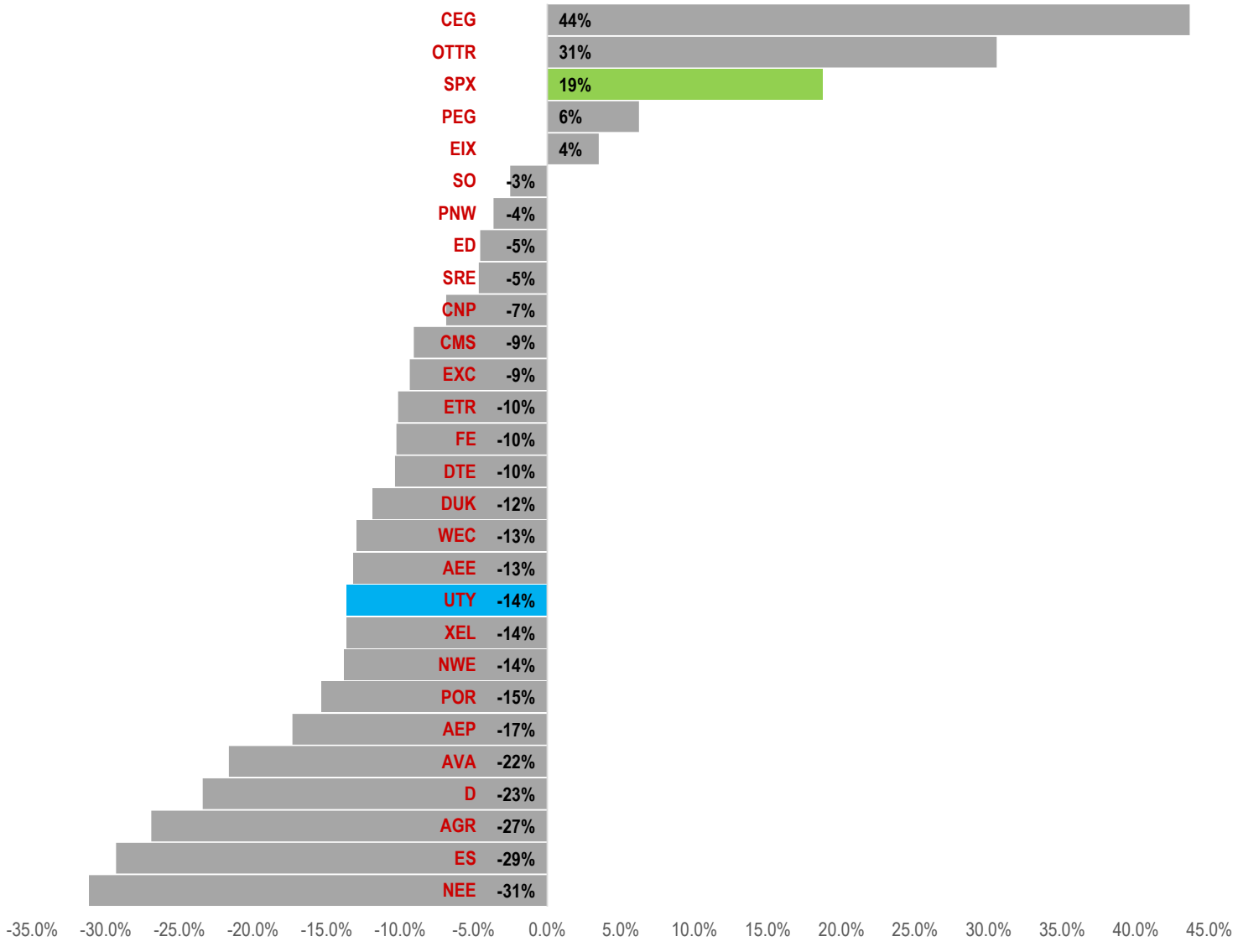

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Select Recent Research

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	238	48.37	0	0.00
Sector Weight [SW]	249	50.61	0	0.00
Underweight [UW]	5	1.02	0	0.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	44.64	0	0.00
Sector Weight [SW]	30	53.57	0	0.00
Underweight [UW]	1	1.79	0	0.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	77.19	Buy
EIX	65.69	Neutral
ETR	98.96	Buy
EXC	39.08	Buy
PCG	17.68	Buy
PNW	71.72	Neutral
SO	69.44	Buy

Power & Utilities

November 21, 2023

The Guggenheim Daily Transmission: EEI, NRG, ETR, PNW, AEP, PCG, EIX, SO, DOE, EXC

For details on our Guggenheim-hosted client Utility events including our NEE NDR, FE CFO lunch, and other events, scroll down...

NRG: CEO Departure Brings Elliott Standstill; Strategy Unchanged (see our note HERE)

EEI: Wandering Desert Ridge, Parched for Alpha… (see our note HERE)

ETR – LPSC files motion for deposition of former employee in operational prudence complaint at FERC

PNW – Reply briefs due today in APS rate case docket

AEP – Kentucky Power announces rate case settlement

ETR – ETR River Bend nuclear plant shuts down for maintenance

PCG – PG&E pulls on term loan financing associated with Pac Gen formation

PCG – CA Supreme Court rules in favor of PG&E PSPS

EIX – CPUC schedules PD on SCE Track 4 GRC for November 30 CPUC voting meeting

PCG – CPUC extend deadline for PG&E partial settlement on wildfire cost recovery

SO – Southern Company Gas issues 8-K relating to ICC's Nicor final order

DOE – DOE utilizes DPA to invest $169M in heat pump production

EXC/IL – Reply briefs on exception filed

NJR reports FY23 results; introduces 2024 guidance; re-affirms 7%-9% LT growth rate off unchanged 2022 base

- **Fiscal 2023:** reports $2.71 vs Guggenheim/consensus $2.70/$2.69
- **Fiscal 2024:** introduces FY24 guidance of $2.70-$2.85 ($2.775 midpoint), vs Guggenheim/consensus $2.80/$2.79, respectively
- **EPS growth:** reiterated 7%–9% LT annual EPS growth (base remains FY22's initial guidance midpoint of $2.25)
- **Capex:** increased FY24 capex plan to $608m-$743m (vs $542m-$728m previously); introduced FY25 capex guidance of $578m-$742m
- **Financing:** reiterated equity issuance guidance of $17m-$19m in FY24; introduced FY25 equity issuance guidance of $17m-$19m as well
- **Business mix guidance:** ranges for FY24 were introduced:
  - New Jersey Natural Gas: 40%-45%; *+8,800 new customers additions at NJNG in FY23 YTD vs +7,800 in FY22*
  - Energy Services: 35%-40%; *note: in FY24, NJR expects Energy Services will represent a higher % of NFEPS vs prior years due to contributions from the AMAs signed in 2020*
  - Clean Energy Ventures: 13%-18%; *placed ~82MW in service in FY23; project pipeline of ~749MW as of September 2023*
  - Storage and Transportation: 4%-8%
  - Home Services and Other: 0%-1%
- Earnings call will be held today at **10:00 AM ET;** Dial-in: **(888) 440-5655,** Access code: **7422446**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

ETR – LPSC files motion for deposition of former employee in operational prudence complaint at FERC

- LPSC filed a motion to depose Jarius Greene on December 12, 2023.
- The notice comes after some disputes regarding subpoenas for deposition.
- Jarius Greene is a former employee of Grand Gulf and the LPSC plans to have him address certain observed operational issues.
- Separately the New Orleans City council asked FERC for interim relief associated with initial decisions rendered in the SERI complaints.
- The new schedule for Track 3 of the proceeding would hold hearings January 13, 2025 and target an initial decision deadline of July 28, 2025.
- Docket: EL21-56 (through FERC search)

Guggenheim takeaway:*FYI. This specific complaint relates to alleged imprudent operations and purchased power costs. Originally the complaint was quantified as retail regulators seeking damages of ~$360M for "imprudent operation" of the Grand Gulf nuclear plant between 2016 and 2020, and an investigation of the plant's management by System Energy Resources Inc. since 2012. The complainants also asked FERC to investigate the prudence of an $800 million capacity uprate of Grand Gulf in 2012, which they said led to overall decreased output from 2012 to 2020. The process so far has been reaching impasse in settlement talks and disputed on both procedural and scoping issues, but since FERC cleared the other complaint decisions and rehearing orders, operational prudence remains the last (and arguably the more difficult) complaint against SERI. The complaint now also focuses largely on LPSC and New Orleans given the prior announced settlements with MS and AR.*

PNW – Reply briefs due today in APS rate case docket

- Reply briefs are due today (following initial briefs, which were filed on Nov. 6), and mgmt. recently expressed optimism at our EEI meeting that staff could come around to APS' way of thinking about the advantages of the System Reliability Benefit (SRB) the utility is proposing, even if only as a temporary solution, while other lag-reducing mechanisms or reforms are being studied and workshopped with stakeholders.
- Docket E-01345A-22-0144

Guggenheim takeaway: *In our view, by pitching the SRB as a bridge to further ratemaking improvements to come, PNW may be able to find common ground with AZ's two newest elected members, Commissioner Nick Myers and Commissioner Kevin Thompson, who are also seeking to reduce regulatory lag, but during previous conversations expressed a preference for forward-looking test years vs. the SRB. For more, please see our* ***recent EEI write-up (HERE)****, and our AZ deep dive note, "****Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson****" (****HERE****).*

AEP – Kentucky Power announces rate case settlement

- Yesterday, AEP's subsidiary Kentucky Power announced that it had reached a settlement with the Kentucky AG, Kentucky Industrial Utility Customers, Walmart (WMT), Steel of West Virginia Kentucky; and a group comprised of consumer advocate groups, such as Kentuckians for the Commonwealth, the Mountain Association, Appalachian Law Center and Kentucky Resources Council.
- All parties participated in settlement negotiations and signed the agreement, with the AG and Steel of West Virginia signing as non-opposing parties.
- The settlement, if approved, would authorize an ROE of 9.75% on a rate base of $1.6bn, and would authorize a rate increase of $75m, vs $94m filed for by the utility (both figures include riders of $39m moving into base rates). Interim rates may be implemented in Jan. 2024, as per KY statute.
- The settling parties also requested that the KY PSC approves securitization.
- The hearing related to this settlement begins on Nov. 28, 2023.
- Docket 2023-00159

Guggenheim takeaway: *In our view, if approved, this settlement would represent a constructive outcome in what has historically been a difficult regulatory jurisdiction. As a reminder, KY makes up less than 3% of AEP's rate base, and the ROE/equity layer set out in the stipulation of 9.75%/41.25% resulting in the same earnings power and net income*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

contribution as the prior 9.30%/43.25% combination would have on the same settled rate base of $1.6bn. For context, the contribution of ~$0.12 of EPS is unchanged vs our modeling assumptions as a result.

ETR – ETR River Bend nuclear plant shuts down for maintenance

- ETR River Bend nuclear plant in St. Francisville, Louisiana was shut down for maintenance.
- The outage was a manual shutdown implemented last week to perform certain circulating pump maintenance.

Guggenheim takeaway:*FYI.*

PCG – PG&E pulls on term loan financing associated with Pac Gen formation

- PG&E pulled on $2.1B of term loan borrowing to have an interim capital structure for the Pacific Generation formation.
- The loan terms are advantaged vs. other PG&E short term borrowing.
- The term loans are subject to normal PG&E covenants.
- FERC previously approved the PG&E application to form the PacGen subsidiary.
- FERC Docket: EC23-38 (through search)
- CPUC PFD can be issued 90 days after reply briefs (i.e., early 1Q24).
- CPUC Docket: A2209018

Guggenheim takeaway:*FYI. PCG announced the plan to split and subsequently sell up to a 49.9% equity stake in the new-co (Pacific Generation, wholly owned sub) and by our estimates, the formation and sale could result in $1.7-2.1B in equity proceeds. Pacific Generation equity sales (noted here). FERC has effectively completed its process and the burden now shifts to the CPUC. The strategic process was previously reported to be starting and mgmt. noted in our EEI meetings that there is robust interest in equity ownership from third parties, but it would be contingent on regulatory approvals.*

PCG – CA Supreme Court rules in favor of PG&E PSPS

- CA Supreme court ruled that PG&E PSPS events do not have recourse in court in terms of liability for PG&E.
- The court argued that the liability determination by the court interferes with the CPUC authority to implement PSPS.
- The Supreme Court sent the case back to the ninth circuit.
- More HERE.

Guggenheim takeaway:*FYI. The argument around limiting PSPS liability was well supported in court including by the CPUC who ultimately implements the program and assigns penalties for non-compliance. The court decision is a minor win and a confirmation of PSPS implementation.*

EIX – CPUC schedules PD on SCE Track 4 GRC for November 30 CPUC voting meeting

- CPUC tentatively scheduled the SCE Track 4 settlement approval (through a proposed decision) for a November 30 Voting Meeting.
- The PD can void the 30 day comment period due to the uncontested nature of the settlement.
- SCE requested a Track 4 rate increase of $971M for a GRC attrition year, with the settlement representing a $181M reduction vs. SCE request from the evidentiary record.
- The programs and spending in 2024 are closely aligned with the 2021-2023 approved capex in Track 1
- Docket: A1908013

Guggenheim takeaway: *The track 4 attrition year is in line with prior approved spending. The settlement clears the issues remaining in Track 4 and as a reminder SCE has recently filed a 2025 GRC which is in the discovery phase.*

PCG – CPUC extend deadline for PG&E partial settlement on wildfire cost recovery

- CPUC issued a statutory deadline extension for March 31, 2024 for the PG&E wildfire sot recovery.
- CPUC previously issued a proposed decision approving the partial settlement on PG&E

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

wildfire costs.

- Under the proposed Settlement Agreement, PG&E will recover a revenue requirement of $720.7 million (out of PG&E's originally requested $872.3 million for non-VMBA costs).
- Core issues include past wildfire mitigation measures including vegetation management, with only about $40M relating to capital expenditures.
- Vegetation management recovery is still disputed.
- Docket: A2109008

Guggenheim takeaway: *FYI. PG&E continues to progress on legacy wildfire memorandum account recovery.*

SO – Southern Company Gas issues 8-K relating to ICC's Nicor final order

- Yesterday, SO issued an 8-K relating to the ICC's final order in Nicor's general base rate case.
- The ICC approved a $223m annual rate increase (effective no later than Dec. 1, 2023), based on a 9.51% ROE and a 50.00% equity layer.
- Similar to WEC's announcement yesterday, the company noted that the ICC had disallowed $126.8m of capital investments which have been completed or were planned to be completed through Dec. 31, 2024.
- The SO subsidiary expects to record a pre-tax charge to income in the 4Q23 of ~$53m-$62m ($40m-$47m after tax) associated with the disallowances.
- Company 8-K HERE
- Docket 23-0066

Guggenheim takeaway: *Minor FYI in SO's overall story, and our focus remains on the February earnings call and the anticipated next 5-year capital plan roll. Also, for context, we remind investors that WEC's PGL received an ROE of 9.38% and an equity ratio of 50.79% from the ICC in the past week as well.*

DOE – DOE utilizes DPA to invest $169M in heat pump production

- The Department is using the expansive executive powers under the Defense Production Act to support heat pump producers and invest in domestic production capacity.
- More HERE, HERE

Guggenheim takeaway: *Minor FYI.*

EXC/IL – Reply briefs on exception filed

- PIRG, the city of Chicago, EDF and other parties have filed their briefs on exception in the ongoing MYP
- "To the extent the Commission relies on Staff's CAPM in determining the appropriate cost of equity in this proceeding, the City urges the Commission to consider the arguments set forth by PIRG and the AG and modify the Proposed Order to remove the Blume adjustment from Staff's CAPM analysis. The record evidence shows that this adjustment is arbitrary and formulaic." - release
- "For the reasons stated herein and those stated in its Brief on Exceptions, PIRG requests that the Commission enter an order in this proceeding modifying the PO's ROE analysis and adjusting ComEd's ROE to 8.84%." - PIRG
- More HERE

Guggenheim takeaway: *Heads up as the process churns towards the final order on 12/14. ROE remains one of the most significant points of delta for ComEd heading into the final order, with the back and forth in the latest reply briefs part of the process in our view. As a reminder EXC addressed some of their issues with the ALJ PO in our EEI meetings – see HERE.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.



Equity Research | Corporate Access

NextEra Energy, Inc. (NEE)

John Ketchum, *Chairman & Chief Executive Officer*
Kirk Crews, *Chief Financial Officer*
Michael Dunne, *Treasurer*
Kristin Rose, *Investor Relations*

Date & Locations

Thursday, November 30 | Boston
Friday, December 1 | New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $116.4bn

NextEra Energy, Inc. (NEE) engages in the provision of renewable energy. It operates through the following segments: FPL and NEER. The FPL segment involves the generation, transmission, distribution, and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar. The company was founded on December 28, 1925 and is headquartered in Juno Beach, FL. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.



Equity Research | Corporate Access

FirstEnergy Corp. (FE)

Jon Taylor, *Chief Financial Officer*

Date & Time

Wednesday, December 6, 2023
12:00PM

Location

Guggenheim Office
330 Madison Ave, 32nd Floor
New York, NY

Company Information

Market Cap: $20.9bn

FirstEnergy Corp. (FE) engages in the generation, transmission, and distribution of electricity as well as energy management and other energy-related services through its subsidiaries. It operates through the following business segments: Regulated Distribution, Regulated Transmission, and Corporate or Other. The Regulated Distribution segment distributes electricity through FirstEnergy's utility operating companies, serving various customers. The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by FirstEnergy's utilities. The Corporate or Other segment reflects corporate support and other costs not charged or attributable to the utilities or transmission companies. The company was founded in 1996 and is headquartered in Akron, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	*1/10 & 1/11*	Boston & New York
Commissioner Roundtable Event	*1/20*	In Person at Guggenheim
2023 Utilities Conference Call	*1/23*	Dial-In
Virginia Policy Call	*2/7*	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	*2/9*	Virtual
WEC	*2/14–2/16*	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	*2/17*	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	*2/27*	Virtual
DUK	*3/7-3/8*	NYC
NEE	*3/14-3/16*	West Coast
AEE	*3/22*	Virtual
ERCOT Policy Call	*3/31*	Virtual
PPL	*4/3–4/4*	Boston
EXC	*5/15–5/16*	NYC
AEP	*5/17*	In Person at Guggenheim
CNP C-Suite Dinner	*5/22*	Fort Lauderdale, FL
AGA Conference Meetings	*5/20–5/23*	Fort Lauderdale, FL
ETR	*6/1–6/2*	West Coast
DTE	*6/7–6/8*	NYC
PCG	*6/12*	NYC
ES	*6/22*	NYC
SMR	*6/27*	NYC
SRE	*6/28–6/30*	NYC
SO Meeting, Porsche racing, & Georgia PSC	*7/11–7/12*	Atlanta
LNT	*7/17–7/18*	Boston
PNW	*7/19–7/20*	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	*7/24*	Virtual
AWK	*8/9–8/10*	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	*8/16*	Virtual
CMS	*8/30*	NYC
SO	*9/13–9/15*	West Coast
POR	*9/18*	NYC
NY Roundtable	*9/25*	NYC
NJ Roundtable	*9/26*	NJ
CEG	*10/2–10/3*	West Coast
NRG	*10/4–10/5*	West Coast
PEG	*10/10–10/11*	West Coast
NI	*10/17–10/19*	West Coast
EEI Conference	*11/12–11/14*	Arizona
NEE	11/30–12/1	Boston/NYC
FE CFO Lunch	12/6	In Person at Guggenheim

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Comp Sheet

11/20/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$55.71	3,202	4.35	4.17	4.56	4.87	5.07	4.19	4.12	4.29	4.72	5.03	0.16	0.05	0.27	0.15	0.04	13.3x	13.5x	13.0x	11.8x	11.1x	-20%	-13%	-10%	-13%	-14%	8.4%	5.1%	68%	Sell	$41	-21%	Neutral	$59	11%
AVA	$34.92	2,702	2.28	2.49	2.61	2.67	2.73	2.29	2.47	2.59	2.64	2.71	–	–	–	0.03	–	15.2x	14.2x	13.5x	13.3x	12.9x	-9%	-8%	-6%	-2%	0%	5.2%	5.5%	78%	Sell	$26	-20%	Sell	$36	8%
IDA	$96.91	4,905	5.09	5.44	5.80	5.99	6.28	5.10	5.42	5.80	6.06	6.40	–	–	–	(0.06)	(0.12)	19.0x	17.9x	16.7x	16.0x	15.1x	14%	16%	16%	18%	18%	4.2%	3.5%	62%	Buy	$109	16%	Buy	$107	14%
NWE	$50.86	3,115	3.05	3.52	3.73	3.92	4.11	3.24	3.55	3.71	3.87	3.96	(0.19)	(0.03)	–	0.05	0.16	15.7x	14.3x	13.7x	13.1x	12.9x	-6%	-7%	-5%	-3%	0%	5.3%	5.1%	74%	Sell	$39	-18%	Neutral	$51	6%
UTL	$49.21	792	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	17.7x	16.8x	15.9x	14.9x	14.1x	6%	9%	10%	10%	10%	6.2%	3.3%	n/a	Neutral	$45	-5%	Buy	$52	8%
POR	$40.82	4,128	2.63	3.05	3.21	3.38	3.55	2.64	3.05	3.20	3.33	3.46	–	–	–	0.05	0.09	15.4x	13.4x	12.7x	12.3x	11.8x	-7%	-13%	-12%	-10%	-8%	5.3%	4.8%	66%	Buy	$45	15%	Buy	$47	20%
		18,844																**16.1x**	**15.0x**	**14.3x**	**13.6x**	**13.0x**	**-4%**	**-3%**	**-1%**	**0%**	**1%**	**5.8%**	**4.5%**	**70%**						
Mid/Large Cap Electric																																			
AEE	$76.82	20,163	4.38	4.67	5.05	5.40	5.68	4.38	4.69	5.02	5.36	5.66	–	–	–	0.04	–	17.6x	16.4x	15.3x	14.3x	13.6x	5%	6%	6%	6%	6%	6.6%	3.5%	57%	Neutral	$75	1%	Buy	$83	12%
AEP	$77.19	39,766	5.30	5.64	6.00	6.39	6.81	5.27	5.58	5.96	6.30	6.68	–	0.06	0.04	0.09	0.13	14.6x	13.8x	12.9x	12.3x	11.6x	-12%	-10%	-10%	-10%	-10%	6.0%	4.6%	64%	Buy	$85	15%	Buy	$87	17%
CMS	$57.14	16,671	3.12	3.41	3.65	3.91	4.26	3.10	3.34	3.61	3.87	4.14	–	0.07	0.04	0.04	0.12	18.4x	17.1x	15.8x	14.8x	13.8x	10%	11%	10%	9%	8%	8.1%	3.6%	63%	Neutral	$54	-2%	Buy	$60	9%
CNP	$27.59	17,366	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.74	1.88	2.02	–	–	–	–	–	18.4x	17.0x	15.9x	14.7x	13.6x	10%	10%	10%	8%	6%	9.5%	2.9%	49%	Buy	$30	12%	Buy	$30	12%
D	$46.41	38,835	2.10	2.84	3.39	3.75	4.11	2.74	3.15	3.45	3.83	3.91	(0.64)	(0.31)	(0.06)	(0.08)	0.20	16.9x	14.8x	13.4x	12.1x	11.9x	2%	-5%	-7%	-11%	-7%	-0.4%	5.8%	87%	Buy	$45	3%	Neutral	$48	10%
DTE	$102.87	21,202	5.75	6.63	7.19	7.71	8.26	5.93	6.61	7.12	7.70	8.26	(0.18)	–	0.07	–	–	17.4x	15.6x	14.4x	13.4x	12.4x	4%	1%	0%	-1%	-3%	6.3%	4.0%	63%	Buy	$103	4%	Buy	$110	11%
DUK	$89.30	68,850	5.60	6.05	6.35	6.75	7.15	5.60	5.97	6.34	6.75	7.17	–	0.08	–	–	–	15.9x	15.0x	14.1x	13.2x	12.5x	-4%	-3%	-2%	-2%	-3%	6.3%	4.7%	71%	Buy	$99	16%	Buy	$99	15%
ED	$90.94	31,367	5.05	5.30	5.62	5.94	6.21	4.99	5.29	5.58	5.84	6.12	0.06	–	0.04	0.10	0.09	18.2x	17.2x	16.3x	15.6x	14.9x	9%	11%	13%	15%	16%	6.3%	3.7%	64%	Neutral	$84	-4%	Neutral	$89	1%
EIX	$65.69	25,197	4.71	4.98	5.48	5.71	6.03	4.71	5.11	5.63	5.97	6.26	–	(0.13)	(0.15)	(0.26)	(0.23)	14.0x	12.9x	11.7x	11.0x	10.5x	-16%	-17%	-19%	-19%	-18%	5.5%	4.7%	61%	Neutral	$66	5%	Buy	$73	16%
ES	$58.30	20,352	4.37	4.70	4.92	5.17	5.37	4.34	4.56	4.82	5.16	5.48	0.03	0.14	0.10	–	(0.11)	13.4x	12.8x	12.1x	11.3x	10.6x	-19%	-17%	-16%	-17%	-17%	5.6%	4.9%	63%	Neutral	$60	8%	Buy	$65	17%
ETR	$98.96	20,926	6.75	7.16	7.76	8.31	8.97	6.73	7.20	7.71	8.25	8.84	–	(0.04)	0.05	0.06	0.13	14.7x	13.7x	12.8x	12.0x	11.2x	-12%	-11%	-11%	-12%	-13%	6.9%	4.6%	63%	Buy	$103	9%	Buy	$109	15%
EVRG	$49.83	11,440	3.59	3.89	4.10	4.36	4.63	3.61	3.84	4.05	4.29	4.52	–	0.05	0.05	0.07	0.11	13.8x	13.0x	12.3x	11.6x	11.0x	-17%	-16%	-15%	-14%	-14%	4.3%	5.2%	68%	Buy	$54	14%	Buy	$55	16%
EXC	$39.08	38,857	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.10	–	–	–	–	–	16.6x	15.6x	14.4x	13.4x	12.6x	-1%	1%	-0%	-1%	-2%	6.4%	4.0%	62%	Buy	$44	17%	Buy	$44	16%
FE	$37.43	21,478	2.54	2.69	2.89	3.07	3.27	2.54	2.67	2.88	3.05	3.22	–	–	–	–	0.05	14.8x	14.0x	13.0x	12.3x	11.6x	-12%	-9%	-10%	-9%	-9%	6.3%	4.4%	62%	Buy	$38	6%	Buy	$39	9%
LNT	$49.11	12,411	2.90	3.08	3.27	3.50	3.67	2.88	3.07	3.27	3.49	3.69	–	–	–	–	–	17.0x	16.0x	15.0x	14.1x	13.3x	2%	3%	4%	4%	4%	6.1%	3.9%	63%	Neutral	$46	-2%	Buy	$54	13%
OGE	$34.68	6,946	2.07	2.16	2.25	2.37	2.48	2.05	2.14	2.27	2.40	2.51	–	–	–	(0.03)	(0.03)	16.9x	16.2x	15.3x	14.4x	13.8x	2%	5%	6%	6%	8%	2.8%	4.9%	80%	Neutral	$34	3%	Buy	$37	11%
PCG	$17.68	37,720	1.21	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.57	1.70	–	–	–	0.04	0.05	14.6x	13.1x	12.1x	11.2x	10.4x	-12%	-15%	-16%	-17%	-19%	9.7%	1.7%	22%	Buy	$19	9%	Buy	$18	5%
PEG	$64.01	31,948	3.45	3.70	4.22	4.38	4.68	3.46	3.69	4.07	4.26	4.49	–	–	0.15	0.13	0.19	18.5x	17.4x	15.7x	15.0x	14.3x	11%	12%	9%	11%	11%	6.2%	3.7%	65%	Buy	$64	4%	Buy	$65	6%
PNW	$71.72	8,127	4.20	5.00	5.15	5.25	5.40	4.23	4.92	5.18	5.36	5.53	(0.03)	0.08	–	(0.11)	(0.13)	16.9x	14.6x	13.9x	13.4x	13.0x	2%	-6%	-4%	-1%	1%	4.9%	4.9%	73%	Neutral	$73	7%	Buy	$78	14%
PPL	$26.17	19,290	1.58	1.71	1.82	1.96	2.08	1.58	1.71	1.82	1.94	2.06	–	–	–	–	–	16.6x	15.3x	14.4x	13.5x	12.7x	-1%	-1%	-0%	-0%	-1%	8.1%	3.9%	60%	Buy	$27	7%	Buy	$28	12%
SO	$69.44	75,795	3.60	4.05	4.30	4.55	4.80	3.61	4.03	4.32	4.54	4.74	–	–	–	–	0.06	19.3x	17.2x	16.1x	15.3x	14.6x	15%	12%	11%	13%	14%	5.9%	4.1%	72%	Buy	$77	15%	Buy	$72	8%
WEC	$81.32	25,651	4.62	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	17.6x	16.5x	15.5x	14.5x	13.6x	6%	7%	7%	7%	6%	6.1%	4.1%	68%	Neutral	$84	7%	Buy	$88	13%
Mid/Lg Cap (excl. EIX, PCG)																		**16.7x**	**15.5x**	**14.4x**	**13.6x**	**12.8x**						**5.9%**	**4.3%**	**66%**						
SMID + Lg Cap		**629,202**																**16.5x**	**15.4x**	**14.4x**	**13.6x**	**12.9x**						**5.9%**	**4.3%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$57.34	116,040	3.13	3.43	3.69	3.99	4.27	3.13	3.39	3.65	3.86	4.30	–	0.04	0.04	0.13	–	18.3x	16.9x	15.7x	14.8x	13.4x	10%	9%	9%	9%	4%	8%	3.6%	61%	Buy	$65	17%	Buy	$69	24%
SRE	$72.43	45,582	4.52	4.75	5.06	5.40	5.85	4.54	4.79	5.11	5.49	5.88	–	(0.04)	(0.05)	(0.09)	–	16.0x	15.1x	14.2x	13.2x	12.3x	-4%	-2%	-2%	-3%	-4%	-9%	4.5%	68%	Buy	$79	14%	Buy	$81	16%
		161,622																**17.1x**	**16.0x**	**14.9x**	**14.0x**	**12.8x**	**3%**	**4%**	**4%**	**3%**	**0%**	**-0.3%**	**4.0%**	**64%**						
Gas LDCs																																				
NI	$26.06	10,774	1.57	1.68	1.82	1.95	2.07	1.59	1.69	1.82	1.95	2.10	–	–	–	–	–	16.4x	15.4x	14.3x	13.3x	12.4x	-1%	-0%	-1%	-2%	-3%	7%	4.1%	63%	Buy	$27	8%	Buy	$29	17%
CPK	$93.24	2,019	5.30	5.84	6.23	6.59	6.94	5.24	5.49	6.21	6.66	7.05	0.06	0.35	–	(0.07)	(0.11)	17.8x	17.0x	15.0x	14.0x	13.2x	7%	10%	4%	3%	3%	7%	2.7%	46%	Neutral	$99	9%	Buy	$120	32%
NJR	$42.35	4,132	2.70	2.80	2.94	3.10	3.34	2.69	2.79	2.96	3.12	3.42	–	–	–	–	(0.08)	15.7x	15.2x	14.3x	13.6x	12.4x	-6%	-2%	-1%	0%	-3%	6%	4.0%	60%	Neutral	$42	3%	Buy	$47	15%
NWN	$36.73	1,289	2.65	2.83	2.98	3.09	3.21	2.66	2.75	2.96	3.05	3.23	–	0.08	–	0.04	–	13.8x	13.3x	12.4x	12.0x	11.4x	-17%	-14%	-14%	-11%	-11%	5%	5.3%	72%	Neutral	$37	6%	Buy	$46	32%
OGS	$60.41	3,350	4.14	4.24	4.53	4.98	5.31	4.12	4.20	4.49	4.95	5.33	–	0.04	0.04	–	–	14.7x	14.4x	13.5x	12.2x	11.3x	-12%	-7%	-7%	-10%	-12%	10%	4.5%	65%	Neutral	$64	10%	Neutral	$68	16%
SR	$60.96	3,207	4.05	4.35	4.61	4.85	5.05	4.18	4.30	4.59	4.83	5.05	(0.13)	0.05	–	–	–	14.6x	14.2x	13.3x	12.6x	12.1x	-13%	-8%	-8%	-7%	-6%	6%	5.0%	70%	Neutral	$55	-5%	Neutral	$62	6%
		24,770																**15.5x**	**14.9x**	**13.8x**	**13.0x**	**12.1x**	**-7%**	**-4%**	**-4%**	**-4%**	**-5%**	**6.7%**	**4.3%**	**63%**						
Regulated Water																																				
AWK	$130.67	25,442	4.82	5.14	5.59	5.98	6.45	4.81	5.15	5.60	6.04	6.46	–	–	–	(0.06)	–	27.2x	25.4x	23.3x	21.6x	20.2x	63%	64%	62%	60%	58%	7%	2.3%	58%	Neutral	$126	-1%	Buy	$145	14%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$122.28	39,054	3,525	3,951	4,125	3,971	4,213	3,728	4,109	4,112	4,013	4,160	(202)	(158)	–	(42)	53	12.0x	10.5x	10.1x	9.9x	9.1x	44,588	43,327	41,460	39,770	37,965	15.6%	1.0%	20%	Buy	$119	-2%	Buy	$129	7%
NRG	$47.29	10,676	3,248	3,418	3,311	3,324	3,377	3,133	3,309	3,339	3,097	3,460	115	109	(28)	227	(83)	6.4x	6.0x	5.8x	6.2x	5.4x	20,139	19,940	19,323	19,055	18,697	23.6%	3.4%	26%	Buy	$51	11%	Neutral	$46	0%
VST	$34.69	12,403	4,050	3,906	3,997	3,822	3,513	3,940	4,254	4,184	4,079	4,318	109	(348)	(187)	(257)	(805)	6.0x	5.5x	5.5x	5.5x	5.0x	23,761	23,399	22,874	22,475	21,754	8.7%	2.6%	23%	Buy	$32	-5%	Buy	$39	15%
Other																																				
NEP	$23.62	2,207	1,902	2,021	2,080	2,099	2,118	1,915	2,014	2,020	2,045	2,126	–	–	60	54	–												15.7%	–	Buy	$42	94%	Buy	$33	54%
SMR	$2.56	197	(143)	(57)	8	96	n/a	(146)	(82)	(20)	144	452	–	26	28	(48)	–												–	–	Buy	$14	447%	Buy	$10	291%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

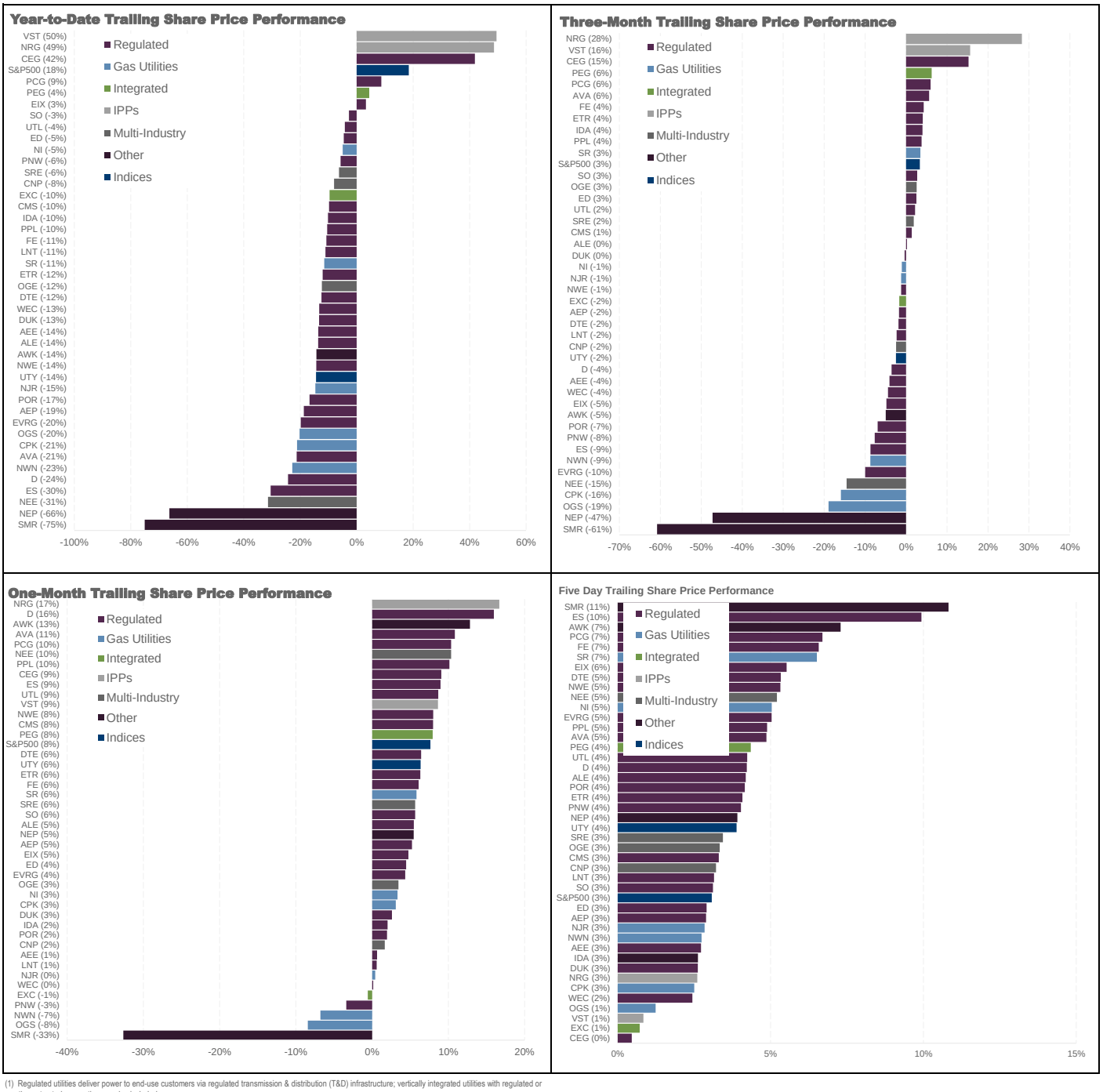

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix

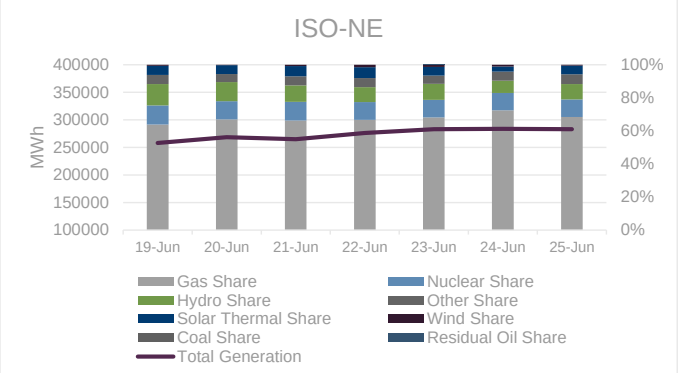

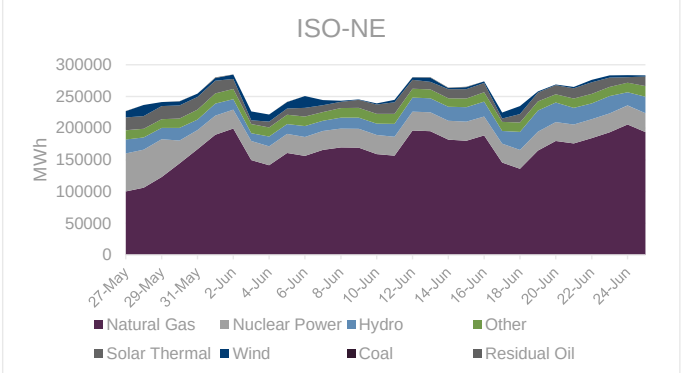

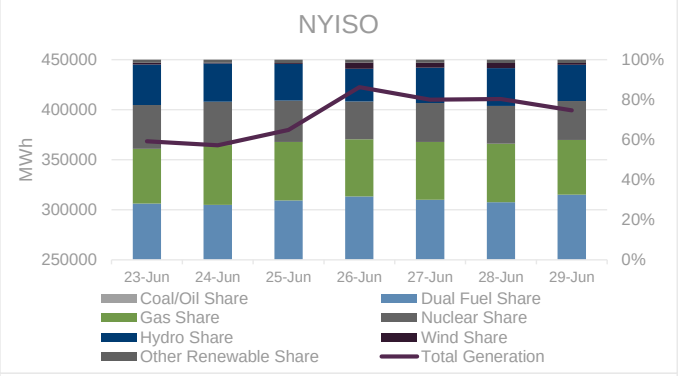

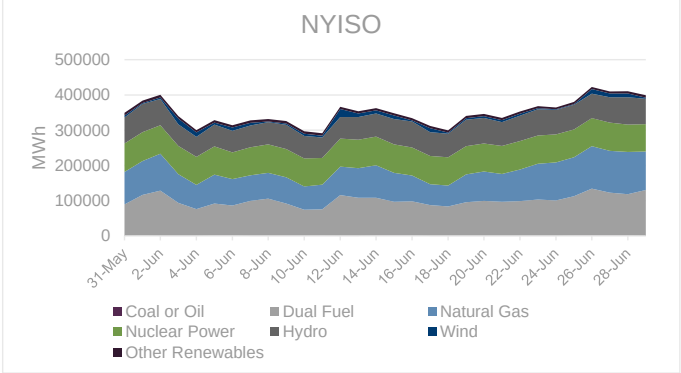

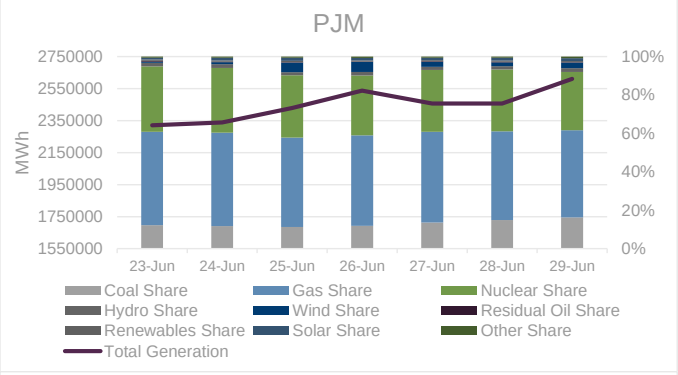

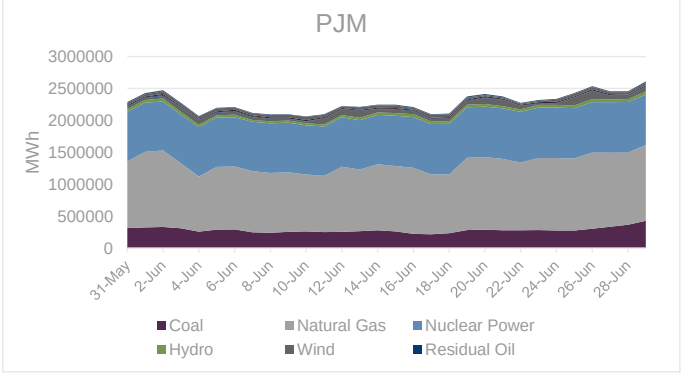

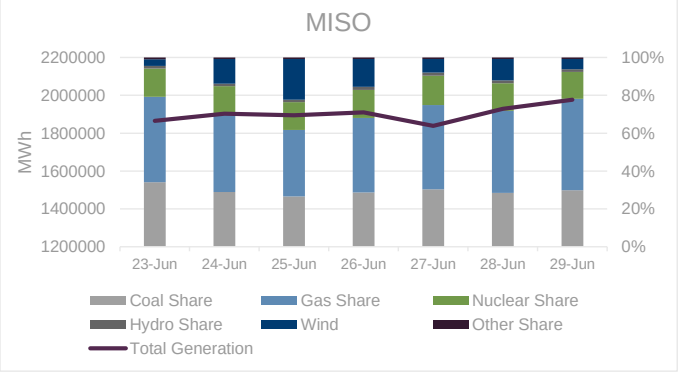

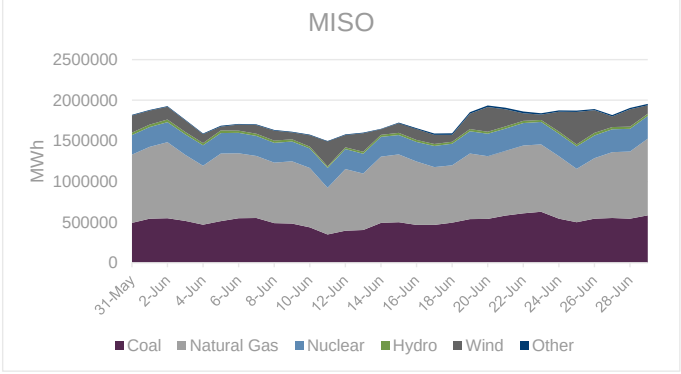

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix (continued)

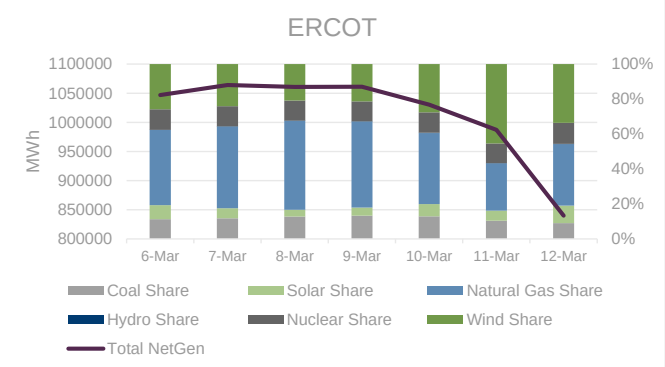

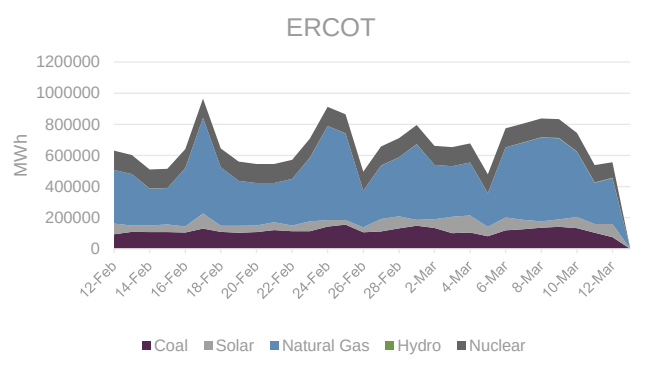

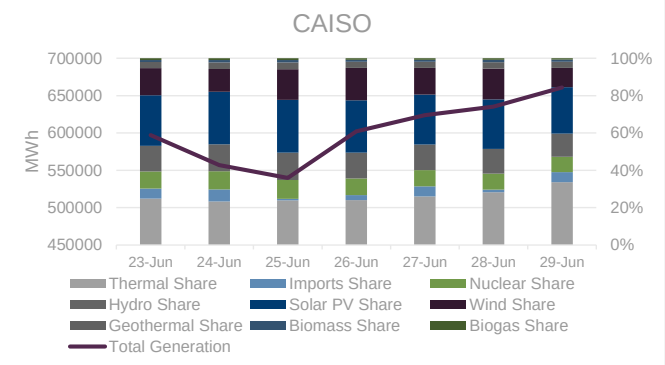

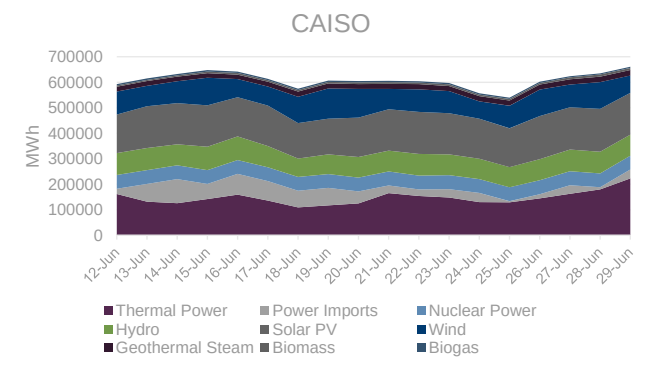

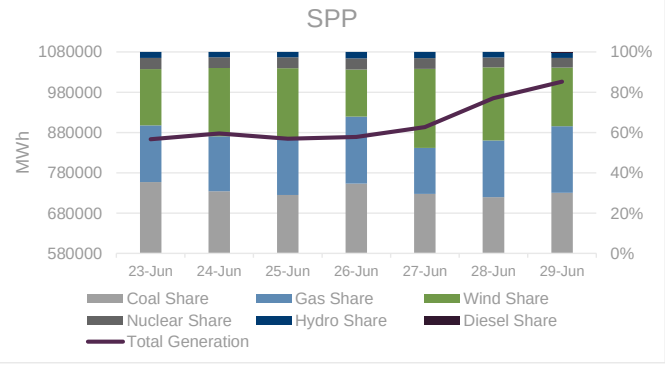

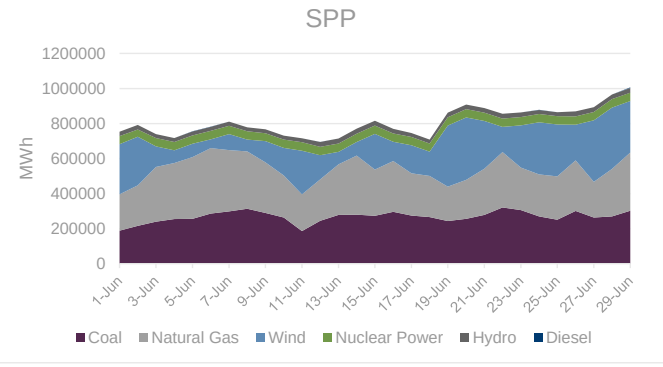

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Weather

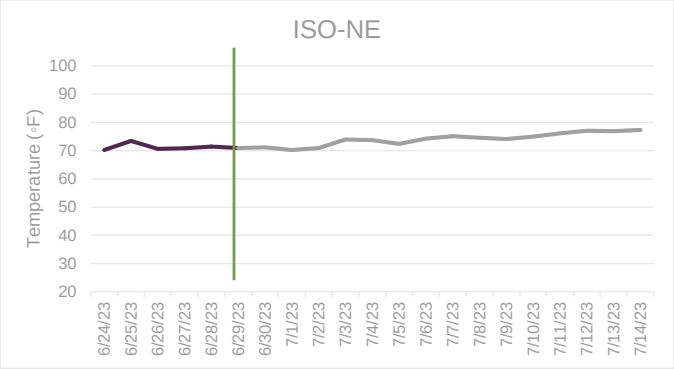

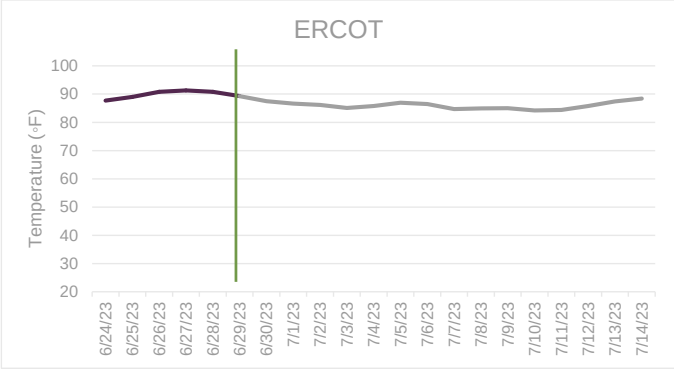

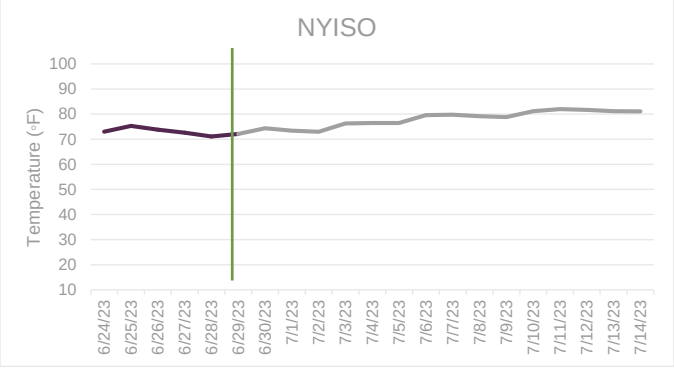

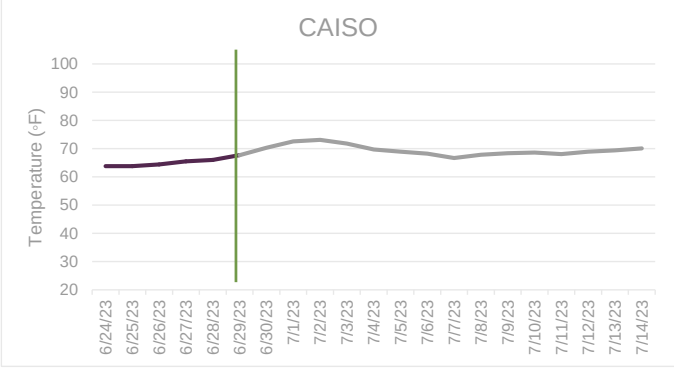

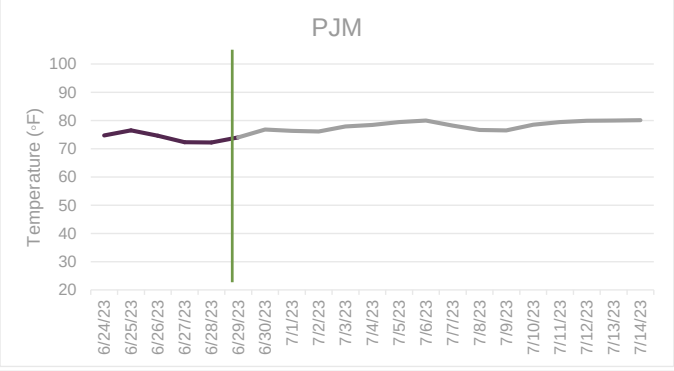

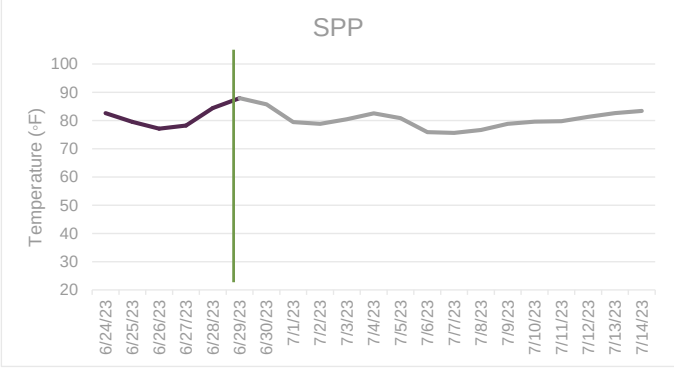

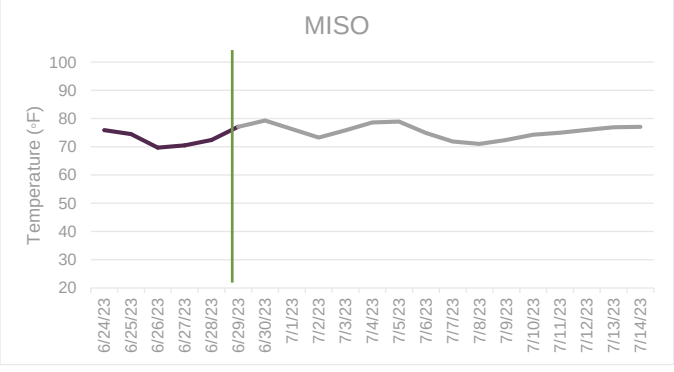

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

YTD Peak Load

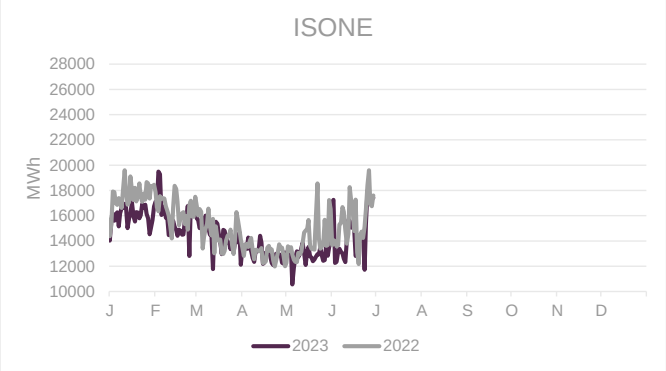

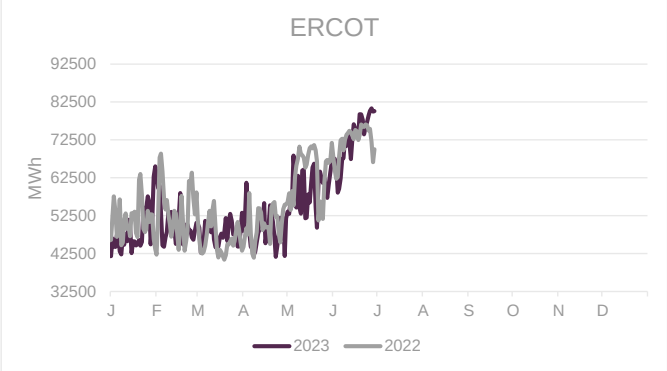

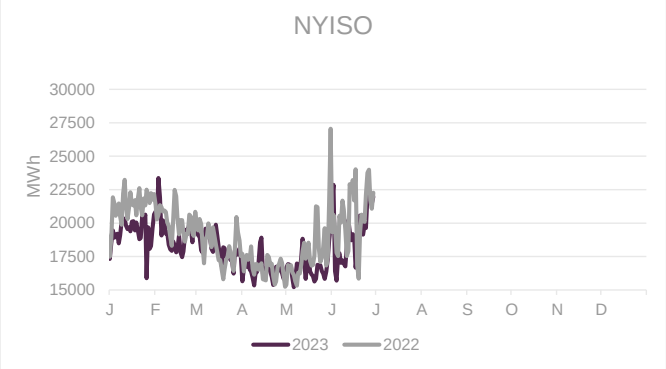

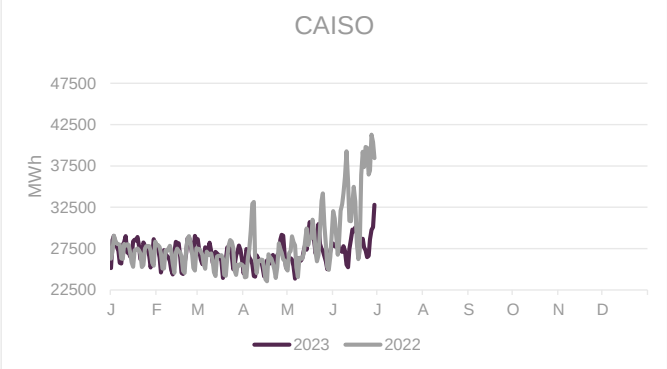

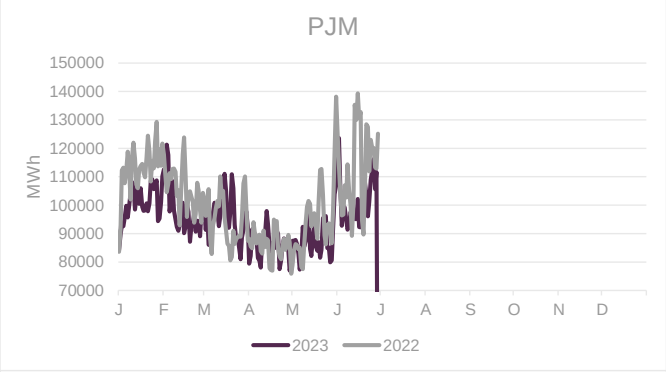

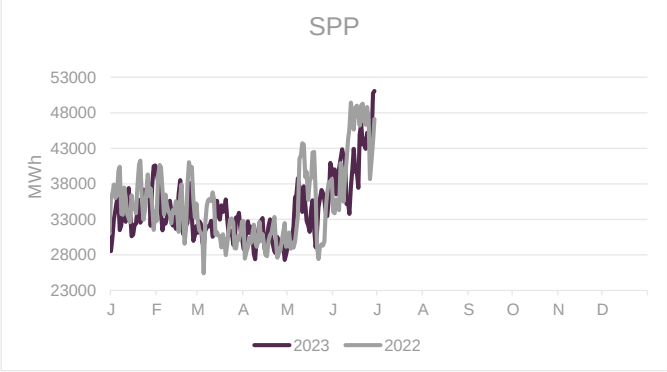

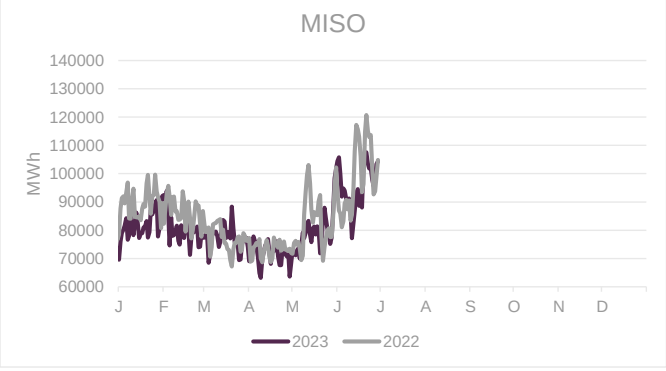

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NRG: CEO Departure Brings Elliott Standstill; Strategy Unchanged
- EEI: Wandering Desert Ridge, Parched for Alpha…
- NI – Remarketing Process Postponed; Substitute Equity Not Needed Until YE24; More Details to Come Tomorrow/Friday
- UTL: "It's Not the Size of the Dog in the Fight, It's the Size of the Fight in the Dog"; Valuation Full but Has Potential; Initiating Coverage at NEUTRAL
- NRG: Steadfast Capital Return Commitment, Confidence in Management, and Clear Messaging Go a Long Way…. Upgrading to BUY
- IDA: "Here We Have Idaho", and No Drama – What's Not to Like?; Initiating Coverage with a BUY
- NI NDR: A Hidden Gem with Catalysts & Clearing Events Ahead
- '23 LCOE Analysis – Inflation Now Embedded, But IRA Keeps Solar/Wind Competitive; Renewables Not Dead Despite Higher Interest Rates; NEE Positive Lateral
- ES – The Wind Keeps Blowing in the Wrong Direction: Another Messaging Miss, Downgrading to NEUTRAL on Balance Sheet, Protracted OSW Process
- Utilities: Perfect Storm of Rates, Tax-Loss Selling, and Macro Concerns Weigh on Sector Valuation: We Remain Cautious and Selective Despite Sell-Off
- DTE – 2023 Electric Rate Case PFD Drops Revenue Request Below Bid-Ask; MPSC Has Final Say, But Litigation Risk Now Apparent
- EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day
- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall
- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture
- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	250	68.12%	42	16.80%
NEUTRAL	109	29.70%	7	6.42%
SELL	8	2.18%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities 212.292.4700
Jeffrey Cohen, Head of Sales 212.292.4762
Dante Ferrarie, Head of Trading 212.518.3331
Craig Peckham, Head of Research 212.292.4765

Sales and Trading Offices

New York 212.292.4700
San Francisco 415.852.6451
Boston 617.859.4626
Richmond 804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

MIZUHO Mizuho Securities USA LLC

U.S. Equity Research November 21, 2023

Energy Research
Utilities
Opinion Change

Exelon Corporation

The Future Ain't What It Used To Be; Downgrade to Neutral

Summary

We are downgrading Exelon to Neutral from Buy due to concerns over the Illinois regulatory environment. The recent decision for Illinois gas utilities and the subsequent below-average ROEs (9.3-9.51% vs US avg 9.55%) has us lowering our view of Exelon to a group average P/E. Although Illinois is only ~30% of EXC, it is the company's largest jurisdiction and believe a premium valuation will be a challenge. We continue to believe Exelon should be able to achieve its 6-8% growth rate but concerns over Illinois regulation have us lowering our rating to Neutral with a PT of $40 (prev. $45).

Key Points

We are downgrading EXC to Neutral from Buy due to regulatory concerns in Illinois. Recent decisions for AEE and WEC has us reassessing Illinois as a premium jurisdiction as the gas utility ROEs came in lower than the national group average. While a gas vs. electric ROE comparison is challenging in Illinois due to the last 10 years of the electric formula rate plan (FRP), we note in the US that the TTM litigated case ROE for electric is 9.58% vs gas at 9.83%. Ameren Illinois Gas and NICOR were awarded a 50% equity ratio but differed on ROE's with Ameren receiving a 9.44% and Nicor Gas a 9.51%. Peoples Gas (WEC) was awarded a 9.38% with a 50.79%, and North Shore Gas received a 9.38% ROE and a 52.58% equity ratio.

Exelon to continue on its 6-8% EPS CAGR. Even with a lower ROE we continue to believe Exelon can maintain its 6-8% EPS CAGR. For 2024 management is guiding to be in the low-end of the 6.8% range and above the 6-8% range in 2025. The Illinois electric ROE decision is expected on December 14. Every 50 bps change in ComEd's ROE impacts EPS by $0.04.

Premium valuations typically go to premium balance sheets. EXC is forecasting FFO/debt in the range of 13-14% which compares to its downgrade threshold of 12%. The company is awaiting clarity from the Treasury department on its treatment of repairs tax. Without tax repairs deduction, the alternative minimum tax would result in EXC being at the low-end of the range while with the deduction EXC would be at the high-end of the 13-14% range. We believe either scenario supports our view of an "in-line" balance sheet.

Atlantic City to increase electric rates by $45M. Last week Atlantic City Electric (~4% rate base) received approval for its unanimous settlement based on a 9.6% ROE and a 50.2% equity ratio. The 9.6% ROE is similar to what ACE received in their 2021 rate case and has been awarded to 15 of the last 17 electric and gas rate cases decided in NJ.

Rating	**Neutral**
Previous Rating	Buy
Price (11/17)	**$38.95**
Price Target	**$40.00**
Previous Price Target	$45.00

Key Data

Symbol	EXC(NYSE)
52-Week Range	$44.37 - $35.71
Market Cap ($mm)	$38,728
Shares Outstanding (mm)	994.3
Float	993.2
Average Daily Volume	5,470,366
Dividend/Yield	$1.35/3.5%

Fiscal Year-End: Dec 31

	2023E	2024E Prior	2024E Curr	2025E Prior	2025E Curr
Earnings per Share ($)					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.35E**	**–**	**2.51E**	**–**	**2.70E**
P/E	16.6x	–	15.5x	–	14.4x

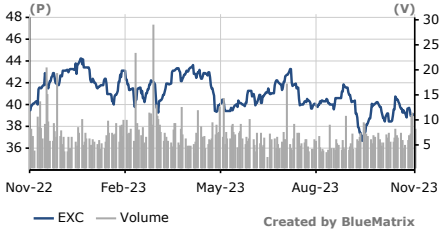

Anthony Crowdell
Managing Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Brandon Lee, CFA
Senior Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

Willard Grainger, CFA
Senior Associate
+212-471-26911
Willard.Grainger@mizuhogroup.com

Alex Mortimer
Associate
+1 212 205 7810
Alexander.Mortimer@mizuhogroup.com

PLEASE REFER TO PAGE 6 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Exelon Valuation

Base Case

Our price $40.00 target is derived as follows:

We value the regulated electric distribution and transmission 2025 earnings of $2.58 using a P/E multiple of 16.1 times, a 10% premium to our electric group average multiple, resulting in a price target of $42.00.

We value the regulated gas distribution 2025 earnings of $0.52 using a P/E multiple of 15.8 times, a 10% premium to our gas group average multiple, resulting in a price target of $8.00.

Adjusting for unallocated debt reduces the PT by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Bull Case: In our bull case we forecast an Illinois ROE of 9.9%. While the higher ROE would result in a minimal change to EPS (~$0.05) we believe investors would be willing to accord a higher P/E premium to Exelon shares resulting in a price target of $44.

Bear Case: For our bear case, our PT could be reduced if there is a reduction in the capex spend. Specifically, for every $1,000m reduction in capex would decrease EPS by ~$0.05/sh reducing our PT by $1, resulting in a bear case PT of $39/sh.

Risks: 1) high inflation and interest rates persists causing regulatory lag; 2) challenging rate case outcomes Illinois, Maryland or any other jurisdictions over the course of the next year.

Company Models

In the pages that follow, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet for Exelon Corporation from 2020A to 2025E. To derive the consolidated results, we modeled full financials for each operating subsidiary. Clients who would like the full models may obtain them through their MSUSA representative or by direct request to the authors.

Exhibit 1: EXC Income Statement

Consolidated Income Statement ($ millions)	2020A	2021A	2022A	2023E	2024E	2025E
Revenues	$32,929	$24,837	$25,484	$26,002	$26,650	$27,357
Cost of Goods Sold	14,215	13,320	13,394	13,403	13,433	13,475
O&M	8,494	3,974	4,026	4,079	4,132	4,186
Other Expenses	(11)	0	(4)	(4)	(4)	(4)
Taxes Other then Income	1,713	1,288	1,300	1,313	1,325	1,338
EBITDA	**$8,518**	**$6,255**	**$6,768**	**$7,212**	**$7,763**	**$8,362**
D&A	4,075	3,044	3,213	3,388	3,570	3,757
EBIT	**$4,443**	**$3,211**	**$3,555**	**$3,824**	**$4,194**	**$4,605**
Interest	1,609	1,241	1,391	1,529	1,731	1,950
Other Income	611	174	120	124	129	134
EBT	**$3,445**	**$2,144**	**$2,283**	**$2,419**	**$2,591**	**$2,788**
Taxes	399	106	60	70	73	59
Preferred Dividends	(104)	(1)	(1)	(1)	(1)	(1)
Net Income	**$3,150**	**$2,040**	**$2,224**	**$2,350**	**$2,519**	**$2,730**
EPS	**$3.23**	**$2.08**	**$2.27**	**$2.35**	**$2.51**	**$2.70**

Source: Company reports, MSUSA estimates

Exhibit 2: EXC Cash Flow Statement

Consolidated Cash Flow Statement ($ millions)	2020A	2021A	2022A	2023E	2024E	2025E
Net Income	$3,039	$2,663	$2,224	$2,350	$2,519	$2,730
Depreciation	3,973	3,979	3,111	3,286	3,468	3,655
Deferred Taxes	(570)	(524)	(181)	(378)	(376)	(371)
Maintenance Cap-Ex	(3,526)	(3,516)	(3,003)	(3,178)	(3,360)	(3,547)
Grow th Cap-Ex	(4,149)	(3,784)	(3,947)	(3,872)	(4,090)	(3,978)
Net Cash Generation	**(1,233)**	**(1,181)**	**(1,796)**	**(1,791)**	**(1,839)**	**(1,511)**
EBITDA + Other Income	9,006	8,751	6,751	7,195	7,746	8,344
Interest Expense	888	1,004	1,416	1,554	1,757	1,976
Pfd. Dividends	(1)	(1)	(1)	(1)	(1)	(1)
Common Dividends	(1,417)	(1,501)	1,346	1,448	1,558	1,676

Source: Company reports, MSUSA estimates

Exhibit 3: EXC Balance Sheet

Consolidated Balance Sheet ($ millions)	2020A	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	$1,166	$1,176	$1,836	$1,136	$923	$908
Short Term Debt	$1,644	$1,644	$702	$702	$802	$802
Revolver	0	0	0	0	0	0
Current Portion of Long Term Debt	1,791	2,993	800	800	1,307	1,600
Long Term Debt	35,580	34,479	36,247	38,722	41,290	44,465
Total Debt	**$39,015**	**$39,115**	**$37,749**	**$40,224**	**$43,399**	**$46,867**
Preferred Stock	0	0	0	0	0	0
Total Debt & Preferred	**$39,015**	**$39,115**	**$37,749**	**$40,224**	**$43,399**	**$46,867**
Shareholder's Equity	32,018	20,092	34,566	35,583	36,607	37,416
Total Book Capitalization	**$71,033**	**$59,207**	**$72,315**	**$75,807**	**$80,006**	**$84,283**
Total Credit Capitalization	**$71,033**	**$59,207**	**$72,315**	**$75,807**	**$80,006**	**$84,283**

Source: Company reports, MSUSA estimates

Price Target Calculation and Key Risks

Price Target Calculations: Using a sum of the parts analysis on 2025 results we derive a price target of $40.00 per share. Our price target is derived as follows: (1) Regulated electric distribution and transmission: we derive a PT of $42.00, applying a 10% premium to the electric utility group average P/E multiple; (2) Regulated Gas Distribution: we derive a PT of $8.00, applying a 10% premium to the gas utility group average multiple; (3) Adjusting for unallocated debt reduces the PT by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: Equity overhang, weak commodity outlook, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

Companies Mentioned (prices as of 11/20/2023)
Ameren Corporation (AEE- Neutral $76.82)
WEC Energy Group (WEC- Buy $81.32)

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates has received compensation for investment banking services for Ameren Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates expects to receive or intends to seek compensation for investment banking services for Ameren Corporation in the next 3 months.

Mizuho Securities USA LLC and or its affiliates has managed or co-managed a public offering of securities for Ameren Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates have provided investment banking services for Ameren Corporation who is or was a client in the past 12 months.
The compensation of the research analyst writing this report, in whole or part, is based on MSUSA's annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA's internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Anthony Crowdell, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock’s total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform.

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of November 17)	% of coverage	IB service past 12 mo
Buy (Buy)	60.67%	56.78%
Hold (Neutral)	36.67%	51.52%
Sell (Underperform)	2.67%	25.00%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

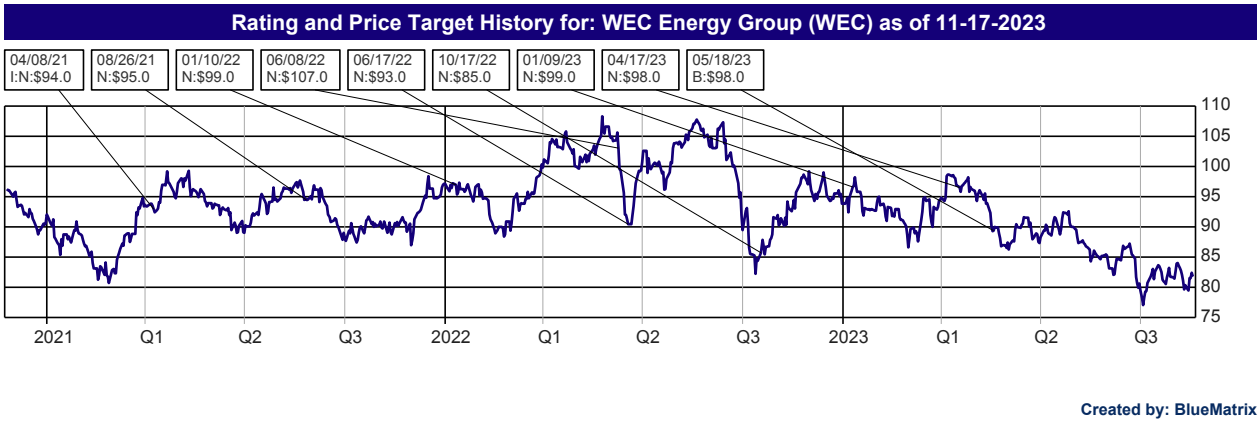

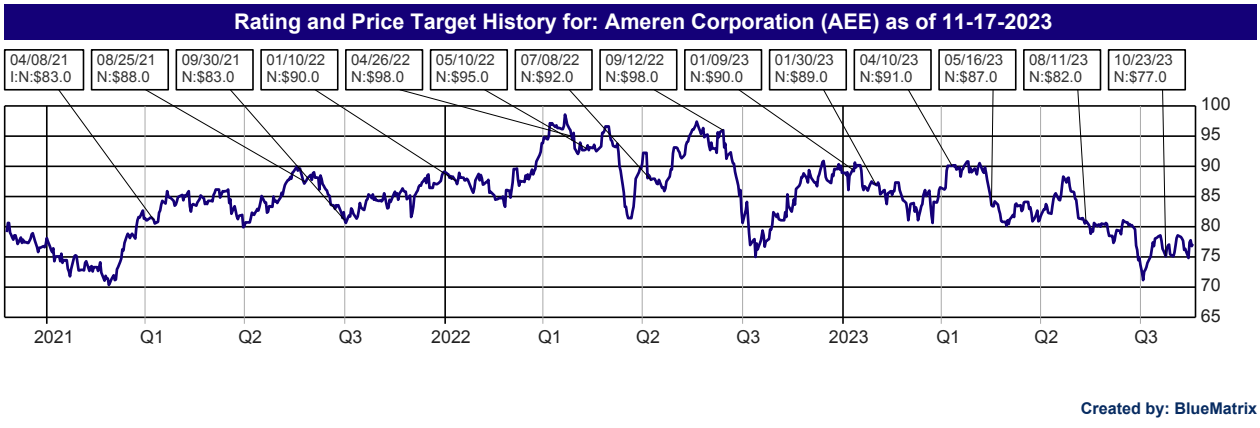

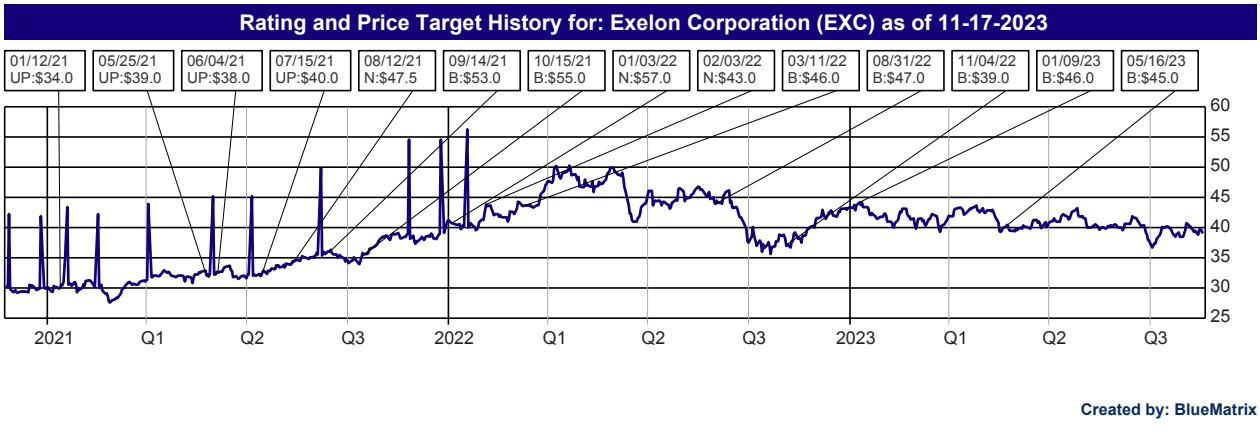

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2023. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

KeyBanc Capital Markets

Alert

November 20, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: EXC, FE, WEC, SO, ED, AEP, XEL, EIX

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, we are tracking proceedings in EXC's electric rate case in IL and FE's WV electric rate case. In other news, the ICC issues a final order in the Nicor Gas rate case; the ICC issues final orders in North Shore Gas and Peoples Gas rate cases; the NJ BPU votes to authorize a $45M rate increase in EXC's NJ electric rate case; the NY PSC approves settlement in ED's CECONY steam rate case; intervenors file testimony in AEP's IN electric rate case; XEL files an amended Clean Heat Plan in CO; and the CA Department of Forestry and Fire blames EIX in Fairview Fire report.

Regulatory Calendar

EXC — Reply exceptions to the ALJ's proposed decision in EXC's IL electric rate are due on November 20: EXC filed its briefs on exceptions to the ALJ's PD, which specified 18 exceptions and 12 technical corrections. The two most critical exceptions EXC raises are the return on pension assets and ROE. EXC asked the ICC to recognize and allow at least a debt return on the $1.2B pension asset. EXC also notes that the ALJ used its own CAPM calculation, which would result in a lower ROE than that determined by the formula rate method. If the ALJ would use the Staff's beta, it would improve the ALJ calculated ROE by 31 bps. As a result of the PD, EXC is requesting the ICC to hold an oral argument on issues related to ROE, the return on pension assets, capital structure, the inclusion of the targeted overhang program in the grid and rate plans, and certain grid investments. As a reminder, the ALJ issued a PD recommending a $1,175M revenue increase, premised on a 9.28% ROE. In briefs, EXC updated its request to a $1,499M revenue increase over the 2024-2027 period while proposing to defer ~$339M for future recovery. EXC can phase in up to 50% of the initial year's approved increase to be deferred and recovered within 24 months or by 2026. EXC's request is premised on gradual increases in its ROE (10.5-10.65%) and equity layers (50.58-51.19%) through the four years. The ALJ denied Staff's method to use the formula rate method in the PD. The ICC has until December 20 to issue a final decision. New rates are expected to go into effect January 1, 2024.

FE — Staff and intervenor testimony in FE's WV electric rate case is due on November 21: FE's subsidiary, Monongahela Power and the Potomac Edison Co., filed a combined electric rate case (Docket: 23-0460-E-42T) with the WV PSC seeking a $207M revenue increase, premised on a 10.85% ROE and 49.18% equity. The main drivers of the request include the recovery of infrastructure investments and the recovery of storm costs. FE also seeks depreciation changes to its WV-generating plants. FE is analyzing the potential acquisition of the 1,300 MW Pleasants coal plant. A WV PSC final decision is expected in 1Q24. FE will file supporting testimony in the upcoming weeks. Mon Power and Potomac Edison were awarded a $124M revenue increase in the last rate case. The ROE and equity were silent. The filing is the last expected rate case filing by FE (MD, NJ, WV) in 2023.

Recent Developments for Companies Under Our Coverage

From our midweek: The WI PSC verbally approves revenue increases in XEL's electric and gas rate cases; D reaches a settlement in the VA biennial review proceedings; JCP&L files a five-year infrastructure plan with NJ BPU; the Oklahoma attorney general files a response to the final order in PSO's electric rate; the U.S. Court of Appeals vacates Port Arthur LNG project permit over inconsistent emission limits; and a Midwest utility group seeks to invest $130M in transmission upgrades to reduce grid congestion.

SO — ICC authorizes $223M revenue increase in SO's Northern IL gas rate case: The ICC issued a final order authorizing a $223M revenue increase, premised on a 9.51% ROE, 50% equity, and $6.0B rate base. The order compares to Nicor Gas's $317M revenue increase request, premised on a 10.3% ROE, 54.5% equity, and a $6.2B rate base. The lower ROE is the primary driver of the delta, which the ICC calculated using the average of Staff's 8.81% DCF estimate and the revised CAPM estimate of 10.21%, resulting in the authorized 9.51% ROE. The ICC revised the Staff's CAPM (10.96%) calculation to apply a lower market risk premium. The other main driver was the disallowance of incentive compensation costs. The ALJ and Staff recommended revenue increases of $250M and $254M, respectively. Both recommended a 9.89% ROE. The order also adopted the ICC's previous order to remove $32M of QIP-related investment from the rate base, for which Nicor requested a rehearing, but the ICC denied it. New rates are expected to go into effect January 1, 2024.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

WEC — ICC issues final orders in Peoples Gas and North Shore rate cases: The ICC issued a final order authorizing revenue increases of $303M and $11M for Peoples Gas and North Shore Gas, respectively. New rates are scheduled to go into effect on January 1, 2024. Read more about the order below:

- **North Shore Gas:** The ICC authorized an $11M revenue increase, premised on a 9.38% ROE, 52.58% equity layer, and a $422M rate base. The order compares to North Shore Gas's $17M revenue requests, using a 9.9% ROE, 54% equity layer, and $429M rate base. In addition to the lower ROE (read more below), the amortization of rate case expenses was the other main driver of the delta. The ALJ and Staff proposed a $14M revenue increase using a 9.83% ROE.
- **Peoples Gas:** The ICC authorized a revenue increase of $303M, premised on a 9.38% ROE, 50.79% equity layer, and $4.2B rate base. The order compares to Peoples Gas's $401M revenue request, premised on a 9.9% ROE, 54% equity layer, and $4.8B rate base. The lower ROE and SMP Plant disallowances (read more about each below) were the primary drivers of the delta. Other drivers included the disallowance of shops and related facilities and an adjustment to the pension asset. Notably, the final order was also materially lower than the ALJ's PD and Staff's recommendations of $350M and $353M, respectively. The ALJ and Staff both used a 9.83% ROE.
- **9.38% ROE:** The ICC determined its ROE by using an average of the Staff's constant growth DCF calculation (9.40%) and revised CAPM estimates (9.47%). The ICC revised Staff's CAPM (10.96%) calculation to apply a lower market return estimate, resulting in the 9.47% estimate. The ICC also adopted Staff's 6 bps downward adjustment due to what it perceived as a lower risk for North Shore and Peoples Gas relative to the proxy group. Overall, the lower ROE was a primary driver in the delta between the ICC's order and the companies' request. Peoples Gas and North Shore Gas were authorized ROEs of 9.05% and 9.67%, respectively, in their last rate cases.
- **SMP Plant Disallowance:** The ICC disallowed $265M related to spending for the Safety Modernization Program (SMP) for the 2024 test year. The ICC also placed the SMP on hold until a separate proceeding determines the method and capital investment required to replace high-risk pipe. The proceeding will be initiated by February 1, 2024. As a reminder, PGL is in the process of replacing ~2K miles of Chicago's aging natural gas pipeline infrastructure through the SMP and was authorized to recover the costs through the QIP rider. The QIP is set to expire at the end of the year, and PGL was not seeking an extension to the rider and would seek cost recovery through future rate cases. PGL's projected average annual investment through 2025 is between $280M and $300M. The ALJ proposed the disallowance of $63M in its PD.

EXC — NJ BPU votes to authorize a $45M rate increase in EXC's NJ electric rate case: The NJ BPU voted to approve the settlement in EXC's NJ electric rate case. The approval authorizes EXC a $45M revenue increase, premised on a 9.6% ROE, 50.2% equity, and a $2.2B rate base. Rates will be implemented in two phases, beginning with a $36M revenue increase on December 1. An incremental $9M step-up will go into effect on February 1, 2024. The step-up is associated with the Smart Energy Network program, which aims to bring AMI to all customers. Parties, including the BPU Staff, NJ Division of Rate Counsel, and others, filed the settlement on October 21. ACE initially sought a $92M revenue increase, premised on 10.5% ROE and 50.2% equity. The main drivers of the request included the recovery of investments to the distribution system and necessary investments to meet the targets set in NJ's Energy Master Plan. ACE also requested the recovery of higher interest rates, inflation, and storm costs.

ED — NY PSC issues final order authorizing settlement in ED's CECONY steam rate case: The NY PSC issued a final order approving the Joint Proposal, authorizing a levelized revenue increase of $77.8M in each of RY1-RY3. The PSC adopted a 9.25% ROE and a 48% equity layer. Other attributes include a weather normalization adjustment and an earnings-sharing mechanism that shares any earnings exceeding a 9.75% ROE between ED and customers. During the rate plan, ED is authorized ~$106M of capex each year. New rates are retroactive to November 1, 2023.

Figure 1 - ED Earned Sharing Mechanism

Customers/Shareholders	ESM Parameters
50% / 50%	> 9.75% to 10.25%
75% / 25%	> 10.25% to 10.75%
90% / 10%	> 10.75%

Source: Regulatory filings, KeyBanc Capital Markets Inc.

AEP — Intervenors file testimony in AEP's IN electric rate case: The Office of the Utility Consumer Counselor recommended a $43M revenue increase, premised on a 9.3% ROE and a $5.4B rate base. The OUCC recommendation compares to AEP's $116M (net $41M) revenue request, premised on a 10.5% ROE and 51.2% equity. The OUCC's lower ROE recommendation was the primary driver of the delta, further compounded by adjustments to O&M and depreciation. The OUCC supported AEP's proposal to phase in the increase over two steps, with a portion of rates going into effect shortly after a final order, followed by an incremental step-up in 2025. As a reminder, AEP sought an $84M initial increase, followed by an incremental $33M revenue increase. The OUCC recommended the denial of the Grants Project Rider to recover costs for projects eligible to receive state and federal grants. Hearings are set to begin in January, followed by a Commission order in June 2024. New rates are expected to go into effect in mid-2024.

XEL — XEL files amended Clean Heat Plan in CO: XEL filed a revised Clean Heat Plan (Docket: 23A-0392EG) in CO to remove CNG and carbon offsets from all the portfolios and from counting toward the Company's emissions reductions for purposes of the Clean Heat Targets. The filing follows a motion by a coalition of climate groups and consumer advocates demanding that regulators remove the strategies, resulting in the PUC scheduling an evidentiary hearing in December to resolve the issue. However, now that XEL has removed the strategies from its plan, the hearings are no longer required and were canceled by the PUC. XEL proposes $771M of costs through 2028 as part of its amended preferred portfolio, including $302M and $362M allocated to electrification and recovered methane, respectively. XEL also proposed spending $81M and $26M for demand side management and hydrogen, respectively. The amended portfolio excludes $31M and $13M initially proposed for carbon offset and CNG, respectively. XEL filed the Clean Heat Plan in response to SB 21-264, which requires gas utilities to deploy clean heat resources to reduce emissions 22% from 2015 levels by 2030. A PUC decision on the plan is expected by mid-2024.

EIX — Department of Forestry and Fire issues Fairview Fire report: The CA Department of Forestry and Fire issued a report on the Fairview Fire, placing the responsibility on SCE. The investigation determined that one of SCE's wires was sagging, resulting in the line contacting a communication line that caused sparks and ignited flammable vegetation. The CA Department of Forestry and Fire also noted that SCE's power line remained energized that day. The September 2022 fire burned ~28K acres and resulted in two deaths. The city of Hemet filed a lawsuit against SCE, alleging the utility did not properly manage its lines or vegetation, resulting in the fire. A trial is set for September 2024. As is required in CA, EIX submitted an Electric Safety Incident Report (ESIR) to the CPUC, notifying the regulator that circuit activity occurred close to the reported time of the fire. SCE has accrued material charges for potential losses relating to the Fairview Fire.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	11/20/2023	Reply Briefs on Exceptions Due
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	11/21/2023	Staff and Intervenor Testimony Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	11/28/2023	Evidentiary Hearings
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	11/28/2023	Evidentiary Hearings
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	11/30/2023	Final Order Due
OR	Avista	AVA	LC81	IRP	12/1/2023	Staff Final Comments and Recommendations
MA	NSTAR Electric Co.	ES	DPU 23-92	Electric	12/1/2023	Initial Briefs Due
KY	Kentucky Power Co	AEP	2021-00370	Electric	12/4/2023	Supplemental Requests Due
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	12/4/2023	Hearings Commence
ID	Avista Corp.	AVA	E-23-05	IRP	12/7/2023	Reply Comments Due
MA	NSTAR Electric Co.	ES	DPU 23-92	Electric	12/8/2023	Reply Briefs Due
OH	First Energy	FE	22-0704-EL-UNC	Electric	12/11/2023	Hearings Begin
	CPI Release	BLS			12/12/2023	CPI release for Prior Month
	Short-Term Energy Outlook	EIA			12/12/2023	STEO release
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	12/13/2023	Rebuttal Testimony Due
AR	Entergy Arkansas LLC	ETR	D-16-036-FR	Electric	12/13/2023	Commission Order Expected
CT	Aquarion Water	ES	HHB-CV23-6078177-S	Water	12/14/2023	Hearings on Aquarion Appeal
MD	Baltimore Gas and Electric Co.	EXC	C-9692 (Electric and Gas)	Electric/Nat Gas	12/14/2023	PSC Order Due
OR	Portland General Electric Co.	POR	LC80	IRP	12/14/2023	Staff Report and Final Recommendations
CA	Southern California Edison Co.	EIX	A-19-08-013 (Track4)	Electric	12/15/2023	Track 4 Proposed Decision
MD	Potomac Electric Power Co.	EXC	C-9702	Electric	12/15/2023	Intervenor Testimony
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	12/15/2023	Intervenor Testimony

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 3 - Comp Sheet

								KBCM Forecasts						Consensus					
		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	20.3	Overweight	$82	$77.12	3.3%	57%	4.40	4.68	4.96	17.5x	16.5x	15.5x	4.42	4.68	5.03	17.4x	16.5x	15.3x
AEP	American Electric Power Company In	40.7	Sector Weight	NA	$77.39	4.4%	64%	5.26	5.58	5.93	14.7x	13.9x	13.1x	5.28	5.61	5.97	14.7x	13.8x	13.0x
CNP	CenterPoint Energy Inc	17.5	Overweight	$29	$27.80	2.7%	51%	1.50	1.63	1.74	18.5x	17.1x	16.0x	1.50	1.62	1.74	18.5x	17.2x	16.0x
D	Dominion Energy Inc	39.1	Sector Weight	NA	$46.76	5.7%	94%	2.83	2.85	3.27	16.5x	16.4x	14.3x	2.84	3.15	3.45	16.5x	14.9x	13.5x
DTE	DTE Energy Co	21.4	Overweight	$106	$103.60	3.7%	66%	6.18	6.63	7.02	16.8x	15.6x	14.8x	5.81	6.59	7.11	17.8x	15.7x	14.6x
DUK	Duke Energy Corp	69.4	Overweight	$96	$90.01	4.5%	73%	5.59	6.00	6.38	16.1x	15.0x	14.1x	5.60	5.97	6.33	16.1x	15.1x	14.2x
ES	Eversource Energy	20.4	Sector Weight	NA	$58.51	4.6%	63%	4.33	4.60	4.89	13.5x	12.7x	12.0x	4.33	4.55	4.80	13.5x	12.9x	12.2x
ED	Consolidated Edison Inc	31.5	Underweight	$73	$91.36	3.6%	65%	4.94	5.19	5.54	18.5x	17.6x	16.5x	5.01	5.28	5.59	18.2x	17.3x	16.3x
EIX	Edison International	25.3	Sector Weight	NA	$65.93	4.5%	63%	4.73	5.11	5.63	13.9x	12.9x	11.7x	4.70	5.10	5.60	14.0x	12.9x	11.8x
EXC	Exelon Corp	39.3	Sector Weight	NA	$38.95	3.7%	62%	2.36	2.53	2.72	16.5x	15.4x	14.3x	2.36	2.50	2.71	16.5x	15.6x	14.4x
FE	FirstEnergy Corp	21.3	Overweight	$41	$37.18	4.2%	62%	2.55	2.70	2.87	14.6x	13.8x	13.0x	2.54	2.66	2.84	14.6x	14.0x	13.1x
PEG	Public Service Enterprise Group Inc	31.8	Sector Weight	NA	$63.75	3.6%	66%	3.46	3.60	3.88	18.4x	17.7x	16.4x	3.46	3.69	4.07	18.4x	17.3x	15.7x
SO	Southern Co	76.1	Sector Weight	NA	$69.77	4.0%	77%	3.61	4.02	4.24	19.3x	17.4x	16.5x	3.60	4.03	4.31	19.4x	17.3x	16.2x
WEC	WEC Energy Group Inc	25.8	Overweight	$94	$81.74	3.8%	68%	4.60	4.93	5.27	17.8x	16.6x	15.5x	4.61	4.91	5.25	17.7x	16.6x	15.6x
XEL	Xcel Energy Inc	33.5	Overweight	$62	$60.56	3.4%	62%	3.35	3.55	3.72	18.1x	17.1x	16.3x	3.36	3.58	3.82	18.0x	16.9x	15.8x
					Average:	**4.0%**	**66%**				**16.7x**	**15.7x**	**14.7x**				**16.8x**	**15.6x**	**14.5x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.7	Sector Weight	NA	$35.09	5.2%	81%	2.31	2.42	2.50	15.2x	14.5x	14.0x	2.29	2.43	2.52	15.4x	14.4x	13.9x
NWE	NorthWestern Corp	3.1	Overweight	$59	$51.27	5.0%	82%	3.41	3.68	3.85	15.0x	13.9x	13.3x	3.11	3.55	3.72	16.5x	14.4x	13.8x
OTTR	Otter Tail Corp	3.3	Sector Weight	NA	$78.71	2.2%	27%	5.88	4.05	3.36	13.4x	19.4x	23.4x	6.38	3.93	3.63	12.3x	20.1x	21.7x
PNW	Pinnacle West Capital Corp	8.2	Sector Weight	NA	$71.97	4.8%	82%	4.24	5.08	5.28	17.0x	14.2x	13.6x	4.23	4.93	5.14	17.0x	14.6x	14.0x
POR	Portland General Electric Co	4.2	Sector Weight	NA	$41.31	4.6%	72%	2.65	3.08	3.27	15.6x	13.4x	12.6x	2.62	3.04	3.21	15.8x	13.6x	12.9x
					Average:	**4.4%**	**69%**				**15.2x**	**15.1x**	**15.4x**				**15.4x**	**15.4x**	**15.3x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	11.9	Sector Weight	NA	$30.87	5.7%	83%	2.12	2.30	2.43	14.6x	13.4x	12.7x	2.12	2.35	2.55	14.6x	13.1x	12.1x
NEE	Nextera Energy Inc	117.7	Sector Weight	NA	$57.37	3.3%	60%	3.13	3.40	3.62	18.3x	16.9x	15.8x	3.13	3.40	3.65	18.3x	16.9x	15.7x
SRE	Sempra	45.5	Sector Weight	NA	$72.26	3.3%	52%	4.50	4.77	5.14	16.1x	15.1x	14.1x	4.58	4.80	4.91	15.8x	15.1x	14.7x
					Average:	**4.1%**	**65%**				**16.3x**	**15.1x**	**14.2x**				**16.2x**	**15.0x**	**14.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	38.9	Sector Weight	NA	$121.69	0.9%	19%	3,704	4,039	3,926	12.4x	11.2x	11.4x	3,828	4,115	4,104	12.0x	11.0x	10.9x
NRG	NRG Energy Inc	10.9	Not Covered	NA	$48.08	3.2%	38%	NA	NA	NA	NA	NA	NA	3,097	3,342	3,321	6.0x	5.3x	4.0x
VST	Vistra Corp	12.5	Not Covered	NA	$34.86	2.4%	22%	NA	NA	NA	NA	NA	NA	3,974	4,334	4,251	6.6x	5.9x	5.5x
					Average:	**2.2%**	**27%**				**12.4x**	**11.2x**	**11.4x**				**8.2x**	**7.4x**	**6.8x**

Source: Company reports, KeyBanc Capital Markets Inc. estimates Thomson Reuters

Figure 4 - Stock Price Performance

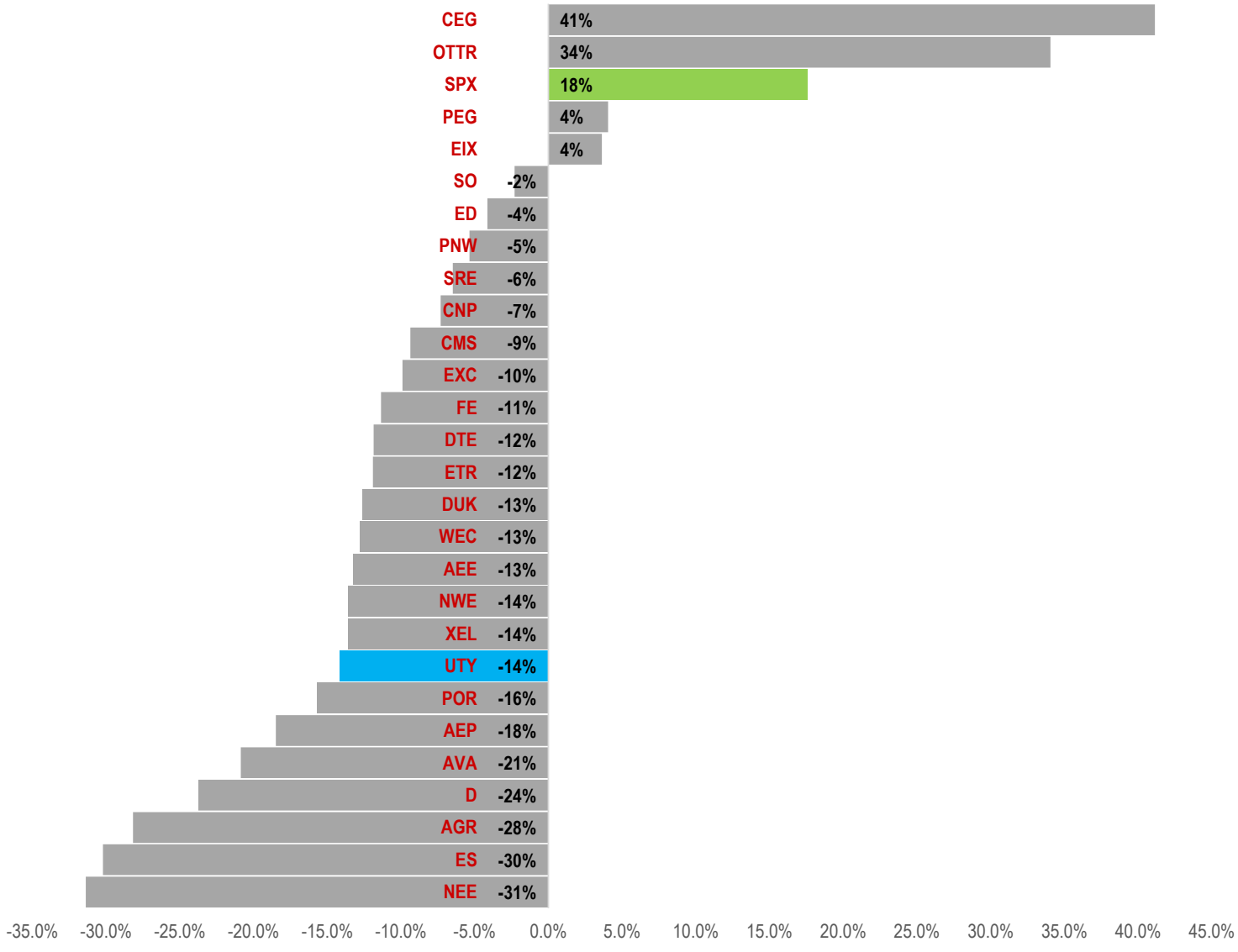

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Select Recent Research

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	238	48.28	43	18.07
Sector Weight [SW]	250	50.71	40	16.00
Underweight [UW]	5	1.01	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	44.64	19	76.00
Sector Weight [SW]	30	53.57	10	33.33
Underweight [UW]	1	1.79	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

EQUITY RESEARCH

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462,
shelby.tucker@rbccm.com
Eleanor Firestein (Associate)
(212) 428-6543,
eleanor.firestein@rbccm.com
Kevin Patel (Associate)
(212) 428-5442,
kevin.patel@rbccm.com
Elias Mingos (Associate)
(212) 266-4040,
elias.mingos@rbccm.com

November 15, 2023

U.S. Power & Utilities: Day 3 Recap of EEI Conference

AWK, CNP, ETR, EXC, NEE/NEP, PCG, PNW, PPL, WEC

Our view: To wrap up the final day of the conference, our discussions with management teams continued to focus on the incremental drivers of load growth, the long-term financing strategies for incremental capex, and how companies look to manage through their upcoming regulatory filings while customer affordability is top of mind. Management teams continue to prepare to operate in a higher-for-longer interest rate environment. Even those that seem to have healthier balance sheets appear to be taking a proactive approach to managing balance sheet health as we continue to expect increased scrutiny from the rating agencies.

American Water Works: Susan Hardwick, President & CEO; Cheryl Norton, EVP & COO; John Griffith, EVP & CFO; Maureen Duffy, SVP, Communications & External Affairs; Jack Quinn, IR.

CenterPoint Energy: David Lesar, CEO; Jason Wells, President & COO; Chris Foster, EVP & CFO.

Entergy: Kimberly Fontan, CFO; Phillip May, ETR Louisiana CEO; Anne Kulakowski, IR.

Exelon Corp.: Calvin Butler, President & CEO; Jeanne Jones, EVP & CFO; Dave Velazquez, EVP, Utility Operations & Technology; Gil Quiniones, CEO, ComEd; Carim Khouzami, President & CEO, Baltimore Gas & Electric Company (BGE).

NextEra Energy: Rebecca Kujawa, President & CEO of NEER; Kirk Crews, CFO.

PG&E Corp.: Patti Poppe, CEO; Marlene Santos, EVP & Chief Customer Officer; Jonathan Arnold, IR; Chris Paschal, IR.

Pinnacle West Capital Corp.: Jeff Guldner, Chairman, President & CEO; Andrew Cooper, SVP & CFO; Ted Geisler, President, APS; Amanda Ho, IR.

PPL Corp.: Vince Sorgi, PPL President & CEO; Christine Martin, President, PPL Electric Utilities; Tadd Henninger, SVP, Finance & Treasurer; Andy Ludwig, IR.

WEC Energy Group: Scott Lauber, CEO; Xia Liu, CFO; Beth Straka, SVP, Corporate Communications & IR; Mary Aspinwall, Director, Financial Planning.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

American Water Works (AWK)

Hoping for straightforward PA rate case. The 10.95% ROE may on the ambitious side, but we don't expect a notable move in the ROE. AWK is hoping to reach a settlement in the case, which would result in an undisclosed ROE and equity layer parameters. We consider this to be the best route to take as it may result in more constructive allowed returns. We believe present ROE to be around 10% and the equity layer around 55%.

Credit metrics. The company is looking for an improved rating from Moody's, whose rating of Baa1 compares to S&P's A rating. Management pointed to timeframe for outlook when describing the differences in the methodology between the two rating agencies. Moody's assessment came following the sale of HOS when the credit metrics looked weaker over the next few years. AWK thinks that S&P may have taken the approach of looking over a longer period of time.

PFAS investment and O&M. The company has started pilot projects at various facilities to test PFAS removal. These include using both granular activated carbon and anion exchange resins. It seems the best filter media will depend on the type of water being treated. On the disposal side, the estimated costs are built into the O&M estimates.

Entergy Corp. (ETR)

'24-'26 capex plan introduced. ETR's new capex update includes $19.6B over the next three years, up ~$3.6B compared to the '23-'25 capital plan. The current plan continues to include $0.9B for resilience, and upside potential of $2.3B is available pending approval of resilience filings. Notably, the company does not expect incremental equity above the initial 2022 analyst day plan of $1.4B through 2026 to fund the incremental capex, while maintaining a 14% FFO/ debt ratio. The company highlighted the recent gas LDC sale and lower pension liability from a higher discount rate as offsets to equity needs.

Increased industrial sales expectations. The updated growth target is 6-7% over '23 to '26, up from ~6%. Similar to competitors, ETR is now also pointing to demand from data centers in addition to the robust industrial growth it has previously highlighted in the Gulf. We expect some lumpiness in YoY sales growth, given some sizable customers and the timing of projects coming online.

Exelon Corp (EXC)

ComEd rate case remains disappointing, but some ability to recover incremental benefits from the case. Management recognized the disappointing results out of their ComEd rate case of only a 9.24% ROE, but noted they had some incremental adjustments they expect are still possible, such as an adjustment to the beta calculation in the rate case or how to recovery pension assets. Other rate cases remain in flight, with a decision for BGE expected next month, and additional jurisdictions, like Pepco, expected in early- to mid-2024.

Commercial growth driven by data center demand. EXC pointed to data center demand growth throughout their service territories, with ComEd having the largest opportunity. Management pointed to 22 datacenters built since 2019 in their Illinois service area, with 6,400MW of data center projects in their engineering stage and 8,000MW of additional high probability projects that had yet to pay a deposit. Additionally, larger data center sizes are being seen, with the typical data center project using 30MW historically becoming a 100-200MW site recently. The company pointed to the data center investment credit law passed in 2019 as a differentiator for the region in attracting incremental data center loads.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

CenterPoint Energy (CNP)

Organic growth remains robust. Growth across CenterPoint's service areas remains robust, with management putting a notable focus on the Houston metro area and the growth seen there. Management noted that slightly over one quarter of all of Texas's demand was in their service area, with 125k net immigration and 45k housing starts in the Houston area alone. They also saw EV growth accelerating, noting a baseline 500 per month had increased to 2,000, with aspirations for 3,000+. They pointed to a gross profit of $80 per year, per EV for their Houston service area as a data point supporting the continued organic growth they expect will allow them to hit their 8% adjusted EPS growth target.

Grid reliability remains a concern. CenterPoint pointed towards grid reliability concerns stemming from the high growth rates and lack of a robust capacity market in Texas. They point to ERCOT's own estimate in October, which put a blackout under winter conditions similar to last year at 20%, with an even colder or less windy period likely leading to a significantly higher chance of load shedding. Management pointed to their mobile generation capacity and the inclusion of a CCGT plant in their IRP as some of the steps they were undertaking to help ensure service reliability, but noted a robust capacity market would be beneficial for the long-term health of the Texas grid.

Gas LDC sales remain a possible source of funds with equity raises in line with capex growth. Management did not rule out the sale of additional gas LDC's as a source of funds, noting that the Dominion bidding process conclusion could lead to a better market given the decreased competition of assets for sale. Management did note that to maintain balance sheet discipline, equity funding would likely be needed for incremental capex, it around the same 50% ratio they had announced during the last $500M increase.

NextEra Energy, Inc. (NEE) and NextEra Energy Partners (NEP)

Hedges protecting the backlog and a portion of corporate maturities. In most cases, NEE will typically enter into interest hedges when PPAs are signed, which plays a large role in securing the return profile. For the company's current $20.1B of hedges, management indicates that we should expect the backlog to be secured first prior to corporate maturities. Therefore, we expect roughly half of its ~$12B in corporate maturities over the next two years are subject to refinancing risk.

Tax equity versus transferability. While project finance cost of capital is cheaper than tax equity, the lack of ability to monetize the accelerated depreciation benefits in a project finance structure generally offsets the difference, according to the company. NEE currently has ~$4B of credits on its balance sheet, which we expect the company to monetize over the next few years. It may make more sense in the near term to favor tax equity to monetize credits and depreciation, avoiding a glut of credits on their balance sheets, assuming a resolution on Basel III capital requirement issue.

Changes in PPAs. While PPAs have roughly doubled to ~$50/MWh in the last two years, panels and battery costs have come down significantly this year, which puts some downward pressure on PPAs moving forward. For cost of capital, management highlighted that every 100bps change in interest rates creates a change of roughly 5 cents per watt ($5 per MW).

Panel commentary. Management highlighted considerable differences in panel pricing in the U.S. compared to other countries, largely due to a higher risk premium driven by UFLPA and the circumvention investigation. However, NEE noted that they have contractual protections and will not face any impact from Section 201 tariffs. Additionally, management is continuing to diversify its supply chain to countries like India and eventually the U.S., although very little panel capacity is available for them in the near term, excluding NEE from domestic content benefits.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Data center opportunities. NEE commented that data center operators are prioritizing interconnection and 24/7 reliability over completely utilizing clean power, given the challenges with resource capacity. Nonetheless, we continue to see this opportunity as a large driver of development growth, which many corporates have affirmed at the conference.

PG&E Corporation (PCG)

2nd revision to the APD. Messaging was more positive following yesterday's second revision to Commissioner Reynolds' alternative proposed decision. The revision includes an inflation escalation adjustor of 50% from the previous proposal of 25%. PG&E will file its 10-year undergrounding plan once it receives a final decision on the GRC, which could come this Thursday. We can still expect a mixture of GRC undergrounding miles and SB884 miles. The utility is required to address its highest risk miles first. We are still unclear how the utility will determine which lines get covered conductor if this investment is included in the case, as these high-risk lines may be those that would benefit the most from undergrounding. It sounds like there could be some language that may allow for more flexibility here, but it seems this strategy is still being worked out.

Deploying CoC earnings to expense items. We shouldn't expect an upward revision to guidance or the earnings outlook as a result of the cost of capital. Management noted that it would look invest in the business through incremental O&M to help strengthen future years.

Dividend coming soon. We still expect the dividend to come in at a low payout ratio, and believe the utility will prioritize allocating cash to capital needs over the dividend. Even if the dividend grows faster than earnings, we shouldn't expect the payout ratio to rival those of peers in the immediate future.

Pinnacle West Capital (PNW)

Rate case considerations. One item to watch in the case is the fair value increment. Management is still advocating for the adjustment, but would be fine with an offsetting benefit in the ROE. At this point, there would need to be a one for one symmetric increase in the ROE, which would translate to 50 basis points. Another key item is the system reliability benefit (SRB), which would allow for recovery on generation to help reduce lag. The proceeding is still in the briefing phase post-hearings, so we can expect an update on Staff's position on the SRB on 11/21.

Equity needed to align with authorized parameters. The $400-$500 million equity need outlined in the current plan is mostly catch-up equity, as the company had not wanted to issue equity following the lower ROE allowed during the 2019 GRC. APS filed with a 52% equity layer, which compares to the 54.7% allowed equity layer. The utility is probably sitting closer to a 50% equity to capitalization right now. After the rate case wraps up we expect an update on additional external financing to meet capital needs.

PPL Corporation (PPL)

Timing for rate case filings under consideration. The current plan has no KY GRCs through 2026 and the current stayout clause prevents the utilities from raising rates until mid-2025. It seems the team could go in sooner for a rate case given the CPCN decision would require incremental coal plant O&M that would need to be captured in rates. The major O&M driver would be coal plant outages, as these will become more frequent now that the units are staying online. In PA, the current DSIC is capped at 5% and the investments absorbed in the mechanism are absorbing that limit. PPL Electric could file for a waiver to raise the amount or file a rate case so those investments get absorbed into the base rate.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Transmission needs driving growth. Data centers and onshoring seem to be less relevant to PPL's story, with the company noting they find data centers to be less favorable in KY since the margins on the power are lower. Transmission remains the primary focus, contributing to 35% of capital spend in the current plan. In RI, we're seeing less economic development given the higher costs of living. RI is seeing some migration away from the state, but PPL's revenues are decoupled which should provide protection in the event of lower volumes.

WEC Energy Group (WEC)

Leadership commentary. While management made it clear that Gale Klappa will have a less hands-on approach as non-executive chairman, it remains unclear how front-facing he will be moving forward, although it seems likely to us that it will be less frequent. Additionally, the company noted that Klappa will continue to be on calls through 1Q24. We do not see major changes to the remaining management team's roles in the near term.

More Microsoft. On Friday, Microsoft announced that it plans to purchase an additional 1,030 areas of land to expand data center operations. While the investment opportunities for the additional acreage will be reflected past WEC's current five-year plan, we highlight the continued runway for robust economic development in the state.

Transferability. WEC's five-year plan expects $1.6 to $1.8B of tax credits produced. $500M of the credits are expected to come from the utility, and the proceeds from sales will be returned to customers. This leaves ~$1.2B of credits that are available to utilize as an equity-like source to fund its capital needs.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

Companies mentioned

American Water Works Company, Inc. (NYSE: AWK US; $129.74; Outperform)
CenterPoint Energy, Inc. (NYSE: CNP US; $27.67; Outperform)
Entergy Corporation (NYSE: ETR US; $98.35; Outperform)
Exelon Corporation (NYSE: EXC US; $39.59; Sector Perform)
NextEra Energy Partners, LP (NYSE: NEP US; $24.38; Outperform)
NextEra Energy, Inc. (NYSE: NEE US; $57.55; Outperform)
PG&E Corporation (NYSE: PCG US; $17.40; Outperform)
PPL Corporation (NYSE: PPL US; $25.74; Outperform)
Pinnacle West Capital Corporation (NYSE: PNW US; $72.42; Sector Perform)

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 30-Sep-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	820	55.97	250	30.49
HOLD [Sector Perform]	590	40.27	148	25.08
SELL [Underperform]	55	3.75	5	9.09

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:
This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not “professional investors”, as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not “accredited investors” and “institutional investors”, as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

KeyBanc Capital Markets

Alert

November 14, 2023

Energy: Electric Utilities

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

On Day 2 of the EEI Conference we met with EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, and NEE. Our discussions focused on regulatory activity at the various utilities with special attention to affordability in light of energy transition and resilience-related spending. Financing needs and credit metrics were in focus to understand the capital needs of the various utilities in an elevated interest rate environment. With more than a year since the passage of the IRA, investors are interested in how the many tax credit provisions are utilized by the companies to further the energy transition while benefiting from the provisions of the bill. Detailed takeaways from each of our meetings are provided below.

Exelon Corporation (EXC)

We met with EXC's senior management team at the EEI Conference. Our conversation centered around the pending IL MYRP decision, regulatory activity in EXC's other jurisdictions, the Company's steady focus on execution, balance sheet management and a big picture view on the energy transition.

Multiple jurisdictions in the portfolio offers diversity and scale: Management highlighted the Company's position as the largest T&D company and its commitment to a 6-8% EPS growth cadence with a 9-10% rate base growth. Despite a growing rate base to support the energy transition, the Company's capex consists of smaller projects, none that exceed 1% of total capex, vs. larger projects that often carry cost and timing risks. 75% of EXC's revenue is decoupled, all jurisdictions have forward test years and offer opportunities for multi-year rate plans — all working toward allowing long term capital planning and a smoother EPS cadence.

ComEd's IL electric MYRP is the primary focus for investors: We spent a large portion of our meeting discussing the ongoing MYRP proceedings in IL — the first since the CEJA was signed into law. The case is in the advanced stage with an ICC open meeting scheduled for December 14th, following which a decision will be imminent. The primary area of disagreement remains on the ROE for which the ALJ is recommending a 9.28% ROE and the Staff is recommending sticking with the formula rate base approach of 580 bps over the 10-year Treasury. EXC is requesting 10.5% to earn an appropriate return. In recently filed reply briefs, EXC is also requesting a debt return on the $1.2B of pension assets vs. the Staff proposing no return. Replies to the briefs on exception are due on November 20, which will be followed by oral arguments. So, what if the ICC decision is not as constructive as it should be? Depending on the details of the final order, EXC may choose to file an appeal and even look at its entire portfolio of investment opportunities to reallocate capital if the ROE outcome in the rate case is less than expected. There are investment opportunities at ComEd that fall outside the purview of the rate case, which should potentially continue as planned regardless of the rate case outcome.

BGE, ACE, Delmarva, and PEPCO rate cases are all proceeding ahead as planned: The BGE MYRP is also heading for a final commission order on December 14. Discussions thus far have been constructive and focused on ROE, possibility of a performance incentive mechanism, investments in gas infrastructure, etc. Three of the five commissioners in the MD PSC are new this go-around so there is little by way of precedent on what can be expected. An ACE rate case decision is also imminent in 4Q23 as parties have been working on a settlement, and the same is the case in the DPL DE Electric rate case. PEPCO MD and DC rate outcomes are expected in mid-2024. Going by this activity, by late 2024, EXC should have a line of sight into rates at all but PECO where it will file a case in 2024 for rates effective in 2025. PECO offers optionality in terms of FRP, multi-year filing, or a future test year-based filing; EXC prefers a future test year. In the past, PA has been known for black box settlements, but with some new commissioners at the PSC, we will be watching the proceeding when it is filed.

Corporate minimum tax, equity issuance, and views on FFO/Debt: EXC is still waiting for a final ruling from the IRS on the applicability of the corporate alternative minimum tax proposed in the IRA, but the Company was early in including the potential impact from the initial reading of the bill in its guidance. A more favorable outcome would prove accretive to the FFO/Debt metrics by as much as 60-70 bps. Regardless of the outcome, EXC does plan to issue the remainder of the $425M of equity (out of the $1B planned) to

provide it with balance sheet flexibility over time. EXC believes it can maintain FFO/Debt at ~100 bps over the downgrade threshold and over time could increase that spread to 150-200 bps.

Recent Research: 3Q in Line; Steady as It Goes; Moving Ahead as Planned, No Surprises in 2Q, Reiterating SW; Steady Execution Across Multiple Jurisdictions; Sector Weight on Valuation; In Line Quarter; Clarity on Multi-Year EPS Cadence; IL Rate Case Is the Main Item to Watch in 2023

Duke Energy Corporation (DUK)

We met with DUK, and our discussion focused on the Company's long-term capital plan and the need for incremental generation, given strong economic trends across its service territories. DUK is nearing the completion of its multi-year rate cases in NC, but activity is expected to continue into the next year with anticipated filings in several jurisdictions.

Capital plan remains strong, with incremental generation needs: DUK currently has a $65B plan for 2023-2027, with an incremental $80B-$85B in the subsequent five-year period. DUK will roll the plan forward a year with 4Q23 earnings. The capital plan should stay relatively consistent for the 2024-2026 period, with much of the capital locked in. The largest opportunity for upsizing will come in the 2027-2028 time period as DUK looks to bring on additional generation to meet its load forecast. The generation needs are expected to carry into 2029 and are firmed up by the respective IRP and Carbon Plans filed in SC and NC. DUK plans to include several technologies, including CC and CT generation and solar. DUK will also begin its early work on advanced nuclear near the back half of the decade.

Financing will be a more balanced approach: DUK does not need any equity to fund its current plan, which will be partially funded by the proceeds from its commercial renewable sale. DUK is evaluating its financing for growth capital, which it would seek to do through a more balanced approach in the future. DUK prefers to issue maintenance equity over block issuances, and historically, DUK has raised ~$500M annually through the combination of the DRIP and ATM programs and would continue to use these mechanisms. DUK expects to fund incremental capital with ~30-50% equity.

Final stages of the DEC rate case, but activity is still going strong in 2024: DEC is set to wrap up its multi-year rate case in the coming weeks, with a final order in the mid-December timeframe and new rates implemented on January 1. To this point, DUK has reached several partial settlements agreeing to a $19.5B rate base, the treatment of nuclear PTCs, a three-year grid investment plan, and smaller items. The ROE, capital structure, and COVID deferrals are some of the more notable items outstanding and will be left up to the commission for a final decision. We expect the final outcome to align with the DEP rate case, which authorized a 9.8% ROE and 53% equity. While this year was highlighted by the multi-year plans in NC, DUK expects activity to continue in 2024, with pending filings in SC and FL, where the FL multi-year rate plan enters its final year. DUK will also contemplate filing an IN rate case with new rates effective in 2025. Notably, DUK continues to view the FL regulatory compact as constructive, and strong growth momentum has continued in the state.

Residential decoupling should smooth earnings: DUK attributed more than half of the weather headwind in 2023 to NC residential sales, which has the greatest volatility associated with volumes. NC residential sales will be decoupled beginning in 2024 through the multi-year plans. Therefore, we expect DUK to offer more predictable, steady earnings beginning in 2024. C&I sales volatility in NC will remain, but will have materially smaller impact on earnings.

DEC and DEP consolidation remains on the table: Public activity has been relatively quiet on this front, but DUK is actively discussing with both commissions and expects public activity to ramp up in the coming months. This initiative seems to have a lot of support, and DUK is working to figure out how to spread the rates among the customer base equitably. Upon completing the consolidation, DUK would operate with NC and SC utilities, while being able to count generation from both states towards capacity and reserve margins, reducing its required energy purchases. Consolidation would likely occur in the back half of this decade.

Recent Research: Solid 3Q; Steady Going; Remain OW with $96 PT; Weather Drives 2Q Miss; Clearer Skies in 2H; Renewables Sale Announced; Maintain OW; 1Q23 Miss Due to Weather; 2023 Guidance Maintained

Avangrid, Inc. (AGR)

We met with AGR's management team at the EEI and had a broad-ranging discussion on offshore wind, recent rate case outcomes, upcoming CT gas rate cases, the NECEC project, among other topics.

Offshore Wind — the first to sound the alarm but committed to it: AGR was the first company to sound the alarm on rising costs and the lack of viability of certain projects with higher rates and supply chain constraints. Since then, the Company has canceled PPAs for Commonwealth Wind in MA and Park City Wind in CT, and others in the industry have followed. That said, there is no change in the management's strategy. AGR is evaluating options to rebid effectively in the upcoming RFPs in CT, RI, and MA with one of the decision points being whether to bid individually into each state or jointly into the three-state regional 6 GW initiative. Among the factors under consideration will be the cost indexation provisions to combat high inflation and potential delays from supply chain bottlenecks. It does not appear that AGR would aggressively market its Kitty Hawk leasehold in this market environment. On the other side, despite

the slide in offshore wind momentum and in asset prices, AGR does not plan to be a buyer of any of the canceled projects given the potential liabilities that they could come with — including guarantees to states, etc. The Company, however, believes that the offshore buildout in the NE will happen and plans to remain committed to rebidding its acreage, with the potential advantage of being further along with the permitting process than many others. Vineyard Wind 1 appears on track for first power by YE with three turbines up and two more to go.

Tax Equity Financing and Tax Transferability — we discussed both: AGR recently closed on a $1.2B tax equity financing for Vineyard Wind 1 and first funding will come with commercial completion (i.e., when all five turbines are installed). The market for tax equity appears to be healthy but supply for large deals is limited with only a handful of banks willing to participate. While tax transferability may be suitable for smaller projects and for PTC, the appetite is not there for large scale ITC type transferability transactions. AGR also announced a recent $100M PTC transfer and plans to do more such transactions for onshore projects and especially for the wind repowering that the Company has planned.

Wind repowering will happen, cadence will depend on several factors: The Company has an internal plan for each of its wind assets in terms of the need and economics of repowering, and the total 4.6 GW of repowering opportunities will be staged based on project economics, ITC vs. PTC, and the potential for tax transferability. Notably, the repowering does not have to be done with the same suppliers as the original equipment providers, giving some flexibility on shopping for the best options.

NECEC construction has resumed, discussions continue with EDCs: AGR has resumed construction on NECEC and is still in negotiation with the EDCs for them to approve the higher project cost (delays due to litigation, inflation, etc.) and the potential for changing the COD past the current target of 2H25. The Company is comfortable continuing construction without further clarity from the EDCs given the strength of the contract provisions that will allow it to recover the higher costs. In the meantime, legislative relief may be coming from MA where a bill to allow the utilities accelerated recovery of the increased cost is pending Senate approval, having passed in the House. The updated project cost, as provided by the Company, is $1.5B.

CT regulatory climate, pending rate cases: AGR filed an appeal in the CT courts against the PURA's decision in the recent UIL rate case (which we have written in detail on). The commission continued its punitive streak with the UIL decision, and while AGR has filed an appeal, the timeline for a hearing is still uncertain. In the meantime, the Company filed two natural gas rate cases in CT based on previously determined timing. While worth tracking, these are smaller in scope than the UIL proceedings.

ME referendum and rate case: ME voted against a ballot measure to municipalize the state's IOUs. AGR had supported a rival ballot initiative requiring voter approval for certain state entities or state/municipal utilities to incur an outstanding debt that exceeds $1B, which also passed. With these favorable ballot outcomes and a recent constructive rate case outcome in ME, AGR appears to be turning the corner, but management recognizes the need for continuous public advocacy outreach to keep constructive relations.

PNM merger — waiting on a court decision: There is still no timeline on a decision from the NM Supreme Court on the appeal to turn the PNM merger decision back to the commission. We believe that if the Court decides not to turn the case back to the PRC, the Company is unlikely to pursue the matter any further. And if that were to be the case, we would expect it would also preclude the need for additional equity — an outcome that investors are likely to favor.

Recent Research: 3Q Miss, Guidance Reiterated; Remain SW; 2Q Dragged Down by Networks, Remain Sector Weight; Notes from Meetings with Management; Upgrading to SW on Valuation; 1Q Misses, Waiting for PNM Update and Restart of NECEC; Analyst Day Takeaways, Reiterate Underweight

Pinnacle West Capital Corporation (PNW)

During our meetings with PNW, we discussed the rate case and the regulatory construct of the state, which we believe is showing signs of a potential turnaround. We still note that the outcome of the rate case is the most significant catalyst.

Optimistic on an improving regulatory construct: Multiple recent datapoints indicate that AZ's regulatory climate might be improving. In the past, we have talked about the reversal of the 20 bps ROE penalty and the SCR deferral, which received quick actions from the commission. Recently, the ACC ruled to allow the recovery of deferred fuel costs, for which PNW received authorization to recover the capital at a more accelerated timeline than initially requested. While these are all encouraging signs, the most critical datapoint remains the outcome of the 2022 rate case and warrants the most attention over the next few months. Reply Briefs are due November 21, followed by an ALJ ROO in December, and a final decision most likely in 1Q24. PNW filed briefs addressing the system reliability benefit rider, noting the potential to reduce the frequency of rate case filings while smoothing capital recovery. If the rider is denied, PNW will attempt to engage in more conversations with the commission to explain the benefits of this mechanism. These discussions with the ACC must occur when PNW is out of ex-parte status (i.e., not in an active rate case).

On that front... The ACC seeks to address regulatory lag and proactively opened a separate docket to engage with stakeholders and PNW on improving contemporaneous recovery. The ACC mentioned the possibility of a forward test year but expects parties to suggest other options for the best ways to reduce regulatory lag, including specific tracker mechanisms. Overall, PNW is currently able

to recover ~20% of capital in between rate cases. Following any order on this docket, PNW could file a new rate case to implement new mechanisms.

C&I continues to drive growth while creating bill headroom: The Staff and some intervenors have complimented PNW on its ability to keep customer bills low, and given the increase in volumes through C&I growth, PNW continues to be able to spread higher costs over a larger base, thereby continuing to help mitigate some of the pressure. The 4-6% C&I growth is expected to continue, given ongoing expansion plans from TSMC and others. Although C&I is at a lower margin, the segment drives positive net income and is embedded into PNW's long-term earnings growth rate. Residential customer growth of 1.5-2.5% is expected to continue, but the benefits are primarily offset by energy efficiency and rooftop solar. EVs will have some level of positive contribution to the residential segment over the long term.

Weather has helped to mitigate O&M pressure: Weather was a material driver in 3Q23, and PNW opportunistically increased its O&M during 2Q as it already had decent visibility into July and August weather. As a result, PNW incurred additional maintenance expenses to ensure reliability in its generation fleet. PNW also used some of the benefits to help offset wage pressure, including completing a new CBA with some of the unions. Wage pressure continues to be a material headwind for PNW.

Recent Research: Weather Drives 3Q Beat, Mixed Bag Otherwise; Remain SW; 2Q Below Consensus; Guidance Raised on SCR Investment Recovery; Maintain UW; 1Q Below Consensus; GRC Activity Ramping Up

Entergy Corporation (ETR)

We held a meeting with ETR's management and discussed the recent positive developments in the SERI proceedings and what it could mean for the jurisdictions still holding out. We also discussed the diversity of the Company's load growth, which is fueling a need for capital investments.

Significant capital plan projected: ETR has a capital plan of $19.6B, with a large portion dedicated to generation and the distribution system. The load growth continues to present a significant opportunity, further supported by the resilience filings in NO and LA and an imminent filing in TX, which could total $2.3B and is not included within the current capex plan. ETR is targeting an even mix between owned generation and PPAs.

Financing the capital plan: ETR expects to fund the capital plan with $1.4B of incremental equity in 2025 and 2026 through the ATM program and does not expect the need for incremental equity beyond what has been outlined. The proceeds from the sale of the gas LDCs, which are supposed to close in 2025, will further help fund the capex.

The growth story is diversified: ETR expects industrial growth of 6-7% through 2026, underpinned by the activity in the Gulf Coast led by reshoring, industrial expansion, and power demand from AI and data centers. ETR's renewables portfolio are a draw for corporations seeking green power for expanding their operations.

Striving for a constructive close to SERI proceedings: The SERI proceedings are about two-thirds resolved following AR's settlement, on terms that were similar to those achieved with the MS commission. SERI is trying to capitalize on the momentum to reach settlements with the outstanding jurisdictions. Specifically, ETR believes New Orleans is more incentivized to agree to a settlement, which could help with progress in the discussions with LA, as the only remaining party after NOLA. If LA does not agree to a settlement, the proceedings could be protracted but much of the overhang would already be removed.

Recent Research: Q3 Beat and Solid Update - Reiterate OW; *AR Settlement and LDC Sales Further Derisk the Story; Reiterate OW; 2Q23 Beat; Awaiting Refreshed Industrial Sales Forecast; 1Q Miss on Weather; Full-Year Guidance Maintained*

Edison International (EIX)

Our meeting with EIX focused on the pending rate case, cost of capital proceedings, wildfire mitigation efforts, the wildfire claims recovery filing, and investments in AMI, transmission, and EE.

Cost of Capital proceedings underway: Since CA deals with cost of capital proceedings outside of a GRC review, and since interest rates have taken a sharp move upward this year, triggering the CoC mechanism, EIX filed to adjust its CoC upwards by 70 bps (based on a formula) vs. the current 10.05% ROE. The proceeding has been put on a 120-day pause giving the energy division more time to review the filing, but in the view of the Company, this is ultimately a mechanism based on a pre-defined formula and should be approved without any bearing on rate affordability, which will likely be dealt in the rate case proceedings.

GRC is filed, but it is still early days: The management is meeting with stakeholders and state officials to explain the filing and the revenue needs, especially considering the push for electrification (CA has a goal of carbon neutrality by 2045) and the related need for the grid to be ready for the transition. Intervenor testimony in the GRC is expected in late February 2024. With a rate case filing in process, EIX is less focused on the provisions of the recently passed SB 410 and does not see an immediate need to use the

provisions included therein, at least in the short run. The new law is intended to allow a timelier cost recovery on certain energization projects rather than waiting for the four-year rate cycle to refresh.

TKM claims filing made, no scoping memo yet: EIX filed for the recovery of $2.4B for the TKM events in August. There is no scoping memo yet, but hearings are expected to begin in 3Q24, and a final decision is expected in 2025. A constructive outcome in these proceedings, we believe, will go a long way in re-establishing CA as a premium jurisdiction in the minds of the investors, and while the TKM event preceded the passage of AB 1054, investors will not be looking at the proceedings any differently. EIX is making the case that if the market perceives the recovery as being at risk, it will widen the financing spread for the Company, further burdening rate payers, and that a thoughtful approach is necessary to send the right signals. The statute of limitations in both the TKM and Woolsey events has ended, so while no more new claims can be filed, there is still uncertainty on the size of certain claims which the Company is trying to get a better understanding of.

The most recent wildfire season was milder but also showed the effectiveness of the mitigation measures: Thus far, the Company's extensive wildfire mitigation measures through covered conductor installations and vegetation management have proven effective at reducing the number of ignitions and have required far fewer PSPS. Given the topography of EX's service territories, covered conductors is the more cost-effective way to reduce wildfire risk — except in areas of heavy population density where undergrounding is preferred.

Transmission buildout and AMI could add to capital needs over time: EIX has identified $2B of capex for AMI and another $2B for transmission. The Company is working on the precise cost and cadence of that spend. CAISO has an extensive transmission expansion program for which EIX has ROFR on $2.3B worth of projects and has submitted bids for two more that could further add to this total if awarded to EIX. A decision from CAISO is expected in April/May next year.

Recent Research: 3Q Results Below Estimates; Remain Sector Weight; 2Q Beats and a 5-7% EPS Growth Rate Extended Through 2028; 1Q Beats; Looking at an Eventful 2H with the GRC and Wildfire Cost Recovery Filings on Tap; Long-Term Growth Outlook Maintained; First Wildfire Cost Recovery Filing Planned for 2023

NorthWestern Corp (NWE)

Our meeting with NWE's management focused on the results of the latest rate case and NWE's plan to reduce regulatory lag with more frequent filings, which will support NWE's long-term growth rate.

NWE expects to become a more frequent rate case filer: On the heels of a constructive outcome in the recent rate case, NWE expects to file more frequently to reduce regulatory lag and earn closer to its ROE. While the rate case outcome was constructive, the lack of being able to implement rates retroactively might require NWE to return to the commission sooner than anticipated. Nonetheless, a more uniform rate filing cadence would allow the Company to seek recovery for smaller ticket items and to allow more timely recovery.

Refreshed capital plan, sized for the balance sheet: NWE rolled forward its capital plan to the 2024-2028 period, while raising it from $2.4B to $2.48B. The plan is sized to align with NWE's balance sheet capacity and does not require incremental equity, despite there being more investment opportunities.

Incremental opportunities are there: While NWE marginally raised its plan, NWE has ample opportunities to invest in transmission and generation, including transmission investment to free up capacity while allowing the bi-directional flow of generation as MT continues to need higher imports during peak times. Additionally, depending on the final outcome regarding the EPA's decision on the MATS rule, NWE could be required to procure more generation capacity to replace the Colstrip generation. NWE is hoping to keep Colstrip in its plan for as long as possible and hopes the MATS ruling will align with GHG emission rules. Two of the owners are expected to leave Colstrip by 2029, and there should be modest demand for the generation. Talen will likely maintain its stake as a firming resource to supplement renewables.

Expect earnings to be lumpy but within the 4-6% range: NWE expects to deliver 4-6% earnings over the five-year period, but expects it to be lumpy year-to-year given the lack of trackers and forward test years. This will likely continue until better contemporaneous recovery options are available.

Continuing to invest in wildfire mitigation strategy: NWE expects to file an update of its wildfire mitigation plan in its next rate case, which will build on the significant investments over the years. NWE is looking at PSPS and working with federal, state, and local communities to prepare for the actions. Further, NWE is encouraged by the work being done by EEI, which is focused on communicating with federal, state, and local authorities, seeking legislative options to backstop the liability risks, and providing broad support for utilities.

Recent Research: Solid Results, GRC Outcome and LT Guidance; 2Q Below Consensus; Long-Term Thesis Remains Intact; 1Q Below Consensus; Focused on GRC and Yellowstone; Constructive Settlement Reached in MT GRC; Near-Term Pressures, but MT GRC and IRP Offer the Case for Upside, Reiterate OW; Colstrip Ownership Transfer Improves Future Viability Outlook

American Electric Power Company, Inc. (AEP)

We met with management from AEP, where we discussed the latest regarding the pending asset sales. We also discussed AEP's plan to take advantage of supportive legislation (VA, TX) allowing the Company to close the earned ROE gap.

Detailed 2024 guidance provided: AEP provided EPS guidance for 2024 of $5.53-$5.73, including a breakdown across its segments. The Vertically-Integrated Utilities (+$0.32 y/y) and T&D (+$0.24 y/y) are expected to drive much of the increase in 2024, slightly offset by the Generation & Marketing (-$0.26) segment. The sale of the NMRD (-$0.01), Distributed Resources (-$0.02), and Retail (-$0.08) business are driving the decrease in Generation & Marketing. AEP also provided a break out for transmission-related earnings, which is expected to contribute $0.80 and $0.69 in VI and T&D, respectively. AEP remains heavily concentrated in its transmission business and continues to relay its message around the underappreciated transmission assets.

Update on sale processes, reviews: There was no material update regarding the ongoing sales process and strategic review, but AEP is close to signing a contract for its New Mexico Renewable Development JV, with a deal expected by year-end. Overall, the processes have gone per AEP's initial expectations, and there is still robust interest in the assets. AEP embedded ~$700M of sale proceeds int the 2024 cash flow assumptions to reflect the result of the asset sales based on their book value, and the actual realized price may be different. AEP is planning to redeploy any proceeds from the sales to retire higher-interest debt, which will offset what was expected to be ~$0.12 of EPS contribution from these assets in 2024, mitigating any dilution impacts.

Capital plan to support C&I growth: AEP updated its capital plan to $43B, up from $40B, supporting a 7.2% RB CAGR over the next five years. A significant portion will continue to be allocated towards wires, with regulated renewables also receiving a good share. AEP's investment needs are partially driven by sizable commercial growth in its service territory led by data centers in TX, IN, and OH. AEP feels confident in its forecast as data center activity is expected to continue through 2026, including 7.3% commercial growth in 2023 and in the mid-single digits over the next three years. AEP will fund its capital plan through the pending asset sales and $3.4B of equity issuances over the next five years.

Closing the regulatory gap in ROE: AEP has active rate cases in IN, MI, and OH while awaiting a decision in VA on its settlement. AEP also expects to file another OK rate case in 1Q24 following the recent commission order that cut the net revenue increase in half from the settled amount. Overall, from the rate cases and use of other cost recovery mechanisms, AEP expects to improve the difference between authorized and earned ROE. In 2024, AEP expects to achieve a 9.1% ROE, a 40 bps improvement vs. the TTM ROE reported as of 3Q23. The biennial review in VA, the semi-annual DCRF in TX, and the forward-looking test years in IN and MI support AEP's goal to earn close to its ROE. AEP seeks to reach ~20-30 bps below its authorized levels over time.

Recent Research: 3Q Results Ahead of Consensus; Look Towards EEI for Refreshed Guidance; In Line 2Q as Busy Year Continues; Maintain SW; In Line 1Q; Portfolio Streamlining Efforts Continue; Focus on ROEs; Remain SW

Portland General Electric Company (POR)

We held a meeting with POR management, where discussions revolved around the latest rate case results and the impact on power costs. We also discussed the pending RFP and the potential impacts on POR's long-term rate base growth.

The rate case de-risks POR's power cost volatility: In the recent rate case, POR was authorized to update its net-variable power costs to $174M, which POR will refresh in an updated forecast filing. Additionally, POR can now recover 80% of reliability contingency event (RCE) costs that are above POR's forecast in its annual tariff, with the remaining 20% of RCE costs flowing through the existing PCAM. The updated mechanism mitigates some volatility associated with power costs during periods of region-wide capacity constraints triggered by specific regional characteristics. POR can also modify its hedging program due to the adjustments.

RFPs could fuel significant RB growth: POR currently assumes a rate base CAGR of 7.5% through 2027 but could see an increase to at least 9% if it were to win ~25% from the incremental 3,200 MW of resources. Bids are expected at the beginning of 2024, followed by selection in 2H24. The shortlist will provide more visibility and could enable POR to embed some of the projects into its next revised capital plan. POR illustrated a ~25% ownership of the 3,200 MW but typically targets anywhere from 25-55% ownership. POR exceeded the top end of that range during the last two RFP. POR notes that the RFPs are expected to be more competitive going forward, with varying levels of maturity and technology types to be submitted. POR will evaluate its financing plan for the potential capital but still has availability under the ATM program.

POR feels comfortable with the growth outlook: Overall, POR feels comfortable with its 2% long-term sales outlook, underpinned by industrial growth, barring any quarterly variation. The Chips Act continues to benefit POR's service territory, with Intel signaling expansion plans. The region's dependence on manufacturing may create short-term issues due to destocking, but POR remains confident in the outlook.

Wildfire risk is a focus: POR files its wildfire mitigation plan annually with the PUC and has an adjustment clause that allows POR timely recovery of its mitigation costs, including amortizing $27M of deferred wildfire mitigation costs over a one-year period that began

at the end of October. Only about 10% of POR's territory is in wildfire-risk areas, and POR is investing in technologies to help mitigate and detect wildfires. POR is allowed to implement PSPS, which it has used in the past, when needed.

Recent Research: In Line Quarter but Lighter Volumes and Higher Power Costs a Drag; Constructive Regulatory Update; Remain SW; 2Q Below Consensus; Full-Year Guidance Maintained; Remain SW; Disciplined Growth; Notes from the Road; 1Q in Line as Power Prices Offset Load Growth; RFP Wins Fuel RB Growth

FirstEnergy Corp. (FE)

Our meeting with FE at this year's EEI focused on the corporate transition under the new CEO, the upcoming OH rate filing, the long tail of transmission and load growth opportunities, and the EPS growth rate projections.

Corporate restructuring underway: The new management team is instituting several organizational changes to position the Company favorably to take advantage of the secular trends driving generation growth and transmission expansion. A search for a COO and a Head of Utilities is nearing completion, with an announcement in the coming days. Next, the leadership is focused on realigning the various utilities under single jurisdictional heads (PA, OG, NJ, WV/MD, and Transmission). These appointments will happen over the course of 2024, with both internal and external candidates being considered. The new alignment of management will fit in well with FE's plans to consolidate the PA utilities under a single legal entity (expected to be complete by YE) and the OH utilities under one unit (timing to coincide with the 2024 rate filing). With this initiative, FE will also restate the way it reports results, starting in 1Q24.

OH, rate case on tap for 2024: The OH GRC may be the biggest item to watch for FE in 2024. This will be FE's first GRC in OH in a long time and the management team is putting the pieces in place for a comprehensive filing. The goal is to get constructive settlements or adjudicated outcomes in the pending ESP V and Grid Mod II filings before the rate case to include them in rates and reset the rider balances to zero. The rate case will also incorporate existing capex programs, including the vegetation management program, into rates. Recent resolution of similar proceeding as FE's ESP V and Grid Mod II will serve as guideposts as to the quality of the outcome that FE may receive. A combination of the OH rate case and the PA rate cases could potentially reduce a significant amount of regulatory lag, with many of its utilities earnings ROE that are earning well below the national averages. Over time, the lag should narrow further through a regular rate case cadence.

Reducing pension-related earnings volatility: FE plans to seek some type of pension volatility normalization mechanism when it files for the OH and other rate cases. The impetus comes after the recent market and rate volatility had a meaningful impact on the earnings of the Company. As part of this initiative, the Company may look at a "pension lift off" whereby it offloads a portion of the pension assets to a third party.

Transmission opportunities could be meaningful in PJM and to support NJ's offshore goals: PJM recently selected two FE transmission projects totaling $372M to help manage load from data centers, and earlier, JCP&L was awarded $723M to build new and upgrade existing transmission infrastructure for NJ's offshore wind projects. While the timing of these projects could be during the latter part of this decade, it is a sign of the potential growth that FE could experience in its service territories.

EPS growth rate of 6-8% can be justified based on the line of sight into investment opportunities: FE is confident that it has enough line of sight into the investments needed in its service territories to justify a 6-8% annual EPS growth pace through the foreseeable future. Even though Signal Peak has been a meaningful contributor to earnings in the recent years, FE expects the contribution to fall to half of the $0.25 expected this year and turn to a *de minimus* amount by 2025. At the same time, the Company plans to make its FE Forward cost management initiative permanent to instill a company-wide culture. The team has worked to reduce O&M in 2023 vs. 2022 by 15%, of which half of the cost reduction can be made structural, while the other half is temporal.

Recent Research: Quarter Ahead of Expectations on Use of NOLs; Remain Overweight; 2Q in Line; Staying the Course; In-Line Quarter Despite Unfavorable Weather; CEO Transition in Sight; Reiterate Overweight, $45 Price Target

NextEra Energy, Inc. (NEE)

At our meeting with NEE's management team, we discussed the regulatory environment in FL, the momentum for renewables development for NEER, the potential paths forward for NEP, and the cadence and balance sheet impacts of tax equity financing and tax transferability.

FL remains a constructive jurisdiction supported by positive demographic trends: Recent headlines around the FL Supreme Court asking the PSC to fully create a full record for its decisions should not fundamentally change the dynamics of regulatory relationships in the state. FL has precedent for the court to defer to the PSC on the rationale for rate case decisions and that should not change despite the recent ruling. Following the Supreme Court's ruling, NEE expects that it may take the commission about six months to provide the court with a full record of its decision, but it should not have any implications beyond that. On the matter of election interference, the matter is being reviewed by the FEC and there is no timeline on when the FEC may issue a statement.

What is the future of NEP? NEE remains committed to NEP as an effective financing vehicle for its renewables portfolio. The recent de-rating of the Company following the lowering of the growth rate and the deemphasis of the complex CEPF financing structure should potentially set the Company back on the path of self-sustaining growth — providing it can reach a point where its cost of capital is competitive with peers. In the meantime, with the plan to sell the Meade pipeline in 2025 and closing the STX pipeline sale in 2024, the partnership should be able to deliver on the lowered growth rate and not need growth equity through 2026.

Tax equity, transferability of tax credits, and interest rates swaps: The IRA-led tax transferability provision creates an attractive alternative for NEER to improve project economics and adds to the existing toolkit of tax equity financing and traditional project finance. Tax credit partnerships remain an attractive vehicle to monetize tax credits and tax deprecation but for the right kind of projects transferability is a more efficient method to realize the tax benefits. The tax transferability market is very deep, and NEE with its large renewables portfolio offers itself as a credible counterparty for securing transferability transactions. NEE plans to grow tax transfers from $400M to a midpoint of $1.7B by 2026. As outlined on the earnings call, every $1B of tax transfer creates $6.5B of "equity content" at a 18% FFO/Debt, which helps to reduce its equity needs or increases its borrowing capacity (to the extent that it can repeat the tax transfers each year). To secure project economics, NEE actively hedges its interest rate exposure through swaps for the renewables projects and has $25B in interest rate swaps to support its 21 GW pipeline of renewable projects, as well as some for parent debt.

Recent Research: NEE, NEP: Powering Through; NEE, NEP: Now What?; 2Q Beats, No Change to Guidance, Solar Outlook Brightening; 1Q23 Beats, Focus on NEER and NEP Growth Avenues in a Higher Rate Environment

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	238	48.28	43	18.07
Sector Weight [SW]	250	50.71	40	16.00
Underweight [UW]	5	1.01	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	44.64	19	76.00
Sector Weight [SW]	30	53.57	10	33.33
Underweight [UW]	1	1.79	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

KeyBanc Capital Markets

Alert

November 13, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AEP, AVA, EXC, AGR, D, WEC, CNP, ETR, SRE, XEL

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

The EEI Financial Conference is taking place in Arizona this week. This week, we are tracking proceedings in AEP's electric rate case in Indiana and AVA's resource plan in ID. In other news, EXC files Exceptions to the ALJ's proposed decision in IL electric rate; AGR files two natural gas rate cases with the CT PURA; D files rebuttal testimony in D's VA biennial review proceedings; the OCC issues a final order in PSO's OK electric rate case; WEC announces Gale Klappa as Non-Executive Chairman beginning in May; a member of the TX PUC reportedly set to resign, and TX votes to approve a $10B energy fund.

EEI 2023

Take a look at our Key to EEI: Conference Package & Question Bank, where we present our EEI conference "care package," consisting of: 1) KBCM EEI schedule; 2) comp sheet; 3) our question bank - arranged in order of our meetings; as well as 4) the summary of our thesis and catalysts for the names in our coverage and some reference materials we found to be useful.

Regulatory Calendar

AEP — Staff and intervenor testimony in AEP's IN electric rate case is due on November 15: The Company is seeking a $116M (net $41M) revenue increase, premised on a 10.5% ROE and 51.2% equity. AEP proposed phasing in the increase over two-steps, with an $84M initial increase, followed by an incremental $33M revenue increase. Hearings are set to begin in January, followed by a Commission order in June 2024. New rates are expected to go into effect in mid-2024.

AVA — Comments in AVA's electric IRP are due on November 16: AVA filed its 2023 electric IRP with the ID utility commission. In its electric filing, AVA aims to balance its strategy between the ID and WA as ID focuses on reliability and the lowest cost resources. In contrast, WA focuses on energy policy and the Clean Energy Transformation Act (CETA). AVA is required to file IRPs every two years.

FERC — FERC's Open Meeting is scheduled for November 16: A copy of the Sunshine Notice is included here.

Recent Developments for Companies Under Our Coverage

From our midweek: NEP announces the sale of STX Midstream; OTTR requests $17M revenue increase in ND; Maine votes against utility municipalization ballot referendum; SRE announced a forward sale agreement for $1.2B of common stock; and AEP files a mixed shelf.

EXC — EXC files exceptions to the ALJ's proposed decision in IL electric rate: EXC filed its briefs on exceptions to the ALJ's PD, which specified 18 exceptions and 12 technical corrections. The two most critical exceptions EXC raises are the return on pension assets and ROE. EXC asked the ICC to recognize and allow at least a debt return on the $1.2B pension asset. EXC also notes that the ALJ used its own CAPM calculation, which would result in a lower ROE than that determined by the formula rate method. If the ALJ would use the Staff's beta, it would improve the ALJ calculated ROE by 31 bps. As a result of the ALJ, EXC is requesting the ICC to hold an oral argument on issues related to ROE, the return on pension assets, capital structure, the inclusion of the targeted overhang program in the grid and rate plans, and certain grid investments. As a reminder, the ALJ issued a PD recommending a $1,175M revenue increase, premised on a 9.28% ROE. In briefs, EXC updated its request to a $1,499M revenue increase over the 2024-2027 period while proposing to defer ~$339M for future recovery. EXC can phase in up to 50% of the initial year's approved increase to be deferred and recovered within 24 months or by 2026. EXC's request is premised on gradual increases in its ROE (10.5-10.65%) and equity layers (50.58-51.19%) through the four years. The ALJ denied Staff's method to use the formula rate method in the PD. The ICC has until December 20 to issue a final decision. New rates are expected to go into effect January 1, 2024.

AGR — AGR files two natural gas rate cases with CT PURA: AGR's Connecticut Natural Gas and Southern Connecticut Gas filed natural gas rate cases with CT PURA seeking revenue increases of $20M and $41M, respectively. CNG and SCG premised their requests on 55% and 53% equity layers, respectively, while both asked for a 10.2% ROE. The parties use calendar-2022 test

years with adjustments through the rate year ending October 31, 2025. The main drivers of the request include the recovery of capital investments and higher costs since the last rate case, including O&M, depreciation, and property tax. The utilities also request to continue their revenue decoupling and earnings-sharing mechanisms. We view CT as a challenging regulatory jurisdiction that is not likely to turn around in the near term. That said, these proceedings will provide some insight into the evolution of the regulatory climate in the state. New rates are expected to go into effect November 1, 2024.

D — D files rebuttal testimony in D's VA biennial review proceedings: D filed rebuttal testimony, updating its revenue deficiency in 2024 and 2025 to $59M and $102M, respectively. This compares to Staff's recommendation for a $72M reduction in revenue in 2024 and a $10M increase in 2025. D notes that Staff's proposed equity structure diverges from the General Assembly mandated 52.1% through 2024. D also stated that removing adjustments for lost revenues due to DSM/EE adjustment programs would inhibit D's ability to recover its base rate cost of service. If these two adjustments were made to the Staff's testimony, the analysis would demonstrate a revenue deficiency in 2024 and 2025. D's initial filing provided a forward-looking, rate-making analysis demonstrating a $26M revenue deficiency in 2024 and an incremental $25M in 2025. However, since the legislation also says that the fold-in of $350M in rider revenue (Rider R – Bear Garden, Rider S – Virginia City, Rider W – Warren County) into base rates cannot serve as a basis for a rate increase, D is not proposing any incremental rates in this proceeding. D made the biennial rate filing in pursuance of new legislation. An SCC order is expected by March 3, 2024, followed by new rates going into effect April 1, 2024.

AEP — OCC issues final order in PSO's OK electric rate case: The OCC issued a final order authorizing a $131M (net $47M) revenue increase. The authorized revenue increase compares to the multiparty settlement filed between PSO and other parties agreeing to a $155M (net $50M) revenue increase. The lower revenue increase is due to several modifications including a 9.3% ROE and 52% equity vs. an agreed-upon 9.5% ROE and 54.62% equity layer. While the rate base was lowered to reflect the removal of Rock Falls Wind Facility since the facility was not used and useful within the six-month post-test year period. The OCC also approved the Grid Enhancement and Reliability Rider (GEAR) for a three-year term through 2026 with a $6M annual revenue requirement. The new rates are retroactive to May 22, 2023, and AEP will refund customers since the approved rates were lower than the interim rates that were implemented in May.

WEC — WEC announces Gale Klappa as Non-Executive Chairman beginning in May: Gale Klappa, who's been synonymous with the Company, will serve the remainder of his term as Executive Chairman through May 2024. Upon that time, Mr. Klappa will transition to the role of Non-Executive Chairman. The new appointment is subject to annual board nomination and stockholder approval. Gale began his tenure as WEC's CEO in 2003 and held that role through 2016 before initially retiring. He served a second stint as CEO from October 2017 through February 2019. Since then, he has served in his current role as Executive Chairman.

AEP, CNP, ETR, SRE, XEL — Commissioner reportedly set to resign from PUCT: According to reports, Commissioner Will McAdams plans to resign from the PUCT later this month. Will McAdams was appointed to the Commission in April 2021. His resignation would leave the PUCT with only three of the five PUCT seats filled. In addition to McAdams' resignation, recall that Chair Lake resigned earlier this year as chair of the TX PUC. The PUCT expanded to five seats (from 3) as part of the regulatory overhaul following the response to Winter Storm Uri (Governor Abbott signed SB 2154 into law in June 2021). Under the new law, PUCT commissioners must be TX residents, registered voters, and well-informed in public utilities and utility regulations. The Governor appoints PUC commissioners to six-year terms, subject to confirmation by the state Senate. In TX, we are actively following XEL's TX electric rate case.

AEP, CNP, ETR, SRE, XEL — TX votes to approve $10B energy fund: Texas citizens voted to approve Proposition 7, a constitutional amendment authorizing the Texas Energy Fund and effectuating SB 2627. As a result, the TX PUX will be administering the TX Energy Fund, a $10B fund to provide 20-year, low-interest loans to companies building gas-fired power plants (for units >100 MW and the loan not exceeding 75% of the cost of the facility). ~$7.2B of the fund will be available to support new construction or upgrades, with another $1.8B allocated to support the development of microgrids and backup power for critical facilities across the state. The remaining $1B will be used for grid modernization, weatherization, and other efforts in the non-ERCOT portions of Texas.

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
	CPI Release	BLS			11/14/2023	CPI release for Prior Month
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	11/15/2023	Staff and Intervenor Testimony Due
ID	Avista Corp.	AVA	E-23-05	IRP	11/16/2023	Comments Due
	Federal Energy Reg Comm	FERC			11/16/2023	Open Meeting
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	11/20/2023	Reply Briefs on Exceptions Due
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	11/21/2023	Staff and Intervenor Testimony Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	11/28/2023	Evidentiary Hearings
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	11/28/2023	Evidentiary Hearings
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	11/30/2023	Final Order Due
OR	Avista	AVA	LC81	IRP	12/1/2023	Staff Final Comments and Recommendations
MA	NSTAR Electric Co.	ES	DPU 23-92	Electric	12/1/2023	Initial Briefs Due
KY	Kentucky Power Co	AEP	2021-00370	Electric	12/4/2023	Supplemental Requests Due
DE	Delmarva Power & Light	EXC	D-22-0897	Electric	12/4/2023	Hearings Commence
ID	Avista Corp.	AVA	E-23-05	IRP	12/7/2023	Reply Comments Due
MA	NSTAR Electric Co.	ES	DPU 23-92	Electric	12/8/2023	Reply Briefs Due

Source: Regulatory Filings, Company Filings, S&P Market Intelligence, KBCM

Figure 2 - Comp Sheet

		Market Cap	Rating	Target	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	20.1	Overweight	$82	$76.27	3.3%	57%	4.40	4.68	4.96	17.3x	16.3x	15.4x	4.42	4.68	5.03	17.3x	16.3x	15.2x
AEP	American Electric Power Company In	40.9	Sector Weight	NA	$77.70	4.3%	64%	5.26	5.58	5.93	14.8x	13.9x	13.1x	5.27	5.58	5.97	14.7x	13.9x	13.0x
CMS	CMS Energy Corp	16.2	Overweight	$57	$55.60	3.5%	63%	3.07	3.33	3.61	18.1x	16.7x	15.4x	3.10	3.34	3.59	17.9x	16.6x	15.5x
CNP	CenterPoint Energy Inc	17.1	Overweight	$29	$27.12	2.8%	51%	1.50	1.63	1.74	18.1x	16.6x	15.6x	1.50	1.62	1.74	18.1x	16.7x	15.6x
D	Dominion Energy Inc	37.6	Sector Weight	NA	$44.96	5.9%	92%	2.83	2.85	3.27	15.9x	15.8x	13.7x	2.91	3.15	3.45	15.5x	14.3x	13.0x
DTE	DTE Energy Co	20.3	Overweight	$106	$98.57	3.9%	66%	6.18	6.63	7.02	15.9x	14.9x	14.0x	5.79	6.57	7.10	17.0x	15.0x	13.9x
DUK	Duke Energy Corp	68.0	Overweight	$96	$88.27	4.6%	73%	5.59	6.00	6.38	15.8x	14.7x	13.8x	5.60	5.98	6.33	15.8x	14.8x	13.9x
ETR	Entergy Corp	20.4	Overweight	$97	$96.61	4.5%	64%	6.69	7.19	7.68	14.4x	13.4x	12.6x	6.73	7.19	7.72	14.4x	13.4x	12.5x
ES	Eversource Energy	18.8	Sector Weight	NA	$53.80	5.0%	63%	4.33	4.60	4.89	12.4x	11.7x	11.0x	4.34	4.56	4.82	12.4x	11.8x	11.2x
ED	Consolidated Edison Inc	30.8	Underweight	$73	$89.35	3.6%	65%	4.94	5.19	5.54	18.1x	17.2x	16.1x	5.01	5.26	5.57	17.8x	17.0x	16.0x
EIX	Edison International	24.4	Sector Weight	NA	$63.72	4.6%	63%	4.73	5.11	5.63	13.5x	12.5x	11.3x	4.70	5.10	5.60	13.6x	12.5x	11.4x
EXC	Exelon Corp	39.3	Sector Weight	NA	$39.43	3.7%	62%	2.36	2.53	2.72	16.7x	15.6x	14.5x	2.36	2.50	2.71	16.7x	15.8x	14.5x
FE	FirstEnergy Corp	20.3	Overweight	$41	$35.30	4.5%	62%	2.55	2.70	2.87	13.8x	13.1x	12.3x	2.54	2.66	2.84	13.9x	13.3x	12.4x
PEG	Public Service Enterprise Group Inc	30.7	Sector Weight	NA	$61.61	3.7%	66%	3.46	3.60	3.88	17.8x	17.1x	15.9x	3.46	3.69	4.07	17.8x	16.7x	15.1x
SO	Southern Co	74.3	Sector Weight	NA	$68.10	4.1%	77%	3.61	4.02	4.24	18.9x	16.9x	16.1x	3.60	4.03	4.32	18.9x	16.9x	15.8x
WEC	WEC Energy Group Inc	25.3	Overweight	$94	$80.31	3.9%	68%	4.60	4.93	5.27	17.5x	16.3x	15.2x	4.61	4.91	5.25	17.4x	16.3x	15.3x
XEL	Xcel Energy Inc	32.7	Overweight	$62	$59.20	3.5%	62%	3.35	3.55	3.72	17.7x	16.7x	15.9x	3.36	3.58	3.82	17.6x	16.6x	15.5x
					Average:	**4.1%**	**66%**				**16.3x**	**15.3x**	**14.2x**				**16.3x**	**15.2x**	**14.1x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.6	Sector Weight	NA	$33.46	5.5%	81%	2.31	2.42	2.50	14.5x	13.8x	13.4x	2.29	2.43	2.52	14.6x	13.8x	13.3x
NWE	NorthWestern Corp	3.0	Overweight	$59	$48.63	5.3%	82%	3.41	3.68	3.85	14.3x	13.2x	12.6x	3.11	3.55	3.72	15.6x	13.7x	13.1x
OTTR	Otter Tail Corp	3.2	Sector Weight	NA	$77.64	2.2%	27%	5.88	4.05	3.36	13.2x	19.2x	23.1x	6.38	3.93	3.63	12.2x	19.8x	21.4x
PNW	Pinnacle West Capital Corp	8.0	Sector Weight	NA	$70.46	4.9%	82%	4.24	5.08	5.28	16.6x	13.9x	13.3x	4.23	4.91	5.12	16.6x	14.4x	13.8x
POR	Portland General Electric Co	4.1	Sector Weight	NA	$40.25	4.7%	72%	2.65	3.08	3.27	15.2x	13.1x	12.3x	2.62	3.03	3.20	15.4x	13.3x	12.6x
					Average:	**4.5%**	**69%**				**14.8x**	**14.6x**	**15.0x**				**14.9x**	**15.0x**	**14.8x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	11.8	Sector Weight	NA	$30.38	5.8%	83%	2.12	2.30	2.43	14.3x	13.2x	12.5x	2.12	2.35	2.55	14.4x	12.9x	11.9x
NEE	Nextera Energy Inc	113.1	Sector Weight	NA	$55.14	3.4%	60%	3.13	3.40	3.62	17.6x	16.2x	15.2x	3.13	3.40	3.65	17.6x	16.2x	15.1x
SRE	Sempra	44.3	Sector Weight	NA	$70.34	3.4%	52%	4.50	4.77	5.14	15.6x	14.7x	13.7x	4.58	4.80	4.91	15.3x	14.7x	14.3x
					Average:	**4.2%**	**65%**				**15.9x**	**14.7x**	**13.8x**				**15.8x**	**14.6x**	**13.8x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	38.9	Sector Weight	NA	$121.77	0.9%	21%	3,704	4,039	3,926	12.4x	11.2x	11.4x	3,807	4,125	4,115	12.0x	10.9x	10.8x
NRG	NRG Energy Inc	10.3	Not Covered	NA	$45.55	3.4%	38%	NA	NA	NA	NA	NA	NA	3,097	3,342	3,321	6.0x	5.3x	4.0x
VST	Vistra Corp	12.3	Not Covered	NA	$34.48	2.5%	20%	NA	NA	NA	NA	NA	NA	3,968	4,271	4,205	6.6x	6.0x	5.6x
					Average:	**2.3%**	**26%**				**12.4x**	**11.2x**	**11.4x**				**8.2x**	**7.4x**	**6.8x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 3 - Stock Price Performance

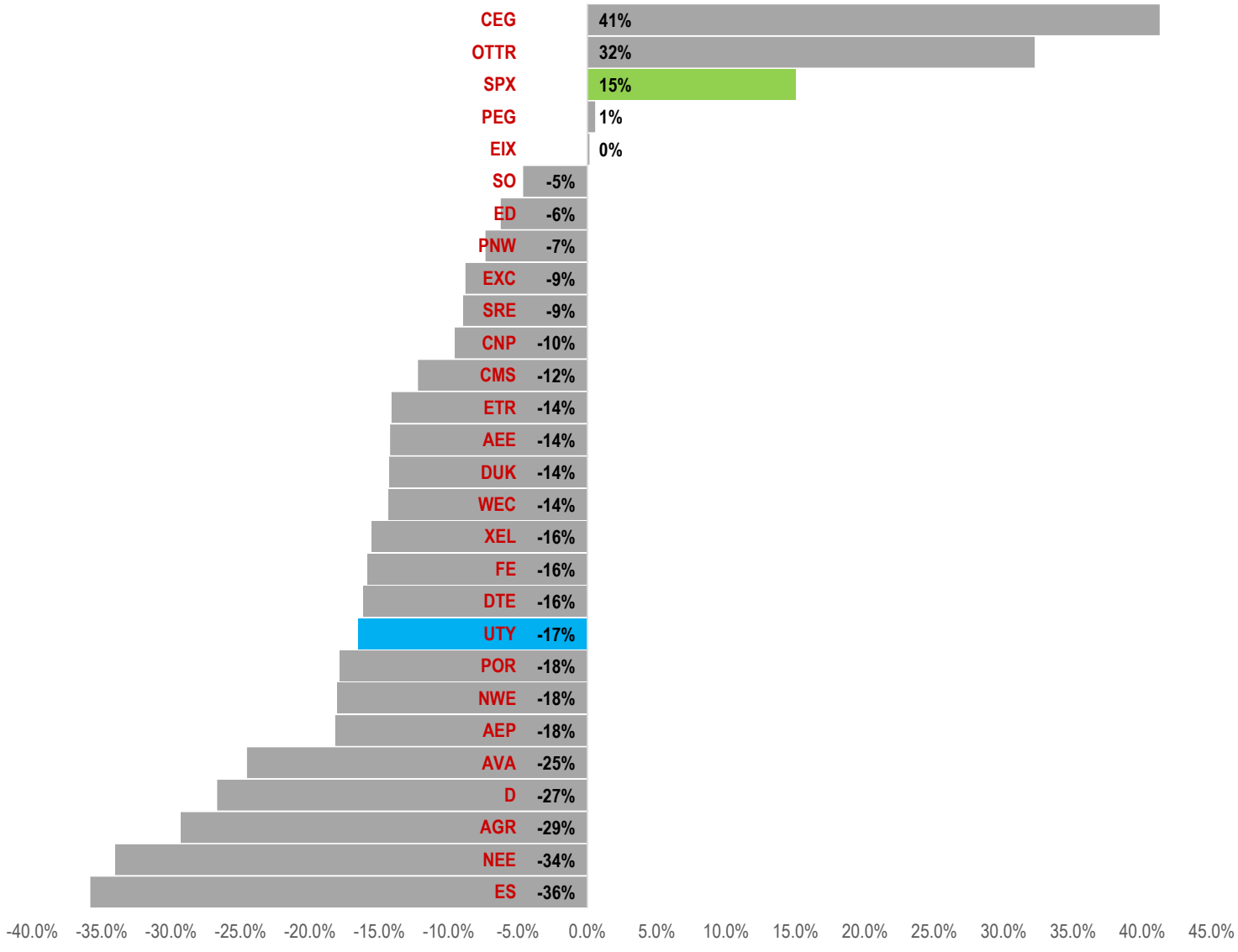

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Select Recent Research

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	238	48.28	43	18.07
Sector Weight [SW]	250	50.71	40	16.00
Underweight [UW]	5	1.01	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	44.64	19	76.00
Sector Weight [SW]	30	53.57	10	33.33
Underweight [UW]	1	1.79	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & IPPs >> PowerPoints: WEC Chair, TX Turnover, AEE /ATO/ORA EPS, D Latest + M&A, & EXC NJ
- **Publication Date/Time** : Thursday, November 09, 2023 04:43:56 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_product=FRC&_doc_docfn=U2FsdGVkX18FTyd%2B55cGBJ3ZQpMh9PkaHSf53YqYf4W6Gl1v8p50aYxP%2FAroAEqL8wcyuhNDZRitRTWii8z3SEwyzlS

KeyBanc Capital Markets

Alert

November 06, 2023

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: D, AEP, FE, DTE, EXC, CNP, PNW, ETR, DUK, XEL, SO

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

3Q earnings wrap-up with ES, CEG, and AEE scheduled to report. This week, we are tracking proceedings in D's biennial review in VA; AEP's KY Power electric rate case; FE's ESP V; DTE's electric rate case in MI; and EXC's IL electric rate case. In other news, CNP files a multi-year gas rate case with the MN PUC; PNW files 2023 AZ IRP; parties reach an $88M settlement in ETR AR's FRP; the OH PUC authorizes a $32M revenue increase in DUK's natural gas rate case; XEL is ordered to pay a $27M fine for extended outages at Comanche Unit 3; and AL Power enters a 727MW natural gas plant into service. ***Don't miss our schedule of meetings at the EEI this fall and contact us to join the meetings.***

KBCM Invites You to Join Us at the EEI Financial Conference on November 12-14 in Phoenix, AZ.

Please scroll down for our full schedule, including dinners with **DTE** and **AGR,** and contact us or your KBCM sales representative to schedule meetings.

Upcoming Earnings Report

3Q earnings wrap-up: ES, CEG, and **AEE** are scheduled to report this week (see calendar below). Our recently published preview, Finally, Attractive, includes our thesis, expectations, and estimates for our coverage.

Figure 1 - 3Q23 Utilities Earnings Calendar

Company Name	Ticker	Date	Time (ET)
Eversource Corp	ES	11/6/2023	9:00 AM
Constellation Energy	CEG	11/6/2023	10:00 AM
Ameren Corp	AEE	11/9/2023	10:00 AM

Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

D — Rebuttal testimony in D's VA biennial review proceedings is due on November 6: Staff's analysis determined that D would produce ROEs of 10.49% and 10.37% in 2024 and 2025, respectively. Therefore, Staff recommends a $72M reduction in revenue in 2024 and a $10M increase in 2025. Staff removed adjustments for lost revenues due to DSM/EE adjustment programs, which drove the most significant difference relative to D's request. D provided a forward-looking, rate-making analysis demonstrating a $26M revenue deficiency in 2024 and an incremental $25M in 2025. However, since the legislation also says that the fold-in of $350M in rider revenue (Rider R – Bear Garden, Rider S – Virginia City, Rider W – Warren County) into base rates cannot serve as a basis for a rate increase, D is not proposing any incremental rates in this proceeding. Staff also recommends that D be able to defer $46M of the $76M of severe weather event costs that D experienced during the 2021 and 2022 test periods. The deferrals allow D to earn the 9.35% authorized ROE for those periods. D would be allowed to amortize the costs over two years, beginning January 1, 2023. D made the biennial rate filing in pursuance of new legislation. An SCC order is expected by March 3, 2024, followed by new rates going into effect April 1, 2024.

AEP — Rebuttal testimony in KY Power's electric rate case is due on November 6: The Office of the AG and KY Industrial Utility Customers filed joint testimony recommending a $66M revenue increase, premised on a 9.7% ROE, 41.24% equity, and $1,573M rate base as of March 31, 2023. This compares to KY Power's request for a ~$94M revenue increase, premised on a 9.9% ROE, 41.62% equity, and a ~$1,793M rate base using the same test year. The lower rate base is a material driver of the delta as the interveners recommend recalculating certain working capital items and removing assets associated with a federal NOL ADIT from rate base. The OAG and KIUC do not oppose KY Power's proposed distribution reliability rider, but want to limit the recovery to incremental capex and O&M. Through the filing, KY Power is seeking to right-size its rate base and improve the balance sheet to improve the earned

ROE. At the end of 2Q23, KY Power earned a 1.6% ROE over the past 12 months. KY Power will file rebuttal testimony by November 6, followed by hearings beginning on November 28. New rates are expected to go into effect on January 1, 2024.

FE — Evidentiary hearings in FE's ESP V plan begin on November 7: In testimony, Staff recommended implementing ESP V for six years and several other modifications to the riders. As a result, Staff's suggestions would lower the annual cap charges by $30M-$36M in the first year relative to ESP IV. This compares to Staff's calculation of FE's request, resulting in a $15M-$21M increase in the first year. Staff also recommended modifications to the Rider SCR, including only applying it to major storms. Staff proposed a bridge period for the riders, allowing them to remain in place while being addressed further in the upcoming OH rate case in May. FE's Ohio Edison, Cleveland Electric, and Toledo Edison filed the fifth Electric Security Plan (ESP) with the OH PUC, which covers the eight years from June 2024 through May 2032. ESP V focuses on maintaining reliability and affordability. FE proposed several rate design and cost recovery proposals, including continuing capital investment riders and introducing vegetation management and storm cost recovery riders. FE also presented a portfolio of energy efficiency and demand response programs.

DTE — Reply exceptions to the ALJ's proposed decision in DTE's MI electric rate case are due on November 8: DTE's critical exceptions included the disallowance of $406M for investments into the electric distribution infrastructure, which replaced and hardened the aging infrastructure across its service territory. DTE's other critical exceptions included the $44M disallowance for IT O&M expenses; $51M disallowance for customer self-service IT investments; the $203M disallowance for decommissioning costs for St. Clair, River Rouge, and Trenton Channel; $7M disallowance for inflation adjustments; and the 9.8% ROE. If the ALJ PFD were adopted, DTE would likely need to pause or cancel critical investments. The Company has implemented cost measures over the past several years to offset high inflation, while staying out of any rate cases during the pandemic, and only receiving a $30M revenue increase in the 2022 rate case. The Company does not have many more levers to pull and, therefore, would need to cut investments. ~80% of its revenue request is associated with a correction to the sales forecast from the last rate case ($102M), the recovery of investments made between 2021-2023 and expected to be made in 2024 ($278M), and expenses for inflation and higher interest rates ($74M). As a reminder, the ALJ's PFD recommended a $290M revenue increase, premised on a 9.8% ROE and 50% equity. Staff, which recommended a $379M revenue increase, only listed a few exceptions, including the approval of the IRM with some modifications. New rates are expected to go into effect on December 10. Read more about the ALJ PFD here.

EXC — Exceptions to the ALJ's proposed decision in EXC's IL electric rate are due on November 8: The ALJ issued a PD recommending a $1,175M revenue increase, premised on a 9.28% ROE. In briefs, EXC updated its request to a $1,499M revenue increase over the 2024-2027 period while proposing to defer ~$339M for future recovery. EXC is allowed to phase-in up to 50% of the initial year's approved increase to be deferred and recovered within 24 months, or by 2026. EXC's request is premised on gradual increases in its ROE (10.5-10.65%) and equity layers (50.58-51.19%) through the four years. Staff filed briefs recommending a $1,118M revenue increase over 2024-2027 while continuing to make its case for an 8.91% ROE, or 580 bps over the 2022 U.S. Treasury Bond yield of 3.114%. The ALJ denied this method in the PD. The ICC has until December 20 to issue a final decision. New rates are expected to go into effect January 1, 2024.

Recent Developments for Companies Under Our Coverage

From our midweek: The OR PUC approves five of the six settlements in POR's electric rate case; the BOEM issues a record of decision to approve D's CVOW offshore wind project; Orsted announces the cancellation of Ocean Wind 1 and 2, but will proceed with Revolution Wind after receiving a final investment decision; XEL files a MN gas rate case; SO files an updated 2023 IRP to support economic growth in the region; CEG completes the acquisition of its 44% stake in STX nuclear plant; the DOE selects TransCanyon to enter into capacity contract negotiations for the Cross-Tie transmission line; and CAISO's WEIM achieves $462M in cost-savings benefits in the 3Q.

CNP — CNP files multi-year gas rate case with the MN PUC: CNP filed a multi-year gas rate case (Docket: 23-173) with the MN PUC requesting a cumulative $136M revenue increase over three years. The request includes an $85M revenue increase in 2024, with an incremental $52M increase in 2025 and no incremental increase in 2026. CNP maintained the requested 10.3% ROE and ~52.5% equity layer throughout the three years. The rate increase drivers include the recovery of investments since 2021 and projected through 2025 and the recovery of higher cost of service expenses. In its last MN gas rate case, CNP reached a settlement authorizing a $49M revenue increase, premised on a 9.39% ROE, 51% equity, and a $1.7B rate base. The filing was in line with CNP's timeline of a November 1 filing. A MN PUC decision is expected by September 2024, but if the schedule is paused, CNP seeks to implement interim rates of $69M effective January 1, 2024, with an incremental increase of $33M in 2025.

PNW — APS files 2023 IRP: APS filed its 2023 IRP with the ACC for the 15-year planning horizon covering 2023-2037. APS analyzed 13 scenarios and, per its preferred plan, identified a need for ~8,000 MW within its five-year action plan period and ~17,500 MW by 2037. The incremental generation needs are driven by data center growth, large industrial customer growth, and EV adoption, resulting in annual growth of 2.4% and 3.7% for peak demand and energy needs, respectively. APS expects to add 6,000 MW of solar and wind, coupled with ~2,000 MW of battery storage by 2027. APS would also add hydrogen-capable natural gas generation to complement renewables while adding new transmission and repurposing existing transmission to import wind power from New Mexico. APS expects to continue to operate the Cholla Power Plant until 2025 and Four Corners until 2031. APS plans to file frequent all source RFPs to meet its needs. The IRP was filed in accordance with the Energy Modernization Plan, requiring APS to produce

100% of retail sales from clean energy by 2070 with several interim standards, including a 50% carbon reduction from baseline carbon emissions levels by December 31, 2032.

ETR — Parties reach $88M settlement in ETR AR's FRP: Parties reached a settlement in ETR AR's 2023 formula rate plan, agreeing to a $87.7M revenue increase. The revenue change comprises a $49.8M deficiency for the 2022 historical test year and a $129.0M deficiency for the 2024 forecast year, although state law only allows a 4% maximum revenue increase. Settling parties included ETR, the AR PSC Staff, the Office of the AR Attorney General, and others. ETR AR submitted the FRP application seeking approval of an $89M electric revenue requirement. The FRP included $50M for the 2022 historical test year and $81M for the 2024 forecast year, limiting ETR to the $89M request given the 4% revenue constraint. As a result of the settlement, the evidentiary hearings were canceled. A Commission ruling is expected on December 13, with new rates going into effect on January 2, 2024.

DUK — PUC authorizes $32M revenue increase in OH natural gas rate case: The OH PUC issued an order adopting the multi-party settlement filed in April. As a reminder, the settlement agreed to a $32M revenue increase, premised on a 9.6% ROE, 52.32% equity, and a $1.9B rate base. DUK is authorized to recover incremental natural gas capex through the existing Rider CEP through 2027. The OH Consumer Counsel was the only intervenor not to sign the settlement. DUK initially requested a ~$49M revenue increase based on a 10.3% ROE.

XEL — XEL ordered to pay $27M for extended outages at Comanche Unit 3: A Colorado jury ordered XEL to pay CORE Electric Co-op $28M for extended outages at Comanche Unit 3 in 2021 and 2022. As a result, XEL recognized a $34M charge (including interest and other costs) in 3Q23. In addition to CORE and PSCO, which currently own 25% and 67%, respectively, Holy Cross Electric has an 8% stake in the unit. XEL expects to file an appeal of this decision. XEL reached a settlement with the CO PUC through its ERP to retire the unit by 2030.

SO — AL Power enters 727 MW natural gas plant into service: SO's AL Power entered the 727 MW Plant Barry Unit 8 natural gas plant into service. The combined cycle unit pairs a gas turbine and a steam turbine. The AL PSC approved a CPCN for the unit in 2020, authorizing AL Power to construct the plant and recover the estimated in-service costs of $652M. Construction began in 2021. The total capex through 3Q23 was $583M.

Earnings Recap

SRE — SRE reported a better than expected quarter, and reiterated 2023 and long-term guidance. Notably, the Company did not issue a refreshed capital plan for Oncor, which it expects to provide on the 4Q23 call. Driven by Oncor and other regulated investments, SRE expects to raise its $40B by 10-20%. The Company continues to experience significant growth in TX, with additional growth opportunities in CA from electrification trends that could begin to pressure the upper end of its long-term growth rate. Read our full report here.

D — D reported quarterly results in line with its own guidance and issued 4Q guidance that was below estimates. D continues to progress through its strategic review, which it expects to conclude following a decision on an equity partnership in the CVOW offshore wind project. Speaking of, the offshore wind project timeline was maintained as it recently received a record of decision and D has taken the initial steps to begin construction. Bucking the trend of recent developments in offshore wind, D now expects the LCOE to be $77/MWh (down from $80-$90/MWh), which is a positive development. With the investor day around the corner, we expect to receive guidance for 2025 earnings, long-term growth rate, and an updated capital plan that is significantly higher than any of D's prior plans. Read our full report here.

SO — SO reported solid 3Q numbers, as positive weather and O&M efforts helped lift earnings. Vogtle 4 remains on track and underlying economic development should support SO's long-term growth objectives. Read our full report here.

DUK — DUK provided a generally uneventful 3Q update, reporting earnings above our/consensus estimates as weather helped offset an unexpected weakness in volumes driven by the slowdown in industrial activity. The Company lowered the upper end of its FY guidance and discussed progress made toward strengthening the balance sheet, as well as recent constructive regulatory developments. Read our full report here.

PNW — PNW reported solid 3Q numbers on the back of record favorable weather; however, declining weather-normalized volumes and the lack of O&M pull forward opportunities are dampening the enthusiasm at this juncture. The GRC, which is in its last innings and is expected to get resolved by year-end, remains the key point to watch. Read our full report here.

AEP — AEP posted 3Q results ahead of our and consensus estimates, while narrowing its 2023 guidance range. The midpoint was maintained, and AEP feels confident it will be able to offset the higher interest rates with O&M benefits in 4Q, which will more than offset the $0.16 drag through 3Q. The Company continued to benefit from higher commercial sales and raised its 2023 forecast from 0.8% to 7.3%, while maintaining its 2024 and 2025 guidance. We expect AEP to address these forecasts at EEI, which could offer upside to its $40B capital plan. The Company continues to make headway on its portfolio rationalization — the sale of its unregulated renewables business was completed — and expects the next few months to be busy with sales announcements of additional non-

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

core assets. The Company provided a path to its 14-15% FFO/debt target, which it expects to reach in the early part of 2024. We look toward EEI, where we expect to receive 2024 guidance, refreshed capital and financing plans, and the aforementioned sales volume forecast update. Read our full report here.

EXC — EXC reported in-line 3Q results and made no changes to its capital plan or LT growth rate. IL rate case, where ROE calculation has been intensely debated, will likely be the most material NT catalyst. Read our full report here.

EIX — EIX reported 3Q23 results below consensus, and reiterated 2023 EPS guidance of $4.55-$4.85 and a 2025 outlook of $5.50-$5.90. Management reiterated the 5-7% growth through 2028, which is underpinned by a 6-8% rate base growth based on the $38B-$43B capex through 2028. There appear to be avenues to further extend the growth runway through CAISO-approved transmission spending as well as additional electrification opportunities not in the current plan. EIX raised its estimates for total losses to $9.3B from the wildfires, as it continues to progress through the Woolsey claims and filed to recover $2.4B for the TKM events. Read our full report here.

ETR — ETR reported strong 3Q results, which were bolstered by favorable weather. The results come on the heels of the SERI AR settlement and the announcement of the LDC sale, both constructive moves that are poised to further derisk the story. Read our full report here.

AVA — AVA reported 3Q results above our estimates, as the Company continued to benefit from new rates and lower operating costs in the quarter. The Company also saw a +$0.10 benefit from the roll-off from tax credits. As a result, AVA narrowed its guidance range to the lower-end of its former range and shuffled the ranges across its segment as it expects better results in the utilities and AEL&P segments, partially offset by weaker performance at the Other segment. AVA is preparing to file its WA GRC in early-2024, which we view as the next catalyst and offers the Company an opportunity to reduce its regulatory lag in 2025. Read our full report here.

DTE — DTE's 3Q numbers missed consensus and our estimates, as the Company's cost-cutting initiatives were overwhelmed by the combined effect of unfavorable rates stemming from the 2022 GRC and mild weather. DTE has also lowered its FY guidance accordingly and, breaking from the usual cadence, postponed issuing 2024 forecast and discussing its LT growth rate. We view the decision to postpone 2024 guidance as prudent. With that said, now that full litigation appears to be a foregone conclusion, the story now hinges on a constructive outcome of the electric GRC. Read our full report here.

WEC — WEC reported 3Q EPS above guidance and consensus, driven by rate base growth. WEC reaffirmed 2023 EPS guidance well above 4Q22 EPS results and in line with expectations. The Company refreshed its five-year capital plan, with a $3.3B increase from the previous plan, an 8.1% annual asset base growth target, and a maintained 6.5-7% long-term EPS growth rate. Read our full report here.

PEG — PEG reported above-consensus 3Q results and provided limited commentary on the capital and growth refresh, as the Company is still working toward the resolution of GSMP III, as well as preparing EE and GRC filings that are expected by year-end. The Company will also seek to incorporate the new PJM load forecast into its forward-looking plan, as well as the guidance on nuclear PTC for its remaining non-regulated fleet. Read our full report here.

OTTR — OTTR posted another strong quarter fueled by the Plastics segment and raised its full-year guidance, implying a y/y increase relative to the historic 2022. The Company continues to expect the Plastics segment to normalize, although it could be longer than previously expected (2H24). Longer term, OTTR maintained its 65%/35% earnings mix and its long-term growth rate of 5-7%. Read our full report here.

NWE — NWE reported 3Q results slightly ahead of our expectations on lower depreciation and interest expenses than we modeled. Notably, the Company recently received approval of its MT rate cases, resulting in the Company receiving enough clarity to provide 2023 and 2024 earnings guidance, while also updating its long-term growth rate (4-6%) and rate base growth (4-6%). We see the set of updates as an encouraging sign of an improving regulatory construct, and expect NWE to be able to comfortably achieve its growth rates over the next several years, with incremental opportunities for capital investment as it seeks to reduce its capacity shortages. Read our full report here.

POR — POR reported 3Q results in line with our expectations, despite lower residential and C&I volumes and a drag from higher power prices during peak demand periods. Consequently, the Company has narrowed its 2023 guidance and maintained LT growth outlook. Regulatory updates were constructive, particularly as POR has reached a settlement in its OR GRC with constructive PCAM modifications. Read our full report here.

XEL — XEL reported in-line 3Q results and rolled out 2024 guidance that is aligned with our expectations. The Company has also refreshed its base five-year capital plan, which now stands at $34B ($29B prior), with potential for $10B in additions for CO and SPS resource plans and other future RFPs. Read our full report here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

FE — FE reported 3Q results that were near the top end of its range as it benefited from the use of NOLs and continued to execute on its plan to reduce costs to help offset headwinds in 2023. The Company narrowed its guidance range, while slightly raising its capital plan through 2025. We expect a refreshed capital plan to incorporate the outcomes of its rate cases, ESP V, and the Grid Mod II. More importantly, the Company has once again reiterated its LT 6-8% growth rate target and was confident in its commentary that it expects to maintain the range in its refreshed guidance plan. Read our full report here.

CMS — CMS reported in line 3Q results, matching our estimates and consensus. The Company highlighted its operating initiatives designed to offset weather headwinds that have persisted throughout 2023, and noted identified upside to its $15.5B capital plan, though the full refresh is expected on 4Q results. Read our full report here.

AGR — AGR missed 3Q expectations across the board with Renewables driving the largest delta, as taxes were a significant headwind y/y. AGR maintained its FY guidance, which includes the benefits of the make-whole from the NY rate cases and the sale of assets. We note that the outcomes in ME and NY were relatively constructive and an encouraging sign, but CT will remain a challenge in the medium term. A Supreme Court decision on the PNM merger is the main item we are watching, which will set the path for the Company's future financing needs, which could be partially met by the proceeds from the transfer of tax credits. Read our full report here.

CNP — CNP reported EPS of $0.40, which was ahead of our estimate, resulting in the Company raising its full-year guidance. The Company also took advantage of the strong YTD performance by pulling forward O&M from 2024, helping to derisk next year, and instilling confidence in achieving the 8% growth rate embedded in the 2024 guidance range. The Company raised its 2023-2025 capital plan by $0.5B, which it seeks to fund through a combination of debt/equity, and will wait until the conclusion of a busy regulatory calendar to refresh its long-term capital plan. The $43.9B capital plan through 2030 should support the Company's 6-8% long-term EPS growth rate, and the Company still has significant opportunities over the next few years to add to its plan. Read our full report here.

NEE — NEE reported an above-consensus quarter and took an impairment charge for NEP. More importantly, NEE began outlining its strategy post the fallout at NEP. The Company's refreshed funding strategy involves tax credit sales, some equity and non-core assets and renewable assets sales. Read our full report here.

Figure 2 - KBCM Meetings at EEI

Time (MT)	Sunday, November 12	Monday, November 13	Tuesday, November 14
7:00 AM		Exelon Corp (EXC)	
8:00 AM		Duke Energy (DUK)	Ameren Corp (AEE)
8:45 AM		Avangrid (AGR)	
9:00 AM		Pinnacle West (PNW)	CMS Corporation (CMS)
10:00 AM	Sempra (SRE)	Entergy Corp (ETR)	Consolidated Edison (ED)
11:00 AM	Avista Corporation (AVA)	Edison International (EIX)	Otter Tail Corp (OTTR)
12:00 PM			
1:00 PM	Atlantica Sustainable (AY)	NorthWestern Corp (NWE)	
2:00 PM	Xcel Energy (XEL)	American Electric Power (AEP)	Public Service Ent. Gr. (PEG)
3:00 PM	Eversource Energy (ES)	Portland General (POR)	
4:00 PM	WEC Energy (WEC)	FirstEnergy (FE)	
5:00 PM	CenterPoint Energy (CNP)	NextEra Energy (NEE)	
Dinner	DTE Energy (DTE)	Avangrid (AGR)	

Source: KeyBanc Capital Markets Inc.

Figure 6 – Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	11/6/2023	Rebuttal Testimony
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	11/6/2023	Rebuttal Testimony
CA	Southern California Gas Co.	SRE	A-22-05-016	Natural Gas	11/6/2023	Company Testimony Due (Track 2)
CA	San Diego Gas & Electric Co.	SRE	A-22-05-016 (Elec)	Electric/Nat Gas	11/6/2023	Company Testimony Due (Track 2)
WY	Dominion Energy	D	D-30010-215-GR-23	Natural Gas	11/7/2023	Evidentiary Hearings
	Short-Term Energy Outlook	EIA			11/7/2023	STEO release
OH	First Energy	FE	23-0301-ES-SSO	Electric	11/7/2023	Evidentiary Hearings Begin
MI	DTE Electric Co.	DTE	C-U-21297	Electric	11/8/2023	Replies to Exceptions
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	11/8/2023	Briefs on Exceptions Due
KY	Kentucky Power Co	AEP	2021-00370	Electric	11/9/2023	Company Response to Initial Requests
	CPI Release	BLS			11/14/2023	CPI release for Prior Month
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	11/15/2023	Staff and Intervenor Testimony Due
ID	Avista Corp.	AVA	E-23-05	IRP	11/16/2023	Comments Due
	Federal Energy Reg Comm	FERC			11/16/2023	Open Meeting
OR	Avista	AVA	LC81	IRP	11/17/2023	Staff Final Comments and Recommendations
IL	Commonwealth Edison Co.	EXC	23-0055	Electric	11/20/2023	Reply Briefs on Exceptions Due
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	11/21/2023	Staff and Intervenor Testimony Due
KY	Kentucky Power Co	AEP	C-2023-00159	Electric	11/28/2023	Evidentiary Hearings
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	11/28/2023	Evidentiary Hearings
MN	Minnesota Energy Resources	WEC	D-G-011/GR-22-504	Natural Gas	11/30/2023	Final Order Due
MA	NSTAR Electric Co.	ES	DPU 23-92	Electric	12/1/2023	Initial Briefs Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 4 - Comp Sheet

						KBCM Forecasts						Consensus					
						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Large-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	20.6	Overweight	$82	$78.51	3.2%	58%	4.40	4.68	4.96	17.8x	16.8x	15.8x	4.37	4.68	5.03	18.0x	16.8x	15.6x
AEP	American Electric Power Company In	41.1	Sector Weight	NA	$79.72	4.2%	64%	5.26	5.58	5.93	15.2x	14.3x	13.4x	5.27	5.58	5.97	15.1x	14.3x	13.3x
CMS	CMS Energy Corp	16.3	Overweight	$57	$55.74	3.5%	63%	3.07	3.33	3.61	18.2x	16.7x	15.4x	3.10	3.34	3.59	18.0x	16.7x	15.5x
CNP	CenterPoint Energy Inc	17.3	Overweight	$29	$27.39	2.8%	50%	1.50	1.63	1.74	18.3x	16.8x	15.7x	1.50	1.62	1.74	18.2x	16.9x	15.7x
D	Dominion Energy Inc	36.5	Sector Weight	NA	$43.61	6.1%	101%	2.83	2.85	3.27	15.4x	15.3x	13.3x	2.63	3.16	3.46	16.6x	13.8x	12.6x
DTE	DTE Energy Co	20.7	Overweight	$106	$100.18	3.8%	65%	6.18	6.63	7.02	16.2x	15.1x	14.3x	5.92	6.61	7.13	16.9x	15.2x	14.1x
DUK	Duke Energy Corp	69.6	Overweight	$96	$90.28	4.5%	73%	5.59	6.00	6.38	16.2x	15.0x	14.2x	5.60	5.97	6.34	16.1x	15.1x	14.2x
ES	Eversource Energy	19.3	Sector Weight	NA	$55.43	4.9%	63%	4.33	4.60	4.89	12.8x	12.1x	11.3x	4.34	4.57	4.83	12.8x	12.1x	11.5x
ED	Consolidated Edison Inc	31.1	Underweight	$73	$90.07	3.6%	66%	4.94	5.19	5.54	18.2x	17.4x	16.3x	4.96	5.26	5.55	18.2x	17.1x	16.2x
EIX	Edison International	24.5	Sector Weight	NA	$64.05	4.6%	63%	4.73	5.11	5.63	13.5x	12.5x	11.4x	4.71	5.11	5.62	13.6x	12.5x	11.4x
EXC	Exelon Corp	40.4	Sector Weight	NA	$40.56	3.6%	62%	2.36	2.53	2.72	17.2x	16.0x	14.9x	2.36	2.50	2.62	17.2x	16.2x	15.5x
FE	FirstEnergy Corp	21.1	Overweight	$41	$36.82	4.3%	62%	2.55	2.70	2.87	14.4x	13.6x	12.8x	2.54	2.65	2.84	14.5x	13.9x	13.0x
PEG	Public Service Enterprise Group Inc	31.7	Sector Weight	NA	$63.59	3.6%	66%	3.46	3.60	3.88	18.4x	17.7x	16.4x	3.46	3.68	4.06	18.4x	17.3x	15.7x
SO	Southern Co	76.8	Sector Weight	NA	$70.39	4.0%	77%	3.61	4.02	4.24	19.5x	17.5x	16.6x	3.60	4.03	4.32	19.5x	17.5x	16.3x
WEC	WEC Energy Group Inc	26.5	Overweight	$94	$83.95	3.7%	68%	4.60	4.93	5.27	18.3x	17.0x	15.9x	4.61	4.92	5.26	18.2x	17.1x	16.0x
XEL	Xcel Energy Inc	33.7	Overweight	$62	$61.03	3.4%	62%	3.35	3.55	3.72	18.2x	17.2x	16.4x	3.36	3.58	3.83	18.2x	17.1x	16.0x
					Average:	**4.0%**	**66%**				**16.7x**	**15.7x**	**14.6x**				**16.8x**	**15.6x**	**14.5x**
						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.7	Sector Weight	NA	$35.04	5.3%	80%	2.31	2.42	2.50	15.2x	14.5x	14.0x	2.29	2.47	2.57	15.3x	14.2x	13.6x
NWE	NorthWestern Corp	3.2	Overweight	$59	$51.90	4.9%	82%	3.41	3.68	3.85	15.2x	14.1x	13.5x	3.12	3.57	3.74	16.6x	14.5x	13.9x
OTTR	Otter Tail Corp	3.5	Sector Weight	NA	$82.89	2.1%	28%	5.88	4.05	3.36	14.1x	20.5x	24.7x	6.21	4.09	3.69	13.3x	20.3x	22.5x
PNW	Pinnacle West Capital Corp	8.4	Sector Weight	NA	$73.92	4.7%	83%	4.24	5.08	5.28	17.4x	14.6x	14.0x	4.22	4.97	5.17	17.5x	14.9x	14.3x
POR	Portland General Electric Co	4.3	Sector Weight	NA	$42.24	4.5%	72%	2.65	3.08	3.27	15.9x	13.7x	12.9x	2.62	3.03	3.20	16.1x	13.9x	13.2x
					Average:	**4.3%**	**69%**				**15.6x**	**15.5x**	**15.8x**				**15.8x**	**15.6x**	**15.5x**
						Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	12.4	Sector Weight	NA	$32.05	5.5%	84%	2.12	2.30	2.43	15.1x	13.9x	13.2x	2.10	2.32	2.53	15.3x	13.8x	12.7x
NEE	Nextera Energy Inc	120.2	Sector Weight	NA	$59.38	3.2%	60%	3.13	3.40	3.62	19.0x	17.5x	16.4x	3.13	3.40	3.66	19.0x	17.5x	16.2x
SRE	Sempra	45.5	Sector Weight	NA	$72.35	3.3%	53%	4.50	4.77	5.14	16.1x	15.2x	14.1x	4.52	4.79	4.96	16.0x	15.1x	14.6x
					Average:	**4.0%**	**65%**				**16.7x**	**15.5x**	**14.6x**				**16.7x**	**15.5x**	**14.5x**
						Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		Market Cap ($B)	Rating	Target Price	Current Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	37.6	Sector Weight	NA	$117.07	1.0%	23%	3,704	4,039	3,926	10.7x	9.7x	10.1x	3,554	3,990	3,929	11.1x	9.8x	10.1x
NRG	NRG Energy Inc	10.3	Not Covered	NA	$45.00	3.4%	33%	NA	NA	NA	NA	NA	NA	3,031	3,208	3,180	6.1x	5.4x	4.1x
VST	Vistra Corp	12.9	Not Covered	NA	$34.99	2.4%	19%	NA	NA	NA	NA	NA	NA	3,905	4,220	4,140	6.5x	5.9x	5.5x
					Average:	**2.3%**	**25%**				**10.7x**	**9.7x**	**10.1x**				**7.9x**	**7.0x**	**6.6x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 5 - Stock Price Performance

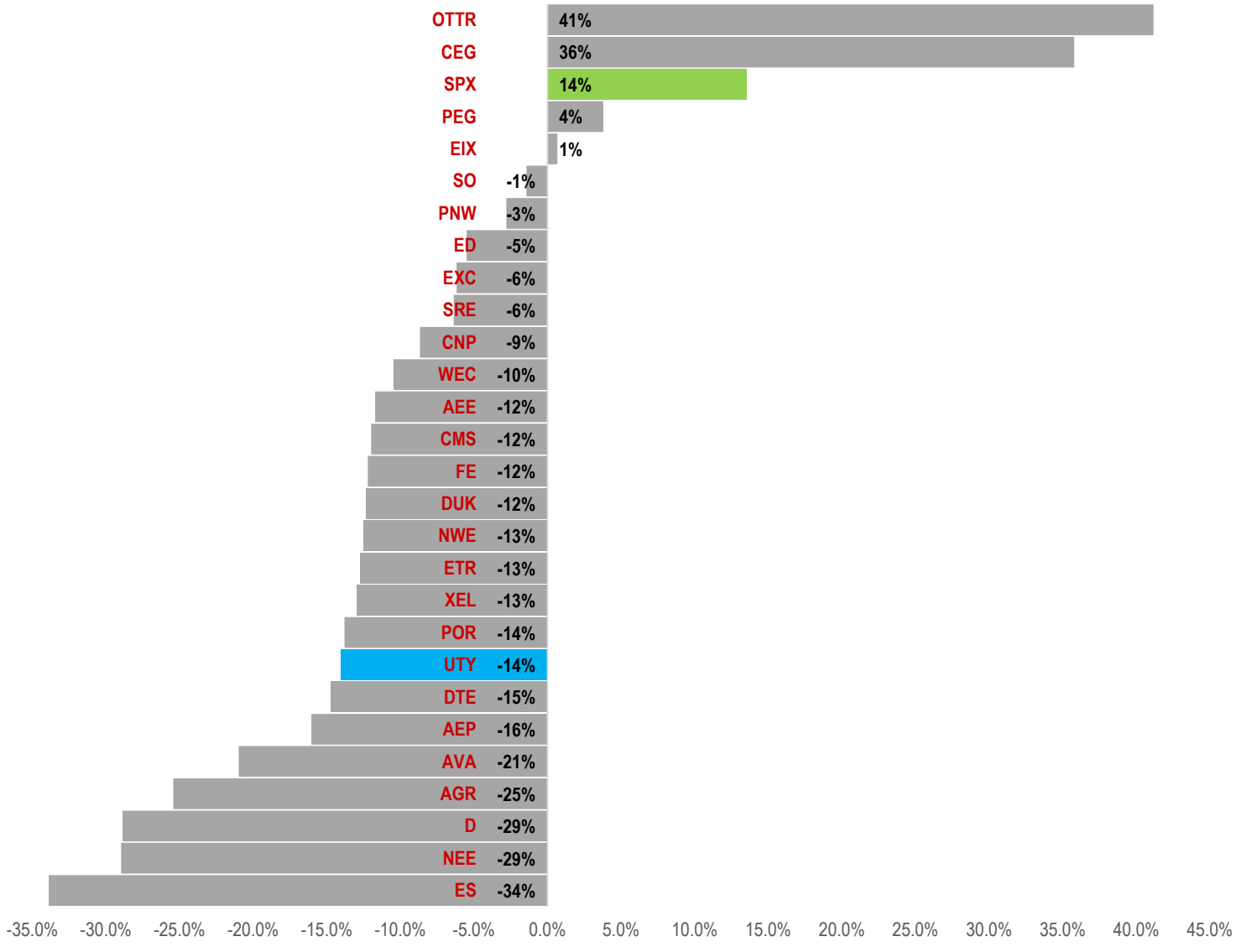

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Select Recent Research

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

D: Sale of Cove Point Marks a Significant Step Forward in the Restructuring, More Is Needed

AGR: Notes from Meetings with Management

CEG: Downgrading to Sector Weight as Stock Approaches Our Price Target

AEE: Upgrading to Overweight, $90 PT

NWE: Constructive Settlement Reached in MT GRC

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	239	48.28	43	17.99
Sector Weight [SW]	251	50.71	40	15.94
Underweight [UW]	5	1.01	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	44.64	19	76.00
Sector Weight [SW]	30	53.57	10	33.33
Underweight [UW]	1	1.79	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

GUGGENHEIM

Power & Utilities

November 3, 2023

The Guggenheim Daily Transmission: AEP, ALE, AWK, DUK, ED, EXC, IDA, NRG, OGE, PNW, PPL, SO, SRE, D, LNT, NWN, EIX/PCG/SRE, AEE

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	78.12	Neutral
AEP	79.24	Buy
ALE	56.44	Sell
AWK	124.49	Neutral
D	41.08	Buy
DUK	89.89	Buy
ED	90.16	Neutral
EIX	63.63	Neutral
EXC	40.70	Buy
IDA	99.40	Buy
LNT	50.26	Neutral
NRG	45.13	Buy
NWN	38.58	Neutral
OGE	35.53	Neutral
PCG	16.76	Buy
PNW	75.17	Neutral
PPL	25.08	Buy
SO	70.12	Buy
SRE	72.08	Buy

Our EEI schedule has been posted, see below for full schedule including 1on1s, corporate dinners and cocktail event.

For details on our Guggenheim-hosted client Utility events including our FE CFO lunch, WEC NDR, LNT NDR, PCG NDR, and other events, scroll down...

'23 LCOE Analysis – Inflation Now Embedded, But IRA Keeps Solar/Wind Competitive; Renewables Not Dead Despite Higher Interest Rates; NEE Positive Lateral (see our note HERE)

Utility and IPP 3Q23: Valuation and Estimate Adjustments (see our note HERE)

Utilities: Perfect Storm of Rates, Tax-Loss Selling, and Macro Concerns Weigh on Sector Valuation: We Remain Cautious and Selective Despite Sell-Off (see our note HERE)

AEP: 3Q23 Beat; 2023 Guidance Narrowed Around Unchanged Midpoint; Expecting Continued Load Growth Strength and Updated Capital Plan at EEI – Story Working! (see our note HERE)

ALE: Solid Print Even Without Arbitration Award as Management Keeps the Momentum at MN Power (see our note HERE)

AWK: Healthy Capex Roll and Inline Guidance Update Underscore Deft Execution (see our note HERE)

DUK – 3Q23 Largely In Line; Lower 2023 Guidance Has No Bearing on LT Growth Rate (see our note HERE)

ED – 3Q EPS Beat and 2023 Guidance Raise; Clean Quarter, But Not All Tailwinds Carry Into 2024 (see our note HERE)

EXC: Groundhog's Day? Another Inline Quarter with Transmission Upside as NT Regulatory Cycle Enters Final Stretch (see our note HERE)

IDA: 3Q23 Beat the Street; 2023 Guidance Raised; More ADITCs Left in the Bucket for Another Day (see our note HERE)

NRG: Firing on All Cylinders as Buyback Tsunami Looms (see our note HERE)

OGE – 3Q EPS Beat and Raise; Robust Story With Load Growth Stretching Past 2023 Bump; Year-End Roll Forward Remains Healthy, In Our View, but Fully Priced In (see our note HERE)

PNW: 3Q23 Beat; Rate Case Outcome Looking More Likely to Come in Early 2024; LT Guidance and 2024+ Capex Updates to Follow a Final Order from the ACC (see our note HERE)

PPL: Holding Pattern Ahead of KY Decision, but Management Remains Prepared to Address Outcome Regardless of Permutation (see our note HERE)

SO: 3Q23 Beat; 2023 Guidance Reiterated with Midpoint in Focus; We Continue to See Material Upside Potential with More to Come on Q4 Call (see our note HERE)

SRE – SRE reports 3Q23 EPS beat; 2023 guidance reiterated, but high end; 10-20% capex upside coming on 4Q call

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

D – reports 3Q23 results

LNT – reports 3Q23 results

NWN – reports 3Q23 results

EIX/PCG/SRE – Intervenors file protest letter to CA IOUs cost of capital advice letters

PCG – CPUC voting meeting for November 2, 2023 holds PG&E GRC vote until November 16

AEE – Brief on exceptions filed in AEE IL MYP

IDA – Updated procedural schedule filed in rate case

SRE – reports 3Q23 EPS beat; 2023 guidance reiterated, but high end; 10-20% capex upside coming on 4Q call

- SRE reported 3Q23 non-GAAP EPS of $1.08 vs. $1.01 consensus and $1.00 Guggenheim estimate
- SRE reiterated 2023 EPS guidance of $4.30 to $4.60, but now expects to be at or above the high end
- Sempra also is affirming its full-year 2024 EPS guidance range of $4.55 to $4.90 and affirming its projected long-term EPS growth rate of 6% to 8%.
- SRE 5-year capital plan will be updated on the 4Q call, mgmt. pointing to 10-20% increase over the current $40B plan.
- ECA I still on track for mid-2025 COD; Cameron Train 4 progressing in stages.
- Topolobampo terminal in MX pushed from 4Q23 to 1H24 CoD.

D – reports 3Q23 results

- Reported 3Q23 EPS of $0.77 vs. Gugg/Street $0.74/$0.76
- Initiated 4Q23 guide of $0.35
- Strategic review may move into 2024 as CVOW stake sale process enters final stretch
- On CVOW stake sale: “We are in the advanced stages of a process to identify a noncontrolling equity financing partner in the project [CVOW]. The process has driven considerable interest from attractive and high-quality potential counterparties. A properly structured partnership with the right counterparty is an attractive option, but only if the terms of a potential transaction make sense for our customers and shareholders.”
- Includes 100% commitment to current dividend
- Provides detailed bridge to illustrative 2023E, alongside key considerations regarding 2025E and why growth will not be linear from 2023
- CVOW LCOE falls to $77 from prior $80-90 range
- Provided detailed LCOE sensitivity
- Provided detailed vessel update
- Two new ind. Board members will join
- Call at 10AM – slides/ERK HERE

LNT – reports 3Q23 results

- Reported 3Q23 GAAP/Non-GAAP EPS of $1.02/$1.05
- Narrowed 2023 EPS to $2.85-$2.93
- Initiated 2023 guidance of $2.99-3.13 (vs. Gugg $3.08)
- Rolled forward capex plan to 2027, $600M increase, ~8% rate base CAGR
- 2024 financing plan includes up to $200M of equity (plus $25M DRIP), plus $250M of tax credit generation/transfer, plus $120M from West Riverside sale
- Call at 9AM - (888) 259-6580 ID 99382583

NWN – reports 3Q23 results

- NWN reports ($0.65) vs. Gugg/Cons ($0.70)/($0.66)
- Reaffirmed 2023 guidance of $2.55-2.75 vs. Gugg/Cons of $2.65/2.67
- Call at 11AM ET - 1-833-470-1428 code 463956

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

EIX/PCG/SRE – Intervenors file protest letter to CA IOUs cost of capital advice letters

- Protests were filed with the CPUC in opposition to the CA IOU cost of capital advice letters.
- EIX, PCG and SRE CA investor-owned utilities (SCE, PG&E, SDG&E and SCG) filed advice letters for the cost of capital mechanism (CCM) trigger resulting in ~70bp of proposed ROE increases.
- Pursuant to the CCM, IOUs requested (AL numbers: 6207-G, 4300-E / 3239-G, 4813-G/7046-E, 5120-E):
  - SCE's authorized ROE of 10.05%increases by 70 basis points, resulting in an authorized ROE of 10.75% for 2024.
  - PG&E's authorized ROE of 10.00% percent increases by 70 basis points, resulting in an authorized ROE of 10.70% for 2024.
  - SDG&E's authorized ROE of 9.95% percent increases by 70 basis points, resulting in an authorized ROE of 10.65% for 2024.
  - SCG's authorized ROE of 9.8% percent increases by 70 basis points, resulting in an authorized ROE of 10.50% for 2024.

Guggenheim takeaway: *As anticipated, the protest letters came in for cost of capital but now the discretion is with the Energy Division whether to let the CCM operate or initiate a CPUC proceeding. As a reminder, CA water utilities also experienced a CCM trigger and the commission allowed an ROE step up, with another CCM trigger filed recently. CA IOUs filed their cost of capital CCM advice letters mid-October after a remeasurement period closing in September. The 70bp proposed adjustment is a step up vs. the previous 20-25bp reduction resulting from a post COVID interest rate reductions / lower benchmarks. The IOUs have had a various degree of expectations for earnings impacts from a CCM trigger, with all utilities recognizing the CCM as a valid adjustment mechanism and seeing prior case precedent as supportive for an upward revision. In terms of earnings impacts, EIX and SRE have noted the ROE step up to be accretive to current plans, while PG&E has focused more on a conservative growth plan which assumed a CCM trigger would enable more system reinvestment vs. accretion to growth.*

PCG – CPUC voting meeting for November 2, 2023 holds PG&E GRC vote until November 16

- CPUC Voting meeting on November 2 did not include the PG&E GRC.
- CPUC issued a hold list for today's meeting holding the PD/APD agenda item until the November 16, 2023 meeting.
- Both items were held by Staff with no further reasoning.
- Docket: A2106021

Guggenheim takeaway: *FYI. As we previously mentioned, the CPUC can delay voting on any agenda item. The move from Staff to hold the PD/APD vote could be indicative of further revisions that may be contemplated, and we see the Revision 1 version of the PD/APD as underwhelming relative to PG&E's requests, especially with the APD's somewhat arbitrary choice of escalation factors. Incrementally, the APD adjustments are constructive but remain at odds with PG&E requests. The debate around escalation rates remains puzzling to us as the APD revision attempts to justify the test year reduction in escalation rates and claims discretionary authority to set escalation to 25% of the updated testimony on the grounds of bill shock. The decision further talks about sharing cost inflation between customers and shareholders which is counterintuitive to the cost of service model for regulated utilities. The revisions also propose an advice letter filing approach to help reconcile escalation to CPI for attrition years (ignoring the test year issue and shifting to a CPI escalation vs. utility specific IHS benchmark). We acknowledge that the revisions are seeking to address a variety of stakeholders and anticipate a robust debate at the November 2 CPUC voting meeting. As a reminder the CPUC can issue further revisions as long as they rely on case record and can defer ruling on the issue until a later date. Any delay would not be detrimental by default in our view as it would demonstrate more deliberation on the CPUC front. See more on our takes from the CPUC decisions in our note* HERE.

AEE – Brief on exceptions filed in AEE IL MYP

- Ameren and several intervenors have filed their briefs on exceptions
- "Ameren Illinois asks the Commission to modify the Proposed Order's conclusions regarding the cost of equity. Specifically, Ameren Illinois requests that the Commission

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

approve a return on equity (ROE) of 9.85%. This is well below the 10.50% ROE that the Company's evidence supports." – filing

- "While Ameren Illinois believes that it has fully justified its actual common equity ratio, and not the 50% imputed by the Proposed Order, it now asks the Commission to revise the Proposed Order to approve a capital structure with a common equity ratio of 52%, which is consistent with the median equity ratio in Ameren Illinois' proxy group's last authorized capital structures." - filing
- More HERE

Guggenheim takeaway: *Heads up on the filings, which remain a procedural part of the record-building process now that the ALJ order is in and the ICC will begin the process of considering a final order between now and 12/14. As we have noted repeatedly, we continue to see the MYP ROE conversations as illogical given the electrics would potentially earn less than the gas utilities (~9.89%), with Staff prior formulaic proposal now potentially resulting in a much higher ROE given the recent moves in rates.*

IDA – Updated procedural schedule filed in rate case

- Following an announced settlement stipulation last week, Idaho Power's rate case has an updated procedural schedule.
- November 15, 2023: All Party Testimony
- November 22, 2023: Rebuttal Testimony
- November 27, 2023: Customer Hearing in Twin Falls starting at 5:00 p.m. and ending at 8:00 p.m. (local time).
- November 28, 2023: Customer Hearing in Boise starting at 3:00 p.m. and ending at 6:00 p.m. (local time).
- November 29, 2023: Technical Hearing in Boise starting at 9:00 a.m. and ending at 5:00 p.m. (local time).
- November 30 through December 1, 2023: Technical Hearing continued as needed each day starting at 9:00 a.m. and ending at 5:00 p.m. (local time).
- Docket IPC-E-23-11

Guggenheim takeaway: *For your calendar.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

GUGGENHEIM



Save the Date: 58th EEI Financial Conference

Dates
November 12 - 14, 2023

Location
JW Marriott Desert Ridge
Phoenix, AZ

Company Dinners (Hosted by Guggenheim)

Sunday, November 12, 2023

5:30 p.m. | Cocktail Reception with full Guggenheim Securities Team & corporate utility clients
Bar Twenty6 at the JW Marriott
5350 E Marriott Dr, Phoenix, AZ 85054

6:30 p.m. | Dinner with **Duke Energy Corp (DUK)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Monday, November 13, 2023

6:30 p.m. | Dinner with **Entergy (ETR)** CEO, CFO, and others
Spiga — 7500 E Pinnacle Peak Rd, Scottsdale, AZ 85255

Tuesday, November 14, 2023

6:00 p.m. | Dinner with **WEC Energy Group (WEC)** CEO, CFO, and others
Ocean Prime — 5455 E High St, Phoenix, AZ 85054

Company Meetings

More Utilities may be added and we will update the schedule accordingly.

Sunday, November 12th	
Time	*Co.*
9:00AM	SRE
10:00AM	WEC
11:00AM	LNT
12:00PM	POR
1:00PM	ED
2:00PM	NI
3:00PM	CNP
4:00PM	AWK
5:00PM	AEP

Monday, November 13th	
Time	*Co.*
8:00AM	PCG
9:00AM	PEG
9:00AM	ALE
10:00AM	PNW
11:00AM	DTE
12:00PM	CMS
1:00PM	PPL
2:00PM	FE
3:00PM	AVA
4:00PM	D
5:00PM	ES

Tuesday, November 14th	
Time	*Co.*
8:00AM	EVRG
9:00AM	EIX
11:00AM	EXC
12:00PM	OGE
1:00PM	SO
2:00PM	NWE
3:00PM	NEE
4:00PM	AEE

Participating Guggenheim Analyst
Shar Pourreza, *Senior Managing Director, Senior Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.



Equity Research | Corporate Access

FirstEnergy Corp. (FE)

Jon Taylor, *Chief Financial Officer*

Date & Time

Wednesday, December 6, 2023
12:00PM

Location

Guggenheim Office
330 Madison Ave, 32nd Floor
New York, NY

Company Information

Market Cap: $20.9bn

FirstEnergy Corp. (FE) engages in the generation, transmission, and distribution of electricity as well as energy management and other energy-related services through its subsidiaries. It operates through the following business segments: Regulated Distribution, Regulated Transmission, and Corporate or Other. The Regulated Distribution segment distributes electricity through FirstEnergy's utility operating companies, serving various customers. The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by FirstEnergy's utilities. The Corporate or Other segment reflects corporate support and other costs not charged or attributable to the utilities or transmission companies. The company was founded in 1996 and is headquartered in Akron, OH. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim 2023 Client and Corporate Access Utility Events

Ticker	Dates	Regions
EIX	1/10 & 1/11	Boston & New York
Commissioner Roundtable Event	1/20	In Person at Guggenheim
2023 Utilities Conference Call	1/23	Dial-In
Virginia Policy Call	2/7	Dial-In
Wisconsin Regulatory Call (Chair Valcq)	2/9	Virtual
WEC	2/14–2/16	West Coast
Wisconsin Regulatory Call (Commissioner Huebner)	2/17	Virtual
Arizona Regulatory Call (Commissioners Myers and Thompson)	2/27	Virtual
DUK	3/7-3/8	NYC
NEE	3/14-3/16	West Coast
AEE	3/22	Virtual
ERCOT Policy Call	3/31	Virtual
PPL	4/3–4/4	Boston
EXC	5/15–5/16	NYC
AEP	5/17	In Person at Guggenheim
CNP C-Suite Dinner	5/22	Fort Lauderdale, FL
AGA Conference Meetings	5/20–5/23	Fort Lauderdale, FL
ETR	6/1–6/2	West Coast
DTE	6/7–6/8	NYC
PCG	6/12	NYC
ES	6/22	NYC
SMR	6/27	NYC
SRE	6/28–6/30	NYC
SO Meeting, Porsche racing, & Georgia PSC	7/11–7/12	Atlanta
LNT	7/17–7/18	Boston
PNW	7/19–7/20	NYC & Boston
Georgia Regulatory Call (Commissioner Shaw)	7/24	Virtual
AWK	8/9–8/10	West Coast
Arizona Regulatory Call (Commissioners Myers and Thompson)	8/16	Virtual
CMS	8/30	NYC
SO	9/13–9/15	West Coast
POR	9/18	NYC
NY Roundtable	9/25	NYC
NJ Roundtable	9/26	NJ
CEG	10/2–10/3	West Coast
NRG	10/4–10/5	West Coast
PEG	10/10–10/11	West Coast
NI	10/17–10/19	West Coast
EEI Conference	11/12–11/14	Arizona
FE CFO Lunch	12/6	In Person at Guggenheim

Ticker	Dates	Regions
WEC	2/19–2/21/24	Boston
LNT	4/10–4/11/24	Boston
PCG	4/30–5/1/24	Boston & MidAtlantic

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Comp Sheet

11/2/2023		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$56.44	3,244	4.35	4.17	4.56	4.87	5.07	3.83	4.12	4.32	4.72	5.03	0.52	0.05	0.24	0.15	0.04	14.8x	13.7x	13.1x	12.0x	11.2x	-11%	-11%	-9%	-11%	-12%	8.4%	5.0%	69%	Sell	$41	-22%	Neutral	$60	11%
AVA	$34.34	2,657	2.28	2.49	2.61	2.67	2.73	2.29	2.47	2.59	2.64	2.71	–	–	–	0.03	–	15.0x	13.9x	13.3x	13.0x	12.7x	-9%	-10%	-8%	-4%	-1%	5.2%	5.6%	78%	Sell	$26	-19%	Sell	$37	12%
IDA	$99.40	5,031	5.09	5.44	5.80	5.99	6.28	5.09	5.44	5.78	6.00	6.29	–	–	–	–	–	19.5x	18.3x	17.2x	16.6x	15.8x	18%	19%	20%	23%	24%	4.2%	3.4%	62%	Buy	$109	13%	Buy	$106	10%
NWE	$50.76	3,109	3.05	3.52	3.73	3.92	4.11	3.28	3.59	3.74	3.87	3.96	(0.23)	(0.07)	–	0.05	0.16	15.5x	14.2x	13.6x	13.1x	12.8x	-7%	-8%	-6%	-3%	0%	5.3%	5.1%	74%	Sell	$39	-18%	Buy	$51	6%
POR	$41.73	4,220	2.63	3.05	3.21	3.38	3.55	2.65	3.05	3.20	3.31	3.46	–	–	–	0.07	0.09	15.8x	13.7x	13.0x	12.6x	12.1x	-5%	-11%	-9%	-7%	-6%	5.3%	4.7%	66%	Buy	$45	13%	Buy	$47	17%
		18,260																16.1x	14.7x	14.0x	13.5x	12.9x	-3%	-4%	-2%	-0%	1%	5.7%	4.8%	70%						
Mid/Large Cap Electric																																			
AEE	$78.12	20,505	4.35	4.67	5.05	5.40	5.68	4.37	4.69	5.02	5.36	5.66	–	–	–	0.04	–	17.9x	16.7x	15.6x	14.6x	13.8x	8%	8%	8%	8%	8%	6.6%	3.4%	57%	Neutral	$75	-1%	Buy	$85	12%
AEP	$79.24	40,823	5.30	5.64	6.00	6.39	6.81	5.27	5.58	5.97	6.31	6.72	0.04	0.06	0.03	0.08	0.09	15.1x	14.2x	13.3x	12.6x	11.8x	-9%	-8%	-8%	-7%	-8%	6.0%	4.4%	63%	Buy	$85	12%	Buy	$87	15%
CMS	$55.51	16,196	3.12	3.41	3.65	3.91	4.26	3.10	3.34	3.61	3.87	4.14	–	0.07	0.04	0.04	0.12	17.9x	16.6x	15.4x	14.3x	13.4x	8%	8%	7%	6%	5%	8.1%	3.7%	63%	Neutral	$54	1%	Buy	$60	12%
CNP	$27.49	17,303	1.50	1.61	1.73	1.87	2.03	1.50	1.62	1.74	1.88	2.03	–	–	–	–	–	18.3x	16.9x	15.8x	14.6x	13.6x	10%	10%	10%	8%	6%	9.5%	2.9%	49%	Buy	$30	12%	Buy	$30	13%
D	$41.08	34,375	2.88	2.84	3.39	3.75	4.11	2.98	3.16	3.47	3.84	3.88	(0.10)	(0.32)	(0.08)	(0.09)	0.23	13.8x	13.0x	11.8x	10.7x	10.6x	-17%	-16%	-18%	-21%	-17%	-0.4%	6.5%	86%	Buy	$45	16%	Neutral	$49	25%
DTE	$98.81	20,366	5.75	6.63	7.19	7.71	8.26	5.94	6.62	7.14	7.73	8.26	(0.19)	–	0.05	–	–	16.6x	14.9x	13.8x	12.8x	12.0x	0%	-3%	-4%	-5%	-6%	6.3%	4.1%	63%	Buy	$103	8%	Buy	$111	17%
DUK	$89.89	69,305	5.60	6.05	6.35	6.75	7.15	5.60	5.97	6.34	6.75	7.17	–	0.08	–	–	–	16.0x	15.1x	14.2x	13.3x	12.5x	-3%	-2%	-1%	-1%	-2%	6.3%	4.7%	71%	Buy	$99	15%	Buy	$97	13%
ED	$90.16	31,098	5.05	5.30	5.62	5.94	6.21	4.95	5.26	5.56	5.86	6.16	0.10	0.04	0.06	0.09	0.05	18.2x	17.1x	16.2x	15.4x	14.6x	10%	11%	13%	14%	15%	6.3%	3.7%	64%	Neutral	$84	-3%	Neutral	$89	2%
EIX	$63.63	24,406	4.71	4.98	5.48	5.71	6.03	4.71	5.11	5.62	5.98	6.27	–	(0.13)	(0.14)	(0.27)	(0.24)	13.5x	12.5x	11.3x	10.6x	10.1x	-18%	-19%	-21%	-21%	-21%	5.5%	4.8%	61%	Neutral	$66	9%	Buy	$73	20%
ES	$54.28	18,948	4.34	4.70	4.92	5.17	5.37	4.34	4.56	4.82	5.16	5.47	–	0.14	0.10	–	(0.10)	12.5x	11.9x	11.3x	10.5x	9.9x	-24%	-23%	-22%	-22%	-22%	5.6%	5.2%	63%	Neutral	$60	16%	Buy	$66	26%
ETR	$98.65	20,860	6.75	7.16	7.76	8.31	8.97	6.73	7.19	7.72	8.25	8.84	–	(0.03)	0.04	0.06	0.13	14.7x	13.7x	12.8x	12.0x	11.2x	-11%	-11%	-11%	-11%	-13%	6.9%	4.6%	64%	Buy	$103	9%	Buy	$107	13%
EVRG	$51.04	11,718	3.65	3.89	4.10	4.36	4.63	3.63	3.85	4.09	4.30	4.55	–	0.04	–	0.06	0.08	14.0x	13.2x	12.5x	11.9x	11.2x	-15%	-14%	-13%	-12%	-12%	4.3%	5.1%	68%	Buy	$54	11%	Buy	$58	18%
EXC	$40.70	40,468	2.36	2.50	2.74	2.93	3.10	2.36	2.51	2.72	2.92	3.10	–	–	–	–	–	17.3x	16.2x	15.0x	14.0x	13.1x	4%	5%	4%	3%	3%	6.4%	3.8%	62%	Buy	$44	12%	Buy	$44	12%
FE	$36.57	20,984	2.54	2.69	2.89	3.07	3.27	2.54	2.67	2.88	3.05	3.22	–	–	–	–	0.05	14.4x	13.7x	12.7x	12.0x	11.3x	-13%	-11%	-11%	-11%	-11%	6.3%	4.5%	62%	Buy	$38	8%	Buy	$39	11%
LNT	$50.26	12,702	2.90	3.08	3.27	3.50	3.67	2.88	3.07	3.28	3.49	3.68	–	–	–	–	–	17.5x	16.4x	15.3x	14.4x	13.7x	5%	6%	7%	7%	7%	6.1%	3.8%	63%	Neutral	$43	-11%	Buy	$53	10%
OGE	$35.53	7,116	2.07	2.16	2.25	2.37	2.48	2.02	2.13	2.26	2.40	2.51	0.05	–	–	–	–	17.6x	16.7x	15.7x	14.8x	14.2x	6%	8%	9%	10%	11%	2.8%	4.8%	81%	Neutral	$34	1%	Buy	$37	8%
PCG	$16.76	35,758	1.21	1.37	1.47	1.61	1.75	1.21	1.35	1.46	1.59	1.71	–	–	–	–	0.04	13.9x	12.5x	11.5x	10.6x	9.8x	-16%	-19%	-20%	-22%	-23%	9.7%	1.7%	21%	Buy	$19	15%	Buy	$18	10%
PEG	$63.42	31,654	3.45	3.70	4.22	4.38	4.68	3.46	3.69	4.07	4.25	4.48	–	–	0.15	0.13	0.20	18.3x	17.2x	15.6x	14.9x	14.2x	11%	12%	8%	10%	11%	6.2%	3.8%	65%	Buy	$64	5%	Buy	$65	7%
PNW	$75.17	8,518	4.20	5.00	5.15	5.25	5.40	4.22	4.90	5.18	5.36	5.54	–	0.10	–	(0.11)	(0.14)	17.8x	15.3x	14.5x	14.0x	13.6x	8%	-0%	1%	4%	6%	4.9%	4.7%	74%	Neutral	$73	2%	Neutral	$79	10%
PPL	$25.08	18,486	1.58	1.71	1.82	1.96	2.08	1.58	1.71	1.82	1.94	2.06	–	–	–	–	–	15.9x	14.7x	13.8x	12.9x	12.2x	-4%	-5%	-4%	-4%	-5%	8.1%	4.1%	60%	Buy	$27	12%	Buy	$28	17%
SO	$70.12	76,537	3.60	4.05	4.30	4.55	4.80	3.61	4.03	4.32	4.54	4.74	–	–	–	–	0.06	19.5x	17.4x	16.2x	15.4x	14.8x	17%	13%	13%	14%	16%	5.9%	4.1%	72%	Buy	$77	14%	Buy	$73	8%
WEC	$83.89	26,462	4.62	4.91	5.24	5.61	5.97	4.61	4.92	5.26	5.61	5.96	–	–	–	–	–	18.2x	17.1x	15.9x	15.0x	14.1x	10%	11%	11%	11%	10%	6.1%	3.9%	68%	Neutral	$84	4%	Buy	$89	10%
Mid/Lg Cap (excl. EIX, PCG)																		**16.6x**	**15.4x**	**14.4x**	**13.5x**	**12.8x**						**5.9%**	**4.3%**	**66%**						
SMID + Lg Cap		**622,847**																**16.5x**	**15.3x**	**14.3x**	**13.5x**	**12.8x**						**5.9%**	**4.4%**	**67%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$59.91	121,241	3.13	3.43	3.69	3.99	4.27	3.13	3.39	3.64	3.88	4.35	–	0.04	0.05	0.11	(0.08)	19.1x	17.7x	16.5x	15.4x	13.8x	16%	15%	15%	14%	8%	8%	3.4%	61%	Buy	$65	12%	Buy	$71	22%
SRE	$72.08	45,360	4.52	4.75	5.06	5.40	5.85	4.49	4.78	5.11	5.44	5.88	–	(0.03)	(0.05)	(0.04)	–	16.0x	15.1x	14.1x	13.2x	12.3x	-3%	-2%	-2%	-2%	-4%	-9%	4.5%	68%	Buy	$76	10%	Buy	$82	18%
		166,601																17.6x	16.4x	15.3x	14.3x	13.0x	6%	6%	6%	6%	2%	-0.3%	3.9%	64%						
Gas LDCs																																				
NI	$25.78	10,658	1.57	1.68	1.82	1.95	2.07	1.59	1.69	1.82	1.95	2.10	–	–	–	–	–	16.3x	15.2x	14.2x	13.2x	12.3x	-2%	-1%	-1%	-2%	-4%	7%	4.1%	63%	Buy	$27	9%	Buy	$29	17%
CPK	$91.33	1,625	5.42	5.84	6.23	6.59	6.94	5.26	5.51	6.20	6.62	7.04	0.16	0.33	–	(0.03)	(0.10)	17.4x	16.6x	14.7x	13.8x	13.0x	5%	8%	2%	2%	1%	7%	2.7%	45%	Neutral	$99	11%	Buy	$121	35%
NJR	$42.50	4,146	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.98	3.12	3.42	–	–	(0.04)	–	(0.08)	15.8x	15.3x	14.3x	13.6x	12.4x	-5%	-1%	-1%	1%	-3%	6%	3.9%	60%	Neutral	$42	3%	Buy	$49	20%
NWN	$38.58	1,354	2.65	2.83	2.98	3.09	3.21	2.67	2.77	3.00	3.05	3.23	–	0.06	–	0.04	–	14.5x	13.9x	12.9x	12.6x	11.9x	-13%	-10%	-11%	-6%	-7%	5%	5.1%	71%	Neutral	$37	1%	Buy	$49	32%
OGS	$62.35	3,458	4.14	4.24	4.53	4.98	5.31	4.12	4.21	4.51	4.95	5.33	–	–	–	–	–	15.1x	14.8x	13.8x	12.6x	11.7x	-9%	-4%	-4%	-7%	-9%	10%	4.3%	64%	Neutral	$64	7%	Neutral	$70	16%
SR	$58.19	3,061	4.20	4.31	4.57	4.73	4.99	4.18	4.29	4.63	4.80	5.06	–	–	(0.06)	(0.07)	(0.07)	13.9x	13.6x	12.6x	12.1x	11.5x	-16%	-12%	-13%	-10%	-10%	5%	5.2%	70%	Neutral	$55	-0%	Neutral	$62	12%
		24,302																15.5x	14.9x	13.7x	13.0x	12.1x	-7%	-3%	-4%	-4%	-5%	6.7%	4.2%	62%						
Regulated Water																																				
AWK	$124.49	24,239	4.82	5.14	5.59	5.98	6.45	4.81	5.14	5.60	6.05	6.46	–	–	–	(0.07)	–	25.9x	24.2x	22.2x	20.6x	19.3x	56%	57%	55%	52%	51%	7%	2.4%	58%	Neutral	$126	4%	Buy	$147	20%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$117.19	37,687	3,525	3,951	4,125	3,971	4,213	3,582	4,022	3,995	3,998	4,138	(56)	(71)	130	(27)	75	12.1x	10.4x	10.0x	9.6x	8.8x	43,221	41,960	40,093	38,404	36,598	15.6%	1.1%	21%	Buy	$119	3%	Buy	$117	0%
NRG	$45.13	10,189	3,248	3,418	3,311	3,324	3,377	3,045	3,304	3,198	3,074	3,185	203	114	113	250	192	6.5x	5.9x	5.9x	6.0x	5.7x	19,651	19,452	18,835	18,568	18,209	23.6%	3.6%	26%	Buy	$51	17%	Buy	$44	1%
VST	$34.66	12,740	4,050	3,906	3,997	3,822	3,513	3,884	4,230	4,151	4,044	4,318	166	(324)	(155)	(222)	(805)	6.2x	5.6x	5.6x	5.6x	5.1x	24,098	23,736	23,211	22,812	22,090	8.7%	2.6%	24%	Buy	$32	-5%	Buy	$37	9%
Other																																				
NEP	$28.20	2,635	1,902	2,021	2,080	2,099	2,118	1,912	2,012	2,033	2,056	2,126	–	–	47	42	–												13.1%	–	Buy	$42	62%	Buy	$34	34%
SMR	$3.48	259	(143)	(57)	8	96	n/a	(137)	(62)	1	144	452	–	–	–	(48)	–												–	–	Buy	$14	302%	Buy	$11	222%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

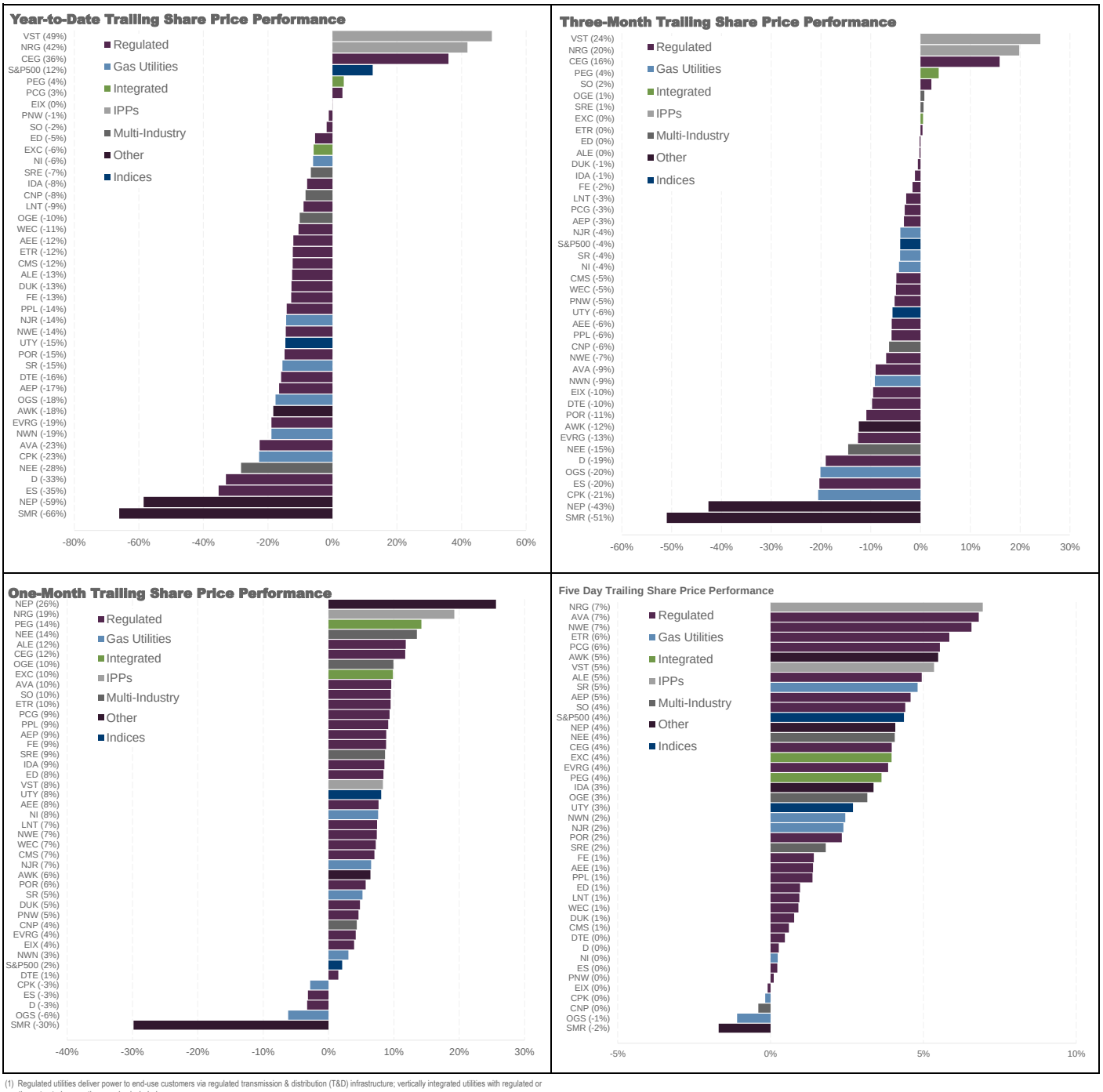

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix

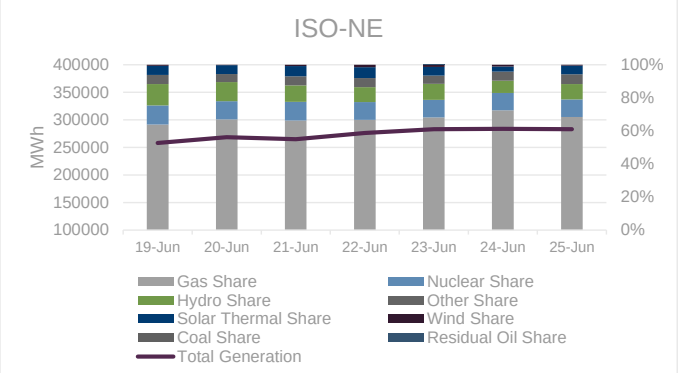

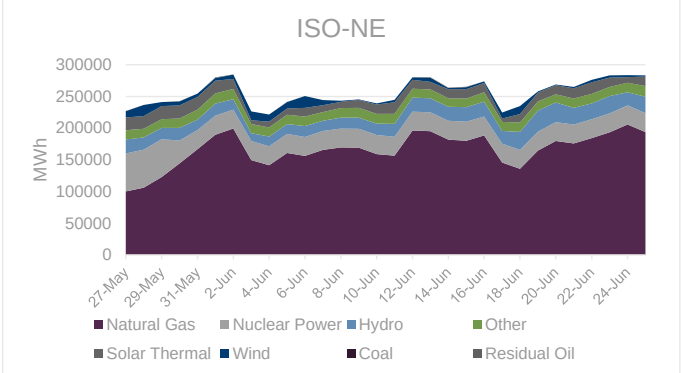

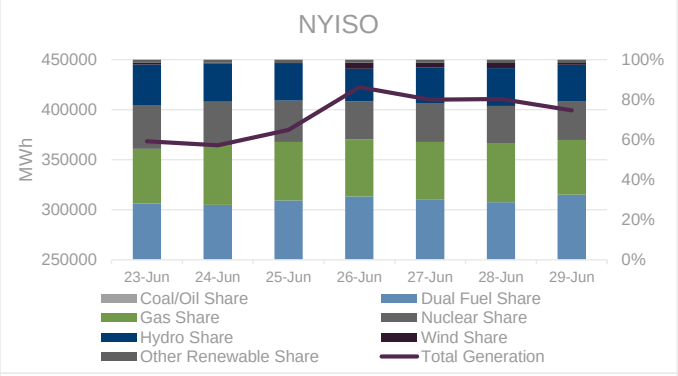

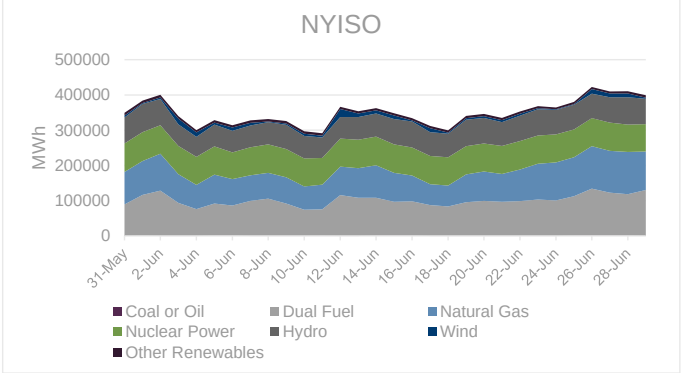

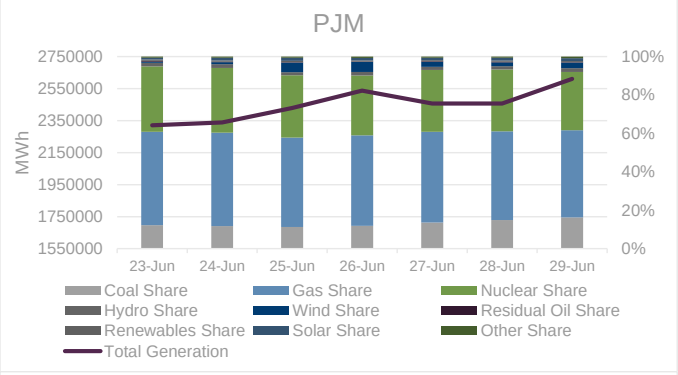

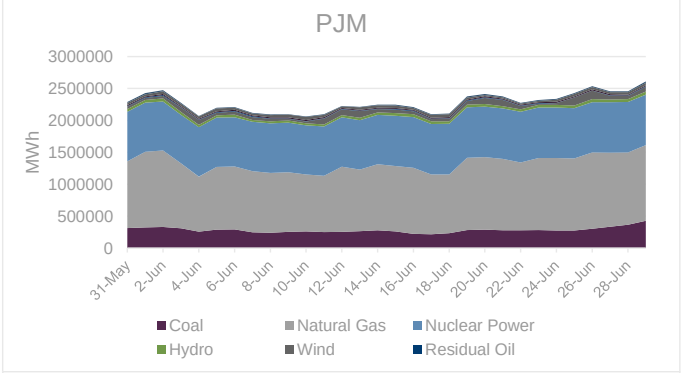

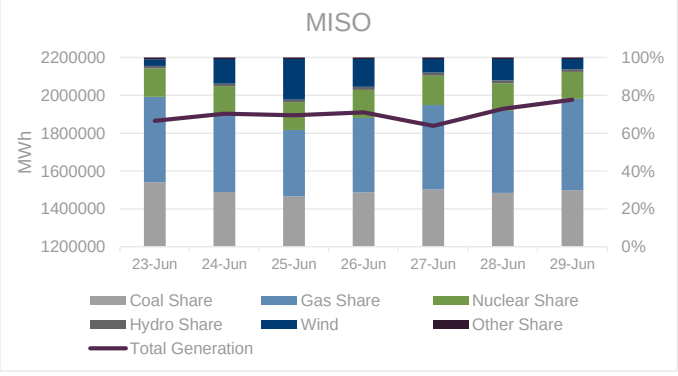

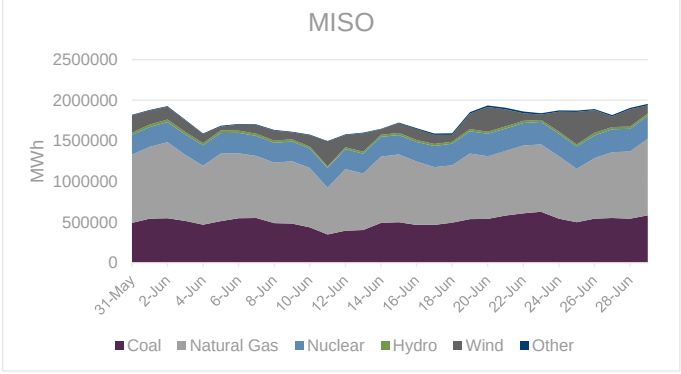

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Generation and Mix (continued)

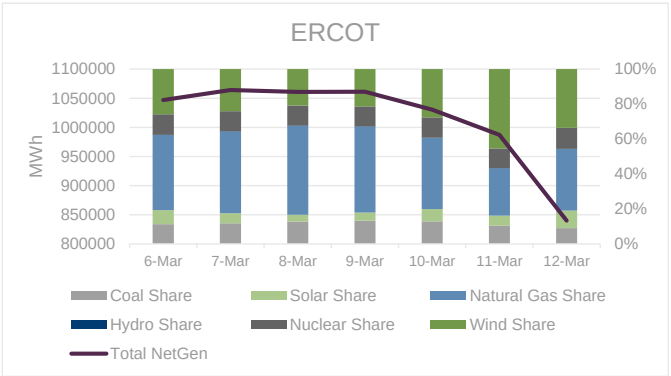

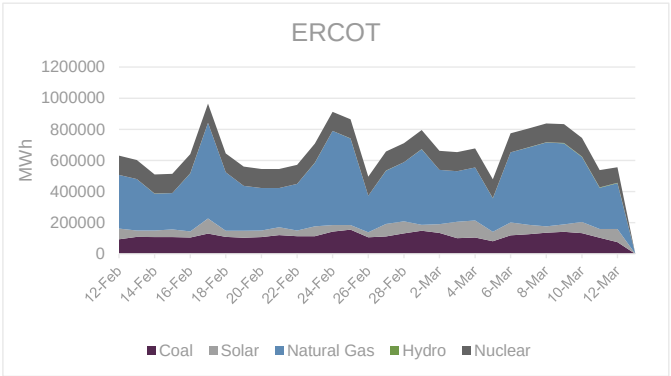

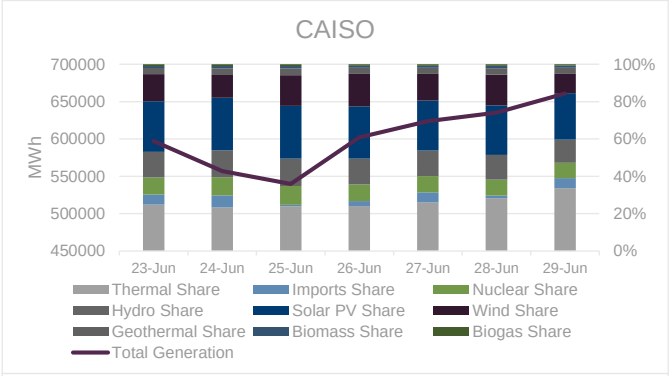

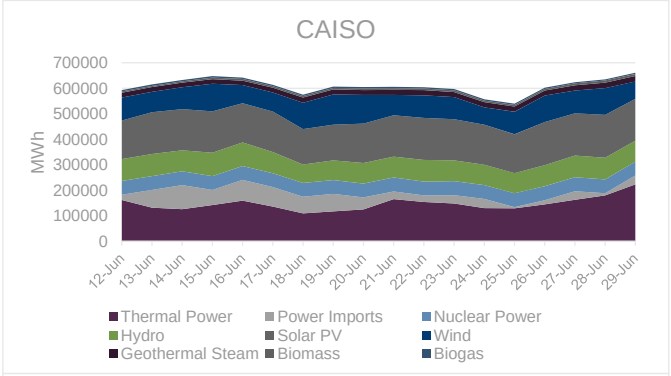

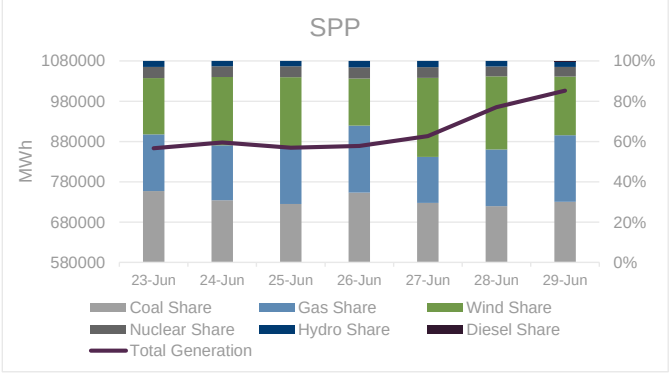

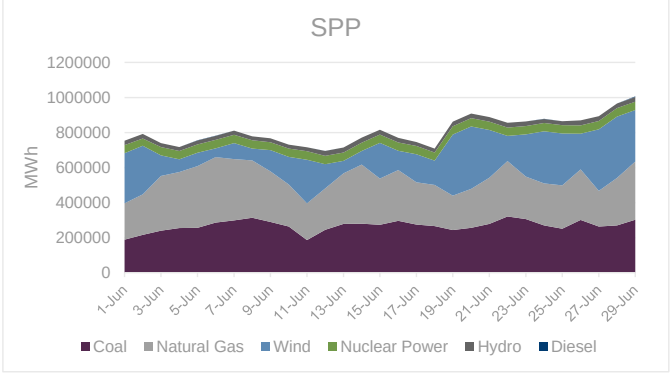

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Weather

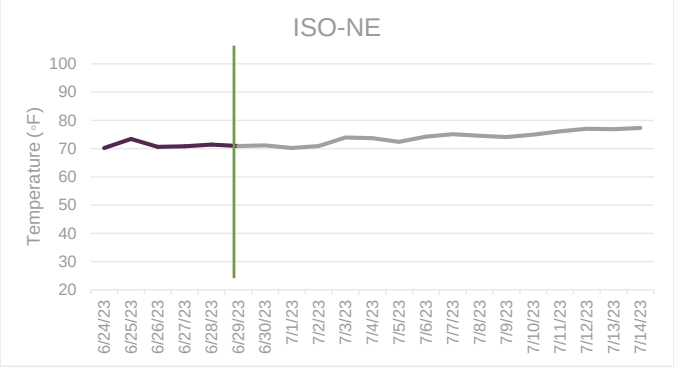

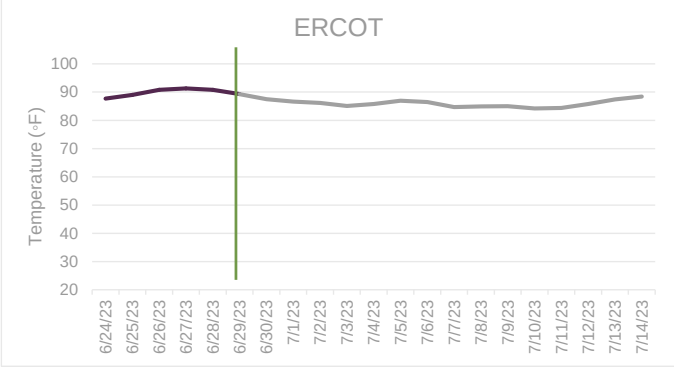

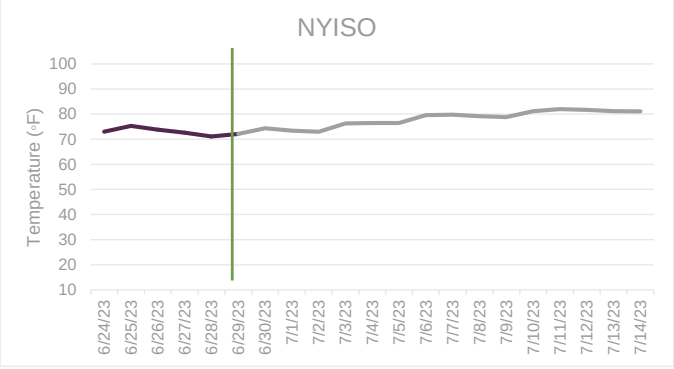

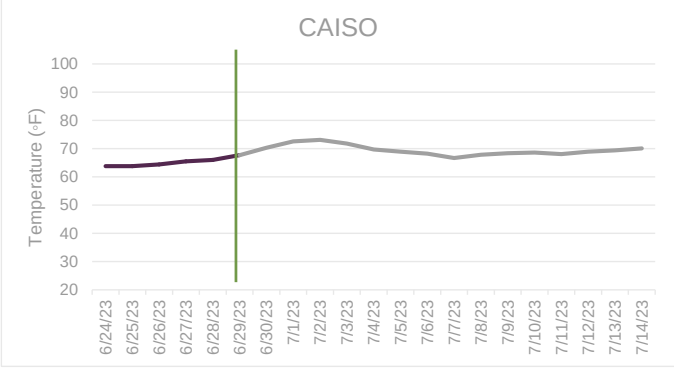

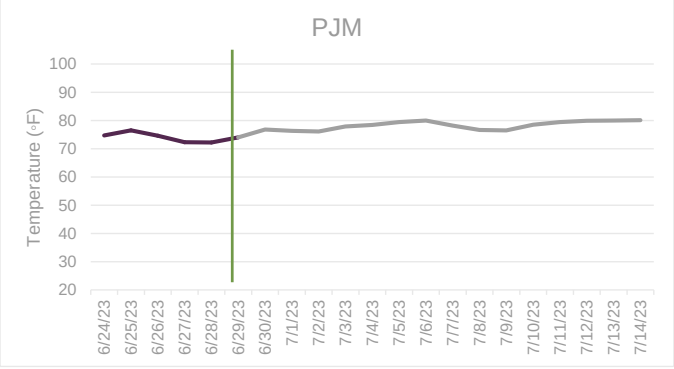

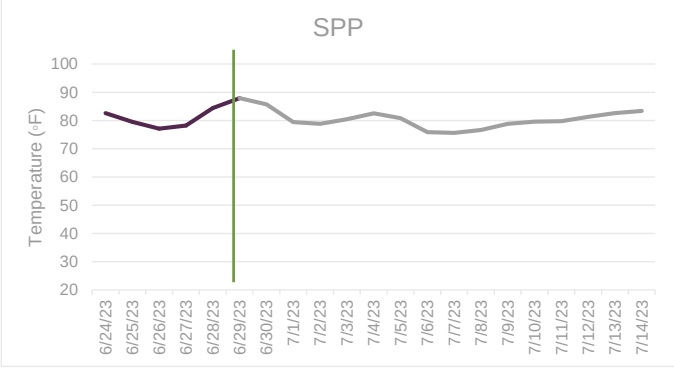

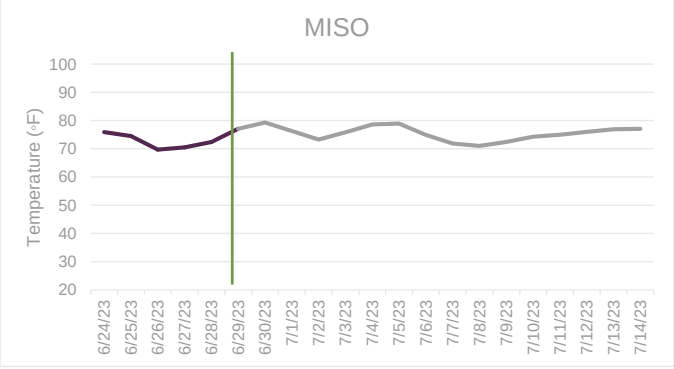

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

YTD Peak Load

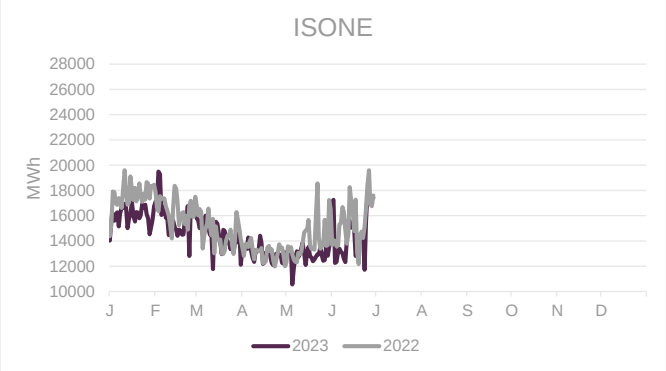

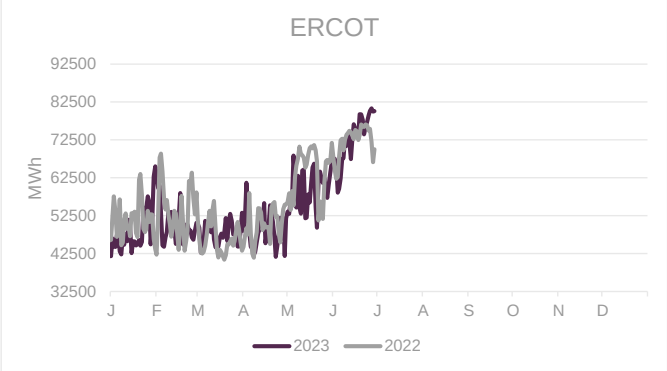

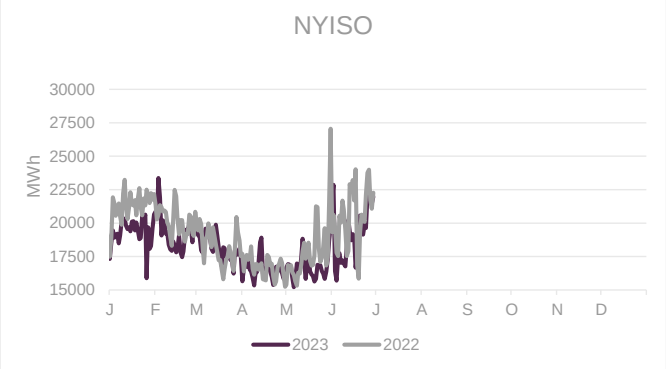

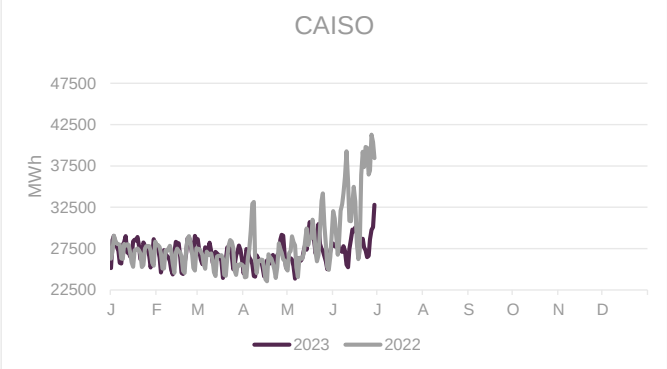

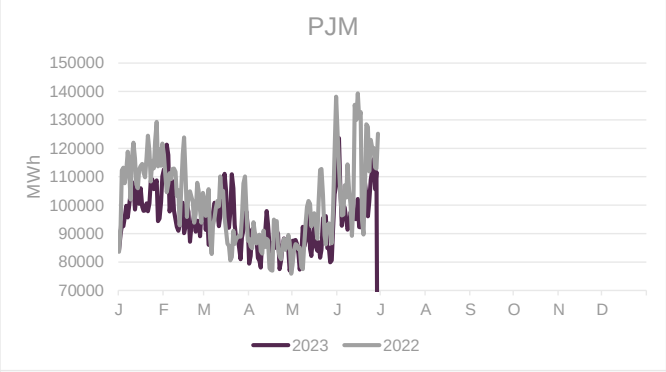

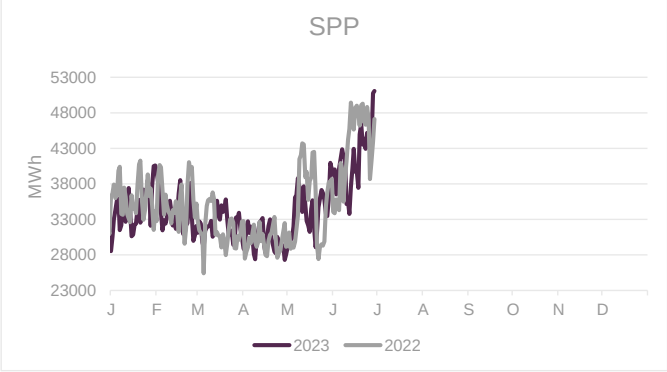

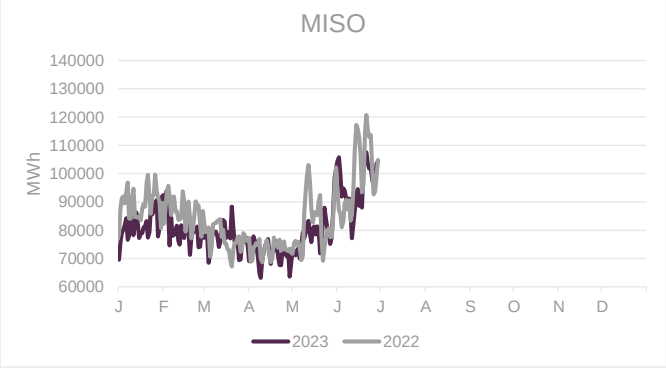

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (9/10/2023-12/10/2023)

Date	State	Ticker	Utility/Event	Docket	Description
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	ALJ proposed decision expected
7/1/2023-9/30/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Track 2)	Commission decision expected
8/18/2023-9/11/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Initial settlement conference to take place in electric rate proceeding
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.		Decision due on Phase III Grid Transformation Plan proposal
9/1/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Hearing examiner's report may be issued in Rider CCR update proceeding
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company surrebuttal testimony on rate revision due
9/11/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervenor reply briefs on power cost update due
9/12/2023	PA	FE	FirstEnergy Corp.		Briefs due in operating company consolidation proceeding
9/12/2023-9/14/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Hearings scheduled in rate case -- suspended to accomodate settlement talks
9/13/2023	MD	FE	The Potomac Edison Co.	C-9695	Deadline for appeals of law judge's proposed order
9/15/2023-9/30/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00005 (Rider E)	Decision may be issued in Rider E update proceeding
9/18/2023	CA	PCG	Pacific Gas and Electric Co.		Opening briefs due on petition to transfer substantially all company's non-nuclear generation
9/18/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Company rebuttal testimony due in rate proceeding
9/19/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Rebuttal testimony due in IRIS proceeding
9/19/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Rebuttal testimony due
9/19/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Rebuttal testimony due in gas rate case
9/21/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Settlement conference to be held in rate proceeding
9/21/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company rebuttal in power cost update due
9/22/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Administrative law judges' proposed order due in rate proceeding
9/26/2023	IL	AEE	Ameren Illinois	D-23-0067	Administrative law judges' proposed order due in rate proceeding
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Hearing scheduled in rate case
9/27/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Hearing scheduled in rate case
9/28/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Surrebuttal testimony due in IRIS case
9/29/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Utility rebuttal testimony and updated financial data reflecting 12 months actual data due in electric rate proceeding
9/30/2023	SC	D	Dominion Energy South Carolina	D-2023-70-G	Commission order expected in rate case
10/1/2023-10/31/2023	MO	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Elec)	Commission decision expected
10/1/2023-12/31/2023	CA	PCG	Pacific Gas and Electric Co.	A-21-06-021 (Gas)	Commission decision expected
10/1/2023-10/31/2023	MO	SR	Spire Missouri Inc.	C-GO-2023-0432 (ISRS)	Decision possible in ISRS proceeding
10/1/2023-10/31/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Hearing examiner's report likely to be issued in triennial review case
10/1/2023-10/31/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00022 (Rider CCR)	Decision expected in Rider CCR update proceeding
10/5/2023	CA	PCG	Pacific Gas and Electric Co.		Reply briefs due on petition to transfer substantially all of company's non-nuclear generation
10/5/2023	IL	SO	North Shore Gas Co.	D-23-0068	Proposed order expected to be issued in rate proceeding
10/5/2023	MI	DTE	DTE Electric Co.	C-U-21297	ALJ proposed decision target date
10/6/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for intervenors to file a motion with the Hearing Examiner to file surrebuttal testimony
10/6/2023-10/20/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Parties to file testimony in Rider GV update proceeding
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Briefs due in rate case
10/6/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Briefs due in rate case
10/9/2023	KS	EVR(	Evergy Kansas Central Inc.	D-23-EKCE-775-RTS (EKC/EKS)	Hearing to begin in rate proceeding
10/9/2023	OR	POR	Portland General Electric Co.	D-UE-416	All-party opening briefs
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Parties to file briefs in rate case
10/10/2023-10/20/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Parties to file briefs in rate case
10/10/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Intervenors to file testimony in earnings review proceeding
10/11/2023-10/12/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Hearings scheduled in IRIS proceeding
10/12/2023	MI	CMS	Consumers Energy Co.	C-U-21308	Commission decision in rate case expected by
10/13/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Last day for parties to respond to intervenor motions filed with the Hearing Examiner to file surrebuttal testimony
10/13/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Elec)	Reply briefs due in rate case
10/13/2023	WI	LNT	Wisconsin Power and Light Co	D-6680-UR-124 (Gas)	Reply briefs due in rate case
10/16/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
10/16/2023	OR	POR	Portland General Electric Co.	D-UE-416	Staff, intervernor closing briefs
10/17/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/18/2023	MD	FE	The Potomac Edison Co.	C-9695	End of suspension period, decision expected in rate case
10/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Administrative law judges' proposed order due in rate proceeding
10/23/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Administrative law judges' proposed order due in rate proceeding
10/23/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Staff testimony due in earnings review proceeding
10/24/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Briefs due in IRIS proceeding
10/24/2023	OR	POR	Portland General Electric Co.	D-UE-416	Company closing brief
10/24/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Prehearing conference to take place in gas rate case
10/25/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Staff report due in SAVE Rider proceeding
10/26/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Settlement conference to take place in electric rate proceeding
10/27/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Law judge's proposed order due in rate case
10/30/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due on power cost update
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/10/2023	VA	D	Virginia Electric & Power Co.		Decision likely in securitization proceeding
11/1/2023-11/28/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/1/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Surrebuttal testimony limited to Delmarva's updated 12 months actual data due in electric rate proceeding
11/2/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Briefs due in electric rate case
11/7/2023-11/9/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Public hearing to take place in gas rate case
11/8/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Replies to staff report due in SAVE Rider proceeding
11/9/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Appeals of judge's order due in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	End of suspension period; decision expected in rate case
11/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	End of suspension period; decision expected in rate case
11/14/2023-11/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearings scheduled in Rider GV update proceeding
11/15/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Public Utility Law Judge proposed order due in IRIS case
11/16/2023	MI	CMS	Consumers Energy Co.	C-U-21389	Reply briefs due in electric rate case
11/17/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Replies to appeals of judges order due (if necessary)
11/19/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Commission decision in rate case expected by
11/20/2023-11/27/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Prehearing conference to take place in electric rate proceeding
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/22/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Exceptions to judge's recommendation due in IRIS case
11/28/2023	IL	SO	Northern Illinois Gas Co.	D-23-0066	Deadline for decision in rate proceeding
11/29/2023	IL	AEE	Ameren Illinois	D-23-0067	Deadline for decision in rate proceeding
11/29/2023	IL	SO	North Shore Gas Co.	D-23-0068	Deadline for decision in rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
12/1/2023-12/31/2023	MN	CNP	CenterPoint Energy Inc.		Gas rate case expected to be filed
12/1/2023-12/31/2023	TX	D	Virginia Electric & Power Co.	D-54634	Administrative Law Judge's proposed order may be issued in rate case
12/1/2023-12/31/2023	WY	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/8/2023	MD	NI	Columbia Gas of Maryland Inc	C-9701	Decision expected in rate case

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- NRG: Steadfast Capital Return Commitment, Confidence in Management, and Clear Messaging Go a Long Way…. Upgrading to BUY
- IDA: "Here We Have Idaho", and No Drama – What's Not to Like?; Initiating Coverage with a BUY
- NI NDR: A Hidden Gem with Catalysts & Clearing Events Ahead
- '23 LCOE Analysis – Inflation Now Embedded, But IRA Keeps Solar/Wind Competitive; Renewables Not Dead Despite Higher Interest Rates; NEE Positive Lateral
- ES – The Wind Keeps Blowing in the Wrong Direction: Another Messaging Miss, Downgrading to NEUTRAL on Balance Sheet, Protracted OSW Process
- Utilities: Perfect Storm of Rates, Tax-Loss Selling, and Macro Concerns Weigh on Sector Valuation: We Remain Cautious and Selective Despite Sell-Off
- DTE – 2023 Electric Rate Case PFD Drops Revenue Request Below Bid-Ask; MPSC Has Final Say, But Litigation Risk Now Apparent
- EVRG: Kansas Settlement Improves on Tough Bid-Ask but Leaves Cap Structure Overhang for Another Day
- NEE/NEP: Cat's Out of the Bag – Capital Markets Weigh Heavy on NEP Growth, NEE Readthrough Too Punitive In Our View
- CPK-NEE – CPK Announces Transformative Florida City Gas Acquisition; Efficient Cash Source for NEE, Strategic for CPK
- Power/Gas: No Country for New Gas…
- PCG: 2023 GRC PD Comes With Tough Headline Reductions For PG&E and Two Alternates Proposed; Non-GRC Recovery and Workarounds TBD
- CMS – Timely NDR on the Heels of Regulatory and Weather Events; Mgmt. Highlights Gradualist Approach With LT Upside on Infrastructure Needs
- D: Strategic Review Enters Home Stretch
- SO – Vogtle Prudency Review Begins with a Multi-Party Stipulation Right Out of the Gate
- Arizona Regulation: Drawing a Line in the Sand? Not with this Commission — Continuing Our Deep Dive in the Desert with Commissioner Myers and Commissioner Thompson
- POR: Valuation Dislocation on Wildfire Misconception Provides Fresh Entry Point: Upgrade to BUY
- SO: Fruitful Conversation With Georgia PSC Chair: "If It Isn't Broke, Don't Fix It"
- SO: "Georgia on My Mind" While Racing Porsches - Looking Past a Few NT Potholes to LT Sunny Skies with the Right Team at the Wheel
- Lead in the Water? We Don't Think So – First Glance at Utility Related Lead (Pb) Cable Insulation Exposure
- Guggenheim Regulatory Baseline: Taking the Midyear Pulse of Our 40+ States
- Utilities: A Midsummer Night's Dream or Daydream? Making Valuation and Ratings Changes but Has Sector Thesis Changed?
- ES: Calmer Waters Ahead? Yes, But Wind and Connecticut Cross Currents Remain – Updating Our Thoughts Ahead of Imminent Wind Deal
- AEP – One Notch Victory; Even More Confidence Built – Execution Story Remains but Back on Track; Reiterate BUY on Deep Value and Regulatory Turnaround
- NRG: Management Stays the Course as Analyst Day Delivers More Guardrails on Capital Allocation
- NI: Healthy Multiple for NIPSCO 19.9% Sale in Line with Consensus Expectations; Questions Remain Around Equity Needs & Blackstone Equity Contributions
- POR: Stepping to the Sidelines as 1H23 Momentum Closes Valuation Gap, NT Catalyst Pathway Quiets, Downgrading to Neutral
- PCG NDR: If You Declare It, They Will Come
- POR: Initial Testimony Points to a Slightly Wider Bid-Ask
- DTE – 2023 Electric Rate Case Gets Direct Testimony; 50-60% of Ask Revenue Recommendation, Details Show Normal Bid-Ask, ROE Shows Slight Uptick
- DTE NDR – Constructive Discussion on Upside Trends; 2023 Headwinds Language Softened, Regulatory Alignment in Progress
- DUK: Disappointing Transaction Valuation But A Clearing Event Nonetheless; Focus Shifts To NC Rate Case Conclusions
- CNP – Mgmt. Engagement, Regulatory Alignment and Capex Upsides Could Further Differentiate CNP; Upgrading to Buy on a Selective Premium Call, $32PT
- PNW – Staff Files Constructive Testimony, Just Like Last Rate Case; All Eyes on Aug/Sept ACC Hearings While We Remain More Constructive on AZ Overall

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- FE – Meeting with FE's New CEO Reinforces Our Confidence in the Existing Plan, No Rebasing Ahead – Bear Calls Won't Likely Work, Remains Our Best Idea
- CEG/NRG: STP Transaction Embodies the Tectonic Rift in IPP Strategies – Deal Supports Our BUY Stance on CEG; Neutral Stance on NRG
- PCG Analyst Day: Digging for Gold in All the Right Places; Investor Day Highlights Tangible Risk Reduction and Stakeholder Buy-In
- ES: Gets Offshore Sale Process in Motion
- AGA 2023 Recap: Acquisitions, Guidance and Growth Dominate Discussion
- AEP – Now TX?? Yes, EPS Trajectory Intact but These Misses Are Becoming Hard to Digest for Anyone – Questions Surround Regulatory Affairs Naiveté
- AEP NDR: Death By 1,000 Cuts? No. Despite Some Stumbles Out of the Gate, CEO Very Honed In; Focus on Execution and B/S Dominates Conversations
- EXC NDR: Post-AEE Selloff Gets Interesting as the Pathway to a Boring Story Runs Through Illinois
- NRG: Hotel NRG - You Can Check Out Anytime You Like but You Can Never Leave… Activist Points Make Sense to Us but Pathways Forward Unclear
- IL: Staff Direct Testimony Sets Disappointing Floor in MYP Bid-Ask vs. Investor Expectations
- ETR – ETR-TX Settlement Filed Resolving Most Issues; 9.57% ROE, 51.21% ER and Full Rate Base Approval
- NEP: NEP Announces Strategic Steps to Minimize Equity; LT Platform Positioning
- Quarterly Weather Review: Cloudy With a Chance of Lower EPS
- Rising Debt Costs a Problem? Nah, Fake It Till You Make It
- AEP: No Surprise, KY Deal Breaks – Clearing Event
- Guggenheim Nuclear Conference Wrap: If You Build It, They Will Come?
- NEP: CEPF and Near-Term Financing Drilldown – Headwinds? Yes. Distribution Reset? Unlikely. Share Weakness Unwarranted; Bear Calls Flawed
- ERCOT: Policy Call Reinforces Uphill View on Repricing as TX Legislature Mulls Resource Adequacy Tweaks
- AEE NDR: Bread and Butter Utility Update Underscores Ameren's Premium Attributes
- NEE NDR: Management Continues to Chop Through IRA Upside Opportunities but Baseline Remains Conservative; Headline Hurdles Require Time
- ES: What Are the Bears Playing for Now? The Dislocation to Group Getting Out of Hand
- SRE: Port Arthur Reaches FID, Few Holdovers with Project Equity, but Economics Are Broadly Accretive
- SMR: 2023 to See Slightly Heightened Cash Usage as Focus Remains on Execution
- DUK: CEO NDR – How to Strengthen the Balance Sheet Without a "Rip-the-Band-Aid-Off" Equity Scenario? Patience.
- PEG Analyst Day – Straight Talking with PEG; Mgmt. Backs Up Sustainable 5-7% EPS Growth with Room to Exceed
- SRE: PUCT Modifies Oncor PFD, Approves Oncor Rate Case; 9.7% ROE and 42.5% Equity Ratio – Above Our Expectation
- Arizona Regulation: Taking a Deep Dive in the Desert — New Commissioners Bring a Wealth of Experience, Insights, and Planned Improvements to the ACC
- PNW: APS Wins Appeal of 2019 Rate Case's Penalty ROE and SCR Disallowance — Arizona Supreme Court May Be Next
- VST: Sensible Transaction and Organizational Realignment Look to Freeze the Melting Ice Cube Argument
- Deal or No Deal? Taking the Pulse of Fuel Deferrals Across Our Coverage Universe
- PJM: How Low Can You Go? Residualization of the BRA Marches On…
- D: Legislative Breakthrough Yields a Deal; Focus Turns to Credit Repair
- AEP: Contracted Renewables Sale Above Our Expectations
- LNT: Cleanup in Aisle 4? PSCW's Damage Control Proves Effective: Upgrading to NEUTRAL
- PSCW: Conversation with Chair Valcq Strikes a Balanced Tone
- D: Halftime in Richmond as Multiple Bills Advance
- D: SB1265 Amended Ahead of Crossover Deadline Tomorrow
- FE – The Same Board Who Set The Current Strategic Plan Is Also Picking The CEO… Follow-Up Thoughts Post Our Mgmt. Call
- FE – Rebase Coming? No. Asset Sale Delay? No. New CEO Strategy Shift? No. Balance Sheet Concerns? No. More Growth Opps? Yes. FE Remains '23 Best Idea
- D: General Assembly Sausage-Making Enters Full Swing as Lawmakers Continue to Cement the Bid-Ask
- D: Key Bills Pass Out of Senate Committee
- Commissioners Roundtable Recap: Regulators Remain Level-Headed Amid Rate Volatility and the Grid Transition
- 2023 Utility Outlook: Magic Mirror on the Wall, Who Is the Fairest One of All?
- D: New Legislation Proposes Novel Option for OSW Stake Sale – Mosaic Pieces Continue to Form a Clearer Picture

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

- ETR – LPSC Votes on Modified Settlement Proposal with Customer Benefits, but Recognition of Hurricane Cost Prudency
- D: Opening Move in Richmond: Evolutionary Legislation Lays Path Forward

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	245	66.94%	42	17.14%
NEUTRAL	113	30.87%	8	7.08%
SELL	8	2.19%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Sell

Exelon Corp. (EXC)

Uncertainty around ComEd rate case persists, focus on resolution by year-end

EXC	12m Price Target: **$39.00**	Price: **$40.70**	Downside: **4.2%**

Carly Davenport
+1(212)357-1914 | carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+1(332)245-7709 | jaskaran.jaiya@gs.com
Goldman Sachs India SPL

We update estimates for Exelon Corp (EXC, Sell) following third quarter results. The quarter itself was fairly quiet and the company slightly narrowed its 2023 guidance range, with updates on key rate cases and the capital plan update expected in December and February, respectively. We remain focused on the ComEd rate case, where the ALJ recently recommended a 9.28% ROE, well below the company's request in year one at 10.5%. We expect the outcome, which we still view as uncertain given the range of proposed outcomes from Staff and the ALJ, to be a key catalyst for the stock when a final order is issued by December 20. Ultimately, we maintain our 12-month price target of $39, representing 2% total return versus our coverage at 19% total return on average. We provide key takeaways from the earnings call inside.

Key Takeaways from Earnings

ComEd Rate Case. The company received a proposed order from the ALJ on ComEd's MYP on October 23 that recommended an ROE of 9.28%, below our authorized ROE in our model. Management was constructive on the alignment on the investment plan to facilitate the energy transition, but disappointed in the commission's view on the cost to finance that investment and the proposed return on it and the company's pension. With that said, EXC expects the commission will consider the full case record when issuing its final order in December, which is expected at the December 14 meeting, but no later than December 20. Ahead of the final order, EXC expects to file briefs on exception by November 8, reply briefs on exception by November 20, and participate in oral arguments in late November. We continue to view the ComEd rate case as a key area of investor focus into year-end, particularly given the range of proposed outcomes from the Staff and ALJ.

Key Data

Market cap: $40.5bn
Enterprise value: $84.0bn
3m ADTV: $207.2mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**19,078.0**	**21,289.9**	**22,057.7**	**22,710.5**
Revenue ($ mn) Old	19,078.0	20,226.6	20,996.8	21,688.3
EBITDA ($ mn)	6,642.0	7,357.2	8,013.7	8,545.2
EBIT ($ mn)	3,317.0	3,844.9	4,319.7	4,661.4
EPS ($) New	**2.27**	**2.36**	**2.45**	**2.61**
EPS ($) Old	2.27	2.37	2.46	2.61
P/E (X)	19.1	17.2	16.6	15.6
Dividend yield (%)	3.1	3.6	3.8	4.1
Net debt/EBITDA (X)	6.0	5.9	5.8	5.7

	9/23	12/23E	3/24E	6/24E
EPS ($)	0.67	0.58	0.72	0.40

GS Factor Profile

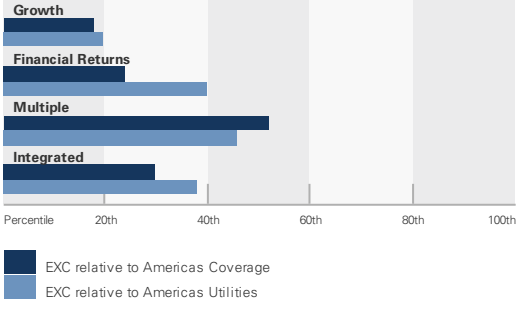

Source: Company data, Goldman Sachs Research estimates. See disclosures for details.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Sell

Exelon Corp. (EXC)

Rating since Jun 7, 2023

Ratios & Valuation

	12/22	12/23E	12/24E	12/25E
P/E (X)	19.1	17.2	16.6	15.6
EV/EBITDA (X)	12.4	11.4	10.8	10.5
EV/sales (X)	4.3	3.9	3.9	4.0
FCF yield (%)	(5.3)	(6.2)	(3.2)	(3.7)
EV/DACF (X)	11.5	11.6	11.0	10.7
CROCI (%)	8.6	8.1	8.2	8.1
ROE (%)	8.6	9.1	9.3	9.5
Net debt/EBITDA (X)	6.0	5.9	5.8	5.7
Net debt/equity (%)	160.2	168.9	171.7	175.0
Interest cover (X)	2.3	2.2	2.3	2.4
Inventory days	39.8	35.7	35.8	35.7
Receivable days	59.5	58.9	54.8	53.3
Days payable outstanding	215.3	142.7	126.0	125.7

Growth & Margins (%)

	12/22	12/23E	12/24E	12/25E
Total revenue growth	14.3	11.6	3.6	3.0
EBITDA growth	8.8	10.8	8.9	6.6
EPS growth	9.0	4.1	3.9	6.2
DPS growth	(11.7)	7.0	7.0	7.0
Gross margin	66.6	63.6	64.7	65.7
EBIT margin	17.4	18.1	19.6	20.5

Price Performance

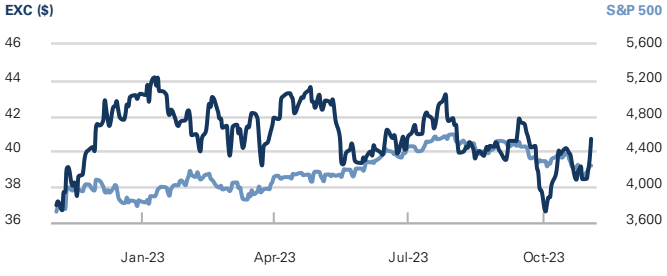

	3m	6m	12m
Absolute	(1.9)%	(4.4)%	7.0%
Rel. to the S&P 500	4.4%	(7.1)%	(5.1)%

Source: FactSet. Price as of 2 Nov 2023 close.

Income Statement ($ mn)

	12/22	12/23E	12/24E	12/25E
Total revenue	19,078.0	21,289.9	22,057.7	22,710.5
Cost of goods sold	(6,373.0)	(7,757.6)	(7,776.9)	(7,795.7)
SG&A	(4,673.0)	(4,785.5)	(4,855.8)	(4,932.3)
R&D	–	–	–	–
Other operating inc./(exp.)	(1,390.0)	(1,389.6)	(1,411.3)	(1,437.4)
EBITDA	**6,642.0**	**7,357.2**	**8,013.7**	**8,545.2**
Depreciation & amortization	(3,325.0)	(3,512.3)	(3,694.0)	(3,883.8)
EBIT	**3,317.0**	**3,844.9**	**4,319.7**	**4,661.4**
Net interest inc./(exp.)	(1,447.0)	(1,711.3)	(1,862.4)	(1,976.8)
Income/(loss) from associates	–	–	–	–
Pre-tax profit	**2,403.0**	**2,604.0**	**2,953.1**	**3,152.0**
Provision for taxes	(349.0)	(314.6)	(500.2)	(532.8)
Minority interest	(1.0)	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**2,053.0**	**2,289.3**	**2,452.8**	**2,619.2**
Net inc. (post-exceptionals)	**2,238.0**	**2,352.3**	**2,452.8**	**2,619.2**
EPS (basic, pre-except) ($)	**2.08**	**2.30**	**2.46**	**2.61**
EPS (diluted, pre-except) ($)	**2.08**	**2.30**	**2.45**	**2.61**
EPS (ex-ESO exp., dil.) ($)	**--**	**--**	**--**	**--**
DPS ($)	1.35	1.45	1.55	1.65
Div. payout ratio (%)	64.9	62.8	62.9	63.4
Wtd avg shares out. (basic) (mn)	986.0	995.4	998.0	1,003.1
Wtd avg shares out. (diluted) (mn)	987.0	996.4	1,000.0	1,005.1

Balance Sheet ($ mn)

	12/22	12/23E	12/24E	12/25E
Cash & cash equivalents	407.0	1,112.0	253.4	831.9
Accounts receivable	3,561.0	3,314.0	3,314.0	3,314.0
Inventory	755.0	762.0	762.0	762.0
Other current assets	2,613.0	3,143.0	3,143.0	3,143.0
Total current assets	**7,336.0**	**8,331.0**	**7,472.4**	**8,050.9**
Net PP&E	69,076.0	73,518.7	78,192.7	83,301.9
Net intangibles	–	–	–	–
Total investments	232.0	246.0	246.0	246.0
Other long-term assets	18,705.0	18,855.5	18,137.5	17,419.5
Total assets	**95,349.0**	**100,951.2**	**104,048.6**	**109,018.3**
Accounts payable	3,382.0	2,684.0	2,684.0	2,684.0
Short-term debt	4,388.0	3,374.0	3,374.0	3,374.0
Current lease liabilities	–	–	–	–
Other current liabilities	2,841.0	2,742.0	2,742.0	2,742.0
Total current liabilities	**10,611.0**	**8,800.0**	**8,800.0**	**8,800.0**
Long-term debt	35,662.0	41,216.5	42,990.5	46,517.5
Non-current lease liabilities	–	–	–	–
Other long-term liabilities	24,332.0	25,192.4	25,406.1	25,664.2
Total long-term liabilities	**59,994.0**	**66,408.9**	**68,396.6**	**72,181.7**
Total liabilities	**70,605.0**	**75,208.9**	**77,196.6**	**80,981.7**
Preferred shares	–	–	–	–
Total common equity	**24,744.0**	**25,742.4**	**26,852.0**	**28,036.6**
Minority interest	–	–	–	–
Total liabilities & equity	**95,349.0**	**100,951.2**	**104,048.6**	**109,018.3**
BVPS ($)	24.89	25.82	26.81	27.84

Cash Flow ($ mn)

	12/22	12/23E	12/24E	12/25E
Net income	2,171.0	2,288.3	2,452.8	2,619.2
D&A add-back	3,533.0	3,512.3	3,694.0	3,883.8
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(1,051.0)	(932.0)	–	–
Others	217.0	(78.6)	213.7	258.2
Cash flow from operations	**4,870.0**	**4,790.0**	**6,360.5**	**6,761.1**
Capital expenditures	(7,147.0)	(7,316.5)	(7,650.0)	(8,275.0)
Acquisitions	–	–	–	–
Divestitures	16.0	0.0	–	–
Others	141.0	25.0	–	–
Cash flow from investing	**(6,990.0)**	**(7,291.5)**	**(7,650.0)**	**(8,275.0)**
Dividends paid	(1,334.0)	(1,432.6)	(1,543.1)	(1,659.6)
Share issuance/(repurchase)	563.0	41.7	200.0	225.0
Inc/(dec) in debt	5,022.0	4,620.5	1,774.0	3,527.0
Others	(2,330.0)	(23.0)	–	–
Cash flow from financing	**1,921.0**	**3,206.6**	**430.9**	**2,092.4**
Total cash flow	**(199.0)**	**705.0**	**(858.6)**	**578.5**
Free cash flow	(2,277.0)	(2,526.5)	(1,289.5)	(1,513.9)
Free cash flow per share (basic) ($)	(2.31)	(2.54)	(1.29)	(1.51)

Source: Company data, Goldman Sachs Research estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Spending Outlook. EXC remains constructive on the capital investment opportunity set to support the energy transition, driving a view that it will strengthen and lengthen rate base growth. While management expects to provide a full update on the capital plan in February on the 4Q call, it highlighted a number of transmission opportunities that could represent upside risk to the current five-year plan as we roll forward. PJM recently selected projects proposed by EXC to support reliability in Maryland/Pennsylvania/Virginia that is estimated to cost $850 mn and expected to be completed in 2029/2030. This recent update is incremental to the updates last quarter on transmission projects with an in-service at the end of 2028. The company expects 40%-50% of capex to be spent in the last two years before start up, with the remaining 50-60% of capex spent in the first three to four years, which would imply spend both during and after the current planning period.

Balance Sheet/Financing Commentary. EXC continues to project a 100-200 bps cushion on FFO/debt relative to its 12% downgrade threshold, with the CMT largely determining where within that range it falls. That said, the company's financial plan assumes the CMT will not allow for repairs, and management expects more guidance from Treasury before year-end. From a financing perspective, there is no change to the expectation to issue $425 mn in equity by 2025 for the current plan. To the extent incremental capital opportunities materialize relative to the $31 bn plan, EXC would expect to take a balanced approach to financing with internal cash flow and a mix of debt/equity to maintain the balance sheet cushion and achieve the 6%-8% earnings growth target that the company reiterated on the call.

Model Updates and Our Latest Views

We remain less constructive on EXC relative to our coverage given (1) continued uncertainty on several key rate cases, in particular ComEd, which we expect to get resolution in December, (2) less differentiation versus consensus where our 2023-2027 estimates are 3% below FactSet consensus, (3) valuation, where EXC now trades at 15.2x P/E on our 2025 numbers versus our coverage at 14.4x on average, and (4) less thematic leverage to verticals like renewables generation that we believe could represent significant upside risk to capital spending going forward.

In our model, we update for quarterly actuals, mark our treasury rate forecast, shift timing of equity issuance in the model, and adjust debt levels. This drives our 2023-2024 estimates to move from $2.37/$2.46 to $2.36/$2.45 and our 2025 estimate is unchanged at $2.61.

Valuation & Key Risks

We are Sell rated on EXC. Our 12-month, P/E based price target is unchanged at $39. Key risks relate to more favorable rate case outcomes, cost control/ability to smooth earnings surprising to the upside, and incremental capex opportunities.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller and Jaskaran Jaiya, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by Goldman Sachs Global Investment Research and referred to in this research.

Goldman Sachs is acting as a manager or co-manager of a pending underwriting: Exelon Corp. ($40.70)

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($40.70)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($40.70)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($40.70)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($40.70)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($40.70)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($40.70)

Goldman Sachs has managed or co-managed a public or Rule 144A offering in the past 12 months: Exelon Corp. ($40.70)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($40.70)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	62%	56%	44%

As of October 1, 2023, Goldman Sachs Global Investment Research had investment ratings on 2,960 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

investment banking services within the previous twelve months.

Price target and rating history chart(s)

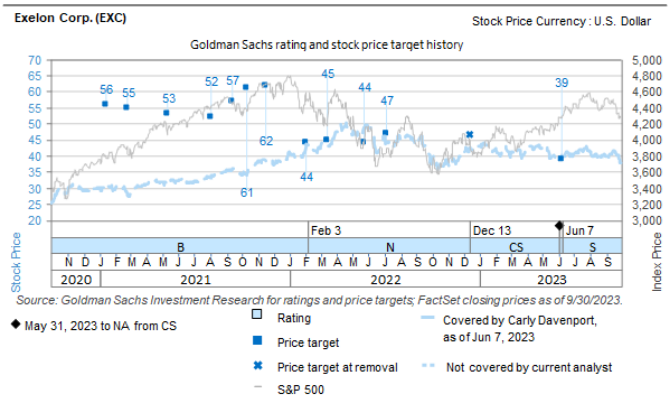

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Goldman Sachs (India) Securities Private Limited Investor Grievance E-mail: india-client-support@gs.com. Compliance Officer: Anil Rajput |Tel: + 91 22 6616 9000 | Email: anil.m.rajput@gs.com. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) are not provided or have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, when the company is an early-stage biotechnology company, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2023 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

November 2, 2023 | 18:59 ET~

Exelon

BMO Capital Markets

EXC-NSDQ	Rating	Price: Nov-2	Target ↑	Total Rtn
	Outperform	$40.70	$44.00	12%

EXC-ellent EXC-ecution for the Quarter

Bottom Line:

EXC reported 3Q23 EPS of $0.67 vs our $0.66 estimate and $0.67 for consensus. Management narrowed the 2023 guidance range by +/- $0.02 at each end to $2.32-2.40 compared to BMO/consensus at $2.36. Longer term, the company also reaffirmed its 2021-2025 and 2022-2026 EPS CAGRs of 6-8% with an expectation of being at the midpoint or better with the drivers for its annual growth ranges unchanged. **We reiterate our Outperform rating.** Our target price moves to $44 as we mark-to-market our peer group multiples used in our SOTP valuation framework.

Key Points

In October, the ALJ issued a proposed order in the inaugural ComEd MYRP. **On the call, management discussed that while the proposed order would be supportive of IL's ambitious electrification/decarbonization goals, it expressed disagreement with the proposed ROE below national averages, the pension disallowance, and the capital structure. Management noted it expects the ICC to consider the full record when writing its final order.**

Holistically, we would view a proposed order with ~78% of the ask favorably as we wrote here. However, we believe investors share similar sentiment to that of management and are looking for the final order to include a slightly higher ROE given the past precedent set in the natural gas cases and the current mark-to-market of the old formulaic ROE. **We note a ~50bps change in ComEd's ROE represents ~$0.04 of EPS on a full-year basis. Thus, in the context of the entire order we believe a 9.28% ROE would ultimately be a manageable hurdle.**

For the balance of 2023, we expect investors to focus on the final order in the ComEd case and then begin to shift to the 4Q23 call where management is expected to provide updates to its long-term capital/growth/financing outlooks including robust transmission opportunities that lengthen and strengthen the company's growth profile.

EXC outperformed the group by ~110bps today and although we looked favorably on the quarterly execution and management's commentary on the upcoming 4Q23 roll-forward, we attribute the outperformance more to a catch-up from the weakness following the ALJ proposed order for ComEd (Exhibit 1).

Shares of EXC trade at a ~3-4% premium to the group, which we see as an attractive risk-adjusted value proposition given its lower-risk T&D investment profile and growth visibility. As such, EXC remains an anchor on the relative value/GARP side of our BMO Barbell.

Key Changes		
Target	Estimates	Q4 / 23E
$44.00↑	EPS	$0.58
$42.00	*Previous*	*$0.53*

For disclosure statements, including the Analyst Certification, please refer to page(s) 8 to 12.

Utilities, Power & Renewables

James M. Thalacker — Analyst
james.thalacker@bmo.com — (347) 668-8970

Edward M DeArias, CFA — VP Associate
edward.dearias@bmo.com — (347) 274-1556

Tanmay Pandit — Associate
tanmay.pandit@bmo.com — (437) 246-7075

Legal Entity: BMO Capital Markets Corp.



Company Data			in $
Dividend	$1.44	Shares O/S (mm)	995.2
Yield	3.5%	Market Cap (mm)	$40,505
P/BV	1.1x	Net Debt (mm)	$33,547

BMO Estimates				in $
(FY-Dec.)	2021A	2022A	2023E	2024E
EPS	$1.83	$2.27	$2.36	$2.50
DPS	$1.53	$1.35	$1.44	$1.53
EBIT	$2,614	$3,256	$3,671	$3,978
EBITDA	$10,516	$7,405	$7,772	$8,260

Consensus Estimates				
	2021A	2022A	2023E	2024E
EPS			$2.36	$2.51

Valuation				
	2021A	2022A	2023E	2024E
P/E	22.2x	17.9x	17.2x	16.3x
Div. Yield (%)	3.8%	3.3%	3.5%	3.8%

QTR. EPS	Q1	Q2	Q3	Q4
2021A	$0.52	$0.49	$0.65	$0.44
2022A	$0.64	$0.44	$0.75	$0.43
2023E	$0.70a	$0.41a	$0.67a	$0.58
2024E	$0.71	$0.52	$0.71	$0.56

Notes : Prior numbers reflect our pre-spin estimates

Our Thesis

We see EXC's multiple re-rating post spin as a gradual 12-18-month process driven by the company executing against its capital and regulatory plans. We believe the company's low-risk T&D business profile, strong and visible fundamental growth outlook, and supportive regulatory environment position the company well to drive multiple expansion.

Exelon - Block Summary Model

Income Statement	2021A	2022A	2023E	2024E
Generation	0	0	0	0
Com Ed	1,255	1,543	1,644	1,729
PECO	651	801	865	961
BGE	481	519	672	737
PHI	801	831	927	988
Parent and Other	(574)	(438)	(438)	(438)
Consolidated EBIT	2,943	3,872	4,274	4,581
Depreciation & Amortization	7,573	3,533	3,499	3,680
EBITDA	10,516	7,405	7,772	8,260
Interest Expense	1,342	1,512	1,640	1,785
Income Tax	38	371	344	359
Income from continuing operations	1,791	2,239	2,354	2,502
Weighted Average Shares Outstanding	979	987	997	1,000
Diluted Operating EPS	$1.83	$2.27	$2.36	$2.50
Dividends per Share	$1.53	$1.35	$1.44	$1.53
Cash Flow Statement	**2021A**	**2022A**	**2023E**	**2024E**
Operating Cash Flow	3,012	4,870	5,653	5,982
Investing Cash Flow	(3,317)	(6,990)	(7,150)	(7,550)
Financing Cash Flow	758	1,591	959	1,445
Net Change in Cash Flow	453	(529)	(539)	(124)
EOP Cash on Balance Sheet	1,619	1,090	551	428
Common stock (net)	80	599	167	167
Net debt issued/(repaid)	3,140	5,022	2,225	2,810
Dividends paid	(1,497)	(1,334)	(1,433)	(1,532)
Balance Sheet	**2021A**	**2022A**	**2023E**	**2024E**
Common Equity	34,795	24,744	25,832	26,969
Preferred Equity	0	0	0	0
Total Debt	34,540	40,050	39,119	40,315
Enterprise Value	$74,176	$79,706	$80,030	$81,503
Common equity %	50.2%	38.2%	39.8%	40.1%
Preferred equity %	0.0	0.0	0.0	0.0
Total Debt %	49.8%	61.8%	60.2%	59.9%
Book Value per Share	$35.54	$25.07	$25.92	$26.96

Source: BMO Capital Markets, Company Reports

Scenarios

Valuation

We value EXC on a sum-of-the-parts valuation. Our framework begins with the relevant sector average P/E multiple using 2025E EPS as a base, which we then adjust (premium, discount, or no change) to reflect the relative fundamentals for each segment.

Upside Scenario $50.00

Our upside scenario reflects continued multiple expansion associated with the execution of the company's current ComEd MYRP which should crystalize the company's premium and above-average earnings and dividend growth profile.

Downside Scenario $36.00

Our downside scenario reflects a tightening monetary policy, suboptimal regulatory outcomes that lead to a deceleration of the company's rate base growth.

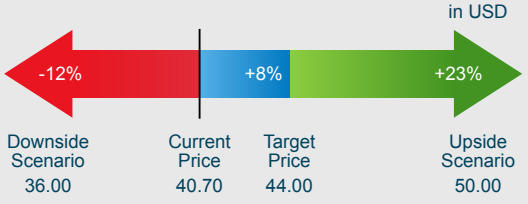

Key Catalysts

We see EXC management now in execution mode post its separation from Constellation Energy. With nearly 75% of the company's revenues decoupled from volumes and 100% of its capital covered through alternative recovery mechanisms, we see EXC achieving our target price over the next 12-18 months as management executes against its capital and regulatory plans.

Company Description

Exelon is the largest utility by customer count with over 10mm electric and natural gas customers spread across its six-state footprint. It is the fourth largest utility by rate base with one of the lowest business risk and ESG-friendly profiles given the company's pure T&D asset mix with electric distribution and transmission representing over 88% of rate base.

BMO Top 15 List

BMO Top 15 List Member

Income Stock

EXC-NSDQ Research

Glossary

Company Models

EXC-ellent EXC-ecution for the Quarter

Bottom Line: EXC reported in-line EPS for 3Q23, but drivers showed impressive execution to meet consensus with significant storm headwinds in the quarter. Management's full-year plan remains on track, and it narrowed its 2023 guidance range by +/-$0.02 to $2.32-2.40, leaving the midpoint unchanged. **EXC outperformed the group by ~110bps today and although we looked favorably on the quarterly execution and management's commentary on the upcoming 4Q23 roll-forward, we attribute the outperformance more to a catch-up following some relative weakness caused by the less-favorable ALJ proposed order in ComEd's MYRP proceeding in late October (Exhibits 1 and 2).**

For the remainder of the year, we expect investors to key in on the final order in the ComEd case expected in December and then begin to shift their focus to the 4Q23 call where management is expected to provide updates to its long-term capital, growth, and financing outlook. Additionally, with today's results, management signaled a robust set of transmission opportunities that would lengthen and strengthen the company's existing growth profile.

Shares of EXC trade at a ~3-4% premium to the group, which we see as an attractive risk-adjusted value proposition given its lower-risk T&D investment profile and growth visibility with the majority of the company's subsidiaries operating under multi-year rate plans. We continue to believe that EXC shares could see additional multiple expansion with continued solid execution against its growth plan. Accordingly, EXC remains an anchor on the relative value/GARP side of our BMO Barbell, and we reiterate our Outperform rating. Our target price moves to $44 as we mark-to-market our peer group multiples used in our SOTP valuation framework.

Exhibit 1: 12-Month 2YR Forward Relative P/E

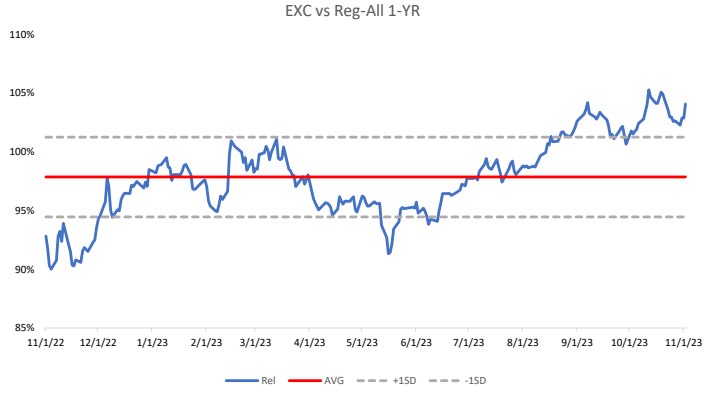

Source: BMO Capital Markets, FactSet

Exhibit 2: 3-Year 2YR Forward Relative P/E

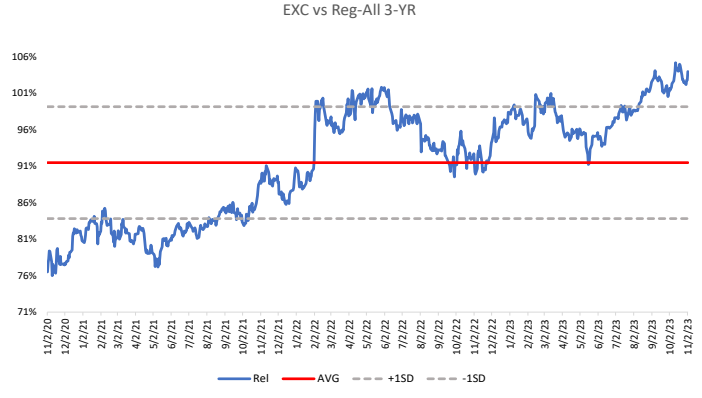

Source: BMO Capital Markets, FactSet

EXC reported 3Q23 EPS of $0.67 vs our $0.66 estimate and $0.67 for consensus. While results were in line on a headline basis, performance was better than expected as management was able to overcome significant storm and weather-related headwinds to meet consensus expectations (and the company's previous estimate of 3Q23 contributing ~28% of its full-year earnings). Year-over-year results declined by ($0.08) with ComEd's positive contribution of +$0.04 more than offset by ($0.06) at PHI, ($0.03) at PECO, ($0.02) at BGE, and ($0.02) at Corporate. Consolidated drivers included+$0.05 of higher rates from increasing rate base and +$0.01 of CMC carrying cost that were offset by ($0.07) of weather and storms, ($0.04) of higher interest expense, and ($0.03) of timing items that should reverse in 4Q23.

Despite the storm headwinds in the non-decoupled jurisdictions, year-to-date earnings are in line with management's expectations and the headwinds are being offset by O&M control across the company, an

uptick in the ComEd ROE given higher interest rates, favorable D&A at PECO, and the full-year impact of the carrying costs associated with the CMC regulatory asset balance. **Accordingly, management narrowed the 2023 guidance range by +/- $0.02 at each end while leaving the midpoint unchanged for a new 2023 guidance range of $2.32-2.40 compared to BMO/consensus at $2.36.**

Longer term, the company reaffirmed its 2021-2025 and 2022-2026 EPS CAGRs of 6-8% with an expectation of being at the midpoint or better with the drivers for its annual growth ranges unchanged. The company continues to see the payout ratio of ~60% allowing the dividend to grow in line with earnings. Management also reaffirmed its ~$31.0bn capital plan for 2023-2026 which drives ~8.0% rate base growth.

For 2023, the company had completed all of its planned debt financing activities in the first half of the year and there were no change in its equity financing plan with the remaining $425mm of equity financing expect to be completed by 2025 under the company's ~$1bn ATM. **EXC continues to project its credit metrics in the 13-14% range over the forecast period, providing 100-200bps of cushion above its 12% downgrade threshold.**

While not assumed in the base plan (and the aforementioned equity outlook) management noted it is optimistic regarding the updated guidance expected from the Treasury before year-end related to the mitigation of the corporate Alternative Minimum Tax through repairs tax deductibility. Although not a significant upside driver, we believe the incremental ~$200mm per year of cash flow could help provide the company with additional financing flexibility as it looks to update investors on the 4Q23 call on its five-year capital plan roll-forward.

The company was recently awarded ~$850mm of new transmission projects in MD and PA as part of the PJM Window 3 solicitation to support reliability and load growth. The spend is likely to occur in the back part of the decade with estimated completion by 2030. This is also in addition to the ~$870mm in transmission projects in eastern Maryland that are expected to be in service by year-end 2028 announced on the 2Q23 call**. The company noted that these incremental investments are additive to the current plan and likely to be captured in the roll-forward**. Looking forward, we expect transmission to be a key focus on the company's year-end capital roll forward as management continued to speak positively on additional transmission opportunities more broadly in PJM and specifically in support of the ambitious offshore wind programs in NJ and MD over time. While already meaningful at ~20% of our projected consolidated rate base, we view incremental growth at this segment as a positive longer-term driver as it further enhances the company's business risk, is more cash flow accretive than other regulated assets, and is multiple accretive to our SOTP valuation where we assigned a premium to transmission-related earnings.

For the year-end call, management continued to highlight its robust capital opportunity set lengthening and strengthening its current peer-leading growth rate while preserving balance sheet strength. We would not be surprised to see any incremental capital added to the company's rolling five-year plan accompanied by modest equity needs. However, **given the company's size we expect any equity can be satisfied using internal programs/existing ATM program and would be done in support of the company's 6-8% EPS growth rate.**

In October, the ALJ issued a proposed order in the inaugural ComEd MYRP that recommended a 9.28% ROE and 50% equity ratio and a delta of ~$300mm on the revenue requirement vs the company's ask. On the call management discussed that while the proposed order would be supportive of the robust capital program underpinning IL's ambitious electrification and decarbonization goals, it expressed disagreement with the proposed order given: 1) the ROE was below national averages, 2) the lack of appreciation of the customer benefits from investments in the pension, and 3) a capital structure with an equity ratio below what it deemed to be appropriate.

Management noted it expects the ICC to consider the full record when writing its final order and the company will have the opportunity to continue presenting its case in briefs on exception due 11/8 and likely oral arguments in the late-November timeframe**. An order is expected on 12/14/23 and due no later than 12/20/2023.**

Holistically, we would view a proposed order with ~78% of the company's ask favorably as we wrote here**. However, we also believe that investors share similar sentiment to that of management and are looking for the final order to include a slightly higher ROE given the past precedent set in the natural gas cases and the current mark-to-market of the old formulaic ROE.** Nevertheless, we continue to note the economic impact of any ROE change is still likely muted in the context of the overall company as a ~**50bps change in ComEd's ROE represents ~$0.04 of EPS on a full-year basis. Thus, in the context of the entire order we believe a 9.28% ROE would ultimately be a manageable hurdle.**

The regulatory calendar remains busy with several ongoing cases outside of ComEd. All remaining distribution rate cases are on track within their stated schedules. The most notable development was a settlement at ACE that was filed on 10/23/23 with a final order expected by year-end. Final orders are expected for the DPL Electric case and Pepco MD in 2Q24 with Pepco DC in 2Q24/3Q24.

Exhibit 3: EXC Summary Model

EXC Model Summary	2020A	2021A	2022A	2023E	2024E	2025E
EPS By Segment						
EXC Gen	$1.44					
Com Ed	$0.66	$0.76	$0.94	$1.01	$1.06	$1.11
PECO	$0.47	$0.51	$0.63	$0.62	$0.66	$0.77
BGE	$0.37	$0.42	$0.43	$0.48	$0.52	$0.56
PHI	$0.52	$0.57	$0.62	$0.65	$0.70	$0.79
Parent & Other	($0.24)	($0.43)	($0.35)	($0.38)	($0.45)	($0.51)
Consolidated E.P.S.	**$3.22**	**$1.83**	**$2.27**	**$2.36**	**$2.50**	**$2.72**
Growth						
Dividend per share	**$1.53**	**$1.53**	**$1.35**	**$1.44**	**$1.53**	**$1.63**
Growth				6.5%	6.5%	6.5%
Implied Payout Ratio	47.6%	83.6%	59.5%	60.9%	61.2%	60.0%
Dividend Yield	3.7%	3.7%	3.3%	3.5%	3.7%	4.0%
Valuation Metrics						
Price to Earnings	12.9x	22.7x	18.3x	17.6x	16.6x	15.3x
Price to Book Value	1.2x	1.2x	1.7x	1.6x	1.5x	1.5x
Funding Sources						
Cash Flow from Operations	$4,235	$3,012	$4,870	$5,653	$5,982	$6,408
Total Debt Financings	$8,168	$4,780	$7,095	$3,025	$3,610	$4,525
Total Equity Financings	$45	$80	$599	$167	$167	$167
Credit Metrics						
Total Debt/Capitlization	56%	50%	62%	61%	61%	61%
FFO/Total Debt	20%	28%	15%	13%	13%	14%
EBITDA/Interest Expense	7.0x	7.8x	4.9x	4.7x	4.6x	4.6x
Exelon Target Metrics ('22-24 Average)			13-14%	13-14%	13-14%	13-14%
S&P/Moody's Downgrade Thresholds			12.0%	12.0%	12.0%	12.0%
Regulated Operations Performance - Realized ROE (1)						
ComEd	8.7%	9.2%	10.5%	10.8%	10.8%	10.8%
PECO	11.0%	10.9%	11.3%	11.1%	10.8%	11.4%
BGE	9.7%	10.1%	8.5%	9.8%	9.9%	9.9%
PHI	9.1%	9.3%	9.5%	9.4%	9.5%	9.8%

(1) Includes transmission-related earnings in realized ROE calculation

Source: BMO Capital Markets, Company Filings

Exhibit 4: EXC SOTP

EXC Regulated and HoldCo Operating Segments	Valuation Metric	Premium/ (Discount) %	2025E EPS	BMO Low Case P/E Multiple	BMO Low Case Implied Value ($ MM)	BMO Base Case P/E Multiple	BMO Base Case Implied Value ($ MM)	BMO High Case P/E Multiple	BMO High Case Implied Value ($ MM)
ComEd	EPS	15%	$1.11	13.6x	$15	16.6x	$18	18.6x	$21
PECO	EPS	15%	$0.77	13.6x	$10	16.6x	$13	18.6x	$14
BGE	EPS	10%	$0.56	12.8x	$7	15.8x	$9	18.6x	$10
PHI	EPS	7%	$0.79	12.4x	$10	15.4x	$12	18.6x	$15
Parent & Other	EPS	12%	($0.51)	13.2x	($7)	16.2x	($8)	18.6x	($9)
Utility Value			**$2.72**	**13.2x**	**$36**	**16.2x**	**$44**	**18.6x**	**$50**
Upside/(Downside)					(13%)		7%		23%
Current Yield					4%		4%		4%
Total Return					**(9%)**		**11%**		**27%**

Source: BMO Capital Markets, Company Filings

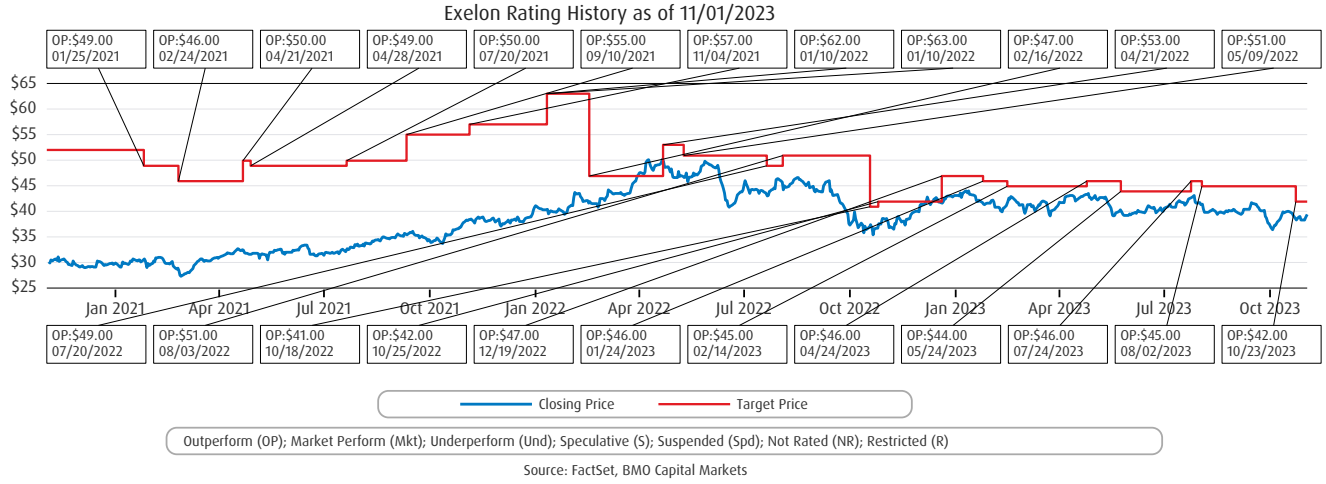

Source: FactSet, BMO Capital Markets

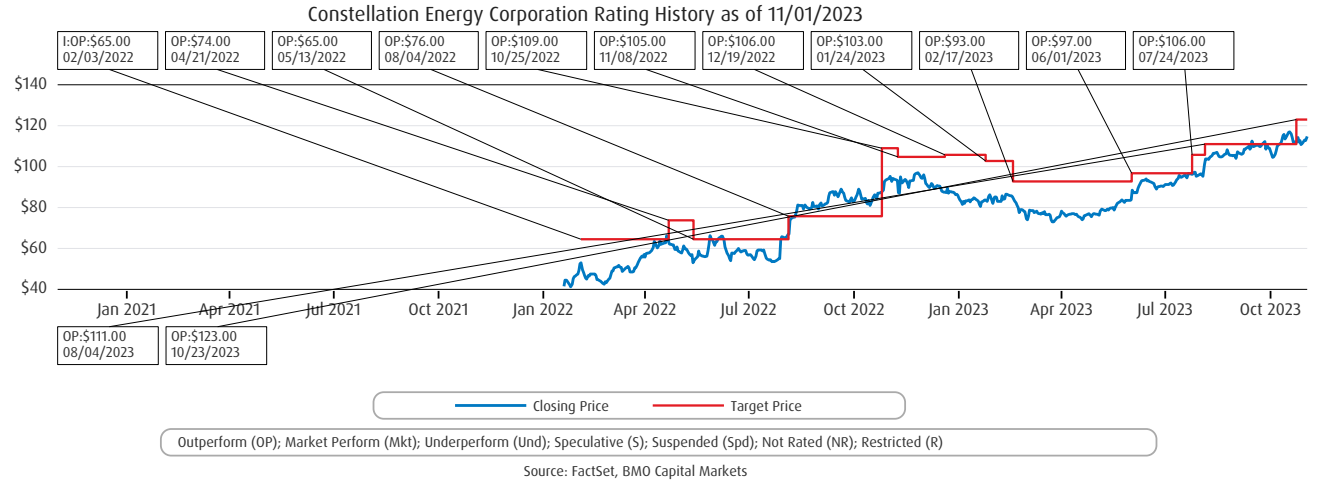

Source: FactSet, BMO Capital Markets

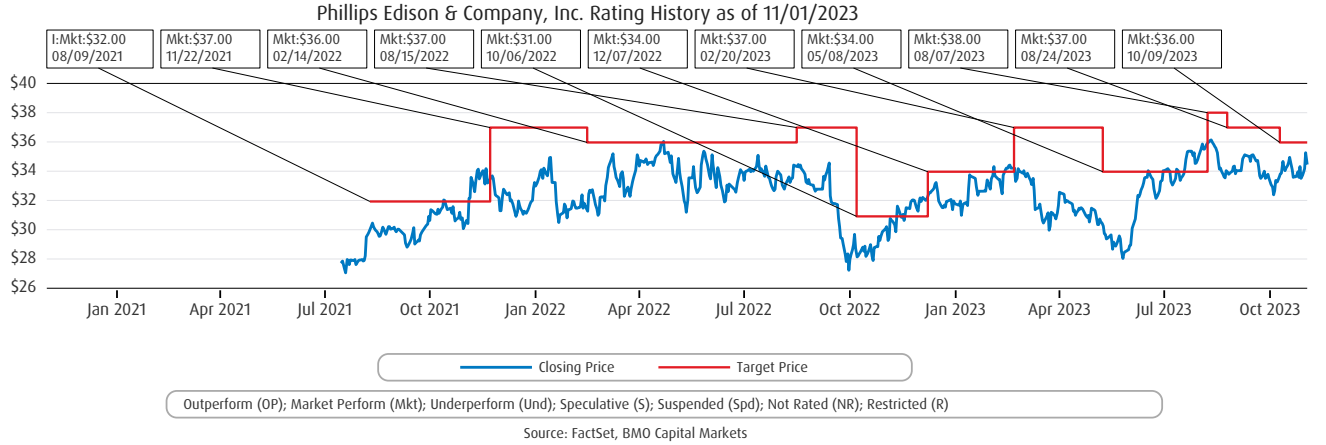

Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

Analyst's Certification

I, James M. Thalacker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in

generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 1: BMO Capital Markets has undertaken an underwriting liability with respect to Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 2: BMO Capital Markets has provided investment banking services for remuneration with respect to Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 3: BMO Capital Markets has managed or co-managed a public offering of securities with respect to Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 4: BMO Capital Markets or an affiliate has received compensation for investment banking services from Phillips Edison & Company, Inc. within the past 12 months.

Disclosure 5: BMO Capital Markets or an affiliate received compensation for products or services other than investment banking services within the past 12 months from Phillips Edison & Company, Inc..

Disclosure 6A: Phillips Edison & Company, Inc. is a client (or was a client) of BMO Nesbitt Burns Inc., BMO Capital Markets Corp., BMO Capital Markets Limited or an affiliate within the past 12 months: A) Investment Banking Services

Disclosure 6C: Phillips Edison & Company, Inc. is a client (or was a client) of BMO Nesbitt Burns Inc., BMO Capital Markets Corp., BMO Capital Markets Limited or an affiliate within the past 12 months: C) Non-Securities Related Services.

Disclosure 9B: BMO Capital Markets makes a market in Exelon and Phillips Edison & Company, Inc. in United States.

Disclosure 19: BMO Capital Markets Corp. ("BMO CMC") is acting as an agent to Phillips Edison and Company, Inc. on an at-the-market equity offering program. BMO CMC is being paid a fee based on the program. BMO CMC follows information control procedures which prevent its research analysts who are issuing research from having access to material non-public information received by BMO CMC's investment banking personnel in connection with the transaction. Accordingly, it is possible that individual employees at BMO CMC may have material non-public information or opinions which are not included in, and may not be consistent with, the information and opinions in this research report.

Methodology and Risks to Target Price/Valuation for Constellation Energy Corporation (CEG-NSDQ)

Methodology: Our target price is derived from a blend of both EV/EBITDA and FCFY valuations, consistent with our valuation applied to the other companies in our coverage universe within the IPC and diversified utility segments.

Risks: Constellation's wholesale and retail businesses are subject to commodity price risk including power, natural gas and uranium, as well as counterparty non-performance. The company faces other business risks including regulatory, nuclear operational risk, cyber threats, and capital market volatility.

Methodology and Risks to Target Price/Valuation for Exelon (EXC-NSDQ)

Methodology: We value EXC using our sum-of-the-parts valuation analysis to derive our target price. Our valuation takes into account the quality of EXC's assets relative to its peers and the company's regulated business rate base growth and funding sources.

Risks: Adverse outcomes in the company's inaugural MYRP filing in IL, DE electric rate case and 2025 PECO electric GRC. Despite having nearly a 1% cushion over its 12% downgrade threshold, the ability to meet its stated credit metrics given adverse impacts from severe storms, fuel deferrals, and other unforeseen expenses.

Methodology and Risks to Target Price/Valuation for Phillips Edison & Company, Inc. (PECO-NSDQ)

Methodology: Our target price is based on a combination of our NAV and DCF analyses, taking into account FFO/AFFO multiples relative to peers, other REITs, and earnings expectations.

Risks: Primary risks include a softening leasing environment and elevated store closings, rising interest rates, rising capitalization rates, the health of the economy and fluctuations in occupancy/rent levels, availability and cost of capital, financial stability of tenants, new competitive supply, environmental matters, and higher costs of maintaining vacant space (labor, energy/utilities, repairs and maintenance, etc.).

Distribution of Ratings (November 01, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	48.0 %	17.1 %	48.1 %	54.1 %	58.4 %	57.7%
Hold	Market Perform	49.1 %	16.7 %	48.1 %	44.2 %	39.6 %	37.5%
Sell	Underperform	2.6 %	16.7 %	2.5 %	1.5 %	1.0 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

The total return potential, target price and the associated time horizon is 12 months unless otherwise stated in each report. BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to https://researchglobal0.bmocapitalmarkets.com/public-disclosure/ or write to Editorial Department, BMO Capital Markets, 151 West 42nd St, 33rd Floor, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of fundamental BMO Capital Markets Equity Research is available via our website https://researchglobal0.bmocapitalmarkets.com/. Institutional clients may also simultaneously receive our fundamental research via email and/or via services such as Refinitiv, Bloomberg, FactSet, Visible Alpha, and S&P Capital IQ.

BMO Capital Markets issues a variety of research products in addition to fundamental research. Institutional clients may request notification when additional research content is made available on our website. BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of model updates.

The analyst(s) named in this report may discuss trading strategies that reference a catalyst or event that may have a near or long term impact on the market price of the equity securities discussed. In some cases, the impact may directionally counter the analyst's published 12 month target price and rating. Any such trading or alternative strategies can be based on differing time horizons, methodologies, or otherwise and are distinct from and do not affect the analysts' fundamental equity rating in the report.

Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

For recommendations disseminated during the preceding 12-month period, please visit: https://researchglobal0.bmocapitalmarkets.com/public-disclosure/.

General Disclaimer

"BMO Capital Markets" is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. The information in this report is based on general considerations and do not purport to meet the objectives or needs of specific recipients. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. In furnishing this report, BMO Capital Markets intends to take advantage of the exemption from the principal and agency trading restrictions in Section 206(3) of the Investment Advisers Act of 1940 and Rule 206(3)-1 thereunder. Accordingly, recipients of this report are advised that BMO Capital Markets or its affiliates may act as principal for its own account or agent for another person in connection with the purchase or sale of any security mentioned in or the subject of this report. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, which differ from Australia laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce or Raj Ray:

This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

For assistance with accessible formats of online content, please contact research@bmo.com.

The recommendation contained in this report was produced at November 02, 2023, 18:59 ET. and disseminated at November 02, 2023, 18:59 ET.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c, and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2023 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group

GUGGENHEIM

November 2, 2023

EXC: Groundhog's Day? Another Inline Quarter with Transmission Upside as NT Regulatory Cycle Enters Final Stretch

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

EXC BUY

Exelon Corporation
Sector: Power & Utilities

Earnings Release

Share Price	$39.53
Price Target	$44.00
Prior	*$41.00*

EPS ($) (FY DEC)	1Q	2Q	3Q	4Q	FY
2023	0.70	0.41	0.67	0.58E	2.36E
Prior	—	—	*0.66*	*0.59E*	—
P/E					16.7x
2024	—	—	—	—	2.50E
P/E					15.8x
2025	—	—	—	—	2.74E
P/E					14.4x

Market Data

52-Week Range	$35.71 - $44.37
Dividend	$0.72
Dividend Yield	1.8%
Market Cap (M)	$39,305
Enterprise Value (M)	$83,063
Shares Out (M)	994.3
ADV (3 mo; 000)	5,231

Key Message: EXC reported another quarter of inline results, alongside another incremental win on the transmission side - this time in the form of $850M in reliability projects awarded by PJM. This comes on top of the prior quarter's ~$870M in BGE work related to the retirement of Brandon Shores, providing additional optionality for management as it refines its capital planning ahead of the 4Q update. With many of those efforts still in motion, the balance of today's update was largely on the regulatory cycle, where ComEd and BGE (~55% of rate base) are both headed towards final orders in their respective MYPs by mid-December. In IL in particular, management remains confident that the ICC will look past some of the ALJ's more draconian data points (e.g., ROE) in formulating its final order, with procedural steps (briefs) providing potential data points between now and 12/15. We have muted expectations heading into the final stretch of the process; however, the uniqueness of the situation does leave the possibility for positive revisions open, in our view. Our PT moves from $41 to $44 as we update our valuation.

What happened? EXC reported inline results alongside another straightforward affirmation of the plan and another incremental tranche of PJM transmission work (HERE). The update also came as the regulatory cycle in both IL and MD (55% of rate base) enters its final innings, with final orders due in both by mid-December. We asked on the call about the prospects for the ICC in IL to depart from some of the ALJ's proposals (see our prior note HERE), with management striking a confident tone that the uniqueness of the situation (policy considerations, first MYP, newer ICC) provides an opportunity for modifications. While the initial investor reaction to the ALJ ROE in the MYPs was somewhat negative, our subsequent conversations indicated that expectations were generally in the mid-9s, albeit with a low confidence interval given the uniqueness of Staff's initial formulaic proposal. While we have muted expectations for significant uplift to the ROE from here, we subscribe to management's points supporting higher levels (which Staff's formula would also now result in if re-marked) – we see little reason why gas ROEs should also be so dislocated (~9.89%). The balance of the updates on BGE were generally more straightforward, with management speaking favorably of the hearing process and the general case back-and-forth to date. As a reminder cases in MD have a track record of full litigation, and while this is the first MYP for several of the Commissioners, there is a degree of familiarity at the staff level given this is the sophomore MYP.

EXC reported 3Q23 performance of $0.67, just ahead of our estimate and in line with consensus ($0.66/$0.67) … YoY adjusted earnings were $0.08 lower, reflecting higher interest expense and storm drags across the utilities despite YoY improvements in distribution rates. Across the opcos, ComEd earnings were +$0.04 YoY thanks to another quarter of higher distribution rates (investment and treasuries) alongside $0.01 of benefit from CMC carrying costs. Earnings were $0.03 lower at PECO, reflecting higher gas distribution rates (+$0.01), which were fully offset by weather (-$0.03), and storm costs/other (-$0.01). BGE and PHI dragged $0.02 and $0.06, respectively, as storms and a bevy of other items at PHI were insufficient to overcome higher distribution rates. Interest expense at the parent added $0.02 of drag. **Management also narrowed 2023 EPS guidance in the range of $2.32-$2.40 per share, vs. our $2.36 estimate, which remains unchanged. Finally, we note that there were few incremental updates on the financing or capex plans as the company still awaits full IRS clarity on CAMT, with commentary around the financing plan largely unchanged.**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Valuation

Our valuation is based on our 2025E EPS of $2.74. We use our 14x regulated utility multiple, which is based on our regression model using the correlation between electric utility valuations and forward interest rate expectations over the past 30+ years. To this 14x multiple, we apply a 3x premium (previously 2x) to all of the utilities, to reflect our favorable view of the regulatory profile (contemporaneous recovery/minimal lag) and upsides beyond our current plan (aforementioned transmission opportunities). This 3x premium, applied to our 2025E EPS and discounted back 1 year equals our $44 PT.

Risks

EXC comprises regulated distribution and transmission assets, which face traditional risk factors and downside drivers inherent with all utilities, including: (1) negative rate case outcomes below our expectations, (2) reduced capex outlooks, and (3) interest rate changes above what we account for in our regression model.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

Rating and Price Target History for: Exelon Corporation (EXC) as of 11-01-2023

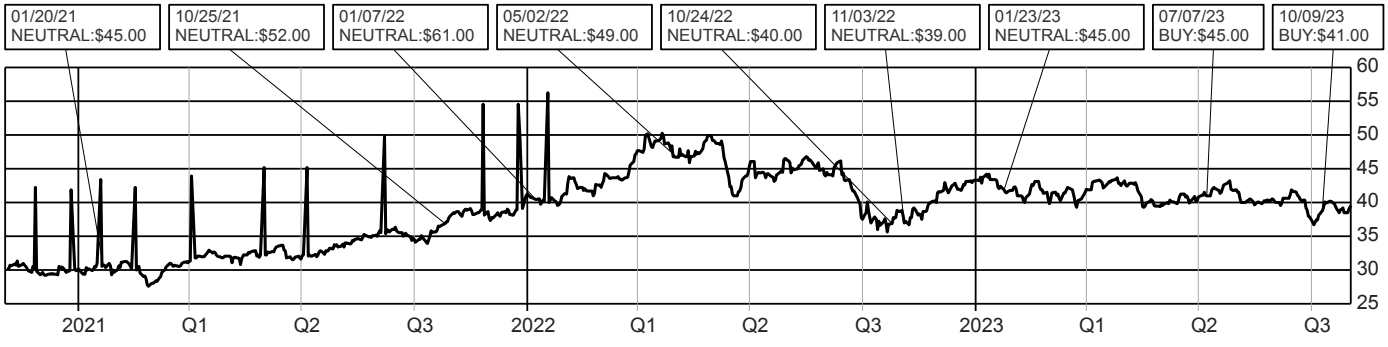

Created by: BlueMatrix

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	246	67.03%	43	17.48%
NEUTRAL	113	30.79%	8	7.08%
SELL	8	2.18%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, "Guggenheim Securities") and Guggenheim Securities Research Services, LLC (an investment adviser, "GSRS," and together with Guggenheim Securities, "Guggenheim"). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2023 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, "Guggenheim"). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Charles Zhu, Ph.D. 212.518.9501
Charles.Zhu@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

KeyBanc Capital Markets

Alert

November 02, 2023

Energy: Electric Utilities

NYSE: EXC

Exelon Corporation

EXC: 3Q in Line; Steady as It Goes

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Sangita Jain, CFA / (917) 368-2354 / sangita.jain@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

EXC reported in line 3Q results and made no changes to its capital plan or LT growth rate. IL rate case, where ROE calculation has been intensely debated, will likely be the most material NT catalyst for the shares, while other regulatory proceedings appear to be on track. Reiterate SW.

EXC's 3Q was in line with expectations: EXC reported an in line quarter that matched consensus and was a penny ahead of our $0.66 estimate. Results by utility were also mostly in line with our breakdown. PECO earnings were below our forecast on unfavorable weather, the impact of which we underestimated.

Figure 1 - EXC 3Q Earnings Reconcilation

3Q23	EXC	KBCM
ComEd	0.34	0.22
PECO	0.15	0.12
BG&E	0.05	0.08
PHI	0.23	0.32
Parent	(0.09)	(0.08)
EXC	**0.67**	**0.66**
Consensus	**0.67**	

Source: Company Reports, KBCM Estimates, Thomson Reuters

2023 guidance narrowed: EXC narrowed 2023 EPS guidance from $2.30-$2.42 to $2.32-$2.40 vs. our estimate of $2.36 (also consensus). There is also no change to the 6-8% earnings CAGR from 2022-2026 with an expectation to deliver at the midpoint or better. Based on our 2023 estimate of $2.36, our 2026E EPS of $2.93 implies a 7.5% CAGR, with an expectation for linear growth throughout the reference period.

Capex is unchanged with the energy transition lengthening the capex runway: There is no change to EXC's capex plan of $7.2B for 2023 or the long-term $31B capex plan through 2026 (resulting in an estimated 8% rate base growth rate), but there appear to be projects in the pipeline that could further extend the capex runway. A case in point is the recent DoE recommendation of two EXC projects for the Grid Resiliency and Innovation Partnership Program for negotiation of a final award totaling $150M across ComEd and PECO utilities. Combined with the National Telecom and Information Administration awarded grants, EXC utilities are nearing $200M in federally funded IIKA grant awards this year.

Balance sheet management, and pending clarity on the AMT: There is no change to EXC's strategy of maintaining a 100-200 bps cushion over the downgrade threshold of 12%, and to that end, the Company has no change to its $425M equity plan by 2025 as part of a balanced funding strategy. There is still no clarity from the IRS on the applicability of the AMT as written in the IRA and depending on whether the final regulations allow for a mitigation in the anticipated AMT, it could add ~50 bps to the FFO/debt over the projected ~13%.

Regulatory update:

- **IL Electric MYRP:** The ALJ issued a PD recommending a $1,175M revenue increase, premised on a 9.28% ROE. In briefs, EXC updated its request to a $1,499M revenue increase over the 2024-2027 period while proposing to defer ~$339M for future recovery. EXC is allowed to phase-in up to 50% of the initial year's approved increase to be deferred and recovered within 24 months, or by 2026. EXC's request is premised on gradual increases in its ROE (10.5-10.65%) and equity layers (50.58-51.19%) through the four years. Staff filed briefs recommending a $1,118M revenue increase over 2024-2027 while continuing to make its case for an

8.91% ROE, or 580 bps over the 2022 U.S. Treasury Bond yield of 3.114%. The ALJ denied this method in the PD. Exceptions to the PD are due by November 8. A final order is expected on December 14, but is due no later than December 20. New rates are expected to go into effect January 1, 2024.

- **BGE MYRP:** BGE filed the second MYRP in 1Q23 for a three-year period based on a 10.4% ROE and 52% equity seeking a cumulative net $314M electric and a $290M gas rate increase over 2024-2026. The proceeding will also true up the first two years of BGE's first MYRP and it is seeking recovery of an imbalance of $17.8M for 2021 and $58.7M for 2022. Staff recommended three-year electric and gas revenue increases of $193M and $232M, respectively, premised on a 9.45% ROE and 52% equity. Evidentiary hearings were conducted in September and briefs were filed in October. A final commission order is expected by December 14.
- **Atlantic City Electric** distribution rate case in NJ has had its procedural schedule suspended with the stipulation of settlement in place. ACE filed the stipulation on October 21 with the NJ BPU, and on October 24, the ALJ recommended the settlement with all parties' approval. The main drivers of the request include recovery of investments to the distribution system, AMI infrastructure, and investments needed to meet the targets set in the NJ Energy Master Plan. BPU approved a four-year capital tracker for $93M of projects intended to enhance reliability and resiliency. ACE expects the final commission order in 4Q23.
- **DPL DE Electric:** DPL DE received intermediary testimony and filed a rebuttal, which supported important aspects of the Company's proposed electric distribution revenue requirement increase of $39.3M. A final order is expected in 2Q24.
- **PEPCO DC**'s second MYRP is underway seeking base rate increases for a three-year period through 2026 to support the District's clean energy programs and its goal to become carbon-neutral by 2045. The plan filing has been adjusted to accommodate the commission's request for supplemental testimony from PEPCO to allow the Company to demonstrate the benefits of a MYRP, and intervenor testimony is expected to be filed by staff on December 15 and the evidentiary hearing is set to start in March 2024. Briefs will be filed in April 2024 and a final order is expected in June 2024. PEPCO expects to receive intervenor testimony on December 11.
- **PEPCO MD** filed an electric MYRP (Docket: 9702) in May seeking a cumulative net increase of $214M, premised on a 10.5% ROE and 50.5% equity (net $74M revenue increase in 2024, $60M each in 2025 and 2026, and a $20M revenue increase in April 2027-December 2027), allowing the next MYRP to become effective at the beginning of 2028. Like the BG&E filings, EXC proposes smoothing the rates over three years by accelerating the amortization of ADIT benefits. Intervenor testimony is expected to be filed by staff on December 15 and the evidentiary hearing is set to start in March 2024. Briefs will be filed in April 2024 and a final order is expected in June 2024.

Recent Research: EXC: Moving Ahead as Planned, No Surprises in 2Q, Reiterating SW; EXC: Steady Execution Across Multiple Jurisdictions; Sector Weight on Valuation; EXC: In Line Quarter; Clarity on Multi-Year EPS Cadence; IL Rate Case Is the Main Item to Watch in 2023; EXC: 3Q Beats, Longer-Term Growth Rate Reiterated, but Cadence Will Be Uneven;

Valuation: Based on a stock price of $39.53 (11/01/23 close) and our 2024E EPS of $2.53, shares of EXC are trading at a P/E ratio of ~16x, representing a 1% discount to Large-Cap Regulated Utilities trading at ~16x. We view the shares as fairly priced at current levels.

Risks: EXC's regulated utilities are exposed to a number of risks, including regulatory risk in its jurisdictions and on the federal level, weather variations affecting electricity demand and the reliability of its system, interest rate risk affecting its cost of capital, and macroeconomic risk as underlying economic activity affects demand for electric power and gas. Should the impacts of these risks be greater than we currently anticipate, the Company and the shares may underperform relative to our expectations. Conversely, should these risks' impact be less than anticipated, the Company and the shares may outperform relative to our current expectations.

Disclosure Appendix

Important Disclosures

Exelon Corporation - EXC

We expect to receive or intend to seek compensation for investment banking services from Exelon Corporation within the next three months.

As of the date of this report, we make a market in Exelon Corporation.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Three-Year Rating and Price Target History

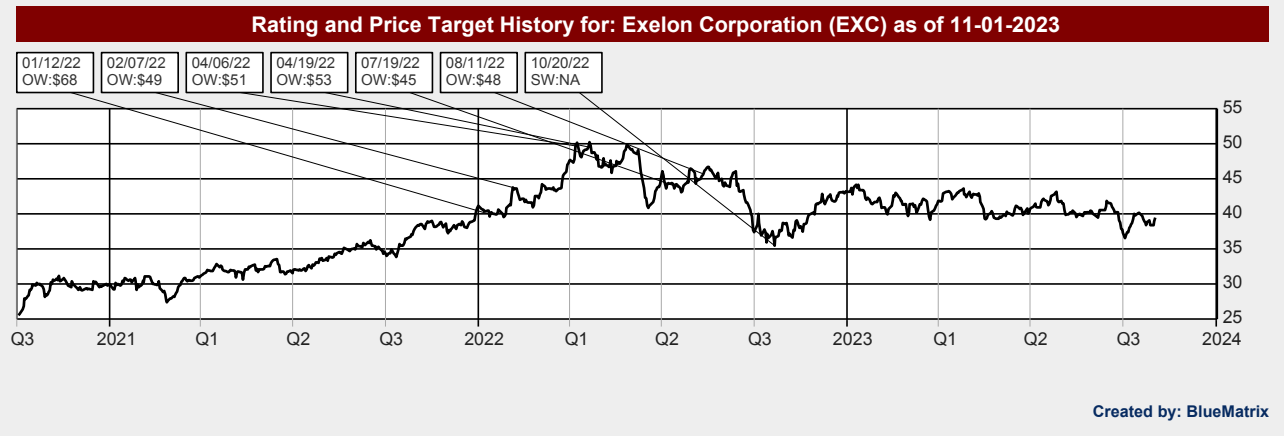

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	239	48.19	43	17.99
Sector Weight [SW]	252	50.81	40	15.87
Underweight [UW]	5	1.01	2	40.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	25	43.86	19	76.00
Sector Weight [SW]	31	54.39	10	32.26
Underweight [UW]	1	1.75	1	100.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : US Utilities & Clean Tech >> Earnings: AEP Beat, DUK Cut, SO Beat, EXC In-Line, CWEN Guide, NRG, EIX, OGE, ALE
- **Publication Date/Time** : Thursday, November 02, 2023 03:24:33 PM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Julien Dumoulin-Smith
- **Link to Document** : https://viewer.apps.factset.com/?_doc_id=cbb359f1a48dfca185ffdf28d071ad92&_doc_docfn=U2FsdGVkX1%2F%2BDtCYc28tCTMGtTg%2BTc6flQhz%2Fy5DQ3lGy5kLG1wKKXnuxt0fmC5Ti9

Exelon Corp. (EXC): First Take: Slight miss vs. GS but in line with consensus, ComEd rate case in focus

Carly Davenport
+1(212)357-1914 |
carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+1(332)245-7709 |
jaskaran.jaiya@gs.com
Goldman Sachs India SPL

Exelon Corp (EXC, Sell) reported 3Q23 operating EPS of $0.67, slightly below our $0.68 estimate and in line with FactSet consensus of $0.67. EXC narrowed its 2023 EPS guidance range of $2.30-$2.42 to $2.32-$2.40, which compares to GS/consensus of $2.37/$2.36, and reaffirmed its 6-8% long term growth rate. Outside of results, EXC reported latest updates on various regulatory proceedings out of which the ALJ's proposed ROE of 9.28% and reduction in revenue requirement of ~$300mn over the MYP at ComEd remains top of mind for investors, and we expect further commentary from the management on the call along with comments around how EXC will navigate a higher interest rate environment and manage its costs going forward.

Analysis

What were the key drivers of the quarterly variance?

Results came in slightly below our estimates. At the Operating company level, ComEd came in above our expectations, likely driven by stronger treasury yields, and PECO was also slightly above. The other segments including BGE, PHI, and Other came in below our expectations. On a consolidated basis, gross margins came in above our forecast but higher expenses offset and lower other income offset that.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Exhibit 1: Results were slightly below our estimates but in line with consensus
EPS and Net Income by segment

	GS est.	Actual	Variance
Operating EPS			
ComEd	$0.27	$0.34	$0.07
PECO	$0.14	$0.15	$0.01
BGE	$0.08	$0.05	($0.04)
PHI	$0.24	$0.23	($0.01)
Other	($0.06)	($0.10)	($0.04)
EXC	$0.68	$0.67	($0.00)
Operating Net Income			
ComEd	$270	$338	25%
PECO	$142	$149	5%
BGE	$83	$47	-43%
PHI	$240	$234	-2%
Other	($58)	($97)	-68%
EXC	$677	$671	-1%

Source: Company data, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Exhibit 2: EXC 3Q23 EPS came slightly below GS expectations, with higher expenses offsetting stronger gross margin
EXC Variance Analysis

3Q23 Income Statement Variance	$0.68	$0.67	($0.00)
Income Statement	**GS est**	**Actual**	**Variance**
Revenues			
ComEd	$1,383	$2,268	$885
PECO	$1,026	$1,037	$11
BGE	$926	$932	$6
PHI	$1,653	$1,773	$120
Other	($15)	($30)	($15)
Total Revenues	**$4,973**	**$5,980**	**$1,007**
Cost of Revenues			
Purchased Power	($1,438)	($2,397)	($959)
Fuel	($50)	$0	$50
Total Cost of Revenues	**($1,488)**	**($2,397)**	**($909)**
Gross Margin	**$3,485**	**$3,583**	**$98**
Other Expenses			
Operation & Maintenance	($1,129)	($1,187)	($58)
Depreciation & Amortization	($881)	($890)	($9)
Taxes Other Than Income	($384)	($383)	$1
Total Other Expenses	**($2,394)**	**($2,460)**	**($66)**
Equity in losses (earnings) of unconsolidated affiliates- Legacy	$0	$0	$0
Gains on sales of assets	$0	$0	$0
Operating Income	**$1,091**	**$1,123**	**$32**
Other Income and Deductions			
Interest Expense	($455)	($437)	$18
Other, net	$171	$81	($90)
Total Other Income and Deductions	**($283)**	**($356)**	**($73)**
Income before Income Taxes	**$808**	**$767**	**($41)**
Income Taxes	($131)	($67)	$64
Equity in Losses of Unconsolidated Affiliates	$0	$0	$0
Net Income- GAAP	**$677**	**$700**	**$23**
Minority Interest	$0	$0	$0
Preferred Dividends	$0	$0	$0
Net Income- Attributable to Common	**$677**	**$700**	**$23**
Discontinued Operations	$0	$0	$0
Cumulative Effect of a Change in Accounting Principle	$0	$0	$0
Other Extraordinary Items	$0	$0	$0
Net Income	**$677**	**$700**	**$23**
Adjustments to Net Income	$0	($29)	($29)
Income from Continuing Operations	**$677**	**$671**	**($6)**

Source: Company data, Goldman Sachs Global Investment Research

What are key questions for the conference call?

1. Can you talk through your thoughts on the ALJ recommendation around the ComEd rate case? How do you think that will impact the potential outcome in December?

2. What steps are you taking to manage the higher interest rate environment?

3. Where could we see further upside relative to announced plans with regard to capital spending as you think about rolling forward the plan?

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Valuation & Key Risks

We are Sell rated on EXC with a 12-month PT of $39 based on a 15x 2025 P/E multiple. Key risks for EXC include: 1) favorable rate case outcomes, 2) cost control and ability to smooth earnings, 3) a robust balance sheet that appeals to investors seeking safety in the event of a recession, and 4) incremental capex opportunities.

EXC	12m Price Target: **$39.00**	Price: **$39.53**	Downside: **1.3%**

Sell

Market cap: $39.4bn
Enterprise value: $82.4bn
3m ADTV: $207.6mn
United States
Americas Utilities
M&A Rank: 3

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn)	19,078.0	20,226.6	20,996.8	21,688.3
EBITDA ($ mn)	6,642.0	7,291.4	7,952.2	8,524.5
EBIT ($ mn)	3,317.0	3,791.5	4,270.8	4,651.4
EPS ($)	2.27	2.37	2.46	2.61
P/E (X)	19.1	16.7	16.0	15.1
EV/EBITDA (X)	12.4	11.3	10.8	10.4
FCF yield (%)	(5.3)	(6.0)	(3.2)	(3.8)
Dividend yield (%)	3.1	3.7	3.9	4.2
Net debt/EBITDA (X)	6.0	5.9	5.8	5.8

	6/23	9/23E	12/23E	3/24E
EPS ($)	0.41	0.68	0.58	0.74

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 1 Nov 2023 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller and Jaskaran Jaiya, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for Exelon Corp. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by Goldman Sachs Global Investment Research and referred to in this research.

Goldman Sachs is acting as a manager or co-manager of a pending underwriting: Exelon Corp. ($39.53)

Goldman Sachs has received compensation for investment banking services in the past 12 months: Exelon Corp. ($39.53)

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Exelon Corp. ($39.53)

Goldman Sachs has received compensation for non-investment banking services during the past 12 months: Exelon Corp. ($39.53)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Exelon Corp. ($39.53)

Goldman Sachs had a non-investment banking securities-related services client relationship during the past 12 months with: Exelon Corp. ($39.53)

Goldman Sachs had a non-securities services client relationship during the past 12 months with: Exelon Corp. ($39.53)

Goldman Sachs has managed or co-managed a public or Rule 144A offering in the past 12 months: Exelon Corp. ($39.53)

Goldman Sachs makes a market in the securities or derivatives thereof: Exelon Corp. ($39.53)

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	36%	16%	62%	56%	44%

As of October 1, 2023, Goldman Sachs Global Investment Research had investment ratings on 2,960 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

investment banking services within the previous twelve months.

Price target and rating history chart(s)

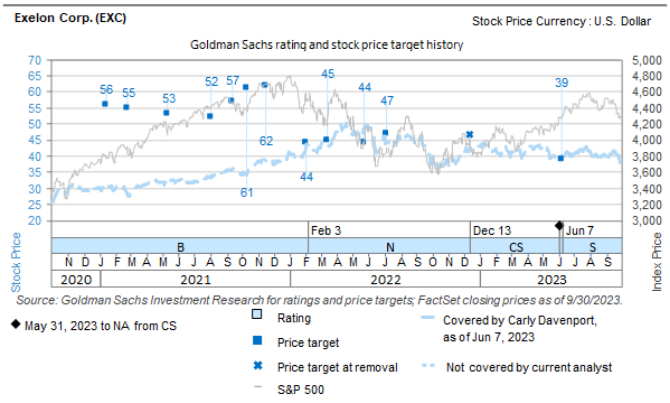

The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Goldman Sachs (India) Securities Private Limited Investor Grievance E-mail: india-client-support@gs.com. Compliance Officer: Anil Rajput |Tel: + 91 22 6616 9000 | Email: anil.m.rajput@gs.com. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) are not provided or have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, when the company is an early-stage biotechnology company, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2023 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Exelon Corp.

3Q23 In Line & 2023 Guidance Narrowed; Spotlight on IL MYP & PJM Transmission

Overweight

EXC, EXC US
Price (01 Nov 23):$39.53

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com

Robin L Shillock
(1-212) 622-8223
robin.shillock@jpmchase.com
J.P. Morgan Securities LLC

- **Earnings match estimates.** EXC reported 3Q23 adj EPS of $0.67, matching the JPM/Street median estimate. YoY impacts include -3c of unfavorable weather, -4c of storm costs, and -2c of timing items, all contributing to the -8c YoY earnings decline.
- **2023 guidance narrowed, with midpoint unchanged.** The company now targets 2023 EPS of $2.32-2.40 (JPMe/Street $2.36), narrowing its initial $2.30-2.42 guidance range. EXC also reaffirmed its long-term outlook and growth CAGRs.
- **All eyes on IL as ComEd's rate case approaches the finish line.** With the ALJ's proposed order now in hand, we look to EXC's final arguments and focuses in ComEd's inaugural MYP. ROE remains in the spotlight, with the 9.28% outlined by the ALJ screening lower than investor expectations overall (although confirming a likely move away from formula ROEs despite Staff's proposal). Here, we anticipate management will offer familiar commentary around expectations for this outcome to ultimately land at the commission's discretion rather than a straight vote out of the proposed order. Other issues include cap structure (50% in ALJ; EXC seeking to increase to ~51% over the plan period), rate base, and the return on a pension asset. In a theme common this earnings season, we expect management to clearly outline their needs during the call.
- **Additional transmission capex stands out across other updates.** Following 2Q's announcement of $870mm of PJM transmission projects to address eastern MD reliability needs, EXC now has an additional $850mm of MD/PA reliability projects awarded by PJM to address load increases. While modest versus a $31bn 2023-2026 capital plan, we see the continued transmission additions as positive and thematically consistent with the growing system investment need across EXC's footprint. The company estimates completion by 2030 of these latest projects.
- **Conference call details.** EXC will host a webcast to discuss 3Q23 results on Thursday, November 2, at 10:00 AM ET.

Figure 1: EXC 3Q23 Results

Income Statement:	Actual 3Q22	Actual 3Q23	JPM 3Q23E	% Chg Y/Y	% Chg vs JPMe	YoY Drivers
Adj Op EPS by Segment						
ComEd	$ 0.30	$ 0.34	$0.29	15%	16%	+4c distribution rates, +1c CMC carrying costs, -1c other
PECO	$ 0.18	$ 0.15	$0.15	-15%	-3%	+1c gas distribution rates, -3c unfavorable weather, -2c storm costs, -1c other
BGE	$ 0.07	$ 0.05	$0.06	-29%	-14%	+1c distribution rates, -1c D&A, -1c storm costs, -1c interest expense
PHI	$ 0.29	$ 0.23	$0.28	-20%	-18%	+1c T&D rates, -1c D&A, -1c income tax timing, -1c O&M timing, -1c credit loss, -1c storm costs, -2c other
Corporate & Other	$ (0.08)	$ (0.10)	($0.11)	27%	-9%	-2c interest expense
Adjusted Operating EPS	**$ 0.75**	**$ 0.67**	**$0.67**	**-11%**	**0%**	

Source: Company reports and J.P. Morgan estimates.

See page 2 for analyst certification and important disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
22-Nov-20	N	41.87	46
14-Jan-21	N	42.80	45
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45
27-Dec-22	OW	43.04	49
25-Jan-23	OW	41.51	48
08-Mar-23	OW	41.00	47
21-Apr-23	OW	43.00	50
06-Jun-23	OW	39.98	46
15-Aug-23	OW	40.08	48
18-Oct-23	OW	40.06	46

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), Kodiak Gas Services, Inc. (KGS), MPLX LP (MPLX), NextEra Energy Inc. (NEE), NorthWestern Energy (NWE), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

J.P. Morgan Equity Research Ratings Distribution, as of October 07, 2023

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	47%	39%	14%
IB clients**	47%	45%	33%
JPMS Equity Research Coverage*	46%	41%	13%
IB clients**	65%	64%	51%

***Please note that the percentages may not add to 100% because of rounding.**
****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided**

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

investment banking services within the previous 12 months.
For purposes of FINRA ratings distribution rules only, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Canadian Investment Regulatory Organization and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Spurthi Gadamsetty; spurthi.gadamsetty@jpmchase.com; +912261573225. Grievance Officer: Ramprasadh K, jpmipl.research.feedback@jpmorgan.com; +912261573000.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa,

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 030/08/2023 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring: https://www.jpmorgan.com/disclosures/email

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2023. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to msci.com/disclaimer

"Other Disclosures" last revised October 21, 2023.

Copyright 2023 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan. It is strictly prohibited to use or share without prior written consent from J.P. Morgan any research material received from J.P. Morgan or an authorized third-party ("J.P. Morgan Data") in any third-party artificial intelligence ("AI") systems or models when such J.P. Morgan Data is accessible by a third-party. It is permissible to use J.P. Morgan Data for internal business purposes only in an AI system or model that protects the confidentiality of J.P. Morgan Data so as to prevent any and all access to or use of such J.P. Morgan Data by any third-party.

Completed 02 Nov 2023 08:20 AM EDT

Disseminated 02 Nov 2023 08:20 AM EDT

EQUITY RESEARCH QUICK TAKE

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com

November 2, 2023

Exelon Corporation

3Q23 inline; 2023; guidance narrowed

NYSE: EXC | USD 39.53 | Sector Perform | Price Target USD 45.00

Sentiment: Neutral

Our view: Adjusted earnings of $0.67 compared to our estimate and consensus of $0.67. 2023 guidance of $2.30-$2.42 was narrowed to $2.32-$2.40, and long-term EPS growth CAGR of 6%-8% was reaffirmed. On the call, we expect to hear more on the somewhat disappointing proposed order for ComEd announced in October, the other five pending rate cases including BGE, preliminary commentary on weather in Q4, and the regulatory calendar.

EXC reported 3Q23 operating earnings of $0.67 versus 3Q22 earnings of $0.75. Storm costs were a -4c drag in the quarter along with -3c of interest expense, partially offset by increased distribution and transmission rates.

Regulatory updates. While ComEd's proposed order has already been received, multiple outstanding rate cases remain ongoing across regulatory areas. Two, at ACE and BGE, are expected to be completed by the end of this year.

2023 financing outlook. EXC continues to target 13-14% FFO/debt metric with the downgrade threshold around 12%. The company still expects to issue $425 million of equity through 2024 and 2025.

Conference call today at 10:00AM ET. Register for a unique pin here.

All values in USD unless otherwise noted. Priced as of prior trading day's market close, EST (unless otherwise noted).
Disseminated: Nov 2, 2023 08:18EDT; Produced: Nov 2, 2023 08:18EDT
For Required Conflicts Disclosures, see page 2

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Capital Markets

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1 or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Exelon Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Exelon Corporation in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-investment banking securities-related services to Exelon Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Exelon Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Exelon Corporation.

RBC Capital Markets is currently providing Exelon Corporation with non-investment banking securities-related services.

RBC Capital Markets has provided Exelon Corporation with non-investment banking securities-related services in the past 12 months.

RBC Capital Markets has provided Exelon Corporation with non-securities services in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings

RBC Capital Markets, Equity Research

As of 30-Sep-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [Outperform]	820	55.97	250	30.49
HOLD [Sector Perform]	590	40.27	148	25.08
SELL [Underperform]	55	3.75	5	9.09

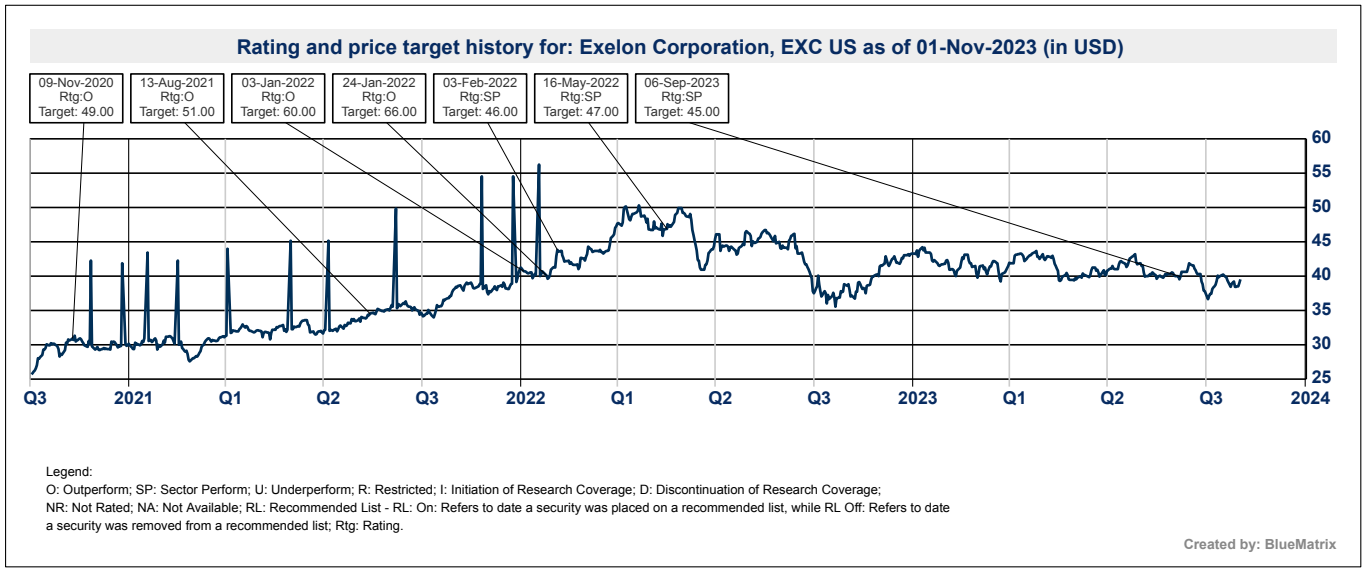

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List. As of April 3, 2023, U.S. RBC Wealth Management's quarterly reports will serve as the primary communication for its models and will highlight any changes to the model made during the quarter.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Exelon Corporation

Valuation

Our $45 price target assumes a 16.7x P/E multiple on 2025E utilities EPS of $2.74. Our multiple reflects a slight 3% discount to our base case blended electric and gas multiple of 18.6x, resulting in equity value per share of $53. While we believe Exelon utilities have a similar profile to industry peers (6–8% EPS CAGR and 7–8% rate base CAGR), we give consideration for some regulatory

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

overhang and lower ROE at ComEd. Our price target supports a Sector Perform rating.

Risks to rating and price target

- Stagnant ROE performance at ComEd
- Credit metrics deteriorate due to significant borrowings
- Inflation drives up O&M costs
- Corporate minium taxes become a drag on cash
- Approval of upcoming multi-year plans at favorable levels

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to
https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. (“MSCI”) and Standard & Poor's Financial Services LLC (“S&P”) and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:
This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:
This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:
This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:
This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not “professional investors”, as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:
This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not “accredited investors” and “institutional investors”, as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:
Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2023 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2023 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2023
Copyright © Royal Bank of Canada 2023
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

UBS

Global Research and Evidence Lab
2 November 2023

First Read

Exelon Corp

In-Line. 3Q'23 Adj. EPS $0.67 v. $0.67 Cons.

Q: How did the results compare vs expectations?

A: In-Line. EXC reported Adj. EPS of $0.67 vs. $0.67 consensus estimates, $0.68 UBSe, and $0.75 in 3Q'22.

Q: What were the most noteworthy areas in the results?

A: Year over year results were ComEd: +$0.04 dist. rates, +$0.01 CMC carrying cost, ($0.01) other; PECO: +$0.01 gas dist rates, ($0.03) weather, ($0.02) storm costs, + $0.01 other; BGE: +$0.01 dist. rates, ($0.01) D&A, ($0.01) storm costs, ($0.01) int. exp.; PHI: +$0.01 T&D rates, ($0.01) D&A, ($0.01) tax timing, ($0.01) contracting costs timing, ($0.01) credit loss exp, ($0.01) storm costs, ($0.02) other; and Corp: ($0.02) int. exp.

Q: Has the company's outlook/guidance changed?

A: Management narrowed 2023 eps guidance to $2.32 - $2.40 from $2.30-$2.42, long term eps growth of 6-8% from 2022 - 2026 with an expectation to be at the mid-point or better, a $31 Billion five year capital plan with an approximate rate base CAGR of 8%, a five year average FFO/Debt '23 - '26 of 13-14%, and an ~60% payout ratio resulting in dps growth in line with eps growth thru '26.

Q: How would we expect investors to react?

A: Neutral on the In-Line result. Waiting for the call for color on the ongoing rate case processes in Maryland, and in particular in Illinois given the ALJ recommended order and the 9.28% recommended allowed ROE, as well as any perspective on the Pennsylvania rate case process in 2024. Investors will also be looking for any incremental comments around repairs tax in the final tax rules, and timing of remaining $425mln in equity needs, and any incremental transmission project potential within PJM.

Key Metrics ($)

	Consensus estimates	UBS estimates	Actual	% diff vs. UBS
3Q'23 Adj. EPS	$0.67	$0.68	$0.67	-1.5%

Source: Factset, UBS Equity Research Estimates

Equities

Americas
Electric Utilities

12-month rating	**Buy**
12m price target	**US$47.00**
Price (01 Nov 2023)	**US$39.53**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$44.15-36.61
Market cap.	US$39.3b
Shares o/s	995m (COM)
Free float	100%
Avg. daily volume ('000)	5,242
Avg. daily value (m)	US$207.6
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.5x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E	
	UBS	Cons.
Q1	0.70	0.70
Q2	0.41	0.41
Q3E	0.68	0.67
Q4E	0.57	0.58
12/23E	2.36	2.36
12/24E	2.54	2.50
12/25E	2.77	2.72

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

Gregg Orrill
Analyst
gregg.orrill@ubs.com
+1-212-713 1064

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,970	19,644	20,365	21,063
EBIT (UBS)	2,554	2,682	3,315	3,902	4,155	4,489	4,867	5,227
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,540	2,775	2,976	3,227
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.54	2.77	2.96	3.19
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,723)	(48,682)	(51,315)	(53,548)
Profitability/valuation	**12/20**	**12/21**	**12/22**	**12/23E**	**12/24E**	**12/25E**	**12/26E**	**12/27E**
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.9	22.9	23.9	24.8
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.7	5.9	6.0	6.2
EV/EBITDA (UBS core) x	13.5	14.4	11.8	9.9	9.3	8.6	8.0	9.5
P/E (UBS, diluted) x	22.4	25.7	19.7	16.7	15.6	14.3	13.4	12.4
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(7.4)	(3.1)	(3.5)	(2.8)	(1.4)
Dividend yield (net) %	2.9	2.9	3.0	3.6	3.9	4.2	4.5	4.8

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 39.53 on 01-Nov-2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Forecast returns

Forecast price appreciation	+18.9%
Forecast dividend yield	3.9%
Forecast stock return	+22.7%
Market return assumption	9.9%
Forecast excess return	+12.8%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 4% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 4% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 9%, second quartile 3%, third quartile -3% and fourth quartile -9%; 5) An earnings consistency premium and discount and +/-4% for top or bottom quartile; 6) a pricing power discount of -3% for those companies with low pricing power; 7) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 8) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

We maintain our Price Target of $47 premised on a 6% premium to the group multiple or 17.0x our $2.77/share earnings forecast for 2025. Our 6% net premium is derived from a 5% premium for the overall regulated utility group, premised upon the current undervaluation versus the Baa corporate bond, a 3% discount for a 3rd quartile regulatory ranking overall, a 2% premium for 2nd quartile earnings growth, a 5% premium for energy transition, and 3% discount for lower pricing power.

Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 02 November 2023 11:49 AM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	40%
Neutral	FSR is between -6% and 6% of the MRA.	38%	42%
Sell	FSR is > 6% below the MRA.	9%	40%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 September 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy	US$39.53	01 Nov 2023

Source: UBS Global Research; Refinitiv. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Exelon Corp (US$)

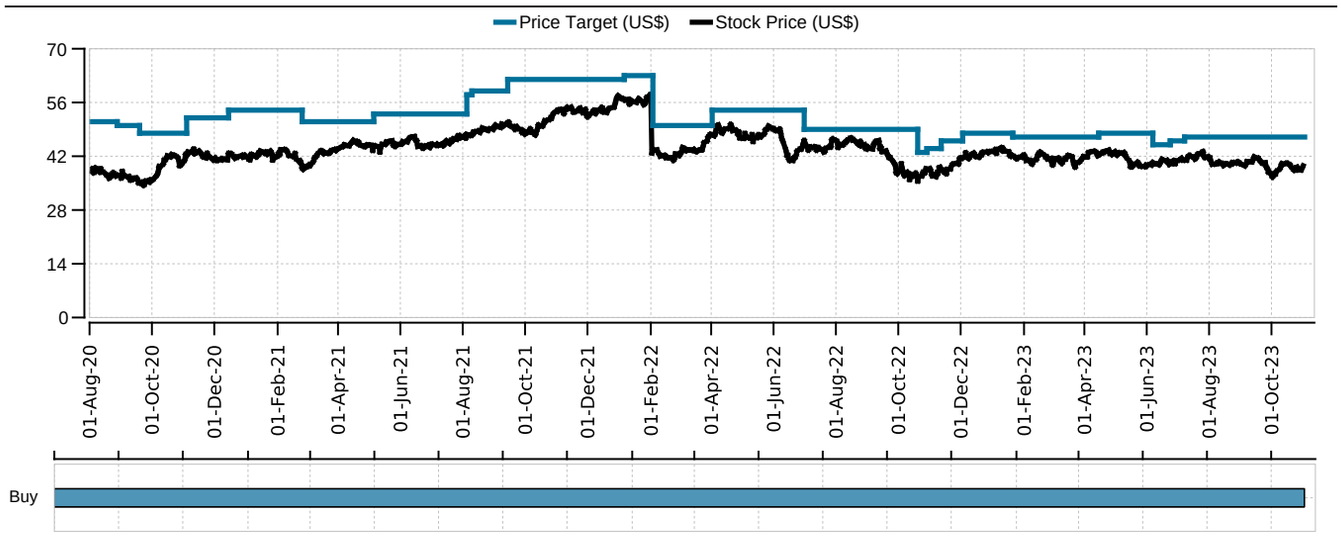

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-07-31	38.61	51.00	Buy
2020-08-27	36.89	50.00	Buy

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-09-18	35.07	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy
2023-06-23	39.87	46.00	Buy
2023-07-07	40.96	47.00	Buy

Source: UBS Global Research; Refinitiv as of 01-Nov-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer. The Disclaimer relevant to Credit Suisse Wealth Management follows the Global Wealth Management Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. UBS Brasil CCTVM is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman: 0800-940-0266/ https://www.ubs.com/br/pt/ubsbb-investment-bank/ombudsman.html **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). For all other recipients: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG, Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG, Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division, this UBS Global Research is issued under the license of UBS Securities Australia Limited. All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG, Sydney Branch's Wealth Management Division. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 3 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio incorporating ESG factors or Sustainable Investing considerations may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Disclosures: If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosure_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS Europe SE Succursale de France (a branch of UBS Europe SE), having its registered office at 69 boulevard Haussmann 75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N°844 425 629. UBS Europe SE Succursale de France is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the French "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

form of a Societas Europaea, duly authorized by BaFin. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 3 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830 and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: parameshwaran.s@ubs.com, Name of Grievance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: ol-ubs-sec-compliance@ubs.com. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons only by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Credit Suisse Wealth Management Disclaimer

This disclaimer must be read in conjunction with "Risk information" and "Important Information About Sustainable Investing Strategies" sections of the Global Wealth Management Disclaimer above. You receive this document in your capacity as a client of Credit Suisse Wealth Management. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website https://www.credit-suisse.com. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by Credit Suisse AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Credit Suisse AG is a UBS Group company. **Australia:** This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division this UBS Global Research is issued under the license of UBS Securities Australia Limited (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098) . All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG Sydney Branch' Wealth Management Division. **Bahrain:** This report is distributed by Credit Suisse AG, Bahrain Branch, authorized and regulated by the Central Bank of Bahrain (CBB) as an Investment Firm Category 2. Related financial services or products are only made available to professional clients and Accredited Investors, as defined by the CBB, and are not intended for any other persons. The Central Bank of Bahrain has not reviewed, nor has it approved, this document or the marketing of any investment vehicle referred to herein in the Kingdom of Bahrain and is not responsible for the performance of any such investment vehicle. Credit Suisse AG, Bahrain Branch is located at Level 21, East Tower, Bahrain World Trade Centre, Manama, Kingdom of Bahrain. **Brazil:** This report is distributed in Brazil by Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários or its affiliates. Pursuant to CVM Resolution No. 20/2021, of February 25, 2021, the author(s) of the report hereby certify(ies) that the views expressed in this report solely and exclusively reflect the personal opinions of the author(s) and have been prepared independently, including with respect to Credit Suisse and other UBS Group entities. Part of the author(s)´s compensation is based on various factors, including the total revenues of the relevant UBS Group entity of which they are in employment of, but no part of the compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/companies or the subject securities. **DIFC:** This information is being distributed by Credit Suisse AG (DIFC Branch). Credit Suisse AG (DIFC Branch) is licensed and regulated by the Dubai Financial Services Authority ("DFSA"). Related financial services or products are only made available to Professional Clients or Market Counterparties, as defined by the DFSA, and are not intended for any other persons. Credit Suisse AG (DIFC Branch) is located on Level 9 East, The Gate Building, DIFC, Dubai, United Arab Emirates. **France:** This report is distributed by Credit Suisse (Luxembourg) S.A. Succursale en France (the "France branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The France branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the French supervisory authority, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and of the Autorité des Marchés Financiers. **Germany:** This report is distributed by Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin"). **Guernsey:** This report is distributed by Credit Suisse AG Guernsey Branch, a branch of Credit Suisse AG (incorporated in the Canton of Zurich), with its place of business at Helvetia Court, Les Echelons, South Esplanade, St Peter Port, Guernsey. Credit Suisse AG Guernsey Branch is wholly owned by Credit Suisse AG and is regulated by the Guernsey Financial Services Commission. Copies of the latest audited accounts are available on request. **Hong Kong:** This report is distributed in Hong Kong by Credit Suisse AG Hong Kong Branch, an Authorized Institution regulated by the Hong Kong Monetary Authority and a Registered Institution regulated by the Securities and Futures Commission, and was prepared in compliance with section 16 of the "Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission". The contents of this material have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to any offer. If you are in any doubt about any of the contents of this material, you should obtain independent professional advice. No one may have issued or had in its possession for the purposes of issue, or issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or material relating to any product, which is directed at, or the con-tents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than where a product is or is intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder. If you have any queries/objections relating to the receipt of such materials from us, please contact our Data Protection Officer at dataprotectionofficer.pb@credit-suisse.com. **India:** Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. This report is distributed by Credit Suisse Securities (India) Private Limited (CIN no. U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030), as Portfolio Manager (registration no. INP000002478) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr. Annie Besant Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777. **Italy:** This report is distributed in Italy by Credit Suisse (Italy) S.p.A., a bank incorporated and registered under Italian law subject to the supervision and control of Banca d'Italia and CONSOB. **Japan:** This report is solely distributed in Japan by Credit Suisse Securities (Japan) Limited, Financial Instruments Dealer, Director-General of Kanto Local Finance Bureau (Kinsho) No. 66, a member of the Japan Securities Dealers Association, Financial Futures Association of Japan, Japan Investment Advisers Association, and Type II Financial Instruments Firms Association. Credit Suisse Securities (Japan) Limited will not distribute or forward this report outside Japan. **Lebanon:** This report is distributed by Credit Suisse (Lebanon) Finance SAL ("CSLF"), a financial institution incorporated in Lebanon and regulated by the Central Bank of Lebanon ("CBL") with a financial institution license number 42. Credit Suisse (Lebanon) Finance SAL is subject to the CBL's laws and regulations as well as the laws and decisions of the Capital Markets Authority of Lebanon ("CMA"). CSLF is a subsidiary of Credit Suisse AG and part of the UBS Group. The CMA does not accept any responsibility for the content of the information included in this report, including the accuracy or completeness of such information. The liability for the content of this report lies with the issuer, its directors and other persons, such as experts, whose opinions are included in the report with their consent. The CMA has also not assessed the suitability of the investment for any particular investor or type of investor. Investments in financial markets may involve a high degree of complexity and risk and may not be suitable to all investors. The suitability assessment performed by CSLF with respect to this investment will be undertaken based on information that the investor would have provided to CSLF and in accordance with Credit Suisse internal policies and processes. It is understood that the English language will be used in all communication and documentation provided by Credit Suisse and/or CSLF. By accepting to invest in the product, the investor confirms that he has no objection to the use of the English language. **Luxembourg:** This report is distributed by Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. Credit Suisse (Luxembourg) S.A. is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF). **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and C. Suisse Asesoría México, S.A. de C.V. ("Credit Suisse Mexico"). This document is elaborated for information purposes only and does not constitute a recommendation, advice or an invitation to execute any operation and does not replace direct communication with your relationship manager at Credit Suisse Mexico before the execution of any investment. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. The prospectuses, offering documentation, term sheets, investment regimes, annual reports and periodical financial information contain useful information for investors. Such documents can be obtained without any cost, directly from the issuer of securities and investment fund managers or at the securities and stock market web page, as well as from your relationship manager at Credit Suisse Mexico. The information herein does not substitute the Account Statements, the INFORME DE OPERACIONES or/and confirmations you receive from Credit Suisse Mexico pursuant to the General Rules applicable to financial institutions and other persons that provide investment services. C. Suisse Asesoría México, S.A. de C.V. (". C. Suisse Asesoría"), is an investment advisor duly incorporated under the Securities Market Law ("LMV") and is registered before the National Banking and Securities Commission ("CNBV") under folio number 30070 and therefore is not a bank, is not authorized to receive deposits nor to custody any securities, and is not part of Grupo Financiero Credit Suisse (México), S.A. de C.V.. Such registry will not assure the accuracy or veracity of the information provided to its Clients**.** C. Suisse Asesoría is subject to the supervision of the CNBV exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. Under the provisions of the LMV, C. Suisse Asesoría is not an independent investment advisor pursuant to its relationship with Credit Suisse AG, a foreign financial institution, and its indirect relationship with Grupo Financiero Credit Suisse (Mexico), S.A. de C.V. **Portugal:** This report is distributed by Credit Suisse (Luxembourg) S.A., Sucursal em Portugal (the "Portugal branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Portugal branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Portuguese supervisory authority, the Comissão do Mercado dos Valores Mobiliários (CMVM). **Qatar:** This information has been distributed by Credit Suisse (Qatar) L.L.C., which is duly authorized and regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) under QFC License No. 00005. All related financial products or services will only be available to Business Customers or Market Counterparties (as defined by the QFCRA), including individuals, who have opted to be classified as a Business Customer, with net assets in excess of QR 4 million, and who have sufficient financial knowledge, experience and understanding to participate in such products and/or services. Therefore this information must not be delivered to, or relied on by, any other type of individual. **Saudi Arabia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

This information is being distributed by Credit Suisse Saudi Arabia (CR Number 1010228645), duly licensed and regulated by the Saudi Arabian Capital Market Authority pursuant to License Number 08104-37 dated 23/03/1429H corresponding to 21/03/2008AD. Credit Suisse Saudi Arabia's principal place of business is at King Fahad Road, Hay Al Mhamadiya, 12361-6858 Riyadh, Saudi Arabia. Website: https://www.credit-suisse.com/sa. **Singapore:** This material is distributed in Singapore by Credit Suisse AG, Singapore Branch, which is licensed by the Monetary Authority of Singapore under the Banking Act (Cap. 19) to carry on banking business. This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations (the "FAR")) only. By virtue of your status as an institutional investor, accredited investor, or expert investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the FAR and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore branch may provide to you. These include exemptions from complying with: Section 25 of the FAA (pursuant to Regulation 33(1) of the FAR); Section 27 of the FAA (pursuant to Regulation 34(1) of the FAR); and Section 36 of the FAA (pursuant to Regulation 35(1) of the FAR). Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this material. In particular, if you have any queries/objections relating to the receipt of such materials from us, please contact our Data Protection Officer at PDPO.SGD@credit-suisse.com. **South Africa:** This information is being distributed by Credit Suisse AG which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 9788 and / or by Credit Suisse (UK) Limited which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 48779. **Spain:** This report is distributed in Spain by Credit Suisse AG, Sucursal en España, legal entity registered at Comisión Nacional del Mercado de Valores. **Turkey:** The investment information, comments and recommendations contained herein are not within the scope of investment advisory activity. The investment advisory services are provided by the authorized institutions to the persons in a customized manner taking into account the risk and return preferences of the persons. Whereas, the comments and advices included herein are of general nature. Therefore recommendations may not be suitable for your financial status or risk and yield preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations. This report is distributed by Credit Suisse Istanbul Menkul Degerler Anonim Sirketi, regulated by the Capital Markets Board of Turkey, with its registered address at Levazim Mahallesi, Koru Sokak No. 2 Zorlu Center Terasevler No. 61 34340 Besiktas/ Istanbul-Turkey. **United Kingdom:** This material is distributed by Credit Suisse (UK) Limited. Credit Suisse (UK) Limited, is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Where this material is distributed into the United Kingdom by an offshore entity not exempted under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 the following will apply: To the extent communicated in the United Kingdom ("UK") or capable of having an effect in the UK, this document constitutes a financial promotion which has been approved by Credit Suisse (UK) Limited which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority for the conduct of investment business in the UK. The registered address of Credit Suisse (UK) Limited is Five Cabot Square, London, E14 4QR. Please note that the rules under the UK's Financial Services and Markets Act 2000 relating to the protection of retail clients will not be applicable to you and that any potential compensation made available to "eligible claimants" under the UK's Financial Services Compensation Scheme will also not be available to you. Tax treatment depends on the individual circumstances of each client and may be subject to changes in future.

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:35 PM.

Contents

02	10 JAN '24 3:01A.M.	What's Wrong With Average? Upgrade to Buy (Mizuho Securities USA) - 11 Pages
13	08 JAN '24 5:01A.M.	Heads Up - The Week Ahead in Utilities: ES, POR, EXC, OTTR, DUK, XEL, PEG, CNP, WEC (KeyBanc Capital Markets) - 9 Pages
22	02 JAN '24 5:03A.M.	Exelon Corp "IL Overhang Likely Persists; Downgrade to Neutral" (Neutral) Fowler >> IL Overhang Likely Persists; Downgrade to Neutral (UBS) - 20 Pages

MIZUHO Mizuho Securities USA LLC

U.S. Equity Research January 10, 2024

Energy Research
Utilities
Opinion Change

Exelon Corporation

What's Wrong With Average? Upgrade to Buy

Rating	**Buy**
Previous Rating	Neutral
Price (1/9)	**$36.44**
Price Target	**$39.00**
Previous Price Target	$36.00

Key Data

Symbol	EXC(NYSE)
52-Week Range	$44.37 - $34.05
Market Cap ($mm)	$36,232
Shares Outstanding (mm)	994.3
Float	993.2
Average Daily Volume	7,647,418
Dividend/Yield	$1.35/3.7%

Fiscal Year-End: Dec 31

	2023E	2024E Prior	2024E Curr	2025E Prior	2025E Curr
Earnings per Share ($)					
1Q	–	–	–	–	–
2Q	–	–	–	–	–
3Q	–	–	–	–	–
4Q	–	–	–	–	–
Yr	**2.36E**	**2.46E**	**2.37E**	**2.65E**	**2.51E**
P/E	15.4x	–	15.4x	–	14.5x



Summary

We are upgrading Exelon to Buy from Neutral on our conservative earnings and capital assumptions following the negative IL decision last December. By 2026, Illinois distribution should represent 23% of EXC earnings, and we believe the negative environment in IL should be offset by a supportive PA that is forecasted to make up 22% of 2026 earnings. Our forecast assumes 2025 IL rates will be based on 2023 rate base (versus the current order using 2022 rate base). We assume no reallocation of capital in our model. We assume EXC will cut its EPS CAGR to 5-7%, which is in line with the sector average. Update PT to $39 (prev. $36) based on current multiples.

Key Points

Average growth rate should yield an average multiple. We downgraded EXC back in November on the view that the Illinois decision would come in below expectations and since then EXC has underperformed the index by 11%. We believe the sell-off is overdone based on: 1) In 2026 IL distribution should represent 23% of earnings while more supportive jurisdictions like PA (22%) and FERC (20%) should contribute over 40% to EPS. 2) Investors get a free option on the company's ability to reallocate $3.4B of capital by 2026 and could add $0.15 to our estimates. 3) We see no threat to the Baa2 average balance sheet and don't forecast any incremental equity needs.

Even with an EPS CAGR cut we see value. Back on the 4Q22 earnings call EXC reaffirmed a 6-8% EPS CAGR that was very "non-linear" with some years when guidance fell below the growth rate and other years when it was above the EPS CAGR. We believe, absent any capital reallocation, EXC resets the EPS CAGR to a more linear 5-7% target that should highlight the strength of management's ability to earn close to the allowed ROE in all jurisdictions.

Reallocation of capital to different jurisdictions could potentially add $0.15 to our estimates. Our base case assumes EXC is successful later this year at getting 2025 ComEd rates reset off of a 2023 Y/E rate base which compares to the recent decision of 2025 rates based off of a 2022 rate base. Our forecast estimates $3.4B of lower IL spending by 2026 and doesn't assume the company is able to increase reliability spending in PECO (PA, where we anticipate a rate case in mid-2024), or any other regulatory jurisdiction that EXC operates in.

The balance sheet is fine. As a result of EXC being a wires-only utility and its regulatory diversity from operating in multiple states, Moody's currently has a downgrade threshold for FFO/debt of 12%. Compared to other utilities this is low. We see most Baa2 utilities with a 14% threshold, but believe EXC should

Anthony Crowdell
Managing Director
+1 646 949 9524
Anthony.Crowdell@mizuhogroup.com

Brandon Lee, CFA
Senior Associate
+1 212 205 7869
Brandon.Lee@mizuhogroup.com

Willard Grainger, CFA
Senior Associate
+212-471-26911
Willard.Grainger@mizuhogroup.com

Alex Mortimer
Associate
+1 212 205 7810
Alexander.Mortimer@mizuhogroup.com

PLEASE REFER TO PAGE 8 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

continue to be above this threshold. EXC continues to target a 13-14% FFO/debt target, and we view that as supporting our average P/E valuation.

Why now? We view the February 21 4Q23 earnings call as a clearing event, and we believe the current valuation of a 6% P/E discount on our very conservative base case will not last for long.

What's Wrong With Average? Upgrade to Buy

Key Points

Average growth rate should yield an average multiple. We downgraded EXC back in November on the view that the Illinois decision would come in below expectations and since then EXC has underperformed the index by 11%. We believe the sell-off is overdone based on 1) In 2026 IL distribution should represent 23% of earnings while more supportive jurisdictions like PA (22%) and FERC (20%) should contribute over 40% to EPS. 2) Investors get a free option on the company's ability to reallocate $3.4B of capital by 2026 and could add $0.15 to our estimates. 3) We see no threat to the Baa2 average balance sheet and don't forecast any incremental equity needs.

When we break out each jurisdiction we see an average multiple. We broke out 2026 earnings based on EXC's jurisdictions and applied premium and discounts for each regulatory environment. While we view ComEd distribution as a large discount (15%) we see it offset by the balanced support that exists with FERC and Pennsylvania regulation.

Exhibit 1: Diverse Regulatory Environment Supports a Group Average P/E Multiple

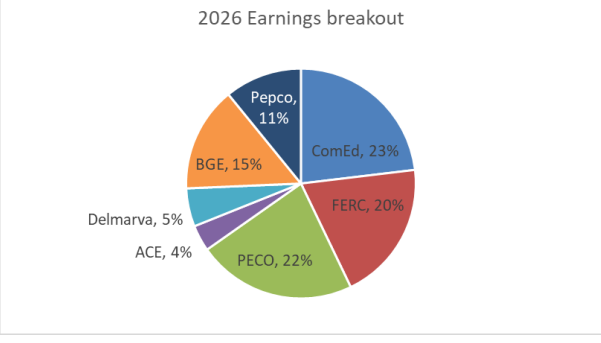

Jurisdiction	Prem/Dist	Weighting
ComEd	-15%	-3.5%
FERC	10%	2.0%
PECO	5%	1.1%
ACE	5%	0.2%
Delmarva	-5%	-0.3%
BGE	0	0.0%
Pepco	0	0.0%
P/E Prem/Disc		-0.5%

Source: Company reports, MSUSA estimates

Even with an EPS CAGR cut we see value. Back on the 4Q22 earnings call EXC reaffirmed a 6-8% EPS CAGR that was very "non-linear" with some years when guidance fell below the growth rate and other years when it was above the EPS CAGR. We believe, absent any capital reallocation, EXC resets the EPS CAGR to a more linear 5-7% target that should highlight the strength of management's ability to earn close to the allowed ROE in all jurisdictions.

Reallocation of capital to different jurisdictions could potentially add $0.15 to our estimates. Our base case assumes EXC is successful later this year at getting 2025 ComEd rates reset off of a 2023 Y/E rate base which compares to the recent decision of 2025 rates based off of a 2022 rate base. Our forecast estimates $3.4B in aggregate of lower IL spending by 2026 and doesn't assume the company is able to

increase reliability spending in PECO (PA) where we anticipate a rate case in mid-2024, or any other regulatory jurisdiction that EXC operates in.

Exhibit 2: Exelon's CAPEX Plan Should Support Reallocation of Capital

Capex	2022A	2023E	2024E	2025E	2026E
ComEd	2,506	2,550	1,525	1,725	1,800
PECO	1,349	1,375	1,575	1,600	1,650
ACE	397	425	450	475	475
Delmarva	872	575	575	600	600
BGE	1,251	1,325	1,475	1,675	1,550
Pepco	871	900	925	900	975
Other	99.4	30	27	15	15
Total CAPEX	**7,346**	**7,180**	**6,552**	**6,990**	**7,065**

Source: Company reports, MSUSA estimates

The balance sheet is fine. As a result of being a wires-only utility and its regulatory diversity from operating in multiple states, Moody's currently has a downgrade threshold for FFO/debt of 12%. When compared to other utilities this is low, we see most Baa2 utilities with a 14% threshold, but believe EXC should continue to be above this threshold. EXC continues to target a 13-14% FFO/debt target. and we view that as supporting our average P/E valuation.

Why now? While we view the February 21 4Q23 earnings call as a clearing event we believe the current valuation of a 6% P/E discount on our very conservative base case will not last for long.

Exhibit 3: Estimate Changes Assume NO Reallocation of Capital

	2023E	2024E	2025E	2026E
Revised Estimates	**$2.36**	**$2.37**	**$2.51**	**$2.72**
Prior Estimates	$2.35	$2.46	$2.65	$2.84
Differences	*$0.01*	*($0.09)*	*($0.14)*	*($0.12)*

Source: Company reports, MSUSA estimates

Exelon Valuation

Base Case

Our price $39.00 target is derived as follows:

We value the regulated electric distribution and transmission 2026 earnings of $2.75 using a P/E multiple of 15.4 times, a 7% premium to our electric group average multiple, resulting in a price target of $42.50.

We value the regulated gas distribution 2026 earnings of $0.43 using a P/E multiple of 14.7 times, a 7% premium to our gas group average multiple, resulting in a price target of $6.50.

Adjusting for unallocated debt reduces the PT by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Bull Case: In our bull case we forecast the company is able to redeploy all $3.6B of capital by 2026 which would increase earnings by $0.16 and add $2.00 to our $39 PT.

Bear Case: For our bear case, our PT could be reduced if ComEd is unable to get the state regulators to approve the utility's 2023 rate base of ~$15.9B. Current electric rates are based on 2022 rate base ($13.9B) and ComEd has to file later this year for a modification in rate base. If this medication is denied we could see a $0.10 reduction in our 2026 EPS estimates and a subsequent $1.50 reduction in our $39 PT.

Risks: Regulatory outcomes, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

Company Models

In the page that follows, we highlight our detailed consolidated financial model, including both historical and projections for income statement, cash flow and balance sheet for Exelon Corporation from 2020A to 2026E. To derive the consolidated results, we modeled full financials for each operating subsidiary. Clients who would like the full models may obtain them through their MSUSA representative or by direct request to the authors.

Exhibit 4: EXC Income Statement

Consolidated Income Statement ($ millions)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Revenues	16,663	17,938	19,078	19,525	19,827	20,353	20,974
Cost of Goods Sold	(5,721)	(6,385)	(6,373)	(6,373)	(6,373)	(6,373)	(6,373)
O&M	(4,641)	(4,547)	(4,673)	(4,703)	(4,734)	(4,764)	(4,795)
Taxes Other then Income	(1,232)	(1,291)	(1,390)	(1,400)	(1,409)	(1,419)	(1,429)
EBITDA	**$5,069**	**$5,715**	**$6,642**	**$7,049**	**$7,311**	**$7,796**	**$8,376**
D&A	(2,891)	(3,033)	(3,325)	(3,455)	(3,565)	(3,690)	(3,817)
EBIT	**$2,178**	**$2,682**	**$3,317**	**$3,594**	**$3,746**	**$4,107**	**$4,560**
Interest	(1,307)	(1,289)	(1,447)	(1,726)	(1,890)	(2,101)	(2,313)
Other Income	208	261	535	535	535	535	535
EBT	**$1,079**	**$1,654**	**$2,405**	**$2,403**	**$2,390**	**$2,541**	**$2,781**
Taxes	7	(38)	(349)	(228)	(222)	(241)	(275)
Non controlling Interests							
Net Income GAAP	1,086	1,616	2,056	2,174	2,168	2,300	2,506
Net Income (Operating)	**1,984**	**1,791**	**2,239**	**2,335**	**2,349**	**2,503**	**2,718**
EPS (Operating)	**$2.03**	**$1.83**	**$2.27**	**$2.36**	**$2.37**	**$2.51**	**$2.72**

Source: Company reports, MSUSA estimates

Exhibit 5: EXC Cash Flow Statement

Consolidated Cash Flow Statement ($ millions)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Net Income	1,984	1,791	2,239	2,335	2,349	2,503	2,718
Depreciation	2,891	3,033	3,325	3,455	3,565	3,690	3,817
Deferred Taxes	309	18	255	313	328	233	252
CapEx	(8,048)	(7,981)	(7,147)	(7,180)	(6,552)	(6,990)	(7,065)
Net Cash Generation	**(2,864)**	**(3,139)**	**(1,328)**	**(1,077)**	**(310)**	**(564)**	**(278)**

Source: Company reports, MSUSA estimates

Exhibit 6: EXC Balance Sheet

Consolidated Balance Sheet ($ millions)	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Cash & Equivalents	485	1,083	287	1,958	2,178	2,756	3,204
Short Term Debt	2,031	1,248	2,586	2,586	2,586	2,586	2,586
Current Portion Long Term Debt	0	0	0	0	0	0	0
Long Term Debt	35,483	31,139	35,662	41,642	43,815	46,603	49,236
Total Debt	**$37,514**	**$32,387**	**$38,248**	**$44,228**	**$46,401**	**$49,189**	**$51,822**
Preferred Stock	0	0	0	0	0	0	0
Total Debt & Preferred	**$37,514**	**$32,387**	**$38,248**	**$44,228**	**$46,401**	**$49,189**	**$51,822**
Shareholder's Equity	32,585	34,393	24,744	25,806	26,790	27,833	28,848
Total Capitalization	**$70,099**	**$66,780**	**$62,992**	**$70,034**	**$73,192**	**$77,021**	**$80,670**

Source: Company reports, MSUSA estimates

Price Target Calculation and Key Risks

Price Target Calculations: Using a sum of the parts analysis on 2026 results we derive a price target of $39.00 per share. Our price target is derived as follows:

(1) Regulated electric distribution and transmission: we derive a PT of $42.50, applying a 7% premium (15.4x) to the electric utility group average P/E multiple;

(2) Regulated Gas Distribution: we derive a PT of $6.50, applying a 7% P/E premium (14.7x) to the gas utility group average multiple;

(3) Adjusting for unallocated debt reduces the PT by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: Regulatory outcomes, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

Companies Mentioned (prices as of 1/9/2024)
Ameren Corporation (AEE- Neutral $74.02)
WEC Energy Group (WEC- Buy $85.33)

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates has received compensation for investment banking services for Ameren Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates expects to receive or intends to seek compensation for investment banking services for Ameren Corporation in the next 3 months.

Mizuho Securities USA LLC and or its affiliates has managed or co-managed a public offering of securities for Ameren Corporation in the past 12 months.

Mizuho Securities USA LLC and or its affiliates have provided investment banking services for Ameren Corporation who is or was a client in the past 12 months.
The compensation of the research analyst writing this report, in whole or part, is based on MSUSA's annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA's internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Anthony Crowdell, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock's total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform.

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of January 9)	% of coverage	IB service past 12 mo
Buy (Buy)	59.42%	55.97%
Hold (Neutral)	38.14%	53.49%
Sell (Underperform)	2.44%	27.27%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

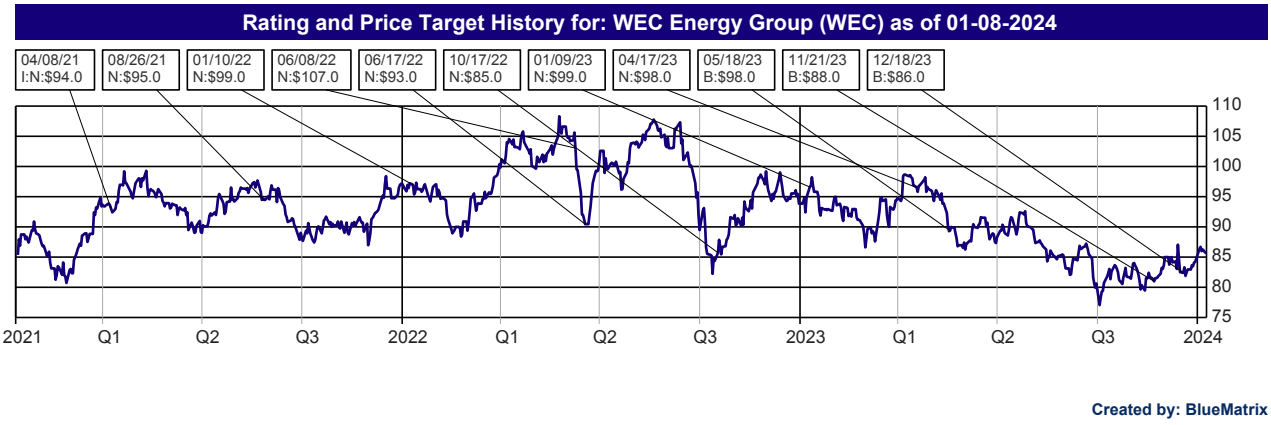

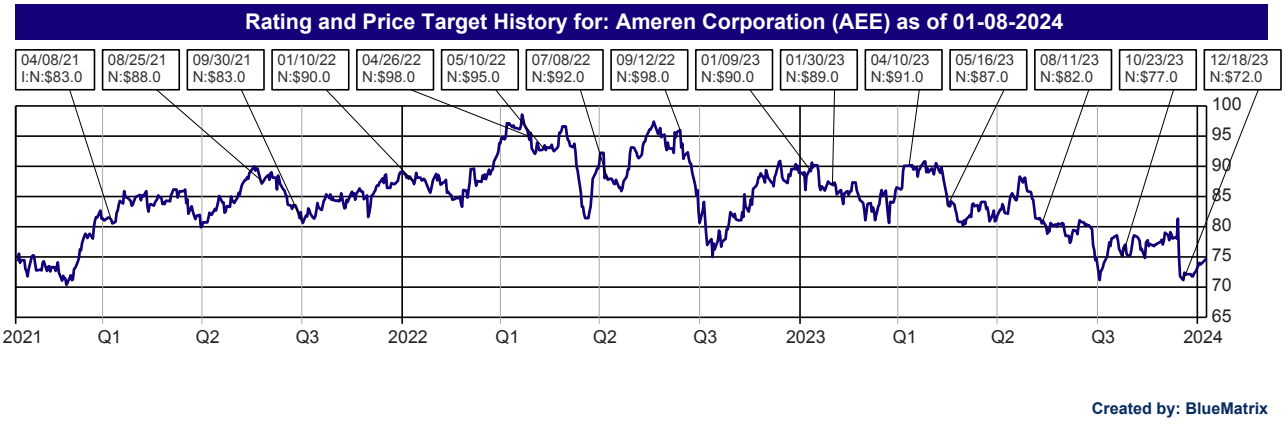

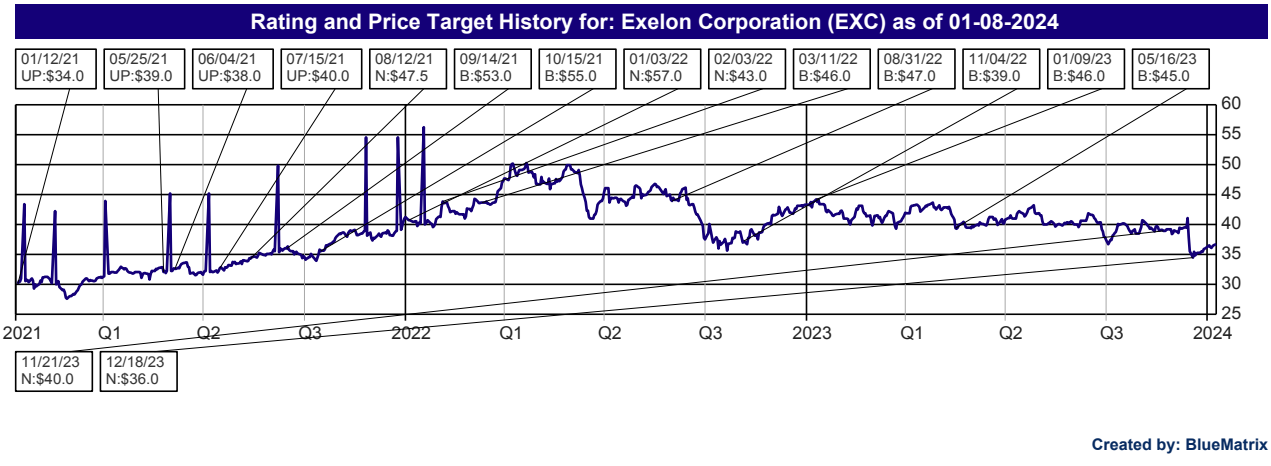

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2024. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

KeyBanc Capital Markets

Alert

January 08, 2024

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: ES, POR, EXC, OTTR, DUK, XEL, PEG, CNP, WEC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, we are tracking proceedings in ES's Aquarion rate case appeal; POR's IRP and CEP docket; and EXC's electric rate case in DC. In other news, the MN PUC extends the schedule in OTTR's MN IRP to allow further analysis on the Coyote AME resource proposal; DUK files an electric rate case with the SC PSC; XEL seeks an $8.5M revenue increase in ND; XEL files a Natural Gas Innovation Plan with the MN PUC; PEG raises its five-year capital plan and extends its long-term growth outlook; the MN governor appoints a replacement commissioner to the PUC; FERC approves a one-year delay to ISO NE forward capacity auction 19; and the U.S. Court of Appeals denies a reconsideration on the Berkley gas ban.

ICYMI

We published our 2024 Outlooks for Utilities and Alternative Energy. Access our reports here: Keep the Momentum Going and Failure to Launch.

What to Watch For in the Near Term

We anticipate several regulatory filings and material announcements that can occur and move shares in the near term. Those include:

ES — Expect a deal announcement for Revolution and Sunrise offshore wind projects: With no announcement before the end of 2023, we expect the Company to announce a sale for these two projects in the near term. Southfork and Revolution (and Sunrise) are a 50/50 partnership between ES and Orsted, with ES in the process of divesting its 50% interest in its offshore wind project. ES is engaged in discussions with a potential buyer. Once Orsted and the buyer reach an agreement, ES will be able to announce the sale and related terms.

PNW — ALJ to file a ROO might come in early 2024: We expect the ALJ to issue a Recommended Opinion and Order in the near term (late-2023/early-2024). APS updated its request to a $376M net revenue increase in initial briefs, down from $460M in its original request, while maintaining the 10.25% ROE and 51.93% equity layer. In reply briefs, Staff supported the system reliability benefit (SRB) mechanism as modified in PNW's initial briefs, as long as Staff is involved earlier in the process and can review all projects during future rate case proceedings. PNW addressed several concerns in the SRB in its initial brief filing after spending more time discussing the idea with intervenors and stakeholders. The SRB proposes to track capital and derisk some projects that need to reliably serve load while reducing the number of rate cases PNW files and the regulatory lag. Staff also supported the continuation of the fixed-cost recovery mechanism and maintained its 9.68% ROE recommendation. As a reminder, new rates are expected to go into effect the first of the month following an ACC order, likely at some point in 1Q24.

D — Conclusion of strategic review by early 2024: D expects to complete the strategic review by early 2024, and does not expect further slippage to that timeline. Following the conclusion of the review, D plans to hold an investor day, when it will provide 2025 earnings and long-term guidance. D has continued to make significant progress on its strategic review, which has already resulted in the Cove Point and gas utilities sales. We note that SB 1477 was not implemented into VA law when D first announced the strategic review, and therefore the review has been extended to allow time for D to determine the proper path forward regarding the decision to include an equity partner into CVOW.

Regulatory Calendar

ES — Hearings in the Aquarion rate case appeal are set to begin on January 11: ES filed the appeal with the superior court after PURA authorized a $2M revenue decrease, premised on an 8.7% ROE and 50.35% equity. The order compared to ES's three-year rate request for a ~$27.5M rate increase in RY1, ~$13.6M in RY2, and ~$8.8M in RY3. ES's request was based on a 10.35% ROE, 53.06% equity, $1.05B RB, and a 2021 test year. ES obtained a stay from the superior court on the PURA decision and must place any collected revenue above the amount authorized in the PURA order in an escrow account until a final ruling is received from the court.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

POR — Comments on the Staff's report in POR's Clean Energy Plan and IRP are due on January 12: In its final report, Staff recommended the PUC acknowledge POR's IRP, with modifications, but decline to acknowledge the Clean Energy Plan. Staff advises POR to revise and resubmit its CEP before its 2025 IRP to incorporate its hourly emissions analysis results into the preferred portfolio. Staff could not verify whether the preferred portfolio would meet the 80% emissions target reduction by 2030. Regarding the IRP, Staff recommended several modifications, including pursuing a broader range of CBRE procurement actions and requiring POR to file a proposal for a long lead time resource RFI before issuing its next RFP. POR updated its CEP during its latest comments to address the concerns of Staff and other intervenors. The Preferred Portfolio emphasizes wind resources, including 1,111 MW added by 2028. Solar + storage would begin coming online in 2029. POR would issue RFPs to add ~750 MW of energy capacity through 2028 and RFPs to meet forecasted 805 MW of summer capacity and 787 MW of winter capacity by 2028. POR would also supplement the resources with energy efficiency (182 MW), distributed resources (211 MW), and community-based renewable energy (110 MW). This is POR's first CEP/IRP filing since the enactment of HB 2021. An acknowledgement meeting is schedule for January 25.

EXC — Intervenor testimony in PEPCo's DC electric rate case is due on January 12: EXC made a compliance filing to reflect a traditional test year, supporting a $108M revenue increase, using an adjusted 12-month period ending December 31, 2023. EXC was required to make the compliance filing to enable the PSC to analyze the multiyear plan filing relative to a traditional rate case while also considering authorizing a traditional one-year rate case. As a reminder, PEPCO filed a three-year electric rate case with the DC PSC seeking a cumulative $191M revenue increase ($116M in RY1, $37M in RY2, and $37M in RY3). New rates would go into effect on February 15, 2024, with the step-ups effective January 1, 2025 and 2026, respectively. The rate increase request is premised on a 10.5% ROE and 50.5% equity layer.

Recent Developments for Companies Under Our Coverage

From our midweek: AGR announces the termination of the PNM merger agreement; the CT PURA denies an interim rate increase in AGR's UIL electric rate case appeal; NWE effectuates the second part of its holding company reorganization; Vineyard Wind delivers its first power to the New England grid; and CMS produces energy at the Heartland Farms wind project.

OTTR — MN PUC extends schedule in OTTR's MN IRP to allow further analysis on AME proposal: Following hearings on OTTR's MN IRP, the PUC extended the procedural schedule to allow parties to conduct additional analysis on the recently filed bifurcated plan. Comments will likely be due mid-April, followed by reply comments, and a hearing will be scheduled shortly after that. The extended time will allow the Clean Energy Organizations and PUC Staff to complete additional modeling on the Available Maximum Energy (AME) resource proposal for the 429 MW Coyote Generating Station. The parties will also continue discussions intending to settle specific items of the IRP. OTTR filed the supplemental IRP with the MN PUC that bifurcated its planning from the ND and SD resource planning filings due to a lack of inter-jurisdictional consensus on aspects of the plan. OTTR proposed designating Coyote as an AME resource in MN beginning in 2029 that would only be called on during maximum generation events. The AME designation would allow OTTR to meet its MN clean energy standards while maintaining ND and SD requirements. The bifurcated plan also includes onsite LNG fuel storage at Astoria Station in 2026, 200 MW of solar in 2025, 100 MW of wind in 2026, 50 MW of wind in 2032, and repowering four of its existing wind facilities in 2025.

DUK — DUK files electric rate case with the SC PSC: DUK filed an electric rate case (Docket: 2023-388-E) with the SC PSC, requesting an annual $323M revenue increase beginning August 1, 2024. DUK proposed accelerating deferred tax benefits to lower the net annual increase to $239M. The filing is DEC's first SC rate case since 2018, where the PSC authorized a $107M revenue increase. The PSC also approved a 9.5% ROE, 53% equity, and a 5,625M rate base. This compared to the Company's initial request for a $231M revenue increase and a 10.5% ROE.

XEL — XEL seeks $8.5M revenue increase in ND: XEL filed a rate case (Docket: 23-367) with the ND PSC, requesting an ~$8.5M revenue increase, premised on a 10.2% ROE, 52.5% equity layer, and $168M rate base at the end of 2024. XEL also requested authority to implement a $7.9M interim rate increase effective March 1, 2024. The main drivers of the required increase are capital investments in its gas distribution system, peaker plants, and general and intangible items. Typically, the ND PSC issues a final order in seven months, implying a final decision by August. However, recent rate cases in ND have extended longer than the seven-month timeline. In its last ND rate case, XEL reached a settlement for a $6.3M revenue increase premised on a 9.8% ROE and 52.54% equity.

XEL — XEL files Natural Gas Innovation Plan: XEL filed its first Natural Gas Innovation Plan (Docket: 23-218) with the MN PUC. The Plan proposes 12 pilot projects and nine R&D programs to operate over five years. The pilots deploy innovative resources, including RNG, power-to-hydrogen, carbon capture, district energy, energy efficiency, and strategic electrification. XEL expects the pilots to cost ~$54M over five years and to reduce GHG emissions by 0.8 tons over the lifetime of the projects. The plan follows the Natural Gas Innovation Act, passed in MN in 2021, which establishes a regulatory framework to enable MN gas utilities to provide customers access to renewable energy resources and innovative technologies. The goal is to reduce greenhouse gas emissions and advance the state's clean energy future. A PUC decision is expected around mid-2024, with the plan going into effect in July 2024.

PEG — PEG raises its five-year capital plan and extends its long-term growth outlook: PEG issued its 2024-2028 capital plan, which calls for regulated investment of $18B-$21B. The refreshed plan compares to the Company's 2023-2027 plan of $16B-$18.5B. The increase reflects clean energy, electric reliability, electrification needs, and the inclusion of a competitively bid transmission project.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

PEG expects to invest $19B-$22.5B across its entire business. PEG will not need to issue any equity to fund its plan. Additionally, PEG rolled forward its long-term 5-7% growth rate for the 2024-2028 period.

CNP, OTTR, WEC, XEL — MN governor appoints commissioner to the PUC: Minnesota Governor Tim Walz appointed Hwikwon Ham to replace former commissioner Matthew Schuerger. Schuerger was serving his second term at the PUC before he announced that he would resign at the end of 2023. Ham will serve the remainder of Schuerger's term through January 2028. The MN PUC comprises five members and may have up to three members from the same political party; Ham identifies as an independent. The primary proceedings we are tracking in MN include CNP and XEL's natural gas rate cases and OTTR's IRP.

FERC approves one-year delay to ISO NE forward capacity auction 19: FERC issued an order approving ISO-NE's request to delay the Forward Capacity Auction 19 by one year. The auction will now begin in February 2026 but will continue to procure supplies for the 2028-2029 delivery year. ISO-NE requested the delay to allow time to overhaul its capacity accreditation methodology to account for the new capacity resources in the region that are expected by 2029. ISO-NE expects the mix to comprise mostly battery storage, solar, and offshore wind. ISO-NE expects to conduct the Forward Capacity Auction 18 on February 5, 2024. FCA 18 will cover the 2027–2028 delivery year.

U.S. Court of Appeals denies reconsideration of Berkley gas ban: The U.S. Court of Appeals for the Ninth Circuit denied the city of Berkeley's request to reconsider its decision on natural gas hookups in new construction. The Appeals Court previously ruled that the federal Energy Policy and Conservation Act (EPCA) regulates EE and use of consumer products, and the ban placed by Berkeley on the use of natural gas violates the federal statute. The City of Berkley's only option following denial of rehearing would be to ask the U.S. Supreme Court to hear it.

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Figure 1 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
	Short-Term Energy Outlook	EIA			1/9/2024	STEO release
	CPI Release	BLS			1/11/2024	CPI release for Prior Month
CT	Aquarion Water	ES	HHB-CV23-6078177-S	Water	1/11/2024	Hearings on Aquarion Appeal
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	1/12/2024	Intervenor Testimony
OR	Portland General Electric Co.	POR	LC80	IRP	1/12/2024	Parties Comments on Staff Report
CA		CPUC	R2207005	Fixed Charges	1/15/2024	Proposed Decision
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	1/16/2024	Evidentiary Hearings Commence
SC	Duke Energy	DUK	2023-10-E/2023-8-E	Electric IRP	1/16/2024	Intervenor Testimony Due
OH	First Energy	FE	22-0704-EL-UNC	Electric	1/16/2024	Hearings Begin
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	1/17/2024	Filings of Stipulation
MI	Indiana Michigan Power Co	AEP	U21461	Electric	1/18/2024	Staff and Intervenor Testimony
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	1/18/2024	Hearing Examiner Report Due
OR	Portland General Electric Co.	POR	LC80	IRP	1/18/2024	Public Meeting
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	1/24/2024	Hearings Begin
OR	Portland General Electric Co.	POR	LC80	IRP	1/25/2024	Acknowledgement Meeting
MD	Potomac Electric Power Co.	EXC	C-9702	Electric	1/26/2024	Rebuttal Testimony
NC	Duke Energy	DUK	E-100 Sub 190	Carbon Plan	1/31/2024	Supplemental Testimony Due (Fall Load)
OR	Avista Corp.	AVA	LC81	IRP	2/1/2024	IRP Acknowledgement Special Meeting
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	2/1/2024	Comments to Hearing Examiner Report Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 2 - Comp Sheet

		Market Cap	Rating	Price	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Target	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	18.9	Sector Weight	NA	$74.05	3.4%	57%	4.41	4.72	5.01	16.8x	15.7x	14.8x	4.38	4.59	4.92	16.9x	16.1x	15.1x
AEP	American Electric Power Company In	42.2	Sector Weight	NA	$84.07	4.0%	64%	5.27	5.56	5.94	16.0x	15.1x	14.2x	5.28	5.60	5.96	15.9x	15.0x	14.1x
CMS	CMS Energy Corp	16.7	Overweight	$65	$59.34	3.3%	63%	3.05	3.34	3.73	19.5x	17.8x	15.9x	3.10	3.34	3.60	19.1x	17.8x	16.5x
CNP	CenterPoint Energy Inc	17.9	Overweight	$31	$29.24	2.6%	51%	1.50	1.62	1.72	19.5x	18.0x	17.0x	1.50	1.62	1.74	19.5x	18.0x	16.8x
D	Dominion Energy Inc	39.5	Sector Weight	NA	$49.04	5.4%	93%	2.72	3.00	3.43	18.0x	16.3x	14.3x	2.87	3.13	3.45	17.1x	15.7x	14.2x
DTE	DTE Energy Co	22.6	Overweight	$117	$110.65	3.5%	67%	5.81	6.75	7.31	19.0x	16.4x	15.1x	5.78	6.64	7.17	19.2x	16.7x	15.4x
DUK	Duke Energy Corp	73.7	Overweight	$107	$98.54	4.1%	73%	5.61	5.91	6.30	17.6x	16.7x	15.6x	5.60	5.97	6.33	17.6x	16.5x	15.6x
ETR	Entergy Corp	21.1	Overweight	$108	$103.94	4.2%	64%	6.71	7.20	7.70	15.5x	14.4x	13.5x	6.74	7.20	7.73	15.4x	14.4x	13.4x
ES	Eversource Energy	21.1	Sector Weight	NA	$62.07	4.4%	62%	4.35	4.59	4.87	14.3x	13.5x	12.7x	4.36	4.57	4.81	14.2x	13.6x	12.9x
ED	Consolidated Edison Inc	30.8	Sector Weight	NA	$93.52	3.5%	65%	5.07	5.24	5.57	18.4x	17.8x	16.8x	5.01	5.29	5.59	18.7x	17.7x	16.7x
EIX	Edison International	26.4	Sector Weight	NA	$72.57	4.1%	63%	4.72	5.09	5.59	15.4x	14.3x	13.0x	4.70	5.12	5.61	15.4x	14.2x	12.9x
EXC	Exelon Corp	34.7	Sector Weight	NA	$36.31	4.0%	62%	2.36	2.55	2.70	15.4x	14.2x	13.4x	2.36	2.44	2.66	15.4x	14.9x	13.6x
FE	FirstEnergy Corp	20.8	Overweight	$43	$38.13	4.1%	62%	2.56	2.63	2.85	14.9x	14.5x	13.4x	2.54	2.66	2.84	15.0x	14.4x	13.4x
PEG	Public Service Enterprise Group Inc	30.3	Sector Weight	NA	$61.73	3.7%	66%	3.48	3.69	4.01	17.7x	16.7x	15.4x	3.46	3.69	4.08	17.8x	16.7x	15.1x
SO	Southern Co	76.0	Sector Weight	NA	$71.61	3.9%	77%	3.56	4.02	4.29	20.1x	17.8x	16.7x	3.60	4.03	4.32	19.9x	17.8x	16.6x
WEC	WEC Energy Group Inc	25.8	Overweight	$95	$86.24	3.6%	68%	4.62	4.91	5.27	18.7x	17.6x	16.4x	4.61	4.91	5.25	18.7x	17.6x	16.4x
XEL	Xcel Energy Inc	33.8	Overweight	$68	$63.73	3.3%	62%	3.36	3.59	3.88	19.0x	17.8x	16.4x	3.36	3.58	3.84	19.0x	17.8x	16.6x
					Average:	**3.8%**	**66%**				**17.4x**	**16.2x**	**15.0x**				**17.3x**	**16.2x**	**15.0x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.7	Sector Weight	NA	$36.21	5.1%	81%	2.30	2.42	2.64	15.7x	15.0x	13.7x	2.28	2.42	2.57	15.9x	15.0x	14.1x
NWE	NorthWestern Corp	3.1	Sector Weight	NA	$50.77	5.0%	84%	3.04	3.49	3.73	16.7x	14.5x	13.6x	3.05	3.52	3.70	16.6x	14.4x	13.7x
OTTR	Otter Tail Corp	3.5	Sector Weight	NA	$83.94	2.1%	25%	6.85	4.37	3.62	12.3x	19.2x	23.2x	6.86	4.09	3.76	12.2x	20.5x	22.3x
PNW	Pinnacle West Capital Corp	8.0	Sector Weight	NA	$74.33	4.7%	82%	4.44	4.93	5.16	16.7x	15.1x	14.4x	4.25	4.89	5.12	17.5x	15.2x	14.5x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$44.01	4.3%	72%	2.55	2.96	3.19	17.3x	14.9x	13.8x	2.62	3.05	3.19	16.8x	14.4x	13.8x
					Average:	**4.2%**	**69%**				**15.7x**	**15.7x**	**15.7x**				**15.8x**	**15.9x**	**15.7x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	12.4	Sector Weight	NA	$33.86	5.2%	84%	2.13	2.32	2.46	15.9x	14.6x	13.8x	2.10	2.27	2.44	16.1x	14.9x	13.9x
NEE	Nextera Energy Inc	122.8	Sector Weight	NA	$62.08	3.0%	60%	3.16	3.38	3.53	19.6x	18.4x	17.6x	3.13	3.40	3.66	19.9x	18.3x	16.9x
SRE	Sempra	46.0	Sector Weight	NA	$76.43	3.1%	52%	4.59	4.85	5.13	16.7x	15.8x	14.9x	4.57	4.80	4.94	16.7x	15.9x	15.5x
					Average:	**3.8%**	**65%**				**17.4x**	**16.2x**	**15.4x**				**17.6x**	**16.4x**	**15.4x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	37.4	Sector Weight	NA	$116.24	1.0%	18%	3,949	4,067	3,946	11.4x	10.8x	10.9x	3,975	4,157	4,141	11.3x	10.6x	10.4x
NRG	NRG Energy Inc	11.1	Not Covered	NA	$51.73	3.0%	32%	NA	NA	NA	NA	NA	NA	3,137	3,282	3,281	6.3x	6.2x	4.3x
VST	Vistra Corp	13.4	Not Covered	NA	$38.59	2.2%	21%	NA	NA	NA	NA	NA	NA	3,978	4,361	4,345	6.7x	6.3x	6.0x
					Average:	**2.0%**	**24%**				**11.4x**	**10.8x**	**10.9x**				**8.1x**	**7.7x**	**6.9x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 3 - Stock Price Performance

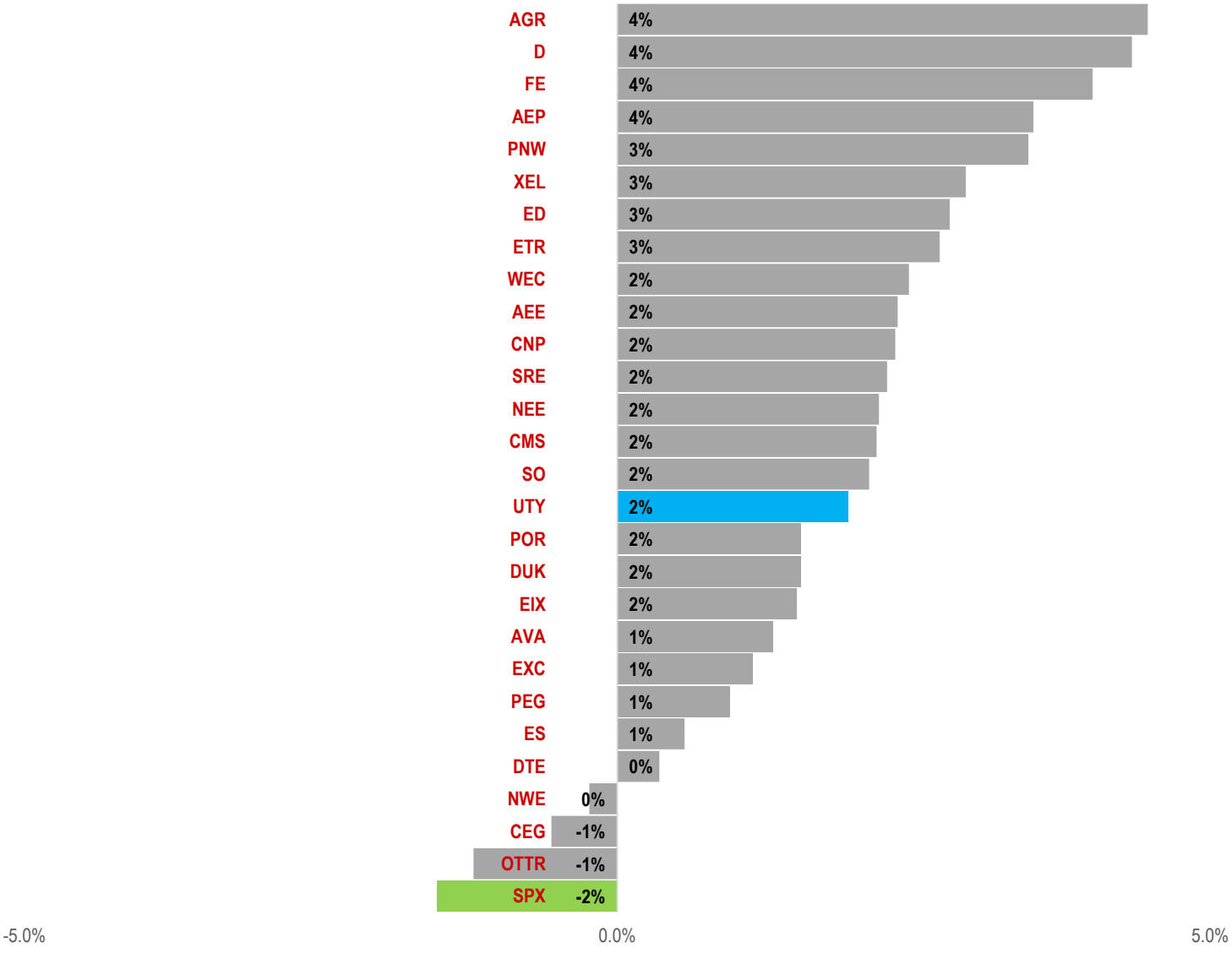

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

DUK: Positive Final Order Supports EPS Growth; Reiterate OW, PT $106

AEE: IL Going Rogue – Downgrading AEE to Sector Weight

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

AVA: Upgrading to SW on Valuation

NWE: Thesis Refresh; Maintain OW, $64 PT

Thematic Pieces

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

Utilities 2023 Sector Outlook: Everything Is Expensive

Alternative Energy 2023 Sector Outlook: Cleared for Takeoff

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	230	48.12	41	17.83
Sector Weight [SW]	244	51.05	42	17.21
Underweight [UW]	4	0.84	1	25.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	22	38.60	17	77.27
Sector Weight [SW]	35	61.40	14	40.00
Underweight [UW]	0	0.00	0	0.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

Exelon Corp

IL Overhang Likely Persists; Downgrade to Neutral

Equities

Americas

Electric Utilities

12-month rating	**Neutral**
	Prior : Buy
12m price target	**US$37.00**
	Prior : US$47.00
Price (29 Dec 2023)	**US$35.90**

RIC: EXC.O **BBG:** EXC US

Trading data and key metrics

52-wk range	US$44.15-34.45
Market cap.	US$35.8b
Shares o/s	997m (COM)
Free float	100%
Avg. daily volume ('000)	7,729
Avg. daily value (m)	US$294.1
Common s/h equity (12/23E)	US$25.9b
P/BV (12/23E)	1.4x
Net debt to EBITDA (12/23E)	5.8x

EPS (UBS, diluted) (US$)

	12/23E			
	From	To	% ch	Cons.
Q1	0.70	0.70	0	0.70
Q2	0.41	0.41	0	0.41
Q3	0.67	0.67	0	0.67
Q4E	0.58	0.58	0	0.58
12/23E	2.36	2.36	0	2.36
12/24E	2.54	2.45	-3	2.44
12/25E	2.77	2.64	-5	2.66

Ross Fowler, CFA
Analyst
ross.fowler@ubs.com
+1-212-713-1287

William Appicelli, CFA
Analyst
william.appicelli@ubs.com
+1-212-713 1414

ComEd Rate Case Outcome Clouds Long-Term Growth Rate

We downgrade shares of Exelon to Neutral from Buy given: 1) Lower expected earnings power for '24-'27E; 2) The actions taken by the Illinois Commerce Commission signal a material degradation of the regulatory environment, in our view. This results in us placing EXC in the 4th quartile for regulatory risk vs. 3rd previously; 3) The timeline for the grid plan re-filing will likely take all of 2024 before investors get a clear sense of the amount of capex and corresponding growth trajectory of ComEd's earnings through 2027, which we think presents a material overhang on valuation.

Earnings Outlook Lower; We Now See 6.1%EPS CAGR '23-'27E, down from 7.8%

Our revised '24-'27E EPS outlook is now $2.45/$2.64/$2.80/$3.00 vs. our prior forecast of $2.54/$2.77/$2.96/$3.19. This reflects a flat rate base at YE'22 actuals for the distribution segment of ComEd through 2027. The earnings outlook could be helped by 4-5c with the update to actual 2023 rate base vs. 2022 (+$950mm), which will happen with a filing in April and a decision likely in November. The re-filing of the grid plan could restore a large portion of the capex and rate base growth that EXC's original plan called for, but we believe clarity is likely 12 months away. EXC's stated EPS growth rate has been 6-8% through 2026, but per the 8k from 12/18/23, the company is evaluating the impact of this order and will provide an update on the Q4 call in February. We now see EPS growth at the low end of the range.

What's Next? Appeals, Possible Legal Challenges and Grid Re-Filing

EXC's ComEd filed a request for re-hearing on 12/22/23 focusing on: 1) the ROE determination process being inconsistent with precedent; 2) EXC believes the authorized capital structure should reflect the actual capital structure under the CEJA law; 3) the company believes it should be allowed a debt return on the pension assets, as has been the practice for 20 years. The ICC has 20 days to respond, after which EXC could potentially pursue a legal path. The order by the commission requires a re-filing of the grid plan by March 14th, which is separate from the appeal process. The hearings on this re-filing are likely to take the rest of 2024 or into 2025 to be resolved, in our view. Parties may also seek a legislative solution this spring in IL.

Valuation: Lowering Target Price to $37 From $47

Our new PT reflects a 6% discount to the avg P/E or 14.0x our new '25E EPS of $2.64. The 6% discount reflects a 5% premium for undervaluation vs. the market, -4 % for 4th quartile EPS growth (down from +2%), -9% for 4th quartile regulation (down from -3%), +5% for energy transition premium and -3% for pricing power discount.

Highlights (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenues	15,436	17,938	19,078	18,406	18,799	19,329	19,907	20,499
EBIT (UBS)	2,554	2,682	3,315	3,902	4,018	4,255	4,536	4,835
Net earnings (UBS)	1,740	1,791	2,239	2,353	2,455	2,648	2,815	3,039
EPS (UBS, diluted) (US$)	1.78	1.83	2.27	2.36	2.45	2.64	2.80	3.00
DPS (net) (US$)	1.16	1.35	1.35	1.44	1.55	1.67	1.79	1.91
Net (debt) / cash	(31,684)	(33,868)	(38,960)	(43,038)	(45,071)	(47,204)	(49,080)	(50,620)
Profitability/valuation	**12/20**	**12/21**	**12/22**	**12/23E**	**12/24E**	**12/25E**	**12/26E**	**12/27E**
EBIT (UBS) margin %	16.5	15.0	17.4	21.2	21.4	22.0	22.8	23.6
ROIC (EBIT) %	4.7	4.2	4.8	5.7	5.6	5.7	5.8	5.9
EV/EBITDA (UBS core) x	13.5	14.4	11.8	9.4	9.0	8.5	8.0	9.3
P/E (UBS, diluted) x	22.4	25.7	19.7	15.2	14.6	13.6	12.8	12.0
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(8.1)	(1.6)	(1.5)	(0.9)	0.4
Dividend yield (net) %	2.9	2.9	3.0	4.0	4.3	4.7	5.0	5.3

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 35.90 on 29-Dec-2023

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 10.** UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: What is the longer term earnings power?
The company will address '24 earnings and the longer term outlook on the February '24 call. However, the longer term capital expenditure outlook at ComEd won't be known until late in '24. Our revised outlook reflects a ~6% EPS CAGR through 2027E (down from close to 8%), which we believe means management is likely to guide to the low end of the 6-8% EPS guidance range, lower the range, or remove it until they have better clarity in Illinois.

Q: How should Illinois be viewed as a regulatory jurisdiction?
We now see Illinois as a Tier 4 regulatory jurisdiction, down from Tier 2, placing it in the lowest quartile. The ICC decision to reject the grid filing on 12/14/23 was a meaningful departure from any of the intervenor positions in the case, and the authorized ROE of 8.905% for EXC and 8.72% for AEE are the lowest levels we've seen all year from any state commission.

Q: What offsets can Exelon employ to mitigate the impact of the IL decision?
We believe the company may reduce the capital expenditure profile at ComEd and look to redeploy capital elsewhere. It will also likely consider O&M reductions. We believe the message needs to be sent to policy makers that these type of regulatory actions have consequences regarding where and how both companies and investors allocate capital.

UBS VIEW

We downgrade EXC to Neutral from Buy as our prior thesis was predicated on a reasonable outcome in the Illinois rate case, clearing the way for multiple years of of regulatory certainty and the company's ability to then grow earnings at close to 8.0%. This thesis is no longer intact given the uncertainty around earnings growth and elongated timeline for final resolution created by the regulatory actions in IL.

EVIDENCE

The ICC's regulatory decision granted a very low ROE and rejected EXC's multi-year grid plan that had been developed over a two year stakeholder process. This outcome calls into question the views regulators and policy makers may hold on the role of utilities under the Climate and Equitable Jobs Act (CEJA) that created the multi-year grid plan framework. This decision has created tremendous uncertainty and drove the stock to underperform peers by ~875bps. See our note from when the order was issued here.

WHAT'S PRICED IN?

The stock is trading at 9% discount on our new 2025E EPS of $2.64, pricing in modest discount for an EPS growth range of ~5-6% and a ~7% discount for regulatory uncertainty.

UPSIDE/DOWNSIDE SPECTRUM

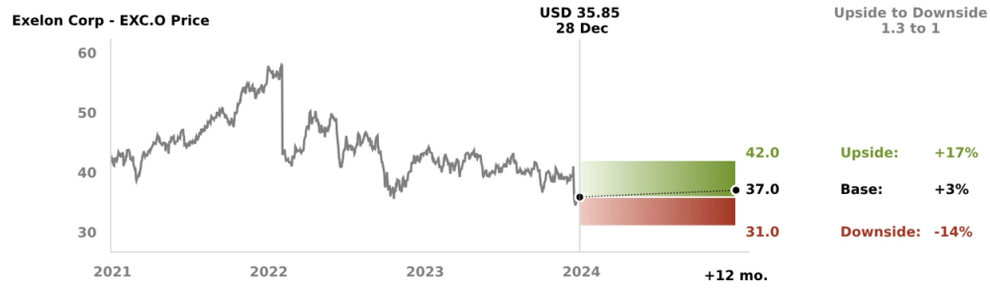

Value drivers	EPS Growth Prem/ Discount	Regulatory Prem/ Discount	Energy Transition Premium	Pricing Power Discount	Total Prem/ Discount
$42 upside	+2.0%	-3.0%	+5.0%	-3.0%	+6.0%
$37 base	-4.0%	-9.0%	+5.0%	-3.0%	-6.0%
$31 downside	-4.0%	-9.0%	0.0%	-3.0%	-11.0%

Source: UBS Estimates; Each case includes +5% for sector undervaluation vs. the market

COMPANY DESCRIPTION

Exelon Corp. is a utility services holding company, which engages in the energy distribution and transmission businesses. It operates through the following segments: Commonwealth Edison Company (ComEd), PECO Energy Company (PECO), Baltimore Gas and Electric Company (BGE), Potomac Electric Power Company (Pepco), Delmarva Power & Light Company (DPL), and Atlantic City Electric Company (ACE). The company was founded in February 1999 and is headquartered in Chicago, IL.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

PIVOTAL QUESTIONS

Q: What is the long-term earnings power for EXC?

UBS VIEW

The company will address '24 earnings and the longer term outlook on the February '24 call. However, the longer term capital expenditure outlook at ComEd won't be known until late in '24. Our revised outlook reflects a ~6% EPS CAGR through 2027E (down from close to 8%), which we believe means management is likely to guide to the low end of the 6-8% EPS guidance range, lower the range, or remove it until they have better clarity in Illinois.

The ComEd distribution rate base is roughly 27% of the total rate base for Exelon. We believe the company will likely pursue allocating capital to other jurisdictions in an effort to mitigate the impact to the overall growth trajectory. The company received a reasonable outcome in its BG&E rate case on 12/14/23, being awarded an ROE of 9.5% for electric and 9.45% for gas (vs. 9.5%/9.65% previously) and 68% of the revenue increase it sought or $408mm. We expect the company to highlight this outcome and investment opportunities including ~$1.6bn of FERC transmission projects it has recently secured from PJM within the BG&E footprint that are outside of the current capital plan.

We believe there will now be increased focus and investor attention on the PECO rate case filing in Pennsylvania next year. The PECO earned returns have historically been quite strong and the relative importance of that case has now increased given the outcome in Illinois. We view Pennsylvania regulation favorably and assign a Tier 1 ranking, but we believe all regulatory processes are being increasingly scrutinized by investors at this point.

EVIDENCE

The ICC's regulatory decision granted a very low ROE and rejected EXC's multi-year grid plan that had been developed over a two year stakeholder process. This outcome calls into question the views regulators and policy makers may hold on the role of utilities under the Climate and Equitable Jobs Act (CEJA) that created the multi-year grid plan framework. This created tremendous uncertainty and drove the stock to underperform peers by 875bps.

WHAT´S PRICED IN?

The stock is trading at 9% discount on our new 2025E EPS of $2.64, pricing in modest discount for an EPS growth range of ~5-6% and a ~7% discount for regulatory uncertainty.

The regulatory outcome in Illinois seemed very disappointing for investors. The multi-year grid plan EXC had put forth was done in accordance with the Climate and Equitable Jobs Act of 2021, which was designed to transition the state's electric utilities from the formula rate plans they had operated under for over a decade. This was a multi-year process with numerous stakeholders, which made it more surprising when the ICC decided to reject the plan outright. It remains unclear what drove this outcome and whether Exelon's prior legal issues played a role (see note here: Agreement Reached with DOJ).

Figure 1: ComEd Rate Case Positions

	Rate Base				Revenue				Equity Ratio				ROE			
	EXC	Staff	ALJ	Final	EXC	Staff	ALJ	Final	EXC	Staff	ALJ	Final	EXC	Staff	ALJ	Final
2024	15,417	15,337	15,320	13,756	980	719	759	450	50.58%	50.00%	50.00%	50.00%	10.50%	8.91%	9.28%	8.91%
2025	16,486	16,219	16,304	13,756	179	125	152	17	50.81%	50.00%	50.00%	50.00%	10.55%	Formula	9.28%	8.91%
2026	17,560	16,978	17,163	13,756	189	118	130	7	51.03%	50.00%	50.00%	50.00%	10.60%	Formula	9.28%	8.91%
2027	18,715	17,680	17,984	13,756	202	114	133	31	51.19%	50.00%	50.00%	50.00%	10.65%	Formula	9.28%	8.91%
Total					1,550	1,076	1,175	506								

Source: Company Reports, Illinois Commerce Commission Filings; "Formula" refers to Staff's recommendation to continue ROE set on average 30 yr treasury yield plus 580bps.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

Figure 2: Earnings Per Share Changes

	2023E	2024E	2025E	2026E	2027E
PRIOR EPS	$2.36	$2.54	$2.77	$2.96	$3.19
CURRENT EPS	$2.36	$2.45	$2.64	$2.80	$3.00

Source: UBS Estimates

Figure 3: EXC Price Target Valuation Changes

	PRIOR	CURRENT
ADJUSTED EPS	$2.77	$2.64
Regulated Utility Multiple	16.0x	14.9x
Group vs. Baa Corp Bonds Prem./Disc.	5%	5%
EPS Growth Prem./Disc.	2%	-4%
Regulatory Rank Prem./Disc.	-3%	-9%
ESG Premium	5%	5%
Pricing Power Discount	-3%	-3%
TOTAL PREMIUM/DISCOUNT	6.0%	-6.0%
Valuation Multiple Inc. Prem/Disc.	17.0x	14.0x
VALUE PER SHARE	**$ 47.00**	**$ 37.00**

Source: UBS Research estimates

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	EPS Growth Prem/Discount	Regulatory Prem/Discount	Energy Transition Premium	Pricing Power Discount	Total Prem/ Discount
$42 upside	+2.0%	-3.0%	+5.0%	-3.0%	+6.0%
$37 base	-4.0%	-9.0%	+5.0%	-3.0%	-6.0%
$31 downside	-4.0%	-9.0%	0.0%	-3.0%	-11.0%

Source: UBS Estimates; Each case includes +5% for sector undervaluation vs. the market

Risk to the current share price is skewed 1.3:1 to the upside

UPSIDE ($42): Our upside case reflects the grid re-filing restoring the bulk of the ComEd capex and pushes earnings growth up to ~7%, warranting a +2.0% EPS growth premium. The regulatory discount improves to -3% while the energy transition premium of +5% and pricing power discount of -3% are maintained. After including the +5% for sector undervaluation vs. the market, the total premium is +6% on '25 upside earnings of $2.70.

BASE ($37): Our base case reflects a 6% discount to the avg P/E or 14.0x our new '25E EPS of $2.64. The 6% discount reflects a 5% premium for undervaluation vs. the market, -4 % for 4th quartile EPS growth (down from +2%), -9% for 4th quartile regulation (down from -3%), +5% for energy transition premium and -3% for pricing power discount.

DOWNSIDE ($31): Our downside case reflects no additional improvement in the grid re-filing and roughly flat earnings growth through 2025. We remove the 5% energy transition premium for a total discount of 11%.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

Exelon Corp (EXC.O)

Income Statement (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Revenues	**15,436**	**17,938**	**19,078**	**18,406**	*-3.5*	**18,799**	*2.1*	**19,329**	**19,907**	**20,499**
Gross profit	9,715	11,554	12,703	12,031	*-5.3*	12,424	*3.3*	12,954	13,532	14,124
EBITDA (UBS)	**5,445**	**5,715**	**6,640**	**7,466**	*12.4*	**7,808**	*4.6*	**8,284**	**8,811**	**9,356**
Depreciation & amortisation	(2,891)	(3,033)	(3,325)	(3,563)	*-7.2*	(3,790)	*-6.4*	(4,029)	(4,275)	(4,521)
EBIT (UBS)	**2,554**	**2,682**	**3,315**	**3,902**	*17.7*	**4,018**	*3.0*	**4,255**	**4,536**	**4,835**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	597	261	535	535	*0.0*	584	*9.2*	584	584	584
Net interest	(1,278)	(1,289)	(1,447)	(1,464)	*-1.2*	(1,503)	*-2.7*	(1,513)	(1,578)	(1,600)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**1,873**	**1,654**	**2,403**	**2,973**	*23.7*	**3,098**	*4.2*	**3,325**	**3,542**	**3,819**
Tax	(118)	(38)	(349)	(619)	*-77.5*	(644)	*-3.9*	(677)	(727)	(780)
Profit after tax	**1,755**	**1,616**	**2,054**	**2,353**	*14.6*	**2,455**	*4.3*	**2,648**	**2,815**	**3,039**
Preference dividends	(9)	0	0	0	-	0	-	0	0	0
Minorities	(6)	175	185	0	-	0	-	0	0	0
Extraordinary items	(352)	(175)	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,388**	**1,616**	**2,239**	**2,353**	*5.1*	**2,455**	*4.3*	**2,648**	**2,815**	**3,039**
Net earnings (UBS)	**1,740**	**1,791**	**2,239**	**2,353**	*5.1*	**2,455**	*4.3*	**2,648**	**2,815**	**3,039**
Tax rate (%)	6.3	2.3	14.5	20.8	*43.5*	20.8	*-0.3*	20.4	20.5	20.4

Per Share (US$)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
EPS (UBS, diluted)	1.78	1.83	2.27	2.36	*4.1*	2.45	*3.9*	2.64	2.80	3.00
EPS (local GAAP, diluted)	1.42	1.65	2.27	2.36	*4.1*	2.45	*3.9*	2.64	2.80	3.00
EPS (UBS, basic)	1.78	1.83	2.27	2.36	*4.1*	2.46	*3.9*	2.64	2.80	3.01
DPS (net) (US$)	1.16	1.35	1.35	1.44	*6.7*	1.55	*7.6*	1.67	1.79	1.91
Cash EPS (UBS, diluted) [1]	4.74	4.92	5.64	5.94	*5.3*	6.24	*5.1*	6.66	7.05	7.47
Book value per share	20.66	35.09	24.89	26.03	*4.6*	26.93	*3.5*	27.93	29.08	30.26
Average shares (diluted)	977	980	987	996	*0.9*	1,000	*0.4*	1,002	1,006	1,012

Balance Sheet (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Cash and equivalents	437	672	1,090	885	*-18.8*	27	*-97.0*	344	6	116
Other current assets	5,178	13,285	6,246	7,411	*18.7*	7,520	*1.5*	7,668	7,829	7,994
Total current assets	**5,615**	**13,957**	**7,336**	**8,296**	*13.1*	**7,547**	*-9.0*	**8,011**	**7,835**	**8,110**
Net tangible fixed assets	60,370	64,558	69,076	72,663	*5.2*	75,673	*4.1*	78,819	81,919	84,773
Net intangible fixed assets	6,630	6,630	6,630	6,630	*0.0*	6,630	*0.0*	6,630	6,630	6,630
Investments / other assets	8,608	47,868	12,307	12,307	*0.0*	12,307	*0.0*	12,307	12,307	12,307
Total assets	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,157**	*2.3*	**105,767**	**108,690**	**111,820**
Trade payables & other ST liabilities	5,019	12,710	6,223	5,727	*-8.0*	5,810	*1.4*	5,920	6,041	6,165
Short term debt	2,813	3,401	4,388	3,386	*-22.8*	2,736	*-19.2*	4,743	2,936	3,136
Total current liabilities	**7,832**	**16,111**	**10,611**	**9,113**	*-14.1*	**8,546**	*-6.2*	**10,663**	**8,977**	**9,301**
Long term debt	29,308	31,139	35,662	40,537	*13.7*	42,362	*4.5*	42,805	46,150	47,600
Other long term liabilities	23,886	50,968	24,332	24,332	*0.0*	24,332	*0.0*	24,332	24,332	24,332
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**61,026**	**98,218**	**70,605**	**73,982**	*4.8*	**75,240**	*1.7*	**77,800**	**79,459**	**81,233**
Common s/h equity	**20,186**	**34,393**	**24,744**	**25,913**	*4.7*	**26,917**	*3.9*	**27,967**	**29,231**	**30,587**
Minority interests	11	402	0	0	-	0	-	0	0	0
Total liabilities & equity	**81,223**	**133,013**	**95,349**	**99,895**	*4.8*	**102,157**	*2.3*	**105,767**	**108,690**	**111,820**

Cash Flow (US$m)	12/20	12/21	12/22	12/23E	%ch	12/24E	%ch	12/25E	12/26E	12/27E
Net income (before pref divs)	1,397	1,616	2,239	2,353	*5.1*	2,455	*4.3*	2,648	2,815	3,039
Depreciation & amortisation	2,891	3,033	3,325	3,563	*7.2*	3,790	*6.4*	4,029	4,275	4,521
Net change in working capital	(246)	(816)	1,184	(1,660)	-	(27)	*98.4*	(37)	(40)	(41)
Other operating	(588)	(821)	(1,878)	0	-	0	-	0	0	0
Operating cash flow	**3,454**	**3,012**	**4,870**	**4,256**	*-12.6*	**6,218**	*46.1*	**6,641**	**7,050**	**7,518**
Tangible capital expenditure	(6,301)	(7,981)	(7,147)	(7,150)	*0.0*	(6,800)	*4.9*	(7,175)	(7,375)	(7,375)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	877	16	0	-	0	-	0	0	0
Other investing	7	3,787	141	0	-	0	-	0	0	0
Investing cash flow	**(6,294)**	**(3,317)**	**(6,990)**	**(7,150)**	*-2.3*	**(6,800)**	*4.9*	**(7,175)**	**(7,375)**	**(7,375)**
Equity dividends paid	(1,486)	(1,497)	(1,334)	(1,435)	*-7.5*	(1,551)	*-8.1*	(1,674)	(1,801)	(1,933)
Share issues / (buybacks)	0	0	563	250	*-55.6*	100	*-60.0*	75	250	250
Other financing	1,629	(885)	(2,660)	0	-	0	-	0	0	0
Change in debt & pref shares	2,602	3,140	5,022	3,873	*-22.9*	1,175	*-69.7*	2,450	1,538	1,650
Financing cash flow	**2,745**	**758**	**1,591**	**2,688**	*69.0*	**(276)**	-	**851**	**(13)**	**(33)**
Cash flow inc/(dec) in cash	**(95)**	**453**	**(529)**	**(205)**	*61.2*	**(858)**	*-317.8*	**317**	**(338)**	**111**
FX / non cash items	0	(218)	947	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(95)**	**235**	**418**	**(205)**	-	**(858)**	*-317.8*	**317**	**(338)**	**111**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

Exelon Corp (EXC.O)

Valuation (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
P/E (local GAAP, diluted)	28.1	28.5	19.7	15.2	14.6	13.6	12.8	12.0
P/E (UBS, diluted)	22.4	25.7	19.7	15.2	14.6	13.6	12.8	12.0
P/CEPS	8.4	9.5	7.9	6.0	5.7	5.4	5.1	4.8
Equity FCF (UBS) yield %	(7.3)	(10.8)	(5.2)	(8.1)	(1.6)	(1.5)	(0.9)	0.4
Dividend yield (net) %	2.9	2.9	3.0	4.0	4.3	4.7	5.0	5.3
P/BV	1.9	1.3	1.8	1.4	1.3	1.3	1.2	1.2
EV/revenues (core)	4.8	4.6	4.1	3.8	3.7	3.6	3.5	4.3
EV/EBITDA (UBS core)	13.5	14.4	11.8	9.4	9.0	8.5	8.0	9.3
EV/EBIT (core)	28.9	30.6	23.6	18.0	17.5	16.5	15.5	18.0
EV/OpFCF (core)	28.9	30.6	23.6	18.0	17.5	16.5	15.5	18.0
EV/op. invested capital	1.4	1.3	1.1	1.0	1.0	0.9	0.9	1.1

Enterprise value (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Market cap.	38,844	45,975	43,902	35,792	35,792	35,792	35,792	35,792
Net debt (cash)	30,329	32,776	32,776	32,776	32,776	32,776	32,776	49,850
Buy out of minorities	11	402	0	0	0	0	0	0
Pension provisions/other	4,503	2,862	1,616	1,616	1,616	1,616	1,616	1,616
Total enterprise value	**73,687**	**82,015**	**78,294**	**70,184**	**70,184**	**70,184**	**70,184**	**87,258**
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	**73,687**	**82,015**	**78,294**	**70,184**	**70,184**	**70,184**	**70,184**	**87,258**

Growth (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Revenue	(0.5)	16.2	6.4	(3.5)	2.1	2.8	3.0	3.0
EBITDA (UBS)	(5.5)	5.0	16.2	12.4	4.6	6.1	6.4	6.2
EBIT (UBS)	(16.2)	5.0	23.6	17.7	3.0	5.9	6.6	6.6
EPS (UBS, diluted)	(7.1)	2.6	24.1	4.1	3.9	7.7	5.9	7.3
Net DPS	(7.1)	16.6	0.0	6.7	7.6	7.7	7.2	6.7

Margins & Profitability (%)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Gross profit margin	62.9	64.4	66.6	65.4	66.1	67.0	68.0	68.9
EBITDA margin	35.3	31.9	34.8	40.6	41.5	42.9	44.3	45.6
EBIT (UBS) margin	16.5	15.0	17.4	21.2	21.4	22.0	22.8	23.6
Net earnings (UBS) margin	11.3	10.0	11.7	12.8	13.1	13.7	14.1	14.8
ROIC (EBIT)	4.7	4.2	4.8	5.7	5.6	5.7	5.8	5.9
ROIC post tax	4.4	4.1	4.1	4.5	4.4	4.5	4.6	4.7
ROE (UBS)	8.9	6.6	7.6	9.3	9.3	9.7	9.8	10.2

Capital structure & Coverage (x)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Net debt / EBITDA	5.8	5.9	5.9	5.8	5.8	5.7	5.6	5.4
Net debt / total equity %	156.9	97.3	157.5	166.1	167.4	168.8	167.9	165.5
Net debt / (net debt + total equity) %	61.1	49.3	61.2	62.4	62.6	62.8	62.7	62.3
Net debt/EV %	41.2	40.0	46.5	58.4	62.8	65.7	68.6	57.1
Capex / depreciation %	NM	NM	NM	NM	179.4	178.1	172.5	163.1
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	2.0	2.1	2.3	2.7	2.7	2.8	2.9	3.0
Dividend cover (UBS)	1.5	1.4	1.7	1.6	1.6	1.6	1.6	1.6
Div. payout ratio (UBS) %	64.9	73.8	59.5	60.9	63.1	63.1	63.9	63.5

Revenues by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	15,436	17,938	19,078	18,406	18,799	19,329	19,907	20,499
Total	**15,436**	**17,938**	**19,078**	**18,406**	**18,799**	**19,329**	**19,907**	**20,499**

EBIT (UBS) by division (US$m)	12/20	12/21	12/22	12/23E	12/24E	12/25E	12/26E	12/27E
Others	2,554	2,682	3,315	3,902	4,018	4,255	4,536	4,835
Total	**2,554**	**2,682**	**3,315**	**3,902**	**4,018**	**4,255**	**4,536**	**4,835**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

Forecast returns

Forecast price appreciation	3.1%
Forecast dividend yield	4.3%
Forecast stock return	7.4%
Market return assumption	9.2%
Forecast excess return	-1.9%

Company Description

Exelon owns six regulated utility subsidiaries: Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and the Pepco Subsidiaries, which deliver electricity and natural gas to about 10m customers in Delaware, Washington DC, Illinois, Maryland, New Jersey, and Pennsylvania.

Valuation Method and Risk Statement

Our valuation methodology for the group is price to earnings based. The adjustments applied fall into 5 categories. These are as follows: 1) Group Valuation Bias: Flowing from our valuation work comparing Baa corporate yields to group dividend yields and RU price to earnings ratios to those for the S&P 500, we incorporate a positive or negative adjustment to our group multiple representing the gap we calculate to the nearest 5%; 2) Growth Adjustment: We adjust our valuations based on the growth quartile each utility occupies. First quartile receives a 5% premium, second quartile a 2% premium, third quartile a 2% discount and fourth quartile a 5% discount; 3) Regulatory Adjustment: Our valuation adjustments for regulation are based on our proprietary Regulatory Rankings. First quartile jurisdictions receive 5%, second quartile 2%, third quartile -2% and fourth quartile -5%; 5) Multi Utility Diversified Valuation: For multi utilities (those with more than 15% diversified or foreign earnings), we perform a sum-of-parts analysis applying business/region appropriate valuations to those diversified businesses; 6) One-off Adjustments: In special situations, we value risk on an issue specific basis. Common areas where we apply such an adjustment include: ESG advantage, large project construction risk, legal risk, and announced M&A completion risk.

Our new PT of $37 reflects a 6% discount to the avg P/E or 14.0x our new '25 EPS of $2.64. The 6% discount reflects a 5% premium for undervaluation vs. the market, -4 % for 4th quartile EPS growth (down from +2%) -9% for 4th quartile regulation (down from -3%), +5% for energy transition premium and -3% for pricing power discount. Specific risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Specific upside and downside risks for Exelon include regulatory risks at the utilities, weather, and interest rates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Exelon Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	1
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

Required Disclosures

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

For information on the ways in which UBS manages conflicts and maintains independence of its UBS Global Research product; historical performance information; certain additional disclosures concerning UBS Global Research recommendations; and terms and conditions for certain third party data used in research report, please visit https://www.ubs.com/disclosures. Unless otherwise indicated, information and data in this report are based on company disclosures including but not limited to annual, interim, quarterly reports and other company announcements. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request. UBS Securities Co. Limited is licensed to conduct securities investment consultancy businesses by the China Securities Regulatory Commission. UBS acts or may act as principal in the debt securities (or in related derivatives) that may be the subject of this report. This recommendation was finalized on: 02 January 2024 01:12 AM GMT. UBS has designated certain UBS Global Research department members as Derivatives Research Analysts where those department members publish research principally on the analysis of the price or market for a derivative, and provide information reasonably sufficient upon which to base a decision to enter into a derivatives transaction. Where Derivatives Research Analysts co-author research reports with Equity Research Analysts or Economists, the Derivatives Research Analyst is responsible for the derivatives investment views, forecasts, and/or recommendations. **Quantitative Research Review:** UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For the latest responses, please see the Quantitative Research Review Addendum at the back of this report, where applicable. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research team on the email above.

Analyst Certification:
Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	40%
Neutral	FSR is between -6% and 6% of the MRA.	38%	42%
Sell	FSR is > 6% below the MRA.	9%	40%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 September 2023.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES: UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; **Neutral:** Neutral on factors such as structure, management, performance record, discount; **Sell:** Negative on factors such as structure, management, performance record, discount. **Core Banding Exceptions (CBE):** Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/ qualified as research analysts with FINRA. Such analysts may not be associated persons of UBS Securities LLC and therefore are not subject to the FINRA restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities LLC: Ross Fowler, CFA, William Appicelli, CFA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Exelon Corp[2,4,5,16,7,6a,6b]	EXC.O	Buy (UR)	US$35.90	29 Dec 2023

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

2. UBS has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
4. Within the past 12 months, UBS has received compensation for investment banking services from this company/ entity or one of its affiliates.
5. UBS expects to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
7. Within the past 12 months, UBS has received compensation for products and services other than investment banking services from this company/entity.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report. For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

Exelon Corp (US$)

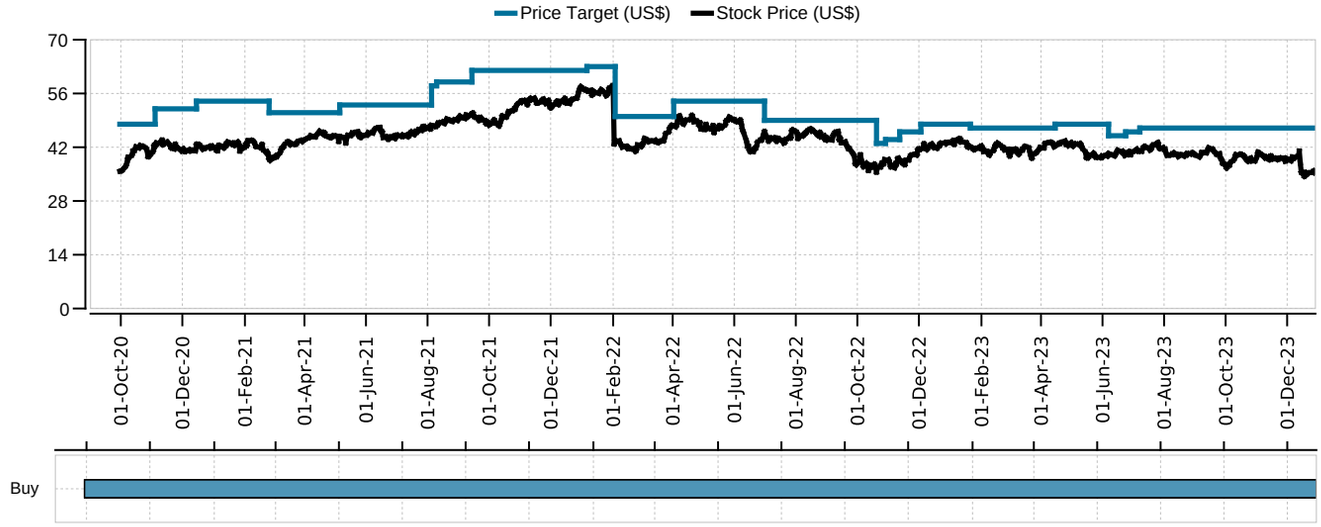

Date	Stock Price (US$)	Price Target (US$)	Rating
2020-09-29	35.32	48.00	Buy
2020-11-03	42.47	52.00	Buy
2020-12-14	41.06	54.00	Buy
2021-02-24	40.19	51.00	Buy
2021-05-05	43.53	53.00	Buy
2021-08-04	46.77	58.00	Buy
2021-08-09	47.43	59.00	Buy
2021-09-13	50.56	62.00	Buy
2022-01-05	56.97	63.00	Buy
2022-02-02	42.86	50.00	Buy
2022-04-01	47.66	54.00	Buy
2022-06-30	45.32	49.00	Buy
2022-10-19	36.85	43.00	Buy
2022-10-28	38.76	44.00	Buy
2022-11-11	39.11	46.00	Buy
2022-12-02	41.45	48.00	Buy
2023-01-20	42.34	47.00	Buy
2023-04-14	42.13	48.00	Buy
2023-06-06	39.75	45.00	Buy
2023-06-23	39.87	46.00	Buy
2023-07-07	40.96	47.00	Buy

Source: UBS Global Research; LSEG Eikon as of 29-Dec-2023. All prices as of local market close. Ratings as of date shown.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

The Disclaimer relevant to Global Wealth Management clients follows the Global Disclaimer. The Disclaimer relevant to Credit Suisse Wealth Management follows the Global Wealth Management Disclaimer.

UBS Global Research Disclaimer

This document has been prepared by UBS Securities LLC, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates, including Credit Suisse AG and its subsidiaries, branches and affiliates are referred to herein as "UBS".

Any opinions expressed in this document may change without notice and are only current as of the date of publication. Different areas, groups, and personnel within UBS may produce and distribute separate research products independently of each other. For example, research publications from **UBS CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. Research methodologies and rating systems of each separate research organization may differ, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

This document is provided solely to recipients who are expressly authorized by UBS to receive it. If you are not so authorized you must immediately destroy the document.

UBS Global Research is provided to our clients through UBS Neo, and in certain instances, UBS.com and any other system or distribution method specifically identified in one or more communications distributed through UBS Neo or UBS.com (each a system) as an approved means for distributing UBS Global Research. It may also be made available through third party vendors and distributed by UBS and/or third parties via e-mail or alternative electronic means.

All UBS Global Research is available on UBS Neo. Please contact your UBS sales representative if you wish to discuss your access to UBS Neo. Where UBS Global Research refers to "UBS Evidence Lab Inside" or has made use of data provided by UBS Evidence Lab and you would like to access that data please contact your UBS sales representative. UBS Evidence Lab data is available on UBS Neo. The level and types of services provided by UBS Global Research and UBS Evidence Lab to a client may vary depending upon various factors such as a client's individual preferences as to the frequency and manner of receiving communications, a client's risk profile and investment focus and perspective (e.g., market wide, sector specific, long-term, short-term, etc.), the size and scope of the overall client relationship with UBS Global Research and UBS Evidence Lab and legal and regulatory constraints.

When you receive UBS Global Research through a system, your access and/or use of such UBS Global Research is subject to this UBS Global Research Disclaimer and to the UBS Neo Platform Use Agreement (the "Neo Terms") together with any other relevant terms of use governing the applicable System.

When you receive UBS Global Research via a third party vendor, e-mail or other electronic means, you agree that use shall be subject to this UBS Global Research Disclaimer, the Neo Terms and where applicable the UBS Investment Bank terms of business (https://www.ubs.com/global/en/investment-bank/regulatory.html) and to UBS's Terms of Use/Disclaimer (https://www.ubs.com/global/en/legalinfo2/disclaimer.html). In addition, you consent to UBS processing your personal data and using cookies in accordance with our Privacy Statement (https://www.ubs.com/global/en/legalinfo2/privacy.html) and cookie notice (https://www.ubs.com/global/en/legal/privacy/users.html).

If you receive UBS Global Research, whether through a System or by any other means, you agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research provided via UBS Global Research or otherwise, and that you shall not extract data from any research or estimates provided to you via UBS Global Research or otherwise, without the prior written consent of UBS.

In certain circumstances (including for example, if you are an academic or a member of the media) you may receive UBS Global Research otherwise than in the capacity of a client of UBS and you understand and agree that (i) the UBS Global Research is provided to you for information purposes only; (ii) for the purposes of receiving it you are not intended to be and will not be treated as a "client" of UBS for any legal or regulatory purpose; (iii) the UBS Global Research must not be relied on or acted upon for any purpose; and (iv) such content is subject to the relevant disclaimers that follow.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is a general communication and is educational in nature; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. The recipient should carefully read this document in its entirety and not draw inferences or conclusions from the rating alone. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, structured derivative products and futures (including OTC derivatives) are not suitable for all investors. Trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "The Characteristics and Risks of Standardized Options." You may read the document at https://www.theocc.com/publications/risks/riskchap1.jsp or ask your salesperson for a copy. Various theoretical explanations of the risks associated with these instruments have been published. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be supplied upon request. Past performance is not necessarily indicative of future results. Transaction costs may be significant in option strategies calling for multiple purchases and sales of options, such as spreads and straddles. Because of the importance of tax considerations to many options transactions, the investor considering options should consult with his/her tax advisor as to how taxes affect the outcome of contemplated options transactions.

Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the Information.

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes:

(i) valuation or accounting purposes;

(ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or

(iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS Global Research manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS Global Research recommendations, please visit https://www.ubs.com/disclosures.

UBS Global Research will initiate, update and cease coverage solely at the discretion of UBS Global Research Management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. All material information in relation to published research reports, such as valuation methodology, risk statements, underlying assumptions (including sensitivity analysis of those assumptions), ratings history etc. as required by the Market Abuse Regulation, can be found on UBS Neo. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by UBS Global Research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms under English law or, if not carried out by UBS in the UK the law of the relevant jurisdiction in which UBS determines it carries out the activity) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Within the past 12 months UBS may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

United Kingdom: This material is distributed by UBS AG, London Branch to persons who are eligible counterparties or professional clients. UBS AG, London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. **Europe:** Except as otherwise specified herein, these materials are distributed by UBS Europe SE, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) Rules and according to MIFID) and are only available to such persons. The information does not apply to, and should not be relied upon by, retail clients. UBS Europe SE is authorised by the European Central Bank (ECB) and regulated by the BaFin and the ECB. **Germany, Luxembourg, the Netherlands, Belgium and Ireland:** Where an analyst of UBS Europe SE has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE. In all cases it is distributed by UBS Europe SE and UBS AG, London Branch. **Turkey:** Distributed by UBS AG, London Branch. No information in this document is provided for the purpose of offering, marketing and sale by any means of any capital market instruments and services in the Republic of Turkey. Therefore, this document may not be considered as an offer made or to be made to residents of the Republic of Turkey. UBS AG, London Branch is not licensed by the Turkish Capital Market Board under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instruments/services may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32, there is no restriction on the purchase or sale of the securities abroad by residents of the Republic of Turkey. **Poland:** Distributed by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce regulated by the Polish Financial Supervision Authority. Where an analyst of UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE (spolka z ograniczona odpowiedzialnoscia) Oddzial w Polsce. **Russia:** Prepared and distributed by UBS Bank (OOO). Should not be construed as an individual Investment Recommendation for the purpose of the Russian Law - Federal Law #39-FZ ON THE SECURITIES MARKET Articles 6.1-6.2.**Switzerland:** Distributed by UBS AG to persons who are institutional investors only. UBS AG is regulated by the Swiss Financial Market Supervisory Authority (FINMA). **Italy:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Italy Branch. Where an analyst of UBS Europe SE, Italy Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Italy Branch. **France:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, France Branch. Where an analyst of UBS Europe SE, France Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, France Branch. **Spain:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Spain Branch. Where an analyst of UBS Europe SE, Spain Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Spain Branch. **Sweden:** Prepared by UBS Europe SE and distributed by UBS Europe SE and UBS Europe SE, Sweden Branch. Where an analyst of UBS Europe SE, Sweden Branch has contributed to this document, the document is also deemed to have been prepared by UBS Europe SE, Sweden Branch. **South Africa:** Distributed by UBS South Africa (Pty) Limited (Registration No. 1995/011140/07), an authorised user of the JSE and an authorised Financial Services Provider (FSP 7328). **Saudi Arabia:** This document has been issued by UBS AG (and/or any of its subsidiaries, branches or affiliates), a public company limited by shares, incorporated in Switzerland with its registered offices at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH-8001 Zurich. This publication has been approved by UBS Saudi Arabia (a subsidiary of UBS AG), a Saudi closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial register number 1010257812 having its registered office at Tatweer Towers, P.O. Box 75724, Riyadh 11588, Kingdom of Saudi Arabia. UBS Saudi Arabia is authorized and regulated by the Capital Market Authority to conduct securities business under license number 08113-37. **UAE / Dubai:** The information distributed by UBS AG Dubai Branch is only intended for Professional Clients and/or Market Counterparties, as classified under the DFSA rulebook. No other person should act upon this material/communication. The information is not for further distribution within the United Arab Emirates. UBS AG Dubai Branch is regulated by the DFSA in the DIFC. UBS Investment Bank is not licensed to provide banking services in the UAE by the Central Bank of the UAE, nor is it licensed by the UAE Securities and Commodities Authority. **Israel:** This Material is distributed by UBS AG, London Branch. UBS Securities Israel Ltd is a licensed Investment Marketer that is supervised by the Israel Securities Authority (ISA). UBS AG, London Branch and its affiliates incorporated outside Israel are not licensed under the Israeli Advisory Law. UBS may engage among others in issuance of Financial Assets or in distribution of Financial Assets of other issuers for fees or other benefits. UBS AG, London Branch and its affiliates may prefer various Financial Assets to which they have or may have an Affiliation (as such term is defined under the Israeli Advisory Law). Nothing in this Material should be considered as investment advice under the Israeli Advisory Law. This Material is being issued only to and/or is directed only at persons who are Eligible Clients within the meaning of the Israeli Advisory Law, and this Material must not be furnished to, relied on or acted upon by any other persons. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**) to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. UBS Securities LLC is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"), and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. **Canada:** Distributed by UBS Securities Canada Inc., a registered investment dealer in Canada and a Member-Canadian Investor Protection Fund, or by another affiliate of UBS AG that is registered to conduct business in Canada or is otherwise exempt from registration. **Brazil:** Except as otherwise specified herein, this Material is prepared by UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (UBS Brasil CCTVM) to persons who are eligible investors residing in Brazil, which are considered to be Professional Investors (Investidores Profissionais), as designated by the applicable regulation, mainly the CVM Resolution No. 30 from the 11th of May 2021 (determines the duty to verify the suitability of products, services and transactions with regards to the client´s profile). UBS Brasil CCTVM is a subsidiary of UBS BB Servicos de Assessoria Financeira e Participacoes S.A. ("UBS BB"). UBS BB is an association between UBS AG and Banco do Brasil (through its subsidiary BB – Banco de Investimentos S.A.), of which UBS AG is the majority owner and which provides investment banking services and coverage in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. UBS Brasil CCTVM is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman: 0800-940-0266/ https://www.ubs.com/br/pt/ubsbb-investment-bank/ombudsman.html **Hong Kong:** Distributed by UBS Securities Asia Limited. Please contact local licensed persons of UBS Securities Asia Limited in respect of any matters arising from, or in connection with, the analysis or document **Singapore:** Distributed by UBS Securities Pte. Ltd. [Co. Reg. No.: 198500648C] or UBS AG, Singapore Branch. Please contact UBS Securities Pte. Ltd., an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110); or UBS AG, Singapore Branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or document. The recipients of this document represent and warrant that they are accredited and institutional investors as defined in the Securities and Futures Act (Cap. 289). **Japan:** Distributed by UBS Securities Japan Co., Ltd. to professional investors (except as otherwise permitted). Where this report has been prepared by UBS Securities Japan Co., Ltd., UBS Securities Japan Co., Ltd. is the author, publisher and distributor of the report. Distributed by UBS AG, Tokyo Branch to Professional Investors (except as otherwise permitted) in relation to foreign exchange and other banking businesses when relevant. **Australia:** Clients of UBS AG: Distributed by UBS AG (ABN 47 088 129 613 and holder of Australian Financial Services License No. 231087). For all other recipients: Distributed by UBS Securities Australia Ltd (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098). This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG, Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG, Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division, this UBS Global Research is issued under the license of UBS Securities Australia Limited. All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG, Sydney Branch's Wealth Management Division. **New Zealand:** Distributed by UBS New Zealand Ltd. UBS New Zealand Ltd is not a registered bank in New Zealand. You are being provided with this publication or material because you have indicated to UBS that you are a "wholesale client" within the meaning of section 5C of the Financial Advisers Act 2008 of New Zealand (Permitted Client). This publication or material is not intended for clients who are not Permitted Clients (non-permitted Clients). If you are a non-permitted Client you must not rely on this publication or material. If despite this warning you nevertheless rely on this publication or material, you hereby (i) acknowledge that you may not rely on the content of this publication or material and that any recommendations or opinions in such this publication or material are not made or provided to you, and (ii) to the maximum extent permitted by law (a) indemnify UBS and its associates or related entities (and their respective Directors, officers, agents and Advisors) (each a 'Relevant Person') for any loss, damage, liability or claim any of them may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material and (b) waive any rights or remedies you may have against any Relevant Person for (or in respect of) any loss, damage, liability or claim you may incur or suffer as a result of, or in connection with, your unauthorised reliance on this publication or material. **Korea:** Distributed in Korea by UBS Securities Pte. Ltd., Seoul Branch. This report may have been edited or contributed to from time to time by affiliates of UBS Securities Pte. Ltd., Seoul Branch. This material is intended for professional/institutional clients only and not for distribution to any retail clients. **Malaysia:** This material is authorized to be distributed in Malaysia by UBS Securities Malaysia Sdn. Bhd (Capital Markets Services License No.: CMSL/A0063/2007). This material is intended for professional/institutional clients only and not for distribution to any retail clients. **India:** Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 3 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number: INZ000259830; and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email : parameshwaran.s@ubs.com, Name of Grievance Officer Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: ol-ubs-sec-compliance@ubs.com Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS may have debt holdings or positions in the subject Indian company/companies. UBS may have financial interests (e.g. loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company / companies from time to time. Within the past 12 months, UBS may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html **Taiwan:** Except as otherwise specified herein, this material may not be distributed in Taiwan. Information and material on securities/instruments that are traded in a Taiwan organized exchange is deemed to be issued and distributed by UBS Securities Pte. LTD., Taipei Branch, which is licensed and regulated by Taiwan Financial Supervisory Commission. Save for securities/instruments that are traded in a Taiwan organized exchange, this material should not constitute "recommendation" to clients or recipients in Taiwan for the covered companies or any companies mentioned in this document. No portion of the document may be reproduced or quoted by the press or any other person without authorisation from UBS. **Indonesia:** This report is being distributed by PT UBS Sekuritas Indonesia and is delivered by its licensed employee(s), including marketing/sales person, to its client. PT UBS Sekuritas Indonesia, having its registered office at Sequis Tower Level 22 unit 22-1,Jl.Jend. Sudirman, kav.71, SCBD lot 11B, Jakarta 12190. Indonesia, is a subsidiary company of UBS AG and licensed under Capital Market Law no. 8 year 1995, a holder of broker-dealer and underwriter licenses issued by the Capital Market and Financial Institution Supervisory Agency (now Otoritas Jasa Keuangan/OJK). PT UBS Sekuritas Indonesia is also a member of Indonesia Stock Exchange and supervised by Otoritas Jasa Keuangan (OJK). Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

The disclosures contained in research documents produced by UBS AG, London Branch or UBS Europe SE shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and in any event UBS accepts no liability whatsoever for any redistribution of this document or its contents or the actions of third parties in this respect. Images may depict objects or elements that are protected by third party copyright, trademarks and other intellectual property rights. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Global Wealth Management Disclaimer

You receive this document in your capacity as a client of UBS Global Wealth Management. This publication has been distributed to you by UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates (**"UBS"**) with whom you have a banking relationship with. The full name of the distributing affiliate and its competent authority can be found in the country-specific disclaimer at the end of this document.

The date and time of the first dissemination of this publication is the same as the date and time of its publication.

Risk information:

You agree that you shall not copy, revise, amend, create a derivative work, provide to any third party, or in any way commercially exploit any UBS research, and that you shall not extract data from any research or estimates, without the prior written consent of UBS.

This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject UBS to any registration or licensing requirement within such jurisdiction.

This document is **for your information only**; it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. By providing this document, none of UBS or its representatives has any responsibility or authority to provide or have provided investment advice in a fiduciary capacity or otherwise. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. None of UBS or its representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient. The financial instruments described in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates or other market conditions. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument referred to in the document. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. Neither UBS nor any of its directors, employees or agents accepts any liability for any loss (including investment loss) or damage arising out of the use of all or any of the information (as defined below).

Prior to making any investment or financial decisions, any recipient of this document or the information should take steps to understand the risk and return of the investment and seek individualized advice from his or her personal financial, legal, tax and other professional advisors that takes into account all the particular facts and circumstances of his or her investment objectives.

Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. There is no representation that any transaction can or could have been effected at those prices, and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by UBS or any other source may yield substantially different results.

No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained in any materials to which this document relates (the "Information"), except with respect to Information concerning UBS. The Information is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. UBS does not undertake to update or keep current the Information. Any opinions expressed in this document may change without notice and may differ or be contrary to opinions expressed by other business areas or groups, personnel or other representative of UBS. Any statements contained in this report attributed to a third party represent UBS's interpretation of the data, information and/or opinions provided by that third party either

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. In no circumstances may this document or any of the Information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes: (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees.

By receiving this document and the Information you will be deemed to represent and warrant to UBS that you will not use this document or any of the Information for any of the above purposes or otherwise rely upon this document or any of the Information.

UBS has policies and procedures, which include, without limitation, independence policies and permanent information barriers, that are intended, and upon which UBS relies, to manage potential conflicts of interest and control the flow of information within divisions of UBS (including between Global Wealth Management and UBS Global Research) and among its subsidiaries, branches and affiliates. For further information on the ways in which UBS manages conflicts and maintains independence of its research products, historical performance information and certain additional disclosures concerning UBS research recommendations, please visit https://www.ubs.com/research-methodology.

Research will initiate, update and cease coverage solely at the discretion of research management, which will also have sole discretion on the timing and frequency of any published research product. The analysis contained in this document is based on numerous assumptions. Different assumptions could result in materially different results.

The analyst(s) responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this document is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues; however, compensation may relate to the revenues of UBS and/or its divisions as a whole, of which investment banking, sales and trading are a part, and UBS's subsidiaries, branches and affiliates as a whole.

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this document. For financial instruments admitted to trading on a non-EU regulated market: UBS may act as a market maker save that where this activity is carried out in the US in accordance with the definition given to it by the relevant laws and regulations, such activity will be specifically disclosed in this document. UBS may have issued a warrant the value of which is based on one or more of the financial instruments referred to in the document. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein; such transactions or positions may be inconsistent with the opinions expressed in this document.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio incorporating ESG factors or Sustainable Investing considerations may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ.

Within the past 12 months UBS Switzerland AG, its affiliates or subsidiaries may have received or provided investment services and activities or ancillary services as per MiFID II which may have given rise to a payment or promise of a payment in relation to these services from or to this company.

Disclosures: If you require detailed information on disclosures of interest or conflict of interest as required by Market Abuse Regulation please contact the mailbox MAR_disclosure_twopager@ubs.com. Please note that e-mail communication is unsecured.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

Bahrain: UBS is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain to undertake banking or investment business activities in Bahrain. Therefore, prospects/clients do not have any protection under local banking and investment services laws and regulations. **Brazil**: This report is only intended for Brazilian residents who are directly purchasing or selling securities in the Brazil capital market through a local authorized institution. **Canada**: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada or, alternatively, pursuant to a dealer registration exemption. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. In Canada, this publication is distributed by UBS Investment Management Canada Inc. **China**: This report and any offering material such as term sheet, research report, other product or service documentation or any other information (the "Material") sent with this report was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the material erroneously, UBS asks that you kindly delete it and inform UBS immediately. This report is prepared by UBS Switzerland AG or its offshore subsidiary or affiliate (collectively as "UBS Offshore"). UBS Offshore is an entity incorporated out of China and is not licensed, supervised or regulated in China to carry out banking or securities business. The recipient should not contact the analysts or UBS Offshore which produced this report for advice as they are not licensed to provide securities investment advice in China. UBS Investment Bank (including Research) has its own wholly independent research and views which at times may vary from the views of UBS Global Wealth Management. The recipient should not use this document or otherwise rely on any of the information contained in this report in making investment decisions and UBS takes no responsibility in this regard. **Czech Republic**: UBS is not a licensed bank in the Czech Republic and thus is not allowed to provide regulated banking or investment services in the Czech Republic. This communication and/or material is distributed for marketing purposes and constitutes a "Commercial Message" under the laws of Czech Republic in relation to banking and/or investment services. Please notify UBS if you do not wish to receive any further correspondence. **Denmark**: This publication is not intended to constitute a public offer under Danish law. It is distributed only for information purposes to clients of UBS Europe SE, Denmark Branch, filial af UBS Europe SE, with place of business at Sankt Annae Plads 13, 1250 Copenhagen, Denmark, registered with the Danish Commerce and Companies Agency, under No. 38 17 24 33. UBS Europe SE, Denmark Branch, filial af UBS Europe SE is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Danish Financial Supervisory Authority (Finanstilsynet), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Egypt**: Securities or other investment products are not being offered or sold by UBS to the public in Egypt and they have not been and will not be registered with the Egyptian Financial Regulatory Authority (FRA). **France**: This publication is not intended to constitute a public offer under French law, it does not constitute a personal recommendation as it is distributed only for information purposes to clients of UBS Europe SE Succursale de France (a branch of UBS Europe SE), having its registered office at 69 boulevard Haussmann 75008 Paris, registered with the "Registre du Commerce et des Sociétés" of Paris under N°844 425 629. UBS Europe SE Succursale de France is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the French "Autorité de contrôle prudentiel et de résolution" and "Autorité des marchés financiers", to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

form of a Societas Europaea, duly authorized by BaFin. **Germany**: This publication is not intended to constitute a public offer under German law. It is distributed only for information purposes to clients of UBS Europe SE, Germany, with place of business at Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and supervised jointly by the European Central Bank, the German Central Bank (Deutsche Bundesbank) and BaFin, to which this publication has not been submitted for approval. **Hong Kong SAR**: This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. UBS AG Hong Kong Branch is incorporated in Switzerland with limited liability. **India**: Distributed by UBS Securities India Private Ltd. (Corporate Identity Number U67120MH1996PTC097299) 2/F, 3 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. It provides brokerage services bearing SEBI Registration Number INZ000259830 and Research Analyst services bearing SEBI Registration Number: INH000001204. Name of Compliance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: parameshwaran.s@ubs.com, Name of Grievance Officer Mr. Parameshwaran Shivaramakrishnan, Phone : +912261556151, Email: ol-ubs-sec-compliance@ubs.com. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. UBS AG, its affiliates or subsidiaries may have debt holdings or positions in the subject Indian company/companies. UBS AG, its affiliates or subsidiaries may have financial interests (e.g. like loan/derivative products, rights to or interests in investments, etc.) in the subject Indian company/companies from time to time. Within the past 12 months, UBS AG, its affiliates or subsidiaries may have received compensation for non-investment banking securities-related services and/or non-securities services from the subject Indian company/companies. The subject company/companies may have been a client/clients of UBS AG, its affiliates or subsidiaries during the 12 months preceding the date of distribution of the research report with respect to investment banking and/or non-investment banking securities-related services and/or non-securities services. With regard to information on associates, please refer to the Annual Report at: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting.html. **Indonesia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed without the consent of UBS. None of the Material has been registered or filed under the prevailing laws and with any financial or regulatory authority in your jurisdiction. The Material may not have been approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including futures contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Israel**: UBS is a premier global financial firm offering wealth management, asset management and investment banking services from its headquarters in Switzerland and its operations in over 50 countries worldwide to individual, corporate and institutional investors. In Israel, UBS Switzerland AG is registered as Foreign Dealer in cooperation with UBS Wealth Management Israel Ltd., a wholly owned UBS subsidiary. UBS Wealth Management Israel Ltd. is an Investment Marketing licensee which engages in Investment Marketing and is regulated by the Israel Securities Authority. This publication is intended for information only and is not intended as an offer to buy or solicitation of an offer. Furthermore, this publication is not intended as an investment advice. No action has been, or will be, taken in Israel that would permit an offering of the product(s) mentioned in this document or a distribution of this document to the public in Israel. In particular, this document has not been reviewed or approved by the Israeli Securities Authority. The product(s) mentioned in this document is/are being offered to a limited number of sophisticated investors who qualify as one of the investors listed in the first supplement to the Israeli Securities Law, 5728-1968. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Anyone who purchases the product(s) mentioned herein shall do so for its own benefit and for its own account and not with the aim or intention of distributing or offering the product(s) to other parties. Anyone who purchases the product(s) shall do so in accordance with its own understanding and discretion and after it has received any relevant financial, legal, business, tax or other advice or opinion required by it in connection with such purchase(s). The word "advice" and/or any of its equivalent terms shall be read and construed in conjunction with the definition of the term "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law. The Swiss laws and regulations require a number of mandatory disclosures to be made in independent financial research reports or recommendations. Pursuant to the Swiss Financial Market Infrastructure Act and the Financial Market Infrastructure Ordinance-FINMA, banks must disclose the percentage of voting rights they hold in companies being researched, if these holdings are equal to or exceed the statutory thresholds. In addition, the Directives on the Independence of Financial Research, issued by the Swiss Bankers Association, mandate a number of disclosures, including the disclosure of potential conflicts of interest, the participation within previous 12 months in any securities issues on behalf of the company being researched, as well as the fact that remuneration paid to the financial analysts is based generally upon the performance of (i) the new issues department or investment banking; or (ii) securities trading performance (including proprietary trading) or sales. **Italy**: This publication is not intended to constitute a public offer under Italian law. It is distributed only for information purposes to clients of UBS Europe SE, Succursale Italia, with place of business at Via del Vecchio Politecnico, 3-20121 Milano. UBS Europe SE, Succursale Italia is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Bank of Italy (Banca d'Italia) and the Italian Financial Markets Supervisory Authority (CONSOB - Commissione Nazionale per le Società e la Borsa), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Jersey**: UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Where services are provided from outside Jersey, they will not be covered by the Jersey regulatory regime. UBS AG, Jersey Branch is a branch of UBS AG a public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051 Basel and Bahnhofstrasse 45, CH 8001 Zurich. UBS AG, Jersey Branch's principal place of business is 1, IFC Jersey, St Helier, Jersey, JE2 3BX. **Luxembourg**: This publication is not intended to constitute a public offer under Luxembourg law. It is distributed only for information purposes to clients of UBS Europe SE, Luxembourg Branch ("UBS Luxembourg"), R.C.S. Luxembourg n° B209123, with registered office at 33A, Avenue J. F. Kennedy, L-1855 Luxembourg. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea (HRB n° 107046), with registered office at Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany, duly authorized by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") and subject to the joint prudential supervision of BaFin, the European Central Bank and the central bank of Germany (Deutsche Bundesbank). UBS Luxembourg is furthermore supervised by the Luxembourg prudential supervisory authority (Commission de Surveillance du Secteur Financier), in its role as host member state authority. This publication has not been submitted for approval to any public supervisory authority. **Malaysia**: This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Mexico**: This information is distributed by UBS Asesores México, S.A. de C.V. ("UBS Asesores"), an affiliate of UBS Switzerland AG, incorporated as a non-independent investment advisor under the Mexican regulation due to the relation with a Foreign Bank. UBS Asesores is registered under number 30060-001-(14115)-21/06/2016 and subject to the supervision of the Mexican Banking and Securities Commission ("CNBV") exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. This UBS publication or any material related thereto is addressed only to Sophisticated or Institutional Investors located in Mexico. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render(s) services. **Monaco**: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco laws, but might be made available for information purposes to clients of UBS (Monaco) S.A., a regulated bank having its registered office at 2 avenue de Grande Bretagne 98000 Monaco operating under a banking license granted by the "Autorité de Contrôle Prudentiel et de Résolution" (ACPR) and the Monegasque government which authorizes the provision of banking services in Monaco. UBS (Monaco) S.A. is also licensed by the "Commission de Contrôle des Activités Financières" (CCAF) to provide investment services in Monaco. The latter has not approved this publication. **Nigeria**: The investment products mentioned in this material are not being offered or sold by UBS to the public in Nigeria and they have not been submitted for approval nor registered with the Securities and Exchange Commission of Nigeria. If you are interested in products of this nature, please let us know. The investment products mentioned in this material are not being directed to, and are not being made available for subscription by any persons within Nigeria other than the selected investors to whom the offer materials have been addressed as a private sale or domestic concern within the exemption and meaning of Section 69(2) of the Investments and Securities Act, 2007 (ISA). This material has been provided to you at your specific unsolicited request and for your information only. **Philippines:** This communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Portugal**: UBS Switzerland AG is not licensed to conduct banking and financial activities in Portugal nor is UBS Switzerland AG supervised by the portuguese regulators (Bank of Portugal "Banco de Portugal" and Portuguese Securities Exchange Commission "Comissão do Mercado de Valores Mobiliários"). **Qatar**: UBS Qatar LLC is authorized by the Qatar Financial Centre Regulatory Authority, with QFC no. 01169, and has its registered office at 14th Floor, Burj Alfardan Tower, Building 157, Street No. 301, Area No. 69, Al Majdami, Lusail, Qatar. UBS Qatar LLC neither offers any brokerage services nor executes any order with, for or on behalf of its clients. A client order will have to be placed with, and executed by, UBS Switzerland AG in Switzerland or an affiliate of UBS Switzerland AG, that is domiciled outside Qatar. It is in the sole discretion of UBS Switzerland AG in Switzerland or its affiliate to accept or reject an order and UBS Qatar LLC does not have authority to provide a confirmation in this respect. UBS Qatar LLC may however communicate payment orders and investment instructions to UBS Switzerland AG in Switzerland for receipt, acceptance and execution. UBS Qatar LLC is not authorized to act for and on behalf of UBS Switzerland AG or an affiliate of UBS Switzerland AG. This document and any attachments hereto are intended for eligible counterparties and business customers only. **Russia**: This document or information contained therein is for information purposes only and constitutes neither a public nor a private offering, is not an invitation to make offers, to sell, exchange or otherwise transfer any financial instruments in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The information contained herein is not an "individual investment recommendation" as defined in Federal Law of 22 April 1996 No 39-FZ "On Securities Market" (as amended) and the financial instruments and operations specified herein may not be suitable for your investment profile or your investment goals or expectations. The determination of whether or not such financial instruments and operations are in your interests or are suitable for your investment goals, investment horizon or the acceptable risk level is your responsibility. We assume no liability for any losses connected with making any such operations or investing into any such financial instruments and we do not recommend to use such information as the only source of information for making an investment decision. **Saudi Arabia**: UBS Saudi Arabia is authorised and regulated by the Capital Market Authority to conduct securities business under licence number 08113-37. **Singapore**: Clients of UBS AG Singapore branch are asked to please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. UBS AG is incorporated in Switzerland with limited liability. UBS AG has a branch registered in Singapore (UEN S98FC5560C). This communication and any offering material term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication was done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved or endorsed by any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or products or futures contracts). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided on and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Sweden**: This publication is not intended to constitute a public offer under Swedish law. It is distributed only for information purposes to clients of UBS Europe SE, Sweden Bankfilial, with place of business at Regeringsgatan 38, 11153 Stockholm, Sweden, registered with the Swedish Companies Registration Office under Reg. No 516406-1011. UBS Europe SE, Sweden Bankfilial is subject to the joint supervision of the European Central Bank, the German Central Bank (Deutsche Bundesbank), the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), as well as of the Swedish supervisory authority (Finansinspektionen), to which this publication has not been submitted for approval. UBS Europe SE is a credit institution constituted under German law in the form of a Societas Europaea, duly authorized by BaFin. **Taiwan**: This material is provided by UBS AG, Taipei Branch in accordance with laws of Taiwan, in agreement with or at the request of clients/prospects. **Thailand**: This communication and any offering material, term sheet, research report, other product or service documentation or any other information (the "Material") sent with this communication were done so as a result of a request received by UBS from you and/or persons entitled to make the request on your behalf. Should you have received the Material erroneously, UBS asks that you kindly delete the e-mail and inform UBS immediately. The Material, where provided, was provided for your information only and is not to be further distributed in whole or in part in or into your jurisdiction without the consent of UBS. The Material may not have been reviewed, approved, disapproved, endorsed, registered or filed with any financial or regulatory authority in your jurisdiction. UBS has not, by virtue of the Material, made available, issued any invitation to subscribe for or to purchase any investment (including securities or derivatives products). The Material is neither an offer nor a solicitation to enter into any transaction or contract (including future contracts) nor is it an offer to buy or to sell any securities or derivatives products. The relevant investments will be subject to restrictions and obligations on transfer as set forth in the Material, and by receiving the Material you undertake to comply fully with such restrictions and obligations. You should carefully study and ensure that you understand and exercise due care and discretion in considering your investment objective, risk appetite and personal circumstances against the risk of the investment. You are advised to seek independent professional advice in case of doubt. Any and all advice provided and/or trades executed by UBS pursuant to the Material will only have been provided upon your specific request or executed upon your specific instructions, as the case may be, and may be deemed as such by UBS and you. **Turkey**: The information in this document is not provided for the purpose of offering, marketing or sale of any capital market instrument or service in the Republic of Turkey. Therefore, this document may not be considered as an offer made, or to be made, to residents of the Republic of Turkey in the Republic of Turkey. UBS Switzerland AG is not licensed by the Turkish Capital Market Board (the CMB) under the provisions of the Capital Market Law (Law No. 6362). Accordingly, neither this document nor any other offering material related to the instrument/service may be utilized in connection with providing any capital market services to persons within the Republic of Turkey without the prior approval of the CMB. However, according to article 15 (d) (ii) of the Decree No. 32 residents of the Republic of Turkey are allowed to purchase or sell the financial instruments traded in financial markets outside of the Republic of Turkey. Further to this, pursuant to article 9 of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No. III-37.1, investment services provided abroad to residents of the Republic of Turkey based on their own initiative are not restricted. **United Arab Emirates (UAE)**: UBS is not a financial institution licensed in the UAE by the Central Bank of the UAE nor by the Emirates' Securities and Commodities Authority and does not undertake banking activities in the UAE. UBS AG Dubai Branch is licensed by the DFSA in the DIFC. This document is provided for your information only and does not constitute financial advice. **United Kingdom**: This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to retail clients of UBS Wealth Management. **Ukraine**: UBS is not registered and licensed as a bank/financial institution under Ukrainian legislation and does not provide banking and other financial services in Ukraine. UBS has not made, and will not make, any offer of the mentioned products to the public in Ukraine. No action has been taken to authorize an offer of the mentioned products to the public in Ukraine and the distribution of this document shall not constitute financial services for the purposes of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" dated 12 July 2001. Any offer of the mentioned products shall not constitute an investment advice, public offer, circulation, transfer, safekeeping, holding or custody of securities in the territory of Ukraine. Accordingly, nothing in this document or any other document, information or communication related to the mentioned products shall be interpreted as containing an offer, a public offer or invitation to offer or to a public offer, or solicitation of securities in the territory of Ukraine or investment advice under Ukrainian law. Electronic communication must not be considered as an offer to enter into an electronic agreement or other electronic instrument within the meaning of the Law of Ukraine "On Electronic Commerce" dated 3 September 2015. This document is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. **USA**: Distributed to US persons only by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliários Ltda., UBS Asesores México, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd. and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.**

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

Credit Suisse Wealth Management Disclaimer

This disclaimer must be read in conjunction with "Risk information" and "Important Information About Sustainable Investing Strategies" sections of the Global Wealth Management Disclaimer above. You receive this document in your capacity as a client of Credit Suisse Wealth Management. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website https://www.credit-suisse.com. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by Credit Suisse AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Credit Suisse AG is a UBS Group company. **Australia:** This document contains general information and/or general advice only and does not constitute personal financial product advice. As such, the Information in this document has been prepared without taking into account any investor's objectives, financial situation or needs, and investors should, before acting on the Information, consider the appropriateness of the Information, having regard to their objectives, financial situation and needs. If the Information contained in this document relates to the acquisition, or potential acquisition of a particular financial product by a 'Retail' client as defined by section 761G of the Corporations Act 2001 where a Product Disclosure Statement would be required, the retail client should obtain and consider the Product Disclosure Statement relating to the product before making any decision about whether to acquire the product. For clients of Credit Suisse AG, Sydney Branch: Credit Suisse AG Sydney Branch (ABN 17 061 700 712, AFSL 226896) is a separately licensed, related body corporate of UBS AG, Australia Branch and UBS Securities Australia Ltd. Credit Suisse AG, Sydney Branch has entered into an arrangement with UBS Securities Australia Ltd to allow Credit Suisse AG to provide UBS Global Research to certain Australian domiciled wholesale clients of Credit Suisse AG Sydney Branch's Wealth Management Division. If you are receiving UBS Global Research from Credit Suisse, Sydney Branch's Wealth Management Division this UBS Global Research is issued under the license of UBS Securities Australia Limited (ABN 62 008 586 481 and holder of Australian Financial Services License No. 231098) . All disclosures and disclaimers contained within this document relating to or provided by UBS Securities Australia Ltd also apply to UBS Global Research received by clients of Credit Suisse AG Sydney Branch' Wealth Management Division. **Bahrain:** This report is distributed by Credit Suisse AG, Bahrain Branch, authorized and regulated by the Central Bank of Bahrain (CBB) as an Investment Firm Category 2. Related financial services or products are only made available to professional clients and Accredited Investors, as defined by the CBB, and are not intended for any other persons. The Central Bank of Bahrain has not reviewed, nor has it approved, this document or the marketing of any investment vehicle referred to herein in the Kingdom of Bahrain and is not responsible for the performance of any such investment vehicle. Credit Suisse AG, Bahrain Branch is located at Level 21, East Tower, Bahrain World Trade Centre, Manama, Kingdom of Bahrain. **Brazil:** This report is distributed in Brazil by Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários or its affiliates. Pursuant to CVM Resolution No. 20/2021, of February 25, 2021, the author(s) of the report hereby certify(ies) that the views expressed in this report solely and exclusively reflect the personal opinions of the author(s) and have been prepared independently, including with respect to Credit Suisse and other UBS Group entities. Part of the author(s)´s compensation is based on various factors, including the total revenues of the relevant UBS Group entity of which they are in employment of, but no part of the compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/companies or the subject securities. **DIFC:** This information is being distributed by Credit Suisse AG (DIFC Branch). Credit Suisse AG (DIFC Branch) is licensed and regulated by the Dubai Financial Services Authority ("DFSA"). Related financial services or products are only made available to Professional Clients or Market Counterparties, as defined by the DFSA, and are not intended for any other persons. Credit Suisse AG (DIFC Branch) is located on Level 9 East, The Gate Building, DIFC, Dubai, United Arab Emirates. **France:** This report is distributed by Credit Suisse (Luxembourg) S.A. Succursale en France (the "France branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The France branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the French supervisory authority, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and of the Autorité des Marchés Financiers. **Germany:** This report is distributed by Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin"). **Guernsey:** This report is distributed by Credit Suisse AG Guernsey Branch, a branch of Credit Suisse AG (incorporated in the Canton of Zurich), with its place of business at Helvetia Court, Les Echelons, South Esplanade, St Peter Port, Guernsey. Credit Suisse AG Guernsey Branch is wholly owned by Credit Suisse AG and is regulated by the Guernsey Financial Services Commission. Copies of the latest audited accounts are available on request. **Hong Kong:** This report is distributed in Hong Kong by Credit Suisse AG Hong Kong Branch, an Authorized Institution regulated by the Hong Kong Monetary Authority and a Registered Institution regulated by the Securities and Futures Commission, and was prepared in compliance with section 16 of the "Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission". The contents of this material have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to any offer. If you are in any doubt about any of the contents of this material, you should obtain independent professional advice. No one may have issued or had in its possession for the purposes of issue, or issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or material relating to any product, which is directed at, or the con-tents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than where a product is or is intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder. If you have any queries/objections relating to the receipt of such materials from us, please contact our Data Protection Officer at dataprotectionofficer.pb@credit-suisse.com. **India:** Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. This report is distributed by Credit Suisse Securities (India) Private Limited (CIN no. U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030), as Portfolio Manager (registration no. INP000002478) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr. Annie Besant Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777. **Italy:** This report is distributed in Italy by Credit Suisse (Italy) S.p.A., a bank incorporated and registered under Italian law subject to the supervision and control of Banca d'Italia and CONSOB. **Japan:** This report is solely distributed in Japan by Credit Suisse Securities (Japan) Limited, Financial Instruments Dealer, Director-General of Kanto Local Finance Bureau (Kinsho) No. 66, a member of the Japan Securities Dealers Association, Financial Futures Association of Japan, Japan Investment Advisers Association, and Type II Financial Instruments Firms Association. Credit Suisse Securities (Japan) Limited will not distribute or forward this report outside Japan. **Lebanon:** This report is distributed by Credit Suisse (Lebanon) Finance SAL ("CSLF"), a financial institution incorporated in Lebanon and regulated by the Central Bank of Lebanon ("CBL") with a financial institution license number 42. Credit Suisse (Lebanon) Finance SAL is subject to the CBL's laws and regulations as well as the laws and decisions of the Capital Markets Authority of Lebanon ("CMA"). CSLF is a subsidiary of Credit Suisse AG and part of the UBS Group. The CMA does not accept any responsibility for the content of the information included in this report, including the accuracy or completeness of such information. The liability for the content of this report lies with the issuer, its directors and other persons, such as experts, whose opinions are included in the report with their consent. The CMA has also not assessed the suitability of the investment for any particular investor or type of investor. Investments in financial markets may involve a high degree of complexity and risk and may not be suitable to all investors. The suitability assessment performed by CSLF with respect to this investment will be undertaken based on information that the investor would have provided to CSLF and in accordance with Credit Suisse internal policies and processes. It is understood that the English language will be used in all communication and documentation provided by Credit Suisse and/or CSLF. By accepting to invest in the product, the investor confirms that he has no objection to the use of the English language. **Luxembourg:** This report is distributed by Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. Credit Suisse (Luxembourg) S.A. is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF). **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and C. Suisse Asesoría México, S.A. de C.V. ("Credit Suisse Mexico"). This document is elaborated for information purposes only and does not constitute a recommendation, advice or an invitation to execute any operation and does not replace direct communication with your relationship manager at Credit Suisse Mexico before the execution of any investment. Research reports only reflect the views of the analysts responsible for the report. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management of any entity of UBS Group to which such analyst(s) render services. The prospectuses, offering documentation, term sheets, investment regimes, annual reports and periodical financial information contain useful information for investors. Such documents can be obtained without any cost, directly from the issuer of securities and investment fund managers or at the securities and stock market web page, as well as from your relationship manager at Credit Suisse Mexico. The information herein does not substitute the Account Statements, the INFORME DE OPERACIONES or/and confirmations you receive from Credit Suisse Mexico pursuant to the General Rules applicable to financial institutions and other persons that provide investment services. C. Suisse Asesoría México, S.A. de C.V. (". C. Suisse Asesoría"), is an investment advisor duly incorporated under the Securities Market Law ("LMV") and is registered before the National Banking and Securities Commission ("CNBV") under folio number 30070 and therefore is not a bank, is not authorized to receive deposits nor to custody any securities, and is not part of Grupo Financiero Credit Suisse (México), S.A. de C.V.. Such registry will not assure the accuracy or veracity of the information provided to its Clients**.** C. Suisse Asesoría is subject to the supervision of the CNBV exclusively regarding the rendering of (i) portfolio management services, (ii) securities investment advisory services, analysis and issuance of individual investment recommendations, and (iii) anti-money laundering and terrorism financing matters. Under the provisions of the LMV, C. Suisse Asesoría is not an independent investment advisor pursuant to its relationship with Credit Suisse AG, a foreign financial institution, and its indirect relationship with Grupo Financiero Credit Suisse (Mexico), S.A. de C.V. **Portugal:** This report is distributed by Credit Suisse (Luxembourg) S.A., Sucursal em Portugal (the "Portugal branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Portugal branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Portuguese supervisory authority, the Comissão do Mercado dos Valores Mobiliários (CMVM). **Qatar:** This information has been distributed by Credit Suisse (Qatar) L.L.C., which is duly authorized and regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) under QFC License No. 00005. All related financial products or services will only be available to Business Customers or Market Counterparties (as defined by the QFCRA), including individuals, who have opted to be classified as a Business Customer, with net assets in excess of QR 4 million, and who have sufficient financial knowledge, experience and understanding to participate in such products and/or services. Therefore this information must not be delivered to, or relied on by, any other type of individual. **Saudi Arabia:**

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

This information is being distributed by Credit Suisse Saudi Arabia (CR Number 1010228645), duly licensed and regulated by the Saudi Arabian Capital Market Authority pursuant to License Number 08104-37 dated 23/03/1429H corresponding to 21/03/2008AD. Credit Suisse Saudi Arabia's principal place of business is at King Fahad Road, Hay Al Mhamadiya, 12361-6858 Riyadh, Saudi Arabia. Website: https://www.credit-suisse.com/sa. **Singapore:** This material is distributed in Singapore by Credit Suisse AG, Singapore Branch, which is licensed by the Monetary Authority of Singapore under the Banking Act (Cap. 19) to carry on banking business. This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations (the "FAR")) only. By virtue of your status as an institutional investor, accredited investor, or expert investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the FAR and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore branch may provide to you. These include exemptions from complying with: Section 25 of the FAA (pursuant to Regulation 33(1) of the FAR); Section 27 of the FAA (pursuant to Regulation 34(1) of the FAR); and Section 36 of the FAA (pursuant to Regulation 35(1) of the FAR). Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this material. In particular, if you have any queries/objections relating to the receipt of such materials from us, please contact our Data Protection Officer at PDPO.SGD@credit-suisse.com. **South Africa:** This information is being distributed by Credit Suisse AG which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 9788 and / or by Credit Suisse (UK) Limited which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 48779. **Spain:** This report is distributed in Spain by Credit Suisse AG, Sucursal en España, legal entity registered at Comisión Nacional del Mercado de Valores. **Turkey:** The investment information, comments and recommendations contained herein are not within the scope of investment advisory activity. The investment advisory services are provided by the authorized institutions to the persons in a customized manner taking into account the risk and return preferences of the persons. Whereas, the comments and advices included herein are of general nature. Therefore recommendations may not be suitable for your financial status or risk and yield preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations. This report is distributed by Credit Suisse Istanbul Menkul Degerler Anonim Sirketi, regulated by the Capital Markets Board of Turkey, with its registered address at Levazim Mahallesi, Koru Sokak No. 2 Zorlu Center Terasevler No. 61 34340 Besiktas/ Istanbul-Turkey. **United Kingdom:** This material is distributed by Credit Suisse (UK) Limited. Credit Suisse (UK) Limited, is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Where this material is distributed into the United Kingdom by an offshore entity not exempted under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 the following will apply: To the extent communicated in the United Kingdom ("UK") or capable of having an effect in the UK, this document constitutes a financial promotion which has been approved by Credit Suisse (UK) Limited which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority for the conduct of investment business in the UK. The registered address of Credit Suisse (UK) Limited is Five Cabot Square, London, E14 4QR. Please note that the rules under the UK's Financial Services and Markets Act 2000 relating to the protection of retail clients will not be applicable to you and that any potential compensation made available to "eligible claimants" under the UK's Financial Services Compensation Scheme will also not be available to you. Tax treatment depends on the individual circumstances of each client and may be subject to changes in future.

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.



Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 10-Jan-2024 07:45 PM.

Contents

02	09 FEB '24 8:12A.M.	The Guggenheim Daily Transmission: DUK, DTE, FE, LNG, SRE, PCG, EXC/IL, WEC (Guggenheim Securities) - 24 Pages
26	07 FEB '24 4:01P.M.	Midweek Thoughts - FE, ES, XEL, POR, CMS, EXC (KeyBanc Capital Markets) - 5 Pages
31	04 FEB '24 1:18P.M.	WATTS COOKING? Weekly >> Topics: Earnings/EXC/dividend; DUK; ETR (RBC Capital Markets) - 8 Pages
39	01 FEB '24 8:32A.M.	The Guggenheim Daily Transmission: WEC, CMS, SR, SRE, DUK, NJR, CPK, CNP, AEE/IL, EXC/IL, SO (Guggenheim Securities) - 23 Pages
62	30 JAN '24 7:56A.M.	The Guggenheim Daily Transmission: EIX/PCG/SRE, ES/CT, Power/Talen, ERCOT/Texas, AVA, EXC (Guggenheim Securities) - 23 Pages
85	29 JAN '24 8:40A.M.	The Guggenheim Daily Transmission: Forward Power Curves, ES/CT, LNT, POR, AEE/EXC/IL, Uranium, ETR, ED/NYPA, DUK, CA, LNG, ENGH/NRC (Guggenheim Securities) - 23 Pages
108	29 JAN '24 5:02A.M.	Heads Up - The Week Ahead in Utilities: AEP, DUK, NWE, PNW, ES, EXC, POR, ETR, SO, AEE, WEC (KeyBanc Capital Markets) - 9 Pages
117	22 JAN '24 7:36A.M.	The Guggenheim Daily Transmission: 2024 Outlook, D/ISO-NE, EXC/IL, Wind/New England, AWK, NWE, SR, AEP, MVP, CA (Guggenheim Securities) - 25 Pages
142	22 JAN '24 6:36A.M.	Heads Up - The Week Ahead in Utilities: FE, POR, EXC, AEP, AVA, ED, D, DUK, WEC, XEL, NWE (KeyBanc Capital Markets) - 9 Pages
151	19 JAN '24 4:45A.M.	Exelon >> Recalibrating the Growth Rate Down to 5-7% - but not lower. Discount is fair. (BofA Global Research) - 15 Pages
152	17 JAN '24 8:11P.M.	Americas Utilities: 4Q Preview: More focus on strategic updates vs. quarterly results; Buy NEE, SO, XEL (Goldman Sachs) - 16 Pages
168	17 JAN '24 5:09P.M.	North American Utilities >> 4Q23 Previews: D & EXC (JP Morgan) - 14 Pages
182	17 JAN '24 3:56P.M.	Midweek Thoughts - EXC, AVA, XEL, D, DUK (KeyBanc Capital Markets) - 4 Pages
186	16 JAN '24 3:01A.M.	Feedback on Our AEP and EXC Rating Changes (Mizuho Securities USA) - 5 Pages
191	11 JAN '24 8:28A.M.	The Guggenheim Daily Transmission: CMS, NWE, SRE, AEP, EXC/IL, PCG, CNP, ES, PJM, ERCOT (Guggenheim Securities) - 22 Pages

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
DTE	104.23	Neutral
DUK	92.65	Buy
EXC	33.75	Neutral
FE	35.79	Buy
PCG	16.24	Buy
SRE	69.84	Buy
WEC	77.40	Neutral

Power & Utilities

February 9, 2024

The Guggenheim Daily Transmission: DUK, DTE, FE, LNG, SRE, PCG, EXC/IL, WEC

For details on our 2024 NDRs, including DUK, WEC, AWK, ED, EIX, NJR, AEE, LNT, ES, PNW, PCG, IDA, DTE, EVRG, EXC, POR, ETR, SR, NWE, NI, and OGE, please scroll down...

We are hosting NJBPU President Christine Guhl-Sadovy on Friday, March 15th, please see below for details.

For details on our Kentucky Bourbon event with CNP in March, please see the Save The Date below — invite-only event.

'24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy… (see our note HERE)

DUK – We Get Concerns But Stock Move Seems Overdone; '24 Guide In Line; More Capex/Less Equity vs. Expected… But Quality and Credit Metrics Back in Focus (see our note HERE)

DTE – 4Q23 EPS In Line; 2023 Reset Year Closed, 2024 Puts and Takes Keep Us in the Cautiously Optimistic Stance (see our note HERE)

FE – Beats on '23; '24 guidance above consensus; reaffirms 6-8% LT EPS growth; introduces 5yr ('24-'28) capital plan with 9% average annual rate base growth

LNG – US Senate holds hearing on pause for non-FTA export permit review for LNG

DTE – MPSC issues ruling on procedural schedule in DTE gas rate case

SRE – SDG&E files reply comments on interim rates in the 2024 General Rate Case for SCG and SDG&E

PCG – FERC approves late motion to intervene for EEI in PG&E TO21 FERC formula rate adjustment proceeding

EXC/IL – ALJ files notice of continuance in rehearing process

WEC – Status hearing scheduled by ALJ in PGL's SMP proceeding

DUK – New dockets opened related to DUK's 2023 CPIRP update proceeding

FE – Beats on '23; '24 guidance above consensus; reaffirms 6-8% LT EPS growth; introduces 5yr ('24-'28) capital plan with 9% average annual rate base growth

- **2023 Operating EPS:** $2.56 vs Gugg/consensus both at $2.54/$2.54; included -$0.22/share of weather drag vs. normal
- **2024 Operating EPS**: guidance initiated at $2.61-$2.81 ($2.71 midpoint) vs Gugg/consensus of $2.71/$2.68, respectively; '24 guidance represents +7% growth YoY vs. '23 midpoint
- **Capex:** introducing $26bn 5yr investment plan covering 2024-2028; $4.3bn of capex in '24, growing to $6.2bn in '28
- **Capex plan features:** ~75% formula rate recovery; 55%/45% State/FERC regulated
- **Rate Base:** initiated 9% average annual rate base growth guidance for 2024-2028, vs ~7% in 2024/2025; 2024 rate base (ex-Brookfield) stood at $25.8bn... guiding to $41bn by '28
- **Load growth:** guiding to avg. annual increases of 1% through 2028
- **LT EPS growth:** reaffirms 6-8% operating EPS growth; beyond '25, EPS growth is driven

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

by T&D rate base growth and cost mgmt.

- **Signal Peak:** clear guidance showing Signal Peak earnings declining to $0.12/share in 2024 and de minimis in 2025 and beyond
- **O&M:** $1.35bn in '24 (a 5% increase associated with accelerated work from 2023 to 2022); guiding to <2% avg. annual increases thereafter
- **Pension:** de-risked pension through December '23 lift-out transaction and May '23 contribution
- **Equity:** maintains no additional equity need beyond existing ~$100m/yr SIP/DRIP program
- **Credit:** continuing to target 14-15% FFO/debt; reduced HoldCo debt to 26% of total at YE23 vs 31% at YE21; remain focused on lowering FE Corp. Holdco debt to < 20% of total Balance Sheet debt by 12/31/26
- **Ratings agencies:** remain on positive outlook with Moody's & S&P
- **Dividend:** targeting 60-70% payout ratio
- **Call:** 10:00 AM ET… Dial-in: 877-269-7756 … Conf ID: 04664

LNG – US Senate holds hearing on pause for non-FTA export permit review for LNG

- Deputy U.S. Energy Secretary David Turk spoke before the Senate Energy and Natural Resources Committee on the White House decision to pause LNG export permit approvals
- Senator Joe Manchin called the meeting and commented that if the decision to pause is a political tool, he would work to reverse the pause.
- The pause was intended to include new rules around climate impacts in permit reviews which could delay or cancel LNG projects.
- More details here

Guggenheim takeaway: *FYI. The challenges in LNG export authorizations could be a major roadblock to US LNG development including SRE projects like PA II and Cameron expansion. It is unclear what the rules will be, but we also recognize SRE has been working on a variety of plans including lowering CO2 intensity of the LNG export process. This has been a key reason why SRE shares have been weak in addition to investor concerns around a '25 EPS number that could be disappointing – on the latter point, if you have covered the stock long enough, this shouldn't be a surprise as Mgmt. historically guides conservative for the following year and "firms" up plans as CapEx (i.e., in TX) is updated at the back half of the current year. We do not believe this year will be any different.*

DTE – MPSC issues ruling on procedural schedule in DTE gas rate case

- MPSC issued a ruling on a procedural schedule for the DTE Gas rate case.
- The schedule is:
  - Staff and Intervenor Testimony May 7, 2024
  - Rebuttal Testimony May 29, 2024
  - Motions to Strike June 6, 2024
  - Responses to Motions to Strike June 11, 2024
  - Briefs July 16, 2024
  - Reply Briefs July 31, 2024
  - PFD Target Date September 4, 2024
- DTE filed for a net revenue increase of $160M (net of IRM increases already in rates).
- The request is based on a $6,944M rate base a Return on Equity of 10.25%, capital structure of 48.5% debt and 51.5% equity, and application of annual inflation factors of 3.2% in 2023, 2.9% in 2024, and 2.2% in 2025.
- Docket here: U-21291

Guggenheim takeaway: *FYI. MPSC has set the schedule and approved some of the last motions for intervention. MPSC has been slow to recognize the upwards impact of interest rates on ROEs with the CMS Electric case being the next datapoint (case completed evidentiary record). We continue to monitor the MI regulatory litigation as 2023 proved to be a tough year with large increase becoming hotly debated.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

SRE – SDG&E files reply comments on interim rates in the 2024 General Rate Case for SCG and SDG&E

- SDG&E filed comments in support of the CPUC proposed decision on interim rates for the Wildfire Mitigation Plan Memorandum Account (WMPMA) recovery.
- SDG&E provided opposition to prior TURN and PCF comments on errors and legal standing.
- TURN addressed factual errors and consideration for securitization, and other comments were largely administrative.
- SDGE and SCG along with several intervenors previously filed the partial settlement agreements on specific issues within the 2024 GRC.
- The settled issues are generally close to SDGE/SCG requests (~30% issues covered).
- CPUC previously adjusted the filing schedules, moving other procedural items further by around 2 weeks, but the target PD date remains in 2Q24.
- Dockets: A2205015 / A2205016

Guggenheim takeaway: *FYI. The interim rates demonstrate the flexibility in CPUC approach to the GRC process and demonstrates the ability to get constructive outcomes. The settlements are very piecemeal in addressing the rate cases holistically, but individual issue settlement is a constructive step to simplify the litigation going further (resolve around 30% of the GRC spending issues). While certain settlements are not unanimous they present a good foundation for resolution and SRE mgmt. has previously commented on the willingness to negotiate partially settled issues. As a reminder, SDG&E is seeking an increase in rates of $286 million for the 2024 test year and also seeking incremental, post-test year combined electric and gas rate increases of $363.2 million in 2025, $338.1 million in 2026 and $306.9 million in 2027; and SoCalGas is seeking a $767 million increase in gas rates for the 2024 test year and also seeking incremental, post-test year gas rate increases of $292 million in 2025, $267 million in 2026 and $413 million in 2027.*

PCG – FERC approves late motion to intervene for EEI in PG&E TO21 FERC formula rate adjustment proceeding

- FERC approved a late motion to intervene for the Edison Electric Institute (EEI) in the PG&E transmission formula rate proceeding.
- PG&E previously filed a formula rate adjustment with FERC (TO21), which follows the TO20 outcome and includes up to date cost factors and inputs resulting in a revenue decrease.
- PG&E is seeking a 12.37% base ROE plus the RTO adder, up from 10.45%, due to above average financial and operational risks.
- FERC previously issued a decision to deny PG&E the RTO adder for CAISO participation.
- More in media coverage on the ROE debate here.
- Docket: ER24-96 (FERC Docket search)

Guggenheim takeaway: *FYI. While the case is still being debated as a whole, the RTO adder removal is a potential hit to earnings and a headwind for all CA utilities. We continue to monitor progress in the PG&E case and arguments at FERC.*

EXC/IL – ALJ files notice of continuance in rehearing process

Hearings will be continued until 3/26, with direct testimony on rehearing due starting 2/16

- More HERE

Guggenheim takeaway: *Flagging some of the ongoing procedural back and forth as the rehearing and grid plan refiling processes run concurrently. As a reminder we expect the grid plan process to run for most of the year -* ***for more on our EXC IL assumptions, see our outlook note HERE.***

WEC – Status hearing scheduled by ALJ in PGL's SMP proceeding

- A status hearing has been scheduled by the ALJ in the proceeding opened by the ICC to review the Safety Modernization Program (SMP).
- The status hearing will occur on February 22, 2024, at 11:00 AM Central.
- Docket 24-0081

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim takeaway: *Flagging for your calendar, as this newly opened docket gets underway.*

DUK – New dockets opened related to DUK's 2023 CPIRP update proceeding

- Yesterday, the NCUC issued an order granting DUK's request to open new dockets related to its 2024 Solar Procurement Program, and to postpone the Feb. 15th deadline for filing its 2024 Solar Procurement Program proposal.
- Two new dockets will be opened in order to consider Duke's anticipated 2024 Solar Procurement Program
- The Feb. 15, 2024, deadline for the filing of DUK's 2024 Solar Procurement Program proposal has been suspended. A new date will be established in the future but has not yet been set.
- Docket E-100 Sub 190
- New dockets to be opened (links not yet available): E-2, Sub 1340 and E-7, Sub 1310

Guggenheim takeaway: *Procedural/administrative in nature, and therefore not a positive/ negative driver for DUK as a result.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, *Chair, President & Chief Executive Officer*

Abby Motsinger, *Vice President, Investor Relations*

Dates & Locations

February 13-14, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $76.5bn

DUK Energy Corporate (DUK) engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure, and Other. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Other segment includes interest expense on holding company debt, unallocated corporate costs, and Bison which is a wholly owned captive insurance company. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Scott Lauber, *President & Chief Executive Officer*
Xia Liu, *Chief Financial Officer*
Beth Straka, *SVP, Corporate Communications & Investor Relations*

Dates & Locations

February 19-21, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $27.2bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President & Chief Executive Officer*
John Griffith, *Chief Financial Officer*
Aaron Musgrave, *Vice President, Investor Relations*

Dates & Location
Tuesday, February 27, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $25.6bn
American Water Works Co. (AWK) engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment offers water and wastewater services to customers. The Market-Based Businesses segment includes the military services group, which enters into long-term contracts with the U.S. government to provide services on various military installations. The Other segment refers to the corporate costs that are not allocated to the operating segments, eliminations of inter-segment transactions, fair value adjustments, and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Consolidated Edison, Inc. (ED)

Tim Cawley, *President & Chief Executive Officer*
Jan Childress, *Director, Investor Relations*
Caroline Elsasser, *Senior Analyst, Investor Relations*

Dates & Location

Thursday, February 29, 2024
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $31bn

Consolidated Edison (ED) is a holding company, which engages in the business of regulated electric, gas, and steam delivery. It operates through the following segments: Consolidated Edison Company of New York (CECONY), Orange and Rockland Utilities (O&R), Con Edison Clean Energy Businesses and Con Edison Transmission. The CECONY segment is involved in the regulated electric, gas, and steam utility businesses. The O&R segment covers regulated electric and gas utility delivery businesses. The Con Edison Clean Energy Businesses segment develops, owns, and operates renewable and energy infrastructure projects and provides energy-related products and services to wholesale and retail customers. The Con Edison Transmission segment invests in electric and gas transmission projects. The company was founded in 1823 and is headquartered in New York, NY. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Edison International (EIX)

Maria Rigatti, *Chief Financial Officer*
Sam Ramraj, *VP Investor Relations*

Dates & Location
March 5 - 6, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.1bn
Edison International (EIX) is a renewable energy company, which through its subsidiaries generates and distributes electric power and invests in energy services and technologies. The company was founded on July 4, 1886, and is headquartered in Rosemead, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Guggenheim Hosted Commissioner Event: NJBPU President Christine Guhl-Sadovy

Please join Guggenheim Research Analyst Shar Pourreza for an introduction and discussion with the NJBPU President Christine Guhl-Sadovy on key regulatory trends, NJ energy policy implementation, NJBPU priorities and other topics. This will be a video call and we will allow for open Q&A at the end.

Date & Time

Friday, March 15, 2024
12:30 PM – 1:30 PM ET

Commissioner Participant

NJBPU President Christine Guhl-Sadovy

Christine Guhl-Sadovy was appointed by Governor Phil Murphy as President of the New Jersey Board of Public Utilities in 2023. Prior to her nomination, she served as Cabinet Secretary in the Governor's senior staff. President Guhl-Sadovy previously worked at NJBPU, where she rose to the position Chief of Staff under President Joe Fiordaliso, helping to spearhead Governor Murphy's clean energy agenda. During her time as NJBPU Chief of Staff, Ms. Guhl-Sadovy worked on several key initiatives of the Administration including the 2019 Energy Master Plan, implementation of the 2018 Clean Energy Act, and development of the State's electric vehicle incentive program.

Dial-in

Please contact your Guggenheim Sales Representative for the Virtual Meeting Details

Participating Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

GUGGENHEIM

Innovative Solutions.
Enduring Values.℠

Equity Research | Corporate Access

SAVE THE DATE

Sips with CenterPoint Energy, Inc. (CNP) on the Kentucky Bourbon Trail

Please join Guggenheim's Shar Pourreza and CenterPoint Energy's Jason Wells, Chief Executive Officer and Christopher Foster, Chief Financial Officer, for a bourbon trail tour.



Dates & Location

March 18–19, 2024
Louisville, KY

Agenda

March 18: 5:00PM – Welcome Cocktails & Tasting
March 18: 6:00PM – Dinner with CNP Team
March 19: 8:00AM – Breakfast
March 19: 9:00AM – 3:30PM – Distillery Tours & Tastings

Times approximate, formal agenda and recommended flights + hotel details to follow

Participating Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim 2024 Client and Corporate Access Utility Events

Ticker	Dates	Regions
2024 Utilities Conference Call	*1/22*	Dial–In
Utilities Investor Quarterly Roundtable Discussion	*1/24*	NYC
DUK	2/13–2/14	Boston; virtual group lunch on 13th
WEC	2/19–2/21	Boston; virtual group lunch on 20th
AWK	2/27	NYC
ED	2/29	NYC
EIX	3/5–3/6	NYC
NJR	TBC	NYC/Boston
NJBPU President Christine Guhl-Sadovy	3/15	Virtual
CNP Bourbon Day Tour	3/18–3/19	Kentucky
AEE	3/26–3/27	Boston
LNT	4/10–4/11	NYC
ES	4/16–4/17	NYC
PNW	4/23–4/24	Canada/Boston
PCG	4/30–5/1	Boston & MidAtlantic
IDA	5/7–5/8	Boston/NYC
EXC	5/14–5/15	NYC
AGA Financial Forum Conference	5/18–5/21	Palm Desert, CA
POR	5/28–5/29	NYC/Boston
MPSC Commissioner Day	6/4	Virtual
DTE	6/5	NYC
EVRG	6/11–6/13	Boston/NYC
ETR	6/25–6/27	NYC
SR	8/15	NYC
NWE	9/10	NYC
NI	9/12	NYC
OGE	10/8	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Utilities Comp Sheet

2/8/2024		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'23–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric			4.35	3.98	4.40	4.75	4.96																												
ALE	$57.75	3,319	4.35	3.98	4.40	4.75	4.96	4.35	4.08	4.28	4.70	4.97	–	(0.10)	0.12	0.05	–	13.3x	14.2x	13.5x	12.3x	11.6x	-17%	-5%	-3%	-6%	-9%	3.3%	4.9%	70%	Neutral	$58	5%	Neutral	$59	7%
AVA	$32.90	2,545	2.28	2.45	2.60	2.69	2.78	2.27	2.41	2.59	2.64	2.80	–	0.04	–	0.05	–	14.5x	13.7x	12.7x	12.4x	11.8x	-10%	-8%	-9%	-5%	-8%	5.1%	5.9%	79%	Neutral	$34	9%	Neutral	$37	18%
IDA	$88.40	4,474	5.11	5.41	5.64	5.88	6.36	5.13	5.46	5.81	5.98	6.42	–	(0.05)	(0.17)	(0.10)	(0.06)	17.2x	16.2x	15.2x	14.8x	13.8x	7%	9%	9%	13%	8%	5.6%	3.8%	62%	Neutral	$93	9%	Buy	$103	21%
NWE	$47.08	2,883	3.05	3.52	3.68	3.87	4.06	3.05	3.51	3.68	3.87	4.03	–	–	–	–	–	15.4x	13.4x	12.8x	12.2x	11.7x	-4%	-10%	-8%	-7%	-8%	7.4%	5.6%	74%	Neutral	$47	5%	Neutral	$54	20%
UTL	$48.06	774	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	17.2x	16.4x	15.5x	14.6x	13.8x	7%	10%	12%	11%	8%	5.7%	3.5%	56%	Neutral	$50	8%	Buy	$50	8%
POR	$39.61	4,006	2.55	3.08	3.24	3.40	3.61	2.56	3.04	3.21	3.34	3.49	–	0.04	–	0.06	0.12	15.5x	13.0x	12.3x	11.9x	11.4x	-3%	-13%	-11%	-9%	-11%	9.1%	5.0%	65%	Buy	$55	44%	Buy	$47	25%
		18,002																15.5x	14.5x	13.7x	13.0x	12.3x	-3%	-3%	-2%	-0%	-3%	6.0%	4.8%	68%						
Mid/Large Cap Electric																																				
AEE	$67.92	17,859	4.38	4.52	4.91	5.26	5.55	4.38	4.56	4.88	5.19	5.45	–	(0.04)	0.03	0.07	0.10	15.5x	14.9x	13.9x	13.1x	12.5x	-3%	0%	0%	0%	-2%	6.1%	4.0%	59%	Neutral	$75	14%	Buy	$78	18%
AEP	$75.94	39,122	5.27	5.64	6.00	6.39	6.81	5.27	5.60	5.96	6.31	6.70	–	0.04	0.04	0.08	0.11	14.4x	13.6x	12.7x	12.0x	11.3x	-10%	-9%	-8%	-8%	-11%	6.6%	4.7%	64%	Neutral	$81	11%	Buy	$88	20%
CMS	$55.76	16,267	3.11	3.34	3.61	3.87	4.16	3.10	3.34	3.61	3.87	4.16	–	–	–	–	–	18.0x	16.7x	15.5x	14.4x	13.4x	12%	12%	11%	10%	5%	7.5%	3.7%	62%	Buy	$64	19%	Buy	$63	16%
CNP	$27.43	17,265	1.50	1.62	1.74	1.90	2.04	1.50	1.62	1.74	1.88	2.03	–	–	–	–	–	18.3x	16.9x	15.8x	14.6x	13.5x	14%	14%	14%	11%	6%	8.0%	2.9%	49%	Buy	$33	23%	Buy	$30	13%
D	$44.18	36,969	2.10	2.87	3.53	3.79	4.04	2.53	3.07	3.43	3.66	3.93	(0.43)	(0.20)	0.10	0.13	0.11	17.4x	14.4x	12.9x	12.1x	11.2x	9%	-3%	-7%	-8%	-12%	17.8%	6.1%	86%	Buy	$57	35%	Neutral	$49	16%
DTE	$104.23	21,483	5.73	6.67	7.19	7.71	8.26	5.75	6.70	7.17	7.76	8.35	–	–	–	(0.05)	(0.09)	18.1x	15.6x	14.5x	13.4x	12.5x	13%	5%	5%	3%	-2%	9.6%	4.0%	62%	Neutral	$111	10%	Buy	$117	16%
DUK	$92.65	71,433	5.56	5.98	6.35	6.75	7.15	5.59	5.97	6.35	6.73	7.20	(0.03)	–	–	–	(0.05)	16.6x	15.5x	14.6x	13.8x	12.9x	3%	4%	5%	5%	1%	6.5%	4.5%	70%	Buy	$118	32%	Buy	$105	18%
ED	$88.67	30,584	5.07	5.33	5.61	5.89	6.26	5.04	5.30	5.60	5.87	6.18	0.03	0.03	–	–	0.08	17.6x	16.7x	15.8x	15.1x	14.4x	10%	12%	14%	16%	13%	5.4%	3.8%	63%	Neutral	$88	3%	Neutral	$91	7%
EIX	$64.72	24,825	4.62	5.17	5.79	6.17	6.44	4.65	5.07	5.64	6.01	6.35	–	0.10	0.15	0.16	0.09	13.9x	12.8x	11.5x	10.8x	10.2x	-13%	-14%	-17%	-18%	-20%	8.7%	4.8%	60%	Buy	$84	35%	Buy	$74	20%
ES	$54.07	18,875	4.36	4.59	4.74	5.09	5.30	4.35	4.51	4.70	4.96	5.25	–	0.09	0.04	0.13	0.05	12.4x	12.0x	11.5x	10.9x	10.3x	-23%	-19%	-17%	-17%	-19%	5.0%	5.3%	64%	Buy	$72	38%	Buy	$65	25%
ETR	$97.40	20,596	6.77	7.23	7.72	8.36	9.00	6.76	7.20	7.72	8.31	8.88	–	0.03	–	0.05	0.12	14.4x	13.5x	12.6x	11.7x	11.0x	-10%	-9%	-9%	-10%	-14%	7.4%	4.7%	63%	Buy	$118	26%	Buy	$111	18%
EVRG	$48.62	11,162	3.60	3.83	4.02	4.23	4.44	3.58	3.83	4.02	4.26	2.57	–	–	–	(0.03)	1.87	13.6x	12.7x	12.1x	11.4x	18.9x	-15%	-15%	-13%	-13%	49%	5.4%	5.4%	68%	Neutral	$52	12%	Buy	$56	20%
EXC	$33.75	33,558	2.36	2.42	2.61	2.81	2.98	2.36	2.42	2.62	2.79	2.98	–	–	–	–	–	14.3x	14.0x	12.9x	12.1x	11.3x	-11%	-6%	-7%	-7%	-11%	6.0%	4.6%	64%	Neutral	$38	17%	Buy	$39	21%
FE	$35.79	20,537	2.54	2.71	2.91	3.09	3.29	2.54	2.68	2.87	3.04	3.22	–	0.03	0.04	0.05	0.07	14.1x	13.4x	12.5x	11.8x	11.1x	-12%	-10%	-10%	-10%	-13%	6.7%	4.6%	62%	Buy	$47	36%	Buy	$40	18%
LNT	$47.48	11,999	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.27	3.48	3.68	–	–	–	–	–	16.4x	15.5x	14.5x	13.6x	12.9x	2%	4%	4%	4%	1%	6.1%	4.1%	63%	Neutral	$53	16%	Buy	$54	18%
OGE	$32.47	6,503	2.05	2.12	2.24	2.37	2.50	2.05	2.14	2.27	2.40	2.52	–	–	–	–	–	15.9x	15.2x	14.3x	13.5x	12.9x	-1%	2%	3%	4%	1%	5.1%	5.3%	80%	Neutral	$34	10%	Buy	$35	13%
PCG	$16.24	34,648	1.22	1.35	1.49	1.61	1.76	1.21	1.35	1.47	1.59	1.72	–	–	–	–	0.04	13.4x	12.0x	11.0x	10.2x	9.4x	-17%	-19%	-21%	-22%	-26%	9.6%	1.0%	11%	Buy	$23	43%	Buy	$19	20%
PEG	$58.20	29,048	3.46	3.69	4.09	4.38	4.70	3.47	3.68	4.04	4.25	4.49	–	–	0.05	0.13	0.21	16.8x	15.8x	14.4x	13.7x	13.0x	5%	6%	4%	5%	2%	8.0%	4.2%	65%	Neutral	$61	9%	Buy	$65	15%
PNW	$66.39	7,523	4.20	4.80	5.10	5.50	5.75	4.27	4.83	5.07	5.36	5.59	(0.07)	(0.03)	0.03	0.14	0.17	15.5x	13.7x	13.1x	12.4x	11.9x	-3%	-8%	-6%	-5%	-7%	8.2%	5.3%	73%	Buy	$78	23%	Buy	$77	22%
PPL	$25.66	18,915	1.58	1.71	1.82	1.96	2.08	1.58	1.71	1.82	1.94	2.06	–	–	–	–	–	16.2x	15.0x	14.1x	13.2x	12.5x	1%	1%	2%	1%	-2%	7.1%	4.0%	60%	Buy	$31	25%	Buy	$29	19%
SO	$66.94	73,066	3.60	4.00	4.30	4.55	4.80	3.60	4.01	4.33	4.54	4.76	–	–	–	–	0.04	18.6x	16.7x	15.5x	14.8x	14.1x	16%	12%	11%	13%	11%	7.5%	4.3%	71%	Buy	$79	22%	Buy	$74	15%
WEC	$77.40	24,415	4.63	4.85	5.24	5.61	5.97	4.61	4.88	5.24	5.59	5.97	–	(0.03)	–	–	–	16.8x	15.9x	14.8x	13.8x	13.0x	5%	7%	6%	6%	2%	6.6%	4.3%	68%	Neutral	$84	13%	Neutral	$88	18%
Mid/Lg Cap (excl. EIX, PCG)																		**16.0x**	**14.9x**	**13.9x**	**13.1x**	**12.7x**						**7.3%**	**4.5%**	**66%**						
SMID + Lg Cap		**604,654**																**15.9x**	**14.8x**	**13.9x**	**13.1x**	**12.6x**						**7.0%**	**4.6%**	**66%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'23–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$56.29	113,915	3.17	3.44	3.70	3.99	4.31	3.13	3.40	3.66	3.90	4.25	0.04	0.04	0.04	0.09	0.06	18.0x	16.6x	15.4x	14.4x	13.2x	12%	11%	10%	10%	4%	8%	3.7%	61%	Buy	$80	46%	Buy	$73	33%
SRE	$69.84	43,952	4.58	4.78	5.13	5.44	5.83	4.59	4.82	5.15	5.50	5.91	–	(0.04)	–	(0.06)	(0.08)	15.2x	14.5x	13.6x	12.7x	11.8x	-5%	-3%	-3%	-3%	-7%	6%	4.4%	63%	Buy	$88	30%	Buy	$82	22%
		157,867																16.6x	15.5x	14.5x	13.6x	12.5x	4%	4%	4%	4%	-2%	7.1%	4.0%	62%						
Gas LDCs																																				
NI	$25.06	10,360	1.59	1.68	1.82	1.95	2.07	1.59	1.71	1.84	1.96	2.09	–	(0.03)	–	–	–	15.7x	14.7x	13.6x	12.8x	12.0x	-2%	-2%	-2%	-2%	-6%	7%	4.3%	62%	Buy	$31	28%	Buy	$30	24%
CPK	$101.88	2,206	5.21	5.42	6.12	6.64	7.13	5.21	5.40	6.21	6.63	7.06	–	–	(0.09)	–	0.08	19.6x	18.9x	16.4x	15.4x	14.4x	22%	27%	18%	17%	13%	8%	2.5%	46%	Neutral	$105	6%	Buy	$122	22%
NJR	$41.15	4,045	2.70	2.93	2.85	3.05	3.30	2.69	2.87	2.89	3.07	3.33	–	0.06	(0.04)	–	(0.03)	15.3x	14.3x	14.2x	13.4x	12.3x	-5%	-4%	2%	2%	-3%	5%	4.2%	60%	Neutral	$43	9%	Buy	$49	22%
NWN	$35.36	1,300	2.65	2.75	2.98	3.09	3.21	2.67	2.76	2.98	3.05	3.23	–	–	–	0.04	–	13.3x	12.8x	11.9x	11.6x	10.9x	-17%	-14%	-15%	-11%	-14%	5%	5.5%	71%	Neutral	$38	13%	Buy	$45	34%
OGS	$60.26	3,342	4.14	3.85	4.14	4.67	4.93	4.14	3.88	4.10	4.55	4.82	–	–	0.04	0.13	0.11	14.5x	15.5x	14.7x	13.3x	12.5x	-9%	4%	6%	1%	-2%	4%	4.4%	68%	Neutral	$62	7%	Neutral	$61	5%
SR	$58.46	3,112	4.05	4.35	4.61	4.85	5.05	4.18	4.34	4.56	4.88	5.10	(0.13)	–	0.05	–	(0.05)	14.0x	13.5x	12.8x	12.0x	11.5x	-13%	-9%	-8%	-8%	-10%	6%	5.3%	70%	Neutral	$64	15%	Neutral	$63	13%
		24,366																15.4x	14.9x	13.9x	13.1x	12.3x	-4%	0%	0%	-0%	-3%	5.9%	4.4%	63%						
Regulated Water																																				
AWK	$121.83	23,721	4.87	5.14	5.59	6.00	6.49	4.83	5.16	5.61	6.05	6.50	0.04	–	–	(0.05)	–	25.2x	23.6x	21.7x	20.2x	18.8x	57%	59%	56%	54%	47%	7%	2.5%	58%	Neutral	$135	13%	Buy	$140	17%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$130.72	41,750	3,893	4,080	4,147	4,177	4,416	3,886	4,141	4,169	4,151	4,368	–	(61)	(22)	27	48	12.1x	11.1x	10.9x	10.9x	10.5x	46,937	45,926	45,256	45,075	45,758	15.9%	1.1%	22%	Buy	$124	-4%	Buy	$131	1%
NRG	$52.35	11,819	3,248	3,418	3,311	3,324	3,377	3,239	3,322	3,337	3,464	3,544	–	97	(26)	(140)	(167)	6.5x	6.3x	6.1x	5.8x	5.5x	21,000	20,816	20,213	19,926	19,560	23.6%	3.2%	26%	Buy	$63	24%	Buy	$54	7%
VST	$42.90	15,339	4,050	3,969	3,860	3,647	3,672	3,963	4,393	4,377	4,308	4,428	87	(424)	(518)	(661)	(756)	6.7x	6.0x	6.1x	6.3x	6.1x	26,459	26,568	26,673	26,936	26,975	7.4%	2.1%	22%	Buy	$48	14%	Buy	$42	-0%
Other																																				
NEP	$28.08	2,624	1,875	2,021	2,080	2,099	2,118	1,894	2,042	2,043	2,023	1,976	–	(21)	37	75	142												13.0%	–	Buy	$40	55%	Buy	$33	29%
SMR	$2.72	209	(219)	(17)	(6)	66	149	(161)	(74)	(74)	34	147	(58)	56	68	32	–												–	–	Neutral	NA	–	Buy	$7	167%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

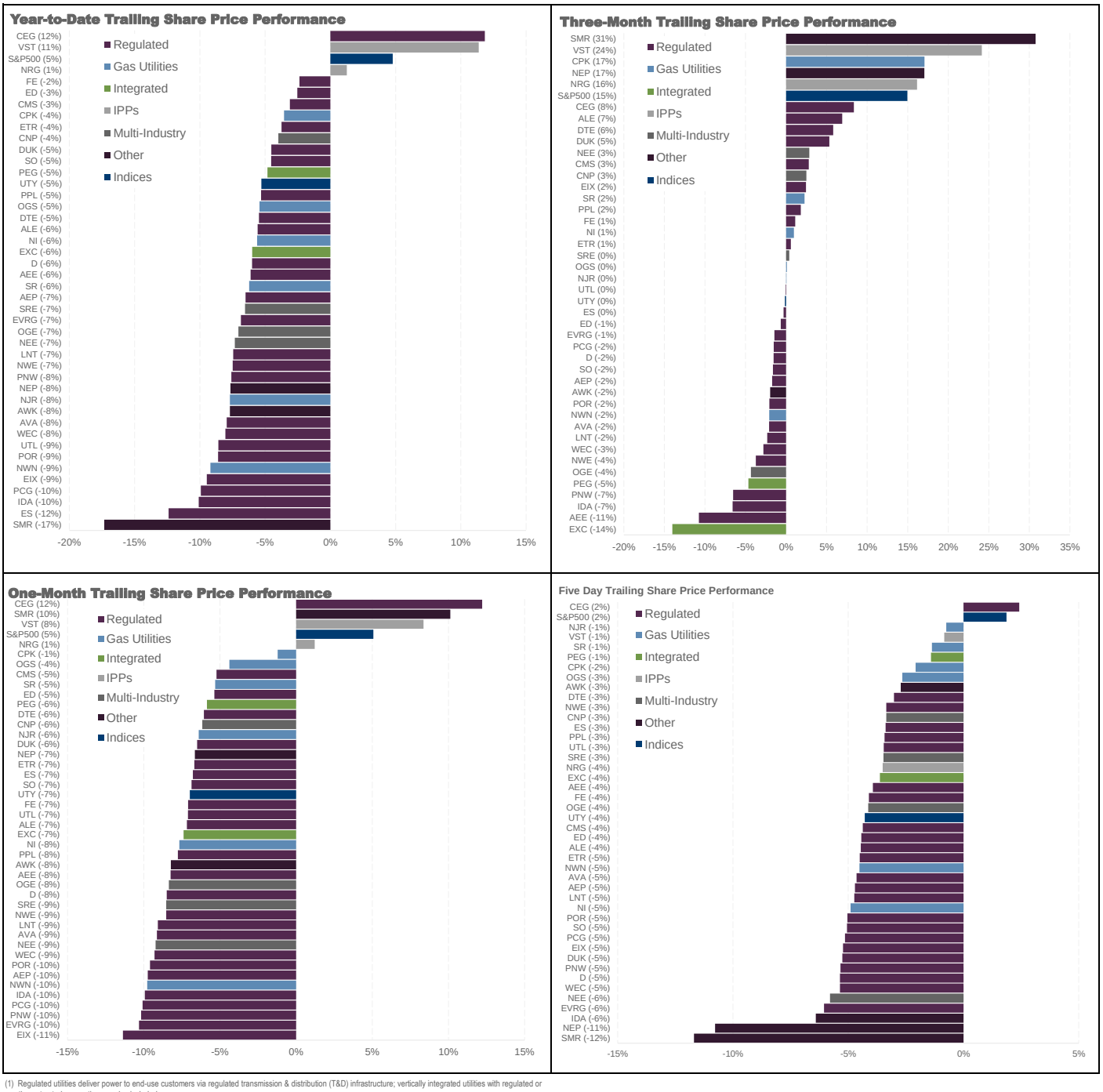

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix

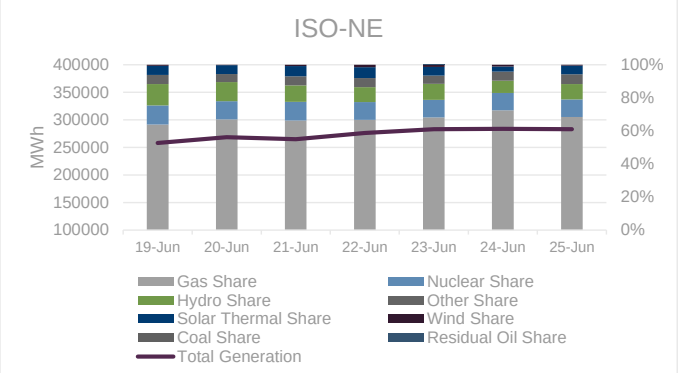

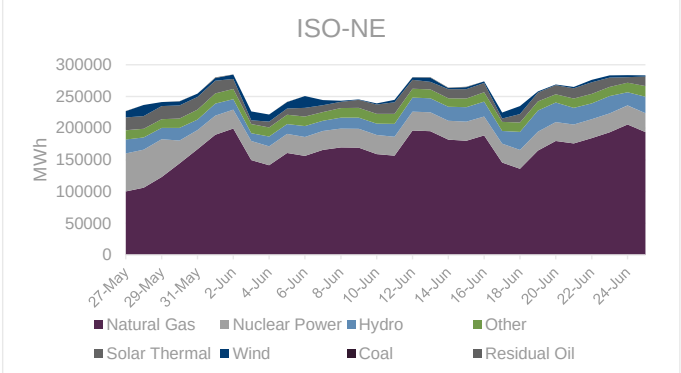

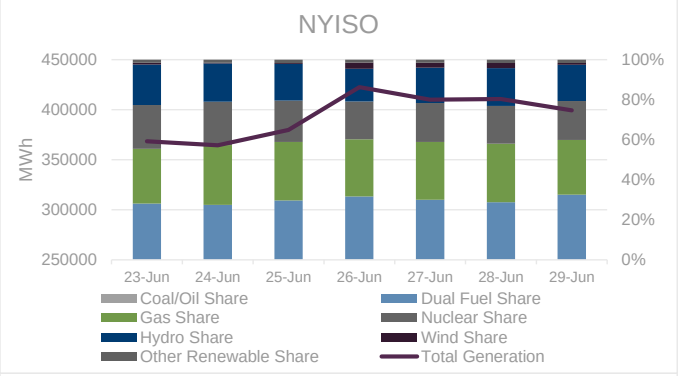

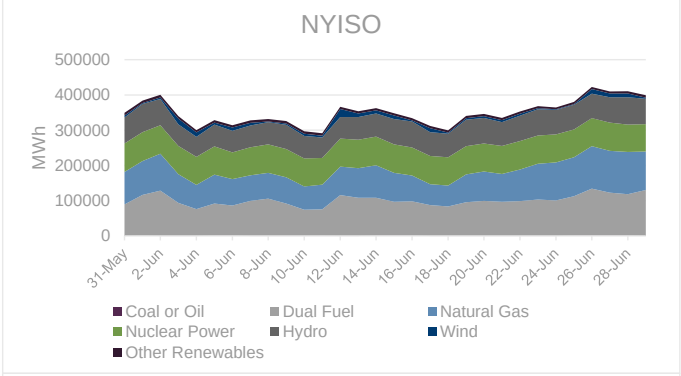

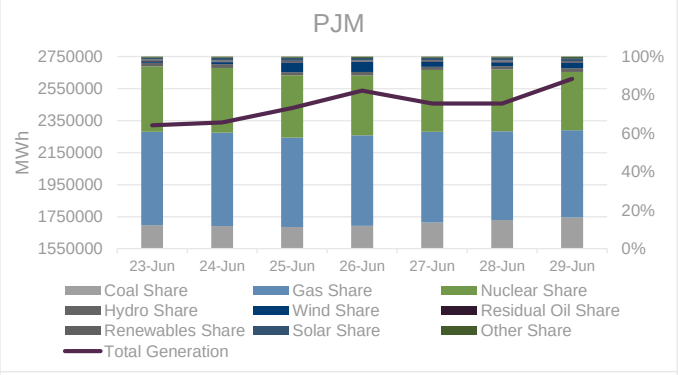

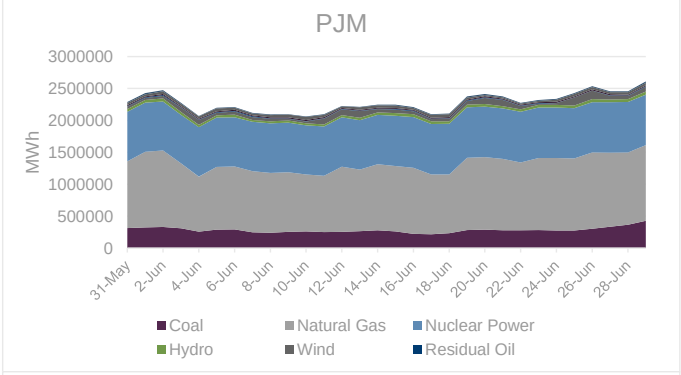

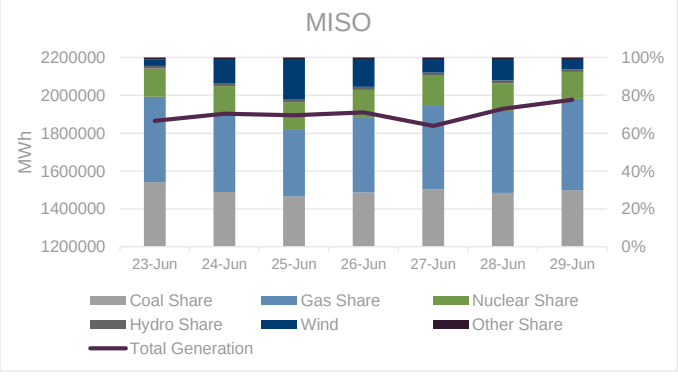

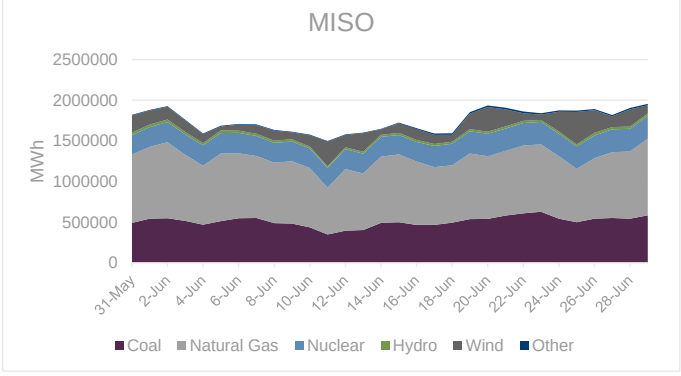

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix (continued)

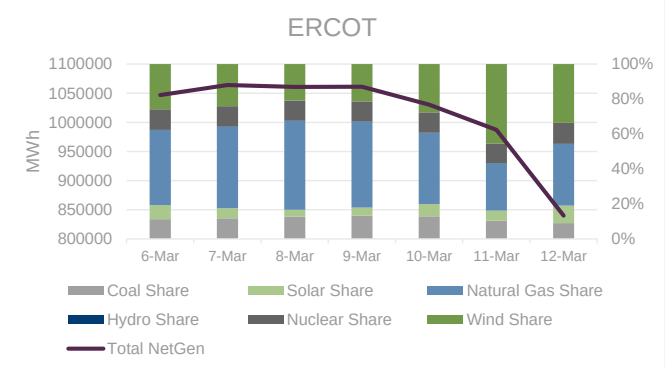

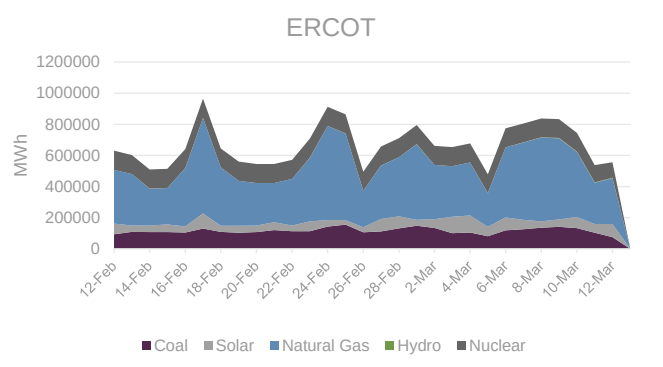

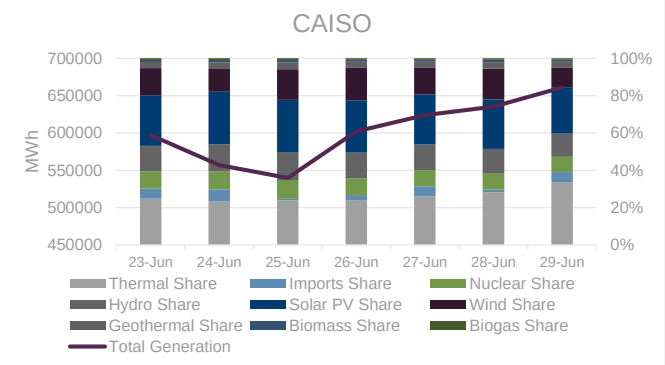

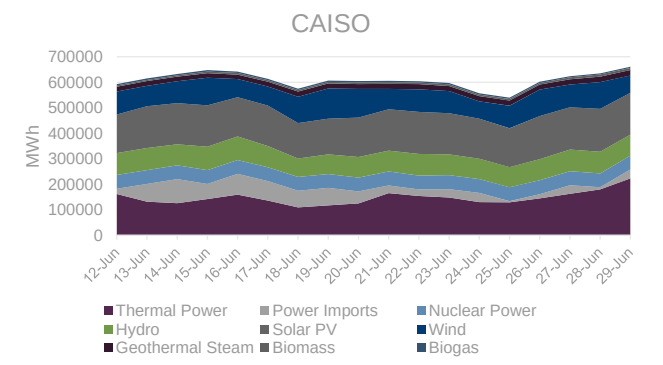

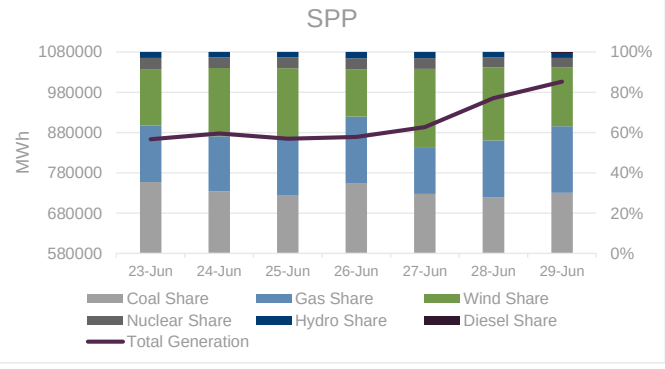

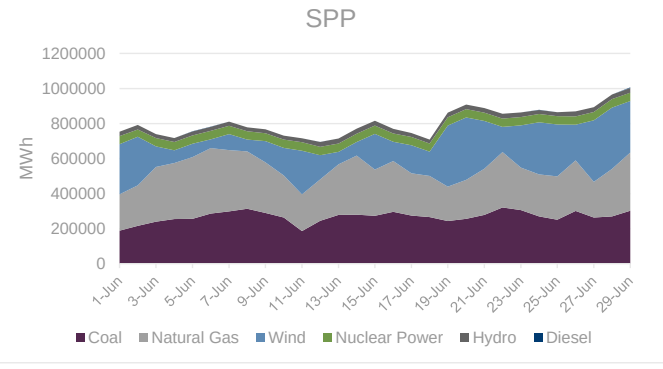

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Weather

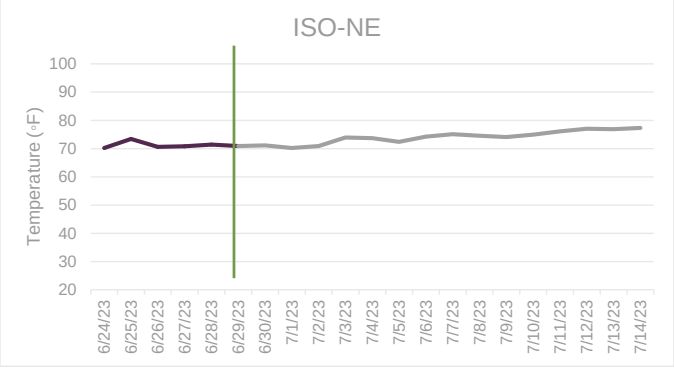

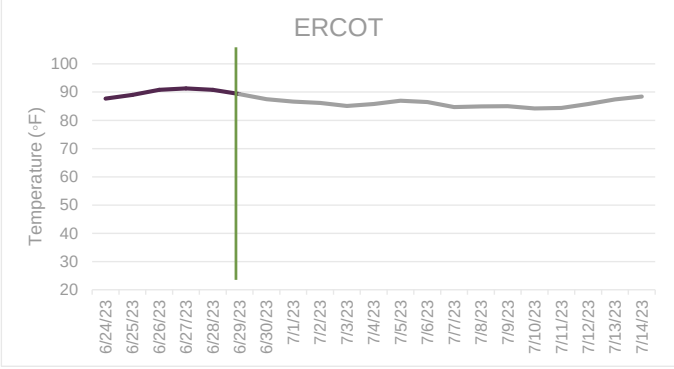

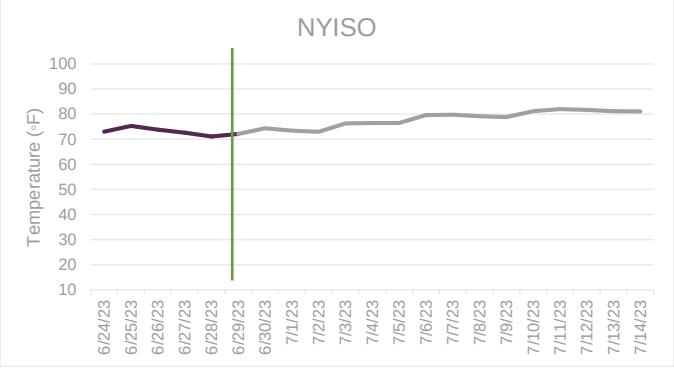

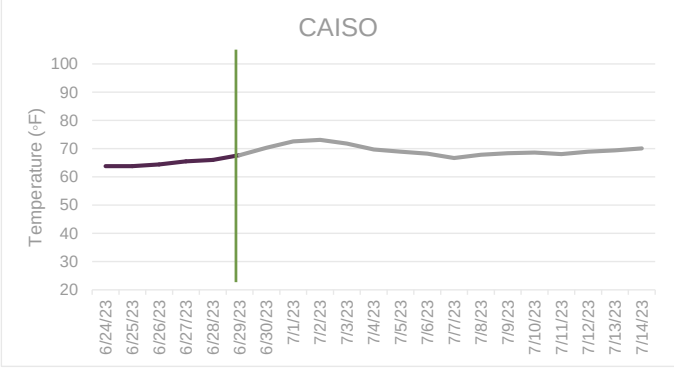

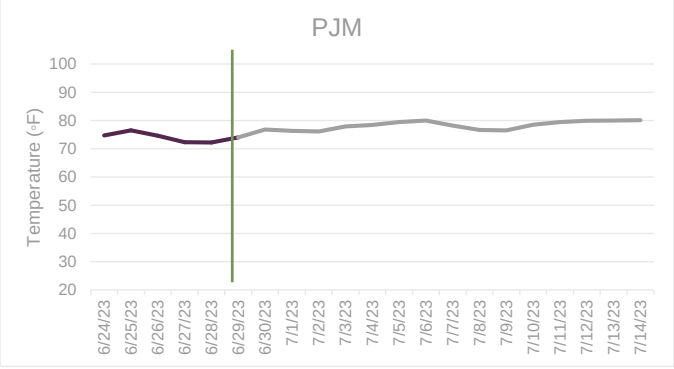

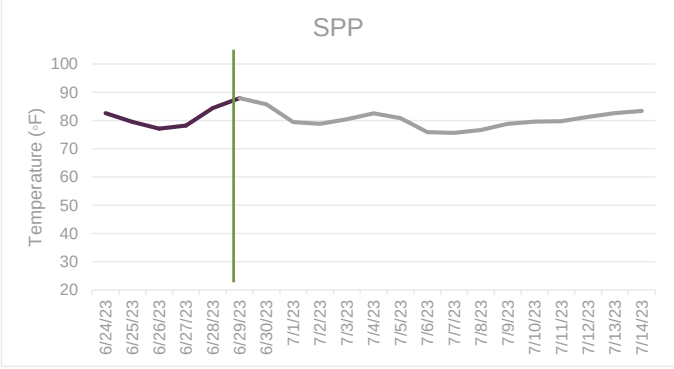

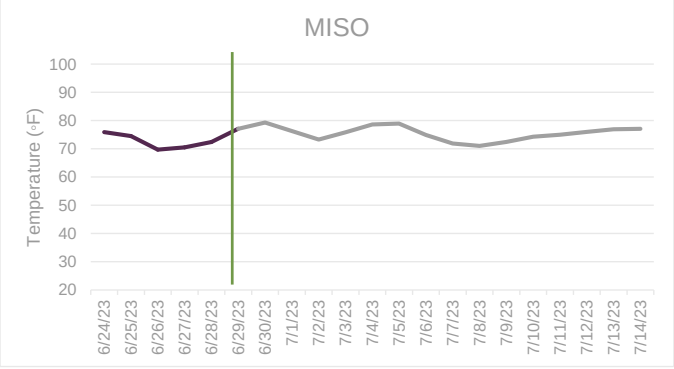

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

YTD Peak Load

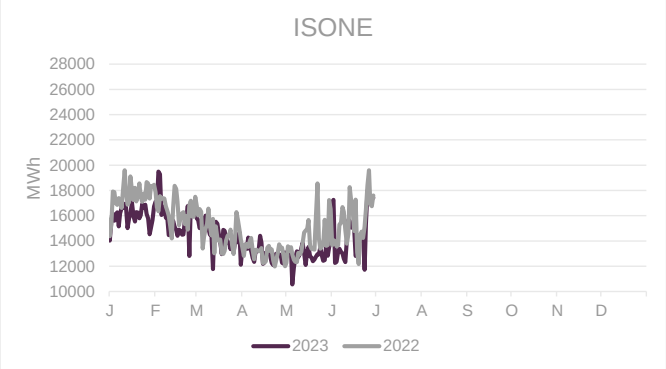

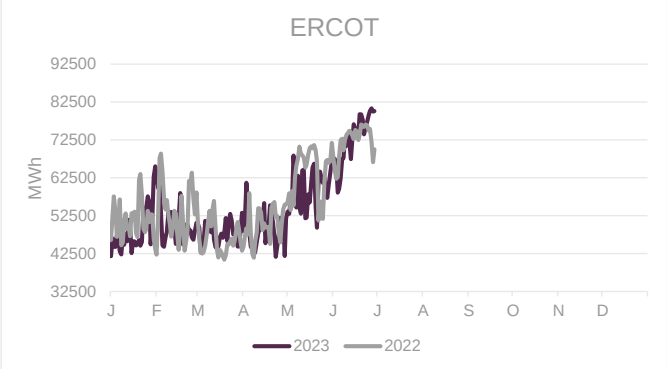

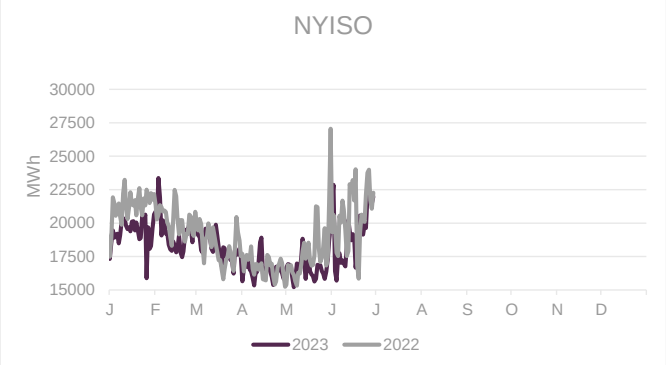

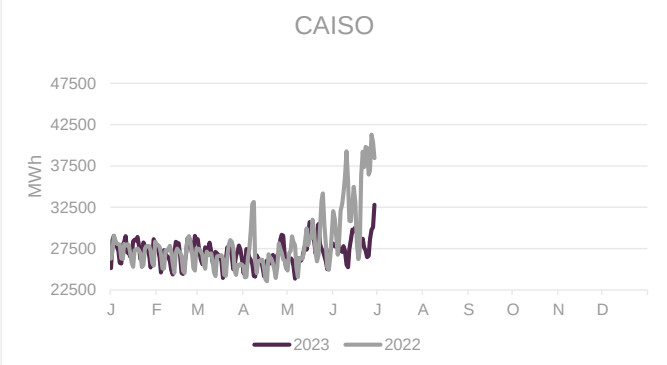

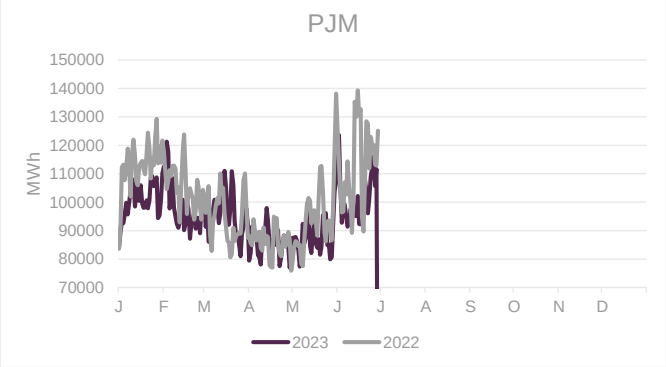

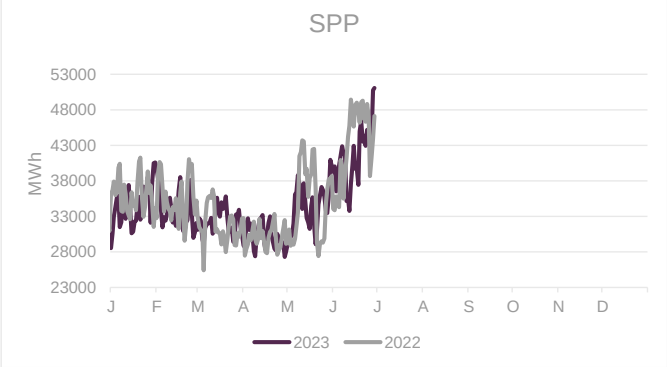

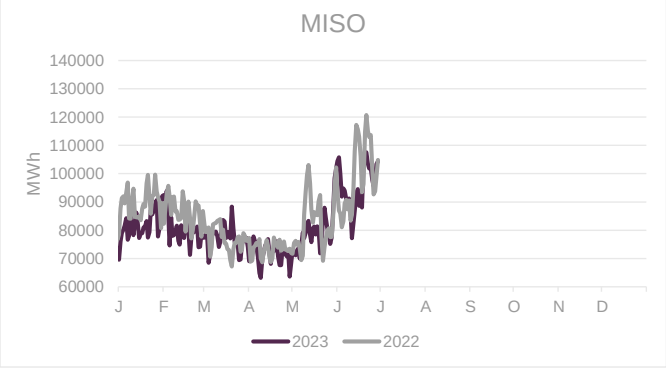

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2024-3/31/2024)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2024-1/31/2024	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-3	Decision possible in TDSIC proceeding
1/1/2024-1/31/2024	IN	CNP	Sthrn IN Gas & Electric Co.	Ca-45612-TDSIC-3	Decision possible in TDSIC proceeding
1/1/2024-3/31/2024	MI	CMS	Consumers Energy Co.	C-U-21389	Commission decision in rate case expected
1/1/2024-1/31/2024	OK	AEP	Public Service Co. of OK	Ca-PUD2023-000086	Rate case filing expected
1/1/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
1/12/2024-1/26/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/24/2024-1/26/2024	WV	FE	Monongahela Power Co.		Hearing if no settlement
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/30/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Petitions to intervene due
1/30/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Petitions to intervene due
1/31/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Intervenor testimony due in rate proceeding
2/1/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Settlement or issues list
2/1/2024-2/29/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45330-TDSIC-7	Decision possible in TDSIC proceeding
2/1/2024-3/1/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-80	Evidentiary hearings to be held
2/1/2024-3/1/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-81	Evidentiary hearings to be held
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West	C-ER-2024-0189	Rate case filing expected
2/1/2024-2/29/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
2/1/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Comments due on hearing examiner's report in biennial review proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/5/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Opposition to settlement
2/6/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Hearing
2/6/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-80	Deadline for intervenors to file surrebuttal testimony
2/6/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-81	Deadline for intervenors to file surrebuttal testimony
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/16/2024	WV	FE	Monongahela Power Co.	C-23-0460-E-42T	Post-hearing initial briefs
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding
2/28/2024	WV	FE	Monongahela Power Co.	C-23-0460-E-42T	Post-hearing reply briefs
2/28/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Company rebuttal testimony due in rate proceeding
2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Decision likely in biennial earnings review
2/29/2024	CA	EIX	Southern California Edison Co.	A-23-05-010	Intervenor testimony due
3/1/2024-3/31/2024	VA	AEP	Appalachian Power Co.		Earnings review covering 2023 to be filed
3/1/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case filing expected in calendar Q1 2024
3/1/2024	MI	DTE	DTE Electric Co.	C-U-21534	Electric rate case application to be filed on or around
3/1/2024	MI	WEC	Michigan Gas Utilities Corp.	C-U-21540	Gas rate case expected to be filed on or around
3/1/2024-3/31/2024	NJ	FE	Jersey Cntrl Power & Light Co.	D-ER23030144	Decision expected in rate case based on current schedule
3/1/2024-3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing Examiner report likely to be issued in Rider US-3 proceeding
3/1/2024-3/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing Examiner's proposed order may be issued in Rider RBB proceeding
3/6/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Deadline for settlement to be filed in rate proceeding
3/6/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00172 (Rider U)	Intervening parties to file testimony in Ride U update proceeding
3/7/2024-3/15/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Hearings scheduled in multiyear rate plan case
3/11/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Expected rate case decision
3/12/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Intervenor testimony
3/12/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Intervenor testimony due
3/12/2024	IN	CNP	Sthrn IN Gas & Electric Co.	Ca-45990	Intervenor testimony due in rate proceeding
3/15/2024-4/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Decision likely to be issued in Rider CE proceeding
3/18/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Hearing to begin in rate proceeding (if no settlement is filed)
3/22/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Surrebuttal testimony due in electric multiyear rate plan proceeding
3/22/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00171 (Rider SNA)	Staff to file testimony in Rider SNA proceeding
3/26/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00169 (RAC-EE)	Intervening parties to file testimony in EE-RAC proceeding
3/26/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00217 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/27/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Second settlement and stipulation conference to take place in electric multiyear rate plan proceeding
3/27/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Intervenor cross-rebuttal testimony
3/27/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Intervenor cross-rebuttal testimony
3/29/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00172 (Rider U)	Staff to file testimony in Rider U update proceeding
3/29/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00195 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceedings
3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing examiner's report likely to be issued in Rider GT proceeding
3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Decision likely in Rider RBB proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- CMS – Rochow-Hayes 2024: A Ticket We Can Get Behind – Upgrading to BUY on Earnings Power Rebase and No Shortage of Capital Upsides
- PNW – ALJ's ROO Issued in APS Rate Case; Reiterate Buy Following Our Recent Upgrade: Outcome Supportive of Our Anticipatory Call
- ES: Orsted to Purchase Sunrise Pending Successful Rebid – Move Supports Our Upgrade
- '24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy…
- D: Investor Survey Results Reveal Tighter Buyside Perceptions on Review Outcomes, Degree of Conservatism
- ES: Substantial Impairments Write Projects Down to Almost Zero; Reposition Sunrise Overhang

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	252	68.85%	44	17.46%
NEUTRAL	109	29.78%	7	6.42%
SELL	5	1.37%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist-New York
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Healthcare Sector Specialist-San Francisco
Daniel Donner 415.671.4385
Daniel.Donner@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities	212.292.4700
Jeffrey Cohen, Head of Sales	212.292.4762
Dante Ferrarie, Head of Trading	212.518.3331
Craig Peckham, Head of Research	212.292.4765

Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

KeyBanc Capital Markets

Alert

February 07, 2024

Energy: Electric Utilities

Midweek Thoughts — FE, ES, XEL, POR, CMS, EXC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

DTE, DUK, and FE are scheduled to report later this week. In other news, FE agrees to an $85M revenue increase in JCP&L electric rate case; Orsted announces it is considering selling a portion of its stake in two offshore wind projects; XEL files an IRP for its Upper Midwest region; POR issues an all-source RFP for dispatchable, renewable projects; CMS agrees to sell its Appliance Service Plan business; EXC announces leadership changes; and EIA releases its February Short-Term Energy Outlook.

Upcoming Earnings Reports

DTE and **DUK** report BMO tomorrow (Thursday), followed by **FE** after hours. Our recently published 2024 Outlook includes our thesis, expectations, and estimates for our coverage.

Industry News and News from Companies in Our Coverage

FE — FE reaches an $85M settlement in JCP&L electric rate case: FE subsidiary Jersey Central Power and Light Co. reached a settlement agreeing to an $85M settlement, premised on a 9.6% ROE, 51.9% equity, and a $3.0B rate base. The settlement compares to JCP&L's updated request for a ~$192M increase, premised on a 10.4% ROE and $3.1B rate base. The lower ROE and rate base contributed ~$26M of the delta between FE's request and the agreed-upon increase, implying the remainder of the difference was due to net operating income adjustments. However, the adjustments were not specified in the settlement. The settlement also agrees to a two-phase Reliability Improvement Plan, including $95M for Phase 1 to improve nine of 18 high-priority circuits over the next three years. Parties that signed onto the settlement include the BPU Staff, the Division of Rate Counsel, and others. If approved, FE would refund $17M to customers for distribution charges that were misclassified, misallocated, or lacked proper supporting documentation. The refunds would be amortized through the end of May, resulting in new rates going into effect on June 1. The BPU could issue a final decision at the Open Meeting on February 15.

ES — Orsted announces it will explore selling stake in South Fork and Revolution offshore wind projects: Orsted announced that it is exploring reducing its 50% stake in the 132 MW South Fork and 400 MW Revolution offshore wind projects. ES is also in the process of divesting its 50% interest in both projects and expects to announce a deal in the near term. Currently, ES and Orsted have a 50/50 partnership in Southfork and Revolution (and Sunrise). The two companies recently announced that Orsted will acquire ES's stake in the 924 MW Sunrise project, pending successful re-bidding in NYS.

XEL — XEL files IRP for Upper Midwest region: As expected, XEL filed its new Upper Midwest region integrated resource plan. The Company filed its plans for operations in MN (Docket: 24-67), MI, ND, SD, and WI. XEL proposes adding 3,600 MW of wind and solar generation and 600 MW of battery energy storage by 2030. Additionally, XEL proposes adding 2,200 MW of natural gas resources to offer backup for renewables and meet supply needs during peak demand. XEL proposed extending the Monticello and Prairie Island nuclear plants by 20 years. Specifically, XEL proposes to extend the Prairie Island units to 2053 and 2054, respectively, and to extend Monticello until 2050. The IRP seeks to reduce carbon emissions by at least 80% (from 2005 levels) and up to 88% by 2030 and to help meet Minnesota's 2040 carbon-free targets.

POR — POR issues an all-source RFP for dispatchable, renewable projects: POR issued an all-source RFP for up to 753 MWa of non-emitting dispatchable capacity and renewable generation projects. The projects must be available between 2025 and 2027. The RFP aligns with the near-term actions highlighted in the 2023 IRP and CEP, which included annual needs of 251 MWa through 2030. As a reminder, the OR PUC acknowledged the IRP but not the Clean Energy Plan. POR expects to file an updated CEP by January 2025. Benchmark bids are due by February 23, followed by third-party solar bids for build transfer/asset purchase agreements on March 12. All remaining bids are due March 22. POR expects to execute final contracts with the winning bidders in 2H24.

CMS — CMS agrees to sell Appliance Service Plan business: CMS reached an agreement to sell its Appliance Service Plan business to American Water Resources. While the financial details of the sale were not disclosed, Appliance Service Plan is not a core business of CMS, and the sale is not expected to impact earnings. The business provides appliance protection and related services in Michigan, including repairs and replacements. CMS expects the sale to close in the first half of 2024.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

EXC — EXC announces leadership changes: EXC announced that the current President and CEO of PECO Energy Company, Michael Innocenzo, will assume the role of EVP and COO of EXC, effective April 1. Replacing Mr. Innocenzo in his current role will be David Velazquez, who serves as EVP of Utility Operations and Technology at EXC. Mr. Innocenzo was appointed president and CEO of PECO in 2018 and previously served as SVP and COO of PECO since 2013.

EIA's February Short-Term Energy Outlook: Solar and wind are forecast to increase by 43% and 6%, respectively, in 2024. By 2025, renewable generation will contribute to 26% of the mix. However, the EIA lowered its forecast for renewable generation in 2025 due to lower reported capacity additions in recent months, primarily driven by lower wind generation. Coal generation will partially offset the decline in 2025, resulting in a slight increase relative to the prior forecast. Coal generation is still expected to experience y/y declines of ~8% and ~7% in 2024 and 2025, respectively. January experienced the third-largest withdrawal of natural gas from storage, or 920 Bcf, resulting in some price volatility in the quarter due to a combination of lower natural gas production and higher natural gas consumption. Prices reached $13.20/MMBtu ahead of cold weather in mid-January. Overall, prices averaged $3.18/MMBtu for the month and are expected to remain near $2.40/MMBtu during a milder February and March and end the winter heating season (November-March) 15% above the five-year average, up from 13% above the average at the end of January.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Select Recent Research

AEP: WV Commission Rejects Fuel Cost Securitization Stipulation, Orders a Sizable Disallowance Instead

ES: Adjusting Estimates to Reflect Incremental Offshore Write-Off

DUK: Positive Final Order Supports EPS Growth; Reiterate OW, PT $106

AEE: IL Going Rogue – Downgrading AEE to Sector Weight

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

Thematic Pieces

Utilities 2024 Sector Outlook: Keep the Momentum Going

Alternative Energy 2024 Sector Outlook: Failure to Launch

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	245	48.42	43	17.55
Sector Weight [SW]	258	50.99	44	17.05
Underweight [UW]	3	0.59	0	0.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	21	36.84	16	76.19
Sector Weight [SW]	36	63.16	16	44.44
Underweight [UW]	0	0.00	0	0.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

EQUITY RESEARCH

Capital Markets

RBC Capital Markets, LLC
Shelby Tucker, CFA (Analyst)
(212) 428-6462, shelby.tucker@rbccm.com
Kevin Patel (Senior Associate)
(212) 428-5442, kevin.patel@rbccm.com
Elias Mingos (Associate)
(212) 266-4040, elias.mingos@rbccm.com

February 4, 2024

WATTS COOKING? Weekly

Topics: Earnings/EXC/dividend; DUK; ETR

Our view: Weekly developments that we found to be of interest.

WATTS on Your Mind

This past week, many investors focused on messaging from the current earnings season. For the most part, most believe that capital spending programs will continue to grow as decarbonization goals expand and demand for power increases from manufacturing onshoring and data centers, to name a few growth drivers. Many are focusing on rate cases, with Illinois and, by association, EXC being main topics. We are finding that investors are looking for a reason to like EXC's reduced stock price (down 944 bps relative to XLU since Illinois decision on 12/14/23) but need to hear what management may say when they report. We also found that many investors are quite open to the idea of slowing the dividend growth to manage payout ratios down, given the large capital needs facing the sector. We expect more companies to pursue that strategy.

WATTS on Our Mind

On Wednesday, Duke Energy Florida (DEF) notified the Florida Public Service Commission (FPSC) that it intends to file a rate case on April 2nd for new rates implemented in January 2025. As usual, DEF will file a three-year rate plan with a rate increase from 2025 to 2027 of $596M, $95M, and $124M, respectively. The company highlights that this represents an average annual increase of 4% over the period. DEF plans to file for an 11.15% ROE and 53% equity ratio. **Our view. DEF currently operates under a 10.1% ROE and 53% equity ratio, including the 25bps ROE adder. In FPL's most recent case, the company filed for an 11.5% ROE and received an approval of 10.6% prior to the ROE trigger. We would be unsurprised to see the DEF receive an authorized ROE around the mid-10% range.**

Tuesday, a City Council of New Orleans Climate Change and Sustainability Committee proposed an order for $106M of investments related to Entergy New Orleans's (E-NO) 10-year resilience plan. The company filed for $559M over the first five years, while the full 10-year plan included $1B. E-NO's initial filing targeted 95% ratepayer funding and ~10% bill increase for customers. The commission approved three projects: a $39M transmission line, a 7MW/31MWh battery storage system, and a rebuild/ hardening of 381 distribution systems. The resolution includes 50% federal government funding and a 1% ratepayer increase. The committee also highlighted that 40% of investment has to flow to local businesses and community groups. A final vote will be required by the full seven-member council, which is expected in late February. **Our view: We believe the committee is focused on approving near-term projects and protecting affordability. For the total company, we note that NO's filing represents $1B of accelerated resiliency out of the $15B plan. ETR-LA's portion represents ~$9.6B, which should receive an order in the 1H24.**

WATTS on the ShUFL — unchanged

Shelby's Utility Focus List (ShUFL)

Best Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
PCG	OP	0.2%	$21.00	23.8%
EIX	OP	4.6%	$81.00	24.6%
NEE	OP	3.2%	$74.00	29.7%
AES	OP	3.9%	$22.00	32.1%

Defensive Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
AWK	OP	2.3%	$169.00	39.5%
SO	OP	4.1%	$80.00	19.8%
DUK	OP	4.3%	$113.00	22.1%
PPL	OP	3.7%	$30.00	19.6%

Least Favorite Plays

Ticker	Rating	Dividend Yield	Price Target	Tot. Implied Return
ED	SP	3.6%	$94.00	8.0%
UTL	SP	3.3%	$52.00	9.4%

Source: Factset; RBC Capital Markets estimates

2/8-2/9 - NEE NDRS (Sydney)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Shelby's Utility Focus List (ShUFL)

Our ShUFL is unchanged.

Exhibit 1 - PCG tops Best Plays; AWK Best Defensive Plays; ED Least Favorite

Best Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
PG&E Corp.	PCG	Outperform	$16.65	0.2%	$21.00	26.4%
Edison International	EIX	Outperform	$66.87	4.7%	$81.00	25.8%
NextEra Energy, Inc.	NEE	Outperform	$58.15	3.2%	$74.00	30.5%
The AES Corp.	AES	Outperform	$17.02	4.1%	$22.00	33.3%

Defensive Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
American Water Works	AWK	Outperform	$123.36	2.3%	$169.00	39.3%
Southern Co.	SO	Outperform	$68.65	4.1%	$80.00	20.6%
Duke Energy	DUK	Outperform	$96.22	4.3%	$113.00	21.7%
PPL Corp.	PPL	Outperform	$26.05	3.7%	$30.00	18.8%

Least Favorite Plays

Name	Ticker	Rating	Last Price	Dividend Yield	Price Target	Total Implied Return
Consolidated Edison	ED	Sector Perform	$91.10	3.6%	$94.00	6.7%
Unitil Corp.	UTL	Sector Perform	$49.00	3.3%	$52.00	9.4%

Notes: Priced as of market close 02/02/23. Past performance is not necessarily indicative of future performance.
Source: Factset, RBC Capital Markets estimates

Notable Publications

BEP US: First Glance: In-line Q4/23 results, 5% distribution increase as expected — 02.02.2024

SR US: 1Q24 above consensus; 2024 Adj. EPS. guidance reaffirmed — 02.01.2024

CMS US: 2023 EPS in line; 2024 adj guidance raised; capex roll forward up $1.5B — 02.01.2024

NEE US: Solar soars but wind wanes — 01.29.2024

XEL US: Stepping up in an XEL-lent way — 01.29.2024

NEP US: 2023 below consensus and RBC, recently updated 6% DPU target maintained — 01.25.2024

NEE US: 2023 results beat expectations — 01.25.2024

XEL US: 2023 in line, capital plan and equity need increase — 01.25.2024

FE US: FE reaches settlement in West Virginia — 01.23.2024

The Shape of Water — 01.17.2024

Global Research 2024 Outlook Compendium — 01.17.2024

2024 New Year Preview - Energy Infrastructure — 01.16.2024

Global Power, Utilities & Infrastructure — 01.12.2024

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Capital Markets

BEP US: Very favourable environment to deploy capital — 01.11.2024

U.S. Power & Utilities: Lunch with Moody's — 01.10.2024

U.S. Power & Utilities: 2024 Best Ideas Portfolio — 01.10.2024

DUK US: Sweet Carolina; Upgrade to Outperform — 01.10.2024

CPK US: Capitalizing on more than just goodwill; Upgrade to Outperform — 01.10.2024

RBC Global Regulated Utilities — 01.08.2024

PNM US: Thank You, Next — 01.04.2024

Global Energy Best Ideas — 01.04.2024

PNM US: NMPRC issues final order in rate case — 01.03.2024

PNM US: AGR calls off merger agreement with PNM — 01.02.2024

Top 30 Global Ideas for 2024 — 01.02.2024

Christmas came early in CA — 12.26.2023

FLNC US: Diablo BESS project lawsuit pressuring stock price — 12.20.2023

EXC US: The best-laid plans often go astray; target to $38 — 12.18.2023

DUK US: DEC rate stipulation approved, constructive ROE authorized — 12.17.2023

EXC US: EXC's ComEd rate case ruled at 8.9% by ICC, grid plan rejected, to be refiled — 12.14.2023

RBC ESG Stratify™: North American Renewable Energy — 12.14.2023

FLNC US: Charged for 2024; Upping target to $33 — 12.11.2023

FLNC US: FLNC shelf sale announced; All controlling entities participating — 12.06.2023

BEP US: Bid for Origin Energy falls short as expected, potentially moving on to Plan B — 12.04.2023

FLNC US: 4Q23 revenues above consensus; FY2024 guidance introduced — 11.28.2023

PCG US: Dividend lower than expected; long-term EPS growth guidance unchanged — 11.28.2023

SR US: Keeping the pilot light on — 11.22.2023

RBC Imagine™: Climate of change for nuclear energy — 11.21.2023

PCG US: CPUC approves most recent proposed decision in 2023 General Rate Case — 11.17.2023

U.S. Power & Utilities: Day 3 Recap of EEI Conference — 11.15.2023

U.S. Power & Utilities: Day 2 Recap of EEI Conference — 11.14.2023

U.S. Power & Utilities: Day 1 Recap of EEI Conference — 11.13.2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Capital Markets

BEP US: Opportunity in volatile markets; resuming coverage — 11.12.2023

AY US: The wait continues; reducing price target to $26 — 11.09.2023

NEE US: NEErly back on track? — 10.27.2023

FLNC US: On the Road with FLNC — 10.26.2023

EXC US: EXC's ComEd Rate Case Proposed Order Issued — 10.24.2023

WATTS UP! - California CFO Roundtable — 10.04.2023

CPK US: Chesapeake Expands in the Sunshine State — 10.01.2023

WEC US: Leader of the Pack; Initiate at Sector Perform — 09.27.2023

AES US: AES Announces Sell-Downs of LNG Business Stakes in the Dominican Republic and Panama — 09.26.2023

AWK US: On the Road with AWK — 09.13.2023

D US: Devil in the D'tails; Awaiting strategic review — 09.12.2023

EIX US: The Up & Up — 09.11.2023

SO US: Prudency review and settlement filed for Vogtle Units 3 and 4 — 08.30.2023

WATTS UP! : A look into the eye of the storm — 08.29.2023

ETR US: FERC resolves uncertain tax issue at SERI — 08.29.2023

SO US: SO close I can feel it — 08.23.2023

DUK US: Partial settlement reached on DEC rate case — 08.22.2023

DUK US: DUK outlines 2023 Carolinas Resource Plan — 08.15.2023

FLNC US: You’re the BESS thing that’s ever been mine — 06.22.2023

CEG US: Acquires NRG's 44% stake in South Texas Project Electric Generating Station — 06.01.2023

PCG US: Glass Still Half Full; Reiterating Outperform — 05.30.2023

Energy Made Simple 3.0 – 04.13.2023

SJW US: All Quiet on the Western Front — 04.10.2023

PNW US: Upward revision to earnings, PT unchanged — 03.28.2023

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Capital Markets

Exhibit 2 - RBC Capital Markets U.S. Power and Utility Coverage Universe

Ticker	Company	Rating	Price 02/02/24	Price Target	Current Yield	Implied Tot. Return	Cap. ($MM)	EPS 2022A	EPS 2023E	EPS 2024E	EPS 2025E	EPS 2026E	EPS 2027E	P/E 2023E	P/E 2024E	P/E 2025E	P/E 2026E	P/E 2027E	Div. Payout	5-yr EPS Growth	'23 EV/ EBITDA	'24 EV/ EBITDA	Price/ BV	Debt/ EBITDA
DEFENSIVE UTILITIES																								
AEP	American Electric Power	Outperform	$78.63	$90.00	4.5%	18.9%	41,907	$5.09	$5.30	$5.62	$5.92	$6.38	$6.89	14.8	14.0	13.3	12.3	11.4	66.4%	6.2%	10.9	10.2	1.66	6.0
CMS	CMS Energy	Sector Perform	$57.77	$64.00	3.4%	14.2%	17,167	$2.89	$3.11	$3.33	$3.59	$3.86	$4.16	18.6	17.3	16.1	15.0	13.9	62.7%	7.6%	11.0	10.1	2.47	6.2
CNP	CenterPoint Energy	Outperform	$27.95	$33.00	2.9%	20.9%	17,914	$1.38	$1.51	$1.64	$1.77	$1.90	$2.02	18.5	17.0	15.8	14.7	13.8	53.0%	7.9%	11.7	10.2	1.87	6.6
DUK	Duke Energy	Outperform	$96.22	$113.00	4.3%	21.7%	75,368	$5.27	$5.61	$6.00	$6.38	$6.77	$7.19	17.2	16.0	15.1	14.2	13.4	73.1%	6.4%	12.0	11.4	1.60	6.7
ED	Consolidated Edison	Sector Perform	$91.10	$94.00	3.6%	6.7%	32,030	$4.55	$5.05	$5.33	$5.63	$5.91	$6.19	18.0	17.1	16.2	15.4	14.7	64.2%	6.3%	11.4	10.6	1.52	4.7
EIX	Edison International	Outperform	$66.87	$81.00	4.7%	25.8%	26,194	$4.63	$4.74	$5.10	$5.50	$5.82	$6.15	14.1	13.1	12.2	11.5	10.9	65.8%	5.8%	10.5	9.1	1.91	5.9
ETR	Entergy Corp.	Outperform	$100.59	$117.00	4.5%	20.8%	21,568	$6.42	$6.77	$7.22	$7.70	$8.25	$8.82	14.9	13.9	13.1	12.2	11.4	66.8%	6.6%	10.0	9.3	1.58	6.4
EXC	Exelon Corp.	Sector Perform	$34.35	$38.00	4.2%	14.8%	34,860	$2.27	$2.36	$2.44	$2.67	$2.87	$3.05	14.6	14.1	12.9	12.0	11.3	61.0%	6.1%	9.8	9.2	1.39	5.8
FE	FirstEnergy	Outperform	$36.79	$41.00	4.5%	15.9%	21,415	$2.41	$2.55	$2.68	$2.89	$3.03	$3.15	14.4	13.7	12.7	12.1	11.7	64.3%	5.5%	11.1	10.4	2.04	6.2
NWN	Northwest Natural	Restricted	$36.94	R	R	R	1,362	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
PCG	PG&E Corp.	Outperform	$16.65	$21.00	0.2%	26.4%	36,526	$1.10	$1.22	$1.35	$1.48	$1.64	$1.79	13.6	12.3	11.3	10.2	9.3	3.3%	10.2%	10.3	9.3	1.51	8.6
PNM	PNM Resources	Sector Perform	$35.64	$43.00	4.3%	22.8%	3,117	$2.69	$2.79	$2.73	$2.84	$3.13	$3.39	12.8	13.1	12.5	11.4	10.5	55.6%	4.7%	10.0	9.1	1.39	5.7
PNW	Pinnacle West	Sector Perform	$68.70	$83.00	5.1%	25.9%	7,953	$4.26	$4.23	$4.91	$5.17	$5.45	$5.78	16.2	14.0	13.3	12.6	11.9	83.2%	6.3%	10.8	9.6	1.25	6.6
PPL	PPL Corp.	Outperform	$26.05	$30.00	3.7%	18.8%	19,585	$1.41	$1.59	$1.70	$1.81	$1.92	$2.05	16.4	15.3	14.4	13.6	12.7	60.4%	7.8%	10.1	9.6	1.40	5.1
SO	Southern Co.	Outperform	$68.65	$80.00	4.1%	20.6%	76,889	$3.58	$3.60	$4.00	$4.29	$4.55	$4.77	19.1	17.2	16.0	15.1	14.4	77.8%	5.9%	13.0	12.0	2.45	6.2
SR	Spire Inc.	Sector Perform	$59.00	$65.00	5.1%	15.3%	3,155	$3.87	$4.05	$4.29	$4.59	$4.89	$5.10	14.6	13.8	12.9	12.1	11.6	74.6%	5.7%	11.9	11.5	1.16	6.8
UTL	Unitil Corp.	Sector Perform	$49.00	$52.00	3.3%	9.4%	801	$2.59	$2.79	$2.95	$3.13	$3.31	$3.49	17.6	16.6	15.7	14.8	14.0	58.1%	6.1%	9.5	9.0	1.67	4.6
WEC	WEC Energy Group	Sector Perform	$79.86	$95.00	3.9%	22.9%	25,796	$4.45	$4.62	$4.90	$5.25	$5.59	$5.95	17.3	16.3	15.2	14.3	13.4	67.5%	6.7%	12.4	11.4	2.20	5.3
XEL	Xcel Energy	Sector Perform	$59.82	$67.00	3.5%	15.5%	33,738	$3.17	$3.36	$3.58	$3.80	$4.04	$4.31	17.8	16.7	15.7	14.8	13.9	61.9%	6.3%	11.1	10.2	1.95	5.1
	Average (PCG excl. from P/E, yield, payout, debt/EBITDA calculations)				4.1%	19.3%								16.7	15.6	14.6	13.7	12.9	67.6%	6.6%	11.3	10.4	1.82	6.0
DIVERSIFIED UTILITIES																								
BKH	Black Hills	Sector Perform	$51.18	$61.00	4.9%	24.1%	3,573	$3.97	$3.80	$3.90	$4.13	$4.38	$4.65	13.5	13.1	12.4	11.7	11.0	65.8%	3.2%	10.4	9.7	1.13	6.3
CPK	Chesapeake Utilities	Outperform	$102.61	$123.00	2.3%	22.2%	2,253	$5.04	$5.25	$5.45	$6.21	$6.73	$7.28	19.5	18.8	16.5	15.2	14.1	45.0%	7.6%	12.5	9.9	2.14	3.8
D	Dominion Energy	Sector Perform	$45.64	$53.00	5.9%	22.0%	39,062	$4.11	$3.02	$3.08	$3.45	$3.69	$3.96	15.1	14.8	13.2	12.4	11.5	88.4%	-0.7%	10.9	11.7	1.49	6.1
NEE	NextEra Energy, Inc.	Outperform	$58.15	$74.00	3.2%	30.5%	122,590	$2.90	$3.14	$3.41	$3.65	$3.91	$4.24	18.5	17.1	15.9	14.9	13.7	59.6%	7.9%	13.6	12.3	2.60	4.7
PEG	Public Service Enterprise	Outperform	$58.20	$70.00	3.9%	24.2%	29,415	$3.47	$3.48	$3.74	$4.09	$4.24	$4.39	16.7	15.6	14.2	13.7	13.3	65.5%	4.8%	12.4	11.7	1.94	5.8
SRE	Sempra	Outperform	$71.34	$82.00	3.3%	18.3%	45,532	$4.61	$4.58	$4.78	$5.07	$5.41	$5.76	15.6	14.9	14.1	13.2	12.4	52.0%	4.6%	14.5	13.3	1.66	5.9
	Average				3.8%	25.9%								17.1	16.1	14.9	14.0	13.0	63.5%	5.4%	13.1	12.2	2.14	5.3
	Average (PCG excl. from P/E, yield, payout, debt/EBITDA calculations)				3.8%	21.5%								16.9	15.8	14.7	13.8	13.0	66.2%	6.2%	12.0	11.1	1.92	5.7
WATER UTILITIES																								
AWK	American Water Works	Outperform	$123.36	$169.00	2.3%	39.3%	24,385	$4.51	$4.75	$5.13	$5.54	$5.99	$6.48	26.0	24.0	22.3	20.6	19.0	59.6%	7.5%	15.7	14.5	2.46	6.1
SJW	SJW Group	Sector Perform	$59.53	$79.00	2.6%	35.3%	1,927	$2.43	$2.67	$2.71	$2.87	$3.04	$3.22	22.3	22.0	20.7	19.6	18.5	56.9%	5.8%	14.0	12.9	1.58	7.2
WTRG	Essential Utilities	Outperform	$36.17	$47.00	3.4%	33.3%	10,006	$1.77	$1.87	$1.99	$2.12	$2.26	$2.40	19.3	18.2	17.1	16.0	15.1	65.7%	6.3%	14.5	13.5	1.69	7.0
	Average				2.6%	37.4%								23.9	22.3	20.8	19.3	17.9	61.1%	7.1%	15.3	14.2	2.20	6.4
INDEPENDENT POWER PRODUCERS																								
AES	The AES Corp.	Outperform	$17.02	$22.00	4.1%	33.3%	11,491	$1.67	$1.73	$1.94	$2.06	$2.26	$2.44	9.8	8.8	8.3	7.5	7.0	39.9%	7.9%	11.6	10.2	5.92	7.5
CEG	Constellation Energy Corp.	Sector Perform	$129.71	$119.00	0.9%	-7.4%	40,714	-$0.51	$3.98	$5.98	$5.47	$4.80	$5.64	32.6	21.7	23.7	27.0	23.0	28.3%	NM	12.7	12.4	3.49	2.9
VST	Vistra Energy	Restricted	$44.55	R	R	R	15,468	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
	Average				1.6%	1.6%								27.6	18.8	20.3	22.7	19.5	30.9%	7.9%	12.5	12.0	4.02	3.9
YIELDCOs																								
AY	Atlantica Sustain. Infra.	Outperform	$19.19	$26.00	9.3%	44.8%	2,285	-$0.05	$0.17	$0.54	$0.76	$0.89	$1.16	112.9	35.5	25.3	21.6	16.5	1047.1%	NM	9.4	8.9	1.52	6.2
BEP	Brookfield Renewables	Outperform	$25.41	$29.00	5.3%	19.4%	16,867	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	21.1	19.4	1.81	13.2
CWEN	Clearway Energy	Sector Perform	$23.98	$26.00	6.6%	15.0%	2,903	$4.99	$1.16	$1.70	$2.16	$2.26	$2.41	20.7	14.1	11.1	10.6	10.0	136.6%	NM	11.0	10.2	1.38	6.1
NEP	NextEra Energy Partners	Outperform	$30.30	$38.00	11.5%	36.9%	5,912	$5.62	$1.79	$2.23	$2.32	$2.22	$2.43	16.9	13.6	13.1	13.6	12.5	193.9%	NM	11.7	11.0	0.84	3.2
	Average				9.2%	26.5%								37.7	18.2	15.1	14.5	12.6	354.5%	N/M	11.0	10.4	1.1	4.6
ALT. ENERGY																								
FLNC	Fluence Energy	Outperform#	$19.79	$33.00	0.0%	66.8%	3,592	-$1.58	$0.56	$0.25	$0.90	$1.41	$2.18	35.3	79.2	22.0	14.0	9.1	0.0%	NM	-66.3	85.8	2.98	10.6
SP50	Standard & Poor's 500 Index		$4,959	$5,150	1.5%	5.4%		$216.00	$224.00	$234.00	N/A	N/A	N/A	22.1	21.2	N/A	N/A	N/A						
UTY	Philadelphia Utility Index		$783	$900	3.8%	18.8%				Utility P/E relative to S&P:				-23.8%	-25.6%	N/A	N/A	N/A						

A - Actual; E - Estimated; R - Restricted; #Speculative Risk

Source: RBC Capital Markets estimates; Factset, #Fluence is Speculative Risk. R = Restricted

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Capital Markets

Required disclosures

Conflicts disclosures

This product constitutes a compendium report (covers six or more subject companies). As such, RBC Capital Markets chooses to provide specific disclosures for the subject companies by reference. To access conflict of interest and other disclosures for the subject companies, clients should refer to https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1. These disclosures are also available by sending a written request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7 or an email to rbcinsight@rbccm.com.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.
With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.
Ratings
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.
Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.
Risk Rating
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings
RBC Capital Markets, Equity Research
As of 31-Dec-2023

			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [Outperform]	829	57.17	253	30.52
HOLD [Sector Perform]	575	39.66	154	26.78
SELL [Underperform]	46	3.17	6	13.04

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

https://www.rbccm.com/global/file-414164.pdf
or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.
For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: https://rbcnew.bluematrix.com/sellside/MAR.action
The 12 month history of Quick Takes can be viewed at RBC Insight.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets'' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:
This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.
To Canadian Residents:
This publication has been approved by RBC Dominion Securities Inc.(member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:

This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:

This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:

This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not “professional investors”, as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:

This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not “accredited investors” and “institutional investors”, as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.
Copyright © RBC Capital Markets, LLC 2024 - Member SIPC
Copyright © RBC Dominion Securities Inc. 2024 - Member Canadian Investor Protection Fund
Copyright © RBC Europe Limited 2024
Copyright © Royal Bank of Canada 2024
All rights reserved

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	69.57	Neutral
CMS	57.16	Neutral
CNP	27.94	Buy
CPK	101.28	Neutral
DUK	95.83	Buy
EXC	34.81	Neutral
NJR	40.83	Neutral
SO	69.52	Buy
SR	56.77	Neutral
SRE	71.56	Buy
WEC	80.76	Neutral

Power & Utilities

February 1, 2024

The Guggenheim Daily Transmission: WEC, CMS, SR, SRE, DUK, NJR, CPK, CNP, AEE/IL, EXC/IL, SO

For details on our 2024 NDRs, including DUK, WEC, AWK, ED, EIX, NJR, AEE, LNT, ES, PNW, PCG, IDA, DTE, EVRG, EXC, POR, ETR, SR, NWE, and OGE, please scroll down...

For details on our Kentucky Bourbon event with CNP in March, please see the Save The Date below — invite-only event.

'24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy… (see our note HERE)

WEC – **WEC reports FY23 beat; reaffirms LT EPS CAGR**

CMS – **CMS reports 2023 FY EPS beat; 2024 guidance raised and $1.5B capex plan increase; no new equity**

SR – **reports beat vs consensus for fiscal Q1 2024; re-affirms FY24 guidance**

SRE – Intervenors post comments on interim rates in the 2024 General Rate Case for SCG and SDG&E

DUK – DEF submits notice of intent to file a base rate case in Florida

NJR – NJNG files base rate case in New Jersey

CPK – CPK MD utilities file rate case; $7M revenue request based on 11.5% ROE

CNP – IURC approves reduced gas cost factors for CNP South Indiana Gas

AEE/IL – AEE files appeals in IL MYP

EXC/IL – ICC issues order on clarification

SO – Final order issued in Vogtle 3&4 prudency review proceeding

WEC reports FY23 beat; reaffirms LT EPS CAGR

- **2023 adjusted earnings:** $4.63 vs. Gugg/consensus of $4.62/$4.61, respectively
- 2023 earnings include a non-cash charge of $0.41/share related to previous capital investments that were disallowed by the Illinois Commerce Commission
- **LT EPS growth:** reaffirmed 6.5%-7.0%
- **2024-2028 capex changes vs. prior plan:** +$0.3bn overall
  - Illinois gas delivery: -$800m
  - Energy infrastructure: +$800m
  - Regulated renewables: +$200m
  - Electric delivery: $+100m
- **Asset base growth:** reiterated 8.1% CAGR for FY23-FY28
- **New financing plan:** common equity of $1.95bn-$2.35bn, incremental debt of $7.15bn-$8.15bn, CFFO of $16.5bn-$17.5bn
- **Prior financing plan:** common equity of $1.8bn-$2.2bn, incremental debt of $7.0bn-$8.0bn, CFFO of $16.5bn-$17.5bn
- **Retail electric sales (weather-normalized):** -1.0% YoY for FY23; guiding to flat for FY24
- **Natural gas volumes (weather-normalized):** -2.4% YoY for FY23; guiding to +0.8%for FY24
- Earnings call will be held today at **2:00 PM ET**… Dial-in: **888-330-2443**…(Conf ID#:

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

3088105)

CMS – CMS reports 2023 FY EPS beat; 2024 guidance raised and $1.5B capex plan increase; no new equity

- CMS reported 2023 EPS of $3.11 vs. a $3.10 consensus and our $3.10 estimate
- Weather Q over Q was -$0.14
- 2024 guidance was updated from $3.27 – $3.33 to $3.29 – $3.35; $3.34 consensus
- LT growth +6% to +8% towards the higher end reiterated
- 5-year capital plan $17B, up from $15.5B (+$10%); 2023 capex came in $400M lower than plan
- CMS updated 5-year rate base CAGR from 7% to 7.5%, but partially driven by delays in renewable project timing
- No incremental equity needs in 2024; up to $350M/yr starting in 2025 reiterated

SR reports beat vs. consensus for fiscal Q1 2024; re-affirms FY24 guidance

- **F1Q24 Net Economic EPS:** $1.47 vs. Gugg/consensus of $1.55/$1.38, respectively;
- **FY24 guidance:** remains $4.25–$4.45 ($4.35 midpoint) vs. Gugg/consensus at $4.35/ $4.34, respectively
- **LT EPS growth:** reaffirmed 5%-7%
- **FFO/Debt target:** maintained 15%–16%
- **2024 capex:** $765m guidance reiterated
- **10-year capex plan:** reiterated $7.2bn capex program for FY24–FY33
- **Rate base growth:** Reaffirmed 7%–8% annual rate base growth
- **Financing plan:** guidance unchanged
- Earnings call will be held today at **10:00 AM ET**… Dial-in: **844-824-3832**…(**no access code**)

SRE – Intervenors post comments on interim rates in the 2024 General Rate Case for SCG and SDG&E

- TURN and other intervenors posted comments on the SDG&E interim rates associated with legacy wildfire memorandum accounts as part of the 2024 GRC cycle.
- TURN addressed factual errors and consideration for securitization, and other comments were largely administrative.
- SDGE and SCG along with several intervenors previously filed the partial settlement agreements on specific issues within the 2024 GRC.
- The settled issues are generally close to SDGE/SCG requests (~30% issues covered).
- CPUC previously adjusted the filing schedules, moving other procedural items further by around 2 weeks, but the target PD date remains in 2Q24.
- Dockets: A2205015 / A2205016

Guggenheim takeaway: *FYI. The interim rates demonstrate the flexibility in CPUC approach to the GRC process and demonstrates the ability to get constructive outcomes. The settlements are very piecemeal in addressing the rate cases holistically, but individual issue settlement is a constructive step to simplify the litigation going further (resolve around 30% of the GRC spending issues). While certain settlements are not unanimous, they present a good foundation for resolution and SRE mgmt. has previously commented on the willingness to negotiate partially settled issues. As a reminder, SDG&E is seeking an increase in rates of $286 million for the 2024 test year and also seeking incremental, post-test year combined electric and gas rate increases of $363.2 million in 2025, $338.1 million in 2026 and $306.9 million in 2027; and SoCalGas is seeking a $767 million increase in gas rates for the 2024 test year and also seeking incremental, post-test year gas rate increases of $292 million in 2025, $267 million in 2026 and $413 million in 2027.*

DUK – DEF submits notice of intent to file a base rate case in Florida

- Yesterday, the company submitted an NOI indicating that it plans to file a base rate case on April 2, 2024.
- DEF expects to request an average of ~4% annual rate hikes over 2025-2027, with 2025 rates coming down YoY due to the 2022 fuel under-recovery, storm restoration cost recovery and legacy PPAs expiring at YE24.
- Specifically, the utility is asking for base rate increases of $596m/$95m/$127m in

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

'25/'26/'27, respectively.

- The revenue increases are premised on an ROE midpoint of 11.15% and proposed cap structure of 53% equity and 47% debt.
- In the new 2025-2027 plan, the utility is proposing: continued grid mod, enhancements to existing generation expected to save customers $150m-$200m per year in reduced fuel costs, as well as the construction of 14 new solar sites, adding 1,050 MW of renewables.
- Docket 20240025-EI

Guggenheim takeaway: *We expect an outcome to this case that will be consistent with our present forecasts, and we continue to model the utility's requested (and existing) 53% equity layer, as well as our expectation that they will earn at the high end of the authorized band (i.e., above the midpoint). We see the ~4% average annual rate increases as reasonable when viewed in the national context of other cases we've seen recently. For more, including a broader national perspective on rate regulation across the country and our expectations for 2024,* ***please see the Regulatory Baseline and Important Regulatory Proceedings sections of our 2024 Outlook piece (HERE).***

NJR – NJNG files base rate case in New Jersey

- Yesterday, the company filed a base rate case application with the NJ BPU.
- The New Jersey Natural Gas is requesting a $222.6m revenue increase.
- Included in the filing is a request for a 10.42% ROE (vs. 9.60% currently authorized), and a 55.42% equity layer (vs. 54.00% currently authorized).
- The company's year-end rate base for the test year ending 6/30/2024 is $3,359m.
- Docket GR24010071

Guggenheim takeaway: *We caught up with the company after the announcement. No changes to our view for the company, as we continue to model a 54% equity layer and a 9.6% authorized base ROE level into this rate case and throughout our forecasts through FY28, consistent with our expectation of the utility continuing its history of successfully settling cases while maintaining its current ROE/equity layer (at levels which we see as reasonable in a national context).*

CPK – CPK MD utilities file rate case; $7M revenue request based on 11.5% ROE

- CPK MD utilities (Maryland Division, Sandpiper and Elkton Gas) filed a base rate increase request with the Maryland PSC.
- The rate case request is $7M in aggregate revenue increase and based on an 11.5% ROE.
- The request also proposes rate consolidation and regulatory asset to defer and track the costs associated with an energy efficiency program.
- Docket: 9922

Guggenheim takeaway: *FYI. The MD rate case will reconcile under-earning in the MD service territories for CPK. We assume no change to earned ROEs over the LT and model a 9.8% blended ROE across all non-transmission utilities.*

CNP – IURC approves reduced gas cost factors for CNP South Indiana Gas

- IURC approved CNP South Indiana Gas' request for gas cost factor adjustments.
- The adjustments were lowering the net gas costs from prior, and remain significantly lower than the prior year.
- 10DTH gas customers will see reduction in bills by $1-6 from February to April.

Guggenheim takeaway: *FYI. Minor bill headroom benefit for CNP with IN gas customers.*

AEE/IL – AEE files appeals in IL MYP

- "Ameren Illinois is appealing the Orders to the Illinois Appellate Court for the Fifth Judicial District, being a district in which the subject matter of the proceeding is situated, for the purpose of obtaining judicial review and reversal of the Commission's determinations, as well as any other relief the Court deems just and proper." - filing
- "Ameren Illinois seeks reversal of the Orders and remand of this matter to the Commission for appropriate further proceedings and entry of an appropriate order on remand, as well as any other relief the Court deems just and proper." - filing
- More HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

- Hearing memorandum HERE

Guggenheim takeaway: *The appeal was the next step available to the company, although we have muted expectations for the courts given strong deference to the commission and an uphill argument for things like ROE (in our view). As a reminder, we are giving the company 75% of our prior IL capex forecast from 2024-2028 assuming the grid plan is ultimately greenlit, however, we note that the final outcome could be better or worse – we simply have little visibility into the potential outcomes so early in an uncertain process.*

EXC/IL – ICC issues order on clarification

- The order came in response to ComEd's earlier motion.
- "Regarding ComEd's re-filed Grid Plan, the Commission directs the Company to present evidence of an updated portfolio of plant additions and O&M expenditures, as proposed by Company. See ComEd Motion at 4. The Commission will evaluate the portfolio in its entirety in that proceeding to determine if it satisfies the objectives of Section 16-105.17."-filing
- More HERE, HERE

Guggenheim takeaway: *Minor procedural FYI as the broader grid plan process continues to churn in the background. Our impression after touching base with the company is that they continue to work towards the 150-day rehearing timeline.* ***For more on our EXC IL assumptions, see our outlook note HERE.***

SO – Final order issued in Vogtle 3&4 prudency review proceeding

- Yesterday, the Georgia PSC issued its final order codifying the decision it made when it approved the order back in December.
- "*As set forth in the Prudence Stipulation, the Commission finds that $7.562 billion is a reasonable and prudent total construction and capital cost for the Project to be included in base rate, which appropriately balances the interests of the Company and its customers. The Prudence Stipulation represents major concessions by the Company and provides a considerable savings of $2.6 billion for rate payers relative to the total Company forecast at completion of $10.188bn in capital construction cost of Vogtle Units 3 and 4.*" – **Georgia PSC's order in the docket**
- Docket 29849

Guggenheim takeaway: *No changes to our view, as this was very much expected.* ***Recall that the Georgia PSC already decided this matter at its December 19, 2023 meeting***.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, *Chair, President & Chief Executive Officer*

Abby Motsinger, *Vice President, Investor Relations*

Dates & Locations

February 13-14, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $76.5bn

DUK Energy Corporate (DUK) engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure, and Other. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Other segment includes interest expense on holding company debt, unallocated corporate costs, and Bison which is a wholly owned captive insurance company. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Scott Lauber, *President & Chief Executive Officer*
Xia Liu, *Chief Financial Officer*
Beth Straka, *SVP, Corporate Communications & Investor Relations*

Dates & Locations

February 19-21, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $27.2bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President & Chief Executive Officer*
John Griffith, *Chief Financial Officer*
Aaron Musgrave, *Vice President, Investor Relations*

Dates & Location
Tuesday, February 27, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $25.6bn
American Water Works Co. (AWK) engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment offers water and wastewater services to customers. The Market-Based Businesses segment includes the military services group, which enters into long-term contracts with the U.S. government to provide services on various military installations. The Other segment refers to the corporate costs that are not allocated to the operating segments, eliminations of inter-segment transactions, fair value adjustments, and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Consolidated Edison, Inc. (ED)

Tim Cawley, *President & Chief Executive Officer*
Jan Childress, *Director, Investor Relations*
Caroline Elsasser, *Senior Analyst, Investor Relations*

Dates & Location

Thursday, February 29, 2024
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $31bn

Consolidated Edison (ED) is a holding company, which engages in the business of regulated electric, gas, and steam delivery. It operates through the following segments: Consolidated Edison Company of New York (CECONY), Orange and Rockland Utilities (O&R), Con Edison Clean Energy Businesses and Con Edison Transmission. The CECONY segment is involved in the regulated electric, gas, and steam utility businesses. The O&R segment covers regulated electric and gas utility delivery businesses. The Con Edison Clean Energy Businesses segment develops, owns, and operates renewable and energy infrastructure projects and provides energy-related products and services to wholesale and retail customers. The Con Edison Transmission segment invests in electric and gas transmission projects. The company was founded in 1823 and is headquartered in New York, NY. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Edison International (EIX)

Maria Rigatti, *Chief Financial Officer*
Sam Ramraj, *VP Investor Relations*

Dates & Location
March 5 - 6, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.1bn
Edison International (EIX) is a renewable energy company, which through its subsidiaries generates and distributes electric power and invests in energy services and technologies. The company was founded on July 4, 1886, and is headquartered in Rosemead, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

GUGGENHEIM

Innovative Solutions.
Enduring Values.℠

Equity Research | Corporate Access

SAVE THE DATE

Sips with CenterPoint Energy, Inc. (CNP) on the Kentucky Bourbon Trail

Please join Guggenheim's Shar Pourreza and CenterPoint Energy's Jason Wells, Chief Executive Officer and Christopher Foster, Chief Financial Officer, for a bourbon trail tour.



Dates & Location

March 18–19, 2024
Louisville, KY

Agenda

March 18: 5:00PM – Welcome Cocktails & Tasting
March 18: 6:00PM – Dinner with CNP Team
March 19: 8:00AM – Breakfast
March 19: 9:00AM – 3:30PM – Distillery Tours & Tastings

Times approximate, formal agenda and recommended flights + hotel details to follow

Participating Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim 2024 Client and Corporate Access Utility Events

Ticker	Dates	Regions
2024 Utilities Conference Call	*1/22*	Dial–In
Utilities Investor Quarterly Roundtable Discussion	*1/24*	NYC
DUK	2/13–2/14	Boston; virtual group lunch on 13th
WEC	2/19–2/21	Boston; virtual group lunch on 20th
AWK	2/27	NYC
ED	2/29	NYC
EIX	3/5–3/6	NYC
NJR	TBC	NYC/Boston
CNP Bourbon Day Tour	3/18–3/19	Kentucky
AEE	3/26–3/27	Boston
LNT	4/10–4/11	NYC
ES	4/16–4/17	NYC
PNW	4/23–4/24	Canada/Boston
PCG	4/30–5/1	Boston & MidAtlantic
IDA	5/7–5/8	Boston/NYC
EXC	5/14–5/15	NYC
POR	5/28–5/29	NYC/Boston
DTE	6/5	NYC
EVRG	6/11–6/13	Boston/NYC
ETR	6/25–6/27	NYC
SR	8/15	NYC
NWE	9/10	NYC
OGE	10/8	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Utilities Comp Sheet

1/31/2024		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'23–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$59.11	3,397	4.35	3.98	4.40	4.75	4.96	4.35	4.08	4.28	4.70	4.97	–	(0.10)	0.12	0.05	–	13.6x	14.5x	13.8x	12.6x	11.9x	-17%	-5%	-3%	-6%	-6%	3.3%	4.8%	70%	Neutral	$58	3%	Neutral	$62	10%
AVA	$34.01	2,631	2.28	2.45	2.60	2.69	2.78	2.27	2.41	2.59	2.64	2.80	–	0.04	–	0.05	–	15.0x	14.1x	13.1x	12.9x	12.1x	-9%	-7%	-8%	-4%	-4%	5.1%	5.7%	79%	Neutral	$34	6%	Neutral	$37	14%
IDA	$92.58	4,686	5.11	5.41	5.64	5.88	6.36	5.14	5.47	5.82	5.98	6.42	–	(0.05)	(0.18)	(0.10)	(0.06)	18.0x	16.9x	15.9x	15.5x	14.4x	10%	11%	12%	15%	14%	5.6%	3.7%	62%	Neutral	$93	4%	Buy	$103	15%
NWE	$48.12	2,947	3.05	3.52	3.68	3.87	4.06	3.05	3.51	3.68	3.87	4.03	–	–	–	–	–	15.8x	13.7x	13.1x	12.4x	11.9x	-4%	-10%	-8%	-7%	-6%	7.4%	5.4%	74%	Neutral	$47	3%	Neutral	$54	17%
UTL	$47.52	765	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	17.1x	16.2x	15.4x	14.4x	13.6x	4%	6%	8%	7%	8%	5.7%	3.6%	56%	Neutral	$50	9%	Buy	$53	16%
POR	$40.93	4,139	2.55	3.08	3.24	3.40	3.61	2.56	3.06	3.21	3.34	3.49	–	–	–	0.06	0.12	16.0x	13.4x	12.7x	12.3x	11.7x	-3%	-12%	-11%	-9%	-7%	9.1%	4.9%	65%	Buy	$55	39%	Buy	$48	22%
		18,566																**15.9x**	**14.8x**	**14.0x**	**13.3x**	**12.6x**	**-3%**	**-3%**	**-2%**	**-1%**	**-0%**	**6.0%**	**4.7%**	**68%**						
Mid/Large Cap Electric																																			
AEE	$69.57	18,293	4.38	4.52	4.91	5.26	5.55	4.38	4.56	4.88	5.19	5.45	–	(0.04)	0.03	0.07	0.10	15.9x	15.2x	14.3x	13.4x	12.8x	-3%	-0%	-0%	-0%	1%	6.1%	3.9%	59%	Neutral	$75	12%	Buy	$78	15%
AEP	$78.14	40,256	5.27	5.64	6.00	6.39	6.81	5.29	5.60	5.96	6.31	6.70	–	0.04	0.04	0.08	0.11	14.8x	14.0x	13.1x	12.4x	11.7x	-10%	-9%	-8%	-8%	-8%	6.6%	4.6%	64%	Neutral	$81	8%	Buy	$88	17%
CMS	$57.16	16,677	3.10	3.34	3.61	3.87	4.16	3.10	3.34	3.60	3.86	4.14	–	–	–	–	–	18.4x	17.1x	15.9x	14.8x	13.8x	12%	12%	11%	10%	9%	7.6%	3.7%	63%	Neutral	$60	9%	Buy	$62	13%
CNP	$27.94	17,586	1.50	1.62	1.74	1.90	2.04	1.50	1.62	1.74	1.88	2.03	–	–	–	–	–	18.6x	17.2x	16.1x	14.8x	13.8x	13%	13%	13%	11%	9%	8.0%	2.9%	50%	Buy	$33	21%	Buy	$30	11%
D	$45.72	38,257	2.10	2.87	3.53	3.79	4.04	2.56	3.07	3.43	3.66	3.93	(0.46)	(0.20)	0.10	0.13	0.11	17.9x	14.9x	13.3x	12.5x	11.6x	9%	-2%	-7%	-7%	-8%	17.8%	5.9%	87%	Buy	$57	31%	Neutral	$49	13%
DTE	$105.42	21,728	5.71	6.67	7.19	7.71	8.26	5.76	6.67	7.17	7.77	8.36	(0.04)	–	–	(0.06)	(0.10)	18.3x	15.8x	14.7x	13.6x	12.6x	11%	4%	3%	1%	-0%	9.7%	3.9%	62%	Neutral	$111	9%	Buy	$118	16%
DUK	$95.83	73,885	5.60	6.00	6.35	6.75	7.15	5.59	5.98	6.36	6.75	7.20	–	–	–	–	(0.05)	17.1x	16.0x	15.1x	14.2x	13.3x	4%	5%	6%	6%	5%	6.3%	4.4%	70%	Buy	$118	28%	Buy	$105	14%
ED	$90.90	31,354	5.07	5.33	5.61	5.89	6.26	5.05	5.30	5.61	5.87	6.18	–	–	–	–	0.08	18.0x	17.1x	16.2x	15.5x	14.7x	10%	12%	14%	16%	16%	5.4%	3.7%	63%	Neutral	$88	1%	Neutral	$90	3%
EIX	$67.48	25,883	4.62	5.17	5.79	6.17	6.44	4.68	5.10	5.65	6.02	6.35	(0.06)	0.07	0.14	0.15	0.09	14.4x	13.2x	11.9x	11.2x	10.6x	-12%	-13%	-16%	-16%	-16%	8.7%	4.6%	60%	Buy	$84	29%	Buy	$76	17%
ES	$54.22	18,927	4.36	4.59	4.74	5.09	5.30	4.35	4.51	4.70	4.96	5.25	–	0.09	0.04	0.13	0.05	12.5x	12.0x	11.5x	10.9x	10.3x	-24%	-21%	-19%	-18%	-18%	5.0%	5.3%	64%	Buy	$72	38%	Buy	$65	25%
ETR	$99.76	21,095	6.77	7.23	7.72	8.36	9.00	6.76	7.20	7.72	8.31	8.88	–	0.03	–	0.05	0.12	14.8x	13.9x	12.9x	12.0x	11.2x	-10%	-9%	-9%	-10%	-11%	7.4%	4.6%	63%	Buy	$118	23%	Buy	$112	16%
EVRG	$50.77	11,656	3.60	3.83	4.02	4.23	4.44	3.62	3.83	4.02	4.26	4.46	–	–	–	–	–	14.0x	13.3x	12.6x	11.9x	11.4x	-15%	-13%	-11%	-11%	-10%	5.4%	5.2%	68%	Neutral	$52	8%	Buy	$57	16%
EXC	$34.81	34,612	2.36	2.42	2.61	2.81	2.98	2.37	2.42	2.62	2.79	2.98	–	–	–	–	–	14.7x	14.4x	13.3x	12.5x	11.7x	-10%	-6%	-7%	-7%	-8%	6.0%	4.5%	64%	Neutral	$38	14%	Buy	$39	18%
FE	$36.68	21,048	2.54	2.71	2.91	3.09	3.29	2.54	2.67	2.87	3.04	3.22	–	0.04	0.04	0.05	0.07	14.4x	13.7x	12.8x	12.1x	11.4x	-12%	-10%	-10%	-10%	-10%	6.7%	4.5%	62%	Buy	$47	33%	Buy	$41	17%
LNT	$48.66	12,297	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.27	3.48	3.68	–	–	–	–	–	16.8x	15.8x	14.9x	14.0x	13.2x	3%	4%	4%	4%	5%	6.1%	4.0%	63%	Neutral	$53	13%	Buy	$55	16%
OGE	$33.24	6,658	2.05	2.12	2.24	2.37	2.50	2.05	2.14	2.27	2.40	2.52	–	–	–	–	–	16.3x	15.6x	14.7x	13.9x	13.2x	-1%	2%	3%	3%	5%	5.1%	5.2%	80%	Neutral	$34	7%	Buy	$36	14%
PCG	$16.87	35,992	1.22	1.35	1.49	1.61	1.76	1.21	1.35	1.47	1.59	1.72	–	–	–	–	0.04	13.9x	12.5x	11.4x	10.6x	9.8x	-15%	-18%	-20%	-21%	-23%	9.6%	0.9%	11%	Buy	$23	37%	Buy	$19	16%
PEG	$57.99	28,943	3.46	3.69	4.09	4.38	4.70	3.47	3.68	4.04	4.25	4.49	–	–	0.05	0.13	0.21	16.7x	15.7x	14.4x	13.7x	12.9x	2%	3%	1%	2%	2%	8.0%	4.2%	65%	Neutral	$61	9%	Buy	$65	17%
PNW	$68.90	7,807	4.20	4.80	5.10	5.50	5.75	4.31	4.83	5.07	5.36	5.59	(0.11)	(0.03)	0.03	0.14	0.17	16.0x	14.3x	13.6x	12.8x	12.3x	-3%	-7%	-5%	-4%	-2%	8.2%	5.1%	73%	Buy	$78	18%	Buy	$78	19%
PPL	$26.20	19,313	1.58	1.71	1.82	1.96	2.08	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	16.6x	15.4x	14.4x	13.5x	12.7x	1%	1%	1%	1%	1%	7.1%	3.9%	60%	Buy	$31	22%	Buy	$29	16%
SO	$69.52	75,882	3.60	4.00	4.30	4.55	4.80	3.60	4.01	4.33	4.54	4.76	–	–	–	–	0.04	19.3x	17.3x	16.1x	15.3x	14.6x	18%	14%	13%	14%	16%	7.5%	4.1%	71%	Buy	$79	18%	Buy	$75	11%
WEC	$80.76	25,474	4.62	4.91	5.24	5.61	5.97	4.61	4.90	5.24	5.59	5.97	–	–	–	–	–	17.5x	16.5x	15.4x	14.4x	13.5x	7%	8%	8%	8%	7%	6.6%	4.2%	68%	Neutral	$84	8%	Neutral	$89	15%
Mid/Lg Cap (excl. EIX, PCG)																		**16.4x**	**15.3x**	**14.3x**	**13.4x**	**12.6x**						**7.3%**	**4.4%**	**66%**						
SMID + Lg Cap		**622,189**																**16.3x**	**15.2x**	**14.2x**	**13.4x**	**12.6x**						**7.0%**	**4.5%**	**66%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'23–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$58.63	118,650	3.17	3.44	3.70	3.99	4.31	3.13	3.40	3.67	3.91	4.25	0.04	0.04	0.03	0.08	0.06	18.8x	17.2x	16.0x	15.0x	13.8x	14%	13%	12%	12%	9%	8%	3.5%	61%	Buy	$80	40%	Buy	$73	28%
SRE	$71.56	45,035	4.58	4.78	5.13	5.44	5.83	4.59	4.82	5.15	5.50	5.91	–	(0.04)	–	(0.06)	(0.08)	15.6x	14.8x	13.9x	13.0x	12.1x	-5%	-3%	-3%	-3%	-4%	6%	4.3%	63%	Buy	$88	27%	Buy	$82	20%
		163,685																**17.2x**	**16.0x**	**14.9x**	**14.0x**	**12.9x**	**4%**	**5%**	**5%**	**4%**	**2%**	**7.1%**	**3.9%**	**62%**						
Gas LDCs																																				
NI	$25.97	10,736	1.59	1.68	1.82	1.95	2.07	1.60	1.71	1.84	1.96	2.09	–	(0.03)	–	–	–	16.2x	15.2x	14.1x	13.2x	12.4x	-1%	-1%	-1%	-1%	-2%	7%	4.1%	62%	Buy	$31	24%	Buy	$30	20%
CPK	$101.28	2,193	5.21	5.42	6.12	6.64	7.13	5.21	5.40	6.21	6.63	7.06	–	–	(0.09)	–	0.08	19.4x	18.7x	16.3x	15.3x	14.4x	18%	23%	14%	14%	14%	8%	2.5%	46%	Neutral	$105	6%	Buy	$124	25%
NJR	$40.83	3,993	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.94	3.11	3.36	–	–	–	–	–	15.2x	14.7x	13.9x	13.1x	12.2x	-8%	-4%	-3%	-2%	-4%	5%	4.2%	61%	Neutral	$44	12%	Buy	$49	24%
NWN	$36.86	1,356	2.65	2.75	2.98	3.09	3.21	2.67	2.76	2.98	3.05	3.23	–	–	–	0.04	–	13.8x	13.4x	12.4x	12.1x	11.4x	-16%	-12%	-13%	-10%	-10%	5%	5.3%	71%	Neutral	$38	8%	Buy	$45	28%
OGS	$61.37	3,403	4.14	3.85	4.14	4.67	4.93	4.14	3.88	4.10	4.55	4.82	–	–	0.04	0.13	0.11	14.8x	15.8x	15.0x	13.5x	12.7x	-10%	4%	5%	1%	1%	4%	4.3%	68%	Neutral	$62	5%	Neutral	$61	3%
SR	$56.77	3,022	4.05	4.35	4.61	4.85	5.05	4.18	4.34	4.56	4.87	5.06	(0.13)	–	0.06	–	–	13.6x	13.1x	12.5x	11.6x	11.2x	-17%	-14%	-13%	-13%	-11%	6%	5.4%	70%	Neutral	$64	18%	Neutral	$63	16%
		24,703																**15.5x**	**15.1x**	**14.0x**	**13.1x**	**12.4x**	**-6%**	**-1%**	**-2%**	**-2%**	**-2%**	**5.9%**	**4.3%**	**63%**						
Regulated Water																																				
AWK	$124.02	24,147	4.87	5.14	5.59	6.00	6.49	4.83	5.16	5.61	6.05	6.50	0.04	–	–	(0.05)	–	25.7x	24.1x	22.1x	20.5x	19.1x	56%	58%	55%	53%	51%	7%	2.4%	58%	Neutral	$135	11%	Buy	$144	19%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$122.00	38,965	3,893	4,080	4,147	4,177	4,416	3,880	4,122	4,143	4,095	4,326	–	(42)	–	83	91	11.4x	10.5x	10.3x	10.3x	9.9x	44,151	43,141	42,471	42,290	42,973	15.9%	1.1%	22%	Buy	$124	3%	Buy	$131	9%
NRG	$53.04	11,975	3,248	3,418	3,311	3,324	3,377	3,171	3,294	3,307	3,464	3,544	77	124	–	(140)	(167)	6.7x	6.4x	6.2x	5.8x	5.6x	21,156	20,971	20,369	20,082	19,716	23.6%	3.1%	26%	Buy	$63	22%	Buy	$54	5%
VST	$41.03	14,670	4,050	3,969	3,860	3,647	3,672	3,963	4,393	4,377	4,308	4,428	87	(424)	(518)	(661)	(756)	6.5x	5.9x	5.9x	6.1x	5.9x	25,790	25,899	26,004	26,268	26,307	7.4%	2.2%	22%	Buy	$48	19%	Buy	$43	6%
Other																																				
NEP	$29.85	2,789	1,875	2,021	2,080	2,099	2,118	1,894	2,042	2,043	2,023	1,976	–	(21)	37	75	142												12.2%	–	Buy	$40	46%	Buy	$33	21%
SMR	$2.89	222	(219)	(17)	(6)	66	149	(161)	(74)	(74)	34	147	(58)	56	68	32	–												–	–	Neutral	NA	–	Buy	$7	151%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

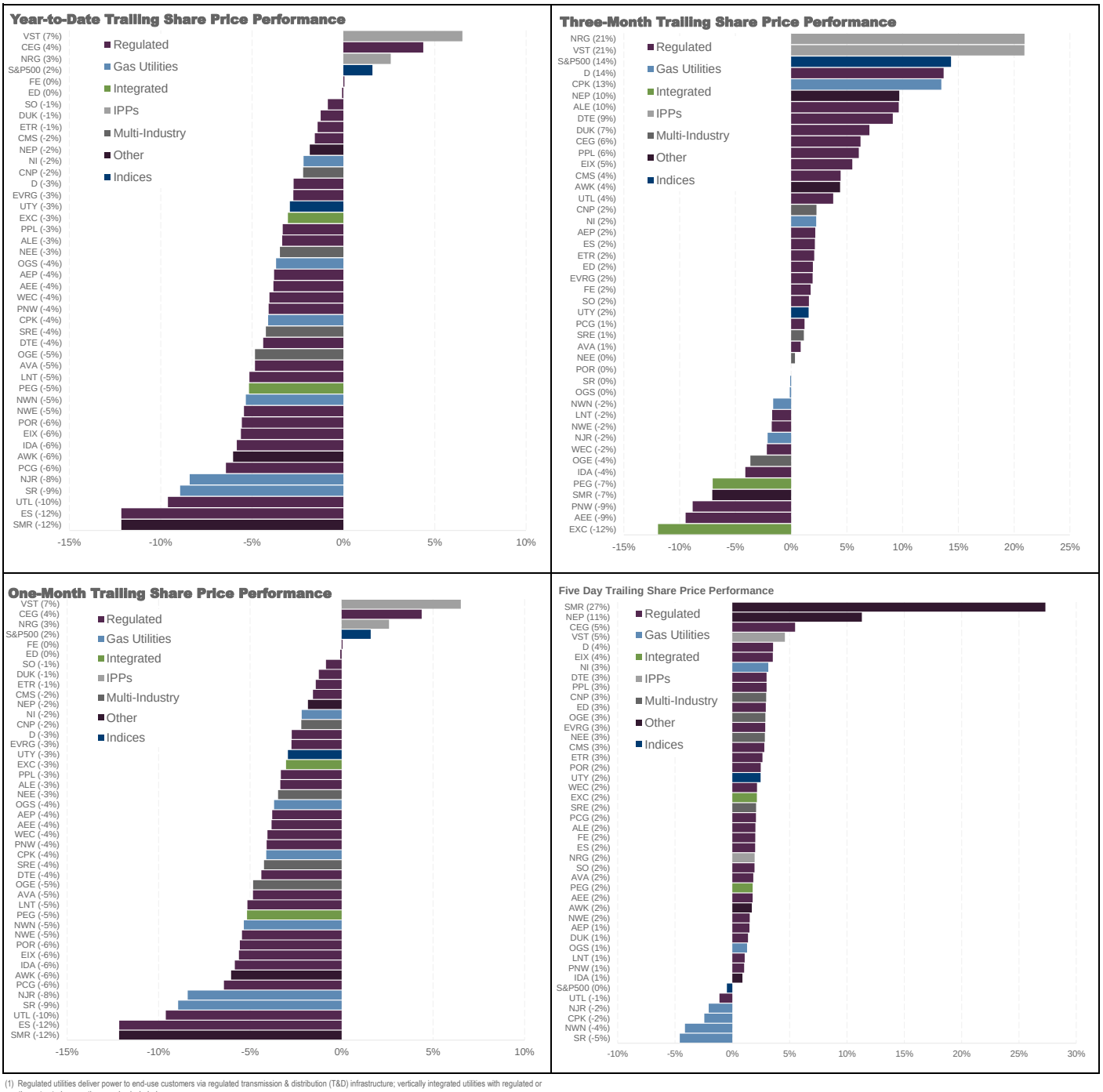

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix

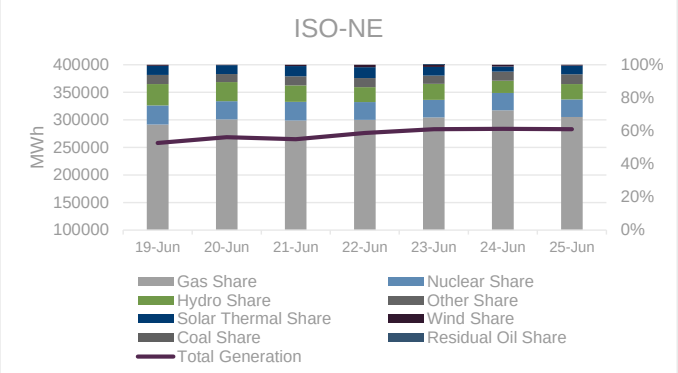

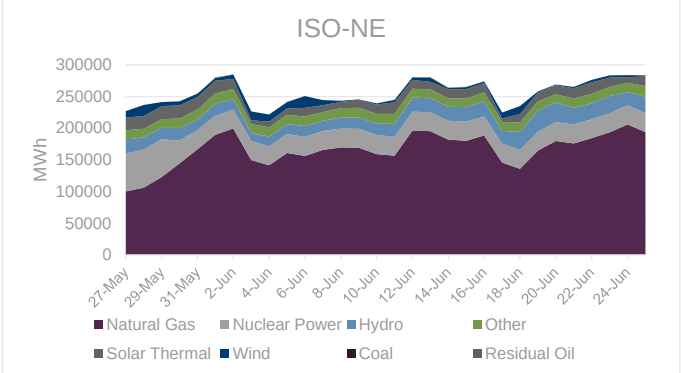

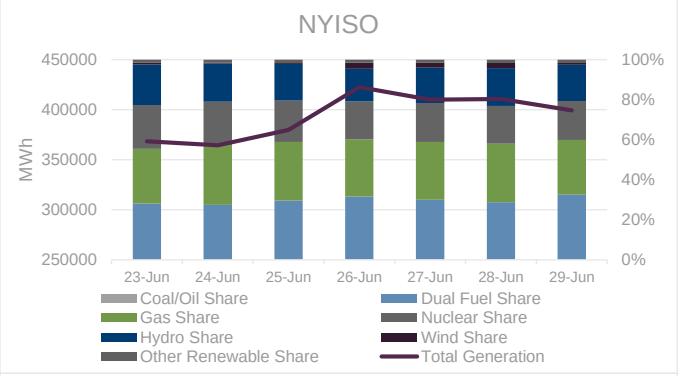

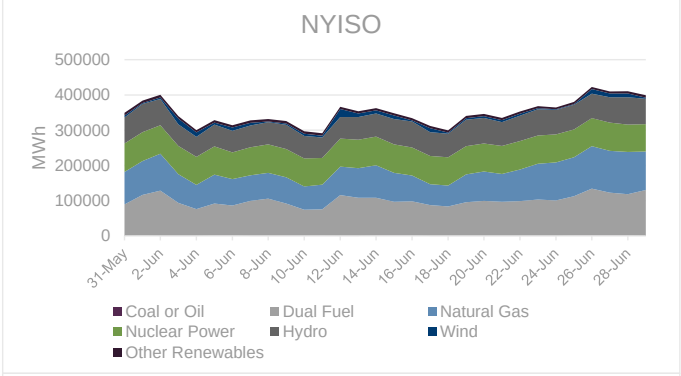

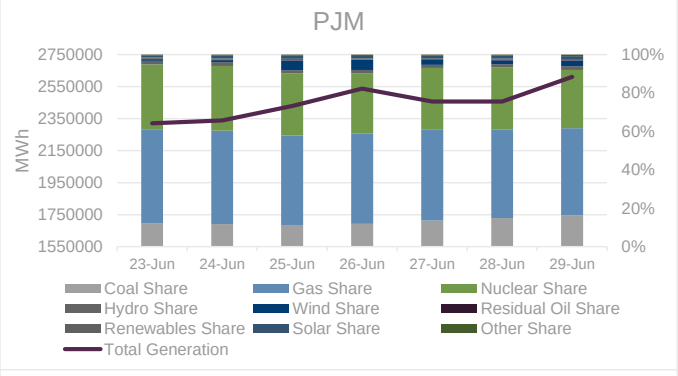

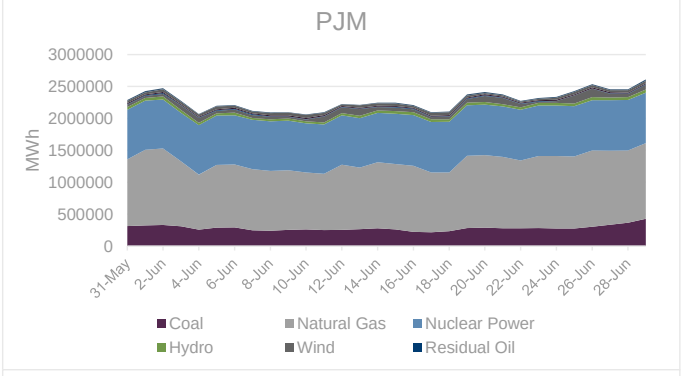

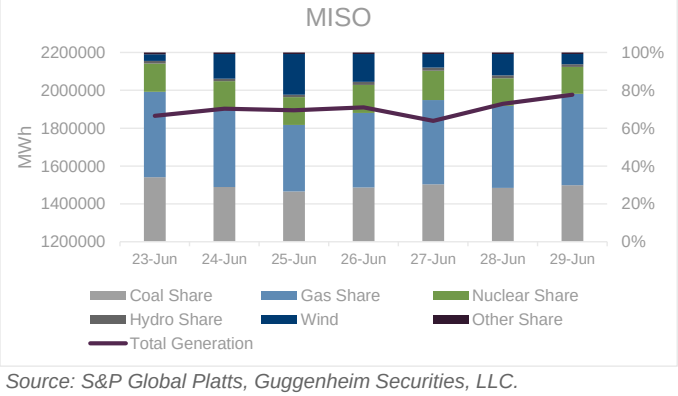

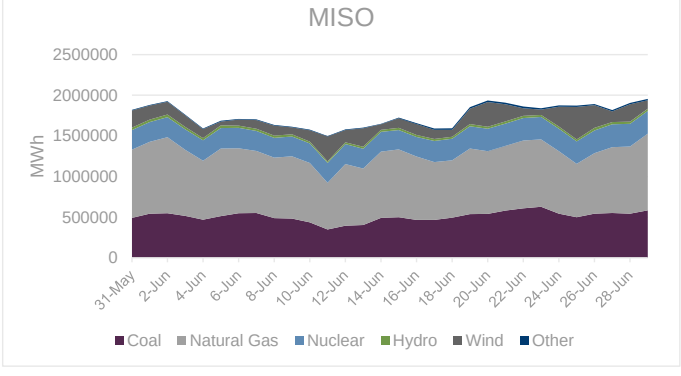

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix (continued)

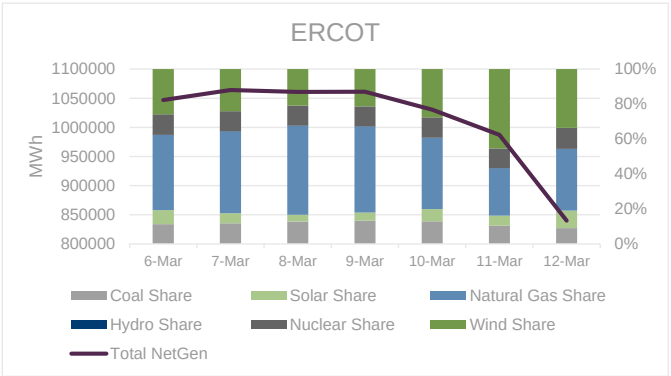

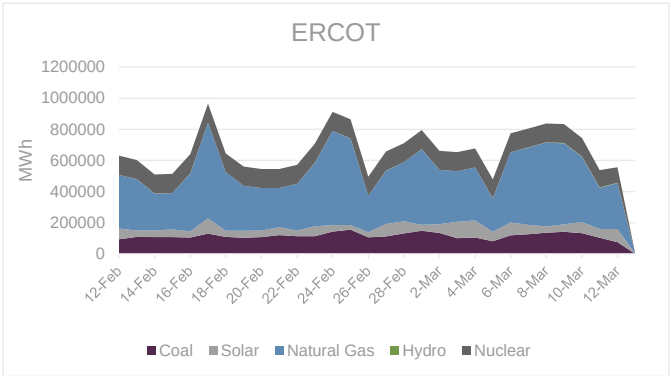

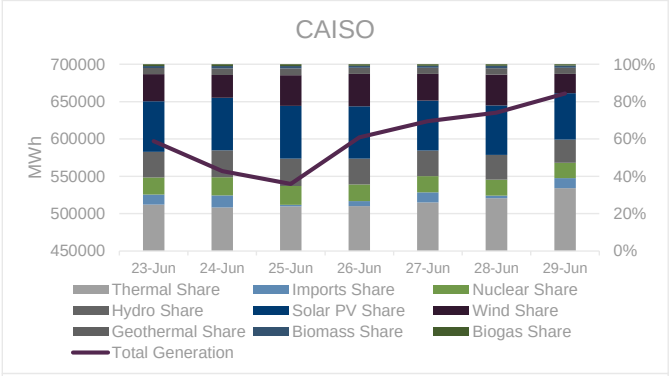

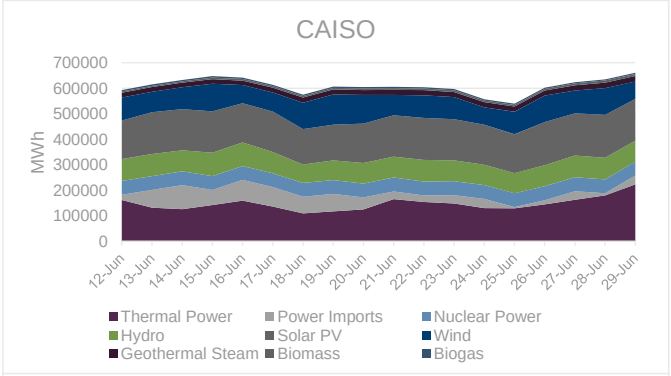

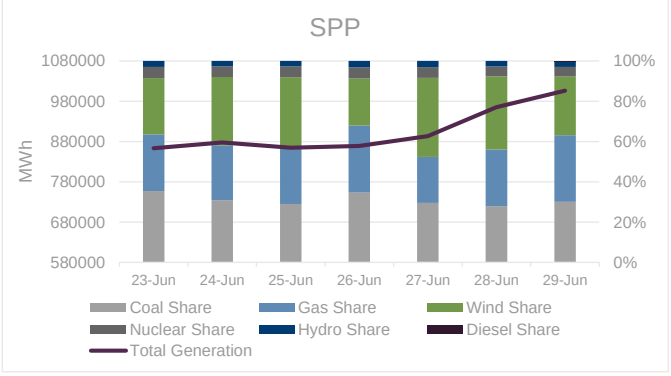

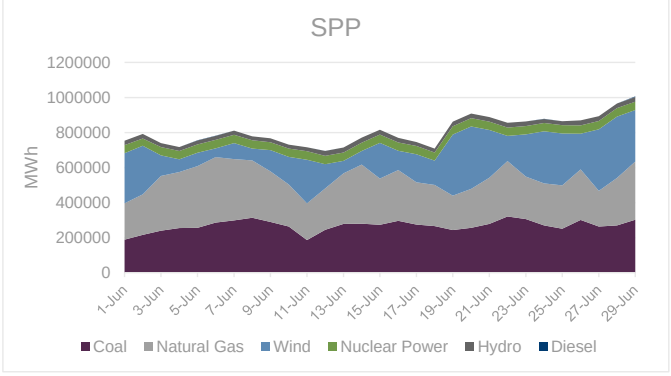

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Weather

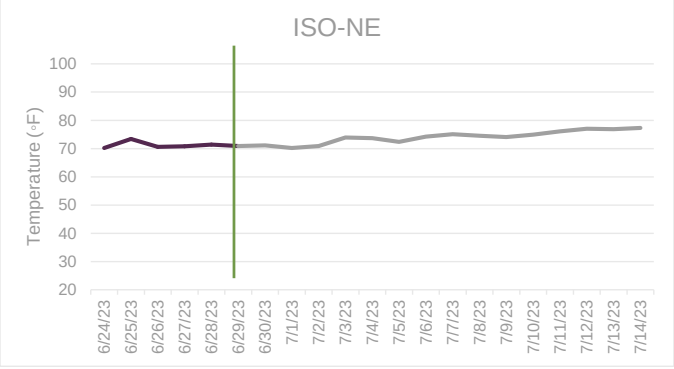

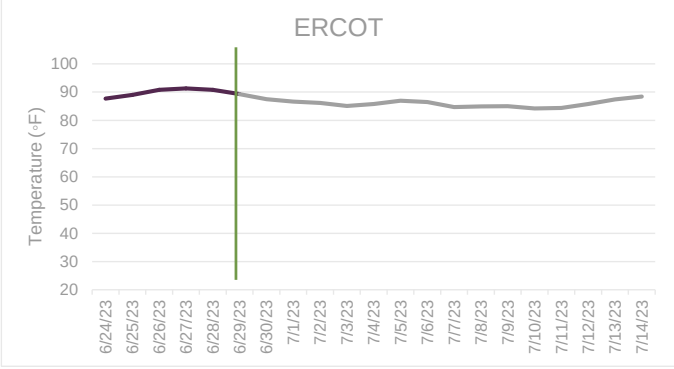

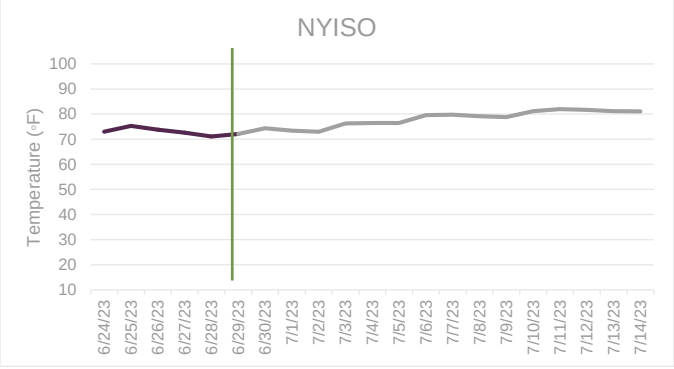

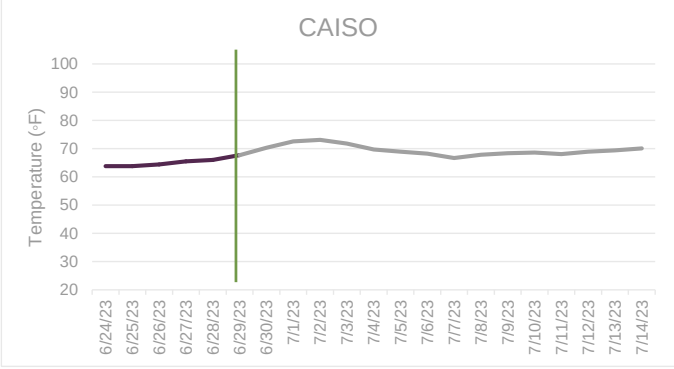

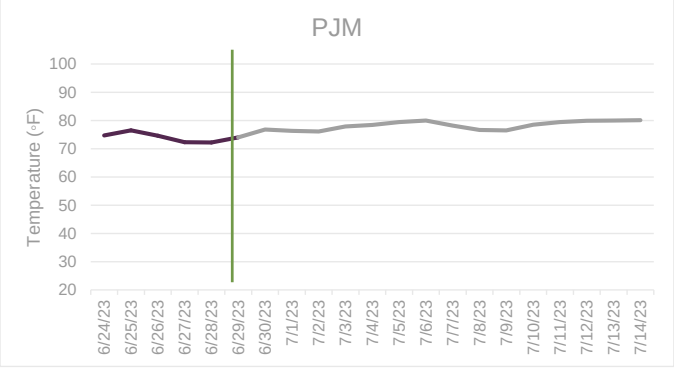

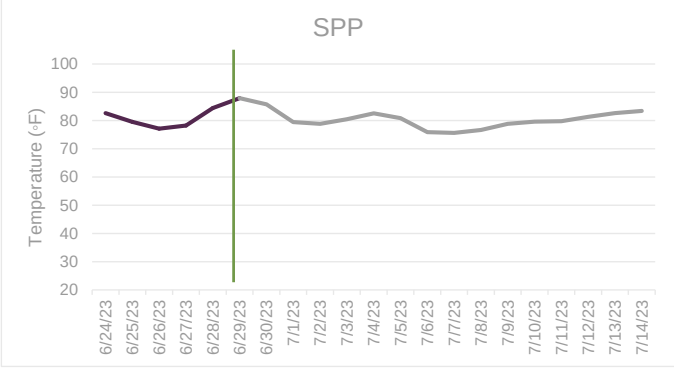

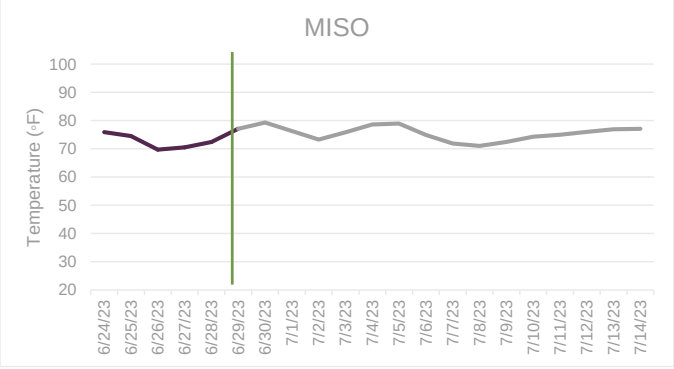

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

YTD Peak Load

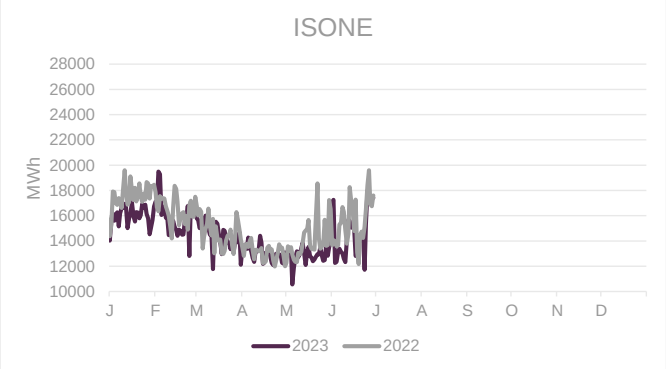

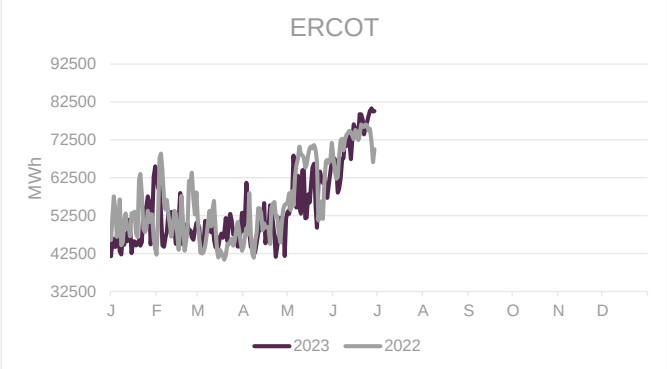

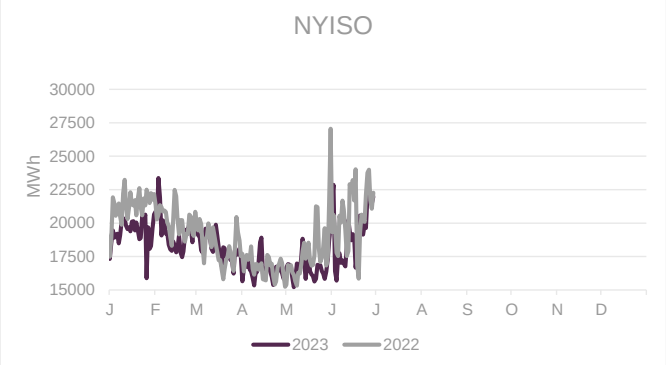

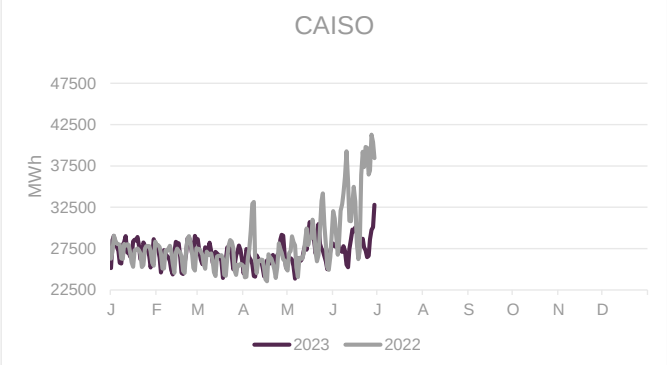

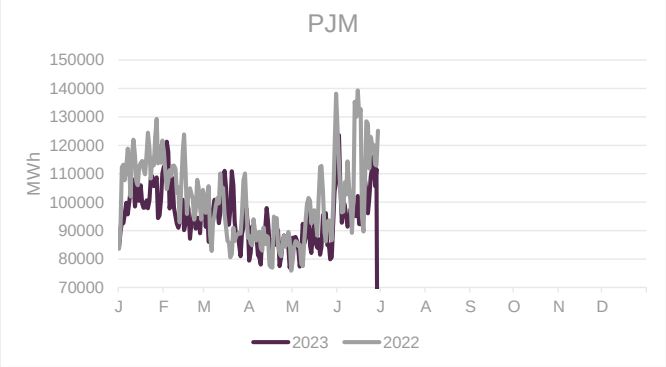

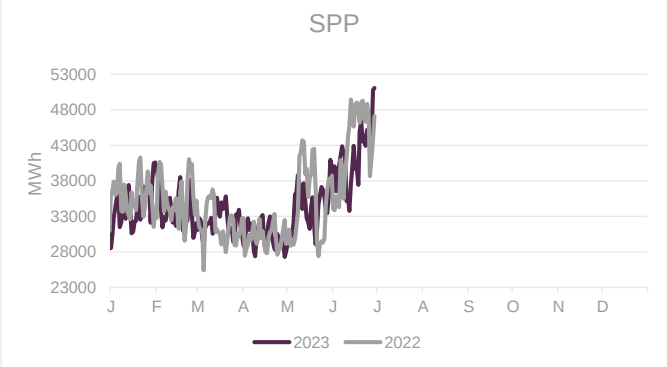

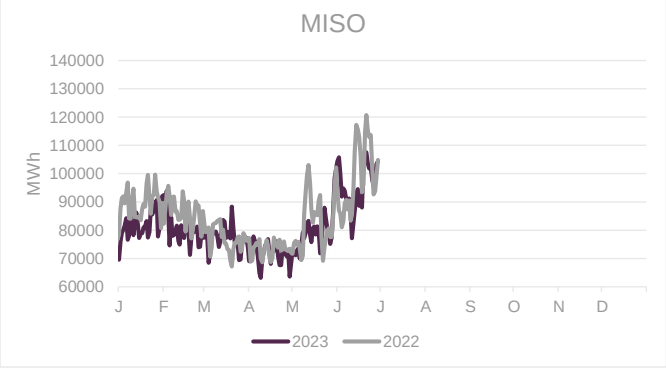

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2024-3/31/2024)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2024-1/31/2024	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-3	Decision possible in TDSIC proceeding
1/1/2024-1/31/2024	IN	CNP	Sthrn IN Gas & Electric Co.	Ca-45612-TDSIC-3	Decision possible in TDSIC proceeding
1/1/2024-3/31/2024	MI	CMS	Consumers Energy Co.	C-U-21389	Commission decision in rate case expected
1/1/2024-1/31/2024	OK	AEP	Public Service Co. of OK	Ca-PUD2023-000086	Rate case filing expected
1/1/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
1/12/2024-1/26/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/24/2024-1/26/2024	WV	FE	Monongahela Power Co.		Hearing if no settlement
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/30/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Petitions to intervene due
1/30/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Petitions to intervene due
1/31/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Intervenor testimony due in rate proceeding
2/1/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Settlement or issues list
2/1/2024-2/29/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45330-TDSIC-7	Decision possible in TDSIC proceeding
2/1/2024-3/1/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-80	Evidentiary hearings to be held
2/1/2024-3/1/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-81	Evidentiary hearings to be held
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West	C-ER-2024-0189	Rate case filing expected
2/1/2024-2/29/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
2/1/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Comments due on hearing examiner's report in biennial review proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/5/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Opposition to settlement
2/6/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Hearing
2/6/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-80	Deadline for intervenors to file surrebuttal testimony
2/6/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-81	Deadline for intervenors to file surrebuttal testimony
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/16/2024	WV	FE	Monongahela Power Co.	C-23-0460-E-42T	Post-hearing initial briefs
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding
2/28/2024	WV	FE	Monongahela Power Co.	C-23-0460-E-42T	Post-hearing reply briefs
2/28/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Company rebuttal testimony due in rate proceeding
2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Decision likely in biennial earnings review
2/29/2024	CA	EIX	Southern California Edison Co.	A-23-05-010	Intervenor testimony due
3/1/2024-3/31/2024	VA	AEP	Appalachian Power Co.		Earnings review covering 2023 to be filed
3/1/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case fiilng expected in calendar Q1 2024
3/1/2024	MI	DTE	DTE Electric Co.	C-U-21534	Electric rate case application to be filed on or around
3/1/2024	MI	WEC	Michigan Gas Utilities Corp.	C-U-21540	Gas rate case expected to be filed on or around
3/1/2024-3/31/2024	NJ	FE	Jersey Cntrl Power & Light Co.	D-ER23030144	Decision expected in rate case based on current schedule
3/1/2024-3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing Examiner report likely to be issued in Rider US-3 proceeding
3/1/2024-3/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing Examiner's proposed order may be issued in Rider RBB proceeding
3/6/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Deadline for settlement to be filed in rate proceeding
3/6/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00172 (Rider U)	Intervening parties to file testimony in Ride U update proceeding
3/7/2024-3/15/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Hearings scheduled in multiyear rate plan case
3/11/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Expected rate case decision
3/12/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Intervenor testimony
3/12/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Intervenor testimony due
3/12/2024	IN	CNP	Sthrn IN Gas & Electric Co.	Ca-45990	Intervenor testimony due in rate proceeding
3/15/2024-4/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Decision likely to be issued in Rider CE proceeding
3/18/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Hearing to begin in rate proceeding (if no settlement is filed)
3/22/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Surrebuttal testimony due in electric multiyear rate plan proceeding
3/22/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00171 (Rider SNA)	Staff to file testimony in Rider SNA proceeding
3/26/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00169 (RAC-EE)	Intervening parties to file testimony in EE-RAC proceeding
3/26/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00217 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/27/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Second settlement and stipulation conference to take place in electric multiyear rate plan proceeding
3/27/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Intervenor cross-rebuttal testimony
3/27/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Intervenor cross-rebuttal testimony
3/29/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00172 (Rider U)	Staff to file testimony in Rider U update proceeding
3/29/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00195 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceedings
3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing examiner's report likely to be issued in Rider GT proceeding
3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Decision likely in Rider RBB proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- PNW – ALJ's ROO Issued in APS Rate Case; Reiterate Buy Following Our Recent Upgrade: Outcome Supportive of Our Anticipatory Call
- ES: Orsted to Purchase Sunrise Pending Successful Rebid – Move Supports Our Upgrade
- '24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy…
- D: Investor Survey Results Reveal Tighter Buyside Perceptions on Review Outcomes, Degree of Conservatism
- ES: Substantial Impairments Write Projects Down to Almost Zero; Reposition Sunrise Overhang

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	68.32%	42	16.94%
NEUTRAL	110	30.30%	7	6.36%
SELL	5	1.38%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities 212.292.4700
Jeffrey Cohen, Head of Sales 212.292.4762
Dante Ferrarie, Head of Trading 212.518.3331
Craig Peckham, Head of Research 212.292.4765

Sales and Trading Offices

New York 212.292.4700
San Francisco 415.852.6451
Boston 617.859.4626
Richmond 804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AVA	34.21	Neutral
EIX	67.70	Buy
ES	55.16	Buy
EXC	35.29	Neutral
PCG	17.03	Buy
SRE	71.49	Buy

Power & Utilities

January 30, 2024

The Guggenheim Daily Transmission: EIX/PCG/SRE, ES/CT, Power/Talen, ERCOT/Texas, AVA, EXC

For details on our 2024 NDRs, including DUK, WEC, AWK, ED, EIX, NJR, AEE, LNT, ES, PNW, PCG, IDA, DTE, EVRG, EXC, POR, ETR, SR, NWE, and OGE, please scroll down...

For details on our Kentucky Bourbon event with CNP in March, please see the Save The Date below — invite-only event.

'24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy… (see our note HERE)

EIX/PCG/SRE — CA intervenors filed opening testimony in the Phase II of the 2023 cost of capital proceeding

PCG – PG&E marks the operation of the first residential distributed power plant

PCG – NRC review of Diablo Canyon Application could take until 2025

ES/CT — ES letter raises mischaracterization of recovery options by PURA in media

Power/Talen — Talen points to uplisting no earlier than 2Q24

ERCOT/Texas — Texas manufacturing contracts in Fed survey

ERCOT — PUCT Staff docket memo on VOLL work

AVA — Avista signs fourth RNG offtake agreement

EXC — ComEd asks for clarification on several aspects of grid plan filing process

EIX/PCG/SRE — CA intervenors filed opening testimony in the Phase II of the 2023 cost of capital proceeding

- Intervenors including CA Utilities filed opening testimony in the Phase II 2023 cost of capital proceeding.
- The proceeding seeks to address use of blended ROEs for gas and electric, formulaic elements of setting ROEs and the cost of capital mechanism.
- CA Utilities (EIX, PCG, SRE) are generally supportive of blended ROEs, maintaining the ability to set ROEs without a strict formulaic approach but continuing to use financial models as a gauge of cost, utilities argued for excluding affordability from setting ROEs, keeping CCM discussions to a future cost of capital proceeding and PG&E argued for a yield spread adjustment as increased rates cause significant revenue shortfalls for under-collections.
- Opposing parties included Public Advocates office (PAO) and TURN, among others.
- TURN argued for modifications to the CCM (Energy Division requirements for findings on risk premium), affordability to directly impact ROE setting, and penalties for deviations from the authorized capital structure.
- PAO argued for reduced CCM adjustment to either 20% of the deviation from benchmark or ignoring the first 100bp for adjustment purposes. PAO argues PG&E's yield spread adjustment should be denied and all other issues should fall into the next litigated proceeding.
- Docket: A2204008 et al

Guggenheim takeaway:*The opening testimony is as expected, with intervenors looking to seemingly arbitrary mechanism adjustments to lower revenue requirements. CA utilities present arguments largely maintaining status quo and aligned with precedent, with structural changes left for discussion in the next cost of capital litigated proceeding (2026). The CCM*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

modifications seemingly defeat the purpose of the mechanism and would in effect create a need to re-litigate cost of capital annually. It is tough to see affordability get conflated with ROEs as CA relies on a lot of equity capital for its energy policy agenda which has undoubtedly impacted affordability, and using ROE as a source of funds would seemingly stand at odds with the continuation of energy policy. We continue to monitor how the CPUC will address Phase II and which items will fall under the future litigated proceeding.

PCG – PG&E marks the operation of the first residential distributed power plant

- PG&E and Sunrun (RUN) announced the completion of the first residential distributed power plan in CA.
- Customers provided consistent, reliable clean energy to California's power grid through the summer and fall of 2023, peaking at 32 MW from 8,500 solar-plus-storage systems.
- The program achieved its maximum enrollment of 8,500 customers and provided a consistent average of 27 megawatts of power during evening peak hours for more than 90 consecutive days. With an instantaneous peak output of nearly 32 megawatts.
- More here.

Guggenheim takeaway: *Nothing material and more of an FYI, though an interesting datapoint. PG&E continues implementing innovative programs for customer energy management and grid support.*

PCG – NRC review of Diablo Canyon Application could take until 2025

- Media report on the NRC review of Diablo Canyon license extensions suggests an August 2025 timeframe for review and approval.
- Staff letters indicated a review period of ~2 years.
- The first of the two NRC scoping meetings will be on Feb. 1, 2024 and the second on Feb. 8, 2024.
- More here.

Guggenheim takeaway: *FYI. Continued datapoints and progress on Diablo Canyon NRC applications.*

ES/CT ─ ES letter raises mischaracterization of recovery options by PURA in media

- The letter from the company specifically calls out several points made by PURA personnel to the Hartford Courant in an article on Sunday regarding AMI.
- "Yesterday, the Hartford Courant published an article on PURA's AMI Decision and the Company's Motion.2 In that article, PURA responded to the Courant's inquiry on its decision to push back the implementation of AMI by opening a new docket to consider cost recovery, with the assertion that Eversource already has "a long-established cost recovery mechanism for all capital investments, including AMI." This statement – along with comments submitted by the Office of Consumer Counsel ("OCC") in response to the Company's Motion ("OCC's Response") – provide the most recent evidence of the dysfunction of Connecticut's regulatory environment and lack of any viable approach to the implementation and financing of AMI." – filing
- "In this quote from the Hartford Courant, PURA neglects to mention two important qualifications regarding this "long-established cost recovery mechanism," which are that: (1) recovery through the mechanism referenced by PURA is capped at $300 million annually until the Company's next rate case (roughly $250 million below Eversource's current level of annual electric system improvements of $550 million); and (2) Section 5 of the recent SB7 legislation requires the express termination of this mechanism in the Company's next rate case, as PURA aware.3 As a result, PURA's assertion that this mechanism is available to support AMI implementation is not accurate under current law and PURA precedent." - filing
- More HERE

Guggenheim takeaway: *We flagged the article in question yesterday (HERE), which featured several pointed sound bites from key lawmakers on the slow pace of AMI deployment. The filing flagged above is interesting in that context given we had a similar impression of PURA's comments in the article as the company (no rider recovery pathway for AMI), with the company also pushing back on specific OCC points. The letter is yet another example of the company's firm position to not advance the program without a clear line of sight to a recovery mechanism – we continue to see the noise building the in the state as a modest positive within the overall mosaic.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Power/Talen – Talen points to uplisting no earlier than 2Q24

- "The Company expects to update the Registration Statement after reporting financial and operational results for the year ended December 31, 2023. Accordingly, the uplisting is expected to be effective no earlier than the second quarter of 2024, after the SEC completes its review process, and subject to market and other conditions." – filing
- More HERE [OTC: TLNE]

Guggenheim takeaway: *Heads up on the timing, which has slipped slightly from our initial expectations given the SEC review timeline – in the interim we remain on the lookout for data points regarding the ongoing ERCOT sale process (see our most recent note HERE).*

ERCOT/Texas – Texas manufacturing contracts in Fed survey

- "Texas factory activity contracted in January after stabilizing in December, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, dropped 17 points to -15.4—its lowest reading since mid-2020." - release
- More HERE

Guggenheim takeaway: *Ongoing weakness in Texas is a headwind to power demand and underlying utility customer growth. The data continues to paint a bit of a mixed picture as some respondents continue to expect some modest growth in the region alongside continued labor growth and deepening pessimism on business conditions. We continue to watch the survey data closely for indications of a slowdown in activity and hiring in Texas as any softening would have direct read through to the forward curves as well as the load backdrop for the regulated utilities. We cover several utilities in the state (i.e., ETR, AEP, SRE, CNP as well as IPPs like VST, NRG, CEG) so macro backdrop is one key input to monitor.*

ERCOT – PUCT Staff docket memo on VOLL work

- The Staff have docketed a memo explaining work with a consultant
- "Electric Reliability Council of Texas, Inc. (ERCOT) recently provided an update regarding the ongoing Value of Lost Load (VOLL) study for the ERCOT region.1 This filing included analysis conducted by ERCOT' s contractor, The Brattle Group (Brattle) [PRIVATE], which provides a set of VOLL estimates for the Commission to consider in determining an interim VOLL value, until a survey of customers in the ERCOT region can be completed. Staff anticipates the ERCOT-specific customer survey will provide another significant data point to help the Commission understand the preferences of Texas electric customers and develop robust, consumer-focused reliability policy. In the meantime, the interim VOLL will inform ongoing studies, but it will have no immediate market impacts." – filing
- "VOLL in the ERCOT region is currently set at $5,000 per MWh. Prior to January 1, 2022, VOLL was set at $9,000 per MWh, but it was reduced to the current level6 and subsequently decoupled from the System-Wide Offer Cap7 (SWCAP) during a redesign of the wholesale electric market. Any of the estimates described above represent a considerable increase from the current level. However, as noted by Potomac in the 2022 State of the Market Report for the ERCOT Electric Markets, the current level likely underestimates VOLL by a substantial amount. Based on the various analyses described above, Staff agrees with ERCOT' s assessment that Options 2a ($24,693 per MWh) and 2b ($26,245 per MWh) represent the most reasonable estimates of VOLL, but for the sake of simplicity, we would recommend that an intermediate value be selected for the interim VOLL." - filing
- More HERE

Guggenheim takeaway: *This metric will eventually form a key part of the ISO's reliability standard, and by extension the PCM mechanism – two processes that will remain ongoing through most of 2024. As a reminder the PCM also includes a cap that partially blunts its value to IPPs overall. Stay tuned as these processes begin to mature over the course of the first half and ERCOT prepares for yet another potentially tight peak season.*

AVA – Avista signs fourth RNG offtake agreement

- Construction on the project in Milan, IL is expected by the company to finish by year-end 2024, at which point the facility will produce 3m therms of RNG per year.
- In aggregate, the Pine Creeks projects which have contracted with AVA are expected by the company to produce 9.7m therms per year.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

- More HERE

Guggenheim takeaway: *We see this as an incremental positive for AVA as it moves towards bringing down its natural gas emissions, in accordance with its long-term reduction targets.*

EXC – ComEd asks for clarification on several aspects of grid plan filing process

- The utility filed a motion for expedited clarification in the MYP docket
- "This Motion seeks clarity regarding (i) the date by which a final order on ComEd's re-filed Grid Plan and updated revenue requirement will be issued; (ii) whether certain quarterly reporting requirements outlined in the Final Order take effect in 2024, given the Final Order's determination to reject ComEd's Grid Plan; and (iii) the manner in which the 105% cap on reconciliation will be calculated, in light of the fact that interim rates are currently in effect subject to rehearing, and that rehearing and the refiled Grid Plan may result, respectively, in a second and third set of rates in effect during 2024."- filing
- "ComEd respectfully requests that the Commission clarify and confirm its intent to issue a final order regarding the re-filed Grid Plan, and the updated revenue requirements, no later than November 15, 2024, for rates in effect no later than the final monthly billing period of 2024" - filing
- More HERE

Guggenheim takeaway:*Another procedural filing from ComEd as we remain on the lookout for any indications from the ICC that an alternative or temporary revenue requirement could be allowed ahead of an eventual revised grid plan. The timing of the request aligns with our expectations for the process to run most of the year – a potential protracted overhang absent a temporary*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, *Chair, President & Chief Executive Officer*

Abby Motsinger, *Vice President, Investor Relations*

Dates & Locations

February 13-14, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $76.5bn

DUK Energy Corporate (DUK) engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure, and Other. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Other segment includes interest expense on holding company debt, unallocated corporate costs, and Bison which is a wholly owned captive insurance company. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Scott Lauber, *President & Chief Executive Officer*
Xia Liu, *Chief Financial Officer*
Beth Straka, *SVP, Corporate Communications & Investor Relations*

Dates & Locations

February 19-21, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $27.2bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President & Chief Executive Officer*
John Griffith, *Chief Financial Officer*
Aaron Musgrave, *Vice President, Investor Relations*

Dates & Location
Tuesday, February 27, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $25.6bn
American Water Works Co. (AWK) engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment offers water and wastewater services to customers. The Market-Based Businesses segment includes the military services group, which enters into long-term contracts with the U.S. government to provide services on various military installations. The Other segment refers to the corporate costs that are not allocated to the operating segments, eliminations of inter-segment transactions, fair value adjustments, and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Consolidated Edison, Inc. (ED)

Tim Cawley, *President & Chief Executive Officer*
Jan Childress, *Director, Investor Relations*
Caroline Elsasser, *Senior Analyst, Investor Relations*

Dates & Location

Thursday, February 29, 2024
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $31bn

Consolidated Edison (ED) is a holding company, which engages in the business of regulated electric, gas, and steam delivery. It operates through the following segments: Consolidated Edison Company of New York (CECONY), Orange and Rockland Utilities (O&R), Con Edison Clean Energy Businesses and Con Edison Transmission. The CECONY segment is involved in the regulated electric, gas, and steam utility businesses. The O&R segment covers regulated electric and gas utility delivery businesses. The Con Edison Clean Energy Businesses segment develops, owns, and operates renewable and energy infrastructure projects and provides energy-related products and services to wholesale and retail customers. The Con Edison Transmission segment invests in electric and gas transmission projects. The company was founded in 1823 and is headquartered in New York, NY. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Edison International (EIX)

Maria Rigatti, *Chief Financial Officer*
Sam Ramraj, *VP Investor Relations*

Dates & Location
March 5 - 6, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.1bn
Edison International (EIX) is a renewable energy company, which through its subsidiaries generates and distributes electric power and invests in energy services and technologies. The company was founded on July 4, 1886, and is headquartered in Rosemead, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

GUGGENHEIM

Innovative Solutions.
Enduring Values.℠

Equity Research | Corporate Access

SAVE THE DATE

Sips with CenterPoint Energy, Inc. (CNP) on the Kentucky Bourbon Trail

Please join Guggenheim's Shar Pourreza and CenterPoint Energy's Jason Wells, Chief Executive Officer and Christopher Foster, Chief Financial Officer, for a bourbon trail tour.



Dates & Location
March 18–19, 2024
Louisville, KY

Agenda
March 18: 5:00PM – Welcome Cocktails & Tasting
March 18: 6:00PM – Dinner with CNP Team
March 19: 8:00AM – Breakfast
March 19: 9:00AM – 3:30PM – Distillery Tours & Tastings

Times approximate, formal agenda and recommended flights + hotel details to follow

Participating Analyst
Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim 2024 Client and Corporate Access Utility Events

Ticker	Dates	Regions
2024 Utilities Conference Call	*1/22*	Dial–In
Utilities Investor Quarterly Roundtable Discussion	*1/24*	NYC
DUK	2/13–2/14	Boston; virtual group lunch on 13th
WEC	2/19–2/21	Boston; virtual group lunch on 20th
AWK	2/27	NYC
ED	2/29	NYC
EIX	3/5–3/6	NYC
NJR	TBC	NYC/Boston
CNP Bourbon Day Tour	3/18–3/19	Kentucky
AEE	3/26–3/27	Boston
LNT	4/10–4/11	NYC
ES	4/16–4/17	NYC
PNW	4/23–4/24	Canada/Boston
PCG	4/30–5/1	Boston & MidAtlantic
IDA	5/7–5/8	Boston/NYC
EXC	5/14–5/15	NYC
POR	5/28–5/29	NYC/Boston
DTE	6/5	NYC
EVRG	6/11–6/13	Boston/NYC
ETR	6/25–6/27	NYC
SR	8/15	NYC
NWE	9/10	NYC
OGE	10/8	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Utilities Comp Sheet

1/29/2024		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'23–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$59.68	3,430	4.35	3.98	4.40	4.75	4.96	4.35	4.08	4.28	4.70	4.97	–	(0.10)	0.12	0.05	–	13.7x	14.6x	14.0x	12.7x	12.0x	-17%	-4%	-2%	-5%	-5%	3.3%	4.8%	70%	Neutral	$58	2%	Neutral	$62	9%
AVA	$34.21	2,647	2.28	2.45	2.60	2.69	2.78	2.27	2.41	2.59	2.64	2.80	–	0.04	–	0.05	–	15.1x	14.2x	13.2x	12.9x	12.2x	-8%	-7%	-7%	-4%	-3%	5.1%	5.6%	79%	Neutral	$34	5%	Neutral	$37	14%
IDA	$94.44	4,780	5.11	5.41	5.64	5.88	6.36	5.14	5.47	5.82	5.98	6.42	–	(0.05)	(0.18)	(0.10)	(0.06)	18.4x	17.3x	16.2x	15.8x	14.7x	12%	13%	14%	18%	16%	5.6%	3.6%	62%	Neutral	$93	2%	Buy	$103	13%
NWE	$48.63	2,978	3.05	3.52	3.68	3.87	4.06	3.05	3.51	3.68	3.87	4.03	–	–	–	–	–	15.9x	13.8x	13.2x	12.6x	12.1x	-3%	-9%	-7%	-6%	-5%	7.4%	5.4%	74%	Neutral	$47	2%	Neutral	$54	15%
UTL	$49.25	793	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	17.7x	16.8x	15.9x	14.9x	14.1x	8%	10%	12%	11%	11%	5.7%	3.3%	56%	Neutral	$50	5%	Buy	$53	12%
POR	$41.07	4,153	2.55	3.08	3.24	3.40	3.61	2.56	3.06	3.21	3.34	3.49	–	–	–	0.06	0.12	16.1x	13.4x	12.8x	12.3x	11.8x	-2%	-12%	-10%	-8%	-7%	9.1%	4.9%	65%	Buy	$55	39%	Buy	$48	22%
		18,781																**16.1x**	**15.0x**	**14.2x**	**13.5x**	**12.8x**	**-2%**	**-2%**	**-0%**	**1%**	**1%**	**6.0%**	**4.6%**	**68%**						
Mid/Large Cap Electric																																			
AEE	$69.79	18,351	4.38	4.52	4.91	5.26	5.55	4.38	4.56	4.88	5.19	5.45	–	(0.04)	0.03	0.07	0.10	15.9x	15.3x	14.3x	13.4x	12.8x	-3%	0%	0%	0%	1%	6.1%	3.9%	59%	Neutral	$75	11%	Buy	$78	15%
AEP	$78.38	40,379	5.27	5.64	6.00	6.39	6.81	5.29	5.60	5.96	6.31	6.70	–	0.04	0.04	0.08	0.11	14.8x	14.0x	13.2x	12.4x	11.7x	-10%	-8%	-8%	-7%	-7%	6.6%	4.6%	64%	Neutral	$81	8%	Buy	$89	18%
CMS	$57.13	16,668	3.10	3.34	3.61	3.87	4.16	3.10	3.34	3.60	3.86	4.14	–	–	–	–	–	18.4x	17.1x	15.9x	14.8x	13.8x	12%	12%	11%	10%	9%	7.6%	3.7%	63%	Neutral	$60	9%	Buy	$62	12%
CNP	$27.91	17,567	1.50	1.62	1.74	1.90	2.04	1.50	1.62	1.74	1.88	2.03	–	–	–	–	–	18.6x	17.2x	16.1x	14.8x	13.8x	13%	13%	13%	11%	9%	8.0%	2.9%	50%	Buy	$33	21%	Buy	$31	13%
D	$45.43	38,015	2.10	2.87	3.53	3.79	4.04	2.56	3.07	3.43	3.66	3.93	(0.46)	(0.20)	0.10	0.13	0.11	17.8x	14.8x	13.2x	12.4x	11.6x	8%	-3%	-7%	-8%	-9%	17.8%	5.9%	87%	Buy	$57	31%	Neutral	$49	13%
DTE	$103.84	21,402	5.71	6.67	7.19	7.71	8.26	5.76	6.67	7.17	7.77	8.36	(0.04)	–	–	(0.06)	(0.10)	18.0x	15.6x	14.5x	13.4x	12.4x	10%	2%	2%	-0%	-2%	9.7%	4.0%	62%	Neutral	$111	11%	Buy	$119	18%
DUK	$95.77	73,839	5.60	6.00	6.35	6.75	7.15	5.59	5.98	6.36	6.75	7.20	–	–	–	–	(0.05)	17.1x	16.0x	15.1x	14.2x	13.3x	4%	5%	6%	6%	5%	6.3%	4.4%	70%	Buy	$118	28%	Buy	$105	14%
ED	$90.59	31,247	5.07	5.33	5.61	5.89	6.26	5.06	5.30	5.61	5.87	6.19	–	–	–	–	0.07	17.9x	17.1x	16.2x	15.4x	14.6x	9%	12%	13%	15%	16%	5.4%	3.7%	63%	Neutral	$88	1%	Neutral	$90	3%
EIX	$67.70	25,968	4.62	5.17	5.79	6.17	6.44	4.68	5.10	5.65	6.02	6.35	(0.06)	0.07	0.14	0.15	0.09	14.5x	13.3x	12.0x	11.3x	10.7x	-12%	-13%	-16%	-16%	-16%	8.7%	4.6%	60%	Buy	$84	29%	Buy	$76	16%
ES	$55.16	19,256	4.36	4.59	4.74	5.09	5.30	4.35	4.51	4.70	4.96	5.25	–	0.09	0.04	0.13	0.05	12.7x	12.2x	11.7x	11.1x	10.5x	-23%	-20%	-18%	-17%	-17%	5.0%	5.2%	64%	Buy	$72	36%	Buy	$66	25%
ETR	$99.74	21,091	6.77	7.23	7.72	8.36	9.00	6.76	7.20	7.72	8.31	8.88	–	0.03	–	0.05	0.12	14.8x	13.9x	12.9x	12.0x	11.2x	-10%	-9%	-9%	-10%	-11%	7.4%	4.6%	63%	Buy	$118	23%	Buy	$112	16%
EVRG	$50.60	11,617	3.60	3.83	4.02	4.23	4.44	3.62	3.83	4.02	4.26	4.46	–	–	–	–	–	14.0x	13.2x	12.6x	11.9x	11.3x	-15%	-14%	-12%	-11%	-10%	5.4%	5.2%	68%	Neutral	$52	8%	Buy	$57	17%
EXC	$35.29	35,089	2.36	2.42	2.61	2.81	2.98	2.37	2.42	2.62	2.79	2.98	–	–	–	–	–	14.9x	14.6x	13.5x	12.7x	11.8x	-9%	-4%	-5%	-6%	-6%	6.0%	4.4%	64%	Neutral	$38	12%	Buy	$39	16%
FE	$36.78	21,105	2.54	2.71	2.91	3.09	3.29	2.54	2.67	2.87	3.04	3.22	–	0.04	0.04	0.05	0.07	14.5x	13.8x	12.8x	12.1x	11.4x	-12%	-10%	-10%	-10%	-10%	6.7%	4.5%	62%	Buy	$47	32%	Buy	$41	17%
LNT	$48.71	12,310	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.27	3.48	3.68	–	–	–	–	–	16.8x	15.9x	14.9x	14.0x	13.2x	2%	4%	4%	4%	5%	6.1%	4.0%	63%	Neutral	$53	13%	Buy	$55	16%
OGE	$33.27	6,664	2.05	2.12	2.24	2.37	2.50	2.05	2.14	2.27	2.40	2.52	–	–	–	–	–	16.3x	15.6x	14.7x	13.9x	13.2x	-1%	2%	3%	3%	5%	5.1%	5.1%	80%	Neutral	$34	7%	Buy	$36	14%
PCG	$17.03	36,334	1.22	1.35	1.49	1.61	1.76	1.21	1.35	1.47	1.59	1.72	–	–	–	–	0.04	14.0x	12.6x	11.6x	10.7x	9.9x	-15%	-18%	-19%	-20%	-22%	9.6%	0.9%	11%	Buy	$23	36%	Buy	$19	15%
PEG	$58.02	28,958	3.46	3.69	4.09	4.38	4.70	3.47	3.68	4.04	4.25	4.49	–	–	0.05	0.13	0.21	16.7x	15.8x	14.4x	13.7x	12.9x	2%	3%	1%	2%	2%	8.0%	4.2%	65%	Neutral	$61	9%	Buy	$65	17%
PNW	$70.26	7,961	4.20	4.80	5.10	5.50	5.75	4.31	4.83	5.07	5.36	5.59	(0.11)	(0.03)	0.03	0.14	0.17	16.3x	14.5x	13.9x	13.1x	12.6x	-1%	-5%	-3%	-2%	-1%	8.2%	5.0%	73%	Buy	$78	16%	Buy	$78	17%
PPL	$26.00	19,165	1.58	1.71	1.82	1.96	2.08	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	16.5x	15.3x	14.3x	13.4x	12.6x	0%	-0%	0%	-0%	-0%	7.1%	4.0%	60%	Buy	$31	23%	Buy	$29	17%
SO	$69.19	75,522	3.60	4.00	4.30	4.55	4.80	3.60	4.01	4.33	4.54	4.76	–	–	–	–	0.04	19.2x	17.3x	16.0x	15.3x	14.5x	17%	13%	12%	14%	15%	7.5%	4.2%	71%	Buy	$79	18%	Buy	$75	12%
WEC	$80.45	25,377	4.62	4.91	5.24	5.61	5.97	4.61	4.90	5.24	5.59	5.97	–	–	–	–	–	17.4x	16.4x	15.3x	14.4x	13.5x	6%	7%	8%	7%	7%	6.6%	4.2%	68%	Neutral	$84	9%	Neutral	$89	15%
Mid/Lg Cap (excl. EIX, PCG)																		**16.4x**	**15.3x**	**14.3x**	**13.4x**	**12.7x**						**7.3%**	**4.4%**	**66%**						
SMID + Lg Cap		**622,665**																**16.4x**	**15.2x**	**14.3x**	**13.4x**	**12.7x**						**7.0%**	**4.4%**	**66%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'23–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$59.57	120,553	3.17	3.44	3.70	3.99	4.31	3.13	3.40	3.67	3.91	4.25	0.04	0.04	0.03	0.08	0.06	19.1x	17.5x	16.2x	15.2x	14.0x	16%	15%	14%	14%	11%	8%	3.5%	61%	Buy	$80	38%	Buy	$73	26%
SRE	$71.49	44,991	4.58	4.78	5.13	5.44	5.83	4.59	4.82	5.15	5.50	5.91	–	(0.04)	–	(0.06)	(0.08)	15.6x	14.8x	13.9x	13.0x	12.1x	-5%	-3%	-3%	-3%	-4%	6%	4.3%	63%	Buy	$88	27%	Buy	$82	20%
		165,543																**17.3x**	**16.2x**	**15.1x**	**14.1x**	**13.1x**	**5%**	**6%**	**6%**	**5%**	**3%**	**7.1%**	**3.9%**	**62%**						
Gas LDCs																																				
NI	$26.09	10,786	1.59	1.68	1.82	1.95	2.07	1.60	1.71	1.84	1.96	2.09	–	(0.03)	–	–	–	16.3x	15.3x	14.2x	13.3x	12.5x	-1%	-0%	-1%	-1%	-1%	7%	4.1%	62%	Buy	$31	23%	Buy	$30	19%
CPK	$103.08	2,232	5.21	5.42	6.12	6.64	7.13	5.21	5.40	6.21	6.63	7.06	–	–	(0.09)	–	0.08	19.8x	19.1x	16.6x	15.5x	14.6x	20%	25%	16%	16%	16%	8%	2.4%	46%	Neutral	$105	4%	Buy	$124	22%
NJR	$42.10	4,117	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.94	3.11	3.36	–	–	–	–	–	15.6x	15.1x	14.3x	13.5x	12.5x	-5%	-1%	0%	1%	-1%	5%	4.1%	61%	Neutral	$44	9%	Buy	$49	20%
NWN	$38.49	1,416	2.65	2.75	2.98	3.09	3.21	2.67	2.75	2.98	3.05	3.23	–	–	–	0.04	–	14.4x	14.0x	12.9x	12.6x	11.9x	-12%	-8%	-10%	-6%	-6%	5%	5.1%	71%	Neutral	$38	4%	Buy	$47	26%
OGS	$62.39	3,460	4.14	3.85	4.14	4.67	4.93	4.15	3.88	4.10	4.55	4.82	–	–	0.04	0.13	0.11	15.0x	16.1x	15.2x	13.7x	12.9x	-8%	5%	7%	2%	2%	4%	4.2%	68%	Neutral	$62	4%	Neutral	$61	3%
SR	$58.53	3,116	4.05	4.35	4.61	4.85	5.05	4.18	4.34	4.55	4.88	5.06	(0.13)	–	0.06	(0.03)	–	14.0x	13.5x	12.9x	12.0x	11.6x	-15%	-12%	-10%	-11%	-9%	6%	5.2%	70%	Neutral	$64	15%	Neutral	$63	13%
		25,126																**15.9x**	**15.5x**	**14.3x**	**13.5x**	**12.7x**	**-3%**	**2%**	**1%**	**0%**	**0%**	**5.9%**	**4.2%**	**63%**						
Regulated Water																																				
AWK	$125.75	24,484	4.87	5.14	5.59	6.00	6.49	4.83	5.16	5.61	6.05	6.50	0.04	–	–	(0.05)	–	26.1x	24.4x	22.4x	20.8x	19.4x	59%	60%	57%	55%	53%	7%	2.4%	58%	Neutral	$135	10%	Buy	$144	17%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$121.01	38,648	3,893	4,080	4,147	4,177	4,416	3,880	4,122	4,143	4,095	4,326	–	(42)	–	83	91	11.3x	10.4x	10.2x	10.3x	9.9x	43,835	42,825	42,155	41,974	42,657	15.9%	1.1%	22%	Buy	$124	4%	Buy	$131	9%
NRG	$54.45	12,293	3,248	3,418	3,311	3,324	3,377	3,171	3,294	3,307	3,464	3,544	77	124	–	(140)	(167)	6.8x	6.5x	6.3x	5.9x	5.7x	21,474	21,290	20,688	20,400	20,034	23.6%	3.1%	26%	Buy	$63	19%	Buy	$54	2%
VST	$40.56	14,502	4,050	3,969	3,860	3,647	3,672	3,963	4,393	4,377	4,308	4,428	87	(424)	(518)	(661)	(756)	6.5x	5.9x	5.9x	6.1x	5.9x	25,622	25,731	25,836	26,100	26,139	7.4%	2.2%	22%	Buy	$48	21%	Buy	$43	7%
Other																																				
NEP	$30.06	2,809	1,875	2,021	2,080	2,099	2,118	1,894	2,042	2,043	2,023	1,976	–	(21)	37	75	142												12.1%	–	Buy	$40	45%	Buy	$33	20%
SMR	$2.98	229	(219)	(17)	(6)	66	149	(161)	(74)	(74)	34	147	(58)	56	68	32	–												–	–	Neutral	NA	–	Buy	$7	143%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

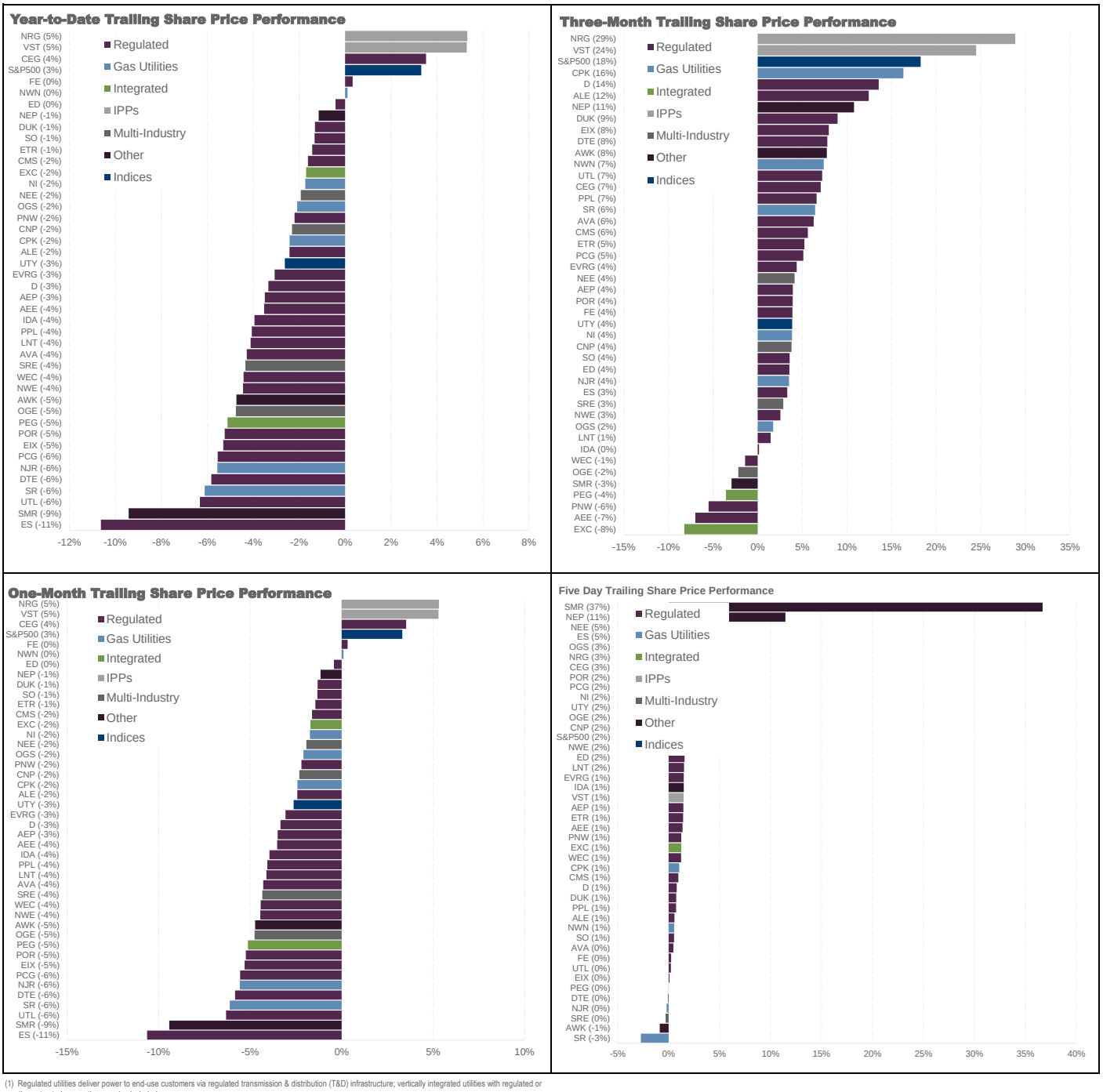

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix

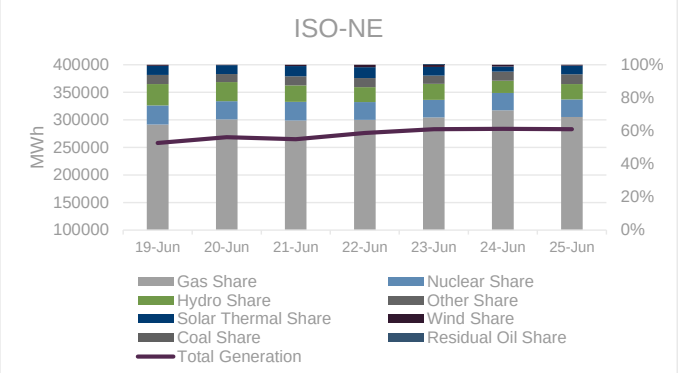

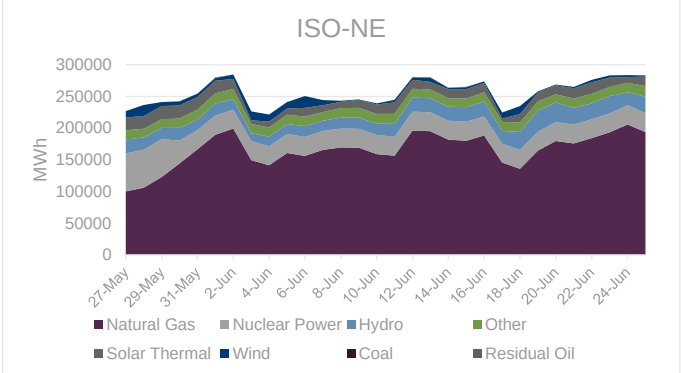

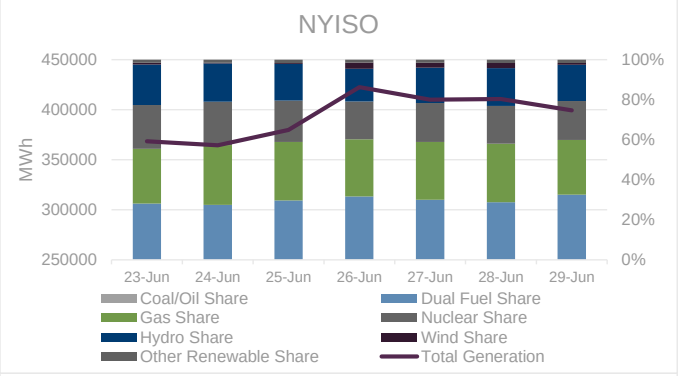

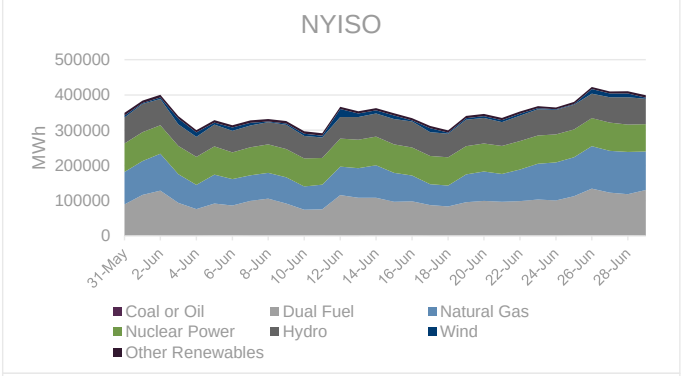

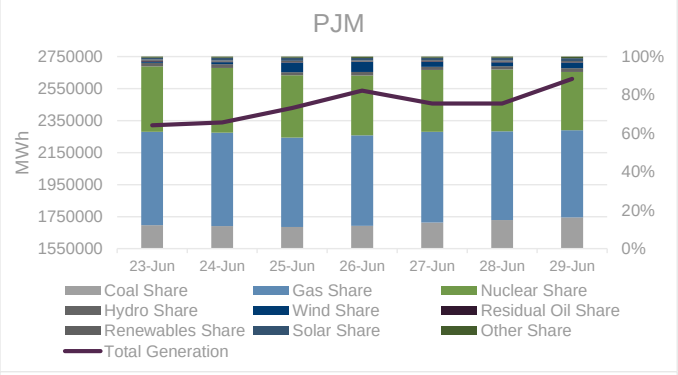

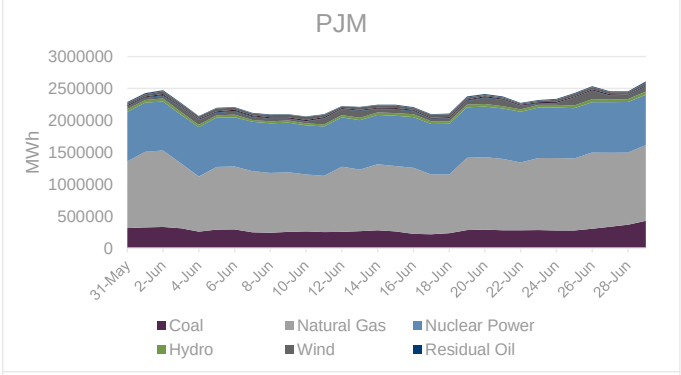

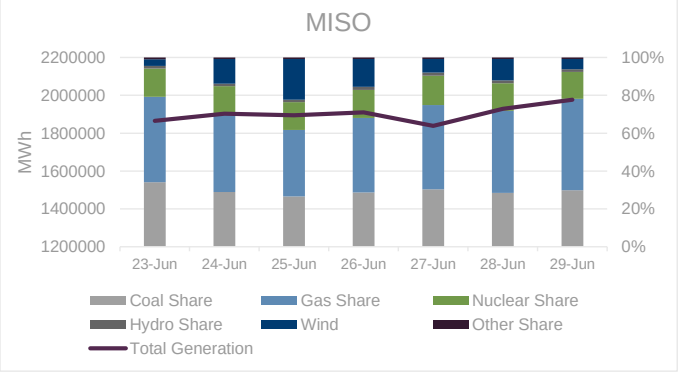

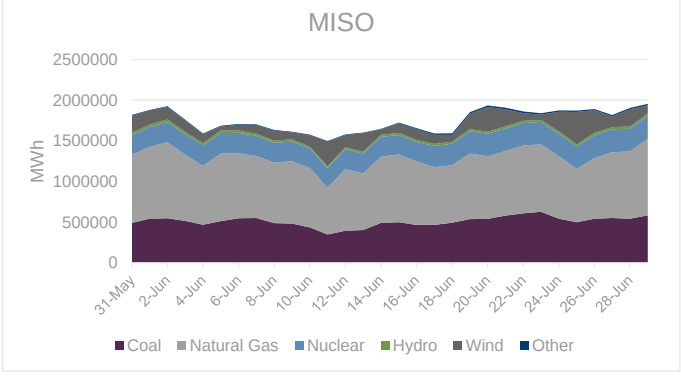

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix (continued)

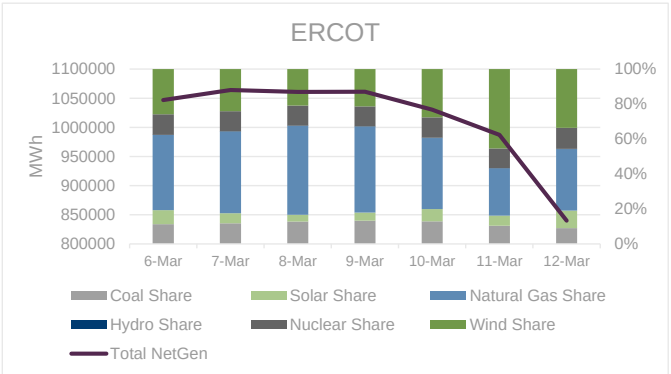

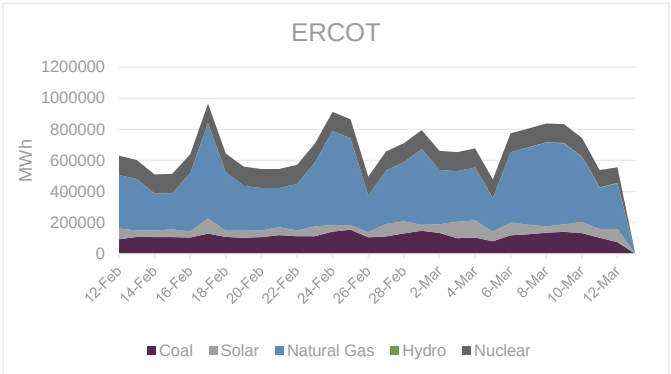

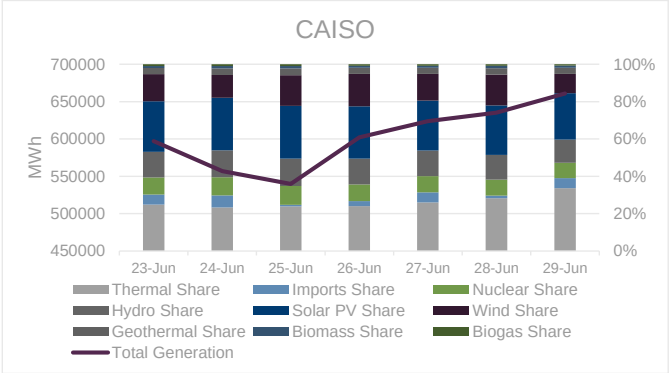

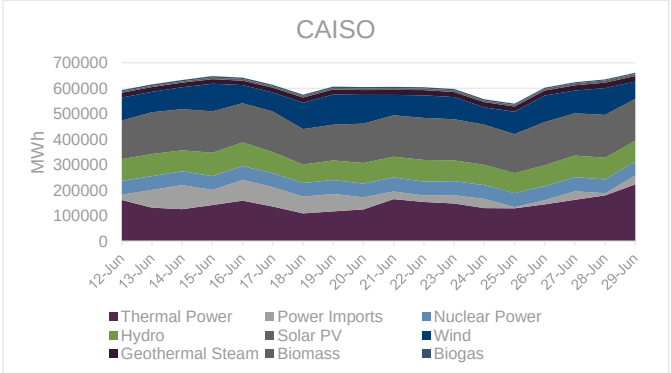

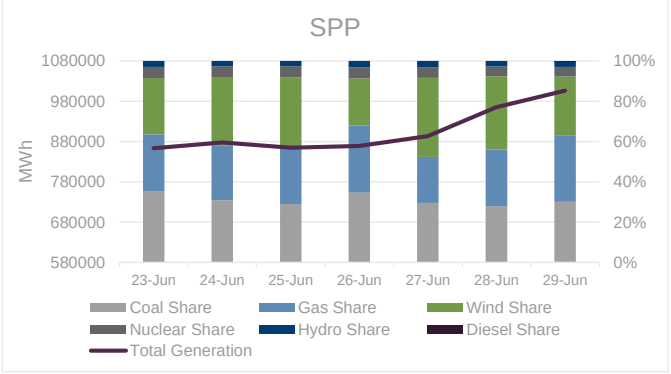

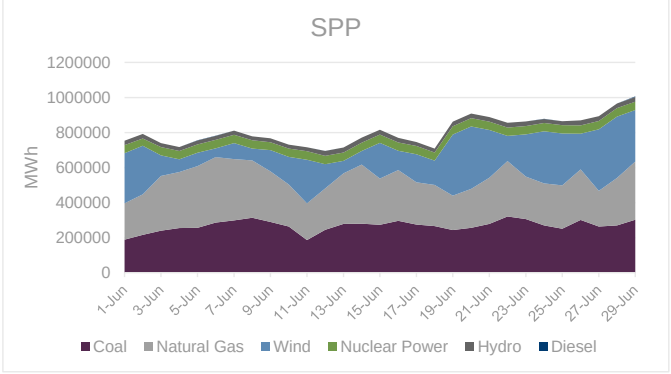

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Weather

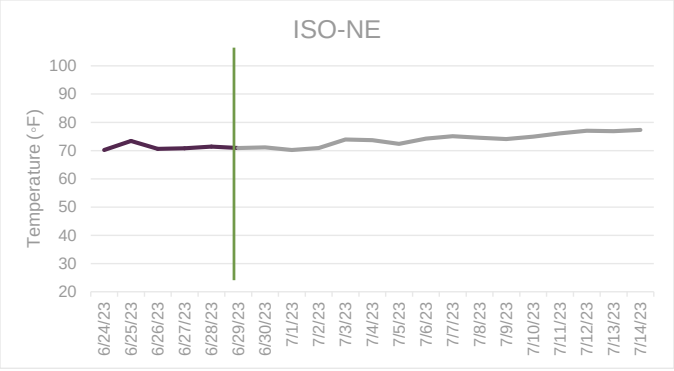

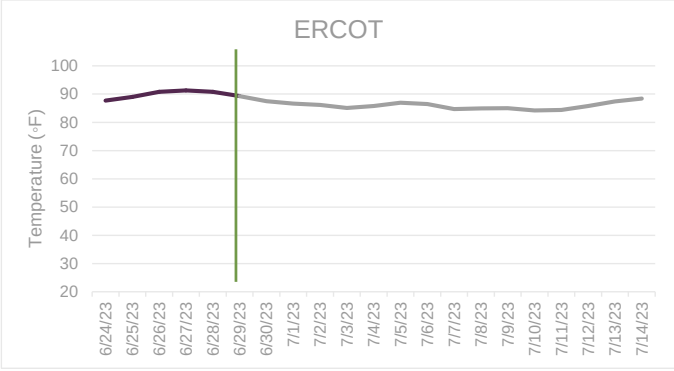

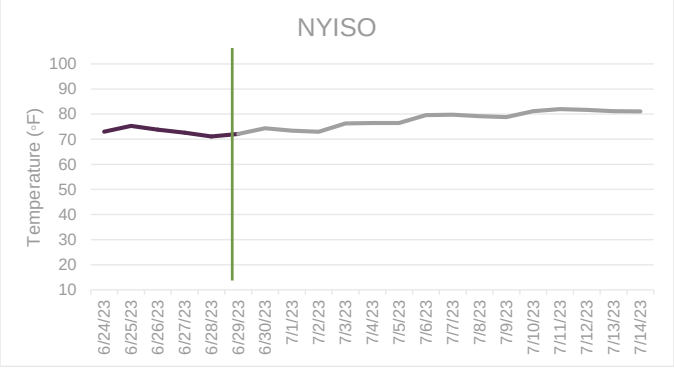

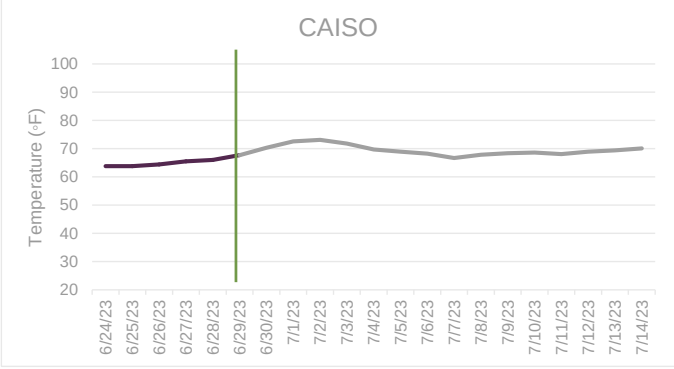

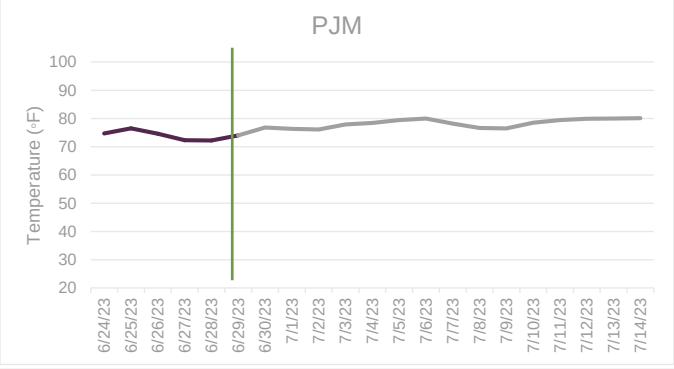

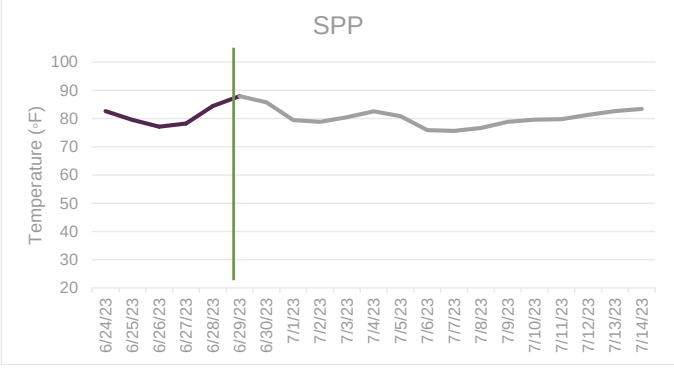

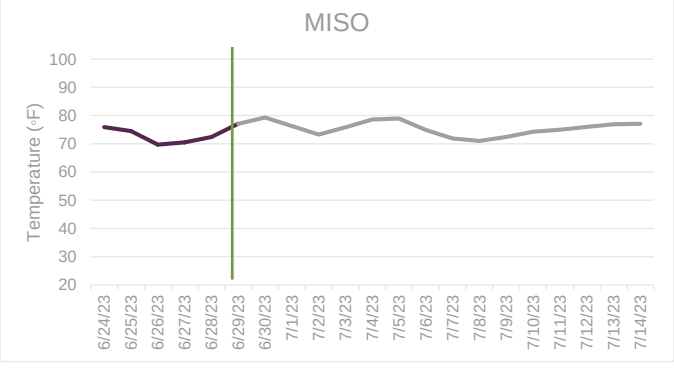

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

YTD Peak Load

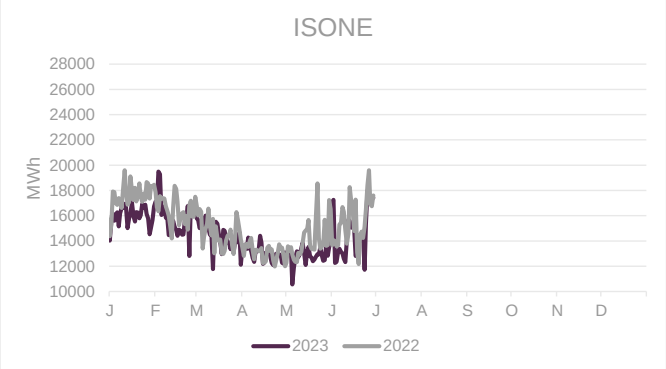

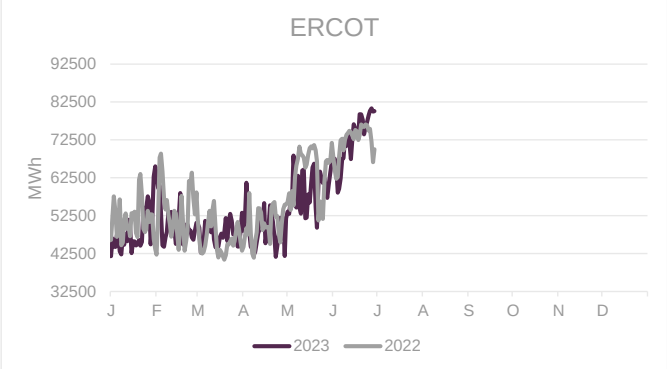

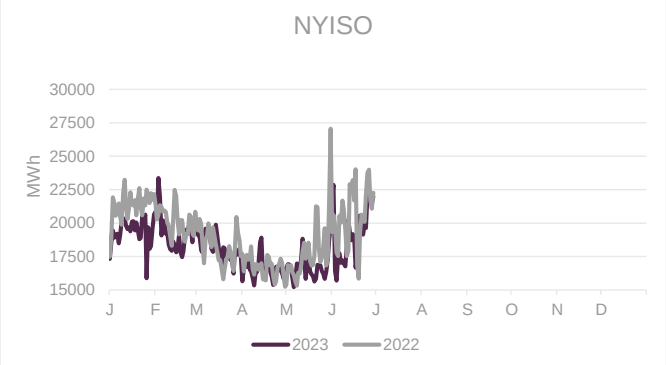

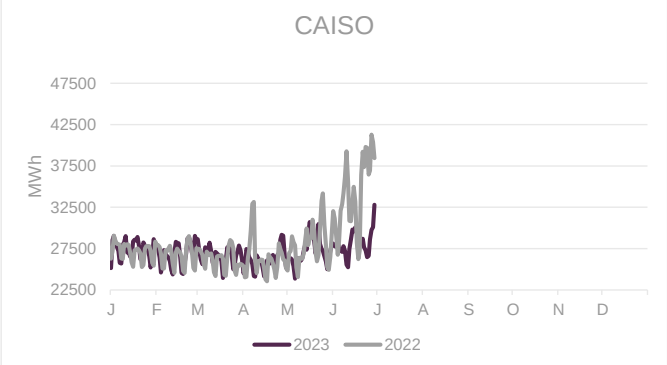

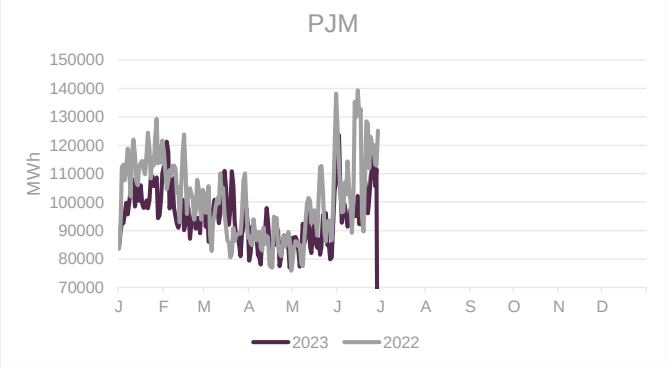

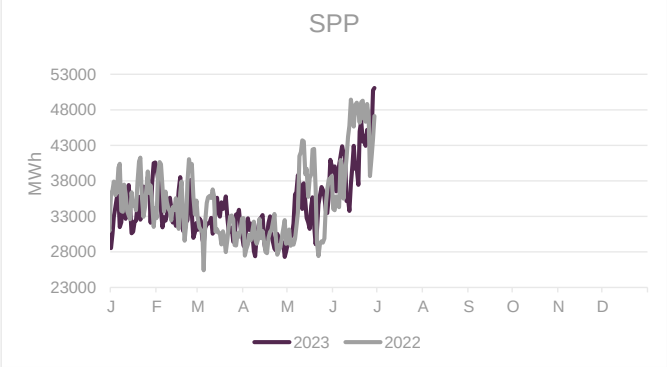

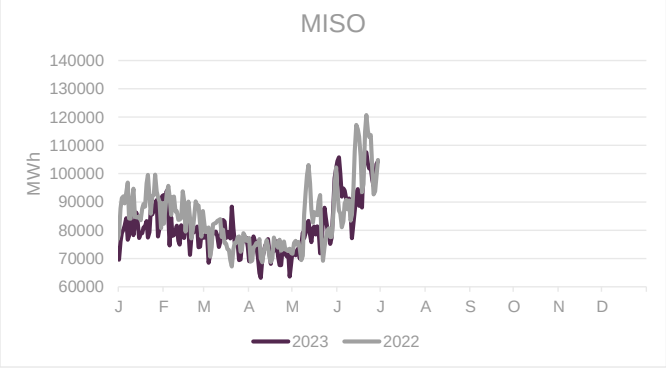

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2024-3/31/2024)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2024-1/31/2024	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-3	Decision possible in TDSIC proceeding
1/1/2024-1/31/2024	IN	CNP	Sthrn IN Gas & Electric Co.	Ca-45612-TDSIC-3	Decision possible in TDSIC proceeding
1/1/2024-3/31/2024	MI	CMS	Consumers Energy Co.	C-U-21389	Commission decision in rate case expected
1/1/2024-1/31/2024	OK	AEP	Public Service Co. of OK	Ca-PUD2023-000086	Rate case filing expected
1/1/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
1/12/2024-1/26/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/24/2024-1/26/2024	WV	FE	Monongahela Power Co.		Hearing if no settlement
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/30/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Petitions to intervene due
1/30/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Petitions to intervene due
1/31/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Intervenor testimony due in rate proceeding
2/1/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Settlement or issues list
2/1/2024-2/29/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45330-TDSIC-7	Decision possible in TDSIC proceeding
2/1/2024-3/1/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-80	Evidentiary hearings to be held
2/1/2024-3/1/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-81	Evidentiary hearings to be held
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West	C-ER-2024-0189	Rate case filing expected
2/1/2024-2/29/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
2/1/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Comments due on hearing examiner's report in biennial review proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/5/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Opposition to settlement
2/6/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Hearing
2/6/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-80	Deadline for intervenors to file surrebuttal testimony
2/6/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-81	Deadline for intervenors to file surrebuttal testimony
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/16/2024	WV	FE	Monongahela Power Co.	C-23-0460-E-42T	Post-hearing initial briefs
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding
2/28/2024	WV	FE	Monongahela Power Co.	C-23-0460-E-42T	Post-hearing reply briefs
2/28/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Company rebuttal testimony due in rate proceeding
2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Decision likely in biennial earnings review
2/29/2024	CA	EIX	Southern California Edison Co.	A-23-05-010	Intervenor testimony due
3/1/2024-3/31/2024	VA	AEP	Appalachian Power Co.		Earnings review covering 2023 to be filed
3/1/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case filng expected in calendar Q1 2024
3/1/2024	MI	DTE	DTE Electric Co.	C-U-21534	Electric rate case application to be filed on or around
3/1/2024	MI	WEC	Michigan Gas Utilities Corp.	C-U-21540	Gas rate case expected to be filed on or around
3/1/2024-3/31/2024	NJ	FE	Jersey Cntrl Power & Light Co.	D-ER23030144	Decision expected in rate case based on current schedule
3/1/2024-3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing Examiner report likely to be issued in Rider US-3 proceeding
3/1/2024-3/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing Examiner's proposed order may be issued in Rider RBB proceeding
3/6/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Deadline for settlement to be filed in rate proceeding
3/6/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00172 (Rider U)	Intervening parties to file testimony in Ride U update proceeding
3/7/2024-3/15/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Hearings scheduled in multiyear rate plan case
3/11/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Expected rate case decision
3/12/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Intervenor testimony
3/12/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Intervenor testimony due
3/12/2024	IN	CNP	Sthrn IN Gas & Electric Co.	Ca-45990	Intervenor testimony due in rate proceeding
3/15/2024-4/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Decision likely to be issued in Rider CE proceeding
3/18/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Hearing to begin in rate proceeding (if no settlement is filed)
3/22/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Surrebuttal testimony due in electric multiyear rate plan proceeding
3/22/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00171 (Rider SNA)	Staff to file testimony in Rider SNA proceeding
3/26/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00169 (RAC-EE)	Intervening parties to file testimony in EE-RAC proceeding
3/26/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00217 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/27/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Second settlement and stipulation conference to take place in electric multiyear rate plan proceeding
3/27/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Intervenor cross-rebuttal testimony
3/27/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Intervenor cross-rebuttal testimony
3/29/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00172 (Rider U)	Staff to file testimony in Rider U update proceeding
3/29/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00195 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceedings
3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing examiner's report likely to be issued in Rider GT proceeding
3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Decision likely in Rider RBB proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- PNW – ALJ's ROO Issued in APS Rate Case; Reiterate Buy Following Our Recent Upgrade: Outcome Supportive of Our Anticipatory Call
- ES: Orsted to Purchase Sunrise Pending Successful Rebid – Move Supports Our Upgrade
- '24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy…
- D: Investor Survey Results Reveal Tighter Buyside Perceptions on Review Outcomes, Degree of Conservatism
- ES: Substantial Impairments Write Projects Down to Almost Zero; Reposition Sunrise Overhang

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	68.32%	42	16.94%
NEUTRAL	110	30.30%	7	6.36%
SELL	5	1.38%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities 212.292.4700
Jeffrey Cohen, Head of Sales 212.292.4762
Dante Ferrarie, Head of Trading 212.518.3331
Craig Peckham, Head of Research 212.292.4765

Sales and Trading Offices

New York 212.292.4700
San Francisco 415.852.6451
Boston 617.859.4626
Richmond 804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEE	69.51	Neutral
DUK	95.87	Buy
ED	90.02	Neutral
ES	55.12	Buy
ETR	99.31	Buy
EXC	35.01	Neutral
LNT	48.85	Neutral
POR	40.58	Buy

Power & Utilities

January 29, 2024

The Guggenheim Daily Transmission: Forward Power Curves, ES/CT, LNT, POR, AEE/EXC/IL, Uranium, ETR, ED/NYPA, DUK, CA, LNG, ENGH/NRC

For details on our 2024 NDRs, including DUK, WEC, AWK, ED, EIX, NJR, AEE, LNT, ES, PNW, PCG, IDA, DTE, EVRG, EXC, POR, ETR, SR, and OGE, please scroll down...

For details on our Kentucky Bourbon event with CNP in March, please see the Save The Date below — invite-only event.

'24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy… (see our note HERE)

Forward Power Curves, Genco MtM, and Weekly Commentary (see our note HERE)

ES/CT – Lawmakers express displeasure over AMI delays

LNT – IUB Staff ask multiple questions in IPL GRC docket

POR – OPUC adopts Staff recommendation on IRP, declines to acknowledge CEP but directs revisions for next IRP; OPUC vacancy filled

AEE/EXC/IL – Labor pens op-ed supporting grid plans

AEE – Procedural schedule set in Rush Island securitization docket

Uranium – Canadian prospector announces new discoveries in Newfoundland

ETR – Entergy LA receives approval for 2 new solar projects in support of generation needs in LA

ED/NYPA – NYPSC requested rehearing of the FERC RTO adder approval

DUK – DEK responds to second rehearing request for information

CA – CPUC denies petition for modification on resource adequacy and procurement obligations docket

LNG – EE signs 1 MTPA deal for global LNG

ENGH/NRC – Citizen groups seek to intervene in NRC process for relicensing

ES/CT – Lawmakers express displeasure over AMI delays

- "This needs to happen… We're denying the citizens of the state of Connecticut a flexibility of control that many states offer their citizens. You can start time of use dynamic charging. People can make decisions about when to run their appliances. This is future, and it's going to play a role in energy efficiency…. I'm very frustrated that Eversource continues to say they don't have marching orders for going forward," State Rep. Jonathan Steinberg, D-Westport via the Courant
- More HERE

Guggenheim takeaway: *CT lawmakers have been following this process closely, so it's interesting to see some pointed sound bites from key lawmakers as ES continues to raise issues with PURA's tepid approach to AMI. We expect this to remain a noisy point of interest in the state given the prospects for further delays over cost recovery. In our view, the lawmaker displeasure is a modest positive at this point as it may put further indirect pressure*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

on PURA to expedite deliberations over the AMI recovery process (ES' rider treatment request).

LNT – IUB Staff ask multiple questions in IPL GRC docket

- Staff have docketed roughly a dozen follow-up questions for IPL following its 4Q23 filing.
- More HERE

Guggenheim takeaway: *Flagged for your awareness – part of the process. As a reminder, the procedural schedule was set last week - see our note HERE. We continue to assume high 9s earned/allowed ROEs at IPL.*

POR – OPUC adopts Staff recommendation on IRP, declines to acknowledge CEP but directs revisions for next IRP; OPUC vacancy filled

- The PUC adopted Staff's recommendation on the IRP, with some modifications, alongside a decision to decline to acknowledge the Clean Energy Plan (CEP) in light of revisions for the next IRP – "The Public Utility Commission of Oregon Staff's (Staff) proposed conditions for acknowledgement, recommendations for PGE to revise and resubmit the CEP."
- More HERE
- The Governor also nominated Les Perkins to the open seat on the OPUC.
- More HERE

Guggenheim takeaway: *Several OR roundup items for your awareness coming off last week as the IRP process wraps ahead of the forthcoming RFP process (short list potentially in 2Q24). As a reminder, last week's hearing was based on the earlier 12/14 memo that we flagged previously (**HERE**). The adoption of the IRP is a modest positive for POR as the RFP process gets underway, with the CEP pushback opening a longer process, in our view, as this was the inaugural filing for the plan.*

AEE/EXC/IL – Labor pens op-ed supporting grid plans

- "We are alarmed about the recent decision by the Illinois Commerce Commission to reject Commonwealth Edison's and Ameren's grid investment plans. The end effect of this decision is to put off the hard work required to meet the state's renewable energy goals to another day. It's a decision to continue policies that discourage outside investment in our state's climate and energy future… If Illinois is not willing to move on building the infrastructure critical to CEJA's success now, it will not only jeopardize my members' jobs it will put Illinois' ambitious climate goals at risk." - Michael Clemmons, sixth district vice president of the International Brotherhood of Electrical Workers
- More HERE

Guggenheim takeaway: *Interesting data point as we continue to monitor noise in the state around the ICC grid plan rejections. In our view, support of labor is a modest positive for AEE/EXC in the process.*

AEE – Procedural schedule set in Rush Island securitization docket

- The PUC adopted the proposed schedule that will see briefs and hearings run through May, ahead of a 6/23 statutory deadline for the shuttered coal plant securitization.
- As a reminder, Rush Island was closed following a lengthy process in the federal courts (more HERE).
- More HERE

Guggenheim takeaway: *For your calendars.*

Uranium – Canadian prospector announces new discoveries in Newfoundland

- Infini Resources (ASX:I88) has identified several 'encouraging' prospects in the province.
- More HERE

Guggenheim takeaway: *Minor FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ETR – Entergy LA receives approval for 2 new solar projects in support of generation needs in LA

- ETR Louisiana received LPSC approval to purchase and build a total 225MW of new solar resources.
- Under the proposal, ETR would enter into a 20-year purchase power agreement for 175MW in Iberville Parish with NEER (NEE) and own another 49MW facility in Ouachita Parish.
- Iberville facility will be operational in late 2025. The Ouachita Parish (Sterlington Solar) Facility would be online in early 2026.
- More here.

Guggenheim takeaway:*FYI. This is consistent with ETR's prior plans for generation expansion and mgmt. previously noted renewables ownership would likely step up in the later part of the decade. ETR-LA also has a 3,000MW solar proposal with the LPSC in review.*

ED/NYPA – NYPSC requested rehearing of the FERC RTO adder approval

- NYPSC requested rehearing at FERC of the 50bp ROE incentive adder for RTO participation.
- FERC previously approved the RTO adder for the Propel NY project.
- NYPSC previously approved financing for the NY Transco (ED) and NYPA (private) joint venture transmission project (Propel NY).
- The NYPSC also approved certain facilities transfers to O&R and CECONY in support of NY Transco projects that would help facilitate interconnections.
- More on NY Propel here.

Guggenheim takeaway: *FYI. While the projects are a modest potential upside for ED in terms of capex and regulated transmission ownership, the NYPSC remains customer-rate focused including presenting arguments against the RTO adder.*

DUK – DEK responds to second rehearing request for information

- Both Staff and Duke Energy Kentucky responded to the AG's office having filed 2nd rehearing requests for information in Duke Energy Kentucky's 2022 rate case docket.
- Docket 2022-00372

Guggenheim takeaway: *Minor FYI. We do not currently see this as material for DEK or DUK overall.*

CA – CPUC denies petition for modification on resource adequacy and procurement obligations docket

- The CPUC denied an intervenor petition for modification of the resource procurement decision.
- The large energy consumers (CLECA) group asked for modification because of new criteria for certain interruptible resources.
- CPUC argued for the use of Reliability Demand Response Resources (RDRR) as a Resource Adequacy (RA) resource for economic or exceptional dispatch upon the declaration of a day-of Energy Emergency Alert (EEA).
- Docket: R2110002.

Guggenheim takeaway: *FYI. Next iteration of resource procurement discussions in CA. the arguments are largely around the margin for certain demand response resources.*

LNG – EE signs 1 MTPA deal for global LNG

- Excelerate Energy (EE) signed a 15-year purchase agreement with Qatar Energy (private).
- The purchase agreement is for 1 MTPA of LNG on a delivered ex-ship basis in Bangladesh through 2040.
- More details here.

Guggenheim takeaway*: FYI. Datapoint on global LNG market activity. The quantities remain small relative to some of the US projects (~10+ MTPA).*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ENGH/NRC – Citizen groups seek to intervene in NRC process for relicensing

- Staff and the company have opposed an effort by anti-nuclear citizen groups to intervene in the Perry license extension process.
- More HERE [ENGH PRIVATE]

Guggenheim takeaway: *Flagged for your awareness - in our view, this is part of the process and not a specific negative.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, *Chair, President & Chief Executive Officer*

Abby Motsinger, *Vice President, Investor Relations*

Dates & Locations

February 13-14, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $76.5bn

DUK Energy Corporate (DUK) engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure, and Other. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Other segment includes interest expense on holding company debt, unallocated corporate costs, and Bison which is a wholly owned captive insurance company. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Scott Lauber, *President & Chief Executive Officer*
Xia Liu, *Chief Financial Officer*
Beth Straka, *SVP, Corporate Communications & Investor Relations*

Dates & Locations

February 19-21, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $27.2bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President & Chief Executive Officer*
John Griffith, *Chief Financial Officer*
Aaron Musgrave, *Vice President, Investor Relations*

Dates & Location
Tuesday, February 27, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $25.6bn
American Water Works Co. (AWK) engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment offers water and wastewater services to customers. The Market-Based Businesses segment includes the military services group, which enters into long-term contracts with the U.S. government to provide services on various military installations. The Other segment refers to the corporate costs that are not allocated to the operating segments, eliminations of inter-segment transactions, fair value adjustments, and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Consolidated Edison, Inc. (ED)

Tim Cawley, *President & Chief Executive Officer*
Jan Childress, *Director, Investor Relations*
Caroline Elsasser, *Senior Analyst, Investor Relations*

Dates & Location

Thursday, February 29, 2024
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $31bn

Consolidated Edison (ED) is a holding company, which engages in the business of regulated electric, gas, and steam delivery. It operates through the following segments: Consolidated Edison Company of New York (CECONY), Orange and Rockland Utilities (O&R), Con Edison Clean Energy Businesses and Con Edison Transmission. The CECONY segment is involved in the regulated electric, gas, and steam utility businesses. The O&R segment covers regulated electric and gas utility delivery businesses. The Con Edison Clean Energy Businesses segment develops, owns, and operates renewable and energy infrastructure projects and provides energy-related products and services to wholesale and retail customers. The Con Edison Transmission segment invests in electric and gas transmission projects. The company was founded in 1823 and is headquartered in New York, NY. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Edison International (EIX)

Maria Rigatti, *Chief Financial Officer*
Sam Ramraj, *VP Investor Relations*

Dates & Location
March 5 - 6, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.1bn
Edison International (EIX) is a renewable energy company, which through its subsidiaries generates and distributes electric power and invests in energy services and technologies. The company was founded on July 4, 1886, and is headquartered in Rosemead, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

GUGGENHEIM

Innovative Solutions.
Enduring Values.℠

Equity Research | Corporate Access

SAVE THE DATE

Sips with CenterPoint Energy, Inc. (CNP) on the Kentucky Bourbon Trail

Please join Guggenheim's Shar Pourreza and CenterPoint Energy's Jason Wells, Chief Executive Officer and Christopher Foster, Chief Financial Officer, for a bourbon trail tour.



Dates & Location
March 18–19, 2024
Louisville, KY

Agenda
March 18: 5:00PM – Welcome Cocktails & Tasting
March 18: 6:00PM – Dinner with CNP Team
March 19: 8:00AM – Breakfast
March 19: 9:00AM – 3:30PM – Distillery Tours & Tastings

Times approximate, formal agenda and recommended flights + hotel details to follow

Participating Analyst
Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim 2024 Client and Corporate Access Utility Events

Ticker	Dates	Regions
2024 Utilities Conference Call	*1/22*	Dial-In
Utilities Investor Quarterly Roundtable Discussion	*1/24*	NYC
DUK	2/13	Boston
WEC	2/19–2/21	Boston
AWK	2/27	NYC
ED	2/29	NYC
EIX	3/5–3/6	NYC
NJR	TBD	NYC/Boston
CNP Bourbon Day Tour	3/18 (Dinner)-3/19	Kentucky
AEE	3/26 (Dinner)-3/27	Boston
LNT	4/10–4/11	NYC
ES	4/16-4/17	NYC
PNW	4/23–4/24	Canada/Boston
PCG	4/30–5/1	Boston & MidAtlantic
IDA	5/7–5/8	Boston/NYC
DTE	6/5	NYC
EVRG	6/11–6/13	Boston/NYC
EXC	5/14 (Dinner)–5/15	NYC
POR	5/28–5/29	NYC/Boston
ETR	6/25–6/27	NYC
SR	8/14–8/15	Philadelphia and NYC
OGE	10/8	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Utilities Comp Sheet

1/26/2024		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'23–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$59.01	3,392	4.35	3.98	4.40	4.75	4.96	4.35	4.08	4.28	4.70	4.97	–	(0.10)	0.12	0.05	–	13.6x	14.5x	13.8x	12.6x	11.9x	-17%	-5%	-3%	-6%	-6%	3.3%	4.8%	70%	Neutral	$58	3%	Neutral	$62	10%
AVA	$33.78	2,613	2.28	2.45	2.60	2.69	2.78	2.27	2.41	2.59	2.64	2.80	–	0.04	–	0.05	–	14.9x	14.0x	13.0x	12.8x	12.1x	-9%	-8%	-8%	-4%	-4%	5.1%	5.7%	79%	Neutral	$34	6%	Neutral	$37	16%
IDA	$92.57	4,685	5.11	5.41	5.64	5.88	6.36	5.14	5.47	5.82	5.98	6.42	–	(0.05)	(0.18)	(0.10)	(0.06)	18.0x	16.9x	15.9x	15.5x	14.4x	10%	11%	12%	16%	15%	5.6%	3.7%	62%	Neutral	$93	4%	Buy	$103	15%
NWE	$47.79	2,927	3.05	3.52	3.68	3.87	4.06	3.05	3.51	3.68	3.87	4.03	–	–	–	–	–	15.7x	13.6x	13.0x	12.4x	11.9x	-4%	-10%	-9%	-7%	-6%	7.4%	5.5%	74%	Neutral	$47	4%	Neutral	$54	17%
UTL	$49.00	789	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	17.6x	16.7x	15.8x	14.8x	14.0x	7%	10%	12%	11%	11%	5.7%	3.3%	56%	Neutral	$50	5%	Buy	$53	12%
POR	$40.58	4,104	2.55	3.08	3.24	3.40	3.61	2.56	3.06	3.21	3.34	3.49	–	–	–	0.06	0.12	15.9x	13.3x	12.6x	12.2x	11.6x	-3%	-13%	-11%	-9%	-8%	9.1%	4.9%	65%	Buy	$55	40%	Buy	$48	23%
		18,510																**15.9x**	**14.8x**	**14.0x**	**13.4x**	**12.6x**	**-3%**	**-2%**	**-1%**	**0%**	**0%**	**6.0%**	**4.6%**	**68%**						
Mid/Large Cap Electric																																			
AEE	$69.51	18,277	4.38	4.52	4.91	5.26	5.55	4.38	4.56	4.88	5.19	5.45	–	(0.04)	0.03	0.07	0.10	15.9x	15.2x	14.2x	13.4x	12.8x	-3%	0%	0%	0%	1%	6.1%	3.9%	59%	Neutral	$75	12%	Buy	$78	16%
AEP	$77.84	40,101	5.27	5.64	6.00	6.39	6.81	5.29	5.60	5.96	6.31	6.70	–	0.04	0.04	0.08	0.11	14.7x	13.9x	13.1x	12.3x	11.6x	-10%	-9%	-8%	-8%	-8%	6.6%	4.6%	64%	Neutral	$81	9%	Buy	$89	18%
CMS	$56.39	16,453	3.10	3.34	3.61	3.87	4.16	3.10	3.34	3.60	3.86	4.14	–	–	–	–	–	18.2x	16.9x	15.7x	14.6x	13.6x	11%	11%	10%	9%	8%	7.6%	3.7%	63%	Neutral	$60	10%	Buy	$62	14%
CNP	$27.57	17,353	1.50	1.62	1.74	1.90	2.04	1.50	1.63	1.74	1.88	2.03	–	–	–	–	–	18.4x	17.0x	15.8x	14.6x	13.6x	12%	12%	11%	10%	8%	8.0%	2.9%	49%	Buy	$33	23%	Buy	$31	15%
D	$45.56	38,123	2.10	2.87	3.53	3.79	4.04	2.56	3.07	3.43	3.66	3.93	(0.46)	(0.20)	0.10	0.13	0.11	17.8x	14.8x	13.3x	12.4x	11.6x	9%	-2%	-7%	-7%	-8%	17.8%	5.9%	87%	Buy	$57	31%	Neutral	$49	13%
DTE	$103.59	21,351	5.71	6.67	7.19	7.71	8.26	5.76	6.67	7.17	7.77	8.36	(0.04)	–	–	(0.06)	(0.10)	18.0x	15.5x	14.4x	13.3x	12.4x	10%	2%	2%	-0%	-2%	9.7%	4.0%	62%	Neutral	$111	11%	Buy	$119	18%
DUK	$95.87	73,916	5.60	6.00	6.35	6.75	7.15	5.59	5.98	6.35	6.75	7.20	–	–	–	–	(0.05)	17.1x	16.0x	15.1x	14.2x	13.3x	5%	5%	6%	6%	6%	6.3%	4.4%	70%	Buy	$118	27%	Buy	$105	14%
ED	$90.02	31,050	5.07	5.33	5.61	5.89	6.26	5.06	5.30	5.61	5.87	6.19	–	–	–	–	0.07	17.8x	17.0x	16.1x	15.3x	14.5x	9%	12%	13%	15%	16%	5.4%	3.8%	63%	Neutral	$88	2%	Neutral	$90	4%
EIX	$67.50	25,891	4.62	5.17	5.79	6.17	6.44	4.68	5.10	5.65	6.02	6.35	(0.06)	0.07	0.14	0.15	0.09	14.4x	13.2x	12.0x	11.2x	10.6x	-12%	-13%	-16%	-16%	-16%	8.7%	4.6%	60%	Buy	$84	29%	Buy	$76	17%
ES	$55.12	19,242	4.36	4.59	4.74	5.09	5.30	4.35	4.51	4.70	4.96	5.25	–	0.09	0.04	0.13	0.05	12.7x	12.2x	11.7x	11.1x	10.5x	-23%	-19%	-17%	-17%	-17%	5.0%	5.2%	64%	Buy	$72	36%	Buy	$66	25%
ETR	$99.31	21,000	6.77	7.23	7.72	8.36	9.00	6.76	7.20	7.72	8.31	8.88	–	0.03	–	0.05	0.12	14.7x	13.8x	12.9x	12.0x	11.2x	-10%	-9%	-9%	-10%	-11%	7.4%	4.6%	63%	Buy	$118	23%	Buy	$112	17%
EVRG	$49.76	11,424	3.60	3.83	4.02	4.23	4.44	3.62	3.83	4.03	4.26	4.46	–	–	–	–	–	13.7x	13.0x	12.4x	11.7x	11.1x	-16%	-15%	-13%	-12%	-11%	5.4%	5.3%	68%	Neutral	$52	10%	Buy	$57	19%
EXC	$35.01	34,810	2.36	2.42	2.61	2.81	2.98	2.37	2.42	2.62	2.79	2.98	–	–	–	–	–	14.8x	14.5x	13.4x	12.6x	11.8x	-10%	-5%	-6%	-6%	-7%	6.0%	4.4%	64%	Neutral	$38	13%	Buy	$39	17%
FE	$36.38	20,875	2.54	2.71	2.91	3.09	3.29	2.54	2.67	2.87	3.04	3.22	–	0.04	0.04	0.05	0.07	14.3x	13.6x	12.7x	12.0x	11.3x	-12%	-10%	-11%	-10%	-10%	6.7%	4.6%	62%	Buy	$47	34%	Buy	$41	18%
LNT	$48.85	12,345	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.27	3.48	3.68	–	–	–	–	–	16.9x	15.9x	14.9x	14.0x	13.3x	3%	5%	5%	5%	5%	6.1%	4.0%	63%	Neutral	$53	12%	Buy	$55	16%
OGE	$32.89	6,587	2.05	2.12	2.24	2.37	2.50	2.05	2.14	2.27	2.40	2.52	–	–	–	–	–	16.1x	15.4x	14.5x	13.7x	13.1x	-2%	1%	2%	3%	4%	5.1%	5.2%	80%	Neutral	$34	9%	Buy	$36	15%
PCG	$16.99	36,248	1.22	1.35	1.49	1.61	1.76	1.21	1.35	1.47	1.59	1.72	–	–	–	–	0.04	14.0x	12.5x	11.5x	10.7x	9.9x	-14%	-17%	-19%	-20%	-22%	9.6%	1.1%	13%	Buy	$23	36%	Buy	$19	15%
PEG	$57.67	28,784	3.46	3.69	4.09	4.38	4.70	3.47	3.68	4.04	4.25	4.49	–	–	0.05	0.13	0.21	16.6x	15.7x	14.3x	13.6x	12.8x	2%	3%	1%	2%	2%	8.0%	4.2%	65%	Neutral	$61	10%	Buy	$65	17%
PNW	$71.37	8,087	4.20	4.80	5.10	5.50	5.75	4.31	4.83	5.07	5.36	5.59	(0.11)	(0.03)	0.03	0.14	0.17	16.6x	14.8x	14.1x	13.3x	12.8x	1%	-3%	-1%	-0%	1%	8.2%	5.0%	73%	Buy	$78	14%	Buy	$78	15%
PPL	$25.89	19,084	1.58	1.71	1.82	1.96	2.08	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	16.4x	15.2x	14.2x	13.3x	12.6x	0%	0%	0%	-0%	0%	7.1%	4.0%	60%	Buy	$31	24%	Buy	$29	17%
SO	$69.11	75,435	3.60	4.00	4.30	4.55	4.80	3.60	4.01	4.33	4.54	4.76	–	–	–	–	0.04	19.2x	17.2x	16.0x	15.2x	14.5x	17%	13%	13%	14%	15%	7.5%	4.2%	71%	Buy	$79	18%	Buy	$75	12%
WEC	$79.87	25,194	4.62	4.91	5.24	5.61	5.97	4.61	4.90	5.24	5.59	5.97	–	–	–	–	–	17.3x	16.3x	15.2x	14.3x	13.4x	6%	7%	7%	7%	6%	6.6%	4.2%	68%	Neutral	$84	9%	Neutral	$89	16%
Mid/Lg Cap (excl. EIX, PCG)																		**16.4x**	**15.2x**	**14.2x**	**13.4x**	**12.6x**						**7.3%**	**4.4%**	**66%**						
SMID + Lg Cap		**620,141**																**16.3x**	**15.1x**	**14.2x**	**13.4x**	**12.6x**						**7.0%**	**4.5%**	**66%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'23–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$58.48	118,347	3.17	3.44	3.70	3.99	4.31	3.13	3.40	3.65	3.90	4.24	0.04	0.04	0.05	0.09	0.07	18.7x	17.2x	16.0x	15.0x	13.8x	14%	13%	13%	12%	9%	8%	3.5%	61%	Buy	$80	40%	Buy	$72	27%
SRE	$70.91	44,626	4.58	4.78	5.13	5.44	5.83	4.59	4.82	5.15	5.50	5.91	–	(0.04)	–	(0.06)	(0.08)	15.5x	14.7x	13.8x	12.9x	12.0x	-6%	-3%	-3%	-3%	-5%	6%	4.3%	63%	Buy	$88	28%	Buy	$82	21%
		162,972																**17.1x**	**16.0x**	**14.9x**	**13.9x**	**12.9x**	**4%**	**5%**	**5%**	**4%**	**2%**	**7.1%**	**3.9%**	**62%**						
Gas LDCs																																				
NI	$25.82	10,674	1.59	1.68	1.82	1.95	2.07	1.60	1.71	1.84	1.96	2.09	–	(0.03)	–	–	–	16.1x	15.1x	14.0x	13.2x	12.4x	-2%	-1%	-1%	-1%	-2%	7%	4.2%	62%	Buy	$31	24%	Buy	$30	20%
CPK	$101.85	2,206	5.21	5.42	6.12	6.64	7.13	5.21	5.40	6.21	6.63	7.06	–	–	(0.09)	–	0.08	19.6x	18.8x	16.4x	15.4x	14.4x	20%	24%	16%	15%	15%	8%	2.5%	46%	Neutral	$105	6%	Buy	$124	24%
NJR	$41.54	4,062	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.94	3.11	3.36	–	–	–	–	–	15.4x	14.9x	14.1x	13.4x	12.4x	-6%	-2%	-1%	0%	-2%	5%	4.1%	61%	Neutral	$44	10%	Buy	$49	22%
NWN	$38.73	1,424	2.65	2.75	2.98	3.09	3.21	2.67	2.75	2.98	3.05	3.23	–	–	–	0.04	–	14.5x	14.1x	13.0x	12.7x	12.0x	-11%	-7%	-9%	-5%	-5%	5%	5.1%	71%	Neutral	$38	3%	Buy	$47	25%
OGS	$61.34	3,402	4.14	3.85	4.14	4.67	4.93	4.15	3.88	4.10	4.55	4.82	–	–	0.04	0.13	0.11	14.8x	15.8x	15.0x	13.5x	12.7x	-10%	4%	5%	1%	1%	4%	4.3%	68%	Neutral	$62	5%	Neutral	$61	4%
SR	$58.15	3,095	4.05	4.35	4.61	4.85	5.05	4.18	4.34	4.55	4.88	5.06	(0.13)	–	0.06	(0.03)	–	13.9x	13.4x	12.8x	11.9x	11.5x	-15%	-12%	-10%	-11%	-9%	6%	5.3%	70%	Neutral	$64	15%	Neutral	$63	14%
		24,863																**15.7x**	**15.4x**	**14.2x**	**13.3x**	**12.6x**	**-4%**	**1%**	**0%**	**-0%**	**-0%**	**5.9%**	**4.2%**	**63%**						
Regulated Water																																				
AWK	$123.16	23,980	4.87	5.14	5.59	6.00	6.49	4.83	5.16	5.61	6.05	6.50	0.04	–	–	(0.05)	–	25.5x	23.9x	22.0x	20.4x	19.0x	56%	57%	55%	53%	51%	7%	2.5%	58%	Neutral	$135	12%	Buy	$144	20%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$121.27	38,731	3,893	4,080	4,147	4,177	4,416	3,880	4,122	4,143	4,095	4,326	–	(42)	–	83	91	11.3x	10.4x	10.2x	10.3x	9.9x	43,918	42,908	42,238	42,057	42,740	15.9%	1.1%	22%	Buy	$124	3%	Buy	$131	9%
NRG	$54.25	12,248	3,248	3,418	3,311	3,324	3,377	3,171	3,294	3,307	3,464	3,544	77	124	–	(140)	(167)	6.8x	6.4x	6.2x	5.9x	5.6x	21,429	21,245	20,642	20,355	19,989	23.6%	3.1%	26%	Buy	$63	19%	Buy	$52	-0%
VST	$40.78	14,581	4,050	3,969	3,860	3,647	3,672	3,963	4,393	4,377	4,308	4,428	87	(424)	(518)	(661)	(756)	6.5x	5.9x	5.9x	6.1x	5.9x	25,701	25,810	25,915	26,178	26,217	7.4%	2.2%	22%	Buy	$48	20%	Buy	$43	7%
Other																																				
NEP	$28.81	2,692	1,875	2,021	2,080	2,099	2,118	1,894	2,042	2,043	2,023	1,976	–	(21)	37	75	142												12.6%	–	Buy	$40	51%	Buy	$33	26%
SMR	$2.75	211	(219)	(17)	(6)	66	149	(161)	(74)	(74)	34	147	(58)	56	68	32	–												–	–	Neutral	NA	–	Buy	$7	164%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

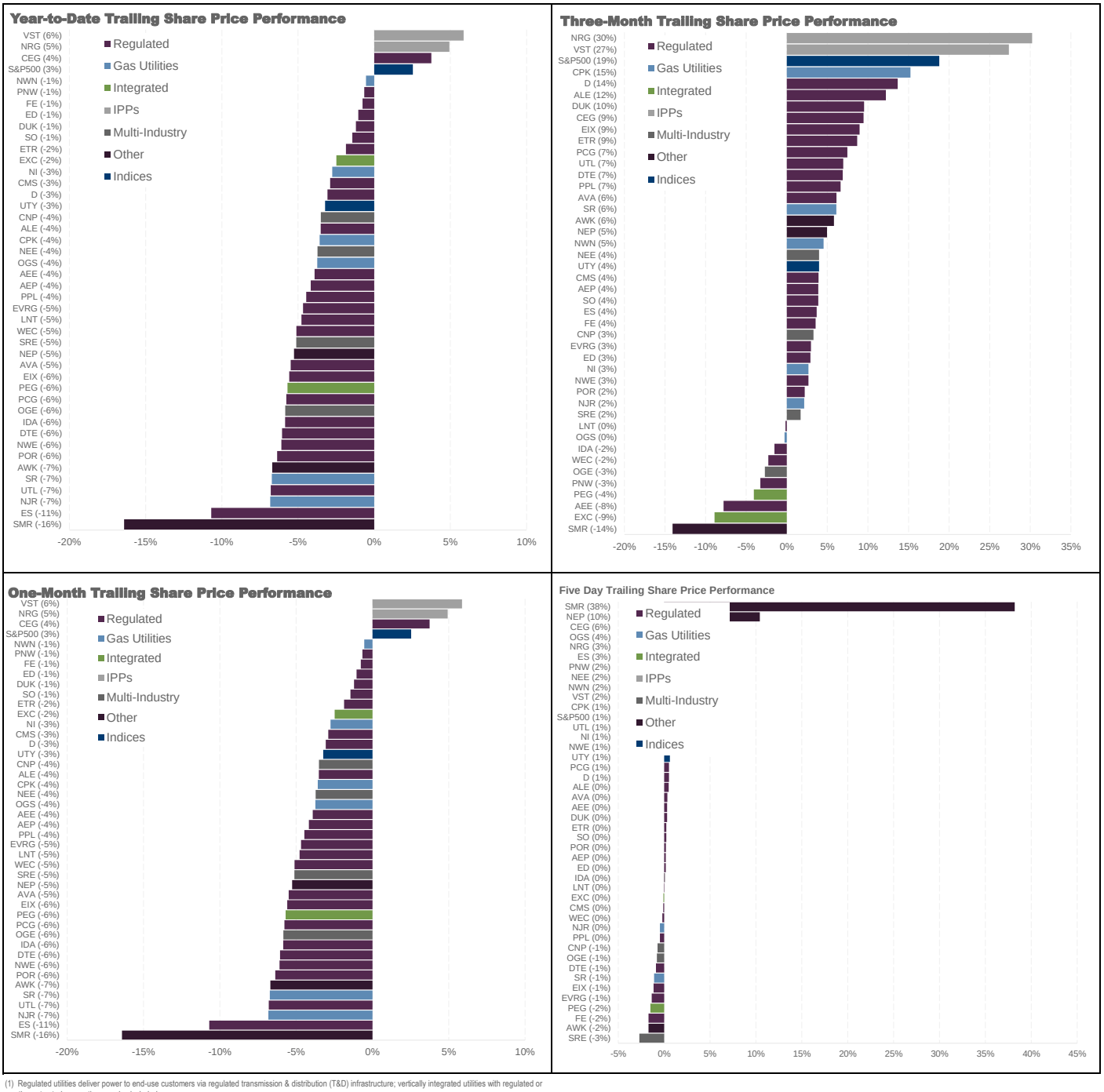

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix

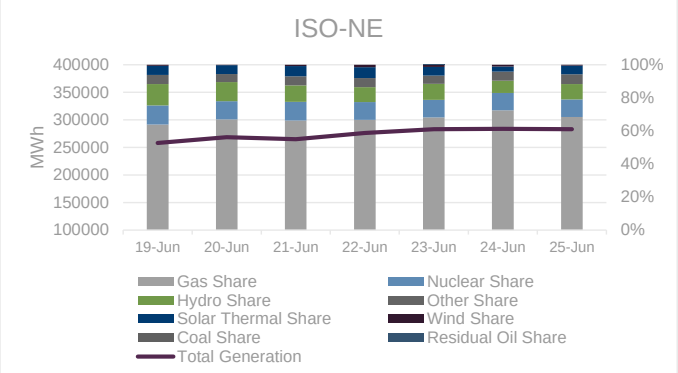

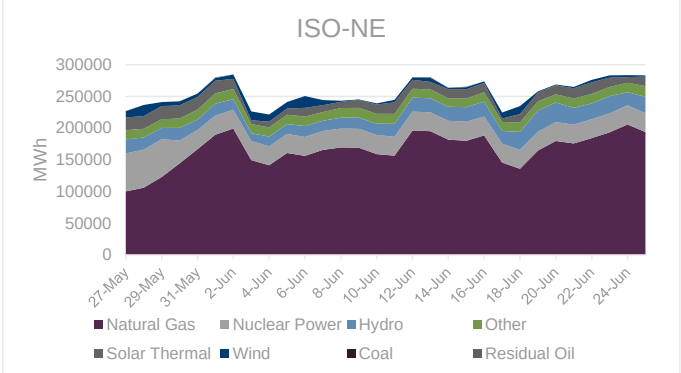

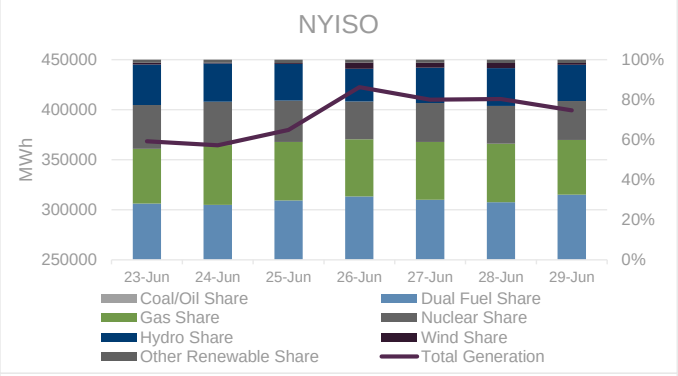

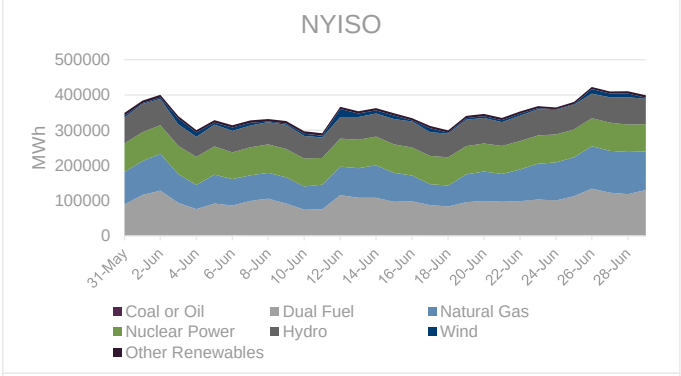

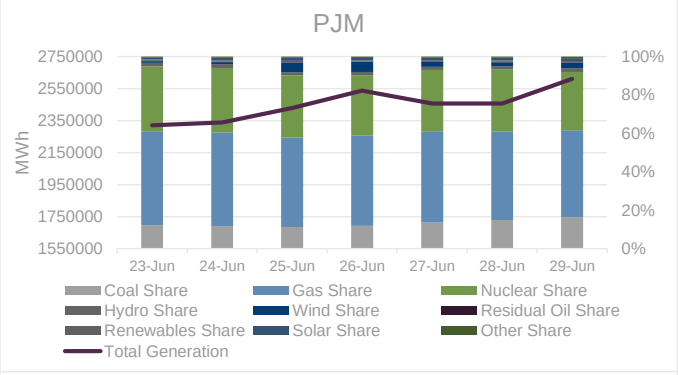

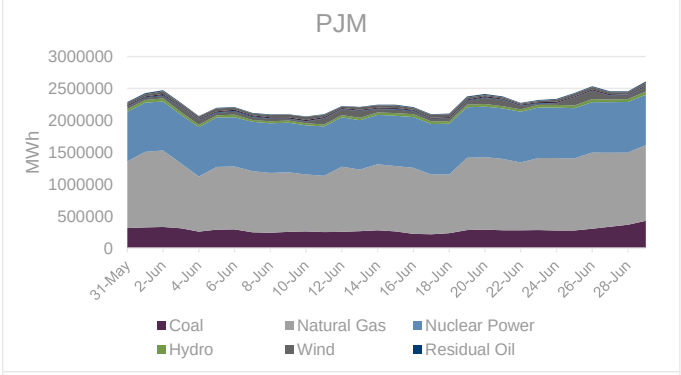

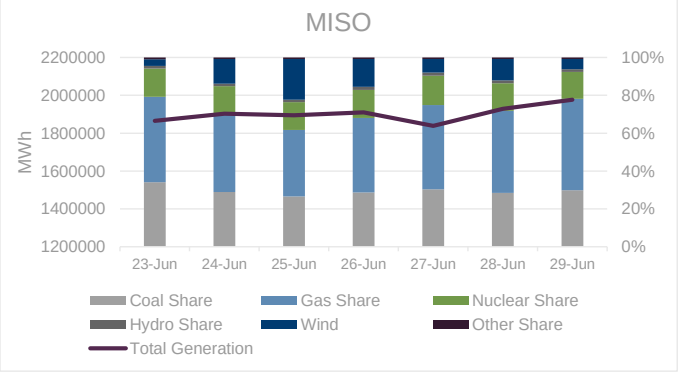

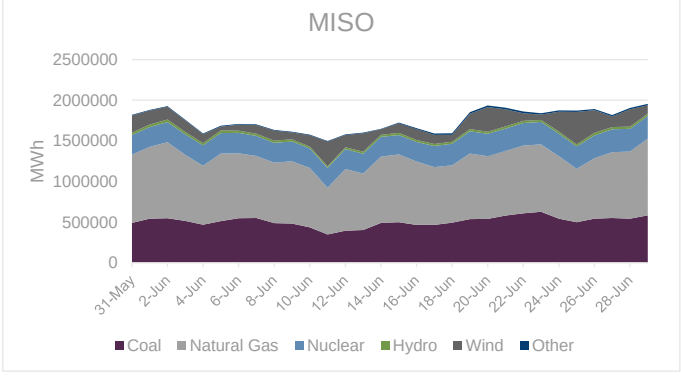

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix (continued)

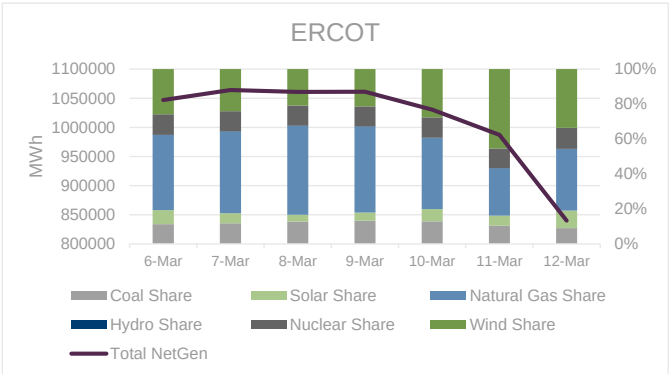

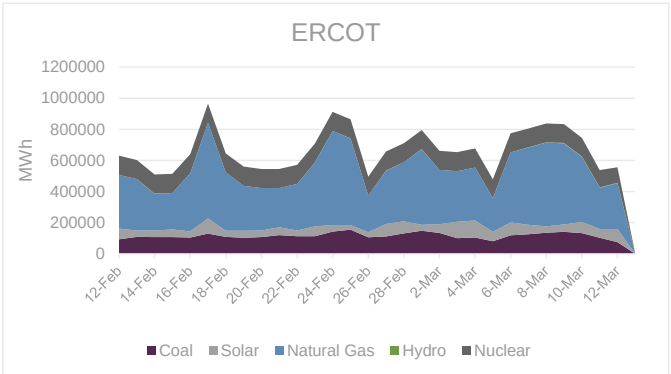

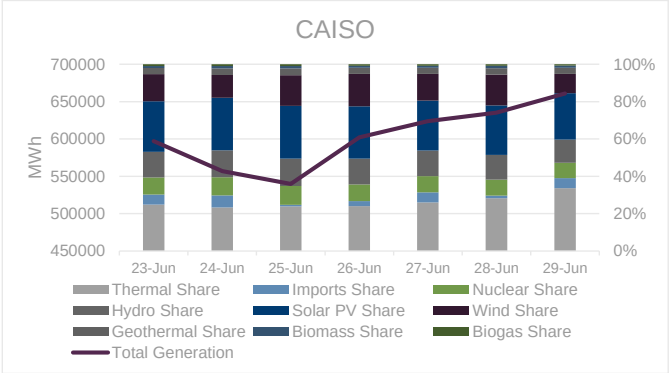

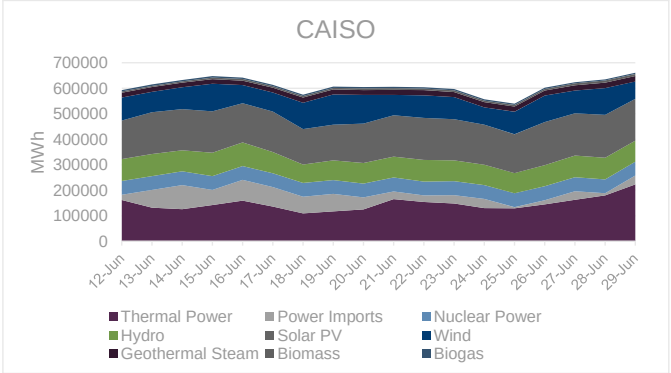

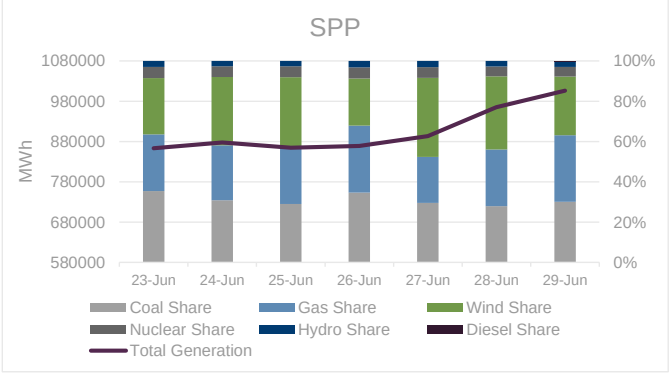

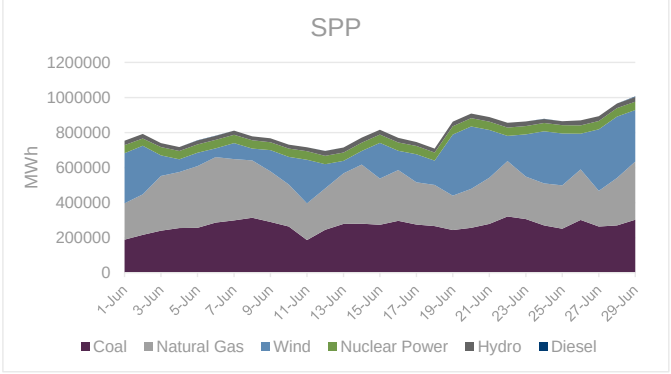

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Weather

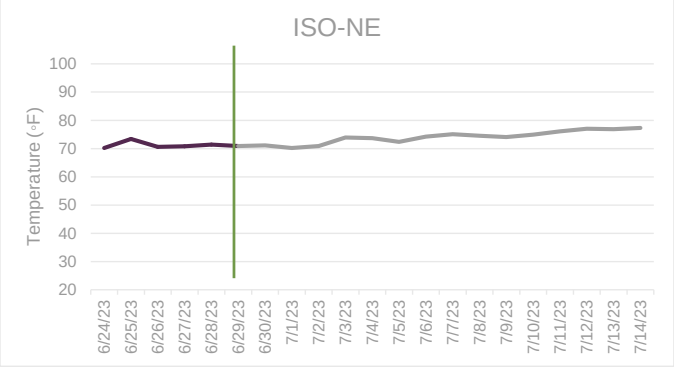

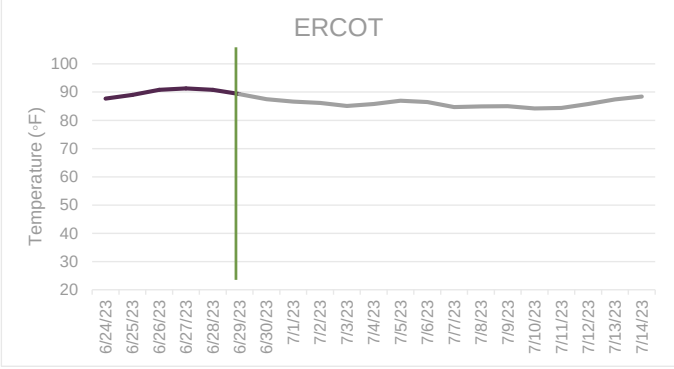

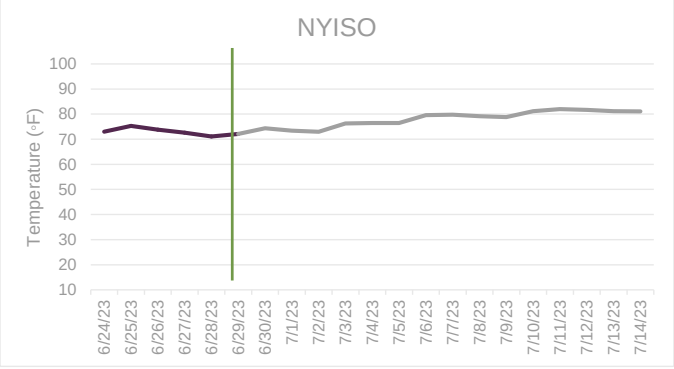

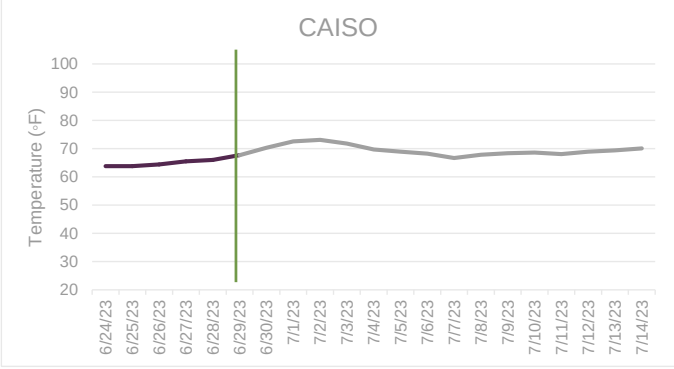

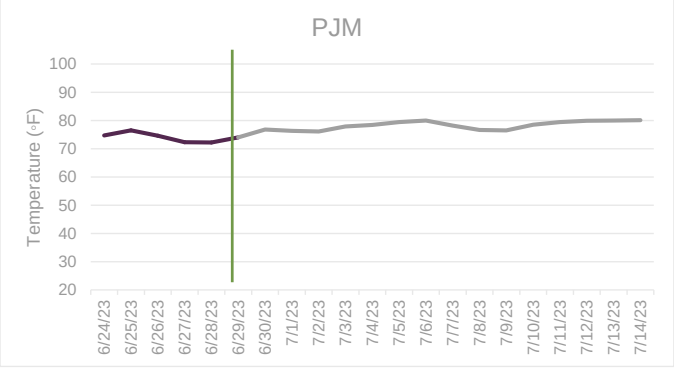

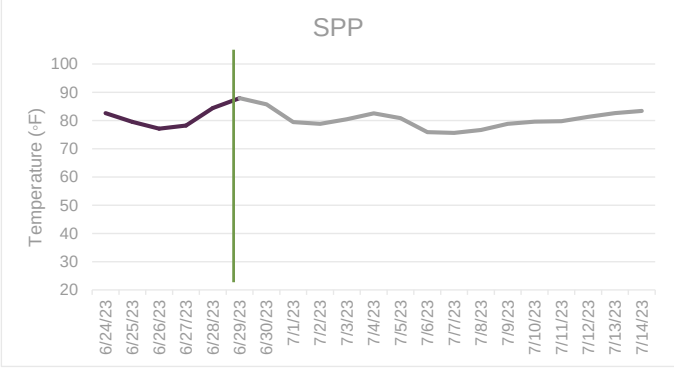

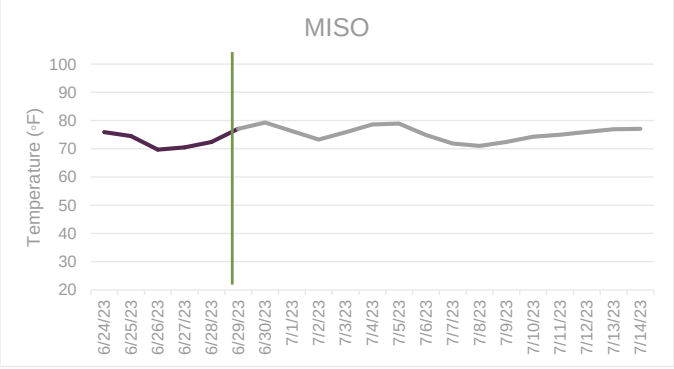

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

YTD Peak Load

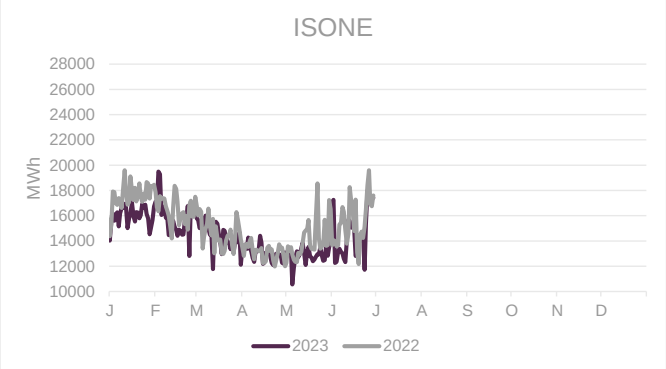

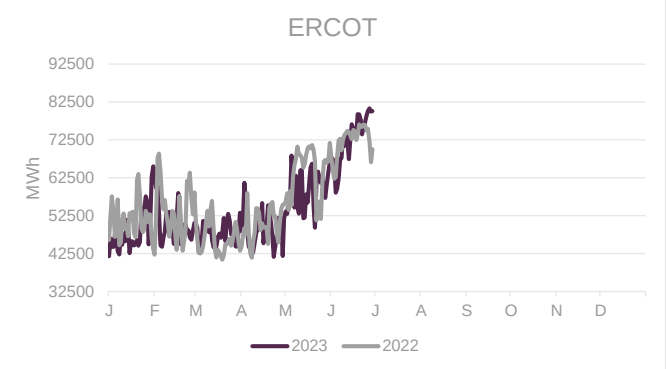

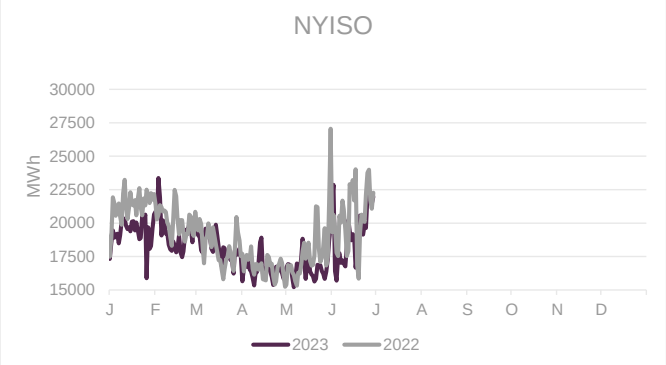

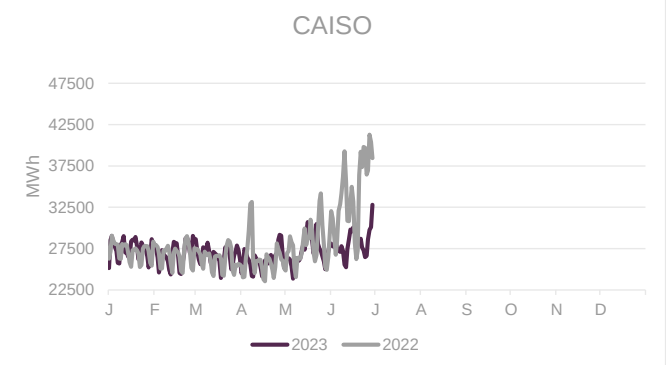

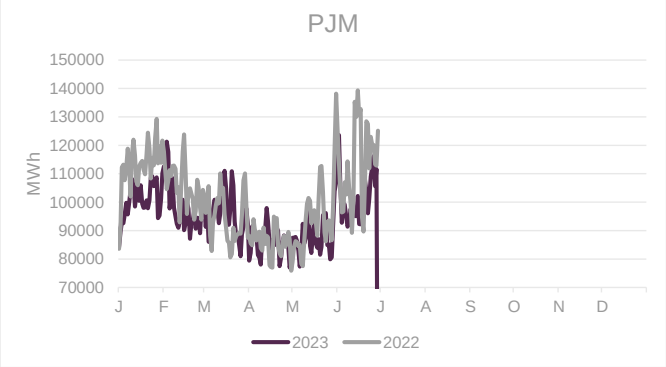

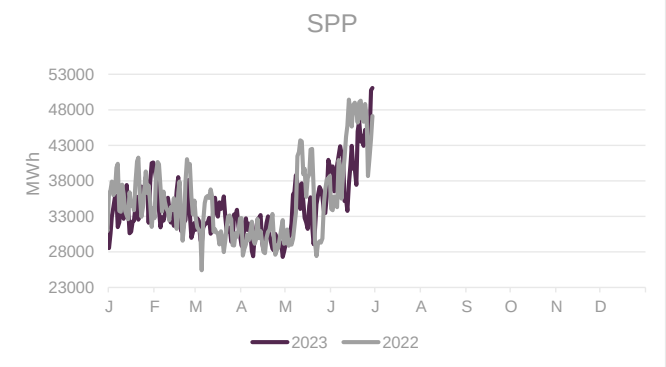

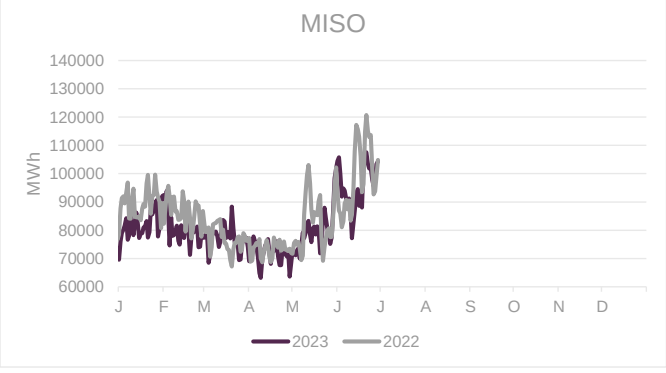

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (1/1/2024-3/31/2024)

Date	State	Ticker	Utility/Event	Docket	Description
1/1/2024-1/31/2024	IN	CNP	Indiana Gas Co.	Ca-45611-TDSIC-3	Decision possible in TDSIC proceeding
1/1/2024-1/31/2024	IN	CNP	Sthrn IN Gas & Electric Co.	Ca-45612-TDSIC-3	Decision possible in TDSIC proceeding
1/1/2024-3/31/2024	MI	CMS	Consumers Energy Co.	C-U-21389	Commission decision in rate case expected
1/1/2024-1/31/2024	OK	AEP	Public Service Co. of OK	Ca-PUD2023-000086	Rate case filing expected
1/1/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
1/12/2024-1/26/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/24/2024-1/26/2024	WV	FE	Monongahela Power Co.		Hearing if no settlement
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/30/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Petitions to intervene due
1/30/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Petitions to intervene due
1/31/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Intervenor testimony due in rate proceeding
2/1/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Settlement or issues list
2/1/2024-2/29/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45330-TDSIC-7	Decision possible in TDSIC proceeding
2/1/2024-3/1/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-80	Evidentiary hearings to be held
2/1/2024-3/1/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-81	Evidentiary hearings to be held
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West	C-ER-2024-0189	Rate case filing expected
2/1/2024-2/29/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
2/1/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Comments due on hearing examiner's report in biennial review proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/5/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Opposition to settlement
2/6/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Hearing
2/6/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-80	Deadline for intervenors to file surrebuttal testimony
2/6/2024	MA	UTL	Fitchburg Gas & Electric Light	DPU 23-81	Deadline for intervenors to file surrebuttal testimony
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/16/2024	WV	FE	Monongahela Power Co.	C-23-0460-E-42T	Post-hearing initial briefs
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding
2/28/2024	WV	FE	Monongahela Power Co.	C-23-0460-E-42T	Post-hearing reply briefs
2/28/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Company rebuttal testimony due in rate proceeding
2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Decision likely in biennial earnings review
2/29/2024	CA	EIX	Southern California Edison Co.	A-23-05-010	Intervenor testimony due
3/1/2024-3/31/2024	VA	AEP	Appalachian Power Co.		Earnings review covering 2023 to be filed
3/1/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case fiilng expected in calendar Q1 2024
3/1/2024	MI	DTE	DTE Electric Co.	C-U-21534	Electric rate case application to be filed on or around
3/1/2024	MI	WEC	Michigan Gas Utilities Corp.	C-U-21540	Gas rate case expected to be filed on or around
3/1/2024-3/31/2024	NJ	FE	Jersey Cntrl Power & Light Co.	D-ER23030144	Decision expected in rate case based on current schedule
3/1/2024-3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing Examiner report likely to be issued in Rider US-3 proceeding
3/1/2024-3/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing Examiner's proposed order may be issued in Rider RBB proceeding
3/6/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Deadline for settlement to be filed in rate proceeding
3/6/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00172 (Rider U)	Intervening parties to file testimony in Ride U update proceeding
3/7/2024-3/15/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Hearings scheduled in multiyear rate plan case
3/11/2024	AR	OGE	Oklahoma Gas and Electric Co.	D-18-046-FR (2023 update)	Expected rate case decision
3/12/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Intervenor testimony
3/12/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Intervenor testimony due
3/12/2024	IN	CNP	Sthrn IN Gas & Electric Co.	Ca-45990	Intervenor testimony due in rate proceeding
3/15/2024-4/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Decision likely to be issued in Rider CE proceeding
3/18/2024	IN	NI	Northern IN Public Svc Co. LLC	Ca-45967	Hearing to begin in rate proceeding (if no settlement is filed)
3/22/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Surrebuttal testimony due in electric multiyear rate plan proceeding
3/22/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00171 (Rider SNA)	Staff to file testimony in Rider SNA proceeding
3/26/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00169 (RAC-EE)	Intervening parties to file testimony in EE-RAC proceeding
3/26/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00217 (Rider DSM)	Intervening parties to file testimony in Rider DSM case
3/27/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Second settlement and stipulation conference to take place in electric multiyear rate plan proceeding
3/27/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (electric)	Intervenor cross-rebuttal testimony
3/27/2024	IA	LNT	Interstate Power & Light Co.	D-RPU-2023-0002 (gas)	Intervenor cross-rebuttal testimony
3/29/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00172 (Rider U)	Staff to file testimony in Rider U update proceeding
3/29/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00195 (Rider OSW)	Intervening parties to file testimony in Rider OSW update proceedings
3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing examiner's report likely to be issued in Rider GT proceeding
3/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Decision likely in Rider RBB proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- PNW – ALJ's ROO Issued in APS Rate Case; Reiterate Buy Following Our Recent Upgrade: Outcome Supportive of Our Anticipatory Call
- ES: Orsted to Purchase Sunrise Pending Successful Rebid – Move Supports Our Upgrade
- '24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy…
- D: Investor Survey Results Reveal Tighter Buyside Perceptions on Review Outcomes, Degree of Conservatism
- ES: Substantial Impairments Write Projects Down to Almost Zero; Reposition Sunrise Overhang

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	68.32%	42	16.94%
NEUTRAL	110	30.30%	7	6.36%
SELL	5	1.38%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities 212.292.4700
Jeffrey Cohen, Head of Sales 212.292.4762
Dante Ferrarie, Head of Trading 212.518.3331
Craig Peckham, Head of Research 212.292.4765

Sales and Trading Offices

New York 212.292.4700
San Francisco 415.852.6451
Boston 617.859.4626
Richmond 804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

KeyBanc Capital Markets

Alert

January 29, 2024

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: AEP, DUK, NWE, PNW, ES, EXC, POR, ETR, SO, AEE, WEC

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

4Q23 earnings continue with CMS and WEC scheduled to report. This week, we are tracking proceedings in AEP's electric rate case in Indiana, DUK's SC IRP and NC Carbon Plan, and NWE's MT IRP. In other news, the AZ ALJ issues a constructive ROO in PNW electric rate case; ES announces a deal to sell its 50% stake in Sunrise Wind to Orsted; PEPCo files rebuttal testimony in its MD electric rate case; the OR PUC acknowledges POR IRP while not acknowledging the Clean Energy Plan; the LA PSC approves ETR to construct ~225 MW of solar; SO and Eco Material announce a partnership for repurposing coal ash; and the City of Chicago proposes a new gas ban ordinance.

Earnings Calendar

4Q23 earnings continue: CMS and **WEC** are scheduled to report this week. Our recently published 2024 Outlook includes our thesis, expectations, and estimates for our coverage.

Figure 1 - 4Q23 Earnings Calendar

4Q23 Utilities Earnings Calls			
Company Name	Ticker	Date	Time (ET)
CMS Energy Corp	CMS	2/1/2024	9:30 AM
WEC Energy Group Inc	WEC	2/1/2024	2:00 PM

Source: Company filings, KeyBanc Capital Markets Inc.

Regulatory Calendar

AEP — Hearings on the settlement in AEP's I&M electric rate case begin on January 31: AEP agreed to a settlement for a cumulative $57M revenue increase, premised on a 9.85% ROE. The rate increases will be implemented over two phases, including a $23M increase in Phase 1, with an incremental $34M increase in Phase II. The settlement compares to AEP's $116M revenue request, premised on a 10.5% ROE and 51.2% equity. AEP was seeking an $84M initial increase, followed by an incremental $33M revenue increase in Phase 2. The lower ROE and the adoption of lower depreciation rates on the distribution plant accounts primarily drove the delta between AEP's ask and the settlement. Parties that signed the settlement included the Indiana Office of the Utility Consumer Counselor, I&M Industrial Group, and others. Only two intervenors did not sign the settlement, although they did not oppose it either. Before the settlement, a commission order was expected in June 2024, followed by new rates going into effect in mid-2024.

DUK — Supplemental testimony in DUK's 2023 SC IRP and NC Carbon Plan is due on January 31: DUK's supplemental filing in SC will include results from "no carbon constraints" modeling, supplemental modeling for Portfolio 1 and 2, and address how DUK's preferred plan meets the planning reserve margin. DUK will also file supplemental modeling in NC to meet the Updated 2023 Fall Load Forecast. As a reminder, DUK's 2023 IRP and Carbon Plan propose three portfolios that take an "all of the above" approach regarding technologies needed to achieve the 70% carbon reduction goal (from 2005 levels). Portfolio 1 achieves the 70% reduction target by 2030, while Portfolios 2 and 3 reach the target by 2033 and 2035, respectively. All three plans exit coal generation by 2035. DUK will seek to replace the coal facilities by extending the lives of DUK's 11 nuclear plants and the license of the Bad Creek hydro facility. Longer term, DUK proposes adding 1,700 MW of capacity at Bad Creek by 2034 and 600 MW of advanced nuclear SMR resources by 2035. While a decision is currently expected from the SC PSC by mid-2024, DUK recently proposed a new procedural schedule with a final order due in 4Q24. The NC Commission will issue a final order by December 31.

NWE — Responses in NWE's MT IRP are due on January 31: The MT PSC requested NWE file additional information clarifying several aspects of its IRP filing. Specifically, NWE should explain the reason for placing limits on generation with respect to the Automated Resource Selection model and the impacts on the resource selections. NWE should also address questions on the PowerSIMM, YCGS, and IRA assumptions. In its 2022 MT IRP filing, NWE assumes that the YCGS is completed and runs multiple scenarios for the long-term plan for Colstrip. The base case assumes the incremental 222 MW of Colstrip in 2026, while the Company

runs two Colstrip retirement scenarios each for 2030 and 2035. For the 2030 Colstrip retirement, it provides a case for natural gas as a replacement and one for wind and battery storage as a replacement. In the 2035 scenarios, it provides a scenario for natural gas as the replacement generation, with the alternative being 320 MW of SMR capacity. The modeling shows that a combination of energy storage and natural gas capacity is the most suitable to meet the near-term capacity deficit, while wind would be better suited in the 2030s. All scenarios outside the base case include the addition of pumped hydro. Assuming the base-case scenario, NWE will likely issue an RFP in mid-2024 for resources while exploring securing resources through the opportunity resources path, which is faster and includes the recent acquisition of the incremental share in Colstrip. NWE will evaluate the potential benefits of joining a day-ahead market, if one is developed, in addition to its current participation in the Western Resource Adequacy Program and Western Energy Imbalance Market.

Recent Developments for Companies Under Our Coverage

From our midweek: FE reached a $105M settlement in its WV electric rate case; intervenors filed comments on AEP's MI distribution investment plan; the TX governor appointed a new commissioner to the PUCT; the VA SCC added two commissioners; and the MS PSC elected a new chair.

PNW — ALJ issues ROO: PNW received a constructive ROO (proposed decision) in its AZ GRC. In a departure from the prior pattern of regulatory outcomes, the ROO came in at ~84% of the "ask," with the proposed revenue increase totaling $577M. The difference with the Company's ask stemmed mostly from the lower ROE (9.55% vs. 10.20% ask) and minor RB balance adjustments. The Company has also received lower return on prepaid pension asset and slightly lower FVI revenue. A more detailed comparison of the PNW's rate case parameters is shown in the table below.

Figure 2 - Proposed Rates Summary

PNW Proposed Rates Summary ($M)		PNW	Staff	ALJ
Rate Base (OCRB)	a	10,359.6	10,350.5	10,210.0
Fair Value RB (FVRB)	b	16,428.7	16,419.1	16,279.1
Fair Value Increment (FVI)	c = b - a	6,069.1	6,068.6	6,069.1
Current ROR on OCRB [1]	d	**2.48%**	**2.74%**	**2.72%**
Required ROR on OCRB	e	**7.17%**	**6.88%**	**6.81%**
Operating Income Deficiency	f = a * (e - d)	486.348	428.690	417.871
Gross Revenue Conversion	g	1.3345	1.3345	1.3345
Revenue Deficiency on OCRB	h = f x g	**649.047**	**572.100**	**557.661**
add FVI Revenue	i	41.38	30.34	19.31
Revenue Increase	**j = h + i**	**690.4**	**602.4**	**577.0**
Requested Return on FVI		**0.50%**	**0.50%**	**0.25%**
FVI Revenue (aft-tax)		**41.4**	**30.3**	**19.3**

Rate of Return Calculation	PNW	Staff	ALJ
Rate Base ($ M)	10,359.6	10,350.5	10,210.0
ROE	**10.20%**	**9.68%**	**9.55%**
Equity to Total Cap	51.93%	51.93%	51.93%
ROR	7.15%	6.88%	6.81%
Cost of Debt	3.85%	3.85%	3.85%

Source: Regulatory filings, company filings, KeyBanc Capital Markets Inc.

ES — ES announces deal to sell 50% stake in Sunrise to Orsted if bid is successful; Orsted and ES submit bid for Sunrise: The companies announced that Orstead will acquire ES's stake in Sunrise. The deal consideration was not disclosed; however, the transaction is contingent on the successful re-bidding in NYS. The updated bids were also submitted last week. Should the project receive NYS award, Orsted will become the sole owner and ES will receive the proceeds of the sale in two installments (half upon transaction closing and the balance once onshore construction is completed). ES will remain responsible for the onshore construction and grid connection part of the project.

EXC — PEPCo lowers revenue request in MD electric rate case: PEPCo updated its revenue request to $188M over three years, while maintaining the 10.5% ROE and 50.5% equity layer asks. The lower deficiency reflects PEPCo's adoption of adjusting late payment revenues, baseline distribution revenues, and rejection of the EV demand charge relief rider. PEPCo also removed its proposed PIM structure. The updated request compares to PEPCo's initial ask for a cumulative net increase of $214M, premised on a 10.5% ROE and 50.5% and Staff's cumulative $132M recommendation, premised on a 9.55% ROE and 50.5% equity. PEPCo continues to support the MYP and believes a separate proceeding should determine any modifications to the MYP construct. As a reminder, the OPC recommended the PSC only authorize a single-year increase. Evidentiary hearings are set to begin in March 2024 followed by a final order in June 2024. Rates will be retroactive to April 1, 2024.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

POR — OR PUC acknowledges IRP while not acknowledging the CEP: The OR PUC largely adopted Staff's recommendation to acknowledge the IRP, while not acknowledging the Clean Energy Plan. Based on the discussion during the hearing, it appears that Commissioners regarded POR's modeling assumptions as potentially too conservative, and directed the Company to file an updated CEP with refreshed emissions modeling assumptions by January 2025. Nonetheless, POR will be pursuing the 2023 IRP/CEP Action Plan, including issuing an RFP in the near term. The PUC will issue a final order on the IRP and CEP in the upcoming weeks. As a reminder, the Staff's final report recommended that the PUC acknowledge POR's IRP, with modifications, but decline to acknowledge the CEP. Staff advised POR to revise and resubmit its CEP before its 2025 IRP to incorporate its hourly emissions analysis results into the preferred portfolio. Regarding the IRP, Staff recommended several modifications, including pursuing a broader range of CBRE procurement actions and requiring POR to file a proposal for a long lead time resource RFI before issuing its next RFP. This was POR's first CEP/IRP filing since the enactment of HB 2021.

ETR — LA PSC approves ~225 MW of solar power: The LA PSC approved ETR's request to build the 175 MW Iberville and 49 MW Sterlington solar projects. ETR will own and operate the Sterlington project, with Black and Veatch responsible for the EPC. ETR will construct Iberville, which has a PPA contract in place. Both projects are expected to enter service in 2025. The project requests were part of a broader plan to add 3,000 MW of solar in LA. ETR plans to add 17 GW of renewable resources by the end of 2031.

SO — SO announces another partnership with Eco Material for repurposing coal ash: AL Power and Eco Material announced a partnership to remove coal ash from the coal and natural gas generating Plant Berry. Eco Material will harvest more than 700,000 tons of ash annually for repurposing, including mixing it with concrete to strengthen bridges and roads. The announcement marks the third plant SO has agreed to partner with Eco Material, including the 3,232 MW Bowen Plant and the 1,540 MW Plant Branch. The parties expect construction to begin on the harvesting plant in 2024 and enter into service at the beginning of 2026. Eco Material has a portfolio of nine such harvesting plants under construction or in service.

AEE, EXC, SO, WEC — Chicago presents an ordinance to ban gas in new construction: Chicago lawmakers introduced the Clean and Affordable Buildings Ordinance (CABO), setting an emissions standard for new construction and certain repairs to existing buildings. Chicago joins NYC and Los Angeles as other cities that have banned natural gas hookups in new buildings. Several states have adopted similar restrictions (e.g., WA, MD, MA, VT). Chicago seeks to reduce GHG emissions by 80% from 1990 levels by 2050.

Earnings Recap

XEL — XEL reported an in-line 4Q and 2023 with ongoing EPS of $0.83 and $3.35, respectively, which was shy of our expectations. More importantly, the Company rolled in some of the recent capex opportunities into its base capital plan, which has been increased to $39B (from $34B prior). XEL continues to see potential upside to $44B, resulting in 9-10.6% RB growth through 2028. The Company refrained from raising its EPS growth rate from the current 5-7%, noting, however, that it expects to achieve the upper end of this range or above. XEL has also slowed the rate of dividend growth as a part of capital plan management. Read more here.

NEE — NEE reported results slightly above consensus and maintained its guidance through 2026. NEP reported results below our estimates but maintained its run rate for 2024 and extended the same ranges out to 2025. The overall strategy remains unchanged: NEE is focused on growing its backlog of renewable projects, executing at FPL and managing NEP's steady state operation and repowering opportunities. The Company is also looking at strategic options for addressing 2026 and beyond CFPS at NEP. Read more here.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 3 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	1/31/2024	Settlement Hearings Commence
CA		CPUC	R2207005	Fixed Charges	1/31/2024	Proposed Decision
NC	Duke Energy	DUK	E-100 Sub 190	Carbon Plan	1/31/2024	Supplemental Testimony Due (Fall Load)
MT	Northwestern Corp.	NWE	2022.11.102	Electric	1/31/2024	Company Responses Due
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	2/1/2024	Comments to Hearing Examiner Report Due
	Short-Term Energy Outlook	EIA			2/6/2024	STEO release
CT	CT Natural Gas Corp.	AGR	D-23-11-02	Natural Gas	2/8/2024	Intervenor Testimony
CT	The Southern CT Gas Co	AGR	D-23-11-02	Natural Gas	2/8/2024	Intervenor Testimony
MI	Indiana Michigan Power Co	AEP	U21461	Electric	2/9/2024	Rebuttal Testimony
MO	Ameren Missouri	AEE	EA-2023-0286	Electric	2/13/2024	Hearings Begin
	CPI Release	BLS			2/13/2024	CPI release for Prior Month
	Federal Energy Reg Comm	FERC			2/15/2024	Open Meeting
GA	Georgia Power Co.	SO	55378	Electric IRP	2/15/2024	Intervenor Testimony Due
Michigan	Consumers Energy Co.	CMS	U-20147	Distribution	2/16/2024	Initial Comments Due
MI	Indiana Michigan Power Co	AEP	U21461	Electric	2/22/2024	Hearings Begin
OR	Avista Corp.	AVA	LC81	IRP	2/22/2024	IRP Acknowledgement Special Meeting
MD	Potomac Electric Power Co.	EXC	C-9702	Electric	2/23/2024	Surrebuttal Testimony

Source: Company filings, regulatory filings, S&P Market Intelligence, KeyBanc Capital Markets Inc.

Figure 4 - Comp Sheet

		Market Cap	Rating	Price	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Target	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	18.9	Sector Weight	NA	$69.51	3.6%	57%	4.41	4.72	5.01	15.8x	14.7x	13.9x	4.38	4.59	4.92	15.9x	15.2x	14.1x
AEP	American Electric Power Company In	42.2	Sector Weight	NA	$77.84	4.3%	64%	5.27	5.56	5.94	14.8x	14.0x	13.1x	5.28	5.60	5.96	14.8x	13.9x	13.1x
CMS	CMS Energy Corp	16.7	Overweight	$65	$56.39	3.5%	63%	3.05	3.34	3.73	18.5x	16.9x	15.1x	3.10	3.34	3.60	18.2x	16.9x	15.7x
CNP	CenterPoint Energy Inc	17.9	Overweight	$31	$27.57	2.8%	51%	1.50	1.62	1.72	18.4x	17.0x	16.0x	1.50	1.62	1.74	18.4x	17.0x	15.9x
D	Dominion Energy Inc	39.5	Sector Weight	NA	$45.56	5.9%	93%	2.72	3.00	3.43	16.8x	15.2x	13.3x	2.87	3.13	3.45	15.9x	14.6x	13.2x
DTE	DTE Energy Co	22.6	Overweight	$117	$103.59	3.7%	67%	5.81	6.75	7.31	17.8x	15.3x	14.2x	5.78	6.64	7.17	17.9x	15.6x	14.5x
DUK	Duke Energy Corp	73.7	Overweight	$107	$95.87	4.2%	73%	5.61	5.91	6.30	17.1x	16.2x	15.2x	5.60	5.97	6.33	17.1x	16.1x	15.2x
ETR	Entergy Corp	21.1	Overweight	$108	$99.31	4.4%	64%	6.71	7.20	7.70	14.8x	13.8x	12.9x	6.74	7.20	7.73	14.7x	13.8x	12.8x
ES	Eversource Energy	21.1	Sector Weight	NA	$55.12	4.9%	62%	4.35	4.43	4.61	12.7x	12.4x	12.0x	4.36	4.57	4.81	12.7x	12.1x	11.5x
ED	Consolidated Edison Inc	30.8	Sector Weight	NA	$90.02	3.6%	65%	5.07	5.24	5.57	17.8x	17.2x	16.2x	5.01	5.29	5.59	18.0x	17.0x	16.1x
EIX	Edison International	26.4	Sector Weight	NA	$67.50	4.4%	63%	4.72	5.09	5.59	14.3x	13.3x	12.1x	4.70	5.12	5.61	14.4x	13.2x	12.0x
EXC	Exelon Corp	34.7	Sector Weight	NA	$35.01	4.2%	62%	2.36	2.55	2.70	14.8x	13.7x	13.0x	2.36	2.44	2.66	14.8x	14.4x	13.1x
FE	FirstEnergy Corp	20.8	Overweight	$43	$36.38	4.3%	62%	2.56	2.63	2.85	14.2x	13.8x	12.8x	2.54	2.66	2.84	14.3x	13.7x	12.8x
PEG	Public Service Enterprise Group Inc	30.3	Sector Weight	NA	$57.67	4.0%	66%	3.48	3.69	4.01	16.6x	15.6x	14.4x	3.46	3.69	4.08	16.7x	15.6x	14.1x
SO	Southern Co	76.0	Sector Weight	NA	$69.11	4.0%	77%	3.56	4.02	4.29	19.4x	17.2x	16.1x	3.60	4.03	4.32	19.2x	17.2x	16.0x
WEC	WEC Energy Group Inc	25.8	Overweight	$95	$79.87	3.9%	68%	4.62	4.91	5.27	17.3x	16.3x	15.2x	4.61	4.91	5.25	17.3x	16.3x	15.2x
XEL	Xcel Energy Inc	33.8	Overweight	$68	$59.39	3.5%	62%	3.36	3.59	3.88	17.7x	16.5x	15.3x	3.36	3.58	3.84	17.7x	16.6x	15.5x
					Average:	**4.1%**	**66%**				**16.4x**	**15.3x**	**14.2x**				**16.3x**	**15.2x**	**14.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.7	Sector Weight	NA	$33.78	5.4%	81%	2.30	2.42	2.64	14.7x	14.0x	12.8x	2.28	2.42	2.57	14.8x	14.0x	13.1x
NWE	NorthWestern Corp	3.1	Sector Weight	NA	$47.79	5.4%	84%	3.04	3.49	3.73	15.7x	13.7x	12.8x	3.05	3.52	3.70	15.7x	13.6x	12.9x
OTTR	Otter Tail Corp	3.5	Sector Weight	NA	$88.39	2.0%	25%	6.85	4.37	3.62	12.9x	20.2x	24.4x	6.86	4.09	3.76	12.9x	21.6x	23.5x
PNW	Pinnacle West Capital Corp	8.0	Sector Weight	NA	$71.37	4.9%	82%	4.44	4.93	5.16	16.1x	14.5x	13.8x	4.25	4.89	5.12	16.8x	14.6x	13.9x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$40.58	4.6%	72%	2.55	2.96	3.19	15.9x	13.7x	12.7x	2.62	3.05	3.19	15.5x	13.3x	12.7x
					Average:	**4.5%**	**69%**				**15.1x**	**15.2x**	**15.3x**				**15.1x**	**15.4x**	**15.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	12.4	Sector Weight	NA	$30.44	5.8%	84%	2.13	2.32	2.46	14.3x	13.1x	12.4x	2.10	2.27	2.44	14.5x	13.4x	12.5x
NEE	Nextera Energy Inc	122.8	Sector Weight	NA	$58.48	3.2%	60%	3.16	3.38	3.53	18.5x	17.3x	16.6x	3.13	3.40	3.66	18.7x	17.2x	16.0x
SRE	Sempra	46.0	Sector Weight	NA	$70.91	3.4%	52%	4.59	4.85	5.13	15.4x	14.6x	13.8x	4.57	4.80	4.94	15.5x	14.8x	14.3x
					Average:	**4.1%**	**65%**				**16.1x**	**15.0x**	**14.3x**				**16.2x**	**15.1x**	**14.3x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	37.4	Sector Weight	NA	$121.27	0.9%	18%	3,949	4,067	3,946	11.4x	10.8x	10.9x	3,975	4,157	4,141	11.3x	10.6x	10.4x
NRG	NRG Energy Inc	11.1	Not Covered	NA	$54.25	2.8%	32%	NA	NA	NA	NA	NA	NA	3,137	3,282	3,281	6.3x	6.2x	4.3x
VST	Vistra Corp	13.4	Not Covered	NA	$40.78	2.1%	21%	NA	NA	NA	NA	NA	NA	3,978	4,361	4,345	6.7x	6.3x	6.0x
					Average:	**1.9%**	**24%**				**11.4x**	**10.8x**	**10.9x**				**8.1x**	**7.7x**	**6.9x**

Source: Thomson Reuters, company filings, KeyBanc Capital Markets Inc. estimates

Figure 5 - Stock Price Performance

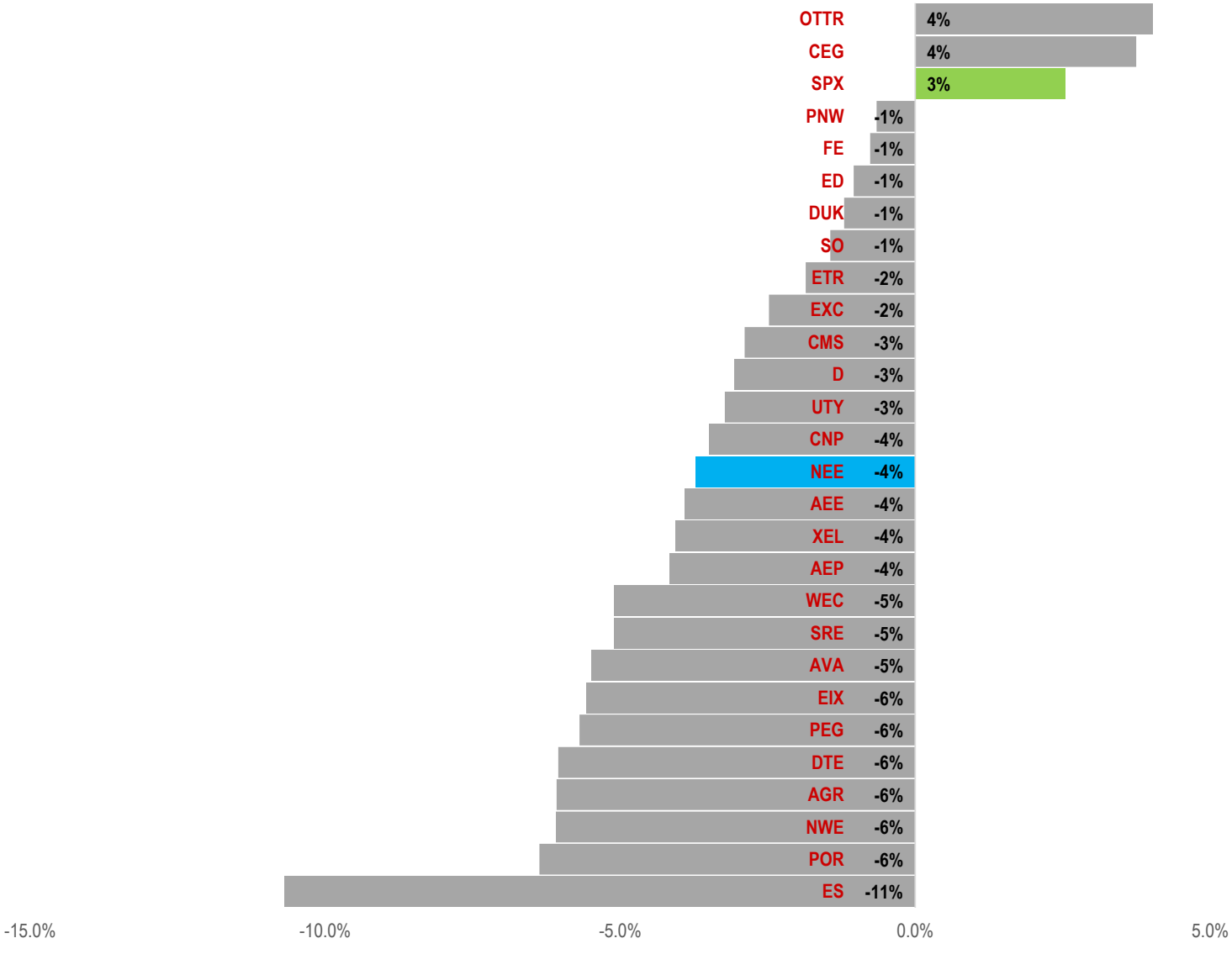

Source: Thomson Reuters, KeyBanc Capital Markets Inc.

Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

AEP: WV Commission Rejects Fuel Cost Securitization Stipulation, Orders a Sizable Disallowance Instead

ES: Adjusting Estimates to Reflect Incremental Offshore Write-Off

DUK: Positive Final Order Supports EPS Growth; Reiterate OW, PT $106

AEE: IL Going Rogue – Downgrading AEE to Sector Weight

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

Thematic Pieces

Utilities 2024 Sector Outlook: Keep the Momentum Going

Alternative Energy 2024 Sector Outlook: Failure to Launch

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	236	48.16	42	17.80
Sector Weight [SW]	250	51.02	43	17.20
Underweight [UW]	4	0.82	1	25.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	21	36.84	16	76.19
Sector Weight [SW]	36	63.16	16	44.44
Underweight [UW]	0	0.00	0	0.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

GUGGENHEIM

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	77.70	Neutral
AWK	125.30	Neutral
D	45.32	Buy
EXC	35.04	Neutral
NWE	47.41	Neutral
SR	58.79	Neutral

Power & Utilities

January 22, 2024

The Guggenheim Daily Transmission: 2024 Outlook, D/ISO-NE, EXC/IL, Wind/New England, AWK, NWE, SR, AEP, MVP, CA,

For details on our 2024 NDRs, including DUK, WEC, AWK, ED, EIX, NJR, AEE, LNT, ES, PCG, IDA, DTE, EVRG, EXC, POR, ETR, SR, and OGE, please scroll down...

For details on our 2024 Utilities Conference Call TODAY at 8:15AM, please see the invitation below.

We will be hosting an Investor Quarterly Discussion Roundtable on January 24th, please see the invitation below.

For details on our Kentucky Bourbon event with CNP in March, please see the Save The Date below — invite-only event.

'24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy… (see our note HERE)

D/ISO-NE – Developers continue to evaluate Millstone data center colocation

EXC/IL – ICC ALJ schedules MYP status meeting for 1/31; ComEd files for clarification

Wind/New England – NE states delay OSW RFPs in light of Treasury tax credit guidance uncertainty

AWK/NJ – AWK files rate case in New Jersey

NWE – Staff file recommendation in memo regarding Order on Reconsideration

SR – Spire closes MoGas and Omega pipeline systems transactions

AEP – Final order issued in Kentucky Power rate case

MVP – Legislators file letters of objection to MVP Southgate project at FERC

CA – CPUC issues rulemaking on timely energization per SB410

D/ISO-NE – Developers continue to evaluate Millstone data center colocation

- The proposed 300MW facility has reportedly faced new pushback from local groups, including the Concerned Citizens of Waterford
- More HERE

Guggenheim takeaway: *Some interesting data points on the project progress in the link above as we continue to monitor what has been at times a halting process for interested developers to advance the project.*

EXC/IL – ICC ALJ schedules MYP status meeting for 1/31

- "Notice is hereby given by the Administrative Law Judges that a status hearing in the above entitled matter will be held on January 31, 2024, at the hour of 10:00 A.M." - filing
- ComEd has also filed a request for clarification
- "This Motion for Clarification ("Motion") seeks clarity on the scope and implementation of the ComEd Rehearing Order so that the Commission's direction can be implemented fully and without needless dispute or delay and consistently with the Commission's directive that ComEd also submit, without duplication, a revised Grid Plan on March 13, 2024. Given the limited time available for rehearing, ComEd requests that clarification be provided on an expedited basis." - filing

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

- More HERE

Guggenheim takeaway: *Minor FYI as we continue to monitor any and all dockets/hearings/ALJ events for any indication that the ICC is open to a temporary revenue requirement plan ahead of the actual revised grid plan approval process – including potential modifications via the rehearing process.*

Wind/New England – NE states delay OSW RFPs in light of Treasury tax credit guidance uncertainty

- The bid deadline has been moved from bids from January 31 until March 27 for CT, RI, and MA
- "Petitioners believe that revising the solicitation schedule for Section 83C Round IV to account for this ongoing process is crucial to encourage the most cost-effective bids for the benefit of Massachusetts ratepayers. In light of the current uncertainty around federal tax guidance, Petitioners are concerned that the existing solicitation schedule may produce bids that do not maximize the potential clean energy tax benefits of offshore wind and result in the lowest cost for Massachusetts ratepayers. Allowing additional time for bid submission would allow bidders to put forward proposals that incorporate with greater certainty, all available federal tax credits. The competitive structure in the Section 83C Round IV RFP encourages bidders to leverage all available state and federal tax credits to put forward proposals that offer the greatest benefits for Massachusetts ratepayers." – DPU filing
- More HERE

Guggenheim takeaway: *That the states are moving together should come as little surprise following last fall's commentary that they would combine efforts – we remain on the lookout for the guidance as Treasury timelines continue to slip.*

AWK/NJ – AWK files rate case in New Jersey

- "The petition seeks aggregate annualized incremental revenue of approximately $162 million, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 56.30% and a debt component of 43.70% and is driven primarily by approximately $1.3 billion in capital investments made and to be made by New Jersey American Water through December 2024. The petition also proposes a revenue decoupling mechanism and seeks a deferral of certain production cost adjustments. To take effect, the petition must be approved by the NJBPU." - filing
- More HERE

Guggenheim takeaway: *Heads up on the fresh filing. As a reminder NJ is AWK's second largest jurisdiction behind PA, where the company is also working through the early stages of a case. Lawmakers in the state recently passed legislation concerning certain rider treatment of treatment costs - more HERE.*

NWE – Staff file recommendation in memo regarding Order on Reconsideration

- On Friday, Staff recommended approving the draft order as the Commission's order on reconsideration. If approved, the draft order would direct NWE to provide certain affordability data for the prior five years, and each subsequent year through its next general electric rate case.
- It would also require NorthWestern to submit a compliance filing explaining its plan to engage stakeholders beyond its statutory advisory group in a discussion about DSM programs and alternative regulatory mechanisms.
- Legal and regulatory staff will present the attached draft order to the Commission at its **January 23, 2024** business meeting and will be available to answer questions from Commissioners.
- MT PSC release regarding the case's final order HERE
- Docket 2022.07.078

Guggenheim takeaway: *For your awareness and calendar. Recall that in a prior daily write-up, we flagged that local media had reported that the chief legal counsel for the Montana Public Service Commission (PSC) indicated in December that the PSC intends to take up motions to reconsider the final order in NWE's recently resolved rate case (more HERE).*

SR – Spire closes MoGas and Omega Pipeline transactions

- On Friday, SR announced that it completed its acquisition of MoGas Pipeline, an interstate

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

natural gas pipeline, and Omega Pipeline, a connected gas distribution system, from CorEnergy Infrastructure Trust, Inc. (OTC:CORR).

- The transaction was valued at ~$175m.
- An announcement regarding the deal was first released on May 25, 2023.
- Company press release HERE

Guggenheim takeaway: *We note that SR is guiding to a ~$7m-$13m increase in midstream earnings in FY24 over FY23, with its fiscal year having began on October 1, 2023. Salt Plains and a storage expansion are also contributing to the increased earnings power; however the 263-mile MoGas pipeline system is certainly a meaningful portion of the pickup as well.*

AEP – Final order issued in Kentucky Power rate case

- After a $75m interim rate increase was implemented last week, the Kentucky PSC issued a final order authorizing the 9.75% negotiated ROE from the settlement, and granting Kentucky Power a $60m increase.
- Recall that AEP's subsidiary Kentucky Power had previously reached a settlement with the Kentucky AG, Kentucky Industrial Utility Customers, Walmart (WMT), Steel of West Virginia Kentucky; and a group comprised of consumer advocate groups, such as Kentuckians for the Commonwealth, the Mountain Association, Appalachian Law Center and Kentucky Resources Council.
- The settlement included an ROE of 9.75% on a rate base of $1.6bn and its negotiated rate increase of $75m (which was implemented on an interim basis) compares vs the $94m filed for by the utility (both figures include riders of $39m moving into base rates). The settling parties had also requested that the KY PSC approves securitization.
- Docket 2023-00159

Guggenheim takeaway: *As we cover in more detail in our AEP downgrade in our 2024 Outlook (link HERE) today, we see Watchlist-ranked Kentucky as one of AEP's less constructive jurisdiction to conduct business in, and with rate cases as our top area of concern in 2024, we will be looking to see how the utility fares when it returns to Kentucky for another rate case this year.*

MVP – Legislators file letters of objection to MVP Southgate project at FERC

- NC legislators filed a letter in opposition to MVP Southgate
- The prior MVP developer (ETRN) project update reduced the plan for a 31-mile pipeline (vs. 70 miles previously).
- The revised project would include fewer water crossings and would not require a new compressor station (which was previously challenged due to air permit denial).
- The anchor firm transport contract remains with PSNC (D) but is now 550 MMcf/d vs. 300 prior for a 20 year term.
- The targeted completion is June 2028, with capital spend in 2027.
- The headline project costs are $370M before AFUDC.
- FERC Docket: CP19-14

Guggenheim takeaway: *MVP Southgate has faced multiple setbacks in the past as local permitting agencies denied requests. The developer stopped pursuing eminent domain claims to secure RoWs, but given the budget deal stipulations on MVP fast track, Southgate becomes a viable extension albeit at a much smaller scale.*

CA – CPUC issues rulemaking on timely energization per SB410

- The CPUC issued an order instituting rulemaking on timely energization.
- The rulemaking seeks to implement certain provisions of Senate Bill 410 and Assembly Bill 50, which require the Commission to establish reasonable average and maximum target energization time periods, and a procedure for customers to report energization delays
- The testimony aligns with the recently passed SB410 bill which provides support for CA electric interconnections.
- The rate mechanism authorized under SB410 will facilitate and accelerate energization of new services in particular driven by EV adoption.
- The rate impact of this balancing account would be limited to 2.5% of distribution revenues as currently proposed.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim takeaway:*SB410 helped codify the need for interconnection reform and provide a path for new regulatory mechanisms. While the recovery mechanisms are litigated separately by the utilities, this rulemaking focuses on targets for timely energization.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Corporate Access

2024 Utilities Conference Call

Please join Senior Managing Director Shar Pourreza & Team including Director of Utility Trading John Ritter and Global Macro Strategist Arnim Holzer for a 45-minute conference call discussing the sector and the *'24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy…*

Topics to Include:

- New '24 Best Idea: NEE
- Ratings changes and pair ideas.
- Bellwether Buys, Deep Value Plays and Battleground Neutral ratings.
- Company-specific catalysts and our assumptions.
- Refreshed State Regulatory Rankings and Guggenheim Watchlist.
- Views on equity needs and issuances by ticker.
- Updated estimates through '27, introducing '28 estimates/fundamentals.
- Policy, power supply/demand; reserve margin forecasts.
- Updated valuation methodology/outlook for the sector.
- *Among other items.*

Link to Report

'24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy…

Date and Time

Monday, January 22, 2024
8:15 AM ET

Dial-In

Please contact your Guggenheim Sales Representative for the Conference Call Dial-in

Guggenheim Participants

Shahriar (Shar) Pourreza, *Senior Managing Director – Power & Utilities*
John Ritter, *Director – Equity Trading*
Arnim Holzer, *Global Macro Strategist*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Utilities Investor Quarterly Discussion

Please join Shar Pourreza for the quarterly utilities investor discussion on Wednesday, January 24th.

Date and Time

Wednesday, January 24, 2024
5:30PM ET

Location

New York
TBA

Participating Guggenheim Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, *Chair, President & Chief Executive Officer*

Abby Motsinger, *Vice President, Investor Relations*

Dates & Locations

February 13-14, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $76.5bn

DUK Energy Corporate (DUK) engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure, and Other. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Other segment includes interest expense on holding company debt, unallocated corporate costs, and Bison which is a wholly owned captive insurance company. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Scott Lauber, *President & Chief Executive Officer*
Xia Liu, *Chief Financial Officer*
Beth Straka, *SVP, Corporate Communications & Investor Relations*

Dates & Locations
February 19-21, 2024
Boston

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $27.2bn
WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

American Water Works Company, Inc. (AWK)

Susan Hardwick, *President & Chief Executive Officer*
John Griffith, *Chief Financial Officer*
Aaron Musgrave, *Vice President, Investor Relations*

Dates & Location
Tuesday, February 27, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $25.6bn
American Water Works Co. (AWK) engages in the provision of complementary water and wastewater services. It operates through the following segments: Regulated Businesses, Market-Based Businesses, and Other. The Regulated Businesses segment offers water and wastewater services to customers. The Market-Based Businesses segment includes the military services group, which enters into long-term contracts with the U.S. government to provide services on various military installations. The Other segment refers to the corporate costs that are not allocated to the operating segments, eliminations of inter-segment transactions, fair value adjustments, and associated income and deductions related to the acquisitions that have not been allocated to the operating segments for evaluation of performance and allocation of resource purposes. The company was founded in 1886 and is headquartered in Camden, NJ. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Consolidated Edison, Inc. (ED)

Tim Cawley, *President & Chief Executive Officer*
Jan Childress, *Director, Investor Relations*
Caroline Elsasser, *Senior Analyst, Investor Relations*

Dates & Location

Thursday, February 29, 2024
New York

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $31bn

Consolidated Edison (ED) is a holding company, which engages in the business of regulated electric, gas, and steam delivery. It operates through the following segments: Consolidated Edison Company of New York (CECONY), Orange and Rockland Utilities (O&R), Con Edison Clean Energy Businesses and Con Edison Transmission. The CECONY segment is involved in the regulated electric, gas, and steam utility businesses. The O&R segment covers regulated electric and gas utility delivery businesses. The Con Edison Clean Energy Businesses segment develops, owns, and operates renewable and energy infrastructure projects and provides energy-related products and services to wholesale and retail customers. The Con Edison Transmission segment invests in electric and gas transmission projects. The company was founded in 1823 and is headquartered in New York, NY. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Edison International (EIX)

Maria Rigatti, *Chief Financial Officer*
Sam Ramraj, *VP Investor Relations*

Dates & Location
March 5 - 6, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.1bn
Edison International (EIX) is a renewable energy company, which through its subsidiaries generates and distributes electric power and invests in energy services and technologies. The company was founded on July 4, 1886, and is headquartered in Rosemead, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

GUGGENHEIM

Innovative Solutions.
Enduring Values.℠

Equity Research | Corporate Access

SAVE THE DATE

Sips with CenterPoint Energy, Inc. (CNP) on the Kentucky Bourbon Trail

Please join Guggenheim's Shar Pourreza and CenterPoint Energy's Jason Wells, Chief Executive Officer and Christopher Foster, Chief Financial Officer, for a bourbon trail tour.



Dates & Location

March 18–19, 2024
Louisville, KY

Agenda

March 18: 5:00PM – Welcome Cocktails & Tasting
March 18: 6:00PM – Dinner with CNP Team
March 19: 8:00AM – Breakfast
March 19: 9:00AM – 3:30PM – Distillery Tours & Tastings

Times approximate, formal agenda and recommended flights + hotel details to follow

Participating Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim 2024 Client and Corporate Access Utility Events

Ticker	Dates	Regions
2024 Utilities Conference Call	1/22	Dial-In
Utilities Investor Quarterly Roundtable Discussion	1/24	NYC
DUK	2/13	Boston
WEC	2/19–2/21	Boston
AWK	2/27	NYC
ED	2/29	NYC
EIX	3/5–3/6	NYC
NJR	TBD	NYC/Boston
CNP Bourbon Day Tour	3/18 (Dinner)-3/19	Kentucky
AEE	3/26 (Dinner)-3/27	Boston
LNT	4/10–4/11	Boston
ES	4/16-4/17	NYC
PCG	4/30–5/1	Boston & MidAtlantic
IDA	5/7–5/8	Boston/NYC
DTE	6/5	NYC
EVRG	6/11–6/13	Boston/NYC
EXC	5/14 (Dinner)–5/15	NYC
POR	5/28–5/29	NYC/Boston
ETR	6/25–6/27	NYC
SR	8/14–8/15	Philadelphia and NYC
OGE	10/8	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Utilities Comp Sheet

1/19/2024		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'23–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$58.72	3,375	4.35	3.98	4.40	4.75	4.96	4.35	4.11	4.30	4.73	5.03	–	(0.13)	0.10	–	(0.07)	13.5x	14.3x	13.7x	12.4x	11.7x	-18%	-6%	-4%	-7%	-7%	3.3%	4.8%	69%	Neutral	$58	4%	Neutral	$60	6%
AVA	$33.66	2,604	2.28	2.45	2.60	2.69	2.78	2.27	2.42	2.59	2.64	2.78	–	0.03	–	0.05	–	14.8x	13.9x	13.0x	12.8x	12.1x	-10%	-8%	-8%	-4%	-4%	5.1%	5.7%	79%	Neutral	$34	7%	Sell	$36	11%
IDA	$92.50	4,682	5.11	5.41	5.64	5.88	6.36	5.13	5.47	5.85	6.04	6.38	–	(0.06)	(0.21)	(0.16)	–	18.0x	16.9x	15.8x	15.3x	14.5x	10%	11%	12%	15%	15%	5.6%	3.7%	62%	Neutral	$93	4%	Buy	$106	18%
NWE	$47.41	2,903	3.05	3.52	3.68	3.87	4.06	3.10	3.52	3.70	3.89	4.06	(0.05)	–	–	–	–	15.3x	13.5x	12.8x	12.2x	11.7x	-7%	-11%	-10%	-8%	-7%	7.4%	5.5%	74%	Neutral	$47	5%	Neutral	$53	17%
UTL	$48.58	782	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	17.4x	16.6x	15.7x	14.7x	13.9x	6%	9%	11%	10%	11%	5.7%	3.3%	n/a	Neutral	$50	6%	Buy	$52	10%
POR	$40.50	4,096	2.55	3.08	3.24	3.40	3.61	2.59	3.05	3.20	3.33	3.48	(0.04)	0.03	0.04	0.07	0.13	15.6x	13.3x	12.7x	12.1x	11.6x	-5%	-12%	-11%	-9%	-8%	9.1%	4.9%	65%	Buy	$55	41%	Buy	$48	24%
		18,442																**15.8x**	**14.7x**	**13.9x**	**13.3x**	**12.6x**	**-4%**	**-3%**	**-2%**	**-1%**	**0%**	**6.0%**	**4.7%**	**70%**						
Mid/Large Cap Electric																																			
AEE	$69.28	18,217	4.38	4.52	4.91	5.26	5.55	4.37	4.57	4.89	5.20	5.46	–	(0.05)	–	0.06	0.09	15.8x	15.2x	14.2x	13.3x	12.7x	-3%	-0%	-0%	-0%	1%	6.1%	3.9%	59%	Neutral	$75	12%	Buy	$78	16%
AEP	$77.70	40,029	5.27	5.64	6.00	6.39	6.81	5.27	5.60	5.96	6.31	6.73	–	0.04	0.04	0.08	0.08	14.7x	13.9x	13.0x	12.3x	11.6x	-10%	-9%	-8%	-8%	-8%	6.6%	4.6%	64%	Neutral	$81	9%	Buy	$89	19%
CMS	$56.44	16,467	3.10	3.34	3.61	3.87	4.16	3.10	3.34	3.61	3.87	4.15	–	–	–	–	–	18.2x	16.9x	15.6x	14.6x	13.6x	11%	11%	10%	9%	8%	7.6%	3.7%	63%	Neutral	$60	10%	Buy	$61	12%
CNP	$27.77	17,479	1.50	1.62	1.74	1.90	2.04	1.50	1.63	1.74	1.88	2.03	–	–	–	–	–	18.5x	17.1x	15.9x	14.7x	13.7x	13%	13%	12%	11%	9%	8.0%	2.9%	49%	Buy	$33	22%	Buy	$30	12%
D	$45.32	37,923	2.10	2.87	3.53	3.79	4.04	2.59	3.11	3.45	3.67	3.94	(0.49)	(0.24)	0.08	0.12	0.10	17.5x	14.6x	13.1x	12.3x	11.5x	7%	-4%	-7%	-7%	-9%	17.8%	5.9%	86%	Buy	$57	32%	Neutral	$48	12%
DTE	$104.52	21,543	5.71	6.67	7.19	7.71	8.26	5.77	6.66	7.18	7.78	8.36	(0.06)	–	–	(0.07)	(0.10)	18.1x	15.7x	14.6x	13.4x	12.5x	11%	3%	3%	1%	-1%	9.7%	4.0%	62%	Neutral	$111	10%	Buy	$117	16%
DUK	$95.56	73,677	5.60	6.00	6.35	6.75	7.15	5.60	5.99	6.36	6.75	7.20	–	–	–	–	(0.05)	17.1x	16.0x	15.0x	14.2x	13.3x	4%	5%	6%	6%	6%	6.3%	4.4%	70%	Buy	$118	28%	Buy	$103	12%
ED	$89.86	30,995	5.07	5.33	5.61	5.89	6.26	5.04	5.29	5.59	5.86	6.16	0.03	0.04	–	0.03	0.10	17.8x	17.0x	16.1x	15.3x	14.6x	9%	12%	13%	15%	16%	5.4%	3.8%	64%	Neutral	$88	2%	Neutral	$90	4%
EIX	$68.29	26,194	4.62	5.17	5.79	6.17	6.44	4.69	5.11	5.64	5.99	6.30	(0.07)	0.06	0.15	0.18	0.14	14.6x	13.4x	12.1x	11.4x	10.8x	-11%	-12%	-15%	-14%	-14%	8.7%	4.5%	60%	Buy	$84	28%	Buy	$75	14%
ES	$53.41	18,645	4.36	4.59	4.74	5.09	5.30	4.36	4.54	4.75	5.04	5.39	–	0.05	–	0.05	(0.09)	12.3x	11.8x	11.2x	10.6x	9.9x	-25%	-23%	-21%	-20%	-21%	5.0%	5.4%	63%	Buy	$72	40%	Buy	$66	30%
ETR	$99.08	20,951	6.77	7.23	7.72	8.36	9.00	6.75	7.20	7.73	8.35	8.88	–	0.04	–	–	0.12	14.7x	13.8x	12.8x	11.9x	11.2x	-10%	-9%	-10%	-11%	-11%	7.4%	4.6%	63%	Buy	$118	24%	Buy	$111	17%
EVRG	$50.44	11,580	3.60	3.83	4.02	4.23	4.44	3.60	3.84	4.03	4.28	4.51	–	–	–	(0.05)	(0.07)	14.0x	13.1x	12.5x	11.8x	11.2x	-14%	-13%	-12%	-12%	-11%	5.4%	5.2%	68%	Neutral	$52	8%	Buy	$56	17%
EXC	$35.04	34,840	2.36	2.42	2.61	2.81	2.98	2.36	2.42	2.63	2.80	3.01	–	–	–	–	(0.03)	14.9x	14.5x	13.3x	12.5x	11.6x	-9%	-5%	-6%	-6%	-8%	6.0%	4.5%	64%	Neutral	$38	13%	Neutral	$40	18%
FE	$37.01	21,237	2.54	2.71	2.91	3.09	3.29	2.54	2.67	2.87	3.04	3.23	–	0.04	0.04	0.05	0.06	14.6x	13.9x	12.9x	12.2x	11.5x	-11%	-8%	-9%	-9%	-9%	6.7%	4.5%	62%	Buy	$47	31%	Buy	$40	12%
LNT	$48.87	12,350	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.27	3.48	3.68	–	–	–	–	–	16.9x	15.9x	15.0x	14.0x	13.3x	3%	5%	5%	5%	6%	6.1%	4.0%	63%	Neutral	$53	12%	Buy	$54	15%
OGE	$33.15	6,640	2.05	2.12	2.24	2.37	2.50	2.04	2.14	2.27	2.40	2.51	–	–	–	(0.03)	–	16.2x	15.5x	14.6x	13.8x	13.2x	-1%	2%	3%	4%	5%	5.1%	5.2%	80%	Neutral	$34	8%	Buy	$37	15%
PCG	$16.90	36,056	1.22	1.35	1.49	1.61	1.76	1.21	1.36	1.47	1.54	1.71	–	–	–	0.07	0.05	14.0x	12.5x	11.5x	11.0x	9.9x	-15%	-18%	-19%	-18%	-22%	9.6%	1.1%	13%	Buy	$23	37%	Buy	$19	15%
PEG	$58.55	29,223	3.46	3.69	4.09	4.38	4.70	3.46	3.69	4.06	4.26	4.51	–	–	0.03	0.12	0.19	16.9x	15.9x	14.4x	13.7x	13.0x	3%	5%	2%	3%	3%	8.0%	4.1%	65%	Neutral	$61	8%	Buy	$66	16%
PNW	$69.63	7,890	4.20	4.80	5.10	5.50	5.75	4.26	4.90	5.12	5.40	5.48	(0.06)	(0.10)	–	0.11	0.27	16.4x	14.2x	13.6x	12.9x	12.7x	-0%	-6%	-4%	-3%	1%	8.2%	5.1%	72%	Buy	$78	17%	Buy	$78	18%
PPL	$26.01	19,173	1.58	1.71	1.82	1.96	2.08	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	16.5x	15.3x	14.3x	13.4x	12.6x	1%	1%	1%	1%	0%	7.1%	4.0%	60%	Buy	$31	23%	Buy	$29	15%
SO	$68.95	75,260	3.60	4.00	4.30	4.55	4.80	3.60	4.01	4.33	4.54	4.76	–	–	–	–	0.04	19.1x	17.2x	15.9x	15.2x	14.5x	17%	13%	12%	14%	15%	7.5%	4.2%	71%	Buy	$79	19%	Buy	$74	12%
WEC	$80.03	25,244	4.62	4.91	5.24	5.61	5.97	4.61	4.90	5.24	5.59	5.97	–	–	–	–	–	17.3x	16.3x	15.3x	14.3x	13.4x	6%	8%	8%	7%	7%	6.6%	4.2%	68%	Neutral	$84	9%	Neutral	$89	16%
Mid/Lg Cap (excl. EIX, PCG)																		**16.4x**	**15.2x**	**14.2x**	**13.3x**	**12.6x**						**6.7%**	**4.4%**	**66%**						
SMID + Lg Cap		**620,054**																**16.2x**	**15.1x**	**14.1x**	**13.3x**	**12.6x**						**6.6%**	**4.5%**	**67%**						

		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'23–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
Diversified	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
NEE	$57.26	115,878	3.13	3.44	3.70	3.99	4.31	3.12	3.40	3.65	3.84	4.24	–	0.04	0.05	0.15	0.07	18.3x	16.8x	15.7x	14.9x	13.5x	12%	11%	11%	12%	7%	8%	3.6%	61%	Buy	$80	43%	Buy	$72	30%
SRE	$72.88	45,865	4.58	4.78	5.13	5.44	5.83	4.58	4.82	5.14	5.51	5.93	–	(0.04)	–	(0.07)	(0.10)	15.9x	15.1x	14.2x	13.2x	12.3x	-3%	-0%	-0%	-1%	-2%	6%	4.1%	61%	Buy	$88	25%	Buy	$82	16%
		161,743																**17.1x**	**16.0x**	**14.9x**	**14.1x**	**12.9x**	**5%**	**5%**	**5%**	**6%**	**3%**	**7.3%**	**3.9%**	**61%**						
Gas LDCs																																			
NI	$25.60	10,583	1.59	1.68	1.82	1.95	2.07	1.59	1.71	1.83	1.96	2.09	–	(0.03)	–	–	–	16.1x	15.0x	14.0x	13.0x	12.2x	-2%	-1%	-1%	-2%	-3%	7%	4.2%	63%	Buy	$31	25%	Buy	$30	20%
CPK	$100.74	2,182	5.21	5.42	6.12	6.64	7.13	5.22	5.45	6.22	6.62	7.01	–	(0.03)	(0.10)	–	0.12	19.3x	18.5x	16.2x	15.2x	14.4x	18%	22%	14%	14%	14%	8%	2.5%	46%	Neutral	$105	7%	Buy	$123	24%
NJR	$41.73	4,081	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.94	3.11	3.36	–	–	–	–	–	15.5x	15.0x	14.2x	13.4x	12.4x	-5%	-1%	-0%	1%	-1%	5%	4.1%	61%	Neutral	$44	10%	Buy	$49	21%
NWN	$38.00	1,398	2.65	2.75	2.98	3.09	3.21	2.67	2.76	2.98	3.05	3.23	–	–	–	0.04	–	14.3x	13.8x	12.7x	12.4x	11.8x	-13%	-9%	-10%	-7%	-6%	5%	5.2%	71%	Neutral	$38	5%	Buy	$46	27%
OGS	$69.18	3,282	4.14	3.85	4.14	4.67	4.93	4.15	3.87	4.12	4.56	4.92	–	–	–	0.12	–	14.3x	15.3x	14.4x	13.0x	12.0x	-13%	1%	1%	-3%	-4%	4%	4.5%	68%	Neutral	$62	9%	Neutral	$61	8%
SR	$58.79	3,129	4.05	4.35	4.61	4.85	5.05	4.18	4.34	4.56	4.88	5.06	(0.13)	–	0.05	(0.03)	–	14.1x	13.6x	12.9x	12.0x	11.6x	-14%	-11%	-9%	-10%	-8%	6%	5.2%	70%	Neutral	$64	14%	Neutral	$62	11%
		24,654																**15.6x**	**15.2x**	**14.1x**	**13.2x**	**12.4x**	**-5%**	**0%**	**-1%**	**-1%**	**-1%**	**5.9%**	**4.3%**	**63%**						
Regulated Water																																			
AWK	$125.30	24,397	4.87	5.14	5.59	6.00	6.49	4.82	5.16	5.61	6.04	6.49	0.05	–	–	(0.04)	–	26.0x	24.3x	22.3x	20.7x	19.3x	59%	60%	58%	56%	54%	7%	2.4%	58%	Neutral	$135	10%	Buy	$144	17%

		Market	Guggenheim EBITDA Ests					Consensus					Δ vs Consensus (>$20m)					Implied EV/EBITDA Multiple					Enterprise Value					'22–'25	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
IPPs	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	Growth	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
CEG	$114.45	36,553	3,893	4,080	4,147	4,177	4,416	3,885	4,132	4,112	4,045	4,269	–	(53)	35	132	147	10.7x	9.9x	9.7x	9.9x	9.5x	41,740	40,730	40,060	39,879	40,562	15.9%	1.1%	20%	Buy	$124	9%	Buy	$130	15%
NRG	$52.52	11,857	3,248	3,418	3,311	3,324	3,377	3,161	3,360	3,283	3,424	3,492	87	58	28	(100)	(115)	6.7x	6.2x	6.2x	5.8x	5.6x	21,039	20,854	20,252	19,964	19,599	23.6%	3.2%	23%	Buy	$63	23%	Buy	$50	-2%
VST	$40.17	14,363	4,050	3,969	3,860	3,647	3,672	3,966	4,399	4,379	4,308	4,428	84	(430)	(519)	(661)	(756)	6.4x	5.8x	5.9x	6.0x	5.9x	25,483	25,592	25,697	25,960	25,999	7.4%	2.3%	23%	Buy	$48	22%	Buy	$41	3%
Other																																			
NEP	$26.09	2,438	1,850	2,021	2,080	2,099	2,118	1,904	2,060	2,072	2,056	2,052	(54)	(39)	–	43	66												14.5%	–	Buy	$40	68%	Buy	$32	38%
SMR	$1.99	153	(189)	(17)	(6)	66	149	(142)	(93)	(108)	2	145	(47)	75	102	64	–												–	–	Neutral	NA	–	Buy	$9	362%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

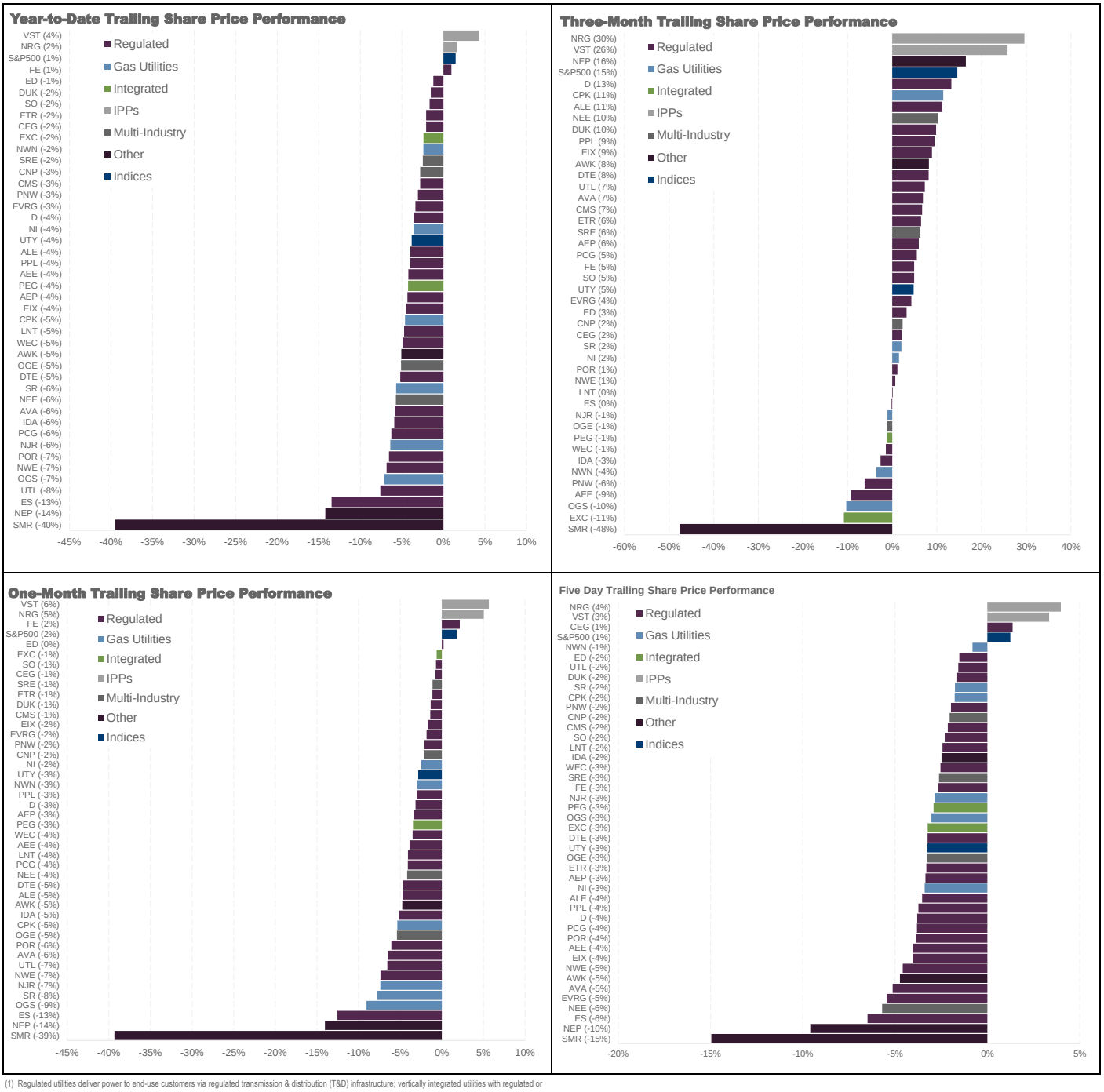

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.
Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix

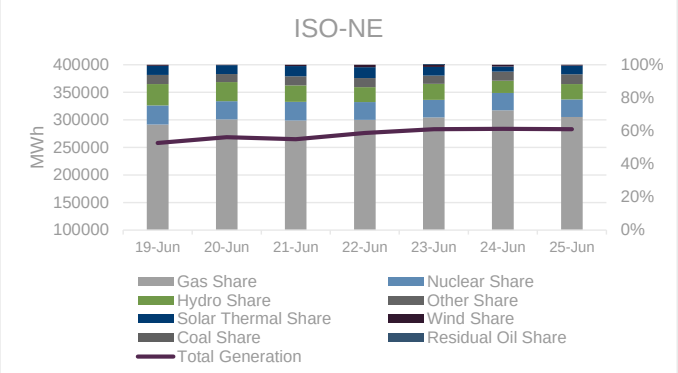

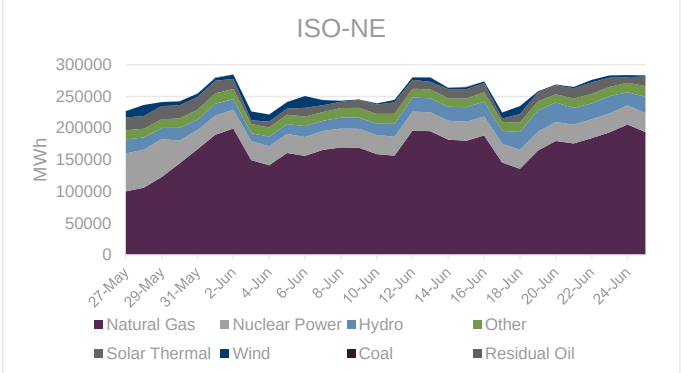

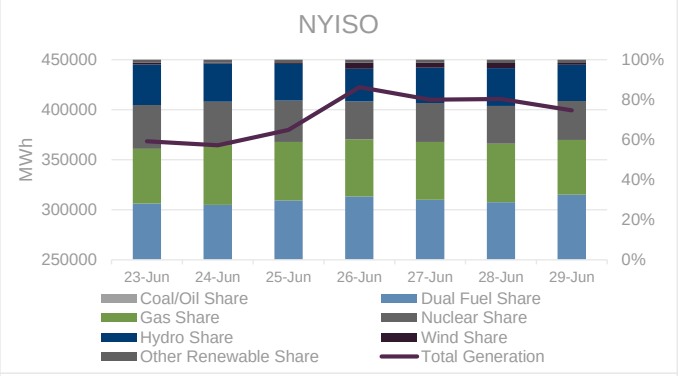

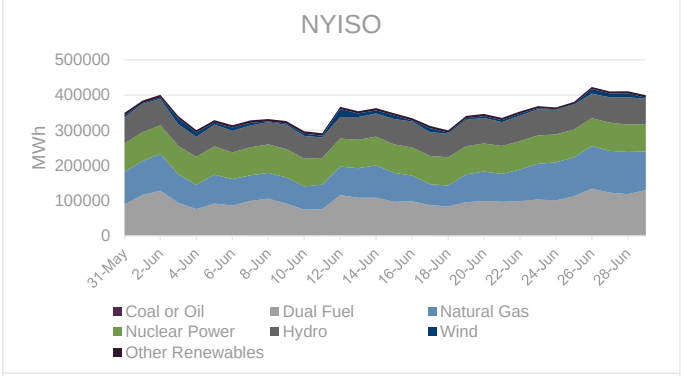

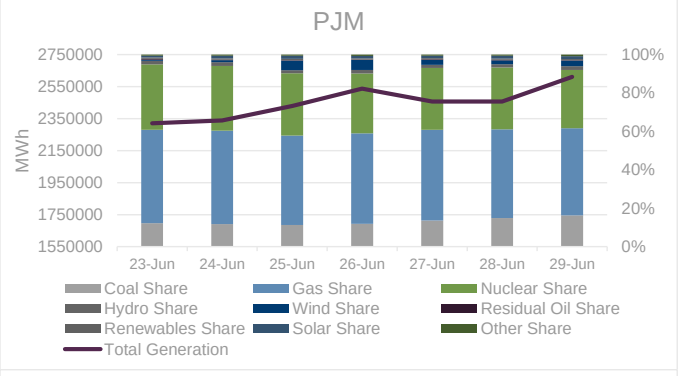

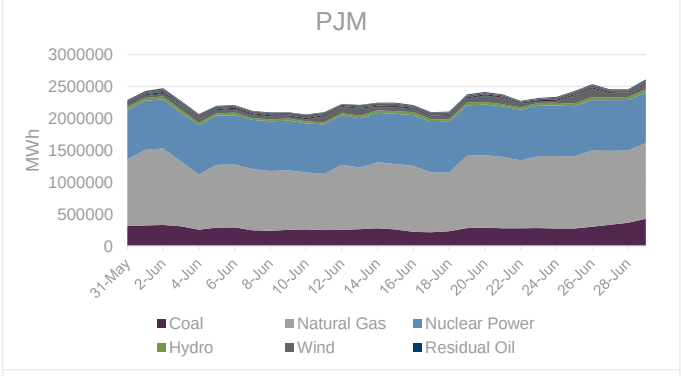

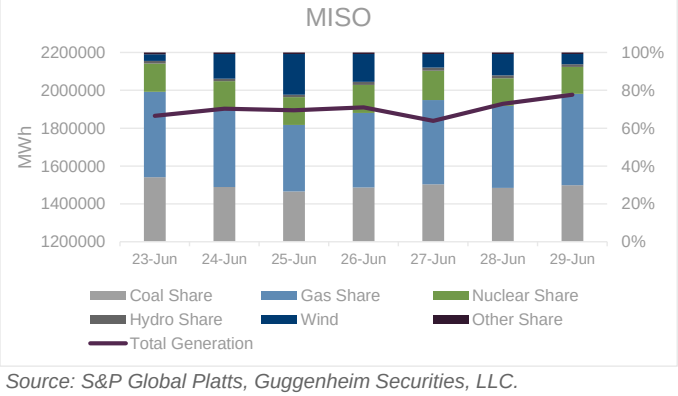

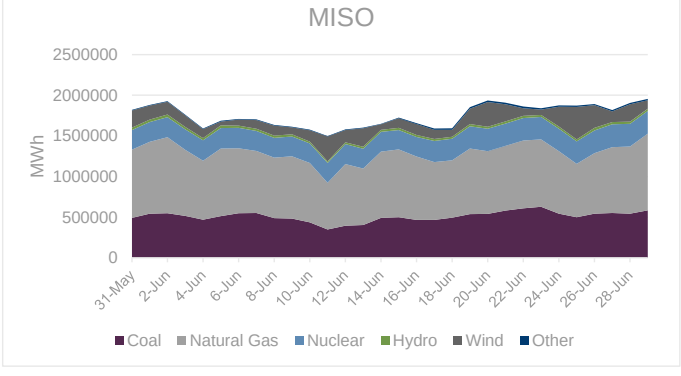

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix (continued)

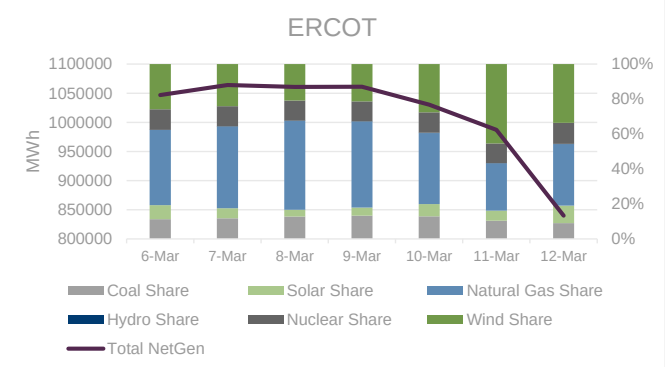

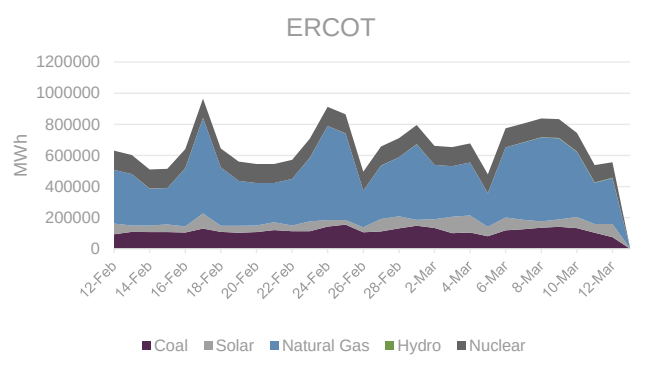

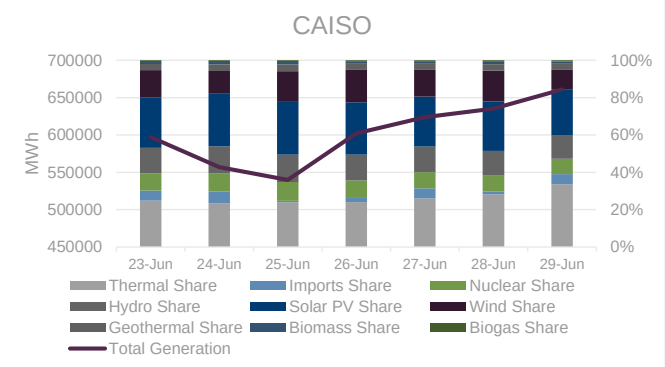

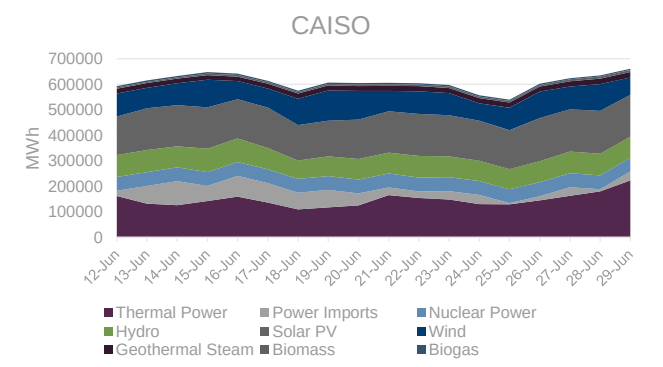

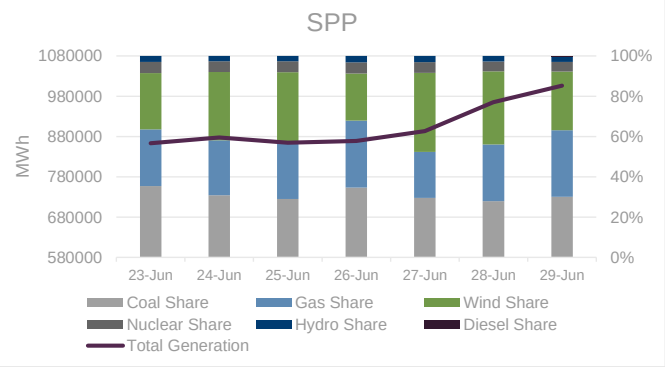

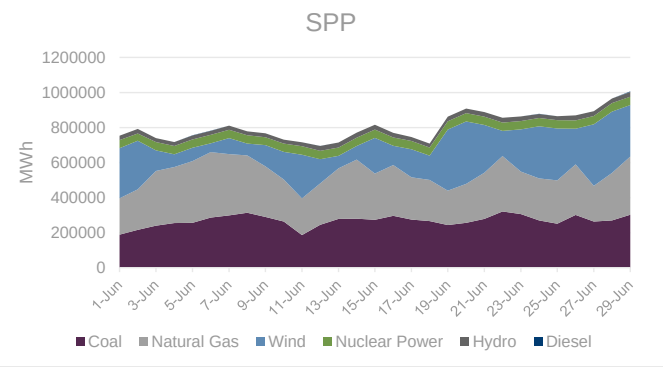

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Weather

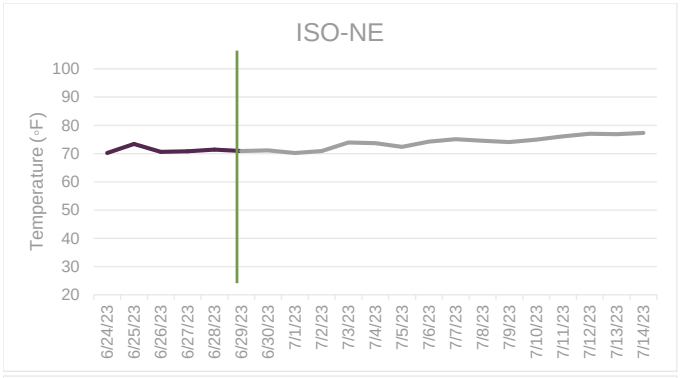

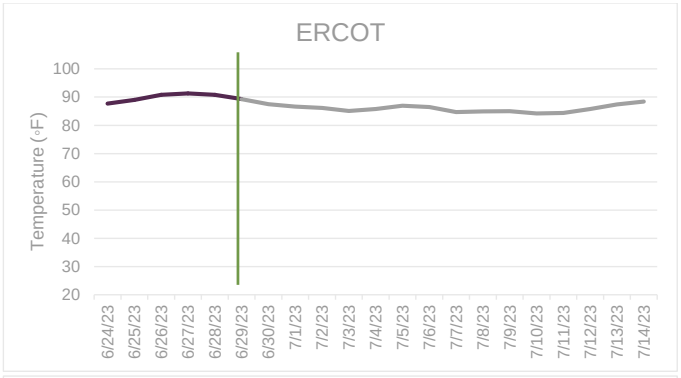

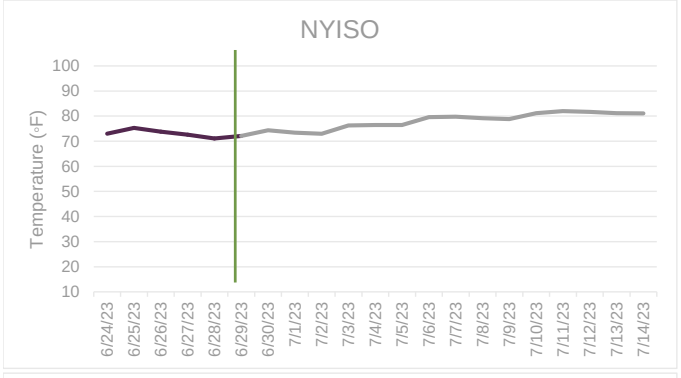

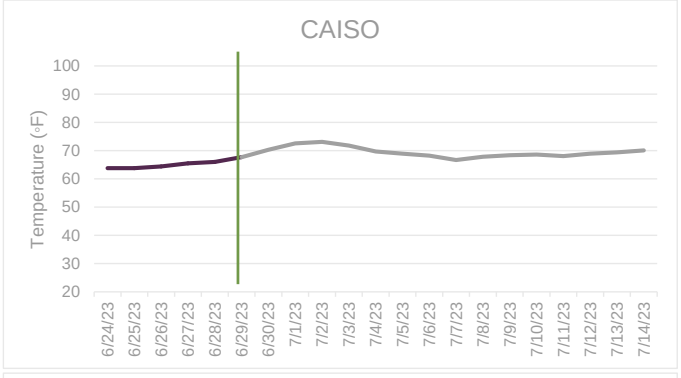

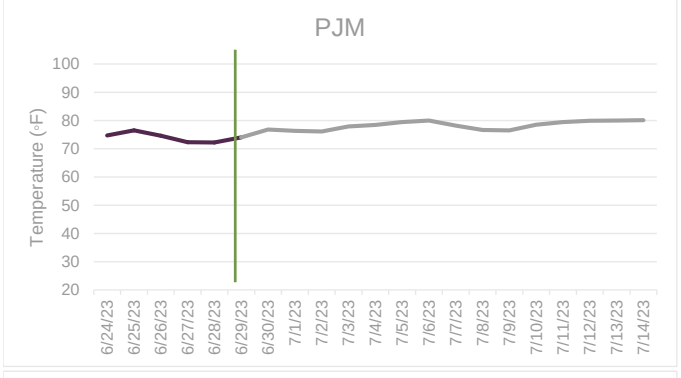

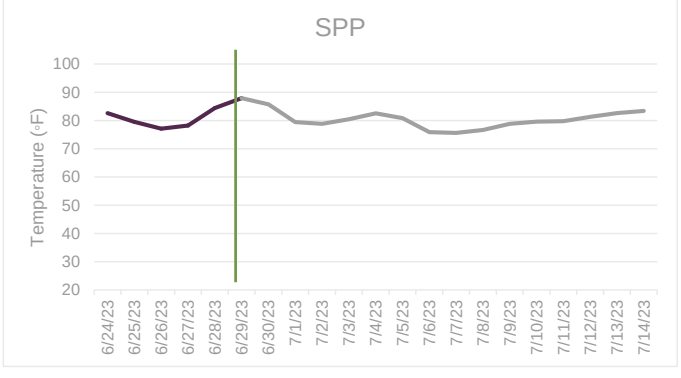

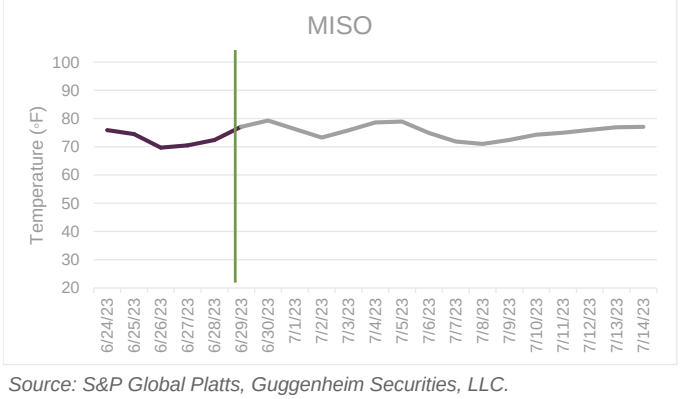

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

YTD Peak Load

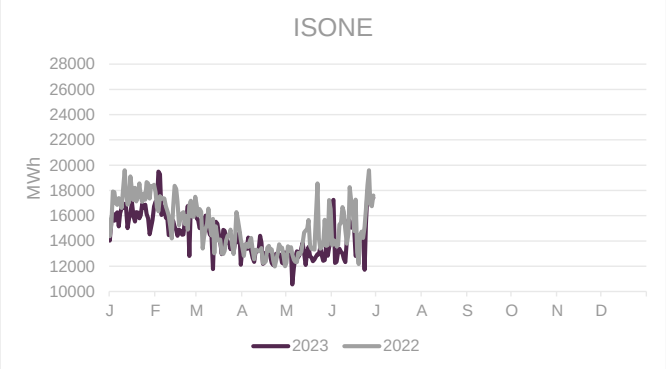

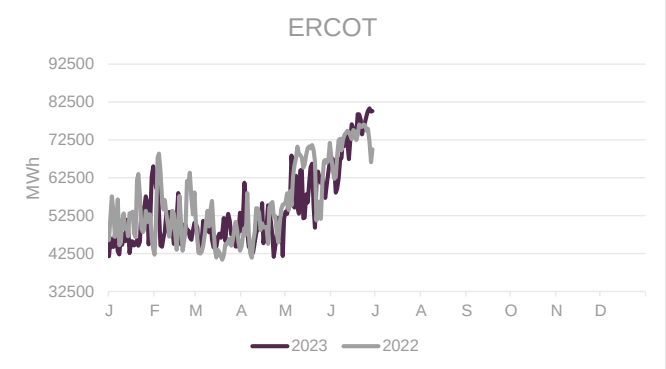

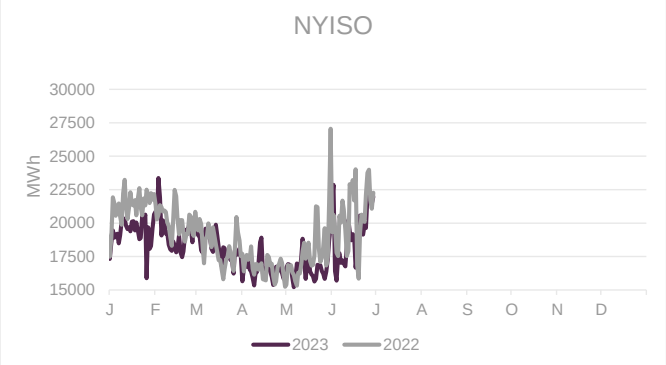

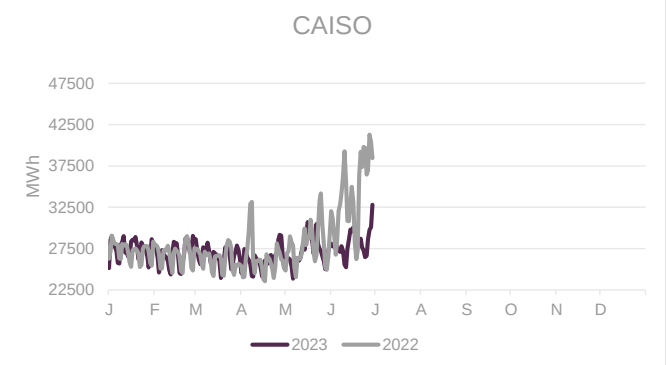

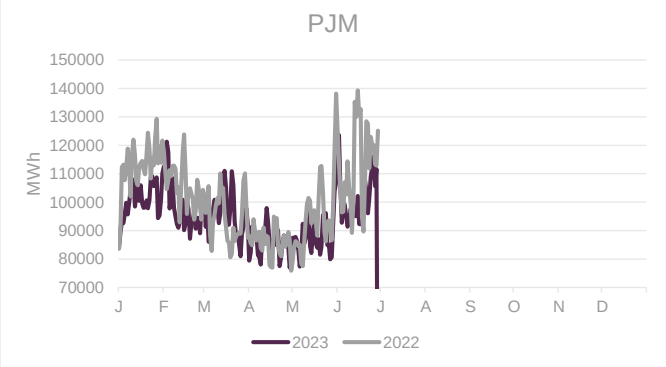

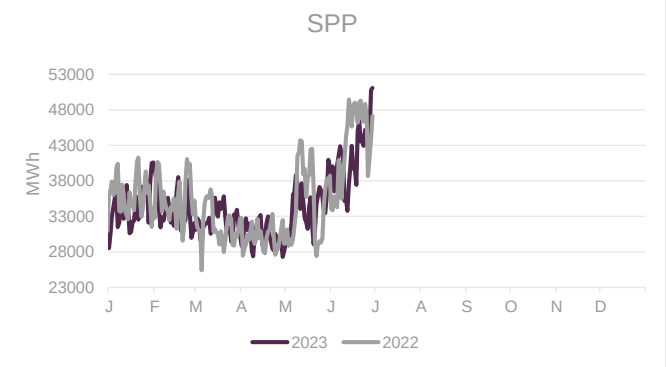

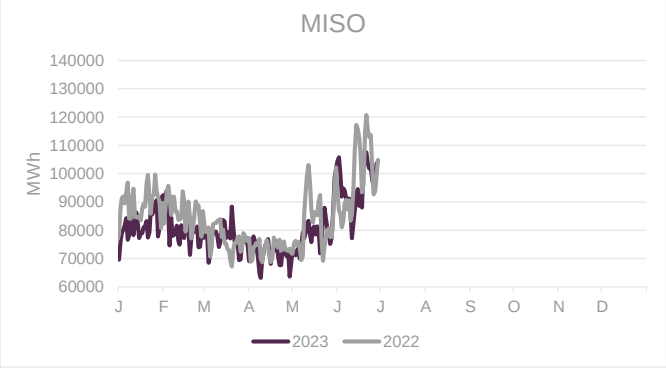

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (11/28/2023-2/28/2024)

Date	State	Ticker	Utility/Event	Docket	Description
10/1/2023-9/3/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case fiilng may occur in fiscal 2024
11/1/2023-11/30/2023	MC	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/30/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/29/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Rebuttal testimony due in BC-RAC proceeding
11/30/2023	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 4)	Commission decision in proceeding expected by
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
11/30/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Decision likely in SAVE Rider Proceeding
12/1/2023-12/31/2023	MI	CMS	Consumers Energy Co.		Gas rate case expected to be filed
12/1/2023-12/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Final order in rate case expected
12/1/2023-12/31/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2023-00180 (SAVE)	Decision expected in SAVE update proceeding
12/1/2023-12/31/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/7/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Parties and staff to file testimony in Rider CE proceeding
12/11/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
12/12/2023-12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Intervening parties to file testimony in Rider US-4 proceeding
12/13/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Company rebuttal testimony due in rate proceeding
12/13/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing scheduled in BC-RAC update proceeding
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Final date for PSC decision in rate case, per prior order
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Final date for PSC decision in rate case, per prior order
12/15/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Intervenor direct testimony due in multiyear rate plan case
12/15/2023-1/15/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
12/15/2023-1/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearing examiner's recommendation may be issued in Rider GV update proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Intervening parties to file testimony in Rider GT proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Intervenors to file testimony in Rider US-3 proceeding
12/18/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due in general rate case
12/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Deadline for decision in rate proceeding
12/20/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Deadline for decision in rate proceeding
12/20/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Deadline for settlement to be filed in rate proceeding
12/20/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Decision expected in IRIS proceeding
12/20/2023	OR	AVA	Avista Corp.	D-UG-461	Target date for PUC order
12/21/2023	MI	CMS	Consumers Energy Co.	C-U-21389	ALJ proposed decision expected
12/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Rebuttal testimony due in Rider CE proceeding
12/29/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Decision in rate case expected by
12/31/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Possible decision issued in electric rate proceeding
1/1/2024-1/12/2024	PA	FE	FirstEnergy Corp.		FirstEnergy Corp. operating companies may file joint rate case
1/1/2024	OR	POR	Portland General Electric Co.	D-UE-416	New rates effective
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearing examiner's report may be issued in earnings review proceeding
1/5/2024	CA	PCG	Pacific Gas and Electric Co.		Proposed ALJ decision in petition to transfer non-nuclear generation assets by
1/10/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing scheduled in Rider CE proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Staff to file testimony in Rider US-3 proceeding
1/16/2024	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Hearing to begin in rate proceeding
1/16/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
1/17/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Staff to file testimony in Rider US-4 proceeding
1/24/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Direct testimony due in Rider RBB proceeding
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/29/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West		Rate case filing expected
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- '24 Utilities Outlook: Utility Valuations Finally "NSYNC" with Fundamentals? Buy Buy Buy…
- D: Investor Survey Results Reveal Tighter Buyside Perceptions on Review Outcomes, Degree of Conservatism
- ES: Substantial Impairments Write Projects Down to Almost Zero; Reposition Sunrise Overhang

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	249	68.60%	42	16.87%
NEUTRAL	106	29.20%	6	5.66%
SELL	8	2.20%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities 212.292.4700
Jeffrey Cohen, Head of Sales 212.292.4762
Dante Ferrarie, Head of Trading 212.518.3331
Craig Peckham, Head of Research 212.292.4765

Sales and Trading Offices

New York 212.292.4700
San Francisco 415.852.6451
Boston 617.859.4626
Richmond 804.253.8052

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

KeyBanc Capital Markets

Alert

January 22, 2024

Energy: Electric Utilities

Heads Up — The Week Ahead in Utilities: FE, POR, EXC, AEP, AVA, ED, D, DUK, WEC, XEL, NWE

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

4Q23 earnings begin with NEE and XEL scheduled to report. This week, we are tracking proceedings in FE's WV electric rate case, POR's IRP and CEP, and EXC's electric rate case in MD. In other news, the KY PSC authorizes a $60M revenue increase for KY Power; AVA files electric and gas multi-year rate cases in WA; intervenors file testimony in AEP's MI electric rate case; the NY PSC approves a $1.2B clean-energy project; the VA hearing examiner issues a report in D's biennial review proceedings; the OH PUC Nominating Council plans to interview five candidates for the PUC open seat; the WI PSC undergoes a shake-up, and the MT supreme court rules in favor of a MT judge declaring HB 971 unconstitutional.

Earnings Calendar

4Q23 earnings commence: **NEE** and **XEL** are scheduled to report this week. Our recently published 2024 Outlook includes our thesis, expectations, and estimates for our coverage.

Figure 1 - 4Q23 Earnings Calendar

4Q23 Utilities Earnings Calls			
Company Name	Ticker	Date	Time (ET)
NextEra Energy Inc	NEE	1/25/2024	9:00 AM
Xcel Energy Inc	XEL	1/25/2024	10:00 AM

Source: Company filings, KeyBanc Capital Markets Inc

What to Watch For in the Near Term

We anticipate several regulatory filings and material announcements that can occur and move shares in the near term. Those include:

PNW — ALJ filing a ROO might come in early 2024: We expect the ALJ to issue a Recommended Opinion and Order in the near term (late-2023/early-2024). APS updated its request to a $376M net revenue increase in initial briefs, down from $460M in its original request, while maintaining the 10.25% ROE and 51.93% equity layer. In reply briefs, Staff supported the system reliability benefit (SRB) mechanism as modified in PNW's initial briefs, as long as Staff is involved earlier in the process and can review all projects during future rate case proceedings. PNW addressed several concerns in the SRB in its initial brief filing after spending more time discussing the idea with intervenors and stakeholders. The SRB proposes to track capital and derisk some projects that need to reliably serve load while reducing the number of rate cases PNW files and the regulatory lag. Staff also supported the continuation of the fixed-cost recovery mechanism and maintained its 9.68% ROE recommendation. As a reminder, new rates are expected to go into effect the first of the month following an ACC order, likely at some point in 1Q24.

D — Conclusion of strategic review by early 2024: D expects to complete the strategic review by early 2024, and does not expect further slippage to that timeline. Following the conclusion of the review, D plans to hold an investor day, when it will provide 2025 earnings and long-term guidance. D has continued to make significant progress on its strategic review, which has already resulted in the Cove Point and gas utilities sales. We note that SB 1477 was not implemented into VA law when D first announced the strategic review, and therefore the review has been extended to allow time for D to determine the proper path forward regarding the decision to include an equity partner into CVOW.

Regulatory Calendar

FE — Hearings in FE's WV electric rate case are set to begin on January 24: Parties are engaged in settlement discussions leading up to the hearings. Monongahela Power and the Potomac Edison Co. filed a combined electric rate case with the WV PSC seeking a $207M revenue increase, premised on a 10.85% ROE and 49.18% equity. The main drivers of the request include the recovery of infrastructure investments and the recovery of storm costs. FE also seeks depreciation changes to its WV-generating plants. This compares to Staff's recommendation for a $81M (net $55M) revenue increase, including a $104M revenue increase for Mon Power

and a $24M revenue decrease for PE. Staff's recommendation is premised on equity layers for Mon Power and PE of 44.32% and 47.9684%, respectively, while using a 9.44% ROE for both. A WV PSC final decision is expected in 1Q24.

POR — An acknowledgement meeting on POR's Clean Energy Plan and IRP is scheduled for January 25: POR filed its reply comments requesting that the PUC acknowledge the CEP with the understanding that POR will continue to refine its modeling capability through the iterative process of filing subsequent CEPs, similar to the IRP process. POR also noted that the PUC could attach specific conditions along with the acknowledgment of the CEP. POR believes the iterative process would be more productive than requiring POR to refile a new CEP on a compressed timeline. As a reminder, the Staff's final report recommended that the PUC acknowledge POR's IRP, with modifications, but decline to acknowledge the CEP. Staff advised POR to revise and resubmit its CEP before its 2025 IRP to incorporate its hourly emissions analysis results into the preferred portfolio. Regarding the IRP, Staff recommended several modifications, including pursuing a broader range of CBRE procurement actions and requiring POR to file a proposal for a long lead time resource RFI before issuing its next RFP. This is POR's first CEP/IRP filing since the enactment of HB 2021.

EXC — Rebuttal testimony in PEPCo's MD electric rate case is due on January 26: Staff filed testimony recommending a cumulative $132M revenue increase, premised on a 9.55% ROE and 50.5% equity. This compares to PEPCo's request (Docket: 9702) for a cumulative net increase of $214M, premised on a 10.5% ROE and 50.5% equity (net $74M revenue increase in 2024, $60M each in 2025 and 2026, and a $20M revenue increase in April 2027-December 2027). In addition to the lower ROE, an adjustment to depreciation expenses to eliminate depreciation on disallowed rate base items contributed to the delta. Staff also recommended rates remain flat in 2027, with a true-up to address any shortfall from April 1, 2027, to December 31, 2027. The OPC recommended the PSC only authorize a single-year increase. The OPC proposed the same in EXC's BGE rate case, but the PSC denied the OPC's recommendation in the BGE case. However, the PSC noted it will investigate if continuing the multi-year plan process makes sense. Evidentiary hearings are set to begin in March 2024 followed by a final order in June 2024. Rates will be retroactive to April 1, 2024.

Recent Developments for Companies Under Our Coverage

From our midweek: Intervenors file testimony in PEPCo's DC electric rate case for a traditional test-year and multiyear plan; AVA submits a notice of intent to file electric and gas rate cases in WA; the SD PUC requests XEL to reconsider its decision to retire ~2.7 GW of coal generation; and SC introduces a new energy regulation bill.

AEP — KY PSC lowers revenue increase in final order in KY Power's electric rate case: The KY PSC issued a final order authorizing a $60M revenue increase. The final authorization compares to a settlement agreeing to a $75M revenue increase. The delta is primarily driven by the PSC's decision to accept only the $122M test year amount for PJM transmission tariff expenses, excluding ~$14M of test year adjustments from rates. Other marginal adjustments included removing remarketing costs from long-term debt, incentive compensation, and actual rate case expenses. The PSC also denied establishing a distribution reliability rider (DRR), which was agreed to in the settlement. The PSC adopted the agreed-upon 9.75% ROE and previously issued an order allowing AEP to securitize the regulatory assets identified in the application, which AEP initially recognized ~$450M of assets. Parties to the settlement included Kentucky Industrial Utility Customers, Walmart, and others. No parties opposed the settlement. AEP implemented interim rates on January 1, 2024, and will need to refund customers for its overcollections.

AVA — AVA files two-year electric and gas rate cases with the WA UTC: AVA filed rate cases in WA seeking to increase electric and gas revenues by $131M and $22M, respectively. The two-year proposals are premised on a 10.4% ROE and 48.5% equity layer. If approved, new rates would go into effect in December 2024 ($77M electric, $17M gas), with a step up in December 2025 ($54M electric, $5M gas). The main drivers of the filing include the recovery of O&M costs and interest since its last rate case. As a reminder, AVA reached a two-year settlement in its 2022 WA GRC prior to the impacts of higher borrowing costs and inflationary pressures being fully understood, resulting in significant regulatory lag in 2023/2024. Additionally, AVA is seeking to recover ongoing investments, including investments in several of AVA's hydroelectric projects, its Wildfire Resiliency Plan, and power supply costs. The Pacific Northwest has experienced significant volatility in power markets during periods of supply crunches. As a result, AVA seeks to update the Energy Recovery Mechanism to remove the current deadbands and switch to a 95% customer and 5% company sharing level applied to the difference between actual and authorized power supply costs. The proposed step-up in 2025 also reflects higher power costs as AVA seeks to replace Colstrip. Lower O&M expenses and capital associated with the plant will partially offset the higher power costs. AVA is selling its 15% stake in the plant at the end of 2025 to comply with CETA, which does not allow utilities to serve WA customers with coal-fired generation. The rate cases are AVA's second MYRPs in WA, which makes up ~60% of the Company's business. New rates are set to go into effect on December 21, 2024.

AEP — Intervenors file testimony in AEP's MI electric rate case: The MI PSC Staff recommend an $18M revenue increase, premised on a 9.9% ROE and 50.62% equity. The Staff made $33M in adjustments to the rate base, resulting in a $1.2B rate base. The Office of the Attorney General recommended a $3M revenue increase, premised on a 9.8% ROE and 48% equity. The Staff and OAG's recommendations compare to AEP's $34M request, premised on a 10.5% ROE and 50.6% equity. AEP also requested a 2024 forecasted test year and a $1.3B rate base. The delta between Staff and AEP can largely be attributed to the lower ROE and adjustments to net operating income. Staff's higher net operating income reflects adjustments to sales revenues, fuel, purchase power expenses, and lower O&M and depreciation. The OAG recommended additional adjustments to the rate base, sales revenues,

and O&M, resulting in a significantly lower revenue deficiency calculation. AEP will file rebuttal testimony on February 9. The PSC is expected to issue a final order in July, followed by rates going into effect shortly after.

ED — NY PSC approves $1.2B clean-energy project: The NY PSC authorized ED to build and recover the costs of the proposed Reliability Clean City – Idlewild project. The $1.2B project is expected to enter service in May 2028 and will create two new substations to accommodate new renewable energy sources and increased demand. The project is needed to meet NYS's Climate Leadership and Community Protection Act (CLCPA) goals, including delivering 70% renewable power by 2030 and 100% renewables by 2040. ED filed a petition seeking authorization and cost recovery of Idlewild shortly after a final order in its multi-year rate case. The rate case authorized ED to file the permit. The $1.2B investment is included in the Company's $14.4B three-year capital plan but ED has not incorporated the project into its long-term EPS growth rate. ED expects to issue updated guidance along with 2023 earnings.

D — Hearing Examiners issues a report in D's VA biennial review: The Hearing Examiner issued a report recommending several modifications to the settlement, including a lower ROR of 6.95% vs. the 7.05% agreed-upon ROR in the settlement, to reflect D's actual capital structure at the end of 2022. The Hearing Examiner also agreed that D earned a 9.05% ROE for the 2021-2022 test years, resulting in no further actions. If the SCC allows D to recover ~$45M of storm cost deferrals, the Hearing Examiner does not believe D should place the unamortized balance into the rate base. If the case is fully litigated due to either the SCC's decision or the withdrawal of the settling parties, the Hearing Examiner issued further analysis calculating a $21M revenue sufficiency in 2024 and a $4M revenue deficiency in 2025. As a reminder, the Staff, the Office of the Attorney General, and others reached a settlement agreeing to no change to base rates for 2024-2025. The parties also agreed that earnings were within the authorized band for 2021-2022. D agreed to issue $15M in bill credits by September 30, 2024. D's initial filing provided a forward-looking, rate-making analysis demonstrating a $26M revenue deficiency in 2024 and an incremental $25M in 2025. However, since the legislation also says that the fold-in of $350M in rider revenue (Rider R – Bear Garden, Rider S – Virginia City, Rider W – Warren County) into base rates cannot serve as a basis for a rate increase, D did not propose any incremental rates in this proceeding. D made the biennial rate filing in pursuance of new legislation. The parties have until February 1 to file comments on or objections to the proposed settlement, followed by the SCC issuing a final decision by February 28. New rates are expected to go into effect April 1.

AEP, DUK, FE — OH PUC Nominating Council set to interview five candidates for PUC seat on January 25: The OH PUC is preparing to interview five candidates for Chair Jenifer French's seat, which will open at the end of the term on April 10. The set of interviewees includes the incumbent Jenifer French, who will be joined by Michael Davala (R), Michael Hines (D), Ronald Salatin (R), and Stephen Serraino (I). Ohio Governor DeWine appointed French to the commission and subsequently to her role as chair in March 2021. The 12-member PUC Nominating Council will send a four-candidate list to Governor DeWine, who will have 30 days to pick a new commissioner. Currently, we are tracking FE's ESP and Grid Mod II proceedings. The utility is also preparing to file its rate case in May.

WEC, XEL — WI governor appoints new commissioner to PSC following shake-up: The WI PSC has undergone some changes in recent weeks following Chair Valcq's decision to resign from her role effective February 2 and the WI State senate's rejection of the appointed Tyler Huebner. In response, Governor Evers appointed Kristy Nieto to serve the remaining one -year of Chair Rebecca Valcq's term. The move becomes effective February 2. Ms. Nieto will join Summer Strand. The governor appointed Strand to a six-year term in March 2023 and received senate confirmation last week. The rejection of Tyler Huebner's appointment, who has been serving since being appointed in March 2020, leaves a vacant seat on the three-member commission. The governor must appoint a new commissioner to serve a term that extends through March 2027. After concluding its limited reopener proceedings, WEC is not scheduled to file a new rate case before 2025.

NWE — Supreme Court rules in favor of MT judge declaring HB 971 unconstitutional, setting the stage for trial: The MT Supreme Court issued a ruling rejecting the state's efforts to suspend Montana District Court Judge Kathy Seeley's ruling declaring HB 971 unconstitutional. The supreme court did not believe Judge Seeley acted arbitrarily or exceeded the bounds of reason when determining that children have a constitutional right to a clean and healthful environment and that prohibiting the analysis of GHG emissions will contribute to climate change, consequently violating children's rights. Following the supreme court's decision, the Held v. Montana case (DA-23-0575) is now set to begin trial in February. The ruling is the latest installment in the saga regarding the 175 MW Yellowstone County Generating Station. NWE expects the plant to enter service before the end of 3Q24. After a roughly two-month delay, NWE resumed construction on the project in June after a temporary stay on construction was lifted following the passage of HB 971, prohibiting MT environmental reviews from considering GHG or climate impacts unless the U.S. Congress amends the Clean Air Act. The bill allows the evaluation of GHGs if it is required under federal law or if congress amends the Clean Air Act to include carbon dioxide as a regulated pollutant.

Sophie Karp
(917) 368-2361 / sophie.karp@key.com

Figure 2 - Regulatory Calendar

State	Company	Parent	Docket	Rate Case Type	Date of Proceeding	Agenda Item
WV	Monongahela Power Company	FE	C-23-0460-E-42T	Electric	1/24/2024	Hearings Begin
OR	Portland General Electric Co.	POR	LC80	IRP	1/25/2024	Acknowledgement Meeting
MD	Potomac Electric Power Co.	EXC	C-9702	Electric	1/26/2024	Rebuttal Testimony
CA		CPUC	R2207005	Fixed Charges	1/31/2024	Proposed Decision
IN	Indiana Michigan Power Co	AEP	Ca-45933	Electric	1/31/2024	Settlement Hearings Commence
NC	Duke Energy	DUK	E-100 Sub 190	Carbon Plan	1/31/2024	Supplemental Testimony Due (Fall Load)
OR	Avista Corp.	AVA	LC81	IRP	2/1/2024	IRP Acknowledgement Special Meeting
VA	Virginia Electric & Power Co.	D	C-PUR-2023-00101	Electric	2/1/2024	Comments to Hearing Examiner Report Due
	Short-Term Energy Outlook	EIA			2/6/2024	STEO release
CT	CT Natural Gas Corp.	AGR	D-23-11-02	Natural Gas	2/8/2024	Intervenor Testimony
CT	The Southern CT Gas Co	AGR	D-23-11-02	Natural Gas	2/8/2024	Intervenor Testimony
MI	Indiana Michigan Power Co	AEP	U21461	Electric	2/9/2024	Rebuttal Testimony
MO	Ameren Missouri	AEE	EA-2023-0286	Electric	2/13/2024	Hearings Begin
	CPI Release	BLS			2/13/2024	CPI release for Prior Month
	Federal Energy Reg Comm	FERC			2/15/2024	Open Meeting
GA	Georgia Power Co.	SO	55378	Electric IRP	2/15/2024	Intervenor Testimony Due
MI	Indiana Michigan Power Co	AEP	U21461	Electric	2/22/2024	Hearings Begin
MD	Potomac Electric Power Co.	EXC	C-9702	Electric	2/23/2024	Surrebuttal Testimony
SC	Duke Energy	DUK	2023-10-E/2023-8-E	Electric IRP	2/26/2024	Rebuttal Testimony Due
DC	Potomac Electric Power Co.	EXC	FC-1176	Electric	2/27/2024	Rebuttal Testimony
MO	Ameren Missouri	AEE	EO-2024-0020	Electric IRP	2/28/2024	Intervenor Comments Due
CT	CT Natural Gas Corp.	AGR	D-23-11-02	Natural Gas	2/28/2024	Rebuttal Testimony
CT	The Southern CT Gas Co	AGR	D-23-11-02	Natural Gas	2/28/2024	Rebuttal Testimony
CA	Southern California Edison Co.	EIX	A-23-05-010	Electric	2/29/2024	Intervenor Testimony Due

Source: Regulatory filings, company presentations, KeyBanc Capital Markets Inc. estimates

Figure 3 - Comp Sheet

		Market Cap	Rating	Price	Current	Dividend ('23E)		KBCM Forecasts: Earnings Per Share			KBCM Forecasts: Price / Earnings			Consensus: Earnings Per Share			Consensus: Price / Earnings		
Large-Cap Regulated Utilities		($B)		Target	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AEE	Ameren Corp	18.9	Sector Weight	NA	$69.28	3.6%	57%	4.41	4.72	5.01	15.7x	14.7x	13.8x	4.38	4.59	4.92	15.8x	15.1x	14.1x
AEP	American Electric Power Company In	42.2	Sector Weight	NA	$77.70	4.3%	64%	5.27	5.56	5.94	14.7x	14.0x	13.1x	5.28	5.60	5.96	14.7x	13.9x	13.0x
CMS	CMS Energy Corp	16.7	Overweight	$65	$56.44	3.5%	63%	3.05	3.34	3.73	18.5x	16.9x	15.1x	3.10	3.34	3.60	18.2x	16.9x	15.7x
CNP	CenterPoint Energy Inc	17.9	Overweight	$31	$27.77	2.7%	51%	1.50	1.62	1.72	18.5x	17.1x	16.1x	1.50	1.62	1.74	18.5x	17.1x	16.0x
D	Dominion Energy Inc	39.5	Sector Weight	NA	$45.32	5.9%	93%	2.72	3.00	3.43	16.7x	15.1x	13.2x	2.87	3.13	3.45	15.8x	14.5x	13.1x
DTE	DTE Energy Co	22.6	Overweight	$117	$104.52	3.7%	67%	5.81	6.75	7.31	18.0x	15.5x	14.3x	5.78	6.64	7.17	18.1x	15.7x	14.6x
DUK	Duke Energy Corp	73.7	Overweight	$107	$95.56	4.3%	73%	5.61	5.91	6.30	17.0x	16.2x	15.2x	5.60	5.97	6.33	17.1x	16.0x	15.1x
ETR	Entergy Corp	21.1	Overweight	$108	$99.08	4.4%	64%	6.71	7.20	7.70	14.8x	13.8x	12.9x	6.74	7.20	7.73	14.7x	13.8x	12.8x
ES	Eversource Energy	21.1	Sector Weight	NA	$53.41	5.1%	62%	4.35	4.43	4.61	12.3x	12.1x	11.6x	4.36	4.57	4.81	12.3x	11.7x	11.1x
ED	Consolidated Edison Inc	30.8	Sector Weight	NA	$89.86	3.6%	65%	5.07	5.24	5.57	17.7x	17.1x	16.1x	5.01	5.29	5.59	17.9x	17.0x	16.1x
EIX	Edison International	26.4	Sector Weight	NA	$68.29	4.3%	63%	4.72	5.09	5.59	14.5x	13.4x	12.2x	4.70	5.12	5.61	14.5x	13.3x	12.2x
EXC	Exelon Corp	34.7	Sector Weight	NA	$35.04	4.2%	62%	2.36	2.55	2.70	14.8x	13.7x	13.0x	2.36	2.44	2.66	14.8x	14.4x	13.2x
FE	FirstEnergy Corp	20.8	Overweight	$43	$37.01	4.3%	62%	2.56	2.63	2.85	14.5x	14.1x	13.0x	2.54	2.66	2.84	14.6x	13.9x	13.0x
PEG	Public Service Enterprise Group Inc	30.3	Sector Weight	NA	$58.55	3.9%	66%	3.48	3.69	4.01	16.8x	15.9x	14.6x	3.46	3.69	4.08	16.9x	15.9x	14.4x
SO	Southern Co	76.0	Sector Weight	NA	$68.95	4.0%	77%	3.56	4.02	4.29	19.4x	17.2x	16.1x	3.60	4.03	4.32	19.2x	17.1x	16.0x
WEC	WEC Energy Group Inc	25.8	Overweight	$95	$80.03	3.9%	68%	4.62	4.91	5.27	17.3x	16.3x	15.2x	4.61	4.91	5.25	17.3x	16.3x	15.3x
XEL	Xcel Energy Inc	33.8	Overweight	$68	$59.48	3.5%	62%	3.36	3.59	3.88	17.7x	16.6x	15.3x	3.36	3.58	3.84	17.7x	16.6x	15.5x
					Average:	**4.1%**	**66%**				**16.4x**	**15.3x**	**14.2x**				**16.4x**	**15.3x**	**14.2x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
SMID-Cap Regulated Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AVA	Avista Corp	2.7	Sector Weight	NA	$33.66	5.5%	81%	2.30	2.42	2.64	14.6x	13.9x	12.8x	2.28	2.42	2.57	14.7x	13.9x	13.1x
NWE	NorthWestern Corp	3.1	Sector Weight	NA	$47.41	5.4%	84%	3.04	3.49	3.73	15.6x	13.6x	12.7x	3.05	3.52	3.70	15.5x	13.5x	12.8x
OTTR	Otter Tail Corp	3.5	Sector Weight	NA	$85.93	2.0%	25%	6.85	4.37	3.62	12.5x	19.7x	23.7x	6.86	4.09	3.76	12.5x	21.0x	22.9x
PNW	Pinnacle West Capital Corp	8.0	Sector Weight	NA	$69.63	5.0%	82%	4.44	4.93	5.16	15.7x	14.1x	13.5x	4.25	4.89	5.12	16.4x	14.2x	13.6x
POR	Portland General Electric Co	4.4	Sector Weight	NA	$40.50	4.6%	72%	2.55	2.96	3.19	15.9x	13.7x	12.7x	2.62	3.05	3.19	15.5x	13.3x	12.7x
					Average:	**4.5%**	**69%**				**14.9x**	**15.0x**	**15.1x**				**14.9x**	**15.2x**	**15.0x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		Earnings Per Share			Price / Earnings			Earnings Per Share			Price / Earnings		
Multi-Industry Utilities		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
AGR	Avangrid Inc	12.4	Sector Weight	NA	$30.99	5.7%	84%	2.13	2.32	2.46	14.5x	13.4x	12.6x	2.10	2.27	2.44	14.7x	13.6x	12.7x
NEE	Nextera Energy Inc	122.8	Sector Weight	NA	$57.26	3.3%	60%	3.16	3.38	3.53	18.1x	16.9x	16.2x	3.13	3.40	3.66	18.3x	16.9x	15.6x
SRE	Sempra	46.0	Sector Weight	NA	$72.88	3.3%	52%	4.59	4.85	5.13	15.9x	15.0x	14.2x	4.57	4.80	4.94	15.9x	15.2x	14.7x
					Average:	**4.1%**	**65%**				**16.2x**	**15.1x**	**14.3x**				**16.3x**	**15.2x**	**14.4x**

		Market Cap	Rating	Target	Current	Dividend ('23E)		EBITDA ($M)			EV/EBITDA			EBITDA ($M)			EV/EBITDA		
Independent Power Producers		($B)		Price	Price	Yield	Payout	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
CEG	Constellation Energy Corp	37.4	Sector Weight	NA	$114.45	1.0%	18%	3,949	4,067	3,946	11.4x	10.8x	10.9x	3,975	4,157	4,141	11.3x	10.6x	10.4x
NRG	NRG Energy Inc	11.1	Not Covered	NA	$52.52	2.9%	32%	NA	NA	NA	NA	NA	NA	3,137	3,282	3,281	6.3x	6.2x	4.3x
VST	Vistra Corp	13.4	Not Covered	NA	$40.17	2.1%	21%	NA	NA	NA	NA	NA	NA	3,978	4,361	4,345	6.7x	6.3x	6.0x
					Average:	**2.0%**	**24%**				**11.4x**	**10.8x**	**10.9x**				**8.1x**	**7.7x**	**6.9x**

Source: Thomson Reuters, Company Filings, KeyBanc Capital Markets Inc. Estimates

Figure 4 - Stock Price Performance

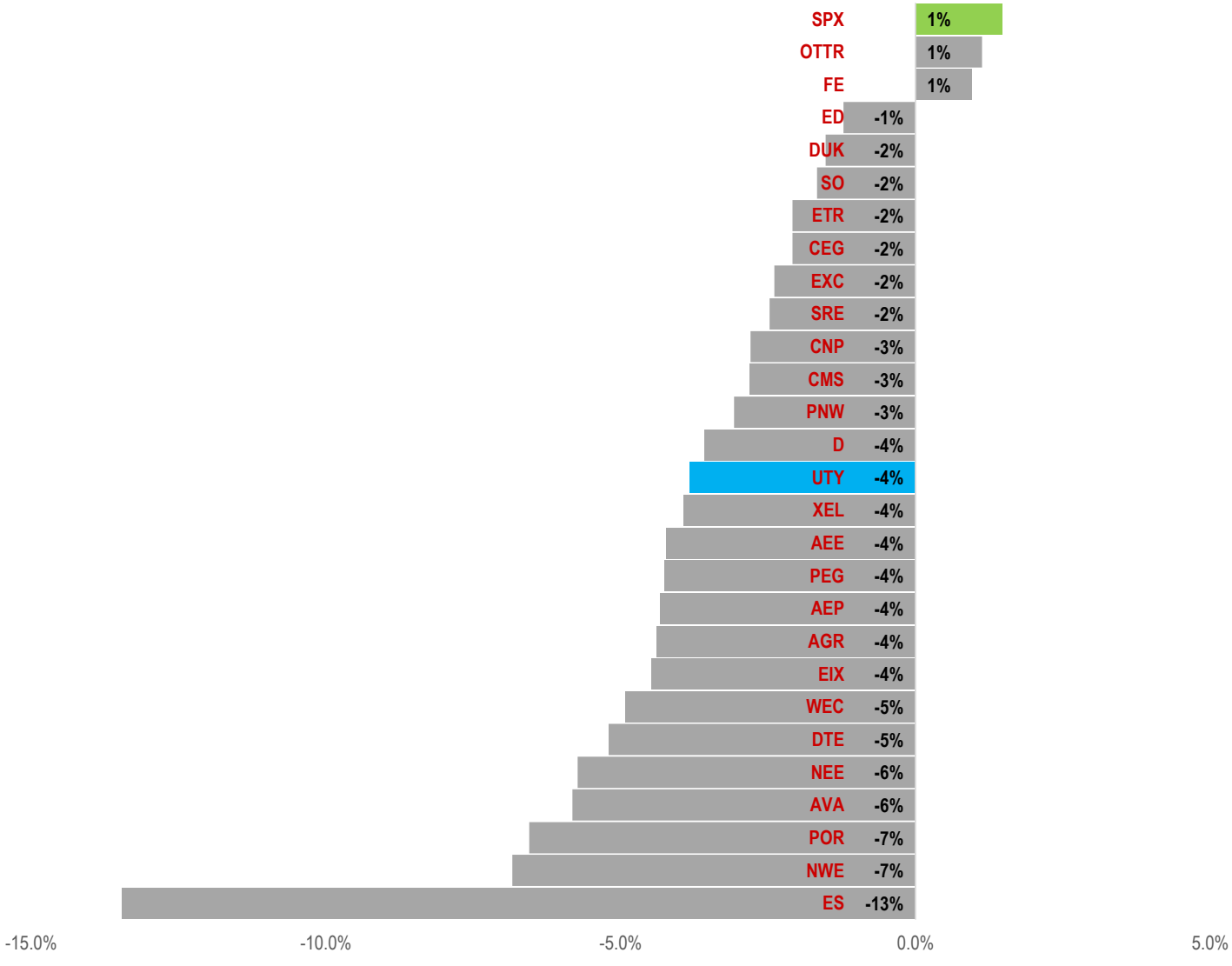

Source: Thomson Reuters, KeyBanc Capital Markets Inc

Note: Results presented cannot and should not be viewed as an indicator of future performance.

Select Recent Research

AEP: WV Commission Rejects Fuel Cost Securitization Stipulation, Orders a Sizable Disallowance Instead

ES: Adjusting Estimates to Reflect Incremental Offshore Write-Off

DUK: Positive Final Order Supports EPS Growth; Reiterate OW, PT $106

AEE: IL Going Rogue – Downgrading AEE to Sector Weight

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

Thematic Pieces

Utilities 2024 Sector Outlook: Keep the Momentum Going

Alternative Energy 2024 Sector Outlook: Failure to Launch

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	236	48.07	42	17.80
Sector Weight [SW]	251	51.12	44	17.53
Underweight [UW]	4	0.81	1	25.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	21	36.84	16	76.19
Sector Weight [SW]	36	63.16	16	44.44
Underweight [UW]	0	0.00	0	0.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

This document is hosted on "BofA Global Research" server, please use the URL link provided below to open the actual document

- **Headline** : Exelon >> Recalibrating the Growth Rate Down to 5-7% - but not lower. Discount is fair.
- **Publication Date/Time** : Friday, January 19, 2024 10:45:59 AM (GMT)
- **Contributor Name** : BofA Global Research
- **Primary Analyst(s)** : Paul Zimbardo
- **Link to Document** : https://viewer.apps.factset.com/?_doc_docfn=U2FsdGVkX1%2B2cdlW2SZZETOnpynqVBD3CqVFKH4qEV4TjoM8bzludFeRfbP6fbParA5o835xoRTjoLzPklBlakJo7s%2BPpnBSGE2oaeUh9dD

Americas Utilities

4Q Preview: More focus on strategic updates vs. quarterly results; Buy NEE, SO, XEL

Carly Davenport
+1(212)357-1914 | carly.davenport@gs.com
Goldman Sachs & Co. LLC

John Miller
+1(646)446-0292 | john.y.miller@gs.com
Goldman Sachs & Co. LLC

Jaskaran Jaiya
+1(332)245-7709 | jaskaran.jaiya@gs.com
Goldman Sachs India SPL

We update estimates for most stocks within our Utilities coverage ahead of 4Q2023 results. We expect this quarter to contain a number of meaningful updates as utilities roll forward their capital plans and update long term guidance/growth rates. Commentary around financing will also be in focus for investors, as we get more details around how each company plans to fund growth. We could also see further clarity on the load growth that companies are seeing over the coming years. We remain positive on the utilities space going into 2024 and expect an inflection in capex in the coming years, and believe this on top of lower interest rates will improve sentiment around the space.

For the quarter, we highlight Buy rated **NEE** as where we are most above consensus heading into results as FPL continues to deliver and new investments drive growth at NEER, along with Buy rated **XEL**, where we expect the company to raise capital spending guidance on the back of the Colorado alternative resource plan, which should be supportive for earnings going forward. **SO** remains our top idea (Buy, on CL), where we anticipate a meaningful capex raise from the company, and potentially more clarity on its IRP at Georgia Power as well as load growth expectations. We also continue to anticipate that Vogtle Unit 4 will come into service by the end of 1Q2024, and the company will be able to provide an update on progress when the earnings call occurs in mid February.

Where we see the most upside to consensus around 4Q23 results. We are 17% above consensus for NEE for 4Q2023 earnings. While we could see some downside risk to our earnings as recent commentary from the company indicates that the Supply and Trading business could return to its typical run rate this quarter, and we also expect weakness in wind resource this quarter relative to the average, we ultimately still see upside to consensus estimates for 4Q. Our view on FPL remains the same and we believe the utility will continue to hit the top end of its authorized RoE by utilizing its surplus depreciation reserve. Outside of the quarterly results, we believe investors will remain focused on the backlog additions at NEER, especially following the record additions last quarter. Investors will also be looking for updates on the FEC investigation at FPL, as the original timeline of 12 to 18 months would imply a resolution in early 2024. We continue to view NEE favorably given its

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

renewable exposure and premium regulated utility, and believe that its scale and strong track record give it a competitive advantage over others. Our $72 target price implies a total return of 22%.

Where we see the most downside to consensus around 4Q23 results. We are 4% below consensus for DUK for 4Q2023 earnings. This is largely driven by somewhat mild weather as well as higher O&M expense than company guidance for the year. DUK has had a number of positive regulatory outcomes recently, and we believe its long term growth story is appealing. Despite this we see short term challenges for the company, primarily its constrained balance sheet, which we believe will remain a primary topic of focus for investors. Investors will likely also look for updates on the Carolinas IRP, as well as the upcoming Florida rate case. The IRP could provide meaningful upside to DUK's estimates, and a decision is anticipated in the first half of the year. We currently see better value elsewhere in our coverage, with our target price of $101 implying a total return of 7% vs the coverage average of 17%.

Key updates we are watching for on 4Q calls. Given most companies narrowed 2023 earnings guidance ranges on the 3Q calls, we expect less focus on results themselves this quarter. That said, we expect updated capital plans, financing outlooks, and updates on regulatory activity as well as load growth to be more in focus. We expect meaningful capex raises from SRE and XEL, and also see upside to SO's current plan. In addition to this we believe NEE's commentary around renewable growth, the FEC investigation, and financing will be key items to monitor. SO will be able to provide updated commentary on Vogtle roughly a month out from when the last Unit is expected to come online, which could be a catalyst for the stock. We believe EXC's commentary on its future growth and how it expects to proceed in Illinois is important to monitor as well.

Exhibit 1: We see the most upside to consensus for NEE heading into 4Q and the most downside to DUK estimates
GS v/s Consensus

	4Q23			2023			2024			2025		
EPS	**GS**	**Cons**	**% Delta**	**GS**	**Cons**	**% Delta**	**GS**	**Cons**	**% Delta**	**GS**	**Cons**	**% Delta**
NEE	$0.59	$0.50	17%	$3.22	$3.13	3%	$3.40	$3.40	0%	$3.67	$3.65	1%
SO	$0.62	$0.62	0%	$3.61	$3.60	0%	$4.11	$4.02	2%	$4.56	$4.32	5%
AEP	$1.26	$1.28	-1%	$5.27	$5.28	0%	$5.69	$5.60	2%	$6.08	$5.96	2%
XEL	$0.85	$0.85	0%	$3.36	$3.36	0%	$3.59	$3.58	0%	$3.90	$3.85	1%
DUK	$1.48	$1.55	-4%	$5.54	$5.60	-1%	$6.08	$5.97	2%	$6.33	$6.35	0%
PEG	$0.53	$0.53	1%	$3.46	$3.46	0%	$3.62	$3.69	-2%	$4.19	$4.06	3%
EXC	$0.58	$0.58	0%	$2.36	$2.36	0%	$2.43	$2.43	0%	$2.57	$2.66	-3%
ED	$0.96	$0.96	-1%	$5.00	$5.03	-1%	$5.18	$5.28	-2%	$5.57	$5.57	0%
Coverage Average vs. Consensus			**1%**			**0%**			**0%**			**1%**
Buy rated Average vs. Consensus			***4%***			***1%***			***1%***			***2%***

Source: FactSet, Goldman Sachs Global Investment Research

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Exhibit 2: We see 17% total return potential to our coverage on average
Comp sheet

	Ticker	Rating	Price	Target	Dividend Yield	Total Return	EPS			P/E			EPS CAGR
			1/16/24	12 Mo.	%	%	2023	2024	2025	2023	2024	2025	22-25 (%)
Large Cap Regulated Utilities													
American Electric Power	AEP	Buy	80.98	$99.00	4.2%	26%	$5.27	$5.69	$6.08	15.4x	14.2x	13.3x	6%
Duke Energy	DUK	Neutral	98.03	101.00	4.2%	7%	5.54	6.08	6.33	17.7x	16.1x	15.5x	6%
Consolidated Edison	ED	Sell	91.56	89.00	3.6%	1%	5.00	5.18	5.57	18.3x	17.7x	16.4x	7%
Exelon	EXC	Sell	35.70	39.00	4.1%	13%	2.36	2.43	2.57	15.1x	14.7x	13.9x	5%
Southern Company	SO	Buy	70.32	82.00	4.0%	21%	3.61	4.11	4.56	19.5x	17.1x	15.4x	8%
Xcel	XEL	Buy	60.91	74.00	3.4%	25%	3.36	3.59	3.90	18.1x	17.0x	15.6x	7%
Public Service Enterprise Group	PEG	Neutral	59.37	67.00	3.8%	17%	3.46	3.62	4.19	17.2x	16.4x	14.2x	7%
Sector Average					***3.9%***	***16%***				***17.3x***	***16.2x***	***14.9x***	***7%***
Diversified Utilities													
Dominion Energy	D	Not Rated	46.76		5.7%	-	2.92	3.48	3.54	16.0x	13.4x	13.2x	-5%
NextEra Energy	NEE	Buy	60.35	72.00	3.1%	22%	3.22	3.40	3.67	18.7x	17.8x	16.5x	8%
Sempra Energy	SRE	Buy	74.46	89.00	3.7%	23%	4.67	4.83	5.24	15.9x	15.4x	14.2x	4%
Sector Average					***4.2%***	***23%***				***16.9x***	***15.5x***	***14.6x***	***3%***
Coverage Average					***4.0%***	***17%***				***17.2x***	***16.0x***	***14.8x***	***5%***

SO is on the Americas Conviction List

Source: FactSet, Goldman Sachs Global Investment Research

NextEra Energy (NEE, Buy)

Our most recent views

We continue to view NEE as a premium growth story and view its significant renewable exposure positively. NEE's regulated utility FPL remains one of the well positioned versus peers, in our view, and we do not expect the regulatory environment in Florida to materially degrade in the near term. We believe NEE has optionality to finance the growth at its NEER business, despite investor concerns about Basel III implications for tax equity. Our GS macro colleagues have forecast five rate cuts this year beginning in March, and we believe a lower rate environment will be a tailwind for NEE.

Quarterly outlook

Our estimates for NEE come in at $0.59, vs consensus at $0.50. We expect FPL to have a strong quarter, as it can deploy its amortization reserve to meet its targeted RoE level. At the NEER segment, we believe weakness in Supply and Trading and lower wind resource generation could lead to lower EPS than expected this quarter. However, we expect NEER's new investments to be up QoQ. We expect investors will be focused on 1) the resolution of the ongoing FTC investigation, 2) further commentary on tax equity financing, and 3) NEE's view on the latest hydrogen tax credit guidance.

Valuation & Key Risks

We are Buy rated on NEE. We value NEE with a SOTP, applying a 5x premium to its Florida based utility given its strong regulatory jurisdiction. We apply a 12x EV/EBITDA multiple to its NEER segment, given its scale advantage and consistent execution over the years. Our 12-month target price of $72, implies a 22% total return vs the average of 17% for our coverage group. Key risks for NEE include the 1) a more negative regulatory landscape, 2) a slowdown in renewable demand, 3) impact of higher interest rates when interest rate hedges begin to roll off.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

NEE	12m Price Target: $72	Price: $58.27	Upside: 23.6%

Buy

GS Forecast

Market cap: $116.8bn
Enterprise value: $201.0bn
3m ADTV :$693.1mn
United States
America-Utilities:
M&A Rank: 3

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**20,956.0**	**27,578.4**	**27,802.1**	**29,760.5**
Revenue ($ mn) Old	20,956.0	27,578.4	27,802.1	29,760.5
EBITDA ($ mn)	9,280.0	15,286.4	16,680.3	18,458.5
EBIT ($ mn)	4,081.0	9,333.1	9,915.1	11,058.4
EPS ($) New	**2.91**	**3.22**	**3.40**	**3.67**
EPS ($) Old	2.91	3.22	3.40	3.67
P/E (X)	27.7	18.1	17.1	15.9
Dividend yield (%)	2.1	3.2	3.5	3.9
Net debt/EBITDA (X)	6.8	4.8	4.9	4.8

	9/23	12/23E	3/24E	6/24E
EPS ($)	0.94	0.59	0.88	0.94

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 17 Jan 2024 close.

American Electric Power (AEP, Buy)

Our most recent views

We continue to view AEP favorably and believe that its exposure to transmission and renewable spend will drive outperformance over the long run. Although the West Virginia fuel securitization came in lower than requested, the company does not expect financing plans to be impacted. AEP was also recently granted securitization in Kentucky that it believes will mostly offset the West Virginia decision. AEP has ramped up its investment into renewables in recent years which we view favorably, as this will replace coal generation which is significantly higher cost to maintain. We believe that AEP's balance sheet will improve over the next year, as outlined in their FFO/debt walk, and believe this will improve sentiment around the stock.

Quarterly outlook

Our 4Q2023 estimate is at $1.26 vs consensus at $1.28 for the quarter. We do not make any adjustments to our model, and expect the quarter to come in slightly below the midpoint of AEP's 2023 guidance range of $5.24-$5.34 primarily due to mild weather for the quarter. We expect the quarter to be relatively light for updates as the company already raised its capital plan and reiterated its growth rate at EEI, but expect a few updates on regulatory items and previously announced asset sale processes to monitor in 2024.

Valuation & Key Risks

We are Buy rated on AEP. Our 12-month, SOTP-based price target is $99. Key risks relate to lower than expected ownership of renewable RFPs, financing needs, failure to make progress on closing the ROE gap at the VIU utilities, and cost management.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

AEP	12m Price Target: $99	Price: $80.98	Upside: 22.3%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $41.8bn	**Revenue ($ mn) New**	**19,467.6**	**19,412.5**	**19,794.2**	**20,186.0**
Enterprise value: $84.3bn	Revenue ($ mn) Old	19,467.6	19,412.5	19,794.2	20,186.0
3m ADTV :$277.6mn	EBITDA ($ mn)	6,885.8	7,812.2	8,612.7	9,350.4
United States	EBIT ($ mn)	3,272.2	4,181.8	4,643.5	4,975.0
America-Utilities:	**EPS ($) New**	**5.08**	**5.27**	**5.69**	**6.08**
	EPS ($) Old	5.08	5.27	5.69	6.08
M&A Rank: 3	P/E (X)	18.7	15.4	14.2	13.3
	Dividend yield (%)	3.3	4.2	4.4	4.7
	Net debt/EBITDA (X)	5.7	5.4	5.2	5.3
		9/23	**12/23E**	**3/24E**	**6/24E**
	EPS ($)	1.77	1.26	1.32	1.15

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Jan 2024 close.

Southern Company (SO, Buy, CL)

Our most recent views

SO remains our top idea in the space, and we expect 2024 to be an inflection point for the utility. We expect that Vogtle Unit 4 will be brought in-service in 1Q2024, completing a project that was impacted by delays and cost overruns. We believe that SO's core business is strong and somewhat underappreciated by investors, as it has one of the better balance sheets in the space and operates in favorable jurisdictions. On top of these core competencies, SO recently laid out a significant resource plan at its largest subsidiary Georgia Power, which could lead to a material amount of incremental spend if approved. We believe that once Vogtle is complete SO will continue to rerate to its historical 2x premium, and we believe risk is skewed to the upside for SO going forward.

Quarterly outlook

Our EPS comes in at $0.62 for the quarter which is in-line with consensus at $0.62. Our model continues to assume that Vogtle Unit 4 comes online by the end of 1Q2024, and we now embed the impact of the prudency review settlement that allows for roughly $7.562 bn of Vogtle construction costs to be added to rate base. We additionally adjust our model for a number of items including 1) tax impacts in the near term, 2) O&M expense, 3) interest expense. Outside of results, we expect investors to look for updates on Vogtle construction progress as well as any commentary around the Georgia Power IRP and load growth outlook.

Valuation & Key Risks

We are Buy rated on SO with a 12-month PT of $82, which we derive by applying an unchanged 18x multiple on 2025E EPS. Key risks include: 1) execution risk around Vogtle, 2) slower than anticipated rate base/earnings growth, 3) unfavorable Vogtle

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

prudency review outcome, 4) cost management.

SO	12m Price Target: $82	Price: $70.32	Upside: 16.6%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $77.2bn	**Revenue ($ mn) New**	**29,279.0**	**26,487.6**	**27,892.2**	**29,240.4**
Enterprise value: $136.8bn	Revenue ($ mn) Old	29,279.0	26,487.1	27,820.6	29,085.6
3m ADTV :$302.3mn	EBITDA ($ mn)	9,033.0	10,169.9	11,667.4	12,668.5
United States	EBIT ($ mn)	5,370.0	5,702.6	7,438.3	8,091.9
America-Utilities:	**EPS ($) New**	**3.60**	**3.61**	**4.11**	**4.56**
	EPS ($) Old	3.60	3.61	4.09	4.53
M&A Rank: 3	P/E (X)	19.7	19.5	17.1	15.4
Americas Conviction List	Dividend yield (%)	3.8	4.0	4.1	4.3
	Net debt/EBITDA (X)	6.2	5.9	5.4	5.0
		9/23	**12/23E**	**3/24E**	**6/24E**
	EPS ($)	1.42	0.62	0.84	0.92

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Jan 2024 close.

Exelon (EXC, Sell)

Our most recent views

We remain concerned over the regulatory environment at EXC's largest segment ComEd with the Illinois Commerce Commission (ICC) authorizing an 8.905% ROE vs the company ask of 10.5%. This marks a significant departure from national average ROEs of 9.55% for electric utilities in 2023 per RRA. The company filed for a rehearing request earlier this month, where most key financial items were denied, except the revenue requirement for 2023 which it expects to get clarity on by the end of 1H24. We look for more clarity on the impacts of the ComEd decision on the earnings outlook for EXC on the 4Q call, where our 2025 estimates are currently 3% below FactSet consensus. We see potential for continued regulatory uncertainty to remain an overhang on EXC until we get clarity on the capex and earnings outlook at ComEd.

Quarterly outlook

We update our model to reflect the recent regulatory updates at BGE and ACE while we wait for further clarity on ComEd's rate case to fully reflect changes to go forward estimates at the utility. Our 4Q23 estimates remain at $0.58 v/s FactSet consensus at $0.58 and our FY2023 estimate at $2.36 prior which is within EXC's guidance range of $2.32-$2.40. Outside of results, we expect investors to be most interested in (a) updates on ComEd, (b) the latest capital spending outlook as EXC rolls forward its capital plan, (c) cost management, and (d) financing commentary.

Valuation & Key Risks

We are Sell rated on EXC. We apply an unchanged 15x P/E multiple (vs our baseline multiple of 16x) to our 2025 EPS estimate to derive a 12-month $39 PT. Our 2023-2025 EPS changes to $2.36/$2.43/$2.57 compared to $2.36/$2.48/$2.63 previously. Key risks

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

for EXC include: 1) favorable rate case outcomes, 2) cost management, 3) balance sheet cushion relative to downgrade threshold appeals to investors seeking a defensive name, and 4) incremental capex opportunities beyond the base level T&D spend.

EXC	12m Price Target: $39	Price: $35.7	Upside: 9.2%

Sell

GS Forecast

Market cap: $35.6bn
Enterprise value: $78.9bn
3m ADTV :$290.5mn
United States
America-Utilities:
M&A Rank: 3

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**19,078.0**	**21,293.0**	**22,135.6**	**22,866.8**
Revenue ($ mn) Old	19,078.0	21,290.0	22,056.7	22,709.5
EBITDA ($ mn)	6,642.0	7,360.3	8,064.6	8,621.7
EBIT ($ mn)	3,317.0	3,849.4	4,348.7	4,715.5
EPS ($) New	**2.27**	**2.36**	**2.43**	**2.57**
EPS ($) Old	2.27	2.36	2.48	2.63
P/E (X)	19.1	15.1	14.7	13.9
Dividend yield (%)	3.1	4.0	4.3	4.6
Net debt/EBITDA (X)	6.0	5.9	5.7	5.7
	9/23	**12/23E**	**3/24E**	**6/24E**
EPS ($)	0.67	0.58	0.73	0.39

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Jan 2024 close.

Xcel Energy (XEL, Buy)

Our most recent views

Although the Colorado Alternative Portfolio's ~$4.8 bn generation capex estimate came in below the original preferred plan for XEL, we remain optimistic on XEL given the incremental capex should take the total capital plan from 2024 to 2028 to ~$39 bn from $34 bn currently. We see further upside from additional investments that may come at SPS in New Mexico as the company expects to build 5-10 GW of new generation which along with other resource plans could provide up to $5 bn - $20 bn capex opportunity not in the company's current estimates. With a strong balance sheet and execution strength of the management, we remain Buy rated and expect 25% total return vs 17% total return of our coverage.

Quarterly outlook

Our 4Q23/2023 EPS estimate is unchanged at $0.85/$3.36, which is in line with FactSet consensus of $0.85/$3.36. Outside of results, we expect investors to be focused on (a) commentary around further capexupside, and (b) updates on the Marshall fire.

Valuation & Key Risks

We are Buy rated on XEL. We apply a 19x multiple on 2025 earnings, representing a 3x premium to our baseline multiple to account for attractive leverage to renewables and transmission, as well as above average growth versus peer and a strong track record of execution. Our 12-month price target remains $74 implying a ~25% total return. Key risks to our positive view include 1) negative rate case outcomes, 2) slower than expected renewable transition, 3) failure to close gap between earned vs authorized

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ROE, and 4) cost management.

XEL	12m Price Target: $74	Price: $60.09	Upside: 23.1%

Buy

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $32.7bn	**Revenue ($ mn) New**	**15,310.0**	**15,039.2**	**15,608.1**	**16,163.6**
Enterprise value: $59.6bn	Revenue ($ mn) Old	15,310.0	15,039.2	15,608.1	16,163.6
3m ADTV :$245.1mn	EBITDA ($ mn)	4,939.0	5,194.6	5,812.5	6,317.9
United States	EBIT ($ mn)	2,428.0	2,611.7	2,907.2	3,280.2
America-Utilities:	**EPS ($) New**	**3.17**	**3.36**	**3.59**	**3.90**
	EPS ($) Old	3.17	3.36	3.59	3.90
M&A Rank: 3	P/E (X)	22.1	17.9	16.8	15.4
	Dividend yield (%)	2.8	3.5	3.7	3.9
	Net debt/EBITDA (X)	5.2	5.1	5.0	5.1
		9/23	**12/23E**	**3/24E**	**6/24E**
	EPS ($)	1.23	0.85	0.73	0.63

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 17 Jan 2024 close.

Duke Energy (DUK, Neutral)

Our most recent views

We continue to view DUK as an attractive longer term growth story that faces some challenges and limited catalysts in the near term. DUK has received constructive outcomes in regulatory proceedings in the back half of 2023, most notably the favorable final order it received for its DEC North Carolina rate case. The authorized RoE of 10% and the revenue increase of $768mn over the next 3 years both came in above our expectations. Despite the recent positives, we believe DUK's constrained balance sheet limits near term growth. DUK last reported that it expects a 13%-14% FFO/debt level by the end of 2023 vs its downgrade threshold of 13%, although we note there is a significant amount of deferred fuel weighing on the FFO/debt.

Quarterly outlook

Our estimates for 4Q2023 comes in at $1.48, which compares to consensus at $1.55. We expect a significant amount of O&M savings this quarter YoY, both from its original cost cutting initiative and its business agility cost savings, though slightly lower than guidance. We also anticipate weather will be a slight headwind this quarter. We expect investors will be focused on 1) DUK's balance sheet, 2) upcoming regulatory decisions, 3) long term O&M expectations.

Valuation & Key Risks

We remain Neutral rated on DUK. We value DUK using a P/E methodology, now applying a 16x multiple (up from 15.5x) due to the favorable regulatory outcomes that it has received recently, to our 2025 EPS. Our 12 month target price moves up to $101 on the back of the higher multiple and estimates and implies a total return of 7%, vs the average of 17% for our coverage group. Key risks for DUK include 1) regulatory

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

outcomes, 2) cost management and 3) poor load growth or weather.

DUK	12m Price Target: $101	Price: $98.03	Upside: 3%

Neutral

GS Forecast

		12/22	12/23E	12/24E	12/25E
Market cap: $75.5bn	**Revenue ($ mn) New**	**28,768.0**	**29,916.5**	**31,804.6**	**33,076.9**
Enterprise value: $153.8bn	Revenue ($ mn) Old	28,768.0	29,916.5	31,681.7	33,100.3
3m ADTV :$306.5mn	EBITDA ($ mn)	11,778.0	12,956.7	14,590.5	15,598.7
United States	EBIT ($ mn)	6,692.0	7,646.8	8,959.4	9,355.1
America-Utilities:	**EPS ($) New**	**5.28**	**5.54**	**6.08**	**6.33**
	EPS ($) Old	5.28	5.54	5.95	6.29
M&A Rank: 3	P/E (X)	19.8	17.7	16.1	15.5
	Dividend yield (%)	3.8	4.2	4.3	4.4
	Net debt/EBITDA (X)	6.0	5.9	5.5	5.5
		9/23	**12/23E**	**3/24E**	**6/24E**
	EPS ($)	1.94	1.48	1.31	1.05

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Jan 2024 close.

Public Service Enterprise Group (PEG, Neutral)

Our most recent views

We remain Neutral rated on PEG and believe that although its business model has long term value, the company faces near term challenges. PEG recently entered into its first distribution rate case in 5 years and requested an RoE of 10.4% and a rate increase of $826mn, which would result in a 9% bill increase. We believe this rate case does create a regulatory overhang for PEG given it only operates in one state, but the fact that half of its rate base in regulated by FERC does somewhat offset this risk. We do view PEG's merchant nuclear fleet favorably over the long run, as it can fund growth and capex at its regulated segment. Despite the strength of this business mix, we see better value elsewhere in our coverage.

Quarterly outlook

Our quarterly estimates remains at $0.53 for the quarter which puts us in-line with consensus at $0.53. We adjust our model to reflect the capex update PEG rolled in late 2023, that included incremental capex from energy efficiency. Our total target price implies a total return on 17% vs our coverage average of 17%. We expect investors to be focused on PEG's recently filed rate case as well as any updates on the Nuclear PTC on the conference call.

Valuation & Key Risks

We are Neutral rated on PEG, with a 12 month SOTP based price target of $67. Key risks for PEG include 1) 2024 distribution rate case uncertainty, 2) power price volatility in the near term that could impact collateral postings around 2023/2024 hedges; 3) delays in nuclear PTC guidance, 4) upside to capital spending plans, 5) cost management.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

PEG	12m Price Target: $67	Price: $59.37	Upside: 12.9%

Neutral

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**9,800.0**	**11,016.0**	**9,807.9**	**10,415.6**
Revenue ($ mn) Old	9,800.0	11,015.1	9,799.7	10,405.8
EBITDA ($ mn)	2,730.0	4,606.8	4,247.3	4,709.7
EBIT ($ mn)	1,629.6	3,468.2	3,036.0	3,413.3
EPS ($) New	**3.46**	**3.46**	**3.62**	**4.19**
EPS ($) Old	3.46	3.46	3.64	4.22
P/E (X)	18.5	17.2	16.4	14.2
Dividend yield (%)	3.4	3.8	4.0	4.2
Net debt/EBITDA (X)	7.3	4.4	5.0	4.7

	9/23	12/23E	3/24E	6/24E
EPS ($)	0.85	0.53	1.21	0.68

Market cap: $29.7bn
Enterprise value: $49.8bn
3m ADTV :$182.6mn
United States
America-Utilities:
M&A Rank: 3

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Jan 2024 close.

Consolidated Edison (ED, Sell)

Our most recent views

We remain cautious on ED largely given outperformance vs. the XLU over the last 12 months by ~8% where shares trade at 16.4x P/E on our 2025 numbers versus our coverage at 14.8x. Post the resolution of the CECONY rate case, we see limited drivers of outperformance coupled with, in our view, a more challenging operating environment in New York. Despite all of that, we recognize ED's balance sheet strength as it has paid off all parent level debt in 2023, a key investor concern for utilities in the higher rate environment.

Quarterly outlook

Our 4Q23 EPS remains at $0.96 which compares to FactSet consensus at $0.96. We make minor changes to the O&M and cadence of revenue increases owing to the CECONY rate cases, which broadly offset each other. Outside of results, the items that we expect investors to be focused on are (a) management commentary on cost management, and (b) potential upside to capex plans given ED's clean energy transition.

Valuation & Key Risks

We are Sell rated on ED. We derive our unchanged $89 12-month price target using a 16x P/E multiple (in line with our baseline multiple of 16x) on our 2025 EPS estimates, reflecting a 1% total return versus 17% for our coverage. Key risks for ED include: 1) premium valuation persisting, and 2) stronger than expected execution.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ED	12m Price Target: $89	Price: $91.56	Downside: 2.8%

Sell

GS Forecast

Market cap: $32.4bn
Enterprise value: $52.6bn
3m ADTV :$190.7mn
United States
America-Utilities:
M&A Rank: 3

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**15,670.0**	**15,007.1**	**16,106.6**	**16,883.5**
Revenue ($ mn) Old	15,670.0	15,023.9	16,114.2	16,891.1
EBITDA ($ mn)	4,680.0	5,320.6	5,552.4	6,103.1
EBIT ($ mn)	2,624.0	3,357.3	3,283.1	3,607.5
EPS ($) New	**4.54**	**5.00**	**5.18**	**5.57**
EPS ($) Old	4.54	5.00	5.16	5.56
P/E (X)	20.3	18.3	17.7	16.4
Dividend yield (%)	3.4	3.5	3.6	3.7
Net debt/EBITDA (X)	4.2	3.9	4.0	3.9

	9/23	12/23E	3/24E	6/24E
EPS ($)	1.62	0.96	1.78	0.42

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Jan 2024 close.

Dominion (D, Not Rated)

Quarterly outlook

Our 4Q23 EPS estimate changes to $0.62 from $0.65 earlier, as compared to FactSet consensus at $0.39. We note our estimate includes earnings from the Gas LDC segment while guidance excludes it. We note that the Gas LDC segment accounts for $0.27 in our model. Apart from results, we expect investors to be interested in (a) updates on the analyst day/business review, (b) financing plans, (c) commentary on the sale of the Gas LDC assets as well as (e) decision on the non-controlling equity partner for its offshore wind project.

Valuation & Key Risks

We are Not Rated on Dominion Energy. Our 2023-2025 EPS estimates moves from $2.95/$3.48/$3.54 to $2.92/$3.48/$3.54 to account for updated guidance.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

D	Price Target: --	Price: $46.76	--

Not Rated

Market cap: $37.9bn
Enterprise value: $84.1bn
3m ADTV :$272.7mn
United States
America-Utilities:

GS Forecast

	12/22	12/23E	12/24E	12/25E
Revenue ($ mn) New	**17,174.0**	**19,560.6**	**21,621.5**	**22,611.4**
Revenue ($ mn) Old	17,174.0	19,560.6	21,621.5	22,611.4
EBITDA ($ mn)	4,849.0	8,134.4	8,673.3	9,324.3
EBIT ($ mn)	2,019.0	5,263.3	5,615.1	6,020.0
EPS ($) New	**4.11**	**2.92**	**3.48**	**3.54**
EPS ($) Old	4.11	2.95	3.48	3.54
P/E (X)	18.6	16.0	13.4	13.2
Dividend yield (%)	3.5	5.7	5.7	6.0
Net debt/EBITDA (X)	9.4	5.3	5.5	5.7

	9/23	12/23E	3/24E	6/24E
EPS ($)	0.77	0.62	0.94	0.61

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Jan 2024 close.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Disclosure Appendix

Reg AC

We, Carly Davenport, John Miller and Jaskaran Jaiya, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our coverage universe) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Financial advisory disclosure

Goldman Sachs and/or one of its affiliates is acting as a financial advisor in connection with an announced strategic matter involving the following company or one of its affiliates: Dominion Energy, Inc.

Rating and pricing information

American Electric Power (Buy, $79.73), Consolidated Edison Inc. (Sell, $90.55), Dominion Energy Inc. (Not Rated, $46.17), Duke Energy Corp. (Neutral, $96.83), Exelon Corp. (Sell, $35.59), NextEra Energy Inc. (Buy, $58.27), Public Service Enterprise Group (Neutral, $58.81), Southern Co. (Buy, $69.63) and Xcel Energy Inc. (Buy, $60.09)

The rating(s) for American Electric Power, Consolidated Edison Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra, Southern Co. and Xcel Energy Inc. is/are relative to the other companies in its/their coverage universe: American Electric Power, Consolidated Edison Inc., Duke Energy Corp., Exelon Corp., NextEra Energy Inc., Public Service Enterprise Group, Sempra, Southern Co., Xcel Energy Inc.

Company-specific regulatory disclosures

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	48%	35%	17%	62%	55%	43%

As of January 1, 2024, Goldman Sachs Global Investment Research had investment ratings on 2,961 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Price target and rating history chart(s)

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Goldman Sachs (India) Securities Private Limited Investor Grievance E-mail: india-client-support@gs.com. Compliance Officer: Anil Rajput |Tel: + 91 22 6616 9000 | Email: anil.m.rajput@gs.com. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction lists, which are selected from Buy rated stocks on the respective region's Investment lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) are not provided or have been suspended pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, when the company is an early-stage biotechnology company, and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.fiadocumentation.org/fia/regulatory-disclosures_1/fia-uniform-futures-and-options-on-futures-risk-disclosures-booklet-pdf-version-2018. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.

© 2024 Goldman Sachs.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

North American Utilities

4Q23 Previews: D & EXC

Please find below our thoughts on D and EXC into the quarter:

- **D: No change in business review messaging or timeline, awaiting CVOW strategic partner.** Consistent with messaging at EEI, finding a strategic partner for CVOW remains the last step in the business review. We expect investor scrutiny of potential terms and relative line of sight to continue growing in the face of the lack of a partner announcement and given ES's recent OSW challenges. Recent talking points have described the process of securing a CVOW partner as in advanced stages (no change from 3Q) and the project's construction as on time and on budget. While the company continues to maintain that it will announce a deal in early 2024, it is currently unclear whether the review will conclude before or after D's February 22 call. Here, we see the passage of time driving some skepticism amid a market backdrop not yet willing to underwrite a favorable outcome, despite improving sentiment last fall around EEI. D previously highlighted prospective partner qualities across price, financing ability, certainty to close, and assumption of pro-rata cost share, with the last point supportive of an initial reimbursement of pro-rata expenses to date plus meeting capital calls going forward that should benefit credit metrics (moderating the capital profile; reducing large project exposure). We anticipate that absent a deal announcement, this emphasis will remain core to D's CVOW transaction message on the quarter. With the business review outstanding, other 4Q topics could include the unopposed VA biennial review settlement (final order expected in March 2024), $2.6bn of emerging PJM transmission projects, and PJM's latest estimated 10-year local load growth CAGR increase to 5.6% due to continued data center investments.
- **EXC: All eyes on 2024 outlook and capex refresh, with lingering uncertainty over ComEd considerations.** Following the ICC's disappointing ComEd rate order last month, 4Q23 resonates as a key stage for EXC to preliminarily quantify ComEd earnings power, capex cuts, and general EPS growth sensitivities (ahead of the grid plan refiling) through the company's upcoming long-term outlook refresh. While final grid plan considerations remain an open question, we expect management to guide conservatively (likely anchoring around the ICC's December metrics), while framing ongoing sensitivities as earnings upside. Here, our $2.36 2024 EPS estimate reflects earning on YE22 ComEd electric distribution rate base, as it is unclear that EXC will match our expectation of AEE booking to YE23 rate base. While our estimates also contemplate 20-30% reductions in ComEd's capex for 2024-2026, we suspect initial plan cuts could exceed these levels until the company

North American Utilities

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com
Bloomberg JPMA TONET <GO>

Richard W Sunderland
(1-212) 622-2869
richard.w.sunderlandiii@jpmorgan.com

Aidan C Kelly
(1-212) 622-4912
aidan.x.kelly@jpmchase.com

Robin L Shillock
(1-212) 622-8223
robin.shillock@jpmchase.com
J.P. Morgan Securities LLC

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price ($)	Rating Cur	Rating Prev	Price Target Cur	Price Target End Date	Price Target Prev	Price Target End Date
Dominion Energy Inc	D US	38,607.35	46.17	N	n/c	51.00	Dec-24	n/c	n/c
Exelon Corp.	EXC US	35,592.90	35.70	N	n/c	41.00	Dec-24	n/c	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 17 Jan 24 except for EXC US [16 Jan 24].

See page 8 for analyst certification and important disclosures.

J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

receives long-term system investment clarity from the ICC. Also topical is a refreshed growth rate, where our estimates imply support for a 6-8% CAGR, albeit rebased lower off reduced 2024 earnings power (relative to EXC's prior outlook). That said, the CAGR debate screens as a broader issue that may ultimately factor in optics and other considerations in reaction to the IL order. As highlighted in our recent downgrade note, the IL backdrop appears complex across disappointing electric ROEs, grid plan rejection despite an extensive stakeholder process, and seemingly conflicting outcomes between energy transition-focused policies versus meaningful impacts to the utilities driving a significant chunk of this transition. We expect the call could generate questions on capital reallocation, particularly on EXC's capacity to redirect spend from ComEd distribution to transmission (given higher ROEs), as well as financing considerations (should equity needs land lighter after investment changes) and FFO/Debt implications. Overall, the ICC's limited re-hearing stands as an important 1H24 milestone, with an expected decision by June, and additional IL clarity may begin to emerge over 2H24. Outside of IL, we look for incremental updates on Pepco MD, Pepco DC, and DPL's pending regulatory proceedings. On the quarter, we forecast adjusted earnings per share of $0.59, up +16c YoY from $0.43 in 4Q22, for full year results of $2.37 versus EXC's $2.32-2.40 guidance range.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Adj. EPS Estimate Changes

$		FY23E			FY24E		
Company	**BBG Ticker**	**Prev**	**Cur**	**Δ**	**Prev**	**Cur**	**Δ**
Dominion Energy Inc	D US	2.65	2.65	(0.25%)	3.09	3.09	(0.02%)
Exelon Corp.	EXC US	2.37	2.37	0.11%	2.36	2.36	(0.09%)

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Jeremy Tonet, CFA [AC]
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Investment Thesis, Valuation and Risks

Dominion Energy Inc *(Neutral; Price Target: $51.00)*

Investment Thesis

We look favorably upon D's regulated renewables-fueled growth. A longer-term VA clean energy transition should underpin multi-decade D regulated growth. However, in conjunction with 3Q22 earnings, Dominion launched a top-to-bottom business review that will focus on value-maximizing strategic business actions. Following the LDC and Cove Point sales, finding a strategic partner for CVOW remains the last step in the business review before the long-awaited 4Q23/1Q24 Analyst Day update. While D has offered a spirited defense of the OSW project's cost estimates and time lines, headwinds in the broader offshore wind industry continue to drive risk, in our view. Altogether, we still await more clarity on D's future outlook and remain on the sidelines.

Valuation

We maintain our Dec 2024 price target of $51, derived using a sum-of-the-parts valuation. We value Dominion's utilities at 15.5x our 2025 EPS estimates, in line with regulated peers. Our price target factors in the aforementioned uncertainty, impacts from placeholder asset sales now incorporated into estimates, and a conservative re-evaluation of SOTP inputs to assume lower contracted assets value.

Risks to Rating and Price Target

- The strategic review could drive outcomes better or worse than we expect, driving upside and downside risk.
- The regulatory construct in Virginia could develop better or worse than we expect, driving upside and downside risk.
- Regulated electric and gas utilities are subject to strict federal and state regulation, including determinations of allowed revenues. Any change to the regulations may cause future earnings to differ materially from current expectations.
- The company operates nuclear power plants, exposing it to strict regulatory requirements regarding the operation and maintenance of plants. Changes to these requirements could result in a change to our earnings expectations.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

Investment Thesis, Valuation and Risks

Exelon Corp. *(Neutral; Price Target: $41.00)*

Investment Thesis

We remain Neutral on Exelon, following ComEd's unsupportive rate order, which we see both challenging the utility's growth profile (relative to peers at similar valuations) and underpinning a negative inflection point for IL's increasingly challenged regulatory environment. Here, ComEd's authorized 8.905% ROE stands well below both the ALJ's 9.28% recommendation and national averages. While the recent sell-off has widened EXC's discount (net of lower earnings for the prospective IL ROE and capex hits), we do not see any convincing upside cases, particularly as, 1) IL's MYP structure locks in ComEd's rates for the next four years, 2) any ultimate appeal could span 2024+, and 3) ComEd's rate base growth now merits caution, as uncertainty looms over potential distribution capex revisions in the grid plan refiling. Lastly, EXC's relatively low FFO/debt serves as yet another headwind to valuation upside, now exacerbated by these IL changes.

Valuation

We maintain our Dec 2024 price target of $41/share based on an SOTP valuation using our 2024 estimates. We use an average 15.5x P/E multiple for the regulated utility and corporate business segments, in line with peers.

Risks to Rating and Price Target

- Regulated electric and gas utilities are subject to strict federal and state regulation, including determinations of allowed revenues. Any change to regulations may cause future earning power to differ materially from current expectations.
- Legacy ComEd issues bring up the potential for negative headline risk if new information comes to light.
- The company possesses attractive leverage to growing electrification trends. However, if these investments develop slower or faster than we anticipate, it could lead to a weaker / stronger earnings outlook than we currently forecast.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Dominion Energy Inc: Summary of Financials

Income Statement - Annual	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	**14,840**	**17,257**	**15,973**	**15,245**	**15,819**
COGS	(3,556)	(5,343)	(5,271)	(4,463)	(4,463)
Gross profit	**11,284**	**11,914**	**10,702**	**10,782**	**11,356**
SG&A	(3,503)	(3,673)	**(3,425)**	**(2,964)**	**(2,936)**
Adj. EBITDA	**7,745**	**8,291**	**7,184**	**7,538**	**8,241**
D&A	(2,417)	(2,553)	(2,489)	(2,457)	(2,689)
Adj. EBIT	**5,328**	**5,738**	**4,695**	**5,081**	**5,552**
Net Interest	(1,427)	(1,541)	(1,982)	(1,865)	(2,023)
Adj. PBT	**3,901**	**4,197**	**2,713**	**3,215**	**3,528**
Tax	(684)	(692)	(438)	(602)	(644)
Minority Interest	(26)	0	0	0	0
Adj. Net Income	**3,120**	**3,411**	**2,214**	**2,614**	**2,884**
Reported EPS	3.86	4.10	2.65	3.09	3.37
Adj. EPS	**3.86**	**4.10**	**2.65**	**3.09**	**3.37**
DPS	**2.52**	**2.67**	**2.67**	**2.67**	**2.67**
Payout ratio	65.3%	65.2%	100.9%	86.4%	79.2%
Shares outstanding	809	833	837	846	856

Income Statement - Quarterly	1Q23A	2Q23A	3Q23A	4Q23E
Revenue	**4,919A**	**3,785A**	**3,817A**	**3,452**
COGS	(1,794)A	(1,181)A	(1,108)A	(1,188)
Gross profit	**3,125A**	**2,604A**	**2,709A**	**2,264**
SG&A	(937)A	(933)A	(808)A	(747)
Adj. EBITDA	**2,154A**	**1,706A**	**1,893A**	**1,431**
D&A	(659)A	(645)A	(601)A	(584)
Adj. EBIT	**1,495A**	**1,061A**	**1,292A**	**847**
Net Interest	(484)A	(511)A	(488)A	(499)
Adj. PBT	**1,011A**	**550A**	**804A**	**348**
Tax	(162)A	(82)A	(137)A	(57)
Minority Interest	0A	0A	0A	0
Adj. Net Income	**829A**	**447A**	**647A**	**291**
Reported EPS	0.99A	0.53A	0.77A	0.35
Adj. EPS	**0.99A**	**0.53A**	**0.77A**	**0.35**
DPS	**0.67A**	**0.67A**	**0.67A**	**0.67**
Payout ratio	67.3%A	124.9%A	86.3%A	192.0%
Shares outstanding	836A	836A	837A	838

Balance Sheet & Cash Flow Statement	FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	408	341	0	0	0
Accounts receivable	2,568	3,357	2,560	2,560	2,560
Other current assets	4,293	6,152	21,978	22,416	22,849
Current assets	**7,269**	**9,850**	**24,538**	**24,976**	**25,409**
PP&E	59,774	63,460	57,632	63,691	69,419
Other non current assets	32,547	30,933	25,119	16,484	16,549
Total assets	**99,590**	**104,243**	**107,289**	**105,151**	**111,377**
Short term borrowings	3,155	6,764	8,645	9,953	12,633
Payables	1,197	1,825	756	756	756
Other short term liabilities	4,321	4,861	12,945	12,945	12,945
Current liabilities	**8,673**	**13,450**	**22,346**	**23,654**	**26,334**
Long-term debt	37,426	38,914	33,807	28,899	30,699
Other long term liabilities	27,966	25,781	25,065	25,666	26,311
Total liabilities	**74,065**	**78,145**	**81,217**	**78,220**	**83,344**
Shareholders' equity	25,525	26,098	26,071	26,931	28,034
Minority interests	-	-	-	-	-
Total liabilities & equity	**99,590**	**104,243**	**107,289**	**105,151**	**111,377**
BVPS	**31.47**	**31.29**	**31.08**	**31.70**	**32.62**
y/y Growth	*5.4%*	*(0.6%)*	*(0.7%)*	*2.0%*	*2.9%*
Net debt/(cash)	40,173	45,337	42,452	38,853	43,332
Cash flow from operating activities	**4,037**	**3,700**	**6,057**	**5,413**	**5,962**
o/w Depreciation & amortization	2,768	3,113	3,004	2,700	2,932
o/w Changes in working capital	(2,174)	(3,336)	192	(438)	(433)
Cash flow from investing activities	**(6,247)**	**(6,746)**	**(6,206)**	**(60)**	**(8,660)**
o/w Capital expenditure	(5,960)	(7,591)	(9,281)	(8,760)	(8,660)
as % of sales	*40.2%*	*44.0%*	*58.1%*	*57.5%*	*54.7%*
Cash flow from financing activities	**2,371**	**2,979**	**(904)**	**296**	**18**
o/w Dividends paid	(2,036)	(2,209)	(2,233)	(2,254)	(2,282)
o/w Net debt issued/(repaid)	2,650	3,577	(2,263)	2,050	1,800
Net change in cash	**161**	**(67)**	**(1,054)**	**5,649**	**(2,679)**
Adj. Free cash flow to firm	**(746)**	**(2,604)**	**(1,562)**	**(1,831)**	**(1,044)**
y/y Growth	*(293.2%)*	*249.0%*	*(40.0%)*	*17.2%*	*(43.0%)*

Ratio Analysis	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	76.0%	69.0%	67.0%	70.7%	71.8%
EBITDA margin	52.2%	48.0%	45.0%	49.4%	52.1%
EBIT margin	35.9%	33.3%	29.4%	33.3%	35.1%
Net profit margin	21.0%	19.8%	13.9%	17.1%	18.2%
ROE	12.6%	13.2%	8.5%	9.9%	10.5%
ROA	3.2%	3.3%	2.1%	2.5%	2.7%
ROCE	6.9%	7.0%	5.6%	6.2%	6.6%
SG&A/Sales	23.6%	21.3%	21.4%	19.4%	18.6%
Net debt/equity	1.6	1.7	1.6	1.4	1.5
P/E (x)	12.0	11.3	17.4	14.9	13.7
P/BV (x)	1.5	1.5	1.5	1.5	1.4
EV/EBITDA (x)	5.2	5.5	11.3	10.6	10.5
Dividend Yield	5.5%	5.8%	5.8%	5.8%	5.8%
Sales/Assets (x)	0.2	0.2	0.2	0.1	0.1
Interest cover (x)	5.4	5.4	3.6	4.0	4.1
Operating leverage	813.5%	47.2%	244.2%	(180.2%)	246.3%
Revenue y/y Growth	1.4%	16.3%	(7.4%)	(4.6%)	3.8%
EBITDA y/y Growth	7.4%	7.0%	(13.4%)	4.9%	9.3%
Tax rate	17.5%	16.5%	16.1%	18.7%	18.3%
Adj. Net Income y/y Growth	3.4%	9.3%	(35.1%)	18.0%	10.3%
EPS y/y Growth	6.3%	6.1%	(35.4%)	16.8%	9.0%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Exelon Corp.: Summary of Financials

Income Statement - Annual	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	**16,698**	**19,078**	**21,323**	**21,544**	**22,152**
COGS	(5,201)	(6,373)	(7,753)	(7,752)	(7,752)
Gross profit	**11,497**	**12,705**	**13,570**	**13,792**	**14,400**
SG&A	(5,395)	(6,063)	**(6,081)**	**(5,974)**	**(6,006)**
Adj. EBITDA	**6,363**	**7,175**	**7,863**	**8,059**	**8,635**
D&A	(3,033)	(3,325)	(3,504)	(3,614)	(3,715)
Adj. EBIT	**3,330**	**3,850**	**4,360**	**4,445**	**4,920**
Net Interest	(1,274)	(1,447)	(1,729)	(1,868)	(1,997)
Adj. PBT	**2,056**	**2,403**	**2,631**	**2,577**	**2,923**
Tax	(145)	(349)	(331)	(224)	(254)
Minority Interest	(1)	0	0	0	0
Adj. Net Income	**2,047**	**2,239**	**2,363**	**2,352**	**2,668**
Reported EPS	2.09	2.27	2.37	2.36	2.66
Adj. EPS	**2.09**	**2.27**	**2.37**	**2.36**	**2.66**
DPS	**1.53**	**1.35**	**1.44**	**1.54**	**1.65**
Payout ratio	73.2%	59.5%	60.7%	65.4%	61.9%
Shares outstanding	980	987	996	998	1,002

Income Statement - Quarterly	1Q23A	2Q23A	3Q23A	4Q23E
Revenue	**5,563A**	**4,818A**	**5,980A**	**4,962**
COGS	(2,091)A	(1,727)A	(2,397)A	(1,538)
Gross profit	**3,472A**	**3,091A**	**3,583A**	**3,424**
SG&A	(1,506)A	(1,521)A	(1,570)A	(1,484)
Adj. EBITDA	**2,075A**	**1,709A**	**2,094A**	**1,985**
D&A	(860)A	(866)A	(890)A	(888)
Adj. EBIT	**1,215A**	**843A**	**1,204A**	**1,098**
Net Interest	(412)A	(427)A	(437)A	(453)
Adj. PBT	**803A**	**416A**	**767A**	**645**
Tax	(134)A	(73)A	(67)A	(57)
Minority Interest	0A	0A	0A	0
Adj. Net Income	**696A**	**408A**	**671A**	**588**
Reported EPS	0.70A	0.41A	0.67A	0.59
Adj. EPS	**0.70A**	**0.41A**	**0.67A**	**0.59**
DPS	**0.36A**	**0.36A**	**0.36A**	**0.36**
Payout ratio	51.5%A	87.9%A	53.5%A	61.0%
Shares outstanding	996A	996A	997A	996

Balance Sheet & Cash Flow Statement	FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	1,619	1,090	1,000	1,000	1,000
Accounts receivable	5,126	3,561	3,314	3,314	3,314
Other current assets	7,212	2,685	3,347	3,695	4,081
Current assets	**13,957**	**7,336**	**7,661**	**8,009**	**8,395**
PP&E	84,219	69,076	73,358	76,687	80,701
Other non current assets	34,837	18,937	19,362	19,680	19,998
Total assets	**133,013**	**95,349**	**100,381**	**104,375**	**109,095**
Short term borrowings	6,703	4,388	3,374	3,374	3,374
Payables	4,136	3,382	2,684	2,684	2,684
Other short term liabilities	5,272	2,841	2,742	2,742	2,742
Current liabilities	**16,111**	**10,611**	**8,800**	**8,800**	**8,800**
Long-term debt	35,714	35,662	40,646	43,460	46,766
Other long term liabilities	46,393	24,332	25,225	25,450	25,704
Total liabilities	**98,218**	**70,605**	**74,672**	**77,709**	**81,270**
Shareholders' equity	34,393	24,744	25,709	26,666	27,825
Minority interests	402	0	0	0	0
Total liabilities & equity	**133,013**	**95,349**	**100,381**	**104,375**	**109,095**
BVPS	**35.13**	**24.89**	**25.83**	**26.69**	**27.74**
y/y Growth	*5.2%*	*(29.1%)*	*3.8%*	*3.3%*	*4.0%*
Net debt/(cash)	40,798	38,960	43,020	45,834	49,140
Cash flow from operating activities	**3,012**	**4,870**	**4,655**	**5,525**	**5,933**
o/w Depreciation & amortization	7,573	3,533	3,504	3,614	3,715
o/w Changes in working capital	(5,565)	(1,667)	(1,118)	(347)	(387)
Cash flow from investing activities	**(3,317)**	**(6,990)**	**(7,303)**	**(6,943)**	**(7,730)**
o/w Capital expenditure	(7,981)	(7,147)	(7,328)	(6,943)	(7,730)
as % of sales	*47.8%*	*37.5%*	*34.4%*	*32.2%*	*34.9%*
Cash flow from financing activities	**758**	**1,591**	**2,557**	**1,417**	**1,797**
o/w Dividends paid	(1,497)	(1,334)	(1,432)	(1,537)	(1,651)
o/w Net debt issued/(repaid)	1,841	4,236	4,916	2,813	3,306
Net change in cash	**453**	**(529)**	**(90)**	**0**	**0**
Adj. Free cash flow to firm	**(3,785)**	**(1,040)**	**(1,161)**	**288**	**26**
y/y Growth	*58.3%*	*(72.5%)*	*11.6%*	*(124.8%)*	*(90.8%)*

Ratio Analysis	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	68.9%	66.6%	63.6%	64.0%	65.0%
EBITDA margin	38.1%	37.6%	36.9%	37.4%	39.0%
EBIT margin	19.9%	20.2%	20.4%	20.6%	22.2%
Net profit margin	12.3%	11.7%	11.1%	10.9%	12.0%
ROE	6.1%	7.6%	9.4%	9.0%	9.8%
ROA	1.6%	2.0%	2.4%	2.3%	2.5%
ROCE	4.2%	4.6%	5.7%	5.7%	5.9%
SG&A/Sales	32.3%	31.8%	28.5%	27.7%	27.1%
Net debt/equity	1.2	1.6	1.7	1.7	1.8
P/E (x)	17.1	15.7	15.1	15.2	13.4
P/BV (x)	1.0	1.4	1.4	1.3	1.3
EV/EBITDA (x)	11.9	10.3	9.9	10.1	9.8
Dividend Yield	4.3%	3.8%	4.0%	4.3%	4.6%
Sales/Assets (x)	0.1	0.2	0.2	0.2	0.2
Interest cover (x)	5.0	5.0	4.5	4.3	4.3
Operating leverage	69.2%	109.6%	112.5%	188.6%	378.4%
Revenue y/y Growth	(49.3%)	14.3%	11.8%	1.0%	2.8%
EBITDA y/y Growth	(30.3%)	12.8%	9.6%	2.5%	7.2%
Tax rate	7.1%	14.5%	12.6%	8.7%	8.7%
Adj. Net Income y/y Growth	(35.0%)	9.4%	5.5%	(0.4%)	13.4%
EPS y/y Growth	(35.2%)	8.6%	4.5%	(0.6%)	13.0%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Dominion Energy Inc, Exelon Corp..
- **Manager or Co-manager:** J.P. Morgan acted as manager or co-manager in a public offering of securities or financial instruments (as such term is defined in Directive 2014/65/EU) of/for Exelon Corp. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Dominion Energy Inc, Exelon Corp..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Dominion Energy Inc, Exelon Corp..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Dominion Energy Inc, Exelon Corp..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Dominion Energy Inc, Exelon Corp..
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Dominion Energy Inc, Exelon Corp..
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Dominion Energy Inc, Exelon Corp..
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Dominion Energy Inc, Exelon Corp..
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Dominion Energy Inc, Exelon Corp., if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

J.P.Morgan

Dominion Energy Inc (D, D US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
22-Jan-21	OW	71.80	87
01-Apr-21	OW	75.96	85
19-Apr-21	OW	78.89	92
17-Jun-21	OW	76.50	91
19-Jul-21	OW	77.16	89
30-Aug-21	OW	78.19	96
15-Oct-21	OW	73.65	88
13-Dec-21	OW	75.96	87
26-Jan-22	OW	77.98	90
14-Mar-22	OW	82.26	93
18-Apr-22	OW	87.40	98
16-May-22	OW	83.61	95
15-Jul-22	OW	78.77	91
16-Aug-22	OW	84.65	99
19-Oct-22	OW	66.54	83
07-Nov-22	N	67.13	76
10-Jan-23	N	61.59	66
31-Jan-23	N	62.69	65
10-Mar-23	N	54.27	59
17-Apr-23	N	57.93	63
08-Jun-23	N	53.05	55
17-Aug-23	N	48.08	57
07-Sep-23	N	45.95	55
16-Oct-23	N	41.88	49
30-Nov-23	N	46.73	51

Exelon Corp. (EXC, EXC US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
20-Apr-21	N	45.50	49
17-Jun-21	N	46.20	48
01-Sep-21	N	49.02	53
13-Dec-21	N	53.91	58
02-Mar-22	N	42.23	45.998
13-Mar-22	N	43.63	47
20-Apr-22	OW	49.50	55
16-May-22	OW	46.73	53
21-Jul-22	OW	43.10	51
17-Aug-22	OW	46.69	55
19-Oct-22	OW	37.56	45
27-Dec-22	OW	43.04	49
25-Jan-23	OW	41.51	48
08-Mar-23	OW	41.00	47
21-Apr-23	OW	43.00	50
06-Jun-23	OW	39.98	46
15-Aug-23	OW	40.08	48
18-Oct-23	OW	40.06	46
18-Dec-23	N	35.49	41

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Tonet, Jeremy: AltaGas Ltd (ALA.TO), Ameren Corporation (AEE), American Electric Power (AEP), Antero Midstream Corp (AM), Aris Water Solutions, Inc (ARIS), CMS Energy Corporation (CMS), CenterPoint Energy, Inc. (CNP), Cheniere Energy Partners, L.P. (CQP), Cheniere Energy, Inc. (LNG), Consolidated Edison Inc. (ED), Crestwood Equity Partners LP (CEQP), DT Midstream Inc (DTM), DTE Energy Company (DTE), Dominion Energy Inc (D), Duke Energy Corp. (DUK), Edison International (EIX), EnLink Midstream, LLC (ENLC), Enbridge Inc (ENB.TO), Energy Transfer LP (ET), Entergy Corp. (ETR), Enterprise Products Partners L.P. (EPD), Equitrans Midstream Corporation (ETRN), Eversource Energy (ES), Excelerate Energy (EE), Exelon Corp. (EXC), FirstEnergy (FE), Gibson Energy Inc. (GEI.TO), Hess Midstream LP (HESM), Holly Energy Partners, L.P. (HEP), Kinder Morgan, Inc. (KMI), Kinetik Holdings Inc (KNTK), Kodiak Gas Services, Inc. (KGS), MPLX LP (MPLX), NextEra Energy Inc. (NEE), Northwestern Energy Group (NWE), Nustar Energy L.P. (NS), ONEOK, Inc. (OKE), PG&E Corp. (PCG), Pembina Pipeline Corp (PPL.TO), Plains All American Pipeline, L.P. (PAA), Plains GP Holdings, L.P. (PAGP), Public Service Enterprise Group (PEG), Sempra (SRE), TC Energy Corp (TRP.TO), Targa Resources Corp. (TRGP), The Southern Company (SO), The Williams Companies, Inc. (WMB), USA Compression Partners, LP (USAC), WEC Energy Group (WEC), Western Midstream Partners LP (WES), Xcel Energy (XEL)

J.P. Morgan Equity Research Ratings Distribution, as of January 01, 2024

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	47%	39%	13%
IB clients**	48%	43%	32%
JPMS Equity Research Coverage*	46%	42%	12%
IB clients**	68%	63%	46%

***Please note that the percentages may not add to 100% because of rounding.**
****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.**
For purposes of FINRA ratings distribution rules only, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / 0800-7700810 (For Hearing Impaired) / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Canadian Investment Regulatory Organization and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is authorised as a credit institution by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/ or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/ INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Spurthi Gadamsetty; spurthi.gadamsetty@jpmchase.com; +912261573225. Grievance Officer: Ramprasadh K, jpmipl.research.feedback@jpmorgan.com; +912261573000.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V. and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 030/08/2023 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Conduct Authority (FSCA). **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring: https://www.jpmorgan.com/disclosures/email

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2024. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to msci.com/disclaimer

"Other Disclosures" last revised January 01, 2024.

Copyright 2024 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan. It is strictly prohibited to use or share without prior written consent from J.P. Morgan any research material received from J.P. Morgan or an authorized third-party ("J.P. Morgan Data") in any third-party artificial intelligence ("AI") systems or models when such J.P. Morgan Data is accessible by a third-party. It is permissible to use J.P. Morgan Data for internal business purposes only in an AI system or model that protects the confidentiality of J.P. Morgan Data so as to prevent any and all access to or use of such J.P. Morgan Data by any third-party.

Completed 17 Jan 2024 06:07 PM EST
Disseminated 17 Jan 2024 06:07 PM EST

Jeremy Tonet, CFA AC
(1-212) 622-4915
jeremy.b.tonet@jpmorgan.com

KeyBanc Capital Markets

Alert

January 17, 2024

Energy: Electric Utilities

Midweek Thoughts — EXC, AVA, XEL, D, DUK

Sophie Karp / (917) 368-2361 / sophie.karp@key.com
Michael Pelletier / (917) 368-2306 / michael.pelletier@key.com
Madison Lehan / (917) 368-2293 / madison.lehan@key.com

This week, intervenors file testimony in PEPCo's DC electric rate case for a traditional test-year and multiyear plan; AVA submits a notice of intent to file electric and gas rate cases in WA; the SD PUC requests XEL to reconsider its decision to retire ~2.7 GW of coal generation; and SC introduces a new energy regulation bill.

Industry News and News from Companies in Our Coverage

EXC — Parties file testimony in PEPCo's DC electric rate case: The OPC offered testimony addressing the traditional test-year and multiyear plan. For the traditional test-year, the OPC recommends a $48M revenue increase and a 9.55% ROE, assuming the discontinuation of the bill stabilization adjustment (BSA) deferral mechanism. If the BSA is continued or the PSC adopts a MYP, the OPC recommends a 9.55% ROE. In the MYP scenario, OPC determined that EXC requires a cumulative $119M revenue increase over three years. In addition to discontinuing the BSA mechanism, the lower ROE and depreciation expenses support the lower revenue requirement compared to EXC's request. EXC supported a $108M revenue increase for a traditional test year and a cumulative $191M revenue increase ($116M in RY1, $37M in RY2, and $37M in RY3) for a MYP. EXC used a 10.5% ROE and 50.5% equity layer for both scenarios. EXC was required to make a compliance filing to enable the PSC to analyze the multiyear plan filing relative to a traditional rate case. The Office of the Attorney General recommends rejecting the MYP proposal in favor of a traditional test-year. If the PSC goes the route of a MYP, the OAG believes EXC should be required to file a comprehensive long-term grid modernization plan, an integrated distribution plan, and implement PIMs that advance energy and climate goals. Rebuttal testimony is due on February 27, with a final order expected in 3Q24.

AVA — AVA submits notice of intent with WA UTC for electric and gas rate cases: AVA intends to file electric and gas rate cases (Docket: UE-240006 and UG-240007) with the WA UTC on or after February 3, 2024. In WA, utilities are required to provide a minimum of 30 days' notice before the effective date of a proposed change. AVA's two-year settlement in the 2022 WA GRC was reached before the magnitude of operating and borrowing cost increases became apparent, resulting in the Company's expectations of experiencing 70 bps structural lag and 80 bps regulatory lag. That rate case included a black-box settlement with no ROE defined. WA makes up ~60% of AVA's utility business. New rates would go into effect at the beginning of 2025.

XEL — SD PUC requests XEL to reconsider shutting down Sherco and King coal plants: The SD PUC wrote a letter to XEL requesting the Company to reconsider its decision to shut down the 2.2 GW Sherco Coal Plant and the 550 MW King Coal plant due to concerns around reliability. XEL retired the 628 MW Sherco Unit 2 in December and is scheduled to retire Units 1 and 3 in 2026 and 2030, respectively. The King Plant is expected to be retired in 2028. The pending retirements are part of XEL's goal to deliver 100% carbon-free electricity in Minnesota by 2040. We recently saw one of XEL's peers file an IRP that bifurcated MN resource planning from ND and SD due to a lack of inter-jurisdictional consensus on aspects of the plan.

D, DUK — SC legislature introduces bill to tackle utility regulation in the state: SB 909 proposes increasing gas and nuclear generation in SC and slowing or limiting coal plant retirement to ensure reliability. The bill also proposes reducing the seven-member PSC down to five commissioners. The bill was referred to the Senate Judiciary Committee on the first day of the 2024 SC legislative session, which commenced on January 9, and is scheduled to adjourn on May 6. DUK filed its 2023 IRP in SC in August to incorporate the NC Carbon Plan, including exiting coal generation by 2035 and seeking to replace the coal facilities by extending the lives of DUK's 11 nuclear plants and the license of the Bad Creek hydro facility. DUK also proposed investments in new advanced nuclear technology, including small modular reactors.

For analyst certification and important disclosures, please refer to the Disclosure Appendix.
KeyBanc Capital Markets Inc. | Member FINRA/SIPC

Select Recent Research

AEP: WV Commission Rejects Fuel Cost Securitization Stipulation, Orders a Sizable Disallowance Instead

ES: Adjusting Estimates to Reflect Incremental Offshore Write-Off

DUK: Positive Final Order Supports EPS Growth; Reiterate OW, PT $106

AEE: IL Going Rogue – Downgrading AEE to Sector Weight

EEI Day Three: Notes from Metings — AEE, CMS, ED, OTTR, PEG

EEI Day Two: Notes from Meetings — EXC, DUK, AGR, PNW, ETR, EIX, NWE, AEP, POR, FE, NEE

EEI Day One: Notes from Meetings — SRE, AVA, AY, XEL, ES, WEC, CNP

WEC: Takeaways from Management Meetings

DTE: ALJ PD – First Read

Utilities: Close Your Eyes and Buy (Quality)

NEE, NEP: Now What?

NWE: GRC in Holding Pattern, Wildfires Weigh on Valuation – Recap from Management Meetings

AVA: Notes from Management Meetings

SRE: In the Sweet Spot of Growth Opportunities — A Thesis Refresh

D: Gas LDC Sales Bring D Closer to a Full Revamp

XEL: Constructive Management Meetings Focus on Unappreciated Growth Opportunities; Reiterate Overweight

Thematic Pieces

Utilities 2024 Sector Outlook: Keep the Momentum Going

Alternative Energy 2024 Sector Outlook: Failure to Launch

Taking Charge: Energy Transition Symposium Notes and Takeaways

What Does El Niño Have in Store? Notes and Takeaways from Our Conversation with Climate Expert

MI Open for Business — Notes from Our Meeting with MPSC Commissioners (CMS, DTE)

Alternative Energy: Taking Stock of the Solar/Renewables Development Landscape-Thoughts from Our Call with an Industry Expert

From Microgrids to Microutilities — How DERs Are Transforming the Grid

Entering the Nuclear Renaissance

Electric Utilities: Industry Primer

Something for Everyone: Executive Action Breaks the Solar Tariff Stalemate (and More..)

Riding the Solar Coaster: AD/CVD Investigation, Legislation, and Beyond — Expert Call Takeaways and Reference Guide

Greener Pastures: Expanding Alternative Energy Coverage (ENPH, FSLR, HASI, AY, NEP)

The West on Fire — Will 2021 Be an Aberration or a New Normal? Takeaways from Our Conversation with a Climate Scientist

Seeing the Forest for the Trees: Physical Climate Risks to Drive Sector LT Beyond ESG and Elections

Mirror, Mirror on the Wall, Who's the Fairest of Them All? Launching Coverage of Residential Solar Space

Sophie Karp (917) 368-2361 / sophie.karp@key.com

Disclosure Appendix

Important Disclosures

Important disclosures for the companies mentioned in this report can be found at https://key2.bluematrix.com/sellside/Disclosures.action.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector

KeyBanc Capital Markets

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	238	48.08	42	17.65
Sector Weight [SW]	253	51.11	43	17.00
Underweight [UW]	4	0.81	1	25.00

Energy

Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
Overweight [OW]	21	36.84	16	76.19
Sector Weight [SW]	36	63.16	15	41.67
Underweight [UW]	0	0.00	0	0.00

Rating System

Overweight - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

Sector Weight - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

Underweight - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

Disclosure Appendix (cont'd)

Important disclosures for the companies mentioned in this report can be found at **https://key2.bluematrix.com/sellside/Disclosures.action**.

Please refer to the analysts' recently published reports for company-specific valuation and risks.

Other Disclosures

KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC ("KBCMI"), and KeyBank National Association ("KeyBank N.A."), are marketed.

KeyBanc Capital Markets Inc. ("KBCMI") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This report has been prepared by KBCMI. The material contained herein is based on data from sources considered to be reliable; however, KBCMI does not guarantee or warrant the accuracy or completeness of the information. It is published for informational purposes only and should not be used as the primary basis of investment decisions. Neither the information nor any opinion expressed constitutes an offer, or the solicitation of an offer, to buy or sell any security. The opinions and estimates expressed reflect the current judgment of KBCMI and are subject to change without notice. This report may contain forward-looking statements, which involve risk and uncertainty. Actual results may differ significantly from the forward-looking statements. This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the specific needs of any person or entity.

No portion of an analyst's compensation is based on a specific banking transaction; however, part of his/her compensation may be based upon overall firm revenue and profitability, of which investment banking is a component. Individuals associated with KBCMI (other than the research analyst(s) listed on page 1 of this research report) may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(A), financial interest, if any, by any research analysts listed on page 1 of this report will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosure Appendix. KBCMI itself may have a position (long or short) in the securities covered in this research report and may make purchases and/or sales of those securities in the open market or otherwise without notice. As required by FINRA Rule 2241(C)(4)(F), if KBCMI, or its affiliates, beneficially own 1% or more of any class of common equity securities in the subject company(ies) in this research report, it will be disclosed in Important Disclosures, Company-specific regulatory disclosures located above in the Disclosures Appendix. This communication is intended solely for use by KBCMI clients. The recipient agrees not to forward or copy the information to any other person without the express written consent of KBCMI.

KBCM Research LLC ("KeyBanc Capital Markets Research"), an SEC registered investment advisor, is a wholly owned subsidiary of KeyBanc Capital Markets Inc. KeyBanc Capital Markets Research provides objective and sophisticated **Research Services**, primarily in the form of published Research Reports, to an institutional client base in exchange for a cash fee. KBCM Research does not provide particularized investment advice with regard to any specific institutional client, on the basis of specific sector or company requests from a client. Our advisory relationship with our clients is strictly limited to the provision of **Research Services**, which are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Additional information about KBCM Research LLC also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website.

Feedback on Our AEP and EXC Rating Changes

We recently published two rating changes, AEP to Neutral from Buy (Country Roads, Don't Take Me Home) and EXC to Buy from Neutral (What's Wrong With Average). For AEP we are becoming more concerned with the company's ability to obtain balanced regulatory outcomes to achieve its plan to narrow the under-earnings by 50 bps over five years and downgraded to Neutral. Investors did not push back on the uncertainty of AEP's regulatory strategy but highlighted the company's 7% P/E discount and how it always hits its EPS guidance. For EXC, investors pushed back on the timing given the 4Q call is the "consensus-clearing event" with some concerns about the potential need for equity post-IL decision.

Company	Symbol	Price (1/11)	Rating	PT
American Electric Power Company	AEP	$80.40	Neutral	$83.00
Exelon Corporation	EXC	$36.21	Buy	$39.00

Source: Bloomberg and Mizuho Securities USA

AEP Feedback

1. Regulatory issues are nothing new for AEP - several investors noted that AEP has overcome challenging regulatory issues for quite some time and the decision in the WV fuel recovery proceeding doesn't have a major impact to AEP's balance sheet.

2. Compelling discount - even if you take into account the recent regulatory issues, several investors pointed to the 7% P/E discount and said it is all priced in. AEP's WV exposure (APCo and Wheeling) acounts for approximately 10% of the company.

3. They always hit numbers- one item that could not be debated was AEP's ability to hit its EPS guidance. Although bears may point to the quality of 2024 guidance that contains $0.12 of assets slated for divestiture, AEP has a track record of meeting hitting guidance. Only once since 2010 has AEP not delivered results that were *above* the midpoint of annual guidance.

EXC Feedback

1. Too soon - the biggest pushback we received on the EXC upgrade was from investors who believe the "clearing" event will be the 4Q call and felt they have time, particularly if you believe the EPS CAGR will be cut from 6-8% to 5-7%.

2. Equity overhang needs to clear up - although the IL decision cuts capex by ~ $1.0B a year, some investors believe the company's equity needs will increase. Our forecast does not show any need for incremental equity and view the IL decision as an earnings negative but a credit positive.

3. Damaged Illinois regulation will keep the P/E at a discount - our upgrade was based on a group average P/E since IL represents only ~25% of 2026 earnings and we believe a supportive PA + FERC jurisdiction contributes ~45% of earnings. Investors were pushing back on the SOTP approach to EXC's valuation and see it trading between a 5-10% P/E discount.

Note title feedback: For some reason we get a decent amount of emails with suggestions of titles we did not use. For our downgrade note on AEP titled Country Roads Don't Take Me Home, we got one notable suggestion: Mountain Mama Mia.

Anthony Crowdell
Managing Director
Anthony.Crowdell@mizuhogroup.com

Brandon Lee, CFA
Senior Associate
Brandon.Lee@mizuhogroup.com

Willard Grainger, CFA
Senior Associate
Willard.Grainger@mizuhogroup.com

Alex Mortimer
Associate
Alexander.Mortimer@mizuhogroup.com

PLEASE REFER TO PAGE 3 OF THIS REPORT FOR IMPORTANT DISCLOSURE AND ANALYST CERTIFICATION INFORMATION. Mizuho Securities USA LLC does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Price Target Calculation and Key Risks

American Electric Power Company

Price Target Calculation: Our price target is derived as follows:

(1) Regulated Electric Distribution and Transmission: we derive a PT of $100.00, applying a 16.1x multiple, a 12.5% P/E premium to the electric utilities group, on our 2026E electric EPS estimate of $6.23.

(2) Adjusting for unallocated debt reduces the price by $17.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: General economic conditions, changes in state and/or Federal regulation, environmental compliance, execution risk with new construction, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements were among the key risks to our prior rating and expected stock performance.

Exelon Corporation

Price Target Calculations: Using a sum of the parts analysis on 2026 results we derive a price target of $39.00 per share. Our price target is derived as follows:

(1) Regulated electric distribution and transmission: we derive a PT of $42.50, applying a 7% premium (15.4x) to the electric utility group average P/E multiple;

(2) Regulated Gas Distribution: we derive a PT of $6.50, applying a 7% P/E premium (14.7x) to the gas utility group average multiple;

(3) Adjusting for unallocated debt reduces the PT by $10.00.

Consistent with our methodology our price targets are dynamic changing with the group average P/E multiples and EV/EBITDA multiples recalculated on a daily basis.

Key Risks: Regulatory outcomes, general economic conditions, changes in state and/or Federal regulation, weather, ongoing business operational risk, broader macroeconomic conditions, and interest rate movements are among the key risks to our rating and expected stock performance.

IMPORTANT DISCLOSURES

The disclosures for the subject companies of this report as well as the disclosures for Mizuho Securities USA LLC entire coverage universe can be found at https://msusa.bluematrix.com/sellside/Disclosures.action or obtained by contacting EQSupervisoryAnalystUS@mizuhogroup.com or via postal mail at Equity Research Editorial Department, Mizuho Securities USA LLC, 1271 Avenue of the Americas, 2nd FL, New York NY, 10020.

Investment Risks and Valuation Methods can be located in the following section of this research report - Price Target Calculation and Key Risks.

Receipt of Compensation

Mizuho Securities USA LLC and or its affiliates has received compensation for investment banking services for American Electric Power Company in the past 12 months.

Mizuho Securities USA LLC and or its affiliates expects to receive or intends to seek compensation for investment banking services for American Electric Power Company in the next 3 months.

Mizuho Securities USA LLC and or its affiliates has managed or co-managed a public offering of securities for American Electric Power Company in the past 12 months.

Mizuho Securities USA LLC and or its affiliates have provided investment banking services for American Electric Power Company who is or was a client in the past 12 months.

The compensation of the research analyst writing this report, in whole or part, is based on MSUSA's annual revenue and earnings and is not directly related to any specific investment banking compensation. MSUSA's internal policies and procedures prohibit research analysts from receiving compensation from companies covered in the research reports.

Regulation Analyst Certification (AC)

I, Anthony Crowdell, hereby certify that the views expressed in this research report accurately reflect my personal views about any and all the subject companies. No part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Rating Definitions

Mizuho Securities USA investment ratings are based on the following definitions: Anticipated share price change is based on a 12-month time frame. Return expectation is based on the stock’s total return. For disclosure purposes (for purposes of the FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Buy, Neutral, and Underperform.

Buy: Stock's total return is expected to appreciate above the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Neutral: Stock's total return is expected to be within the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

Underperform: Stock's total return is expected to depreciate below the average total return of the analyst's industry coverage universe, on a risk-adjusted basis, over the next 12 months.

RS: Rating Suspended - rating and price objective temporarily suspended.

NR: No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of January 11)	% of coverage	IB service past 12 mo
Buy (Buy)	59.65%	56.13%
Hold (Neutral)	37.92%	53.80%
Sell (Underperform)	2.44%	27.27%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

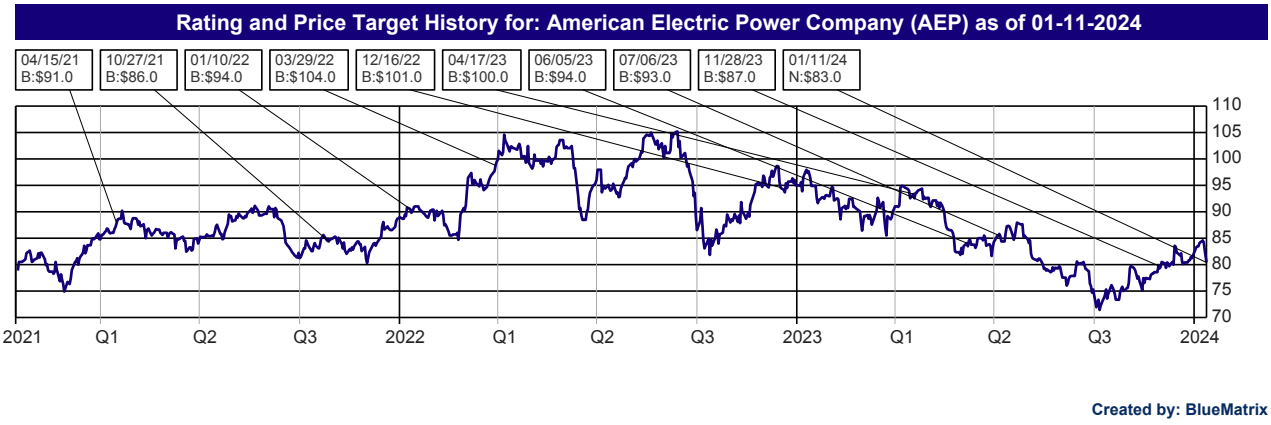

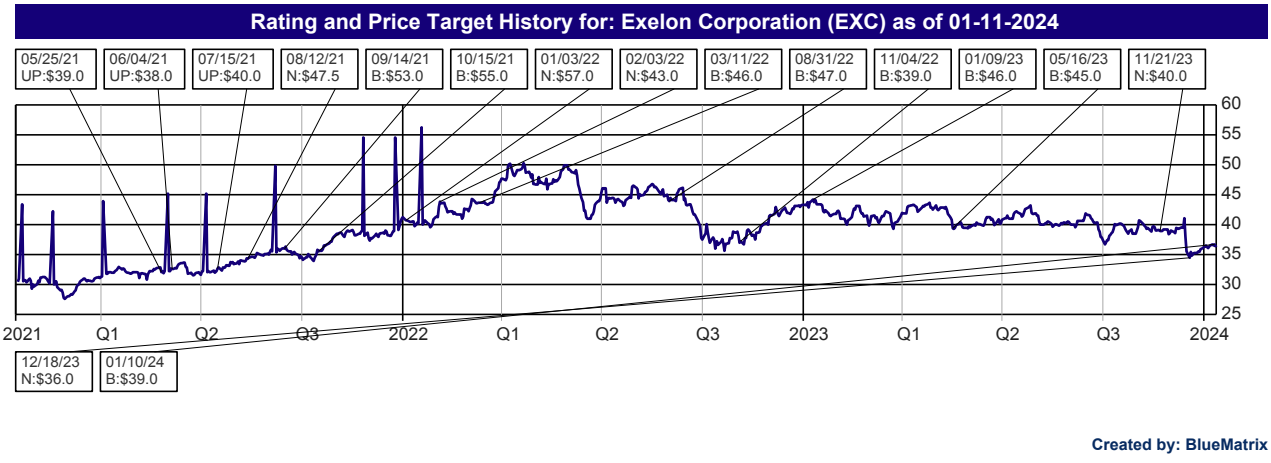

For additional information: Please log on to http://www.mizuhosecurities.com/us or write to Mizuho Securities USA LLC 1271 Avenue of the Americas, 2nd FL, New York, NY 10020.

Disclaimers

This report has been prepared by Mizuho Securities USA LLC ("MSUSA"), a subsidiary of Mizuho Americas LLC, solely for the purpose of supplying information to the clients of MSUSA and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a solicitation or offer to buy or sell any securities or related financial products.

This report has been prepared by MSUSA solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. MSUSA makes no guarantee, representation or warranty, and MSUSA, MHSC and/or their affiliates, directors, employees or agents accept no responsibility or liability whatsoever as to the accuracy, completeness or appropriateness of such information or for any loss or damage arising from the use or further communication of this report or any part of it. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report.

MSUSA has no legal responsibility to any investor who directly or indirectly receives this material. Investment decisions are to be made by and remain as the sole responsibility of the investor. Investment involves risks. The price of securities may go down as well as up, and under certain circumstances investors may sustain total loss of investment. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance.

Any references in this report to Mizuho Financial Group, Inc. ("MHFG"), MHSC and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using or even obtaining any insider information. As a direct subsidiary of Mizuho Americas LLC and indirect subsidiary of MHFG, MSUSA does not, as a matter of corporate policy, cover MHFG or MHSC for investment recommendation purposes.

MSUSA or other companies affiliated with MHFG, Mizuho Americas LLC or MHSC, together with their respective directors and officers, may have or take positions in the securities mentioned in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for their own account or the accounts of others, or enter into transactions contrary to any recommendations contained herein, and also may perform or seek to perform broking and other investment or securities related services for the companies mentioned in this report as well as other parties generally.

Restrictions on Distribution

This report is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this report comes should inform themselves about and observe such restrictions.

United States: Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC, 1271 Avenue of the Americas, 2nd Floor, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Any transaction by a US investor resulting from the information contained in this report may be effected only through MSUSA. Interested US investors should contact their MSUSA sales representative.

United Kingdom/Germany/European Economic Area: This report is distributed in the United Kingdom by Mizuho International plc (MHI), Mizuho House, 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at https://www.mizuho-emea.com.

Japan: This report is distributed in Japan by Mizuho Securities Co., Ltd. ("MHSC"), Otemachi First Square Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau. MHSC is a member of the Japan Securities Dealers Association, the Japan Securities Investment Advisers Association and the Financial Futures Association of Japan, and the Type II Financial Instruments Firms Association.

Singapore: This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services license and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #10-01A Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

Hong Kong: This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

Australia: This report is being distributed in Australia by MHSA, which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 ("CA") in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are "wholesale clients" within the meaning of the CA.

If you do not wish to receive our reports in the future, please contact your sales person and request to be removed from receiving this distribution.

© Mizuho Securities USA LLC. All Rights Reserved 2024. This document may not be altered, reproduced or redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities USA LLC.

GUGGENHEIM

Power & Utilities

January 11, 2024

The Guggenheim Daily Transmission: CMS, NWE, SRE, AEP, EXC/IL, PCG, CNP, ES, PJM, ERCOT

Shahriar Pourreza, CFA
shahriar.pourreza@guggenheimpartners.com
212 518 5862

Constantine Lednev
constantine.lednev@guggenheimpartners.com
212 651 0847

James Kennedy
james.kennedy@guggenheimpartners.com
212 823 6741

Jamieson Ward, CFA
jamieson.ward@guggenheimpartners.com
212 518 9661

Guggenheim Utilities Research Team
GSUtilities@guggenheimpartners.com

Ticker	Price	Rating
AEP	82.54	Buy
CMS	59.50	Neutral
CNP	29.25	Buy
ES	58.36	Neutral
EXC	36.64	Neutral
NWE	51.30	Sell
PCG	18.16	Buy
SRE	76.13	Buy

For details on our 2024 NDRs, including DUK, WEC, AWK, ED, EIX, NJR, AEE, LNT, PCG, IDA, DTE, EVRG, EXC, POR, ETR, SR, and OGE, please scroll down...

For details on our Commissioner Roundtable Event on January 18th, please see the invitation below — more commissioners are being added.

For details on our Kentucky Bourbon event with CNP in March, please see the Save The Date below — invite-only event.

CMS – CMS electric rate case exceptions to PFD filed

NWE – NorthWestern's South Dakota rate case settlement approved

SRE – ALJ proposed decision approves interim rates on certain wildfire spend in the 2024 General Rate Case for SCG and SDG&E

AEP – Clarifies 4Q23 charge relating to WV PSC order disallowing $232m of under-recovered fuel costs

EXC/IL – ICC denies several rehearing items, partially grants some

PCG – PG&E files addendum to the wildfire certification application with OEIS

CNP – CNP files a $500M equity distribution agreement

ES – PURA adopts 30 min response standard to wire incidents; imposes modest fine for reporting issue

PJM – RTO finalizes Wagner retirement RMR

ERCOT – ERCOT issues cold weather watch for 1/15-1/17

CMS – CMS electric rate case exceptions to PFD filed

- Intervenors filed exceptions to the proposal for decision in the CMS electric rate case including Staff.
- The replies from stakeholders argue for certain revisions to the PFD to reflect individual positions, overall more constructive than the PFD.
- The range of outcomes currently contemplated includes a company supported $169M revenue increase (vs. $216M original ask), $105M revenue increase recommended by staff and $86M recommended by the PFD.
- Notably Staff rec is premised on a 99%+ approval of capex / rate base request ($13.76B request vs. $13.73B for Staff)
- Staff was supportive of the infrastructure recovery mechanism.
- PFD was premised on a 9.8% ROE (similar to prior cases) vs the current approved ROE of 9.9%.
- Docket: U-21389

Guggenheim takeaway: *While the staff rec is around 60% of the request, the differences are largely explained by cost of capital and non-earnings impacting items like O&M, timing of capex (i.e. if capex is in service ahead of staff schedule, CMS still earns AFUDC). Mgmt. has been optimistic around the IRM and undergrounding as new constructs that the MPSC can get excited about, and overall sees the briefs as workable for a litigated outcome. We are monitoring cost of capital as staff recommendations have started to recognize a tighter capital markets environment, and staff testimony in particular had stretched assumptions relative to the near term bond indices.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

NWE – NorthWestern's South Dakota rate case settlement approved

- Yesterday, the South Dakota PUC posted an order approving NWE's settlement with Staff.
- The settlement's $21.5m revenue deficiency has now been authorized as a rate increase in the state.
- Recall that the company had filed for a ~$31m rate increase, based on a 7.54% return on rate base, which included a 10.7% ROE and 50.5% equity layer.
- The ROE and equity layer from the utility's last SD rate case in 2015 were part of a black box settlement, but the rate of return was disclosed as 7.24%.
- Docket EL23-016

Guggenheim takeaway: *While not unexpected because settlements have generally been the way in which SD rate cases have been resolved over the years, we still view this development as constructive even though specific cost of capital details are unavailable, due to it being a black box settlement.*

SRE – ALJ proposed decision approves interim rates on certain wildfire spend in the 2024 General Rate Case for SCG and SDG&E

- CPUC ALJ issued a proposed decision approving interim rate relief for SRE in the 2024 General Rate Case.
- This decision authorizes SDG&E to recover $289.9 million of the potentially under collected WMPMA balance in rates during 2024 and 2025.
- SDGE and SCG along with several intervenors previously filed the partial settlement agreements on specific issues within the 2024 GRC.
- The settled issues are generally close to SDGE/SCG requests.
- CPUC previously adjusted the filing schedules, moving other procedural items further by around 2 weeks, but the target PD date remains in 2Q24.
- Dockets: A2205015 / A2205016

Guggenheim takeaway: *FYI. The interim rates demonstrate the flexibility in CPUC approach to the GRC process and demonstrates the ability to get constructive outcomes. The settlements are very piecemeal in addressing the rate cases holistically, but individual issue settlement is a constructive step to simplify the litigation going further (resolve around 30% of the GRC spending issues). While certain settlements are not unanimous they present a good foundation for resolution and SRE mgmt. has previously commented on the willingness to negotiate partially settled issues. As a reminder, SDG&E is seeking an increase in rates of $286 million for the 2024 test year and also seeking incremental, post-test year combined electric and gas rate increases of $363.2 million in 2025, $338.1 million in 2026 and $306.9 million in 2027; and SoCalGas is seeking a $767 million increase in gas rates for the 2024 test year and also seeking incremental, post-test year gas rate increases of $292 million in 2025, $267 million in 2026 and $413 million in 2027.*

AEP – Clarifies 4Q23 charge relating to WV PSC order disallowing $232m of under-recovered fuel costs

- As a result of the WVPSC's final order, AEP anticipates recording a pretax, non-cash disallowance of approximately $222 million (approximately $127 million attributable to APCo and approximately $95 million attributable to WPCo) in the fourth quarter of 2023.
- The West Virginia PSC issued an order disallowing ~$232m of the total of $553m of under-recovered costs which APCo and Wheeling had sought to recover.
- The allowed costs of ~$321m will be recovered over 10 years with a 4% carrying charge, vs AEP's prior assumption of recovery of the full $553m over 20 years (via securitization).
- Recall that the utilities had filed a settlement at the end of December which had also proposed recovering the full under-recovery via securitization (along with plant costs and other items).
- Docket 23-0377-E-ENEC

Guggenheim takeaway: *We previously caught up with the company after the order was issued, and in light of today's announcement, still do not expect AEP's cash flows to be* ***materially impacted*** *over its five-year planning horizon. As a reminder, while Moody's includes securitization debt as part of total debt, it is our understanding that S&P would not necessarily treat it the same way, leading to a ~15bps-20bps FFO/debt impact in 2025 on credit metrics which would have otherwise excluded that securitized debt from its calculations, and to account for additional financing costs. While there are certainly many*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

moving parts and considerations which remain to be ironed out, ***in our view, the most material factor here is once again the company's credibility around guiding to and achieving successful regulatory outcomes on a consistent basis.***

EXC/IL – ICC denies several rehearing items, partially grants some

- In a hearing yesterday the ICC agreed to revisit the revenue requirement for 2024-2027 (awaiting written order), alongside a denial of the request on ROE, equity layer, and the pension asset
- Earlier ALJ memo HERE
- Docket HERE

Guggenheim takeaway: *Heads up on the rehearing puts and takes, with a written rehearing order still pending for more specificity on the potential revenue requirement tweaks. While this is a modest potential positive, the overall process for a protracted grid plan approval appears intact.*

PCG – PG&E files addendum to the wildfire certification application with OEIS

- PG&E filed an addendum to the wildfire certification application with the OEIS.
- The addendum notifies the OEIS that all statutory requirements have been met for certification including the final approval of the WMP.

Guggenheim takeaway:*FYI. As anticipated, PG&E is moving towards completion of the annual wildfire certification after addressing the WMP requirements.*

CNP – CNP files a $500M equity distribution agreement

- CNP announced a $500M equity distribution agreement which supports the previously announced intention to run on a $250M AT program.
- The agreement provides flexibility for forward sales agreements for the issuance.

Guggenheim takeaway:*FYI. This is in line with CNP's prior intentions for an ATM equity support plan, which was engaged after capex increases in lieu of LDC sales. The ATM / forward sale concept is more modular and flexible for near term equity needs, and remains an efficient instrument for mgmt. Mgmt. previously re-committed to optimize the funding costs which includes both equity instruments and noncore asset sales*

ES – PURA adopts 30 min response standard to wire incidents; imposes modest fine for reporting issue

- The tighter timelines were imposed after a blue-sky wires incident with a vehicle had an hourlong response time
- *"In the August 9, 2023 Decision in Docket No. 23-01-39, that Authority found that Eversource's delayed response to the Accident was due to imprudent actions taken by the Company. In addition, the Authority found that Eversource's reporting of the Accident was deficient and may have violated applicable statutes and regulations. To address these deficiencies, the Authority: Directed Eversource to reduce its Priority 1 call response target from 60 minutes to 30 minutes; Directed the Company to review and revise its accident response procedures to ensure compliance with the accident reporting requirements; and Ordered additional reporting requirements to ensure that PURA is fully informed of all accidents in Eversource's territory." - PURA*
- More HERE

Guggenheim takeaway: *Another PURA data point for your awareness - this is the same issue we had previously flagged as it drew the ire of the line workers' union in public commentary criticizing the response time as onerous and unsafe.*

PJM – RTO finalizes Wagner retirement RMR

- "After conducting its standard generator deactivation studies, PJM's Jan. 4 response (PDF) informed Talen [OTCMKTS: TLNE] that the deactivation of units 3 and 4 would adversely affect the reliability of the system absent transmission upgrades. These required upgrades were part of the solution identified to address reliability violations following the announced retirement (PDF) of the adjacent 1,295 MW Brandon Shores facility, also owned by Talen and also requested to deactivate on June 1, 2025." - PJM
- More HERE

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim takeaway: *This is a formalization of the process we have covered for some time – as a reminder the related Brandon Shores retirement was also a key driver of the ongoing mitigating transmission work needed in EXC' BGE territory – see our note HERE for more.*

ERCOT – ERCOT issues cold weather watch for 1/15-1/17

- "ERCOT has issued a Weather Watch from January 15-17 due to forecasted extreme cold weather across the ERCOT region, higher electrical demand, and the potential for lower reserves. Grid conditions are expected to be normal during an ERCOT Weather Watch. ERCOT continues to monitor conditions closely and will deploy all available tools to manage the grid, continuing a reliability-first approach to operations. In 2023, January peak demand was 65,632 MW, with the current all-time peak demand record of 85,508 MW, set on August 10, 2023." - ERCOT
- More HERE

Guggenheim takeaway: *Minor FYI.*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Guggenheim Hosted Commissioner Roundtable Event

Please join Guggenheim Research Analyst Shar Pourreza for a roundtable discussion with utility commissioners on key regulatory trends, among other topics.

Date & Time

Thursday, January 18, 2024
8:00AM – 9:30AM

Location

Guggenheim Office
330 Madison Ave
New York

Commissioner Participants

**More Commissioners expected to be added for a total of 4 or more*
Commissioner Kim David, *Oklahoma Corporation Commission*
Chairman Erik Helland, *Iowa Utilities Board*

Participating Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Duke Energy Corporation (DUK)

Lynn Good, *Chair, President & Chief Executive Officer*
Abby Motsinger, *Vice President, Investor Relations*

Dates & Locations
February 13-14, 2024
Boston

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $76.5bn
DUK Energy Corporate (DUK) engages in the distribution of natural gas and energy related services. It operates through the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure, and Other. The Electric Utilities and Infrastructure segment conducts operations in regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment focuses on Piedmont, natural gas local distribution companies in Ohio and Kentucky, and natural gas storage and midstream pipeline investments. The Other segment includes interest expense on holding company debt, unallocated corporate costs, and Bison which is a wholly owned captive insurance company. The company was founded on April 30, 1904 and is headquartered in Charlotte, NC. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

WEC Energy Group, Inc. (WEC)

Gale Klappa, *Executive Chairman*
Scott Lauber, *President & Chief Executive Officer*
Xia Liu, *Chief Financial Officer*
Beth Straka, *SVP, Corporate Communications & Investor Relations*

Dates & Locations

February 19-21, 2024
Boston

Meeting Format

NDR - 1:1 Meetings & Group Meeting

Company Information

Market Cap: $27.2bn

WEC Energy Group (WEC) is a holding company that engages in the generation and distribution of electricity and natural gas. It operates through the following segments: Wisconsin, Illinois, Other States, Electric Transmission, Non-Utility Energy Infrastructure and Corporate & Other. The Wisconsin segment refers to the electric and gas utility operations. The Illinois segment deals with natural gas utility and non-utility activities. The Other States segment pertains to natural gas operations of the firm's subsidiaries. The Electric Transmission segment holds interests in state regulatory commissions. The Non-Utility Energy Infrastructure segment includes Wisconsin Electric Power, which owns and leases generating facilities. The Corporate and Other segment refers to the firm's administrative and holding activities. The company was founded in 1981 and is headquartered in Milwaukee, WI. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

Edison International (EIX)

Maria Rigatti, *Chief Financial Officer*
Sam Ramraj, *VP Investor Relations*

Dates & Location
March 5 - 6, 2024
New York

Meeting Format
NDR - 1:1 Meetings & Group Meeting

Company Information
Market Cap: $28.1bn
Edison International (EIX) is a renewable energy company, which through its subsidiaries generates and distributes electric power and invests in energy services and technologies. The company was founded on July 4, 1886, and is headquartered in Rosemead, CA. (Source: FactSet)

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.



Equity Research | Corporate Access

SAVE THE DATE

Sips with CenterPoint Energy, Inc. (CNP) on the Kentucky Bourbon Trail

Please join Guggenheim's Shar Pourreza and CenterPoint Energy's Jason Wells, Chief Executive Officer and Christopher Foster, Chief Financial Officer, for a bourbon trail tour.



Dates & Location

March 18–19, 2024
Louisville, KY

Agenda

March 18: 5:00PM – Welcome Cocktails & Tasting
March 18: 6:00PM – Dinner with CNP Team
March 19: 8:00AM – Breakfast
March 19: 9:00AM – 3:30PM – Distillery Tours & Tastings

Times approximate, formal agenda and recommended flights + hotel details to follow

Participating Analyst

Shar Pourreza, *Senior Managing Director, Equity Research Analyst – Power & Utilities*

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

DISCLAIMER

Important Notices and Disclosures Please forward the language below to your Compliance team: Guggenheim Securities, LLC is providing notice to you and your firm's Compliance department that we have invited personnel from your firm to attend the above-referenced event. Attendees are advised that any information or materials discussed at the event or provided in connection therewith (the "materials") are provided for informational and educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, as investing advice of any kind, or as offering or providing any investment product or service, or as an offer or solicitation with respect to the purchase or sale of any investment by Guggenheim Securities, LLC or any of its affiliates ("Guggenheim"). The materials are not provided in an advisory or fiduciary capacity and may not be relied upon for or in connection with the making of investment decisions. The views expressed during the event and/or in the materials are solely those of the authors, participants, investment bankers and other presenters (collectively, the "Presenters") and may differ from the views of other officers, directors, employees or other representatives (as to any person or entity, its "Representatives") of Guggenheim or any other Presenter. The Presenters' opinions are subject to change without notice. Neither Guggenheim nor any other Presenter undertakes any obligation to provide additional information or any update to or correction of the information discussed or provided at the event or otherwise in connection therewith. Sources for the information discussed or contained in any materials are believed to be reliable, but the information is not guaranteed as to, and neither Guggenheim nor any other Presenter nor any of their respective Representatives make any representation or warranty regarding, accuracy or completeness of any information contained therein or otherwise. Neither Guggenheim nor any other Presenter nor any of their respective Representatives shall be liable to any person in any way whatsoever for any losses, costs or claims for reliance on the materials. Guggenheim and/or any other Presenter may have a business relationship with certain attendees and/or issuers mentioned during the event or in any materials provided, or may otherwise underwrite, hold a position, buy or sell as principal in the securities of any issuer mentioned. Guggenheim may have in the past provided, may currently be providing and may in the future seek to provide investment banking, financial advisory and other services to, and have other material relationships with, attendees and/or issuers of securities, loans and other financial instruments discussed during the event or referred to in any materials. With respect to any position Guggenheim or any Presenter may hold, Guggenheim or such Presenter may have interests different from or adverse to your interests. None of the materials provided may be reproduced or redistributed, in whole or in part, to any other person or published in whole or in part for any purpose absent the written consent of Guggenheim. By registering for and/or attending the event and/or accepting delivery of the materials, you will be deemed to acknowledge and agree to the matters set forth above. Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer. All rights reserved. Invitation is non-transferable.

This is a message from Guggenheim Securities, LLC to provide notice to you and your firm's compliance department that personnel from your firm are scheduled to attend the above-referenced meeting. The discussion will be general in nature and any mention of individual companies would only occur in the context of illustrating a trend or historical reference point. Our policies provide that specific companies, material non-public information and/or confidential information may not be discussed. The experts and/or speakers for this event may have material non-public information, but have agreed not to discuss such information. Further, all experts are required to review, understand our Expert Training Deck and agree to comply with its Terms and Conditions. Personnel from your firm must not seek Investor confidential information and/or material non-public information from Guggenheim Securities, LLC. Additionally, at your discretion, you may also choose not to attend the meeting.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim 2024 Client and Corporate Access Utility Events

Ticker	Dates	Regions
Commissioner Roundtable Event	1/18	In Person at Guggenheim
DUK	2/13	Boston
WEC	2/19–2/21	Boston
AWK	2/27	NYC
ED	2/29	NYC
EIX	3/5–3/6	NYC
NJR	TBD	NYC/Boston
CNP Bourbon Day Tour	3/18 (Dinner)-3/19	Kentucky
AEE	3/26 (Dinner)-3/27	Boston
LNT	4/10–4/11	Boston
PCG	4/30–5/1	Boston & MidAtlantic
IDA	5/7–5/8	Boston/NYC
DTE	6/5	NYC
EVRG	6/11–6/13	Boston/NYC
EXC	5/14 (Dinner)–5/15	NYC
POR	5/28–5/29	NYC/Boston
ETR	6/25–6/27	NYC
SR	8/14–8/15	Philadelphia and NYC
OGE	10/8	NYC

MORE TO BE ADDED…

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Utilities Comp Sheet

1/10/2024		Market	Guggenheim EPS Ests					Consensus					Δ vs Consensus (>$0.02)					Implied P/E Multiple					Prem/(Disc) vs Mid/Lg Cap Utes					'22–'27	NTM	Payout	Guggenheim		NTM Total	Consensus		NTM Total
	Price	Cap ($m)	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	EPS	Yield	Ratio	Rating	Target	Return	Rating	Target	Return
Small Cap Electric																																			
ALE	$61.59	3,540	4.35	4.17	4.56	4.87	5.07	4.35	4.11	4.30	4.73	5.03	–	0.06	0.26	0.14	0.04	14.2x	15.0x	14.3x	13.0x	12.3x	-18%	-7%	-4%	-8%	-8%	8.4%	4.6%	69%	Sell	$41	-29%	Neutral	$60	1%
AVA	$36.09	2,792	2.28	2.49	2.61	2.67	2.73	2.27	2.42	2.59	2.64	2.78	–	0.07	–	0.03	(0.04)	15.9x	14.9x	13.9x	13.7x	13.0x	-8%	-7%	-7%	-3%	-2%	5.2%	5.3%	79%	Sell	$26	-23%	Sell	$36	4%
IDA	$97.27	4,923	5.09	5.44	5.80	5.99	6.28	5.13	5.46	5.85	6.04	6.38	(0.04)	–	(0.05)	(0.04)	(0.10)	19.0x	17.8x	16.6x	16.1x	15.2x	9%	11%	11%	14%	15%	4.2%	3.5%	62%	Buy	$109	16%	Buy	$106	12%
NWE	$51.30	3,142	3.05	3.52	3.73	3.92	4.11	3.12	3.54	3.70	3.89	4.06	(0.07)	–	–	0.03	0.05	16.4x	14.5x	13.9x	13.2x	12.6x	-5%	-10%	-8%	-6%	-5%	5.3%	5.1%	74%	Sell	$39	-19%	Neutral	$52	7%
UTL	$50.68	816	2.80	2.92	3.08	3.29	3.50	2.79	2.93	3.09	3.30	3.50	–	–	–	–	–	18.2x	17.3x	16.4x	15.4x	14.5x	5%	8%	9%	9%	9%	6.2%	3.2%	56%	Neutral	$45	-8%	Buy	$52	5%
POR	$43.62	4,411	2.63	3.05	3.21	3.38	3.55	2.61	3.05	3.20	3.33	3.48	–	–	–	0.05	0.07	16.7x	14.3x	13.6x	13.1x	12.5x	-4%	-11%	-9%	-7%	-6%	5.3%	4.6%	65%	Buy	$45	8%	Buy	$48	15%
		19,624																**16.7x**	**15.6x**	**14.8x**	**14.1x**	**13.4x**	**-3%**	**-3%**	**-1%**	**-0%**	**0%**	**5.8%**	**4.4%**	**67%**						
Mid/Large Cap Electric																																			
AEE	$73.78	19,400	4.38	4.67	5.05	5.40	5.68	4.37	4.58	4.91	5.22	5.46	–	0.09	0.14	0.18	0.22	16.9x	16.1x	15.0x	14.1x	13.5x	-3%	0%	0%	0%	2%	6.6%	3.7%	59%	Neutral	$73	3%	Buy	$78	9%
AEP	$82.54	42,523	5.30	5.64	6.00	6.39	6.81	5.27	5.60	5.96	6.31	6.73	–	0.04	0.04	0.08	0.08	15.7x	14.7x	13.8x	13.1x	12.3x	-10%	-8%	-8%	-7%	-8%	6.0%	4.3%	64%	Buy	$85	7%	Buy	$88	11%
CMS	$59.50	17,360	3.12	3.41	3.65	3.91	4.26	3.10	3.34	3.61	3.86	4.13	–	0.07	0.04	0.05	0.13	19.2x	17.8x	16.5x	15.4x	14.4x	11%	11%	10%	9%	8%	8.1%	3.5%	63%	Neutral	$54	-6%	Buy	$61	6%
CNP	$29.25	18,411	1.50	1.61	1.73	1.87	2.03	1.50	1.63	1.74	1.88	2.03	–	–	–	–	–	19.5x	18.0x	16.8x	15.5x	14.4x	12%	12%	12%	10%	8%	9.5%	2.7%	49%	Buy	$30	5%	Buy	$30	7%
D	$47.93	40,107	2.10	2.84	3.39	3.75	4.11	2.59	3.11	3.45	3.81	3.94	(0.49)	(0.27)	(0.06)	(0.06)	0.17	18.5x	15.4x	13.9x	12.6x	12.2x	7%	-4%	-7%	-11%	-9%	-0.4%	5.6%	86%	Buy	$45	-1%	Neutral	$48	6%
DTE	$110.83	22,843	5.75	6.63	7.19	7.71	8.26	5.78	6.66	7.18	7.76	8.36	–	–	–	(0.04)	(0.10)	19.2x	16.6x	15.4x	14.3x	13.3x	11%	4%	3%	1%	-0%	6.3%	3.7%	62%	Buy	$103	-3%	Buy	$117	9%
DUK	$99.28	76,545	5.60	6.05	6.35	6.75	7.15	5.60	5.98	6.34	6.73	7.18	–	0.07	–	–	–	17.7x	16.6x	15.7x	14.7x	13.8x	2%	3%	4%	5%	4%	6.3%	4.2%	70%	Buy	$99	4%	Buy	$102	7%
ED	$94.32	32,533	5.05	5.30	5.62	5.94	6.21	5.03	5.29	5.59	5.85	6.15	–	–	0.03	0.09	0.06	18.8x	17.8x	16.9x	16.1x	15.3x	8%	11%	13%	14%	15%	6.3%	3.6%	64%	Neutral	$84	-7%	Neutral	$90	-1%
EIX	$72.33	27,743	4.71	4.98	5.48	5.71	6.03	4.70	5.11	5.62	5.95	6.28	–	(0.13)	(0.14)	(0.24)	(0.25)	15.4x	14.1x	12.9x	12.2x	11.5x	-11%	-12%	-14%	-14%	-13%	5.5%	4.3%	61%	Neutral	$66	-4%	Buy	$75	8%
ES	$58.36	20,373	4.37	4.70	4.92	5.17	5.37	4.35	4.56	4.77	5.04	5.39	–	0.14	0.15	0.14	–	13.4x	12.8x	12.2x	11.6x	10.8x	-23%	-20%	-18%	-18%	-19%	5.6%	4.9%	63%	Neutral	$60	8%	Buy	$66	18%
ETR	$104.54	22,106	6.75	7.16	7.76	8.31	8.97	6.74	7.20	7.73	8.31	8.88	–	(0.04)	0.03	–	0.09	15.5x	14.5x	13.5x	12.6x	11.8x	-11%	-10%	-10%	-11%	-12%	6.9%	4.4%	63%	Buy	$103	3%	Buy	$111	11%
EVRG	$54.08	12,416	3.59	3.89	4.10	4.36	4.63	3.60	3.84	4.03	4.28	4.51	–	0.05	0.07	0.08	0.12	15.0x	14.1x	13.4x	12.6x	12.0x	-13%	-12%	-10%	-10%	-10%	4.3%	4.8%	68%	Buy	$54	5%	Buy	$57	9%
EXC	$36.64	36,431	2.36	2.50	2.74	2.93	3.10	2.36	2.43	2.63	2.80	3.01	–	0.07	0.11	0.13	0.09	15.5x	15.1x	13.9x	13.1x	12.2x	-10%	-6%	-7%	-7%	-9%	6.4%	4.3%	64%	Neutral	$40	13%	Neutral	$40	14%
FE	$38.74	22,230	2.54	2.69	2.89	3.07	3.27	2.54	2.66	2.87	3.04	3.23	–	–	–	–	0.04	15.3x	14.5x	13.5x	12.7x	12.0x	-12%	-9%	-10%	-10%	-10%	6.3%	4.3%	62%	Buy	$41	10%	Buy	$40	6%
LNT	$51.91	13,119	2.90	3.08	3.27	3.50	3.67	2.89	3.07	3.27	3.48	3.68	–	–	–	–	–	17.9x	16.9x	15.9x	14.9x	14.1x	4%	5%	6%	6%	6%	6.1%	3.7%	63%	Neutral	$46	-8%	Buy	$54	8%
OGE	$35.44	7,098	2.07	2.16	2.25	2.37	2.48	2.05	2.14	2.27	2.40	2.51	–	–	–	(0.03)	(0.03)	17.3x	16.6x	15.6x	14.7x	14.1x	-0%	3%	4%	5%	6%	2.8%	4.8%	80%	Neutral	$34	1%	Buy	$37	10%
PCG	$18.16	38,745	1.21	1.37	1.47	1.61	1.75	1.21	1.35	1.47	1.58	1.71	–	–	–	0.03	0.04	15.0x	13.4x	12.4x	11.5x	10.6x	-14%	-16%	-17%	-18%	-20%	9.7%	1.0%	13%	Buy	$19	6%	Buy	$19	7%
PEG	$62.01	30,950	3.45	3.70	4.22	4.38	4.68	3.46	3.69	4.06	4.26	4.51	–	–	0.16	0.12	0.17	17.9x	16.8x	15.3x	14.5x	13.8x	3%	5%	2%	3%	3%	6.2%	3.9%	65%	Buy	$64	7%	Buy	$66	10%
PNW	$73.53	8,332	4.20	5.00	5.15	5.25	5.40	4.26	4.89	5.13	5.33	5.48	(0.06)	0.11	–	(0.08)	(0.08)	17.3x	15.0x	14.3x	13.8x	13.4x	-0%	-6%	-4%	-2%	1%	4.9%	4.8%	72%	Neutral	$73	4%	Buy	$78	11%
PPL	$27.61	20,352	1.58	1.71	1.82	1.96	2.08	1.58	1.70	1.82	1.94	2.06	–	–	–	–	–	17.5x	16.2x	15.2x	14.3x	13.4x	1%	1%	1%	1%	1%	8.1%	3.7%	60%	Buy	$27	2%	Buy	$29	8%
SO	$71.83	78,404	3.60	4.05	4.30	4.55	4.80	3.60	4.01	4.32	4.54	4.76	–	0.04	–	–	0.04	19.9x	17.9x	16.6x	15.8x	15.1x	15%	12%	11%	12%	13%	5.9%	4.0%	72%	Buy	$77	11%	Buy	$74	7%
WEC	$85.59	26,998	4.62	4.91	5.24	5.61	5.97	4.61	4.91	5.24	5.59	5.97	–	–	–	–	–	18.6x	17.4x	16.3x	15.3x	14.3x	7%	9%	9%	9%	8%	6.1%	3.9%	68%	Neutral	$84	2%	Neutral	$90	9%
Mid/Lg Cap (excl. EIX, PCG)																		**17.3x**	**16.1x**	**15.0x**	**14.1x**	**13.3x**						**5.9%**	**4.1%**	**66%**						
SMID + Lg Cap		**654,640**																**17.2x**	**16.0x**	**14.9x**	**14.1x**	**13.3x**						**5.9%**	**4.2%**	**66%**						

Diversified	Price	Market Cap ($m)	Guggenheim EPS Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$0.02) 2023E	2024E	2025E	2026E	2027E	Implied P/E Multiple 2023E	2024E	2025E	2026E	2027E	Prem/(Disc) vs Mid/Lg Cap Utes 2023E	2024E	2025E	2026E	2027E	'22–'27 EPS	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
NEE	$62.28	126,037	3.13	3.43	3.69	3.99	4.27	3.13	3.40	3.65	3.84	4.24	–	0.03	0.04	0.15	–	19.9x	18.3x	17.1x	16.2x	14.7x	15%	14%	14%	15%	10%	8%	3.3%	61%	Buy	$70	16%	Buy	$72	19%
SRE	$76.13	47,911	4.52	4.75	5.06	5.40	5.85	4.58	4.82	5.13	5.49	5.82	(0.06)	(0.07)	(0.07)	(0.09)	0.03	16.6x	15.8x	14.8x	13.9x	13.1x	-4%	-2%	-1%	-2%	-2%	-9%	4.4%	69%	Buy	$79	8%	Buy	$82	12%
		173,948																**18.3x**	**17.1x**	**16.0x**	**15.0x**	**13.9x**	**6%**	**6%**	**6%**	**7%**	**4%**	**-0.3%**	**3.9%**	**65%**						
Gas LDCs																																				
NI	$27.34	11,303	1.57	1.68	1.82	1.95	2.07	1.59	1.71	1.83	1.96	2.09	–	–	–	–	–	17.2x	16.0x	14.9x	13.9x	13.1x	-1%	-0%	-1%	-1%	-2%	7%	3.9%	63%	Buy	$27	3%	Buy	$30	13%
CPK	$105.58	2,286	5.30	5.84	6.23	6.59	6.94	5.22	5.45	6.22	6.62	7.01	0.08	0.39	–	(0.03)	(0.07)	20.2x	19.4x	17.0x	15.9x	15.1x	17%	21%	13%	13%	13%	7%	2.4%	46%	Neutral	$99	-4%	Buy	$123	19%
NJR	$44.06	4,308	2.70	2.80	2.94	3.10	3.34	2.69	2.78	2.94	3.11	3.36	–	–	–	–	–	16.4x	15.8x	15.0x	14.2x	13.1x	-6%	-1%	-0%	1%	-1%	6%	3.9%	61%	Neutral	$42	-1%	Buy	$49	15%
NWN	$39.19	1,441	2.65	2.83	2.98	3.09	3.21	2.67	2.76	2.98	3.05	3.23	–	0.07	–	0.04	–	14.7x	14.2x	13.1x	12.8x	12.1x	-15%	-12%	-12%	-9%	-9%	5%	5.0%	71%	Neutral	$37	-1%	Buy	$46	23%
OGS	$62.50	3,466	4.14	3.85	4.13	4.69	5.12	4.15	3.87	4.12	4.56	4.92	–	–	–	0.14	0.21	15.1x	16.1x	15.2x	13.7x	12.7x	-13%	1%	1%	-3%	-4%	5%	4.3%	69%	Neutral	$58	-3%	Neutral	$61	2%
SR	$61.41	3,269	4.05	4.35	4.61	4.85	5.05	4.18	4.32	4.55	4.88	5.06	(0.13)	–	0.06	–	–	14.7x	14.2x	13.5x	12.6x	12.1x	-15%	-12%	-10%	-11%	-9%	6%	5.0%	70%	Neutral	$55	-5%	Neutral	$63	7%
		26,074																**16.4x**	**16.0x**	**14.8x**	**13.9x**	**13.0x**	**-5%**	**-1%**	**-1%**	**-2%**	**-2%**	**5.8%**	**4.1%**	**63%**						
Regulated Water																																				
AWK	$133.62	26,016	4.82	5.14	5.59	5.98	6.45	4.82	5.16	5.61	6.04	6.49	–	–	–	(0.06)	(0.04)	27.7x	25.9x	23.8x	22.1x	20.6x	60%	61%	59%	57%	55%	7%	2.3%	58%	Neutral	$126	-3%	Buy	$145	11%

IPPs	Price	Market Cap ($m)	Guggenheim EBITDA Ests 2023E	2024E	2025E	2026E	2027E	Consensus 2023E	2024E	2025E	2026E	2027E	Δ vs Consensus (>$20m) 2023E	2024E	2025E	2026E	2027E	Implied EV/EBITDA Multiple 2023E	2024E	2025E	2026E	2027E	Enterprise Value 2023E	2024E	2025E	2026E	2027E	'22–'25 Growth	NTM Yield	Payout Ratio	Guggenheim Rating	Target	NTM Total Return	Consensus Rating	Target	NTM Total Return
CEG	$115.85	37,000	3,525	3,951	4,125	3,971	4,213	3,885	4,132	4,091	3,999	4,190	(359)	(181)	34	(28)	22	10.9x	10.0x	9.6x	9.4x	8.6x	42,534	41,273	39,406	37,717	35,911	15.6%	1.1%	20%	Buy	$119	4%	Buy	$130	13%
NRG	$50.94	11,500	3,248	3,418	3,311	3,324	3,377	3,161	3,355	3,279	3,140	3,492	87	63	32	185	(115)	6.6x	6.2x	6.1x	6.3x	5.6x	20,963	20,764	20,147	19,879	19,521	23.6%	3.3%	23%	Buy	$51	3%	Buy	$49	-0%
VST	$38.46	13,751	4,050	3,906	3,997	3,822	3,513	3,964	4,388	4,348	4,287	4,336	86	(482)	(351)	(464)	(823)	6.3x	5.6x	5.6x	5.6x	5.3x	25,109	24,747	24,222	23,823	23,102	8.7%	2.4%	24%	Buy	$32	-14%	Buy	$40	7%
Other																																				
NEP	$29.51	2,757	1,902	2,021	2,080	2,099	2,118	1,903	2,042	2,056	2,056	2,048	–	(21)	24	43	70												12.9%	–	Buy	$37	38%	Buy	$32	22%
SMR	$2.53	194	(143)	(57)	8	96	n/a	(146)	(91)	(108)	N/A	N/A	N/A	–	34	116	–	–											–	–	Buy	$14	453%	Buy	$9	264%

Source: Guggenheim Securities, LLC estimates, Bloomberg LP.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Share Price Performance (Year-to-Date, Three-Month, One-Month, & Five-Day Trailing)

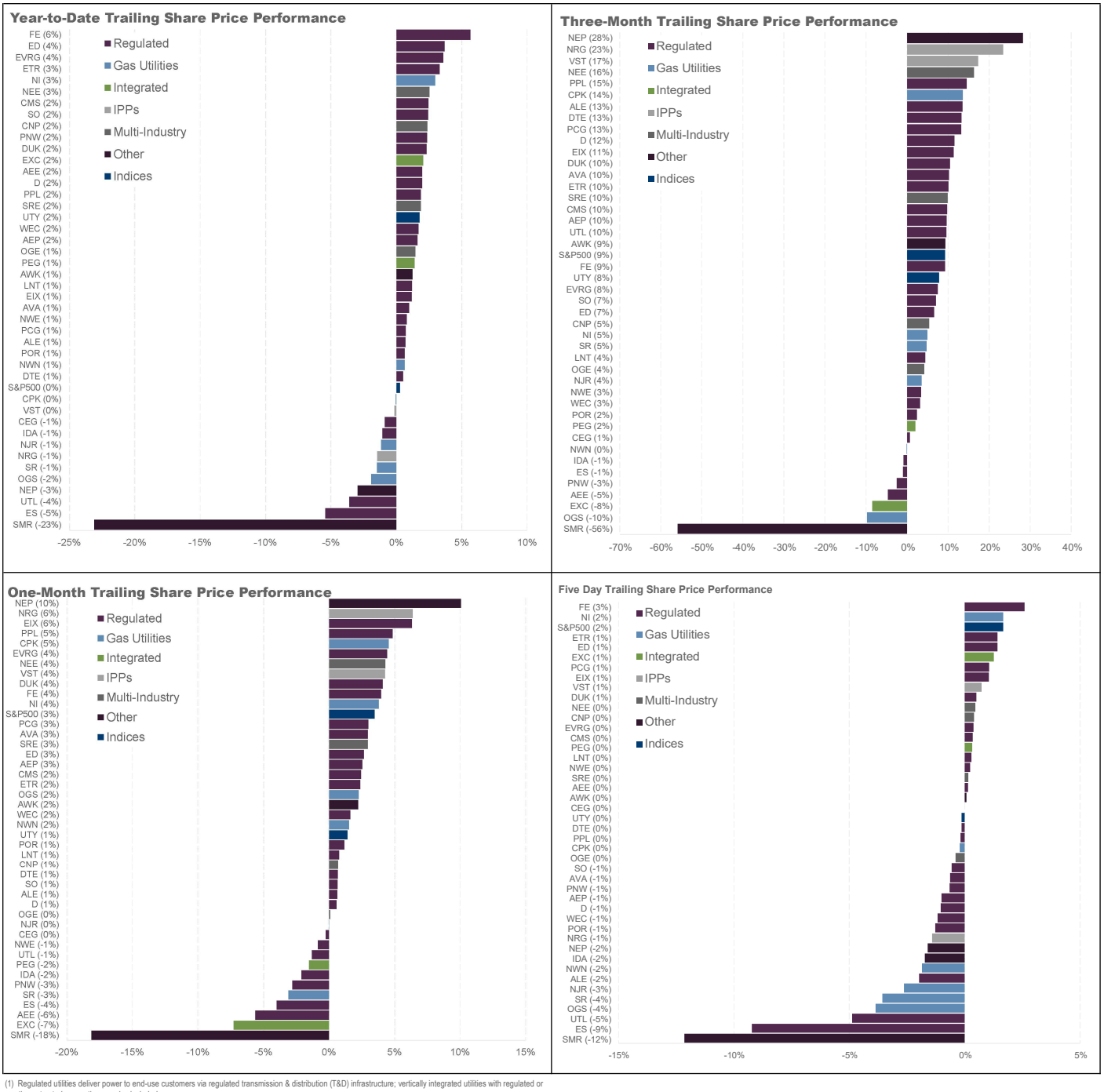

(1) Regulated utilities deliver power to end-use customers via regulated transmission & distribution (T&D) infrastructure; vertically integrated utilities with regulated or mostly contracted generation are also included.

(2) Local Gas Distribution Companies (LDCs), as well as diversified utilities with a business mix largely comprised of gas infrastructure and related activities (i.e., LDC franchises, interstate pipelines, and/or other gas midstream activities).

(3) Integrated utilities own and operate regulated T&D franchises, as well as un-regulated power generation with commodity exposure.

(4) IPPs operate merchant (i.e., un-regulated, non-utility) power plants that compete to sell power in wholesale markets or through retail marketing businesses.

Source: Bloomberg, Guggenheim Securities, LLC estimates.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix

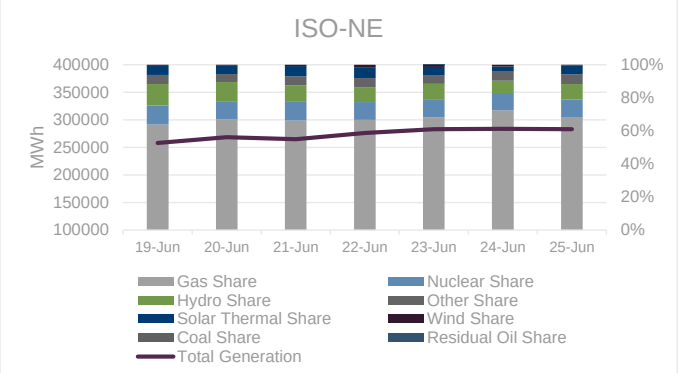

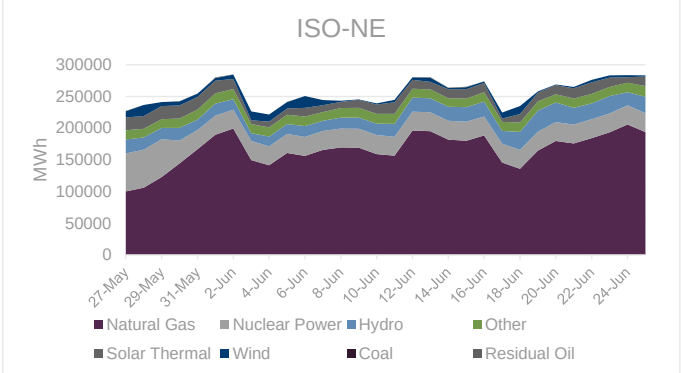

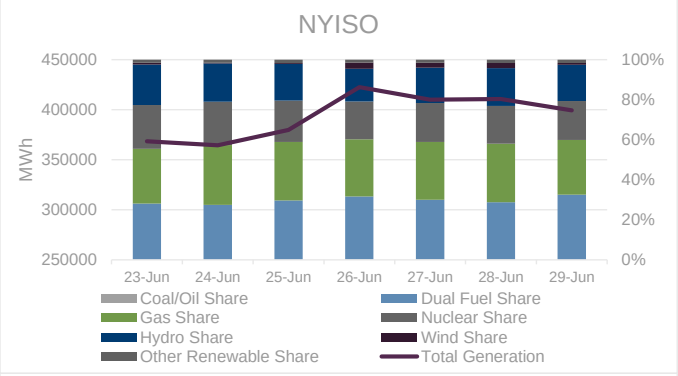

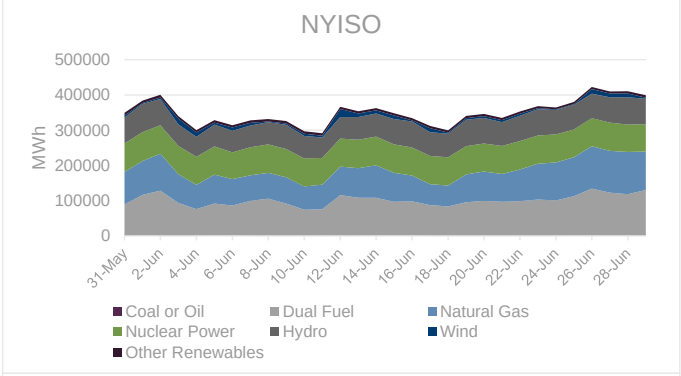

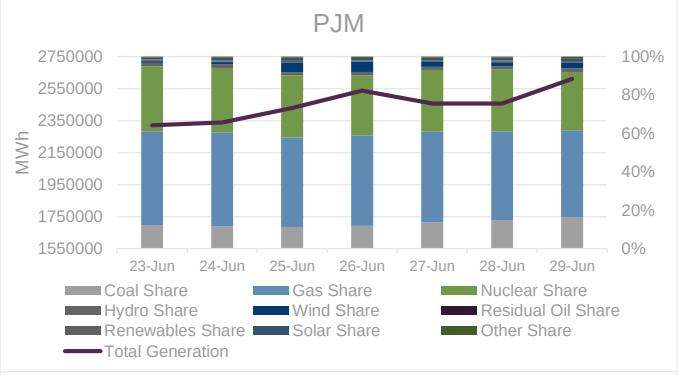

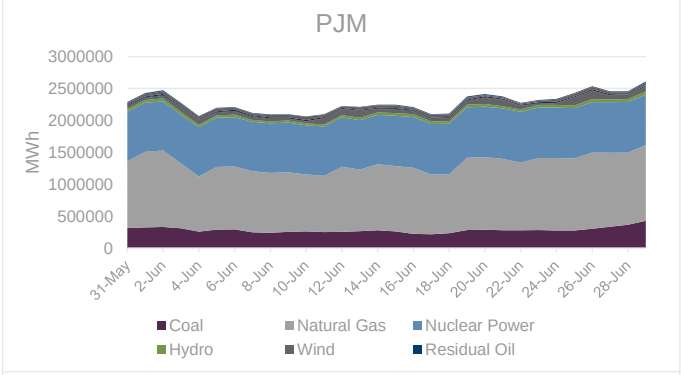

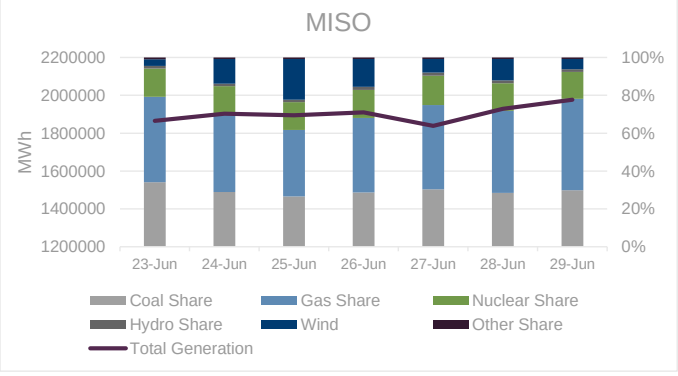

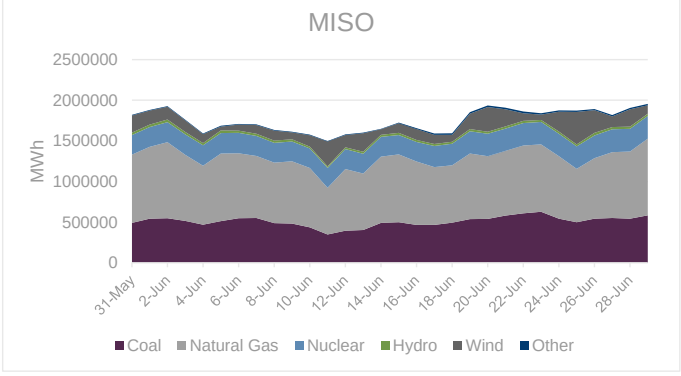

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Generation and Mix (continued)

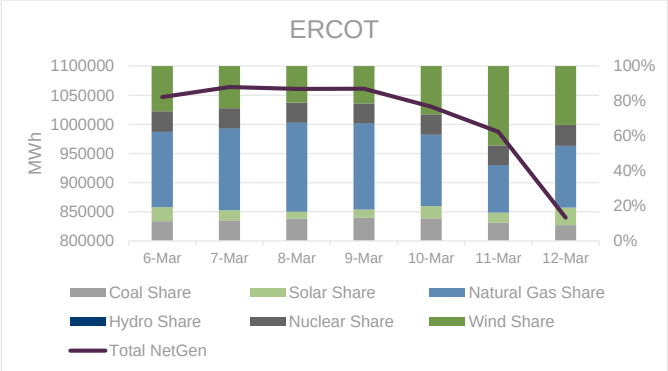

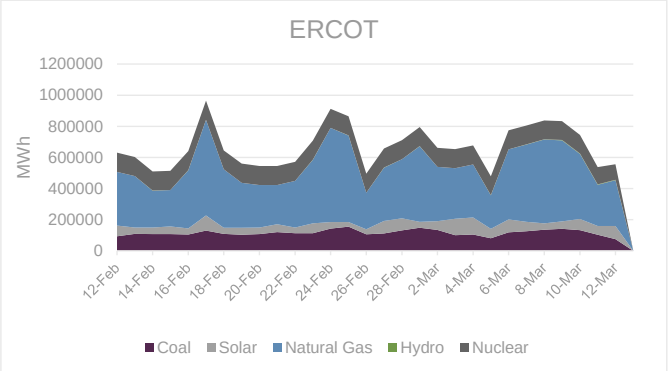

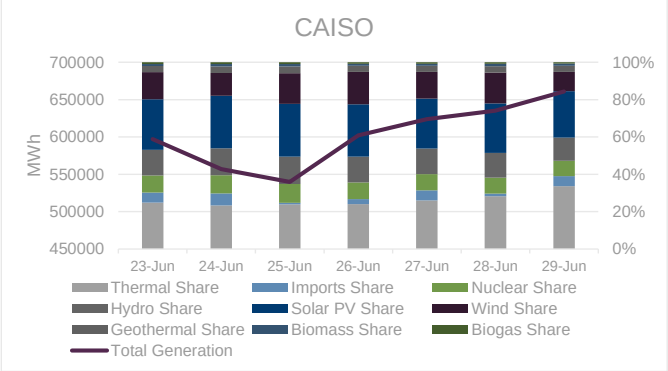

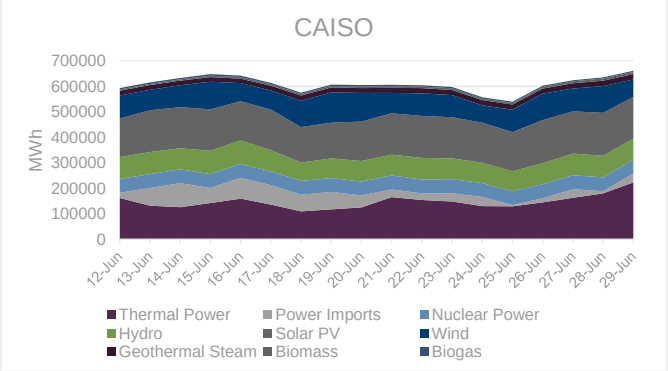

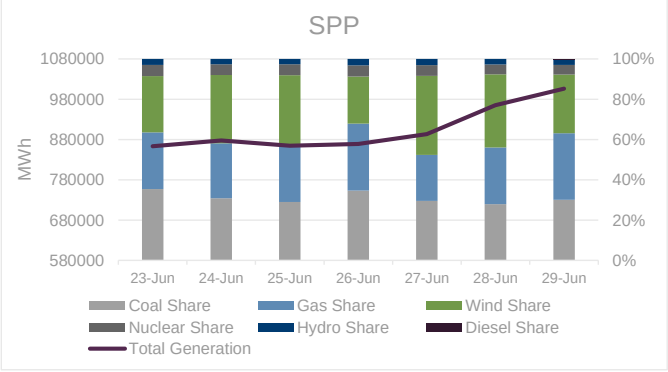

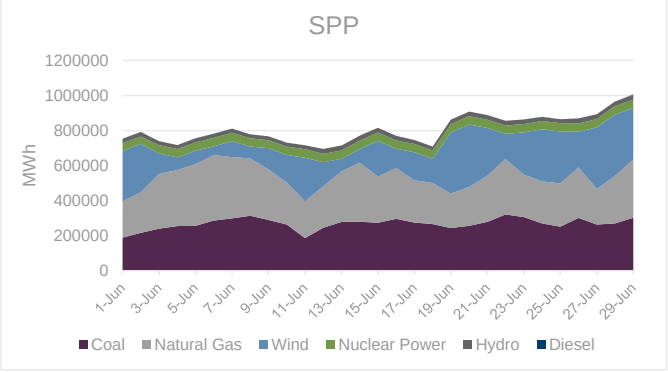

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Weather

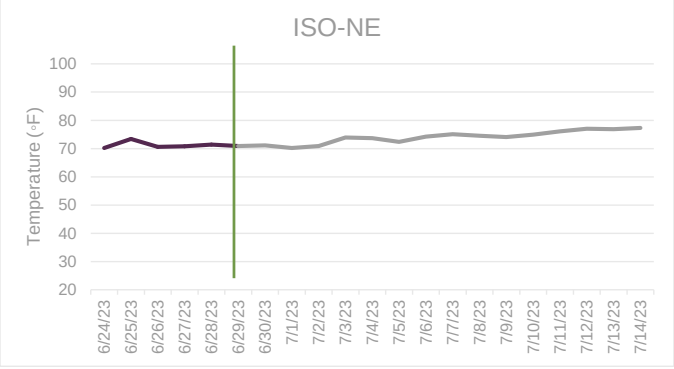

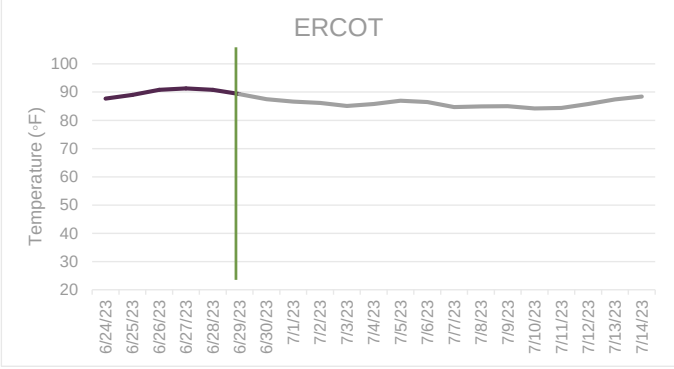

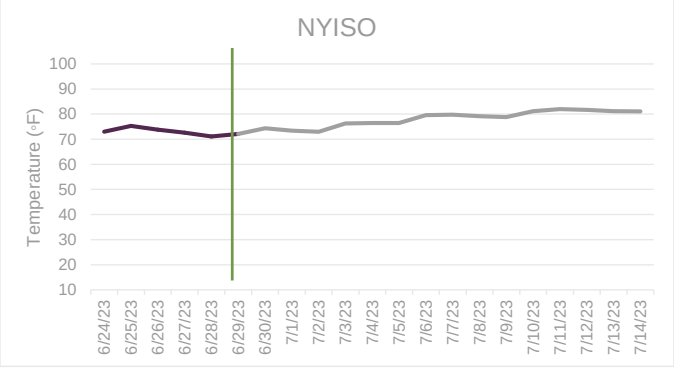

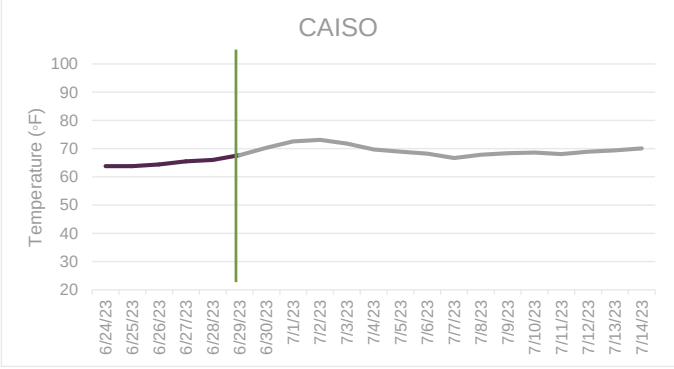

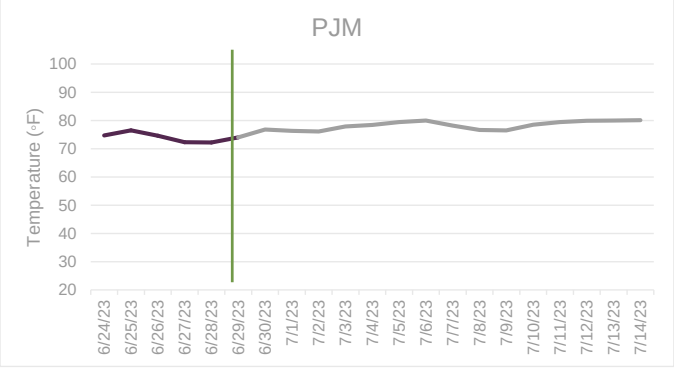

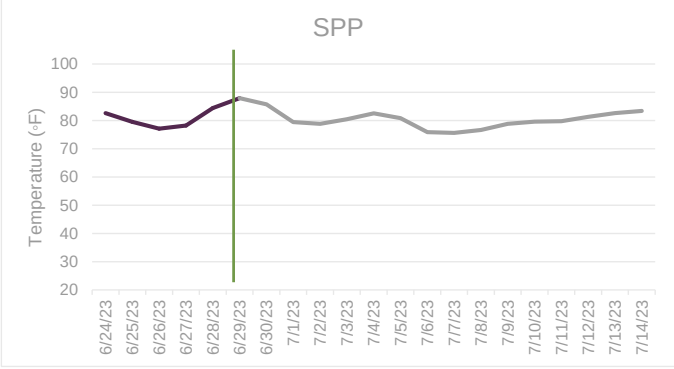

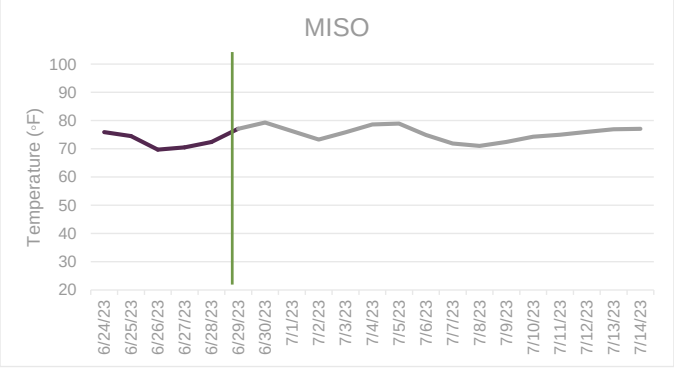

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

YTD Peak Load

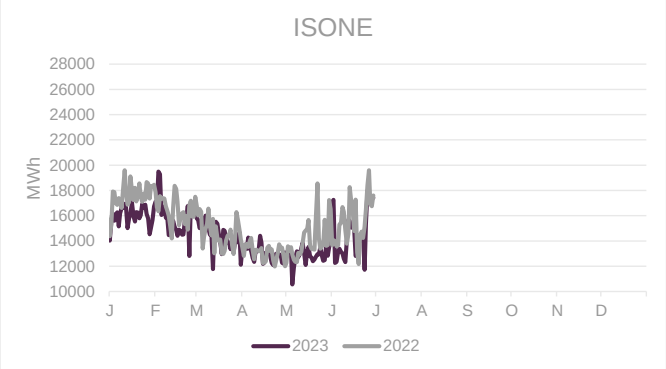

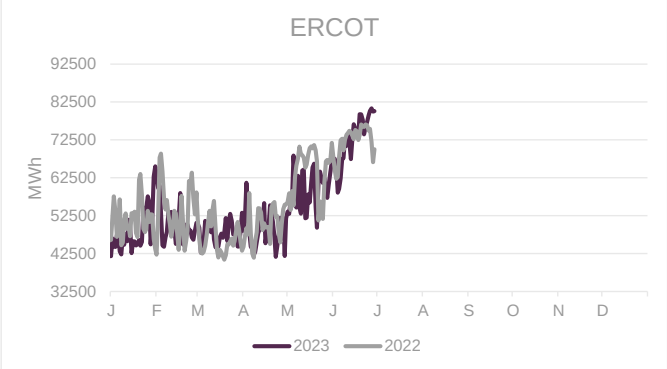

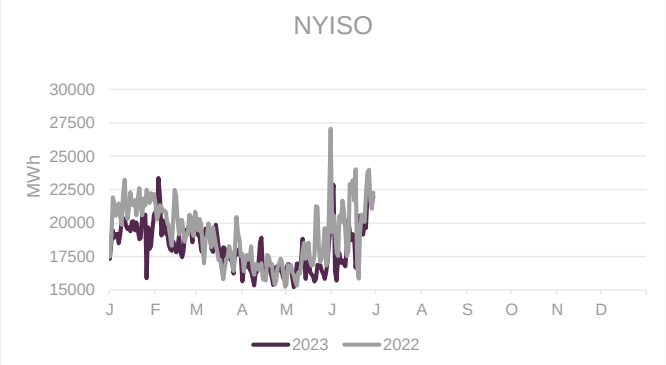

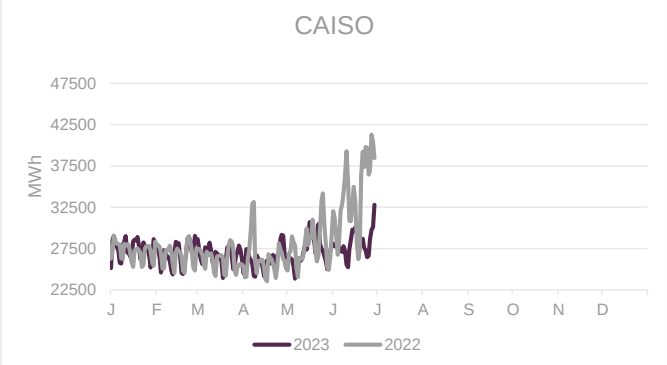

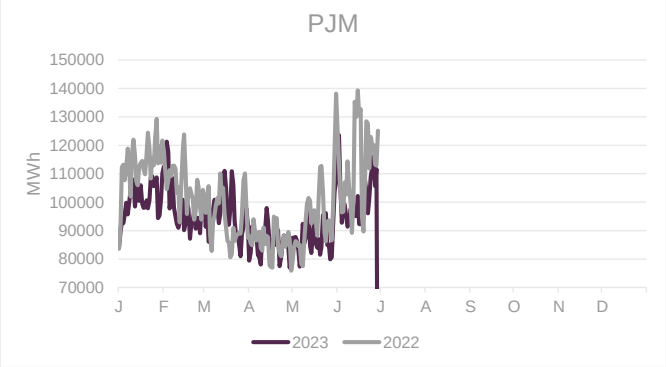

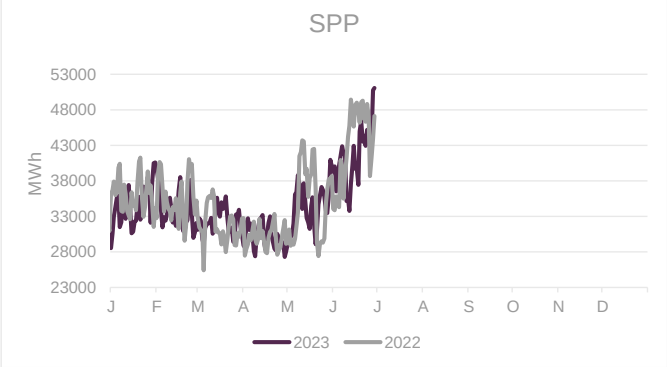

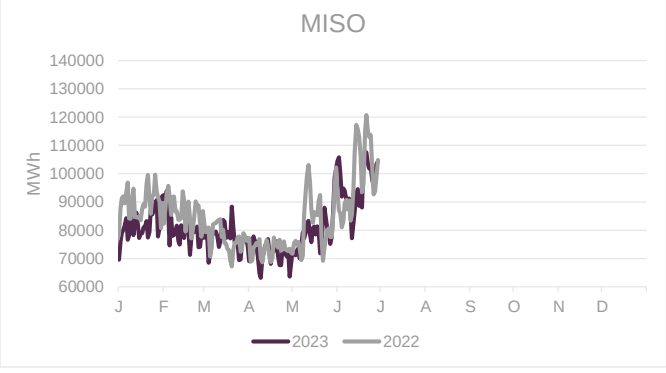

Average Deviation in Peak Load vs Prior Year

RTO/ISO	2Q22	3Q22	4Q22	1Q23	2Q23
ISONE	-1.2%	5.1%	-0.9%	-4.5%	-4.3%
NYISO	-0.1%	3.5%	-0.7%	-4.5%	-3.9%
PJM	3.8%	0.2%	2.1%	-5.2%	-4.8%
MISO	5.0%	0.1%	0.7%	-4.9%	-2.7%
CAISO	1.2%	4.0%	0.3%	1.0%	-6.0%
ERCOT	19.1%	7.9%	7.4%	-1.5%	-2.6%
SPP	9.7%	5.0%	7.1%	-1.6%	-0.7%

Source: S&P Global Platts, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Regulatory Calendar

Power and Utilities: Coverage Calendar (11/28/2023-2/28/2024)

Date	State	Ticker	Utility/Event	Docket	Description
10/1/2023-9/3/2024	NJ	NJR	New Jersey Natural Gas Co.		Gas rate case fiilng may occur in fiscal 2024
11/1/2023-11/30/2023	MC	AEE	Union Electric Co.		Securitization request possible for company's Rush Island facility (Case EF-2024-0021)
11/1/2023-11/30/2023	PA	FE	FirstEnergy Corp.		Administrative law judge recommendation may be issued in operating company consolidation proceeding
11/1/2023-11/30/2023	AZ	PNW	Arizona Public Service Co.	D-E-01345A-22-0144	Final rate decision expected
11/20/2023-11/28/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearings scheduled in earnings review proceeding
11/21/2023-11/28/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Final settlement conference to take place in electric rate proceeding
11/29/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Replies to exceptions (if any) due in IRIS case
11/29/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Rebuttal testimony due in BC-RAC proceeding
11/30/2023	CA	EIX	Southern California Edison Co.	A-19-08-013 (Track 4)	Commission decision in proceeding expected by
11/30/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00002	Decision due in triennial review proceeding
11/30/2023	VA	NI	Columbia Gas of Virginia Inc	C-PUR-2023-00119 (SAVE)	Decision likely in SAVE Rider Proceeding
12/1/2023-12/31/2023	MI	CMS	Consumers Energy Co.		Gas rate case expected to be filed
12/1/2023-12/15/2023	MI	DTE	DTE Electric Co.	C-U-21297	Final order in rate case expected
12/1/2023-12/31/2023	VA	SO	Virginia Natural Gas Inc.	C-PUR-2023-00180 (SAVE)	Decision expected in SAVE update proceeding
12/1/2023-12/31/2023	WV	D	Dominion Energy Inc.	D-30010-215-GR-23	Commission decision expected in gas rate case
12/4/2023-12/7/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Evidentiary hearings to take place in electric rate proceeding
12/7/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Parties and staff to file testimony in Rider CE proceeding
12/11/2023	DC	EXC	Potomac Electric Power Co.	FC-1176	Intervenor testimony due in electric multiyear rate plan proceeding
12/12/2023-12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Intervening parties to file testimony in Rider US-4 proceeding
12/13/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Company rebuttal testimony due in rate proceeding
12/13/2023	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing scheduled in BC-RAC update proceeding
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (EL)	Final date for PSC decision in rate case, per prior order
12/14/2023	MD	EXC	Baltimore Gas and Electric Co.	C-9692 (GAS)	Final date for PSC decision in rate case, per prior order
12/15/2023	MD	EXC	Potomac Electric Power Co.	C-9702	Intervenor direct testimony due in multiyear rate plan case
12/15/2023-1/15/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Hearing Examiner report may be issued in BC-RAC update proceeding
12/15/2023-1/15/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Hearing examiner's recommendation may be issued in Rider GV update proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Intervening parties to file testimony in Rider GT proceeding
12/15/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Intervenors to file testimony in Rider US-3 proceeding
12/18/2023	OR	POR	Portland General Electric Co.	D-UE-416	Final order due in general rate case
12/20/2023	IL	AEE	Ameren Illinois	D-23-0082	Deadline for decision in rate proceeding
12/20/2023	IL	EXC	Commonwealth Edison Co.	D-23-0055	Deadline for decision in rate proceeding
12/20/2023	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Deadline for settlement to be filed in rate proceeding
12/20/2023	MD	NI	Columbia Gas of Maryland Inc	C-9709 (IRIS)	Decision expected in IRIS proceeding
12/20/2023	OR	AVA	Avista Corp.	D-UG-461	Target date for PUC order
12/21/2023	MI	CMS	Consumers Energy Co.	C-U-21389	ALJ proposed decision expected
12/21/2023	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Rebuttal testimony due in Rider CE proceeding
12/29/2023	NC	DUK	Duke Energy Carolinas LLC	D-E-7 Sub 1276	Decision in rate case expected by
12/31/2023	DE	EXC	Delmarva Power & Light Co.	D-22-0897	Possible decision issued in electric rate proceeding
1/1/2024-1/12/2024	PA	FE	FirstEnergy Corp.		FirstEnergy Corp. operating companies may file joint rate case
1/1/2024	OR	POR	Portland General Electric Co.	D-UE-416	New rates effective
1/1/2024-1/31/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00101	Hearing examiner's report may be issued in earnings review proceeding
1/5/2024	CA	PCG	Pacific Gas and Electric Co.		Proposed ALJ decision in petition to transfer non-nuclear generation assets by
1/10/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing scheduled in Rider CE proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Staff to file testimony in Rider GT proceeding
1/12/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Staff to file testimony in Rider US-3 proceeding
1/16/2024	IN	AEP	Indiana Michigan Power Co.	Ca-45933	Hearing to begin in rate proceeding
1/16/2024-1/31/2024	VA	AEP	Appalachian Power Co.	C-PUR-2023-00102 (BC-RAC)	Decision likely in BC-RAC proceeding
1/17/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Staff to file testimony in Rider US-4 proceeding
1/24/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Direct testimony due in Rider RBB proceeding
1/26/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Rebuttal testimony due in multiyear rate plan case
1/29/2024	DC	EXC	Potomac Electric Power Co.	FC-1176	Rebuttal testimony due in electric multiyear rate plan proceeding
2/1/2024-2/29/2024	MO	EVRG	Evergy Missouri West		Rate case filing expected
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00094 (Rider GV)	Decision expected in Rider GV update proceeding
2/1/2024-2/28/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00142 (Rider CE)	Hearing Examiner's report may be issued in Rider CE proceeding
2/5/2024	CA	PCG	Pacific Gas and Electric Co.		Commission decision on petition to transfer non-nuclear generation assets after
2/7/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00137 (Rider US 3)	Hearing scheduled in Rider US-3 proceeding
2/14/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00138 (Rider US 4)	Hearing scheduled in Rider US-4 proceeding
2/21/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00184 (Rider RBB)	Hearing scheduled in Rider RBB proceeding
2/23/2024	MD	EXC	Potomac Electric Power Co.	C-9702	Surrebuttal testimony due in multiyear rate case
2/27/2024	VA	D	Virginia Electric & Power Co.	C-PUR-2023-00136 (Rider GT)	Hearing scheduled in Rider GT proceeding

Source: S&P Global Market Intelligence, Company Filings, Guggenheim Securities, LLC.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Key Research

Guggenheim's Forward Commodity Curves

- Forward Power Curves, GenCo MtM, and Weekly Commentary

Key Research

- ES: Substantial Impairments Write Projects Down to Almost Zero; Reposition Sunrise Overhang

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

ANALYST CERTIFICATION

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

IMPORTANT DISCLOSURES

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

RATINGS EXPLANATION AND GUIDELINES

BUY (B) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

NEUTRAL (N) - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

SELL (S) - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

CS - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

NC - Not covered. Guggenheim Securities, LLC does not cover this company.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Under Review (UR) - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at https://guggenheimlibrary.bluematrix.com/client/library.jsp, contact the primary analyst or your Guggenheim Securities, LLC representative, or email GSResearchDisclosures@guggenheimpartners.com.

RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:

			IB Serv./ Past 12Mos.	
Rating Category	**Count**	**Percent**	**Count**	**Percent**
BUY	248	68.32%	44	17.74%
NEUTRAL	107	29.48%	6	5.61%
SELL	8	2.20%	0	0.00%

OTHER DISCLOSURES

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, “Guggenheim Securities”) and Guggenheim Securities Research Services, LLC (an investment adviser, “GSRS,” and together with Guggenheim Securities, “Guggenheim”). If you are paying separately for this research, it is being provided to you by GSRS. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (http://www.sipc.org). Guggenheim Securities' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as “relevant persons”). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, “Guggenheim”). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Guggenheim Securities Equity Research & Equities Teams

Consumer Equity Research

Automotive
Ron Jewsikow 212.823.6581
Ronald.Jewsikow@guggenheimpartners.com

Food Retailers; Consumables Retail/Distribution
John Heinbockel 212.381.4135
John.Heinbockel@guggenheimpartners.com

Hardlines Retail
Steven Forbes, CFA, CPA 212.381.4188
Steven.Forbes@guggenheimpartners.com

Restaurants
Gregory Francfort, CFA 212.518.9182
Gregory.Francfort@guggenheimpartners.com

Retailing/Department Stores & Specialty Softlines
Robert Drbul 212.823.6558
Robert.Drbul@guggenheimpartners.com

Consumer Equities Team

Consumer Sector Specialist
Carey Kaufman 504.299.3424
Carey.Kaufman@guggenheimpartners.com

Power & Energy Transition Equity Research

Energy Technology & Industrial Technology
Joseph Osha, CFA 415.852.6468
Joseph.Osha@guggenheimpartners.com

Power & Utilities
Shahriar Pourreza, CFA 212.518.5862
Shahriar.Pourreza@guggenheimpartners.com

Technology & Media Equity Research

Entertainment & Digital Media
Michael Morris, CFA 804.253.8025
Michael.Morris@guggenheimpartners.com

IT Services
Jonathan Lee 212.518.5388
Jonathan.Lee@guggenheimpartners.com

Media & Live Entertainment
Curry Baker 804.253.8029
Curry.Baker@guggenheimpartners.com

Software
John DiFucci 212.518.9670
John.DiFucci@guggenheimpartners.com

Howard Ma 512.354.3458
Howard.Ma@guggenheimpartners.com

Raymond McDonough, CFA 212.518.9704
Raymond.McDonough@guggenheimpartners.com

Technology & Media Equities Team

TMT Sector Specialist
Seth Ostrie 212.518.9547
Seth.Ostrie@guggenheimpartners.com

Healthcare Equity Research

Biotechnology
Debjit Chattopadhyay, Ph.D. 212.823.6584
Debjit.Chattopadhyay@guggenheimpartners.com

Kelsey Goodwin 617.859.4621
Kelsey.Goodwin@guggenheimpartners.com

Eddie Hickman, Ph.D. 212.518.9904
Eddie.Hickman@guggenheimpartners.com

Michael Schmidt, Ph.D. 617.859.4636
Michael.Schmidt@guggenheimpartners.com

Yatin Suneja 212.518.9565
Yatin.Suneja@guggenheimpartners.com

Diagnostics & Life Sciences Tools
Subbu Nambi, Ph.D. 617.859.4609
Subbu.Nambi@guggenheimpartners.com

Global Biopharmaceuticals
Vamil Divan, M.D. 212.823.6543
Vamil.Divan@guggenheimpartners.com

Seamus Fernandez 617.859.4637
Seamus.Fernandez@guggenheimpartners.com

Evan Wang 212.651.9756
Evan.Wang@guggenheimpartners.com

Healthcare IT & Services
Jack Wallace 212.518.9620
Jack.Wallace@guggenheimpartners.com

Healthcare Equities Team

Healthcare Sector Specialist
Whitney Wolfe 212.518.9630
Whitney.Wolfe@guggenheimpartners.com

Equities Management

Stefano Natella, Head of Equities 212.292.4700
Jeffrey Cohen, Head of Sales 212.292.4762
Dante Ferrarie, Head of Trading 212.518.3331
Craig Peckham, Head of Research 212.292.4765

Sales and Trading Offices

New York 212.292.4700
San Francisco 415.852.6451
Boston 617.859.4626
Richmond 804.253.8052

GUGGENHEIM

Provided for the exclusive use of Daniel Whitehead at Exelon Corp on 13-Feb-2024 06:21 PM.

Q. SDR-ROR-11 If applicable, please supply a listing of all common equity infusions from the parent to the Company over the past five years. In each case, identity date and dollar amount.

A. SDR-ROR-11 The following equity infusions were made from the parent to the Company over the last five years (12 months ending December 31):

2019 - $174 Million
2020 - $231 Million
2021 - $395 Million
2022 - $227 Million
2023 - $330 Million

Q. SDR-ROR-12 If applicable, please identify the Company's common dividend payments to its parent for each of the last five years.

A. SDR-ROR-12 PECO's dividends on common stock paid to its parent for the last five years are as follows:

2019 - $359,000,000
2020 - $340,000,000
2021 - $340,000,000
2022 - $398,400,000
2023 - $404,800,000

Q. SDR-ROR-13 Please provide the latest year-by-year financial projections for the Company for the next five years. Also, please indicate the date these projections were prepared; whether approved by management; and whether the projections have been submitted to bond rating agencies.

A. SDR-ROR-13 Refer to Attachment SDR-ROR-13(a.1) and Confidential Attachment SDR-ROR-13(a.2) for the 2024-2028 projections that the Company prepared in January 2024, which were approved by management. This information has not been provided to bond rating agencies.

ATTACHMENT SDR-ROR-13(a.2) IS CONFIDENTIAL AND IS SUBMITTED ONLY IN THE NON-PUBLIC VERSION TO THE COMMISSION.

PECO Gas
Statement of Income - 12 Months ending December 31
($ in Thousands)

		Year 2024	Year 2025	Year 2026	Year 2027	Year 2028
1	**Total Operating Revenues**	**$706,767**	**$759,445**			
2	**Total Operating Expenses:**					
3	Operation & Maintenance Expenses	$394,977	$437,992			
4	Depreciation & Amortization Expense	98,197	110,707			
5	Taxes Other Than Income Taxes - Other	8,737	8,923			
6	**Total Operating Expenses**	**$501,910**	**$557,622**			
7	**Net Utility Operating Income Before Income Tax**	**$204,856**	**$201,823**			

Q. SDR-ROR-14 Please provide the Company's five-year construction budget.

A. SDR-ROR-14 See Attachment SDR-ROR-14(a) for the Company's construction budget through the fully projected future test year.

See Confidential Attachment SDR-ROR-14(a) for the Company's construction budget for years 2026-2028.

THE CONFIDENTIAL ATTACHMENT IS SUBMITTED ONLY IN THE NON-PUBLIC VERSION FILED WITH THE COMMISSION.

Year	Capital Budget
2024	$399,700,469
2025	$385,763,011
2026	**CONFIDENTIAL**
2027	**CONFIDENTIAL**
2028	**CONFIDENTIAL**

The information for 2026- 2028 is CONFIDENTIAL AND IS SUBMITTED ONLY IN THE NON-PUBLIC VERSION FILED WITH THE COMMISSION.

Q. SDR-ROR-15 Please identify the Company's and, if applicable, its parent's, capital structure targets (percentages of capital types). Provide the complete basis for the capital structure targets.

A. SDR-ROR-15 The Company's long term capitalization target is 53% in order to support the Company's strong investment grade credit rating and ability to issue debt even during difficult capital market conditions.

Exelon Corporation's capital structure is not the basis for the Company's claim and is therefore not applicable.

Q. SDR-ROR-16 For each month, of the most recent 24 months, please supply the Company's

a) short-term debt balance;
b) short-term debt interest rate;
c) balance of construction work in progress; and
d) balance of construction work in progress which is eligible for AFUDC accrual.

A. SDR-ROR-16

a) Please refer to Attachment SDR-ROR-16(a)
b) Please refer to Attachment SDR-ROR-16(a)
c) Please refer to Attachment SDR-ROR-16(c)
d) Please refer to Attachment SDR-ROR-16(d)

PECO
Short-term debt
January 2022 through December 2023

a) Short-term debt balance:

	2022			2023		
Month	Current Portion of Long Term Debt	Commercial Paper	Intercompany Money Pool	Current Portion of Long Term Debt	Commercial Paper	Intercompany Money Pool
January	350,000,000	-	10,000,000	50,000,000	255,000,000	-
February	350,000,000	-	57,000,000	50,000,000	-	228,000,000
March	350,000,000	-	65,000,000	50,000,000	145,000,000	-
April	350,000,000	-	-	50,000,000	118,000,000	34,000,000
May	350,000,000	-	-	50,000,000	118,000,000	-
June	50,000,000	210,000,000	-	50,000,000	-	-
July	50,000,000	225,000,000	-	-	-	-
August	50,000,000	-	-	-	-	-
September	50,000,000	-	-	-	-	-
October	50,000,000	-	-	-	-	-
November	50,000,000	10,000,000	-	-	-	-
December	50,000,000	238,800,000	-	-	165,000,000	-

b) Short-term debt interest rate:

	2022			2023		
Month	Current Portion of Long Term Debt	Commercial Paper	Intercompany Money Pool	Current Portion of Long Term Debt	Commercial Paper	Intercompany Money Pool
January	2.38%	0.00%	0.08%	2.00%	4.60%	0.00%
February	2.38%	0.00%	0.08%	2.00%	0.00%	4.58%
March	2.38%	0.00%	0.20%	2.00%	5.03%	0.00%
April	2.38%	0.00%	0.00%	2.00%	5.00%	4.67%
May	2.38%	0.00%	0.00%	2.00%	5.20%	0.00%
June	2.00%	1.86%	0.00%	2.00%	0.00%	0.00%
July	2.00%	2.60%	0.00%	0.00%	0.00%	0.00%
August	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
September	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
October	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
November	2.00%	4.10%	0.00%	0.00%	0.00%	0.00%
December	2.00%	4.70%	0.00%	0.00%	5.56%	0.00%

PECO 10200
CWIP - Total Gas & Common
2022 through December 2023

Month	2023	2022
January	254,390,025.52	224,436,297.86
February	266,701,742.76	227,295,149.36
March	320,825,585.00	236,892,276.00
April	278,986,310.20	228,270,282.50
May	302,156,500.98	234,140,171.30
June	356,477,154.00	253,111,509.00
July	319,890,853.57	248,002,666.62
August	331,290,797.43	246,661,119.19
September	381,717,685.00	286,011,240.00
October	326,157,960.77	281,016,626.25
November	267,120,262.60	266,556,510.19
December	229,063,177.00	286,488,411.00

PECO 10200
CWIP Eligible for AFUDC - Total Gas & Common
2022 through December 2023

Month	2023	2022
January	223,016,341	225,498,227
February	227,206,428	230,333,809
March	184,249,039	228,604,364
April	186,821,446	217,588,598
May	196,623,345	163,626,048
June	217,297,617	169,646,035
July	236,433,158	180,841,940
August	238,754,489	249,875,432
September	248,417,786	245,887,040
October	255,194,224	261,039,640
November	257,216,859	274,506,822
December	224,204,293	259,520,608

Q. SDR-ROR-17 If applicable, please provide the currently authorized returns on equity for each of the parent's utility subsidiaries of the same industry type as the Company. In each case identify the approximate date when the current return on equity was approved by the state commission.

A. SDR-ROR-17 Please see Note 3 – Regulatory Matters of Exelon's recent 10-K filings posted to the SEC website for the requested information.

Q. SDR-ROR-18 Has the utility reacquired or repurchased any debt within the last five years? If so, provide a summary of each gain or loss on reacquired debt, the date on which the utility commenced amortization of such a gain or loss, the regulatory commission decision addressing the treatment of such gain or loss on reacquired debt, if any, on interest expense.

A. SDR-ROR-18 No, PECO has not reacquired or repurchased any debt within the last five years.

Q. SDR-ROR-19 Fully identify all debt (other than instruments in public markets) owed to all shareholders, corporate officers, or members of the board of directors, its affiliates, parent company, or subsidiaries.

A. SDR-ROR-19 PECO Energy Capital Corp (PECC), PECO Energy Capital Trust III (PECO Trust III), and PECO Energy Capital Trust IV (PECO Trust IV) are non-consolidated subsidiaries of PECO that have issued preferred securities and lent the proceeds to PECO.

As of December 31, 2023 PECO's long-term debt owed to affiliates consisted of the following:

Description	Interest Rate	Maturity Date	Debt Outstanding
PECO Energy Capital Corp loan to PECO	Variable	On Demand	$805,206
PECO Trust III Subordinated Debentures	7.380%	4/6/2028	80,520,619
PECO Trust IV Subordinated Debentures	5.750%	6/15/2033	103,092,784
		Total	$184,418,609

Q. SDR-ROR-20 Provide a summary statement of all stock dividends, splits, or par value changes during the two (2) year calendar period preceding the rate case filing.

A. SDR-ROR-20 During the calendar years 2022 and 2023, there were the following:

	Common Stock Dividends Declared ($ Millions)	Preferred Stock Dividends Declared ($ Millions)	Stock Splits	Par Value Changes
2022				
Exelon Corporation	$1,336	$0	None	None
PECO Energy Company	$398.4	$0	None	None
2023				
Exelon Corporation	$1,436	$0	None	None
PECO Energy Company	$404.8	$0	None	None

Q. SDR-ROR-21 If a claim of the filing utility is based on utilization of the capital structure or capital costs of the parent company and system--consolidated, the reasons for this claim must be fully stated and supported.

A. SDR-ROR-21 The Company has not proposed the use of the capital structure or capital costs of the parent company and system consolidated in this filing.

Q. SDR-ROR-22 To the extent not provided in SDR ROR-13, supply projected capital requirements and sources of the filing utility, its parent and system - consolidated - for the test year and each of three (3) comparable future years.

A. SDR-ROR-22 Refer to Attachment SDR-ROR-22(a.1) and Confidential Attachment SDR-ROR-22(a.2) for the Company's projected capital requirements and sources. Forward looking data for Parent and System consolidated is not applicable.

ATTACHMENT SDR-ROR-22(a.2) IS CONFIDENTIAL AND IS SUBMITTED ONLY IN THE NON-PUBLIC VERSION TO THE COMMISSION.

PECO Gas
REQUIREMENTS AND SOURCES OF FUNDS
(Millions of Dollars)

		Year 2024	Year 2025
CASH FLOW DETAIL			
	CAPITAL REQUIREMENTS		
1	Capital Expenditures	$ 400	$ 386
2	**Cash used in Investing**	**$ 400**	**$ 386**
	SOURCES		
	OPERATING ACTIVITIES		
3	Net Income	$ 162	$ 153
4	Depreciation & Amortization	98	111
5	Change in Deferred Taxes	(13)	(9)
6	Change in Working Capital	3	0
7	**TOTAL INTERNAL**	**$ 251**	**$ 255**
	FINANCING ACTIVITIES		
8	Change in Total Long-Term Debt	$ 135	$ 129
9	Change in Total Notes Payable	(10)	8
10	Equity Infusion & Other	138	101
11	Dividends	(114)	(107)
12	**TOTAL OUTSIDE**	**$ 149**	**$ 131**
13	**TOTAL SOURCES**	**$ 400**	**$ 386**

PECO Energy
REQUIREMENTS AND SOURCES OF FUNDS
(Millions of Dollars)

		Year 2024	Year 2025
CASH FLOW DETAIL			
	CAPITAL REQUIREMENTS		
1	Capital Expenditures	**$ 1,691**	**$ 1,829**
2	**Cash used in Investing**	**$ 1,691**	**$ 1,829**
	SOURCES		
	OPERATING ACTIVITIES		
3	Net Income	$ 570	$ 763
4	Depreciation & Amortization	438	480
5	Change in Deferred Taxes	(49)	(26)
6	Change in Working Capital	13	1
7	**TOTAL INTERNAL**	**$ 972**	**$ 1,217**
	FINANCING ACTIVITIES		
8	Change in Total Long-Term Debt	$ 575	$ 625
10	Change in Total Notes Payable	(45)	33
11	Equity Infusion	588	488
12	Total Dividends	(400)	(534)
13	**TOTAL OUTSIDE**	**$ 719**	**$ 612**
14	**TOTAL SOURCES**	**$ 1,691**	**$ 1,829**

Q. SDR-ROR-23 To the extent not provided elsewhere, supply financial data of Company and/or parent for the last five (5) years.

a. Times interest earned ratio - pre and post tax basis.
b. Preferred stock dividend coverage ratio - pre tax basis.
c. Times fixed charges earned ratio - pre tax basis.
d. Dividend payout ratio.
e. AFUDC as a percent of earnings available for common equity.
f. Construction work in progress as a percent of net utility plant.
g. Effective income tax rate.
h. Internal cash generations as a percent of total capital requirements.

A. SDR-ROR-23

a. Times interest earned ratio – pre and post tax basis:

Pre tax basis

Pre Tax

PECO Energy Consolidated (SEC)	
2019	8.86
2020	6.88
2021	6.88
2022	7.42
2023	5.85

Post tax basis

Post Tax

PECO Energy Consolidated (SEC)	
2019	8.50
2020	6.93
2021	6.87
2022	7.47
2023	6.18

b. Preferred stock dividend coverage ratio – pre tax basis:

PECO Energy Consolidated (SEC) [In millions]	
2019	N/A - No preferred stock
2020	N/A - No preferred stock
2021	N/A - No preferred stock
2022	N/A - No preferred stock
2023	N/A - No preferred stock

c. Times fixed charges earned ratio – pre tax basis

PECO Energy Consolidated (SEC)	
2019	5.2
2020	3.7
2021	4.0
2022	4.4
2023	3.6

d. Dividend payout ratio:

PECO Energy Consolidated (SEC)	
2019	68%
2020	76%
2021	67%
2022	69%
2023	72%

e. AFUDC as a percent of earnings available for common equity:

PECO Energy Consolidated (SEC)	
2019	3.22%
2020	5.15%
2021	6.75%
2022	7.29%
2023	8.16%

f. Construction work in progress as a percent of net utility plant:

PECO Energy Consolidated (FERC - Gas Only)	
2019	1.41%
2020	3.29%
2021	5.51%
2022	4.82%
2023	4.49%

g. Effective income tax rate:

PECO Energy Consolidated (SEC)	
2019	11.0%
2020	-7.2%
2021	2.3%
2022	12.1%
2023	3.4%

h. Internal cash generations as a percent of total capital requirements

PECO Energy Consolidated (SEC)	
2019	59.6%
2020	39.7%
2021	42.3%
2022	48.9%
2023	36.9%

Q. SDR-RR-1 Please provide a copy of the Company's detailed quarterly balance sheet and monthly income statements for the historic test year through the most recent month available.

A. SDR-RR-1 Please see attachments:

- Attachment SDR-RR-1(a.1) (PECO Income Statements – 2023)
- Attachment SDR-RR-1(a.2) (PECO Balance Sheets – 2023)
- Attachment SDR-RR-1(a.3) (PECO Income Statements – 2022)
- Attachment SDR-RR-1(a.4) (PECO Balance Sheets – 2022)

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2023	Year/Period of Report End of: 2023/ Q1

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

Do not report fourth quarter data in columns (e) and (f)
Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over Lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
Use page 122 for important notes regarding the statement of income for any account thereof.
Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended - Quarterly Only - No 4th Quarter (e)	Prior 3 Months Ended - Quarterly Only - No 4th Quarter (f)	Electric Utility Current Year to Date (in dollars) (g)	Electric Utility Previous Year to Date (in dollars) (h)	Gas Utiity Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1	UTILITY OPERATING INCOME											
2	Operating Revenues (400)	300	1,112,436,863	1,047,526,927	1,112,436,863	1,047,526,927	795,334,527	741,077,534	317,102,336	306,449,393		
3	Operating Expenses											
4	Operation Expenses (401)	320	679,055,807	581,792,459	679,055,807	581,792,459	494,224,846	409,483,985	184,830,961	172,308,474		

5	Maintenance Expenses (402)	320	73,562,736	67,572,237	73,562,736	67,572,237	63,562,049	59,324,766	10,000,687	8,247,471		
6	Depreciation Expense (403)	336	80,190,378	75,076,865	80,190,378	75,076,865	61,981,974	58,367,531	18,208,404	16,709,334		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336	5,309	6,158	5,309	6,158	4,083	4,083	1,226	2,075		
8	Amort. & Depl. of Utility Plant (404-405)	336	15,533,383	13,712,007	15,533,383	13,712,007	12,523,584	11,092,326	3,009,799	2,619,681		
9	Amort. of Utility Plant Acq. Adj. (406)	336										
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)											
11	Amort. of Conversion Expenses (407.2)											
12	Regulatory Debits (407.3)		2,961,360	2,935,358	2,961,360	2,935,358	2,799,060	2,799,058	162,300	136,300		
13	(Less) Regulatory Credits (407.4)											
14	Taxes Other Than Income Taxes (408.1)	262	49,553,283	47,339,511	49,553,283	47,339,511	47,321,094	45,210,557	2,232,189	2,128,954		
15	Income Taxes - Federal (409.1)	262	13,935,541	4,085,316	13,935,541	4,085,316	10,449,783	10,483,322	3,485,758	(6,398,006)		
16	Income Taxes - Other (409.1)	262										
17	Provision for Deferred Income Taxes (410.1)	234, 272	33,719,385	52,315,845	33,719,385	52,315,845	19,188,659	34,274,837	14,530,726	18,041,008		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272	50,181,815	47,887,265	50,181,815	47,887,265	24,953,240	25,153,710	25,228,575	22,733,555		
19	Investment Tax Credit Adj. - Net (411.4)	266	(7,885)	(25,190)	(7,885)	(25,190)	(5,505)	(8,014)	(2,380)	(17,176)		

20	(Less) Gains from Disp. of Utility Plant (411.6)											
21	Losses from Disp. of Utility Plant (411.7)											
22	(Less) Gains from Disposition of Allowances (411.8)											
23	Losses from Disposition of Allowances (411.9)											
24	Accretion Expense (411.10)		15,693	14,324	15,693	14,324	749	751	14,944	13,573		
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		898,343,175	796,937,625	898,343,175	796,937,625	687,097,136	605,879,492	211,246,039	191,058,133		
27	Net Util Oper Inc (Enter Tot line 2 less 25)		214,093,688	250,589,302	214,093,688	250,589,302	108,237,391	135,198,042	105,856,297	115,391,260		
28	Other Income and Deductions											
29	Other Income											
30	Nonutilty Operating Income											
31	Revenues From Merchandising, Jobbing and Contract Work (415)											
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)											
33	Revenues From Nonutility Operations (417)		100,529	53,513	100,529	53,513						
34	(Less) Expenses of Nonutility Operations (417.1)		274,071	412,109	274,071	412,109						
35	Nonoperating Rental Income (418)											

36	Equity in Earnings of Subsidiary Companies (418.1)	119	(11,607,846)	(11,651,022)	(11,607,846)	(11,651,022)						
37	Interest and Dividend Income (419)		758,415	105,359	758,415	105,359						
38	Allowance for Other Funds Used During Construction (419.1)		6,247,740	7,383,981	6,247,740	7,383,981						
39	Miscellaneous Nonoperating Income (421)		(311,677)	301,605	(311,677)	301,605						
40	Gain on Disposition of Property (421.1)		754,993	37,303	754,993	37,303						
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		(4,331,917)	(4,181,370)	(4,331,917)	(4,181,370)						
42	Other Income Deductions											
43	Loss on Disposition of Property (421.2)			250		250						
44	Miscellaneous Amortization (425)											
45	Donations (426.1)		84,481	1,391,251	84,481	1,391,251						
46	Life Insurance (426.2)		(438,006)	650,280	(438,006)	650,280						
47	Penalties (426.3)		(3,960)	6,914	(3,960)	6,914						
48	Exp. for Certain Civic, Political & Related Activities (426.4)		270,519	186,433	270,519	186,433						
49	Other Deductions (426.5)		853,167	2,694,603	853,167	2,694,603						
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		766,201	4,929,731	766,201	4,929,731						
51	Taxes Applic. to Other Income and Deductions											

52	Taxes Other Than Income Taxes (408.2)	262	8,691	6,734	8,691	6,734						
53	Income Taxes-Federal (409.2)	262	(5,826,711)	(11,785,527)	(5,826,711)	(11,785,527)						
54	Income Taxes-Other (409.2)	262	9,000	(3,664,065)	9,000	(3,664,065)						
55	Provision for Deferred Inc. Taxes (410.2)	234, 272	4,020,599	16,756,187	4,020,599	16,756,187						
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272	3,797,542	7,060,496	3,797,542	7,060,496						
57	Investment Tax Credit Adj.-Net (411.5)											
58	(Less) Investment Tax Credits (420)											
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(5,585,963)	(5,747,167)	(5,585,963)	(5,747,167)						
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		487,845	(3,363,934)	487,845	(3,363,934)						
61	Interest Charges											
62	Interest on Long-Term Debt (427)		45,577,360	38,982,048	45,577,360	38,982,048						
63	Amort. of Debt Disc. and Expense (428)		547,029	591,274	547,029	591,274						
64	Amortization of Loss on Reaquired Debt (428.1)		18,587	18,587	18,587	18,587						
65	(Less) Amort. of Premium on Debt-Credit (429)											
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)											

67	Interest on Debt to Assoc. Companies (430)		3,465,013	2,989,936	3,465,013	2,989,936						
68	Other Interest Expense (431)		2,884,725	944,967	2,884,725	944,967						
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		3,582,468	2,428,364	3,582,468	2,428,364						
70	Net Interest Charges (Total of lines 62 thru 69)		48,910,246	41,098,448	48,910,246	41,098,448						
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		165,671,287	206,126,920	165,671,287	206,126,920						
72	Extraordinary Items											
73	Extraordinary Income (434)											
74	(Less) Extraordinary Deductions (435)											
75	Net Extraordinary Items (Total of line 73 less line 74)											
76	Income Taxes-Federal and Other (409.3)	262										
77	Extraordinary Items After Taxes (line 75 less line 76)											
78	Net Income (Total of line 71 and 77)		165,671,287	206,126,920	165,671,287	206,126,920						

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2023	Year/Period of Report End of: 2023/ Q2

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

Do not report fourth quarter data in columns (e) and (f)
Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over Lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
Use page 122 for important notes regarding the statement of income for any account thereof.
Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended - Quarterly Only - No 4th Quarter (e)	Prior 3 Months Ended - Quarterly Only - No 4th Quarter (f)	Electric Utility Current Year to Date (in dollars) (g)	Electric Utility Previous Year to Date (in dollars) (h)	Gas Utiity Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1	UTILITY OPERATING INCOME											
2	Operating Revenues (400)	300	1,940,125,007	1,863,722,344	827,688,143	816,195,417	1,514,655,014	1,448,633,802	425,469,993	415,088,542		
3	Operating Expenses											
4	Operation Expenses (401)	320	1,144,797,761	1,007,573,882	465,741,955	425,781,422	897,015,266	769,340,195	247,782,495	238,233,687		

5	Maintenance Expenses (402)	320	145,266,040	133,806,367	71,703,305	66,234,130	126,397,205	117,724,791	18,868,835	16,081,576		
6	Depreciation Expense (403)	336	161,260,537	151,177,280	81,070,160	76,100,415	124,548,011	117,344,359	36,712,526	33,832,921		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336	10,616	12,316	5,308	6,158	8,165	8,165	2,451	4,151		
8	Amort. & Depl. of Utility Plant (404-405)	336	31,398,988	27,933,208	15,865,604	14,221,202	25,308,132	22,622,826	6,090,856	5,310,382		
9	Amort. of Utility Plant Acq. Adj. (406)	336										
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)											
11	Amort. of Conversion Expenses (407.2)											
12	Regulatory Debits (407.3)		5,922,719	5,817,506	2,961,360	2,882,147	5,598,119	5,598,119	324,600	219,387		
13	(Less) Regulatory Credits (407.4)											
14	Taxes Other Than Income Taxes (408.1)	262	96,975,616	94,991,766	47,422,333	47,652,255	92,762,260	90,754,577	4,213,356	4,237,189		
15	Income Taxes - Federal (409.1)	262	27,362,733	21,364,170	13,427,192	17,278,854	24,335,795	26,173,477	3,026,938	(4,809,307)		
16	Income Taxes - Other (409.1)	262										
17	Provision for Deferred Income Taxes (410.1)	234, 272	56,298,682	81,748,790	22,579,297	29,432,945	41,103,423	65,720,836	15,195,259	16,027,954		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272	81,036,985	72,625,070	30,855,170	24,737,806	54,220,687	51,288,871	26,816,298	21,336,199		
19	Investment Tax Credit Adj. - Net (411.4)	266	(12,515)	(41,061)	(4,631)	(15,872)	(8,735)	(13,064)	(3,780)	(27,997)		

20	(Less) Gains from Disp. of Utility Plant (411.6)											
21	Losses from Disp. of Utility Plant (411.7)											
22	(Less) Gains from Disposition of Allowances (411.8)											
23	Losses from Disposition of Allowances (411.9)											
24	Accretion Expense (411.10)		31,493	28,782	15,797	14,460	1,455	1,509	30,038	27,273		
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		1,588,275,685	1,451,787,936	689,932,510	654,850,310	1,282,848,409	1,163,986,919	305,427,276	287,801,017		
27	Net Util Oper Inc (Enter Tot line 2 less 25)		351,849,322	411,934,408	137,755,633	161,345,107	231,806,605	284,646,883	120,042,717	127,287,525		
28	Other Income and Deductions											
29	Other Income											
30	Nonutilty Operating Income											
31	Revenues From Merchandising, Jobbing and Contract Work (415)											
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)											
33	Revenues From Nonutility Operations (417)		241,350	178,462	140,822	124,949						
34	(Less) Expenses of Nonutility Operations (417.1)		540,971	778,806	266,900	366,696						

35	Nonoperating Rental Income (418)											
36	Equity in Earnings of Subsidiary Companies (418.1)	119	(23,146,388)	(23,268,262)	(11,538,543)	(11,617,240)						
37	Interest and Dividend Income (419)		1,349,508	494,062	591,093	388,703						
38	Allowance for Other Funds Used During Construction (419.1)		12,248,538	14,979,519	6,000,798	7,595,538						
39	Miscellaneous Nonoperating Income (421)		261,787	1,085,396	573,466	783,791						
40	Gain on Disposition of Property (421.1)			54,243	(754,992)	16,940						
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		(9,586,176)	(7,255,386)	(5,254,256)	(3,074,015)						
42	Other Income Deductions											
43	Loss on Disposition of Property (421.2)			250								
44	Miscellaneous Amortization (425)											
45	Donations (426.1)		668,392	3,658,156	583,911	2,266,905						
46	Life Insurance (426.2)		(1,157,763)	1,602,163	(719,757)	951,884						
47	Penalties (426.3)		441,731	31,765	445,691	24,851						
48	Exp. for Certain Civic, Political & Related Activities (426.4)		471,198	445,324	200,680	258,891						
49	Other Deductions (426.5)		2,458,743	5,375,986	1,605,576	2,681,383						
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		2,882,301	11,113,644	2,116,101	6,183,914						

51	Taxes Applic. to Other Income and Deductions											
52	Taxes Other Than Income Taxes (408.2)	262	17,464	15,451	8,773	8,717						
53	Income Taxes-Federal (409.2)	262	(19,038,902)	(30,421,813)	(13,212,191)	(18,636,287)						
54	Income Taxes-Other (409.2)	262	9,961	(3,664,065)	961							
55	Provision for Deferred Inc. Taxes (410.2)	234, 272	3,885,448	18,808,564	(135,151)	2,052,377						
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272	5,500,448	14,652,145	1,702,906	7,591,649						
57	Investment Tax Credit Adj.-Net (411.5)											
58	(Less) Investment Tax Credits (420)											
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(20,626,477)	(29,914,008)	(15,040,514)	(24,166,842)						
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		8,158,000	11,544,978	7,670,157	14,908,913						
61	Interest Charges											
62	Interest on Long-Term Debt (427)		91,750,276	79,318,645	46,172,916	40,336,597						
63	Amort. of Debt Disc. and Expense (428)		1,110,980	1,346,736	563,951	755,461						
64	Amortization of Loss on Reaquired Debt (428.1)		37,173	37,173	18,587	18,587						
65	(Less) Amort. of Premium on Debt-Credit (429)											

66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)											
67	Interest on Debt to Assoc. Companies (430)		6,654,657	5,975,492	3,189,644	2,985,557						
68	Other Interest Expense (431)		5,780,536	2,254,848	2,895,810	1,309,881						
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		8,093,403	4,839,933	4,510,934	2,411,568						
70	Net Interest Charges (Total of lines 62 thru 69)		97,240,219	84,092,961	48,329,974	42,994,515						
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		262,767,103	339,386,425	97,095,816	133,259,505						
72	Extraordinary Items											
73	Extraordinary Income (434)											
74	(Less) Extraordinary Deductions (435)											
75	Net Extraordinary Items (Total of line 73 less line 74)											
76	Income Taxes-Federal and Other (409.3)	262										
77	Extraordinary Items After Taxes (line 75 less line 76)											
78	Net Income (Total of line 71 and 77)		262,767,103	339,386,425	97,095,816	133,259,505						

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2023	Year/Period of Report End of: 2023/ Q3

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

Do not report fourth quarter data in columns (e) and (f)
Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over Lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
Use page 122 for important notes regarding the statement of income for any account thereof.
Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended - Quarterly Only - No 4th Quarter (e)	Prior 3 Months Ended - Quarterly Only - No 4th Quarter (f)	Electric Utility Current Year to Date (in dollars) (g)	Electric Utility Previous Year to Date (in dollars) (h)	Gas Utiity Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1	UTILITY OPERATING INCOME											
2	Operating Revenues (400)	300	2,976,797,995	2,877,609,532	1,036,672,987	1,013,887,187	2,483,400,502	2,389,427,365	493,397,493	488,182,167		
3	Operating Expenses											
4	Operation Expenses (401)	320	1,739,605,462	1,571,945,367	594,807,700	564,371,485	1,447,954,758	1,282,728,082	291,650,704	289,217,285		

5	Maintenance Expenses (402)	320	235,830,905	209,827,969	90,564,865	76,021,603	209,592,138	184,860,392	26,238,767	24,967,577		
6	Depreciation Expense (403)	336	243,256,837	228,138,276	81,996,299	76,960,997	187,816,015	176,751,888	55,440,822	51,386,388		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336	10,615	18,191	(2)	5,875	6,938	12,248	3,677	5,943		
8	Amort. & Depl. of Utility Plant (404-405)	336	47,752,475	42,530,750	16,353,487	14,597,542	38,508,057	34,452,414	9,244,418	8,078,336		
9	Amort. of Utility Plant Acq. Adj. (406)	336										
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)											
11	Amort. of Conversion Expenses (407.2)											
12	Regulatory Debits (407.3)		8,884,079	8,752,867	2,961,360	2,935,360	8,397,179	8,397,180	486,900	355,687		
13	(Less) Regulatory Credits (407.4)											
14	Taxes Other Than Income Taxes (408.1)	262	155,883,861	154,506,703	58,908,245	59,514,937	149,731,088	148,343,753	6,152,773	6,162,950		
15	Income Taxes - Federal (409.1)	262	54,173,364	40,930,587	26,810,630	19,566,418	52,424,506	47,686,560	1,748,858	(6,755,973)		
16	Income Taxes - Other (409.1)	262										
17	Provision for Deferred Income Taxes (410.1)	234, 272	87,082,784	109,890,755	30,784,102	28,141,966	75,835,144	95,279,468	11,247,640	14,611,287		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272	125,200,381	97,078,335	44,163,396	24,453,264	103,611,538	80,442,036	21,588,843	16,636,299		
19	Investment Tax Credit Adj. - Net (411.4)	266	(19,300)	(61,326)	(6,786)	(20,264)	(13,469)	(19,513)	(5,831)	(41,813)		

20	(Less) Gains from Disp. of Utility Plant (411.6)											
21	Losses from Disp. of Utility Plant (411.7)											
22	(Less) Gains from Disposition of Allowances (411.8)											
23	Losses from Disposition of Allowances (411.9)											
24	Accretion Expense (411.10)		47,432	43,369	15,943	14,583	2,152	2,263	45,280	41,106		
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		2,447,308,133	2,269,445,173	859,032,447	817,657,238	2,066,642,968	1,898,052,699	380,665,165	371,392,474		
27	Net Util Oper Inc (Enter Tot line 2 less 25)		529,489,862	608,164,359	177,640,540	196,229,949	416,757,534	491,374,666	112,732,328	116,789,693		
28	Other Income and Deductions											
29	Other Income											
30	Nonutilty Operating Income											
31	Revenues From Merchandising, Jobbing and Contract Work (415)											
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)											
33	Revenues From Nonutility Operations (417)		367,157	341,077	125,806	162,615						
34	(Less) Expenses of Nonutility Operations (417.1)		858,569	1,147,798	317,597	368,993						

35	Nonoperating Rental Income (418)											
36	Equity in Earnings of Subsidiary Companies (418.1)	119	(34,774,723)	(34,812,926)	(11,628,334)	(11,544,664)						
37	Interest and Dividend Income (419)		4,795,058	1,355,159	3,445,550	861,097						
38	Allowance for Other Funds Used During Construction (419.1)		21,609,087	22,185,972	9,360,548	7,206,453						
39	Miscellaneous Nonoperating Income (421)		509,757	1,492,705	247,970	407,309						
40	Gain on Disposition of Property (421.1)			54,243								
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		(8,352,233)	(10,531,568)	1,233,943	(3,276,183)						
42	Other Income Deductions											
43	Loss on Disposition of Property (421.2)			250								
44	Miscellaneous Amortization (425)											
45	Donations (426.1)		1,389,050	5,236,929	720,659	1,578,773						
46	Life Insurance (426.2)		(2,171,857)	2,213,387	(1,014,094)	611,223						
47	Penalties (426.3)		449,181	552,756	7,450	520,991						
48	Exp. for Certain Civic, Political & Related Activities (426.4)		678,103	631,374	206,904	186,050						
49	Other Deductions (426.5)		3,352,040	6,212,856	893,297	836,870						

50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		3,696,517	14,847,552	814,216	3,733,907						
51	Taxes Applic. to Other Income and Deductions											
52	Taxes Other Than Income Taxes (408.2)	262	22,573	15,260	5,109	(191)						
53	Income Taxes-Federal (409.2)	262	(36,393,971)	(52,451,146)	(17,355,070)	(22,029,333)						
54	Income Taxes-Other (409.2)	262	9,961	(3,664,065)								
55	Provision for Deferred Inc. Taxes (410.2)	234, 272	4,879,141	61,822,195	993,693	43,013,631						
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272	11,419,635	26,748,807	5,919,187	12,096,662						
57	Investment Tax Credit Adj.-Net (411.5)											
58	(Less) Investment Tax Credits (420)											
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(42,901,931)	(21,026,563)	(22,275,455)	8,887,445						
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		30,853,181	(4,352,557)	22,695,182	(15,897,535)						
61	Interest Charges											
62	Interest on Long-Term Debt (427)		144,121,387	122,210,241	52,371,110	42,891,597						
63	Amort. of Debt Disc. and Expense (428)		1,744,371	1,759,210	633,391	412,474						
64	Amortization of Loss on Reaquired Debt (428.1)		55,760	55,760	18,587	18,587						

65	(Less) Amort. of Premium on Debt-Credit (429)											
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)											
67	Interest on Debt to Assoc. Companies (430)		9,642,855	8,956,644	2,988,198	2,981,152						
68	Other Interest Expense (431)		7,382,801	4,034,836	1,602,266	1,779,988						
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		11,434,049	7,957,635	3,340,646	3,117,703						
70	Net Interest Charges (Total of lines 62 thru 69)		151,513,125	129,059,056	54,272,906	44,966,095						
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		408,829,918	474,752,746	146,062,816	135,366,319						
72	Extraordinary Items											
73	Extraordinary Income (434)											
74	(Less) Extraordinary Deductions (435)											
75	Net Extraordinary Items (Total of line 73 less line 74)											
76	Income Taxes-Federal and Other (409.3)	262										
77	Extraordinary Items After Taxes (line 75 less line 76)											

78	Net Income (Total of line 71 and 77)		408,829,918	474,752,746	146,062,816	135,366,319						

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/22/2024	Year/Period of Report End of: 2023/ Q4

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

Do not report fourth quarter data in columns (e) and (f)
Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over Lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
Use page 122 for important notes regarding the statement of income for any account thereof.
Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended - Quarterly Only - No 4th Quarter (e)	Prior 3 Months Ended - Quarterly Only - No 4th Quarter (f)	Electric Utility Current Year to Date (in dollars) (g)	Electric Utility Previous Year to Date (in dollars) (h)	Gas Utiity Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1	UTILITY OPERATING INCOME											
2	Operating Revenues (400)	300	3,894,066,980	3,903,527,998			3,202,212,309	3,165,347,183	691,854,671	738,180,815		
3	Operating Expenses											
4	Operation Expenses (401)	320	2,242,438,812	2,191,992,163			1,849,347,612	1,742,368,379	393,091,200	449,623,784		

5	Maintenance Expenses (402)	320	292,989,680	289,593,964			258,795,877	254,444,148	34,193,803	35,149,816		
6	Depreciation Expense (403)	336	326,647,874	306,636,451			251,739,388	237,367,866	74,908,486	69,268,585		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336	1,434	23,500			(3,469)	16,331	4,903	7,169		
8	Amort. & Depl. of Utility Plant (404-405)	336	62,927,544	57,234,219			50,746,941	46,332,762	12,180,603	10,901,457		
9	Amort. of Utility Plant Acq. Adj. (406)	336										
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)											
11	Amort. of Conversion Expenses (407.2)											
12	Regulatory Debits (407.3)		11,845,439	11,688,225			11,196,239	11,196,239	649,200	491,986		
13	(Less) Regulatory Credits (407.4)											
14	Taxes Other Than Income Taxes (408.1)	262	201,684,342	201,711,067			193,733,124	193,960,915	7,951,218	7,750,152		
15	Income Taxes - Federal (409.1)	262	62,968,321	24,378,150			65,890,701	36,654,829	(2,922,380)	(12,276,679)		
16	Income Taxes - Other (409.1)	262										
17	Provision for Deferred Income Taxes (410.1)	234, 272	87,588,502	88,509,851			69,333,559	73,090,382	18,254,943	15,419,469		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272	126,562,084	51,592,653			92,503,618	36,618,513	34,058,466	14,974,140		
19	Investment Tax Credit Adj. - Net (411.4)	266	(27,235)	(68,997)			(18,740)	(21,949)	(8,495)	(47,048)		
20	(Less) Gains from Disp. of Utility Plant (411.6)											

21	Losses from Disp. of Utility Plant (411.7)											
22	(Less) Gains from Disposition of Allowances (411.8)											
23	Losses from Disposition of Allowances (411.9)											
24	Accretion Expense (411.10)		63,414	58,917			2,739	3,015	60,675	55,902		
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		3,162,566,043	3,120,164,857			2,658,260,353	2,558,794,404	504,305,690	561,370,453		
27	Net Util Oper Inc (Enter Tot line 2 less 25)		731,500,937	783,363,141			543,951,956	606,552,779	187,548,981	176,810,362		
28	Other Income and Deductions											
29	Other Income											
30	Nonutilty Operating Income											
31	Revenues From Merchandising, Jobbing and Contract Work (415)											
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)											
33	Revenues From Nonutility Operations (417)		428,493	399,457								
34	(Less) Expenses of Nonutility Operations (417.1)		1,588,937	1,638,497								
35	Nonoperating Rental Income (418)											
36	Equity in Earnings of Subsidiary Companies (418.1)	119	(46,468,723)	(46,432,995)								

37	Interest and Dividend Income (419)		6,005,567	1,963,350								
38	Allowance for Other Funds Used During Construction (419.1)		30,926,980	31,063,502								
39	Miscellaneous Nonoperating Income (421)		1,296,370	1,119,330								
40	Gain on Disposition of Property (421.1)			54,243								
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		(9,400,250)	(13,471,610)								
42	Other Income Deductions											
43	Loss on Disposition of Property (421.2)			250								
44	Miscellaneous Amortization (425)											
45	Donations (426.1)		3,678,010	29,435,687								
46	Life Insurance (426.2)		(3,126,428)	2,623,489								
47	Penalties (426.3)		473,832	608,792								
48	Exp. for Certain Civic, Political & Related Activities (426.4)		869,963	846,903								
49	Other Deductions (426.5)		3,310,597	9,619,856								
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		5,205,974	43,134,977								
51	Taxes Applic. to Other Income and Deductions											
52	Taxes Other Than Income Taxes (408.2)	262	29,971	22,095								
53	Income Taxes-Federal (409.2)	262	(41,740,613)	(58,123,838)								

54	Income Taxes-Other (409.2)	262	16,156	(3,651,416)								
55	Provision for Deferred Inc. Taxes (410.2)	234, 272	2,401,422	55,227,701								
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272	11,540,596	21,221,868								
57	Investment Tax Credit Adj.-Net (411.5)											
58	(Less) Investment Tax Credits (420)											
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(50,833,660)	(27,747,326)								
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		36,227,436	(28,859,261)								
61	Interest Charges											
62	Interest on Long-Term Debt (427)		196,492,497	167,787,602								
63	Amort. of Debt Disc. and Expense (428)		2,393,465	2,305,806								
64	Amortization of Loss on Reaquired Debt (428.1)		74,346	74,346								
65	(Less) Amort. of Premium on Debt-Credit (429)											
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)											
67	Interest on Debt to Assoc. Companies (430)		12,631,556	11,940,816								
68	Other Interest Expense (431)		8,722,842	5,665,953								

69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		15,264,982	11,135,836								
70	Net Interest Charges (Total of lines 62 thru 69)		205,049,724	176,638,687								
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		562,678,649	577,865,193								
72	Extraordinary Items											
73	Extraordinary Income (434)											
74	(Less) Extraordinary Deductions (435)											
75	Net Extraordinary Items (Total of line 73 less line 74)											
76	Income Taxes-Federal and Other (409.3)	262										
77	Extraordinary Items After Taxes (line 75 less line 76)											
78	Net Income (Total of line 71 and 77)		562,678,649	577,865,193								

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2023	Year/Period of Report End of: 2023/ Q1

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	15,675,270,616	15,465,876,650
3	Construction Work in Progress (107)	200	836,040,464	751,860,795
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		16,511,311,080	16,217,737,445
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,142,184,677	4,084,478,854
6	Net Utility Plant (Enter Total of line 4 less 5)		12,369,126,403	12,133,258,591
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		12,369,126,403	12,133,258,591
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,937,832	9,942,504
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,260,791	1,256,558
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	4,122,619	15,139,965
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		23,718,983	22,305,318
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		36,518,643	46,131,229
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		18,577,647	51,558,086
36	Special Deposits (132-134)		8,657,128	8,572,118
37	Working Fund (135)			
38	Temporary Cash Investments (136)		688,090	640,692
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		439,020,008	416,056,610
41	Other Accounts Receivable (143)		159,061,698	153,123,547
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		141,096,643	114,275,884
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		1,987,352	4,104,782
45	Fuel Stock (151)	227	1,545,757	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	51,547,882	52,491,353
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	(1,490,087)	
55	Gas Stored Underground - Current (164.1)		35,169,915	92,464,506
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,859,732	5,154,294
57	Prepayments (165)		116,816,901	19,804,414
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		8,902	3,738
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		149,003,315	219,133,526
62	Miscellaneous Current and Accrued Assets (174)		21,464,928	14,140,050

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		865,822,525	924,587,784
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		39,532,620	40,053,907
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	774,868,490	730,725,615
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		[a](4,270,416)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	695,255,906	665,783,248
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	211,011,734	189,027,240
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,716,398,334	1,625,590,010
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,987,865,905	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2023	Year/Period of Report End of: 2023/ Q1

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,608,856,118	2,278,856,117
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,743	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,308,699,327	5,232,620,194
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,385,114,691)	(3,373,506,845)
13	(Less) Reacquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,338,033	2,176,348
16	Total Proprietary Capital (lines 2 through 15)		5,957,696,295	5,563,063,323
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,675,000,000	4,675,000,000
19	(Less) Reacquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		23,801,156	23,985,020
24	Total Long-Term Debt (lines 18 through 23)		4,835,617,453	4,835,433,589
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			38,906,757	38,876,739

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		301,756,593	302,042,360
30	Accumulated Miscellaneous Operating Provisions (228.4)		18,237,228	16,700,390
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		27,795,536	28,063,144
35	Total Other Noncurrent Liabilities (lines 26 through 34)		386,696,114	385,682,633
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		144,930,000	238,677,627
38	Accounts Payable (232)		541,818,945	667,727,723
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		49,213,200	44,099,231
41	Customer Deposits (235)		66,444,211	62,879,263
42	Taxes Accrued (236)	262	6,666,181	13,462,048
43	Interest Accrued (237)		45,078,992	48,060,599
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		71,098	25,218
48	Miscellaneous Current and Accrued Liabilities (242)		95,879,506	114,326,974
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		950,102,133	1,189,258,683
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		4,898,058	3,549,829
57	Accumulated Deferred Investment Tax Credits (255)	266	351,026	358,911

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,441,419	1,427,065
60	Other Regulatory Liabilities (254)	278	390,134,104	343,812,923
61	Unamortized Gain on Reacquired Debt (257)		851,223	872,463
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,168,357,418	2,116,545,577
64	Accum. Deferred Income Taxes-Other (283)		291,720,662	289,562,618
65	Total Deferred Credits (lines 56 through 64)		2,857,753,910	2,756,129,386
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,987,865,905	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2023	Year/Period of Report End of: 2023/ Q2

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	15,974,224,175	15,465,876,650
3	Construction Work in Progress (107)	200	877,825,650	751,860,795
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		16,852,049,825	16,217,737,445
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,190,842,046	4,084,478,854
6	Net Utility Plant (Enter Total of line 4 less 5)		12,661,207,779	12,133,258,591
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		12,661,207,779	12,133,258,591
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		11,248,573	9,942,504
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,272,885	1,256,558
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	15,457,269	15,139,965
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		24,722,086	22,305,318
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		50,155,043	46,131,229
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		15,692,074	51,558,086
36	Special Deposits (132-134)		8,728,140	8,572,118
37	Working Fund (135)			
38	Temporary Cash Investments (136)		47,785,039	640,692
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		304,277,459	416,056,610
41	Other Accounts Receivable (143)		126,458,980	153,123,547
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		109,170,060	114,275,884
43	Notes Receivable from Associated Companies (145)		225,000,000	
44	Accounts Receivable from Assoc. Companies (146)		1,069,954	4,104,782
45	Fuel Stock (151)	227	1,545,757	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	53,583,061	52,491,353
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	(1,692,714)	
55	Gas Stored Underground - Current (164.1)		41,212,117	92,464,506
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,678,782	5,154,294
57	Prepayments (165)		80,145,665	19,804,414
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		14,219	3,738
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		144,345,286	219,133,526
62	Miscellaneous Current and Accrued Assets (174)		27,718,979	14,140,050

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		971,392,738	924,587,784
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		44,000,335	40,053,907
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	818,492,307	730,725,615
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		[a](5,992,735)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	699,405,229	665,783,248
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	224,695,863	189,027,240
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,780,600,999	1,625,590,010
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		15,463,356,559	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2023	Year/Period of Report End of: 2023/ Q2

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,608,856,118	2,278,856,117
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,316,133,685	5,232,620,194
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,396,653,234)	(3,373,506,845)
13	(Less) Reacquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,570,939	2,176,348
16	Total Proprietary Capital (lines 2 through 15)		5,953,825,017	5,563,063,323
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	5,200,000,000	4,675,000,000
19	(Less) Reacquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		24,772,273	23,985,020
24	Total Long-Term Debt (lines 18 through 23)		5,359,646,336	4,835,433,589
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			48,703,654	38,876,739

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		302,452,585	302,042,360
30	Accumulated Miscellaneous Operating Provisions (228.4)		16,277,065	16,700,390
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		28,003,027	28,063,144
35	Total Other Noncurrent Liabilities (lines 26 through 34)		395,436,331	385,682,633
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)			238,677,627
38	Accounts Payable (232)		529,497,159	667,727,723
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		37,706,897	44,099,231
41	Customer Deposits (235)		71,514,523	62,879,263
42	Taxes Accrued (236)	262	31,265,124	13,462,048
43	Interest Accrued (237)		49,377,944	48,060,599
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		34,622	25,218
48	Miscellaneous Current and Accrued Liabilities (242)		126,951,449	114,326,974
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		846,347,718	1,189,258,683
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		3,459,697	3,549,829
57	Accumulated Deferred Investment Tax Credits (255)	266	346,396	358,911

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,430,438	1,427,065
60	Other Regulatory Liabilities (254)	278	409,610,003	343,812,923
61	Unamortized Gain on Reacquired Debt (257)		829,982	872,463
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,199,518,518	2,116,545,577
64	Accum. Deferred Income Taxes-Other (283)		292,906,123	289,562,618
65	Total Deferred Credits (lines 56 through 64)		2,908,101,157	2,756,129,386
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		15,463,356,559	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2023	Year/Period of Report End of: 2023/ Q3

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	16,002,980,520	15,465,876,650
3	Construction Work in Progress (107)	200	971,097,094	751,860,795
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		16,974,077,614	16,217,737,445
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,066,487,610	4,084,478,854
6	Net Utility Plant (Enter Total of line 4 less 5)		12,907,590,004	12,133,258,591
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		12,907,590,004	12,133,258,591
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		11,248,573	9,942,504
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,297,096	1,256,558
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	10,978,154	15,139,965
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		26,205,985	22,305,318
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		47,135,616	46,131,229
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		17,139,718	51,558,086
36	Special Deposits (132-134)		8,836,751	8,572,118
37	Working Fund (135)			
38	Temporary Cash Investments (136)		171,667	640,692
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		332,609,905	416,056,610
41	Other Accounts Receivable (143)		135,335,214	153,123,547
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		103,134,256	114,275,884
43	Notes Receivable from Associated Companies (145)		51,000,000	
44	Accounts Receivable from Assoc. Companies (146)		1,425,235	4,104,782
45	Fuel Stock (151)	227	1,545,757	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	60,843,024	52,491,353
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	(1,076,505)	
55	Gas Stored Underground - Current (164.1)		49,910,677	92,464,506
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,768,317	5,154,294
57	Prepayments (165)		38,494,642	19,804,414
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		19,593	3,738
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		135,086,835	219,133,526
62	Miscellaneous Current and Accrued Assets (174)		24,114,892	14,140,050

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		757,091,466	924,587,784
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		43,611,188	40,053,907
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	881,836,956	730,725,615
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		[a](4,644,508)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	645,501,535	665,783,248
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	242,027,924	189,027,240
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,808,333,095	1,625,590,010
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		15,520,150,181	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2023	Year/Period of Report End of: 2023/ Q3

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,627,435,471	2,278,856,117
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,372,624,835	5,232,620,194
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,408,281,567)	(3,373,506,845)
13	(Less) Reacquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,883,081	2,176,348
16	Total Proprietary Capital (lines 2 through 15)		6,017,579,329	5,563,063,323
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	5,200,000,000	4,675,000,000
19	(Less) Reacquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		24,563,445	23,985,020
24	Total Long-Term Debt (lines 18 through 23)		5,359,855,164	4,835,433,589
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			37,793,522	38,876,739

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		302,567,725	302,042,360
30	Accumulated Miscellaneous Operating Provisions (228.4)		16,521,165	16,700,390
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		27,094,046	28,063,144
35	Total Other Noncurrent Liabilities (lines 26 through 34)		383,976,458	385,682,633
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)			238,677,627
38	Accounts Payable (232)		539,506,067	667,727,723
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		38,676,064	44,099,231
41	Customer Deposits (235)		76,899,660	62,879,263
42	Taxes Accrued (236)	262	41,173,655	13,462,048
43	Interest Accrued (237)		53,195,194	48,060,599
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		46,038	25,218
48	Miscellaneous Current and Accrued Liabilities (242)		119,370,808	114,326,974
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		868,867,486	1,189,258,683
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		5,676,058	3,549,829
57	Accumulated Deferred Investment Tax Credits (255)	266	339,611	358,911

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,432,064	1,427,065
60	Other Regulatory Liabilities (254)	278	350,446,345	343,812,923
61	Unamortized Gain on Reacquired Debt (257)		808,742	872,463
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,236,247,578	2,116,545,577
64	Accum. Deferred Income Taxes-Other (283)		294,921,346	289,562,618
65	Total Deferred Credits (lines 56 through 64)		2,889,871,744	2,756,129,386
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		15,520,150,181	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/22/2024	Year/Period of Report End of: 2023/ Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	16,364,069,275	15,465,876,650
3	Construction Work in Progress (107)	200	884,592,055	751,860,795
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		17,248,661,330	16,217,737,445
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,108,917,336	4,084,478,854
6	Net Utility Plant (Enter Total of line 4 less 5)		13,139,743,994	12,133,258,591
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		13,139,743,994	12,133,258,591
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		13,257,077	9,942,504
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,321,034	1,256,558
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	(20,324,536)	15,139,965
23	Noncurrent Portion of Allowances	228		

24	Other Investments (124)		27,678,806	22,305,318
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			
30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		19,290,313	46,131,229
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		35,516,834	51,558,086
36	Special Deposits (132-134)		8,886,011	8,572,118
37	Working Fund (135)			
38	Temporary Cash Investments (136)		1,926	640,692
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		342,082,834	416,056,610
41	Other Accounts Receivable (143)		116,655,786	153,123,547
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		102,633,146	114,275,884
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		2,361,355	4,104,782
45	Fuel Stock (151)	227	1,527,460	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	67,118,805	52,491,353
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		

51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227		
55	Gas Stored Underground - Current (164.1)		44,844,164	92,464,506
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,217,425	5,154,294
57	Prepayments (165)		19,522,583	19,804,414
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		10,434	3,738
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		184,653,324	219,133,526
62	Miscellaneous Current and Accrued Assets (174)		38,549,970	14,140,050
63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		763,315,765	924,587,784
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		43,162,037	40,053,907
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	919,812,255	730,725,615
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)			
77	Temporary Facilities (185)			

78	Miscellaneous Deferred Debits (186)	233	717,805,360	665,783,248
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	278,338,299	189,027,240
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,959,117,951	1,625,590,010
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		15,881,468,023	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/22/2024	Year/Period of Report End of: 2023/ Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,627,435,471	2,278,856,117
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,436,967,566	5,232,620,194
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,419,975,568)	(3,373,506,845)
13	(Less) Reacquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,175,627	2,176,348
16	Total Proprietary Capital (lines 2 through 15)		6,069,520,605	5,563,063,323
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	5,200,000,000	4,675,000,000
19	(Less) Reacquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			

23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		24,352,422	23,985,020
24	Total Long-Term Debt (lines 18 through 23)		5,360,066,187	4,835,433,589
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28	Accumulated Provision for Injuries and Damages (228.2)		36,915,213	38,876,739
29	Accumulated Provision for Pensions and Benefits (228.3)		303,421,067	302,042,360
30	Accumulated Miscellaneous Operating Provisions (228.4)		16,430,295	16,700,390
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		26,348,304	28,063,144
35	Total Other Noncurrent Liabilities (lines 26 through 34)		383,114,879	385,682,633
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		164,782,586	238,677,627
38	Accounts Payable (232)		508,749,847	667,727,723
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		40,237,343	44,099,231
41	Customer Deposits (235)		78,871,711	62,879,263
42	Taxes Accrued (236)	262	64,430,473	13,462,048
43	Interest Accrued (237)		49,877,862	48,060,599
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		38,236	25,218
48	Miscellaneous Current and Accrued Liabilities (242)		151,816,074	114,326,974
49	Obligations Under Capital Leases-Current (243)			

50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		1,058,804,132	1,189,258,683
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		4,172,380	3,549,829
57	Accumulated Deferred Investment Tax Credits (255)	266	331,676	358,911
58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,520,878	1,427,065
60	Other Regulatory Liabilities (254)	278	404,351,208	343,812,923
61	Unamortized Gain on Reacquired Debt (257)		787,502	872,463
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,264,521,554	2,116,545,577
64	Accum. Deferred Income Taxes-Other (283)		334,277,022	289,562,618
65	Total Deferred Credits (lines 56 through 64)		3,009,962,220	2,756,129,386
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		15,881,468,023	14,729,567,614

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2022	Year/Period of Report End of: 2022/ Q1

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

Do not report fourth quarter data in columns (e) and (f)
Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over Lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
Use page 122 for important notes regarding the statement of income for any account thereof.
Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended - Quarterly Only - No 4th Quarter (e)	Prior 3 Months Ended - Quarterly Only - No 4th Quarter (f)	Electric Utility Current Year to Date (in dollars) (g)	Electric Utility Previous Year to Date (in dollars) (h)	Gas Utiity Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1	UTILITY OPERATING INCOME											
2	Operating Revenues (400)	300	1,047,526,927	888,194,738	1,047,526,927	888,194,738	741,077,534	660,247,856	306,449,393	227,946,882		
3	Operating Expenses											
4	Operation Expenses (401)	320	581,792,459	478,964,379	581,792,459	478,964,379	409,483,985	367,850,324	172,308,474	111,114,055		

5	Maintenance Expenses (402)	320	67,572,237	68,447,297	67,572,237	68,447,297	59,324,766	59,034,665	8,247,471	9,412,632		
6	Depreciation Expense (403)	336	75,076,865	70,396,518	75,076,865	70,396,518	58,367,531	54,978,589	16,709,334	15,417,929		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336	6,158	6,158	6,158	6,158	4,083	4,083	2,075	2,075		
8	Amort. & Depl. of Utility Plant (404-405)	336	13,712,007	13,469,349	13,712,007	13,469,349	11,092,326	11,173,262	2,619,681	2,296,087		
9	Amort. of Utility Plant Acq. Adj. (406)	336										
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)											
11	Amort. of Conversion Expenses (407.2)											
12	Regulatory Debits (407.3)		2,935,358	2,407,454	2,935,358	2,407,454	2,799,058	911,954	136,300	1,495,500		
13	(Less) Regulatory Credits (407.4)											
14	Taxes Other Than Income Taxes (408.1)	262	47,339,511	43,230,496	47,339,511	43,230,496	45,210,557	41,280,427	2,128,954	1,950,069		
15	Income Taxes - Federal (409.1)	262	4,085,316	(1,215,041)	4,085,316	(1,215,041)	10,483,322	6,238,777	(6,398,006)	(7,453,818)		
16	Income Taxes - Other (409.1)	262										
17	Provision for Deferred Income Taxes (410.1)	234, 272	52,315,845	40,771,573	52,315,845	40,771,573	34,274,837	27,296,662	18,041,008	13,474,911		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272	47,887,265	31,848,255	47,887,265	31,848,255	25,153,710	16,970,366	22,733,555	14,877,889		
19	Investment Tax Credit Adj. - Net (411.4)	266	(25,190)	(33,937)	(25,190)	(33,937)	(8,014)	(8,112)	(17,176)	(25,825)		

20	(Less) Gains from Disp. of Utility Plant (411.6)											
21	Losses from Disp. of Utility Plant (411.7)											
22	(Less) Gains from Disposition of Allowances (411.8)											
23	Losses from Disposition of Allowances (411.9)											
24	Accretion Expense (411.10)		14,324	13,851	14,324	13,851	751	767	13,573	13,084		
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		796,937,625	684,609,842	796,937,625	684,609,842	605,879,492	551,791,032	191,058,133	132,818,810		
27	Net Util Oper Inc (Enter Tot line 2 less 25)		250,589,302	203,584,896	250,589,302	203,584,896	135,198,042	108,456,824	115,391,260	95,128,072		
28	Other Income and Deductions											
29	Other Income											
30	Nonutilty Operating Income											
31	Revenues From Merchandising, Jobbing and Contract Work (415)											
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)											
33	Revenues From Nonutility Operations (417)		53,513	154,411	53,513	154,411						
34	(Less) Expenses of Nonutility Operations (417.1)		412,109	322,888	412,109	322,888						
35	Nonoperating Rental Income (418)											

36	Equity in Earnings of Subsidiary Companies (418.1)	119	(11,651,022)	(11,643,402)	(11,651,022)	(11,643,402)						
37	Interest and Dividend Income (419)		105,359	(285,429)	105,359	(285,429)						
38	Allowance for Other Funds Used During Construction (419.1)		7,383,981	5,656,154	7,383,981	5,656,154						
39	Miscellaneous Nonoperating Income (421)		301,605	(101,399)	301,605	(101,399)						
40	Gain on Disposition of Property (421.1)		37,303		37,303							
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		(4,181,370)	(6,542,553)	(4,181,370)	(6,542,553)						
42	Other Income Deductions											
43	Loss on Disposition of Property (421.2)		250		250							
44	Miscellaneous Amortization (425)											
45	Donations (426.1)		1,391,251	1,547,861	1,391,251	1,547,861						
46	Life Insurance (426.2)		650,280	(479,145)	650,280	(479,145)						
47	Penalties (426.3)		6,914	10,694	6,914	10,694						
48	Exp. for Certain Civic, Political & Related Activities (426.4)		186,433	242,911	186,433	242,911						
49	Other Deductions (426.5)		2,694,603	176,779	2,694,603	176,779						
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		4,929,731	1,499,100	4,929,731	1,499,100						
51	Taxes Applic. to Other Income and Deductions											

52	Taxes Other Than Income Taxes (408.2)	262	6,734	5,746	6,734	5,746						
53	Income Taxes-Federal (409.2)	262	(11,785,527)	(6,878,100)	(11,785,527)	(6,878,100)						
54	Income Taxes-Other (409.2)	262	(3,664,065)		(3,664,065)							
55	Provision for Deferred Inc. Taxes (410.2)	234, 272	16,756,187	6,364,667	16,756,187	6,364,667						
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272	7,060,496	8,704,231	7,060,496	8,704,231						
57	Investment Tax Credit Adj.-Net (411.5)											
58	(Less) Investment Tax Credits (420)											
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(5,747,167)	(9,211,918)	(5,747,167)	(9,211,918)						
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		(3,363,934)	1,170,265	(3,363,934)	1,170,265						
61	Interest Charges											
62	Interest on Long-Term Debt (427)		38,982,048	35,456,527	38,982,048	35,456,527						
63	Amort. of Debt Disc. and Expense (428)		591,274	637,286	591,274	637,286						
64	Amortization of Loss on Reaquired Debt (428.1)		18,587	18,587	18,587	18,587						
65	(Less) Amort. of Premium on Debt-Credit (429)											
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)											

67	Interest on Debt to Assoc. Companies (430)		2,989,936	2,986,279	2,989,936	2,986,279						
68	Other Interest Expense (431)		944,967	665,624	944,967	665,624						
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		2,428,364	1,924,799	2,428,364	1,924,799						
70	Net Interest Charges (Total of lines 62 thru 69)		41,098,448	37,839,504	41,098,448	37,839,504						
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		206,126,920	166,915,657	206,126,920	166,915,657						
72	Extraordinary Items											
73	Extraordinary Income (434)											
74	(Less) Extraordinary Deductions (435)											
75	Net Extraordinary Items (Total of line 73 less line 74)											
76	Income Taxes-Federal and Other (409.3)	262										
77	Extraordinary Items After Taxes (line 75 less line 76)											
78	Net Income (Total of line 71 and 77)		206,126,920	166,915,657	206,126,920	166,915,657						

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2022	Year/Period of Report End of: 2022/ Q2

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

Do not report fourth quarter data in columns (e) and (f)
Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over Lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
Use page 122 for important notes regarding the statement of income for any account thereof.
Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended - Quarterly Only - No 4th Quarter (e)	Prior 3 Months Ended - Quarterly Only - No 4th Quarter (f)	Electric Utility Current Year to Date (in dollars) (g)	Electric Utility Previous Year to Date (in dollars) (h)	Gas Utiity Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1	UTILITY OPERATING INCOME											
2	Operating Revenues (400)	300	1,863,722,344	1,580,918,913	816,195,417	692,724,175	1,448,633,802	1,270,543,514	415,088,542	310,375,399		
3	Operating Expenses											
4	Operation Expenses (401)	320	1,007,573,882	821,971,354	425,781,422	343,006,976	769,340,195	664,040,676	238,233,687	157,930,678		

5	Maintenance Expenses (402)	320	133,806,367	139,372,840	66,234,130	70,925,544	117,724,791	121,831,231	16,081,576	17,541,609		
6	Depreciation Expense (403)	336	151,177,280	141,207,023	76,100,415	70,810,504	117,344,359	110,208,905	33,832,921	30,998,118		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336	12,316	12,316	6,158	6,158	8,165	8,165	4,151	4,151		
8	Amort. & Depl. of Utility Plant (404-405)	336	27,933,208	26,582,688	14,221,202	13,113,339	22,622,826	21,941,650	5,310,382	4,641,038		
9	Amort. of Utility Plant Acq. Adj. (406)	336										
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)											
11	Amort. of Conversion Expenses (407.2)											
12	Regulatory Debits (407.3)		5,817,506	4,823,524	2,882,147	2,416,070	5,598,119	1,823,704	219,387	2,999,820		
13	(Less) Regulatory Credits (407.4)											
14	Taxes Other Than Income Taxes (408.1)	262	94,991,766	91,759,214	47,652,255	48,528,718	90,754,577	86,239,449	4,237,189	5,519,765		
15	Income Taxes - Federal (409.1)	262	21,364,170	(9,344,965)	17,278,854	(8,129,923)	26,173,477	1,183,955	(4,809,307)	(10,528,920)		
16	Income Taxes - Other (409.1)	262										
17	Provision for Deferred Income Taxes (410.1)	234, 272	81,748,790	77,162,761	29,432,945	36,391,187	65,720,836	60,229,562	16,027,954	16,933,199		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272	72,625,070	45,660,708	24,737,806	13,812,454	51,288,871	30,278,763	21,336,199	15,381,945		
19	Investment Tax Credit Adj. - Net (411.4)	266	(41,061)	(55,287)	(15,872)	(21,350)	(13,064)	(13,215)	(27,997)	(42,072)		

20	(Less) Gains from Disp. of Utility Plant (411.6)											
21	Losses from Disp. of Utility Plant (411.7)											
22	(Less) Gains from Disposition of Allowances (411.8)											
23	Losses from Disposition of Allowances (411.9)											
24	Accretion Expense (411.10)		28,782	27,797	14,460	13,947	1,509	1,517	27,273	26,280		
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		1,451,787,936	1,247,858,557	654,850,310	563,248,716	1,163,986,919	1,037,216,836	287,801,017	210,641,721		
27	Net Util Oper Inc (Enter Tot line 2 less 25)		411,934,408	333,060,356	161,345,107	129,475,459	284,646,883	233,326,678	127,287,525	99,733,678		
28	Other Income and Deductions											
29	Other Income											
30	Nonutilty Operating Income											
31	Revenues From Merchandising, Jobbing and Contract Work (415)											
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)											
33	Revenues From Nonutility Operations (417)		178,462	306,445	124,949	152,034						
34	(Less) Expenses of Nonutility Operations (417.1)		778,806	757,239	366,696	434,351						

35	Nonoperating Rental Income (418)											
36	Equity in Earnings of Subsidiary Companies (418.1)	119	(23,268,262)	(23,311,737)	(11,617,240)	(11,668,336)						
37	Interest and Dividend Income (419)		494,062	(590,116)	388,703	(304,687)						
38	Allowance for Other Funds Used During Construction (419.1)		14,979,519	12,111,397	7,595,538	6,455,243						
39	Miscellaneous Nonoperating Income (421)		1,085,396	(380,072)	783,791	(278,673)						
40	Gain on Disposition of Property (421.1)		54,243	24,156	16,940	24,156						
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		(7,255,386)	(12,597,166)	(3,074,015)	(6,054,614)						
42	Other Income Deductions											
43	Loss on Disposition of Property (421.2)		250									
44	Miscellaneous Amortization (425)											
45	Donations (426.1)		3,658,156	3,665,997	2,266,905	2,118,136						
46	Life Insurance (426.2)		1,602,163	(1,564,551)	951,884	(1,085,406)						
47	Penalties (426.3)		31,765	219,825	24,851	209,131						
48	Exp. for Certain Civic, Political & Related Activities (426.4)		445,324	491,523	258,891	248,612						
49	Other Deductions (426.5)		5,375,986	758,958	2,681,383	582,179						
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		11,113,644	3,571,752	6,183,914	2,072,652						

51	Taxes Applic. to Other Income and Deductions												
52	Taxes Other Than Income Taxes (408.2)	262	15,451	9,885	8,717	4,139							
53	Income Taxes-Federal (409.2)	262	(30,421,813)	(22,818,800)	(18,636,287)	(15,940,700)							
54	Income Taxes-Other (409.2)	262	(3,664,065)										
55	Provision for Deferred Inc. Taxes (410.2)	234, 272	18,808,564	6,624,365	2,052,377	259,697							
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272	14,652,145	17,059,794	7,591,649	8,355,566							
57	Investment Tax Credit Adj.-Net (411.5)												
58	(Less) Investment Tax Credits (420)												
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(29,914,008)	(33,244,344)	(24,166,842)	(24,032,430)							
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		11,544,978	17,075,426	14,908,913	15,905,164							
61	Interest Charges												
62	Interest on Long-Term Debt (427)		79,318,645	73,041,700	40,336,597	37,585,173							
63	Amort. of Debt Disc. and Expense (428)		1,346,736	1,317,283	755,461	679,997							
64	Amortization of Loss on Reaquired Debt (428.1)		37,173	37,173	18,587	18,587							
65	(Less) Amort. of Premium on Debt-Credit (429)												

66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)											
67	Interest on Debt to Assoc. Companies (430)		5,975,492	5,964,411	2,985,557	2,978,133						
68	Other Interest Expense (431)		2,254,848	3,118,192	1,309,881	2,452,568						
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		4,839,933	4,236,594	2,411,568	2,311,795						
70	Net Interest Charges (Total of lines 62 thru 69)		84,092,961	79,242,165	42,994,515	41,402,663						
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		339,386,425	270,893,617	133,259,505	103,977,960						
72	Extraordinary Items											
73	Extraordinary Income (434)											
74	(Less) Extraordinary Deductions (435)											
75	Net Extraordinary Items (Total of line 73 less line 74)											
76	Income Taxes-Federal and Other (409.3)	262										
77	Extraordinary Items After Taxes (line 75 less line 76)											
78	Net Income (Total of line 71 and 77)		339,386,425	270,893,617	133,259,505	103,977,960						

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2022	Year/Period of Report End of: 2022/ Q3

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

Do not report fourth quarter data in columns (e) and (f)
Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over Lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
Use page 122 for important notes regarding the statement of income for any account thereof.
Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended - Quarterly Only - No 4th Quarter (e)	Prior 3 Months Ended - Quarterly Only - No 4th Quarter (f)	Electric Utility Current Year to Date (in dollars) (g)	Electric Utility Previous Year to Date (in dollars) (h)	Gas Utiity Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1	UTILITY OPERATING INCOME											
2	Operating Revenues (400)	300	2,877,609,532	2,399,214,520	1,013,887,187	818,295,607	2,389,427,365	2,032,855,001	488,182,167	366,359,519		
3	Operating Expenses											
4	Operation Expenses (401)	320	1,571,945,367	1,265,900,488	564,371,485	443,929,134	1,282,728,082	1,070,689,815	289,217,285	195,210,673		

5	Maintenance Expenses (402)	320	209,827,969	234,746,253	76,021,603	95,373,412	184,860,392	209,590,205	24,967,577	25,156,048		
6	Depreciation Expense (403)	336	228,138,276	212,960,089	76,960,997	71,753,066	176,751,888	166,088,149	51,386,388	46,871,940		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336	18,191	18,474	5,875	6,158	12,248	12,248	5,943	6,226		
8	Amort. & Depl. of Utility Plant (404-405)	336	42,530,750	39,503,957	14,597,542	12,921,269	34,452,414	32,401,822	8,078,336	7,102,135		
9	Amort. of Utility Plant Acq. Adj. (406)	336										
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)											
11	Amort. of Conversion Expenses (407.2)											
12	Regulatory Debits (407.3)		8,752,867	5,871,573	2,935,360	1,048,050	8,397,180	2,735,453	355,687	3,136,120		
13	(Less) Regulatory Credits (407.4)											
14	Taxes Other Than Income Taxes (408.1)	262	154,506,703	142,733,849	59,514,937	50,974,636	148,343,753	135,104,215	6,162,950	7,629,634		
15	Income Taxes - Federal (409.1)	262	40,930,587	(8,972,807)	19,566,418	372,158	47,686,560	4,724,200	(6,755,973)	(13,697,007)		
16	Income Taxes - Other (409.1)	262										
17	Provision for Deferred Income Taxes (410.1)	234, 272	109,890,755	106,130,003	28,141,966	28,967,242	95,279,468	90,367,093	14,611,287	15,762,910		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272	97,078,335	66,606,379	24,453,264	20,945,670	80,442,036	51,816,801	16,636,299	14,789,578		
19	Investment Tax Credit Adj. - Net (411.4)	266	(61,326)	(77,320)	(20,264)	(22,033)	(19,513)	(18,481)	(41,813)	(58,839)		

20	(Less) Gains from Disp. of Utility Plant (411.6)											
21	Losses from Disp. of Utility Plant (411.7)											
22	(Less) Gains from Disposition of Allowances (411.8)											
23	Losses from Disposition of Allowances (411.9)											
24	Accretion Expense (411.10)		43,369	41,865	14,583	14,067	2,263	2,263	41,106	39,602		
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		2,269,445,173	1,932,250,045	817,657,238	684,391,489	1,898,052,699	1,659,880,181	371,392,474	272,369,864		
27	Net Util Oper Inc (Enter Tot line 2 less 25)		608,164,359	466,964,475	196,229,949	133,904,118	491,374,666	372,974,820	116,789,693	93,989,655		
28	Other Income and Deductions											
29	Other Income											
30	Nonutilty Operating Income											
31	Revenues From Merchandising, Jobbing and Contract Work (415)											
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)											
33	Revenues From Nonutility Operations (417)		341,077	448,773	162,615	142,327						
34	(Less) Expenses of Nonutility Operations (417.1)		1,147,798	815,744	368,993	58,505						

35	Nonoperating Rental Income (418)											
36	Equity in Earnings of Subsidiary Companies (418.1)	119	(34,812,926)	(34,949,567)	(11,544,664)	(11,637,829)						
37	Interest and Dividend Income (419)		1,355,159	(727,292)	861,097	(137,176)						
38	Allowance for Other Funds Used During Construction (419.1)		22,185,972	18,934,278	7,206,453	6,822,881						
39	Miscellaneous Nonoperating Income (421)		1,492,705	(343,556)	407,309	36,516						
40	Gain on Disposition of Property (421.1)		54,243	29,089		4,933						
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		(10,531,568)	(17,424,019)	(3,276,183)	(4,826,853)						
42	Other Income Deductions											
43	Loss on Disposition of Property (421.2)		250									
44	Miscellaneous Amortization (425)											
45	Donations (426.1)		5,236,929	5,243,311	1,578,773	1,577,313						
46	Life Insurance (426.2)		2,213,387	(2,782,121)	611,223	(1,217,570)						
47	Penalties (426.3)		552,756	174,457	520,991	(45,368)						
48	Exp. for Certain Civic, Political & Related Activities (426.4)		631,374	687,454	186,050	195,931						
49	Other Deductions (426.5)		6,212,856	1,559,561	836,870	800,603						

50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		14,847,552	4,882,662	3,733,907	1,310,909						
51	Taxes Applic. to Other Income and Deductions											
52	Taxes Other Than Income Taxes (408.2)	262	15,260	13,273	(191)	3,388						
53	Income Taxes-Federal (409.2)	262	(52,451,146)	(35,595,701)	(22,029,333)	(12,776,901)						
54	Income Taxes-Other (409.2)	262	(3,664,065)									
55	Provision for Deferred Inc. Taxes (410.2)	234, 272	61,822,195	6,796,191	43,013,631	171,826						
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272	26,748,807	27,626,107	12,096,662	10,566,312						
57	Investment Tax Credit Adj.-Net (411.5)											
58	(Less) Investment Tax Credits (420)											
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(21,026,563)	(56,412,344)	8,887,445	(23,167,999)						
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		(4,352,557)	34,105,663	(15,897,535)	17,030,237						
61	Interest Charges											
62	Interest on Long-Term Debt (427)		122,210,241	110,904,894	42,891,597	37,863,193						
63	Amort. of Debt Disc. and Expense (428)		1,759,210	1,991,780	412,474	674,497						
64	Amortization of Loss on Reaquired Debt (428.1)		55,760	55,760	18,587	18,587						

65	(Less) Amort. of Premium on Debt-Credit (429)											
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)											
67	Interest on Debt to Assoc. Companies (430)		8,956,644	8,942,544	2,981,152	2,978,133						
68	Other Interest Expense (431)		4,034,836	3,852,867	1,779,988	734,674						
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		7,957,635	6,466,870	3,117,703	2,230,275						
70	Net Interest Charges (Total of lines 62 thru 69)		129,059,056	119,280,975	44,966,095	40,038,809						
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		474,752,746	381,789,163	135,366,319	110,895,546						
72	Extraordinary Items											
73	Extraordinary Income (434)											
74	(Less) Extraordinary Deductions (435)											
75	Net Extraordinary Items (Total of line 73 less line 74)											
76	Income Taxes-Federal and Other (409.3)	262										
77	Extraordinary Items After Taxes (line 75 less line 76)											
78	Net Income (Total of line 71 and 77)		474,752,746	381,789,163	135,366,319	110,895,546						

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/28/2023	Year/Period of Report End of: 2022/ Q4

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

Do not report fourth quarter data in columns (e) and (f)
Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over Lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
Use page 122 for important notes regarding the statement of income for any account thereof.
Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended - Quarterly Only - No 4th Quarter (e)	Prior 3 Months Ended - Quarterly Only - No 4th Quarter (f)	Electric Utility Current Year to Date (in dollars) (g)	Electric Utility Previous Year to Date (in dollars) (h)	Gas Utiity Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1	UTILITY OPERATING INCOME											
2	Operating Revenues (400)	300	3,903,527,998	3,196,872,548			3,165,347,183	2,657,953,489	738,180,815	538,919,059		
3	Operating Expenses											
4	Operation Expenses (401)	320	2,191,992,163	1,709,775,865			1,742,368,379	1,414,984,634	449,623,784	294,791,231		

5	Maintenance Expenses (402)	320	289,593,964	295,642,277			254,444,148	261,451,151	35,149,816	34,191,126		
6	Depreciation Expense (403)	336	306,636,451	286,192,152			237,367,866	223,012,504	69,268,585	63,179,648		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336	23,500	24,633			16,331	16,331	7,169	8,302		
8	Amort. & Depl. of Utility Plant (404-405)	336	57,234,219	53,564,965			46,332,762	43,822,420	10,901,457	9,742,545		
9	Amort. of Utility Plant Acq. Adj. (406)	336										
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)											
11	Amort. of Conversion Expenses (407.2)											
12	Regulatory Debits (407.3)		11,688,225	6,919,624			11,196,239	3,647,204	491,986	3,272,420		
13	(Less) Regulatory Credits (407.4)											
14	Taxes Other Than Income Taxes (408.1)	262	201,711,067	183,820,069			193,960,915	174,067,420	7,750,152	9,752,649		
15	Income Taxes - Federal (409.1)	262	24,378,150	1,303,985			36,654,829	20,555,060	(12,276,679)	(19,251,075)		
16	Income Taxes - Other (409.1)	262										
17	Provision for Deferred Income Taxes (410.1)	234, 272	88,509,851	82,427,669			73,090,382	68,036,002	15,419,469	14,391,667		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272	51,592,653	53,009,226			36,618,513	34,980,468	14,974,140	18,028,758		
19	Investment Tax Credit Adj. - Net (411.4)	266	(68,997)	(99,298)			(21,949)	(24,571)	(47,048)	(74,727)		
20	(Less) Gains from Disp. of Utility Plant (411.6)											

21	Losses from Disp. of Utility Plant (411.7)											
22	(Less) Gains from Disposition of Allowances (411.8)											
23	Losses from Disposition of Allowances (411.9)											
24	Accretion Expense (411.10)		58,917	56,055			3,015	3,007	55,902	53,048		
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		3,120,164,857	2,566,618,770			2,558,794,404	2,174,590,694	561,370,453	392,028,076		
27	Net Util Oper Inc (Enter Tot line 2 less 25)		783,363,141	630,253,778			606,552,779	483,362,795	176,810,362	146,890,983		
28	Other Income and Deductions											
29	Other Income											
30	Nonutilty Operating Income											
31	Revenues From Merchandising, Jobbing and Contract Work (415)											
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)											
33	Revenues From Nonutility Operations (417)		399,457	637,105								
34	(Less) Expenses of Nonutility Operations (417.1)		1,638,497	1,137,694								
35	Nonoperating Rental Income (418)											
36	Equity in Earnings of Subsidiary Companies (418.1)	119	(46,432,995)	(46,587,723)								

37	Interest and Dividend Income (419)		1,963,350	(865,809)								
38	Allowance for Other Funds Used During Construction (419.1)		31,063,502	25,627,096								
39	Miscellaneous Nonoperating Income (421)		1,119,330	(730,936)								
40	Gain on Disposition of Property (421.1)		54,243	29,089								
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		(13,471,610)	(23,028,872)								
42	Other Income Deductions											
43	Loss on Disposition of Property (421.2)		250									
44	Miscellaneous Amortization (425)											
45	Donations (426.1)		29,435,687	7,941,748								
46	Life Insurance (426.2)		2,623,489	(2,882,219)								
47	Penalties (426.3)		608,792	199,925								
48	Exp. for Certain Civic, Political & Related Activities (426.4)		846,903	930,266								
49	Other Deductions (426.5)		9,619,856	2,326,825								
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		43,134,977	8,516,545								
51	Taxes Applic. to Other Income and Deductions											
52	Taxes Other Than Income Taxes (408.2)	262	22,095	17,106								
53	Income Taxes-Federal (409.2)	262	(58,123,838)	(46,952,860)								

54	Income Taxes-Other (409.2)	262	(3,651,416)	50,340								
55	Provision for Deferred Inc. Taxes (410.2)	234, 272	55,227,701	4,792,515								
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272	21,221,868	23,332,790								
57	Investment Tax Credit Adj.-Net (411.5)											
58	(Less) Investment Tax Credits (420)											
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(27,747,326)	(65,425,689)								
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		(28,859,261)	33,880,272								
61	Interest Charges											
62	Interest on Long-Term Debt (427)		167,787,602	149,886,942								
63	Amort. of Debt Disc. and Expense (428)		2,305,806	2,593,932								
64	Amortization of Loss on Reaquired Debt (428.1)		74,346	74,346								
65	(Less) Amort. of Premium on Debt-Credit (429)											
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)											
67	Interest on Debt to Assoc. Companies (430)		11,940,816	11,920,676								
68	Other Interest Expense (431)		5,665,953	4,825,603								

69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		11,135,836	8,697,262								
70	Net Interest Charges (Total of lines 62 thru 69)		176,638,687	160,604,237								
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		577,865,193	503,529,813								
72	Extraordinary Items											
73	Extraordinary Income (434)											
74	(Less) Extraordinary Deductions (435)											
75	Net Extraordinary Items (Total of line 73 less line 74)											
76	Income Taxes-Federal and Other (409.3)	262										
77	Extraordinary Items After Taxes (line 75 less line 76)											
78	Net Income (Total of line 71 and 77)		577,865,193	503,529,813								

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2022	Year/Period of Report End of: 2022/ Q1

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	14,645,638,269	14,462,278,758
3	Construction Work in Progress (107)	200	699,839,281	623,792,392
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		15,345,477,550	15,086,071,150
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,007,631,239	3,966,179,447
6	Net Utility Plant (Enter Total of line 4 less 5)		11,337,846,311	11,119,891,703
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		11,337,846,311	11,119,891,703
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,942,504	9,942,864
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,230,578	1,221,700
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	3,438,926	14,510,016
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		26,042,554	26,514,288
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		38,193,406	49,745,468
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		19,259,626	28,985,242
36	Special Deposits (132-134)		7,969,127	7,970,014
37	Working Fund (135)			
38	Temporary Cash Investments (136)		285,940	285,898
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		399,911,860	329,537,242
41	Other Accounts Receivable (143)		129,258,251	116,329,909
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		134,651,428	112,021,787
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		554,597	862,111
45	Fuel Stock (151)	227	1,615,952	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	46,045,237	45,135,802
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	357,775	
55	Gas Stored Underground - Current (164.1)		17,185,734	45,386,624
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,571,665	4,409,464
57	Prepayments (165)		129,116,022	15,850,540
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		1,660	735
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		127,205,328	159,689,404
62	Miscellaneous Current and Accrued Assets (174)		13,945,570	10,240,574

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		762,632,916	654,277,724
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		32,986,305	32,376,750
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	1,056,413,271	990,228,811
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		(a)(2,417,998)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	907,551,973	1,009,826,158
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	259,572,360	256,455,331
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		2,254,105,911	2,288,887,050
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,392,778,544	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/31/2022	Year/Period of Report End of: 2022/ Q1

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,232,297,231	2,005,297,230
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,124,899,948	5,006,722,006
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,338,724,872)	(3,327,073,850)
13	(Less) Reaquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	3,622,448	3,914,962
16	Total Proprietary Capital (lines 2 through 15)		5,445,012,264	5,111,777,857
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,250,000,000	4,250,000,000
19	(Less) Reaquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		20,230,367	20,402,352
24	Total Long-Term Debt (lines 18 through 23)		4,414,188,242	4,414,016,257
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			38,914,489	38,465,571

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		303,550,976	304,098,227
30	Accumulated Miscellaneous Operating Provisions (228.4)		15,624,009	15,600,878
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		28,798,215	28,710,952
35	Total Other Noncurrent Liabilities (lines 26 through 34)		386,887,689	386,875,628
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)			
38	Accounts Payable (232)		476,562,264	494,413,815
39	Notes Payable to Associated Companies (233)		65,000,000	
40	Accounts Payable to Associated Companies (234)		39,169,157	71,659,047
41	Customer Deposits (235)		49,823,200	48,265,543
42	Taxes Accrued (236)	262	5,679,031	16,258,629
43	Interest Accrued (237)		36,183,268	41,405,539
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		50,718	25,696
48	Miscellaneous Current and Accrued Liabilities (242)		93,688,201	113,347,566
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		766,155,839	785,375,835
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		2,249,975	2,724,528
57	Accumulated Deferred Investment Tax Credits (255)	266	402,718	427,908

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,417,332	1,406,827
60	Other Regulatory Liabilities (254)	278	616,285,281	727,614,309
61	Unamortized Gain on Reaquired Debt (257)		936,184	957,425
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,333,141,046	2,269,449,090
64	Accum. Deferred Income Taxes-Other (283)		426,101,974	412,176,281
65	Total Deferred Credits (lines 56 through 64)		3,380,534,510	3,414,756,368
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,392,778,544	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2022	Year/Period of Report End of: 2022/ Q2

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	14,839,704,989	14,462,278,758
3	Construction Work in Progress (107)	200	781,132,485	623,792,392
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		15,620,837,474	15,086,071,150
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,025,583,267	3,966,179,447
6	Net Utility Plant (Enter Total of line 4 less 5)		11,595,254,207	11,119,891,703
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		11,595,254,207	11,119,891,703
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,942,504	9,942,864
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,239,333	1,221,700
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	15,223,060	14,510,016
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		24,576,041	26,514,288
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		48,502,272	49,745,468
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		15,000,113	28,985,242
36	Special Deposits (132-134)		8,733,487	7,970,014
37	Working Fund (135)			
38	Temporary Cash Investments (136)		579,524	285,898
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		354,977,922	329,537,242
41	Other Accounts Receivable (143)		137,804,736	116,329,909
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		117,064,190	112,021,787
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		498,558	862,111
45	Fuel Stock (151)	227	1,615,952	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	47,937,147	45,135,802
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	498,890	
55	Gas Stored Underground - Current (164.1)		48,858,881	45,386,624
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,411,979	4,409,464
57	Prepayments (165)		101,155,058	15,850,540
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		2,595	735
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		138,205,632	159,689,404
62	Miscellaneous Current and Accrued Assets (174)		16,467,981	10,240,574

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		759,684,265	654,277,724
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		36,133,798	32,376,750
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	1,093,118,038	990,228,811
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		(a)(773,325)	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	718,723,155	1,009,826,158
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	255,588,241	256,455,331
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		2,102,789,907	2,288,887,050
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,506,230,651	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 06/30/2022	Year/Period of Report End of: 2022/ Q2

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,232,297,230	2,005,297,230
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,170,176,693	5,006,722,006
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,350,342,112)	(3,327,073,850)
13	(Less) Reaquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	3,230,074	3,914,962
16	Total Proprietary Capital (lines 2 through 15)		5,478,279,394	5,111,777,857
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,250,000,000	4,250,000,000
19	(Less) Reaquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		22,570,915	20,402,352
24	Total Long-Term Debt (lines 18 through 23)		4,411,847,694	4,414,016,257
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			39,228,654	38,465,571

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		303,973,447	304,098,227
30	Accumulated Miscellaneous Operating Provisions (228.4)		15,444,799	15,600,878
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		29,033,627	28,710,952
35	Total Other Noncurrent Liabilities (lines 26 through 34)		387,680,527	386,875,628
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		209,940,689	
38	Accounts Payable (232)		524,877,737	494,413,815
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		30,981,992	71,659,047
41	Customer Deposits (235)		53,449,580	48,265,543
42	Taxes Accrued (236)	262	62,202,076	16,258,629
43	Interest Accrued (237)		40,744,799	41,405,539
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		42,542	25,696
48	Miscellaneous Current and Accrued Liabilities (242)		104,883,400	113,347,566
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		1,027,122,815	785,375,835
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		2,192,729	2,724,528
57	Accumulated Deferred Investment Tax Credits (255)	266	386,847	427,908

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,417,608	1,406,827
60	Other Regulatory Liabilities (254)	278	402,767,846	727,614,309
61	Unamortized Gain on Reaquired Debt (257)		914,944	957,425
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,375,411,654	2,269,449,090
64	Accum. Deferred Income Taxes-Other (283)		418,208,593	412,176,281
65	Total Deferred Credits (lines 56 through 64)		3,201,300,221	3,414,756,368
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,506,230,651	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2022	Year/Period of Report End of: 2022/ Q3

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	14,999,576,759	14,462,278,758
3	Construction Work in Progress (107)	200	895,084,983	623,792,392
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		15,894,661,742	15,086,071,150
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,036,073,060	3,966,179,447
6	Net Utility Plant (Enter Total of line 4 less 5)		11,858,588,682	11,119,891,703
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		11,858,588,682	11,119,891,703
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,942,504	9,942,864
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,247,993	1,221,700
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	14,864,195	14,510,016
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		23,670,356	26,514,288
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		47,229,062	49,745,468
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		86,739,913	28,985,242
36	Special Deposits (132-134)		8,669,135	7,970,014
37	Working Fund (135)			
38	Temporary Cash Investments (136)		582,402	285,898
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		369,583,379	329,537,242
41	Other Accounts Receivable (143)		146,669,090	116,329,909
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		113,910,258	112,021,787
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		970,717	862,111
45	Fuel Stock (151)	227	1,615,952	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	48,672,283	45,135,802
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227	(449,187)	
55	Gas Stored Underground - Current (164.1)		100,164,640	45,386,624
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,406,458	4,409,464
57	Prepayments (165)		54,020,511	15,850,540
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		3,538	735
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		120,609,890	159,689,404
62	Miscellaneous Current and Accrued Assets (174)		6,850,944	10,240,574

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		835,199,407	654,277,724
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		40,097,522	32,376,750
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	689,468,923	990,228,811
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)		[a]664,408	
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	616,211,989	1,009,826,158
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	195,000,530	256,455,331
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,541,443,372	2,288,887,050
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,282,460,523	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 09/30/2022	Year/Period of Report End of: 2022/ Q3

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,278,856,117	2,005,297,230
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,217,487,678	5,006,722,006
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,361,886,776)	(3,327,073,850)
13	(Less) Reaquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,977,323	3,914,962
16	Total Proprietary Capital (lines 2 through 15)		5,560,351,851	5,111,777,857
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,675,000,000	4,250,000,000
19	(Less) Reaquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		24,168,284	20,402,352
24	Total Long-Term Debt (lines 18 through 23)		4,835,250,325	4,414,016,257
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			39,562,164	38,465,571

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		303,552,196	304,098,227
30	Accumulated Miscellaneous Operating Provisions (228.4)		17,870,620	15,600,878
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		28,323,498	28,710,952
35	Total Other Noncurrent Liabilities (lines 26 through 34)		389,308,478	386,875,628
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		48,750	
38	Accounts Payable (232)		553,528,163	494,413,815
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		37,405,899	71,659,047
41	Customer Deposits (235)		58,605,804	48,265,543
42	Taxes Accrued (236)	262	43,617,477	16,258,629
43	Interest Accrued (237)		43,688,848	41,405,539
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		28,298	25,696
48	Miscellaneous Current and Accrued Liabilities (242)		93,147,759	113,347,566
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		830,070,998	785,375,835
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		3,575,379	2,724,528
57	Accumulated Deferred Investment Tax Credits (255)	266	366,582	427,908

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,413,778	1,406,827
60	Other Regulatory Liabilities (254)	278	292,132,287	727,614,309
61	Unamortized Gain on Reaquired Debt (257)		893,704	957,425
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,110,550,583	2,269,449,090
64	Accum. Deferred Income Taxes-Other (283)		258,546,558	412,176,281
65	Total Deferred Credits (lines 56 through 64)		2,667,478,871	3,414,756,368
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,282,460,523	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/28/2023	Year/Period of Report End of: 2022/ Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200	15,465,876,650	14,462,278,758
3	Construction Work in Progress (107)	200	751,860,795	623,792,392
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		16,217,737,445	15,086,071,150
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200	4,084,478,854	3,966,179,447
6	Net Utility Plant (Enter Total of line 4 less 5)		12,133,258,591	11,119,891,703
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202		
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)			
9	Nuclear Fuel Assemblies in Reactor (120.3)			
10	Spent Nuclear Fuel (120.4)			
11	Nuclear Fuel Under Capital Leases (120.6)			
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202		
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)			
14	Net Utility Plant (Enter Total of lines 6 and 13)		12,133,258,591	11,119,891,703
15	Utility Plant Adjustments (116)			
16	Gas Stored Underground - Noncurrent (117)			
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		9,942,504	9,942,864
19	(Less) Accum. Prov. for Depr. and Amort. (122)		1,256,558	1,221,700
20	Investments in Associated Companies (123)			
21	Investment in Subsidiary Companies (123.1)	224	15,139,965	14,510,016
23	Noncurrent Portion of Allowances	228		
24	Other Investments (124)		22,305,318	26,514,288
25	Sinking Funds (125)			
26	Depreciation Fund (126)			
27	Amortization Fund - Federal (127)			
28	Other Special Funds (128)			
29	Special Funds (Non Major Only) (129)			

30	Long-Term Portion of Derivative Assets (175)			
31	Long-Term Portion of Derivative Assets - Hedges (176)			
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		46,131,229	49,745,468
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)			
35	Cash (131)		51,558,086	28,985,242
36	Special Deposits (132-134)		8,572,118	7,970,014
37	Working Fund (135)			
38	Temporary Cash Investments (136)		640,692	285,898
39	Notes Receivable (141)			
40	Customer Accounts Receivable (142)		416,056,610	329,537,242
41	Other Accounts Receivable (143)		153,123,547	116,329,909
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		114,275,884	112,021,787
43	Notes Receivable from Associated Companies (145)			
44	Accounts Receivable from Assoc. Companies (146)		4,104,782	862,111
45	Fuel Stock (151)	227	1,615,952	1,615,952
46	Fuel Stock Expenses Undistributed (152)	227		
47	Residuals (Elec) and Extracted Products (153)	227		
48	Plant Materials and Operating Supplies (154)	227	52,491,353	45,135,802
49	Merchandise (155)	227		
50	Other Materials and Supplies (156)	227		
51	Nuclear Materials Held for Sale (157)	202/227		
52	Allowances (158.1 and 158.2)	228		
53	(Less) Noncurrent Portion of Allowances	228		
54	Stores Expense Undistributed (163)	227		
55	Gas Stored Underground - Current (164.1)		92,464,506	45,386,624
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		5,154,294	4,409,464
57	Prepayments (165)		19,804,414	15,850,540
58	Advances for Gas (166-167)			
59	Interest and Dividends Receivable (171)		3,738	735
60	Rents Receivable (172)			
61	Accrued Utility Revenues (173)		219,133,526	159,689,404
62	Miscellaneous Current and Accrued Assets (174)		14,140,050	10,240,574

63	Derivative Instrument Assets (175)			
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)			
65	Derivative Instrument Assets - Hedges (176)			
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)			
67	Total Current and Accrued Assets (Lines 34 through 66)		924,587,784	654,277,724
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		40,053,907	32,376,750
70	Extraordinary Property Losses (182.1)	230a		
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b		
72	Other Regulatory Assets (182.3)	232	730,725,615	990,228,811
73	Prelim. Survey and Investigation Charges (Electric) (183)			
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)			
75	Other Preliminary Survey and Investigation Charges (183.2)			
76	Clearing Accounts (184)			
77	Temporary Facilities (185)			
78	Miscellaneous Deferred Debits (186)	233	665,783,248	1,009,826,158
79	Def. Losses from Disposition of Utility Plt. (187)			
80	Research, Devel. and Demonstration Expend. (188)	352		
81	Unamortized Loss on Reaquired Debt (189)			
82	Accumulated Deferred Income Taxes (190)	234	189,027,240	256,455,331
83	Unrecovered Purchased Gas Costs (191)			
84	Total Deferred Debits (lines 69 through 83)		1,625,590,010	2,288,887,050
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		14,729,567,614	14,112,801,945

Name of Respondent: PECO Energy Company	This report is: (1) ☑ An Original (2) ☐ A Resubmission	Date of Report: 03/28/2023	Year/Period of Report End of: 2022/ Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**PROPRIETARY CAPITAL**			
2	Common Stock Issued (201)	250	1,423,004,251	1,423,004,251
3	Preferred Stock Issued (204)	250		
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211)	253	2,278,856,117	2,005,297,230
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254b	86,742	86,742
11	Retained Earnings (215, 215.1, 216)	118	5,232,620,194	5,006,722,006
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118	(3,373,506,845)	(3,327,073,850)
13	(Less) Reaquired Capital Stock (217)	250		
14	Noncorporate Proprietorship (Non-major only) (218)			
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	2,176,348	3,914,962
16	Total Proprietary Capital (lines 2 through 15)		5,563,063,323	5,111,777,857
17	**LONG-TERM DEBT**			
18	Bonds (221)	256	4,675,000,000	4,250,000,000
19	(Less) Reaquired Bonds (222)	256		
20	Advances from Associated Companies (223)	256	184,418,609	184,418,609
21	Other Long-Term Debt (224)	256		
22	Unamortized Premium on Long-Term Debt (225)			
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		23,985,020	20,402,352
24	Total Long-Term Debt (lines 18 through 23)		4,835,433,589	4,414,016,257
25	**OTHER NONCURRENT LIABILITIES**			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28			38,876,739	38,465,571

	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		302,042,360	304,098,227
30	Accumulated Miscellaneous Operating Provisions (228.4)		16,700,390	15,600,878
31	Accumulated Provision for Rate Refunds (229)			
32	Long-Term Portion of Derivative Instrument Liabilities			
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges			
34	Asset Retirement Obligations (230)		28,063,144	28,710,952
35	Total Other Noncurrent Liabilities (lines 26 through 34)		385,682,633	386,875,628
36	**CURRENT AND ACCRUED LIABILITIES**			
37	Notes Payable (231)		238,677,627	
38	Accounts Payable (232)		667,727,723	494,413,815
39	Notes Payable to Associated Companies (233)			
40	Accounts Payable to Associated Companies (234)		44,099,231	71,659,047
41	Customer Deposits (235)		62,879,263	48,265,543
42	Taxes Accrued (236)	262	13,462,048	16,258,629
43	Interest Accrued (237)		48,060,599	41,405,539
44	Dividends Declared (238)			
45	Matured Long-Term Debt (239)			
46	Matured Interest (240)			
47	Tax Collections Payable (241)		25,218	25,696
48	Miscellaneous Current and Accrued Liabilities (242)		114,326,974	113,347,566
49	Obligations Under Capital Leases-Current (243)			
50	Derivative Instrument Liabilities (244)			
51	(Less) Long-Term Portion of Derivative Instrument Liabilities			
52	Derivative Instrument Liabilities - Hedges (245)			
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges			
54	Total Current and Accrued Liabilities (lines 37 through 53)		1,189,258,683	785,375,835
55	**DEFERRED CREDITS**			
56	Customer Advances for Construction (252)		3,549,829	2,724,528
57	Accumulated Deferred Investment Tax Credits (255)	266	358,911	427,908

58	Deferred Gains from Disposition of Utility Plant (256)			
59	Other Deferred Credits (253)	269	1,427,065	1,406,827
60	Other Regulatory Liabilities (254)	278	343,812,923	727,614,309
61	Unamortized Gain on Reaquired Debt (257)		872,463	957,425
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	272		
63	Accum. Deferred Income Taxes-Other Property (282)		2,116,545,577	2,269,449,090
64	Accum. Deferred Income Taxes-Other (283)		289,562,618	412,176,281
65	Total Deferred Credits (lines 56 through 64)		2,756,129,386	3,414,756,368
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		14,729,567,614	14,112,801,945

Q. SDR-RR-2 Please provide the actual number of customers by rate schedule as of December 31 for the last five years.

A. SDR-RR-2

PECO Energy Company
Customer Numbers as of December 31

Year	G	GH	TCS	GC	IS	L	Other	Trans	Total
2019	64,433	422,904	31	44,327	1	1	16	730	532,443
2020	64,674	427,624	30	44,426	1	4	16	713	537,488
2021	64,947	432,926	26	44,773	1	5	16	670	543,364
2022	65,104	437,840	24	44,917	1	8	16	655	548,565
2023	65,353	441,844	22	44,963	1	8	16	627	552,834

G - Residential Domestic
GH - Residential Heating
TCS - Temperature Controlled Service
GC - General Service - Commercial and Industrial
IS - Interruptible Service
L - Large High Load Factor Service
Other - Motor Vehicle Service and Interdepartmental
Trans - Transportation

Q. SDR-RR-3 Please provide the average number of customers by rate schedule for the last five years.

A. SDR-RR-3

PECO Energy Company
Average Customer Numbers for the Year Ended December 31

Year	G	GH	TCS	GC	IS	L	Other	Trans	Total
2019	64,295	420,135	33	44,058	2	0	16	739	529,278
2020	64,550	425,238	31	44,279	2	4	16	720	534,839
2021	64,773	430,354	28	44,509	1	5	16	677	540,362
2022	64,963	435,333	25	44,789	1	7	16	660	545,794
2023	65,128	439,904	23	44,842	1	8	16	640	550,563

G - Residential Domestic
GH - Residential Heating
TCS - Temperature Controlled Service
GC - General Service - Commercial and Industrial
IS - Interruptible Service
L - Large High Load Factor Service
Other - Motor Vehicle Service and Interdepartmental
Trans - Transportation

SDR-RR-4
Marissa Humphrey

Q. SDR-RR-4 Please provide the actual number of customers by rate schedule at the end of each month from the commencement of the historic test year through the most recent month available and update as additional data become available.

A. SDR-RR-4

PECO Energy Company
Actual Customer Numbers by Rate Class

Year	Month	G	GH	TCS	GC	IS	L	Other	Trans	Total
2023	1	65,119	438,234	24	44,937	1	8	16	654	548,993
2023	2	65,118	438,705	24	44,939	1	8	16	657	549,468
2023	3	65,134	439,047	23	44,964	1	8	16	650	549,843
2023	4	65,103	439,351	23	44,904	1	9	16	644	550,051
2023	5	65,026	439,571	23	44,830	1	9	16	643	550,119
2023	6	65,050	439,673	23	44,754	1	9	16	642	550,168
2023	7	65,058	439,837	23	44,724	1	8	16	641	550,308
2023	8	65,061	440,077	23	44,702	1	8	16	637	550,525
2023	9	65,083	440,287	22	44,705	1	8	16	629	550,751
2023	10	65,146	440,798	22	44,792	1	8	16	630	551,413
2023	11	65,289	441,426	22	44,891	1	8	16	628	552,281
2023	12	65,353	441,844	22	44,963	1	8	16	627	552,834

G - Residential Domestic
GH - Residential Heating
TCS - Temperature Controlled Service
GC - General Service - Commercial and Industrial
IS - Interruptible Service
L - Large High Load Factor Service
Other - Motor Vehicle Service and Interdepartmental
Trans – Transportation

Q. SDR-RR-5 If past weather normalized sales or sales trends are used in models or otherwise relied on in reaching sales projections, please provide actual and normalized throughput by rate schedule as of December 31 for the last three years. Where applicable, separately identify sales and transportation throughput.

A. SDR-RR-5 For an explanation of the Company's sales forecasting model and variables related to weather, please see the Company's responses to SDR-RR-9 and SDR-RR-10.

For actual and weather normalized sales for the last three years, refer to the tables below.

Actual Usage by Rate Class (Mmcf) Year Ended December 31

	G	GH	TCS	GC	IS	L	Other	Trans	Total
2021	4,035	35,545	95	20,829	16	6	436	25,094	86,056
2022	4,525	37,611	65	22,897	17	14	486	25,011	90,626
2023	3,691	32,152	79	20,623	26	24	480	23,741	80,816

Weather Normalized Actual Usage by Rate Class (Mmcf) Year Ended December 31

	G	GH	TCS	GC	IS	L	Other	Trans	Total
2021	4,367	38,523	95	22,327	16	6	438	25,420	91,192
2022	4,730	39,429	65	23,703	17	14	486	24,975	93,419
2023	4,289	38,462	79	23,278	26	24	480	24,382	91,021

G - Residential Domestic
GH - Residential Heating
TCS - Temperature Controlled Service
GC - General Service - Commercial and Industrial
IS - Interruptible Service
L - Large High Load Factor Service
Other - Motor Vehicle Service and Interdepartmental
Trans - Transportation

Q. SDR-RR-6 *If past weather normalized sales or sales trends are used in models or otherwise relied on in reaching sales projections, please provide actual and normalized throughput by month by rate schedule from the beginning of the historic test year and the future test year through the most recent month available and update as additional data become available. Separately identify sales and transportation throughput and provide the workpapers, which develop normalized sales.

* Indicates a request for which updated data is explicitly requested as it become available.

A. SDR-RR-6 For an explanation of the Company's sales forecasting model and variables related to weather, refer to the Company's response to SDR-RR-9 and SDR-RR-10.

For actual and weather normalized sales for the historic test year, refer to Attachment SDR-RR-6(a) for the following rate classes:

G - Residential Domestic;
GH - Residential Heating;
TCS - Temperature Controlled Service;
GC - General Service - Commercial and Industrial;
IS - Interruptible Service;
L - Large High Load Factor Service;
Other - Motor Vehicle Service and Interdepartmental; and
Trans - Transportation.

PECO Energy Company
Actual Usage by Rate Class (Mmcf)

Year	Month	G	GH	TCS	GC	IS	L	Other	Trans	Total
2023	1	601	5,501	11	3,222	4	5	48	2,401	11,794
2023	2	661	4,728	14	3,081	1	11	39	2,215	10,750
2023	3	562	5,136	2	2,242	2	7	38	2,398	10,388
2023	4	228	1,999	6	1,148	1	4	39	1,875	5,298
2023	5	16	1,237	4	1,767	0	(13)	41	1,704	4,756
2023	6	92	802	16	691	0	1	44	1,611	3,257
2023	7	65	554	22	500	0	0	39	1,930	3,110
2023	8	72	612	0	580	2	9	39	1,688	3,002
2023	9	90	741	0	723	(2)	(5)	36	1,661	3,244
2023	10	177	1,431	(8)	1,191	8	0	38	1,841	4,677
2023	11	509	4,311	1	2,451	1	1	36	2,119	9,431
2023	12	617	5,100	10	3,025	10	5	43	2,299	11,109
Total		3,691	32,152	79	20,623	26	24	480	23,741	80,816

Weather Normalized Actual Usage by Rate Class (Mmcf)

Year	Month	G	GH	TCS	GC	IS	L	Other	Trans	Total
2023	1	851	7,799	11	4,315	4	5	48	2,617	15,650
2023	2	822	6,232	14	3,928	1	11	39	2,363	13,409
2023	3	609	5,595	2	2,422	2	7	38	2,484	11,160
2023	4	277	2,498	6	1,404	1	4	39	1,976	6,204
2023	5	10	1,180	4	1,731	0	(13)	41	1,699	4,652
2023	6	90	785	16	677	0	1	44	1,655	3,268
2023	7	66	563	22	509	0	0	39	1,873	3,072
2023	8	72	608	0	576	2	9	39	1,726	3,031
2023	9	91	764	0	724	(2)	(5)	36	1,604	3,212
2023	10	202	1,824	(8)	1,246	8	0	38	1,900	5,208
2023	11	467	4,191	1	2,269	1	1	36	2,077	9,043
2023	12	734	6,425	10	3,477	10	5	43	2,409	13,112
Total		4,289	38,462	79	23,278	26	24	480	24,382	91,021

Q. SDR-RR-7 Please provide the workpaper developing the Company's FTY load growth adjustment.

A. SDR-RR-7 The Company's sales forecast is based on budgeted sales for the fully projected future test year ending December 31, 2025, as adjusted by various annualization and normalization adjustments. The budget and adjustments thereto are described in PECO Statement No. 3, the Direct Testimony of Michael J. Trzaska, and documented in Exhibit MJT-1, Schedule D-5.

For a description of the Company's sales forecasting model, and its various inputs, refer to the responses to SDR-RR-5, 6, 10, and 11.

Q. SDR-RR-8 Please provide a complete copy of the computer output generated by the Company's statistical analysis package for all residential, commercial, public authority and industrial econometric models of gas demand estimated by the Company, but not presented in the filing.

* Indicates a request for which updated data is explicitly requested as it become available.

A. SDR-RR-8 Refer to Attachments SDR-RR-10(a.1), SDR-RR-10(a.2), SDR-RR-10(a.3), SDR-RR-10(a.4), SDR-RR-11(a.1), SDR-RR-11(a.2), SDR-RR-11(a.3) and SDR-RR-11(a.4).

Q. SDR-RR-9 Identify the historical data source(s) for each dependent and independent variable utilized to develop the econometric models of gas demands for each forecasted customer group.

A. SDR-RR-9 The dependent variable for Gas Residential (Res) and Gas Commercial (GC) Sales are Use Per Customer Per Day. The dependent variables for Temperature Control Systems (TCS) are Sales Per Day. The dependent variables for Large (L), Interruptible Service (IS), Other, Direct Pipeline Transportation (DPL) and Non-Direct Pipeline Transportation (Non-DPL) are Sales.

Use Per Customer is Sales divided by the average number of Customers. Both Sales and Customers are gathered from the Sales and Customers reports by month. The number of Customers requires additional forecasting before it is used in the class gas volume models.

Independent variables come in the following groups:

A. Weather –

a. Heating Degree Days Spline (HDD Spline). The HDD Spline variable is a composite of HDD variables with different temperature breakpoints. Multiple HDD breakpoints are used to model the rate or slope at which customers use natural gas changes with temperature. The HDD Spline combines the different HDD breakpoints into one variable to more effectively describe fluctuating weather's impact on gas usage. For the Company's Per Day models, HDD Spline is divided by number of billing days to produce an HDD Per Day variable. HDD Spline is also interacted with seasonal binaries to measure the relationship between weather and gas heating by season. The raw data collected to calculate the HDD Spline is provided by DTN, a weather service company. For the HDD Spline formula with the weights assigned to HDD breakpoints, see SDR-RR-10.

1. HDD Per Day = CycWthrT.HDDSpline/CycWthrT.BillDays
2. WinterHDD = Sum(Monthly.Dec, Monthly.Jan, Monthly.Feb, Monthly.Mar)*CycWthrT.HDD_PerDay
3. SpringHDD = (Monthly.Apr+Monthly.May)*CycWthrT.HDD_PerDay
4. FallHDD = (Monthly.Oct+Monthly.Nov)*CycWthrT.HDD_PerDay

b. THI Degree Days Spline (TDD Spline). TDD Spline is an independent variable included in the Transportation models and primarily captures increases in gas generation during summer months. The variable is composed of only one TDD base (i.e., 70). The calculation utilizes a Temperature Humidity Index (THI) that is a function of dry bulb temperature and humidity. PECO uses the same Temperature Humidly Index (THI) formula as PJM, where humidity becomes a factor when temperature rises above 58 degrees:

THI = DB - .55 x (1- Hum) x (DB - 58)
Where:
DB is dry bulb temperature
Hum is relative humidity

B. Economic – Economic data is sourced from IHS Markit which collects historical data from government sources and provides forecasts for international, U.S., state, and metropolitan areas. The Company uses five economic variables to support sales and customer forecasting. These variables are Total Non-farm Employment (EMP), Real Gross Metropolitan Product (GMP), Number of Households (HH), Real Personal Disposable Income (Income), and Consumer Price Index (CPI). This data is provided in a monthly format and directly used or transformed for the modeling and evaluation purposes. For further detail and the formulas used in the models, see SDR-RR-10.

C. Price – Price is incorporated within the Res and GC Gas models through variables that represent normal monthly natural gas bills. The tariff-level normal monthly bill variables are based on a

monthly moving average of the Purchased Gas Cost (PGC) rate deflated by Consumer Price Index and interacted with weather (HDD Spline). Historical PGC prices are provided by the Company's Rates Department. For further detail and the formulas used in the models, see SDR-RR-10.

D. Binaries – Some models contain a number of monthly binary variables. Binary variables are best described as variables that that take the value of 0 or 1 to indicate the absence or presence of some categorical effect that might be expected to shift the outcome. The Company's models contain two types of binary variables – monthly binary variables (Ex. January, February, March, etc.) to capture any non-weather-related load consumption changes and specific month and year binary variables (Ex. January 2015, October 2018, etc.) to correct for outliers in historical data.

Q. SDR-RR-10 Identify the source(s) and supporting documentation for the FTY value of each independent variable which required forecasting in the Company's gas demand models.

A. SDR-RR-10 There are four variable types that require additional forecasting before being used in the Company's gas volume models.

1. Customers - The Residential and GC Sales Volume forecasts are based on Use Per Customer (UPC) models, requiring customer forecasts as additional inputs. Customer forecast models utilize historical customer numbers through September 2023, gathered from Sales and Customers reports by month.

    a. The Residential customer forecast is derived from an Econometric model with monthly customers as the dependent variable. Number of Households (HH) and monthly binary variables are used as the independent variables.
    b. The GC customer forecast is derived from an Exponential Smoothing model with trend and seasonality.

Refer to Attachment SDR-RR-10(a.1) for Residential and GC customer forecasts and HH.

2. Weather - PECO uses 30 years of weather history from 1993 to 2022 to calculate the weather normals used for gas volume forecasts. The Heating Degree Day (HDD) Spline is calculated using HDDs of different breakpoints. The breakpoints are weighted according to their impact on gas volume change. An HDD_PerDay variable is also created for use with the Company's Sales or UPC Per Day models by dividing number of days from the monthly HDDSpline variable. The THI Degree Day (TDD) Spline is composed of only one breakpoint. The calculation utilizes a Temperature Humidity Index (THI) that is a function of dry bulb temperature and humidity. The TDD Spline captures increases in

gas generation of Transportation customers during summer months.

a. HDDSpline is described by the following equation, using historical weather actuals (HDD) for the model estimation period and weather normals (NHDD) for the forecast period. A fully weather normal version of the spline, NHDDSpline, is also calculated by the Company, using NHDD for both the estimation and forecast periods.

   HDDSpline = -0.08 * (CycWthr.HDD30, NCycWthr.NHDD30) +
   0.15 * (CycWthr.HDD50, NCycWthr.NHDD50) +
   0.27 * (CycWthr.HDD55, NCycWthr.NHDD55) +
   0.31 * (CycWthr.HDD60, NCycWthr.NHDD60) +
   0.35 * (CycWthr.HDD65, NCycWthr.NHDD65)

   HDD_PerDay = CycWthrT.HDDSpline/CycWthrT.BillDays

b. The TDDSpline is described by the following equation, using historical weather actuals (TDD) for the model estimation period and weather normals (NTDD) for the forecast period.

   TDD Spline = (CycWthr.TDD70, NCycWthr.NTDD70)

Refer to Attachment SDR-RR-10(a.2) for weather normals used in the Company's gas volume models.

3. Economics- Economic data is sourced from IHS Markit which collects historical data from government sources and provides forecasts for international, U.S., state, and metropolitan areas. The Company uses five economic variables to support gas volume and customer forecasting. These variables are Real Personal Disposable Income (RDInc), Total Non-farm Employment (EMP), Real Gross Metropolitan Product (GMP), Number of Households (HH) and Consumer Price Index (CPI). This data is provided in a monthly format and directly used or transformed for the modeling

and evaluation purposes. The August 2023 economic vintage was used for the Company's forecast.

a. RDInc_PerHH_NHDD is an independent variable used in the Residential model to forecast household income's impact on heating usage

   RDInc / HH * NHDD_PerDay

b. Econ_Index is an independent variable used in the GC usage per customer model to forecast economic related volume growth

   Econ Index = Emp_Index^0.5 * GMP_Index^0.5
   Emp_Index is EMP indexed to January 2012
   GMP_Index is GMP indexed to January 2012

c. A EMP is an independent variable used in the Transportation (Non-Direct Pipeline) model to forecast economic related volume growth

Refer to Attachment SDR-RR-10(a.3) for economic variables used in the Company's gas volume models.

4. Price – To model the price impact on demand, Residential and GC usage per customer models include normal monthly gas bill variables which are a product of HDD_PerDay and Purchased Gas Cost (PGC) deflated by CPI (Real_Rate). The PGC's commodity price is forecasted to grow at the annual growth rate of the Henry Hub Natural Gas Futures Price projected at the time of the forecast (sourced 9/30/2023 from https://www.cmegroup.com/markets/energy/natural-gas/natural gas.settlements.html). See Residential and GC normal bill formulas below:

   Residential =
   MA3_Real_Rate * (70.764 + 19.012*NCycWthrT.HDD_PerDay)/1000*30.41
   GC =
   MA3_Real_Rate * (541.947 + 96.095*NCycWthrT.HDD_PerDay)/1000* 30.41

Where:
Real_rate = PGC_Rate / CPI05
CPI05 is CPI indexed to January 2005
MA3_Real_rate is a 3 month moving average of a real rate

Refer to Attachment SDR-RR-10(a.4) for variables used to model gas price impact on demand.

Year	Month	Res	GC	HH
2010	1	446,138	41,127	725
2010	2	446,429	41,154	726
2010	3	446,603	41,118	726
2010	4	446,778	40,998	727
2010	5	446,584	40,933	727
2010	6	446,236	40,818	727
2010	7	445,980	40,777	727
2010	8	446,045	40,740	728
2010	9	446,348	40,742	728
2010	10	446,851	40,835	728
2010	11	447,580	40,986	728
2010	12	448,391	41,169	729
2011	1	448,681	41,158	729
2011	2	449,230	41,141	729
2011	3	449,398	41,120	729
2011	4	449,619	41,042	730
2011	5	449,197	40,892	730
2011	6	449,066	40,828	730
2011	7	448,806	40,758	731
2011	8	448,655	40,746	731
2011	9	448,763	40,762	731
2011	10	449,705	40,919	732
2011	11	450,493	41,123	732
2011	12	451,382	41,266	732
2012	1	451,989	41,441	733
2012	2	452,504	41,500	733
2012	3	452,800	41,476	733
2012	4	452,785	41,408	734
2012	5	452,688	41,347	734
2012	6	452,469	41,272	734
2012	7	452,250	41,193	734
2012	8	452,363	41,186	734
2012	9	452,612	41,230	734
2012	10	453,096	41,417	733
2012	11	453,802	41,566	733
2012	12	454,487	41,722	733
2013	1	455,204	41,817	733
2013	2	455,649	41,860	733
2013	3	455,961	41,852	733
2013	4	456,063	41,734	733
2013	5	455,862	41,622	733
2013	6	455,500	41,528	733
2013	7	455,306	41,477	734
2013	8	455,419	41,447	734
2013	9	455,790	41,469	735
2013	10	456,510	41,609	735

Year	Month	Res	GC	HH
2013	11	457,587	41,865	735
2013	12	458,335	42,051	736
2014	1	458,988	42,164	736
2014	2	459,273	42,226	736
2014	3	459,604	42,263	737
2014	4	459,671	42,166	737
2014	5	459,567	42,047	737
2014	6	459,407	41,969	738
2014	7	459,364	41,914	738
2014	8	459,520	41,897	739
2014	9	459,678	41,937	739
2014	10	460,624	42,143	740
2014	11	461,908	42,440	740
2014	12	462,663	42,614	741
2015	1	463,414	42,741	741
2015	2	463,990	42,829	741
2015	3	464,344	42,873	742
2015	4	464,448	42,778	742
2015	5	464,210	42,631	743
2015	6	464,328	42,539	743
2015	7	464,534	42,477	743
2015	8	464,707	42,456	743
2015	9	465,016	42,482	743
2015	10	465,848	42,730	743
2015	11	466,618	42,936	743
2015	12	467,264	43,093	743
2016	1	468,096	43,232	743
2016	2	468,686	43,279	743
2016	3	468,805	43,255	743
2016	4	469,097	43,155	742
2016	5	468,991	43,079	743
2016	6	469,227	42,989	743
2016	7	469,350	42,925	744
2016	8	469,553	42,919	746
2016	9	470,019	42,943	747
2016	10	470,716	43,143	748
2016	11	471,810	43,378	748
2016	12	472,606	43,609	749
2017	1	473,142	43,676	750
2017	2	473,534	43,647	751
2017	3	473,972	43,651	752
2017	4	474,114	43,566	753
2017	5	474,213	43,431	754
2017	6	474,360	43,346	755
2017	7	474,160	43,271	756
2017	8	474,588	43,260	757

Year	Month	Res	GC	HH
2017	9	474,766	43,298	758
2017	10	475,253	43,418	758
2017	11	476,255	43,694	759
2017	12	477,213	43,833	760
2018	1	477,740	43,921	761
2018	2	478,122	43,993	762
2018	3	478,565	43,999	762
2018	4	478,657	43,951	763
2018	5	478,784	43,775	764
2018	6	478,954	43,697	765
2018	7	479,110	43,626	766
2018	8	479,368	43,592	766
2018	9	479,732	43,587	767
2018	10	480,554	43,798	768
2018	11	481,589	43,965	768
2018	12	482,255	44,120	769
2019	1	482,949	44,210	770
2019	2	483,270	44,223	771
2019	3	483,560	44,224	771
2019	4	483,736	44,130	772
2019	5	483,738	44,002	773
2019	6	483,657	43,903	773
2019	7	483,903	43,841	774
2019	8	484,296	43,812	775
2019	9	484,676	43,821	776
2019	10	485,456	43,970	778
2019	11	486,588	44,232	778
2019	12	487,337	44,327	776
2020	1	488,137	44,409	773
2020	2	488,715	44,476	770
2020	3	489,063	44,462	769
2020	4	489,124	44,374	770
2020	5	489,071	44,254	771
2020	6	489,201	44,141	771
2020	7	489,460	44,099	772
2020	8	489,867	44,078	772
2020	9	490,158	44,091	772
2020	10	490,797	44,187	772
2020	11	491,561	44,343	773
2020	12	492,298	44,426	773
2021	1	492,959	44,505	773
2021	2	493,330	44,552	773
2021	3	493,857	44,558	774
2021	4	494,257	44,524	774
2021	5	494,580	44,449	775
2021	6	494,895	44,405	776

Year	Month	Res	GC	HH
2021	7	495,023	44,386	777
2021	8	495,380	44,373	778
2021	9	495,752	44,392	779
2021	10	496,407	44,526	779
2021	11	497,202	44,668	780
2021	12	497,873	44,773	781
2022	1	498,499	44,870	782
2022	2	498,868	44,897	782
2022	3	499,188	44,918	782
2022	4	499,468	44,856	782
2022	5	499,431	44,736	782
2022	6	499,678	44,686	783
2022	7	500,096	44,691	783
2022	8	500,555	44,653	783
2022	9	500,934	44,625	784
2022	10	501,578	44,752	784
2022	11	502,319	44,867	784
2022	12	502,944	44,917	785
2023	1	503,353	44,937	786
2023	2	503,823	44,939	787
2023	3	504,181	44,964	788
2023	4	504,454	44,904	789
2023	5	504,597	44,830	789
2023	6	504,723	44,754	790
2023	7	504,895	44,724	790
2023	8	505,138	44,702	791
2023	9	505,245	44,738	792
2023	10	505,613	44,907	792
2023	11	506,258	45,102	793
2023	12	507,000	45,250	793
2024	1	507,805	45,335	794
2024	2	508,522	45,372	794
2024	3	508,979	45,376	795
2024	4	509,088	45,295	795
2024	5	508,981	45,184	796
2024	6	508,962	45,105	796
2024	7	508,953	45,060	797
2024	8	509,000	45,033	797
2024	9	508,885	45,068	798
2024	10	509,058	45,238	798
2024	11	509,614	45,434	798
2024	12	510,374	45,584	799
2025	1	511,355	45,669	799
2025	2	512,205	45,706	800
2025	3	512,747	45,710	800
2025	4	512,863	45,628	800

Year	Month	Res	GC	HH
2025	5	512,682	45,516	801
2025	6	512,628	45,436	801
2025	7	512,582	45,391	801
2025	8	512,593	45,363	802
2025	9	512,460	45,398	802
2025	10	512,637	45,570	802
2025	11	513,202	45,767	803
2025	12	513,957	45,917	803

NHDD = Normal Heating Degree Days; NCDD = Normal THI Degree Days (by calendar month and temperature base)

Year	Month	Days	NHDD10	NHDD15	NHDD20	NHDD25	NHDD30	NHDD35	NHDD40	NHDD45	NHDD50	NHDD55	NHDD60	NHDD65	NTDD50	NTDD55	NTDD60	NTDD65	NTDD70	NTDD75	NTDD80
2010	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2010	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2010	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2010	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2010	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2010	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2010	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2010	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2010	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2010	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2010	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2010	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2011	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2011	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2011	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2011	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2011	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2011	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2011	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2011	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2011	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2011	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2011	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2011	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2012	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2012	2	29	0.03	0.79	3.83	12.22	34.43	82.86	162.61	274.64	404.06	543.19	686.25	830.85	8.08	2.25	0.34	0	0	0	0
2012	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2012	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2012	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2012	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2012	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2012	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2012	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2012	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2012	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2012	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2013	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2013	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2013	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2013	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2013	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2013	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2013	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2013	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2013	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2013	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2013	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2013	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2014	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2014	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2014	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2014	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2014	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2014	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2014	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2014	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2014	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2014	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2014	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2014	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2015	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2015	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2015	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2015	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2015	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2015	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2015	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2015	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2015	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2015	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2015	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2015	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2016	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2016	2	29	0.03	0.79	3.83	12.22	34.43	82.86	162.61	274.64	404.06	543.19	686.25	830.85	8.08	2.25	0.34	0	0	0	0
2016	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2016	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2016	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2016	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2016	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2016	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2016	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2016	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2016	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0

NHDD = Normal Heating Degree Days; NCDD = Normal THI Degree Days (by calendar month and temperature base)

Year	Month	Days	NHDD10	NHDD15	NHDD20	NHDD25	NHDD30	NHDD35	NHDD40	NHDD45	NHDD50	NHDD55	NHDD60	NHDD65	NTDD50	NTDD55	NTDD60	NTDD65	NTDD70	NTDD75	NTDD80
2016	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2017	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2017	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2017	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2017	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2017	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2017	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2017	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2017	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2017	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2017	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2017	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2017	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2018	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2018	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2018	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2018	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2018	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2018	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2018	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2018	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2018	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2018	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2018	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2018	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2019	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2019	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2019	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2019	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2019	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2019	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2019	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2019	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2019	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2019	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2019	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2019	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2020	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2020	2	29	0.03	0.79	3.83	12.22	34.43	82.86	162.61	274.64	404.06	543.19	686.25	830.85	8.08	2.25	0.34	0	0	0	0
2020	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2020	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2020	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2020	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2020	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2020	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2020	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2020	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2020	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2020	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2021	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2021	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2021	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2021	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2021	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2021	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2021	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2021	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2021	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2021	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2021	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2021	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2022	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2022	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2022	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2022	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2022	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2022	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2022	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2022	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2022	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2022	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2022	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2022	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2023	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2023	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2023	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2023	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2023	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2023	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2023	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2023	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2023	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2023	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0

NHDD = Normal Heating Degree Days; NCDD = Normal THI Degree Days (by calendar month and temperature base)

Year	Month	Days	NHDD10	NHDD15	NHDD20	NHDD25	NHDD30	NHDD35	NHDD40	NHDD45	NHDD50	NHDD55	NHDD60	NHDD65	NTDD50	NTDD55	NTDD60	NTDD65	NTDD70	NTDD75	NTDD80
2023	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2023	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2024	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2024	2	29	0.03	0.79	3.83	12.22	34.43	82.86	162.61	274.64	404.06	543.19	686.25	830.85	8.08	2.25	0.34	0	0	0	0
2024	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2024	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2024	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2024	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2024	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2024	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2024	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2024	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2024	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2024	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0
2025	1	31	0.59	2.28	10.6	29.36	66.61	132.67	231.61	358.79	502.36	652.49	805.8	960.31	7.07	2.14	0.4	0	0	0	0
2025	2	28	0.03	0.77	3.78	12.03	33.79	81.15	158.84	267.62	392.96	527.49	665.71	805.36	7.5	2.06	0.31	0	0	0	0
2025	3	31	0	0.04	0.21	1.7	6.92	20.96	56.39	125.61	228.67	356.51	499.52	650.57	42.72	15.58	3.77	0.6	0	0	0
2025	4	30	0	0	0	0	0.02	0.27	2.15	10.77	37.11	97.73	195.39	320.36	171.39	82.05	30.16	8.44	1.24	0	0
2025	5	31	0	0	0	0	0	0	0	0.09	0.88	8.28	36.73	102.91	412.19	264.72	139.16	57.75	16.22	1.73	0.02
2025	6	30	0	0	0	0	0	0	0	0	0	0.21	1.46	8.38	638.66	488.7	339.45	198.48	84.19	17.81	0.74
2025	7	31	0	0	0	0	0	0	0	0	0	0	0	0.02	792.27	637.26	482.27	327.38	176.75	58.97	6.41
2025	8	31	0	0	0	0	0	0	0	0	0	0	0	0.46	750.88	595.85	440.88	286.34	140.65	37.11	2.91
2025	9	30	0	0	0	0	0	0	0	0	0.16	1.23	5.61	22.34	554.2	404.44	257.88	130.15	42.88	5.8	0.18
2025	10	31	0	0	0	0	0	0.03	0.39	2.46	11.89	43.72	112.51	220.19	269.34	147.16	61.53	18.81	3.75	0.1	0
2025	11	30	0	0	0	0.08	0.88	4.85	19.13	58.22	131.05	238.02	368.21	511.54	69.45	26.37	6.65	0.87	0.03	0	0
2025	12	31	0	0.19	0.96	4.25	17.5	50.97	115.44	218.19	348.52	491.84	642.84	796.91	16.25	4.66	0.77	0	0	0	0

NHDD = Normal Heating Degree Days; NCDD = Normal THI Degree Days (by billing month and temperature base)

Year	Month	Days	NHDD30	NHDD35	NHDD40	NHDD45	NHDD50	NHDD55	NHDD60	NHDD65	NTDD50	NTDD55	NTDD60	NTDD65	NTDD70	NTDD75
2010	1	33	45.5	99.68	188.47	312.96	460.12	617.01	779.08	943.23	11.52	3.52	0.68	0	0	0
2010	2	29.5	54.26	114.75	207.72	329.82	466.34	609.62	755.85	902.99	5.25	1.29	0.16	0	0	0
2010	3	29.4	18.15	48.13	105.24	196.5	313.08	445.97	587.08	732.38	21	6.98	1.31	0.11	0	0
2010	4	29.4	1.61	5.54	18.87	51.96	114.25	207.8	327.53	463.02	93.42	39.74	12.74	3.03	0.31	0
2010	5	29.4	0	0.02	0.26	2.1	10.61	40.51	102.8	200.46	267.55	150.1	65.46	21.56	4.3	0.21
2010	6	30.8	0	0	0	0.01	0.09	2.13	13.57	48.05	526.83	374.95	232.69	118.07	42.29	6.77
2010	7	30.55	0	0	0	0	0	0.02	0.19	1.71	727.27	574.75	422.24	271.86	134.36	38.53
2010	8	29.65	0	0	0	0	0	0	0	0.02	752.36	604.37	456.61	308.72	164.21	52.22
2010	9	30.45	0	0	0	0	0	0.06	0.41	3.39	677.02	524.52	372.11	224.93	98.76	21.82
2010	10	29.75	0	0	0	0.07	1.11	8.67	32.54	82.62	433.71	292.89	167.53	73.58	20.34	1.96
2010	11	29.4	0.03	0.42	2.99	13.93	43.19	102.41	195.18	317.08	170.67	82.62	28.51	6.67	1.14	0.02
2010	12	32.7	5.67	20.84	56.89	127.65	233.91	367.8	519.19	679.07	44.76	15.11	3.17	0.29	0	0
2011	1	33.8	45.66	100.54	190.81	317.81	468.26	628.81	794.76	962.88	11.99	3.65	0.7	0	0	0
2011	2	30.1	55.04	116.49	211.03	335.35	474.51	620.65	769.83	919.96	5.48	1.37	0.17	0	0	0
2011	3	29.4	17.78	47.29	103.77	194.39	310.52	443.14	584.12	729.37	21.43	7.15	1.35	0.12	0	0
2011	4	29.4	1.53	5.31	18.23	50.59	111.95	204.72	323.95	459.19	95	40.54	13.05	3.12	0.32	0
2011	5	29.4	0	0.02	0.23	1.95	10.08	39.26	100.66	197.61	270.28	152.1	66.58	22.01	4.42	0.22
2011	6	30.8	0	0	0	0	0.07	1.97	12.97	46.55	530.52	378.51	235.8	120.21	43.3	7
2011	7	30.6	0	0	0	0	0	0.02	0.18	1.62	730.15	577.38	424.62	273.88	135.74	39.12
2011	8	29.6	0	0	0	0	0	0	0	0.02	750.8	603.07	455.56	307.92	163.68	51.95
2011	9	30.5	0	0	0	0	0.01	0.08	0.47	3.65	675.63	522.87	370.25	223.1	97.47	21.35
2011	10	29.7	0	0	0	0.08	1.19	9.07	33.66	84.83	429.03	288.81	164.45	71.81	19.7	1.87
2011	11	29.6	0.05	0.53	3.42	15.15	45.77	106.78	201.35	324.83	168.24	80.95	27.64	6.37	1.08	0.02
2011	12	32.4	5.76	21.12	57.42	128.31	234.36	367.53	517.79	676.29	43.54	14.66	3.08	0.28	0	0
2012	1	33.95	46.57	102.17	193.35	321.3	472.62	633.98	800.7	969.57	11.9	3.62	0.7	0	0	0
2012	2	30.05	54.48	115.59	209.74	333.71	472.55	618.43	767.35	917.23	5.51	1.37	0.17	0	0	0
2012	3	29.4	17.85	47.54	104.38	195.47	311.96	444.83	585.93	731.21	20.99	6.97	1.29	0.11	0	0
2012	4	29.4	1.64	5.64	19.16	52.65	115.5	209.57	329.68	465.37	92.25	39.1	12.46	2.94	0.29	0
2012	5	29.45	0	0.02	0.25	2.09	10.65	40.77	103.41	201.45	267.31	149.84	65.31	21.5	4.29	0.21
2012	6	30.75	0	0	0	0.01	0.09	2.17	13.78	48.58	524.49	372.89	231.06	117.04	41.84	6.67
2012	7	30.55	0	0	0	0	0	0.03	0.21	1.8	726.19	573.66	421.15	270.86	133.64	38.22
2012	8	29.65	0	0	0	0	0	0	0	0.02	752.6	604.62	456.86	308.96	164.44	52.37
2012	9	30.55	0	0	0	0	0	0.06	0.39	3.31	680.04	527.05	374.14	226.4	99.57	22.05
2012	10	29.65	0	0	0	0.06	1.05	8.41	31.86	81.34	433.81	293.29	168.02	73.93	20.49	1.99
2012	11	29.8	0.05	0.53	3.36	14.81	44.82	105.11	199.25	322.82	172.59	83.59	28.87	6.77	1.15	0.02
2012	12	32.1	5.38	19.99	54.91	123.79	227.66	358.85	507.32	664.22	44.46	15.08	3.21	0.31	0.01	0
2013	1	33.75	44.97	99.36	189.07	315.6	465.66	625.89	791.56	959.43	12.07	3.67	0.7	0	0	0
2013	2	30.35	55.81	117.92	213.39	338.82	479.19	626.56	776.98	928.35	5.51	1.38	0.17	0	0	0
2013	3	29.4	17.97	47.76	104.63	195.69	312.14	444.96	586.04	731.31	21.09	7.01	1.31	0.11	0	0
2013	4	29.4	1.54	5.33	18.36	50.97	112.72	205.83	325.31	460.68	94.26	40.14	12.88	3.06	0.31	0
2013	5	29.5	0	0.02	0.24	2.01	10.29	39.77	101.56	198.88	270.96	152.61	66.98	22.27	4.53	0.23
2013	6	30.7	0	0	0	0.01	0.08	2.08	13.34	47.34	526.64	375.2	233.23	118.59	42.59	6.84
2013	7	30.65	0	0	0	0	0	0.02	0.18	1.66	730.6	577.58	424.56	273.62	135.43	38.93
2013	8	29.55	0	0	0	0	0	0	0	0.02	749.64	602.15	454.9	307.5	163.51	51.95
2013	9	30.6	0	0	0	0	0	0.07	0.43	3.48	679.16	525.92	372.78	225.01	98.55	21.68
2013	10	29.6	0	0	0	0.07	1.1	8.71	32.8	83.28	429.18	289.17	164.78	71.94	19.71	1.86
2013	11	29.4	0.03	0.43	3.06	14.18	43.81	103.59	196.93	319.29	168.85	81.33	27.8	6.41	1.09	0.02
2013	12	32.5	5.66	20.84	56.87	127.48	233.42	366.74	517.33	676.28	44.13	14.89	3.14	0.3	0.01	0
2014	1	33.8	45.69	100.55	190.8	317.78	468.18	628.71	794.65	962.76	12	3.65	0.7	0	0	0
2014	2	30.3	55.34	117.18	212.35	337.51	477.59	624.71	774.88	926.01	5.51	1.37	0.17	0	0	0
2014	3	29.4	17.52	46.73	102.83	193.08	308.97	441.45	582.36	727.58	21.66	7.24	1.37	0.13	0	0
2014	4	29.4	1.48	5.15	17.83	49.75	110.56	202.85	321.77	456.85	96.01	41.06	13.25	3.18	0.33	0
2014	5	29.55	0	0.02	0.22	1.9	9.89	38.71	99.64	196.27	274.57	155.31	68.59	23	4.75	0.26
2014	6	30.65	0	0	0	0.01	0.07	1.98	12.86	46.04	528.82	377.52	235.4	120.12	43.31	7.01
2014	7	30.65	0	0	0	0	0	0.02	0.14	1.49	732.67	579.65	426.62	275.52	136.79	39.53
2014	8	29.55	0	0	0	0	0	0	0	0.03	749.17	601.68	454.42	307.03	163.08	51.68
2014	9	30.65	0	0	0	0	0	0.07	0.46	3.63	678.36	524.85	371.48	223.64	97.54	21.31
2014	10	29.55	0	0	0	0.09	1.23	9.24	34.19	85.95	423.66	284.32	161.06	69.73	18.86	1.72
2014	11	29.4	0.04	0.47	3.24	14.8	45.22	105.96	200.11	322.97	166.43	79.86	27.14	6.2	1.05	0.02
2014	12	32.7	5.93	21.62	58.6	130.61	238.06	372.73	524.52	684.55	43.46	14.58	3.05	0.28	0	0
2015	1	33.65	46.38	101.66	192.24	319.22	469.29	629.28	794.54	961.92	11.73	3.58	0.69	0	0	0
2015	2	30.25	54.76	116.24	211	335.8	475.54	622.38	772.29	923.17	5.54	1.38	0.17	0	0	0
2015	3	29.4	17.19	45.94	101.4	190.97	306.38	438.56	579.34	724.51	22.16	7.43	1.43	0.14	0	0
2015	4	29.4	1.42	4.96	17.27	48.48	108.36	199.83	318.22	453.01	97.71	41.95	13.61	3.29	0.35	0
2015	5	29.6	0	0.01	0.2	1.78	9.45	37.59	97.66	193.61	278.14	157.96	70.12	23.68	4.95	0.28
2015	6	30.6	0	0	0	0	0.06	1.86	12.32	44.58	531.67	380.52	238.22	122.18	44.33	7.26
2015	7	30.7	0	0	0	0	0	0.02	0.14	1.43	735.4	582.13	428.85	277.42	138.11	40.11
2015	8	29.5	0	0	0	0	0	0	0	0.03	747.51	600.27	453.27	306.13	162.45	51.36
2015	9	30.55	0	0	0	0	0.01	0.12	0.67	4.37	672.27	519.28	366.53	219.79	95.38	20.69
2015	10	29.65	0	0	0.01	0.13	1.44	9.98	35.93	88.96	421.74	282.47	159.77	69.21	18.79	1.73
2015	11	29.6	0.08	0.65	3.86	16.47	48.57	111.34	207.42	331.84	163.72	78.19	26.38	5.96	1	0.02
2015	12	32.5	6.24	22.4	60.06	132.72	240.47	374.86	526	685.14	42.28	14.13	2.93	0.26	0	0
2016	1	33.9	47.63	103.92	195.81	324.2	475.63	636.93	803.47	972.11	11.63	3.54	0.68	0	0	0
2016	2	30	53.64	114.22	207.78	331.26	469.67	615.22	763.86	913.48	5.6	1.4	0.17	0	0	0
2016	3	29.4	17.24	46.1	101.77	191.61	307.21	439.53	580.37	725.57	21.93	7.35	1.4	0.13	0	0
2016	4	29.4	1.53	5.3	18.19	50.43	111.56	204.09	323.12	458.25	95.59	40.89	13.2	3.17	0.33	0
2016	5	29.55	0	0.02	0.23	1.95	10.08	39.16	100.38	197.25	273.67	154.66	68.24	22.87	4.72	0.26
2016	6	30.65	0	0	0	0	0.07	1.97	12.91	46.22	528.67	377.39	235.35	120.2	43.42	7.06
2016	7	30.6	0	0	0	0	0	0.02	0.18	1.62	730.34	577.56	424.8	274.06	135.9	39.21
2016	8	29.7	0	0	0	0	0	0	0	0.03	752.8	604.55	456.54	308.4	163.78	51.9
2016	9	30.4	0	0	0	0	0.01	0.09	0.54	3.84	672.55	520.3	368.23	221.74	96.82	21.2
2016	10	29.7	0	0	0.01	0.11	1.28	9.33	34.19	85.65	428.09	288.03	163.96	71.61	19.66	1.87
2016	11	29.8	0.08	0.66	3.84	16.2	47.73	109.8	205.47	329.99	168.02	80.81	27.61	6.37	1.08	0.02

NHDD = Normal Heating Degree Days; NCDD = Normal THI Degree Days (by billing month and temperature base)

Year	Month	Days	NHDD30	NHDD35	NHDD40	NHDD45	NHDD50	NHDD55	NHDD60	NHDD65	NTDD50	NTDD55	NTDD60	NTDD65	NTDD70	NTDD75
2016	12	32.2	5.84	21.25	57.51	128.14	233.67	366.05	515.39	672.92	43.25	14.58	3.07	0.28	0	0
2017	1	33.95	46.67	102.34	193.6	321.6	472.95	634.32	801.05	969.93	11.87	3.61	0.7	0	0	0
2017	2	30.05	54.33	115.32	209.33	333.2	471.96	617.8	766.71	916.58	5.55	1.39	0.17	0	0	0
2017	3	29.4	17.35	46.28	101.96	191.73	307.25	439.5	580.31	725.49	22.07	7.4	1.42	0.13	0	0
2017	4	29.5	1.45	5.04	17.51	49	109.23	201.06	319.83	455.05	98.03	42.14	13.69	3.3	0.35	0
2017	5	29.3	0	0.01	0.19	1.76	9.47	37.64	97.58	193.03	273.65	154.98	68.51	22.98	4.75	0.26
2017	6	29.4	0	0	0	0	0.06	1.89	12.5	44.91	504.66	359.57	223.47	113.53	40.7	6.51
2017	7	30.55	0	0	0	0	0	0.03	0.23	1.93	724.62	572.09	419.59	269.42	132.64	37.8
2017	8	29.75	0	0	0	0	0	0	0	0.03	755.09	606.59	458.32	309.92	164.96	52.57
2017	9	30.4	0	0	0	0	0.01	0.07	0.41	3.29	677.92	525.68	373.55	226.47	99.91	22.25
2017	10	29.7	0	0	0	0.07	1.07	8.32	31.37	80.1	437.52	296.62	170.7	75.63	21.18	2.11
2017	11	29.8	0.06	0.56	3.4	14.75	44.34	103.95	197.36	320.34	174.89	85.23	29.78	7.11	1.22	0.03
2017	12	32	5.19	19.4	53.54	121.26	223.87	354	501.66	657.94	45.44	15.51	3.32	0.32	0.01	0
2018	1	34.15	45.2	100.01	190.55	318.39	470.13	632.2	799.82	969.67	12.29	3.73	0.71	0	0	0
2018	2	30.05	55.33	116.81	211.31	335.45	474.41	620.31	769.24	919.12	5.48	1.38	0.17	0	0	0
2018	3	29.4	18.3	48.46	105.79	197.25	313.95	446.89	588.03	733.33	20.9	6.95	1.3	0.11	0	0
2018	4	29.5	1.64	5.64	19.11	52.48	115.1	209.02	329.15	465.08	93.72	39.92	12.81	3.05	0.31	0
2018	5	29.5	0	0.02	0.25	2.09	10.64	40.57	102.82	200.43	269.77	151.86	66.72	22.26	4.56	0.25
2018	6	30.6	0	0	0	0.01	0.09	2.17	13.72	48.23	522.68	371.83	230.66	117.06	41.97	6.74
2018	7	30.65	0	0	0	0	0	0.03	0.21	1.8	728.96	575.93	422.93	272.13	134.4	38.52
2018	8	29.65	0	0	0	0	0	0	0	0.03	752.06	604.06	456.29	308.4	163.97	52.12
2018	9	30.45	0	0	0	0	0.01	0.07	0.45	3.49	676.96	524.47	372.11	225.02	98.89	21.89
2018	10	29.65	0	0	0	0.08	1.13	8.65	32.37	82.14	432.86	292.51	167.51	73.72	20.45	1.99
2018	11	29.8	0.07	0.58	3.51	15.17	45.44	105.98	200.29	323.93	172.11	83.37	28.82	6.77	1.15	0.02
2018	12	32.2	5.58	20.46	55.81	125.24	229.66	361.37	510.35	667.75	44.42	15.07	3.21	0.31	0.01	0
2019	1	33.65	44.99	99.29	188.82	315.02	464.67	624.44	789.63	957	12.01	3.65	0.7	0	0	0
2019	2	30.35	55.64	117.63	212.96	338.28	478.58	625.92	776.32	927.7	5.56	1.4	0.17	0	0	0
2019	3	29.5	17.91	47.6	104.34	195.3	311.8	444.84	586.28	732.01	21.57	7.2	1.37	0.12	0	0
2019	4	29.4	1.54	5.32	18.28	50.66	111.95	204.59	323.66	458.8	95.45	40.86	13.2	3.17	0.33	0
2019	5	29.4	0	0.02	0.24	2.01	10.28	39.57	100.91	197.63	270.96	152.91	67.36	22.54	4.64	0.25
2019	6	30.7	0	0	0	0.01	0.08	2.08	13.32	47.22	527.3	375.86	233.86	119.11	42.88	6.93
2019	7	30.75	0	0	0	0	0	0.02	0.18	1.66	733.38	579.85	426.34	274.89	136.19	39.23
2019	8	29.45	0	0	0	0	0	0	0	0.03	746.77	599.78	453.01	306.12	162.67	51.62
2019	9	30.6	0	0	0	0	0.01	0.08	0.49	3.66	678.4	525.17	372.07	224.44	98.25	21.61
2019	10	29.7	0	0	0.01	0.11	1.29	9.25	33.93	85.15	428.76	288.6	164.31	71.72	19.67	1.86
2019	11	29.4	0.05	0.5	3.3	14.78	44.88	105.11	198.75	321.23	168	80.95	27.71	6.41	1.09	0.02
2019	12	32.5	5.86	21.29	57.68	128.66	234.87	368.32	518.95	677.91	43.95	14.84	3.14	0.3	0.01	0
2020	1	33.7	45.7	100.49	190.55	317.2	467.18	627.25	792.71	960.34	11.94	3.63	0.69	0	0	0
2020	2	30.4	55.23	117.06	212.29	337.66	478.08	625.62	776.27	927.88	5.61	1.41	0.17	0	0	0
2020	3	29.4	17.84	47.5	104.25	195.17	311.52	444.28	585.33	730.59	21.22	7.08	1.33	0.12	0	0
2020	4	29.3	1.68	5.75	19.37	52.94	115.67	209.42	329.04	464.21	92.12	39.15	12.53	2.97	0.3	0
2020	5	29.55	0	0.02	0.29	2.24	11.09	41.59	104.6	202.94	268.1	150.52	65.89	21.88	4.44	0.23
2020	6	30.75	0	0	0	0.01	0.11	2.26	14.06	49.12	523.76	372.23	230.57	116.82	41.81	6.69
2020	7	31.7	0	0	0	0	0	0.02	0.2	1.79	755.62	597.34	439.09	283.06	140.27	40.47
2020	8	29.8	0	0	0	0	0	0	0	0.04	754.66	605.92	457.4	308.76	163.71	51.68
2020	9	30.55	0	0	0	0	0.01	0.12	0.67	4.37	672.27	519.28	366.53	219.79	95.38	20.69
2020	10	29.65	0	0	0.01	0.13	1.44	9.98	35.93	88.96	421.74	282.47	159.77	69.21	18.79	1.73
2020	11	29.6	0.08	0.65	3.86	16.47	48.57	111.34	207.42	331.84	163.72	78.19	26.38	5.96	1	0.02
2020	12	32.5	6.24	22.4	60.06	132.72	240.47	374.86	526	685.14	42.28	14.13	2.93	0.26	0	0
2021	1	33.1	45.83	100.31	189.51	314.48	462.15	619.55	782.12	946.77	11.5	3.51	0.68	0	0	0
2021	2	29.5	53.95	114.2	206.9	328.78	465.16	608.38	754.58	901.71	5.35	1.33	0.16	0	0	0
2021	3	29.3	18.02	47.79	104.52	195.25	311.25	443.56	584.13	728.91	21.15	7.05	1.34	0.12	0	0
2021	4	29.4	1.61	5.54	18.83	51.81	113.86	207.17	326.7	462.08	94.01	40.09	12.89	3.08	0.32	0
2021	5	29.4	0	0.02	0.26	2.1	10.61	40.41	102.5	199.93	268.35	150.8	65.98	21.84	4.4	0.22
2021	6	30.9	0	0	0	0.01	0.09	2.13	13.54	47.9	529.94	377.55	234.77	119.52	43.03	6.96
2021	7	30.45	0	0	0	0	0	0.02	0.19	1.71	725.09	573.06	421.04	271.16	134.1	38.52
2021	8	29.65	0	0	0	0	0	0	0	0.03	752.09	604.09	456.33	308.43	163.98	52.1
2021	9	30.55	0	0	0	0	0.01	0.09	0.53	3.76	677.77	524.77	371.95	224.57	98.48	21.74
2021	10	29.65	0	0	0.01	0.1	1.2	8.92	33.02	83.27	431.2	291.05	166.45	73.15	20.26	1.96
2021	11	29.6	0.06	0.55	3.42	14.99	45.15	105.44	199.3	322.24	170.45	82.48	28.47	6.67	1.14	0.02
2021	12	32.5	5.75	20.97	56.99	127.48	233.21	366.33	516.79	675.69	44.47	15.04	3.16	0.29	0	0
2022	1	33.9	46	101.17	191.86	319.36	470.31	631.37	797.83	966.45	11.97	3.64	0.7	0	0	0
2022	2	30	54.66	115.75	209.82	333.59	472.2	617.82	766.49	916.11	5.51	1.38	0.17	0	0	0
2022	3	29.4	17.72	47.14	103.45	193.85	309.82	442.32	583.25	728.47	21.65	7.24	1.38	0.13	0	0
2022	4	29.4	1.53	5.3	18.19	50.43	111.56	204.09	323.12	458.25	95.59	40.89	13.2	3.17	0.33	0
2022	5	29.55	0	0.02	0.23	1.95	10.08	39.16	100.38	197.25	273.67	154.66	68.24	22.87	4.72	0.26
2022	6	30.65	0	0	0	0	0.07	1.97	12.91	46.22	528.67	377.39	235.35	120.2	43.42	7.06
2022	7	30.6	0	0	0	0	0	0.02	0.18	1.62	730.34	577.56	424.8	274.06	135.9	39.21
2022	8	29.7	0	0	0	0	0	0	0	0.03	752.8	604.55	456.54	308.4	163.78	51.9
2022	9	30.4	0	0	0	0	0.01	0.09	0.54	3.84	672.55	520.3	368.23	221.74	96.82	21.2
2022	10	29.7	0	0	0.01	0.11	1.28	9.33	34.19	85.65	428.09	288.03	163.96	71.61	19.66	1.87
2022	11	29.8	0.08	0.66	3.84	16.2	47.73	109.8	205.47	329.99	168.02	80.81	27.61	6.37	1.08	0.02
2022	12	32.2	5.84	21.25	57.51	128.14	233.67	366.05	515.39	672.92	43.25	14.58	3.07	0.28	0	0
2023	1	33.2	44.96	98.93	187.68	312.51	460.34	618.07	781.08	946.21	11.74	3.57	0.69	0	0	0
2023	2	29.4	54.42	114.8	207.5	329.16	465.21	607.99	753.72	900.35	5.29	1.32	0.16	0	0	0
2023	3	29.4	18.68	49.32	107.28	199.36	316.48	449.68	590.93	736.27	20.51	6.8	1.26	0.11	0	0
2023	4	29.4	1.73	5.91	19.83	53.97	117.49	212.07	332.44	468.24	91.37	38.72	12.35	2.92	0.29	0
2023	5	29.55	0	0.02	0.3	2.3	11.3	42.16	105.68	204.49	266.37	149.14	65.01	21.45	4.31	0.22
2023	6	30.65	0	0	0	0.01	0.1	2.25	14.14	49.42	520.55	369.54	228.48	115.48	41.2	6.56
2023	7	30.55	0	0	0	0	0	0.03	0.23	1.93	724.62	572.09	419.59	269.42	132.64	37.8
2023	8	29.75	0	0	0	0	0	0	0	0.03	755.09	606.59	458.32	309.92	164.96	52.57
2023	9	30.4	0	0	0	0	0.01	0.07	0.41	3.29	677.92	525.68	373.55	226.47	99.91	22.25
2023	10	29.7	0	0	0	0.07	1.07	8.32	31.37	80.1	437.52	296.62	170.7	75.63	21.18	2.11

NHDD = Normal Heating Degree Days; NCDD = Normal THI Degree Days (by billing month and temperature base)

Year	Month	Days	NHDD30	NHDD35	NHDD40	NHDD45	NHDD50	NHDD55	NHDD60	NHDD65	NTDD50	NTDD55	NTDD60	NTDD65	NTDD70	NTDD75
2023	11	29.8	0.06	0.56	3.4	14.75	44.34	103.95	197.36	320.34	174.89	85.23	29.78	7.11	1.22	0.03
2023	12	32	5.19	19.4	53.54	121.26	223.87	354	501.66	657.94	45.44	15.51	3.32	0.32	0.01	0
2024	1	34.15	45.2	100.01	190.55	318.39	470.13	632.2	799.82	969.67	12.29	3.73	0.71	0	0	0
2024	2	30.05	55.33	116.82	211.31	335.45	474.42	620.32	769.25	919.12	5.49	1.38	0.17	0	0	0
2024	3	29.4	18.73	49.52	107.78	200.28	317.73	451.15	592.51	737.88	20.11	6.64	1.21	0.1	0	0
2024	4	29.5	1.85	6.28	20.81	56.09	121.1	217.06	338.49	475.1	89.56	37.79	11.98	2.81	0.27	0
2024	5	29.5	0	0.03	0.32	2.47	11.92	43.65	108.2	207.74	262.51	146.41	63.56	20.89	4.17	0.21
2024	6	30.6	0	0	0	0.01	0.13	2.48	15	51.51	514.55	363.97	223.81	112.38	39.78	6.24
2024	7	30.6	0	0	0	0	0	0.03	0.26	2.13	723.15	570.37	417.64	267.44	131.12	37.1
2024	8	29.7	0	0	0	0	0	0	0	0.02	754.26	606.01	457.98	309.83	165.08	52.74
2024	9	30.45	0	0	0	0	0	0.05	0.34	2.97	682.25	529.78	377.37	229.72	101.98	22.96
2024	10	29.85	0	0	0.01	0.1	1.12	8.26	30.84	78.74	443.35	301.54	174.35	77.75	21.99	2.24
2024	11	30.7	0.05	0.5	3.3	14.79	45.05	106.13	201.99	328.33	181.53	88.88	31.37	7.62	1.32	0.03
2024	12	32.5	5.86	21.29	57.68	128.66	234.87	368.32	518.95	677.91	43.95	14.84	3.14	0.3	0.01	0
2025	1	33.7	45.7	100.49	190.55	317.2	467.18	627.25	792.71	960.34	11.94	3.63	0.69	0	0	0
2025	2	30.4	55.22	117.05	212.27	337.64	478.05	625.59	776.23	927.85	5.62	1.41	0.17	0	0	0
2025	3	29.4	17.4	46.42	102.19	192.03	307.56	439.81	580.61	725.79	22.08	7.41	1.43	0.14	0	0
2025	4	29.3	1.48	5.14	17.75	49.44	109.79	201.49	319.78	454.27	96.35	41.32	13.39	3.23	0.34	0
2025	5	29.55	0	0.02	0.22	1.9	9.89	38.62	99.34	195.72	275.41	156.06	69.15	23.32	4.87	0.28
2025	6	30.75	0	0	0	0.01	0.07	1.98	12.84	45.92	531.89	380.09	237.45	121.56	44.05	7.21
2025	7	30.55	0	0	0	0	0	0.02	0.14	1.49	730.45	577.93	425.39	274.78	136.51	39.51
2025	8	29.55	0	0	0	0	0	0	0	0.03	748.88	601.38	454.12	306.73	162.83	51.55
2025	9	30.75	0	0	0	0	0.01	0.1	0.58	4.03	679.06	525.07	371.28	223.26	97.27	21.23
2025	10	29.55	0	0	0.01	0.13	1.42	9.77	35.25	87.59	421.78	282.78	160.08	69.33	18.79	1.72
2025	11	29.3	0.05	0.51	3.37	15.1	45.69	106.48	200.47	322.95	165.44	79.44	27.04	6.2	1.05	0.02
2025	12	32.7	6.03	21.85	59.01	131.19	238.77	373.5	525.32	685.35	43.37	14.56	3.05	0.28	0	0

Year	Month	HDDSpline	HDD_PerDay	HDDTrend	TDDSpline	TDD_PerDay	TDDTrend	SepHDD	OctHDD	NovHDD	DecHDD	JanHDD	FebHDD	MarHDD	AprHDD	MayHDD	WinterHDD	SpringHDD	SummerTDD	FallHDD	LagHDD	LagTDD	HDDTrend_Winter	HDDTrend_Shoulder	HDDTrend_Summer	HDD_PerDayLag
2010	1	832.1	26.84	2.24	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	2.24	0	0	21.35
2010	2	686.91	24.53	4.09	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	4.09	0	0	26.84
2010	3	512.56	16.53	4.13	0.36	0.01	0	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	4.13	0	0	24.53
2010	4	204.65	6.82	2.27	5.56	0.19	0.06	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	2.27	0	16.53
2010	5	49.77	1.61	0.67	41.14	1.33	0.55	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	0.67	0	6.82
2010	6	3.44	0.11	0.06	152.76	5.09	2.55	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	0.06	1.61
2010	7	0.01	0	0	267.13	8.62	5.03	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2010	8	0.16	0.01	0	228.06	7.36	4.9	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0	0
2010	9	9.91	0.33	0.25	95.24	3.17	2.38	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	0.25	0.25	0.01
2010	10	125.53	4.05	3.37	12.79	0.41	0.34	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	3.37	0	0.33
2010	11	377.04	12.57	11.52	0.53	0.02	0.02	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	11.52	0	4.05
2010	12	661.87	21.35	21.35	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	21.35	0	0	12.57
2011	1	832.1	26.84	29.08	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	29.08	0	0	21.35
2011	2	686.91	24.53	28.62	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	28.62	0	0	26.84
2011	3	512.56	16.53	20.67	0.36	0.01	0.01	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	20.67	0	0	24.53
2011	4	204.65	6.82	9.1	5.56	0.19	0.25	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	9.1	0	16.53
2011	5	49.77	1.61	2.27	41.14	1.33	1.88	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	2.27	0	6.82
2011	6	3.44	0.11	0.17	152.76	5.09	7.64	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	0.17	1.61
2011	7	0.01	0	0	267.13	8.62	13.64	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2011	8	0.16	0.01	0.01	228.06	7.36	12.26	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.01	0
2011	9	9.91	0.33	0.58	95.24	3.17	5.56	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	0.58	0.58	0.01
2011	10	125.53	4.05	7.42	12.79	0.41	0.76	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	7.42	0	0.33
2011	11	377.04	12.57	24.09	0.53	0.02	0.03	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	24.09	0	4.05
2011	12	661.87	21.35	42.7	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	42.7	0	0	12.57
2012	1	832.1	26.84	55.92	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	55.92	0	0	21.35
2012	2	708.05	24.42	52.9	0	0	0	0	0	0	0	0	24.42	0	0	0	24.42	0	0	0	26.84	0	52.9	0	0	26.84
2012	3	512.56	16.53	37.2	0.36	0.01	0.03	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.42	0	37.2	0	0	24.42
2012	4	204.65	6.82	15.92	5.56	0.19	0.43	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	15.92	0	16.53
2012	5	49.77	1.61	3.88	41.14	1.33	3.21	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	3.88	0	6.82
2012	6	3.44	0.11	0.29	152.76	5.09	12.73	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	0.29	1.61
2012	7	0.01	0	0	267.13	8.62	22.26	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2012	8	0.16	0.01	0.01	228.06	7.36	19.62	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.01	0
2012	9	9.91	0.33	0.91	95.24	3.17	8.73	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	0.91	0.91	0.01
2012	10	125.53	4.05	11.47	12.79	0.41	1.17	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	11.47	0	0.33
2012	11	377.04	12.57	36.66	0.53	0.02	0.05	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	36.66	0	4.05
2012	12	661.87	21.35	64.05	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	64.05	0	0	12.57
2013	1	832.1	26.84	82.76	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	82.76	0	0	21.35
2013	2	686.91	24.53	77.69	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	77.69	0	0	26.84
2013	3	512.56	16.53	53.74	0.36	0.01	0.04	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	53.74	0	0	24.53
2013	4	204.65	6.82	22.74	5.56	0.19	0.62	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	22.74	0	16.53
2013	5	49.77	1.61	5.49	41.14	1.33	4.53	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	5.49	0	6.82
2013	6	3.44	0.11	0.4	152.76	5.09	17.82	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	0.4	1.61
2013	7	0.01	0	0	267.13	8.62	30.88	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2013	8	0.16	0.01	0.02	228.06	7.36	26.98	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.02	0
2013	9	9.91	0.33	1.24	95.24	3.17	11.91	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	1.24	1.24	0.01
2013	10	125.53	4.05	15.52	12.79	0.41	1.58	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	15.52	0	0.33
2013	11	377.04	12.57	49.22	0.53	0.02	0.07	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	49.22	0	4.05
2013	12	661.87	21.35	85.4	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	85.4	0	0	12.57
2014	1	832.1	26.84	109.61	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	109.61	0	0	21.35
2014	2	686.91	24.53	102.22	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	102.22	0	0	26.84
2014	3	512.56	16.53	70.27	0.36	0.01	0.05	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	70.27	0	0	24.53
2014	4	204.65	6.82	29.56	5.56	0.19	0.8	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	29.56	0	16.53
2014	5	49.77	1.61	7.09	41.14	1.33	5.86	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	7.09	0	6.82
2014	6	3.44	0.11	0.52	152.76	5.09	22.91	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	0.52	1.61
2014	7	0.01	0	0	267.13	8.62	39.49	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2014	8	0.16	0.01	0.02	228.06	7.36	34.33	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.02	0
2014	9	9.91	0.33	1.57	95.24	3.17	15.08	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	1.57	1.57	0.01
2014	10	125.53	4.05	19.57	12.79	0.41	1.99	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	19.57	0	0.33
2014	11	377.04	12.57	61.79	0.53	0.02	0.09	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	61.79	0	4.05
2014	12	661.87	21.35	106.75	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	106.75	0	0	12.57
2015	1	832.1	26.84	136.45	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	136.45	0	0	21.35
2015	2	686.91	24.53	126.75	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	126.75	0	0	26.84
2015	3	512.56	16.53	86.8	0.36	0.01	0.06	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	86.8	0	0	24.53
2015	4	204.65	6.82	36.38	5.56	0.19	0.99	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	36.38	0	16.53
2015	5	49.77	1.61	8.7	41.14	1.33	7.19	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	8.7	0	6.82
2015	6	3.44	0.11	0.63	152.76	5.09	28.01	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	0.63	1.61
2015	7	0.01	0	0	267.13	8.62	48.11	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2015	8	0.16	0.01	0.03	228.06	7.36	41.69	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.03	0
2015	9	9.91	0.33	1.9	95.24	3.17	18.25	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	1.9	1.9	0.01
2015	10	125.53	4.05	23.62	12.79	0.41	2.41	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	23.62	0	0.33
2015	11	377.04	12.57	74.36	0.53	0.02	0.11	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	74.36	0	4.05
2015	12	661.87	21.35	128.1	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	128.1	0	0	12.57
2016	1	832.1	26.84	163.29	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	163.29	0	0	21.35
2016	2	708.05	24.42	150.56	0	0	0	0	0	0	0	0	24.42	0	0	0	24.42	0	0	0	26.84	0	150.56	0	0	26.84
2016	3	512.56	16.53	103.34	0.36	0.01	0.07	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.42	0	103.34	0	0	24.42
2016	4	204.65	6.82	43.2	5.56	0.19	1.17	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	43.2	0	16.53
2016	5	49.77	1.61	10.3	41.14	1.33	8.52	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	10.3	0	6.82
2016	6	3.44	0.11	0.75	152.76	5.09	33.1	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	0.75	1.61
2016	7	0.01	0	0	267.13	8.62	56.73	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2016	8	0.16	0.01	0.03	228.06	7.36	49.05	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.03	0
2016	9	9.91	0.33	2.23	95.24	3.17	21.43	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	2.23	2.23	0.01
2016	10	125.53	4.05	27.67	12.79	0.41	2.82	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	27.67	0	0.33
2016	11	377.04	12.57	86.93	0.53	0.02	0.12	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	86.93	0	4.05
2016	12	661.87	21.35	149.46	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	149.46	0	0	12.57
2017	1	832.1	26.84	190.13	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	190.13	0	0	21.35
2017	2	686.91	24.53	175.82	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	175.82	0	0	26.84
2017	3	512.56	16.53	119.87	0.36	0.01	0.08	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	119.87	0	0	24.53
2017	4	204.65	6.82	50.03	5.56	0.19	1.36	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	50.03	0	16.53
2017	5	49.77	1.61	11.91	41.14	1.33	9.84	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	11.91	0	6.82
2017	6	3.44	0.11	0.86	152.76	5.09	38.19	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	0.86	1.61
2017	7	0.01	0	0	267.13	8.62	65.35	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2017	8	0.16	0.01	0.04	228.06	7.36	56.4	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.04	0
2017	9	9.91	0.33	2.56	95.24	3.17	24.6	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	2.56	2.56	0.01
2017	10	125.53	4.05	31.72	12.79	0.41	3.23	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	31.72	0	0.33
2017	11	377.04	12.57	99.5	0.53	0.02	0.14	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	99.5	0	4.05
2017	12	661.87	21.35	170.81	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	170.81	0	0	12.57
2018	1	832.1	26.84	216.97	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	216.97	0	0	21.35
2018	2	686.91	24.53	200.35	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	200.35	0	0	26.84
2018	3	512.56	16.53	136.41	0.36	0.01	0.1	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	136.41	0	0	24.53
2018	4	204.65	6.82	56.85	5.56	0.19	1.54	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	56.85	0	16.53
2018	5	49.77	1.61	13.51	41.14	1.33	11.17	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	13.51	0	6.82

Year	Month	HDDSpline	HDD_PerDay	HDDTrend	TDDSpline	TDD_PerDay	TDDTrend	SepHDD	OctHDD	NovHDD	DecHDD	JanHDD	FebHDD	MarHDD	AprHDD	MayHDD	WinterHDD	SpringHDD	SummerTDD	FallHDD	LagHDD	LagTDD	HDDTrend_Winter	HDDTrend_Shoulder	HDDTrend_Summer	HDD_PerDayLag
2018	6	3.44	0.11	0.98	152.76	5.09	43.28	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	0.98	1.61
2018	7	0.01	0	0	267.13	8.62	73.96	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2018	8	0.16	0.01	0.05	228.06	7.36	63.76	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.05	0
2018	9	9.91	0.33	2.89	95.24	3.17	27.78	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	2.89	2.89	0.01
2018	10	125.53	4.05	35.77	12.79	0.41	3.64	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	35.77	0	0.33
2018	11	377.04	12.57	112.06	0.53	0.02	0.16	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	112.06	0	4.05
2018	12	661.87	21.35	192.16	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	192.16	0	0	12.57
2019	1	832.1	26.84	243.82	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	243.82	0	0	21.35
2019	2	686.91	24.53	224.88	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	224.88	0	0	26.84
2019	3	512.56	16.53	152.94	0.36	0.01	0.11	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	152.94	0	0	24.53
2019	4	204.65	6.82	63.67	5.56	0.19	1.73	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	63.67	0	16.53
2019	5	49.77	1.61	15.12	41.14	1.33	12.5	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	15.12	0	6.82
2019	6	3.44	0.11	1.09	152.76	5.09	48.38	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	1.09	1.61
2019	7	0.01	0	0	267.13	8.62	82.58	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2019	8	0.16	0.01	0.05	228.06	7.36	71.12	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.05	0
2019	9	9.91	0.33	3.22	95.24	3.17	30.95	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	3.22	3.22	0.01
2019	10	125.53	4.05	39.82	12.79	0.41	4.06	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	39.82	0	0.33
2019	11	377.04	12.57	124.63	0.53	0.02	0.18	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	124.63	0	4.05
2019	12	661.87	21.35	213.51	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	213.51	0	0	12.57
2020	1	832.1	26.84	270.66	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	270.66	0	0	21.35
2020	2	708.05	24.42	248.22	0	0	0	0	0	0	0	0	24.42	0	0	0	24.42	0	0	0	26.84	0	248.22	0	0	26.84
2020	3	512.56	16.53	169.47	0.36	0.01	0.12	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.42	0	169.47	0	0	24.42
2020	4	204.65	6.82	70.49	5.56	0.19	1.92	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	70.49	0	16.53
2020	5	49.77	1.61	16.72	41.14	1.33	13.82	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	16.72	0	6.82
2020	6	3.44	0.11	1.2	152.76	5.09	53.47	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	1.2	1.61
2020	7	0.01	0	0	267.13	8.62	91.2	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2020	8	0.16	0.01	0.06	228.06	7.36	78.47	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.06	0
2020	9	9.91	0.33	3.55	95.24	3.17	34.13	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	3.55	3.55	0.01
2020	10	125.53	4.05	43.87	12.79	0.41	4.47	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	43.87	0	0.33
2020	11	377.04	12.57	137.2	0.53	0.02	0.19	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	137.2	0	4.05
2020	12	661.87	21.35	234.86	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	234.86	0	0	12.57
2021	1	832.1	26.84	297.5	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	297.5	0	0	21.35
2021	2	686.91	24.53	273.95	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	273.95	0	0	26.84
2021	3	512.56	16.53	186.01	0.36	0.01	0.13	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	186.01	0	0	24.53
2021	4	204.65	6.82	77.31	5.56	0.19	2.1	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	77.31	0	16.53
2021	5	49.77	1.61	18.33	41.14	1.33	15.15	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	18.33	0	6.82
2021	6	3.44	0.11	1.32	152.76	5.09	58.56	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	1.32	1.61
2021	7	0.01	0	0	267.13	8.62	99.81	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2021	8	0.16	0.01	0.06	228.06	7.36	85.83	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.06	0
2021	9	9.91	0.33	3.88	95.24	3.17	37.3	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	3.88	3.88	0.01
2021	10	125.53	4.05	47.92	12.79	0.41	4.88	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	47.92	0	0.33
2021	11	377.04	12.57	149.77	0.53	0.02	0.21	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	149.77	0	4.05
2021	12	661.87	21.35	256.21	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	256.21	0	0	12.57
2022	1	832.1	26.84	324.34	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	324.34	0	0	21.35
2022	2	686.91	24.53	298.48	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	298.48	0	0	26.84
2022	3	512.56	16.53	202.54	0.36	0.01	0.14	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	202.54	0	0	24.53
2022	4	204.65	6.82	84.13	5.56	0.19	2.29	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	84.13	0	16.53
2022	5	49.77	1.61	19.94	41.14	1.33	16.48	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	19.94	0	6.82
2022	6	3.44	0.11	1.43	152.76	5.09	63.65	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	1.43	1.61
2022	7	0.01	0	0	267.13	8.62	108.43	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2022	8	0.16	0.01	0.07	228.06	7.36	93.19	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.07	0
2022	9	9.91	0.33	4.21	95.24	3.17	40.48	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	4.21	4.21	0.01
2022	10	125.53	4.05	51.97	12.79	0.41	5.29	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	51.97	0	0.33
2022	11	377.04	12.57	162.34	0.53	0.02	0.23	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	162.34	0	4.05
2022	12	661.87	21.35	277.56	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	277.56	0	0	12.57
2023	1	832.1	26.84	351.18	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	351.18	0	0	21.35
2023	2	686.91	24.53	323.01	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	323.01	0	0	26.84
2023	3	512.56	16.53	219.08	0.36	0.01	0.15	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	219.08	0	0	24.53
2023	4	204.65	6.82	90.96	5.56	0.19	2.47	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	90.96	0	16.53
2023	5	49.77	1.61	21.54	41.14	1.33	17.8	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	21.54	0	6.82
2023	6	3.44	0.11	1.55	152.76	5.09	68.74	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	1.55	1.61
2023	7	0.01	0	0	267.13	8.62	117.05	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2023	8	0.16	0.01	0.07	228.06	7.36	100.54	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.07	0
2023	9	9.91	0.33	4.54	95.24	3.17	43.65	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	4.54	4.54	0.01
2023	10	125.53	4.05	56.02	12.79	0.41	5.71	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	56.02	0	0.33
2023	11	377.04	12.57	174.9	0.53	0.02	0.25	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	174.9	0	4.05
2023	12	661.87	21.35	298.91	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	298.91	0	0	12.57
2024	1	832.1	26.84	378.03	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	378.03	0	0	21.35
2024	2	708.05	24.42	345.89	0	0	0	0	0	0	0	0	24.42	0	0	0	24.42	0	0	0	26.84	0	345.89	0	0	26.84
2024	3	512.56	16.53	235.61	0.36	0.01	0.17	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.42	0	235.61	0	0	24.42
2024	4	204.65	6.82	97.78	5.56	0.19	2.66	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	97.78	0	16.53
2024	5	49.77	1.61	23.15	41.14	1.33	19.13	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	23.15	0	6.82
2024	6	3.44	0.11	1.66	152.76	5.09	73.84	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	1.66	1.61
2024	7	0.01	0	0	267.13	8.62	125.67	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2024	8	0.16	0.01	0.08	228.06	7.36	107.9	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.08	0
2024	9	9.91	0.33	4.87	95.24	3.17	46.83	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	4.87	4.87	0.01
2024	10	125.53	4.05	60.07	12.79	0.41	6.12	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	60.07	0	0.33
2024	11	377.04	12.57	187.47	0.53	0.02	0.27	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	187.47	0	4.05
2024	12	661.87	21.35	320.26	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	320.26	0	0	12.57
2025	1	832.1	26.84	404.87	0	0	0	0	0	0	0	26.84	0	0	0	0	26.84	0	0	0	21.35	0	404.87	0	0	21.35
2025	2	686.91	24.53	372.08	0	0	0	0	0	0	0	0	24.53	0	0	0	24.53	0	0	0	26.84	0	372.08	0	0	26.84
2025	3	512.56	16.53	252.14	0.36	0.01	0.18	0	0	0	0	0	0	16.53	0	0	16.53	0	0	0	24.53	0	252.14	0	0	24.53
2025	4	204.65	6.82	104.6	5.56	0.19	2.84	0	0	0	0	0	0	0	6.82	0	0	6.82	0	0	16.53	0.01	0	104.6	0	16.53
2025	5	49.77	1.61	24.75	41.14	1.33	20.46	0	0	0	0	0	0	0	0	1.61	0	1.61	1.33	0	6.82	0.19	0	24.75	0	6.82
2025	6	3.44	0.11	1.78	152.76	5.09	78.93	0	0	0	0	0	0	0	0	0	0	0	5.09	0	1.61	1.33	0	0	1.78	1.61
2025	7	0.01	0	0	267.13	8.62	134.28	0	0	0	0	0	0	0	0	0	0	0	8.62	0	0.11	5.09	0	0	0	0.11
2025	8	0.16	0.01	0.08	228.06	7.36	115.26	0	0	0	0	0	0	0	0	0	0	0	7.36	0	0	8.62	0	0	0.08	0
2025	9	9.91	0.33	5.2	95.24	3.17	50	0.33	0	0	0	0	0	0	0	0	0	0	0	0.33	0.01	7.36	0	5.2	5.2	0.01
2025	10	125.53	4.05	64.12	12.79	0.41	6.53	0	4.05	0	0	0	0	0	0	0	0	0	0	4.05	0.33	3.17	0	64.12	0	0.33
2025	11	377.04	12.57	200.04	0.53	0.02	0.28	0	0	12.57	0	0	0	0	0	0	0	0	0	12.57	4.05	0.41	0	200.04	0	4.05
2025	12	661.87	21.35	341.61	0	0	0	0	0	0	21.35	0	0	0	0	0	21.35	0	0	0	12.57	0.02	341.61	0	0	12.57

Year	Month	HDD_Splin	HDD_PerD	HDDTrend	TDDSpline	TDD_PerDa	TDDTrend	SepHDD	OctHDD	NovHDD	DecHDD	JanHDD	FebHDD	MarHDD	AprHDD	MayHDD	WinterHDI	SpringHDD	FallHDD	SummerTD	LagHDD	LagTDD	HDDTrend_	HDDTrend_	HDDTrend_	HDD_PerDayLag
2010	1	803.62	24.35	2.03	0	0	0	0	0	0	0	24.35	0	0	0	0	24.35	0	0	0	16.58	0	2.03	0	0	16.58
2010	2	780.56	26.46	4.41	0	0	0	0	0	0	0	0	26.46	0	0	0	26.46	0	0	0	24.35	0	4.41	0	0	24.35
2010	3	604.25	20.55	5.14	0.07	0	0	0	0	0	0	0	0	20.55	0	0	20.55	0	0	0	26.46	0	5.14	0	0	26.46
2010	4	336.71	11.45	3.82	1.94	0.07	0.02	0	0	0	0	0	0	0	11.45	0	0	11.45	0	0	20.55	0	0	3.82	0	20.55
2010	5	114.56	3.9	1.62	14.65	0.5	0.21	0	0	0	0	0	0	0	0	3.9	0	3.9	0	0.5	11.45	0.07	0	1.62	0	11.45
2010	6	21.61	0.7	0.35	87.76	2.85	1.42	0	0	0	0	0	0	0	0	0	0	0	0	2.85	3.9	0.5	0	0	0.35	3.9
2010	7	0.66	0.02	0.01	216.86	7.1	4.14	0	0	0	0	0	0	0	0	0	0	0	0	7.1	0.7	2.85	0	0	0.01	0.7
2010	8	0.01	0	0	250.91	8.46	5.64	0	0	0	0	0	0	0	0	0	0	0	0	8.46	0.02	7.1	0	0	0	0.02
2010	9	1.33	0.04	0.03	174.47	5.73	4.3	0.04	0	0	0	0	0	0	0	0	0	0	0.04	0	0	8.46	0	0.03	0	0
2010	10	41.51	1.4	1.16	52.29	1.76	1.46	0	1.4	0	0	0	0	0	0	0	0	0	1.4	0	0.04	5.73	0	1.16	0	0.04
2010	11	205.61	6.99	6.41	4.45	0.15	0.14	0	0	6.99	0	0	0	0	0	0	0	0	6.99	0	1.4	1.76	0	6.41	0	1.4
2010	12	532.56	16.29	16.29	0.18	0.01	0.01	0	0	0	16.29	0	0	0	0	0	16.29	0	0	0	6.99	0.15	16.29	0	0	6.99
2011	1	819.75	24.25	26.27	0	0	0	0	0	0	0	24.25	0	0	0	0	24.25	0	0	0	16.29	0.01	26.27	0	0	16.29
2011	2	794.98	26.41	30.81	0	0	0	0	0	0	0	0	26.41	0	0	0	26.41	0	0	0	24.25	0	30.81	0	0	24.25
2011	3	601.16	20.45	25.56	0.07	0	0	0	0	0	0	0	0	20.45	0	0	20.45	0	0	0	26.41	0	25.56	0	0	26.41
2011	4	333.08	11.33	15.11	2	0.07	0.09	0	0	0	0	0	0	0	11.33	0	0	11.33	0	0	20.45	0	0	15.11	0	20.45
2011	5	112.48	3.83	5.42	14.97	0.51	0.72	0	0	0	0	0	0	0	0	3.83	0	3.83	0	0.51	11.33	0.07	0	5.42	0	11.33
2011	6	20.85	0.68	1.02	89.45	2.9	4.36	0	0	0	0	0	0	0	0	0	0	0	0	2.9	3.83	0.51	0	0	1.02	3.83
2011	7	0.63	0.02	0.03	218.62	7.14	11.31	0	0	0	0	0	0	0	0	0	0	0	0	7.14	0.68	2.9	0	0	0.03	0.68
2011	8	0.01	0	0	250.23	8.45	14.09	0	0	0	0	0	0	0	0	0	0	0	0	8.45	0.02	7.14	0	0	0	0.02
2011	9	1.44	0.05	0.08	172.85	5.67	9.92	0.05	0	0	0	0	0	0	0	0	0	0	0.05	0	0	8.45	0	0.08	0	0
2011	10	42.75	1.44	2.64	50.96	1.72	3.15	0	1.44	0	0	0	0	0	0	0	0	0	1.44	0	0.05	5.67	0	2.64	0	0.05
2011	11	211.8	7.16	13.71	4.25	0.14	0.28	0	0	7.16	0	0	0	0	0	0	0	7.16	0	0	1.44	1.72	0	13.71	0	1.44
2011	12	531.14	16.39	32.79	0.17	0.01	0.01	0	0	0	16.39	0	0	0	0	0	16.39	0	0	0	7.16	0.14	32.79	0	0	7.16
2012	1	825.91	24.33	50.68	0	0	0	0	0	0	0	24.33	0	0	0	0	24.33	0	0	0	16.39	0.01	50.68	0	0	16.39
2012	2	792.41	26.37	57.13	0	0	0	0	0	0	0	0	26.37	0	0	0	26.37	0	0	0	24.33	0	57.13	0	0	24.33
2012	3	603.03	20.51	46.15	0.06	0	0	0	0	0	0	0	0	20.51	0	0	20.51	0	0	0	26.37	0	46.15	0	0	26.37
2012	4	338.86	11.53	26.89	1.88	0.06	0.15	0	0	0	0	0	0	0	11.53	0	0	11.53	0	0	20.51	0	0	26.89	0	20.51
2012	5	115.17	3.91	9.45	14.62	0.5	1.2	0	0	0	0	0	0	0	0	3.91	0	3.91	0	0.5	11.53	0.06	0	9.45	0	11.53
2012	6	21.88	0.71	1.78	86.96	2.83	7.07	0	0	0	0	0	0	0	0	0	0	0	0	2.83	3.91	0.5	0	0	1.78	3.91
2012	7	0.7	0.02	0.06	215.97	7.07	18.26	0	0	0	0	0	0	0	0	0	0	0	0	7.07	0.71	2.83	0	0	0.06	0.71
2012	8	0.01	0	0	251.15	8.47	22.59	0	0	0	0	0	0	0	0	0	0	0	0	8.47	0.02	7.07	0	0	0	0.02
2012	9	1.3	0.04	0.12	175.67	5.75	15.81	0.04	0	0	0	0	0	0	0	0	0	0	0.04	0	0	8.47	0	0.12	0	0
2012	10	40.77	1.38	3.9	52.55	1.77	5.02	0	1.38	0	0	0	0	0	0	0	0	0	1.38	0	0.04	5.75	0	3.9	0	0.04
2012	11	209.85	7.04	20.54	4.52	0.15	0.44	0	0	7.04	0	0	0	0	0	0	0	7.04	0	0	1.38	1.77	0	20.54	0	1.38
2012	12	520.35	16.21	48.63	0.19	0.01	0.02	0	0	0	16.21	0	0	0	0	0	16.21	0	0	0	7.04	0.15	48.63	0	0	7.04
2013	1	816.43	24.19	74.59	0	0	0	0	0	0	0	24.19	0	0	0	0	24.19	0	0	0	16.21	0.01	74.59	0	0	16.21
2013	2	802.37	26.44	83.72	0	0	0	0	0	0	0	0	26.44	0	0	0	26.44	0	0	0	24.19	0	83.72	0	0	24.19
2013	3	603.15	20.52	66.67	0.07	0	0.01	0	0	0	0	0	0	20.52	0	0	20.52	0	0	0	26.44	0	66.67	0	0	26.44
2013	4	334.44	11.38	37.92	1.96	0.07	0.22	0	0	0	0	0	0	0	11.38	0	0	11.38	0	0	20.52	0	0	37.92	0	20.52
2013	5	113.37	3.84	13.13	15.18	0.51	1.76	0	0	0	0	0	0	0	0	3.84	0	3.84	0	0.51	11.38	0.07	0	13.13	0	11.38
2013	6	21.28	0.69	2.43	88.19	2.87	10.05	0	0	0	0	0	0	0	0	0	0	0	0	2.87	3.84	0.51	0	0	2.43	3.84
2013	7	0.64	0.02	0.07	218.34	7.12	25.53	0	0	0	0	0	0	0	0	0	0	0	0	7.12	0.69	2.87	0	0	0.07	0.69
2013	8	0.01	0	0	249.9	8.46	31.01	0	0	0	0	0	0	0	0	0	0	0	0	8.46	0.02	7.12	0	0	0	0.02
2013	9	1.37	0.04	0.17	174.43	5.7	21.38	0.04	0	0	0	0	0	0	0	0	0	0	0.04	0	0	8.46	0	0.17	0	0
2013	10	41.83	1.41	5.42	51.04	1.72	6.61	0	1.41	0	0	0	0	0	0	0	0	0	1.41	0	0.04	5.7	0	5.42	0	0.04
2013	11	207.34	7.05	27.62	4.28	0.15	0.57	0	0	7.05	0	0	0	0	0	0	0	7.05	0	0	1.41	1.72	0	27.62	0	1.41
2013	12	530.65	16.33	65.31	0.18	0.01	0.02	0	0	0	16.33	0	0	0	0	0	16.33	0	0	0	7.05	0.15	65.31	0	0	7.05
2014	1	819.63	24.25	99.02	0	0	0	0	0	0	0	24.25	0	0	0	0	24.25	0	0	0	16.33	0.01	99.02	0	0	16.33
2014	2	800.2	26.41	110.04	0	0	0	0	0	0	0	0	26.41	0	0	0	26.41	0	0	0	24.25	0	110.04	0	0	24.25
2014	3	599.32	20.39	86.64	0.08	0	0.01	0	0	0	0	0	0	20.39	0	0	20.39	0	0	0	26.41	0	86.64	0	0	26.41
2014	4	330.88	11.25	48.77	2.04	0.07	0.3	0	0	0	0	0	0	0	11.25	0	0	11.25	0	0	20.39	0	0	48.77	0	20.39
2014	5	111.52	3.77	16.67	15.7	0.53	2.35	0	0	0	0	0	0	0	0	3.77	0	3.77	0	0.53	11.25	0.07	0	16.67	0	11.25
2014	6	20.65	0.67	3.03	89.4	2.92	13.13	0	0	0	0	0	0	0	0	0	0	0	0	2.92	3.77	0.53	0	0	3.03	3.77
2014	7	0.57	0.02	0.09	220.03	7.18	32.9	0	0	0	0	0	0	0	0	0	0	0	0	7.18	0.67	2.92	0	0	0.09	0.67
2014	8	0.01	0	0	249.45	8.44	39.39	0	0	0	0	0	0	0	0	0	0	0	0	8.44	0.02	7.18	0	0	0	0.02
2014	9	1.43	0.05	0.22	173.2	5.65	26.84	0.05	0	0	0	0	0	0	0	0	0	0	0.05	0	0	8.44	0	0.22	0	0
2014	10	43.36	1.47	7.09	49.38	1.67	8.08	0	1.47	0	0	0	0	0	0	0	0	0	1.47	0	0.05	5.65	0	7.09	0	0.05
2014	11	210.46	7.16	35.2	4.14	0.14	0.69	0	0	7.16	0	0	0	0	0	0	0	7.16	0	0	1.47	1.67	0	35.2	0	1.47
2014	12	538.07	16.45	82.27	0.17	0.01	0.03	0	0	0	16.45	0	0	0	0	0	16.45	0	0	0	7.16	0.14	82.27	0	0	7.16
2015	1	819.57	24.36	123.81	0	0	0	0	0	0	0	24.36	0	0	0	0	24.36	0	0	0	16.45	0.01	123.81	0	0	16.45
2015	2	797.51	26.36	136.21	0	0	0	0	0	0	0	0	26.36	0	0	0	26.36	0	0	0	24.36	0	136.21	0	0	24.36
2015	3	596.17	20.28	106.46	0.08	0	0.01	0	0	0	0	0	0	20.28	0	0	20.28	0	0	0	26.36	0	106.46	0	0	26.36
2015	4	327.3	11.13	59.37	2.11	0.07	0.38	0	0	0	0	0	0	0	11.13	0	0	11.13	0	0	20.28	0	0	59.37	0	20.28
2015	5	109.6	3.7	20.06	16.18	0.55	2.96	0	0	0	0	0	0	0	0	3.7	0	3.7	0	0.55	11.13	0.07	0	20.06	0	11.13
2015	6	19.93	0.65	3.58	91.04	2.98	16.36	0	0	0	0	0	0	0	0	0	0	0	0	2.98	3.7	0.55	0	0	3.58	3.7
2015	7	0.55	0.02	0.1	221.69	7.22	40.32	0	0	0	0	0	0	0	0	0	0	0	0	7.22	0.65	2.98	0	0	0.1	0.65
2015	8	0.01	0	0	248.66	8.43	47.77	0	0	0	0	0	0	0	0	0	0	0	0	8.43	0.02	7.22	0	0	0	0.02
2015	9	1.77	0.06	0.33	170.03	5.57	32	0.06	0	0	0	0	0	0	0	0	0	0	0.06	0	0	8.43	0	0.33	0	0
2015	10	45.18	1.52	8.89	49.04	1.65	9.65	0	1.52	0	0	0	0	0	0	0	0	0	1.52	0	0.06	5.57	0	8.89	0	0.06
2015	11	217.79	7.36	43.53	3.97	0.13	0.79	0	0	7.36	0	0	0	0	0	0	0	7.36	0	0	1.52	1.65	0	43.53	0	1.52

Year	Month	HDD_Splin	HDD_PerD	HDDTrend	TDDSpline	TDD_PerDa	TDDTrend	SepHDD	OctHDD	NovHDD	DecHDD	JanHDD	FebHDD	MarHDD	AprHDD	MayHDD	WinterHDI	SpringHDD	FallHDD	SummerTD	LagHDD	LagTDD	HDDTrend_	HDDTrend_	HDDTrend_	HDD_PerDayLag
2015	12	539.64	16.6	99.63	0.16	0	0.03	0	0	0	16.6	0	0	0	0	0	16.6	0	0	0	7.36	0.13	99.63	0	0	7.36
2016	1	828.82	24.45	148.73	0	0	0	0	0	0	0	24.45	0	0	0	0	24.45	0	0	0	16.6	0	148.73	0	0	16.6
2016	2	788.78	26.29	162.14	0	0	0	0	0	0	0	0	26.29	0	0	0	26.29	0	0	0	24.45	0	162.14	0	0	24.45
2016	3	597.24	20.31	126.96	0.08	0	0.02	0	0	0	0	0	0	20.31	0	0	20.31	0	0	0	26.29	0	126.96	0	0	26.29
2016	4	332.27	11.3	71.58	2.03	0.07	0.44	0	0	0	0	0	0	0	11.3	0	0	11.3	0	0	20.31	0	0	71.58	0	20.31
2016	5	112.24	3.8	24.37	15.61	0.53	3.39	0	0	0	0	0	0	0	0	3.8	0	3.8	0	0.53	11.3	0.07	0	24.37	0	11.3
2016	6	20.72	0.68	4.39	89.49	2.92	18.98	0	0	0	0	0	0	0	0	0	0	0	0	2.92	3.8	0.53	0	0	4.39	3.8
2016	7	0.63	0.02	0.14	218.79	7.15	47.07	0	0	0	0	0	0	0	0	0	0	0	0	7.15	0.68	2.92	0	0	0.14	0.68
2016	8	0.01	0	0	250.55	8.44	56.24	0	0	0	0	0	0	0	0	0	0	0	0	8.44	0.02	7.15	0	0	0	0.02
2016	9	1.54	0.05	0.34	171.77	5.65	38.14	0.05	0	0	0	0	0	0	0	0	0	0	0.05	0	0	8.44	0	0.34	0	0
2016	10	43.29	1.46	9.96	50.83	1.71	11.7	0	1.46	0	0	0	0	0	0	0	0	0	1.46	0	0.05	5.65	0	9.96	0	0.05
2016	11	215.99	7.25	50.13	4.25	0.14	0.99	0	0	7.25	0	0	0	0	0	0	0	0	7.25	0	1.46	1.71	0	50.13	0	1.46
2016	12	528.71	16.42	114.94	0.17	0.01	0.04	0	0	0	16.42	0	0	0	0	0	16.42	0	0	0	7.25	0.14	114.94	0	0	7.25
2017	1	826.28	24.34	172.39	0	0	0	0	0	0	0	24.34	0	0	0	0	24.34	0	0	0	16.42	0.01	172.39	0	0	16.42
2017	2	791.74	26.35	188.82	0	0	0	0	0	0	0	0	26.35	0	0	0	26.35	0	0	0	24.34	0	188.82	0	0	24.34
2017	3	597.18	20.31	147.26	0.08	0	0.02	0	0	0	0	0	0	20.31	0	0	20.31	0	0	0	26.35	0	147.26	0	0	26.35
2017	4	328.97	11.15	81.78	2.12	0.07	0.53	0	0	0	0	0	0	0	11.15	0	0	11.15	0	0	20.31	0	0	81.78	0	20.31
2017	5	109.39	3.73	27.69	15.69	0.54	3.97	0	0	0	0	0	0	0	0	3.73	0	3.73	0	0.54	11.15	0.07	0	27.69	0	11.15
2017	6	20.11	0.68	5.13	84.4	2.87	21.53	0	0	0	0	0	0	0	0	0	0	0	0	2.87	3.73	0.54	0	0	5.13	3.73
2017	7	0.75	0.02	0.19	214.71	7.03	53.3	0	0	0	0	0	0	0	0	0	0	0	0	7.03	0.68	2.87	0	0	0.19	0.68
2017	8	0.01	0	0	251.94	8.47	64.93	0	0	0	0	0	0	0	0	0	0	0	0	8.47	0.02	7.03	0	0	0	0.02
2017	9	1.3	0.04	0.33	175.84	5.78	44.83	0.04	0	0	0	0	0	0	0	0	0	0	0.04	0	0	8.47	0	0.33	0	0
2017	10	40.16	1.35	10.59	53.85	1.81	14.2	0	1.35	0	0	0	0	0	0	0	0	0	1.35	0	0.04	5.78	0	10.59	0	0.04
2017	11	208.01	6.98	55.26	4.75	0.16	1.26	0	0	6.98	0	0	0	0	0	0	0	0	6.98	0	1.35	1.81	0	55.26	0	1.35
2017	12	514.54	16.08	128.63	0.19	0.01	0.05	0	0	0	16.08	0	0	0	0	0	16.08	0	0	0	6.98	0.16	128.63	0	0	6.98
2018	1	824.93	24.16	195.26	0	0	0	0	0	0	0	24.16	0	0	0	0	24.16	0	0	0	16.08	0.01	195.26	0	0	16.08
2018	2	794.38	26.44	215.89	0	0	0	0	0	0	0	0	26.44	0	0	0	26.44	0	0	0	24.16	0	215.89	0	0	24.16
2018	3	605.24	20.59	169.84	0.07	0	0.02	0	0	0	0	0	0	20.59	0	0	20.59	0	0	0	26.44	0	169.84	0	0	26.44
2018	4	338.38	11.47	95.59	1.96	0.07	0.55	0	0	0	0	0	0	0	11.47	0	0	11.47	0	0	20.59	0	0	95.59	0	20.59
2018	5	114.57	3.88	32.69	15.18	0.51	4.33	0	0	0	0	0	0	0	0	3.88	0	3.88	0	0.51	11.47	0.07	0	32.69	0	11.47
2018	6	21.73	0.71	6.04	87.02	2.84	24.17	0	0	0	0	0	0	0	0	0	0	0	0	2.84	3.88	0.51	0	0	6.04	3.88
2018	7	0.7	0.02	0.2	217.04	7.08	60.78	0	0	0	0	0	0	0	0	0	0	0	0	7.08	0.71	2.84	0	0	0.2	0.71
2018	8	0.01	0	0	250.63	8.45	73.26	0	0	0	0	0	0	0	0	0	0	0	0	8.45	0.02	7.08	0	0	0	0.02
2018	9	1.38	0.05	0.4	174.57	5.73	50.16	0.05	0	0	0	0	0	0	0	0	0	0	0.05	0	0	8.45	0	0.4	0	0
2018	10	41.29	1.39	12.3	52.41	1.77	15.61	0	1.39	0	0	0	0	0	0	0	0	0	1.39	0	0.05	5.73	0	12.3	0	0.05
2018	11	210.89	7.08	63.1	4.52	0.15	1.35	0	0	7.08	0	0	0	0	0	0	0	0	7.08	0	1.39	1.77	0	63.1	0	1.39
2018	12	523.5	16.26	146.32	0.19	0.01	0.05	0	0	0	16.26	0	0	0	0	0	16.26	0	0	0	7.08	0.15	146.32	0	0	7.08
2019	1	814.44	24.2	219.85	0	0	0	0	0	0	0	24.2	0	0	0	0	24.2	0	0	0	16.26	0.01	219.85	0	0	16.26
2019	2	801.69	26.41	242.14	0	0	0	0	0	0	0	0	26.41	0	0	0	26.41	0	0	0	24.2	0	242.14	0	0	24.2
2019	3	603.39	20.45	189.2	0.07	0	0.02	0	0	0	0	0	0	20.45	0	0	20.45	0	0	0	26.41	0	189.2	0	0	26.41
2019	4	332.82	11.32	105.66	2.04	0.07	0.65	0	0	0	0	0	0	0	11.32	0	0	11.32	0	0	20.45	0	0	105.66	0	20.45
2019	5	112.68	3.83	36.09	15.38	0.52	4.93	0	0	0	0	0	0	0	0	3.83	0	3.83	0	0.52	11.32	0.07	0	36.09	0	11.32
2019	6	21.23	0.69	6.57	88.62	2.89	27.42	0	0	0	0	0	0	0	0	0	0	0	0	2.89	3.83	0.52	0	0	6.57	3.83
2019	7	0.64	0.02	0.2	219.41	7.14	68.38	0	0	0	0	0	0	0	0	0	0	0	0	7.14	0.69	2.89	0	0	0.2	0.69
2019	8	0.01	0	0	248.74	8.45	81.65	0	0	0	0	0	0	0	0	0	0	0	0	8.45	0.02	7.14	0	0	0	0.02
2019	9	1.45	0.05	0.46	173.96	5.69	55.43	0.05	0	0	0	0	0	0	0	0	0	0	0.05	0	0	8.45	0	0.46	0	0
2019	10	43.01	1.45	14.24	50.9	1.71	16.85	0	1.45	0	0	0	0	0	0	0	0	0	1.45	0	0.05	5.69	0	14.24	0	0.05
2019	11	209.15	7.11	70.55	4.28	0.15	1.45	0	0	7.11	0	0	0	0	0	0	0	0	7.11	0	1.45	1.71	0	70.55	0	1.45
2019	12	532.35	16.38	163.8	0.18	0.01	0.06	0	0	0	16.38	0	0	0	0	0	16.38	0	0	0	7.11	0.15	163.8	0	0	7.11
2020	1	817.64	24.26	244.64	0	0	0	0	0	0	0	24.26	0	0	0	0	24.26	0	0	0	16.38	0.01	244.64	0	0	16.38
2020	2	801.61	26.37	268.08	0	0	0	0	0	0	0	0	26.37	0	0	0	26.37	0	0	0	24.26	0	268.08	0	0	24.26
2020	3	602.41	20.49	210.02	0.07	0	0.02	0	0	0	0	0	0	20.49	0	0	20.49	0	0	0	26.37	0	210.02	0	0	26.37
2020	4	338.24	11.54	119.29	1.9	0.06	0.67	0	0	0	0	0	0	0	11.54	0	0	11.54	0	0	20.49	0	0	119.29	0	20.49
2020	5	116.35	3.94	41.01	14.9	0.5	5.25	0	0	0	0	0	0	0	0	3.94	0	3.94	0	0.5	11.54	0.06	0	41.01	0	11.54
2020	6	22.18	0.72	7.57	86.81	2.82	29.64	0	0	0	0	0	0	0	0	0	0	0	0	2.82	3.94	0.5	0	0	7.57	3.94
2020	7	0.69	0.02	0.23	225.94	7.13	75.43	0	0	0	0	0	0	0	0	0	0	0	0	7.13	0.72	2.82	0	0	0.23	0.72
2020	8	0.01	0	0	250.74	8.41	89.75	0	0	0	0	0	0	0	0	0	0	0	0	8.41	0.02	7.13	0	0	0	0.02
2020	9	1.77	0.06	0.62	170.03	5.57	59.83	0.06	0	0	0	0	0	0	0	0	0	0	0.06	0	0	8.41	0	0.62	0	0
2020	10	45.18	1.52	16.51	49.04	1.65	17.92	0	1.52	0	0	0	0	0	0	0	0	0	1.52	0	0.06	5.57	0	16.51	0	0.06
2020	11	217.79	7.36	80.32	3.97	0.13	1.47	0	0	7.36	0	0	0	0	0	0	0	0	7.36	0	1.52	1.65	0	80.32	0	1.52
2020	12	539.64	16.6	182.65	0.16	0	0.05	0	0	0	16.6	0	0	0	0	0	16.6	0	0	0	7.36	0.13	182.65	0	0	7.36
2021	1	806.76	24.37	270.14	0	0	0	0	0	0	0	24.37	0	0	0	0	24.37	0	0	0	16.6	0	270.14	0	0	16.6
2021	2	779.24	26.41	294.97	0	0	0	0	0	0	0	0	26.41	0	0	0	26.41	0	0	0	24.37	0	294.97	0	0	24.37
2021	3	601.21	20.52	230.84	0.07	0	0.03	0	0	0	0	0	0	20.52	0	0	20.52	0	0	0	26.41	0	230.84	0	0	26.41
2021	4	335.89	11.42	129.48	1.97	0.07	0.76	0	0	0	0	0	0	0	11.42	0	0	11.42	0	0	20.52	0	0	129.48	0	20.52
2021	5	114.25	3.89	44.37	14.87	0.51	5.77	0	0	0	0	0	0	0	0	3.89	0	3.89	0	0.51	11.42	0.07	0	44.37	0	11.42
2021	6	21.55	0.7	8.02	88.92	2.88	33.09	0	0	0	0	0	0	0	0	0	0	0	0	2.88	3.89	0.51	0	0	8.02	3.89
2021	7	0.66	0.02	0.25	216.33	7.1	82.29	0	0	0	0	0	0	0	0	0	0	0	0	7.1	0.7	2.88	0	0	0.25	0.7
2021	8	0.01	0	0	250.65	8.45	98.63	0	0	0	0	0	0	0	0	0	0	0	0	8.45	0.02	7.1	0	0	0	0.02
2021	9	1.5	0.05	0.58	174.13	5.7	66.97	0.05	0	0	0	0	0	0	0	0	0	0	0.05	0	0	8.45	0	0.58	0	0
2021	10	41.97	1.42	16.75	51.99	1.75	20.75	0	1.42	0	0	0	0	0	0	0	0	0	1.42	0	0.05	5.7	0	16.75	0	0.05

Year	Month	HDD_Splin	HDD_PerD	HDDTrend	TDDSpline	TDD_PerDa	TDDTrend	SepHDD	OctHDD	NovHDD	DecHDD	JanHDD	FebHDD	MarHDD	AprHDD	MayHDD	WinterHDI	SpringHDD	FallHDD	SummerTD	LagHDD	LagTDD	HDDTrend_	HDDTrend_	HDDTrend_	HDD_PerDayLag
2021	11	209.8	7.09	84.46	4.45	0.15	1.79	0	0	7.09	0	0	0	0	0	0	0	0	7.09	0	1.42	1.75	0	84.46	0	1.42
2021	12	530.12	16.31	195.74	0.18	0.01	0.07	0	0	0	16.31	0	0	0	0	0	16.31	0	0	0	7.09	0.15	195.74	0	0	7.09
2022	1	822.92	24.27	293.32	0	0	0	0	0	0	0	24.27	0	0	0	0	24.27	0	0	0	16.31	0.01	293.32	0	0	16.31
2022	2	791.52	26.38	321	0	0	0	0	0	0	0	0	26.38	0	0	0	26.38	0	0	0	24.27	0	321	0	0	24.27
2022	3	600.25	20.42	250.11	0.08	0	0.03	0	0	0	0	0	0	20.42	0	0	20.42	0	0	0	26.38	0	250.11	0	0	26.38
2022	4	332.27	11.3	139.39	2.03	0.07	0.85	0	0	0	0	0	0	0	11.3	0	0	11.3	0	0	20.42	0	0	139.39	0	20.42
2022	5	112.24	3.8	47.16	15.61	0.53	6.56	0	0	0	0	0	0	0	0	3.8	0	3.8	0	0.53	11.3	0.07	0	47.16	0	11.3
2022	6	20.72	0.68	8.45	89.49	2.92	36.5	0	0	0	0	0	0	0	0	0	0	0	0	2.92	3.8	0.53	0	0	8.45	3.8
2022	7	0.63	0.02	0.26	218.79	7.15	89.97	0	0	0	0	0	0	0	0	0	0	0	0	7.15	0.68	2.92	0	0	0.26	0.68
2022	8	0.01	0	0	250.55	8.44	106.86	0	0	0	0	0	0	0	0	0	0	0	0	8.44	0.02	7.15	0	0	0	0.02
2022	9	1.54	0.05	0.64	171.77	5.65	72.04	0.05	0	0	0	0	0	0	0	0	0	0	0.05	0	0	8.44	0	0.64	0	0
2022	10	43.29	1.46	18.7	50.83	1.71	21.96	0	1.46	0	0	0	0	0	0	0	0	0	1.46	0	0.05	5.65	0	18.7	0	0.05
2022	11	215.99	7.25	93.62	4.25	0.14	1.84	0	0	7.25	0	0	0	0	0	0	0	0	7.25	0	1.46	1.71	0	93.62	0	1.46
2022	12	528.71	16.42	213.45	0.17	0.01	0.07	0	0	0	16.42	0	0	0	0	0	16.42	0	0	0	7.25	0.14	213.45	0	0	7.25
2023	1	805.64	24.27	317.48	0	0	0	0	0	0	0	24.27	0	0	0	0	24.27	0	0	0	16.42	0.01	317.48	0	0	16.42
2023	2	778.36	26.47	348.59	0	0	0	0	0	0	0	0	26.47	0	0	0	26.47	0	0	0	24.27	0	348.59	0	0	24.27
2023	3	608.27	20.69	274.14	0.06	0	0.03	0	0	0	0	0	0	20.69	0	0	20.69	0	0	0	26.47	0	274.14	0	0	26.47
2023	4	341.69	11.62	154.96	1.87	0.06	0.85	0	0	0	0	0	0	0	11.62	0	0	11.62	0	0	20.69	0	0	154.96	0	20.69
2023	5	117.41	3.97	53.31	14.59	0.49	6.63	0	0	0	0	0	0	0	0	3.97	0	3.97	0	0.49	11.62	0.06	0	53.31	0	11.62
2023	6	22.3	0.73	9.82	85.77	2.8	37.78	0	0	0	0	0	0	0	0	0	0	0	0	2.8	3.97	0.49	0	0	9.82	3.97
2023	7	0.75	0.02	0.34	214.71	7.03	95.47	0	0	0	0	0	0	0	0	0	0	0	0	7.03	0.73	2.8	0	0	0.34	0.73
2023	8	0.01	0	0	251.94	8.47	115.74	0	0	0	0	0	0	0	0	0	0	0	0	8.47	0.02	7.03	0	0	0	0.02
2023	9	1.3	0.04	0.59	175.84	5.78	79.53	0.04	0	0	0	0	0	0	0	0	0	0	0.04	0	0	8.47	0	0.59	0	0
2023	10	40.16	1.35	18.71	53.85	1.81	25.08	0	1.35	0	0	0	0	0	0	0	0	0	1.35	0	0.04	5.78	0	18.71	0	0.04
2023	11	208.01	6.98	97.14	4.75	0.16	2.22	0	0	6.98	0	0	0	0	0	0	0	0	6.98	0	1.35	1.81	0	97.14	0	1.35
2023	12	514.54	16.08	225.11	0.19	0.01	0.08	0	0	0	16.08	0	0	0	0	0	16.08	0	0	0	6.98	0.16	225.11	0	0	6.98
2024	1	824.93	24.16	340.2	0	0	0	0	0	0	0	24.16	0	0	0	0	24.16	0	0	0	16.08	0.01	340.2	0	0	16.08
2024	2	794.38	26.44	374.5	0	0	0	0	0	0	0	0	26.44	0	0	0	26.44	0	0	0	24.16	0	374.5	0	0	24.16
2024	3	609.91	20.75	295.62	0.06	0	0.03	0	0	0	0	0	0	20.75	0	0	20.75	0	0	0	26.44	0	295.62	0	0	26.44
2024	4	347.84	11.79	169.01	1.79	0.06	0.87	0	0	0	0	0	0	0	11.79	0	0	11.79	0	0	20.75	0	0	169.01	0	20.75
2024	5	119.82	4.06	58.56	14.2	0.48	6.94	0	0	0	0	0	0	0	0	4.06	0	4.06	0	0.48	11.79	0.06	0	58.56	0	11.79
2024	6	23.37	0.76	11.07	83.34	2.72	39.49	0	0	0	0	0	0	0	0	0	0	0	0	2.72	4.06	0.48	0	0	11.07	4.06
2024	7	0.83	0.03	0.4	212.91	6.96	101.47	0	0	0	0	0	0	0	0	0	0	0	0	6.96	0.76	2.72	0	0	0.4	0.76
2024	8	0.01	0	0	251.93	8.48	124.41	0	0	0	0	0	0	0	0	0	0	0	0	8.48	0.03	6.96	0	0	0	0.03
2024	9	1.16	0.04	0.56	178.62	5.87	86.53	0.04	0	0	0	0	0	0	0	0	0	0	0.04	0	0	8.48	0	0.56	0	0
2024	10	39.52	1.32	19.64	55.45	1.86	27.55	0	1.32	0	0	0	0	0	0	0	0	0	1.32	0	0.04	5.87	0	19.64	0	0.04
2024	11	212.94	6.94	103.46	5.1	0.17	2.48	0	0	6.94	0	0	0	0	0	0	0	0	6.94	0	1.32	1.86	0	103.46	0	1.32
2024	12	532.35	16.38	245.7	0.18	0.01	0.08	0	0	0	16.38	0	0	0	0	0	16.38	0	0	0	6.94	0.17	245.7	0	0	6.94
2025	1	817.64	24.26	365.96	0	0	0	0	0	0	0	24.26	0	0	0	0	24.26	0	0	0	16.38	0.01	365.96	0	0	16.38
2025	2	801.58	26.37	399.91	0	0	0	0	0	0	0	0	26.37	0	0	0	26.37	0	0	0	24.26	0	399.91	0	0	24.26
2025	3	597.5	20.32	309.93	0.08	0	0.04	0	0	0	0	0	0	20.32	0	0	20.32	0	0	0	26.37	0	309.93	0	0	26.37
2025	4	328.88	11.22	172.11	2.07	0.07	1.08	0	0	0	0	0	0	0	11.22	0	0	11.22	0	0	20.32	0	0	172.11	0	20.32
2025	5	111.21	3.76	58.02	15.94	0.54	8.31	0	0	0	0	0	0	0	0	3.76	0	3.76	0	0.54	11.22	0.07	0	58.02	0	11.22
2025	6	20.6	0.67	10.38	90.55	2.94	45.64	0	0	0	0	0	0	0	0	0	0	0	0	2.94	3.76	0.54	0	0	10.38	3.76
2025	7	0.57	0.02	0.29	219.47	7.18	111.95	0	0	0	0	0	0	0	0	0	0	0	0	7.18	0.67	2.94	0	0	0.29	0.67
2025	8	0.01	0	0.01	249.17	8.43	132.11	0	0	0	0	0	0	0	0	0	0	0	0	8.43	0.02	7.18	0	0	0.01	0.02
2025	9	1.62	0.05	0.83	172.86	5.62	88.54	0.05	0	0	0	0	0	0	0	0	0	0	0.05	0	0	8.43	0	0.83	0	0
2025	10	44.43	1.5	23.81	49.11	1.66	26.32	0	1.5	0	0	0	0	0	0	0	0	0	1.5	0	0.05	5.62	0	23.81	0	0.05
2025	11	210.77	7.19	114.5	4.14	0.14	2.25	0	0	7.19	0	0	0	0	0	0	0	0	7.19	0	1.5	1.66	0	114.5	0	1.5
2025	12	538.9	16.48	263.68	0.17	0.01	0.08	0	0	0	16.48	0	0	0	0	0	16.48	0	0	0	7.19	0.14	263.68	0	0	7.19

Year	Month	RDInc	HH	EMP	GMP	Econ_Index	Emp_Index	GMP_Index	NHDD_PerDay	RDInc_PerHH_NHDD
2010	1	96,835.55	724.88	979.87	129,564.94	0.98	0.98	0.98	24.35	3,253.12
2010	2	96,961.24	725.5	979.49	128,925.06	0.98	0.98	0.97	26.46	3,536.26
2010	3	97,655.60	726.05	981.27	129,081.70	0.98	0.98	0.98	20.55	2,764.40
2010	4	98,755.56	726.52	984.21	129,821.81	0.98	0.99	0.98	11.45	1,556.74
2010	5	99,860.81	726.9	986.46	130,641.79	0.99	0.99	0.99	3.9	535.3
2010	6	100,677.19	727.19	986.81	131,167.96	0.99	0.99	0.99	0.7	97.14
2010	7	101,211.25	727.42	985.96	131,484.74	0.99	0.99	0.99	0.02	3.02
2010	8	101,580.28	727.65	985.28	131,838.04	0.99	0.99	1	0	0.04
2010	9	101,871.29	727.9	985.76	132,320.63	0.99	0.99	1	0.04	6.12
2010	10	102,151.57	728.17	987.05	132,638.12	1	0.99	1	1.4	195.75
2010	11	102,468.85	728.44	988.42	132,371.84	1	0.99	1	6.99	983.78
2010	12	102,843.41	728.71	989.33	131,327.91	0.99	0.99	0.99	16.29	2,298.48
2011	1	103,215.84	728.98	989.81	130,023.96	0.99	0.99	0.98	24.25	3,433.97
2011	2	103,476.80	729.22	990.07	129,272.14	0.98	0.99	0.98	26.41	3,747.77
2011	3	103,610.14	729.46	990.33	129,467.60	0.99	0.99	0.98	20.45	2,904.29
2011	4	103,747.62	729.72	990.68	130,270.93	0.99	0.99	0.98	11.33	1,610.76
2011	5	104,073.41	729.99	991.21	131,038.32	0.99	0.99	0.99	3.83	545.43
2011	6	104,675.45	730.3	991.91	131,322.12	0.99	0.99	0.99	0.68	97.05
2011	7	105,338.79	730.63	993.16	131,329.51	0.99	0.99	0.99	0.02	2.96
2011	8	105,750.47	730.98	993.42	131,495.18	0.99	1	0.99	0	0.04
2011	9	105,748.97	731.32	993.72	132,065.33	1	1	1	0.05	6.85
2011	10	105,697.64	731.65	994.52	132,761.07	1	1	1	1.44	207.95
2011	11	106,105.43	731.95	996.05	133,136.56	1	1	1.01	7.16	1,037.25
2011	12	107,271.22	732.24	997.84	132,917.43	1	1	1	16.39	2,401.58
2012	1	108,840.93	732.54	999.13	132,371.14	1	1	1	24.33	3,614.53
2012	2	110,154.36	732.89	999.54	131,968.58	1	1	1	26.37	3,963.40
2012	3	110,832.49	733.31	999.38	132,006.85	1	1	1	20.51	3,100.08
2012	4	110,918.55	733.71	999.21	132,415.18	1	1	1	11.53	1,742.42
2012	5	110,580.64	733.95	999.42	132,995.23	1	1	1	3.91	589.21
2012	6	110,063.13	733.97	999.89	133,537.93	1.01	1	1.01	0.71	106.68
2012	7	109,746.75	733.83	1,000.34	133,832.31	1.01	1	1.01	0.02	3.43
2012	8	110,064.64	733.65	1,000.58	133,665.31	1.01	1	1.01	0	0.04
2012	9	111,142.65	733.53	1,000.79	132,985.54	1	1	1	0.04	6.43
2012	10	112,263.28	733.48	1,001.26	132,184.89	1	1	1	1.38	210.47
2012	11	112,448.83	733.46	1,002.15	131,793.17	1	1	1	7.04	1,079.64
2012	12	111,149.85	733.44	1,003.12	132,148.93	1	1	1	16.21	2,456.62
2013	1	109,166.14	733.39	1,003.65	132,987.86	1	1.01	1	24.19	3,600.79
2013	2	107,841.57	733.27	1,003.55	133,788.89	1.01	1.01	1.01	26.44	3,888.13
2013	3	107,867.36	733.08	1,003.21	134,263.01	1.01	1.01	1.01	20.52	3,018.70
2013	4	108,793.00	732.91	1,003.27	134,454.81	1.01	1.01	1.02	11.38	1,688.58
2013	5	109,721.90	732.93	1,004.13	134,499.74	1.01	1.01	1.02	3.84	575.33
2013	6	109,990.76	733.22	1,005.42	134,538.64	1.01	1.01	1.02	0.69	103.96
2013	7	109,761.30	733.68	1,006.54	134,636.44	1.01	1.01	1.02	0.02	3.13
2013	8	109,475.54	734.18	1,007.07	134,836.19	1.01	1.01	1.02	0	0.04

2013	9	109,464.72	734.59	1,007.26	135,134.26	1.02	1.01	1.02	0.04	6.66
2013	10	109,677.97	734.93	1,007.60	135,428.41	1.02	1.01	1.02	1.41	210.91
2013	11	109,949.92	735.26	1,008.43	135,581.62	1.02	1.01	1.02	7.05	1,054.58
2013	12	110,167.21	735.62	1,009.78	135,523.37	1.02	1.01	1.02	16.33	2,445.23
2014	1	110,377.05	736.02	1,011.43	135,395.17	1.02	1.01	1.02	24.25	3,636.55
2014	2	110,654.72	736.39	1,013.29	135,405.46	1.02	1.01	1.02	26.41	3,968.41
2014	3	111,068.00	736.75	1,015.12	135,684.24	1.02	1.02	1.03	20.39	3,073.14
2014	4	111,592.25	737.11	1,016.50	136,188.56	1.02	1.02	1.03	11.25	1,703.82
2014	5	112,139.98	737.49	1,017.27	136,789.78	1.03	1.02	1.03	3.77	573.84
2014	6	112,645.43	737.9	1,017.89	137,374.82	1.03	1.02	1.04	0.67	102.83
2014	7	113,078.92	738.35	1,019.02	137,879.24	1.03	1.02	1.04	0.02	2.85
2014	8	113,429.59	738.81	1,020.94	138,260.98	1.03	1.02	1.04	0	0.05
2014	9	113,715.25	739.26	1,022.87	138,482.61	1.03	1.02	1.05	0.05	7.18
2014	10	114,105.66	739.69	1,023.70	138,591.94	1.04	1.03	1.05	1.47	226.35
2014	11	114,801.92	740.1	1,022.85	138,652.30	1.04	1.03	1.05	7.16	1,110.41
2014	12	115,875.49	740.5	1,021.50	138,722.62	1.04	1.03	1.05	16.45	2,574.89
2015	1	116,996.71	740.91	1,021.39	138,854.01	1.04	1.02	1.05	24.36	3,845.97
2015	2	117,646.21	741.37	1,023.44	139,076.25	1.04	1.02	1.05	26.36	4,183.65
2015	3	117,604.53	741.89	1,026.74	139,397.94	1.04	1.03	1.05	20.28	3,214.43
2015	4	117,131.66	742.41	1,029.49	139,710.73	1.04	1.03	1.06	11.13	1,756.41
2015	5	116,685.99	742.76	1,030.55	139,836.86	1.04	1.03	1.06	3.7	581.71
2015	6	116,610.37	742.87	1,030.63	139,690.67	1.04	1.03	1.06	0.65	102.25
2015	7	116,846.13	742.81	1,031.10	139,426.57	1.04	1.03	1.05	0.02	2.8
2015	8	117,200.86	742.69	1,032.82	139,281.16	1.04	1.03	1.05	0	0.05
2015	9	117,517.64	742.63	1,035.30	139,415.88	1.04	1.04	1.05	0.06	9.18
2015	10	117,812.81	742.65	1,037.62	139,744.42	1.05	1.04	1.06	1.52	241.75
2015	11	118,146.63	742.72	1,039.09	140,105.58	1.05	1.04	1.06	7.36	1,170.40
2015	12	118,540.73	742.83	1,039.88	140,371.30	1.05	1.04	1.06	16.6	2,649.73
2016	1	118,900.35	742.89	1,040.39	140,515.83	1.05	1.04	1.06	24.45	3,913.09
2016	2	119,075.35	742.8	1,041.03	140,540.91	1.05	1.04	1.06	26.29	4,214.88
2016	3	119,009.67	742.55	1,042.19	140,483.34	1.05	1.04	1.06	20.31	3,255.79
2016	4	118,840.51	742.37	1,044.22	140,454.34	1.05	1.04	1.06	11.3	1,809.21
2016	5	118,777.95	742.57	1,047.20	140,596.81	1.05	1.05	1.06	3.8	607.55
2016	6	118,955.07	743.34	1,050.36	140,984.81	1.06	1.05	1.07	0.68	108.19
2016	7	119,272.28	744.48	1,052.67	141,496.76	1.06	1.05	1.07	0.02	3.29
2016	8	119,552.65	745.71	1,053.41	141,948.63	1.06	1.05	1.07	0	0.06
2016	9	119,633.91	746.74	1,053.26	142,172.85	1.06	1.06	1.07	0.05	8.1
2016	10	119,448.81	747.63	1,053.27	142,134.57	1.06	1.06	1.07	1.46	232.86
2016	11	118,957.07	748.48	1,054.16	141,831.58	1.06	1.06	1.07	7.25	1,151.92
2016	12	118,183.57	749.4	1,055.71	141,301.78	1.06	1.06	1.07	16.42	2,589.42
2017	1	117,361.11	750.39	1,057.30	140,715.19	1.06	1.06	1.06	24.34	3,806.47
2017	2	116,836.88	751.36	1,058.60	140,319.31	1.06	1.06	1.06	26.35	4,097.00
2017	3	116,773.05	752.34	1,059.68	140,244.47	1.06	1.06	1.06	20.31	3,152.74
2017	4	117,089.90	753.32	1,060.66	140,497.54	1.06	1.06	1.06	11.15	1,733.30
2017	5	117,613.07	754.24	1,061.66	141,040.49	1.06	1.06	1.07	3.73	582.2

2017	6	118,164.17	755.09	1,062.65	141,787.60	1.07	1.06	1.07	0.68	107.05
2017	7	118,612.90	755.9	1,063.59	142,565.32	1.07	1.06	1.08	0.02	3.88
2017	8	118,848.48	756.71	1,064.38	143,176.70	1.07	1.07	1.08	0	0.05
2017	9	118,841.61	757.53	1,064.96	143,463.72	1.08	1.07	1.08	0.04	6.69
2017	10	118,847.00	758.36	1,065.30	143,497.00	1.08	1.07	1.08	1.35	211.93
2017	11	119,195.67	759.19	1,065.44	143,402.35	1.08	1.07	1.08	6.98	1,095.95
2017	12	120,071.87	760.01	1,065.72	143,283.74	1.08	1.07	1.08	16.08	2,540.34
2018	1	121,203.24	760.84	1,066.56	143,185.35	1.07	1.07	1.08	24.16	3,848.08
2018	2	122,094.01	761.65	1,068.19	143,136.34	1.08	1.07	1.08	26.44	4,237.59
2018	3	122,533.13	762.49	1,070.26	143,159.59	1.08	1.07	1.08	20.59	3,308.29
2018	4	122,723.97	763.35	1,072.11	143,297.18	1.08	1.07	1.08	11.47	1,844.12
2018	5	123,004.33	764.16	1,073.33	143,596.59	1.08	1.07	1.08	3.88	625.18
2018	6	123,615.01	764.9	1,074.19	144,066.23	1.08	1.08	1.09	0.71	114.77
2018	7	124,423.67	765.59	1,075.25	144,611.83	1.08	1.08	1.09	0.02	3.72
2018	8	125,180.53	766.29	1,076.80	145,109.54	1.09	1.08	1.1	0	0.06
2018	9	125,674.71	767.02	1,078.69	145,433.91	1.09	1.08	1.1	0.05	7.43
2018	10	125,953.70	767.75	1,080.55	145,547.67	1.09	1.08	1.1	1.39	228.46
2018	11	126,125.22	768.46	1,082.07	145,429.94	1.09	1.08	1.1	7.08	1,161.52
2018	12	126,265.29	769.13	1,083.10	145,100.52	1.09	1.08	1.1	16.26	2,668.97
2019	1	126,361.34	769.82	1,083.46	144,714.08	1.09	1.09	1.09	24.2	3,972.80
2019	2	126,368.95	770.56	1,083.36	144,488.39	1.09	1.09	1.09	26.41	4,331.94
2019	3	126,272.52	771.39	1,083.85	144,557.85	1.09	1.09	1.09	20.45	3,348.22
2019	4	126,112.20	772.21	1,086.30	144,964.15	1.09	1.09	1.1	11.32	1,848.79
2019	5	125,959.06	772.82	1,090.98	145,707.50	1.09	1.09	1.1	3.83	624.67
2019	6	125,896.32	773.15	1,094.79	146,691.18	1.1	1.09	1.11	0.69	112.6
2019	7	126,048.79	773.55	1,093.50	147,565.58	1.11	1.1	1.11	0.02	3.4
2019	8	126,560.12	774.51	1,086.13	147,899.87	1.11	1.1	1.12	0	0.06
2019	9	127,381.24	776.13	1,081.00	147,543.14	1.1	1.09	1.11	0.05	7.8
2019	10	127,990.56	777.56	1,089.13	147,233.34	1.1	1.08	1.11	1.45	238.37
2019	11	127,718.91	777.62	1,113.50	147,957.61	1.1	1.09	1.12	7.11	1,168.43
2019	12	126,411.04	775.68	1,131.59	149,974.21	1.12	1.12	1.13	16.38	2,669.43
2020	1	125,534.07	772.68	1,113.01	151,256.26	1.14	1.13	1.14	24.26	3,941.76
2020	2	127,037.35	770.3	1,044.01	149,097.38	1.12	1.12	1.13	26.37	4,348.76
2020	3	131,883.00	769.47	956.77	142,353.49	1.06	1.05	1.08	20.49	3,511.92
2020	4	138,252.21	769.86	902.29	134,320.47	0.99	0.96	1.01	11.54	2,073.09
2020	5	143,169.71	770.69	912.25	130,119.69	0.94	0.9	0.98	3.94	731.42
2020	6	144,525.89	771.34	963.56	132,810.58	0.96	0.91	1	0.72	135.13
2020	7	142,609.86	771.73	1,014.62	139,637.21	1.01	0.97	1.05	0.02	4.04
2020	8	138,511.33	771.97	1,034.00	145,891.12	1.06	1.02	1.1	0	0.07
2020	9	133,813.82	772.16	1,029.78	148,048.14	1.08	1.04	1.12	0.06	10.05
2020	10	130,788.37	772.36	1,021.16	147,246.17	1.07	1.03	1.11	1.52	258.06
2020	11	131,968.75	772.6	1,022.15	145,923.93	1.06	1.02	1.1	7.36	1,256.77
2020	12	138,427.71	772.9	1,031.09	145,877.25	1.06	1.02	1.1	16.6	2,973.88
2021	1	146,596.52	773.22	1,040.50	146,966.70	1.07	1.03	1.11	24.37	4,621.05
2021	2	151,029.92	773.47	1,046.04	148,319.55	1.08	1.04	1.12	26.41	5,157.81

2021	3	149,043.75	773.67	1,048.59	149,379.18	1.09	1.05	1.13	20.52	3,952.86
2021	4	142,979.29	773.97	1,050.60	150,016.52	1.09	1.05	1.13	11.42	2,110.58
2021	5	137,303.66	774.54	1,054.02	150,172.72	1.09	1.05	1.13	3.89	688.88
2021	6	135,237.93	775.5	1,058.45	149,933.05	1.09	1.06	1.13	0.7	121.61
2021	7	135,907.15	776.66	1,062.71	149,638.31	1.1	1.06	1.13	0.02	3.82
2021	8	137,033.55	777.78	1,065.95	149,722.79	1.1	1.07	1.13	0	0.06
2021	9	136,901.46	778.62	1,069.06	150,442.49	1.1	1.07	1.14	0.05	8.66
2021	10	135,670.65	779.3	1,073.31	151,548.42	1.11	1.07	1.14	1.42	246.42
2021	11	134,074.48	780.01	1,079.42	152,628.88	1.11	1.08	1.15	7.09	1,218.33
2021	12	132,696.71	780.86	1,086.38	153,348.17	1.12	1.08	1.16	16.31	2,771.92
2022	1	131,660.61	781.69	1,092.11	153,611.25	1.12	1.09	1.16	24.27	4,088.64
2022	2	131,005.52	782.23	1,095.88	153,407.72	1.13	1.09	1.16	26.38	4,418.69
2022	3	130,664.31	782.39	1,098.41	152,815.85	1.13	1.1	1.15	20.42	3,409.72
2022	4	130,593.54	782.34	1,100.78	152,133.11	1.12	1.1	1.15	11.3	1,886.54
2022	5	130,766.23	782.36	1,103.81	151,799.95	1.12	1.1	1.15	3.8	634.86
2022	6	131,096.12	782.62	1,107.15	152,088.33	1.13	1.11	1.15	0.68	113.25
2022	7	131,392.09	783.03	1,110.04	152,820.83	1.13	1.11	1.15	0.02	3.44
2022	8	131,426.55	783.4	1,111.98	153,673.29	1.14	1.11	1.16	0	0.07
2022	9	131,120.60	783.61	1,113.67	154,362.27	1.14	1.11	1.17	0.05	8.46
2022	10	130,839.40	783.82	1,116.14	154,885.20	1.14	1.12	1.17	1.46	243.29
2022	11	131,078.74	784.28	1,119.98	155,304.70	1.15	1.12	1.17	7.25	1,211.38
2022	12	132,122.86	785.12	1,124.60	155,667.69	1.15	1.12	1.18	16.42	2,763.11
2023	1	133,592.70	786.21	1,128.69	155,983.95	1.15	1.13	1.18	24.27	4,123.31
2023	2	134,794.59	787.21	1,131.75	156,227.01	1.16	1.13	1.18	26.47	4,533.32
2023	3	135,399.90	787.98	1,134.08	156,415.35	1.16	1.13	1.18	20.69	3,555.11
2023	4	135,589.49	788.6	1,136.11	156,595.78	1.16	1.14	1.18	11.62	1,998.24
2023	5	135,701.65	789.15	1,138.21	156,817.16	1.16	1.14	1.18	3.97	683.23
2023	6	136,007.24	789.72	1,140.19	157,114.30	1.16	1.14	1.19	0.73	125.31
2023	7	136,449.82	790.33	1,141.73	157,459.19	1.17	1.14	1.19	0.02	4.26
2023	8	136,868.16	790.98	1,142.55	157,807.27	1.17	1.14	1.19	0	0.05
2023	9	137,144.29	791.62	1,142.94	158,111.48	1.17	1.15	1.19	0.04	7.39
2023	10	137,368.74	792.26	1,143.27	158,383.74	1.17	1.15	1.2	1.35	234.48
2023	11	137,683.83	792.87	1,143.80	158,643.99	1.17	1.15	1.2	6.98	1,212.16
2023	12	138,178.06	793.44	1,144.39	158,907.56	1.17	1.15	1.2	16.08	2,800.22
2024	1	138,777.17	793.98	1,144.75	159,180.55	1.17	1.15	1.2	24.16	4,222.15
2024	2	139,315.60	794.46	1,144.70	159,446.86	1.18	1.15	1.2	26.44	4,635.66
2024	3	139,715.53	794.91	1,144.29	159,711.16	1.18	1.15	1.21	20.75	3,646.24
2024	4	140,004.19	795.34	1,143.67	159,969.69	1.18	1.15	1.21	11.79	2,075.61
2024	5	140,233.66	795.78	1,142.95	160,208.22	1.18	1.15	1.21	4.06	715.77
2024	6	140,453.33	796.23	1,142.16	160,421.50	1.18	1.15	1.21	0.76	134.72
2024	7	140,672.69	796.69	1,141.33	160,616.38	1.18	1.14	1.21	0.03	4.81
2024	8	140,891.81	797.15	1,140.48	160,807.35	1.18	1.14	1.21	0	0.05
2024	9	141,102.93	797.58	1,139.61	160,997.96	1.18	1.14	1.22	0.04	6.74
2024	10	141,317.47	797.99	1,138.73	161,196.30	1.18	1.14	1.22	1.32	234.46
2024	11	141,545.79	798.38	1,137.84	161,405.65	1.18	1.14	1.22	6.94	1,229.71

2024	12	141,791.46	798.77	1,136.92	161,626.70	1.18	1.14	1.22	16.38	2,907.65
2025	1	142,040.22	799.17	1,136.03	161,855.19	1.18	1.14	1.22	24.26	4,312.25
2025	2	142,252.76	799.54	1,135.12	162,066.35	1.18	1.14	1.22	26.37	4,691.29
2025	3	142,427.18	799.92	1,134.25	162,266.29	1.18	1.14	1.23	20.32	3,618.61
2025	4	142,584.79	800.3	1,133.51	162,472.23	1.18	1.14	1.23	11.22	1,999.81
2025	5	142,745.75	800.68	1,132.97	162,693.62	1.18	1.14	1.23	3.76	670.93
2025	6	142,924.90	801.05	1,132.52	162,937.27	1.18	1.14	1.23	0.67	119.53
2025	7	143,099.76	801.41	1,132.00	163,181.57	1.18	1.13	1.23	0.02	3.34
2025	8	143,237.54	801.76	1,131.34	163,398.59	1.18	1.13	1.23	0	0.07
2025	9	143,320.64	802.09	1,130.60	163,564.24	1.18	1.13	1.24	0.05	9.42
2025	10	143,402.66	802.42	1,129.92	163,707.00	1.18	1.13	1.24	1.5	268.71
2025	11	143,554.23	802.76	1,129.37	163,864.95	1.18	1.13	1.24	7.19	1,286.41
2025	12	143,817.44	803.13		164,064.29	1.18	1.13	1.24	16.48	2,951.12

Year	Month	PGC_Rate	Real_Rate	CPI	CPI05	HenryHub	MA3_Real_Rate	HDD_PerD	Res_MA3Real_NormalBill	R_MA3Real_NormalBill	RH_MA3Real_NormalBill	GC_MA3Real_NormalBill
2005	1	8.65	8.65	199.37	1	6.15	8.76	24.42	142.43	40.79	158.12	768.99
2005	2	8.65	8.62	200.12	1	6.14	8.64	26.51	151.09	42.74	167.87	812.1
2005	3	8.99	8.9	201.25	1.01	6.96	8.72	20.62	122.76	36.13	136.02	669.34
2005	4	8.99	8.84	202.67	1.02	7.16	8.79	11.41	76.9	25.37	84.48	437.91
2005	5	8.99	8.78	204.11	1.02	6.47	8.84	3.72	38.05	16.26	40.82	241.89
2005	6	9.85	9.56	205.37	1.03	7.18	9.06	0.63	22.82	12.85	23.65	166.11
2005	7	9.85	9.52	206.26	1.03	7.63	9.29	0.02	20.09	12.39	20.54	153.6
2005	8	9.85	9.51	206.64	1.04	9.53	9.53	0	20.51	12.69	20.96	157.09
2005	9	10.23	9.88	206.45	1.04	11.75	9.64	0.08	21.2	12.94	21.7	161.15
2005	10	10.23	9.9	206.08	1.03	13.42	9.76	1.85	31.46	15.46	33.21	213.72
2005	11	10.23	9.9	205.99	1.03	10.3	9.89	8.05	67.33	24.02	73.49	395.76
2005	12	13.73	13.25	206.52	1.04	13.05	11.02	17.05	132.28	40.26	146.22	730.35
2006	1	13.73	13.18	207.56	1.04	8.69	12.11	24.47	197.4	56.52	219.15	1,065.63
2006	2	13.73	13.11	208.75	1.05	7.54	13.18	26.47	230.07	65.1	255.63	1,236.75
2006	3	12.83	12.18	209.95	1.05	6.89	12.82	20.5	179.6	52.91	199	979.66
2006	4	12.83	12.11	211.24	1.06	7.16	12.46	11.31	108.3	35.8	118.96	617.25
2006	5	12.83	12.02	212.71	1.07	6.25	12.1	3.65	51.59	22.13	55.31	328.59
2006	6	11.69	10.87	214.30	1.07	6.21	11.67	0.66	29.53	16.58	30.62	214.65
2006	7	11.69	10.81	215.51	1.08	6.17	11.24	0.02	24.31	14.99	24.85	185.84
2006	8	11.69	10.81	215.64	1.08	7.14	10.83	0	23.31	14.42	23.81	178.52
2006	9	10.12	9.41	214.38	1.08	4.9	10.34	0.03	22.45	13.81	22.95	171.44
2006	10	10.12	9.49	212.51	1.07	5.85	9.9	1.19	28.15	14.8	29.45	197.77
2006	11	10.12	9.55	211.16	1.06	7.41	9.49	6.58	56.51	21.14	61.41	338.78
2006	12	9.66	9.13	211.11	1.06	6.73	9.39	16.05	107.37	33.05	118.58	595.31
2007	1	9.66	9.08	212.06	1.06	6.55	9.25	24.14	149.1	42.78	165.51	805.5
2007	2	9.66	9.03	213.30	1.07	8	9.08	26.46	158.45	44.84	176.05	851.75
2007	3	10.59	9.85	214.39	1.08	7.11	9.32	20.62	131.17	38.6	145.34	715.23
2007	4	10.59	9.8	215.34	1.08	7.6	9.56	11.53	84.29	27.75	92.61	479.61
2007	5	10.59	9.76	216.25	1.08	7.64	9.8	3.91	43.27	18.28	46.47	273.64
2007	6	10.59	9.72	217.19	1.09	7.35	9.76	0.71	25.02	13.94	25.97	181.19
2007	7	10.59	9.68	218.04	1.09	6.22	9.72	0.02	21.05	12.97	21.52	160.88
2007	8	10.59	9.66	218.62	1.1	6.22	9.69	0	20.85	12.9	21.3	159.65
2007	9	10.59	9.65	218.83	1.1	6.08	9.66	0.04	21.03	12.92	21.51	160.44
2007	10	10.59	9.65	218.84	1.1	6.74	9.65	1.38	28.44	14.66	29.84	197.83
2007	11	10.59	9.65	218.89	1.1	7.1	9.65	7.04	60.03	22.1	65.34	357.5
2007	12	10.05	9.14	219.19	1.1	7.11	9.48	16.21	109.21	33.55	120.63	605.09
2008	1	10.05	9.11	219.86	1.1	7.99	9.3	24.19	150.04	43.03	166.55	810.47
2008	2	10.05	9.07	220.92	1.11	8.54	9.1	26.44	158.75	44.93	176.39	853.43
2008	3	11.1	9.95	222.41	1.12	9.41	9.38	20.68	132.25	38.9	146.55	721.01
2008	4	11.1	9.87	224.21	1.12	10.18	9.63	11.7	85.84	28.17	94.34	487.84
2008	5	11.1	9.79	226.08	1.13	11.27	9.87	4.02	44.18	18.55	47.47	278.6
2008	6	14.06	12.31	227.75	1.14	12.69	10.66	0.75	27.53	15.27	28.59	198.85
2008	7	14.06	12.26	228.69	1.15	11.09	11.45	0.02	24.8	15.28	25.36	189.54
2008	8	14.06	12.28	228.31	1.15	8.26	12.28	0	26.43	16.35	27	202.43
2008	9	13.16	11.59	226.38	1.14	7.67	12.04	0.05	26.24	16.11	26.84	200.08
2008	10	13.16	11.73	223.67	1.12	6.74	11.86	1.47	35.59	18.17	37.39	246.38
2008	11	13.16	11.85	221.27	1.11	6.68	11.72	7.16	73.74	27.04	80.28	438.38
2008	12	10.13	9.18	219.99	1.1	5.82	10.92	16.45	127.39	39.03	140.75	705.11
2009	1	10.13	9.2	219.72	1.1	5.24	10.08	24.36	163.59	46.87	181.6	883.32
2009	2	10.13	9.18	220.05	1.1	4.52	9.19	26.36	159.8	45.24	177.54	859.18
2009	3	8.6	7.77	220.68	1.11	3.96	8.71	20.28	120.92	35.69	133.96	660.02
2009	4	8.6	7.74	221.56	1.11	3.5	8.23	11.13	70.67	23.44	77.6	403.29
2009	5	8.6	7.7	222.69	1.12	3.83	7.73	3.7	33.2	14.2	35.6	211.13
2009	6	7.09	6.31	224.00	1.12	3.8	7.25	0.65	18.32	10.29	19	133.22
2009	7	7.09	6.27	225.15	1.13	3.38	6.76	0.02	14.62	9.02	14.94	111.75
2009	8	7.09	6.26	225.73	1.13	3.14	6.28	0	13.52	8.36	13.81	103.51
2009	9	7.09	6.27	225.50	1.13	2.99	6.27	0.05	13.67	8.39	13.99	104.22
2009	10	7.09	6.28	224.91	1.13	4.01	6.27	1.5	18.94	9.63	19.9	130.84
2009	11	7.09	6.29	224.57	1.13	3.66	6.28	7.26	39.88	14.58	43.43	236.76
2009	12	7.85	6.95	224.89	1.13	5.35	6.51	16.58	76.4	23.37	84.42	422.64

2010	1	7.85	6.93	225.68	1.13	5.83	6.73	24.35	109.16	31.28	121.18	589.43
2010	2	7.85	6.91	226.47	1.14	5.32	6.93	26.46	120.93	34.22	134.37	650.09
2010	3	8.39	7.37	227.03	1.14	4.29	7.07	20.55	99.19	29.21	109.9	540.94
2010	4	8.39	7.35	227.40	1.14	4.03	7.21	11.45	63.24	20.85	69.48	360.04
2010	5	8.39	7.34	227.74	1.14	4.14	7.35	3.9	32.39	13.7	34.78	204.93
2010	6	6.82	5.96	228.12	1.14	4.8	6.89	0.7	17.61	9.82	18.27	127.59
2010	7	6.82	5.95	228.45	1.15	4.63	6.42	0.02	13.89	8.56	14.2	106.17
2010	8	6.82	5.95	228.54	1.15	4.32	5.95	0	12.81	7.92	13.09	98.11
2010	9	6.82	5.95	228.32	1.15	3.89	5.95	0.04	12.96	7.96	13.25	98.83
2010	10	6.82	5.96	228.05	1.14	3.43	5.95	1.4	17.62	9.06	18.49	122.41
2010	11	6.82	5.96	228.09	1.14	3.71	5.96	6.99	36.91	13.61	40.17	219.96
2010	12	6.46	5.63	228.69	1.15	4.25	5.85	16.29	67.69	20.78	74.77	374.91
2011	1	6.46	5.61	229.72	1.15	4.49	5.73	24.25	92.74	26.59	102.95	500.87
2011	2	6.46	5.58	230.81	1.16	4.09	5.61	26.41	97.7	27.65	108.55	525.23
2011	3	7.01	6.03	231.82	1.16	3.97	5.74	20.45	80.19	23.63	88.85	437.49
2011	4	7.01	6	232.80	1.17	4.24	5.87	11.33	51.08	16.88	56.11	291.07
2011	5	7.01	5.98	233.79	1.17	4.31	6	3.83	26.19	11.12	28.11	165.99
2011	6	5.74	4.87	234.82	1.18	4.54	5.62	0.68	14.29	8	14.82	103.68
2011	7	5.74	4.86	235.65	1.18	4.42	5.23	0.02	11.33	6.98	11.58	86.59
2011	8	5.74	4.85	235.99	1.18	4.06	4.86	0	10.46	6.47	10.68	80.09
2011	9	5	4.23	235.70	1.18	3.9	4.64	0.05	10.12	6.21	10.35	77.19
2011	10	5	4.24	235.10	1.18	3.57	4.44	1.44	13.25	6.78	13.91	91.83
2011	11	5	4.25	234.70	1.18	3.24	4.24	7.16	26.66	9.78	29.02	158.48
2011	12	6.29	5.34	234.82	1.18	3.17	4.61	16.39	53.61	16.43	59.22	296.78
2012	1	6.29	5.33	235.34	1.18	2.67	4.97	24.33	80.64	23.11	89.52	435.46
2012	2	6.29	5.32	235.95	1.18	2.51	5.33	26.37	92.71	26.25	103.01	498.47
2012	3	5.95	5.02	236.48	1.19	2.17	5.22	20.51	73.14	21.54	81.04	398.95
2012	4	5.95	5.01	236.97	1.19	1.95	5.11	11.53	45.07	14.84	49.52	256.45
2012	5	5.95	4.99	237.55	1.19	2.43	5.01	3.91	22.09	9.33	23.72	139.69
2012	6	5.49	4.6	238.27	1.2	2.46	4.87	0.71	12.47	6.95	12.95	90.3
2012	7	5.49	4.58	238.98	1.2	2.95	4.72	0.02	10.23	6.3	10.46	78.19
2012	8	5.49	4.57	239.48	1.2	2.84	4.59	0	9.87	6.1	10.08	75.57
2012	9	5.49	4.57	239.62	1.2	2.85	4.58	0.04	9.96	6.12	10.19	75.99
2012	10	5.49	4.57	239.55	1.2	3.32	4.57	1.38	13.48	6.94	14.14	93.74
2012	11	5.49	4.57	239.46	1.2	3.54	4.57	7.04	28.46	10.48	30.97	169.47
2012	12	5.82	4.84	239.53	1.2	3.34	4.66	16.21	53.74	16.51	59.37	297.78
2013	1	5.82	4.84	239.72	1.2	3.33	4.75	24.19	76.7	22	85.14	414.29
2013	2	5.82	4.84	239.91	1.2	3.33	4.84	26.44	84.39	23.88	93.76	453.66
2013	3	6.29	5.22	240.06	1.2	3.81	4.97	20.52	69.59	20.5	77.11	379.58
2013	4	6.29	5.22	240.26	1.21	4.17	5.09	11.38	44.45	14.68	48.83	253.22
2013	5	6.29	5.21	240.60	1.21	4.04	5.22	3.84	22.82	9.68	24.5	144.59
2013	6	6.4	5.29	241.14	1.21	3.83	5.24	0.69	13.38	7.47	13.88	96.99
2013	7	6.4	5.28	241.67	1.21	3.62	5.26	0.02	11.39	7.02	11.64	87.04
2013	8	6.4	5.28	241.92	1.21	3.43	5.28	0	11.37	7.03	11.62	87.07
2013	9	6.07	5.01	241.73	1.21	3.62	5.19	0.04	11.3	6.94	11.56	86.17
2013	10	6.07	5.01	241.34	1.21	3.68	5.1	1.41	15.14	7.77	15.89	105.09
2013	11	6.07	5.02	241.12	1.21	3.64	5.01	7.05	31.23	11.49	33.99	185.95
2013	12	5.78	4.78	241.32	1.21	4.24	4.94	16.33	57.22	17.56	63.21	316.88
2014	1	5.78	4.76	241.88	1.21	4.71	4.85	24.25	78.48	22.5	87.12	423.86
2014	2	5.78	4.75	242.57	1.22	6	4.76	26.41	82.98	23.49	92.2	446.11
2014	3	7.57	6.21	243.26	1.22	4.9	5.24	20.39	73.04	21.54	80.93	398.56
2014	4	7.57	6.19	243.93	1.22	4.66	5.72	11.25	49.49	16.38	54.36	282.2
2014	5	7.57	6.18	244.51	1.23	4.58	6.19	3.77	26.83	11.43	28.79	170.31
2014	6	7.3	5.94	244.97	1.23	4.59	6.1	0.67	15.51	8.68	16.09	112.59
2014	7	7.3	5.93	245.27	1.23	4.05	6.02	0.02	13.01	8.03	13.3	99.5
2014	8	7.3	5.93	245.32	1.23	3.91	5.94	0	12.78	7.9	13.05	97.84
2014	9	5.72	4.65	245.11	1.23	3.92	5.51	0.05	12	7.36	12.27	91.48
2014	10	5.72	4.66	244.64	1.23	3.78	5.08	1.47	15.24	7.78	16.01	105.5
2014	11	5.72	4.67	243.97	1.22	4.12	4.66	7.16	29.31	10.75	31.91	174.24
2014	12	5.95	4.88	243.18	1.22	3.48	4.74	16.45	55.25	16.93	61.04	305.8
2015	1	5.95	4.89	242.58	1.22	2.99	4.81	24.36	78.16	22.39	86.77	422.03

2015	2	5.95	4.89	242.49	1.22	2.87	4.89	26.36	85.05	24.08	94.49	457.29
2015	3	5.38	4.41	243.07	1.22	2.83	4.73	20.28	65.69	19.39	72.77	358.54
2015	4	5.38	4.40	244.03	1.22	2.61	4.57	11.13	39.24	13.01	43.08	223.91
2015	5	5.38	4.38	244.86	1.23	2.85	4.4	3.7	18.88	8.07	20.25	120.06
2015	6	3.79	3.08	245.19	1.23	2.78	3.95	0.65	10	5.61	10.36	72.67
2015	7	3.79	3.08	245.06	1.23	2.84	3.51	0.02	7.6	4.69	7.77	58.11
2015	8	3.79	3.09	244.61	1.23	2.77	3.08	0	6.64	4.1	6.78	50.82
2015	9	3.57	2.92	244.03	1.22	2.66	3.03	0.06	6.62	4.06	6.77	50.42
2015	10	3.57	2.92	243.44	1.22	2.34	2.98	1.52	9.02	4.58	9.49	62.28
2015	11	3.57	2.93	242.95	1.22	2.09	2.92	7.36	18.72	6.82	20.39	110.99
2015	12	3.49	2.87	242.69	1.22	1.93	2.91	16.6	34.16	10.45	37.75	188.97
2016	1	3.49	2.87	242.75	1.22	2.28	2.89	24.45	47.06	13.48	52.25	254.07
2016	2	3.49	2.86	243.23	1.22	1.99	2.87	26.29	49.77	14.1	55.3	267.64
2016	3	3.86	3.15	244.11	1.22	1.73	2.96	20.31	41.15	12.14	45.58	224.56
2016	4	3.86	3.14	245.11	1.23	1.92	3.05	11.3	26.49	8.76	29.09	150.97
2016	5	3.86	3.13	245.82	1.23	1.92	3.14	3.8	13.64	5.8	14.64	86.52
2016	6	3.97	3.22	245.98	1.23	2.59	3.16	0.68	8.04	4.5	8.34	58.34
2016	7	3.97	3.22	245.81	1.23	2.82	3.19	0.02	6.9	4.26	7.06	52.76
2016	8	3.97	3.22	245.65	1.23	2.82	3.22	0	6.94	4.29	7.09	53.11
2016	9	3.45	2.79	245.78	1.23	2.99	3.08	0.05	6.72	4.12	6.87	51.23
2016	10	3.45	2.79	246.19	1.23	2.98	2.94	1.46	8.79	4.49	9.24	60.9
2016	11	3.45	2.78	246.76	1.24	2.55	2.79	7.25	17.69	6.47	19.27	105.05
2016	12	3.71	2.99	247.36	1.24	3.59	2.85	16.42	33.24	10.19	36.73	184.03
2017	1	3.71	2.98	247.88	1.24	3.3	2.92	24.34	47.37	13.57	52.59	255.79
2017	2	3.71	2.98	248.16	1.24	2.85	2.99	26.35	51.91	14.7	57.67	279.11
2017	3	4.62	3.71	248.16	1.24	2.88	3.23	20.31	44.84	13.23	49.67	244.7
2017	4	4.62	3.72	248.02	1.24	3.1	3.47	11.15	29.84	9.89	32.77	170.26
2017	5	4.62	3.72	247.98	1.24	3.15	3.71	3.73	16.01	6.84	17.18	101.75
2017	6	4.63	3.72	248.19	1.24	2.98	3.72	0.68	9.47	5.3	9.83	68.7
2017	7	4.63	3.72	248.53	1.25	2.98	3.72	0.02	8.06	4.96	8.24	61.55
2017	8	4.63	3.71	248.80	1.25	2.9	3.72	0	8	4.95	8.17	61.28
2017	9	4.02	3.22	248.85	1.25	2.98	3.55	0.04	7.73	4.75	7.91	58.97
2017	10	4.02	3.22	248.78	1.25	2.88	3.39	1.35	9.93	5.13	10.42	69.18
2017	11	4.02	3.22	248.73	1.25	3.01	3.22	6.98	19.94	7.36	21.7	118.84
2017	12	4.01	3.21	248.84	1.25	2.82	3.22	16.08	36.85	11.34	40.7	204.29
2018	1	4.01	3.21	249.17	1.25	3.87	3.21	24.16	51.79	14.86	57.49	279.77
2018	2	4.01	3.20	249.71	1.25	2.67	3.21	26.44	55.88	15.81	62.09	300.42
2018	3	5.5	4.38	250.48	1.26	2.69	3.59	20.59	50.51	14.87	55.97	275.46
2018	4	5.5	4.36	251.37	1.26	2.8	3.98	11.47	34.96	11.52	38.4	198.98
2018	5	5.5	4.35	252.19	1.26	2.8	4.36	3.88	19.18	8.12	20.6	121.41
2018	6	5.1	4.02	252.79	1.27	2.97	4.24	0.71	10.88	6.06	11.29	78.76
2018	7	5.1	4.02	253.09	1.27	2.83	4.13	0.02	8.94	5.51	9.14	68.34
2018	8	5.1	4.02	253.06	1.27	2.96	4.02	0	8.65	5.35	8.84	66.26
2018	9	5.1	4.02	252.73	1.27	3	4.02	0.05	8.76	5.38	8.96	66.8
2018	10	5.1	4.03	252.28	1.27	3.28	4.02	1.39	11.9	6.12	12.49	82.71
2018	11	5.1	4.04	251.98	1.26	4.09	4.03	7.08	25.17	9.25	27.39	149.78
2018	12	5.36	4.24	252.01	1.26	4.04	4.1	16.26	47.4	14.55	52.36	262.56
2019	1	5.36	4.23	252.47	1.27	3.11	4.17	24.2	67.34	19.31	74.75	363.71
2019	2	5.36	4.22	253.30	1.27	2.69	4.23	26.41	73.74	20.87	81.92	396.41
2019	3	6.86	5.37	254.50	1.28	2.95	4.61	20.45	64.42	18.98	71.37	351.43
2019	4	6.86	5.34	255.91	1.28	2.65	4.98	11.32	43.3	14.31	47.56	246.73
2019	5	6.86	5.32	257.23	1.29	2.64	5.34	3.83	23.34	9.9	25.05	147.91
2019	6	6.86	5.29	258.22	1.3	2.4	5.32	0.69	13.57	7.58	14.08	98.38
2019	7	6.86	5.28	258.74	1.3	2.37	5.3	0.02	11.46	7.07	11.72	87.64
2019	8	6.86	5.28	258.70	1.3	2.22	5.29	0	11.38	7.04	11.63	87.15
2019	9	6.11	4.72	258.14	1.29	2.56	5.1	0.05	11.11	6.82	11.36	84.69
2019	10	6.11	4.73	257.49	1.29	2.33	4.91	1.45	14.68	7.51	15.42	101.71
2019	11	6.11	4.73	257.32	1.29	2.65	4.73	7.11	29.61	10.88	32.24	176.16
2019	12	4.47	3.46	257.92	1.29	2.22	4.31	16.38	50.05	15.35	55.29	277.11
2020	1	4.47	3.45	258.77	1.3	2.02	3.88	24.26	62.75	17.99	69.66	338.92
2020	2	4.47	3.44	259.05	1.3	1.91	3.45	26.37	60	16.99	66.66	322.57

2020	3	4.99	3.85	258.36	1.3	1.79	3.58	20.49	50.12	14.76	55.53	273.37
2020	4	4.99	3.87	257.29	1.29	1.74	3.72	11.54	32.84	10.81	36.09	186.84
2020	5	4.99	3.88	256.78	1.29	1.75	3.87	3.94	17.12	7.22	18.39	108.18
2020	6	4.44	3.44	257.44	1.29	1.63	3.73	0.72	9.57	5.33	9.94	69.27
2020	7	4.44	3.42	258.77	1.3	1.77	3.58	0.02	7.74	4.77	7.91	59.18
2020	8	4.44	3.4	259.91	1.3	2.3	3.42	0	7.36	4.55	7.52	56.36
2020	9	4.44	3.4	260.24	1.31	1.92	3.41	0.06	7.45	4.56	7.62	56.73
2020	10	4.44	3.4	260.04	1.3	2.39	3.4	1.52	10.32	5.23	10.85	71.21
2020	11	4.44	3.4	259.84	1.3	2.61	3.4	7.36	21.79	7.94	23.74	129.21
2020	12	3.74	2.86	260.07	1.3	2.59	3.22	16.6	37.88	11.59	41.86	209.53
2021	1	3.74	2.85	260.87	1.31	2.71	3.04	24.37	49.4	14.15	54.84	266.72
2021	2	3.74	2.84	262.17	1.32	5.35	2.85	26.41	49.71	14.07	55.23	267.26
2021	3	3.98	3	263.96	1.32	2.62	2.9	20.52	40.64	11.97	45.03	221.68
2021	4	3.98	2.98	266.05	1.33	2.66	2.94	11.42	25.76	8.5	28.3	146.7
2021	5	3.98	2.96	268.04	1.34	2.91	2.98	3.89	13.11	5.55	14.08	82.98
2021	6	3.68	2.72	269.69	1.35	3.26	2.89	0.7	7.38	4.12	7.65	53.46
2021	7	3.68	2.71	271.03	1.36	3.84	2.8	0.02	6.05	3.73	6.19	46.25
2021	8	3.68	2.7	272.25	1.37	4.07	2.71	0	5.83	3.61	5.95	44.64
2021	9	4.02	2.93	273.42	1.37	5.16	2.78	0.05	6.06	3.72	6.2	46.2
2021	10	4.02	2.92	274.61	1.38	5.51	2.85	1.42	8.47	4.34	8.89	58.77
2021	11	4.02	2.91	275.86	1.38	5.05	2.92	7.09	18.26	6.71	19.88	108.66
2021	12	6.23	4.48	277.24	1.39	3.76	3.44	16.31	39.8	12.21	43.96	220.4
2022	1	6.23	4.45	279.06	1.4	4.38	3.94	24.27	63.85	18.3	70.88	344.85
2022	2	6.23	4.41	281.46	1.41	4.69	4.45	26.38	77.38	21.9	85.97	416.01
2022	3	5.82	4.07	284.64	1.43	4.9	4.31	20.42	60.16	17.73	66.65	328.23
2022	4	5.82	4.02	288.19	1.45	6.6	4.17	11.3	36.21	11.97	39.77	206.39
2022	5	5.82	3.98	291.25	1.46	8.14	4.03	3.8	17.5	7.44	18.78	111.03
2022	6	8.84	6.01	293.26	1.47	7.7	4.67	0.68	11.88	6.65	12.32	86.21
2022	7	8.84	5.99	294.28	1.48	7.28	5.33	0.02	11.52	7.1	11.78	88.09
2022	8	8.84	5.98	294.58	1.48	8.81	5.99	0	12.9	7.98	13.18	98.77
2022	9	8.63	5.84	294.49	1.48	7.88	5.94	0.05	12.95	7.95	13.25	98.74
2022	10	8.63	5.84	294.49	1.48	5.66	5.89	1.46	17.64	9.01	18.53	122.16
2022	11	8.63	5.83	295.12	1.48	5.45	5.84	7.25	37.04	13.55	40.34	219.96
2022	12	7.88	5.29	296.66	1.49	5.53	5.66	16.42	65.87	20.19	72.77	364.63
2023	1	7.88	5.26	298.64	1.5	3.27	5.46	24.27	88.36	25.33	98.09	477.22
2023	2	7.88	5.23	300.20	1.51	2.38	5.26	26.47	91.83	25.98	102.03	493.62
2023	3	6.72	4.45	301.00	1.51	2.31	4.98	20.69	70.29	20.67	77.89	383.17
2023	4	6.72	4.45	301.43	1.51	2.16	4.71	11.62	41.78	13.73	45.92	237.58
2023	5	6.72	4.44	302.11	1.52	2.15	4.45	3.97	19.78	8.33	21.25	124.88
2023	6	5.74	3.77	303.48	1.52	2.18	4.22	0.73	10.85	6.03	11.27	78.47
2023	7	5.74	3.75	305.26	1.53	2.49	3.98	0.02	8.63	5.32	8.82	65.94
2023	8	5.74	3.73	306.95	1.54	2.8	3.75	0	8.06	4.99	8.24	61.76
2023	9	5.74	3.71	308.13	1.55	2.77	3.73	0.04	8.11	4.98	8.3	61.9
2023	10	5.74	3.70	308.92	1.55	2.85	3.71	1.35	10.89	5.63	11.43	75.87
2023	11	5.74	3.69	309.55	1.55	3.21	3.7	6.98	22.91	8.45	24.93	136.55
2023	12	4.78	3.07	310.19	1.56	3.62	3.49	16.08	39.94	12.29	44.11	221.41
2024	1	4.78	3.06	310.84	1.56	3.85	3.28	24.16	52.79	15.14	58.6	285.19
2024	2	4.78	3.06	311.37	1.56	3.78	3.06	26.44	53.41	15.11	59.34	287.1
2024	3	4.78	3.05	311.73	1.56	3.5	3.06	20.75	43.26	12.72	47.94	235.78
2024	4	4.78	3.05	311.98	1.56	3.19	3.05	11.79	27.39	8.97	30.11	155.58
2024	5	4.78	3.05	312.15	1.57	3.17	3.05	4.06	13.73	5.75	14.76	86.52
2024	6	4.78	3.05	312.31	1.57	3.26	3.05	0.76	7.91	4.38	8.22	57.07
2024	7	4.78	3.05	312.41	1.57	3.36	3.05	0.03	6.61	4.07	6.76	50.48
2024	8	4.78	3.05	312.41	1.57	3.4	3.05	0	6.56	4.06	6.7	50.23
2024	9	4.78	3.05	312.31	1.57	3.38	3.05	0.04	6.63	4.07	6.78	50.57
2024	10	4.78	3.05	312.27	1.57	3.45	3.05	1.32	8.89	4.61	9.32	62.03
2024	11	4.78	3.05	312.49	1.57	3.78	3.05	6.94	18.78	6.94	20.43	112
2024	12	5.94	3.78	313.07	1.57	4.19	3.29	16.38	38.27	11.74	42.28	211.9
2025	1	6.23	3.95	313.90	1.57	4.47	3.59	24.26	58.16	16.67	64.57	314.13
2025	2	6.13	3.88	314.70	1.58	4.37	3.87	26.37	67.38	19.08	74.86	362.26
2025	3	5.74	3.63	315.34	1.58	3.99	3.82	20.32	53.12	15.67	58.85	289.88

2025	4	5.29	3.34	315.89	1.58	3.55	3.62	11.22	31.24	10.34	34.31	178.16
2025	5	5.26	3.32	316.39	1.59	3.53	3.43	3.76	14.83	6.32	15.91	94.16
2025	6	5.38	3.38	316.92	1.59	3.64	3.35	0.67	8.5	4.76	8.81	61.69
2025	7	5.5	3.45	317.48	1.59	3.76	3.38	0.02	7.32	4.51	7.48	55.95
2025	8	5.53	3.47	318.05	1.6	3.79	3.43	0	7.39	4.57	7.55	56.61
2025	9	5.49	3.43	318.60	1.6	3.75	3.45	0.05	7.53	4.62	7.71	57.42
2025	10	5.56	3.47	319.14	1.6	3.82	3.46	1.5	10.45	5.31	10.98	72.21
2025	11	5.91	3.68	319.67	1.6	4.15	3.53	7.19	22.28	8.16	24.26	132.4
2025	12	6.22	3.87	320.20	1.61	4.5	3.68	16.48	42.94	13.15	47.44	237.64

Q. SDR-RR-11 Please provide in hard copy and on a computer diskette in Lotus 1-2-3, QuattroPro or other spreadsheet format, the dependent and independent variable databases relied upon to produce the Company's gas demand models. For variables based on averages, include the observations which comprise the average (e.g., gas prices).

A. SDR-RR-11 Refer to attachments:

1. Attachment SDR-RR-11(a.1) – January 2025 to December 2025 Gas Model Specs - This includes the individual class model variables, coefficients, standard error and t-statistics.

2. Attachment SDR-RR-11(a.2) – January 2025 to December 2025 Budget Data for Models - This includes the data for each variable for both the historical period and the estimation period that is used in each class model.

3. Attachment SDR-RR-11(a.3) – January 2025 to December 2025 Budget Gas Model Summary - This is the output from the model on a monthly basis for each class model.

4. Attachment SDR-RR-11(a.4) – January 2025 to December 2025 Budget PECO Gas Forecast - This is the final budget for January 2024 to December 2025

PECO Gas Sendout and Class - Budget Model Specifications

Res Model

Variable	Coefficient	StdErr	T-Stat	P-Value
CycWthrT.HDD_PerDay	17.074	0.27	63.223	0.00%
RateVars.Res_MA3Real_NormalBill	-0.14	0.084	-1.673	9.67%
XVarsT.RDInc_PerHH_NHDD	0.016	0.005	3.394	0.09%
Monthly.Winter2022	15.647	3.543	4.416	0.00%
Monthly.Jan	32.822	22.838	1.437	15.30%
Monthly.Feb	40.155	24.863	1.615	10.86%
Monthly.Mar	48.254	19.489	2.476	1.45%
Monthly.Apr	62.486	11.233	5.563	0.00%
Monthly.May	65.006	4.565	14.24	0.00%
Monthly.Jun	62.678	2.356	26.599	0.00%
Monthly.Jul	53.274	1.974	26.994	0.00%
Monthly.Aug	48.396	2.174	22.264	0.00%
Monthly.Sep	49.875	2.175	22.933	0.00%
Monthly.Oct	48.661	2.744	17.731	0.00%
Monthly.Nov	44.421	7.22	6.152	0.00%
Monthly.Dec	43.514	15.576	2.794	0.60%
AR(1)	0.266	0.086	3.115	0.22%

GC Model

Variable	Coefficient	StdErr	T-Stat	P-Value
CycWthrT.HDD_PerDay	73.622	3.651	20.168	0.00%
XVarsT.Econ_Index	1350.131	193.184	6.989	0.00%
RateVars.GC_MA3Real_NormalBill	-0.198	0.186	-1.062	29.01%
Monthly.Winter2022	111.884	43.324	2.582	1.10%
Monthly.Jan	-586.964	239.455	-2.451	1.57%
Monthly.Feb	-416.875	243.369	-1.713	8.93%
Monthly.Mar	-584.037	232.169	-2.516	1.32%
Monthly.Apr	-640.97	217.274	-2.95	0.38%
Monthly.May	-837.805	211.35	-3.964	0.01%
Monthly.Jun	-934.08	207.874	-4.494	0.00%
Monthly.Jul	-989.712	208.74	-4.741	0.00%
Monthly.Aug	-1031.81	209.834	-4.917	0.00%
Monthly.Sep	-1011.66	209.029	-4.84	0.00%
Monthly.Oct	-974.382	209.643	-4.648	0.00%
Monthly.Nov	-891.41	213.552	-4.174	0.01%
Monthly.Dec	-723.41	226.925	-3.188	0.18%
AR(1)	0.135	0.091	1.48	14.14%

TCS Model

Variable	Coefficient	StdErr	T-Stat	P-Value
CycWthrT.HDD_PerDay	0.025	0.012	2.168	3.33%
Monthly.Jan	-0.052	0.265	-0.195	84.61%
Monthly.May	0.23	0.086	2.681	0.90%
Monthly.Feb	0.132	0.281	0.468	64.13%
Monthly.Mar	0.104	0.219	0.472	63.81%
Monthly.Apr	0.202	0.14	1.44	15.41%
Monthly.Jun	0.342	0.072	4.732	0.00%
Monthly.Jul	0.157	0.077	2.045	4.43%
Monthly.Aug	0.13	0.072	1.802	7.55%
Monthly.Sep	0.158	0.091	1.741	8.57%
Monthly.Oct	0.111	0.078	1.427	15.76%
Monthly.Nov	-0.011	0.106	-0.1	92.05%
Monthly.Dec	-0.04	0.206	-0.195	84.57%

DPL Model

Variable	Coefficient	StdErr	T-Stat	P-Value
CalWthrT.TDDSpline	1.42	0.329	4.312	0.02%
CalWthrT.HDDSpline	0.111	0.056	1.99	5.64%
CalVars.Jan	409.27	41.417	9.882	0.00%
CalVars.Feb	369.859	34.621	10.683	0.00%
CalVars.Mar	396.042	24.102	16.432	0.00%
CalVars.Apr	361.802	12.959	27.919	0.00%
CalVars.May	355.529	10.431	34.083	0.00%
CalVars.Jun	296.266	30.458	9.727	0.00%
CalVars.Jul	308.469	71.89	4.291	0.02%
CalVars.Aug	248.352	58.076	4.276	0.02%
CalVars.Sep	343.283	17.101	20.074	0.00%
CalVars.Oct	384.242	8.678	44.278	0.00%
CalVars.Nov	377.892	22.607	16.716	0.00%
CalVars.Dec	373.441	34.869	10.71	0.00%
SAR(1)	-0.561	0.175	-3.202	0.34%

Non-DPL Model

Variable	Coefficient	StdErr	T-Stat	P-Value
CalWthrT.FallHDD	1.28	0.292	4.385	0.00%
CalWthrT.WinterHDD	0.619	0.135	4.572	0.00%
CalWthrT.SpringHDD	1.486	0.193	7.682	0.00%
XVars.EMP	0.559	0.324	1.728	8.65%
Monthly.Jan	1148.869	373.368	3.077	0.26%
Monthly.Feb	1068.917	364.989	2.929	0.41%
Monthly.Mar	785.678	362.538	2.167	3.22%
Monthly.Apr	759.295	344.835	2.202	2.96%
Monthly.May	760.567	337.627	2.253	2.61%
Monthly.Jun	709.569	337.038	2.105	3.74%
Monthly.Jul	646.361	338.897	1.907	5.89%
Monthly.Aug	719.304	340.712	2.111	3.69%
Monthly.Sep	680.705	341.429	1.994	4.85%
Monthly.Oct	832.238	342.935	2.427	1.67%
Monthly.Nov	823.95	361.237	2.281	2.43%
Monthly.Dec	1179.705	362.723	3.252	0.15%
AR(1)	0.356	0.084	4.232	0.00%

LCI Model

Variable	Coefficient	StdErr	T-Stat	P-Value
Simple	0.023	0.02	1.116	0.267

IS Model

Variable	Coefficient	StdErr	T-Stat	P-Value
Simple	-0.037	0.001	-28.091	0

Other Model

Variable	Coefficient	StdErr	T-Stat	P-Value
Simple	0.35	0.083	4.199	0
Seasonal	0.103	0.079	1.299	0.197

Regression Statistics	Res	GC	TCS	IS	L	Other	Non-DPL	DPL
Iterations	18	11	1	7	12	10	8	15
Adjusted Observations	153	138	89	115	116	92	135	43
Deg. of Freedom for Error	136	121	76	114	115	90	118	28
R-Squared	0.999	0.991	0.517	0.062	-0.015	0.697	0.939	0.886
Adjusted R-Squared	0.999	0.99	0.44	0.062	-0.015	0.693	0.93	0.829
AIC	3.925	9.066	-3.052	3.6	2.3	2.7	9.42	6.895
BIC	4.262	9.426	-2.688	3.6	2.3	2.7	9.78	7.509
Log-Likelihood	-500.37	-804.34	22.53	-367	-297	-252	-810.08	-194.25
Model Sum of Squares	4906822.79	103835178.5	3.36	265	-17	2985	19677144	164157.25
Sum of Squared Errors	6206.53	933284.48	3.14	3996	1139	1300	1287940.3	21125.53
Mean Squared Error	45.64	7713.09	0.04	35	10	14	10914.75	754.48
Std. Error of Regression	6.76	87.82	0.2	6	3	4	104.47	27.47
Mean Abs. Dev. (MAD)	4.45	54.93	0.14	3	2	2	67.84	17.15
Mean Abs. % Err. (MAPE)	2.44%	5.59%	16240.56%	603.72%	2407.06%	7.63%	4.11%	3.88%
Durbin-Watson Statistic	1.92	2.005	1.473	2.157	1.559	1.927	2.072	1.796
Ljung-Box Statistic	9.33	33.75	66.62	14.11	17.07	17.16	19.01	29.03
Prob (Ljung-Box)	0.9968	0.0892	0	0.9442	0.8458	0.8416	0.7517	0.2191
Skewness	-0.317	0.147	0.373	1.234	1.409	-2.312	-0.69	0.553
Kurtosis	4.423	12.342	4.034	16.51	15.13	16.723	11.268	3.571
Jarque-Bera	15.472	502.299	6.026	903.8	749.5	803.9	395.274	2.78
Prob (Jarque-Bera)	0.0004	0	0.0491	0	0	0	0	0.2491

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerD	Res_MA3Re	RDInc_PerH	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2010	1		473.963	-15.288	51.993	0	32.822	0	0	0	0	0	0	0	0	0	0	0		0
2010	2	567.714	485.672	-16.937	56.518	0	0	40.155	0	0	0	0	0	0	0	0	0	0	2.306	0
2010	3	417.58	341.118	-13.891	44.182	0	0	0	48.254	0	0	0	0	0	0	0	0	0	-2.082	0
2010	4	193.24	113.97	-8.857	24.88	0	0	0	0	62.486	0	0	0	0	0	0	0	0	0.76	0
2010	5	125.012	57.015	-4.536	8.555	0	0	0	0	0	65.006	0	0	0	0	0	0	0	-1.028	0
2010	6	70.905	10.772	-2.466	1.552	0	0	0	0	0	0	62.678	0	0	0	0	0	0	-1.632	0
2010	7	51.289	0.059	-1.945	0.048	0	0	0	0	0	0	0	53.274	0	0	0	0	0	-0.146	0
2010	8	46.95	0.002	-1.794	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	0.346	0
2010	9	48.537	0.108	-1.814	0.098	0	0	0	0	0	0	0	0	0	49.875	0	0	0	0.27	0
2010	10	71.414	21.356	-2.467	3.128	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0.736	0
2010	11	171.579	116.196	-5.17	15.723	0	0	0	0	0	0	0	0	0	0	0	44.421	0	0.408	0
2010	12	381.226	309.009	-9.48	36.735	0	0	0	0	0	0	0	0	0	0	0	0	43.514	1.448	0
2011	1	586.362	509.695	-12.988	54.883	0	32.822	0	0	0	0	0	0	0	0	0	0	0	1.949	0
2011	2	579.311	490.577	-13.682	59.898	0	0	40.155	0	0	0	0	0	0	0	0	0	0	2.362	0
2011	3	390.713	306.912	-11.231	46.417	0	0	0	48.254	0	0	0	0	0	0	0	0	0	0.36	0
2011	4	295.363	212.665	-7.154	25.744	0	0	0	0	62.486	0	0	0	0	0	0	0	0	1.622	0
2011	5	116.072	45.785	-3.667	8.717	0	0	0	0	0	65.006	0	0	0	0	0	0	0	0.232	0
2011	6	66.084	3.53	-2.001	1.551	0	0	0	0	0	0	62.678	0	0	0	0	0	0	0.326	0
2011	7	51.506	0	-1.586	0.047	0	0	0	0	0	0	0	53.274	0	0	0	0	0	-0.229	0
2011	8	47.424	0	-1.465	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	0.492	0
2011	9	50.653	1.953	-1.418	0.109	0	0	0	0	0	0	0	0	0	49.875	0	0	0	0.132	0
2011	10	71.875	21.324	-1.855	3.324	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0.422	0
2011	11	186.749	130.14	-3.733	16.578	0	0	0	0	0	0	0	0	0	0	0	44.421	0	-0.656	0
2011	12	278.209	204.228	-7.507	38.383	0	0	0	0	0	0	0	0	0	0	0	0	43.514	-0.409	0
2012	1	427.882	348.894	-11.294	57.769	0	32.822	0	0	0	0	0	0	0	0	0	0	0	-0.31	0
2012	2	446.641	357.121	-12.984	63.345	0	0	40.155	0	0	0	0	0	0	0	0	0	0	-0.995	0
2012	3	328.539	243.679	-10.244	49.547	0	0	0	48.254	0	0	0	0	0	0	0	0	0	-2.697	0
2012	4	198.656	117.098	-6.312	27.848	0	0	0	0	62.486	0	0	0	0	0	0	0	0	-2.464	0
2012	5	123.693	58.334	-3.093	9.417	0	0	0	0	0	65.006	0	0	0	0	0	0	0	-5.97	0
2012	6	64.234	2.941	-1.747	1.705	0	0	0	0	0	0	62.678	0	0	0	0	0	0	-1.343	0
2012	7	51.637	0.191	-1.433	0.055	0	0	0	0	0	0	0	53.274	0	0	0	0	0	-0.45	0
2012	8	47.055	0	-1.382	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	0.04	0
2012	9	48.876	0.271	-1.395	0.103	0	0	0	0	0	0	0	0	0	49.875	0	0	0	0.022	0
2012	10	96.167	45.84	-1.887	3.364	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0.191	0
2012	11	194.125	136.383	-3.986	17.255	0	0	0	0	0	0	0	0	0	0	0	44.421	0	0.051	0
2012	12	345.21	270.524	-7.527	39.263	0	0	0	0	0	0	0	0	0	0	0	0	43.514	-0.564	0
2013	1	444.132	365.137	-10.741	57.549	0	32.822	0	0	0	0	0	0	0	0	0	0	0	-0.635	0
2013	2	537.518	447.255	-11.819	62.142	0	0	40.155	0	0	0	0	0	0	0	0	0	0	-0.215	0
2013	3	453.432	367.476	-9.746	48.246	0	0	0	48.254	0	0	0	0	0	0	0	0	0	-0.798	0
2013	4	312.929	227.885	-6.225	26.987	0	0	0	0	62.486	0	0	0	0	0	0	0	0	1.796	0
2013	5	135.124	65.177	-3.196	9.195	0	0	0	0	0	65.006	0	0	0	0	0	0	0	-1.058	0
2013	6	70.682	10.994	-1.874	1.662	0	0	0	0	0	0	62.678	0	0	0	0	0	0	-2.778	0
2013	7	51.48	0	-1.595	0.05	0	0	0	0	0	0	0	53.274	0	0	0	0	0	-0.249	0
2013	8	47.009	0	-1.592	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	0.206	0
2013	9	51.101	2.314	-1.582	0.107	0	0	0	0	0	0	0	0	0	49.875	0	0	0	0.388	0
2013	10	65.824	15.237	-2.12	3.371	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0.676	0
2013	11	185.046	127.964	-4.374	16.855	0	0	0	0	0	0	0	0	0	0	0	44.421	0	0.18	0
2013	12	399.05	325.937	-8.014	39.081	0	0	0	0	0	0	0	0	0	0	0	0	43.514	-1.468	0
2014	1	525.126	449.12	-10.991	58.121	0	32.822	0	0	0	0	0	0	0	0	0	0	0	-3.946	0
2014	2	626.121	536.839	-11.621	63.425	0	0	40.155	0	0	0	0	0	0	0	0	0	0	-2.676	0
2014	3	529.709	445.898	-10.23	49.116	0	0	0	48.254	0	0	0	0	0	0	0	0	0	-3.33	0
2014	4	301.124	220.067	-6.932	27.231	0	0	0	0	62.486	0	0	0	0	0	0	0	0	-1.729	0
2014	5	138.473	64.984	-3.758	9.171	0	0	0	0	0	65.006	0	0	0	0	0	0	0	3.07	0
2014	6	69.184	5.282	-2.172	1.644	0	0	0	0	0	0	62.678	0	0	0	0	0	0	1.752	0
2014	7	52.119	0	-1.823	0.046	0	0	0	0	0	0	0	53.274	0	0	0	0	0	0.622	0
2014	8	46.881	0	-1.789	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	0.273	0
2014	9	50.244	0.951	-1.68	0.115	0	0	0	0	0	0	0	0	0	49.875	0	0	0	0.983	0
2014	10	67.094	16.2	-2.134	3.618	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0.75	0

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerD	Res_MA3Re	RDInc_PerH	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2014	11	175.95	117.673	-4.104	17.747	0	0	0	0	0	0	0	0	0	0	0	44.421	0	0.214	0
2014	12	388.507	311.212	-7.738	41.153	0	0	0	0	0	0	0	0	0	0	0	0	43.514	0.365	0

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerD	Res_MA3Re	RDInc_PerH	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2015	1	500.76	418.12	-10.946	61.468	0	32.822	0	0	0	0	0	0	0	0	0	0	0	-0.704	0
2015	2	637.812	546.161	-11.911	66.865	0	0	40.155	0	0	0	0	0	0	0	0	0	0	-3.458	0
2015	3	580.997	491.667	-9.199	51.374	0	0	0	48.254	0	0	0	0	0	0	0	0	0	-1.099	0
2015	4	294.77	210.695	-5.495	28.072	0	0	0	0	62.486	0	0	0	0	0	0	0	0	-0.988	0
2015	5	120.372	45.186	-2.644	9.297	0	0	0	0	0	65.006	0	0	0	0	0	0	0	3.527	0
2015	6	70.602	6.972	-1.4	1.634	0	0	0	0	0	0	62.678	0	0	0	0	0	0	0.717	0
2015	7	52.549	0.103	-1.064	0.045	0	0	0	0	0	0	0	53.274	0	0	0	0	0	0.191	0
2015	8	47.464	0	-0.929	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	-0.003	0
2015	9	49.094	0	-0.927	0.147	0	0	0	0	0	0	0	0	0	49.875	0	0	0	-0.001	0
2015	10	76.43	25.169	-1.264	3.864	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0	0
2015	11	138.289	77.609	-2.621	18.706	0	0	0	0	0	0	0	0	0	0	0	44.421	0	0.174	0
2015	12	251.523	168.018	-4.785	42.349	0	0	0	0	0	0	0	0	0	0	0	0	43.514	2.427	0
2016	1	390.291	300.256	-6.591	62.541	0	32.822	0	0	0	0	0	0	0	0	0	0	0	1.263	0
2016	2	513.975	417.823	-6.97	67.364	0	0	40.155	0	0	0	0	0	0	0	0	0	0	-4.397	0
2016	3	362.621	267.908	-5.762	52.035	0	0	0	48.254	0	0	0	0	0	0	0	0	0	0.186	0
2016	4	240.111	149.311	-3.71	28.915	0	0	0	0	62.486	0	0	0	0	0	0	0	0	3.108	0
2016	5	151.644	80.123	-1.91	9.71	0	0	0	0	0	65.006	0	0	0	0	0	0	0	-1.284	0
2016	6	76.83	13.38	-1.126	1.729	0	0	0	0	0	0	62.678	0	0	0	0	0	0	0.168	0
2016	7	52.704	0.073	-0.967	0.053	0	0	0	0	0	0	0	53.274	0	0	0	0	0	0.271	0
2016	8	47.535	0	-0.971	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	0.109	0
2016	9	49.126	0.033	-0.941	0.129	0	0	0	0	0	0	0	0	0	49.875	0	0	0	0.029	0
2016	10	66.137	14.978	-1.231	3.722	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0.008	0
2016	11	153.257	93.419	-2.478	18.41	0	0	0	0	0	0	0	0	0	0	0	44.421	0	-0.516	0
2016	12	340.554	258.7	-4.656	41.385	0	0	0	0	0	0	0	0	0	0	0	0	43.514	1.611	0
2017	1	473.424	386.368	-6.634	60.836	0	32.822	0	0	0	0	0	0	0	0	0	0	0	0.031	0
2017	2	444.009	344.024	-7.27	65.48	0	0	40.155	0	0	0	0	0	0	0	0	0	0	1.62	0
2017	3	394.686	300.687	-6.279	50.388	0	0	0	48.254	0	0	0	0	0	0	0	0	0	1.636	0
2017	4	270.005	183.992	-4.179	27.702	0	0	0	0	62.486	0	0	0	0	0	0	0	0	0.004	0
2017	5	120.899	45.898	-2.242	9.305	0	0	0	0	0	65.006	0	0	0	0	0	0	0	2.933	0
2017	6	76.307	14.977	-1.326	1.711	0	0	0	0	0	0	62.678	0	0	0	0	0	0	-1.732	0
2017	7	53.125	0.505	-1.128	0.062	0	0	0	0	0	0	0	53.274	0	0	0	0	0	0.413	0
2017	8	47.061	0	-1.121	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	-0.214	0
2017	9	50.04	1.198	-1.082	0.107	0	0	0	0	0	0	0	0	0	49.875	0	0	0	-0.057	0
2017	10	58.37	7.662	-1.391	3.387	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0.051	0
2017	11	151.593	92.446	-2.793	17.516	0	0	0	0	0	0	0	0	0	0	0	44.421	0	0.002	0
2017	12	355.805	278.654	-5.161	40.601	0	0	0	0	0	0	0	0	0	0	0	0	43.514	-1.803	0
2018	1	591.969	504.005	-7.253	61.502	0	32.822	0	0	0	0	0	0	0	0	0	0	0	0.893	0
2018	2	490.394	388.275	-7.826	67.727	0	0	40.155	0	0	0	0	0	0	0	0	0	0	2.063	0
2018	3	426.607	329.346	-7.074	52.874	0	0	0	48.254	0	0	0	0	0	0	0	0	0	3.208	0
2018	4	360.098	277.268	-4.895	29.474	0	0	0	0	62.486	0	0	0	0	0	0	0	0	-4.234	0
2018	5	152.821	80.017	-2.687	9.992	0	0	0	0	0	65.006	0	0	0	0	0	0	0	0.493	0
2018	6	72.034	6.762	-1.523	1.834	0	0	0	0	0	0	62.678	0	0	0	0	0	0	2.283	0
2018	7	53.077	0.388	-1.252	0.059	0	0	0	0	0	0	0	53.274	0	0	0	0	0	0.608	0
2018	8	47.052	0	-1.212	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	-0.132	0
2018	9	50.063	1.327	-1.226	0.119	0	0	0	0	0	0	0	0	0	49.875	0	0	0	-0.032	0
2018	10	67.078	17.292	-1.667	3.651	0	0	0	0	0	0	0	0	0	0	48.661	0	0	-0.86	0
2018	11	213.236	154.975	-3.524	18.564	0	0	0	0	0	0	0	0	0	0	0	44.421	0	-1.2	0
2018	12	420.921	342.394	-6.638	42.657	0	0	0	0	0	0	0	0	0	0	0	0	43.514	-1.006	0
2019	1	457.855	370.64	-9.43	63.495	0	32.822	0	0	0	0	0	0	0	0	0	0	0	0.329	0
2019	2	563.472	463.071	-10.327	69.235	0	0	40.155	0	0	0	0	0	0	0	0	0	0	1.338	0
2019	3	469.347	373.687	-9.022	53.513	0	0	0	48.254	0	0	0	0	0	0	0	0	0	2.915	0
2019	4	248.409	161.661	-6.064	29.548	0	0	0	0	62.486	0	0	0	0	0	0	0	0	0.777	0
2019	5	113.716	37.96	-3.269	9.984	0	0	0	0	0	65.006	0	0	0	0	0	0	0	4.036	0
2019	6	70.268	8.419	-1.9	1.8	0	0	0	0	0	0	62.678	0	0	0	0	0	0	-0.728	0
2019	7	51.755	0.222	-1.606	0.054	0	0	0	0	0	0	0	53.274	0	0	0	0	0	-0.189	0
2019	8	46.511	0	-1.594	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	-0.291	0
2019	9	48.268	0.237	-1.555	0.125	0	0	0	0	0	0	0	0	0	49.875	0	0	0	-0.413	0
2019	10	64.653	14.49	-2.056	3.81	0	0	0	0	0	0	0	0	0	0	48.661	0	0	-0.252	0

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerD	Res_MA3Re	RDInc_PerH	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2019	11	188.354	129.847	-4.147	18.674	0	0	0	0	0	0	0	0	0	0	0	44.421	0	-0.441	0
2019	12	403.087	324.735	-7.01	42.664	0	0	0	0	0	0	0	0	0	0	0	0	43.514	-0.817	0
2020	1	444.536	358.008	-8.789	62.999	0	32.822	0	0	0	0	0	0	0	0	0	0	0	-0.505	0
2020	2	452.658	350.93	-8.402	69.504	0	0	40.155	0	0	0	0	0	0	0	0	0	0	0.471	0
2020	3	369.744	272.815	-7.019	56.129	0	0	0	48.254	0	0	0	0	0	0	0	0	0	-0.435	0
2020	4	258.071	168.355	-4.599	33.133	0	0	0	0	62.486	0	0	0	0	0	0	0	0	-1.303	0
2020	5	188.124	115.713	-2.397	11.69	0	0	0	0	0	65.006	0	0	0	0	0	0	0	-1.886	0
2020	6	85.802	20.107	-1.341	2.16	0	0	0	0	0	0	62.678	0	0	0	0	0	0	2.198	0
2020	7	53.892	0	-1.084	0.065	0	0	0	0	0	0	0	53.274	0	0	0	0	0	1.638	0
2020	8	47.351	0	-1.031	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	-0.015	0
2020	9	51.727	2.912	-1.043	0.161	0	0	0	0	0	0	0	0	0	49.875	0	0	0	-0.178	0
2020	10	71.472	20.65	-1.445	4.124	0	0	0	0	0	0	0	0	0	0	48.661	0	0	-0.517	0
2020	11	160.158	98.053	-3.052	20.086	0	0	0	0	0	0	0	0	0	0	0	44.421	0	0.65	0
2020	12	330.494	242.726	-5.305	47.53	0	0	0	0	0	0	0	0	0	0	0	0	43.514	2.03	0
2021	1	487.152	387.94	-6.918	73.855	0	32.822	0	0	0	0	0	0	0	0	0	0	0	-0.548	0
2021	2	581.264	466.199	-6.962	82.434	0	0	40.155	0	0	0	0	0	0	0	0	0	0	-0.562	0
2021	3	451.347	349.762	-5.692	63.176	0	0	0	48.254	0	0	0	0	0	0	0	0	0	-4.154	0
2021	4	238.369	145.533	-3.608	33.732	0	0	0	0	62.486	0	0	0	0	0	0	0	0	0.225	0
2021	5	131.967	58.889	-1.836	11.01	0	0	0	0	0	65.006	0	0	0	0	0	0	0	-1.101	0
2021	6	82.97	18.428	-1.033	1.944	0	0	0	0	0	0	62.678	0	0	0	0	0	0	0.953	0
2021	7	51.42	0	-0.848	0.061	0	0	0	0	0	0	0	53.274	0	0	0	0	0	-1.068	0
2021	8	47.344	0	-0.816	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	-0.236	0
2021	9	49.09	0	-0.849	0.138	0	0	0	0	0	0	0	0	0	49.875	0	0	0	-0.075	0
2021	10	55.892	4.741	-1.186	3.938	0	0	0	0	0	0	0	0	0	0	48.661	0	0	-0.262	0
2021	11	171.792	94.647	-2.557	19.472	15.647	0	0	0	0	0	0	0	0	0	0	44.421	0	0.163	0
2021	12	337.801	244.77	-5.573	44.302	15.647	0	0	0	0	0	0	0	0	0	0	0	43.514	-4.858	0
2022	1	451.546	346.173	-8.943	65.346	15.647	32.822	0	0	0	0	0	0	0	0	0	0	0	0.5	0
2022	2	562.99	447.164	-10.836	70.621	15.647	0	40.155	0	0	0	0	0	0	0	0	0	0	0.239	0
2022	3	385.759	270.686	-8.425	54.495	15.647	0	0	48.254	0	0	0	0	0	0	0	0	0	5.101	0
2022	4	273.08	167.976	-5.071	30.151	15.647	0	0	0	62.486	0	0	0	0	0	0	0	0	1.891	0
2022	5	140.914	67.333	-2.451	10.147	0	0	0	0	0	65.006	0	0	0	0	0	0	0	0.88	0
2022	6	69.887	3.626	-1.663	1.81	0	0	0	0	0	0	62.678	0	0	0	0	0	0	3.436	0
2022	7	51.214	0	-1.614	0.055	0	0	0	0	0	0	0	53.274	0	0	0	0	0	-0.501	0
2022	8	46.25	0	-1.806	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	-0.34	0
2022	9	47.891	0.256	-1.814	0.135	0	0	0	0	0	0	0	0	0	49.875	0	0	0	-0.561	0
2022	10	80.969	31.606	-2.47	3.888	0	0	0	0	0	0	0	0	0	0	48.661	0	0	-0.716	0
2022	11	151.792	91.609	-5.188	19.361	0	0	0	0	0	0	0	0	0	0	0	44.421	0	1.589	0
2022	12	359.467	277.807	-9.225	44.161	0	0	0	0	0	0	0	0	0	0	0	0	43.514	3.21	0
2023	1	430.213	342.138	-12.375	65.9	0	32.822	0	0	0	0	0	0	0	0	0	0	0	1.727	0
2023	2	425.183	321.214	-12.861	72.453	0	0	40.155	0	0	0	0	0	0	0	0	0	0	4.221	0
2023	3	370.031	272.997	-9.844	56.819	0	0	0	48.254	0	0	0	0	0	0	0	0	0	1.805	0
2023	4	251.138	162.886	-5.852	31.937	0	0	0	0	62.486	0	0	0	0	0	0	0	0	-0.32	0
2023	5	134.978	64.894	-2.77	10.92	0	0	0	0	0	65.006	0	0	0	0	0	0	0	-3.071	0
2023	6	67.531	8.051	-1.519	2.003	0	0	0	0	0	0	62.678	0	0	0	0	0	0	-3.681	0
2023	7	51.904	0.606	-1.209	0.068	0	0	0	0	0	0	0	53.274	0	0	0	0	0	-0.835	0
2023	8	47.052	0	-1.129	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	-0.215	0
2023	9	49.09	0.728	-1.136	0.118	0	0	0	0	0	0	0	0	0	49.875	0	0	0	-0.495	0
2023	10	73.841	23.09	-1.526	3.748	0	0	0	0	0	0	0	0	0	0	48.661	0	0	-0.132	0
2023	11	179.733	119.183	-3.209	19.373	0	0	0	0	0	0	0	0	0	0	0	44.421	0	-0.035	0
2023	12	357.205	274.539	-5.593	44.754	0	0	0	0	0	0	0	0	0	0	0	0	43.514	-0.009	0
2024	1	505.346	412.44	-7.393	67.48	0	32.822	0	0	0	0	0	0	0	0	0	0	0	-0.002	0
2024	2	558.121	451.357	-7.479	74.089	0	0	40.155	0	0	0	0	0	0	0	0	0	0	-0.001	0
2024	3	454.675	354.204	-6.058	58.276	0	0	0	48.254	0	0	0	0	0	0	0	0	0	0	0
2024	4	293.147	201.324	-3.836	33.173	0	0	0	0	62.486	0	0	0	0	0	0	0	0	0	0
2024	5	143.872	69.35	-1.923	11.44	0	0	0	0	0	65.006	0	0	0	0	0	0	0	0	0
2024	6	76.763	13.04	-1.108	2.153	0	0	0	0	0	0	62.678	0	0	0	0	0	0	0	0
2024	7	52.89	0.465	-0.925	0.077	0	0	0	0	0	0	0	53.274	0	0	0	0	0	0	0
2024	8	47.482	0.004	-0.919	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	0	0

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerD	Res_MA3Re	RDInc_PerH	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2024	9	49.705	0.65	-0.928	0.108	0	0	0	0	0	0	0	0	0	49.875	0	0	0	0	0
2024	10	73.768	22.605	-1.245	3.747	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0	0
2024	11	179.873	118.428	-2.63	19.654	0	0	0	0	0	0	0	0	0	0	0	44.421	0	0	0
2024	12	364.299	279.674	-5.36	46.471	0	0	0	0	0	0	0	0	0	0	0	0	43.514	0	0
2025	1	507.851	414.255	-8.146	68.92	0	32.822	0	0	0	0	0	0	0	0	0	0	0	0	0
2025	2	555.901	450.204	-9.436	74.978	0	0	40.155	0	0	0	0	0	0	0	0	0	0	0	0
2025	3	445.65	347.001	-7.439	57.834	0	0	0	48.254	0	0	0	0	0	0	0	0	0	0	0
2025	4	281.722	191.649	-4.375	31.962	0	0	0	0	62.486	0	0	0	0	0	0	0	0	0	0
2025	5	137.907	64.255	-2.077	10.723	0	0	0	0	0	65.006	0	0	0	0	0	0	0	0	0
2025	6	74.837	11.438	-1.19	1.91	0	0	0	0	0	0	62.678	0	0	0	0	0	0	0	0
2025	7	52.621	0.319	-1.025	0.053	0	0	0	0	0	0	0	53.274	0	0	0	0	0	0	0
2025	8	47.368	0.006	-1.035	0.001	0	0	0	0	0	0	0	0	48.396	0	0	0	0	0	0
2025	9	49.871	0.9	-1.055	0.151	0	0	0	0	0	0	0	0	0	49.875	0	0	0	0	0
2025	10	77.164	25.673	-1.464	4.295	0	0	0	0	0	0	0	0	0	0	48.661	0	0	0	0
2025	11	184.685	122.825	-3.12	20.56	0	0	0	0	0	0	0	0	0	0	0	44.421	0	0	0
2025	12	366.049	281.382	-6.014	47.166	0	0	0	0	0	0	0	0	0	0	0	0	43.514	0	0

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerDay	Econ_Index	GC_MA3Re	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2012	1		1,504.41	1,350.13	-86.11	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0		0
2012	2	2,359.32	1,539.88	1,348.95	-98.58	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	-14.061	0
2012	3	1,714.98	1,050.73	1,349.42	-78.90	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	-22.238	0
2012	4	1,160.93	504.919	1,351.40	-50.715	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	-3.702	0
2012	5	719.849	251.532	1,354.24	-27.624	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	-20.489	0
2012	6	416.331	12.68	1,357.14	-17.858	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	-1.548	0
2012	7	358.781	0.824	1,358.96	-15.462	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	4.175	0
2012	8	316.834	0	1,358.41	-14.944	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	5.175	0
2012	9	338.637	1.169	1,355.11	-15.027	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	9.045	0
2012	10	563.94	197.658	1,351.17	-18.537	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	8.032	0
2012	11	1,004.99	588.076	1,349.49	-33.513	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	-7.647	0
2012	12	1,734.25	1,166.48	1,351.90	-58.887	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	-1.84	0
2013	1	2,261.23	1,574.45	1,356.84	-81.93	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	-1.172	0
2013	2	2,768.99	1,928.54	1,361.29	-89.71	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	-14.244	0
2013	3	2,267.54	1,584.53	1,363.63	-75.064	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	-21.521	0
2013	4	1,661.54	982.624	1,364.37	-50.075	0	0	0	0	-640.97	0	0	0	0	0.00	0	0	0	5.587	0
2013	5	776.82	281.04	1,364.64	-28.594	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	-2.467	0
2013	6	457.492	47.406	1,365.42	-19.18	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	-2.072	0
2013	7	363.811	0	1,366.79	-17.212	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	3.942	0
2013	8	324.526	0	1,368.57	-17.219	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	4.984	0
2013	9	361.584	9.976	1,370.44	-17.041	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	9.873	0
2013	10	450.236	65.701	1,372.07	-20.782	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	7.634	0
2013	11	1,002.55	551.773	1,373.07	-36.772	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	5.887	0
2013	12	1,987.36	1,405.42	1,373.34	-62.665	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	-5.326	0
2014	1	2,624.81	1,936.58	1,373.61	-83.82	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	-14.587	0
2014	2	3,173.03	2,314.81	1,374.78	-88.22	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	-11.47	0
2014	3	2,615.58	1,922.68	1,377.46	-78.818	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	-21.712	0
2014	4	1,637.92	948.913	1,381.27	-55.807	0	0	0	0	-640.97	0	0	0	0	0.00	0	0	0	4.518	0
2014	5	801.87	280.207	1,385.25	-33.68	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	7.895	0
2014	6	461.229	22.777	1,388.74	-22.265	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	6.058	0
2014	7	394.257	0	1,391.71	-19.676	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	11.939	0
2014	8	359.343	0	1,394.41	-19.349	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	16.093	0
2014	9	374.83	4.102	1,396.84	-18.092	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	3.642	0
2014	10	473.038	69.853	1,398.71	-20.863	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	-0.281	0
2014	11	986.05	507.397	1,399.58	-34.457	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	4.945	0
2014	12	1,949.77	1,341.93	1,399.35	-60.473	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	-7.628	0
2015	1	2,524.57	1,802.91	1,399.09	-83.46	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	-7.007	0
2015	2	3,228.69	2,355.01	1,400.14	-90.43	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	-19.15	0
2015	3	2,858.27	2,120.04	1,403.16	-70.90	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	-9.989	0
2015	4	1,647.37	908.501	1,407.00	-44.28	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	17.119	0
2015	5	757.56	194.84	1,409.52	-23.742	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	14.743	0
2015	6	491.327	30.064	1,409.51	-14.371	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	0.208	0
2015	7	409.979	0.446	1,408.23	-11.491	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	2.509	0
2015	8	360.275	0	1,407.81	-10.05	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	-5.674	0
2015	9	394.487	0	1,409.67	-9.971	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	6.457	0
2015	10	540.123	108.528	1,413.02	-12.317	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	5.272	0
2015	11	837.18	334.647	1,416.43	-21.948	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	-0.538	0
2015	12	1,389.07	724.481	1,418.78	-37.37	0	0	0	0	0	0	0	0	0	0	0	0	-723.41	6.588	0
2016	1	2,071.95	1,294.68	1,420.05	-50.24	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	-5.578	0
2016	2	2,733.09	1,801.63	1,420.52	-52.93	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	-19.251	0
2016	3	1,937.99	1,155.20	1,420.67	-44.41	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	-9.437	0
2016	4	1,403.56	643.818	1,421.31	-29.855	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	9.255	0
2016	5	899.58	345.485	1,423.42	-17.109	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	-14.41	0
2016	6	538.715	57.695	1,427.42	-11.537	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	-0.777	0
2016	7	434.109	0.316	1,432.16	-10.434	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	1.78	0
2016	8	392.517	0	1,436.02	-10.504	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	-1.186	0
2016	9	416.068	0.142	1,437.66	-10.13	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	0.064	0
2016	10	514.595	64.586	1,437.36	-12.043	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	-0.93	0

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerDay	Econ_Index	GC_MA3Re	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2016	11	927.34	402.817	1,435.84	-20.773	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	0.869	0
2016	12	1,789.63	1,115.50	1,433.75	-36.39	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	0.187	0

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerDay	Econ_Index	GC_MA3Re	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2017	1	2,458.42	1,665.99	1,431.83	-50.58	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	-1.862	0
2017	2	2,439.56	1,483.41	1,430.89	-55.20	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	-2.671	0
2017	3	2,090.03	1,296.54	1,431.39	-48.39	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	-5.475	0
2017	4	1,554.37	793.36	1,433.41	-33.671	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	2.237	0
2017	5	790.756	197.909	1,436.84	-20.121	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	13.933	0
2017	6	551.296	64.581	1,441.32	-13.587	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	-6.937	0
2017	7	447.146	2.175	1,445.94	-12.173	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	0.912	0
2017	8	404.426	0	1,449.68	-12.118	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	-1.327	0
2017	9	435.593	5.164	1,451.67	-11.661	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	2.085	0
2017	10	496.505	33.04	1,452.24	-13.682	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	-0.708	0
2017	11	934.999	398.62	1,451.99	-23.502	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	-0.697	0
2017	12	1,884.45	1,201.54	1,451.48	-40.398	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	-4.76	0
2018	1	2,983.42	2,173.24	1,451.18	-55.326	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	1.297	0
2018	2	2,663.57	1,674.22	1,451.50	-59.41	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	14.142	0
2018	3	2,244.64	1,420.12	1,452.72	-54.474	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	10.31	0
2018	4	1,970.88	1,195.56	1,454.83	-39.35	0	0	0	0	-640.97	0	0	0	0	0.00	0	0	0	0.813	0
2018	5	944.277	345.03	1,457.61	-24.01	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	3.457	0
2018	6	548.422	29.158	1,460.82	-15.575	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	8.105	0
2018	7	456.043	1.673	1,464.17	-13.515	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	-6.572	0
2018	8	418.806	0	1,467.41	-13.104	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	-3.687	0
2018	9	449.864	5.722	1,470.11	-13.209	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	-1.094	0
2018	10	551.999	74.564	1,471.97	-16.357	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	-3.795	0
2018	11	1,221.22	668.242	1,472.64	-29.621	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	1.367	0
2018	12	2,176.03	1,476.38	1,472.01	-51.922	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	2.968	0
2019	1	2,414.89	1,598.17	1,470.74	-71.93	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	4.86	0
2019	2	2,990.93	1,996.73	1,469.84	-78.39	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	19.623	0
2019	3	2,426.58	1,611.31	1,470.13	-69.497	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	-1.329	0
2019	4	1,461.05	697.072	1,472.53	-48.793	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	-18.783	0
2019	5	790.701	163.68	1,477.97	-29.249	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	16.109	0
2019	6	568.486	36.302	1,486.13	-19.455	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	-0.413	0
2019	7	484.944	0.955	1,493.16	-17.331	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	-2.126	0
2019	8	441.62	0	1,493.97	-17.235	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	-3.306	0
2019	9	458.452	1.021	1,487.13	-16.747	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	-1.291	0
2019	10	547.622	62.48	1,482.05	-20.114	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	-2.415	0
2019	11	1,123.83	559.894	1,491.27	-34.836	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	-1.094	0
2019	12	2,144.07	1,400.24	1,518.10	-54.8	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	3.938	0
2020	1	2,431.17	1,543.71	1,536.91	-67.02	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	4.539	0
2020	2	2,548.11	1,513.19	1,513.33	-63.79	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	2.262	0
2020	3	1,964.51	1,176.36	1,432.14	-54.06	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	-5.889	0
2020	4	1,382.81	725.935	1,331.75	-36.949	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	3.042	0
2020	5	911.77	498.945	1,272.90	-21.393	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	-0.878	0
2020	6	431.87	86.7	1,293.07	-13.699	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	-0.119	0
2020	7	372.284	0	1,362.66	-11.703	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	11.038	0
2020	8	396.353	0	1,429.27	-11.146	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	10.039	0
2020	9	433.497	12.557	1,453.48	-11.219	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	-9.659	0
2020	10	550.483	89.04	1,446.58	-14.082	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	3.326	0
2020	11	932.15	422.798	1,434.03	-25.553	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	-7.721	0
2020	12	1,731.14	1,046.62	1,434.50	-41.44	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	14.874	0
2021	1	2,483.41	1,672.77	1,446.12	-52.75	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	4.226	0
2021	2	3,012.17	2,010.22	1,459.38	-52.85	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	12.299	0
2021	3	2,356.56	1,508.15	1,468.48	-43.84	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	7.809	0
2021	4	1,448.24	627.53	1,473.40	-29.01	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	17.286	0
2021	5	872.702	253.924	1,475.58	-16.409	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	-2.585	0
2021	6	611.285	79.461	1,476.80	-10.571	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	-0.326	0
2021	7	470.116	0	1,478.45	-9.147	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	-9.469	0
2021	8	437.335	0	1,481.84	-8.827	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	-3.864	0
2021	9	467.423	0	1,487.66	-9.137	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	0.567	0
2021	10	524.263	20.444	1,495.29	-11.622	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	-5.462	0

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerDay	Econ_Index	GC_MA3Re	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2021	11	1,113.97	408.111	1,503.59	-21.489	111.884	0	0	0	0	0	0	0	0	0	0	-891.41	0	3.282	0
2021	12	1,894.57	1,055.43	1,511.41	-43.59	111.884	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	-17.161	0

BX

Usage per Customer per Day (cf)

Year	Month	Pred	HDD_PerDay	Econ_Index	GC_MA3Re	Winter202	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2022	1	2,465.08	1,492.67	1,517.58	-68.20	111.884	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	-1.901	0
2022	2	3,061.51	1,928.14	1,520.56	-82.27	111.884	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	0.064	0
2022	3	2,164.59	1,167.18	1,520.25	-64.91	111.884	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	14.222	0
2022	4	1,683.27	724.301	1,518.60	-40.815	111.884	0	0	0	-640.97	0	0	0	0	0	0	0	0	10.267	0
2022	5	948.58	290.337	1,518.57	-21.957	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	-0.559	0
2022	6	592.84	15.634	1,522.10	-17.048	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	6.23	0
2022	7	515.491	0	1,528.07	-17.42	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	-5.446	0
2022	8	479.858	0	1,534.33	-19.532	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	-3.125	0
2022	9	502.422	1.102	1,539.10	-19.526	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	-6.591	0
2022	10	671.722	136.282	1,542.88	-24.159	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	-8.9	0
2022	11	1,008.37	395.012	1,546.68	-43.499	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	1.588	0
2022	12	1,961.70	1,197.89	1,551.14	-72.107	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	8.193	0
2023	1	2,367.05	1,475.28	1,555.92	-94.37	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	17.189	0
2023	2	2,448.92	1,385.05	1,559.96	-97.62	0	0.00	-416.875	0	0	0	0	0	0	0	0.00	0	0	18.397	0
2023	3	2,143.69	1,177.14	1,563.01	-75.78	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	63.344	0
2023	4	1,532.03	702.355	1,565.53	-46.983	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	-47.899	0
2023	5	970.567	279.819	1,568.03	-24.696	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	-14.785	0
2023	6	646.171	34.714	1,570.97	-15.518	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	-9.911	0
2023	7	561.035	2.613	1,574.06	-13.041	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	-12.886	0
2023	8	518.689	0	1,576.86	-12.212	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	-14.149	0
2023	9	545.084	3.14	1,578.95	-12.242	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	-13.101	0
2023	10	688.977	99.563	1,580.57	-15.004	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	-1.774	0
2023	11	1,177.36	513.908	1,582.10	-27.004	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	-0.24	0
2023	12	2,000.35	1,183.79	1,583.78	-43.786	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	-0.033	0
2024	1	2,720.60	1,778.41	1,585.55	-56.40	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	-0.004	0
2024	2	3,059.70	1,946.22	1,587.13	-56.78	0	0.00	-416.875	0	0	0	0	0	0	0	0.00	0	0	-0.001	0
2024	3	2,485.05	1,527.30	1,588.41	-46.63	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	0	0
2024	4	1,785.77	868.094	1,589.41	-30.766	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	0	0
2024	5	1,034.28	299.034	1,590.16	-17.109	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	0	0
2024	6	701.575	56.226	1,590.72	-11.286	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	0	0
2024	7	593.445	2.004	1,591.14	-9.983	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	0	0
2024	8	549.775	0.019	1,591.50	-9.933	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	0	0
2024	9	572.989	2.803	1,591.85	-10	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	0	0
2024	10	703.045	97.472	1,592.22	-12.266	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	0	0
2024	11	1,189.74	510.655	1,592.64	-22.149	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	0	0
2024	12	2,033.73	1,205.94	1,593.11	-41.904	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	0	0
2025	1	2,730.74	1,786.24	1,593.59	-62.121	0	-586.964	0	0	0	0	0	0	0	0	0.00	0	0	0	0
2025	2	3,046.74	1,941.25	1,594.00	-71.64	0	0	-416.875	0	0	0	0	0	0	0	0.00	0	0	0	0
2025	3	2,449.23	1,496.24	1,594.35	-57.326	0	0	0	-584.037	0	0	0	0	0	0	0.00	0	0	0	0
2025	4	1,744.92	826.378	1,594.75	-35.232	0	0	0	0	-640.97	0	0	0	0	0	0	0	0	0	0
2025	5	1,015.96	277.064	1,595.32	-18.621	0	0	0	0	0	-837.805	0	0	0	0	0	0	0	0	0
2025	6	699.17	49.32	1,596.13	-12.199	0	0	0	0	0	0	-934.08	0	0	0	0	0	0	0	0
2025	7	597.605	1.376	1,597.01	-11.065	0	0	0	0	0	0	0	-989.712	0	0	0	0	0	0	0
2025	8	554.724	0.028	1,597.70	-11.195	0	0	0	0	0	0	0	0	-1,031.81	0	0	0	0	0	0
2025	9	578.908	3.883	1,598.04	-11.356	0	0	0	0	0	0	0	0	0	-1,011.66	0	0	0	0	0
2025	10	720.258	110.698	1,598.22	-14.28	0	0	0	0	0	0	0	0	0	0	-974.382	0	0	0	0
2025	11	1,210.53	529.612	1,598.51	-26.183	0	0	0	0	0	0	0	0	0	0	0	-891.41	0	0	0
2025	12	2,041.99	1,213.30	1,599.09	-46.995	0	0	0	0	0	0	0	0	0	0	0.00	0	-723.41	0	0

BX

Sales per Day (Mmcf)

Year	Month	Pred	HDD_PerDa	Jan	May	Feb	Mar	Apr	Jun	Jul	Aug	Sep	Oct	Nov	Dec	X-Missing
2016	1	0.391	0.443	-0.052	0	0	0	0	0	0	0	0	0	0	0	0.00
2016	2	0.748	0.616	0	0	0.132	0	0	0	0	0	0	0	0	0	0.00
2016	3	0.50	0.395	0	0	0	0.104	0	0	0	0	0	0	0	0	0.00
2016	4	0.42	0.22	0	0	0	0	0.202	0	0	0	0	0	0	0	0.00
2016	5	0.35	0.118	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2016	6	0.362	0.02	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2016	7	0.157	0	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2016	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2016	9	0.158	0	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2016	10	0.133	0.022	0	0	0	0	0	0	0	0	0	0.111	0	0	0
2016	11	0.13	0.138	0	0	0	0	0	0	0	0	0	0	-0.011	0	0
2016	12	0.34	0.381	0	0	0	0	0	0	0	0	0	0	0	-0.04	0.00
2017	1	0.52	0.57	-0.052	0	0	0	0	0	0	0	0	0	0	0	0.00
2017	2	0.64	0.507	0	0	0.132	0	0	0	0	0	0	0	0	0	0.00
2017	3	0.55	0.443	0	0	0	0.104	0	0	0	0	0	0	0	0	0.00
2017	4	0.47	0.271	0	0	0	0	0.202	0	0	0	0	0	0	0	0
2017	5	0.30	0.068	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2017	6	0.364	0.022	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2017	7	0.158	0.001	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2017	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2017	9	0.16	0.002	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2017	10	0.122	0.011	0	0	0	0	0	0	0	0	0	0.111	0	0	0
2017	11	0.13	0.136	0	0	0	0	0	0	0	0	0	0	-0.011	0	0
2017	12	0.37	0.411	0	0	0	0	0	0	0	0	0	0	0	-0.04	0.00
2018	1	0.69	0.743	-0.052	0	0	0	0	0	0	0	0	0	0	0	0.00
2018	2	0.70	0.572	0	0	0.132	0	0	0	0	0	0	0	0	0	0.00
2018	3	0.59	0.486	0	0	0	0.104	0	0	0	0	0	0	0	0	0.00
2018	4	0.61	0.409	0	0	0	0	0.202	0	0	0	0	0	0	0	0
2018	5	0.348	0.118	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2018	6	0.352	0.01	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2018	7	0.158	0.001	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2018	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2018	9	0.16	0.002	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2018	10	0.136	0.025	0	0	0	0	0	0	0	0	0	0.111	0	0	0
2018	11	0.22	0.228	0	0	0	0	0	0	0	0	0	0	-0.011	0	0
2018	12	0.47	0.505	0	0	0	0	0	0	0	0	0	0	0	-0.04	0
2019	1	0.50	0.546	-0.052	0	0	0	0	0	0	0	0	0	0	0	0.00
2019	2	0.81	0.683	0	0	0.132	0	0	0	0	0	0	0	0	0	0.00
2019	3	0.66	0.551	0	0	0	0.104	0	0	0	0	0	0	0	0	0.00
2019	4	0.44	0.238	0	0	0	0	0.202	0	0	0	0	0	0	0	0
2019	5	0.29	0.056	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2019	6	0.355	0.012	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2019	7	0.157	0	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2019	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2019	9	0.159	0	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2019	10	0.132	0.021	0	0	0	0	0	0	0	0	0	0.111	0	0	0
2019	11	0.18	0.191	0	0	0	0	0	0	0	0	0	0	-0.011	0	0
2019	12	0.44	0.479	0	0	0	0	0	0	0	0	0	0	0	-0.04	0.00
2020	1	0.48	0.528	-0.052	0	0	0	0	0	0	0	0	0	0	0	0.00
2020	2	0.65	0.517	0	0	0.132	0	0	0	0	0	0	0	0	0	0.00
2020	3	0.51	0.402	0	0	0	0.104	0	0	0	0	0	0	0	0	0.00
2020	4	0.45	0.248	0	0	0	0	0.202	0	0	0	0	0	0	0	0
2020	5	0.40	0.171	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2020	6	0.372	0.03	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2020	7	0.157	0	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2020	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2020	9	0.163	0.004	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2020	10	0.141	0.03	0	0	0	0	0	0	0	0	0	0.111	0	0	0
2020	11	0.13	0.145	0	0	0	0	0	0	0	0	0	0	-0.011	0	0

BX

Sales per Day (Mmcf)

Year	Month	Pred	HDD_PerDa	Jan	May	Feb	Mar	Apr	Jun	Jul	Aug	Sep	Oct	Nov	Dec	X-Missing
2020	12	0.32	0.358	0	0	0	0	0	0	0	0	0	0	0	-0.04	0.00

BX

Sales per Day (Mmcf)

Year	Month	Pred	HDD_PerDa	Jan	May	Feb	Mar	Apr	Jun	Jul	Aug	Sep	Oct	Nov	Dec	X-Missing
2021	1	0.52	0.572	-0.052	0	0	0	0	0	0	0	0	0	0	0	0.00
2021	2	0.82	0.687	0	0	0.132	0	0	0	0	0	0	0	0	0	0.00
2021	3	0.62	0.516	0	0	0	0.104	0	0	0	0	0	0	0	0	0.00
2021	4	0.42	0.215	0	0	0	0	0.202	0	0	0	0	0	0	0	0.00
2021	5	0.317	0.087	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2021	6	0.369	0.027	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2021	7	0.157	0	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2021	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2021	9	0.158	0	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2021	10	0.118	0.007	0	0	0	0	0	0	0	0	0	0.111	0	0	0
2021	11	0.129	0.14	0	0	0	0	0	0	0	0	0	0	-0.011	0	0
2021	12	0.32	0.361	0	0	0	0	0	0	0	0	0	0	0	-0.04	0
2022	1	0.46	0.51	-0.052	0	0	0	0	0	0	0	0	0	0	0	0.00
2022	2	0.79	0.659	0	0	0.132	0	0	0	0	0	0	0	0	0	0.00
2022	3	0.50	0.399	0	0	0	0.104	0	0	0	0	0	0	0	0	0.00
2022	4	0.45	0.248	0	0	0	0	0.202	0	0	0	0	0	0	0	0
2022	5	0.329	0.099	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2022	6	0.348	0.005	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2022	7	0.157	0	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2022	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2022	9	0.159	0	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2022	10	0.157	0.047	0	0	0	0	0	0	0	0	0	0.111	0	0	0
2022	11	0.12	0.135	0	0	0	0	0	0	0	0	0	0	-0.011	0	0
2022	12	0.37	0.41	0	0	0	0	0	0	0	0	0	0	0	-0.04	0.00
2023	1	0.45	0.504	-0.052	0	0	0	0	0	0	0	0	0	0	0	0.00
2023	2	0.61	0.474	0	0	0.132	0	0	0	0	0	0	0	0	0	0.00
2023	3	0.51	0.403	0	0	0	0.104	0	0	0	0	0	0	0	0	0.00
2023	4	0.44	0.24	0	0	0	0	0.202	0	0	0	0	0	0	0	0
2023	5	0.326	0.096	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2023	6	0.354	0.012	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2023	7	0.158	0.001	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2023	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2023	9	0.159	0.001	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2023	10	0.145	0.034	0	0	0	0	0	0	0	0	0	0.111	0	0	0
2023	11	0.17	0.176	0	0	0	0	0	0	0	0	0	0	-0.011	0	0
2023	12	0.36	0.405	0	0	0	0	0	0	0	0	0	0	0	-0.04	0.00
2024	1	0.557	0.608	-0.052	0	0	0	0	0	0	0	0	0	0	0	0
2024	2	0.797	0.665	0	0	0.132	0	0	0	0	0	0	0	0	0	0
2024	3	0.626	0.522	0	0	0	0.104	0	0	0	0	0	0	0	0	0
2024	4	0.499	0.297	0	0	0	0	0.202	0	0	0	0	0	0	0	0
2024	5	0.332	0.102	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2024	6	0.361	0.019	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2024	7	0.158	0.001	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2024	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2024	9	0.159	0.001	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2024	10	0.144	0.033	0	0	0	0	0	0	0	0	0	0.111	0	0	0
2024	11	0.164	0.175	0	0	0	0	0	0	0	0	0	0	-0.011	0	0
2024	12	0.372	0.412	0	0	0	0	0	0	0	0	0	0	0	-0.04	0
2025	1	0.559	0.611	-0.052	0	0	0	0	0	0	0	0	0	0	0	0
2025	2	0.795	0.664	0	0	0.132	0	0	0	0	0	0	0	0	0	0
2025	3	0.615	0.512	0	0	0	0.104	0	0	0	0	0	0	0	0	0
2025	4	0.485	0.283	0	0	0	0	0.202	0	0	0	0	0	0	0	0
2025	5	0.325	0.095	0	0.23	0	0	0	0	0	0	0	0	0	0	0
2025	6	0.359	0.017	0	0	0	0	0	0.342	0	0	0	0	0	0	0
2025	7	0.158	0	0	0	0	0	0	0	0.157	0	0	0	0	0	0
2025	8	0.13	0	0	0	0	0	0	0	0	0.13	0	0	0	0	0
2025	9	0.16	0.001	0	0	0	0	0	0	0	0	0.158	0	0	0	0
2025	10	0.149	0.038	0	0	0	0	0	0	0	0	0	0.111	0	0	0

BX

Sales per Day (Mmcf)

Year	Month	Pred	HDD_PerDa	Jan	May	Feb	Mar	Apr	Jun	Jul	Aug	Sep	Oct	Nov	Dec	X-Missing
2025	11	0.17	0.181	0	0	0	0	0	0	0	0	0	0	-0.011	0	0
2025	12	0.375	0.415	0	0	0	0	0	0	0	0	0	0	0	-0.04	0

BX
DPL Sendout (Mmcf)

Year	Month	Pred	TDDSpline	HDDSpline	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2018	10		20.395	18.073	0	0	0	0	0	0	0	0	0	384.242	0	0		0
2018	11		0	55.084	0	0	0	0	0	0	0	0	0	0	377.892	0		0
2018	12		0	69.103	0	0	0	0	0	0	0	0	0	0	0	373.441		0
2019	1		0	92.156	409.27	0	0	0	0	0	0	0	0	0	0	0		0
2019	2		0	73.268	0	369.859	0	0	0	0	0	0	0	0	0	0		0
2019	3		0	59.982	0	0	396.042	0	0	0	0	0	0	0	0	0		0
2019	4		0	13.492	0	0	0	361.802	0	0	0	0	0	0	0	0		0
2019	5		28.106	5.055	0	0	0	0	355.529	0	0	0	0	0	0	0		0
2019	6		95.312	0.097	0	0	0	0	0	296.266	0	0	0	0	0	0		0
2019	7		304.147	0	0	0	0	0	0	0	308.469	0	0	0	0	0		0
2019	8		200.679	0	0	0	0	0	0	0	0	248.352	0	0	0	0		0
2019	9		62.203	0.132	0	0	0	0	0	0	0	0	343.283	0	0	0		0
2019	10	406.66	10.559	8.129	0	0	0	0	0	0	0	0	0	384.242	0	0	3.732	0
2019	11	438.79	0	54.855	0	0	0	0	0	0	0	0	0	0	377.892	0	6.039	0
2019	12	438.46	0	74.191	0	0	0	0	0	0	0	0	0	0	0	373.441	-9.173	0
2020	1	478.05	0	72.676	409.27	0	0	0	0	0	0	0	0	0	0	0	-3.895	0
2020	2	434.02	0	63.055	0	369.859	0	0	0	0	0	0	0	0	0	0	1.108	0
2020	3	421.49	0	39.887	0	0	396.042	0	0	0	0	0	0	0	0	0	-14.441	0
2020	4	376.722	0	29.024	0	0	0	361.802	0	0	0	0	0	0	0	0	-14.104	0
2020	5	363.779	12.97	10.575	0	0	0	0	355.529	0	0	0	0	0	0	0	-15.294	0
2020	6	423.782	129.698	0.076	0	0	0	0	0	296.266	0	0	0	0	0	0	-2.258	0
2020	7	652.63	340.317	0	0	0	0	0	0	0	308.469	0	0	0	0	0	3.843	0
2020	8	490.922	225.79	0	0	0	0	0	0	0	0	248.352	0	0	0	0	16.78	0
2020	9	399.34	59.702	1.831	0	0	0	0	0	0	0	0	343.283	0	0	0	-5.477	0
2020	10	394.56	0	11.006	0	0	0	0	0	0	0	0	0	384.242	0	0	-0.684	0
2020	11	410.62	0	28.552	0	0	0	0	0	0	0	0	0	0	377.892	0	4.172	0
2020	12	441.38	0	73.403	0	0	0	0	0	0	0	0	0	0	0	373.441	-5.469	0
2021	1	496.62	0	85.333	409.27	0	0	0	0	0	0	0	0	0	0	0	2.015	0
2021	2	455.06	0	82.043	0	369.859	0	0	0	0	0	0	0	0	0	0	3.16	0
2021	3	448.676	0	45.945	0	0	396.042	0	0	0	0	0	0	0	0	0	6.689	0
2021	4	378.276	0.78	20.167	0	0	0	361.802	0	0	0	0	0	0	0	0	-4.473	0
2021	5	386.019	22.234	6.9	0	0	0	0	355.529	0	0	0	0	0	0	0	1.357	0
2021	6	460.647	148.738	0	0	0	0	0	0	296.266	0	0	0	0	0	0	15.644	0
2021	7	555.038	256.633	0	0	0	0	0	0	0	308.469	0	0	0	0	0	-10.065	0
2021	8	518.636	252.983	0	0	0	0	0	0	0	0	248.352	0	0	0	0	17.301	0
2021	9	418.32	67.9	0.139	0	0	0	0	0	0	0	0	343.283	0	0	0	6.994	0
2021	10	402.02	3.829	4.615	0	0	0	0	0	0	0	0	0	384.242	0	0	9.337	0
2021	11	431.62	0	44.676	0	0	0	0	0	0	0	0	0	0	377.892	0	9.052	0
2021	12	421.92	0	50.257	0	0	0	0	0	0	0	0	0	0	0	373.441	-1.773	0
2022	1	518.28	0	96.421	409.27	0	0	0	0	0	0	0	0	0	0	0	12.587	0
2022	2	438.00	0	63.973	0	369.859	0	0	0	0	0	0	0	0	0	0	4.17	0
2022	3	454.73	0	43.04	0	0	396.042	0	0	0	0	0	0	0	0	0	15.651	0
2022	4	387.55	0	22.998	0	0	0	361.802	0	0	0	0	0	0	0	0	2.751	0
2022	5	409.427	42.02	3.612	0	0	0	0	355.529	0	0	0	0	0	0	0	8.266	0
2022	6	396.311	96.035	0	0	0	0	0	0	296.266	0	0	0	0	0	0	4.011	0
2022	7	654.794	339.932	0	0	0	0	0	0	0	308.469	0	0	0	0	0	6.392	0
2022	8	509.311	307.013	0	0	0	0	0	0	0	0	248.352	0	0	0	0	-46.054	0
2022	9	404.79	75.921	0.748	0	0	0	0	0	0	0	0	343.283	0	0	0	-15.164	0
2022	10	387.35	0	14.12	0	0	0	0	0	0	0	0	0	384.242	0	0	-11.014	0
2022	11	410.12	0	36.177	0	0	0	0	0	0	0	0	0	0	377.892	0	-3.952	0
2022	12	458.07	0	76.702	0	0	0	0	0	0	0	0	0	0	0	373.441	7.925	0
2023	1	448.73	0	58.239	409.27	0	0	0	0	0	0	0	0	0	0	0	-18.783	0
2023	2	427.51	0	53.856	0	369.859	0	0	0	0	0	0	0	0	0	0	3.791	0
2023	3	439.35	0	51.698	0	0	396.042	0	0	0	0	0	0	0	0	0	-8.389	0
2023	4	395.235	0	15.139	0	0	0	361.802	0	0	0	0	0	0	0	0	18.294	0
2023	5	377.638	23.036	5.513	0	0	0	0	355.529	0	0	0	0	0	0	0	-6.44	0
2023	6	386.795	119.569	0.381	0	0	0	0	0	296.266	0	0	0	0	0	0	-29.421	0
2023	7	563.073	251.026	0.001	0	0	0	0	0	0	308.469	0	0	0	0	0	3.577	0
2023	8	483.6	199.756	0.018	0	0	0	0	0	0	0	248.352	0	0	0	0	35.474	0

BX
DPL Sendout (Mmcf)

Year	Month	Pred	TDDSpline	HDDSpline	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2023	9	421.11	60.9	1.098	0	0	0	0	0	0	0	0	343.283	0	0	0	15.833	0
2023	10	405.05	5.326	13.894	0	0	0	0	0	0	0	0	0	384.242	0	0	1.592	0
2023	11	401.694	0.043	41.626	0	0	0	0	0	0	0	0	0	0	377.892	0	-17.867	0
2023	12	450.465	0	72.942	0	0	0	0	0	0	0	0	0	0	0	373.441	4.083	0
2024	1	509.617	0	91.631	409.27	0	0	0	0	0	0	0	0	0	0	0	8.716	0
2024	2	429.869	0	77.996	0	369.859	0	0	0	0	0	0	0	0	0	0	-17.987	0
2024	3	438.898	0	56.532	0	0	396.042	0	0	0	0	0	0	0	0	0	-13.676	0
2024	4	368.236	1.761	22.632	0	0	0	361.802	0	0	0	0	0	0	0	0	-17.958	0
2024	5	387.693	23.036	5.513	0	0	0	0	355.529	0	0	0	0	0	0	0	3.615	0
2024	6	432.733	119.569	0.381	0	0	0	0	0	296.266	0	0	0	0	0	0	16.517	0
2024	7	557.488	251.026	0.001	0	0	0	0	0	0	308.469	0	0	0	0	0	-2.008	0
2024	8	428.21	199.756	0.018	0	0	0	0	0	0	0	248.352	0	0	0	0	-19.915	0
2024	9	396.392	60.9	1.098	0	0	0	0	0	0	0	0	343.283	0	0	0	-8.889	0
2024	10	402.568	5.326	13.894	0	0	0	0	0	0	0	0	0	384.242	0	0	-0.894	0
2024	11	429.591	0.043	41.626	0	0	0	0	0	0	0	0	0	0	377.892	0	10.031	0
2024	12	444.091	0	72.942	0	0	0	0	0	0	0	0	0	0	0	373.441	-2.292	0
2025	1	496.008	0	91.631	409.27	0	0	0	0	0	0	0	0	0	0	0	-4.893	0
2025	2	455.623	0	75.666	0	369.859	0	0	0	0	0	0	0	0	0	0	10.098	0
2025	3	460.252	0	56.532	0	0	396.042	0	0	0	0	0	0	0	0	0	7.678	0
2025	4	373.431	1.761	22.632	0	0	0	361.802	0	0	0	0	0	0	0	0	-12.763	0
2025	5	382.048	23.036	5.513	0	0	0	0	355.529	0	0	0	0	0	0	0	-2.03	0
2025	6	406.943	119.569	0.381	0	0	0	0	0	296.266	0	0	0	0	0	0	-9.273	0
2025	7	560.623	251.026	0.001	0	0	0	0	0	0	308.469	0	0	0	0	0	1.127	0
2025	8	459.306	199.756	0.018	0	0	0	0	0	0	0	248.352	0	0	0	0	11.181	0
2025	9	410.271	60.9	1.098	0	0	0	0	0	0	0	0	343.283	0	0	0	4.99	0
2025	10	403.964	5.326	13.894	0	0	0	0	0	0	0	0	0	384.242	0	0	0.502	0
2025	11	413.93	0.043	41.626	0	0	0	0	0	0	0	0	0	0	377.892	0	-5.631	0
2025	12	447.67	0	72.942	0	0	0	0	0	0	0	0	0	0	0	373.441	1.287	0

BX
Non-DPL Sendout (Mmcf)

Year	Month	Pred	FallHDD	WinterHD	SpringHDD	EMP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2012	1		0	434.5	0	557.90	1,148.90	0	0	0	0	0	0	0	0	0	0	0		0
2012	2	2,016.30	0.00	344.7	0.00	558.7	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	44	0
2012	3	1,800.50	0.00	0	428.1	558.9	0	0.00	785.7	0	0	0	0	0	0	0	0	0	27.8	0
2012	4	1,585.00	0.00	0	260.4	558.8	0	0	0.00	759.3	0	0	0	0	0	0	0	0	6.4	0
2012	5	1,357.40	0.00	0	24.8	558.7	0	0	0	0.00	760.6	0	0	0	0	0	0	0	13.3	0
2012	6	1,269.00	0.00	0	0	558.8	0	0	0	0	0.00	709.6	0	0	0	0	0	0	0.6	0
2012	7	1,181.40	0.00	0	0	559.1	0	0	0	0	0	0.00	646.4	0	0	0	0	0	-24	0
2012	8	1,223.60	0.00	0	0	559.3	0	0	0	0	0	0	0.00	719.3	0	0	0	0	-55.1	0
2012	9	1,238.70	6.60	0	0	559.5	0	0	0	0	0	0	0	0.00	680.7	0	0	0	-8.1	0
2012	10	1,532.30	142.20	0	0	559.6	0	0	0	0	0	0	0	0	0.00	832.2	0	0	-1.8	0
2012	11	2,008.30	621.00	0	0	559.9	0	0	0	0	0	0	0	0	0	0.00	823.9	0	3.5	0
2012	12	2,091.20	0.00	334.7	0	560.4	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	16.5	0
2013	1	2,179.30	0.00	459	0	560.90	1,148.90	0	0	0	0	0	0	0	0	0	0	0	10.6	0
2013	2	2,161.20	0.00	438.9	0.00	561.2	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	92.2	0
2013	3	2,287.60	0.00	0	882.5	561.1	0	0.00	785.7	0	0	0	0	0	0	0	0	0	58.3	0
2013	4	1,694.60	0.00	0	309.5	561	0	0	0.00	759.3	0	0	0	0	0	0	0	0	64.8	0
2013	5	1,406.70	0.00	0	78.9	561	0	0	0	0.00	760.6	0	0	0	0	0	0	0	6.3	0
2013	6	1,259.70	0.00	0	0	561.5	0	0	0	0	0.00	709.6	0	0	0	0	0	0	-11.3	0
2013	7	1,182.50	0.00	0	0	562.2	0	0	0	0	0	0.00	646.4	0	0	0	0	0	-26.1	0
2013	8	1,272.10	0.00	0	0	562.8	0	0	0	0	0	0	0.00	719.3	0	0	0	0	-10	0
2013	9	1,257.60	19.00	0	0	563.1	0	0	0	0	0	0	0	0.00	680.7	0	0	0	-5.2	0
2013	10	1,552.00	146.40	0	0	563.2	0	0	0	0	0	0	0	0	0.00	832.2	0	0	10.2	0
2013	11	1,952.90	580.00	0	0	563.4	0	0	0	0	0	0	0	0	0	0.00	823.9	0	-14.5	0
2013	12	2,133.60	0.00	418.3	0	563.9	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	-28.3	0
2014	1	2,292.20	0.00	614	0.00	564.60	1,148.90	0	0	0	0	0	0	0	0	0	0	0	-35.2	0
2014	2	1,923.50	0.00	499.9	0.00	565.5	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	-210.8	0
2014	3	2,407.80	0.00	0	991.5	566.6	0	0.00	785.7	0	0	0	0	0	0	0	0	0	64	0
2014	4	1,674.90	0.00	0	318.4	567.6	0	0	0.00	759.3	0	0	0	0	0	0	0	0	29.6	0
2014	5	1,362.60	0.00	0	34.2	568.4	0	0	0	0.00	760.6	0	0	0	0	0	0	0	-0.5	0
2014	6	1,268.50	0.00	0	0	568.8	0	0	0	0	0.00	709.6	0	0	0	0	0	0	-9.9	0
2014	7	1,208.60	0.00	0	0	569.2	0	0	0	0	0	0.00	646.4	0	0	0	0	0	-6.9	0
2014	8	1,262.70	0.00	0	0	569.8	0	0	0	0	0	0	0.00	719.3	0	0	0	0	-26.4	0
2014	9	1,238.90	7.20	0	0	570.9	0	0	0	0	0	0	0	0.00	680.7	0	0	0	-19.8	0
2014	10	1,481.90	108.30	0	0	571.9	0	0	0	0	0	0	0	0	0.00	832.2	0	0	-30.6	0
2014	11	1,958.00	600.60	0	0	572.4	0	0	0	0	0	0	0	0	0	0.00	823.9	0	-38.9	0
2014	12	2,108.70	0.00	368.6	0	571.9	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	-11.5	0
2015	1	2,324.70	0.00	571.7	0	571.20	1,148.90	0	0	0	0	0	0	0	0	0	0	0	32.9	0
2015	2	2,302.90	0.00	606.7	0	571.1	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	56.2	0
2015	3	2,321.00	0.00	0	972.6	572.3	0	0.00	785.7	0	0	0	0	0	0	0	0	0	-9.6	0
2015	4	1,606.10	0.00	0	251.2	574.1	0	0	0.00	759.3	0	0	0	0	0	0	0	0	21.5	0
2015	5	1,385.20	0.00	0	22.1	575.6	0	0	0	0.00	760.6	0	0	0	0	0	0	0	26.9	0
2015	6	1,268.50	0.00	0	0	576.2	0	0	0	0	0.00	709.6	0	0	0	0	0	0	-17.3	0
2015	7	1,164.70	0.00	0	0	576.3	0	0	0	0	0	0.00	646.4	0	0	0	0	0	-57.9	0
2015	8	1,302.30	0.00	0	0	576.5	0	0	0	0	0	0	0.00	719.3	0	0	0	0	6.4	0
2015	9	1,239.00	0.00	0	0	577.5	0	0	0	0	0	0	0	0.00	680.7	0	0	0	-19.3	0
2015	10	1,543.10	154.60	0	0	578.9	0	0	0	0	0	0	0	0	0.00	832.2	0	0	-22.6	0
2015	11	1,703.10	294.20	0	0	580.2	0	0	0	0	0	0	0	0	0	0.00	823.9	0	4.8	0
2015	12	1,914.30	0.00	182.1	0	581	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	-28.5	0
2016	1	2,179.10	0.00	502.4	0	581.50	1,148.90	0	0	0	0	0	0	0	0	0	0	0	-53.6	0
2016	2	2,049.30	0.00	387.2	0	581.7	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	11.5	0
2016	3	1,852.20	0.00	0	475	582.1	0	0.00	785.7	0	0	0	0	0	0	0	0	0	9.4	0
2016	4	1,663.60	0.00	0	323.9	582.7	0	0	0.00	759.3	0	0	0	0	0	0	0	0	-2.3	0
2016	5	1,481.40	0.00	0	121.4	583.9	0	0	0	0.00	760.6	0	0	0	0	0	0	0	15.5	0
2016	6	1,275.00	0.00	0	0	585.5	0	0	0	0	0.00	709.6	0	0	0	0	0	0	-20.1	0
2016	7	1,226.80	0.00	0	0	587.3	0	0	0	0	0	0.00	646.4	0	0	0	0	0	-6.9	0
2016	8	1,302.80	0.00	0	0	588.6	0	0	0	0	0	0	0.00	719.3	0	0	0	0	-5.1	0
2016	9	1,246.60	4.30	0	0	589	0	0	0	0	0	0	0	0.00	680.7	0	0	0	-27.5	0
2016	10	1,545.10	125.00	0	0	588.9	0	0	0	0	0	0	0	0	0.00	832.2	0	0	-1.1	0
2016	11	1,761.90	384.70	0	0	588.9	0	0	0	0	0	0	0	0	0	0.00	823.9	0	-35.7	0

BX
Non-DPL Sendout (Mmcf)

Year	Month	Pred	FallHDD	WinterHD	SpringHDD	EMP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2016	12	2,171.50	0.00	412.5	0	589.4	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	-10.2	0
2017	1	2,182.90	0.00	420.1	0	590.30	1,148.90	0	0	0	0	0	0	0	0	0	0	0	23.6	0

BX
Non-DPL Sendout (Mmcf)

Year	Month	Pred	FallHDD	WinterHD	SpringHDD	EMP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2017	2	1,967.10	0.00	294.4	0.00	591.2	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	12.6	0
2017	3	2,223.80	0.00	0	864.9	591.9	0	0.00	785.7	0	0	0	0	0	0	0	0	0	-18.7	0
2017	4	1,486.30	0.00	0	175.2	592.50	0	0	0.00	759.3	0	0	0	0	0	0	0	0	-40.7	0
2017	5	1,441.70	0.00	0	91.5	593.1	0	0	0	0.00	760.6	0	0	0	0	0	0	0	-3.5	0
2017	6	1,333.20	0.00	0	0	593.6	0	0	0	0	0.00	709.6	0	0	0	0	0	0	30	0
2017	7	1,253.60	0.00	0	0	594.2	0	0	0	0	0	0.00	646.4	0	0	0	0	0	13.1	0
2017	8	1,301.60	0.00	0	0	594.7	0	0	0	0	0	0	0.00	719.3	0	0	0	0	-12.4	0
2017	9	1,287.80	6.70	0	0	595.2	0	0	0	0	0	0	0	0.00	680.7	0	0	0	5.3	0
2017	10	1,534.30	71.30	0	0	595.5	0	0	0	0	0	0	0	0	0.00	832.2	0	0	35.3	0
2017	11	1,940.10	484.30	0	0	595.7	0	0	0	0	0	0	0	0	0	0.00	823.9	0	36.2	0
2017	12	2,283.60	0.00	468.4	0	595.7	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	39.7	0
2018	1	2,253.70	0.00	533.6	0	595.90	1,148.90	0	0	0	0	0	0	0	0	0	0	0	-24.7	0
2018	2	1,981.80	0.00	322.7	0.00	596.4	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	-6.2	0
2018	3	2,292.80	0.00	0	967.10	597.3	0	0.00	785.7	0	0	0	0	0	0	0	0	0	-57.3	0
2018	4	1,782.40	0.00	0	474.7	598.40	0	0	0.00	759.3	0	0	0	0	0	0	0	0	-50.1	0
2018	5	1,391.10	0.00	0	26.9	599.5	0	0	0	0.00	760.6	0	0	0	0	0	0	0	4.2	0
2018	6	1,294.60	0.00	0	0	600.2	0	0	0	0	0.00	709.6	0	0	0	0	0	0	-15.1	0
2018	7	1,250.30	0.00	0	0	600.6	0	0	0	0	0	0.00	646.4	0	0	0	0	0	3.3	0
2018	8	1,369.30	0.00	0	0	601.2	0	0	0	0	0	0	0.00	719.3	0	0	0	0	48.8	0
2018	9	1,322.30	7.20	0	0	602.1	0	0	0	0	0	0	0	0.00	680.7	0	0	0	32.3	0
2018	10	1,702.40	208.80	0	0	603.2	0	0	0	0	0	0	0	0	0.00	832.2	0	0	58.2	0
2018	11	2,116.60	636.40	0	0	604.2	0	0	0	0	0	0	0	0	0	0.00	823.9	0	52	0
2018	12	2,201.00	0.00	386.4	0	605	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	29.9	0
2019	1	2,329.70	0.00	515.3	0	605.60	1,148.90	0	0	0	0	0	0	0	0	0	0	0	59.9	0
2019	2	2,132.00	0.00	409.7	0	605.8	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	47.6	0
2019	3	2,193.60	0.00	0	804.4	605.8	0	0.00	785.7	0	0	0	0	0	0	0	0	0	-2.2	0
2019	4	1,574.50	0.00	0	180.9	606	0	0	0.00	759.3	0	0	0	0	0	0	0	0	28.2	0
2019	5	1,495.50	0.00	0	67.8	607.4	0	0	0	0.00	760.6	0	0	0	0	0	0	0	59.7	0
2019	6	1,371.80	0.00	0	0	610	0	0	0	0	0.00	709.6	0	0	0	0	0	0	52.2	0
2019	7	1,283.60	0.00	0	0	612.2	0	0	0	0	0	0.00	646.4	0	0	0	0	0	25.1	0
2019	8	1,360.00	0.00	0	0	611.4	0	0	0	0	0	0	0.00	719.3	0	0	0	0	29.2	0
2019	9	1,334.50	1.50	0	0	607.3	0	0	0	0	0	0	0	0.00	680.7	0	0	0	44.9	0
2019	10	1,507.70	93.90	0	0	604.4	0	0	0	0	0	0	0	0	0.00	832.2	0	0	-22.9	0
2019	11	2,039.90	633.80	0	0	609	0	0	0	0	0	0	0	0	0	0.00	823.9	0	-26.8	0
2019	12	2,174.40	0.00	414.8	0	622.6	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	-42.7	0
2020	1	2,176.10	0.00	406.4	0	632.70	1,148.90	0	0	0	0	0	0	0	0	0	0	0	-11.8	0
2020	2	2,016.30	0.00	352.6	0	622.3	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	-27.5	0
2020	3	1,889.40	0.00	0	534.9	583.8	0	0.00	785.7	0	0	0	0	0	0	0	0	0	-14.9	0
2020	4	1,649.70	0.00	0	389.2	535	0	0	0.00	759.3	0	0	0	0	0	0	0	0	-33.8	0
2020	5	1,318.50	0.00	0	141.8	504.5	0	0	0	0.00	760.6	0	0	0	0	0	0	0	-88.4	0
2020	6	1,225.50	0.00	0	0	510.1	0	0	0	0	0.00	709.6	0	0	0	0	0	0	5.9	0
2020	7	1,174.80	0.00	0	0	538.8	0	0	0	0	0	0.00	646.4	0	0	0	0	0	-10.4	0
2020	8	1,299.80	0.00	0	0	567.3	0	0	0	0	0	0	0.00	719.3	0	0	0	0	13.2	0
2020	9	1,294.70	21.20	0	0	578.2	0	0	0	0	0	0	0	0.00	680.7	0	0	0	14.7	0
2020	10	1,543.20	127.20	0	0	575.8	0	0	0	0	0	0	0	0	0.00	832.2	0	0	8	0
2020	11	1,801.20	329.90	0	0	571	0	0	0	0	0	0	0	0	0	0.00	823.9	0	76.4	0
2020	12	2,217.10	0.00	410.4	0	571.5	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	55.5	0
2021	1	2,238.30	0.00	477.1	0	576.50	1,148.90	0	0	0	0	0	0	0	0	0	0	0	35.8	0
2021	2	2,131.90	0.00	458.7	0.00	581.8	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	22.4	0
2021	3	2,007.30	0.00	0	616.1	584.9	0	0.00	785.7	0	0	0	0	0	0	0	0	0	20.6	0
2021	4	1,632.90	0.00	0	270.5	586.30	0	0	0.00	759.3	0	0	0	0	0	0	0	0	16.8	0
2021	5	1,450.90	0.00	0	92.5	587.4	0	0	0	0.00	760.6	0	0	0	0	0	0	0	10.4	0
2021	6	1,298.50	0.00	0	0	589.4	0	0	0	0	0.00	709.6	0	0	0	0	0	0	-0.4	0
2021	7	1,241.30	0.00	0	0	591.8	0	0	0	0	0	0.00	646.4	0	0	0	0	0	3.1	0
2021	8	1,349.40	0.00	0	0	594.2	0	0	0	0	0	0	0.00	719.3	0	0	0	0	35.9	0
2021	9	1,281.90	1.60	0	0	596	0	0	0	0	0	0	0	0.00	680.7	0	0	0	3.6	0
2021	10	1,466.00	53.30	0	0	597.8	0	0	0	0	0	0	0	0	0.00	832.2	0	0	-17.3	0
2021	11	1,915.50	516.20	0	0	600.1	0	0	0	0	0	0	0	0	0	0.00	823.9	0	-24.8	0
2021	12	2,086.70	0.00	281	0	603.6	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	22.4	0

BX
Non-DPL Sendout (Mmcf)

Year	Month	Pred	FallHDD	WinterHD	SpringHDD	EMP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	ARMA	X-Missing
2022	1	2,306.70	0.00	539.1	0	607.50	1,148.90	0	0	0	0	0	0	0	0	0	0	0	11.3	0
2022	2	2,065.30	0.00	357.7	0	610.7	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	28	0
2022	3	1,976.70	0.00	0	577.2	612.8	0	0.00	785.7	0	0	0	0	0	0	0	0	0	1.1	0
2022	4	1,689.80	0.00	0	308.4	614.2	0	0	0.00	759.3	0	0	0	0	0	0	0	0	7.9	0
2022	5	1,407.00	0.00	0	48.4	615.5	0	0	0	0.00	760.6	0	0	0	0	0	0	0	-17.5	0
2022	6	1,321.70	0.00	0	0	617.2	0	0	0	0	0.00	709.6	0	0	0	0	0	0	-5	0
2022	7	1,356.40	0.00	0	0	619.1	0	0	0	0	0	0.00	646.4	0	0	0	0	0	91	0
2022	8	1,316.60	0.00	0	0	620.7	0	0	0	0	0	0	0.00	719.3	0	0	0	0	-23.3	0
2022	9	1,290.60	8.60	0	0	621.8	0	0	0	0	0	0	0	0.00	680.7	0	0	0	-20.5	0
2022	10	1,602.90	163.10	0	0	622.7	0	0	0	0	0	0	0	0	0.00	832.2	0	0	-15.2	0
2022	11	1,833.80	418.00	0	0	624.1	0	0	0	0	0	0	0	0	0	0.00	823.9	0	-32.2	0
2022	12	2,192.00	0.00	428.9	0	626.2	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	-42.8	0
2023	1	2,054.60	0.00	325.6	0	628.80	1,148.90	0	0	0	0	0	0	0	0	0	0	0	-48.7	0
2023	2	1,975.10	0.00	301.1	0	631.1	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	-26.1	0
2023	3	2,049.00	0.00	0	693.3	632.8	0	0.00	785.7	0	0	0	0	0	0	0	0	0	-62.8	0
2023	4	1,553.70	0.00	0	203	634.1	0	0	0.00	759.3	0	0	0	0	0	0	0	0	-42.7	0
2023	5	1,445.40	0.00	0	73.9	635.3	0	0	0	0.00	760.6	0	0	0	0	0	0	0	-24.4	0
2023	6	1,337.30	0.00	0	0	636.4	0	0	0	0	0.00	709.6	0	0	0	0	0	0	-8.7	0
2023	7	1,280.80	0.00	0	0	637.5	0	0	0	0	0	0.00	646.4	0	0	0	0	0	-3.1	0
2023	8	1,356.60	0.00	0	0	638.4	0	0	0	0	0	0	0.00	719.3	0	0	0	0	-1.1	0
2023	9	1,331.90	12.70	0	0	638.9	0	0	0	0	0	0	0	0.00	680.7	0	0	0	-0.4	0
2023	10	1,631.70	160.50	0	0	639.1	0	0	0	0	0	0	0	0	0.00	832.2	0	0	-0.1	0
2023	11	1,944.10	480.90	0	0	639.3	0	0	0	0	0	0	0	0	0	0.00	823.9	0	0	0
2023	12	2,227.10	0.00	407.8	0	639.6	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	0	0
2024	1	2,301.10	0.00	512.3	0	639.90	1,148.90	0	0	0	0	0	0	0	0	0	0	0	0	0
2024	2	2,145.10	0.00	436.1	0	640.1	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	0	0
2024	3	2,183.90	0.00	0	758.1	640.1	0	0.00	785.7	0	0	0	0	0	0	0	0	0	0	0
2024	4	1,702.60	0.00	0	303.5	639.8	0	0	0.00	759.3	0	0	0	0	0	0	0	0	0	0
2024	5	1,411.80	0.00	0	73.9	639.5	0	0	0	0.00	760.6	0	0	0	0	0	0	0	-62.2	0
2024	6	1,326.50	0.00	0	0	639.1	0	0	0	0	0.00	709.6	0	0	0	0	0	0	-22.1	0
2024	7	1,277.10	0.00	0	0	638.6	0	0	0	0	0	0.00	646.4	0	0	0	0	0	-7.9	0
2024	8	1,354.70	0.00	0	0	638.2	0	0	0	0	0	0	0.00	719.3	0	0	0	0	-2.8	0
2024	9	1,330.10	12.70	0	0	637.7	0	0	0	0	0	0	0	0.00	680.7	0	0	0	-1	0
2024	10	1,629.60	160.50	0	0	637.2	0	0	0	0	0	0	0	0	0.00	832.2	0	0	-0.4	0
2024	11	1,941.50	480.90	0	0	636.7	0	0	0	0	0	0	0	0	0	0.00	823.9	0	-0.1	0
2024	12	2,223.70	0.00	407.8	0	636.2	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	0	0
2025	1	2,296.90	0.00	512.3	0	635.70	1,148.90	0	0	0	0	0	0	0	0	0	0	0	0	0
2025	2	2,127.20	0.00	423.1	0	635.2	0.00	1,068.90	0	0	0	0	0	0	0	0	0	0	0	0
2025	3	2,178.50	0.00	0	758.1	634.7	0	0.00	785.7	0	0	0	0	0	0	0	0	0	0	0
2025	4	1,697.00	0.00	0	303.5	634.2	0	0	0.00	759.3	0	0	0	0	0	0	0	0	0	0
2025	5	1,468.30	0.00	0	73.9	633.8	0	0	0	0.00	760.6	0	0	0	0	0	0	0	0	0
2025	6	1,343.10	0.00	0	0	633.5	0	0	0	0	0.00	709.6	0	0	0	0	0	0	0	0
2025	7	1,279.60	0.00	0	0	633.3	0	0	0	0	0	0.00	646.4	0	0	0	0	0	0	0
2025	8	1,352.30	0	0	0	633	0	0	0	0	0	0	0.00	719.3	0	0	0	0	0	0
2025	9	1,326.00	12.7	0	0	632.6	0	0	0	0	0	0	0	0.00	680.7	0	0	0	0	0
2025	10	1,624.90	160.5	0	0	632.2	0	0	0	0	0	0	0	0	0.00	832.2	0	0	0	0
2025	11	1,936.70	480.9	0	0	631.8	0	0	0	0	0	0	0	0	0	0.00	823.9	0	0	0
2025	12	2,219.00	0	407.8	0	631.5	0	0	0	0	0	0	0	0	0	0	0.00	1,179.70	0	0

Predicted Usage based on Calendar Normal Weather (Mmcf)

Year	Month	Res_M	TCS_M	GC_M	IS_M	LCI_M	MV_M	
2014	1	7,654.65			3,593.76	3.53	2.42	
2014	2	6,586.72			3,051.31	3.66	2.37	
2014	3	5,317.68			2,465.31	3.80	2.32	
2014	4	2,741.33			1,382.39	3.88	2.36	
2014	5	1,420.94			771.29	3.93	2.35	
2014	6	842.91			527.66	4.03	2.32	
2014	7	707.51			484.94	4.13	2.29	
2014	8	679.62			480.30	4.18	2.27	
2014	9	749.20			520.48	4.27	2.26	
2014	10	1,683.74			970.42	4.41	2.25	
2014	11	3,774.84			1,894.44	4.53	2.26	
2014	12	6,260.42			2,969.63	3.58	2.65	
2015	1	7,823.76			3,687.23	3.10	2.64	
2015	2	6,685.14			3,113.43	3.17	2.67	
2015	3	5,451.97			2,561.16	3.09	2.70	
2015	4	2,811.88			1,466.44	2.70	2.74	
2015	5	1,459.71			836.26	2.40	2.75	
2015	6	848.14			563.93	2.46	2.74	
2015	7	720.17			511.57	2.55	2.68	
2015	8	695.70			487.93	2.64	2.67	
2015	9	755.13			557.52	2.73	2.66	
2015	10	1,708.13			1,021.57	2.82	2.64	
2015	11	3,846.95			1,947.33	2.90	2.62	
2015	12	6,412.64			3,078.80	3.00	2.61	
2016	1	8,010.12		22.19	3,804.11	2.50	2.63	21.04
2016	2	7,028.01		21.23	3,320.23	2.50	2.65	18.49
2016	3	5,582.58		17.64	2,643.71	2.13	2.76	17.97
2016	4	2,934.67		11.63	1,506.38	2.08	2.78	18.02
2016	5	1,421.46		10.12	833.53	2.08	2.78	19.91
2016	6	854.56		7.58	595.38	2.07	2.73	21.00
2016	7	730.34		4.44	549.25	2.11	2.67	19.81
2016	8	703.98		4.47	536.15	2.18	2.61	21.32
2016	9	763.24		4.29	591.19	2.25	2.56	21.06
2016	10	1,724.49		4.71	1,056.07	2.31	2.52	20.53
2016	11	3,877.84		8.73	1,995.99	2.40	2.45	22.93
2016	12	6,461.77		15.24	3,128.59	2.38	2.40	24.27
2017	1	8,052.76		22.19	3,863.70	2.16	2.36	24.21
2017	2	6,933.15		20.58	3,273.68	2.10	2.33	24.64
2017	3	5,633.61		17.64	2,682.40	2.12	2.29	25.38
2017	4	2,897.97		11.63	1,522.39	2.16	2.24	26.69
2017	5	1,488.44		10.12	892.52	2.20	2.24	28.71
2017	6	833.74		7.58	607.73	2.27	2.19	30.14
2017	7	737.67		4.44	568.67	2.31	2.15	28.67
2017	8	704.57		4.47	556.38	2.39	2.11	30.85
2017	9	767.38		4.29	614.92	2.47	2.06	30.55
2017	10	1,734.46		4.71	1,080.91	2.53	2.02	30.20
2017	11	3,904.50		8.73	2,026.07	2.61	1.98	33.83
2017	12	6,455.18		15.24	3,156.57	2.54	1.94	35.82
2018	1	8,144.48		22.19	3,909.56	2.53	1.90	32.31
2018	2	7,028.88		20.58	3,340.54	1.79	2.02	29.58
2018	3	5,736.61		17.64	2,746.11	1.45	2.05	28.15
2018	4	2,880.03		11.63	1,554.71	1.47	2.04	28.17
2018	5	1,470.18		10.12	908.28	1.50	2.03	30.74
2018	6	898.46		7.58	655.32	1.55	1.99	31.67
2018	7	746.39		4.44	586.05	1.50	1.95	30.31
2018	8	711.53		4.47	580.08	1.49	1.92	32.41
2018	9	773.87		4.29	636.95	1.49	1.88	33.94
2018	10	1,740.07		4.71	1,109.34	1.52	1.85	34.84
2018	11	3,935.43		8.73	2,060.53	1.54	1.82	39.47
2018	12	6,543.95		15.24	3,200.13	1.42	1.78	41.67
2019	1	8,222.08		22.19	3,944.23	1.45	1.75	30.39
2019	2	7,081.33		20.58	3,364.00	1.47	1.71	29.96
2019	3	5,772.48		17.64	2,747.47	1.12	1.82	30.09
2019	4	2,967.43		11.63	1,546.03	1.15	1.78	30.5
2019	5	1,529.68		10.12	950.87	1.16	1.74	33.8
2019	6	857.62		7.58	675.42	1.16	1.92	35.23
2019	7	736.52		4.44	629.19	1.2	1.99	33.37
2019	8	710.72		4.47	614	1.23	2.02	36.31
2019	9	771.6		4.29	657.84	1.24	2.04	35.72
2019	10	1,763.50		4.71	1,124.20	1.2	2	38.42
2019	11	3,979.87		8.73	2,087.58	1.2	1.95	38.81
2019	12	6,610.26		15.24	3,275.86	1.23	1.91	41.47
2020	1	8,299.99		22.19	4,059.38	1.19	1.88	37.8
2020	2	7,407.37		21.23	3,545.51	1.16	1.84	34.65
2020	3	5,857.41		17.64	2,724.88	1.15	1.81	33.41
2020	4	3,044.05		11.63	1,412.00	1.19	1.89	32.25
2020	5	1,495.83		10.12	662.46	1.23	1.86	31.94
2020	6	923.88		7.58	431.44	1.28	1.83	30.7
2020	7	780.77		4.44	480.19	1.32	1.79	29.17
2020	8	731.65		4.47	555.87	1.34	1.75	32.57
2020	9	791.86		4.29	613.63	1.37	1.72	33.67
2020	10	1,792.95		4.71	1,097.29	1.39	1.82	31.83
2020	11	4,073.61		8.73	2,020.21	1.4	1.94	35.22
2020	12	6,821.26		15.24	3,201.50	1.4	1.9	35.43
2021	1	8,575.82		22.19	3,962.17	1.33	1.9	34.46
2021	2	7,431.29		20.58	3,398.70	1.37	1.87	33.51
2021	3	5,986.09		17.64	2,814.00	1.28	1.85	31.38
2021	4	3,122.24		11.63	1,635.61	1.32	1.84	31.48
2021	5	1,522.89		10.12	949.17	1.37	1.8	34.95
2021	6	917.51		7.58	682.67	1.41	1.76	36.37
2021	7	751.7		4.44	617.92	1.41	1.74	34.09
2021	8	739.78		4.47	615.96	1.45	1.71	35.91
2021	9	804.98		4.29	679.72	1.47	1.69	36.27
2021	10	1,818.50		4.71	1,164.20	1.51	1.66	35.25
2021	11	4,344.70		8.73	2,298.34	1.54	1.63	39.75
2021	12	6,979.73		15.24	3,441.11	1.59	1.6	40.2
2022	1	8,767.40		22.19	4,219.67	1.35	1.57	40.19
2022	2	7,525.33		20.58	3,590.23	1.38	1.64	36.98
2022	3	6,259.44		17.64	3,044.21	1.34	1.62	34.63
2022	4	3,338.99		11.63	1,833.86	1.34	1.59	34.88
2022	5	1,545.61		10.12	1,010.04	1.38	1.58	37.79
2022	6	952.15		7.58	747.83	1.42	1.56	39.96
2022	7	756.22		4.44	685.03	1.43	1.53	38.14
2022	8	730.53		4.47	678.71	1.46	1.51	41.83
2022	9	791.54		4.29	728.67	0.33	1.48	42.86
2022	10	1,809.64		4.71	1,213.97	1.44	1.49	40.79
2022	11	4,133.80		8.73	2,184.08	1.45	1.48	44.41
2022	12	6,873.53		15.24	3,347.30	1.5	1.47	44.38
2023	1	8,582.86		22.19	4,113.65	1.32	1.48	44.1
2023	2	7,432.82		20.58	3,506.13	1.2	1.55	40.39
2023	3	6,040.12		17.64	3,004.31	1.23	1.76	37.77
2023	4	3,117.28		11.63	1,661.65	1.21	1.88	37.35
2023	5	1,506.90		10.12	1,057.33	1.23	1.93	40.07
2023	6	859.1		7.58	794.95	1.28	1.59	41.93
2023	7	764.79		4.44	745.06	1.32	1.57	40.62
2023	8	749.78		4.47	733.27	1.37	1.54	42.84
2023	9	809.36		4.29	785.03	1.35	1.7	42.62
2023	10	1,845.95		4.71	1,293.31	1.35	1.7	41.79
2023	11	4,171.79		8.73	2,263.27	1.35	1.7	45.01
2023	12	6,944.78		15.24	3,446.11	1.35	1.7	46.74
2024	1	8,734.82		22.19	4,220.94	1.35	1.7	45.35
2024	2	7,781.86		21.23	3,720.28	1.35	1.7	40.03
2024	3	6,151.82		17.64	3,019.46	1.35	1.7	38.03
2024	4	3,200.46		11.63	1,795.68	1.35	1.7	37.44
2024	5	1,590.01		10.12	1,128.00	1.35	1.7	39.67
2024	6	931.1		7.58	847.05	1.35	1.7	41.08
2024	7	788.72		4.44	796.79	1.35	1.7	38.85
2024	8	762.23		4.47	782.06	1.35	1.7	41.21
2024	9	825.77		4.29	829.01	1.35	1.7	42.62
2024	10	1,865.02		4.71	1,325.52	1.35	1.7	41.79
2024	11	4,213.12		8.73	2,301.28	1.35	1.7	45.01
2024	12	7,021.99		15.24	3,487.40	1.35	1.7	46.74
2025	1	8,806.83		22.19	4,255.32	1.35	1.7	45.35
2025	2	7,581.26		20.58	3,619.24	1.35	1.7	40.03
2025	3	6,168.41		17.64	3,034.95	1.35	1.7	38.03
2025	4	3,197.27		11.63	1,810.08	1.35	1.7	37.44
2025	5	1,587.74		10.12	1,141.43	1.35	1.7	39.67
2025	6	932.81		7.58	859.41	1.35	1.7	41.08
2025	7	792.39		4.44	809.38	1.35	1.7	38.85
2025	8	765.76		4.47	794.75	1.35	1.7	41.21
2025	9	830.28		4.29	841.68	1.35	1.7	42.62
2025	10	1,883.37		4.71	1,340.86	1.35	1.7	41.79
2025	11	4,249.18		8.73	2,320.65	1.35	1.7	45.01
2025	12	7,071.94		15.24	3,514.19	1.35	1.7	46.74

Year	Month	GMP	RDInc	HH	Emp_HHS	EMP	Emp_MFG	Emp_NMF	Emp_EHS	Unemp	CPI_PMD	Complet_I	Starts_HH	RDInc_HH
2010	1	129,565	96,836	725	958	980	92	888	159	7.01	226	3,067	2,815	134
2010	2	128,925	96,961	726	959	979	91	888	159	7.08	226	2,986	3,017	134
2010	3	129,082	97,656	726	961	981	91	890	159	7.08	227	3,140	2,916	135
2010	4	129,822	98,756	727	963	984	91	893	159	7.00	227	3,386	2,636	136
2010	5	130,642	99,861	727	965	986	92	895	159	6.87	228	3,478	2,417	137
2010	6	131,168	100,677	727	966	987	92	895	159	6.73	228	3,268	2,423	138
2010	7	131,485	101,211	727	967	986	92	894	158	6.59	228	2,896	2,571	139
2010	8	131,838	101,580	728	967	985	92	894	158	6.50	229	2,599	2,698	140
2010	9	132,321	101,871	728	967	986	92	894	159	6.49	228	2,543	2,682	140
2010	10	132,638	102,152	728	967	987	92	895	160	6.51	228	2,630	2,550	140
2010	11	132,372	102,469	728	967	988	92	897	161	6.53	228	2,689	2,373	141
2010	12	131,328	102,843	729	967	989	92	898	160	6.52	229	2,604	2,210	141
2011	1	130,024	103,216	729	968	990	92	898	160	6.49	230	2,436	2,085	142
2011	2	129,272	103,477	729	968	990	92	898	159	6.45	231	2,312	2,019	142
2011	3	129,468	103,610	729	968	990	92	899	159	6.43	232	2,299	2,009	142
2011	4	130,271	103,748	730	967	991	91	899	159	6.42	233	2,368	2,034	142
2011	5	131,038	104,073	730	967	991	91	900	160	6.42	234	2,448	2,063	143
2011	6	131,322	104,675	730	968	992	91	901	161	6.43	235	2,481	2,074	143
2011	7	131,330	105,339	731	969	993	91	901	161	6.44	236	2,464	2,078	144
2011	8	131,495	105,750	731	970	993	91	902	162	6.45	236	2,406	2,101	145
2011	9	132,065	105,749	731	972	993	91	902	162	6.44	236	2,324	2,164	145
2011	10	132,761	105,698	732	973	994	91	903	162	6.41	235	2,241	2,290	144
2011	11	133,137	106,105	732	975	995	91	904	162	6.38	235	2,183	2,497	145
2011	12	132,917	107,271	732	976	996	91	905	162	6.34	235	2,172	2,786	147
2012	1	132,371	108,841	733	976	998	91	907	163	6.31	235	2,227	3,091	149
2012	2	131,969	110,154	733	977	999	91	909	163	6.29	236	2,354	3,309	150
2012	3	132,007	110,832	733	978	1,000	90	909	164	6.31	236	2,550	3,384	151
2012	4	132,415	110,919	734	979	999	90	909	164	6.34	237	2,752	3,329	151
2012	5	132,995	110,581	734	981	999	90	909	164	6.36	238	2,870	3,180	151
2012	6	133,538	110,063	734	982	999	90	909	164	6.36	238	2,854	2,973	150
2012	7	133,832	109,747	734	984	1,000	90	910	164	6.33	239	2,754	2,742	150
2012	8	133,665	110,065	734	986	1,000	90	910	164	6.30	239	2,659	2,514	150
2012	9	132,986	111,143	734	988	1,001	90	910	164	6.27	240	2,640	2,332	152
2012	10	132,185	112,263	733	989	1,001	90	911	164	6.24	240	2,701	2,244	153
2012	11	131,793	112,449	733	989	1,001	90	911	165	6.21	239	2,825	2,303	153
2012	12	132,149	111,150	733	988	1,002	90	912	165	6.19	240	2,980	2,539	152
2013	1	132,988	109,166	733	987	1,003	90	913	165	6.16	240	3,082	2,893	149
2013	2	133,789	107,842	733	987	1,004	90	914	166	6.11	240	3,032	3,254	147
2013	3	134,263	107,867	733	987	1,004	90	914	166	6.03	240	2,792	3,559	147
2013	4	134,455	108,793	733	988	1,003	90	913	166	5.94	240	2,488	3,756	148
2013	5	134,500	109,722	733	989	1,003	90	913	166	5.85	241	2,322	3,772	150
2013	6	134,539	109,991	733	989	1,004	90	914	167	5.78	241	2,422	3,598	150
2013	7	134,636	109,761	734	989	1,005	90	915	167	5.72	242	2,693	3,355	150
2013	8	134,836	109,476	734	989	1,007	90	916	168	5.66	242	2,969	3,209	149
2013	9	135,134	109,465	735	989	1,007	90	917	169	5.57	242	3,112	3,256	149
2013	10	135,428	109,678	735	989	1,007	90	917	170	5.47	241	3,119	3,363	149
2013	11	135,582	109,950	735	990	1,008	91	917	170	5.37	241	3,027	3,331	150
2013	12	135,523	110,167	736	991	1,008	91	918	171	5.26	241	2,878	3,055	150
2014	1	135,395	110,377	736	993	1,010	91	919	171	5.17	242	2,747	2,729	150
2014	2	135,405	110,655	736	995	1,011	91	920	172	5.09	243	2,724	2,654	150
2014	3	135,684	111,068	737	997	1,013	91	922	172	5.02	243	2,843	2,970	151
2014	4	136,189	111,592	737	998	1,015	91	924	173	4.95	244	3,035	3,484	151
2014	5	136,790	112,140	737	999	1,017	91	926	174	4.88	245	3,178	3,845	152
2014	6	137,375	112,645	738	1,000	1,017	91	926	174	4.79	245	3,188	3,832	153
2014	7	137,879	113,079	738	1,001	1,018	91	927	175	4.71	245	3,101	3,610	153
2014	8	138,261	113,430	739	1,003	1,019	91	928	175	4.62	245	2,988	3,476	154
2014	9	138,483	113,715	739	1,005	1,021	91	930	176	4.56	245	2,898	3,615	154
2014	10	138,592	114,106	740	1,006	1,023	91	932	176	4.52	245	2,793	3,867	154
2014	11	138,652	114,802	740	1,007	1,024	91	932	177	4.49	244	2,609	3,964	155
2014	12	138,723	115,875	741	1,008	1,023	92	931	177	4.48	243	2,330	3,741	156
2015	1	138,854	116,997	741	1,009	1,022	92	930	177	4.47	243	2,091	3,355	158
2015	2	139,076	117,646	741	1,010	1,021	92	930	177	4.47	242	2,076	3,084	159
2015	3	139,398	117,605	742	1,012	1,023	91	932	177	4.45	243	2,368	3,068	159
2015	4	139,711	117,132	742	1,014	1,027	91	935	178	4.42	244	2,826	3,184	158
2015	5	139,837	116,686	743	1,016	1,029	91	938	178	4.38	245	3,201	3,209	157
2015	6	139,691	116,610	743	1,018	1,031	91	939	179	4.33	245	3,330	3,022	157
2015	7	139,427	116,846	743	1,019	1,031	91	939	179	4.27	245	3,304	2,838	157
2015	8	139,281	117,201	743	1,021	1,031	91	940	179	4.22	245	3,299	2,985	158
2015	9	139,416	117,518	743	1,023	1,033	91	942	180	4.18	244	3,431	3,639	158
2015	10	139,744	117,813	743	1,025	1,035	91	944	180	4.15	243	3,623	4,552	159
2015	11	140,106	118,147	743	1,027	1,038	91	947	181	4.14	243	3,737	5,341	159
2015	12	140,371	118,541	743	1,030	1,039	91	948	181	4.14	243	3,685	5,720	160
2016	1	140,516	118,900	743	1,032	1,040	91	949	182	4.15	243	3,529	5,722	160
2016	2	140,541	119,075	743	1,034	1,040	91	950	182	4.16	243	3,389	5,486	160
2016	3	140,483	119,010	743	1,035	1,041	91	951	183	4.17	244	3,347	5,131	160
2016	4	140,454	118,841	742	1,036	1,042	90	952	184	4.18	245	3,411	4,737	160
2016	5	140,597	118,778	743	1,036	1,044	90	954	185	4.19	246	3,566	4,382	160
2016	6	140,985	118,955	743	1,037	1,047	90	957	186	4.20	246	3,778	4,141	160
2016	7	141,497	119,272	744	1,037	1,050	91	960	187	4.20	246	3,961	4,099	160
2016	8	141,949	119,553	746	1,037	1,053	91	962	188	4.20	246	4,015	4,344	160
2016	9	142,173	119,634	747	1,037	1,053	91	963	188	4.20	246	3,885	4,874	160
2016	10	142,135	119,449	748	1,036	1,053	91	962	188	4.19	246	3,664	5,468	160
2016	11	141,832	118,957	748	1,035	1,053	91	962	188	4.17	247	3,491	5,830	159
2016	12	141,302	118,184	749	1,034	1,054	91	963	189	4.13	247	3,474	5,780	158
2017	1	140,715	117,361	750	1,034	1,056	91	965	190	4.09	248	3,633	5,500	156
2017	2	140,319	116,837	751	1,034	1,057	91	966	191	4.05	248	3,937	5,299	156
2017	3	140,244	116,773	752	1,035	1,059	91	967	191	4.02	248	4,352	5,344	155
2017	4	140,498	117,090	753	1,037	1,060	92	968	191	4.00	248	4,753	5,496	155
2017	5	141,040	117,613	754	1,038	1,061	92	969	192	3.98	248	4,949	5,498	156
2017	6	141,788	118,164	755	1,038	1,062	92	970	192	3.96	248	4,849	5,185	156
2017	7	142,565	118,613	756	1,037	1,063	92	971	192	3.95	249	4,614	4,682	157
2017	8	143,177	118,848	757	1,036	1,064	91	972	193	3.95	249	4,492	4,212	157
2017	9	143,464	118,842	758	1,036	1,064	91	973	193	3.95	249	4,657	3,963	157
2017	10	143,497	118,847	758	1,036	1,065	91	974	193	3.95	249	5,042	3,950	157
2017	11	143,402	119,196	759	1,036	1,065	91	974	194	3.93	249	5,507	4,139	157
2017	12	143,284	120,072	760	1,036	1,065	91	975	194	3.90	249	5,912	4,474	158
2018	1	143,185	121,203	761	1,036	1,066	90	975	194	3.84	249	6,129	4,814	159
2018	2	143,136	122,094	762	1,038	1,067	90	976	194	3.78	250	6,032	4,978	160
2018	3	143,160	122,533	762	1,040	1,068	90	978	194	3.71	250	5,588	4,893	161
2018	4	143,297	122,724	763	1,042	1,070	90	981	195	3.63	251	4,975	4,682	161
2018	5	143,597	123,004	764	1,045	1,072	90	982	195	3.57	252	4,491	4,556	161
2018	6	144,066	123,615	765	1,047	1,073	90	983	196	3.52	253	4,327	4,649	162
2018	7	144,612	124,424	766	1,049	1,074	90	984	196	3.49	253	4,376	4,868	163
2018	8	145,110	125,181	766	1,052	1,075	91	985	197	3.47	253	4,431	5,039	163
2018	9	145,434	125,675	767	1,054	1,077	91	986	197	3.47	253	4,347	5,052	164
2018	10	145,548	125,954	768	1,056	1,079	91	987	198	3.48	252	4,174	5,006	164
2018	11	145,430	126,125	768	1,059	1,081	92	989	198	3.49	252	4,025	5,063	164
2018	12	145,101	126,265	769	1,060	1,082	92	990	199	3.49	252	3,983	5,286	164
2019	1	144,714	126,361	770	1,061	1,083	92	991	200	3.48	252	4,046	5,441	164
2019	2	144,488	126,369	771	1,061	1,083	92	992	201	3.50	253	4,177	5,213	164
2019	3	144,558	126,273	771	1,060	1,083	91	992	200	3.53	255	4,345	4,481	164
2019	4	144,964	126,112	772	1,060	1,084	91	993	200	3.54	256	4,513	3,654	163
2019	5	145,708	125,959	773	1,061	1,086	91	995	200	3.49	257	4,627	3,406	163
2019	6	146,691	125,896	773	1,065	1,091	91	1,000	201	3.36	258	4,674	4,078	163
2019	7	147,566	126,049	774	1,068	1,095	92	1,003	202	3.28	259	4,752	5,090	163
2019	8	147,900	126,560	775	1,069	1,094	92	1,002	203	3.43	259	5,000	5,546	163
2019	9	147,543	127,381	776	1,065	1,086	92	995	202	3.82	258	5,456	4,911	164
2019	10	147,233	127,991	778	1,063	1,081	92	989	202	4.10	257	5,904	3,807	165
2019	11	147,958	127,719	778	1,068	1,089	92	997	204	3.76	257	6,047	3,198	164
2019	12	149,974	126,411	776	1,083	1,114	93	1,020	208	2.70	258	5,693	3,678	163
2020	1	151,256	125,534	773	1,092	1,132	94	1,038	212	1.94	259	4,990	4,676	162
2020	2	149,097	127,037	770	1,075	1,113	93	1,020	209	2.88	259	4,240	5,203	165
2020	3	142,353	131,883	769	1,024	1,044	90	954	197	6.16	258	3,639	4,716	171
2020	4	134,320	138,252	770	961	957	86	871	182	10.25	257	3,266	3,739	180
2020	5	130,120	143,170	771	924	902	83	819	173	12.78	257	3,178	3,191	186
2020	6	132,811	144,526	771	934	912	83	829	174	12.27	257	3,373	3,640	187
2020	7	139,637	142,610	772	974	964	85	879	182	9.79	259	3,720	4,613	185
2020	8	145,891	138,511	772	1,014	1,015	87	928	190	7.31	260	4,049	5,283	179
2020	9	148,048	133,814	772	1,031	1,034	88	947	193	6.29	260	4,239	5,122	173
2020	10	147,246	130,788	772	1,030	1,030	87	943	193	6.33	260	4,379	4,618	169
2020	11	145,924	131,969	773	1,026	1,021	87	934	191	6.51	260	4,614	4,548	171
2020	12	145,877	138,428	773	1,027	1,022	87	935	191	6.16	260	5,004	5,387	179
2021	1	146,967	146,597	773	1,033	1,031	88	943	192	5.46	261	5,346	6,647	190
2021	2	148,320	151,030	773	1,039	1,041	88	953	193	4.89	262	5,350	7,467	195
2021	3	149,379	149,044	774	1,041	1,046	87	959	194	4.70	264	4,895	7,397	193
2021	4	150,017	142,979	774	1,041	1,049	87	962	194	4.80	266	4,242	6,711	185
2021	5	150,173	137,304	775	1,040	1,051	86	964	194	4.92	268	3,837	5,967	177
2021	6	149,933	135,238	776	1,041	1,054	86	968	195	4.90	270	3,960	5,555	174
2021	7	149,638	135,907	777	1,044	1,058	87	971	195	4.72	271	4,410	5,268	175
2021	8	149,723	137,034	778	1,047	1,063	88	975	196	4.46	272	4,825	4,686	176
2021	9	150,442	136,901	779	1,049	1,066	88	978	197	4.19	273	4,937	3,637	176
2021	10	151,548	135,671	779	1,052	1,069	89	980	197	3.95	275	4,846	2,564	174
2021	11	152,629	134,074	780	1,055	1,073	89	984	198	3.73	276	4,751	2,116	172
2021	12	153,348	132,697	781	1,059	1,079	90	990	199	3.57	277	4,784	2,681	170
2022	1	153,611	131,661	782	1,063	1,086	90	997	200	3.46	279	4,865	3,831	168
2022	2	153,408	131,006	782	1,067	1,092	90	1,002	200	3.42	281	4,844	4,800	167
2022	3	152,816	130,664	782	1,070	1,096	90	1,006	201	3.43	285	4,635	5,165	167
2022	4	152,133	130,594	782	1,072	1,098	89	1,009	201	3.48	288	4,306	5,051	167
2022	5	151,800	130,766	782	1,073	1,101	89	1,012	201	3.52	291	3,995	4,762	167
2022	6	152,088	131,096	783	1,074	1,104	90	1,014	202	3.52	293	3,815	4,584	168
2022	7	152,821	131,392	783	1,075	1,107	90	1,017	203	3.50	294	3,794	4,646	168
2022	8	153,673	131,427	783	1,076	1,110	90	1,020	204	3.47	295	3,936	5,026	168
2022	9	154,362	131,121	784	1,077	1,112	91	1,021	205	3.46	294	4,208	5,682	167
2022	10	154,885	130,839	784	1,078	1,114	91	1,023	207	3.46	294	4,499	6,289	167
2022	11	155,305	131,079	784	1,078	1,116	91	1,025	207	3.46	295	4,674	6,430	167
2022	12	155,668	132,123	785	1,079	1,120	91	1,029	208	3.45	297	4,650	5,861	168
2023	1	155,984	133,593	786	1,080	1,125	91	1,034	209	3.42	299	4,523	4,879	170
2023	2	156,227	134,795	787	1,082	1,129	91	1,038	209	3.36	300	4,448	4,027	171
2023	3	156,415	135,400	788	1,083	1,132	91	1,041	209	3.26	301	4,515	3,597	172
2023	4	156,596	135,589	789	1,085	1,134	91	1,043	210	3.14	301	4,665	3,549	172
2023	5	156,817	135,702	789	1,086	1,136	91	1,045	210	3.05	302	4,782	3,744	172
2023	6	157,114	136,007	790	1,088	1,138	91	1,047	211	3.01	303	4,782	4,024	172
2023	7	157,459	136,450	790	1,089	1,140	91	1,049	212	3.01	305	4,694	4,287	173
2023	8	157,807	136,868	791	1,089	1,142	91	1,051	212	3.03	307	4,584	4,443	173
2023	9	158,111	137,144	792	1,089	1,143	91	1,052	212	3.07	308	4,505	4,438	173
2023	10	158,384	137,369	792	1,089	1,143	91	1,052	212	3.10	309	4,465	4,337	173
2023	11	158,644	137,684	793	1,089	1,143	90	1,053	212	3.13	310	4,456	4,237	174
2023	12	158,908	138,178	793	1,089	1,144	90	1,054	212	3.17	310	4,465	4,211	174
2024	1	159,181	138,777	794	1,089	1,144	90	1,054	213	3.20	311	4,470	4,241	175
2024	2	159,447	139,316	794	1,089	1,145	90	1,055	213	3.24	311	4,440	4,278	175
2024	3	159,711	139,716	795	1,089	1,145	89	1,055	213	3.29	312	4,363	4,292	176
2024	4	159,970	140,004	795	1,088	1,144	89	1,055	214	3.34	312	4,262	4,287	176
2024	5	160,208	140,234	796	1,088	1,144	89	1,055	214	3.39	312	4,177	4,278	176
2024	6	160,422	140,453	796	1,087	1,143	89	1,054	214	3.45	312	4,138	4,280	176
2024	7	160,616	140,673	797	1,086	1,142	88	1,054	214	3.51	312	4,135	4,291	177
2024	8	160,807	140,892	797	1,085	1,141	88	1,053	214	3.57	312	4,146	4,308	177
2024	9	160,998	141,103	798	1,085	1,140	88	1,052	214	3.62	312	4,156	4,324	177
2024	10	161,196	141,317	798	1,084	1,140	88	1,052	214	3.67	312	4,159	4,335	177
2024	11	161,406	141,546	798	1,083	1,139	87	1,051	214	3.73	312	4,159	4,340	177
2024	12	161,627	141,791	799	1,082	1,138	87	1,051	214	3.79	313	4,154	4,335	178
2025	1	161,855	142,040	799	1,081	1,137	87	1,050	214	3.85	314	4,149	4,331	178
2025	2	162,066	142,253	800	1,080	1,136	87	1,049	214	3.90	315	4,146	4,336	178
2025	3	162,266	142,427	800	1,079	1,135	87	1,049	214	3.95	315	4,146	4,355	178
2025	4	162,472	142,585	800	1,079	1,134	86	1,048	214	3.99	316	4,148	4,378	178
2025	5	162,694	142,746	801	1,078	1,134	86	1,047	214	4.03	316	4,151	4,385	178
2025	6	162,937	142,925	801	1,077	1,133	86	1,047	214	4.09	317	4,154	4,368	178
2025	7	163,182	143,100	801	1,076	1,133	86	1,047	214	4.14	317	4,157	4,339	179
2025	8	163,399	143,238	802	1,075	1,132	86	1,046	214	4.19	318	4,160	4,323	179
2025	9	163,564	143,321	802	1,075	1,131	86	1,046	214	4.21	319	4,165	4,332	179
2025	10	163,707	143,403	802	1,075	1,131	86	1,045	214	4.22	319	4,171	4,354	179
2025	11	163,865	143,554	803	1,074	1,130	86	1,044	214	4.23	320	4,177	4,367	179
2025	12	164,064	143,817	803	1,074	1,129	85	1,044	214	4.26	320	4,182	4,358	179

Year	Month	Cust	BillDays	Actual	Pred	Resid	PctResid	Forecast	UPC	UPC_Norm	BTB	PredCalNc	CalMult
2010	1	446,138	33	8,128.94				8,128.94	18.22				
2010	2	446,429	29.5	7,343.32	7,476.60	-10.12	-0.14%	7,343.32	16.45	15.75	0.971	6,312.01	0.87
2010	3	446,603	29.4	5,547.66	5,482.88	4.93	0.09%	5,547.66	12.42	12.57	0.732	5,065.52	1.263
2010	4	446,778	29.4	2,477.63	2,538.26	-4.62	-0.19%	2,477.63	5.55	8.08	0.783	2,640.49	1.329
2010	5	446,584	29.4	1,574.46	1,641.36	-5.1	-0.32%	1,574.46	3.53	3.96	0.781	1,304.76	1.018
2010	6	446,236	30.8	989.40	974.52	1.08	0.11%	989.40	2.22	2.22	0.764	768.28	1.032
2010	7	445,980	30.55	718.47	698.8	1.44	0.20%	718.47	1.61	1.58	0.965	674.61	1
2010	8	446,045	29.65	629.78	620.93	0.67	0.11%	629.78	1.41	1.39	1.062	660.62	1.002
2010	9	446,348	30.45	693.56	659.68	2.49	0.36%	693.56	1.55	1.5	0.975	715.91	1.113
2010	10	446,851	29.75	959.94	949.37	0.8	0.08%	959.94	2.15	2.2	1.574	1,621.82	1.085
2010	11	447,580	29.4	2,323.90	2,257.79	5.02	0.22%	2,323.90	5.19	5.14	1.549	3,618.87	1.035
2010	12	448,391	32.7	5,675.70	5,589.69	5.87	0.10%	5,675.70	12.66	11.45	1.374	5,996.73	0.781
2011	1	448,681	33.8	8,997.31	8,892.42	6.92	0.08%	8,997.31	20.05	16.59	0.958	7,491.95	0.88
2011	2	449,230	30.1	7,819.69	7,833.34	-1.01	-0.01%	7,819.69	17.41	16.24	0.781	6,435.78	1.051
2011	3	449,398	29.4	5,237.85	5,162.21	5.72	0.11%	5,237.85	11.66	12.73	1.007	5,199.46	1
2011	4	449,619	29.4	3,894.40	3,904.34	-0.75	-0.02%	3,894.40	8.66	8.12	0.649	2,703.52	1.067
2011	5	449,197	29.4	1,546.00	1,532.90	0.99	0.06%	1,546.00	3.44	3.99	0.752	1,344.28	1.166
2011	6	449,066	30.8	897.62	914.03	-1.19	-0.13%	897.62	2	2.28	0.853	805.78	1.034
2011	7	448,806	30.6	735.88	707.35	2.08	0.28%	735.88	1.64	1.59	0.965	682.71	1
2011	8	448,655	29.6	629.86	629.8	0	0.00%	629.86	1.4	1.4	1.064	671.11	1.002
2011	9	448,763	30.5	713.18	693.3	1.45	0.20%	713.18	1.59	1.51	1.029	723.43	1.014
2011	10	449,705	29.7	921.44	959.98	-2.89	-0.31%	921.44	2.05	2.23	1.882	1,639.05	0.907
2011	11	450,493	29.6	2,478.51	2,490.23	-0.88	-0.04%	2,478.51	5.5	5.29	1.165	3,659.00	1.262
2011	12	451,382	32.4	4,057.71	4,068.74	-0.75	-0.02%	4,057.71	8.99	11.47	1.223	6,061.40	1.218
2012	1	451,989	33.95	6,513.31	6,565.86	-3.42	-0.05%	6,513.31	14.41	16.78	1.005	7,579.70	1.148
2012	2	452,504	30.05	5,949.19	6,073.31	-9.13	-0.15%	5,949.19	13.15	16.22	0.913	6,698.34	1.207
2012	3	452,800	29.4	4,286.41	4,373.62	-6.55	-0.15%	4,286.41	9.47	12.79	0.806	5,253.68	1.49
2012	4	452,785	29.4	2,379.07	2,644.48	-19.94	-0.84%	2,379.07	5.25	8.18	0.938	2,707.07	1.091
2012	5	452,688	29.45	1,661.43	1,649.04	0.93	0.06%	1,661.43	3.67	3.89	0.625	1,285.58	1.248
2012	6	452,469	30.75	888.88	893.72	-0.35	-0.04%	888.88	1.96	2.26	0.882	794.77	1.008
2012	7	452,250	30.55	721.74	713.42	0.6	0.08%	721.74	1.6	1.58	0.963	687.11	1
2012	8	452,363	29.65	631.67	631.12	0.04	0.01%	631.67	1.4	1.4	1.062	671.48	1.002
2012	9	452,612	30.55	685.42	675.82	0.69	0.10%	685.42	1.51	1.51	1.023	728.34	1.053
2012	10	453,096	29	974.30	1,263.62			974.30	2.15	2.14	1.217	1,648.27	1.072
2012	11	453,802	29.8	2,595.90	2,625.21	-2.17	-0.08%	2,595.90	5.72	5.3	1.735	3,701.29	0.813
2012	12	454,487	32.1	5,009.72	5,036.28	-1.82	-0.04%	5,009.72	11.02	11.28	1.03	6,113.03	1.178
2013	1	455,204	33.75	6,820.62	6,823.26	-0.17	0.00%	6,820.62	14.98	16.61	1.02	7,633.72	1.097
2013	2	455,649	30.35	7,394.89	7,433.31	-2.78	-0.04%	7,394.89	16.23	16.44	0.908	6,547.25	0.97
2013	3	455,961	29.4	6,179.40	6,078.37	7.54	0.12%	6,179.40	13.55	12.83	0.981	5,305.85	0.89
2013	4	456,063	29.4	4,118.50	4,195.83	-5.77	-0.14%	4,118.50	9.03	8.21	0.669	2,774.36	0.989
2013	5	455,862	29.5	1,691.16	1,817.13	-9.37	-0.55%	1,691.16	3.71	4	0.762	1,359.41	0.981
2013	6	455,500	30.7	1,014.19	988.41	1.84	0.18%	1,014.19	2.23	2.2	0.76	778.15	1.036
2013	7	455,306	30.65	732.65	718.41	1.02	0.14%	732.65	1.61	1.59	0.963	692.24	1
2013	8	455,419	29.55	649.45	632.64	1.25	0.19%	649.45	1.43	1.39	1.066	675.38	1.002
2013	9	455,790	30.6	742.67	712.72	2.15	0.29%	742.67	1.63	1.52	1.087	735.95	0.95
2013	10	456,510	29.6	893.22	889.46			893.22	1.96	2.21	1.774	1,664.36	1.055
2013	11	457,587	29.4	2,412.91	2,489.44	-5.69	-0.24%	2,412.91	5.27	5.22	1.741	3,723.11	0.859
2013	12	458,335	32.5	5,745.49	5,944.21	-13.34	-0.23%	5,745.49	12.54	11.44	1.056	6,142.44	0.979
2014	1	458,988	33.8	8,052.12	8,146.70	-6.1	-0.08%	8,052.12	17.54	16.56	1.099	7,654.65	0.855
2014	2	459,273	30.3	8,576.45	8,713.09	-9.82	-0.11%	8,576.45	18.67	16.37	0.869	6,586.72	0.87
2014	3	459,604	29.4	7,114.95	7,157.62	-3.16	-0.04%	7,114.95	15.48	12.7	0.917	5,317.68	0.811
2014	4	459,671	29.4	4,248.55	4,069.49	13.25	0.31%	4,248.55	9.24	8.03	0.693	2,741.33	0.972
2014	5	459,567	29.55	1,928.11	1,880.50	3.51	0.18%	1,928.11	4.2	4.08	0.644	1,420.94	1.173
2014	6	459,407	30.65	982.36	974.17	0.58	0.06%	982.36	2.14	2.31	0.838	842.91	1.033
2014	7	459,364	30.65	739.5	733.8	0.4	0.05%	739.5	1.61	1.61	0.964	707.51	1
2014	8	459,520	29.55	682.94	636.58	3.41	0.50%	682.94	1.49	1.39	1.066	679.62	1.002
2014	9	459,678	30.65	733.72	707.89	1.83	0.25%	733.72	1.6	1.54	1.011	749.2	1.047
2014	10	460,624	29.55	913.96	913.25	0.05	0.01%	913.96	1.98	2.24	1.491	1,683.74	1.236
2014	11	461,908	29.4	2,405.12	2,389.42	1.16	0.05%	2,405.12	5.21	5.31	1.891	3,774.84	0.835
2014	12	462,663	32.7	5,832.23	5,877.75	-3.01	-0.05%	5,832.23	12.61	11.71	0.979	6,260.42	1.088
2015	1	463,414	33.65	7,617.43	7,808.78	-12.27	-0.16%	7,617.43	16.44	16.77	1.1	7,823.76	0.911
2015	2	463,990	30.25	8,942.79	8,952.14	-0.67	-0.01%	8,942.79	19.27	16.39	1.012	6,685.14	0.738
2015	3	464,344	29.4	7,896.01	7,931.61	-2.61	-0.03%	7,896.01	17	12.81	0.833	5,451.97	0.825
2015	4	464,448	29.4	4,219.25	4,025.02	14.22	0.34%	4,219.25	9.08	8.06	0.629	2,811.88	1.11
2015	5	464,210	29.6	1,642.49	1,653.99	-0.84	-0.05%	1,642.49	3.54	4.1	0.715	1,459.71	1.234
2015	6	464,328	30.6	890.52	1,003.14			890.52	1.92	2.29	0.874	948.14	0.967
2015	7	464,534	30.7	746.53	749.41	-0.2	-0.03%	746.53	1.61	1.62	0.961	720.17	1
2015	8	464,707	29.5	655.64	650.68			655.64	1.41	1.4	1.067	695.7	1.002
2015	9	465,016	30.55	704.37	697.45			704.37	1.51	1.53	0.97	755.13	1.116
2015	10	465,848	29.65	1,064.72	1,055.68	0.65	0.06%	1,064.72	2.29	2.29	1.583	1,708.13	1.022
2015	11	466,618	29.6	2,033.40	1,910.04	8.93	0.44%	2,033.40	4.36	5.51	1.402	3,846.95	1.437
2015	12	467,264	32.5	3,854.77	3,819.65	2.31	0.06%	3,854.77	8.25	11.93	0.912	6,412.64	1.841
2016	1	468,096	33.9	5,911.44	6,193.31	-17.76	-0.30%	5,911.44	12.63	17.2	1.272	8,010.12	1.016
2016	2	468,686	30	7,298.45	7,226.79	5.1	0.07%	7,298.45	15.57	16.35	0.884	7,028.01	1.1
2016	3	468,805	29.4	5,156.17	4,997.96	11.48	0.22%	5,156.17	11	12.98	0.81	5,582.58	1.379
2016	4	469,097	29.4	3,202.13	3,311.48	-7.93	-0.25%	3,202.13	6.83	8.34	0.92	2,934.67	0.963
2016	5	468,991	29.55	2,128.15	2,101.59	1.92	0.09%	2,128.15	4.54	4.03	0.798	1,421.46	0.848
2016	6	469,227	30.65	1,117.16	1,104.96	0.85	0.08%	1,117.16	2.38	2.3	0.752	854.56	1.028
2016	7	469,350	30.6	758.94	756.94	0.14	0.02%	758.94	1.62	1.62	0.965	730.34	1
2016	8	469,553	29.7	626.82	662.9			626.82	1.33	1.41	1.06	703.98	1.002
2016	9	470,019	30.4	655.95	701.94			655.95	1.4	1.52	1.012	763.24	1.074
2016	10	470,716	29.7	897.42	924.61	-1.94	-0.22%	897.42	1.91	2.26	1.623	1,724.49	1.149
2016	11	471,810	29.8	2,247.06	2,154.78	6.56	0.29%	2,247.06	4.76	5.47	1.516	3,877.84	1.187
2016	12	472,606	32.2	5,159.75	5,182.53	-1.5	-0.03%	5,159.75	10.92	11.66	1.259	6,461.77	0.991
2017	1	473,142	33.95	7,701.84	7,604.68	6.05	0.08%	7,701.84	16.28	17.06	0.899	8,052.76	1.178
2017	2	473,534	30.05	6,382.41	6,318.12	4.52	0.07%	6,382.41	13.48	16.52	0.829	6,933.15	1.323
2017	3	473,972	29.4	5,477.28	5,499.86	-1.62	-0.03%	5,477.28	11.56	12.96	1.131	5,633.61	0.906
2017	4	474,114	29.5	3,930.27	3,776.39	11	0.28%	3,930.27	8.29	8.15	0.582	2,897.97	1.319
2017	5	474,213	29.3	1,548.74	1,679.82	-9.43	-0.61%	1,548.74	3.27	4.07	0.943	1,488.44	0.94
2017	6	474,360	29.4	1,109.98	1,064.20	3.28	0.30%	1,109.98	2.34	2.15	0.785	833.74	0.998
2017	7	474,160	30.55	751.92	769.55	-1.22	-0.16%	751.92	1.59	1.62	0.959	737.67	1
2017	8	474,588	29.75	673.99	664.46			673.99	1.42	1.4	1.058	704.57	1.002
2017	9	474,766	30.4	725.8	722.23	0.25	0.03%	725.8	1.53	1.51	1.01	767.38	1.052
2017	10	475,253	29.7	823.3	823.89	-0.04	-0.01%	823.30	1.73	2.19	1.417	1,734.46	1.486
2017	11	476,255	29.8	2,055.39	2,151.46	-6.77	-0.33%	2,055.39	4.32	5.31	1.825	3,904.50	0.995
2017	12	477,213	32	5,512.16	5,433.43	5.16	0.09%	5,512.16	11.55	11.25	1.336	6,455.18	0.889
2018	1	477,740	34.15	9,769.60	9,657.87	6.85	0.07%	9,769.60	20.45	17.09	0.873	8,144.48	0.966
2018	2	478,122	30.05	7,189.09	7,045.76	9.98	0.14%	7,189.09	15.04	16.63	0.808	7,028.88	1.234
2018	3	478,565	29.4	5,733.61	6,002.28	-19.1	-0.33%	5,733.61	11.98	13.19	1.149	5,736.61	0.832
2018	4	478,657	29.5	5,170.61	5,084.73	6.08	0.12%	5,170.61	10.8	8.22	0.753	2,880.03	0.753
2018	5	478,784	29.5	2,272.51	2,158.46	8.07	0.36%	2,272.51	4.75	4.1	0.561	1,470.18	1.214
2018	6	478,954	30.6	940.5	1,055.73			940.50	1.96	2.37	0.851	898.46	1
2018	7	479,110	30.65	763.2	779.42	-1.11	-0.14%	763.2	1.59	1.63	0.958	746.39	1
2018	8	479,368	29.65	668.96	668.77	0.01	0.00%	668.96	1.4	1.4	1.062	711.53	1.002
2018	9	479,732	30.45	684.64	731.31	-3.2	-0.47%	684.64	1.43	1.51	1.01	773.87	1.048
2018	10	480,554	29.65	903.85	955.75	-3.64	-0.40%	903.85	1.88	2.18	2.145	1,740.07	0.849
2018	11	481,589	29.8	3,023.26	3,060.22	-2.58	-0.09%	3,023.26	6.28	5.34	1.615	3,935.43	0.796
2018	12	482,255	32.2	6,571.09	6,536.31	2.24	0.03%	6,571.09	13.63	11.47	0.957	6,543.95	1.046
2019	1	482,949	33.65	7,516.99	7,440.71	4.69	0.06%	7,516.99	15.56	16.84	1.11	8,222.08	0.995
2019	2	483,270	30.35	8,405.43	8,264.59	9.6	0.11%	8,405.43	17.39	16.74	0.835	7,081.33	1.026
2019	3	483,560	29.5	5,898.52	6,695.25			5,898.52	12.2	13.12	0.901	5,772.48	0.957
2019	4	483,736	29.4	3,737.19	3,532.83	14.37	0.38%	3,737.19	7.73	8.23	0.647	2,967.43	1.299
2019	5	483,738	29.4	1,521.01	1,617.26	-6.77	-0.44%	1,521.01	3.14	4.15	0.925	1,529.68	1.023
2019	6	483,657	30.7	1,043.65	1,043.36	0.02	0.00%	1,043.65	2.16	2.26	0.802	857.62	1.025
2019	7	483,903	30.75	756.66	770.12	-0.9	-0.12%	756.66	1.56	1.6	0.956	736.52	1
2019	8	484,296	29.45	645.41	663.37	-1.26	-0.20%	645.41	1.33	1.37	1.069	710.72	1.002
2019	9	484,676	30.6	707.97	715.87	-0.53	-0.08%	707.97	1.46	1.49	0.977	771.6	1.103
2019	10	485,456	29.7	911.92	932.16	-1.4	-0.15%	911.92	1.88	2.22	1.428	1,763.50	1.325
2019	11	486,588	29.4	2,657.00	2,694.54	-2.62	-0.10%	2,657.00	5.46	5.29	1.847	3,979.87	0.8
2019	12	487,337	32.5	6,367.21	6,384.27	-1.08	-0.02%	6,367.21	13.07	11.64	1.05	6,610.26	0.986
2020	1	488,137	33.7	7,350.10	7,312.71	2.27	0.03%	7,350.10	15.06	16.88	0.938	8,299.99	1.21
2020	2	488,715	30.4	6,693.84	6,725.10	-2.1	-0.03%	6,693.84	13.7	16.78	0.932	7,407.37	1.181
2020	3	489,063	29.4	5,252.27	5,316.35	-4.46	-0.08%	5,252.27	10.74	13.14	0.864	5,857.41	1.276
2020	4	489,124	29.3	3,615.74	3,698.50	-5.78	-0.16%	3,615.74	7.39	8.4	0.953	3,044.05	0.863
2020	5	489,071	29.55	2,865.23	2,718.78	10.13	0.35%	2,865.23	5.86	4.13	0.691	1,495.83	0.797
2020	6	489,201	30.75	1,350.12	1,290.71	3.95	0.29%	1,350.12	2.76	2.4	0.698	923.88	1.026
2020	7	489,460	31.7	809.89	836.18	-1.69	-0.21%	809.89	1.65	1.72	0.934	780.77	1
2020	8	489,867	29.8	681.71	691.23	-0.65	-0.10%	681.71	1.39	1.41	1.057	731.65	1.002
2020	9	490,158	30.55	748.18	774.58	-1.76	-0.24%	748.18	1.53	1.52	1.094	791.86	0.935
2020	10	490,797	29.65	1,083.09	1,040.08	2.96	0.27%	1,083.09	2.21	2.28	1.514	1,792.95	1.139
2020	11	491,561	29.6	2,431.72	2,330.33	6.97	0.29%	2,431.72	4.95	5.56	1.32	4,073.61	1.324
2020	12	492,298	32.5	5,222.45	5,287.80	-4.08	-0.08%	5,222.45	10.61	12.07	1.297	6,821.26	0.995
2021	1	492,959	33.1	7,923.36	7,948.83	-1.56	-0.02%	7,923.36	16.07	17.06	1.018	8,575.82	1.06
2021	2	493,330	29.5	8,240.58	8,459.27	-15.03	-0.18%	8,240.58	16.7	16.7	0.936	7,431.29	0.938
2021	3	493,857	29.3	6,603.31	6,530.99	5	0.08%	6,603.31	13.37	13.24	0.792	5,986.09	1.157
2021	4	494,257	29.4	3,400.47	3,463.77	-4.36	-0.13%	3,400.47	6.88	8.46	0.847	3,122.24	1.064
2021	5	494,580	29.4	1,986.87	1,918.88	4.68	0.24%	1,986.87	4.02	4.1	0.849	1,522.89	0.935
2021	6	494,895	30.9	1,192.96	1,268.79	-4.96	-0.42%	1,192.96	2.41	2.36	0.7	917.51	1.033
2021	7	495,023	30.45	777.82	775.07	0.18	0.02%	777.82	1.57	1.58	0.97	751.7	1
2021	8	495,380	29.65	694.71	695.39	-0.05	-0.01%	694.71	1.4	1.4	1.062	739.78	1.002
2021	9	495,752	30.55	729.73	743.48	-0.91	-0.12%	729.73	1.47	1.53	0.984	804.98	1.1
2021	10	496,407	29.65	835.5	822.65	0.87	0.10%	835.5	1.68	2.23	1.346	1,818.50	1.642
2021	11	497,202	29.6	2,257.57	2,528.29	-18.39	-0.81%	2,257.57	4.54	5.87	1.811	4,344.70	0.949
2021	12	497,873	32.5	5,574.89	5,465.92	6.73	0.12%	5,574.89	11.2	12.07	0.956	6,979.73	1.336
2022	1	498,499	33.9	7,637.42	7,630.72	0.4	0.01%	7,637.42	15.32	17.62	1.198	8,767.40	0.959
2022	2	498,868	30	8,708.67	8,425.72	18.91	0.22%	8,708.67	17.46	16.99	0.786	7,525.33	1.137
2022	3	499,188	29.4	5,690.70	5,661.44	1.99	0.04%	5,690.70	11.4	13.63	0.921	6,259.44	1.2
2022	4	499,468	29.4	4,030.73	4,010.00	1.41	0.04%	4,030.73	8.07	8.76	0.839	3,338.99	0.992
2022	5	499,431	29.55	2,256.96	2,079.63	12.02	0.53%	2,256.96	4.52	4.09	0.673	1,545.61	1.105
2022	6	499,678	30.65	988.93	1,070.32	-5.31	-0.54%	988.93	1.98	2.38	0.862	952.15	1.032
2022	7	500,096	30.6	771.86	783.73	-0.78	-0.10%	771.86	1.54	1.58	0.965	756.22	1
2022	8	500,555	29.7	661.34	687.58	-1.76	-0.27%	661.34	1.32	1.37	1.06	730.53	1.002
2022	9	500,934	30.4	696.96	729.31	-2.12	-0.30%	696.96	1.39	1.47	1.048	791.54	1.035
2022	10	501,578	29.7	1,305.70	1,206.18	6.68	0.51%	1,305.70	2.6	2.21	1.514	1,809.64	0.991
2022	11	502,319	29.8	2,428.70	2,272.20	10.46	0.43%	2,428.70	4.83	5.48	1.633	4,133.80	1.114
2022	12	502,944	32.2	5,874.50	5,821.50	3.27	0.06%	5,874.50	11.68	11.66	1.231	6,873.53	0.959
2023	1	503,353	33.2	7,425.28	7,189.43	14.11	0.19%	7,425.28	14.75	16.68	0.83	8,582.86	1.438
2023	2	503,823	29.4	6,335.79	6,297.98	2.55	0.04%	6,335.79	12.58	16.35	0.909	7,432.82	1.299
2023	3	504,181	29.4	5,440.40	5,484.94	-3.01	-0.06%	5,440.40	10.79	13.24	1.032	6,040.12	1.067
2023	4	504,454	29.4	3,558.42	3,724.61	-11.21	-0.31%	3,558.42	7.05	8.43	0.68	3,117.28	1.231
2023	5	504,597	29.55	1,852.47	2,012.64	-10.74	-0.58%	1,852.47	3.67	4.08	0.77	1,506.90	0.973
2023	6	504,723	30.65	1,053.17	1,044.69	0.55	0.05%	1,053.17	2.09	2.2	0.812	859.1	1.013
2023	7	504,895	30.55	801.05	800.6	0.03	0.00%	801.05	1.59	1.58	0.955	764.79	1
2023	8	505,138	29.75	682.4	707.1	-1.64	-0.24%	682.4	1.35	1.4	1.058	749.78	1.002
2023	9	505,245	30.4	754				754	1.49	1.49	1.073	809.36	1
2023	10	505,613	29.7	1,108.84				1,108.84	2.19	2.19	1.665	1,845.95	1
2023	11	506,258	29.8	2,711.54				2,711.54	5.36	5.36	1.539	4,171.79	1
2023	12	507,000	32	5,795.29				5,795.29	11.43	11.43	1.198	6,944.78	1
2024	1	507,805	34.15	8,763.48				8,763.48	17.26	17.26	0.997	8,734.82	1
2024	2	508,522	30.05	8,528.70				8,528.70	16.77	16.77	0.912	7,781.86	1
2024	3	508,979	29.4	6,803.75				6,803.75	13.37	13.37	0.904	6,151.82	1
2024	4	509,088	29.5	4,402.50				4,402.50	8.65	8.65	0.727	3,200.46	1
2024	5	508,981	29.5	2,160.23				2,160.23	4.24	4.24	0.736	1,590.01	1
2024	6	508,962	30.6	1,195.53				1,195.53	2.35	2.35	0.779	931.1	1
2024	7	508,953	30.6	823.7				823.7	1.62	1.62	0.958	788.72	1
2024	8	509,000	29.7	717.8				717.8	1.41	1.41	1.062	762.23	1
2024	9	508,885	30.45	770.21				770.21	1.51	1.51	1.072	825.77	1
2024	10	509,058	29.85	1,120.93				1,120.93	2.2	2.2	1.664	1,865.02	1
2024	11	509,614	30.7	2,814.14				2,814.14	5.52	5.52	1.497	4,213.12	1
2024	12	510,374	32.5	6,042.68				6,042.68	11.84	11.84	1.162	7,021.99	1
2025	1	511,355	33.7	8,751.63				8,751.63	17.11	17.11	1.006	8,806.83	1
2025	2	512,205	30.4	8,655.95				8,655.95	16.9	16.9	0.876	7,581.26	1
2025	3	512,747	29.4	6,718.07				6,718.07	13.1	13.1	0.918	6,168.41	1
2025	4	512,863	29.3	4,233.40				4,233.40	8.25	8.25	0.755	3,197.27	1
2025	5	512,682	29.55	2,089.25				2,089.25	4.08	4.08	0.76	1,587.74	1
2025	6	512,628	30.75	1,179.67				1,179.67	2.3	2.3	0.791	932.81	1
2025	7	512,582	30.55	824.02

2029	6	526,052
2029	7	525,979
2029	8	525,966
2029	9	525,803
2029	10	525,942
2029	11	526,461
2029	12	527,167
2030	1	528,077
2030	2	528,846
2030	3	529,290
2030	4	529,296
2030	5	529,010
2030	6	528,869
2030	7	528,749
2030	8	528,690
2030	9	528,487
2030	10	528,592
2030	11	529,085
2030	12	529,769
2031	1	530,664
2031	2	531,422
2031	3	531,858
2031	4	531,860
2031	5	531,574
2031	6	531,437
2031	7	531,324
2031	8	531,272
2031	9	531,076
2031	10	531,187
2031	11	531,685
2031	12	532,375
2032	1	533,276
2032	2	534,044
2032	3	534,492
2032	4	534,504
2032	5	534,227
2032	6	534,098
2032	7	533,990
2032	8	533,936
2032	9	533,727
2032	10	533,823
2032	11	534,310
2032	12	534,996
2033	1	535,899
2033	2	536,664
2033	3	537,103
2033	4	537,106
2033	5	536,820
2033	6	536,683
2033	7	536,568
2033	8	536,506
2033	9	536,288
2033	10	536,368
2033	11	536,832
2033	12	537,488
2034	1	538,352
2034	2	539,076
2034	3	539,472
2034	4	539,429
2034	5	539,098
2034	6	538,919
2034	7	538,766
2034	8	538,670
2034	9	538,425
2034	10	538,484
2034	11	538,927
2034	12	539,561
2035	1	540,403
2035	2	541,110
2035	3	541,495
2035	4	541,444
2035	5	541,108
2035	6	540,926
2035	7	540,772
2035	8	540,679
2035	9	540,441
2035	10	540,506
2035	11	540,951
2035	12	541,579
2036	1	542,412
2036	2	543,116
2036	3	543,505
2036	4	543,458
2036	5	543,120
2036	6	542,927
2036	7	542,756
2036	8	542,651
2036	9	542,410
2036	10	542,478
2036	11	542,923
2036	12	543,545
2037	1	544,368
2037	2	545,059
2037	3	545,437
2037	4	545,385
2037	5	545,046
2037	6	544,851
2037	7	544,681
2037	8	544,573
2037	9	544,326
2037	10	544,388
2037	11	544,830
2037	12	545,455
2038	1	546,282
2038	2	546,972
2038	3	547,343
2038	4	547,278
2038	5	546,928
2038	6	546,729
2038	7	546,557
2038	8	546,447
2038	9	546,195
2038	10	546,248
2038	11	546,684
2038	12	547,306
2039	1	548,133
2039	2	548,825
2039	3	549,196
2039	4	549,130
2039	5	548,778
2039	6	548,574
2039	7	548,395
2039	8	548,277
2039	9	548,014
2039	10	548,060
2039	11	548,495
2039	12	549,124
2040	1	549,962
2040	2	550,663
2040	3	551,036
2040	4	550,965
2040	5	550,606
2040	6	550,401
2040	7	550,224
2040	8	550,111
2040	9	549,855
2040	10	549,905
2040	11	550,337
2040	12	550,954

Year	Month	Cust	BillDays	Actual	Pred	PredCalNorm	PredCalAct	BTB	Resid	PctResid	Forecast	UPC	UPC_Norm	CalMult
2012	1	41,441	33.95	2,923.06							2,923.06	70.54		
2012	2	41,500	30.05	2,754.98	2,942.25	3,048.93	2,593.77	0.882	187.26	6.80%	2,754.98	66.39	82.96	1.175
2012	3	41,476	29.4	2,085.02	2,091.24	2,382.58	1,699.82	0.813	6.22	0.30%	2,085.02	50.27	63.93	1.402
2012	4	41,408	29.4	1,233.62	1,413.31	1,316.55	1,227.40	0.868	179.69	14.57%	1,233.62	29.79	44.23	1.073
2012	5	41,347	29.45	887.56	876.54	690.08	589.48	0.673	-11.03	-1.24%	887.56	21.47	22.27	1.171
2012	6	41,272	30.75	569.47	528.37	475.8	473.36	0.896	-41.1	-7.22%	569.47	13.8	14.02	1.005
2012	7	41,193	30.55	494.34	451.51	430.25	430.22	0.953	-42.84	-8.67%	494.34	12	10.99	1
2012	8	41,186	29.65	462.15	386.91	417.87	417.38	1.079	-75.24	-16.28%	462.15	11.22	9.39	1.001
2012	9	41,230	30.55	489.85	426.54	470.57	456.13	1.069	-63.32	-12.93%	489.85	11.88	10.41	1.032
2012	10	41,417	29	599.87	677.34	906.32	862.66	1.274	77.48	12.92%	599.87	14.48	13.56	1.051
2012	11	41,566	29.8	1,237.50	1,244.85	1,778.43	2,115.05	1.699	7.36	0.59%	1,237.50	29.77	27.87	0.841
2012	12	41,722	32.1	2,313.51	2,322.64	2,855.63	2,489.48	1.072	9.13	0.39%	2,313.51	55.45	56.53	1.147
2013	1	41,817	33.75	3,044.52	3,191.32	3,562.30	3,294.51	1.032	146.8	4.82%	3,044.52	72.81	83.29	1.081
2013	2	41,860	30.35	3,334.06	3,517.87	3,004.05	3,083.37	0.876	183.81	5.51%	3,334.06	79.65	84.58	0.974
2013	3	41,852	29.4	2,867.34	2,790.09	2,428.51	2,687.95	0.963	-77.25	-2.69%	2,867.34	68.51	64.49	0.903
2013	4	41,734	29.4	2,009.47	2,038.67	1,355.59	1,368.30	0.671	29.21	1.45%	2,009.47	48.15	44.58	0.991
2013	5	41,622	29.5	938.06	953.81	730.1	740.22	0.776	15.76	1.68%	938.06	22.54	22.97	0.986
2013	6	41,528	30.7	623.02	583.26	486.77	476.25	0.817	-39.76	-6.38%	623.02	15	14.16	1.022
2013	7	41,477	30.65	504.28	462.5	440.74	440.72	0.953	-41.78	-8.29%	504.28	12.16	11.2	1
2013	8	41,447	29.55	480.66	397.47	430.4	429.91	1.082	-83.19	-17.31%	480.66	11.6	9.59	1.001
2013	9	41,469	30.6	517.84	458.83	490.88	505.99	1.103	-59.01	-11.40%	517.84	12.49	10.86	0.97
2013	10	41,609	29.6	598.66	554.52	934.07	900.11	1.623	-44.14	-7.37%	598.66	14.39	14.46	1.038
2013	11	41,865	29.4	1,178.32	1,233.97	1,833.75	2,074.33	1.681	55.65	4.72%	1,178.32	28.15	28.52	0.884
2013	12	42,051	32.5	2,576.10	2,716.04	2,896.63	2,949.76	1.086	139.94	5.43%	2,576.10	61.26	57.98	0.982
2014	1	42,164	33.8	3,640.81	3,740.73	3,593.76	4,107.97	1.098	99.93	2.74%	3,640.81	86.35	83.61	0.875
2014	2	42,226	30.3	3,869.26	4,059.73	3,051.31	3,440.21	0.847	190.46	4.92%	3,869.26	91.63	84.92	0.887
2014	3	42,263	29.4	3,318.37	3,249.94	2,465.31	2,958.01	0.91	-68.43	-2.06%	3,318.37	78.52	64.49	0.833
2014	4	42,166	29.4	2,097.17	2,030.50	1,382.39	1,413.44	0.696	-66.68	-3.18%	2,097.17	49.74	44.62	0.978
2014	5	42,047	29.55	1,042.09	996.32	771.29	688.48	0.691	-45.78	-4.39%	1,042.09	24.78	23.63	1.12
2014	6	41,969	30.65	698.92	593.3	527.66	517.02	0.871	-105.62	-15.11%	698.92	16.65	14.96	1.021
2014	7	41,914	30.65	643.82	506.49	484.94	484.92	0.957	-137.34	-21.33%	643.82	15.36	12.13	1
2014	8	41,897	29.55	458.26	444.89	480.3	479.8	1.078	-13.38	-2.92%	458.26	10.94	10.62	1.001
2014	9	41,937	30.65	474.44	481.79	520.48	507.16	1.053	7.35	1.55%	474.44	11.31	11.47	1.026
2014	10	42,143	29.55	634.91	589.09	970.42	843.47	1.432	-45.83	-7.22%	634.91	15.07	15.11	1.151
2014	11	42,440	29.4	1,153.88	1,230.34	1,894.44	2,188.94	1.779	76.46	6.63%	1,153.88	27.19	29.57	0.865
2014	12	42,614	32.7	2,655.48	2,716.96	2,969.63	2,768.82	1.019	61.48	2.32%	2,655.48	62.31	59.49	1.073
2015	1	42,741	33.65	3,437.60	3,630.92	3,687.23	3,991.33	1.099	193.32	5.62%	3,437.60	80.43	84.62	0.924
2015	2	42,829	30.25	4,112.26	4,183.02	3,113.43	4,056.75	0.97	70.76	1.72%	4,112.26	96.02	85.14	0.767
2015	3	42,873	29.4	3,774.69	3,602.75	2,561.16	3,020.23	0.838	-171.94	-4.56%	3,774.69	88.04	65.6	0.848
2015	4	42,778	29.4	2,187.25	2,071.85	1,466.44	1,355.38	0.654	-115.4	-5.28%	2,187.25	51.13	45.82	1.082
2015	5	42,631	29.6	939.28	955.94	836.26	726.73	0.76	16.66	1.77%	939.28	22.03	24.73	1.151
2015	6	42,539	30.6	663.4	639.56	563.93	575.27	0.899	-23.85	-3.59%	663.4	15.6	15.58	0.98
2015	7	42,477	30.7	476.72	534.63	511.57	511.55	0.957	57.91	12.15%	476.72	11.22	12.61	1
2015	8	42,456	29.5	518.06	451.23	487.93	487.43	1.08	-66.83	-12.90%	518.06	12.2	10.63	1.001
2015	9	42,482	30.55	554.12	511.97	557.52	526.51	1.028	-42.14	-7.61%	554.12	13.04	12.18	1.059
2015	10	42,730	29.65	672.59	684.31	1,021.57	1,006.86	1.471	11.71	1.74%	672.59	15.74	16.12	1.015
2015	11	42,936	29.6	1,126.49	1,063.98	1,947.33	1,483.49	1.394	-62.52	-5.55%	1,126.49	26.24	30.91	1.313
2015	12	43,093	32.5	1,878.50	1,945.42	3,078.80	1,913.82	0.984	66.91	3.56%	1,878.50	43.59	61.33	1.609
2016	1	43,232	33.9	2,836.40	3,036.57	3,804.11	3,752.67	1.236	200.18	7.06%	2,836.40	65.61	87.37	1.014
2016	2	43,279	30	3,483.08	3,548.56	3,320.23	3,066.17	0.864	65.49	1.88%	3,483.08	80.48	86.02	1.083
2016	3	43,255	29.4	2,563.45	2,464.53	2,643.71	2,032.78	0.825	-98.92	-3.86%	2,563.45	59.26	66.98	1.301
2016	4	43,155	29.4	1,634.01	1,780.77	1,506.38	1,550.58	0.871	146.76	8.98%	1,634.01	37.86	46.8	0.971
2016	5	43,079	29.55	1,156.19	1,145.15	833.53	934.8	0.816	-11.04	-0.95%	1,156.19	26.84	24.64	0.892
2016	6	42,989	30.65	728.16	709.82	595.38	586.15	0.826	-18.34	-2.52%	728.16	16.94	16.27	1.016
2016	7	42,925	30.6	556.36	570.2	549.25	549.23	0.963	13.84	2.49%	556.36	12.96	13.32	1
2016	8	42,919	29.7	502.45	500.34	536.15	535.64	1.071	-2.11	-0.42%	502.45	11.71	11.66	1.001
2016	9	42,943	30.4	534.12	543.16	591.19	570.5	1.05	9.05	1.69%	534.12	12.44	12.76	1.036
2016	10	43,143	29.7	668.79	659.38	1,050.07	967.76	1.468	-9.42	-1.41%	668.79	15.5	16.55	1.091
2016	11	43,378	29.8	1,199.40	1,198.74	1,995.99	1,753.92	1.463	-0.66	-0.05%	1,199.40	27.65	31.53	1.138
2016	12	43,609	32.2	2,493.45	2,513.02	3,128.59	3,152.71	1.255	19.57	0.78%	2,493.45	57.18	60.63	0.992
2017	1	43,676	33.95	3,618.85	3,645.34	3,863.70	3,380.29	0.927	26.49	0.73%	3,618.85	82.86	87.74	1.143
2017	2	43,647	30.05	3,150.18	3,199.70	3,273.68	2,601.00	0.813	49.52	1.57%	3,150.18	72.17	87.02	1.259
2017	3	43,651	29.4	2,710.44	2,682.21	2,682.40	2,915.63	1.087	-28.23	-1.04%	2,710.44	62.09	67.29	0.92
2017	4	43,566	29.5	2,127.03	1,997.67	1,522.39	1,244.48	0.623	-129.36	-6.08%	2,127.03	48.82	46.67	1.223
2017	5	43,431	29.3	923.34	1,006.26	892.52	930.27	0.924	82.92	8.98%	923.34	21.26	25.42	0.959
2017	6	43,346	29.4	719.98	702.56	607.73	608.26	0.866	-17.43	-2.42%	719.98	16.61	15.79	0.999
2017	7	43,271	30.55	576.94	591.1	568.67	568.65	0.962	14.16	2.45%	576.94	13.33	13.65	1
2017	8	43,260	29.75	542.02	520.49	556.38	555.87	1.068	-21.53	-3.97%	542.02	12.53	12.03	1.001
2017	9	43,298	30.4	563.73	573.35	614.92	600	1.046	9.63	1.71%	563.73	13.02	13.18	1.025
2017	10	43,418	29.7	634.52	640.25	1,080.91	857.59	1.339	5.73	0.90%	634.52	14.61	16.72	1.26
2017	11	43,694	29.8	1,172.58	1,217.44	2,026.07	2,034.40	1.671	44.86	3.83%	1,172.58	26.84	31.3	0.996
2017	12	43,833	32	2,663.34	2,643.23	3,156.57	3,475.10	1.315	-20.11	-0.76%	2,663.34	60.76	59.73	0.908
2018	1	43,921	34.15	4,629.53	4,474.84	3,909.56	4,021.84	0.899	-154.7	-3.34%	4,629.53	105.41	88.4	0.972
2018	2	43,993	30.05	3,603.17	3,521.22	3,340.54	2,811.10	0.798	-81.95	-2.27%	3,603.17	81.9	88.21	1.188
2018	3	43,999	29.4	2,898.02	2,903.59	2,746.11	3,205.35	1.104	5.57	0.19%	2,898.02	65.87	68.8	0.857
2018	4	43,951	29.5	2,587.40	2,555.35	1,554.71	1,929.55	0.755	-32.04	-1.24%	2,587.40	58.87	47.78	0.806
2018	5	43,775	29.5	1,292.23	1,219.40	908.28	806.15	0.661	-72.83	-5.64%	1,292.23	29.52	26.11	1.127
2018	6	43,697	30.6	657.57	733.31	655.32	655.27	0.894	75.74	11.52%	657.57	15.05	17.49	1
2018	7	43,626	30.65	582.17	609.79	586.05	586.03	0.961	27.62	4.74%	582.17	13.34	13.98	1
2018	8	43,592	29.65	535.63	541.31	580.08	579.57	1.071	5.68	1.06%	535.63	12.29	12.42	1.001
2018	9	43,587	30.45	561.33	597.07	636.95	623.09	1.044	35.74	6.37%	561.33	12.88	13.63	1.022
2018	10	43,798	29.65	734.87	716.83	1,109.34	1,231.19	1.718	-18.03	-2.45%	734.87	16.78	17.2	0.901
2018	11	43,965	29.8	1,626.91	1,599.99	2,060.53	2,456.80	1.536	-26.92	-1.65%	1,626.91	37	32	0.839
2018	12	44,120	32.2	3,138.17	3,091.40	3,200.13	3,086.43	0.998	-46.77	-1.49%	3,138.17	71.13	61.07	1.037
2019	1	44,210	33.65	3,800.90	3,592.55	3,944.23	3,959.71	1.102	-208.35	-5.48%	3,800.90	85.97	87.44	0.996
2019	2	44,223	30.35	3,974.82	4,014.33	3,364.00	3,292.72	0.82	39.51	0.99%	3,974.82	89.88	89.2	1.022
2019	3	44,224	29.5	2,986.51	3,165.74	2,747.47	2,849.66	0.9	179.22	6.00%	2,986.51	67.53	68.47	0.964
2019	4	44,130	29.4	2,074.31	1,895.60	1,546.03	1,277.56	0.674	-178.71	-8.62%	2,074.31	47	46.96	1.21
2019	5	44,002	29.4	998.11	1,022.90	950.87	937.51	0.917	24.79	2.48%	998.11	22.68	26.73	1.014
2019	6	43,903	30.7	745.62	766.22	675.42	667.13	0.871	20.6	2.76%	745.62	16.98	17.9	1.012
2019	7	43,841	30.75	623.71	653.76	629.19	629.17	0.962	30.05	4.82%	623.71	14.23	14.93	1
2019	8	43,812	29.45	561.77	569.81	614	613.48	1.077	8.04	1.43%	561.77	12.82	13.01	1.001
2019	9	43,821	30.6	592.57	614.75	657.84	629.72	1.024	22.18	3.74%	592.57	13.52	14.1	1.045
2019	10	43,970	29.7	707.75	715.14	1,124.20	955.37	1.336	7.4	1.05%	707.75	16.1	17.58	1.177
2019	11	44,232	29.4	1,500.69	1,461.45	2,087.58	2,478.57	1.696	-39.24	-2.61%	1,500.69	33.93	31.98	0.842
2019	12	44,327	32.5	3,131.41	3,088.80	3,275.86	3,312.68	1.072	-42.61	-1.36%	3,131.41	70.64	63.37	0.989
2020	1	44,409	33.7	3,656.65	3,638.44	4,059.38	3,494.93	0.961	-18.21	-0.50%	3,656.65	82.34	90.1	1.162
2020	2	44,476	30.4	3,383.37	3,445.23	3,545.51	3,099.54	0.9	61.86	1.83%	3,383.37	76.07	90.48	1.144
2020	3	44,462	29.4	2,605.04	2,567.98	2,724.88	2,228.68	0.868	-37.07	-1.42%	2,605.04	58.59	67.52	1.223
2020	4	44,374	29.3	1,785.49	1,797.87	1,412.00	1,600.66	0.89	12.38	0.69%	1,785.49	40.24	44.15	0.882
2020	5	44,254	29.55	545.78	1,192.32	662.46	811.56	0.681	646.54	118.46%	545.78	12.33	20.76	0.816
2020	6	44,141	30.75	697	586.19	431.44	422.48	0.721	-110.8	-15.90%	697	15.79	12.25	1.021
2020	7	44,099	31.7	608.63	520.43	480.19	480.16	0.923	-88.2	-14.49%	608.63	13.8	11.85	1
2020	8	44,078	29.8	413.74	520.62	555.87	555.35	1.067	106.88	25.83%	413.74	9.39	11.81	1.001
2020	9	44,091	30.55	630.01	583.91	613.63	635.1	1.088	-46.09	-7.32%	630.01	14.29	12.99	0.966
2020	10	44,187	29.65	642.15	721.21	1,097.29	1,012.53	1.404	79.06	12.31%	642.15	14.53	17.01	1.084
2020	11	44,343	29.6	1,377.80	1,223.49	2,020.21	1,632.40	1.334	-154.31	-11.20%	1,377.80	31.07	31.11	1.238
2020	12	44,426	32.5	2,523.08	2,499.50	3,201.50	3,214.98	1.286	-23.58	-0.93%	2,523.08	56.79	61.98	0.996
2021	1	44,505	33.1	3,785.92	3,658.35	3,962.17	3,773.85	1.032	-127.57	-3.37%	3,785.92	85.07	86.23	1.05
2021	2	44,552	29.5	4,018.48	3,958.85	3,398.70	3,589.01	0.907	-59.63	-1.48%	4,018.48	90.2	86.93	0.947
2021	3	44,558	29.3	3,233.08	3,076.61	2,814.00	2,498.38	0.812	-156.47	-4.84%	3,233.08	72.56	69.12	1.126
2021	4	44,524	29.4	1,848.14	1,895.75	1,635.61	1,562.60	0.824	47.62	2.58%	1,848.14	41.51	48.86	1.047
2021	5	44,449	29.4	1,140.68	1,140.45	949.17	990.12	0.868	-0.23	-0.02%	1,140.68	25.66	26.6	0.959
2021	6	44,405	30.9	743.25	838.75	682.67	671.41	0.8	95.5	12.85%	743.25	16.74	18.02	1.017
2021	7	44,386	30.45	609.61	635.39	617.92	617.9	0.972	25.77	4.23%	609.61	13.73	14.36	1
2021	8	44,373	29.65	585.98	575.38	615.96	615.44	1.07	-10.59	-1.81%	585.98	13.21	12.97	1.001
2021	9	44,392	30.55	578.44	633.91	679.72	651.42	1.028	55.47	9.59%	578.44	13.03	14.39	1.043
2021	10	44,526	29.65	731.33	692.13	1,164.20	889.23	1.285	-39.2	-5.36%	731.33	16.42	18.03	1.309
2021	11	44,668	29.6	1,300.95	1,472.85	2,298.34	2,389.21	1.622	171.9	13.21%	1,300.95	29.12	36.34	0.962
2021	12	44,773	32.5	2,761.38	2,756.83	3,441.11	2,760.25	1.001	-4.55	-0.16%	2,761.38	61.68	66.3	1.247
2022	1	44,870	33.9	3,753.22	3,749.61	4,219.67	4,363.92	1.164	-3.61	-0.10%	3,753.22	83.65	93.55	0.967
2022	2	44,897	30	4,264.96	4,123.58	3,590.23	3,238.48	0.785	-141.38	-3.31%	4,264.96	94.99	92.27	1.109
2022	3	44,918	29.4	2,939.87	2,858.53	3,044.21	2,638.98	0.923	-81.34	-2.77%	2,939.87	65.45	73.52	1.154
2022	4	44,856	29.4	2,200.85	2,219.84	1,833.86	1,844.38	0.831	18.98	0.86%	2,200.85	49.06	52.66	0.994
2022	5	44,736	29.55	1,315.53	1,253.98	1,010.04	953.48	0.76	-61.56	-4.68%	1,315.53	29.41	27.71	1.059
2022	6	44,686	30.65	748.35	811.97	747.83	736.5	0.907	63.62	8.50%	748.35	16.75	19.22	1.015
2022	7	44,691	30.6	680.84	704.96	685.03	685.01	0.972	24.11	3.54%	680.84	15.23	15.82	1
2022	8	44,653	29.7	575.98	636.39	678.71	678.18	1.066	60.41	10.49%	575.98	12.9	14.25	1.001
2022	9	44,625	30.4	601.37	681.59	728.67	718.28	1.054	80.21	13.34%	601.37	13.48	15.35	1.014
2022	10	44,752	29.7	920.22	892.81	1,213.97	1,220.34	1.367	-27.41	-2.98%	920.22	20.56	19.09	0.995
2022	11	44,867	29.8	1,426.99	1,348.22	2,184.08	2,021.16	1.499	-78.77	-5.52%	1,426.99	31.8	34.18	1.081
2022	12	44,917	32.2	3,009.01	2,837.27	3,347.30	3,460.39	1.22	-171.75	-5.71%	3,009.01	66.99	63.52	0.967
2023	1	44,937	33.2	3,708.47	3,531.42	4,113.65	3,107.32	0.88	-177.05	-4.77%	3,708.47	82.53	88.92	1.324
2023	2	44,939	29.4	3,829.25	3,235.53	3,506.13	2,848.95	0.881	-593.72	-15.50%	3,829.25	85.21	88.58	1.231
2023	3	44,964	29.4	2,282.50	2,833.83	3,004.31	2,857.71	1.008	551.34	24.15%	2,282.50	50.76	73.2	1.051
2023	4	44,904	29.4	1,941.64	2,022.55	1,661.65	1,437.17	0.711	80.91	4.17%	1,941.64	43.24	49.55	1.156
2023	5	44,830	29.55	1,208.36	1,285.74	1,057.33	1,073.39	0.835	77.37	6.40%	1,208.36	26.95	29.06	0.985
2023	6	44,754	30.65	769.42	886.36	794.95	790.72	0.892	116.94	15.20%	769.42	17.19	20.38	1.005
2023	7	44,724	30.55	641.4	766.55	745.06	745.04	0.972	125.15	19.51%	641.4	14.34	17.12	1
2023	8	44,702	29.75	579.95	689.8	733.27	732.74	1.062	109.85	18.94%	579.95	12.97	15.43	1.001
2023	9	44,738	30.4		741.33	785.03	785.03	1.059			741.33	16.57	16.57	1
2023	10	44,907	29.7		918.91	1,293.31	1,293.31	1.407			918.91	20.46	20.46	1
2023	11	45,102	29.8		1,582.40	2,263.27	2,263.27	1.43			1,582.40	35.09	35.09	1
2023	12	45,250	32		2,896.52	3,446.11	3,446.11	1.19			2,896.52	64.01	64.01	1
2024	1	45,335	34.15		4,212.01	4,220.94	4,220.94	1.002			4,212.01	92.91	92.91	1
2024	2	45,372	30.05		4,171.67	3,720.28	3,720.28	0.892			4,171.67	91.94	91.94	1
2024	3	45,376	29.4		3,315.20	3,019.46	3,019.46	0.911			3,315.20	73.06	73.06	1
2024	4	45,295	29.5		2,386.13	1,795.68	1,795.68	0.753			2,386.13	52.68	52.68	1
2024	5	45,184	29.5		1,378.61	1,128.00	1,128.00	0.818			1,378.61	30.51	30.51	1
2024	6	45,105	30.6		968.33	847.05	847.05	0.875			968.33	21.47	21.47	1
2024	7	45,060	30.6		818.27	796.79	796.79	0.974			818.27	18.16	18.16	1
2024	8	45,033	29.7		735.31	782.06	782.06	1.064			735.31	16.33	16.33	1
2024	9	45,068	30.45		786.32	829.01	829.01	1.054			786.32	17.45	17.45	1
2024	10	45,238	29.85		949.37	1,325.52	1,325.52	1.396			949.37	20.99	20.99	1
2024	11	45,434	30.7		1,659.48	2,301.28	2,301.28	1.387			1,659.48	36.52	36.52	1
2024	12	45,584	32.5		3,012.92	3,487.40	3,487.40	1.157			3,012.92	66.1	66.1	1
2025	1	45,669	33.7		4,202.74	4,255.32	4,255.32	1.013			4,202.74	92.03	92.03	1
2025	2	45,706	30.4		4,233.33	3,619.24	3,619.24	0.855			4,233.33	92.62	92.62	1
2025	3	45,710	29.4		3,291.46	3,034.95	3,034.95	0.922			3,291.46	72.01	72.01	1
2025	4	45,628	29.3		2,332.78	1,810.08	1,810.08	0.776			2,332.78	51.13	51.13	1
2025	5	45,516	29.55		1,366.45	1,141.43	1,141.43	0.835			1,366.45	30.02	30.02	1
2025	6	45,436	30.75		976.86	859.41	859.41	0.88			976.86	21.5	21.5	1
2025	7	45,391	30.55		828.7	809.38	809.38	0.977			828.7	18.26	18.26	1
2025	8	45,363	29.55		743.6	794.75	794.75	1.069			743.6	16.39	16.39	1
2025	9	45,398	30.75		808.16	841.68	841.68	1.041			808.16	17.8	17.8	1
2025	10	45,570	29.55		969.89	1,340.86	1,340.86	1.382			969.89	21.28	21.28	1
2025	11	45,767	29.3		1,623.28	2,320.65	2,320.65	1.43			1,623.28	35.47	35.47	1
2025	12	45,917	32.7		3,066.05	3,514.19	3,514.19	1.146			3,066.05	66.77	66.77	1
2026	1	46,003	33.75		4,255.14	4,288.67	4,288.67	1.008			4,255.14	92.5	92.5	1
2026	2	46,040	30.25		4,246.70	3,653.46	3,653.46	0.86			4,246.70	92.24	92.24	1
2026	3	46,044	29.3		3,306.21	3,067.60	3,067.60	0.928			3,306.21	71.81	71.81	1
2026	4	45,961	29.4		2,357.06	1,834.55	1,834.55	0.778			2,357.06	51.28	51.28	1
2026	5	45,848	29.7		1,386.22	1,161.26	1,161.26	0.838			1,386.22	30.24	30.24	1
2026	6	45,768	30.6		987.97	876.46	876.46	0.887			987.97	21.59	21.59	1
2026	7	45,722	30.6		846.98	826.37	826.37	0.976			846.98	18.52	18.52	1
2026	8	45,

Year	Month	Cust	BillDays	Actual	Pred	PredCalNorm	PredCalAct	BTB	Resid	PctResid	Forecast	UPC	UPC_NormCalMult
2032	7	47,707											
2032	8	47,676											
2032	9	47,711											
2032	10	47,890											
2032	11	48,096											
2032	12	48,253											
2033	1	48,341											
2033	2	48,379											
2033	3	48,381											
2033	4	48,293											
2033	5	48,172											
2033	6	48,087											
2033	7	48,037											
2033	8	48,006											
2033	9	48,042											
2033	10	48,221											
2033	11	48,429											
2033	12	48,586											
2034	1	48,675											
2034	2	48,713											
2034	3	48,715											
2034	4	48,626											
2034	5	48,504											
2034	6	48,418											
2034	7	48,368											
2034	8	48,336											
2034	9	48,372											
2034	10	48,553											
2034	11	48,761											
2034	12	48,920											
2035	1	49,009											
2035	2	49,047											
2035	3	49,049											
2035	4	48,959											
2035	5	48,836											
2035	6	48,749											
2035	7	48,699											
2035	8	48,667											
2035	9	48,703											
2035	10	48,884											
2035	11	49,094											
2035	12	49,253											
2036	1	49,343											
2036	2	49,381											
2036	3	49,383											
2036	4	49,292											
2036	5	49,168											
2036	6	49,081											
2036	7	49,030											
2036	8	48,997											
2036	9	49,033											
2036	10	49,216											
2036	11	49,427											
2036	12	49,587											
2037	1	49,677											
2037	2	49,715											
2037	3	49,717											
2037	4	49,625											
2037	5	49,501											
2037	6	49,412											
2037	7	49,360											
2037	8	49,327											
2037	9	49,363											
2037	10	49,547											
2037	11	49,759											
2037	12	49,921											
2038	1	50,011											
2038	2	50,049											
2038	3	50,051											
2038	4	49,958											
2038	5	49,833											
2038	6	49,743											
2038	7	49,691											
2038	8	49,658											
2038	9	49,694											
2038	10	49,879											
2038	11	50,092											
2038	12	50,254											
2039	1	50,345											
2039	2	50,383											
2039	3	50,385											
2039	4	50,291											
2039	5	50,165											
2039	6	50,075											
2039	7	50,022											
2039	8	49,988											
2039	9	50,024											
2039	10	50,210											
2039	11	50,425											
2039	12	50,588											
2040	1	50,679											
2040	2	50,717											
2040	3	50,718											
2040	4	50,624											
2040	5	50,497											
2040	6	50,406											
2040	7	50,353											
2040	8	50,318											
2040	9	50,355											
2040	10	50,542											
2040	11	50,757											
2040	12	50,921											

Year	Month	Cust	BillDays	Actual	Pred	Resid	PctResid	Forecast	UPC	UPC_Normal	PredCalNorm
2016	1	42	33.9	15.58	13.26	-2.32	-14.87%	15.58	370.87	455.18	22.19
2016	2	42	30	28.48	22.43	-6.05	-21.24%	28.48	678.01	566.77	21.23
2016	3	38	29.4	22.68	14.66	-8.02	-35.36%	22.68	596.76	475.81	17.64
2016	4	37	29.4	21.33	12.41	-8.92	-41.81%	21.33	576.36	386.53	11.63
2016	5	38	29.55	10.89	10.29	-0.6	-5.51%	10.89	286.53	253.23	10.12
2016	6	38	30.65	28.62	11.09	-17.53	-61.25%	28.62	753.26	289.71	7.58
2016	7	37	30.6	-16.86	4.81	21.67	-128.55%	-16.86	-455.55	130.4	4.44
2016	8	37	29.7	4.7	3.85	-0.85	-18.10%	4.7	126.97	104	4.47
2016	9	36	30.4	4.61	4.81	0.2	4.41%	4.61	128.09	134.77	4.29
2016	10	36	29.7	4.78	3.95	-0.84	-17.47%	4.78	132.8	121.65	4.71
2016	11	36	29.8	8.58	3.79	-4.8	-55.87%	8.58	238.41	142.23	8.73
2016	12	36	32.2	15.44	10.98	-4.45	-28.84%	15.44	428.8	333.68	15.24
2017	1	36	33.95	20.95	17.59	-3.36	-16.03%	20.95	581.88	529.19	22.19
2017	2	36	30.05	23.12	19.2	-3.93	-16.99%	23.12	642.36	663.48	20.58
2017	3	35	29.4	18.47	16.08	-2.39	-12.93%	18.47	527.67	516.56	17.64
2017	4	35	29.5	19.81	13.96	-5.85	-29.54%	19.81	566.09	406.82	11.63
2017	5	35	29.3	8.63	8.72	0.09	1.08%	8.63	246.55	271.25	10.12
2017	6	35	29.4	5.48	10.71	5.23	95.41%	5.48	156.58	301.89	7.58
2017	7	35	30.55	3.35	4.82	1.48	44.07%	3.35	95.67	137.72	4.44
2017	8	35	29.75	15.33	3.85	-11.48	-74.86%	15.33	438.04	110.12	4.47
2017	9	35	30.4	-0.83	4.87	5.7	-686.79%	-0.83	-23.7	138.45	4.29
2017	10	35	29.7	4.86	3.63	-1.23	-25.39%	4.86	138.82	122.88	4.71
2017	11	35	29.8	8.3	3.74	-4.55	-54.86%	8.3	237.01	140.56	8.73
2017	12	35	32	15.53	11.86	-3.67	-23.63%	15.53	443.61	333.25	15.24
2018	1	35	34.15	24.09	23.62	-0.48	-1.98%	24.09	688.37	543.05	22.19
2018	2	35	30.05	24.81	21.16	-3.65	-14.72%	24.81	708.8	684.33	20.58
2018	3	35	29.4	20.62	17.32	-3.29	-15.98%	20.62	589.06	522.36	17.64
2018	4	35	29.5	15.61	18.02	2.41	15.43%	15.61	445.96	413.59	11.63
2018	5	35	29.5	22.64	10.27	-12.37	-54.65%	22.64	646.82	276.29	10.12
2018	6	35	30.6	6.93	10.78	3.84	55.44%	6.93	198.06	314.78	7.58
2018	7	35	30.65	5.04	4.83	-0.2	-4.04%	5.04	143.95	138.13	4.44
2018	8	35	29.65	3.6	3.84	0.24	6.76%	3.6	102.8	109.75	4.47
2018	9	35	30.45	4.4	4.88	0.48	10.83%	4.4	125.82	138.73	4.29
2018	10	35	29.65	4.65	4.04	-0.61	-13.21%	4.65	132.99	123.53	4.71
2018	11	35	29.8	9.99	6.49	-3.49	-34.98%	9.99	285.31	142.63	8.73
2018	12	34	32.2	19.64	14.96	-4.68	-23.82%	19.64	577.51	349.45	15.24
2019	1	34	33.65	19.31	16.65	-2.66	-13.76%	19.31	568.01	552.01	22.19
2019	2	34	30.35	23.51	24.72	1.21	5.13%	23.51	691.43	711.04	20.58
2019	3	34	29.5	20.66	19.31	-1.35	-6.54%	20.66	607.7	536.65	17.64
2019	4	34	29.4	19.23	12.94	-6.28	-32.67%	19.23	565.48	421.05	11.63
2019	5	35	29.4	8.23	8.41	0.17	2.11%	8.23	235.27	274.27	10.12
2019	6	34	30.7	6.64	10.89	4.25	64.04%	6.64	195.17	324.68	7.58
2019	7	32	30.75	5.22	4.84	-0.38	-7.21%	5.22	163.1	151.53	4.44
2019	8	32	29.45	3.3	3.82	0.52	15.64%	3.3	103.1	119.23	4.47
2019	9	32	30.6	3.39	4.86	1.46	43.05%	3.39	106.07	152.54	4.29
2019	10	31	29.7	3.44	3.92	0.49	14.20%	3.44	110.84	141.04	4.71
2019	11	31	29.4	5.42	5.32	-0.1	-1.92%	5.42	174.84	159.76	8.73
2019	12	31	32.5	14.45	14.25	-0.19	-1.34%	14.45	465.98	390.07	15.24
2020	1	31	33.7	18.99	16.05	-2.94	-15.48%	18.99	612.62	607.95	22.19
2020	2	31	30.4	30.2	19.73	-10.48	-34.68%	30.2	974.35	780	21.23
2020	3	31	29.4	3.8	14.87	11.07	291.58%	3.8	122.51	587.46	17.64
2020	4	31	29.3	12.29	13.19	0.9	7.35%	12.29	396.35	465.54	11.63
2020	5	31	29.55	9.78	11.84	2.06	21.03%	9.78	315.54	313.75	10.12
2020	6	31	30.75	14.31	11.43	-2.88	-20.11%	14.31	461.65	357.42	7.58
2020	7	31	31.7	-5.31	4.98	10.29	-193.84%	-5.31	-171.26	161.27	4.44
2020	8	31	29.8	2.72	3.86	1.14	41.89%	2.72	87.77	124.54	4.47
2020	9	31	30.55	3.91	4.97	1.06	27.01%	3.91	126.18	157.46	4.29
2020	10	31	29.65	5.66	4.19	-1.47	-25.98%	5.66	182.47	142.63	4.71
2020	11	30	29.6	3.97	3.96	-0.01	-0.13%	3.97	132.32	172.26	8.73
2020	12	30	32.5	9.98	10.32	0.35	3.46%	9.98	332.55	409.19	15.24
2021	1	30	33.1	14.79	17.23	2.44	16.48%	14.79	492.97	520.12	22.19
2021	2	30	29.5	16.66	24.16	7.49	44.97%	16.66	555.48	783.27	20.58
2021	3	30	29.3	25.98	18.15	-7.83	-30.15%	25.98	865.87	605.68	17.64
2021	4	30	29.4	5.83	12.25	6.42	110.11%	5.83	194.27	479.76	11.63
2021	5	30	29.4	7.95	9.32	1.37	17.23%	7.95	264.87	321.3	10.12
2021	6	29	30.9	4.53	11.41	6.88	151.73%	4.53	156.33	383.29	7.58
2021	7	28	30.45	1.55	4.79	3.23	208.42%	1.55	55.42	171.51	4.44
2021	8	28	29.65	0.95	3.84	2.89	305.37%	0.95	33.84	137.19	4.47
2021	9	27	30.55	1.79	4.84	3.05	169.99%	1.79	66.35	180.54	4.29
2021	10	27	29.65	2.64	3.49	0.85	32.16%	2.64	97.84	160.76	4.71
2021	11	26	29.6	3.73	3.82	0.09	2.41%	3.73	143.31	191.03	8.73
2021	12	26	32.5	8.14	10.42	2.28	28.01%	8.14	313.07	462.92	15.24
2022	1	26	33.9	10.41	15.56	5.15	49.48%	10.41	400.23	729.58	22.19
2022	2	26	30	12.04	23.73	11.69	97.10%	12.04	463	918.2	20.58
2022	3	25	29.4	15.5	14.78	-0.72	-4.66%	15.5	620.06	726.27	17.64
2022	4	25	29.4	9.22	13.22	4	43.42%	9.22	368.66	572.07	11.63
2022	5	24	29.55	5.69	9.73	4.04	71.05%	5.69	237.04	400.95	10.12
2022	6	24	30.65	5.4	10.65	5.25	97.13%	5.4	225.14	458.71	7.58
2022	7	24	30.6	2.09	4.81	2.72	130.49%	2.09	86.94	201.04	4.44
2022	8	24	29.7	0.18	3.85	3.66	1983.12%	0.18	7.7	160.33	4.47
2022	9	24	30.4	10.56	4.82	-5.74	-54.32%	10.56	440.04	202.16	4.29
2022	10	24	29.7	1.86	4.67	2.82	151.85%	1.86	77.32	182.47	4.71
2022	11	24	29.8	-9.15	3.71	12.86	-140.52%	-9.15	-381.31	213.35	8.73
2022	12	24	32.2	1.48	11.89	10.41	703.46%	1.48	61.67	500.52	15.24
2023	1	24	33.2	10.99	15.04	4.04	36.80%	10.99	457.99	773.75	22.19
2023	2	24	29.4	14.41	17.79	3.38	23.46%	14.41	600.47	977.63	20.58
2023	3	23	29.4	2.33	14.88	12.55	539.69%	2.33	101.13	798.21	17.64
2023	4	23	29.4	5.69	13	7.3	128.31%	5.69	247.52	632.12	11.63
2023	5	23	29.55	4.38	9.62	5.25	119.93%	4.38	190.27	424.04	10.12
2023	6	23	30.65	16.07	10.85	-5.21	-32.46%	16.07	698.51	480.39	7.58
2023	7	23	30.55	21.61	4.83	-16.78	-77.65%	21.61	939.45	209.58	4.44
2023	8	23	29.75	0	3.85	3.85	##########	0	0.01	167.58	4.47
2023	9	23	30.4		4.85			4.85	212.01	212.01	4.29
2023	10	23	29.7		4.3			4.3	189.36	189.36	4.71
2023	11	23	29.8		4.92			4.92	217.99	217.99	8.73
2023	12	22	32		11.66			11.66	520.13	520.13	15.24
2024	1	22	34.15		19.01			19.01	853.04	853.04	22.19
2024	2	22	30.05		23.95			23.95	1,081.96	1,081.96	21.23
2024	3	22	29.4		18.4			18.4	836.6	836.6	17.64
2024	4	22	29.5		14.71			14.71	673.41	673.41	11.63
2024	5	22	29.5		9.8			9.8	451.59	451.59	10.12
2024	6	22	30.6		11.06			11.06	512.86	512.86	7.58
2024	7	21	30.6		4.83			4.83	225.51	225.51	4.44
2024	8	21	29.7		3.85			3.85	180.86	180.86	4.47
2024	9	21	30.45		4.85			4.85	229.52	229.52	4.29
2024	10	21	29.85		4.3			4.3	204.93	204.93	4.71
2024	11	21	30.7		5.03			5.03	241.51	241.51	8.73
2024	12	21	32.5		12.09			12.09	584.15	584.15	15.24
2025	1	21	33.7		18.85			18.85	916.8	916.8	22.19
2025	2	20	30.4		24.18			24.18	1,184.50	1,184.50	20.58
2025	3	20	29.4		18.09			18.09	892.37	892.37	17.64
2025	4	20	29.3		14.2			14.2	705.38	705.38	11.63
2025	5	20	29.55		9.6			9.6	480.28	480.28	10.12
2025	6	20	30.75		11.04			11.04	556.51	556.51	7.58
2025	7	20	30.55		4.82			4.82	244.52	244.52	4.44
2025	8	20	29.55		3.83			3.83	195.82	195.82	4.47
2025	9	19	30.75		4.91			4.91	252.96	252.96	4.29
2025	10	19	29.55		4.39			4.39	227.97	227.97	4.71
2025	11	19	29.3		4.99			4.99	261.22	261.22	8.73
2025	12	19	32.7		12.25			12.25	645.49	645.49	15.24
2026	1	19	33.75		18.97			18.97	1,007.34	1,007.34	22.19
2026	2	19	30.25		24.02			24.02	1,285.44	1,285.44	20.58
2026	3	19	29.3		17.97			17.97	968.85	968.85	17.64
2026	4	18	29.4		14.16			14.16	769.34	769.34	11.63
2026	5	18	29.7		9.58			9.58	524.96	524.96	10.12
2026	6	18	30.6		10.97			10.97	605.6	605.6	7.58
2026	7	18	30.6		4.82			4.82	268.38	268.38	4.44
2026	8	18	29.5		3.82			3.82	214.4	214.4	4.47
2026	9	18	30.55		4.88			4.88	276.06	276.06	4.29
2026	10	18	29.65		4.42			4.42	252.1	252.1	4.71
2026	11	17	29.6		5.17			5.17	297.08	297.08	8.73
2026	12	17	32.5		12.28			12.28	711.57	711.57	15.24
2027	1	17	33.1		18.6			18.6	1,087.42	1,087.42	22.19
2027	2	17	29.5		23.5			23.5	1,385.16	1,385.16	20.58
2027	3	17	29.3		18.17			18.17	1,080.25	1,080.25	17.64
2027	4	17	29.4		14.39			14.39	863.04	863.04	11.63
2027	5	17	29.4		9.64			9.64	583.01	583.01	10.12
2027	6	16	30.9		11.12			11.12	678.21	678.21	7.58
2027	7	16	30.45		4.8			4.8	295.6	295.6	4.44
2027	8	16	29.65		3.84			3.84	238.56	238.56	4.47
2027	9	16	30.55		4.87			4.87	305.46	305.46	4.29
2027	10	16	29.65		4.34			4.34	274.46	274.46	4.71
2027	11	16	29.6		4.97			4.97	316.94	316.94	8.73
2027	12	16	32.5		12.04			12.04	775.16	775.16	15.24
2028	1	15	33.9		18.97			18.97	1,233.07	1,233.07	22.19
2028	2	15	30		23.87			23.87	1,566.53	1,566.53	21.23
2028	3	15	29.4		18.28			18.28	1,210.79	1,210.79	17.64
2028	4	15	29.4		14.54			14.54	972.33	972.33	11.63
2028	5	15	29.55		9.75			9.75	658.6	658.6	10.12
2028	6	15	30.65		11.05			11.05	753.41	753.41	7.58
2028	7	15	30.6		4.83			4.83	332.48	332.48	4.44
2028	8	14	29.7		3.85			3.85	267.62	267.62	4.47
2028	9	14	30.4		4.85			4.85	340.43	340.43	4.29
2028	10	14	29.7		4.3			4.3	305.22	305.22	4.71
2028	11	14	29.8		4.92			4.92	352.75	352.75	8.73
2028	12	14	32.2		11.77			11.77	852.98	852.98	15.24
2029	1	14									
2029	2	14									
2029	3	13									
2029	4	13									
2029	5	13									
2029	6	13									
2029	7	13									
2029	8	13									
2029	9	13									
2029	10	12									
2029	11	12									
2029	12	12									
2030	1	12									
2030	2	12									
2030	3	12									
2030	4	12									
2030	5	11									
2030	6	11									
2030	7	11									
2030	8	11									
2030	9	11									
2030	10	11									
2030	11	10									
2030	12	10									
2031	1	10									
2031	2	10									
2031	3	10									
2031	4	10									
2031	5	10									
2031	6	9									
2031	7	9									
2031	8	9									
2031	9	9									
2031	10	9									
2031	11	9									
2031	12	9									
2032	1	8									
2032	2	8									
2032	3	8									
2032	4	8									
2032	5	8									
2032	6	8									
2032	7	8									
2032	8	7									
2032	9	7									
2032	10	7									
2032	11	7									
2032	12	7									
2033	1	7									
2033	2	7									
2033	3	6									
2033	4	6									
2033	5	6									
2033	6	6									
2033	7	6									
2033	8	6									
2033	9	6									
2033	10	5									
2033	11	5									
2033	12	5									
2034	1	5									
2034	2	5									
2034	3	5									
2034	4	5									
2034	5	4									
2034	6	4									
2034	7	4									
2034	8	4									
2034	9	4									
2034	10	4									
2034	11	4									
2034	12	3									
2035	1	3									
2035	2	3									
2035	3	3									
2035	4	3									
2035	5	3									
2035	6	3									
2035	7	2									
2035	8	2									
2035	9	2									
2035	10	2									
2035	11	2									
2035	12	2									
2036	1	2									
2036	2	1									
2036	3	1									
2036	4	1									
2036	5	1									
2036	6	1									

Year	Month	Cust	BillDays	Actual	Pred	Resid	PctResid	Forecast	UPC	UPC_Normal	PredCalNorm
2036	7	1									
2036	8	1									
2036	9	0									
2036	10	0									
2036	11	0									
2036	12	0									
2037	1	0									
2037	2	0									
2037	3	0									
2037	4	-1									
2037	5	-1									
2037	6	-1									
2037	7	-1									
2037	8	-1									
2037	9	-1									
2037	10	-1									
2037	11	-2									
2037	12	-2									
2038	1	-2									
2038	2	-2									
2038	3	-2									
2038	4	-2									
2038	5	-2									
2038	6	-3									
2038	7	-3									
2038	8	-3									
2038	9	-3									
2038	10	-3									
2038	11	-3									
2038	12	-3									
2039	1	-4									
2039	2	-4									
2039	3	-4									
2039	4	-4									
2039	5	-4									
2039	6	-4									
2039	7	-4									
2039	8	-5									
2039	9	-5									
2039	10	-5									
2039	11	-5									
2039	12	-5									
2040	1	-5									
2040	2	-5									
2040	3	-6									
2040	4	-6									
2040	5	-6									
2040	6	-6									
2040	7	-6									
2040	8	-6									
2040	9	-6									
2040	10	-7									
2040	11	-7									
2040	12	-7									

Year	Month	Cust	BillDays	Actual	Pred	Resid	PctResid	Forecast	UPC	UPC_Norma	PredCalNc	CalMult
2014	1	2	33.8	0.18	2.42	2.24	1213.85%	0.18	92.10	1,210.06	2.42	1
2014	2	2	30.3	0.18	2.37	2.19	1232.06%	0.18	88.95	1,184.87	2.37	1
2014	3	2	29.4	4.07	2.32	-1.75	-43.00%	4.07	2,035.55	1,160.18	2.32	1
2014	4	2	29.4	1.71	2.36	0.65	37.67%	1.71	857.05	1,179.90	2.36	1
2014	5	2	29.55	1.17	2.35	1.17	100.33%	1.17	585.35	1,172.63	2.35	1
2014	6	2	30.65	1.07	2.32	1.25	117.60%	1.07	532.80	1,159.40	2.32	1
2014	7	2	30.65	1.36	2.29	0.93	68.37%	1.36	680.20	1,145.28	2.29	1
2014	8	2	29.55	1.69	2.27	0.58	33.93%	1.69	847.30	1,134.80	2.27	1
2014	9	2	30.65	1.86	2.26	0.39	21.16%	1.86	931.25	1,128.32	2.26	1
2014	10	2	29.55	2.71	2.25	-0.46	-16.92%	2.71	1,352.70	1,123.88	2.25	1
2014	11	2	29.4	19.6	2.26	-17.34	-88.48%	19.6	9,801.05	1,129.04	2.26	1
2014	12	2	32.7	2.44	2.65	0.21	8.72%	2.44	1,218.15	1,324.42	2.65	1
2015	1	2	33.65	3.74	2.64	-1.09	-29.22%	3.74	1,867.85	1,322.03	2.64	1
2015	2	2	30.25	4.21	2.67	-1.54	-36.65%	4.21	2,106.20	1,334.32	2.67	1
2015	3	2	29.4	4.34	2.7	-1.64	-37.71%	4.34	2,170.15	1,351.71	2.7	1
2015	4	4	29.4	3.31	2.74	-0.57	-17.32%	3.31	828.63	685.08	2.74	1
2015	5	4	29.6	2.21	2.75	0.55	24.86%	2.21	551.28	688.31	2.75	1
2015	6	4	30.6	0.19	2.74	2.56	1375.19%	0.19	46.45	685.22	2.74	1
2015	7	4	30.7	1.89	2.68	0.79	41.85%	1.89	472.93	670.83	2.68	1
2015	8	4	29.5	2.35	2.67	0.31	13.22%	2.35	588.55	666.37	2.67	1
2015	9	4	30.55	1.81	2.66	0.85	46.75%	1.81	452.9	664.62	2.66	1
2015	10	4	29.65	1.94	2.64	0.7	35.78%	1.94	485.98	659.85	2.64	1
2015	11	4	29.6	2.19	2.62	0.43	19.60%	2.19	548.43	655.93	2.62	1
2015	12	4	32.5	3.41	2.61	-0.79	-23.27%	3.41	851.73	653.51	2.61	1
2016	1	4	33.9	3.42	2.63	-0.78	-22.94%	3.42	853.85	657.98	2.63	1
2016	2	3	30	7.49	2.65	-4.84	-64.63%	7.49	2,497.27	883.19	2.65	1
2016	3	3	29.4	3.56	2.76	-0.81	-22.59%	3.56	1,187.93	919.55	2.76	1
2016	4	3	29.4	3.09	2.78	-0.32	-10.24%	3.09	1,031.17	925.6	2.78	1
2016	5	3	29.55	0.3	2.78	2.48	823.97%	0.3	100.43	927.98	2.78	1
2016	6	3	30.65	0.1	2.73	2.63	2686.51%	0.1	32.63	909.33	2.73	1
2016	7	3	30.6	0.13	2.67	2.54	2003.02%	0.13	42.3	889.58	2.67	1
2016	8	3	29.7	0.39	2.61	2.22	568.92%	0.39	130.13	870.49	2.61	1
2016	9	3	30.4	0.6	2.56	1.96	323.94%	0.6	201.4	853.81	2.56	1
2016	10	3	29.7	-0.49	2.52	3	-616.80%	-0.49	-162.37	839.11	2.52	1
2016	11	3	29.8	0.42	2.45	2.03	484.64%	0.42	139.67	816.55	2.45	1
2016	12	3	32.2	0.42	2.4	1.98	466.69%	0.42	141.4	801.3	2.4	1
2017	1	3	33.95	1.22	2.36	1.14	93.65%	1.22	406.1	786.43	2.36	1
2017	2	3	30.05	0.22	2.33	2.11	942.24%	0.22	74.63	777.86	2.33	1
2017	3	3	29.4	0.36	2.29	1.93	536.96%	0.36	119.63	762.02	2.29	1
2017	4	3	29.5	2.11	2.24	0.14	6.49%	2.11	702	747.54	2.24	1
2017	5	3	29.3	0.12	2.24	2.12	1746.29%	0.12	40.43	746.52	2.24	1
2017	6	3	29.4	0.34	2.19	1.85	546.94%	0.34	112.93	730.61	2.19	1
2017	7	3	30.55	0.16	2.15	1.99	1246.32%	0.16	53.23	716.69	2.15	1
2017	8	3	29.75	0.16	2.11	1.95	1248.65%	0.16	52.03	701.75	2.11	1
2017	9	5	30.4	0.16	2.06	1.91	1219.67%	0.16	31.24	412.26	2.06	1
2017	10	4	29.7	0.17	2.02	1.85	1087.99%	0.17	42.48	504.6	2.02	1
2017	11	4	29.8	0.35	1.98	1.62	458.56%	0.35	88.48	494.19	1.98	1
2017	12	4	32	0.29	1.94	1.65	570.42%	0.29	72.35	485.05	1.94	1
2018	1	4	34.15	6.93	1.9	-5.03	-72.55%	6.93	1,733.23	475.75	1.9	1
2018	2	4	30.05	3.56	2.02	-1.55	-43.43%	3.56	891.03	504.08	2.02	1
2018	3	3	29.4	1.75	2.05	0.3	17.31%	1.75	582.83	683.73	2.05	1
2018	4	2	29.5	1.45	2.04	0.59	40.82%	1.45	725.9	1,022.19	2.04	1
2018	5	0	29.5	0.06	2.03	1.98	3539.82%	0.06	#DIV/0!	#DIV/0!	2.03	1
2018	6	0	30.6	0.58	1.99	1.41	243.69%	0.58	#DIV/0!	#DIV/0!	1.99	1
2018	7	0	30.65	0.21	1.95	1.75	839.80%	0.21	#DIV/0!	#DIV/0!	1.95	1
2018	8	0	29.65	0.25	1.92	1.66	657.09%	0.25	#DIV/0!	#DIV/0!	1.92	1
2018	9	0	30.45	0.67	1.88	1.21	181.98%	0.67	#DIV/0!	#DIV/0!	1.88	1
2018	10	0	29.65	0.53	1.85	1.32	251.84%	0.53	#DIV/0!	#DIV/0!	1.85	1
2018	11	0	29.8	0	1.82	1.82	#DIV/0!	0	#DIV/0!	#DIV/0!	1.82	1
2018	12	0	32.2	0.45	1.78	1.33	299.96%	0.45	#DIV/0!	#DIV/0!	1.78	1
2019	1	0	33.65	0	1.75	1.75	#DIV/0!	0	#DIV/0!	#DIV/0!	1.75	1
2019	2	0	30.35	6.53	1.71	-4.82	-73.81%	6.53	#DIV/0!	#DIV/0!	1.71	1
2019	3	0	29.5	0.15	1.82	1.67	1104.57%	0.15	#DIV/0!	#DIV/0!	1.82	1
2019	4	0	29.4	0	1.78	1.78	178031.59%	0	#DIV/0!	#DIV/0!	1.78	1
2019	5	0	29.4	9.87	1.74	-8.13	-82.36%	9.87	#DIV/0!	#DIV/0!	1.74	1
2019	6	0	30.7	4.93	1.92	-3	-60.95%	4.93	#DIV/0!	#DIV/0!	1.92	1
2019	7	0	30.75	3.4	1.99	-1.4	-41.34%	3.4	#DIV/0!	#DIV/0!	1.99	1
2019	8	0	29.45	2.68	2.02	-0.65	-24.43%	2.68	#DIV/0!	#DIV/0!	2.02	1
2019	9	0	30.6	0.22	2.04	1.82	822.37%	0.22	#DIV/0!	#DIV/0!	2.04	1
2019	10	0	29.7	0	2	1.99	49837.26%	0	#DIV/0!	#DIV/0!	2	1
2019	11	0	29.4	0.19	1.95	1.76	906.48%	0.19	#DIV/0!	#DIV/0!	1.95	1
2019	12	2	32.5	0.49	1.91	1.42	288.97%	0.49	245.9	956.48	1.91	1
2020	1	3	33.7	0.23	1.88	1.65	714.96%	0.23	76.93	626.98	1.88	1
2020	2	1	30.4	0.41	1.84	1.44	354.91%	0.41	405.30	1,843.76	1.84	1
2020	3	3	29.4	5.16	1.81	-3.35	-64.92%	5.16	1,720.97	603.78	1.81	1
2020	4	4	29.3	0.77	1.89	1.12	145.05%	0.77	192.50	471.72	1.89	1
2020	5	4	29.55	0.37	1.86	1.49	401.67%	0.37	92.78	465.42	1.86	1
2020	6	4	30.75	0.32	1.83	1.51	478.52%	0.32	79	457.03	1.83	1
2020	7	4	31.7	0.05	1.79	1.74	3390.36%	0.05	12.85	448.51	1.79	1
2020	8	4	29.8	0.12	1.75	1.63	1304.95%	0.12	31.23	438.7	1.75	1
2020	9	4	30.55	6.2	1.72	-4.48	-72.29%	6.2	1,550.08	429.52	1.72	1
2020	10	4	29.65	7.04	1.82	-5.22	-74.15%	7.04	1,759.28	454.76	1.82	1
2020	11	4	29.6	0.44	1.94	1.5	343.77%	0.44	109.1	484.15	1.94	1
2020	12	4	32.5	1.95	1.9	-0.04	-2.22%	1.95	486.53	475.7	1.9	1
2021	1	4	33.1	0.63	1.9	1.28	204.12%	0.63	156.5	475.95	1.9	1
2021	2	4	29.5	0.98	1.87	0.89	90.90%	0.98	245.55	468.75	1.87	1
2021	3	4	29.3	1.01	1.85	0.85	84.24%	1.01	251.7	463.72	1.85	1
2021	4	4	29.4	0.18	1.84	1.66	937.16%	0.18	44.25	458.94	1.84	1
2021	5	4	29.4	0.05	1.8	1.75	3338.63%	0.05	13.08	449.6	1.8	1
2021	6	5	30.9	0.83	1.76	0.93	112.78%	0.83	165.34	351.81	1.76	1
2021	7	5	30.45	0.54	1.74	1.2	224.26%	0.54	107.2	347.61	1.74	1
2021	8	5	29.65	0.76	1.71	0.95	124.77%	0.76	152.24	342.19	1.71	1
2021	9	5	30.55	0.38	1.69	1.31	349.00%	0.38	75.26	337.92	1.69	1
2021	10	5	29.65	0.39	1.66	1.27	322.71%	0.39	78.54	332	1.66	1
2021	11	5	29.6	0.09	1.63	1.54	1682.99%	0.09	18.3	326.29	1.63	1
2021	12	5	32.5	0.37	1.6	1.22	327.51%	0.37	74.7	319.35	1.6	1
2022	1	5	33.9	4.64	1.57	-3.07	-66.19%	4.64	928.24	313.84	1.57	1
2022	2	5	30	1.04	1.64	0.6	57.13%	1.04	208.54	327.68	1.64	1
2022	3	4	29.4	0.27	1.62	1.36	502.29%	0.27	67.45	406.24	1.62	1
2022	4	5	29.4	0.9	1.59	0.69	76.36%	0.9	180.82	318.89	1.59	1
2022	5	5	29.55	0.89	1.58	0.69	76.81%	0.89	178.6	315.78	1.58	1
2022	6	8	30.65	0.11	1.56	1.46	1353.01%	0.11	13.45	195.43	1.56	1
2022	7	8	30.6	0.54	1.53	0.99	181.83%	0.54	67.89	191.33	1.53	1
2022	8	8	29.7	0.44	1.51	1.07	242.81%	0.44	55	188.55	1.51	1
2022	9	8	30.4	1.87	1.48	-0.39	-20.75%	1.87	234.11	185.54	1.48	1
2022	10	8	29.7	1	1.49	0.5	49.91%	1	124.5	186.63	1.49	1
2022	11	8	29.8	1.07	1.48	0.41	38.61%	1.07	133.64	185.23	1.48	1
2022	12	8	32.2	1.7	1.47	-0.23	-13.37%	1.7	212.49	184.07	1.47	1
2023	1	8	33.2	4.87	1.48	-3.4	-69.68%	4.87	609.28	184.71	1.48	1
2023	2	8	29.4	10.9	1.55	-9.34	-85.73%	10.9	1,361.90	194.28	1.55	1
2023	3	8	29.4	7.06	1.76	-5.3	-75.02%	7.06	883.05	220.58	1.76	1
2023	4	9	29.4	4.04	1.88	-2.15	-53.35%	4.04	448.71	209.34	1.88	1
2023	5	9	29.55	-13.15	1.93	15.08	-114.70%	-13.15	-1,460.77	214.73	1.93	1
2023	6	9	30.65	0.69	1.59	0.91	132.13%	0.69	76.24	176.99	1.59	1
2023	7	8	30.55	0.17	1.57	1.4	835.42%	0.17	21.01	196.55	1.57	1
2023	8	8	29.75	8.64	1.54	-7.1	-82.17%	8.64	1,080.25	192.6	1.54	1
2023	9	8	30.4		1.7			1.7	212.56	212.56	1.7	1
2023	10	8	29.7		1.7			1.7	212.56	212.56	1.7	1
2023	11	8	29.8		1.7			1.7	212.56	212.56	1.7	1
2023	12	8	32		1.7			1.7	212.56	212.56	1.7	1
2024	1	8	34.15		1.7			1.7	212.56	212.56	1.7	1
2024	2	8	30.05		1.7			1.7	212.56	212.56	1.7	1
2024	3	8	29.4		1.7			1.7	212.56	212.56	1.7	1
2024	4	8	29.5		1.7			1.7	212.56	212.56	1.7	1
2024	5	8	29.5		1.7			1.7	212.56	212.56	1.7	1
2024	6	8	30.6		1.7			1.7	212.56	212.56	1.7	1
2024	7	8	30.6		1.7			1.7	212.56	212.56	1.7	1
2024	8	8	29.7		1.7			1.7	212.56	212.56	1.7	1
2024	9	8	30.45		1.7			1.7	212.56	212.56	1.7	1
2024	10	8	29.85		1.7			1.7	212.56	212.56	1.7	1
2024	11	8	30.7		1.7			1.7	212.56	212.56	1.7	1
2024	12	8	32.5		1.7			1.7	212.56	212.56	1.7	1
2025	1	8	33.7		1.7			1.7	212.56	212.56	1.7	1
2025	2	8	30.4		1.7			1.7	212.56	212.56	1.7	1
2025	3	8	29.4		1.7			1.7	212.56	212.56	1.7	1
2025	4	8	29.3		1.7			1.7	212.56	212.56	1.7	1
2025	5	8	29.55		1.7			1.7	212.56	212.56	1.7	1
2025	6	8	30.75		1.7			1.7	212.56	212.56	1.7	1
2025	7	8	30.55		1.7			1.7	212.56	212.56	1.7	1
2025	8	8	29.55		1.7			1.7	212.56	212.56	1.7	1
2025	9	8	30.75		1.7			1.7	212.56	212.56	1.7	1
2025	10	8	29.55		1.7			1.7	212.56	212.56	1.7	1
2025	11	8	29.3		1.7			1.7	212.56	212.56	1.7	1
2025	12	8	32.7		1.7			1.7	212.56	212.56	1.7	1
2026	1	8	33.75		1.7			1.7	212.56	212.56	1.7	1
2026	2	8	30.25		1.7			1.7	212.56	212.56	1.7	1
2026	3	8	29.3		1.7			1.7	212.56	212.56	1.7	1
2026	4	8	29.4		1.7			1.7	212.56	212.56	1.7	1
2026	5	8	29.7		1.7			1.7	212.56	212.56	1.7	1
2026	6	8	30.6		1.7			1.7	212.56	212.56	1.7	1
2026	7	8	30.6		1.7			1.7	212.56	212.56	1.7	1
2026	8	8	29.5		1.7			1.7	212.56	212.56	1.7	1
2026	9	8	30.55		1.7			1.7	212.56	212.56	1.7	1
2026	10	8	29.65		1.7			1.7	212.56	212.56	1.7	1
2026	11	8	29.6		1.7			1.7	212.56	212.56	1.7	1
2026	12	8	32.5		1.7			1.7	212.56	212.56	1.7	1
2027	1	8	33.1		1.7			1.7	212.56	212.56	1.7	1
2027	2	8	29.5		1.7			1.7	212.56	212.56	1.7	1
2027	3	8	29.3		1.7			1.7	212.56	212.56	1.7	1
2027	4	8	29.4		1.7			1.7	212.56	212.56	1.7	1
2027	5	8	29.4		1.7			1.7	212.56	212.56	1.7	1
2027	6	8	30.9		1.7			1.7	212.56	212.56	1.7	1
2027	7	8	30.45		1.7			1.7	212.56	212.56	1.7	1
2027	8	8	29.65		1.7			1.7	212.56	212.56	1.7	1
2027	9	8	30.55		1.7			1.7	212.56	212.56	1.7	1
2027	10	8	29.65		1.7			1.7	212.56	212.56	1.7	1
2027	11	8	29.6		1.7			1.7	212.56	212.56	1.7	1
2027	12	8	32.5		1.7			1.7	212.56	212.56	1.7	1
2028	1	8	33.9		1.7			1.7	212.56	212.56	1.7	1
2028	2	8	30		1.7			1.7	212.56	212.56	1.7	1
2028	3	8	29.4		1.7			1.7	212.56	212.56	1.7	1
2028	4	8	29.4		1.7			1.7	212.56	212.56	1.7	1
2028	5	8	29.55		1.7			1.7	212.56	212.56	1.7	1
2028	6	8	30.65		1.7			1.7	212.56	212.56	1.7	1
2028	7	8	30.6		1.7			1.7	212.56	212.56	1.7	1
2028	8	8	29.7		1.7			1.7	212.56	212.56	1.7	1
2028	9	8	30.4		1.7			1.7	212.56	212.56	1.7	1
2028	10	8	29.7		1.7			1.7	212.56	212.56	1.7	1
2028	11	8	29.8		1.7			1.7	212.56	212.56	1.7	1
2028	12	8	32.2		1.7			1.7	212.56	212.56	1.7	1
2029	1	8			1.7			1.7	212.56	212.56	1.7	1
2029	2	8			1.7			1.7	212.56	212.56	1.7	1
2029	3	8			1.7			1.7	212.56	212.56	1.7	1
2029	4	8			1.7			1.7	212.56	212.56	1.7	1
2029	5	8			1.7			1.7	212.56	212.56	1.7	1
2029	6	8			1.7			1.7	212.56	212.56	1.7	1
2029	7	8			1.7			1.7	212.56	212.56	1.7	1
2029	8	8			1.7			1.7	212.56	212.56	1.7	1
2029	9	8			1.7			1.7	212.56	212.56	1.7	1
2029	10	8			1.7			1.7	212.56	212.56	1.7	1
2029	11	8			1.7			1.7	212.56	212.56	1.7	1
2029	12	8			1.7			1.7	212.56	212.56	1.7	1
2030	1	8			1.7			1.7	212.56	212.56	1.7	1
2030	2	8			1.7			1.7	212.56	212.56	1.7	1
2030	3	8			1.7			1.7	212.56	212.56	1.7	1
2030	4	8			1.7			1.7	212.56	212.56	1.7	1
2030	5	8			1.7			1.7	212.56	212.56	1.7	1
2030	6	8			1.7			1.7	212.56	212.56	1.7	1
2030	7	8			1.7			1.7	212.56	212.56	1.7	1
2030	8	8			1.7			1.7	212.56	212.56	1.7	1
2030	9	8			1.7			1.7	212.56	212.56	1.7	1
2030	10	8			1.7			1.7	212.56	212.56	1.7	1
2030	11	8			1.7			1.7	212.56	212.56	1.7	1
2030	12	8			1.7			1.7	212.56	212.56	1.7	1
2031	1	8			1.7			1.7	212.56	212.56	1.7	1
2031	2	8			1.7			1.7	212.56	212.56	1.7	1
2031	3	8			1.7			1.7	212.56	212.56	1.7	1
2031	4	8			1.7			1.7	212.56	212.56	1.7	1
2031	5	8			1.7			1.7	212.56	212.56	1.7	1
2031	6	8			1.7			1.7	212.56	212.56	1.7	1
2031	7	8			1.7			1.7	212.56	212.56	1.7	1
2031	8	8			1.7			1.7	212.56	212.56	1.7	1
2031	9	8			1.7			1.7	212.56	212.56	1.7	1
2031	10	8			1.7			1.7	212.56	212.56	1.7	1
2031	11	8			1.7			1.7	212.56	212.56	1.7	1
2031	12	8			1.7			1.7	212.56	212.56	1.7	1
2032	1	8			1.7			1.7	212.56	212.56	1.7	1
2032	2	8			1.7			1.7	212.56	212.56	1.7	1
2032	3	8			1.7			1.7	212.56	212.56	1.7	1
2032	4	8			1.7			1.7	212.56	212.56	1.7	1
2032	5	8			1.7			1.7	212.56	212.56	1.7	1
2032	6	8			1.7			1.7	212.56	212.56	1.7	1
2032	7	8			1.7			1.7	212.56	212.56	1.7	1
2032	8	8			1.7			1.7	212.56	212.56	1.7	1
2032	9	8			1.7			1.7	212.56	212.56	1.7	1
2032	10	8			1.7			1.7	212.56	212.56	1.7	1
2032	11	8			1.7			1.7	212.56	212.56	1.7	1
2032	12	8			1.7			1.7	212.56	212.56	1.7	1
2033	1	8			1.7			1.7	212.56	212.56	1.7	1
2033	2	8			1.7			1.7	212.56	212.56	1.7	1
2033	3	8			1.7			1.7	212.56	212.56	1.7	1
2033	4	8			1.7			1.7	212.56	212.56	1.7	1
2033	5	8			1.7			1.7	212.56	212.56	1.7	1
2033	6	8			1.7			1.7	212.56	212.56	1.7	1
2033	7	8			1.7			1.7	212.56	212.56	1.7	1
2033	8	8			1.7			1.7	212.56	212.56	1.7	1
2033	9	8			1.7			1.7	212.56	212.56	1.7	1
2033	10	8			1.7			1.7	212.56	212.56	1.7	1
2033	11	8			1.7			1.7	212.56	212.56	1.7	1
2033	12	8			1.7			1.7	212.56	212.56	1.7	1
2034	1	8			1.7			1.7	212.56	212.56	1.7	1
2034	2	8			1.7			1.7	212.56	212.56	1.7	1
2034	3	8			1.7			1.7	212.56	212.56	1.7	1
2034	4	8			1.7			1.7	212.56	212.56	1.7	1
2034	5	8			1.7			1.7	212.56	212.56	1.7	1
2034	6	8			1.7			1.7	212.56	212.56	1.7	1

Year	Month	Cust	BillDays	Actual	Pred	Resid	PctResid	Forecast	UPC	UPC_Norma	PredCalNc	CalMult
2034	7	8			1.7			1.7	212.56	212.56	1.7	1
2034	8	8			1.7			1.7	212.56	212.56	1.7	1
2034	9	8			1.7			1.7	212.56	212.56	1.7	1
2034	10	8			1.7			1.7	212.56	212.56	1.7	1
2034	11	8			1.7			1.7	212.56	212.56	1.7	1
2034	12	8			1.7			1.7	212.56	212.56	1.7	1
2035	1	8			1.7			1.7	212.56	212.56	1.7	1
2035	2	8			1.7			1.7	212.56	212.56	1.7	1
2035	3	8			1.7			1.7	212.56	212.56	1.7	1
2035	4	8			1.7			1.7	212.56	212.56	1.7	1
2035	5	8			1.7			1.7	212.56	212.56	1.7	1
2035	6	8			1.7			1.7	212.56	212.56	1.7	1
2035	7	8			1.7			1.7	212.56	212.56	1.7	1
2035	8	8			1.7			1.7	212.56	212.56	1.7	1
2035	9	8			1.7			1.7	212.56	212.56	1.7	1
2035	10	8			1.7			1.7	212.56	212.56	1.7	1
2035	11	8			1.7			1.7	212.56	212.56	1.7	1
2035	12	8			1.7			1.7	212.56	212.56	1.7	1
2036	1	8			1.7			1.7	212.56	212.56	1.7	1
2036	2	8			1.7			1.7	212.56	212.56	1.7	1
2036	3	8			1.7			1.7	212.56	212.56	1.7	1
2036	4	8			1.7			1.7	212.56	212.56	1.7	1
2036	5	8			1.7			1.7	212.56	212.56	1.7	1
2036	6	8			1.7			1.7	212.56	212.56	1.7	1
2036	7	8			1.7			1.7	212.56	212.56	1.7	1
2036	8	8			1.7			1.7	212.56	212.56	1.7	1
2036	9	8			1.7			1.7	212.56	212.56	1.7	1
2036	10	8			1.7			1.7	212.56	212.56	1.7	1
2036	11	8			1.7			1.7	212.56	212.56	1.7	1
2036	12	8			1.7			1.7	212.56	212.56	1.7	1
2037	1	8			1.7			1.7	212.56	212.56	1.7	1
2037	2	8			1.7			1.7	212.56	212.56	1.7	1
2037	3	8			1.7			1.7	212.56	212.56	1.7	1
2037	4	8			1.7			1.7	212.56	212.56	1.7	1
2037	5	8			1.7			1.7	212.56	212.56	1.7	1
2037	6	8			1.7			1.7	212.56	212.56	1.7	1
2037	7	8			1.7			1.7	212.56	212.56	1.7	1
2037	8	8			1.7			1.7	212.56	212.56	1.7	1
2037	9	8			1.7			1.7	212.56	212.56	1.7	1
2037	10	8			1.7			1.7	212.56	212.56	1.7	1
2037	11	8			1.7			1.7	212.56	212.56	1.7	1
2037	12	8			1.7			1.7	212.56	212.56	1.7	1
2038	1	8			1.7			1.7	212.56	212.56	1.7	1
2038	2	8			1.7			1.7	212.56	212.56	1.7	1
2038	3	8			1.7			1.7	212.56	212.56	1.7	1
2038	4	8			1.7			1.7	212.56	212.56	1.7	1
2038	5	8			1.7			1.7	212.56	212.56	1.7	1
2038	6	8			1.7			1.7	212.56	212.56	1.7	1
2038	7	8			1.7			1.7	212.56	212.56	1.7	1
2038	8	8			1.7			1.7	212.56	212.56	1.7	1
2038	9	8			1.7			1.7	212.56	212.56	1.7	1
2038	10	8			1.7			1.7	212.56	212.56	1.7	1
2038	11	8			1.7			1.7	212.56	212.56	1.7	1
2038	12	8			1.7			1.7	212.56	212.56	1.7	1
2039	1	8			1.7			1.7	212.56	212.56	1.7	1
2039	2	8			1.7			1.7	212.56	212.56	1.7	1
2039	3	8			1.7			1.7	212.56	212.56	1.7	1
2039	4	8			1.7			1.7	212.56	212.56	1.7	1
2039	5	8			1.7			1.7	212.56	212.56	1.7	1
2039	6	8			1.7			1.7	212.56	212.56	1.7	1
2039	7	8			1.7			1.7	212.56	212.56	1.7	1
2039	8	8			1.7			1.7	212.56	212.56	1.7	1
2039	9	8			1.7			1.7	212.56	212.56	1.7	1
2039	10	8			1.7			1.7	212.56	212.56	1.7	1
2039	11	8			1.7			1.7	212.56	212.56	1.7	1
2039	12	8			1.7			1.7	212.56	212.56	1.7	1
2040	1	8			1.7			1.7	212.56	212.56	1.7	1
2040	2	8			1.7			1.7	212.56	212.56	1.7	1
2040	3	8			1.7			1.7	212.56	212.56	1.7	1
2040	4	8			1.7			1.7	212.56	212.56	1.7	1
2040	5	8			1.7			1.7	212.56	212.56	1.7	1
2040	6	8			1.7			1.7	212.56	212.56	1.7	1
2040	7	8			1.7			1.7	212.56	212.56	1.7	1
2040	8	8			1.7			1.7	212.56	212.56	1.7	1
2040	9	8			1.7			1.7	212.56	212.56	1.7	1
2040	10	8			1.7			1.7	212.56	212.56	1.7	1
2040	11	8			1.7			1.7	212.56	212.56	1.7	1
2040	12	8			1.7			1.7	212.56	212.56	1.7	1

Year	Month	Cust	BillDays	Actual	Pred	Resid	PctResid	Forecast	UPC	UPC_Norm	PredCalNorm
2014	1	1	33.8	0	3.53	3.53	#DIV/0!	0	0	3,527.68	3.53
2014	2	1	30.3	0	3.66	3.66	#DIV/0!	0	0.00	3,658.96	3.66
2014	3	1	29.4	1.64	3.8	2.15	131.11%	1.64	1,642.10	3,795.12	3.8
2014	4	0	29.4	2.36	3.88	1.52	64.34%	2.36	#DIV/0!	#DIV/0!	3.88
2014	5	0	29.55	1.36	3.93	2.57	189.10%	1.36	#DIV/0!	#DIV/0!	3.93
2014	6	0	30.65	1.35	4.03	2.68	198.81%	1.35	#DIV/0!	#DIV/0!	4.03
2014	7	0	30.65	2.6	4.13	1.53	58.64%	2.6	#DIV/0!	#DIV/0!	4.13
2014	8	0	29.55	1.85	4.18	2.34	126.52%	1.85	#DIV/0!	#DIV/0!	4.18
2014	9	1	30.65	0.51	4.27	3.76	739.07%	0.51	509	4,270.87	4.27
2014	10	1	29.55	1.15	4.41	3.26	282.16%	1.15	1,154.20	4,410.87	4.41
2014	11	1	29.4	30.03	4.53	-25.5	-84.91%	30.03	30,030.40	4,532.06	4.53
2014	12	1	32.7	16.5	3.58	-12.91	-78.28%	16.5	16,497.20	3,583.16	3.58
2015	1	1	33.65	1.29	3.1	1.81	140.23%	1.29	1,291.50	3,102.58	3.1
2015	2	1	30.25	5.39	3.17	-2.22	-41.18%	5.39	5,389.11	3,169.98	3.17
2015	3	1	29.4	13.6	3.09	-10.51	-77.29%	13.6	13,595.20	3,087.39	3.09
2015	4	1	29.4	10.77	2.7	-8.07	-74.97%	10.77	10,770.70	2,696.36	2.7
2015	5	1	29.6	0.59	2.4	1.81	306.08%	0.59	590	2,395.88	2.4
2015	6	1	30.6	0.2	2.46	2.26	1133.39%	0.2	199.7	2,463.08	2.46
2015	7	1	30.7	0.15	2.55	2.4	1618.83%	0.15	148.2	2,547.31	2.55
2015	8	1	29.5	0.14	2.64	2.49	1762.00%	0.14	141.6	2,636.59	2.64
2015	9	1	30.55	0.16	2.73	2.57	1561.25%	0.16	164.3	2,729.44	2.73
2015	10	1	29.65	0.73	2.82	2.09	286.92%	0.73	730.1	2,824.90	2.82
2015	11	1	29.6	0.29	2.9	2.61	901.68%	0.29	289.8	2,902.85	2.9
2015	12	1	32.5	16.5	3	-13.5	-81.82%	16.5	16,502.00	3,000.10	3
2016	1	1	33.9	2.48	2.5	0.02	0.83%	2.48	2,477.10	2,497.64	2.5
2016	2	1	30	12.34	2.5	-9.85	-79.76%	12.34	12,344.20	2,498.40	2.5
2016	3	1	29.4	3.4	2.13	-1.27	-37.30%	3.4	3,400.30	2,132.00	2.13
2016	4	1	29.4	-2.96	2.08	5.04	-170.51%	-2.96	-2,956.90	2,084.80	2.08
2016	5	1	29.55	2.37	2.08	-0.29	-12.09%	2.37	2,371.50	2,084.80	2.08
2016	6	1	30.65	0.99	2.07	1.08	109.38%	0.99	990.6	2,074.13	2.07
2016	7	1	30.6	0.48	2.11	1.63	340.14%	0.48	480.4	2,114.45	2.11
2016	8	1	29.7	0.14	2.18	2.04	1511.31%	0.14	135	2,175.26	2.18
2016	9	1	30.4	0.55	2.25	1.71	312.84%	0.55	545.3	2,251.19	2.25
2016	10	1	29.7	0.13	2.31	2.19	1688.77%	0.13	129.4	2,314.67	2.31
2016	11	1	29.8	2.9	2.4	-0.5	-17.34%	2.9	2,898.60	2,396.00	2.4
2016	12	1	32.2	8.16	2.38	-5.78	-70.87%	8.16	8,161.70	2,377.29	2.38
2017	1	1	33.95	3.92	2.16	-1.76	-44.84%	3.92	3,919.30	2,162.03	2.16
2017	2	1	30.05	1.46	2.1	0.64	43.60%	1.46	1,460.10	2,096.64	2.1
2017	3	1	29.4	1.15	2.12	0.97	84.10%	1.15	1,151.70	2,120.32	2.12
2017	4	1	29.5	1.1	2.16	1.06	96.78%	1.1	1,095.80	2,156.37	2.16
2017	5	1	29.3	0.17	2.2	2.03	1226.79%	0.17	165.5	2,195.84	2.2
2017	6	1	29.4	1.25	2.27	1.02	81.77%	1.25	1,249.60	2,271.40	2.27
2017	7	1	30.55	0.23	2.31	2.08	906.72%	0.23	229.4	2,309.42	2.31
2017	8	1	29.75	0.26	2.39	2.13	828.73%	0.26	257	2,386.83	2.39
2017	9	1	30.4	0.86	2.47	1.6	185.99%	0.86	862.3	2,466.09	2.47
2017	10	1	29.7	0.13	2.53	2.39	1822.20%	0.13	131.4	2,525.77	2.53
2017	11	1	29.8	4.6	2.61	-1.99	-43.21%	4.6	4,604.60	2,614.87	2.61
2017	12	1	32	2.71	2.54	-0.16	-6.09%	2.71	2,705.70	2,540.83	2.54
2018	1	1	34.15	22.46	2.53	-19.93	-88.72%	22.46	22,462.30	2,534.69	2.53
2018	2	1	30.05	11.06	1.79	-9.26	-83.78%	11.06	11,057.10	1,793.10	1.79
2018	3	1	29.4	0.94	1.45	0.51	53.80%	0.94	941.70	1,448.35	1.45
2018	4	1	29.5	0.57	1.47	0.89	155.70%	0.57	573.8	1,467.21	1.47
2018	5	1	29.5	0.16	1.5	1.34	817.71%	0.16	163.5	1,500.46	1.5
2018	6	1	30.6	2.91	1.55	-1.36	-46.65%	2.91	2,905.60	1,550.21	1.55
2018	7	1	30.65	1.79	1.5	-0.29	-16.37%	1.79	1,793.40	1,499.77	1.5
2018	8	1	29.65	1.51	1.49	-0.02	-1.34%	1.51	1,509.00	1,488.84	1.49
2018	9	1	30.45	0.75	1.49	0.74	99.66%	0.75	745.3	1,488.09	1.49
2018	10	1	29.65	1	1.52	0.52	51.97%	1	997.40	1,515.73	1.52
2018	11	1	29.8	4.57	1.54	-3.03	-66.40%	4.57	4,568.60	1,535.02	1.54
2018	12	1	32.2	0.63	1.42	0.79	124.77%	0.63	632.70	1,422.13	1.42
2019	1	1	33.65	1.07	1.45	0.38	35.24%	1.07	1,073.30	1,451.51	1.45
2019	2	1	30.35	10.77	1.47	-9.31	-86.39%	10.77	10,772.10	1,465.59	1.47
2019	3	1	29.5	0.4	1.12	0.71	176.56%	0.4	404.70	1,119.25	1.12
2019	4	1	29.4	0.66	1.15	0.49	74.19%	0.66	657.80	1,145.84	1.15
2019	5	2	29.4	1.29	1.16	-0.13	-9.80%	1.29	645.25	582.00	1.16
2019	6	2	30.7	0.15	1.16	1.01	669.79%	0.15	75.3	579.65	1.16
2019	7	2	30.75	0.27	1.2	0.93	345.92%	0.27	134.2	598.42	1.2
2019	8	2	29.45	1.01	1.23	0.22	21.44%	1.01	507	615.69	1.23
2019	9	2	30.6	2.39	1.24	-1.15	-48.15%	2.39	1,195.15	619.74	1.24
2019	10	2	29.7	1.22	1.2	-0.02	-1.70%	1.22	608.7	598.32	1.2
2019	11	2	29.4	0.39	1.2	0.8	205.38%	0.39	195.8	597.94	1.2
2019	12	1	32.5	2.28	1.23	-1.06	-46.29%	2.28	2,282.20	1,225.81	1.23
2020	1	2	33.7	1.85	1.19	-0.67	-35.99%	1.85	926.75	593.25	1.19
2020	2	3	30.4	1.44	1.16	-0.28	-19.27%	1.44	479.67	387.22	1.16
2020	3	2	29.4	0.08	1.15	1.07	1361.11%	0.08	39.40	575.68	1.15
2020	4	2	29.3	0.06	1.19	1.13	1979.00%	0.06	28.65	595.63	1.19
2020	5	2	29.55	0.04	1.23	1.2	3316.81%	0.04	18.05	616.73	1.23
2020	6	2	30.75	0.03	1.28	1.25	4432.01%	0.03	14.1	639.01	1.28
2020	7	2	31.7	0.96	1.32	0.37	38.58%	0.96	477.9	662.27	1.32
2020	8	1	29.8	0.36	1.34	0.98	271.74%	0.36	360	1,338.26	1.34
2020	9	1	30.55	0.96	1.37	0.41	42.93%	0.96	961.8	1,374.66	1.37
2020	10	1	29.65	1.12	1.39	0.27	24.13%	1.12	1,119.80	1,390.03	1.39
2020	11	1	29.6	1.4	1.4	0	-0.17%	1.4	1,402.40	1,400.08	1.4
2020	12	1	32.5	3.32	1.4	-1.92	-57.80%	3.32	3,317.50	1,400.00	1.4
2021	1	1	33.1	0.11	1.33	1.22	1096.97%	0.11	111.00	1,328.64	1.33
2021	2	1	29.5	3.92	1.37	-2.54	-64.94%	3.92	3,918.60	1,373.95	1.37
2021	3	1	29.3	0.16	1.28	1.12	685.30%	0.16	162.90	1,279.26	1.28
2021	4	1	29.4	0.03	1.32	1.29	4903.03%	0.03	26.40	1,320.80	1.32
2021	5	1	29.4	0.36	1.37	1.01	281.44%	0.36	358.9	1,368.97	1.37
2021	6	1	30.9	1.24	1.41	0.16	13.07%	1.24	1,244.00	1,406.56	1.41
2021	7	1	30.45	0.3	1.41	1.12	376.91%	0.3	296.2	1,412.61	1.41
2021	8	1	29.65	0.93	1.45	0.52	56.23%	0.93	930.8	1,454.16	1.45
2021	9	1	30.55	0.61	1.47	0.86	140.95%	0.61	611.6	1,473.63	1.47
2021	10	1	29.65	0.67	1.51	0.83	124.36%	0.67	671.1	1,505.71	1.51
2021	11	1	29.6	0.08	1.54	1.46	1875.28%	0.08	77.80	1,536.77	1.54
2021	12	1	32.5	8.06	1.59	-6.47	-80.27%	8.06	8,062.20	1,591.06	1.59
2022	1	1	33.9	0.47	1.35	0.88	188.33%	0.47	468.30	1,350.25	1.35
2022	2	1	30	2.55	1.38	-1.17	-45.84%	2.55	2,553.80	1,383.07	1.38
2022	3	1	29.4	1.25	1.34	0.09	7.10%	1.25	1,250.70	1,339.50	1.34
2022	4	1	29.4	0.29	1.34	1.05	364.96%	0.29	288.8	1,342.81	1.34
2022	5	1	29.55	0.42	1.38	0.96	231.10%	0.42	417.4	1,382.03	1.38
2022	6	2	30.65	1.1	1.42	0.32	28.95%	1.1	549.80	708.96	1.42
2022	7	2	30.6	0.73	1.43	0.7	96.15%	0.73	364.45	714.89	1.43
2022	8	1	29.7	31.75	1.46	-30.3	-95.41%	31.75	31,752.20	1,455.86	1.46
2022	9	1	30.4	-29.51	0.33	29.84	-101.11%	-29.51	-29,513.70	328.41	0.33
2022	10	1	29.7	1.05	1.44	0.39	36.85%	1.05	1,051.50	1,438.95	1.44
2022	11	1	29.8	0.23	1.45	1.22	525.64%	0.23	232.30	1,453.37	1.45
2022	12	1	32.2	6.4	1.5	-4.9	-76.59%	6.4	6,401.40	1,498.81	1.5
2023	1	1	33.2	4.43	1.32	-3.12	-70.31%	4.43	4,433.90	1,316.37	1.32
2023	2	1	29.4	0.51	1.2	0.69	137.18%	0.51	506.10	1,200.35	1.2
2023	3	1	29.4	1.59	1.23	-0.37	-23.03%	1.59	1,593.00	1,226.19	1.23
2023	4	1	29.4	0.65	1.21	0.56	85.26%	0.65	654.5	1,212.54	1.21
2023	5	1	29.55	0.06	1.23	1.17	1839.15%	0.06	63.6	1,233.30	1.23
2023	6	1	30.65	0.02	1.28	1.25	5500.14%	0.02	22.8	1,276.83	1.28
2023	7	1	30.55	0.01	1.32	1.32	15845.77%	0.01	8.3	1,323.50	1.32
2023	8	1	29.75	2.04	1.37	-0.67	-32.79%	2.04	2,042.00	1,372.44	1.37
2023	9	1	30.4		1.35			1.35	1,347.53	1,347.53	1.35
2023	10	1	29.7		1.35			1.35	1,347.53	1,347.53	1.35
2023	11	1	29.8		1.35			1.35	1,347.53	1,347.53	1.35
2023	12	1	32		1.35			1.35	1,347.53	1,347.53	1.35
2024	1	1	34.15		1.35			1.35	1,347.53	1,347.53	1.35
2024	2	1	30.05		1.35			1.35	1,347.53	1,347.53	1.35
2024	3	1	29.4		1.35			1.35	1,347.53	1,347.53	1.35
2024	4	1	29.5		1.35			1.35	1,347.53	1,347.53	1.35
2024	5	1	29.5		1.35			1.35	1,347.53	1,347.53	1.35
2024	6	1	30.6		1.35			1.35	1,347.53	1,347.53	1.35
2024	7	1	30.6		1.35			1.35	1,347.53	1,347.53	1.35
2024	8	1	29.7		1.35			1.35	1,347.53	1,347.53	1.35
2024	9	1	30.45		1.35			1.35	1,347.53	1,347.53	1.35
2024	10	1	29.85		1.35			1.35	1,347.53	1,347.53	1.35
2024	11	1	30.7		1.35			1.35	1,347.53	1,347.53	1.35
2024	12	1	32.5		1.35			1.35	1,347.53	1,347.53	1.35
2025	1	1	33.7		1.35			1.35	1,347.53	1,347.53	1.35
2025	2	1	30.4		1.35			1.35	1,347.53	1,347.53	1.35
2025	3	1	29.4		1.35			1.35	1,347.53	1,347.53	1.35
2025	4	1	29.3		1.35			1.35	1,347.53	1,347.53	1.35
2025	5	1	29.55		1.35			1.35	1,347.53	1,347.53	1.35
2025	6	1	30.75		1.35			1.35	1,347.53	1,347.53	1.35
2025	7	1	30.55		1.35			1.35	1,347.53	1,347.53	1.35
2025	8	1	29.55		1.35			1.35	1,347.53	1,347.53	1.35
2025	9	1	30.75		1.35			1.35	1,347.53	1,347.53	1.35
2025	10	1	29.55		1.35			1.35	1,347.53	1,347.53	1.35
2025	11	1	29.3		1.35			1.35	1,347.53	1,347.53	1.35
2025	12	1	32.7		1.35			1.35	1,347.53	1,347.53	1.35
2026	1	1	33.75		1.35			1.35	1,347.53	1,347.53	1.35
2026	2	1	30.25		1.35			1.35	1,347.53	1,347.53	1.35
2026	3	1	29.3		1.35			1.35	1,347.53	1,347.53	1.35
2026	4	1	29.4		1.35			1.35	1,347.53	1,347.53	1.35
2026	5	1	29.7		1.35			1.35	1,347.53	1,347.53	1.35
2026	6	1	30.6		1.35			1.35	1,347.53	1,347.53	1.35
2026	7	1	30.6		1.35			1.35	1,347.53	1,347.53	1.35
2026	8	1	29.5		1.35			1.35	1,347.53	1,347.53	1.35
2026	9	1	30.55		1.35			1.35	1,347.53	1,347.53	1.35
2026	10	1	29.65		1.35			1.35	1,347.53	1,347.53	1.35
2026	11	1	29.6		1.35			1.35	1,347.53	1,347.53	1.35
2026	12	1	32.5		1.35			1.35	1,347.53	1,347.53	1.35
2027	1	1	33.1		1.35			1.35	1,347.53	1,347.53	1.35
2027	2	1	29.5		1.35			1.35	1,347.53	1,347.53	1.35
2027	3	1	29.3		1.35			1.35	1,347.53	1,347.53	1.35
2027	4	1	29.4		1.35			1.35	1,347.53	1,347.53	1.35
2027	5	1	29.4		1.35			1.35	1,347.53	1,347.53	1.35
2027	6	1	30.9		1.35			1.35	1,347.53	1,347.53	1.35
2027	7	1	30.45		1.35			1.35	1,347.53	1,347.53	1.35
2027	8	1	29.65		1.35			1.35	1,347.53	1,347.53	1.35
2027	9	1	30.55		1.35			1.35	1,347.53	1,347.53	1.35
2027	10	1	29.65		1.35			1.35	1,347.53	1,347.53	1.35
2027	11	1	29.6		1.35			1.35	1,347.53	1,347.53	1.35
2027	12	1	32.5		1.35			1.35	1,347.53	1,347.53	1.35
2028	1	1	33.9		1.35			1.35	1,347.53	1,347.53	1.35
2028	2	1	30		1.35			1.35	1,347.53	1,347.53	1.35
2028	3	1	29.4		1.35			1.35	1,347.53	1,347.53	1.35
2028	4	1	29.4		1.35			1.35	1,347.53	1,347.53	1.35
2028	5	1	29.55		1.35			1.35	1,347.53	1,347.53	1.35
2028	6	1	30.65		1.35			1.35	1,347.53	1,347.53	1.35
2028	7	1	30.6		1.35			1.35	1,347.53	1,347.53	1.35
2028	8	1	29.7		1.35			1.35	1,347.53	1,347.53	1.35
2028	9	1	30.4		1.35			1.35	1,347.53	1,347.53	1.35
2028	10	1	29.7		1.35			1.35	1,347.53	1,347.53	1.35
2028	11	1	29.8		1.35			1.35	1,347.53	1,347.53	1.35
2028	12	1	32.2		1.35			1.35	1,347.53	1,347.53	1.35
2029	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2029	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2030	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2031	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2032	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2033	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	6	1			1.35			1.35	1,347.53	1,347.53	1.35

Year	Montl	Cust	BillDays	Actual	Pred	Resid	PctResid	Forecast	UPC	UPC_Norm	PredCalNorm
2034	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2034	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2035	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2036	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2037	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2038	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2039	12	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	1	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	2	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	3	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	4	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	5	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	6	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	7	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	8	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	9	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	10	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	11	1			1.35			1.35	1,347.53	1,347.53	1.35
2040	12	1			1.35			1.35	1,347.53	1,347.53	1.35

Year	Month	Cust	BillDays	Actual	Pred	Resid	PctResid	Forecast	UPC	UPC_Norm	PredCalNorm
2016	1	18	33.9	19.24	21.04	1.8	9.35%	19.24	1,068.80	1.17	21.04
2016	2	18	30	19.47	18.49	-0.98	-5.05%	19.47	1,081.73	1.03	18.49
2016	3	19	29.4	18.5	17.97	-0.53	-2.86%	18.5	973.75	0.95	17.97
2016	4	19	29.4	19.6	18.02	-1.58	-8.06%	19.6	1,031.81	0.95	18.02
2016	5	19	29.55	21.05	19.91	-1.14	-5.44%	21.05	1,107.89	1.05	19.91
2016	6	18	30.65	20.71	21	0.29	1.40%	20.71	1,150.44	1.17	21
2016	7	18	30.6	19.52	19.81	0.29	1.46%	19.52	1,084.72	1.1	19.81
2016	8	19	29.7	20.28	21.32	1.04	5.14%	20.28	1,126.54	1.18	21.32
2016	9	19	30.4	20.63	21.06	0.43	2.09%	20.63	1,086.01	1.11	21.06
2016	10	19	29.7	21.61	20.53	-1.08	-5.00%	21.61	1,137.24	1.08	20.53
2016	11	19	29.8	23.35	22.93	-0.42	-1.79%	23.35	1,228.92	1.21	22.93
2016	12	19	32.2	32.14	24.27	-7.87	-24.49%	32.14	1,691.45	1.28	24.27
2017	1	20	33.95	31.99	24.21	-7.78	-24.33%	31.99	1,599.69	1.21	24.21
2017	2	20	30.05	30.35	24.64	-5.71	-18.83%	30.35	1,517.54	1.23	24.64
2017	3	19	29.4	29.4	25.38	-4.02	-13.67%	29.4	1,547.54	1.34	25.38
2017	4	19	29.5	27.13	26.69	-0.43	-1.59%	27.13	1,427.65	1.4	26.69
2017	5	19	29.3	30.36	28.71	-1.66	-5.45%	30.36	1,598.08	1.51	28.71
2017	6	19	29.4	30.42	30.14	-0.28	-0.91%	30.42	1,601.09	1.59	30.14
2017	7	19	30.55	28.43	28.67	0.24	0.85%	28.43	1,496.25	1.51	28.67
2017	8	19	29.75	29.37	30.85	1.47	5.02%	29.37	1,545.91	1.62	30.85
2017	9	19	30.4	30.75	30.55	-0.2	-0.66%	30.75	1,618.52	1.61	30.55
2017	10	19	29.7	32.22	30.2	-2.03	-6.29%	32.22	1,696.03	1.59	30.2
2017	11	19	29.8	32.77	33.83	1.06	3.23%	32.77	1,724.61	1.78	33.83
2017	12	19	32	36.53	35.82	-0.71	-1.95%	36.53	1,922.66	1.89	35.82
2018	1	19	34.15	32.85	32.31	-0.54	-1.66%	32.85	1,729.05	1.7	32.31
2018	2	19	30.05	29.84	29.58	-0.27	-0.89%	29.84	1,570.66	1.56	29.58
2018	3	19	29.4	29.23	28.15	-1.08	-3.68%	29.23	1,538.35	1.48	28.15
2018	4	18	29.5	29.58	28.17	-1.4	-4.74%	29.58	1,643.11	1.57	28.17
2018	5	16	29.5	31.12	30.74	-0.39	-1.24%	31.12	1,945.24	1.92	30.74
2018	6	16	30.6	32.62	31.67	-0.95	-2.90%	32.62	2,038.76	1.98	31.67
2018	7	16	30.65	29.77	30.31	0.54	1.81%	29.77	1,860.58	1.89	30.31
2018	8	16	29.65	35.73	32.41	-3.31	-9.27%	35.73	2,232.83	2.03	32.41
2018	9	16	30.45	37.5	33.94	-3.56	-9.50%	37.5	2,343.95	2.12	33.94
2018	10	16	29.65	39	34.84	-4.16	-10.67%	39	2,437.76	2.18	34.84
2018	11	16	29.8	37.53	39.47	1.94	5.17%	37.53	2,345.70	2.47	39.47
2018	12	16	32.2	19.58	41.67	22.1	112.85%	19.58	1,223.69	2.6	41.67
2019	1	16	33.65	37.66	30.39	-7.27	-19.30%	37.66	2,353.49	1.9	30.39
2019	2	16	30.35	34.8	29.96	-4.85	-13.92%	34.8	2,175.26	1.87	29.96
2019	3	16	29.5	32.29	30.09	-2.19	-6.80%	32.29	2,018.03	1.88	30.09
2019	4	16	29.4	33.62	30.5	-3.12	-9.28%	33.62	2,101.29	1.91	30.5
2019	5	16	29.4	35.23	33.8	-1.43	-4.06%	35.23	2,201.72	2.11	33.8
2019	6	16	30.7	35.59	35.23	-0.36	-1.02%	35.59	2,224.43	2.2	35.23
2019	7	16	30.75	33.68	33.37	-0.3	-0.90%	33.68	2,104.69	2.09	33.37
2019	8	16	29.45	33.5	36.31	2.81	8.39%	33.5	2,093.66	2.27	36.31
2019	9	16	30.6	44.42	35.72	-8.7	-19.60%	44.42	2,776.37	2.23	35.72
2019	10	16	29.7	31.75	38.42	6.67	21.00%	31.75	1,984.44	2.4	38.42
2019	11	16	29.4	42.85	38.81	-4.05	-9.44%	42.85	2,678.19	2.43	38.81
2019	12	16	32.5	36.67	41.47	4.81	13.11%	36.67	2,291.63	2.59	41.47
2020	1	16	33.7	39.13	37.8	-1.33	-3.40%	39.13	2,445.79	2.36	37.8
2020	2	16	30.4	36.59	34.65	-1.94	-5.30%	36.59	2,287.15	2.17	34.65
2020	3	16	29.4	31.02	33.41	2.39	7.69%	31.02	1,938.95	2.09	33.41
2020	4	16	29.3	25.74	32.25	6.51	25.29%	25.74	1,608.73	2.02	32.25
2020	5	17	29.55	26.27	31.94	5.67	21.58%	26.27	1,545.12	1.88	31.94
2020	6	17	30.75	31.3	30.7	-0.61	-1.94%	31.3	1,841.38	1.81	30.7
2020	7	17	31.7	32.14	29.17	-2.96	-9.22%	32.14	1,890.39	1.72	29.17
2020	8	16	29.8	32.73	32.57	-0.16	-0.49%	32.73	2,045.85	2.04	32.57
2020	9	16	30.55	31.78	33.67	1.89	5.93%	31.78	1,986.23	2.1	33.67
2020	10	16	29.65	32.68	31.83	-0.85	-2.60%	32.68	2,042.25	1.99	31.83
2020	11	16	29.6	34.24	35.22	0.98	2.85%	34.24	2,140.01	2.2	35.22
2020	12	16	32.5	36.75	35.43	-1.32	-3.59%	36.75	2,296.73	2.21	35.43
2021	1	16	33.1	41.6	34.46	-7.14	-17.17%	41.6	2,600.03	2.15	34.46
2021	2	16	29.5	33.4	33.51	0.11	0.34%	33.4	2,087.57	2.09	33.51
2021	3	16	29.3	33.44	31.38	-2.06	-6.16%	33.44	2,089.98	1.96	31.38
2021	4	16	29.4	35.07	31.48	-3.59	-10.23%	35.07	2,191.61	1.97	31.48
2021	5	16	29.4	35.06	34.95	-0.11	-0.33%	35.06	2,191.51	2.18	34.95
2021	6	16	30.9	35.12	36.37	1.25	3.57%	35.12	2,194.83	2.27	36.37
2021	7	16	30.45	32.44	34.09	1.65	5.10%	32.44	2,027.33	2.13	34.09
2021	8	16	29.65	34.16	35.91	1.75	5.11%	34.16	2,135.04	2.24	35.91
2021	9	16	30.55	36.51	36.27	-0.25	-0.67%	36.51	2,281.94	2.27	36.27
2021	10	16	29.65	38.52	35.25	-3.27	-8.49%	38.52	2,407.59	2.2	35.25
2021	11	16	29.6	38.73	39.75	1.03	2.65%	38.73	2,420.55	2.48	39.75
2021	12	16	32.5	43.73	40.2	-3.53	-8.08%	43.73	2,733.18	2.51	40.2
2022	1	16	33.9	43.39	40.19	-3.19	-7.36%	43.39	2,711.64	2.51	40.19
2022	2	16	30	36.42	36.98	0.56	1.53%	36.42	2,276.16	2.31	36.98
2022	3	16	29.4	37.01	34.63	-2.37	-6.41%	37.01	2,312.84	2.16	34.63
2022	4	16	29.4	37.07	34.88	-2.19	-5.92%	37.07	2,317.13	2.18	34.88
2022	5	16	29.55	39.93	37.79	-2.13	-5.35%	39.93	2,495.41	2.36	37.79
2022	6	16	30.65	40.77	39.96	-0.81	-1.99%	40.77	2,548.01	2.5	39.96
2022	7	16	30.6	40.7	38.14	-2.55	-6.27%	40.7	2,543.59	2.38	38.14
2022	8	16	29.7	41.06	41.83	0.77	1.86%	41.06	2,566.55	2.61	41.83
2022	9	16	30.4	39.93	42.86	2.94	7.36%	39.93	2,495.46	2.68	42.86
2022	10	16	29.7	41.31	40.79	-0.51	-1.25%	41.31	2,581.76	2.55	40.79
2022	11	16	29.8	40.89	44.41	3.52	8.61%	40.89	2,555.53	2.78	44.41
2022	12	16	32.2	47.54	44.38	-3.16	-6.64%	47.54	2,971.08	2.77	44.38
2023	1	16	33.2	47.82	44.1	-3.73	-7.79%	47.82	2,989.05	2.76	44.1
2023	2	16	29.4	38.96	40.39	1.43	3.67%	38.96	2,435.08	2.52	40.39
2023	3	16	29.4	38.41	37.77	-0.64	-1.66%	38.41	2,400.46	2.36	37.77
2023	4	16	29.4	38.67	37.35	-1.32	-3.41%	38.67	2,416.91	2.33	37.35
2023	5	16	29.55	41.4	40.07	-1.33	-3.21%	41.4	2,587.47	2.5	40.07
2023	6	16	30.65	44.19	41.93	-2.26	-5.11%	44.19	2,761.80	2.62	41.93
2023	7	16	30.55	39.45	40.62	1.17	2.95%	39.45	2,465.68	2.54	40.62
2023	8	16	29.75	38.93	42.84	3.91	10.04%	38.93	2,433.36	2.68	42.84
2023	9	16	30.4		42.62			42.62	2,664.06	2.66	42.62
2023	10	16	29.7		41.79			41.79	2,612.14	2.61	41.79
2023	11	16	29.8		45.01			45.01	2,813.40	2.81	45.01
2023	12	16	32		46.74			46.74	2,921.28	2.92	46.74
2024	1	16	34.15		45.35			45.35	2,834.52	2.83	45.35
2024	2	16	30.05		40.03			40.03	2,501.73	2.5	40.03
2024	3	16	29.4		38.03			38.03	2,377.04	2.38	38.03
2024	4	16	29.5		37.44			37.44	2,339.78	2.34	37.44
2024	5	16	29.5		39.67			39.67	2,479.12	2.48	39.67
2024	6	16	30.6		41.08			41.08	2,567.75	2.57	41.08
2024	7	16	30.6		38.85			38.85	2,427.95	2.43	38.85
2024	8	16	29.7		41.21			41.21	2,575.77	2.58	41.21
2024	9	16	30.45		42.62			42.62	2,664.06	2.66	42.62
2024	10	16	29.85		41.79			41.79	2,612.14	2.61	41.79
2024	11	16	30.7		45.01			45.01	2,813.40	2.81	45.01
2024	12	16	32.5		46.74			46.74	2,921.28	2.92	46.74
2025	1	16	33.7		45.35			45.35	2,834.52	2.83	45.35
2025	2	16	30.4		40.03			40.03	2,501.73	2.5	40.03
2025	3	16	29.4		38.03			38.03	2,377.04	2.38	38.03
2025	4	16	29.3		37.44			37.44	2,339.78	2.34	37.44
2025	5	16	29.55		39.67			39.67	2,479.12	2.48	39.67
2025	6	16	30.75		41.08			41.08	2,567.75	2.57	41.08
2025	7	16	30.55		38.85			38.85	2,427.95	2.43	38.85
2025	8	16	29.55		41.21			41.21	2,575.77	2.58	41.21
2025	9	16	30.75		42.62			42.62	2,664.06	2.66	42.62
2025	10	16	29.55		41.79			41.79	2,612.14	2.61	41.79
2025	11	16	29.3		45.01			45.01	2,813.40	2.81	45.01
2025	12	16	32.7		46.74			46.74	2,921.28	2.92	46.74
2026	1	16	33.75		45.35			45.35	2,834.52	2.83	45.35
2026	2	16	30.25		40.03			40.03	2,501.73	2.5	40.03
2026	3	16	29.3		38.03			38.03	2,377.04	2.38	38.03
2026	4	16	29.4		37.44			37.44	2,339.78	2.34	37.44
2026	5	16	29.7		39.67			39.67	2,479.12	2.48	39.67
2026	6	16	30.6		41.08			41.08	2,567.75	2.57	41.08
2026	7	16	30.6		38.85			38.85	2,427.95	2.43	38.85
2026	8	16	29.5		41.21			41.21	2,575.77	2.58	41.21
2026	9	16	30.55		42.62			42.62	2,664.06	2.66	42.62
2026	10	16	29.65		41.79			41.79	2,612.14	2.61	41.79
2026	11	16	29.6		45.01			45.01	2,813.40	2.81	45.01
2026	12	16	32.5		46.74			46.74	2,921.28	2.92	46.74
2027	1	16	33.1		45.35			45.35	2,834.52	2.83	45.35
2027	2	16	29.5		40.03			40.03	2,501.73	2.5	40.03
2027	3	16	29.3		38.03			38.03	2,377.04	2.38	38.03
2027	4	16	29.4		37.44			37.44	2,339.78	2.34	37.44
2027	5	16	29.4		39.67			39.67	2,479.12	2.48	39.67
2027	6	16	30.9		41.08			41.08	2,567.75	2.57	41.08
2027	7	16	30.45		38.85			38.85	2,427.95	2.43	38.85
2027	8	16	29.65		41.21			41.21	2,575.77	2.58	41.21
2027	9	16	30.55		42.62			42.62	2,664.06	2.66	42.62
2027	10	16	29.65		41.79			41.79	2,612.14	2.61	41.79
2027	11	16	29.6		45.01			45.01	2,813.40	2.81	45.01
2027	12	16	32.5		46.74			46.74	2,921.28	2.92	46.74
2028	1	16	33.9		45.35			45.35	2,834.52	2.83	45.35
2028	2	16	30		40.03			40.03	2,501.73	2.5	40.03
2028	3	16	29.4		38.03			38.03	2,377.04	2.38	38.03
2028	4	16	29.4		37.44			37.44	2,339.78	2.34	37.44
2028	5	16	29.55		39.67			39.67	2,479.12	2.48	39.67
2028	6	16	30.65		41.08			41.08	2,567.75	2.57	41.08
2028	7	16	30.6		38.85			38.85	2,427.95	2.43	38.85
2028	8	16	29.7		41.21			41.21	2,575.77	2.58	41.21
2028	9	16	30.4		42.62			42.62	2,664.06	2.66	42.62
2028	10	16	29.7		41.79			41.79	2,612.14	2.61	41.79
2028	11	16	29.8		45.01			45.01	2,813.40	2.81	45.01
2028	12	16	32.2		46.74			46.74	2,921.28	2.92	46.74
2029	1	16			45.35			45.35	2,834.52	2.83	45.35
2029	2	16			40.03			40.03	2,501.73	2.5	40.03
2029	3	16			38.03			38.03	2,377.04	2.38	38.03
2029	4	16			37.44			37.44	2,339.78	2.34	37.44
2029	5	16			39.67			39.67	2,479.12	2.48	39.67
2029	6	16			41.08			41.08	2,567.75	2.57	41.08
2029	7	16			38.85			38.85	2,427.95	2.43	38.85
2029	8	16			41.21			41.21	2,575.77	2.58	41.21
2029	9	16			42.62			42.62	2,664.06	2.66	42.62
2029	10	16			41.79			41.79	2,612.14	2.61	41.79
2029	11	16			45.01			45.01	2,813.40	2.81	45.01
2029	12	16			46.74			46.74	2,921.28	2.92	46.74
2030	1	16			45.35			45.35	2,834.52	2.83	45.35
2030	2	16			40.03			40.03	2,501.73	2.5	40.03
2030	3	16			38.03			38.03	2,377.04	2.38	38.03
2030	4	16			37.44			37.44	2,339.78	2.34	37.44
2030	5	16			39.67			39.67	2,479.12	2.48	39.67
2030	6	16			41.08			41.08	2,567.75	2.57	41.08
2030	7	16			38.85			38.85	2,427.95	2.43	38.85
2030	8	16			41.21			41.21	2,575.77	2.58	41.21
2030	9	16			42.62			42.62	2,664.06	2.66	42.62
2030	10	16			41.79			41.79	2,612.14	2.61	41.79
2030	11	16			45.01			45.01	2,813.40	2.81	45.01
2030	12	16			46.74			46.74	2,921.28	2.92	46.74
2031	1	16			45.35			45.35	2,834.52	2.83	45.35
2031	2	16			40.03			40.03	2,501.73	2.5	40.03
2031	3	16			38.03			38.03	2,377.04	2.38	38.03
2031	4	16			37.44			37.44	2,339.78	2.34	37.44
2031	5	16			39.67			39.67	2,479.12	2.48	39.67
2031	6	16			41.08			41.08	2,567.75	2.57	41.08
2031	7	16			38.85			38.85	2,427.95	2.43	38.85
2031	8	16			41.21			41.21	2,575.77	2.58	41.21
2031	9	16			42.62			42.62	2,664.06	2.66	42.62
2031	10	16			41.79			41.79	2,612.14	2.61	41.79
2031	11	16			45.01			45.01	2,813.40	2.81	45.01
2031	12	16			46.74			46.74	2,921.28	2.92	46.74
2032	1	16			45.35			45.35	2,834.52	2.83	45.35
2032	2	16			40.03			40.03	2,501.73	2.5	40.03
2032	3	16			38.03			38.03	2,377.04	2.38	38.03
2032	4	16			37.44			37.44	2,339.78	2.34	37.44
2032	5	16			39.67			39.67	2,479.12	2.48	39.67
2032	6	16			41.08			41.08	2,567.75	2.57	41.08
2032	7	16			38.85			38.85	2,427.95	2.43	38.85
2032	8	16			41.21			41.21	2,575.77	2.58	41.21
2032	9	16			42.62			42.62	2,664.06	2.66	42.62
2032	10	16			41.79			41.79	2,612.14	2.61	41.79
2032	11	16			45.01			45.01	2,813.40	2.81	45.01
2032	12	16			46.74			46.74	2,921.28	2.92	46.74
2033	1	16			45.35			45.35	2,834.52	2.83	45.35
2033	2	16			40.03			40.03	2,501.73	2.5	40.03
2033	3	16			38.03			38.03	2,377.04	2.38	38.03
2033	4	16			37.44			37.44	2,339.78	2.34	37.44
2033	5	16			39.67			39.67	2,479.12	2.48	39.67
2033	6	16			41.08			41.08	2,567.75	2.57	41.08
2033	7	16			38.85			38.85	2,427.95	2.43	38.85
2033	8	16			41.21			41.21	2,575.77	2.58	41.21
2033	9	16			42.62			42.62	2,664.06	2.66	42.62
2033	10	16			41.79			41.79	2,612.14	2.61	41.79
2033	11	16			45.01			45.01	2,813.40	2.81	45.01
2033	12	16			46.74			46.74	2,921.28	2.92	46.74
2034	1	16			45.35			45.35	2,834.52	2.83	45.35
2034	2	16			40.03			40.03	2,501.73	2.5	40.03
2034	3	16			38.03			38.03	2,377.04	2.38	38.03
2034	4	16			37.44			37.44	2,339.78	2.34	37.44
2034	5	16			39.67			39.67	2,479.12	2.48	39.67
2034	6	16			41.08			41.08	2,567.75	2.57	41.08
2034	7	16			38.85			38.85	2,427.95	2.43	38.85
2034	8	16			41.21			41.21	2,575.77	2.58	41.21
2034	9	16			42.62			42.62	2,664.06	2.66	42.62
2034	10	16			41.79			41.79	2,612.14	2.61	41.79
2034	11	16			45.01			45.01	2,813.40	2.81	45.01
2034	12	16			46.74			46.74	2,921.28	2.92	46.74
2035	1	16			45.35			45.35	2,834.52	2.83	45.35
2035	2	16			40.03			40.03	2,501.73	2.5	40.03
2035	3	16			38.03			38.03	2,377.04	2.38	38.03
2035	4	16			37.44			37.44	2,339.78	2.34	37.44
2035	5	16			39.67			39.67	2,479.12	2.48	39.67
2035	6	16			41.08			41.08	2,567.75	2.57	41.08
2035	7	16			38.85			38.85	2,427.95	2.43	38.85
2035	8	16			41.21			41.21	2,575.77	2.58	41.21
2035	9	16			42.62			42.62	2,664.06	2.66	42.62
2035	10	16			41.79			41.79	2,612.14	2.61	41.79
2035	11	16			45.01			45.01	2,813.40	2.81	45.01
2035	12	16			46.74			46.74	2,921.28	2.92	46.74
2036	1	16			45.35			45.35	2,834.52	2.83	45.35
2036	2	16			40.03			40.03	2,501.73	2.5	40.03
2036	3	16			38.03			38.03	2,377.04	2.38	38.03
2036	4	16			37.44			37.44	2,339.78	2.34	37.44
2036	5	16			39.67			39.67	2,479.12	2.48	39.67
2036	6	16			41.08			41.08	2,567.75	2.57	41.08

Year	Month	Cust	BillDays	Actual	Pred	Resid	PctResid	Forecast	UPC	UPC_Norm	PredCalNorm
2036	7	16			38.85			38.85	2,427.95	2.43	38.85
2036	8	16			41.21			41.21	2,575.77	2.58	41.21
2036	9	16			42.62			42.62	2,664.06	2.66	42.62
2036	10	16			41.79			41.79	2,612.14	2.61	41.79
2036	11	16			45.01			45.01	2,813.40	2.81	45.01
2036	12	16			46.74			46.74	2,921.28	2.92	46.74
2037	1	16			45.35			45.35	2,834.52	2.83	45.35
2037	2	16			40.03			40.03	2,501.73	2.5	40.03
2037	3	16			38.03			38.03	2,377.04	2.38	38.03
2037	4	16			37.44			37.44	2,339.78	2.34	37.44
2037	5	16			39.67			39.67	2,479.12	2.48	39.67
2037	6	16			41.08			41.08	2,567.75	2.57	41.08
2037	7	16			38.85			38.85	2,427.95	2.43	38.85
2037	8	16			41.21			41.21	2,575.77	2.58	41.21
2037	9	16			42.62			42.62	2,664.06	2.66	42.62
2037	10	16			41.79			41.79	2,612.14	2.61	41.79
2037	11	16			45.01			45.01	2,813.40	2.81	45.01
2037	12	16			46.74			46.74	2,921.28	2.92	46.74
2038	1	16			45.35			45.35	2,834.52	2.83	45.35
2038	2	16			40.03			40.03	2,501.73	2.5	40.03
2038	3	16			38.03			38.03	2,377.04	2.38	38.03
2038	4	16			37.44			37.44	2,339.78	2.34	37.44
2038	5	16			39.67			39.67	2,479.12	2.48	39.67
2038	6	16			41.08			41.08	2,567.75	2.57	41.08
2038	7	16			38.85			38.85	2,427.95	2.43	38.85
2038	8	16			41.21			41.21	2,575.77	2.58	41.21
2038	9	16			42.62			42.62	2,664.06	2.66	42.62
2038	10	16			41.79			41.79	2,612.14	2.61	41.79
2038	11	16			45.01			45.01	2,813.40	2.81	45.01
2038	12	16			46.74			46.74	2,921.28	2.92	46.74
2039	1	16			45.35			45.35	2,834.52	2.83	45.35
2039	2	16			40.03			40.03	2,501.73	2.5	40.03
2039	3	16			38.03			38.03	2,377.04	2.38	38.03
2039	4	16			37.44			37.44	2,339.78	2.34	37.44
2039	5	16			39.67			39.67	2,479.12	2.48	39.67
2039	6	16			41.08			41.08	2,567.75	2.57	41.08
2039	7	16			38.85			38.85	2,427.95	2.43	38.85
2039	8	16			41.21			41.21	2,575.77	2.58	41.21
2039	9	16			42.62			42.62	2,664.06	2.66	42.62
2039	10	16			41.79			41.79	2,612.14	2.61	41.79
2039	11	16			45.01			45.01	2,813.40	2.81	45.01
2039	12	16			46.74			46.74	2,921.28	2.92	46.74
2040	1	16			45.35			45.35	2,834.52	2.83	45.35
2040	2	16			40.03			40.03	2,501.73	2.5	40.03
2040	3	16			38.03			38.03	2,377.04	2.38	38.03
2040	4	16			37.44			37.44	2,339.78	2.34	37.44
2040	5	16			39.67			39.67	2,479.12	2.48	39.67
2040	6	16			41.08			41.08	2,567.75	2.57	41.08
2040	7	16			38.85			38.85	2,427.95	2.43	38.85
2040	8	16			41.21			41.21	2,575.77	2.58	41.21
2040	9	16			42.62			42.62	2,664.06	2.66	42.62
2040	10	16			41.79			41.79	2,612.14	2.61	41.79
2040	11	16			45.01			45.01	2,813.40	2.81	45.01
2040	12	16			46.74			46.74	2,921.28	2.92	46.74

(Mmcf)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Residential	8,735	7,782	6,152	3,200	1,590	931	789	762	826	1,865	4,213	7,022
SCI	4,150	3,664	2,978	1,777	1,122	843	789	774	818	1,301	2,257	3,424
LCI	48	43	41	40	43	45	42	45	46	45	49	50
Transportation	2,713	2,485	2,532	1,999	1,737	1,698	1,771	1,721	1,667	1,962	2,289	2,575

(Mmcf)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Residential	8,735	7,782	6,152	3,200	1,590	931	789	762	826	1,865	4,213	7,022
TCS	20	23	21	15	12	8	4	4	4	3	4	11
GC	4,130	3,641	2,957	1,762	1,110	835	784	770	814	1,299	2,253	3,412
IS	1	1	1	1	1	1	1	1	1	1	1	1
L	2	2	2	2	2	2	2	2	2	2	2	2
Other	45	40	38	37	40	42	39	42	43	42	46	47
Retail	12,933	11,489	9,171	5,018	2,755	1,819	1,620	1,581	1,690	3,212	6,519	10,496
Transport	2,713	2,485	2,532	1,999	1,737	1,698	1,771	1,721	1,667	1,962	2,289	2,575
DPL	492	415	424	355	374	418	538	413	383	389	415	429
Non-DPL	2,221	2,070	2,108	1,644	1,362	1,280	1,233	1,308	1,284	1,573	1,874	2,146

(Mmcf)	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Residential	8,807	7,581	6,168	3,197	1,588	933	792	766	830	1,883	4,249	7,072
SCI	4,184	3,564	2,992	1,791	1,135	855	801	787	830	1,317	2,277	3,450
LCI	49	44	42	41	43	45	42	45	46	45	49	50
Transportation	2,695	2,494	2,547	1,999	1,786	1,688		1,749	1,676	1,958	2,269	2,574

(Mmcf)	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Residential	8,807	7,581	6,168	3,197	1,588	933	792	766	830	1,883	4,249	7,072
TCS	20	22	21	15	12	8	4	4	4	3	5	11
GC	4,164	3,542	2,972	1,776	1,123	847	797	782	826	1,314	2,272	3,438
IS	1	1	1	1	1	1	1	1	1	1	1	1
L	2	2	2	2	2	2	2	2	2	2	2	2
Other	46	40	38	38	40	42	39	42	43	42	46	47
Retail	13,040	11,189	9,202	5,029	2,766	1,833	1,636	1,597	1,707	3,245	6,574	10,572
Transport	2,695	2,494	2,547	1,999	1,786	1,688	1,776	1,749	1,676	1,958	2,269	2,574
DPL	479	440	444	360	369	393	541	444	396	390	400	432
Non-DPL	2,217	2,054	2,103	1,638	1,417	1,296	1,235	1,306	1,280	1,568	1,869	2,142

Q. SDR-RR-12 In the form identical to the previous question, please provide a database for all independent variables, which were analyzed by the Company, but exclude from the filed gas demand models.

A. SDR-RR-12 All independent variables that were analyzed by PECO Energy Company are included in the attachments provided in response to SDR-RR-11.

Q. SDR-RR-13 For each customer receiving service at less than the maximum applicable tariff rate, please provide:

a) actual consumption for the two most recent calendar years;
b) actual consumption for the HTY and the most recent twelve month period for which data is available;
c) the currently applicable rate;
d) an explanation for the rate discount.

A. SDR-RR-13

a) Please refer to Table 1-1 below.
b) Please refer to Table 1-1 below.
c) Please refer to Table 1-1 below.
d) For the customers listed below, the rates were discounted due to the possibility of bypass or an ability to use an alternative fuel or both.

Customer	2022 Annual Consumption (MCF)	2023 Annual Consumption (MCF)	Current Rate	Rate per MCF
001	599,341	633,568	TSI	$0.320
002	4,450,748	4,266,711	TSI	$0.060
003	2,895,272	2,688,239	TSF	$0.370
004	246,369	412,933	TSI	$0.852
005	147,526	119,969	TSI	Jan23-Mar23 $0.08 Apr23-Dec23 $0.8522

Q. SDR-RR-14 Provide a copy of the Company's detailed capital budgets for the preceding and current calendar years which underlie the projected test year capital additions in this case.

A. SDR-RR-14 Please see Attachment SDR-RR-14(a).

	2023 Actual	2024 Budget	2025 Budget
New Business Connections	$ 56,497,148	$57,184,367	$47,736,051
System Performance	$ 210,737,369	$271,697,287	$288,041,230
Corrective Maintenance	$ 6,114,747	$7,469,685	$8,154,147
Capacity Expansion	$ 3,280,006	$17,243,150	$4,806,555
Facility Relocation	$ 17,574,581	$12,636,838	$11,415,705
Back Office Allocation	$ 6,469,046	$13,182,991	$6,316,598
Common IT Projects	$ 23,717,512	$13,925,690	$12,664,099
All Other Project Types	$ 9,627,616	$6,360,461	$6,628,626
Total	$ 334,018,026	$399,700,469	$385,763,011

Q. SDR-RR-15 Please provide a variance or other similar report comparing actual and budgeted construction expenditures at the conclusion of each budget period for the past three years and as of the most recent data available.

A. SDR-RR-15 See Attachment SDR-RR-15(a).

	Plan	Actual	Variance (Over) / Under Budget
2021	$334,994,503	$358,520,929	($23,526,426)
2022	$316,948,779	$342,999,614	($26,050,835)
2023	$319,529,572	$334,018,026	($14,488,454)

Q. SDR-RR-16 Please provide a breakdown of other gas revenue for the three preceding calendar years.

A. SDR-RR-16

	2021	2022	2023
Capacity Release Revenue	$ 1,369,574	-	
Other Revenue from Affiliates	74,843	140,456	142,059
Gas Training Expense	-	342,717	783,538
Miscellaneous	22,741	1,790	1,500
Other Gas Revenues	**$ 1,467,158**	**$ 484,963**	**$ 927,097**

Q. SDR-RR-17 For those items for which data is available, please provide the following actual monthly balance by account for the historic and future test periods to present:

a) depreciable utility plant in service
b) non-depreciable utility plant in service
c) construction work in progress
d) accumulated deferred income tax
e) materials and supplies
f) customer advances for construction
g) contributions in aid of construction
h) accumulated depreciation
i) prepayments by type
j) customer deposits
k) injury and damages reserve

A. SDR-RR-17 Refer to Attachment SDR-RR-17 for a summary of the items listed above. See the following attachments for:

Attachment SDR-RR-17(a) for item a) depreciable utility plant in service;
Attachment SDR-RR-17(b) for item b) non-depreciable utility plant in service;
Attachment SDR-RR-17(d) for item d) accumulated deferred income tax;
Attachment SDR-RR-17(h) for item h) accumulated depreciation.

PECO Energy Company
Monthly Balance by Account for Historic Period and Test Years
Presentation Basis - Total Company unless noted
($ in thousands)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
a. Depreciable utility plant in service (Gas only, including allocation of Common)		(a.2)	(a.2)	(a.2)	(a.2)	(a.2)	(a.2)	(a.2)	(a.2)	(a.2)	(a.2)	(a.2)	(a.2)
b. Non-depreciable utility plant in service (Gas only, including allocation of Common)		(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
c. Construction work in progress (Gas only, including allocation of Common)													
	2023	254,390	266,702	320,826	278,986	302,157	356,477	319,891	331,291	381,718	326,158	267,120	229,063
	2024	228,019	216,949	221,820	227,415	231,334	240,674	250,524	261,076	260,839	259,977	259,491	231,810
	2025	235,455	238,544	154,746	157,259	158,636	158,499	158,606	157,123	154,025	155,082	156,927	147,653
d. Accumulated deferred income tax		(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)
e. Materials and supplies (Gas Only)		(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)
f. Customer advances for construction (Gas only)		(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)
g. Contributions in aid of construction (Gas only)		(g)	(g)	(g)	(g)	(g)	(g)	(g)	(g)	(g)	(g)	(g)	(g)
h. Accumulated depreciation (Gas only, including allocation of Common)		(h)	(h)	(h)	(h)	(h)	(h)	(h)	(h)	(h)	(h)	(h)	(h)
i. Prepayments by type		(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)	(i)
j. Customer deposits		(j)	(j)	(j)	(j)	(j)	(j)	(j)	(j)	(j)	(j)	(j)	(j)
k. Injury and damage reserve (Gas Only)													
	2023	2,299	2,299	2,299	2,299	2,299	2,500	2,500	2,500	2,500	2,434	2,434	2,454
	2024	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454
	2025	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454	2,454

NOTE: All items are in Total (Gas and Electric) except as noted.

Refer to Attachment SDR-RR-17(a.1) for a summary of the items listed above and Attachments SDR-RR-17(a.2) through Attachment SDR-RR-17(h) for applicable details

(a.2) - Refer to Attachment SDR-RR-17(a.2) for depreciable utility plant in service for the historical test year, future test year and fully projected future test year.
(b) - Refer to Attachment SDR-RR-17(b) for nondepreciable utility plant in service for the historical test year, future test year and fully projected future test year
(d) - Refer to Attachment SDR-RR-17(d) for accumulated deferred income taxes for the historical test year, future test year and fully projected future test year
(e) - For Materials and Supplies refer to Exhibit MJT-1, Schedule C-11 for the fully projected future test year, Exhibit MJT-2, Schedule C-11 for the future test year and Exhibit MJT-3, Schedule C-11 for the historical test year.
(f) - For Customer advances for construction refer to Exhibit MJT-1, Schedule C-9 for the fully projected future test year, Exhibit MJT-2, Schedule C-9 for the future test year and Exhibit MJT-3, Schedule C-9 for the historical test year.
(g) - PECO does not maintain contributions in aid of construction monthly balances by account.
(h) - Refer to Attachment SDR-RR-17(h) for accumulated depreciation for the historical test year, future test year and fully projected future test year.
(i) - For Prepayments refer to Exhibit MJT-1, Schedule C-4 for the fully projected future test year, Exhibit MJT-2, Schedule C-4 for the future test year and Exhibit MJT-3, Schedule C-4 for the historical test year.
(j) - For Customer deposits refer to Exhibit MJT-1, Schedule C-7 for the fully projected future test year, Exhibit MJT-2, Schedule C-7 for the future test year and Exhibit MJT-3, Schedule C-7 for the historical test year.

Depreciable utility plant in service	Type	a-Jan - 2023	a-Feb - 2023	a-Mar - 2023	a-Apr - 2023	a-May - 2023	a-Jun - 2023	a-Jul - 2023	a-Aug - 2023	a-Sep - 2023	a-Oct - 2023	a-Nov - 2023	a-Dec - 2023
		Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant
G303 - Intangible Property		26,354,529	26,354,529	26,354,107	26,354,107	26,354,107	26,354,107	26,354,107	26,354,107	16,643,083	16,643,083	18,832,400	19,925,638
G305 - Structures and Improvements		1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273
G311 - Liquefied Petroleum Gas Eqp		14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838
G361 - Structures & Improvements		15,542,047	15,542,047	15,542,047	15,531,467	15,513,323	15,469,072	15,469,072	15,469,072	15,352,974	15,352,974	15,046,614	15,046,615
G362 - Gas Holders		7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540
G363 - Gas Storage Equipment		51,436,177	51,436,177	51,436,177	51,436,177	51,436,177	50,976,324	50,976,324	50,976,324	50,976,324	51,143,899	110,147,309	110,222,135
G375 - Structures and Improvements		15,423,478	15,423,478	15,595,183	15,593,412	15,593,412	15,652,997	15,652,997	15,652,997	15,652,997	15,865,028	15,865,028	15,865,029
G376 - Gas Mains		1,828,716,686	1,840,054,025	1,841,209,043	1,860,734,026	1,867,105,903	1,880,071,573	1,892,003,979	1,906,843,215	1,920,327,211	1,940,636,677	1,952,499,226	1,960,992,550
G378 - Measure & Regulate Sta Equip		24,000,193	23,935,065	24,182,338	24,354,637	24,505,396	24,435,450	24,055,196	24,068,342	24,123,866	24,332,049	24,543,200	24,564,704
G379 - City Gate Station		61,536,689	61,536,689	61,536,689	61,536,689	61,536,689	61,536,689	61,536,689	61,536,689	61,536,689	61,536,689	61,536,689	61,536,689
G380 - Services		1,144,224,588	1,149,423,577	1,155,460,546	1,165,166,591	1,170,063,217	1,176,053,529	1,180,722,304	1,187,241,163	1,192,886,748	1,203,025,923	1,209,240,136	1,212,549,182
G381 - Meters		163,778,766	164,006,342	164,542,987	164,795,116	165,516,521	165,984,179	166,574,475	166,917,168	167,272,515	167,532,881	168,285,346	168,725,529
G382 - Meter Installations		239,640,293	242,119,555	243,332,713	244,915,507	245,585,922	246,721,184	247,441,533	248,467,705	249,039,781	250,407,938	251,239,828	251,661,293
G387 - Other Equipment		2,097,917	2,097,917	2,097,917	2,097,917	2,097,917	2,097,917	2,097,917	2,097,917	2,097,917	2,097,917	2,097,917	2,097,917
G388 - ARO Costs Distribution Plt		884,266	884,266	884,266	884,266	884,266	884,266	884,266	884,266	884,266	884,266	884,266	884,267
G390 - Structures & Improvements		9,536,382	9,536,382	9,548,641	9,548,641	10,444,617	10,449,840	10,454,999	10,454,999	10,471,472	10,471,472	10,471,472	10,471,473
G391 - Office Furniture & Equipment		5,168,934	5,171,686	5,174,618	5,174,938	5,195,796	5,333,481	3,117,822	3,143,943	3,156,209	3,156,357	3,220,500	3,225,955
G394 - Tools, Shop & Garage Equip		14,423,086	14,695,556	14,944,043	14,975,793	15,028,398	15,120,539	14,964,556	14,714,508	14,741,289	14,755,925	14,808,686	15,232,994
G395 - Laboratory Equipment		37,658	37,658	37,658	37,658	37,658	37,658	37,658	37,658	37,658	37,658	37,658	37,659
G397 - Communication Equipment		5,506,968	5,486,427	5,442,702	5,438,361	5,472,783	5,441,602	5,507,840	5,585,815	5,703,485	5,773,412	5,347,654	5,410,759
G398 - Miscellaneous Equipment		127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267
G399.1 - ARO Costs General Plt		130,201	130,201	130,201	130,201	130,201	130,201	130,201	130,201	130,201	130,201	130,201	130,201
		3,631,208,776	3,650,641,496	3,660,221,795	3,691,475,424	3,705,272,221	3,725,520,528	3,740,751,853	3,763,229,910	3,773,804,605	3,806,247,908	3,887,004,050	3,901,350,505
Common Plant Allocated to Gas		249,963,628	250,307,426	251,445,002	253,450,537	254,091,407	254,881,738	256,632,071	257,411,434	240,950,251	244,417,527	247,620,276	254,069,788
Total Gas Depreciable Utility Plant in Service	depreciable plant	**3,881,172,404**	**3,900,948,921**	**3,911,666,797**	**3,944,925,961**	**3,959,363,628**	**3,980,402,266**	**3,997,383,924**	**4,020,641,344**	**4,014,754,855**	**4,050,665,434**	**4,134,624,326**	**4,155,420,293**

		Jan - 2024	Feb - 2024	Mar - 2024	Apr - 2024	May - 2024	Jun - 2024	Jul - 2024	Aug - 2024	Sep - 2024	Oct - 2024	Nov - 2024	Dec - 2024
		Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant
G303 - Intangible Property		19,944,578	19,963,517	19,982,456	20,001,395	20,020,333	20,141,700	21,209,831	21,287,268	16,901,110	16,962,191	16,997,310	17,154,203
G305 - Structures and Improvements		1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273
G311 - Liquefied Petroleum Gas Eqp		14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838
G361 - Structures & Improvements		15,034,163	15,021,713	15,009,262	14,996,811	14,984,360	14,971,910	14,959,459	14,947,008	14,934,557	14,922,107	14,909,656	14,989,391
G362 - Gas Holders		7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540
G363 - Gas Storage Equipment		112,297,357	113,713,905	115,575,913	117,704,443	119,984,091	122,716,521	125,154,953	127,923,017	131,178,729	134,103,383	137,006,168	141,399,421
G375 - Structures and Improvements		15,892,197	15,909,296	15,933,684	15,963,616	15,996,020	16,035,821	16,072,894	16,115,369	16,165,837	16,210,879	16,255,562	16,324,674
G376 - Gas Mains		1,970,919,444	1,977,516,698	1,986,524,277	1,997,364,536	2,009,022,570	2,023,126,222	2,036,327,779	2,051,315,705	2,068,946,331	2,084,782,859	2,100,500,875	2,124,296,159
G378 - Measure & Regulate Sta Equip		24,592,764	24,591,070	24,610,915	24,647,137	24,690,667	24,756,051	24,813,374	24,886,660	24,983,562	25,064,432	25,144,242	25,296,232
G379 - City Gate Station		61,527,724	61,518,634	61,509,634	61,500,703	61,491,801	61,482,991	61,474,147	61,465,370	61,456,690	61,447,944	61,439,194	61,502,289
G380 - Services		1,218,747,571	1,222,842,636	1,228,460,297	1,235,235,657	1,242,527,603	1,251,364,439	1,259,631,425	1,269,026,856	1,280,091,672	1,290,023,162	1,299,879,788	1,314,838,805
G381 - Meters		169,033,607	169,233,177	169,511,296	169,849,139	170,213,631	170,657,822	171,072,615	171,545,623	172,104,752	172,605,414	173,102,214	173,862,239
G382 - Meter Installations		252,841,050	253,596,186	254,658,704	255,954,941	257,355,466	259,067,876	260,665,243	262,490,422	264,652,619	266,586,018	268,504,304	271,452,666
G387 - Other Equipment		2,097,247	2,096,577	2,095,907	2,095,238	2,094,568	2,093,898	2,093,228	2,092,558	2,091,888	2,091,219	2,090,549	2,091,115
G388 - ARO Costs Distribution Plt		884,259	884,252	884,244	884,237	884,230	884,222	884,215	884,208	884,200	884,193	884,186	884,179
G390 - Structures & Improvements		10,503,111	10,524,344	10,553,110	10,587,603	10,624,651	10,669,342	10,711,213	10,758,667	10,814,379	10,864,484	10,914,220	10,989,196
G391 - Office Furniture & Equipment		3,158,876	3,085,519	3,016,706	2,951,349	2,887,534	2,828,330	2,767,425	2,709,888	2,657,334	2,601,397	2,545,237	2,504,306
G394 - Tools, Shop & Garage Equip		15,268,031	15,285,709	15,315,953	15,355,751	15,399,813	15,456,623	15,508,731	15,570,152	15,645,349	15,711,194	15,776,420	15,883,755
G395 - Laboratory Equipment		38,633	39,318	40,213	41,268	42,395	43,735	44,996	46,413	48,062	49,553	51,034	53,222
G397 - Communication Equipment		5,414,852	5,408,511	5,409,724	5,416,679	5,426,197	5,443,378	5,457,733	5,477,685	5,505,918	5,528,530	5,550,770	5,598,321
G398 - Miscellaneous Equipment		127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267
G399.1 - ARO Costs General Plt		129,968	129,735	129,502	129,269	129,036	128,803	128,571	128,338	128,105	127,872	127,639	127,407
		3,921,095,350	3,934,130,715	3,951,991,718	3,973,449,689	3,996,544,885	4,024,639,602	4,051,747,750	4,081,441,126	4,111,961,014	4,143,336,749	4,174,449,287	4,222,017,496
Common Plant Allocated to Gas		258,229,033	289,980,628	291,603,820	292,526,865	301,547,450	302,918,025	303,915,379	305,033,814	268,571,319	268,757,502	269,206,909	273,178,472
Total Gas Depreciable Utility Plant in Service	depreciable plant	**4,179,324,383**	**4,224,111,343**	**4,243,595,538**	**4,265,976,554**	**4,298,092,335**	**4,327,557,627**	**4,355,663,130**	**4,386,474,940**	**4,380,532,333**	**4,412,094,250**	**4,443,656,196**	**4,495,195,968**

		Jan - 2025	Feb - 2025	Mar - 2025	Apr - 2025	May - 2025	Jun - 2025	Jul - 2025	Aug - 2025	Sep - 2025	Oct - 2025	Nov - 2025	Dec - 2025
		Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant
G303 - Intangible Property		17,215,007	17,276,288	17,346,078	17,425,919	17,517,368	17,624,398	17,729,891	17,844,075	12,346,989	12,434,583	12,522,912	16,355,909
G305 - Structures and Improvements		1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273	1,225,273
G311 - Liquefied Petroleum Gas Eqp		14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838	14,333,838
G361 - Structures & Improvements		14,884,755	14,872,304	14,859,853	14,847,402	14,834,952	14,822,501	14,810,050	14,797,599	14,785,149	14,772,698	14,760,247	14,932,167
G362 - Gas Holders		7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540	7,083,540
G363 - Gas Storage Equipment		142,854,593	144,394,991	146,850,116	148,987,438	151,602,561	154,757,252	157,944,853	161,344,372	164,607,732	167,102,753	169,549,593	171,596,967
G375 - Structures and Improvements		16,345,631	16,367,985	16,405,332	16,437,469	16,477,438	16,526,250	16,575,601	16,628,426	16,679,019	16,717,020	16,754,230	16,784,892
G376 - Gas Mains		2,132,169,150	2,140,504,014	2,235,843,245	2,247,413,008	2,261,572,103	2,278,655,267	2,295,916,779	2,314,326,736	2,331,998,807	2,345,507,035	2,358,754,160	2,369,836,471
G378 - Measure & Regulate Sta Equip		25,305,939	25,319,772	25,377,904	25,420,645	25,486,524	25,578,534	25,672,138	25,776,004	25,873,276	25,933,340	25,991,070	26,029,454
G379 - City Gate Station		61,421,702	61,412,677	61,403,837	61,394,932	61,386,124	61,377,424	61,368,731	61,360,081	61,351,403	61,342,571	61,333,728	61,467,889
G380 - Services		1,319,739,748	1,324,932,456	1,333,256,588	1,340,492,774	1,349,364,633	1,360,083,620	1,370,915,268	1,382,472,387	1,393,563,384	1,402,024,093	1,410,319,864	1,417,248,129
G381 - Meters		174,103,383	174,359,579	174,777,321	175,138,936	175,584,934	176,126,222	176,673,322	177,257,848	177,818,328	178,243,115	178,659,393	179,005,124
G382 - Meter Installations		272,270,493	273,347,222	274,956,126	276,345,394	278,064,874	280,157,254	282,272,379	284,533,961	286,701,443	288,337,920	289,941,099	291,268,205
G387 - Other Equipment		2,089,209	2,088,539	2,087,869	2,087,200	2,086,530	2,085,860	2,085,190	2,084,520	2,083,850	2,083,181	2,082,511	2,084,313
G388 - ARO Costs Distribution Plt		884,171	884,164	884,156	884,149	884,142	884,135	884,127	884,120	884,113	884,105	884,098	884,091
G390 - Structures & Improvements		11,014,416	11,041,079	11,083,234	11,120,006	11,164,870	11,218,871	11,273,429	11,331,576	11,387,418	11,430,248	11,472,262	11,507,512
G391 - Office Furniture & Equipment		2,433,354	2,363,274	2,302,539	2,238,558	2,179,458	2,125,872	2,072,622	2,021,537	1,969,061	1,908,734	1,847,915	1,783,014
G394 - Tools, Shop & Garage Equip		15,908,084	15,934,821	15,987,401	16,031,002	16,088,102	16,160,445	16,233,718	16,312,979	16,388,392	16,442,099	16,494,444	16,535,504
G395 - Laboratory Equipment		54,017	54,853	56,122	57,241	58,586	60,187	61,803	63,519	65,171	66,459	67,724	68,801
G397 - Communication Equipment		5,595,977	5,595,082	5,609,720	5,618,961	5,636,316	5,662,834	5,689,910	5,720,586	5,748,949	5,764,265	5,778,762	5,786,476
G398 - Miscellaneous Equipment		127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267	127,267
G399.1 - ARO Costs General Plt		127,174	126,941	126,708	126,475	126,242	126,009	125,776	125,544	125,311	125,078	124,845	124,613
		4,237,286,722	4,253,645,960	4,361,984,066	4,384,837,429	4,412,885,675	4,446,802,853	4,481,075,507	4,517,655,789	4,547,147,714	4,573,889,213	4,600,108,776	4,626,069,447
Common Plant Allocated to Gas		273,627,280	273,795,483	274,976,213	275,219,241	275,529,770	278,009,750	278,369,672	282,467,385	280,445,580	281,366,184	282,171,573	288,265,589
Total Gas Depreciable Utility Plant in Service	depreciable plant	**4,510,914,002**	**4,527,441,444**	**4,636,960,279**	**4,660,056,670**	**4,688,415,445**	**4,724,812,603**	**4,759,445,179**	**4,800,123,174**	**4,827,593,294**	**4,855,255,396**	**4,882,280,349**	**4,914,335,036**

Nondepreciable utility plant in service	Type	a-Jan - 2023	a-Feb - 2023	a-Mar - 2023	a-Apr - 2023	a-May - 2023	a-Jun - 2023	a-Jul - 2023	a-Aug - 2023	a-Sep - 2023	a-Oct - 2023	a-Nov - 2023	a-Dec - 2023
		Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant
G302 - Franchises & Consents		50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
G360 - Land and Land Rights		15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923
G374 - Land and Land Rights		3,878,546	3,881,296	3,882,160	3,884,089	3,886,244	3,889,428	3,896,539	3,902,637	3,905,965	3,908,323	3,910,802	3,914,547
		3,944,501	3,947,252	3,948,115	3,950,044	3,952,200	3,955,383	3,962,495	3,968,592	3,971,920	3,974,278	3,976,757	3,980,503
Common Plant Allocated to Gas		1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067
Total Gas Depreciable Utility Plant in Service	depreciable plant	**5,665,568**	**5,668,318**	**5,669,182**	**5,671,111**	**5,673,266**	**5,676,450**	**5,683,561**	**5,689,659**	**5,692,987**	**5,695,345**	**5,697,824**	**5,701,570**

		Jan - 2024	Feb - 2024	Mar - 2024	Apr - 2024	May - 2024	Jun - 2024	Jul - 2024	Aug - 2024	Sep - 2024	Oct - 2024	Nov - 2024	Dec - 2024
		Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant
G302 - Franchises & Consents		50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
G360 - Land and Land Rights		15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923
G374 - Land and Land Rights		3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547
		3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,503
Common Plant Allocated to Gas		1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067
Total Gas Depreciable Utility Plant in Service	depreciable plant	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,570**

		Jan - 2025	Feb - 2025	Mar - 2025	Apr - 2025	May - 2025	Jun - 2025	Jul - 2025	Aug - 2025	Sep - 2025	Oct - 2025	Nov - 2025	Dec - 2025
		Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant	Ending Gross Plant
G302 - Franchises & Consents		50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
G360 - Land and Land Rights		15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923	15,923
G374 - Land and Land Rights		3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547	3,914,547
		3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502	3,980,502
Common Plant Allocated to Gas		1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067	1,721,067
Total Gas Depreciable Utility Plant in Service	depreciable plant	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**	**5,701,569**

PECO Energy Company
Attachment SDR-RR-17(d)
Actual Monthly Balance by Account for Historical Test Year
Presentation Basis - Total Company unless noted
(in thousands)

		2023 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	2023 Dec
d. Accumulated deferred income tax													
Account 190	All			211,012			224,696			242,028			278,205
	Electric												230,445
	Gas												60,932
	Non-Utility												(13,172)
Account 282	All			(2,168,357)			(2,199,519)			(2,236,248)			(2,264,522)
	Electric												(1,624,042)
	Gas												(640,480)
	Non-Utility												-
Account 283	All			(291,721)			(292,906)			(294,921)			(334,277)
	Electric												(275,230)
	Gas												(59,047)
	Non-Utility												-

PECO Energy Company
Attachment SDR-RR-17(d)
Estimated Monthly Balance by Account for Future Test Year
Presentation Basis - Total Company unless noted
(in thousands)

		2024 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	2024 Dec
d. Accumulated deferred income tax													
Account 190	All			315,874			334,319			358,780			341,102
	Electric												289,285
	Gas												78,249
	Non-Utility												(26,431)
Account 282	All			(2,332,223)			(2,360,163)			(2,397,627)			(2,434,514)
	Electric												(1,738,106)
	Gas												(696,408)
	Non-Utility												-
Account 283	All			(335,925)			(336,814)			(337,998)			(339,011)
	Electric												(278,896)
	Gas												(60,115)
	Non-Utility												-

PECO Energy Company
Attachment SDR-RR-17(d)
Estimated Monthly Balance by Account for Fully Projected Future Test Year
Presentation Basis - Total Company unless noted
(in thousands)

		2025 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	2025 Dec
d. Accumulated deferred income tax													
Account 190	All			364,446			376,291			389,340			389,035
	Electric												327,919
	Gas												92,654
	Non-Utility												(31,537)
Account 282	All			(2,507,494)			(2,541,426)			(2,579,379)			(2,623,337)
	Electric												(1,865,171)
	Gas												(758,166)
	Non-Utility												-
Account 283	All			(339,852)			(340,188)			(340,536)			(341,024)
	Electric												(280,112)
	Gas												(60,911)
	Non-Utility												-

Accumulated Depreciation	a-Jan - 2023	a-Feb - 2023	a-Mar - 2023	a-Apr - 2023	a-May - 2023	a-Jun - 2023	a-Jul - 2023	a-Aug - 2023	a-Sep - 2023	a-Oct - 2023	a-Nov - 2023	a-Dec - 2023
	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending
G303 - Intangible Property	18,325,473	18,562,925	18,800,376	19,037,826	19,275,275	19,512,724	19,750,173	19,987,622	10,485,370	10,665,463	10,854,964	11,058,570
G305 - Structures and Improvements	848,926	851,452	853,978	856,504	859,030	861,555	864,081	863,717	866,263	868,809	871,355	873,901
G311 - Liquefied Petroleum Gas Eqp	12,596,285	12,607,946	12,619,608	12,631,269	12,642,931	12,654,592	12,666,254	12,677,915	12,689,576	12,701,238	12,712,899	12,724,561
G361 - Structures & Improvements	7,547,367	7,581,679	7,615,991	7,650,280	7,684,506	7,663,093	7,697,330	7,484,285	7,519,102	7,553,238	7,586,691	7,581,412
G362 - Gas Holders	6,888,935	6,889,770	6,890,606	6,891,441	6,892,276	6,893,111	6,893,946	6,894,782	6,895,617	6,896,452	6,897,287	6,898,123
G363 - Gas Storage Equipment	16,397,776	16,548,155	16,698,535	16,848,914	16,999,293	16,312,168	16,464,204	16,616,240	16,768,276	16,920,684	17,205,170	14,772,960
G375 - Structures and Improvements	6,222,905	6,250,233	6,277,734	6,297,782	6,325,392	6,329,413	6,357,107	6,384,717	6,412,246	6,270,329	6,298,828	6,304,506
G376 - Gas Mains	371,254,817	372,829,367	374,789,343	375,003,827	376,109,066	376,902,969	378,673,872	380,123,717	381,420,632	382,517,279	384,225,067	383,883,700
G378 - Measure & Regulate Sta Equip	7,309,132	7,090,870	7,122,784	6,872,755	6,738,230	6,777,512	6,748,486	6,749,167	6,791,154	6,833,581	6,876,414	6,572,970
G379 - City Gate Station	24,766,586	24,855,331	24,943,863	25,032,180	25,120,285	25,208,177	25,295,856	25,383,325	25,470,582	25,557,628	25,644,464	25,731,092
G380 - Services	270,569,858	272,090,911	272,703,101	273,481,587	274,808,923	274,493,437	276,160,081	277,761,892	278,317,373	280,050,450	281,868,665	281,904,322
G381 - Meters	73,502,634	73,964,005	74,384,422	74,844,449	75,304,072	75,704,325	76,164,023	76,623,286	77,050,622	77,508,082	77,965,269	78,365,960
G382 - Meter Installations	74,033,995	74,427,931	73,906,369	74,308,267	74,711,875	74,294,249	74,702,212	75,111,274	74,824,586	75,237,536	75,652,109	75,428,700
G387 - Other Equipment	1,449,607	1,458,789	1,467,840	1,476,764	1,485,561	1,494,234	1,502,783	1,511,212	1,519,521	1,527,713	1,535,789	1,543,750
G388 - ARO Costs Distribution Plt	590,846	592,190	593,534	594,878	596,222	597,566	598,910	600,254	601,598	602,942	604,286	605,630
G390 - Structures & Improvements	3,178,889	3,196,246	3,213,573	3,230,869	3,249,340	3,268,992	3,288,604	3,308,170	3,327,704	3,347,208	3,366,658	3,360,452
G391 - Office Furniture & Equipment	3,222,396	3,303,528	3,380,887	3,454,625	3,525,401	3,596,677	1,423,795	1,493,756	1,561,413	1,626,194	1,688,510	1,733,750
G394 - Tools, Shop & Garage Equip	5,556,547	5,617,932	5,680,674	5,743,943	5,807,069	5,870,258	5,736,674	5,798,741	5,859,623	5,920,232	5,980,657	6,042,297
G395 - Laboratory Equipment	13,824	13,961	14,097	14,232	14,367	14,501	14,634	14,766	14,898	15,028	15,158	15,288
G397 - Communication Equipment	4,227,486	4,271,114	4,209,401	4,251,720	4,293,101	4,282,642	4,323,618	4,365,664	4,294,968	4,344,586	4,386,383	4,420,510
G398 - Miscellaneous Equipment	53,529	54,210	54,885	55,553	56,215	56,871	57,521	58,165	58,803	59,435	60,062	60,682
G399.1 - ARO Costs General Plt	37,392	37,960	38,527	39,095	39,663	40,231	40,799	41,367	41,935	42,503	43,071	43,639
Total Gas Plant Accumulated Depreciation	**908,595,204**	**913,096,505**	**916,260,127**	**918,618,759**	**922,538,093**	**922,829,297**	**925,424,964**	**929,854,034**	**922,791,862**	**927,066,610**	**932,339,755**	**929,926,774**
Common Plant Accumulated Depreciation Allocated to Gas	113,863,822	115,318,975	116,472,247	117,738,726	119,223,212	120,145,898	119,969,106	121,456,650	104,950,072	105,029,797	106,562,236	106,812,496
Total Gas Accumulated Depreciation	**1,022,459,026**	**1,028,415,479**	**1,032,732,374**	**1,036,357,485**	**1,041,761,305**	**1,042,975,195**	**1,045,394,069**	**1,051,310,684**	**1,027,741,933**	**1,032,096,407**	**1,038,901,992**	**1,036,739,270**

	Jan - 2024	Feb - 2024	Mar - 2024	Apr - 2024	May - 2024	Jun - 2024	Jul - 2024	Aug - 2024	Sep - 2024	Oct - 2024	Nov - 2024	Dec - 2024
	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending
G303 - Intangible Property	11,349,966	11,641,678	11,933,706	12,226,049	12,518,708	12,812,536	13,116,277	13,429,564	8,953,629	9,274,855	9,596,883	9,920,513
G305 - Structures and Improvements	876,447	878,994	881,540	884,086	886,632	889,178	891,725	894,271	896,817	899,363	901,909	904,455
G311 - Liquefied Petroleum Gas Eqp	12,736,222	12,747,884	12,759,545	12,771,206	12,782,868	12,794,529	12,806,191	12,817,852	12,829,514	12,841,175	12,852,836	12,864,498
G361 - Structures & Improvements	7,602,413	7,623,415	7,644,417	7,665,418	7,686,420	7,707,422	7,728,424	7,749,426	7,770,428	7,791,429	7,812,431	7,925,619
G362 - Gas Holders	6,898,958	6,899,793	6,900,628	6,901,463	6,902,299	6,903,134	6,903,969	6,904,804	6,905,639	6,906,475	6,907,310	6,908,146
G363 - Gas Storage Equipment	14,966,298	15,163,587	15,364,604	15,570,055	15,780,352	15,996,089	16,217,415	16,444,354	16,677,715	16,917,641	17,163,767	17,417,552
G375 - Structures and Improvements	6,326,351	6,348,168	6,369,955	6,391,726	6,413,489	6,435,252	6,457,022	6,478,801	6,500,603	6,522,429	6,544,275	6,566,162
G376 - Gas Mains	385,208,592	386,548,027	387,901,055	389,271,906	390,663,200	392,078,172	393,518,321	394,984,486	396,481,055	398,008,821	399,565,802	401,159,923
G378 - Measure & Regulate Sta Equip	6,544,343	6,515,781	6,487,276	6,458,866	6,430,575	6,402,432	6,374,450	6,346,637	6,319,033	6,291,645	6,264,454	6,237,531
G379 - City Gate Station	25,810,369	25,889,428	25,968,268	26,046,891	26,125,297	26,203,486	26,281,460	26,359,219	26,436,763	26,514,094	26,591,211	26,739,661
G380 - Services	283,000,742	284,104,916	285,216,251	286,337,420	287,470,085	288,616,290	289,776,988	290,952,711	292,146,236	293,358,066	294,586,955	295,837,909
G381 - Meters	78,782,715	79,197,388	79,609,965	80,020,599	80,429,392	80,836,466	81,241,884	81,645,691	82,048,044	82,448,985	82,848,466	83,246,759
G382 - Meter Installations	75,601,899	75,776,544	75,952,514	76,130,349	76,310,386	76,493,037	76,678,495	76,866,868	77,058,716	77,254,142	77,452,894	77,655,983
G387 - Other Equipment	1,551,490	1,559,102	1,566,589	1,573,952	1,581,193	1,588,314	1,595,317	1,602,204	1,608,975	1,615,634	1,622,182	1,629,856
G388 - ARO Costs Distribution Plt	605,743	605,856	605,969	606,081	606,194	606,307	606,420	606,533	606,646	606,758	606,871	606,984
G390 - Structures & Improvements	3,376,214	3,391,987	3,407,766	3,423,563	3,439,388	3,455,251	3,471,156	3,487,106	3,503,115	3,519,185	3,535,311	3,551,519
G391 - Office Furniture & Equipment	1,692,910	1,650,319	1,606,047	1,560,169	1,512,756	1,463,876	1,413,590	1,361,958	1,309,043	1,254,900	1,199,575	1,143,130
G394 - Tools, Shop & Garage Equip	6,083,325	6,124,006	6,164,336	6,204,341	6,244,038	6,283,446	6,322,576	6,361,435	6,400,050	6,438,427	6,476,560	6,514,491
G395 - Laboratory Equipment	15,427	15,567	15,707	15,849	15,992	16,137	16,283	16,431	16,582	16,735	16,890	17,048
G397 - Communication Equipment	4,428,389	4,434,812	4,439,835	4,443,530	4,445,958	4,447,182	4,447,258	4,446,236	4,444,178	4,441,130	4,437,129	4,432,242
G398 - Miscellaneous Equipment	61,374	62,058	62,735	63,405	64,068	64,724	65,374	66,016	66,652	67,282	67,905	68,521
G399.1 - ARO Costs General Plt	44,201	44,764	45,327	45,890	46,453	47,016	47,579	48,142	48,704	49,267	49,830	50,394
Total Gas Plant Accumulated Depreciation	**933,564,387**	**937,224,072**	**940,904,034**	**944,612,817**	**948,355,743**	**952,140,276**	**955,978,173**	**959,870,745**	**959,028,137**	**963,038,439**	**967,101,446**	**971,398,895**
Common Plant Accumulated Depreciation Allocated to Gas	108,409,665	109,541,231	110,786,884	112,032,840	113,312,127	114,617,332	115,918,138	117,228,309	81,291,867	82,569,711	83,822,579	85,106,643
Total Gas Accumulated Depreciation	**1,041,974,053**	**1,046,765,302**	**1,051,690,919**	**1,056,645,657**	**1,061,667,870**	**1,066,757,608**	**1,071,896,311**	**1,077,099,054**	**1,040,320,004**	**1,045,608,150**	**1,050,924,025**	**1,056,505,538**

	Jan - 2025	Feb - 2025	Mar - 2025	Apr - 2025	May - 2025	Jun - 2025	Jul - 2025	Aug - 2025	Sep - 2025	Oct - 2025	Nov - 2025	Dec - 2025
	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending	Plant Reserve Ending
G303 - Intangible Property	10,245,953	10,569,013	10,875,931	11,170,261	11,466,018	11,763,429	12,062,612	12,363,625	7,069,618	7,373,974	7,679,797	8,018,299
G305 - Structures and Improvements	907,002	909,548	912,094	914,640	917,186	919,732	922,279	924,825	927,371	929,917	932,463	935,009
G311 - Liquefied Petroleum Gas Eqp	12,876,159	12,887,821	12,899,482	12,911,144	12,922,805	12,934,466	12,946,128	12,957,789	12,969,451	12,981,112	12,992,774	13,004,435
G361 - Structures & Improvements	7,854,435	7,875,437	7,896,439	7,917,441	7,938,442	7,959,444	7,980,446	8,001,448	8,022,450	8,043,452	8,064,453	8,269,826
G362 - Gas Holders	6,908,980	6,909,816	6,910,651	6,911,486	6,912,321	6,913,156	6,913,992	6,914,827	6,915,662	6,916,497	6,917,332	6,918,169
G363 - Gas Storage Equipment	17,678,234	17,942,373	18,210,973	18,484,631	18,763,508	19,048,624	19,340,552	19,639,540	19,945,662	20,258,011	20,575,769	20,898,489
G375 - Structures and Improvements	6,588,622	6,611,137	6,633,724	6,656,395	6,679,151	6,702,009	6,724,979	6,748,065	6,771,268	6,794,573	6,817,966	6,841,438
G376 - Gas Mains	402,815,558	404,489,929	406,270,740	408,161,235	410,080,013	412,032,601	414,022,112	416,049,874	418,116,301	420,216,476	422,345,962	424,502,328
G378 - Measure & Regulate Sta Equip	6,211,510	6,185,654	6,160,014	6,134,619	6,109,477	6,084,636	6,060,126	6,035,958	6,012,135	5,988,614	5,965,354	5,942,332
G379 - City Gate Station	26,746,208	26,824,302	26,902,397	26,980,493	27,058,590	27,136,689	27,214,788	27,292,889	27,370,992	27,449,096	27,527,200	27,748,397
G380 - Services	297,135,457	298,444,839	299,769,489	301,111,456	302,471,288	303,852,479	305,256,993	306,685,671	308,138,772	309,613,193	311,106,129	312,616,044
G381 - Meters	83,660,530	84,074,911	84,490,080	84,906,142	85,323,126	85,741,212	86,160,501	86,581,036	87,002,832	87,425,727	87,849,578	88,274,304
G382 - Meter Installations	77,869,130	78,084,665	78,303,283	78,525,397	78,751,118	78,981,151	79,215,892	79,455,511	79,700,061	79,948,915	80,201,507	80,457,527
G387 - Other Equipment	1,635,692	1,642,765	1,649,837	1,656,910	1,663,982	1,671,055	1,678,127	1,685,200	1,692,272	1,699,345	1,706,417	1,715,962
G388 - ARO Costs Distribution Plt	607,097	607,210	607,323	607,435	607,548	607,661	607,774	607,887	608,000	608,112	608,225	608,338
G390 - Structures & Improvements	3,568,114	3,584,770	3,601,501	3,618,317	3,635,223	3,652,233	3,669,360	3,686,605	3,703,972	3,721,444	3,739,007	3,756,657
G391 - Office Furniture & Equipment	1,094,321	1,045,545	996,815	948,137	899,511	850,950	802,458	754,038	705,691	657,407	609,179	561,001
G394 - Tools, Shop & Garage Equip	6,554,966	6,595,539	6,636,238	6,677,080	6,718,070	6,759,235	6,800,593	6,842,151	6,883,910	6,925,845	6,967,933	7,010,160
G395 - Laboratory Equipment	17,213	17,380	17,549	17,721	17,895	18,072	18,252	18,436	18,623	18,813	19,006	19,201
G397 - Communication Equipment	4,433,896	4,435,609	4,437,398	4,439,273	4,441,236	4,443,306	4,445,491	4,447,795	4,450,221	4,452,753	4,455,377	4,458,085
G398 - Miscellaneous Equipment	69,174	69,828	70,481	71,134	71,787	72,441	73,094	73,747	74,400	75,054	75,707	76,360
G399.1 - ARO Costs General Plt	50,956	51,519	52,082	52,645	53,208	53,770	54,333	54,896	55,459	56,022	56,585	57,149
Total Gas Plant Accumulated Depreciation	**975,529,208**	**979,859,609**	**984,304,521**	**988,873,992**	**993,501,504**	**998,198,353**	**1,002,970,881**	**1,007,821,813**	**1,007,155,122**	**1,012,154,351**	**1,017,213,722**	**1,022,689,509**
Common Plant Accumulated Depreciation Allocated to Gas	86,673,834	88,074,136	89,466,121	90,852,111	92,246,575	93,664,833	95,105,651	96,585,923	95,028,888	96,569,678	98,127,925	99,720,396
Total Gas Accumulated Depreciation	**1,062,203,042**	**1,067,933,745**	**1,073,770,642**	**1,079,726,102**	**1,085,748,079**	**1,091,863,186**	**1,098,076,533**	**1,104,407,737**	**1,102,184,009**	**1,108,724,029**	**1,115,341,647**	**1,122,409,905**

Q. SDR-RR-18 Please provide a copy of all workpapers supporting the Company's lead/lag study.

A. SDR-RR-18 Refer to Exhibit MJT-1, Schedule C-4, for the fully projected future test year, Exhibit MJT-2, Schedule C-4, for the future test year and Exhibit MJT-3, Schedule C-4 for the historic test year.

Q. SDR-RR-19 Please provide the payroll distribution showing the percentage of wages charged to O&M and other categories for each of the preceding three calendar years and the most recent annual period available.

A. SDR-RR-19 Please refer to Attachment SDR-RR-19(a).

PECO Energy Company

Presentation Basis: Gas Distribution Only

Payroll Data
(In Thousands)

	2023	2022	2021
Operating and Maintenance Expense	$ 52,762	52,022	$ 51,506
Capital	44,895	37,712	37,723
Balance at end of year	$ 97,657	$ 89,734	$ 89,229
Percentage charged to Operation and Maintenance Expense	**54.03%**	**57.97%**	**57.72%**

Q. SDR-RR-20 Please state whether the future test year budgeted labor includes any increases or decreases in the number of employees during the future test year. If increases have been budgeted, please state whether the future test year includes budgeted positions which have not been filled.

A. SDR-RR-20 The future test year includes an increase of 5 employees with an additional increase of 4 employees during the fully projected future test year. These increases are allocated to Gas field and support positions. The future test year and fully projected future test year includes these unfilled positions in the budget. The positions will be filled during the future test year and the fully projected future test year.

Q. SDR-RR-21 Please explain how the Company has treated routine or normal position vacancies which occur as a result of terminations or retirements in its budgeted labor projections.

A. SDR-RR-21 The Company includes a labor reduction or "vacancy rate" in its staffing plan to account for estimated vacancies (e.g., retirements, resignations, transfers, layoffs, etc.) throughout the year based on historical trends and current staffing plans. This vacancy rate equates to approximately 2% of the overall approved staffing complement per the Company's staffing plans. The vacancy rate is utilized by applying it to the overall staffing complement and then deducting the resulting product to produce the Company's budgeted labor projections. The Company's budgeted labor projections are used as the basis for its future test year and fully projected future test year employee expense claims.

Q. SDR-RR-22 Please provide the most recent insurance premiums for each type of insurance coverage (i.e., employee benefit and those purchased by the Company) reflected in the Company's filing. If available, please provide estimated premiums for the subsequent calendar year.

A. SDR-RR-22 Refer to Attachment SDR-RR-22(a) for 2023 Company-paid premium amounts, and 2024 estimated Company-paid premium amounts, for medical, dental, vision and hearing, life insurance, accidental death and dismemberment and long-term disability benefits.

2023 Monthly Employer Premiums - Health and Welfare Plans

	2023 Active East Non-Represented Band 1	2023 Active East Non-Represented Band 2	2023 Active East Non-Represented Band 3	2023 Active East Non-Represented Band 4	2023 Active East Represented
MEDICAL					
IBC PPO					
Employee	$588.62	$588.62	$551.83	$515.05	$588.62
Employee + Spouse/DP	$1,236.33	$1,195.85	$1,118.58	$1,000.83	$1,236.33
Employee + Child(ren)	$1,071.52	$1,041.34	$974.37	$877.23	$1,071.52
Employee + Family	$1,778.07	$1,703.73	$1,592.60	$1,407.14	$1,778.07
PPO + HSA					
Employee	$473.30	$473.30	$460.15	$447.01	$473.30
Employee + Spouse/DP	$993.83	$979.37	$951.76	$909.71	$993.83
Employee + Child(ren)	$861.39	$850.61	$826.68	$791.98	$861.39
Employee + Family	$1,429.14	$1,402.59	$1,362.89	$1,296.65	$1,429.14
IBC HMO (Keystone and Amerihealth)					
Employee	$588.62	$588.62	$551.83	$515.05	$588.62
Employee + Spouse/DP	$1,236.33	$1,195.85	$1,118.58	$1,000.83	$1,236.33
Employee + Child(ren)	$1,071.52	$1,041.34	$974.37	$877.23	$1,071.52
Employee + Family	$1,778.07	$1,703.73	$1,592.60	$1,407.14	$1,778.07
BCBSIL EPO					
Employee	$588.62	$588.62	$551.83	$515.05	$588.62
Employee + Spouse/DP	$1,236.33	$1,195.85	$1,118.58	$1,000.83	$1,236.33
Employee + Child(ren)	$1,071.52	$1,041.34	$974.37	$877.23	$1,071.52
Employee + Family	$1,778.07	$1,703.73	$1,592.60	$1,407.14	$1,778.07
DENTAL					
Cigna Dental PPO					
Employee	$31.12	$31.12	$31.12	$31.12	$31.12
Employee + Spouse/DP	$54.52	$54.52	$54.52	$54.52	$54.52
Employee + Child(ren)	$60.34	$60.34	$60.34	$60.34	$60.34
Employee + Family	$84.88	$84.88	$84.88	$84.88	$84.88
Cigna DMO					
Employee	$20.74	$20.74	$20.74	$20.74	$20.74
Employee + Spouse/DP	$36.29	$36.29	$36.29	$36.29	$36.29
Employee + Child(ren)	$40.18	$40.18	$40.18	$40.18	$40.18
Employee + Family	$56.51	$56.51	$56.51	$56.51	$56.51
VISION					
Vision					
Employee	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Spouse/DP	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Child(ren)	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Family	$0.00	$0.00	$0.00	$0.00	$0.00
Vision - High Plan					
Employee	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Spouse/DP	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Child(ren)	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Family	$0.00	$0.00	$0.00	$0.00	$0.00

LIFE INSURANCE		
The Hartford	Per $1,000 per month	$0.115

ACCIDENTAL DEATH AND DIMEMBERMENT		
The Hartford	Per $1,000 per month	$0.015

LONG-TERM DISABILITY		
The Hartford	Per Employee Per Month Per $100 of covered payroll	$0.301

2024 Monthly Employer Premiums - Health and Welfare Plans

	2024 Active East Non-Represented Band 1	2024 Active East Non-Represented Band 2	2024 Active East Non-Represented Band 3	2024 Active East Non-Represented Band 4	2024 Active East Represented
MEDICAL					
IBC PPO					
Employee	$597.46	$597.46	$560.11	$522.77	$597.46
Employee + Spouse/DP	$1,254.88	$1,213.79	$1,135.36	$1,015.84	$1,254.88
Employee + Child(ren)	$1,087.60	$1,056.97	$988.99	$890.38	$1,087.60
Employee + Family	$1,804.75	$1,729.29	$1,616.49	$1,428.24	$1,804.75
PPO + HSA					
Employee	$468.10	$468.10	$455.10	$442.09	$468.10
Employee + Spouse/DP	$982.90	$968.60	$941.30	$899.69	$982.90
Employee + Child(ren)	$851.91	$841.25	$817.59	$783.26	$851.91
Employee + Family	$1,413.42	$1,387.16	$1,347.91	$1,282.38	$1,413.42
IBC HMO (Keystone and Amerihealth)					
Employee	$597.46	$597.46	$560.11	$522.77	$597.46
Employee + Spouse/DP	$1,254.88	$1,213.79	$1,135.36	$1,015.84	$1,254.88
Employee + Child(ren)	$1,087.60	$1,056.97	$988.99	$890.38	$1,087.60
Employee + Family	$1,804.75	$1,729.29	$1,616.49	$1,428.24	$1,804.75
BCBSIL EPO					
Employee	$597.46	$597.46	$560.11	$522.77	$597.46
Employee + Spouse/DP	$1,254.88	$1,213.79	$1,135.36	$1,015.84	$1,254.88
Employee + Child(ren)	$1,087.60	$1,056.97	$988.99	$890.38	$1,087.60
Employee + Family	$1,804.75	$1,729.29	$1,616.49	$1,428.24	$1,804.75
DENTAL					
Cigna Dental PPO					
Employee	$31.12	$31.12	$31.12	$31.12	$31.12
Employee + Spouse/DP	$54.52	$54.52	$54.52	$54.52	$54.52
Employee + Child(ren)	$60.34	$60.34	$60.34	$60.34	$60.34
Employee + Family	$84.88	$84.88	$84.88	$84.88	$84.88
Cigna DMO					
Employee	$20.74	$20.74	$20.74	$20.74	$20.74
Employee + Spouse/DP	$36.29	$36.29	$36.29	$36.29	$36.29
Employee + Child(ren)	$40.18	$40.18	$40.18	$40.18	$40.18
Employee + Family	$56.51	$56.51	$56.51	$56.51	$56.51
VISION					
Vision					
Employee	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Spouse/DP	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Child(ren)	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Family	$0.00	$0.00	$0.00	$0.00	$0.00
Vision - High Plan					
Employee	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Spouse/DP	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Child(ren)	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Family	$0.00	$0.00	$0.00	$0.00	$0.00

LIFE INSURANCE		
The Hartford	Per $1,000 per month	$0.115

ACCIDENTAL DEATH AND DIMEMBERMENT		
The Hartford	Per $1,000 per month	$0.015

LONG-TERM DISABILITY		
The Hartford	Per Employee Per Month	$0.301
	Per $100 of covered payroll	

Q. SDR-RR-23 Please provide a copy of the Company's two most recent FERC Form 2.

A. SDR-RR-23 Not applicable. The Company is not subject to the FERC Form 2 filing requirements.

Q. SDR-RR-24 Please provide a description of each employee benefit program or plan.

A. SDR-RR-24 Please refer to the Confidential Attachments listed below:

Confidential Attachment SDR-RR-24(a.1) SPD - Medical & EAP All Employees
Confidential Attachment SDR-RR-24(a.2) Side by Side Benefits Descriptions
Confidential Attachment SDR-RR-24(a.3) Plan Overview for All Employees

The document Confidential Attachment SDR-RR-24(a.1) SPD – Medical & EAP All Employees, while dated February 1, 2022, does contain the current information for 2024.

THE ATTACHMENTS ARE CONFIDENTIAL AND ARE SUBMITTED ONLY IN THE NON-PUBLIC VERSION TO THE COMMISSION.

Q. SDR-RR-25 Please provide a description of the Company's merit and cost of living wage rate increase policies.

A. SDR-RR-25

General Wage Increase:

NON-UNION (Non-Exempt Craft)

The Company establishes estimated future wage increases in its annual budgeting process and its long-term financial planning. Estimates are established by reviewing local and regional wage trends for hourly positions at the Company that require similar trade backgrounds. Each fall, local trends for the coming year are analyzed and if an adjustment from budget is required based on maintaining competitive wages, the proposal is reviewed and approved in the September/October time frame by Company and parent company management.

The point of reference is competitive wage comparisons consistent with the 50th percentile (statistical mean) of the local/regional labor market through independent third party and governmental wage surveys. This concept is consistent with the concept of prevailing wage used in state contract bidding, though the Company's wages are not subject to the state prevailing wage provisions.

UNION

The Company establishes its wages through a collective bargaining process, with the employee wages for the Company's hourly trade and service employees established under contract with IBEW Local 614. PECO's latest collective bargaining agreement was ratified in April 2021, for a five-year term effective April 1, 2021 through March 31, 2026.

MERIT INCREASES (Exempt and Non-Exempt Non-Represented)

The Company establishes estimated future aggregate salary levels in its annual budgeting process and its long-term financial planning. Estimates are established by looking at regional and national salary trends for management positions at the Company that require similar backgrounds. Each fall, salary increase trends for the coming year are analyzed and if an adjustment from budget is required based on maintaining competitive

salaries, the proposal is reviewed and approved in the September/October time frame by the Company and parent company management.

Q. SDR-RR-26 Please provide the following monthly labor data for the year prior to the HTY, the HTY and the FTY through the most recent date available:

a. Number of actual employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.);
b. Regular payroll broken down between expensed, capitalized, and other;
c. Overtime payroll broken down between expensed, capitalized and other;
d. Temporary payroll broken down between expensed, capitalized and other; and
e. Other payroll (specify).

A. SDR-RR-26

a. Headcount has been provided based on a mix of union/non-union and salaried/hourly employees. Temporary headcount is not included in the Company's official headcount but is provided for this response. Refer to Attachment SDR-RR-26(a) for monthly Headcount.

b. Refer to Attachment SDR-RR-26(b) for Regular Monthly Payroll.

c. Refer to Attachment SDR-RR-26(b) for Overtime Monthly Payroll.

d. Temporary payroll is included in the expense and capital payroll provided and was approximately $178,000 and $231,000 in 2022 and $152,000 and $311,000 in 2023, respectively.

e. PECO Energy Company does not have Other payroll historically or budgeted for 2024 or future years.

PECO Energy Company

Number of Employees - Gas Only

	Regular						Temporary	
	Salary & Hourly			Union & Non-Union				
Month/Yr	Gas Salaried	Gas Hourly	Gas Total	Gas Non-Union	Gas Union	Gas Total	Month/Yr	Gas Temp
Jan-22	254	372	627	314	312	627	Jan-22	16
Feb-22	255	374	629	315	314	629	Feb-22	16
Mar-22	255	369	624	315	309	624	Mar-22	18
Apr-22	253	364	617	313	304	617	Apr-22	17
May-22	258	382	640	316	324	640	May-22	17
Jun-22	264	375	639	324	315	639	Jun-22	18
Jul-22	261	375	637	322	315	637	Jul-22	17
Aug-22	262	373	635	321	315	635	Aug-22	14
Sep-22	263	371	634	322	311	634	Sep-22	10
Oct-22	262	386	648	319	329	648	Oct-22	8
Nov-22	265	383	648	321	327	648	Nov-22	9
Dec-22	270	383	653	328	325	653	Dec-22	9
Jan-23	272	383	655	330	325	655	Jan-23	9
Feb-23	276	385	661	333	328	661	Feb-23	9
Mar-23	279	386	665	337	329	665	Mar-23	7
Apr-23	283	383	666	340	326	666	Apr-23	14
May-23	283	406	689	341	348	689	May-23	14
Jun-23	282	401	683	338	345	683	Jun-23	19
Jul-23	278	402	681	335	345	681	Jul-23	18
Aug-23	287	403	690	343	346	690	Aug-23	13
Sep-23	291	409	700	348	352	700	Sep-23	17
Oct-23	290	411	700	347	353	700	Oct-23	18
Nov-23	290	408	698	350	348	698	Nov-23	15
Dec-23	288	408	696	348	348	696	Dec-23	15
Jan-24	285	402	687	343	344	687	Jan-24	15

Note: Temporary headcount is not included in the Company's official headcount

Monthly Labor Data
(Thousands of Dollars)

2024 Actual

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Expense Payroll	2,880												$ 2,880
Expense Overtime	853												853
Capital Payroll	2,365												2,365
Capital Overtime	315												315
	$ 6,413	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,413

2023 Actual

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Expense Payroll	3,265	3,132	4,044	3,131	3,377	3,254	2,676	3,009	3,039	3,033	2,737	2,728	37,424
Expense Overtime	884	759	707	566	591	603	576	561	701	645	742	730	8,067
Capital Payroll	2,176	2,367	2,664	2,549	2,832	2,615	2,566	2,757	2,653	3,052	2,641	2,038	30,909
Capital Overtime	390	455	259	383	490	445	498	485	570	695	755	534	5,958
	$ 6,714	$ 6,712	$ 7,674	$ 6,629	$ 7,288	$ 6,917	$ 6,317	$ 6,811	$ 6,962	$ 7,426	$ 6,876	$ 6,031	$ 82,358

2022 Actual

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Expense Payroll	$ 2,926	$ 3,055	$ 3,505	$ 3,059	$ 3,020	$ 2,958	$ 2,814	$ 3,065	$ 3,171	$ 2,799	$ 3,102	$ 3,280	$ 36,755
Expense Overtime	784	727	685	662	612	666	683	729	827	747	923	1,247	9,292
Capital Payroll	2,070	1,988	2,451	2,233	2,250	2,364	2,252	2,412	2,233	2,907	2,100	1,787	27,047
Capital Overtime	386	428	475	481	431	492	478	557	422	743	491	396	5,780
	$ 6,167	$ 6,199	$ 7,116	$ 6,434	$ 6,313	$ 6,479	$ 6,227	$ 6,763	$ 6,653	$ 7,196	$ 6,617	$ 6,710	$ 78,873

Q. SDR-RR-27 Please provide a copy of all incentive compensation and/or bonus plans and provide the level of related payments included in cost of service.

A. SDR-RR-27 Refer to the following attachments:

Confidential Attachment SDR-RR-27(a.1) (2023 AIP PECO Brochure).

Confidential Attachment SDR-RR-27(a.2) (2023 AIP for those represented by Local 614).

Confidential Attachment SDR-RR-27(a.3) (2023 Utilities Long Term Performance Program (LTPP) Summary).

Confidential Attachment SDR-RR-27(a.4) (2023 Restricted Stock Unit Award (RCU) Summary).

Confidential Attachment SDR-RR-27(a.5) (2023-2025 Exelon Long-Term Performance Share Award Program Summary).

Confidential Attachment SDR-RR-27(a.6) (2023-2025 Exelon Long Term Performance Cash Award Program).

Refer to the Attachment III-A-21(a-h) for the level of related payments.

CONFIDENTIAL ATTACHMENTS SDR-RR-27(a.1-a.6) ARE CONFIDENTIAL AND ARE SUBMITTED ONLY IN THE NON-PUBLIC VERSION TO THE COMMISSION.

Q. SDR-RR-28 Please provide the percentage wage increases granted by the Company by date and employee category for the three most recent calendar years and the current year to date.

A. SDR-RR-28

	Average Wage Increase for Hourly Employees	Average Merit Increase Pool for Management Employees
2021	2.5%	2.0%
2022	2.5%	2.5%
2023	2.5%	4.0%
2024	2.5%	3.0%

Q. SDR-RR-29 Please provide an analysis (description, date and amounts) of any gains or losses on utility property sold for the lesser of the last three years or since the Company's last rate case or anticipated during the FTY. Explain how such amounts have been treated for ratemaking purposes.

A. SDR-RR-29 PECO did not sell gas utility property in the last three years and does not plan to sell gas utility property in the future test year or fully projected future test year.

Q. SDR-RR-30 Please provide the level of each of the following which is included in the Company's cost of service by separate type and/or payee, which are incurred directly by the Company or are allocated or billed to the Company by affiliates or its parent company.

a. fines and penalties
b. contributions and donations
c. membership dues
d. lobbying expense
e. employee activity costs (e.g. picnics, parties, awards)
f. investor relations expenses

A. SDR-RR-30

a. None. These costs are not included in the Company's test year claim.

b. None. These costs are not included in the Company's test year claim.

c. Refer to Attachment SDR-RR-30(c).

d. None. These costs are not included in the Company's test year claim.

e. Refer to Attachment SDR-RR-30(e).

f. The budgeted allocations from Exelon Business Services Company to PECO Gas Distribution for investor relations expenses in 2024 and 2025 are $40,185 and $42,496, respectively.

c. Membership Dues (Gas Only)

Organizations	2024 Budget	2025 Budget
AMERICAN GAS ASSOCIATION	371,922	381,220
ENERGY ASSOCIATION OF PENNSYLVANIA	138,703	142,171
OTD OPERATIONS TECH DEVELOPMENT	135,238	141,916
R & D MEMBERSHIPS	27,160	27,839
ICE DATA LP	25,200	25,200
GREATER PHILADELPHIA CHAMBER	15,120	15,120
ECONOMY LEAGUE OF GREATER PHILADELPHIA	5,328	5,328
WORLD TRADE CENTER GREATER PHILADELPHIA	3,200	3,200
PA CHAMBER OF BUSINESS AND INDUSTRY EDUCATION FOUNDATION	2,880	2,880
LIFE SCIENCES PENNSYLVANIA	2,240	2,240
GREATER PHILADELPHIA HISPANIC CHAMBER OF COMMERCE	2,160	2,160
NEAUC (NATIONAL ENERGY & UTILITY AFFORDABILITY COALITION)	2,160	2,160
HIRE PHILLY COALITION	2,160	2,160
CEWD (CENTER FOR ENERGY WORKFORCE DEVELOPMENT)	2,160	2,160
INDEPENDENCE BUSINESS ALLIANCE	1,440	1,440
GREATER PHILA ALLIANCE FOR CAPITAL AND TECHNOLOGIES	960	960
PHILADELPHIA CONVENTION VISITORS BUREAU	950	950
MAIN LINE CHAMBER OF COMMERCE	722	868
DELAWARE COUNTY CHAMBER OF COMMERCE	704	722
OTHER	5,136	4,745
Total	$ 745,543	$ 765,439

e. Employee Activity Costs (e.g. picnics, parties, awards) - Gas only

	2024 Budget	2025 Budget
Employee Recognition Awards	**$24,768**	**$25,632**
Employee Service Awards		
pins and small gifts for years of service	**21,456**	**21,456**
Employee Compact:		
Employee Townhall/Road Shows, Picnic, Celebration, Other Employee Compact expenses	**144,001**	**144,001**
Employee Network Groups	**1,440**	**1,440**
TOTAL EMPLOYEE ACTIVITY COSTS	**$191,666**	**$192,530**

Q. SDR-RR-31 Please provide a description and the purpose for membership for each organization listed in the previous response.

A. SDR-RR-31 Please Refer to Attachment SDR-RR-31(a).

PECO Energy Company
Membership Purposes
Gas Only

Association	Description	Purpose
American Gas Association	National Gas Industry Group	The American Gas Association (AGA) represents companies delivering natural gas safely, reliably, and in an environmentally responsible way to help improve the quality of life for their customers every day. AGA's mission is to provide clear value to its membership and serve as the indispensable, leading voice and facilitator on its behalf in promoting the safe, reliable, and efficient delivery of natural gas to homes and businesses across the nation.
Energy Association of PA	PA Gas Industry Group	The Energy Association of Pennsylvania is an advocate for its members on policy issues before the General Assembly, the Public Utility Commission, and various other state governmental agencies. The association also helps its members better serve their customers by acting as a clearinghouse for information on best practices within the industries.
OTD Operations Tech Development	Non-profit in the Gas Industry	OTD developments are providing solutions to a wide-range of challenges and changes for natural gas delivery systems from integrity enhancements to efficiency improvements. New technology is playing a major and necessary role in helping companies address integrity concerns, rising costs, and environmental issues.
R&D Memberships	NYSearch	NYSearch is a collaborative Research, Development & Demonstration organization that serves its gas utility member companies. Members of NYSearch participate in projects and programs to target R&D areas that directly address their unique challenges and opportunities. The core of the NYSearch model is joint collaboration and guidance from participating members.
ICE Data LP	Leading global operator of regulated exchanges, clearing houses and listings venues, and a provider of data services for commodity, financial, fixed income and equity markets	Provides comprehensive set of market insights and information such as pricing and analytics, indices and exchange data.
Greater Philadelphia Chamber of Commerce	Chamber of Commerce	Brings area businesses and civic leaders together to promote growth and create opportunity in the Greater Philadelphia region. Members represent eleven counties, three states, and roughly 600,000 employees from thousands of member companies and organizations.
Economy League of Greater Philadelphia	Economy League	To support an independent, non-partisan organization that addresses research and encourages regional participation in economic development projects. This organization addresses critical issues facing Greater Philadelphia by providing impactful research, connecting diverse leaders, and advancing shared solutions.
PA Chamber of Business and Industry Education Foundation	Research and Education	The Pennsylvania Chamber of Business and Industry Educational Foundation is an organization created to fund research and educational programs that will positively impact Pennsylvania's economic future and enhance the quality of life for all Pennsylvanians. In addition, it seeks to enrich discussions among policymakers, business leaders, and the public concerning ways to improve Pennsylvania's economy and business climate, and increase the competitive advantage of Pennsylvania businesses.
Greater Philadelphia Hispanic Chamber of Commerce	Chamber of Commerce	A non-profit organization devoted to promoting the advancement and economic growth of Hispanic businesses and professionals in the greater Philadelphia region.
World Trade Center of Greater Philadelphia	World Trade Center	A non-profit and membership-based organization that accelerates global business growth for companies in Southeastern Pennsylvania and Southern New Jersey by providing customized, one-on-one trade counseling, market research, educational programs, trade mission support, business networking events, and powerful connections to customers and partners worldwide.
Independence Business Alliance	Chamber of Commerce	Provides opportunities, access, and resources to LGBT professionals and allies in the Greater Philadelphia area.
Greater Philadelphia Alliance for Capital and Technologies	Non-profit organization that drives innovation and growth for Philadelphia businesses and entrepreneurs through capital, talent, and customers	Aims to positively impact a member company's life cycle by facilitating interaction, information, and education – through four main pillars: Capital Connect, Customer Connect, Mentor Connect, and Talent Connect.

Philadelphia Convention & Visitors Bureau	The Philadelphia Convention & Visitors Bureau (PCVB), a private nonprofit membership corporation, is the official Tourism Promotion Agency for the City of Philadelphia, and the primary sales and marketing agency for the Pennsylvania Convention Center	To support the work of an organization which impacts economic development by marketing the region to attract tourism and conventions.
Main Line Chamber of Commerce	Chamber of Commerce	This organization strives to strengthen the economy by extending members' reach into the community through collaboration, support, education, and advocacy. The Chamber represents the interests of more than 900 companies located primarily in the Pennsylvania counties of Delaware, Chester, and Montgomery.
Delaware County Chamber of Commerce	Chamber of Commerce	Used as a resource hub for businesses in Delaware County, Pennsylvania that aims to create growth and stability in the region.
Life Sciences Pennsylvania	Life Sciences	A statewide trade association for the commonwealth's life sciences industry that works to ensure Pennsylvania is a life sciences leader by facilitating the formation, growth, and success of the life sciences ecosystem through public policy advocacy and connecting people and resources.
NEUAC National Energy & Utility Affordability Coalition	NEUAC works to highlight the energy needs of income-constrained households and advocate for policies and programs to help reduce their energy burdens	A broad-based non-profit coalition of diverse member organizations and individuals nationwide. NEUAC works to highlight the energy needs of income-constrained households and advocate for policies and programs to help reduce their energy burdens. NEUAC's coalition members represent the voices of millions of households who struggle to afford heating and cooling needs year-round. NEUAC educates policy makers on the need for national programs such as LIHEAP (Low-Income Home Energy Assistance Program – a federal program that provides energy grants and weatherization services to low-income households).
CEWD	Center for Energy Workforce Development	A non-profit intermediary that unites employers, labor, educators, non-profits and associations, community-based organizations, workforce systems and other stakeholders to prioritize solutions that will ensure the industry is people-ready for the energy transition. CEWD is committed to developing a skilled, diverse workforce for a clean energy future.
Hire Philly	Non-profit that connects Philadelphians to employment	A membership based non-profit organization that aligns the assets, interests, and advocacy of local employers to provide a united perspective on regional workforce development issues plus opportunities, and effectively connecting Philadelphians to employment.

Q. SDR-RR-32 Please provide the level of payments made to industry organizations included in cost of service along with a description of each payee organization or project.

A. SDR-RR-32 For payments, refer to Attachment SDR-RR-32(a). Refer to Attachment SDR-RR-31(a) for descriptions of the payee organizations in Attachment SDR-RR-32(a).

c. Membership Dues (Gas Only)

Industry Organization	2024 Budget	2025 Budget
American Gas Association	371,922	381,220
Energy Association Of Pennsylvania	138,703	142,171
OTD Operations Tech Development	135,238	141,916
R & D Memberships	27,160	27,839
Greater Philadelphia Chamber	15,120	15,120
Economy League Of Greater Philadelphia	5,328	5,328
World Trade Center Greater Philadelphia	3,200	3,200
Life Sciences Pennsylvania	2,240	2,240
Greater Philadelphia Hispanic Chamber Of Commerce	2,160	2,160
National Energy & Utility Affordability Coalition	2,160	2,160
Total	$ 703,231	$ 723,353

Q. SDR-RR-33 Please provide the following information related to the Company's membership in AGA:

a. Cost included in requested cost of service
b. Cost excluded from requested cost of service
c. Copy of the most recent audit report of AGA expenditures prepared by NARUC.
d. Most recent correspondence received from AGA which addresses the percentage of dues related to lobbying or other separate activities.
e. Policy statement, objective, purpose, etc. of AGA.

A. SDR-RR-33

a. AGA membership cost of $371,843 is included in requested cost of service for 2023.

b. AGA membership cost of approximately $13,088 is excluded from requested cost of service for 2023.

c. The last audit report on AGA expenditures prepared by NARUC was done in early 2000s. NARUC no longer requests an audit of AGA expenditures.

d. Refer to Attachment SDR-RR-33(d). The AGA estimates lobbying expenses at 3.4% in 2023.

e. Refer to Attachment SDR-RR-33(e).

American Gas Association
Post Office Box 79226
Baltimore, Maryland 21279-0226
Telephone (202) 824-7256
Fax (202) 824-7256
Email to: dues@aga.org

2023 MEMBERSHIP DUES NOTICE

PECO, An Exelon Company

2023 DUES

Year ending December 31, 2023

AGA dues rules are attached. Dues are based upon the average of the following operating income ($000):

2019 288,164 2020 288,722 2021 314,533 Average 297,140

YOUR 2022 DUES WERE ..... $ 399,662

YOUR 2023 DUES ARE ..... $ 384,931 *

* Please see 2023 dues calculation.

2023 Payment Schedule

☐ Full amount enclosed ☐Semi-annually (Jan.1, July 1) ☐Quarterly (Jan.1, Apr.1, July 1, Oct.1) ☐Other (Please check box)

Please email this completed membership dues notice to Joe Pierce at dues@aga.org. An official AGA invoice will follow based on the payment schedule selected. Payments may be paid electronically using the instructions below or via check mailed to the P.O Box above.

Invoice to:

Phone:

Email:

Approved:

Title:

Date:

Send payments electronically by ACH to:
Account Holder: American Gas Association
Bank: Truist Bank
Address: One Park Place, Atlanta, GA 30303
ABA Number: 021052053
Account Number: 11521323
Reference: **2023 Membership**

IMPORTANT IRS REQUIRED NOTICE

Dues payments, contributions or gifts to the American Gas Association are not tax deductible as charitable contributions for federal income tax purposes. However, they may be deductible as ordinary and necessary business expenses subject to restrictions imposed as a result of AGA's lobbying activities as defined by the Budget Reconciliation Act of 1993. AGA estimates that the nondeductible portion of your 2023 dues -- **the portion that is allocable to lobbying is 3.4%.**

American Gas Association

Exelon Corp - 2023 AGA Dues Calculation

OPERATING INCOME	2021 ($000S)	2020 ($000S)	2019 ($000S)	3 YEAR AVG.
BG&E	$ 155,282	$ 136,447	$ 117,806	$ 136,512
PECO	146,891	136,153	153,708	145,584
Pepco	12,360	16,122	16,650	15,044
TOTAL	$ 314,533	$ 288,722	$ 288,164	$ 297,140

DUES CALCULATION:

	% RATE	INCOME	
FIRST $10,000,000	1.0468	$ 10,000,000	$ 104,680
NEXT $7,500,000	0.6710	7,500,000	50,325
NEXT $20,000,000	0.4481	20,000,000	89,620
NEXT $40,000,000	0.3200	40,000,000	128,000
NEXT $80,000,000	0.2550	80,000,000	204,000
OVER $157,500,000	0.1500	139,639,667	209,460
		$ 297,139,667	**$ 786,085**
		297,139,667	

YOUR 2022 DUES WERE ……. $752,683

YOUR 2023 DUES WILL BE……. $785,651

Allocation of Exelon's 2023 dues per Eric Rice:

BG&E	**$**	**360,943**
PECO		**384,931**
Pepco		**39,777**

Combined 2023 Dues: $ 785,651

AMERICAN GAS ASSOCIATION
2023 DUES RULES

U.S. Energy Utilities

1. AGA dues for U.S. Energy Utility members are based on the average of 2019, 2020 and 2021 gas operating income* and the following income blocks and rates:

Block 1	First	$ 10,000,000	1.0468%
Block 2	Next	$ 7,500,000	.6710%
Block 3	Next	$ 20,000,000	.4481%
Block 4	Next	$ 40,000,000	.3200%
Block 5	Next	$ 80,000,000	.2550%
Block 6	Over	$ 157,500,000	.1500%

   In applying the above formula, the maximum annual increase for any company equals 4.38%. No company's dues will decrease starting in 2023.

2. For companies that merge or are acquired whose dues would have decreased, the dues of the resulting company will equal the combined dues of the merging companies immediately prior to the merger for 4 years with no dues increases for increased operating income. After 4 years, the company's dues will be assessed via the formula structure, and any reduction in dues will be phased-in over a 4-year period or until the phased-in amount equals the formula dues, whichever comes first.

3. If necessary, the Board may approve the redistribution of any remaining AGA budget deficit to the members based on each company's share of total dues revenue.

4. For distribution companies with less than 75,000 meters, the maximum distribution company dues are equal to $0.90/meter**. When dues are capped at $0.90/meter, the maximum annual increase/decrease provision does not apply.

5. No company, whose consolidated or subsidiary meets the eligibility standards of a U.S. Energy Utility company, will be allowed to join a different AGA membership class. All regulated U.S. gas distribution subsidiaries of a parent organization must be included in the dues calculations.

6. Minimum Gas Company 2023 dues are $2,230.

*Gas operating income is defined as Line 11, Schedule II of the Uniform Statistical Report.

**Meters are defined as Line 17 (total), Schedule XX of the Uniform Statistical Report.

Please contact Terri Oliva, Chief Financial Officer at (202) 824-7092 regarding any questions about the invoice or rules.

American Gas Association (AGA)

About AGA

The American Gas Association (AGA) represents more than 200 energy companies that provide natural gas service to 180 million Americans. Founded in 1918, the American Gas Association (AGA) educates the public about the importance of natural gas, supports natural gas utilities in their efforts to make their operations safer, more efficient and more environmentally-friendly, and serves as a resource for local, state and federal policymakers when it comes to regulating the natural gas industry. AGA members support the safe, reliable, affordable and sustainable delivery of natural gas to millions of Americans.

Vision Statement

Provide America with essential life-sustaining energy.

Mission Statement

The American Gas Association (AGA) develops and advocates for informed, innovative, and durable policy that fulfills our nation's energy needs, environmental aspirations and economic potential. Additionally, the AGA provides state-of-the-art solutions for AGA members to safely and securely deliver reliable and affordable natural gas and advanced fuels to homes and businesses across the nation.

Source: https://www.aga.org/about/

Q. SDR-RR-34 Please provide a copy of the most recent FERC audit findings, the Company's response and final disposition of audit exceptions.

A. SDR-RR-34 Refer to Attachment SDR-RR-34(a).

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer To:
Office of Enforcement
Docket No.PA18-3-000
November 21, 2019

Exelon Corporation
Attention: Thomas S. O'Neill
Senior Vice President and General Counsel
10 S. Dearborn St., 48th Floor
Chicago, IL 60603

Dear Mr. O'Neill:

1. The Division of Audits and Accounting (DAA) within the Office of Enforcement (OE) of the Federal Energy Regulatory Commission (Commission) has completed an audit of Exelon Corporation (Exelon) and its public utility subsidiaries (collectively, the Companies).[1] The audit covered the period from January 1, 2013 through March 26, 2019.

2. The audit evaluated whether the Companies complied with the conditions established in the Commission's November 20, 2014 order authorizing the merger of Exelon and Pepco Holdings, Inc.[2] The audit also evaluated the Companies' compliance with: (1) the tariff requirements governing their FERC jurisdictional rates; (2) accounting regulations in 18 C.F.R. Part 101; and (3) financial reporting regulations in 18 C.F.R. Part 141, focusing primarily on the transactions and costs associated with the merger. The enclosed audit report contains 4 findings and 17 recommendations that require Exelon to take corrective action.

3. On November 5, 2019, you notified DAA that Exelon accepts all 4 findings and 17 recommendations in the draft audit report and will submit within 30 days of the issuance of the final audit report a plan for implementing the audit recommendations. A copy of your verbatim response is included as an appendix to this report. I hereby approve the audit report.

[1] This includes Pepco Holdings, Inc. and its public utility subsidiaries prior to the merger transaction.

[2] Order Authorizing Proposed Merger, *Exelon Corp.*, 149 FERC ¶ 61,148 (2014).

4. Exelon should submit its implementation plan to comply with the recommendations within 30 days of this letter order. Exelon should make quarterly submissions to DAA describing the progress made to comply with the recommendations, including the completion date for each corrective action. As directed by the audit report, these submissions should be made no later than 30 days after the end of each calendar quarter, beginning with the first quarter after this audit report is issued, and continuing until all the corrective actions are completed.

5. The Commission delegated the authority to act on this matter to the Director of OE under 18 C.F.R. § 375.311. This letter order constitutes final agency action. Exelon may file a request for rehearing with the Commission within 30 days of the date of this order under 18 C.F.R. § 385.713.

6. This letter order is without prejudice to the Commission's right to require hereafter any adjustments it may consider proper from additional information that may come to its attention. In addition, any instance of noncompliance not addressed herein or that may occur in the future may also be subject to investigation and appropriate remedies.

7. I appreciate the courtesies extended to the auditors. If you have any questions, please contact Mr. Steven D. Hunt, Director and Chief Accountant, Division of Audits and Accounting at (202) 502-6084.

Sincerely,

Larry R. Parkinson
Director
Office of Enforcement

Enclosure

Federal Energy Regulatory Commission
Office of Enforcement
Division of Audits and Accounting

AUDIT REPORT

Audit of Exelon Corporation's Compliance with:

- Conditions established in the Commission's November 20, 2014 Merger Order;
- Tariff requirements governing Exelon's FERC jurisdictional rates;
- Accounting regulations in 18 C.F.R. Part 101; and
- Financial reporting regulations in 18 C.F.R. Part 141.

Docket No.PA18-3-000
November 21, 2019

TABLE OF CONTENTS

I. Executive Summary 1

A. Overview 1
B. Exelon Corporation 1
C. Summary of Compliance Findings 2
D. Summary of Recommendations and Corrective Actions Taken 2
E. Compliance and Implementation of Recommendations 5

II. Background 6

A. Exelon Corporation and Pepco Holdings, Inc. Merger 6
B. Accounting and Financial Reporting for Merger Costs 7
C. Transmission Formula Rate 7

III. Introduction 9

A. Objectives 9
B. Scope and Methodology 9

IV. Findings and Recommendations 12

1. Merger-Related Regulatory Assets 12
2. Transmission Formula Rate Allocators 15
3. Merger Commitment Costs 18
4. **Amortization of Retail Regulatory Assets** 21

Exelon's Response to Draft Audit Report 30

I. Executive Summary

A. Overview

The Division of Audits and Accounting (DAA) within the Office of Enforcement of the Federal Energy Regulatory Commission (Commission) has completed an audit of Exelon Corporation (Exelon) and its public utility subsidiaries (collectively, the Companies). The audit evaluated whether the Companies complied with the conditions established in the Commission's November 20, 2014 order authorizing the merger of Exelon and Pepco Holdings, Inc. (PHI). The audit also evaluated the Companies' compliance with: (1) the tariff requirements governing Exelon's public utilities' rates; (2) accounting regulations in 18 C.F.R. Part 101; and (3) financial reporting regulations in 18 C.F.R. Part 141, focusing primarily on the transactions and costs associated with the merger. The audit covered the period from January 1, 2013 through March 26, 2019.

B. Exelon Corporation

Exelon is a public utility holding company that is headquartered in Chicago, Illinois and Washington, DC. Exelon is the parent company of six public utilities and two service companies.[1] Through its public utility subsidiaries, Exelon distributes electricity and natural gas to approximately 10 million customers in Delaware, Illinois, Maryland, New Jersey, Pennsylvania, and the District of Columbia. In addition, through Exelon Generation Company, LLC, Exelon has a diverse portfolio of electric generation capacity which includes nuclear, natural gas, hydroelectric, wind, solar, landfill gas, and oil energy and engages, through its customer-facing business, Constellation, in power marketing and sales of electric power and natural gas to its wholesale and retail customers.

[1] The six public utility companies are PECO Energy Company (PECO), Baltimore Gas and Electric Company (BG&E), Potomac Electric Power Company (Pepco), Delmarva Power & Light Company (DPL), Atlantic City Electric Company (ACE), and Commonwealth Edison Company (ComEd).

The two services companies are PHI Service Company (PHISCO) and Exelon Business Services Company, LLC (EBSC).

C. Summary of Compliance Findings

Below is a summary of audit staff's compliance findings. Audit staff identified four areas of noncompliance. Section IV discusses in detail the noncompliance findings in the following areas:

- *Merger-Related Regulatory Assets* – BG&E improperly included the amortization of merger-related regulatory assets approved by a retail regulator in wholesale transmission formula rates. As a result, BG&E overstated its wholesale transmission revenue requirements and overbilled its wholesale customers by approximately $1.4 million.

- *Transmission Formula Rate Allocators* – Exelon's public utilities improperly included merger-related costs in their transmission formula rate allocators when they computed wholesale transmission revenue requirements. As a result, Exelon's public utilities overstated their wholesale transmission revenue requirements, which led to overbilling wholesale transmission customers by approximately $333,056.

- *Merger Commitment Costs* – Exelon's public utilities improperly included merger commitment costs for the Exelon and PHI merger in their transmission revenue requirements. As a result, Exelon's public utilities overstated their transmission revenue requirements, which led to overbilling wholesale transmission customers.

- *Amortization of Retail Regulatory Asset* – Exelon's public utilities improperly recorded the amortization of certain regulatory assets and improperly included the amortization of the regulatory assets in their wholesale transmission formula rates without Commission approval to recover such amounts. As a result, Exelon's public utilities overstated their wholesale transmission revenue requirements and overbilled their wholesale customers.

D. Summary of Recommendations and Corrective Actions Taken

Below is a summary of audit staff's recommendations to remedy the findings in this report. Detailed recommendations are in Section IV. Audit staff recommends that Exelon and its public utilities:

Merger-Related Regulatory Assets

1. Establish, update, and implement policies and procedures to ensure BG&E accurately excludes merger-related costs, including regulatory assets created

due to the merger, not approved by the Commission from wholesale transmission formula rates, as required by the hold harmless provisions in the 2012 and 2014 Merger Orders and the 2015 Audit Report recommendations accepted by BG&E.

2. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA that explains and details: (1) calculation of refunds that include the amount of inappropriate merger-related regulatory asset amortizations included in wholesale transmission formula rates and the refunds resulting from inclusion of the amortizations in wholesale formula rates, plus interest; (2) determinative components of the refund; (3) refund method; (4) customers to receive refunds; and (5) period(s) in which refunds will be made.

3. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

4. Refund the amounts disclosed in the refund report to wholesale transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Transmission Formula Rate Allocators

5. Establish, update, and implement policies and procedures to ensure Exelon's public utilities exclude merger costs from their transmission formula rate allocators when computing their annual transmission revenue requirements as required by the hold harmless provisions in the 2014 Merger Order.

6. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA that explains and details: (1) calculation of refunds and the amount of improper recoveries that resulted from including merger costs in the transmission formula rate allocators for computing transmission revenue requirements during the audit period, plus interest; (2) determinative components of the refund; (3) refund method; (4) customers to receive refunds; and (5) period(s) in which refunds will be made.

7. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

8. Refund the amounts disclosed in the refund report to wholesale transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Merger Commitment Costs

9. Establish, update, and implement policies and procedures to ensure Exelon's public utilities exclude costs to implement merger commitments made to federal and state regulators from their transmission revenue requirements, as required by the hold harmless provisions in the 2014 Merger Order.

10. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA that explains and details: (1) calculation of refunds and the amount of improper recoveries that resulted from including merger commitment costs in the transmission revenue requirements during the audit period, plus interest; (2) determinative components of the refund; (3) refund method; (4) customers to receive refunds; and (5) period(s) in which refunds will be made.

11. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

12. Refund the amounts disclosed in the refund report to wholesale transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Amortization of Retail Regulatory Assets

13. Revise procedures for computing wholesale transmission formula rate billings to wholesale customers to exclude amortization of regulatory assets that have not been approved by the Commission.

14. Provide training to staff on the revised regulatory assets accounting and rate development methods. Also, develop a training program that supports the provision of periodic training in this area, as needed.

15. Submit a refund analysis to DAA, within 60 days of receiving the final audit report from DAA, that explains and details: (1) calculation of refunds that include the amount of inappropriate regulatory asset amortizations included in wholesale formula rates and the refunds resulting from inclusion of the amortizations in wholesale formula rates during the audit period, plus interest; (2) determinative components of the refund; (3) refund method; (4) customers to receive refunds; and (5) period(s) in which refunds will be made.

16. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

17. Refund the amounts disclosed in the refund report to wholesale customers, with interest calculated in accordance with section 35.19a of Commission regulations.

E. Compliance and Implementation of Recommendations

Audit staff further recommends that Exelon submit for audit staff review the following:

- A plan for implementing the audit recommendations within 30 days after the final audit report is issued in this docket;

- Quarterly reports to DAA describing Exelon's progress in completing each corrective action recommended in the final audit report. Exelon should make these nonpublic quarterly filings no later than 30 days after the end of each calendar quarter, beginning with the first quarter after submission of the implementation plan, and continuing until Exelon completes all recommended corrective actions.

- Copies of written policies and procedures developed in response to the recommendations in the final audit report. The documents should be submitted for audit staff's review in the first quarterly filing following their completion.

II. Background

A. Exelon Corporation and Pepco Holdings, Inc. Merger

On April 29, 2014, Exelon and PHI entered into a merger agreement whereby Exelon acquired PHI in an all-cash transaction at a purchase price of $27.25 for each outstanding share of PHI's common stock. On May 30, 2014, Exelon and PHI, together with their respective public utilities filed a merger application in Docket No. EC14-96-000 requesting Commission approval of the merger.

On November 20, 2014, the Commission issued an order approving the Exelon and PHI merger application (2014 Merger Order).[2] The merger also required approval from several state agencies[3] since the PHI businesses to be acquired operated in those jurisdictions. The merger was consummated on March 23, 2016, after all approvals from federal and state regulatory agencies were obtained. Under the terms of the merger agreement, PHI became an indirect wholly owned subsidiary of Exelon. PHI's public utilities[4] were placed under Exelon Energy Delivery Company, LLC along with Exelon's other public utilities.[5] PHI's unregulated subsidiaries were placed in separate branches of the Exelon holding company structure. Following the merger, PHI was renamed Pepco Holdings LLC.

As part of the Commission's approval of the merger, Exelon agreed to merger conditions that required Exelon, among others things, to: (1) hold transmission customers harmless from all merger-related costs, including transaction costs incurred to consummate the merger and transition costs incurred to achieve merger synergies, for a period of five years; (2) submit informational filings with the Commission; and (3) protect transmission customers from cross-subsidization.

---

[2] Order Authorizing Proposed Merger, *Exelon Corp*., 149 FERC ¶ 61,148 (2014) (2014 Merger Order).

[3] The following state agencies approved the merger: Virginia State Corporation Commission - October 7, 2014; New Jersey Board of Public Utilities - March 6, 2015; Maryland Public Service Commission - May 15, 2015; Delaware Public Service Commission - June 2, 2015; and District of Columbia Public Service Commission - March 23, 2016.

[4] PHI public utilities prior to the merger were Pepco, DPL, and ACE.

[5] Exelon public utilities prior to the merger were PECO, BG&E, and ComEd.

B. Accounting and Financial Reporting for Merger Costs

Exelon paid approximately $7.14 billion for the acquisition of PHI, which was recorded in Exelon's books. In addition to the total purchase price, between 2014 and 2017, Exelon and its subsidiaries incurred approximately $1.14 billion in other merger-related costs. The $1.14 billion is comprised of transaction costs of $309 million and transition costs of $832 million. The transaction costs included, among other things, internal labor and third-party costs for legal, consulting, and professional services to consummate the merger. The transition costs included integration, internal labor, and other operational costs incurred to achieve merger synergies.

To comply with the Commission's hold harmless provision and accounting requirements, Exelon implemented procedures which led to the creation of project codes and cost centers in its accounting system to track and accumulate merger costs separately from normal operational costs. These projects codes and cost centers were created to separately track transaction and transition costs. The transaction costs were recorded in the books both of Exelon and of PHI. The transition costs were recorded in Exelon and its subsidiaries' books. The public utilities recorded the transition costs in several FERC accounts that are included in their respective transmission formula rates. The merger costs recorded in FERC accounts that were inputs to the transmission formula rates were excluded from wholesale transmission rates billed to wholesale customers except for those merger costs identified in the findings and recommendations section of the audit report.

C. Transmission Formula Rate

Exelon's six public utilities are transmission owners in PJM and therefore operate their transmission assets under PJM's direction pursuant to PJM's Open Access Transmission Tariff (OATT). The six public utilities recover their costs of owning, operating, and maintaining their respective transmission systems using the transmission formula rates approved by the Commission, each of which is included in Attachment H of PJM's OATT.[6] The transmission formula rates were designed to provide a reasonable opportunity to recover (1) the costs and expenses associated with providing transmission service, and (2) a reasonable return on transmission investments. The development of transmission revenue requirements in the transmission formula rates for wholesale

[6] *See* ACE's transmission formula rate, PJM Tariff, Attachment H-1A; BGE's transmission formula rate, PJM Tariff, Attachment H-2A; ComEd's transmission formula rate, PJM Tariff, Attachment H-13A; DPL's transmission formula rate, PJM Tariff, Attachment H-3D; PECO's transmission formula rate, PJM Tariff, Attachment H-7A; and Pepco's transmission formula rate, PJM Tariff, Attachment H-9A.

billings relies, to the extent feasible, on costs recorded in each of the public utilities' Annual Report of Major Electric Utilities, Licensee and Others, FERC Form No. 1 (FERC Form No. 1). This means accurate accounting of costs and transmission investments in the FEEC Form No. 1 is important for the development of the transmission revenue requirements and the related billings to wholesale transmission customers.

III. Introduction

A. Objectives

The audit evaluated whether the Companies complied with the conditions established in the 2014 Merger Order. The audit also evaluated the Companies' compliance with: (1) the tariff requirements governing Exelon's public utilities' rates; (2) accounting regulations in 18 C.F.R. Part 101; and (3) financial reporting regulations in 18 C.F.R. Part 141, focusing primarily on the transactions and costs associated with the merger transaction. The audit covered the period from January 1, 2013 through March 26, 2019.

B. Scope and Methodology

Audit staff performed the following to facilitate testing and evaluation of Exelon's compliance with Commission requirements relevant to the audit objectives:

- *Reviewed Public Information* – Conducted an extensive review of public information before commencing the audit. This review provided a high-level understanding of Exelon's corporate structure, the services it provides, major events affecting operations and finances, mergers, significant contracts, prior audit issues and other key regulatory and business activities. Examples of materials reviewed include Exelon's annual reports and SEC Form 10-Ks, PHI's Proxy Statement (Schedule 14A), FERC Forms No. 1 and 60, prior FERC audit reports, company-related web sites and other relevant regulatory and media sources.

- *Identified Standards and Audit Criteria* – Identified the regulatory requirements and criteria for evaluating Exelon's compliance with the Commission's merger requirements, including the Commission's November 20, 2014 Merger Order, 2016 Policy Statement on mergers and acquisitions, and accounting and merger-related rules and regulations.

- *Issued Data Requests* – Issued data requests to collect information not commonly available to the public. This information related to internal policies, procedures and controls; business practices; risk management; corporate structure; contractual agreements; financial accounting and reporting activity; corporate compliance; regulatory filings; and other pertinent information. These data were used to test and evaluate compliance with Commission requirements relevant to audit objectives.

- *Conducted Teleconference Interviews* – Conducted multiple teleconferences with Exelon employees to discuss audit objectives, testing, data request responses, technical and administrative matters, and compliance concerns.

- *Conducted Site Visits* – Made four site visits to Exelon's offices to discuss and observe controls and procedures related to audit objectives. For example, to understand Exelon's controls and procedures for tracking merger costs, audit staff interviewed accounting and compliance managers and the staff that actually perform such work on a daily basis.

- *Conferred with Commission Subject-Matter Experts* – Conferred with other Commission staff on compliance issues to ensure audit findings were consistent with Commission precedent and policy.

- *Evaluated Internal Controls* – Audit staff evaluated Exelon's Internal Audit department, i.e., its place in the corporate structure and access to Exelon's Board of Directors, to assess Internal Audit's effectiveness and independence. Audit staff also reviewed internal audit reports to identify compliance issues relevant to Commission regulatory oversight authority, and the corrective measures taken to resolve them.

Audit staff evaluated Exelon's compliance with all relevant requirements related to this audit's objectives through examining the following:

<u>Compliance with Merger Conditions</u>

- Reviewed the Companies' merger applications, merger orders, and all other related filings, including customer protests and comments, expert testimony submitted as evidence, and rebuttals;

- Examined the merger transactions and identified the merger conditions applicable to the Exelon and PHI merger;

- Evaluated the actions taken by the Companies to ensure compliance with the conditions imposed by the Commission in the merger order;

- Examined the Companies' compliance filings to verify compliance with the 2014 Merger Order's requirements;

- Examined the Companies' procedures to ensure compliance with hold-harmless commitment and how to account for merger-related costs;

- Reviewed compliance filings to determine whether the Companies sought to recover merger-related costs through wholesale transmission rates; and

- Reviewed supporting documentation of merger-related costs and performed substantive tests of sample data to determine whether the Companies improperly recovered merger-related costs from jurisdictional customers through rates during the audit period.

Compliance with Accounting and Reporting Regulations in the USofA

To evaluate compliance with the Commission's accounting and reporting regulations in the USofA under 18 C.F.R. Parts 101 and 141 for merger-related costs during the audit period, audit staff:

- Reviewed and evaluated the Companies' processes, procedures, and controls to track and account for merger-related costs;

- Interviewed employees that operate the Companies' financial accounting systems to assess the adequacy of accounting and reporting oversight controls related to the merger;

- Reviewed FERC Form No. 1 and Annual Report of Centralized Service Companies, FERC Form No. 60 notes and disclosures related to tracking, accounting, and reporting of merger-related costs;

- Tested selected information reported in the FERC Form No. 1, particularly related to mergers, and compared it to the Companies' books and records to ensure the required information was reported accurately and consistently; and

- Tested a sample of the Companies' required USofA accounts for compliance with the Commission's orders that authorized the mergers as well as with the Companies' internal policies and procedures.

IV. Findings and Recommendations

1. Merger-Related Regulatory Assets

BG&E improperly included the amortization of merger-related regulatory assets approved by a retail regulator in wholesale transmission formula rates. As a result, BG&E overstated its wholesale transmission revenue requirements and overbilled its wholesale customers by approximately $1.4 million.

Pertinent Guidance

- In the 2014 Merger Order, the Commission accepted the applicants' commitment to hold transmission customers harmless for the merger transaction costs. The 2014 Merger Order states in part:

> We accept Applicants' commitment to hold transmission customers harmless for five years from costs related to the Proposed Merger. We interpret Applicants' commitment to apply to all merger-related costs, including costs related to consummating the Proposed Merger and transition costs (both capital and operating) incurred to achieve merger synergies, incurred prior to the consummation of the Proposed Merger or in the five years after merger consummation. Further, we clarify that, if Applicants seek to recover merger-related costs that are the subject of a hold harmless commitment, they must submit a *new* filing under the Federal Power Act (FPA) section 205, and a concurrent informational filing in this docket, in order to do so.[7]

- In the 2012 Merger Order for the merger of Exelon and Constellation, the Commission accepted the applicants' commitment to hold transmission customers harmless for the merger transaction costs. The 2012 Merger Order states in part:

> We accept Applicants' commitment to hold transmission customers harmless from costs related to the merger. We interpret Applicants' hold harmless commitment to apply to all transaction-related costs, including costs related to consummating the Proposed Transaction

[7] 2014 Merger Order, *Exelon Corp.*, 149 FERC ¶ 61,148, at P 105 (footnotes omitted).

and transition costs (both capital and operating) incurred to achieve merger synergies.[8]

Background

In June 2015, DAA issued an audit report to BG&E in Docket No. FA13-13-000. The audit evaluated among other things BG&E's treatment of merger-related costs stemming from the Exelon and Constellation merger in 2012. In the audit report, DAA recommended BG&E establish, implement, and update its policies and procedures to ensure it excluded merger-related costs from its annual formula rate update, as required by the hold harmless provision in the 2012 Merger Order. BGE agreed to comply with the recommendation.

In the current audit, audit staff evaluated Exelon and its public utilities' compliance with DAA's 2015 audit recommendations and the Commission's hold harmless provision in the 2012 and 2014 Merger Orders. Based on discussions with and information obtained from Exelon and its public utilities, on site visits, and data request responses, audit staff discovered that BG&E included $1,458,287 of merger integration costs in its 2015, 2016, and 2017 transmission revenue requirements. BG&E stated that the merger costs included in wholesale transmission rates were related to retail regulatory assets approved by the MD PSC.[9]

In 2013 and 2016, the Maryland Public Service Commission (MD PSC) approved three regulatory assets for recovery in retail rates related to merger integration costs that stemmed from the Exelon and Constellation, and Exelon and PHI merger transactions. BG&E recorded the deferral of the merger integration costs in Account 182.3. The regulatory assets recorded in Account 182.3 were amortized to various administrative and general expense accounts and included in the wholesale transmission revenue requirement billed to wholesale transmission customers.

Audit staff found that BG&E's recovery of merger-related costs through the amortization of the MD PSC approved merger regulatory assets was contrary to the hold harmless provisions in the Commission's 2012 and 2014 Merger Orders and the 2015 audit report recommendations accepted by BG&E. In the 2012 and 2014 Merger Orders, Exelon and its public utilities committed to holding transmission customers harmless from merger-related costs for a five year period and to only recover merger costs from wholesale customers upon obtaining express Commission pre-approval. Since Exelon

[8] 2012 Merger Order, *Exelon Corp.,* 138 FERC ¶ 61,167, at P 118 (2012).

[9] The MD PSC approved three merger-related regulatory assets in Order Nos. 85374, 8606 and 87591 for BG&E.

and BG&E did not obtain Commission approval before recovering the merger regulatory assets in the transmission formula rate, the amounts included in the transmission revenue requirement were improper and led to overstatements of billings to wholesale transmission customers.

Recommendations

We recommend that Exelon and BG&E:

1. Establish, update, and implement policies and procedures to ensure BG&E accurately excludes merger-related costs, including regulatory assets created due to the merger, not approved by the Commission from wholesale transmission formula rates, as required by the hold harmless provisions in the 2012 and 2014 Merger Orders and the 2015 Audit Report recommendations accepted by BG&E.

2. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA that explains and details: (1) calculation of refunds that include the amount of inappropriate merger-related regulatory asset amortizations included in wholesale transmission formula rates and the refunds resulting from inclusion of the amortizations in wholesale formula rates, plus interest; (2) determinative components of the refund; (3) refund method; (4) customers to receive refunds; and (5) period(s) in which refunds will be made.

3. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

4. Refund the amounts disclosed in the refund report to wholesale transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Corrective Actions Taken

BG&E refunded the $1.4 million plus interest to wholesale transmission customers in its 2018 formula rate update filed with the Commission on May 04, 2018. BG&E also updated its policies and procedures for its transmission formula rate update and implemented additional internal controls to mitigate the risk of including merger-related regulatory assets not approved by the Commission in wholesale transmission formula rates and billings to wholesale transmission customers. Therefore, BG&E has fully satisfied Recommendations 1 through 4.

2. Transmission Formula Rate Allocators

Exelon's public utilities improperly included merger-related costs in their transmission formula rate allocators when they computed wholesale transmission revenue requirements. As a result, Exelon's public utilities overstated their wholesale transmission revenue requirements, which led to overbilling wholesale transmission customers by approximately $333,056.

Pertinent Guidance

- In the 2014 Merger Order, the Commission accepted the applicants' commitment to hold transmission customers harmless for the merger transaction costs. The 2014 Merger Order states in part:

> We accept Applicants' commitment to hold transmission customers harmless for five years from costs related to the Proposed Merger. We interpret Applicants' commitment to apply to all merger-related costs, including costs related to consummating the Proposed Merger and transition costs (both capital and operating) incurred to achieve merger synergies, incurred prior to the consummation of the Proposed Merger or in the five years after merger consummation. Further, we clarify that, if Applicants seek to recover merger-related costs that are the subject of a hold harmless commitment, they must submit a *new* filing under FPA section 205, and a concurrent informational filing in this docket, in order to do so.[10]

Background

On November 20, 2014, the Commission issued the 2014 Merger Order, which authorized the merger of Exelon, PHI, and their public utility subsidiaries, subject to certain conditions. The Commission conditioned the authorization of the merger on Exelon and PHI holding their transmission customers harmless from costs related to the merger for five years.

Exelon's public utilities recover their costs of providing transmission service through transmission formula rates approved by the Commission and included in the PJM

[10] 2014 Merger Order, *Exelon Corp.*, 149 FERC ¶ 61,148, at P 105 (footnotes omitted).

OATT.[11] The transmission formula rate template is populated with data reported in accounts and schedules of each public utility's FERC Form No. 1, and each public utility company's record information. The transmission formula rate template for each public utility is used to compute its annual transmission revenue requirement using costs that are directly traceable to providing transmission services and an allocable portion of costs that are indirectly related to providing transmission service. The allocable portion of costs assigned to providing transmission service is computed using transmission allocators.[12] Transmission allocators are determined using information from each public utility's FERC Form No. 1. This means that merger costs appropriately recorded in FERC Form No. 1 should be excluded from the wholesale transmission revenue requirement in accordance with the hold harmless provision in the merger order.

Audit staff reviewed Exelon's public utilities' allocator computations to determine whether the public utilities excluded merger costs when they computed their transmission allocators. Audit staff determined DPL and ComEd improperly included merger costs when computing their transmission allocators, which resulted in overstatement of their annual transmission revenue requirements and billing to wholesale transmission customers. Per the Commission's 2014 Merger Order, Exelon and PHI were required to hold wholesale transmission customers harmless from merger-related costs; therefore, DPL and ComEd's inclusion of merger costs in computing their transmission allocators and transmission revenue requirements was not in compliance with the Commission's 2014 Merger Order.

Recommendations

We recommend that Exelon and its public utilities:

5. Establish, update, and implement policies and procedures to ensure Exelon's public utilities exclude merger costs from their transmission formula rate

[11] *See* ACE's transmission formula rate, PJM Tariff, Attachment H-1A; BGE's transmission formula rate, PJM Tariff, Attachment H-2A; ComEd's transmission rate formula, PJM Tariff, Attachment H-13A; Delmarva's transmission rate formula, PJM Tariff, Attachment H-3D; PECO's transmission rate formula, PJM Tariff, Attachment H-7A; and Pepco's transmission rate formula, PJM Tariff, Attachment H-9A.

[12] The public utilities' transmission allocators include Gross plant, Net plant, and Wage & Salary allocators. The Gross plant allocator is the ratio of transmission plant divided by total plant. The Net plant allocator is the ratio of net transmission plant divided by net total plant taking into consideration accumulated depreciation and amortization. The Wages and Salary allocator is the ratio of transmission wages/salary over total wages and salary excluding A&G wages and salary.

allocators when computing their annual transmission revenue requirements as required by the hold harmless provisions in the 2014 Merger Order.

6. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA that explains and details: (1) calculation of refunds and the amount of improper recoveries that resulted from including merger costs in the transmission formula rate allocators for computing transmission revenue requirements during the audit period, plus interest; (2) determinative components of the refund; (3) refund method; (4) customers to receive refunds; and (5) period(s) in which refunds will be made.

7. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

8. Refund the amounts disclosed in the refund report to wholesale transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

3. Merger Commitment Costs

Exelon's public utilities improperly included merger commitment costs for the Exelon and PHI merger in their transmission revenue requirements. As a result, Exelon's public utilities overstated their transmission revenue requirements, which led to overbilling wholesale transmission customers.

Pertinent Guidance

- In the 2014 Merger Order, the Commission accepted the applicants' commitment to hold transmission customers harmless for merger transaction costs. The 2014 Merger Order states in part:

> We accept Applicants' commitment to hold transmission customers harmless for five years from costs related to the Proposed Merger. We interpret Applicants' commitment to apply to all merger-related costs, including costs related to consummating the Proposed Merger and transition costs (both capital and operating) incurred to achieve merger synergies, incurred prior to the consummation of the Proposed Merger or in the five years after merger consummation. Further, we clarify that, if Applicants seek to recover merger-related costs that are the subject of a hold harmless commitment, they must submit a *new* filing under FPA section 205, and a concurrent informational filing in this docket, in order to do so.[13]

Background

Exelon consummated its merger with PHI on March 23, 2016. To obtain regulatory approvals for the merger transaction, Exelon and PHI made numerous commitments to federal and state regulators, which included providing rate credits to customers, filing specific annual reports, establishing a special purpose entity to hold one hundred percent of the equity interest in PHI, obtaining legal opinions on ring-fencing measures, and holding transmission customers harmless from merger-related costs. From 2016 to 2018, Exelon incurred costs related to its efforts to fulfill the commitments it made to federal and state regulators.

[13] 2014 Merger Order, *Exelon Corp.*, 149 FERC ¶ 61,148 at P 105 (footnotes omitted).

Audit staff evaluated Exelon's and its public utilities' controls for tracking, accounting, and recovering merger commitment costs to determine whether they complied with the hold harmless provisions in the 2014 Merger Order. Exelon created specific work orders and cost centers to track and accumulate merger-related costs incurred for the Exelon and PHI merger. Audit staff found that some costs incurred to implement the merger commitments were not tracked in merger work orders or cost centers; therefore, they were not accounted for as merger-related costs.

Specifically, Exelon incurred approximately $1.6 million in costs to implement the merger commitments between 2016 and 2018.[14] Of this amount, Exelon tracked $1.33 million in merger work orders and cost centers. The remaining $277,000 were tracked in non-merger-related work orders and cost centers. Merger commitment costs accumulated in the merger work orders and cost centers were excluded from the public utilities' transmission revenue requirements. Merger commitment costs accumulated in the non-merger work orders and cost centers were included in the public utilities' transmission revenue requirements as well as in billings to wholesale transmission customers.

Audit staff found that the merger commitments were necessary for Exelon and its public utilities to obtain regulatory approval for the merger, and the costs associated with implementing the commitments are merger-related costs. The Commission's 2014 Merger Order required Exelon and its public utilities to hold transmission customers harmless from all merger-related costs. Therefore, all costs associated with implementing the merger commitments should have been excluded from the public utilities' transmission revenue requirements.

The Commission, in the 2014 Merger Order, directed Exelon and its public utilities to make a filing under section 205 of the FPA if the companies sought to recover merger-related costs subject to the hold harmless provisions in the 2014 Merger Order. Exelon and its public utilities did not seek Commission approval to recover any of the merger costs subject to the hold harmless provision. Therefore, inclusion of merger commitment costs in their transmission revenue requirements and billings to wholesale transmission customers was contrary to the 2014 Merger Order and resulted in overstatement of Exelon's public utilities' annual transmission revenue requirements and billings to wholesale transmission customers.

[14] The merger commitment costs included internal labor and third-party costs for legal, consulting, and professional services.

Recommendations

We recommend that Exelon and its public utilities:

9. Establish, update, and implement policies and procedures to ensure Exelon's public utilities exclude costs to implement merger commitments made to federal and state regulators from their transmission revenue requirements, as required by the hold harmless provisions in the 2014 Merger Order.

10. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA that explains and details: (1) calculation of refunds and the amount of improper recoveries that resulted from including merger commitment costs in the transmission revenue requirements during the audit period, plus interest; (2) determinative components of the refund; (3) refund method; (4) customers to receive refunds; and (5) period(s) in which refunds will be made.

11. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

12. Refund the amounts disclosed in the refund report to wholesale transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

4. Amortization of Retail Regulatory Assets

Exelon's public utilities improperly recorded the amortization of certain regulatory assets and improperly included the amortization of the regulatory assets in their wholesale transmission formula rates without Commission approval to recover such amounts. As a result, Exelon's public utilities overstated their wholesale transmission revenue requirements and overbilled their wholesale customers.

Pertinent Guidance

- In Order No. 552, which created Account 182.3 and related accounts for the recording of regulatory assets, the Commission states in relevant part:

> As proposed, Account 182.3 would include costs incurred and charged to expense *which have been, or are soon expected to be, authorized for recovery through rates* and which are not specifically provided for in other accounts.[15]

- 18 C.F.R. Part 101, Account 182.3, states:

A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (See Definition No. 30.)

B. The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated other comprehensive income, determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that such items will be included in a different period(s) for purposes of developing rates that the utility is authorized to charge for its utility services.…The amounts recorded in this account are generally to be charged, concurrently with the recovery of the amounts in rates, to the same account that would have been charged if included in income when incurred.…

- In *Ameren Corp.,* the Commission states:

[15] Order No. 552, *Revisions to Uniform System of Accounts to Account for Allowances under the Clean Air Act Amendments of 1990 and Regulatory-Created Assets and Liabilities and to Form Nos. 1, 1-F*, *2 and 2-A,* 58 Fed. Reg. 17,982, at 18,000 (April 7, 1993), *FERC Statutes and Regulations* ¶ 30,967 (1993) (emphasis added).

> The Commission has explained that, "in approving any formula rate, the Commission approves the formula itself, the algebraic equation used to calculate the rates. It does not approve the inputs into the formula or the charges resulting from the application of the inputs to the algebraic equation."[16]

- In *PJM Interconnection, L.L.C. and Virginia Electric and Power Co.,* the Commission held in 2005 that any party desiring to recover claimed costs in a period other than the period in which they would ordinarily be charged must submit a filing with the Commission seeking approval of such recovery:

> [W]e [have] provided guidance applicable to any transmission owner seeking to recover a regulatory asset in its rates. We [have] stated, for example, that our accounting rules require "a utility to recognize a regulatory asset where it [the utility] determines it is probable that a cost that would otherwise be charged to expense in one period will be recovered in rates in another." We [have] also stated that "any party desiring to recover [its claimed costs] in rates other than [in] the period in which they would ordinarily be charged to expense must submit a filing demonstrating that their retail rates in effect applicable to that period [do not or will not permit recovery of those costs in that period] and a rate plan for recovery of them in a different period."[17]

- In *Midwest Independent Transmission System Operator, Inc.*, the Commission stated, in 2004, that the regulatory assets approach includes a filing demonstrating that retail rates will not permit recovery of certain identified costs in the ordinary period, and including a "rate plan for recovery" of such costs in a different period:

> With regard to the regulatory asset approach, as the Commission has stated in previous orders, the Commission will continue to apply the existing standard as set forth in 18 C.F.R. Part 101, Account No. 182.3 (2003).

---

16 *Ameren Corp.,* 147 FERC ¶ 61,225, at P 27 (2014) (footnotes omitted), *quoting, respectively*, *American Electric Power Serv. Corp.,* 124 FERC ¶ 61,306, at P 34 (2008); *id.* P 35; and *id.* P 35 & n.51.

17 *PJM Interconnection, L.L.C. and Virginia Electric and Power Co.,* 110 FERC ¶ 61,234, at P 41 (2005) (footnotes omitted), *quoting, respectively*, *Midwest Independent Transmission System Operator, Inc.*, 106 FERC ¶ 61,337, at P 13 (2004); *id.* at P 15.

> In general, this standard requires a utility to recognize a regulatory asset where it determines it is probable that a cost that would otherwise be charged to expense in one period will be recovered in rates in another. Accordingly, any party desiring to recover the Schedule 16 and 17 charges [at issue in this proceeding] in rates other than [in] the period in which they would ordinarily be charged to expense must submit a filing demonstrating that their retail rates in effect applicable to that period do not or will not permit recovery of those costs in that period and a rate plan for recovery of them in a different period.[18]

Background

Exelon's public utilities provide electric and gas distribution services to customers in multiple state jurisdictions. Due to the ratemaking actions of the state jurisdictions, Exelon's public utilities were approved to defer certain costs as regulatory assets and recover the retail portion of those costs in retail rates. Audit staff reviewed the costs recorded as regulatory assets in the Exelon public utilities' Account 182.3, Other Regulatory Assets, to determine whether the costs were accounted for in accordance with the Commission's accounting regulations.

Audit staff found that Exelon's public utilities recorded several regulatory assets based on ratemaking actions of retail regulators (retail regulatory assets) in Account 182.3. The public utilities also amortized these regulatory assets over the period authorized by the retail regulators. Exelon's public utilities, however, did not seek Commission approval to recover any portion of the retail regulatory assets in their wholesale transmission formula rates. Audit staff found that the amortization of the retail regulatory assets by the Exelon public utilities inappropriately increased their wholesale transmission revenue requirement and wholesale formula rate billings.

A description of the regulatory assets inappropriately included in each of the Exelon public utilities' transmission revenue requirements follows.

[18] *Midwest Independent Transmission System Operator, Inc.*, 106 FERC ¶ 61,337, at PP 14-15 (2004) (footnotes and paragraph number omitted).

ComEd

In 2006, the Illinois Commerce Commission (ICC) approved ComEd's request to recover severance expenses related to the Exelon Way Initiative.[19] The Exelon Way Initiative was a cost reduction measure undertaken in 2003 to integrate and centralize support functions, consolidate and align business units, and standardize and simplify operating processes within Exelon. ComEd incurred $158 million for severance costs associated with the Exelon Way Initiative. The ICC approved for retail ratemaking purposes recovery of approximately $141 million[20] of the $158 million of severance costs associated with the Exelon Way Initiative. The amount approved for recovery by the ICC from retail customers was deferred as a regulatory asset and amortized over 7.5 years, consistent with the ICC's approval. In addition to the $141 million of severance costs approved by the ICC as a regulatory asset, ComEd recorded the remaining $17 million of severance costs as a regulatory asset and amortized this amount over 7.5 years similar to the amount approved by the ICC. Audit staff found that ComEd did not seek Commission approval to recover portions of the $17 million of severance cost in its wholesale transmission formula rate during the audit period. Based on ComEd's inclusion of the regulatory assets in wholesale transmission formula rates, the company over recovered approximately $3.6 million from wholesale transmission customers during the audit period. Since ComEd did not seek approval from the Commission to recover the regulatory asset from wholesale customers, ComEd should have kept this amount in Account 182.3, without amortization, until the costs were approved for rate recovery. Alternatively, ComEd should have recorded the severance costs as an expense in the year the cost was incurred.

Audit staff found that ComEd amortized the entire retail regulatory asset to Account 920, Administrative and General Salaries, and Account 926, Employee Pensions and Benefits. ComEd's wholesale transmission formula rate references Accounts 920 and 926 in the computation of its wholesale transmission revenue requirement. However, because the retail regulatory asset was not approved by the Commission for rate recovery, audit staff believes that ComEd should have excluded such costs from the wholesale revenue requirement. Furthermore, audit staff finds that, while ComEd appropriately excluded $141 million of the retail regulatory asset from the wholesale transmission

[19] The Exelon Way Initiative was approved by the Illinois Commerce Commission in Docket No. 05-0597 in 2006. The regulatory asset was not approved by the Commission.

[20] The amount approved by the ICC for recovery in retail rates was determined by applying the wage and salary allocators to the amortization amount reported for each year during the 7.5 year amortization period.

revenue requirement to prevent double recovery, the remaining retail regulatory asset should not have been amortized to Accounts 920 and 926 because it was never approved by the Commission for rate recovery and amortization. Audit staff found that the retail regulatory asset amortized to Accounts 920 and 926 was not removed from those accounts for purposes of computing billings to wholesale transmission customers. Consequently, retail regulatory asset of approximately $3.6 million was incorrectly recovered in wholesale transmission rates.

BG&E

In 2003, the MD PSC approved a settlement agreement related to retail standard offer services (SOS).[21] The settlement provides for the provision of residential SOS and three other types of non-residential SOS to Maryland retail customers to enhance competition in the electric supply market in Maryland. The SOS is an alternative for retail customers to purchasing electric supply from a competitive supplier in Maryland. Based on the settlement, BG&E provided SOS to its Maryland retail customers and incurred incremental cost for providing such services. The incremental cost represented the difference between the cost of providing SOS and the revenues collected for recovery of those costs. BG&E recorded the deferral of the incremental cost of providing SOS to Maryland's retail electric customers in Account 182.3. The regulatory asset recorded in Account 182.3 was authorized for full recovery in retail rates by the MD PSC and amortized to Account 904, Uncollectible Accounts, and Account 921, Office Supplies and Expenses. BG&E's wholesale transmission formula rate references Account 921 in the computation of its wholesale transmission revenue requirement. Audit staff found that the portion of the SOS regulatory asset amortized to Account 921 was not removed from the account for purposes of computing billings to wholesale transmission customers as required by the Commission's regulations. Consequently, the SOS regulatory asset was incorrectly included in wholesale transmission rates.

[21] The MD PSC approved the retail standard offer services in case number 8908 (MD PSC Order No. 78400). The settlement agreement signatories include Baltimore Gas & Electric, Building Owners and Managers Association of Metropolitan Baltimore, Inc., Choptank Electric Cooperative, Inc., Constellation NewEnergy, Inc., Delmarva Power & Light d/b/a Conectiv Power Delivery, Maryland Energy Administration, Maryland Energy Users Group, Maryland Industrial Group, Maryland Office of People's Counsel, Maryland Public Service Commission Staff, Maryland Retailers Association, Mid-Atlantic Power Supply Association, Mirant Mid-Atlantic, LLC, Pepco Energy Services, Inc., Power Plant Research Program of the Department of Natural Resources, The Potomac Edison Company d/b/a Allegheny Power, Potomac Electric Power Company, Southern Maryland Electric Cooperative, Inc., and Strategic Energy, LLC.

ACE

Between 2011 and 2017, ACE experienced damages to its distribution systems due to major storms (i.e., Hurricane Sandy, Hurricane Irene, and Winter Storm Jonas). The New Jersey Board of Public Utilities approved a retail regulatory asset for recovery in retail rates related to the incremental costs of storm damage incurred by ACE on its distribution systems between 2011 and 2017.[22] ACE recorded the deferral of the incremental costs of storm damage in Account 182.3. The regulatory assets recorded in Account 182.3 were approved for full rate recovery in retail rates and amortized to Account 593, Maintenance of Overhead Lines (Major Only); Account 903, Customer Records and Collection Expenses; and Account 408.1, Taxes Other than Income Taxes, Utility Operating Income. ACE's wholesale transmission formula rate references Account 408.1 in the computation of its wholesale transmission revenue requirement. Audit staff found that the portion of the regulatory asset amortized to Account 408.1 was not removed from the account for purposes of computing billings to wholesale transmission customers as required by the Commission's regulations. Consequently, approximately $33,000 of the regulatory asset was recovered in wholesale transmission rates.

Pepco

In 2014, the MD PSC approved a regulatory asset for recovery in retail rates related to Accenture services costs.[23] The Accenture services costs were for a PHI initiative designed to reduce operating and maintenance expenses through renegotiation of engineering, construction services, and other miscellaneous contracts. Pepco recorded the deferral of the Accenture services costs in Account 182.3. The regulatory asset recorded in Account 182.3 was approved for full recovery in retail rates by the MD PSC and amortized to Account 923, Outside Services Employed. Pepco's wholesale transmission formula rate references Account 923 in the computation of its wholesale transmission revenue requirement. Audit staff found that the regulatory asset amortized to Account 923 was not removed from the account for purposes of computing billings to wholesale transmission customers as required by the Commission's regulations. Consequently, approximately $40,000 of the Accenture regulatory asset was recovered in wholesale transmission rates.

---

[22] The deferral of major storm costs was approved by the New Jersey Board of Public Utilities in NJ Docket No. ER16030252, and NJ Docket No. ER17030308.

[23] The deferral of the Accenture services costs was approved by the MD PSC in Order number 85724 in 2013. In 2014, in Order no. 86441, the MD PSC approved the recovery of the Accenture services costs deferred in 2013.

DPL

In 2008 and 2011, the Delaware Public Service Commission (DE PSC) and MD PSC approved a regulatory asset for DPL to recover, in its retail rates, costs related to Advance Metering Infrastructure (AMI) and storm damage.[24] AMI represented initial costs for the installation of smart meters and early retirement of legacy meters for Delaware distribution customers. Storm damage costs represented the incremental costs for the repair and restoration of DPL's Maryland distribution systems due to a storm in February 2010. DPL recorded the deferral of the AMI and storm damage costs in Account 182.3. The regulatory asset recorded in Account 182.3 for storm damage was approved for full recovery in retail rates and amortized to Account 593, Maintenance of Overhead Lines (Major Only); Account 935, Maintenance of General Plant; and Account 903, Customer Records and Collection Expenses. The regulatory asset recorded in Account 182.3 for AMI was approved for full recovery in retail rates and amortized to Account 923, Outside Services Employed. DPL's wholesale transmission formula rate references Accounts 923 and 935 in the computation of its wholesale transmission revenue requirement. Audit staff found that the regulatory assets amortized to Accounts 923 and 935 were not removed from those accounts for purposes of computing billings to wholesale transmission customers as required by the Commission's regulations. Consequently, approximately $33,000 of the regulatory asset was recovered in wholesale transmission rates.

Summary

Audit staff determined that the regulatory assets discussed above were not approved by the Commission for recovery in FERC jurisdictional rates. The Commission has stated, in Order No. 552 and subsequent orders, that any party desiring to recover expenses in rates other than in the period in which they would ordinarily be charged to expense must receive approval to recover the deferred cost and approval of the amortization period for recovery.[25] Such a required filing is not a mere formality; it is a

[24] The deferral of the AMI costs was approved by the DE PSC in Order No. 7420. The deferral of the storm damage costs was approved by the MD PSC in Order No. 84170.

[25] *See, e.g., PJM Interconnection, L.L.C. and Virginia Electric and Power Co.,* 110 FERC ¶ 61,234, at P 41 (2005) ("any party desiring to recover" a regulatory asset "must submit a filing demonstrating that their retail rates in effect applicable to that period" will not permit recovery of the costs in the normal period and submit "a rate plan for recovery of them in a different period."); *Midwest Independent Transmission System Operator, Inc*., 106 FERC ¶ 61,337, at P 15 (2004) ("any party desiring to recover the

necessary step that enables customers and other interested parties, as well as the Commission, to determine whether the proposed recovery treatment warrants a closer review to confirm that it is just and reasonable.[26]

Schedule 16 and 17 charges in rates other than [in] the period in which they would ordinarily be charged to expense must submit a filing"); *Midwest Independent Transmission System Operator, Inc*., Order on Petition for Declaratory Order, 102 FERC ¶ 61,279, at ¶ 1 (2003) ("We find that Midwest ISO's load serving stakeholders may make a rate filing with the Commission clearly demonstrating and supporting that any such costs are currently unrecoverable and so should be treated as a regulatory asset.") (footnote omitted), *reh'g denied, clarification provided*, 106 FERC ¶ 61,337 (2004); *id.* at ¶ 15 ("Midwest ISO TOs may file pursuant to [FPA] Sections 205 or 206, as appropriate, with the Commission, in the event that they cannot otherwise recover the Schedule 10 costs charged to them, a request for rate recovery of such costs as a regulatory asset.") (footnote omitted); *id.* ("load serving stakeholders are entitled to the same opportunity to make a rate filing with the Commission clearly demonstrating and supporting that the Schedule 16 and 17 costs are currently unrecoverable and should be treated as a regulatory asset under . . . Account No. 182.3"); *Midwest Independent Transmission System Operator, Inc.*, 102 FERC ¶ 61,192, at P 30 (2003) ("we will permit . . . parties, at their discretion, to make a filing with the Commission clearly demonstrating and supporting that such costs [ISO Cost Adder charges] are indeed currently unrecoverable and should be treated as a regulatory asset under the Commission's Uniform System of Accounts properly classified in Account No. 182.3, Other Regulatory Assets."), *reh'g denied, clarification provided,* 104 FERC ¶ 61,012, at P 29 (2003) ("With respect to the Kentucky Commission concern as to the standard to review rate filings for regulatory asset treatment, we clarify that we will continue to apply the existing standard as set forth in 18 C.F.R. Part 101, Account No. 182.3 (2002). Accordingly, any parties requesting regulatory asset treatment will be required to demonstrate that the costs at issue are both unrecoverable in existing rates and that it is probable that such costs will be recoverable in future rates."), *aff'd sub nom., Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361 (D.C. Cir. 2004); Order No. 552, 58 Fed. Reg. at 18,000 ("Account 182.3 would include costs . . . *which have been, or are soon expected to be, authorized for recovery through rates*") (emphasis added).

[26] *See, e.g.*, *PJM Interconnection, L.L.C. and Virginia Electric and Power Co.,* 110 FERC ¶ 61,234, at P 41 ("any transmission owner seeking to recover a regulatory asset in its rates . . . must submit a filing"); *Midwest Independent Transmission System Operator, Inc*., 104 FERC ¶ 61,012, at P 29 (discussing "standard to review rate filings for regulatory asset treatment" and holding "we will continue to apply the existing standard" which is that "any parties requesting regulatory asset treatment will be required to demonstrate that the costs at issue are both unrecoverable in existing rates and that it is probable that such costs will be recoverable in future rates.").

Although Exelon and its public utilities received approval from retail commissions to recover all or portions of the regulatory assets in retail rates, they did not seek Commission approval before recovering any amounts of the regulatory assets in wholesale transmission rates. Additionally, portions of regulatory assets not authorized for rate recovery by the Commission, a retail regulator, or other regulatory agencies may not be amortized under the Commission's accounting regulations. Therefore, the regulatory assets included in the public utilities' wholesale transmission revenue requirements were improper and led to unauthorized billings to wholesale transmission customers.

Recommendations

We recommend that Exelon and its public utilities:

13. Revise procedures for computing wholesale transmission formula rate billings to wholesale customers to exclude amortization of regulatory assets that have not been approved by the Commission.

14. Provide training to staff on the revised regulatory assets accounting and rate development methods. Also, develop a training program that supports the provision of periodic training in this area, as needed.

15. Submit a refund analysis to DAA, within 60 days of receiving the final audit report from DAA, that explains and details: (1) calculation of refunds that include the amount of inappropriate regulatory asset amortizations included in wholesale formula rates and the refunds resulting from inclusion of the amortizations in wholesale formula rates during the audit period, plus interest; (2) determinative components of the refund; (3) refund method; (4) customers to receive refunds; and (5) period(s) in which refunds will be made.

16. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

17. Refund the amounts disclosed in the refund report to wholesale customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Exelon's Response to Draft Audit Report



Thomas O'Neill
Senior Vice President
General Counsel

10 S. Dearborn
Chicago, IL 60603
312 394 7205 Office
312 394 3218 Fax
Thomas.oneill@exeloncorp.com

November 5, 2019

Steven D. Hunt
Director and Chief Accountant
Division of Audits and Accounting
Office of Enforcement
Federal Energy Regulatory Commission
888 First Street NE, Room 5K-13
Washington, DC 20426

Re: Exelon Corporation, Docket No. PA18-3-000
Response to Draft Audit Report

Dear Mr. Hunt:

This letter is in response to the draft audit report ("Draft Report"), dated October 21, 2019, issued by the Federal Energy Regulatory Commission (the "Commission), Office of Enforcement, Division of Audits and Accounting to Exelon Corporation ("Exelon").

The Draft Report evaluated Exelon and its public utility subsidiaries'[1] compliance, during the period from January 1, 2013 through March 26, 2019, with: (1) conditions established in the Commission's November 20, 2014 order authorizing the merger of Exelon and Pepco Holdings, Inc., (2) tariff requirements governing Exelon's public utilities' rates, (3) accounting regulations in 18 C.F.R. Part 101, and (4) financial reporting regulations in 18 C.F.R. Part 141.

The Draft Report identifies four areas of noncompliance and 17 recommendations to remedy the noncompliance findings. Exelon does not contest the Draft Report and generally agrees to the recommendations and corrective actions contained in the Draft Report in order to bring resolution to the audit. However, as described further in Attachment A, Exelon provides comments on the Draft Report's conclusions on several issues.

[1] Exelon's six public utility subsidiaries are Commonwealth Edison Company ("ComEd"), Baltimore Gas & Electric Company ("BGE"), PECO Energy Company ("PECO"), Atlantic City Electric Company ("ACE"), Delmarva Power & Light Company ("DPL"), and Potomac Electric Power Company ("Pepco").

Exelon takes its compliance obligations seriously and welcomes the opportunity to comment on the Draft Report in accordance with Part 41 of the Commission's regulations.[2] Exelon also notes the Commission audit staff's time and professionalism throughout the audit with appreciation.

Respectfully submitted,

/s/ *Thomas O'Neill*
Exelon Corporation
Senior Vice President and General Counsel
10 S. Dearborn St., 48th Floor
Chicago, IL 60603

[2] 18. C.F.R. 41.1(b).

ATTACHMENT A

Audit Staff Finding:

1. *Merger-Related Regulatory Assets*

Audit staff confirmed that BGE improperly included the amortization of merger-related regulatory assets approved by a retail regulator in wholesale transmission formula rates.

Exelon Response:

Exelon accepts this finding and the corresponding recommendations 1 through 4. BGE has updated its policies and procedures for its transmission formula rate update and implemented additional internal controls to mitigate the risk of including merger-related regulatory assets not approved by the Commission in wholesale transmission formula rates and billings to wholesale transmission customers. Taking a proactive stance to this issue, and resulting from BGE's identification of the amounts included in the transmission rates, BGE refunded $1.4 million plus interest to wholesale transmission customers in its 2018 formula rate update filed with the Commission on May 4, 2018. As noted in the Draft Report, BGE has fully satisfied recommendations 1 through 4.[3]

Audit Staff Finding:

2. *Transmission Formula Rate Allocators*

Audit staff found that ComEd and DPL improperly included merger costs when computing their transmission allocators, which resulted in overstatement of their annual transmission revenue requirements and billing to wholesale transmission customers.

Exelon Response:

Audit staff concludes that ComEd and DPL improperly included merger costs as a result of computing the transmission allocators. ComEd and DPL do not object to that finding and, as described further below, will undertake the corrective actions to the extent that they have not already done so.[4] The Exelon public utilities will implement policies to ensure that the merger costs are excluded from their transmission formula rate allocators.

[3] Exelon Corp., Docket No. PA18-3-000, Draft Audit Report of Exelon Corp., p. 14 (October 21, 2019).

[4] ComEd has established policies to ensure that it excludes merger costs from its transmission formula rate allocators and has included the refund amounts in its 2018 transmission formula rate update. ComEd will submit that information to the Commission consistent with the final audit report.

Audit Staff Finding:

3. *Merger Commitment Costs*

Audit staff found that ComEd, BGE, PECO, ACE, DPL, and Pepco improperly included merger commitment costs for the Exelon and Pepco Holdings, Inc. merger in their transmission revenue requirements.

Exelon Response:

Exelon undertook significant efforts to apply the Commission's hold harmless commitments and ensure that transmission customers did not receive costs that resulted from merger costs as defined by the Commission. With respect to the finding that the Exelon utilities improperly included merger commitment costs in the transmission revenue requirement, Exelon accepts this finding and the associated actions. Exelon agrees that certain costs incurred solely to implement merger commitments are appropriately excluded from the formula rates.

Exelon further appreciates the recognition by the audit staff that a distinction is to be made between merger costs incurred solely to fulfill merger commitments and costs that both fulfill merger commitments as well as continuing compliance obligations that existed previously or were incurred prior to, and independent of, the merger. In addition, some costs were incurred post-merger resulting from operations of a newly merged business, and do not constitute merger-related costs for which customers should be held harmless. Accordingly, as audit staff agrees and understands, not all costs associated with the many memorialized merger commitments are 'merger related' costs as described by the Commission or the 2014 Merger Order.

For these reasons, Exelon views as overly broad and therefore potentially inaccurate the Draft Report characterization that "all costs associated with implementing the merger commitments should have been excluded from the public utilities' transmission revenue requirements." Rather, it is only as to those costs that fall within hold harmless category of merger related costs as defined by the Commission for which corrective action has been properly prescribed by this audit, and to which Exelon concurs.

4. *Amortization of Retail Regulatory Asset*

Audit staff found that ComEd, BGE, ACE, DPL, and Pepco improperly recorded the amortization of certain regulatory assets and improperly included the amortization of the regulatory assets in their wholesale transmission formula rates without Commission approval to recover such amounts.

Exelon Response:

The affected Exelon utilities agree to provide refunds associated with the retail regulatory assets as generally described in the Draft Report for the January 1, 2013 through March 26, 2019 period of the audit in order to resolve the issue raised by audit staff. Exelon understands that this will resolve the issues with respect to all of the subject regulatory assets and that no further action will be taken or permitted pertaining to those regulatory assets. Exelon also agrees to the corrective actions noted in the Draft Report concerning the rate treatment of retail regulatory assets, without agreeing or conceding that actions taken were inappropriate or improper.

While not contesting the finding and corrective actions, Exelon respectfully submits that the policy guidance referenced in the Draft Report does not address the specific factual circumstances present regarding the formula rates and protocols of the Exelon utilities, and fails to both establish clear precedent for the result reached by the audit and to demonstrate that the amounts were improperly recorded in any respect. To the contrary, the annual amortizations relating to the regulatory assets identified were properly recorded by each utility in Accounts 920 and 926 and reported on the respective Form 1 in each year. Those accounts are automatically recovered in the Formula Rate of each utility because the Commission-approved formulas for each utility require that A&G expense be based on the amounts reported in the Form 1 and then allocated to transmission using the wages and salaries allocator. Given that the approved formula is the rate on file, the amounts included were proper not only for accounting purposes, but for ratemaking purposes as well. See *Pub. Utils. Comm'n of Cal. v. FERC*, 254 F.3d 250, 254-55 (D.C. Cir. 2001) (explaining that the formula is the rate and that underlying materials that impact the cost levels that will be charged through the rate need not be separately filed).

Moreover, recovery under similar circumstances has been approved and upheld by the Commission. Exelon invites your attention to Opinions 509 and 509-A, which support the conclusion that state-approved regulatory asset amortization amounts accounted for in specific FERC accounts may be flowed through a formula rate, as long as the formula rate specifically references and identifies that account. *La. Pub. Serv. Comm'n v. Entergy Corp*., Opinion No. 509, 132 FERC ¶ 61,253 (2010), *order on reh'g*, Opinion No. 509-A, 137 FERC ¶ 61,101 (2012).

Q. SDR-RR-35 Please provide the annual level of forfeited discounts or late payment charges for the preceding three calendar years. Identify the level of sales revenue with which these are associated.

A. SDR-RR-35 See below for late payment charges and associated revenue for the preceding three calendar years:

Year	Late Payment Fees	Sales Revenue*
2021	$ 265,067	$ 532,089,450
2022	$ 1,745,945	$ 723,928,874
2023	$ 2,107,505	$ 672,940,927

* Sales Revenue includes Residential, Commercial & Industrial and Gas Transportation revenues.

Q. SDR-RR-36 If not reflected in the lead-lag study, please provide a listing of the various types of employee withholdings, garnishments and other employee funds held by the Company for remittance at a later date.

A. SDR-RR-36

Medical
Dental
Vision/Hearing
Short Term Disability Buy-Up
Long-term Disability
Flexible Spending – Health Care, Dependent Care, and Commuting
Health Savings Plan
Life Insurance – ADD and Supplemental Basic
Employee Savings Plans
Garnishments
Union dues
Employee Stock Purchase Plan
Fitness Dues
Employee Charitable Contributions
Political Action Committee
Group Legal
Voluntary Benefits
Long-term Performance Shares – Stock
Stock Deferral Plan – Stock
Deferred Compensation Plan
Federal, State, and Local Taxes

Q. SDR-RR-37 Please provide all detailed workpapers supporting the adjustments to rate base and operating income.

A. SDR-RR-37 Refer to Exhibit MJT-1, Exhibit MJT-2, Exhibit MJT-3 and PECO Statement No. 3, the direct testimony of Michael J. Trzaska.

Q. SDR-RR-38 Please provide a copy of the Company's most recent SFAS 106 plan actuarial study.

A. SDR-RR-38 Refer to Confidential Attachment SDR-RR-38(a), which has been redacted to remove certain information that is not applicable to PECO.

THE ATTACHMENT IS CONFIDENTIAL AND IS SUBMITTED ONLY IN THE NON-PUBLIC VERSION TO THE COMMISSION.

Q. SDR-RR-39 Please reconcile the historical and future test year SFAS No. 106 expense levels with the amount identified in the actuarial report.

A. SDR-RR-39 Refer to Attachment SDR-RR-39(a).

PECO Energy
Postretirement Benefits Other than Pension ASC 715 (formerly SFAS No. 106) Costs
(in thousands)

	12 Months Ended 12/31/2023		12 Months Ended 12/31/2024 (Projected)		12 Months Ended 12/31/2025 (Projected)	
Operating & Maintenance						
Electric Distribution	$ 36		$ 528	B	$ 1,212	B
Electric Transmission	$ 3		$ 39		$ 93	
Gas	$ 11		$ 164		$ 377	
Non-Utility	$ 0		$ 5		$ 11	
Total Operating & Maintenance	$ 50		$ 735		$ 1,692	
Total Capital	$ 40		$ 639		$ 1,509	
Total Company Activity - Operating & Maintenance and Capital	$ 91	A	$ 1,375	A	$ 3,201	A

A - PECO's total costs agree to actuarial studies performed by Towers Watson**;** Refer to SDR-RR-38.
B - The above costs were allocated based on PECO's labor profile.

Q. SDR-RR-40 Please identify the actual or projected amounts contributed to SFAS No. 106 funds for the historic and future test years. Identify the actual or projected dates and amounts of the contributions.

A. SDR-RR-40 The Company contributed $13,890 to its total company Medical/Dental Trust Post Retirement (OPEB) contributions in December 2023. The Company is forecasted to contribute $1,279,000 and $3,190,000 in December 2024 and December 2025, respectively.

Q. SDR-RR-41 Please explain the funding options or plans which are being used for SFAS No. 106 costs. Identify the portion of the costs which are eligible for tax preferred funding.

A. SDR-RR-41 A voluntary employees' beneficiary association (VEBA) is a tax-exempt trust set up by an employer to cover employee eligible medical welfare benefits. The two VEBA trusts used to fund postretirement benefits are the Medical/Dental VEBA Trust and the Life Insurance VEBA Trust. The Life Insurance VEBA is used to pay life insurance benefits and the Medical/Dental VEBA is used to pay medical and dental benefits.

Q. SDR-RR-42 Is the company studying and/or anticipating any changes to its postretirement benefits offered to employees as a result of SFAS No. 106 or for other reasons? If yes, please provide such study and/or explain the anticipated change.

A. SDR-RR-42 At this time, the Company is not anticipating any changes to its post-retirement benefits offered to employees. The Company periodically reviews the competitiveness and cost of its post-retirement benefits and has been monitoring ongoing health care legislation as part of a continuing effort to assess whether changes should be made to these benefits; however, no changes are being considered by senior management at this time.

Q. SDR-RR-43 Please state whether the Company has included expenses related to SFAS No. 112 in its test year claim. If so, please provide complete details and include a copy of the actuarial study.

A. SDR-RR-43 With the exception of Exelon Business Service Company (BSC) severance expenses, there are no other ASC 712 (SFAS No. 112) related expenses included in the Company's test year claim. The 2024 and 2025 BSC severance expenses are $92,435 and $95,247 respectively, which are based on historical trend. There is no actuarial study available for severance expenses.

Q. SDR-RR-44 Please provide all documentation supporting the uncollectible accrual rate reflected in the Company's filing.

A. SDR-RR-44 Refer to PECO Statement No. 3, the direct testimony of Michael J. Trzaska, and Schedule D-10 of each of Exhibit MJT-1, Exhibit MJT-2 and Exhibit MJT-3.

Q. SDR-RR-45 Please provide all workpapers and documentation supporting the Company’s claimed balance of gas stored underground-¬current. Include support for the monthly injections and withdrawals and the gas cost rate.

A. SDR-RR-45 Refer to response I-A-16.

SDR-RR-46
Marissa Humphrey

Q. SDR-RR-46 Please provide a comparison between actual and budgeted O&M expenses by budget cost element for the historical test year and explain any budget variances of 10 percent or more.

A. SDR-RR-46

PECO Energy Company
Gas Business
Operating and Maintenance Actual vs Budget
(In Thousands)

	2023 Actual	2023 Planned	Over + / Under - Variance	% Change
Bad Debt	$ 2,895	$ 3,747	$ (852)	-23%
Base Payroll	$ 37,424	$ 40,210	(2,785)	-7%
BSC Contracting	$ 32,356	$ 29,994	2,362	8%
Contracting/Materials	$ 43,896	$ 46,494	(2,598)	-6%
Incentive	$ 5,539	$ 5,690	(151)	-3%
Overtime	$ 8,067	$ 6,542	1,526	23%
Pensions & Benefits	$ 4,631	$ 5,178	(547)	-11%
Transportation	$ 6,234	$ 6,553	(319)	-5%
Travel, Meals & Entertainment	$ 717	$ 665	52	8%
Reg Asset O&M	$ 2,694	$ 2,811	(117)	-4%
Other Net	$ 7,991	$ 8,546	(555)	-6%
Total	**$ 152,445**	**$ 156,429**	**$ (3,984)**	**-2.5%**

Bad Debt

Bad debt expenses were lower by $0.9M primarily due to the lower billing/revenue.

Overtime

Overtime was $1.5M higher primarily driven by higher gas odor investigation costs, damage work and emergent leaks. This is offset by lower base payroll.

Pensions & Benefits

Pension and Benefits were lower by $0.5M primarily due to lower base payroll.

Q. SDR-RR-47 Please provide the most recent actual number of eligible participants in each of the employee medical and dental plans reflected in the Company's filing.

A. SDR-RR-47 Refer to Attachment SDR-RR-47(a).

PECO Medical / Dental Plan Enrollment as of Feb 2024

Medical Plan	Tier	Total Count
BCBS EPO	You + Child(ren)	7
BCBS EPO	You + Family	8
BCBS EPO	You + Spouse/DP	11
BCBS EPO	You Only	26
IBC AmeriHealth HMO	You + Family	2
Keystone East HMO	You + Child(ren)	39
Keystone East HMO	You + Family	73
Keystone East HMO	You + Spouse/DP	71
Keystone East HMO	You Only	90
PPO	You + Child(ren)	182
PPO	You + Family	407
PPO	You + Spouse/DP	210
PPO	You Only	374
PPO + HSA	You + Child(ren)	154
PPO + HSA	You + Family	421
PPO + HSA	You + Spouse/DP	134
PPO + HSA	You Only	549
	No Coverage	258
	Total Medical Enrollment	3016

Dental Plan	Tier	Total Count
Dental HMO	You + Child(ren)	19
Dental HMO	You + Family	22
Dental HMO	You + Spouse/DP	10
Dental HMO	You Only	60
Dental PPO	You + Child(ren)	334
Dental PPO	You + Family	933
Dental PPO	You + Spouse/DP	457
Dental PPO	You Only	978
	No Coverage	203
	Total Dental Enrollment	3016

Q. SDR-RR-48 Please provide work papers showing the derivation of future test year Social Security and Medicare FICA taxes based on future test year labor expense. Identify both the total and O&M amounts.

A. SDR-RR-48 Refer to Exhibit MJT-1, Schedule D-16, for the requested tax expenses for the fully projected future test year and Exhibit MJT-2, Schedule D-16, for the requested tax expenses for the future test year.

Q. SDR-RR-49 Please provide work papers showing the derivation of future test year federal and state unemployment taxes. Show both the total and O&M amounts.

A. SDR-RR-49 Refer to Exhibit MJT-1, Schedule D-16 and Exhibit MJT-2, Schedule D-16.

Q. SDR-RR-50 Please provide workpapers showing the derivation of future test year capital stock taxes.

A. SDR-RR-50 The Pennsylvania Capital Stock tax has been eliminated by the Commonwealth of Pennsylvania, and the Company is not making a claim for that tax in this case. Refer to Exhibit MJT-1, Schedule D-16, and Exhibit MJT-2, Schedule D-16, for the fully projected future test year and future test year, respectively.

Q. SDR-RR-51 If applicable, please provide a copy of the billing and payment terms for all contracts between the Company and its parent or an affiliated company for services. Further, to the extent that the parent or affiliated company provides service to non-affiliated companies, please provide the corresponding billing and payment terms.

A. SDR-RR-51

The Company has two over-arching agreements that govern the provision of services with affiliates, the General Services Agreement (GSA), which governs services provided by Exelon Business Services Company (EBSC), and the Mutual Services Agreement (MSA), which governs services provided by PECO to other affiliates or services received by PECO from non-EBSC affiliates, both of which were approved by the Commission on January 1, 2001 as part of the ComEd/Exelon merger, and then re-approved by the Commission in 2013 in G-2010-2211383. In addition, the MSA/GSA was submitted to the Commission for informational purposes in the 2022 rate case.

The payment terms for services provided under the GSA are set forth in Exelon's Cost Allocation Manual and Service Catalog.

The payment terms for services provided under the MSA are set forth in PECO's Cost Allocation Manual and associated work orders, known as Affiliate Level Arrangements ("ALAs"). Copies of PECO's Cost Allocation Manual and the ALA template showing the pricing rule table are attached as Attachments SDR-RR-51(a.5) and (a.6).

Since April of 2013, PECO has been providing the Commission with its Service Level Agreements ("SLAs") and ALAs, for informational purposes only, as those arrangements are modified.

Exelon's parent and affiliated companies typically do not provide services to non-affiliated companies except for limited circumstances. For example, PECO's utility affiliates provide utility service to their customers pursuant to their regulated tariffs. In addition, Exelon Utility companies may provide mutual storm and emergency assistance to other utilities on a cost basis pursuant to industry-wide mutual assistance agreements.

Refer to Attachment SDR-RR-51(a.1) for Exelon's GSA.
Refer to Attachment SDR-RR-51(a.2) for PECO's MSA.
Refer to Attachment SDR-RR-51(a.3) for Exelon's Cost Allocation Manual.
Refer to Attachment SDR-RR-51(a.4) for Exelon's Service Catalog.
Refer to Attachment SDR-RR-51(a.5) for PECO's Cost Allocation Manual.
Refer to Attachment SDR-RR-51(a.6) for PECO's ALA Template.

GENERAL SERVICES AGREEMENT

BETWEEN

EXELON BUSINESS SERVICES COMPANY

AND

EXELON CORPORATION; EXELON ENERGY DELIVERY COMPANY, LLC; COMMONWEALTH EDISON COMPANY; PECO ENERGY COMPANY; EXELON VENTURES COMPANY, LLC; EXELON GENERATION COMPANY, LLC; EXELON ENTERPRISES COMPANY, LLC; UNICOM INVESTMENT INC.; AND THE SUBSIDIARIES, AFFILIATES AND ASSOCIATES OF EACH LISTED ENTITY.

THIS AGREEMENT, made and entered into this 1st day of January, 2001, by and between the following Parties: EXELON BUSINESS SERVICES COMPANY ("Services Company"), EXELON CORPORATION; EXELON ENERGY DELIVERY COMPANY, LLC; COMMONWEALTH EDISON COMPANY; PECO ENERGY COMPANY; EXELON VENTURES COMPANY, LLC; EXELON GENERATION COMPANY, LLC; EXELON ENTERPRISES COMPANY, LLC; UNICOM INVESTMENT INC; AND THE SUBSIDIARIES, AFFILIATES AND ASSOCIATES OF EACH LISTED ENTITY (collectively, the "Client Companies");

WITNESSETH:

WHEREAS, Client Companies, including EXELON CORPORATION, which is registered under the terms of the Public Utility Holding Company Act of 1935 (the "Act") and its other subsidiaries, affiliates and associates desire to enter into this agreement providing for the

performance by Services Company for the Client Companies of certain services as more particularly set forth herein;

WHEREAS, Services Company is organized, staffed and equipped and has filed with the Securities and Exchange Commission ("the SEC") to be a subsidiary service company under Section 13 of the Act to render to EXELON CORPORATION, and other subsidiaries, affiliates and associates of EXELON CORPORATION, certain services as herein provided; and

WHEREAS, to maximize efficiency, and to achieve merger related savings, the Client Companies desire to avail themselves of the advisory, professional, technical and other services of persons employed or to be retained by Services Company, and to compensate Services Company appropriately for such services;

NOW, THEREFORE, in consideration of these premises and of the mutual agreements set forth herein, the Parties agree as follows:

Section 1. Agreement to Provide Services

Services Company agrees to provide to Client Companies, upon the terms and conditions set forth herein, the services hereinafter referred to and described in Section 2, at such times, for such period and in such manner as Client Companies may from time to time request. Except with respect to "Corporate Governance Services" as defined in Section 7 hereof, the Services Company shall perform only those services as are requested by the Client Companies. Services Company will keep itself and its personnel available and competent to provide to Client Companies such services so long as it is authorized to do so by the appropriate federal and state regulatory agencies. In providing such services, Services Company may arrange, where it deems

appropriate, for the services of such experts, consultants, advisers and other persons with necessary qualifications as are required for or pertinent to the provision of such services.

Section 2. Services to be Provided

The services expected to be provided by Services Company hereunder may, upon request by a Client Company, include the services as set out in Schedule 2, attached hereto and made a part hereof. In addition to those identified in Schedule 2, Services Company shall provide such additional general or special services, whether or not now contemplated, as Client Companies may request from time to time and Services Company determines it is able to provide.

Notwithstanding the foregoing paragraph, no change in the organization of the Services Company, the type and character of the companies to be serviced, the factors for allocating costs to associate companies, or in the broad general categories of services to be rendered subject to Section 13 of the Act, or any rule, regulation or order thereunder, shall be made unless and until the Services Company shall first have given the SEC written notice of the proposed change not less than 60 days prior to the proposed effectiveness of any such change. If, upon the receipt of any such notice, the SEC shall notify the Services Company within the 60-day period that a question exists as to whether the proposed change is consistent with the provisions of Section 13 of the Act, or of any rule, regulation or order thereunder, then the proposed change shall not become effective unless and until the Services Company shall have filed with the SEC an appropriate declaration regarding such proposed change and the SEC shall have permitted such declaration to become effective.

Section 3. Changes in Parties

New direct or indirect subsidiaries, affiliates and associates of EXELON CORPORATION, which may come into existence after the effective date of this Services Agreement, may become additional Client Companies of Services Company and subject to this General Services Agreement. In addition, entities which are, as of the effective date of this General Services Agreement, direct or indirect subsidiaries, affiliates and associates of EXELON CORPORATION, may thereafter leave the holding company system, in which case they will no longer be subject to this General Services Agreement. The parties hereto shall make such changes in the scope and character of the services to be provided and the method of assigning, distributing or allocating costs of such services as may become necessary to achieve a fair and equitable assignment, distribution, or allocation of Services Company costs among associate companies taking into account both the new subsidiaries and the subsidiaries which have left the holding company system, subject to the provisions of Section 2 above.

Section 4. Compensation of Services Company

As compensation for the services to be rendered hereunder, Client Companies listed in Attachment A hereto, as revised from time to time, shall pay to Services Company all costs which reasonably can be identified and related to particular services provided by Services Company for or on Client Company's behalf (except as may otherwise be permitted by the SEC). All other Client Companies and their affiliates and associates (see Attachment B) shall pay to Services Company charges for services that are to be no less than cost (except as may otherwise be permitted by the SEC), insofar as costs can reasonably be identified and related by Services Company to its performance of particular services for or on behalf of Client Company.

The services described herein or contemplated to be provided hereunder shall be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The factors for assigning or allocating Services Company costs to Client Company, as well as to other associate companies, are set forth in Schedules 1 and 2 attached hereto. Attachments A and B and Schedules 1 and 2 are each expressly incorporated herein and made a part hereof.

Any charges to the Client Companies on account of use of capital shall reflect a reasonable and efficient capital structure.

Section 5. Securities and Exchange Commission Rules

It is the intent of the Parties that the determination of the costs as used in this Agreement shall be consistent with, and in compliance with, the rules and regulations of the SEC, as they now exist or hereafter may be modified by the Commission.

Section 6. Service Review

The parties shall review each service covered by this Agreement on an as needed basis, to assess the quality of the service and to determine the continued need therefor, and shall, subject to the provisions of Section 2 above, amend the scope of services, delete services entirely from this Agreement, and/or decline services which are not "Corporate Governance Services," as defined in Section 7 hereof, as they determine to be necessary or desirable.

Section 7. Corporate Governance Services.

Whether or not requested by the Client Companies, the Services Company may provide to all Client Companies, and Client Companies shall pay Services Company for, "Corporate Governance Services." Corporate governance consists of those activities and services reasonably determined to be necessary for the lawful and effective management of Exelon System businesses. Corporate Governance Services may be supplied from functions such as accounting, finance, executive, strategic planning, legal, human resources/benefits, audit, corporate communications and public affairs, environmental, health and safety, government affairs and policy, and investor relations. Corporate Governance Services may include, but are not limited to, the following: planning and project evaluation; finance and treasury; accounting and analysis; risk management; tax; shareholder and investor relations; merger and acquisition services; strategic planning; diversity; employee and labor relations; HR planning and development; compensation and benefits; legal services in the areas of securities, PUHCA, employment, regulatory, contract, litigation and intellectual property laws; legal and administrative support to the Board of Directors; environmental compliance activities; ethics and compliance programs; management services for compliance with Federal laws, regulations and other policy requirements, including relationship management with the U.S. Congress and Federal agencies; corporate communications; branding; corporate events; charitable support; community relations and communications to local organizations; and communications to employees.

Section 8. Payment

Payment shall be by making remittance of the amount billed or by making

appropriate accounting entries on the books of the companies involved. Invoices shall be prepared on a monthly basis for services provided hereunder.

Section 9. EXELON CORPORATION

Except as authorized by rule, regulation, or order of the SEC, nothing in this Agreement shall be read to permit EXELON CORPORATION, or any person employed by or acting for EXELON CORPORATION, to provide services for other Parties, or any companies associated with said Parties.

Section 10. Client Companies

Except as limited by law or order of the SEC, Client Companies, their subsidiaries, affiliates and associates may provide services described herein to other Client Companies, their subsidiaries, affiliates and associates on the same terms and conditions as set out for the Services Company.

Section 11. Effective Date and Termination

This Agreement is executed subject to the consent and approval of all applicable regulatory agencies, and if so approved in its entirety, shall be deemed effective from the date that the merger between PECO ENERGY COMPANY and UNICOM CORPORATION was consummated, and shall remain in effect from said date unless terminated by mutual agreement or by any Party giving at least 90 days' written notice to the other Parties prior to the beginning of any calendar year, each Party fully reserving the right to so terminate this Agreement.

This Agreement may also be terminated or modified to the extent that performance may conflict with any rule, regulation or order of the SEC adopted before or after the making of this Agreement. This Agreement shall be terminated with respect to any Client Company immediately upon such Client Company ceasing to be a member of the Exelon holding company system.

The Parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive such termination or expiration.

Section 12. Access to Records

Records will be maintained in accordance with 17 C.F.R. §257 and in any event no less than seven years following a transaction under this Agreement. The Client Company may request access to and inspect the accounts and records of the Services Company, provided that the scope of access and inspection is limited to accounts and records that are related to such transaction.

Section 13. Assignment

This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

EXELON BUSINESS SERVICES COMPANY

By _____
Ruth Ann M. Gillis
Title: President

EXELON CORPORATION,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES, AFFILIATES AND ASSOCIATES

By _____
J. Barry Mitchell
Title: Senior Vice President and Treasurer

EXELON ENERGY DELIVERY COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By _____
J. Barry Mitchell
Title: Vice President and Treasurer

COMMONWEALTH EDISON COMPANY,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By _____
J. Barry Mitchell
Title: Senior Vice President, Treasurer, and Chief Financial Officer

PECO ENERGY COMPANY,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By _____
J. Barry Mitchell
Title: Vice President, Treasurer, and Chief Financial Officer

EXELON VENTURES COMPANY LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By _____
J. Barry Mitchell
Title: Vice President, Treasurer, and Chief Financial Officer

EXELON GENERATION COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By _____
J. Barry Mitchell
Title: Vice President, Treasurer, and Chief Financial Officer

EXELON ENTERPRISES COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By _____
J. Barry Mitchell
Title: Vice President and Treasurer

UNICOM INVESTMENT INC.,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By _____
J. Barry Mitchell
Title: Chairman, President and Chief Executive Officer,
Director, Vice President and Treasurer

BALTIMORE GAS AND ELECTRIC COMPANY,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(effective March 12, 2012)

By _____
Carim V. Khouzami
Title: Vice President, Chief Financial Officer and Treasurer

ATLANTIC CITY ELECTRIC COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

DELMARVA POWER & LIGHT COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

POTOMAC ELECTRIC POWER COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

PEPCO HOLDINGS LLC
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

PHI SERVICE COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

Attachment A

Commonwealth Edison Company

Commonwealth Edison of Indiana, Inc.

PECO Energy Company

Exelon Generation Company, LLC

Baltimore Gas and Electric Company (effective March 12, 2012)

Atlantic City Electric Company (effective March 24, 2016)

Delmarva Power & Light Company (effective March 24, 2016)

Potomac Electric Power Company (effective March 24, 2016)

PEPCO Holdings LLC (effective March 24, 2016)

PHI Service Company (effective March 24, 2016)

Any subsidiary involved in directly providing goods, construction or services to the foregoing companies.

Service Agreement Schedule 1

Allocation Ratios:

General:

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved without excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock, shall be fairly and equitably allocated using the ratios set forth below.

Revenue Related Ratios:

Revenues
Sales - Units sold and/or transported
Number of Customers

Expenditure Related Ratios:

Total Expenditures
Operations and Maintenance Expenditures
Capital Expenditures
Service Company Billings
Service Company SLA Billings (Non-governance)

Labor/Payroll Related Ratios:

Labor / Payroll
Number of Employees

Units Related Ratios:

Usage (for example: CPU's, square feet , number of vendor invoice payments)
Consumption (for example: tons of coal, gallons of oil, MMBTU's)
Capacity (for example: nameplate generating capacity, peak load, gas throughput)
Other units related

Assets Related Ratios:

Total Assets
Current Assets
Gross Plant

Composite Ratios:

Total Average Assets and 12 months ended Gross Payroll
Modified Massachusetts Formula
Other composite ratios

Service Agreement Schedule 2

Services Including But Not Limited To:

General:

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved without excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock, shall be fairly and equitably allocated using the ratios set forth in Schedule 1.

Administrative & management services including but not limited to:

accounting
- bookkeeping
- billing
- accounts receivable
- accounts payable
- financial reporting

audit
claims
communications
customer operations
customer services
executive
finance
insurance
information systems services
investment advisory services
legal
library
record keeping
secretarial & other general office support
real estate management
security holder services
tax
treasury
other administration & management services

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Personnel services including but not limited to:

recruiting
training & evaluation services
payroll processing
employee benefits administration & processing
labor negotiations & management
other personnel services

Expected allocation ratios: Labor/Payroll Related, Units Related, Composite

Purchasing services including but not limited to:

preparation & analysis of product specifications
requests for proposals & similar solicitations
vendor & vendor-product evaluations
purchase order processing
receipt, handling, warehousing and disbursement of purchased items contract negotiation & administration
inventory management & disbursement
other purchasing services

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Facilities management services including but not limited to:

office space
warehouse & storage space
transportation facilities (including dock & port, rail sidings and truck facilities)
repair facilities
manufacturing & production facilities
fixtures, office furniture & equipment

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Computer services including but not limited to:

computer equipment & networks
peripheral devices
storage media
software

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Communications services including but not limited to:

communications equipment
audio & video equipment
radio equipment
telecommunications equipment & networks
transmission & switching capability

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Machinery management services including but not limited to:

equipment
tools
parts & supplies

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Vehicle management services including but not limited to:

automobiles
trucks
vans
trailers
railcars
marine vessels
aircraft
transport equipment
material handling equipment
construction equipment

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Operational services including but not limited to:

drafting & technical specification, development & evaluation
consulting
engineering
environmental
safety
nuclear
construction

design
resource planning
economic & strategic analysis
research
testing
training
customer solicitation
support & other marketing related services
public & governmental relations
other operational services

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Exhibit B

Service Level Arrangement

Arrangement between _____ Services Department and [Client Company]

Purpose

Governing Agreement

Term of Service

Scope of Services

Scope of Services

Service Responsibility Matrix

Services, Tasks		

Service Costing Schedule

Monthly Billing Table:

Service/Transaction	Estimated Monthly Billing

Performance Metrics & Performance Reporting

Signatures	
Manager Service Company _____ _____ Signature Date	Name (Client) Title _____ _____ Signature Date

Exhibit C

Project Charter

Mission:

Objective

-
-

Business Need / Expected Benefits

-

Project Approach

-
-
-

Measures of Success / Effectiveness

-
-

Project Team

- Sponsor -
- Responsible Director –
- Project Manager –
- Project Team –

High Level Schedule

Activity or Deliverable	Start Date	End Date

High Level Cost Estimate

Item	Cost

Major Risks and Issues

-

Assumptions and Constraints

-

Project Charter Authorizing Signatures

Name / Title	Signature	Date

MUTUAL SERVICES AGREEMENT

BETWEEN

PECO ENERGY COMPANY

AND

EXELON CORPORATION AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLY-OWNED BY EXELON CORPORATION

AND

EXELON GENERATION COMPANY, LLC AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLY-OWNED BY EXELON GENERATION COMPANY, LLC

AND

EXELON ENTERPRISES, LLC AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLY-OWNED BY EXELON ENTERPRISES COMPANY, LLC

AND

COMMONWEALTH EDISON COMPANY AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLY-OWNED BY COMMONWEALTH EDISON COMPANY

THIS AGREEMENT, made and entered into this 1st day of January, 2001, by and between the following: PECO ENERGY COMPANY ("PECO"), a Pennsylvania Corporation; and Exelon Corporation ("Exelon") and any or all of its subsidiaries and/or affiliates wholly or partly-owned by Exelon Corporation; Exelon Generation Company, LLC ("Genco") and any or all of its subsidiaries and/or affiliates wholly or partly-owned by Genco; Exelon Enterprises Company, LLC ("Enterprises") and any or all of its subsidiaries and/or affiliates wholly or partly-owned by Enterprises; and Commonwealth Edison Company ("ComEd") and any or all of its subsidiaries and/or affiliates wholly or partly-owned by ComEd (hereinafter collectively the "Affiliates," PECO and its Affiliates are collectively referred to as "Parties.")

WITNESSETH:

WHEREAS, the Parties desire to enter into this Agreement providing for the performance of certain services as more particularly set forth herein; and

WHEREAS, to maximize efficiency, and to achieve cost savings, the Parties desire to avail themselves of the benefits of having services provided by the least cost provider thereof whenever possible, and to compensate such provider appropriately for such services;

NOW, THEREFORE, in consideration of these premises and of the mutual agreements set forth herein, the Parties agree as follows:

Section 1. Definitions

Commission – the Pennsylvania Public Utility Commission.

Providing Company – one or more Parties to this Agreement that have agreed to provide requested services to another Party in accordance with the terms of this Agreement.

Requesting Company – one or more Parties to this Agreement that are requesting services to be provided by another Party in accordance with the terms of this Agreement

Section 2. Agreement to Provide Services

PECO and Affiliates agree to provide, upon the terms and conditions set forth herein, services including but not limited to those services hereinafter referred to and described in Section 3, at such times, for such period and in such manner as Requesting Company may from time to time request and Providing Company concludes it is able and willing to provide. In providing such services, Providing Company may arrange, as it deems appropriate, for the services of such experts, consultants, advisers, and other persons with necessary qualifications as are required for or pertinent to the provision of the requested services.

Section 3. Services to be Provided

A Providing Company shall render services as Requesting Company may request from time to time and Providing Company determines it is able and willing to perform.

Section 4. New Affiliates

New direct or indirect affiliates of PECO, which may come into existence after the effective date of this Mutual Service Agreement, may become parties to this Agreement. The Parties hereto shall make such changes in the scope and character of the services to be provided and the method of assigning, distributing or allocating costs of such services as may become necessary to achieve a fair and equitable assignment, distribution, or allocation of costs among all Requesting Companies, including the new affiliates.

Section 5. Compensation of Providing Company

As compensation for the services to be provided hereunder, a Requesting Company shall generally pay to Providing Company charges for services that are no more than the cost thereof (except as otherwise directed or permitted by an appropriate regulatory authority), insofar as costs can reasonably be identified and related to the particular services in question or otherwise fairly and equitably allocated to such services. To the extent that PECO or its affiliated Electric Generation Supplier (as that term is defined in the Pennsylvania Public Utility Code) are participants in a particular transaction, the Requesting Company shall pay to Providing Company charges for services that comply with the Commission's decisions, rules and regulations, including the Commission-approved settlement of Docket Nos. R-00973953 and P-00971265 and Appendices G and H thereto. In addition, all transactions conducted hereunder shall be subject to the Public Utility Holding Company Act of 1935, as administered by the Securities and Exchange Commission.

Section 6. Service Requests

The services described herein or contemplated to be provided hereunder shall be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis.

Section 7. Payment

Payment shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of the companies involved. Invoices shall be prepared on a monthly basis for services provided hereunder.

Section 8. Effective Date and Termination

This Agreement has been approved by the Commission in Docket No. A-110550F0147 and shall become effective as of the date of execution and shall remain in effect from said date unless terminated by the Commission or by mutual agreement. Any Party may withdraw from this Agreement by giving at least sixty days written notice to the other Parties prior to withdrawal.

Section 9. Access to Records

For the seven years following a transaction under this Agreement, the Requesting Company may request access to and inspect the accounts and records of the Providing Company, provided that the scope of access and inspection is limited to accounts and records that are related to such transaction.

Section 10. Assignment

This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

PECO ENERGY COMPANY

By: _____
Craig L. Adams

Title: Senior Vice President and
Chief Operating Officer

Date: 7/16/2010

**EXELON GENERATION COMPANY,LLC
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR
AFFILIATES WHOLLY OR PARTLY-OWNED BY
EXELON GENERATION COMPANY, LLC**

By: _____
Doyle M. Beneby

Title: Senior Vice President

Date: _____

**EXELON ENTERPRISES COMPANY,LLC
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR
AFFILIATES WHOLLY OR PARTLY-OWNED BY
EXELON ENTERPRISES COMPANY, LLC**

By: _____
Carter C. Culver

Title: Chief Executive Officer and President

Date: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

PECO ENERGY COMPANY

By: _____
Craig L. Adams

Title: Senior Vice President and
Chief Operating Officer

Date: _____

**EXELON GENERATION COMPANY,LLC
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR
AFFILIATES WHOLLY OR PARTLY-OWNED BY
EXELON GENERATION COMPANY, LLC**

By: _____
Doyle N. Beneby

Title: Senior Vice President

Date: 7/14/2010

**EXELON ENTERPRISES COMPANY,LLC
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR
AFFILIATES WHOLLY OR PARTLY-OWNED BY
EXELON ENTERPRISES COMPANY, LLC**

By: _____
Carter C. Culver

Title: Chief Executive Officer and President

Date: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

PECO ENERGY COMPANY

By: _____
Craig L. Adams

Title: Senior Vice President and
Chief Operating Officer

Date: _____

**EXELON GENERATION COMPANY,LLC
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR
AFFILIATES WHOLLY OR PARTLY-OWNED BY
EXELON GENERATION COMPANY, LLC**

By: _____
Doyle M. Beneby

Title: Senior Vice President

Date: _____

**EXELON ENTERPRISES COMPANY,LLC
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR
AFFILIATES WHOLLY OR PARTLY-OWNED BY
EXELON ENTERPRISES COMPANY, LLC**

By: _____
Carter C. Culver

Title: Chief Executive Officer and President

Date: July 27, 2010

EXELON CORPORATION
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLYOWNED BY EXELON CORPORATION

By: Duane M DesParte
Duane M. DesParte

Title: Vice President and Corporate Controller

Date: 7-16-10

COMMONWEALTH EDISON COMPANY
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLY-OWNED BY COMMONWEALTH EDISON COMPANY

By: _____
Joseph R. Trpik, Jr.

Title: Senior Vice President, Chief Financial Officer and Treasurer

Date: _____

EXELON CORPORATION
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLYOWNED BY EXELON CORPORATION

By: _____
Duane M. DesParte

Title: Vice President and Corporate Controller

Date: _____

COMMONWEALTH EDISON COMPANY
AND ANY OR ALL OF ITS SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLY-OWNED BY COMMONWEALTH EDISON COMPANY

By: _____
Joseph R. Trpik, Jr.

Title: Senior Vice President, Chief Financial Officer and Treasurer

Date: July 28, 2010

VERIFICATION

I, Richard A. Schlesinger, hereby declare that I am Manager, Retail Rates of PECO Energy Company; that, as such, I am authorized to make this verification on its behalf; that the facts set forth in the foregoing Request for Contract Approval are true and correct to the best of my knowledge, information and belief; and that I make this verification subject to the penalties of 18 Pa.C.S. §4904 pertaining to false statements to authorities.

Richard A. Schlesinger

Date: November 17, 2010

EXELON BUSINESS SERVICES COMPANY

ASSOCIATE TRANSACTION PROCEDURES MANUAL

January 2023

Introduction

Exelon Business Services Company, LLC (BSC or Services Company) provides a variety of administrative, management and support services to Exelon Corporation and other Exelon system companies and business units (Client Companies). BSC is subject to the rules and regulations of the Federal Energy Regulatory Commission (FERC) pursuant to the Public Utility Holding Company Act of 2005 (PUHCA). In addition, each of the individual state regulated public utility companies have additional requirements related to associate transactions. Where applicable, these requirements have been incorporated into these Policies and Procedures.

Service Agreements and Work Orders

BSC has entered into a General Services Agreement or Service Agreement with Client Companies that is substantially similar to the General Services Agreement (GSA) attached hereto as Exhibit A. The Service Agreement sets forth in general terms the services to be performed by BSC directly or indirectly for Client Companies. BSC and each Client Company will prepare Work Orders, in the form of Service Level Arrangements (SLA), to specify the services to be performed by BSC for a Client Company. A sample SLA is attached hereto as Exhibit B. Additional documentation of work to be performed pursuant to SLAs may be used by the parties.

The purpose of the SLA is to establish service expectations between BSC and each Client Company. Each SLA will be reviewed and agreed upon on an as needed basis by authorized representatives of BSC and each Client Company. In conjunction with this review of SLAs, the allocation methods and ratios presented in Service Agreement Schedules 1 and 2, attached to the GSA, shall be reviewed and agreed upon by the parties.

An SLA typically contains the following elements:

1. Scope of Services
2. Service Level Expectations
3. Unit Cost Expectations
4. Performance Measures
5. Billing Process

Each SLA is approved by the individual(s) authorized to represent BSC and the Client Company related to the services to be provided.

BSC currently has three distinct processes related to SLAs.

1. The SLA process starts with the BSC Service Providers and the Client Companies representatives meeting to agree upon services to be provided over a future period of time, generally one to three years in duration. As BSC has been in operation for over ten years, most services have been defined and have been agreed to by the parties, and have been delivered efficiently and consistently to the Client Companies for a period of time. New service areas and services may be added in the future, or may be removed from the BSC services offerings. The SLA meetings focus on changes to service offerings and on refining the expected quantities to be consumed, as well as on improvements in providing the services or changes in the operational requirements around providing the services, including benchmarking and performance metrics, definition of responsibilities and other provisions between Service Providers and customer. The Service Providers are responsible for the over-all content in the Exelon BSC Service Catalog. Portions of the SLA template and Exelon BSC Service Catalog are reviewed by Legal. Early in the SLA process, the Legal review concentrates on the scope, governing agreement and certain terms and conditions. The Accounting review of the Exelon BSC Service Catalog and SLA drafts takes place near the end of the process and concentrates on the billing approach and pricing table sections of the Exelon BSC Service Catalog for compliance to the GSA and other PUHCA 2005 requirements. BSC Finance will check completed SLAs to make sure that changes are not made after Legal and Accounting review, or if such changes have been made, will obtain Legal and/or Accounting review of the changes. BSC Finance shall retain documentation evidencing the required SLA reviews in accordance with the record retention requirements. BSC works with the accounting and finance departments in the Client Companies to set-up the code block that the customer wants to be charged for the various services, and the level (company level, intermediate level, or department level) at which they wish to be billed. BSC Accounting works with BSC Finance to set up the appropriate accounting – cost capture pools on BSC's books. For most customers, the BSC Billing Systems journalize the actual monthly charges on the customer's books during the financial close.

2. The second process relates to change orders and other emergent work that appear after budgets have been locked down and the actual year has begun. Similar to the SLA process, BSC Accounting is involved to review any change orders for GSA and PUHCA compliance, and work with the customers' accounting departments to set-up and bill each item appropriately.

3. The third process relates to acquisitions or other new potential business for BSC. The BSC Service Providers interface with the M&A Team. The BSC support services costs are developed and include one-time and on-going support costs. Emergent work projects are set-up to collect one-time charges of adding the acquisition into BSC established services. BSC may prepare a proposal capturing integrated support service scope, schedule, budget, and assumptions. Linkage to an existing customer SLA is generally preferred, otherwise a new SLA may need to be created. For new SLA work, general terms and conditions are reviewed and signed by the controlling customer authorizing the work to proceed. BSC Finance and BSC Accounting gets involved in similar roles as mentioned above for the other processes.

Accounting Procedures

BSC will maintain processes which allow it to accumulate costs in Cost Centers and cost pools. Where possible, these costs will be charged out to Client Companies using direct charging methodologies, including time and materials and unit price (standard rate) basis. Cost Centers and cost pools collect resource costs for services and activities described in the Exelon BSC Service Catalog. This process supports the philosophy of billing costs to the Client Company on

an appropriate basis. BSC will use this process to maintain accounting systems to record all of its costs.

Costs will be billed to Client Companies as work is performed and costs are incurred. When a service requested by a Client Company has not been previously specified, a new SLA may be created or the existing one revised. BSC Accounting is responsible for ensuring that all of the billing methodologies are consistent with the GSA.

Direct Costs are defined as those that can be identified as applicable to services performed for a single Client Company or group of Client Companies. Direct costs include the fully distributed cost of providing a particular service. The fully distributed costs include labor costs, labor related costs (such as pensions and benefit costs, and facility costs), IT costs, outside services where applicable, back office support costs of running BSC, and other non-labor costs such as materials and supplies. Direct Costs will be charged to the Client Company or Companies responsible for the activity.

BSC will use direct charging (e.g., standard costing or unit prices and/or time and materials) and cost allocations to bill Client Companies. Under a standard costing methodology, as product or service units are used by the Client Companies, the services are directly billed to Client Companies at standard rates. Standard rates are fully cost burdened billing unit rates used by a specific department for a specified service. These rates are established for a number of services offered by the Services Company including invoice processing cost per invoice, mainframe computing cost per CPU usage, and IT desktop support cost per desktop computer. In general, these standard rates are calculated by estimating the fully distributed cost of providing the service for the year divided by the expected number of units (selected as the unit of measurement) to be consumed by all associated customers.

Residual amounts or costs that cannot be directly billed using reasonable measures will remain in the Cost Center to be allocated to Client Companies on an appropriate basis.

Indirect Costs include those costs of a general nature such as general services, and other support costs which cannot be specifically identified to a specific client company or smaller group of companies or to a specific service and therefore must be allocated. An example of Indirect Costs includes most corporate governance services that benefit all companies, which consists of, for example, functions such as accounting, finance, executive, strategic planning, investor relations, government affairs and policy, and corporate communications. The allocation methods used to assign costs to Client Companies will be based on factors identified in Schedule 1 attached to the GSA.

Services and Service Level Arrangements (SLA)

Based on experience and discussions with the Client Companies, BSC has made available a list of service offerings that are defined in the Exelon BSC Service Catalog for the SLA period. Responsibilities of Client Companies for requesting services are defined in the Exelon BSC Service Catalog. A listing of current SLAs and the Exelon BSC Service Catalog can be found on the Exelon Intranet under Operating Companies – BSC.

Services provided will be reviewed on an as needed basis by BSC and Client Companies. SLAs will be prepared for on-going and for special services, which benefit one or more Client Companies. Examples of on-going services are payroll processing and IT desktop support. SLAs will be approved by the individual(s) authorized to represent BSC and each Client Company in accordance with Company Capital Approval Policies. In all cases, the authorized approvers representing BSC and the Client Company will be different individuals.

When a new service or project is identified, BSC Finance and BSC Accounting will determine whether a new SLA shall be used or whether the costs shall be captured in an existing SLA. One or more of the following criteria should be considered in determining the need for a new SLA:

1. No existing SLA uses the billing methodology that is needed for the new service project.

2. No existing SLA charges costs to the benefiting Client Company for the new service or project.

3. There is a specific regulatory requirement to allocate costs in a specific manner regardless of amount for the new project/service.

4. No existing SLA captures similar activity or services.

5. The total estimated annual cost of the new service or project is greater than $500,000.

SLA (Work Order) Monitoring and Control

BSC Finance and BSC Accounting are responsible for reviewing, monitoring and maintaining the SLA (Work Order) and Exelon BSC Service Catalog documentation. BSC Finance and BSC Accounting will also authorize new SLAs as necessary. A formal annual review will be required of all SLAs including a review by legal. As part of the annual review, inactive SLAs will be removed.

Allocation Factors Update and Revisions

Allocation factors will be based on cost drivers specifically applicable to the service provided. BSC Accounting will have the primary responsibility for ensuring that allocation factors are correct, accurate and current. BSC Finance and the Service Providers will assist in gathering required usage and other data to calculate the allocation factors.

BSC Accounting will be responsible for evaluating new allocation methodologies and will consult the Legal Department as needed. Adequate supporting documentation shall be obtained from all associate companies/business units for the raw data used in the allocation methodologies, and maintained in accordance with record retention requirements set forth in the Exelon record retention policy and schedule.

A list of current allocations will be filed annually with the FERC on FERC Form No. 60.

Time Reporting

All BSC employees, including executives, shall keep, within reasonable cost, time records supporting labor charged to separately identifiable goods and services performed for Client Companies. Time records are kept in a timekeeping management system or manually on time sheets.

Employees will record time weekly in a minimum of one-hour increments. Departments may elect to record employees' time in increments smaller than an hour to meet special needs.

The employee's immediate supervisor will review and approve time reports. The BSC Controller's organization will be the authorized delegate for the review of executive time records. Time records will be maintained in accordance with record retention requirements set forth in the Exelon record retention policy and schedule.

Billing and Review

BSC shall prepare a monthly invoice report detailing the services / products provided by Service Area for each Client Company. Payment shall be made by the Client Company by making remittance or by making (offsetting) accounting entries of the amount billed. Payment term (or appropriate offsetting accounting entries) is within thirty days of receipt.

Dispute Resolution Procedure

In the event there is a dispute between the Client Company and BSC regarding a billing methodology and/or amount, representatives of the Services and Client Companies will meet to discuss the issue. If a resolution cannot be reached among the Parties, the issue will be referred to each Party's executive management for final resolution.

Internal Audit Control

Internal Audit, under the direction of the General Auditor, will conduct periodic reviews of BSC's business processes and systems to ensure that the services provided are properly documented and charged to the Client Companies on an appropriate basis. Reviews shall be performed such that all major service areas are evaluated over time. Internal Audit will also conduct reviews of transactions and SLA charge methods to assess whether they comply with

regulatory requirements. Internal Audit will also review the BSC allocations and corporate governance costs every two years.

Internal Audit maintains an independent role and has direct contact to Exelon's Audit Committee. Audit findings, recommendations and progress toward resolution of findings are reported to the Audit Committee and Senior Management as appropriate.

Budgeting

Budgeting for BSC will be a joint effort between it and other Client Companies. Renewal / revision of SLAs for the upcoming budget period will provide the basis for preparing budgets.

Evaluation

BSC will review its costs for competitiveness on a regular basis. Benchmarking and other measurement techniques will be used to the extent deemed appropriate by senior management. Additionally, BSC will also initiate a customer review process to gauge the value and quality of the services provided. Results will be shared with the Client Companies to allow them to evaluate cost effectiveness and assess alternate options.

EXHIBIT A

GENERAL SERVICES AGREEMENT

BETWEEN

EXELON BUSINESS SERVICES COMPANY

AND

EXELON CORPORATION; EXELON ENERGY DELIVERY COMPANY, LLC; COMMONWEALTH EDISON COMPANY; PECO ENERGY COMPANY; EXELON VENTURES COMPANY, LLC; EXELON GENERATION COMPANY, LLC; EXELON ENTERPRISES COMPANY, LLC; UNICOM INVESTMENT INC.; AND THE SUBSIDIARIES, AFFILIATES AND ASSOCIATES OF EACH LISTED ENTITY.

THIS AGREEMENT, made and entered into this 1st day of January, 2001, by and between the following Parties: EXELON BUSINESS SERVICES COMPANY ("Services Company"), EXELON CORPORATION; EXELON ENERGY DELIVERY COMPANY, LLC; COMMONWEALTH EDISON COMPANY; PECO ENERGY COMPANY; EXELON VENTURES COMPANY, LLC; EXELON GENERATION COMPANY, LLC; EXELON ENTERPRISES COMPANY, LLC; UNICOM INVESTMENT INC; AND THE SUBSIDIARIES, AFFILIATES AND ASSOCIATES OF EACH LISTED ENTITY (collectively, the "Client Companies");

WITNESSETH:

WHEREAS, Client Companies, including EXELON CORPORATION, which is registered under the terms of the Public Utility Holding Company Act of 1935 (the "Act") and its other subsidiaries, affiliates and associates desire to enter into this agreement providing for the

performance by Services Company for the Client Companies of certain services as more particularly set forth herein;

WHEREAS, Services Company is organized, staffed and equipped and has filed with the Securities and Exchange Commission ("the SEC") to be a subsidiary service company under Section 13 of the Act to render to EXELON CORPORATION, and other subsidiaries, affiliates and associates of EXELON CORPORATION, certain services as herein provided; and

WHEREAS, to maximize efficiency, and to achieve merger related savings, the Client Companies desire to avail themselves of the advisory, professional, technical and other services of persons employed or to be retained by Services Company, and to compensate Services Company appropriately for such services;

NOW, THEREFORE, in consideration of these premises and of the mutual agreements set forth herein, the Parties agree as follows:

Section 1. Agreement to Provide Services

Services Company agrees to provide to Client Companies, upon the terms and conditions set forth herein, the services hereinafter referred to and described in Section 2, at such times, for such period and in such manner as Client Companies may from time to time request. Except with respect to "Corporate Governance Services" as defined in Section 7 hereof, the Services Company shall perform only those services as are requested by the Client Companies. Services Company will keep itself and its personnel available and competent to provide to Client Companies such services so long as it is authorized to do so by the appropriate federal and state regulatory agencies. In providing such services, Services Company may arrange, where it deems

appropriate, for the services of such experts, consultants, advisers and other persons with necessary qualifications as are required for or pertinent to the provision of such services.

Section 2. Services to be Provided

The services expected to be provided by Services Company hereunder may, upon request by a Client Company, include the services as set out in Schedule 2, attached hereto and made a part hereof. In addition to those identified in Schedule 2, Services Company shall provide such additional general or special services, whether or not now contemplated, as Client Companies may request from time to time and Services Company determines it is able to provide.

Notwithstanding the foregoing paragraph, no change in the organization of the Services Company, the type and character of the companies to be serviced, the factors for allocating costs to associate companies, or in the broad general categories of services to be rendered subject to Section 13 of the Act, or any rule, regulation or order thereunder, shall be made unless and until the Services Company shall first have given the SEC written notice of the proposed change not less than 60 days prior to the proposed effectiveness of any such change. If, upon the receipt of any such notice, the SEC shall notify the Services Company within the 60-day period that a question exists as to whether the proposed change is consistent with the provisions of Section 13 of the Act, or of any rule, regulation or order thereunder, then the proposed change shall not become effective unless and until the Services Company shall have filed with the SEC an appropriate declaration regarding such proposed change and the SEC shall have permitted such declaration to become effective.

Section 3. Changes in Parties

New direct or indirect subsidiaries, affiliates and associates of EXELON CORPORATION, which may come into existence after the effective date of this Services Agreement, may become additional Client Companies of Services Company and subject to this General Services Agreement. In addition, entities which are, as of the effective date of this General Services Agreement, direct or indirect subsidiaries, affiliates and associates of EXELON CORPORATION, may thereafter leave the holding company system, in which case they will no longer be subject to this General Services Agreement. The parties hereto shall make such changes in the scope and character of the services to be provided and the method of assigning, distributing or allocating costs of such services as may become necessary to achieve a fair and equitable assignment, distribution, or allocation of Services Company costs among associate companies taking into account both the new subsidiaries and the subsidiaries which have left the holding company system, subject to the provisions of Section 2 above.

Section 4. Compensation of Services Company

As compensation for the services to be rendered hereunder, Client Companies listed in Attachment A hereto, as revised from time to time, shall pay to Services Company all costs which reasonably can be identified and related to particular services provided by Services Company for or on Client Company's behalf (except as may otherwise be permitted by the SEC). All other Client Companies and their affiliates and associates (see Attachment B) shall pay to Services Company charges for services that are to be no less than cost (except as may otherwise be permitted by the SEC), insofar as costs can reasonably be identified and related by Services Company to its performance of particular services for or on behalf of Client Company.

The services described herein or contemplated to be provided hereunder shall be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The factors for assigning or allocating Services Company costs to Client Company, as well as to other associate companies, are set forth in Schedules 1 and 2 attached hereto. Attachments A and B and Schedules 1 and 2 are each expressly incorporated herein and made a part hereof.

Any charges to the Client Companies on account of use of capital shall reflect a reasonable and efficient capital structure.

Section 5. Securities and Exchange Commission Rules

It is the intent of the Parties that the determination of the costs as used in this Agreement shall be consistent with, and in compliance with, the rules and regulations of the SEC, as they now exist or hereafter may be modified by the Commission.

Section 6. Service Review

The parties shall review each service covered by this Agreement on an as needed basis, to assess the quality of the service and to determine the continued need therefor, and shall, subject to the provisions of Section 2 above, amend the scope of services, delete services entirely from this Agreement, and/or decline services which are not "Corporate Governance Services," as defined in Section 7 hereof, as they determine to be necessary or desirable.

Section 7. Corporate Governance Services.

Whether or not requested by the Client Companies, the Services Company may provide to all Client Companies, and Client Companies shall pay Services Company for, "Corporate Governance Services." Corporate governance consists of those activities and services reasonably determined to be necessary for the lawful and effective management of Exelon System businesses. Corporate Governance Services may be supplied from functions such as accounting, finance, executive, strategic planning, legal, human resources/benefits, audit, corporate communications and public affairs, environmental, health and safety, government affairs and policy, and investor relations. Corporate Governance Services may include, but are not limited to, the following: planning and project evaluation; finance and treasury; accounting and analysis; risk management; tax; shareholder and investor relations; merger and acquisition services; strategic planning; diversity; employee and labor relations; HR planning and development; compensation and benefits; legal services in the areas of securities, PUHCA, employment, regulatory, contract, litigation and intellectual property laws; legal and administrative support to the Board of Directors; environmental compliance activities; ethics and compliance programs; management services for compliance with Federal laws, regulations and other policy requirements, including relationship management with the U.S. Congress and Federal agencies; corporate communications; branding; corporate events; charitable support; community relations and communications to local organizations; and communications to employees.

Section 8. Payment

Payment shall be by making remittance of the amount billed or by making

appropriate accounting entries on the books of the companies involved. Invoices shall be prepared on a monthly basis for services provided hereunder.

Section 9. EXELON CORPORATION

Except as authorized by rule, regulation, or order of the SEC, nothing in this Agreement shall be read to permit EXELON CORPORATION, or any person employed by or acting for EXELON CORPORATION, to provide services for other Parties, or any companies associated with said Parties.

Section 10. Client Companies

Except as limited by law or order of the SEC, Client Companies, their subsidiaries, affiliates and associates may provide services described herein to other Client Companies, their subsidiaries, affiliates and associates on the same terms and conditions as set out for the Services Company.

Section 11. Effective Date and Termination

This Agreement is executed subject to the consent and approval of all applicable regulatory agencies, and if so approved in its entirety, shall be deemed effective from the date that the merger between PECO ENERGY COMPANY and UNICOM CORPORATION was consummated, and shall remain in effect from said date unless terminated by mutual agreement or by any Party giving at least 90 days' written notice to the other Parties prior to the beginning of any calendar year, each Party fully reserving the right to so terminate this Agreement.

This Agreement may also be terminated or modified to the extent that performance may conflict with any rule, regulation or order of the SEC adopted before or after the making of this Agreement. This Agreement shall be terminated with respect to any Client Company immediately upon such Client Company ceasing to be a member of the Exelon holding company system.

The Parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive such termination or expiration.

Section 12. Access to Records

Records will be maintained in accordance with 17 C.F.R. §257 and in any event no less than seven years following a transaction under this Agreement. The Client Company may request access to and inspect the accounts and records of the Services Company, provided that the scope of access and inspection is limited to accounts and records that are related to such transaction.

Section 13. Assignment

This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

EXELON BUSINESS SERVICES COMPANY

By /s/ Ruth Ann M. Gillis
Ruth Ann M. Gillis
Title: President

EXELON CORPORATION,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES, AFFILIATES AND ASSOCIATES

By /s/ J. Barry Mitchell
J. Barry Mitchell
Title: Senior Vice President and Treasurer

EXELON ENERGY DELIVERY COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By /s/ J. Barry Mitchell
J. Barry Mitchell
Title: Vice President and Treasurer

COMMONWEALTH EDISON COMPANY,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By /s/ J. Barry Mitchell
J. Barry Mitchell
Title: Senior Vice President, Treasurer, and Chief Financial Officer

PECO ENERGY COMPANY,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By /s/ J. Barry Mitchell
J. Barry Mitchell
Title: Vice President, Treasurer, and Chief Financial Officer

EXELON VENTURES COMPANY LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By /s/ J. Barry Mitchell
J. Barry Mitchell
Title: Vice President, Treasurer, and Chief Financial Officer

EXELON GENERATION COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By /s/ J. Barry Mitchell
J. Barry Mitchell
Title: Vice President, Treasurer, and Chief Financial Officer

EXELON ENTERPRISES COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By /s/ J. Barry Mitchell
J. Barry Mitchell
Title: Vice President and Treasurer

UNICOM INVESTMENT INC.,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES

By /s/ J. Barry Mitchell
J. Barry Mitchell
Title: Chairman, President and Chief Executive Officer,
Director, Vice President and Treasurer

BALTIMORE GAS AND ELECTRIC COMPANY,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(effective March 12, 2012)

By /s/ Carim V. Khouzami
Carim V. Khouzami
Title: Vice President, Chief Financial Officer and Treasurer

ATLANTIC CITY ELECTRIC COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: /s/ Donna J. Kinzel
Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer and Treasurer

DELMARVA POWER & LIGHT COMPANY
ON BEHALF OF ITSELF AND ITS
SUBSIDIARIES (Effective March 24, 2016)

By: /s/ Donna J. Kinzel
Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer and Treasurer

POTOMAC ELECTRIC POWER COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: /s/ Donna J. Kinzel
Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer and Treasurer

PEPCO HOLDINGS LLC
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: /s/ Donna J. Kinzel
Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer and Treasurer

PHI SERVICE COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: /s/ Donna J. Kinzel
Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer and Treasurer

Attachment A

Commonwealth Edison Company

Commonwealth Edison of Indiana, Inc.

PECO Energy Company

Exelon Generation Company, LLC

Baltimore Gas and Electric Company (effective March 12, 2012)

Atlantic City Electric Company (effective March 24, 2016)

Delmarva Power & Light Company (effective March 24, 2016)

Potomac Electric Power Company (effective March 24, 2016)

PEPCO Holdings LLC (effective March 24, 2016)

PHI Service Company (effective March 24, 2016)

Any subsidiary involved in directly providing goods, construction or services to the foregoing companies.

Attachment B

All other Client Companies and their affiliates and associates not referred to in Attachment A.

Service Agreement Schedule 1

Allocation Ratios:

General:

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved without excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock, shall be fairly and equitably allocated using the ratios set forth below.

Revenue Related Ratios:

Revenues
Sales - Units sold and/or transported
Number of Customers

Expenditure Related Ratios:

Total Expenditures
Operations and Maintenance Expenditures
Capital Expenditures
Service Company Billings
Service Company SLA Billings (Non-governance)

Labor/Payroll Related Ratios:

Labor / Payroll
Number of Employees

Units Related Ratios:

Usage (for example: CPU's, square feet , number of vendor invoice payments)
Consumption (for example: tons of coal, gallons of oil, MMBTU's)
Capacity (for example: nameplate generating capacity, peak load, gas throughput)
Other units related

Assets Related Ratios:

Total Assets
Current Assets
Gross Plant

Composite Ratios:

Total Average Assets and 12 months ended Gross Payroll
Modified Massachusetts Formula
Other composite ratios

Service Agreement Schedule 2

Services Including But Not Limited To:

General:

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved without excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock, shall be fairly and equitably allocated using the ratios set forth in Schedule 1.

Administrative & management services including but not limited to:

accounting
- bookkeeping
- billing
- accounts receivable
- accounts payable
- financial reporting

audit
claims
communications
customer operations
customer services
executive
finance
insurance
information systems services
investment advisory services
legal
library
record keeping
secretarial & other general office support
real estate management
security holder services
tax
treasury
other administration & management services

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Personnel services including but not limited to:

recruiting
training & evaluation services
payroll processing
employee benefits administration & processing
labor negotiations & management
other personnel services

Expected allocation ratios: Labor/Payroll Related, Units Related, Composite

Purchasing services including but not limited to:

preparation & analysis of product specifications
requests for proposals & similar solicitations
vendor & vendor-product evaluations
purchase order processing
receipt, handling, warehousing and disbursement of purchased items contract negotiation & administration
inventory management & disbursement
other purchasing services

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Facilities management services including but not limited to:

office space
warehouse & storage space
transportation facilities (including dock & port, rail sidings and truck facilities)
repair facilities
manufacturing & production facilities
fixtures, office furniture & equipment

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Computer services including but not limited to:

computer equipment & networks
peripheral devices
storage media
software

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Communications services including but not limited to:

communications equipment
audio & video equipment
radio equipment
telecommunications equipment & networks
transmission & switching capability

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Machinery management services including but not limited to:

equipment
tools
parts & supplies

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Vehicle management services including but not limited to:

automobiles
trucks
vans
trailers
railcars
marine vessels
aircraft
transport equipment
material handling equipment
construction equipment

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Operational services including but not limited to:

drafting & technical specification, development & evaluation
consulting
engineering
environmental
safety
nuclear
construction

design
resource planning
economic & strategic analysis
research
testing
training
customer solicitation
support & other marketing related services
public & governmental relations
other operational services

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Exhibit B

Service Level Arrangement

Arrangement between _____ Services Department and [Client Company]

Scope

Governing Agreement

Term of Service

Services

Scope of Services

Service Responsibility Matrix [Included in Service Catalog]

Services, Tasks		

Billing Approach [Included in Service Catalog]

Pricing Table:

Service, Product # and Description	Billing Approach, Basis, Service Owner

Performance Metrics & Performance Reporting [Included in Service Catalog]

Signatures	
Exelon Business Services Company, LLC _____ _____ Signature Date	Name (Client) Title _____ _____ Signature Date

Exelon BSC Service Catalog – 2023

Contents

INTRODUCTION 3
SERVICE TABLE DEFINITION 3
COMPLIANCE, AUDIT AND RISK SERVICES 5
Compliance, Audit and Risk Services Introduction 5
Compliance, Audit and Risk Services Table 5
CORPORATE & INFORMATION SECURITY SERVICES (CISS) 8
Corporate & Information Security Services Introduction 8
CISS Services Table 8
CORPORATE AFFAIRS 22
Corporate Affairs Introduction 22
Corporate Affairs Services Table 22
CORPORATE STRATEGY, INNOVATION & SUSTAINABILITY 28
Corporate Strategy, Innovation & Sustainability Introduction 28
Corporate Strategy & Sustainability Services Table 28
EXECUTIVES (INCLUDES GCAS) 33
Executives (Includes GCAs) Introduction 33
Executives (Includes GCAs) Services Table 33
EXELON UTILITY OPERATIONS (INCLUDES TRANSMISSION STRATEGY & COMPLIANCE) 36
Introduction 36
Exelon Utility Operations (Includes Transmission Strategy & Compliance) Services Table 36
FINANCE 45
Finance Introduction 45
Finance Services Table 45
CORPORATE DEVELOPMENT 50
Corporate Development Introduction 50
Corporate Development Services Table 50

INVESTMENTS **52**
Investments Introduction 52
Investments Services Table 52
GOVERNMENT AND REGULATORY AFFAIRS & PUBLIC POLICY **54**
Government and Regulatory Affairs & Public Policy Introduction 54
Government and Regulatory Affairs & Public Policy Services Table 54
HUMAN RESOURCES **57**
Human Resources Introduction 57
Human Resources Services Table 57
IT **83**
IT Introduction 83
IT Services Table 83
LEGAL SERVICES **111**
Legal Services Introduction 111
Legal Services Table 111
REAL ESTATE **117**
Real Estate Introduction 117
Real Estate Services Table 117
SUPPLY **121**
Supply Introduction 121
Supply Services Table 121
TRANSPORTATION **132**
Transportation Introduction 132
Transportation Services Table 132
APPENDIX A **134**
IT RxQ Technical Services Table 134

Introduction

This EBSC Service Catalog describes all EBSC Services and standard levels of service delivery offered and provided by EBSC Practice Areas to all Exelon's Client Companies.

Practice Areas are:

- Compliance, Audit and Risk
- Corporate & Information Security Services (CISS)
- Corporate Affairs
- Corporate Strategy, Innovation, & Sustainability (CSIS)
- Executives (Includes GCAs)
- Exelon Utility Operations (Includes Transmission Strategy & Compliance)
- Finance, Investments, Development, and Risk
- Government and Regulatory Affairs & Public Policy
- Human Resources
- IT
- Legal Services (Includes Corporate Governance)
- Real Estate
- Supply
- Transportation

Exelon Business Services Company ("BSC" or "EBSC") establishes a Service Level Arrangement (SLA) document with each Client Company to which they provide services. Each EBSC SLA between EBSC and a Client Company documents the specific list of EBSC Services by Practice Area provided to each Client Company as well as any additional Affiliate Specific Assumptions that may be uniquely requested by or provided to that Client Company.

Service Table Definition

Service Table includes:

- **Service ID and Service Name,** which identifies the service within the Inter-Company Billing system.

- **Service Description**, which describes the content and scope of the EBSC Practice Area Services.
- **Service Owner,** leader accountable for the definition, direction and delivery of the service, typically a VP or higher.

FERC Account and Billing Approach Table includes:

- **Service ID and Service Name,** which identifies the service within the Inter-Company Billing system.
- **Major Client FERC Account,** identifies the account per the Federal Energy Regulatory Commission (FERC) uniform system of accounts **Billing Approach**, which includes Allocated and Direct:
    - **Allocated**: When the services provided are not specifically assignable to one specific client company and will benefit multiple client companies, the service cost is allocated to the client companies based on a cost causative method.
    - **Direct**: Typically used when resources or costs are attributable to service delivery to one specific customer. Examples include Time and Material costs that are tracked and billed to customers and **R*Q (Unit Based):** Used when service cost is tied to units of a service consumed by a customer (service driver). During the planning period, demand is forecasted, total cost of service delivery is budgeted, and Unit Price (Rounded) is determined by: [Service Budget] / [Total Forecasted Demand]. Monthly charge is based on [Actual monthly BU Demand] * [Unit Price]. Direct charges can also be billed through positive time reporting or projects billed to a specific customer.
- **Basis,** which describes the demand or allocation driver or basis of the billing method.

Performance Measurement Table:

The Performance Management section is optional and can be used to outline the standard by which the practice area monitors and reports performance, the level of service that will be expected to be met at a minimum, and target levels that will be expected to be met or exceeded on negotiated timelines (if applicable).

Responsibilities Table:

The Responsibilities section of the SLA is optional and can be used to provide clarity and ownership of the responsibilities between EBSC and the Client Company and/or Identify who is responsible for each activity or decision that is required to provide or receive a service.

Compliance, Audit and Risk Services

Compliance, Audit and Risk Services Introduction

The Compliance, Audit and Risk Services function encompasses three separate but complementary teams: Compliance & Ethics, Enterprise Risk Management, and Exelon Audit Services.

Compliance, Audit and Risk Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner

646	Exelon Audit Services	• Provide internal controls assurance and stewardship as well as operational assurance including, but not limited to:
		  • Review the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information.
		  • Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
		  • Review and test established systems of internal control to ascertain whether they are functioning as designed.
		• Coordinate with other control and monitoring functions (e.g. risk management, compliance, CISS, legal, ethics, environmental, external auditors, etc.) and enable control owners and self-assessors.
		• Service offerings include Assurance and Business Enablement (inclusive of Sarbanes Oxley and anti-fraud).
			SVP, Audit Services

953	Compliance & Ethics	• Provides governance and oversight for Exelon's compliance with its regulatory and compliance obligations, including working with business units to ensure compliance risks are regularly assessed, appropriate controls are designed, implemented, and tested, and appropriate guidance is provided regarding compliance issues. • Provides enterprise-wide support and representation of business units on bulk electric system reliability and cybersecurity compliance matters. • Oversees and supports the delivery of training and awareness communications across the enterprise on topics implicating regulatory compliance and ethics risks.	EVP Compliance, Audit and Risk

Service ID	Service Name	Service Description	Service Owner
		• Serves as the primary resource for ethics advice and interpretation of the Code of Business Conduct, including management of Code disclosures and attestations. • Maintains a Help Line and a dedicated web portal (hosted by a third-party) for stakeholders to report concerns regarding potential ethical, compliance or legal violations. The Ethics Help Line and web portal offer anonymous reporting options 24-hours a day, every day of the year. • Actively monitors the receipt of Help Line reports or other reports of potential violations of the Code of Business Conduct and ensures each report is properly assessed and, when warranted, oversee and complete objective investigations and participate in the process for determining appropriate corrective action when wrongdoing is substantiated. •	
638	BSC Enterprise Risk Management Services	• Enterprise risk management, governance, and oversight • Responsible for the development of a comprehensive enterprise risk framework with policies/processes and implementation of enterprise reporting of risk metrics and limits • Understand and assist in mitigating all potential enterprise-wide risks • Administration and governance of OpCo level Risk Management Committee (RMC) meetings & content	EVP Compliance, Audit and Risk
233	Risk As Requested	• As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors	EVP Compliance, Audit and Risk
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	EVP Compliance, Audit and Risk
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	EVP Compliance, Audit and Risk

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
646	Exelon Audit Services	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529210	Modified Massachusetts Formula
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method
953	Compliance & Ethics	923 – Outside Service Employed	Direct - 529200	Modified Massachusetts Formula
			Allocated - 529210	
638	BSC Risk Management Services	923 – Outside Service Employed	Direct - 529050	Modified Massachusetts Formula
			Allocated - 529060	
233	Risk As Requested	923 – Outside Service Employed	Direct - 529050	Time and Materials

Responsibilities

Exelon Audit Services provides an independent, objective assurance and advisory activity designed to add value and improve operations. It works to help an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. The role and responsibilities of Audit Services is overseen by the Audit and Risk Committee of the Board of Directors of Exelon and is part of the Exelon Compliance, Audit, and Risk organization.

Compliance & Ethics works across the enterprise to identify, assess, and ensure the mitigation of risks concerning Exelon's compliance with applicable laws, regulations, the Exelon Code of Business Conduct and other company policies, and sustain a culture of integrity. It also is responsible for receiving and ensuring the independent investigation of concerns about potential violations of regulatory compliance obligations and company policies, including the Code of Business Conduct.

BSC Enterprise Risk Management has responsibility for Enterprise Risk Management governance and oversight.

BSC Compliance, Audit and Risk

Corporate & Information Security Services (CISS)

Corporate & Information Security Services Introduction

BSC Corporate & Information Security Services ("CISS") provides governance and functional oversight for physical and cyber security controls and services.

CISS Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
444	Cyber Security Projects	Exelon CISS Project Delivery Services provides deliverables for projects including planning, design, and implementation of solutions	SVP, CSO
445	Physical Security Projects	Exelon CISS Project Delivery Services provides deliverables for projects including planning, design, and implementation of solutions	SVP, CSO
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	SVP, CSO
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	SVP, CSO

Service ID	Service Name	Service Description	Service Owner
930	Business Continuity and Crisis Management	**Business Continuity** • Business Continuity Services encompass governance, oversight, support, and perform functions; in addition to an established 'all-hazard' methodology; annual business continuity plan reviews and consultation with all BUs; new business continuity plan development; major exercise design and facilitation; business impact analysis; Business Unit scorecards; LDRPS system administration; Business Continuity Planners assist with minor updates throughout the year to their respective business continuity plan(s). **Crisis Management** • Crisis Management facilitates effective Business Unit and Corporate response to emergencies; on-call support; maintain and automate Business Unit crisis management notification protocols; support corporate crisis management team; provide situational awareness and monitor adverse conditions; maintain and staff incident command center; administer Company's automated mass notification system and conduct site notification drills; provision GETS/WPS for BSC.	SVP, CSO
940	CISS Governance, Oversight and Strategy	Overall executive and oversight of all CISS services provided throughout the enterprise to include security Governance and Oversight of the entire Exelon security infrastructure. **Strategy and Planning** • Develop and provide CISS strategic and business planning, operational and financial performance reporting, financial management, project management, contract administrative support, executive and organizational support **Awareness and Training and Change Management:** • Develop and provide CISS communications and change management services; develop and provide security related security awareness and training materials to business units (i.e., Phishing susceptibility, general security awareness, workplace violence, street awareness, security in the field, fraud detection)	SVP, CSO

Service ID	Service Name	Service Description	Service Owner
		Policy Governance and Oversight, Security Risk Management • Security policies development. Provides stakeholders with an assessment of the adequacy of the organization's security controls to protect the confidentiality, integrity, and availability of assets and information. Strategic/regulatory policy liaison with EEI, AGA, FERC, NERC, DHS, LLEA, and engagement with Exelon executives on external security policy and compliance matters. • Establish policies and programs which align with National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) subcategories. Manage the development, review, approval, dissemination, and retirement of Exelon security program documents. • Support the organization in assessments and annual certification for in-scope assets to ascertain adherence to the security controls. Track risks associated with not meeting security controls on per exception basis. • Support the organization in developing security controls, countermeasures and safeguards that can cost effectively mitigate risk exposure to an acceptable level (includes exceptions analyses). **Third Party Risk Management** • Perform assessments of third party's security measures, addressing third party risk management, and managing third-party threat response process; work with asset owners to develop plans to mitigate or resolve risks	
941	Identity and Access Management & Personnel Screening	• Physical Access provisioning/de-provisioning of employee & contractor physical access to facilities for Exelon non-nuclear BUs. Includes the setup of request workflows, access levels, and approvers groups, as well as encompasses all reporting required for SOX and CIP compliance. • Logical Access provisioning and revocation of Active Directory accounts in Exelon domains, as well as cyber access to applications, file shares, and designated email functions in Exelon domains. Additionally, it covers workflow development and approver group creation,	SVP, CSO

Service ID	Service Name	Service Description	Service Owner
		conversions for contractors to employees, affiliate transfers, and new large scale application deployment in Exelon domains. Also includes the creation of AD accounts, accounts not assigned to a person, the setup of new locations, and all reporting required for SOX and Critical Infrastructure Protection (CIP) compliance in Exelon domains. • Background Investigations - Personnel Risk Assessments (PRA) conducted on candidates for new hire, staff augmentation contractors, employees being promoted to the E05 and above; and on any employee or contractor requiring access to a NERC CIP asset per the requirements of CIP-004 R3.	
942	Exelon Security Operations Center (ESOC)	• Alarm Monitoring and Response: Exelon Security Operations Center (ESOC) includes operation of 24/7 monitoring and response for enterprise non-NERC and NERC CIP-related intrusion detection and access control system. 24-hr hub for all emergencies reporting including access control monitoring, security officer dispatch, 911, and other emergency responses; video surveillance including active and passive monitoring; alarm point monitoring including video alarm and duress alarm; and technical project management/ implementation. • Physical Protection: Security Call Center; Security System Maintenance Tracking; Substation Ingress/Egress Access Tracking. Aligned with ESOC. • Enterprise Physical Security Systems Management: Administrator and business owner of non NERC and NERC CIP-related enterprise security alarm and access management systems. • Tuning and calibration of electronic access control points, intrusion detection system, and video surveillance systems, and system administrator for Security Applications incl. CCure, ExcaqVision, ESM, DMP, JIRA. Design, manage, and review access control groups. Business owner of Security Applications, support and coordinate SCP activities to mitigate impacts to BUs. • PACS Operation (Access Control, Video and intrusion detection hardware and software). PACS System enhancements - above and beyond compliance innovations. NERC Ancillary	SVP, CSO

Service ID	Service Name	Service Description	Service Owner
		Systems Support (i.e. eKey, ACAS, IT Server and Network. PSZ and LPAP), physical security control implementation. • Provide BUs with support when new or redesign of non-NERC security systems (intrusion detection, electronic access control, video surveillance systems) are required. Includes managing design, installation, integration, and ESOC acceptance and turnover testing. Service includes providing technical details/scope of work for RFPs.	
945	Cyber and Information Security Services	**Cyber Defense Operations** • Provides 24/7 proactive monitoring of security risks for IT, ICS and other OT Systems. This function receives alerts from a variety of defense mechanisms such as web and email filtering, anti-virus protections, custom rules and signatures, and then prioritizes these alerts for analysis. Key sub-functions include: • System Engineering is dedicated to ensuring the operation of cybersecurity monitoring systems. Systems Engineering's primary area of focus is Endpoint (AV) protection, Security Monitoring Logging and ingress/egress Intrusion Protection System/Intrusion Detection System implementation. • Cyber Threat Intelligence (CTI) provides proactive and predictive indications and actionable intelligence by utilizing information from federal, state, local and open source entities to the following: o Cybersecurity Monitoring– Provide indicators of compromise (IOCs) gleaned from available reporting for inclusion into network defenses o Incident Response – After vetting intelligence, CTI analysts work alongside forensic team members during investigations o Forensics – As requested, CTI analysts work alongside forensic team members during investigations o Engagement with Federal Agencies (FBI, DHS, E-ISAC, etc.) – when an investigation is completed or new information that is deemed shareable is made discovered, the CTI analyst will share the information to various Cyber Intelligence groups **Incident Response**	SVP, CSO

Service ID	Service Name	Service Description	Service Owner
		• Primary objective is to respond to incidents in a methodical manner following these phases: (1) Detect, (2) Contain, (3) Eradicate, (4) Recover, (5) Post Incident Analysis. Incident Response is the escalation point for incidents identified by Monitoring and is responsible for handling any issues that necessitate further investigations. • Engages in proactive threat hunting, reviewing data from CSOC and ESOC tools looking for advanced threats. • Routinely prepares for responding to cybersecurity and physical security incidents by planning and executing drills, hosting Lunch & Learn information sessions, attending technical training, and cross training with other members of the team. **Cyber Security Architecture and Engineering** • Oversee and maintain system and application controls to protect unauthorized access, disclosure, modification and deletion of information. Key activities include: • Integrate cybersecurity architecture requirements and controls into the Exelon System Development, Project Management, and Procurement Lifecycles • Establish repeatable enterprise cybersecurity architecture templates and design standards • Incorporate cyber security requirements from legislation, directives, policies, regulations, standards, best practices, and relevant guidance into enterprise cyber security architecture and engineering templates and solutions • Conduct cybersecurity risk assessments on new projects to ensure requirements are established and maintained throughout the project lifecycle • Provide cybersecurity expertise to the ICS/SCADA and other Operations Technology (OT) systems used to support reliable operations for Exelon's electric operations, gas operations, and customer operations functions • Supervise changes in software, hardware, facilities, telecommunications and user needs to ensure security is maintained • Provide NERC CIP program support to registered entities in the development of RSAWs, Self-Assessment and Certification process, audit preparation/presentation, and mitigation plan development and implementation for OT assets	

Service ID	Service Name	Service Description	Service Owner
		• Provide guidance and support to protect systems that support flight operations, logistics, and maintenance activities from compromise, including supply chain considerations. **Cyber Vulnerability Detection & Management** Vulnerability Management: Performs risk-driven vulnerability assessments of Exelon's key Electronic Information Assets, identifies vulnerabilities, and tracks remediation. Key activities include: • Inform and work with Security Patch Administrators regarding identifying and analyzing appropriate security patches · Perform rotating weekly vulnerability scans of all EIA in Exelon's major datacenters, identify vulnerabilities, identify asset owners, and track remediation • Monitor security advisories for vulnerabilities in security patches • Communicate critical patch information, as necessary, to all appropriate stakeholders • Review security configurations on Electronic Information Assets • Review proposed changes to the existing firewall rule base, assess the change for risk and approve/reject requests **Digital Forensics Incident Response** The Digital Forensics Team manages the collection and analysis of electronic evidence to help form a better understanding of an incident or investigation, followed by the reporting of those findings in a clear, concise manner. Incidents generally refer to cyber intrusions, while investigations generally refer to inquiries from Legal or HR. Throughout the investigation process, steps are taken to prove evidence is NOT modified in any way by the investigator or tampered with by others.	

Service ID	Service Name	Service Description	Service Owner
		Systems Support Team provides internal support to CISS cybersecurity monitoring and response infrastructure (i.e., intrusion prevention systems, security information and event management systems	
946	CISS Executive Security & Transportation	Administers and carries out the executive protection program, responsible for planning security surrounding official functions, 24/7 emergency response and secure transportation of executives as assigned.	SVP, CSO
947	CISS Physical Client Services	CISS Physical Client Services functions are performed for the Corporate BU. Security Site Assessments (SVAs): Security (threat/risk) assessment, findings, and remediations of facilities and critical operating processes. Investigations: Includes the key functions of Investigations. Investigations: Partnering with HR, Ethics/Legal, Audit and BUs to provide objective and independent reviews of allegations or concerns. The methodology is established for completing analytical documentation & forensic reviews, conducting interviews, and providing detailed investigative reports to management. Personnel Security / Non-Investigative Client Services: Includes the key functions of: • Training: Develop and implement annual In-Service Training to ensure adherence with the Exelon Use of Force and Firearms Policy. Provides training, knowledge and equipment to those who may be tasked with the responsibility of responding to an unexpected medical emergency or critical incident which contributes to the safety and security of Exelon employees and assets. The program provides a tactical-level training platform for proprietary security personnel, in particular, those who are required to carry a firearm. Also, develop and facilitates Workplace Violence Prevention Program: assessments, training, and response to mitigate the potential effect of any allegation or adverse act. • Guard Force Deployment: deploys uniformed armed and unarmed contract Security Officers	SVP, CSO

Service ID	Service Name	Service Description	Service Owner
		and/or Off Duty Law Enforcement at various locations throughout the enterprise to perform both routine and emergency security duties. • Security personnel maintain a robust liaison program with a wide spectrum of Law Enforcement and Security-related agencies. These relationships and memberships provide Exelon with timely security intelligence reports or threats and assists management with valuable benchmarking data. Provide oversight for aligned utility focused Security Programs of client companies to support business objectives and drive performance.	
949	Regulatory Requirement Compliance	CISS NERC CIP Services – Physical: CIP-006 and CIP-014 Program Development and Maintenance; Regulatory NERC Audit Support. Preventive and Corrective Maintenance efforts and documentation; Event Response; BU self-assessments and self-certifications; Investigation/evidence collection efforts, corrective actions, mitigation plans; NERC physical security training development and delivery; Management model documentation and maintenance. CISS NERC CIP Services – Cyber: Enterprise Standard Owner (ESO): Programmatic ownership of the CIP- 004, -006, -008, -013, -014 CIP standards for the Enterprise, perform control obligations and oversee performance by BUs; drive continuous improvements; drive collaboration to define standard approach to meet operational and compliance requirements (Exelon Compliance Review Team (CRT)) Security Control Functions: Perform operational security control obligations on behalf of the Registered Entities; establish and implement internal controls for Security Control Functions to reduce security and compliance risk; provide guidance and support on implementing security	SVP, CSO

Service ID	Service Name	Service Description	Service Owner
		control functions for new/upgrade projects; collect, review and approve performance evidence; represent Security Control Functions as Subject Matter Experts during regulatory audits. CISS Owned NERC Assets (CIP-002 obligations): Maintain in-scope CIP Cyber Assets as compliant with the requirements (patching, baseline management, etc.). Other regulatory support (incl Defense Federal Acquisition Regulations compliance) DHS Chemical Facility Anti-Terrorism Standards (CFATS): Provide governance and oversight for implementation of CFATS and partner with the Business Units to ensure compliance.	
936	Intelligence and Threat Analysis	Security Intelligence Services provides intelligence gathering and analytical services across the enterprise. This includes analysis of cyber and physical threats as well as tracking of special events and threats to determine the potential impact and development of mitigation strategies. Security Awareness and Analytical Training on demand includes the development and delivery of security-related training addressing common cyber threats, requested reports and special event and analytical project support. Foreign Travel Program Management provides Security Services for international travelers to include tracking of employees worldwide, emergency alerts to employees, a hotline for international travel issues as well as political and medical emergency extraction services.	SVP, CSO
924	As Requested CISS Projects	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	SVP, CSO

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
444	Cyber Security Projects	FERC Accounting to be determined with FERC Reporting groups during each individual project creation	Direct - 529350	Time and Materials
			Allocated – 529360	Modified Massachusetts Formula
445	Physical Security Projects	FERC Accounting to be determined with FERC Reporting groups during each individual project creation	Direct – 529350	Time and Materials
			Allocated – 529360	Modified Massachusetts Formula
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated – 529610	Total Service Billings
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct – 529700	Time and Materials
			Allocated - 529710	Cost Causative Method
930	Business Continuity and Crisis Management	923 – Outside Service Employed	Direct – 529350	Time and Materials
			Allocated – 529360	Modified Massachusetts Formula
940	CISS Exec Governance and Oversight and Strategy	923 – Outside Service Employed	Allocated – 529360	Modified Massachusetts Formula

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
941	Identity and Access Management and Personnel Screening	923 – Outside Service Employed	Allocated – 529360	User ID logins or # of employees
942	Exelon Security Center Operations (ESOC)	923 – Outside Service Employed	Direct – 529350	Time & Materials
			Allocated – 529360	Alarm Points Monitored
945	Cyber and Information Security Services	923 – Outside Service Employed	Allocated – 529360	Modified Massachusetts Formula or % of Total IT Infrastructure Billings
946	CISS Executive Security & Transportation	923 – Outside Service Employed	Allocated – 529360	Modified Massachusetts Formula
			Direct – 529350	Time & Materials
947	CISS Physical Client Services	923 – Outside Service Employed	Direct – 529350	Time and Materials
			Allocated – 529360 for Corporate Svcs	Modified Massachusetts Formula
949	CISS NERC CIP Compliance	923 – Outside Service Employed	Allocated – 529360	NERC CIP Registered Access Controlled Doors or NERC registered critical IT assets

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
936	Intelligence and Threat Analysis	923 – Outside Service Employed	Allocated – 529360	Modified Massachusetts Formula
924	As Requested CISS Projects	FERC Accounting to be determined with FERC Reporting groups during each individual project creation	Direct – 529350	Time and Materials
			Allocated – 529360	Modified Massachusetts Formula

Responsibilities

Corporate and Information Security Services

Task / Responsibility	Exelon BSC CISS	Client Company
Report all CISS related concerns to the Exelon Security Operations Center.		X
All Enterprise physical access control systems must be connected to the ESOC at the direction of Corporate and Information Security Services.		X
CISS must be notified of all foreign travel on behalf of Exelon, this notification occurs automatically when utilizing approved travel		X
CISS for Corporate Events shall be coordinated through Corporate and Information Security Services.	X	
CISS shall provide materials to support training for Violence in the workplace and other CISS related topics as requested.	X	
CISS system design changes or requests for changes will be coordinated by CISS.	X	

Task / Responsibility	Exelon BSC CISS	Client Company
All costs for new physical CISS equipment or systems, as well as repairs or maintenance to those systems or equipment shall be borne by the OPCO.		X
All costs for armed or unarmed guards shall be borne by the business unit requesting this service.		X

Corporate and Information Security Services Performance Metrics Table

See CISS Business Plan for performance metrics.

Corporate Affairs

Corporate Affairs Introduction

Corporate Affairs' role is to protect and enhance Exelon and OpCos' reputations; foster a strong corporate character based on purpose, culture and values; build, manage and balance the interests of multi-stakeholder relationships; and serve as strategic business partners and trusted counselors to leaders. To maximize our impact and cost effectiveness, we focus our team and resources on strategic priorities and data-driven campaigns that advance Exelon and the OpCos' business and policy goals.

Corporate Affairs Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
668	Corporate Affairs Operations	External: Management of external communications strategies and tactics on behalf of the parent company, Exelon Corporation, including • media relations; • issues and crisis management; • executive communications; • branding, marketing and advertising; • digital and social media content and channel management; Internal: Management of internal communications strategies and tactics on behalf of Exelon to all employees including: • Developing research-based strategies, direction and content for employee communications. • Creating and distributing company-wide communications such as leadership communications, road shows/town halls, email notifications, videos, special content sites, and the intranet. Enterprise: Provide strategic communications counsel and support to Exelon operating companies and BSC departments. Informational Advertising: Development and implementation of advertising across traditional (radio, TV, outdoor) and non-traditional channels (digital, social,	SVP, Corporate Affairs, Communications and Philanthropy Director, Marketing, Digital and Brand Director, Media Relations Director, Internal Communications

Service ID	Service Name	Service Description	Service Owner
		terrestrial/streaming radio and audio) for Exelon Corporation and the Operating Companies to educate/inform customers and other audiences. Promotional Advertising: Development and implementation of advertising across traditional (radio, TV, outdoor) and non-traditional channels (digital, social, terrestrial/streaming radio and audio) for Exelon Corporation and the Operating Companies to educate/inform customers and other audiences.	
611	Corporate Contributions	Governance, strategic and tactical management of Exelon Corporation's charitable contributions, sponsorships, employee volunteer program, and associated internal communications activities designed to benefit the customers and communities that Exelon serves and enhance Exelon's corporate reputation.	VP, Corporate Relations
644	Lobbying & Influence Public Opinion	• Lead public affairs and advocacy campaigns in support of key federal and state policy goals • Oversight of advocacy digital and social tools, campaigns and strategy	Director, Public Advocacy
833	BSC Revenue Adjustment	• The difference between actual cost and revenue from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings	SVP, Corporate Affairs, Communications and Philanthropy
733	BSC AV- Field Photography	• Field Photography • Studio Photography • Photo Printing • Digital Retouching • File Management. Services that are requested outside of standard business hours (8am – 5pm Local Time), will have overtime billed as an As Requested service.	Director, Marketing, Digital and Brand
738	BSC AV - Creative Media and Video Services	• Video production, including conceptualization and production of videos for employee communications, training, safety awareness, presentations, and TV and radio marketing • Coordination of freelance photographers, videographers and other talent. • Field and studio photography, printing and retouching • File Management Examples of jobs: video production; flash/multimedia production; photography	Director, Marketing, Digital and Brand

Service ID	Service Name	Service Description	Service Owner
		Services that are requested outside of standard business hours (8am – 5pm Local Time), will have overtime billed as an As Requested service.	
665	BSC Corporate Affairs As Requested	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	SVP, Corporate Affairs, Communications and Philanthropy
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	SVP, Corporate Affairs, Communications and Philanthropy

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
668	Communications Operations	930.1 – General Advertising Expenses 923 – Outside Service Employed (Communications Operations)	Direct - 529100	Time and Material
			Allocated - 529110	Modified Massachusetts Formula
611	Corporate Contributions	426.1 - Donations	Direct - 529100	Time and Material
			Allocated - 529110	Modified Massachusetts Formula
644	Lobbying & Influence Public Opinion	426.4 - Exp-civic/political activities	Direct - 529100	Time and Materials
			Allocated - 529110	Modified Massachusetts Formula
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529110	Modified Massachusetts Formula
733	BSC AV- IL Field Photography	923 – Outside Service Employed	Direct – 529100	Time and Materials
			Allocated - 529110	Modified Massachusetts Formula

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
738	BSC AV - Creative Media and Video Services	923 – Outside Service Employed	Direct – 529100	Time and Materials
			Allocated - 529110	Modified Massachusetts Formula
665	BSC Corporate Affairs As Requested	923 – Outside Service Employed	Direct – 529100	Time and Materials
			Allocated - 529110	Modified Massachusetts Formula

Responsibilities

Task / Responsibility	BSC Practice Area	Client Company
Communications Operations		
Identify and analyze client companies' key initiatives and issues	X	
Develop communications strategies and plans in coordination with client companies to support business objectives and drive favorability	X	X
Implement and manage client companies' communications strategies and plans	X	X
Develop internal communications strategies and plans in conjunction	X	
Manage creation, production and distribution of Exelon-wide employee communication vehicles	X	
Provide input, as requested, for Exelon-wide employee communications vehicles		X
Manage content creation, production, publishing and monitoring across Exelon social media channels	X	
Work with IT to develop and manage the governance, strategies and policies that guide content on the internet and intranet	X	
Develop and implement external communications strategy and tactics	X	
Public Affairs		
Lead public affairs and advocacy campaigns in support of key federal and state policy goals	X	
Coordinate activities with Federal and State Government Affairs	X	
Oversight of advocacy digital and social tools, campaigns and strategy	X	
Allocate resources as identified to support public advocacy initiatives	X	X
Informational & Promotional Advertising		

Corporate Affairs

Task / Responsibility	BSC Practice Area	Client Company
Develop and manage Exelon Corporation's and the Client Company's branding strategy (logo standards and guidelines, documentation templates)	X	
Develop overall Exelon Corporation advertising strategy and approach	X	
Review and approve campaign concepts	X	X
Manage advertising agencies, i.e., creation of campaigns, placement of advertisements and the budget	X	X
Approve creative content and implementation of advertising campaigns	X	X
Approve cost of advertising campaigns, including traditional and non-traditional media channels	X	X
Approve selection of new advertising agencies upon termination of contracts	X	X
Corporate Contributions		
Manage Exelon Corporation's corporate contributions and sponsorship program; and the employee volunteer program	X	
Promote the employee volunteer program within the Client Company	X	X
Provide governance and support for charitable contributions, manage the Corporate Citizenship Review Committee process and provide systems and process necessary to track giving across Exelon Corporation	X	
Submit the appropriate contribution requests to the CCRC for review and approval	X	X
Media Production Services		
Identify scope of work and schedule required		X
Develop approach and range of services to meet requested scope of work and schedule	X	
Develop bid (statement for work including items to be produced and estimated price) and timeline (schedule for delivery)	X	
Approve bid and timeline. Supply accounting information		X
Deliver services and production items as per approved bid and agreed timeline	X	

Note: Each utility has embedded Communications functions that are directly billed to the respective operating companies.

Performance Measurement

Corporate Affairs Performance Metrics Table

Reference the Corporate Affairs Business Plan for performance metrics.

Corporate Strategy, Innovation & Sustainability

Corporate Strategy, Innovation & Sustainability Introduction

The Corporate Strategy, Innovation & Sustainability (CSIS) group provides strategic support for senior leadership; program leadership for Exelon's sustainable growth strategy; and corporate-wide governance, oversight and support for the innovation and sustainability functions.

CSIS will manage strategic issues of the company, set context for strategic decisions and long-term investments, articulate a corporate strategic plan, and support the development and communication of Exelon's vision, and de-risk opportunities for the business units by leading enterprise-focused technology development adoption. CSIS supports the chief executive officer, board of directors and Executive Committee in identifying and analyzing strategic issues, and coordinates with the business units and various corporate functions to address these issues.

CSIS will provide governance and oversight to ensure that Exelon maintains effective programs for developing climate strategy, setting and tracking voluntary sustainability goals, and reporting sustainability performance.

Corporate Strategy, Innovation & Sustainability Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
644	Lobbying & Influence Public Opinion	• Supporting environmental policy and regulatory lobbying activities, including research and other background work to support developing a corporate position. • Coordinate, and support as necessary, the development of positions, comments, testimony, etcetera for emerging environmental regulatory and legislative policy issues, in support of Exelon advocacy initiatives • Communicate Exelon's environmental, social and governance (ESG) performance through an annual corporate sustainability report, other voluntary reporting, information on websites, speeches, etcetera	SVP, Corporate Strategy, Chief Innovation & Sustainability Officer

Service ID	Service Name	Service Description	Service Owner
654	Corporate Strategy Services	• Strategic issues analysis and management ○ Maintain forward-looking agenda of key issues facing the company ○ Establish ad hoc teams to analyze issues and develop options for response ○ Maintain proactive role in keeping focus "ahead of the curve" ○ Support CEO and Leadership Team to develop key focus areas, agenda and staff support for business meetings • Corporate Strategic Planning ○ Together with Financial Planning, implement a structured approach to strategic and long-range planning that integrates analysis of strategic issues into the planning process ○ Corporate Strategic plan provides framework for aligning business planning with corporate objectives ○ Organize business content for Board Strategy Retreat • Vision, communications of vision and strategy, strategic literacy ○ Support senior leadership in defining and articulating a corporate vision ○ Cascade vision through organization, aligning and engaging employees ○ Partner with HR and Corporate Communications to drive strategic business literacy throughout the corporation ○ Provide for communications of key strategic issues by managing bi-annual Leadership Meetings ○ Compile, assess and present recommendations to senior leadership for improving Exelon's environmental and safety performance. ○ Maintain the Exelon GHG Inventory, including third-party verification, in support of publicly communicating Exelon's performance. ○ Develop and publish an annual Corporate Sustainability Report communicating Exelon's performance and plans for improving performance and addressing material sustainability issues. • Evaluation of new technology ○ Lead the Technology Exchange – an enterprise-wide cross-functional coordination on the evaluation of new technologies – and present findings to the Executive Committee ○ Partner with the Operating Companies on the execution of a technology strategy identified by the efforts of the Technology Exchange	SVP, Corporate Strategy, Chief Innovation & Sustainability Officer

Service ID	Service Name	Service Description	Service Owner
		○ Establish external relationships and create/manage a platform for collaborative research & development (R&D) efforts and process which deliver robust technology opportunities in a timely manner to support growth. ○ For the Partnership R&D, provide Exelon oversight from conceptualization, formulation and demonstration of the area of development. Coordinate with legal on intellectual property development and protection. ○ Propose and maintain budgets and develop funding and milestone plans for assessing progress and movement to next steps. • Climate Change Investment Initiative ○ Select and invest in innovative startups focused on helping our communities face pressing climate change challenges. ○ Support completion of impact projects in Exelon's territories. • Driving a culture of innovation across Exelon ○ Leveraging a common Exelon innovation methodology, process, toolset and metrics across the enterprise. ○ Administering and participating in Innovation Expos, Innovation campaigns, and various other innovation events ○ Rewarding and recognizing employees for their innovative ideas and efforts ○ Celebrating success and learning from those successes or failures ○ Focusing on innovation education that allows for out of the box thinking, forward looking. • Communications of Innovation vision ○ Facilitating the Innovation Peer Group, Innovation Working Group and other collaborate with Opco innovation teams ○ Execute on the defined strategic initiatives in partnership with embedded OpCo Innovation teams ○ Publish a quarterly innovation update report to executive leaders ○ Participate in both internal and external conferences on innovation ○ Facilitate innovation working groups with members from all business units to drive the culture of innovation • Innovation funding, licensing and contracts ○ Innovation platform license for Innovation Central (Reinvent) ○ Innovation training (Big Think, iToolkit) ○ Ecosystem engagements for new growth opportunities	

Service ID	Service Name	Service Description	Service Owner
693	BSC Corp Strat As Req Srvcs	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	SVP, Corporate Strategy, Chief Innovation & Sustainability Officer
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	SVP, Corporate Strategy & Chief Sustainability Officer
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	SVP, Corporate Strategy, Chief Innovation & Sustainability Officer

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
644	Lobbying & Influence Public Opinion	426.4 - Exp-civic/political activities	Direct - 529200	**Time and Materials**
			Allocated - 529210	**Modified Massachusetts Formula**
654	Corporate Strategy Services	923 – Outside Service Employed	Direct - 529200	**Time and Materials**
			Allocated - 529210	**Modified Massachusetts Formula**
693	BSC Corp Strat As Req Srvcs	923 – Outside Service Employed	Direct - 529200	**Time and Materials**
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529210	**Modified Massachusetts Formula**
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	**Fully Distributed Costs**
			Allocated - 529710	**Cost Causative Method**

Responsibilities

Task / Responsibility	BSC Practice Area	Client Company
Strategic issues analysis and management	X	X
Corporate strategic planning and Corporate strategic plan	X	X
Vision, communications of vision and strategy, strategic literacy	X	
Climate Program leadership, coordination and support	X	

Performance Measurement

Corporate Strategy, Innovation & Sustainability Performance Metrics Table

Reference the CSIS Business Plan for performance metrics.

Executives (Includes GCAs)

Executives (Includes GCAs) Introduction

The Executives Practice Area will provide strategy, policy and governance for Exelon Companies to optimize overall shareholder value while protecting corporate-wide interests and allowing business unit autonomy and accountability.

Executives (Includes GCAs) Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
315	Executive Services	• Office of the President and Chief Executive Officer, Exelon Corporation • Chief of Staff to the CEO • Office of the Executive Vice President and Corporate Operating Officer, Exelon BSC • Chairman of the Board/Board of Directors • Compensation for Board of Directors	Chief of Staff to CEO
876 **855** **831** **784** **832**	BSC GCA SLA, Other Corporate Charges, BSC Interest, BSC Severance, BSC Taxes	Costs incurred for the benefit of the service company as a whole. These costs are allocated as described in the costing section below: • Interest costs on loans from affiliated companies • Interest income earned • Depreciation • Permanent tax differences • Bank fees • Support services incurred by EBSC • Severance costs • Other costs not identifiable to a specific service provider	Chief of Staff to CEO EVP and Corporate Operating Officer
644	Lobbying & Influence Public Opinion	• Management services for compliance with federal, state and local campaign finance and lobbying laws, regulations and other policy requirements including relationship management with federal, state and local legislative and regulatory bodies and Administrative agencies • Direct lobbying activities (attempting to influence discretionary power of government officials) • Supporting lobbying activities, including preparation or planning activities, research and other background work that is intended, at the time of its preparation, for coordination with lobbying activities of others	Chief of Staff to CEO

BSC Executives

Service ID	Service Name	Service Description	Service Owner
		• Coordinate, and support as necessary, the development of positions, comments, testimony, for emerging environmental regulatory and legislative policy issues, in support of Exelon initiatives • Communicate Exelon's economic, social and environmental performance through an annual corporate sustainability report, information on websites, and speeches	
611	Corporate Contribution	Governance, strategic and tactical management of Exelon Corporation's charitable contributions, sponsorships, employee volunteer program, and associated internal communications activities designed to benefit the customers and communities that Exelon serves and enhance Exelon's corporate reputation.	Chief of Staff to CEO
694	BSC Executive As Req Srvcs	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	Chief of Staff to CEO
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	Chief of Staff to CEO
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	Chief of Staff to CEO

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
315	Executive Services	923 – Outside Services Employed	Direct - 529250	Time and Materials
			Allocated - 529260	Modified Massachusetts Formula
876 **855**	BSC GCA SLA, Other Corporate Charges,	923 – Outside Services Employed	Allocated - 529710	Total Service Billings

BSC Executives

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
831 **784** **832**	BSC Interest, BSC Severance, BSC Taxes	923 – Outside Services Employed	Allocated - 529710	Modified Massachusetts Formula
644	Lobbying & Influence Public Opinion	426.4 - Exp-civic/political activities	Direct - 529250	Time and Materials
			Allocated - 529260	Modified Massachusetts Formula
611	Corporate Contribution	426.1 - Donations	Direct - 529250	Time and Materials
			Allocated - 529260	Modified Massachusetts Formula
694	BSC Executive As Req Srvcs	923 – Outside Services Employed	Direct - 529250	Time and Materials
			Allocated - 529260	Modified Massachusetts Formula
904	BSC Costs to Achieve	923 – Outside Services Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method
833	BSC Revenue Adjustment	923 – Outside Services Employed	Allocated - 529260	Total Service Billings

Exelon Utility Operations (Includes Transmission Strategy & Compliance)

Introduction

Exelon Utility Operations is comprised of a small utility-focused corporate governance and oversight function to facilitate collaboration among the utilities to achieve the highest standards of organizational effectiveness, operational excellence, financial discipline and efficiency, customer and stakeholder satisfaction, and NERC Compliance. The departments within Exelon Utility Operations that promote the collaboration include Utility Strategy & Policy, Transmission Strategy & Compliance (TSC), Transmission Operations, Utility Oversight, Business Investments, Exelon Analytics, and Executive Services.

Exelon Utility Operations (Includes Transmission Strategy & Compliance) Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
656	BSC Exelon Analytics	• **Executive Services** ○ Functional leadership through standardized systems, processes, policies and oversight in the areas of Utility Analytics Strategy, Utility Analytics Oversight and Governance, and development and delivery of use cases through entire agile delivery lifecycle • **Exelon Analytics Organization Focus** ○ Strategy, oversight and delivery of the Exelon Analytics multi-year program ○ Design, establish and maintain Exelon analytics governance policies (e.g., DAP policies, Ethics in AI, use case development lifecycle, code review/reuse) ○ Develop analytics realization framework and capture / report Exelon and cross OpCo impacts ○ Develop and deliver use cases through entire agile delivery lifecycle (e.g., data prep, exploration, modeling, visualization/product, value capture) ○ Inventory and capture OpCo developed analytic use cases and replicate quickly across fleet ○ Develop and execute, with supply partners, domain and data science sourcing execution ○ Support Exelon IT analytics team in deploying analytic Northstar tools, investigation of emerging solutions, and platform management ○ Drive data quality, management and stewardship (e.g., tools, processes)	VP Utility Analytics

Service ID	Service Name	Service Description	Service Owner
		○ Establish and maintain data science and implementation community of practice across Exelon (e.g., tools, practices, algorithms) ○ Conduct Analytics R&D focused on experimentation with new data sources, new tools / capabilities (e.g., AI, robotics) and identify new use case applications ○ Develop and execute analytics talent management, development and culture strategy ○ Conduct external benchmarking, synthesize leading practices, and evolve Exelon analytics maturity	
664	BSC Ex Utility Policy & Strategy	• **Executive Services** ○ Functional leadership through standardized systems, processes, policies and general oversight in the areas of Utility Business Planning, Utility Oversight, Business Investments, and Transmission Strategy & Compliance.	EVP Utility Operations, SVP Operations & Business Investments
952	Exelon Best Practices/Cont Improv	• **Provide governance and oversight of the Peer Group structure and management system designed to achieve the following:** ○ Drive consistency, best practices and innovation in the Core Functions of the Management Model across the utilities ○ Track performance of the Client Utilities regarding KPIs, improvement initiatives, and industry standards ○ Analyze opportunities and develop recommendations on issues pertinent to leadership • **Exelon utilities Infrastructure and Customer Organization focus** ○ Strategy, oversight and delivery of transformational multi-OpCo infrastructure and customer multi-year programs ○ Design, establish and maintain Exelon infrastructure and customer governance policies (e.g., data quality policies) ○ Support Exelon IT team in deploying infrastructure and customer Northstar tools, investigation of emerging solutions, and platform management ○ Support Exelon Operational Technology Security team in deploying IT infrastructure & security control practices, investigation of emerging solutions, and platform management • **Exelon Utilities Safety and Training**	EVP Utility Operations, SVP Operations & Business Investments, SVP Operations & Business Investments, SVP Trans & Compliance

Service ID	Service Name	Service Description	Service Owner
		○ Create and implement innovative strategies and policies for excellence in safety, training and learning programs in the collaboration with the OpCos • **Continuous Improvement** ○ Establish and implement the Continuous Improvement approach and methodology to improve efficiency, effectiveness and value across Exelon Utilities	
685	BSC NERC Compliance and Security	**Services provided by the NSC Office of the Vice President** ○ Identify and analyze client companies' key initiatives and issues ○ Develop communications strategies and plans in coordination with client companies to support business objectives and drive favorability ○ Provide governance and oversight for NERC Compliance of client companies to support business objectives and drive performance ○ Provide oversight for Security Programs of client companies to support business objectives and drive performance Services provided by the NERC Compliance and Security groups ○ Provide governance and oversight for implementation of NERC Reliability Standards and DHS Chemical Facility Anti-Terrorism Standards (CFATS) and partner with the Business Units to ensure compliance. ○ Provide oversight for implementation of Exelon Physical Security Programs and partner with the Business Units to ensure Compliance to federal and state regulations governing physical Security for electric and gas facilities	SVP Transmission & Compliance
944	NERC CIP Program Services	• Provide enterprise-wide NERC CIP program and project management oversight to ensure sustained Exelon compliance • Provide consistent NERC CIP program, project and initiative: scope definition, change control, planning, processes and tools, to be leveraged across the enterprise • Develop and monitor common Exelon NERC CIP compliance standards and metrics • Report NERC CIP status, including compliance, program/project progress, issues and risks to Executive leadership and the broader enterprise • Develop and maintain Integrated Program Plan • Manage and mitigate enterprise-wide NERC CIP issues and risks, liaising with Exelon Legal for potential violations and internal compliance inquiries or investigations	SVP Transmission & Compliance

Service ID	Service Name	Service Description	Service Owner
		• Identify and make recommendations on NERC CIP projects, as well as enterprise-wide synergy, integration and automation opportunities, providing budgeting and planning input • Provide input on LRP budgets and strategic planning across the OpCos and business areas • Provide enterprise-wide NERC CIP project/initiative management oversight, including strategic NERC alignment across business areas (e.g., utilities, corporate areas), raising awareness of timing concerns, providing best practices and recommending solutions to issues/risks • Act as a communication and change management center for Exelon NERC CIP stakeholders, driving collaboration and a culture of compliance across the entities' business areas • Engage NERC CIP stakeholders, understand change impacts, and provide training guidance • Understand industry NERC CIP regulatory changes and help prepare Exelon for these, sharing information and impacts with appropriate stakeholders from an internal perspective • Provide quality assurance input on key NERC CIP processes and artifacts, reviewing approach and consistency • Identify, collate and share NERC CIP best practices and lessons learned across the enterprise • Provide an Exelon NERC CIP Knowledge Repository, containing best practices, templates and sample documents	
591	Transmission Strategy	**Transmission Strategy leads the development of Exelon transmission implementation and strategy.** ○ Coordinate transmission investment strategy across Exelon that address obsolescence, economic development, resilience, and other transmission upgrade programs ○ Align OpCo planning and design standards as a prudent and defendable basis for PJM transmission owner supplemental projects and to support coordinated investment decisions ○ Evaluate and employ emergent/non-traditional investment opportunities to address transmission reliability, operation and customer benefits including strategic partner prospects ○ Influence industry policy initiatives to protect and grow Exelon's transmission asset base as well as pursue other revenue creation opportunities	SVP Transmission & Compliance

Service ID	Service Name	Service Description	Service Owner
		○ Manage Exelon's stakeholder activities with NERC, PJM, NATF, RF and other industry forums ○ Complete all required NERC self-certifications, procedural and standard reviews, comply with applicable standards and monitor FERC filings ○ Assist with developing and executing strategies on transmission rates issues and RTEP cost allocations ○ Compete in competitive transmission proposals under the PJM sponsorship model by developing innovative and effective transmission solutions	
590	Transmission Operations	**Transmission System Operations** • For the Exelon transmission systems, perform Transmission Owner Scheduling, System Control and Dispatch Service functions per PJM Open Access Transmission Tariff Schedule 1A, and fulfill all associated PJM Operating Agreement and PJM Manual obligations of a local transmission control center for Exelon. • On a 24x7x365 basis, direct the operation of the Exelon transmission systems in a safe, reliable, and cost-efficient manner compliant with FERC, NERC, PJM, and state requirements and standards. • Implement SCADA controlling actions and direct Exelon Utility operating company field personnel and other Exelon organizations (i.e. OCC, UComm, IT) in actions needed for the operation of Exelon transmission systems. • Perform the function of the TSO Designated Authority (DA) for the Exelon transmission systems per Management Model document OP-EU-050003 Lockout Tag Out in accordance with OSHA1910.269. • Monitor Exelon transmission systems conditions against established operating reliability limits, and implement actions as required. • Provide system voltage control via directing reactive dispatch of generators in the Exelon transmission systems footprint, and adjusting transmission voltage control devices, and coordinating the operation of distribution voltage control devices with the Exelon OCCs. • Implement Emergency Procedures to maintain reliability, up to and including directing interruption of customers (load shed). • Assess and direct the response to emergent events on the Exelon transmission systems • Coordinate with internal stakeholders (T&S, OCCs, C&M, etc.), PJM, neighboring utilities, generators, customers, and other stakeholders as needed to schedule and implement planned facility outages in support of new Capital projects and to enable completion of	SVP Transmission & Compliance

Service ID	Service Name	Service Description	Service Owner
		Preventative Maintenance and Corrective Maintenance work on the Exelon transmission systems. • Fulfil obligations of Exelon transmission system operations in meeting nuclear plant interface requirements, including but not limited to, those stated in Management Model document OP-AA-108-107-1002. • Fulfil obligations of Exelon transmission system operations in meeting all FERC, NERC, DOE, and PJM regulatory and reporting requirements applicable to transmission system operations, including but not limited to demonstrating compliance with directly applicable and PJM Matrix assigned standards. • Develop and implement operating policies and procedures for Exelon transmission systems • Develop and maintain the data and displays used in Exelon transmission system real time systems, and provide real time business support for these systems, including state estimator and contingency analysis tools. • Manage operational aspects of relationship and interface with PJM RTO, NERC, and FERC for Exelon.	
879	BSC Transmission Company Services	Transmission Strategy team provides analysis to support the regulatory and corporate strategic positions for Exelon and may, as requested, support corporate M&A transmission activities for Exelon. • Evaluate transmission commercial development opportunities • Provide analytic support for strategic transmission studies and other initiatives as needed	SVP Transmission & Compliance
948	Exelon As Requested	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	EVP Utility Operations
833	BSC Revenue Adjustment	The difference between actual costs and revenues from billings to Client Companies is trued up each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings	EVP Utility Operations
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	EVP Utility Operations

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
656	BSC Exelon Analytics	923 – Outside Service Employed	Direct – 529370	Time and Materials
			Allocated – 529375	Utilities Cost Causative Method
664	BSC Ex Utility Policy & Strategy	923 – Outside Service Employed	Direct – 529370	Time and Materials
			Allocated – 529375	Utilities Cost Causative Method
685	BSC NERC Compliance and Security	560 – Operation Supervision and Engineering	Direct – 529370	Time and Materials
			Allocated – 529375	Utilities Cost Causative Method
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated – 529375	Utility Modified Massachusetts Formula
904	BSC Costs to Achieve	923 – Outside Service Employed	Allocated - 529710	Utilities Cost Causative Method
			Direct – 529700	Fully Distributed Costs
944	NERC CIP Program Services	923 – Outside Service Employed	Allocated – 529375	% of critical NERC cyber assets
952	Exelon Best Practices/Cont Improv	923 – Outside Service Employed	Direct – 529370	Time and Materials
			Allocated – 529375	Utility Modified Massachusetts Formula
590	Transmission Operations	560 – Operation Supervision and Engineering or other applicable transmission FERC accounts	Direct – 529370	Time and Materials
			Allocated – 529375	Peak Load
591	Transmission Strategy & Planning	560 – Operation Supervision and Engineering or other applicable transmission FERC accounts	Direct – 529370	Time and Materials
			Allocated – 529375	Peak Load
879	BSC Transmission Company Services	566 – Miscellaneous Transmission Expenses or other applicable transmission FERC accounts	Direct – 529370	Time and Material
			Allocated – 529375	Utilities Cost Causative Method
948	Exelon As Requested	923 – Outside Service Employed	Direct – 529370	Time and Materials

BSC Exelon Utilities

Responsibilities

Task / Responsibility	BSC Practice Area	Client Company
Office of the Vice President Transmission Strategy and Compliance		
Identify and analyze client companies' key initiatives and issues	X	X
Develop communications strategies and plans in coordination with client companies to support business objectives and drive favorability	X	X
Implement and manage client companies' strategies and plans	X	X
Provide governance and oversight for Transmission Strategies and NERC Compliance Programs of client companies to support business objectives and drive performance	X	X
Transmission Strategy and NERC Compliance		
Provide Governance and Oversight on FERC Regulations and NERC Reliability Standards and partner with the Business Units to ensure Compliance.	X	X
Provide Support for the development of business unit Transmission Planning Rate Strategies	X	X
Manage interface to PJM, NERC and RFC committees	X	X

Additional Information

Issue Resolution for Transmission Strategy and Compliance

Severity Levels (Client View)

Severity of Problem	Description
1	Crisis or emergency event that has the potential for an adverse, Exelon-wide impact on corporate reputation
2	Crisis or emergency event that has the potential for adverse impact that is limited to the Client-Company's reputation

End User Problem Response (Service Provider)

Severity of Problem	Response	Resolution
1	VP of TSC will respond, as the event requires.	Complete the execution of the applicable plan
2	Director of Client Companies will respond, as the event requires.	Complete the execution of the applicable plan

Issue Resolution for Utilities

If a particular issue arises concerning any Exelon Utility Operations services, the Vice Presidents can be contacted.

Finance

Finance Introduction

The Finance Functional Area will create collaborative processes between business units on business strategy and financial decisions; align finance functions through a common structure and standard policies, practices and processes; drive cost savings through the elimination of redundant and non-value added work; provide governance and risk management; and provide financial analysis and decision support to our business partners.

Finance Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
684	BSC External Audit Services	Coordinate and support the independent auditor's provision of external audit services, including the audit of annual financial statements, testing of internal controls and the attestation of management's assessment on internal controls, as required by SOX, the review of interim financial statements, statutory audits, and other audit-related services. PricewaterhouseCoopers (PwC) provides the service and the Audit and Risk Committee of the Board of Directors of Exelon Corporation is responsible for the selection and oversight of the external auditor.	SVP & Corporate Controller
679	BSC Insurance Services	• Consulting work including contract reviews • Analyze risks and make recommendations to management • Administer the purchase of insurance policies • Interface with and influence the direction of industry mutual insurers • Coordinate and administer first-party claims	SVP, Corporate Finance and Development
637	Tax Services	• Federal, state and local tax compliance (including transactional and property tax) • Tax Audit and Appeals • Tax planning and transaction support • Tax accounting and reporting • Tax forecasting • Tax legislative and regulatory support	SVP & General Tax Officer

636	BSC Accounting Services	• Accounting, control and reporting policies
		• Technical accounting, control and reporting research and business decision/transaction support
		• Accounting monthly/quarterly close services including associated governance and control execution (e.g., account reconciliations)
		• Accounting for pension plans and other postretirement benefits including oversight of the related valuation work
		• External financial reporting and certification process
		• Support and perform applicable aspects of the SOX compliance program
		• Regulatory support
		• Accounting and Transaction processing
		  ○ Exelon affiliate intercompany billings
		  ○ Cash Reconciliation
		  ○ Accounts Payable (system) Reconciliations
		  ○ Property, plant and equipment
		  ○ Compensation accounting
		  ○ Payroll and third-party benefit vendors (union dues, 401(k) payments) funding requests
		  ○ Unclaimed Property Administration
		  ○ Debt accounting
		  ○ Property tax accounting
		• Financial systems
		  ○ Finance systems and applications administration and operations
		  ○ Finance systems and applications enhancements, design, implementation and change management support
		  ○ Help desk support
		  ○ End-user training and process support
		  ○ SOX systems controls compliance
		  ○ Financial and management reporting and architecture support
			SVP & Corporate Controller

680	BSC Capital Markets Services	• Securities Issuance/Financing • Financial Derivatives Program • Liability Management Evaluation & Execution • Dividend Policy • Information Reporting • Credit metrics – Maintain relationship with ratings agencies to support credit ratings • Banking Relationships	VP, Treasurer

681	BSC Cash Management Services	• Liquidity and credit support • Cash management • Payment Execution • Banking Relationships • Information Reporting • Cash Forecasting, Tracking and Reporting	VP, Treasurer
634	Finance Executive Services	Functional leadership through standardized systems, processes, policies and general oversight in the areas of Forecasting, Planning and Capital Management, Internal Audit and Financial Controls, Treasury, Accounting and Analysis, Tax, Shareholder and Investor Relations, Corporate Development, Investments, , and business planning	EVP, CFO Exelon
642	Financial Planning & Analysis	• Exelon Corporation long range planning and annual budgeting • EBSC long range planning and annual budgeting • Management reporting, financial analysis and LE/QFR governance and administration • Income Statement, Balance Sheet and Cash Flow forecasting and reporting • Financial and economic analysis, and business decision support • Variance analysis • Regulatory Proceeding Support • EBSC SLA and business planning processes governance and oversight • Oversees the capital management process, including investment evaluation standards, multi-opco project authorization, the quarterly capital control process, including projects requiring Exelon corporate approval per the Delegation of Authority (DOA) • Load forecasting and related services • Project management governance and oversight	VP, Corporate FP&A
640	Investor Relations	• Quarterly Earnings Release and Conference Call with Investment Community • Investor/Analyst engagement • Investor Targeting and Surveillance • Investor/Analyst Meeting/Conference Coordination • Internal and External Messaging and Presentation Development • Equity Market Analysis and Utility Peer Benchmarking	VP, Investor Relations
786	Finance As Requested	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	EVP, CFO Exelon

950	BSC Enterprise Credit	• Enterprise credit governance and oversight • Responsible for the development of a comprehensive credit framework with polices/processes and implementation of enterprise reporting of credit exposures, metrics, and limits • Perform all third party collection activity across Exelon • Perform daily margining for each utility's electric procurement • Support and perform all necessary collateral management including optimization of collateral held • Understand and assist in mitigating all potential enterprise wide credit risks. • Responsible for the development and implementation of enterprise wide bankruptcy and litigation risk policies	VP, Treasurer
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	EVP, CFO Exelon
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	EVP, CFO Exelon

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
684	BSC External Audit Services	923 – Outside Service Employed	Direct - 529050	Time and Materials - PwC audit work
			Allocated - 529060	Modified Massachusetts Formula
679	BSC Insurance Services	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
637	Tax Services	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
636	BSC Accounting Services	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
680	BSC Capital Markets Services	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
681		923 – Outside Service Employed	Direct - 529050	Time and Materials

BSC Finance, Investments, Development, and Risk

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
	BSC Cash Management Services		Allocated - 529060	Modified Massachusetts Formula
634	Finance Executive Services	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
642	Financial Planning & Analysis	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
640	Investor Relations	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
950	BSC Enterprise Credit & Risk Management Operations Services	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
786	Finance As Requested	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529060	Modified Massachusetts Formula

Performance Measurement

Finance Performance Metrics Table

Reference the Finance Business Plan for performance metrics.

Corporate Development

Corporate Development Introduction

The Corporate Development Practice Area will provide strategic expertise and governance in the evaluation and execution of merger and acquisition opportunities, evaluate company assets for divestiture opportunities, and provide financial and transactional support to restructuring projects.

Corporate Development Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
641	Corporate Development Services	• Evaluation, prioritization and execution of acquisition and merger opportunities • Evaluation, prioritization and execution of divestitures opportunities • Financial and transaction support to restructuring projects	SVP, Corporate Finance and Development
909	Development As Requested	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	SVP, Corporate Finance and Development
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, or divestiture.	SVP, Corporate Finance and Development
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	SVP, Corporate Finance and Development

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
641	Corporate Development Services	923 – Outside Service Employed	Allocated - 529060	Modified Massachusetts Formula
			Direct - 529050	Time and Materials

BSC Finance, Investments, Development, and Risk

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
909	Development As Requested	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Cost Causative Method
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529060	Modified Massachusetts Formula

Performance Measurement

Corporate Development Performance Metrics Table

Reference the Corporate Development Business Plan for performance metrics.

Investments

Investments Introduction

The services provided by the Investment Office include:

- Determining the investment strategy and asset allocation of Exelon's pension funds, VEBA post retirement funds and nuclear decommissioning funds
- Hiring / firing investment managers
- Managing daily investment activities
- Investment manager due diligence and monitoring
- Operational and back office activities
- Maintaining a well-diversified investment menu for the Employee Savings Plans

Investments Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
677	Investments Trust-Funded Services	Administration, oversight, and other activities related to management of Exelon's trusts that are funded by the trusts. (Applies to Pension and VEBA)	SVP & Chief Investment Officer
682	BSC Investments Services	Participate in Exelon governance activities, corporate initiatives, and other activities not funded by the trusts.	SVP & Chief Investment Officer
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	SVP & Chief Investment Officer
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, or divestiture.	Chief Investment Officer
234	Investments As Requested	As requested, services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	Chief Investment Officer

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
677		923 – Outside Service Employed	Direct - 529050	Time and Materials

BSC Finance, Investments, Development, and Risk

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
	Investments Trust-Funded Services		Allocated - 529060	Modified Massachusetts Formula
682	BSC Investments Services	923 – Outside Service Employed	Direct - 529050	Time and Materials
			Allocated - 529060	Modified Massachusetts Formula
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529060	Modified Massachusetts Formula
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method
234	Investments As Requested	923 – Outside Service Employed	Direct - 529050	Time and Materials

Performance Measurement

Investments Performance Metrics Table

Reference the Investments Business Plan for performance metrics.

Government and Regulatory Affairs & Public Policy

Government and Regulatory Affairs & Public Policy Introduction

Government and Regulatory Affairs and Public Policy's mission is to continue to advance policies, regulatory initiatives and market designs that enhance Exelon's customer relevance and build sustainable shareholder value. Key initiatives focus on advancing responsible public policy on energy and matters that align with Exelon's purpose of powering a cleaner and brighter future for our customers and communities.. We also pursue policies that foster innovation and enhance the ability of our utilities to offer additional services.

Government and Regulatory Affairs & Public Policy Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
316	Government Affairs Services	• Executive Direction (Office of Senior Vice President) • Strategy development and advocacy related to federal, state and local legislative and regulatory initiatives. Federal, state and regional policy issue management in collaboration with Corporate Affairs • ISO/RTO interface • Political Action Committee administration and operation • Grassroots activities and initiatives • Federal, state, regional and local public affairs and plant support activities	SVP, Govt & Reg Affairs & Pub Policy; SVP and VPs (FGA, FRA, WMD, SGA)
644	Lobbying & Influence Public Opinion	• Management services for compliance with federal, state and local campaign finance and lobbying laws, regulations and other policy requirements including relationship management with federal, state and local legislative and regulatory bodies and Administrative agencies • Direct lobbying activities (attempting to influence discretionary power of government officials) • Supporting lobbying activities, including preparation or planning activities, research and other background work that is intended, at the time of its preparation, for coordination with lobbying activities of others • Coordinate, and support as necessary, the development of positions, comments, and testimony for emerging environmental regulatory and legislative policy issues, in support of Exelon initiatives • Communicate Exelon's economic, social and environmental performance through the annual corporate sustainability report, information on websites, and speeches	SVP, Govt & Reg Affairs & Pub Policy; SVP and VPs (FGA, SGA)

Service ID	Service Name	Service Description	Service Owner
695	Government Affairs As Requested	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors	SVP, Govt & Reg Affairs & Pub Policy
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings	SVP, Govt & Reg Affairs & Pub Policy
904	BSC Cost to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	SVP, Govt & Reg Affairs & Pub Policy

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
316	Government Affair Services	923 – Outside Service Employed	Direct - 529600	Time and Materials
			Allocated - 529610	Modified Massachusetts Formula
644	Lobbying & Influence Public Opinion	426.4 - Exp-civic/political activities	Direct - 529600	Time and Materials
			Allocated - 529610	Modified Massachusetts Formula
695	Government Affairs As Requested	923 – Outside Service Employed	Direct - 529600	Time and Materials
			Allocated - 529610	Modified Massachusetts Formula
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529610	Modified Massachusetts Formula

Responsibilities

Government and Regulatory Affairs and Public Policy's responsibility is to provide:

- Advocacy on Federal and Regional Public Policy Issues
- Regulatory Affairs and Compliance
- Political Analysis and Strategic Advice

BSC Government Affairs & Public Policy

- Information and Intelligence
- Timely Updates on Legislative and Regulatory Actions
- Outreach to Elected and Appointed Government Officials
- Legislative Expertise
- Market Development Support
- ISO/RTO Interface
- Market and Business Initiatives and Analytic Support.
- Lobbying and Campaign Finance Compliance and Reporting

Government and Regulatory Affairs and Public Policy activity is cascaded throughout the Exelon organization as information is available. For additional information pertaining to Government and Regulatory Affairs and Public Policy, the Business Unit liaison should be contacted.

Performance Measurement

Government Affairs & Public Policy Performance Metrics Table

Reference the Government Affairs & Public Policy Business Plan for performance metrics.

Human Resources

Human Resources Introduction

Human Resources (HR) Practice Area centralizes and consolidates HR governance and oversight as well as aligns HR strategies, practices and services with customer and business requirements. The organizational structure allows for the design and implementation of common policies, systems, solutions and processes that will support the strategic objectives of the company, drive high performance and employee engagement, enhance workforce effectiveness, and build a platform for growth through operational effectiveness and superior talent.

Human Resources Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
612	HR Solutions	**HR SOLUTIONS** Compliance 1. Manage policies and programs to ensure compliance with external agencies, including I-9, NERC, etc. 2. Governance of on-boarding, off-boarding and cross-boarding processes 3. Governance and oversight of the contractor management process 4. Procurement and management of distribution of statutory compliance notices and postings 5. Establish and maintain the HR records/file management program 6. Provide subject matter expertise for non-compliance/non-mandatory workforce policies 7. Governance and oversight of HR's All Company (AC) and Department Only (DO) management model documents HR Technology, Strategy and Governance The HR Technology group is responsible for the development, implementation and sustainment of an integrated Human Resources Information Technology Strategy across Exelon Corporation. 1. Establish HR technology strategy in partnership with overall IT technology strategy 2. Set and apply HR systems policies, standards, procedures and CISS parameters 3. Develop and submit HR technology content for internal and external sites 4. Develop net-new and enhance existing HR technology and associated applications 5. Ensure that HR applications are regularly patched, tested and vendor delivered content is maintained and vetted prior to being released for user consumption 6. Maintain application security and periodically audit for compliance	VP, HR Solutions

Service ID	Service Name	Service Description	Service Owner
		7. Govern the end-use of the application to ensure data integrity, compliance and general standards are met. 8. Develop, maintain and govern ServiceNow HR knowledge base 9. Maintenance of ServiceNow HR instance, including configuration of the HR Solutions Hub and HR Services cases <u>HR Reporting & Analytics</u> 1. Completion of annual external benchmarking surveys as required per corporate memberships 2. Support pulling and consolidating governmental and regulatory reporting in partnership with local HR 3. Create and enable employee self-service of standardized HR reporting 4. Support in the creation and automation of ad-hoc HR analysis and reports 5. Development and maintenance of HR dashboards, advanced and/or complex statistical analyses on Exelon data <u>Talent Acquisition Operations</u> 1. Recruit for open positions: a. Conduct intake meetings with hiring managers b. Work with sources to develop sourcing strategy based on hiring manager needs c. Manage job postings d. Screen candidates e. Manage interview logistics f. Debrief with hiring managers to confirm selection g. Coordinate testing and assessments h. Prepare and extend job offers i. Administer candidate travel reimbursements 2. Attend workforce development events 3. Coordinate university recruiting relations and intern programs 4. Establish enterprise-wide recruiting and staffing strategies to support operating company hiring forecasts 5. Establish enterprise-wide recruiting programs strategies that help the operating companies achieve their recruiting pipeline development, including but not limited to the engineering pipeline intern program, the military, diversity and disability strategies 6. Develop and govern common enterprise-wide staffing policies and procedures 7. Functional Area Manager of Taleo (ePeople Recruiting and Onboarding)	

Service ID	Service Name	Service Description	Service Owner
		8. Govern and oversee relocation policies and relationships with the vendor, NEI 9. Govern and oversee all content related to corporate talent acquisition or the enterprise-wide recruiting function on the HR Services portal <u>Compensation Operations</u> 1. Support Compensation COE to prepare Vendor file/feed with compensation data for annual salary surveys with external vendors 2. Act as liaison with salary survey vendor and receive, upload and refresh survey results 3. Review aggregated survey results and compare jobs and ranges for external equity for variation report 4. Oversee job update / evaluation requests and triage job evaluation requests to Comp COE as needed 5. LTI Processing 6. Stock Ownership review and communication 7. Create/Update Job Codes 8. Compensation Vendor Management (e.g., R&R, Stock plan administration, financial planning, Market Pay, etc.) 9. Update Salary Structures annually 10. Executive Perks/Ayco support as needed 11. Revise and review Annual Statements 12. Rate Case Data Support for the utilities 13. Reporting including developing and generating regular, standard reports and running ad hoc reports to meet business needs 14. Special Payment Request processing 15. Process stock retention awards 16. AIP Brochure updating and formatting, administering and tracking Quarterly Communication as needed 17. AIP Award Processing and Communication 18. Track and administer all AIP corrections 19. LTI Communication (Vesting Statements and Program Summaries), Reconciliation, Communication 20. Mgmt. Model Policy Updates 21. Working with Finance to update LRP Merit and LTI projections 22. E-People Comp planning communication and System Training for HR and Leaders 23. Process and validate quarterly dividends	

Service ID	Service Name	Service Description	Service Owner
		24. Administer the quarterly and semi-annual utility incentive programs 25. Administer the Comp Range Audit process <u>Benefits Operations</u> 1. Administer benefit programs including Health & Welfare, Flexible Spending Accounts, Health Savings Accounts, Medical Retiree Savings Accounts, Pension Plans (qualified and non-qualified), Defined Contribution plans, STD (STD and MBA for Local 15 bargained employees), LTD and Life Insurance, and other programs as described in the Service Responsibility Matrix 2. Administer short-term disability (STD) time entry instructions including coordination with Workers Compensation and specialized instructions for bridged STD cases 3. Manage outsourced benefits administration, including TPAs and insurance vendors 4. Monitor service provided by third party vendors through metrics, benchmarking, and review of annual SOC reports 5. Perform Pension and OPEB related Key Financial Controls 6. Ensure internal controls are in place to safeguard the Company's assets and facilitate the Exelon security (AEF) reviews of new and ongoing vendors 7. Perform audits to ensure processes are performing as designed 8. Manage and deliver annual open enrollment, new hire benefits enrollment, benefits web site, online pension instant estimates, requests for statements of pension, life event changes and initiatives based on business need and process improvement while applying varying benefit eligibility logic 9. Provide specialized benefits services focusing on Retirement Counseling for active employees moving through the retirement process, executive severance/retirement benefits discussions with executives, and survivor benefits specialist assistance for family members in the event of death of an active employee or retirees or their dependent 10. Administer severance plans based on business needs – produce personalized statements for HR and oversee plan administration, severance pay and benefits based on specific severance plan offering 11. Administer the Tuition Reimbursement program – providing oversight of the TPA and providing review and direction on exception processing 12. Provide interactive voice response and web enabled systems to provide information including an automated virtual assistance (IVA) to process employee/retiree transactions 13. Provide Customer Care Representative support through calls to process participant issues and transactions and handle escalated issues and to provide support through web chat 14. Provide research and problem resolution for participant issues and benefit transactions 15. Support Benefits Strategy by implementing plan design and vendor changes	

Service ID	Service Name	Service Description	Service Owner
		16. Implement benefit offerings for new employee groups as business dictates 17. Partner with Procurement to perform marketplace evaluation for TPA services and insurance providers and selection of benefit administration vendors 18. Support Corporate Development by providing benefits information to support divestitures and acquisitions 19. Oversee and audit payroll and Oracle interfaces for appropriate application of benefit related data 20. Perform compliance function required by ERISA and other various regulations required to maintain qualified status of benefit programs (i.e. pay limits, non-discrimination testing, benefit maximums, etc.) 21. Provide Deferred Compensation Enrollment and administration support 22. Provide Deferred Compensation Units administration and support. <u>Labor Management</u> 1. Provide access to LaborSoft, an integrated data management system that enables the company to manage grievance, discipline and performance improvement plan data. The system provides the ability to track data by business unit and also provide reports to help with discipline administration (i.e., comparable instances of poor work performance) to ensure consistency among disciplinary actions. 2. Ensure oversight with regards to data integrity 3. Conduct training for LaborSoft 4. Benchmarking surveys to other labor relations within utilities 5. Continue to improve resources for both the supervisor and employee by leveraging innovative techniques (i.e., develop a mobile app for view CBAs/ESOCs) 1.	
882	HR Diversity & Development	**<u>DIVERSITY EQUITY & INCLUSION, TALENT MANAGEMENT AND ORGANIZATIONAL EFFECTIVENESS</u>** Focus on, developing, engaging and retaining talent. Developing and maintaining a strategy and programs that foster a diverse, equity and inclusive culture. Services include: <u>Talent Acquisition Strategy</u> 1. Govern career site and employment brand including brand collateral, communications and training. 2. Design interview guides, aligned to the Exelon Core Competency Model used across the enterprise for talent selection and development	VP, Talent & Chief Diversity, Equity & Inclusion Officer

Service ID	Service Name	Service Description	Service Owner
		3. Manage relationships of enterprise-wide recruiting related vendors, negotiate contracts and reconcile the corporate-level maintenance bills 4. Develop and govern common enterprise-wide staffing policies and procedures (partnership between Talent COE and TA Operations) <u>Talent Management and Leadership Development</u> 5. Develop enterprise core competencies 6. Design organizational development, performance development, talent management, and learning strategies 7. Design and maintain organizational development methodologies, processes and tools for succession planning and performance reviews 8. Design and maintain oversight of leadership/management development programs and tools 9. Design and maintain oversight of employee development programs and tools 10. Design and maintain oversight of performance development programs and tools 11. Develop leadership training programs/materials with subject matter expertise 12. Source leadership training and negotiate contracts, as appropriate 13. Manage leadership, organizational development, and learning vendors and consultants 14. Deliver Hi-Po programs, as approved, and based on business needs. 15. Management, design and maintenance of on-line systems to support above activities (e.g., content on HR services, Management Model, ePeople Talent, Learning Platform) 16. Coordination of vendor management, technology enablement and ongoing strategic support and oversight to HR OpCo teams for the following talent assessments for selection and development: a. Key Manager and above b. Manager and Front-Line Supervisor c. Individual contributor d. 360s e. Exit interviews f. Stay interviews <u>Diversity, Equity & Inclusion</u> 17. Establish corporate-wide diversity strategies 18. Counsel and support executive and business unit implementation of D&I strategies, including business plan integration	VP, Talent & Chief Diversity, Equity & Inclusion Officer

Service ID	Service Name	Service Description	Service Owner
		19. Communicate corporate-wide DEI messages; provide subject matter expertise in the development of diversity communications (disbursement through Communications group) 20. Provide D&I management support, including education; provide subject matter expertise for diversity training/educational materials and D&I education modules in all leadership development programs (e.g., SDP and Power to Lead) 21. Oversee participation in appropriate D&I external surveys and benchmarking (e.g., DiversityInc, Black Enterprise, HACR, Human Rights Campaign) 22. Develop and support appropriate OpCo D&I council and Employee Resource Group (ERG) activities 23. In partnership with OpCos, corporate relations, supplier diversity, external affairs and recruiting, develop and support D&I outreach (Recruiting, Community, and Vendors) 24. Support development and implementation of D&I metrics and reporting at OpCo and executive levels; monitor/test diversity efforts and alignment with policies and procedures 25. Ensure alignment regarding D&I strategies, goals and results; advise and consult management on diversity issues and lead executive leadership discussions 26. Develop Affirmative Action Plans provide training for HR teams and work with Legal, the OpCos and Practice Areas to respond to AAP audits 27. Prepare and submit EE0-1's and Vets 4212 Reports 28. Support and maintain partnerships with external organizations which support the Exelon overall D&I strategy (e.g., UN HeForShe) <u>Workforce Development</u> 1. <u>Governance and oversight for the organization's Workforce Development Programs</u> 2. Collaborate and coordinate Workforce Development Program with embedded-OpCo WFD teams 3. Communicate the Workforce Development story of Exelon's impact internally and externally 4. Report quarterly results and outcomes to the Workforce Development Steering Committee <u>Ethics Investigations</u> 1. Intake management of investigations cases triaged by the Ethics Office to HR 2. Investigate potential COBC violation that requires HR investigation	VP Talent Mgmt. & Org. Effective

Service ID	Service Name	Service Description	Service Owner
		3. Prepare final report and recommendation	
619	Labor Mgmt	**LABOR RELATIONS** The Labor Relations function develops and manages enterprise–wide, as well as business unit specific, strategies in partnership with the senior business leaders. The focus maximizes employee and bargaining effectiveness to achieve greater operating efficiency while advocating fair treatment for all employees based on respect, decency and integrity. It is also an integral part of Labor Relations to serve as the primary conduit between Corporation and Union Leadership, where applicable. These principles will be used to guide dealings with the unionized workforce and to assist in efforts where eligible employees choose to be non-represented. Services Include: 1. Develop and Lead Labor Strategies ○ Where a union represents employees, honor contracts and constructively engage the union. ○ Recognize it is critical to our success to have First Line Supervisors who are well informed, well trained and committed to Exelon goals and processes. ○ Develop labor strategies focused at local union perspective while balancing impacts to other union contracts and instances where eligible employees choose to be non-represented. ○ Provide assistance with employee engagement efforts. 2. Consulting / Contract Administration ○ Analyze impact of business unit initiatives on employee relations by advising management on labor/employee relations issues; interpretation of collective bargaining agreements, arbitration implications, and strategy formation. ○ Develop and provide training/education to management concerning pertinent CBA matters and other labor relations issues. ○ Respond to union leadership, management and craft employee questions related to labor and other applicable communications. ○ Support discipline/termination consensus calls for represented employees with HR Operations and Legal. ○ Conduit between Corporation and Local/International Union Leadership. ○ Provide labor guidance to Company leadership on cutting-edge labor matters and trends. ○ Provide contract interpretation guidance for line management, including but not limited to management rights, reorganization activities and workforce modifications. ○ Support business unit initiatives within contractual obligations.	VP, Labor & Employee Relations

Service ID	Service Name	Service Description	Service Owner
		○ Administer and lead protocol strategy meetings. 3. Negotiations ○ Develop labor relations strategy for negotiations in advance contract expiration and enhance the Company's position at the bargaining table. ○ Comply with the National Labor Relations Act and engagement in good-faith bargaining. ○ Use of effective negotiation tactics to achieve Company objectives during bargaining. ○ Prepare all negotiation team members for negotiations and establish negotiations support resources within the Company. ○ Ensure appropriate communications from the pre-contract expiration period the post-ratification periods. 4. Grievance/Arbitration Administration ○ Assist with the resolution and/or advocacy of mid-term contractual disputes on behalf of the companies through the grievance and arbitration procedure. ○ Ensure line management is in the best possible position to contractually answer grievance allegations. ○ Manage grievance activity and assist in arbitration preparation with HR Operations, Line Management, and Legal. ○ Risk assessment and settlement/mediation efforts, where applicable. 5. Training/Education ○ Develop and provide or procure training/education to management, for example, first line supervision orientation, labor relations fundamentals training, Collective Bargaining Agreement interpretation, Employee Standards of Conduct application, post-negotiation updates, and other employee relations counseling and advice for the FLSA non-exempt population. ○	
880	HR Compensation	**HR COMPENSATION** The Compensation function is responsible for developing corporate-wide competitive total compensation programs that attract, engage, motivate and reward employees for achieving high levels of business performance and outstanding financial results. These programs will be anchored in competitive best practices, aligned with Exelon's pay for performance compensation philosophy and will be flexible to address changing business priorities. Compensation develops, governs, and communicates compensation strategy, policies and programs, ensures all regulatory requirements are met, conducts external benchmarking and analysis, designs and	VP, Compensation

Service ID	Service Name	Service Description	Service Owner
		administers special programs, manages external vendors, and oversees the administration of all salaried employee compensation processes Executive Compensation designs and administers all executive compensation and stock programs and prepares all compensation materials for the Board of Directors' meetings Services Include: 1. Market Assessment and Surveys (including selection of survey sources and review of survey participation submissions) 2. Base Salary Range Development (including the survey participation and analysis to determine merit budgets) 3. Base Pay Administration 4. Annual Salary Planning and Compensation Guidelines, including adverse impact review 5. Development of guidelines and approval outside of guidelines for Promotional, Special Increase Recommendations, lateral and demotional adjustments 6. Internal and external market adjustment review and recommendations 7. Incentive design and strategy 8. Annual incentive program: Design, Manage Performance Indicators Approved by a Panel of Senior Officers (KPI Panel), manage AIP appeals approved by the CHRO/CFO 9. Compensation Philosophy and Strategy 10. Ensure Regulatory Compliance (e.g., FLSA, etc.) 11. Respond to Legal Inquiries; Special Pay Studies 12. Coordinate Proper Accounting with Finance, including LRP support 13. Support Talent Management Cycle by Providing Guidelines (e.g., Salary Increase decision tree) 14. Cash and Stock Retention Strategies 15. Compensation Consulting / Support ○ Responding to compensation issues to support the business needs ○ Review and approval of Retention, project completion and non-standard sign-on bonuses ○ Input on Dow Jones Sustainability Index ○ Comp solutions to business issues (e.g., AIP curtailment for economic conditions) ○ Regulatory analysis of utility programs to ensure rate recovery ○ New college grad and intern rates ○ Offer tool creation governance and oversite for non-executives ○ Unique bonus programs (quarterly dispatch bonuses in Utilities). ○ Special payment requesting / approvals	

Service ID	Service Name	Service Description	Service Owner
		○ Reorganizations (comp consulting and guidance) <u>Executive Compensation</u> 1. Executive Compensation Orientations (VPs+) 2. Annual Executive Compensation Study 3. Officer Compensation Recommendations 4. Executive Annual and Long-Term Incentive Targets benchmarking 5. LTI performance tracking (e.g., LTPCA, LTPP and PShares) 6. Executive Severance Plan Design and Administration 7. Compensation Committee and Board Support 8. Compensation Disclosures to Comply with SEC Requirements 9. Exelon Proxy and ComEd Information Statement 10. Shareholder Engagement Discussions with top holders and proxy advisory firms 11. Financial planning (AYCO)and reimbursement for using Non-Ayco financial advisors 12. Long-term Incentives ("LTI") LTI Mix, Plan Design, Award Processing 13. Developing and delivering compensation education to all leaders <u>Pay Equity</u> 1. Annual internal analysis to ascertain variance between males: females and males: people of color; external validation of pay equity variances to ensure that there are no systemic variances 2. Partner with HR Ops to review potential adjustments to mitigate any pay equity variances 3. Quarterly D&I reporting	
622	Benefits Strategy & Design	**<u>BENEFITS STRATEGY & DESIGN</u>** Responsible for developing corporate-wide competitive benefit plans, policies and programs that attract and retain employees as well as prepare and protect them for various life events. These programs are anchored in competitive best practices with a sustainable design and flexibility to address changing business priorities. The Benefits Strategy Team develops, governs, and communicates the plans, policies and programs, ensures all regulatory requirements are met, conducts external benchmarking and analysis, designs and administers special programs including certain executive programs and manages strategic external vendors. • Note that the Executive Compensation designs and administers all executive compensation and stock programs, which are not addressed below.	VP, Health & Benefits

Service ID	Service Name	Service Description	Service Owner
		1. Develop / maintain benefits strategy including health promotion / wellness 2. Design enterprise-wide benefit programs including health & welfare plans, Employee Assistance Program, Tuition Reimbursement, PTO, Back Up Child and Elder Care, Leave of Absence (LOA) including Bonding and Primary Caregiver Leave/Short-term Disability (STD)/Long-Term Disability (LTD), 401(k), pension, retirement and severance. Set policies, procedures, and standards; interpret policies 3. Develop annual plan premiums for health care plans 4. Review market trends/benchmarking and cost/benefit analysis for new programs and point solutions for health care plans to improve employee health outcomes and manage future cost trend increases. 5. Provide internal and external benchmarking 6. Select and manage benefit carriers and vendors, negotiate contracts with Supply Team 7. Provide governance and oversight over executive benefit programs including SERP and Deferred Compensation. 8. Support annual Legal plan amendment process for plan design and compliance updates 9. Support financial planning activities including the Long-Range Plan (LRP) 10. Support annual pension and OPEB actuarial valuations nondiscrimination testing, annual benefit plan audits and government filings (i.e. IRS Form 5500, 990, PBGC filings and ACA reporting/filing) 11. Support mergers, acquisitions, divestitures and other corporate actions including due diligence, planning and communication 12. Support labor negotiations as they relate to employee benefits 13. Execute cost analysis and expense management including ongoing efforts to reduce costs. 14. Plan administration (including compliance, policy and appeals resolution) 15. Design, prepare and deliver benefits communications for active and retired employees, including required reporting such as Summary Plan Descriptions (SPDs), and annual compliance notices i.e. Health and Welfare compliance notices, Funding Notices, Fee Disclosure Notice and profit-sharing updates, as well as open enrollment and new hire materials 16. Provide rate case assistance as it related to benefit costs and program design 17. Provide governance and oversight over benefits administration of all health and welfare and retirement programs, and all vendors, including outsourced benefits administrator, supports annual enrollment and addresses escalated issues. 18. Support benefit plan Accounting and approving vendor payments	

Service ID	Service Name	Service Description	Service Owner
		19. Develop and execute communication strategy to promote employee engagement and increase benefit programs awareness and utilization.	
625	Occupational Health Services (OHS)	**OCCUPATIONAL HEALTH SERVICES (OHS)** OHS manages the health aspects of employee disability cases (including persistent sick leave, Short Term Disability, Workers Compensation, FMLA, etc.), manages required regulatory medical testing (as required by, DOT, OSHA and various other government regulatory bodies), provides workplace clinical services, and manages the data systems for all of the above. OHS activities manage costs by reducing lost time and increasing productivity. Meet the requirements of medical disability plans, Workers' Compensation statutes, and Federal and State legislation and delivery of clinical services to minimize time away from the job. OHS also provides and coordinates emergency on-site health care and manages immunization programs, pandemic planning, etc. Coordinates work related injury and illness care; impacting OSHA Recordable and Lost Time Rates. Services include: 1. Establish occupational disability strategy 2. Set occupational disability policies, standards, and procedures 3. Oversee management of disability program including Return to Work Planning 4. Oversee management of FMLA program 5. Implement in tandem ADA and Reasonable Accommodation Process 6. Advice on Incidental Sick Time assisting HR, Labor and Legal with reviewing employee availability, impacting employee productivity 7. Governance and oversight of Exelon's Absence Intake Service including Actec (vendor management) 8. Provide Disability Statistics including diagnosis trending, durations, incidence rates, and Return to Work Data 9. Implement All Company disability and sick time Leave policies including federal, state and local level 10. Provide company-wide guidance on FMLA including supervisor training 11. Provide second and third opinion FMLA guidance and implementation 12. Provide governance and oversight of the Fit For Work Process; impacting employee availability 13. Manage Local 15's Supplemental Disability Plan 14. Provide guidance to HR/LR, legal, line management, and OHS on regulatory and policy issues 15. Testify at grievance, arbitration or other legal hearings on testing and policy related issues	VP, Health and Benefits

Service ID	Service Name	Service Description	Service Owner
		16. Develop and implement nursing OHS training programs 17. Establish policies, procedures, and standards for regulatory medical testing 18. Provide supplemental NP/PA for medical examinations 19. Provide governance and oversight of contract Medical Advisor for impact on STD, Occupational injuries/Illness 20. Provide governance and oversight of contract Medical Advisor for review and approval of regulated medical examinations 21. Provide governance and Oversight of pre-employment medical examinations 22. Establish policies, procedures, and standards for audit of regulatory testing program 23. Select and manage medical testing-related vendors, negotiate contracts, and reconcile vendor bills 24. Prepare and maintain department budget process, provide billing data for BSC customer billing 25. Prepare for and provide pandemic medical response 26. Coordinate Executive Physical program <u>Data Systems Administration</u> 1. Provide access to an integrated data management system (OHM) that enables the business unit to manage safety data. Also, to provide reports on a monthly basis on disability issues within each business unit. Trending/tracking of data in multi-functional process. ○ Monthly accident reporting ○ Monthly disability reporting (PIR report) ○ Trending/tracking of statistical data ○ Provide Integrated Benefit Institute Disability Benchmarking at a Comparator Level within the United States including SEC (Security Exchange) comparison and Benchmark	
653	Workers' Compensation Admin	**<u>WORKERS' COMPENSATION ADMINISTRATION</u>** The Workers' Compensation team focuses on minimizing the liabilities of our corporate clients by developing solutions for ongoing workers' compensation claims. Workers' Compensation controls claims costs through effective management of indemnity and medical benefits as well as continually strategizing litigation to minimize legal costs. Services include: 1. Provide and administer workers' compensation benefits to eligible employees within the guidelines of the various state laws 2. Manage and control lost-time cases and medical-treatment-only cases 3. Direct or monitor medical and vocational rehabilitation of workers' compensation cases, as appropriate	VP, Health and Benefits

Service ID	Service Name	Service Description	Service Owner
		4. Direct surveillance 5. Direct third-party administrator on claim handling and reserving 6. Manage Litigation strategy 7. Coordinate employees' return to work with OHS nurses 8. Communicate compensability decisions to OHS and Safety 9. Facilitate data coordination with finance departments of client companies 10. Work with safety professionals from client companies to ensure prompt accident reporting 11. Prepare and submit all required state reports to continue the privileged status of self-insurance where applicable 12. Review and coordinate with the legal department any potential wrongful discharge, ADA or FMLA issues 13. Provide an annual actuarial report for use by accounting departments of the client companies as well as various industrial accident boards	
700	BSC Payroll Processing	**BSC PAYROLL PROCESSING** 1. Prepare and reconcile Gross to Net Payroll transactions, encompassing on-cycle scheduled payroll processing and off-cycle non-scheduled payroll transactions 2. Process and electronically deposit net pay with full service Direct Deposit 3. Print Payroll Checks and provide electronic access to pay statements and W-2 forms 4. Support of Payroll and related time processing 5. Administer Garnishment and child support payroll deductions and related payments 6. Tax Jurisdiction Registrations 7. Employment Tax Filing for federal, state and local jurisdictions as appropriate for each company 8. Participate and maintain compliance in support of Annual Internal and External Audit and Key Financial Controls 9. Provide support testing resources for Payroll Special Initiatives and Projects requiring payroll involvement 10. Provide oversight and testing participation to patch and database upgrade testing 11. Work collaboratively with HR Technology and HRIT Support to provide details around ongoing system issues and UAT review of resolutions 12. Provide oversight of vendor supporting pay statements and W-2 forms	VP, HR Solutions

Service ID	Service Name	Service Description	Service Owner
735	HR Services	**HR SERVICES** 1. Process employee transactions (Hire, Transfers and Terminations) 2. Union Wage Increases and time keeping system transactional support 3. Processing organizational structure changes, as requested 4. Provide oversight of vendor supporting HR-related (except for benefits) questions and address escalated issues. 5. Governance and oversight of HR Solutions Hub 6. Perform HR Services back-office related work 7. Conduct ePeople system training for HR field employees 8. Transaction support for Onboarding, Employee Data Administration, Position Management, Compensation, HR general inquiry support 9. Administer and oversite of PTO benefits 10. Manage Service Awards program 11. I9 governance 12. Process unemployment claims 13. Manage and support Management Model HR document adds/updates 14. Manage Local 15 bid process for ComEd and BSC 15. Process candidate reimbursements 16. Process invoices through passport for HR-related services	VP, HR Solutions
740	BSC HR Solutions Technology	**BSC HR SOLUTIONS TECHNOLOGY** 1. Provide HR Solutions Technology support including Core HR, Payroll and Talent System training and helpdesk support as well as user query support 2. HR System support includes ePeople Core HR and Payroll, ePeople Comp, eTime, Recruiting & Onboarding, LaborSoft, ePeople Talent and all other HR /Payroll Systems except for the myCareer application 3. Maintain HR Systems CISS, user defined tables and data integrity 4. Provide consulting services for all HR related applications and Technology Implementation of mass HR Technology system data changes 5. Provide support for applications interfacing with ePeople Requests for support and enhancements will follow a defined intake process and be prioritized against existing work requests. System upgrades and implementations may create block out periods where no new enhancements can be implemented. Efforts requiring supplemental resources to complete and/or backfill employee resources may be billed As Requested.	VP, HR Solutions

Service ID	Service Name	Service Description	Service Owner
787	BSC HR As Requested	As requested, services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	EVP & Chief HR Officer, Exelon
881	HR Leadership Support	Cost associated with EVP HR's governance and oversight of HR Practice Area	EVP & Chief HR Officer, Exelon
657	BSC HR Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total HR Service Billings.	EVP & Chief HR Officer, Exelon
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	EVP & Chief HR Officer, Exelon

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
612	HR Solutions	923 – Outside Service Employed	Direct – 529150	Unit Price - Cost Per Employee
			Indirect - 529160	Employee Headcount
882	HR Diversity & Development	923 – Outside Service Employed	Direct - 529150	Unit Price - Cost Per Employee
619	Labor Mgmt	923 – Outside Service Employed	Direct - 529150	Cost per represented employee or Time and Material
880	HR Compensation	923 – Outside Service Employed	Direct - 529150	Unit Price - Cost Per Employee
622	Benefits Strategy & Design	923 – Outside Service Employed	Direct - 529150	Unit Price - Cost Per Employee
625	Occupational Health Services (OHS)	923 – Outside Service Employed	Direct - 529150	Unit Price - Cost Per Employee or Time and Material

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
			Indirect - 529160	
653	Workers' Compensation Admin	923 – Outside Service Employed	Direct - 529150	Unit Price - Cost Per Employee
700	BSC Payroll Processing	923 – Outside Service Employed	Direct – 529150	Unit Price - Per paychecks processed
735	HR Services	923 – Outside Service Employed	Direct – 529150	Unit Price - Cost Per Employee
740	BSC HR Solutions Technology	923 – Outside Service Employed	Direct – 529150	Unit Price - Cost Per Employee
787	HR As Requested	923 – Outside Service Employed	Direct – 529150	Time and Materials
881	HR Leadership Support	923 – Outside Service Employed	Direct – 529150	Unit Price - Cost Per Employee
			Allocated - 529160	Employee Headcount
657	BSC HR Revenue Adjustment	923 – Outside Service Employed	Allocated - 529160	Total HR Service Billings
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method

Responsibilities

Task / Responsibility	BSC Practice Area	Client Company
Talent Acquisition / Recruiting		
1. Develop and implement sourcing strategies	X	
2. Candidate screening and recommendations	X	
3. Common interview guide support	X	
4. Debrief of interviews and final candidate selection	X	
5. Development and negotiation of employment offer	X	
6. Initiation and monitoring of pre-employment requirements	X	
7. Request for Employee ID	X	
8. Fees related to usage of vendors	X	
9. Enterprise wide vendor management and license fees	X	
10. Develop/design behavioral based interview training	X	
11. Support and attend recruiting events	X	
12. Initiation of pre-day 1 on-boarding	X	
Talent Management & Development		
1. Design, deliver and manage leadership and management training programs	X	X
2. Support the identification of appropriate program attendees, their attendance and the follow up to reinforce learning and performance		X
3. Oversight and management of processes, programs and deliverables associated with the talent management & org effectiveness processes (succession planning, performance development)	X	
4. Active participation/support in data collection and action planning relating to the talent management process, including business talent reviews		X
Labor Management		

Task / Responsibility	BSC Practice Area	Client Company
1. The Labor Relations function develops and manages enterprise–wide, as well as business unit specific, strategies in partnership with the senior business unit and corporate leadership. The focus maximizes employee and bargaining effectiveness to achieve greater operating efficiency while advocating fair treatment for all employees based on respect, decency and integrity. It is also an integral part of Labor Relations to serve as the primary conduit between Corporation and Union Leadership, where applicable. These principles will be used to guide dealings with the unionized workforce and to maintain a union-free environment where appropriate.	X (1)	
2. Support strategy and operate effectively within principles of strategy		X (1)
(1) In order for Labor Relations to provide effective training and reporting, the business unit should take advantage of all offered training opportunities and adhere to data entry requirements		
Compensation		
1. Develop/design compensation programs, comply with regulators, consult with business and shareholders	X	X
2. Communicate and administer comp programs	X	X
3. Manage market compensation surveys and pay structures	X	X
4. Manage annual compensation planning and training	X	X
5. Provide pay and incentive guidelines recommendations for employees and recommendations for executives	X	X
6. Design and administer special pay programs	X	X
Benefits Strategy & Design, Governance and Administration		
1. Design benefit strategy to address employee needs while controlling cost	X	
2. Communicate benefit programs	X	
3. Administer plans in compliance with applicable law	X	
4. Compliance, policy, and appeals resolution	x	
5. Support labor relations/negotiations	X	X
6. Monitor, measure and manage vendors responsible for program administration	X	
7. LTD vendor management **Note: Many of the benefits offered by Exelon are governed by ERISA. As such, the Company has an obligation to administer its benefit plans in accordance with ERISA and other federal regulations. Exelon Benefits Strategy & Design oversees Exelon's obligations to keep the benefit offerings compliant with the necessary rules and regulations and provides oversight and governance on Benefits Administration.**	X	
8. **Monitor, measure and manage vendors responsible for program administration**	X	

Task / Responsibility	BSC Practice Area	Client Company
9. Provide answers to benefit program questions. Investigate and resolve issues relating to benefits programs. Monitor measure and manage vendors responsible for program administration.	X	
10. Maintain employee and retiree 401(k) benefits records. Provide vendor relation interface with HRIS and benefit vendors.	X	
11. Administration of COBRA program, employee notification, billing, vendor interface, problem resolution.	X	
12. Ensure that the survivor(s) receive applicable benefits due to death of employee, retiree, spouse or child (ren).	X	
13. Flexible Spend Accounts and RMSA vendor management of and high-level problem resolution – health care, commuter, dependent care and retiree medical.	X	
14. Provide annual open enrollment, maintain employee and retiree health & welfare benefits records. Provide interface with HRIS and benefit vendors.	X	
15. Administer severance plans, produce personalized statements for HR and oversee plan administration based on specific severance plan offering as business dictates.	X	
16. Administration of life insurance program, employee notification, billing, vendor interface, problem resolution.	X	
17. Perform function of General Secretary and administer MBA short term absence program in coordination with IBEW Local 15 and Corporate Employee Health and Benefits. Authorize the issuance of disability benefit payments. Communicate activities to employees, OHS, MBA and Labor Relations.	X	
18. Provide vendor management and high-level problem resolution for Qualified Domestic Relations Orders.	X	
19. Administer pension plans – vendor management, database management, issuance of pension checks, death claims, pension estimates, QDROs and final pension calculations.	X	
20. Manage outsourced benefit administration service providers by monitoring performance guarantee results, data audit and benchmarking.	X	
Note: Many of the benefits offered by Exelon are governed by ERISA. As such, the Company has an obligation to administer its benefit plans in accordance with ERISA and other federal regulations. Exelon Benefits Operations offers expertise in benefits administration and oversees Exelon's obligations to keep the administration compliant with the necessary rules and regulations		
Corporate Diversity		
1. Establish corporate-wide diversity and inclusion strategies	X	
2. Establish business-specific diversity and inclusion strategies		X
3. Develop and coordinate corporate-wide diversity and inclusion activities	X	
HR Technology Strategy and Governance/BSC HR Technology Application Support		
1. Establish HR Technology Strategy	X	

Task / Responsibility	BSC Practice Area	Client Company
2. Set and apply HR systems, policies, standards, procedures, and CISS parameters	X	
3. Develop and submit HR technology content for website and other collateral	X	
4. Request and provide requirements for reports for specific available HR data		X
5. Develop specific business OpCo actions and interventions based on data		X
Occupational Health Services (OHS)		
STD and LTD Case Management		
1. Identification and reporting of employee absence	X	X
2. Administer Medical Disability Certification	X	X
3. Administer referral to Medical Disability Retirement and LTD	X	
4. Transitional Return to Work Program	X	X
5. Coordinate and Oversee Limited Duty cases	X	X
6. Maintain relationships with external clinics for urgent and emergency care for employees	X	X
7. Provide utilization reports on a monthly and as needed basis	X	X
8. Medical Records management	X	
Regulatory Medical Testing Administration		
9. Identify and assist business unit with scheduling mechanism	X	X
10. Implement Testing		X
11. Reporting qualified/not qualified	X	X
12. Maintain medical testing in compliance with Regulatory and Company Policy	X	X
13. Records management	X	
Workplace Clinical Services		
14. Immunization programs	X	X
15. Health Education/Wellness	X	X
16. Executive Health program	X	X
Medical Consulting Services		
17. Provide direction, advice, education and contract management for unique medical issues that affect business units	X	
Workers' Compensation		
1. Report all industrial injuries and diseases within 24 hours of notice		X
2. Provide prompt statistical information to business unit financial departments.	X	
3. Direct third-party administrator (TPA), PMA Group	X	

Task / Responsibility	BSC Practice Area	Client Company
4. Manage lost-time and medical-treatment-only claims to a conclusion	X	
5. Provide Physicians Panel for injured workers' in accordance with Pennsylvania law	X	
6. Resolve claims through mediation and negotiation	X	
7. Direct proper investigation of workers' compensation claims	X	
8. Conduct annual litigation and reserve reviews	X	
9. Provide the business units with annual audited reserves	X	
10. Advise the business units of all catastrophic claims within 24 hours of the event	X	
Payroll Services		
11. On-time, accurate timekeeping and variation input	X	X
12. Support of time collection, labor distribution and validation	X	
13. On-time, accurate processing of regular payroll cycles	X	
14. On-time accurate processing of other employee payments, including Annual Incentive Plan and special awards	X	X
15. Timely notification of additional pay items in the prescribed format		X
16. Tax filings and deposits and government reporting	X	
17. Form W-2 statements and special handling of payroll related items	X	
18. Benefit deductions withholding	X	X
19. Garnishment and child support payroll deductions as directed and related payments to third parties	X	
20. Direct Deposit Services	X	
HR/Payroll Application Support Services– Provide HR/Payroll System training and helpdesk support and user query support		
21. Answer user questions on HR/Payroll System functionality	X	
22. Provide regular updates to user community	X	
23. Provide job aids and input into HR/Payroll System training	X	
24. Requests for special reports and queries	X	
25. Payroll Corrections	X	
HR/Payroll Application Support Services– Maintain HR/Payroll System CISS, user defined tables and data integrity		
26. Define and submit update request for locations, job codes, positions mgmt., etc.		X

	Task / Responsibility	BSC Practice Area	Client Company
27.	Update location, job codes, companies, position management, etc.	X	
28.	Monitor system for irregularities	X	
29.	Manage unusual pay rules	X	
30.	Audit and maintain HR/Payroll System CISS roles and rules	X	
HR/Payroll Application Support Services– Interface Support			
31.	Provide subject matter expertise on Oracle HCM HR data	X	
32.	Maintenance and enhancement of Oracle HCM payroll module	X	
HR/Payroll Application Support Services– Development of new functionality & complex data queries			
33.	Negotiated packages – priced separately	X	X
HR Services			
34.	Processing of Union Wage Increases	X	
35.	Timekeeping system CISS and transaction support	X	
36.	Entry of Employee Profile Changes (Hire, transfer, Terminations etc.)	X	
37.	Bid List Management	X	
38.	HR general inquiry support	X	

Additional Information

- Exelon HR Operating Model:

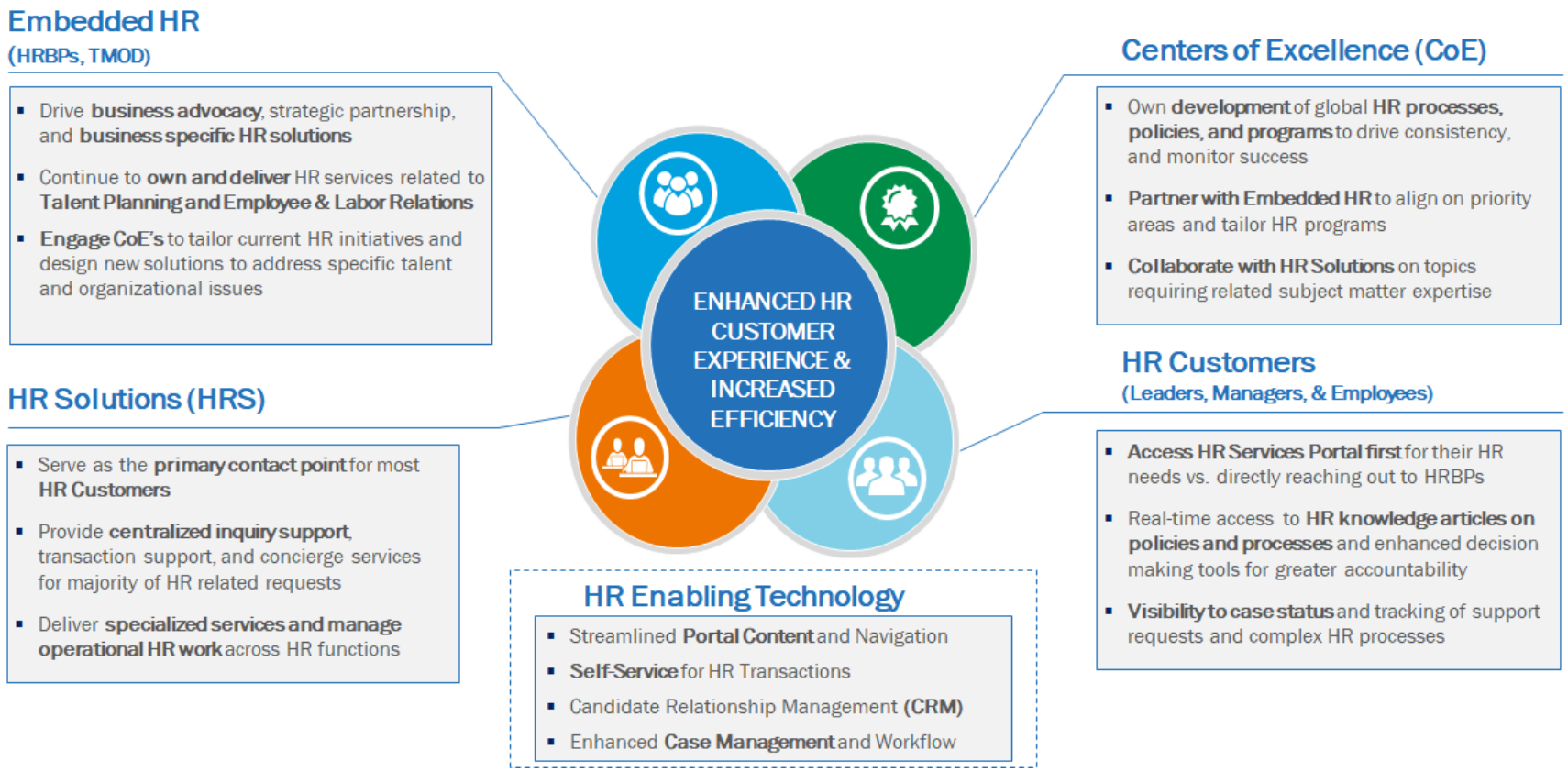

Business Benefits of Exelon's HR Operating Model

1. **Enhanced HR customer experiences** enabled by increased employee and manager self-service access; employees will be able to search for information on Portal and submit/track case requests on ServiceNow
2. **Improved strategic partnership with the business** to add greater value to leaders and managers; HRBPs will have additional capacity through centralization and enhanced self-service, to help perform strategic work
3. **Consistent HR processes & standardized service delivery** will reduce redundancies across OpCos; implementing industry leading HR processes and removal of unnecessary steps will streamline HR services
4. **Increased HR cost-effectiveness & operational efficiency** through a streamlined HR Operating Model; efficiencies across HR will be enabled through centralization, automation and increased HR role clarity
5. **Position HR Organization for scalable future growth** through user-friendly HR technologies and automation; these enabling technologies will provide intuitive experiences and better insights for decision making

Performance Measurement

Human Resources Performance Metrics Table

Reference the Human Resources Business Plan for performance metrics.

IT

IT Introduction

BSC IT provides standard IT services to support Exelon's businesses. These Services include End-User Support Services, IT Systems Operations Services, and IT Service Delivery. These IT services are provided by a combination of Business Unit Application Delivery and Support Departments, Cloud and Infrastructure Services Department, and Office of the CIO.

IT Service Owners include:

- VP, Office of CIO, providing IT governance, strategy, innovation, and business operations.
- VP, Enterprise-Wide Solutions, providing development and maintenance of both applications used by the BSC Practice areas, and of applications used across the enterprise.
- VPs, Technical Operations, Architecture and Engineering, providing enterprise data network, PCs, communication tools like email, phones, video conferencing, and infrastructure hosting platforms used by applications.
- VP, IT BGE, VP, IT ComEd, VP, IT PECO, and VP, IT PHI, providing development and maintenance of applications specifically used by the utility businesses.

IT Services Table

Service Table (See Appendix A for RxQ Technical Services Table)

KPI Definition Table

KPI	Definition
Service Portfolio KPI	Application service levels, including Business Value (in the *Application/ Service Scorecard* section) and DR Tier Designation (in the *Disaster Recovery* section) are listed under the relevant Application/ Service in Application Portfolio Manager (APM). Please reach out to your Service Portfolio owner for specific details.
Project Delivery KPI	90% of IT Projects completed on time, on budget, based on agreement out of Detailed Design, with tolerance of +10%.
IT Governance KPI	IT Governance KPIs are reported on monthly in the CIO Management Review Meeting. Please reach out to your portfolio owner for specific details.

Service ID	Service Name	Service Description	Service Owner	KPI Type
322	BSC BU Specific IT Projects	Exelon IT Project Delivery Services provides deliverables for IT projects including planning, design, asset acquisition, and implementation of solutions	IT VP (Project Specific)	Projects Delivery KPI
410	Client Services	Client Services cover escalated IT Service Desk incidents related to desktop and laptop support including requests, installation, move, add, change, and/or replacement of desktop PCs/Monitors, the installation of peripherals/memory, loaner support, hardware break/fix, technology refresh, manual patching, desk side support, executive support.	VPs, Technical Operations, Architecture and Engineering	Governance KPI
463	Oracle Support Services	The service provides a comprehensive deal structure that includes perpetual unlimited licenses for Oracle's entire catalog of "on premise" software at a fixed price for use across the Exelon Enterprise.	IT VP, Office of the CIO	Not Applicable – PULA Costs
505	Application and Technical Service Delivery - Finance	The service covers general areas of support and support providers. The service scope includes Financials (For Financial Services Group), Business Intelligence Architecture (For Financial Services Group), Technical Infrastructure (For Financial Services Group), Other Applications (For Tax Dept), Treasury Systems, and AP Finance. Detailed list of applications included in Enterprise Finance Portfolio Applications	IT VP, Enterprise-Wide Solutions	Service Portfolio KPI

506	Application and Technical Service Delivery - Asset Management	The Asset Management service supports applications used by Utilities Work Asset Management and Supply Asset Management numerous business processes including those associated with work management, supply chain, design engineering and safety and compliance. The process is known as EAM within BSC and is largely driven by the Asset Suite application (Passport).	IT VP, Enterprise-Wide Solutions	Service Portfolio KPI
507	Application and Technical Service Delivery - HR	Application and Technical Service Delivery - HR is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, cloud services, management, project work, compliance and technical services necessary to enable the HR Function within BSC including Oracle HCM, ePeople Talent, eTime, Compensation, Payroll, and OHS.	IT VP, Enterprise-Wide Solutions	Service Portfolio KPI
508	Application and Technical Service Delivery - Hyperion, Informatica & SharePoint	This service covers the enterprise wide use of Hyperion Reporting, Informatica and SharePoint	IT VPs, Enterprise-Wide Solutions, Cloud & Infrastructure	Service Portfolio KPI
509	Learning Management Portfolio Application Support	The Learning Management Portfolio service includes all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the Learning Management Portfolio Application (LMS).	IT VP, Enterprise-Wide Solutions	Service Portfolio KPI

510	Application and Technical Service Delivery - Corporate Applications	Application and Technical Service Delivery Corporate Application Support service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services, necessary to the BSC practice areas of Corporate Communications, Real Estate, Risk, and Audit. This service also supports the IT needs of the Management Model function	IT VP, Enterprise-Wide Solutions	Service Portfolio KPI
550	Application and Technical Service Delivery - Billing & Payment Processing	The Billing & Payment Processing service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the Billing & Payment Processing business process.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
554	Application and Technical Service Delivery - Customer Care Center	The Customer Care Center service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the Customer Care Center business process.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI

555	Application and Technical Service Delivery - Customer Solutions	The Customer Solutions service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the Customer Solutions business process.	IT VP of ComEd, PECO, BGE, PHI	Project Delivery KPI
557	Application and Technical Service Delivery - End User Services	The End User Services service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the end user services used by ComEd, PECO, BGE, PHI, and BSC.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
558	Application and Technical Service Delivery - Energy Procurement	The Energy Procurement service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the Energy Procurement business process.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
562	IT Management & Compliance	The IT Management & Compliance service is provided to support and maintain the governance and management of the IT services delivered in ComEd, EWS, PECO, BGE, PHI, and CIO.	IT VP of ComEd, PECO, BGE, PHI, Enterprise-Wide Solutions, VPs, Technical Operations, Architecture and Engineering	Governance KPI

565	Application and Technical Service Delivery - Legacy Meter Services	The Legacy Meter Services service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the Legacy Meter Services business process.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
568	Application and Technical Service Delivery - Electric Realtime	The Electric Realtime service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the Electric Realtime business process.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
569	Application and Technical Service Delivery - Operate & Restore (Gas)	The Operate & Restore (Gas) service is provided to support and maintain application services, which include costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by PECO, BGE, PHI to support the Operate & Restore (Gas) business process.	IT VP of PECO, BGE, PHI	Service Portfolio KPI
571	Application and Technical Service Delivery - Operations Support	The Operations Support service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used utilities to support those processes which are not covered elsewhere by other "Application and Technical Service Delivery" Services	IT VPs of ComEd, PECO, BGE, PHI	Service Portfolio KPI

573	Application and Technical Service Delivery - Project & Work Management	The Project & Work Management service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support their Project and Work Management processes.	IT VPs of ComEd, PECO, BGE, PHI	Service Portfolio KPI
576	Application and Technical Service Delivery - Security	The CISS service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, compliance and technical services necessary to maintain the applications used by BSC.	IT VP of Enterprise-Wide Solutions	Service Portfolio KPI
580	Application and Technical Service Delivery - UCOMM	The UCOMM service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the UCOMM business process.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI

583	Application and Technical Service Delivery - EU Support Services	The EU Support Services is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the following processes: Support Services, Project and Work Management. and any other services offered by Work and Asset Management that is not already covered elsewhere.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
584	Application and Technical Service Delivery - Outage Management	The Outage Management service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the Outage Management and Geospatial.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
585	Application and Technical Service Delivery - Smart Meter Operations	The Smart Meter Operations service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to Smart Meter Operations process.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI

586	Application and Technical Service Delivery - BI and Data Analytics	The BI and Data Analytics service is provided to support and maintain application services, which include costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, and PHI to support the BI and Data Analytics process.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
587	Application and Technical Service - Workforce & Mobile Technology	Mobile Workforce Tech Services is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the mobile applications used by ComEd, PECO, BGE, PHI to support the following processes: Support Services, Project and Work Management. and any other services offered by Work and Asset Management that is not already covered elsewhere.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
589	Application and Technical Service Delivery - Back End Meter Operations	The Back End Meter Operations service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to support the Back End Meter Operations business process of ComEd, PECO BGE, and PHI. The applications will cover the functionality required, but not limited, to the transfer of meter and reads related information from Head End systems to back office applications and the processes for remotely connecting or disconnecting meters.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI

663	Application and Technical Service Delivery - Utility of the Future	The Utility of the Future service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services, necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support the Utility of the Future business process.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI
775	IT Governance	This service is provided to support governance and oversight functions, which include costs associated with IT wide governance functions and includes the Office of the CIO (excluding the Planning function), Cost Optimization, and General Governance of IT.	IT VP, Office of the CIO	Governance KPI
777	TDE&Ops Projects	This service includes the planning, design, and implementation of TDE&Ops projects that are allocated to one or more business units	VPs, Technical Operations, Architecture and Engineering	Project Delivery KPI
854	Application and Technical Service Delivery - Legal Application Support	Application and Technical Service Delivery - Legal Application Support service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to enable general Legal and Ethics & Compliance department activities including regulatory compliance, records management compliance, and electronic discovery (eDiscovery, legal hold) compliance	IT VP, Enterprise-Wide Solutions	Service Portfolio KPI
885	BSC IT Services Rev Adjust	BSC IT Services Revenue Adjustment- “Revenue Adjustment Services” reflects the following “true up” mechanism: The difference between actual cost and revenues from billings to the Client Companies is “trued up” each month by allocating it pro rata to the Client Companies based on their share of IT Total Service Billings	SVP, CIO Exelon	Not Applicable – Financial Adjustment Mechanism

901	BSC Other PA Tech Projects	This service is comprised of planning, design, and implementation of IT projects that support BSC Practice Areas other than Finance or Human Resources.	IT VP, Enterprise-Wide Solutions	Project Delivery KPI
902	BSC HR Tech Projects	This service is comprised of planning, design, and implementation of IT projects that support the Human Resources Practice Areas of BSC.	IT VP, Enterprise-Wide Solutions	Project Delivery KPI
903	BSC Finance Tech Projects	This service is comprised of planning, design, and implementation of IT projects that support the Finance Practice Areas of BSC.	IT VP, Enterprise-Wide Solutions	Project Delivery KPI
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	IT VP (Project Specific)	Project Delivery KPI
906	Enterprise Wide IT Projects	This service is comprised of planning, design, and implementation of IT projects related to licensing, upgrade and expansion of technology platforms including Oracle database, SQL Server database, SharePoint, and others.	IT VP, Enterprise-Wide Solutions	Project Delivery KPI
933	Office of the CIO Projects	This service is comprised of planning, design, and implementation of IT projects related to the Office of the CIO.	IT VP, Office of the CIO	Project Delivery KPI
944	NERC CIP Program Services	Provide enterprise-wide NERC CIP program and project management oversight to ensure sustained Exelon compliance	IT VP of ComEd, PECO, BGE, PHI	Governance KPI
951	NERC CIP Implementation Costs	The NERC CIP Implementation Program (VIP) is an integrated Program to support the on-going compliance NERC CIP standards. Our Program Team works together across the projects to ensure consistency and full coverage of the NERC CIP standards. Program Support Functions include: • Program Integration • Program Management Office (PMO)	IT VP (Project Specific)	Project Delivery KPI

		• Finance • Architecture • Communications & Change Management		
528	Emergency Preparedness	The Emergency Preparedness service is provided to support and maintain application services, which includes costs of all the infrastructure, labor, licenses, maintenance, support, management, project work, compliance and technical services necessary to maintain the applications used by ComEd, PECO, BGE, PHI to support EU storm readiness and emergency preparedness functions.	IT VP of ComEd, PECO, BGE, PHI	Service Portfolio KPI

FERC Account and Billing Approach Table (See Appendix A for Technical Services Table)

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
322	**BSC BU Specific IT Projects**	**FERC Account to be determined during each individual project creation**	**Direct – 529550 Allocated – 529560**	**Time and Materials or Cost Causative Method**
410	**Client Services**	**923 – Outside Services Employed**	**Direct – 529550**	**Time and Materials**
463	**Oracle Support Services**	**FERC Account to be determined during each individual project creation**	**Direct – 529550 Allocated – 529560**	**Weighted allocation based on application usage**
505	**Application and Technical Service Delivery - Finance**	**FERC Account to be determined during each individual project creation**	**Direct (to BSC Finance) – 529550**	**Time and Materials**
506	**Application and Technical Service Delivery – Asset Management**	**FERC Account to be determined during each individual project creation**	**Allocated (general application maintenance) – 529560 Direct (BU specific instance support) – 529550**	**Based on Passport users Time and Materials**
507	**Application and Technical Service Delivery - HR**	**FERC Account to be determined during each individual project creation**	**Direct (to BSC HR) – 529550**	**Time and Materials**
508	**Application and Technical Service Delivery - Hyperion, Informatica & SharePoint**	**FERC Account to be determined during each individual project creation**	**Allocated – 529560**	**Cost causative method**
509	**Learning Management Portfolio Application Support**	**FERC Account to be determined during each individual project creation**	**Allocated – 529560**	**Number of LMS users**

510	**Application and Technical Service Delivery - Corporate Applications**	**FERC Account to be determined during each individual project creation.**	**Allocated – 529560**	**% of cost attributable to each portfolio**
550	**Application and Technical Service Delivery - Billing & Payment Processing**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials or Number of Customers**
554	**Application and Technical Service Delivery - Customer Care Center**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials or Number of Customers**
555	**Application and Technical Service Delivery - Customer Solutions**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
557	**Application and Technical Service Delivery - End User Services**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
558	**Application and Technical Service Delivery - Energy Procurement**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
562	**IT Management & Compliance**	**923 – Outside Service Employed**	**Allocated – 529560**	**Cost Causative Method**
565	**Application and Technical Service Delivery - Legacy Meter Services**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
568	**Application and Technical Service Delivery - Electric Realtime**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**

569	**Application and Technical Service Delivery - Operate & Restore (Gas)**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
571	**Application and Technical Service Delivery - Operations Support**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials or Number of Customers**
573	**Application and Technical Service Delivery - Project & Work Management**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
576	**Application and Technical Service Delivery - Security**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
580	**Application and Technical Service Delivery - UCOMM**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
583	**Application and Technical Service Delivery - EU Support Services**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
584	**Application and Technical Service Delivery - Outage Management & Geospatial**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
585	**Application and Technical Service Delivery - Smart Meter Operations**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
586	**Application and Technical Service Delivery - BI and Data Analytics**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**

587	**Application and Technical Service - Workforce & Mobile Technology**	**FERC Account to be determined during each individual project creation**	**Direct – 529550**	**Time and Materials**
589	**Application and Technical Service Delivery - Back End Meter Operations**	**FERC Account to be determined during each individual project creation**	**Allocated – 529560**	**Cost Causative Method**
663	**Application and Technical Service Delivery - Utility of the Future**	**FERC Account to be determined during each individual project creation**	**Allocated – 529560**	**Cost Causative Method**
775	**IT Governance**	**923 – Outside Services Employed**	**Allocated – 529560**	**% of total IT Service Billings**
777	**TDE&Ops Projects**	**FERC Accounting to be determined with FERC Reporting groups during each individual project creation**	**Direct – 529550 Allocated – 529560**	**Time and Materials or Cost Causative Method**
854	**Application and Technical Service Delivery - Legal Application Support**	**FERC Accounting to be determined with FERC Reporting groups during each individual project creation.**	**Direct - 529550**	**Time and Materials**
885	**BSC IT Services Rev Adjust**	**923 – Outside Service Employed**	**Allocated – 529560**	**% of Total IT Service Billings to each OpCo**
901	**BSC Other PA Tech Projects**	**FERC Accounting to be determined with FERC Reporting groups during each individual project creation**	**Direct – 529550 Allocated - 529560**	**Time and Materials or Cost Causative Method**
902	**BSC HR Tech Projects**	**FERC Accounting to be determined with FERC Reporting groups during each individual project creation**	**Direct – 529550 Allocated – 529560**	**Time and Materials or Cost Causative Method (typically % of total headcount)**

903	**BSC Finance Tech Projects**	**FERC Accounting to be determined with FERC Reporting groups during each individual project creation**	**Direct – 529550 Allocated - 529560**	**Time and Materials or Cost Causative Method (typically Modified Massachusetts Formula)**
904	**BSC Costs to Achieve**	**FERC Accounting to be determined with FERC Reporting groups during each individual project creation**	**Direct – 529550 Allocated – 529560**	**Time and Materials or Cost Causative Method**
906	**Enterprise Wide IT Projects**	**FERC Accounting to be determined with FERC Reporting groups during each individual project creation**	**Direct – 529550 Allocated - 529560**	**Time and Materials or Cost Causative Method**
933	**Office of the CIO Projects**	**FERC Accounting to be determined with FERC Reporting groups during each individual project creation**	**Allocated - 529560**	**Time and Materials or Cost Causative Method**
944	**NERC CIP Program Services**	**923 – Outside Service Employed**	**Allocated – 529560**	**% of critical NERC cyber assets**
951	**NERC CIP Implementation Costs**	**923 – Outside Service Employed**	**Allocated – 529560**	**% of critical NERC cyber assets**
528	**Emergency Preparedness**	**923 – Outside Service Employed**	**Direct – 529550 Allocated - 529560**	**Time and Materials**

IT as Requested Services Introduction

Periodically, the OpCos may request additional IT project or non-standard IT support services that were not identified during the budget/LRP cycle. These costs will be funded directly by the operations area of the OpCo requesting the incremental project or non-standard support. Note, additional non-standard services may be created depending on what support is requested over the course of the SLA period.

IT As Requested Services Table

As Requested Service Table

Service ID	Service Name	Service Description	Service Owner	Performance Level / Metric with Target
779 (As Requested)	As Requested IT Projects	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	IT VP (Project Specific)	Project Performance

As Requested FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
779 (As Requested)	As Requested IT Projects	FERC Accounting to be determined with FERC Reporting groups during each individual project creation.	Direct – 529500 or 529550 Allocated – 529560	Time and Materials or Cost Causative Method

Performance Measurement

The performance management section outlines the standard performance metrics across IT Services, the level of service will be expected to meet at a minimum, and target levels that will be expected to be met or exceeded on negotiated timelines (if applicable).

BSC IT

IT will monitor its service levels and performance using both cost and quality metrics on an on-going basis. IT will facilitate the definition of metrics, provide templates for data input and measurement, and consolidate the inputs to calculate end-to-end process metrics where data is available.

IT will make metrics available to Client Companies and facilitate monthly/periodic meetings with Client Company Business leaders to review metrics and discuss IT performance to service level metrics.

General information covered by performance management and reporting of IT service delivery includes the following:

- Project reporting, including estimated percentage deliverables progress towards completion compared to percent of project spend; key milestones and delays
- Financial reporting on all IT spend associated with Client Company, including budgets, actual costs, and forecasts. Detailed past, current, and expected internal and external audit activity associated with IT that supports Client Company
- Control assessments and analyses of actual events
- Risk assessments, including risks to financial outcomes, risks from personnel changes, risks to successful delivery of projects, CISS risks, audit risks, and other assessments, whether accurately quantifiable or not
- Other issues or concerns as appropriate

The following table outlines the general performance measures for Service Desk and IT Operations Services:

Standard IT Operational Metrics include:

End User Computing	Target
Service Desk Resolution • **The percentage of calls resolved by the Service Desk without escalation to Level 2 or Level 3.** • **Calculated by the aggregated number of Service Desk Resolutions completed by the Service Desk divided by the total number of interactions received by the IT Service Desk during the month**	75%
Average Wait Time for Client for Service Desk • **Data comes from Cisco Call Manager** • **Includes front-end message**	60 secs

High Business Value Application and Infrastructure Reliability and Availability	Target
• **MTTR for Major Incidents – Mean Time to Restore is the elapsed time from incident detection by or reported to the ITOC until client service is restored or workaround is in place** • **Frequency – Number of Major Incident is defined as High Business Value application or Infrastructure not available**	150 mins 170 Annually

Responsibilities

The BSC IT responsibilities along with the Client Company are different based on the type of service. For example, responsibilities related to the delivery of a personal computer will be different than that of requesting changes to an application, which is owned by Client Company.

The responsibilities are general in nature and not necessarily intended to be an all-inclusive list of responsibilities between BSC IT and Client Company for every aspect of IT service delivery and support. Responsibilities have been grouped by different types, as applicable, and include:

1. End-User Support
2. Application Support
3. IT Project Delivery

Services are requested as follows with the indicated department having primary responsibility:

Service	Primary Organization
End-User Support • Desktop Issues, End-User Equipment Requests, General Information, Report System Issues	TechOps – Service Desk
Access Requests – Access to Applications	Corporate Information CISS Services Access Request Portal
Application Maintenance Requests	EDM Request to Business Unit Application Department
Project Delivery Requests	PPM Request to Business Unit Application Department

Additional Information

Service Desk and Request Fulfillment

End users contact IT Service Desk for support (create an incident) or to request an IT asset or service. The IT Service Desk may be contacted in the following ways:

1. Calling the IT Service Desk (either 1.877.9EXELON (1.877.939.3566)
2. Via the Service Manager Self-Service on-line portal 24x7.
3. Via an email to "IT Support Center" describing the incident or request.

The IT Service Desk provides 7x24 support. Client Services Support Hours are Monday – Friday, 7:30 AM – 5:00 PM, local time to their location, with after-hours support on-call for urgent issues only.

End user incidents (incidents affecting individual user) are assigned a priority based on corporate role:

	Priority		
End User Incident	ELT	VIP	Standard

The following SLAs apply to End User Incidents:

Priority	Escalation	Resolution
Standard	30 minutes business hours	2 Business Days
VIP	30 minutes 24x7	2 hours
ELT	15 minutes 24x7	1 hour

Incidents affecting systems or multiple users will be escalated to the ITOC for coordination and escalation based on a priority which is derived from severity and urgency (see table under Service Operations Support Model).

Requests for an IT asset or service creates an IT Service Request, or 'non-incident'. Service Requests are directed to the appropriate IT service owner for fulfillment. SLAs for service requests are based on the individual service. Requests for services not associated with an operational

issue (e.g. new remote access token, additional space in a home drive) will be processed Monday through Friday 8:00am to 5:00pm, local time to client location.

Service Operations Support Model

IT Operations Services supports a vast variety of technologies in the enterprise computing environment. To do this efficiently and effectively, a standard operations support model is used to drive consistent support and delivery expectations. Applications must be registered in IT's Asset Manager/Application Portfolio Manager database to subscribe to the standard Service Operations Support Model.

TechOps offers three operational support offerings: Full Support, Limited Support, and Data Center facilities Management

- **Full Support** applies to applications where TechOps is providing Infrastructure as a Service (IaaS) support for the application hosting environment. Full support provides event monitoring, incident management, incident communications, problem management, CISS patching, and routine operational maintenance. This applies to both Physical and Virtual devices. Data Center facilities costs are above and beyond this support.
- **Limited Support** applies to applications and infrastructure where TechOps provides monitoring and escalation services but is not responsible for incident resolution and other operational tasks for the equipment. This applies to P/SaaS applications and Opco IT-supported equipment. This includes Event Monitoring, Incident Escalation, Incident Communications, and Problem Management. Data Center facilities costs are above and beyond this support for devices hosted in enterprise data centers.
- **Data Center Facilities Management** applies to applications and infrastructure where equipment resides in our Enterprise Data Centers. These charges cover the costs of space, power, and general network connectivity.

Incidents are prioritized based on Business Value (Urgency) and Impact (Severity). The following table defines Incident priorities for IT Incident Management:

Impact (Severity)	Application Business Value (Urgency)			
		High	**Medium**	**Low**
	SEV-1 (Application or Infrastructure Unavailable)	Major	Minor	Routine

BSC IT

	SEV-2 (Application or Infrastructure not performing as expected)	Minor	Minor	Business Hours
	SEV-3 (Non-client impacting proactive system events)	Routine	Routine	Business Hours
	SEV-4 (Informational Alerts)	Business Hours	Business Hours	Business Hours

The following table defines the Incident Management Targets for System Incidents:

Service Level Commitment Details				
	Support Hours	**Target Resolution**	**Status Updates**	**Level of Effort**
Major	24 x 7 x 365	2 hours	2hours	Worked continuously until workaround or resolved

Minor	24 x 7 x 365	8 hours	Open/Close	Escalated 24x7 Maybe deferred until next business day by service owner in off hours
Routine	24x7x365	24 hours	None	Escalated 24x7 Maybe deferred until next business day
Business Hours	Business Hours Monday thru Friday 7AM to 7PM ET	1 Business Day	None	Worked Business Hours Only

Incident Management & Escalation Process Overview

This section provides an overview of the process steps that IT will take to resolve an incident – service not available or performing as expected reported by an end-user or via system events to the IT Operations Center (ITOC). The purpose is to add clarity to the delivery of "Incident Response" of the Standard Operations Support Model. The support workflow for an incident follows a standard process based on support levels of IT Teams, severity/urgency of the incident, and the resolution target. This section also describes how the Client Company management may escalate issues.

The IT Service Desk can be considered **Level 0** support organization. All end user interactions, and any created incidents, are to originate via contact with the IT Service Desk. If the interaction between the end user and the IT Service Desk does not result in resolution of the issue, the interaction ticket is escalated to an incident ticket and transferred to the supporting Client Services team or designated support team for resolution.

Client Services (deskside support) can be considered **Level 1** support organization. Single instances of end user incidents which cannot be resolved by the IT Service Desk are transferred to CSDS as the **Level 1** support team. CSDS are structured by the Operating Company that they support. CSDS are positioned to be the single point of client support and requests for end user tools, such as the PC, telephone, printers. They provide initial contact and desktop support for the most critical business unit applications. The CSDS support responsibilities and response metrics are based on the individual business units.

IT Operations Center (ITOC) can be considered **Level 2** support organization for all incidents from monitored system events or end-user reported incidents transferred from the IT Service Desk, that impact multiple users. The ITOC supports all Business Units. The ITOC is positioned to be the single point of contact and coordination for all infrastructure and application-based incidents or system events. The ITOC support responsibilities and response metrics are included in the "Operations Services-Standard" service, within the IT Service Table for VPs, Cloud & Infrastructure.

For incidents experienced by a single end user, Client Services may need to transfer the ticket to a **Level 3** support organization. For system incidents, the ITOC may need to transfer the ticket to a **Level 3** support organization. Level 3 support organizations include Application Support teams and Technical Engineering teams. The support responsibilities and levels of support may vary, based on the operations support model of the application.

Escalation of operational issues follows a standard process via the

- IT Service Desk
- IT Operations Center
- Director, IT Service Operations and Network Management
- Service Owner
- Chief Information Officer

Escalation of performance issues related to an IT Service is via the IT Director responsible for that service.

Technology Refresh & Capital Investments/Depreciation

The ongoing refresh and upgrade of technology is based on ownership of the IT Asset, and how it is reflected on either BSC books or the Client Company books. There are generally two approaches that are leveraged for technology assets:

BSC IT

1. For information technology that is and will most likely always be shared or changed/leveraged across Client Companies, BSC will own the technology asset.
    a. BSC is responsible for the funding of the original investment, as capital funding, probably via a project, and must plan for and budget capital investment for future refresh and upgrades to maintain the health of the IT Asset.
    b. The IT asset investment is on BSC's books as an IT Asset.
    c. BSC will record depreciation and track this depreciation at the IT Asset Class level, such that it can be appropriately recovered from the Client Companies that leverage the shared environment, based on the Depreciation IT Services. These IT services are by asset class and billed out by rate x quantity of the appropriate shared asset counts.
    d. This is applicable to hardware infrastructure, shared PCs within BSC, as well as enterprise/infrastructure software packages, and generally includes, but is not limited to,
        i. Shared data network (networking equipment supporting more than one business unit's network traffic)
        ii. Data Center technologies for all virtual environments housed in corporate data centers
        iii. Servers/Storage for applications and IT services (Note: in situations where physical servers are dedicated to and maintained by a Client Company, these may be owned by the Client Company)
    e. During annual LRP process, Client Companies and BSC will collaborate to adequately forecast demand for technology assets.

2. For information technology that is wholly dedicated or uniquely designed to support a single Client Company, the Client Company will own the technology asset.
    a. The Client Company is responsible for the funding of the original investment, as capital funding, probably via a project, and must plan for and budget capital investment for future refresh and upgrades to maintain health of the IT Asset.
    b. For Client Company owned assets, the Client Company is expected to adhere to recommended refresh guidelines (governed by Cloud & Infrastructure) to prevent interfering with the reliability of the overall enterprise infrastructure.
    c. The IT asset investment is on the Client Company books as an IT Asset.
    d. The Client Company will hold the depreciation and must budget accordingly.
    e. In the event an Op Co does not comply with a recommended refresh schedule, support will be on a best effort basis. IT will not be accountable for performance metrics related to service support.
    f. This is applicable to hardware infrastructure, PCs, as well as software packages, and generally includes, but is not limited to,
        i. Personal Computers
        ii. Dedicated servers/storage for an Opco's use
        iii. Dedicated network equipment for specific Client Company Real-Time/SCADA systems

iv. Dedicated network equipment for specific Client Company locations
v. Application software specific to a business unit

3. Enterprise IT application software assets will be allocated and recorded on an OpCo's books at the time of purchase/ development; using an appropriate, approved cost-causative allocation method as set forth in Exelon's General Services Agreement. Generally, BSC will purchase assets on behalf of the OpCo's, with the amount recorded at the OpCo level representing a beneficial ownership right in or right-to-use the IT asset.

Enterprise Demand Manager (EDM)

The standard model for requesting IT application changes is via the Enterprise Demand Manager (EDM). The level of service for requested changes to an IT service is based on the metric, *Work Requests Delivered On-Time*. *Work Requests Delivered On-Time* is defined as the delivery of a work request (EDM) to the user acceptance test (UAT) environment by the commitment date. The standard method for tracking an application (or IT service) work request is via Enterprise Demand Manager (EDM). For those Application/Service delivery teams not using the EDM process, IT will measure the level of service using data provided by the team. For those teams using PPM/EDM, the commitment date is negotiated between the Requesting Demand Manager, the Application/Service Delivery Manager, and the Service Provider based on criticality and prioritization. Expected performance is that 90% of work requests are delivered on time.

Successful user acceptance testing (UAT) is defined as the delivery of a work request that passes UAT testing (i.e. accepted by the Client UAT tester) in a certain number of cycles based on complexity. The intention of this measure is twofold; to measure the quality of code provided by the IT Service Owner, and measure the ability of the IT Service Owner to minimize the number of cycles that users are required to go through until a successful test is achieved.

The following conditions must be met for a UAT cycle to be considered successful:

- UAT Tester confirms that the change meets the documented requirements
- No code change required by the IT Service Owner's development staff within one cycle
- No additional work required by System Administrators or Database Administrators within one cycle
- No additional application configuration work required by personnel within one cycle

Work requests are tracked in Exelon's PPM tool as Enterprise Demand Manager [EDM's]. The date that code is delivered into the appropriate UAT environment is tracked in the EDM, as is the subsequent pass/fail (acceptance or rejection) of the UAT. A successful UAT will be identified BSC IT

by a lack of failure in the workflow of the UAT. To accurately measure and enforce the intent of the measure, IT assumes that UAT will immediately fail the UAT **if** any further code, database or application configuration work is required before one a work item begins UAT.

IT Service Details

IT Application Portfolio Management database is the system of record for all applications and their support levels. Always refer to APM for the most recent listing and categorization. For specific information related to "High" Business Value applications, refer to the Business Unit-specific Service Level Agreements. NOTE: For Medium and Low Business Value applications, refer to your Business Unit's application list from the APM tool to confirm Support Service Level and DR rating.

Legal Services

Legal Services Introduction

BSC Legal Services will provide a full range of legal services, including representation, advice, counseling, training and other support, to meet the legal needs of our Affiliates and their Subsidiaries.

BSC Legal services will provide governance, management and support services for Exelon Corporation and its Subsidiaries, including services for the Exelon Board of Directors and the Subsidiaries' boards of directors, as required, legal counseling for securities matters and corporate finance, manage the Ethics and Compliance Program, including the Audit Committee's process for receiving and investigating concerns about potential violations of the Code of Business Conduct, manage the shareholder service function, coordinate the development of corporate policies and the Management Model, and coordinate records management, subsidiary management and the FERC Interlock processes.

Legal Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
914	EBSC Legal – Legal Operations	Legal Operations provides practical, proactive, and creative solutions to the current and future legal needs of Exelon and is responsible for the business functions of Exelon Legal which includes financial management, client billing, business planning and analysis, human resources, systems management, and general administration.	EVP/SVP & General Counsel
915	EBSC Legal – Corporate & Commercial	Corporate & Commercial provides support for corporate legal, transactional and contractual matters including: strategic transactions (including mergers, acquisitions, divestitures, and joint ventures); commercial contract negotiations (including purchases of materials and services, hotel and event contracting, stadium suite agreements, consulting services, confidentiality agreements, and licenses); commercial contract disputes; government contracting; social media, customer communications and marketing materials; promotions, sweepstakes and raffles; cybersecurity matters; intellectual property matters; innovation matters; domain names; phishing matters; not for profit organizational and contracting matters; antitrust matters; limited tax advisory services; securities and financing matters (including issuance of debt and equity securities, negotiation of credit agreements, financial reporting, and issues relating to disclosures of business and financial information); real estate matters (including utility easements, right-of-way vegetation maintenance, recovery of utility relocation costs, purchases and sales, local planning and zoning board approvals, landlord-tenant disputes and condemnation proceedings); and other corporate legal matters.	

Service ID	Service Name	Service Description	Service Owner
916	EBSC Legal – Environmental	Environmental supports compliance with federal, state and local environmental laws and requirements (including enforcement actions, permitting and licensing); environmental audits, site remediation, hazardous substance and waste management; environmental aspects of transactions and due diligence; environmental cost recovery litigation; and support for strategic initiatives related to environmental and energy policies.	
917	EBSC Legal – Labor & Employment	Labor & Employment advises and represents the companies in all labor, employment, health and safety and related matters (including collective bargaining, grievance and arbitration processing, Unfair Labor Practices, equal employment, affirmative action, wage and hour issues, pay equity, diversity, equity and inclusion, defamation, immigration, severance, subpoenas, whistleblower claims, wrongful discharge claims, covenants not to compete, and health and safety requirements, audits, reporting, record keeping and enforcement defense); and develops, supports and/or implements policies and training initiatives to ensure compliance with labor, employment, health and safety laws and regulations.	
918	EBSC Legal – Compensation and Benefits	Compensation and Benefits provides support for all employee benefit and compensation matters including ERISA, employment contracts, workers compensation plans, retirement, health care and welfare plans, executive compensation, severance benefits, benefit trust investments, and related litigation.	
919	EBSC Legal – Litigation	Litigation provides support for litigation, dispute resolution and related risk mitigation for a broad array of matters (including personal injury and property damage, contractual, commercial and real estate disputes, , insurance coverage disputes, mechanics liens, securities, shareholder derivative, and consumer protection disputes, environmental, health and safety, tax, tariffs, cybersecurity, privacy and antitrust) in various forums, including state and federal courts, both at the trial and appellate levels, administrative agencies, and in arbitrations and mediations.	
921	EBSC Legal – Federal Energy Regulatory	Federal Energy Regulatory provides- legal services to support the Exelon Utilities on federal energy regulatory policy and administrative matters, including transmission regulation and policy and wholesale markets, including representation of the Exelon Utilities before the Federal Energy Regulatory Commission and related appellate or collateral proceedings, providing advice and support on legal and policy matters related to the Exelon Utilities' membership and participation in regional transmission organizations and regional and national reliability councils, and other legal support for compliance, contractual, strategic initiatives and rate recovery matters related to transmission for the Exelon Utilities.	
651	EBSC Legal – Legal Governance	Legal Governance ensures that the business strategies, policies, procedures and programs of Exelon and its subsidiaries are developed and applied in full recognition of legal implications and risk and are legally sound; ensures that the legal affairs of the companies are attended to effectively,	

Service ID	Service Name	Service Description	Service Owner
		efficiently, and on a timely basis; and oversees and provides legal services support for corporate governance matters including subsidiary management.	
789	Legal As Requested	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	
692	BSC Corp Secretary As Requested	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	EVP/SVP & General Counsel
648	Corporate Secretary	• Plans and prepares for all aspects of the Company's board and board committee meetings as requested • Makes arrangements for all directors' travel, lodging and other services necessary for their service to the Company as requested • Administers the compensation programs and related deferral programs for directors • Provides legal counsel on financing activities and compliance with federal securities laws and stock exchange listing standards • Manages the daily administration of all of Exelon's equity compensation plans • Administers Exelon's Securities Trading Procedure (Stock Trading Clearance) • Maintains official corporate records of the Board of Directors and shareholders • Manages the Company's Shareholder Services function, including the transfer agent contract	SVP, Deputy Gen. Counsel

In addition, certain Legal services may be purchased from third-party sources on behalf of the Client Company or provided directly to (embedded in) the Client Company.

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
914	EBSC Legal – Legal Operations	923 – Outside Service Employed	Direct – 529200	Direct - Time and Materials
			Allocated - 529210	Allocated - Modified Massachusetts Formula
915	EBSC Legal – Corporate & Commercial	923 – Outside Service Employed	Direct – 529200	Direct - Time and Materials
			Allocated - 529210	Allocated - Modified Massachusetts Formula
916	EBSC Legal – Environmental Health & Safety	923 – Outside Service Employed	Direct – 529200	Direct - Time and Materials
			Allocated - 529210	Allocated - Modified Massachusetts Formula
917	EBSC Legal – Labor & Employment Group	923 – Outside Service Employed	Direct – 529200	Direct - Time and Materials
			Allocated - 529210	Allocated - Modified Massachusetts Formula
918	EBSC Legal – Compensation and Benefits	923 – Outside Service Employed	Direct – 529200	Direct - Time and Materials
			Allocated - 529210	Allocated - Modified Massachusetts Formula
919	EBSC Legal – Litigation	923 – Outside Service Employed	Direct – 529200	Direct - Time and Materials
			Allocated - 529210	Allocated - Modified Massachusetts Formula
921	EBSC Legal – Exelon Federal Energy Regulatory	923 – Outside Service Employed	Direct – 529200	Direct - Time and Materials
			Allocated - 529210	Allocated - Modified Massachusetts Formula
651	EBSC Legal – Legal Governance	923 – Outside Service Employed	Direct – 529200	Direct - Time and Materials
			Allocated - 529210	Allocated - Modified Massachusetts Formula

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
789	Legal As Requested	923 – Outside Service Employed	Direct - 529200	Time and Materials
			Allocated - 529210	Modified Massachusetts Formula
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529210	Modified Massachusetts Formula
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method
648	Corporate Secretary	923 – Outside Service Employed	Direct - 529200	Time and Materials
			Allocated - 529210	Modified Massachusetts Formula
692	BSC Corp Secretary As Requested	923 – Outside Service Employed	Allocated - 529210	Cost Causative Method

Responsibilities

Task / Responsibility	BSC Practice Area	Client Company
Notify Legal of new matter or request for service		X
Advise client of potential legal issues that come to the attention of the Legal Area	X	
Advise Legal Area of business objectives		X
Provide Legal with requested and necessary information on a timely basis		X
Have run appropriate conflicts check for matters requiring outside counsel	X	
Open new matter in legal matter management system	X	
Assign appropriate legal resources to matter, and record internal Legal time spent on each Client Company	X	
Provide monthly billing summary and other requested reporting for each matter	X	

Task / Responsibility	BSC Practice Area	Client Company
Authorize settlement or other disposition of legal matter	X	X
Create case budgets for major lawsuits, transactions and other matters as requested by client	X	
Develop and Distribute Billing Guidelines for outside counsel	X	
Develop Model Retention Agreement for outside counsel	X	
Obtain Retention Agreement for new matters assigned to outside counsel	X	
Manage the relationship with outside counsel	X	
Recommend reserve amounts as needed	X	
Budget for and fund recommended reserve amount		x

Performance Measurement

Legal Services Performance Metrics Table

Reference the Legal Services Business Plan for performance metrics.

Real Estate

Real Estate Introduction

The BSC Real Estate (RE&F) practice area provides overall strategy development and implementation for Exelon's non-utility property holdings and utility property holdings (with the exception of substations, property tax management, land rights/railroad access management, third party attachments, etc.) with regards to portfolio & real estate planning, lease management, occupancy & project management, land management, and property management (for PHI and ComEd) for the facilities that support the Company's non-utility and utility operations.

Real Estate Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
600	Real Estate Services & Asset Management Strategy	• Real Estate Portfolio & Asset Management Strategy ○ Develop and execute real estate and portfolio strategies ○ Manage and/or deliver transactions associated with the Company's facilities and related land and infrastructure properties • Lease and Records Administration ○ Manage the company's property and lease records for Exelon's non-utility and several utility facilities, land and infrastructure property holdings ○ Administer lease payments, billing and receivables for all non-utility and several utility facilities leases, land-related obligations, easements, and infrastructure agreements for which the Company is landlord, licensee, or tenant • Land Management ○ Manage land real estate-related processes for the company's non-utility land obligations and holdings, and utility land requirements up to the Substation. ○ Maintain landowner, municipal and key stakeholder relations in support of land management activities.	VP, Real Estate & Facilities
954	Facilities Management	• Deliver on-site property management services for the non-utility office and disaster recovery locations, including occupancy, move, project, and facilities management for these locations, and utility locations, where applicable. • Deliver on-site property management services for PHI and ComEd facilities (corporate buildings and service centers).	VP, Real Estate & Facilities
605	Mail Reception Services	Provide mail delivery and reception services for KS300 and Chase facilities.	VP, Real Estate & Facilities

Service ID	Service Name	Service Description	Service Owner
606	Project Design & Construction	• Manage Real Estate & Facilities related projects throughout the project life-cycle (initiation, pre-construction, execution & control, and close-out). Real Estate and Facilities supports all projects across Exelon up to the Substation. • Workplace Strategy & Occupancy Planning ○ Manage all move request and Workplace Strategy across Exelon properties to create an employee experience and improved utilization of space ○ Develop Workplace Strategy to create consistent employee experience across Exelon properties, where appropriate Handle all move requests across Exelon in collaboration with project management and in alignment with the Workplace Strategy	VP, Real Estate & Facilities
235	Real Estate As Requested	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	VP, Real Estate & Facilities
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	VP, Real Estate & Facilities
833	BSC Revenue Adjustment	The difference between actual costs and revenues from billings to the Client Companies is trued-up each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	VP, Real Estate & Facilities

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
600	Real Estate Services & Asset Management Strategy	923 – Outside Service Employed	Direct 529320	Time and Materials
			Allocated - 529330	Number of Facilities
954	Facilities Management	923 – Outside Service Employed	Direct 529320	Time and Materials
			Allocated - 529330	Managed Square Footage
605	Mail Reception Services	923 – Outside Service Employed	Allocated - 529330	Headcount
606	Project Design & Construction	923 – Outside Service Employed	Direct - 529320	Time and Materials
			Allocated - 529330	Number of Facilities
235	Real Estate As Requested	923 – Outside Service Employed	Direct - 529320	Time and Materials

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529320	Fully Distributed Costs
			Allocated - 529330	Cost Causative Method
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529710	Modified Massachusetts Formula

Responsibilities

EBSC RE&F will perform the services and functions described below, working closely with our clients to assure that goals and objectives are aligned, and that our clients are engaged at the appropriate levels of their organization.

Task / Responsibility	BSC Practice Area	Client Company
Real Estate Portfolio & Asset Management & Strategy		
Develop asset plans for facilities, incorporating business requirements, real estate considerations, market dynamics and values, and internal economic considerations	X	
Develop portfolio strategy for Exelon facilities and approved business cases which may include buy, hold, sell, or lease options. Develop and execute implementation plans in support of the strategies.	X	
Manage facilities related transactions (sale, purchase, lease, sublease, etc.) and the service providers associated with executing portfolio and asset strategies	X	
Lease Administration		
Perform lease/property administration, payment, or billing services for all facilities for which the Company is landlord or tenant.	X	
Perform lease/property administration, payment, or billing services for easement, infrastructure, agreements for which the Company is landlord or tenant, in compliance with Sarbanes-Oxley and FASB	X	
Maintain property and lease information and files for owned, leased, and external tenant leases and properties. Develop and report on property and lease data, as required	X	
Perform and participate in monthly, quarterly, and year-end financial close processes in support of lease administration services	X	
Define lease audit strategy and manage lease audit performance to recover costs from landlords	X	
Work with landlords to address or resolve lease and tenant related concerns and issues	X	

Task / Responsibility	BSC Practice Area	Client Company
Project Management		
Develop and manage capital improvement projects for all locations managed by BSC RE&F	X	
Land Management		
Perform site due diligence and landowner/document curative work for existing and acquisition projects, development projects and financing projects.	X	
Workplace Strategy & Occupancy Planning		
Develop occupancy plans and activities for facilities, including development of workplace standards, policies and strategies, space programs and space planning	X	
Develop and manage occupancy planning projects for locations managed by BSC RE&F	X	
Facilities Management		
Provide on-site management of office or headquarters sites, including management of service providers, work orders and service requests, and landlord related billing or operational activities, where applicable	X	
Manage BCP alternate location assignment, as required by department plans	X	
Manage landlord relations, vendors and contracted services in support of locations without an on-site Exelon property manager	X	
For Chicago HQ and KS300, provide receptionist services	X	
Budgeting and Billing		
Define and track the allocation of lease/owned and facilities costs by OpCo	X	
Develop OpCo RE&F budgets (held by OpCo) associated with lease/owned and facility services	X	

Performance Measurement

Real Estate Performance Metrics Table

Reference the Real Estate Business Plan for performance metrics.

Supply

Supply Introduction

BSC Supply / Accounts Payable will provide Strategic Sourcing, Supply Operational Support, Accounts Payable invoice processing, the Credit Card Program / Expense Reimbursement, and Supply Business Operations and Technical Services from BSC Supply to the OpCos and Subsidiaries. This does not apply to embedded Supply Services.

Supply Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
628	Strategic Sourcing for Materials	Supply negotiates strategic contracts for materials used within specific business unit and enterprise-wide, acting as an authorized agent. Strategic contracts are designed to provide materials that meet business unit specifications and requirements, to take advantage of Exelon's marketplace leverage, and to optimize processes for fulfilling orders and delivering materials to users. Supply supports the business units in managing supplier performance and creates and manages supplier performance against various metrics including expenditures, savings, quality, supplier performance, process improvements, payment channels and business placed with diverse suppliers. Strategic Supply seeks to create value for its business units by minimizing the total cost of ownership of the material's complete lifecycle (from procurement through disposal). In addition, Strategic Supply partners with the business units in forecasting and managing demand, developing spend projections/budgets, and alignment of supplier's contractual requirements to business unit needs and goals.	Director, Strategic Sourcing Materials

Service ID	Service Name	Service Description	Service Owner
671	Strategic Sourcing for Services	Supply negotiates strategic contracts for services used within specific business units and enterprise-wide, acting as an authorized agent. Strategic contracts are designed to provide services that meet business unit specifications and requirements, to take advantage of Exelon's marketplace leverage, and to optimize processes for fulfilling orders and delivering services to users. Supply supports the business units in managing supplier performance and reports metrics on such parameters as expenditures, savings, supplier performance, process improvements, payment channels and business placed with diverse suppliers. In addition, Strategic Supply partners with its clients in forecasting and managing demand, developing spend projections/budgets, and alignment of supplier's contractual requirements to business unit needs and goals.	VP, Services Sourcing
676	Supply Operations Management	Centralized support of the day-to-day field operations, enabling implementation of and compliance to standardized processes and procedures based on best practices, as well as continuous improvement. Handles emergent issues of complexity requiring off-location assistance, including support in resolving complex materials and services issues. Coordinates common projects affecting multiple locations and provides oversight and recommendations for routine program assessments, emergency response and outside organizational assessments including central purchasing.	VP, Supply Operations
678	Supply Systems, eBusiness, & Support	Provide leadership to identify technological options to improve business processes; manage the performance and effectiveness of Supply systems; implement technology infrastructure; provide data for decision-making; standardize/automate collection and reporting of data; establish and lead cross-functional business/technology teams; ensure Exelon procure-to-pay systems are Sarbanes-Oxley compliant and aligned with compliance and policy requirements; provide governance, oversight, and lead cross functional project teams in the development and implementation of high impact/high risk process improvements and strategic projects; manage multiple projects that are complex, high risk and have high organizational impact; and administer and strengthen the reliability of the annual IRS filing process, for Exelon domestic and majority of foreign transactions.	VP, Business Operations and Technical Support

Service ID	Service Name	Service Description	Service Owner
631	Supply Operations Support	Provides governance and oversight for the Sourcing and Operations groups supporting each business unit which also includes business planning, management review meetings, client meetings, and project management activities.	VP, Supply Operations
632	Investment Recovery	Management of the risk associated with the disposition of surplus and obsolete assets. Ensures that materials and equipment are disposed of in compliance with all applicable federal, state, and local regulations and in a manner that is most appropriate and returns the best possible value, using a consistent pricing strategy for the disposition of inventory and non-inventory assets.	VP, Business Operations and Technical Support
633	Inventory Management	Support Supply Operations in the management of site and enterprise-wide inventory in a consistent manner that fully complies with all applicable regulatory requirements and aligns with Business Unit needs. Provide reporting and tools to guide Supply Operations in development of goals and inventory strategies, and to measure performance.	VP, Business Operations and Technical Support
670	Strategic Sourcing for Shared Materials and Services	Supply negotiates and executes strategic contracts for materials and services needed for technology-related services and materials within and across multiple business units, acting as an authorized agent. Strategic contracts are designed to provide materials and services that meet business specifications and requirements, take advantage of Exelon's marketplace leverage, optimize processes, and maximize value in delivering materials and services to users. Supply supports the business units using such materials and services in providing category management, managing supplier performance and reports metrics to the governing business units on such parameters as expenditures, savings, supplier performance, process improvements, payment channels and business placed with diverse suppliers. In addition, Strategic Supply partners with its clients in forecasting and managing demand, developing spend projections/budgets, and alignment of supplier's contractual requirements to business unit needs and goals.	VP, Supply Corporate Sourcing

Service ID	Service Name	Service Description	Service Owner
630	CSO/Supply Governance & Compliance	Provide improved performance, accountability and consistency across Supply to ensure we provide a high level of support to our business partners through the development and management of Supply policy (management model), performance accountability (i.e. management review meetings), training strategy and support, business planning and performance indicators, communication and change management, records management, contract billing and compliance audits, compliance programs, and benchmarking. Also provides financial and analytical expertise, data visualization, supplier diversity reporting and actionable insights to drive sustainable results and savings – includes sourcing initiative support, market intelligence, risk assessment and other financial analyses.	VP, Business Operations and Technical Support

788	Supply As Requested	As requested, services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors BSC will budget overtime for planned outages and emergency response activities (i.e. unplanned maintenance outages). BSC will also budget for non-labor operations support where the Client does not budget such as certain Fleet equipment (trailers) or other systems and tools to maintain operations such as oil processing equipment, cranes, warehouse docks Client will be responsible for the following financial transactions: • Budget overtime dollars for business unit directed overtime, • Labor costs for non-supply functions performed by supply (e.g. storm duty), • Cost of expediting materials, cost of disposition of shelf-life expired items and obsolescence, • Associated adjustments due to inventory cycle count discrepancies, • Rentals of supplementary handling equipment, • Client Requested Vendor Audits (non-labor costs), • Maintenance for non-Supply Inhabited Facilities, • Third party freight, shipping, and • Expedited manufacture. As requested, services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors for Accounts Payable for the given Service Period. As requested, services include: • Project - A unique activity, or set of activities, that accomplishes a measurable objective, and has specific beginning and end dates, and an identified funding source. • Enhancement - Development, testing, and implementation activities which are smaller than the minimum size of a project. Small enhancements include only changes to an existing application and cannot introduce a new application into the environment. • Consulting - Providing specialist advice and expertise independent of an identified project or enhancement • Staffing – staffing shifts not normally staffed for readiness and planning purposes such as generator standby, critical venue support and storm potential AND one or more of the following exists: • Discretionary and applies to a single/small number (2-3) OpCos • Regulatory and only applies to one OpCo without the potential to apply to others	VP, Utilities Supply Operations & Sourcing; Directors/Manager of Utilities Supply Operations VP, Business Operations & Technical Support; VP, Supply Corporate Sourcing

Service ID	Service Name	Service Description	Service Owner
		• Is outside the standard platform • Requires outside services to complete	

342	BSC Accounts Payable Transactions	<u>Transaction Processing</u>
		• Support of Accounts Payable transactions requiring EBSC AP resources for entry processing (i.e. Invoices received via US Mail and email)
		• Support of Non-Accounts Payable processed transactions not requiring EBSC AP resources for entry processing (i.e. Invoices received via Electronic Data Interchange (EDI), Contract Invoice Automation (CIA))
		• Associated AP & non-AP Support Services
		  ○ Timely processing of supplier invoices
		  ○ Storage of invoices to enable short-term availability and long-term archival storage
		  ○ Facilitate resolution of invoice discrepancies
		  ○ Perform tax reporting as required by law (1099's/1042's)
		  ○ Disburse manual check requests internally per schedule
		  ○ Process cancelled checks and stop payments
		  ○ Provide support for internal and external audits
		  ○ Duplicate Payment identification and recovery
		  ○ Process add/change/expel Vendor Maintenance requests
		  ○ Manage/Govern Voucher Process
		• End user process support
			VP, Business Operations & Technical Support

324	BSC Accounts Payable Credit Card Transactions	• Corporate Credit Card Transactions
		  ○ Process new/add/change requests
		  ○ User system and process support
		  ○ Administration of Corporate Credit Card Program
		  ○ Administration of Out-of-Pocket Reimbursement Program
		  ○ Issue Management Reports documenting card usage and compliance
		  ○ Administration of file transfers, including management of accounting anomalies
		  ○ Provide monthly reporting in support of reconciliation of credit card clearing accounts
		  ○ Provide support to internal and external audits
		• Quarterly Credit Card rebate received directly from credit card provider
		• Make payments to Bank Card provider under Exelon Corporate Credit Card Program
			VP, Business Operations & Technical Support

Service ID	Service Name	Service Description	Service Owner
347	Diverse Business Empowerment	EDBE leads supplier diversity activities on behalf of Supply within Exelon Utilities. EDBE partners with Utility Sourcing to ensure inclusion of diverse-certified vendors in the sourcing process. EDBE also partners with business partners at each Utility to establish annual diverse spend goals, as well as interface with various key external stakeholders—regional and national-- on matters related to engaging diverse businesses. In addition, EDBE partners with Supply BOTS to produce regular data reports that track actual and projected diverse spend performance. EDBE also develops the overall strategy at each Utility for managing local and diverse business engagement. EDBE supports the Utilities in managing supplier diversity performance and reports metrics at Regulatory forums in various jurisdictions across the EU footprint.	Director of Exelon Diverse Business Empowerment
346	BSC AP Services Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total AP Service Billings.	Chief Supply Officer
833	BSC Revenue Adjustment	The difference between actual cost and revenues from billings to the Client Companies is "trued up" each year by allocating it pro rata to the Client Companies based on their share of Total Service Billings.	Chief Supply Officer
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	Chief Supply Officer

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
628	Strategic Sourcing for Materials	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Sourced Materials
671	Strategic Sourcing for Services	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Sourced Services
676	Supply Operations Management	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Sourced Materials and Services

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
678	Supply Systems, eBusiness, & Support	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Billed and Embedded Costs
631	Supply Operations Support	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Sourced Materials and Services
632	Investment Recovery	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Sourced Materials
633	Inventory Management	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Sourced Materials
670	Strategic Sourcing for IT Materials and Services	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Sourced Materials and Services
630	CSO/Supply Governance	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Billed and Embedded Costs
788	Supply As Requested	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Billed and Embedded Costs
342	BSC Accounts Payable Transactions	923 – Outside Service Employed	Direct – 529450	Unit Price – Per # of AP transactions processed
324	BSC Accounts Payable Credit Card Transactions	923 – Outside Service Employed	Direct – 529450	Rebate and/or Costs based on ratio of Credit Card spend

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
347	Diverse Business Empowerment	923 – Outside Service Employed	Direct - 529450	Time and Materials
			Allocated - 529460	Total Supply Sourced Materials and Services
346	BSC AP Services Revenue Adjustment	923 – Outside Service Employed	Allocated – 529460	Total AP Service Billings
833	BSC Revenue Adjustment	923 – Outside Service Employed	Allocated - 529460	Total Service Billings
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method

Responsibilities

BSC Supply and Client Responsibilities are delineated in Supply Procedures located on the BSC Management Model Website and in the Applicable Procedures are:

- "SM-AC-XX" for All Supply
- "SM-CE-XX" for ComEd only
- "SM-PE-XX" for PECO only
- CNG-SC-1.01-1001, Processing New Item Requests, Requisitions, Request for Quotations, Issuing Purchase Orders and Revisions

Additional Exelon Management Model documents that may be applicable to BSC Supply employees, including embedded personnel, are contained in the Utilities (ED or EU) branch of the Exelon Management Model (XX-ED-## or XX-EU-##) housed in Electronic Data Management System tool (EDMS).

BSC Management Model Website is accessible via the Exelon Home Page in the Quick Links table.

Accounts Payable / Credit Card Services Task / Responsibility	EBSC	Client Company
Accounts Payable – Invoice Processing Services		
Provide accurate information for Invoice Entry (i.e. PO/Contract #, Rel, Code Block)		X
Receive and prepare manual invoices for entry	X	
Timely approval of invoices		X
Archive invoices	X	
Enter manual Invoices	X	
Process invoices for payment as defined in documented processes	X	
Respond to vendor and internal inquiries	Primary	Support
Administer processing of discrepant invoices as defined in documented processes	Primary	Support
Disburse emergency check requests internally and externally as requested	X	
Establish and maintain procedures for A/P process	X	
Issue 1099's as required by law	X	
Identify and recover potential duplicate payments and unrecovered credits	Primary	Support
Process cancelled checks and stop payments	X	
Provide accurate information for Vendor Maintenance (i.e. TIN, W-9, Remit, Address)		X
Process vendor add/change requests and respond to routine user questions	X	
Enter/Create voucher(s)		X
Respond to routine Voucher user questions & requests	X	
Provide support to internal and external audits	Primary	Support
Expense Reimbursement Services		
Use Corporate Credit Card in accordance with policy	X	X
Process card add/change requests and respond to routine user questions & requests	X	
Update system with card add/change requests received from client	X	
Process Corporate Credit Card payment requests	X	

Accounts Payable / Credit Card Services Task / Responsibility	EBSC	Client Company
Retention of records	X	
Management of monthly file posting to General Ledger	X	
Resolution of code block anomalies		X
Reconcile clearing accounts related to monthly payment to Credit Card provider	X	X
Inadvertent process administration and reconciliation	X	
Respond to routine Out of Pocket reimbursement user questions & requests	X	

Performance Measurement

Supply Performance Metrics Table

Reference the Supply Business Plan for performance metrics.

Transportation

Transportation Introduction

Transportation area provides flight transportation to authorized executives.

Transportation Services Table

Service Table

Service ID	Service Name	Service Description	Service Owner
783	BSC Use of Corporate Jet	Provide and coordinate private flight transportation to authorized executives, services include Executive Aviation Accounting Services which includes the payment of monthly maintenance and flight charge invoices, billing passengers for flight hours, maintaining passenger documentation and records, preparing executive reports, and support of internal and external audits.	Transportation Director
667	BSC Corp Jet Adjustment	The difference between actual costs and revenues from billings to the Client Companies is "trued up" by allocating it pro rata to the Client Companies based on their share of Total Transportation Service Billings.	Transportation Director
904	BSC Costs to Achieve	Costs associated with establishing operations as a result of a merger, acquisition, split, or divestiture.	Transportation Director
794	Transportation As Requested	As requested services represent emergent work requiring additional resources relative to the plan and are services specifically requested by a Client Company, Exelon's CEO or Board of Directors.	Transportation Director

FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
783	BSC Use of Corporate Jet	923 – Outside Services Employed	Direct - 529250	Unit price - Per occupied flight hour (variable costs) Office of CEO (fixed costs)
			Allocated- 529260	Modified Massachusetts Formula

BSC Transportation

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
667	BSC Corp Jet Adjustment	923 – Outside Services Employed	Allocated - 529260	Total Transportation Service Billings
904	BSC Costs to Achieve	923 – Outside Service Employed	Direct - 529700	Fully Distributed Costs
			Allocated - 529710	Cost Causative Method
794	Transportation As Requested	923 – Outside Service Employed	Direct - 529250	Time and Materials

Responsibilities

Task / Responsibility	EBSC	Client Company
Executive Transportation		
Timely Notification	X	
Transport the client to his/her destination; assist with any bags	X	
Maintain transportation logs	X	
Maintain and provide monthly billing log	X	
Respond to inquiries on corporate jet use	X	

Appendix A

IT RxQ Technical Services Table

Below is a list of the IT Technical Services required to support, align, and allocate to the IT Portfolio Services Cost model. These are Rate x Quantity services that include Technical Design & Engineering (TD&E) and Technology Operations (Tech Ops) Hardware and Labor costs

Service ID	Service Name	Service Description	Service Owner
401	Linux - Virtual	A service provided to application services, indicating the type of Linux-based server technical infrastructure used by the application. This is considered the standard and most applicable Linux platform. The application team and server engineering team determine the appropriate type and size of the server for the application and business criticality of the application.	VPs, Technical Operations, Architecture and Engineering
402	Linux - Physical	A service provided to application services, indicating the type of Linux-based server technical infrastructure used by the application. This is considered the standard, and most applicable, Linux platform. The application team and server engineering team determine the appropriate type and size of the server for the application and business criticality of the application.	VPs, Technical Operations, Architecture and Engineering
403	Mainframe Services	A service provided to administer and schedule the mainframe hosting environment. This is based on the CPU minutes used by the end-users using the application asset.	VPs, Technical Operations, Architecture and Engineering
404	UNIX High End	A service provided to application services, indicating the type of UNIX-based server technical infrastructure used by the application. The application team and server engineering team determine the appropriate type and size of the server for the application and business criticality of the application.	VPs, Technical Operations, Architecture and Engineering
405	UNIX Low End	A service provided to application services, indicating the type of UNIX-based server technical infrastructure used by the application. This is considered the low-end of the UNIX platform. The application team and server engineering team determine the appropriate type and size of the server for the application and business criticality of the application.	VPs, Technical Operations, Architecture and Engineering

406	UNIX Standard	A service provided to application services, indicating the type of UNIX-based server technical infrastructure used by the application. This is considered the standard, and most applicable, UNIX platform. The application team and server engineering team determine the appropriate type and size of the server for the application and business criticality of the application.	VPs, Technical Operations, Architecture and Engineering
407	Wintel Physical Server	A service provided to application services, indicating the type of server technical infrastructure used by the application. A 'physical' server provides a stand-alone technology platform for an application when a virtual environment does not support the application. The application team and server engineering team determine the appropriate type and size of the server for the application and business criticality of the application.	VPs, Technical Operations, Architecture and Engineering
409	Wintel Virtual	A service provided to application services, indicating the type of server technical infrastructure used by the application. The application team and server engineering team determine the appropriate type and size of the server for the application and business criticality of the application.	VPs, Technical Operations, Architecture and Engineering
411	IT Service Desk	A service to provide access to the IT Service Desk to report issues and service requests. This service includes the Service Desk, and service & asset management tools (includes governance and reporting of IT asset information in support of IT billing and other IT services).	VPs, Technical Operations, Architecture and Engineering
412	PC Services – Base	This service includes the software operating system for a personal computer, virtual computer, or a rugged PC, including enterprise desktop tools like NitroPro for PDF and other desktop software. Technology refresh expectations apply – see **Technology Refresh & Capital Investments/Depreciation** description in this Service Catalog. Client Companies own/lease PC hardware, per Technology Refresh Responsibilities.	VPs, Technical Operations, Architecture and Engineering
417	Remote Access	Access to the Exelon Enterprise Data Network as well as access to registered applications from remote locations or internally leveraging devices other than a traditional personal computer. BSC owns Remote Access infrastructure, per Technology Refresh Responsibilities.	VPs, Technical Operations, Architecture and Engineering
418 - 423	Depreciation – Shared Infrastructure	Costs of depreciation of shared infrastructure across IT asset classes: 418 - Depreciation Shared Network 419 - Depreciation Shared PC 420 - Depreciation Shared Storage 421- Depreciation Shared Telecom 422 - Depreciation Shared UNIX 423 - Depreciation Shared Wintel	VPs, Technical Operations, Architecture and Engineering

429	Disaster Recovery Program Management	This service provides program coordination for applications with defined Disaster Recovery plans. It includes supporting application teams developing playbooks and facilitating DR exercises.	VPs, Technical Operations, Architecture and Engineering
431	Virtual Hosting Support	This service provides the day-to-day operations and support of virtual infrastructure assets installed in the data centers, including IT Operations Center, Tier 2 Operational Support, Infrastructure Base Monitoring, Release and Problem Management, Data Center Management. This is aligned with the Standard Operations Support Model. The assumption is that Basic applications are single server, Standard applications are clustered, and Premium applications are n+1.	VPs, Technical Operations, Architecture and Engineering
437	Storage	This service provides corporate-owned storage solution for all computing purposes, including but not limited to file shares, applications and database storage for Wintel, LINUX and UNIX environments.	VPs, Technical Operations, Architecture and Engineering
442	Telephony – Desktop	This service provides an internal Exelon telephone number with access to enterprise audio conferencing and voice mail solutions, if appropriate. Includes non-labor back-end support. Client Company pays directly for circuits and usage. BSC owns central telephony infrastructure supporting infrastructure, per Technology Refresh Responsibilities. Client Company owns responsibility for individual phone systems at their locations.	VPs, Technical Operations, Architecture and Engineering
443	Unified Communications – Video Conference	Video Conference (VC) Unit Services include services covered under existing maintenance contracts. VC Units include vendor maintenance and on-site support for incidents reported through the Service Desk with an expected response of 8x5 NBD (Next Business Day). This service does not include out of warranty parts and labor which will be billed through the time and material service offering. Support to audio/visual conference equipment is also covered in locations where video conference rooms are also supported. Audio/Visual Conference Rooms are generally not covered under any maintenance contracts. Routine replacement of items such as bulbs/lamps, projectors, screens, displays, and cables are the responsibility of the BU owning the room. BUs wanting full warranty support for these rooms can purchase an agreement separately and will be billed directly. Access to this service is dependent on network capacity at a particular site. BSC owns Video Conference supporting infrastructure, per Technology Refresh Responsibilities. Client Company owns responsibility for individual Video Conference unit, and facilities where video conference is located.	VPs, Technical Operations, Architecture and Engineering
447	Load Balancing	This service provides load balancing for applications (required for High/Gold and available for Medium/Silver/-or Low/Bronze), which allows application teams to distribute the load for an application across multiple server environments.	VPs, Technical Operations, Architecture and Engineering

450	Network Operations	This service provides network operations support, including monitoring, support, and compliance as well as access to the Enterprise Data Network and User Login Services including Active Directory.	VPs, Technical Operations, Architecture and Engineering
451	Data Center Operations	This service includes monitoring and facilities support for data center hosted applications.	VPs, Technical Operations, Architecture and Engineering
452	Premium Desktop	This service includes the application license and maintenance cost for premium software applications: Adobe, Microsoft Visio and Microsoft Project	VPs, Technical Operations, Architecture and Engineering
456	Unix Virtual	A service provided to application services, indicating the type of UNIX-based server technical infrastructure used by the application. A 'virtual' server is the preferred environment for applications. The application team and server engineering determine the appropriate type and size of the server for the application and business criticality of the application.	VPs, Technical Operations, Architecture and Engineering
464	Java App Hosting Services	Hosting services for a java-based application including maintenance and support services on the shared infrastructure.	VPs, Technical Operations, Architecture and Engineering
465	Storage Backup	This service provides backup service to servers and file shares	VPs, Technical Operations, Architecture and Engineering
467	Physical Hosting Support	This service provides the day-to-day operations and support of physical infrastructure assets installed in the data centers, including IT Operations Center, Tier 2 Operational Support, Infrastructure Base Monitoring, Release and Problem Management, Data Center Management. This is aligned with the Standard Operations Support Model.	VPs, Technical Operations, Architecture and Engineering
468	SQL Server IaaS	Includes SQL Server Standard & Enterprise Edition (all versions), HA, DR, SQL Server Reporting Services, Analysis Services and Integration Services. Covers license software maintenance charges as well as labor required to support all database environments and databases.	VPs, Technical Operations, Architecture and Engineering
469	SQL Server DBaaS	Includes SQL Server Enterprise Edition (all versions), HA, DR, SQL Server Analysis Services and Integration Services. Covers license software maintenance charges as well as labor required to support all database environments and databases. Also includes TD&E and TechOps server costs. This is a shared environment with other BU applications.	VPs, Technical Operations, Architecture and Engineering

470	SharePoint - Hosting	Includes license and labor to support the corporate SharePoint platforms (all versions), HA/DR, Monitoring and Backup. Includes storage, server, and cloud consumption (for IaaS and Office365) environments	VPs, Technical Operations, Architecture and Engineering
473	P/SaaS Ops Support	This service provides monitoring and problem management for cloud-hosted solutions.	VPs, Technical Operations, Architecture and Engineering
474	Web Hosting Premium	This service provides platform support for high complexity websites. The application and engineering teams will determine whether applications warrant this level of support.	VPs, Technical Operations, Architecture and Engineering
482	Oracle Fusion Middleware	Includes the maintenance and labor to support the Oracle Fusion software for application integration, HA/ DR, Architecture, Engineering, Projects, and Monitoring. Over time, Oracle Fusion middleware will replace Tibco and IBM.	VPs EWS
484	Storage – Array Support	This storage offering is the standard storage offering for OpCo owned storage arrays. These devices still meet I&O standards providing a high- level performance and availability, but are an OpCo, not TD&E, asset. This service is an array- based charge to cover the cost of labor and maintenance but excludes depreciation costs as that is being handled directly by the OpCo.	VPs, Technical Operations, Architecture and Engineering
490	Oracle Golden Gate	Includes RDBMS (all versions), HA (VCS, RAC), DR (Dataguard, Active Dataguard, Golden Gate), Partitioning, Advanced Compression. Covers license software maintenance charges and all associated depreciation charges as well as the labor required to support all database environments and databases. Also includes TD&E server allocation charges	VPs, Technical Operations, Architecture and Engineering
491	Oracle Instance	Includes RDBMS (all versions), HA (VCS, RAC), DR (Dataguard, Active Dataguard, Golden Gate), Partitioning, Advanced Compression. Covers license software maintenance charges and all associated depreciation charges as well as the labor required to support all database environments and databases. Also includes TD&E server allocation charges	VPs, Technical Operations, Architecture and Engineering
492	Oracle Home	Includes RDBMS (all versions), HA (VCS, RAC), DR (Dataguard, Active Dataguard, Golden Gate), Partitioning, Advanced Compression. Covers license software maintenance charges and all associated depreciation charges as well as the labor required to support all database environments and databases. Also includes TD&E server allocation charges	VPs, Technical Operations, Architecture and Engineering
849	IBM WebSphere Enterprise Integration Services	Service provided to Business Application owners based on usage of the number of IBM Queue Managers, IBM Broker Instances, Java Virtual Machines (JVM), WebSphere Partner Gateway (WPG) Documents and Tivoli Monitoring. This is considered the IBM WebSphere Standard.	VPs, Technical Operations, Architecture and Engineering

593	Apigee	Platform for API Life Cycle Management. Replaces Layer7 API Gateway	VPs, EWS
594	Boomi	Cloud-based integration platform that enables cloud to cloud or cloud-on-prem integrations. Possible viable replacement for IBM MQ Broker, Tibco and Oracle Fusion technologies	VPs, EWS
996	Telephone Physical	Telephone Physical – Covers services and support associated with physical telephones through PBX or VoIP telephone systems. This includes any telephony device registered to these systems VoIP, analog or digital. Includes services or apps such as paging, fax connections, life / safety devices, call center solutions, menu options and extended services for plant or outside facilities.	VPs, Technical Operations, Architecture and Engineering
997	Office 365	Office 365 E5 is a cloud-based suite of productivity apps combined with advanced voice, analytics, security, and compliance services. Includes Word, Excel, PowerPoint, Outlook, OneNote, SharePoint, OneDrive, Teams and more.	VPs, Technical Operations, Architecture and Engineering
998	Email Operations	Provides on-prem Exchange services including mail relay, SMTP, associated Operations and Engineering support.	VPs, Technical Operations, Architecture and Engineering
F87	TIBCO Enterprise Integration Services	Includes the license and labor to support the TIBCO Middleware software (all versions), HA/ DR, Architecture, Engineering, Projects, and Monitoring (HP Diag, Hawk, BSM etc).	VPs, EWS

IT Technical Services
FERC Account and Billing Approach Table

Service ID	Service Name	Major Client FERC Account	Billing Approach	Basis
401	Linux - Virtual	923 – Outside Services Employed	Direct (R*Q) - 529550	# of “compute units" = # CPU + # gb RAM. 0-1999 gb RAM = 1; 2000-2099 gb = 2, etc e.g., 2CPU + 4gb RAM = 6 “compute units” , Compute units capped at 64mb
402	Linux - Physical	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Servers

403	Mainframe Services	923 – Outside Services Employed	Direct (R*Q) - 529550	CPU Usage (MIPS)
404	UNIX High End	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Servers
405	UNIX Low End	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Servers
406	UNIX Standard	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Servers
407	Wintel Physical Server	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Servers
409	Wintel Virtual	923 – Outside Services Employed	Direct (R*Q) - 529550	# of “compute units" = # CPU + # gb RAM. 0-1999 gb RAM = 1; 2000-2099 gb = 2, etc e.g., 2CPU + 4gb RAM = 6 “compute units” , Compute units capped at 64mb
411	(User) Login LAN Account	923 – Outside Services Employed	Direct (R*Q) - 529550	Count of Active Directory Accounts (LAN IDs)
412	PC Services – Base	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Desktops, Laptops, Virtual PCs, & Rugged PCs
417	Remote Access	923 – Outside Services Employed	Direct (R*Q) - 529550	# virtualized applications
418	Depreciation Shared Network	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Personal AD Accounts
419	Depreciation Shared PC	923 – Outside Services Employed	Direct (R*Q) - 529550	# of PCs
420	Depreciation Shared Storage	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Storage Units across all types
421	Depreciation Shared Telecom	923 – Outside Services Employed	Direct (R*Q) – 529500	# of Telephone Ports
422	Depreciation Shared UNIX	923 – Outside Services Employed	Direct (R*Q) - 529550	# of UNIX Servers hosting BU-based Applications
423	Depreciation Shared Wintel	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Wintel instances hosting BU-based Applications
429	Disaster Recovery Program Management	923 – Outside services employed	Direct (R*Q) - 529550	# of applications participating in DR Program

431	Virtual Hosting Support	923 – Outside Services Employed	Direct (R*Q) – 529550	# of Servers
437	Storage	923 – Outside services employed	Direct (R*Q) – 529550	# of Gigabytes of Storage
442	Telephone	923 – Outside Services Employed	Direct (R*Q) - 529500	# telephone ports
443	Unified Communications – Video Conference	923 – Outside Services Employed	Direct (R*Q) - 529500	# video conference units
447	Load Balancing	923 – Outside Services Employed	Direct (R*Q) – 529550	# of Applications with Load Balancing
450	Network Operations	923 – Outside Services Employed	Direct (R*Q) – 529550	# of LAN IDs (must also be a consumer of either service 411 and/or service 448)
451	Data Center Operations	923 – Outside Services Employed	Direct (R*Q) – 529550	# of Servers or Network Equipment
452	Premium Desktop	923 – Outside Services Employed	Direct (R*Q) – 529550	# of Adobe, Visio and Project installs
456	Unix Virtual	923 – Outside Services Employed	Direct (R*Q) – 529550	# of Servers
464	Java App Hosting Services	923 – Outside Services Employed	Direct (R*Q) - 529550	# of JVM
465	Storage Backup	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Gigabytes of Backup storage
467	Physical Hosting Support	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Servers
468	SQL Server IaaS	923 – Outside Services Employed	Direct (R*Q) - 529550	# of server Cores
469	SQL Server DBaaS	923 – Outside Services Employed	Direct (R*Q) - 529550	# of SQL databases
470	SharePoint - Hosting	923 – Outside Services Employed	Direct (R*Q) - 529550	# of instances
473	P/SaaS Ops Support	923 – Outside Services Employed	Direct (R*Q) - 529550	# of APM Applications listed as PaaS/SaaS
474	Web Hosting Premium	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Website page views
482	Oracle Fusion Middleware	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Fusion Connectors

484	Storage – Array Support	923 – Outside Services Employed	Direct (R*Q) - 529550	# of Storage Arrays
490	Oracle Golden Gate	923 - Outside Services Employed	Direct (R*Q) - 529550	# Active Gold Gate feeds
491	Oracle Instance	923 - Outside Services Employed	Direct (R*Q) - 529550	# DB Instances
492	Oracle Home	923 - Outside Services Employed	Direct (R*Q) - 529550	# software installations support
849	IBM WebSphere Enterprise Integration Services	FERC Account to be during each individual project creation.	Allocated – 529560	Based on the number of QMANAGERS
593	Apigee	FERC Account to be during each individual project creation.	Direct (R*Q) - 529500	# of connections
594	Boomi	FERC Account to be during each individual project creation.	Direct (R*Q) - 529500	# of connections
996	Telephone - Physical	923 - Outside Services Employed	Direct (R*Q) - 529550	# telephone ports for Cisco/Avaya Phones
997	O365	923 – Outside Services Employed	Direct (R*Q) – 529550	Count of Active Directory Accounts (LAN IDs)
998	Email Operations	923 – Outside Services Employed	Direct (R*Q) – 529550	Count of Active Directory Accounts (LAN IDs)
F87	TIBCO Enterprise Integration Services	FERC Account to be during each individual project creation.	Direct (R*Q) - 529500	# production services deployed in the corporate TIBCO environment.

PECO ENERGY COMPANY
MUTUAL SERVICES AGREEMENT AND ASSET TRANSFER AGREEMENT
COST ALLOCATION MANUAL

Policies and Guidelines
for
Associated Company Transactions
in Accordance
with
the Mutual Services and Asset Transfer Agreement

March 2009

TABLE OF CONTENTS

Introduction and Corporate Structure I

Definitions II

Transactions Involving the Provision of Services and Facilities III

Sales of Tangible and Intangible Personal Property IV

Sales of Real Property V

Sales/Acquisitions of FERC Jurisdictional Facilities VI

Work Orders VII

Fully Distributed Cost Method VIII

Cost Allocation Methods IX

Accounting and Intercompany Billing X

Budgeting XI

SECTION I

INTRODUCTION AND CORPORATE STRUCTURE

A. SCOPE

This Mutual Services Agreement ("MSA") and Asset Transfer Agreement Cost Allocation Manual ("Manual") applies to transactions between PECO Energy Company ("PECO") and the Exelon Entities (as defined in Section II).

In previous years, transactions between PECO and the Exelon Entities were governed by the PUHCA rules of the SEC. After PUHCA 1935 was repealed effective February 8, 2006, these transactions were subject to the MSA. The MSA rules generally require such transactions to be priced at cost.

In 2008, the Federal Energy Regulatory Commission (FERC) issued new pricing rules for affiliate transactions involving non-power goods and services. The provision of non-power goods and services, including any goods, equipment (including machinery), materials, supplies, appliances, or similar property (including oil, coal, steam, but not including electric energy, natural or manufactured gas, utility assets, intangible property, or tangible assets such as real property, buildings, and the like) will be subject to the following pricing:

- For services provided by PECO to another affiliate (except to another state-regulated utility), the pricing standard is the higher of Fully Distributed Cost or Fair Market Value.
- For services provided by another affiliate (except by another state-regulated utility or EBSC) to PECO, the pricing standard is the lower of Fully Distributed Cost or Fair Market Value.
- EBSC will charge Fully Distributed Cost to all affiliates.
- Services between PECO and ComEd will be priced at Fully Distributed Cost, except that if there is a Prevailing Price for the service, it may only be provided if Fully Distributed Cost equals Prevailing Price.

The overall objective of the Cost Allocation System is to establish cost allocation methodologies that apportion costs between PECO and the Exelon Entities so as to preclude cross-subsidization of the Exelon Entities by PECO customers. Cross-subsidization results under cost-based regulation when the prices of a regulated company's regulated services improperly reflect the costs of associated activities.

In the event of a conflict between this Manual, the MSA and FERC, the order of priority shall be FERC, MSA, and this Manual.

Each PECO department is responsible for implementation within its organization of the policies and guidelines for associated company transactions set forth in the MSA and this Manual. All intercompany transactions shall be adequately documented. Continual monitoring and internal controls shall be maintained to assure that policy guidelines described in this Manual are observed and that potential or actual deviations are detected and corrected.

Please contact PECO's General Accounting Department and/or BSC's Legal Department to resolve any conflict between this Manual, FERC and the MSA rules.

SECTION II

DEFINITIONS

Set forth below is a definition of terms that are used throughout this Manual.

Acquiring Party: A Party who desires to acquire real property, interests in real property, tangible personal property or intangible assets from a Selling Party.

Client Company: A Party who desires to receive services or goods and has requested another Party to provide services and or goods in accordance with the terms of an Approved Services Agreement.

ComEd: Commonwealth Edison Company, PECO's affiliate.

EBSC: Exelon Business Services Company, LLC.

Exelon Entities: Exelon and all of its subsidiaries other than PECO are Exelon Entities.

Fair Market Value: The resultant price set by an arms-length transaction between a willing buyer and a willing seller, both of whom are adequately informed of the appropriate facts, and neither of whom is under any compulsion to buy or sell.

FERC: Federal Energy Regulatory Commission.

Fully Distributed Cost: Fully Distributed Cost includes the actual direct costs or allocated costs incurred by a Providing Company to provide a service or facility, plus indirect costs and other appropriate overheads. See Section IX, Fully Distributed Cost Method, for a detailed discussion as well as examples of fully distributed cost.

MSA: Mutual Services Agreement approved by the PaPUC under which PECO provides non-power services to Exelon Entities or receives non-power services from Exelon Entities other than EBSC.

PaPUC: The Pennsylvania Public Utility Commission.

Party: Party means each, and Parties means all, of the entities who are from time to time a party to the MSA.

Prevailing Price: In the case of services or facilities provided by ComEd to an Exelon Entity, Prevailing Price will only apply to services or facilities provided for sale to the general public. This includes electric service, service provided under an ICC approved pricing mechanism such as Rate CS, and Competitive Services provided to the general public. Prevailing Price is generally defined as the price that has been charged to the general public. When PECO provides a service or facility to ComEd, Prevailing Price is defined as the price charged to nonassociates if such transactions with nonassociates constitute a substantial portion of PECO's total revenues from such transactions.

Providing Company: A Party who has been requested to, and who is able and willing to, furnish facilities and/or provide services to a Requesting Company under the terms of the MSA.

PUHCA: The Public Utility Holding Company Act of 1935 ("PUHCA") was enacted in 1935 to combat abuses commonly arising in utility holding companies in the early part of the 1900's. PUHCA, enforced by the SEC, focused most specifically on the practices of the holding company extracting excessive charges from its regulated utilities for services and of unfairly allocating costs to different utilities in different states. The Energy Policy Act of 2005 repealed PUCHA 1935 effective February 8, 2006, and replaced it with PUHCA 2005.

SEC: Securities and Exchange Commission

Selling Party: A Party who is willing to sell and transfer real property, interests in real property, tangible personal property or intangible assets to an Acquiring Party.

Service Company: Any associate company within a holding company system organized specifically for the purpose of providing non-power goods or services or the sale of goods or construction work to any public utility in the same holding company system. The Service Company (EBSC) provides most administrative and general services to the subsidiaries of Exelon.

SECTION III

TRANSACTIONS INVOLVING THE PROVISION OF SERVICES AND FACILITIES

Transactions involving the provision of services and facilities between PECO and the Exelon Entities (other than services PECO receives from EBSC) will be governed by the following pricing rules:

- For services provided by PECO to another affiliate (except to another utility), the pricing standard is the higher of Fully Distributed Cost or Fair Market Value.
- For services provided by another affiliate (except by another utility or EBSC) to PECO, the pricing standard is the lower of Fully Distributed Cost or Fair Market Value.
- EBSC will charge Fully Distributed Cost to all affiliates.
- Services between PECO and ComEd will be priced at Fully Distributed Cost, except that if there is a Prevailing Price for the service, it may only be provided if Fully Distributed Cost equals Prevailing Price.

According tothe MSA, the provision of services or facilities by PECO to an Exelon Entity, or by an Exelon Entity to PECO, shall be charged to the requesting Exelon Entity at an amount not to exceed the Fully Distributed Cost incurred by the providing Exelon Entity.

For transactions between PECO and ComEd, the Providing Company's Prevailing Price will be limited to not more than Fully Distributed Cost as a means to resolve pricing conflicts between ComEd's Affiliated Interests Agreement (AIA) and the MSA which governs PECO's intercompany transactions. Under the MSA, the pricing of transactions is limited to "no more than cost".

Supporting documentation used in the determination of Fair Market Value or Prevailing Price must be forwarded to PECO's General Accounting Department.

Notwithstanding the state rules, where the FERC rules are more protective of PECO and ComEd, those must be applied. Thus, the pricing rules summarized in the bullet points above take into account both state and FERC rules, and give priority to the more protective FERC rules.

SECTION IV

SALES OF TANGIBLE AND INTANGIBLE PERSONAL PROPERTY

A. GENERAL

The purpose of this section is to assign a monetary value (price), and record all tangible or intangible personal property sold and transferred between PECO and the Exelon Entities.

Parties should evidence their agreement with respect to the sale of tangible or intangible personal property by entering into an agreement or other written memorandum.

For tangible or intangible personal property sales between PECO and the Exelon Entities, the following requires a separatePaPUC approval:

- For tangible and intangible personal property purchases, sales, leases or exchanges between PECO and the Exelon Entities, a PaPUC approval is required pursuant to 66 Pa.C.S. § 2102. There are no exceptions to this requirement. In addition, if the transaction involves property that is "used or useful in the public service," an additional approval may be required pursuant to 66 Pa.C.S. § 1102. Since each transaction covered under this heading requires that a filing be made with the Commission to obtain § 2102 approval, Legal should be contacted to determine whether the Company should also request § 1102 approval for the transaction.

For sales of FERC jurisdictional facilities (*i.e.*, facilities used for the transmission of electric energy in interstate commerce or sales of electric energy at wholesale in interstate commerce), separate approval by the FERC may be required (notify BSC Legal for guidance).

B. VALUATION OF PROPERTY

The following general principles shall be used to establish a sale price for tangible or intangible personal property transactions.

Sales of tangible or intangible personal property shall be charged by the Selling Party to the Acquiring Party at:

1) The fair market value of tangible or intangible personal property to be sold as evidenced by the price at which nonassociated vendors offer the same or similar assets for sale by reference to quoted market prices or the value ascribed to the asset by an independent appraisal or other objective valuation technique.

Or, if no such fair market value is objectively or practicably determinable,

2) The historical cost of the asset to the Selling Party, less all applicable valuation reserves (e.g. accumulated depreciation).

The determination of fair market value must be adequately documented to ensure that a

proper audit trail exists.

Supporting documentation used in the determination of prevailing price must be forwarded to PECO's General Accounting Department.

C. SALE OF PROPERTY

- Contact the appropriate Engineering Department, Life Cycle Management Department or Procurement Department to obtain the procedure for the sale of tangible personal property.

- Contact PECO's General Accounting Department for all accounting transactions, for historical cost calculations, and to determine any impact the transfer has on ratemaking.

- Notify PECO's Tax Office for tax implications and to obtain the most favorable tax treatment for any property sale.

- Notify BSC's Legal Department to review the contract concerning the transfer.

- Contact the Secretary's Office for:
  - Approval of the sale by the Board of Directors (Board).
  - Release of property from any mortgage indenture.

  Note: Board approval is required for sales of property over $10 million; for sales of $10 million and below, Board action is required only to obtain the mortgage release.

SECTION V

SALES OF REAL PROPERTY

A. GENERAL

The purpose of this section is to assign a monetary value (price), and record all real property sold and transferred between PECO and the Exelon Companies.

Parties should evidence their agreement with respect to the sale of real property by entering into an agreement or other written memorandum.

For real property purchases, sales, leases or exchanges between PECO and the Exelon Entities, a PaPUC approval is required pursuant to 66 Pa. C.S. § 2102. There are no exceptions to this requirement. In addition, if the transaction involves real property with an undepreciated book value of greater than $50,000, a PUC approval is required pursuant to 66 Pa.C.S. § 1102.

Real property includes the following: land, buildings and other forms of real property.

B. VALUATION OF PROPERTY

The following general principles shall be used to establish a sale price for real property sales between PECO and the Exelon Entities.

Sales of real property shall be charged by the Selling Party to the Acquiring Party at:

1) The fair market value of the real property to be sold as evidenced bythe price at which nonassociated vendors offer the same or similar assets for sale by reference to quoted market prices or the value ascribed to the asset by an independent appraisal or other objective valuation technique.

Or, if no such fair market value is objectively or practicably determinable,

2) The historical cost of the asset to the Selling Party, less all applicable valuation reserves.

The determination of fair market value must be adequately documented to ensure that a proper audit trail exists.

Supporting documentation used in the determination of prevailing price must be forwarded to PECO's General Accounting Department.

C. SALE OF PROPERTY

- Contact PECO's Real Estate Department to obtain the procedure and approval for the sale of real property.

- Contact PECO's General Accounting Department for all accounting transactions, historical cost calculations, and to determine any impact the transfer has on current or future ratemaking proceedings.

- Notify PECO's Tax Office for tax implications and to obtain the most favorable tax treatment for any property sale.

- Notify BSC's Legal Department to review the contract concerning the transfer.

- Contact the Secretary's Office for:
  - Approval of the sale by the Board of Directors (Board).
  - Release of property from any mortgage indenture.

  Note: Board approval is required for sales of property over $10 million; for sales of $10 million and below, Board action is required only to obtain the mortgage release.

SECTION VI

SALES/ACQUISITIONS OF FERC JURISDICTIONAL FACILITIES

Sales and/or acquisitions of "FERC jurisdictional facilities" generally require FERC approval (subject to thresholds). "FERC jurisdictional facilities" are the facilities used for the transmission of electric energy in interstate commerce, sales of electric energy at wholesale in interstate commerce (such as contracts), or existing generation facilities. FERC jurisdictional facilities do not include, for example, vehicles, computers, intangibles, land held for future use and obsolete or used inventory unconnected to the electric system. "Sales" and "acquisitions" include lease transactions. Employees must contact both BSC Legal, PECO Regulatory and the Director of PECO Accounting early in the consideration of any proposed sale/lease/acquisition of FERC jurisdictional facilities.

SECTION VII

WORK ORDERS

The Work Order Form is to be completed by a Providing Company when providing a service or facility to a Client Company. A Work Order Form must be completed for **all** services provided to Client Companies.

A separate form is not intended to be completed for each specific and separate instance where ongoing services or facilities are involved. It is intended to capture a blanket of services. For example, a Work Order Form would be prepared to provide fleet services for the time period that fleet services are provided. It would not be necessary to complete a Work Order Form for each separate vehicle. If a service or facility is provided for a finite period of time then that should be mentioned on the Work Order Form. If the service is to be provided for an undetermined time period, then the Work Order Form is valid until such time that a cancellation is requested. PECO reviews and updates all Affiliate Level Arrangements and Work Orders on an annual basis.

If at a later date there is a need to expand the scope of services related to an existing Work Order, you may prepare a Work Order Form and indicate on the form that an existing Work Order Form is being revised. Merely indicate the additional services and refer to the existing Work Order number.

Work Order Requirements

1. Each company within the holding company system must have a current Service Agreement signed by a management representative with responsibility for the service received or provided. The same employee cannot sign on behalf of both parties.
2. The Service Agreement should describe the scope of services, billing procedures and allocation methods.
3. Services should be directly charged to one benefiting company whenever possible. When more than one company benefits from a service provided, cost causative allocations must be used to distribute costs in a fair and equitable method.
4. Specific services to be provided must be evidenced by signed work orders and Affiliate Level Arrangements (ALAs) or Service Level Arrangements (SLAs). Work Orders provide the key to where the services are recorded on both the Providing Company's and the Client Company's books. Work orders, ALAs and SLAs should include the following data.
   - Work order control number (Determined by the Providing Company)
   - Purchase Order Number of Client Company, if applicable
   - Name or title of Work Order
   - Description of work to be performed
   - Start and completion date
   - Other Client Companies benefiting from the service (for purposes of allocations)
   - Allocation factors (if applicable)
   - Providing Company's code block data to capture costs of work order
   - Client Company's code block data for billing purposes (including FERC account if for a FERC jurisdictional utility)

- Budgeted / expected cost to be charged to Client Company
- Authorization signatures and dates

5. Changes to work orders must be documented.
6. The Providing Company must maintain a control log of all authorized work orders.

For services provided by PECO, Work Order numbers will be issued by PECO's General Accounting Department. Therefore, when preparing a Work Order Form, please contact PECO's General Accounting Department.

A copy of the completed, approved Work Order Form must be sent to PECO's General Accounting Department.

Originals of the completed, approved form including any supporting documentation should be kept by the Providing Department. A copy of the Work Order Form should be maintained by the Requesting Department.

Work Order

[

WO # _____

ALA Reference No. _____

Current Date _____

Effective Period _____

1. Providing Company: _____
2. Providing Department: _____
3. Client Company or Companies: _____
4. Client Department: _____
5. Project Type (circle one): New Work Order Revised Work Order
6. Work Order Title: _____
7. Allocation Method: _____

8. ***Providing*** Companies Reclassification Code Block:

Business Unit	Dept	Account	Sub Account	Project	Product	Customer Segment	Operating Unit	Charging Dept	Affiliate

9. ***Receiving*** Companies Distribution Code Block:

Business Unit	Dept	Account	Sub Account	Project	Product	Customer Segment	Operating Unit	Charging Dept	Affiliate

10. In the space below, describe the services/facilities which will be charged to this Project.
Include budgeted/expected cost to be charged to Client Company.

(attach additional sheets if necessary)

11. Approvals

Requesting Co. Mgr: _____
(Signature)

_____
(Print Name)

_____
(Date)

Requesting Co. Contact:

_____ Primary
_____ Secondary

Contact's phone number:

_____ Primary
_____ Secondary

Accounting Contact:

_____
_____ (phone #)

Approvals

Providing Co. Mgr: _____
(Signature)

_____
(Print Name)

_____
(Date)

Providing Co. Contact:

_____ Primary
_____ Secondary

Contact's phone number:

_____ Primary
_____ Secondary

Accounting Contact:

_____
_____ (phone #)

INSTRUCTIONS FOR COMPLETING PECO WORK ORDER FORM

Work order number	The work order number is an eight digit code consisting of the ALA reference number (4 digits) and a 4 digit identifier provided by the PECO General Accounting Department. For example: CP01-0088.
ALA Reference Number	The ALA reference number is derived as follows: the first digit is the providing company code, the second digit is the receiving company code and the final 2 digits are numeric indicating the number of the ALA between the 2 entities. For example: CP01 where the provider is CED the receiving Company is PED and this is the first ALA between the two entities. ALA reference numbers are 4 digit identifier provided by the CED – Financial Reporting Department. The Company Codes are: C = CED P = PED E = Enterprises G = Genco B = BSG X = Corp. Center
Effective Period	The time period which the Work Order is in effect.
1. & 3. Providing/Receiving	Select companies providing/requesting services.
2. Providing Department	Identify the department responsible for providing the work to be done.
4. Client Department	Identify the department requiring the work to be done.
5. Work Order Type	One of the two types of Work Orders should be marked. A "New" or a "Revised" Work Order may be selected.
6. Work Request Title	Choose an abbreviated title to define the work to be provided.
7. Allocation Method	If the Work Order is for work that will benefit more than one department, indicate the basis of allocation. Refer to Section IX of the Affiliated Interests Agreement, Cost Allocation Methods, for more information on allocation methods.

7. Providing Company – Reclass	Providing companies reclassification code block to remove the charges from their O&Ms to be billed to an affiliate. (Debit of reclass JE.)
9. Receiving Company Distribution	Code block that the receiving company will charge to record the cost of monthly ALA services received.
10. Description of Services	Brief description of service or facility provided including budgeted or expected costs to be charged to Client Company.
11. Approvals	Both the Receiving Company and the Providing Company must indicate their approval by indicating the name and providing a signature by the appropriate Department Head or Manager. Responsible contacts should be identified by complete name and their phone number.

SECTION VIII

FULLY DISTRIBUTED COST METHOD

A. OVERVIEW

Under the fully distributed cost methodology, direct costs incurred by one Party for the provision of services to another Party are increased for indirect costs and other appropriate overheads. The objective is to assign direct costs along with the appropriate indirect costs and overheads to the benefiting Exelon Entity or Entities to prevent cross-subsidization of associates by PECO customers.

B. COMPONENTS OF FULLY DISTRIBUTED COST

Fully distributed cost is the direct costs or allocated costs (cost pools allocated to a Exelon Entity based on a cost causative measure), adjustments to direct labor costs, indirect costs and other appropriate overheads incurred by a Party to provide a service or facility to another Party.

1) Direct Costs and Allocated Costs

Direct costs consist of direct labor, direct materials and purchased services, and the direct costs of facilities, equipment, machinery, furniture and fixtures. Allocated costs are incurred for the provision of services or facilities which are not directly assignable to a specific Exelon Entity or Entities but jointly benefit more than one Party. Costs to be allocated shall be accumulated in cost pools and allocated between the appropriate Parties based on an appropriate cost causative measure that ensures an equitable allocation.

2) Direct Labor Adjustments, Indirect Costs and Other Overheads

Elements of and the current rate for PECO's Loading Factors are presented below.

Administrative and General Loading Factor 49.6 %

- Administrative and General Salaries (FERC Acct 920)
- Office Supplies (FERC Acct 921)
- Outside Services Employed (FERC Acct 923)
- Property Insurance (FERC Acct 924)
- Injuries and Damages (FERC Acct 925)
- Employee Pensions and Benefits (FERC Acct 926)
- Regulatory Commission Expenses (FERC Acct 928)
- Advertising Expenses (FERC Acct 930)
- Rents and Plant Maintenance (FERC Acct 931 and 935)

Studies to update PECO's Direct Labor Adjustment Rates and the Loading Factors will be performed by PECO's General Accounting Department annually during the second quarter and will be based on actual financial data of the prior calendar year.

The new Direct Labor Adjustment Rates and the Loading Factors will go into effect July 1st of each year.

C. FULLY DISTRIBUTED COST CALCULATION

Different adjustments are applied to direct labor charges depending on which PECO employees are charging payroll to the Exelon Entities and how their time is captured. See example calculations below.

Please note that this Section currently covers only PECO's loading factors for use in its fully distributed cost calculation. If an Exelon Entity provides a service to PECO at its fully distributed cost, then the Exelon Entity would need to calculate its own loading factors.

EXAMPLE CALCULATIONS OF FULLY DISTRIBUTED COST FOR PECO 2008 RATES

LABOR

		Payroll Costs
Direct Charges		
Direct PECO Payroll Charge		$ 100.00
Total Direct Labor Charges		$ 100.00
Indirect Charges		
1.) Adjust for Fringe, Pension, AIP and Payroll Taxes	79.97%	79.97
2.) Adjust for A&G Loading Rate	49.60%	49.60
3.) Indirect Charges (if appropriate)		0.00
Adjusted Direct Labor Charges		$ 229.57

The Fringe, Pension AIP and Payroll Taxes rates applied in this example were in effect as of 1/31/2009. These rates are updated each month based on a communication sent out by PECO General Accounting.

SECTION IX

COST ALLOCATION METHODS

Whenever possible, costs of services or facilities specifically attributable to a Party should be charged directly to such Party. These services shall be charged directly using the appropriate pricing basis. See Section III, Transactions Involving the Provision of Services and Facilities for more information. When a transaction pertains to one Client Company and the transaction is charged to such Client Company, no further allocation is necessary. For each separately identifiable good or service, a determination needs to be made of those costs that can be directly charged to that particular good or service.

For costs incurred for transactions involving the provision of services which are not directly assignable to a specific Client Company and which have joint benefit to more than one Party, an allocation method must be used to distribute the costs to the benefiting companies. Cost pools will be allocated to the Client Companies based on the respective cost causative measures.

Each Providing Company will have the primary responsibility for ensuring that the allocation factors are proper, accurate and kept up to date.

To the greatest extent possible, the allocation factors will be based on cost drivers specifically applicable to the service provided. PECO Accounting will be advised / consulted regarding allocations factors utilized in associate transactions.

PECO Accounting will be responsible for evaluating new allocation methodologies and determining if any approval is required. PECO Accounting will coordinate approval efforts, if necessary, with the Legal Department.

SECTION X

ACCOUNTING AND INTERCOMPANY BILLING

A. Overview

For PECO and the Exelon Entities, code block must be used to record the accounting distribution for intercompany transactions. The specific accounting varies according to which Exelon Entity is involved in the transaction with PECO and whether the service, facility or goods are being charged at Fully Distributed Cost ormarket price.

B. Services/Facilities charged at FULLY DISTRIBUTED COST

When the provision of a service is directly assignable to a Client Company and is charged at Fully Distributed Cost, the Providing Company shall charge the related direct and indirect costs to a unique code block combination. The codeblock combination should be stated on each work order supplied as part of the ALA process.

If costs cannot be directly charged but must be allocated based on a cost causative measure (see Section IX, Cost Allocation Methods), contact PECO's General Accounting Department and Service Company Accounting to determine an appropriate code block combination to 'pool' such costs for allocation to the benefiting companies. [Is this consistent with PECO's practice?]

C. Services/Facilities charged at MARKET PRICE

When a service is provided to a Client Company at the Providing Company's market price rather than its Fully Distributed Cost, the Providing Company must record both its expenses associated with the provision of service and the related intercompany revenues. The Client Company will record the intercompany expenses.

D. Accounting for direct labor costs

Positive time reporting methodology should be utilized. Under a positive time reporting methodology, an employee shall report in each pay period the number of hours in providing separately identifiable goods and services to Client Companies.

PECO employees prepare Weekly Time Reports to report the hours spent providing a service to a particular Party to an appropriate code block combination. These Weekly Time Reports are signed by both the employee and an appropriate supervisor who can attest that the time reported is accounted for accurately. All hours billed must be supported by timesheets.

When billing direct labor costs the fully distributed cost methodology should be utilized. Under the fully distributed cost methodology, direct costs incurred by one Party for the provision of services to another Party are increased for indirect costs and other appropriate overheads. The

objective is to assign direct costs along with the appropriate indirect costs and overheads to the benefiting Exelon Entity or Entities to prevent cross-subsidization of associates by PECO customers.

Fully distributed cost are the actual labor costs plus the addition of applicable overheads (Fringes, AIP, Pension, Payroll Tax and A&G factor). All applicable overhead rates are distributed monthly prior to the start of the accounting close. The Fringe, AIP, Pension and Payroll Tax rates are established at the beginning of the year based on budgeted costs, there are adjustments on a monthly basis to the secondary rates of the respective allocation rates. The A&G rate is updated yearly based on actual financial data of the prior calendar year. The rate is updated in June by the General Accounting Department as part of PECO's development of its billing rates.

E. ACCOUNTING ON PAYMENT DOCUMENTS, MATERIAL REQUISITION, JOURNAL ENTRIES, ETC.

Costs incurred for services provided to an Exelon Entity, which are paid by means of a PECO Payment Request should be charged to such Exelon Entity by entering the appropriate code block combination on the accounting distribution line. Enter the appropriate code block combination in the Journal Entry System, the Passport System, Transportation System and any other system used for transactional reporting.

When using a journal entry to correct for any historical payroll charges to a Client Company, use the appropriate sub accounts. This is necessary so that the correct labor adjustments, indirects and overheads are added.

F. INTERCOMPANY BILLINGS AND PAYMENTS

1) Billings

- Tariffed services provided by PECO to an Exelon Entity will be billed to the Exelon Entity in the same manner as all other customers of the tariffed service (e.g. Exelon Generation will be sent a PECO electric bill for electric service).

- All other services or facilities which are provided by PECO to Exelon Entities, whether charged at market price or at fully distributed cost, will be invoiced and billed by PECO's functional area. PECO will separately invoice each of the Exelon Entities on a monthly basis for the services and facilities provided to the respective Exelon Entity during such month. Each invoice will include descriptions of the charges by reference to the Work Orders, if applicable, as well as total indirects calculated on all direct costs billed during the month. Upon request, an explanation and/or documentation will be provided to justify charges.

- Services or facilities which are provided by the Exelon Entities to PECO, whether charged at market price or at fully distributed cost, will be invoiced and billed by each respective Exelon Entity. PECO will be invoiced from each of the Exelon Entities on a monthly basis for the services and facilities provided by the Exelon Entities during such month. Each invoice will include descriptions of the charges by reference to the Work Orders and total indirects, if applicable, calculated on all direct costs billed during the month. Upon request, an explanation and/or documentation will be provided to justify charges.

- PECO's Real Estate Department will be responsible for collecting the payment from the Exelon Entity for the sale of real property, which is due at the closing of the sale and transfer of the property. Real Estate must communicate the accounting information related to the property sale to PECO's General Accounting Department.

2) Payments

With the exception of real property and intangible asset sales, payments from Exelon Entities should be made in accordance with Exelon's Intercompany Cash Settlement Policy.

G. INTERNAL CONTROL RESPONSIBILITIES AND RECORD RETENTION

Each PECO department that enters into an associated company transaction subject to the MSA shall have primary responsibility for assuring that the policies and guidelines detailed in the MSA and this Manual are appropriately implemented and maintained.

Also, each PECO department shall establish unique code block elements in the general ledger system, which shall be used to record, associated company transactions.

PECO's General Accounting Department shall have responsibility, in addition to those responsibilities indicated elsewhere herein, for overall monitoring of procedures and controls associated with associated company transactions. In this role, an accountant will monitor Work Order Forms, transactions, billings, allocation methodologies, etc. to assure compliance with the MSA and this Manual or any other applicable manuals, and that actions will be taken to correct deficiencies as they are identified. Reviews will be performed of operating results to assure they properly reflect associated company transactions that occurred during the period reviewed based on known activity as obtained from completed Work Order Forms and other sources. PECO's General Accounting Department shall direct any participant to implement and/or revise any procedure as required to assure associated company transactions are carried out in accordance with the provisions and intent of the MSA and this Manual or any other applicable manuals.

Internal Audit will also perform periodic compliance reviews of the associated company transaction processes to further provide assurance regarding the actual operating effectiveness of the policies and guidelines as outlined in the MSA and this Manual or any other applicable manuals.

Supporting documentation for intercompany transactions will be retained per the record retention schedule.

SECTION XI

BUDGETING

The goal of the budget cycle is to develop a corporate budget for the entire Exelon organization that accurately reflects the activities performed and the resources necessary to accomplish those activities. A great deal of interactive communication needs to occur not only among the various departments within a company but also between the companies. Two-way communication should be ongoing throughout the budget cycle.

This section provides budget guidelines only with respect to transactions between PECO and the Exelon Entities.

PECO and the Exelon Entities shall be responsible for preparing their own budgets for revenues, capital and operating expenditures and employee headcount. Providing Companies are also responsible for renewing or revising Affiliate Level Arrangements and Work Orders for the upcoming budget period that will provide the basis for preparing annual budgets. These Affiliate Level Arrangements and Work Orders will provide details of the direct costs of services to be provided to Client Companies.

Budgeting for the costs of facilities and services provided by PECO to an Exelon Entity will depend on whether the Exelon Entity will be charged PECO's fully distributed cost or PECO's market price for such facility or service.

If PECO is providing a service at its fully distributed cost, then such costs will be the budget responsibility of the Exelon Entity receiving the service. The PECO department providing the service will still be responsible for preparing or revising Affiliate Level Arrangements and Work Orders.

If PECO is providing a service at its market price, then the PECO Business Unit must budget for both the revenues and expenses (including any applicable overheads charged on PECO's books) associated with the provision of the services. The PECO department providing the service will be accountable for the profit or loss on the service they provide and the Exelon Entity will have budget responsibility for the market price of the service provided.

[Insert effective years in the format of year-year] Affiliate Level Arrangement–ALA[1] No. [enter ALA/SLA number][2]

Affiliate Level Arrangement ("ALA")[1] between [insert provider business unit full company name – Area/Department providing service] ("[insert provider business unit abbreviated name]") and [insert receiver business unit full company name] ("[insert receiver business unit abbreviated name]")

Purpose

The purpose of this ALA[1] is to **[Insert a high-level summary of the business objectives that the providing business unit is intended to address. An overview of the services covered by the ALA[1] should be presented. An overall description of the contents of the ALA should be discussed.]**

Governing Agreement

This Affiliate Level Arrangement ("ALA")[1] is governed by the provisions of the **[insert governing agreement of the provider]**[3] or **[insert governing agreement of the receiver]**[3].

Terms and Conditions

This document commences on **[insert date in the format of month day, year]** and extends until the end of **[insert year]**.

Scope of Services

This document constitutes an arrangement between the **[insert receiver business unit]** and **[insert provider business unit]** for the **[insert a high level description of the service]**. This document specifies the service expectations between **[insert provider business unit]** and **[insert receiver business unit]** and provides:

- A description of the service to be delivered
- The billing approach for the services
- The metrics by which the effectiveness of the services is monitored
- The roles and responsibilities of both parties

This document has been reviewed by **[insert provider business unit]** and **[insert receiver business unit]** Accounting, **[insert Area/Department providing service]**, and Legal including a review for compliance with regulatory provisions, if any.

Scope of Services
(Provide a detailed breakdown of the scope of services provided)

Service Responsibility Matrix

(Provide a breakdown of responsibilities between the Service Provider, the Customer, and any 3rd parties, which must be honored in order for the services to be provided.)

Services, Tasks	***(Service Provider)***	***(Customer)***
(List Service)		
(List Breakdown)		
(List Service)		
(List Breakdown)		
(List Service)		
(List Breakdown)		

Service Costing Schedule

Rules of Costs to be Billed:

This section provides rules of costs to be billed by provider of services to receipt of services.

Provider of Services									
	ComEd	**PECO**	**BGE**	**Genco**	**DPL**	**ACE**	**PEPCO**	**PHISCO**	**BSC**
Recipient of Services									
ComEd	N/A	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	See GSA and SLA[1]
PECO	Fully Distributed Cost[4,5]	N/A	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	N/A	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	See GSA and SLA[1]
BGE	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	N/A	Lower of Fully Distributed Cost[4] or FMV[6]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	See GSA and SLA[1]
Genco	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	N/A	Higher of Fully Distributed Cost or FMV[6]	Higher of Fully Distributed Cost or FMV[6]	Higher of Fully Distributed Cost or FMV[6]	Higher of Fully Distributed Cost or FMV[6]	See GSA and SLA[1]
DPL	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	N/A	See PHI CAM	See PHI CAM	See PHI CAM / Service Agreement	See GSA and SLA[1]
ACE	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	See PHI CAM	N/A	See PHI CAM	See PHI CAM / Service Agreement	See GSA and SLA[1]
PEPCO	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	See PHI CAM	See PHI CAM	N/A	See PHI CAM / Service Agreement	See GSA and SLA[1]
PHISCO	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	See PHI CAM	See PHI CAM	See PHI CAM	N/A	See GSA and SLA[1]
BSC	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Lower of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	N/A

Provider of Services										
		ComEd	PECO	BGE	Genco	DPL	ACE	PEPCO	PHISCO	BSC
Recipient of Services										
	ComEd	N/A	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	See GSA and SLA[1]
	PECO	Fully Distributed Cost[4,5]	N/A	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	N/A	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	See GSA and SLA[1]
	BGE	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	N/A	Lower of Fully Distributed Cost[4] or FMV[6]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	See GSA and SLA[1]
	Genco	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	N/A	Higher of Fully Distributed Cost or FMV[6]				See GSA and SLA[1]
	DPL	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	N/A	See PHI CAM	See PHI CAM	See PHI CAM	See GSA and SLA[1]
	ACE	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	See PHI CAM	N/A	See PHI CAM	See PHI CAM	See GSA and SLA[1]
	PEPCO	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	See PHI CAM	See PHI CAM	N/A	See PHI CAM	See GSA and SLA[1]
	PHISCO	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Fully Distributed Cost[4,5]	Lower of Fully Distributed Cost[4] or FMV[6]	See PHI CAM	See PHI CAM	See PHI CAM	N/A	See GSA and SLA[1]
	BSC	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Lower of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	Higher of Fully Distributed Cost[4] or FMV[6]	N/A

Charging Table:

Select one cost method per service/transaction.

Service/Transaction	Fully Distributed Cost[6]	Prevailing Price[5]	FMV[6]
(List Service/Transaction)			
(List Service/Transaction)			

Monthly Billing Table:

*This section provides a monthly cost estimate for **[insert customer]** based on estimated transaction volumes.*

Service/Transaction	Estimated Transactions Per Month (Quantity)	Billing Per Transaction (Rate)	Estimated Monthly Billing
(List Service/Transaction)			
(List Service/Transaction)			
(List Service/Transaction)			
(List Service/Transaction)			
		Total	

Performance Metrics & Performance Reporting

(Describe the specific criteria, which will be used to measure the performance of the services provided.)

Process Performance Metrics	Performance Target	Reporting Frequency

Customer Service Performance Metrics[7]	Performance Target	Reporting Frequency

Signatures	
[insert name of VP/Director/Manager in the format of First, Last] **[insert title]** **[insert provider business unit company name]** _____ _____ Signature Date	**[insert affiliate name of VP/Director/Manager in the format of First, Last]** **[insert title]** **[insert affiliate business unit company name]** _____ _____ Signature Date

Appendix A – Work Order

[work order template to be added]

Endnotes to Template

[1]**ALA/SLA:** Affiliated Level Agreement (ALA) if the providing company is ComEd, PECO, BGE, or Genco. Service Level Agreement (SLA) if the providing company is BSC.

[2]**ALA Number:** The ALA reference number is derived as follows: the first digit is the providing company code, the second digit is the receiving company code, and the final 2 digits are numeric, indicating the number of the ALA between the 2 entities. For example: PC01, where the provider is PECO, the receiving company is ComEd and this is the first ALA between the two entities. The Company codes are:

B = BSC M = BGE
C = ComEd P = PECO
G = Genco A = ACE
D = DPL E = PEPCO
S = PHISCO

Note that the ALA can be among more than 2 entities. If that is the case, digits are added so that all company codes are represented.

[3]**Governance:** This section should reference the governance of both the provider and the receiver.

ComEd – The governance is the Affiliated Interest Agreement ("AIA") and the Cost Allocation Manual ("CAM") as approved by the Illinois Commerce Commission, as appropriate.

PECO – The governance is the PECO Mutual Services Agreement ("MSA") and the Cost Allocation Manual ("CAM") as filed with or approved by the Pennsylvania Public Utility Commission, as appropriate.

BGE – The governance is the General Services Agreement ("GSA") and the BGE Cost Allocation Manual ("CAM"), both as filed with Maryland Public Service Commission.

Genco – Genco is not regulated at the state level. However, Genco is regulated by FERC and would be subject to FERC's rules on what can be charged for services between affiliates.

BSC – The governance is the General Services Agreement ("GSA") and the BSC Cost Allocation Manual ("CAM").

ACE, DPL, Pepco and PHISCO – The governance is the PHI Cost Allocation Manual ("PHI CAM"), as approved by the New Jersey Board of Public Utilities ("NJPBU") and as filed with the Delaware Public Service Commission ("DEPSC"), the District of Columbia Public Service Commission ("DCPSC") and the Maryland Public Service Commission ("MPSC"),

[4]**Fully Distributed Cost:** Fully Distributed Cost includes the actual direct costs or allocated costs incurred by a Providing Company to provide a service or facility, plus indirect costs and other appropriate overheads.

[5]**Prevailing Price:** Services will be priced at Fully Distributed Cost, except that if there is a Prevailing Price for the service, it may only be provided if Fully Distributed Cost is equal to or less than the Prevailing Price. Prevailing Price is generally defined as the price that has been charged to the general public. In the case of services or facilities provided by ComEd to an Exelon Entity, Prevailing Price will only apply to services or facilities provided for sale to the general public. This includes electric service, service provided under an ICC approved pricing mechanism such as Rate CS, and Competitive Services provided to the general public.

[6] **Fair Market Value:** The resultant price set by an arms-length transaction between a willing buyer and a willing seller, both of whom are adequately informed of the appropriate facts, and neither of whom is under any compulsion to buy or sell.

[7] **Customer Service Performance Metrics:** Customer service performance metrics are for Nuclear only.

Q. SDR-RR-52 Please provide the annual level of outside services employed for the preceding three calendar years. Include in your response a breakdown of the test year amount indicating the service provider and the type of service provided.

A. SDR-RR-52

2021 - $14,992,076
2022 - $16,370,215
2023 - $17,243,848
2024 (FTY) - $17,217,169
2025 (FPFTY) - $17,809,815

PECO does not budget by FERC account. For further detail pertaining to the FPFTY and FTY budgets by FERC account, refer to Exhibit MJT-1 and MJT-2, respectively.

Refer to Attachment SDR-RR-52(a) for the breakdown of the 2023 information by service provider and type of service. The breakdown of the FTY and FPTY budgeted data by service provider and type of service is not expected to differ significantly from 2023 breakdown.

PECO Energy Company
Outside Services (FERC 923)
For the Year Ended December 31, 2023
Presentation Basis - Gas Distribution ONLY

Function	Service	Vendor	Sum of Activity Amount
BSC	Communication Services	BSC	277,609
	Executive Services	BSC	1,446,407
	Financial Services	BSC	2,774,574
	Human Resource Services	BSC	1,422,447
	IT Non-Telecom Services	BSC	4,967,355
	Security Services	BSC	1,531,067
	Supply Services	BSC	62,536
	BSC Exelon Utilities Services	BSC	1,073,829
	BSC Real Estate Srvcs	BSC	166,640
	BSC Other Services	BSC	624,983
	Reg & Govt Affair Services	BSC	187,179
	ESC Business Ctr Svcs	BSC	28,601
	Legal Gov Services	BSC	1,335,933
	Non-core Oper-I/C transaction	BSC	(20,374)
	Legal Services	BSC	178
BSC Total			**15,878,963**
Contracting, Professional	Engineering	FAEGRE DRINKER BIDDLE AND REATH LLP	689
	Legal	ALAN SEAGRAVE LAW OFFICE	4,288
		BALLARD SPAHR ANDREWS & INGERSOLL LLP	8,731
		BLANK ROME LLP	53,283
		DAVIS WRIGHT TREMAINE LLP	952
		DILWORTH PAXSON LLP	53,256
		GRIESING LAW LLC	2,884
		HOLLAND & KNIGHT LLP	2,327
		HUNTON ANDREWS KURTH LLP	2,623
		KELLER AND HECKMAN	1,667
		KIRKPATRICK & LOCKHART PRESTON	12,137
		LAW FIRM OF RUSSELL R. JOHNSON	4,271
		LITTLER MENDELSON PC	11,979
		MORGAN, LEWIS & BOCKIUS,LLP	170,758
		SAUL EWING LLP	5,640
		STEPTOE & JOHNSON	980
		SWANSON MARTIN & BELL LLP	45
		TROUTMAN PEPPER HAMILTON SANDERS LLP	21,156
		REGER RIZZO AND DARNALL LLP	71
		PAISNER LITVIN LLP	188
		FAEGRE DRINKER BIDDLE AND REATH LLP	9,747
		BAKER AND HOSTETLER LLP	6,156
		VENABLE LLP	766
		STRADLEY RONON STEVENS AND YOUNG LLP	416
		JENNER & BLOCK LLP	513
	Other Professional	ATLANTIC RESOURCE PARTNERS PHILADELPHIA LLC	2,622
		MEDTOX LABORATORIES INC	7,212
		THE FELICITY GROUP LTD	41,235
		BEACON HILL STAFFING GROUP LLC	5,185
		UNITED RENTALS	1,821
		JONES SIGN CO INC	56,290
		ENDEVOR LLC	2,760
		GREENCASTLE ASSOCIATES CONSULTING LLC	2,487
		XPLORA SEARCH GROUP INC	6,428
		AON CONSULTING INC	1,728
		CONNECTEDSIGN LLC	1,026
	Staff Augmentation	PONTOON SOLUTIONS INC	13,613
	Other Services	PAUL RESTALL COMPANY INC	8,380
		ZONES LLC	110
	Other	Other	332,989
Contracting, Professional Total			**859,407**
Contracting, Services	Communication/Publication Svcs	Other	70,180
		VAULT COMMUNICATIONS INC	49
	Engineering	JUDGE ELECTRICAL INC	34
	Environmental Services	PSC INDUSTRIAL OUTSOURCING LP	(1,490)
	Guard/Security Services	UNIVERSAL PROTECTION SERVICE LP DBA ALLIED UNIVERSAL SECURIT	22,770
	Other Services	CSI INTERNATIONAL INC	3,902
		LIVE MARKETING INC	13,691
		PAUL RESTALL COMPANY INC	1,068
		KENNINGTON & GUNENC LLC	1,063
		COMPASS TRAINING SOLUTIONS LLC	22,366
		PIVIT GLOBAL INC	499
		CBM FOOD SERVICES	2,602
		IMS TECHNOLOGY SERVICES INC	28,569
		PEL PRODUCTIONS	2,332
		TRAFFIC CONTROL SERVICES LLC	455

PECO Energy Company
Outside Services (FERC 923)
For the Year Ended December 31, 2023
Presentation Basis - Gas Distribution ONLY

Function	Service	Vendor	Sum of Activity Amount
		UNITED RENTALS	6,201
		AULD AND ASSOCIATES INVESTIGATIONS INC	232
		CARDIO PARTNERS INC	353
		MRS AUDIO VISUAL INC	1,572
	Other	Other	289,949
	Advertising Services	NEWBOLD SOUND LLC	113
Contracting, Services Total			**466,512**
Contracting, Other	Other	Other	38,966
Contracting, Other Total			**38,966**
Grand Total			**17,243,848**

SDR-RR-53
Marissa Humphrey

Q. SDR-RR-53 Please describe each budgeted or planned cost savings program to be implemented during the historic or future year. Please identify the cost of implementing the program and the anticipated annual savings.

A. SDR-RR-53 PECO's projected annual O&M growth rate since 2023 is nearly 30% lower than the recent average inflation rate of 6.25% in the Consumer Price Index observed since 2022. While higher than in prior years, customers have benefitted from PECO's efforts to keep the growth well below the inflation rate since our last rate case filing. Savings have been embedded through the Company's budgeting process which is designed to control O&M growth and provide funding to achieve operational goals and regulatory mandates.

Q. SDR-RR-54 Please explain how the Company has treated reserve accruals and balances for ratemaking purposes and provide the requested level of any self-funded reserve accruals by type of item.

A. SDR-RR-54 The Company's revenues and revenue requirement that form the principal basis for its proposed rate increase are based on normalized levels of revenues and expenses for the fully projected future test year ending December 31, 2025. The Company's revenues and expenses have been properly normalized and annualized to reflect known and measurable changes anticipated to occur within the fully projected future test year or shortly thereafter and do not include any accruals for, or additions to, any self-funded reserves or balances.

Similarly, the Company's rate base claim does not include reserves or similar balances. The Company's original cost of utility plant in service is based on its actual December 31, 2023 plant balances, adjusted for additions to utility plant expected to be placed in service during the future test year and fully projected future test year.

For further information explaining the development of the Company's claims, refer to PECO Statement No. 2, the direct testimony of Marissa Humphrey, and PECO Statement No. 3, the direct testimony of Michael J. Trzaska.

Q. SDR-RR-55 Please provide a copy of the corporate federal tax returns and supporting schedules for the preceding three years and, if applicable, a copy of the calculation work papers for the Company's consolidated tax savings adjustment.

A. SDR-RR-55 Refer to Confidential Attachment SDR-RR-55(a.1), Confidential Attachment SDR-RR-55(a.2), and Confidential Attachment SDR-RR-55(a.3) for the Exelon Corporation Corporate Federal income tax returns for the preceding three years, 2020, 2021, and 2022, respectively.

Refer to PECO Exhibit MJT-1, Schedule D-18, for the workpapers supporting the calculation of what the consolidated tax savings adjustment would have been in the absence of Section 1301.1(a) of the Public Utility Code.

THE ATTACHMENTS ARE CONFIDENTIAL AND ARE SUBMITTED ONLY IN THE NON-PUBLIC VERSION TO THE COMMISSION.